

RECTICEL

First half-year 2023 results

Analysts' meeting
Brussels – August 31, 2023

Johnny Thijs – Chairman of the Board

Jan Vergote – Chief Executive Officer

Dirk Verbruggen – Chief Financial & Legal Officer

Recticel announces the departure of Olivier Chapelle as CEO and appoints Jan Vergote as new CEO (press release 31/08/2023)

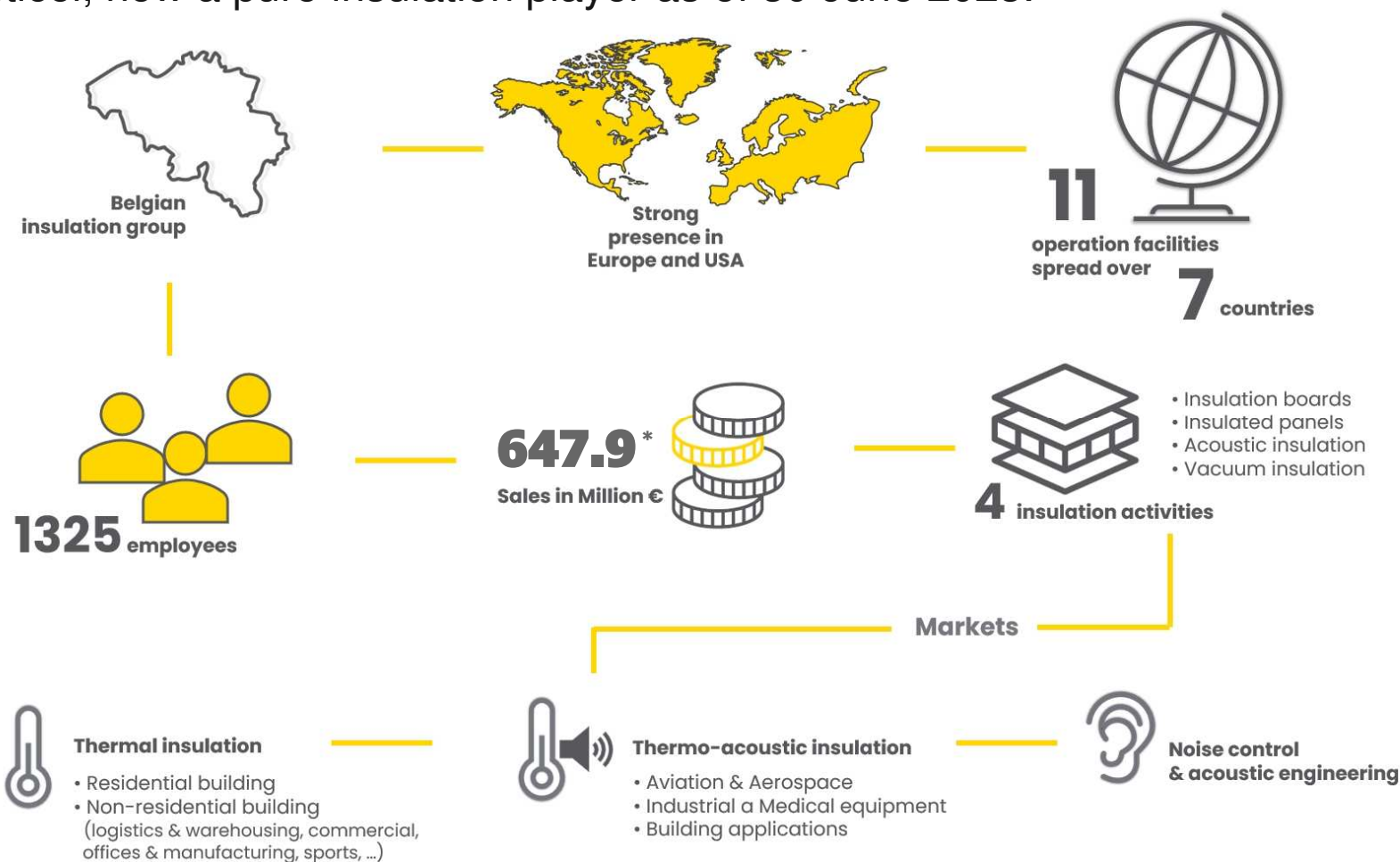
After the finalisation of the transformation of Recticel in a pure insulation player, the Board of Directors and Olivier Chapelle have agreed that after 13 years at the helm of Recticel, the timing was ideal to pass the torch to a new CEO, who would lead the next phase of expansion of the Company. Olivier Chapelle and the Board of Directors have aligned on a handover, to begin on 1 September 2023, with Jan Vergote who succeeds him. Jan Vergote will resign from all his operational functions at Baltisse Group.

Johnny Thijs, Chairman: "In the name of the Board of Directors, I wish to thank Olivier Chapelle wholeheartedly for having successfully transformed Recticel under difficult circumstances. The company can now fully focus on its next phase of expansion as a pure insulation player. The successor of Olivier, Jan Vergote, has accumulated a lot of experience as Managing Director and CEO in several European and international companies, active in the construction industry. He brings the experience needed to realize our ambitious growth targets."

Highlights 1H2023: Recticel repositioned as Pure Insulation Player, with strong Balance Sheet.

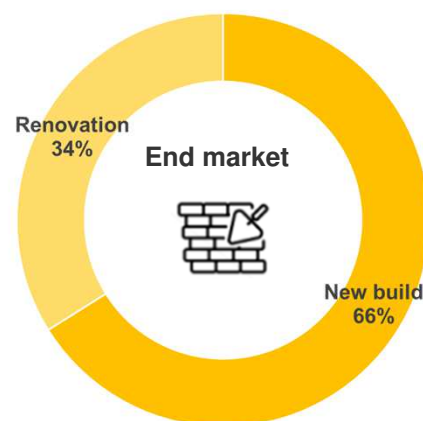
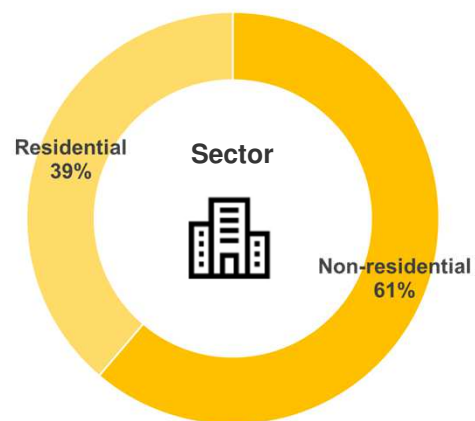
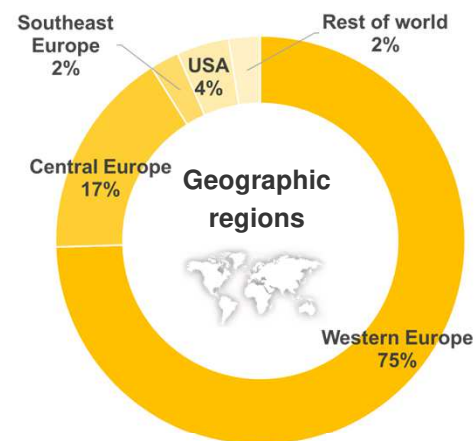
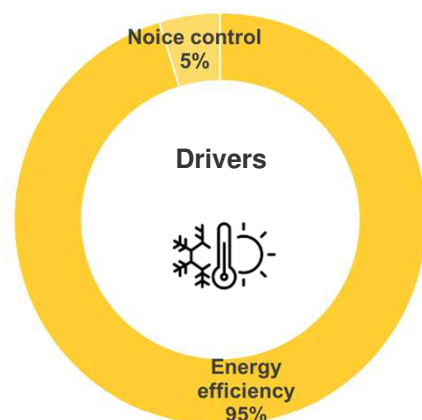
- 1 Sales € 266.1m (-7.4%) | Adjusted EBITDA € 18.2m (-42.6%) | Net result (share of the group) € 2.2m
- 2 Recticel is a pure insulation player since divestment of Engineered Foams, completed on 12 and 13 June 2023.
- 3 Soundcoat Acoustical insulation (USA) added to the Recticel insulation portfolio.
- 4 European construction markets very challenging in most segments and countries during the period.
- 5 Volumes lower YoY by more than 15% in a context of substantial competition leading to price deflation and pressure on margins.
- 6 Cost of chemicals, steel and to lesser extent mineral wool have reduced during the period.
- 7 Several acquisition opportunities being pursued, to enhance our market and segments positions in Europe.
- 8 Balance Sheet: net cash position of € 142.3m

Recticel, now a pure insulation player as of 30 June 2023.

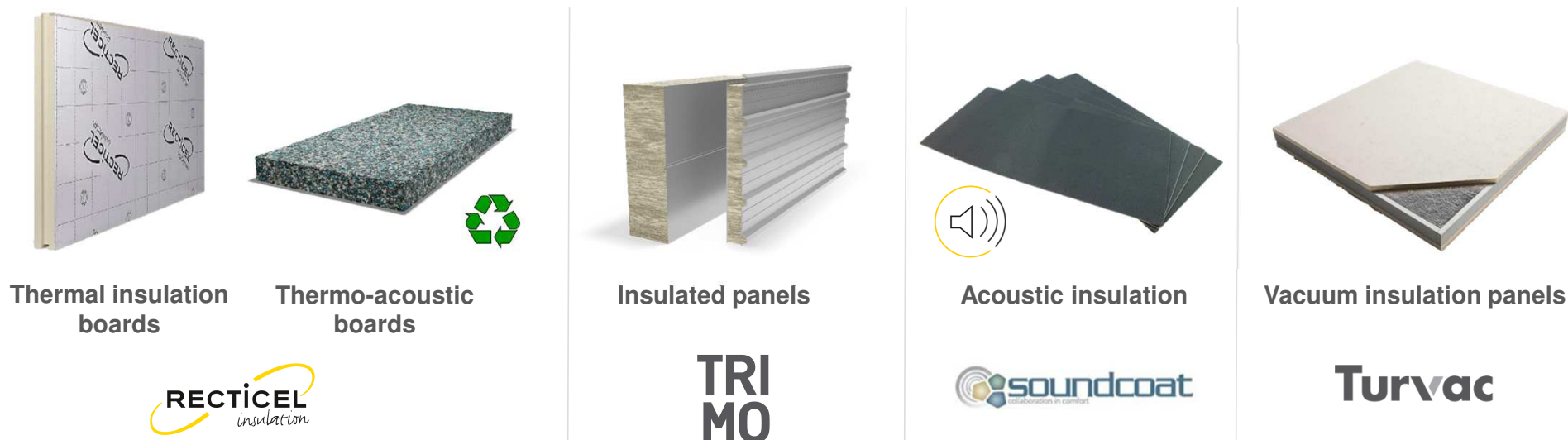


* pro-forma 2022 sales with 12 months Insulated Panels (Trimo)

Recticel's market presence at a glance (sales FY 2022)

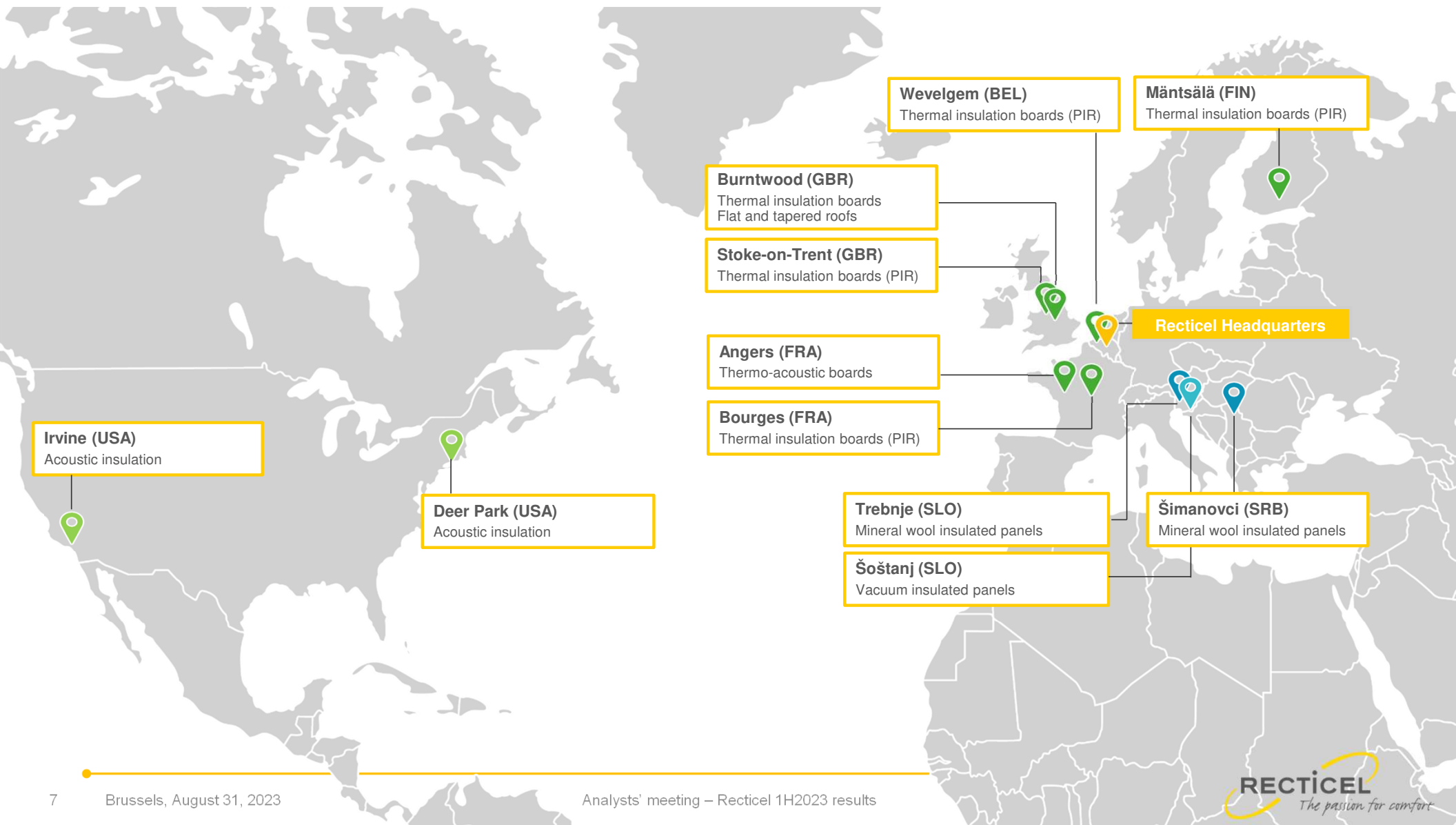


Taxonomy: 90.7% of Recticel's 2022 revenues meet the eligibility criteria (PwC audited), thanks to our climate mitigation insulation products*, reducing global GHG emissions.



Recticel has committed to become a net zero emission company on Scopes 1 and 2 by 2030, and to reach net zero on Scope 3 by 2050. We have recently formalised our net zero emission targets by submitting them to the Science Based Target initiative (SBTi).

* EU Taxonomy (see Recticel annual report 2022, chapter 3.3.2 – Acoustic insulation not included)



A brief look at Soundcoat: Acoustic Insulation



At Soundcoat, we provide the optimal noise-reducing and thermal treatment solutions for equipment by combining different materials to match customer design parameters. We provide adaptable sound absorption materials, tuned vibration damping treatments and an array of barrier products for preventing sound transmission. In addition, in applications such as microchip processing and satellite launches, highly sensitive components or payloads need to be protected from external acoustic vibration and thermal transmission.



Transport

- Aviation & Aerospace (thermo-acoustics)
- Buses & Trucks (acoustics)
- Railcar (acoustics)

Industry

- Power generators (acoustics)
- HVAC (acoustics)
- EV Charging Station (acoustics)
- Semiconductor
- Medical OEM Molded Parts (acoustics)
- Data Centers (acoustics)

Building

- Industrial Noise Control

Acoustics Engineering

2023 Innovations and market introductions

Impact product line

New range thermal insulation boards containing 25% bio-circular raw materials, reducing CO₂ emissions by average 43% compared to standard board.

Cavity wall insulation (EuroWall)
Flat room insulation (Eurothane Silver)

Launched in May 2023 in Belgium, the Netherlands, Luxembourg

Important element in Recticel's proactive approach to reaching net zero emissions by 2050.



RECTICEL
insulation

ECO light product line

New range insulated panels with low material consumption for needed performance in targeted market segments

Logistics, warehousing, industrial segments

Launched in 2023

ECOlogy and ECOonomy combined



**TRI
MO**

An aerial photograph of a dense, vibrant green forest. A winding river flows through the center of the forest, its surface reflecting the surrounding greenery. Wisps of white mist or low clouds are scattered throughout the forest, particularly around the river and in the upper right quadrant, adding a sense of depth and atmosphere. The overall scene is one of natural beauty and tranquility.

Our purpose

We fight **climate change**, consciously **preserve resources** and **improve lives** with leading-edge **insulation solutions** for **current** and **future generations**.

Consolidated Income Statement (IFRS5): Sales € 266.1m, Adj. EBITDA € 18.2m, EAT € 2.2m Net cash position at € 142.3m

	1H2022 restated ¹	1H2023	in million EUR %
Sales	287.2	266.1	-7.4%
Gross profit	52.1	45.5	-12.7%
as % of sales	18.1%	17.1%	
Adjusted EBITDA	31.7	18.2	-42.6%
as % of sales	11.0%	6.8%	
EBITDA	27.1	15.9	-41.5%
as % of sales	9.4%	6.0%	
Adjusted operating profit (loss)	24.1	6.7	-72.4%
as % of sales	8.4%	2.5%	
Operating profit (loss)	19.5	4.0	-79.4%
as % of sales	6.8%	1.5%	
Financial result	(1.5)	(6.2)	n.m.
Income from other associates	(2.4)	(1.8)	n.m.
Impairment other associates	0.0	(3.9)	n.m.
Change in fair value of option structures	2.3	0.0	n.m.
Income taxes	(5.0)	(3.1)	n.m.
Result of the period of continuing operations	12.9	(10.9)	n.m.
Result of discontinued operations	22.1	13.0	n.m.
Result of the period (share of the Group)	34.6	2.2	-93.6%
Result of the period (share of the Group) - base (per share, in EUR)	0.62	0.04	-93.6%
	31 Dec 2022	30 Jun 2023	%
Total equity	446.2	437.3	-2.0%
Net Financial Debt (incl. IFRS 16 - Leases)	250.0	(142.3)	n.m.
Gearing ratio (Net financial debt / Total equity)	56.0%	-32.5%	
Leverage ratio (Net financial debt / EBITDA)	2.2	-2.0	

¹

Including The Soundcoat Company Inc. as of 1 January 2022. Formerly published 2022 statements have been restated accordingly. Trimo d.o.o. consolidated as of 1 May 2022

1H2023 Sales : topline under pressure through combination of soft volumes and decreasing prices.

Group Sales
2Q 2023

€ 160.4m
-13.7% vs 1Q2022*

- 2Q2023 volumes improving sequentially vs 1Q2023 by 5% and 40% respectively in Insulation Boards and Insulated Panels
- Price pressure on Insulation Boards
- Currency impact -1%

Group Sales
1H 2023

€ 266.1m
-7.4% vs 1H2022*

- Progressively improving demand and strong orderbook in Insulated Panels at the end of 1H2023
- Substantial price pressure during 1H2023 on Insulation Boards
- Currency impact -0.9%

* Including The Soundcoat Company Inc. as of 1 January 2022. Formerly published 2022 statements have been restated accordingly.
Trimo d.o.o. consolidated as of 1 May 2022

1H 2023 Results under pressure – Adj. Ebitda down to €18.2 million

Adjusted EBITDA
1H2023

€ 18.2m
-42.6% vs 1H2022*
6.8% margin on sales

- Raw material costs decreased, compensating partially negative volume, price effects, and all inflation impacts (salaries, energy, transportation, ...)

* Including The Soundcoat Company Inc. as of 1 January 2022. Formerly published 2022 statements have been restated accordingly.
Trimo d.o.o. consolidated as of 1 May 2022

Financial result of € -6.2m | Income taxes of € -3.1m

- **Financial result: € -6.2m** (1H2022: € -1.5m)
 - Net interest charges: € -6.0m (1H2022: € -1.5m) as a result of higher debt following Trimo acquisition in 2Q2023 and gradually increasing interest rates, in absence of hedging as it was expected to close the Engineered Foams divestment earlier in time
 - Other net financial income and expenses: € 0.13m (1H2022: € -0.04m)
- **Result from other associates: € -1.8m** (1H2022: € -2.4m) relates to the negative result of TEMDA2 (at 49%).
- **Fair value of option structures: € +0m** (1H2022: € +2.3m)
- **Income taxes and deferred taxes: € -3.1m** (1H2022: € -5.0m)
 - Current income tax: € -2.3m (1H2022: € -3.8), decreasing in line with the lower results
 - Deferred tax: € -0.7m (1H2022: € -1.2m)

Results from continued and discontinued operations

- **Result from continued operations: € -11.5m** (1H2022: € 12.9m)
- **Result from discontinued operations: € 13.0m** (1H2022: € 22.1m)
 - Result from discontinued operations in 1H2023 mainly represents:
 - result until 12 June 2023 of the Engineered Foams activities sold to Carpenter Co. (€ -0.5m);
 - net capital gain on disposal of Engineered Foams activities sold to Carpenter Co. amounting to € +12.3m and composed of following items:
 - gain on the divestment of Engineered Foams: € +30.9m (including € 24.6m provisions on transactions related tax exposures and indemnities (incl. Orsa Foam indemnity)
 - direct attributable transaction costs: € -4.7m;
 - CTA release in the income statement: € -7.5m;
 - positive result 1H2023 Orsa Foam (€ +0.5m) + impairment (€ -6.9m)
 - result of the Aquinos closing account settlement (including the release of the closing accounts provision (€ +1.2m).
 - Result (restated) from discontinued operations in 1H2022 was composed of:
 - result of the period of Engineered Foams activities which were sold to the Carpenter Co. (€ 4.6m);
 - result of first three months of 2022 of the Bedding activities (€ 1.1m);
 - net capital gain on the disposal of the Bedding activities sold to Aquinos Group (€ +17.9m, including € 5.0m of provisions for indemnities);
 - the impact of the restatement linked to the transfer from Discontinued Operations to Continuing Operations of The Soundcoat Company Inc. (€ -1.4m);
 - result of the settlements related to the divestment of the Ascorium activities (€ -0.1m).
- **Result of the period (share of the Group): € 2.2m** (1H2022: € 34.6m)

On 30 June 2023, Recticel had a net cash position of € 142.3m

	in million EUR				
	30 JUN 2022 restated ¹	30 SEP 2022 restated ¹	31 DEC 2022 restated ¹	31 MAR 2023	30 JUN 2023
Total equity	411.7	-	446.2	-	437.3
Net financial debt excluding factoring	249.5	254.5	241.1	252.0	(150.0)
+ Lease debt (IFRS 16)	6.8	6.9	8.9	8.3	7.7
Net financial debt	256.2	261.4	250.0	260.3	(142.3)
+ Drawn amounts under factoring programs	29.5	17.8	13.2	18.9	0.0
Total net financial debt	285.8	279.2	263.2	279.1	(142.3)
Gearing ratio (incl. IFRS 16)	62.2%	-	56.0%	-	N/A
Leverage ratio (incl. IFRS 16)	2.4	-	2.2	-	N/A

The Group's total net debt position decreased by € 405.5m over 1H2023 to reach a net cash position of € 142.3m due to the receipt of € 428.2m from the sale of the Engineered Foams activities.

Subsequent event – Orsa Foam divestment

Following the closing of the sale of Engineered Foams to Carpenter, Recticel has now reached an agreement in principle to divest its 33% participation in Italian foam company Orsa Foam srl to its joint venture partner Orsa srl. The purchase price amounts to € 7.15 million and will be paid in instalments with the last payment due in December 2025. The deal is expected to close by the end of the third quarter of 2023.

Outlook 2023

Input costs of chemicals, steel, and to a lesser extent mineral wool have decreased, which should create the conditions for volume growth going forward. Although still volatile, we see improvements in the demand, particularly in Insulated Panels.

In this context, we expect our full year 2023 Adjusted EBITDA to reach between € 40 and 45 million.

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 (24.0) (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

Contacts

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Financial calendar

Third quarter 2023 trading update

27.10.2023 (at 07:00 AM CET)

For more product information or direct business contacts, please consult our website www.recticel.com, where interested parties can also find our press releases and presentations of our annual or half-year results.

Customers, suppliers, shareholders, investors and all other stakeholders and interested parties who wish to receive our press releases, are invited to subscribe to Recticel's **email alert** on the above web site address.

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.