

RECTICEL

Full year 2022 results

Analysts' meeting
Brussels – February 28, 2023

Olivier Chapelle – Chief Executive Officer

Dirk Verbruggen – Chief Financial & Legal Officer

Agenda

- ▷ Key highlights 2022
- ▷ Full Year 2022 results
- ▷ Financial position
- ▷ Dividend proposal – Outlook 2023
- ▷ Sustainability

Highlights 2022

- 1 Sales €561.5m (+25.0%) | Adjusted EBITDA €62.2m (+28.4%) | Net result (share of the group) €63.2m (+18.0%)
- 2 Closing of the divestment of Engineered Foams expected at the end of 1Q2023
- 3 European construction market increasingly challenging due to inflation and growing economic uncertainties
- 4 Slightly higher volumes in Insulation Boards - Flat volumes in Insulated Panels
- 5 ESG and sustainable development : (1) commitment to the SBTi (2) 11.2% reduction in scope 1 & 2 carbon emissions in 2022 versus reference year 2021
- 6 The integration of Trimo (1 May 2022) is complete, and provides a broader basis for further internal and external growth
- 7 Total Net financial debt: €261.7m | Gearing 55.6% | Leverage 2.1x

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Engineered Foams divestment to Carpenter

The divestment of Engineered Foams is expected to close at the end of the first quarter of 2023. It follows the decision on 26 January 2023 by the Competition and Markets Authority in the UK, to approve the Final Undertakings, which execution is now entering its final phase.

Consolidated Income Statement (IFRS5) : Sales @ €561.5m, Adj. Ebitda @ €62.2m, EAT @ €63.2m

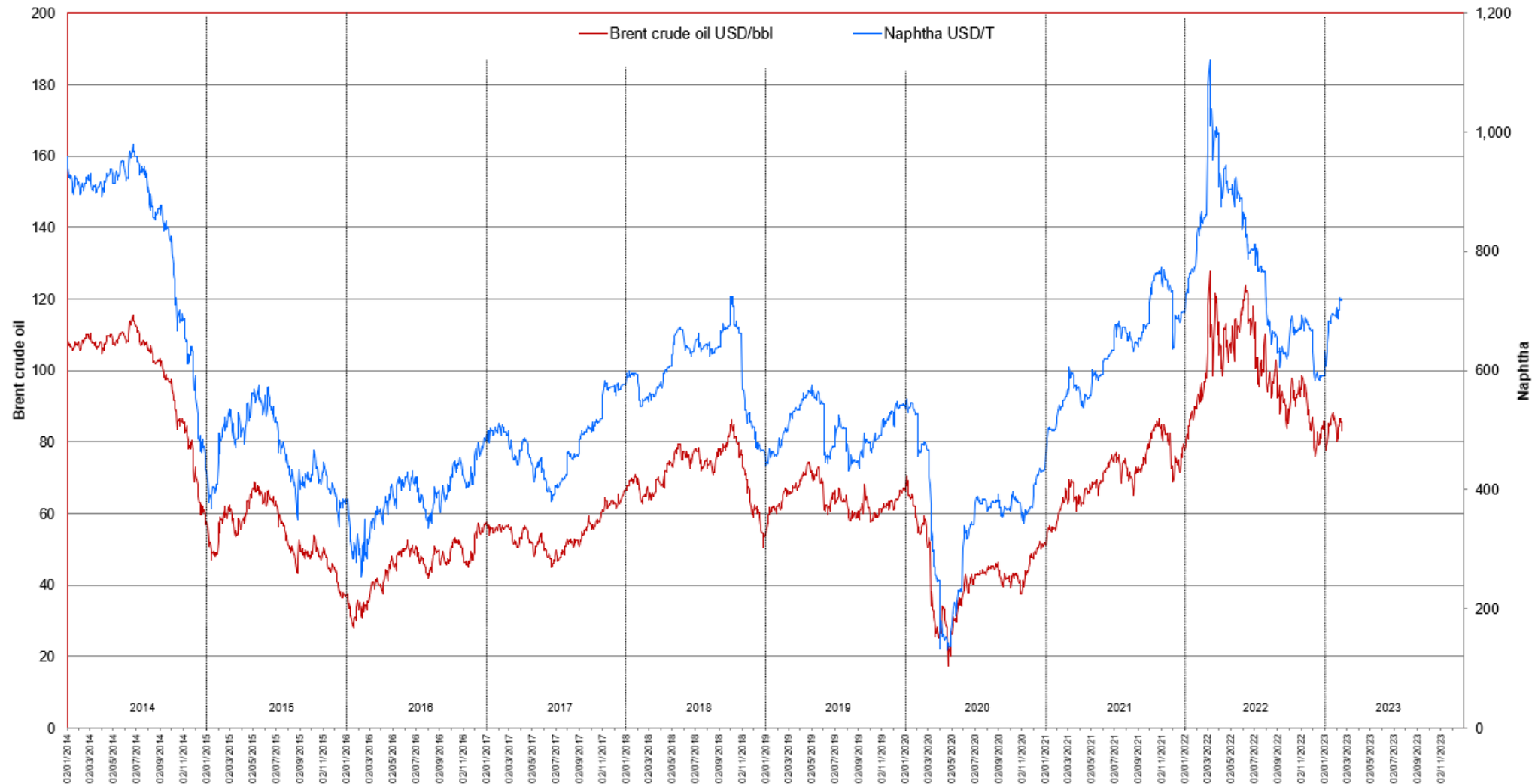
in million EUR	2021 restated	2022	%
Sales	449.2	561.5	25.0%
Gross profit	84.9	104.7	23.3%
as % of sales	18.9%	18.7%	
Adjusted EBITDA	48.4	62.2	28.4%
as % of sales	10.8%	11.1%	
EBITDA	50.3	55.0	9.4%
as % of sales	11.2%	9.8%	
Adjusted operating profit (loss)	35.6	43.1	21.0%
as % of sales	7.9%	7.7%	
Operating profit (loss)	37.5	34.9	-6.9%
as % of sales	8.3%	6.2%	
Financial result	(1.9)	(9.9)	n.m.
Income from other associates ³	0.5	(1.2)	n.m.
Impairment other associates	0.0	0.0	n.m.
Change in fair value of option structures	(7.3)	2.3	n.m.
Income taxes	5.2	(15.4)	n.m.
Result of the period of continuing operations	33.9	10.8	n.m.
Result of discontinued operations	20.4	52.8	n.m.
Result of the period (share of the Group)	53.5	63.2	18.0%
Result of the period (share of the Group) - base (per share, in EUR)	0.96	1.13	17.5%

	31 Dec 2021	31 Dec 2022	%
Total equity	391.3	446.9	14.2%
Net Financial Debt (incl. IFRS 16 - Leases)	147.8	248.4	n.m.
Gearing ratio (Net financial debt / Total equity)	37.8%	55.6%	
Leverage ratio (Net financial debt / EBITDA) ⁴	1.3	2.1	

Crude oil & Naphtha prices stabilizing at high level, relatively weak markets counterbalanced by OPEC+ support.

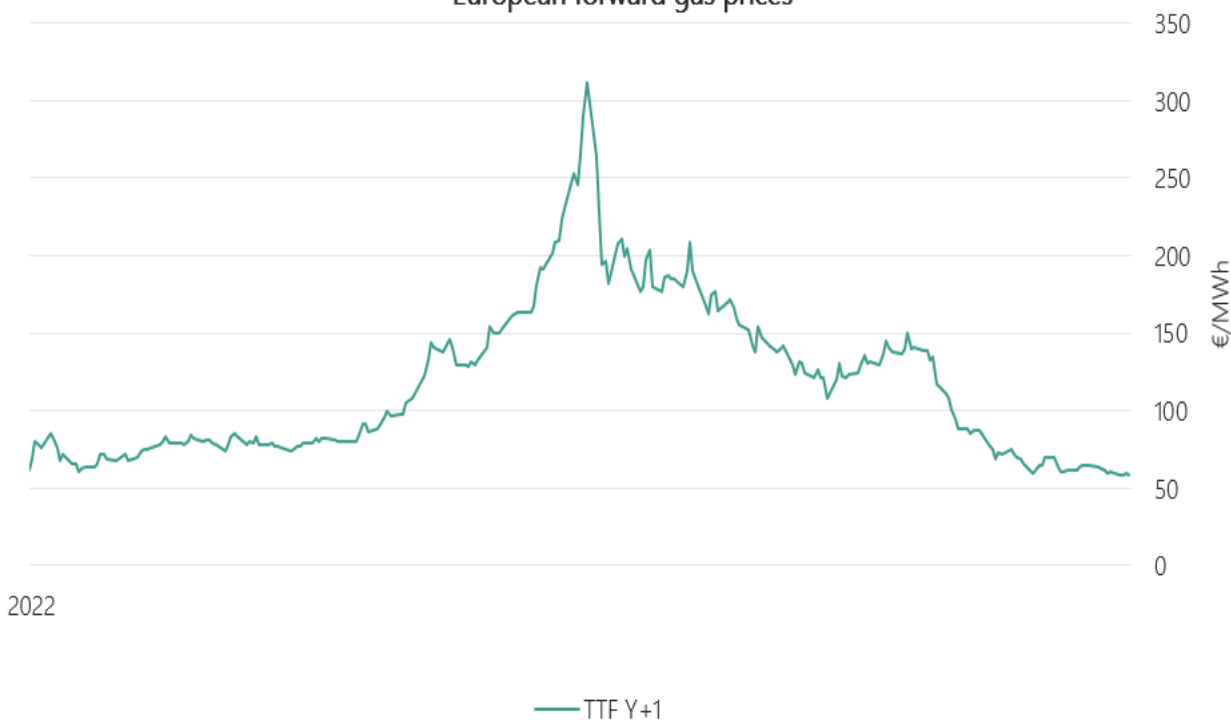
Daily evolution of Brent Crude Oil and Naphtha

Source : Trading Economics

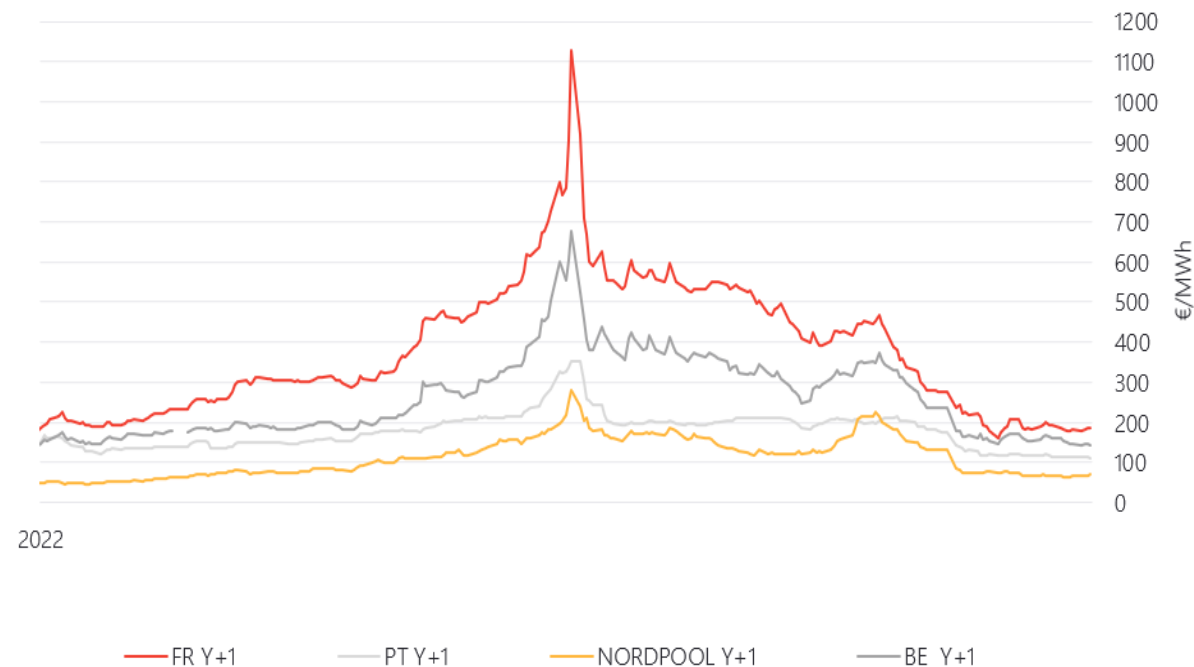


Abrupt energy price correction after the August 2022 peaks, gas & electricity now at Jan 2022 level. Still at a multiple of Jan 2021 levels.... With gas @ 2.5x and electricity @ 3.0x

European forward gas prices



European forward electricity prices



2022 Net sales supported by strong performance

Group Sales 4Q 2022

€133.7m
+19.4%

Comparison to prior Q4 2021:

- €+39.0m from the Trimo acquisition
- €-9.0m chemicals sales to divested Automotive companies
- -0.9% currency impact
- Volumes remained in line with 2021
- Substantial volume decrease in Vacuum Insulated Panels for low temperature transportation of COVID vaccines

Group Sales FY 2022

€561.5m
+25.0%

Comparison to FY 2021:

- €+129.2m Trimo contribution
- €-48.9m chemicals sales to divested Automotive companies
- +0.04% currency impact

2022 Results

Adjusted EBITDA FY 2022

€62.2m
+28.4%
11.1% margin

- Slightly higher volumes
- Pricing discipline
- Successful integration Trimo (1 May 2022) led to improved operational profitability, despite strong inflationary pressure on all input costs

EBITDA FY 2022

€55.0m
+€4.7m
9.8% margin

Adjusted Operating result FY 2022

€43.1m
+21.0%
7.7% margin

€-8.2m Adjustments on continuing operations in 2022:

- €-1.3m restructuring costs
- €-5.9 million of other adjustments, mainly fees related acquisition of Trimo (€-1.6m), fair value adjustment on inventories by application of IFRS 3 resulting from the purchase price allocation of Trimo (€-2.7m).
- €-1.0m impairments

Operating result FY 2022

€34.9m
-€2.6m
6.2% margin

Financial result of €-9.9m | Income taxes of €-15.4m

- **Financial result: €-9.9m** (2021: €-1.9m)
 - Net interest charges: €-5.2m (2021: €-3.0m)
 - Other net financial income and expenses: €-4.7m (2021: €+1.2m), mainly exchange rate differences (€-4.9m; 2021: €+1.1m) including €-6.2m reversal of historic currency translation adjustments as a result of the liquidation of a holding company in the UK.
- **Result from other associates: €-1.2m** (2021: €+0.5m) relates to the negative result of TEMDA2 (at 49%). The participation in Proseat had been fully impaired at the end of 2020, reducing its book value to zero. Hence the FY2022 income statement of Recticel is not impacted by the negative results of Proseat, which has been fully divested on 20 May 2022.
- **Fair value adjustment of option structures; €+2.3m** (2021: €-7.3m) results from the reversal of the previously recognised additional provision for Proseat. The value of the put/call structure on the remaining 49% participation in TEMDA2/Ascorium (formerly Automotive Interiors) was maintained at “zero” value in accordance with the underlying valuation method.
- **Income taxes and deferred taxes: €-15.4m** (2021: €+5.2m)
 - Current income tax: €-8.8m (2021: €-4.4m), mainly charges in Belgium (€-2.0m) impacted by effects of carve-out operations and divestments and by the tax charges in our recently acquired Insulated Panels activity Trimo (€-1.9m) and our Insulation Boards activities in the UK.
 - Deferred tax: €-6.6m (2021: €+9.6m), mainly use of tax losses in Belgium and the adverse one-off impact in Belgium (€-4.7m) following the change in tax legislation revising downwards the limit on the use of fiscal losses

Result from discontinued operations

● **Result from discontinued operations: €52.8m (2021: €20.4m)**

- The 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 Co. (€32.8m)
 - the result of the first three months of 2022 of the Bedding activities (€1.3m)
 - the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (€+17.9m, including provisions taken for potential indemnities)
 - the result of various settlements related to the divestment of the Ascorium activities (€+0.8m).
- The total result (restated) of discontinued operations in 2021:
 - the result of the period of the Engineered Foams activities which are currently in the process of being sold to Carpenter Co. (€21.3m)
 - the net result after taxes of the Bedding activities sold to Aquinos Group (€-2.3m)
 - the result following various settlements related to the divestment of the Ascorium (formerly Automotive Interiors) activities (€+1.4m)

● **Result of the period (share of the Group): €63.2m (2021: €53.5m)**

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Net financial debt @ €261.7m

in million EUR	31 DEC 2021	31 MAR 2022	30 JUN 2022	30 SEP 2022	31 DEC 2022
Total equity	391.3	-	417.6	-	446.9
Net financial debt excluding factoring	103.8	92.4	247.6	253.2	242.2
+ Lease debt (IFRS 16)	44.0	37.2	7.3	7.2	6.3
Net financial debt	147.8	129.5	254.9	260.4	248.4
+ Drawn amounts under factoring programs	25.2	0.0	29.5	17.8	13.2
Total net financial debt	173.0	129.5	284.4	278.2	261.7
Gearing ratio (incl. IFRS 16)	37.8%	-	61.0%	-	55.6%
Leverage ratio (incl. IFRS 16)	1.3	-	2.2	-	2.1

- Payment of €154.6 million (net of cash) for the acquisition of Trimo
- Deferred payment in January 2022 of CHF20m for the acquisition of FoamPartner
- Higher net working capital needs resulting from seasonality effects and price inflation
- Dividend payment of €16.2m
- Net €84.5m cash inflow from the disposal of the Bedding activities to Aquinos on 31 March 2022
- Net proceeds from the sale of investment property in Balen (Belgium) (€7.6m).

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Dividend

The Board of Directors will propose to the Annual General Meeting of 30 May 2023 the payment of an increased gross dividend of €0.31 per share on 56,208,420 shares. This represents a total dividend pay-out of €17.4 million (2021: respectively €0.29 per share and €16.2 million in total).

The Board of Directors will reflect and decide in due course on the principle and the amount of a cash distribution to the shareholders. This would not take place before the completion of the divestment of Engineered Foams to Carpenter.

Outlook 2023

The year 2022 has been very challenging due to the consequences of the geopolitical turmoil. During that year, our business has resisted well and is well positioned at the beginning of 2023, despite the current lack of visibility. Margin management, growth initiatives and further progress on ESG are the priorities in 2023.

At this stage, the Company does not provide guidance related to its full year 2023 expected results.

Stock price comparison to Rockwool and Kingspan: most building material companies have seen substantial stock price decline, including in Insulation.

03/01/2022 - 24/02/2023

■ ROCKWOOL B (COP) -40.73% ■ Kingspan Group (LSE) -37.56% ■ Recticel (BRU) -7.54%



04/01/2021 - 24/02/2023

■ ROCKWOOL B (COP) -25.52% ■ Kingspan Group (LSE) 2.17% ■ Recticel (BRU) 56.77%







Source: www.rockwool.com

Stock price outperformed all Belgian indexes since 2015.
 Relative performance in 2022 above Belgian indexes.
 Analyst recommendations stable, target prices slightly adapted leading to avg. ~20€/share.





					
	30/01/2023	31/10/2022	01/11/2022	26/08/2022	01/11/2022
Recommendation	Buy	Buy	Buy	Accumulate	Buy
Target price	€ 20.50 → € 21.00	€ 20.80 → € 19.00	€ 22.00 → € 18.00	€ 20.00 → € 21.00	€ 24.00 → € 19.00

04/01/2022 – 24/02/2023

Price  RECTICEL -4.79%  BEL20 -10.46%  BELM -8.16%  BELS -21.41%



02/01/2015 – 21/02/2023

Price  RECTICEL 293.68%  BEL20 18.39%  BELM 70.26%  BELS 17.24%



Source: live.euronext.com

Analyst consensus (January 2023)

(in million EUR)

	2021 restated ¹	2022 ²	2022	2023	2024	2025
	Actual	Consensus Jan-23	Actual	Consensus Jan-23	Consensus Jan-23	Consensus Jan-23
Net Sales	449.2	576.5	561.5	584.9	610.4	634.2
annual growth rate	-	28.3%	25.0%	1.4%	4.4%	3.9%
Adjusted EBITDA	48.5	62.1	62.1	62.9	71.9	77.0
as % of consolidated sales	10.8%	10.8%	11.1%	10.8%	11.8%	12.1%
EBITDA	50.3	56.8	54.9	62.9	71.9	77.0
as % of consolidated sales	11.2%	9.9%	9.8%	10.8%	11.8%	12.1%
Adjusted Operating Profit (Loss)	35.6	49.2	43.1	45.3	54.3	58.0
as % of consolidated sales	7.9%	8.5%	7.7%	7.8%	8.9%	9.1%
Operating Profit (Loss)	37.5	43.6	34.9	45.3	54.3	58.0
as % of consolidated sales	8.3%	7.6%	6.2%	7.8%	8.9%	9.1%
Financial result	-1.9	-3.1	-9.9	-0.6	0.1	0.2
Result of the period before taxes	28.8	40.4	26.2	44.8	54.4	58.2
Income taxes	5.2	-10.8	-15.4	-11.0	-13.6	-14.6
as % of Result of the period before taxes	18.1%	-26.7%	-58.8%	-24.6%	-25.0%	-25.0%
Earnings after taxes of continuing operations	33.9	29.6	10.8	33.7	40.8	43.6
as % of consolidated sales	7.6%	5.1%	1.9%	5.8%	6.7%	6.9%

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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

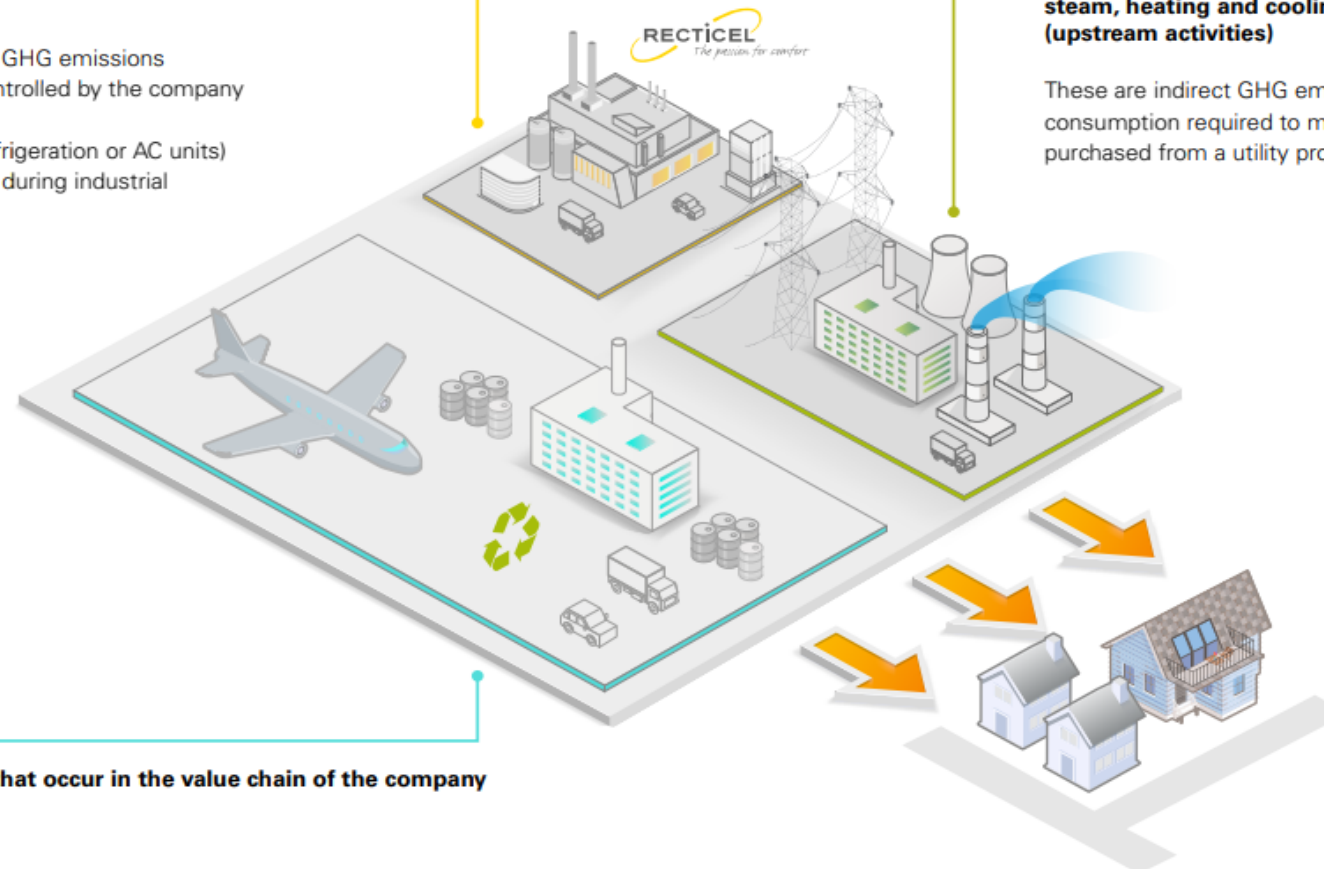
SCOPE 2

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.

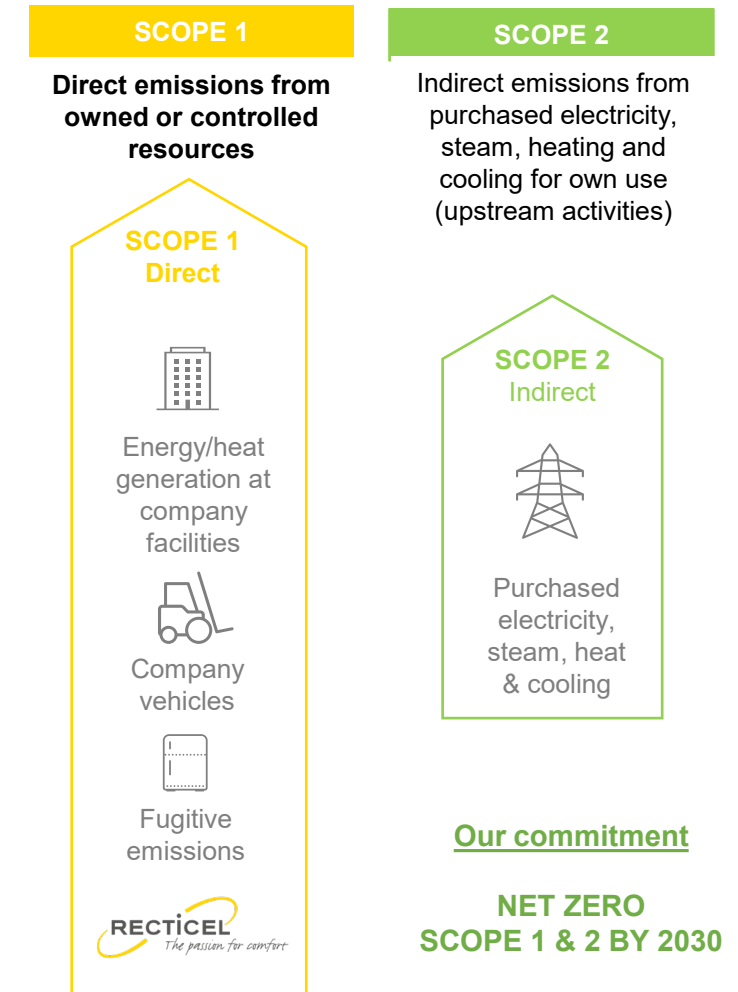
SCOPE 3

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



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 joined 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



In 2022, good progress on scope 1 & 2 emissions reduction, on track to reach our commitment to be net zero by 2030.

tCO2e emissions per scope		Change 2022 compared to 2021 (baseline SBTi)
Scope 1 + 2		11.2% reduction
Scope 3		0.0%
Renewable Energy Indicator		
Photo Voltaic Energy (own production)		309% increase
Intensity Indicators		
Carbon Intensity 1 (tCO2e/m ³)	ratio tCO2e scope 1,2 / m ³ sales volume	12.4% reduction
Carbon Intensity 2 (tCO2e/m ³)	ratio tCO2e scope 1,2,3 / m ³ sales volume	1.4% reduction
Energy Intensity (kWh/m ³)	ratio kWh energy consumed / m ³ sales volume	10.5% reduction



CO2e emissions are calculated by the external party CO2logic/South Pole (www.co2logic.com/www.southpole.com), the world's largest climate solutions provider and carbon project developer.

ESG ratings currently available, providing transparency and clarity to our stakeholders as well as identifying the areas where we can continue to improve.

Benchmarking peers will change with the new scope of Recticel.



Focus on reduction GHG emissions, safeguarding water resources and protecting forests

Rating 2021: B (Plastic product manufacturer)

Rating 2022: B (Plastic product manufacturer)



Focus on ESG risk mitigations & long term value creation

Rating 2018: A (Commodity Chemicals)

Rating 2021: AA (Commodity Chemicals)



Focus on 21 issues grouped into 4 categories: environment, labor & human rights, ethics, procurement

Rating 2021: 48/100 **BRONZE** (Manuf. of plastics products)

Rating 2022: 48/100 (Other Manufacturing)

Rating 2021 Trimo¹: 58/100 **SILVER** (Manuf. of structural metal products)

Rating 2022 Trimo¹: 62/100 **SILVER** (Manuf. of structural metal products)



Focus on ESG risk severity that could impact a company's enterprise value

Rating 2021: Medium (27.8) (Commodity chemicals)

Rating 2022: Medium (27.5) (under review) (Commodity chemicals)

- 2021 reporting: related on 2020 data of business lines Insulation, Bedding and Engineered Foams, excluding FoamPartner which was acquired on 31 March 2021
- 2022 reporting: related on 2021 data Recticel Insulation Boards activities only, excluding Trimo Insulated Panels which was acquired on 29 April 2022 and TURVAC (joint venture Recticel – TURNA)
- ¹ Trimo was reviewed by EcoVadis as an independent company in 2021 and 2022

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Financial calendar

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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