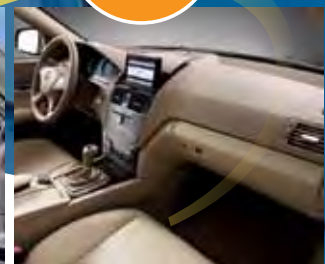
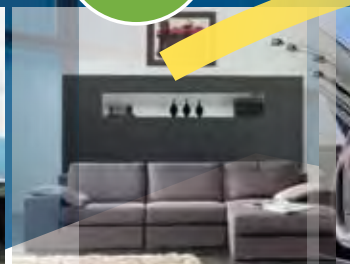
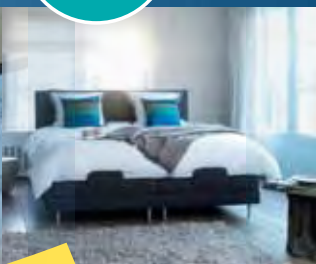


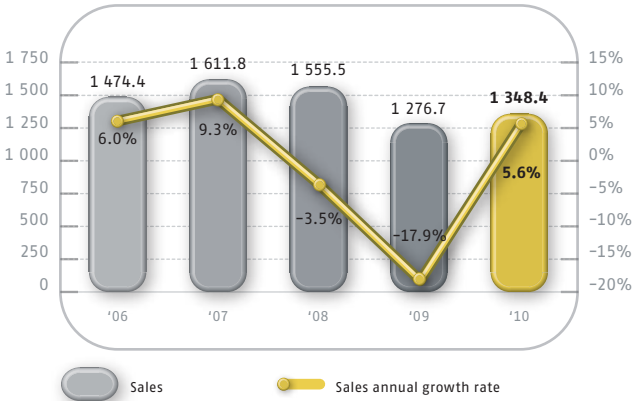
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ANNUAL REPORT 2010

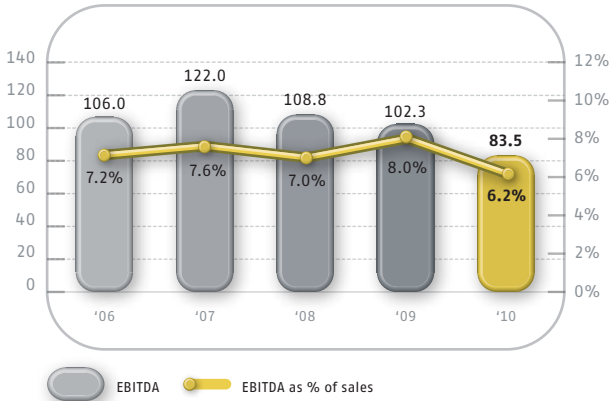


RECTICEL
The passion for comfort

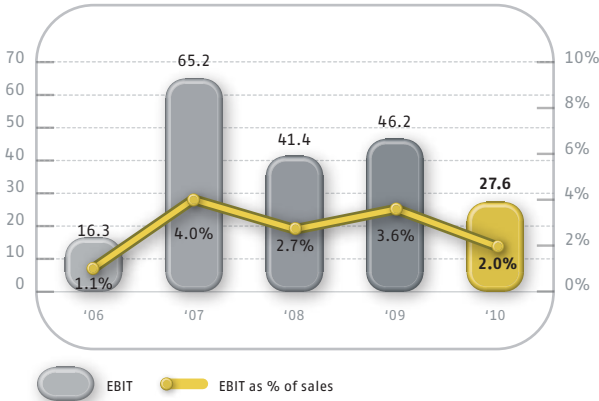
// Consolidated sales
& Annual growth rate (in million EUR)



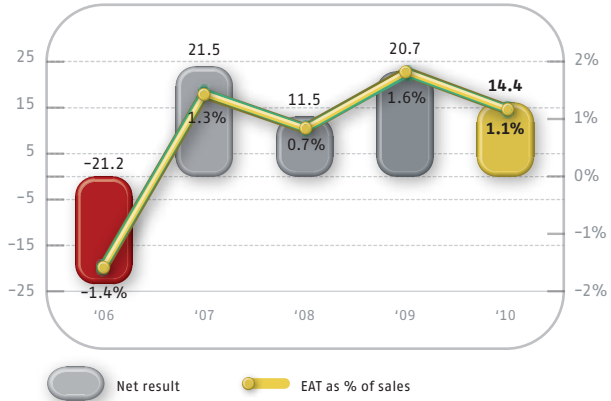
// Consolidated EBITDA
& EBITDA margin (in million EUR)



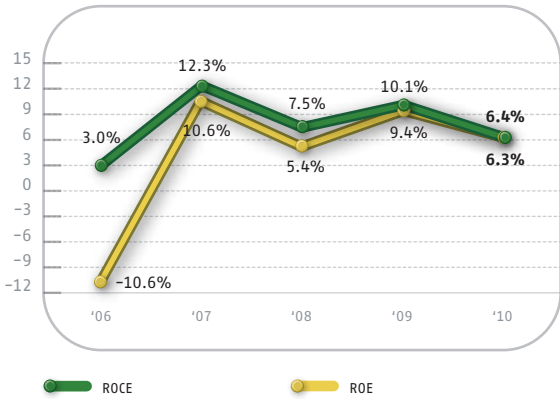
// Consolidated EBIT & EBIT margin
(in million EUR)



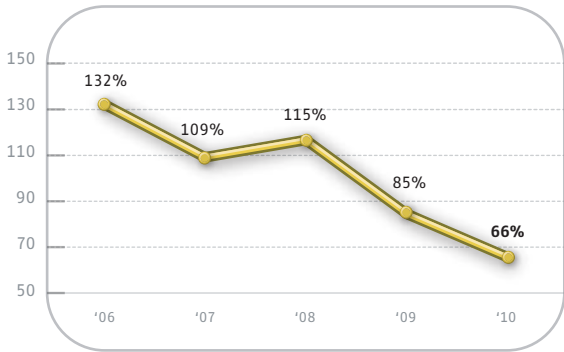
// Earnings after taxes (share of the Group)
and EAT margin (in million EUR)



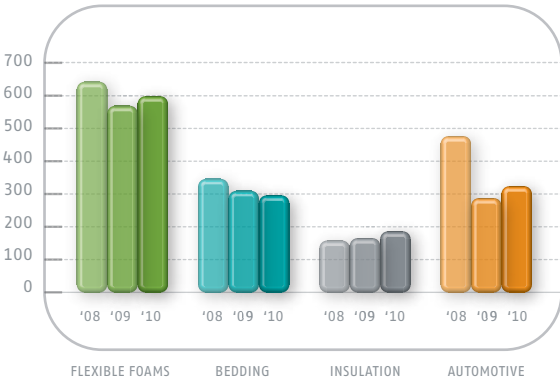
// Return on capital employed (ROCE)
Return on equity (ROE)



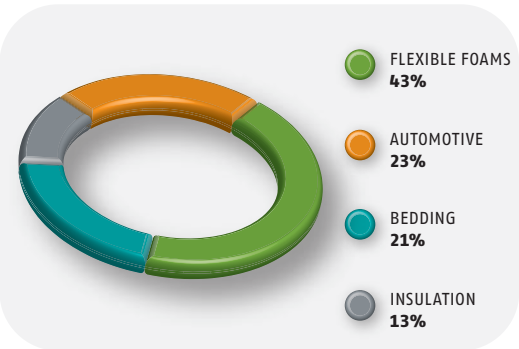
// Net financial debt /
Total equity (incl. non-controlling interests)



// Sales per business line
(in million EUR)



// Composition of sales per business line in 2010
(before intra-Group eliminations)



Key figures

Definitions: see Lexicon at the end of Part 1 of this annual report.

IN MILLION EUR

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|---------|---------|---------|---------|---------|
| CONSOLIDATED INCOME STATEMENT | | | | | |
| Sales | 1 474.4 | 1 611.8 | 1 555.5 | 1 276.7 | 1 348.4 |
| Gross profit | 235.6 | 255.0 | 220.8 | 232.1 | 216.9 |
| REBITDA | 138.0 | 123.4 | 86.8 | 106.9 | 104.0 |
| EBITDA | 106.0 | 122.0 | 108.8 | 102.3 | 83.5 |
| REBIT | 49.9 | 67.9 | 31.7 | 61.2 | 58.9 |
| EBIT | 16.3 | 65.2 | 41.4 | 46.2 | 27.6 |
| Financial result | (25.0) | (28.7) | (26.4) | (13.8) | (17.1) |
| Result of the period before taxes | (8.7) | 36.5 | 15.0 | 32.4 | 10.5 |
| Income taxes | (10.4) | (14.3) | (10.4) | (12.4) | 4.1 |
| Result of the period after taxes | (19.1) | 22.2 | 4.6 | 20.0 | 14.6 |
| of which Result of the period after taxes (share of the Group) | (21.2) | 21.5 | 11.5 | 20.7 | 14.4 |

| | | | | | |
|--|--------|-------|-------|-------|-------|
| PROFITABILITY RATIOS | | | | | |
| Gross profit / Sales | 16.0% | 15.8% | 14.2% | 18.2% | 16.1% |
| REBITDA / Sales | 9.4% | 7.7% | 5.6% | 8.4% | 7.7% |
| EBITDA / Sales | 7.2% | 7.6% | 7.0% | 8.0% | 6.2% |
| REBIT / Sales | 3.4% | 4.2% | 2.0% | 4.8% | 4.4% |
| EBIT / Sales | 1.1% | 4.0% | 2.7% | 3.6% | 2.0% |
| Result of the period after taxes (share of the Group) / Sales | -1.4% | 1.3% | 0.7% | 1.6% | 1.1% |
| ROE = Result of the period after taxes (share of the Group) / Total equity (Group share) | -10.6% | 10.6% | 5.4% | 9.4% | 6.3% |
| ROCE = Return on (average) capital employed | 3.0% | 12.3% | 7.5% | 10.1% | 6.4% |

| | | | | | |
|---|--------|--------|--------|--------|--------|
| ANNUAL GROWTH RATES | | | | | |
| Sales | 6.0% | 9.3% | -3.5% | -17.9% | 5.6% |
| REBITDA | 46.8% | -10.6% | -29.7% | 23.1% | -2.7% |
| EBITDA | 29.0% | 15.2% | -10.8% | -6.0% | -18.3% |
| REBIT | 298.1% | 35.9% | -53.3% | 93.1% | -3.7% |
| EBIT | 85.3% | 300.5% | -36.5% | 11.6% | -40.3% |
| Result of the period after taxes (share of the Group) | -24.1% | n.r. | -46.4% | 79.6% | -30.4% |

IN MILLION EUR

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| CONSOLIDATED BALANCE SHEET | | | | | |
| Non-current assets | 490.8 | 482.7 | 479.0 | 406.0 | 402.0 |
| Current assets | 428.5 | 407.9 | 419.8 | 351.9 | 375.4 |
| TOTAL ASSETS | 919.3 | 890.7 | 898.8 | 757.9 | 777.5 |
| Equity before non-controlling interests | 190.2 | 215.8 | 210.6 | 225.5 | 241.7 |
| Non-controlling interests | 38.2 | 32.5 | 23.1 | 0.4 | 0.0 |
| Total Equity | 228.4 | 248.3 | 233.7 | 226.0 | 241.7 |
| Non-current liabilities | 309.4 | 234.6 | 337.4 | 254.5 | 235.9 |
| Current liabilities | 381.5 | 407.8 | 327.7 | 277.4 | 299.9 |
| TOTAL LIABILITIES | 919.3 | 890.7 | 898.8 | 757.9 | 777.5 |
| Net working capital | 130.9 | 119.0 | 105.7 | 92.8 | 85.4 |
| Market capitalisation (DEC 31st) | 274.8 | 289.3 | 118.0 | 145.5 | 229.4 |
| Non-controlling interests | 38.2 | 32.5 | 23.1 | 0.4 | 0.0 |
| Net financial debt | 301.9 | 270.9 | 268.6 | 192.0 | 158.7 |
| ENTERPRISE VALUE | 615.0 | 592.7 | 409.7 | 337.9 | 388.1 |
| Average capital employed | 547.1 | 531.6 | 514.5 | 458.9 | 422.5 |

| | | | | | |
|---|------|------|------|------|------|
| FINANCIAL STRUCTURE RATIOS | | | | | |
| Net financial debt / Total equity (including non-controlling interests) | 132% | 109% | 115% | 85% | 66% |
| Total equity (including non-controlling interests) / Total assets | 25% | 28% | 26% | 30% | 31% |
| Current ratio | 1.12 | 1.00 | 1.28 | 1.27 | 1.25 |

| | | | | | |
|--|------|------|------|-----|------|
| VALUATION RATIOS | | | | | |
| Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (Group share)) | n.r. | 13.4 | 10.2 | 7.0 | 15.9 |
| Enterprise value / EBITDA | 5.8 | 4.9 | 3.8 | 3.3 | 4.6 |
| Price / Book value (=Market capitalisation/Book value (share of the Group)) | 1.4 | 1.3 | 0.6 | 0.6 | 0.9 |



IN MILLION EUR

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|----------------|----------------|----------------|----------------|----------------|
| CONSOLIDATED SALES PER BUSINESS LINE | | | | | |
| Flexible Foams | 632.8 | 665.6 | 645.6 | 570.6 | 602.7 |
| Bedding | 375.1 | 396.4 | 349.5 | 312.6 | 293.3 |
| Insulation | 109.7 | 139.7 | 156.4 | 166.5 | 187.4 |
| Automotive | 426.9 | 490.4 | 474.2 | 289.4 | 324.9 |
| Eliminations | (70.1) | (80.2) | (70.3) | (62.4) | (59.9) |
| Total sales | 1 474.4 | 1 611.8 | 1 555.5 | 1 276.7 | 1 348.4 |

IN MILLION EUR

| | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|-------------|
| EBITDA PER BUSINESS LINE | | | | | |
| Flexible Foams | 42.9 | 41.8 | 31.2 | 45.1 | 22.2 |
| <i>as % of sales</i> | 6.8% | 6.3% | 4.8% | 7.9% | 3.7% |
| Bedding | 25.0 | 26.9 | 16.9 | 41.1 | 17.3 |
| <i>as % of sales</i> | 6.7% | 6.8% | 4.8% | 13.1% | 5.9% |
| Insulation | 14.8 | 24.6 | 27.3 | 40.3 | 35.5 |
| <i>as % of sales</i> | 13.5% | 17.6% | 17.4% | 24.2% | 18.9% |
| Automotive | 26.0 | 40.6 | 50.1 | (6.9) | 26.9 |
| <i>as % of sales</i> | 6.1% | 8.3% | 10.6% | -2.4% | 8.3% |
| Corporate | (2.8) | (11.8) | (16.7) | (17.3) | (18.3) |
| Total EBITDA | 106.0 | 122.0 | 108.8 | 102.3 | 83.5 |
| as % of sales | 7.2% | 7.6% | 7.0% | 8.0% | 6.2% |

IN MILLION EUR

| | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| EBIT PER BUSINESS LINE | | | | | |
| Flexible Foams | 27.9 | 26.4 | 14.5 | 25.8 | 1.2 |
| <i>as % of sales</i> | 4.4% | 4.0% | 2.2% | 4.5% | 0.2% |
| Bedding | 17.4 | 19.4 | 9.1 | 33.8 | 11.5 |
| <i>as % of sales</i> | 4.6% | 4.9% | 2.6% | 10.8% | 3.9% |
| Insulation | 12.3 | 22.4 | 24.5 | 37.2 | 32.1 |
| <i>as % of sales</i> | 11.2% | 16.1% | 15.7% | 22.3% | 17.2% |
| Automotive | (37.6) | 10.4 | 9.7 | (32.2) | 1.6 |
| <i>as % of sales</i> | -8.8% | 2.1% | 2.0% | -11.1% | 0.5% |
| Corporate | (3.7) | (13.3) | (16.4) | (18.3) | (18.8) |
| Total EBIT | 16.3 | 65.2 | 41.4 | 46.2 | 27.6 |
| as % of sales | 1.1% | 4.0% | 2.7% | 3.6% | 2.0% |

IN MILLION EUR

| | | | | | |
|---|------|------|------|------|------|
| INVESTMENTS VERSUS DEPRECIATION | | | | | |
| Investments in intangible and tangible fixed assets | 44.9 | 45.6 | 48.7 | 24.1 | 35.2 |
| Depreciation (excluding amortisation on goodwill, including impairment) | 89.7 | 56.8 | 67.4 | 56.1 | 55.9 |
| Investments / Sales | 3.0% | 2.8% | 3.1% | 1.9% | 2.6% |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| KEY FIGURES PER SHARE | | | | | |
| Number of shares (31 DEC) | 28 628 900 | 28 931 456 | 28 931 456 | 28 931 456 | 28 931 456 |
| Weighted average number of shares outstanding (before dilution) | 28 316 816 | 28 935 874 | 28 931 456 | 28 931 456 | 28 931 456 |
| Weighted average number of shares outstanding (after dilution) | 28 316 816 | 31 167 169 | 29 172 611 | 28 931 456 | 29 329 026 |

IN EUR












| | | | | | |
|--|--------|------|------|------|------|
| REBITDA | 4.87 | 4.27 | 3.00 | 3.69 | 3.60 |
| EBITDA | 3.74 | 4.22 | 3.76 | 3.54 | 2.89 |
| REBIT | 1.76 | 2.35 | 1.10 | 2.11 | 2.04 |
| EBIT | 0.58 | 2.25 | 1.43 | 1.60 | 0.95 |
| Result of the period (share of the Group) – Basic ⁽¹⁾ | (0.75) | 0.74 | 0.40 | 0.72 | 0.50 |
| Result of the period (share of the Group) – Diluted | (0.75) | 0.74 | 0.40 | 0.72 | 0.49 |
| Gross dividend | 0.17 | 0.25 | 0.17 | 0.25 | 0.27 |
| Pay-out ratio | n.r. | 34% | 43% | 35% | 54% |
| Net book value (Group share) | 6.64 | 7.46 | 7.28 | 7.80 | 8.35 |
| Price / Earnings ratio ⁽²⁾ | n.r. | 13.4 | 10.2 | 7.0 | 15.9 |

(1) Calculated on the basis of the weighted average number of shares outstanding (before dilution effect).

(2) Based on the share price of 31 DEC.
Earnings = Result of the period (share of the Group) per share.

| | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|
| SHARE PRICE | | | | | |
| On 31 DEC | 9.60 | 10.00 | 4.08 | 5.03 | 7.93 |
| Lowest of the year | 7.52 | 8.95 | 4.08 | 1.95 | 5.04 |
| Highest of the year | 10.30 | 11.69 | 9.96 | 6.00 | 8.64 |
| Average daily volume traded (units) | 35 914 | 29 462 | 23 530 | 31 981 | 68 246 |

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* These chapters (for the Insulation, Bedding, Flexible Foams and Automotive business lines, only the comments with regard to the 2010 financial year) form an essential part of the Report of the Board of Directors and contain the information required by the Belgian Commercial Code regarding consolidated accounts.





Introduction



Profile

Under the motto **The passion for comfort** Recticel, as a polyurethane manufacturer, seeks to make an essential difference in the daily comfort of everyone.

As a unique whole, the Group concentrates on four selected application areas: Insulation, Bedding, Flexible Foams and Automotive. Although the Group primarily produces semi-finished products (Flexible Foams and Automotive), it also manufactures finished goods and durable goods for end users in several divisions (Bedding and Insulation).

For instance, mattresses and slat bases are marketed in the Bedding Division under well-known brand names (such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ...). The Insulation Division provides finished high quality thermal insulation products that can be used immediately in building projects and renovations. These insulation products are marketed under well-known brand names (Eurowall®, Powerroof®, Powerdeck® en Powerwall®).





In addition, Recticel attaches great importance to innovation and technological progress. The different products produced by the Group are therefore used increasingly in new and existing applications.

As a market leader in most of its activities, Recticel currently employs a total of 8 383 employees on a consolidated basis (including pro rata joint ventures) in 110 branches, spread over 27 countries. The Group's global presence is focused mainly in Europe, but it also has several activities in the United States and in Asia. In 2010 the Group realized a turnover of EUR 1 348 million.

05

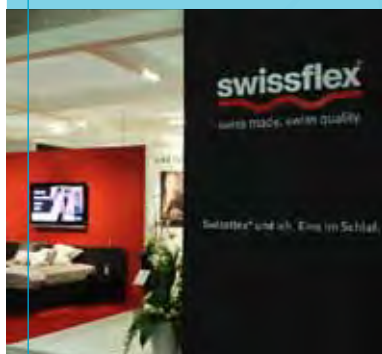
Recticel aims to achieve added value and a steady and profitable growth for its clients and shareholders in a sustainable and balanced manner.

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

REC
LISTED
NYSE
EURONEXT

Highlights for 2010 and beginning 2011

→ February 2010



▶ Recticel launched its latest Flexible Foams development, Polygrow® at the 'Food Logistica' exhibition in Berlin. Polygrow® foam is a substrate material used in horticulture in the cultivation of tomatoes, peppers, egg plants and cucumbers among other things. With Polygrow®, the Group enters for the first time a non-industrial market with huge potential.



On the 2010 'imm' interior design fair in Cologne (Germany) Swissflex® launched its latest range of sleep systems, the Syncro-Precision®. With this innovative concept, the Group confirmed its European leadership in the higher market segment of bedding.

→ March 2010



On the Batibouw 2010 Construction and Renovation exhibition in Brussels (Belgium), Recticel Insulation was visited by the Flemish minister of Energy, Freya Van den Bossche, who was interested in being informed about the latest construction trends. With this opportunity the minister was given detailed information on the very promising "Massive Passive House" concept. Recticel Insulation is a big supporter of the "Massive Passive House" because this building concept is very energy efficient and therefore offers an actual solution to global warming.

→ April 2010



▲ As from 01 April 2010, Olivier Chapelle was appointed as the new Chief Executive Officer of the Recticel Group.

▼ Two American Recticel subsidiaries, active in the Automotive business line, announced that they no longer fell under the Chapter 11 protection procedure. These businesses can thus develop their activities further again.



→ June → September 2010

▲ Recticel is an active participant to various activities around the World Exposition in Shanghai (China). In the context of the World Expo, Recticel was able to promote its innovative solutions and activities in Flexible Foams and in Automotive in China.

→ July 2010

▼ Recticel sold the bedding activities of its subsidiary LeBed SAS in Masevaux (France). This transaction prevented the closing down of the factory for the production of bed slats.

▼ The Directorate General for Competition of the European Commission carried out an unannounced inspection of the Recticel offices in Brussels and the United Kingdom, and of the offices of the joint venture company Eurofoam in Austria. This visit related to a major investigation launched against the polyurethane manufacturing sector in Europe and in the United States. Recticel is cooperating fully with the investigation.

→ September 2010

Recticel is nominated for the production of the dashboard skins and the skins for the glove box of the new BMW 3 series. These dashboard skins will be manufactured in China with the patented Colo-Sense® Spay technology. Between end 2012 and 2019, in total about 500 000 skins will be produced.



→ October 2010

Recticel and its Austrian subsidiary Sembella were named the "Best Mattress Supplier for 2009/2010" by their important client Jysk/Dänische Bettenlager. With this announcement, Jysk/Dänische Bettenlager wanted to express its approval of the quality, the innovative nature and customer satisfaction of the polyurethane mattresses produced by Recticel and Sembella.

Along with five other market leaders in the Belgian construction industry, Recticel started working on a new innovative energy saving concept, Isofinish™. Isofinish™ is a unique concept that makes it possible to equip existing buildings with a better performing external insulation in combination with an aesthetically appealing exterior finish.

The Recticel Research & Development Centre joined the Strategic Material Research Centre (SIM). The SIM is a Flemish initiative between several governments, companies and universities whose goal is to channel the broad knowledge on various materials so that it can eventually be translated into actual industrial applications. By joining the SIM, Recticel hopes to discover new application areas for polyurethane.

ISO.finish™

100

→ November 2010

Recticel decided to strip its "VVPR shares". (VVPR= Verminderde Roerende Voorheffing/Précompte Réduit/Reduced Withholding Tax). As a result only a single category of Recticel shares remains: the ordinary shares. This will benefit the liquidity of the Recticel-share.

Recticel announced that it has taken the decision to build a new factory for the production of thermal insulation panels for the building industry. With this new plant, which will be located in the centre of France, the Group accelerates the growth strategy of its Insulation business line. With the new facility, which will ultimately employ some 50 people, the Group aims to double its sales of insulation material in France. It is expected that the new factory will become operational by early 2013.

→ January 2011

▼
Proseat, a 51% joint venture company of Recticel, announced that it intends to close its production site (Automotive – Seating) in Hulshout (Belgium). In the meantime, a final agreement has been reached on a social plan.

→ February 2011

▼
As a result of the serious economic crisis on the Iberian Peninsula, Recticel announced that it would be closing down several production and comfort processing activities (Flexible Foams) in Spain.

▼
Recticel Insulation won the Batibouw Communication Award 2011. This prize was awarded to Recticel Insulation for the best communication campaign before, during and after the Batibouw Construction and Renovation exhibition in Brussels.



→ February 2011

▼
Recticel is nominated for the production of the dashboard skins of the new Mercedes-Benz E Class for the Chinese market. These dashboard skins will be manufactured in China with the patented Colo-Fast® Spay technology. Between end 2012 and 2016, in total about 255 000 skins will be produced.



▼
Batibouw 2011 was the starting point of a new campaign for Recticel Insulation: 'Recticel® Insulation Inside', focusing on creating additional value for the end client who opts for Recticel® insulation. For optimal and durable insulation with Recticel Insulation, the customer will receive the Recticel® Insulation Inside label. This is in fact an insulation certificate and a quality label. The client can use this to prove that his house is properly insulated.



Act, Achieve, Advance



Interview with the CEO and the Chairman of the Board of Directors

11

Brussels, 3 March 2011

At the start of 2010 it could have been reasonably assumed that the macro-economic climate would recover following the crisis years of 2008-2009, but that this economic recovery would still be fragile. It quickly became apparent that this was an accurate assessment of what would ultimately happen. Taking this background into account, Recticel recorded operational results which were in line with the predicted expectations. The Group was also able to put a number of initiatives on track for the longer term with the drawing up of a new strategic plan certainly being a very important step.

An interview with Chief Executive Officer, Olivier Chappelle, and the Chairman of the Board, Etienne Davignon.



On 1 April 2010 Recticel had a new Chief Executive Officer at the helm. How did this transition work out?

Olivier Chapelle: From my point of view it went perfectly. Although I only started in Recticel in December 2009 and thus did by definition have a limited view of the markets, customers, suppliers, employees and the other stakeholders, there were no problems worthy of note. I also wish to add that I was able to organise a transition period of four months with Luc Vansteenkiste. This gave me sufficient time to get to grips with the subject matter between December 2009 and the end of March 2010. During this period I met a lot of employees in the company and visited quite a number of factories and business centres. I wish to offer Luc my sincere thanks for his unconditional support during this transition.

Etienne Davignon: The induction of the new CEO was carried out successfully to everyone's satisfaction and it also created better conditions so that management could approach the various challenges in an intelligent and efficient way. In addition to these short-term initiatives it was of course also important to look into the future. The new strategic plan which was worked out thoroughly by the complete management team with a focus on the future under the leadership of Olivier Chapelle had the full support of the Board of Directors.

How should that new strategic plan actually be viewed?

Olivier Chapelle: When drawing up the new strategic plan we initially wished to make a number of fundamental analyses and answer important questions. Daring to question a number of unchallenged starting points definitely gave us some interesting insights. In this context we asked ourselves whether the future of Recticel should continue to be based on polyurethane. Today we can rest assured that our base activities in polyurethane and polyurethane processing are extremely valuable and promise much for the future. By clearly understanding the potential for development of each business line, we have, however, been able to set very precise priorities which are decisive in the future allocation of our human and financial resources.

Etienne Davignon: As a Board of Directors we found it important that the appointment of a new Chief Executive Officer should also involve a thorough examination of the strategic guidelines which had previously been drawn up. In addition, we cannot overlook the fact that today's economy is globalising at a furious speed and thus changes very quickly. The recent economic crisis has definitely not delayed this process. It is quite the opposite. In order to strengthen themselves for the new challenges, companies must be prepared to ask themselves questions.

"On the basis of its new strategy the Group must be in a position to further extend its market leadership with confidence."

| Etienne Davignon
Chairman of the Board





It thus appeared to be an appropriate time to carry out a thorough strategic rethink last year.

What are the most significant differences compared to previously?

Etienne Davignon: When defining the plan, management had to start with a number of strategic observations which marked out the limits. First of all, we established that Recticel still has too high a level of debt today. In addition, we have to recognise that the Group's financial resources are perhaps too limited to play a leading role in all sectors. Moreover it is noticeable that 95% of Recticel's turnover is within Europe which means that it misses out on the potential of a number of strongly emerging markets in different parts of the world.

Olivier Chapelle: Taking these findings into account, together with the proven structural potential of polyurethane as a base material, the Management drew the vectors via which the different sectors of the Group need to be developed in the future. In this plan, a number of priorities are defined and various shifts in emphasis are applied. The number one priority is now definitely the development of the Insulation business line. Bedding provides inviting opportunities for growth. The Flexible Foams business line on the other hand needs to concentrate on an intelligent balancing of rationalisations as a priority in combination with selective investments and innovative initiatives. Finally, the Automotive business line will make every effort to stabilise and maximise the market positions of its unique Colo-fast® spray technology (Interiors). The seating segment (via the joint venture Proseat) must aim to further consolidate the current market positions via the optimisations which have been implemented and the reallocation of existing capacities.

How do things look regarding external growth?

Etienne Davignon: It is possible to achieve external growth in two ways. The first involves taking over other players in certain markets. Here it is important to emphasise that we are mainly involved with local players in many of our applications because polyurethane is by definition a market which is strongly driven by local needs. External growth can also be approached by expanding activities to markets and territories in which one was not active previously. Taking into account the fact that Recticel has primarily developed its activities in Europe so far, expansion plans into other world regions must provide opportunities.

Olivier Chapelle: Companies must grow in order to be successful and external growth must not be ruled out here. But let me make one thing clear: major takeovers are not on the cards due to our current balance structure. This does not mean that we are not interested in acquisitions. It will ultimately depend on the concrete opportunities which present themselves. If we were to judge that there were no (or insufficient) possibilities for takeovers in prospect, then we would have to consider developing new initiatives ourselves. We will always have to compare the value created via takeovers with that via internal growth. In this context we did in fact announce that Recticel would build a new factory for

→

insulation panels in France in November 2010. Today we are also looking at possible development opportunities in China. This is not necessarily a requirement but if it appears that it makes sense to make a difference in China with certain differentiated products, then we will increase our efforts there

How would you assess the financial year 2010?

Olivier Chapelle: Due to the uncertain economic climate it is difficult to call 2010 a good financial year. Nevertheless I have the feeling that with hindsight it was a pretty good year. The big challenge involved meeting the strongly rising prices of raw materials. This was not always straightforward if only because our end markets had not fully recovered from the economic crisis. On the other hand it is true that we were able to meet our prospects at the start of the year. We had assumed that it would be possible to record recurrent operational results for 2010 which would be in line with 2009. In addition we also wished to reduce our financial debt further. The net result was however influenced by a number of necessary and unavoidable restructuring costs in Belgium, Spain and Germany. In the long run the measures we have carried out will benefit the profitability of the Group.

Etienne Davignon: 2010 has been a year of transition for Recticel in various ways. The economy still needed to recover from the crisis, the volatility of the prices of raw materials made that process more difficult and the debt problems of the past developed in a positive direction. In this context it was hardly a surprise that the increasing production volumes were neutralised to a degree by the increasing prices of raw materials which could not yet be completely factored into the sales prices (or with some delay). Taking the circumstances into account, I think that satisfactory results were recorded.

Was the inspection by the European Commission Directorate General for Competition at the start of August in any way a surprise?

Olivier Chapelle: This was a major surprise to us. While we were able to keep matters reasonably well under control operationally, it must be said that the unannounced inspection of our offices in Belgium, the United Kingdom and the offices of our joint venture Eurofoam in Austria by the European competition authorities was completely unexpected. Management immediately did everything in its power to bring clarity to this matter on behalf of the Group. We also see it as our duty to cooperate with the investigation carried out within the framework of the EU Clemency Programme.



INTERVIEW WITH THE CEO
AND CHAIRMAN OF THE BOARD



" The new strategy can only lead to success if it is clearly and visibly carried by the commitment, enthusiasm and involvement of all employees. "

| **Olivier Chapelle**
Chief Executive Officer

Etienne Davignon: It is actually of crucial importance that the Group provides its full cooperation to these sorts of investigations. The ongoing investigation is not specifically focused on Recticel. It has been set up for the complete sector of Flexible Foams producers over a period of more than 20 years. To make it even clearer, only the Flexible Foams sector within the Recticel Group forms the subject of the investigation; in other words the other business lines are not inspected in any way.

What can be expected for the financial year 2011?

Olivier Chapelle: We once again expect a further increase in our raw material prices, just like in 2010. Recticel will thus need to make further commercial efforts and pass these price increases on to the sales prices without delay. On the other hand the Group will remain alert to new developments in the various markets and adapt its industrial footprint to this if necessary. The closure of the production site in Hulshout (Belgium) (Automotive – Seating) and the reorganisations in Spain (Flexible Foams) and in Germany (Interiors – Unterriexingen) do indeed fit with this position. In addition, targeted and intelligent investments will further prepare for the future, together with the introduction of new products and innovations.

Etienne Davignon: I think that this is indeed the message which can be given. Vigorous and intelligent action in order to ultimately progress together; or in the slogan of the annual report: Act, Achieve, Advance.

Report By The Board Of Directors



Etienne Davignon
Chairman



Guy Paquot
Vice-Chairman



Luc Vansteenkiste
Vice-Chairman



Pol Bamelis
Director



Tonny Van Doorslaer
Director



Louis Verbeke
Director



Klaus Wendel
Director (until 3/3/2011)



André Bergen
Director (from 3/3/2011)



Olivier Chapelle
Chief Executive Officer



Vincent Doumier
Director



Wilfried Vandepoel
Director



Luc Willame
Director



Jacqueline Zoete
Director (from 11/5/2010)

// Recticel Annual results 2010

- On a comparable basis⁽¹⁾, sales up by 8% driven by strong growth in Insulation (+12.6%) and Automotive (+12.2%)
- In line with expectations, REBITDA reached EUR 104.0 million despite a EUR 52.2 million raw material cost increase
- Net financial debt: from EUR 192.0 million to EUR 158.7 million
- Result of the period (share of the Group): EUR 14.4 million (2009: EUR 20.7 million), after EUR -31.3 million impact from restructuring measures to adapt the industrial footprint
- Proposal to pay a gross dividend of EUR 0.27 per share

(1) The indicated trend in sales is based on a comparable scope of consolidation. This comment refers particularly to the Bedding business line, which sold in July 2009 its 50% interest in COFEL of France.

KEY FIGURES

| | in million EUR | | | | |
|--|----------------------|---------|---------|---------------------|-----------|
| | 2009 | 1H/2010 | 2H/2010 | 2010 | Δ 10 / 09 |
| Sales | 1 276.7 | 670.4 | 678.1 | 1 348.4 | 5.6% |
| Gross profit | 232.1 | 114.8 | 102.0 | 216.9 | -6.6% |
| as % of sales | 18.2% | 17.1% | 15.0% | 16.1% | |
| REBITDA ⁽¹⁾ | 106.9 ⁽²⁾ | 57.2 | 46.9 | 104.0 | -2.7% |
| as % of sales | 8.4% | 8.5% | 6.9% | 7.7% | |
| EBITDA ⁽³⁾ | 102.3 | 53.2 | 30.3 | 83.5 | -18.3% |
| as % of sales | 8.0% | 7.9% | 4.5% | 6.2% | |
| REBIT ⁽¹⁾ | 61.2 | 35.2 | 23.8 | 58.9 | -3.7% |
| as % of sales | 4.8% | 5.2% | 3.5% | 4.4% | |
| EBIT | 46.2 | 27.8 | (0.1) | 27.6 | -40.3% |
| as % of sales | 3.6% | 4.1% | 0.0% | 2.0% | |
| Result of the period (share of the Group) | 0.72 | 0.46 | 0.04 | 0.50 | -30.4% |
| Result of the period (share of the Group) – base (per share, in EUR) | 0.72 | 0.46 | 0.04 | 0.50 | -30.4% |
| Gross dividend per share (in EUR) | 0.25 | - | - | 0.27 ⁽⁷⁾ | 8.0% |
| Total Equity | 226.0 | 229.4 | 241.7 | 241.7 | 7.0% |
| Net financial debt ⁽⁶⁾ | 192.0 | 193.6 | 158.7 | 158.7 | -17.3% |
| Gearing ratio | 85% | 84% | 66% | 66% | |
| Average capital employed ⁽⁴⁾ | 458.9 | 428.3 | 416.7 | 422.5 | -7.9% |
| ROCE = Return on capital employed ⁽⁵⁾ | 10.1% | 13.0% | -0.1% | 6.4% | |
| ROE = Return on equity ⁽⁵⁾ | 9.4% | 11.6% | 1.1% | 6.3% | |

(1) REBITDA = EBITDA before non-recurring elements;
REBIT = EBIT before non-recurring elements.
Non-recurring elements comprise operating income, expenses or provisions that are related to restructuring programs, impairments on assets, capital gains or losses on divestments and on the liquidation of affiliated companies, and other events or transactions that are clearly distinct from the ordinary activities of the Group.

(2) Comparable REBITDA, restated for elimination of COFEL's contribution until divestment in July 2009, amounted to EUR 104.8 million.

(3) EBITDA = EBIT + depreciation, amortisation and impairment on assets.

(4) Capital Employed = net intangible assets + goodwill + net property, plant & equipment + working capital.

Working capital = current assets (without cash deposits) – non-financial current liabilities.

(5) Half-yearly average = [Capital employed at the end of the previous period + Capital employed at the end of the current period] / 2. For Return on Equity (ROE), the same based on Equity (share of the Group).
The annual averages are calculated as the mean of the half-yearly figures.

(6) Net financial debt = Interest-bearing borrowings – Cash and cash equivalents – Available for sale investments. The interest-bearing borrowings do not include the drawn amounts (2010: EUR 19.7 million versus EUR 12.0 million in 2009) under non-recourse factoring/forfeiting programs.

(7) Proposed dividend payment.

COMMENTS ON THE CONSOLIDATED RESULTS

→ **SALES: FROM EUR 1 276.7 MILLION TO EUR 1 348.4 MILLION (+5.6%)**

Before exchange rate differences (accounting for +2.0%) sales growth was 3.6%.

On a restated basis ⁽¹⁾, total sales increased by 8.0%.

On this basis, all business lines recorded higher sales.

Changes in the scope of consolidation in 2010:

- With effect as from 1 January 2010 the Group's subsidiaries Recticel GuKoTech GmbH and Recticel Foams (Shanghai) Co. Ltd. are for the first time fully consolidated.
- With effect as from 1 July 2010 the Group sold its "slat base" activities (Bedding) in Masevaux (France).

Changes in the scope of consolidation in 2009:

- With effect as from 1 May 2009 the shareholder structure of the group Gestind (Automotive – Seating) has been modified, whereby the Polish subsidiary has been fully taken over by the Proseat group and whereby the Italian subsidiary has been fully disposed of.
- In July 2009 the Group sold its 50% stake in Cofel SAS (France) (Bedding), which was consolidated using the proportional consolidation method.
- At the end of 2009 the Group sold Corpura (Flexible Foams), which was consolidated using the full consolidation method.

19

// Breakdown of sales by business line

| | in million EUR | | | | | |
|----------------|----------------|-----------------------------------|--------------|--------------|----------------|--------------------------|
| | 2009 | 2009 ⁽¹⁾ (RESTATED) | 1H/2010 | 2H/2010 | 2010 | Δ 10 / 09 ⁽¹⁾ |
| Flexible Foams | 570.6 | 570.6 | 298.7 | 304.1 | 602.7 | 5.6% |
| Bedding | 312.6 | 277.2 | 142.7 | 150.6 | 293.3 | 5.8% |
| Insulation | 166.5 | 166.5 | 88.4 | 99.0 | 187.4 | 12.6% |
| Automotive | 289.4 | 289.4 | 168.0 | 156.9 | 324.9 | 12.2% |
| Eliminations | (62.4) | (54.9) | (27.5) | (32.4) | (59.9) | 9.0% |
| Total | 1 276.7 | 1 248.7 | 670.4 | 678.1 | 1 348.4 | 8.0% |

Compared to the first half of 2010, sales increased in all business lines, except in Automotive.

(1) The indicated trend in sales is based on a comparable scope of consolidation. This comment refers to the Bedding business line, which sold in July 2009 its 50% interest in COFEL of France.

→

→ **REBITDA: FROM EUR 106.9 MILLION
TO EUR 104.0 MILLION (-2.7%)**

Between 1Q/2009, which corresponds to the bottom of the raw material cycle, and December 2010, the cost per ton of the purchased raw material mix has progressively increased by 32%. In 2010, despite a raw material cost increase of EUR 52.2 million, the Group recorded a recurring EBITDA comparable to 2009. The Group indeed succeeded to compensate the effect of these higher raw material costs by the additional contribution generated by higher volumes, by selling price increases and by a combination of cost savings and other production efficiency measures.

// Breakdown of REBITDA by business line

| | in million EUR | | | | | |
|----------------|----------------|-----------------------------------|-------------|-------------|--------------|--------------------------|
| | 2009 | 2009 ⁽¹⁾ (RESTATED) | 1H/2010 | 2H/2010 | 2010 | Δ 10 / 09 ⁽¹⁾ |
| Flexible Foams | 46.9 | 46.9 | 18.3 | 12.3 | 30.6 | -34.7% |
| Bedding | 23.2 | 21.1 | 7.7 | 12.6 | 20.3 | -3.5% |
| Insulation | 40.3 | 40.3 | 17.4 | 18.1 | 35.5 | -12.0% |
| Automotive | 13.7 | 13.7 | 21.9 | 11.8 | 33.7 | 145.4% |
| Corporate | (17.3) | (17.3) | (8.1) | (8.0) | (16.2) | -6.7% |
| Total | 106.9 | 104.8 | 57.2 | 46.9 | 104.0 | -0.7% |

(1) The indicated trend is based on a comparable scope of consolidation. This comment refers to the Bedding business line, which sold in July 2009 its 50% interest in COFEL of France.

→ **REBIT: FROM EUR 61.2 MILLION
TO EUR 58.9 MILLION (-3.7%)**

// Non-recurring elements

| | in million EUR | | |
|---|----------------|----------------|----------------|
| | 1H/2010 | 2H/2010 | 2010 |
| Impairments | (3.5) | (7.3) | (10.8) |
| Restructuring charges and provisions | (2.0) | (17.8) | (19.8) |
| Loss on liquidation or disposal of financial assets | 0.0 | (3.5) | (3.5) |
| Gain on liquidation or disposal of financial assets | 0.0 | 1.6 | 1.6 |
| Other | (2.0) | 3.2 | 1.2 |
| Total | (7.5) | (23.8) | (31.3) |

The result was influenced by a number of unfavourable non-recurring elements amounting to EUR -31.3 million (EUR -14.9 million in 2009).

These elements related mainly to the incurred costs and provisions for restructuring programs and related onerous contracts in Flexible Foams (Spain), Bedding (France), Automotive – Interiors (Germany and the USA), and Proseat in Belgium.

In addition, new impairments on assets were recorded, mainly as a consequence of the announced restructuring measures in Flexible Foams (Spain) and in Automotive (Belgium and Germany).

Furthermore the non-recurring result includes:

- in Flexible Foams: the legal fees (EUR 1.9 million) incurred in 2010 relative to the ongoing EC investigation (see below); and
- in Corporate: the impact of a (non-cash) loss (EUR 2.1 million) booked upon the liquidation of the US entity RUS Inc.

→ **EBIT: FROM EUR 46.2 MILLION
TO EUR 27.6 MILLION (-38.7%)**

Despite the above-mentioned significant non-recurring items, all business lines contributed positively to the result.

// Breakdown of EBIT by business line

| | in million EUR | | | | | |
|----------------|---------------------|-----------------------------------|-------------|---------------|-------------|--------------------------|
| | 2009 | 2009 ⁽¹⁾ (RESTATED) | 1H/2010 | 2H/2010 | 2010 | Δ 10 / 09 ⁽¹⁾ |
| Flexible Foams | 25.8 | 25.8 | 10.0 | (8.8) | 1.2 | -95.3% |
| Bedding | 33.8 ⁽²⁾ | 11.6 | 3.8 | 7.6 | 11.5 | -0.8% |
| Insulation | 37.2 | 37.2 | 15.8 | 16.4 | 32.1 | -13.5% |
| Automotive | (32.2) | (32.2) | 6.5 | (4.9) | 1.6 | n.r. |
| Corporate | (18.3) | (18.3) | (8.3) | (10.5) | (18.8) | 2.8% |
| Total | 46.2 | 24.0 | 27.8 | (0.1) | 27.6 | 14.9% |

(1) The indicated trend is based on a comparable scope of consolidation. This comment refers to the Bedding business line, which sold in July 2009 its 50% interest in COFEL of France.

(2) The amount includes the net non-recurring income attributable to the divestment of the 50% interest in COFEL (France), as well as COFEL's contribution to EBIT until July 2009.

→ **FINANCIAL RESULT: FROM EUR –13.8 MILLION
TO EUR –17.1 MILLION.**

The net interest charges (EUR –11.8 million) decreased by EUR 5.1 million compared to 2009 (EUR –16.9 million). This reduction is attributable to (i) a lower average outstanding debt and (ii) lower interest rates.

'Other financial income and expenses' (EUR –5.3 million, compared to EUR +3.1 million in 2009) comprise mainly positive exchange rate differences (EUR +2.9 million), non-cash charges from the impact on the foreign currency translation reserve following the liquidation of the US legal entity RUS Inc. (EUR –6.0 million) and from the capitalisation of provisions for pension liabilities (EUR –2.4 million).

→

→ **INCOME TAXES AND DEFERRED TAXES:
FROM EUR –12.4 MILLION TO EUR +4.1 MILLION:**

- Current income tax charges (EUR –7.7 million, compared to EUR –7.9 million in 2009) are mainly incurred by subsidiaries in Eastern Europe, Germany and Scandinavia;
- The positive deferred tax result (EUR +11.8 million, compared to a charge of EUR –4.5 million in 2009) is mainly the result of the realisation of a substantial tax-deductible liquidation loss for tax purposes on the liquidation of the US legal entity RUS, Inc.

→ **RESULT OF THE PERIOD
(SHARE OF THE GROUP): FROM EUR 20.7
MILLION TO EUR 14.4 MILLION.**

MARKET SEGMENTS

For a report on the individual business lines and the Board of Directors' comments on them, please refer to the sections on the Group activities later in this annual report.

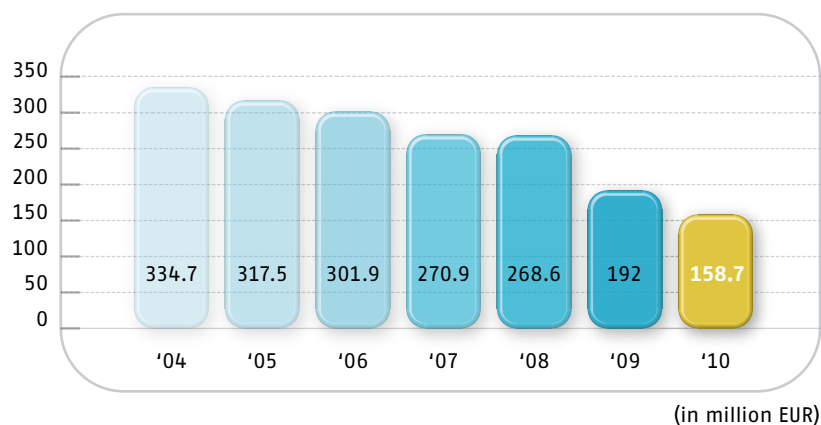
FINANCIAL SITUATION

On 31 December 2010, net financial debt (excluding non-recourse factoring/ forfeiting programs) amounted to EUR 158.7 million (compared to EUR 192.0 million at 31 December 2009).

This results in an improved 'net debt to equity' ratio of 66%, compared to 85% at the end of 2009.



// Net financial debt (per 31 December)



INSPECTION BY THE DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION

On July 27 and 28, 2010, officials from the European Commission and various national antitrust authorities conducted unannounced inspections at Recticel's offices in Belgium, UK and Austria. The purpose of these inspections was to collect information relating to allegedly unlawful conduct believed to have taken place in the European Economic Area polyurethane foam sector.

Investigations were also carried out in the United States as part of a coordinated investigation. It is to be noted that the Recticel Group has had no foaming activities in the United States since December 1991, and has not been visited or contacted by the antitrust regulators there. The Group's activities in the United States are limited to specialized foam converting (acoustical applications) and Automotive Interiors. Recticel has had no indication that these business areas are a focus of the competition investigations.

Recticel decided then to cooperate with the European Commission. The Commission has now authorized Recticel to communicate the fact that this cooperation is done in the frame of the Leniency Program, as set forth in the "*Commission notice on immunity from fines and reduction of fines in cartel cases*", published in the Official Journal C 298, 8.12.2006, p.17.

At this time, Recticel has not received any formal objections from the Commission.

Recticel's current evaluation of the Group's potential exposure is summarized as follows:

- **At the EU level.** The Commission has given Recticel no indications regarding its findings. At this stage, therefore, the Group is not in a position to predict what the position of the Commission in relation with the case will be, and hence is currently unable to assess its possible financial consequences.
- **At the national levels.** As a rule, national authorities will not take up a case which is treated by the Commission. Recticel is aware that the national authorities in Spain and Portugal opened investigations into the polyurethane foam sector in February 2011. Recticel has received a request for information from the Spanish authority, but Recticel's premises in Spain were not visited by the authority.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 03 March 2011, Mr Klaus Wendel (Independent Director) resigned as member of the Board of Directors of Recticel. The Board of Directors co-opted Mr André Bergen, representing André Bergen g.c.v., to fulfil the mandate of Mr Klaus Wendel expiring in May 2013. André Bergen g.c.v. will become Chairman of the Audit Committee, and member of the Remuneration and Nomination Committee.

PROPOSED DIVIDEND

The Board of Directors will propose to the Annual General Meeting of 10 May 2011 the payment of a gross dividend of EUR 0.27 per share (2009: EUR 0.25).



OUTLOOK

Given the positive orientation of its main markets, the Group expects its overall sales to further increase in 2011. The Group intends to compensate additional raw material price increases in 2011 through a combination of improved activity levels, adequate pricing policies and cost efficiencies as a result of the restructuring measures.

PROFIT APPROPRIATION POLICY

The Annual General Meeting decides on the appropriation of the amounts available for distribution on the basis of a proposal from the Board of Directors.

When drawing up its proposal, the Board of Directors tries to achieve the right balance between ensuring a stable dividend for shareholders and maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

The Board of Directors decided to present the following appropriation of the results to the General Meeting:

| | in EUR |
|---|----------------------|
| Profit for the period | 43 700 646.66 |
| + Profit brought forward from previous year | 27 274 074.87 |
| Result to be appropriated | 70 974 721.53 |
| - Gross dividend | (7 811 493.12) |
| - Statutory directors' fees | (117 405.85) |
| Profit to be carried forward | 63 045 822.56 |





01 The Recticel Group

European leader in

Our mission

Recticel wishes in a consequent manner :

- to meet everyone's desire for greater comfort in everyday life.
- to be a coherent and diversified Group consisting of four business lines (Insulation, Bedding, Flexible Foams and Automotive), strengthened by its outstanding expertise in polyurethane foam in terms of both materials and production processes and its long experience in comfort marketing and technology.
- to create added value for its customers and shareholders.
- to offer all employees the opportunity to develop their individual talents, within the framework of the Group strategy.
- to assume its responsibility as an organisation within the community, with a strong emphasis on quality, safety, health and environmental protection.

polyurethane applications

Our group values

Responsible entrepreneurship

Creativity & innovation

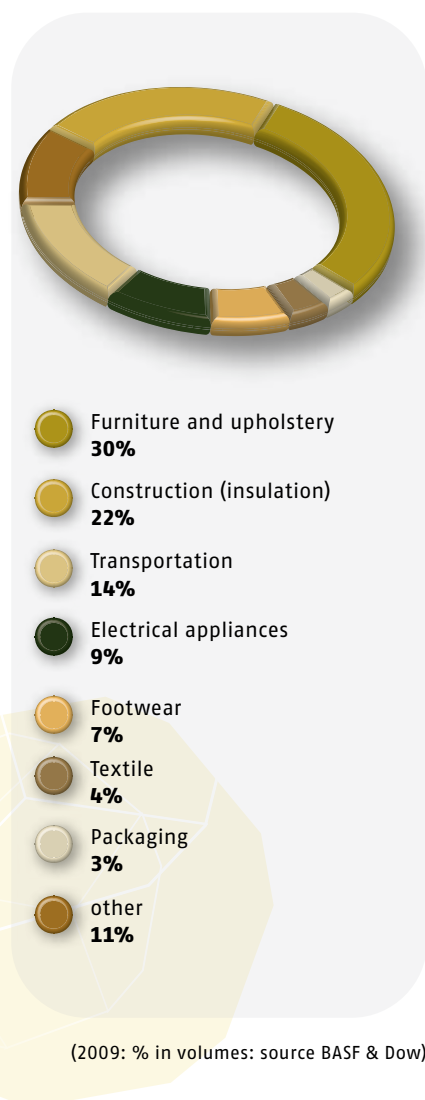
Team spirit

Respect for the individual,
the environment and
business partners

Search for excellence

Group strategy

// Polyurethane markets



Recticel is today one of the top-three worldwide polyurethane foam manufacturers. It provides products and solutions to customers all over of the world, although 95% of its business is currently located in Europe. Recticel has a significant presence in the following different segments :

- **Insulation** : polyurethane laminated boards for thermal building insulation.
- **Bedding** : with strong brands throughout Europe.
- **Flexible Foams** : supply of foam blocks or converted foam for the upholstery and furniture markets, and a wide variety of technically differentiated solutions to various industries.
- **Automotive** : polyurethane elastomer solutions for dashboard and door interior skins, and foam pads for seat cushions.

In the course of 2010, Recticel defined its strategy, its priorities and its resource allocation process to the various business segments.

CORE COMPETENCES AND TARGET MARKETS

The core business and core competence of Recticel is the transformation of the polyurethane chemistries into rigid foams, flexible foams and elastomer skins. Recticel has decided to remain focused on polyurethane transformation and, provided its market position, it neither pleads for a further diversification. The main reasons for this choice are the following:

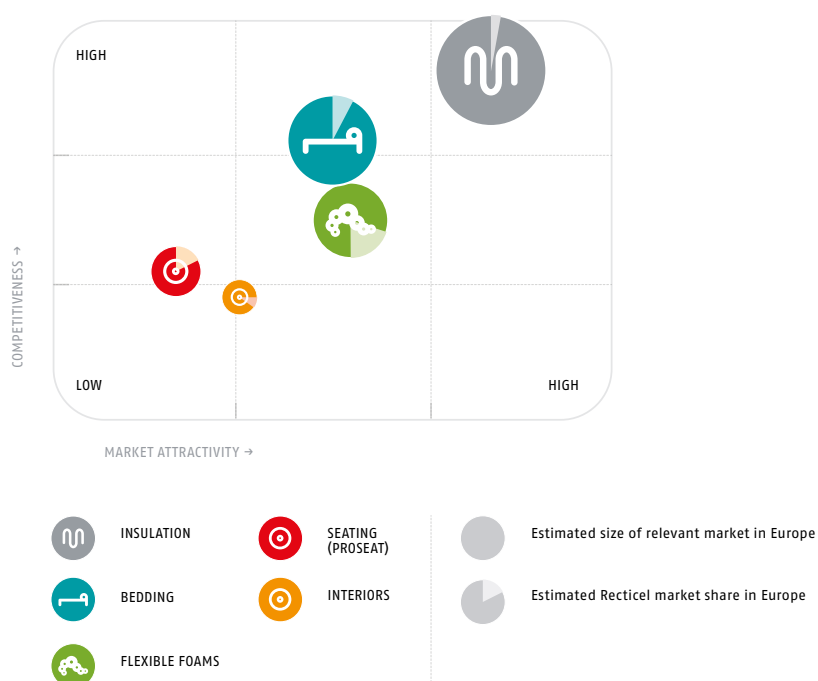
- polyurethane is a high performance, versatile material enabling premium or top-end positioning in most of its segments and/or applications.
- the worldwide polyurethane market, which amounted to about EUR 40 billion worldwide in 2010, is growing 2% faster than global GDP, and is diversified into several important end-use segments such as furniture, construction, transportation, clothing, footwear, appliances, ...
- it provides many growth opportunities in value added applications and enables Recticel to participate in several worldwide long term irreversible mega-trends, such as environmental protection & energy conservation, luxury & comfort, water conservation and filtration, need for stronger and lighter materials.
- it is a profitable market, enabling a proper balance between regions and applications, levelling the risks in case of economical turmoil.

PORTFOLIO MANAGEMENT : BUSINESS LINE STRATEGIC POSITIONING

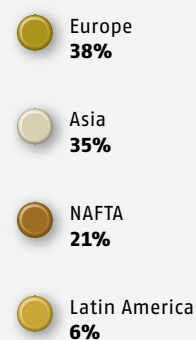
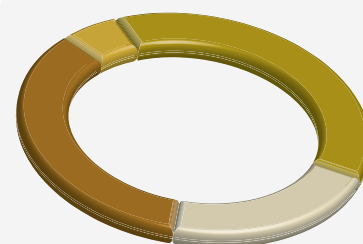
An analysis of the business portfolio of Recticel has been performed, aiming at describing and quantifying for each Recticel business line :

- its market attractiveness
- the level of competitiveness of Recticel in that market

The following chart represents the positioning of each business line, as a result of this quantitative analysis :



// World Production of Polyurethane



(2009: % in volumes: Source BASF & Dow)

ELEMENTS OF ANALYSIS PER BUSINESS LINE :

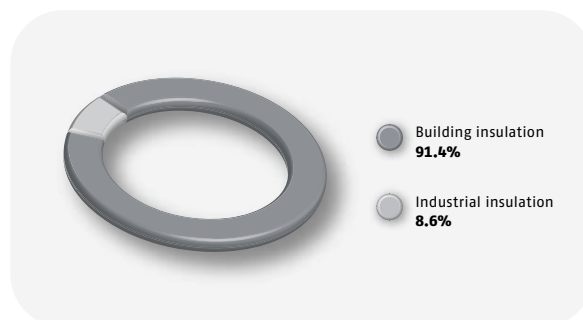


Market attractiveness

- market driven by environment protection and energy conservation mega-trend. Heating and cooling of buildings represents 22% of the worldwide use of energy.
- insulation identified as the solution to reduce energy consumption with the highest return on investment.
- directives and regulations in the EU and its constituting countries are driving the growth of insulation in new building construction and subsidy policies are driving the growth in the renovation market.

| | in million EUR |
|--------------|----------------|
| Sales 2010 | 187.4 |
| REBITDA 2010 | 35.3 |
| EBITDA 2010 | 35.3 |
| REBIT 2010 | 32.1 |
| EBIT 2010 | 32.1 |

// Insulation Sales 2010: EUR 187.4 million



Competitiveness

- polyurethane is the thermal insulation material with the highest performance in the market, hence gaining market share over polystyrene and rock- or glasswool insulation solutions.
- Recticel is recognised for its wide and high quality product range, as well as for its efficient service.
- the industrial footprint is composed of very efficient and well positioned production facilities.
- Recticel insulation is highly profitable.

Bedding

Market attractiveness

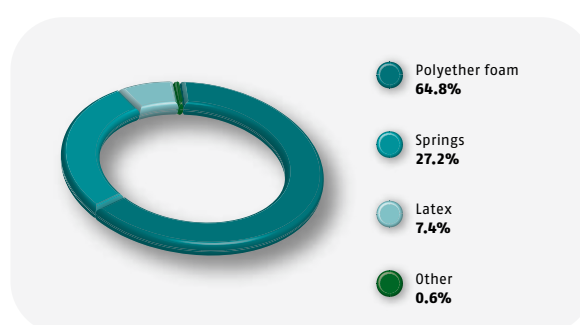
- market driven by demographic evolution.
- sleeping quality increasingly identified as a critical comfort and health factor, leading to investment in high value bedding systems, as well as more frequent replacement.
- high value branded products represents the top-end segment of the market.

Competitiveness

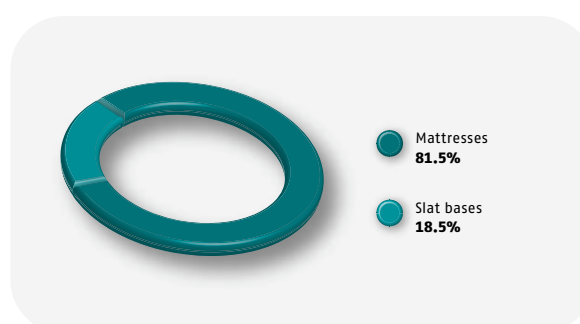
- polyurethane foam for mattresses enables a wide and diverse product range, it becomes the leading solution and takes market share from spring or latex solutions.
- Recticel is well-positioned with strong brands in 5 European countries, and benefits from an adequate industrial footprint.
- Recticel benefits from its integration in the foam manufacturing to accelerate innovation and new product introduction.

| | in million EUR |
|--------------|----------------|
| Sales 2010 | 293.3 |
| REBITDA 2010 | 20.3 |
| EBITDA 2010 | 17.3 |
| REBIT 2010 | 14.6 |
| EBIT 2010 | 11.5 |

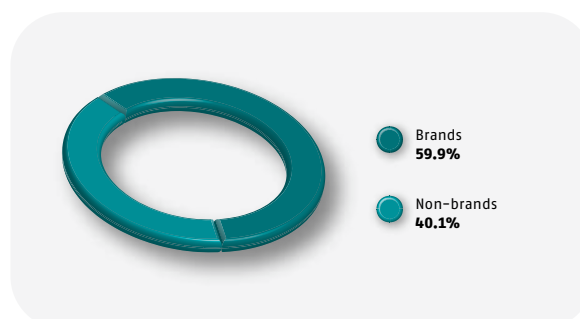
// Bedding sales 2010: EUR 293.3 million, per technology



// Bedding sales 2010 : mattresses & slat bases



// Bedding sales 2010 : brands versus non-brands





Flexible Foams

Market attractiveness

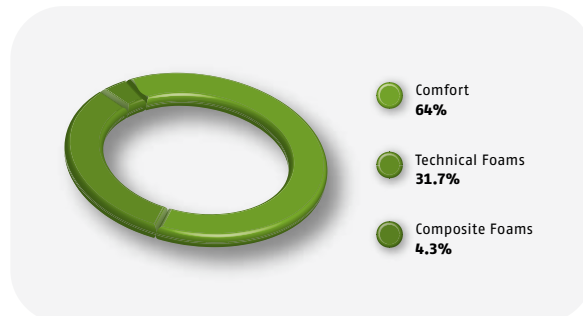
- market split between commodity applications in the Comfort segment and specialty applications to a wide variety of industries in the Technical Foams segment.
- innovation and differentiation drive the Technical Foams segment.
- growing market worldwide thanks to the performance of the polyurethane chemistries.

| | in million EUR |
|--------------|----------------|
| Sales 2010 | 602.7 |
| REBITDA 2010 | 30.6 |
| EBITDA 2010 | 22.2 |
| REBIT 2010 | 15.7 |
| EBIT 2010 | 1.2 |

Competitiveness

- Recticel benefits from its R&D capabilities, enabling positioning in new niches.
- Recticel has a wide geographical presence with an industrial footprint enabling positioning in many countries, but requesting adjustments and restructuring.
- Recticel size enables access to competitive raw material prices.

// Flexible foam sales 2010 : EUR 602.7 million



Automotive

Market attractiveness

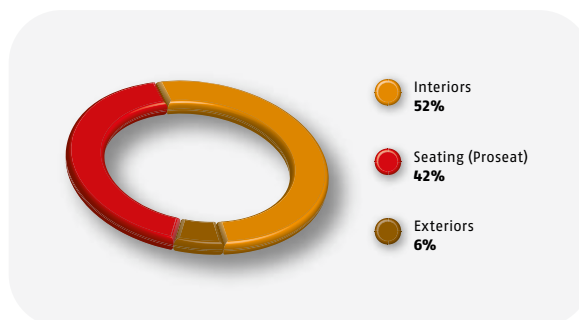
- highly competitive and cyclical market, characterised in Europe by very significant overcapacities.
- seating segment (Proseat) commoditised, and Interiors segment highly capital intensive.
- innovation and differentiation are mandatory, but very seldom generate price premium.
- intellectual property difficult to keep and to protect.

| | in million EUR |
|--------------|----------------|
| Sales 2010 | 324.9 |
| REBITDA 2010 | 33.7 |
| EBITDA 2010 | 26.9 |
| REBIT 2010 | 13.0 |
| EBIT 2010 | 1.6 |

Competitiveness

- Recticel is well positioned with the best performance products in Interiors, and is recognised for its innovative concepts in Seating (Proseat).
- profitability has deteriorated as a consequence of the effects of the overcapacity, and of the insufficient size of its automotive operations.
- Recticel has a proper geographical presence with an industrial footprint which has needed significant restructurings.

// Automotive sales 2010 : EUR 324.9 million



STRATEGY AND OBJECTIVES

Recticel will stay focused on polyurethane applications, and will strive for innovation. Recticel will allocate its financial and human resources on segments with the highest growth and best value and has an increasing ambition to develop itself on a broader international basis (BRIC countries) :

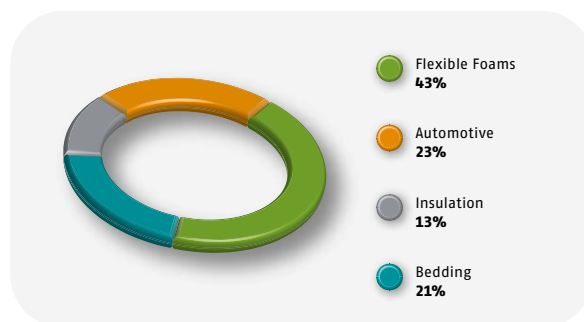
- **Insulation** : with a primary focus on Europe, accelerated growth through organic growth or acquisition, supported by innovation and new product introduction.
- **Bedding** : organic growth or external growth based on strong brands, and product innovation.
- **Flexible Foams** : rationalisation & modernisation of its industrial footprint combined with selective growth initiatives based on new products and geographical expansion in the Technical Foams segment.
- **Automotive** : stabilisation of the two business segments based upon new innovative product introductions, continuous footprint and capacity utilisation optimisation.

On that basis, Recticel will pursue the following objectives :

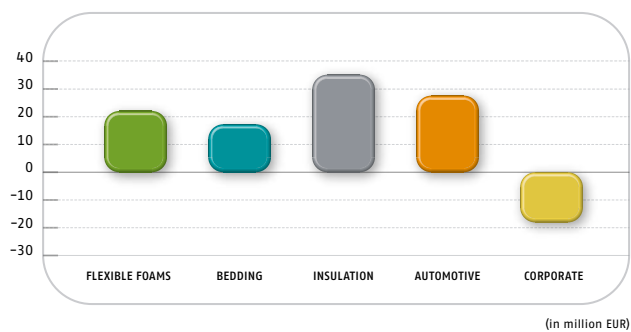
- accelerate the growth via innovation, new product introduction in high growth/high value segments.
- improve capacity utilisation through optimal industrial footprint management.
- achieve a CAGR of its sales turnover of minimum 5%, at same scope of consolidation.
- generate double digit growth in earnings and dividends.
- reach a ROCE (EBIT / Average capital employed) of 15%.
- reach a gearing ratio (Net Financial Debt/Equity) no greater than 50%.

| | in million EUR |
|---------------------------|----------------|
| THE RECTICEL GROUP | |
| Sales 2010 | 1 348.4 |
| REBITDA 2010 | 104.0 |
| EBITDA 2010 | 83.5 |
| REBIT 2010 | 58.9 |
| EBIT 2010 | 27.6 |

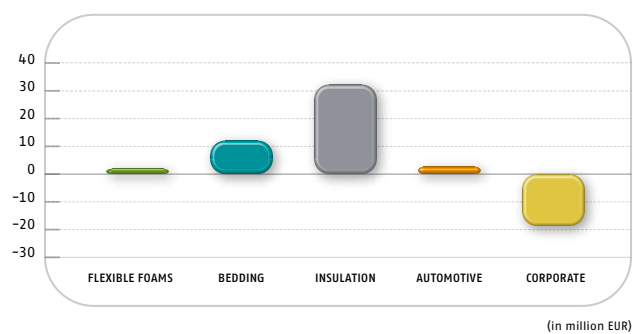
// Consolidated sales 2010 : EUR 1 348.4 million



// Consolidated EBITDA 2010 : EUR 83.5 million



// Consolidated EBIT 2010 : EUR 27.6 million



Broadly speaking, Recticel has divided its activities among four different business lines. Although there are naturally significant differences between these various activities, there are also a number of areas where they overlap. The five most valuable synergies within Recticel could be described as follows :

→ TECHNOLOGY

Technologically, polyurethane forms the leitmotiv for the Group's highly diverse activities and wide range of products. Polyurethane technology, in both manufacturing and conversion, means that the technological competence within Recticel forms the perfect basis for new, sustainable, innovative applications and for improving the quality of existing products.

→ CENTRALISED PURCHASING

There is a centralised purchasing policy for chemical raw materials (mainly polyols and isocyanates). This has enabled Recticel to acquire an important position as buyer of these raw materials. All plants, including the joint ventures, benefit from this. The Group has also taken steps to ensure that purchases of other strategic raw materials are far more cost-efficient.



" Although there are naturally significant differences between these various activities, there are also a number of areas where they overlap, which makes the Group into a unique and intergrated whole. "

→ INTERNAL CUSTOMERS

Polyurethane mattress centres for the Bedding business line are supplied by the Flexible Foams division. These, and other examples, clearly show that there is overlap between the various business lines which, in a large number of cases, can therefore be considered as complementary.

→ MARKETING

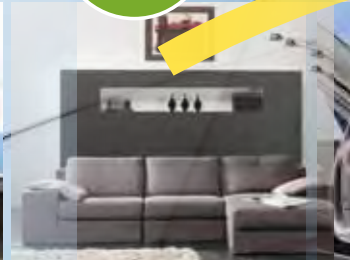
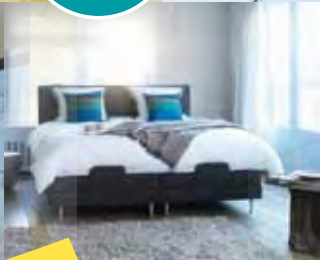
Given the nature of the various markets in which the Group operates, it is necessary to devise marketing strategies tailored to the individual markets. Nevertheless, there are also parallels. For instance, the major advertising campaign for Literie Bultex® also paved the way for the brand name Comfort Bultex® (Flexible Foams business line). Comfort Bultex® has grown in the Flexible Foams business line since 1995 to become the only filling material able to gain a competitive advantage from its brand name and visibility.

→ RECYCLING

Offcuts of foam from the slabstock conversion process are recycled. In this way, the trim foam from various activities is manufactured into new rebond foam which in turn can be used for applications in the various business lines.



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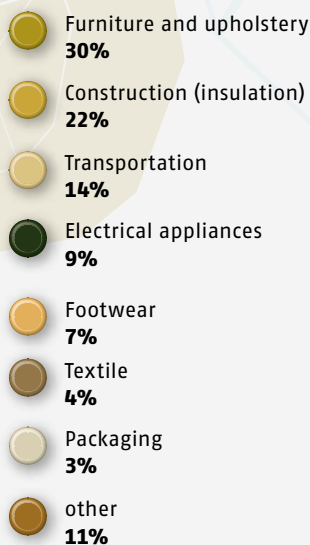
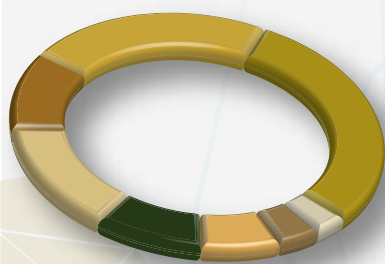


02 Activities

Recticel is primarily active in the manufacturing and transformation of polyurethane, of which the fields of applications are extremely various.

What is polyurethane?

// Polyurethane Markets



(2009: % in volumes: source BASF & Dow)

Polyurethane (PU) stands for an important group of products within the big family of polymers or plastics. PU is a generic name for a wide range of foam types.

The structure of PU foam consists of a network of dodecahedron cells which behave as micro-springs. The properties of PU depend on :

- The chemical composition and thickness of the cell walls.
- The volume-solid matter/air ratio.
- The concentration of the cell membranes (air permeability/ open cell structure).

Polyurethane applications

PU is used in a large number of strongly diversified applications, such as filler for seats, chairs and seat cushions, mattress centres, car seats, encapsulation of car windows, shoes and textiles, thermal insulation (buildings, industrial installations, refrigerators, etc.), sound insulation, adhesives and paints/ coatings, etc.

The great advantage of PU foam is its great flexibility in meeting the various applications and requirements. Polyurethane owns some extremely exceptional material qualities such as: density, elasticity, durability, weight, safety, design and of course its attractive price.

Since PU is mainly used together with other materials, such as textiles, metal, wood and other polymers, it is not always visible in the end products.

Flexible foam – rigid foam – elastomers

Being a leader in its different markets, Recticel manufactures PU foam in various forms, the bulk of PU production being in the form of flexible foam. Flexible foams can be produced in the form of long blocks (slabstock) which are then cut into semi-manufactures (for example, for the furniture industry) or finished goods. Flexible foam is sometimes poured directly into specific moulds. This process (moulded foam) is applied especially in the production of car seat cushions

Recticel also produces rigid polyurethane foams, which are used primarily for thermal insulation and can be produced in panels ready for use and in large blocks which are then converted into more complex components.

Recticel's research and development expertise has enabled it to produce PU with new finishes and properties. The Colo-Fast® and Colo-Fast® Spray products (elastomers), both used so successfully for interior trim in the automotive industry, are clear proof of this.

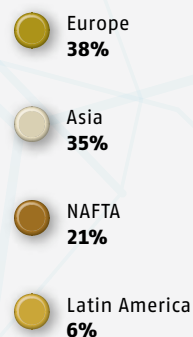
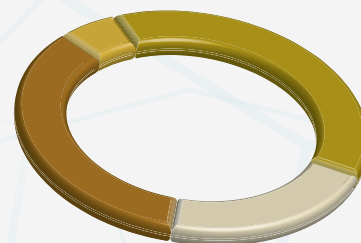
It is characteristic for polyurethane that the production units in principle have to be located close to their final market. This property is prompted by the high costs incurred in the transportation of bulk products with a relatively light weight over long distances.

Production of polyurethane foam

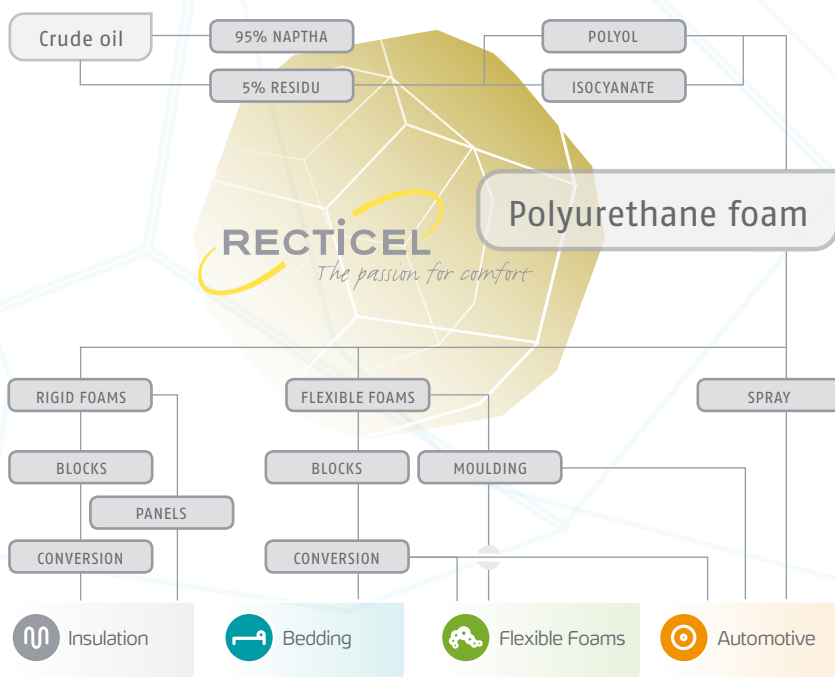
Three basic raw materials play a key role in the production of polyurethane foam: polyol, isocyanates and water. Agents, such as catalysts and stabilisers, are used to support the chemical process. In addition, further additives can be added to the formula with a view to obtaining specific product properties such as: colour, fire-retardant or anti-static effect, etc.

The petrochemical industry refines 95% of the crude oil it processes into fuels (naphtha and allied products). A wide variety of other chemicals can be distilled in one or more stages from the 5% residu, including polyhydroxy compounds and isocyanates, the main raw materials used in the production of polyurethane.

// World production of polyurethane



(2009: % in volumes: Source BASF & Dow)

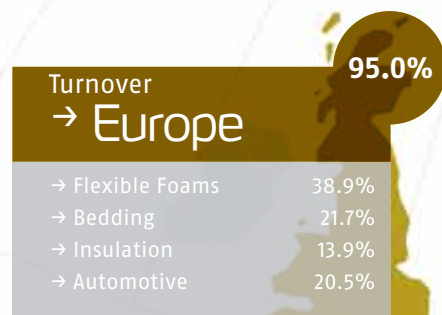
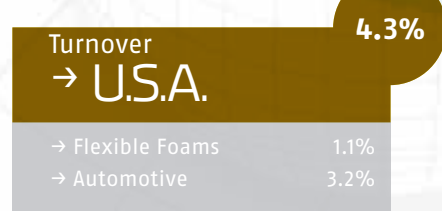


// Facts & figures

| | |
|---|-----------------------------------|
| World production of plastics | 245 million tonnes ⁽¹⁾ |
| World production of polyurethane (PU) | 12.1 million tonnes |
| European production of polyurethane | 4.2 million tonnes |
| World production of flexible foam | 3.2 million tonnes |
| European production of flexible foam | 1.1 million tonnes |
| Recticel production ⁽²⁾ of flexible foam | 230 000 tonnes |

(1) Source: PlasticEurope Market Research Group 2009.
(2) Recticel, including joint ventures at 100%.

Production plants



| Country | Insulation | Bedding | Flexible Foams ⁽¹⁾ | Automotive |
|----------------------------|---------------------------|--------------------------------------|---|---|
| BELGIUM | Turnhout Wevelgem | Geraardsbergen Hulshout | Wetteren | |
| GERMANY | | Hassfurt Jöhstadt Wattenscheid | Bexbach Burkhardtsdorf Ebersbach | Espelkamp Rheinbreitbach Rüsselsheim Schönebeck Unterriexingen Wackersdorf |
| ESTONIA | | | Tallin | |
| FINLAND | | | Kouvola | |
| FRANCE | | | Langeac Louviers Trilport | Trilport |
| HUNGARY | | | Sajobabony | |
| ITALY | | | Gorla Minore | |
| MOLDOVA | | | Chisinau | |
| THE NETHERLANDS | | | Kesteren | |
| NORWAY | | | Åndalsnes | |
| AUSTRIA | | Timelkam | Kremsmünster Linz | |
| POLAND | | Łódź | Zgierz | Bielsko Biala Zory |
| ROMANIA | | Miercurea Sibiului | Sibiú | |
| SLOVAKIA | | | | Lucenec |
| SPAIN | | | Catarroja Ciudad Rodrigo La Eliana Legutiano | Santpedor |
| CZECH REPUBLIC | | | | Mlada Boleslav Most |
| UNITED KINGDOM | Glossop Stoke-on-Trent | | Alfreton | Manchester |
| PEOPLE'S REPUBLIC OF CHINA | | | Deer Park, NY Irvine, CA | Auburn Hills, MI Clarkston, MI Tuscaloosa, AL |
| U.S.A. | | | | Ningbo |
| SWEDEN | | | Gislaved | |
| SWITZERLAND | | Büron Flüh | | |

(1) For Flexible Foams, only the foaming plants in Europe are listed.

In addition to the above-mentioned production plants, Recticel (including *joint venture* companies) has 70 other conversion units or sales offices in Europe, the United States and Asia. The Group is active in 27 countries.



→ Syrian Marlein | *Process Engineer Insulation*
Ronny Vandewatere | *Production Manager Insulation*
Paul De Smet | *Global Purchase Manager*
Joris Vandekerckhove | *Project Manager Building Insulation*
Wim Giebens | *Industrial Manager Insulation*



02.1

Activities



Insulation



The Insulation business line concentrates on the production and commercialisation of sustainable thermal insulation material in rigid closed cell polyurethane - (PU or PUR) and polyisocyanurate foam (PIR) and it contains two divisions: building insulation and industrial insulation.

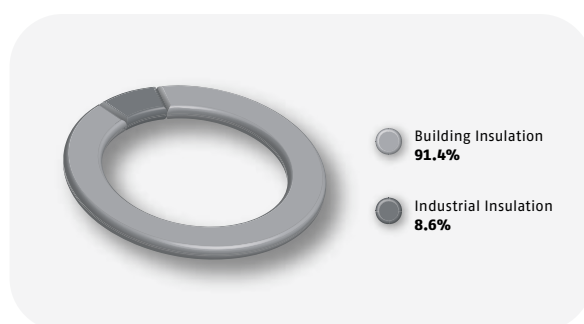
| in million EUR | | | |
|--|-------|-------|-------|
| Key Figures Insulation | 2008 | 2009 | 2010 |
| Sales ⁽¹⁾ | 156.4 | 166.5 | 187.4 |
| Growth rate of sales (%) | 12.0% | 6.4% | 12.6% |
| REBITDA | 27.4 | 40.3 | 35.5 |
| REBITDA margin (as % of sales) | 17.5% | 24.2% | 18.9% |
| EBITDA | 27.3 | 40.3 | 35.5 |
| EBITDA margin (as % of sales) | 17.4% | 24.2% | 18.9% |
| REBIT | 24.7 | 37.2 | 32.1 |
| REBIT margin (as % of sales) | 15.8% | 22.3% | 17.2% |
| EBIT | 24.5 | 37.2 | 32.1 |
| EBIT margin (as % of sales) | 15.7% | 22.3% | 17.2% |
| Investments in intangible assets (exclusive of goodwill) and property, plant and equipment | 10.8 | 7.6 | 6.7 |
| Investments as % of sales | 6.9% | 4.5% | 3.6% |

(1) before eliminations of intra Group transactions.

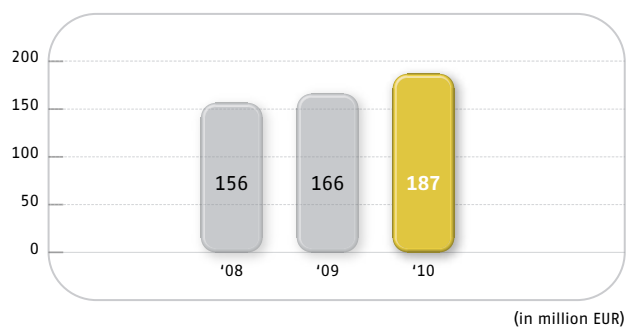
" Although it is the smallest in the Group in terms of sales figures, the Insulation business line obviously provides the greatest potential for growth today. "

| Wim Giebels
Industrial Manager Insulation

// Insulation sales 2010 : EUR 187.4 million



// Trend in sales - Insulation



"Out of all the energy saving measures, good insulation of buildings is the most efficient. "

ACTIVITIES

Insulation 02



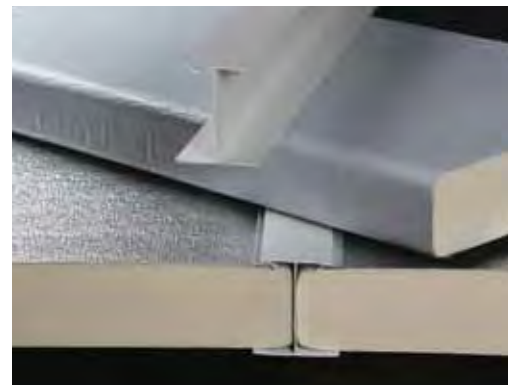
PROFILE OF THE ACTIVITIES

In the division **building insulation** PUR/PIR foam boards are manufactured to thermally insulate walls, floors and roofs. These products find sales markets in residential, commercial, industrial, public, logistical and also agricultural buildings. In addition these insulation panels can be used in new builds and in renovation projects. The division has two production sites: one in Wevelgem (Belgium) and one in Stoke-on-Trent (United Kingdom). The building insulation division undoubtedly has the greatest growth potential today. In this context it was in fact announced in 2010 that the Group would build a new production unit in France. This unit will be operational by 2013.

The **industrial insulation** division does for its part mainly produce large foam blocks in rigid PUR-/PIR and phenolic foam. In a subsequent stage these blocks are cut to size into insulating boards for use in refrigerated trucks and LNG storage installations for example. In addition to boards, specific moulded parts are also made. In this case more complex shapes are cut out or milled from the large rigid foam blocks; e.g. plates, T-pieces, segments and bends for the thermal insulation of pipes (heating & venting) in buildings or of industrial installations. Unlike building insulation, the activity of industrial insulation is exercised via the 50/50 joint venture Kingspan Tarec Industrial Insulation (KTII). The latter is a collaboration with the Irish group Kingspan whereby KTII has a production site in Turnhout (Belgium) and in Glossop (United Kingdom). In the Glossop factory, pipe insulation based on phenolic foam is produced on a continuous machine. This joint venture is the world market leader in a stable market segment.

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COMPETITIVE POSITION

// Strategy

- ▶ *Primary focus on Europe.*
- ▶ *Accelerated growth through organic growth or acquisition.*
- ▶ *Supported by innovation and new product introduction.*

With regard to the current problem regarding the greenhouse gas effect, CO₂-emissions and global warming, various initiatives and measures were taken worldwide in order to limit the negative impact of the current production and consumption pattern on the environment in the last decade. This increased social awareness has prompted various governments to issue even stricter energy saving measures and standards. Out of all the energy saving measures, good insulation of buildings appeared to be the most efficient. The importance of good insulation of buildings has thus also increased strongly in various countries.

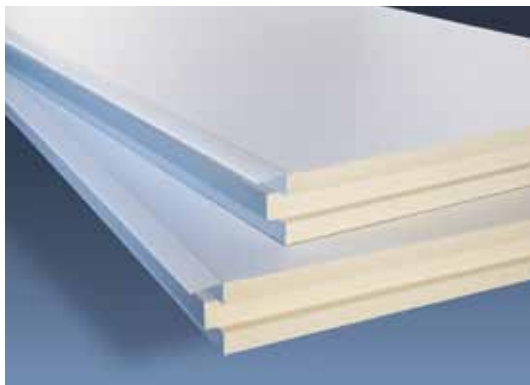
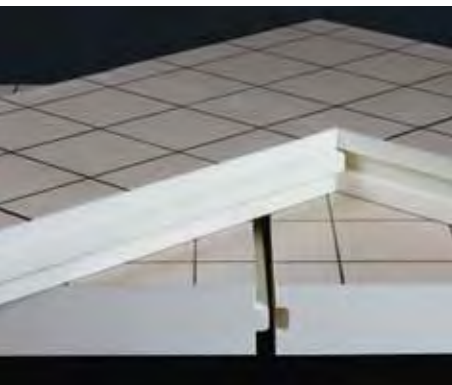
Nevertheless the European market for building insulation continues to be fragmented. The most significant explanation for this is that the world of thermal insulation is built up around very different product groups and technologies. Mineral insulation wool, such as glass wool and rock wool, continues to represent the largest group, followed by polystyrene (expanded (EPS) and extruded (XPS)), polyurethane (PU or PUR and the variant PIR (polyisocyanurate)) and other materials.

Within the polyurethane insulation for building segment, the market is divided among a large number of suppliers. As far as building insulation is concerned, Recticel is one of the few European players to be active in different countries. In addition to Recticel, Kingspan (Ireland, the United Kingdom and the Netherlands (through Ecotherm)) is also a well known name. Otherwise the market landscape is divided up among a large number of smaller or medium-sized locally organised producers such as Bauder (Germany), Celotex (the United Kingdom), Efisol (France), Pureen (Germany) and Quinn (Ireland).

Tarecpir®

Tarecpur®

Kooltherm®



STRATEGY AND PROSPECTS

Increased awareness regarding global warming and the associated new and stricter European energy and insulation standards are structural factors for the business line which will support further future growth in the medium to long term. These topics are so important today that they are in principle crisis resistant.

22% of the energy consumption goes to the heating and cooling of buildings. It is generally known that a great contribution to the reduction of CO₂-emissions can be made with better thermal insulation. Insulation now provides better opportunities for saving CO₂ compared with other building technical efficiency measures. So it can roughly be stated that 1 barrel of crude oil for the production of insulation boards will in the long run provide an energy saving of approximately 150 barrels of crude oil. In addition, the perception that energy prices will presumably increase further in the future or remain high in the meantime needs to be taken into account.

If insulation equals energy conservation, then better insulation is in many cases synonymous with using larger volumes of insulation material. These possibilities are however limited for certain insulation materials due to the increase in weight and the associated volume. Polyurethane foam which insulates better with the same thicknesses and also remains limited in terms of weight is an undoubted solution. In fact Recticel expects that the market for polyurethane will grow more strongly in the years ahead than for the other insulation product groups which will thus gradually be replaced by PU material.

In addition to the insulation solutions for traditional standard buildings, Recticel now also has solutions for energy efficient building styles such as the passive house or zero-energy housing which can be erected in timber frame construction and solid construction.

The passive house is an improved version of the energy efficient building and low energy housing. It is a comfortable and very energy efficient building, both in summer and in winter. The heat losses are so low that no conventional heating is necessary. No active ventilation system is needed either in order to enjoy a pleasant internal temperature in summer.

"1 barrel of crude oil for the production of insulation boards results over the life time in the energy saving of 150 barrels of crude oil."

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POWERDECK®

POWERROOF®

POWERWALL®

EUROWALL®



Recticel is indeed a pioneer in the '*massive passive house*' concept. This unique building concept combines the economic and ecological benefits of a passive house with the sustainability and comfort of a well-insulated home with brick and rigid PUR insulation boards. With a *massive passive house* a classical cavity construction is started from where the choice of building materials is extremely important. Solid materials are thus always used for internal and external walls. Thanks to the optimum insulation this home also consumes 75% less energy than a traditional new build home erected according to current standards.

The *massive passive house* concept can today be regarded as a trendsetter in energy efficient home building. As an innovator in insulation Recticel has developed future focused solutions (especially sustainable insulation boards in PUR and PIR) in order to provide a response to the demanding insulation regulations. Recticel has also had a Keymark quality label since 2003 as the only manufacturer of rigid insulation panels in polyurethane. In this way all Recticel products meet the highest European quality standards.



// The advantages of massive passive structures

- ▶ *Strong energy saving.*
- ▶ *Much lower energy bills.*
- ▶ *High level of living comfort.*
- ▶ *Sustainability of traditional home in brick, cellular concrete, limestone, concrete.*
- ▶ *The builders work more quickly as they are more familiar with traditional brickwork and the fitting of rigid insulation boards.*
- ▶ *Ecological alternative with local raw materials, production and processing.*
- ▶ *Positive effect on dynamic behaviour of the building.*
- ▶ *Excellent acoustic qualities.*

DEVELOPMENT IN 2010

→ SALES

Insulation activities grew by 12.6% to **EUR 187.4 million**.

Sales in '**Building Insulation**' increased by 13.8% to **EUR 171.3 million**, and continued to benefit from the increased demand for building insulation products, as well as the increased market penetration of polyurethane solutions.



// Isofinish™ or how six market leaders from the Belgian construction industry work together to save energy

Six market leaders from the Belgian construction industry: Recticel, Borgh, Deceuninck, Eternit, Umicore (VMZINC) and Wienerberger entered into an extraordinary collaboration in the area of external wall insulation and facade finishing. The innovative concept, known as Isofinish™, provides a complete external insulation of new and existing buildings in TAUfoam® by Recticel. The insulation and, at the same time, the recladding of old buildings make radical energy savings more accessible and also contribute immediately to improving towns. The breakthrough is down to the fact that the product allows itself to be applied to older and often inadequately insulated homes without radical adjustment work. With Isofinish™ an energy efficient home is within everyone's reach and meeting the Kyoto and the European 20-20-20 performance targets comes an important step closer.

After the traditionally weaker construction activity during the winter months, sales increased strongly as from March. Structural demand is expected to remain high as a result of stricter insulation standards, higher energy prices and growing environmental awareness of the need for more and better insulation.

In this context, the Group decided in November 2010 to build a new factory for thermal insulation panels in France. It is expected that the new factory will become operational by early 2013.

Sales in 'Industrial Insulation' increased by 1.1% to **EUR 16.1 million**.

→ EBITDA

Due to the exceptionally favourable raw material cost trend in 2009, the 2009 EBITDA margin reached a high level. In 2010, the Group could only partially offset the sharp rise in raw material prices in all markets. As a consequence, the EBITDA reached only EUR 35.5 million (2009: EUR 40.3 million). EBITDA evolution in 2H/2010 was positive, mainly as a result of higher volumes.

ACTIVITIES

Insulation

02



ISO.finish™

"Good insulation makes an effective contribution to combating global warming."

→ Jörg Söltzer | *Managing Director Bedding Germany*
Jochen Engelhardt | *Sales Manager South Germany*
Karsten Bernecker | *Finance, HR & IT Manager Bedding Germany*
Markus Veutgen | *Managing Director Sales & Marketing Bedding Germany*



02. Activities

2



Bedding



The Bedding business line focuses on the development, production and the commercialisation of fully finished mattresses, slats and bed bases, and beds in particular. This business line does as a consequence have a distinct **business-to-consumer** character. Here the Group principally wishes to stand out by means of a strong brand policy.

| | in millions of EUR | | | |
|--|--------------------|---------------------|---------------------------------|---------------------|
| Key Figures Bedding | 2008 | 2009 | 2009 ⁽²⁾ RESTATED | 2010 ⁽²⁾ |
| Sales ⁽¹⁾ | 349.5 | 312.6 | 277.2 | 293.3 |
| Growth rate of sales (%) | -11.8% | -10.6% | 5.8% | -6.2% |
| REBITDA | 18.6 | 23.2 | 21.1 | 20.3 |
| REBITDA margin (as % of sales) | 5.3% | 7.4% | 7.6% | 6.9% |
| EBITDA | 16.9 | 41.1 | 17.9 | 17.3 |
| EBITDA margin (as % of sales) | 4.8% | 13.1% | 6.5% | 5.9% |
| REBIT | 11.4 | 16.5 | 21.1 | 14.6 |
| REBIT margin (as % of sales) | 3.3% | 5.3% | 7.6% | 5.0% |
| EBIT | 9.1 | 33.8 ⁽³⁾ | 11.6 | 11.5 |
| EBIT margin (as % of sales) | 2.6% | 10.8% | 4.2% | 3.9% |
| Investments in intangible assets (exclusive of goodwill) and property, plant and equipment | 4.5 | 2.5 | 2.5 | 4.0 |
| Investments as % of sales | 1.3% | 0.8% | 0.9% | 1.4% |

(1) Before eliminations of intragroup transactions.

(2) The indicated trend is based on a comparable scope of consolidation. The FY2009 figures have been adapted to take into account the sale of the 50% interest in COFEL (France) in July 2009.

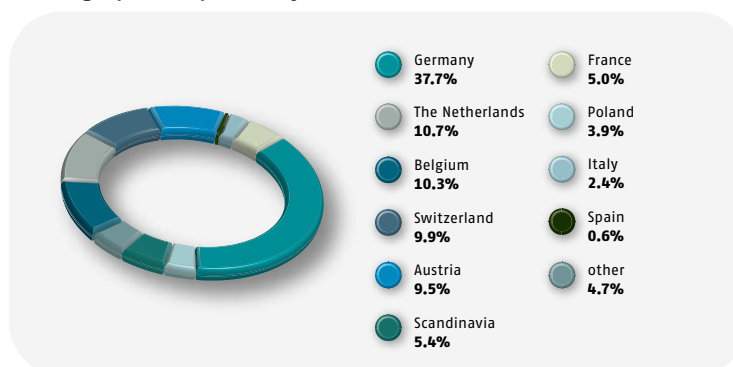
(3) This amount includes the net non-recurrent income (EUR +18.6 million) as a consequence of the sale of the 50% interest in COFEL (France) (Bedding) in July 2009.

"In order to maintain our market leadership in Europe we have an obligation to regularly bring new innovations to the market."

| Marcus Veutgen
Managing Director Sales
& Marketing Bedding Germany



// Trend in sales – Bedding 2010: Geographical spread (by destination)





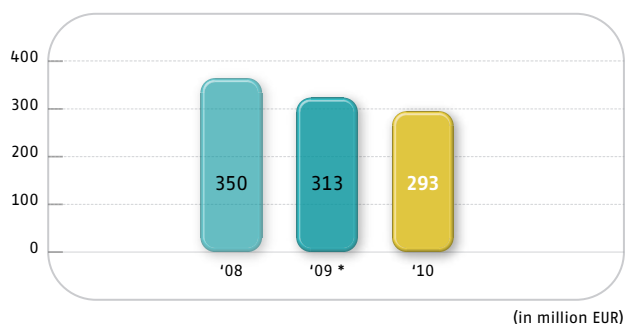
PROFILE OF THE ACTIVITIES

Recticel owns a unique portfolio of strong brands (**brands**) which are generally well-known within their local market such as Beka® (Belgium), Literie Bultex® (Belgium), Matratzen Bultex® (Germany, Austria), Schlaraflia® (Germany), Sembella® (Austria), Superba® (Switzerland) and Ubica® (the Netherlands).

In addition to the local brands, Recticel also has a number of very recognisable brands which extend beyond the national or regional borders. Brands such as Literie Bultex® (Belgium), Matratzen Bultex® (Germany, Austria), Lattoflex® (under licence) and Swissflex® enjoy a distinct European reputation within the up-market segment.

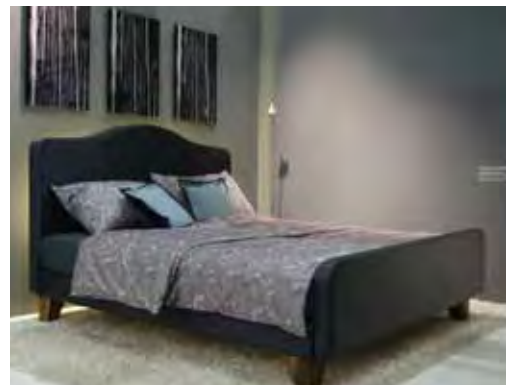
In addition, the Group also produces sleep systems which are commercialised under the name of the customer (**private label**). Examples of this include groups like Dänisches Bettenlager (Jysk), Atlas, Aldi-Hofer or Beter Bed Holding (including Matratzen Concord) with which Recticel regularly develops sleep systems. Taken as an average, two thirds of the annual sales of the Bedding business line are made up of brand products and one third is made up of 'non-brand'- or 'private label'-articles.

// Trend in sales – Bedding



* Figure 2009 not restated (see table on previous page)

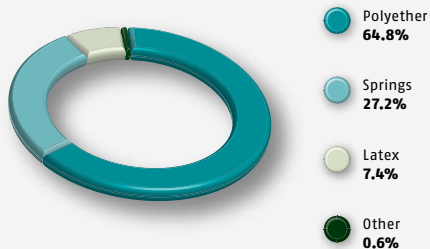




// Trend in sales Bedding 2010 – EUR 293.3 million, by technology

// Strategy

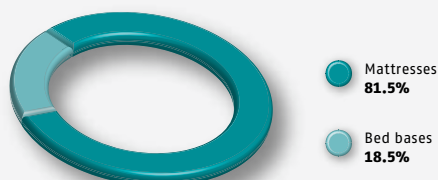
- ▶ Organic growth or external growth.
- ▶ Based on strong brands.
- ▶ Product innovation.



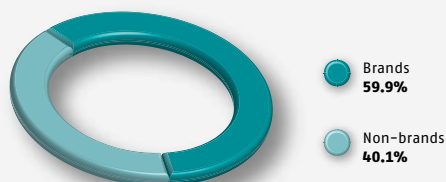
// Trend in sales – Bedding 2010: Mattresses & Bed bases

// Objectives up to 2013

- ▶ Average annual growth in sales of about 6%
- ▶ EBITDA/sales margin of minimum 8%



// Trend in sales – Bedding 2010: Brands versus Non-brands





ACTIVITIES Bedding 02



The diversified character of the Bedding business line is not just determined by the brand products portfolio. It is also expressed when the technologies used are looked at. The Group produces mattresses where the mattress core may be made of polyurethane foam, latex, springs or a combination of these. Bed bases are offered in wood and plastic.

The Bedding customer base is broad and includes independent bed and furniture specialists as well as large distribution groups (Begros, Beter Bed, Leenbakker, ...). Although the Bedding business line is fundamentally a *business-to-consumer* activity, it is important to mention that the Group does not sell directly to the end user but to an external network of distribution channels.

COMPETITIVE POSITION

In Europe, the market for sleep systems is mainly cornered by two European groups: Recticel and the Swedish company Hilding Anders (Crown Bedding, Pullman, Slumberland, ...). On a national level by contrast the landscape is more cut up. Many of these players are relatively small producers who generally restrict themselves to local market needs.

Recticel aims for a market share of at least 20% in all countries where it has a presence.

// Facts & Figures

- ▶ *Recticel production in 2010 : 2.3 million mattresses and 0.4 million slat bases*
- ▶ *Number of production plants : Recticel has 12 factories spread over Belgium (2), Germany (3), the Netherlands (1), Austria (1), Poland (1), Romania (1), Sweden (1) and Switzerland (2)*
- ▶ *Bedding is subject to seasonal influences. Traditionally more mattresses and bed bases are sold in the second half of the year. Specific marketing campaigns aim to spread the sales more over the whole year.*

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// Distribution of brands by country

| Belgium | Beka® Literie Bultex® Lattoflex® Swissflex® |
|-----------------|--|
| Germany | Matratzen Bultex® Rokado® Schlaraffia® Sembella® Superba® Swissflex® |
| France | Lattoflex® Swissflex® |
| The Netherlands | Lattoflex® Swissflex® Ubica® |
| Austria | Matratzen Bultex® Sembella® Swissflex® |
| Switzerland | Lattoflex® Superba® Swissflex® |

"60% of the sales in Bedding are achieved with very recognisable brand products."



STRATEGY AND PROSPECTS: SHAPING THE FUTURE

The Bedding business line is fundamentally aiming to improve the health and well-being of the consumer with its products and brands thanks to a good night's rest on high quality sleep systems. Topics like health, a good night's rest and wellness in general have already been progressing for many years. This also explains why the aware consumer is prepared to invest a larger budget in a good sleep system. It is worthy of note here that even the current economic crisis has hardly influenced this pattern of behaviour at all.

→ MARKET DEVELOPMENTS

Recent European market studies have clearly shown that two large scale tendencies stand out on the bedding market. On the one hand it is established that the consumer is becoming even more aware of the importance and necessity of a good sleep system. Such a sleep system is virtually synonymous with a qualitatively healthy night's rest.

On the other hand, the aware consumer also has a particular eye for the stylistic and aesthetic aspects of a sleep system. This second aspect explains the generally increasing trend of the budget spent for mattresses and mattress bases. It is not just that the budget for initial expenditure increases but also that mattresses, slats and/or bed bases are replaced more quickly and more regularly, which is conducive to the development of the whole market.

From a historical perspective the European bedding market has always been very fragmented. There are no visible reasons which indicate that this will not be the case in the future. It is now generally accepted that local consumer patterns continue to vary strongly and diverge in the different European countries.

The decline in consumer confidence as a consequence of the current macro-economic malaise has had a relatively limited impact as far as Recticel is concerned. Although sales have improved on a comparable basis, the impact of the crisis is primarily outlined in a shifting product mix. Recticel is attempting to give a suitable response to these changed market conditions by means of innovative commercial campaigns and by placing innovative products on the market which pay more attention to aesthetic styling in addition to the technical aspects. As far as product development is concerned, the Group allows itself to be surrounded by both internal and external designers.

→ COST-EFFECTIVENESS

In response to the divergent challenges in these demanding markets, Recticel is mainly concentrating on permanent optimisation and renewal of its product-mix (*brand- versus non-brand articles*). In addition, the Group is trying to continue to streamline its production apparatus and to perfect it while carefully keeping the cost structure under control. These efforts will ultimately result in a further improvement of the cost-effectiveness of the division.





Plant dedication means that the production apparatus is used optimally today. Some plants only concentrate on brand products while others focus on products without a brand name. Other operations, such as the production of mattress covers, take place in Romania and Poland today. The presence of the Flexible Foams business line in Central and Eastern Europe is also seen as a perfect strategic position for serving these promising local bedding markets. In fact the Group is already able to count upon an ever increasing interest in principally non-brand products in Poland. In the years ahead a number of initiatives for expansion to new geographical territories will be launched. An initial careful expansion to China will be developed with the Flexible Foams business line.

// Best Mattress Supplier for 2009/2010

In 2010 Recticel and its Austrian subsidiary Sembella were declared "Best Mattress Supplier for 2009/2010" by their important customer Jysk/Dänische Bettenlager. By doing so Jysk/Dänische Bettenlager wishes to express its recognition of the quality, innovative character and customer friendliness of the polyurethane mattresses which are supplied by Recticel and Sembella.



DEVELOPMENT IN 2010

→ SALES

On an 'as published' basis, sales in Bedding (**EUR 293.3 million**) decreased by 6.2% following the divestment of the 50% participation in COFEL in July 2009. On a comparable basis ⁽¹⁾, and despite difficult market conditions, sales increased by 5.8%. This increase is attributable to higher sales ⁽¹⁾ in both the 'brand' and the 'private label' segments. Sales in Germany, the Group's largest market, improved in the second half after a relatively slow first half-year.

→ EBITDA

On a restated basis, EBITDA declined slightly in 2010.

During 1H/2010, difficult market conditions in Poland, Germany and Switzerland, in combination with higher raw material prices, put the profit margins under pressure. Furthermore, the Group recorded in 1H/2010 a non-recurring loss on the sale of the slat base activities of LeBed SAS (France).

In 2H/2010, seasonality effects and improving market conditions combined with price increase actions have restored the profitability. However, in the *non-brand* segment competition remains fierce and raw material price rises are much more difficult to pass on to the market.

⁽¹⁾ The indicated trend is based on a comparable scope of consolidation. The FY2009 figures have been adapted to take into account the sale in July 2009 of the 50% interest in COFEL of France.

→ Didier Pinier | *Commercial and Marketing Manager Flexible Foams non Automotive France*
Nadia Tusar | *HR Manager Recticel SAS France*
Didier Baer | *Managing Director Recticel SAS France*



02. Activities

3



Flexible Foams



Flexible Foams business activities focus mainly on the production, transformation and commercialization of predominantly semi-finished products in flexible polyurethane foam. Historically, this business line has been the largest within the Group and it consists of three sections today: Comfort, Technical Foams and Composite Foams. The characteristic properties of the foam types, the uniqueness of the production process and/or the typical application options of the foam primarily determine this classification.

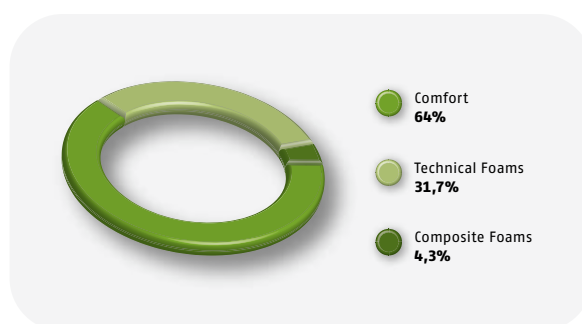
| Key Figures Flexible Foams | in million EUR | | |
|--|----------------|--------|-------|
| | 2008 | 2009 | 2010 |
| Sales ⁽¹⁾ | 645.6 | 570.6 | 602.7 |
| Growth rate of sales (%) | -3.0% | -11.6% | 5.6% |
| REBITDA | 34.7 | 46.9 | 30.6 |
| REBITDA margin (as % of sales) | 5.4% | 8.2% | 5.1% |
| EBITDA | 31.2 | 45.1 | 22.2 |
| EBITDA margin (as % of sales) | 4.8% | 7.9% | 3.7% |
| REBIT | 18.0 | 31.1 | 15.7 |
| REBIT marge (as % of sales) | 2.8% | 5.4% | 2.6% |
| EBIT | 14.5 | 25.8 | 1.2 |
| EBIT margin (as % of sales) | 2.2% | 4.5% | 0.2% |
| Investments in intangible (excluding goodwill) and tangible fixed assets | 10.8 | 4.9 | 10.3 |
| Investments as % of sales | 1.7% | 0.9% | 1.7% |

(1) Before eliminations of intra Group transactions.

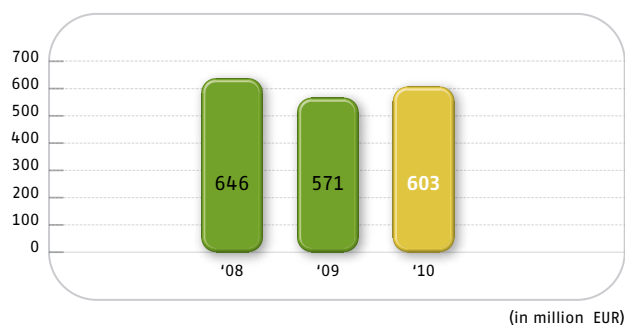
" The new strategy is built around rationalizations, modernization and upgrading via selective growth projects. "

| Didier Baer
Managing Director
Recticel SAS France

// 2010 Sales Flexible Foams : EUR 602.7 million



// Trend in Sales Flexible Foams





PROFILE OF THE ACTIVITIES

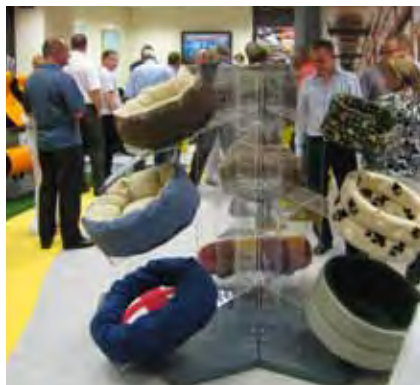
→ COMFORT

The **Comfort** division is first of all responsible for the production of flexible polyurethane foam, which is then processed and cut at a later stage. Comfort foam is mainly a bulk product that is cut in the various conversion units, into customized semi-finished products for the seating and mattress industry.

The foaming rooms produce uniform polyurethane long blocks, which are then cut into smaller, transportable short blocks or into foam sheets on a roll. The short blocks are then cut and processed at a later stage in the conversion units, or delivered directly to clients in the seating and mattress industry. The range on offer is extremely diverse. It comprises both classical flexible foam characteristics (such as Comfort Bultex®) as well as extremely specialised varieties such as: viscoelastic foam types (Sensus®) or foam for specific market segments, for example paramedic applications (Foam for Care®).

In addition to foam blocks, the Group is also active in the production of cold moulded foam. It is normal with large uniform production series that specific components for seating are moulded directly in moulds. The big advantage of this production technique is that the foam does not have to be cut afterwards. In Europe the demand for moulded foam is primarily important on the Scandinavian furniture markets.





// Strategy

- ▶ Rationalisation & modernisation of industrial footprint.
- ▶ Selective growth initiatives based on new products.
- ▶ Geographical expansion in the Technical Foams segment.



// Objectives up to 2013

- ▶ Average annual turnover of approximately 5%.
- ▶ Margin EBITDA/turnover of 7.5%.





→ TECHNICAL FOAMS

Unlike the Comfort division, the **Technical Foam** division specialises in the production and processing of very specific foam types that are mostly intended for smaller niche markets. Technical foam types are used in a wide range of applications, such as sponges, scouring pads, filters, paint rollers, seals, packaging, acoustic insulation, energy and vibration absorption, rechargeable batteries, extremely fire-retardant foam for high risk clothing, light-stable foam for clothing, *outdoor* applications (Dryfeel®), horticulture (Polygrow®), ...

Technical foam types should always comply with high product requirements because these are more often intended for advanced technical applications. The technical product know-how is not the only important factor. In several cases the physical or chemical basic characteristics of the foam still have to be modified by having the foam treated (for example via reticulation, impregnation etc.). These follow-up treatments are necessary to bring the foam products perfectly in line with the needs of the final application.

→ COMPOSITE FOAMS

The **Composite Foams** division primarily processes foam trimming from the production to new products. Although great efforts were taken over the last few years to limit the quantity of inevitable offcuts as much as possible, Recticel is always looking for more new applications for these residues. The trim foams that remain after the processing are cut into smaller flakes to be compressed together into large blocks at a later stage using a binding agent. These blocks are then cut into roll-material or into specific components. Composite foams are used primarily in typical applications like: packaging materials, building acoustics, shoes, *indoor* and *outdoor* sport fields,... These products are sold under the brand names Recmat® (sound insulation under floor covering), Recfoam® (sound insulation in vehicles, reinforcement for seating, packaging materials, ...) or Re-bounce® (background layer for sport fields).

Recticel's trim foams that aren't processed in house are sold on the free market. The United States has a significant outlet market for polyurethane *trim foam*. This *trim foam* is processed further locally into carpet underlay.



COMPETITIVE POSITION

→ COMFORT

Today, polyurethane foam is almost the only accepted filling material for seating. Due to its weight, durability and reasonable price there are no real substitutes. Other technologies are however used in the mattress world, such as springs and latex, but in the last few years the market share of full-foam mattresses has only increased.

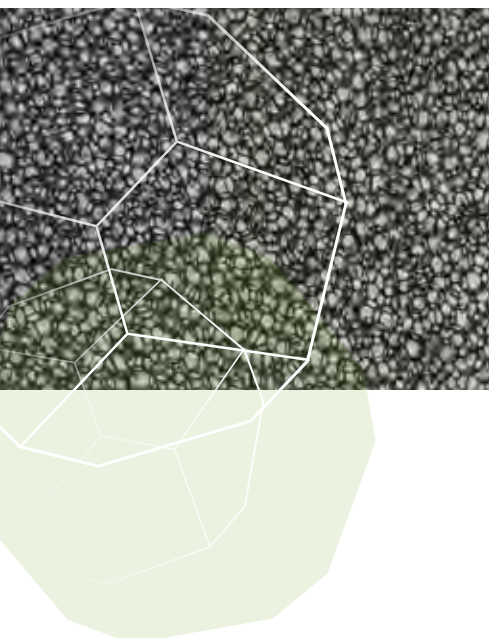
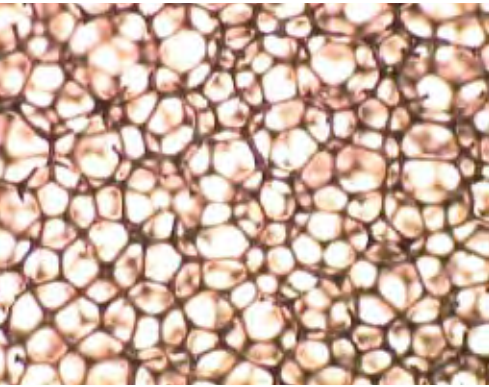
Production-wise the manufacture of PU-foam is characterized by a low entry threshold. As a result the European market has been highly fragmented for a very long time. Although the European PU-market is much more concentrated today, approximately 60 to 65 foam companies are still active. In addition there are also about 500 foam processors (*converters*) in Europe.

A limited number of players are active in markets other than only their historical local market. The three most important market players in Europe, specifically Recticel, the British Vita Group and the American Carpenter, share the common characteristic of distributing their production and processing units over various countries in Europe. Together with the Vita Group, Recticel is one of the leaders, followed by the American Carpenter. The remaining part of the market (approximately 50%) is primarily taken up by smaller manufacturers. These are mostly only significant in their local market (for example Olmo in Italy). Central and Eastern Europe in particular have two bigger players active in different countries, the Russian Foamline and the Polish Organika.

→ TECHNICAL FOAMS

Recticel strives to take up a leading position in the European polyurethane landscape. Recticel has positioned itself at the top of its sector on internal growth, followed by purposeful acquisitions and finally continuous efforts in the area of research and development.

Contrary to the comfort foam segment, technical foam is much better protected as a whole. The technological know-how and the complexity of the production and conversion process for Technical Foams require more than just important investments; it also requires continuous financial effort in the area of research and development. In short, the barriers of entry for Technical Foams are significantly higher. As a result the number of manufacturers of Technical Foams remains somewhat more limited. Some large groups, like Recticel and the Vita-group, know how to play a leading role on a European level. In addition to the medium sized players like the German-Swiss Foam Partner, or the German Otto Bock, there are also various smaller local players such as the Italian Orsafoam (in which Recticel has a 33% investment), Toscana Gomma (Group Olmo) and the Spanish Flexipol. The Japanese Inoac and the American Foamex are more active on several export markets.





"Territorial expansions into countries like China and India are becoming a concrete reality."

→ COMPOSITE FOAMS

As an important European polyurethane producer and processor, Recticel does after all have large volumes of trim foam available. In the past, the trim foam was sold primarily on the open market. An important outlet for these residues is in the United States, but the prices are highly volatile. There are no derived products to comfortably cover these price fluctuations.

For several years now the Group has started processing a part of this foam into new (semi-)finished products. This technique is used in factories in the Netherlands, France, Spain, Italy and Finland. The supporting reason for this is to be less dependent on the highly volatile character of market prices for this *trim foam*. In Europe, Recticel is primarily active in this business line, besides the Vita-group, the Austrian Greiner-group, the American Carpenter and the Belgian Agglorex. In the context of sustainable commerce, the *composite foams* are a characteristic example of how Recticel seeks to find creative solutions for processing its PU trim foam with a pragmatic course of action.

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STRATEGY AND PROSPECTS: SHAPING THE FUTURE

→ STRATEGY: RATIONALIZATION, MODERNIZATION AND GROWTH VIA SELECTIVE PROJECTS

The postulated strategic scenario for the Flexible Foams business line progresses along two basic principles. The first basic thought serves to smartly adjust the industrial *footprint* to the new market. Compensating rationalizations with well-considered investment initiatives in a coherent and consistent manner will be the goal. On the other hand, there are also several growth perspectives that are characterized by innovation projects (in the Agro-foam business line among others) and geographical expansion in new markets such as China (together with Bedding) and India.

→



→ INTERNAL GROWTH

Despite the rather mature character of the comfort foam market, the global European seating business line still continues to grow. In general, one could state that the consumer demand for comfort foam follows the evolution of the gross domestic product (GDP) very closely. Contrary to Western-European markets, which are more likely to stagnate, the future growth will take place mainly in Central and Eastern Europe. However, this does not mean that the production activities in Western Europe have no further future. The ever growing demand for mattresses with a polyurethane core offers enough attractive perspectives for the Western European comfort activities.

As a European market leader in this segment, Recticel must be able to realize an organic growth in the coming years, which will at the very least be in line with that of the market in general. To further improve the profitability, one would look primarily at the adjustment and optimization of the industrial production equipment in line with the market needs.

→ INNOVATION

The internal growth of the Flexible Foams business line is also driven by the successful initiatives in the area of product innovation as well as by market needs. In order to keep its European leader's position, the Group regularly launches new or improved products, stimulated by the various research and development efforts. The Group was able to surprise the market over the last few years with innovative Foam for Care® quality products: paramedic foam for wheelchairs, orthopaedic supports, new revolutionary anti-decubitus mattresses and anti-bacterial foam manufactured from vegetal raw materials (*Natural oil based polyol foams or NOP based foams*), etc.

Offering innovative solutions is an even greater challenge within the Technical Foams business line. After all, this is primarily directed at products with a large(r) added value which are primarily intended for very specific niche markets. Here too Recticel was able in the past to develop important breakthroughs. Examples are: Bulfast® (the light stable foam intended for the clothing industry (*bra-cups* among other things)), EPDM-like foam qualities for replacement of components in EPDM for the automotive industry, foam types for *polishing pads* for polishing vehicle bodies (with production and repairs), Polygrow® (a high-quality foam type for use as substrate in horticulture) etc.





→ GEOGRAPHICAL EXPANSION

The Group also has a very extensive production network in Western and in Central and Eastern Europe.

The activities in Central and Eastern Europe, taking place via the joint venture Eurofoam, have grown significantly since the beginning of the 90s. Despite the current economic crisis, Central and Eastern Europe will remain important for the years to come. It is expected that the annual use of polyurethane will continue to grow gradually for the local market. At present the local use is still well below the Western European average.

Recticel feels that its current position in the various countries is sufficient to successfully develop its strategy. In the future, the Group will however implement several cautious territorial expansions to Turkey and the BRIC countries.

// Eurofoam Facts & Figures

- | | |
|-----------------------------------|---|
| ▶ <i>Joint venture partners</i> | <i>Recticel / Greiner Group (Austria) (50/50)</i> |
| ▶ <i>Market position</i> | <i>One of the market leaders in the production and transformation of comfort foam and technical foams in Germany, Austria and Central and Eastern Europe. We collaborate with local partners via alliances in several Eastern European countries.</i> |
| ▶ <i>Production volume</i> | <i>Approximately 110 000 tonnes per year.</i> |
| ▶ <i>Annual turnover 2010</i> | <i>EUR 364 million.</i> |
| ▶ <i>Number of establishments</i> | <i>Network of more than 40 plants (9 foam factories and 37 processing units) spread over Bulgaria, Germany, Hungary, Lithuania, Moldova, Ukraine, Austria, Poland, Romania, Russia, Serbia, Slovakia and the Czech Republic.</i> |
| ▶ <i>Workforce</i> | <i>Approximately 1 737 people.</i> |



www.euro-foam.com

DEVELOPMENT IN 2010

→ SALES

Sales in the Flexible Foams business line (**EUR 602.7 million**) increased by 5.6% as a result of higher volumes in the division *Technical Foams* which benefited most from the upturn in the industrial markets.

Comfort (**EUR 385.8 million**; –1.0%) stabilised its global sales level in a very competitive market.

Technical Foams (**EUR 191.1 million**, +20.9%) benefited from a much higher demand from industrial and automotive markets.

Composite foams (**EUR 25.8 million**, +12.7%) improved on the back of higher volumes and better world market prices for trim foam.

→ EBITDA

Despite higher sales, profitability declined. Nevertheless, there were important differences in the development of the various sub-segments.

In a competitive commodity market, EBITDA in Comfort declined as higher raw material prices could yet not be fully passed through in the selling prices. In Spain, the Group incurred substantial operating losses (EUR –1.6 million). Upon this the Group decided to downsize its industrial footprint in the Comfort activities in Spain, a market plagued by 40% overcapacity partially due to the impact of the crisis on the demand. The overall cost of this restructuring plan had a negative non-recurring impact in 2010 of EUR –7.9 million.

In 2010 the result was also impacted by legal fees (EUR –1.9 million) relative to the ongoing EC investigation.

The EBITDA increased strongly in Technical Foams mainly the consequence of significantly higher sales volumes to the automotive and industrial markets.



// Polygrow® expands its area of activities

With the launch of the new flexible foam Polygrow®, the initial target was the substrate materials market for use in **horticulture**. The revolutionary Polygrow® is used as a substrate for the cultivation of tomatoes, peppers, eggplants and cucumbers among other things. With this PU technology, Recticel feels it can offer a very real solution for the various horticultural challenges.

Polygrow® as a material is prized for its flexibility, inertness (no reaction with other chemicals such as fertilizers), its purity (contains no harmful substances) and its ability to retain its shape. It is also recognized by its excellent capillarity, allowing it to absorb and store water very well. Even after drying, it can easily be soaked again without losing any of the basic properties of the material.

The use of Polygrow® in horticulture, apart from higher crop yield, is also beneficial to the environment, because thermally it is 100% recyclable. Polygrow® is a speaking example of innovation and sustainable development going hand in hand.

*After the commercializing of Polygrow® for use in horticulture, the Group has started with the first demonstration projects where the Polygrow® foam is also used in the creation of so-called **green roofs** and **green walls**. Green roofs and green walls offer a natural answer on several pressing environmental issues in cities like high CO₂ emissions, air pollution, sound pollution, flooding, etc.*

The benefits of green roofs and green walls are that they purify contaminated rain water and they can improve the biodiversity in cities among other things. They also buffer excess rain so that flooding can be limited or prevented. Because green roofs and green walls can retain water, they can provide natural cooling in warm weather.

Green roofs and green walls also improve the quality of cities because they have excellent acoustic insulation properties. Noise pollution due to intense city traffic can be absorbed, which is after all beneficial to the liveability in busy city centres.



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POLYGROW 

www.polygrow.nl



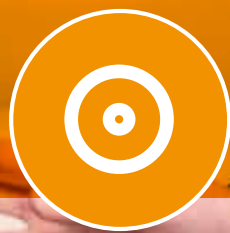
→ Leos Mastnik | *Vice-President Engineering Automotive*
Jan Meuleman | *Chief Operations Officer Automotive*
Ann De Schepper | *Group Fe&A Manager Automotive*
Martin Kruse | *Vice President Sales & Marketing Automotive*



02.

4

Activities



Automotive

The Automotive business line includes the following two activities:

Interiors which develops, produces and commercialises interior solutions (dashboard skins and door panel trim) on the basis of the unique, certified Colo-Fast® spray technology.

Proseat (a 51/49 joint venture between Recticel and Woodbridge) which produces seating pads in cold moulded foam.

In addition, there is still the small **Exteriors** division which mainly concentrates on the production of the light-stable polyurethane raw material Colo-Fast® (compounds) that is primarily used in the Interiors division today.



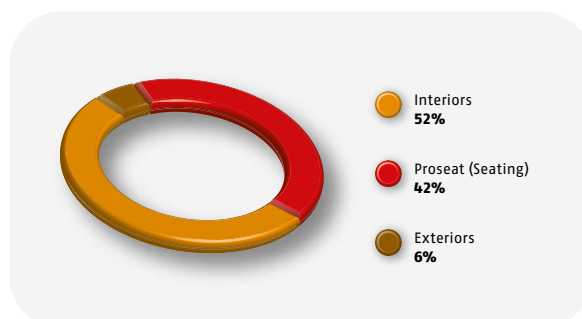
" The new strategy is based on rationalization and the improvement of market positions through innovation and new product developments. "

| Ann De Schepper
Group F&A Manager Automotive

| Key Figures Automotive | in million EUR | | |
|--|----------------|---------------------|-------|
| | 2008 | 2009 ⁽¹⁾ | 2010 |
| Sales | 474,2 | 289,4 | 324,9 |
| Growth rate in sales (%) | -3,3% | -39,0% | 12,2% |
| REBITDA | 23,1 | 13,7 | 33,7 |
| REBITDA margin (as % sales) | 4,9% | 4,7% | 10,4% |
| EBITDA | 50,1 | -6,9 | 26,9 |
| EBITDA margin (as % of sales) | 10,6% | -2,4% | 8,3% |
| REBIT | -5,0 | -5,8 | 13,0 |
| REBIT margin (as % of sales) | -1,0% | -2,0% | 4,0% |
| EBIT | 9,7 | -32,2 | 1,6 |
| EBIT margin (as % of sales) | 2,0% | -11,1% | 0,5% |
| Investments in intangible assets (exclusive of goodwill) and property, plant and equipment | 21,0 | 7,0 | 11,2 |
| Investments as % of sales | 4,4% | 2,4% | 3,5% |

(1) In 2009 the consolidation method for the Proseat group (Automotive – seating) changed from full consolidation to proportional consolidation (51%).

// Sales Automotive 2010: EUR 324.9 million





"Exciting and attractive car interiors are developed with the motto **competence in surfaces.**"

PROFILE OF THE ACTIVITIES

→ INTERIORS

The division Interiors mainly designs and produces interior finishes for the automotive business line.

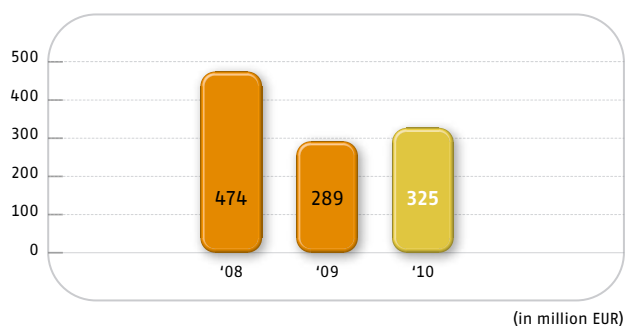
When choosing a new car the consumer pays an ever increasing amount of attention to the quality and finish of the interior. Today automotive interiors primarily need to give a good and safe feeling. The Group succeeds in offering interior surfaces which make a harmonious whole of the interior of the car on the basis of the unique patented Colo-Fast® and Colo-Sense® technology. In addition to the purely visual aspects, the material stands out due to its unique feel and touch characteristics (*haptic*). With the development of Colo-Fast® and Colo-Sense®, both based on aliphatic polyurethane, Interiors thus offers a very valuable and attractive alternative for the more traditional materials. Colo-Fast® and Colo-Sense® are both solvent free and mass coloured materials which stand out due to their colour fastness. These materials do not fade. This means that it is not necessary to apply any additional protective coatings .



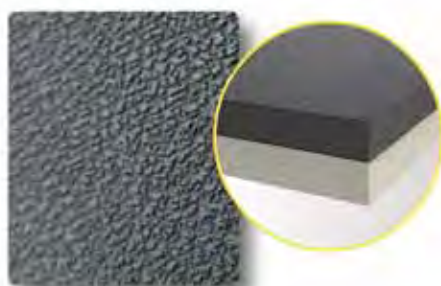
"The Group succeeds in offering interior surfaces which make a harmonious whole of the interior of the car on the basis of the unique patented Colo-Fast® and Colo-Sense® technology."

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// Trend in sales Automotive



www.recticel-automotive.com

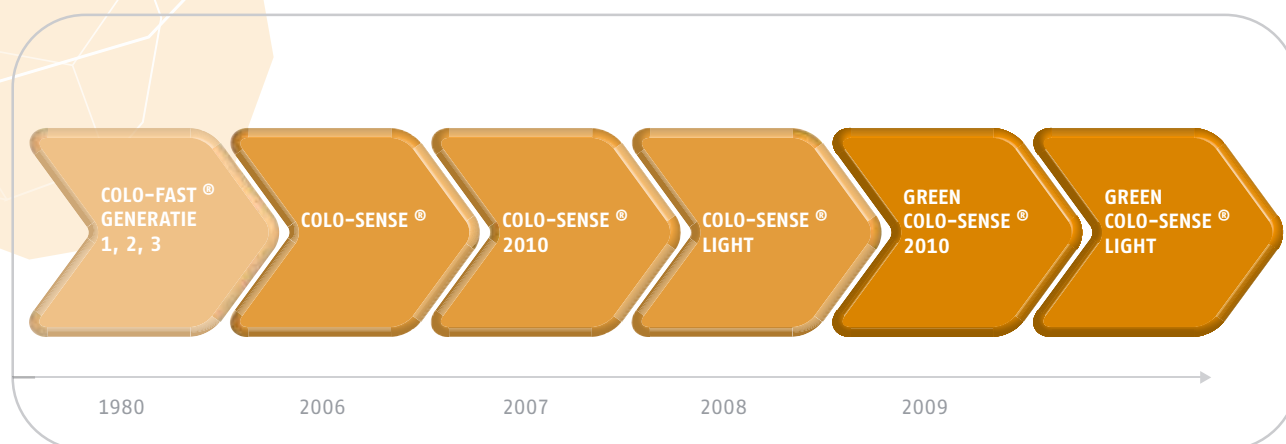


// Overview of Interiors contracts which are currently in force

| Manufacturer | Model |
|----------------|--|
| BMW | 1-Series (from 2011) 3-Series 6-Series |
| Freightliner | Truck |
| General Motors | Buick Enclave Cadillac Seville |
| Honda | Civic |
| Kenworth | Truck |
| Mercedes | A-Class B-Class C-Class E-Class M-Class R-Class S-Class Viano |
| Opel | Astra Zafira |
| Peterbilt | 379 |
| Peugeot | 508 |
| Saab | 9.5 |
| Scania | Clute |
| Skoda | Octavia Superb |
| Toyota | Lexus GS |
| Volkswagen | Passat Passat coupé |
| Volvo | V70/S80 V60/S60 XC60 |



// The Colo-Fast® family tree





// Strategy

- ▶ *Stabilization of the two business segments, Interiors and Proseat (Seating).*
- ▶ *New innovative product introductions.*
- ▶ *Continuous footprint and capacity utilisation optimisation.*



// Objectives up to 2013

- ▶ *EBITDA/sales margin of 8.0%.*



"With Proseat functionality is combined with comfort."

STRATEGY AND PROSPECTS: SHAPING THE FUTURE

→ INTERIORS: STABILISATION AND IMPROVING COST-EFFECTIVENESS

Over the last fifteen years the **Interiors** division (previously known as Interior Solutions) has made an important contribution to the growth of the Automotive business line with its unique patented Colo-Fast® spray technology.

As a consequence of the current, serious economic crisis which hit the automotive industry hard, Recticel has had to adapt its ambitions for this sector. The revision of the original plans was dictated by the considerable structural degree of risk of the Automotive business line in the long term on the one hand and the extremely capital intensive character of these activities on the other. Therefore the Group further modified its position with regard to the Automotive business line in the strategic practice of last year.

Unlike in the past, the focus will no longer be on growth. In the short term, attention will be focused on maintaining existing market positions, expansion to China and improving global cost-effectiveness as priorities.

→ PROSEAT SEATING



www.proseat.de



// Proseat Facts & Figures

| | |
|--------------------------------------|--|
| ▶ Market position | <i>One of the European market leaders in the production of moulded seating for the automotive industry (market share of around 20% in Europe); together with Woodbridge one of the most important and best positioned world players.</i> |
| ▶ Market penetration | <i>At least 4 million cars which include Proseat products are manufactured every year.</i> |
| ▶ Alliances | <i>Production joint venture with Johnson Controls in Poland and in Slovakia.</i> |
| ▶ Annual sales 2010 | <i>EUR 233 million.</i> |
| ▶ Headquarters | <i>Mörfelden-Walldorf (Germany).</i> |
| ▶ Number of production plants | <i>9 plants spread over Germany, France, Poland, Slovakia, Spain, the Czech Republic and the United Kingdom.</i> |
| ▶ Workforce | <i>approx 2 100 people.</i> |



→ PROSEAT SEATING: OPTIMISATION AND PRODUCT INNOVATION

The **seating** division, which runs via the joint venture **Proseat** is also heavily exposed to the new developments of the market. One of the most important challenges for this division involves coming up with a suitable response to the increasing trend for *insourcing* among suppliers in the automotive industry.

The production and commercialisation of pre-moulded solid foam seating for the automotive industry has already been assured by the *joint venture* Proseat for a number of years. Recticel has 51% control of Proseat and the Woodbridge (Canada) group has 49%.

Today it can be stated that Proseat, with its nine production plants spread over seven countries, is one of the biggest independent producers of seating for the European automotive industry. In addition to seating, Proseat also manufactures other seating components such as headrests, armrests and side panels for car seats.

Just like the Interiors division, Proseat will focus particularly on attracting new contracts and projects which will better guarantee the cost-effectiveness and precise work on the cost structure will occur internally. Where required, the industrial footprint will be adapted to the new market conditions.

In response to the changing worldwide automotive markets, Proseat has in recent years on the one hand focused on a vigorous plant strategy by reducing surplus capacity in certain markets and compensating by an expansion into the expanding Eastern European regions (including via the *joint venture* with Johnson Controls in Lucenec (Slovakia) and Zory (Poland)) and on the other hand by standing out from its competitors by means of innovation and the development of new, complex seating components (including with lightweight and volume limiting *compact.foam*, with the improved surface structure *comfort.sense-foam*, with combined *PU/EPP* modules ...).

Proseat has refocused its strategy towards the future. Restructuring and innovation is aimed for in order to maintain a stable position in the seating market. In addition, a much stronger focus will gradually be placed on finished components such as headrests, armrests, consoles



DEVELOPMENT IN 2010

→ SALES

Sales in **Automotive** increased by 12.2% to **EUR 324.9 million**.

This improvement is mainly attributable to higher sales volumes in **Interiors** (**EUR 170.2 million**; +22.3%). This division mainly supplies the premium segment, which was the hardest hit by the global economic crisis in 2009. In 2010, sales in all countries (Western & Eastern Europe, USA and China) recovered significantly.

The premium car market segment remained strong (both in Europe and the USA), and was further pulled by the demand in emerging economies such as China.

Sales in **Seating** (Proseat – the 51/49 joint venture between Recticel and the Canadian group Woodbridge) which focuses more on the low-to-mid segment of the car market, increased by 4.5% to **EUR 136.6 million**. The lower growth in this segment is explained by the progressive reduction of various governmental incentive programs for car renewals which had boosted demand in the previous year.

Sales in **Exteriors** (**EUR 18.1 million**, -7.4%) were slightly down. Since the divestment of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.



→ EBITDA

EBITDA of the Automotive business line increased from EUR –6.9 million to **EUR 26.9 million**, including net non-recurring elements of EUR –6.1 million (2009: EUR –20.7 million). These non-recurring elements include mainly restructuring costs in Germany (*Interiors* – Unterriexingen) and in Belgium (Proseat Hulshout).

The profitability of *Interiors* improved significantly due to the impact of (i) considerably higher volumes, (ii) the effect of different restructuring measures that have been taken and implemented over the last years, and (iii) the fact that in April 2010 two US subsidiaries emerged from Chapter 11.

Despite higher sales, the result for **Seating** (Proseat) came out lower on the back of higher raw material prices and the effect of the restructuring costs in Belgium (EUR 4.8 million).



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→ Bernard Dekeyser | *Corporate R&D Engineer*
Laura Jonckheere | *Corporate R&D Engineer*
Nancy Haucourt | *R&D Manager Corporate Innovation*





03 Research and Development

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Knowledge and technology are still the basis of many of our innovations and innovation is central in everything that we do to continuously improve daily comfort. Development and improvement of products or finalizing better performing procedures are the final goals of our own Research and Development Centre (the IDC – **International Development Centre**). The question or the inspiration could sometimes come directly from the end markets. In other cases we start from the knowledge and insights of researchers that further explore the (still) hidden facets of polyurethane. Knowledge and skill is one thing, converting these properties into practical answers and actual solutions is another. It was decided in this context to launch a new **Business Development** function with the core task of focusing on the identification, selection and development of markets and applications for the new products or technologies that are dealt with from within the **Corporate Innovation Program**.

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" Every day 124 researchers are looking for new facets of polyurethane. "

| Nancy Haucourt
R&D Manager
Corporate Innovation

In order to secure its long term objectives, the Group has had centrally organized Research and Development activities for many years now. These centrally organized structures have proven to be the best guarantee to simultaneously anticipate the many stated needs and challenges in a cost efficient and flexible manner. Obviously, in the first place, a great deal of attention goes out to the development of new products that may provide an answer to needs such as the increasingly popular demand for lighter and more durable materials or products that integrate various functions together. In addition, however, the IDC also tries to focus on improving existing products or to further optimize existing production processes. The latter seeks to reduce the general use of raw materials, reduce the volume of waste products, and to have the production flows run more efficiently.

In the past, many Research and Development activities were initiated from the various sectors (*business lines*). This is still the case, although the *Corporate Programme* has gained importance significantly over the last five years. The focus of the research in the *Corporate Programme* is not driven by the *business lines*; the starting point is determined primarily by broader social and technological trends such as the race for energy, nanotechnology, smart materials or materials with new functions.



"Our interest is focused mainly on the future, since this is where we will be spending the rest of our lives."

The IDC has a budget that is distributed wisely over the various divisions. Even though the Automotive division still represents the largest part of the budget in relative terms, the distribution over the various business lines is more and more balanced. The share that is directed at the Corporate Programme has increased gradually over the last few years.

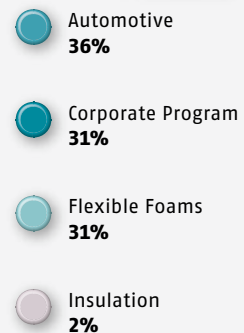
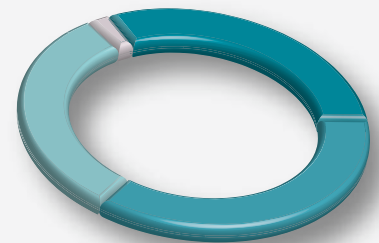
The Group also encourages the various joint venture companies to call on the expertise of the Research and Development team. A win-win situation is thus created. For the joint venture companies, this basically means that it is less expensive to call on valuable Research and Development services. On the other hand, it is more effective with the greater critical mass when working with the allocated operating funds.

"OUT OF THE R&D BOX"

4 new patents were requested in 2010, in addition to the already registered 54 patents:

- PU-foam combinations reducing the sound made by car tyres.
- Polyurethane with memory shape properties.
- A new generation of Colo-Sense® foams with improved mechanical properties, which can also be manufactured with renewable basic raw materials.
- A process to apply a coloured seam in a PU surface.

// 2010 Expenditure budget for Research & Development
EUR 13.7 million
(- 9% compared to 2009)





"Various new patent applications were submitted in 2010."

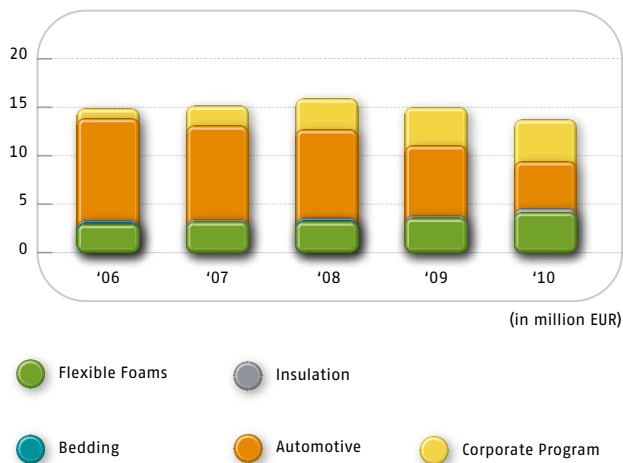
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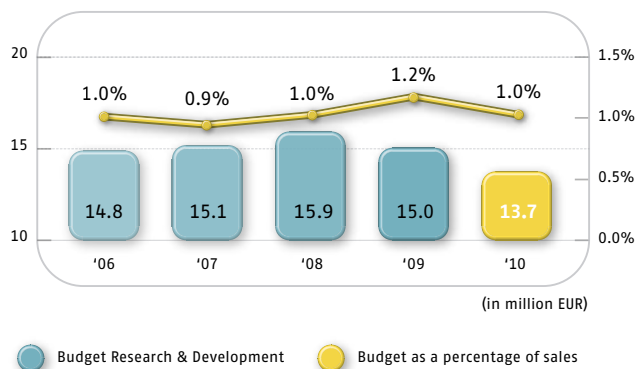
The most important innovation projects:

- In cooperation with several universities research is conducted into so-called "*self-restoring*" materials.
- Gathering knowledge on new surface textures and visual possibilities for Colo-Fast® and Colo-Sense®. Surface textures are tested on their properties for creating excellent colour and light harmony. An important breakthrough was realised in 2010.
- The discovery of a new chemical substance offering improved emission and pH-characteristics to visco-elastic foam without affecting the other foam characteristics.
- The first production of a '*smart*' foam with memory function for application in hollow aluminium window profiles for a pilot project with the Belgian group Reynaers Aluminium.
- Researching and testing innovative PU-foam for use in "*silent*" tyres.
- Feasibility studies for foam with very fine structures (nano-cells) and for foam with a higher fire protection.
- Research on new vibration damping elastomers.
- Colo-Fast®-materials with a metallic look.
- Development of new hydrophilic open cell-foam for ink applications.
- Expanding the range of foam types to fine celled (< 400µ) foam and very coarse celled (filtration) foam (>6 000µ).
- Research and development of coarse foam types for use as polishing mediums.
- Further expansion of the number of products and foam characteristics in which renewable raw materials are processed. Depending on the applications, Bio-foam (PureFoams) is available at present containing 15% to 55% renewable carbon.
- Improved application and use of Compolite, a lightweight composite that can reduce the weight of the pieces by approximately 25%.
- Further optimization of Polygrow®, a new technical foam type that is used in horticulture where it is important that the foam contributes significantly to the improvement of the plant development.
- Research into new water purification methods.

// Trend in composition of annual budget for Research & Development



// Trend in annual budget for Research & Development



"Recticel invests a bit more than 1% of its annual turnover in Research & Development."

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OTHER ACTIVITIES

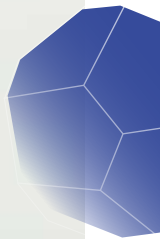
Research and Development can only evolve when different ideas can confront each other. To improve the transfer of knowledge and creativity, the IDC organized a two-day internal conference last year where the different R&D engineers provided better insight on the various ongoing projects.

In 2010 the Group also worked on its relationships with residents (and society in general) by holding an "open door" company day in Wetteren (Belgium) among other things. The Research and Development Centre played an active role with the organization of this. This event proved to be very successful with approximately 1 000 visitors. With these types of initiatives the Group is hoping to get the broader public acquainted with the fascinating world of polyurethane, and to give young graduates and interested persons a concrete image of the different types of PU.



➤ Innovative 'smart' foam for use in hollow aluminum window profiles.

→ Joost Monstrey | *Group Talent Manager*
Claire Poncin | *Group Compensation & Benefits Manager*
Sarah-Ann Breyel | *Human Resources Manager IHQ*



04 Human Resources



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The quality, dedication and enthusiasm of employees are essential and crucial components for an organisation to be successful. Recticel is very much aware of this and is also committed to recruiting and retaining the best and most competent employees. The development of individual talents is also very important for the Group. In this regard, Recticel launched a major Talent & Competence Development Program in 2010.

2010 was a very special year as far as Human Resources were concerned. The margin of the Group's new Vision 2015 strategy has for instance defined several priority issues to make Recticel a better performing organisation. The success of Recticel's proposed strategy and whether the set objectives will be achieved depend largely on the input and skills of the people working there. To realize this, the Group has carefully developed and launched two initiatives, the **Talent Management Program** and the **Competence Development Program**, over the past two years.

THE TALENT MANAGEMENT PROGRAM

In an initial phase the Group tried to achieve a clear overview of the available talent in the Group that may be eligible for inclusion in the Talent Management Program. A list of five factors based on the manager's level of responsibility was prepared and the potential that he/she has to offer. After having compared all managers against these criteria, the Group finally selected 300 people from 15 countries for inclusion in the program.

In a second phase, these selected people were subjected to a professional assessment. For this assessment a tool was developed and used with the help of an external consultant, the purpose of which was to guarantee objectivity. The final result is that the line managers were assessed on their performance and potential.

Parallel to this, the 300 managers were also required to assess themselves in terms of their potential. This was done using the same dimensions as the first test. The assessment and self-assessment results were then discussed and confirmed in the Management Committee.

" The purpose of the Talent Management Program is to evolve Recticel's business culture and focus more on performance. The motto is to have the courage to take on new challenges and to always do better. "

| Joost Monstrey
Group Talent Manager

"With its new Talent & Competence Development Program, Recticel seeks to encourage its employees to perform better and more efficiently individually. This way, the Group as a whole can be more successful."

After the Management Committee confirmed the results of the assessment of the 300 managers that participated in the Talent Management Program, the individual assessments were converted into a '*Personal Development Guide*' with the help of an external consultant. Each selected manager then received a personal document containing both his/her strong points, as well as the points that he/she should develop further based on a detailed action plan.

THE COMPETENCE MANAGEMENT PROGRAM

The second part of the design includes the Competence Management Program. Unlike the Talent Management Program, which starts with the individual, the Competence Management Program starts with the organization.

For the implementation of the new Vision 2015 strategy, the Group decided that it specifically needed managers with the following key skills:

- Customer-focus
- Result-focus
- Business acumen
- Able to identify talents and develop and expand teams
- Personal flexibility
- Effective communication skills

Although these skills sound generic, they are nevertheless defined extremely concretely based on a series of agreed to basic actions per skill.

"Success is modest improvement consistently done."

| Sean Fitzpatrick

*Legendary ex-captain
of the New-Zealand All Blacks®
Rugby Team*

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↑ During the Group's international framework meeting in September 2010, the legendary ex-captain of the New-Zealand national 'All Blacks®' rugby team inspired the Recticel top employees in a dazzling manner. On this occasion he explained how he specifically interpreted basic skills such as "*Focus on results*" and "*Building on talents and teams*" during his years of success with the 'All Blacks®'.



Under the new Competence Management Program, we started with two core competencies that should lead to the following behaviors:

1. Focus on results

- ▶ Be passionate.
- ▶ Be as successful as you can be.
- ▶ Prepare as if you were number two.
- ▶ Love what you do.
- ▶ Remember your losses more than your wins.

2. Build talents and teams

- ▶ Provide challenges.
- ▶ Listen to and respect others.
- ▶ Give feedback.
- ▶ Talk about success.

The Competence Management Program serves to upgrade the different core skills of the managers through workshops and training programs. By giving employees the opportunity to further improve their competence levels individually, the Group hopes to not only promote the personal performance, but to turn Recticel into a better performing organisation as a whole.

In total, 440 managers have been included in the Competence Management Program. 64 main employees had already completed the first modules of the program in 2010. Initially the Group worked on two core skills; specifically 'Result-focus' and 'The ability to identify talents and develop and expand teams'. In the first half of 2011, the other employees will be introduced to the program. Later on additional initiatives will be developed to further develop the other skills.

NUMBER OF STAFF

The number of staff stabilised in 2010. The drop in employment in a number of countries was completely compensated by the increase in other countries. The most important causes of the drop can be explained by the following things among others:

- The sale of the "slat base" activities (Bedding) in Masevaux (France)
- Restructuring of several Flexible Foams and Automotive activities and supporting services in Belgium
- Restructuring the Flexible Foams activities in Scandinavia and Romania
- Reduction of the number of staff in the American Automotive activities

Increases in the number of staff occurred in:

- 'Interiors' (Automotive) in China and the Czech Republic
- Flexible Foams in China and Turkey
- Insulation in the United Kingdom

One of the cornerstones of Recticel Group mission is that all employees must be given the opportunity to develop their individual talents within the context of the Group strategy and with respect for the Group values.

Values like team spirit, sense of responsibility, entrepreneurship, respectful behaviour, professionalism and striving for excellence are all very high priorities for Recticel.

// Number of staff

| | 01 JAN 2010 | 01 JAN 2011 | |
|----------------------------|--------------|--------------|-------------|
| Germany | 1 480 | 1 467 | 17.5% |
| Belgium | 1 350 | 1 331 | 15.9% |
| Poland | 819 | 830 | 9.9% |
| Czech Republic | 721 | 830 | 9.9% |
| France | 766 | 691 | 8.2% |
| United Kingdom | 624 | 663 | 7.9% |
| The Netherlands | 373 | 386 | 4.6% |
| Spain | 362 | 341 | 4.1% |
| USA | 344 | 317 | 3.8% |
| Austria | 295 | 294 | 3.5% |
| Switzerland | 195 | 192 | 2.3% |
| Sweden | 193 | 190 | 2.3% |
| Romania | 220 | 177 | 2.1% |
| People's Republic of China | 52 | 139 | 1.7% |
| Hungary | 118 | 128 | 1.5% |
| Finland | 138 | 122 | 1.5% |
| Norway | 92 | 72 | 0.9% |
| Turkey | 62 | 72 | 0.9% |
| Estonia | 43 | 36 | 0.4% |
| Moldova | 40 | 35 | 0.4% |
| Bulgaria | 18 | 21 | 0.2% |
| Lithuania | 15 | 14 | 0.2% |
| Slovakia | 10 | 11 | 0.1% |
| Ukraine | 12 | 10 | 0.1% |
| Greece | 22 | 8 | 0.1% |
| Serbia | 8 | 8 | 0.1% |
| Russia | 6 | 3 | 0.0% |
| TOTAL | 8 378 | 8 383 | 100% |

| | 01 JAN 2010 | 01 JAN 2011 | |
|-------------------|--------------|--------------|-------------|
| Western-Europe | 5 896 | 5 756 | 68.7% |
| Eastern-Europe | 2 024 | 2 099 | 25.0% |
| Rest of the world | 458 | 528 | 6.3% |
| TOTAL | 8 378 | 8 383 | 100% |

Full-time and part-time personnel, except for temporary personnel and disabled persons, including the proportional personnel count of joint ventures that are managed at least 50% by Recticel.



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→ Recticel Norway



05 Corporate Social Responsibility

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There is an irreversible worldwide trend for governments, organisations, companies and other groups becoming more aware of the need for and the benefits of socially responsible conduct. Here it is assumed that only corporate social responsibility will contribute positively to sustainable development. As a responsible organisation, Recticel too is trying to operate a sustainable policy which is based on the "**People, Planet, Profit**" principle.

Sustainable development



The Group is aware that the eventual performance of an organisation is ultimately always connected to the social framework within which it operates. On the basis of this starting point Recticel always tries to find a healthy balance between the elements "People, Planet, Profit" when implementing its policies. Or in other words: Recticel believes that sustainable enterprise is an attitude through which both profitable economic growth for the company ('Profit'), responsible social partnership ('People'), efficient management of natural resources and energy ('Planet'), limitation of the ecological footprint ('Planet') and the development and promotion of the health of employees ('People') need to be integrated in a harmonious way. Recticel aims to incorporate these aspects which may initially seem to be conflicting in a permanent and intelligent way and to experience them in the daily running of the company.

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" In the realisation of its objectives the Group prefers to develop strong relationships and initiatives with all its stakeholders. "

When determining its various objectives the Group takes into account as much as possible the short and long-term consequences of its decisions and actions for current and future generations. In the realisation of its objectives the Group prefers to develop strong relationships and initiatives with all its stakeholders. In this context the Group did in fact introduce a number of specific guidelines and codes of conduct many years ago in order to allow this topic to permeate throughout the organisation. In addition to the legislative framework that checks that companies pursue an ethical, environmentally and socially responsible company policy, Recticel has wished to underline its attitude with regard to this problem via the following commitments and guidelines among others:

- Signing the internationally recognised Responsible Care® Global Charter whereby Recticel commits itself to manufacturing in the most sustainable way possible. Here the Group aims to apply the best technologies available among other things in order to have the least negative environmental impact possible.
- Signing product safety standards under the CertiPUR™ label. The CertiPUR™ label is only awarded after positive confirmation that the polyurethane products which will be used in mattresses and seating fully meet the high standards of safety, health and environmental friendliness. All the Group's production plants for comfort foam possess this label.
- The *Recticel Group Safety, Health & Environment Manual*.
- The *Recticel Business Control Guide* in which the basic control procedures for meeting and supporting the general rules of accounting and cost controlling are recorded.
- The Recticel Approval Authority Guide which is the practical result of the distribution of authorisations within the Group regarding financial, social,

information technology, organisational, legal, public matters among other things.

INCLUSION IN UNIVERSUM LIST FOR SUSTAINABLE INVESTMENTS

→ ETHIBEL

Since the end of 2004 Recticel has always been selected for inclusion in two investment registers for sustainable investments by the independent advice and rating bureau ETHIBEL, notably the ETHIBEL PIONEER Investment Register and the ETHIBEL EXCELLENCE Investment Register (see www.ethibel.org). The ETHIBEL PIONEER Investment Register stands out principally because it only includes pioneering companies which score better than the average for their business line in the area of corporate social responsibility and sustainable enterprise. Both ETHIBEL investment registers are used as a basis for socially responsible investment products (*SRI-Socially Responsible Investments*) which are offered by a growing number of European banking institutions, fund managers and institutional investors.

Forum ETHIBEL mainly offers investors three products on the basis of the Investment Register: the ETHIBEL label, the ETHIBEL sustainability indices (*Sustainability Indices*) and the Forum ETHIBEL certificate. The characteristic feature of the ETHIBEL methodology emerges from the integration of two important aspects of *corporate social responsibility*: sustainable development and the involvement of stakeholders (*stakeholder involvement*).

Additional information about Forum ETHIBEL and the ETHIBEL investment registers can be obtained on the web site www.ethibel.org.

→ KEMPEN/SNS SRI UNIVERSUM

In addition, Recticel has been included on the Kempen/SNS SRI (*Socially Responsible Investment*) Universum list since the middle of 2008. The ethical Orange SeNSE Funds from the Dutch Kempen/SNS are thus able to invest in Recticel. In the discussion regarding inclusion Recticel was praised for the significant demands which it made in the area of ethical, social and environmental policy and also regarding the implementation and reporting of it. In addition, particular mention was made of the Group Business Control Guide and the related Group Safety, Health & Environment (SHE) Manual which contains all relevant rules, guidelines and sanctions to which all Group employees must adhere. Finally it was recognised by the initiators that Recticel operates particularly comprehensible guidelines regarding health and environment with the specific statement that the SHE management system is very well formulated.



Responsible Care

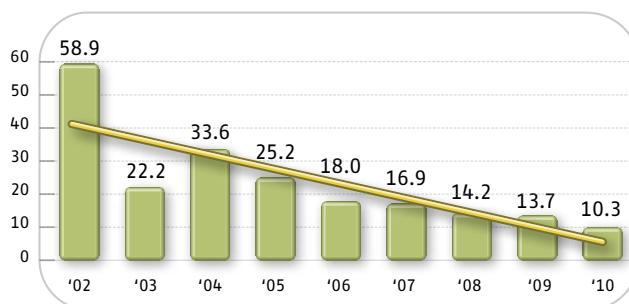


Health and safety

Safeguarding the health and safety of staff has long been a priority for Recticel. The Group aims to put maximum effort into prevention with a focus on reduction of the number of industrial accidents and the severity of them. In doing so, the Group does not just limit itself to its own employees. It extends its preventative measures to the subcontractors and the (immediate) area surrounding the plants. Finally the topics of health and safety are also pursued with other external target groups such as the intermediate processors of our products and/or the end users and consumers.

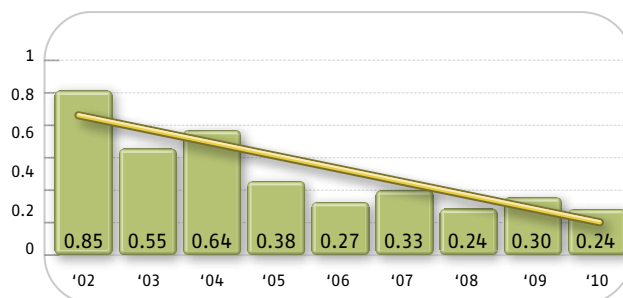


// Health and safety: Frequency index – Industrial Accidents



$$\text{Frequency} = \frac{\text{number of accidents} \times 1\,000\,000}{\text{number of hours performed}}$$

// Health and safety: Severity Index



$$\text{Severity index} = \frac{\text{of days of absence from work} \times 1\,000}{\text{number of hours performed}}$$

"Safeguarding the health and safety of staff has long been a priority for Recticel."

The most important policy stipulations regarding health, safety and care for the environment are included in the general *Safety, Health & Environment Policy (SHE)* which is regularly given active attention in all countries and at all plants. These basic *SHE* rules do not just serve as a reference for daily thought and action. They also embody the common objectives for all employees in order to ensure that Recticel meets its social and industrial commitments with the greatest care.

Recticel intends to subject its existing *SHE* policy to a thorough analysis in 2011. The intention is to use the findings of these studies as a basis for adjusting the current health and safety policy so that it is more in tune with the new needs in the area of health, safety and environment. In doing this the policy will be tested in terms of the principles of Corporate Social Responsibility. At the same time the internal and external reporting system for supporting the *SHE* policy will be modified in a suitable way.

// Safety

The most important elements of Recticel's safety policy are:

- ▶ *Zero industrial accidents is the standard aspired to.*
- ▶ *On most sites safety campaigns are launched very regularly in order to keep the topic up to date.*
- ▶ *Information sessions are regularly organised on a Group level where expertise regarding prevention of accidents and/or the reduction of risk factors is exchanged.*
- ▶ *With new acquisitions and/or joint ventures, attempts are made to integrate the Group's safety policy as quickly as possible.*

Environmental Care

After evaluation of the consumption of fossil fuels and electricity consumption it can be stated that the business activities of the Group can be categorised as 'low to medium CO₂ intensive' (low to medium carbon intensive).



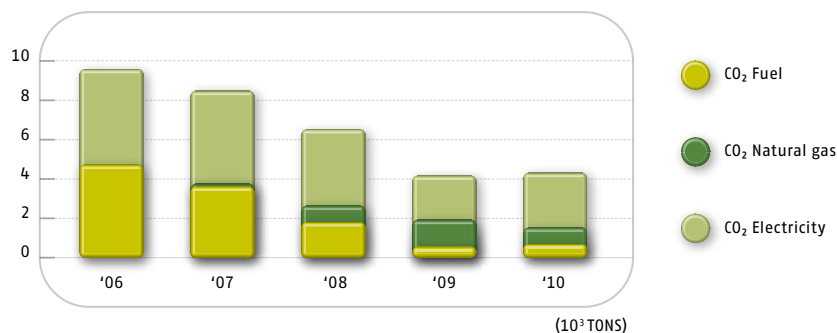
In spite of this favourable starting point, Recticel perseveres in trying to eliminate any environmental impact or keep it to an absolute minimum. The Group thus focuses its search on production processes which manage natural resources and energy more efficiently. The reduction of waste and emissions is also high up on the agenda. The Group thus hopes to reduce the burden of business activities on the environment even further as is appropriate within the framework of a sustainable enterprise like Recticel.

In addition to the environmental goals in the area of production, Recticel is also aiming to develop products which make a positive contribution to sustainable growth due to their intrinsic characteristics. Examples which illustrate this are:

- The substantial reduction of the weight of cars by the use of lighter materials such as polyurethane results in fuel savings (and consequently lower CO₂ emissions).
- The use of lightweight innovative PU foams to replace heavier metal and wood in furniture. Lighter end products result in lower fuel consumption when they are transported.
- The increasing use of polyurethane as thermal insulation in buildings also results in immediate lower energy consumption and thus lower CO₂ emissions.
- The re-use of offcuts from the manufacturing process. The recycling of these offcuts to make new products and applications reduces the volume of waste.

" Our activities are categorised under the low to medium CO₂ intensive (low to medium carbon intensive) business lines. "

// Care for the environment: Wetteren Factory (Belgium) CO₂ emissions



Social commitment

As a responsible enterprise Recticel also tries to make its contribution to solutions for social problems which go beyond its pure business nature. In this context, initiatives are usually undertaken on a local level where the sites and/or the employees support certain charities, specific projects and/or local communities. The support given can vary from typical financial contributions to the provision of services and goods for these good causes.

// Samusocial, Brussels

ASSISTANCE TO THE HOMELESS AND ASYLUM SEEKERS

At the end of 2010 Recticel gave the Brussels Samusocial organisation a total of 600 mattresses and slat bases. Samussocial is a non-profit rescue organisation which aims to use mobile intervention teams in Brussels to provide urgent medical and social assistance to people who are in dire need of it or are too weak or socially dislocated to provide for their own needs or to express them correctly.







06 Shareholders' information

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Shareholders' information

NUMBER OF SHARES

" AFTER STRIPPING
THE VVPR-SHARES,
RECTICEL WILL
RETAIN ONLY ONE
SHARE CLASS. "

During the past year the total number of Recticel shares in issue has remained unchanged. No warrants were executed, nor were any shares purchased. The shares are listed on NYSE Euronext™ in Brussels.

At the end of October 2010 a '*Corporate action*' took place where all outstanding VVPR-shares ⁽¹⁾ were exchanged for an equal number of ordinary shares, plus a proportionate number of VVPR-strips. Holders of VVPR-strips benefited from a reduced withholding tax of 15% on the dividends that were paid on the ordinary shares (withholding tax of 25%). Since then the Recticel shares structure is as follows:

| TYPE | PREVIOUS SITUATION | | NEW SITUATION | | MARKET SEGMENT | CODE | ISIN NUMBER |
|--|--------------------|-------------|-------------------|-------------|-------------------|------|---------------|
| | NUMBER | % | NUMBER | % | | | |
| Ordinary shares | 28 499 411 | 98.51% | 28 931 456 | 100% | Continuous market | REC | BE 0003656676 |
| VVPR shares | 432 315 | 1.49% | 0 | 0% | Fixing market | RECV | BE 0005121778 |
| Total number of shares with voting rights | 28 931 456 | 100% | 28 931 456 | 100% | | | |
| VVPR strips | 0 | | 432 315 | 100% | Fixing market | RECS | BE 0005639134 |
| Total VVPR strips | 0 | | 432 315 | 100% | | | |

Reuters code RECTL.BR
Bloomberg code REC.BB

The shares are either bearer (in denominations of 1, 10, 100 or 1 000 shares) or registered.

Within the framework of the new Belgian legislation that came into force on 1 January 2008, all bearer shares (printed or deposited on a securities account with a financial institution) were converted into dematerialised shares. By 1 January 2014 all shares will consist of either registered (nominative) and/or dematerialised shares.

(1) VVPR = Reduced Withholding tax/Précompte Réduit.

"The exchange of the former VVPR-shares increases the tradability and therefore the liquidity of the Recticel-share."

// Distribution among shareholders at 31 DEC 2010

| SHAREHOLDER | | NUMBER OF SHARES | (a) |
|---|------------|---------------------|---------------|
| Compagnie du Bois Sauvage sa | Belgium | 8 288 006 | 28.65% |
| Entreprises et Chemins de Fer en Chine sa | Belgium | 308 024 | 1.06% |
| SUBTOTAL | | 8 596 030 | 29.71% |
| Vean nv and LMCL Comm. VA | Belgium | 817 188 | 2.82% |
| Rec-Man & Co | Luxembourg | 295 836 | 1.02% |
| Sihold nv | Belgium | 745 105 | 2.58% |
| Audhumla sa | Belgium | 139 440 | 0.48% |
| Sallas bm | Belgium | 103 377 | 0.36% |
| Debco nv | Belgium | 9 766 | 0.03% |
| Law sa | Belgium | 2 369 | 0.01% |
| Physical persons <1% | Belgium | 308 768 | 1.07% |
| SUBTOTAL | | 2 421 849 | 8.37% |
| TOTAL SHAREHOLDERS' GROUP around Compagnie du Bois Sauvage | | 11 017 879 | 38.08% |
| Mercator Verzekeringen (Group La Bâloise, Switzerland) | Belgium | 1 260 630 | 4.36% |
| Public | | 16 652 947 | 57.56% |
| TOTAL | | 28 931 456 | 100% |

(a) Since each share confers one voting right, the percentages also correspond to the voting control.

SHAREHOLDER MOVEMENTS

| in '000 EUR | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Subscribed capital at 31 DEC | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Subscribed capital | 72 329 | 72 329 | 72 329 | 72 329 | 71 572 | 70 833 |
| Shareholders at 31.12 (% of number of share in issue) ^(a) | | | | | | |
| Shareholders' group around Compagnie du Bois Sauvage (including VEAN, Sinvest, Sallas, Rec-Man & Co. ⁽³⁾ , e.a.) ⁽²⁾⁽⁴⁾ | 38.08% | 38.05% | 38.64% | 36.50% | - | - |
| Rec-Man & Co, Belgium ⁽³⁾ | - | - | - | - | 3.60% | 3.65% |
| Rec-Hold, Belgium ⁽¹⁾⁽²⁾ | - | - | - | - | 27.03% | 27.31% |
| Rec-Les (Lessius), Belgium ⁽¹⁾ | - | - | - | - | 9.10% | 12.84% |
| Bestinver Gestion, Spain | - | 8.12% | 13.46% | 12.64% | 6.56% | - |
| Mercator Verzekeringen, Belgium | 4.36% | 5.45% | 6.40% | 6.45% | 8.77% | 8.86% |
| Farrington Capital Management, Switzerland | - | 3.49% | - | - | - | - |
| KBC Asset Management, Belgium | - | 3.21% | 3.21% | - | - | - |
| ING Investment Management Belgium, Belgium | - | - | 3.02% | - | - | - |
| Richelieu Finance, France | - | - | - | 7.00% | 7.08% | - |
| Other (public) | 57.56% | 41.68% | 35.27% | 37.41% | 37.86% | 47.34% |

(a) Based on the last known transparency declaration known at that moment. Whereas each share has one vote, the percentages also correspond with the voting control.

(1) Until 2004, the participation of Lessius in Recticel was upheld via Rec-Hold. In 2004 this indirect participation was converted in a direct participation via Rec-Les.

(2) During the course of 2007, Compagnie du Bois Sauvage lifted its interest in Recticel via a number of transactions by converting the indirect participation via Rec-Hold in a direct participation. In view of this restructuring, a shareholders agreement was also signed with a number of historic Rec-Hold shareholders (m.n. VEAN, Sinvest, Sallas and others).

(3) Rec-Man is the ad hoc partnership initially established by 40 Recticel owner-managers in 1998 after the takeover by Rec-Hold of the shares package of the Generale Maatschappij/ Société Générale.

(4) Compagnie du Bois Sauvage and Entreprises et Chemins de Fer en Chine (parent company of Compagnie du Bois Sauvage) jointly own in total 8 596 030 of these shares, or 29.71% of the total number of shares in issue.

All announcements received by the Group are freely accessible on the website of the Group (www.recticel.com). Changes in the shareholding, whereby statutory barriers are exceeded either way, will be announced at the appropriate time.

" Recticel currently has a free float of about 62%. "

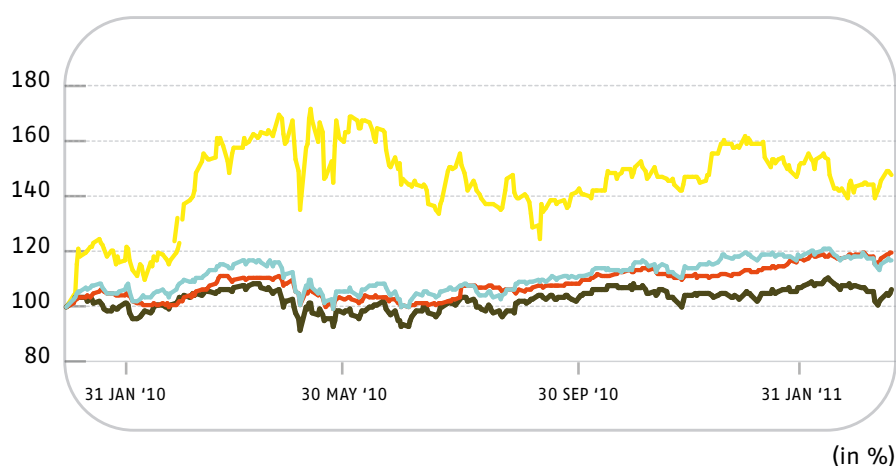
SUMMARY OF THE EVOLUTION OF THE RECTICEL SHARE AND SEVERAL LEADING INDICES

| | CLOSING PRICE | | Δ 2010 / 2009 |
|--|---------------------------|----------------------|---------------|
| | 31 DEC 2009 | 31 DEC 2010 | |
| RECTICEL (ordinary) share (in EUR) | 5.03 | 7.93 | 57.7% |
| BEL-20 index (in points) | 2 511.62 | 2 578.60 | 2.7% |
| BEL-MID index (in points) | 2 826.34 | 3 345.64 | 18.4% |
| BEL-SMALL index (in points) | 5 867.60 | 6 547.91 | 11.6% |
| DJ EURO STOXX 50 (in points) | 2 966.24 | 2 792.82 | -5.8% |
| Highest price (ordinary) share RECTICEL (in EUR) | 6.00 (17-18 September) | 8.64 (13 May) | 44.0% |
| Lowest price (ordinary) share RECTICEL (in EUR) | 1.95 (16 March) | 5.04 (04 January) | 258.5% |
| Market capitalisation (in million EUR) | 145.8 | 229.4 | 57.4% |
| Total number of shares traded | 8 117 974 | 17 807 552 | 119.4% |
| as % of total number of shares issued (at 31 december) | 28.1% | 61.6% | |
| Average daily traded volume (number of shares) | 31 981 | 68 246 | 113.4% |

The price of the Recticel-share can always be consulted directly on the following websites: www.recticel.com and www.euronext.com.

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// Trend of the Recticel share price compared to the BEL 20, the BEL Mid and the BEL Small index



— Recticel — BEL 20
— BEL Small index — BEL Small index

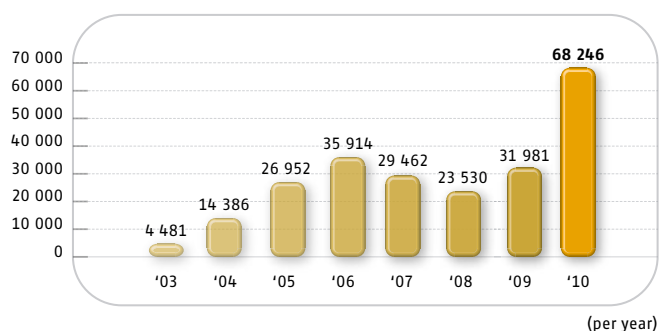
" Over the past year, the recticel share price (+57.7%) performed significantly better than the leading indices. "

LIQUIDITY OF THE RECTICEL-SHARE

" Big investor interest for the Recticel-share in 2010. "

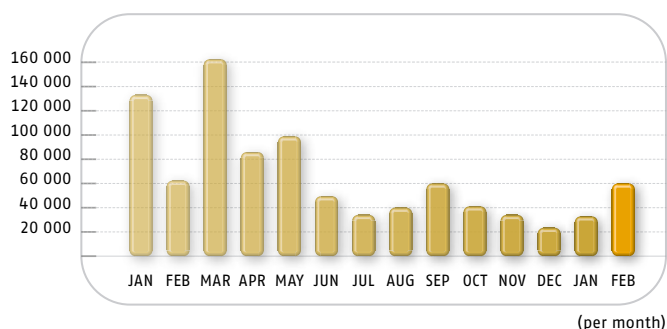
Despite the difficult and extremely volatile stock market, the general rising trend of the average daily volume over the last years has continued without any trouble. With 68 246 units, the daily volume in Recticel shares was substantially higher than the long term average over the last 7 years.

// Average daily volume in shares



Due to the gradual reduction of the Recticel equity reserved by several original reference shareholders, the gradual onset of a varied number of foreign institutional investors and the general growing interest of private and institutional investors, the group was able to see the volume of free float shares (free float) rise gradually from 33.47% in 2003 to 61.92% by the end of 2010.

// Average daily volume of shares 2010-2011



KBC Securities functions as *liquidity provider* for the Recticel share.

INCLUSION IN SHARES INDICES

The Recticel share is included in the following shares indices: situation on 31 DEC 2010 (the situation on 31 DEC 2009 in brackets).

| INDEX | WEIGHT OF RECTICEL IN INDEX |
|------------------------------------|--|
| NYSE Euronext™ BEL MID index | 1.00% (4.22% in NYSE Euronext™ BEL SMALL index) |
| IN.Flanders index | 1.70 (1.50%) |
| NYSE Euronext™ BEL Chemicals | 1.68% (1.28%) |
| NYSE Euronext™ BEL Basic Materials | 1.55% (1.19%) |

The BEL MID-index is the *benchmark* for the Belgian medium sized companies (*mid caps*) on NYSE Euronext™ in Brussels. This reference indicator has 33 shares. The weight that Recticel has in this index is 1.00%. The Recticel share was included in this category for the very first time in the middle of 2010. In the years before this, Recticel was classified in the NYSE Euronext™ SMALL index.

The IN.flanders-index is a unique shares index with a strong focus on sustainability, developed by vwd group Belgium in cooperation with KBC Asset Management. The IN.flanders-index combines the share rates of the 60 largest employers in Flanders. This index puts a strong focus on internal social policy, sustainability and the socially responsible character. Since 01 October 2010, the Recticel weight in this index has been 1.70% (compared to 1.50% in 2009).

REC
LISTED
NYSE
EURONEXT

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STOCK OPTION PLANS

Contrary to the previous years, no new warrant plan was issued in 2010 for senior executives of the Recticel Group on an international level. At the same time a former warranty plan from 2001, which was never executed, expired.

The current (on 01 JAN 2011) outstanding stock option plan can be summarized as follows:

| ISSUE | NUMBER OF WARRANTS ISSUED | NUMBER OF WARRANTS NOT YET EXERCISED | EXERCISE PRICE (IN EUR) | EXERCISE PERIOD |
|--------------|---------------------------|--------------------------------------|-------------------------|-----------------------|
| 2002 | 100 000 | 100 000 | 9.50 | 01 JAN 06 - 05 DEC 11 |
| 2006 | 306 000 | 306 000 | 9.65 | 01 JAN 10 - 21 DEC 17 |
| MAY 2007 | 48 000 | 48 000 | 10.47 | 01 JAN 11 - 01 MAY 18 |
| DEC 2007 | 390 000 | 390 000 | 9.78 | 01 JAN 11 - 02 DEC 18 |
| DEC 2008 | 540 000 | 540 000 | 4.29 | 01 JAN 12 - 23 DEC 14 |
| DEC 2009 | 584 000 | 584 000 | 5.05 | 01 JAN 13 - 21 DEC 15 |
| TOTAL | 1 968 000 | 1 968 000 | | |

→

In the middle of 2007, Recticel issued a convertible bond for a total amount of EUR 57.5 million and with a duration of 10 years. This bond loan can be converted by the holders into ordinary Recticel- shares at a current (01 January 2011) conversion price of EUR 13.42. As a result of this, a theoretical total of 4 284 649 new shares could be created. The following table provides a summary of the potential total dilution effect.

| | NUMBER | CURRENT % OF TOTAL NUMBER OF SHARES IN ISSUE | % SHARES IN ISSUE IN CASE OF FULL DILUTION |
|---|------------|--|---|
| Ordinary shares | 28 931 456 | 100% | 82.2% |
| New shares from exercise of warrants | 1 968 000 | | 5.6% |
| New shares from conversion of bond loan ⁽¹⁾ | 4 284 649 | | 12.2% |
| Total | | 100% | 100% |

(1) maximum number of new shares, without deduction of the convertible bonds bought back by the Group at the end of 2008 and in 2009.

FOLLOW-UP BY FINANCIAL ANALYSTS

At the start of 2011, there were 5 *sell-side* analysts following the Recticel share. Recticel has always acknowledged the importance of an active analyst follow-up. By being permanently available for the financial analysts, Recticel hopes to indirectly enjoy continuous increased attention from both private and professional investors, as well as with domestic and foreign investors. As a matter of fact this has resulted in a continuous improvement of the familiarity and the liquidity of the share over the past few years.

The organizations that closely monitor Recticel and regularly publish *sell-side* analysis reports are (in alphabetical order):

| situation in March 2011 | |
|-------------------------|---------------------|
| ORGANIZATION | ANALYST |
| Bank Degroof | Bernard Hanssens |
| Exane BNP Paribas | Mark Gevens |
| ING | Emmanuel Carlier |
| KBC Securities | Wim Hoste |
| Petercam | Jan Van den Bossche |

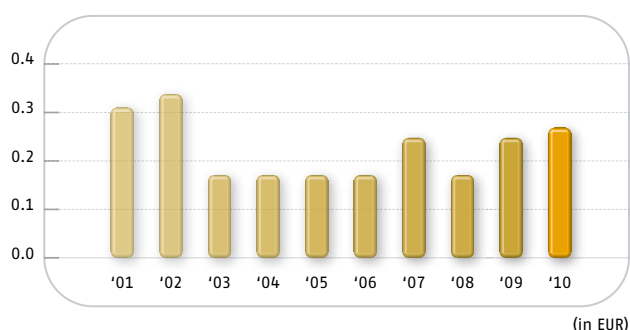
Most analyst reports are available for information purposes on the Recticel website free of charge (www.recticel.com).

DIVIDEND POLICY

The Annual General Meeting decides on the appropriation of the amounts available for the distribution, proposed by the Board of Directors.

The Board of Directors of the Group has the intention to increase the dividend as profits increase, while ensuring the possibility of investment opportunities to secure the growth of the company and the long term balance structure.

// Gross dividend per share



DIVIDEND PAYMENT

Subject to approval by the General Meeting of 10 May 2011 of the profit appropriation, a dividend of EUR 0.27 gross will be paid per share (for ordinary shares: EUR 0.2025 net (~25% withholding tax) and for shares + VVPR-strip EUR 0.2295 net (~15% withholding tax)). This dividend will be payable from 31 May 2011 on presentation of coupon no.17 at the counters of the KBC bank.

The payment for the registered shares will take place via bank transfer on the shareholders' bank account.

DIVIDEND

| | |
|-----------------------------|-------------|
| | |
| Gross dividend per share | EUR 0.27 |
| Date of payment of dividend | 31 MAY 2011 |
| On presentation of coupon | nr. 17 |

FINANCIAL CALENDAR FOR SHAREHOLDERS

| | |
|--|-------------|
| | |
| First quarter trading update 2011 (for stock exchange opening) | 10 MAY 2011 |
| Annual General Meeting | 10 MAY 2011 |
| Payment of dividend | 31 MAY 2011 |
| Publication of interim results 2011 (for stock exchange opening) | 30 AUG 2011 |
| Third quarter trading update 2011 (for stock exchange opening) | 10 NOV 2011 |



Corporate Governance statement

Recticel publishes its Corporate Governance Charter on its web site (www.recticel.com) in accordance with the assessment of the Belgian Corporate Governance Code 2009. Any interested party can download the Charter here, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy. The Recticel Corporate Governance Charter was recently updated and is endorsed by the Board of Directors of 3 March 2011. Recticel uses the Belgian Governance Code of 2009 as reference code.

This chapter contains information regarding Corporate Governance in general and, the application of the Code during the last financial year in particular.

In accordance with the Companies Code, the Board of Directors is authorized to undertake all necessary actions to achieve the company's objective, except those that only the General Meeting is authorized to perform by law. The competencies of the Board of Directors are not limited any further by the statutes.

The internal regulations of the Board of Directors are described in Recticel's Corporate Governance Charter.

COMPOSITION OF THE BOARD OF DIRECTORS

Recticel's Board of Directors currently consists of twelve members. There are four independent Directors and seven non-Executive Directors. One Director, Olivier Chapelle BVBA, Chief Executive Officer, is the Executive Director. The Chief Executive Officer represents the management and five Directors represent the reference shareholders.

The following table provides an overview of the members of Recticel's Board of Directors during the financial year 2010 to date.

| NAME | FUNCTION | TYPE | YEAR OF BIRTH | |
|----------------------------------|---|--|---------------|--|
| Etienne DAVIGNON | Voorzitter | Non-executive | 1932 | |
| Olivier CHAPELLE ⁽¹⁾ | Managing Director (from 1/4/2010) | Executive | 1964 | |
| Luc VANSTEENKISTE ⁽²⁾ | Managing Director (till 31/3/2010) Vice Chairman (from 1/4/2010) | Non-executive | 1947 | |
| Guy PAQUOT | Vice Chairman (from 1/4/2010) | Non-executive | 1941 | |
| Pol BAMELIS ⁽³⁾ | Director | Independent | 1939 | |
| André BERGEN ⁽⁴⁾ | Director (from 3/3/2011) | Independent | 1950 | |
| Vincent DOUMIER | Director | Non-executive | 1955 | |
| Henk JANSSEN ⁽⁵⁾ | Director | Non-executive | 1958 | |
| Wilfried VANDEPOEL | Director | Independent (till 17/5/2011) Non-executive (from 18/5/2011) | 1945 | |
| Tonny VAN DOORSLAER | Director | Independent | 1951 | |
| Louis H. VERBEKE ⁽⁶⁾ | Director | Independent (till 4/11/2010) Non-executive (from 5/11/2010) | 1947 | |
| Klaus WENDEL | Director | Independent | 1943 | |
| Luc WILLAME ⁽⁷⁾ | Director | Independent | 1943 | |
| Jacqueline ZOETE | Director | Independent | 1942 | |

(1) in his capacity as Manager of Olivier Chapelle BVBA.

(2) in his capacity as Chief Executive Officer of Vean NV.

(3) in his capacity as Chief Executive Officer of Pol Bamelis NV.

(4) in his capacity as Manager of André Bergen Comm. V.

(5) in his capacity as Chief Executive Officer of Mercator Verzekeringen NV.

(6) in his capacity as Manager of Louis Verbeke BVBA.

(7) in his capacity as Chief Executive Officer of Sogelam NV.

AMENDMENTS SINCE THE PREVIOUS ANNUAL REPORT – STATUTORY APPOINTMENTS – PRESENTATION OF NEW DIRECTORS

As proposed by the Board of Directors and the recommendation by the Remuneration and Nomination Committee in the Annual General Meeting dated 11 May 2010, the Director's mandates of Mr. Tonny VAN DOORSLAER and Klaus WENDEL were renewed for a period of three years which will end after the Annual General Meeting of 2013. The Director's mandate of the limited company "*POL BAMELIS*", represented by Mr. Pol BAMELIS, is renewed for a period of one year and will end after the Annual General Meeting of this year 2011.

Moreover, in the Annual General Meeting dated 11 May 2010, the Director's mandate of the BVBA "*OLIVIER CHAPELLE*", represented by Mr. Olivier CHAPELLE, was confirmed for a period which will end after the Annual General Meeting of 2012 and Mrs. Jacqueline ZOETE was appointed new Director for a period of two years, which will end after the Annual General Meeting of 2012.

| | START OF MANDATE | END OF MANDATE | PRIMARY FUNCTION OUTSIDE OF RECTICEL | MEMBERSHIP COMMITTEE |
|--|---------------------|-------------------|--|-----------------------------|
| | 1992 | 2012 | | RC (till 3/3/2011) AC |
| | 2009 | 2012 | | MC (from 1/4/2010) |
| | 1991 | 2012 | Sioen Industries NV Chairman | |
| | 1985 | 2012 | Compagnie du Bois Sauvage NV Chairman | RC |
| | 2004 | 2011 | | |
| | 2011 | 2013 | | RC AC (from 3/3/2011) |
| | 2007 | 2011 | Compagnie du Bois Sauvage NV Managing Director | AC |
| | 2005 | 11/5/2010 | Mercator Verzekeringen NV Managing Director | |
| | 1999 | 2012 | Lessius Corporate Finance NV Managing Director | AC |
| | 2004 | 2013 | Spector Photo Group NV Chairman | AC |
| | 1998 | 2012 | Vlerick Leuven Gent Management School Chairman | RC |
| | 2005 | 3/3/2011 | | AC (till 3/3/2011) |
| | 2008 | 2012 | | RC |
| | 2010 | 2012 | | |

AC = Audit Committee
MC = Management Committee
RC = Remuneration & Nomination Committee

Mr. Klaus WENDEL and the limited company "*POL BAMELIS*", represented by Mr. Pol BAMELIS, were also appointed independent Directors, in the sense of article 524 §2 and 526bis §2 of the Companies Code. They meet all the criteria indicated in article 526ter of the Companies Code. They also meet the independence criteria of the Code on Corporate Governance 2009.

It should also be noted that the BVBA "*LOUIS VERBEKE*", represented by Mr. Louis VERBEKE, is no longer an independent Director since 5 November 2010, as he had reached the legal maximum period of twelve years at that moment. Since then, he has been acting as non-Executive Director. Mr. Wilfried VANDEPOEL will remain independent Director up to 18 May 2011 after which he will also become a non-Executive Director, as he will also have reached the same maximum period.

On 3 March 2011 Mr. Klaus WENDEL resigned as member of the Board of Directors. The Board of Directors co-opted the new limited company "*ANDRE BERGEN*", represented by Mr. André BERGEN, to complete the Directors' mandate of Mr. Klaus WENDEL, which expires in May 2013. The new limited company "*ANDRE BERGEN*", represented by Mr. André BERGEN, also became Chairman of the Audit Committee and member of the Remuneration and Nomination Committee at the same time.

The mandate of Mr. Vincent DOUMIER, as non-Executive Director, as well as the mandate of the limited company "*POL BAMELIS*", represented by Mr. Pol BAMELIS, as independent Director, ends after the Annual General Meeting of this year 2011.

The Board of Directors will propose the following appointments at the Annual General Meeting of 10 May 2011:

- The renewal of the mandate of Mr. Vincent DOUMIER for a new period of four years which will end after the Annual General Meeting of 2015.
- Ratification of the resignation of Mr. Klaus WENDEL as Director starting 3 March 2011 and definite replacement by the new limited company "*ANDRE BERGEN*", represented by Mr. André BERGEN, for the remaining duration of the mandate, which will end after the Annual General Meeting of 2013.
- Replacing the limited company "*POL BAMELIS*", represented by Mr. Pol BAMELIS, appointing Mr. Pierre Alain DE SMEDT as Director for a period of four years which will end after the Annual General Meeting of 2015.

The Board of Directors also suggests appointing Mr. Pierre Alain DE SMEDT and the new limited company "*ANDRE BERGEN*", represented by Mr. André BERGEN, as independent Directors, in the sense of article 524 §2 and 526bis §2 of the Companies Code, until the maturity of their mandate. They meet all the criteria indicated in article 526 ter of the Companies Code. They also meet the independence criteria of the Code on Corporate Governance 2009.

Mr. André Bergen (1950) has a Masters degree in Economy from the Catholic University of Leuven, and was CEO of the KBC Group from 2003 through 2009. From 1999 through 2003 he was the CFO of Agfa Gevaert, after a long career in banking at the earlier Generale Bank and Kredietbank. Currently he is also Director at amongst other NYSE Euronext™, Cofinimmo, Taminco and Ahlers.

Mr. Pierre Alain De Smedt (1944) has a Masters degree in Business Engineering and in Commercial and Financial Sciences from the Université Libre de Bruxelles. From 1966 through 1973 he held various functions at Bosch, Siemens and Solvay. He was CFO and CEO at Volkswagen Brussels from 1973 through 1987. From 1988 through 1989 he was CEO of Tractebel, after which he returned to the Volkswagen Group, where he fulfilled various international functions, before moving on to the Renault Group, as Vice Director-General from 1999 through 2004. He is currently Chairman of the VBO and holds various other Directors' mandates at amongst other Febiac, Deceuninck, Alcopia, Belgacom and Avis Europe.

OPERATION OF THE BOARD OF DIRECTORS

The Board of Directors gathered a total of six times in 2010. One meeting handled mainly the 2010 budget and two meetings handled the establishment of the annual accounts as per 31 December 2009 and the mid-year accounts as per 30 June 2010. One meeting exclusively handled a revision of the strategy of the Recticel Group.

Each meeting also addressed the state of affairs per department and the most important current and/or divestment files. Other subjects (human resources, external communication, litigations and legal issues, delegations of authority and such) are discussed as and when necessary.

The written decision procedure was not applied in 2010.

Mr. Philippe JOUS, Corporate General Counsel and General Secretary, fulfilled the role of Secretary of the Board of Directors and was assisted by Mr. Dirk VERBRUGGEN, Company Secretary.

The individual attendance rate of the Directors at the meetings in 2010 was:

| Etienne DAVIGNON | 100% |
|---------------------|------|
| Guy PAQUOT | 66% |
| Luc VANSTEENKISTE | 100% |
| Olivier CHAPELLE | 100% |
| Pol BAMELIS | 50% |
| Vincent DOUMIER | 83% |
| Henk JANSSEN * | 50% |
| Wilfried VANDEPOEL | 83% |
| Tonny VAN DOORSLAER | 83% |
| Louis VERBEKE | 83% |
| Klaus WENDEL | 83% |
| Luc WILLAME | 100% |
| Jacqueline ZOETE ** | 100% |

* End of mandate on 11 May 2010/percentage of two meetings.

** Commencement of mandate on 11 May 2010/percentage of four meetings.

COMMITTEES SET UP BY THE BOARD OF DIRECTORS

→ THE AUDIT COMMITTEE

In accordance with Company law, the Audit Committee governs the financial reporting process, the effectiveness of the internal control and risk management systems of the company, the internal audit, the statutory control of the annual accounts and the consolidated accounts, and the Auditor's independence. The Audit Committee's internal regulations are included in the Corporate Governance Charter.

The Audit Committee consists of five members. All members are non-Executive Directors and two of the members, including the Chairman, are independent members. Mr. Philippe Jous, Corporate General Counsel & General Secretary, is the secretary of the Audit Committee.

The composition of the Audit Committee complies with the stipulations of Recticel NV's statutes and the relevant provisions of the Companies Code, but does not comply with principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which provides that at least the majority of the members of the Audit Committee must be independent. Recticel's Board of Directors contends to meet the spirit of this provision, since it still considers Mr. Etienne DAVIGNON as independent in this context. Mr. Davignon meets all relevant requirements, except the maximum period of twelve years of his mandate.

In accordance with article 526bis of the Companies Code, Recticel NV declares that the Chairman of the Audit Committee, previously Mr. Klaus Wendel and currently Mr. André Bergen, meets the independence requirements and that they possess the requisite expertise in accounting and auditing.

The following table contains the members of the Audit Committee during the financial year 2010 to date.

| NAME | FUNCTION | ATTENDANCE RATE IN 2010 |
|-----------------------------|----------|-------------------------|
| Klaus WENDEL ⁽¹⁾ | Chairman | 100% |
| André BERGEN ⁽²⁾ | Chairman | NA |
| Etienne DAVIGNON | Member | 80% |
| Vincent DOUMIER | Member | 100% |
| Wilfried VANDEPOEL | Member | 80% |
| Tonny VAN DOORSLAER | Member | 100% |

(1) Resignation on 3 March 2011.

(2) Chairman since 3 March 2011.

The Audit Committee convened five times in 2010. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2009 and the interim accounts per 30 June 2010. All meetings also focus on the internal audit program, risk management, taxation and IFRS related accounting questions.

→ THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of Directors and members of the Management Committee and will in future prepare and explain the remuneration report at the Annual General Meeting. They also make the necessary proposals regarding the evaluation and re-nomination of Directors as well as the appointment and induction of new Directors. The internal regulations of the Remuneration and Nomination Committee are included in Recticel's Corporate Governance Charter.

The Remuneration and Nomination Committee consists of three members, all non-Executive Directors, of which two are independent Directors. Mr. Dirk Verbruggen, Company Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

The composition of the Remuneration and Nomination Committee meets the new requirements with respect to the Companies Code, as well as the requirements of the Belgian Corporate Governance Code.

The Committee is composed as follows:

| NAME | FUNCTION | ATTENDANCE RATE IN 2010 |
|---------------------------------|----------|-------------------------|
| Etienne DAVIGNON ⁽¹⁾ | Chairman | 100% |
| Luc WILLAME ⁽²⁾ | Chairman | 66.66% |
| André BERGEN ⁽³⁾ | Member | NA |
| Louis VERBEKE | Member | 100% |

(1) Resignation on 3 March 2011.

(2) Resignation on 3 March 2011.

(3) Member since 3 March 2011.

In accordance with article 526ter of the Companies Code, Recticel declares that the Remuneration and Nomination Committee possesses the necessary expertise in the area of remuneration policy.

The Remuneration and Nomination Committee convened twice in 2010.

The first meeting dealt with the salaries and bonuses of Executive Management and the second meeting dealt with the Law of 6 April 2010 to strengthen the Corporate Governance of listed companies and in particular the provisions concerning the remuneration report as well as the new criteria for granting a compensation to the Executive Management and the obligation of distribution of the variable compensation in time.

→ From left to right, standing: Paul Werbrouck, Jean-Pierre De Kesel, Philippe Jous, Marc Clockaerts, Bart Wallaëys, Eduard Dupont, Jean-Pierre Mellen and Olivier Chapelle.
From left to right, seated: Caroline Deschaumes, Jan De Moor, Robert Westdijk and Betty Bogaert.



THE EXECUTIVE MANAGEMENT

The Board of Directors, commencing 1 April 2010, have entrusted the company to BVBA "OLIVIER CHAPELLE", located in 1180 Brussels, Drève Pittoresque, 83, represented by its Manager and permanent representative, Mr. Olivier CHAPELLE.

The Chief Executive Officer is assisted by the Management Committee, of which the members (for the period 2010 to present) are indicated in the following list:

| NAAM | FUNCTIE |
|-----------------------------------|--|
| Olivier CHAPELLE ⁽¹⁾ | Chief Executive Officer (as from 1/4/2010) |
| Luc VANSTEENKISTE ⁽²⁾ | Chief Executive Officer (until 31/3/2010) |
| Betty BOGAERT | Group ICT & Business Support Manager |
| Marc CLOCKAERTS ⁽³⁾ | Group General Manager Automotive |
| Dominique DECLERCK ⁽⁴⁾ | Deputy General Manager Flexible Foams |
| Jean-Pierre DE KESEL | Deputy General Manager Bedding |
| Jan DE MOOR ⁽⁵⁾ | Group Human Resources & Corporate Communication Manager |
| Caroline DESCHAUMES | Group General Manager Bedding |
| Edouard DUPONT | Group General Manager Flexible Foams |
| Philippe JOUS ⁽⁶⁾ | General Secretary & Corporate General Counsel |
| Jean-Pierre MELLE ⁽⁷⁾ | Chief Financial Officer |
| Bart WALLAEYS | Group Manager Research and Development |
| Paul WERBROUCK | Group General Manager Insulation |

(1) commencing 1 April 2010 in his capacity as Manager and permanent representative of Olivier Chapelle BVBA.

(2) till 31 March 2010 in his capacity as Chief Executive Officer and permanent representative of Vean NV.

(3) in his capacity as Manager and permanent representative of Emsee BVBA.

(4) till 28/10/2010 in his capacity as permanent representative of Dymis Distribucion S.L.

(5) in his capacity as Manager and permanent representative of Cape-3 BVBA.

(6) in his capacity as Manager and permanent representative of Caamous Comm.VA.

(7) since 1 January 2011 in his capacity as Manager and permanent representative of De Ster BVBA.

The Management Committee has an advisory role on behalf of the Board of Directors as a whole and is not an executive Committee in the sense of the Companies Code.

TRANSACTIONS AND OTHER CONTRACTUAL TIES BETWEEN THE COMPANIES AND LINKED COMPANIES AND THE DIRECTORS OF THE MANAGEMENT COMMITTEE

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on transactions that are not included in the conflict of interest scheme.

Commercial transactions, which are mainly the result of a joint product development, occur between the Sioen Group and the Recticel Group.

More specifically, the Recticel Group companies purchased for EUR 1 348 000 in 2010 and sold for EUR 142 000 with companies of the Sioen Group.

During 2010 there were no conflicts of interest between a Director and the company as indicated in article 523 and 524 of Companies Code except with regard to the amendment of the management services agreement of VEAN NV, represented by Mr. Luc VANSTEENKISTE, which provided a fixed compensation of a total of EUR 66 666.67 per month, in the context of the allocation of a special bonus of EUR 486 250 for the particular services provided in 2009 by VEAN NV, whereby the last mentioned had a conflict of interest. The procedure of article 523 was applied. This refers to the statutory annual report, containing an extract of the minutes of 2 July 2010, which can be consulted on Recticel's website.

No other applications occurred in this regard.

INSIDER TRADING AND MARKET MANIPULATION

The company policy regarding the prevention of insider trading and market manipulation is further explained in chapter VII.2 of Recticel's Corporate Governance Charter.

These measures include the implementation of restrictions on the execution of transactions (« *closed periods* ») applicable since 2006.

Mr. Dirk VERBRUGGEN was appointed as Compliance Officer, responsible for monitoring the observance of these regulations.

RELATIONSHIPS WITH THE REFERENCE SHAREHOLDERS AND OTHER ELEMENTS RELATED TO POSSIBLE PUBLIC TAKEOVER BIDS

Recticel NV is controlled by a group of shareholders that are bound by a shareholder agreement dated 22 August 2007. This shareholders agreement runs for a period of three years and, except for early termination, is automatically renewable for periods of one year.

The shareholders agreement provides that the shareholders will collectively support Recticel's strategy and that they will take on a collective position in the Annual General Meeting. A resale right and royalties right also exist.

These shareholders linked by a shareholders agreement also act in consultation with Rec-Man & Co S.C.A., a company of Recticel managers, holding 295 836 Recticel shares (1.02%), and other Recticel managers via a company and/or in personal name. In accordance with article 74 of the Law on Public Takeover, this group of shareholders have informed Recticel and the Authority for Financial Services and Markets (FSMA – Financial Services and Markets Authority) of the legally stipulated notification.

The cooperating shareholders on 31 December 2010 were:

| NAME | NUMBER OF SHARES | % |
|---|-------------------|---------------|
| Compagnie du Bois Sauvage S.A. | 8 288 006 | 28.65 |
| Entreprise et Chemin de Fer en Chine S.A. | 308 024 | 1.06 |
| Vean N.V. (Luc Vansteenkiste) | 767 188 | 2.65 |
| LMCL Comm. VA (Luc Vansteenkiste) | 50 000 | 0.17 |
| Sihold N.V. | 745 105 | 2.58 |
| Debco N.V. | 9 766 | 0.03 |
| AB Holding SPF SA (previously Law S.A.) | 2 369 | 0.01 |
| Cape-3 BVBA (Jan De Moor) | 1 200 | <0.01 |
| Sallas (Coopman-De Baedts) | 103 377 | 0.36 |
| Physical people < 1% | 103 647 | 0.36 |
| Rec-Man & Co S.C.A. | 295 836 | 1.02 |
| TOTAL | 10 674 518 | 36.896 |



Here follows the overview of the shareholders who, under the statutes of the law, have addressed a notification to the company and to the FSMA (previously the CBFA):

| NAME | NUMBER OF SHARES | % |
|--|------------------|--------|
| Shareholders group around Compagnie du Bois Sauvage NV, acting in agreement (detail above) | 10 674 518 | 36.896 |
| Mercator Verzekeringen NV | 1 260 630 | 4.357 |
| Public | 16 996 308 | 58.747 |

The capital structure, with the number of shares, strips, convertible bonds and warrants of the company can be found in the chapter "*Information on the Share*" of this Annual report.

There are no legal or statutory limitations on transfer of securities. There are no securities with special control rights. There is no mechanism for the control of any employee share scheme. There are no legal or statutory restrictions on the exercise of voting rights, for as far as the shareholder is legally represented at the Annual General Meeting, and his/her voting rights have not been suspended for any reason.

In accordance with the powers granted at the Annual General Meeting on 20 May 2008, and incorporated in article 6 of the Statute, the Board of Directors have certain powers to issue new shares, convertible bonds, bonds or subscription rights, with or without preferential rights, and offering these to shareholders or other persons, with restriction of the preferential right, under the Companies Code. In this way capital can be increased up to an amount equal to the current subscribed capital, EUR 72 328 640, in all possible ways. The authorization is valid for a period of three years, and if appropriate, proposals for renewal are made. It may even be exercised after receipt of the notice given by CBFA (now FSMA) that a notice of public takeover was submitted.

Under article 15 of the status the company is entitled to acquire or dispose of its own shares of the company, without a decision by the Annual General Meeting, if this acquisition is necessary in order to avoid an imminent and serious harm to the company under article 620 or 622 of the Companies Code.

There are no agreements between the company and its Directors or employees that would provide for compensations after a public takeover bid, the Directors resigning or departing without any valid reason, or the employment of the employees being terminated.

The following agreements, whereby the company is party, contain the clauses that take effect, undergo changes or end in the event of a change of control of Recticel:

- The "*Senior Facilities Agreement*" undersigned on 1 February 2008 between Recticel NV and Recticel International Services NV on the one hand, and Fortis Bank NV, ABN Amro Bank NV, Commerzbank AG and KBC Bank NV on the other, for an amount of EUR 230 000 000, where, in the event of a change of control, the credit becomes redeemable;
- The conditions of the 1 150 convertible bonds of EUR 50 000, for a total amount of EUR 57 500 000, issued on 11 July 2007, and providing a put option for the bond holders and an amendment of the conversion prices, in the even of a change of control of Recticel.

These clauses were specifically approved by Recticel's General Meeting.

EXTERNAL AUDIT

The external audit of Recticel NV's company and consolidated annual accounts were entrusted to the limited liability cooperative company "*DELOITTE Bedrijfsrevisoren*", represented by Mr. Kurt DEHOORNE at the Annual General Meeting of 2010.

The Auditor conducts its audits in accordance with the standards of the Belgian Institute of Company Auditors and delivers a report which confirms if the company annual accounts and the consolidated financial statements of the company reflect a true image of the assets, financial condition and results of the company. The Audit Committee investigates and discusses these bi-annual reports in the presence of the Auditor, and afterwards also with the Board of Directors.

The Auditor's remuneration on the audit of Recticel NV's company and consolidated account and the consolidated financial statements intended in article 134, §1 of the Companies Code, amounts to EUR 250 000 per year, to be indexed. Apart from this remuneration the Auditor also invoiced EUR 19 800 for additional audits and EUR 32 450 for tax advisory orders. The details of these compensations are included in the explanatory notes on VOL 5.15 in the statutory annual account.

The global amount of the Auditor's remunerations for additional services to the Recticel Group amount to EUR 483 458. This global amount includes a sum of EUR 27 100 for additional audit, legal and corporate finance assignments. Since the Auditor's total service fees amount to a group level of EUR 809 75, the limit intended in article 133 of the Companies Code on consolidated level is not exceeded.

Details on these compensations are included in the explanatory notes in the financials part of the Consolidated Annual report.

The Auditor's mandate was extended in 2010 and will end after the Annual General Meeting of 2013.



INTERNAL CONTROL AND RISK MANAGEMENT

Every entity exists to create value for the stakeholders and this forms the basis of risk management for every company. The challenge that faces the Board of Directors and Executive Management is in determining how much uncertainty they wish to accept in their strive for creating value. The value is maximized if the administration is successful in creating an optimal balance between growth and turnover on the one hand and the connected risks on the other.

Identifying and quantifying the risks and setting up and maintaining an efficient control mechanism is the responsibility of Recticel Group's Board of Directors and Executive Management.

The framework for internal control and risk management applied by the Recticel Group is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model and is in line with the requirements imposed by the Belgian Corporate Governance Code, taking into account the Recticel Groups size and specific needs.

Since mid 2010 the Board of Directors and the Executive Management have reviewed the framework for internal control and risk management and an amended Compliance programme is currently being developed and systematically implemented.

The basis will be formed by a revised Code of Conduct, applicable on all Recticel Directors, Corporate officers and employees.

These principles are further explained in the Business Control Guide, which explains them in more detail and provides more concrete guidelines, for instance guidelines on the level of Tax Management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.

This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence.

The Board of Directors and Executive Management regularly reviews the most important risks that the Recticel Group is exposed to and submits a list of priorities. A general description of the risks can be found in the financial part of this annual report under chapter VIII.

One of the objectives of the internal control and risk management system is also to ensure a timely, complete and accurate communication. To this end the Business Control Guide and all other guidelines contain the necessary regulations on roles and responsibilities. Also, the necessary attention is given to ensuring the security and confidentiality of the data exchange, if and when necessary.

The Recticel Group is also working on revising its internal reporting system in the event of violation of its internal or external laws and regulations.

The Audit Committee, amongst other, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Recticel Group have also setup an Internal Audit department that works based on an Internal Audit Charter. The Internal Audit has the primary function of delivering reports with opinions and other information on whether the internal audit is successful in meeting the pre-determined criteria. The Internal Audit aims at providing the necessary security that the Strategic objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

- the reliability and integrity of the information;
- compliance with policies, plans, procedures, laws and agreements;
- safeguarding of assets;
- economical and efficient use of resources;
- achieving the goals set by operations and programs.

REMUNERATION REPORT

→ INTRODUCTION

The Recticel Group's Remuneration policy can be found in the Corporate Governance Charter on the Recticel web site. This policy was also extensively included in the Annual report of 2009.

No further changes were made in 2010.

The Board of Directors of the Group have determined the remuneration of the Management Committee (hereafter the "*Executive Management*" or the "*senior managers*") on recommendation of the Remuneration and Nomination Committee .

In order to assist the Committee in its analysis of the competitive environment in Belgium and Europe, as well as other factors that are necessary for the evaluation of remuneration matters by the Committee, the Committee can call on the services of internationally acknowledged remuneration consultants.

The Remuneration and Nomination Committee have reaffirmed the principles of the Remuneration policy for 2011, however, considering the remuneration of the Directors, they have suggested to replace the Director's fees with a fixed annual compensation. The Board of Directors has accepted this proposal and will submit a proposal on this for approval to the Annual General Meeting. The system of the Directors' fees, associated with the outcome and dividend of the company was otherwise not in accordance with a strict interpretation of the Corporate Governance Code, as indicated in the previous Annual report, and for this reason is replaced. These changes will, if approved by the Annual General Meeting, lead to the Directors receiving a once off double remuneration in 2011, in other words the Directors' fees for 2010, and the fixed compensation for 2011.

Remuneration of the Directors

The company's Directors are rewarded for their services with a fixed remuneration per attended meeting. The remuneration is determined by the council, but cannot exceed the maximum decided on in the Annual General Meeting of the shareholders for the following year. The Chairman of the Board receives a remuneration of 200% of the personal remuneration specified for other members of the Board.

The Board decides on additional remunerations for Committee members. The Chairman of the Committees receives a remuneration of 150% of the personal remuneration specified for other members of the Committee. The level as well as the structure of the remuneration of the Directors is reviewed annually.

In article 44, the statutes of the company determine that, if and when the annual general shareholders meeting decide to pay out a dividend on the shares, one sum equal to two percent of the Nett-amount of the dividend will be appointed as gross-remuneration to the Directors, who will then divide this sum between them according to the fixed regulations.

Non-Executive Directors of the Company receive no remuneration, bonus or equity-linked or other incentives for the company and its affiliates except as remuneration for their past services to the Company and/or its affiliates. The company will not grant credit, or maintain credit or award credit in the form of a personal loan, to any member of the company.

Remuneration of the Executive Management

The remuneration of the Executive Management is calculated to:

- ensure that the company can attract, motivate and retain stable talent of a high calibre with great potential, with the view of measuring up to regional and international concurrent;
- motivate the achievement of Board approved objectives, with the view at increasing short, medium and long term shareholder value;
- stimulating, acknowledging and awarding personal and team performances.

The level as well as the structure of the remuneration of the Executive Management is reviewed annually.

The remuneration package for the Executive Management combines three integrated elements, which together is the "*total direct remuneration*". These integrated elements are the basic salary, the annual incentive bonus and the long-term incentives. The company will not grant credit, or maintain credit or award credit in the form of a personal loan or extend an existing credit, to any member of the Executive Management.

When determining the remuneration levels for the Executive Management, along with the internal factors, the remuneration of executives in Belgian multinational companies and medium sized companies are also taken into account. It is the intention to establish remuneration levels that, in general, lie on or around the average market level, for as far as the results of the company allow this.

→ PUBLICATION OF THE REMUNERATIONS OF THE DIRECTORS AND THE MEMBERS OF THE EXECUTIVE MANAGEMENT

Gross remunerations of the Directors

Since 2006 Directors have received a remuneration of EUR 1 650 per attended meeting, and the Chairman has received double this amount. The members of the Audit Committee received EUR 2 500 per attended meeting and the Chairman EUR 3 750. The members of the Remuneration and Nomination Committee are entitled to EUR 2 500 per year ; the Chairman EUR 3 750.

| NAME | EMOLUMENTS 2010 | AUDIT COMMITTEE 2010 | REMUNERATION AND APPOINTMENTS COMMITTEE 2010 | DIRECTORS' FEES PAID IN 2010 REGARDING 2009 | REMUNERATION FOR SPECIAL ASSIGNMENTS |
|---------------------------|-----------------|----------------------|--|---|--------------------------------------|
| Etienne DAVIGNON | EUR 19 800.00 | EUR 10 000.00 | EUR 3 750.00 | EUR 18 289.39 | - |
| Olivier CHAPELLE BVBA | EUR 9 900.00 | | | | - |
| Guy PAQUOT | EUR 6 600.00 | | | EUR 9 144.69 | - |
| VEAN NV | EUR 3 300.00 | | | | - |
| Vincent DOUMIER | EUR 8 250.00 | EUR 12 500.00 | | EUR 9 144.69 | - |
| Louis VERBEKE BVBA | EUR 8 250.00 | | EUR 2 500.00 | EUR 9 144.69 | - |
| MERCATOR Verzekeringen NV | EUR 1 650.00 | | | EUR 9 144.69 | - |
| Pol BAMELIS NV | EUR 4 950.00 | | | EUR 9 144.69 | - |
| Jean-Jacques SIOEN (+) | | | | EUR 8 117.48 | - |
| SOGELAM NV | EUR 9 900.00 | | EUR 2 500.00 | EUR 9 144.69 | - |
| Wilfried VANDEPOEL | EUR 8 250.00 | EUR 10 000.00 | | EUR 9 144.69 | - |
| Tonny VAN DOORSLAER | EUR 8 250.00 | EUR 12 500.00 | | EUR 9 144.69 | - |
| Klaus WENDEL | EUR 8 250.00 | EUR 18 750.00 | | EUR 9 144.69 | - |
| Jacqueline ZOETE | EUR 6 600.00 | | | | - |

Remunerations of Executive Directors via a company (Olivier Chapelle BVBA and Vean NV through 31 March 2010) are calculated in their total salary package. Commencing 1 April 2010 the mandate of the Director of Vean NV is unpaid. Vean NV however still receives a remuneration based on his management agreement as explained below.

The payment of Directors' fees as part of the profit of the company to the Directors in accordance with the Statute provides a potentially performance related remuneration as intended in assessment 7.7. of the Belgian Corporate Governance Code 2009, that rejects such remuneration. As mentioned above a suggestion will be made to the Annual General Meeting to abolish the system of Directors' fees and to replace this with a fixed annual fee. For 2011 a fixed annual consideration will be suggested of EUR 9 000 for a Director, and EUR 18 000 for the Chairman.

Since 2006 the Directors' fees have been divided in equal parts, and where applicable, pro rata among the non-Executive Directors, except for the Chairman, who received 200%.

Gross remunerations of the Management Committee

| TOTAL COST TO THE COMPANY | OLIVIER CHAPELLE BVBA REP. BY OLIVIER CHAPELLE | VEAN NV REP. BY LUC VANSTEENKISTE | OTHER MEMBERS OF THE MANAGEMENT COMMITTEE | | TOTAL | |
|---|--|--------------------------------------|--|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Number of persons | 1 | 1 | 10 | 10 | 11 | 11 |
| Basic salary | 442 000 | 499 600 | 2 623 053 | 2 565 340 | 3 065 053 | 3 064 940 |
| Variable remuneration | 200 000 | 486 250 | 954 932 | 1 143 461 | 1 154 932 | 1 629 711 |
| Pensions, insurances (group insurance) and other benefits | 90 080 | 25 751 | 166 302 | 181 614 | 256 382 | 207 365 |
| Total | 732 080 | 1 011 601 | 3 744 286 | 3 890 414 | 4 476 367 | 4 902 015 |

Remarks:

- In order to improve the comparability, also with a view at the future, for 2010 for Olivier Chapelle BVBA the complete annual amounts were included, without taking into account the fact that his mandate as CEO only started as per 1 April 2010. His remuneration has after all been running since 1 December 2009.
- The above mentioned amounts also include the social security contributions paid by the company and therefore form the gross-cost price for the company.
- The base salary of EUR 442 000 of Olivier Chapelle BVBA includes an amount of EUR 25 000 for a pension fund and EUR 17 000 for a company vehicle. The variable remuneration for the year 2010 was fixed with the signing of the agreement.
- The other members of the Management Committee all, on top of the abovementioned amounts, also have access to a company vehicle. All members also have a company mobile telephone.
- The abovementioned table does not include amounts paid out to Mr. Dominique Declerck, Deputy Business Line Manager Flexible Foams, as permanent representative of Dymis Distribucion S.L., given the fact that due to an internal reshuffle he was only a temporary member of the Management Committee in 2010, in order to ensure comparability with the previous and coming years.

From April 2010 through May 2012 Veau NV received a fixed compensation of EUR 66 666.67 per month in context of his management agreement, as defined at the end of 2009. This remuneration was not included in the previous table.

Shares, stock options and other rights to acquire shares

Without any legal obligation and based on the Corporate Governance Code, the Board of Directors requested the Annual General Meeting of May 2010 for approval and obtained said approval for the release, later this year, of a stock option plan of up to 600 000 warrants for the senior executives of the Group.

Following the fact that, since August 2010, the company has been closed for a long period, as a result of the European cartel investigation into Recticel, it was decided that it was not necessary to issue a stock option plan, this plan was however postponed to the end of this closed period. This period was eventually ended on 7 March 2011, after which the procedure for issuing the stock option series for 2010 could be restarted.

Therefore, during the year 2010, no stock options or warrants, shares or other rights to acquire shares were allocated to the members of the Board of Directors, or to the members of the Management Committee.

Primary contractual assessment of recruitment and departure regulation for the members of the Management Committee

Starting on 1 April 2010, Mr. Olivier Chapelle via his management company became CEO of the Recticel Group and member of the Management Committee.

Most agreements with the existing members of the Management Committee contain no end contract regulation. Consequently common law is decisive. Some members do have such regulation in proportion to their seniority. More specifically such regulation provides termination remuneration approximately equal to one month salary per worked year. The agreement with the new CEO provides a termination period or remuneration of twelve months salary.

Starting on 1 January 2011 Mr. Jean-Pierre Mellen exercises his activities as Chief Financial Officer of the Recticel Group via the company De Ster BVBA. The new service agreement was approved by the Board of Directors based on the recommendation of the Remuneration Committee. This agreement provides a notification period of fifteen months, which period is higher than the base period of twelve months provided by law. The Remuneration Committee also provided favourable recommendation on the extended period, considering the service agreement already in existence since April 2002 with Mr. Jean-Pierre Mellen, which provided a similar notification period.

Following an internal reorganization, Mr. Dominique Declerck, Deputy Business Line Manager Flexible Foams, permanent representative of Dymis Distribucion SL, member of the Management Committee since 1 January 2010, is – since 28 October 2010 – no longer a member of the Management Committee. He is however still bound, as before, with the Recticel Group and therefore the end contract regulation was not applied.

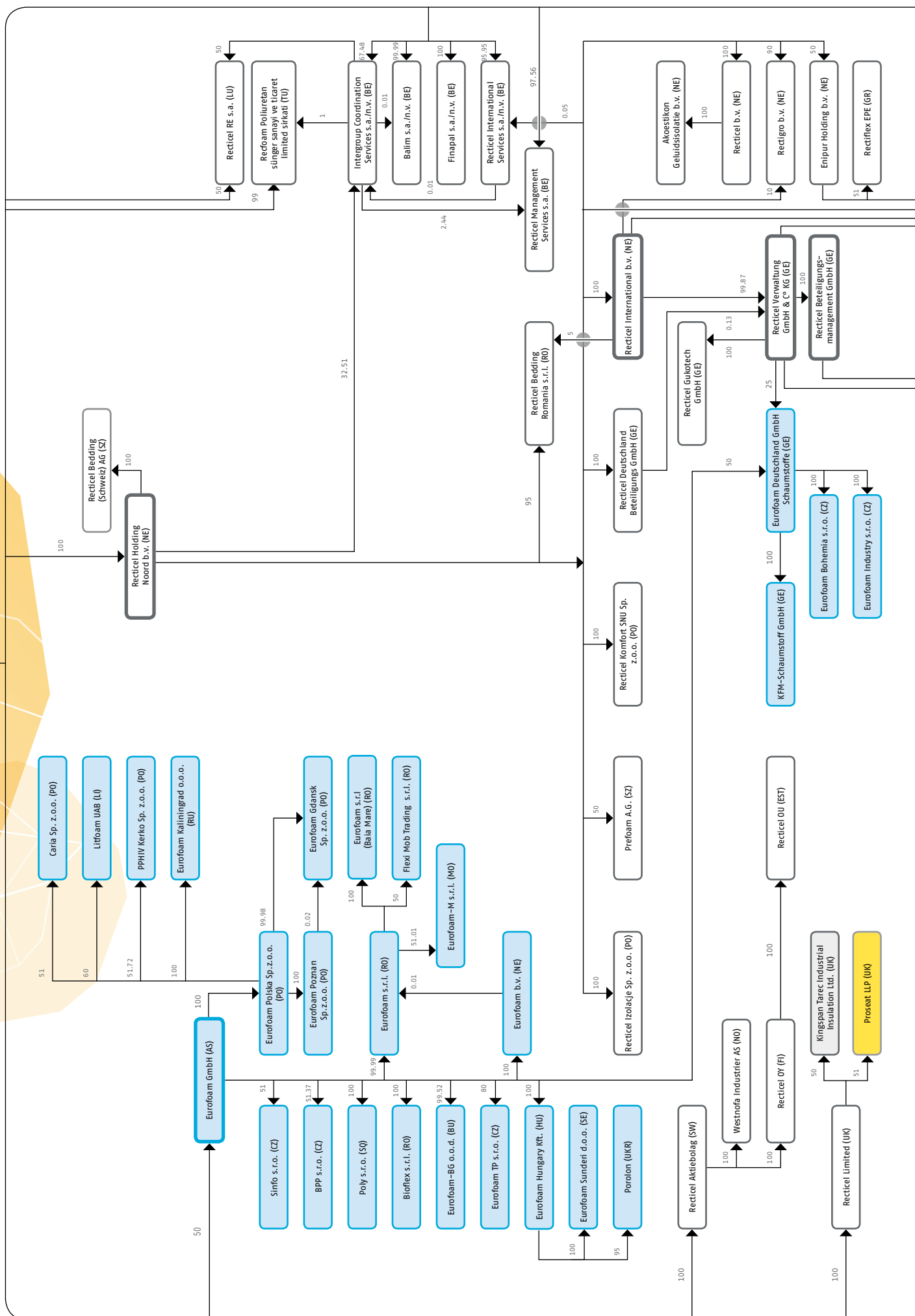
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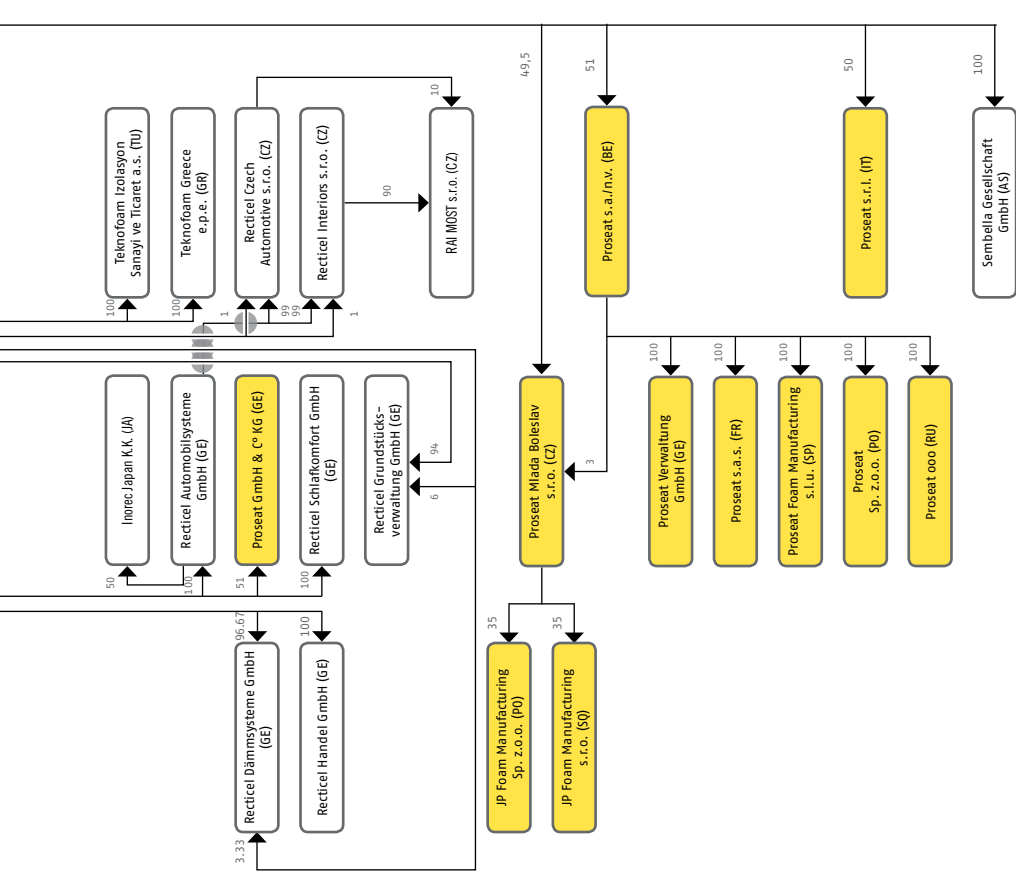
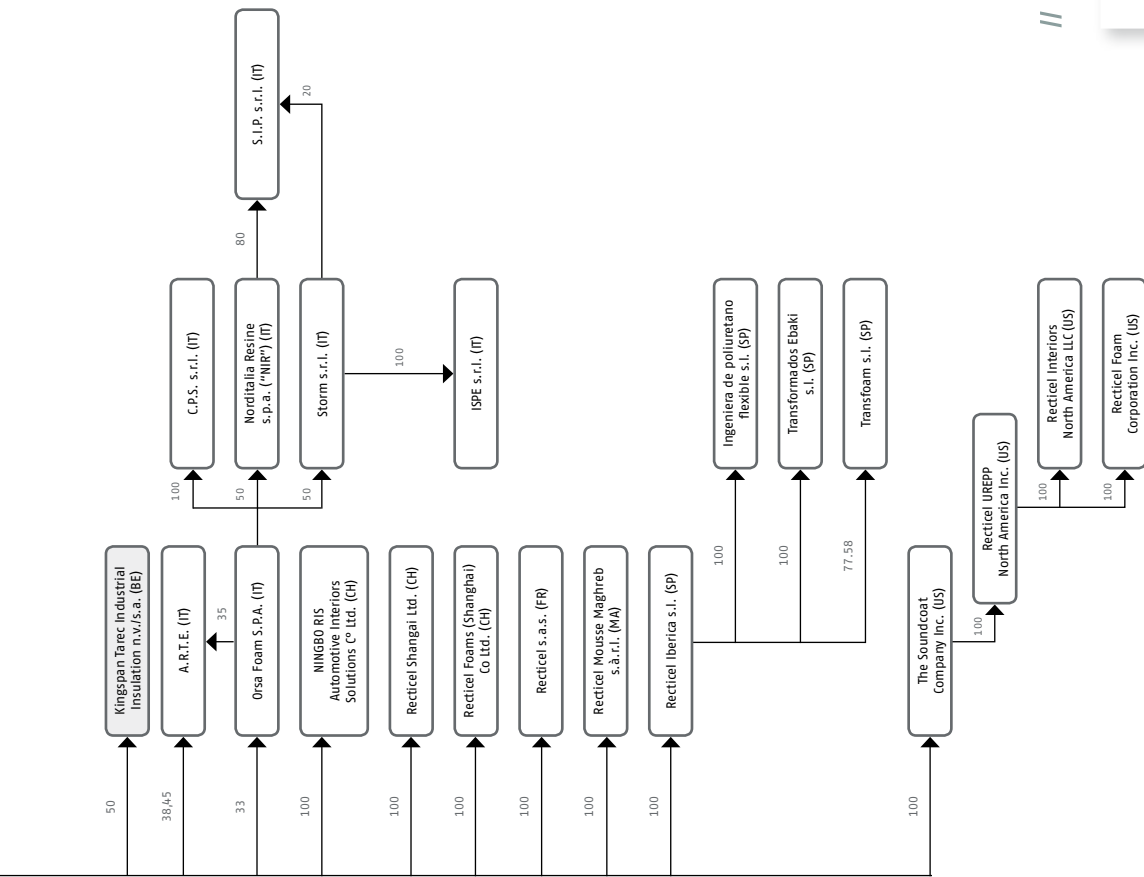
General concepts

| | |
|---|---|
| Blowing agent | Carbon dioxide is produced from the reaction of isocyanate and water. This gas functions as blowing agent in the production of flexible foam. |
| Catalyst | Accelerates the reaction process and ensures the balance in the polymerization and the blowing. Catalysts determine the foaming speed of the process. |
| Dodecahedron | A regular dodecahedron or a spatial figure with 12 pentagonal faces, 20 end points and 30 edges. This is one of the five regular polyhedra in three dimensions. |
| Colo-Fast® | Aliphatic polyurethane that is distinguished by its colour fastness (light-stable). |
| Colo-Sense® | Variation of Colo-Fast®. |
| Frequency rate of industrial accidents | Time cost of industrial accidents per million working hours. |
| IDC | Is short for International Development Centre, the department for international research and development of the Recticel Group. |
| Isocyanate | Highly reactive substance that easily combines with other substances (such as alcohols). The structure of these alcohols determines the hardness of the PU-foam. |
| Lambda | Expression of the thermal conductivity of thermal insulation. |
| MDI | Is short for Methylene diphenyl diisocyanate. |
| PIR | Abbreviation for polyisocyanurate. |
| Polyisocyanurate | Is an improved version of polyurethane. PIR-foam has an improved dimensional stability, excellent mechanical properties such as compressive strain and is a much stronger fire retardant. PIR is mainly used as thermal insulation. |
| Polyol | Synonym for PU polyalcohol, which is acquired from propylene oxide. |
| Polyurethane | Represents an important group of products within the large family of polymers or <i>plastics</i> . Polyurethane is a generic term for a wide range of foam types. |
| PU or PUR | Polyurethane. |
| REACH | Is a system for <i>Registration, Evaluation and Authorization of Chemical substances</i> that are produced or imported in the European Union. This regulation came into force on 01 June 2007. |
| Stabilizers | Provides the homogeneous structure and the stabilization of the cellular network up to the complete rise of the foam in the reaction process. |
| Severity index of accidents | Number of calendar days lost per thousand working hours. |
| TDI | Toluene diphenyl diisocyanate. |

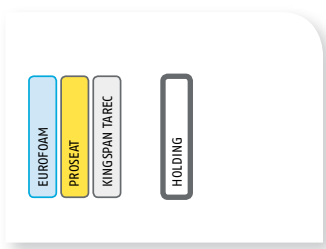
Financial concepts

| | |
|---------------------------------|--|
| Appropriated capital | Net intangible fixed assets + goodwill + tangible fixed assets + working capital. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2. |
| Appropriated capital, Average | Half yearly: average appropriated capital at the beginning and at the end of the period. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2. For the full year: average of the half yearly averages. |
| Associated companies | Entities in which Recticel has a significant influence and that are processed using the equity-method. |
| CGU | Is short for <i>Cash Generating Unit</i> or cash flow generating unit. |
| Earnings per share, base | Net result for the period (Group share) / Average outstanding shares over the period. |
| Earnings per share, diluted | Net result for the period (Group share) / [Average number of outstanding shares over the period – own shares + (number of possible new shares that have to be issued within the framework of the existing outstanding stock option plans x dilution effect of the stock option plans)]. |
| EBIT | Operating results + profit or loss from equities. |
| EBITDA | EBIT + depreciation and additional impairments/increases on assets. |
| Equity capital | Total equity, including minority interests. |
| Gearing ratio | Net financial debt / Total equity (including shares of external parties). |
| Investments | Capitalized investments in tangible and intangible assets. |
| Joint ventures | Entities that are controlled jointly and that are consolidated proportionately. |
| Market capitalization | Closing price x total number of outstanding shares. |
| Net financial debt | Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash flows and cash equivalents. |
| Non-recurring elements | Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes, impairments on assets, gain or loss on divestments and on liquidations of affiliated companies, as well as other events or transactions that clearly deviate from the normal activities of the Group. |
| Recurring EBIT(DA) or REBIT(DA) | EBIT(DA) for non-recurring elements. |
| Return on Capital Employed | EBIT / average appropriated capital. |
| Return on Equity (ROE) | Net result for the period (Share of the Group) / Average total equity over the period (the Group's share). |
| ROCE | Represents <i>Return on Capital Employed</i> . |
| Subsidiaries | Fully consolidated entities under Recticel control. |
| Working capital | Inventories + trade receivables + other receivables + recoverable taxes – trade payables – payable taxes – other commitments. |
| VVPR | Is short for Reduced Tax / Précompte Réduit. |
| VVPR-strip | Gives the holder the right to collect a dividend with a reduced withholding tax of 15% (instead of 25%). |





// Joint Ventures



// Status 31 DEC 2010

| | | | |
|------|-----------------|-------|--------------------------|
| (AS) | Austria | (MA) | Maroc |
| (BE) | Belgium | (MD) | Moldavia |
| (BG) | Bulgaria | (PO) | Poland |
| (CH) | China | (RO) | Romania |
| (CZ) | Czech Republic | (RS) | Republic of Serbia |
| (DE) | Germany | (RU) | Russia |
| (DK) | Denmark | (SE) | Sweden |
| (ES) | Spain | (SI) | Slovenia |
| (FI) | Finland | (SK) | Slovakia |
| (FR) | France | (SP) | Spain |
| (GB) | Great Britain | (SW) | Sweden |
| (GR) | Greece | (SZ) | Switzerland |
| (HU) | Hungary | (TR) | Turkey |
| (IT) | Italy | (UK) | United Kingdom |
| (JA) | Japan | (US) | United States of America |
| (LT) | Lithuania | (UKR) | Ukraine |
| (LU) | Luxembourg | | |
| (NE) | The Netherlands | | |
| (NO) | Norway | | |

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Thanks to all colleagues who
contributed to the realisation of
this Annual Report.

Future expectations

This document contains specific quantitative and/or qualitative futuristic statements and expectations regarding results and the financial state of affairs of the Recticel Group. Such futuristic statements are not a guarantee for future achievements considering the future holds several risks and uncertainties that relate to future events and developments. The reader is reminded to take sufficient care with the interpretation of these future expectations because the actual results and events may be influenced in the future by one or more factors, both external and internal. As a result, the actual results and performances may possibly deviate considerably from the predicted expectations, objectives and possible statements. The most important and most relevant risk and uncertainty factors are described in more detail in the Chapter "Asset and risk management" of the financial section of this Annual Report. Recticel is not committed in any manner possible to updating possible changes and developments in these risk factors, nor to releasing the possible impact on the prospects, either immediately or with some delay.



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Schweizer Schlafkultur

sembella

ubica

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BULTEX

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BULTEX®
supports life

sensus

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