

TRADING UPDATE FOR 1st QUARTER 2014

1. OFFICIAL KEY DATA (CONSOLIDATED)

- Consolidated 1Q sales increased by 3.4% from EUR 247.5 million to EUR 255.9 million.
- Net financial debt¹ amounted to EUR 145.9 million, compared to EUR 159.0 million per 31 March 2013 and to EUR 138.2 million per 31 December 2013.

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 64.3 million per 31 March 2014, EUR 42.4 million per 31 March 2013 and EUR 53.4 million per 31 December 2013).

2. TRADING REPORT (COMBINED)

- Combined 1Q sales increased by 4.9% from EUR 317.9 million to EUR 333.4 million.
- Sales in all business lines have increased, and Insulation grew by 11.3%.
- Improved recurring profitability is well in line with market consensus.
- Combined net financial debt²: from EUR 191.3 million (31 March 2013) to EUR 170.5 million (31 March 2014) (31 December 2013: EUR 165.1 million).

² Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 71.6 million per 31 March 2014, EUR 48.7 million per 31 March 2013 and EUR 59.7 million per 31 December 2013).

Combined sales increased from EUR 317.9 million in 1Q2013 to **EUR 333.4 million in 1Q2014** (+4.9%).

The negative sales trend observed in 2012 and in 2013^a is reversing. The economic environment in Europe, accounting for 94% of total net sales, is slowly improving despite still fragile consumer confidence. This positive trend can be observed in most of the Group's end-use markets, which are all geared towards slow moving consumer goods and investment goods. The slight market improvement combined with the growth initiatives undertaken by the Group, led to overall sales growth in all segments.

Breakdown of sales by segment (unaudited)

<i>in million EUR</i>	1Q2013	1Q2014	Δ 1Q
Flexible Foams	151,5	156,1	3,0%
Bedding	75,5	76,0	0,6%
Insulation	49,9	55,5	11,3%
Automotive	63,5	68,7	8,3%
Eliminations	(22,5)	(22,9)	1,6%
TOTAL COMBINED	317,9	333,4	4,9%
Contribution joint ventures proportionally consolidated in segment reporting	(70,4)	(77,5)	10,1%
TOTAL CONSOLIDATED	247,5	255,9	3,4%

^a 1Q2013 (-9.5%), in 2Q2013 (-4.4%), in 3Q2013 (-2.7%) and in 4Q2013 (-1.5%)

A. Flexible Foams

Combined sales increased from EUR 151.5 million in 1Q2013 to **EUR 156.1 million in 1Q2014** (+3.0%).

Sales in the **Comfort** sub-segment decreased by -1.3% in 1Q2014, whereas sales in the **Technical foams** sub-segment increased by +11.1%, supported by stronger industrial and automotive markets, as well as improved demand in Eastern European markets.

In April 2014, Recticel BV (The Netherlands) announced its intention to streamline its converting activities by closing its foam converting factory of Wijchen.

B. Bedding

Combined sales increased from EUR 75.5 million in 1Q2013 to **EUR 76.0 million in 1Q2014** (+0.6%).

Sales in the **Brand** sub-segment grew by +5.0% during 1Q2014, showing good progress 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 will be the main growth driver in the Brand sub-segment.

Sales in the more competitive **Private Label** sub-segment declined by -3.3% during 1Q2014.

In March 2014, Recticel Bedding (Schweiz) AG announced its intention to rationalize its Swiss bedding activities by closing its production and logistics operations in Büron (Switzerland). These activities will be transferred to other sites, among which Hulshout in Belgium.

C. Insulation

Combined sales increased from EUR 49.9 million in 1Q2013 to **EUR 55.5 million in 1Q2014** (+11.3%).

Sales in the **Building Insulation** sub-segment, which account for 94% of the segment sales, increased by 11.1% in 1Q2014 despite soft European residential construction and renovation markets. It should be reminded that 1Q2013 was negatively impacted by very severe weather conditions in Europe.

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 higher sales during 1Q2014 (+12.9%).

In April 2014, Recticel appointed Mr Ralf Becker (1960, German) as Group General Manager Insulation and member of the Management Committee in replacement of Mr Paul Werbrouck who will retire after a career of 31 years at Recticel.

D. Automotive

Combined sales increased from EUR 63.5 million in 1Q2013 to **EUR 68.7 million in 1Q2014** (+8.3%).

New car registrations in the EU27 automotive market are picking up and have shown a year-on-year increase for six months in a row, while exports to other regions remain strong. As a consequence, the **Interiors** (+2.4%) and **Seating** (+14.9%) sub-segments performed in line with this trend.

In April 2014, Recticel has been nominated for the production of the door panel skins of the new Renault Scenic. This contract, which is the first that Recticel Automotive Interiors has ever signed with Renault, will generate a lifetime cumulative sales turnover of EUR 26 million.

3. FINANCIAL SITUATION

On 31 March 2014, the Group **net consolidated financial debt** amounted to **EUR 145.9 million** excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 64.3 million, compared to:

- EUR 159.0 million and EUR 42.4 million on 31 March 2013; and
- EUR 138.2 million and EUR 53.4 million on 31 December 2013.

On a **combined** basis, net financial debt amounted to **EUR 170.5 million** on 31 March 2014 excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 71.6 million, compared to:

- EUR 191.3 million and EUR 48.7 million on 31 March 2013; and
- EUR 165.1 million and EUR 59.7 million on 31 December 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

On 29 January 2014, Recticel announced that it reached a settlement of EUR 27 million with the European Commission in the context of the investigation in the Flexible Foams markets for alleged cartel activities.

In April 2014, Recticel has obtained confirmation by the European Commission's Directorate General for Budget that it is allowed to pay its fine (excluding the fine to be paid by the joint venture Eurofoam) in three equal annual installments on 30 April 2014, 2015 and 2016.

• Inspection by the German Federal Cartel Office ("Bundeskartellamt")

No further developments.

OUTLOOK

The markets in which Recticel is active remain volatile, but with an overall more positive trend. While remaining prudent, Recticel anticipates in 2014 its **combined** sales to grow by around 2%, and its **combined** recurring EBITDA to increase by up to 10%.

The Group maintains its focus on the execution of the strategic plan 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

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)
Ex-coupon date	27.05.2014
Record date	02.06.2014
Dividend payment date	03.06.2014
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 employs 7,758 persons and has 100 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.) and Geltex Inside®. 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.

In 2013 Recticel achieved combined sales of EUR 1.3 billion (IFRS 11 restated consolidated sales: EUR 0.98 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