## ANNUAL RESULTS 2016

## RECTICEL DELIVERS FURTHER STRUCTURAL PROFIT GROWTH

- **Combined[a] sales growth of +1.5%, including adverse currency impact of -2.2%**
- **Combined REBITDA increased by +19.3%**
- **Result of the period (share of the Group): EUR 16.3 million**
- **Combined net financial debt: EUR 126.0 million (31-Dec-2015: EUR 123.0 million)**
- **Proposal to pay a gross dividend of EUR 0.18 per share**

Olivier Chapelle (CEO): *"We are satisfied with 2016, another year of sales and profit growth, and an important milestone in our aim to make Recticel a reliable value creation company.*

*Combined sales grew by +1.5%, based upon solid volume growth, despite adverse currency effects of -2.2%. Our combined REBITDA increased by +19.3%, supported by volume growth and by efficiency & mix improvements which beat our 2016 targets, and more than offset volatile and adverse currency and raw material prices evolutions. Our total combined net financial debt (including the off balance sheet financing) has reached a historically low level at EUR 178.2 million.*

*The supply market for isocyanates turned short over the last 9 months of 2016, leading to significant raw materials price increases. In addition, a force majeure at one of our key suppliers in October in combination with production issues at several suppliers' factories, further aggravated the situation. This force majeure has now been lifted.*

*We expanded our Insulation business by acquiring the Innortex activities in France (acoustic solutions) and the creation of the Turvac joint venture in Slovenia (Vacuum Insulation Panels).*

*Going forward we will remain focused on raising our performance by building the foundation for stronger sales growth, further streamlining and strengthening of our product portfolio, improving productivity and cost structures, and strengthening our organization and culture."*

## ***<u>OUTLOOK</u>***

For the full year 2017, the Group expects continued growth of its combined sales, and to increase its combined REBITDA thanks to a combination of volume growth, improved mix and efficiency gains.

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

[a] For the definition of other used terminology, see glossary at the end of this press release.

## *KEY FIGURES*

### *1.1. CONSOLIDATED DATA*

- **Sales: from EUR 1,033.8 million to EUR 1,048.3 million (+1.4%) including currency impact of -2.3%**
- **EBITDA: from EUR 52.9 million to EUR 72.7 million (+37.5%)**
- **EBIT: from EUR 23.2 million to EUR 39.2 million (+68.8%)**
- **Result of the period (share of the Group): from EUR 4.5 million to EUR 16.3 million**
- **Net financial debt[1]: EUR 108.4 million (31 December 2015: EUR 98.5 million; 30 September 2016: EUR 108.5 million)**

| in million EUR | 2015 | 2016 | Δ 2016/2015 |
|---|---|---|---|
| | (a) | (b) | (b)/(a)-1 |
| **Sales** | **1 033,8** | **1 048,3** | ***1,4%*** |
| Gross profit | 194,4 | 201,1 | *3,4%* |
| *as % of sales* | *18,8%* | *19,2%* | |
| **EBITDA** | **52,9** | **72,7** | ***37,5%*** |
| *as % of sales* | *5,1%* | *6,9%* | |
| **EBIT** | **23,2** | **39,2** | ***68,8%*** |
| *as % of sales* | *2,2%* | *3,7%* | |
| **Result of the period (share of the Group)** | **4,5** | **16,3** | ***259,5%*** |
| Result of the period (share of the Group) - base (per share, in EUR) | 0,10 | 0,31 | *199,0%* |
| **Gross dividend per share (in EUR)** | 0,14 | 0,18 | ***28,6%*** |
| | | | |
| **Total Equity** | **249,0** | **251,2** | ***0,9%*** |
| Net financial debt [1] | 98,5 | 108,4 | *10,0%* |
| **Gearing ratio** | **39,6%** | **43,1%** | |

[1] Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 51.7 million per 31 December 2016 (EUR 53.7 million per 31 December 2015, and EUR 54.7 million per 30 September 2016).

## 1.2. COMBINED DATA

- **Sales: from EUR 1,328.4 million to EUR 1,347.9 million (+1.5%), including currency effects of -2.2%**
- **REBITDA: from EUR 81.9 million to EUR 97.7 million (+19.3%)**
- **EBITDA: from EUR 67.8 million to EUR 85.4 million (+26.0%)**
- **REBIT: from EUR 44.9 million to EUR 58.2 million (+29.6%)**
- **EBIT: from EUR 29.8 million to EUR 44.3 million (+48.6%)**
- **Result of the period (share of the Group): from EUR 4.5 million to EUR 16.3 million**
- **Net financial debt[1]: EUR 126.0 million (31 December 2015: EUR 123.0 million; 30 September 2016: EUR 131.9 million)**

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **667,5** | **661,0** | **1 328,4** | **686,0** | **661,9** | **1 347,9** | **2,8%** | **0,1%** | **1,5%** |
| Gross profit | 119,8 | 113,1 | 232,9 | 133,4 | 112,1 | 245,5 | 11,4% | -0,9% | 5,4% |
| *as % of sales* | *17,9%* | *17,1%* | *17,5%* | *19,4%* | *16,9%* | *18,2%* | | | |
| **REBITDA** | **42,9** | **39,0** | **81,9** | **54,8** | **42,9** | **97,7** | **27,9%** | **9,8%** | **19,3%** |
| *as % of sales* | *6,4%* | *5,9%* | *6,2%* | *8,0%* | *6,5%* | *7,2%* | | | |
| **EBITDA** | **38,8** | **29,0** | **67,8** | **47,9** | **37,6** | **85,4** | **23,3%** | **29,6%** | **26,0%** |
| *as % of sales* | *5,8%* | *4,4%* | *5,1%* | *7,0%* | *5,7%* | *6,3%* | | | |
| **REBIT** | **24,8** | **20,1** | **44,9** | **35,6** | **22,6** | **58,2** | **43,5%** | **12,4%** | **29,6%** |
| *as % of sales* | *3,7%* | *3,0%* | *3,4%* | *5,2%* | *3,4%* | *4,3%* | | | |
| **EBIT** | **20,0** | **9,8** | **29,8** | **27,6** | **16,6** | **44,3** | **38,5%** | **69,2%** | **48,6%** |
| *as % of sales* | *3,0%* | *1,5%* | *2,2%* | *4,0%* | *2,5%* | *3,3%* | | | |

| | 30 Jun 15 | 31 Dec 15 | | 30 Jun 16 | 31 Dec 16 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total Equity** | **249,5** | **249,0** | **249,0** | **245,6** | **251,2** | **251,2** | **-1,6%** | **0,9%** | **0,9%** |
| Net financial debt [1] | 137,5 | 123,0 | 123,0 | 132,9 | 126,0 | 126,0 | -3,3% | 2,4% | 2,4% |
| **Gearing ratio** | **55,1%** | **49,4%** | **49,4%** | **54,1%** | **50,1%** | **50,1%** | | | |

[1] Excluding the drawn amounts under non-recourse factoring/forfeiting programs: EUR 52.2 million per 31 December 2016 (EUR 60.4 million per 31 December 2015, and EUR 60.4 million per 30 September 2016).

## 1. COMMENTS ON THE GROUP RESULTS

Detailed comments on the sales and results of the different segments are given in chapter 5 on the basis of the combined figures (joint ventures integrated following the proportionate consolidation method).

**Combined Sales:** from EUR 1,328.4 million to **EUR 1,347.9 million** (+1.5%), including a negative currency effect of -2.2%; primarily due to the depreciation of the Pound Sterling and the Polish Zloty.

On an annual basis, all segments reported higher sales, except Bedding which contracted slightly (-0.5%). The overall progress is mainly explained by (i) successful growth initiatives in Insulation and Flexible Foams, and (ii) the start-up of scheduled new programs in Automotive Interiors as well as strong volumes in the automotive market.

Breakdown of the **combined** sales by segment

| *in million EUR* | 1Q2016 | 2Q2016 | 3Q2016 | 4Q2016 |
|---|---|---|---|---|
| Flexible Foams | 156,1 | 154,2 | 141,3 | 155,7 |
| Bedding | 79,0 | 69,1 | 70,1 | 74,7 |
| Insulation | 55,5 | 62,7 | 59,0 | 57,0 |
| Automotive | 73,9 | 73,0 | 64,2 | 77,8 |
| Eliminations | ( 18,9) | ( 18,4) | ( 16,7) | ( 21,4) |
| **TOTAL COMBINED SALES** | **345,5** | **340,5** | **318,1** | **343,8** |
| Adjustment for joint ventures by application of IFRS 11 | ( 75,9) | ( 75,6) | ( 68,0) | ( 80,0) |
| **TOTAL CONSOLIDATED SALES** | **269,6** | **264,9** | **250,1** | **263,8** |

| 2H2015 | 2H2016 | Δ 2H | *in million EUR* | FY2015 | FY2016 | Δ FY |
|---|---|---|---|---|---|---|
| 296,4 | 297,0 | *0,2%* | Flexible Foams | 602,3 | 607,2 | *0,8%* |
| 151,1 | 144,9 | *-4,1%* | Bedding | 294,5 | 292,9 | *-0,5%* |
| 116,1 | 116,0 | *-0,1%* | Insulation | 229,4 | 234,1 | *2,1%* |
| 137,4 | 142,0 | *3,3%* | Automotive | 280,3 | 288,9 | *3,1%* |
| ( 40,1) | ( 38,0) | *-5,2%* | Eliminations | ( 78,1) | ( 75,4) | *-3,5%* |
| **661,0** | **661,9** | ***0,1%*** | **TOTAL COMBINED SALES** | **1 328,4** | **1 347,9** | ***1,5%*** |

| 3Q2015 | 3Q2016 | Δ 3Q | *in million EUR* | 4Q2015 | 4Q2016 | Δ 4Q |
|---|---|---|---|---|---|---|
| 145,0 | 141,3 | *-2,5%* | Flexible Foams | *151,5* | *155,7* | *2,8%* |
| 73,1 | 70,1 | *-4,1%* | Bedding | *77,9* | *74,7* | *-4,1%* |
| 60,3 | 59,0 | *-2,1%* | Insulation | *55,8* | *57,0* | *2,0%* |
| 65,1 | 64,2 | *-1,3%* | Automotive | *72,4* | *77,8* | *7,5%* |
| ( 20,1) | ( 16,7) | *-17,1%* | Eliminations | *( 20,0)* | *( 21,4)* | *6,9%* |
| **323,4** | **318,1** | ***-1,6%*** | **TOTAL COMBINED SALES** | **337,6** | **343,8** | ***1,8%*** |

After two quarters of positive sales growth (1Q2016: +0.6% and 2Q2016: +5.1%) and a weaker 3Q2016 sales (-1.6%), **combined sales** increased from EUR 337.6 million to **EUR 343.8 million** in **4Q2016** (+1.8%). This positive development was achieved despite a negative currency effect of -2.9% in the fourth quarter, mainly from the Pound Sterling and Polish Zloty. Strong volumes in a supportive market environment have more than offset the negative currency impacts and some price erosion.

As anticipated, the Automotive segment realised the largest sales increase (+7.5%) during 4Q2016, due to new program start-ups in Interiors in a very strong automotive market.

The Flexible Foams segment grew by +2.8% in 4Q2016, which is higher than its annual growth rate of +0.8%. The evolution was primarily driven by the Technical Foams segment and by growth in Central Europe.

The Insulation segment grew by +2.0% during 4Q2016, thanks to strong volume growth partially offset by price erosion in its most competitive national markets.

The Bedding segment contracted in 4Q2016 by -4.1%, as a result of supply chain issues having affected its market position during the quarter.

**Combined REBITDA**: from EUR 81.9 million to **EUR 97.7 million** (+19.3%)

REBITDA margin increased from 6.2% to 7.2%.

Recurrent profitability increased year-on-year in 2H2016 by +9.8% versus a very strong 2H2015, thanks to a combination of (i) higher volumes, (ii) positive product-mix and (iii) operational efficiency.

Sequentially, profitability in 2H2016 ended up lower than in 1H2016, as a result of (i) much higher raw material prices – specifically TDI and MDI –, (ii) adverse exchange rate impacts which weighed on profitability in 2H2016 - especially in Insulation -, and (iii) to the systematically lower number of working days in industry in the second half of a calendar year.

Breakdown of the **combined** REBITDA by segment

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 20,4 | 17,6 | 38,0 | 28,2 | 18,1 | 46,3 | 37,8% | 3,1% | 21,7% |
| Bedding | 6,0 | 8,1 | 14,1 | 7,9 | 7,8 | 15,7 | 31,6% | -3,4% | 11,5% |
| Insulation | 16,1 | 16,2 | 32,3 | 17,8 | 15,3 | 33,1 | 10,6% | -5,9% | 2,3% |
| Automotive | 9,5 | 5,9 | 15,4 | 10,5 | 9,4 | 19,9 | 10,7% | 58,7% | 29,1% |
| Corporate | ( 9,2) | ( 8,8) | ( 18,0) | ( 9,6) | ( 7,8) | ( 17,3) | 4,1% | -12,0% | -3,7% |
| **TOTAL COMBINED REBITDA** | **42,9** | **39,0** | **81,9** | **54,8** | **42,9** | **97,7** | **27,9%** | **9,8%** | **19,3%** |

- Flexible Foams continued to enhance its industrial performance throughout the period, to increase its volumes and to improve its product/market mix.
- Insulation profitability increased on higher volumes and excellent efficiency, thereby over-compensating the negative impact of price erosion in some markets and a depreciated Pound Sterling.
- The increased profitability in Automotive is driven by the improvement in Seating due to the positive effect from the closure in 2015 of the Rüsselsheim (Germany) plant and overall efficiency gains, as well as by the contribution of the new Automotive Interior programs.
- Bedding benefited from an improved product- and customer-mix and from strong growth in boxspring sales, but suffered from an insufficient overall performance in the last quarter.

**Combined REBIT**: from EUR 44.9 million to **EUR 58.2 million** (+29.6%)

REBIT margin increased from 3.4% to 4.3%.

Breakdown of the **combined** REBIT by segment

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 14,6 | 11,5 | 26,1 | 22,0 | 11,8 | 33,8 | 50,6% | 2,3% | 29,3% |
| Bedding | 2,8 | 4,9 | 7,7 | 5,1 | 5,3 | 10,4 | 81,7% | 8,3% | 35,0% |
| Insulation | 13,3 | 13,1 | 26,4 | 14,7 | 12,0 | 26,8 | 10,8% | -7,8% | 1,6% |
| Automotive | 3,8 | ( 0,1) | 3,6 | 3,9 | 1,8 | 5,7 | 2,9% | n.m. | 55,3% |
| Corporate | ( 9,7) | ( 9,3) | ( 18,9) | ( 10,1) | ( 8,3) | ( 18,4) | 4,6% | -10,1% | -2,6% |
| **TOTAL COMBINED REBIT** | **24,8** | **20,1** | **44,9** | **35,6** | **22,6** | **58,2** | **43,5%** | **12,4%** | **29,6%** |

**Non-recurring elements**: (on combined basis, including pro rata share in joint ventures)

EBIT includes non-recurring elements for a total net amount of EUR -13.9 million (compared to EUR -15.1 million in 2015).

| in million EUR | 2015 | 1H2016 | 2H2016 | 2016 |
|---|---|---|---|---|
| Restructuring charges and provisions | ( 12,7) | ( 4,7) | ( 3,1) | ( 7,8) |
| Capital gain on divestment | 1,6 | 0,0 | 0,0 | 0,0 |
| Other | ( 3,0) | ( 2,3) | ( 2,1) | ( 4,4) |
| **Total impact on EBITDA** | **( 14,1)** | **( 7,0)** | **( 5,2)** | **( 12,2)** |
| Impairments | ( 1,0) | ( 1,0) | ( 0,7) | ( 1,7) |
| **Total impact on EBIT** | **( 15,1)** | **( 7,9)** | **( 6,0)** | **( 13,9)** |

Additional restructuring measures were implemented in execution of the Group's rationalisation plan, including (i) the closure of the Flexible Foams plant in Noyen-sur-Sarthe (France), (ii) further rationalisation measures in Bedding, (iii) additional costs relating to sites closed in 2015 and (iv) incurred costs and provisions for legal fees.

Impairment charges amounted to EUR -1.7 million (2015: EUR -1.0 million) and relate to (i) idle equipment in Flexible Foams in the United Kingdom and France (cfr. closure of the site in Noyen-sur-Sarthe) and (ii) idle tangible and intangible assets in Bedding.

**Combined EBITDA:** from EUR 67.8 million to **EUR 85.4 million** (+26.0%)

EBITDA margin increased from 5.1% to 6.3%.

Breakdown of EBITDA by segment

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 19,9 | 14,2 | 34,0 | 23,6 | 15,9 | 39,6 | 19,0% | 12,4% | 16,3% |
| Bedding | 5,1 | 4,4 | 9,5 | 6,6 | 5,5 | 12,1 | 29,6% | 25,6% | 27,7% |
| Insulation | 17,7 | 15,7 | 33,4 | 17,8 | 15,1 | 32,9 | 0,4% | -3,9% | -1,6% |
| Automotive | 5,7 | 4,3 | 9,9 | 9,5 | 8,8 | 18,3 | 68,8% | 104,8% | 84,4% |
| Corporate | ( 9,5) | ( 9,6) | ( 19,1) | ( 9,7) | ( 7,8) | ( 17,4) | 1,9% | -19,0% | -8,6% |
| **TOTAL COMBINED EBITDA** | **38,8** | **29,0** | **67,8** | **47,9** | **37,6** | **85,4** | **23,4%** | **29,6%** | **26,0%** |
| Adjustment for joint ventures by application of IFRS 11[1] | ( 7,1) | ( 7,9) | ( 14,9) | ( 6,9) | ( 5,9) | ( 12,7) | -3,0% | -25,2% | -14,7% |
| **TOTAL CONSOLIDATED EBITDA** | **31,7** | **21,1** | **52,9** | **41,0** | **31,7** | **72,7** | **29,2%** | **50,0%** | **37,5%** |

[1] By application of IFRS 11 the net result after depreciation, financial and tax charges are integrated in consolidated EBITDA

**Combined EBIT:** from EUR 29.8 million to **EUR 44.3 million** (+48.6%)

EBIT margin increased from 2.2% to 3.3%.

Breakdown of EBIT by segment

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 13,3 | 7,8 | 21,1 | 17,2 | 9,3 | 26,5 | 29,6% | 18,9% | 25,6% |
| Bedding | 1,9 | 1,2 | 3,2 | 3,1 | 2,6 | 5,8 | 63,0% | 111,3% | 81,9% |
| Insulation | 14,9 | 12,6 | 27,5 | 14,7 | 11,9 | 26,6 | -1,3% | -5,4% | -3,2% |
| Automotive | ( 0,1) | ( 1,8) | ( 1,9) | 2,9 | 1,2 | 4,0 | n.m. | n.m. | n.m. |
| Corporate | ( 10,0) | ( 10,1) | ( 20,0) | ( 10,2) | ( 8,3) | ( 18,6) | 2,5% | -17,0% | -7,3% |
| **TOTAL COMBINED EBIT** | **20,0** | **9,8** | **29,8** | **27,6** | **16,6** | **44,3** | **38,5%** | **69,2%** | **48,6%** |
| Adjustment for joint ventures by application of IFRS 11[1] | ( 3,0) | ( 3,5) | ( 6,6) | ( 3,0) | ( 2,0) | ( 5,1) | 0,0% | -42,3% | -22,8% |
| **TOTAL CONSOLIDATED EBIT** | **16,9** | **6,3** | **23,2** | **24,6** | **14,6** | **39,2** | **45,3%** | **132,0%** | **68,8%** |

[1] By application of IFRS 11 the net result after financial and tax charges are integrated in consolidated EBIT

**Consolidated financial result**: from EUR -12.5 million to **EUR -11.7 million**

Net interest charges decreased from EUR -9.6 million to EUR -8.1 million following a lower average net interest-bearing debt, including the usage of ‘off-balance’ factoring/forfeiting programs, and better credit conditions following the refinancing of the credit facility in February 2016.

‘Other net financial income and expenses’ (EUR -3.6 million compared to EUR -3.0 million in 2015) comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR -1.1 million versus EUR -0.8 million in 2015) and exchange rate differences (EUR -2.6 million versus EUR -2.0 million in 2015).

**Consolidated income taxes and deferred taxes**: from EUR -6.2 million to **EUR -11.2 million**:

- Current income tax charge: EUR -3.5 million (2015: EUR -2.4 million);
- Deferred tax charge: EUR -7.6 million (2015: EUR -3.8 million).

**Consolidated result of the period (share of the Group)**: from EUR +4.5 million to **EUR +16.3 million.**

## ***2. FINANCIAL SITUATION***

On 31 December 2016, **combined net financial debt** amounted to **EUR 126.0 million** (31 December 2015: EUR 123.0 million; 30 September 2016: EUR 131.9 million), excluding the amounts drawn under the off-balance non-recourse factoring/forfeiting programs of EUR 52.2 million (31 December 2015: EUR 60.4 million; 30 September 2016: EUR 60.4 million).

Total combined net debt, including off-balance non-recourse factoring/forfeiting programs decreased to a historically low EUR 178.2 million (31 December 2015: EUR 183.4 million; 30 September 2016: EUR 192.3 million).

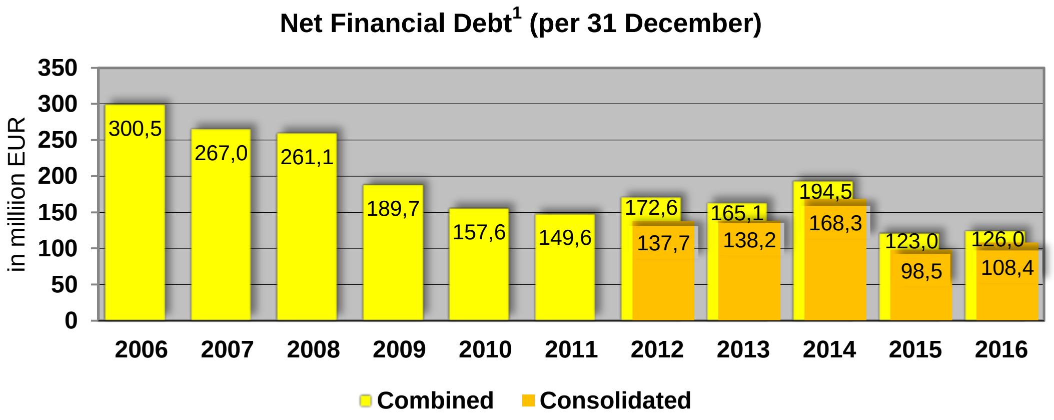
On 31 December 2016, **consolidated net financial debt** amounted to **EUR 108.4 million** (31 December 2015: EUR 98.5 million; 30 September 2016: EUR 108.5 million), excluding the amounts drawn under off-balance non-recourse factoring/forfeiting programs of EUR 51.7 million (31 December 2015: EUR 53.7 million; 30 September 2016: EUR 54.7 million).

Total consolidated net debt, including off-balance non-recourse factoring/forfeiting programs landed at EUR 160.1 million (31 December 2015: EUR 152.2 million; 30 September 2016: EUR 163.2 million).

On 31 December 2016 **total equity** amounted to EUR 251.2 million compared to EUR 249.0 million on 31 December 2015.

On a **combined** basis**, ‘net debt to equity’** remained stable at 50.1**%** (2015: 49.4%).

On a **consolidated** basis, the ‘**net debt to equity’** ratio slightly deteriorated to 43.1**%** (2015: 39.6%).




[1] Excluding the drawn amounts under non-recourse factoring/forfeiting programs.

The Group confirms that all conditions under the financial arrangements with its banks are respected on 31 December 2016.

## *3. PROPOSED DIVIDEND*

The Board of Directors will propose to the Annual General Meeting of 31 May 2017 the payment of a gross dividend of EUR 0.18 per share on 54.1 million shares or a total dividend payout of EUR 9.7 million (2015: respectively EUR 0.14/share and EUR 7.5 million in total).

## *4. SUBSEQUENT EVENT*

- **Automotive Interiors – Czech Republic**

On 22 January 2017, a serious fire incident occurred in one of the production halls of the Automotive-Interiors site in Most (Czech Republic). As a result of this, RAI Most s.r.o., a 100% subsidiary of Recticel, had to declare *force majeure* to its customers.

Recticel and its customers, supported by the affected OEMs PSA Peugeot Citroën, Renault, Daimler, BMW and Volkswagen, have been closely cooperating to elaborate the solutions and alternative production plans, in order to allow as early as possible a gradual restart of the production of parts, and to minimize the disruption at the customers' assembly plants.

Since 27 January 2017, intense engineering and contractor work is ongoing in Most and in other facilities of the division to which some production has been transferred. As a result, production has progressively restarted to the maximum possible extent on most of the parts originally produced in Most, and although the situation is not yet normalized, deliveries to the Tier 1 customers have resumed where possible.

RAI Most s.r.o. is insured according to industry standards. To date, the non-recurring financial impact is assessed at EUR 4 million, including the insurance deductibles. Going forward, Recticel will keep the market informed of any new developments in this regard.

The plant in Most produces - on the basis of the patented Colo-Fast® and Colo-Sense® Lite spray technologies - elastomer interior trim parts for cars, such as skins for dashboard and door panels, which are sold to various Tier-1 automotive suppliers. In 2016, RAI Most s.r.o. realised sales of CZK 547 million (EUR 20.3 million) and employed 390 people.

## 5. MARKET SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment. Therefore, the Group continues to comment on the development of the different segments on the basis of the **combined** figures, consistent with the managerial reporting and in line with IFRS 8.

### 5.1. FLEXIBLE FOAMS

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **305,9** | **296,4** | **602,3** | **310,3** | **297,0** | **607,2** | 1,4% | 0,2% | **0,8%** |
| **REBITDA** | **20,4** | **17,6** | **38,0** | **28,2** | **18,1** | **46,3** | 37,8% | 3,1% | **21,7%** |
| *as % of sales* | *6,7%* | *5,9%* | *6,3%* | *9,1%* | *6,1%* | *7,6%* | | | |
| **EBITDA** | **19,9** | **14,2** | **34,0** | **23,6** | **15,9** | **39,6** | 19,0% | 12,4% | **16,3%** |
| *as % of sales* | *6,5%* | *4,8%* | *5,6%* | *7,6%* | *5,4%* | *6,5%* | | | |
| **REBIT** | **14,6** | **11,5** | **26,1** | **22,0** | **11,8** | **33,8** | 50,6% | 2,3% | **29,3%** |
| *as % of sales* | *4,8%* | *3,9%* | *4,3%* | *7,1%* | *4,0%* | *5,6%* | | | |
| **EBIT** | **13,3** | **7,8** | **21,1** | **17,2** | **9,3** | **26,5** | 29,6% | 18,8% | **25,6%** |
| *as % of sales* | *4,3%* | *2,6%* | *3,5%* | *5,5%* | *3,1%* | *4,4%* | | | |

Sales

**4Q2016 combined external sales** increased by +1.6% from EUR 137.1 million to **EUR 139.3 million**. Total combined sales, including intersegment sales (4Q2016: EUR 16.4 million; +13.9%) increased by +2.8% from EUR 151.5 million to **EUR 155.7 million**. Currency exchange differences had a negative effect of -2.6%.

**Full year 2016 combined external sales** grew by +1.4% from EUR 543.9 million to EUR 551.3 million. Total combined sales, including intersegment sales (EUR 56.0 million; -4.3%), increased by +0.8% from EUR 602.3 million to **EUR 607.2 million**. Currency exchange differences had a negative effect of -2.1%.

Higher sales in Technical Foams (EUR 240.2 million; +1.7%) have been supported by solid industrial demand and dynamic automotive markets. In the West-European Comfort markets, strong volume growth has been offset by eroding selling prices. Sales in the Central & Eastern European countries remained strong.

Profitability

REBITDA margin increased from 6.3% to 7.6%.

Profitability improved substantially, resulting in an EBITDA increase of EUR 5.6 million, from EUR 34.0 million to EUR 39.6 million. The improved profitability is due to strong volumes and structural progress in operational efficiency.

EBITDA includes EUR -6.8 million non-recurring elements (2015: EUR –4.0 million), which mainly relate to (i) the closure of the plant in Noyen-sur-Sarthe (France), (ii) restructuring charges in Scandinavia and The Netherlands, (iii) onerous contracts in Spain and (iv) incurred legal costs and provisions for legal fees.

## *5.2. BEDDING*

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **143,5** | **151,1** | **294,5** | **148,1** | **144,9** | **292,9** | 3,2% | -4,1% | **-0,5%** |
| **REBITDA** | **6,0** | **8,1** | **14,1** | **7,9** | **7,8** | **15,7** | 31,6% | -3,4% | **11,5%** |
| *as % of sales* | *4,2%* | *5,4%* | *4,8%* | *5,3%* | *5,4%* | *5,4%* | | | |
| **EBITDA** | **5,1** | **4,4** | **9,5** | **6,6** | **5,5** | **12,1** | 29,6% | 25,6% | **27,7%** |
| *as % of sales* | *3,5%* | *2,9%* | *3,2%* | *4,5%* | *3,8%* | *4,1%* | | | |
| **REBIT** | **2,8** | **4,9** | **7,7** | **5,1** | **5,3** | **10,4** | 81,7% | 8,3% | **35,0%** |
| *as % of sales* | *2,0%* | *3,3%* | *2,6%* | *3,5%* | *3,7%* | *3,6%* | | | |
| **EBIT** | **1,9** | **1,2** | **3,2** | **3,1** | **2,6** | **5,8** | 63,0% | 111,3% | **81,9%** |
| *as % of sales* | *1,3%* | *0,8%* | *1,1%* | *2,1%* | *1,8%* | *2,0%* | | | |

Sales

After a flat 1Q (-0.3%), a very strong 2Q (+6.8%) and a weaker 3Q2016 (-3.6%), **4Q2016 combined external sales** decreased by -3.2% from EUR 72.4 million to **EUR 70.1 million**. Total combined sales, including intersegment sales (4Q2016: EUR 4.6 million; -16.3%), decreased from EUR 77.9 million to **EUR 74.7 million in 4Q2016** (-4.1%), including exchange rate differences for -0.7%.

**Full year 2016 combined external sales** slightly decreased by -0.4% from EUR 275.4 million to **EUR 274.5 million**. Total combined sales, including intersegment sales (2016: EUR 18.5 million; -3.2%), decreased from EUR 294.5 million to **EUR 292.9 million** (-0.5%), including exchange rate differences for -0.6%. The product-mix further improved, especially following the strong sales growth of boxspring beds.

Annual revenues of the sub-segment **Branded Products** increased by +3.9%, supported by the growth in sales of boxsprings. Sales of GELTEX® inside products increased by +0.8% compared to 2015.

The sub-segment **Non-Branded/Private Label** recorded lower sales (-6.0%), particularly in Austria, Germany, Scandinavia and Switzerland.

Profitability

Despite lower sales, REBITDA margin increased from 4.8% to 5.4%.

Profitability improved, resulting in an EBITDA increase from EUR 9.5 million to EUR 12.1 million. The improvement in recurring operational profitability results from (i) temporarily lower raw material prices in 1H2016, (ii) the better product and customer-mix, and (iii) the impact of cost control initiatives.

The 2016 EBITDA was also impacted by non-recurring elements amounting to EUR -3.6 million (2015: EUR -4.6 million), mainly relating to rationalisation measures taken in Switzerland and onerous contracts recognised in Austria and Switzerland.

## *5.3. INSULATION*

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **113,3** | **116,1** | **229,4** | **118,1** | **116,0** | **234,1** | 4,3% | -0,1% | **2,1%** |
| **REBITDA** | **16,1** | **16,2** | **32,3** | **17,8** | **15,3** | **33,1** | 10,6% | -5,9% | **2,3%** |
| *as % of sales* | *14,2%* | *14,0%* | *14,1%* | *15,1%* | *13,2%* | *14,1%* | | | |
| **EBITDA** | **17,7** | **15,7** | **33,4** | **17,8** | **15,1** | **32,9** | 0,4% | -3,9% | **-1,6%** |
| *as % of sales* | *15,6%* | *13,6%* | *14,6%* | *15,0%* | *13,0%* | *14,0%* | | | |
| **REBIT** | **13,3** | **13,1** | **26,4** | **14,7** | **12,0** | **26,8** | 10,8% | -7,8% | **1,6%** |
| *as % of sales* | *11,7%* | *11,2%* | *11,5%* | *12,5%* | *10,4%* | *11,4%* | | | |
| **EBIT** | **14,9** | **12,6** | **27,5** | **14,7** | **11,9** | **26,6** | -1,3% | -5,4% | **-3,2%** |
| *as % of sales* | *13,1%* | *10,8%* | *12,0%* | *12,4%* | *10,3%* | *11,4%* | | | |

Sales

**4Q2016 combined sales** increased from EUR 55.8 million to **EUR 57.0 million** (+2.0%), including exchange rate differences of -7.0% related to the weakening of the Pound Sterling.

The positive growth trend of the first two quarters (1Q2016: +2.8%; 2Q2016: +5.7%), followed by a weaker 3Q2016 (-2.1%), resumed in 4Q2016. Strong volume growth more than offset the negative currency effects (-7.0%) in overall competitive construction markets.

**Full year 2016 combined sales** increased by +2.1% from EUR 229.4 million to **EUR 234.1 million**, including exchange rate differences of -4.4% (i.e. Pound Sterling).

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

In December 2016 Recticel Insulation also expanded its Insulation business in Vacuum Insulation Panels (VIP), through the creation of the production joint venture Turvac in Slovenia. This application will provide a complementary highly efficient thermal insulation solution for various niche applications.

Profitability

REBITDA margin stabilised at 14.1%.

EBITDA slightly decreased from EUR 33.4 million to EUR 32.9 million (-1.6%). The 2015 results included a non-recurring capital gain of EUR 1.6 million on the divestment of the 50% participation in the joint venture Kingspan Tarec Industrial Insulation (KTII). Higher volumes and operational efficiency gains offset the negative currency impact from the depreciation of the Pound Sterling as well as from higher raw material prices (i.e. MDI) and some price erosion.

## 5.4. AUTOMOTIVE

| in million EUR | 1H15 | 2H15 | FY15 | 1H16 | 2H16 | FY16 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **142,9** | **137,4** | **280,3** | **146,9** | **142,1** | **288,9** | 2,8% | 3,4% | **3,1%** |
| **REBITDA** | **9,5** | **5,9** | **15,4** | **10,5** | **9,4** | **19,9** | 10,7% | 58,7% | **29,1%** |
| *as % of sales* | *6,7%* | *4,3%* | *5,5%* | *7,2%* | *6,6%* | *6,9%* | | | |
| **EBITDA** | **5,7** | **4,3** | **9,9** | **9,5** | **8,8** | **18,3** | 68,8% | 104,9% | **84,4%** |
| *as % of sales* | *4,0%* | *3,1%* | *3,5%* | *6,5%* | *6,2%* | *6,3%* | | | |
| **REBIT** | **3,8** | **( 0,1)** | **3,6** | **3,9** | **1,8** | **5,7** | 2,9% | n.m. | **55,3%** |
| *as % of sales* | *2,6%* | *-0,1%* | *1,3%* | *2,6%* | *1,3%* | *2,0%* | | | |
| **EBIT** | **( 0,1)** | **( 1,8)** | **( 1,9)** | **2,9** | **1,2** | **4,0** | n.m. | n.m. | **n.m.** |
| *as % of sales* | *-0,1%* | *-1,3%* | *-0,7%* | *2,0%* | *0,8%* | *1,4%* | | | |

Sales

**4Q2016 combined sales** increased by +7.5% from EUR 72.4 million to **EUR 77.8 million**, including a currency impact of -1.8%.

Sales in **Interiors** increased by a strong +20.1% to **EUR 40.5 million** (4Q2015: EUR 33.7 million). The evolution was expected and follows the successful start-up of scheduled 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) decreased by -3.4% to **EUR 37.3 million** (4Q2015: EUR 38.7 million), including a currency impact of -2.4% and reflecting lower volumes by year-end.

**Full year combined sales** increased by +3.1% from EUR 280.3 million to **EUR 288.9 million**, including a currency impact of -1.4%.

Sales in **Interiors** increased by +9.0% to **EUR 143.5 million** (2015: EUR 131.7 million). The evolution was expected and followed the gradual start-up and ramp-up of new programs. Currency exchange differences had a negative impact of -0.8%.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) decreased by -2.1% to **EUR 145.5 million** (2015: EUR 148.5 million), including a currency impact of -2.0% (i.e. Pound Sterling and Polish Zloty).

Profitability

REBITDA margin increased from 5.5% to 6.9%.

The strong increase in EBITDA is explained by (i) higher volumes in Interiors and (ii) the overall improved result of Seating following the closure of the Proseat plant in Rüsselsheim (Germany) in 2015 and significant efficiency improvements.

Non-recurring elements (EUR -1.6 million, compared to EUR -5.5 million in 2015) relate mainly to restructuring charges in both Interiors and Seating in Germany.

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# ANNEXES

All figures and tables contained in these annexes have been compiled in accordance with the IFRS accounting and valuation principles, as adopted within the European Union. The applied valuation principles, as published in the latest available annual report at 31 December 2015, were consistently applied for the figures included in this press release.

The analysis of the risk management is described in the annual report which is/will be available from www.recticel.com.

## 1. Condensed consolidated income statement

| in million EUR | 1H15 | 2H15 | FY2015 | 1H16 | 2H16 | FY2016 |
|---|---|---|---|---|---|---|
| **Sales** | **519,1** | **514,7** | **1 033,8** | **534,5** | **513,8** | **1 048,3** |
| Distribution costs | ( 28,3) | ( 29,8) | ( 58,0) | ( 29,5) | ( 28,4) | ( 57,9) |
| Cost of sales | ( 390,8) | ( 390,5) | ( 781,3) | ( 396,2) | ( 393,2) | ( 789,4) |
| **Gross profit** | **100,0** | **94,4** | **194,4** | **108,8** | **92,3** | **201,1** |
| General and administrative expenses | ( 39,6) | ( 37,1) | ( 76,7) | ( 41,9) | ( 37,5) | ( 79,4) |
| Sales and marketing expenses | ( 37,4) | ( 39,7) | ( 77,1) | ( 37,3) | ( 34,7) | ( 72,0) |
| Research and development expenses | ( 6,5) | ( 6,1) | ( 12,5) | ( 6,9) | ( 6,0) | ( 12,9) |
| Impairments | ( 0,7) | ( 0,2) | ( 1,0) | ( 1,0) | ( 0,8) | ( 1,8) |
| *Other operating revenues (1)* | *5,4* | *3,4* | *8,9* | *2,7* | *4,2* | *6,9* |
| *Other operating expenses (2)* | *( 6,3)* | *( 13,3)* | *( 19,6)* | *( 10,6)* | *( 9,1)* | *( 19,6)* |
| Other operating result (1)+(2) | ( 0,9) | ( 9,9) | ( 10,7) | ( 7,9) | ( 4,9) | ( 12,7) |
| Income from joint ventures & associates | 2,0 | 4,8 | 6,9 | 10,7 | 6,2 | 16,9 |
| **EBIT** | **16,9** | **6,3** | **23,2** | **24,6** | **14,6** | **39,2** |
| Interest income | 0,4 | 0,4 | 0,8 | 0,4 | 0,3 | 0,7 |
| Interest expenses | ( 5,5) | ( 4,8) | ( 10,3) | ( 4,3) | ( 4,5) | ( 8,8) |
| Other financial income | 5,4 | 3,0 | 8,4 | 5,4 | 1,7 | 7,1 |
| Other financial expenses | ( 7,8) | ( 3,6) | ( 11,4) | ( 6,5) | ( 4,2) | ( 10,7) |
| **Financial result** | **( 7,5)** | **( 5,0)** | **( 12,5)** | **( 5,0)** | **( 6,8)** | **( 11,7)** |
| **Result of the period before taxes** | **9,4** | **1,3** | **10,7** | **19,7** | **7,8** | **27,5** |
| Income taxes | ( 4,4) | ( 1,8) | ( 6,2) | ( 4,2) | ( 7,0) | ( 11,2) |
| **Result of the period after taxes** | **5,0** | **( 0,5)** | **4,5** | **15,5** | **0,8** | **16,3** |
| of which attributable to the owners of the parent | 5,0 | ( 0,5) | 4,5 | 15,5 | 0,8 | 16,3 |
| of which attributable to non-controlling interests | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |

## 2. Earnings per share

| in EUR | 2015 | 2016 | Δ |
|---|---|---|---|
| Number of shares outstanding (including treasury shares) | 53 731 608 | 54 062 520 | *0,6%* |
| Weighted average number of shares outstanding (before dilution effect) | 44 510 623 | 53 504 432 | *20,2%* |
| Weighted average number of shares outstanding (after dilution effect) | 44 704 483 | 59 643 102 | *33,4%* |
| EBITDA | 1,19 | 1,36 | *14,3%* |
| EBIT | 0,52 | 0,73 | *40,4%* |
| Result for the period before taxes | 0,24 | 0,51 | *113,5%* |
| Result for the period after taxes | 0,10 | 0,31 | *199,0%* |
| Result for the period (share of the Group) - basic | 0,10 | 0,31 | *199,0%* |
| Result for the period (share of the Group) - diluted | 0,10 | 0,30 | *191,5%* |
| Net book value | 4,63 | 4,65 | *0,3%* |

## 3. *Condensed consolidated statement of comprehensive income*

| in million EUR | 1H15 | 2H15 | FY2015 | 1H16 | 2H16 | FY2016 |
|---|---|---|---|---|---|---|
| **Result for the period after taxes** | **5,0** | **( 0,5)** | **4,5** | **15,5** | **0,8** | **16,3** |
| **Other comprehensive income** | | | | | | |
| ***Items that will not subsequently be recycled to profit and loss*** | | | | | | |
| Actuarial gains and losses on employee benefits recognized in equity | 6,1 | ( 0,3) | 5,8 | ( 10,1) | 2,7 | ( 7,4) |
| Deferred taxes on actuarial gains and losses on employee benefits | ( 1,1) | 0,0 | ( 1,1) | 2,2 | 0,2 | 2,4 |
| Currency translation differences | ( 0,6) | 0,2 | ( 0,5) | 0,7 | 0,2 | 0,9 |
| **Total** | **4,4** | **( 0,1)** | **4,2** | **( 7,3)** | **3,1** | **( 4,1)** |
| ***Items that subsequently may be recycled to profit and loss*** | | | | | | |
| Hedging reserves | ( 0,3) | 1,9 | 1,6 | 0,5 | 1,3 | 1,9 |
| Currency translation differences | 7,1 | ( 3,0) | 4,1 | ( 4,7) | ( 0,3) | ( 5,0) |
| Foreign currency translation difference recycled in income statement | ( 1,0) | 0,3 | ( 0,7) | 0,0 | 0,0 | 0,0 |
| Deferred taxes on interest hedging reserves | ( 0,2) | ( 0,3) | ( 0,6) | ( 0,3) | ( 0,3) | ( 0,6) |
| **Total** | **5,6** | **( 1,1)** | **4,4** | **( 4,5)** | **0,7** | **( 3,8)** |
| **Other comprehensive income net of tax** | **9,9** | **( 1,3)** | **8,7** | **( 11,8)** | **3,8** | **( 7,9)** |
| **Total comprehensive income for the period** | **15,0** | **( 1,7)** | **13,2** | **3,7** | **4,7** | **8,4** |
| **Total comprehensive income for the period** | **15,0** | **( 1,7)** | **13,2** | **3,7** | **4,7** | **8,4** |
| of which attributable to the owners of the parent | 15,0 | ( 1,7) | 13,2 | 3,7 | 4,7 | 8,4 |
| of which attributable to non-controlling interests | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |

## 4. Condensed consolidated balance sheet

| in million EUR | 31 DEC 15 | 31 DEC 16 | Δ |
|---|---|---|---|
| Intangible assets | 13,4 | 12,1 | *-9,7%* |
| Goodwill | 25,9 | 25,1 | *-3,1%* |
| Property, plant & equipment | 209,7 | 216,2 | *3,1%* |
| Investment property | 3,3 | 3,3 | *0,0%* |
| Interest in joint ventures & associates | 73,2 | 82,4 | *12,6%* |
| Other financial investments and available for sale investments | 1,0 | 0,5 | *-54,0%* |
| Non-current receivables | 13,6 | 13,9 | *1,9%* |
| Deferred tax | 43,3 | 37,8 | *-12,6%* |
| **Non-current assets** | **383,4** | **391,3** | ***2,0%*** |
| Inventories and contracts in progress | 93,2 | 91,9 | *-1,4%* |
| Trade receivables | 83,4 | 101,5 | *21,7%* |
| Other receivables | 55,3 | 69,6 | *25,7%* |
| Income tax receivables | 2,1 | 1,4 | *-30,1%* |
| Available for sale investments | 0,1 | 0,1 | *17,6%* |
| Cash and cash equivalents | 56,0 | 37,2 | *-33,6%* |
| Disposal group held for sale | 3,2 | 0,0 | *-100,0%* |
| **Current assets** | **293,2** | **301,7** | ***2,9%*** |
| **TOTAL ASSETS** | **676,7** | **693,0** | ***2,4%*** |

| in million EUR | 31 DEC 15 | 31 DEC 16 | Δ |
|---|---|---|---|
| Equity (share of the Group) | 249,0 | 251,2 | *0,9%* |
| Non-controlling interests | 0,0 | 0,0 | - |
| **Total equity** | **249,0** | **251,2** | ***0,9%*** |
| Pensions and other provisions | 61,1 | 64,2 | *5,1%* |
| Deferred tax | 9,5 | 10,1 | *6,4%* |
| Interest-bearing borrowings | 40,4 | 97,0 | *140,4%* |
| Other amounts payable | 0,2 | 0,2 | *-19,0%* |
| **Non-current liabilities** | **111,2** | **171,5** | ***54,3%*** |
| Pensions and other provisions | 6,9 | 5,9 | *-14,2%* |
| Interest-bearing borrowings | 114,7 | 50,1 | *-56,3%* |
| Trade payables | 94,3 | 102,9 | *9,2%* |
| Income tax payables | 2,5 | 2,3 | *-7,0%* |
| Other amounts payable | 98,2 | 108,9 | *10,9%* |
| **Current liabilities** | **316,5** | **270,2** | ***-14,6%*** |
| **TOTAL LIABILITIES** | **676,7** | **693,0** | ***2,4%*** |

| in million EUR | 31 DEC 15 | 31 DEC 16 | Δ |
|---|---|---|---|
| Net financial debt | 98,5 | 108,4 | *10,0%* |
| Net financial debt / Equity (non-controlling interests included) | 40% | 43% | |
| Equity (non-controlling interests included) / Total assets | 37% | 36% | |

## *5. Condensed consolidated statement of cash flow*

| in million EUR | 2015 | 2016 |
|---|---|---|
| **EBIT** | **23,2** | **39,2** |
| Depreciation, amortisation and impairment losses on assets | 29,6 | 33,5 |
| Income from associates and joint ventures | ( 6,9) | ( 16,9) |
| Other non-cash elements | 2,4 | ( 4,8) |
| **Gross operating cash flow** | **48,4** | **50,9** |
| Changes in working capital | ( 17,7) | ( 5,9) |
| **Gross operating cash flow after changes in working capital** | **30,8** | **45,0** |
| Income taxes paid | ( 1,9) | ( 2,5) |
| **Net cash flow from operating activities (a)** | **28,9** | **42,5** |
| **Net cash flow from investment activities (b)** | **( 14,0)** | **( 37,0)** |
| Paid interest charges (1) | ( 9,8) | ( 7,6) |
| Paid dividends (2) | ( 5,9) | ( 7,5) |
| Increase (Decrease) of capital (3) | 74,2 | 1,2 |
| Increase (Decrease) of financial liabilities (4) | ( 42,0) | ( 8,3) |
| Other (5) | 0,0 | 0,0 |
| **Net cash flow from financing activities (c)= (1)+(2)+(3)+(4)+(5)** | **16,6** | **( 22,2)** |
| Effect of exchange rate changes (d) | ( 1,7) | ( 2,1) |
| Effect of change in scope of consolidation (e) | 0,0 | 0,0 |
| **Changes in cash and cash equivalents (a)+(b)+(c)+(d)+(e)** | **29,8** | **( 18,8)** |
| **FREE CASH FLOW (a)+(b)+(1)** | **5,2** | **( 2,1)** |

## 6. Condensed consolidated statement of changes in shareholders’ equity

| in million EUR | Capital | Share premium | Treasury shares | Investment revaluation reserve | Actuarial gains and losses | IFRS 2 Other capital reserves | Retained earnings | Translation differences reserves | Hedging reserves | Total shareholders' equity | Non-controlling interests | Total equity, non-controlling interests included |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At the end of the preceding period (31 December 2015)** | **134,3** | **125,7** | **( 1,5)** | **( 0,0)** | **( 15,5)** | **3,1** | **15,0** | **( 6,0)** | **( 6,2)** | **249,0** | **0,0** | **249,0** |
| Dividends | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | ( 7,5) | 0,0 | 0,0 | ( 7,5) | 0,0 | ( 7,5) |
| Stock options (IFRS 2) | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | ( 0,4) | 0,6 | 0,0 | 0,0 | 0,2 | 0,0 | 0,2 |
| Capital movements | 0,8 | 0,4 | 0,0 | 0,0 | 0,0 | ( 0,1) | 0,1 | 0,0 | 0,0 | 1,2 | 0,0 | 1,2 |
| **Shareholders' movements** | **0,8** | **0,4** | **0,0** | **0,0** | **0,0** | **( 0,6)** | **( 6,8)** | **0,0** | **0,0** | **( 6,1)** | **0,0** | **( 6,1)** |
| **Profit or loss of the period** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **16,3** | **0,0** | **0,0** | **16,3** | **0,0** | **16,3** |
| ***Components of other comprehensive income that will not be recycled to profit or loss, net of tax*** | | | | | | | | | | | | |
| Actuarial gains & losses recognized in equity | 0,0 | 0,0 | 0,0 | 0,0 | ( 7,4) | 0,0 | 0,0 | 0,0 | 0,0 | ( 7,4) | 0,0 | ( 7,4) |
| Income tax | 0,0 | 0,0 | 0,0 | 0,0 | 2,4 | 0,0 | 0,0 | 0,0 | 0,0 | 2,4 | 0,0 | 2,4 |
| Currency translation differences | 0,0 | 0,0 | 0,0 | 0,0 | 0,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,9 | 0,0 | 0,9 |
| **Total other comprehensive income that will not be recycled to profit or loss, net of tax (a)** | **0,0** | **0,0** | **0,0** | **0,0** | **( 4,1)** | **0,0** | **0,0** | **0,0** | **0,0** | **( 4,1)** | **0,0** | **( 4,1)** |
| ***Components of other comprehensive income that will be recycled to profit or loss, net of tax*** | | | | | | | | | | | | |
| Gains (losses) on cash flow hedge | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,9 | 1,9 | 0,0 | 1,9 |
| Deferred taxes | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | ( 0,6) | ( 0,6) | 0,0 | ( 0,6) |
| Currency translation differences | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | ( 0,0) | 0,0 | ( 5,1) | 0,0 | ( 5,0) | 0,0 | ( 5,0) |
| **Total other comprehensive income that will be recycled to profit or loss, net of tax (b)** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **( 0,0)** | **0,0** | **( 5,1)** | **1,2** | **( 3,8)** | **0,0** | **( 3,8)** |
| **Comprehensive income'** | **0,0** | **0,0** | **0,0** | **0,0** | **( 4,1)** | **( 0,0)** | **16,3** | **( 5,1)** | **1,3** | **8,4** | **0,0** | **8,4** |
| **Reclassification** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **( 0,4)** | **0,4** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** |
| **At the end of the period (31 December 2016)** | **135,2** | **126,1** | **( 1,5)** | **( 0,0)** | **( 19,6)** | **2,2** | **24,9** | **( 11,0)** | **( 4,9)** | **251,2** | **0,0** | **251,2** |

## ***8. Auditor's report***

To the Board of Directors

The auditor confirms that the audit is substantially completed, and did not reveal any significant adjustments to the financial information included in the press release.

Diegem, 25 February 2017

**The Statatutory Auditor**

**DELOITTE Bedrijfsrevisoren**
BV o.v.v.e. CVBA
Represented by Kurt Dehoorne

# Glossary

- **IFRS measures**

| | |
|---|---|
| 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. |
| Consolidated (figures) | : Figures following the application of IFRS 11, whereby Recticel's 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 |

- **Alternative Performance Measures**

In addition, the Group uses alternative performance measures (Alternative Performance Measures or "APM") to express its underlying performance and to help the reader to better understand the results. APM are not defined performance indicators by IFRS. The Group does not present APM as an alternative to financial measures determined in accordance with IFRS and does not give more emphasis to APM than the defined IFRS financial measures.

| | |
|---|---|
| Gearing | : Net financial debt / Total equity |
| 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. |
| REBIT | : = EBIT before non-recurring elements. |
| REBITDA | : = EBITDA before non-recurring elements |
| Total net financial debt | : = Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs |

## 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

| | |
|---|---|
| FY2016 Results | 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

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## 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 7,925 people in 98 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®. Technological progress and innovation have led to breakthrough at the biggest names in the Automotive industry thanks to Colofast®, Colosense® and Colosense Lite®.

In 2016 Recticel achieved combined sales of EUR 1.35 billion (IFRS 11 consolidated sales: EUR 1.05 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