PRESS RELEASE

Regulated information – Inside information

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TRADING UPDATE 3rd QUARTER 2019

- **Combined[1] 3Q sales: from EUR 313.9 million[2] to EUR 293.6 million (-6.5%)**
- **Combined year-to-date 9M sales: from EUR 996.6 million[2] to EUR 924.1 million (-7.3%)**
- **Total Combined net financial debt[4]: EUR 237.2 million, including the impact of IFRS 16 (30 June 2019: EUR 261.3 million)**

Olivier Chapelle (CEO): *"Our topline has decreased by 6.5% during the 3rd quarter of 2019, influenced by receding Automotive and Comfort markets and by selling price erosion as a consequence of the isocyanates raw material cost decrease. We are pleased that our Bedding division has confirmed its return to growth. While the volumes have remained strong in the Insulation division, intense price competition continues to weigh on the margins.*

Our net financial debt continues to substantially decrease, and we further actively pursue the optimisation of our overhead and operating cost structures in anticipation of a less favourable economic environment.

The Automotive Interiors divestment process is progressing, and we expect the outcome to be announced around the year-end."

OUTLOOK

The economic and geopolitical environment remains highly volatile and increasingly uncertain. Taking into account the lower than expected margin improvement in the Insulation activities, when compared to the first half of the year, we anticipate our 2019 full year Adjusted EBITDA to be 5% to 10% below 2018 on a like-for-like basis[2/3]. Recticel is in a strong financial position and has demonstrated its ability to adapt to rapidly changing market conditions.

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[1] For the definition of terminology used, see Glossary and Alternative Performance Measures ("APM") at the end of this press release.

[2] All comparisons are made with the comparable period of 2018, unless mentioned otherwise.
Following the partial divestment from Proseat (Automotive – Seating) in February 2019, Proseat is now integrated in the 2019 combined figures according to the 'equity method', i.o. previously on a proportionate basis. For comparison purposes the 2018 data have been restated accordingly.

[3] To facilitate comparisons and understanding of the Group's underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated; i.e. 2018 restated data compared to 2019 data before the impact of IFRS 16.

[4] Including the drawn amounts under non-recourse factoring programs: EUR 32.9 million per 30 September 2019 versus EUR 60.2 million per 30 June 2019 and EUR 69.2 million per 30 September 2018.

1. COMBINED DATA

3Q2019 Combined Sales: on a like-for-like[2] basis sales decreased by 6.5% from EUR 313.9 million (as published: EUR 341.3 million) to **EUR 293.6 million**, including a negligible currency impact.

Year-to-date 9M2019 combined Sales: on a like-for-like[2] basis sales decreased by 7.3% from EUR 996.6 million (as published: EUR 1,097.2 million) to **EUR 924.1 million**, including a currency impact of 0.1%.

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

	as published		restated [2]				2019 versus 2018 restated	
in million EUR	3Q2018	9M2018	3Q2018	9M2018	3Q2019	9M2019	Δ 3Q	Δ 9M
Flexible Foams	*145,5*	476,1	*145,5*	476,1	*128,4*	415,6	*-11,8%*	*-12,7%*
Bedding	*57,3*	181,9	*57,3*	181,9	*57,8*	177,6	*0,9%*	*-2,3%*
Insulation	*69,2*	201,9	*69,2*	201,9	*62,9*	192,8	*-9,1%*	*-4,5%*
Automotive	*82,0*	277,6	*54,2*	175,7	*53,9*	169,0	*-0,5%*	*-3,8%*
Eliminations	*(12,7)*	(40,3)	*(12,4)*	(39,0)	*(9,5)*	(30,8)	*-23,4%*	*-21,0%*
TOTAL COMBINED SALES	***341,3***	**1 097,2**	***313,9***	**996,6**	***293,6***	**924,1**	***-6,5%***	***-7,3%***
Adjustment for joint ventures by application of IFRS 11	(74,9)	(251,1)	(47,5)	(150,5)	(43,2)	(137,7)	*-8,9%*	*-8,5%*
TOTAL CONSOLIDATED SALES	***266,4***	**846,1**	***266,4***	**846,1**	***250,3***	**786,4**	***-6,0%***	***-7,1%***

- Flexible Foams continues to face soft demand in the durable consumer goods and automotive end-markets, leading to lower volumes. The reduced chemical raw material costs led to progressively lower average selling prices.
- Bedding external sales increased for a second quarter in a row (2Q2019: +3.6%; 3Q2019: +1.9%).
- Insulation volumes increased by single-digit percentage in 3Q2019, but sales remaining offset by lower selling prices following the decline in raw material costs.
- The Automotive division reported lower sales on a like-for-like[2] basis as market demand remained weak in the Chinese and European automotive markets.

A. Flexible Foams

Third quarter 2019:

Combined sales decreased from EUR 145.5 million in 3Q2018 to **EUR 128.4 million in 3Q2019** (-11.8%), including exchange rate differences (-0.1%). Excluding intersegment sales, **combined external sales** decreased by 10.9% to **EUR 120.4 million**.

Both Comfort (-14.8%) and Technical Foams (-7.6%) saw their sales decreasing due to lower volumes in their end-markets, combined with selling price erosion linked to the decrease in raw material prices.

Year-to-date September 2019:

Over **9M2019**, **combined sales** decreased from EUR 476.1 million in 9M2018 to **EUR 415.6 million** (-12.7%), including exchange rate differences (-0.1%). Excluding intersegment sales, **combined external sales** decreased by 12.1% to **EUR 389.8 million**.

In line with the first half-year, both sub-segments Comfort (EUR 228.9 million; -16.3%) and Technical Foams (EUR 186.7 million; –7.9%) reported lower sales, due to lower volumes and to selling price erosion as a consequence of lower chemical raw material prices.

B. Bedding

Third quarter 2019:

Combined sales increased by 0.9% from EUR 57.3 million in 3Q2018 to **EUR 57.8 million**, including exchange rate differences (-0.2%). Excluding intersegment sales, combined external sales increased by 1.9% to EUR 56.7 million in 3Q2019.

The improvement in external sales observed as from 2Q2019 (+3.6%) continued in 3Q2019 (+1.9%), following the introduction of the new generation of Geltex® products.

Year-to-date September 2019:

Over **9M2019**, **combined sales** decreased from EUR 181.9 million in 9M2018 to **EUR 177.6 million** (-2.3%), including exchange rate differences (-0.3%). Excluding intersegment sales, combined external sales decreased by -1.6% to EUR 174.0 million.

The sub-segment “Branded Products” held firm thanks to the new innovative Geltex 2.0 and boxsprings product lines and progressed by 2.6%, while the sub-segment “Non-Branded/Private Label” receded by 8.9%, as a result of reported low shop traffic, increased competition from e-commerce players, and the specific market situation related to one customer in Germany.

C. Insulation

Third quarter 2019:

Sales decreased by 9.1% from EUR 69.2 million to **EUR 62.9 million in 3Q2019**, including exchange rate differences (-0.4%). Volume growth was offset by continued price erosion following the decline in MDI prices. In contrast with the other markets, volumes in the United Kingdom slightly decreased.

Year-to-date September 2019:

Despite double-digit volume growth during **9M2019**, sales decreased from EUR 201.9 million to **EUR 192.8 million** (-4.5%). Price competition to recapture market share lost to fiber insulation materials, as a consequence of the 2017 isocyanate shortage and subsequent price hikes, has more than offset the positive volume impact.

The new production facility in Finland is ramping-up, although at a slower than expected pace, with all products now having been certified for the Nordic countries.

D. Automotive

Third quarter 2019:

The weak trend observed during 1Q2019 (-7.2%) and 2Q2019 (-3.5%) improved somewhat in 3Q2019. On a like-for-like basis[2] **combined sales** slightly decreased from EUR 54.2 million to **EUR 53.9 million** (-0.5%) in **3Q2019**, including exchange rate differences (+1.3%).

Interiors contracted by 7.7% to EUR 44.0 million, whereas sales of chemical raw materials at cost to the Proseat companies increased by 51.9% to EUR 9.9 million, as Recticel is the sole supplier of such raw materials to Proseat since April 2019 (versus 51% of the volumes previously).

Sales volumes remained adversely affected by the continued weakness of the European and Chinese Automotive markets.

Year-to-date September 2019:

Over **9M2019** like-for-like[2] combined sales decreased from EUR 175.7 million to **EUR 169.0 million** (-3.8%), including currency exchange differences (+1.3%).

Sales comprise the Interiors business (9M2019: EUR 138.8 million; -8.9%) as well as sales of chemical raw materials at cost to the Proseat companies (9M2019: EUR 30.2 million; +29.5%).

2. CONSOLIDATED DATA

- **3Q2019 consolidated sales: from EUR 266.4 million to EUR 250.3 million (-6.0%)**
- **Year-to-date 9M2019 consolidated sales: from EUR 846.1 million to EUR 786.4 million (-7.1%)**
- **Net financial debt[5]: EUR 189.5 million including impact IFRS 16 (30 June 2019: 183.6 million)**

[5] Excluding the drawn amounts under non-recourse factoring programs: EUR 32.9 million per 30 September 2019 versus EUR 60.2 million per 30 June 2019 and EUR 69.2 million per 30 September 2018.

3. FINANCIAL POSITION

in million EUR		30 SEP 2018	30 JUN 2019	30 SEP 2019
TOTAL EQUITY - before IFRS 16	**(a)**	**-**	**266,5**	**-**
Combined debt figures				
Net financial debt on balance sheet	(b)	117,9	83,9	113,5
+ Impact of application IFRS 16	(b)	-	117,1	90,8
+ Drawn amounts under factoring programs		69,2	60,2	32,9
TOTAL COMBINED NET FINANCIAL DEBT		**187,1**	**261,3**	**237,2**
Gearing - combined before IFRS16	**(c)=(b)/(a)**	**-**	**31,5%**	**-**
Leverage - combined before IFRS16	**(c)=(b)/(a)**	**-**	**0,9**	**-**
Consolidated debt figures				
Net financial debt on balance sheet	(d)	87,0	73,8	105,5
+ Impact of application IFRS 16	(b)	-	109,8	84,0
+ Drawn amounts under factoring programs		69,2	60,2	32,9
TOTAL CONSOLIDATED NET FINANCIAL DEBT		**156,2**	**243,9**	**222,4**
Gearing - consolidated before IFRS16	**(e)=(d)/(a)**	**-**	**27,7%**	**-**
Leverage - consolidated before IFRS16	**(c)=(b)/(a)**	**-**	**0,9**	**-**

The EUR 26.3 million reduction in IFRS 16 impact on combined debt results mainly from the purchase of the Insulation plant in Stoke-on-Trent (United Kingdom) for GBP 18.4 million.

The application of IFRS 16 has no consequences for the Group's financial covenant testing, as the syndicated bank financing agreement includes a 'frozen GAAP' provision.

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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 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.

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. For half-year figures, EBITDA equals 2 times EBITDA of the period.

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 liabilities and lease liabilities at more than one year + interest bearing financial liabilities and lease liabilities 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

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 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 (excluding minority stakes in joint ventures) employs 7,266 people in 83 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 and Dutch on the website www.recticel.com