

TRADING UPDATE 3rd QUARTER 2016

- **Combined^a 3Q sales:** from EUR 323.4 million to EUR 318.1 million; -1.6% including adverse currency impact of -2.8%
- **Combined year-to-date 9M sales:** from EUR 990.8 million to EUR 1,004.1 million; +1.3% including adverse currency impact of -1.9%
- **Profitability improvement year-to-date 9M driven by higher volumes and efficiency gains**
- **Combined net financial debt¹:** EUR 131.9 million (30 June 2016: EUR 132.9 million; 30 September 2015: EUR 123.1 million)

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 60.4 million per 30 September 2016; EUR 71.4 million per 30 June 2016 and EUR 71.1 million per 30 September 2015).

Olivier Chapelle (CEO): *"During the 3rd quarter of 2016, volumes have remained strong in most business segments. Adverse currency exchange differences, mostly influenced by the GBP/EUR evolution, and slightly lower selling prices compared to the 3rd quarter 2015, have more than offset the positive effect of strong volumes, leading to a sales reduction of -1.6%.*

The supply market of isocyanates has turned short over the last 6 months, leading to increasing market prices for these materials. In the last four weeks, a force majeure at Covestro and production issues at other suppliers' factories, have aggravated the situation. Recticel is carefully monitoring this market situation.

The continued focus on operational performance and on product-mix improvement, combined with initiatives to pass through the raw material price increase and to compensate the Pound Sterling depreciation effect, allows the Group to maintain profitability at expected level."

OUTLOOK

The Group confirms the outlook it provided at the occasion of the publication of the first half-year 2016 results.

For the full year 2016, the Group expects its combined sales to increase thanks to a combination of volume growth and positive product-mix. Based upon current market conditions, the Group expects its combined REBITDA to increase by at least 15% in 2016.

All comparisons are made with the comparable period of 2015, unless mentioned otherwise.

^a For the definition of other used terminology, see lexicon at the end of this press release.

1. COMBINED DATA

Combined sales decreased from EUR 323.4 million in 3Q2015 to **EUR 318.1 million in 3Q2016** (-1.6%). After two quarters of positive sales growth (1Q2016: +0.6% and 2Q2016: +5.1%), 3Q sales declined by -1.6%, driven by adverse currency impacts amounting to -2.8%. This increasing adverse currency impact is mainly due to the further depreciation of the Pound Sterling. This currency impact, coupled with price erosion in some business segments, has more than offset the strong volume evolution.

Over **9M2016** combined sales increased by +1.3% from EUR 990.8 million to **EUR 1,004.1 million**, despite a currency impact of -1.9%. Sales have grown in all segments, and in particular in Insulation (+2.1%) and Automotive (+1.5%). During 9M2016 the overall volume growth has over-compensated the negative currency effects and lower average selling prices in some markets.

Breakdown of **combined** sales by segment (unaudited)

<i>in million EUR</i>	2015		2016		Δ	Δ
	3Q	9M	3Q	9M	3Q y-o-y	9M y-o-y
Flexible Foams	145,0	450,9	141,3	451,6	-2,5%	0,2%
Bedding	73,1	216,6	70,1	218,2	-4,1%	0,8%
Insulation	60,3	173,6	59,0	177,2	-2,1%	2,1%
Automotive	65,1	207,9	64,2	211,2	-1,3%	1,5%
Eliminations	(20,1)	(58,1)	(16,7)	(54,0)	-17,1%	-7,1%
TOTAL COMBINED SALES	323,4	990,8	318,1	1 004,1	-1,6%	1,3%
Adjustment for joint ventures by application of IFRS 11	(70,5)	(218,9)	(68,0)	(219,6)	-3,6%	0,3%
TOTAL CONSOLIDATED SALES	252,8	771,9	250,1	784,5	-1,1%	1,6%

A. Flexible Foams

3Q2016 combined external sales were resilient at **EUR 129.1 million** versus EUR 129.6 million in 3Q2015, despite a -2.7% adverse currency impact. Total combined sales, including intersegment sales, decreased by -2.5% from EUR 145.0 million in 3Q2015 to **EUR 141.3 million in 3Q2016**.

9M2016 combined external sales increased by +1.3% from EUR 406.8 million to **EUR 412.0 million**, despite a -2.0% adverse currency impact. Total combined sales including intersegment sales, remained stable from EUR 450.9 million to **EUR 451.6 million**.

The sales growth over the first 9 months of 2016 has been generated by the Technical Foams sub-segment.

B. Bedding

3Q2016 combined external sales decreased by -3.6% from EUR 68.5 million to **EUR 66.0 million**, including exchange rate differences of -0.5%. Total combined sales, including intersegment sales, decreased by -4.1% from EUR 73.1 million in 3Q2015 to **EUR 70.1 million in 3Q2016**. While the sub-segment Branded Products continued to grow by +0.6%, sales in the sub-segment Non-Branded/Private Label declined by -8.7%.

9M2016 combined external sales grew by +0.7% from EUR 203.0 million to **EUR 204.3 million**, including exchange rate differences of -0.6%. Total combined sales, including intersegment sales, increased by +0.8% from EUR 216.6 million to **EUR 218.2 million**. The sub-segment Branded Products grew by +2.3%, whereby the product-mix further improved, especially with higher sales of boxspring beds. The sales of the sub-segment Non-Branded/Private Label declined by -1.7%.

In a context of negative markets in Germany, Austria and Switzerland, sales have developed positively in Germany, but have followed market trends in Austria and Switzerland. In Benelux, sales have increased.

C. Insulation

3Q2016 combined sales decreased by -2.1% from EUR 60.3 million to **EUR 59.0 million**, including exchange rate differences of -6.2% related to the weakening of the GBP.

9M2016 combined sales increased by +2.1% from EUR 173.6 million to **EUR 177.2 million**, despite currency exchange negative effect of -3.6%. Volume growth over-compensated the negative currency effects and some price erosion in overall competitive construction markets.

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). Low energy prices have not influenced negatively the evolution of the Insulation markets.

Early October 2016 and in line with its growth strategy, Recticel Insulation acquired the business from the small French company Innortex, which is specialised in the production of fiber-bonded foam solutions by using end of life materials (flexible foams and/or textiles). By doing so, the Insulation business line will not only expand its current product offering but will also be able to provide solutions combining thermal and acoustic insulation. These fiber-bonded foam solutions are highly sustainable and perfectly fit the requirements of a circular economy.

D. Automotive

3Q2016 combined sales decreased by -1.2% from EUR 65.1 million to **EUR 64.3 million**, including a currency impact of -2.0%.

Sales in **Interiors** increased by +8.2% to **EUR 33.0 million**, compared to EUR 30.5 million in 3Q2015. The evolution was expected and is due to the gradual start-up of new programs. Currency exchange differences had a negative impact of -1.2%.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) were 9.5% lower in **3Q2016 (EUR 31.3 million)** versus EUR 34.6 million in 3Q2015), including a currency impact of -2.8% and reflecting the business exposure to the VW Group.

9M2016 combined sales increased by +1.5% from EUR 207.9 million to **EUR 211.2 million**, including a negative currency impact of -1.2%.

Sales in **Interiors** grew by +5.1% over 9M2016 to **EUR 103.0 million**, including a negative currency impact of -0.6%.

Sales in **Seating** decreased by -1.7% over 9M2016 to **EUR 108.2 million**, including a negative currency impact of -1.8%.

2. CONSOLIDATED DATA

- **3Q consolidated sales: from EUR 252.8 million to EUR 250.1 million (-1.1%), including currency effects (-3.0%)**
- **Year-to-date 9M consolidated sales: from EUR 771.9 million to EUR 784.5 million (+1.6%), including currency effects (-1.9%)**
- **Net financial debt¹: EUR 108.5 million (30 June 2016: EUR 109.5 million; 30 September 2015: EUR 95.5 million)**

¹ Excluding the drawn amounts under non-recourse factoring/forfeiting programs (EUR 54.7 million per 30 September 2016; EUR 65.0 million per 30 September 2015 and EUR 65.4 million per 30 June 2016).

3. FINANCIAL POSITION

On 30 September 2016 **net combined financial debt** amounted to **EUR 131.9 million** (30 June 2016: EUR 132.9 million; 30 September 2015: EUR 123.1 million), excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 60.4 million (30 June 2016: EUR 71.4 million; 30 September 2015: EUR 71.1 million).

Total net combined debt, including off-balance non-recourse factoring/forfeiting programs decreased to EUR 192.3 million (30 June 2016: EUR 204.3 million; 30 September 2015: EUR 194.2 million).

On 30 September 2016, **net consolidated financial debt** amounted to **EUR 108.5 million** (30 June 2016: EUR 109.5 million; 30 September 2015: EUR 95.5 million) excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 54.7 million (30 June 2016: EUR 65.4 million; 30 September 2015: EUR 65.0 million).

Total net consolidated debt, including off-balance non-recourse factoring/forfeiting programs decreased to EUR 163.2 million (30 June 2016: EUR 174.9 million; 30 September 2015: EUR 160.5 million).

ooo

Glossary

Combined (figures)	: Figures including Recticel pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.
Consolidated (figures)	: Figures following the application of IFRS 11, whereby Recticel joint ventures are integrated on the basis of the equity method.
EBITDA	: = EBIT + depreciation, amortisation and impairment on assets.
Net financial debt	: Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year – cash and cash equivalents + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts under non-recourse factoring/forfeiting programs
Non-recurring elements	: Non-recurring elements include operating revenues, expenses and provisions that pertain to restructuring programmes (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, gains or losses on discontinued operations, revenues or charges due to important (inter)national legal issues.
REBITDA	: = EBITDA before non-recurring elements; REBIT = EBIT before non-recurring elements.

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 2016 trading update	31.10.2016 (before opening of the stock exchange)
Annual Results 2016	27.02.2017 (before opening of the stock exchange)
First quarter 2017 trading update	26.04.2017 (before opening of the stock exchange)
Annual General Meeting	30.05.2017 (at 10:00 AM CET)
First half-year 2017 results	31.08.2017 (before opening of the stock exchange)
Third quarter 2017 trading update	31.10.2017 (before opening of the stock exchange)

For additional information

RECTICEL - Olympiadenlaan 2, B-1140 Brussels (Evere)

PRESS

Mr Olivier Chapelle

Tel: +32 2 775 18 01

chapelle.olivier@recticel.com

INVESTOR RELATIONS

Mr Michel De Smedt

Mobile: +32 479 91 11 38

desmedt.michel@recticel.com

Recticel in a nutshell

Recticel is a Belgian Group with a strong European dimension, but it also operates in the rest of the world. Recticel employs about 7,600 people in 97 establishments in 27 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®. Technological progress and innovation have led to breakthrough at the biggest names in the Automotive industry thanks to Colofast®, Colosense® and Colosense Lite®.

In 2015 Recticel achieved combined sales of EUR 1.33 billion (IFRS 11 consolidated sales: EUR 1.03 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