



Accumulate

Recommendation unchanged

Share price: EUR 6.18

closing price as of 03/03/2010

Target price: EUR 6.50

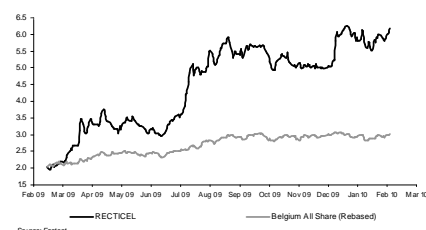
Target Price unchanged

Reuters/Bloomberg

RECT.BR/REC.BB

Market capitalisation (EURm)	179
Current N° of shares (m)	29
Free float	61%
Daily avg. no. trad. sh. 12 mth	45,668
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	6.26
Price low 12 mth (EUR)	1.96
Abs. perf. 1 mth	1.48%
Abs. perf. 3 mth	23.11%
Abs. perf. 12 mth	168.70%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	1,555	1,236	1,223
EBITDA (m)	109	99	85
EBITDA margin	7.0%	8.0%	6.9%
EBIT (m)	41	48	41
EBIT margin	2.7%	3.9%	3.3%
Net Profit (adj.)(m)	2	23	21
ROCE	5.2%	7.1%	6.4%
Net debt/(cash) (m)	270	189	153
Net Debt/Equity	1.2	0.8	0.6
Debt/EBITDA	2.5	1.9	1.8
Int. cover(EBITDA/Fin. int)	4.5	5.7	6.6
EV/Sales	0.3	0.3	0.3
EV/EBITDA	3.9	3.6	4.1
EV/EBITDA (adj.)	3.9	3.6	4.1
EV/EBIT	10.2	7.4	8.6
P/E (adj.)	nm	6.4	8.7
P/BV	0.6	0.6	0.7
OpFCF yield	37.0%	41.0%	26.1%
Dividend yield	2.8%	2.8%	2.8%
EPS (adj.)	0.06	0.79	0.71
BVPS	7.28	7.78	8.32
DPS	0.17	0.17	0.17



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FY09 earnings preview

The facts: Recticel will release its FY09 results on March 5, before market. An analyst meeting is scheduled the same day at 09:30 am CET.

Our analysis: We expect Recticel to report consolidated sales down 21% to EUR 1,236m, with sales in Flexible foam down 12%; sales in Bedding down 12% (mainly due to the disposal of Cofel); sales in Insulation up 6% and sales in Automotive down 43%.

Key figures (in EUR m)	1H08	2H08	2008	1H09	2H09e	2009e	% change
Sales	823.9	731.6	1,555.5	632.6	602.9	1,235.5	-20.6%
- Flexible Foam	341.5	304.1	645.6	278.1	288.8	566.9	-12.2%
- Bedding	168.7	180.8	349.5	170.1	138.4	308.5	-11.7%
- Insulation	79.2	77.2	156.4	79.9	85.6	165.5	5.8%
- Automotive	268.6	205.6	474.2	138.2	131.7	269.9	-43.1%
- Eliminations	-34.1	-36.2	-70.3	-33.7	-41.6	-75.3	
EBITDA	63.1	45.7	108.8	47.0	51.9	98.9	-9.1%
Margin	7.7%	6.2%	7.0%	7.4%	8.6%	8.0%	
- Flexible Foam	22.6	8.6	31.2	22.5	15.8	38.3	22.6%
- Bedding	7.8	9.1	16.9	11.3	22.2	33.5	98.3%
- Insulation	14.7	12.6	27.3	20.2	17.9	38.1	39.5%
- Automotive	25.1	25.0	50.1	0.9	1.1	2.0	-96.0%
- Corporate & other	-7.2	-9.5	-16.7	-7.9	-5.1	-13.0	
Operating result	36.1	5.3	41.4	21.1	26.5	47.6	14.9%
Margin	4.4%	0.7%	2.7%	3.3%	4.4%	3.9%	
Financial results	-10.7	-15.8	-26.4	-6.7	-10.5	-17.2	
Pre-tax current income	25.5	-10.5	15.0	14.4	16.0	30.4	102.7%
Extraordinary result	0.0	0.0	0.0	0.0	0.00	0.00	
Tax	8.0	2.3	10.4	6.5	4.0	10.5	
Tax rate	31.5%	-22.4%	69.3%	45.1%	25.0%	34.6%	
Results of associates	0.0	0.0	0.0	0.0	0.0	0.0	
Net results	17.4	-12.8	4.6	7.9	12.0	19.9	
Net earnings (group)	17.8	-6.2	11.5	8.4	11.0	19.4	67.7%
EPS (EUR)	0.61	-0.22	0.40	0.29	0.38	0.67	67.7%

Sources: Recticel - Bank Degroof estimates

EBITDA is expected to stand at EUR 99m, down by 9% y-o-y only, thanks to the capital gain in Bedding estimated at EUR 15m (on the disposal of Cofel). Without this element EBITDA would be down 23% y-o-y, still no so bad given the drop in sales. This is due to the lower raw material costs (mainly in 1H09), to the increasing profitability in Insulation and to costs control efforts (amongst others economic unemployment measures). The adjustment measures put in place by the management are expected to have a positive impact of ± EUR 20m on the fixed costs.

FY09 net earning is estimate at EUR 19m and net financial debt at EUR 189m. Management is expected to announce a flat dividend of EUR 0.17 (gross).

Conclusion & Action: During the year Recticel continued to address itself to the difficult market environment by adjusting its production platforms and by selling its non core activities. This trend is expected to continue in FY10. The share is not expensive at ± 4x the EV/EBITDA 2010. We stick to our accumulate ratio and TP at EUR 6.5.