

## **Trading update for third quarter 2012**

- Sales decreased by 6.0% in Q3/2012 and reached EUR 996.6 million for the first nine months of 2012 (-3.8%)
- Sales in Insulation increased by 6.8% during the Q3/2012
- Net financial debt<sup>(1)</sup> amounted to EUR 176.7 million, compared to EUR 191.8 million per 30 September 2011 and to EUR 179.0 million per 30 June 2012.

Note: All comparisons are made with respectively the third quarter and the first nine months of 2011, unless mentioned otherwise. The figures mentioned are not audited.

### **1. TRADING REPORT**

**Total sales** decreased from EUR 336.6 million in Q3/2011 to **EUR 316.4 million in Q3/2012** (-6.0%).

The weakening sales trend observed in Q1/2012 (-2.4%) and in Q2/2012 (-3.2%) has extended in Q3/2012 (-6.0%). All business segments, except Insulation, reported lower sales influenced by the weak European economic environment and the resulting overall softer demand in most end-use markets.

As in the first half-year, Automotive and Bedding were most impacted with respectively -15.4% and -11.2% sales turnover reduction in Q3/2012 compared to Q3/2011.

Sales in Insulation grew by +6.8% in Q3/2012 thanks to the Building Insulation sub-segment (+8.4%).

Over the **first nine months sales** decreased by 3.8% from EUR 1,036.4 million to **EUR 996.6 million**.

After a steep increase during the first half of 2012, raw material prices decreased slightly during Q3/2012. The impact of lower sales on profitability has been substantially compensated by the effect of cost reductions and efficiency improvements.

---

<sup>(1)</sup> *Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 43.1 million per 30 September 2012, EUR 47.6 million per 30 September 2011 and EUR 49.4 million per 30 June 2012).*

## Breakdown of sales by segment (unaudited)

Q3/2011	Q3/2012	Δ	in million EUR	YTD Sep/2011	YTD Sep/2012	Δ
147,3	140,1	-4,9%	Flexible Foams	449,5	443,7	-1,3%
76,8	68,2	-11,2%	Bedding	218,4	201,8	-7,6%
54,8	58,5	6,8%	Insulation	163,4	168,0	2,8%
74,3	62,8	-15,4%	Automotive	249,4	224,2	-10,1%
( 16,6)	( 13,3)	-20,0%	Eliminations	( 44,4)	( 41,1)	-7,5%
<b>336,6</b>	<b>316,4</b>	<b>-6,0%</b>	<b>TOTAL</b>	<b>1 036,4</b>	<b>996,6</b>	<b>-3,8%</b>

## 2. TREND PER MARKET SEGMENT

### A. Flexible Foams

Over the first nine months, sales in the Flexible Foams segment decreased by 1.3% to EUR 443.7 million. During Q3/2012, sales decreased by -4.9% to EUR 140.1 million due to the difficult European macro-economic situation in all sub-segments.

The **'Comfort'** sub-segment reported lower sales (**9M/2012: -1.0%; Q3/2012: -6.4%**) as a result of the deteriorating demand in Scandinavia, Spain and Benelux. In the other countries the overall sales level stabilized in a very competitive market. Signs of slowdown became tangible in Central & Eastern European countries.

The **'Technical foams'** sub-segment (**9M/2012: -1.5%; Q3/2012: -2.3%**) continued to suffer from the lower demand from the various industrial and automotive markets, especially in Spain, France and Italy, but strong growth in Turkey, USA and China partially compensated for the negative trend in Europe.

**'Composite foams'** sub-segment: **9M/2012: -4.6%; 3Q/2012: -3.1%**.

In July, the Group has declared its intention to close the "Gwalia" comfort foam converting plant in Gwent Vale (UK) before the end of 2012. This restructuring plan will lead to the collective redundancy of 42 employees on a total of 474 people employed in the Flexible Foams' activities in the United Kingdom. The cost has been estimated at EUR 0.5 million and will be accounted for in 2H/2012.

### B. Bedding

Over the first nine months, sales in the Bedding segment decreased by 7.6% from EUR 218.4 million to EUR 201.8 million. After a weak first half-year, sales dropped by 11.2% to EUR 68.2 million during the 3<sup>rd</sup> quarter.

Sales of the **'Brand'** sub-segment (**9M/2012: -7.4%; Q3/2012: -10.4%**) were lower in all countries, especially in Austria, Germany and Switzerland, mainly as a result of a lower shop visit rate driven by a globally weakening consumer confidence.

Sales in the **'Private label'** sub-segment (**9M/2012: -8.0%; Q3/2012: -10.7%**) followed a similar trend as the Brands.

In September 2012, Recticel appointed Mr Philipp Burgtorf as new Group General Manager Bedding. In this role, Mr Burgtorf will as priority focus on the articulation of a new growth strategy for the Bedding activities.

### C. Insulation

Over the first nine months, sales in Insulation increased by 2.8% to EUR 168.0 million. For the third quarter 2012, overall sales increased by 6.8% to EUR 58.5 million.

Sales in the '**Building insulation**' sub-segment were the main driver (**9M/2012: +2.8%; Q3/2012: +8.4%**).

Despite an increasingly difficult European construction market, structural demand for high performing polyurethane building insulation products is expected to continue to grow on the long term as a result of stricter insulation standards and regulations, higher energy prices and ever growing awareness of the need for more and better insulation.

Sales in the '**Industrial insulation**' sub-segment (**9M/2012: +2.2%; Q3/2012: -11.3%**) remained under expectations.

As planned, the new factory for insulation boards in Bourges (France) became operational at the end of October 2012.

### D. Automotive

Over the first nine months, sales in Automotive decreased by 10.1% to EUR 224.2 million driven by a reduced car production in Europe. For the third quarter 2012, overall sales (EUR 62.8 million) fell by 15.4%.

Sales in '**Interiors**' decreased (**9M/2012: -12.5%; Q3/2012: -15.7%**), but this drop was largely expected as some programs, mainly in the USA, are phasing-out. Except for that, the Interiors sub-segment resisted better than the market, because it mainly supplies the premium car segment which was more resilient thanks to the German and Asian demand. However, also in these regions, the first signs of weakening volumes have been noticed in the third quarter.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) fell (**9M/2012: -7.2%; Q3/2012: -15.4%**) with the general automotive market in Europe.

Sales in '**Exteriors**' decreased (**9M/2012: -12.7%; Q3/2012: -12.9%**). Since the sale of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.

### **3. FINANCIAL SITUATION**

On 30 September 2012, the Group **net financial debt** amounted to **EUR 176.7 million** excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 43.1 million; compared to respectively EUR 191.8 million and EUR 47.6 million on 30 September 2011; and EUR 179.0 million and EUR 49.4 million on 30 June 2012.

### **4. STATUS SHAREHOLDERS' AGREEMENT**

Recticel has been informed by the shareholders group around Compagnie du Bois Sauvage, that they have formally ended their cooperation with effect as from 6 November 2012. They accordingly no longer act in mutual understanding as mentioned in the annual report and subsequent notifications. This has no influence on the shareholding of Compagnie du Bois Sauvage, which still holds 29.98% of the Recticel shares.

### **5. INSPECTION BY DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION AND INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE ("BUNDESKARTELLAMT")**

- **Inspection by Directorate General for Competition of the European Commission**

No further developments.

- **Inspection by the German Federal Cartel Office ("Bundeskartellamt")**

No further developments.

### **6. OUTLOOK**

Given the increasingly challenging and uncertain environment in the economies in which Recticel operates, the Board of Directors reiterates that it is not in a position to assess the growth potential for the remainder of 2012.

In this environment the Group continues to act in order to streamline operations and reduce complexity. These actions are generating the expected contribution to recurring results.

The Group will continue to focus on the execution of its strategic plan 2010-2015 and the realization of its corporate objectives, which remain unchanged.

ooo

## **FINANCIAL CALENDAR**

Third quarter trading update 2012	09.11.2012 (before opening of the stock exchange)
Annual results 2012	01.03.2013 (before opening of the stock exchange)
First quarter 2013 trading update	07.05.2013 (before opening of the stock exchange)
Annual General Meeting	28.05.2013 (at 10:00 AM CET)
First half-year 2013 results	30.08.2013 (before opening of the stock exchange)
Third quarter trading update 2013	31.10.2013 (before opening of the stock exchange)

## **FOR ADDITIONAL INFORMATION**

RECTICEL - Olympiadenlaan 2, B-1140 Brussels (Evere)	
<b><u>PRESS</u></b>	<b><u>INVESTOR RELATIONS</u></b>
<b>Mr Jan De Moor</b> Mobile: +32 475 42 78 26 Tel: +32 2 775 18 95 <a href="mailto:demoor.jan@recticel.com">demoor.jan@recticel.com</a>	<b>Mr Michel De Smedt</b> Mobile: +32 479 91 11 38 <a href="mailto:desmedt.michel@recticel.com">desmedt.michel@recticel.com</a>

## **RECTICEL IN A NUTSHELL**

Recticel is a Belgian Group with a strong European dimension, but also operates in the rest of the world. Recticel has 110 establishments in 27 countries.

Recticel contributes to daily comfort with foam filling for seats, mattresses and slat bases of top brands, insulation material, interior comfort for cars and an extensive range of other industrial and domestic applications.

Recticel is the Group behind well-known bedding brands (Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Swissflex®, Superba®, Ubica®, etc.). Within the Insulation sub-segment high-quality thermal insulation products are marketed under the well-known brands Eurowall®, Powerroof®, Powerdeck® and Powerwall®.

Recticel is driven by technological progress and innovation, which has led to a revolutionary breakthrough at the biggest names in the car industry.

Recticel achieved sales of EUR 1.38 billion in 2011.

Recticel (NYSE Euronext: REC – Reuters: RECTt.BR – Bloomberg: REC:BB) is listed on NYSE Euronext in Brussels.



The press release is available in English, Dutch and French on the website [www.recticel.com](http://www.recticel.com)