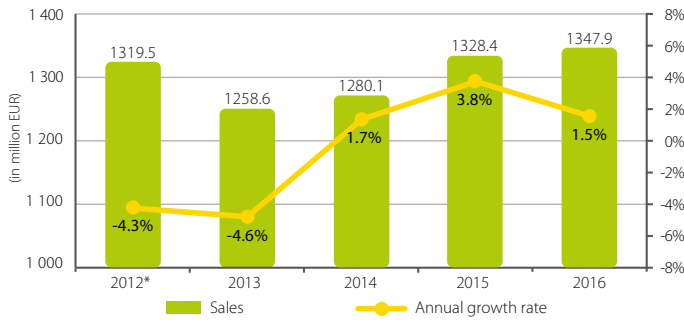


Annual Report 2016

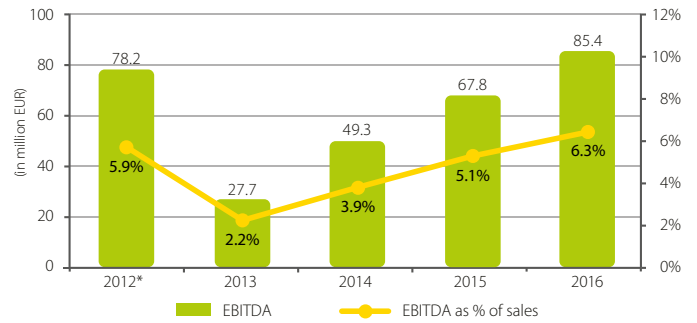


Key Figures

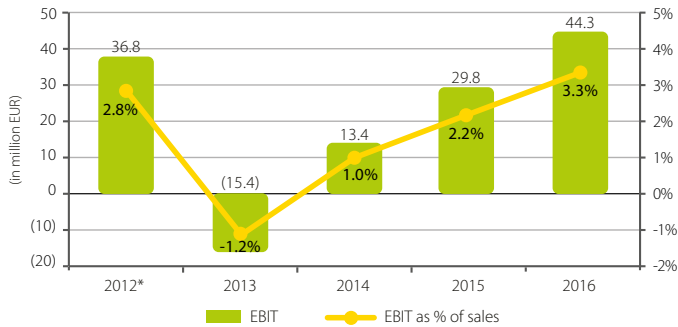
Combined sales & growth rates



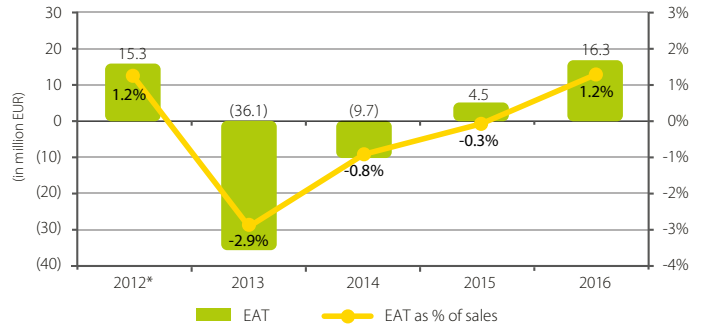
Combined EBITDA & EBITDA margin



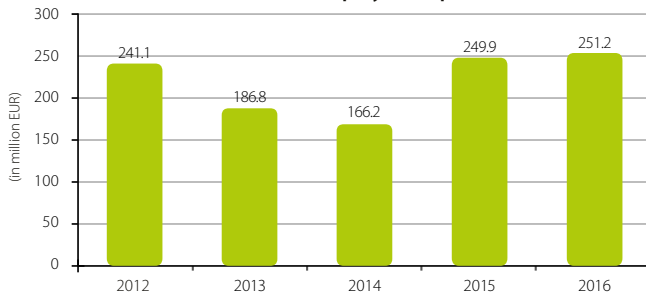
Combined EBIT & EBIT margin



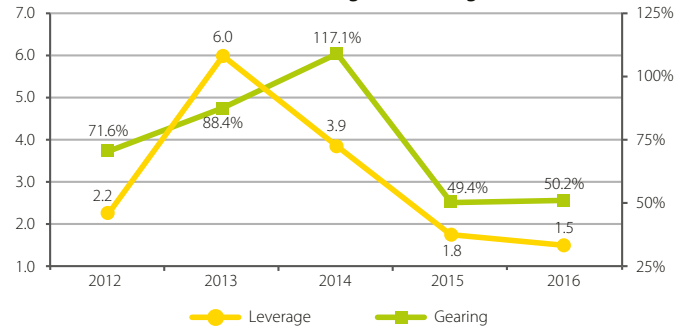
Combined earnings after taxes & EAT margin



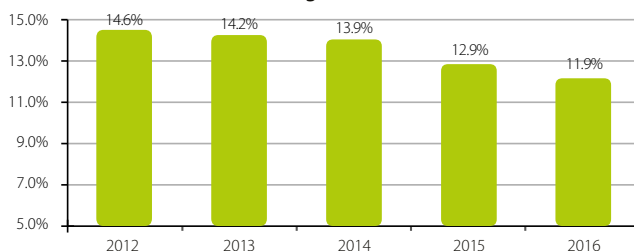
Shareholders' equity (Group share)



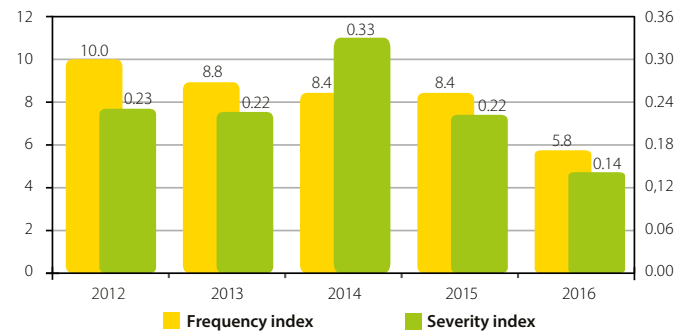
Combined Gearing and Leverage



Average net working capital as percentage of gross sales



Frequency index - Severity index Industrial accidents



* 2012 figures are restated for IAS 19.

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* These chapters form an essential part of the Report of the Board of Directors and contain the information required by the Belgian Company Code regarding consolidated accounts.



This was 2016



Future expectations

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

FINANCIAL CALENDAR FOR SHAREHOLDERS

First quarter 2017 trading update	26 April 2017 (before opening of the stock exchange)
Annual General Meeting	30 May 2017 (at 10:00 AM CET)
Ex-coupon date	31 May 2017
Record date	01 June 2017
Dividend payment date	02 June 2017
First half-year 2017 results	31 August 2017 (before opening of the stock exchange)
Third quarter 2017 trading update	31 October 2017 (before opening of the stock exchange)

 www.recticel.com

**EUR
1.35
billion**

of combined
net sales

7,925
employees

*Light-weight comfort solutions
for our modern society, that
is what we offer with our
polyurethane-based products.*

Who we are

As an **international industrial player** we want to make an essential difference in the **daily comfort experience** of everyone. Relying on our competences, our profound expertise in the transformation of **polyurethane chemistry**, we are committed to bring responsible answers to the various challenges and needs of our time and to create shared value for Recticel and society. We aim to achieve, in an efficient, sustainable and balanced manner, added value and a steady and profitable growth for all our clients and shareholders.

It is our aspiration to serve our customers and end-consumers better than our best competitors, in every category and every country where we choose to compete — creating superior shareholder value in the process.

We **serve diverse markets - primarily in Europe**, which account for around 93% of our net sales, but also in the USA and in Asia - whereby we support our industrial clients in finding innovative, sustainable solutions by implementing ever more responsible and value-creating products and services. Our core portfolio is organised around four selected application areas: Insulation for the construction sector, Bedding, Flexible Foams for domestic and industrial applications and Automotive.

Although we produce in first instance semi-finished products (Flexible Foams and Automotive), we also develop, manufacture and commercialise finished products and durable goods for end-users (Bedding and Insulation).

presence in
28
countries

98
sites

Whether it is for energy-efficient buildings, fuel-efficient cars, sound silencing or other durable comfort needs, Recticel has an answer.

Our **Flexible Foams** division develops and produces a wide variety of solutions with product attributes such as silencing, sealing, filtering, carrying, protecting, supporting and comforting.

In our **Bedding** division, consumer-ready mattresses, slat bases and box springs are marketed under well-known brand names such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ... and ingredient brands (GELTEX inside®, Bultex®).

Our **Insulation** division offers high quality thermal insulation products that are immediately used in construction projects and building renovations. Our insulation products are marketed under well-known brand and product names: Eurowall®, Powerroof®, Powerdeck®, Powerwall®, Xentro®, Recticel Insulation®...

Our **Automotive** division, which comprises seating solutions (via a joint venture) and interior trim activities, emphasises on innovation, technological progress and superior product quality and customer service.

We are headquartered in Brussels (Belgium) and employ on a combined basis (including pro rata share in joint ventures) about **7,925 people** in **98 locations** across **28 countries**. In 2016, we generated combined **sales of EUR 1.35 billion** (IFRS 11 consolidated sales: EUR 1.05 billion).

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

Our highlights in 2016 and early 2017



January 2016

Organisation – Sustainable Innovation Department

In our continuous quest to enhance our capability to develop sustainable innovations which create value for our customers, for the society, for our shareholders and all other stakeholders, we have decided to merge the International Development Center (IDC) and Sustainability functions into a newly created Sustainable Innovation Department (SID). The new department, located in Wetteren (Belgium), will be managed and developed under the leadership of Jean-Pierre De Kesel, Chief Sustainable Innovation Officer and member of the Management Committee.



January 2016

Bedding – imm Cologne Fair

Recticel Bedding (Schlaraffia®, Superba®, Swissflex®, Ubica®) is showcasing its marketing and product innovations at the imm Cologne, Europe's leading furniture and bedding fair with 80,000 trade visitors from 128 countries. Recticel is the only bedding company that presents end-2-end concepts from consumer story to POS theatre to product.



De wakkere keuze in slapen

Bedding – Ubica®

For the first time in its long history, our Dutch brand Ubica® participates at the imm - the international furniture faire in Cologne (Germany). It hereby joins our other bedding brands - Schlaraffia®, Superba®, Swissflex® and Grand Luxe® - that are traditionally present at this important sector fair. At imm, Ubica® presented its new collection of Geltex® inside-matresses, called the Excellence-set, as well as other innovative products. Ubica® showed two new slat bases - Motion and Balancer – with a befitting upholstered bedframe.

February 2016

Flexible Foams - France

Recticel SAS announces the intention to close its plant in Noyen-sur-Sarthe (France). After negotiations with the works council in order to identify the most appropriate social support measures, the plant was finally closed in June 2016, and its activities were transferred to the plants in Louviers (France) and Langeac (France).

Corporate - Financing

Recticel extends its existing EUR 175 million secured multi-currency credit facility for another 5 years. The extension of the credit facility, concluded with six European banks, allows Recticel to secure liquidity and to extend its debt maturity profile. The proceeds have been used to repay by anticipation the amounts still outstanding under the EUR 175 million club deal of 2011, which was due to expire in December 2016.



February 2016

Bedding - Germany

Swissflex® receives the internationally renowned German Design award for the revolutionary bridge® technology used in its uni 22 bridge® bed bases.



February 2016

Flexible Foams – Thermoflex

Thermoflex, our PU foam which, after 3D thermo compression, provides lightweight and self-supporting parts with superior silencing performance, is particularly suitable in car engine compartments. This product is now adopted by the majority of OEMs as it offers an outstanding weight reduction compared to conventional solutions. To cope with the growing demand by Tier 1 suppliers, a new Thermoflex foaming and converting line was successfully started up in our plant in Ciudad Rodrigo (Spain). In addition, a new thermo compression line was set up in our plant in Louviers (France). Both investments confirm our commitment to offer sustainable solutions and our leading expertise in foam thermo compression.

February 2016

Flexible Foams – SituSense®

Based on dedicated research, our Flexible Foams division launches SituSense®, a new, unique range of sensing solutions for modern vehicle interiors. SituSense® is a family of innovative, high-performing polyether polyurethane foams intended mainly for pour-in-place/in-situ applications. SituSense® solutions exceed stringent international standards on fogging, flammability, ageing resistance and emissions, making life easier for designers and manufacturers. It ensures trouble-free processing at a cost-effective price. SituSense® offers comforting and sensing solutions for passenger vehicles seating covers and accessories, headliners and door panels.

We are well positioned to achieve further profitable growth.

Our highlights in 2016 and early 2017



March 2016

Flexible Foams – United Kingdom

Aston Martin, the iconic British manufacturer of luxury sports cars and grand tourers selected to supply seating and interior trim foams for its new DB11 model. The grand tourer was revealed for the first time at the Geneva motor show in March 2016 and went into production in quarter four of 2016. The DB11 business is an important recognition of Recticel's capabilities and technical expertise to succeed in meeting Aston Martin's challenging requirements.

June 2016

Flexible Foams – India

The industrial sector is the world's largest consumer of energy and drives demand for gensets, as power failures have a huge impact on productivity and profits. At the same time, a better understanding of the impact of sound on human health leads to stricter noise legislation. As part of its strategic focus, a new impregnation line went operational in our plant in Tajola (India). With this investment, we complement our portfolio of value added acoustic solutions to the local industrial equipment market.



July 2016

Research & Development – New CO₂ based polyol

Recticel and Covestro join forces on new CO₂ based polyols. Recticel announces that it will use the innovative CO₂ based cardyon® polyol developed by Covestro - formerly Bayer MaterialScience - for the production of its flexible foams and more specifically for furniture and mattresses.

The new cardyon® polyol is a novel raw material for Recticel. Cardyon® contains about 20% CO₂ by weight and replaces a portion of the petroleum on which the precursor polyols are usually based. As such, it will save finite natural resources and will contribute to mitigating global warming by significantly reducing a product's carbon footprint.



September 2016

Corporate – Sustainability report

A new milestone in our history was reached when we published our first sustainability report, drawn up in accordance with Global Initiative Report (GRI) Guidelines G4 - Core level. This new report not only highlights our sustainability strategy -the result of a strategic process involving internal and external stakeholders to establish our most important sustainability aspects- but also identifies objective KPIs and clear targets for 2020.

Sustainability is now strategically embedded in our organisation as a key driver for innovation. By focusing our R&D efforts on climate change, conservation of natural resources, and support to ageing population, we will be able to develop value-added solutions for our customers and society.



September 2016

Insulation – Belgium

Recticel Insulation starts using the new integrated production hall and state-of-the-art warehouse for finished building products at its facility in Wevelgem (Belgium). This important investment (more than EUR 10 million) will offer a solid base to meet the strong growing demand for high performance/high value added insulation products in the continental European market. It will also enhance logistic capabilities to further develop an integrated supply chain with our customers.



October 2016

Flexible Foams - Organisation

Mr François Desné (°1971, French) is appointed as new Group General Manager Flexible Foams in replacement of Mr Marc Clockaerts who retired after a career of 42 years at Recticel. Mr François Desné becomes a member of the Group Management Committee.



Insulation – Innortex (France)

In line with our growth strategy, Recticel Insulation acquires the business from the small French company Innortex, which is specialised in the production of fibre-bonded foam solutions by using flexible trim foam, and in a later stage end of life materials (flexible foams and/or textiles). By doing so, the Insulation business line will not only expand its current product offering but will also be able to provide solutions combining thermal and acoustic insulation. These fibre-bonded foam solutions are highly sustainable and perfectly fit the requirements of a circular economy.

Our highlights in 2016 and early 2017



October 2016

Automotive - Interiors

In the course of 2016 various new multi-year contracts were awarded to our Automotive Interiors division. These new contracts, both in Europe and China, relate to high-quality trim parts to be used in different car models of Audi, BMW, Volkswagen and Volvo. The new programs will be gradually started-up in the course of the coming two years. They represent estimated cumulative life-time sales of approximately EUR 90 million.

The interior trim parts, on the basis of our patented Colo-Sense® Lite Spray technology, will be supplied from our plants in the Czech Republic (Most, Mlada Boleslav), Germany (Wackersdorf) and China (Changchun, Ningbo and Shenyang).

In 2016 we started production of interior trim for respectively Mercedes E-Class and Volkswagen Magotan in Langfang and Changchun (both in China).

cardyon™

December 2016

Flexible Foams – First delivery of the new CO₂ based polyol

Our Swedish Flexible Foams plant in Gislaved receives as first in the world the new cardyon® polyols, a novel raw material developed by Covestro AG. Cardyon® contains about 20% CO₂ by weight and replaces a portion of the petroleum on which the precursor polyols are usually based. This new sustainable product was accepted in our plant in Gislaved (Sweden) for the production of mattresses and toppers.



December 2016

Insulation – Vacuum Insulation Panels (VIP)

Our Insulation division announces it has entered into a production joint venture with the private Slovenian company TURNA d.o.o. by acquiring 50% of the shares of the latter's affiliate TURVAC.

TURVAC d.o.o. is located in Šoštanj (Slovenia) and is specialized in the production of Vacuum Insulation Panels ("VIP"). Recticel Insulation will commercialize VIPs for certain niche applications in the construction market, whereas TURNA will focus on the sale of such products in the household appliances markets.

Vacuum Insulation Panels consist of a high barrier membrane in form of a foil bag, which is first filled with fumed silica or glass fibre, and thereafter vacuumed and sealed. The finished product has an aged thermal conductivity which is three times better than today's PIR insulation boards, and hence allows optimal insulation solutions in combination with PIR insulation boards for more demanding building applications. This new technology allows Recticel Insulation to enhance its products portfolio and to strengthen its leading position in high performance insulation solutions for the European building market.

Turvac®

January 2017

Bedding - Organisation

CEO, Mr Olivier Chapelle (°1964, Belgian) assures ad interim the responsibilities of the Group General Manager Bedding in replacement of Mr Philipp Burgtorf who left the company.

Automotive Interiors – Czech Republic

A severe fire incident occurs in one of the production halls of our Automotive-Interiors site in Most (Czech Republic). As a result of this, Recticel had to declare force majeure to the customers of our Most plant.



February 2017

Insulation at Batibouw® – Belgium

At Batibouw®, the leading fair for the construction and renovation sector in Belgium, Recticel Insulation introduces two new products.

With the new Xentro® technology, our Insulation business line introduces thinner insulation boards with a further improved insulation performance. These Xentro® insulation boards have a 13% better insulation performance than current PUR/PIR panels, which corresponds to an unmatched λ (lambda) insulation value of 0.019W/mK.

Besides our Insulation business line also introduced Simfofit® panels for sound isolation for internal use. Simfofit® is an acoustic material made of recycled polyurethane flakes. Besides its acoustic effect, it also offers some thermal insulation to buildings.



March 2017

Insulation – United Kingdom

Recticel announces that its Insulation division plans to invest in additional production capacity in the United Kingdom, in order to enable further growth with its customers. The investment is expected to amount to at least EUR 20 million and start of production is planned in the 3rd quarter of 2018.



*Mr. Johnny Thijs
Chairman of the Board of Directors*

*Mr. Olivier Chapelle
Chief Executive Officer*

Letter from the Chairman of the Board of Directors and the Chief Executive Officer

Brussels, April 29th 2016

Dear Employee,
Dear Customer,
Dear Shareholder,
Dear Reader,

2016 has been a successful and confirmation year for Recticel.

In an improving yet still volatile European business environment, Recticel has grown its sales by 1.5%, thanks to volume growth and positive mix, and despite significant currency adverse effects (-2.2% mostly linked to the Brexit).

During 2016, simplification and rationalisation of the Group have continued with the closing of 2 factories, and organisation enhancements aimed at optimising the company's operating costs.

Sales growth and improved cost efficiency have consequently generated a 19.3% REBITDA increase and a 29.6% REBIT increase, leading to a net profit of EUR 16.3 million.

With regards to the financing of the Group, the EUR 175 million credit facility has been extended, with a February 2021 maturity.

After the successful May 2015 capital increase, the Group has clearly "turned the page" in 2016, and has taken several strategic steps to create the conditions for future growth.

After having grown by +5.0% in 2015, the sales turnover has steadily increased by 1.5% during the full year 2016, supported by a favourable economic environment, by successful new products introductions and despite negative effects of -2.2%. The EU 28 Automotive market has continued to grow by +6.8% in 2016. European construction markets have performed well, with the exception of France. Bedding and overall Furniture markets have been slightly positive, supported by positive consumer sentiment, while industrial production output has also accelerated. In addition, China, India, Turkey and the USA, the non-European countries where Recticel is present, have also performed well. As a consequence, all divisions but Bedding have grown, with Automotive growing by 3.1%, Insulation growing by 2.1%, Flexible Foams growing by 0.8%. Bedding contracted by -0.5% as a result of logistic issues in the last quarter. Geltex® inside in Bedding, which now represents a sales turnover of EUR 55 million, Colo-Sense Lite® in Automotive Interiors, the new SituSense® value proposition in Flexible Foams and new solutions and channels in Insulation have been key to our market success in 2016, and confirm the contributions of innovation at Recticel.

Rationalization efforts in 2016, to continuously adapt the industrial footprint to market needs, have led to the closing of the Flexible Foams facility of Noyen (France) in June 2016 and of the Automotive facility in Beijing (China) in September 2016. Moreover, the Group has taken significant actions to adapt its operating model in order to reduce its SG&A spending and improve its efficiency.

Our investments in 2016 have been concentrated on growth: capacity increase and warehouse expansion in our insulation plant in Wevelgem, capacity increase in our Flexible Foams facility in Romania (Eurofoam joint venture), start-up of the Changchun and Langfan facilities in China for the Automotive business, and the impregnation capacity increase in our Flexible Foam facility in India are good illustrations.

Moreover, for the first time in 6 years, two external growth moves have been executed. The first consists of the acquisition of the activities of Innortex in France. It brings the Fiber Bonded Foam technology and immediate capacity to the Insulation business, in order to initiate production and sales of a recycled product providing the combination of acoustic and thermal insulation

properties. The second has led to the creation of the Turvac joint Venture in Slovenia, providing to Recticel with the VIP technology (Vacuum Insulated Panel), offering ultra-high insulation properties for specific niche markets.

To conclude on the investments, Recticel has announced a significant capacity increase in the United Kingdom to produce Insulation boards, in order to support the growth of its customers.

In 2016, the R&D activities and the Sustainable Development team have been merged into a new Sustainable Innovation department. It has focused its resources on 5 key innovation programs, all aimed at enhanced value proposition to our customers, while increasing the contribution of Recticel to the sustainable development of the society. As a consequence, a first significant new product has been introduced in February 2017 at the Batibouw building trade show in Brussels: the Xentro® insulation technology allows our insulation boards to reach a new benchmark performance level of lambda 19, a 13% improvement over the current technology. In September 2016, the first Sustainable Development report has been issued. It includes the Group's promise on 6 key measurable objectives to be delivered by 2020, on which the Group will make a first progress report in February 2018.

With the first quarter of 2017 now behind us, we observe a business environment which is increasingly volatile, due to many geopolitical developments in the world, to continuing currency fluctuations, and to sky-rocketing raw material prices. Despite these uncertainties, end-use markets remain supportive in Europe, and in the other regions in the world where Recticel is present. In that context, Recticel remains confident in its ability to grow its volumes, to leverage market opportunities thanks to a strengthening competitive position and to its recently launched growth initiatives.

We want to thank our employees for their contributions in 2016, our customers for their business and trust, and our shareholders for their loyalty and continued support.

Mr. Johnny Thijs
Chairman of the Board of Directors

Mr. Olivier Chapelle
Chief Executive Officer

Report by our Board of Directors

Annual results 2016

RECTICEL DELIVERS FURTHER STRUCTURAL PROFIT GROWTH

- Combined^a sales growth of +1.5%, including adverse currency impact of -2.2%
- Combined REBITDA increased by +19.3%
- Result of the period (share of the Group): EUR 16.3 million
- Combined net financial debt: EUR 126.0 million (31-Dec-2015: EUR 123.0 million)
- Proposal to pay a gross dividend of EUR 0.18 per share

Olivier Chapelle (CEO): *"We are satisfied with 2016, another year of sales and profit growth, and an important milestone in our aim to make Recticel a reliable value creation company.*

Combined sales grew by +1.5%, based upon solid volume growth, despite adverse currency effects of -2.2%. Our combined REBITDA increased by +19.3%, supported by volume growth and by efficiency & mix improvements which beat our 2016 targets, and more than offset volatile and adverse currency and raw material prices evolutions. Our total combined net financial debt (including the off balance sheet financing) has reached a historically low level at EUR 178.2 million.

The supply market for isocyanates turned short over the last 9 months of 2016, leading to significant raw materials

price increases. In addition, a force majeure at one of our key suppliers in October in combination with production issues at several suppliers' factories further aggravated the situation. This force majeure has now been lifted.

We expanded our Insulation business by acquiring the Innortex activities in France (acoustic solutions) and the creation of the Turvac joint venture in Slovenia (Vacuum Insulation Panels).

Going forward we will remain focused on raising our performance by building the foundation for stronger sales growth, further streamlining and strengthening of our product portfolio, improving productivity and cost structures, and strengthening our organization and culture."

OUTLOOK

For the full year 2017, the Group expects continued growth of its combined sales, and to increase its combined REBITDA thanks to a combination of volume growth, improved mix and efficiency gains.

All comparisons are made with the comparable period of 2015, unless mentioned otherwise.

^a For the definition of other used terminology, see glossary at the end of this press release.

1. Key figures

1.1. CONSOLIDATED DATA

- **Sales:** from EUR 1,033.8 million to EUR 1,048.3 million (+1.4%) including currency impact of -2.3%
- **EBITDA:** from EUR 52.9 million to EUR 72.7 million (+37.5%)
- **EBIT:** from EUR 23.2 million to EUR 39.2 million (+68.8%)
- **Result of the period** (share of the Group): from EUR 4.5 million to EUR 16.3 million
- **Net financial debt¹:** EUR 108.4 million (31 December 2015: EUR 98.5 million; 30 September 2016: EUR 108.5 million)

	in million EUR		
	2015 (a)	2016 (b)	Δ 2016/2015 (b)/(a)-1
Sales	1 033.8	1 048.3	1.4%
Gross profit	194.4	201.1	3.4%
<i>as % of sales</i>	18.8%	19.2%	
EBITDA	52.9	72.7	37.5%
<i>as % of sales</i>	5.1%	6.9%	
EBIT	23.2	39.2	68.8%
<i>as % of sales</i>	2.2%	3.7%	
Result of the period (share of the Group)	4.5	16.3	259.5%
Result of the period (share of the Group) - base (per share, in EUR)	0.10	0.31	199.0%
Gross dividend per share (in EUR)	0.14	0.18	28.6%
Total Equity	249.0	251.2	0.9%
Net financial debt ¹	98.5	108.4	10.0%
Gearing ratio	39.6%	43.1%	

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programmes: EUR 51.7 million per 31 December 2016 (EUR 53.7 million per 31 December 2015, and EUR 54.7 million per 30 September 2016).

1.2. COMBINED DATA

- **Sales:** from EUR 1,328.4 million to EUR 1,347.9 million (+1.5%), including currency effects of -2.2%
- **REBITDA:** from EUR 81.9 million to EUR 97.7 million (+19.3%)
- **EBITDA:** from EUR 67.8 million to EUR 85.4 million (+26.0%)
- **REBIT:** from EUR 44.9 million to EUR 58.2 million (+29.6%)
- **EBIT:** from EUR 29.8 million to EUR 44.3 million (+48.6%)
- **Result of the period** (share of the Group): from EUR 4.5 million to EUR 16.3 million
- **Net financial debt¹:** EUR 126.0 million (31 December 2015: EUR 123.0 million; 30 September 2016: EUR 131.9 million)

	in million EUR								
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Sales	667.5	661.0	1 328.4	686.0	661.9	1 347.9	2.8%	0.1%	1.5%
Gross profit	119.8	113.1	232.9	133.4	112.1	245.5	11.4%	-0.9%	5.4%
<i>as % of sales</i>	17.9%	17.1%	17.5%	19.4%	16.9%	18.2%			
REBITDA	42.9	39.0	81.9	54.8	42.9	97.7	27.9%	9.8%	19.3%
<i>as % of sales</i>	6.4%	5.9%	6.2%	8.0%	6.5%	7.2%			
EBITDA	38.8	29.0	67.8	47.9	37.6	85.4	23.3%	29.6%	26.0%
<i>as % of sales</i>	5.8%	4.4%	5.1%	7.0%	5.7%	6.3%			
REBIT	24.8	20.1	44.9	35.6	22.6	58.2	43.5%	12.4%	29.6%
<i>as % of sales</i>	3.7%	3.0%	3.4%	5.2%	3.4%	4.3%			
EBIT	20.0	9.8	29.8	27.6	16.6	44.3	38.5%	69.2%	48.6%
<i>as % of sales</i>	3.0%	1.5%	2.2%	4.0%	2.5%	3.3%			
	30 JUN 15	31 DEC 15		30 JUN 16	31 DEC 16				
Total Equity	249.5	249.0	249.0	245.6	251.2	251.2	-1.6%	0.9%	0.9%
Net financial debt 1	137.5	123.0	123.0	132.9	126.0	126.0	-3.3%	2.4%	2.4%
Gearing ratio	55.1%	49.4%	49.4%	54.1%	50.1%	50.1%			

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programmes: EUR 52.2 million per 31 December 2016 (EUR 60.4 million per 31 December 2015, and EUR 60.4 million per 30 September 2016).

2. Comments on the Group results

Detailed comments on the sales and results of the different segments are given in chapter 6 on the basis of the combined figures (joint ventures integrated following the proportionate consolidation method).

Combined Sales: from EUR 1,328.4 million to **EUR 1,347.9 million** (+1.5%), including a negative currency effect of -2.2%; primarily due to the depreciation of the Pound Sterling and the Polish Zloty.

On an annual basis, all segments reported higher sales, except Bedding which contracted slightly (-0.5%). The overall progress is mainly explained by (i) successful growth initiatives in Insulation and Flexible Foams, and (ii) the start-up of scheduled new programmes in Automotive Interiors as well as strong volumes in the automotive market.

Breakdown of the **combined** sales by segment

	in million EUR			
	1Q2016	2Q2016	3Q2016	4Q2016
Flexible Foams	156.1	154.2	141.3	155.7
Bedding	79.0	69.1	70.1	74.7
Insulation	55.5	62.7	59.0	57.0
Automotive	73.9	73.0	64.2	77.8
Eliminations	(18.9)	(18.4)	(16.7)	(21.4)
TOTAL COMBINED SALES	345.5	340.5	318.1	343.8
Adjustment for joint ventures by application of IFRS 11	(75.9)	(75.6)	(68.0)	(80.0)
TOTAL CONSOLIDATED SALES	269.6	264.9	250.1	263.8

				in million EUR		
2H2015	2H2016	Δ 2H		FY2015	FY2016	Δ FY
296.4	297.0	0.2%	Flexible Foams	602.3	607.2	0.8%
151.1	144.9	-4.1%	Bedding	294.5	292.9	-0.5%
116.1	116.0	-0.1%	Insulation	229.4	234.1	2.1%
137.4	142.0	3.3%	Automotive	280.3	288.9	3.1%
(40.1)	(38.0)	-5.2%	Eliminations	(78.1)	(75.4)	-3.5%
661.0	661.9	0.1%	TOTAL COMBINED SALES	1 328.4	1 347.9	1.5%

				in million EUR		
3Q2015	3Q2016	Δ 3Q		4Q2015	4Q2016	Δ 4Q
145.0	141.3	-2.5%	Flexible Foams	151.5	155.7	2.8%
73.1	70.1	-4.1%	Bedding	77.9	74.7	-4.1%
60.3	59.0	-2.1%	Insulation	55.8	57.0	2.0%
65.1	64.2	-1.3%	Automotive	72.4	77.8	7.5%
(20.1)	(16.7)	-17.1%	Eliminations	(20.0)	(21.4)	6.9%
323.4	318.1	-1.6%	TOTAL COMBINED SALES	337.6	343.8	1.8%

Report by our Board of Directors

After two quarters of positive sales growth (1Q2016: +0.6% and 2Q2016: +5.1%) and a weaker 3Q2016 sales (-1.6%), **combined sales** increased from EUR 337.6 million to **EUR 343.8 million in 4Q2016** (+1.8%). This positive development was achieved despite a negative currency effect of -2.9% in the fourth quarter, mainly from the Pound Sterling and Polish Zloty. Strong volumes in a supportive market environment have more than offset the negative currency impacts and some price erosion.

As anticipated, the Automotive segment realised the largest sales increase (+7.5%) during 4Q2016, due to new programme start-ups in Interiors in a very strong automotive market.

The Flexible Foams segment grew by +2.8% in 4Q2016, which is higher than its annual growth rate of +0.8%. The evolution was primarily driven by the Technical Foams segment and by growth in Central Europe.

The Insulation segment grew by +2.0% during 4Q2016, thanks to strong volume growth partially offset by price erosion in its most competitive national markets.

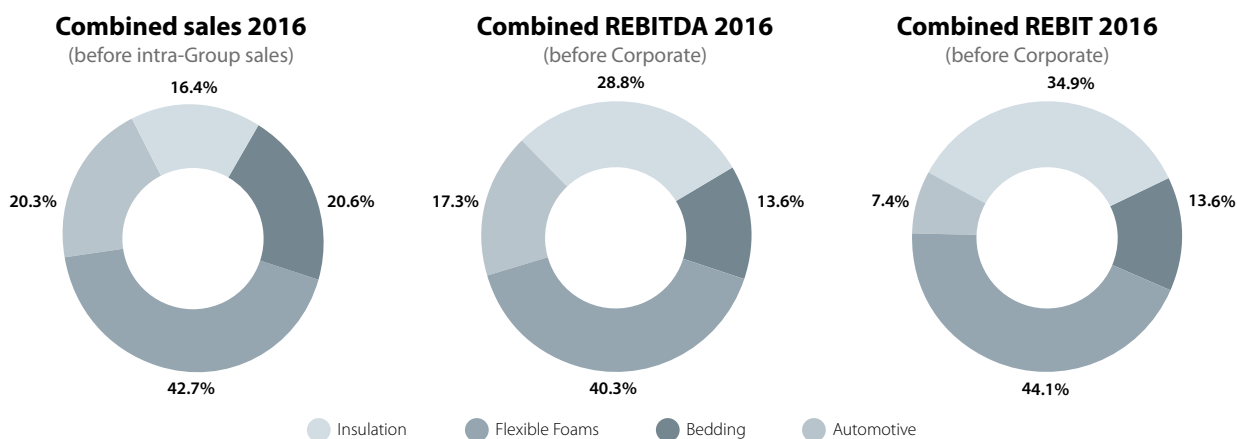
The Bedding segment contracted in 4Q2016 by -4.1%, as a result of supply chain issues having affected its market position during the quarter.

Combined REBITDA: from EUR 81.9 million to **EUR 97.7 million** (+19.3%)

REBITDA margin increased from 6.2% to 7.2%.

Recurrent profitability increased year-on-year in 2H2016 by +9.8% versus a very strong 2H2015, thanks to a combination of (i) higher volumes, (ii) positive product-mix and (iii) operational efficiency.

Sequentially, profitability in 2H2016 ended up lower than in 1H2016, as a result of (i) much higher raw material prices – specifically TDI and MDI –, (ii) adverse exchange rate impacts which weighed on profitability in 2H2016 – especially in Insulation –, and (iii) to the systematically lower number of working days in industry in the second half of a calendar year.



Breakdown of the **combined REBITDA** by segment

	in million EUR								
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Flexible Foams	20.4	17.6	38.0	28.2	18.1	46.3	37.8%	3.1%	21.7%
Bedding	6.0	8.1	14.1	7.9	7.8	15.7	31.6%	-3.4%	11.5%
Insulation	16.1	16.2	32.3	17.8	15.3	33.1	10.6%	-5.9%	2.3%
Automotive	9.5	5.9	15.4	10.5	9.4	19.9	10.7%	58.7%	29.1%
Corporate	(9.2)	(8.8)	(18.0)	(9.6)	(7.8)	(17.3)	4.1%	-12.0%	-3.7%
TOTAL COMBINED REBITDA	42.9	39.0	81.9	54.8	42.9	97.7	27.9%	9.8%	19.3%

- **Flexible Foams** continued to enhance its industrial performance throughout the period, to increase its volumes and to improve its product/market mix.
- **Insulation** profitability increased on higher volumes and excellent efficiency, thereby over-compensating the negative impact of price erosion in some markets and a depreciated Pound Sterling.
- The increased profitability in **Automotive** is driven by the improvement in Seating due to the positive effect from the closure in 2015 of the Rüsselsheim (Germany) plant and overall efficiency gains, as well as by the contribution of the new Automotive Interior programmes.
- **Bedding** benefited from an improved product- and customer-mix and from strong growth in boxspring sales, but suffered from an insufficient overall performance in the last quarter.

Combined REBIT: from EUR 44.9 million to **EUR 58.2 million** (+29.6%)

REBIT margin increased from 3.4% to 4.3%.

Breakdown of the **combined REBIT** by segment

	in million EUR								
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Flexible Foams	14.6	11.5	26.1	22.0	11.8	33.8	50.6%	2.3%	29.3%
Bedding	2.8	4.9	7.7	5.1	5.3	10.4	81.7%	8.3%	35.0%
Insulation	13.3	13.1	26.4	14.7	12.0	26.8	10.8%	-7.8%	1.6%
Automotive	3.8	(0.1)	3.6	3.9	1.8	5.7	2.9%	n.m.	55.3%
Corporate	(9.7)	(9.3)	(18.9)	(10.1)	(8.3)	(18.4)	4.6%	-10.1%	-2.6%
TOTAL COMBINED REBIT	24.8	20.1	44.9	35.6	22.6	58.2	43.5%	12.4%	29.6%

Report by our Board of Directors

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 -13.9 million (compared to EUR -15.1 million in 2015).

	in million EUR			
	2015	1H2016	2H2016	2016
Restructuring charges and provisions	(12.7)	(4.7)	(3.1)	(7.8)
Capital gain on divestment	1.6	0.0	0.0	0.0
Other	(3.0)	(2.3)	(2.1)	(4.4)
TOTAL IMPACT ON EBITDA	(14.1)	(7.0)	(5.2)	(12.2)
Impairments	(1.0)	(1.0)	(0.7)	(1.7)
TOTAL IMPACT ON EBIT	(15.1)	(7.9)	(6.0)	(13.9)

Additional restructuring measures were implemented in execution of the Group's rationalisation plan, including (i) the closure of the Flexible Foams plant in Noyen-sur-Sarthe (France), (ii) further rationalisation measures in Bedding, (iii) additional costs relating to sites closed in 2015 and (iv) incurred costs and provisions for legal fees.

Impairment charges amounted to EUR -1.7 million (2015: EUR -1.0 million) and relate to (i) idle equipment in Flexible Foams in the United Kingdom and France (cfr. closure of the site in Noyen-sur-Sarthe) and (ii) idle tangible and intangible assets in Bedding.

Combined EBITDA: from EUR 67.8 million to **EUR 85.4 million** (+26.0%)

EBITDA margin increased from 5.1% to 6.3%.

Breakdown of EBITDA by segment

	in million EUR								
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Flexible Foams	19.9	14.2	34.0	23.6	15.9	39.6	19.0%	12.4%	16.3%
Bedding	5.1	4.4	9.5	6.6	5.5	12.1	29.6%	25.6%	27.7%
Insulation	17.7	15.7	33.4	17.8	15.1	32.9	0.4%	-3.9%	-1.6%
Automotive	5.7	4.3	9.9	9.5	8.8	18.3	68.8%	104.8%	84.4%
Corporate	(9.5)	(9.6)	(19.1)	(9.7)	(7.8)	(17.4)	1.9%	-19.0%	-8.6%
TOTAL COMBINED EBITDA	38.8	29.0	67.8	47.9	37.6	85.4	23.4%	29.6%	26.0%
Adjustment for joint ventures by application of IFRS 11 ¹	(7.1)	(7.9)	(14.9)	(6.9)	(5.9)	(12.7)	-3.0%	-25.2%	-14.7%
TOTAL CONSOLIDATED EBITDA	31.7	21.1	52.9	41.0	31.7	72.7	29.2%	50.0%	37.5%

¹ By application of IFRS 11 the net result after depreciation, financial and tax charges are integrated in consolidated EBITDA

Combined EBIT: from EUR 29.8 million to **EUR 44.3 million** (+48.6%)

EBIT margin increased from 2.2% to 3.3%.

Breakdown of EBIT by segment

	in million EUR								
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Flexible Foams	13.3	7.8	21.1	17.2	9.3	26.5	29.6%	18.9%	25.6%
Bedding	1.9	1.2	3.2	3.1	2.6	5.8	63.0%	111.3%	81.9%
Insulation	14.9	12.6	27.5	14.7	11.9	26.6	-1.3%	-5.4%	-3.2%
Automotive	(0.1)	(1.8)	(1.9)	2.9	1.2	4.0	n.m.	n.m.	n.m.
Corporate	(10.0)	(10.1)	(20.0)	(10.2)	(8.3)	(18.6)	2.5%	-17.0%	-7.3%
TOTAL COMBINED EBIT	20.0	9.8	29.8	27.6	16.6	44.3	38.5%	69.2%	48.6%
Adjustment for joint ventures by application of IFRS 11 ¹	(3.0)	(3.5)	(6.6)	(3.0)	(2.0)	(5.1)	0.0%	-42.3%	-22.8%
TOTAL CONSOLIDATED EBIT	16.9	6.3	23.2	24.6	14.6	39.2	45.3%	132.0%	68.8%

¹ By application of IFRS 11 the net result after financial and tax charges are integrated in consolidated EBIT

Consolidated financial result: from EUR -12.5 million to **EUR -11.7 million**

Net interest charges decreased from EUR -9.6 million to EUR -8.1 million following a lower average net interest-bearing debt, including the usage of 'off-balance' factoring/forfeiting programmes, and better credit conditions following the refinancing of the credit facility in February 2016.

'Other net financial income and expenses' (EUR -3.6 million compared to EUR -3.0 million in 2015) comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR -1.1 million versus EUR -0.8 million in 2015) and exchange rate differences (EUR -2.6 million versus EUR -2.0 million in 2015).

Consolidated income taxes and deferred taxes:

from EUR -6.2 million to **EUR -11.2 million**

- Current income tax charge: EUR -3.5 million (2015: EUR -2.4 million);
- Deferred tax charge: EUR -7.6 million (2015: EUR -3.8 million).

Consolidated result of the period (share of the Group):

from EUR +4.5 million to **EUR +16.3 million**

3. Financial situation

On 31 December 2016, **combined net financial debt** amounted to **EUR 126.0 million** (31 December 2015: EUR 123.0 million; 30 September 2016: EUR 131.9 million), excluding the amounts drawn under the off-balance non-recourse factoring/forfeiting programmes of EUR 52.2 million (31 December 2015: EUR 60.4 million; 30 September 2016: EUR 60.4 million).

Total combined net debt, including off-balance non-recourse factoring/forfeiting programmes decreased to a historically low EUR 178.2 million (31 December 2015: EUR 183.4 million; 30 September 2016: EUR 192.3 million).

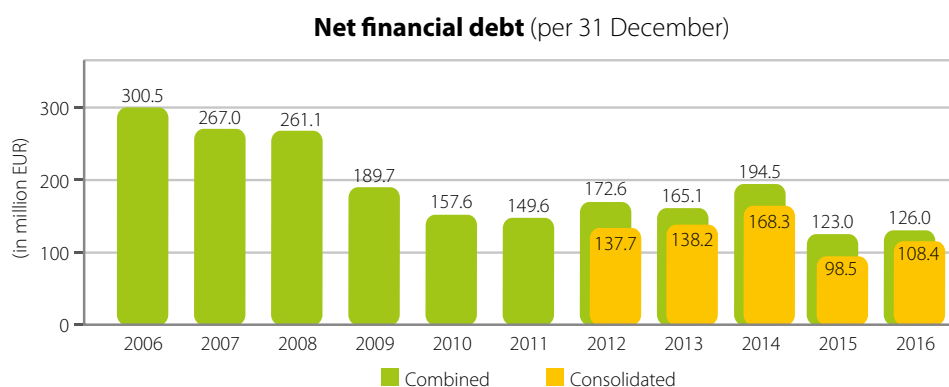
On 31 December 2016, **consolidated net financial debt** amounted to **EUR 108.4 million** (31 December 2015: EUR 98.5 million; 30 September 2016: EUR 108.5 million), excluding the amounts drawn under off-balance non-recourse factoring/forfeiting programmes of EUR 51.7 million (31 December 2015: EUR 53.7 million; 30 September 2016: EUR 54.7 million).

Total consolidated net debt, including off-balance non-recourse factoring/forfeiting programmes landed at EUR 160.1 million (31 December 2015: EUR 152.2 million; 30 September 2016: EUR 163.2 million).

On 31 December 2016 **total equity** amounted to EUR 251.2 million compared to EUR 249.0 million on 31 December 2015.

On a **combined** basis, '**net debt to equity**' remained stable at 50.1% (2015: 49.4%).

On a **consolidated** basis, the '**net debt to equity**' ratio slightly deteriorated to 43.1% (2015: 39.6%).



¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programmes.

The Group confirms that all conditions under the financial arrangements with its banks are respected on 31 December 2016.

4. Proposed dividend

The Board of Directors will propose to the Annual General Meeting of 30 May 2017 the payment of a gross dividend of EUR 0.18 per share on 54.1 million shares or a total dividend pay-out of EUR 9.7 million (2015: respectively EUR 0.14/share and EUR 7.5 million in total).

5. Subsequent event

• Automotive Interiors – Czech Republic

On 22 January 2017, a serious fire incident occurred in one of the production halls of the Automotive-Interiors site in Most (Czech Republic). As a result of this, RAI Most s.r.o., a 100% subsidiary of Recticel, had to declare force majeure to its customers.

Recticel and its customers, supported by the affected OEMs PSA Peugeot Citroën, Renault, Daimler, BMW and Volkswagen, have been closely cooperating to elaborate the solutions and alternative production plans, in order to allow as early as possible a gradual restart of the production of parts, and to minimize the disruption at the customers' assembly plants.

Since 27 January 2017, intense engineering and contractor work is on-going in Most and in other facilities of the division to which some production has been transferred. As a result, production has restarted for the majority of the parts originally produced in Most, and although the situation is not yet normalized, Tier 1 and OEM customers are now being delivered with substantial volumes.

RAI Most s.r.o. is insured according to industry standards. To date, the non-recurring financial impact is assessed at EUR 4 million, including the insurance deductibles. Going forward, Recticel will keep the market informed of any new developments in this regard.

The plant in Most produces - on the basis of the patented Colo-Fast® and Colo-Sense® Lite spray technologies - elastomer interior trim parts for cars, such as skins for dashboard and door panels, which are sold to various Tier-1 automotive suppliers. In 2016, RAI Most s.r.o. realised sales of CZK 547 million (EUR 20.3 million) and employed 390 people.

6. Market segments

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. Therefore, the Group continues to comment on the development of the different segments on the basis of the **combined** figures, consistent with the managerial reporting and in line with IFRS 8.

6.1. FLEXIBLE FOAMS

	1H15	2H15	FY15	1H16	2H16	FY16	in million EUR		
							Δ 1H	Δ 2H	Δ FY
Sales	305.9	296.4	602.3	310.3	297.0	607.2	1.4%	0.2%	0.8%
REBITDA	20.4	17.6	38.0	28.2	18.1	46.3	37.8%	3.1%	21.7%
<i>as % of sales</i>	6.7%	5.9%	6.3%	9.1%	6.1%	7.6%			
EBITDA	19.9	14.2	34.0	23.6	15.9	39.6	19.0%	12.4%	16.3%
<i>as % of sales</i>	6.5%	4.8%	5.6%	7.6%	5.4%	6.5%			
REBIT	14.6	11.5	26.1	22.0	11.8	33.8	50.6%	2.3%	29.3%
<i>as % of sales</i>	4.8%	3.9%	4.3%	7.1%	4.0%	5.6%			
EBIT	13.3	7.8	21.1	17.2	9.3	26.5	29.6%	18.8%	25.6%
<i>as % of sales</i>	4.3%	2.6%	3.5%	5.5%	3.1%	4.4%			

SALES

4Q2016 combined external sales increased by +1.6% from EUR 137.1 million to **EUR 139.3 million**. Total combined sales, including intersegment sales (4Q2016: EUR 16.4 million; +13.9%) increased by +2.8% from EUR 151.5 million to **EUR 155.7 million**. Currency exchange differences had a negative effect of -2.6%.

Full year 2016 combined external sales grew by +1.4% from EUR 543.9 million to EUR 551.3 million. Total combined sales, including intersegment sales (EUR 56.0 million; -4.3%), increased by +0.8% from EUR 602.3 million to **EUR 607.2 million**. Currency exchange differences had a negative effect of -2.1%.

Higher sales in Technical Foams (EUR 240.2 million; +1.7%) have been supported by solid industrial demand and dynamic automotive markets. In the West-European Comfort markets, strong volume growth has been offset by eroding selling prices. Sales in the Central & Eastern European countries remained strong.

PROFITABILITY

REBITDA margin increased from 6.3% to 7.6%.

Profitability improved substantially, resulting in an EBITDA increase of EUR 5.6 million, from EUR 34.0 million to EUR 39.6 million. The improved profitability is due to strong volumes and structural progress in operational efficiency.

EBITDA includes EUR -6.8 million non-recurring elements (2015: EUR -4.0 million), which mainly relate to (i) the closure of the plant in Noyen-sur-Sarthe (France), (ii) restructuring charges in Scandinavia and The Netherlands, (iii) onerous contracts in Spain and (iv) incurred legal costs and provisions for legal fees.



6.2. BEDDING

	1H15	2H15	FY15	1H16	2H16	FY16	in million EUR		
							Δ 1H	Δ 2H	Δ FY
Sales	143.5	151.1	294.5	148.1	144.9	292.9	3.2%	-4.1%	-0.5%
REBITDA	6.0	8.1	14.1	7.9	7.8	15.7	31.6%	-3.4%	11.5%
<i>as % of sales</i>	4.2%	5.4%	4.8%	5.3%	5.4%	5.4%			
EBITDA	5.1	4.4	9.5	6.6	5.5	12.1	29.6%	25.6%	27.7%
<i>as % of sales</i>	3.5%	2.9%	3.2%	4.5%	3.8%	4.1%			
REBIT	2.8	4.9	7.7	5.1	5.3	10.4	81.7%	8.3%	35.0%
<i>as % of sales</i>	2.0%	3.3%	2.6%	3.5%	3.7%	3.6%			
EBIT	1.9	1.2	3.2	3.1	2.6	5.8	63.0%	111.3%	81.9%
<i>as % of sales</i>	1.3%	0.8%	1.1%	2.1%	1.8%	2.0%			

SALES

After a flat 1Q (-0.3%), a very strong 2Q (+6.8%) and a weaker 3Q2016 (-3.6%), **4Q2016 combined external sales** decreased by -3.2% from EUR 72.4 million to **EUR 70.1 million**. Total combined sales, including intersegment sales (4Q2016: EUR 4.6 million; -16.3%), decreased from EUR 77.9 million to **EUR 74.7 million in 4Q2016** (-4.1%), including exchange rate differences for -0.7%.

Full year 2016 combined external sales slightly decreased by -0.4% from EUR 275.4 million to **EUR 274.5 million**. Total combined sales, including intersegment sales (2016: EUR 18.5 million; -3.2%), decreased from EUR 294.5 million to **EUR 292.9 million** (-0.5%), including exchange rate differences for -0.6%. The product-mix further improved, especially following the strong sales growth of boxspring beds.

Annual revenues of the sub-segment **Branded Products** increased by +3.9%, supported by the growth in sales of boxsprings. Sales of GELTEX® inside products increased by +0.8% compared to 2015.

The sub-segment **Non-Branded/Private Label** recorded lower sales (-6.0%), particularly in Austria, Germany, Scandinavia and Switzerland.

PROFITABILITY

Despite lower sales, REBITDA margin increased from 4.8% to 5.4%.

Profitability improved, resulting in an EBITDA increase from EUR 9.5 million to EUR 12.1 million. The improvement in recurring operational profitability results from (i) temporarily lower raw material prices in 1H2016, (ii) the better product and customer-mix, and (iii) the impact of cost control initiatives.

The 2016 EBITDA was also impacted by non-recurring elements amounting to EUR -3.6 million (2015: EUR -4.6 million), mainly relating to rationalisation measures taken in Switzerland and onerous contracts recognised in Austria and Switzerland.



6.3. INSULATION

	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Sales	113.3	116.1	229.4	118.1	116.0	234.1	4.3%	-0.1%	2.1%
REBITDA	16.1	16.2	32.3	17.8	15.3	33.1	10.6%	-5.9%	2.3%
<i>as % of sales</i>	<i>14.2%</i>	<i>14.0%</i>	<i>14.1%</i>	<i>15.1%</i>	<i>13.2%</i>	<i>14.1%</i>			
EBITDA	17.7	15.7	33.4	17.8	15.1	32.9	0.4%	-3.9%	-1.6%
<i>as % of sales</i>	<i>15.6%</i>	<i>13.6%</i>	<i>14.6%</i>	<i>15.0%</i>	<i>13.0%</i>	<i>14.0%</i>			
REBIT	13.3	13.1	26.4	14.7	12.0	26.8	10.8%	-7.8%	1.6%
<i>as % of sales</i>	<i>11.7%</i>	<i>11.2%</i>	<i>11.5%</i>	<i>12.5%</i>	<i>10.4%</i>	<i>11.4%</i>			
EBIT	14.9	12.6	27.5	14.7	11.9	26.6	-1.3%	-5.4%	-3.2%
<i>as % of sales</i>	<i>13.1%</i>	<i>10.8%</i>	<i>12.0%</i>	<i>12.4%</i>	<i>10.3%</i>	<i>11.4%</i>			

SALES

4Q2016 combined sales increased from EUR 55.8 million to **EUR 57.0 million** (+2.0%), including exchange rate differences of -7.0% related to the weakening of the Pound Sterling.

The positive growth trend of the first two quarters (1Q2016: +2.8%; 2Q2016: +5.7%), followed by a weaker 3Q2016 (-2.1%), resumed in 4Q2016. Strong volume growth more than offset the negative currency effects (-7.0%) in overall competitive construction markets.

Full year 2016 combined sales increased by +2.1% from EUR 229.4 million to **EUR 234.1 million**, including exchange rate differences of -4.4% (i.e. Pound Sterling).

Early October 2016 and in line with its growth strategy, Recticel Insulation acquired the business from the small French company Innortex, which specialised in the production of fibre-bonded foam solutions by using end of life materials (flexible foams and/or textiles). Through this acquisition, the Insulation business line not only expands its current product offering but will also be able to provide solutions combining thermal and acoustic insulation. Fibre-bonded foam solutions are highly sustainable and perfectly fit the requirements of a circular economy.

In December 2016 Recticel Insulation also expanded its Insulation business in Vacuum Insulation Panels (VIP), through the creation of the production joint venture Turvac in Slovenia. This application will provide a complementary highly efficient thermal insulation solution for various niche applications.

PROFITABILITY

REBITDA margin stabilised at 14.1%.

EBITDA slightly decreased from EUR 33.4 million to EUR 32.9 million (-1.6%). The 2015 results included a non-recurring capital gain of EUR 1.6 million on the divestment of the 50% participation in the joint venture Kingspan Tarec Industrial Insulation (KTII). Higher volumes and operational efficiency gains offset the negative currency impact from the depreciation of the Pound Sterling as well as from higher raw material prices (i.e. MDI) and some price erosion.



6.4. AUTOMOTIVE

in million EUR									
	1H15	2H15	FY15	1H16	2H16	FY16	Δ 1H	Δ 2H	Δ FY
Sales	142.9	137.4	280.3	146.9	142.1	288.9	2.8%	3.4%	3.1%
REBITDA	9.5	5.9	15.4	10.5	9.4	19.9	10.7%	58.7%	29.1%
<i>as % of sales</i>	6.7%	4.3%	5.5%	7.2%	6.6%	6.9%			
EBITDA	5.7	4.3	9.9	9.5	8.8	18.3	68.8%	104.9%	84.4%
<i>as % of sales</i>	4.0%	3.1%	3.5%	6.5%	6.2%	6.3%			
REBIT	3.8	(0.1)	3.6	3.9	1.8	5.7	2.9%	n.m.	55.3%
<i>as % of sales</i>	2.6%	-0.1%	1.3%	2.6%	1.3%	2.0%			
EBIT	(0.1)	(1.8)	(1.9)	2.9	1.2	4.0	n.m.	n.m.	n.m.
<i>as % of sales</i>	-0.1%	-1.3%	-0.7%	2.0%	0.8%	1.4%			

SALES

4Q2016 combined sales increased by +7.5% from EUR 72.4 million to **EUR 77.8 million**, including a currency impact of -1.8%.

Sales in **Interiors** increased by a strong +20.1% to **EUR 40.5 million** (4Q2015: EUR 33.7 million). The evolution was expected and follows the successful start-up of scheduled new programmes. Currency exchange differences had a negative impact of -1.2%.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) decreased by -3.4% to **EUR 37.3 million** (4Q2015: EUR 38.7 million), including a currency impact of -2.4% and reflecting lower volumes by year-end.

Full year combined sales increased by +3.1% from EUR 280.3 million to **EUR 288.9 million**, including a currency impact of -1.4%.

Sales in **Interiors** increased by +9.0% to **EUR 143.5 million** (2015: EUR 131.7 million). The evolution was expected and followed the gradual start-up and ramp-up of new programmes. Currency exchange differences had a negative impact of -0.8%.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) decreased by -2.1% to **EUR 145.5 million** (2015: EUR 148.5 million), including a currency impact of -2.0% (i.e. Pound Sterling and Polish Zloty).

PROFITABILITY

REBITDA margin increased from 5.5% to 6.9%.

The strong increase in EBITDA is explained by (i) higher volumes in Interiors and (ii) the overall improved result of Seating following the closure of the Proseat plant in Rüsselsheim (Germany) in 2015 and significant efficiency improvements.

Non-recurring elements (EUR -1.6 million, compared to EUR -5.5 million in 2015) relate mainly to restructuring charges in both Interiors and Seating in Germany.



7. Profit appropriation policy

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

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

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

		in EUR
Profit/(Loss) for the financial year		25 005 896
Profit/(Loss) brought forward from previous year	+	39 572 274
Profit/(Loss) to be added to legal reserves	-	1 250 295
Profit/(Loss) to be added to other reserves	-	0
Result to be appropriated	=	63 327 876
Gross dividend ⁽¹⁾	-	9 731 254
Profit to be carried forward	=	53 596 622

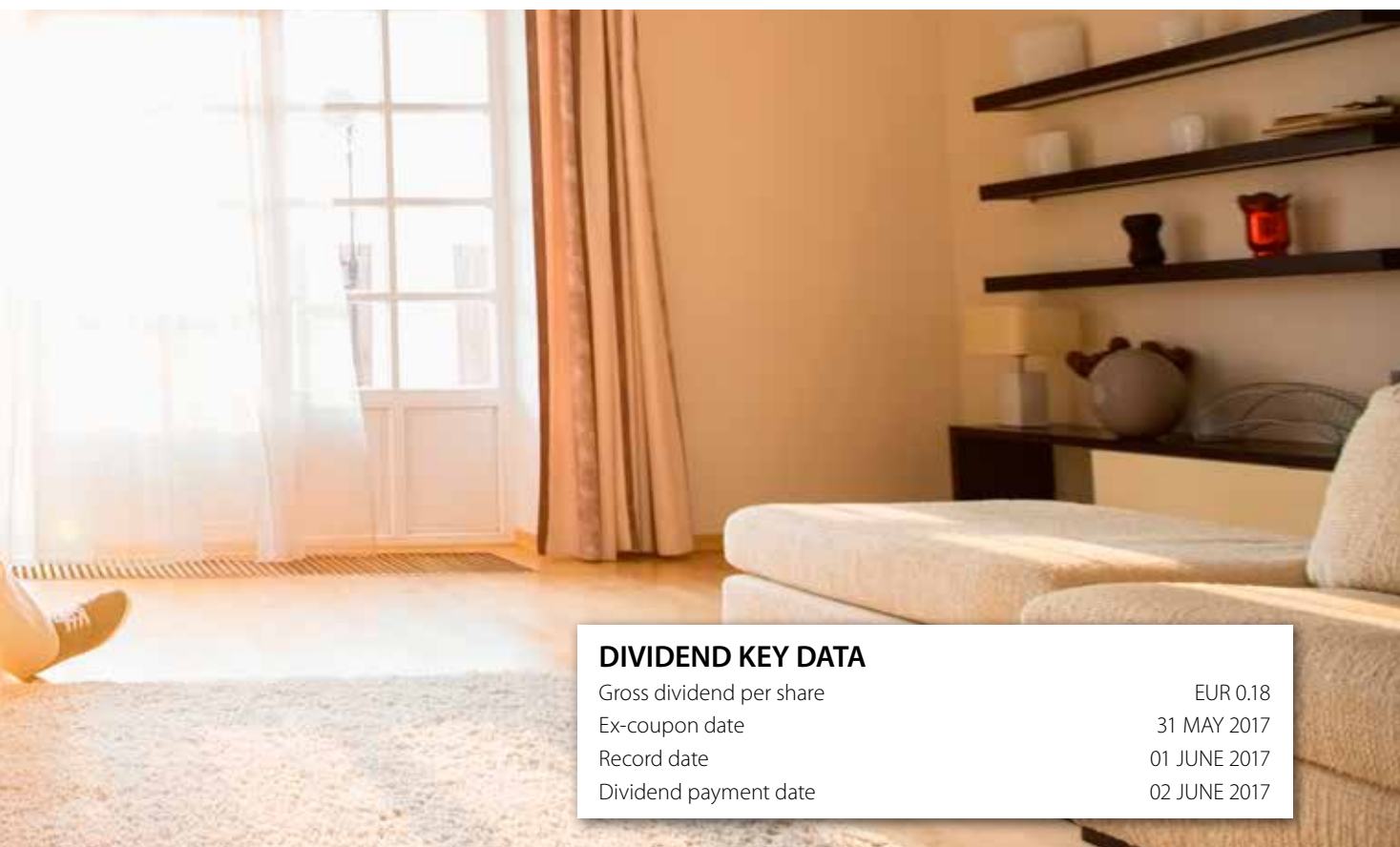
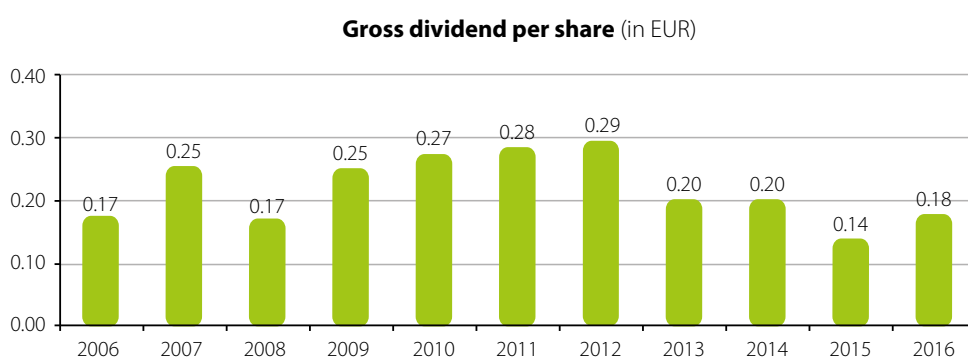
⁽¹⁾ Gross dividend per share of EUR 0.18, resulting in a net dividend after tax of EUR 0.126 per ordinary share.



8. Dividend payment

Subject to approval by the General Meeting of 30 May 2017 of the profit appropriation, a dividend of EUR 0.18 gross will be paid per ordinary share, or EUR 0.126 net (-30% withholding tax). This dividend will be payable from 02 June 2017. KBC bank acts as Paying Agent.

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



DIVIDEND KEY DATA

Gross dividend per share	EUR 0.18
Ex-coupon date	31 MAY 2017
Record date	01 JUNE 2017
Dividend payment date	02 JUNE 2017



Our mission, vision, values, strategy and activities



OUR MISSION

In all we do at Recticel, we always try to leverage our outstanding expertise in polymer applications, particularly - but not limited - in polyurethane. We offer competitive high value added solutions to our customers, hereby creating day-to-day comfort and shared value for our customers, employees, shareholders and all other stakeholders.

OUR VISION

We aim to be the leading global provider of high value added comfort solutions in all our core markets; this by supporting key worldwide trends such as environment protection, energy conservation, aging and increasing population and water management.

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Our core values

Our five core values for a promising future

Early 2016 we have carefully redefined our Group core values in to order enable our organisation to fully align its actions and attitudes towards internal as well as external stakeholders.

Today our core values, which each are linked to clearly defined underlying behaviours, can be summarized in the following five key notes:



We strive for results



- We think ahead, define goals and ensure that they are well understood
- We focus, plan, align and cascade objectives
- We are persistent and assure timely execution
- We manage by facts, not by opinions
- We communicate, share the progress accomplished, adapt plans if needed and celebrate success



We innovate to create value



- We constantly challenge the status quo
- We remain curious: we never stop learning and we anticipate the challenges of tomorrow
- We passionately embrace change to make things better and to make better things
- We dare to go and we dare to stop
- We aim for the best, but we do not wait for perfection



Living the core values

We are convinced that core values cannot just be hollow slogans that are simply shared and visualised through fancy posters and canvases. Defining a new set of core values is one thing, but the exercise would be futile if these are not implemented and, above all, shared and lived by all stakeholders, in particular our human capital. When we defined these values we wanted them to be active and ambitious in nature. They will help teams and employees to progress, to create a positive corporate culture and to give our organization as a whole a strong stimulus for growth.



We cooperate to win



- We communicate in an open, transparent manner
- We welcome other opinions and value diversity
- We anticipate others' needs and we support others to succeed
- We trust and build on each other's strengths
- We do not go for individual glory, we let the team shine




We act with respect and integrity



- We never compromise on safety
- We respect people, our partners, our planet and laws
- We are transparent and are not afraid to deliver bad news
- We demonstrate fairness in our dealings with others and provide open and candid feedback
- We don't take credit for the achievements of others




We take ownership and feel accountable



- We dare to be ambitious, we challenge and we empower
- We look for solutions, not for excuses
- We assume responsibility for the impact and the results of our actions
- We are strongly committed and act as if it was our own money at stake
- We learn from our mistakes



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Our Group strategy and activities

Market experts believe that the polyurethane sector will grow faster than the average global economy for reasons that our industries will be driven by supportive mega trends such as climate change –resulting in actions for energy conservation and CO₂ reduction-, expanding and aging population, urbanisation, increasing mobility and overall rising standards of living. Our products and services have unmistakable advantages to master the challenges that lie ahead. Our Group strategy has been particularly articulated and builds around these market key drivers. We deeply believe that through product and process innovation, geographical diversification and operational excellence, we can differentiate ourselves from competition.

Today we are optimistic about the future and are therefore gearing up for further sustainable and profitable growth.

Group Strategy

Our strategy is to position the Group in a sustainable way as the leading supplier of high value added solutions in our defined key markets.

On the basis of a clear segment strategy, priority will be given to:

- **sustainable innovation** in the areas of applications, products and materials, in combination with high quality and service levels, and to brand awareness among end consumers wherever applicable;
- **international expansion outside Europe**; and
- the overall **simplification** of the Group and the rationalization of the manufacturing footprint.

OUR GROUP STRATEGY AND ACTIVITIES

Continuous improvement in the development of our **human resources**, as we are convinced that people and teams are key to success. Likewise, meeting **sustainable development** criteria in all business decisions is considered to be a mandatory contribution to long term success. It is also in this context that we published in 2016 our first Sustainability Report.

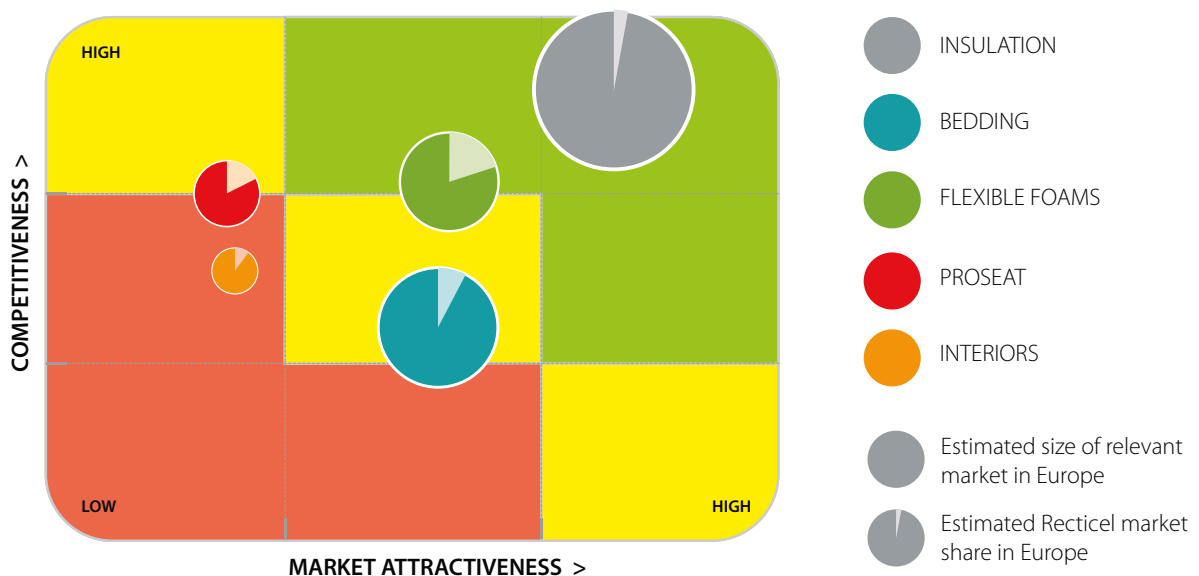
The building blocks of our Group's strategy can be illustrated as follows:



Segment Strategy : Business line positioning and strategic views

Our Group's strategy is defined on the basis of its core competences of transforming PU and other polymers and materials in value-added applications, the relative attractiveness of the markets in which we operate and the competitive strengths of our Group in each of these markets. The strategic plan prioritises resource allocation to the various business segments.

We assessed the attractiveness of the markets in which each of our business lines is operating, based on criteria such as size, growth, profitability and capital intensity. In addition, our competitiveness in each of these markets was evaluated. On the basis of this analysis we concluded that the business line Insulation is the most attractive, followed by Bedding and Flexible Foams. Given the positioning of our business line Automotive, both divisions of this business line are considered non-core for Recticel in realising its strategy going forward.



On the basis of the above illustrated business line positioning and looking forward, Group management has defined specific strategic actions. In some cases these actions are common to all business lines, in other cases

the Group will pursue business line specific actions. As a result, each business line has its own strategy, which can be summarized as follows:

Insulation	Grow through international expansion, innovation and the introduction of new products, modules and distribution channels, supported by capacity and geographical expansion and selective acquisitions.
Bedding:	Growth will be based upon a clear focus and prioritisation of branded products supported by (i) a strong marketing strategy, (ii) product innovation, (iii) an online selling channel, (iv) geographical expansion; and (v) an optimised network of highly efficient production facilities. Europe will remain the focus market for this business line.
Flexible Foams	Globally active, we aim to improve our profitability through (i) selective growth initiatives based on new products and further geographical expansion in the Technical Foams division; particularly in North-America, Asia and North-Africa, and (ii) rationalisation and modernisation of the manufacturing footprint.
Automotive	Fully capitalize on the existing production capacity and on the introduction of innovative products.

Supporting Strategies

To support the execution of the different business line strategies, Group management believes that each should be further supported and guided by the following three action drivers:

- **Simplification**

The Group intends to further simplify its structure, organisation and processes in order to increase its operational efficiency and to reduce fixed costs. This should allow us to react even more quickly on market evolutions, increase profitability and better manage our people and processes.

A major industrial footprint restructuring programme has been implemented over the last six years to improve profitability and competitiveness. In total 34 plants have been closed, 5 have been sold, but 12 new facilities have also been opened or acquired; mainly outside Europe.

At the same time, the workforce has been reduced to approximately 7,925 employees and the number of joint ventures has been scaled down from 22 entities to 13. In the same context, the number of subsidiaries has been reduced from 119 legal entities to 81. Further rationalisation opportunities will materialise in the coming years.

In addition, Group management aims to foster on synergies via further centralisation, standardisation and optimisation of common processes and administrative tasks.

- **International Expansion**

Holding strong market positions in various European markets, we intend to further pursue growth via international expansion, inside as well as outside Europe.

- **Sustainable innovation**

Market-driven innovation is at the heart of Recticel's success. In order to successfully capture future opportunities, our Research & Development department has been re-organized in order to increase the pull effect by the different business lines. Also the flexibility in the Group's resource utilisation has been upgraded with the goal of providing successful innovation.

The following important innovations have been brought into the markets:

In our business line **Insulation**, several new products have been introduced, including a higher performance product with an insulation factor (λ) reaching 0.019 W/mK. This new generation of PIR panels, commercialized under the brand Xentro®, offers a 13% improvement in thermal insulation by its improved chemistry. This creates important savings in living space. The product was launched on the Belgian construction fair Batibouw in 2017.

For our business line **Bedding**, an innovative new product, branded as GELTEX® inside has been created. In this application area, it is our division's largest and most important innovation of the last decade. The product differentiates itself through a combination of optimal pressure distribution, ideal support and maximum permeability/climate control properties. The development of the GELTEX® inside brand has been translated in effective and growing sales' levels.

In our business line **Flexible Foams**, new generation of acoustic foams have been introduced. In this context our Technical Foams division won new contracts for SpaceX. Also new products and solutions have been developed and marketed for acoustic insulation for the building sector. We have further developed a new comfort foam angelpearl® for our third party bedding customers.

In our business line **Automotive**, an important innovation has been marketed as from 2013. The product is branded under the name Colo-Sense® Lite. It is a high performance skin for automotive interiors applications enabling a weight reduction of 25% responding to the OEM's constant search for lighter products. The product is not only lighter, but has premium optic and haptic characteristics, with the same quality and durability properties as its predecessor Colo-Fast®. This innovation attracted the attention of several premium OEMs and resulted in a series of new contracts.

- **Human Organisation**

Next to the strategic action drivers (simplification – international expansion - innovation), the successful execution of our strategy can only be realized by a professional human resources process.

In the rapidly changing business environment, the ability to learn quickly and to swiftly acquire new competencies can be a key competitive advantage for the future growth of our Group. All employees should therefore be able and get the chance to continuously develop and learn new competencies. To reach this objective, we have implemented a wide set of policies, programmes and actions.

- **Sustainability**

Looking forward, our Group actions are expected to be more and more guided by sustainability purposes. We endeavour to embrace sustainability in order to create a competitive edge and create value for all our stakeholders. For all new investments, the element of sustainability will be taken into consideration. In this same context, we published our first sustainability report in 2016 in which we have exposed our strategy and ambitions.

2016 – the year of our first sustainability report

Since 2013, after a declaration of intent by the Management Committee, we have been actively working on a policy and action plan to make sustainable development concrete and tangible.

In 2016 we published our first sustainability report, which was drawn up in accordance with the Global Reporting Initiative (GRI) G4 guidelines - Core level. This comprehensive framework is widely used around the world for its credibility, consistency and comparability, and is now the de facto standard for sustainability reporting (www.globalreporting.com).

This first sustainability report, titled 'Growing together towards a PRe future', primarily explains our strategy in the field of sustainability and provides clear priorities and key performance indicators, as well as, clear target for 2020 and beyond.

Our sustainability report gives a clear insight in the policies and the sustainable performance of our company. The report is built around six central themes or 'material aspects' based on internal and external stakeholder engagement.



Overall Recticel is already a 'green company' as our insulation solutions help avoid about 20 times more CO₂ emissions than the carbon footprint of all our activities combined.

OUR GROUP STRATEGY AND ACTIVITIES

Growing together towards
a **PURE** future

SOCIETAL NEEDS
AS A DRIVER FOR
INNOVATION


**SUSTAINABLE
INNOVATION
PLAN**



**PEOPLE
PRIORITY
PLAN**

FOCUS ON SAFETY
AND TALENT
DEVELOPMENT

Enable more sustainable lifestyles,
reduce negative impacts, improve
wellbeing

KPI

- Sustainability Index

TARGET

- 80% of R&D projects classified as sustainable by 2020

**INNOVATION
FULFILLING
SOCIETAL
NEEDS**

See p 14

**BUSINESS
ETHICS &
INTEGRITY**

See p 24

Act with respect
and integrity in everything
we do

KPI

- Number of legal trainings provided

TARGET

- Increase the number of legal trainings provided by 5% per year (cumulative) compared to 460 in 2015

Reduce carbon footprint throughout
the value chain in collaboration with
partners

KPI

- Recticel carbon footprint (tonnes of CO₂e)
- Positive Impact Recticel (tonnes of avoided CO₂e)

TARGET

- Reduce Recticel carbon footprint by 25% in 2020 and by 40% in 2030 compared to 100% activity level in 2013
- Increase Net Recticel Impact from 20 in 2013 to 30 by 2020 and 40 by 2030

**OPTIMISING
CARBON
FOOTPRINT**

See p 17

**REDUCE
HS&E IMPACTS
OF OUR
ACTIVITIES**

See p 26

Ensure safe working conditions and
minimise negative impacts on the
planet

KPI

- Frequency work accidents represents the average on Group level

TARGET

- < 3 by 2020

Aim for zero-waste future by increasing
efforts to prevent, reuse and recycle
production and end-of-life waste

KPI

- Tonnes of recycled flexible foam produced

TARGET

- 100% increase by 2020 compared to 2015 and production waste gradually replaced by post-consumer waste.

**RESOURCE
EFFICIENCY**

See p 21

**AN INSPIRING
& REWARDING
PLACE TO
WORK**

See p 30

Offer a place where employees feel
engaged and where their talents can
develop

KPI

- The number of countries in which engagement surveys are conducted among blue and white collars.

TARGET

- Two new countries each year.

OUR FINANCIAL OBJECTIVES

Raising the bar on performance

As far as our financial objectives are concerned, we aim for the following medium term objectives (by 2019):

- Generate a 10% REBITDA margin on sales (on combined basis)
 - Deliver a ROCE (EBIT / Average capital employed) of at least 15%
 - Lower the gearing ratio (Net Financial Debt/Equity) below 50%
 - Enable double digit growth in net earnings and dividends
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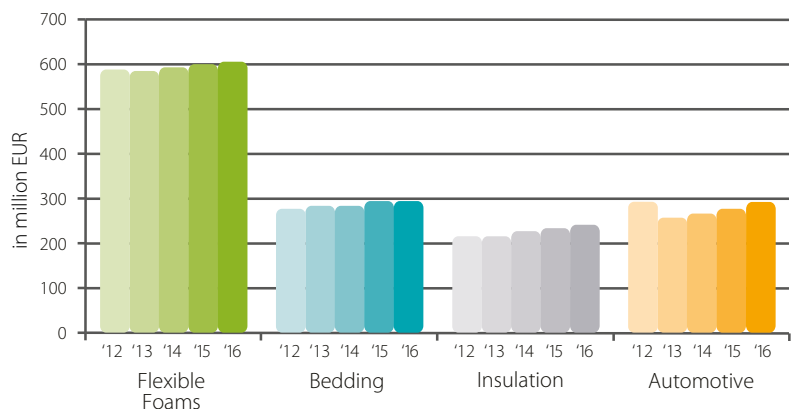
Activities

Ever since we entered the world of polyurethane technology more than 65 years ago, we have continuously shown our pioneering spirit by regularly pushing boundaries with the development of new innovative applications and solutions.

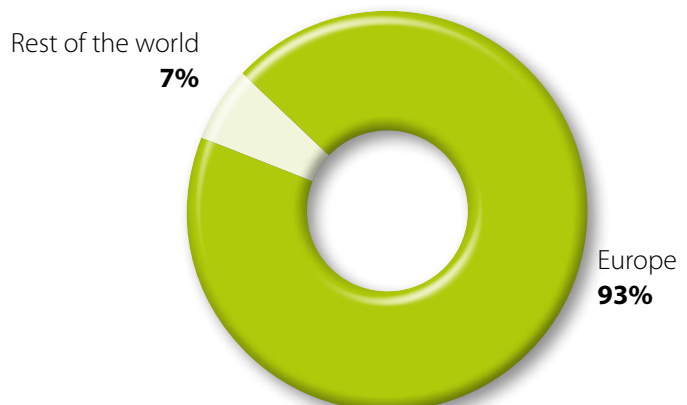
Polyurethane is an extremely versatile material made out of derivatives of crude oil; It forms the basis of our Group businesses

With a passion for comfort and as a manufacturer and transformer of polyurethane chemistry, we offer a broad variety of ultimate comfort applications. We have organised our activities around four distinctive business lines, which all are well positioned in their markets. Although our activities have an unmistakable link with the polyurethane technology, they are nevertheless very distinctive as each of them serves very specific market sectors. From a geographical point around 93% of our total Group sales are generated in Europe.

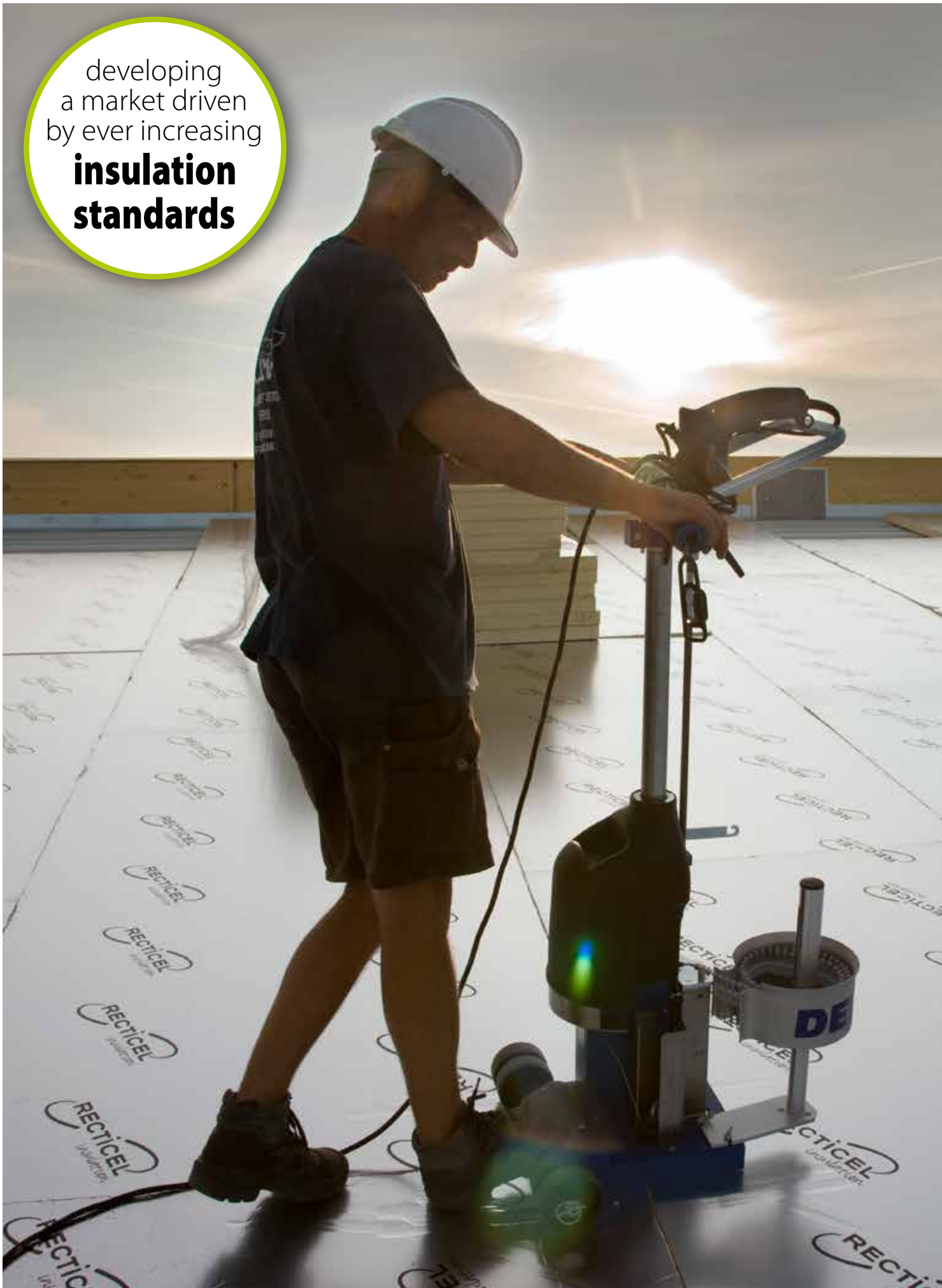
Combined sales per business line



Combined sales 2016 (before intra-Group sales)



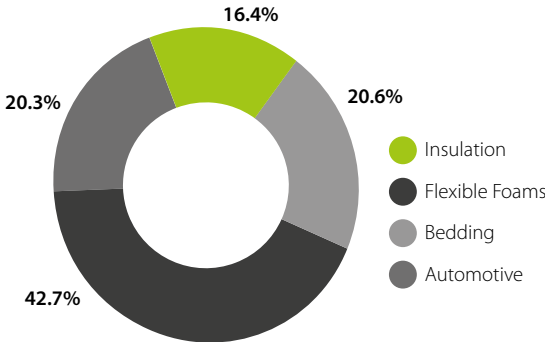
developing
a market driven
by ever increasing
**insulation
standards**



Insulation

focused on
Europe

Combined sales 2016 (before intra-Group sales)



What we do

Today our Insulation business line concentrates solely on the production and commercialisation of high-performance and durable thermal insulation boards in rigid closed cell polyurethane - (PU/PUR) and polyisocyanurate foam (PIR) for the construction sector. In this respect, rigid polyurethane foams have excellent product features. Today they are even the best insulation materials against cold and heat available on an industrial scale. Since end 2016 we have also added Vacuum Insulation Panels (VIP) to our product offering. This has been made possible through the investment in the joint venture company Turvac, located in Šoštanj (Slovenia).

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major state-of-the-art production sites, complemented by 2 transformation units

Rigid polyurethane foams are currently the best thermal insulation materials available on an industrial scale

Our insulation products are used in a wide variety of construction applications, such as walls, floors and roofs in either residential, commercial, industrial, public, logistics as well as agricultural buildings. We aim to further improve the thermal insulation performance of our products, while at the same time reducing the amount of material required. Our products can significantly reduce energy consumption and CO₂ emissions.

Insulation

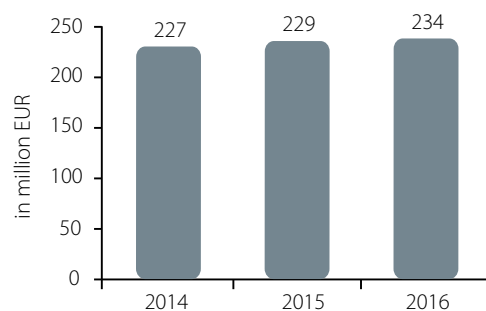
Today our Insulation division operates from 3 major state-of-the-art production sites in Wevelgem (Belgium), Bourges (France) and in Stoke-on-Trent (the United Kingdom), with local sales offices in Germany, Poland and The Netherlands. In 2016 two smaller activities in France (for bonded foams) and Slovenia (for vacuum insulation panels) were added to the footprint.

Our Insulation segment, the smallest of the Group, accounts for 16.4% of total combined sales and has the highest growth potential.

We sell our insulation products mainly to contractors, building promoters and wholesale building material distributors. To support our commercial policy, sales and marketing efforts are also made towards architects and the end consumer.

by continuous research and development efforts, we expect to have a high development potential through the introduction of new innovative products and solutions, and through geographic expansion.

Combined sales Insulation



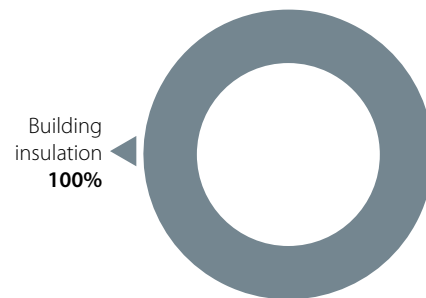
Market drivers

Our competitiveness and future opportunities in this field are supported by the fact that thermal insulation solutions in polyurethane offer the highest insulation performance materials. As such, and supported by ever increasing insulation standards, polyurethane insulation (as technology) is clearly gaining market share from more traditional insulation materials, such as mineral wools (glass wool, rock wool) or polystyrenes (EPS, XPS). European legislation, such as the Energy Performance of Buildings Directive 2010/31/EU (EPBD) and the European Energy Directive (2012/27/EU) (EED), in order to strengthen energy performance requirements and energy efficiency clearly remains a supporting key pillar for the insulation sector in general.

In addition, our business line Insulation benefits from a lean and clean production footprint and we can rely on a good, yet improving, cost performance. Supported

Combined 2016 sales Insulation

EUR 234.1 million



Our new Xentro® insulation panels offer currently the best PIR/PUR solutions in the market



 www.recticelinsulation.com

Market attractiveness

Our Insulation business is primarily driven by the global mega-trends around environmental protection and energy conservation. As thermal insulation offers today the highest return on investment in this respect, it's obvious that the insulation sector as a whole will benefit from overall stricter building and insulation norms and standards. The potential of thermal insulation materials and solutions are best illustrated by the fact that the heating and cooling of buildings accounts for approximately 22% of the worldwide energy consumption. In Europe, buildings account for 40% of total energy consumption.

EU Directives and regulations currently drive growth of insulation solutions in the new building market, while subsidy policies drive growth in the renovation market.

On top of the overall attractiveness of the building insulation sector, it should be stressed that rigid polyurethane foams - compared to alternative materials such as mineral wools, polystyrenes ... - are currently the best thermal insulation materials available on an industrial scale.

Vacuum insulation panels (VIP) have now also been added to our product offering

Competitiveness

Rigid polyurethane foam is known as the thermal insulation material with the highest insulation performance characteristics; hence its ever increasing market share over more traditional insulation materials such as polystyrene and rock- or glasswool.

We are recognised in the market for our broad/high quality product range, and for our high level and efficient service.

Our industrial footprint is marginal as a result of our very efficiently operating and ideally located production facilities.

Since end-2016 we have added a new promising technology to our portfolio. Vacuum Insulation Panels (VIP) is today the most efficient insulation material, but given its product characteristics and high cost, it can only be used in very specific and demanding situations or projects.

Strategy

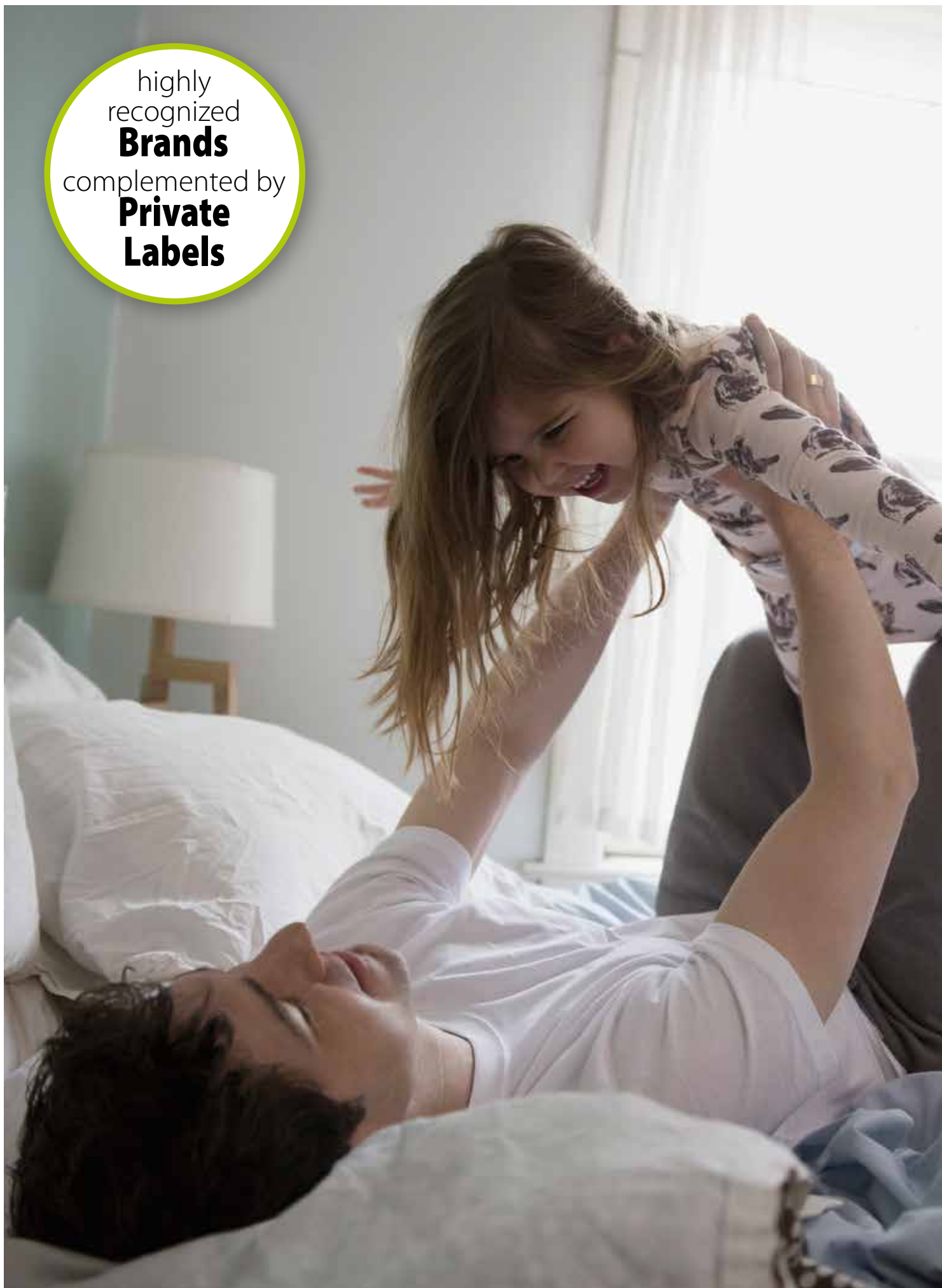
- In our Insulation business we primarily focus on Europe.
- We aim for accelerated growth through either organic growth and/or acquisitions.
- The future of our Insulation business will primarily be supported by innovation, new product introductions and the diversification of the distribution channels.

	in million EUR			
COMBINED KEY FIGURES	2014 (AS PUBLISHED)	2014 (RESTATED) ⁽²⁾	2015	2016
Sales ⁽¹⁾	227.0	211.6	229.4	234.1
Growth rate of sales (%)	3.2%	-	8.4%	2.1%
REBITDA	27.1	26.0	32.3	33.1
REBITDA margin (as % of sales)	11.9%	12.3%	14.1%	14.1%
EBITDA	27.1	26.0	33.4	32.9
EBITDA margin (as % of sales)	11.9%	12.3%	14.6%	14.0%
REBIT	21.1	20.4	26.4	26.8
REBIT margin (as % of sales)	9.3%	9.6%	11.5%	11.4%
EBIT	21.1	20.4	27.5	26.6
EBIT margin (as % of sales)	9.3%	9.6%	12.0%	11.4%

⁽¹⁾ before eliminations of intra-Group transactions

⁽²⁾ restated for the divestment of the joint venture Kingspan Tarec Industrial Insulation in February 2015

highly
recognized
Brands
complemented by
**Private
Labels**

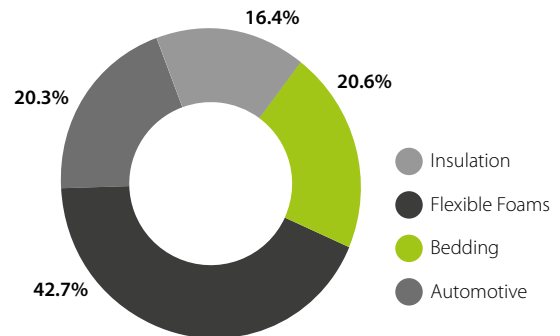


Bedding

12
production
sites
in **8**
countries

**industry-
leading
innovations**
support our strong
market positions.

Combined sales 2016 (before intra-Group sales)



What we do

Our Bedding business line focuses on the development, production and the commercialisation of finished mattresses, slat bases and bed bases, beds in general. Having a distinct business-to-consumer character, our Bedding strategy is particularly articulated around strong (national) brands - either owned or licensed -, which are also supported by innovative ingredient brands such as GELTEX® inside. Besides, our branded activities are complemented by Private Labels for our customers, hereby enabling an optimised use of our manufacturing footprint.

Today our Bedding division operates from 12 main production sites in Austria (1), Belgium (2), Germany (3), The Netherlands (1), Poland (1), Romania (1), Sweden (1) and Switzerland (2).

Our Bedding segment accounts for 20.6% of our Group's total combined sales.

Strong Brands with a unique value proposition creating more comfortable, aesthetic, fashionable and contemporary sleeping comfort.

Our Bedding customer base is broad and includes independent bed and furniture specialists as well as large distribution groups. We do not sell directly to the end user but to do so via an external network of distribution channels.

Our customer base encompasses more than 1,000 customers with over 5,000 points of sale. It is very diversified going from independent bedding and furniture specialists running between one and 30 stores, department store chains, mail order and e-commerce companies, members of - mostly national - buying groups to international retail chains owning over 1,000 stores.

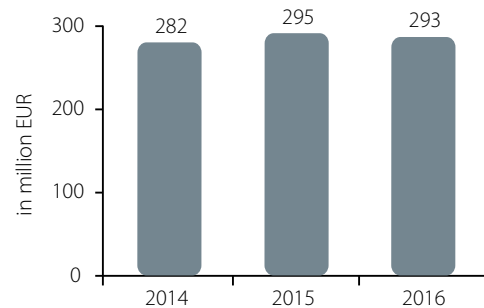
Market drivers

While bedding is a product category of low involvement and low interest to most consumers most of the time, it becomes one of high involvement and high interest once the consumer wants or needs to purchase a new bed or a mattress. Only then consumers are willing to pay significantly more for a product if they perceive additional benefits, in this case specifically superior comfort.

Consumer research across our most important markets shows consistently that the top-ranking purchasing criteria in terms of functional aspects of comfort focus on body support, pressure distribution and climate comfort, i.e. breathability or evacuation of moisture – aside from aspects which have become almost industry standard in the mid- to premium segment of the market, namely durability of the product and anti-allergic and anti-bacterial treatment of the cover and the core of the mattress.

Given the limited possibilities for product testing before purchase the challenge in this product segment is to make the consumer understand and trust that a given product offers the desired benefits. An inspiring end-consumer communication promising proven and tested consumer benefits via trusted brands can help the consumer orient in an otherwise confusing product offering in the market. If the communication is done not only at the point of sale (“below the line”), but also in media (“above the line”: online, TV, out-of-home, print etc.) it will also help both retailer and supplier to “pre-sell” the product. Our expertise in materials (foam, springs, latex...) in combination with our strong branding strategy tries to respond to and benefit optimally from these structural market drivers.

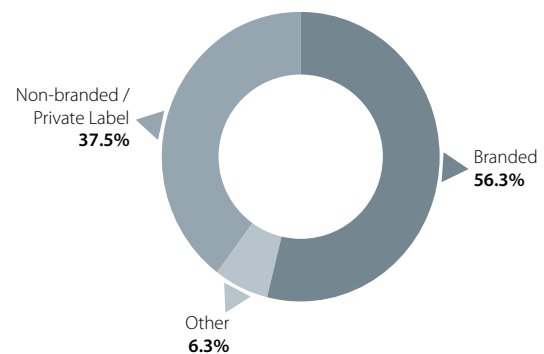
Combined sales Bedding



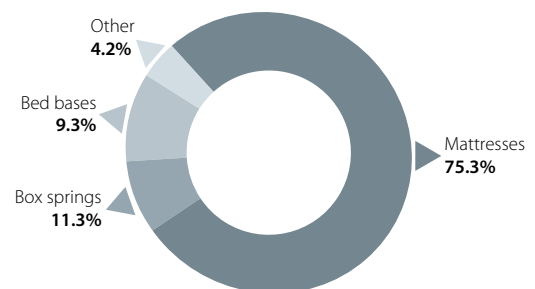
Combined 2016 sales Bedding

EUR 292.9 million

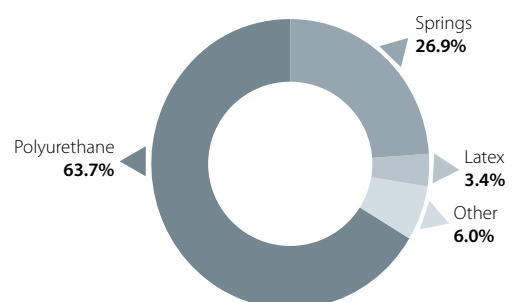
Branded versus Non-branded products



Mattresses & Bed bases



By technology



Market attractiveness

The European Bedding market is primarily driven by demographic evolution.

Many studies confirm that sleeping quality is increasingly identified as a critical comfort and health factor. This is not only translated by higher investments in high value bedding systems, but also into more frequent mattress and bed base replacements.

High value branded products represents the top-end segment of the market, while the 'Private label' segment represents a growing share in the market.

Competitiveness

Polyurethane foam for mattresses enables the market offering of a broad/diverse product range. As a result of its product characteristics, foam mattresses have become the leading solution enabling a market share increase versus traditional spring or latex solutions.

With its strong brands' portfolio, our Bedding business is well-positioned in five European countries. In order to strengthen its market position it will however need some streamlining of its industrial set-up.

Our Bedding business clearly benefits from the integration with the Recticel Flexible Foams segment, as it enables the swift introduction of market innovations and new products.

Strategy

Our Bedding business line aims primarily organic growth, although it will not exclude external growth opportunities.

- › We will continue to focus on strong brands and ingredient brands.
- › We foster product innovation.
- › We want to further rationalise and optimise our manufacturing footprint.

COMBINED KEY FIGURES	in million EUR		
	2014	2015	2016
Sales ⁽¹⁾	281.6	294.5	292.9
Growth rate of sales (%)	-0.5%	4.6%	-0.5%
REBITDA	13.5	14.1	15.7
REBITDA margin (as % of sales)	4.8%	4.8%	5.4%
EBITDA	2.9	9.5	12.1
EBITDA margin (as % of sales)	1.0%	3.2%	4.1%
REBIT	7.2	7.7	10.4
REBIT margin (as % of sales)	2.5%	2.6%	3.6%
EBIT	-3.5	3.2	5.8
EBIT margin (as % of sales)	-1.2%	1.1%	2.0%

⁽¹⁾ before eliminations of intra-Group transactions


GELTEX[®]inside
 is available at:

Beka[®], Lattoflex[®], Schlaraffia[®], Sembella[®],
 Superba[®], Swissflex[®], and Ubica[®]





a **leading**
local presence

with **61**
production sites in
27 countries

**Technical
Foams**

with higher value-added
complements the more
commoditised

Comfort Foams

producing
**close
to our
customers**

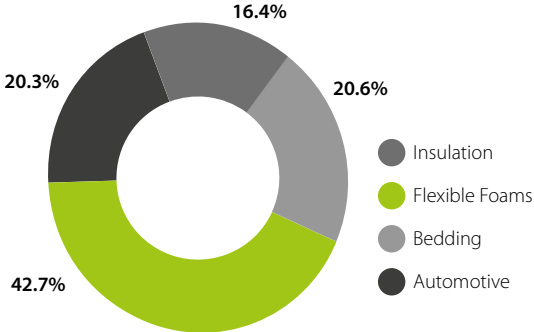
offers logistical
advantages



flexible foam is a
very versatile material
that can offer
real solutions
for divers
practical comfort needs

Flexible Foams

Combined sales 2016 (before intra-Group sales)



What we do

Our Flexible Foams business provide durable solutions for a wide variety of customer needs in domains such as silencing, sealing, filtering, carrying, protecting, supporting and comforting. By nature we focus on the production, transformation and commercialization of predominantly customised semi-finished products in flexible polyurethane foam. We organise our foams' activities around two poles; **Comfort**, which comprises mainly bulky commodities for upholstered furniture and mattresses, and **Technical Foams**, which are merely higher value specialties for smaller niche markets. Technical foam types are used in a wide range of applications, such as sponges, scouring pads, filters, paint rollers, seals, packaging, vibration damping and acoustic insulation.

Our Flexible Foams business line has historically always been the largest.

Today our Flexible Foams division operates from 60 production and/or conversion sites in 27 countries, mainly in Europe (54), but also in China (1), India (2), Turkey (1), and the United States (2). The activities in Central and Eastern Europe are done through the joint venture Eurofoam (50/50 with Greiner – Austria). Italy is covered via the joint venture Orsafoam (33/67 with the Orsa Group– Italy).

Our Flexible Foams segment accounts for 42.7% of our Group's total combined sales.



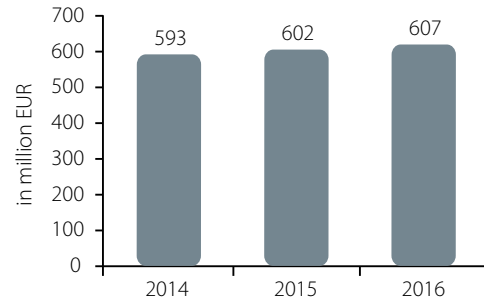
Market drivers

In general, polyurethane flexible foam is a very versatile material that can offer real solutions for the divers practical comfort needs. Polyurethane foam is characterised by its wide range of attributes (silencing, sealing, filtering, support, comfort ...) and possible functionalities (acoustic insulation, vibration dampening, shock absorption, antistatic ...). In addition, polyurethane foam has the advantage that it can be used in a wide variety of applications for diversified target markets. The major markets we serve are Industry, Building & Infrastructure, Transport, Consumer Goods, Furniture & Upholstery and Medical.

Each of these markets is driven by generally rising standards of comfort. For example:

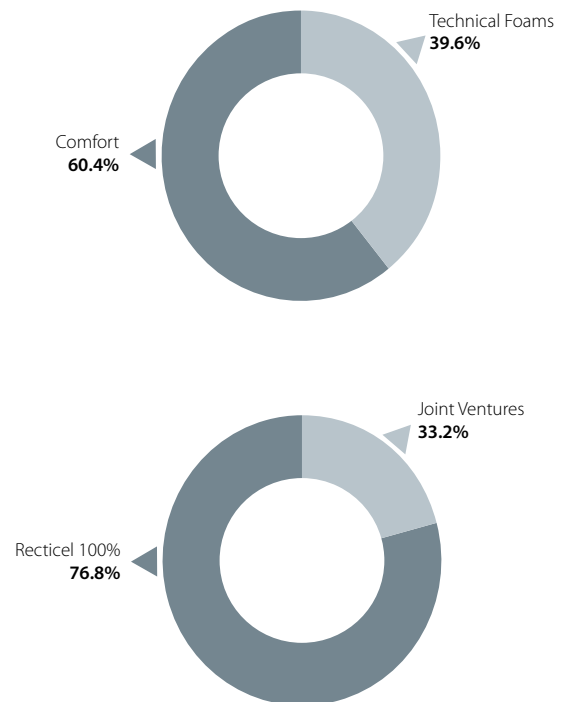
- in Transport: extra demand for acoustics and sealing components, and reduction in weight in order to reduce fuel consumption and CO₂ emissions;
- in Furniture & Upholstery: higher expectations around ergonomics, durability and the optimal pressure and counter-pressure distribution or design possibilities;
- in Medical: due to an ageing population, higher demands on health services, in terms of both quality and efficiency;
- in Industry: more stringent health & safety regulations (noise reduction and fire safety) and need for lightweight and sustainable materials that will help to meet environmental standards;
- in Consumer Goods: evolving customer preferences with an enhanced demand for lifestyle-improving products that offer consumers better comfort, design, safety and well-being at ever lower prices;
- in Building & Infrastructure: the impact of the built environment on climate change and the use of natural resources are huge market drivers. Indoor climate and health standards are other growth drivers.
- In Acoustics: reducing the impact of airborne sound should begin in a building's design phase. In consultation with civil engineers and other industry specialists, materials are created for industrial, commercial and residential buildings, offices and indoor and outdoor sports facilities.
- ...

Combined sales Flexible Foams



Combined 2016 sales Flexible Foams

EUR 607.2 million



Market attractiveness

The flexible foams market is basically split between Comfort and Technical Foams. Commodity applications are found in the Comfort segment, whereas specialty applications to a broad variety of industries are clustered in the Technical Foams segment.

Optimal asset management and performance drive our Comfort segment; whereas innovation and differentiation drive our Technical Foams segment.

Worldwide the foam market is growing thanks to the performance of the polyurethane chemistries.

We regularly introduce new ways to increase the knowledge of our customers, hereby determining which parameters are critical for them and, based on that, improve our customer service and approach.

Competitiveness

As major player, we benefit from strong R&D capabilities, which enable us to occupy strong positions in new niche markets.

We rely on our wide geographical presence with an industrial footprint enabling positioning in many countries, but still requesting adjustments and restructuring.

Our global size enables us to have access to competitive raw material prices.

Strategy

- › In first instance we focus on the rationalisation and modernisation of our industrial footprint.
- › Besides with foster selective growth initiatives based on new products and solutions
- › Geographical expansion is solely reserved for our Technical Foams segment.

COMBINED KEY FIGURES	in million EUR		
	2014	2015	2016
Sales ⁽¹⁾	593.0	602.3	607.2
Growth rate of sales (%)	1.6%	1.6%	0.8%
REBITDA	27.7	38.0	46.3
REBITDA margin (as % of sales)	4.7%	6.3%	7.6%
EBITDA	25.1	34.0	39.6
EBITDA margin (as % of sales)	4.2%	5.6%	6.5%
REBIT	16.5	26.1	33.8
REBIT marge (as % of sales)	2.8%	4.3%	5.6%
EBIT	13.2	21.1	26.5
EBIT margin (as % of sales)	2.2%	3.5%	4.4%

⁽¹⁾ before eliminations of intra-Group transactions

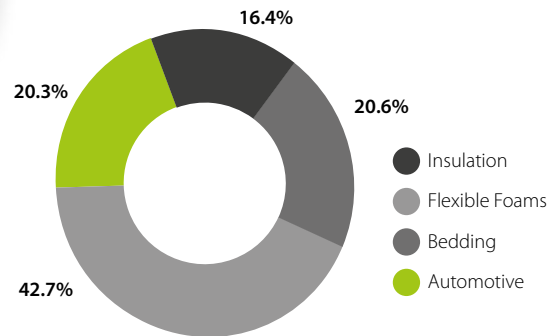


as
ColoSense®
Lite weights about
25% less than traditional
thermoplastic materials, it has
been widely adopted by
premium OEMs

Automotive

21
production sites in
8
countries

Combined sales 2016 (before intra-Group sales)



What we do

Our Automotive business line clustered around two distinctive activities; Interiors and Seating. Both serve high-demanding global Tier-1 customers as well as original equipment makers (OEM) in the automotive sector.

Our automotive products help to make cars lighter and thus also more fuel-efficient.

Our **Interiors** division is particularly active in the development, production and commercialization of innovative elastomer interior solutions for cars. The unrivalled characteristics of our unique, patented Colo-Fast® and Colo-Sense® Lite spray technology give extreme design-freedom to the car interiors industry. Our renowned pigmented light-stable PU compounds, dashboard skins, cockpit and door panel trim parts have the additional advantage that they only weight about 25% less than traditional thermoplastics.

Today our Interiors division operates globally from 10 production sites in China (4), the Czech Republic (2), Germany (2) and the United States (2).

our joint venture



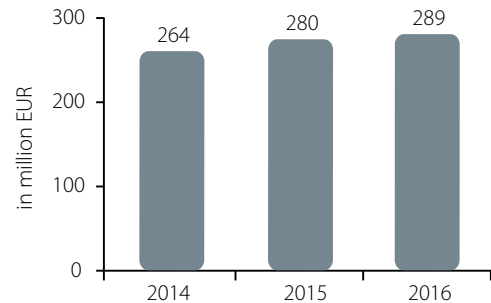
is the largest independent European manufacturer of moulded comfort foam pads for car seats

Next to the technology-driven Interiors business, we are also offering moulded comfort foam pads for car seats. These **Seating** activities are developed through Proseat, the 51/49 joint venture between Recticel and Woodbridge. Over the last years Proseat has gradually been diversifying its product offering by also adding trim parts and EPP products to its catalogue.

Our Seating division, which geographical footprint is restricted to Europe, has 8 production sites in the Czech Republic (1), France (1), Germany (2), Poland (2), Spain (1) and the United Kingdom (1).

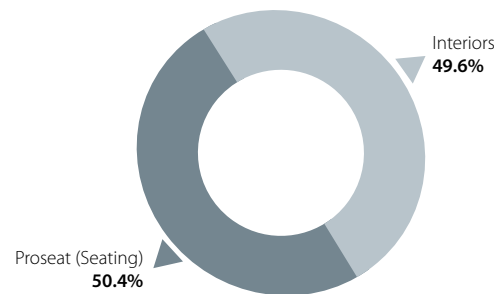
Our Automotive segment accounts for 20.3% of our Group's total combined sales.

Combined sales Automotive



Combined 2016 sales Automotive

EUR 288.9 million



Market drivers

The main driver for most OEM customers is still the cost competitiveness of the products. OEMs are increasing cost pressure on suppliers whilst remaining highly demanding on quality and technical specifications, such as weigh and design freedom. This puts pressure on Tier-1 suppliers leading to a general trend of centralisation and insourcing to fill up capacity, which on its turn impacts Tier-2 suppliers.

Besides there are some global market trends that also influence demand and the competitive landscape in general. One trend is the shift of car sales and car manufacturing from Western Europe and the United States towards Asia, and China in particular. The global importance of Western Europe as production hub is declining due to decreasing local sales and the increasing number of global OEMs following global market demand. This leads to a globalization of production platforms creating an increasing need for local presence by Tier-1 and Tier-2 suppliers.

Another trend is the increased focus on and awareness of sustainability and the reduction of CO₂ emissions. In the automotive interiors industry, an important effect of this trend is an increased attention on weight reduction of products and parts.

In a demanding automotive sector where just-in-time deliveries are crucial, our technical expertise and the flexibility of our interiors manufacturing set-up, are seen as a competitive advantage.

 www.recticel-automotive.com

 www.proseat.de

Market attractiveness

In Europe the automotive sector remains a highly competitive and cyclical market characterised by unprecedented overcapacities.

Contrary to the Seating segment (Proseat), which is highly commoditized, our Interiors business is particularly a technology-driven, hence capital intensive activity.

Innovation and differentiation are mandatory in this sector, but it often only generates thin price premiums.

It is generally speaking difficult to protect intellectual property; hence to keep it for a long period.

Competitiveness

Our Automotive businesses are well positioned with Tier 1 customers and OEMs. We are recognised for our best performance products in Interiors and for our innovative concepts in Seating (Proseat).

We aim to improve our EBIT profitability through restructuring and efficiency efforts.

We dispose of an ideal global industrial footprint in Interiors (Europe, USA and China).

Strategy

- › Our objective is to stabilize the two business segments, Interiors and Proseat (Seating), with a focus on profits.
- › To remain competitive we stay focused on the introduction of new innovative product.
- › Footprint and capacity utilisation optimisation is and will be a continuous effort and process.

COMBINED KEY FIGURES	in million EUR		
	2014	2015	2016
Sales	264.0	280.3	288.9
Growth rate in sales (%)	2.2%	6.2%	3.1%
REBITDA	14.9	15.4	19.9
REBITDA margin (as % of sales)	5.6%	5.5%	6.9%
EBITDA	12.5	9.9	18.3
EBITDA margin (as % of sales)	4.7%	3.5%	6.3%
REBIT	4.2	3.6	5.7
REBIT margin (as % of sales)	1.6%	1.3%	2.0%
EBIT	1.8	-1.9	4.0
EBIT margin (as % of sales)	0.7%	-0.7%	1.4%

⁽¹⁾ before eliminations of intra-Group transactions



Sustainable innovation

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Towards sustainable and market-driven innovation

In order to embed sustainability in our R&D operations, we merged early 2016 our research and development department with our sustainability department. With this newly created Sustainable Innovation Department (SID) we ensure that sustainability and market-driven innovation drive and orient all our research and development efforts. Sustainability is a key driver for our future research & development programmes. It is at the heart of our strategy and a key decision factor in everything we do. Relying on our competences and by transforming polyurethane chemistry, we are committed to finding responsible solutions to the various challenges and needs of our customers and the planet.

Market-driven R&D should always be based on a structured, multi-phase innovation process.

We believe that future growth will come from our capability to perfectly respond to more complex societal needs. Our markets are more and more driven by the sustainability agenda, which undeniably provides us promising perspectives for the future.

That is why we are increasing our efforts to find innovative solutions for the major challenges in society today, such as global warming, conservation of natural resources and ageing population.

We are convinced that these societal sustainability challenges will drive our future innovations.

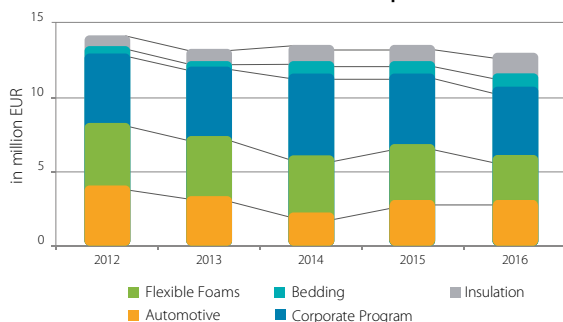
Sustainability is a key driver for our research & development programmes.

Sustainability has always been at the heart of our activities. Our insulation solutions help avoid about 20 times more CO₂ emissions than the carbon footprint of all Recticel's activities combined. Sustainability has also found its way into our Automotive business line, where the customer requirement for reducing carbon emissions pushed our innovation processes to develop lightweight materials. In our other business lines, the traditional focus has been on durability and providing optimal comfort during the use phase.

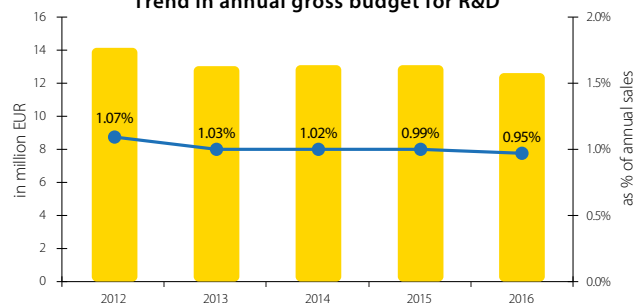
It is our ambition to increase our positive impact on society and the environment and reduce any negative effects throughout the entire value chain through partnerships.

Concrete examples of our sustainable efforts can be primarily found in the field of solutions to reduce greenhouse gases. Our thermal insulation products for building renovation and/or new constructions already today strongly contribute to a low carbon society. Also our lightweight components reduce the weight of cars; hence their fuel consumption and carbon emissions. In the transformation process towards a circular economy, waste becomes a resource or building block for new products. In this respect we acquired in October 2016 a small activity – Innortex - in France in order to

Trend in composition of annual budget for Research & Development



Trend in annual gross budget for R&D



recycle flexible trim foam and to transform it into high performing acoustic insulation panels for building applications. In a second phase, end-of-life materials will be validated for the same process.

Reducing the use of raw materials by being more innovative and efficient should also be complemented by the use of more sustainable raw materials. In partnership with Covestro AG, the former Bayer MaterialScience, we are the first to use novel polyols which by weight contain about 20% CO₂ as replacement of petroleum on which the precursor polyols are usually based. In December 2016, our plant in Gislaved (Sweden) received the very first delivery of this material which we will use for the production of flexible foams for mattresses and furniture.

Compared to the previous years, we continued to spend around EUR 12.8 million on Research & Development, which is 0.95% of total combined sales.

- innovation fulfilling societal needs
- optimising our carbon footprint
- resource efficiency
- business ethics and integrity
- reduce HS&E impacts of our activities
- an inspirings and rewarding place to work.

For each of these material aspects or priorities, we have selected one key performance indicator and target to measure progress. We will publish our second sustainability report in 2018.

Five sustainable innovation programmes

As a company and producer of durable goods, we consider it to be our mission to help sustainable development move forward. For this reason we have made sustainability a key driver for innovation in our Group strategy. By linking our innovation processes to global sustainability, we are convinced that we create value for society as well as for the company.

When we merged our Research and Development department with our sustainability department into the Sustainable Innovation Department, we refocused our innovations efforts on five innovation programmes. Four of the programmes are aligned with the future needs of business lines such as developing new comfort foams for bedding or seating applications, or finding solutions to fulfil the requirements of technical foams in the field of silencing. Developing new insulation solutions with lower Lambda values is high on our agenda just as even further reducing the weight of our automotive interiors technology.

The fifth or 'corporate' programme coordinates all initiatives to ready durable polyurethane products for the circular economy, including studying how polyurethane can be recycled and reused. The Innortex acquisition in France in October 2016 fits herein and offers us the ability to transform flexible foam production waste foam into high performance acoustic insulation. In a second phase, end-of-life materials will be validated for the same process.

It is our ambition to increase our positive impact on society and the environment and to reduce any negative effects throughout the entire value chain

Another example is the use of a new CO₂ based polyol for the production of flexible foam products for bedding and seating. The partial replacement of oil by CO₂ reduces the carbon footprint of our products.

These five programmes underpin our sustainability strategy to address new societal needs and support the transition towards a circular economy by differentiating ourselves as a company and creating shared value for all stakeholders.



Human Resources

ANNUAL REPORT 2016 – HR SECTION HR BACKPACK

In 2016 we continued to execute our 15–17 Human Resources' strategy, called the HR Backpack, which is centered around the following strategic thrusts:

1. **B**ack to basics
2. **A**dequately resource
3. **C**ontinue excellent collective employee relations and enhance engagement
4. **K**ey HR processes streamlining
5. **P**eople review towards "living" talent management
6. **A**ssess extensively and train for success
7. **C**lassification of jobs – grade for triple C (clarity/ competitive benchmarking/consistency)
8. **K**reate and work as a glocal HR team

We clearly made significant progress, and more particularly in the following fields:

- We deployed a new annual salary review process
- We implemented a new Hay® based grading system
- We further extended the people review process
- We redesigned the the performance management system
- We revamped the local bonus plans
- We launched an international engagement survey

Compensation & Benefits

In June 2016, as an outcome of the implementation of the Hay® job family framework, our Management Committee approved the career map which is will be used to slot and grade white collar jobs across the Group. In this context, Recticel relies on the Hay® PayNet database to further build its understanding of pay practices in the market.

Following the review of the Group Bonus plan in 2015, we further streamlined the administration of local bonus plans at the hand of five Group principles that ensure enhanced governance and a more consistent design.

Finally the new Group-wide Annual Salary Review process was successfully deployed with a better differentiation among employees so that the link between individual pay progression and one's own performance is now stronger.

Assess and train for success

At Recticel, we foster a performance-driven culture. The annual performance management discussions are crucially important in this respect. During these discussions, employees have the opportunity to talk about such issues as their career development ambitions, working conditions and work-life balance. These discussions help managers understand development needs so that they can coach and further optimize their employees' performance in a more focused way.

In 2016, approximately 1,600 white collar employees went through a structured performance management discussion. During the second semester of the year 2016, we decided to streamline and simplify the Employee Performance Management process in order to strengthen the qualitative discussion between manager and employee. The new process and format is used globally for all our white collar population and it is closely linked to all other main HR processes, including reward and retention, learning and development, succession and career path planning.

An inspiring and rewarding place to work

In 2016, we continued our People Review Process. As part of this process, the management of each business line or function dedicated a full day with the Global HR team to discussing topics such as succession planning, people SWOT analysis, high potential identification, future recruitment and retirement planning, including knowledge transfer plans.

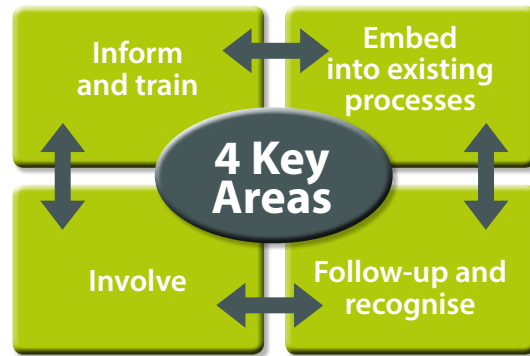
For those identified as having high potential, we develop a career path and a development plan. This approach helps us anticipate the succession needs internally, as well as motivate staff with high potential through concrete career opportunities and retain their knowledge, passion and skills within our organization. We believe that this approach will stimulate home-made talent to take up new challenges in their careers.

The People Review Process has been introduced not only at top management level, but the methodology is also applicable and already implemented in several countries and regions during 2016; including UK, France and North region.

Core Values

Early 2016, the Recticel Group Management Committee redefined five core values and assigned five concrete behaviors to each value - strongly believing that these values exemplify our Recticel culture. They describe how we interact, how we do business and how we work together in order to grow as a company and as individuals.

Our core values are being deployed throughout the whole organisation and they have already been translated into fourteen languages. We appointed a cross-functional, cross-business line Values Deployment Team to develop a detailed implementation plan and selected over 70 Core Values Ambassadors from each country and location. The plan, which was launched in September 2016, has had four key ambitions:



1. to inform and train
2. to embed the values into existing processes
3. to involve the whole organisation
4. to recognise the achievements of individuals and teams representing these values

Our target is to make sure that every Recticel employee will be familiar with the values. We will achieve this through information sessions, e-learning modules and various communication materials. Recticel will also introduce Living The Values Award.



Recticel University

RECUN offers programmes that are either tuned to specific business line needs or to cross-departmental competences such as finance, project management, communication and leadership.

During the year 2016, we put specific focus on introducing new RECUN modules to boost the business performance and reviewed the content of all existing modules to strengthen the link between RECUN and Recticel daily business. Strong focus was to improve operational excellence. Key development areas were also related to Lean, Supply Chain, Leadership, Communication and Negotiation skills. In 2016 we offered 21 development courses and organised over 800 training days.



Engagement Survey

In September 2016 we launched an engagement survey in Belgium, UK and Spain for both the white and blue collar populations. For Belgium it was the third participation, for the other countries the first one.

The engagement survey gave us an insight in employee engagement and satisfaction; including leadership, job content, compensation, personal development, communication, cooperation, physical work environment and impact on society and wellbeing.

The completion ratio for 2016 survey was considerably high; in total 1340 employees (79% of the target population) completed the survey. Results of the engagement survey have been shared with the management and the employees and the project team is working on defining the tangible actions to retain the company strengths and to develop the areas which were identified as critical. Our intention is to extend the population by adding each year two countries to the survey.

T.A.G. Summit 2016

T.A.G. Summit 2016 took place in March 2016 in Brussels. Over 100 top leaders of Recticel from all countries and continents were invited to share their insights on how Recticel could progress in a direction which creates shared value for all our stakeholders.

The aim of the Summit was to challenge and inspire Recticel leaders to higher innovative and sustainable growth standards. The meeting was highly appreciated by Recticel leaders and all presented development ideas were recorded and discussed in the Group Management Committee, and at a later stage, in various ad hoc project teams. All Summit participants received regular feedback on the status of the decided development projects. The next T.A.G. Summit is planned to take place in 2018.



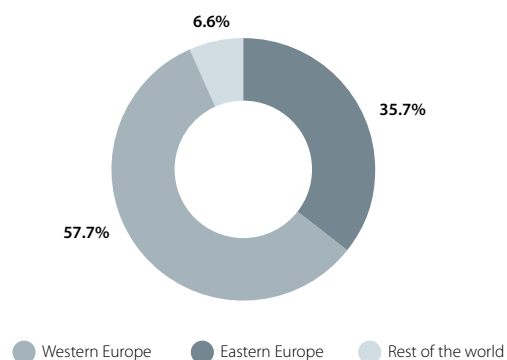
NUMBER OF STAFF¹

	31 DEC 2015		31 DEC 2016	
Poland	1 074	14.1%	1 270	16.0%
Belgium	1 100	14.5%	1 110	14.0%
Germany	1 062	14.0%	1 011	12.8%
Czech Republic	910	12.0%	972	12.3%
France	652	8.6%	655	8.3%
United Kingdom	544	7.2%	542	6.8%
The Netherlands	307	4.0%	308	3.9%
Romania	255	3.3%	308	3.9%
Spain	217	2.8%	243	3.1%
People's Republic of China	169	2.2%	236	3.0%
Austria	249	3.3%	233	2.9%
Sweden	184	2.4%	169	2.1%
USA	150	2.0%	152	1.9%
Hungary	135	1.8%	135	1.7%
Switzerland	128	1.7%	112	1.4%
Estonia	92	1.2%	95	1.2%
Finland	86	1.1%	91	1.1%
Turkey	83	1.1%	87	1.1%
Italy	64	0.8%	61	0.8%
India	41	0.5%	42	0.5%
Norway	38	0.5%	36	0.5%
Bulgaria	18	0.2%	19	0.2%
Slovakia	13	0.2%	11	0.1%
Serbia	10	0.1%	11	0.1%
Lithuania	8	0.1%	7	0.1%
Ukraine	8	0.1%	7	0.1%
Russia	5	0.1%	5	0.1%
Morocco	2	0.0%	2	0.0%
TOTAL	7 598	100%	7 925	100%

	31 DEC 2015		31 DEC 2016	
Western-Europe	4 629	60.9%	4 569	57.7%
Eastern-Europe	2 520	33.2%	2 832	35.7%
Rest of the world	450	5.9%	524	6.6%
TOTAL	7 598	100%	7 925	100%

¹ Full-time and part-time personnel with permanent or temporary employment contracts valid at the end of the period. Headcount information excludes external agency employees, but includes the proportional personnel headcount of joint ventures that are managed at least 33% by Recticel. (rounded figures)

Total headcount per region (FTE - December 31, 2016)





Corporate Governance Statement

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1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its website (www.recticel.com) in accordance with the requirements of the Belgian Corporate Governance Code 2009. The latest version is dated 25 April 2017. Any interested party can download the Charter there, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy.

Recticel uses the Belgian Governance Code of 2009 as reference code, which can be found on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

As from the Ordinary General Shareholders' Meeting of 26 May 2015, Recticel complies with all recommendations contained in the reference code.

This chapter contains more factual information regarding corporate governance in general and, the application of the Code during the last financial year in particular.

In accordance with the Belgian Companies Code, the Board of Directors is authorized to undertake all necessary actions to achieve the company's objective, except those that only the general meeting is authorized to perform by law. The authority granted to the Board of Directors was not further limited in the articles of association.

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

2. Internal control and risk management

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

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

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

Since mid-2010 the Board of Directors and the executive management have reviewed the framework for internal control and risk management and an amended Compliance programme is implemented.

The basis is formed by the revised Code of Conduct, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website (www.recticel.com).

Important matters like ethics, safety, health and environment, quality, conflicts of interest, anti-trust, fraud and others are being dealt with.

Corporate policies have been elaborated to cover these principles that are further explained in the Business Control Guide, which provides more concrete and detailed guidelines, for instance guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control

occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.

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

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

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

In the event of violation of internal or external laws and regulations, the Recticel Group has also implemented a Group Policy for the Reporting of Misconduct and the Protection of Whistle-blowers to enable anyone to report on behaviour that may represent a violation of the applicable Code of Conduct, the Group Corporate Policies or any other laws and regulations.

Finally, the Audit committee, amongst others, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering objective opinions about the internal control in place in the Recticel Group. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

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

3. External audit

The external audit of Recticel SA/NV's company and consolidated annual accounts has been entrusted by the Annual General Meeting of 2016 to the limited liability cooperative company "DELOITTE Bedrijfsrevisoren", represented by Mr Kurt DEHOORNE.

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

The Auditor's remuneration for the audit of Recticel NV's annual and consolidated annual accounts intended in article 134, §2 of the Companies' Code, amounts to EUR 836,600 for 2016. Next to this remuneration, another legal mission was invoiced for an amount of 4,500 EUR.

The global amount of the remunerations for additional services of the Auditor and parties related to the Auditor, amounts to 834,406 EUR at the level of the Recticel Group. This amount consists of an amount of 24,328 EUR for additional audit work and 810,078 EUR for other consulting assignments (consisting of an amount of

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308,882 EUR for additional tax services and an amount of 501,196 EUR for other consulting assignments).

Since the remuneration of the Auditor amounts to 836,600 EUR at group level, the one-to-one limit intended in article 133 of the Belgian Companies Code still applicable to that accounting year has not been exceeded on consolidated level, taking into account the fact that the additional legal mission of the Auditor for amount of 4,500 EUR falls outside the scope of the one-to-one rule.

Details on these compensations are included in the explanatory notes on VOL 6.18.2. in the statutory annual accounts as well as in the explanatory notes in the financial part of the Consolidated Annual report.

The Auditor's mandate was renewed in 2016 and will end after the upcoming Ordinary General meeting of 2019.

4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of ten members. There are nine non-executive directors, five of which are independent. OLIMER CHAPELLE SPRL/BVBA, represented by Mr Olivier CHAPELLE, Chief Executive Officer, is the executive director.

The Chief Executive Officer represents the management and three directors represent the reference shareholder.

With reference to the Law of 28 July 2011 setting the obligation to have at least 1/3 of the members of the Board of the opposite gender by 1 January 2017, the Board of Directors reviewed different options in order to increase the number of female members. The mandate of REVAM BVBA, permanently represented by Mr Wilfried VANDEPOEL comes to an end at the Ordinary General Meeting of 30 May 2017. The Board of Directors proposes to appoint IPGM Consulting GmbH, represented by Ms. Anne De Vos, resulting in three out of ten directors being women. As a result, the obligation of article 518bis of the Companies' Code will be complied with.



From left to right : Frédéric VAN GANSBERGHE, Pierre-Yves de Laminne de Bex, Benoit DECKERS, Danielle SIOEN, Johnny THUIS, Olivier CHAPELLE, Ingrid MERCKX, Kurt PIERLOOT, Wilfried VANDEPOEL, Luc MISSORTEN

The following table provides an overview of the current members of Recticel's Board of Directors (as from 31 May 2016).

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Johnny THUIS ⁽¹⁾	Chairman	Independent	1952	2015	2018	Delhaize Group Director	AC / RC
Olivier CHAPPELLE ⁽²⁾	Managing Director	Executive	1964	2009	2019		MC
Benoit DECKERS ⁽³⁾	Director	Non-executive	1964	2015	2018	CEO of Compagnie du Bois Sauvage SA	AC
Pierre-Yves de LAMINNE de BEX ⁽⁴⁾	Director	Non-executive	1969	2014	2018	Vice-President of the Board of Compagnie du Bois Sauvage SA / Managing Director Entreprises et Chemins de Fer en Chine SA	
Ingrid MERCKX ⁽⁵⁾	Director	Independent	1966	2012	2019	Agfa Healthcare (Fr-Belux), Chief Executive Officer	AC
Luc MISSORTEN ⁽⁶⁾	Director	Independent	1955	2015	2018	Chairman of Ontex	AC / RC
Kurt PIERLOOT	Director	Independent	1972	2015	2018	Member of the Executive Committee of bpost- Domestic & International	RC
Wilfried VANDEPOEL ⁽⁷⁾	Director	Non-executive	1945	1999	2017	Groep Van Roey NV Director	AC
Frédéric VAN GANSBERGHE ⁽⁸⁾	Director	Non-executive	1958	2014	2019	Compagnie du Bois Sauvage Chairman	RC
Danielle SIOEN	Director	Independent	1966	2016	2019	Sioen Industries NV Director	

⁽¹⁾ in his capacity as Permanent Representative of THUIS JOHNNY BVBA

⁽²⁾ in his capacity as Permanent Representative of OLIVIER CHAPPELLE SPRL

⁽³⁾ in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA

⁽⁴⁾ in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGE SA

⁽⁵⁾ in her capacity as Permanent Representative of IMRADA BVBA

⁽⁶⁾ in his capacity as Permanent Representative of REVALUE BVBA

⁽⁷⁾ in his capacity as Permanent Representative of REVAM BVBA

⁽⁸⁾ in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE SA

AC = Audit Committee

RC = Remuneration and Nomination Committee

MC = Management Committee

The following table provides an overview of the members of the Board of Directors of Recticel of who the mandate expired in the course of 2016.

NAME	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Marion DEBRUYNE ⁽¹⁾	Director	Independent	1972	2012	2016	Vlerick Management Gent Management School Partner and Associate Professor	RC
Patrick VAN CRAEN	Director	Non-executive	1953	2012	2016	CLE (CFE Group) Managing Director	
Jacqueline ZOETE	Director	Non-executive	1942	2010	2016	Sioen Industries NV Director	

⁽¹⁾ in her capacity as Permanent Representative of MARION DEBRUYNE BVBA

RE = Remuneration and Nomination Committee

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

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, the following has been decided during the Ordinary General Meeting dated 31 May 2016:

- The general meeting established that the mandate of (i) MARION DEBRUYNE BVBA, represented by Ms Marion DEBRUYNE as independent director and (ii) Mr Patrick VAN CRAEN, as non-executive director, will end after the General Meeting of 31 May 2016. The general meeting accepted not to replace these Directors, and therefore to decrease the number of board members from twelve to ten.
- The general meeting accepted, in replacement of Ms Jacqueline ZOETE, the appointment of Ms Danielle SIOEN, as independent director, for a term of three years expiring after the General Meeting of 2019.
- The general meeting renewed the mandate of OLIVIER CHAPELLE SPRL, represented by Mr Olivier CHAPELLE, as managing director for a term of three years expiring after the General Meeting of 2019.
- The general meeting renewed the mandate of IMRADA BVBA, represented by Ms Ingrid MERCKX, as independent director, for a term of three years expiring after the General Meeting of 2019.
- The general meeting renewed the mandate of ENTREPRISES ET CHEMINS DE FER EN CHINE SA, represented by Mr Frédéric VAN GANSBERGHE, as non-executive director, for a term of three years expiring after the General Meeting of 2019.
- The general meeting elected Danielle SIOEN as independent director in the sense of articles 524 §2 and 526bis §2 of the Companies Code. Ms Danielle SIOEN meets all the criteria indicated in article 526ter of the Companies Code as well as the independence criteria of the Code on Corporate Governance 2009.

- The general meeting confirmed IMRADA BVBA represented by Ms Ingrid MERCKX, as independent director, in the sense of articles 524 §2 and 526bis §2 of the Companies Code, until the maturity of her current mandate. Ms Ingrid MERCKX meets all the criteria indicated in article 526ter of the Companies Code as well as the independence criteria of the Code on Corporate Governance 2009.

Taking into account the above, and upon advice of the Remuneration & Nomination Committee, the Board of Directors proposes at the Ordinary General Meeting of 30 May 2017 to approve the:

- Notification that the mandate of REVAM BVBA, represented by Mr Wilfried VANDEPOEL, as non-executive director, will end after the Ordinary General Meeting of 30 May 2017. It is not available for a renewal of the mandate. Decision is to foresee a replacement.
- In replacement of REVAM BVBA, represented by Mr Wilfried VANDEPOEL, appointment of IPGM Consulting GmbH, represented by Ms. Anne De Vos, as non-executive and independent director, for a term of three years expiring after the Ordinary General Meeting of 2020.
- Election of IPGM Consulting GmbH, represented by Ms. Anne De Vos as independent director in the sense of articles 524 §2 and 526bis §2 of the Companies Code. She meets all the criteria indicated in article 526ter of the Companies Code as well as the independence criteria of the Code on Corporate Governance 2009.

Ms. Anne De Vos obtained an MBA in international marketing and a Master in Chemical Engineering and gained experience amongst others with Givaudan and Sigma Aldrich Corporation.

* * *

Functioning of the Board of Directors

The Board of Directors gathered a total of seven times in 2016. One meeting handled mainly the 2016 budget and two meetings handled the establishment of the annual accounts as per 31 December 2015 and the mid-year accounts as per 30 June 2016.

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

The written decision procedure was not applied in 2016.

Mr Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Board of Directors.

The individual attendance rate of the directors at the meetings in 2016 was:

NAME	ATTENDANCE RATE 2016
Johnny THUIS	7/7
Olivier CHAPELLE	7/7
Benoit DECKERS	7/7
Pierre-Yves de LAMINNE de BEX	6/7
Ingrid MERCKX	6/7
Luc MISSORTEN	7/7
Kurt PIERLOOT	7/7
Wilfried VANDEPOEL	7/7
Frédéric VAN GANSBERGHE	6/7
Danielle SIOEN ⁽¹⁾	4/4
Jacqueline ZOETE ⁽²⁾	3/3
Patrick VAN CRAEN ⁽³⁾	3/3
Marion DEBRUYNE ⁽⁴⁾	2/3

⁽¹⁾ start of mandate 31/05/2016

⁽²⁾ end of mandate 31/05/2016

⁽³⁾ end of mandate 31/05/2016

⁽⁴⁾ end of mandate 31/05/2016

The Board of Directors organises a self-assessment of its functioning as well as an assessment of its interaction with the members of the Management committee on a regular basis. Such self-assessment starts through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire are then be discussed and further analysed during a subsequent meeting of the Board of Directors. The last assessment took place in the middle of the year 2015. The individual assessment of the directors is done by the Remuneration and Nomination Committee.

5. Committees set up by the Board of Directors

a) The Audit committee

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

In view of the modification of article 526bis of the Companies' Code, the mission and tasks of the Audit Committee for the financial year 2017 were subject to a review of the board of directors, in order to align them with the modified legislation.

The Audit committee consists of five members. All members are non-executive directors and three members, one of which is the Chairman, are independent directors in the sense of article 526ter of the Belgian Companies Code.

Mr Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV's articles of association and the relevant provisions of the Belgian Companies Code, and as from 26 May 2015 complies with principle 5.2. /4. of the Belgian Corporate Governance Code 2009 which

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provides that at least the majority of the members of the Audit committee must be independent.

In accordance with article 526bis of the Companies Code, Recticel NV declares that the Chairman of the Audit committee, Mr Luc MISSORTEN, meets the independence requirements and that he possesses the requisite expertise in accounting and auditing. The members of the Audit committee have the collective expertise at the level of the activities of the Company.

The following table contains the members of the Audit committee during the financial year 2016 to date.

NAME	FUNCTION	ATTENDANCE RATE IN 2016
Luc MISSORTEN ⁽¹⁾	Chairman	4/4
Johnny THIJS ⁽²⁾	Member	4/4
Ingrid MERCKX ⁽³⁾	Member	3/4
Benoit DECKERS ⁽⁴⁾⁽⁵⁾	Member	3/3
Wilfried VANDEPOEL ⁽⁶⁾	Member	4/4
Pierre-Yves de LAMINNE de BEX ^{(7) (8)}	Member	1/1

⁽¹⁾ In his capacity as Permanent Representative of REVALUE BVBA

⁽²⁾ In his capacity as Permanent Representative of THIJS JOHNNY BVBA

⁽³⁾ In her capacity as Permanent Representative of IMRADA BVBA

⁽⁴⁾ In his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA

⁽⁵⁾ Start mandate 25/2/2016

⁽⁶⁾ In his capacity as Permanent Representative of REVAM BVBA

⁽⁷⁾ In his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SA

⁽⁸⁾ End of mandate 25/2/2016

The Audit committee convened four times in 2016. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2015 and the interim accounts per 30 June 2016. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions.

The Audit Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same. In the beginning of 2017, a formal assessment was conducted.

b) The Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of directors and members of the Management committee and prepares and explains the remuneration report at the Ordinary General Meeting. They also make the necessary proposals regarding the evaluation and re-appointment of directors as well as the appointment and induction of new directors. The terms of reference of the Remuneration and Nomination Committee are included in Recticel's Corporate Governance Charter.

The Remuneration and Nomination Committee consists of four members, all non-executive directors, of which three are independent directors.

Mr Dirk VERBRUGGEN, General Counsel and General Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

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

The committee is composed as follows:

NAME	FUNCTION	ATTENDANCE RATE IN 2016
Johnny THIJS ⁽¹⁾	Chairman	2/2
Kurt PIERLOOT	Member	2/2
Frédéric VAN GANSBERGHE ⁽²⁾	Member	1/2
Luc MISSORTEN ⁽³⁾⁽⁴⁾	Member	1/1
Marion DEBRUYNE ⁽⁵⁾⁽⁶⁾	Member	1/1

⁽¹⁾ In his capacity as Permanent Representative of THIJS JOHNNY BVBA

⁽²⁾ In his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE SA

⁽³⁾ Start of mandate 25/2/2016

⁽⁴⁾ In his capacity as Permanent Representative of REVALUE BVBA

⁽⁵⁾ End of mandate 25/2/2016

⁽⁶⁾ In her capacity as Permanent Representative of MARION DEBRUYNE BVBA

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

The Remuneration and Nomination committee convened two times in 2016.

These meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors.

The set-up and functioning of the Remuneration and Nomination Committee was thoroughly reviewed at the end of 2010 following the introduction of the Law dated 6 April 2010 amending the Belgian Companies Code and introducing an article 526quater, whereby the setting-up of a Remuneration and Nomination Committee has become mandatory for Belgian listed companies.

Consequently, the Remuneration and Nomination Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same.

6. The Executive management

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

The Chief Executive Officer is assisted by the Management committee, of which the members (for the period 2016 to present) are indicated in the following list:

NAME	FUNCTIE
Olivier CHAPELLE ⁽¹⁾⁽²⁾⁽³⁾	Chief Executive Officer
Ralf BECKER	Group General Manager Insulation
Betty BOGAERT	Chief Information Officer
Philipp BURGTOFF ⁽⁴⁾	Group General Manager Bedding
Marc CLOCKAERTS ⁽⁵⁾⁽⁶⁾	Group General Manager Flexible Foams
Jean-Pierre DE KESEL	Chief Sustainable Innovation Officer
François DESNÉ ⁽⁷⁾	Group General Manager Flexible Foams
Bart MASSANT	Chief Human Resources Officer
Jean-Pierre MELLEN	Chief Financial Officer
Jan MEULEMAN	Group General Manager Automotive
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN	General Counsel & General Secretary

⁽¹⁾ in his capacity as Permanent Representative of OLIVIER CHAPELLE SPRL

⁽²⁾ until 29/4/2016 till 19/10/2016 - Group General Manager Flexible Foams

⁽³⁾ as from 20/1/2017 - Group General Manager Bedding

⁽⁴⁾ till 20/1/2017

⁽⁵⁾ In his capacity as Permanent Representative of EMSEE BVBA

⁽⁶⁾ till 29/4/2016

⁽⁷⁾ as from 19/10/2016

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



From left to right : Jean-Pierre MELLEN, Jan MEULEMAN, Betty BOGAERT, Jean-Pierre DE KESEL, François DESNÉ, François PETIT, Olivier CHAPELLE, Bart MASSANT, Dirk VERBRUGGEN, Ralf BECKER



7. Remuneration report

I. Introduction

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

The Group Remuneration Policy was not amended during the year 2016.

The Board of Directors of the Group has determined the remuneration of the Management Committee (hereafter the "Senior Management" or the "Senior Managers") on recommendation of the Remuneration and Nomination Committee and proposes the remuneration of the directors to the General Shareholders' meeting.

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

In line with the recommendation of the Remuneration and Nomination Committee, the Board has reaffirmed the general principles of the Group Remuneration Policy for the next three years, except as mentioned below.

Remuneration of the directors

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

The General Meeting also proposes on the additional remuneration for Board Committee members. The Chairman of the Committees receives a remuneration of 200% of the remuneration specified for other members of the Committee. The level as well as the structure of the remuneration of the directors is reviewed on an annual basis. For 2017, the Board of Directors shall propose to the Ordinary General meeting of 30 May 2017 the following changes:

- Fixing and approval of the Directors' emoluments, i.e.:
 - A single fixed indemnity for Directors of EUR 15,000 a year and for the Chairman of the Board of Directors of EUR 30,000 a year;
 - Directors' fees of EUR 2,500 per meeting and for the Chairman of the Board of Directors of EUR 5,000 per meeting.
- Fixing of the amount of fees for the members of the Audit Committee at EUR 2,500 per meeting and for the Chairman of the Audit Committee at EUR 5,000 per meeting.
- Fixing of the amount of fees for the members of the Remuneration and Nomination Committee at EUR 2,500 per meeting and for the Chairman of the Remuneration and Nomination Committee at EUR 5,000 per meeting.

Non-executive directors of the Company receive no remuneration, bonus, or equity-linked, or other incentives from the Company and/or its affiliates except as remuneration for their services as Director to the Company and/or its affiliates. The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit, to any member of the Board of Directors.

Remuneration of the members of the Management committee

The remuneration of the members of the Management committee is calculated to:

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

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

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

When determining the remuneration levels for the members of the Management committee, along with the internal factors, the remuneration of executives in multinational companies of similar size and/or similar activities with headquarters in Belgium and neighbouring countries are taken into account. It is the intention to establish remuneration levels that, in general, lie on or around the average market level, for as far as the results of the company allow this.

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Evaluation criteria for the bonus remuneration of the members of the Management committee as from the year 2016

The CEO receives a bonus remuneration based on his performance over the calendar year. This bonus remuneration can amount up to maximum 100% of the annual fixed remuneration. The evaluation criteria are based on collective targets linked to certain key performance indicators ("KPI's") in relation to REBITDA and Combined Net Cash Flow at Group level, as well as individual targets linked to the development of the company for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.). Collective objectives count for 70% of the bonus. Individual objectives amount for 30%. The Remuneration and Nomination Committee makes the evaluation in a private session and discusses the evaluation with the CEO before presenting a proposal to the Board for approval.

The Group General Managers at the head of the four different business lines likewise receive a bonus remuneration based on their performance during the calendar year. Their bonus remuneration can amount up to maximum 50% of their annual fixed remuneration. The evaluation criteria are based on financial targets linked to certain KPI's in relation to the annual budget, both at Group level, as at the level of their respective business lines. Financial targets account for 70% of the bonus, the Combined Group Net Cash Flow will account for 30% of the pay-out, the business line REBITDA will account for another 30% of the pay-out and in addition, another 10% of the pay-out will consist of a business line specific objective. Individual targets account for 30% linked to the development of the business line for the future (for example structure, commercial practices, new products and/or markets, M&A, human resources, compliance, etc.).

For the support functions within the Management Committee (CFO, General Counsel, Procurement, ICT, HR and R&D), collective targets account for 70% and relate to the Group results. Individual targets account for 30% and are linked to the development of the department for the future (for example structure, new products, M&A, human resources, compliance, etc.). Their bonus remuneration can amount up to maximum 50% of their annual fixed remuneration.

Budget reached on target leads to 75% pay out on the collective financial targets. On the individual targets, pay-out is 100% if the target is reached.

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

With regard to article 520ter of the Companies Code, relating to the need to defer variable remuneration payments over a three year period in case certain thresholds are passed, the Board of Directors had proposed to the 2016 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation, as this principle was only applicable to the Managing Director and CEO, OLIVIER CHAPELLE SPRL/BVBA, as all other members of the Management Committee remained below the 25% threshold, since the calculation is done here on the basis of the total compensation package.

The 2016 General Shareholders' meeting approved this proposal

The Remuneration and Nomination Committee and the Board of Directors reviewed again the various possibilities that the legislation offers for its application and finally decided that it would remain in the best interest of the company to keep the variable remuneration payment structure at the same level for all Management Committee members. As the target variable remuneration bonus pay-out for the Managing Director and CEO surpasses the 25% maximum threshold, the Board will hence propose to the 2017 General Shareholders' meeting to approve, as for last year, the said deviation from the principle of a deferral over three years, and hence to allow the full payment of the variable remuneration within one year.

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

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

II.1. Gross remunerations of the directors

							in EUR
NAME	DIRECTORS FEES 2016	ATTENDANCE FEES BOARD OF DIRECTORS 2016	AUDIT COMMITTEE 2016	REMUNERATION AND NOMINATION COMMITTEE 2016	REMUNERATION FOR SPECIAL ASSIGNMENTS	TOTAL (GROSS) 2016	
THIJS JOHNNY BVBA	25 900	20 000	5 550	7 400	-	58 850	
OLIVIER CHAPELLE BVBA	12 950	10 000	-	-	-	22 950	
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	12 950	10 000	5 550	-	-	28 500	
COMPAGNIE DU BOIS SAUVAGE SA	11 100	10 000	1 850	-	-	22 950	
ENTREPRISES ET CHEMIN DE FER EN CHINE SA	11 100	10 000	-	3 700	-	24 800	
IMRADA BVBA	11 100	10 000	5 550	-	-	26 650	
REVAM BVBA	12 950	10 000	7 400	-	-	30 350	
REVALUE BVBA	12 950	10 000	14 800	1 850	-	39 600	
Kurt PIERLOOT	12 960	10 000	-	3 700	-	26 660	
Danielle SIOEN	7 400	5 824	-	-	-	13 224	
MARION DEBRUYNE BVBA	3 700	4 176	1 850	-	-	9 726	
Patrick VAN CRAEN	5 550	4 176	-	-	-	9 726	
Jacqueline ZOETE	5 550	4 176	-	-	-	9 726	

Since 2016 directors have received a remuneration of EUR 1,850 per attended meeting, and the Chairman has received double this amount. The members of the Audit Committee received EUR 1,850 per attended meeting and the Chairman EUR 3,700. The members of the Remuneration and Nomination Committee are entitled to EUR 1,850 per year; the Chairman EUR 3,700 per year.

For 2016, a fixed annual consideration was approved and granted for an amount of EUR 10,000 for a director and EUR 20,000 for the Chairman of the Board.

For 2017, the proposal to be presented to the General Shareholders' meeting will be a single fixed indemnity for Directors of EUR 15,000 a year and for the Chairman of the Board of Directors of EUR 30,000 a year. The members of the Audit Committee would receive a fee of EUR 2,500 per meeting and for the Chairman EUR 5,000 per meeting. The members of the Remuneration and Nomination

Committee would receive a fee of EUR 2,500 per meeting and for the Chairman EUR 5,000 per meeting.

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

Corporate Governance Statement

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

in EUR

TOTAL COST FOR THE COMPANY	OLIVIER CHAPELLE SPRL REPRESENTED BY OLIVIER CHAPELLE		OTHER MEMBERS OF THE MANAGEMENT COMMITTEE		TOTAL	
	2016	2015	2016	2015	2016	2015
	Number of persons	1	1	11	11	12
Fixed remuneration	500 000	486 000	2 295 700	2 749 619	2 795 700	3 235 619
Variable remuneration	497 250	437 000	1 101 548	1 165 514	1 598 798	1 602 514
Subtotal	997 250	923 000	3 397 248	3 915 133	4 394 498	4 838 133
Pensions	0	0	192 254	228 888	192 254	228 888
Other benefits	38 328	38 040	230 979	285 773	269 307	323 813
Total	1 035 578	961 040	3 820 481	4 429 794	4 856 059	5 390 834

Remarks:

- The table above is established in line with the guidance provided by the Belgian Corporate Governance Committee, meaning that for members with employee status, the gross remuneration is taken, without the employer social contributions, and for members utilising a management company, total remuneration fees invoiced for the year.
- Variable remuneration means the remuneration earned for the performance over 2016, but which will only be paid out in 2017. The amount of the variable remuneration which has been paid out in 2016 can be found under the exercise year 2015.
- Members of the Management Committee with an employee status also have a company vehicle (including fuel) and company mobile phone at their disposal. The costs thereof have been included in the above amount of "other benefits". Members of the Management Committee operating through a management company receive no such benefits, though certain costs may be invoiced separately, in which case they are also taken into account in the above overview.
- With regard to group insurance and pension arrangements, a distinction needs to be made between members being employees, and members operating through a management company. The latter receive no group insurance or pension arrangements. Until 2003 the pension arrangement consisted of a defined benefit plan. As from 2003, this defined benefit plan has been replaced by a defined contribution plan.
- Members of the Management Committee with an employee status employed before 2001 are included in the Recticel Group Defined Benefit Plan. Members hired externally since 2001 are included in the Recticel Group Defined Contribution Plan. The service costs relating thereto have been included in the above overview.

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

In line with the Corporate Governance Code, the Board of Directors requested the Ordinary General Meeting of May 2015 for approval and obtained said approval for the issue of a stock option plan of maximum up to 480,000 warrants for the senior managers of the Group.

During the year 2015, this renewed stock option plan was however not issued to the leading staff members of the Group, due to a closed period. The plan of 2015 was finally issued in April 2016.

This plan relates to 325.000 stock options for a total of 33

managers. The exercise price was fixed on the average share price during the previous 30 days, namely EUR 5.73 and the exercise period runs from 1 January 2020 till 28 April 2025. The total cost for the Company for this serie 2016 is EUR 0.7856 per share option or EUR 255.320 in total, spread over 4 years (issue year and three years vesting period).

Under this plan the members of the Management Committee received the following warrants:

NAME	NUMBER OF WARRANTS ALLOCATED	THEORETICAL VALUE OF WARRANTS AT THE MOMENT OF THE ATTRIBUTION - IN EUR
Olivier Chapelle	45 000	35 370
Ralf Becker	15 000	11 790
Betty Bogaert	15 000	11 790
Philipp Burgtorf ⁽¹⁾	15 000	11 790
Marc Clockaerts ⁽²⁾	15 000	11 790
François Desné ⁽³⁾	0	0
Jean-Pierre De Kesel	15 000	11 790
Bart Massant	15 000	11 790
Jean-Pierre Mellen	15 000	11 790
Jan Meuleman	15 000	11 790
François Petit	15 000	11 790
Dirk Verbruggen	15 000	11 790

⁽¹⁾ till 20/1/2017

⁽²⁾ till 29/4/2016

⁽³⁾ since 19/10/2016

During 2016, no warrants expired. The following stock options were exercised by the members of the Management Committee:

NAME	NUMBER OF WARRANTS EXERCISED	PLAN
Marc CLOCKAERTS ⁽¹⁾	19 690	December 2011
Marc CLOCKAERTS ⁽¹⁾	11 814	December 2012
Betty BOGAERT	10 000	December 2011
François PETIT	19 690	December 2011
Jan MEULEMAN	8 353	December 2011
Jean-Pierre DE KESEL	19 690	December 2011
Jean-Pierre MELLEEN	19 690	December 2011
Dirk VERBRUGGEN	8 353	December 2011

⁽¹⁾ till 29/4/2016

Corporate Governance Statement

Shares and warrants held by the members of the Board of Directors and the members of the Management Committee

The total shares and warrants held by the members of the Board of Directors as of 31 December 2016 is:

DIRECTORS	SHARES	WARRANTS
THIJS JOHNNY BVBA	0	0
Johnny THIJS (permanent representative)	28 950	0
OLIVIER CHAPELLE BVBA	79 665	265 928
Olivier CHAPELLE (permanent representative)	0	0
ENTREPRISES ET CHEMINS DE FER EN CHINE SA	119 774	0
Frédéric VAN GANSBERGHE (permanent representative)	0	0
COMPAGNIE DU BOIS SAUVAGE SERVICES SA	0	0
Benoit DECKERS (permanent representative)	2 700	0
COMPAGNIE DU BOIS SAUVAGE SA	15 044 410	0
Pierre-Yves de LAMINNE de BEX(permanent representative)	540	0
IMRADA BVBA	0	0
Ingrid MERCKX(permanent representative)	0	0
REVAM BVBA		0
Wilfried VANDEPOELI(permanent representative)	5 256	0
REVALUE BVBA	0	0
Luc MISSORTEN (permanent representative)	0	0
Kurt PIERLOOT	0	0
SIHOLD NV (linked to Danielle SIOEN)	1 341 189	0
Danielle SIOEN	0	0

The total shares and warrants held by the members of the Management Committee as of 31 December 2016 is:

MEMBERS OF THE MANAGEMENT COMMITTEE	SHARES	WARRANTS
Ralf Becker	0	25 000
Betty Bogaert	0	110 228
Philipp Burgtorf (1)	0	48 628
Jean-Pierre De Kesel	16 690	92 184
François Desné (2)	6 250	0
Bart Massant	0	25 000
Jean-Pierre Mellen	7 190	98 151
Jan Meuleman	0	57 816
François Petit	0	48 628
Dirk Verbruggen	9 414	59 368

⁽¹⁾ till 20/1/2017

⁽²⁾ since 19/10/2016

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

Most agreements with the members of the Management Committee contain no specific end of contract regulation.

Consequently common labour law is decisive. Some members do have such regulation in proportion to their seniority. Below an overview of the dismissal period and severance pay for each member of the Management Committee.

NAME	DISMISSAL PERIOD/ SEVERANCE PAY	COMMENTS
Olivier Chapelle	12 months	
Ralf Becker	12 months	
Betty Bogaert	12 months	Legal minimum - Claey's formula applies until 31/12/2013 - Then new legislation
Jean-Pierre De Kesel	18 months	Legal minimum - Claey's formula applies until 31/12/2013 - Then new legislation
François Desné	6 months	12 months as from October 2017
Bart Massant	12 months	
Jean-Pierre Mellen	15 months	
Jan Meuleman	15 months	Legal minimum - Claey's formula applies until 31/12/2013 - Then new legislation
François Petit	12 months	
Dirk Verbruggen	12 months	Legal minimum

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

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on related party transactions that are not governed by the legal conflict of interest scheme. The application of this policy is explained hereafter.

During 2016, no conflicts of interests arose between a director and the Company as referred to in Articles 523 and 524 of the Belgian Companies Code, except in the context of the stock option plan edition April 2016 whereby Mr Chapelle had a conflict of interest. The procedure laid down in Article 523 was applied. Reference is made here to the statutory annual report, which contains an extract of the minutes of April 29, 2016 in this regard.

9. Insider trading and market manipulation

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

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

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

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

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

Name	DATE OF NOTIFICATION	NUMBER OF SHARES ⁽²⁾	% OF VOTING RIGHTS ATTACHED TO SHARES (EXCLUDING SHARES HELD BY RECTICEL) ^{(1) (4)}	% OF VOTING RIGHTS ATTACHED TO SHARES (INCLUDING SHARES HELD BY RECTICEL) ^{(1) (4)}
Compagnie du Bois Sauvage SA ^{(2) (3)}	13/05/2015	15 044 410	28.00%	27.83%
Entreprises Chemins de Fer en Chine SA ^{(2) (3)}	26/05/2015	119 774	0.22%	0.22%
Total Compagnie du Bois Sauvage SA		15 164 184	28.22%	28.05%
Capfi Delen Asset Management NV	28/05/2015	2 130 992	3.97%	3.94%
BNP Investment Partners	12/05/2016	1 615 744	3.01%	2.99%
Dimensional Holdings Inc/Dimensional Fund Advisors LP ⁽⁵⁾	16/01/2017	1 596 684	2.97%	2.95%
Public	N/A	33 228 116	61.84%	61.46%
Total (excluding treasury Shares)		53 735 720	100.00%	99.40%
Treasury Shares	N/A	326 800		0.60%
Total (including treasury Shares)		54 062 520		100.00%

⁽¹⁾ The percentage of voting rights is calculated on the basis of the 54,062,520 existing Shares as at 31 December 2016. The calculation is adjusted to take into account that the voting rights attached to the 326,800 own Shares held by the Company are suspended by operation of law.

⁽²⁾ The percentage of voting rights is calculated on the basis of the 54,062,520 existing Shares as at 31 December 2016 (including the own Shares held by the Company), based upon the information received by the Company as of 31 December 2016- which may be different from the actual situation

⁽³⁾ For the purposes of their transparency declaration dated 13 and 26 May 2015, Compagnie du Bois Sauvage SA and Entreprises et Chemins de Fer en Chine SA included the 326,800 own Shares held by the Company in the number of Shares controlled by them, given that they are deemed to be acting in concert with the Company for the purposes of the applicable transparency disclosure rules.

⁽⁴⁾ Due to rounding, the sum of the percentages of voting rights included in this table may not exactly amount to 100%

⁽⁵⁾ Notification received on 16 January 2017. Total number of shares owned: 1,623,425 hereby crossing upwards the 3% threshold.

The capital structure, with the number of shares, strips, convertible bonds and warrants of the company can be found in the chapter "Information on the Share" on the Recticel website (www.recticel.com).

An amendment of the articles of association of Recticel can only be obtained, following the special majorities of article 37 of the Articles of Association.

The Board of Directors submits its proposals regarding the appointment or re-election of directors to the general meeting of the shareholders. The Remuneration and Nomination Committee recommends one or several candidates to the Board, taking into account the needs of the company and following the appointment procedure and the selection criteria drawn up by the Board for that purpose. The composition of the Board is determined based on the necessary diversity and complementary skills, experience and knowledge.

The general meeting of the shareholders appoints the directors of their choice with a simple majority of the votes cast. Directors can likewise be dismissed "ad nutum" by the general meeting with a majority of the votes cast, before the normal expiry of his or her term of office.

If a position of director becomes vacant as a result of resignation, incapacity or death, the Board may provisionally fill the vacancy, upon recommendation from the Remuneration and Nomination Committee.

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

In accordance with the powers granted at the extraordinary general meeting on 22 July 2015, and incorporated in article 6 of the Articles of Association, the Board of Directors has certain powers to issue new shares, convertible bonds, bonds or subscription rights, with or without preferential rights, and offering these to shareholders or other persons, with restriction of the preferential right, under the Companies Code. In this way the Board of Directors can, via the authorized capital, increase the subscribed capital in all possible ways. The authorization is valid for a period of three years, and can be renewed following the applicable legal rules. It may even be exercised after receipt of the notice given by FSMA that a notice of public takeover was submitted.

Under article 15 of the articles of association, the Company is entitled to acquire or dispose of shares in the Company, without a decision by the general meeting, if this acquisition is necessary in order to avoid an imminent and serious harm to the company under article 620 or 622 of the Belgian Companies Code.

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

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

- The conditions of the 1,150 convertible bonds of EUR 50,000, for a total amount of EUR 57,500,000, issued on 11 July 2007, and providing a put option for the bond holders and an amendment of the conversion prices, in the event of a change of control over Recticel SA/NV.

- The "Amendment and Restatement Agreement, as agreed on 25 February 2016 between Recticel SA/NV and Recticel International Services NV on the one hand and ING Belgium SA/NV, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Filiale Luxembourg and KBC Bank NV on the other hand, for an amount of EUR 175,000,000, whereby, in case of a change of control over the Company, or over a subsidiary that is also an obligor under the amendment and restatement agreement, each of the banks participating in the Facility will have the right to request prepayment and cancellation of their respective Facility commitment, and if banks representing a special majority of the total Facility amount request such, then the total Facility will have to be prepaid and cancelled. This agreement completes and modifies the "Facility Agreement" for an amount of 175,000,000 EUR as signed on 9 December 2011 between the aforementioned parties.

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

In line with the Belgian Companies Code, for such a clause to take effect requires the approval of the General Shareholder meeting.

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Glossary

General concepts

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

Financial concepts

• 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.
EBITDA	EBIT + depreciation and additional impairments/increases on assets.
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.
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 onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, 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.