

# Annual General Shareholders' Meeting

Brussels – 28 May 2019 – 10:00 am CET

Johnny Thijs – Chairman of the Board of Directors

Olivier Chapelle – Chief Executive Officer

Jean-Pierre Mellen – Chief Financial Officer

# Agenda

- ▶ FY2018: all time high EAT and all time low debt O. Chapelle (CEO)
- ▶ 1Q2019 Trading update: topline under pressure O. Chapelle (CEO)
- ▶ Outlook 2019 – Dividend proposal – Share price evolution O. Chapelle (CEO)
- ▶ Resolutions on the Agenda of the Annual General Meeting J. Thijs (Chairman BoD)

# Highlights 2018 – Record EAT – Record low Net Debt – Record Insulation Result

1

**Signing of 2-step divestment of the Proseat joint venture @ 8.5 x av. 2016-18 EBITDA**



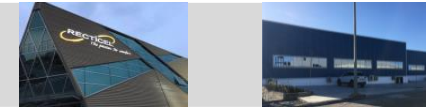
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**Successful start-up of new greenfield Insulation plant in Finland in 4Q2018**



3

**New Flexible Foams converting units started up in Wuxi (China) and Tanger (Morocco)**



4

**Divestment of Automotive Interiors more challenging over last 6 months in rapidly declining automotive market**

5

**Declining Automotive markets since July 2018, weak furniture/bedding markets & on-line channel growth**

6

**High chemical raw material prices volatility**

7

**Sales -0.9% | Adjusted EBITDA -1.6% | Earnings after taxes +20.6%**

8

**Combined net debt of €100.2m is historical low → Gearing @ 38.0% and Leverage @ 1.1**

9

**Proposal to pay a gross dividend of € 0.24 per share (+9.1%)**

# On 31 January 2019, acquisition of additional 24% stake in Turvac d.o.o.

On 31 January 2019 Recticel Insulation became majority shareholder (74%) in Turvac d.o.o., the Slovenian producer of Vacuum Insulation Panels (VIP), by acquiring an additional 24% of the shares of Turvac d.o.o. held by the Slovenian joint venture partner Turna d.o.o., representing an additional investment of EUR 0,8 million. Since November 2016 Recticel already held 50% in the joint venture Turvac d.o.o., which operates from Šoštanj (Slovenia). Under the joint venture agreement, Recticel Insulation commercializes for the European construction market the VIPs produced by the joint venture, whereas the joint venture partner Turna d.o.o. focusses on the sale of VIPs to the household appliances sector (e.g. freezers and refrigerators).

The factory in Šoštanj (Slovenia) has been continually improving its VIP products in order to comply with the quality required for construction purposes. Today these CE certified VIP boards offer an aged lambda value of 0.006W/mK, which is the benchmark in the industry.

Currently Recticel Insulation introduced to the market Deck-VQ®, an ultra-performant thermal insulation solution with a PIR-VIP combination, for flat roofs and terraces.

By holding 74% of the shares of Turvac d.o.o., Recticel secures the know-how and production base for this high performance insulation material. This is another step forward to become the European leader in high performance insulation solutions for buildings.

# On 19 February 2019, closing of 2-step divestment of Proseat JV



On 19 February 2019 Recticel announced the closing of the transactions as a result of which Sekisui Plastics Co., Ltd. acquires 75% in Proseat. Recticel keeps 25% 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 net proceeds of the current transactions amounts to EUR 21 million, which values the joint venture Proseat at an enterprise value of 8.5 times the average (2016-2018) EBITDA.

# On 7 May 2019, official opening of Recticel Insulation in Scandinavia

On 7 May 2019 the new Insulation plant in Mäntsälä, Finland was officially opened.

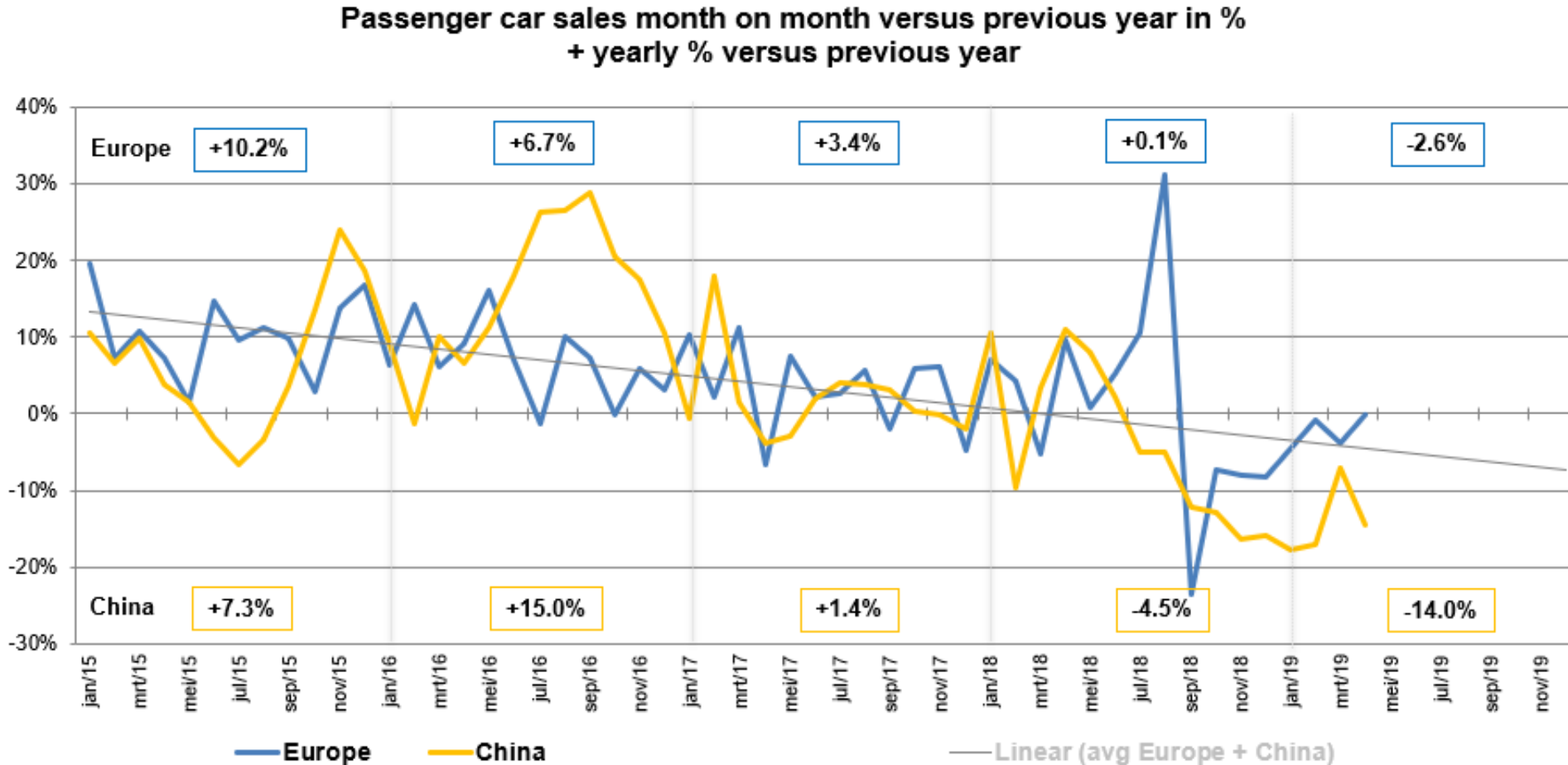
Customers, suppliers, partners and authorities were invited to open our new, state-of-the-art facility.

Olivier Chapelle: “Better insulation saves energy and reduces CO2 emissions: it brings economical, social and environmental contributions. Scandinavia, the Baltics and Russia (St Petersburg) offer great opportunities for high performance PU insulation”



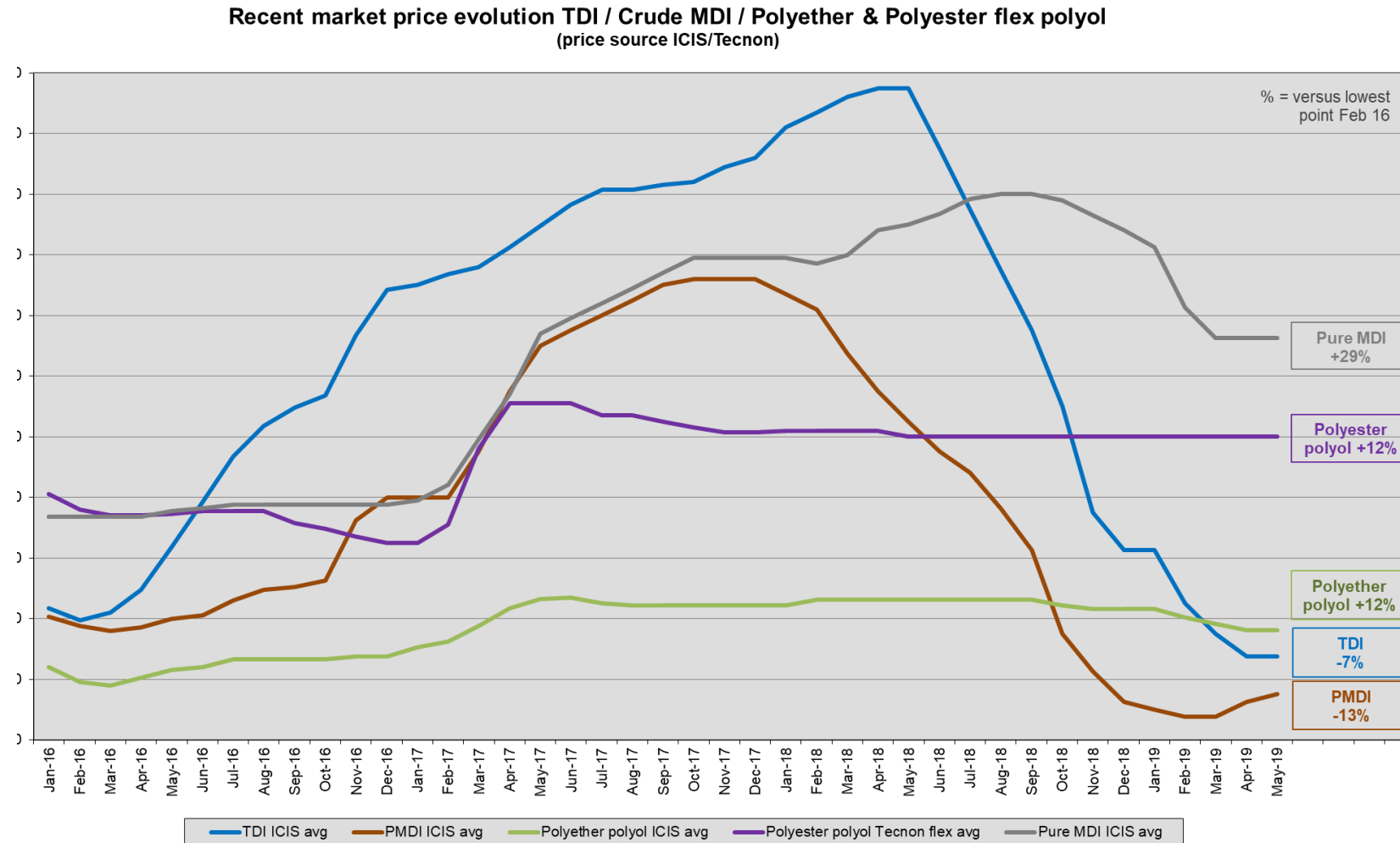


# Automotive – EU & China new passenger car registrations strongly down since July 2018



Source:  
Europe: ACEA  
Asia: Statista

After strong MDI & TDI prices hikes in 2017 and early 2018 (due to shortage), prices abruptly declined on the basis of increased offer & subdued demand. Polyols prices up and stable.



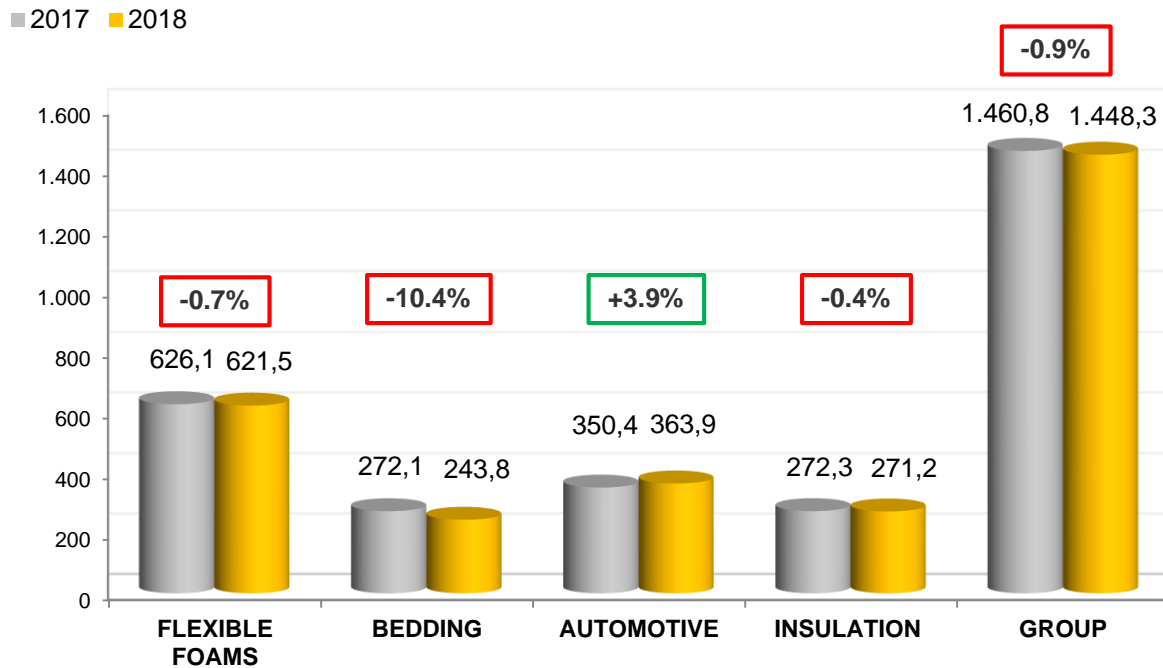


## Combined Income Statement: Adjusted EBITDA & EBITDA stable, EAT +20.6%.

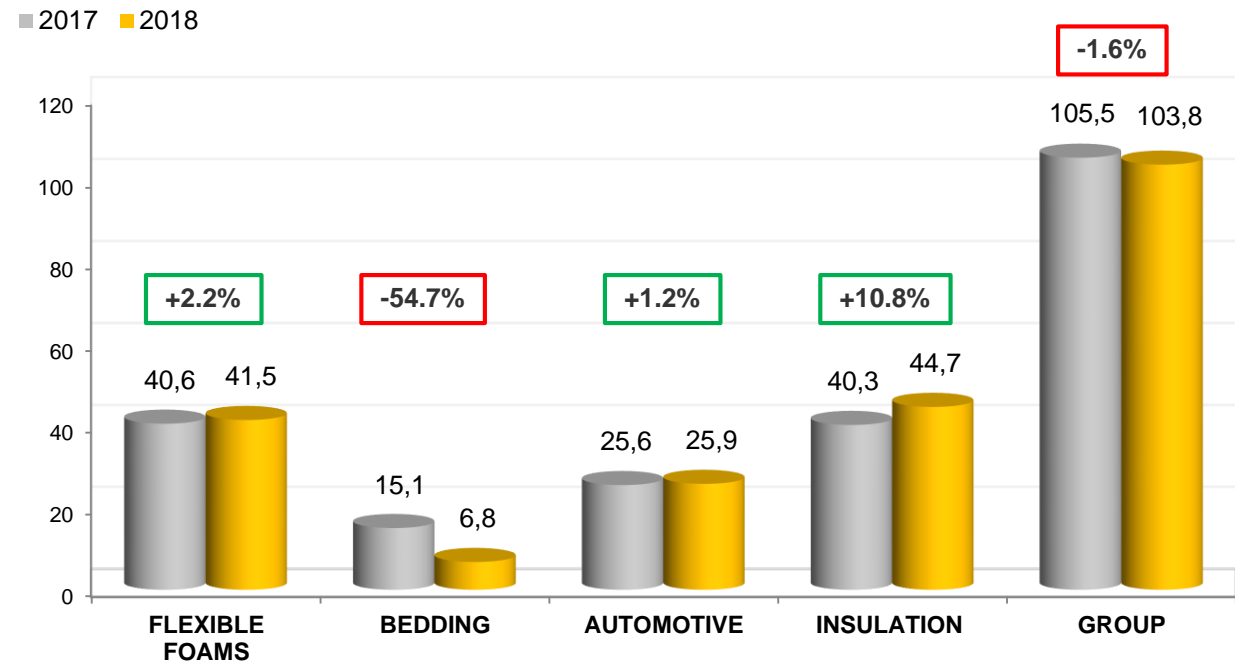
in m€	2017	2018	18/17
Net sales	1,460.8	1,448.3	99.1%
<b>Adjusted EBITDA</b>	<b>105.5</b>	<b>103.8</b>	98.4%
Non-recurring result	-11.4	-10.4	
<b>EBITDA</b>	<b>94.1</b>	<b>93.4</b>	99.2%
Depreciation	-39.0	-40.5	
Impairment	-7.0	-5.8	
<b>Adjusted EBIT</b>	<b>66.5</b>	<b>63.3</b>	95.2%
<b>EBIT</b>	<b>48.1</b>	<b>47.0</b>	97.8%
Financial result	-5.7	-5.7	
<b>EBT</b>	<b>42.4</b>	<b>41.3</b>	97.6%
Tax current	-7.4	-6.1	
Tax deferred	-11.0	-6.4	
<b>EAT</b>	<b>23.9</b>	<b>28.9</b>	120.6%
EAT per share (€)	0.44	0.53	

Net Sales stable (excl. currency impact -0.9%), slightly lower Adj. EBITDA (-1.6%)  
Record Insulation result.

## Net Sales



## Adj. EBITDA



The Automotive segment includes the Proseat 51% contributions.

Stable financial charges - net interest charges down by 42.4% !  
Lower current and deferred tax charges.  
Net profit of the period increases by 20.6%

○ **Combined financial result: stable at -5.7m€**

- Net interest charges decreased by 3.2m€ (from -7.6m€ to -4.4m€) as a result of a lower cost of debt and a lower average debt level.
- 'Other net financial income and expenses' from +1.8m€ to -1.3m€; comprise mainly interest capitalisation costs under provisions for pension liabilities (-0.9m€ versus -1.1m€ in 2017) and exchange rate differences -0.5m€ versus +3.5m€ in 2017).

○ **Combined income taxes and deferred taxes : from -18.4m€ to -12.5m€**

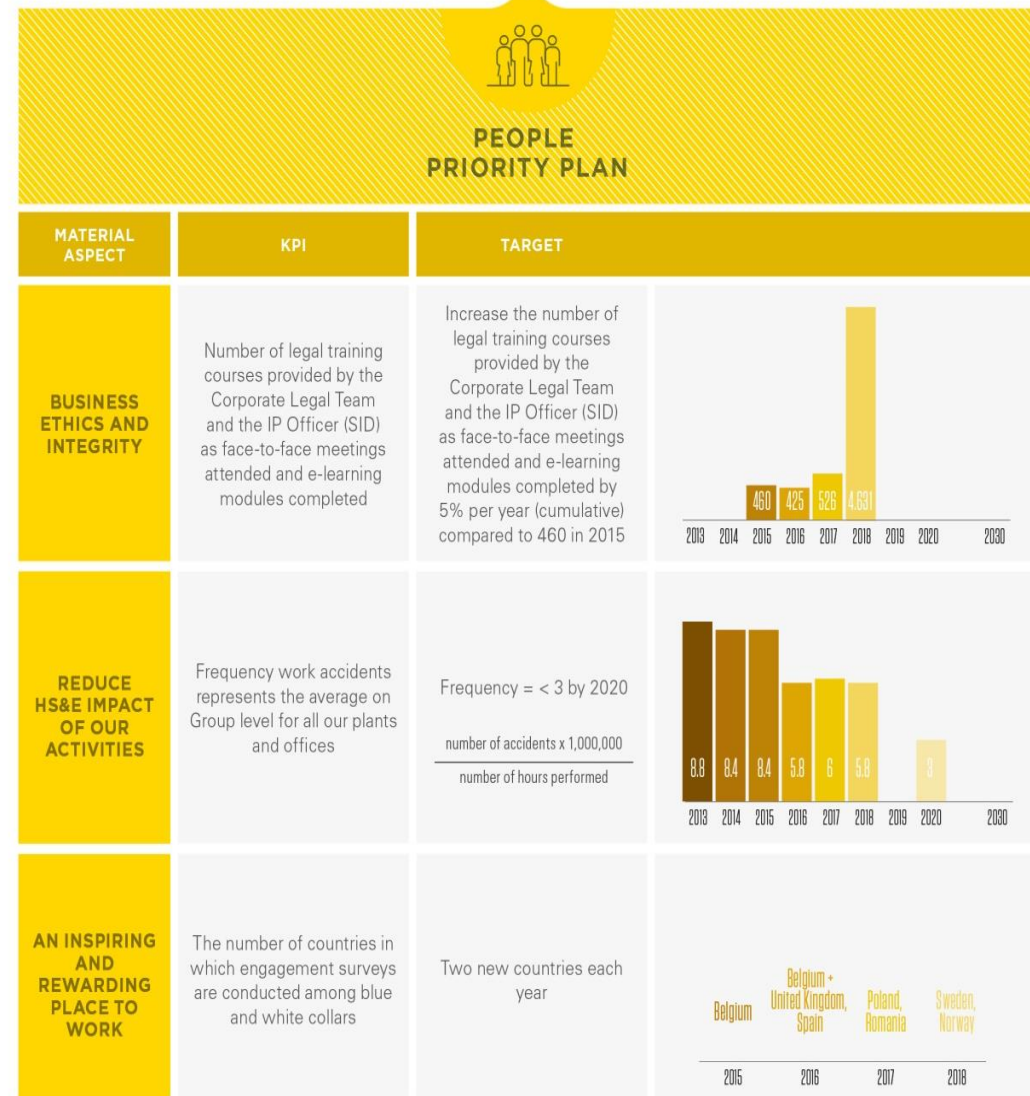
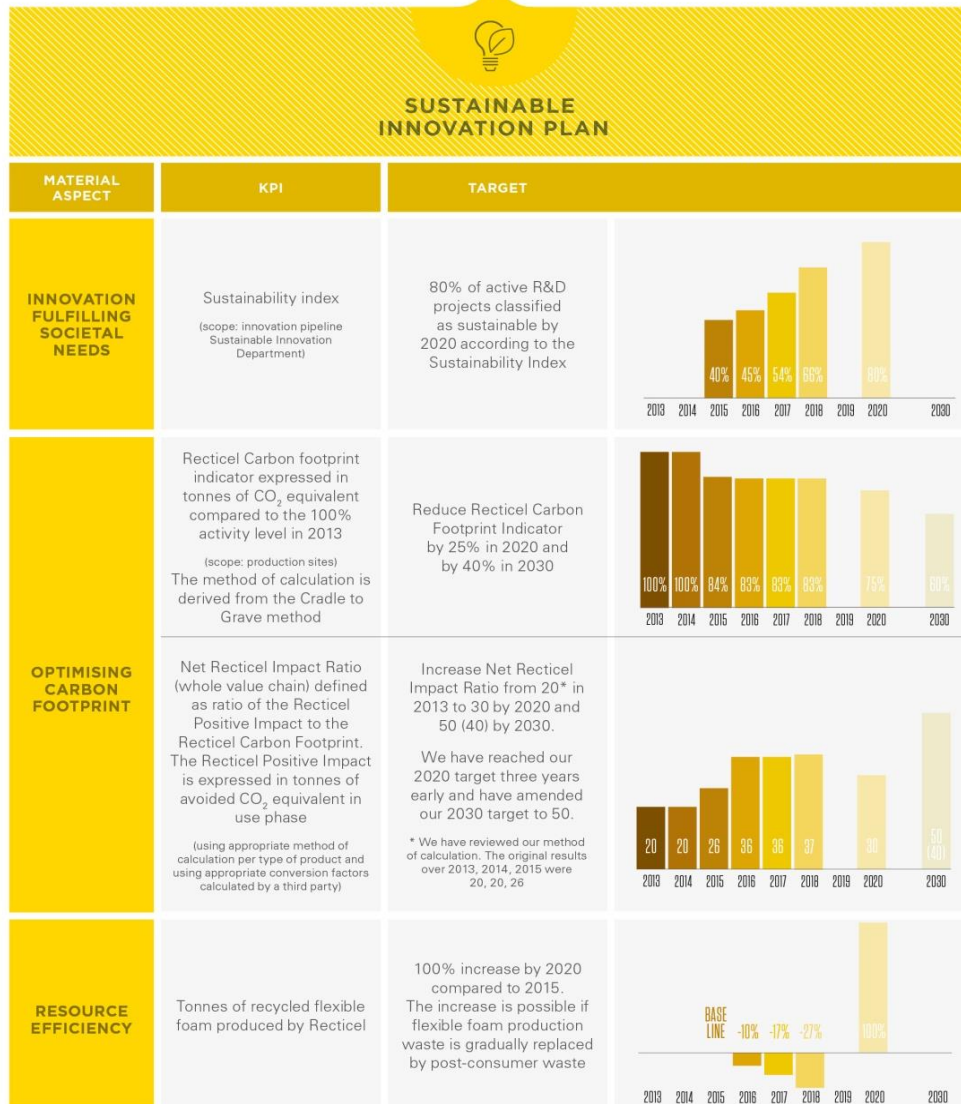
- Current income tax charges: -6.1m€ (2017: -7.4m€) mainly induced by tax refunds to be received in Germany
- Deferred tax charges: -6.4m€ (2017: -11.0m€). In 2017 the corporate tax reform in Belgium lead to a -4.5m€ additional deferred tax charge.

○ **Result of the period (share of the Group): from +23.9m€ to +28.8m€ (+20.6%)**

Equity stable despite the IFRS 15 adjustment of -19.0m€ on 01.01.2018.  
 Lower debt and stable EBITDA lead to further improvements in Gearing and Leverage

<b>Combined Group capital structure (m€)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Equity	159	249	251	262	265
Net Financial Debt (on + off balance sheet)	254	183	178	178	152
Factoring + forfeiting	59	60	52	55	51
Net Financial Debt (on balance sheet)	195	123	126	123	100
Gearing (on + off balance sheet)	160%	74%	71%	68%	57%
Gearing (on balance sheet)	123%	49%	50%	47%	38%
Leverage (on + off balance sheet)	5.3	2.7	2.1	1.9	1.6
Leverage (on balance sheet)	4.0	1.8	1.5	1.3	1.1

# Sustainability Strategy : update #3 compliant with Global Reporting Initiatives (GRI)



# Recticel involved in important collaboration projects aiming at Circular Economy.

## ○ PReSmart

- transitioning from the linear lifecycle of PU products to a circular economy level
- collaborative consortium with 9 partners from 6 countries (a.o. UGent, Covestro, KUL, Ayming, WeylChem Innotec)
- Funded by *European Union Horizon 2020 Research and Innovation program*



## ○ ValPUMat

- development of new products based on end-of-life foam derived from collected mattresses
- Funding and collaboration with *Éco-Mobilier France*



HORIZON 2020

## ○ Carbon4PUR

- manufacturing of high-value PU materials using industrial gases produced by the steel industry
- project involving 14 partners
- funded by *European Union Horizon 2020 Research and Innovation program*



## ○ Sweetwoods

- establishing a first-of-its-kind wood fractionation flagship plant to demonstrate the successful and profitable production of high-purity lignin and sugars on an industrial level
- project involving 9 European companies representing 6 EU member states
- funded by *European Union Horizon 2020 Research and Innovation program*



# High performance Vacuum Insulated Panels (Insulation)

- 74/26% JV with Turna, created on 28 November 2016, located in Šoštanj, Slovenia (80 km from Ljubljana),
- Produces Vacuum Insulation Panels (VIPs): fumed silica core, bagged in high barrier multilayer film and vacuumed
- Aged thermal conductivity of 0,007 W/m<sup>2</sup>K is 3 times better than high performance PIR product.





# Fiber Bonded Foams offers sustainable thermal/acoustic insulation laminates

- Acquired on 6/10/2016 and located in Angers, France
- State-of-the-art production facility for Fibre Bonded Foams solutions, using end-of-life mattresses as input material
- Combines thermal & acoustic insulation properties for applications such as walls, partition walls, roofs, or intermediate floors.
- Supports Recticel sustainability strategy, with CE certificied products
- Over 2018-2020 a subsidy of 700K€ was granted by Éco-Mobilier France to further develop sustainable product solutions based on the fibre bonded technology.



# Xentro® (Insulation)

- Introduced at Batibouw in February 2017
- Extra thin cavity wall insulation with high performance
- Lambda 19 (vs standard PIR lambda of 22)



# ColoSense® X-Lite new skin technology (Automotive)

- Colosense® Lite introduced in 2013, now represents 71% of the Automotive sales
- Next generation Colosense® X-Lite is ready:
  - decreases weight by a further 15%, with improved cost performance
  - reduces transport costs thanks to improved skin properties allowing multi-stacking during transport
  - enables “over-moulded” integration of electronic components



- Target to win first contract in 2019

Raw Material cost saving		Toplayer	Backlayer	TOTAL	Reduction (*)
<b>COLOFAST</b>	Thickness	1,0 mm	0,0 mm	<b>1,0 mm</b>	
	Density	1000	1000		
	Weight	1000	0	1000	
	Cost	€ 2,86	€ 0,00	€ 2,86	
<b>COLOSENSE</b>	Thickness	0,6 mm	0,4 mm	<b>1,0 mm</b>	
	Density	1000	1000		
	Weight	600	400	1000	+0%
	Cost	€ 1,72	€ 0,78	€ 2,49	-12,9%
<b>COLOSENSE LITE</b>	Thickness	0,6 mm	0,4 mm	<b>1,0 mm</b>	
	Density	1000	500		
	Weight	600	200	800	-20%
	Cost	€ 1,72	€ 0,40	€ 2,12	-15,1%
<b>COLOSENSE X-LITE</b>	Thickness	0,45 mm	0,55 mm	<b>1,0 mm</b>	
	Density	1000	400		
	Weight	450	220	670	-16%
	Cost	€ 1,32	€ 0,45	€ 1,77	-16,6%

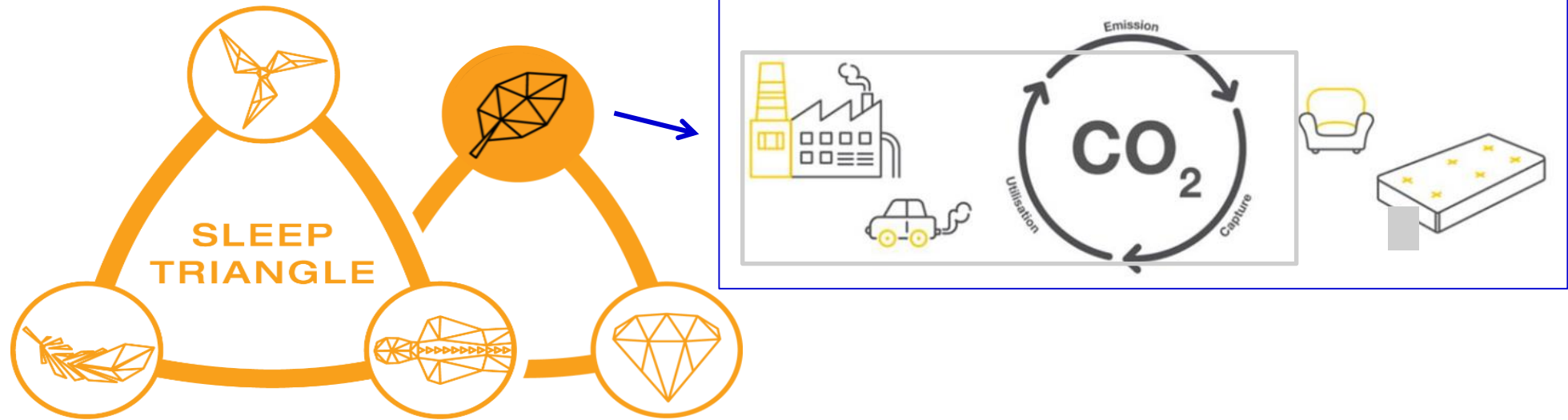
2008

2013

2018

# Geltex 2.0<sup>®</sup> the world's first foam with industrially recycled CO<sub>2</sub> (Bedding)

## A more sustainable future through a unique product



- Use of CO<sub>2</sub> polyol, thus replacing up to 20% of the traditional raw materials (based on crude oil) → **reduction of CO<sub>2</sub> emission !!**
- **Ecological design principles** during production to avoid production waste

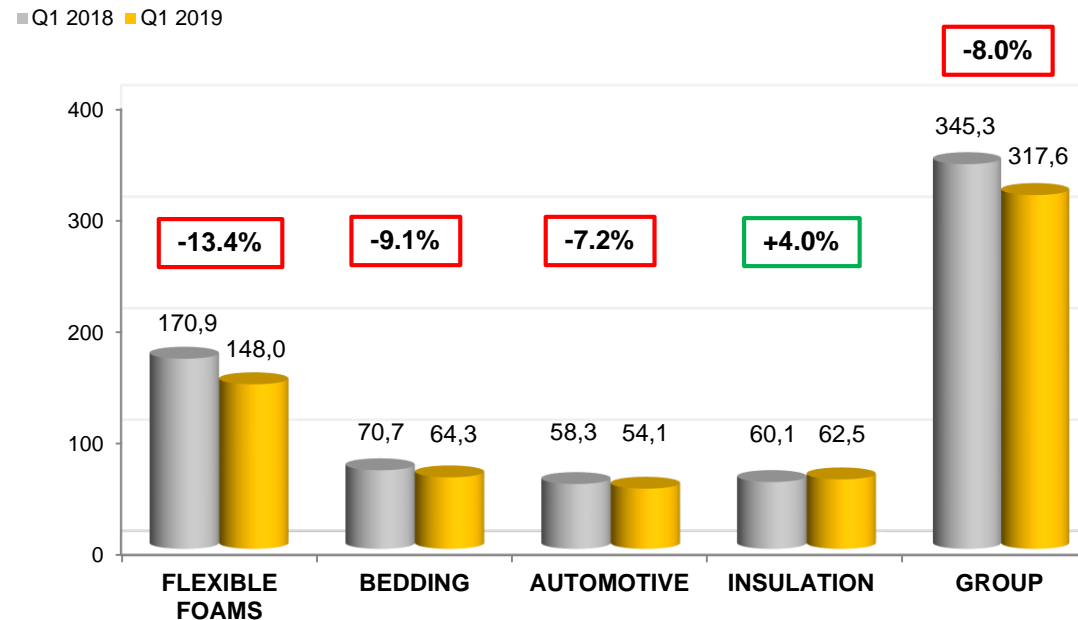


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# 1Q2019 Trading Update (press release of 29 April 2019)

- Combined sales decreased by 8.0% on a comparable restated basis<sup>1</sup>
- Solid volume growth in Insulation, compensated by lower volumes in Automotive and Comfort segments
- Selling price erosion in Insulation and Flexible Foams due to falling MDI and TDI raw material prices



- Combined net financial debt: EUR 103.6 million (before estimated impact of IFRS 16)

<sup>1</sup> Following the divestment, Proseat is integrated in the 2019 combined figures following the 'equity method', replacing the proportionate method. 2018 Sales have been restated accordingly.

# Update on Divestment of Automotive Interiors (press release of 29 April 2019)

While the process has become more challenging over the last 8 months due to the rapidly changing Automotive market conditions, the Group continues to actively pursue the divestment of its Automotive Interiors division.



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# Outlook 2019 (press release of 29 April 2019)

In a highly volatile economic and geopolitical environment, we are well positioned to adapt quickly to changing market conditions, and we remain focused on the execution of our plans. Having anticipated an adverse market environment in the first half of 2019, we expect an improvement in the second half of the year, and confirm our guidance of a 2019 Adjusted EBITDA<sup>1</sup> above the level of 2018 on a like-for-like basis.

<sup>1</sup> Following the divestment, Proseat is integrated in the 2019 combined figures following the 'equity method', replacing the proportionate method. 2018 Sales have been restated accordingly.

## Proposal to distribute and increase the dividend by 9.1%

The Board of Directors will propose to the Annual General Meeting of 28 May 2019 the payment of a **gross dividend of EUR 0.24 per share** on 55.2 million shares or a total dividend payout of EUR 13.3 million (2017: respectively EUR 0.22/share and EUR 12.1 million in total).

Our stock price has been volatile since the summer 2018 Automotive markets hick-ups.  
Public offer by Kingspan on April 16<sup>th</sup> 2019.



# The market capitalisation of Recticel has substantially increased since January 2009

