

## **TRADING UPDATE FOR THIRD QUARTER 2013**

### **FORENOTE**

As announced in the press release of 04 October 2013, Recticel decided to adopt the new IFRS 11 Reporting Standard as of 01 January 2013. Consequently, the joint ventures, which were previously integrated by application of the proportionate consolidation method, are now consolidated on the basis of the equity method. Hereafter, all references to “**Consolidated**” data refer to the official data after adoption of IFRS 11.

However, in order to allow continuity in the information on underlying operational performance, the financial data per segment are provided on a “**Combined**” basis, including Recticel pro rata share in the joint ventures, after intercompany eliminations, in accordance with the proportionate consolidation method.

### **1. OFFICIAL KEY DATA (CONSOLIDATED)**

- **Consolidated 3Q sales: from EUR 251.9 million to EUR 239.1 million.**
- **Consolidated year-to-date sales: from EUR 784.0 million to EUR 733.8 million.**
- **Net financial debt<sup>1</sup> amounted to EUR 140.3 million, compared to EUR 143.8 million per 30 September 2012 and to EUR 123.7 million per 30 June 2013.**

<sup>1</sup> Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 61.2 million per 30 September 2013, EUR 38.5 million per 30 September 2012 and EUR 67.8 million per 30 June 2013).

### **2. TRADING REPORT (COMBINED)**

- **Combined 3Q sales decreased by 2.7% from EUR 316.4 million to EUR 307.9 million.**
- **Recurrent profitability in line with market consensus.**
- **Combined net financial debt<sup>2</sup>: from EUR 176.7 million (30 September 2012) to EUR 168.8 million (30 September 2013) (30 June 2013: 156.1 million).**

<sup>2</sup> Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 66.6 million per 30 September 2013, EUR 43.1 million per 30 September 2012 and EUR 73.5 million per 30 June 2013).

**Combined sales** decreased from EUR 316.4 million in 3Q2012 to **EUR 307.9 million in 3Q2013** (-2.7%). Over the first nine months, combined sales decreased by 5.6% from EUR 996.6 million to EUR 940.5 million.

The negative sales trend observed in 1Q2013 (-9.5%) and in 2Q2013 (-4.4%) has further softened during 3Q2013 (-2.7%).

The persisting weak and very volatile economic environment in Europe (accounting for 94% of total net sales) together with a low consumer confidence, continues to weigh on the Group's end-use markets. These end-use markets are all geared towards slow moving consumer goods and investment goods. The first signs of a progressive stabilization became noticeable during 3Q2013.

Sales in all Business Lines were broadly stable versus last year, with the exception of Bedding, where external sales decreased by 9.1% in a very depressed market.

## Breakdown of combined sales by segment (unaudited)

| <i>in million EUR</i> | <b>1Q2013</b> | <b>2Q2013</b> | <b>3Q2013</b> | <b>Δ<br/>3Q y-o-y</b> |
|-----------------------|---------------|---------------|---------------|-----------------------|
| Flexible Foams        | 151,5         | 145,8         | 139,6         | -0,4%                 |
| Bedding               | 75,5          | 64,5          | 67,1          | -1,6%                 |
| Insulation            | 49,9          | 59,6          | 57,6          | -1,4%                 |
| Automotive            | 63,5          | 66,2          | 64,0          | 1,8%                  |
| Eliminations          | ( 22,5)       | ( 21,3)       | ( 20,5)       | 54,4%                 |
| <b>TOTAL</b>          | <b>317,9</b>  | <b>314,8</b>  | <b>307,9</b>  | <b>-2,7%</b>          |

| <i>in million EUR</i> | <b>9M2012</b> | <b>9M2013</b> | <b>Δ</b>     |
|-----------------------|---------------|---------------|--------------|
| Flexible Foams        | 443,7         | 436,9         | -1,5%        |
| Bedding               | 201,8         | 207,2         | 2,7%         |
| Insulation            | 168,0         | 167,2         | -0,5%        |
| Automotive            | 224,2         | 193,7         | -13,6%       |
| Eliminations          | ( 41,1)       | ( 64,4)       | 56,7%        |
| <b>TOTAL</b>          | <b>996,6</b>  | <b>940,5</b>  | <b>-5,6%</b> |

*In 2013 some intercompany activities which were previously reported within the segment Flexible Foams have been transferred to the Bedding segment. As a result of this internal transfer Bedding includes new intersegment sales for respectively EUR 4.7 million (3Q) and EUR 17.1 million (9 months) which are also increasing 'Eliminations' with the same amount.*

### **A. Flexible Foams**

**Combined sales** decreased from EUR 140.1 million in 3Q2012 to **EUR 139.6 million in 3Q2013** (-0.4%). Over the first nine months, combined sales decreased by 1.5% from EUR 443.7 million to EUR 436.9 million.

Sales in the **Comfort** sub-segment decreased by -2.1% in 3Q2013, whereas sales in the **Technical foams** sub-segment increased by +2.7% impacted by higher sales in Eastern Europe and in the non-European markets.

In August 2013, Recticel started its first acoustic solutions' deliveries to Boeing.

In September 2013, Recticel Ibérica announced its decision to streamline its Flexible Foams activities in Spain. Recticel Ibérica will close its comfort foaming factory in La Eliana before the end of 2013, with activities being transferred to the Catarroja plant (Valencia province), and a total of 16 jobs being eliminated with related costs to be charged in 2H2013. In addition, Recticel Ibérica has divested its IPF engineering activities (12 jobs), with a non-material loss to be charged in 2H2013.

## B. Bedding

**Combined sales to 3<sup>rd</sup> parties** decreased from EUR 68.6 million in 3Q2012 to **EUR 62.4 million in 3Q2013** (-9.1%). Over the first nine months, combined sales to 3<sup>rd</sup> parties decreased by -5.5% from EUR 201.2 million to EUR 190.1 million.

The **Brand** sub-segment dropped -5.3% during 3Q2013, showing good resilience thanks to its new innovative Geltex Inside® mattress collection, introduced in Switzerland, Belgium, the Netherlands and France in 2013, after Germany in 2012. This new collection is well received by the market and is, and will be, the main growth driver in the Brand sub-segment.

The **Private Label** sub-segment declined more significantly by -13.3% during 3Q2013, in a highly competitive/lower margin market segment.

## C. Insulation

**Combined sales** decreased from EUR 58.5 million in 3Q2012 to **EUR 57.6 million in 3Q2013** (-1.4%). Over the first nine months, combined sales decreased by -0.5% from EUR 168.0 million to EUR 167.2 million.

Despite soft European residential construction and renovation markets, sales in the **Building Insulation** sub-segment, which accounts for 94% of the segment sales, remained stable over 3Q2013. The structural demand for high performing polyurethane building insulation products is expected to continue to grow on the long term as a result of stricter insulation standards and regulations, higher energy prices and ever growing awareness of the need for more and better insulation.

The **Industrial Insulation** sub-segment recorded lower sales during 3Q2013 (-20.0%).

## D. Automotive

**Combined sales** increased from EUR 62.8 million in 3Q2012 to **EUR 64.0 million in 3Q2013** (+1.8%). Over the first nine months, consolidated sales decreased by 13.6% from EUR 224.2 million to EUR 193.7 million.

Production of cars in the EU27 automotive market is stabilizing, while exports to other regions remain strong. As a consequence, our **Interiors, Seating and Exteriors** sub-segments performed in line with this trend.

### **3. FINANCIAL SITUATION**

On 30 September 2013, the Group **net consolidated financial debt** amounted to **EUR 140.3 million** excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 61.2 million, compared to:

- EUR 143.8 million and EUR 38.5 million on 30 September 2012; and
- EUR 123.7 million and EUR 67.8 million on 30 June 2013.

On a **combined** basis, net financial debt amounted to EUR 168.8 million on 30 September 2013 excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 66.6 million, compared to:

- EUR 176.7 million and EUR 43.1 million on 30 September 2012; and
- EUR 156.1 million and EUR 73.5 million on 30 June 2013.

### **4. INSPECTION BY DIRECTORATE FOR COMPETITION OF THE EUROPEAN COMMISSION AND INSPECTION BY THE GERMAN FEDERAL CARTEL OFFICE ("BUNDESKARTELLAMT")**

- **Inspection by Directorate General for Competition of the European Commission**

The Commission is progressing with its investigation.

- **Inspection by the German Federal Cartel Office ("Bundeskartellamt")**

No further developments.

### **5. OUTLOOK**

Given the persisting volatility in the performance of the markets in which Recticel is active, the Group will not provide a sales forecast for 2013.

The Group maintains its focus on the execution of the strategic plan 2010-2015, which includes (i) a strict prioritization of the allocation of its resources to its portfolio of business, (ii) a continuous effort to streamline operations and reduce complexity, (iii) geographical diversification to reduce dependency on Europe and (iv) the introduction of new innovative solutions.

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## **Uncertainty risks concerning the forecasts made**

This press 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.

## **Financial calendar**

|                                   |   |
|-----------------------------------|---|
| FY2013 Results                    | 28.02.2014 (before opening of the stock exchange) |
| First quarter 2014 trading update | 07.05.2014 (before opening of the stock exchange) |
| Annual General Meeting            | 27.05.2014 (at 10:00 AM CET)                      |
| First half-year 2014 results      | 29.08.2014 (before opening of the stock exchange) |
| Third quarter 2014 trading update | 31.10.2014 (before opening of the stock exchange) |

## **For additional information**

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## **Recticel in a nutshell**

Recticel is a Belgian Group with a strong European dimension, but also operates in the rest of the world. Recticel has 103 establishments in 28 countries.

Recticel contributes to daily comfort with foam filling for seats, mattresses and slat bases of top brands, insulation material, interior comfort for cars and an extensive range of other industrial and domestic applications.

Recticel is the Group behind well-known bedding brands (Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Swissflex®, Superba®, Ubica®, etc.). Within the Insulation sub-segment high-quality thermal insulation products are marketed under the well-known brands Eurowall®, Powerroof®, Powerdeck® and Powerwall®.

Recticel is driven by technological progress and innovation, which has led to a revolutionary breakthrough at the biggest names in the car industry.

In 2012 Recticel achieved combined sales of EUR 1.3 billion (IFRS 11 restated consolidated sales: EUR 1.0 billion).

Recticel (NYSE Euronext: REC – Reuters: RECTt.BR – Bloomberg: REC:BB) is listed on NYSE Euronext in Brussels.



The press release is available in English, Dutch and French on the website [www.recticel.com](http://www.recticel.com)