RECTICEL
CONDENSED FINANCIAL STATEMENTS
PER 30 JUNE 2018

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 28 August 2018.

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

I.1. *CONSOLIDATED INCOME STATEMENT*

Group Recticel in thousand EUR	Notes *	1H2018	1H2017
Sales	***I.7.7.***	**579 730**	**566 042**
Distribution costs		**(29 404)**	**(31 708)**
Cost of sales [4]		**(448 157)**	**(453 222)**
Gross profit [1]		**102 169**	**81 112**
General and administrative expenses [4]		(35 328)	(33 065)
Sales and marketing expenses		(34 399)	(33 943)
Research and development expenses		(6 919)	(7 047)
Impairments	I.7.7.	(570)	0
Other operating revenues [(a)]		*5 015*	*25 167*
Other operating expenses [(b)]		*(8 296)*	*(13 142)*
Total other operating revenues/(expenses) [(a)+(b)] [2]	I.7.8.1.	(3 281)	12 025
Income from joint ventures & associates [3]		7 468	1 506
EBIT	***I.7.7.***	**29 140**	**20 588**
Interest income		280	402
Interest expenses		(2 344)	(3 974)
Other financial income		3 260	8 722
Other financial expenses		(5 577)	(7 239)
Financial result	***I.7.8.2.***	**(4 381)**	**(2 089)**
Result of the period before taxes		**24 759**	**18 499**
Current income taxes		(2 371)	(2 126)
Deferred taxes		(3 702)	(2 072)
Income taxes		**(6 073)**	**(4 198)**
Result of the period after taxes		**18 686**	**14 301**
of which attributable to non-controlling interests		0	0
of which share of the Group		**18 686**	**14 301**

[1] The gross profit of 1H2018 includes EUR -0.8 million (1H2017: EUR -17,0 million) non-recurring costs from residual expenses incurred due to alternative production solutions following the fire incident in Automotive Interiors plant in Most (Czech Republic).

[2] In 1H2017 "Other operating revenues" included mainly the first tranche of the insurers compensation (EUR +21.0 million) related to the fire incident in Most.

[3] "Income from joint ventures & associates" improved compared to 1H2017 as a result of price adjustments to compensate for the increased chemical raw material costs, compensation received (EUR +0.9 million), a reversal of provisions (EUR +1.5 million) and improved operational performance.
In 1H2017 results were negatively impacted by the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

[4] For consistency reasons a reclassification has been recorded in 1H2017 between 'Cost of sales' and 'General and administrative expenses' for an amount of EUR 9.9 million.

* The accompanying notes are an integral part of this income statement.

I.2. *EARNINGS PER SHARE*

Group Recticel in EUR	Notes *	1H2018	1H2017
Basic earnings per share		0,343	0,265
Diluted earnings per share		0,339	0,248

The basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The diluted earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period, increased for the warrants in-the-money.

I.3. *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

Group Recticel in thousand EUR	Notes *	1H2018	1H2017
Result for the period after taxes		**18 686**	**14 301**
Other comprehensive income			
Items that will not subsequently be recycled to profit and loss			
Actuarial gains and losses recognized in equity		4 478	422
Deferred taxes on actuarial gains and losses on employee benefits		(568)	(134)
Currency translation differences		(41)	153
Joint ventures & associates		491	(29)
Total		**4 360**	**412**
Items that subsequently may be recycled to profit and loss			
Hedging reserves		582	1 103
Currency translation differences		528	(3 792)
Deferred taxes on hedging interest reserves		(101)	(381)
Joint ventures & associates		(1 406)	941
Total		**(397)**	**(2 129)**
Other comprehensive income net of tax		**3 963**	**(1 717)**
Total comprehensive income for the period		**22 649**	**12 584**
Total comprehensive income for the period		**22 649**	**12 584**
of which attributable to non-controlling interests		0	0
of which attributable to the owners of the parent		22 649	12 584

I.4. *CONSOLIDATED BALANCE SHEET*

Group Recticel in thousand EUR	**Notes ***		**30 Jun 2018 [a]**		**31 Dec 2017**
Intangible assets			12 166		12 323
Goodwill			23 294		24 169
Property, plant & equipment	I.7.9.1.		234 564		226 783
Investment property			3 331		3 331
Investments in joint ventures and associates	I.7.9.2.		76 861		76 241
Other financial investments			791		667
Non-current receivables			14 623		14 804
Non-current contract assets [a]	I.7.3.1.		19 182		0
Deferred tax			23 267		26 241
Non-currrent assets			**408 079**		**384 559**
Inventories and contracts in progress			107 243		99 408
Trade receivables			142 596		110 935
Current contract assets [a]	I.7.3.1.		14 220		0
Other receivables			57 338		73 373
Income tax receivables			2 128		1 350
Other investments			123		123
Cash and cash equivalents			41 231		57 844
Assets held for sale			2 570		2 570
Current assets			**367 449**		**345 603**
TOTAL ASSETS			**775 528**		**730 162**
Capital			137 497		136 941
Share premium			128 994		127 982
Share capital			**266 491**		**264 923**
Treasury shares			(1 450)		(1 450)
Other reserves			(18 336)		(22 633)
Retained earnings			28 308		40 868
Hedging and translation reserves			(20 319)		(19 922)
Equity (share of the Group)			**254 694**		**261 786**
Equity attributable to non-controlling interests			0		0
Total equity	**I.6.**		**254 694**		**261 786**
Pensions and similar obligations	I.7.9.3.		49 368		54 295
Provisions	I.7.9.3.		11 361		14 266
Deferred tax			9 198		9 113
Financial leases		*17 792*		*18 078*	
Bank loans		*0*		*76 160*	
Other loans		*1 743*		*1 842*	
Interest-bearing borrowings	I.7.9.4.		19 535		96 080
Non-current contract liabilities [a]	I.7.3.1.		30 170		0
Other amounts payable			235		230
Non-current liabilities			**119 867**		**173 984**
Pensions and similar obligations	I.7.9.3.		2 969		3 978
Provisions	I.7.9.3.		1 071		1 155
Other loans		*126 854*		*48 988*	
Interest-bearing borrowings	I.7.9.4.		126 854		48 988
Trade payables			108 894		126 584
Current contract liabilities [a]	I.7.3.1.		45 785		0
Income tax payables			1 414		2 411
Other amounts payable			113 980		111 276
Current liabilities			**400 967**		**294 392**
TOTAL LIABILITIES AND EQUITY			**775 528**		**730 162**

[a] The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods choosen, comparative information is not restated.

* The accompanying notes are an integral part of this balance sheet.

I.5. *CONSOLIDATED CASH FLOW STATEMENT*

Group Recticel in thousand EUR	Notes *	1H2018	1H2017
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		**29 141**	**20 588**
Amortisation of intangible assets		1 252	1 342
Depreciation of tangible assets	I.7.7.	13 600	12 690
Amortisation of deferred long term and upfront payment		853	788
(Reversal) Impairment losses on tangible assets	I.7.7.	(430)	0
(Reversal) Impairment losses on goodwill [4]	I.7.7.	1 000	0
(Write-back)/Write-offs on assets		(295)	1 449
Changes in provisions		(4 825)	(2 889)
(Gains) / Losses on destroyed assets or on disposals of assets [1]		(42)	3 224
Income from joint ventures and associates [2]		(7 468)	(1 506)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		**32 787**	**35 687**
Inventories		*(1 825)*	*(21 461)*
Trade receivables		*(32 751)*	*(18 774)*
Other receivables		*6 833*	*(7 732)*
Contract assets		*2 131*	*0*
Trade payables		*(13 755)*	*17 459*
Contract liabilities		*21 413*	*0*
Other payables		*3 741*	*6 401*
Changes in working capital [3]		**(14 213)**	**(24 108)**
Trade & Other long term debts maturing within 1 year		(531)	(19)
GROSS OPERATING CASH FLOW AFTER WORKING CAPITAL MOVEMENTS		**18 043**	**11 561**
Income taxes paid		(3 998)	(2 757)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		**14 045**	**8 804**
Interests received		100	148
Dividends received		5 500	8 800
Investments in and subscriptions to capital increases		(635)	0
Increase of loans and receivables		(119)	(366)
Decrease of loans and receivables		1 054	523
Investments in intangible assets		(1 775)	(1 354)
Investments in property, plant and equipment		(22 391)	(16 711)
Disposals of intangible assets		90	0
Disposals of property, plant and equipment		116	24
NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)		**(18 059)**	**(8 936)**
Interests paid (1)		(3 348)	(3 418)
Dividends paid		(12 029)	(9 684)
Increase (Decrease) of capital		1 568	2 814
Increase of financial debt (short term)		86 902	24 376
Decrease of financial debt (long term)		(84 671)	(1 956)
Decrease of lease debt		(978)	(1 018)
NET CASH FLOW FROM FINANCING ACTIVITIES (c)		**(12 556)**	**11 114**
Effect of exchange rate changes (d)		(42)	341
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled (e)		0	1
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)+(d)+(e)		**(16 613)**	**11 323**
Net cash position opening balance		57 844	37 174
Net cash position closing balance		41 231	48 498
CHANGES IN CASH AND CASH EQUIVALENTS		**(16 613)**	**11 323**
NET FREE CASH FLOW (a)+(b)+(1)		**(7 362)**	**(3 550)**

[1] "(Gains)/Losses on disposals of assets" in 1H2017 related to the losses on the net residual value of the destroyed tangible assets of the Interiors plant in Most (Czech Republic) as a result of the fire incident in January 2017 (EUR -3.2 million).

[2] "Income from joint ventures & associates" improved compared to 1H2017 as a result of price adjustments to compensate for the increased chemical raw material costs, compensation received (EUR +0.9 million), a reversal of provisions (EUR +1.5 million) and improved operational performance.
In 1H2017 results were negatively impacted by the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

[3] "Changes in working capital" reflect the seasonable build-up of working capital, inflated in 1H2017 by the impact of increased raw material and selling prices.

[4] The recognition of impairment on goodwill relates to UK Flex and has been decided in view of the uncertainties induced by the potential Brexit impact.

I.6. *STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*

For the half-year ending 30 June 2018

in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves	Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
At the end of the period (31 December 2017)	**136 941**	**127 982**	**(1 450)**	**(22 633)**	**40 868**	**(16 399)**	**(3 523)**	**261 786**	**0**	**261 786**
Adjustment on initial application of IFRS 9 (net of tax)	0	0	0	0	0	0	0	0	0	0
Adjustment on initial application of IFRS 15 (net of tax)	0	0	0	0	(19 477)	0	0	(19 477)	0	(19 477)
Changes in accounting policies	**0**	**0**	**0**	**0**	**(19 477)**	**0**	**0**	**(19 477)**	**0**	**(19 477)**
Dividends	0	0	0	0	(12 021)	0	0	(12 021)	0	(12 021)
Stock options (IFRS 2)	0	0	0	189	0	0	0	189	0	189
Capital movements	556	1 012	0	(252)	252	0	0	1 568	0	1 568
Shareholders' movements	**556**	**1 012**	**0**	**(63)**	**(11 769)**	**0**	**0**	**(10 264)**	**0**	**(10 264)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**18 686**	**0**	**0**	**18 686**	**0**	**18 686**
Other comprehensive income	**0**	**0**	**0**	**4 360**	**0**	**(878)**	**481**	**3 963**	**0**	**3 963**
At the end of the period (30 June 2018)	**137 497**	**128 994**	**(1 450)**	**(18 336)**	**28 308**	**(17 277)**	**(3 042)**	**254 694**	**0**	**254 694**

For the half-year ending 30 June 2017

in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves	Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
At the end of the period (31 December 2016)	**135 156**	**126 071**	**(1 450)**	**(17 430)**	**24 855**	**(11 043)**	**(4 954)**	**251 205**	**0**	**251 205**
Dividends	0	0	0	0	(9 680)	0	0	(9 680)	0	(9 680)
Stock options (IFRS 2)	0	0	0	131	0	0	0	131	0	131
Capital movements	1 200	1 614	0	0	0	0	0	2 814	0	2 814
Shareholders' movements	**1 200**	**1 614**	**0**	**131**	**(9 680)**	**0**	**0**	**(6 735)**	**0**	**(6 735)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**14 301**	**0**	**0**	**14 301**	**0**	**14 301**
Other comprehensive income	**0**	**0**	**0**	**412**	**0**	**(2 851)**	**722**	**(1 717)**	**0**	**(1 717)**
At the end of the period (30 June 2017)	**136 356**	**127 685**	**(1 450)**	**(16 887)**	**29 476**	**(13 894)**	**(4 232)**	**257 054**	**0**	**257 054**

I.7. *NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2018*

I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 28 August 2018.

I.7.1.2. BASIS OF ACCOUNTING

This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described below.

I.7.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial instruments* from 01 January 2018. A number of other new standards are effective from 01 January 2018 but they do not have a material effect on the Group's financial statements.

The effect of initially applying IFRS 15 is mainly attributed to the recognition of revenue from mould activities in the segment Automotive.

There is no impact of initially applying IFRS 9.

I.7.3. IMPACT OF NEW STANDARDS (IFRS 15 AND IFRS 9) THAT ARE APPLICABLE STARTING FROM 01 JANUARY 2018

I.7.3.1. IFRS 15 Revenue from Contracts with Customers, applicable as from 1 January 2018

IFRS 15 was issued in May 2014 and Clarifications to IFRS 15 in April 2016 as part of a convergence project with the FASB. The standard is to be applied for reporting periods beginning on 1 January 2018 or later. The standard replaces the current standards IAS 18 and IAS 11 as well as their interpretations.

Either a full retrospective application or a modified retrospective application is required. Early adoption is permitted. The Group decides to adopt the new standard on the required effective date using the modified retrospective method. Under this method, IFRS 15 is only applied to contracts that were not completed as of the date of initial application (1 January 2018). This means that comparative figures of 2017 are not restated and that the cumulative effect of initially applying IFRS 15 is recognized as an adjustment to the opening balance of retained earnings of 2018.

General consideration
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

In the case of moulds (Automotive), the revenue is recognized over time at the moment parts are produced with these moulds. See below (Automotive) for more information.

Changes in accounting policies
Except for the changes below, Recticel has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied IFRS15 under modified retrospective approach (IFRS 15 applied to only the most current period presented in the financial statements - i.e., the initial period of application) with a date of initial application of 1 January 2018.

The details of the new accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.
Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Flexible Foams	Customers obtain control of Flexible Foam products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time. The most common types of variable consideration that can be identified are: • Volume discounts; • Year-end rebates • Adjustments to cope with changes in raw material prices (on a prospective basis) The amount of revenue recognized is adjusted for expected rebates and discounts. If a credit note is issued to the customer to compensate for quality claims, this shall be recognized as a reduction of the revenues.	IFRS 15 did not have a significant impact on the Group's accounting policies.
Bedding	Customers obtain control of Bedding products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time The most common types of variable consideration that can be identified are: • Volume discounts; • Year-end rebates The amount of revenue recognized is	IFRS 15 did not have a significant impact on the Group's accounting policies.

	adjusted for expected rebates and discounts. The most common types of considerations paid to the customer relate to: a. Participation to flyers b. Participation to advertising campaigns c. Promotional in-store activities The consideration paid to participate in the customer's flyers shall be deducted from revenue as the services provided by the customer to the Group can generally not be considered as being distinct.	
Insulation	Customers obtain control of Insulation products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time. The most common types of variable consideration that can be identified are: • Volume discounts; • Year-end rebates The amount of revenue recognized is adjusted for expected rebates and discounts. The most common types of considerations paid to the customer relate to: b. Participation to flyers c. Participation to advertising campaigns d. Promotional in-store activities The consideration paid to participate in the customer's flyers shall be deducted from revenue as the services provided by the customer to the Group can generally not be considered as being distinct.	IFRS 15 did not have a significant impact on the Group's accounting policies.
Automotive	**> Contract types** The Group serves global Tier-1 customers as well as Original Equipment Makers (OEM) in the automotive sector. Parts are produced with moulds purchased on behalf of the Tier 1 / customer. These moulds are re-invoiced to the Tier 1 / customer. Customers obtain control of the products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time. Moulds are not capable of being distinct as moulds have no stand-alone value to the customer and due to its protected technology, no supplier other than Recticel is able to produce the specific parts on these moulds. Consequently contracts always incorporate the delivery of parts using these moulds. Therefore the delivery of these moulds has to be bundled with the delivery of the parts. The revenue is being recognized over time (4 years) as from the moment serial parts are delivered to the customer (=start of production), regardless of the moment the	In Automotive, the moulds do generally not represent a distinct performance obligation and shall therefore be combined with the parts to be produced using the mould (under previous practices, the moulds were always considered as a distinct performance obligation). Mould revenues were previously reported over time based on the 'percentage of completion' method (IAS 11). Under IFRS15, revenue is recognized at the moment the parts are produced with the moulds. Revenue and costs will be recognised over four years (linear amortization) from the moment the parts are produced with the moulds. Remark: Given the materiality concerned by this type of performance obligation, no amortization of revenues (and costs) is reported by the Seating division.

mould costs are reimbursed by the customer.

A contract liability is recognized upon billing the mould to the customer. That contract liability will be released as revenue to the income statement upon selling the parts to the customer.

> LTA's
Another type of variable consideration that can be identified for some customers are Long Term Agreements (prices are decreasing as from a particular moment, as the customer assumes that there should be experience gains)

The LTA adjustments also do not trigger a measurement issue, because selling prices are only adjusted on a prospective basis.

I.7.3.1.1. Impact IFRS 15 on balance sheet

Group Recticel in thousand EUR	30 Jun 2018 (as published)	*Impact IFRS 15*	30 Jun 2018 (restated without adoption of IFRS 15)
Intangible assets	12 166	*0*	*12 166*
Goodwill	23 294	*0*	*23 294*
Property, plant & equipment	234 564	*0*	*234 564*
Investment property	3 331	*0*	*3 331*
Investments in joint ventures and associates	76 861	*0*	*76 861*
Other financial investments	63	*0*	*63*
Available for sale investments	728	*0*	*728*
Non-current receivables	14 623	*0*	*14 623*
Non-current contract assets [a]	19 182	*(19 182)*	*0*
Deferred tax	23 267	*0*	*23 267*
Non-current assets	**408 079**	***(19 182)***	***388 897***
Inventories and contracts in progress	107 243	*(2 178)*	*105 065*
Trade receivables	142 596	*(714)*	*141 882*
Current contract assets [a]	14 220	*(14 220)*	*0*
Other receivables	57 338	*2 165*	*59 503*
Income tax receivables	2 128	*0*	*2 128*
Other investments	123	*0*	*123*
Cash and cash equivalents	41 231	*0*	*41 231*
Assets held for sale	2 570	*0*	*2 570*
Current assets	**367 449**	***(14 947)***	***352 502***
TOTAL ASSETS	**775 528**	***(34 129)***	***741 399***
Capital	137 497	*0*	*137 497*
Share premium	128 994	*0*	*128 994*
Share capital	**266 491**	***0***	***266 491***
Treasury shares	(1 450)	*0*	*(1 450)*
Other reserves	(18 336)	*0*	*(18 336)*
Retained earnings	28 308	*18 515*	*46 823*
Hedging and translation reserves	(20 319)	*0*	*(20 319)*
Equity (share of the Group)	**254 694**	***18 515***	***273 209***
Equity attributable to non-controlling interests	0	*0*	*0*
Total equity	**254 694**	***18 515***	***273 209***
Pensions and similar obligations	49 368	*0*	*49 368*
Provisions	11 361	*0*	*11 361*
Deferred tax	9 198	*(1 014)*	*8 184*
Financial leases	*17 792*	*0*	*17 792*
Other loans	*1 743*	*0*	*1 743*
Interest-bearing borrowings	19 535	0	*19 535*
Non-current contract liabilities [b]	30 170	*(30 170)*	*0*
Other amounts payable	235	*0*	*235*
Non-current liabilities	**119 867**	***(31 184)***	***88 683***
Pensions and similar obligations	2 969	*0*	*2 969*
Provisions	1 071	*0*	*1 071*
Bonds & Notes	*0*	*0*	*0*
Other loans	*126 854*	*0*	*126 854*
Interest-bearing borrowings	126 854	*0*	*126 854*
Trade payables	108 894	*0*	*108 894*
Current contract liabilities [b]	45 785	*(45 785)*	*0*
Income tax payables	1 414	*0*	*1 414*
Other amounts payable	113 980	*24 325*	*138 305*
Current liabilities	**400 967**	***(21 460)***	***379 507***
TOTAL LIABILITIES AND EQUITY	**775 528**	***(34 129)***	***741 399***

The column "Amount without adoption of IFRS 15" does not include the impact of the percentage of completion method which has been discontinued as from 01 January 2018.

(a) Contract assets (current and non-current)
- Non-current contract assets: costs to obtain a contract previously reported as Other Receivables
- Current and non-current contract assets: contracts in progress previously reported as Inventories and restated deferred costs to be recognised over time

(b) Contract liabilities (current and non-current)

- Current and non-current contract liabilities: moulds revenue recognition previously reported as Trade Receivables (including the percentage of completion method) and restated deferred revenue to be recognised over time
- Current contract liabilities: rebates and volume discounts previously reported as Trade Receivables (credit notes to issue) and Other Amounts Payable
- Current contract liabilities: price adjustments on agreements previously reported as Trade receivables (credit notes to issue)

I.7.3.1.2. Impact IFRS 15 on equity

Group Recticel in thousand EUR	
Total equity as per 31 December 2017	**261 786**
Impact of application of IFRS 15 on retained earnings at 01 January 2018	
Mould contracts recognised over time	(20 725)
Deferred tax	1 247
Total equity as per 01 January 2018	**242 308**
Impact to balance sheet at 01 January 2018	
Current and non-current contract assets	33 385
Inventories / Contracts in progress	6 255
Trade receivables	(8 100)
Total assets (a)	**31 540**
Current and non-current liabilities	54 550
Trade payables	(2 552)
Other payables	267
Total liabilities (b)	**52 265**
Equity impact from mould contracts' recognition over time (a)-(b)	**(20 725)**

I.7.3.1.3. Impact IFRS 15 on income statement

Group Recticel in thousand EUR	**Notes ***	**30 Jun 2018 (as reported)**	**Adjustments**	**Amounts without adoption of IFRS 15**
Sales		**579 730**	**(2 306)**	**577 424**
Distribution costs		**(29 404)**	**0**	**(29 404)**
Cost of sales		**(448 157)**	**1 733**	**(446 424)**
Gross profit		**102 169**	**(573)**	**101 596**
General and administrative expenses		(35 328)	0	(35 328)
Sales and marketing expenses		(34 399)	(623)	(35 022)
Research and development expenses		(6 919)	0	(6 919)
Impairments		(570)	0	(570)
Other operating revenues (a)		*5 015*	*0*	*5 015*
Other operating expenses (b)		*(8 296)*	*0*	*(8 296)*
Total other operating revenues/(expenses) (a)+(b)		(3 281)	0	(3 281)
Income from joint ventures & associates		7 468	0	7 468
EBIT		**29 140**	**(1 196)**	**27 944**
Interest income		280	0	280
Interest expenses		(2 344)	0	(2 344)
Other financial income		3 260	0	3 260
Other financial expenses		(5 577)	0	(5 577)
Financial result		**(4 381)**	**0**	**(4 381)**
Result of the period before taxes		**24 759**	**(1 196)**	**23 563**
Current income taxes		(2 371)	0	(2 371)
Deferred taxes		(3 702)	233	(3 469)
Result of the period after taxes		**18 686**	**(963)**	**17 723**
of which attributable to non-controlling interests		0	0	0
of which share of the Group		**18 686**	**(963)**	**17 723**

The column “Amount without adoption of IFRS 15” does not include the impact of the percentage of completion method which has been discontinued as from 01 January 2018.

The adjustment of Sales results from (i) the effective revenue recognition of moulds during the half-year combined with the reversal of the IFRS 15 impact on revenue recognition over time (EUR -3.6 million) and (ii) the impact of the reclassification of consideration related to quality claims (from deduction of Sales to Cost of Sales; EUR +0.7 million) and participation to marketing costs (from deduction of Sales to Marketing Expenses; EUR +0.6 million).

- The adjustment of Cost of Sales results from (i) the cost of sales related to the revenue recognition of moulds (see above) for EUR +2.4 million and (ii) the reclassification of cost from quality claims to Cost of Sales (EUR -0.7 million).

The adjustment of Deferred Taxes results from the reversal of the IFRS 15 impact of mould recognition over the period.

I.7.3.1.4. Disaggregation of revenues

Group Recticel in thousand EUR	1H2018
Combined segment revenues	
Comfort foam	189 250
Technical foams	141 342
Flexible Foams	**330 592**
Branded Products	78 056
Non-branded/Private label	46 561
Bedding	**124 617**
Insulation	**132 704**
Interiors	104 747
Seating	90 835
Automotive	**195 582**
Eliminations	(27 599)
TOTAL COMBINED REVENUES	**755 896**
Adjustment for joint ventures by application of IFRS 11	(176 166)
TOTAL CONSOLIDATED REVENUES	**579 730**

Timing of revenue recognition	
At a point in time	744 866
Overtime	11 030
TOTAL	**755 896**

I.7.3.1.5. Overview of contract assets and liabilities following application of IFRS 15

The following schedule includes both the impact of the opening balance and the movements of the period.

Group Recticel in thousand EUR	Opening balance	Changes in accounting policies	Changes in inventories	New costs to obtain contracts	Increase	Decrease	Reclassification	Translation differences	Closing balance at the end of the period
Non-current contract assets - Cost to obtain a contract	0	2 557	0	26	0	(404)	0	(14)	2 165
Non-current contract assets - Contracts in progress	0	33 385	(2 131)	0	0	0	(14 220)	(17)	17 017
Non-current contract assets	**0**	**35 942**	**(2 131)**	**26**	**0**	**(404)**	**(14 220)**	**(30)**	**19 182**
Current contract assets - Contracts in progress	0	0	0	0	0	0	14 220	0	14 220
Current contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**14 220**	**0**	**14 220**
Total contract assets	**0**	**35 942**	**(2 131)**	**26**	**0**	**(404)**	**0**	**(30)**	**33 402**
Non-current contract liabilities - Mould revenue recognition	0	54 550	0	0	7 406	(11 030)	(20 746)	(10)	30 170
Non-current contract liabilities	**0**	**54 550**		**0**	**7 406**	**(11 030)**	**(20 746)**	**(10)**	**30 170**
Contract liabilities - Expected rebates and volume discounts	0	21 142	0	0	32 810	(29 634)	0	7	24 325
Contract liabilities - Long term agreements	0	247	0	0	472	0	0	(6)	713
Contract liabilities - Moulds revenue recognition	0	0	0	0	0	0	20 746	0	20 746
Current contract liabilities	**0**	**21 389**	**0**	**0**	**33 283**	**(29 634)**	**20 746**	**1**	**45 785**
Total contract liabilities	**0**	**75 939**	**0**	**0**	**40 688**	**(40 664)**	**0**	**(9)**	**75 954**

I.7.3.2. IFRS 9 Financial instruments (as revised in 2014), effective for annual periods beginning on or after 1 January 2018

In July 2014, the IASB finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

The Group elected not to restate the comparative amounts of 2017 for the impact of IFRS 9.

I.7.3.2.1. Classification and measurement of financial assets

The date of initial application (i. e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group applies the requirements of IFRS 9 to instruments that have not been derecognized as at 1 January 2018 and does not apply the requirements of IFRS 9 to instruments that have already been derecognized as at 1 January 2018.

The management of the Group reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has the following impact on the Group's financial assets as regards their classification and measurement:

- The financial assets classified in the category "Loans and receivables" such as non-current receivables, trade receivables, cash and cash equivalents, other receivables (except for derivatives) under IAS 39 are classified and measured at amortised cost under IFRS 9, as the contractual terms of these financial assets are solely payments of principal and interest (SPPI test) and they are managed within 'hold to collect' business model;
- The financial assets (unquoted equity investments) classified in the category "Available-for-sale investments" such as other financial investments, available for sale investments, other investments under IAS 39 are designated as at fair value through other comprehensive income. The management has assessed that cost is an appropriate estimate of fair value for those unquoted equity investments because there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.
- Classification and measurement of financial liabilities of the Group has not been modified by the requirements of IFRS 9.
- None of these changes has any impact on the Group's financial position, other comprehensive income or total comprehensive income at the date of initial applicable of IFRS 9.

I.7.3.2.2. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on 1) trade receivables; 2) loans to related parties; 3) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply; 4) cash and cash equivalents.

IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables without a significant financing component (short-term trade receivables).

For long-term loans to related parties the general impairment assessment model is applied. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit loss.

The management has concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. These loans are also assessed to have credit risk other than low. Accordingly, the Group recognizes lifetime ECL for these loans until they are derecognized.

IFRS 9 applies the same measurement approach to loan commitments and financial guarantee contracts (other than measured at fair value through profit or loss) where previously these were measured with reference to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

All bank balances are assessed to have low credit risk at date of initial application of IFRS 9 and 30 June 2018, as they are held with reputable international banking institutions.

The introduction of expected loss model by IFRS 9 does not have material impact on the Group's financial position or total comprehensive income at the date of initial applicable of IFRS 9.

I.7.3.2.3. General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with a principle of an "economic relationship".

Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Group's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018.

As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Group has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

The application of the IFRS 9 hedge accounting requirements has no impact on the Group's financial position or total comprehensive income at the date of initial applicable of IFRS 9.

I.7.4. POTENTIAL IMPACT OF NEW STANDARDS (IFRS 16) WHICH ARE NOT YET APPLICABLE

I.7.4.1. IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRICR 4 Determining whether an Arrangement contains a Lease, SIC-15R Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

I.7.5. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY

Drawing up the annual accounts in accordance with IFRS requires management to make the necessary estimates and assessments. The management bases its estimates on past experience and other reasonable assessment criteria. These are reviewed periodically and the effects of such reviews are taken into account in the annual accounts of the period concerned. Future events which may have a financial impact on the Group are also included in this.

The estimated results of such possible future events may consequently diverge from the actual impact on results. Assessments and estimates were made, inter alia, regarding:
- additional impairments in respect of fixed assets, including Goodwill;
- determination of provisions for restructuring, contingent liabilities and other exposures;
- determination of provisions for irrecoverable receivables;
- determination of write-downs on inventories;
- valuation of post-employment defined benefit obligations, other long term employee benefits and termination benefits;
- the recoverability of deferred tax assets;
- period applied over which the revenue related to moulds (Automotive) is released to the income statement.

Under IFRS15, moulds revenue is recognized at the moment the parts are produced with the moulds. Revenue and costs will be recognised over four years (linear amortization) from the moment the parts are produced with the moulds. The period of four years corresponds to the period during which the volumes of production are the most important over the life time of the programs.

It is not excluded that future revisions of such estimates and assessments could trigger an adjustment in the value of the assets and liabilities in future financial years.

I.7.6. CHANGES IN SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation during the first half-year of 2018.

I.7.7. BUSINESS SEGMENTS

The principal market segments for Recticel's goods and services are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive; and Corporate. For more details on these segments, reference is made to the press release of 29 August 2018 (First Half-Year 2018 Results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information for the first half-year 2018

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
SALES								
External sales	307 391	121 210	194 620	132 675	0	755 896		
Inter-segment sales	23 200	3 407	962	30	(27 599)	0		
Total sales	**330 591**	**124 617**	**195 582**	**132 705**	**(27 599)**	**755 896**	**(176 166)**	**579 730**
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	11 623	3 724	5 223	19 621	0	40 190		
Unallocated corporate expenses						(9 208)		
EBIT	**11 623**	**3 724**	**5 223**	**19 621**	**0**	**30 982**	**(1 842)**	**29 140**
Financial result								(4 381)
Result for the period before taxes								**24 759**
Income taxes								(6 073)
Result for the period after taxes								**18 686**
Attibutable to non-controlling interests								0
Share of the Group								**18 686**

Segment information for the first half-year 2017

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
SALES								
External sales	291 369	133 655	172 599	129 213	0	726 836		
Inter-segment sales	26 179	4 665	859	0	(31 703)	0		
Total sales	**317 548**	**138 320**	**173 459**	**129 213**	**(31 703)**	**726 836**	**(160 794)**	**566 042**
EARNINGS BEFORE INTEREST AND TAXES (EBIT)								
Segment result	12 483	5 266	2 619	10 959	0	31 326		
Unallocated corporate expenses						(9 098)		
EBIT	**12 483**	**5 266**	**2 619**	**10 959**	**0**	**22 228**	**(1 640)**	**20 588**
Financial result								(2 089)
Result for the period before taxes								**18 499**
Income taxes								(4 198)
Result for the period after taxes								**14 301**
Attibutable to non-controlling interests								0
Share of the Group								**14 301**

Other segment information first half-year 2018

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
Depreciation and amortisation	6 221	2 223	8 017	3 212	325	19 997	(4 291)	15 706
Impairment losses recognised in profit and loss	1 000	(430)	0	0	0	570	0	570
EBITDA	18 844	5 517	13 239	22 833	(8 883)	51 549	(6 134)	45 415
Capital additions	7 473	1 146	7 155	8 064	952	24 791	(2 295)	22 496

Other segment information first half-year 2017

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
Depreciation and amortisation	6 198	2 320	6 505	3 262	481	18 766	(3 945)	14 821
Impairment losses recognised in profit and loss	0	0	0	0	0	0	0	0
EBITDA	18 681	7 586	9 124	14 221	(8 617)	40 994	(5 586)	35 409
Capital additions	5 684	1 352	15 518	1 640	1 633	25 826	(6 214)	19 612

Balance sheet information per segment at 30 June 2018

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
ASSETS								
Segment assets	276 972	99 661	277 407	127 669	(71 976)	709 733	(155 682)	554 052
Investment in associates	14 981	0	0	1 467	0	16 448	58 914	75 361
Unallocated corporate assets						143 066	3 049	146 115
Total consolidated assets						**869 247**	**(93 719)**	**775 528**
LIABILITIES								
Segment liabilities	129 763	39 450	145 945	70 295	(71 948)	313 505	(44 804)	268 701
Unallocated corporate liabilities						301 048	(48 915)	252 133
Total consolidated liabilities (excluding equity)						**614 553**	**(93 719)**	**520 834**

The unallocated assets, which amount to EUR 143.1 million, include mainly the following items:

- Short-term financial receivables for EUR 14.5 million
- Long-term financial receivables for EUR 14.4 million
- Current tax receivables for EUR 3.7 million
- Deferred tax assets for EUR 24.2 million
- Cash & cash equivalent for EUR 60.4 million.

The unallocated liabilities, which amount to EUR 301.0 million (equity excluded), include mainly the following items:

- Provisions for pensions long term for EUR 58.0 million
- Provisions for pensions short term for EUR 3.0 million
- Other provisions long term for EUR 12.6 million
- Other provisions short term for EUR 1.3 million
- Deferred tax liabilities for EUR 10.2 million
- Interest-bearing borrowings long-term for EUR 14.2 million
- Interest-bearing borrowings short-term for EUR 162.9 million
- Current tax payables for EUR 2.1 million.

Balance sheet at 31 December 2017

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
ASSETS								
Segment assets	283 945	113 990	261 917	122 047	(117 554)	664 345	(171 372)	492 973
Investment in associates	15 110	0	0	1 490	0	16 600	59 642	76 241
Unallocated corporate assets						140 205	20 744	160 948
Total consolidated assets						**821 149**	**(90 987)**	**730 162**
LIABILITIES								
Segment liabilities	138 658	55 302	116 512	78 943	(117 320)	272 096	(60 172)	211 924
Unallocated corporate liabilities						287 267	(30 815)	256 452
Total consolidated liabilities (excluding equity)						**559 363**	**(90 987)**	**468 376**

The unallocated assets, which amount to EUR 140.2 million, include the following items:

- Financial receivables for EUR 19.7 million
- Current tax receivables for EUR 3.3 million
- Other receivables (including tax credits) for EUR 17.2 million
- Deferred tax assets for EUR 26.7 million
- Cash & cash equivalent for EUR 73.2 million.

The unallocated liabilities, which amount to EUR 287.3 million (equity excluded), include mainly the following items:

- Provisions for pensions – long term for EUR 63.4 million
- Provisions for pensions – short term for EUR 4.0 million
- Provisions other – long term for EUR 17.1 million
- Provisions other – short term for EUR 1.4 million
- Deferred tax liabilities for EUR 10.3 million
- Interest-bearing borrowings long-term for EUR 90.5 million
- Interest-bearing borrowings short-term for EUR 81.6 million
- Current taxes payable for EUR 2.9 million.

Non-recurring elements in the operating result per segment

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	TOTAL COMBINED
First half-year 2018						
Impairment	(1 000)	430	0	0	0	**(570)**
Net impact of fire incident in Most plant (Czech Republic)	0	0	(765)	0	0	**(765)**
Restructuring charges	(74)	110	(216)	0	0	**(180)**
Other	(2 728)	0	(474)	0	(496)	**(3 698)**
TOTAL	**(3 802)**	**540**	**(1 455)**	**0**	**(496)**	**(5 213)**

- The net impact of the fire incident in Most includes (i) additional residual costs (EUR -0.8 million) due to alternative production solutions - which are included in "Cost of sales".

- Restructuring charges (EUR -0.2 million) refer to some smaller complementary measures in Flexible Foams, Automotive and Bedding. Bedding includes the positive impact of the reversal of provisions for onerous contracts (EUR +0.3 million).

- Other non-recurring elements relate mainly to legal fees and provisions for litigation.

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	TOTAL COMBINED
First half-year 2017						
Net impact of fire incident in Most plant (Czech Republic)	0	0	(4 946)	0	0	**(4 946)**
Restructuring charges	(97)	(121)	590		0	**372**
Other	(4 542)	0	0	0		**(4 542)**
TOTAL	**(4 639)**	**(121)**	**(4 356)**	**0**	**0**	**(9 116)**

- The net impact of the fire incident in Most includes (i) additional costs (EUR -17.0 million) due to alternative production solutions and operational inefficiencies - which are included in "Cost of sales" -, (ii) the loss recognised on the residual value of the destroyed assets and write-offs of inventories (EUR -4.9 million), (iii) reinsurance costs and accrued legal fees (EUR -4.0 million) and (iv) advance payments received from insurers (EUR +21.0 million).

- Restructuring charges refer to some smaller complementary measures in Flexible Foams and Bedding; which were offset by the positive impact of the reversal of provisions for onerous contracts in Bedding and Automotive Interiors (EUR +0.9 millions).

- Other non-recurring elements relate mainly to incurred costs and provisions for legal fees.

I.7.8. INCOME STATEMENT

I.7.8.1. OTHER OPERATING INCOME AND EXPENSES

Group Recticel in thousand EUR	1H2018	1H2017
Other operating income	5 015	25 167
Other operating expenses	(8 296)	(13 142)
TOTAL	**(3 281)**	**12 025**

Group Recticel in thousand EUR	1H2018	1H2017
Restructuring costs (including site closure, onerous contracts and clean-up costs)	(180)	(372)
Net impact fire incident Automotive Interiors in Most (Czech Republic); excluding EUR -17.0 million which is included in "Cost of sales"	0	12 055
Gain (Loss) on disposal of intangible and tangible assets	42	(5)
Other income	4 860	4 124
Other expenses	(8 004)	(3 778)
TOTAL	**(3 281)**	**12 025**

COMMENTS ON FIRST HALF-YEAR RESULTS 2018

Restructuring

Restructuring charges (EUR -0.2 million) refer to some smaller complementary measures in Flexible Foams, Automotive and Bedding. Bedding includes the positive impact of the reversal of provisions for onerous contracts (EUR +0.3 million).

Other operating revenues and expenses

Other operating revenues and expenses during the first half-year of 2018 comprised, a.o.

(i) the net impact of pension liabilities and other employee benefits (EUR -0.6 million), including a curtailment effect, additional service costs, other social costs and currency effects on pension plans.
(ii) Damage cost on industrial sinister (EUR -0.5 million)
(iii) consultancy and legal fees mainly related to EU claims (EUR -2.0 million)
(iv) royalties received (EUR +0.1 million)
(v) net revenues from insurance premiums (EUR +0.4 million)
(vi) re-invoicing of services and goods, rentals (EUR +1.8 million)
(vii) reversal of accruals for social risks (EUR +0.7 million)
(viii) indemnities received (EUR +0.3 million)
(ix) additional provisions for risks and charges related to EU claim settlements (EUR -3.3 million)

COMMENTS ON FIRST HALF-YEAR RESULTS 2017

Restructuring

Restructuring charges refer to some smaller complementary measures in Flexible Foams and Bedding; which were offset by the positive impact of the reversal of provisions for onerous contracts in Bedding and Automotive Interiors (EUR +0.9 millions).

Other operating revenues and expenses

Other operating revenues and expenses during the first half-year of 2017 comprised, a.o.

- (i) the net impact of pension liabilities (EUR -0.3 million), including additional service costs, other social costs and currency effects on pension plans.
- (ii) additional legal fees related to civil claims in relation with the EC investigation (Flexible Foams) (EUR -0.5 million)
- (iii) net revenues from insurance premiums (EUR +0.6 million)
- (iv) re-invoicing of services and goods, rentals (EUR +0.1 million)
- (v) received insurance indemnities for an incident in Flexible Foams in Norway (EUR +0.6 million)
- (vi) write-off on a financial receivable towards an affiliated company (EUR -0.4 million)
- (vii) reversal of accruals for social risks (EUR +0.2 million)
- (viii) indemnities received (EUR +0.3 million)
- (ix) other miscellaneous costs (EUR -0.2 million)

I.7.8.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H2018	1H2017
Interest charges on bonds & notes	0	(703)
Interest on financial lease	(147)	(80)
Interest on long-term bank loans	(539)	(628)
Interest on short-term bank loans & overdraft	(1 002)	(944)
Interest on other short-term loans	4	(134)
Net interest charges on Interest Rate Swaps	(654)	(1 187)
Net interest charges on foreign currency swaps	(6)	67
Total borrowing cost	**(2 343)**	**(3 610)**
Interest income from bank deposits	34	18
Interest income from financial receivables	231	317
Interest income from financial receivables and cash	**265**	**335**
Interest charges on other debts	(47)	(343)
Interest income from other financial receivables	61	46
Total other interest	**14**	**(297)**
Interest income and expenses	**(2 064)**	**(3 571)**
Exchange rate differences	**(1 920)**	**1 982**
Premium on CAP/Floor contracts	0	0
Result on derivative instruments	**0**	**0**
Interest actualisation and expected return on provisions for employee benefits	0	0
Interest actualisation for other provisions	0	0
Net interest cost IAS 19	(380)	(486)
Interest on provisions for employee benefits and other debt	**(380)**	**(486)**
Other financial result	(18)	(13)
FINANCIAL RESULT	**(4 381)**	**(2 089)**

The lower borrowing cost results from (i) the reimbursement of a 5% convertible bond (July 2017) which was refinanced by a commercial paper program at a lower interest rate and (ii) a reduction of the debt hedging programs (interest rate swaps).

I.7.8.3. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.22 per share or EUR 12.0 million for the year 2017, which was approved by the shareholders at the Annual General Meeting of 29 May 2018. The payment of this dividend took place on 01 June 2018, and is thus reflected in the financial statements for the first half of 2018.

I.7.9. BALANCE SHEET

I.7.9.1. PROPERTY, PLANT & EQUIPMENT

For the half-year ending 30 June 2018:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL	
At the end of the preceding period (31 December 2017)								
Gross value	174 573	509 343	25 562	44 751	1 146	23 248	778 622	
Accumulated depreciation	(117 173)	(381 437)	(21 422)	(16 410)	(1 060)	(240)	(537 741)	
Accumulated impairments	(1 258)	(12 741)	(2)	(76)	0	(21)	(14 098)	
Net book value at opening	**56 142**	**115 165**	**4 139**	**28 265**	**86**	**22 987**	**226 783**	
Movements during the period								
Acquisitions, including own production	532	2 007	94	0	9	18 518	21 160	(1)
Impairments	430	0	0	0	0	0	430	
Expensed depreciation	(1 681)	(10 585)	(859)	(465)	(10)	0	(13 600)	
Sales, scrapped or destroyed	0	(127)	0	0	0	0	(127)	(2)
Transfers from one heading to another	385	6 167	334	9	(4)	(6 744)	147	
Change in scope	0	(0)	0	0	0	24	24	
Exchange rate differences	(98)	(177)	(24)	(1)	(2)	48	(252)	
At the end of the period (30 June 2018)	**55 710**	**112 449**	**3 684**	**27 809**	**79**	**34 833**	**234 564**	
Gross value	178 144	508 307	25 431	44 729	1 160	35 091	792 863	
Accumulated depreciation	(121 584)	(384 502)	(21 734)	(16 844)	(1 081)	(237)	(545 983)	
Accumulated impairments	(850)	(11 356)	(13)	(76)	0	(21)	(12 317)	
Net book value at the end of the period (30 June 2018)	**55 710**	**112 449**	**3 684**	**27 809**	**79**	**34 833**	**234 564**	

Acquisitions	
Cash-out on acquisitions tangible assets	(22 391)
Acquisitions included in working capital	1 231
Total acquisitions tangible assets (1)	(21 160)

Disposals	
Cash-in from disposals tangible assets	116
Disposals included in working capital	(243)
Total disposals tangible assets (2)	(127)

Total acquisitions of tangible assets amount to EUR 21.2 million in the first half of 2018.

At 30 June 2018, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 14.3 million.

At 31 December 2017, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 2.4 million.

For the half-year ending 30 June 2017:

Group Recticel in thousand EUR	**Land and buildings**	**Plant, machinery & equipment**	**Furniture and vehicles**	**Leases and similar rights**	**Other tangible assets**	**Assets under construction and advance payments**	**TOTAL**
At the end of the preceding period (31 December 2016)							
Gross value	181 487	498 464	24 912	35 319	5 076	18 307	763 565
Accumulated depreciation	(114 877)	(385 022)	(20 803)	(15 805)	(1 325)	(79)	(537 910)
Accumulated impairments	(1 302)	(7 059)	(3)	(76)	(984)	(24)	(9 447)
Net book value at opening	**65 308**	**106 383**	**4 106**	**19 438**	**2 767**	**18 205**	**216 207**
Movements during the period							
Acquisitions, including own production	1	1 309	160	0	4	16 804	18 278 [1]
Expensed depreciation	(1 813)	(9 625)	(1 016)	(359)	123	0	(12 690)
Sales, scrapped or destroyed	(35)	(3 204)	(106)	0	0	(19)	(3 364) [2]
Transfers from one heading to another	862	13 775	967	0	(264)	(14 888)	452
Exchange rate differences	(4)	(1 313)	(38)	(0)	(2)	68	(1 288)
At the end of the period (30 June 2017)	**64 319**	**107 326**	**4 071**	**19 079**	**2 629**	**20 171**	**217 594**
Gross value	181 912	499 346	25 405	35 310	4 705	20 269	766 947
Accumulated depreciation	(116 335)	(385 911)	(21 331)	(16 155)	(1 091)	(77)	(540 901)
Accumulated impairments	(1 259)	(6 109)	(2)	(76)	(984)	(22)	(8 452)
Net book value at the end of the period (30 June 2017)	**64 319**	**107 326**	**4 071**	**19 079**	**2 629**	**20 171**	**217 594**

Acquisitions	
Cash-out on acquisitions tangible assets	(16 711)
Acquisitions included in working capital	(1 568)
Total acquisitions tangible assets [1]	(18 278)

Disposals	
Cash-in from disposals tangible assets	24
Disposals included in working capital	3 341
Total disposals tangible assets [2]	3 364

Total acquisitions of tangible assets amount to EUR 18.3 million in the first half of 2017.

At 30 June 2017, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 7.3 million.

At 31 December 2016, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 6.7 million.

I.7.9.2. INTERESTS IN JOINT VENTURES AND ASSOCIATES

Group Recticel in thousand EUR	30 JUN 2018	31 DEC 2017
At the end of the preceding period	**76 241**	**82 389**
Movements during the year		
Actuarial gains/(losses) recognized in equity [1]	385	(236)
Deferred tax relating to components of other comprehensive income	93	(131)
Exchange rate differences [2]	(1 361)	915
Group's share in the result of the period [3]	7 468	2 390
Dividends distributed [4]	(5 523)	(8 765)
Result transfer	(952)	(318)
Capital increase	510	0
Other	0	(3)
At the end of the period	**76 861**	**76 241**

(1) In 1H2018 the actuarial impact is the consequence of a higher discount rate under IAS19 pension liabilities

(2) In 1H2018 exchange rate differences relates mainly to PLN (Eurofoam Polska)

(3) "Income from joint ventures & associates" improved compared to 1H2017 (EUR +1.5 million; full-year 2017: EUR 2.4 million) as a result of price adjustments to compensate for the increased chemical raw material costs, compensation received (EUR +0.9 million), a reversal of provisions (EUR +1.5 million) and improved operational performance.
In 2017 results were negatively impacted by the significant increase of chemical raw materials costs (i.e. isocyanates) in 2Q2017.

(4) Dividends distributed by the joint ventures relate solely to the Eurofoam group.

I.7.9.3. PROVISIONS

For the half-year ending 30 June 2018:

Group Recticel in thousand EUR	EMPLOYEE BENEFITS	CUSTOMER & OTHER LITIGATIONS	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding period (31 Dec 2017)	**58 274**	**120**	**2 681**	**3 373**	**3 530**	**1 453**	**4 265**	**73 695**
Movements during the period								
Actuarial (gains) losses recognized in equity	(4 477)	0	0	0	0	0	0	(4 477)
Actualisation	380	0	0	0	0	0	0	380
Increases	3 782	0	24	0	190	0	3 500	7 495
Utilisations	(4 303)	(18)	(141)	(209)	(266)	(137)	(5 548)	(10 622)
Write-backs	(1 351)	0	(48)	0	(27)	(283)	(177)	(1 887)
Transfers from one heading to another	0	48	0	0	0	0	118	166
Exchange rate differences	34	(5)	(13)	0	0	3	(1)	18
At the end of the period (30 Jun 2018)	**52 337**	**146**	**2 503**	**3 164**	**3 427**	**1 035**	**2 157**	**64 769**
Non-current provisions (more than one year)	49 368	146	2 171	2 956	3 237	694	2 157	60 728
Current provisions (less than one year)	2 969	0	332	208	190	342	0	4 041
Total at end of the period (30 Jun 2018)	**52 337**	**146**	**2 503**	**3 164**	**3 427**	**1 035**	**2 157**	**64 769**

The **provisions for employee benefits** have decreased by EUR -5.9 million. This variance is mainly explained by:

- actuarial gains of EUR 4.5 million due to a higher discount rate,
- a write-back (EUR -1.4 million) resulting from a curtailment effect in the pension plan in France.

Provisions for other risks relate mainly to legal costs and a EU claim settlement.

For the half-year ending 30 June 2017:

Group Recticel in thousand EUR	EMPLOYEE BENEFITS	CUSTOMER & OTHER LITIGATIONS	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
At the end of the preceding period (31 Dec 2016)	**55 147**	**48**	**3 002**	**4 452**	**2 631**	**2 097**	**2 758**	**70 134**
Movements during the period								
Actuarial (gains) losses recognized in equity	(422)	0	0	0	0	0	0	(422)
Actualisation	487	0	0	0	0	0	0	487
Increases	4 837	100	168	0	279	0	0	5 384
Utilisations	(5 104)	(42)	(380)	(221)	(1 433)	(93)	0	(7 272)
Write-backs	0	0	(61)	0	(355)	(716)	0	(1 132)
Transfers from one heading to another	(75)	0	288	0	(288)	0	0	(75)
Exchange rate differences	(292)	0	9	0	0	(10)	0	(293)
At the end of the period (30 Jun 2017)	**54 576**	**106**	**3 026**	**4 231**	**834**	**1 279**	**2 758**	**66 811**
Non-current provisions (more than one year)	48 903	106	2 677	3 981	770	782	2 758	59 976
Current provisions (less than one year)	5 674	0	350	250	64	497	0	6 834
Total (30 Jun 2017)	**54 576**	**106**	**3 027**	**4 231**	**834**	**1 279**	**2 758**	**66 811**

Provisions for reorganisation decreased by EUR -1.8 million mainly due to (i) utilisations for EUR -0.9 million in Flexible Foams (Noyen-sur-Sarthe, France) and for EUR -0.6 million in Bedding (Germany and Switzerland), and (ii) a write-back of EUR +0.3 million in Automotive Interiors (Germany).

Provisions for onerous contracts relate mainly to the write-back in Automotive Interiors (Germany).

Provisions for other risks relate mainly to legal costs for civil claims.

I.7.9.4. INTEREST-BEARING BORROWINGS

I.7.9.4.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	Non-current liabilities		Current liabilities	
	30 JUN 2018	31 DEC 2017	30 JUN 2018	31 DEC 2017
Secured				
Financial leases	17 791	18 078	1 263	1 778
Bank loans	0	76 160	0	0
Bank loans - factoring with recourse	0	0	662	751
Total secured	**17 791**	**94 238**	**1 925**	**2 529**
Unsecured				
Bonds & notes	0	0	0	0
Other loans	1 744	1 842	260	260
Current bank loans	0	0	2 895	3 103
Commercial paper	0	0	105 991	19 999
Bank overdraft	0	0	13 769	20 195
Other financial liabilities	0	0	2 002	2 902
Total unsecured	**1 744**	**1 842**	**124 917**	**46 459**
Total liabilities carried at amortised cost	**19 535**	**96 080**	**126 841**	**48 988**

Group Recticel in thousand EUR	Unused credit facilities Long-term		Unused credit facilities Short-term	
	30 JUN 2018	31 DEC 2017	30 JUN 2018	31 DEC 2017
Secured				
Bank loans	69 009	78 840	0	0
Total secured	**69 009**	**78 840**	**0**	**0**
Unsecured				
Bank loans	15 500	0	58 184	52 808
Total unsecured	**15 500**	**0**	**58 184**	**52 808**
Total unused credit facilities	**84 509**	**78 840**	**58 184**	**52 808**

At the end of June 2018, the gross interest-bearing borrowings of the Group amounted to EUR 146.4 million, compared to EUR 145.1 million at the end of 2017, i.e. an increase of EUR +1.9 million. This was mainly due to the seasonable build-up of working capital, inflated in 1H2018 by the impact of increased raw material and selling prices.

The use of non-recourse factoring/forfaiting programs amounted to EUR 62.3 million, compared to EUR 54.7 million per end-2017.

At the end of June 2018, the weighted average lifetime of debts payable after one year was 11.0 years (2017: 5.0 years). The financial leases are at fixed interest rates, except the financial lease for the facility in Bourges).

At the end of June 2018, the Group benefited from EUR 21.1 million long term loan commitments, of which EUR 2.0 million are maturing within one year. Besides the Group also had at its disposal the following undrawn facilities: (i) EUR 69.0 million* under the 'club deal' facility, (ii) EUR 15.5 million under a long term credit facility and (iii) EUR 85.1 million under short term credit facilities ('on balance' (EUR 58.2 million) as well as available 'off balance' amounts under the factoring programs (EUR 26.9 million)).

* The amount issued under the commercial paper program is to be covered at any time by the undrawn amount under the club deal.

At the end of 2017, besides the net drawn amounts under the club deal financing facility (EUR 76.2 million), the Group also benefited from EUR 22.7 million long term loan commitments, of which EUR 2.8 million are maturing within one year. The Group also had at its disposal EUR 78.8 million under the 'club deal' facility and EUR 86.8 million undrawn short term credit facilities ('on balance' (EUR 52.3 million) as well as available 'off balance' amounts under the factoring programs (EUR 34.5 million)).

Outstandings other than the 'club deal'

Group Recticel in thousand EUR	30 JUN 2018	31 DEC 2017
Long term liabilities		
Financial leases	17 791	18 078
Other loans	1 743	1 843
Subtotal	**19 534**	**19 920**
Short term liabilities		
Bonds & Notes	0	0
Financial leases	1 263	1 778
Loans - Factoring	662	751
Commercial paper	105 991	19 999
Other loans	260	260
Subtotal	**108 176**	**22 788**
Total	**127 710**	**42 708**

The fair value of floating rate borrowings is close to the nominal value. The interest cost for these variable interest rate borrowings ranged from 0.05% to 3.0% p.a. in EUR.

The majority of the Group's financial debt is centrally contracted and managed through Recticel International Services n.v./s.a., which acts as the Group's internal bank.

The borrowings under the 'club deal' are subject to bank covenants based on a leverage ratio, an interest cover and a minimum equity requirement. At end-June 2018, Recticel complied with all its bank covenants. On the basis of the budget 2018 management expects to be in a position to meet the bank covenants in the coming year.

Under the club deal financing agreement, the maximum dividend authorised for distribution amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 12.0 million.

(i) Financial leases
This item consists mainly of three leases. The first one finances the Insulation plant in Bourges (France) and has an outstanding amount as of 30 June 2018 of EUR 8.1 million and is at floating rate. The second one for buildings in Belgium, has an outstanding amount as of 30 June 2018 of EUR 2.0 million on the balance sheet and is at a fixed rate. In 2017 a new lease was taken to finance the extension of the Insulation plant in Wevelgem (Belgium). Per 30 June 2018 the outstanding amount of this new lease amounted to EUR 8.9 million.

(ii) Bank loans – "club deal"
On 09 December 2011, Recticel concluded a five-year club deal with 7 European banks for a multi-currency loan of EUR 175 million. The tenor of this 'club deal' facility has been extended in February 2016 for another five years. It currently will mature in February 2021.

(iii) Commercial paper program
In 2017 the Group started a short term commercial paper program (TCN – Titres de Créances Négociables) in France for an amount of EUR 150 million. This TCN-program is used to complement the financing of day-to-day working capital needs of the Group.

The amount issued under the commercial paper program is to be covered at any time by the undrawn amount under the club deal.

I.7.9.4.2. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

I.7.9.4.2.1. TRANSITION TABEL IFRS 9 FINANCIAL INSTRUMENTS

Group Recticel in thousand EUR	According to IAS 39		According to IFRS 9	
	Measurement category under IAS 39	Carrying amount 31 DEC 2017	New measurement category under IFRS 9	New carrying amount 31 DEC 2017
Financial assets				
Transactional hedges - operational	**FVTPL**	**39**	**FVTPL**	**39**
Current trade receivables	**L&A**	**110 936**	**AC**	**110 936**
Other non-current receivables	L&A	8 100	AC	8 100
Other receivables	L&A	39 330	AC	39 330
Other receivables	**L&A**	**47 430**	**AC**	**47 430**
Loans to affiliates	L&A	4 109	AC	4 109
Other loans	L&A	1 867	AC	1 867
Non-current loans	**L&A**	**5 976**	**AC**	**5 976**
Financial receivables	L&A	34 004	AC	34 004
Loans to affiliates	**L&A**	**39 980**	**AC**	**39 980**
Cash and cash equivalents	**L&A**	**57 844**	**AC**	**57 844**
Other investments	**AFS**	**725**	**FVTOCI**	**725**

Financial liabilities				
Interest rate swaps designed as cash flow hedge relationship	**CFH**	**1 454**	**CFH**	**1 454**
Interest from currency swap contracts	FVTPL	1	FVTPL	1
Currency swap contracts	FVTPL	9	FVTPL	9
Transactional hedges - operational	FVTPL	42	FVTPL	42
Economic hedge - operational	FVTPL	82	FVTPL	82
Economic hedge - operational	FVTPL	0	FVTPL	0
Economic hedge	**FVTPL**	**134**	**FVTPL**	**134**
Non-current financial liabilities at amortised cost	**FlaAC**	**96 080**	**AC**	**96 080**
Current financial liabilities at amortised cost	**FlaAC**	**47 400**	**AC**	**47 400**
Trade payables	**FlaAC**	**126 583**	**AC**	**126 583**
Other non-current payables	FlaAC	230	AC	230
Other payables	FlaAC	111 276	AC	111 276
Other payables	**FlaAC**	**111 506**	**AC**	**111 506**

AC = financial assets or liabilities at amortised cost
AFS = available for sale
CFH = cash flow hedge
FlaAC = financial loan at amortised cost
FVTPL = Financial assets or liabilities at fair value through profit or loss
FVTOCI = financial assets at fair value through other comprehensive income
L&A = loans and advances

I.7.9.4.2.2. FINANCIAL INSTRUMENTS

Group Recticel in thousand EUR			30 JUN 2018	31 DEC 2017	Fair value level
Financial assets					
Transactional hedges - operational	a	FVTPL	**34**	**39**	2
Currency forward contracts - financial		FVTPL	5	28	2
Currency swap contracts		FVTPL	49	0	2
Economic hedge	b	FVTPL	**54**	**28**	
Current trade receivables	c	AC	**142 596**	**110 936**	
Other non-current receivables	d	AC	1 871	1 998	2
Other receivables	e	AC	30 207	39 330	2
Other receivables		AC	**32 078**	**41 328**	
Loans to affiliates	f	AC	4 032	4 109	2
Other loans	g	AC	1 666	1 867	2
Non-current loans		AC	**5 698**	**5 976**	
Financial receivables	h	AC	27 044	33 976	2
Loans		AC	**32 742**	**39 952**	
Cash and cash equivalents		AC	**41 231**	**57 844**	2
Other investments		FVTOCI	**851**	**725**	2
Non-current receivables	d+f+g		7 569	7 973	
Current financial receivables	j=a+b+h		27 131	34 043	
Current other receivables	e+j		57 338	73 373	
Financial liabilities					
Interest rate swaps	k	FVTPL	**319**	**1 454**	2
Transactional hedges - operational	l	FVTPL	**55**	**42**	2
Interest from currency swap contracts		FVTPL	8	1	2
Currency forward contracts - financial		FVTPL	839	79	2
Currency swap contracts		FVTPL	0	9	2
Economic hedge - operational		FVTPL	477	82	2
Economic hedge	m	FVTPL	**1 324**	**171**	
Non-current financial liabilities at amortised cost	n	AC	**19 535**	**96 080**	2
Current financial liabilities at amortised cost	o	AC	**125 156**	**47 321**	2
Trade payables		AC	**108 896**	**126 583**	2
Other non-current payables		AC	235	230	2
Other payables		AC	113 980	111 276	2
Other payables		AC	**114 215**	**111 506**	
Non-current interest-bearing borrowings	n		19 535	96 080	
Current interest-bearing borrowings	k+l+m+o		126 854	48 988	

Categories of financial instruments

Group Recticel in thousand EUR	30 JUN 2018	31 DEC 2017
Financial assets		
Fair value through profit or loss account ("FVTPL")		
Currency swap contracts	49	0
Transactional hedges - operational	34	39
Financial assets at fair value through profit & loss account (b)	**83**	**39**
Non-current trade receivables (a)	0	0
Current trade receivables	142 596	110 936
Trade receivables (A)	**142 596**	**110 936**
Other non-current receivables (a)	8 925	8 100
Other receivables (b)	30 207	39 330
Other receivables (B)	**39 132**	**47 430**
Loans to affiliates	4 032	4 109
Other loans	1 666	1 867
Non current loans (a)	**5 698**	**5 976**
Financial receivables (b)	27 048	34 004
Loans (C)	**32 746**	**39 980**
Cash and cash equivalents (D)	**41 231**	**57 844**
Total loans & receivables (A+B+C+D)	**255 705**	**256 189**
Other investments (available for sale investments)	851	725
Non-current receivables (sum of (a))	**14 623**	**14 076**
Other receivables (sum of (b))	**57 338**	**73 373**
Financial liabilities		
Interest rate swaps designated as cash flow hedge relationship	0	1 454
Subtotal interest rate swaps designated as cash flow hedge relationship (E)	**0**	**1 454**
Interest rate swaps	319	0
Interests from currency swaps	8	1
Currency swap contracts	0	9
Transactional hedges - operational	55	42
Economic hedges - operational	477	82
Financial liability at fair value through profit & loss account (F)	**859**	**134**
Non current financial liabilities at amortised cost (G)	**19 535**	**96 080**
Current financial liabilities at amortised cost (H)	**125 995**	**47 400**
Current financial liabilities (E+F+H)	**126 854**	**48 988**
Trade payables (I)	**108 894**	**126 583**
Other non-current payables	235	230
Other payables	113 980	111 276
Other payables (J)	**114 215**	**111 506**
Total financial liabilities and payables (G+H+I+J)	**368 639**	**381 569**

Footnote: Currency swap contracts are taken to hedge (1) financial currency exposure that results from current accounts balances of affiliates towards Recticel International in foreign currency and (2) financial currency exposure that results from long term loans and deposits to/from affiliates in foreign currencies. Transactional hedges are forward currency contracts taken to hedge the currency exposure resulting from the monetary assets and liabilities of affiliates booked in foreign currencies (Balance sheet exposure).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Interest rate risk management
Recticel is hedging the interest rate risk linked to its interest-bearing borrowings on a global basis. The main hedging instruments used to convert floating rate debt into fixed rate debt are Interest Rate Swaps (IRS). The amount of fixed rate arrangements in relation to total financial debt is reviewed on an on-going basis by the Finance Committee and adjusted as and when deemed appropriate. In this, the Finance Committee aims at maintaining an appropriate balance between fixed and floating rate arrangements based on a philosophy of sound spreading of interest rate risks.

In an interest rate swap ("IRS") agreement, the Group undertakes to pay or receive the difference between the amounts of interest at fixed and floating rates on a nominal amount. This type of agreement enables the Group to fix the rate on a portion of its floating rate debt in order to be protected against the risk of higher interest charges on a loan at floating interest rates.

The market value of the portfolio of interest rate swaps on the balance sheet date is the discounted value of the future cash flows from the contract, using the interest rate curves at that date.

The current portfolio of IRS covers a portion of interest-bearing borrowings until October 2019 for EUR 10 million. In addition, an interest rate swap was concluded for EUR 25 million maturing in February 2021.
The weighted average life of this IRS portfolio is 2.26 years.

On 30 June 2018, the fair value of the interest rate swaps was estimated at EUR -0.3 million. The revaluation of the IRS portfolio directly impacts the Group the profit and loss accounts.

For first half-year 2018

No hedge accounting is applied on the outstanding IRS portfolio.

For first half-year 2017

1. Hedge accounting

Group Recticel in thousand EUR	**At the end of the preceding period**	**Payment of interests**	**Fair value recognized in equity**	**Interest recognized in income statement**	**Transfer**	**At the end of the current period**
Interest Rate Swaps (IRS) assets	0	0	0	0	0	0
Interest Rate Swaps (IRS) liabilities	(3 690)	1 239	1 103	(1 187)	0	(2 535)
Net position	**(3 690)**	**1 239**	**1 103**	**(1 187)**	**0**	**(2 535)**

For full-year 2017

1. Hedge accounting

Group Recticel in thousand EUR	At the end of the preceding period	Payment of interests	Fair value recognized in equity	Interest recognized in income statement	Transfer	At the end of the current period
Interest Rate Swaps (IRS) assets	0	0	0	0	0	0
Interest Rate Swaps (IRS) liabilities	(3 690)	2 414	2 212	(2 390)	0	(1 454)
Net position	**(3 690)**	**2 414**	**2 212**	**(2 390)**	**0**	**(1 454)**

The table does not comprise the deferred tax impact of EUR -0.781 million.

I.7.10. WORKING CAPITAL NEED

Higher working capital needs reflect the seasonable build-up of working capital – primarily in Bedding and Insulation –, inflated in 1H2018 by the impact of increased selling prices.

The utilization of the factoring programs per 30 June 2018 amounted to EUR 62.3 million, compared to EUR 70.8 million per 30 June 2017 and EUR 54.7 million per 31 December 2017.

I.7.11. MISCELLANEOUS

I.7.11.1. RELATED PARTY TRANSACTIONS

Compared to December 2017 there are no significant changes in the related party transactions.

I.7.11.2. ISSUE OF NEW WARRANT PLAN

On 25 April 2018 a new warrant plan was issued in favour of leading staff members of the Group. In total 460,000 new warrants were issued with an exercise price of EUR 10.21. The exercise period runs - after a vesting period of three years -, from 25 April 2021 till 25 April 2025. Fair value of this warrant serie amounts to EUR 0.7 million.

I.7.11.3. CONTINGENT ASSETS AND LIABILITIES

The contingent assets and liabilities as communicated in the annual report 2017 (section III.6.10.) encountered the following developments:

I.7.11.4.1. Tertre (Belgium)

1. Carbochimique, which was progressively integrated into Recticel in the 1980s and early 1990s, owned industrial site in Tertre (Belgium), where various carbochemical activities in particular had been carried on since 1928. These activities were gradually spun off and sold and are now carried on by different industrial companies, including Yara and Prince Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained.

   In 1986, Recticel sold its "fertilizer" division, in particular the activities of the Tertre site, to Kemira, now acquired by Yara. As part of this agreement, Recticel undertook to set an old basin ("Valcke Basin"), in line with environmental regulations. This requirement has not yet been performed because of the mutual dependence of the environmental conditions within the industrial site in Tertre. Yara has for precautionary reasons sued Recticel pursuant to this obligation in July 2003. A settlement agreement was negotiated and signed by the parties in the course of 2011, which ended the dispute definitively.

   Under the settlement agreement Yara and Recticel are committed to prepare together a recovery plan for four contaminated areas of the industrial area in Tertre, including the Valcke Bassin and a dump of Finapal, and for dividing the cost thereof.

   This plan was approved in December 2013 by Ministerial Order of the Walloon Government.

   The parties have developed in consultation a specification book, which was approved by the authorities. End of December 2015 Ecoterres was appointed as contractor. The works were started on 15 February, 2016. End of the works is expected by end 2019.

2. Following the sale of the entity Sadacem to the French group Comilog, now part of the group Eramet, Recticel committed itself to sanitise, on a shared cost basis, an old industrial waste site on the grounds of Prince Erachem. The start of the execution of this commitment was studied in consultation with the entity Prince Erachem and has been provisioned in the accounts of the Recticel Group. A proposal was submitted to the Office Wallon des Déchets in April 2009 and since been approved.

   The implementation of the restructuring plan started in 2013 and runs to date as planned. The clean-up works were completed last year but are still subject to a monitoring phase during 3 years.

   The expected costs for these works were provisioned in Recticel's accounts for an amount EUR 1.71 million as per 30 June 2018.

I.7.11.4.2. Litigations

The Group has been the subject of antitrust investigations at European and national level. At European level, Recticel announced on 29 January 2014 that a settlement was reached with the European Commission in the polyurethane foam investigation. The case was closed after payment of the last instalment of the effective overall fine in April 2016. At national level, the Group was involved in several appeals started by competitors after a decision of the Spanish competition authority in 2013. The last Spanish appeal procedure ended in the beginning of 2018, without impact on the position of Recticel. It cannot be excluded that other claims (including class actions claims) based on the same facts, may arise.

Various claims have been issued by one or more customers in the United Kingdom, in which these entities allege harm with regard to the conduct covered by the European Commission's cartel decision. Some procedures have been ended or concluded in the course of 2016, 2017 and 2018.

While Recticel believes there to be no harm done, and it is up to the customer to prove any damage incurred, Recticel carefully reviews and evaluates the merits for each case with its legal advisors to determine the appropriate defensive strategy and takes in the relevant cases provisions to cover any legal costs in this regard.

Compared to end 2017 there is no significant change to the situation per 30 June 2018.

Regarding the on-going litigations no considered judgment can at this stage be formed on the outcome of these procedures or on the amount of any potential loss for the company.

One of our Group entities in the United Kingdom is the subject of a HSE investigation following the accidental death of one of its employees. It cannot be excluded that further procedural steps might be taken by the authorities, leading to prosecution, legal costs and fines.

One of the Group's entities in France is implicated in a labour law case following the closure of a production site, whereby the former employees have launched a claim to obtain additional compensations, on the basis that the economic reasons for the closure were invalid.

One of the Group's entities in the Netherlands has been the object of a labour law claim by temporary workers for compensation putting in question the temporary nature of their employment.

Following the fire incident in Most, the involved Group entity has been temporarily unable to supply the contractually agreed quantities of products, leading to production interruptions at the direct customers and the car manufacturers. While the Group entity involved have claimed Force Majeure in this respect, this has been put in question or even contested by certain customers, with indication that further claims could be raised to obtain damage compensation. While the Group is insured in this regard in line with industrial standards, it cannot be excluded that such claims could lead to financial losses for the group companies involved.

Some years ago Recticel has initiated opposition proceedings against the patent application of a Swiss competitor which had been developed by and has been since many years used by the Group. Recticel's opposition was successful; the patent was revoked. The patent owner has appealed the decision. Recticel is confident that the revocation of the patent will be maintained in appeal.

As of 30 June 2018, total litigation provisions and accruals on Recticel Group level amounted to EUR 5.3 million in the combined financial statements.

II. INTERIM MANAGEMENT REPORT

The interim management report is based on the segment reporting as prescribed by IFRS 8.

IFRS 8 requires operating segments to be identified on the basis of the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment. In line with the content of the press release on the first half-year 2018 results (dd. 29 August 2018), comments on the development of the different segments are made on the basis of the combined figures, consistent with the managerial reporting and in line with IFRS 8.

II.1. *KEY FIGURES - COMBINED*

in million EUR	1H2017 (a)	1H2018 [1] (b)	Δ (b)/(a)-1
Sales	**726,8**	**755,9**	***4,0%***
Gross profit [2]	100,2	122,4	*22,1%*
as % of sales	*13,8%*	*16,2%*	
REBITDA	**50,1**	**56,2**	***12,1%***
as % of sales	*6,9%*	*7,4%*	
EBITDA	**41,0**	**51,6**	***25,7%***
as % of sales	*5,6%*	*6,8%*	
REBIT	**31,3**	**36,2**	***15,5%***
as % of sales	*4,3%*	*4,8%*	
EBIT	**22,2**	**31,0**	***39,4%***
as % of sales	*3,1%*	*4,1%*	

	31 Dec 17	30 Jun 18	
Total Equity	**261,8**	**254,7**	***-2,7%***
Net financial debt [3]	122,9	138,7	*12,9%*
Gearing ratio	**46,9%**	**54,5%**	

1 The combined financial statements of 1H2018 include the impact of IFRS 15.

2 The gross profit 1H2018 includes EUR -0.8 million (1H2017: EUR -17.0 million) non-recurring costs from additional expenses incurred due to alternative production solutions following the fire incident in the Automotive Interiors plant in Most (Czech Republic).

3 Excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs: EUR 62.3 million per 30 June 2018 versus EUR 70.8 million per 30 June 2017 and EUR 54.7 million per 31 December 2017.

II.2. *COMMENTS ON THE GROUP RESULTS*

Detailed comments on sales and results of the different segments are given in section II.4. on the basis of the combined figures (joint ventures integrated following the proportionate consolidation method).

Combined Sales: from EUR 726.8 million to **EUR 755.9 million (+4.0%)**, including an adverse currency impact of -1.2% due to the depreciation of most currencies versus the Euro.

All divisions reported higher sales during 1H2018, except Bedding.

- Flexible Foams sales growth results mostly from pricing adjustments and discipline linked to the increased chemical raw material costs.
- Bedding sales contracted by -9.9% in unfavourable market conditions.
- The Automotive divisions reported higher sales driven by strong volumes.
- Insulation activities have grown by 7.0% in the 2nd quarter after a soft 1st quarter, impacted by unfavourable weather conditions and by the consequences of the MDI shortage in 2017.

Breakdown of the **combined** sales by segment

in million EUR	1Q2017	2Q2017	1H2017	1Q2018	2Q2018	1H2018	Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	*160,6*	*157,0*	317,5	*170,9*	*159,7*	330,6	*6,4%*	*1,8%*	*4,1%*
Bedding	*75,0*	*63,3*	138,3	*70,7*	*54,0*	124,6	*-5,8%*	*-14,8%*	*-9,9%*
Insulation	*61,3*	*67,9*	129,2	*60,1*	*72,6*	132,7	*-2,0%*	*7,0%*	*2,7%*
Automotive	*84,6*	*88,8*	173,5	*95,5*	*100,1*	195,6	*12,8%*	*12,7%*	*12,8%*
Eliminations	*(16,3)*	*(15,4)*	(31,7)	*(15,0)*	*(12,6)*	(27,6)	*-7,6%*	*-18,6%*	*-13,0%*
TOTAL COMBINED SALES	***365,3***	***361,5***	**726,8**	***382,0***	***373,9***	**755,9**	***4,6%***	***3,4%***	***4,0%***
Adjustment for joint ventures by application of IFRS 11	(83,4)	(77,4)	(160,8)	*(90,8)*	(85,3)	(176,2)	*8,9%*	*10,2%*	*9,6%*
TOTAL CONSOLIDATED SALES	***281,9***	***284,1***	**566,0**	***291,2***	***288,5***	**579,7**	***3,3%***	***1,5%***	***2,4%***

Combined REBITDA: from EUR 50.1 million to **EUR 56.2 million (+12.1%)**

REBITDA margin increased from 6.9% to 7.4%.

The REBITDA improvement is driven by Insulation and Automotive. Flexible Foams to some extent, and Bedding to a larger extent, have been impacted by (i) a softer market environment, especially in Germany, and (ii) by substantial raw material price increases during 1Q2018.

Breakdown of the **combined** REBITDA by segment

in million EUR	1H2017	1H2018	Δ
Flexible Foams	23,3	21,6	*-7,2%*
Bedding	7,7	5,4	*-29,9%*
Insulation	14,2	22,8	*60,5%*
Automotive	13,5	14,7	*9,0%*
Corporate	(8,6)	(8,4)	*-2,7%*
TOTAL COMBINED REBITDA	**50,1**	**56,2**	***12,1%***

- Flexible Foams continued to implement its operational efficiency and mix improvement plan, and almost mitigated the effects of the 1Q2018 raw material price increases combined with soft volumes in its Comfort foam segment.
- Bedding volumes have been affected by the weak market conditions, especially in Germany, its largest market, which could not be fully compensated by significant efficiency & mix improvements.
- Profitability in Insulation substantially improved thanks to a positive mix and pricing, supported by excellent operational efficiency.
- Automotive benefited from higher volumes, both in Interiors and Seating, induced by strong market demand and the addition of the new programs in Interiors.

Combined REBIT: from EUR 31.3 million to **EUR 36.2 million** (+15.5%)

REBIT margin increased from 4.3% to 4.8%.

Breakdown of the **combined** REBIT by segment

in million EUR	1H2017	1H2018	Δ
Flexible Foams	17,1	15,4	*-9,9%*
Bedding	5,4	3,2	*-40,9%*
Insulation	11,0	19,6	*79,0%*
Automotive	7,0	6,7	*-4,2%*
Corporate	(9,1)	(8,7)	*-4,2%*
TOTAL COMBINED REBIT	**31,3**	**36,2**	***15,5%***

Non-recurring elements: (on combined basis, including pro rata share in joint ventures)

EBIT includes non-recurring elements for a total net amount of EUR -5.2 million (1H2017: EUR -9.1 million).

in million EUR	1H2017	1H2018
Net impact fire incident Automotive Interiors	(4,9)	(0,8)
Restructuring charges and provisions	0,4	(0,2)
Other	(4,5)	(3,7)
Total impact on EBITDA	**(9,1)**	**(4,6)**
Impairments	0,0	(0,6)
Total impact on EBIT	**(9,1)**	**(5,2)**

The major non-recurring element in 1H2018 relates to mainly (i) provisions for litigations and legal fees and (ii) the residual impact of the fire incident in the Automotive Interiors plant in Most (Czech Republic in 1Q2017).

Combined EBITDA: from EUR 41.0 million to **EUR 51.6 million (+25.7%)**

EBITDA margin increased from 5.6% to 6.8%.

Breakdown of EBITDA by segment

in million EUR	1H2017	1H2018	Δ
Flexible Foams	18,7	18,8	*0,9%*
Bedding	7,6	5,5	*-27,3%*
Insulation	14,2	22,8	*60,6%*
Automotive	9,1	13,2	*45,1%*
Corporate	(8,6)	(8,9)	*3,1%*
TOTAL COMBINED EBITDA	**41,0**	**51,6**	***25,7%***
Adjustment for joint ventures by application of IFRS 11	(5,6)	(6,1)	*10,5%*
TOTAL CONSOLIDATED EBITDA	**35,4**	**45,4**	***28,1%***

Combined EBIT: from EUR 22.2 million to **EUR 31.0 million (+39.4%)**

EBIT margin increased from 3.1% to 4.1%.

Breakdown of EBIT by segment

in million EUR	1H2017	1H2018	Δ
Flexible Foams	12,5	11,6	*-6,9%*
Bedding	5,3	3,7	*-29,3%*
Insulation	11,0	19,6	*79,0%*
Automotive	2,6	5,2	*99,4%*
Corporate	(9,1)	(9,2)	*1,2%*
TOTAL COMBINED EBIT	**22,2**	**31,0**	***39,4%***
Adjustment for joint ventures by application of IFRS 11	(1,6)	(1,8)	*12,2%*
TOTAL CONSOLIDATED EBIT	**20,6**	**29,1**	***41,5%***

Consolidated financial result: from EUR -2.1 million to **EUR -4.4 million**

Net interest charges decreased from EUR -3.6 million to EUR -2.1 million due a lower average debt combined to a reduced cost of debt, mainly induced by the increased issuance under a cost-efficient commercial paper program and the reimbursement of the convertible bonds in July 2017.

'Other net financial income and expenses' totalled EUR -2.3 million, compared to EUR +1.5 million in 1H2017, and comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR -0.4 million versus EUR -0.5 million in 1H2017) and exchange rate differences (EUR -1.9 million versus EUR +2.0 million in 1H2017),

Consolidated income taxes and deferred taxes: increased from EUR -4.2 million to **EUR -6.1 million**:

- Current income tax charges: EUR -2.4 million (EUR -2.1 million in 1H2017);
- Deferred tax charges: EUR -3.7 million (EUR -2.1 million in 1H2017).

Consolidated result of the period (share of the Group): from EUR +14.3 million to **EUR +18.7 million (+30.7%).**

II.3. *FINANCIAL POSITION*

On 30 June 2018 the **combined net financial debt** amounted to **EUR 138.7 million** (30 June 2017: EUR 151.4 million; 31 December 2017: EUR 122.9 million) excluding the amount of EUR 62.3 million drawn under the factoring programs (30 June 2017: EUR 70.8 million; 31 December 2017: EUR 54.7 million).

Total combined debt, including amounts drawn under the factoring programs, amounted to EUR 201.0 million (30 June 2017: 222.2 million; 31 December 2017: 177.6 million).

On 30 June 2018 the **consolidated net financial debt** amounted to **EUR 104.3 million** (30 June 2017: EUR 117.5 million; 31 December 2017: EUR 87.1 million) excluding the amounts of EUR 62.3 million drawn under the factoring programs (30 June 2017: EUR 70.8 million; 31 December 2017: EUR 54.7 million).

Total consolidated debt, including amounts drawn under off-balance non-recourse factoring programs, amounted to EUR 166.6 million (30 June 2017: 188.3 million; 31 December 2017: 141.8 million).

On 30 June 2018 **total equity** amounted to **EUR 254.7 million**[a] compared to EUR 261.8 million (as published) on 31 December 2017.

Combined 'net debt to equity' ratio: 54.5% versus 30 June 2017: 58.9% (as published) and 31 December 2017: 46.9% (as published).

Consolidated 'net debt to equity' ratio: 41.0**%** versus 30 June 2017: 44.6% (as published) and 31 December 2017: 33.3% (as published).

The Group confirms that all conditions under the financial arrangements with its banks are respected on 30 June 2018.

[a] Impact of IFRS 15 on equity per 30 June 2018: EUR -18.5 million

II.4. *MARKET SEGMENTS*

II.4.1. FLEXIBLE FOAMS

in million EUR	1H2017 (a)	1H2018 (b)	Δ (b)/(a)-1
Sales	**317,5**	**330,6**	**4,1%**
REBITDA	**23,3**	**21,6**	**-7,2%**
as % of sales	*7,3%*	*6,5%*	
EBITDA	**18,7**	**18,8**	**0,9%**
as % of sales	*5,9%*	*5,7%*	
REBIT	**17,1**	**15,4**	**-9,9%**
as % of sales	*5,4%*	*4,7%*	
EBIT	**12,5**	**11,6**	**-6,9%**
as % of sales	*3,9%*	*3,5%*	

Sales

After a good 1Q2018 (+6.4%), **combined sales** further increased from EUR 157.0 million in 2Q2017 to **EUR 159.7 million in 2Q2018** (+1.8%), including a -1.4% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** increased by +3.5% from EUR 144.0.million to **EUR 149.1 million**.

Over **1H2018**, **combined sales** increased from EUR 317.5 million to **EUR 330.6 million** (+4.1%), including a -1.3% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** increased by +5.5% from EUR 291.4 million to **EUR 307.4 million**.

Comfort Foams (+2.5%) has passed through the significantly higher chemical raw material costs to the market, off-setting slightly lower volumes due to an overall softer market.

Sales in Technical Foams (+6.3%) continued to benefit from good demand in the industrial and automotive markets within Europe, as well as in the USA, China, India and Turkey.

The expansion though new converting sites in Wuxi (China) and Tanger (Morocco) have been started up, while production in Buren (The Netherlands) will be closed by year-end.

Profitability

REBITDA margin decreased from 7.3% to 6.5%.

REBITDA margin decreased versus 1H2017 as a result of the time lag, although very limited, required to pass through the substantial 1Q2018 raw material price increases in the selling prices.

EBITDA remained stable at EUR 18.8 million, including non-recurring elements for EUR -2.8 million (1H2017: EUR -4.6 million).

II.4.2. BEDDING

in million EUR	1H2017 (a)	1H2018 (b)	Δ (b)/(a)-1
Sales	**138,3**	**124,6**	**-9,9%**
REBITDA	**7,7**	**5,4**	**-29,9%**
as % of sales	*5,6%*	*4,3%*	
EBITDA	**7,6**	**5,5**	**-27,3%**
as % of sales	*5,5%*	*4,4%*	
REBIT	**5,4**	**3,2**	**-40,9%**
as % of sales	*3,9%*	*2,6%*	
EBIT	**5,3**	**3,7**	**-29,3%**
as % of sales	*3,8%*	*3,0%*	

Sales

After a weak 1Q2018 (-5.8%), **combined sales** further decreased by -14.8% from EUR 63.3 million in 2Q2017 to **EUR 54.0 million in 2Q2018**, including a -0.9% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** decreased by -14.2% to **amount EUR 52.5 million in 2Q2018**.

Over **1H2018**, **combined sales** decreased from EUR 138.3 million to **EUR 124.6 million** (-9.9%). Excluding intersegment sales, **combined external sales** decreased by -9.3% from EUR 133.7 million to **EUR 121.2 million**.

The sub-segment “Branded Products” contracted by 7.6% while the sub-segment “Non-Branded/Private Label” receded by 12.0%, as a result of low shop traffic.

The introduction of the new innovative Geltex 2.0 and boxsprings product lines is taking place in order to be ready for the high season starting in 3Q2018.

Profitability

REBITDA margin decreased from 5.6% to 4.3%.

The improved mix and operational efficiency were insufficient to compensate for the negative impact of the lower volumes.

EBITDA decreased from EUR 7.6 million to EUR 5.5 million, including non-recurring elements for EUR +0.1 million.

II.4.3. INSULATION

in million EUR	1H2017 (a)	1H2018 (b)	Δ (b)/(a)-1
Sales	**129,2**	**132,7**	**2,7%**
REBITDA	**14,2**	**22,8**	**60,5%**
as % of sales	*11,0%*	*17,2%*	
EBITDA	**14,2**	**22,8**	**60,6%**
as % of sales	*11,0%*	*17,2%*	
REBIT	**11,0**	**19,6**	**79,0%**
as % of sales	*8,5%*	*14,8%*	
EBIT	**11,0**	**19,6**	**79,0%**
as % of sales	*8,5%*	*14,8%*	

Sales

After the slowdown in 1Q2018 (-2.0%) due to the consequence of the 2017 MDI shortage and the unfavourable weather conditions, sales increased by +7.0% **in 2Q2018,** from EUR 67.9 million to **EUR 72.6 million.**

Over **1H2018**, sales increased by +2.7% from EUR 129.2 million to **EUR 132.7 million**, including a negative currency impact of -0.8%.

The construction of the new plant in Finland, dedicated to the supply of the Scandinavian and Baltics markets, is on schedule to start up in 4Q2018.

Profitability

REBITDA margin increased from 11.0% to 17.2%.

Profitability improved strongly, as a result of positive mix, price and efficiencies.

II.4.4. AUTOMOTIVE

in million EUR	1H2017 (a)	1H2018 [1] (b)	Δ (b)/(a)-1
Sales	**173,5**	**195,6**	**12,8%**
REBITDA	**13,5**	**14,7**	**9,0%**
as % of sales	*7,8%*	*7,5%*	
EBITDA	**9,1**	**13,2**	**45,1%**
as % of sales	*5,3%*	*6,8%*	
REBIT	**7,0**	**6,7**	**-4,2%**
as % of sales	*4,0%*	*3,4%*	
EBIT	**2,6**	**5,2**	**99,4%**
as % of sales	*1,5%*	*2,7%*	

Sales [1]

After a strong 1Q2018 (+12.8%), the growth trend continued in **2Q2018** with a **combined sales** increase from EUR 88.8 million to **EUR 100.1 million** (+12.7%), despite a negative currency impact of -2.9%.

The Automotive segment continued to benefit from positive market dynamics and new program start-ups. Sales were also impacted by the application of the new accounting standard IFRS 15. Both sub-segments reported double-digit growth rates in 2Q2018; Interiors (+14.4%) and Seating (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) (+10.8%).

Over **1H2018 combined sales** increased from EUR 173.5 million to **EUR 195.6 million** (+12.8%), including a -1.2 % impact from exchange rate differences, with Interiors (EUR 104.7 million, +13.4%) and Seating (EUR 90.8 million; +12.0%).

Profitability

REBITDA margin remained broadly stable from 7.8% to 7.5%.

Strong volumes in both segments, as well as a gradual adaptation of sales prices to reflect higher raw material costs in Seating, supported the stabilisation of profit margins; despite the negative impact linked to the depreciation of the Chinese Yuan and the US dollar.

EBITDA includes non-recurring elements (EUR -1.5 million, compared to EUR -4.4 million in 1H2017) which still relate to the consequences of the fire accident in the Most plant (Czech Republic)

[1] The financial figures of 1H2018 include the impact of IFRS 15.

II.5. *Reconciliation with alternative performance measures (consolidated)*

in million EUR	1H2017	1H2018
EBIT	**20,6**	**29,1**
Depreciation intangible assets	1,3	1,3
Depreciation tangible assets	12,7	13,6
Impairment	0,0	0,6
Amortisation other operational assets [a]	0,8	0,9
EBITDA	**35,4**	**45,4**

in million EUR	31 DEC 2017	30 JUN 2018
Non-current interest-bearing borrowings	96,1	19,5
Current interest-bearing borrowings	49,0	126,9
Cash	(57,8)	(41,2)
Other financial assets [b]	(0,2)	(0,9)
Net financial debt	**87,1**	**104,3**

[a] Cost to obtain a contract/Upfront fees (Automotive) and showroom (Bedding)

[b] Hedging instruments and interest advances

III. DECLARATION BY THE RESPONSIBLE OFFICERS

Mr Johnny Thijs (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), certify in the name and on behalf of Recticel, that to the best of their knowledge:

- the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group

- the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2018, and their impact on the summary financial information

* * *

IV. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2018

Report on the review of the consolidated interim financial information of Recticel NV for the six-month period ended 30 June 2018

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated statement of financial position as at 30 June 2018, the consolidated condensed income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of six months then ended, as well as selective notes I.7.1 to I.7.11.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Recticel NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated statement of financial position shows total assets of 775 528 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 18 686 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Recticel NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Gent, 29 August 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kurt Dehoorne

V. GLOSSARY

- **IFRS measures**

Associated companies	Entities in which Recticel has a significant influence and that are processed using the equity-method.
CGU	Is short for Cash Generating Unit or cash flow generating unit.
Combined figures	Figures including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.
Consolidated figures	Figures following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.
Earnings per share, base	Net result for the period (Group share) / Average outstanding shares over the period.
Earnings per share, diluted	Net result for the period (Group share) / [Average number of outstanding shares over the period – own shares + (number of possible new shares that have to be issued within the framework of the existing outstanding stock option plans x dilution effect of the stock option plans)].
EBIT	Operating results + profit or loss from equities.
Equity capital	Total equity, including minority interests.
Investments	Capitalized investments in tangible and intangible assets.
Joint ventures	Entities that are controlled jointly and that are consolidated proportionately. Following the early adaption of IFRS 11 since 2013, these participations are consolidated following the equity method.
Net financial debt	Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash and cash equivalents - Available for sale investments + Net marked-to-market value position of hedging derivative instruments.
Subsidiaries	Fully consolidated entities under Recticel control.

- **Alternative Performance measures**

Appropriated capital	Net intangible fixed assets + goodwill + tangible fixed assets + working capital. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2.
Appropriated capital, Average	Half yearly: average appropriated capital at the beginning and at the end of the period. Average = [Appropriated capital at the end of last year + Appropriated capital at the end of the last period] / 2. For the full year: average of the half yearly averages.
EBITDA	EBIT + depreciation and additional impairments/increases on assets.
Gearing ratio	Net financial debt / Total equity (including shares of external parties).
Leverage	Net financial debt/EBITDA
Market capitalization	Closing price x total number of outstanding shares.
Non-recurring elements	Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onereous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, gains or losses on discontinued operations, revenues or charges due to important (inter)national legal issues.
Recurring EBIT(DA) or REBIT(DA)	EBIT(DA) before non-recurring elements.
Return on Capital Employed	EBIT / average appropriated capital.
Return on Equity (ROE)	Net result for the period (share of the Group) / Average total equity over the period (the Group's share).
ROCE	Represents Return on Capital Employed.
Total net financial debt	= Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs.
Working capital	Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payable taxes - other commitments.