

FIRST HALF-YEAR 2020 RESULTS MITIGATED COVID-19 IMPACT & KEY STRATEGIC MOVES

- **Net sales:** from EUR 453.8 million¹ to EUR 374.3 million (-17.5%), including a -0.5% currency effect
- **Adjusted EBITDA:** from EUR 34.6 million¹ to EUR 19.0 million (-44.9%)
- **Result of the period (share of the Group):** from EUR 16.1 million to EUR 60.1 million, including net capital gain and result for the period from discontinued operations
- **Net financial debt:** EUR 43.8 million (including EUR 55.2 million IFRS 16 lease obligations)
- **Closing of the divestments of the participation in Eurofoam and of the Automotive Interiors division**

Olivier Chapelle (CEO): *“After a good start of the year, the COVID-19 pandemic has severely impacted the topline of the Group from mid-March onwards, resulting in a sales decline of -3.0% in 1Q2020 and -32.3% in 2Q2020. After reaching a low point of -51.5% in April 2020 versus April 2019, the sales shortfall versus last year has improved to -35.4% in May and -9.3% in June. This recovery trend continues with July 2020 being -4.1% lower than July 2019.*

After having ensured that all sanitary measures had been put in place in all our locations to protect our employees, the Group immediately implemented measures to reduce costs and preserve cash. These measures include the adjustment of the production capacity, the use of temporary unemployment, strict spending and capital expenditure control.

As a consequence, the cash consumption of our continued operations and the negative impact on Adjusted EBITDA have been reduced to the maximum extent possible.

On June 30th, the transactions related to the divestment of our participation in the Eurofoam joint venture and to the partial divestment of our Automotive Interiors division have been closed as planned and announced. As a consequence, the Group ended the second quarter with a net positive cash position of EUR 11.4 million (excluding the IFRS 16 lease obligations), and ample financial headroom to focus and engage in the execution of its growth strategy in its higher value added business segments.”

OUTLOOK

Subject to there being no further COVID-19 impacts, the dynamics of the recovery observed during the 2nd quarter and the month of July lead the Group to expect the 2H2020 consolidated net sales and Adjusted EBITDA of its retained business to be at the level of 2H2019.

¹ Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the 'equity method'. Due the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present their operations as discontinued operations.

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.

Following the divestment of 50% participation in Eurofoam, the publication of combined accounts has been discontinued.

1. CONSOLIDATED GROUP RESULTS

<i>in million EUR</i>	1H2019 as published	1H2019 restated ¹ (a)	1H2020 (b)	Δ % (b)/(a)-1
Sales	536,1	453,8	374,3	-17,5%
Gross profit	101,2	88,0	65,3	-25,7%
as % of sales	18,9%	19,4%	17,5%	
Income from associates ³	4,8	0,7	0,4	-38,4%
Adjusted EBITDA	n.a.	34,6	19,1	-44,9%
as % of sales		7,6%	5,1%	
EBITDA	53,2	30,4	17,4	-42,8%
as % of sales	9,9%	6,7%	4,6%	
Adjusted operating profit (loss)	n.a.	16,8	0,9	-94,7%
as % of sales		3,7%	0,2%	
Operating profit (loss)	24,7	12,3	(2,9)	-123,5%
as % of sales	4,6%	2,7%	-0,8%	
Financial result	(4,6)	(2,8)	(2,6)	-8,0%
Income from other associates ³	-	2,6	(3,0)	n.m.
Change in fair value of option structures	-	2,9	1,7	n.m.
Income taxes	(4,0)	(2,6)	(2,0)	-22,3%
Result of the period of the continuing operations	16,1	12,3	(8,7)	-170,9%
Result of the discontinued operations	0,0	3,8	68,8	n.m.
Result of the period (share of the Group)	16,1	16,1	60,1	273,3%
Result of the period (share of the Group) - base (per share, in EUR)	0,29	0,29	1,09	275,4%
	30 Jun 2019	30 Jun 2019	30 Jun 2020	
Total Equity	265,9	265,9	331,5	24,7%
Net Financial Debt (incl. IFRS 16 - Leases)	183,6 ²	156,9 ²	43,8	-72,1%
Gearing ratio (Net financial debt/Total Equity)	69,1%	59,0%	13,2%	
Leverage ratio (Net financial debt/EBITDA)	1,7	-	0,9	

² Excluding the drawn amounts under non-recourse factoring programs: EUR 0.0 million per 30 June 2020 versus EUR 60.2 million per 30 June 2019 and EUR 47.0 million per 31 December 2019.
As of 30 June 2020 the off-balance sheet treatment of the factoring program has been discontinued.

³ Income from associates = income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam
Income from other associates = income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

The following changes in the scope of consolidation took place in 1H2020:

- Partial divestment of the Automotive Interiors activities at the end of June 2020, which are now operated through a new 51/49% Admetos/Recticel joint venture.
- Disposal of the 50% participation in the Eurofoam group (Flexible Foams) at the end of June 2020.

Consequently, the Automotive Interiors activities and Eurofoam are reported as discontinued operations. The Automotive segment is no longer reported separately.

Sales of chemical raw materials at cost to the Proseat and Automotive Interiors companies, which previously were reported under the segment Automotive, are from now on integrated under "Corporate/Eliminations".

Net Sales: on a like-for-like basis¹ sales decreased by 17.5% from EUR 453.8 million¹ to **EUR 374.3 million**, including a currency impact of -0.5%.

Sales in the second quarter were materially impacted (-32.3%) by the COVID-19 pandemic and the subsequent governmental lockdown measures in most countries. As the quarter progressed, a gradual improvement was observed. Sales in April, May and June declined respectively by -51.5%, -35.4% and -9.3%.

Breakdown of the sales by segment

in million EUR	restated ¹		2020 versus 2019 restated						
	1Q2019	2Q2019	1H2019	1Q2020	2Q2020	1H2020	Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	96,8	92,6	189,4	89,4	57,7	147,1	-7,7%	-37,7%	-22,3%
Bedding	64,3	55,6	119,8	65,2	44,0	109,2	1,4%	-20,7%	-8,9%
Insulation	62,5	67,4	129,8	60,7	52,0	112,7	-2,9%	-22,8%	-13,2%
Corporate / Eliminations	4,6	10,1	14,7	6,2	(1,0)	5,2	33,3%	-110,2%	-64,9%
TOTAL CONSOLIDATED SALES	228,3	225,6	453,8	221,5	152,8	374,3	-3,0%	-32,3%	-17,5%

All segments reported lower sales during 1H2020, particularly due to the significant impact of COVID-19 during 2Q2020.

- Flexible Foams sales decreased by 22.3% over 1H2020 as volumes were heavily impacted by the lockdown measures during 2Q2020. Whereas the Comfort markets bounced back strongly in June, Technical Foams remained more subdued, mainly due to the slow restart of automotive and industrial customers.
- Bedding sales decreased by 8.9% over 1H2020, due to COVID-19 retail shopping restrictions imposed in most European countries. June sales however ended ahead of last year, thanks to a strong orderbook secured from mid-May onwards as shops progressively reopened throughout Europe.
- Insulation sales decreased by 13.2% over 1H2020, with volumes heavily affected by the COVID-19 lockdown measures from mid-March until May. Accelerating activity levels in the building markets led to June volumes exceeding the level of 2019. Selling prices remained under pressure as a consequence of lower raw material costs.

Adjusted EBITDA: EUR 19.1 million versus EUR 34.6 million¹ in 1H2019.

Adjusted EBITDA margin of 5.1% versus 7.6%¹ in 1H2019.

Breakdown of the Adjusted EBITDA by segment

in million EUR	1H2019	1H2020	Δ 1H
	restated ¹		
	(a)	(b)	(b)/(a)-1
Flexible Foams	18,8	10,3	-45,4%
Bedding	6,9	4,5	-34,6%
Insulation	17,1	11,3	-33,9%
Corporate	(8,2)	(7,0)	-14,4%
TOTAL CONSOLIDATED ADJUSTED EBITDA	34,6	19,1	-44,9%

The lower contribution from all segments is generally attributable to lower sales volumes following the COVID-19 crisis in 2Q2020. The negative volume impact has been mitigated to a maximum extent by cost saving measures and the implementation of temporary unemployment.

Adjusted operating profit (loss): EUR 0.9 million, versus EUR 16.8 million¹ in 1H2019.

Adjusted operating profit (loss) margin of 0.2% versus 3.7%¹ in 1H2019.

Breakdown of the Adjusted operating profit (loss) by segment

<i>in million EUR</i>	1H2019 restated ¹	1H2020	Δ 1H
	(a)	(b)	(b)/(a)-1
Flexible Foams	12,0	3,1	-73,8%
Bedding	2,5	0,0	-99,4%
Insulation	11,5	5,9	-48,4%
Corporate	(9,1)	(8,2)	-9,9%
TOTAL ADJUSTED OPERATING PROFIT (LOSS)	16,8	0,9	-94,7%

Adjustments to Operating profit (loss):

<i>in million EUR</i>	1H2019 restated ¹	1H2020
Restructuring charges and provisions	(1,1)	(1,4)
Gain (loss) on disposals	0,3	0,0
Other	(3,4)	(0,3)
Total impact on EBITDA	(4,2)	(1,7)
Impairments	(0,3)	(2,1)
Total impact on Operating profit (loss)	(4,5)	(3,8)

Adjustments to Operating profit (loss) on continuing operations in 1H2020 include mainly (i) reorganisation charges in Flexible Foams (EUR 0.5 million) and in Bedding (EUR 1.0 million) and (ii) impairments on idle assets in Flexible Foams in Spain (EUR 1.1 million) and in Bedding following the closure of the Hassfurt plant (Germany) (EUR 0.9 million).

EBITDA: EUR 17.4 million versus EUR 30.4 million¹ in 1H2019.

EBITDA margin of 4.6% versus 6.7%¹ in 1H2019.

Breakdown of **EBITDA** by segment

<i>in million EUR</i>	1H2019 restated ¹	1H2020	Δ 1H
	(a)	(b)	(b)/(a)-1
Flexible Foams	19,3	9,5	-50,9%
Bedding	6,8	3,5	-47,6%
Insulation	17,1	11,2	-34,3%
Corporate	(12,7)	(6,8)	-46,0%
TOTAL CONSOLIDATED EBITDA	30,4	17,4	-42,8%

Operating profit (loss): EUR -2.9 million versus EUR 12.3 million¹ in 1H2019.

Operating profit (loss) margin of -0.8% versus 2.7%¹ in 1H2019.

Breakdown of **Operating profit (loss)** by segment

<i>in million EUR</i>	1H2019 restated ¹	1H2020	Δ 1H
	(a)	(b)	(b)/(a)-1
Flexible Foams	12,4	1,2	-90,1%
Bedding	2,0	(1,9)	-194,7%
Insulation	11,4	5,8	-48,8%
Corporate	(13,5)	(8,1)	-40,2%
TOTAL OPERATING PROFIT (LOSS)	12,3	(2,9)	-123,5%

Financial result: from EUR -2.8 million¹ to **EUR -2.6 million** (-8.0%):

Net interest charges: EUR -1.7 million – of which EUR -1.1 million relating to leases – versus EUR -1.7 million¹ in 1H2019.

‘Other net financial income and expenses’: EUR -0.8 million versus EUR -1.0 million¹ in 1H2019. This item comprises mainly interest capitalisation costs under provisions for pension liabilities (EUR -0.2 million versus EUR -0.4 million¹ in 1H2019) and exchange rate differences (EUR -0.7 million versus EUR -0.6 million¹ in 1H2019).

Income from other associates : EUR -3.0 million relates to the result of the Proseat business (25%).

Fair value of option structures : EUR +1.7 million relates to an adjustment of the fair value of the put/call structure on the Proseat participation. A valuation of put/call structure on the remaining 49% participation in the Automotive Interiors has been made and resulted in a “zero” value, given the uncertainties over the period until the earliest exercise date of the options (2024).

Income taxes and deferred taxes: from EUR -2.6 million¹ to **EUR -2.0 million** (-22.3%):

- Current income tax charge: EUR -0.68 million (1H2019: EUR -2.88 million¹);
- Deferred tax charge: EUR -1.36 million (1H2019: EUR +0.24 million¹).

Result of the period from continued operations: **EUR -8.7 million** versus EUR +12.3 million¹ in 1H2019.

Result from discontinued operations: **EUR +68.8 million.**

The total result of discontinued operations is composed of:

- (i) the net gain related to the divestment of the 50% participation in the Eurofoam group (Flexible Foams),
- (ii) the net loss realised on the sale of 49% of the Automotive Interiors activities, and
- (iii) the pro rata share of the result of the period after taxes of Eurofoam (50%) and Automotive Interiors activities (100%).

Consolidated result of the period (share of the Group): **EUR + 60.1 million** versus EUR 16.1 million in 1H2019.

2. FINANCIAL POSITION

<i>in million EUR</i>	30 JUN 2019	31 SEP 2019	31 DEC 2019	30 MAR 2020	30 JUN 2020
TOTAL EQUITY	266,5	-	276,6	-	331,5
Net financial debt excluding factoring	73,8	105,5	88,6	121,4	(11,4)
+ Drawn amounts under factoring programs	60,2	32,9	47,1	32,1	0,0
+ Impact of application IFRS 16	109,8	84,0	80,0	77,6	55,2
TOTAL CONSOLIDATED NET FINANCIAL DEBT	243,9	222,4	215,6	231,1	43,8
Gearing ratio (incl. IFRS 16)	-	-	77,9%	-	13,2%
Leverage ratio (incl. IFRS 16)	-	-	2,3	-	0,9

Excluding the EUR 55.2 million lease debt recognised under IFRS 16 the Group is in a net cash position following the completion of the divestments of the 50% participation in the Eurofoam joint venture and of the Automotive Interiors division.

The Group confirms that all conditions under the financial arrangements with its banks are respected.

3. MARKET SEGMENTS

3.1. FLEXIBLE FOAMS

in million EUR	1H2019 restated ¹	1H2020	Δ
	(a)	(b)	(b)/(a)-1
Sales	189,4	147,1	-22,3%
Adjusted EBITDA	18,8	10,3	-45,4%
as % of sales	9,9%	7,0%	
EBITDA	19,3	9,5	-50,9%
as % of sales	10,2%	6,4%	
Adjusted operating profit (loss)	12,0	3,1	-73,8%
as % of sales	6,3%	2,1%	
Operating profit (loss)	12,4	1,2	-90,1%
as % of sales	6,6%	0,8%	

Sales

After 1Q2020 (-7.7%) - already impacted in March by COVID-19 -, like-for-like¹ **consolidated sales** decreased by 37.7% in **2Q2020** from EUR 92.6 million in 2Q2019 to **EUR 57.7 million**, including a -2.6% impact from exchange rate differences. External sales decreased by 39.6% from EUR 85.5 million to EUR 51.6 million.

Over **1H2020**, like-for-like¹ **consolidated sales** decreased from EUR 189.4 million to **EUR 147.1 million** (-22.3%), including a -1.3% impact from exchange rate differences. **External sales** decreased by 24.0% from EUR 174.8 million to **EUR 132.9 million**.

Sales in both sub-segments decreased, Comfort by 19.6% to EUR 71.0 million and Technical Foams by 24.7% to EUR 76.2 million.

Profitability

Like-for-like¹ Adjusted EBITDA margin at 7.0% versus 9.9%¹ in 1H2019. The margin deterioration is totally attributable to the negative volume impact leading to unabsorbed fixed costs, partly mitigated by cost saving measures, including temporary unemployment.

EBITDA includes adjustments for EUR -0.8 million (1H2019: EUR 0.5 million): mainly restructuring charges following cost savings measures taken in Belgium and the Netherlands.

3.2. BEDDING

in million EUR	1H2019	1H2020	Δ
	(a)	(b)	(b)/(a)-1
Sales	119,8	109,2	-8,9%
Adjusted EBITDA	6,9	4,5	-34,6%
as % of sales	5,8%	4,2%	
EBITDA	6,8	3,5	-47,6%
as % of sales	5,6%	3,2%	
Adjusted operating profit (loss)	2,5	0,0	-99,4%
as % of sales	2,0%	0,0%	
Operating profit (loss)	2,0	(1,9)	-194,7%
as % of sales	1,7%	-1,7%	

Sales

After a positive start in 1Q2020 (+1.4%), the sales trend reversed in 2Q2020 following the outbreak of the COVID-19 crisis. **Consolidated sales** decreased by 20.7% from EUR 55.6 million¹ in 2Q2019 to **EUR 44.0 million in 2Q2020**, including a +1.2% impact from exchange rate differences. **External sales** decreased by 20.3% to reach **EUR 43.4 million in 2Q2020**.

Over **1H2020**, **consolidated sales** decreased from EUR 119.8 million¹ to **EUR 109.2 million** (-8.9%), including a +0.7% impact from exchange rate differences. **External sales** decreased by 8.3% from EUR 117.3 million to **EUR 107.6 million**.

The sub-segment “Branded Products” (-5.2%) held relatively firm given the negative market environment - thanks to its innovative Geltex 2.0 and boxsprings product lines. On the contrary, the sub-segment “Non-Branded/Private Label” receded by 14.6%. Both sub-segments were heavily impacted during the second quarter by the COVID-19 retail shopping restrictions imposed in most European countries.

Profitability

Adjusted EBITDA margin of 4.2% versus 5.8%¹ in 1H2019.

EBITDA decreased from EUR 6.8 million¹ to EUR 3.5 million; including non-recurring costs for EUR -1.0 million following the implementation of cost saving measures (1H2019: EUR -0.2 million)

The lower profitability is totally due to the low sales volumes following the COVID-19 crisis in 2Q2020, partially compensated by cost saving measures.

3.3. INSULATION

in million EUR	1H2019	1H2020	Δ
	(a)	(b)	(b)/(a)-1
Sales	129,8	112,7	-13,2%
Adjusted EBITDA	17,1	11,3	-33,9%
as % of sales	13,1%	10,0%	
EBITDA	17,1	11,2	-34,3%
as % of sales	13,1%	9,9%	
Adjusted operating profit (loss)	11,5	5,9	-48,4%
as % of sales	8,8%	5,2%	
Operating profit (loss)	11,4	5,8	-48,8%
as % of sales	8,8%	5,2%	

Sales

The COVID-19 crisis had started to impact the building markets as of March leading to a 2.9% sales drop over 1Q2020. In **2Q2020** sales decreased by 22.8% from EUR 67.4 million¹ to **EUR 52.0 million**, including a -0.7% impact from exchange rate differences. After a steep decline in April the activity level improved in May, and the volumes in June exceeded the volumes sold in June 2019.

Over **1H2020** sales decreased by 13.2% from EUR 129.8 million¹ to **EUR 112.7 million**, including a currency impact of -0.1%. Sales were lower in most countries, except for the new plant in Finland which gradually increases its output, now that all products have been certified for the Nordic countries.

Profitability

Adjusted EBITDA margin of 10.0% versus 13.1%¹ in 1H2019.

Profitability declined due to the lower sales volumes and competitive pricing environment, despite substantial cost reduction measures. The new Finnish plant – although still contributing negatively to EBITDA - is gradually ramping-up.

APPENDICES

All figures and tables contained in these annexes have been compiled in accordance with the IFRS accounting and valuation principles, as adopted within the European Union. The applied valuation principles, as published in the latest annual report at 31 December 2019, were applied for the figures included in this press release.

The analysis of the risk management is described in the annual report and the IAS 34 Interim report per 30 June 2020, both which are available from www.recticel.com.

1. Condensed consolidated income statement

Group Recticel in thousand EUR	1H2019 restated ¹ (a)	1H2020 (b)	Δ (b)/(a)-1
Sales	453 831	374 262	-17,5%
Distribution costs	(28 375)	(25 620)	-9,7%
Cost of sales	(337 475)	(283 299)	-16,1%
Gross profit	87 981	65 343	-25,7%
General and administrative expenses	(30 321)	(28 589)	-5,7%
Sales and marketing expenses	(34 300)	(29 881)	-12,9%
Research and development expenses	(5 588)	(4 901)	-12,3%
Impairments goodwill, tangible and intangible assets	(333)	(2 083)	525,5%
Other operating revenues	3 229	3 640	12,7%
Other operating expenses	(9 065)	(6 834)	-24,6%
Income from associates	682	420	-38,4%
Operating profit (loss)	12 285	(2 885)	-123,5%
Interest income	1 383	589	-57,4%
Interest expenses	(3 124)	(2 330)	-25,4%
Other financial income	6 530	3 568	-45,4%
Other financial expenses	(7 561)	(4 378)	-42,1%
Financial result	(2 772)	(2 551)	-8,0%
Income from other associates	2 588	(2 954)	-214,1%
Change in fair value of option structures	2 860	1 702	-40,5%
Result of the period before taxes	14 961	(6 688)	-144,7%
Income taxes	(2 633)	(2 045)	-22,3%
Result of the period after taxes - continuing operations	12 328	(8 733)	-170,8%
Result of the period after taxes - discontinued operations	3 773	68 812	n.m.
Result of the period after taxes - continuing and discontinued operations	16 101	60 079	273,1%
of which attributable to the owners of the parent	16 107	60 110	273,2%
of which attributable to non-controlling interests	(6)	(31)	416,7%

A distinction has been made between Income from associates - included in operating profit (loss) - and Income from other associates - excluded from operating profit (loss).

Income from associates: income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam

Income from other associates: income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

2. Earnings per share

in EUR	1H2019 restated ¹	1H2020	Δ
Number of shares outstanding (including treasury shares)	55 293 406	55 397 439	0,2%
Weighted average number of shares outstanding (before dilution effect)	54 917 196	54 959 861	0,1%
Weighted average number of shares outstanding (after dilution effect)	55 128 831	55 154 501	0,0%
Earnings per share - continuing operations	0,22	(0,16)	n.m.
Earnings per shares - discontinued operations	0,07	1,25	n.m.
Earnings per share of continuing and discontinued operations	0,29	1,09	272,8%
Earnings per share from continuing operations			
Basic	0,22	(0,16)	n.m.
Diluted	0,22	(0,16)	n.m.
Earnings per share from discontinued operations			
Basic	0,07	1,25	1722,4%
Diluted	0,07	1,25	1723,0%
Net book value	4,98	5,98	20,2%

3. Condensed consolidated statement of comprehensive income

Group Recticel in thousand EUR	1H2019	1H2020
Result for the period after taxes	16 101	60 080
Other comprehensive income		
<i>Items that will not subsequently be recycled to profit and loss</i>		
Actuarial gains (losses) on employee benefits recognized in equity	(4 333)	2 100
Deferred taxes on actuarial gains (losses) on employee benefits	759	(452)
Currency translation differences	(18)	195
Joint ventures & associates	(655)	(246)
Total	(4 247)	1 597
<i>Items that subsequently may be recycled to profit and loss</i>		
Currency translation differences	371	(13 816)
Foreign currency translation reserve difference recycled in the income statement	305	18 345
Deferred taxes on retained earnings	(68)	(1)
Joint ventures & associates	158	2 003
Total	766	6 532
Other comprehensive income net of tax	(3 481)	8 129
Total comprehensive income for the period	12 620	68 209
Total comprehensive income for the period	12 620	68 209
of which attributable to the owners of the parent	12 626	68 239
of which attributable to non-controlling interests	(6)	(31)

4. Condensed consolidated statement of financial position

Group Recticel in thousand EUR	31 Dec 2019 as published	30 Jun 2020
Intangible assets	14 306	13 883
Goodwill	24 412	24 102
Property, plant & equipment	227 617	171 552
Right-of-use assets	105 110	80 128
Investment property	3 331	3 331
Investments in joint ventures and associates	65 465	12 052
Investments in other joint ventures and associates	(1)	20 122
Non-current receivables	26 383	33 831
Other non-current contract assets	11 138	0
Deferred taxes	24 108	22 139
Non-current assets	501 869	381 140
Inventories	101 797	84 601
Trade receivables	99 117	119 712
Other current contract assets	11 300	0
Other receivables and other financial assets	32 667	31 349
Income tax receivables	1 448	1 515
Other investments	154	154
Cash and cash equivalents	48 479	197 477
Assets held for sale	5 638	3 738
Current assets	300 600	438 546
TOTAL ASSETS	802 469	819 686
Capital	138 494	138 846
Share premium	130 334	130 741
Share capital	268 828	269 587
Treasury shares	(1 450)	(1 450)
Other reserves	(25 621)	(21 061)
Retained earnings	51 227	95 550
Hedging and translation reserves	(18 288)	(11 755)
Equity (share of the Group)	274 696	330 871
Equity attributable to non-controlling interests	701	671
Total equity	275 397	331 542
Pensions and similar obligations	57 164	47 843
Provisions	6 905	23 371
Deferred taxes	10 023	10 644
Financial liabilities	100 334	77 285
Non-current contract liabilities	20 339	0
Other amounts payable	43	43
Non-current liabilities	194 808	159 186
Pensions and similar obligations	696	3 376
Provisions	5 759	921
Financial liabilities	117 415	164 400
Trade payables	93 008	55 903
Current contract liabilities	32 832	17 301
Income tax payables	1 229	229
Other amounts payable	81 325	86 828
Current liabilities	332 264	328 958
TOTAL EQUITY AND LIABILITIES	802 469	819 686

For comments on the statement of financial position, reference is made to the IAS 34 Interim Report which is available on www.recticel.com

5. Condensed consolidated statement of cash flow

Group Recticel in thousand EUR	1H2019 as published	1H2020	Δ
Operating profit (loss)	24 733	-2 886	-111,7%
Income from discontinued operations	0	68 812	n.m.
Depreciation, amortisation and impairment losses on assets	28 513	32 126	12,7%
Write-offs (-back) on assets	79	671	749,7%
Write-offs (-back) on shares of affiliates	0	220	n.m.
Changes in provisions	-3 309	13 292	-501,7%
Stock options	-2 860	304	-110,6%
(Gain)/Loss on disposal of assets	-3 642	- 737	-79,8%
(Gain)/Loss on disposal of shares	0	-101 703	n.m.
(Gain)/Loss on disposal of receivables	0	201	n.m.
Income from associates	-4 833	- 420	-91,3%
Gross operating cash flow	38 681	9 882	-74,5%
Changes in working capital	-8 120	-48 194	493,5%
Gross operating cash flow after changes in working capital	30 561	-38 312	-225,4%
Income taxes paid	-2 484	-2 545	2,5%
Net cash flow from operating activities (a)	28 077	-40 858	-245,5%
Net cash flow from divestment (investment) activities (b)	7 460	218 566	2829,8%
Paid interest charges on financial debt (c)	-1 355	-1 714	26,5%
Paid interest charges on lease debt	- 101	0	-100,0%
Paid dividends	-13 204	-13 254	0,4%
Increase (Decrease) of capital	312	760	143,5%
Increase of financial debt	11 507	97 523	747,5%
Decrease of financial debt	0	-97 487	n.m.
Increase of lease debt	0	0	n.m.
Decrease of lease debt (d)	-12 638	-14 750	16,7%
Net cash flow from financing activities (e)	-15 479	-28 922	86,8%
Effect of exchange rate changes (f)	2 268	212	-90,7%
Changes in cash and cash equivalents (a)+(b)+(e)+(f)+(g)	22 326	148 999	567,4%
FREE CASH FLOW (a)+(b)+(c)+(d)	21 443	161 245	652,0%

6. Condensed consolidated statement of changes in shareholders' equity

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period (31 December 2019)	138 494	130 334	-1 450	-25 621	51 227	-18 288	274 696	701	275 397
Dividends	0	0	0	0	-13 127	0	-13 127	0	-13 127
Stock options (IFRS 2)	0	0	0	304	0	0	304	0	304
Capital movements	352	407	0	0	0	0	759	0	759
Shareholders' movements	352	407	0	304	-13 127	0	-12 064	0	-12 064
Profit or loss of the period	0	0	0	0	60 110	0	60 110	- 30	60 080
Other comprehensive income ¹	0	0	0	2 049	- 453	-11 812	-10 216	0	-10 216
Change in scope	0	0	0	2 145	-2 145	18 345	18 345	0	18 345
Comprehensive income	0	0	0	4 194	-2 598	6 533	8 129	0	8 129
Reclassification	0	0	0	62	- 62	0	0	0	0
At the end of the period (30 June 2020)	138 846	130 741	-1 450	-21 061	95 550	-11 755	330 871	671	331 542

7. Reconciliation with alternative performance measures

Group Recticel in thousand EUR	30 JUN 2019 restated ¹	30 JUN 2020
Income statement		
Sales	453 831	374 262
Gross profit	87 981	65 343
EBITDA	30 412	17 384
Operating profit (loss)	12 284	(2 885)
Operating profit (loss)	12 284	(2 885)
Amortisation intangible assets	935	879
Depreciation tangible assets	16 373	16 751
Amortisation deferred charges long term	488	557
Impairments on goodwill, intangible and tangible fixed assets	333	2 083
EBITDA	30 412	17 384
EBITDA	30 412	17 384
Restructuring charges	(133)	1 525
Other	4 325	161
Adjusted EBITDA	34 604	19 070
Operating profit (loss)	12 284	(2 885)
Restructuring charges	(133)	1 525
Other	4 325	161
Impairments	333	(2 083)
Adjusted EBIT	16 809	(3 282)
Total net financial debt	31 DEC 2019 as published	30 JUN 2020
Non-current financial liabilities	100 334	77 285
Current financial liabilities	117 415	164 400
Cash	(48 479)	(197 477)
Other financial assets ¹	(712)	(374)
Net financial debt on statement of financial position	168 558	43 834
Factoring programs	47 051	0
Total net financial debt	215 609	43 834
¹ Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	275 397	331 542
Net financial debt on statement of financial position / Total equity	61,2%	13,2%
Total net financial debt / Total equity	78,3%	13,2%
Leverage ratio (Net financial debt / EBITDA)		
EBITDA (last 12 months)	95 264	47 173
Net financial debt on statement of financial position / EBITDA	1,8	0,9
Total net financial debt / EBITDA	2,3	0,9
Net working capital		
Inventories and contracts in progress	101 797	84 601
Trade receivables	99 117	119 712
Current contract assets	11 300	0
Other receivables	20 119	31 349
Income tax receivables	1 449	1 515
Trade payables	(93 008)	(55 903)
Current contract liabilities	(32 832)	(17 301)
Income tax payables	(1 229)	(229)
Other amounts payable	(81 325)	(86 828)
Net working capital	25 388	76 916
Current ratio (= Current assets / Current liabilities)		
Current assets	300 600	438 546
Current liabilities	332 264	328 958
Current ratio (factor)	0,9	1,3

8. Auditor's report ^a

The auditor confirms that the review is substantially completed, and did not reveal any significant adjustments to the financial information included in the press release. The full report will be included in the IAS 34 Interim report.

^a For the full version of the review report we refer to the half-year consolidated financial statements on our website www.recticel.com under the chapter Investor Relations > Annual and half-year Reports > Condensed financial statements per 30 June 2020

Glossary

• **IFRS measures**

Consolidated (data) : financial data following the application of IFRS 11, whereby joint ventures and associates 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 EBITDA : EBITDA before Adjustments (to Operating Profit)

Adjusted operating profit (loss) : Operating profit (loss) + adjustments to operating profit (loss)

Adjustments to Operating profit (loss) : 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, revenues or charges due to important (inter)national legal issues.

Current ratio : Current assets / Current liabilities

EBITDA : Operating profit (loss) + depreciation, amortisation and impairment on assets; all of continued activities

Gearing : Net financial debt / Total equity

Income from associates : income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam

Income from other associates : income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

Leverage : Net financial debt / EBITDA (last 12 months)

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

Operating profit (loss) : Profit before income from other associates, fair value adjustments of option structures, earnings of discontinued activities, interests and taxes. Operating profit (loss) comprises income from associates of continued activities.

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

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)
Annual results 2020	26.02.2021 (at 07:00 AM CET)
First quarter 2021 trading update	27.04.2021 (at 07:00 AM CET)
Annual General Meeting	25.05.2021 (at 10:00 AM CET)
First half-year 2021 results	27.08.2021 (at 07:00 AM CET)
Third quarter 2021 trading update	29.10.2021 (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 4,270 people in 41 establishments in 20 countries.

Recticel contributes to daily comfort with high performance insulation solutions, foam filling for seats, mattresses and slat bases of top brands 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®. Within the Insulation segment high-quality thermal insulation products are marketed under the well-known brands Eurowall®, Powerroof®, Powerdeck®, Powerwall® and Xentro®.

In 2019 Recticel achieved combined sales of EUR 1.22 billion (IFRS 11 consolidated sales: EUR 1.0 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