

TRADING UPDATE FOR 1st QUARTER 2017

- Combined sales growth of +5.7%, despite an adverse currency impact of -1.2%
- Strong volumes in Automotive and Insulation reflecting a supportive macro-economic environment
- Challenging raw material price increases leading to necessary price adjustments towards our customers
- Combined net financial debt: EUR 135.9 million

Olivier Chapelle (CEO): *"We are satisfied with the sales growth that we have generated during the first quarter of 2017, in markets which have overall remained supportive. Volume growth and price increases have more than offset the negative currency impacts."*

The main business challenge that Recticel is currently facing relates to the unprecedented pace of raw material price increases. Our commercial teams are focused on minimizing the impact of these price increases for Recticel.

After the fire incident affecting the Automotive factory of Most, Czech Republic, the supply situation continues to evolve positively and is now close to normalization."

OUTLOOK

The Group expects continued growth of its combined sales in 2017. In a context of fast increasing raw material prices, Recticel still expects its full year 2017 combined REBITDA to increase, thanks to a combination of volume growth, improved mix, efficiency gains and price increases, off-setting the increased costs of its raw materials and negative currency impacts.

1. COMBINED DATA

Combined sales increased from EUR 345.5 million in 1Q2016 to **EUR 365.3 million in 1Q2017** (+5.7%), including a negative currency effect of -1.2% (mainly GBP). All segments reported higher sales, except Bedding which contracted by -5.0%. The overall increase is due to (i) strong volumes in an overall supportive market environment, (ii) higher average selling prices as a consequence of increasing raw material costs, (iii) successful growth initiatives in Insulation and Flexible Foams, (iv) the start-up of scheduled new programs in Automotive Interiors.

Breakdown of sales by segment (unaudited)

<i>in million EUR</i>	1Q2016	1Q2017	Δ
Flexible Foams	156,1	160,6	2,9%
Bedding	79,0	75,0	-5,0%
Insulation	55,5	61,3	10,5%
Automotive	73,9	84,6	14,5%
Eliminations	(18,9)	(16,3)	-14,0%
TOTAL COMBINED	345,5	365,3	5,7%
Adjustment for joint ventures by application of IFRS 11	(75,9)	(83,4)	9,9%
TOTAL CONSOLIDATED	269,6	281,9	4,6%

A. Flexible Foams

1Q2017 combined external sales increased by +3.6% from EUR 142.3 million to **EUR 147.4 million**. Total combined sales, including intersegment sales (EUR 13.2 million; -4.1%) increased by +2.9% from EUR 156.1 million to **EUR 160.6 million**. Currency exchange differences had a negative effect of -1.1%.

Sales in the sub-segment Technical Foams have been supported by solid industrial demand and dynamic automotive markets, while sales in the sub-segment Comfort have slightly declined in somewhat subdued market conditions. Sales in the Central & Eastern European countries remained strong.

B. Bedding

1Q2017 combined external sales decreased by -2.1% from EUR 74.0 million to **EUR 72.4 million**. Total combined sales, including intersegment sales (EUR 2.6 million; -48.2%), decreased from EUR 79.0 million to **EUR 75.0 million** (-5.0%), including exchange rate differences of +0.1%.

Sales of the sub-segment **Branded Products** increased by +1.5% from EUR 46.2 million to EUR 46.9 million, supported by the growth in sales of boxsprings and of GELTEX® inside products.

Sales of the sub-segment **Non-Branded/Private Label** decreased by -8.1% from EUR 27.8 million to EUR 25.6 million, as a consequence of weaker market conditions combined with supply chain issues, which are now resolved.

Overall, sales increased in Germany and Austria, but slightly decreased in Benelux, Poland, Scandinavia and Switzerland.

C. Insulation

1Q2017 combined sales increased from EUR 55.5 million to **EUR 61.3 million** (+10.5%), including exchange rate differences of -3.9% due to the weakening of the Pound Sterling.

In line with the previous quarters, the positive growth trend continued on the back of strong volume growth, which more than offsets the negative currency effects in overall competitive construction markets.

D. Automotive

1Q2017 combined sales increased by +14.5% from EUR 73.9 million to **EUR 84.6 million**, including a currency impact of -0.4%. Sales of the Automotive segment benefitted from positive market dynamics and new program start-ups. Both sub-segments reported higher sales.

Sales in **Interiors** increased by +25.0% from EUR 35.4 million to **EUR 44.3 million**. This growth was expected and follows the gradual start-up of scheduled new programs.

The fire incident in the plant in Most (Czech Republic) – following which Recticel had to declare *force majeure* to its customers (cfr press releases of 23 January 2017, 31 January 2017, and 27 February 2017) - has had a negative impact on sales of about EUR 3.2 million over the 1st quarter of 2017.

Sales in **Seating** (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) increased by +4.1% from EUR 38.3 million to **EUR 39.9 million**. Currency exchange differences had a negative impact of -0.9% (i.e. Pound Sterling).

2. CONSOLIDATED DATA

- **1Q sales increased by +4.6% from EUR 269.6 million to EUR 281.9 million, despite an adverse currency impact of -1.6%**
- **Net financial debt amounted to EUR 114.8 million**

3. FINANCIAL POSITION

Total combined debt, including off-balance non-recourse factoring, increased to 194.2 million (31 March 2016: 184.7 million; 31 December 2016: 178.2 million) linked to seasonal working capital build-up.

On a **combined** basis, **net financial debt** amounted to **EUR 135.9 million** on 31 March 2017 (31 March 2016: EUR 115.4 million; 31 December 2016: EUR 126.0 million), excluding the drawn amounts under the off-balance non-recourse factoring/forfeiting programs of EUR 58.3 million (31 March 2016: EUR 69.2 million; 31 December 2016: EUR 52.2 million).

The off-balance forfeiting programs have been discontinued as from 31 December 2016. Per 31 March 2016 the total amount drawn under these programs was EUR 14.1 million, of which EUR 7.6 million at joint-ventures (Proseat) and EUR 6.5 million at Recticel.

On 31 March 2017, the Group **net consolidated financial debt** amounted to **EUR 114.8 million** (31 March 2016: EUR 93.7 million; 31 December 2016: EUR 108.4 million), excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs of EUR 58.3 million (31 March 2016: EUR 61.6 million; 31 December 2016: EUR 51.7 million).

4. 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, are cooperating actively to maximize the output of the solutions and alternative production plans decided together, in order to minimize the impacts on the production programs 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 restarted for the majority of the parts originally produced in Most, and although the situation is not yet normalized, Tier 1 and OEM customers are now being delivered with substantial volumes.

RAI Most s.r.o. is insured according to industry standards. To date, the non-recurring financial impact is assessed at EUR -4.0 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.

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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

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)
Ex-coupon date	31.05.2017
Record date	01.06.2017
Dividend payment date	02.06.2017
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)
Annual Results 2017	23.02.2017 (before opening of the stock exchange)
First quarter 2018 trading update	26.04.2018 (before opening of the stock exchange)
Annual General Meeting	29.05.2018 (at 10:00 AM CET)
First half-year 2018 results	29.08.2018 (before opening of the stock exchange)
Third quarter 2018 trading update	30.10.2018 (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®, Powerwall® and Xentro®. 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