TRADING UPDATE 3rd QUARTER 2018

- **Combined[a] 3Q sales decrease of -4.1%**
- **Combined year-to-date 9M sales growth of +1.3%, including a -1.0% adverse currency impact**
- **Combined net financial debt[1]: EUR 117.9 million** (30 June 2018: EUR 138.7 million; 30 September 2017: EUR 151.6 million)

[1] Excluding the drawn amounts under non-recourse factoring programs: EUR 69.2 million per 30 September 2018 versus EUR 62.3 million per 30 June 2018 and EUR 66.9 million per 30 September 2017.

Olivier Chapelle (CEO): *"The markets in which we operate, with the exception of Insulation, have deteriorated during the 3rd quarter of 2018, leading to a 3rd quarter sales decrease of -4.1%.*

Comfort foam and bedding volumes, influenced by continued slow retail traffic, have deteriorated during the 3rd quarter, after an already soft 1st half-year. In the automotive sector, certain OEM's are temporarily reducing their production volumes in the context of trade tensions and new emission regulations. On the contrary, insulation volumes have continued to strengthen in a context of declining selling prices as a consequence of decreasing raw material costs (MDI).

Cash flow generation remains strong, leading to a further reduction of our net financial debt.

The expansion plans in our Insulation division are on track: our new plant in Finland has now started production, and we are looking at external growth opportunities for the division.

We confirm that the processes engaged during the 1st half-year of 2018 to divest our Automotive divisions continue to progress according to plan.

OUTLOOK

Given the recent trends and in view of the volatile economic, financial and geopolitical environment, the Group expects its full year 2018 combined REBITDA to be in line with 2017 combined REBITDA.

All comparisons are made with the comparable period of 2017, unless mentioned otherwise.

[a] For the definition of other used terminology, see lexicon at the end of this press release.

1. COMBINED DATA

Combined sales decreased from EUR 356.0 million in 3Q2017 to **EUR 341.3 million in 3Q2018** (-4.1%), including a currency effect of EUR -1.5 million (-0.5%). After two quarters of like-for-like sales growth (1Q2018: +4.6% and 2Q2018: +3.4%), the trend reversed in 3Q2018 due to softer demand in Bedding, Automotive and Comfort Foams.

Over **9M2018**, combined sales increased by 1.3% from EUR 1,082.8 million to **EUR 1,097.2 million**, including a negative currency impact of EUR -9.6 million (-1.0%). All divisions have grown year-to-date sales, except for Bedding which contracted by 10.5%.

Breakdown of **combined** sales by segment (unaudited)

in million EUR	2017		2018		Δ	Δ
	3Q	9M	3Q	9M	3Q y-o-y	9M y-o-y
Flexible Foams	148,6	466,2	145,5	476,1	*-2,1%*	*2,1%*
Bedding	64,9	203,2	57,3	181,9	*-11,7%*	*-10,5%*
Insulation	72,4	201,6	69,2	201,9	*-4,3%*	*0,2%*
Automotive	84,1	257,6	82,0	277,6	*-2,5%*	*7,8%*
Eliminations	(14,0)	(45,7)	(12,7)	(40,3)	*-9,1%*	*-11,8%*
TOTAL COMBINED SALES	**356,0**	**1 082,8**	**341,3**	**1 097,2**	***-4,1%***	***1,3%***
Adjustment for joint ventures by application of IFRS 11	(77,1)	(237,9)	(74,9)	(251,1)	*-2,8%*	*5,5%*
TOTAL CONSOLIDATED SALES	**278,9**	**844,9**	**266,4**	**846,1**	***-4,5%***	***0,1%***

A. Flexible Foams

Combined sales decreased from EUR 148.6 million in 3Q2017 to **EUR 144.5 million in 3Q2018** (-2.1%), including exchange rate differences (-0.7%). Excluding intersegment sales, **combined external sales** decreased by -1.3% to **EUR 134.8 million**.

While Technical Foams grew by +1.4%, sales in Comfort Foams decreased by -4.5% driven by lower demand in the furniture and bedding markets.

Over **9M2018**, **combined sales** increased from EUR 466.2 million in 9M2017 to **EUR 476.1 million** (+2.1%), including exchange rate differences (-1.0%). Excluding intersegment sales, **combined external sales** increased by +3.3% to **EUR 442.2 million**.

Early September 2018, Recticel Iberica s.l. (Spain) announced its intention to streamline its foaming activities by closing its production site in Catarroja (Valencia). This might affect 38 employees on a total of 133 people employed in our Flexible Foams' activities in Spain.

B. Bedding

3Q2018 Combined sales decreased by -11.7% from EUR 64.9 million in 3Q2017 to **EUR 57.3 million**, including a -1.3% impact from exchange rate differences. Excluding intersegment sales, combined external sales decreased by -12.0% to EUR 55.7 million in 3Q2018.

Over **9M2018**, **combined sales** decreased from EUR 203.2 million in 9M2017 to **EUR 181.9 million** (-10.5%), including exchange rate differences (-1.1%). Excluding intersegment sales, combined external sales decreased by -10.2% to EUR 176.9 million.

End 3Q2018, the new Geltex® 2.0 product range has been introduced in the different geographic markets in which the Group is active. This innovative new product offering is well received by our customers, and is expected to further strengthen our product assortment and boost future sales.

Mid-October 2018, Recticel Schlafkomfort GmbH (Germany) announced its intention to streamline its production activities by closing its production site in Hassfurt, where currently 79 people are employed.

C. Insulation

Sales decreased by 4.3% from EUR 72.4 million to **EUR 69.2 million in 3Q2018** on the basis of strong volumes in combination with some price erosion reflecting the decreasing MDI input prices.

Over **9M2018**, sales remained stable to **EUR 202.0 million** (+0.2%), including exchange rate differences (-0.5%), with year-to-date volumes comparatively lower than 9M2017.

As announced in the press release of 21 June 2018, Recticel has established a new manufacturing unit in Finland, which will enable mid-term growth in Scandinavia, the Baltics and Russia. The project has been completed on schedule and production started in October 2018.

D. Automotive

After a strong 1Q2018 (+12.8%) and 2Q2018 (+12.7%), **combined sales** decreased from EUR 84.1 million to **EUR 82.0 million** (-2.5%) in **3Q2018**.

The sub-segment Interiors grew by +5.2%: the gradual ramp-up of new programs overcompensated the temporary volume reductions explained hereafter.

The sub-segment Seating (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) reported -11.5% lower sales, linked to similar temporary volume reductions.

The production volumes at most Automotive OEM's decreased and became more volatile recently, negatively impacted by (i) the introduction of the new WLTP (Worldwide harmonized Light vehicles Test Procedure) emission test cycle, replacing as of 1st September 2018 the NEDC (New European Driving Cycle), and (ii) the trade war initiated by the US Administration. It is expected that the volume volatility will decrease with the progressive completion of the vehicle homologations to the new norm.

Over **9M2018** combined sales increased from EUR 257.6 million to **EUR 277.6 million** (+7.8%), including a negative currency impact (-1.5%). Both sub-segments have increased sales; Interiors by +10.7% to EUR 152.4 million, and Seating with +4.4% to EUR 125.2 million.

2. CONSOLIDATED DATA

- **3Q consolidated sales: from EUR 278.9 million to EUR 266.4 million (-4.5%)**
- **Year-to-date 9M sales: from EUR 844.9 million to EUR 846.1 million (+0.1%)**
- **Consolidated net financial debt[1]: EUR 87.0 million** (30 June 2018: EUR 104.3 million; 30 September 2017: EUR 114.4 million)

[1] Excluding the drawn amounts under non-recourse factoring programs: EUR 69.2 million per 30 September 2018 versus EUR 66.9 million per 30 September 2017 and EUR 62.3 million per 30 June 2018.

3. FINANCIAL POSITION

On 30 September 2018, the **combined net financial debt** amounted to **EUR 117.9 million** (30 June 2018: EUR 138.7 million; 30 September 2017: EUR 151.6 million) excluding the amount of EUR 69.2 million drawn under the factoring programs (30 June 2018: EUR 62.3 million; 30 September 2017: EUR 66.9 million).

Total combined net debt, including amounts drawn under off-balance non-recourse factoring programs, amounted to **EUR 187.1 million** (30 June 2018: EUR 201.0 million; 30 September 2017: EUR 218.5 million).

On 30 September 2018, the **consolidated net financial debt** amounted to **EUR 87.0 million** (30 June 2018: EUR 104.3 million; 31 September 2017: EUR 114.4 million) excluding the amount of EUR 69.2 million drawn under the factoring programs (30 June 2018: EUR 62.3 million; 30 September 2017: EUR 66.9 million).

Total consolidated net debt, including amounts drawn under off-balance non-recourse factoring programs, amounted to **EUR 156.2 million** (30 June 2018: 166.6 million; 30 September 2017: 181.3 million)

°°°

Glossary

- **IFRS measures**

Consolidated (figures)	: Figures following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.

- **Alternative Performance Measures**

In addition, the Group uses alternative performance measures (Alternative Performance Measures or "APM") to express its underlying performance and to help the reader to better understand the results. APM are not defined performance indicators by IFRS. The Group does not present APM as an alternative to financial measures determined in accordance with IFRS and does not give more emphasis to APM than the defined IFRS financial measures.

Combined (figures)	: Figures including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.
EBITDA	: = EBIT + depreciation, amortisation and impairment on assets.
Gearing	: Net financial debt / Total equity
Net financial debt	: Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash and cash equivalents + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts under non-recourse factoring/forfeiting programs
Non-recurring elements	: Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, gains or losses on discontinued operations, revenues or charges due to important (inter)national legal issues.
REBIT	: = EBIT before non-recurring elements.
REBITDA	: = EBITDA before non-recurring elements
Total net financial debt	: = Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs

Uncertainty risks concerning the forecasts made

This press report contains forecasts which entail risks and uncertainties, including with regard to statements concerning plans, objectives, expectations and/or intentions of the Recticel Group and its subsidiaries. Readers are informed that such forecasts entail known and unknown risks and/or may be subject to considerable business, macroeconomic and competition uncertainties and unforeseen circumstances which largely lie outside the control of the Recticel Group. Should one or more of these risks, uncertainties or unforeseen or unexpected circumstances arise or if the underlying assumptions were to prove to be incorrect, the final financial results of the Group may possibly differ significantly from the assumed, expected, estimated or extrapolated results. Consequently, neither Recticel nor any other person assumes any responsibility for the accuracy of these forecasts.

Financial calendar

Third quarter 2018 trading update	31.10.2018 (at 07:00 AM CET)
Annual results 2018	28.02.2019 (at 07:00 AM CET)
First quarter 2019 trading update	29.04.2019 (at 07:00 AM CET)
Annual General Meeting	28.05.2019 (at 10:00 AM CET)
First half-year 2019 results	30.08.2019 (at 07:00 AM CET)
Third quarter 2019 trading update	30.10.2019 (at 07:00 AM CET)

For additional information

RECTICEL - Olympiadenlaan 2, B-1140 Brussels (Evere)

PRESS	INVESTOR RELATIONS
Mr Olivier Chapelle	**Mr Michel De Smedt**
Tel: +32 2 775 18 01	Mobile: +32 479 91 11 38
chapelle.olivier@recticel.com	desmedt.michel@recticel.com

Recticel in a nutshell

Recticel is a Belgian Group with a strong European dimension, but it also operates in the rest of the world. Recticel employs 8,411 people in 98 establishments in 28 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®, etc.) and GELTEX® inside. Within the Insulation sub-segment high-quality thermal insulation products are marketed under the well-known brands Eurowall®, Powerroof®, Powerdeck®, Powerwall® and Xentro®. Technological progress and innovation have led to breakthrough at the biggest names in the Automotive industry thanks to Colo-Fast®, Colo-Sense® and Colo-Sense Lite®.

In 2017 Recticel achieved combined sales of EUR 1.46 billion (IFRS 11 consolidated sales: EUR 1.14 billion).

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

The press release is available in English, Dutch and French on the website www.recticel.com