

RECTICEL

3Q2022 Trading update and outlook

ING Benelux Conference
Brussels – November 22, 2022

Olivier Chapelle – Chief Executive Officer

Agenda

- ▶ Key highlights 3Q & YTD 2022
- ▶ Financial position & Outlook 2022
- ▶ Sustainability

Highlights YTD September 2022

- 1 The Engineered Foams activities which are currently in process of being divested to the US-based Carpenter Company, are accounted for as Discontinued Operations (IFRS 5).
- 2 3Q 2022: sales from €107.6m to €153.5m (+42.7%): +€51.7m Trimco, -€8.9m raw material sales (no margin) to Automotive subsidiaries, -0.2% currency
- 3 YTD Sep 2022: sales from €337.2m to €427.9m (+26.9%): +€90.3m Trimco, -€39.9m raw material sales (no margin) to Automotive subsidiaries, +0.3% currency
- 4 European construction market: high inflation, challenging/weakening market
3Q 2022 Recticel volumes slightly lower than previous year
- 5 Recticel insulation business well positioned to respond to societal challenges
Through innovation, organic growth, M&A, dedicated to deliver our growth promise
- 6 Engineered Foams divestment to Carpenter: 16 Nov 2022 CMA accepts remedy to address concerns in foam merger
Closing expected at the latest by 1Q2023
- 7 Net financial debt 30 Sep 22: €278.2m

Engineered Foams divestment to Carpenter

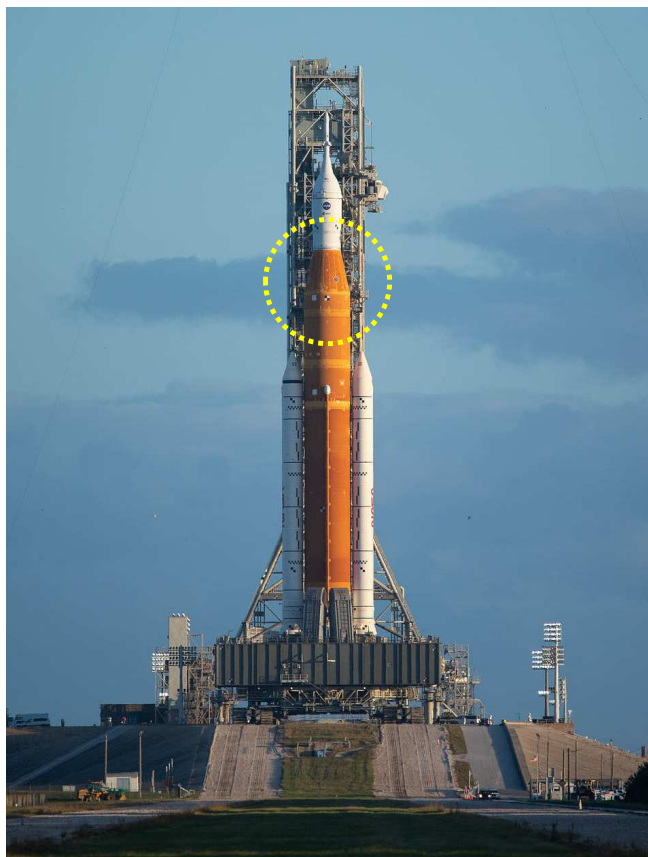
3Q2022 Trading update (Recticel press release 28 Oct 2022)

The divestment of Engineered Foams is expected to close at the latest by the first quarter of 2023, following the decision on 2 September 2022 by the Competition and Markets Authority in the UK to fast track the approval process.

CMA accepts remedy to address concerns in foam merger (CMA press release 16 Nov 2022)

The CMA has accepted a remedy from Carpenter and Recticel following concerns that Carpenter's merger with Recticel could harm manufacturers and lead to a worse deal for shoppers on items like mattresses and kitchen sponges.

Recticel Engineered Foams contributed to launch of NASA's Artemis I moon mission on 16/11/2022



U.S. subsidiary Soundcout, have played a part in the SpaceX (2020) and BlueOrigin (2021) rocket launches and contributes to the **Artemis-I mission** in 2022.

This test flight will pave the way for future crewed missions to the Moon and Mars.

Positioned in the Orion spacecraft, above the most powerful rocket in the world, Recticel engineered materials offer **acoustic protection** of avionics and electrical devices from extreme vibrations and acoustic disturbances during flight.

3Q & YTD 2022 Group key figures

Group Sales 3Q 2022

€153.5m
+42.7%

Comparison to prior year quarter:

- +€51.7m Trimo contribution
- -€8.9m chemicals sales to divested Automotive companies
- -0.2% currency effect
- Demand broadly in line with last year
- Substantial volume decrease Vacuum Insulated Panels for low temperature transportation of COVID vaccines

Group Sales YTD Sep 2022

€427.9m
+26.9%

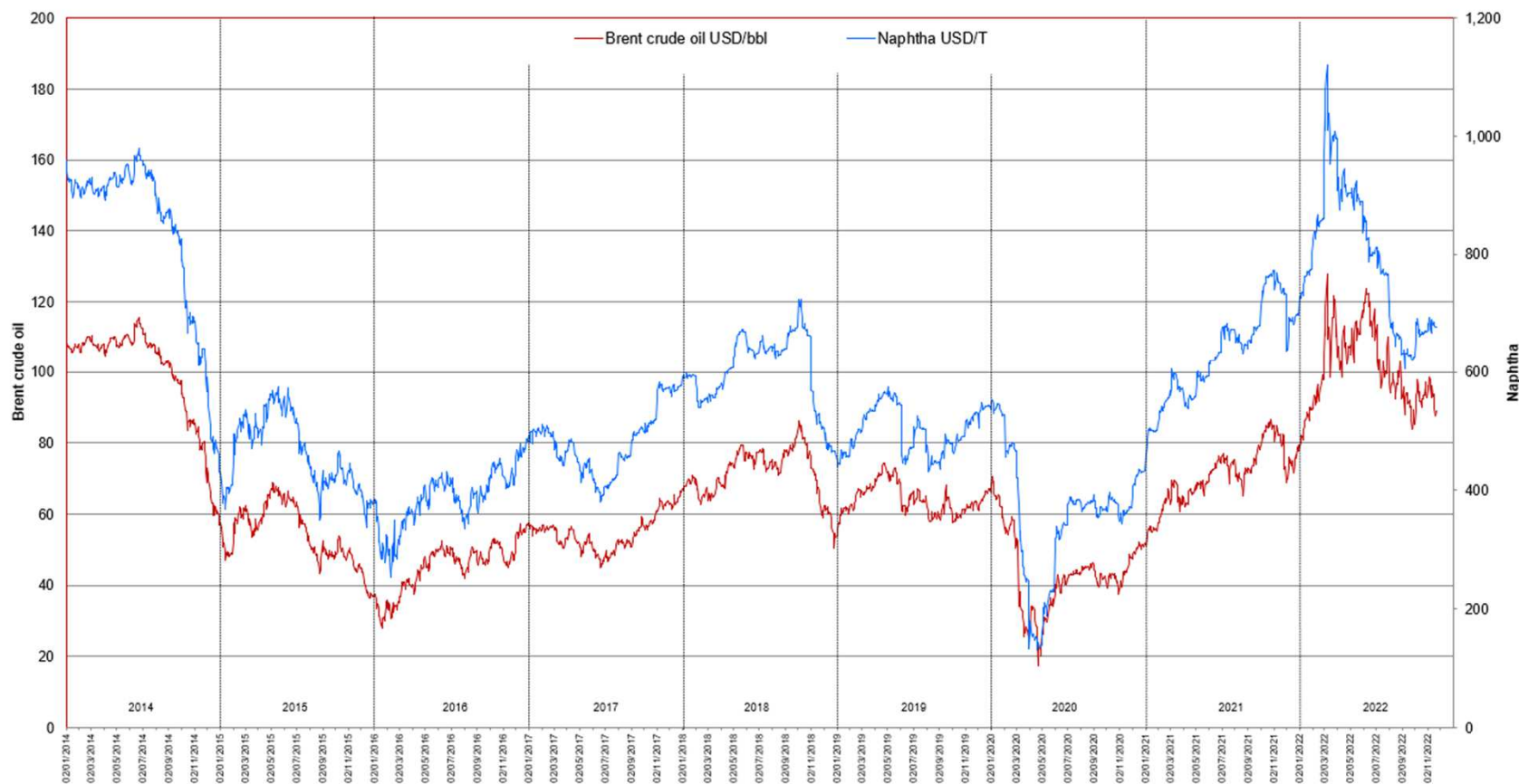
Comparison to prior year:

- +€90.3m Trimo contribution
- -€39.9m chemicals sales to divested Automotive companies
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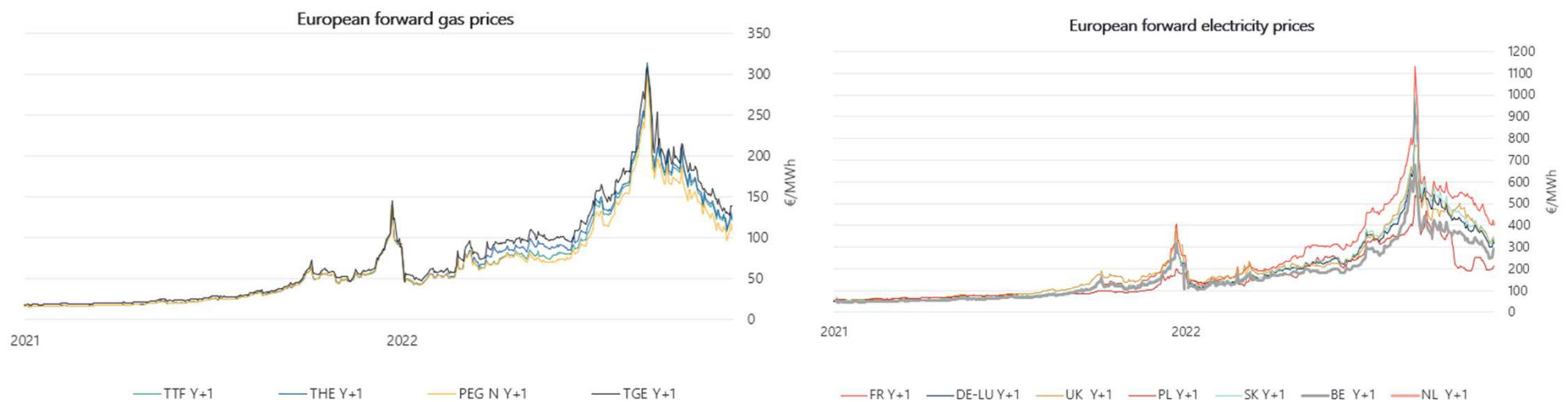
Crude oil and Naphtha prices back to price levels prevailing in 1Q2022

Daily evolution of Brent Crude Oil and Naphtha

Source : Trading Economics

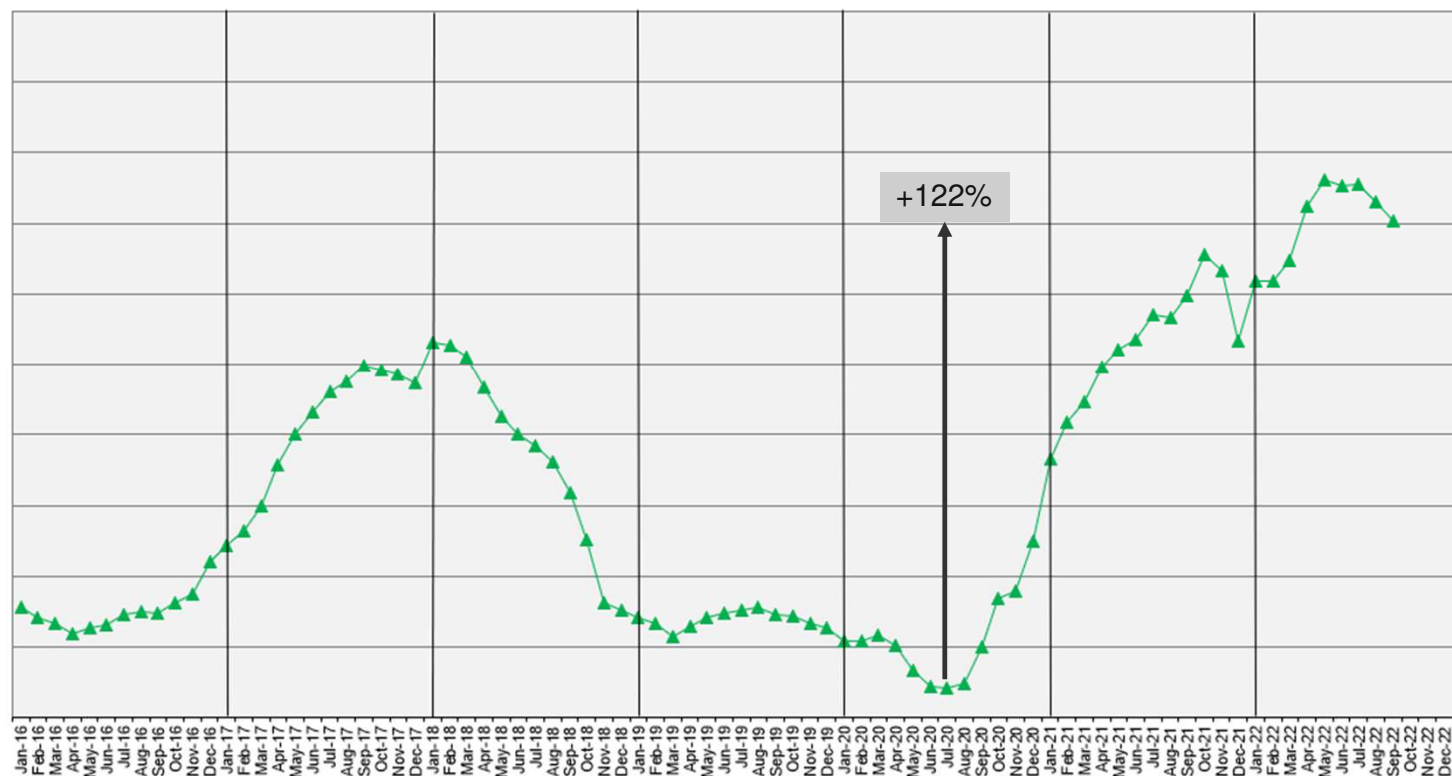


Abrupt energy price correction after the August 2022 peaks.
But gas & electricity remain respectively 5x and 8x more expensive than beginning of 2021.



Raw material market stable/reducing slightly compared to peak in May 2022

A-chemicals weighted average prices



Chemical raw material suppliers: 3Q2022 figures illustrate global volume declines.



We create chemistry

26/10/2022

BASF achieved solid EBIT before special items despite continued high raw materials and energy prices

- Sales of €21.9 billion up 12 percent over prior-year quarter
- Earnings improve considerably in downstream segments, decline significantly in Chemicals and Materials segments
- Cash flows from operating activities increased to €2.3 billion compared with €1.9 billion in the third quarter of 2021
- Unchanged outlook for 2022: Expected sales of between €86 billion and €89 billion, EBIT before special items of between €6.8 billion and €7.2 billion

Income from operations (EBIT) before special items declined by €517 million compared with the third quarter of 2021 to €1.3 billion. "Our downstream segments Surface Technologies, Agricultural Solutions, Nutrition & Care and Industrial Solutions increased their earnings considerably," said Brudermüller. However, earnings in the Chemicals and Materials segments declined significantly compared with the very high levels of the prior-year quarter.

At €21.9 billion, sales were 12 percent higher than in the prior-year quarter. The sales increase was mainly driven by much higher prices in almost all segments. Only the Surface Technologies segment recorded lower price levels as a result of lower precious metal prices. Currency effects had a positive impact in all segments. Sales growth was also boosted by portfolio effects. **Sales development was significantly dampened by lower volumes in all segments except for Agricultural Solutions.**

BASF (€ m)						
	3Q2021	3Q2022	Change %	9M2021	9M2022	Change %
Sales	19,669	21,946	12%	58,822	68,003	16%
EBITDA	2,729	2,255	-17%	9,104	9,359	3%
Margin %	14%	10%		15%	14%	
Materials						
Sales	3,973	4,715	19%	11,163	14,399	29%
EBITDA	832	489	-41%	2,680	2,317	-14%
Margin %	21%	10%		24%	16%	

Chemical raw material suppliers: 3Q2022 figures illustrate global volume declines.



20/10/2022

DOW achieves EBITDA guidance despite looming recession – high energy and raw material prices weigh on earnings

- Net sales were \$14.1 billion, down 5% versus the year-ago period, as gains in Performance Materials & Coatings were more than offset by declines in Industrial Intermediates & Infrastructure and Packaging & Specialty Plastics.
- Volume was down 4% versus the year-ago period, as a 12% decline in EMEAI** more than offset 2% volume growth each in the U.S. & Canada and Asia Pacific.

“Underlying demand remains resilient in the U.S., while high energy and feedstock costs are driving record inflation and impacting demand in the Eurozone, and ongoing lockdowns in China continue to pressure both consumer spending and infrastructure investments. Moving forward, our global scale, geographic diversity, and advantaged feedstock and derivative flexibility will continue to be the source of our distinct advantages.”

Polyurethanes & Construction Chemicals business reported a net sales decrease compared to the year-ago period, as local price gains were more than offset by lower volumes due to inflationary pressures on demand in EMEAI and currency impacts.

DOW (\$ m)						
	3Q2021	3Q2022	Change %	9M2021	9M2022	Change %
Sales	14,837	14,115	-5%	40,604	45,043	11%
Operating EBIT	2,886	1,195	-59%	7,268	5,989	-18%
Margin %	19%	8%		18%	13%	
Industrial intermediates & Infrastructure						
Sales	4,481	4,059	-9%	12,303	12,953	5%
Operating EBIT	713	167	-77%	1,687	1,254	-26%
Margin %	16%	4%		14%	10%	

Chemical raw material suppliers: 3Q2022 figures illustrate global volume declines.



25/10/2022

Covestro achieves EBITDA guidance despite looming recession – high energy and raw material prices weigh on earnings

- Group Sales rise to EUR 4.6 billion (+7.3%)
- EBITDA of EUR 302 million (-65.0%)
- Net income total EUR 12 million (-97.5%)
- Free operating cash flow (FOCF) falls to EUR 33 million (-91.3%)
- Full-year guidance for 2022 narrowed
- Further milestones on the path to a circular economy

Covestro's business performance in the third quarter of 2022 was, as expected, strongly impacted by high energy and raw material prices in the face of the current European energy crisis. However, Group sales grew 7.3 percent compared with the prior-year quarter to EUR 4.6 billion (previously: EUR 4.3 billion) as a result of exchange rate movements and a considerably higher price level, especially in Europe. EBITDA fell by 65.0 percent to EUR 302 million (previously: EUR 862 million), meaning that Covestro met its EBITDA forecast for the third quarter. The main reasons for the decline in earnings were lower margins, since the Group was able to offset the sharp rise in raw material and energy prices only to a small extent by a higher selling price level. **The fall in total volumes sold also reduced earnings.**

Covestro has narrowed the full-year guidance for 2022 that it issued on July 29, 2022, and now anticipates that EBITDA will be between EUR 1.7 billion and EUR 1.8 billion (previously: between EUR 1.7 billion and EUR 2.2 billion)

COVESTRO (€ m)						
	3Q2021	3Q2022	Change %	9M2021	9M2022	Change %
Sales	4,302	4,618	7%	11,565	14,004	21%
EBITDA	862	302	-65%	2,422	1,655	-32%
Margin %	20%	7%		21%	12%	
Performance Materials						
Sales	2,919	3,090	6%	7,795	9,502	22%
EBITDA	708	53	-93%	1,982	1,040	-48%
Margin %	24%	2%		25%	11%	

Covestro pauses investment project for world-scale MDI plant



07/11/2022

Response to economic uncertainties, energy crisis and weakening global economy

- No fundamental investment stop

Owing to the European energy crisis and a global economy that continues to weaken, Covestro has decided to pause the investment project for its new world-scale MDI plant. This also means that the decision on the plant's future location remains open until further notice.

“The war in Ukraine, the European energy crisis and the growing inflation have severely disrupted the global economy. Facing an increasingly volatile economic environment, we must ensure that we make the best decision for the company economically and strategically. Thus, we pause the project for the moment and reassess it at a later time,” said Covestro CEO Dr. Markus Steilemann. “In the long term, we see significant growth in global demand for MDI driven by trends toward energy-efficient construction and want to profit from this demand as a leading company in the global market. We will also continue to invest in growth opportunities in all regions of the world.”

In September 2021, the company announced that it would resume the investment project for its world-scale MDI plant after it had previously been suspended. In this context, the Group reported that it was examining both the USA and China as potential locations for the new plant.

The suspension of the world-scale investment does not represent a change in Covestro's long-term growth strategy. Especially China and Asia-Pacific remain strong key growth markets for Covestro in the long turn. As part of its corporate strategy “Sustainable Future”, the Group will continue to invest in sustainable growth opportunities and consistently continue its path toward becoming fully circular.

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Net financial debt decreased to €278.2m mainly due to lower net working capital need

in million €	30 SEP 2021	31 DEC 2021	31 MAR 2022	30 JUN 2022	30 SEP 2022
Total Equity	-	391.3	-	417.6	-
Net financial debt excluding factoring	130.3	103.8	92.6	247.6	253.2
+ Lease debt (IFRS 16)	58.7	44.0	37.0	7.3	7.2
Consolidated net financial debt	189.0	147.8	129.6	254.9	260.4
+ Drawn amounts under factoring programs	41.4	25.2	0.0	29.5	17.8
Total consolidated net financial debt	230.4	173.0	129.6	284.4	278.2
Gearing ratio (incl. IFRS 16)	-	37.8%	-	61.0%	-
Leverage ratio (incl. IFRS 16)	-	1.6	-	1.8	-

Outlook 2022

In this challenging overall environment, we expect Adjusted Ebitda of our continued business to reach between €60 and €65 million for the full year 2022.

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All our product categories, based upon thermal insulation, contribute to a better and more sustainable world. We are in the right business.



**INSULATION
BOARDS**



**TRI
MO**

**INSULATED
PANELS**



Turvac

**VACUUM INSULATED
PANELS**



**THERMO-ACOUSTIC
BOARDS**

The GHG protocol sets the world's most widely used standards for companies and organisations to measure and manage their emissions



SCOPE 1

Direct emissions from owned or controlled resources

These are GHG emissions generated directly by the company, through its sites, facilities and activities.

Scope 1 includes:

- Stationary combustion: all fuels that produce GHG emissions
- Mobile combustion: all vehicles owned or controlled by the company and burning fuel
- Fugitive emissions: leaks from GHGs (e.g. refrigeration or AC units)
- Process emissions: GHG emissions released during industrial processes and on-site manufacturing

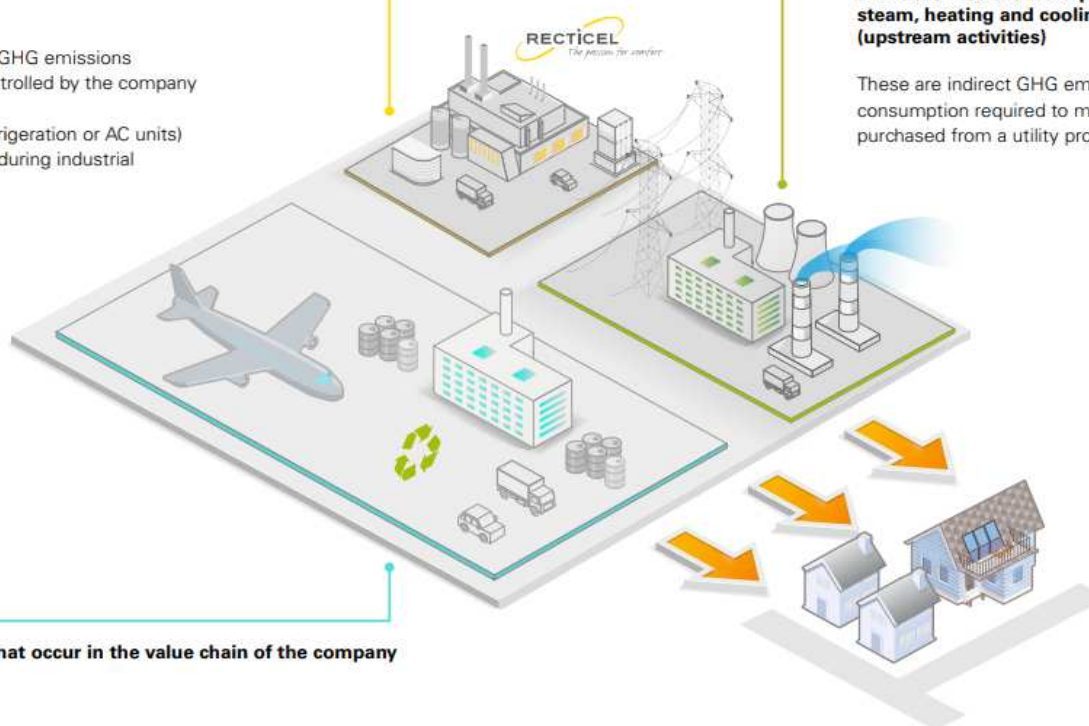
SCOPE 2

Indirect emissions from purchased electricity, steam, heating and cooling for own use (upstream activities)

These are indirect GHG emissions from the energy consumption required to manufacture a product, purchased from a utility provider.

SCOPE 3

Indirect emissions not included in Scope 2 that occur in the value chain of the company (upstream and downstream activities)

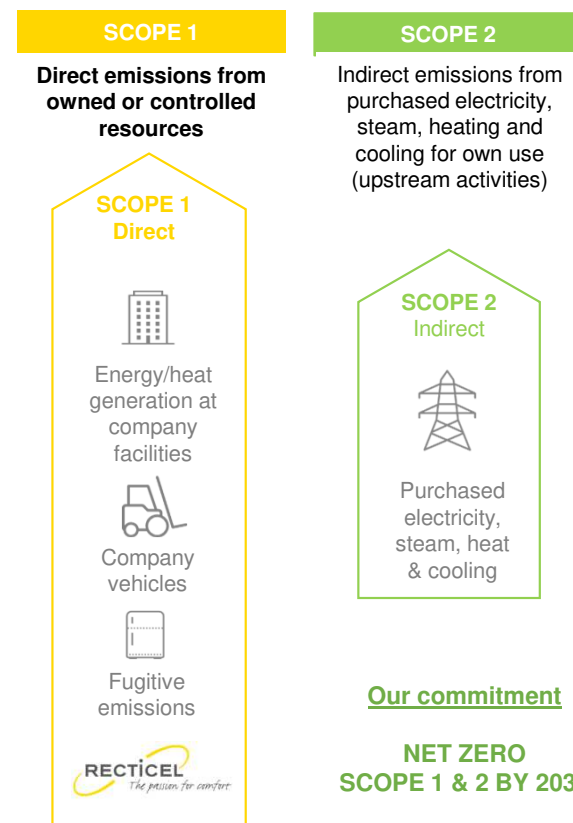


Recticel joins the Science Based Targets initiative
We are committed to two ambitious net-zero targets in a effort to limit global warming to 1.5°C



Our climate commitment is a clear statement that we fight climate change and consciously preserve our precious natural resources

- As a company we make a lasting positive impact on the environment.
- We adhere to the Paris protocol ambitious goals to limit global warming to 1.5°C latest by 2050, and join the Science Based Targets initiative (SBTi)
- We commit to be a net-zero emission company on scope 1 & 2 by 2030,
- We will be net-zero emission on scope 3 latest by 2050,
- We will succeed with the support of all our employees



We will use ESG data as a critical planning tool for long-term sustainable growth

- To **optimize our operations** through energy, water, waste and carbon efficiency
- To change our **mix of energy sources** to de-carbonated sources
- To point to **new product opportunities**
- To identify areas to **strengthen the social dimension of ESG** (employees & community)
- To **mitigate risks** (climate impact, employee disconnection, ethics, credit risks, cybersecurity...)
- To correlate with our **business financial performance**
- To meet **emerging regulatory requirements**, driving better **ESG credit ratings** and **improving our reputation** among sustainable minded investors

ESG ratings measure our company performance, providing transparency and clarity to our stakeholders as well as identifying the areas where we can continue to improve

- Focus on reduction GHG emissions, safeguarding water resources and protecting forests
- >13,000 rated companies (>64% global market capitalisation)
- Rating* 2021: B



- Focus on ESG risk mitigations & long term value creation
- Measures a company's resilience to long term industry's material environmental, social and governmental risk
- Rating* 2021: AA (MSCI Commodities Chemicals universe)



- Focus on 21 issues grouped into 4 categories: environment, labor & human rights, ethics, procurement
- >90,000 rated companies
- Rating 2022 (Recticel Insulated Boards): BRONZE
- Rating 2021 (Trimo): SILVER



- Focus on ESG risk severity that could impact a company's enterprise value
- Evaluate financially material ESG issues that affect the long-term performance of shareholder's investments.
- Rating 2021*: Medium (Commodity Chemicals Universe)



Others



- Focus on sustainability performance across 5 categories:
 - material health
 - product circularity
 - clean air & climate protection
 - water & soil stewardship
 - social fairness

* Based on 2021 data related on business lines Insulation, Bedding and Engineered Foams, excluding FoamPartner which was acquired on 31 March 2021. The 2022 data will be based on Recticel Insulation Boards only, excluding Trimo which was acquired on 31 April 2022,

Our 2021* impact on climate change

Over the lifetime of their use, the insulation products we sold in 2021 will offset our total 2021 carbon footprint by **51 TIMES**



CLIMATE POSITIVE MULTIPLE
CARBON FOOTPRINT INDICATOR
CARBON INTENSITY



RECYCLING



SUSTAINABLE R&D PROJECTS

Compared to
2020

+ 11%

- 4%

- 17%

- 76%

+ 17%

* Ratio between avoided emissions and carbon footprint scope 1,2 & 3.

_Based on 2021 revenues of the business lines Insulation, Bedding and Engineered Foams, excluding FoamPartner which was acquired on 31 March 2021.

Contacts

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Financial calendar

Full-year 2022 results	28.02.2023 (at 07:00 AM CET)
First quarter 2023 trading update	28.04.2023 (at 07:00 AM CET)
Annual General Meeting	30.05.2023 (at 10:00 AM CET)
First half-year 2023 results	31.08.2023 (at 07:00 AM CET)
Third quarter 2023 trading update	27.10.2023 (at 07:00 AM CET)

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 presentations of our annual or half-year results.

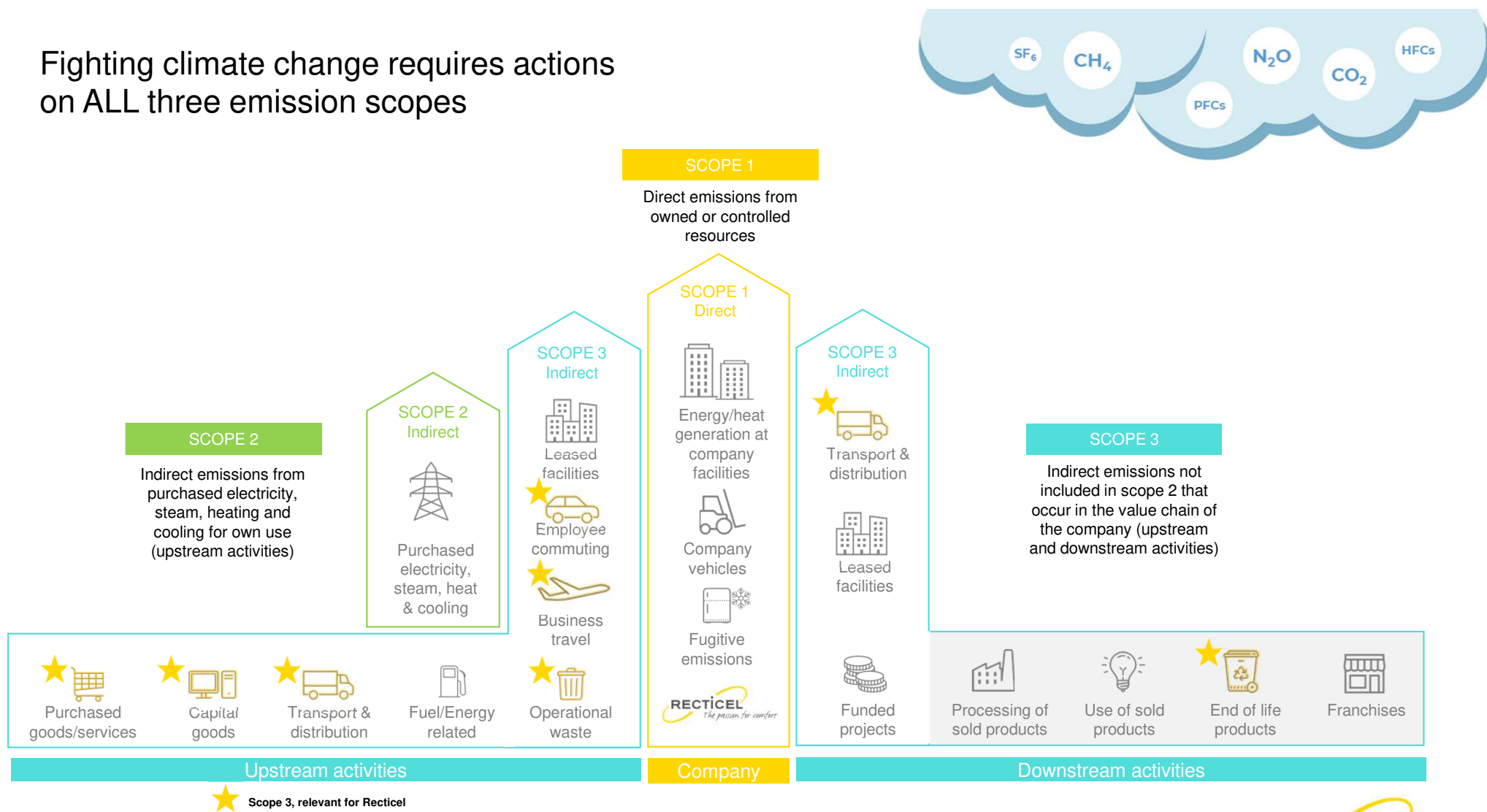
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Uncertainty risks concerning the forecasts made

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.

Back-up

Fighting climate change requires actions on ALL three emission scopes



Insulation boards in residential buildings

With space heating accounting for almost 64% of the average household's energy consumption, it makes sense that thermal insulation is the most effective way to improve the energy performance of residential buildings and keep the energy bill under control.

