

Mr. Christian Leclercq  
Chief Financial Officer  
Hamon & Cie (International) SA  
Axis Parc  
Rue Emile Francqui, 2  
1435 Mont-St-Guibert

## Report of factual findings on the compliance certificate

To whom it may concern,

For the purpose of this report, we confirm that we have reviewed the consolidated interim financial information of Hamon & Cie (International) SA (the "Company") for the 6-month period ended 30 June 2016, prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. We have issued our report thereon dated 7 September 2016. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we did not express an audit opinion on the consolidated interim financial information. Our review has been performed on the consolidated interim financial information taken as a whole, and not on individual elements, accounts or items constituting them.

In accordance with our engagement letter dated 26 September 2016, we have performed the procedures enumerated below and agreed with the Company. This engagement to perform agreed-upon procedures has been conducted in accordance with attestation standards established by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren".

These procedures were performed solely to assist the Company evaluation of its compliance with Clause 10 of the General Conditions of the Circular Offering dated 30 January 2014 (the "Circular Offering").

The procedures performed are summarized as follows:

1. We obtained the compliance certificate prepared by the Company and signed by two directors pursuant to Clause 10 of the General Conditions of the Circular Offering. A copy of the compliance certificate is attached as Appendix 1;
2. For each financial covenant presented in the compliance certificate (i.e. Total Net Debt to Consolidated EBITDA, Consolidated EBITDA to Net Interest Payable, and Total Net Debt to Book Equity):
  - 2.1. We obtained the supporting schedule prepared by the Company detailing the calculation of the financial covenant;
  - 2.2. We proved the arithmetic accuracy of the financial covenant, found it to be correctly calculated and confirmed by the symbol  $\text{€}$ ;
  - 2.3. We verified that each component included in the financial covenant has been determined based on the financial definitions set forth in Clause 2 "Definitions" of the General Conditions of the Circular Offering dated 30 January 2014; and
  - 2.4. We agreed each amount included in the components included in the financial covenant to information directly extracted (symbol  $\surd$ ) or derived (symbol  $\text{R}$ ) from the audited/reviewed consolidated (interim) financial statements of the Company. We found it to be in agreement and confirmed by the symbol  $\surd$  or  $\text{R}$ .

3. For the 75% coverage obligation of the Consolidated EBITDA by the guarantors:
  - 3.1. We obtained the list of the Guarantors used by the Company and found it to be in agreement with the Schedule 1 of the Offering Circular dated January 30, 2014;
  - 3.2. We obtained the supporting schedule prepared by the Company detailing the breakdown of the EBITDA per entity and the calculation of the coverage;
  - 3.3. We agreed the Group Consolidated EBITDA in the schedule to information derived from the audited/reviewed consolidated (interim) financial statements of the Company and found it to be in agreement and confirmed by the symbol  $\kappa$ ;
  - 3.4. We verified that the coverage has been calculated by integrating the guarantors mentioned in the list, noting no problem;
  - 3.5. We proved the arithmetic accuracy of the coverage, found it to be correctly calculated and confirmed by the symbol  $\epsilon$ .
4. For the list of the significant entities, (i.e. entity with an EBITDA > 5% of the Consolidated EBITDA or entity with bookings > 5% of bookings of the group):
  - 4.1. We obtained the supporting schedule prepared by the Company detailing the list of the significant entities based on a breakdown of the bookings and the EBITDA per entity;
  - 4.2. We verified that each entity meeting the criteria defined in the General Conditions of the Circular Offering dated 30 January 2014 has been reported as “significant entity”, noting no problem.

As a result of these procedures, we have the following finding to report:

- The definition of consolidated EBITDA set forth in Clause 2 “Definitions” of the General Conditions of the Circular Offering excludes from the conventional accounting EBITDA “non-operating income / losses” and “exceptional, one-time and other non-recurring gains / losses”. Since excluding these items results in an alternative performance measure (“non-GAAP measure”) not defined under IFRSs, we are not in a position to comment on the accuracy and the completeness of the consolidated EBITDA. The Appendix 2 to this report identifies these items. We have however been able to agree these items to supporting schedules derived from the audited/reviewed consolidated (interim) financial statements;
- The Consolidated Net Interest used in the case of the Interest Cover test to calculate the Net Cash Interest Payable test is different from the Consolidated Net Interest used in the calculation of the Consolidated EBITDA, since it is considered as the net financial charge in respect of the financial indebtedness and not as the global net financial charge of the group;
- The Company is responsible for the preparation of the breakdowns (EBITDA and bookings per entity) used to calculate the Coverage and to identify the significant entities. We are not in a position to comment on the accuracy of these breakdowns. We have however been able to agree the total amounts reported (Group Consolidated EBITDA and total bookings) in the schedule to the information derived from the audited/reviewed consolidated (interim) financial statements of the Company or to the information derived from the Annual Report/Interim Consolidated Management Report and found them to be in agreement. For the Group Consolidated EBITDA reported in the schedule, we have noted a difference of 43 KEUR. This difference has no impact on the conclusion regarding the 75% coverage obligation of the Consolidated EBITDA by the guarantors;
- Contrary to what was done at the previous closing as of 31 December 2015, the computation of the EBITDA of the guarantors used to conclude on the 75% coverage obligation of the Consolidated EBITDA does not exclude the branding fees invoiced by Hamon & Cie (International) SA to its subsidiaries. This difference has no impact on the conclusion regarding the 75% coverage obligation of the Consolidated EBITDA by the guarantors.

Because the above procedures do not constitute either an audit or a review made in accordance with generally accepted auditing standards, we do not express any assurance on the financial covenants as at 30 June 2016. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the third paragraph of this report and is not to be used for any other purpose.

Diegem, 30 September 2016

**The Statutory Auditor**



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**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by Pierre-Hugues Bonnefoy

Appendixes:

- *Appendix 1: Compliance Certificate as at June 30, 2016*
- *Appendix 2: Detailed calculation of the financial covenants and the coverage as at June 30, 2016*



## DECLARATION DE CONFORMITE

Hamon & Cie (International) SA – €55.000.000 Obligations à taux fixe de 5,50% arrivant à échéance le 30 janvier 2020 (les **Obligations**)

1. Nous faisons référence aux Obligations. Ceci est une Déclaration de Conformité. Sauf disposition contraire, les termes tels que définis dans les Conditions Générales des Obligations auront la même signification dans cette Déclaration de Conformité.

2. En vertu de la Condition 10(c) (Obligations financières) et pour la Période Concernée à cette déclaration, nous confirmons en date du 30 juin 2016 les ratios suivants (pas de Dette Subordonnée):

- Dette Financière Nette Consolidée par rapport à l'EBITDA Consolidé à 43,93:1
- EBITDA Consolidé par rapport à l'Intérêt Net Payable à 0,51:1
- Dette Financière Nette Consolidée par rapport aux Capitaux Propres à 4,85:1

Le rapport de Dette Financière Nette Consolidée par rapport l'EBITDA Consolidé ne doit pas être supérieur à 4,25.

Le rapport de l'EBITDA Consolidé par rapport à l'Intérêt Net Payable ne doit pas être inférieur à 2,00.

Le rapport de Dette Financière Nette Consolidée par rapport aux Capitaux Propres ne doit pas être supérieur à 1,5 dans l'hypothèse où il n'y a pas de Dette Subordonnée.

Nous ne respectons aucune de ces obligations.

3. En date du 30 juin 2016, nous confirmons par contre respecter l'Obligation de couverture des Garants telle que décrite à la Condition 10(e) (Obligation de couverture des Garants).

4. Nous mettons également en annexe la liste des Entités Importantes pour la Période Concernée.

5. Nous confirmons que la Période Concernée est une période de douze mois qui précèdent la date du 30 juin 2016.

Francis Lambilliotte

Administrateur  
Hamon & Cie (International) SA

Jacques Lambilliotte

Administrateur  
Hamon & Cie (International) SA

## Annexe

### **Liste des Entités Importantes :**

Hamon Thermal Europe S.A.

Hamon Thermal Europe (France) S.A.

Hamon UK Ltd

Hamon D'Hondt S.A.

Hamon Research-Cottrell SA

Hamon Research-Cottrell GmbH

Hamon Esindus LatinoAmerica de Cv (Mexico)

Research-Cottrell Cooling Inc.

Thermal Transfer Corporation

Hamon Deltak Inc.

Hamon Research-Cottrell Inc.

Hamon Custodis Inc.

Hamon Corporation

Hamon Thermal (Tianjin) Co. Ltd

Hamon B. Grimm

Hamon South Africa (PTY) Ltd

Hamon Research-Cottrell (Shanghai) Co. Ltd

Hamon Research-Cottrell India Pvt Ltd

TS Filtration Environmental Protection Products (Shanghai) Co., Ltd

Hamon Asia-Pacific Ltd

## Appendix 2

### Detailed calculation of the covenants and the coverage as at June 30, 2016 (1/4)

#### Covenants

*As at 30 June 2016*

<b>Summary Covenants</b>	<b>30/06/2016</b>	<b>Circular Offering</b>
Total Net Debt / Consolidated EBITDA	43,93 € ≤	4,25
Consolidated EBITDA / Net Cash Interest Payable	0,51 € ≥	2,00
Total Net Debt / Book Equity	4,85 € ≤	1,50

#### Coverage

	<b>30/06/2016</b>
Guarantors EBITDA	6.073,7
Consolidated EBITDA	3.176,9
Coverage	191% €

**Appendix 2**

**Detailed calculation of the covenants and the coverage as at June 30, 2016 (2/4)**

	<b>30/06/2016</b>
<b>Capex of the Group</b>	8.647 €
Capital expenditures H1 2016	3.583 √
+ Capital expenditures H2 2015	5.064 R
<b>Consolidated shareholders' equity</b>	28.395 √
<b>Cash and Cash Equivalents</b>	67.560 √
Cash	67.560 √
+ Certificate of deposit maturing < 1year	
+ Gov treasury bills maturing < 1year	
+ Commercial paper maturing < 1year	
<b>Consolidated Net Interest (in respect of Financial Indebtedness)</b>	6.095 €
Interest paid or payable in cash or in kind H1 2016	3.112 R
+ Interest paid or payable in cash or in kind H2 2015	3.140 R
- Obligations owed to JVs	0
+ Interest paid or payable under finance or capital leases H1 2016	0
+ Interest paid or payable under finance or capital leases H2 2015	0
+ Commission, fees and finance payments owing to a member of the Group or received under any interest rate hedging instrument	0
- Interest owing to a member of the Group or received in respect of Cash and Cash Equivalents H1 2016	-47 √
- Interest owing to a member of the Group or received in respect of Cash and Cash Equivalents H2 2015	-111 R

**Appendix 2**

**Detailed calculation of the covenants and the coverage as at June 30, 2016**

(3/4)

	<b>30/06/2016</b>
<b>Consolidated EBITDA</b>	3.134 €
Consolidated profit of the Group H1 2016	-24.767 √
+ Consolidated loss of the Group H2 2015	-569 R
- Taxation H1 2016	1.424 √
- Taxation H2 2015	763 R
- Depreciation and amortization (in)tangible assets H1 2016	4.465 √
- Depreciation and amortization (in)tangible assets H2 2015	5.257 R
- Consolidated Net Interest H1 2016	4.864 R
- Consolidated Net Interest H2 2015	4.949 R
- Non-recurring losses H1 2016	750 R
- Non-recurring losses H2 2015	2.922 R
- Losses from associates and JV H1 2016	839 √
- Losses from associates and JV H2 2015	2.235 R
<b>Total Net Debt</b>	137.689 €
All obligations of the Group for or in respect of Financial Indebtedness, but Bnot the obligations to any other member of the Group	205.249 √
- Cash and Cash Equivalents	67.560 √
<b>Net Cash Interest Payable</b>	6.095 €
Consolidated Net Interest	6.095 R
- Interest to be paid in kind (PIK)	0



**Appendix 2**  
**Detailed calculation of the coverage and list of the significant entities (4/4)**

	Bookings (MEUR) H2 2015 & H1 2016	Ratio Entity Bookings / Group Bookings	EBITDA (KEUR) H2 2015 & H1 2016	Ratio Entity EBITA / Group Consolidated EBITDA
Hamon & Cie (International) S.A.	0,0	0,0%	-1.224,5	-38,5%
Hamon Thermal Europe S.A.	16,1	3,3%	1.338,7	42,1%
Hamon Cooling Towers Company FZCo	0,0	0,0%	0,0	0,0%
Hamon Thermal Europe (France) S.A.	24,3	5,0%	3.993,7	125,7%
Hamon Thermal Germany GmbH	14,9	3,1%	-1.443,0	-45,4%
Hamon UK Ltd.	12,3	2,5%	280,3	8,8%
Hamon Polska Sp.Zo.O	20,7	4,2%	-197,3	-6,2%
Hamon Shriram Cottrell PVT Ltd.	0,0	0,0%	0,0	0,0%
Hamon Australia (Pty) Ltd.	5,4	1,1%	-378,8	-11,9%
Hamon Korea Co Ltd.	17,3	3,6%	-2.331,1	-73,4%
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd.	1,3	0,3%	-694,6	-21,9%
Hamon - B.Grimm Ltd.	1,9	0,4%	476,0	15,0%
P.T. Hamon Indonesia	3,9	0,8%	-46,9	-1,5%
Research-Cottrell Cooling Inc.	9,4	1,9%	726,6	22,9%
Hamon Thermal (Tianjin) Co. Ltd.	32,8	6,7%	2.139,8	67,4%
Hamon Termal ve Cevre Sistemleri Sanayi ve Ticaret A.S.	0,0	0,0%	0,0	0,0%
Hamon Esinidus Latinoamerica SL	26,0	5,3%	-1.247,1	-39,3%
ACS Anti Corrosion Structure S.A.	4,1	0,8%	-357,0	-11,2%
Hamon D'Hondt S.A.	41,1	8,4%	-6.948,2	-218,7%
Hamon D'Hondt Middle East Company Ltd	0,0	0,0%	0,0	0,0%
Thermal Transfer Corporation	16,6	3,4%	4.351,6	137,0%
Hamon Deltak Inc.	34,1	7,0%	-5.962,6	-187,7%
Hamon Research-Cottrell Inc.	26,9	5,5%	8.047,2	253,3%
Hamon Research Cottrell S.A.	28,4	5,8%	360,1	11,3%
Hamon Research Cottrell SARL	7,4	1,5%	-571,6	-18,0%
Hamon (South Africa) Pty Ltd	5,1	1,0%	185,3	5,8%
Hamon Asia-Pacific Ltd	39,8	8,2%	-483,8	-15,2%
Hamon Research-Cottrell GmbH	42,6	8,7%	1.147,4	36,1%
Hamon Research-Cottrell (Shanghai) Co., Ltd.	0,0	0,0%	820,1	25,8%
T/S Filtration Environmental Protection Products (Shanghai) Co., Ltd	0,0	0,0%	233,5	7,3%
Hamon Research-Cottrell do Brazil	21,2	4,4%	-1.590,7	-50,1%
Hamon Research-Cottrell India PVT Ltd.	3,6	0,7%	1.900,0	59,8%
Hamon Enviroserv GmbH	1,2	0,2%	58,7	1,8%
Hamon Custodis Inc.	27,2	5,6%	1.426,2	44,9%
Hamon Corporation Inc.	0,0	0,0%	278,6	8,8%
Hamon Holding Corporation Inc.	0,0	0,0%	-34,7	-1,1%
Compagnie Financière Hamon S.A.	0,0	0,0%	143,0	4,5%
Other	1,7	0,3%	-1.218,0	-38,3%
<b>Group</b>	<b>487,3</b>	<b>100%</b>	<b>3.176,9</b>	<b>100%</b>
<b>Significant entities</b>			<b>6.073,75</b>	
(*) : the guarantors			<b>191%</b>	<b>&gt; 75%</b>