

RECTICEL

First half-year 2022 Results

Analysts' meeting
Brussels – August 26, 2022

Olivier Chapelle – Chief Executive Officer

Dirk Verbruggen – Chief Financial Officer

Michel De Smedt – Investor Relations Officer

Agenda

- ▶ Key highlights first half-year 2022
- ▶ First half-year 2022 results
- ▶ Financial position and Outlook

Highlights 1H2022 Results – IFRS 5 application on Engineered Foams

- 1 The Engineered Foams activities which are currently in process of being divested to the US-based Carpenter Company, have been accounted for as Discontinued Operations (IFRS 5).
- 2 Net sales from €229.7m (restated) to €274.3m (+19.4%): +15.6% organic, +0.6% currency, +€38.5m Trimo -€31.0m raw material sales (no margin) to Automotive subsidiaries
- 3 Adjusted EBITDA €29.2m (+30.3%) | Net Result (share of the Group) €34.6m (+23.8%)
- 4 Highly challenging environment: economy, inflation, supply chain
Slight volume growth compared to 2021 | Compensated inflation | Flexible supply chain
- 5 Divestment of Bedding division to Aquinos closed on 31 March 2022
Remaining 25% participation in Automotive Seating company Proseat sold on 20 May 2022 to Sekisui
- 6 Successful acquisition & integration of Insulated Panels company Trimo (01 May 2022)
- 7 Engineered Foam divestment to Carpenter: the Competition and Markets Authority in the UK has recently decided to refer the divestment case of Engineered Foams to a phase II investigation
- 8 Net financial debt: €254.9m – Gearing @ 61.0% – Leverage @ 1.8x

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- ▶ Key highlights first half-year 2022
- ▶ **First half-year 2022 results**
- ▶ Financial position and Outlook

Consolidated sales^{1/2}: +19.4% | Adjusted EBITDA^{1/2}: +30.3% | Result of the period after taxes^{1/2}
 €34.6m (+23.8%)

Net financial debt of €254.9m (including IFRS16) following acquisition of Trimo

in million EUR	1H2021	1H2022	Δ %
	restated ¹	(b)	(b)/(a)-1
	(a)	(b)	(b)/(a)-1
Sales	229.7	274.3	19.4%
Gross profit	39.6	47.9	20.9%
as % of sales	17.3%	17.5%	
Adjusted EBITDA	22.4	29.2	30.3%
as % of sales	9.7%	10.6%	
EBITDA	22.1	24.5	11.2%
as % of sales	9.6%	8.9%	
Adjusted operating profit (loss)	15.8	22.5	41.8%
as % of sales	6.9%	8.2%	
Operating profit (loss)	15.5	17.8	14.8%
as % of sales	6.8%	6.5%	
Financial result	0.0	(1.5)	n.m.
Income from other associates ⁴	0.6	(2.4)	n.m.
Change in fair value of option structures	(4.9)	2.3	n.m.
Income taxes	4.0	(4.7)	n.m.
Result of the period of the continuing operations	15.3	11.6	-24.6%
Result of the discontinued operations	12.9	23.5	81.9%
Result of the period (share of the Group)	28.0	34.6	23.8%
Result of the period (share of the Group) - base (per share, in EUR)	0.50	0.62	23.7%

Net sales increase from EUR 229.7 million¹ to EUR 274.3 million (+19.4%), of which +15.6% organic growth, EUR 38.5 million contribution from Trimo², a EUR 31.0 million drop in sales of chemicals to the divested Automotive companies and +0.6% currency effect

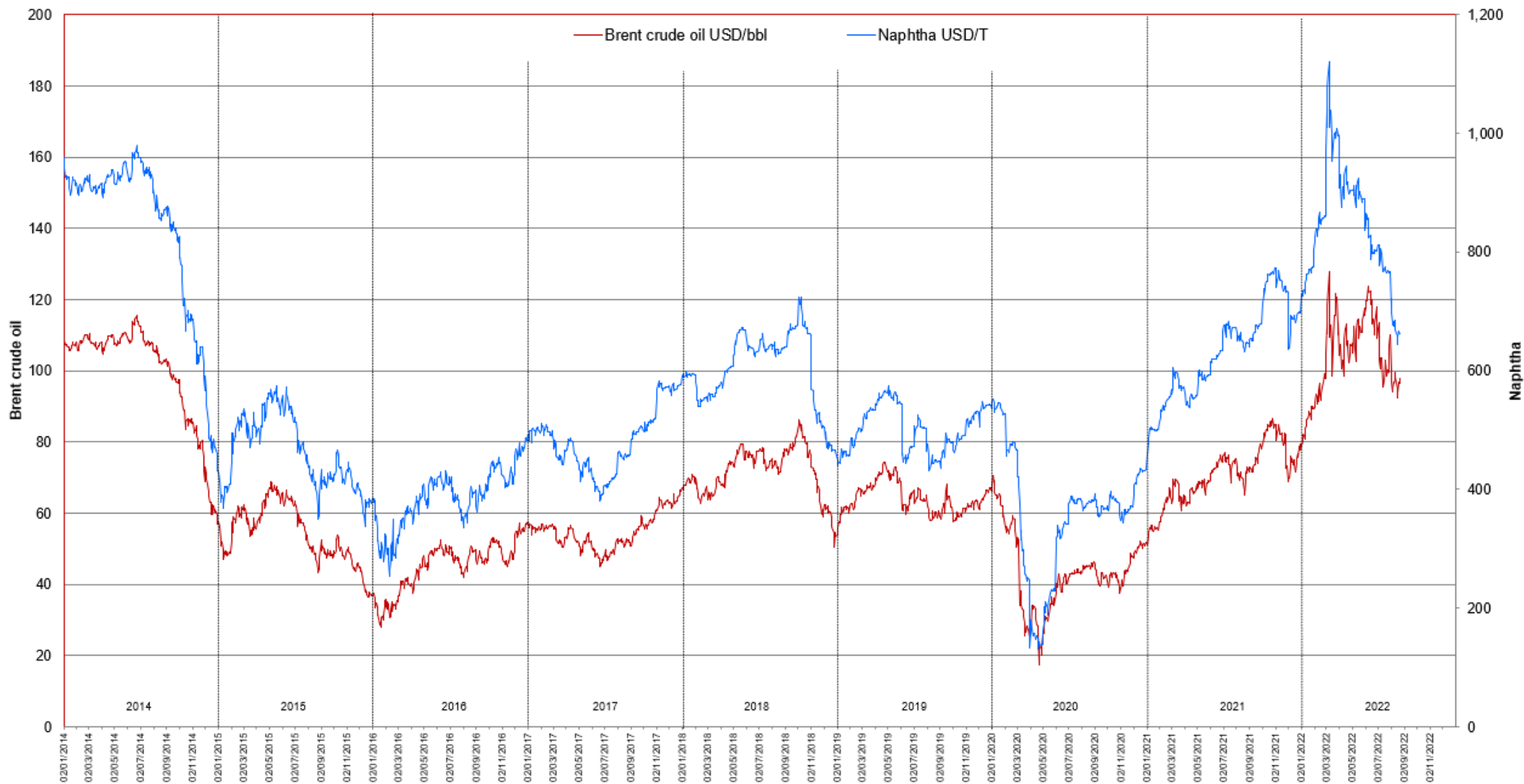
- As announced in the press release of 10 August 2022, the Engineered Foams activities which are currently in process of being divested to the US-based Carpenter Company, have been accounted for as Discontinued Operations (IFRS 5).
For comparison purposes the formerly published 2021 income statements and cash flow statements have been restated accordingly.
- Trimo d.o.o. is fully consolidated as of 01 May 2022.
- Excluding the drawn amounts under non-recourse factoring programs: EUR 29.5 million (continuing operations) per 30 June 2022 compared to EUR 25.2 million per 31 December 2021 and EUR 45.2 million per 30 June 2021
- Income from other associates = income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat (until April 2022) and Ascorium (formerly Automotive Interiors)
- The 30 June 2022 pro forma leverage ratio = Net financial debt (before application of IFRS 5) divided by the sum of (a) (EBITDA (last 12 months) (before application of IFRS 5) and (b) EBITDA (last 12 months) of the recently acquired company Trimo. This pro forma leverage ratio is a better comparable to the leverage ratio at 31 December 2021.

	31 Dec 2021	30 Jun 2022	
Total Equity	391.3	417.6	6.7%
Net Financial Debt (incl. IFRS 16 - Leases) ³	147.8	254.9	72.4%
Gearing ratio (Net financial debt/Total Equity)	37.8%	61.0%	
Leverage ratio (Net financial debt/EBITDA)	1.6	1.8	⁵

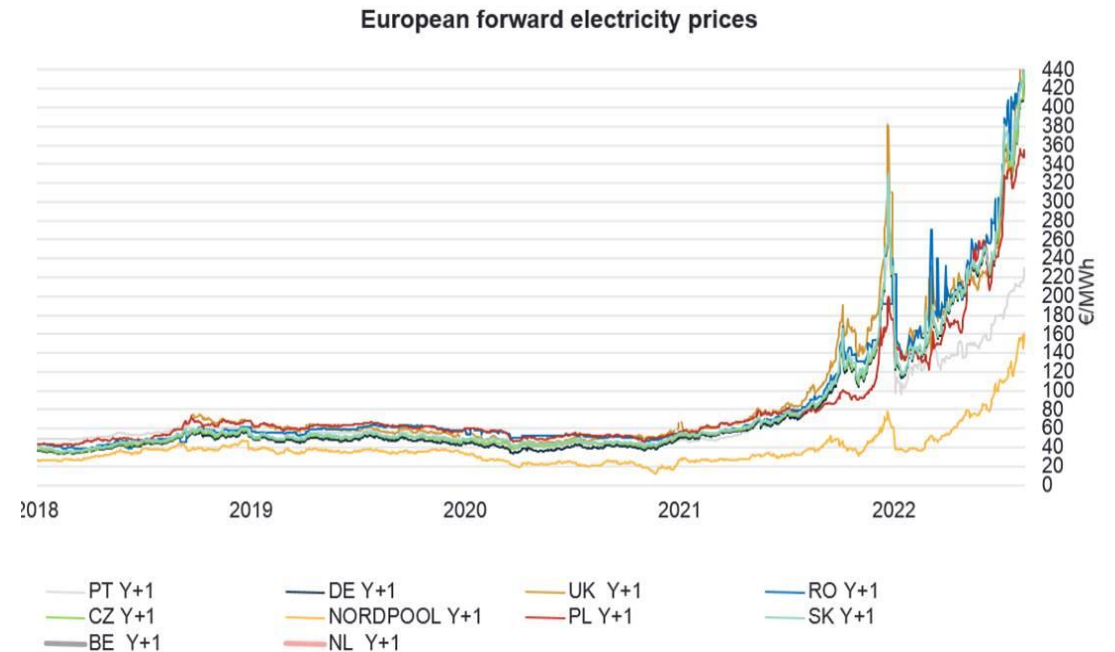
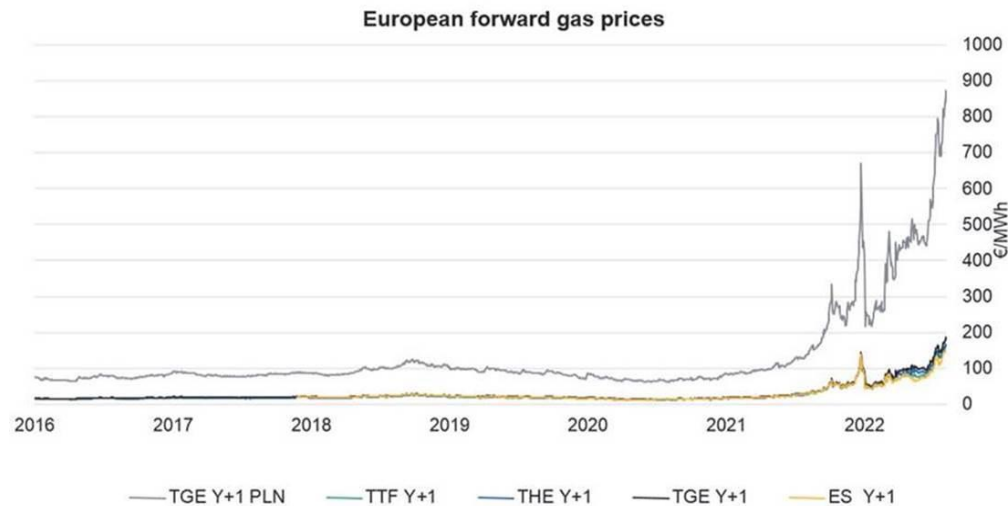
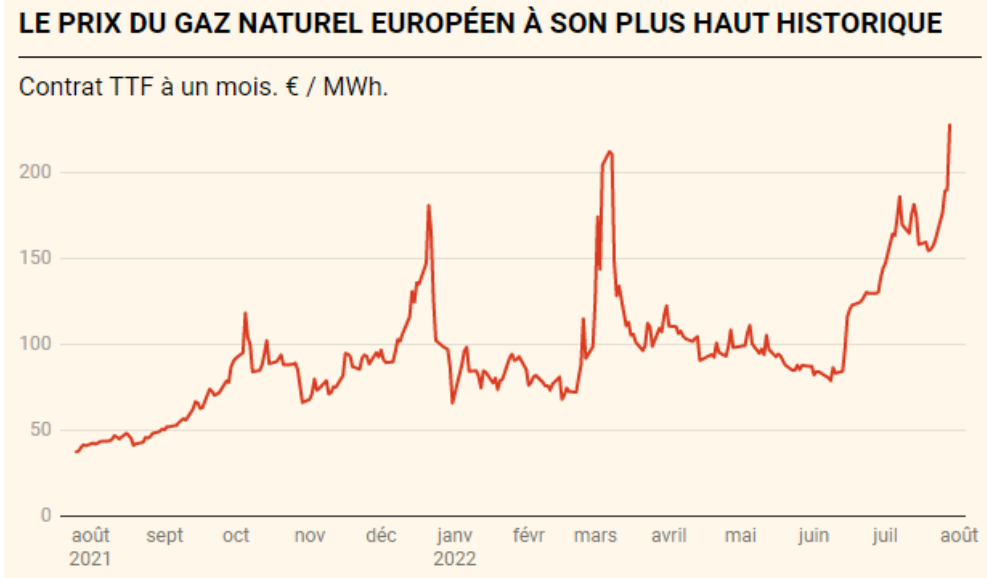
Crude oil and Naphtha prices back to price levels of 1Q2022

Daily evolution of Brent Crude Oil and Naphtha

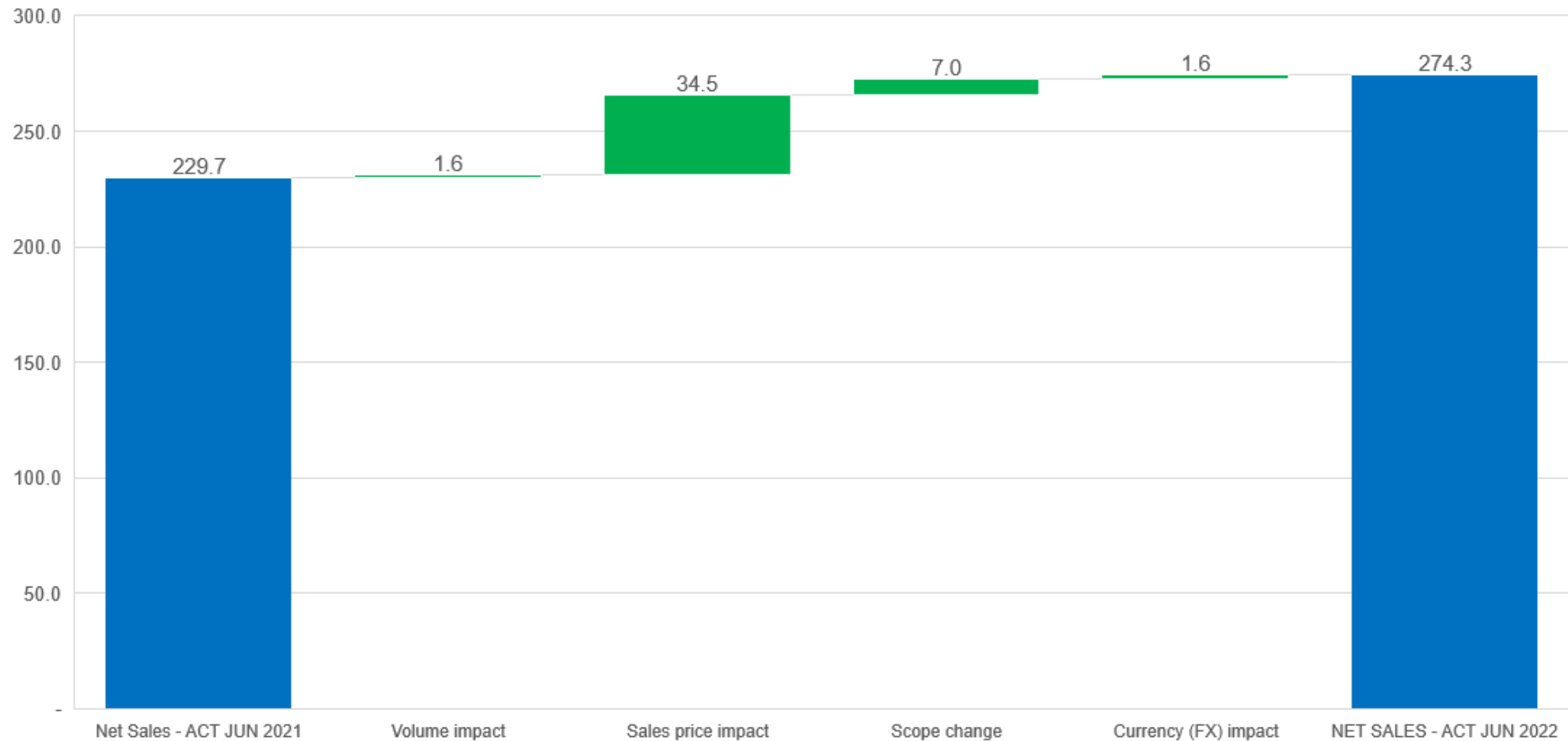
Source : Trading Economics



Further energy price increase: - Natural Gas prices more than x5 vs 1H2021
 - Electricity prices more than x6 vs 1H2021



Net Sales increased by 19.4% primarily due to pricing discipline and integration of Trimo
Underlying volumes remained steady, despite strong inflationary pressure on all input costs



Solid volumes, pricing discipline, and successful integration of Trimo as from 01 May 2022 led to improved operational profitability, despite strong inflationary pressure on all input costs.

- **Adjusted EBITDA: EUR 29.2 million** compared to EUR 22.4 million in 1H2021
Adjusted EBITDA margin of 10.6% compared to 9.7% in 1H2021
- **Adjusted operating profit (loss): EUR 22.5 million** compared to EUR 15.8 million in 1H2021
Adjusted operating profit (loss) margin of 8.2% compared to 6.9% in 1H2021
- **Adjustments to Operating Profit** on continuing operations include:
 - Restructuring costs for €-1.1m
 - Other adjustments of €-3.5m mainly
 - legal and advisory fees (€-1.0m) primarily linked to the acquisition of Trimo
 - fair value adjustment on inventories by application of IFRS 3, reversal of inventory step up values resulting from purchase price allocation of Trimo (€-2.2m).

Financial result of €-1.5m | Income taxes of €-4.7m | Result from continuing operations €11.6m

- **Financial result: €-1.5m** (1H2021: €+.1m)
 - Net interest charges: €-1.4m (1H2021: €-0.9m)
 - 'Other net financial income and expenses': €-0.04m (1H2021: €+1.0m), mainly exchange rate differences (€-0.2m; 1H2021: €+1.0m)
- **Result from other associates: €-2.4m** (1H2021: €+0.6m) relates to the negative result of TEMDA2 (at 49%). The participation in Proseat had been impaired at the end of 2020, as a result of which its book value had been reduced to zero. Hence the 1H2022 income statement of Recticel is not impacted by the negative result of Proseat, which has been fully divested on 20 May 2022.
- **Fair value adjustment of option structures; €+2.3m** (1H2021: €-4.9m) results from the reversal of the previously recognised additional provision. The put/call structure on the remaining 49% participation in TEMDA2/Ascorium (formerly Automotive Interiors) has been maintained at a "zero" value, given the uncertainties over the period until the earliest exercise date of the option, in 2024.
- **Income taxes and deferred taxes: €-4.7m** (1H2021: €+4.0m)
 - Current income tax: €-3.6m (1H2021: €1.1m)
 - Deferred tax: €-1.2m (1H2021: €+5.1m).

Significant result from discontinued operations

● **Result from discontinued operations: €23.5m (1H2021: €12.9m)**

- The 1H2022 result from discontinued operations mainly represents:
 - the result of the period of the Engineered Foams activities which are currently in the process of being sold to the Carpenter Company (€4.6m);
 - the result of the first three months of 2022 of the Bedding activities (€1.1m);
 - the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (€+17.9m, including EUR 5.0 million of provisions for indemnities); and
 - the result of the settlements related to the divestment of the Ascorium activities (€-0.1m).
- The total result (restated) of discontinued operations in 1H2021 was composed of:
 - the result of the period of the Engineered Foams activities which are currently in the process of being sold to Carpenter Company (€13.9m);
 - the net result related to the Bedding activities, which at that time were deemed to be divested (€-2.3m) (IFRS 5 criteria however not yet met then); and
 - the result following the settlements related to the divestment of the Ascorium (formerly Automotive Interiors) activities (€1.3m).

● **Result of the period (share of the Group): €34.6m (1H2021: €28.0m)**

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Net financial debt increased following the acquisition of Trimo to €254.9m
 Gearing (61.0%) and Leverage (1.8x) ratios confirm solid balance sheet, even before divestment of Engineered Foams

<i>in million EUR</i>	30 JUN 2021	30 SEP 2021	31 DEC 2021	31 MAR 2022	30 JUN 2022
TOTAL EQUITY	354.8	-	391.3	-	417.6
Net financial debt excluding factoring	145.3	130.3	103.8	92.6	247.6
+ Lease debt (IFRS 16)	61.3	58.7	44.0	37.0	7.3
CONSOLIDATED NET FINANCIAL DEBT	206.6	189.0	147.8	129.6	254.9
+ Drawn amounts under factoring programs	45.2	41.4	25.2	0.0	29.5
TOTAL CONSOLIDATED NET FINANCIAL DEBT	251.8	230.4	173.0	129.6	284.4
Gearing ratio (incl. IFRS 16)	58.2%	-	37.8%	-	61.0%
Leverage ratio (incl. IFRS 16)	2.6	-	1.6	-	1.8

Outlook

Our Insulation business continues to perform well in difficult economic circumstances. However, the geopolitical turbulences, supply chain challenges and economic uncertainties prevent us from providing an outlook for the full year at this stage.

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Financial calendar

Third quarter 2022 trading update	28.10.2022 (at 07:00 AM CET)
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)

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