

---

**RECTICEL**  
**CONDENSED FINANCIAL STATEMENTS**  
**PER 30 JUNE 2019**

**TABLE OF CONTENTS**

- I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
  - I.1. CONSOLIDATED INCOME STATEMENT*
  - I.2. EARNINGS PER SHARE*
  - I.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*
  - I.4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION*
  - I.5. CONSOLIDATED CASH FLOW STATEMENT*
  - I.6. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*
  - I.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2019*
    - I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*
    - I.7.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES*
    - I.7.3. IMPACT OF NEW STANDARDS (IFRS 16) THAT ARE APPLICABLE STARTING FROM 01 JANUARY 2019*
    - I.7.4. POTENTIAL IMPACT OF NEW STANDARDS WHICH ARE YET NOT APPLICABLE*
    - I.7.5. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY*
    - I.7.6. CHANGES IN SCOPE OF CONSOLIDATION*
    - I.7.7. BUSINESS SEGMENTS*
    - I.7.8. INCOME STATEMENT*
    - I.7.9. BALANCE SHEET*
    - I.7.10. WORKING CAPITAL NEEDS*
    - I.7.11. MISCELLANEOUS*
- II. INTERIM MANAGEMENT REPORT
- III. DECLARATION BY THE RESPONSIBLE OFFICERS
- IV. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2019
- V. GLOSSARY

## I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 29 August 2019.

The Group has initially applied IFRS 16 – Leases at 1 January 2019. According to the transition dispositions, the Group has selected to apply IFRS 16 using the modified retrospective approach, i.e. **not** restating the comparative information.

### I.1. CONSOLIDATED INCOME STATEMENT

Group Recticel in thousand EUR	Notes *	1H2019	1H2018
<b>Sales</b>	<b>1.7.7.</b>	<b>536 072</b>	<b>579 730</b>
Distribution costs		( 30 983)	( 29 404)
Cost of sales		( 403 923)	( 448 157)
<b>Gross profit</b>		<b>101 166</b>	<b>102 169</b>
General and administrative expenses		( 37 986)	( 35 328)
Sales and marketing expenses		( 37 074)	( 34 399)
Research and development expenses		( 6 003)	( 6 919)
Impairment of goodwill	1.7.7.	0	( 1 000)
Impairments of intangible and tangible assets	1.7.7.	( 693)	430
Other operating revenues <sup>(a)</sup>		10 652	5 015
Other operating expenses <sup>(b)</sup>		( 10 140)	( 8 296)
Total other operating revenues/(expenses) <sup>(a)+(b)</sup>	1.7.8.1.	512	( 3 281)
Income from joint ventures & associates		4 811	7 468
<b>EBIT</b>	<b>1.7.7.</b>	<b>24 733</b>	<b>29 140</b>
Interest income		192	280
Interest expenses		( 4 159)	( 2 344)
Other financial income		7 832	3 260
Other financial expenses		( 8 448)	( 5 577)
<b>Financial result</b>	<b>1.7.8.2.</b>	<b>( 4 583)</b>	<b>( 4 381)</b>
<b>Result of the period before taxes</b>		<b>20 150</b>	<b>24 759</b>
Current income taxes		( 4 076)	( 2 371)
Deferred taxes		27	( 3 702)
<b>Income taxes</b>		<b>( 4 049)</b>	<b>( 6 073)</b>
<b>Result of the period after taxes</b>		<b>16 101</b>	<b>18 686</b>
of which attributable to non-controlling interests		( 6)	0
<b>of which share of the Group</b>		<b>16 107</b>	<b>18 686</b>

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

With respect to the application of IFRS 16 and its impact on the consolidated income statement reference is made to note I.7.3.1.4.

## I.2. EARNINGS PER SHARE

Group Recticel in EUR	Notes *	1H2019	1H2018
Basic earnings per share		0,293	0,343
Diluted earnings per share		0,292	0,339

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

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

## I.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group Recticel in thousand EUR	Notes *	1H2019	1H2018
<b>Result for the period after taxes</b>		<b>16 101</b>	<b>18 686</b>
<b>Other comprehensive income</b>			
<i>Items that will not subsequently be recycled to profit and loss</i>			
Actuarial gains and losses recognized in equity		( 4 333)	4 478
Deferred taxes on actuarial gains and losses on employee benefits		759	( 568)
Currency translation differences		( 18)	( 41)
Joint ventures & associates		( 655)	491
<b>Total</b>		<b>( 4 247)</b>	<b>4 360</b>
<i>Items that subsequently may be recycled to profit and loss</i>			
Hedging reserves		0	582
Currency translation differences		371	528
Deferred taxes on hedging interest reserves		0	( 101)
Foreign currency translation reserve difference to recycle in the income statement		305	0
Deferred taxes on retained earnings		( 68)	0
Joint ventures & associates		158	( 1 406)
<b>Total</b>		<b>766</b>	<b>( 397)</b>
<b>Other comprehensive income net of tax</b>		<b>( 3 481)</b>	<b>3 963</b>
<b>Total comprehensive income for the period</b>		<b>12 620</b>	<b>22 649</b>
<b>Total comprehensive income for the period</b>		<b>12 620</b>	<b>22 649</b>
of which attributable to non-controlling interests		( 6)	0
of which attributable to the owners of the parent		12 626	22 649

#### I.4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Group Recticel in thousand EUR	Notes *	30 Jun 2019	31 Dec 2018
Intangible assets		13 226	12 045
Goodwill		23 641	23 354
Property, plant & equipment	1.7.9.1.	206 657	232 541
Right-of-use assets	1.7.9.2.	135 075	0
Investment property		3 289	3 289
Investments in joint ventures and associates	1.7.9.3.	61 862	68 631
Other financial investments		911	791
Non-current receivables		21 962	15 655
Other non-current contract assets		11 447	15 326
Deferred taxes		20 929	20 468
<b>Non-current assets</b>		<b>498 999</b>	<b>392 099</b>
Inventories		108 298	103 789
Trade receivables		128 533	107 680
Other current contract assets		12 920	13 782
Other receivables and other financial assets		31 656	55 226
Income tax receivables		5 393	5 587
Other investments		138	138
Cash and cash equivalents		41 316	39 554
Assets held for sale		5 638	19 201
<b>Current assets</b>		<b>333 892</b>	<b>344 958</b>
<b>TOTAL ASSETS</b>		<b>832 891</b>	<b>737 057</b>
Capital		138 234	138 068
Share premium		130 087	129 941
<b>Share capital</b>		<b>268 321</b>	<b>268 009</b>
Treasury shares		( 1 450)	( 1 450)
Other reserves		( 23 202)	( 19 214)
Retained earnings		42 405	39 636
Hedging and translation reserves		( 20 868)	( 22 003)
<b>Equity (share of the Group)</b>		<b>265 206</b>	<b>264 978</b>
Equity attributable to non-controlling interests		710	0
<b>Total equity</b>	<b>1.6.</b>	<b>265 916</b>	<b>264 978</b>
Pensions and similar obligations	1.7.9.4.	53 861	48 055
Provisions	1.7.9.4.	13 007	14 318
Deferred taxes		9 345	9 650
<i>Lease liabilities</i>		89 922	17 505
<i>Bank loans</i>		13 768	15 500
<i>Other loans</i>		1 599	1 701
Financial liabilities	1.7.9.5.	105 289	34 706
Non-current contract liabilities	1.7.3.1.	20 003	24 096
Other amounts payable		205	202
<b>Non-current liabilities</b>		<b>201 710</b>	<b>131 027</b>
Pensions and similar obligations	1.7.9.4.	3 106	4 720
Provisions	1.7.9.4.	979	2 573
Financial liabilities	1.7.9.5.	120 626	90 021
Trade payables		98 508	90 756
Current contract liabilities	1.7.3.1.	44 979	44 964
Income tax payables		2 580	3 061
Other amounts payable		94 487	104 957
<b>Current liabilities</b>		<b>365 265</b>	<b>341 052</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>832 891</b>	<b>737 057</b>

The Group has initially applied IFRS 16 – Leases at 1 January 2019. Under the transition methods chosen, comparative information has not been restated. The impact of the application of IFRS 16 on the financial position is explained in section I.7.3.1.2.

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

## I.5. CONSOLIDATED CASH FLOW STATEMENT

Group Recticel in thousand EUR	Notes *	1H2019	1H2018
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>		<b>24 733</b>	<b>29 141</b>
Amortisation of intangible assets		1 354	1 252
Depreciation of tangible assets	I.7.7.	25 557	13 600
Amortisation of deferred long term and upfront payment		909	853
(Reversal) Impairment losses on intangible assets		358	0
(Reversal) Impairment losses on tangible assets	I.7.7.	335	( 430)
(Reversal) Impairment losses on goodwill	I.7.7.	0	1 000
(Write-back)/Write-offs on assets		79	( 295)
Changes in provisions		( 3 309)	( 4 825)
Valorisation option structure Proseat exit		( 2 860)	0
(Gains) / Losses on destroyed assets or on disposals of assets		( 3 642)	( 43)
Income from joint ventures and associates		( 4 833)	( 7 468)
<b>GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS</b>		<b>38 681</b>	<b>32 787</b>
<i>Inventories</i>		( 4 752)	( 1 825)
<i>Contract assets</i>		5 302	2 131
<i>Trade receivables</i>		( 15 044)	( 32 751)
<i>Other receivables</i>		( 16 718)	6 833
<i>Trade payables</i>		26 476	( 13 755)
<i>Contract liabilities</i>		( 4 063)	21 413
<i>Other payables</i>		1 600	3 741
<b>Changes in working capital</b>		<b>( 7 200)</b>	<b>( 14 213)</b>
Trade & Other long term debts maturing within 1 year		6	( 531)
Tax credit (non-current receivables)		( 926)	0
Income taxes paid		( 2 484)	( 3 998)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (a)</b>		<b>28 077</b>	<b>14 045</b>
Interests received		476	100
Dividends received		6 306	5 500
Investments in and subscriptions to capital increases		( 32 814)	( 635)
Increase of loans and receivables		0	( 119)
Decrease of loans and receivables		6 107	1 054
Investments in intangible assets		( 2 456)	( 1 775)
Investments in property, plant and equipment		( 17 522)	( 22 391)
Disposals of intangible assets		1	90
Disposals of property, plant and equipment		1 935	116
Proceeds on sale of shares of equity method investees		45 426	0
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES (b)</b>		<b>7 460</b>	<b>( 18 059)</b>
Interests paid on financial debt (1.a.)		( 1 355)	( 3 268)
Interests paid on lease debt (1.b.)		( 101)	( 80)
Dividends paid		( 13 204)	( 12 029)
Increase (Decrease) of capital		312	1 568
Increase of financial debt (short term)		11 507	86 902
Decrease of financial debt (long term)		0	( 84 671)
Decrease of lease debt (2)		( 12 638)	( 978)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (c)</b>		<b>( 15 479)</b>	<b>( 12 556)</b>
Effect of exchange rate changes (d)		2 268	( 42)
Effect of changes in scope of consolidation and of foreign currency translation reserves recycled (e)		0	0
<b>CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)+(d)+(e)</b>		<b>22 326</b>	<b>( 16 613)</b>
Net cash position opening balance		13 774	57 844
Net cash position closing balance		36 100	41 231
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>22 326</b>	<b>( 16 613)</b>
<b>NET FREE CASH FLOW (a)+(b)+(1.a.)+(1.b.)+(2)</b>		<b>21 443</b>	<b>( 7 362)</b>

The impact of the application of IFRS 16 is explained in section I.7.3.1.2., and impacts primarily the depreciation level and interests paid on lease debt.

The partial divestment from the Proseat companies impacts the EBIT and is subsequently corrected in the gross operating cash flow (i.e. valorisation option structure, gain/(loss) on disposal of assets) and the net cash flow from investment activities (i.e. proceeds on sale of shares of equity method investees). The amount in the item 'Investments in and subscriptions to capital increases' as well as 'Proceeds on sale of shares of equity method investees' refer mainly to the Proseat transaction.

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

For the half-year ending 30 June 2019

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
At the end of the period (31 December 2018)	138 068	129 941	-1 450	-19 214	39 636	-22 003	264 977	0	264 977
Dividends	0	0	0	0	-13 254	0	-13 254	0	-13 254
Stock options (IFRS 2)	0	0	0	243	0	0	243	0	243
Capital movements	166	146	0	0	0	0	312	0	312
Shareholders' movements	166	146	0	243	-13 254	0	-12 699	0	-12 699
Profit or loss of the period	0	0	0	0	16 107	0	16 107	-6	16 101
Other comprehensive income	0	0	0	-4 247	-68	834	-3 481	0	-3 481
Change in scope	0	0	0	81	-81	302	302	716	1 018
Reclassification	0	0	0	-67	67	0	0	0	0
At the end of the period (30 June 2019)	138 234	130 087	-1 450	-23 204	42 407	-20 867	265 206	710	265 916

For the half-year ending 30 June 2018

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

**I.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2019**

**1.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION**

These condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

These condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 29 August 2019.

**1.7.1.2. BASIS OF ACCOUNTING**

This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described below.

**1.7.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 *Leases* from 01 January 2019. A number of other new standards are effective from 01 January 2019 but they do not have a material effect on the Group's financial statements.

---

### **1.7.3. IMPACT OF NEW STANDARDS (IFRS 16) APPLICABLE STARTING FROM 01 JANUARY 2019**

#### **1.7.3.1. IFRS 16 Leases, applicable as from 1 January 2019**

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

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases (<365 days) and leases of low-value items (<USD 5,000), of which the Group makes use.

In accordance with the transitional dispositions in IFRS 16, the standard has been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on 1 January 2019 (i.e. modified retrospective B approach). Comparative information has therefore not been restated for IFRS 16.

In adopting IFRS 16 for the first time, the Group has applied the following cumulative catch-up options upon initial application:

- Leave comparatives as previously reported
- Carry forward existing finance lease liabilities
- Calculate outstanding lease liabilities (representing the present value of future lease payments) for existing operating leases using an incremental borrowing rate at the date of transition
- Right of use is equal to lease liability
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Following the adoption of IFRS 16, the Group has adapted its accounting policy for leases. The new policy is described below. The adoption of IFRS 16 resulted in changes in accounting policies but did not impact the opening equity as per 1 January 2019. For the detailed impact on the opening balance sheet as per 1 January 2019 see below.

#### **1.7.3.1.1. New accounting policy for leases**

The Group has several leases for properties, machinery and equipment and cars and the rental contracts are typically closed for a fixed period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and corresponding liability at the date of commencement of the lease, i.e. when the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis if the leases does not include a purchase option. If a purchase option is available and



---

the Group judges that it is reasonably certain to be exercised, the right-of-use asset is depreciated over its useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- purchase option, if any - if the lessee is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs (except for the leases already existing at transition date), and
- dismantling costs.

Right-of-use assets are presented separately and lease liabilities as part of financial liabilities in the statement of financial position. All lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the reporting date are classified as non-current liabilities.

Lease payments related to short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT-equipment (laptops, tablets, mobile phones, pc's) and small items of office equipment and furniture.

Some leases contain variable lease payments. Payments that vary due to use of the underlying asset are variable lease payments (e.g. lease of property based on the number of square meters used). These variable lease payments are recognised as expense as incurred.

There are no material lease agreements whereby the Group is lessor.

### ***1.7.3.1.2. Impact IFRS 16 on balance sheet***

Upon adoption of IFRS 16 (1 January 2019), the Group recognised lease liabilities amounting to EUR 118.1 million (of which EUR 99.3 million non-current lease liabilities and EUR 18.9 million current lease liabilities) in relation to leases which had previously been classified as 'operating leases' according to IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019.

The weighted discount rate applied is 3.8%.

Following table presents a reconciliation between the note disclosing the non-cancellable lease commitments as reported in the 2018 consolidated financial statements and the lease liabilities recognised at transition date:

<b>Group Recticel</b> in thousand EUR	
<b>Minimum future payments as disclosed at December 31, 2018</b>	<b>100 150</b>
Contracts excluded as not in scope of IFRS 16	( 462)
Extension and termination options reasonably certain to be exercised	54 767
Recognition exemptions	
Short-term leases	(2 334)
Lease of low-value assets	( 476)
<b>Minimum future payments in scope of IFRS 16 at December 31, 2018</b>	<b>151 644</b>
Discount effect using the incremental borrowing rate at January 1, 2019	(33 505)
<b>Lease liabilities recognised as a result of IFRS 16 at January 1st, 2019</b>	<b>118 139</b>
Finance lease liabilities recognised at December 31, 2018	18 145
<b>Total lease liabilities recognised at January 1st, 2019</b>	<b>136 284</b>

The related right-of-use assets were measured at an amount equal to the lease liability, adjusted for prepaid rental expenses amounting to EUR 117.5 million.

The right-of-use assets for an amount of EUR 144.8 million recognised at transition date can be detailed as follows:

<b>Group Recticel</b> in thousand EUR	<b>30 JUN 2019</b>	<b>01 JAN 2019</b>
Land and buildings	107 699	114 371
Plant, machinery and equipment	16 602	18 981
Furniture and vehicules	10 775	11 496
<b>Total right-of-use assets</b>	<b>135 075</b>	<b>144 849</b>

The amount of right-of-use assets presented earlier is composed of (i) changes in accounting policies (i.e. implementation of IFRS 16; EUR 117.5 million) and (ii) the transfer from Property, plant and equipment of the previously recorded leased assets (EUR 27.3 million).

#### **1.7.3.1.3. Impact IFRS 16 on equity**

There has been no impact on the opening equity following the application of IFRS 16.

#### **1.7.3.1.4. Impact IFRS 16 on income statement**

For the six months ending June 30, 2019, depreciation expenses on right-of-use assets (including lease reassessments) were recognised for an amount of EUR 10.9 million. Interest expenses (included in financial expenses) were recognised for an amount of EUR 2.2 million.

In the consolidated income statement per June 30, 2019, rental expenses have been recognised for:

- Short-term leases: EUR 1.6 million
- Low-value leases: EUR 0.3 million
- Variable leases: EUR 0.6 million

If IFRS 16 had not been applied in the consolidated income statement per June 30, 2019, the EBITDA would have been EUR 12.5 million lower, the EBIT EUR 1.6 million lower and net result EUR 0.6 million higher.

#### ***1.7.3.1.5. Impact IFRS 16 on alternative performance measures***

The implementation of IFRS 16 modified the computation of the net free cash-flow. Considering that, as a result of IFRS 16, operationally nothing has changed and IFRS 16 is only an accounting change, the definition of net free cash-flow is adjusted to include the repayment of lease liabilities (i.e. excluding the interest expense).

As such, the net free cash-flow will be computed as follows: the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities, (iii) the Interest paid on financial liabilities and (iv) the decrease of lease liabilities; as shown in the consolidated cash flow statement.

#### ***1.7.3.2. IFRIC 23 Uncertainty over Income Tax Treatments, effective for annual periods beginning on or after 1 January 2019***

All tax returns are prepared in good faith based on the available information with often the assistance of external tax advisors. There are a number of tax audits ongoing in the Group. The result of these tax audits is not yet clear as the Group is still in a situation of fact finding. It is currently unclear whether any potential finding would lead to a loss of tax losses carried forward of income taxes to be paid. Until now, no material tax corrections have taken place. However, important tax corrections can never be excluded. In such case, Recticel will defend its position always in full collaboration with the tax authorities.

As a result of the initial application of IFRIC 23, there was no impact in the opening equity as per January 1<sup>st</sup>, 2019.

#### ***1.7.4. POTENTIAL IMPACT OF NEW STANDARDS WHICH ARE NOT YET APPLICABLE***

Standards and Interpretations which are not yet applicable are deemed not to have a significant impact on the consolidated financial standards.

### **1.7.5. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY**

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

The estimated results of such possible future events may consequently diverge from the actual impact on results. Assessments and estimates were made, inter alia, regarding:

- additional impairments in respect of fixed assets, including Goodwill;
- determination of provisions for restructuring, contingent liabilities and other exposures;
- determination of provisions for irrecoverable receivables;
- determination of write-downs on inventories;
- valuation of post-employment defined benefit obligations, other long term employee benefits and termination benefits;
- the recoverability of deferred tax assets;
- period applied over which the revenue related to moulds (Automotive) is released to the income statement (see below).

Revenue and costs of moulds are recognised over the production period as from the moment the parts are produced with the moulds. The period corresponds to the period during which the volumes of production are the most important over the lifetime of the programs which is set at four years.

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

### **1.7.6. CHANGES IN SCOPE OF CONSOLIDATION**

The following changes in the scope of consolidation took place during the first half-year of 2019:

- Net disposal of 26% of the participation in the joint venture Proseat (Automotive) in February 2019.
- Increase of the participation in Turvac (Insulation) from 50% (joint venture) to 74% (subsidiary with minority interest).

### 1.7.7. BUSINESS SEGMENTS

The principal market segments for Recticel's goods and services are the four operating segments: Flexible Foams, Bedding, Insulation, Automotive; and Corporate. For more details on these segments, reference is made to the press release of 30 August 2019 (First Half-Year 2019 Results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

#### Segment information for the first half-year 2019

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
<b>SALES</b>								
External sales	269 314	117 254	114 161	129 848	0	630 577		
Inter-segment sales	17 840	2 588	928	0	(21 360)	(4)		
<b>Total sales</b>	<b>287 154</b>	<b>119 842</b>	<b>115 089</b>	<b>129 848</b>	<b>(21 360)</b>	<b>630 573</b>	<b>(94 501)</b>	<b>536 072</b>
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>								
Segment result	18 757	1 978	6 995	11 319	0	39 049		
Unallocated corporate expenses						(12 437)		
<b>EBIT</b>	<b>18 757</b>	<b>1 978</b>	<b>6 995</b>	<b>11 319</b>	<b>0</b>	<b>26 612</b>	<b>(1 879)</b>	<b>24 733</b>
Financial result								(4 582)
<b>Result for the period before taxes</b>								<b>20 150</b>
Income taxes								(4 049)
<b>Result for the period after taxes</b>								<b>16 101</b>
Attributable to non-controlling interests								6
<b>Share of the Group</b>								<b>16 107</b>

#### Segment information for the first half-year 2018

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

## Other segment information first half-year 2019

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	CORPORATE	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
Depreciation and amortisation	10 648	4 484	10 072	5 310	876	31 390	( 3 569)	27 821
Impairment losses recognised in profit and loss	0	287	360	46	0	693	0	693
EBITDA	29 405	6 749	17 427	16 675	( 11 561)	58 695	( 5 449)	53 246
Capital additions	7 787	3 072	1 902	2 592	1 673	17 026	( 1 449)	15 577

## Other segment information first half-year 2018

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

## Balance sheet information per segment at 30 June 2019

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	ELIMINATIONS	COMBINED TOTAL (A)	ADJUSTMENT FOR JOINT VENTURES BY APPLICATION OF IFRS 11 (B)	CONSOLIDATED TOTAL (A)+(B)
<b>ASSETS</b>								
Segment assets	295 444	120 652	222 408	161 196	( 69 087)	730 613	( 102 482)	628 131
Investment in associates	11 056	0	12 264	0	0	23 320	45 312	68 631
Unallocated corporate assets						132 726	3 404	136 129
<b>Total consolidated assets</b>						<b>886 658</b>	<b>( 53 767)</b>	<b>832 891</b>
<b>LIABILITIES</b>								
Segment liabilities	156 743	60 154	144 148	82 345	( 68 853)	374 537	( 31 097)	343 440
Unallocated corporate liabilities						249 207	( 25 671)	223 536
<b>Total consolidated liabilities (excluding equity)</b>						<b>623 743</b>	<b>( 56 767)</b>	<b>566 976</b>

The unallocated assets, which amount to EUR 132.7 million, include mainly the following items:

- Short-term financial receivables for EUR 8.0 million
- Long-term financial receivables for EUR 15.8 million
- Current tax receivables for EUR 5.7 million
- Deferred tax assets for EUR 21.8 million
- Cash & cash equivalent for EUR 47.8 million.

The unallocated liabilities, which amount to EUR 249.2 million (equity excluded), include mainly the following items:

- Provisions for pensions long term for EUR 62.0 million
- Provisions for pensions short term for EUR 3.1 million
- Other provisions long term for EUR 13.9 million
- Other provisions short term for EUR 2.8 million
- Deferred tax liabilities for EUR 9.9 million
- Interest-bearing borrowings long-term for EUR 27.9 million (excluding lease liabilities which are allocated to the segments)
- Interest-bearing borrowings short-term for EUR 87.5 million (excluding lease liabilities which are allocated to the segments)
- Current tax payables for EUR 3.7 million.

### Balance sheet information per segment at 30 June 2018

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

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

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

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

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

## Adjustments to the operating result per segment

Group Recticel in thousand EUR	FLEXIBLE FOAMS	BEDDING	AUTOMOTIVE	INSULATION	NOT ALLOCATED	TOTAL COMBINED
<b>First half-year 2019</b>						
Impairment	0	( 286)	( 360)	( 46)	0	( 693)
Gain/(loss) on disposal assets	0	0	4 937	0	0	4 937
Restructuring charges	( 1 902)	( 221)	0	0	( 1 094)	( 3 217)
Other	349	34	0	0	( 1 851)	( 1 468)
<b>TOTAL</b>	<b>( 1 553)</b>	<b>( 473)</b>	<b>4 577</b>	<b>( 46)</b>	<b>( 2 945)</b>	<b>( 441)</b>

- The gain on disposal of assets: On 19 February 2019, Recticel announced the closing of the transactions as a result of which Sekisui Plastics Co., Ltd. acquired 75% in Proseat. Recticel maintains a 25% participation in Proseat with the option to sell this remaining participation within three years if Sekisui exercises its call option during this period, or after three years when Recticel exercises its put option. The transaction results in a net gain of EUR 2.1 million, recognised in other operating revenues in the consolidated income statement. The put and call options have been recognised as financial instruments at fair value with changes in fair value to be recognised in profit or loss (other operating revenues/expenses). At closing June 2019, the derivative instruments amounted to 2.9 million.

- Restructuring charges (EUR -3.2 million) refer to additional restructuring measures in execution of the Group's rationalisation plan, including Eurofoam Germany for EUR 2.0 million.

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

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

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

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



## 1.7.8. INCOME STATEMENT

### 1.7.8.1. OTHER OPERATING INCOME AND EXPENSES

Group Recticel in thousand EUR	1H2019	1H2018
Other operating income	10 652	5 015
Other operating expenses	( 10 140)	( 8 296)
<b>TOTAL</b>	<b>512</b>	<b>( 3 281)</b>

Group Recticel in thousand EUR	1H2019	1H2018
Net Gain/(Loss) on disposal Proseat	2 091	0
Valorisation call/put option structure Proseat deal	2 860	0
Restructuring costs and other related provisions	( 2 686)	( 180)
Gain (Loss) on disposal of intangible and tangible assets	349	42
Other income	1 665	4 860
Other expenses	( 3 767)	( 8 004)
<b>TOTAL</b>	<b>512</b>	<b>( 3 281)</b>

## COMMENTS ON FIRST HALF-YEAR RESULTS 2019

### Restructuring

Restructuring charges (EUR -2.7 million) refer to some complementary measures in Flexible Foams and shared services.

### Other operating revenues and expenses

Other operating revenues and expenses during the first half-year of 2019 comprised, a.o.

- (i) the net impact of pension liabilities and other employee benefits (EUR -3.7 million), including a curtailment effect, additional service costs, other social costs and currency effects on pension plans.
- (ii) royalties received (EUR +0.6 million)
- (iii) net revenues from insurance premiums (EUR +1.1 million)
- (iv) re-invoicing of services and goods, rentals (EUR +0.4 million)

## **COMMENTS ON FIRST HALF-YEAR RESULTS 2018**

### **Restructuring**

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

### **Other operating revenues and expenses**

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

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

### 1.7.8.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H2019	1H2018
Interest on lease liabilities	( 2 566)	( 147)
Interest on long-term bank loans	( 632)	( 539)
Interest on short-term bank loans & overdraft	( 765)	( 1 002)
Interest on other short-term loans	( 78)	4
Net interest charges on Interest Rate Swaps	( 24)	( 654)
Net interest charges on foreign currency swaps	0	( 6)
<b>Total borrowing cost</b>	<b>( 4 065)</b>	<b>( 2 343)</b>
Interest income from bank deposits	23	34
Interest income from financial receivables	111	231
<b>Interest income from financial receivables and cash</b>	<b>134</b>	<b>265</b>
Interest charges on other debts	( 37)	( 47)
Interest income from other financial receivables	2	61
<b>Total other interest</b>	<b>( 35)</b>	<b>14</b>
<b>Interest income and expenses</b>	<b>( 3 966)</b>	<b>( 2 064)</b>
<b>Exchange rate differences</b>	<b>( 212)</b>	<b>( 1 920)</b>
<b>Interest on provisions for employee benefits and other debt</b>	<b>( 404)</b>	<b>( 380)</b>
Other financial result	0	( 18)
<b>FINANCIAL RESULT</b>	<b>( 4 582)</b>	<b>( 4 381)</b>

The higher borrowing cost results mainly from the application of IFRS 16.

### 1.7.8.3. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.24 per share or EUR 13.2 million for the year 2018, which was approved by the shareholders at the Annual General Meeting of 28 May 2019. The payment of this dividend took place on 03 June 2019, and is thus reflected in the financial statements for the first half of 2019.

## 1.7.9. BALANCE SHEET

### 1.7.9.1. PROPERTY, PLANT & EQUIPMENT

For the half-year ending 30 June 2019:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
<b>At the end of the preceding period (31 December 2018)</b>							
Gross value	187 887	526 968	25 945	44 698	1 112	15 315	801 925
Accumulated depreciation	( 117 837)	( 394 780)	( 21 749)	( 17 303)	( 1 043)	( 238)	( 552 951)
Accumulated impairments	( 3 964)	( 12 350)	( 21)	( 76)	0	( 22)	( 16 432)
<b>Net book value at opening</b>	<b>66 086</b>	<b>119 838</b>	<b>4 174</b>	<b>27 319</b>	<b>70</b>	<b>15 055</b>	<b>232 541</b>
<b>Movements during the period</b>							
Changes in accounting policies	0	0	0	( 27 319)	0	0	( 27 319)
Changes in consolidation method	1 483	444	18	0	0	0	1 946
Acquisitions, including own production	151	1 557	244	0	5	11 623	13 581 <sup>(1)</sup>
Impairments	0	( 325)	( 10)	0	0	0	( 335)
Expensed depreciation	( 2 011)	( 11 191)	( 981)	0	( 10)	0	( 14 193)
Sales, scrapped or destroyed	0	( 7)	( 1)	0	0	( 3)	( 11) <sup>(2)</sup>
Transfers from one heading to another	2 597	13 733	642	0	36	( 16 942)	66
Exchange rate differences	21	370	4	0	( 0)	( 14)	381
<b>At the end of the period (30 June 2019)</b>	<b>68 327</b>	<b>124 420</b>	<b>4 091</b>	<b>( 0)</b>	<b>100</b>	<b>9 719</b>	<b>206 657</b>
Gross value	191 913	554 561	26 916	0	1 914	9 982	785 285
Accumulated depreciation	( 119 695)	( 418 499)	( 22 800)	0	( 1 814)	( 240)	( 563 048)
Accumulated impairments	( 3 891)	( 11 642)	( 25)	0	0	( 22)	( 15 580)
<b>Net book value at the end of the period (30 June 2019)</b>	<b>68 327</b>	<b>124 420</b>	<b>4 091</b>	<b>0</b>	<b>100</b>	<b>9 719</b>	<b>206 657</b>
<b>Acquisitions</b>				<b>Disposals</b>			
Cash-out on acquisitions tangible assets	( 17 522)			Cash-in from disposals tangible assets			753
Acquisitions included in working capital	3 941			Disposals included in working capital			( 742)
Total acquisitions tangible assets <sup>(1)</sup>	( 13 581)			Total disposals tangible assets <sup>(2)</sup>			11

Total acquisitions of tangible assets amount to EUR 13.6 million in the first half of 2019.

At 30 June 2019, the Group has entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 10.0 million.

At 31 December 2018, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 10.5 million.

## For the half-year ending 30 June 2018:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction and advance payments	TOTAL
<b>At the end of the preceding period (31 December 2017)</b>							
Gross value	174 573	509 343	25 562	44 751	1 146	23 248	778 622
Accumulated depreciation	( 117 173)	( 381 437)	( 21 422)	( 16 410)	( 1 060)	( 240)	( 537 741)
Accumulated impairments	( 1 258)	( 12 741)	( 2)	( 76)	0	( 21)	( 14 098)
<b>Net book value at opening</b>	<b>56 142</b>	<b>115 165</b>	<b>4 139</b>	<b>28 265</b>	<b>86</b>	<b>22 987</b>	<b>226 783</b>
<b>Movements during the period</b>							
Acquisitions, including own production	532	2 007	94	0	9	18 518	21 160 <sup>(1)</sup>
Impairments	430	0	0	0	0	0	430
Expensed depreciation	( 1 681)	( 10 585)	( 859)	( 465)	( 10)	0	( 13 600)
Sales, scrapped or destroyed	0	( 127)	0	0	0	0	( 127) <sup>(2)</sup>
Transfers from one heading to another	385	6 167	334	9	( 4)	( 6 744)	147
Change in scope	0	( 0)	0	0	0	24	24
Exchange rate differences	( 98)	( 177)	( 24)	( 1)	( 2)	48	( 252)
<b>At the end of the period (30 June 2018)</b>	<b>55 710</b>	<b>112 449</b>	<b>3 684</b>	<b>27 809</b>	<b>79</b>	<b>34 833</b>	<b>234 564</b>
Gross value	178 144	508 307	25 431	44 729	1 160	35 091	792 863
Accumulated depreciation	( 121 584)	( 384 502)	( 21 734)	( 16 844)	( 1 081)	( 237)	( 545 983)
Accumulated impairments	( 850)	( 11 356)	( 13)	( 76)	0	( 21)	( 12 317)
<b>Net book value at the end of the period (30 June 2018)</b>	<b>55 710</b>	<b>112 449</b>	<b>3 684</b>	<b>27 809</b>	<b>79</b>	<b>34 833</b>	<b>234 564</b>
<b>Acquisitions</b>		<b>Disposals</b>					
Cash-out on acquisitions tangible assets	( 22 391)	Cash-in from disposals tangible assets 116					
Acquisitions included in working capital	1 231	Disposals included in working capital ( 243)					
Total acquisitions tangible assets <sup>(1)</sup>	( 21 160)	Total disposals tangible assets <sup>(2)</sup> ( 127)					

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

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

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

### 1.7.9.2. RIGHT-OF-USE ASSETS

For the half-year ending 30 June 2019:

Group Recticel in thousand EUR	Land and buildings	Plant, machinery & equipment	Furniture & Vehicules	TOTAL
<b>At the end of the preceding period (31 December 2018)</b>				
Gross value	0	0	0	0
Accumulated depreciation	0	0	0	0
Accumulated impairments	0	0	0	0
<b>Net book value at opening</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movements during the period</b>				
Changes in accounting policies	87 058	18 976	11 496	117 530
Changes in accounting policies - Transfer from Property, plant and equipment	27 313	6	0	27 319
Acquisitions, including own production	591	228	1 616	2 435
Lease reassessment	500	0	0	500
Expensed depreciation	( 6 250)	( 2 767)	( 2 342)	( 11 359)
Sales, scrapped or destroyed	( 1 673)	0	0	( 1 673)
Exchange rate differences	160	160	4	323
<b>At the end of the period (30 June 2018)</b>	<b>107 698</b>	<b>16 602</b>	<b>10 775</b>	<b>135 075</b>
Gross value	131 237	19 836	13 176	164 249
Accumulated depreciation	( 22 985)	( 3 235)	( 2 401)	( 28 621)
Accumulated impairments	( 553)	0	0	( 553)
<b>Net book value at the end of the period (30 June 2019)</b>	<b>107 699</b>	<b>16 602</b>	<b>10 775</b>	<b>135 075</b>

### 1.7.9.3. INTERESTS IN JOINT VENTURES AND ASSOCIATES

Group Recticel in thousand EUR	30 JUN 2019	31 DEC 2018
<b>At the end of the preceding period</b>	<b>68 631</b>	<b>76 241</b>
<b>Movements during the year</b>		
Changes in the consolidation method	( 4 189) <sup>(1)</sup>	0
Actuarial gains/(losses) recognized in equity	( 562)	348
Outgoing entities	0	2
Deferred tax relating to components of other comprehensive income	( 90)	93
Exchange rate differences	378	( 798)
Group's share in the result of the period	4 811 <sup>(2)</sup>	10 168
Dividends distributed	( 7 118) <sup>(3)</sup>	( 5 640)
Result transfer	0	( 952)
Capital increase	0	2 040
Other	0	0
Reclassification to held for sale	0	( 12 870)
<b>At the end of the period</b>	<b>61 862</b>	<b>68 631</b>

<sup>(1)</sup> Relates to the acquisition of 49% of Proseat NV (Belgium) in the context of the partial sale of the stake in the Proseat companies in February 2019 and the acquisition of the additional 24% of the shares in Turvac (Insulation).

- (2) In 1H2019 the item Group's share in the result of the period decreased compared to 1H2018 and results mainly from the lower result of Eurofoam, including restructuring costs for the closure of the plant in Troisdorf (Germany). The above table, compares a 6-month period to a full-year period, but one should also consider the dividends distributed during the period.
- (3) Dividends distributed by the joint ventures relate primarily to the Eurofoam group and to a lesser extent Orsafoam.

#### 1.7.9.4. PROVISIONS

For the half-year ending 30 June 2019:

Group Recticel in thousand EUR	EMPLOYEE BENEFITS	CUSTOMER & OTHER LITIGATIONS	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	REORGANISATION	PROVISIONS FOR ONEROUS CONTRACTS	OTHER RISKS	TOTAL
<b>At the end of the preceding period (31 Dec 2018)</b>	<b>52 775</b>	<b>171</b>	<b>1 713</b>	<b>2 237</b>	<b>9 063</b>	<b>1 117</b>	<b>2 573</b>	<b>69 649</b>
<b>Movements during the period</b>								
Changes in accounting policies	0	0	0	0	0	( 618)	0	( 618)
Changes in consolidation method	700	0	0	0	0	0	0	700
Actuarial (gains) losses recognized in equity	4 332	0	0	0	0	0	0	4 332
Actualisation	404	0	( 0)	0	0	0	0	404
Increases	3 822	0	371	0	0	0	865	5 057
Utilisations	( 5 015)	( 146)	( 278)	( 172)	( 1 714)	34	( 237)	( 7 528)
Write-backs	( 60)	( 15)	( 54)	0	( 666)	( 95)	( 174)	( 1 064)
Transfers from one heading to another	0	15	0	0	0	0	( 15)	0
Exchange rate differences	9	0	5	0	0	0	6	21
<b>At the end of the period (30 Jun 2019)</b>	<b>56 967</b>	<b>25</b>	<b>1 756</b>	<b>2 065</b>	<b>6 683</b>	<b>438</b>	<b>3 018</b>	<b>70 952</b>
Non-current provisions (more than one year)	53 861	25	1 576	1 857	6 093	438	3 018	66 867
Current provisions (less than one year)	3 106	0	181	208	590	0	0	4 085
<b>Total at end of the period (30 Jun 2018)</b>	<b>56 967</b>	<b>25</b>	<b>1 756</b>	<b>2 065</b>	<b>6 683</b>	<b>438</b>	<b>3 018</b>	<b>70 952</b>

The movement in the **changes in accounting policies** relates to the application of IFRS 16.

The **provisions for employee benefits** have increased by EUR 4.2 million. This variance is mainly explained by actuarial gains of EUR 4.3 million due to a lower discount rate,

### 1.7.9.5. FINANCIAL LIABILITIES

#### 1.7.9.5.1. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	Non-current liabilities		Current liabilities	
	30 JUN 2019	31 DEC 2018	30 JUN 2019	31 DEC 2018
<b>Secured</b>				
Lease liabilities	89 922	17 505	37 171	640
Bank loans	13 768	15 500	9 897	0
Bank loans - factoring with recourse	0	0	786	646
<b>Total secured</b>	<b>103 690</b>	<b>33 005</b>	<b>47 854</b>	<b>1 286</b>
<b>Unsecured</b>				
Other loans	1 600	1 701	260	260
Current bank loans	0	0	3 210	2 945
Commercial paper	0	0	62 912	58 985
Bank overdraft	0	0	5 216	25 780
Other financial liabilities	0	0	1 174	765
<b>Total unsecured</b>	<b>1 600</b>	<b>1 701</b>	<b>72 772</b>	<b>88 734</b>
<b>Total liabilities carried at amortised cost</b>	<b>105 290</b>	<b>34 706</b>	<b>120 626</b>	<b>90 021</b>



### 1.7.9.5.2. GROSS FINANCIAL DEBT: INTEREST-BEARING BORROWINGS, INCLUDING CONTINUING INVOLVEMENT OF OFF-BALANCE SHEET NON-RECOURSE FACTORING PROGRAMS

in thousand EUR

Group Recticel	30 JUN 2019	31 DEC 2018
<b>Drawn amounts under the various available interest-bearing borrowing facilities</b>		
Outstanding amounts under club deal facility	0	0
Outstanding amounts under lease liabilities	89 922	17 504
Outstanding amounts under other non-current loans	15 368	17 201
<b>Outstanding amounts under non-current gross interest-bearing borrowings (a)</b>	<b>105 290</b>	<b>34 705</b>
Outstanding amounts under bank overdrafts	5 216	23 959
Outstanding amounts under current bank loans	13 108	2 945
Outstanding amounts under lease liabilities	37 171	640
Outstanding amounts under factoring programs - continuing involvement	786	646
Outstanding amounts under commercial paper programs <sup>1</sup>	62 912	58 985
Outstanding amounts under other current loans	260	260
Outstanding amounts under other financial liabilities	1 147	765
<b>Outstanding amounts under current gross interest-bearing borrowings (b)</b>	<b>120 600</b>	<b>88 200</b>
<b>Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)</b>	<b>225 890</b>	<b>122 905</b>
Outstanding amounts under non-recourse factoring programs (d)	60 241	51 320
<b>Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)</b>	<b>286 131</b>	<b>174 225</b>
<b>Weighted average lifetime of non-current interest-bearing borrowings (in years)</b>	<b>11,8</b>	<b>12,3</b>
Weighted average interest rate of gross financial debt at fixed interest rate	2,26%	2,00%
Interest rate range of gross financial debt at fixed interest rate	1.46% - 2.62%	1.46% - 2.62%
Weighted average interest rate of gross financial debt at variable interest rate	1,00%	1,00%
Interest rate range of gross financial debt at variable interest rate	0.32% - 3.70%	0.11% - 3.70%
<b>Weighted average interest rate of total gross financial debt</b>	<b>1,40%</b>	<b>1,31%</b>
<b>Percentage of gross financial debt at fixed interest rate</b>	<b>34,0%</b>	<b>31,0%</b>
<b>Percentage of gross financial debt at variable interest rate</b>	<b>66,0%</b>	<b>69,0%</b>

<sup>1</sup> The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the club deal facility. Therefore the reported unused amount under the EUR 175 million club deal revolving credit facility is after deduction of the issued amounts under the commercial paper program.

The fair value of floating rate borrowings is close to the nominal value.

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

### (i) Lease liabilities

Lease liabilities comprise (i) following the application of IFRS 16 the operating leases for property, plant and equipment, furniture and vehicles, and (ii) the formerly called finance leases. Finance leases consist mainly of three leases. The first one finances the Insulation plant in Bourges (France), has an outstanding amount as of 30 June 2019 of EUR 6.9 million and is at floating rate. The second one for buildings in Belgium, has an outstanding amount as of 30 June 2019 of EUR 2.0 million in the statement of financial position and is at a fixed rate. In 2017 a new lease was taken to finance the extension of the Insulation plant in Wevelgem (Belgium). Per 30 June 2019 the outstanding amount of this new lease amounted to EUR 8.26 million. This lease is at fixed rate.

### (ii) Bank loans – “club deal”

On 9 December 2011, Recticel concluded a new five-year club deal for a multi-currency loan of EUR 175 million. The tenor of this ‘club deal’ facility – in which 6 European banks are participating - has been extended in February 2016 for another five years. It currently will mature in February 2021.

### (iii) Other bank loans

In 2018, Recticel concluded a new secured fixed rate bilateral bank loan of EUR 15.5 million for the financing of the new greenfield Insulation plant in Finland. The tenor of this amortising bank loan is 15 years, with maturity in March 2033.

### (iv) Commercial paper program

In 2017, the Group started a short term commercial paper program (TCN – Titres de Créances Négociables) in France for an amount of EUR 100 million, which was increased in 2018 to EUR 150 million. This TCN-program is used to complement the financing of day-to-day working capital needs of the Group. The amount issued under the TCN-program is to be covered by the unused amount under the EUR 175 million club deal credit facility.

#### 1.7.9.5.3. Other financial liabilities

in thousand EUR

Group Recticel	30 JUN 2019	31 DEC 2018
Other financial debt	65	65
Interest accruals	429	270
<b>Total</b>	<b>494</b>	<b>336</b>

#### 1.7.9.5.4. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

in thousand EUR

Group Recticel	IFRS 9 category	30 JUN 2019	31 DEC 2018	Fair value level
<b>Other financial investments</b>		<b>911</b>	<b>791</b>	
<i>Equity investments</i>	FVTOCI (1)	911	791	3
<b>Non-current receivables</b>		<b>18 473</b>	<b>5 841</b>	
<i>Loans</i>	AC	18 473	5 841	N/A
<b>Trade receivables</b>	AC	<b>128 533</b>	<b>107 680</b>	
<b>Other receivables and other financial assets</b>		<b>7 667</b>	<b>28 980</b>	
<i>Derivatives - forward exchange contracts</i>	FVTPL	237	0	2
<i>Derivatives - Interest rate swaps</i>	FVTPL	218	19	2
<i>Loans</i>	AC	7 212	28 961	N/A
<b>Cash and cash equivalents</b>	AC	<b>41 316</b>	<b>39 554</b>	<b>N/A</b>
<b>Total financial assets</b>		<b>196 900</b>	<b>182 846</b>	
<b>Non-current financial liabilities</b>		<b>105 290</b>	<b>34 705</b>	
<i>Finance leases</i>	AC	89 922	17 504	N/A
<i>Bank loans</i>	AC	13 768	15 500	N/A
<i>Other loans</i>	AC	1 600	1 701	N/A
<i>Other financial liabilities - Derivatives - Interest rate swaps</i>	FVTPL	0	0	2
<b>Current financial liabilities</b>		<b>120 626</b>	<b>90 021</b>	
<i>Finance leases</i>	AC	37 171	640	N/A
<i>Bank loans</i>	AC	13 108	2 945	N/A
<i>Bank loans - factoring with continuing involvement</i>	AC	786	646	N/A
<i>Other loans</i>	AC	260	260	N/A
<i>Commercial paper</i>	AC	62 912	58 985	N/A
<i>Bank overdrafts</i>	AC	5 216	25 780	N/A
<i>Other financial liabilities - Loans</i>	AC	763	335	N/A
<i>Other financial liabilities - Derivatives - forward exchange contracts</i>	FVTPL	242	201	2
<i>Other financial liabilities - Derivatives - Interest rate swaps</i>	FVTPL	169	229	2
<b>Trade payables</b>	AC	<b>98 508</b>	<b>90 756</b>	<b>N/A</b>
<b>Total financial liabilities</b>		<b>324 424</b>	<b>215 482</b>	

#### 1.7.10. WORKING CAPITAL NEED

Despite the weak macro-economic environment leading to soft demand in the end-markets in combination with selling price erosion as a result of lower chemical raw material costs and increased competition, the higher working capital needs reflect the seasonable build-up of working capital.

The utilization of the factoring programs per 30 June 2019 amounted to EUR 60.2 million, compared to EUR 62.3 million per 30 June 2018 and EUR 51.3 million per 31 December 2018.

### **1.7.11. MISCELLANEOUS**

#### **1.7.11.1. RELATED PARTY TRANSACTIONS**

Compared to December 2018 there are no significant changes in the related party transactions.

#### **1.7.11.2. ISSUE OF NEW WARRANT PLAN**

On 28 June 2019 a new warrant plan was issued in favour of leading staff members of the Group. In total 500,000 new warrants were issued with an exercise price of EUR 7.90. The exercise period runs - after a vesting period of three years -, from 01 January 2023 till 27 June 2026. Fair value of this warrant serie amounts to EUR 0.59 million.

#### **1.7.11.3. CONTINGENT ASSETS AND LIABILITIES**

The contingent assets and liabilities as communicated in the annual report 2018 (section II.4.2.6.10.) encountered the following developments:

##### **1.7.11.3.1. Tertre (Belgium)**

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

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

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

This plan was approved in December 2013 by Ministerial Order of the Walloon Government, and the specification book was likewise prepared by both parties and approved by the authorities. End December 2015 Ecoterres was appointed as contractor. The works were started in 2016 and the end of the works is expected by end 2020.

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

The implementation of the restructuring plan started in 2013 and has been completed as planned. The clean-up works were completed in 2017 but are still subject to a monitoring phase during 3 years.

### **1.7.11.3.2. Litigations**

The Group has been the subject of an antitrust investigation at European level. Recticel announced on 29 January 2014 that a settlement was reached with the European Commission in the polyurethane foam investigation. The case was closed after payment of the last instalment of the effective overall fine in April 2016.

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

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

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

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

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

Following the fire incident in Most (Czech Republic), the involved Group entity has been temporarily unable to supply the contractually agreed quantities of products, leading to production interruptions at the direct customers and the car manufacturers. While the Group entity involved have claimed Force Majeure in this respect, this has been put in question or even contested by a number of customers, with indication that further claims could be raised to obtain damage compensation. While the Group is insured in this regard in line with industrial standards, it cannot be excluded that such claims could lead to financial losses for the group companies involved. One customer has launched a legal proceeding in France in the course of the first semester of 2019.

Some years ago Recticel has initiated opposition proceedings against the patent application of a Swiss competitor which had been developed by and has been since many years used by the Group. Recticel has won this procedure. In March 2019 the European Patent Office confirmed the decision in appeal. This decision is final.

Following the announced closure of a production plant in Catarroja, Spain, a transport company sent a claim letter for damage compensation against Recticel's Spanish entity. Recticel refuted the claim. In May 2019, both parties reached an amicable settlement with no material impact at Recticel level.

On 31 May 2019, Greiner AG launched an arbitration proceeding against Recticel SA/NV, claiming that Recticel supplied excess quantities of foam to its Bedding subsidiaries located in the territory of the Eurofoam joint venture, in breach of the 1997 Joint Venture agreement and requesting compensation for damages in this regard. Recticel considers this claim to be without merit and will defend its position. The estimated costs for the arbitration proceeding have been accrued for in Recticel's accounts.

As of 30 June 2019, total overall provisions and accruals for other litigations, environmental risk and other risks on Recticel Group level amounted to EUR 6.5 million in the consolidated financial statement (or EUR 7.3 million in the combined financial statements). With reference to the prejudicial exemption in IAS 37 §92, the Group will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and claims.

The disclosure of such information is believed to be detrimental to the Group in connection with the ongoing confidential negotiations and could inflict financial losses on Recticel and its shareholders.

## II. INTERIM MANAGEMENT REPORT

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

IFRS 8 requires operating segments to be identified on the basis of the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment. In line with the content of the press release on the first half-year 2019 results (dd. 30 August 2019), comments on the development of the different segments are made on the basis of the combined figures, consistent with the managerial reporting and in line with IFRS 8.

### II.1. KEY FIGURES - COMBINED

<i>in million EUR</i>	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ %	1H2019 after IFRS 16	Δ
		(a)	(b)	(b)/(a)-1	(c)	(c) - (b)
<b>Sales</b>	<b>755,9</b>	<b>682,7</b>	<b>630,6</b>	<b>-7,6%</b>	<b>630,6</b>	<b>0,0</b>
Gross profit	122,4	114,7	116,1	1,2%	117,6	1,5
<i>as % of sales</i>	16,2%	16,8%	18,4%		18,7%	
<b>Adjusted EBITDA</b>	<b>56,2</b>	<b>53,3</b>	<b>44,9</b>	<b>-15,7%</b>	<b>58,4</b>	<b>13,5</b>
<i>as % of sales</i>	7,4%	7,8%	7,1%		9,3%	
<b>EBITDA</b>	<b>51,6</b>	<b>48,7</b>	<b>45,2</b>	<b>-7,2%</b>	<b>58,7</b>	<b>13,5</b>
<i>as % of sales</i>	6,8%	7,1%	7,2%		9,3%	
<b>Adjusted EBIT</b>	<b>36,2</b>	<b>35,1</b>	<b>25,5</b>	<b>-27,6%</b>	<b>27,0</b>	<b>1,6</b>
<i>as % of sales</i>	4,8%	5,1%	4,0%		4,3%	
<b>EBIT</b>	<b>31,0</b>	<b>29,9</b>	<b>25,0</b>	<b>-16,5%</b>	<b>26,6</b>	<b>1,6</b>
<i>as % of sales</i>	4,1%	4,4%	4,0%		4,2%	
	<b>30 Jun 18</b>	<b>30 Jun 18</b>	<b>30 Jun 19</b>		<b>30 Jun 19</b>	
<b>Total Equity</b>	<b>254,7</b>	<b>254,7</b>	<b>266,5</b>	<b>4,6%</b>	<b>265,9</b>	<b>-0,6</b>
Net financial debt <sup>6</sup>	138,7	138,7	83,9	-39,5%	201,1	117,1
<b>Gearing ratio</b> (Net financial debt <sup>4</sup> /Total Equity)	<b>54,5%</b>	<b>54,5%</b>	<b>31,5%</b>		<b>75,6%</b>	
<b>Leverage ratio</b> (Net financial debt <sup>4</sup> /EBITDA)	<b>1,3</b>	<b>1,4</b>	<b>0,9</b>		<b>1,7</b>	

<sup>6</sup> Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 60.2 million per 30 June 2019 versus EUR 62.3 million per 30 June 2018 and EUR 51.3 million per 31 December 2018.

## II.1.1. COMMENTS ON THE GROUP RESULTS

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

Changes in the scope of consolidation in 1H2019:

- Reduction of the participation in Proseat (Automotive – Seating) from 51% to 25%. Consequently, Proseat is integrated in the combined figures of 2019 according to the 'equity method' and no longer on a proportionate basis.
- The Group increased its participation in Turvac (Insulation) from 50% to 74%, leading to its full consolidation.

**Combined Sales:** on a like-for-like basis sales decreased by 7.6% from EUR 682.8 million<sup>2</sup> (as published: EUR 755.9 million) to **EUR 630.6 million**, including a currency impact of +0.1%.

All divisions reported lower sales during 1H2019;

- Flexible Foams faced softer demand in the durable consumer goods and automotive end-markets, leading to lower volumes. In parallel, the reduced chemical raw material costs led to progressively lower average selling prices.
- Bedding sales decreased by 3.8% over 1H2019, but 2Q2019 showed a noticeable +3.0% recovery.
- Insulation volumes increased by a double-digit percentage, offset by reduced selling prices following the lower raw material costs.
- The Automotive division reported lower sales on a like-for-like basis<sup>2</sup> as market demand dropped in overall weak Chinese and European automotive markets.

### Breakdown of the combined sales by segment

in million EUR	as published			restated <sup>2</sup>						2019 versus 2018 restated		
	1Q2018	2Q2018	1H2018	1Q2018	2Q2018	1H2018	1Q2019	2Q2019	1H2019	Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	170,9	159,7	330,6	170,9	159,7	330,6	148,0	139,2	287,2	-13,4%	-12,8%	-13,1%
Bedding	70,7	54,0	124,6	70,7	54,0	124,6	64,3	55,6	119,8	-9,0%	3,0%	-3,8%
Insulation	60,1	72,6	132,7	60,1	72,6	132,7	62,5	67,4	129,8	4,0%	-7,3%	-2,2%
Automotive	95,5	100,1	195,6	58,3	63,2	121,5	54,1	61,0	115,1	-7,2%	-3,5%	-5,3%
Eliminations	( 15,0)	( 12,6)	( 27,6)	( 14,6)	( 12,1)	( 26,6)	( 11,2)	( 10,1)	( 21,4)	-23,0%	-16,0%	-19,8%
<b>TOTAL COMBINED SALES</b>	<b>382,0</b>	<b>373,9</b>	<b>755,9</b>	<b>345,3</b>	<b>337,5</b>	<b>682,7</b>	<b>317,6</b>	<b>313,0</b>	<b>630,6</b>	<b>-8,0%</b>	<b>-7,2%</b>	<b>-7,6%</b>
Adjustment for joint ventures by application of IFRS 11	( 90,8)	( 85,3)	( 176,2)	( 54,1)	( 48,9)	( 103,0)	( 49,4)	( 45,1)	( 94,5)	-8,7%	-7,8%	-8,3%
<b>TOTAL CONSOLIDATED SALES</b>	<b>291,2</b>	<b>288,5</b>	<b>579,7</b>	<b>291,2</b>	<b>288,5</b>	<b>579,7</b>	<b>268,2</b>	<b>267,9</b>	<b>536,1</b>	<b>-7,9%</b>	<b>-7,2%</b>	<b>-7,5%</b>

**Combined Adjusted EBITDA: EUR 58.4 million**, EUR 44.9 million<sup>3</sup> before IFRS 16 versus EUR 53.3 million<sup>2</sup> (as published: EUR 56.2 million)

Adjusted EBITDA margin of 9.3% including an IFRS 16 impact of +2.1%, 7.1%<sup>3</sup> before IFRS 16 versus 7.8%<sup>2</sup> in 1H2018 (as published: 7.4%).

**Breakdown of the combined Adjusted EBITDA by segment**

<i>in million EUR</i>	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
		(a)	(b)	(b)/(a)-1	
Flexible Foams	21,6	21,6	26,1	20,8%	31,0
Bedding	5,4	5,4	4,7	-13,4%	6,9
Insulation	22,8	22,8	14,8	-35,1%	16,7
Automotive	14,7	11,8	8,3	-29,3%	12,5
Corporate	( 8,4)	( 8,4)	( 9,0)	7,8%	( 8,6)
<b>TOTAL COMBINED ADJUSTED EBITDA</b>	<b>56,2</b>	<b>53,3</b>	<b>44,9</b>	<b>-15,7%</b>	<b>58,4</b>

- Despite lower volumes and some selling price erosion, Flexible Foams continued to benefit from a positive product & price mix as well as from operational improvements.
- Bedding was driven by lower sales in difficult market conditions, especially in Germany.
- Despite substantially higher volumes, profitability in Insulation decreased mainly as a consequence of lower average selling prices following the drop in chemical raw material costs. The new plant in Finland which started production in 4Q2018 is still in ramp-up phase, leading to temporarily unabsorbed additional fixed costs.
- Profitability of Automotive was impacted by lower demand and by the ramp-up costs of new programs in the plant in Tuscaloosa (USA).



**Combined Adjusted EBIT: EUR 27.0 million**, EUR 25.5 million<sup>3</sup> before IFRS 16 versus EUR 35.1 million<sup>2</sup> (as published: EUR 36.2 million)

Adjusted EBIT margin of 4.3% including an IFRS 16 impact of +0.25%, 4.0%<sup>3</sup> before IFRS 16 versus 5.1%<sup>2</sup> in 1H2018 (as published: 4.8%).

**Breakdown of the combined Adjusted EBIT by segment**

<i>in million EUR</i>	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
		(a)	(b)	(b)/(a)-1	
Flexible Foams	15,4	15,4	19,8	28,3%	20,3
Bedding	3,2	3,2	2,3	-28,2%	2,5
Insulation	19,6	19,6	10,9	-44,4%	11,4
Automotive	6,7	5,6	2,0	-64,9%	2,4
Corporate	( 8,7)	( 8,7)	( 9,5)	9,1%	( 9,5)
<b>TOTAL COMBINED Adjusted EBIT</b>	<b>36,2</b>	<b>35,1</b>	<b>25,5</b>	<b>-27,6%</b>	<b>27,0</b>

**Adjustments to EBIT:** (on combined basis, including pro rata share in joint ventures)

<i>in million EUR</i>	1H2018	1H2019
Gain/(loss) on disposals	0,0	5,0
Restructuring charges and provisions	( 0,2)	( 3,2)
Net impact fire incident Automotive Interiors	( 0,8)	0,0
Other	( 3,7)	( 1,5)
<b>Total impact on EBITDA</b>	<b>( 4,6)</b>	<b>0,3</b>
Impairments	( 0,6)	( 0,7)
<b>Total impact on EBIT</b>	<b>( 5,2)</b>	<b>( 0,4)</b>

Adjustments to EBIT in 1H2019 include the net gain realised upon the reduction of the participation in Proseat from 51% to 25% (cfr. press release dd. 19.02.2019) and the fair value of the put/call option structure defining the terms of divestment of the remaining 25 % participation in Proseat, as well as various additional restructuring measures in execution of the Group's rationalisation plan.

Impairment charges of EUR -0.7 million (1H2018: EUR -0.6 million) relate to idle tangible assets in (i) Bedding (EUR -0.3 million) following the closure of the plant in Hassfurt (Germany) and in (ii) Automotive Interiors in China (EUR -0.4 million).

**Combined EBITDA: EUR 58.7 million**, EUR 45.2 million<sup>3</sup> before IFRS 16 versus EUR 48.7 million<sup>2</sup> (as published: EUR 51.6 million)

EBITDA margin of 9.3% including an IFRS 16 impact of +2.1%, 7.2%<sup>3</sup> before IFRS 16 versus 7.1%<sup>2</sup> in 1H2018 (as published: 6.8%).

Breakdown of EBITDA by segment

<i>in million EUR</i>	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
		(a)	(b)	(b)/(a)-1	
Flexible Foams	18,8	18,8	24,6	30,5%	29,4
Bedding	5,5	5,5	4,5	-18,5%	6,8
Insulation	22,8	22,8	14,8	-35,1%	16,7
Automotive	13,2	10,4	13,3	28,1%	17,4
Corporate	( 8,9)	( 8,9)	( 12,0)	34,9%	( 11,6)
<b>TOTAL COMBINED EBITDA</b>	<b>51,6</b>	<b>48,7</b>	<b>45,2</b>	<b>-7,1%</b>	<b>58,7</b>
Adjustment for joint ventures by application of IFRS 11	( 6,1)	( 3,2)	( 4,5)	37,5%	( 5,5)
<b>TOTAL CONSOLIDATED EBITDA</b>	<b>45,4</b>	<b>45,4</b>	<b>40,7</b>	<b>-10,3%</b>	<b>53,2</b>

**Combined EBIT: EUR 26.6 million**, EUR 25.0 million<sup>3</sup> before IFRS 16 versus EUR 29.9 million<sup>2</sup> (as published: EUR 31.0 million)

EBIT margin of 4.2% including an IFRS 16 impact of +0.25%, 4.0%<sup>3</sup> before IFRS 16 versus 4.4%<sup>2</sup> in 1H2018 (as published: 4.1%).

Breakdown of EBIT by segment

<i>in million EUR</i>	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
		(a)	(b)	(b)/(a)-1	
Flexible Foams	11,6	11,6	18,2	56,9%	18,8
Bedding	3,7	3,7	1,8	-51,3%	2,0
Insulation	19,6	19,6	10,9	-44,6%	11,3
Automotive	5,2	4,2	6,6	56,4%	7,0
Corporate	( 9,2)	( 9,2)	( 12,4)	35,2%	( 12,4)
<b>TOTAL COMBINED EBIT</b>	<b>31,0</b>	<b>29,9</b>	<b>25,0</b>	<b>-16,5%</b>	<b>26,6</b>
Adjustment for joint ventures by application of IFRS 11	( 1,8)	( 0,8)	( 1,8)	127,3%	( 1,9)
<b>TOTAL CONSOLIDATED EBIT</b>	<b>29,1</b>	<b>29,1</b>	<b>23,2</b>	<b>-20,5%</b>	<b>24,7</b>

## II.1.2. FINANCIAL POSITION

<i>in million EUR</i>	30 JUN 2018	31 DEC 2018	30 JUN 2019
<b>TOTAL EQUITY - before IFRS 16</b>	<b>254,7</b>	<b>265,0</b>	<b>266,5</b>
<b>Combined debt figures</b>			
Net financial debt on balance sheet	138,7	100,2	83,9
+ Impact of application IFRS 16	-	-	117,1
+ Drawn amounts under factoring programs	62,3	51,3	60,2
<b>TOTAL COMBINED NET FINANCIAL DEBT</b>	<b>201,0</b>	<b>151,5</b>	<b>261,3</b>
<b>Gearing - combined before IFRS16</b>	<b>54,5%</b>	<b>37,8%</b>	<b>31,5%</b>
<b>Leverage - combined before IFRS16</b>	<b>1,3</b>	<b>1,1</b>	<b>0,9</b>
<b>Consolidated debt figures</b>			
Net financial debt on balance sheet	104,3	84,6	73,8
+ Impact of application IFRS 16	-	-	109,8
+ Drawn amounts under factoring programs	62,3	51,3	60,2
<b>TOTAL CONSOLIDATED NET FINANCIAL DEBT</b>	<b>166,6</b>	<b>135,9</b>	<b>243,9</b>
<b>Gearing - consolidated before IFRS16</b>	<b>41,0%</b>	<b>31,9%</b>	<b>27,7%</b>
<b>Leverage - consolidated before IFRS16</b>	<b>1,1</b>	<b>1,1</b>	<b>0,9</b>

The Group further reduced its financial debt and improved its gearing and leverage ratios to new historical bests on a comparable basis<sup>3</sup>.

End-June 2109, the application of IFRS 16 to outstanding operating lease arrangements led to an addition of EUR 117.1 million to the combined net financial debt and EUR 109.8 million to the consolidated net financial debt.

The application of IFRS 16 has no consequences for the Group's financial covenant testing, as the syndicated bank financing agreement includes a 'frozen GAAP' provision.

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

### **II.1.3. 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 will continue 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.

#### **II.1.3.1. FLEXIBLE FOAMS**

in million EUR	1H2018	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
	(a)	(b)	(b)/(a)-1	
<b>Sales</b>	<b>330,6</b>	<b>287,2</b>	<b>-13,1%</b>	<b>287,2</b>
<b>Adjusted EBITDA</b>	<b>21,6</b>	<b>26,1</b>	<b>20,8%</b>	<b>31,0</b>
<i>as % of sales</i>	<i>6,5%</i>	<i>9,1%</i>		<i>10,8%</i>
<b>EBITDA</b>	<b>18,8</b>	<b>24,6</b>	<b>30,5%</b>	<b>29,4</b>
<i>as % of sales</i>	<i>5,7%</i>	<i>8,6%</i>		<i>10,2%</i>
<b>Adjusted EBIT</b>	<b>15,4</b>	<b>19,8</b>	<b>28,3%</b>	<b>20,3</b>
<i>as % of sales</i>	<i>4,7%</i>	<i>6,9%</i>		<i>7,1%</i>
<b>EBIT</b>	<b>11,6</b>	<b>18,2</b>	<b>56,9%</b>	<b>18,8</b>
<i>as % of sales</i>	<i>3,5%</i>	<i>6,3%</i>		<i>6,5%</i>

#### Sales

After a weak 1Q2019 (-13.4%), **combined sales** further decreased from EUR 159.7 million in 2Q2018 to **EUR 139.2 million in 2Q2019** (-12.8%), including a -0.4% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** decreased by 12.9% from EUR 150.0 million to **EUR 130.7 million**.

Over **1H2019**, **combined sales** decreased from EUR 330.6 million to **EUR 287.2 million** (-13.1%), including a -0.1% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** decreased by 12.7% from EUR 308.3 million to **EUR 269.3 million**.

Both sub-segments Comfort (EUR 157.2 million; -14.8%) and Technical Foams (EUR 129.9 million; -2.2%) reported lower sales, due to lower volumes and to selling price erosion as a consequence of falling chemical raw material prices.

#### Profitability

Adjusted EBITDA margin of 10.8%, 9.1%<sup>3</sup> before IFRS 16 versus 6.5%<sup>2</sup> in 1H2018. The increase is driven by a positive net pricing effect including increased prices for trim foam, an improved product-mix and operational efficiency improvements.

EBITDA includes non-recurring elements for EUR -1.5 million (1H2018: EUR -2.8 million) mainly restructuring charges following the closure of the Eurofoam Flexible Foams plant in Troisdorf (Germany)

### II.1.3.2. BEDDING

in million EUR	1H2018	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
	(a)	(b)	(b)/(a)-1	
<b>Sales</b>	<b>124,6</b>	<b>119,8</b>	<b>-3,8%</b>	<b>119,8</b>
<b>Adjusted EBITDA</b>	<b>5,4</b>	<b>4,7</b>	<b>-13,4%</b>	<b>6,9</b>
<i>as % of sales</i>	<i>4,3%</i>	<i>3,9%</i>		<i>5,8%</i>
<b>EBITDA</b>	<b>5,5</b>	<b>4,5</b>	<b>-18,5%</b>	<b>6,8</b>
<i>as % of sales</i>	<i>4,4%</i>	<i>3,8%</i>		<i>5,6%</i>
<b>Adjusted EBIT</b>	<b>3,2</b>	<b>2,3</b>	<b>-28,2%</b>	<b>2,5</b>
<i>as % of sales</i>	<i>2,6%</i>	<i>1,9%</i>		<i>2,0%</i>
<b>EBIT</b>	<b>3,7</b>	<b>1,8</b>	<b>-51,3%</b>	<b>2,0</b>
<i>as % of sales</i>	<i>3,0%</i>	<i>1,5%</i>		<i>1,7%</i>

#### Sales

After a weak 1Q2019 (-9.0%), the sales trend reversed in 2Q2019. **Combined sales** increased by 3.0% from EUR 54.0 million in 2Q2018 to **EUR 55.6 million in 2Q2019**, including a -0.7% impact from exchange rate differences. Excluding intersegment sales, **combined external sales** increased by 3.6% to reach **EUR 54.4 million in 2Q2019**.

Over **1H2019**, **combined sales** decreased from EUR 124.6 million to **EUR 119.8 million** (-3.8%). Excluding intersegment sales, **combined external sales** decreased by 3.3% from EUR 121.2 million to **EUR 117.3 million**.

The sub-segment “Branded Products” held firm thanks to the new innovative Geltex 2.0 and boxsprings product lines and progressed by 1.0%, while the sub-segment “Non-Branded/Private Label” receded by 10.9%, as a result of low shop traffic and competition from e-commerce players, and also due to the specific market situation in Germany.

#### Profitability

Adjusted EBITDA margin of 5.8%, 3.9%<sup>3</sup> before IFRS 16 versus 4.3%<sup>2</sup> in 1H2018.

EBITDA decreased from EUR 5.5 million to EUR 4.5 million; including non-recurring elements for EUR -0.2 million (1H2018: EUR +0.1 million) following the closure of the Bedding plant in Hassfurt (Germany).

The improved product-mix and operational efficiency partly mitigated the lower volumes and increased advertising spend in 1H2019.

Volume growth, cost reduction as a result of the closure of the Hassfurt plant and lower advertising expenditures, are expected to drive profitability improvements in 2H2019 vs 2H2018.

### II.1.3.3. INSULATION

in million EUR	1H2018	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
	(a)	(b)	(b)/(a)-1	
<b>Sales</b>	<b>132,7</b>	<b>129,8</b>	<b>-2,2%</b>	<b>129,8</b>
<b>Adjusted EBITDA</b>	<b>22,8</b>	<b>14,8</b>	<b>-35,1%</b>	<b>16,7</b>
<i>as % of sales</i>	17,2%	11,4%		12,8%
<b>EBITDA</b>	<b>22,8</b>	<b>14,8</b>	<b>-35,1%</b>	<b>16,7</b>
<i>as % of sales</i>	17,2%	11,4%		12,8%
<b>Adjusted EBIT</b>	<b>19,6</b>	<b>10,9</b>	<b>-44,4%</b>	<b>11,4</b>
<i>as % of sales</i>	14,8%	8,4%		8,8%
<b>EBIT</b>	<b>19,6</b>	<b>10,9</b>	<b>-44,6%</b>	<b>11,3</b>
<i>as % of sales</i>	14,8%	8,4%		8,7%

#### Sales

After the 1Q2019 (+4.0%), sales decreased by 7.3% in **2Q2019**, on a less favourable comparison basis, from EUR 72.6 million to **EUR 67.4 million**.

Despite double-digit volume growth during 1H2019, sales decreased over **1H2019** by 2.2% from EUR 132.7 million to **EUR 129.8 million**, including a currency impact of +0.2%. Intense price competition to recapture lost market share to the fiber insulation material, as a consequence of the 2017 isocyanate shortage and price hikes, has indeed more than offset the positive volume impact. In parallel, we observed a softer activity trend in the United Kingdom when compared to the other markets where we are present.

#### Profitability

Adjusted EBITDA margin of 12.8%, 11.4%<sup>3</sup> before IFRS 16 versus 17.2%<sup>2</sup> in 1H2018.

Profitability receded as the growth in sales volumes was more than offset by lower average selling prices. The new plant in Finland which started production in 4Q2018 is still in ramp-up phase and hence induced incremental fixed costs which are not yet absorbed by the additional sales contribution. It is expected that this new plant will generate a positive contribution to the results as from 2020 onwards. As of the beginning of 3Q2019, the division's profitability margin has returned to normal levels.

### II.1.3.4. AUTOMOTIVE

in million EUR	1H2018 (as published)	1H2018 (restated) <sup>2</sup>	1H2019 before IFRS 16	Δ	1H2019 after IFRS 16
		(a)	(b)	(b)/(a)-1	
<b>Sales</b>	<b>195,6</b>	<b>121,5</b>	<b>115,1</b>	<b>-5,3%</b>	<b>115,1</b>
<i>of which Interiors</i>	<i>104,7</i>	<i>104,7</i>	<i>94,9</i>	<i>-9,4%</i>	<i>94,9</i>
<i>of which sale of chemicals to Proseat</i>	<i>8,2</i>	<i>16,7</i>	<i>20,2</i>	<i>21,0%</i>	<i>20,2</i>
<b>Adjusted EBITDA</b>	<b>14,7</b>	<b>11,8</b>	<b>8,3</b>	<b>-29,3%</b>	<b>12,5</b>
<i>as % of sales Interiors</i>	<i>7,5%</i>	<i>9,7%</i>	<i>7,2%</i>		<i>10,9%</i>
<b>EBITDA</b>	<b>13,2</b>	<b>10,4</b>	<b>13,3</b>	<b>28,1%</b>	<b>17,4</b>
<i>as % of sales Interiors</i>	<i>6,8%</i>	<i>8,5%</i>	<i>11,5%</i>		<i>15,1%</i>
<b>Adjusted EBIT</b>	<b>6,7</b>	<b>5,6</b>	<b>2,0</b>	<b>-64,9%</b>	<b>2,4</b>
<i>as % of sales Interiors</i>	<i>3,4%</i>	<i>4,6%</i>	<i>1,7%</i>		<i>2,1%</i>
<b>EBIT</b>	<b>5,2</b>	<b>4,2</b>	<b>6,6</b>	<b>56,4%</b>	<b>7,1</b>
<i>as % of sales Interiors</i>	<i>2,7%</i>	<i>3,4%</i>	<i>5,7%</i>		<i>6,2%</i>

#### Sales

Sales comprise the Interiors business (1H2019: EUR 94.9 million) as well as sales of chemical raw materials at cost to the Proseat companies (1H2019: EUR 20.2 million).

After a weak 1Q2019 (-7.2%), **like-for-like<sup>2</sup> sales** decreased from EUR 63.2 million in 2Q2018 to **EUR 61.0 million** (-3.5%) in **2Q2019**, including a currency impact of +2.5%.

Sales decreased over **1H2019** by 5.3% from EUR 121.5 million to **EUR 115.1 million**, including a currency impact of +1.4% (i.e. CZK).

Sales volumes remained adversely affected by the continued weakness of the European and Chinese Automotive markets.

#### Profitability

Adjusted EBITDA margin of 10.9%, 7.2%<sup>3</sup> before IFRS 16 versus 9.6%<sup>2</sup> in 1H2018 (as published: 7.5%).

The profitability decrease in Automotive is due to lower volumes.

EBITDA includes non-recurring elements for EUR +5.0 million (1H2018: EUR -1.4 million) representing the gain linked to the partial divestment from the Proseat companies in February 2019 and the revaluation of the option structure determining the minimum value of the remaining participation.

## II.1.4. Reconciliation with alternative performance measures (consolidated)

in thousand EUR						
Group Recticel	Combined	30 JUN 2018 Adjustment for joint ventures by application of IFRS 11	Consolidated	Combined	30 JUN 2019 Adjustment for joint ventures by application of IFRS 11	Consolidated
<b>Income statement</b>						
Sales	755 895	(176 165)	579 730	630 575	(94 503)	536 072
Gross profit	123 195	(21 026)	102 169	117 629	(16 463)	101 166
EBITDA	51 549	(6 134)	45 415	58 702	(5 457)	53 245
EBIT	30 982	(1 842)	29 140	26 614	(1 881)	24 733

<b>EBIT</b>	<b>30 982</b>	<b>(1 842)</b>	<b>29 140</b>	<b>26 614</b>	<b>(1 881)</b>	<b>24 733</b>
Amortisation intangible assets	1 970	(718)	1 252	2 022	(668)	1 354
Depreciation tangible assets	16 896	(3 296)	13 600	16 549	(2 356)	14 193
Depreciation right-of-use assets	0	0	0	11 914	(550)	11 364
Impairments on goodwill, intangible and tangible fixed assets	570	0	570	693	(0)	693
Amortisation other operational assets <sup>1</sup>	1 131	(279)	852	911	(2)	908
<b>EBITDA</b>	<b>51 549</b>	<b>(6 134)</b>	<b>45 415</b>	<b>58 702</b>	<b>(5 457)</b>	<b>53 245</b>

<sup>1</sup> Mainly the release of upfront payments in Automotive to profit and loss account.

<b>EBITDA</b>	<b>51 549</b>	-	-	<b>58 702</b>	-	-
Net impact of fire incident in Most	765	-	-	0	-	-
Restructuring charges	180	-	-	3 378	-	-
Gain/(loss) on disposals	0	-	-	(6 840)	-	-
Costs and fees for remediation and litigation	3 698	-	-	3 210	-	-
Other	0	-	-	0	-	-
<b>Adjusted EBITDA</b>	<b>56 192</b>	-	-	<b>58 451</b>	-	-

<b>EBIT</b>	<b>30 982</b>	-	-	<b>26 614</b>	-	-
Net impact of fire incident in Most	765	-	-	0	-	-
Restructuring charges	180	-	-	3 378	-	-
Gain/(loss) on disposals	0	-	-	(6 840)	-	-
Costs and fees for remediation and litigation	3 698	-	-	3 210	-	-
Impairments	570	-	-	692	-	-
<b>Adjusted EBIT</b>	<b>36 195</b>	-	-	<b>27 055</b>	-	-

	31 DEC 2018			30 JUN 2019		
<b>Total net financial debt</b>						
Non-current interest-bearing borrowings	47 205	(12 499)	34 706	133 619	(28 330)	105 289
Current interest-bearing borrowings	90 437	(2 237)	88 200	116 188	4 438	120 626
Cash	(36 780)	(953)	(37 733)	(47 798)	6 482	(41 316)
Other financial assets <sup>1</sup>	(691)	83	(608)	(957)	6	(951)
<b>Net financial debt on statement of financial position</b>	<b>100 171</b>	<b>(15 606)</b>	<b>84 565</b>	<b>201 052</b>	<b>(17 404)</b>	<b>183 648</b>
Factoring programs	51 320	0	51 320	60 241	(0)	60 241
<b>Total net financial debt</b>	<b>151 491</b>	<b>(15 606)</b>	<b>135 885</b>	<b>261 293</b>	<b>(17 404)</b>	<b>243 889</b>

<sup>1</sup> Hedging instruments and interest advances

### Gearing ratio (Net financial debt / Total equity)

Total equity	264 978	0	264 978	265 916	0	265 916
Net financial debt on statement of financial position / Total equity	37,8%	-	31,9%	75,6%	-	69,1%
<b>Total net financial debt / Total equity</b>	<b>57,2%</b>	<b>-</b>	<b>51,3%</b>	<b>98,3%</b>	<b>-</b>	<b>91,7%</b>

### Leverage ratio (Net financial debt / EBITDA)

EBITDA (for 1H2018, annualised by multiplying amounts by 2)	104 673	(11 880)	92 793	117 404	(10 914)	106 490
Net financial debt on statement of financial position / EBITDA	1,0	-	0,9	1,7	-	1,7
<b>Total net financial debt / EBITDA</b>	<b>1,4</b>	<b>-</b>	<b>1,5</b>	<b>2,2</b>	<b>-</b>	<b>2,3</b>

### Net working capital

Inventories and contracts in progress	-	-	103 789	-	-	108 298
Trade receivables	-	-	107 680	-	-	128 533
Current contract assets	-	-	13 782	-	-	12 920
Other receivables	-	-	55 227	-	-	31 656
Income tax receivables	-	-	5 587	-	-	5 393
Trade payables	-	-	(90 756)	-	-	(98 508)
Current contract liabilities	-	-	(44 964)	-	-	(44 979)
Income tax payables	-	-	(3 061)	-	-	(2 580)
Other amounts payable	-	-	(104 957)	-	-	(94 487)
<b>Net working capital</b>	<b>-</b>	<b>-</b>	<b>42 327</b>	<b>-</b>	<b>-</b>	<b>46 246</b>

### Current ratio (= Current assets / Current liabilities)

Current assets	-	-	343 137	-	-	333 892
Current liabilities	-	-	339 774	-	-	365 265
<b>Current ratio (factor)</b>	<b>-</b>	<b>-</b>	<b>1,0</b>	<b>-</b>	<b>-</b>	<b>0,9</b>



### **III. DECLARATION BY THE RESPONSIBLE OFFICERS**

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

- the summary financial information, prepared in conformity with applicable accounting standards, reflects the faithful image of the financial situation and results of the Recticel Group
- the intermediate report contains a faithful presentation of significant events occurring over the first six months of 2019, and their impact on the summary financial information.

\* \* \*

## IV. STATUTORY AUDITOR'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2019

Recticel NV | 30 June 2019

### Report on the review of the consolidated interim financial information of Recticel NV for the six-month period ended 30 June 2019

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2019, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes I.7.1 to I.7.11.

#### Report on the consolidated interim financial information

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

The consolidated condensed statement of financial position shows total assets of 832 891 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 16 107 (000) EUR.

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

#### Scope of review

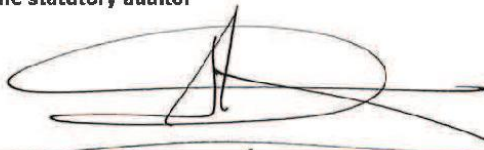
We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making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

#### Conclusion

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

Ghent, 30 August 2019

The statutory auditor



**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**  
Represented by Kurt Dehoorne

**Deloitte.**

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises  
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée  
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem  
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

## V. GLOSSARY

- **IFRS measures**

Consolidated (data) : financial data following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.

- **Alternative Performance Measures**

In addition, the Group uses alternative performance measures (Alternative Performance Measures or "APM") to express its underlying performance and to help the reader to better understand the results. APM are not defined performance indicators by IFRS. The Group does not present APM as an alternative to financial measures determined in accordance with IFRS and does not give more emphasis to APM than the defined IFRS financial measures.

Adjusted EBIT (previously labelled REBIT) : EBIT before Adjustments to EBIT

Adjusted EBITDA (previously labelled REBITDA) : EBITDA before Adjustments (to EBIT)

Adjustments to EBIT (previously "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.

Combined (data) : financial data including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.

Current ratio : Current assets / Current liabilities

EBIT : Earnings before interest and tax. Earnings comprise income from joint ventures and associates

EBITDA : EBIT + depreciation, amortisation and impairment on assets.

Gearing : Net financial debt / Total equity

Leverage : Net financial debt / EBITDA. For half-year figures, EBITDA equals 2 times EBITDA of the period.

Net free cash-flow : Net free cash flow: is the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities and (iii) the Interest paid on financial liabilities; as shown in the consolidated cash flow statement.

Net financial debt : Interest bearing financial liabilities and lease liabilities at more than one year + interest bearing financial liabilities and lease liabilities within maximum one year + accrued interests – cash and cash equivalents + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts under non-recourse factoring/forfeiting programs

Net working capital : Inventories and contracts in progress + Trade receivables + Other receivables + Income tax receivables – Trade payables – Income tax payables – Other amounts payable

Total net financial debt: Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs