

# RECTICEL

## First Half-Year 2019 Results

Financial Analysts Meeting  
Brussels – August 30, 2019

Olivier Chapelle – Chief Executive Officer

Jean-Pierre Mellen – Chief Financial Officer

Michel De Smedt – Investor Relations Officer

# Agenda

- ▶ Highlights 1H2019
- ▶ Results 1H2019 & Financial Position
- ▶ Outlook FY2019
- ▶ Comments on results per business line
- ▶ Appendices

# Highlights 1H2019

1

**Like-for-like Combined Sales -7.6% | Adj EBITDA -15.4% | Net Result -10.5% (all before IFRS 16)**

2

**Reduction of participation in Proseat joint venture (Automotive), from 51% to 25% (exit 1/1/2022 latest)  
Increase of participation in Turvac joint venture (Vacuum Insulated Panels - Insulation) from 50% to 74%**

3

**Strong performance of Flexible Foams division,**

4

**Bedding division back on growth path in 2Q2019, supported by its new product offering (Geltex 2.0),**

5

**Double digit volume growth in Insulation division, new Finland plant still in ramp-up phase**

6

**Hassfurt (Bedding) and Troisdorf (Flexible Foams) plants have been closed**

7

**Net Financial Debt, Gearing and Leverage ratios reached historical bests, respectively at 144.1m€, 31.5%, and 0.9**

8

**IFRS 16 impacts on full year 2019: ~27.0m€ on Combined EBITDA and +117.1m€ on Combined Financial Debt**

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Like-for-like: Sales: -7.6% | Adj. EBITDA: -15.4% | EAT: -10.7%

Like-for-like Net Financial Debt reduced by 56.9m€ over last 12 months

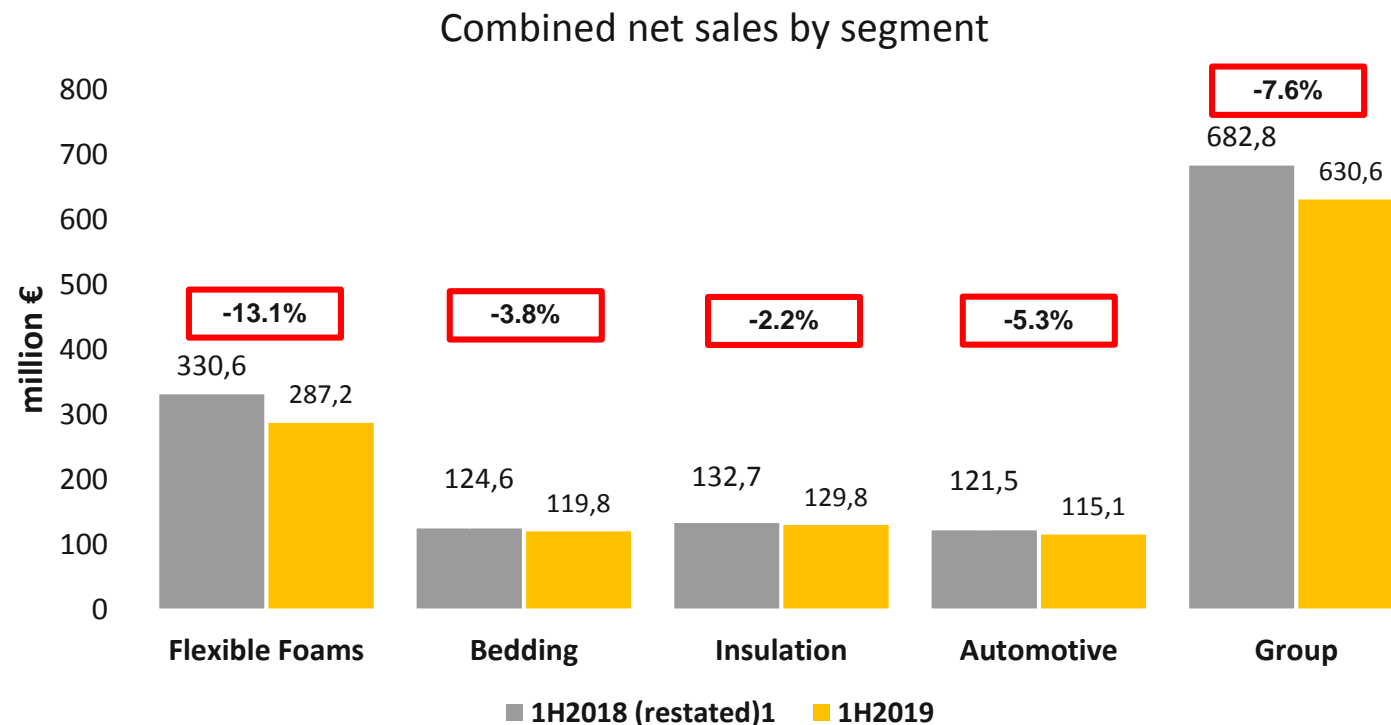
Impact IFRS 16 on full year basis: EBITDA: +27.0m€ | Debt: +117.1m€

| in m€  | 1st half | As Published | Proforma with<br>Proseat at Equity<br>Method | Proforma<br>before IFRS 16 | IFRS 16 impact | As Published | PF19/PF18 |
|--|----------|--------------|--|----------------------------|----------------|--------------|-----------|
|  |          | 2018         | 2018   | 2019                       |                | 2019         |           |
| Net sales  |          | 755.9        | 682.7  | 630.6                      | 0.0            | 630.6        | 92%       |
| <b>Adjusted EBITDA</b>   |          | <b>56.2</b>  | <b>53.3</b>                                  | <b>44.9</b>                | <b>13.5</b>    | <b>58.4</b>  | 84%       |
| Adjustments to EBITDA  |          | -4.6         | -4.6   | 0.3                        | 0.0            | 0.3          |           |
| <b>EBITDA</b>  |          | <b>51.5</b>  | <b>48.7</b>                                  | <b>45.2</b>                | <b>13.5</b>    | <b>58.7</b>  | 93%       |
| Depreciation   |          | -20.0        | -18.1  | -19.5                      | -11.9          | -31.4        |           |
| Impairment   |          | -0.6         | -0.6   | -0.7                       | 0.0            | -0.7         |           |
| <b>Adjusted EBIT</b>   |          | <b>36.2</b>  | <b>35.1</b>                                  | <b>25.5</b>                | <b>1.6</b>     | <b>27.0</b>  | 72%       |
| <b>EBIT</b>  |          | <b>31.0</b>  | <b>29.9</b>                                  | <b>25.0</b>                | <b>1.6</b>     | <b>26.6</b>  | 84%       |
| Financial result   |          | -5.3         | -4.7   | -2.6                       | -2.2           | -4.9         |           |
| <b>EBT</b>   |          | <b>25.6</b>  | <b>25.3</b>                                  | <b>22.4</b>                | <b>-0.6</b>    | <b>21.7</b>  | 89%       |
| Tax Current  |          | -3.8         | -3.5   | -5.7                       | 0.0            | -5.7         |           |
| Tax Deferred   |          | -3.1         | -3.1   | 0.0                        | 0.0            | 0.0          |           |
| <b>EAT</b>   |          | <b>18.7</b>  | <b>18.7</b>                                  | <b>16.7</b>                | <b>-0.6</b>    | <b>16.1</b>  | 90%       |
| <b>Capex (Booked)</b>  |          | <b>-25.6</b> | <b>-24.6</b>                                 | <b>-17.1</b>               |                | <b>-17.1</b> |           |
| <b>Combined Net Financial Debt</b> (Incl. off balance sheet factoring) |          | <b>201.0</b> |  | <b>144.1</b>               | <b>117.1</b>   | <b>261.3</b> |           |

# 1H2019 combined sales decreased by 7.6%, including a currency impact of +0.1%

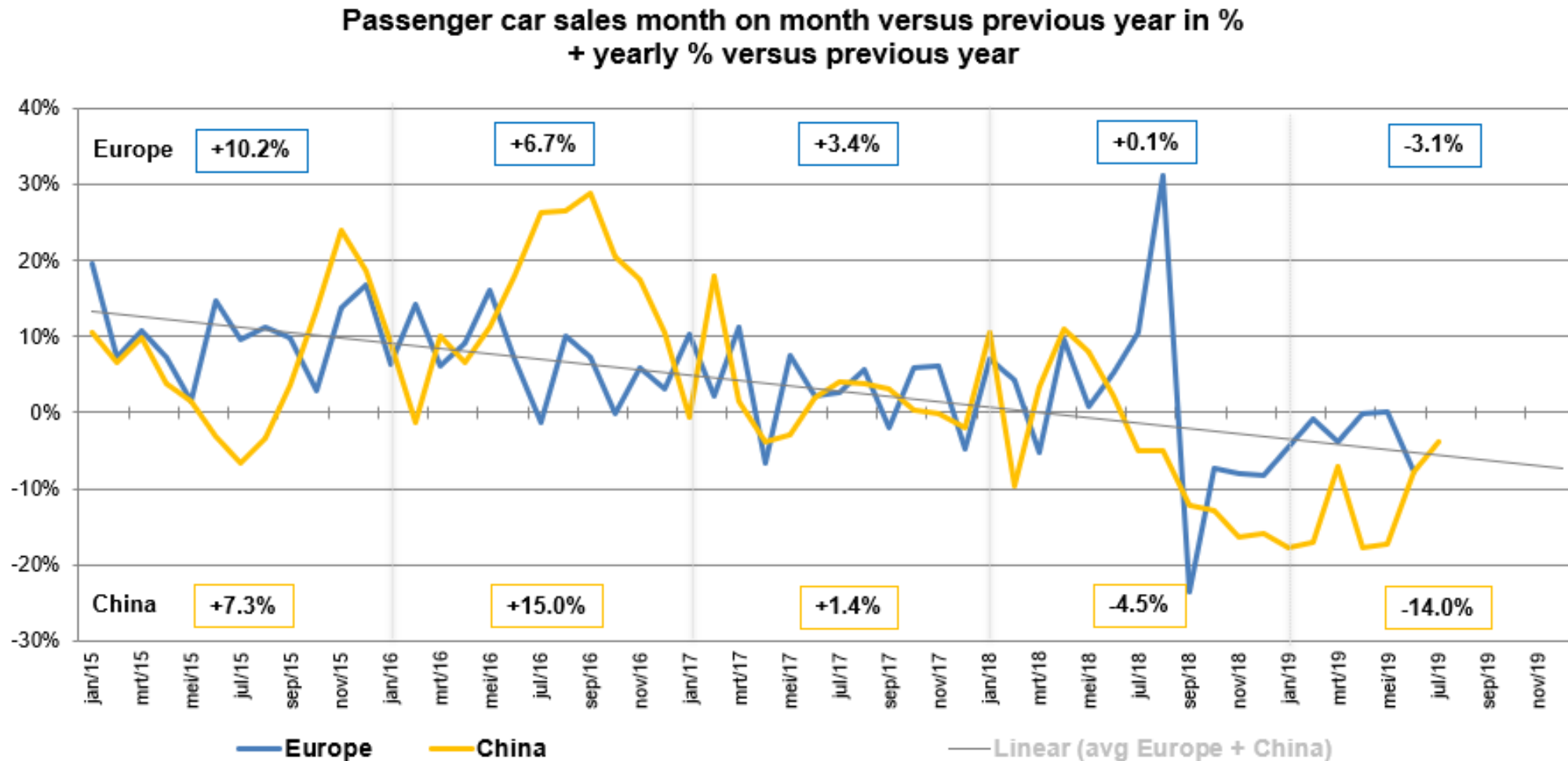
## Lower net sales reported in all segments

- **Insulation** (-2.2%) : strong volume increase (double-digit percentage), offset by reduced selling prices following lower raw material costs.
- **Bedding** (-3.8%) : weak markets, especially in Germany with low shop traffic (on-line impact), 2Q2019 showed a noticeable +3.0% recovery.
- **Automotive** (-5.3%) : lower sales on a like-for-like basis, with low demand in overall weak Chinese and European automotive markets.
- **Flexible Foams** (-13.1%) : lower volumes on softer demand in the durable consumer goods and automotive end-markets, combined with price erosion as a consequence of reduced chemical raw material costs.



<sup>1</sup> Following the partial divestment from Proseat (Automotive – Seating) in February 2019, Proseat is now integrated in the 2019 combined figures according to the 'equity method', i.o. previously on a proportionate basis. For comparison purposes the 2018 data have been restated accordingly.

# Automotive new passenger car registrations remain very negative in China & Europe !

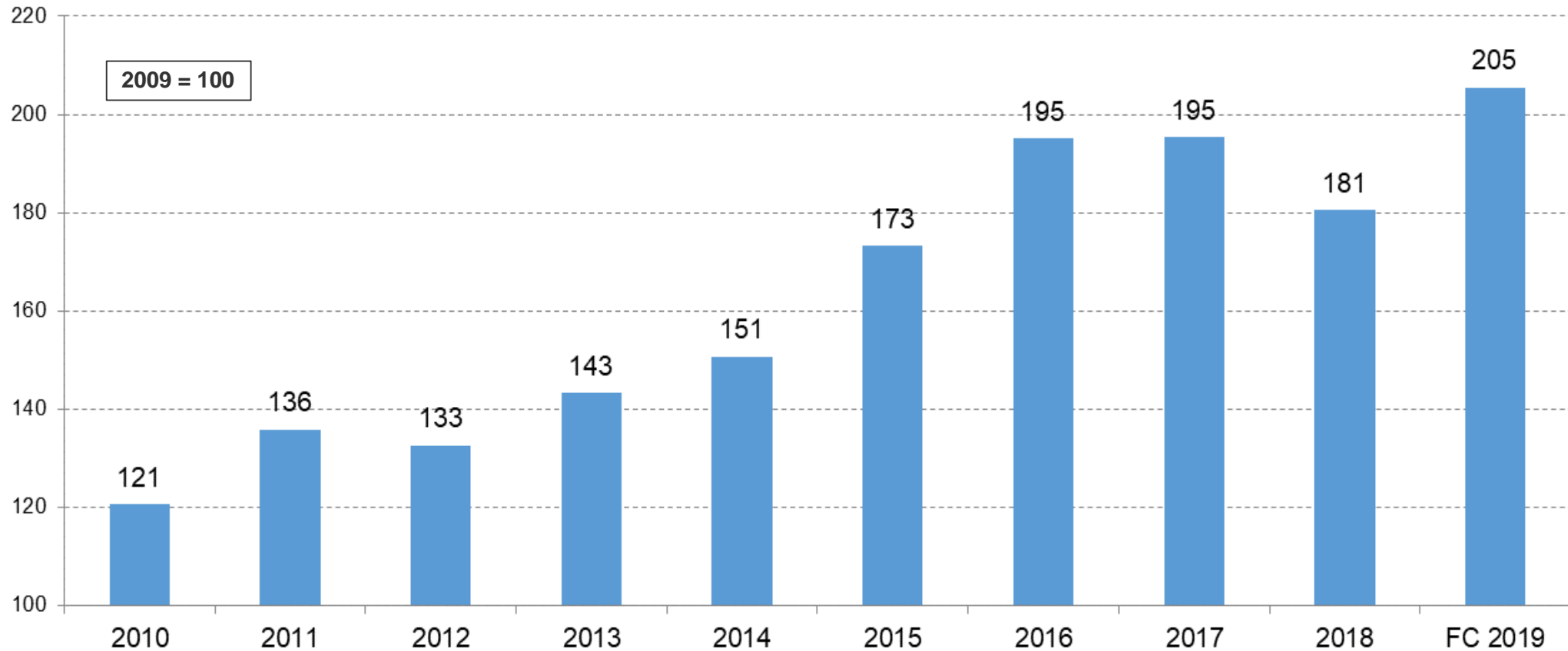


Source :  
 Europe : ACEA  
 Asia : Statista & Marklines.com

The MDI crisis of 2017 (shortage & price +65%) has deeply impacted the PIR insulation markets, and led to a 7.2% volume decline in 2018 at Recticel.

In 2019, volumes are expected to increase by 13% to a new record level !

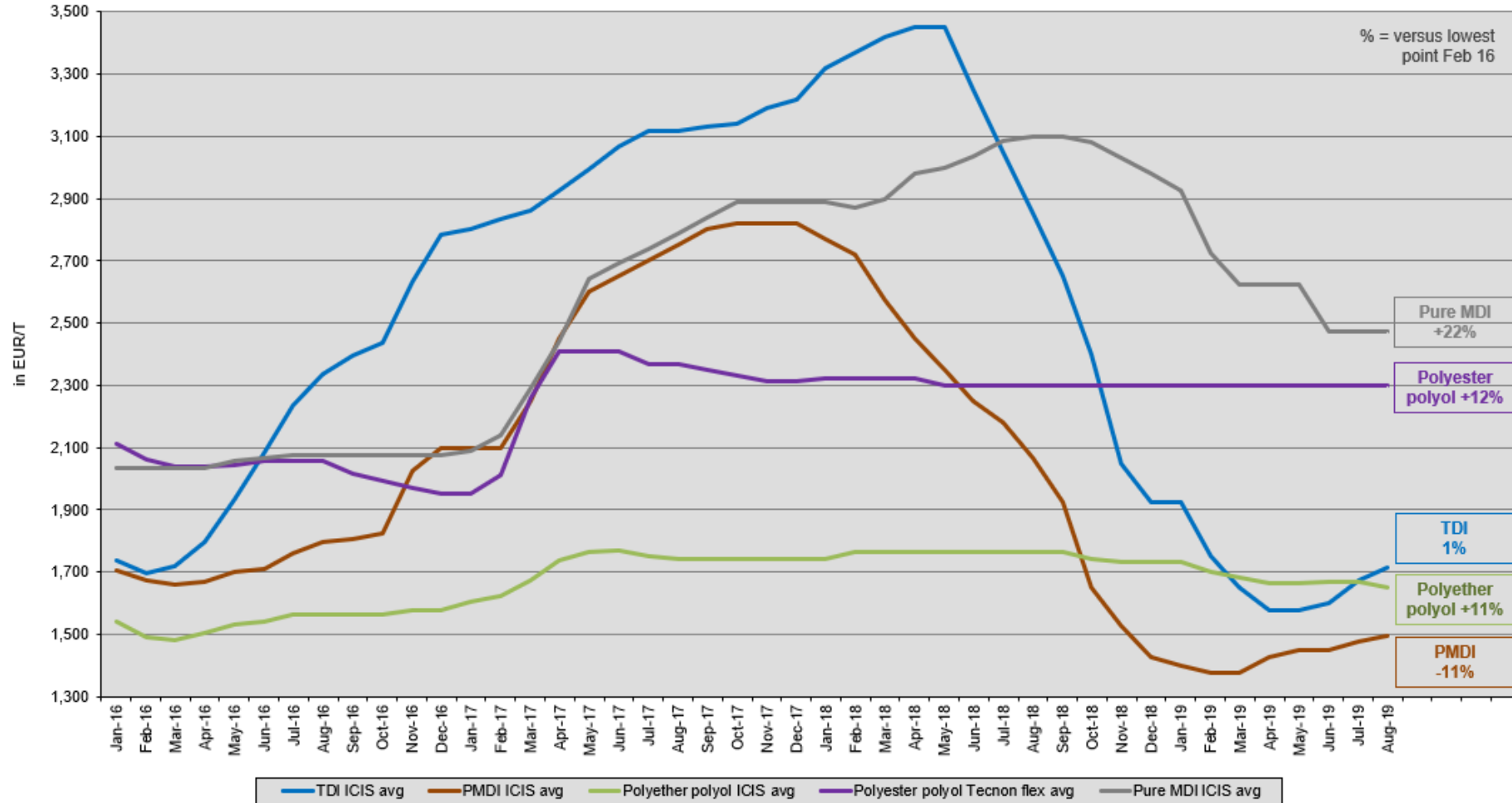
Despite the 2017 crisis, volumes growth of 7.5% CAGR% over the 2009-2019 (10% over 2009-2016).





# MDI & TDI prices have started to increase at the beginning of 2Q2019 Polyol prices have remained stable.

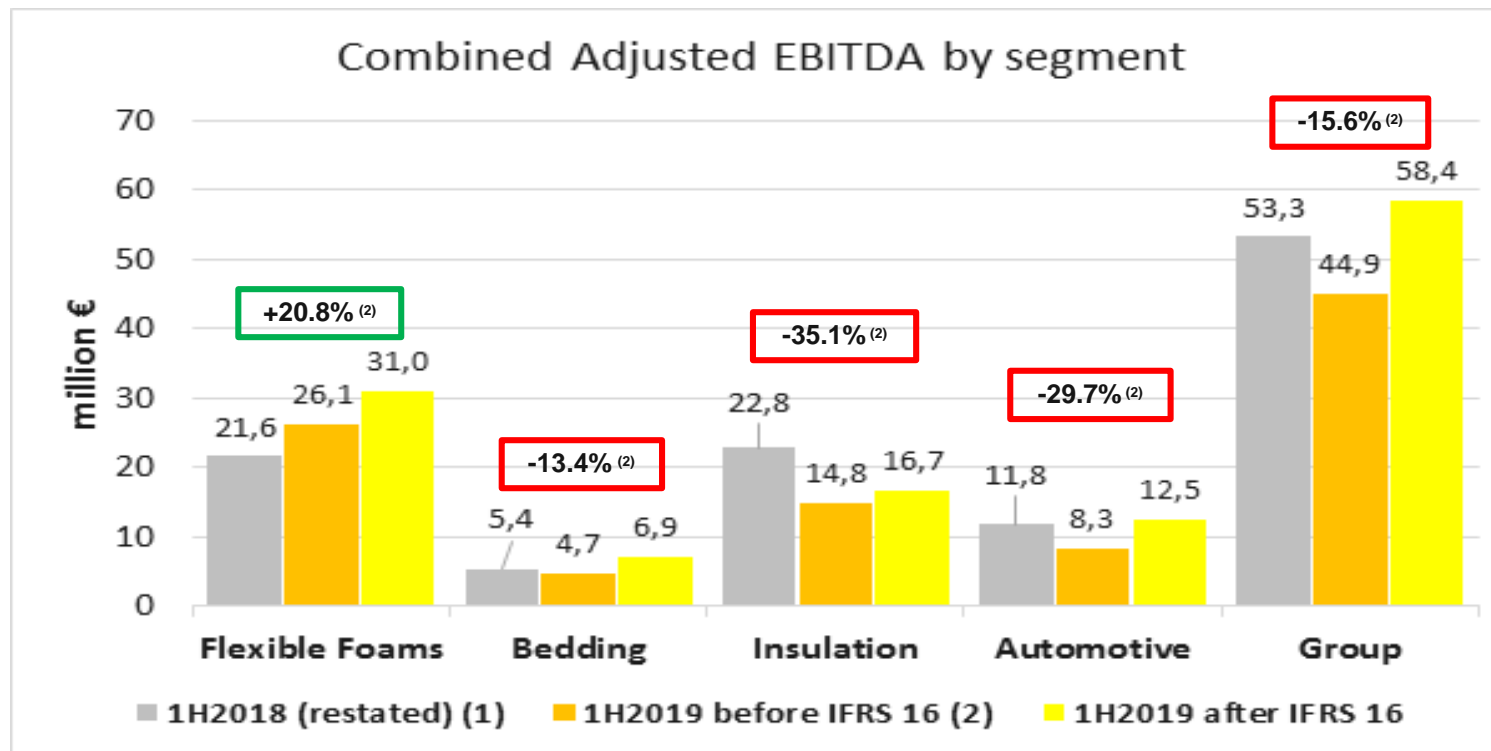
Recent market price evolution TDI / Crude MDI / Polyether & Polyester flex polyol  
(price source ICIS/Tecnon)



# Like-for-like<sup>1/2</sup> combined Adj. EBITDA decreased by 15.6%

## Challenging market environment impacts profitability, except in Flexible Foams

- **Flexible Foams** (+20.8%) : despite lower volumes and some selling price erosion, Flexible Foams benefitted from positive mix and operational improvements.
- **Bedding** (-13.4%) : impacted by lower sales over 1H2019, and increase advertising expenditures versus 1H2018.
- **Automotive** (-29.7%) : profitability decreased, impacted by lower demand and the new program ramp-ups in the Tuscaloosa plant (USA).
- **Insulation** (-35.1%) : profitability decreased, despite strong volumes, as a consequence of the new Finland plant ramp-up and of temporary margin reduction due to price erosion linked to chemical raw material costs drop.



<sup>1</sup> Following the partial divestment from Proseat (Automotive – Seating) in February 2019, Proseat is now integrated in the 2019 combined figures according to the 'equity method', i.o. previously on a proportionate basis. For comparison purposes the 2018 data have been restated accordingly.

<sup>2</sup> To facilitate comparisons and understanding of the Group's underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated; i.e. 2018 restated data compared to 2019 data before the impact of IFRS 16.

## Non-recurring adjustments +0.4m€ versus -5.2m€ in 1H2018

| in million EUR                                | 1H2018        | 1H2019     |
|---|---------------|------------|
| Gain/(loss) on disposals                      | 0,0           | 5,0        |
| Restructuring charges and provisions          | ( 0,2)        | ( 3,0)     |
| Net impact fire incident Automotive Interiors | ( 0,8)        | 0,0        |
| Other   | ( 3,7)        | ( 0,9)     |
| <b>Total impact on EBITDA</b>                 | <b>( 4,6)</b> | <b>1,1</b> |
| Impairments                                   | ( 0,6)        | ( 0,7)     |
| <b>Total impact on EBIT</b>                   | <b>( 5,2)</b> | <b>0,4</b> |

- **Impact non-recurring elements on EBITDA** : **+1.1m€** (1H2018: -4.6m€)
- **Impact non-recurring elements on EBIT** : **+0.4m€** (1H2018: -5.2m€)
- **Non-recurring elements** include:
  - capital gain realised upon the reduction of the participation in Proseat from 51% to 25%
  - gain resulting from the valuation of the put/call options defining the terms of divestment of the remaining 25 % participation in Proseat
  - additional restructuring measures in execution of the Group's rationalisation plan
  - impairments related to idle tangible assets in (i) Bedding following the Hassfurt plant closure (Germany) and in (ii) Automotive Interiors in China.

Financial charges reduced by 50% pre-IFRS 16

Taxes reduced by 17%

Like-for-like net profit decreases by 10.7% to 16.7m€, pre-IFRS 16

○ **Combined financial result: -4.9m€, -2.6m€ before IFRS 16 versus -5.3m€ in 1H2018**

- Net interest charges : -4.1m€, -1.6m€ before IFRS 16 versus -2.6m€ in 1H2018. The decrease on a comparable basis is a consequence of lower average financial debt and further improved borrowing costs.
- 'Other net financial income and expenses' -0.8m€, -1.0m€ before IFRS 16 versus -2.7m€ in 1H2018. This item comprises mainly interest capitalisation costs under provisions for pension liabilities (-0.5m€ million versus -0.4m€ in 1H2018) and exchange rate differences (-0.3 million versus -2.2m€ in 1H2018).

○ **Combined income taxes and deferred taxes : from -6.9m€ to -5.7m€**

- Current income tax charges: -5.7m€ (1H2018: -3.8m€)
- Deferred tax charges: +0.0m€ (1H2017: -3.1m€).

○ **Result of the period (share of the Group): 16.1m€, 16.7m€ before IFRS (versus 18.7m€ in 1H2018)**

Pre-IFRS 16 Gearing & Leverage improved to new record levels (31.5% & 0.9) !  
 Pre-IFRS Net Financial debt at new record low level of 144.1 m€ !  
 IFRS 16 adds 117.1m€ to Combined debt and 109.8m€ Consolidated debt

| <i>in million EUR</i>                        | 30 JUN 2018  | 31 DEC 2018  | 30 JUN 2019  |
|--|--------------|--------------|--------------|
| <b>TOTAL EQUITY - before IFRS 16</b>         | 254,7        | 265,0        | 266,5        |
| <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>   |

## Historical view of Capital structure shows continuous progress.

|  |             |             |             | As published   | As published | Proforma<br>before IFRS<br>16 | IFRS 16<br>impact | As published   |
|--|-------------|-------------|-------------|----------------|--------------|-------------------------------|-------------------|----------------|
| <b>Combined Group capital structure (m€)</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>H1 2018</b> | <b>2018</b>  | <b>H1 2019</b>                |                   | <b>H1 2019</b> |
| Total Equity                                 | 249.0       | 251.2       | 262.0       | 254.7          | 265.0        | 266.5                         | -0.6              | 265.9          |
| Net Financial Debt (on + off balance sheet)  | 183.5       | 178.2       | 177.6       | 201.0          | 151.5        | 144.1                         | 117.1             | 261.3          |
| Factoring                                    | 60.4        | 52.2        | 54.7        | 62.3           | 51.3         | 60.2                          |                   | 60.2           |
| Net Financial Debt (on balance sheet)        | 123.0       | 126.0       | 122.9       | 138.7          | 100.2        | 83.9                          | 117.1             | 201.1          |
| Gearing (on + off balance sheet)             | 74%         | 71%         | 68%         | 79%            | 57%          | 54%                           |                   | 98%            |
| Gearing (on balance sheet)                   | 49%         | 50%         | 47%         | 54%            | 38%          | 32%                           |                   | 76%            |
| Leverage (on + off balance sheet)            | 2.7         | 2.1         | 1.9         | 1.9            | 1.6          | 1.5                           |                   | 2.2            |
| Leverage (on balance sheet)                  | 1.8         | 1.5         | 1.3         | 1.3            | 1.1          | 0.9                           |                   | 1.7            |

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## Automotive Interiors divestment update

The Automotive Interiors divestment process continues its course in unfavourable market circumstances. Interested parties are currently assessing the division and we expect the outcome to be announced around the year-end.



## Combined Income Statement 2018 restated on a like-for-like basis for the Proseat divestment (consolidation under equity method)

| in m€                  | 2018 As<br>Published | 2018<br>Restated like-<br>for-like |
|------------------------|----------------------|------------------------------------|
| Net sales              | 1,448.3              | 1,315.5                            |
| <b>Adjusted EBITDA</b> | <b>103.8</b>         | <b>97.7</b>                        |
| Adjustments to EBITDA  | -10.4                | -10.2                              |
| <b>EBITDA</b>          | <b>93.4</b>          | <b>87.5</b>                        |
| Depreciation           | -40.5                | -36.7                              |
| Impairment             | -5.8                 | -5.8                               |
| <b>Adjusted EBIT</b>   | <b>63.3</b>          | <b>61.1</b>                        |
| <b>EBIT</b>            | <b>47.0</b>          | <b>45.0</b>                        |
| Financial result       | -5.7                 | -4.4                               |
| <b>EBT</b>             | <b>41.3</b>          | <b>40.7</b>                        |
| Tax current            | -6.1                 | -5.4                               |
| Tax deferred           | -6.4                 | -6.4                               |
| <b>EAT</b>             | <b>28.8</b>          | <b>28.8</b>                        |

# Outlook

The economic and geopolitical environment remains highly volatile and increasingly uncertain. Taking into account the gradual profitability improvement within the first half-year, and our expectations for the remainder of the year, we anticipate our 2019 full year Adjusted EBITDA to be in line with 2018 on a like-for-like basis. Recticel is in a strong financial position and has demonstrated its ability to adapt to rapidly changing market conditions.

# Market consensus 1H & FY 2019

| <i>in million €</i>     | <b>BERENBERG<br/>BANK</b> | <b>DEGROOF<br/>PETERCAM</b> | <b>ING</b> | <b>KBC SECURITIES</b> | <b>KEPLER<br/>CHEVREUX</b> | <b>AVERAGE</b> |
|-------------------------|---------------------------|-----------------------------|------------|-----------------------|----------------------------|----------------|
| <b>BEFORE IFRS 16</b>   | <b>1H2019</b>             |                             |            |                       |                            |                |
| Combined Sales          | 633,6                     | 655,7                       | -          | 632,3                 | 629,8                      | <b>637,9</b>   |
| Combined Adj.<br>EBITDA | 45,3                      | 49,9                        | -          | 41,5                  | 46,4                       | <b>45,8</b>    |
| <i>as % of sales</i>    | 7,1%                      | 7,6%                        | -          | 6,6%                  | 7,4%                       | <b>7,2%</b>    |
| <b>BEFORE IFRS 16</b>   | <b>FY2019</b>             |                             |            |                       |                            |                |
| Combined Sales          | 1 254,1                   | -                           | -          | 1 248,2               | 1 239,3                    | <b>1 247,2</b> |
| Combined Adj.<br>EBITDA | 94,8                      | -                           | -          | 92,6                  | 95,2                       | <b>94,2</b>    |
| <i>as % of sales</i>    | 7,6%                      | -                           | -          | 7,4%                  | 7,7%                       | <b>7,6%</b>    |

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Lower sales but improved profitability driven by a positive net pricing effect including increased prices for trim foam, an improved product-mix and operational efficiency improvements

### Key financials

| in million EUR         | 1H2018       | 1H2019<br>before IFRS 16 | Δ             | 1H2019<br>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>  | <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>  | <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>   | <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>   | <i>6,5%</i>             |

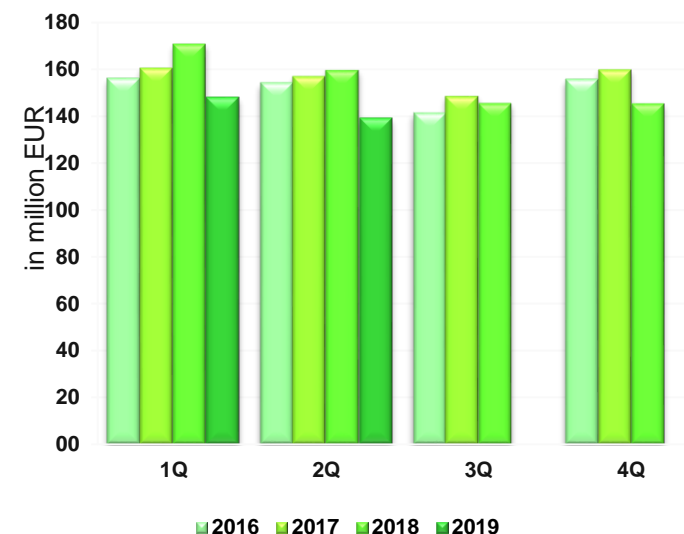
### 1H2019 key topics

- **Sales 1H2019: 287.2m€ (-13.1%)**, with external sales decreasing by -7.6%. Exchange rate differences: -0.1%
  - Comfort: 157.2m€ (-14.8%) - Technical Foams: 129.9m€ (-2.2%+)
  - Lower sales due to lower volumes and price erosion as a result of falling chemical raw material prices.
- **Like-for-like Adjusted EBITDA margin increased** from 6.5% to 9.1% (before IFRS 16), driven by a positive net pricing effect including increased prices for trim foam, an improved product-mix and operational efficiency.
- IFRS 16 added EUR 4.8 million EBITDA in absolute terms, or 1.6% to the margin.
- Non-recurring elements: -1.5m€ (1H2018: -2.8m€)

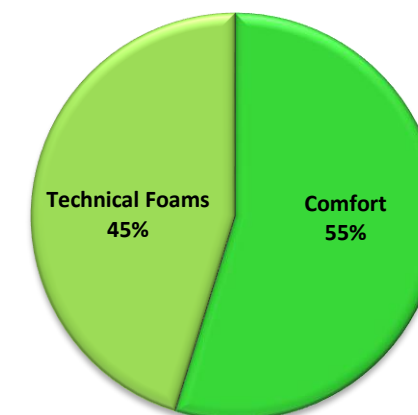
### Recent developments

- Decreasing but currently stabilizing chemical raw material prices
- Improved product/market-mix (i.e. Technical Foams)
- Structural progress in operational efficiency

Combined Sales Flexible Foams (2016-2019)



Combined sales 1H2019



## Key financials

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

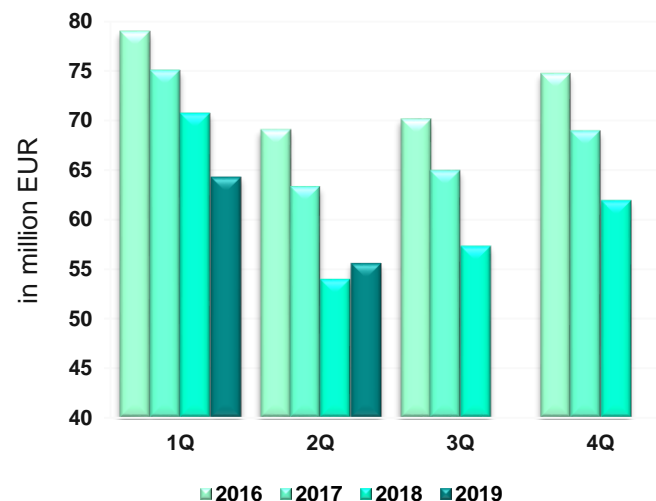
## 1H2019 key topics

- **Sales 1H2019: 119.8m€ (-3.8%)**, with external sales decreasing by -3.3%.
  - Branded Products: +1.0%
  - Non-Branded/Private Label: -10.9%
- Difficult market conditions with low shop traffic and competition from e-commerce players, particularly in Germany.
- The improved product-mix, operational efficiency and lower material costs partly mitigated the lower volumes.
- Underlying Adjusted EBITDA margin decreased from 4.3% to 3.9%.
- The application of IFRS 16 added 1.9% to the margin, or EUR 2.3 million EBITDA in absolute terms.

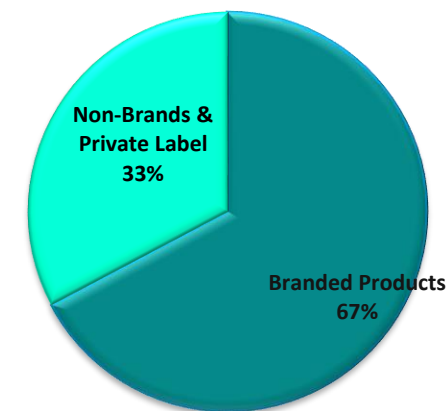
## Recent developments

- The new innovative Geltex 2.0 and boxsprings product lines are supporting the Branded Products subsegment; hence the overall product-mix.

Combined Sales Bedding (2016-2019)



Combined sales 1H2019



# Higher sales volumes offset by selling price erosion

## Key financials

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

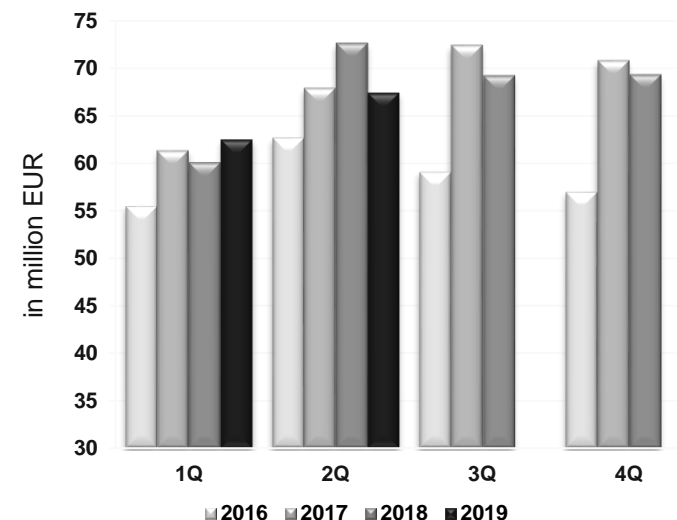
## 1H2019 key topics

- Sales 1H2019: 129.8m€ (-2.2%), including exchange rate differences of +0.2%
- Profitability receded. Growth in sales volumes was more than offset by lower average selling prices.
- The new plant in Finland is still in ramp-up phase and hence induced additional fixed costs 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.

## Recent developments

- Increase of participation in joint venture Turvac from 50% to 74%.
- New plant in Finland, dedicated to the supply of the Scandinavian and Baltics markets, is started production in 4Q2019.

Combined sales Insulation (2016-2019)



# Sales grew on strong Automotive markets and new program start-up. EBITDA +45.1% mainly linked to reduced non-recurring costs

## Key financials

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

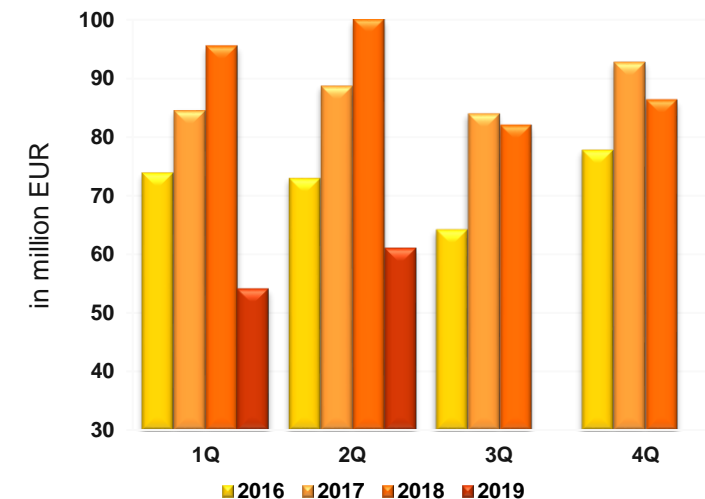
## Recent developments

- Partial divestment from Proseat in February 2019.
- Processes engaged during 1Q2019 regarding the decision to divest from Automotive divisions are on-going

## 1H2019 key topics

- Sales 1H2019: 115.5m€ (-5.3%)**, including a currency exchange differences for +1.4%
- Sales comprise the Interiors business (1H2019: EUR 94.9 million) as well as sales of chemical raw materials at cost to the Proseat joint venture (1H2019: EUR 20.2 million).
- Sales volumes remained adversely affected by the continued weakness of the European and Chinese Automotive markets.

Combined sales Automotive (2016-2019)





# Agenda

- ▶ Highlights 1H2019
- ▶ Results 1H2019 & Financial Position
- ▶ Outlook FY2019
- ▶ Comments on results per business line
- ▶ Appendices

# Consolidated Income Statement

| Group Recticel<br>in thousand EUR                  | 1H2018         | 1H2019<br>after IFRS 16 | 1H2019<br>before IFRS 16 | Δ             |
|--|----------------|-------------------------|--------------------------|---------------|
|  | (a)            |                         | (b)                      | (b)/(a)-1     |
| <b>Sales</b>                                       | <b>579 730</b> | <b>536 072</b>          | <b>536 072</b>           | <b>-7,5%</b>  |
| Distribution costs                                 | (29 404)       | (30 983)                | (31 023)                 | 5,5%          |
| Cost of sales                                      | (448 157)      | (403 923)               | (405 300)                | -9,6%         |
| <b>Gross profit</b>                                | <b>102 169</b> | <b>101 166</b>          | <b>99 749</b>            | <b>-2,4%</b>  |
| General and administrative expenses                | (35 328)       | (37 986)                | (38 076)                 | 7,8%          |
| Sales and marketing expenses                       | (34 399)       | (37 074)                | (37 137)                 | 8,0%          |
| Research and development expenses                  | (6 919)        | (6 003)                 | (6 012)                  | -13,1%        |
| Impairment Goodwill                                | (1 000)        | 0                       | 0                        | -100,0%       |
| Impairments tangible and intangible assets         | 430            | ( 693)                  | ( 693)                   | -261,2%       |
| <i>Other operating revenues (1)</i>                | 5 015          | 10 652                  | 10 652                   | 112,4%        |
| <i>Other operating expenses (2)</i>                | <u>(8 296)</u> | <u>(10 140)</u>         | <u>(10 140)</u>          | <u>22,2%</u>  |
| Other operating result (1)+(2)                     | (3 281)        | 512                     | 512                      | -115,6%       |
| Income from joint ventures & associates            | 7 468          | 4 811                   | 4 830                    | -35,3%        |
| <b>EBIT</b>  | <b>29 140</b>  | <b>24 733</b>           | <b>23 173</b>            | <b>-20,5%</b> |
| Interest income                                    | 280            | 192                     | 192                      | -31,4%        |
| Interest expenses                                  | (2 344)        | (4 159)                 | (1 732)                  | -26,1%        |
| Other financial income                             | 3 260          | 7 832                   | 7 832                    | 140,2%        |
| Other financial expenses                           | (5 577)        | (8 448)                 | (8 693)                  | 55,9%         |
| <b>Financial result</b>                            | <b>(4 381)</b> | <b>(4 583)</b>          | <b>(2 401)</b>           | <b>-45,2%</b> |
| <b>Result of the period before taxes</b>           | <b>24 759</b>  | <b>20 150</b>           | <b>20 772</b>            | <b>-16,1%</b> |
| Income taxes                                       | (6 073)        | (4 049)                 | (4 049)                  | -33,3%        |
| <b>Result of the period after taxes</b>            | <b>18 686</b>  | <b>16 101</b>           | <b>16 723</b>            | <b>-10,5%</b> |
| of which attributable to the owners of the parent  | 18 686         | 16 095                  | 16 717                   | -10,5%        |
| of which attributable to non-controlling interests | 0              | 6                       | 6                        | n.m.          |

# Consolidated Comprehensive Income

| Group Recticel<br>in thousand EUR  | 1H2018        | 1H2019          |
|--|---------------|-----------------|
| <b>Result for the period after taxes</b>                                 | <b>18 686</b> | <b>16 101</b>   |
| <b>Other comprehensive income</b>  |               |                 |
| <i>Items that will not subsequently be recycled to profit and loss</i>   |               |                 |
| Actuarial gains (losses) on employee benefits recognized in equity       | 4 478         | ( 4 333)        |
| Deferred taxes on actuarial gains (losses) on employee benefits          | ( 568)        | 759             |
| Currency translation differences   | ( 41)         | ( 18)           |
| Joint ventures & associates  | 491           | ( 650)          |
| <b>Total</b>   | <b>4 360</b>  | <b>( 4 242)</b> |
| <i>Items that subsequently may be recycled to profit and loss</i>        |               |                 |
| Hedging reserves   | 582           | 0               |
| Currency translation differences   | 528           | 371             |
| Foreign currency translation reserve difference recycled in the income s | 0             | 305             |
| Deferred taxes on hedging interest reserves                              | ( 101)        | 0               |
| Deferred taxes on retained earnings                                      | 0             | ( 68)           |
| Joint ventures & associates  | ( 1 406)      | 159             |
| <b>Total</b>   | <b>( 397)</b> | <b>767</b>      |
| <b>Other comprehensive income net of tax</b>                             | <b>3 963</b>  | <b>( 3 475)</b> |
| <b>Total comprehensive income for the period</b>                         | <b>22 649</b> | <b>12 626</b>   |
| <b>Total comprehensive income for the period</b>                         | <b>22 649</b> | <b>12 626</b>   |
| of which attributable to the owners of the parent                        | 22 649        | 12 620          |
| of which attributable to non-controlling interests                       | 0             | 6               |

# Consolidated Balance Sheet

| Group Recticel<br>in thousand EUR                | 31 Dec 2018    | 30 Jun 2019<br>after IFRS 16 | 30 Jun 2019<br>before IFRS 16 | Δ             |
|--|----------------|------------------------------|-------------------------------|---------------|
|  | (a)            | (b)                          | (b)                           | (b)/(a)-1     |
| Intangible assets                                | 12 045         | 13 226                       | 13 226                        | 9,8%          |
| Goodwill   | 23 354         | 23 641                       | 23 641                        | 1,2%          |
| Property, plant & equipment                      | 232 541        | 206 657                      | 206 657                       | -11,1%        |
| Right-of-use assets                              | 0              | 135 075                      | 26 847                        | n.m.          |
| Investment property                              | 3 289          | 3 289                        | 3 289                         | 0,0%          |
| Investments in joint ventures and associates     | 68 631         | 61 862                       | 61 881                        | -9,8%         |
| Other financial investments                      | 791            | 911                          | 911                           | 15,2%         |
| Non-current receivables                          | 15 655         | 21 962                       | 21 962                        | 40,3%         |
| Other non-current contract assets                | 15 326         | 11 447                       | 11 447                        | -25,3%        |
| Deferred taxes                                   | 20 468         | 20 929                       | 20 929                        | 2,3%          |
| <b>Non-current assets</b>                        | <b>392 099</b> | <b>498 999</b>               | <b>390 790</b>                | <b>-0,3%</b>  |
| Inventories                                      | 103 789        | 108 298                      | 108 298                       | 4,3%          |
| Trade receivables                                | 107 680        | 128 533                      | 128 533                       | 19,4%         |
| Other current contract assets                    | 13 782         | 12 920                       | 12 920                        | -6,3%         |
| Other receivables and other financial assets     | 55 226         | 31 656                       | 31 122                        | -43,6%        |
| Income tax receivables                           | 5 587          | 5 393                        | 5 393                         | -3,5%         |
| Other investments                                | 138            | 138                          | 138                           | 0,1%          |
| Cash and cash equivalents                        | 39 554         | 41 316                       | 41 316                        | 4,5%          |
| Assets held for sale                             | 19 201         | 5 638                        | 5 638                         | -70,6%        |
| <b>Current assets</b>                            | <b>344 958</b> | <b>333 892</b>               | <b>333 358</b>                | <b>-3,4%</b>  |
| <b>TOTAL ASSETS</b>                              | <b>737 057</b> | <b>832 891</b>               | <b>724 148</b>                | <b>-1,8%</b>  |
| Capital  | 138 068        | 138 234                      | 138 234                       | 0,1%          |
| Share premium                                    | 129 941        | 130 087                      | 130 087                       | 0,1%          |
| <b>Share capital</b>                             | <b>268 009</b> | <b>268 321</b>               | <b>268 321</b>                | <b>0,1%</b>   |
| Treasury shares                                  | ( 1 450)       | ( 1 450)                     | ( 1 450)                      | 0,0%          |
| Other reserves                                   | ( 19 214)      | ( 23 202)                    | ( 23 202)                     | 20,8%         |
| Retained earnings                                | 39 636         | 42 405                       | 43 028                        | 8,6%          |
| Hedging and translation reserves                 | ( 22 003)      | ( 20 868)                    | ( 20 876)                     | -5,1%         |
| <b>Equity (share of the Group)</b>               | <b>264 978</b> | <b>265 206</b>               | <b>265 821</b>                | <b>0,3%</b>   |
| Equity attributable to non-controlling interests | 0              | 710                          | 710                           | n.m.          |
| <b>Total equity</b>                              | <b>264 978</b> | <b>265 916</b>               | <b>266 531</b>                | <b>0,6%</b>   |
| Pensions and similar obligations                 | 48 055         | 53 861                       | 53 861                        | 12,1%         |
| Provisions                                       | 14 318         | 13 007                       | 13 482                        | -5,8%         |
| Deferred taxes                                   | 9 650          | 9 345                        | 9 345                         | -3,2%         |
| <i>Financial leases</i>                          | <i>17 505</i>  | <i>89 922</i>                | <i>16 025</i>                 | <i>-8,5%</i>  |
| <i>Bank loans</i>                                | <i>15 500</i>  | <i>13 768</i>                | <i>13 768</i>                 | <i>-11,2%</i> |
| <i>Other loans</i>                               | <i>1 701</i>   | <i>1 599</i>                 | <i>1 599</i>                  | <i>-6,0%</i>  |
| Financial liabilities                            | 34 706         | 105 289                      | 31 392                        | -9,5%         |
| Non-current contract liabilities                 | 24 096         | 20 003                       | 20 003                        | -17,0%        |
| Other amounts payable                            | 202            | 205                          | 205                           | 1,5%          |
| <b>Non-current liabilities</b>                   | <b>131 027</b> | <b>201 710</b>               | <b>128 288</b>                | <b>-2,1%</b>  |
| Pensions and similar obligations                 | 4 720          | 3 106                        | 3 106                         | -34,2%        |
| Provisions                                       | 2 573          | 979                          | 979                           | -62,0%        |
| Financial liabilities                            | 90 021         | 120 626                      | 84 709                        | -5,9%         |
| Trade payables                                   | 90 756         | 98 508                       | 98 509                        | 8,5%          |
| Current contract liabilities                     | 44 964         | 44 979                       | 44 979                        | 0,0%          |
| Income tax payables                              | 3 061          | 2 580                        | 2 580                         | -15,7%        |
| Other amounts payable                            | 104 957        | 94 487                       | 94 466                        | -10,0%        |
| <b>Current liabilities</b>                       | <b>341 052</b> | <b>365 265</b>               | <b>329 328</b>                | <b>-3,4%</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>              | <b>737 057</b> | <b>832 891</b>               | <b>724 147</b>                | <b>-1,8%</b>  |

# Consolidated Statement of Cash Flow

| Group Recticel<br>in thousand EUR                                 | 1H2018         | 1H2019<br>after IFRS 16 | 1H2019<br>before IFRS 16 | Δ             |
|---|----------------|-------------------------|--------------------------|---------------|
|   | (a)            |                         | (b)                      | (b)/(a) -1    |
| <b>EBIT</b>   | <b>29 141</b>  | <b>24 733</b>           | <b>23 173</b>            | <b>-20,5%</b> |
| Depreciation, amortisation and impairment losses on assets        | 16 275         | 28 513                  | 17 599                   | 8,1%          |
| Write-offs (-back) on assets                                      | - 295          | 79                      | 79                       | nr            |
| Changes in provisions   | -4 825         | -3 309                  | -3 454                   | -28,4%        |
| Income from associates and joint ventures                         | -7 468         | -4 833                  | -4 852                   | -35,0%        |
| Valorisation call/put option Proseat                              | 0              | -2 860                  | -2 860                   | nr            |
| Gain/(Loss) on disposal of assets                                 | 0              | -3 642                  | -3 642                   | nr            |
| Other non-cash elements   | - 42           | 0                       | 0                        | -100,0%       |
| <b>Gross operating cash flow</b>                                  | <b>32 786</b>  | <b>38 681</b>           | <b>26 043</b>            | <b>-20,6%</b> |
| Changes in working capital  | -14 744        | -8 120                  | -8 120                   | -44,9%        |
| <b>Gross operating cash flow after changes in working capital</b> | <b>18 042</b>  | <b>30 561</b>           | <b>17 923</b>            | <b>-0,7%</b>  |
| Income taxes paid   | -3 998         | -2 484                  | -2 484                   | -37,9%        |
| <b>Net cash flow from operating activities (a)</b>                | <b>14 044</b>  | <b>28 077</b>           | <b>15 439</b>            | <b>9,9%</b>   |
| <b>Net cash flow from investment activities (b)</b>               | <b>-18 059</b> | <b>7 460</b>            | <b>7 460</b>             | <b>nr</b>     |
| Paid interest charges on financial debt (1.a.)                    | -3 268         | -1 355                  | -1 355                   | -58,5%        |
| Paid interest charges on lease debt (1.b.)                        | - 80           | - 101                   | - 101                    | 26,3%         |
| Paid dividends (2)  | -12 029        | -13 204                 | -13 204                  | 9,8%          |
| Increase (Decrease) of capital (3)                                | 1 568          | 312                     | 312                      | -80,1%        |
| Increase (Decrease) of financial debt (4.a.)                      | 2 231          | 11 507                  | 11 507                   | 415,8%        |
| Increase (Decrease) of lease debt (4.b.)                          | - 978          | -12 638                 | 0                        | nr            |
| <b>Net cash flow from financing activities (c)</b>                | <b>-12 556</b> | <b>-15 479</b>          | <b>-2 841</b>            | <b>-77,4%</b> |
| Effect of exchange rate changes (d)                               | - 42           | 2 268                   | 2 268                    | nr            |
| <b>Changes in cash and cash equivalents (a)+(b)+(c)+(d)+(e)</b>   | <b>-16 613</b> | <b>22 326</b>           | <b>22 326</b>            | <b>nr</b>     |
| <b>FREE CASH FLOW (a)+(b)+(1.a.)+(1.b.)+(4.b)</b>                 | <b>-7 363</b>  | <b>21 443</b>           | <b>21 443</b>            | <b>nr</b>     |

# Statement of changes in equity

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

# Data per share

| Group Recticel<br>in EUR   | 1H2018     | 1H2019     | Δ         |
|--|------------|------------|-----------|
|  | (a)        | (b)        | (b)/(a)-1 |
| Number of shares outstanding (including treasury shares)               | 54 998 850 | 55 293 406 | 0,5%      |
| Weighted average number of shares outstanding (before dilution effect) | 54 527 800 | 54 917 196 | 0,7%      |
| Weighted average number of shares outstanding (after dilution effect)  | 55 139 945 | 55 128 831 | 0,0%      |
| EBITDA   | 0,83       | 0,97       | 16,4%     |
| EBIT   | 0,53       | 0,45       | -15,7%    |
| Result for the period before taxes                                     | 0,45       | 0,37       | -19,2%    |
| Result for the period after taxes                                      | 0,34       | 0,29       | -14,4%    |
| Result for the period (share of the Group) - basic                     | 0,343      | 0,293      | -14,4%    |
| Result for the period (share of the Group) - diluted                   | 0,339      | 0,292      | -13,8%    |
| Net book value   | 4,63       | 4,81       | 3,8%      |

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| <b>Financial calendar</b>         |                              |
|-----------------------------------|------------------------------|
| First half-year 2019 results      | 29.08.2019 (at 07:00 AM CET) |
| Third quarter 2019 trading update | 31.10.2019 (at 07:00 AM CET) |
| Annual results 2019               | 28.02.2020 (at 07:00 AM CET) |
| First quarter 2020 trading update | 29.04.2020 (at 07:00 AM CET) |
| Annual General Meeting            | 28.05.2020 (at 10:00 AM CET) |
| First half-year 2020 results      | 30.08.2020 (at 07:00 AM CET) |
| Third quarter 2020 trading update | 30.10.2020 (at 07:00 AM CET) |

Uncertainty risks concerning the forecasts made

This report contains forecasts which entail risks and uncertainties, including with regard to statements concerning plans, objectives, expectations and/or intentions of the Recticel Group and its subsidiaries. Readers are informed that such forecasts entail known and unknown risks and/or may be subject to considerable business, macroeconomic and competition uncertainties and unforeseen circumstances which largely lie outside the control of the Recticel Group. Should one or more of these risks, uncertainties or unforeseen or unexpected circumstances arise or if the underlying assumptions were to prove to be incorrect, the final financial results of the Group may possibly differ significantly from the assumed, expected, estimated or extrapolated results. Consequently, neither Recticel nor any other person assumes any responsibility for the accuracy of these forecasts.

For more product information or direct business contacts, please consult our web site [www.recticel.com](http://www.recticel.com), where interested parties can also find our press releases and slide presentations of our annual or half-year results.

Customers, suppliers, shareholders, investors and all other stakeholders and interested parties who wish to receive Recticel's annual report and/or its regular press releases, are invited to subscribe to Recticel's **email alert** on the above web site address. This service is **free of charge**.





Thank you for your attention!

Q&A