

TRADING UPDATE FOR THIRD QUARTER 2014

1. TRADING REPORT (COMBINED ^a)

- **Combined 3Q sales:** from EUR 307.9 million to EUR 309.5 million; **+0.5%.**
- **Combined year-to-date sales:** from EUR 940.5 million to EUR 954.8 million; **+1.5%.**
- **Combined net financial debt¹:** amounted to EUR 193.2, compared to EUR 168.8 million per 30 September 2013 and to EUR 191.8 million per 30 June 2014.

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 70.6 million per 30 September 2014, EUR 66.6 million per 30 September 2013 and EUR 74.8 million per 30 June 2014).

Combined sales increased from EUR 307.9 million in 3Q2013 to **EUR 309.5 million in 3Q2014** (+0.5%). Over the first nine months, combined sales increased by +1.5% from EUR 940.5 million to EUR 954.8 million.

After a good 1Q2014 (+4.9%) and a much softer 2Q2014 (-0.9%), sales increased by +0.5% during 3Q2014.

After a slightly positive 1H2014 (+1.1%) the Insulation segment accelerated its growth in 3Q2014 (+3.9%).

Flexible Foams and Bedding segments increased their sales in the third quarter by respectively +3.3% and +0.5%, in overall still weak European comfort and bedding markets.

As expected, the Automotive segment recorded lower sales in 3Q2014 (-6.5%), as a consequence of planned program phase-outs at the end of 1H2014.

Breakdown of combined sales by segment (unaudited)

<i>in million EUR</i>	2013		2014		Δ	Δ
	3Q	9M	3Q	9M	3Q y-o-y	9M y-o-y
Flexible Foams	139,6	436,9	144,1	444,2	3%	2%
Bedding	67,1	207,2	67,5	202,9	1%	-2%
Insulation	57,6	167,2	59,9	170,7	4%	2%
Automotive	64,0	193,7	59,9	200,4	-7%	3%
Eliminations	(20,5)	(64,4)	(21,9)	(63,4)	7%	-1%
TOTAL	307,9	940,5	309,5	954,8	1%	2%

^a **Combined figures**

Figures including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.

A. Flexible Foams

Combined sales increased from EUR 139.6 million in 3Q2013 to **EUR 144.1 million in 3Q2014** (+3.3%). Excluding intersegment sales, underlying **combined external sales**, increased by +2.7% in **3Q2014** to **EUR 127.3 million**.

Sales increased by +2.0% in **Comfort** and by +5.4% in **Technical Foams** due to higher volumes and an improved product-mix.

Over the **first nine months**, combined sales increased by +1.7% from EUR 436.9 million to **EUR 444.2 million**. **Combined external sales** developed in the same proportion (+1.7%) to **EUR 396.7 million**.

Combined sales in the **Comfort** sub-segment decreased by -1.5%, whereas sales in the **Technical foams** sub-segment substantially increased by +7.3%, supported by stronger industrial and automotive markets, as well as improved demand in the 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 (cfr press release dd 07 May 2014). This closure is currently in its final phase, and it is expected to be fully executed by the end of 2014.

B. Bedding

Combined sales increased from EUR 67.1 million in 3Q2013 to **EUR 67.5 million in 3Q2014** (+0.5%). Excluding intersegment sales, underlying **combined external sales** increased from EUR 62.4 million in 3Q2013 to **EUR 62.6 million in 3Q2014** (+0.3%).

The **Brand** sub-segment sales increased by +3.1% during 3Q2014. Besides, the product-mix improved as the GELTEX® inside products continued to grow (+48%).

In the more competitive **Non-Branded/Private Label** sub-segment sales decreased by -3.0% in 3Q2014.

Over the **first nine months of 2014**, combined sales decreased from EUR 207.2 million to **EUR 202.9 million** (-2.1%). Excluding intersegment sales, underlying **combined external sales** decreased by -1.4% from EUR 190.0 million to **EUR 187.5 million**.

The **Brand** sub-segment sales increased by +2.0% supported by the further development of the GELTEX® inside products. The **Non-Branded/Private Label** sub-segment overall recorded lower sales (-5.7%) in a very competitive market environment.

In March 2014, Recticel Bedding (Schweiz) AG announced (cfr press release dd 07 May 2014) its intention to rationalize its Swiss bedding activities by closing its production and logistics operations in Büron (Switzerland). The plant in Büron was vacated in early October and the production activity has been transferred to the other Recticel plants.

C. Insulation

Combined sales increased from EUR 57.6 million in 3Q2013 to **EUR 59.9 million in 3Q2014** (+3.9%).

After a very strong 1Q2014 (+11.1%) and a comparatively weaker 2Q2014 (-8.2%), sales in the **Building Insulation** sub-segment grew again by +2.1% in 3Q2014. The important quarterly variations are mainly explained by the 2013 comparison basis, which saw a very weak 1Q2013, impacted by harsh winter conditions, followed by a very strong 2Q2013 influenced by a “catch-up” effect following 1Q2013. The European residential construction and renovation markets remained soft, hence competitive, except in the United Kingdom.

Over the first nine months, combined sales increased by +2.1% from EUR 167.2 million to **EUR 170.7 million**.

Despite the overall soft European residential construction and renovation markets, sales in the sub-segment **Building Insulation**, which accounts for 93% of the segment sales, increased in 9M2014 by +1.1% to **EUR 159.0 million**.

Further growth in the structural demand for high performing polyurethane building insulation products is expected over the long term as a result of stricter insulation standards and regulations (cfr European Energy Performance of Buildings Directive (EPBD) (Directive 2010/31/EU) which are progressively adopted by the EU member states), volatile energy prices and ever growing awareness of the need for more and better insulation.

Export projects enabled the **Industrial Insulation** sub-segment to substantially grow during 3Q2014 (+36.4%). For the first nine months sales increased by +17.3%.

D. Automotive

Combined sales decreased from EUR 64.0 million in 3Q2013 to **EUR 59.9 million in 3Q2014** (-6.5%).

The decrease is primarily explained by the sub-segment Interiors (from EUR 28.0 million to EUR 24.0 million; -14.2%), due to the planned phase-out of the Mercedes C-class program.

For the **first nine months of 2014** combined sales increased +3.5% to EUR 200.4 million. Since October 2013, the automotive markets have improved and the positive trend is so far confirmed in terms of new car registrations in the EU-28.

Sales in **Interiors** decreased by -2.4% to **EUR 83.7 million** due to the planned phase-out of the Mercedes C-class program..

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) increased by +8.8% to **EUR 108.6 million**.

Year-to-date 2014 sales in **‘Exteriors’** were slightly lower (**EUR 7.6 million**; -1.4%).

2. OFFICIAL KEY DATA (CONSOLIDATED ^a)

- Consolidated 3Q sales: from EUR 239.1 million to EUR 239.2 million.
- Consolidated year-to-date sales: from EUR 733.8 million to EUR 733.1 million.
- Net financial debt¹ amounted to EUR 167.2 million, compared to EUR 140.3 million per 30 September 2013 and to EUR 161.3 million per 30 June 2014.

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 64.9 million per 30 September 2014, EUR 61.2 million per 30 September 2013 and EUR 67.3 million per 30 June 2014).

3. FINANCIAL SITUATION

On 30 September 2014, the Group **net consolidated^a financial debt** amounted to **EUR 167.2 million** (30 June 2014: EUR 161.3 million; 30 September 2013: EUR 140.3 million) excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 64.9 million (30 June 2014: EUR 67.3 million; 30 September 2013: EUR 61.2 million).

On a **combined** basis, **net financial debt** amounted to **EUR 193.2 million** on 30 September 2014 (30 June 2014: EUR 191.8 million; 30 September 2013: EUR 168.8 million) excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 70.6 million (30 June 2014: EUR 74.8 million; 30 September 2013: EUR 66.6 million).

The increase of the net financial debt since 30 June 2014 is the consequence of the payment of the German Federal Cartel Office fine of EUR 8.2 million (see press release dated 22 August 2014).

The increase of the combined net financial debt since 30 September 2013 is the consequence of the payment of the first tranche of the EC fine (EUR 13.9 million (see press release dated 29 August 2014)), cash-outlays for previously announced restructurings, and the above-mentioned payment of the German Federal Cartel Office fine.

^a **Consolidated figures** *Figures following the application of IFRS 11, whereby Recticel's joint ventures are integrated on the basis of the equity method.*

4. SUBSEQUENT EVENTS

- Recticel Automobilsysteme GmbH (Germany)

On 8 October 2014 Recticel Automobilsysteme GmbH, a fully owned subsidiary of the Recticel Group, announced its intention to close down the remainder of its production operations (25 jobs) in Rheinbreitbach (Germany).

This final restructuring step in Rheinbreitbach relates to the announcement made on 07 December 2011, that the Automotive Interiors division had not been nominated for the production of interior components for the new Mercedes C-class, hence the need for the initial restructuring (cfr press release dated 22 January 2013).

Discussions with the works council will start in the coming weeks in order to identify the most appropriate support measures, including mobility of the workforce to other Recticel Automotive plants.

The related restructuring and final closing costs will be charged to the results of 4Q2014.

- New contract for Automotive – Interiors

Recticel announces that it has won a new multi-year contract for the production of interior trim parts for the new BMW X3 model. This contract represents estimated cumulative life time sales of approximately EUR 84 million. The interior trim parts will be supplied from the existing plants in China and the USA on the basis of the patented Colo-Sense® Lite Spray technology as from 2017.

5. OUTLOOK

While being preoccupied by the increasing volatility, the persisting weakness of its European markets and the increasing raw material prices (polyols), Recticel believes it can maintain for the full year 2014 a combined sales growth between 1 and 2% and a combined REBITDA growth above 5%.

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

Third quarter 2014 trading update	31.10.2014 (before opening of the stock exchange)
FY2014 Results	27.02.2015 (before opening of the stock exchange)
First quarter 2015 trading update	07.05.2015 (before opening of the stock exchange)
Annual General Meeting	26.05.2015 (at 10:00 AM CET)
First half-year 2015 results	28.08.2015 (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 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, which has led to a revolutionary breakthrough at the biggest names in the car industry.

In 2013 Recticel achieved combined sales of EUR 1.26 billion (IFRS 11 consolidated sales: EUR 0.98 billion).

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

The press release is available in English, Dutch and French on the website www.recticel.com