

RECTICEL

3Q2021 Trading Update and Recent Strategic Moves

KBC Securities, Small & Mid Cap Conference 2021
10 December 2021

Olivier Chapelle – Chief Executive Officer

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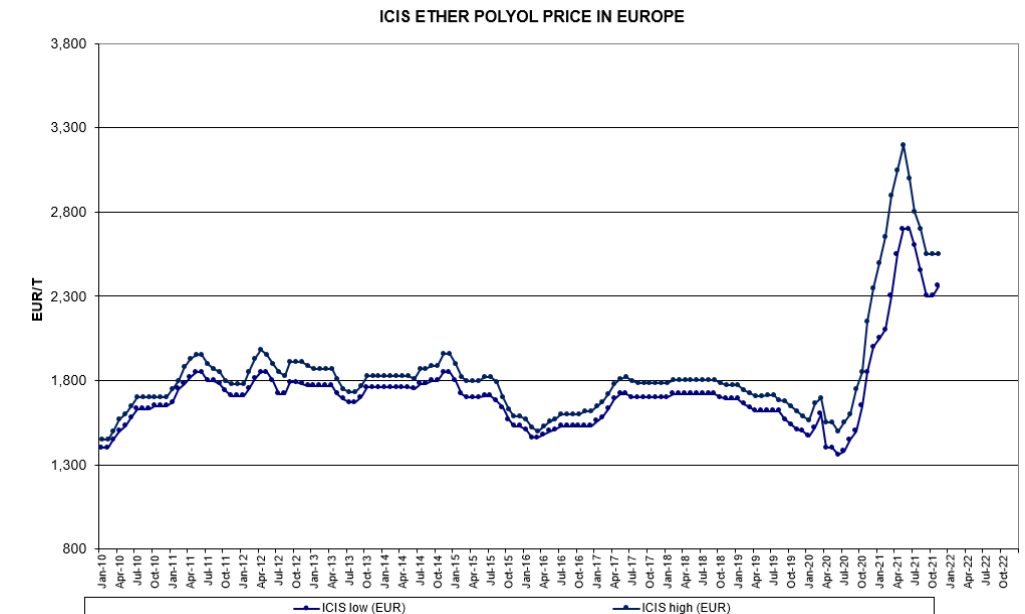
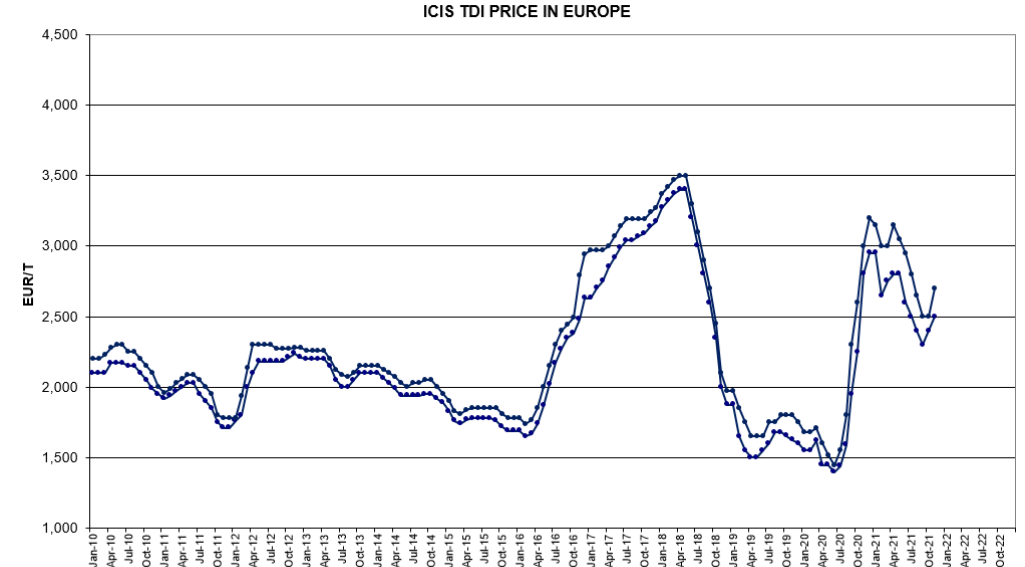
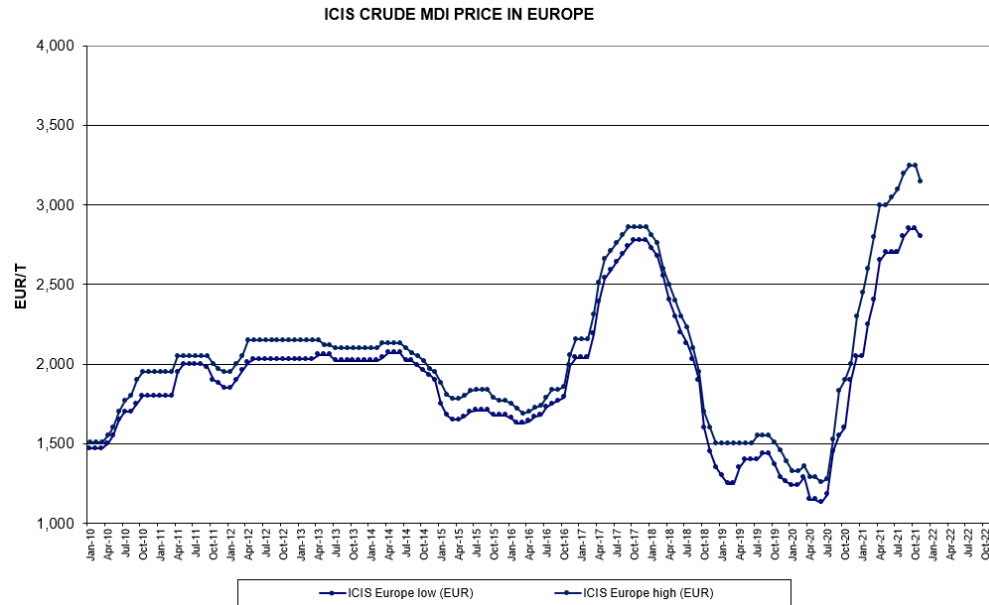
Agenda

- ▶ Key highlights YTD 2021
- ▶ Recap 3Q2021 Trading update
- ▶ Renewed sustainability strategy 2021-2025
- ▶ Strategic updates

9M2021 and subsequent developments

- 1 YTD Sep 2021 : Sales € 915.9m (+54.8%) – organically +31.2%, currency effect +0.2% and €138.0m from contribution of FoamPartner (Engineered Foams) since 01 April 2021
- 2 Raw material supply and pricing progressively normalizing
- 3 Net financial debt: €189.0m per 30 Sep 2021 (30 June 2021 : €206.6m)
- 4 11 Oct 2021: strategy update and intended sale of Engineered Foams business
- 5 18 Nov 2021: binding agreement with Aquinos Group to divest Bedding business
- 6 ESG rating: MSCI upgraded Recticel from “A” to “AA” in 2021 and first time CDP score of “B”
- 7 06 Dec 2021: SGM authorizes sale of Engineered Foams business to Carpenter Co.
binding agreement with Carpenter Co. on sale of Engineered Foams business
- 8 24 Dec 2021: SGM to request shareholders to approve sale of Bedding business to Aquinos Group

The ICIS perspective on raw material costs in November 2021



- PMDI (Insulation) prices easing from its multiyears highs. Covestro lifted its force majeure earlier in November.
- TDI (Engineered Foams) prices increased in November amid concern of tightening supply especially at start of November.
- Ether polyol (REF) November prices stable to firm. Supply tighter, demand varies regionally.

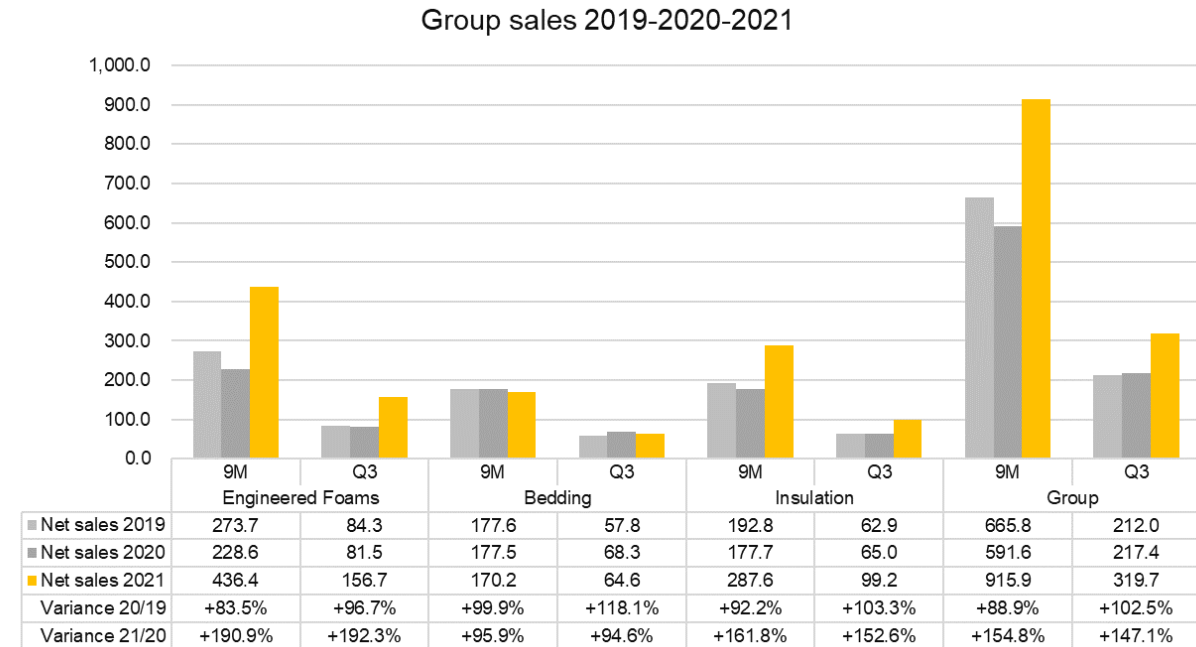
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3Q2021 Trading update – Sales increased by 47.1% over 3Q2021

Net sales by segment:

<i>in million EUR</i>	3Q2020	3Q2021	Δ 3Q	9M2020	9M2021	Δ 9M
Engineered Foams	81.5	156.7	92.3%	228.6	436.4	90.9%
Bedding	68.3	64.6	-5.4%	177.5	170.2	-4.1%
Insulation	65.0	99.2	52.6%	177.7	287.6	61.8%
Corporate / Eliminations	2.6	(0.7)	-128.5%	7.8	21.8	180.0%
TOTAL CONSOLIDATED SALES	217.4	319.7	47.1%	591.6	915.9	54.8%



- Sales growth in 9M2021 has been driven by supportive demand in most markets and by price increases mitigating the substantial impact of higher purchase prices of chemical raw material and other components.**
 - 3Q2021 sales increased by 47.1% from EUR 217.4 million to EUR 319.7 million; of which +15.8% organic growth, +0.5% currency, and +30.8% from FoamPartner sales (EUR 66.1 million).
 - 9M2021 sales increased by 54.8% from EUR 591.6 million to EUR 915.9 million; of which +31.2% organic growth, +0.2% currency, and +23.4% from FoamPartner sales over 2Q and 3Q2021 (EUR 138.0 million).

Total net debt position decreased by €21.4m over 3Q2021 to reach €230.4m

Resulting primarily from:

- strong positive operating cash generation
- slightly lower net working capital

<i>in million EUR</i>	30 SEP 2020	31 DEC 2020	31 MAR 2021	30 JUN 2021	30 SEP 2021
TOTAL EQUITY	-	334.8	-	354.8	-
Net financial debt excluding factoring	(9.1)	(47.9)	132.2	145.3	130.3
+ Lease debt (IFRS 16)	52.9	52.5	63.1	61.3	58.7
CONSOLIDATED NET FINANCIAL DEBT	43.8	4.6	195.3	206.6	189.0
+ Drawn amounts under factoring programs	0.0	0.0	43.3	45.2	41.4
TOTAL CONSOLIDATED NET FINANCIAL DEBT	43.8	4.6	238.6	251.8	230.4
Gearing ratio (incl. IFRS 16)	-	1.4%	-	58.2%	-
Leverage ratio (incl. IFRS 16)	-	0.1	-	2.6	-

Increase of synergies expectation related to the FoamPartner acquisition

The integration of FoamPartner in Engineered Foams progresses smoothly and forecasted synergies at the horizon of 2023 are expected to reach €18m.

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Committed to sustainability

Rated “AA” by MSCI since September 2021

Over the lifetime of their use, the insulation products we sold in 2020 will offset **46 times** our carbon footprint for the year

Our promise

We will raise this climate-positive multiple ratio from 46 to

75 by 2025

Reduce carbon Footprint by

40% by 2030

Transition to a circular economy

5,000 tonnes

Post-consumer PU foam from recycled mattresses

PUReSmart

Successful completion by 2023; revolutionary breakthrough in chemical recycling of flexible PU foam

Innovation at our core

80%

Of R&D projects classified as sustainable

>=3

Sustainable R&D projects brought to market every year

MSCI ESG rating upgraded from 'A' to 'AA' since September 2021

Showing our commitment to ESG

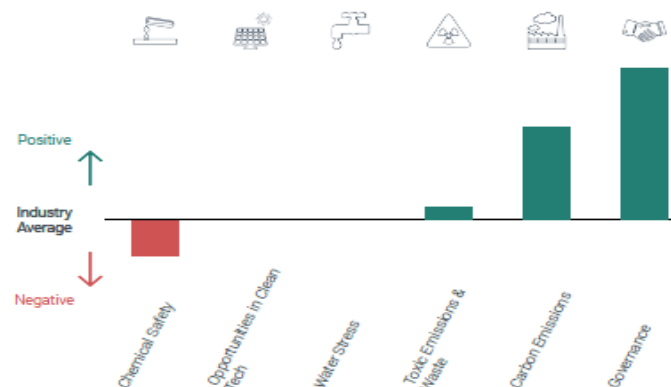
ESG RATINGS



RECTICEL NV (REC) Commodity Chemicals | BE

Score attribution by key issue

This chart highlights the company's positioning relative to the industry average for each Key Issue that contributed to its ESG Rating as of September 20, 2021.



Last ESG Rating action

Rating action date: February 11, 2021

Recticel has been upgraded to 'AA' from 'A'.

Updated water stress data and the inclusion of regional groundwater availability in our evaluation of country-level water stress resulted in a lower risk assessment for Recticel, contributing to the upgrade. However, unlike industry peers, the company appears to lack a formal water management strategy and quantified water withdrawal reduction target.

- ▶ The production of plastic foam products is relatively less carbon-intensive; this lowers Recticel's exposure to compliance-related risks associated with carbon regulations. The company appears to have a robust carbon mitigation plan with an aggressive target to reduce its carbon footprint.
- ▶ Recticel's majority independent board and fully independent audit and pay committees could enhance oversight of management. Moreover, it has a formal policy on bribery and corruption, which is overseen at the executive level.
- ▶ Despite facing high exposure to risks related to stringent chemical safety and potential reformulation costs, Recticel falls short of better-performing peers in chemical management practices. Further, we found limited evidence of plans to phase out chemicals of high concern.

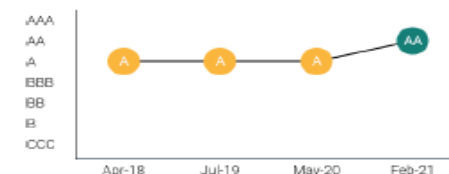
Analysts: Clairecynth Yu, Kiran Gokarn

MSCI ESG RATINGS

CCC B BB BBB A **AA** AAA

LAST UPDATE: September 20, 2021

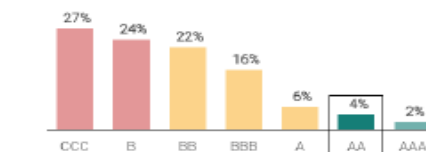
ESG Rating history



ESG Rating history shows five most recent rating actions

ESG Rating distribution

Universe: MSCI ACWI Index constituents, Commodity Chemicals, n=51



Key scores

	Weight	Score (0-10)
Industry-Adjusted Score		8.1
Weighted-Average Key Issue Score		5.4
Environmental Pillar Score	56%	5.4
Social Pillar Score	11%	0.4
Governance Pillar Score	33%	7.2

Report table of contents

ESG Rating tearsheet	Data report
Rating model details	P02 Corporate governance data
Recent developments	P03 Key issue details
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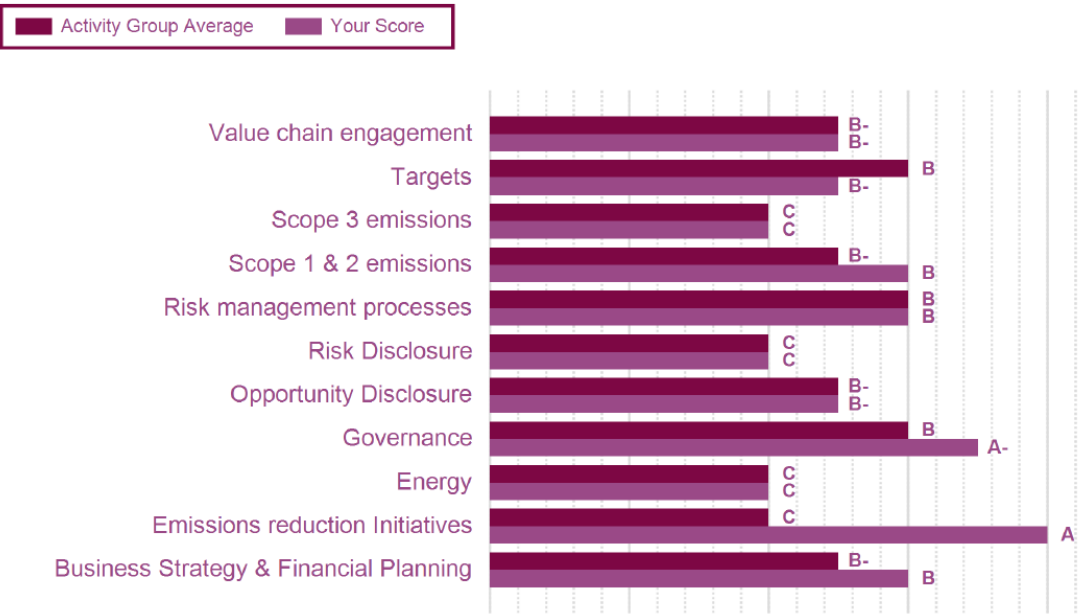
What is an ESG Rating? MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks. Companies are scored on an industry-relative AAA-CCC scale across the most relevant Key Issues based on a company's business model.



CDP score 'B' after first time participation to Climate Change Questionnaire



CATEGORY SCORES BENCHMARKING



Full disclosure publicly available on [CDP website](#)

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 - ▶ Bedding business divestment to Aquinos Group
 - ▶ Engineered Foams business divestment to Carpenter Co.

Recticel Bedding divestment to Aquinos Group - transaction details

- Binding agreement signed with Aquinos Group, one of the largest European mattress and upholstery manufacturers.
- The Bedding division will be sold in its entirety, except for the Nordic bedding activities which will be integrated in the Living & Care segment of Recticel Engineered Foams.
- Cash consideration based on an enterprise value of EUR 122.4 million on a cash and debt free basis.
- Strong strategic fit, highly complementary geographic presence and product offerings.
- The net proceeds after transaction costs are expected to amount to EUR 97 million subject to closing adjustments. EUR 17.9 million IFRS 16 liabilities will be transferred as well.
- Transaction subject to shareholder approval and customary conditions and consultations.



Founded in 1985, **Aquinos Group** is a worldwide home comfort business group with industrial large-scale production for sofas and mattresses and household furnishing retail. The company's headquarters are located in Sinde (Tábua), Portugal. It has 8 production facilities in Portugal, France and Poland, with close to 3,300 employees across 5 continents and business operations in 31 countries worldwide. Aquinos have close to 100 retail chain stores across Portugal and Spain.

Recticel Bedding* at a glance



Development, production & commercialisation of fully finished mattresses, slats, bed bases and, primarily, beds

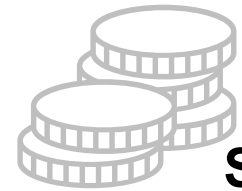
5 Production plants
&
4 Distribution centres



1,550 Employees



Sales
€ 226M



7 leading local consumer brands & **2** innovative, foam ingredient brands



* The Nordic bedding activities will remain with Recticel and be integrated in the Living & Care segment of Recticel Engineered Foams.

Aquinos Group at a glance



Founded in **1985**

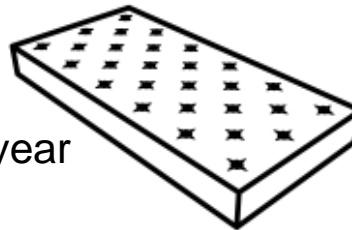
Worldwide **home comfort**
business group

3,300
Employees

€ 370M
Turnover

1,200,000

mattresses per year



2,750,000

seats per year

8 Production sites
(in Europe)



&
Global sales organisation
(**31** countries, **5** continents)



HQ in Sinde
(Tábua), Portugal

Production facilities

Strong complementarity
between the production
footprint of Aquinos Group
and Recticel Bedding

-  Aquinos Group
-  Recticel Bedding

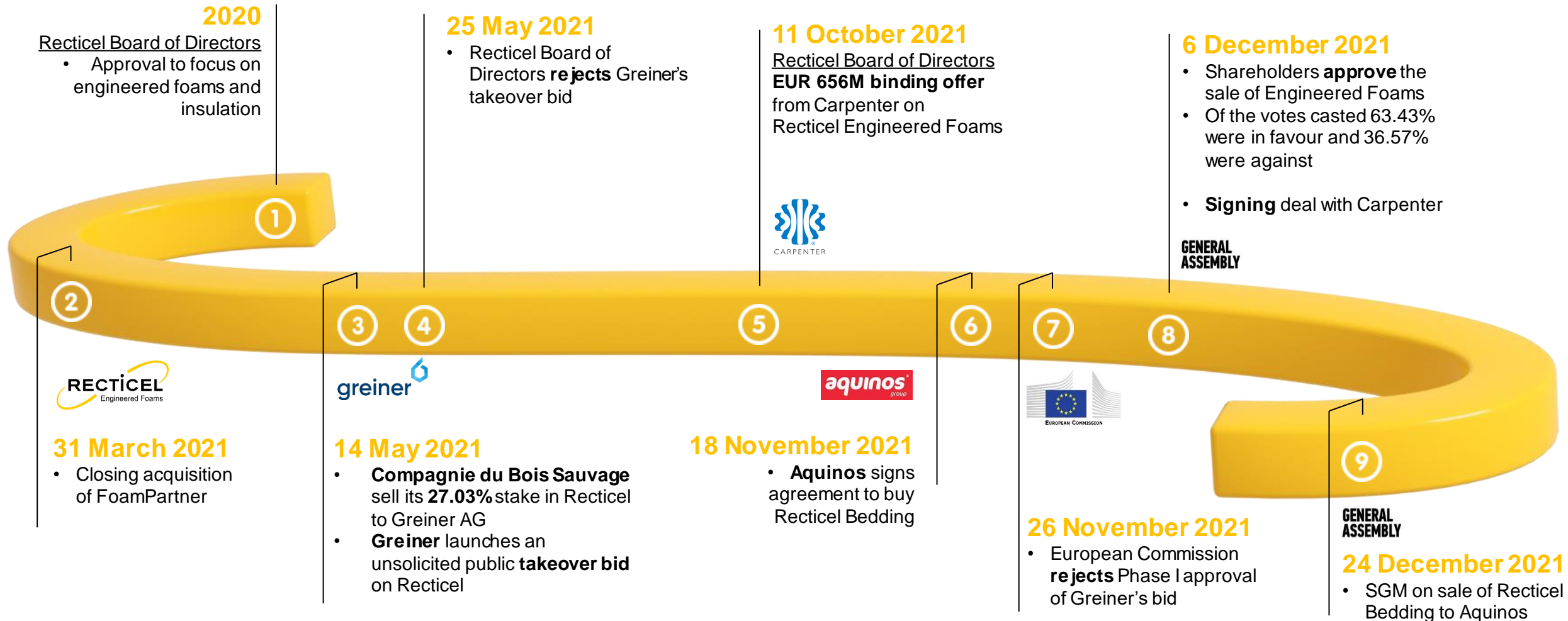
5 plants in
central
Portugal



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- ▷ **Strategic updates**
 - ▷ Bedding business divestment to Aquinos Group
 - ▷ **Engineered Foams business divestment to Carpenter Co.**

In 2021, Recticel delivered on its portfolio strategy of acquisition and divestment while fending off a hostile takeover bid from Greiner AG



Recticel Engineered Foams divestment to Carpenter Co. - transaction details

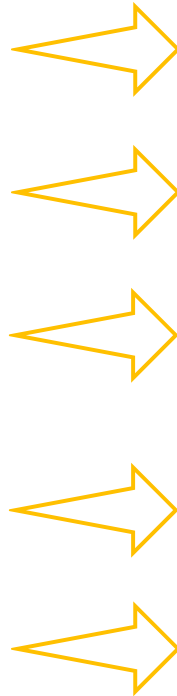
- Binding agreement signed with Carpenter Co, one of the world's largest integrated polyurethane foams producers.
- The Engineered Foams division will be sold in its entirety, including the formerly Nordics Bedding activities.
- Cash consideration based on an enterprise value of EUR 656 million on a cash and debt free basis.
- Strong strategic fit, highly complementary geographic presence and product offerings.
- Transaction subject to customary conditions, including anti-trust clearances and employee information and consultation procedures.
- The net proceeds after transaction costs are expected to amount to EUR 606 million – including agreed equity value of EUR 503 million -, subject to closing adjustments. EUR 35.8 million IFRS 16 liabilities will be transferred as well.



Founded in 1948, **Carpenter** is an integrated manufacturer of polyurethane foams and specialty polymer products. With an annual sales of 2.0 billion USD and 18 product divisions, it employs appr. 4,300 employees in 56+ locations worldwide,

Carpenter is the world's only vertically integrated manufacturer of polyurethane products, with its own Polyol manufacturing plant in Texas and in-house chemical blending departments.

Combining Recticel Engineered Foams and Carpenter is a perfect strategic fit, and creates value for all employees, customers and shareholders



- ✓ Complementary geographic footprint in US and Europe, with expansion into Asia Pacific
- ✓ Complementary product offering: Living & Care and Etchnical foams
- ✓ Combination of 2 world class R&D capabilities in Foam, Chemistry, and Sustainable Solutions
- ✓ Vertical integration into polyols
- ✓ Great industrial project for our employees and customers

The newly established Engineered Foams is a world class industrial business



4 **Continents**

- Europe
- Africa
- Asia Pacific
- Americas

Sales in
38
countries

2754
employees

A row of 27 stylized human figures in yellow, representing the employee count.

6 **market segments**

- Mobility performance
- Mobility interiors
- Consumer & medical care
- Industrial solutions
- Living & care
- Systems

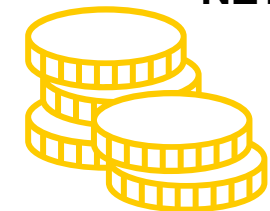
10
innovation centres



34 locations
across the globe



562 m€
NET SALES



* Recticel Flexible Foams + FoamPartner
Combined information 31.12.2020

Carpenter is a global, diversified and world class chemical company



CARPENTER

Founded in **1948**



HQ Richmond, US

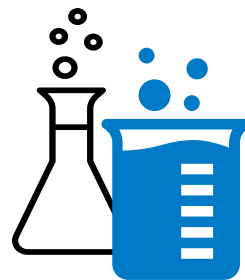
4,300
Employees



5 divisions

- Flexible Foams
- Polyester Fiber
- Tire Fill
- EPS Foam
- Chemicals

Polyol capacity



1.3 billion lbs/year

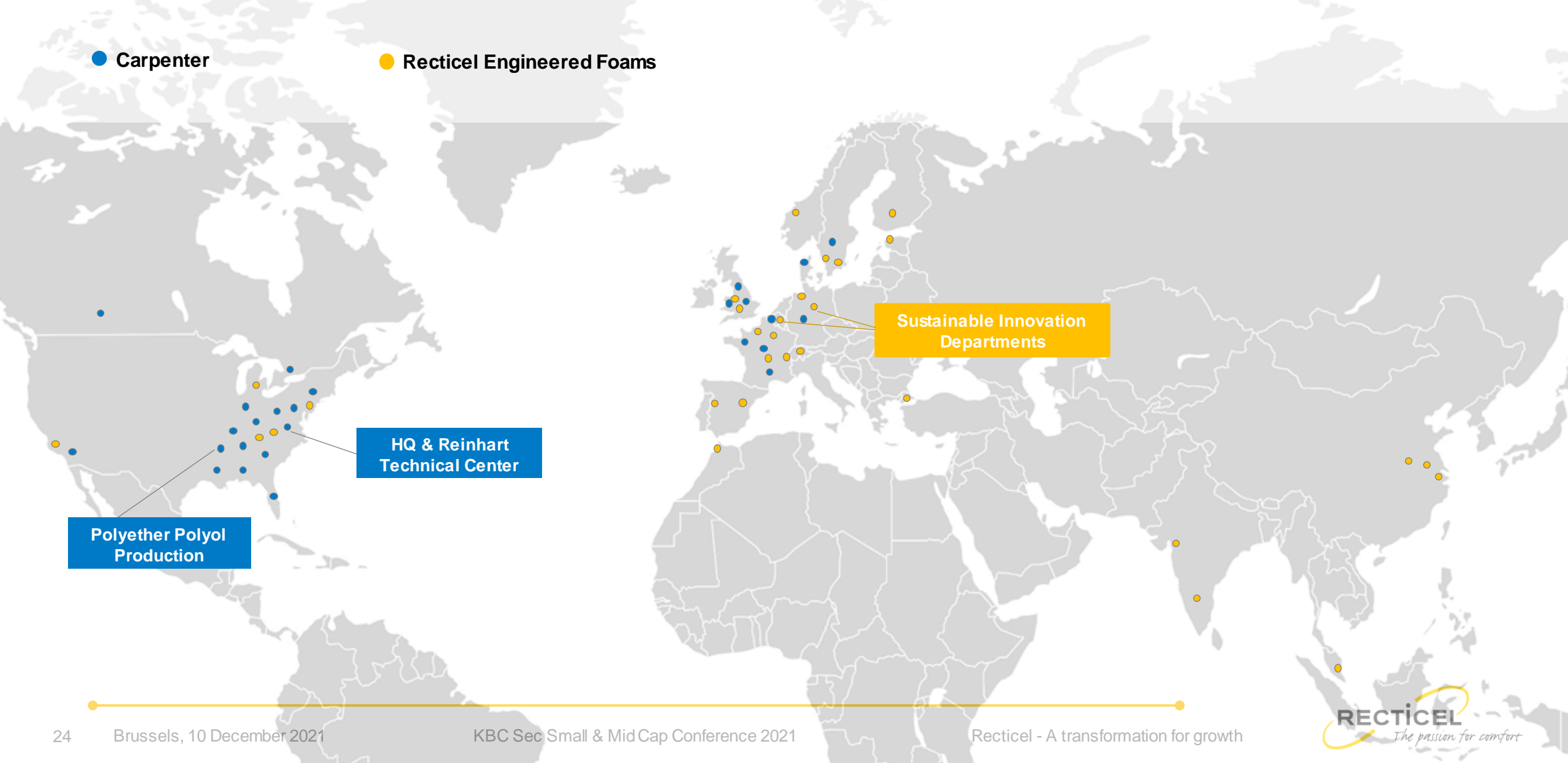
18 product
divisions
&

56+ sites
worldwide



\$ 2 billion
Annual sales

Combining Carpenter and Recticel Engineered Foams creates one of the world's largest vertically integrated PU foam producer, with strong presence in most segments



Recticel will greatly complement Carpenter's R&D capabilities in chemistry



Reinhart Technical Center

Richmond, Virginia (VA)

Founded 1999 – 60,000 ft² site

- R&D in chemicals (ie polyols)
- R&D in foam
- R&D in additives
- Global performance testing
- Global customer application support



The vertical integration of Carpenter will support further growth

Roger W. Powell Plant

Bayport, Texas (TX)

Founded 1972



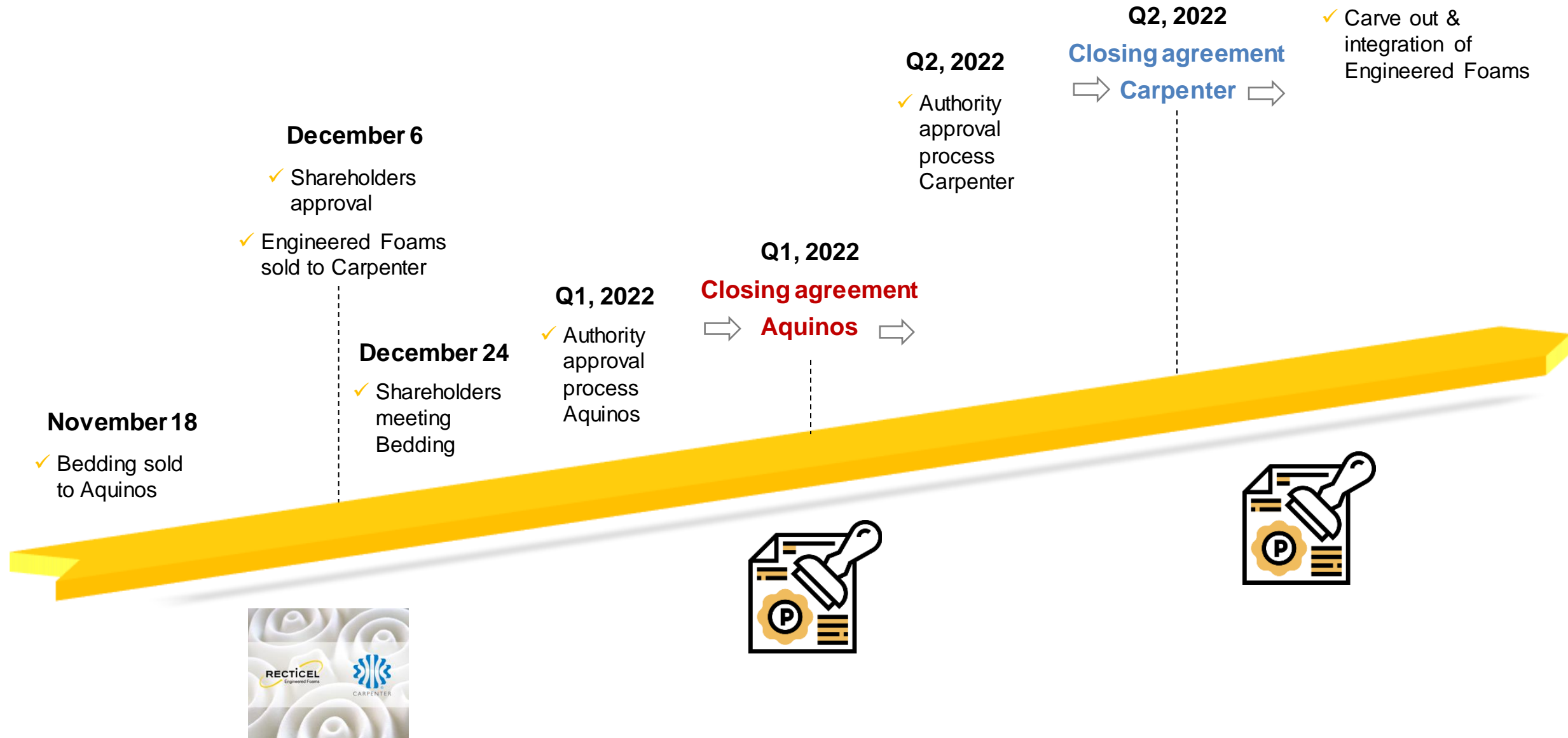
- One of the world's leading polyol production facilities
- Three of the industry's largest polyol reactors
- World's only vertically integrated PU foam producer
- Polyol capacity > 1.3 billion lbs/year
- In-house chemical blending departments

Manufacturing:

- Coatings, Adhesives, Sealants, Elastomers (CASE)
- Rigid Foam polyols
- Flexible Foams polyols
- Emulsifiers & defoamers
- Lubricants



Provisional timeline



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Financial calendar

Special General Meeting	06.12.2021 (at 10:00 AM CET)
Special General Meeting	24.12.2021 (at 10:00 AM CET)
Annual results 2021	25.02.2022 (at 07:00 AM CET)
First quarter 2022 trading update	28.04.2022 (at 07:00 AM CET)
Annual General Meeting	31.05.2022 (at 10:00 AM CET)
First half-year 2022 results	26.08.2022 (at 07:00 AM CET)
Third quarter 2022 trading update	28.10.2022 (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, where interested parties can also find our press releases and slide presentations of our annual or half-year results.

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