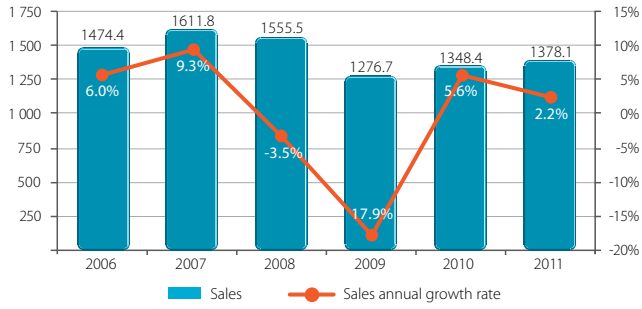


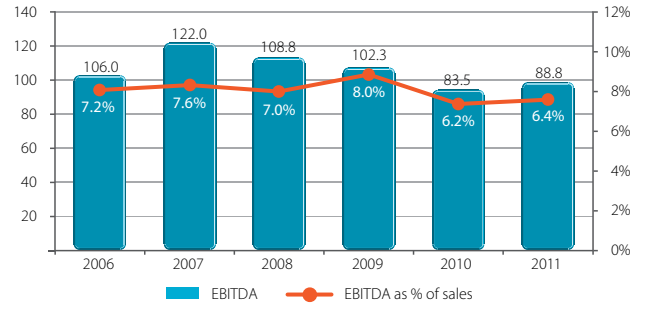
# ANNUAL REPORT 2011



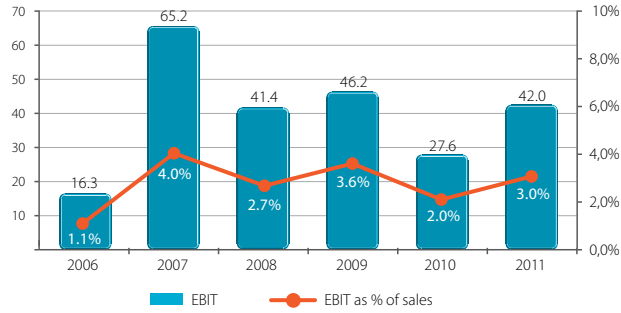
**Consolidated sales & Annual growth rate** (in million EUR)



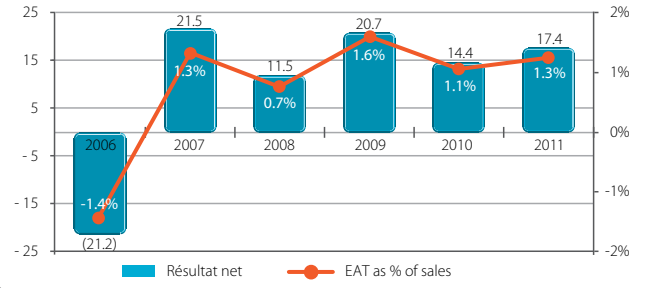
**Consolidated EBITDA & EBITDA margin** (in million EUR)



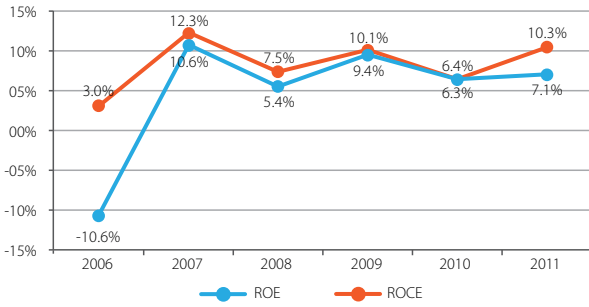
**Consolidated EBIT & EBIT margin** (in million EUR)



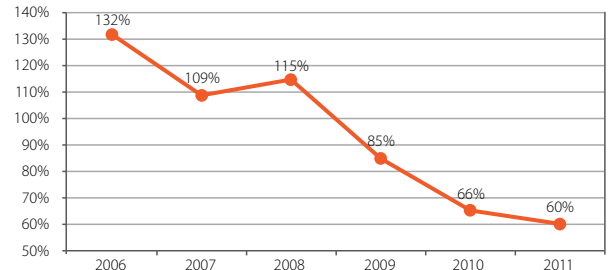
**Earnings after taxes (share of the Group) and EAT margin** (in million EUR)



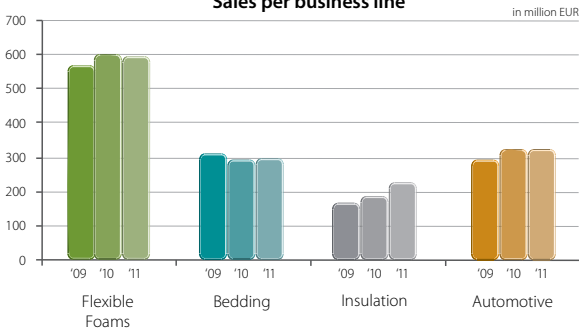
**Return on capital employed (ROCE) Return on equity (ROE)**



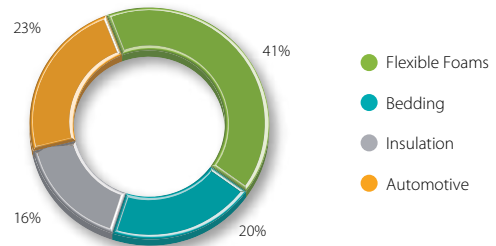
**Net financial debt / Total equity (including non-controlling interests)**



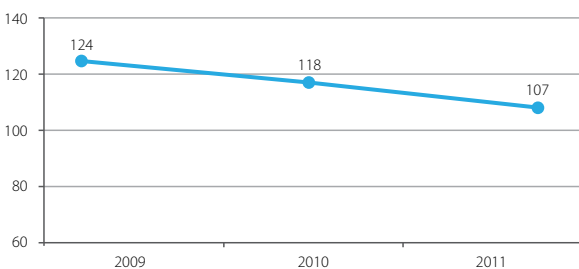
**Sales per business line** (in million EUR)



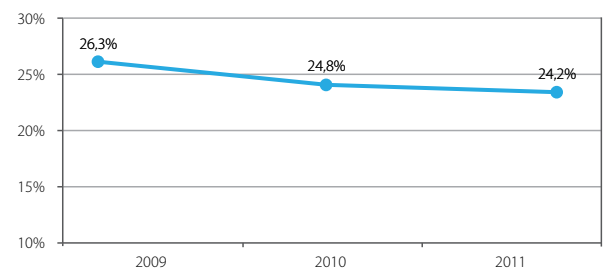
**Composition of sales per business line in 2011 (before intra-Group eliminations)**







**Number of sites**



**Labour costs / Sales**



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\* These chapters 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.

## FINANCIAL CALENDAR FOR SHAREHOLDERS

First quarter trading update 2012	08 MAY 2012 (for stock exchange opening)
Annual General Meeting	29 MAY 2012
Ex-coupon date	31 MAY 2012
Record date	04 JUNE 2012
Dividend payment date	05 JUNE 2012
Publication of interim results 2012	30 AUG 2012 (for stock exchange opening)
Third quarter trading update 2012	09 NOV 2012 (for stock exchange opening)







# Introduction



# I Preliminary comments

Contrary to the past, Recticel has decided to radically change its communication policy with respect to the publication of its annual report. To optimise the information flow and more specifically in order to provide the most updated information, Recticel has made a substantial investment in a new corporate website. Recticel considers that it is better to inform and to communicate with all stakeholders on the basis of frequently updated information. For this purpose the regular issuance of press releases and the continuous updating of the corporate website are the appropriate tools. Recticel also believes that some information in the annual reports is very quickly outdated and/or that it becomes rapidly obsolete or irrelevant.

Therefore, the reader who is looking for some particular updated information on products, processes, markets, shares, etc.... is invited to regularly consult the Recticel corporate website. Some sections of information which in the past were incorporated in the annual report have now intentionally been left out to avoid either duplication of information and/or to reduce the possibility of conflicting data between the website (dynamic nature) and the content of the annual report (static nature).

Moreover, Recticel has also decided that as from now on it will no longer make its annual reports available in a printed format. The interested stakeholders are invited to consult the Recticel website where the annual reports can be freely downloaded. By doing so, Recticel adds a new dimension to its ecological way of thinking. By eliminating the use of printed annual reports the Group clearly contributes to the reduction of its ecological footprint.

[www.recticel.com](http://www.recticel.com)



## 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.



# 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).

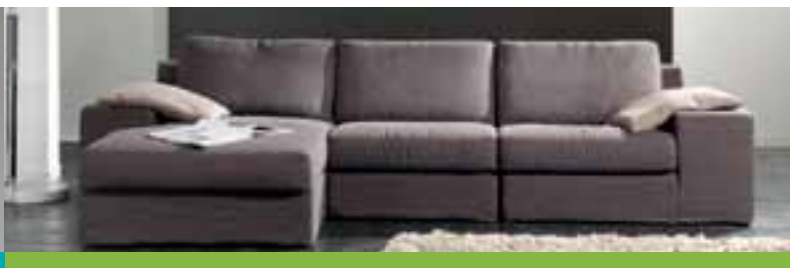
For instance, mattresses and slat bases are marketed in the Bedding division under well-known brand names (such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ...). The Insulation division provides finished high quality thermal insulation products that can be used 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 8 186 employees on a consolidated basis (including pro rata joint ventures) in 107 sites, spread over 28 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 2011 the Group realized a turnover of EUR 1 378 million.

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™ stock exchange in Brussels.



**REC**  
LISTED  
NYSE  
EURONEXT



# Highlights for 2011 and beginning 2012

## January 2011

- Proseat, a 51% joint venture company of Recticel, announced that it intends to close its production site (Automotive – Seating) in Hulshout (Belgium). A final agreement has been reached on a social plan and the site was definitively closed by mid-2011.

January



February



## 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® Spray technology. Between end- 2012 and 2016, in total about 255 000 skins will be produced.
- 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. Final agreements have been reached on the social plans. The closures and reorganisation plan was fully implemented by mid-2011.
- 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; the latter being an insulation certificate and a quality label. The client can use this to prove that his house is properly insulated.
- 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.



## May 2011

- Recticel hires new Chief Procurement Officer. Mr François Petit joins Recticel as Chief Procurement Officer and also becomes a member of the Management Committee. Before joining Recticel, Mr François Petit built up an extensive experience in several management positions within the Rhodia Group, a world leader in the development and production of specialty chemicals. His last responsibility was Raw Materials Worldwide Purchasing Director.

May



August



## August 2011

- Recticel's German subsidiary Recticel Schlafkomfort GmbH is subject to an investigation by the German Federal Cartel Office ("Bundeskartellamt"). The latter has started an investigation covering the sector of mattress and slatbase manufacturers in Germany. Recticel Schlafkomfort GmbH is fully cooperating with the Bundeskartellamt.
- Recticel Limited (UK) announces that it will close its comfort foam converting factory "Carobel" in North Shields (North East England). The site was definitively closed by end-2011.
- Recticel hires a new Group General Manager Flexible Foams. Mr Rik De Vos joins Recticel as Group General Manager Flexible Foams and also becomes a member of the Management Committee. Before joining Recticel, Mr Rik De Vos built up an extensive experience in several management positions within the polyurethane sector on a global scale. For many years he worked for ICI/Huntsman and his last responsibility was PU Divisional Director/ Board Member at Borsodchem.
- Recticel is nominated for the production of the dashboard skins of the new Porsche Cajun. These dashboard skins will be manufactured with the patented Colo-Sense® Spray technology. Start of production is scheduled for end-2013.

## December 2011

- Recticel's joint venture company Proseat sells its 35% stake in the seating production joint venture JP Foam Manufacturing to Johnson Controls. JP Foam Manufacturing disposes of two production sites, one in Zory (Poland) and one in Lucenec (Slovakia). As a consequence of the sale of its 35% stake, Proseat transferred its programs from the JP Foam Manufacturing plants to its own existing plants.
- Recticel announces that it has not been nominated for the successor model of the Mercedes C Class. However, Recticel will continue to produce the Colo-Fast® dashboard skins and door panel skins for the current Mercedes C Class until 2014.
- Recticel concludes the refinancing of a new EUR 175 million secured multi-currency credit facility with a tenor of 5 years. The new credit allows Recticel to secure liquidity and to extend its debt maturity profile. It used the proceeds to repay by anticipation the amounts still outstanding under the EUR 230 million club deal of 2008, which was due to expire in February 2013.
- Recticel exhibits at the 'BIG 5' Fair in Dubai (UAE). BIG 5 is an important exhibition for the construction industry in the Middle East and North Africa. Recticel presented different top products such as Recticel Insulation®, Polygrow® and re-bounce®, ... with which it hopes to find a gateway to these promising markets.
- Polygrow®, Recticel's revolutionary polyurethane foam solution for substrate applications in greenhouses and greenroofs & -walls, is nominated Finalist for the Green Product at the GAIA Awards in Dubai. The Gaia Awards are the most popular construction awards in the Middle East. They are recognising innovative products that have a positive impact to the green built environment.

October

**ISO.finish™**

November



December



## October 2011

- Recticel France inaugurates the new foaming equipment in its Flexible Foams production and converting site of Mazeyrat-d'Allier (France). This important investment is another expression of Recticel's strategy to modernise its Flexible Foams business.
- Isofinish™ ends third in the 'Belgian Business Award for the Environment'. Isofinish™, is an innovative concept that provides a complete external insulation of new and existing buildings in TAUfoam® by Recticel. 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 external insulation and, at the same time, the recladding of old buildings make radical energy savings more accessible and also contribute immediately to improving towns.

## November 2011

- In the presence of Mr Kris Peeters, Flemish Minister President, Recticel officially inaugurates its new 6000m<sup>2</sup> Flexible Foams converting plant, located in Taloja, Navi Mumbai (India). With this site Recticel wants to further increase its position in one of the fastest growing economies. Being already market leader in India for air filter foams for the automotive sector, Recticel will now also focus on other promising high-end technical foam market segments, such as acoustics, in India.
- Recticel acquires two captive insurance companies in Luxembourg.

## February 2012

- The Soundcoat Company Inc, the specialized US acoustic insulation subsidiary of Recticel, wins the acoustic insulation contract for all 60 lifts of the new Twin Towers in New York.

## March 2012

- Recticel Insulation receives an exceptional award at Batibouw, the leading fair for the construction and renovation sector in Belgium. The jury of the Batibouw Communication Awards has awarded Recticel Insulation with the exceptional prize: the Communication Award 'hors concours'. All jury members were unanimous in their judgement and praised Recticel Insulation's communication efforts before, during and after the Batibouw fair. Recticel Insulation also won the precious Batibouw Communication Award twice, in 2008 and in 2011.

# 2012

January



February

 **SOUNDCOAT**<sup>®</sup>

March



## January 2012

- In line with the Flexible Foams strategy, Recticel b.v. (The Netherlands) announces its intention to streamline its flexible foam operations in the Netherlands by closing its comfort foam converting unit in Bladel by mid-2012.
- Eurofoam, the 50/50 joint venture between Recticel and the Austrian group Greiner, announces its decision to streamline its flexible foam operations in Germany by closing its loss-making comfort foam production and converting unit in Bexbach by end June 2012. After the closing of the Bexbach site, Eurofoam will remain active in Germany through a network of 4 foam producing and converting sites.
- At the 2011 International Furniture Fair in Cologne (Germany), Schlaraffia<sup>®</sup>, Beka<sup>®</sup> and Lattoflex<sup>®</sup> presented several innovative mattresses with a newly patented high-quality foam technology, Geltex<sup>®</sup>. This new foam type perfectly combines comfort characteristics such as optimal body pressure distribution, body support and efficient air permeability or ventilation. With this innovative concept, the Group confirmed its European leadership in the higher market segment of the bedding sector.
- Recticel is nominated for the production of the dashboard skins of the new Volvo S60 for the Chinese market. These dashboard skins will be manufactured in China with the patented Colo-Fast<sup>®</sup> Spray technology.



# Interview with the Chief Executive Officer and the Chairman of the Board of Directors



## Brussels, 2 March 2012

2011 has been a volatile and challenging year. After a positive first quarter, from a macro-economic standpoint, worldwide uncertainties started to appear further reinforced by the financial crisis hitting the Eurozone during the summer. As a consequence, growth expectations have been reviewed several times downwards. Given these adverse circumstances, the Group delivered a sales turnover increase of +2.2% and an earnings after taxes increase of +20.6%, combined with a further net financial debt reduction (gearing ratio of 60%). Given the uncertain economic environment, the Group took many measures to actively prepare itself for the future, including new investments, restructurings and refinancing.

*An interview with Chief Executive Officer, Mr. Olivier Chapelle, and the Chairman of the Board of Directors, Mr. Etienne Davignon.*

### Did 2011 meet your expectations?

*Olivier Chapelle:* We were well aware that 2011 would be a challenging year in view of rising raw material prices, putting our commercial teams under pressure. Indeed, the 7.4% sales turnover growth in the first quarter came along with steep raw material price increases, reaching new historical heights. What had not been expected was the softening of our end-use markets in Europe as from the 2nd quarter till the end of the year. Triggered by the Eurozone financial crisis, the year ended with a slightly negative 4th quarter. The whole Recticel organisation has taken preventative cost reduction and cash containment measures. Given this unfavourable macro-economic environment, I believe that Recticel did mitigate most of the risks throughout 2011.

*Etienne Davignon:* Last year the Group had to absorb increased raw material cost by EUR 35.6 million, and I confirm that the Recticel teams successfully handled most of these cost price issues over the last 12 months on the diversified end-markets of the Group. Most of this price inflation was recovered despite the persistent and mounting uncertainties over the global economy.

*Olivier Chapelle:* I would like to add that the Management Committee has worked hard on the execution of the first steps of its strategic plan. As part of this plan, the allocation of our financial resources towards higher value-added segments has been executed. On the other hand, the simplification of the Group is progressing well, with a significant rationalisation of its industrial footprint, and a reduction in the number of joint ventures.

*Etienne Davignon:* Although the strategic plan provides clear indication of the direction for the medium to long term, it nevertheless requires practical short-term actions. I believe the Group is on track in the implementation of its strategy.

**What were the major strategic decisions or actions taken in this respect in 2011?**

*Olivier Chapelle:* In 2010, when we designed the roadmap of our strategy for the coming years, we clearly identified the further development of our Insulation business line as first priority 1. In this respect, we started in 2011 the construction of a new production site in France, which is expected to start up in Q4/2012. Likewise, the company has minimised its investments in Automotive. Recticel has also invested in the restructuring of its Flexible Foams perimeter, in Spain, the UK and Greece and in the modernisation of its largest foaming facility in France. Regarding the targeted geographic expansion, the Group has further invested in the development of its Chinese foam converting operations, as well as in the construction of a first foam converting facility in India.

*Etienne Davignon:* We are satisfied with the development of these activities, but we will remain vigilant as competition will increase in the future. The new factory in France is the right step to take from a market standpoint, moreover it will also reduce the operational and geographical risks of the Group. Every company has to permanently adapt and change according to new economic situations. However, the story of Flexible Foams is not only one of rationalisation and modernisation, it is also the intention to seize selective growth and expansion opportunities, as well as introducing innovative new products and solutions. When the strategy was defined in 2010, the Board of Directors believed that Recticel was too exposed to the European market, not sufficiently considering opportunities in other promising regions. It is comforting to see that last year the Group successfully made its first steps with some production/converting activities in India, and reinforced its presence in China.

**The lack of consumer confidence must also have affected the Bedding and the Automotive business lines?**

*Olivier Chapelle:* We can not deny that the weak consumer confidence had a negative impact on our operations, especially in the second half of the year. This was true for the comfort division in Flexible Foams, but logically also for Bedding. However, this was certainly not dramatic, and nowhere near the drop seen in the fall of 2008 and in 2009. On an annual basis the net sales of these business lines were only marginally lower. In the Automotive segment, our sales were robust thanks to our large positioning with German OEMs, who also happen to be strong exporters of cars to Asia.

*Etienne Davignon:* The fact that the second half-year was more challenging is not so difficult to explain. The debt crisis around the Euro in the middle of the year made companies and consumers much more careful, hence impacting consumption of both consumer and investment goods. The developments around the Euro added additional uncertainty to the picture, and led the Board of Directors in August to stop issuing forecasts and guidance.



**Was the sovereign debt crisis then also the reason why Recticel refinanced the bulk of its bank debts?**

*Olivier Chapelle:* The global turmoil in the capital markets since 2008 in combination with the significantly increased uncertainty of most end-markets certainly lead us to believe that the Group had to manage its funding in a pro-active way, and more specifically the refinancing of its EUR 230 million club deal of 2008 that would come to maturity in February 2013. Although there was obviously no urgency, we nevertheless decided in May 2011 to anticipate the refinancing of Recticel, because we believed that the overall situation might lead to a significant reduction of credit availability. We concluded the refinancing in December 2011, and by doing so, we secured the liquidity of the Group and extended the debt maturity profile till December 2016.

*Etienne Davignon:* I think it was a wise decision, despite the fact that the cost of the new credit facility is slightly higher than the former loan. It significantly reduces the funding risks given the uncertainties in the credit markets. It is also comforting to notice that the total amount of the new facility could be limited to EUR 175 million, thanks to the overall debt reduction of the Group. The net financial debt has indeed been reduced, improving its gearing to 60%. It remains our ambition to reduce the gearing below 50% in the next two years.

**Looking forward, what will bring 2012?**

*Olivier Chapelle:* Although the Euro crisis is now progressively receding, I believe that the uncertainty in most of our end-markets will persist during the year, compounded by increased volatility of the raw material prices. As a consequence, 2012 will be very challenging. However, looking a little bit further, new initiatives are being taken to prepare the future. In this context, the Group will continue to take all necessary steps to further simplify its operations and organisation, supported by Human Resources initiatives so that our human capital, with all its talents and competences, can be better developed for the future.

*Etienne Davignon:* Indeed, many initiatives are foreseen to strengthen the Group in order to position it optimally to emerge from this period of uncertainty, from an operational point of view, as well as in terms of market positioning and focus. The expansion of the Insulation business with a new factory in France will certainly be a key mark in 2012. In other business areas the Group will continue to introduce new innovative products and/or to find new promising markets. The Management Committee and the Board of Directors are convinced that the Group can seize with confidence the opportunities that lay ahead.

# Report by the Board of Directors

## Recticel annual results 2011

- Sales of EUR 1,378.1 million (+2.2%), driven by growth in Insulation (+19.0%)
- REBITDA of EUR 88.6 million (-14.8%), mainly impacted by raw material price evolutions
- EBIT of EUR 42.0 million (+52.2%)
- Result of the period (share of the Group) increased by 20.6% to EUR 17.4 million
- Net financial debt: from EUR 158.7 million to EUR 150.1 million
- Proposal to pay a gross dividend of EUR 0.28 per share

## 1. KEY FIGURES

	in million EUR					
	2H/2010	2H/2011	Δ 2H	FY 2010	FY 2011	Δ FY
<b>Sales</b>	<b>678.1</b>	<b>678.4</b>	<b>0.0%</b>	<b>1 348.4</b>	<b>1 378.1</b>	<b>2.2%</b>
Gross profit	102.0	105.0	2.9%	216.9	211.3	-2.6%
<i>as % of sales</i>	15.0%	15.5%		16.1%	15.3%	
<b>REBITDA <sup>(1)</sup></b>	<b>46.9</b>	<b>41.1</b>	<b>-12.3%</b>	<b>104.0</b>	<b>88.6</b>	<b>-14.8%</b>
<i>as % of sales</i>	6.9%	6.1%		7.7%	6.4%	
<b>EBITDA <sup>(2)</sup></b>	<b>30.3</b>	<b>41.7</b>	<b>37.4%</b>	<b>83.5</b>	<b>88.8</b>	<b>6.3%</b>
<i>as % of sales</i>	4.5%	6.1%		6.2%	6.4%	
<b>REBIT <sup>(1)</sup></b>	<b>23.6</b>	<b>20.8</b>	<b>-11.8%</b>	<b>58.9</b>	<b>47.1</b>	<b>-20.0%</b>
<i>as % of sales</i>	3.5%	3.1%		4.4%	3.4%	
<b>EBIT</b>	<b>(0.1)</b>	<b>16.2</b>	<b>n.r.</b>	<b>27.6</b>	<b>42.0</b>	<b>52.2%</b>
<i>as % of sales</i>	0.0%	2.4%		2.0%	3.0%	
<b>Result of the period (share of the Group)</b>	<b>1.2</b>	<b>5.1</b>	<b>312.0%</b>	<b>14.4</b>	<b>17.4</b>	<b>20.6%</b>
Result of the period (share of the Group) - base (per share, in EUR)	0.04	0.18	311.6%	0.50	0.60	20.6%
<b>Gross dividend per share (in EUR) <sup>(6)</sup></b>	<b>-</b>	<b>-</b>		<b>0.27</b>	<b>0.28</b>	<b>3.7%</b>
<b>Total Equity</b>	<b>241.7</b>	<b>248.8</b>	<b>2.9%</b>	<b>241.7</b>	<b>248.8</b>	<b>2.9%</b>
Net financial debt <sup>(5)</sup>	158.7	150.1	-5.4%	158.7	150.1	-5.4%
<b>Gearing ratio</b>	<b>66%</b>	<b>60%</b>		<b>66%</b>	<b>60%</b>	<b>-8.1%</b>
Average capital employed <sup>(3)</sup>	416.7	404.5	-2.9%	422.5	408.9	-3.2%
ROCE = Return on capital employed <sup>(4)</sup>	-0.1%	8.0%		6.4%	10.3%	
ROE = Return on equity <sup>(4)</sup>	1.0%	4.1%		6.3%	7.1%	

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

(3) Capital Employed = net intangible assets + goodwill + net property, plant & equipment + working capital. Working capital = current assets (without cash deposits) - non-financial current liabilities.

(4) 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.

(5) Net financial debt = Interest-bearing borrowings - Cash and cash equivalents - Available for sale investments. The interest-bearing borrowings do not include the drawn amounts (2011: EUR 45.5 million versus EUR 19.7 million in 2010) under non-recourse factoring/forfeiting programs.

(6) Proposed dividend over 2011.

## 2. COMMENTS ON THE CONSOLIDATED RESULTS

**Sales:** from EUR 1,348.4 million  
to **EUR 1,378.1 million** (+2.2%)

After a strong 1Q/2011 (+7.4%), the trend observed in 2Q/2011 (+1.3%) and 3Q/2011 (+1.3%) was confirmed in 4Q/2011 (-1.2%) and resulted in an overall softer demand in most markets amplified by year-end inventory reductions in the supply chain. The global sales increase can be fully related to the Insulation segment.

Before exchange rate differences (accounting for +0.17%) and net changes in the scope of consolidation (-0.09%) sales growth was 2.12%.

The only change in the scope of consolidation in 2011 related to:

- the Group's subsidiary Enipur b.v. (The Netherlands) which, with effect as from 1 July 2011, is consolidated following the global consolidation method (previously 50% following the proportional consolidation method).

Changes in the scope of consolidation in 2010:

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

### Breakdown of sales by segment

in million EUR						
2H/2010	2H/2011	Δ 2H		FY2010	FY2011	Δ FY
304.1	294.0	-3.3%	Flexible Foams	602.7	596.2	-1.1%
150.6	150.6	0.0%	Bedding	293.3	292.2	-0.4%
99.0	114.4	15.6%	Insulation	187.4	223.1	19.0%
156.9	149.7	-4.6%	Automotive <sup>(1)</sup>	324.9	324.8	0.0%
(32.4)	(30.3)	-6.5%	Eliminations	(59.9)	(58.1)	-3.0%
<b>678.1</b>	<b>678.4</b>	<b>0.0%</b>	<b>TOTAL</b>	<b>1 348.4</b>	<b>1 378.1</b>	<b>2.2%</b>

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

in million EUR						
3Q/2010	3Q/2011	Δ 3Q		4Q/2010	4Q/2011	Δ 4Q
147.3	147.3	0.0%	Flexible Foams	156.7	146.6	-6.4%
73.7	76.8	4.3%	Bedding	76.9	73.8	-4.1%
53.4	54.8	2.6%	Insulation	45.6	59.7	30.9%
73.1	74.3	1.6%	Automotive	83.8	75.4	-10.0%
(15.3)	(16.6)	9.1%	Eliminations	(17.2)	(13.7)	-20.4%
<b>332.2</b>	<b>336.6</b>	<b>1.3%</b>	<b>TOTAL</b>	<b>345.8</b>	<b>341.8</b>	<b>-1.2%</b>



**REBITDA:** from EUR 104.0 million  
to **EUR 88.6 million** (-14.8%)

After having reached record levels in June 2011, raw material prices have stabilised in the third quarter of 2011, and then receded in the 4th quarter. Over the full year, the overall raw materials costs have increased by EUR 36.5 million. The decreased REBITDA is primarily explained by the unavoidable lead time that has been necessary to pass the increases on to customers and by the fact that the 2010 REBITDA included a one-off compensation amount received in the Interiors' US subsidiaries after the exit from Chapter 11.

### Breakdown of REBITDA by segment

in million EUR						
2H/2010	2H/2011	Δ 2H		FY2010	FY2011	Δ FY
12.3	10.1	-18.3%	Flexible Foams	30.6	23.6	-22.9%
12.7	9.2	-27.8%	Bedding	20.3	16.9	-16.8%
18.1	21.3	17.5%	Insulation	35.5	39.5	11.2%
11.8	8.9	-24.4%	Automotive <sup>(1)</sup>	33.7	25.3	-25.1%
(8.0)	(8.4)	4.6%	Corporate	(16.2)	(16.6)	2.8%
<b>47.0</b>	<b>41.1</b>	<b>-12.6%</b>	<b>TOTAL</b>	<b>104.0</b>	<b>88.6</b>	<b>-14.8%</b>

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

**REBIT:** from EUR 58.9 million  
to **EUR 47.1 million** (-20.0%)

### Breakdown of REBIT by segment

in million EUR						
2H/2010	2H/2011	Δ 2H		FY2010	FY2011	Δ FY
5.2	3.7	-29.1%	Flexible Foams	15.7	10.4	-34.1%
9.7	6.5	-33.5%	Bedding	14.6	11.2	-23.6%
16.4	19.4	18.5%	Insulation	32.1	35.8	11.5%
0.8	0.0	-95.7%	Automotive <sup>(1)</sup>	13.0	7.0	-46.3%
(25.0)	(25.7)	3.2%	Corporate	(16.6)	(17.3)	3.8%
<b>7.1</b>	<b>3.8</b>	<b>-46.1%</b>	<b>TOTAL</b>	<b>58.9</b>	<b>47.1</b>	<b>-20.0%</b>

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

## Non-recurring elements

	in million EUR			
	2010	1H/2011	2H/2011	2011
Impairments	(10.8)	(0.1)	(5.2)	(5.3)
Restructuring charges and provisions	(19.8)	0.7	(1.3)	(0.6)
Loss on liquidation or disposal of financial assets	(3.5)	0.0	(0.2)	(0.2)
Gain on liquidation or disposal of financial assets	1.6	0.0	0.1	0.1
Fair value gain on investment property	0.0	0.0	2.8	2.8
Other	1.2	(1.1)	(0.8)	(1.9)
<b>Total</b>	<b>(31.3)</b>	<b>(0.5)</b>	<b>(4.6)</b>	<b>(5.1)</b>

The result was influenced by a number of unfavourable non-recurring elements amounting to EUR -5.1 million, compared to EUR -31.3 million in 2010.

For 2011 these elements related mainly to:

- impairments on assets in Flexible Foams (Turkey) and in Automotive - Interiors (related to the Saab bankruptcy)
- incurred costs and net provisions for restructuring programs and related onerous contracts in Flexible Foams (The Netherlands and United Kingdom), Automotive - Interiors (Germany), and Proseat (Belgium, France and Germany)
- in Flexible Foams and Bedding: legal fees (EUR -1.1 million) incurred in 2011 relative to the ongoing investigations (see below); and
- in Corporate: a fair value gain on investment property in Belgium of EUR +2.8 million.

**EBITDA: from EUR 83.5 million  
to EUR 88.8 million (+6.3%)**

in million EUR						
2H/2010	2H/2011	Δ 2H		FY2010	FY2011	Δ FY
4.3	8.7	100.3%	Flexible Foams	22.2	22.6	1.9%
10.6	9.2	-13.6%	Bedding	17.3	16.6	-3.6%
18.1	21.3	17.5%	Insulation	35.5	39.5	11.2%
7.5	8.7	15.8%	Automotive <sup>(1)</sup>	26.9	24.4	-9.2%
(10.2)	(6.1)	-40.1%	Corporate	(18.3)	(14.3)	-21.8%
<b>30.3</b>	<b>41.7</b>	<b>37.4%</b>	<b>TOTAL</b>	<b>83.5</b>	<b>88.8</b>	<b>6.3%</b>

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

**EBIT: from EUR 27.6 million  
to EUR 42.0 million (+52.2%)**

Despite the EUR -5.1 million non recurring elements (2010: EUR -31.3 million), all segments contributed positively to the result of 2011.

### Breakdown of EBIT by segment

in million EUR						
2H/2010	2H/2011	Δ 2H		FY2010	FY2011	Δ FY
(8.8)	0.4	nr	Flexible Foams	1.2	7.5	517.8%
7.6	6.5	-15.5%	Bedding	11.5	10.9	-4.9%
16.4	19.4	18.5%	Insulation	32.1	35.8	11.5%
(4.9)	(3.5)	-28.7%	Automotive <sup>(1)</sup>	1.6	2.8	76.6%
(10.5)	(6.5)	-38.0%	Corporate	(18.8)	(15.0)	-20.3%
<b>(0.1)</b>	<b>16.2</b>	<b>nr</b>	<b>TOTAL</b>	<b>27.6</b>	<b>42.0</b>	<b>52.2%</b>

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

**Financial result: from EUR -17.1 million  
to EUR -16.7 million**

The net interest charges (EUR -13.3 million) increased by EUR 1.5 million compared to 2010 (EUR -11.8 million). This increase is attributable to a higher average outstanding debt, including off-balance sheet factoring/forfeiting, (from EUR 220.8 million to EUR 229.9 million) and the recognition of the unamortized arrangement fees (EUR 0.4 million) of the 2008 "club deal" credit facility which was prematurely reimbursed at the end of 2011.

'Other financial income and expenses' (EUR -3.4 million, compared to EUR -5.3 million in 2010) comprise mainly negative exchange rate differences (EUR -0.8 million versus EUR +2.9 million in 2010) and interest capitalisation costs under provisions for pension liabilities (EUR -2.1 million versus EUR -2.4 million in 2010).

**Income taxes and deferred taxes:  
from EUR +4.1 million to EUR -7.9 million:**

- Current income tax charges (EUR -1.6 million, compared to EUR -7.7 million in 2010) are mainly incurred by subsidiaries in Eastern Europe, Germany and Scandinavia;
- The negative deferred tax result of EUR -6.4 million compares to a positive deferred tax result of EUR +11.8 million in 2010. The latter was mainly the result of the realisation of a substantial one-off tax-deductible loss for tax purposes on the liquidation of the US legal entity RUS, Inc.

**Result of the period (share of the Group):  
from EUR 14.4 million to EUR 17.4 million (+20.6%)**

## 3. MARKET SEGMENTS

### A. Flexible Foams



				in million EUR		
	2H/2010	2H/2011	Δ 2H	2010	2011	Δ FY
Sales	304.1	294.0	-3.3%	602.7	596.2	-1.1%
REBITDA	12.3	10.1	-18.3%	30.6	23.6	-22.9%
as % of sales	4.1%	3.4%		5.1%	4.0%	
EBITDA	4.3	8.7	100.3%	22.2	22.6	1.9%
as % of sales	1.4%	3.0%		3.7%	3.8%	
REBIT	5.2	3.7	-29.1%	15.7	10.4	-34.1%
as % of sales	1.7%	1.3%		2.6%	1.7%	
EBIT	(8.8)	0.4	nr	1.2	7.5	517.8%
as % of sales	-2.9%	0.1%		0.2%	1.3%	

#### Sales

Sales in the **Flexible Foams** segment (**EUR 596.2 million**) decreased by 1.1% as a result of lower volumes in the sub-segment 'Comfort', which was particularly impacted by a weaker market demand. On the contrary, the 'Technical foams' sub-segment still benefited from improved activity levels in the industrial markets.

The **'Comfort'** sub-segment reported lower sales (**EUR 365.8 million**; -5.2%) as a result of the deteriorating demand in Scandinavia and Spain. In the other countries, the overall sales level stabilized in a very competitive market.

The **'Technical foams'** sub-segment (**EUR 207.5 million**, +8.6%) continued to benefit from improving demand in the various industrial and automotive markets, although at a slower rate than in the previous year.

The **'Composite foams'** sub-segment (**EUR 22.8 million**, -11.7%) sales continued to suffer from poor world market prices for trim foam and from lower than expected volumes for bonded foam products.

#### EBITDA

Despite lower overall sales, EBITDA improved by 1.9% to EUR 22.6 million.

Net non-recurring elements amounted to EUR -0.98 million (compared to EUR -8.4 million in 2010) and relate mainly to provisions for restructurings and legal fees (EUR -0.7 million) relative to the ongoing EC investigation (see below).

The necessary lead time needed to transfer the increase in raw material prices in a very competitive market as well as temporary operational performance issues in the United Kingdom and the Netherlands led to a 22.9 % decrease in REBITDA.

In line with its intention to reduce complexity and to adjust the industrial footprint in its Flexible Foam activities, the Group completed the restructuring of three production sites in Spain and the closure of its "Carobel" comfort foam converting plant in the UK. The Group also announced its intention to close its production site in Bladel (The Netherlands) by mid-2012. In addition, the Group's joint venture company Eurofoam announced early January 2012 its decision to close the production site in Bexbach (Germany) (post-balance sheet date event, no impact on FY2011 results).

Mid-2011, the Group decided to buy out the 50% joint venture partners in the holding company Enipur bv (The Netherlands), which controls the operations in Greece (Teknofoam Hellas) and in Turkey (Teknofoam Turkey). This transaction enables the Group to accelerate the implementation of its strategy in the region. The Group also started with its first foam converting activities in India.

The modernisation of the plant in Langeac (France), where a new foaming machine has been installed, has been completed in 2011.



## B. Bedding

	in million EUR					
	2H/2010	2H/2011	Δ 2H	2010	2011	Δ FY
Sales	150.6	150.6	0.0%	293.3	292.2	-0.4%
REBITDA	12.7	9.2	-27.8%	20.3	16.9	-16.8%
as % of sales	8.5%	6.1%		6.9%	5.8%	
EBITDA	10.6	9.2	-13.6%	17.3	16.6	-3.6%
as % of sales	7.1%	6.1%		5.9%	5.7%	
REBIT	9.7	6.5	-33.5%	14.6	11.2	-23.6%
as % of sales	6.5%	4.3%		5.0%	3.8%	
EBIT	7.6	6.5	-15.5%	11.5	10.9	-4.9%
as % of sales	5.1%	4.3%		3.9%	3.7%	

### Sales

Sales in the **Bedding** segment decreased by 0.4% to **EUR 292.2 million**.

Sales of the **'Brands'** sub-segment (-2.4%) were lower as a result of lower sales in Austria and Switzerland, where the Swissflex® export activity suffered from the strong Swiss Franc.

Sales in the **'Non-brands'** sub-segment (+2.2%) performed above last year.

### EBITDA

EBITDA decreased by 3.6% to EUR 16.6 million.

The combination of a reduction in sales with an increase of raw material prices, put the profit margins under pressure. REBITDA includes a capital gain (EUR 1.3 million) realised upon the sale of a building in Switzerland.

In 2011 the result was also impacted by legal fees (EUR -0.4 million) relative to the ongoing Bundeskartellamt investigation (see below).



## C. Insulation

	in million EUR					
	2H/2010	2H/2011	Δ 2H	2010	2011	Δ FY
Sales	99.0	114.4	15.6%	187.4	223.1	19.0%
REBITDA	18.1	21.3	17.5%	35.5	39.5	11.2%
as % of sales	18.3%	18.6%		18.9%	17.7%	
EBITDA	18.1	21.3	17.6%	35.5	39.5	11.2%
as % of sales	18.3%	18.6%		18.9%	17.7%	
REBIT	16.4	19.4	18.5%	32.1	35.8	11.5%
as % of sales	16.5%	17.0%		17.2%	16.1%	
EBIT	16.4	19.4	18.5%	32.1	35.8	11.5%
as % of sales	16.5%	17.0%		17.2%	16.1%	

### Sales

Sales in the **Insulation** segment increased by 19.0% to **EUR 223.1 million**.

The sub-segment **Building insulation** was the main growth driver (**EUR 206.9 million**; +20.8%).

Despite a softening European construction market, structural demand for high performing polyurethane building insulation products remains high as a result of stricter insulation standards and regulations, higher energy prices and growing awareness of the need for more and better insulation.

The sub-segment **'Industrial insulation'** (**EUR 16.2 million**; + 0.7%) remained stable. The slightly weaker sales during the first three quarters of the year were compensated in 4Q/2011 by new LNG export projects.

### EBITDA

EBITDA improved by 11.2% thanks to higher volumes. Margins improved in 2H/2011 as higher raw material prices were gradually passed on in the selling prices.





## D. Automotive

				in million EUR		
	2H/2010	2H/2011	Δ 2H	2010 <sup>(1)</sup>	2011	Δ FY
Sales	156.9	149.7	-4.6%	324.9	324.8	0.0%
REBITDA	11.8	8.9	-24.4%	33.7	25.3	-25.1%
as % of sales	7.5%	6.0%		10.4%	7.8%	
EBITDA	7.5	8.7	15.8%	26.9	24.4	-9.2%
as % of sales	4.8%	5.8%		8.3%	7.5%	
REBIT	0.8	0.0	-95.7%	13.0	7.0	-46.3%
as % of sales	0.5%	0.0%		4.0%	2.2%	
EBIT	(4.9)	(3.5)	-28.7%	1.6	2.8	76.6%
as % of sales	-3.1%	-2.3%		0.5%	0.8%	

(1) The FY2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)

### Sales

Sales in **Automotive** stabilized at **EUR 324.8 million**. The lower volumes in the sub-segment 'Interiors' were fully compensated by higher sales in 'Seating'.

Sales in **'Interiors'** decreased slightly to **EUR 164.1 million** (-3.6%). The premium car market segment remained strong in Europe, the USA and in China,

The Group won several new Interior Trim contracts with BMW, Porsche and Mercedes (E-class in China), but lost the new Mercedes C-Class.

Sales in **Seating - 'Proseat'**, the 51%/49% seating Recticel/Woodbridge joint venture, (**EUR 147.0 million; +7.6%**) increased as a result of improving market share and the launch of the EPP (Expanded PolyPropylene) project in its French site of Trilport.

**'Exteriors'** decreased by 24.5% to **EUR 13.7 million**. Since the sale of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.

### EBITDA

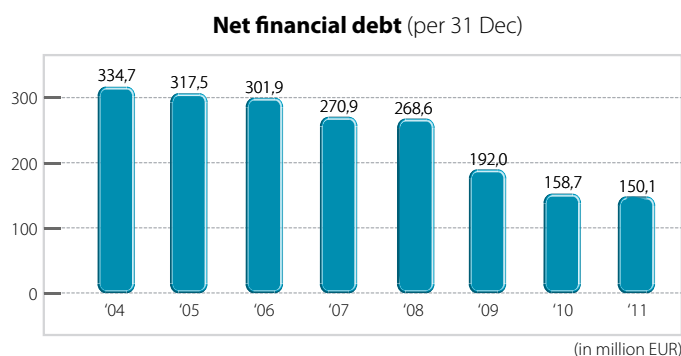
EBITDA of the Automotive segment decreased by 9.2% to EUR 24.4 million. Taking into account the received compensation in 1H/2010 (see footnote<sup>(1)</sup> above) EBITDA would have increased by 6.5% on a comparable basis. The main net non-recurring elements for EUR -0.9 million (2010: EUR -6.1 million) concern restructuring costs in Germany and the write-off of a loan granted by Proseat to an affiliated company in Russia.

The profitability of Automotive was also impacted by higher raw material costs which were gradually reflected in the selling prices. Finally, EBIT was impacted by impairments (EUR -3.2 million) on Interiors' assets for the SAAB project which has been terminated due to the bankruptcy of SAAB.

## 4. FINANCIAL SITUATION

On 31 December 2011, **net financial debt** amounted to **EUR 150.1 million** (excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs: EUR 45.5 million) compared to respectively EUR 158.7 million and EUR 19.7 million on 31 December 2010.

This results in an improved 'net debt to equity' ratio of 60%, compared to 66% at the end of 2010.



End-2011 the Group concluded with 7 prominent European banks a new EUR 175 million secured multi-currency credit facility with a tenor of 5 years. The new credit allows the Group to secure liquidity and to extend its debt maturity profile. It was used to repay by anticipation the amounts still outstanding under the EUR 230 million club deal of 2008, which was due to expire in February 2013.

## 5. INSPECTION BY DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION AND INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE ("BUNDESKARTELLAMT")

Concerning the ongoing European Commission and Bundeskartellamt investigations, additional data were requested by the Commission. No other additional elements are to be announced than those made public by the Group in its press release of 30 August 2011 (First half-year results 2011).

## 6. PROPOSED DIVIDEND

The Board of Directors will propose to the Annual General Meeting of 29 May 2012 the payment of a gross dividend of EUR 0.28 per share (2010: EUR 0.27).

## 7. OUTLOOK

Given the continuing uncertainty in the growth forecasts made by national and international institutions in the economies in which Recticel is active, the Board of Directors is not in a position to assess growth potential in 2012.

In 2012, the Group will continue to introduce new innovative products on its main markets, and to further optimize its cost structure.

## 8. PROFIT APPROPRIATION POLICY

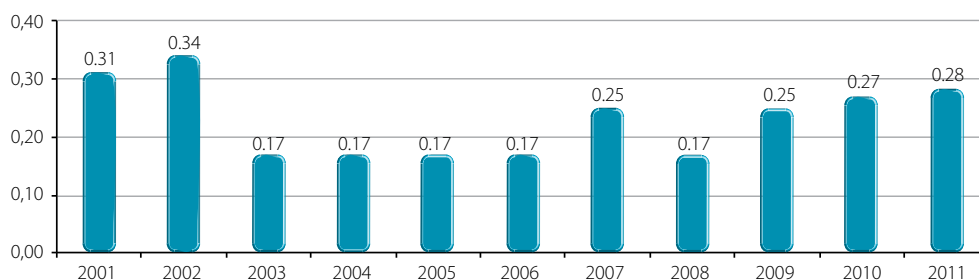
The Annual General Meeting decides on the appropriation of the amounts available for distribution on the basis of a proposal from the Board of Directors.

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
<b>Profit for the period</b>	<b>12 037 723.14</b>
+ Profit brought forward from previous year	63 045 822.56
<b>Result to be appropriated</b>	<b>75 083 545.70</b>
- Gross dividend	(8 100 807.68)
<b>Profit to be carried forward</b>	<b>66 982 73 8.02</b>

**Gross dividend per share (in EUR)**



## 9. DIVIDEND PAYMENT

Subject to approval by the General Meeting of 29 May 2012 of the profit appropriation, a dividend of EUR 0.28 gross will be paid per share (for ordinary shares: EUR 0.21 net (-25% withholding tax) and for shares + VVPR-strip EUR 0.2212 net (-21% withholding tax)). This dividend will be payable from 05 June 2012 on presentation of coupon no.18 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 KEY DATA

Gross dividend per share	EUR 0.28
On presentation of coupon	nr.18
Ex-coupon date	31 MAY 2012
Record date	04 JUNE 2012
Dividend payment date	05 JUNE 2012





# The Recticel Group Strategy and Activities





# Group Strategy

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 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 skins for interior trim, and foam pads for seat cushions.

The following strategy provides Recticel with a clear process to prioritise its resource allocation to the various business segments.

## 1. CORE COMPETENCES AND MARKETS

The core business and competence of Recticel are the transformation of the polyurethane chemistries into rigid foams, flexible foams and elastomer skins. Recticel will remain focused on polyurethane transformation for the following reasons:

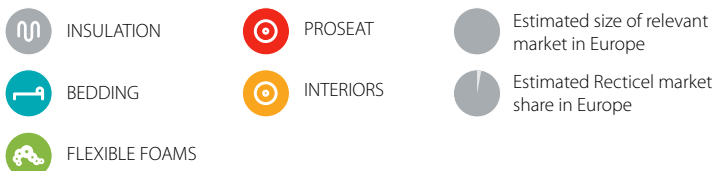
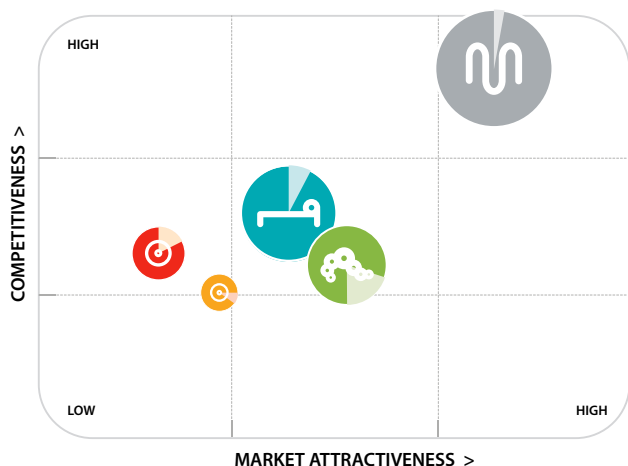
- Polyurethane is a high performance, versatile material enabling premium positioning in most segments and applications.
- The worldwide polyurethane market, which amounted to about EUR 40 billion worldwide in 2010, is growing 2% faster than global GDP, and is diversified into several important end-use 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 strong and light materials.
- It is a profitable market, enabling a proper business and risks balance between regions and applications.

## 2. PORTFOLIO MANAGEMENT: BUSINESS LINE STRATEGIC POSITIONING

The analysis of the business portfolio of Recticel is based on:

- the attractiveness of the market of each segment
- the level of competitiveness of Recticel in each segment

and provides the following business line positioning:



### 3. ANALYSIS PER BUSINESS LINE



## Insulation

#### Market attractiveness

- Environmental protection and energy conservation are mega-trends. Heating and cooling of buildings represents 22% of the worldwide use of energy.
- Insulation is considered to be the best solution to reduce energy consumption with the highest return on investment.
- Directives and EU regulations and its constituting countries are driving growth of insulation in new building market and subsidy policies are driving growth in the renovation market.

#### Competitiveness

- Polyurethane is the thermal insulation material with the highest performance in the market, gaining market share over polystyrene and rock- or glasswool insulation solutions.
- Recticel is recognised for its wide and high quality product range, and for its efficient service.
- The industrial footprint comprises very efficient and ideally located production facilities.

in million EUR

Sales 2011	223.1
EBITDA 2011	39.5
EBIT 2011	35.8



**EUROWALL®**

**POWERDECK®**

**POWERROOF®**

**POWERWALL®**

**ISO.finish™**



# 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.
- Bedding benefits of Recticel integration in flexible foams to innovate and to introduce new products.

in million EUR

Sales 2011	292.2
EBITDA 2011	16.6
EBIT 2011	10.9





# Flexible Foams

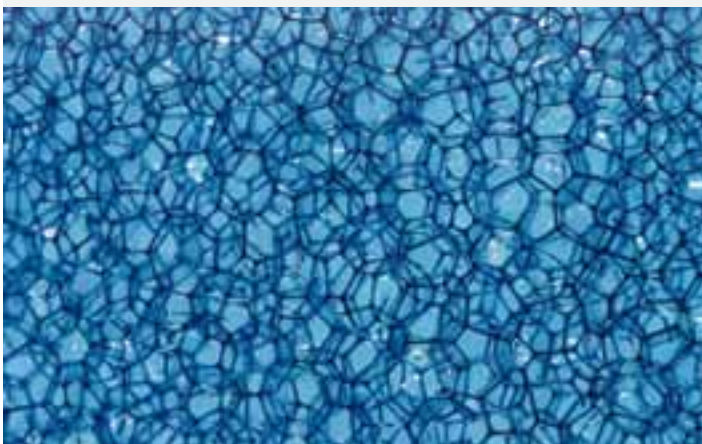
## Market attractiveness

- 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.

## 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.

	in million EUR
Sales 2011	569.2
EBITDA 2011	22.6
EBIT 2011	7.5



**comfort  
BULTEX®**  
supports life



*Body  
Foams.*

re-bounce®

foam  
for care

**FrameFoam**

**TryOn**

**Dryfeel**

**ANS**

**SENSIPUR®**

**arcadia®**



**composite  
foams**



# Automotive



## Market attractiveness

- Highly competitive and cyclical market, characterised in Europe by very significant overcapacities.
- Seating segment (Proseat) commoditised, Interiors segment highly capital intensive.
- Innovation and differentiation are mandatory, but generate small price premium.
- Intellectual property difficult to keep and to protect.

## Competitiveness

- Recticel is well positioned with the best performance products in Interiors, and is recognised for its innovative concepts in Seating (Proseat).
- Improved profitability due to restructuring and efficiency efforts.
- Recticel has an ideal global industrial footprint in Interiors (Europe, USA and China).

in million EUR

Sales 2011	324.8
EBITDA 2011	24.4
EBIT 2011	2.8





## 4. STRATEGY

Recticel will stay focused on polyurethane applications, and will strive for growth via innovation and new product introduction in high growth/high value segments. Recticel will also improve capacity utilisation through optimal industrial footprint management. 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):

<b>Insulation:</b>	Primary focus on Europe and accelerated organic growth, supported by innovation, new product introduction and complemented by acquisitions.
<b>Bedding:</b>	Organic growth and acquisitions based on strong brands and product innovation.
<b>Flexible Foams:</b>	Rationalisation & modernisation of the industrial footprint combined with selective growth initiatives based on new products and geographical expansion in the Technical Foams segment.
<b>Automotive:</b>	Stabilisation of the two business segments supported by innovative product introductions and continuous footprint and capacity utilisation optimisation.

## 5. OBJECTIVES

On that basis, Recticel will pursue the following medium term objectives:

- Achieve a CAGR of its sales turnover of minimum 5%, at same scope of consolidation.
- Generate double digit growth in earnings and dividends.
- Deliver a ROCE (EBIT / Average capital employed) of at least 15%.
- Lower the gearing ratio (Net Financial Debt/Equity) under 50%.

	in million EUR
Sales 2011	1 378.1
EBITDA 2011	88.8
EBIT 2011	42.0



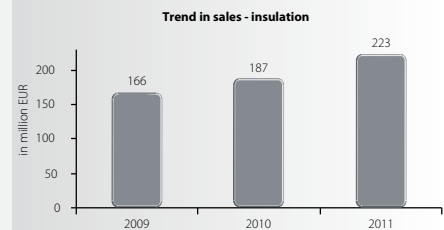
# I Activities

Recticel is primarily active in the manufacturing and transformation of polyurethane, of which the fields of applications are extremely various. The Group is organised around four business lines.



## 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**.



### Key Figures

	in million EUR		
	2009	2010	2011
Sales <sup>(1)</sup>	166.5	187.4	223.1
Growth rate of sales (%)	6.4%	12.6%	19.0%
REBITDA	40.3	35.5	39.5
REBITDA margin (as % of sales)	24.2%	18.9%	17.7%
EBITDA	40.3	35.5	39.5
EBITDA margin (as % of sales)	24.2%	18.9%	17.7%
REBIT	37.2	32.1	35.8
REBIT margin (as % of sales)	22.3%	17.2%	16.1%
EBIT	37.2	32.1	35.8
EBIT margin (as % of sales)	22.3%	17.2%	16.1%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	7.6	6.7	9.0
Investments as % of sales	4.5%	3.6%	4.1%

(1) before eliminations of intra group transactions

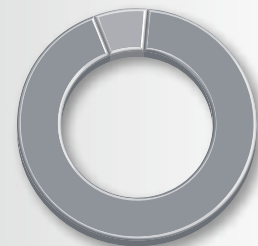
### Strategy

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

### Objectives up to 2014

- Average annual growth in sales of 10%.
- EBITDA/sales margin between 15% and 20%.

Insulation sales 2011:  
EUR 223.1 million



- Industrial insulation  
**8.6%**
- Building insulation  
**91.4%**



# 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.

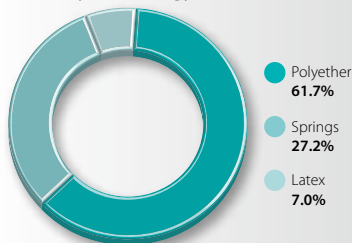
Key Figures	in million EUR			
	2009	2009 RESTATE <sup>(2)</sup>	2010	2011
Sales <sup>(1)</sup>	312.6	277.2	293.3	292.2
Growth rate of sales (%)	-10.6%	5.8%	-6.2%	-0.4%
REBITDA	23.2	21.1	20.3	16.9
REBITDA margin (as % of sales)	7.4%	7.6%	6.9%	5.8%
EBITDA	41.1	17.9	17.3	16.6
EBITDA margin (as % of sales)	13.1%	6.5%	5.9%	5.7%
REBIT	16.5	21.1	14.6	11.2
REBIT margin (as % of sales)	5.3%	7.6%	5.0%	3.8%
EBIT	33.8 (3)	11.6	11.5	10.9
EBIT margin (as % of sales)	10.8%	4.2%	3.9%	3.7%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	2.5	2.5	4.0	2.0
Investments as % of sales	0.8%	0.9%	1.4%	0.7%

<sup>(1)</sup> before eliminations of intragroup transactions

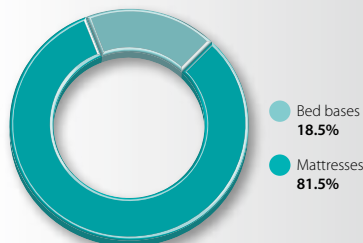
<sup>(2)</sup> The indicated trend is based on a comparable scope of consolidation. The FY2009 figures have been adapted to take into account the sale of the 50% interest in COFEL (France) in July 2009.

<sup>(3)</sup> this amount includes the net non-recurrent income (EUR +18,6 miljoen) as a consequence of the sale of the 50% interest in COFEL (France) (Bedding) in July 2009.

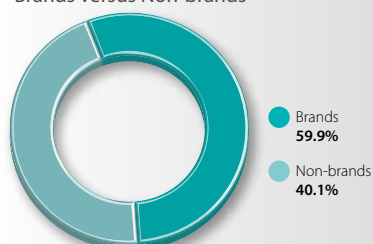
Bedding sales 2011:  
By technology



Bedding sales 2011:  
Mattresses & Bed bases



Bedding sales 2011:  
Brands versus Non-brands



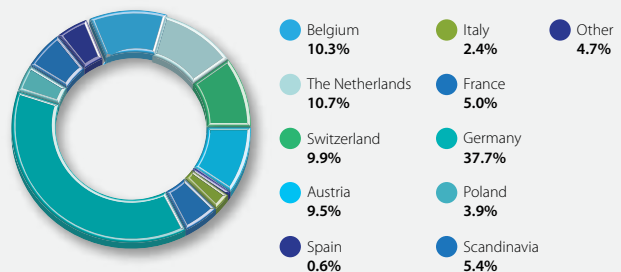
## Strategy

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

## Objectives up to 2014

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

Bedding sales 2011: Geographical spread (by destination)



Trend in sales - Bedding

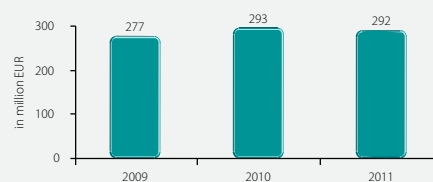


Figure 2009 is restated

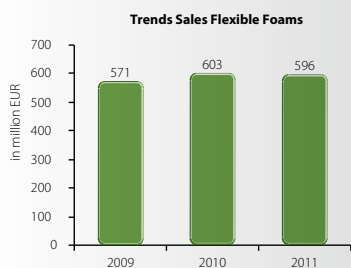


# Flexible Foams

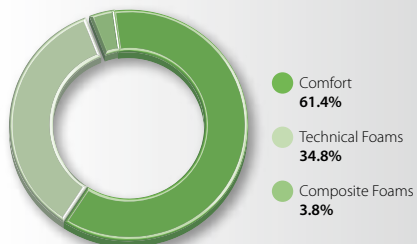
Flexible Foams business activities focus mainly on the production, transformation and commercialization of predominantly semi-finished products in flexible polyurethane foam. Historically, this business line has been the largest within the Group and it consists of three sections today: **Comfort**, **Technical 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	in million EUR		
	2009	2010	2011
Sales <sup>(1)</sup>	570,6	602,7	596,2
Growth rate of sales (%)	-11,6%	5,6%	-1,1%
REBITDA	46,9	30,6	23,6
REBITDA margin (as % of sales)	8,2%	5,1%	4,0%
EBITDA	45,1	22,2	22,6
EBITDA margin (as % of sales)	7,9%	3,7%	3,8%
REBIT	31,1	15,7	10,4
REBIT marge (as % of sales)	5,4%	2,6%	1,7%
EBIT	25,8	1,2	7,5
EBIT margin (as % of sales)	4,5%	0,2%	1,3%
Investments in intangible (excluding goodwill) and tangible fixed assets	4,9	10,3	12,1
Investments as % of sales	0,9%	1,7%	2,0%

<sup>(1)</sup> before eliminations of intra-Group transactions



Flexible Foams sales 2011:  
EUR 596.2 million



### Strategy

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

### Objectives up to 2014

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





# 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.

Key Figures	in million EUR		
	2009	2010	2011
Sales <sup>(1)</sup>	289,4	324,9	324,8
Growth rate in sales (%)	-39,0%	12,2%	0,0%
REBITDA	13,7	33,7	25,3
REBITDA margin (as % sales)	4,7%	10,4%	7,8%
EBITDA	-6,9	26,9	24,4
EBITDA margin (as % of sales)	-2,4%	8,3%	7,5%
REBIT	-5,8	13,0	7,0
REBIT margin (as % of sales)	-2,0%	4,0%	2,2%
EBIT	-32,2	1,6	2,8
EBIT margin (as % of sales)	-11,1%	0,5%	0,8%
Investments in intangible assets (exclusive of goodwill) and property, plant and equipment	7,0	11,2	7,0
Investments as % of sales	2,4%	3,5%	2,2%

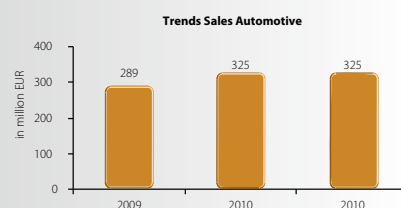
<sup>(1)</sup> before eliminations of intra-Group transactions

## Strategy

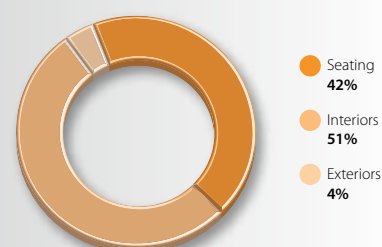
- Stabilization of the two business segments, Interiors and Proseat (Seating).
- New innovative product introductions.
- Continuous footprint and capacity utilisation optimisation.

## Objectives up to 2014

- EBITDA/sales margin of 8.0%.



Automotive Sales 2011:  
EUR 324.8 million









# Research and Development



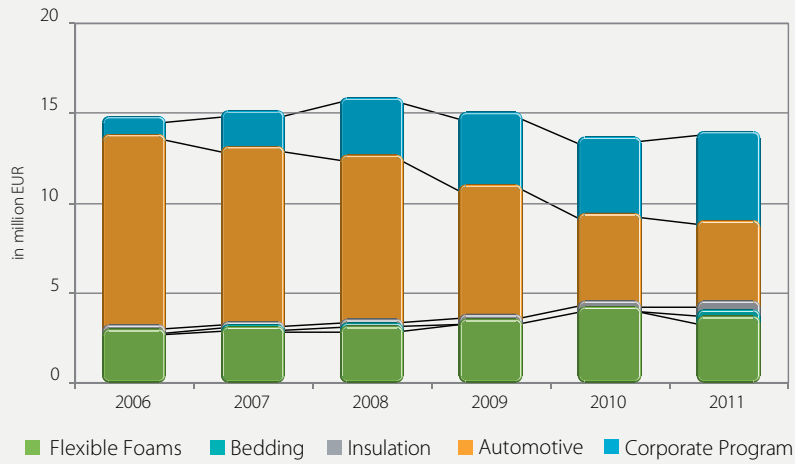
# Research and Development

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. In this context, a new Business Development function has been created that will focus on the identification, the selection and the development of markets and applications for the new products or technologies that are dealt with from within the Corporate Innovation Program.

In order to secure its long-term objectives, the Group disposes since many years now of a centrally organized research and development department. The International Development Centre (IDC), located in Wetteren (Belgium) has proven to be the best guarantee to simultaneously anticipate the many needs and challenges in a cost-efficient and flexible manner. In first place, a great deal of attention goes to the development of new products that may provide an answer to very diverse needs such as the increasing demand for lighter and more durable materials or products that integrate various functions together. Next to this the IDC also focuses on the improvement of existing products or it further optimizes existing production processes; hereby trying to reduce the use of raw materials, to reduce the volumes of waste products, and/or simply to produce more efficiently.



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



**Trend in annual gross budget for R&D**









# Human Resources & Production Plants





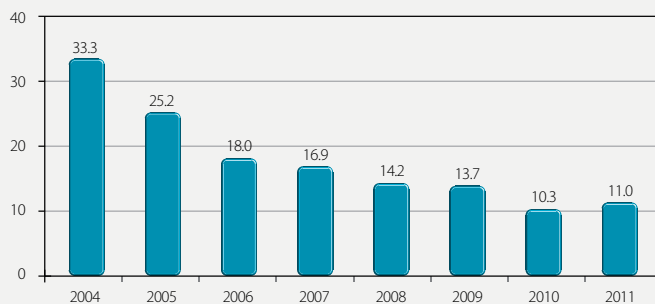
# Human Resources

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.

Recognizing that the workforce is the cornerstone of the Group's performance, and key to the execution of the strategic plan, it was decided to invest in identifying the Group's talent pool, to develop key competences, and to improve on certain weaknesses.

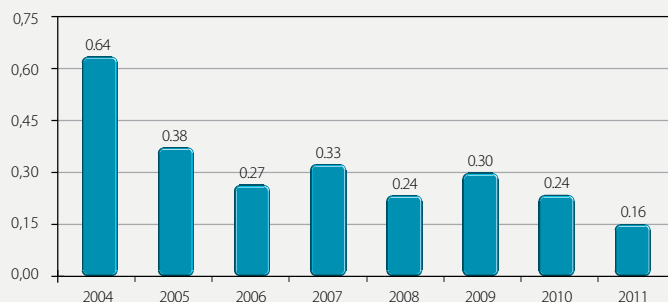
To this extent, the Talent Management Program was initiated in June 2010, based upon individual assessments. As a result 300 managers have received their Personal Development Guide. In October 2010, the Competence Development Program was launched. The focus was put on two of the Group core competences that the Management Committee had identified as priorities, "build talent and teams" and "focus on results". In November 2011 the last workshops were completed, and finally 440 Recticel Managers have participated to these workshops.

**Frequency index - industrial accidents**



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

**Severity index - industrial accidents**



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

	31 DEC 2011	
Germany	1 472	18,0%
Belgium	1 229	15,0%
Poland	825	10,1%
Czech Republic	757	9,2%
United Kingdom	682	8,3%
France	668	8,2%
The Netherlands	389	4,8%
Spain	279	3,4%
Austria	262	3,2%
USA	255	3,1%
Sweden	203	2,5%
Romania	202	2,5%
Switzerland	179	2,2%
People's Republic of China	166	2,0%
Hungary	131	1,6%
Finland	103	1,3%
Turkey	85	1,0%
Estonia	81	1,0%
Norway	70	0,9%
Italy	61	0,7%
Bulgaria	21	0,3%
India	17	0,2%
Lithuania	12	0,1%
Slovakia	11	0,1%
Ukraine	10	0,1%
Serbia	8	0,1%
Russia	6	0,1%
Greece	4	0,0%
Morocco	1	0,0%
<b>TOTAL</b>	<b>8 186</b>	<b>100%</b>

	31 DEC 2011	
Western-Europe	5 601	68,4%
Eastern-Europe	2 046	25,0%
<i>Rest of the world</i>	540	6,6%
<b>TOTAL</b>	<b>8 186</b>	<b>100%</b>

### NUMBER OF STAFF

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.





The number of staff was reduced by 450 in 2011 as a result of the economic crisis and the implementation of various reorganisation plans. These measures were necessary in order to adjust the industrial footprint to the new economic situation, especially in Western European countries. Most jobs (on pro rata basis for joint ventures) were lost in the Flexible Foams (133 people) and Automotive (268 people) activities and in various supporting services.

# Production Plants



The next table lists the principal production units of the Recticel Group (including joint venture companies). Besides these sites, the Group has 50 other conversion units or sales offices in Europe, the United States and Asia. End 2011, the Group had in total 107 production units. Recticel is active in 28 countries.



				
COUNTRY	INSULATION	BEDDING	FLEXIBLE FOAMS <sup>(1)</sup>	AUTOMOTIVE
AUSTRIA		Timelkam	Kremsmünster Linz	
BELGIUM	Turnhout Wevelgem	Geraardsbergen Hulshout	Wetteren	
CZECH REPUBLIC				Mladá Boleslav Most
ESTONIA			Tallinn	
FINLAND			Kouvola	
FRANCE			Langeac Louviers Trilport	Trilport
GERMANY		Hassfurt Jöhstadt Wattenscheid	Bexbach Burkhardtsdorf Ebersbach	Espelkamp Rheinbreitbach Rüsselsheim Schönebeck Unterriexingen Wackersdorf Mörfelden
HUNGARY			Sajóbábony	
INDIA			Raigad, Maharashtra	
ITALY			Gorla Minore	
NORWAY			Åndalsnes	
PEOPLE'S REPUBLIC OF CHINA				Ningbo
POLAND		Łódź	Zgierz	Bielsko Biala
ROMANIA		Miercurea Sibiului	Sibiú	
SPAIN			Catarroja Ciudad Rodrigo La Eliana	Santpedor
SWEDEN			Gislaved	
SWITZERLAND		Büron	Flüh	
THE NETHERLANDS			Kesteren	
UNITED KINGDOM	Glossop Stoke-on-Trent		Alfreton	Manchester
U.S.A.			Deer Park, NY Irvine, CA	Auburn Hills, MI Clarkston, MI Tuscaloosa, AL

(1) For Flexible Foams, only the major foaming plants are listed (situation per 31 December 2011).







# Corporate Governance





## 1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its web site ([www.recticel.com](http://www.recticel.com)) in accordance with the requirements of the Belgian Corporate Governance Code 2009. Any interested party can download the Charter there, 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 updated last year and endorsed by the Board of Directors.

Recticel uses the Belgian Governance Code of 2009 as reference code.

Recticel complies with all recommendations contained in the reference code, except with the following provisions:

- 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 however that Mr. Davignon and Mr. Vandepoel have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

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 Belgian 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 authority granted to the Board of Directors was not further limited in the articles of association.

The terms of reference of the Board of Directors are described in more detail in Recticel's Corporate Governance Charter.

## 2. 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 Group's 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 is formed by the revised Code of Conduct, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website ([www.recticel.com](http://www.recticel.com)).

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 Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering objective opinions about the internal control in place in the Recticel Group. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting 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.

### 3. External audit

The external audit of Recticel SA/NV's company and consolidated annual accounts was 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's annual accounts and the consolidated financial statements of the company reflect a true and fair view 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 261,000 for 2011. Apart from this remuneration the Auditor also invoiced EUR 42,750 for additional audits and EUR 199,900 for tax and legal assignments. 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 amounts to EUR 779,427. This global amount includes a sum of EUR 705,927 for additional tax, legal and corporate finance assignments. Since the Auditor's total audit service fees at Group level amount to EUR 850,323, the limit intended in article 133 of the Belgian Companies Code on consolidated level was 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 renewed in 2010 and will end after the Annual General meeting of 2013.

It shall finally be noted that "DELOITTE Bedrijfsrevisoren" will be represented as of 1 January 2012 by Messrs. William Blomme and/or Kurt Dehoorne.

## 4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of twelve members. There are eleven non-executive directors, three of which are independent. Olivier Chapelle BVBA, Chief Executive Officer, is the executive director.

The Chief Executive Officer represents the management and five directors represent the reference shareholders.

With reference to the Law of 28 July 2011 setting the obligation to have, by 1 January 2017, at least 1/3 of the members of the Board of the opposite gender, the Board is committed to comply with this obligation in due time.

The Board has taken this future obligation already into account when deciding on its proposal to nominate a new female director in replacement of Louis Verbeke BVBA and will further proposes to nominate an additional female director.

The following table provides an overview of the members of Recticel's Board of Directors during the financial year 2011 to date.

### Amendments since the previous annual report – statutory appointments – presentation of new directors

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, it has been decided during the annual general meeting dated 10 May 2011 to renew the director's mandate of Mr. Vincent DOUMIER for a period of four years, which will end after the Annual General Meeting of 2015 but not to renew the director's mandate of POL BAMELIS NV, represented by Mr. Pol BAMELIS, and, in replacement, to appoint Mr. Pierre Alain DE SMEDT as director for a period of four years, which will end after the Annual General Meeting of 2015.

Moreover, in the same annual general meeting, the resignation of Mr. Klaus WENDEL as director starting 3 March 2011 and his definite replacement by ANDRE BERGEN Comm. V, represented by Mr. André BERGEN, for the remaining duration of the mandate, which will end after the Annual General Meeting of 2013, have been ratified.

Mr. Pierre Alain DE SMEDT and ANDRE BERGEN Comm. V, represented by Mr. André BERGEN, 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.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE
Etienne DAVIGNON	Chairman	Non-executive	1932	1992	2012
Olivier CHAPELLE <sup>(1)</sup>	Managing Director	Executive	1964	2009	2012
Luc VANSTEENKISTE <sup>(2)</sup>	Vice Chairman	Non-executive	1947	1991	2012
Guy PAQUOT	Vice Chairman	Non-executive	1941	1985	2012
André BERGEN <sup>(3)</sup>	Director (from 3/3/2011)	Independent	1950	2011	2013
Pierre Alain DE SMEDT	Director	Independent	1944	2011	2015
Vincent DOUMIER	Director	Non-executive	1955	2007	2015
Wilfried VANDEPOEL	Director	Independent (till 17/5/2011) Non-executive (from 18/5/2011)	1945	1999	2012
Tonny VAN DOORSLAER	Director	Non-executive	1951	2004	2013
Louis H. VERBEKE <sup>(4)</sup>	Director	Non-executive	1947	1998	2012
Klaus WENDEL	Director	Independent	1943	2005	3/3/2011
Luc WILLAME <sup>(5)</sup>	Director	Independent	1940	2008	2012
Jacqueline ZOETE	Director	Non-executive	1942	2010	2012

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

(2) in his capacity as Managing Director of Vean NV.

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

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

(5) in his capacity as Chief Executive Officer of Sogelam SA/NV.

AC = Audit Committee

MC = Management Committee

RC = Remuneration & Nomination Committee

## Composition of the Board of Directors



Etienne Davignon  
*Chairman*



Olivier Chapelle  
*Chief Executive Officer*



Guy Paquot  
*Vice-Chairman*



Luc Vansteenkiste  
*Vice-Chairman*



André Bergen  
*Director*



Pierre Alain De Smedt  
*Director*



Vincent Doumier  
*Director*



Wilfried Vandepoel  
*Director*



Tony Van Doorslaer  
*Director*



Louis Verbeke  
*Director*



Luc Willame  
*Director*



Jacqueline Zoete  
*Director*

	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
	Brussels Airlines Chairman	RC (till 3/3/2011) AC
		MC
	Sioen Industries NV Chairman	
	Entreprises et Chemins de Fer en Chine SA/NV Chairman and Managing Director	
	Cofinimmo Chairman	RC AC (from 3/3/2011)
	VBO-FEB Chairman	
	Compagnie du Bois Sauvage NV Managing Director	AC
	Lessius Corporate Finance NV Managing Director	AC
	Spector Photo Group NV Executive Chairman	AC
	Vlerick Leuven Gent Management School Chairman	RC
		AC (till 3/3/2011)
		RC
	Sioen Group	

It should also be noted that Mr. Wilfried VANDEPOEL has been considered independent director up to 18 May 2011 after which he became a non-executive director, as he had reached the maximum period of twelve years at that moment.

After the annual general meeting to be held on 29 May 2012, the following mandates will come to an end, being:

- Mr. Etienne DAVIGNON, as non-executive director and Chairman of the Board of Directors;
- OLIVIER CHAPELLE SPRL, represented by Mr. Olivier CHAPELLE, as executive director and Managing Director;
- VEAN NV, represented by Mr. Luc VANSTEENKISTE, as non-executive director and Vice-Chairman of the Board of Directors;
- Mr. Guy PAQUOT, as non-executive director and Vice-Chairman of the Board of Directors;
- Wilfried VANDEPOEL, as non-executive director;
- LOUIS VERBEKE BVBA, represented by Mr. Louis H. VERBEKE, as non-executive director;
- SOGELAM NV, represented by Mr. Luc WILLAME, as non-executive director;
- Mrs. Jacqueline ZOETE, as non-executive director.

Taking the above into consideration and based upon the recommendation of the Remuneration and Nomination Committee, the Board of Directors will propose the following at the annual general meeting of 29 May 2012:

- Renewal of the term of office of Mr. Etienne DAVIGNON as non-executive director and Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of OLIVIER CHAPELLE SPRL, represented by Mr. Olivier CHAPELLE, as executive director and Managing Director, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of VEAN NV, represented by Mr. Luc VANSTEENKISTE, as non-executive director and Vice-Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of Mr. Guy PAQUOT, as non-executive director and Vice-Chairman of the Board of Directors, for a further period of four years expiring at the end of the General Meeting in 2016.
- Renewal of the term of office of Mrs. Jacqueline ZOETE, as non-executive director, for a further period of four years expiring at the end of the General Meeting in 2016.

- Replacement of Mr. Wilfried VANDEPOEL, whose term of office as a director expires at the end of the present General Meeting, and election as a non-executive director of REVAM BVBA, represented by Mr. Wilfried VANDEPOEL, for a period of one year expiring at the end of the General Meeting in 2013.

- Replacement of SOGELAM NV, represented by Mr. Luc WILLAME, whose term of office as independent director expires at the end of the present General Meeting, and election as non-executive director of Mr. Patrick VAN CRAEN for a period of four years expiring at the end of the General Meeting in 2016.

- Replacement of LOUIS VERBEKE BVBA, represented by Mr. Louis H. VERBEKE, whose term of office as non-executive director expires at the end of the present General Meeting, and election as director of Mrs. Marion DEBRUYNE for a period of four years expiring at the end of the General Meeting in 2016.

- Election as director of Mrs. Ingrid MERCKX for a period of four years expiring at the end of the General Meeting in 2016.

The Board of Directors suggests appointing Mrs. Marion DEBRUYNE as independent director, in the sense of article 524 §2 and 526bis §2 of the Companies Code, until the maturity of her mandate. She meets all the criteria indicated in article 526 ter of the Companies Code. She also meets the independence criteria of the Code on Corporate Governance 2009.

The Board of Directors suggests appointing Mrs. Ingrid MERCKX as independent director, in the sense of article 524 §2 and 526bis §2 of the Companies Code, until the maturity of her mandate. She meets all the criteria indicated in article 526 ter of the Companies Code. She also meets the independence criteria of the Code on Corporate Governance 2009.

Prof. Dr. Ir. Marion DEBRUYNE (1972) is bachelor of science in Chemical Engineering and a doctor of philosophy in Applied Economics (University of Ghent). She is also Master in Marketing Management (Vlerick Leuven Gent Management School). Mrs. Debruyne is partner and associate professor at the Vlerick Leuven Gent Management School. She is Director Master Programs and member of the Executive Committee. Her interests lie at the intersection of marketing strategy, innovation and competition. She is also independent member of the board of directors of Kinopolis.

Mrs. Ingrid MERCKX (1966) obtained a Master in Civil Engineering at the Katholieke Universiteit Leuven. From 1990 to 2002, she exercised several functions at Générale de Banque and within the Telindus Group. In September 2002, she became Managing Director Europe and CFO EMEA for Agfa Europe. From 2006 to 2010, she was Regional President

Region Europe West for Agfa Graphics, where she has now been in charge since 2011 of the " Inkjet " business as Chief Operating Officer.

Mr. Patrick VAN CRAEN (1953) is Civil Engineer Architect, graduated from Université Catholique de Louvain. He exercises management functions in the CFE Group since 1990. Since 2006, he is also a member of the Management Committee of CFE and he has several mandates as managing director within CFE and as director in other companies active in the real estate and construction area.

The Board of Directors will also propose at the annual general meeting to approve the election of Mr. William Blomme as co-representative of the Company's statutory auditor, "DELOITTE Auditors", which will hence be represented by Messrs. Kurt Dehoorne and/or William Blomme with effect as of the financial year starting on 1 January 2012, and for the remainder of the auditor mandate.

#### Operation of the Board of Directors

The Board of Directors gathered a total of six times in 2011. One meeting handled mainly the 2011 budget and two meetings handled the establishment of the annual accounts as per 31 December 2010 and the mid-year accounts as per 30 June 2011. One meeting exclusively handled the delayed 2010 stock option plan issue, and another the refinancing of the Group.

Each meeting also addressed the state of affairs per business line and the most important current acquisition 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 2011.

Mr. Dirk VERBRUGGEN, Company Secretary, acts as Secretary of the Board of Directors.

The individual attendance rate of the directors at the meetings in 2011 was:

NAME	ATTENDANCE RATE 2011
Etienne DAVIGNON	6/6
Guy PAQUOT	5/6
Luc VANSTEENKISTE	5/6
Olivier CHAPELLE	6/6
PoI BAMELIS	2/2
André BERGEN	3/4
Pierre Alain DE SMEDT	2/4
Vincent DOUMIER	5/6
Wilfried VANDEPOEL	5/6
Tonny VAN DOORSLAER	5/6
Louis VERBEKE	6/6
Klaus WENDEL	1/2
Luc WILLAME	5/6
Jacqueline ZOETE	5/6

It shall furthermore be noted that a self-assessment of the Board of Directors' operation will be launched during the first half of 2012. Such self-assessment will start through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire will then be discussed and further analysed during a subsequent meeting of the Board of Directors.

## 5. Committees set up by the Board of Directors

### a) 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 terms of reference are included in the Corporate Governance Charter.

The Audit committee consists of five members. All members are non-executive directors and one member, the Chairman, is an independent director in the sense of the Belgian Companies Code.

Mr. Philippe Jous, Corporate General Counsel & General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV's articles of association and the relevant provisions of the Belgian 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 however that Mr. Davignon and Mr. Vandepoel have proven a de facto independence stature, though they no longer meet the legal independence requirements, only due to their term as director exceeding twelve years.

In accordance with article 526bis of the Companies Code, Recticel NV declares that the Chairman of the Audit committee, Mr. André BERGEN, meets the independence requirements and that he possesses the requisite expertise in accounting and auditing.



The following table contains the members of the Audit committee during the financial year 2011 to date.

NAME	FUNCTION	ATTENDANCE RATE IN 2011
Klaus WENDEL <sup>(1)</sup>	Chairman	1/1
André BERGEN <sup>(2)</sup>	Chairman	2/3
Etienne DAVIGNON	Member	4/4
Vincent DOUMIER	Member	4/4
Wilfried VANDEPOEL	Member	3/4
Tonny VAN DOORSLAER	Member	4/4

<sup>(1)</sup> Resignation on 3 March 2011.

<sup>(2)</sup> Chairman since 3 March 2011.

The Audit committee convened four times in 2011. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2010 and the interim accounts per 30 June 2011. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions.

The Audit Committee conducts each year an informal self-assessment of its operation during one of its meetings and reserves the necessary time to discuss and analyse the same.

## b) 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-appointment of directors as well as the appointment and induction of new directors. The terms of reference 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 Chief Executive Officer participates to the meetings of the Remuneration and Nomination Committee in an advisory capacity each time the remuneration of another executive is being discussed.

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 2011
Etienne DAVIGNON <sup>(1)</sup>	Chairman	2/2
Luc WILLAME <sup>(2)</sup>	Chairman	5/5
André BERGEN <sup>(3)</sup>	Member	2/3
Louis VERBEKE	Member	5/5

<sup>(1)</sup> Resignation on 3 March 2011.

<sup>(2)</sup> Chairman since 3 March 2011.

<sup>(3)</sup> Member since 3 March 2011.

In accordance with article 526quater 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 five times in 2011.

The first two meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors; the May meeting dealt with the Stock Option Plan – 2010 Edition, as well as with the hiring of Mr. François PETIT as Chief Procurement Officer; during the last two meetings, the following items were discussed: the hiring of Mr. Rik DE VOS as new Group General Manager Flexible Foams, the Stock Option Plan – 2011 Edition, issued in December 2011, benchmarking, succession planning and evaluation of the Board of Directors' operation.

The set-up and operation of the Remuneration and Nomination Committee was thoroughly reviewed at the end of 2010 following the introduction of the Law dated 6 April 2010 amending the Belgian Companies Code and introducing an article 526quater, whereby the setting-up of a Remuneration and Nomination committee has become mandatory. Consequently, this committee will proceed as of 2012 with a self-assessment of its operation. Such self-assessment will start through a questionnaire to be remitted to and completed by each member. The results of the questionnaire will then be discussed and further analysed during a subsequent meeting of the Remuneration and Nomination committee.

## 6. The executive management

The Board of Directors has entrusted the day-to-day management of the company to its Managing Director and Chief Executive Officer, "OLIVIER CHAPELLE" SPRL/BVBA, located in 1180 Brussels, Avenue de la Sapinière 28, represented by its General Manager and permanent representative, Mr. Olivier CHAPELLE.

The Chief Executive Officer is assisted by the Management committee, of which the members (for the period 2011 to present) are indicated in the following list:

NAME	FUNCTION
Olivier CHAPELLE <sup>(1)</sup>	Chief Executive Officer
Betty BOGAERT	Group ICT & Business Support Manager
Marc CLOCKAERTS <sup>(2)</sup>	Group General Manager Automotive
Jean-Pierre DE KESEL	Deputy General Manager Bedding
Jan DE MOOR <sup>(3)</sup>	Group Human Resources & Corporate Communication Manager
Caroline DESCHAUMES <sup>(4)</sup>	Group General Manager Bedding
Edouard DUPONT <sup>(5)</sup>	Group General Manager Flexible Foams
Rik DE VOS <sup>(6)</sup>	Group General Manager Flexible Foams
Philippe JOUS <sup>(7)</sup>	General Secretary & Corporate General Counsel
Jean-Pierre MELLEEN <sup>(8)</sup>	Chief Financial Officer
François PETIT <sup>(9)</sup>	Chief Procurement Officer
Bart WALLAEYS	Group Manager Research and Development
Paul WERBROUCK	Group General Manager Insulation

<sup>(1)</sup> in his capacity as General Manager and permanent representative of Olivier Chapelle BVBA.

<sup>(2)</sup> in his capacity as General Manager and permanent representative of Emsee BVBA.

<sup>(3)</sup> in his capacity as General Manager and permanent representative of Cape-3 BVBA.

<sup>(4)</sup> until 24 April 2012

<sup>(5)</sup> until 01 December 2011

<sup>(6)</sup> since 01 September 2011

<sup>(7)</sup> in his capacity as General Manager and permanent representative of Caamous SCA/Comm.VA.

<sup>(8)</sup> since 1 January 2011 in his capacity as General Manager and permanent representative of De Ster BVBA.

<sup>(9)</sup> since 02 May 2011

The Management committee has an advisory role on behalf of the Chief Executive Officer and is not an executive committee in the sense of article 524bis of the Belgian Companies Code.

## 7. Remuneration report

### I. Introduction

The Recticel Group's Remuneration policy can be found in the Corporate Governance Charter on the Recticel web site ([www.recticel.com](http://www.recticel.com)).

The Group Remuneration Policy was not amended during the year 2011.

The Board of Directors of the Group have determined the remuneration of the Management Committee (hereafter the "Senior 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.

As such, a compensation benchmarking exercise of the Management Committee members was organised in the second half of 2011 together with Towers Watson.

In line with the recommendation of the Remuneration and Nomination Committee, the Board has reaffirmed the general principles of the Group Remuneration Policy for the year 2012 and for the two years thereafter.

### Remuneration of the directors

The company's directors are rewarded for their services with a fixed remuneration for the year, as well as a fixed attendance fee per attended meeting. The remuneration is determined by the General Meeting for the current year, upon a proposal from the Board of Directors. The Chairman of the Board receives a remuneration of 200% of the remuneration specified for other members of the Board.

The General Meeting also decides on the additional remuneration for Board Committee members. The Chairman of the Committees receives a remuneration of 150% of the remuneration specified for other members of the Committee. The level as well as the structure of the remuneration of the directors is reviewed on an annual basis. For 2012, no changes are proposed.

Non-executive directors of the Company receive no remuneration, bonus, or equity-linked, or other incentives from the Company and/or its affiliates except as remuneration for their services as Director to the Company and/or its affiliates, and with the exception of VEAN NV, represented by Mr. Luc Vansteenkiste, as explained hereafter. The company will not grant credit, nor maintain credit, nor

award credit in the form of a personal loan, nor extend an existing credit, to any member of the Board of Directors.

### Remuneration of the Senior Management

The remuneration of the Senior 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, and,
- stimulating, acknowledging and rewarding personal and team performances.

The level as well as the structure of the remuneration of the Senior Management is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval.

The remuneration package for Senior Management combines three integrated elements, which together form the "total direct remuneration". These integrated elements are the basic compensation, the annual incentive bonus and the long-term incentives. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Senior Management.

When determining the remuneration levels for Senior Management, along with the internal factors, the remuneration of executives in multinational companies of similar size and/or similar activities with headquarters in Belgium and neighbouring countries are 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.

### Evaluation criteria for the bonus remuneration of the executive management

The CEO receives a bonus remuneration based on his performance over the calendar year. The evaluation criteria are based on financial targets linked to certain key performance indicators ("KPI's") in relation to the annual budget and debt level at Group level, as well as non-financial targets linked to the development of the company for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.). The Remuneration Committee makes the evaluation in a private session and discusses the evaluation with the CEO before presenting a proposal to the Board for approval.

The Group General Managers (and Deputy General Manager) at the head of the four different business lines likewise receive a bonus remuneration based on their performance during the calendar year. The evaluation criteria are based on financial targets linked to certain KPI's in relation to the annual budget, both at Group level, as at the level of their respective business lines. Financial targets account for 60% of the bonus. Non-financial targets account for 40% linked to the development of the business line for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.).

For the support functions within the Management Committee (CFO, GC, HR, Procurement, ICT and R&D), financial targets account for 45% and relate to the Group results, the department budget and/or specific projects. Non-financial targets account for 55% linked to the development of the department for the future (for example structure, new products, M&A, human resources, compliance, etc.).

The CEO performs the evaluation of the other members of the Management Committee, and discusses the results of the evaluation with the Remuneration Committee.

With regard to article 520ter of the Companies Code, relating to the need to defer variable remuneration payments over a three year period in case certain thresholds are passed, the Board of Directors had proposed to the 2011 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation, in order to allow the Board to review the Recticel situation in this regard. The 2011 General Shareholder meeting approved this proposal for the year 2011.

A review took place at the end of 2011 and the conclusion was that the principle of a deferral over a three year period of the variable remuneration payment would only be applicable to the Managing Director and CEO, Olivier Chapelle SPRL/BVBA, as all other members of the Management Committee remained below the 25% threshold.

The Remuneration Committee and the Board of Directors reviewed the various possibilities that the legislation offers for its application and finally decided that it would be in the best interest of the company to keep the variable remuneration payment structure at the same level for all Management Committee members. As the target variable remuneration bonus pay-out for the Managing Director and CEO surpasses the 25% maximum threshold, the Board will hence propose to the General Shareholder meeting to approve the said deviation from the principle of a deferral over three years, and hence to allow the full payment of the variable remuneration within one year.

It shall be finally noted that there exists no right of recovery in case the variable remuneration would have been granted based on incorrect financial data.

## II. Publication of the remunerations of the directors and the members of the executive management

### II.1. Gross remunerations of the directors

NAME	DIRECTOR'S FEES 2011	ATTENDANCE FEES	AUDIT COMMITTEE 2011	REMUNERATION AND APPOINTMENT COMMITTEE 2011	DIRECTORS' FEES PAID IN 2011 REGARDING 2010	REMUNERATION FOR SPECIAL ASSIGNMENTS
DAVIGNON Etienne	18 000,00	16 500,00	10 000,00	-	21 346,52	-
OLIVIER CHAPELLE BVBA	9 000,00	8 250,00	-	-	-	-
PAQUOT Guy	9 000,00	6 600,00	-	-	10 673,26	-
VEAN NV	-	-	-	-	-	-
BERGEN André Comm. Venn.	7 450,00	4 950,00	11 250,00	2 500,00	-	-
DE SMEDT Pierre Alain	5 760,99	3 300,00	-	-	-	-
DOUMIER Vincent	9 000,00	6 600,00	10 000,00	-	10 673,26	-
LOUIS VERBEKE BVBA	9 000,00	8 250,00	-	2 500,00	10 673,26	-
MERCATOR Verzekeringen NV	-	-	-	-	3 830,68	-
POL BAMELIS NV	3 239,01	3 300,00	-	-	10 673,26	-
SOGELAM NV	9 000,00	8 250,00	-	3 750,00	10 673,26	-
VANDEPOEL Wilfried	9 000,00	6 600,00	7 500,00	-	10 673,26	-
VAN DOORSLAER Tonny	9 000,00	6 600,00	10 000,00	-	10 673,26	-
WENDEL Klaus	1 550,00	1 650,00	3 750,00	-	10 673,26	-
ZOETE Jacqueline	9 000,00	6 600,00	-	-	6 842,58	-

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.

The remuneration of the executive director (Olivier Chapelle SPRL/BVBA) as included in the above overview is taken into account for his total compensation package on the basis of his management services agreement.

Commencing 1 April 2010 the mandate of the director of Veau NV is no longer remunerated. Veau NV however still receives a remuneration based on his management services agreement. From April 2010 through May 2012 Veau NV receives a fixed compensation of EUR 66,666.67 per month or EUR 800,000 per year.

The General Shareholder meeting of 2011 abolished the system of "tantièmes" (director fees linked to the profit/dividend of the Company) as it was not in line with the guidelines contained in the Belgian Corporate Governance Code 2009.

The 'tantièmes' were replaced by a fixed annual fee. For 2011 a fixed annual consideration was approved of EUR 9,000 for a director, and EUR 18,000 for the Chairman of the Board. For 2012, the proposal to be presented to the General Shareholder meeting will remain at the same level.

## II.2. Remuneration of the CEO and the other members of the Management Committee

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL	
	2011	2010	2011	2010	2011	2010
Number of persons	1	1	12	10	13	11
Basic salary	442 000	442 000	2 842 930	2 172 581	3 284 930	2 614 581
Variable remuneration	280 000	200 000	614 857	790 935	894 857	990 935
<b>Subtotal</b>	<b>722 000</b>	<b>642 000</b>	<b>3 457 787</b>	<b>2 963 516</b>	<b>4 179 787</b>	<b>3 605 516</b>
Pensions	0	0	101 125	123 183	101 125	123 183
Other benefits	95 654	94 284	214 924	263 548	310 578	357 832
<b>Total</b>	<b>817 654</b>	<b>736 284</b>	<b>3 773 836</b>	<b>3 350 247</b>	<b>4 591 490</b>	<b>4 086 531</b>

### Remarks:

- The table above is established in line with the new guidance provided by the Belgian Corporate Governance Committee, meaning that for members with employee status, the gross salary is taken, without the employer social contributions, and for members utilising a management company, total remuneration fees invoiced for the year. The 2010 figures have hence been restated compared to the figures published in the 2010 Annual Report.
- The variable remuneration of Olivier Chapelle SPRL/BVBA for the year 2010 was fixed at the moment of the signing of the management services agreement at the end of 2009.
- Members of the Management Committee with an employee status also have a company vehicle (including fuel) and company mobile phone at their disposal. The cost thereof have been included in the above amount of 'other benefits'. Members of the Management Committee operating through a management company receive no such benefits, though certain costs may be invoiced separately, in which case they are also taken into account in the above overview.
- Note that EMPA Comm V left the Management Committee on 1 December 2012, and that two new members joined the committee during the year, respectively Mr. François Petit as from May 2011 and Mr. Rik De Vos as from September 2011. In the above overview, the costs of these three persons are taken up as spent for the relevant months.

With regard to group insurance and pension arrangements, a distinction needs to be made between members being employees, and members operating through a management company. The latter receive no group insurance or pension arrangements.

Members of the Management Committee with an employee status employed before 2001 are included in the Recticel Group Defined Benefit Plan. Members hired externally since 2001 are included in the Recticel Group Defined Contribution Plan. The service costs relating thereto have been included in the above overview.

## II.3. Shares, stock options and other rights to acquire shares

In line with the Corporate Governance Code, the Board of Directors requested the Annual General meeting of May 2010 for approval and obtained said approval for the issue of a stock option plan of maximum up to 600,000 warrants for the senior managers of the Group.

Following the fact that, since August 2010, the company was in a closed period for a long period, as a result of the European cartel investigation into Recticel, and during which the Company could not grant options, it was decided to postpone the 2010 series to further notice. After the end of the closed period on March 7th, 2011, the plan was finally relaunched and implemented at the end of May 2011.

The delayed 2010 plan involved a total of 354,500 warrants for a total of 50 managers. The exercise price was set at the average share price of the previous 30 days, i.e. EUR 7.69 and the exercise period will run from 1 January 2015 up to 29

May 2017. The total cost taken into account by the Company for this 2010 series amounts to EUR 1.227 per warrant or EUR 434,972 in total, spread over four years (year of issuance and three year vesting period).

The following members of the Management Committee received the following warrants for the 2010 series:

NAME	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE (*) IN EUR
Olivier Chapelle	50 000	61 350
Betty Bogaert	16 500	20 245
Marc Clockaerts	16 500	20 245
Jean-Pierre De Kesel	16 500	20 245
Jan De Moor	16 500	20 245
Caroline Deschaumes	16 500	20 245
Philippe Jous	16 500	20 245
Jean-Pierre Mellen	16 500	20 245
Bart Wallaeyns	16 500	20 245
Paul Werbrouck	16 500	20 245

(\*) The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain hypotheses regarding dividend yield, interest rate and volatility.

For the Stock Option Plan 2011, the Board of Directors requested the Annual General meeting of May 2011 for approval and obtained said approval for the issue of a stock option plan of maximum up to 600,000 warrants for the senior managers of the Group.

The 2011 plan involved a total of 438,000 warrants for a total of 60 managers. The exercise price was set at the average share price of the previous 30 days, i.e. EUR 4.03 and the exercise period will run from 1 January 2015 up to 21 December 2017. The total cost taken into account by the Company for this 2011 series amounts to EUR 0.402 per warrant or EUR 176,076 in total, spread over four years (year of issuance and three year vesting period).

The following members of the Management Committee received the following warrants for the 2011 series:

NAME	TOTAL NUMBER OF WARRANTS	TOTAL THEORETICAL VALUE OF WARRANTS AT ISSUANCE (*) IN EUR
Olivier Chapelle	50 000	20 100
Betty Bogaert	16 500	6 633
Marc Clockaerts	16 500	6 633
Jean-Pierre De Kesel	16 500	6 633
Jan De Moor	16 500	6 633
Caroline Deschaumes	16 500	6 633
Philippe Jous	16 500	6 633
Jean-Pierre Mellen	16 500	6 633
Bart Wallaey	16 500	6 633
Paul Werbrouck	16 500	6 633

(\*) The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain hypotheses regarding dividend yield, interest rate and volatility.

During the year 2011, no stock options or warrants, shares or other rights to acquire shares were allocated to the members of the Board of Directors.

During 2011, no warrants were exercised by any member of the Management Committee.

#### II.4. Primary contractual assessment of recruitment and departure regulation for the members of the Management committee

Most agreements with the members of the Management Committee contain no specific end of contract regulation. Consequently common law is decisive. Some members do have such regulation in proportion to their seniority.

In that respect, you will find below an overview of the dismissal period and severance pay for each member of the Management Committee.

NAME	DISMISSAL PERIOD/ SEVERANCE PAY	COMMENTS
Olivier Chapelle	12 months	
Betty Bogaert	12 months	Legal minimum - Formule Claeys shall apply
Marc Clockaerts	18 months	12 months as from 2015
Jean-Pierre De Kesel	18 months	Legal minimum - Formule Claeys shall apply
Jan De Moor	18 months	
Rik De Vos	6 months	12 months as from September 2012
Philippe Jous	3 months	
Caroline Deschaumes	18 months	Legal minimum - Formule Claeys shall apply
Jean-Pierre Mellen	15 months	
François Petit	6 months	12 months as from May 2012
Bart Wallaey	15 months	Legal minimum - Formule Claeys shall apply
Paul Werbrouck	21 months	Legal minimum - Formule Claeys shall apply

For the year 2011, the following new or renewed hirings took place regarding members of the Management Committee.

A services agreement with EMPA Comm V, represented by Mr. Edouard Dupont, Group General Manager Flexible Foams, was signed early 2011. This management services agreement provided for a termination period of three months. The agreement was ended in common agreement on 30 November 2011 without any severance pay.

As from 1 May 2011, Mr. François Petit was hired as Chief Procurement Officer. His employment agreement provides for a termination period of six months during the first year and twelve months thereafter.

As from 1 September 2011, Mr. Rik De Vos was hired as Group General Manager Flexible Foams. His employment agreement provides for a termination period of six months during the first year and twelve months thereafter.



## 8. Transactions and other contractual ties between the Company and affiliated companies and members of the Board of Directors or members of the Management committee

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on related party transactions, that are not governed by the legal 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, Recticel Group companies booked purchases worth EUR 1,349,896 and sales worth EUR 185,069 with companies of the Sioen Group during the year 2011.

During 2011, no conflicts of interests arose between a director and the Company as referred to in Articles 523 and 524 of the Belgian Companies Code, except in the context of the Stock Option Plan, 2010 and 2011 Editions as issued resp. in May and December 2011, when Mr. Olivier CHAPELLE had a conflict of interest. The above-mentioned articles were applied. Reference is made here to the statutory annual report, which contains an extract from the minutes of the Board of Directors held on 30 May 2011 and 22 December 2011.

No other applications occurred in this regard.

## 9. 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.

## 10. Relationships with the reference shareholders and other elements related to possible public takeover bids

Recticel SA/NV was controlled by a group of shareholders that were bound by a shareholder agreement dated 22 August 2007. This shareholder agreement runned for a period of three years. Since August 2010, the shareholder group tacitly continued the said arrangements, which can however be terminated at any moment with prior notice.

The shareholders hence continue to collectively support Recticel's strategy and take on a collective position in the Annual General meeting.

These shareholders linked by the 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 Financial Services and Markets Authority (FSMA) of the legally stipulated notification, and send in annual updates of their participation.

The shareholders acting in concert on 31 December 2011 were:

NAME	NUMBER OF SHARES	%
Compagnie du Bois Sauvage S.A.	8 447 356	29,20%
Entreprise et Chemin de Fer en Chine S.A.	308 024	1,06%
Veau N.V. (Luc Vansteenkiste)	567 188	1,96%
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	2 369	0,01%
Cape-3 BVBA (Jan De Moor)	4 200	0,01%
Sallas (Coopman-De Baedts)	103 377	0,36%
Physical persons owning < 1%	103 647	0,36%
Rec-Man & Co S.C.A.	295 836	1,02%
<b>TOTAL</b>	<b>10 636 868</b>	<b>36,77%</b>

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:

NAME	NUMBER OF SHARES	%
Shareholders group around Compagnie du Bois Sauvage NV, acting in concert (detail above)	10 636 868	36,77%
Capfi Delen Asset Management NV	874 384	3,02%
Public	17 420 958	60,21%
<b>TOTAL</b>	<b>28 932 210</b>	<b>100,00%</b>

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" on the Recticel website ([www.recticel.com](http://www.recticel.com)).

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 extraordinary general meeting on 17 June 2011, 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 FSMA that a notice of public takeover was submitted.

Under article 15 of the articles of association, the Company is entitled to acquire or dispose of shares in the Company, without a decision by the 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 Belgian 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 over Recticel SA/NV:

- The Facility Agreement signed on 9 December 2011 between Recticel SA/NV and Recticel International Services Sa/NV on the one hand, and Fortis Bank SA/NV, ING Belgium SA/NV, Commerzbank Aktiengesellschaft Filiale Luxemburg and KBC Bank NV, on the other hand, for an amount of EUR 175,000,000, 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 event of a change of control over Recticel SA/NV.

These clauses were, or will be specifically approved by Recticel's General Shareholder Meeting.

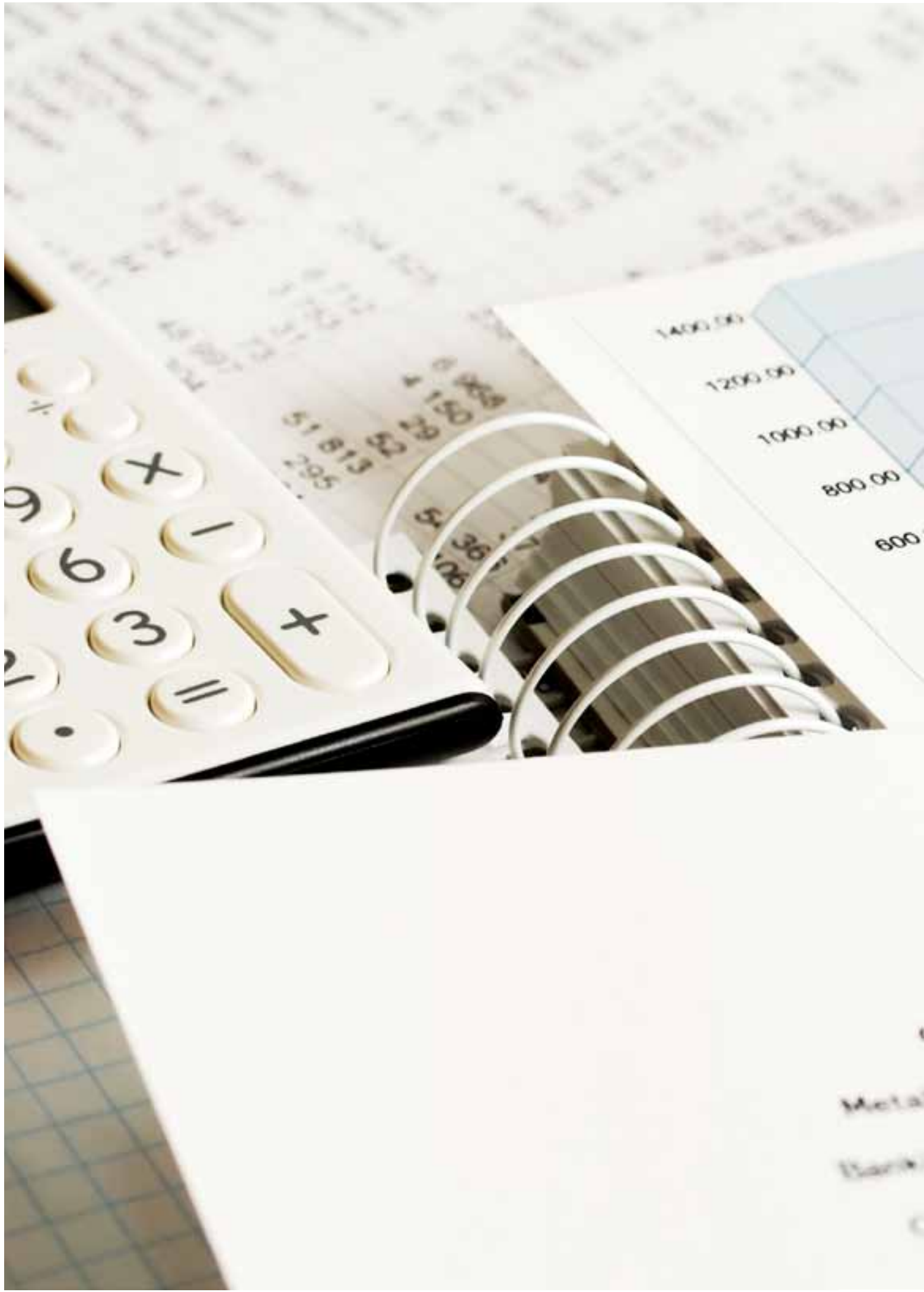
# Lexicon

## General concepts

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

## Financial concepts

<b>Appropriated capital</b>	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.
<b>Appropriated capital, Average</b>	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.
<b>Associated companies</b>	Entities in which Recticel has a significant influence and that are processed using the equity-method.
<b>CGU</b>	Is short for Cash Generating Unit or cash flow generating unit.
<b>Earnings per share, base</b>	Net result for the period (Group share) / Average outstanding shares over the period.
<b>Earnings per share, diluted</b>	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)].
<b>EBIT</b>	Operating results + profit or loss from equities.
<b>EBITDA</b>	EBIT + depreciation and additional impairments/increases on assets.
<b>Equity capital</b>	Total equity, including minority interests.
<b>Gearing ratio</b>	Net financial debt / Total equity (including shares of external parties).
<b>Investments</b>	Capitalized investments in tangible and intangible assets.
<b>Joint ventures</b>	Entities that are controlled jointly and that are consolidated proportionately.
<b>Market capitalization</b>	Closing price x total number of outstanding shares.
<b>Net financial debt</b>	Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash flows and cash equivalents.
<b>Non-recurring elements</b>	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.
<b>Recurring EBIT(DA) or REBIT(DA)</b>	EBIT(DA) for non-recurring elements.
<b>Return on Capital Employed</b>	EBIT / average appropriated capital.
<b>Return on Equity (ROE)</b>	Net result for the period (share of the Group) / Average total equity over the period (the Group's share).
<b>ROCE</b>	Represents Return on Capital Employed.
<b>Subsidiaries</b>	Fully consolidated entities under Recticel control.
<b>Working capital</b>	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.
<b>VVPR</b>	Is short for Reduced Tax / Précompte Réduit.
<b>VVPR-strip</b>	Gives the holder the right to collect a dividend with a reduced withholding tax of 15% (instead of 25%).



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# Financial Report

