

TRADING UPDATE FOR 1st QUARTER 2019

- Combined¹ sales decreased by 8.0%² on a comparable restated basis³
- Solid volume growth in Insulation
- Lower volumes in Automotive and Comfort segments and selling price erosion in Insulation and Flexible Foams due to falling MDI and TDI raw material prices.
- Combined net financial debt: EUR 103.6 million (before estimated impact of IFRS 16)

Olivier Chapelle (CEO): “As previously announced, our net sales have decreased in 1Q2019 due to a combination of adverse Automotive and Comfort markets affecting the volumes, and of selling price erosion in the Flexible Foams and Insulation segments as a consequence of falling MDI and TDI raw material prices.

The evolution of our order books points towards progressive volume and net sales increases, and we remain focused on the execution of our innovation and growth plans, among which the ramp-up of our new Insulation factory in Finland.

In parallel of executing our announced industrial footprint reduction in Germany, the Group continues to implement operating cost reductions.

While the process has become more challenging over the last 8 months due to the rapidly changing Automotive market conditions, the Group continues to actively pursue the divestment of its Automotive Interiors division.”

OUTLOOK

In a highly volatile economic and geopolitical environment, we are well positioned to adapt quickly to changing market conditions, and we remain focused on the execution of our plans. Having anticipated an adverse market environment in the first half of 2019, we expect an improvement in the second half of the year, and confirm our guidance of a 2019 Adjusted EBITDA³ above the level of 2018 on a like-for-like basis.

¹ For the definition of terminology used, see Glossary at the end of this press release.

² All comparisons are made with the comparable period of 2018, unless mentioned otherwise.

³ Following the recent partial divestment from Proseat, the latter is integrated in the 2019 combined figures following the ‘equity method’, i.o. to a proportionate basis. 2018 Sales have been restated accordingly.

⁴ Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1. COMBINED DATA

Combined sales decreased by 8.0% from EUR 345.3 million¹ in 1Q2018 to **EUR 317.6 million in 1Q2019**, including a net currency effect of +0.2%.

Breakdown of sales by segment (unaudited)

<i>in million EUR</i>	1Q2018 (as published)	1Q2018 (restated ¹) (a)	1Q2019 (b)	Δ (b)/(a)-1
Flexible Foams	170,9	170,9	148,0	-13,4%
Bedding	70,7	70,7	64,3	-9,0%
Insulation	60,1	60,1	62,5	4,0%
Automotive	95,5	58,3	54,1	-7,2%
Eliminations	(15,0)	(14,6)	(11,2)	-23,0%
TOTAL COMBINED SALES	382,0	345,3	317,6	-8,0%
Adjustment for joint ventures by application of IFRS 11	(90,8)	(54,1)	(49,4)	-8,7%
TOTAL CONSOLIDATED SALES	291,2	291,2	268,2	-7,9%

¹ Following the recent partial divestment from Proseat, the latter is integrated in the 2019 combined figures following the 'equity method', i.o. to a proportionate basis. 2018 Sales have been restated accordingly.

A. Flexible Foams

1Q2019 combined sales decreased from EUR 170.9 million to **EUR 148.0 million** (-13.4%), including exchange rate differences of +0.1%. Excluding intersegment sales, combined external sales decreased by 12.4% to EUR 138.6 million.

Both the Comfort (EUR 81.7 million or -19.1%) and Technical Foams (EUR 66.2 million or -5.3%) sub-segments reported lower sales, due to lower volumes in the Comfort markets, to somewhat lower volumes in Technical Foams markets (influenced by the Automotive market), and to price erosion as a consequence of falling TDI raw material prices.

B. Bedding

1Q2019 combined sales decreased by 9.0% from EUR 70.7 million to **EUR 64.3 million**, including exchange rate differences of -0.1%. Excluding intersegment sales, combined external sales decreased by 8.5% from EUR 68.7 to EUR 62.8 million.

Most of the decline is linked to sales in Germany. Sales in the Branded sub-segment contracted by 3.5%, whereas sales in the Non-Branded/Private Label sub-segment decreased by 18.2%.

In 4Q2018, the innovative new Geltex® 2.0 product range has been introduced in the different geographic markets in which the Group is active. It is very well received by our customers, and is expected to further strengthen our Branded product assortment and reinforce our Brand positioning.

C. Insulation

1Q2019 combined sales increased from EUR 60.1 million to **EUR 62.5 million (+4.0%)**, including exchange rate differences of +0.3% (Pound Sterling).

Solid volume growth has overcompensated decreasing average selling prices as a consequence of decreasing chemical raw material costs (MDI). PUR/PIR insulation boards have continued to regain the market share lost in Europe after the MDI supply shortages in 2Q & 3Q2017 and the subsequent dramatic raw material price increases.

The new manufacturing unit in Finland, which will enable mid-term growth in Scandinavia and the Baltics, started production in October 2018, and is still in its ramp-up phase. It is expected that this new plant will generate a positive contribution to the results as from 2020 onwards.

D. Automotive

1Q2019 combined like-for-like¹ sales decreased by 7.2% from EUR 58.3 million to **EUR 54.1 million**, including exchange rate differences of 0.7%. Sales volumes remained adversely affected by the continued weakness of the European and Chinese Automotive markets. It is expected that these markets will improve in the 2nd half of 2019.

As mentioned in our press release of 28 February 2019, the Group has successfully closed the transactions leading to the 2-step divestment of its participation in the Proseat (Automotive Seating) joint venture.

¹ Following the recent partial divestment from Proseat, the latter is integrated in the combined figures of 2019 following the 'equity method', no longer on a proportionate basis.

2. CONSOLIDATED DATA

- Consolidated 1Q sales decreased by 7.9% from EUR 291.2 million to EUR 268.2 million, including a positive currency impact of +0.4%
- Net consolidated financial debt amounted to EUR 97.0 million (31 Dec 2018: EUR 84.6 million; 30 Mar 2018: EUR 106.9 million)

3. FINANCIAL POSITION

<i>in million EUR</i>	31 MAR 2018	30 JUN 2018	30 SEP 2018	31 DEC 2018	31 MAR 2019
TOTAL EQUITY	-	254,7	-	265,0	-
Combined debt figures					
Net financial debt on balance sheet	141,7	138,7	117,9	100,2	103,6
+ Drawn amounts under factoring programs	57,5	62,3	69,2	51,3	36,0
TOTAL COMBINED NET FINANCIAL DEBT	199,2	201,0	187,1	151,5	139,6
Gearing (combined)	-	54,5%	-	37,8%	-
Consolidated debt figures					
Net financial debt on balance sheet	106,9	104,3	87,0	84,6	97,0
+ Drawn amounts under factoring programs	57,5	62,3	69,2	51,3	36,0
TOTAL CONSOLIDATED NET FINANCIAL DEBT	164,4	166,6	156,2	135,9	132,9
Gearing (consolidated)	-	41,0%	-	31,9%	-

4. IFRS 16 – LEASES

The reported financial position per 31 March 2019 does not yet integrate the estimated impact of the application of IFRS 16 on net financial debt of about + EUR 112 million on total combined financial debt, and about + EUR 105 million on total consolidated financial debt.

The corresponding impact on EBITDA on a full year basis is estimated at about + EUR 25 million on combined EBITDA, and about + EUR 23 million on consolidated EBITDA.

As lease charges are reclassified from operating expenses to depreciation and interest expenses, the net impact of IFRS 16 on the result of the period after taxes is immaterial.

IFRS 16 will be applied for the first time in the half-year financial statements per 30 June 2019.

5. SUBSEQUENT EVENT – KINGSPAN GROUP PLC NON-BINDING OFFER

On 16 April 2019, Kingspan Group plc announced an unsolicited non-binding offer to acquire Recticel's Insulation and Flexible Foam divisions (the "Offer"). On 18 April 2019 Recticel announced that its Board of Directors submitted clarification requests to Kingspan (cfr press releases issued by Recticel on 16 and 18 April 2019) and upon receipt of such information from Kingspan, Recticel's Board of Directors will further analyse the Offer in line with its fiduciary duties and update the market when appropriate. On 26 April 2019, Recticel announced that, after due consideration, in line with its fiduciary duties, of the unsolicited non-binding offer from Kingspan Plc to acquire Recticel's Flexible Foams and Insulation divisions dated 16 April 2019, its Board of Directors has unanimously decided to reject the offer as it believes it is not in the interest of its stakeholders to engage with Kingspan in this respect.

Glossary

- **IFRS measures**

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

- **Alternative Performance Measures¹**

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.

Adjusted EBIT
(previously labelled REBIT) : EBIT before Adjustments to EBIT

Adjusted EBITDA
(previously labelled REBITDA) : EBITDA before Adjustments (to EBIT)

Adjustments to EBIT (previously
"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.

Combined (data) : financial data including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.

Current ratio : Current assets / Current liabilities

EBIT : Earnings before interest and tax. Earnings comprise income from joint ventures and associates

EBITDA : EBIT + depreciation, amortisation and impairment on assets.

Gearing : Net financial debt / Total equity

Leverage : Net financial debt / EBITDA

Net free cash-flow : Net free cash flow: is the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities and (iii) the Interest paid on financial liabilities; as shown in the consolidated cash flow statement.

Net financial debt : Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year + accrued interests – 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

Net working capital : Inventories and contracts in progress + Trade receivables + Other receivables + Income tax receivables – Trade payables – Income tax payables – Other amounts payable

Total net financial debt : Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs

¹ before impact of IFRS 16

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

First quarter 2019 trading update	29.04.2019 (at 07:00 AM CET)
Annual General Meeting	28.05.2019 (at 10:00 AM CET)
Ex-coupon date	29.05.2019
Record date	30.05.2019
Dividend payment date	03.06.2019
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)
Annual results 2019	28.02.2020 (at 07:00 AM CET)
First quarter 2020 trading update	28.04.2020 (at 07:00 AM CET)
Annual General Meeting	26.05.2020 (at 10:00 AM CET)
First half-year 2020 results	28.08.2020 (at 07:00 AM CET)
Third quarter 2020 trading update	30.10.2020 (at 07:00 AM CET)

For additional information

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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 8,472 people in 97 establishments in 29 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 2018 Recticel achieved combined sales of EUR 1.45 billion (IFRS 11 consolidated sales: EUR 1.1 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