# ANNUAL RESULTS 2017

## RECTICEL DELIVERS FURTHER SALES AND PROFIT GROWTH

- **Combined[a] sales grew by +8.4% to EUR 1,460.8 million**
- **Combined REBITDA increased by +8.0% to EUR 105.5 million**
- **Result of the period (share of the Group): from EUR 16.3 million to EUR 23.9 million (+46.4%)**
- **Combined net financial debt: EUR 122.9 million (31 Dec 2016: EUR 126.0 million)**
- **Proposal to pay a gross dividend of EUR 0.22 per share**

The combined sales growth accelerated in 2017 to +8.4 %, leading to an 8.0% increase in combined REBITDA, achieved despite severe headwinds: the unprecedented increases in raw material prices and subsequent shortage in isocyanates, the negative currency impacts, and the unforeseeable situations created by the fire incident in our Automotive Interiors plant in Most in the Czech Republic in 1Q2017 and by the BASF TDI quality issue in 4Q2017.

The Result of the Period reached a historical high at EUR 23.9 million, while the combined net financial debt reached a low of EUR 122.9 million.

Olivier Chapelle (CEO): *"We are satisfied with our sales and profit growth in 2017, achieved under a combination of very challenging market conditions and exceptional events. This growth in sales and results reflects the Group's resilience and further strengthens our confidence in our capacity to achieve our long term targets and to deliver consistent value creation.*

*Going forward we remain focused on growth, raising overall performance by the continued strengthening of our product portfolio, improving productivity and optimizing the operating model of the Group, as well as expanding our Insulation business line."*

## ***OUTLOOK***

For the full-year 2018, the Group expects continued growth of its combined sales and REBITDA thanks to a combination of volume growth, improved mix and efficiency gains.

All comparisons are made with the comparable period of 2016, unless mentioned otherwise.

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

RECTICEL The passion for comfort

# 1. KEY FIGURES

## 1.1. CONSOLIDATED DATA

- **Sales: from EUR 1,048.3 million to EUR 1,135.4 million (+8.3%) including a currency impact of -1.4%**
- **EBITDA: from EUR 72.7 million to EUR 82.8 million (+13.9%)**
- **EBIT: from EUR 39.2 million to EUR 44.9 million (+14.4%)**
- **Result of the period (share of the Group): from EUR 16.3 million to EUR 23.9 million (+46.4%)**
- **Net financial debt[1]: EUR 87.1 million (31 December 2016: EUR 108.4 million; 30 September 2017: EUR 114.4 million)**

| in million EUR | 2016<br>(a) | 2017<br>(b) | Δ 2017/2016<br>(b)/(a)-1 |
|---|---|---|---|
| **Sales** | **1 048,3** | **1 135,4** | ***8,3%*** |
| Gross profit [2] | 201,1 | 183,5 | *-8,7%* |
| *as % of sales* | *19,2%* | *16,2%* | |
| **EBITDA** | **72,7** | **82,8** | ***13,9%*** |
| *as % of sales* | *6,9%* | *7,3%* | |
| **EBIT** | **39,2** | **44,9** | ***14,4%*** |
| *as % of sales* | *3,7%* | *4,0%* | |
| **Result of the period (share of the Group)** | **16,3** | **23,9** | ***46,4%*** |
| Result of the period (share of the Group) - base (per share, in EUR) | 0,31 | 0,44 | *44,8%* |
| **Gross dividend per share (in EUR)** | 0,18 | 0,22 | ***22,2%*** |
| **Total Equity** | **251,2** | **261,8** | ***4,2%*** |
| Net financial debt [1] | 108,4 | 87,1 | *-19,6%* |
| **Gearing ratio** (Net financial debt[1]/Total Equity) | **43,1%** | **33,3%** | |
| **Leverage ratio** (Net financial debt[1]/EBITDA) | **1,49** | **1,05** | |

[1] Excluding the drawn amounts under non-recourse factoring programs: EUR 54.7 million per 31 December 2017 (EUR 51.7 million per 31 December 2016, and EUR 66.9 million per 30 September 2017).

[2] The gross profit 2017 includes EUR -30.0 million non-recurring costs from additional expenses incurred due to alternative production solutions and operational inefficiencies following the fire incident in in the Most-plant (Automotive Interiors - Czech Republic).

## 1.2. COMBINED DATA

- **Sales: from EUR 1,347.9 million to EUR 1,460.8 million (+ 8.4%), including currency impact of -0.9%**
- **REBITDA: from EUR 97.7 million to EUR 105.5 million (+8.0%)**
- **REBIT: from EUR 58.2 million to EUR 66.5 million (+14.2%)**
- **Result of the period (share of the Group): from EUR 16.3 million to EUR 23.9 million (+46.4%)**
- **Net financial debt[1]: EUR 122.9 million (31 December 2016: EUR 126.0 million; 30 September 2017: EUR 151.6 million)**

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **686,0** | **661,9** | **1 347,9** | **726,8** | **734,0** | **1 460,8** | **5,9%** | **10,9%** | **8,4%** |
| Gross profit[2] | 133,4 | 112,1 | 245,5 | 100,2 | 107,2 | 207,4 | -24,9% | -4,4% | -15,5% |
| *as % of sales* | *19,4%* | *16,9%* | *18,2%* | *13,8%* | *14,6%* | *14,2%* | | | |
| **REBITDA** | **54,8** | **42,9** | **97,7** | **50,1** | **55,4** | **105,5** | **-8,6%** | **29,2%** | **8,0%** |
| *as % of sales* | *8,0%* | *6,5%* | *7,2%* | *6,9%* | *7,5%* | *7,2%* | | | |
| **EBITDA** | **47,9** | **37,6** | **85,4** | **41,0** | **53,1** | **94,1** | **-14,3%** | **41,3%** | **10,2%** |
| *as % of sales* | *7,0%* | *5,7%* | *6,3%* | *5,6%* | *7,2%* | *6,4%* | | | |
| **REBIT** | **35,6** | **22,6** | **58,2** | **31,3** | **35,1** | **66,5** | **-11,9%** | **55,2%** | **14,2%** |
| *as % of sales* | *5,2%* | *3,4%* | *4,3%* | *4,3%* | *4,8%* | *4,6%* | | | |
| **EBIT** | **27,6** | **16,6** | **44,3** | **22,2** | **25,9** | **48,1** | **-19,6%** | **55,3%** | **8,6%** |
| *as % of sales* | *4,0%* | *2,5%* | *3,3%* | *3,1%* | *3,5%* | *3,3%* | | | |

| | 30 Jun 16 | 31 Dec 16 | | 30 Jun 17 | 31 Dec 17 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total Equity** | **245,6** | **251,2** | **251,2** | **257,1** | **261,8** | **261,8** | **4,7%** | **4,2%** | **4,2%** |
| Net financial debt[1] | 132,9 | 126,0 | 126,0 | 151,4 | 122,9 | 122,9 | 13,9% | -2,4% | -2,4% |
| **Gearing ratio** | **54,1%** | **50,1%** | **50,1%** | **58,9%** | **46,9%** | **46,9%** | | | |
| **Leverage ratio** | | | **1,5** | | | **1,3** | | | |

[1] Excluding the drawn amounts under non-recourse factoring programs: EUR 54.7 million per 31 December 2017 (EUR 52.2 million per 31 December 2016, and EUR 66.9 million per 30 September 2017).

[2] The gross profit 2017 includes EUR -30.0 million non-recurring costs from additional expenses incurred due to alternative production solutions and operational inefficiencies following the fire incident in in the Most-plant (Automotive Interiors - Czech Republic).

## 2. COMMENTS ON THE GROUP RESULTS

Detailed comments on the sales and results of the different segments are given in chapter 6 on the basis of the combined financial data (joint ventures integrated following the proportionate consolidation method).

**Combined Sales:** from EUR 1,347.9 million to **EUR 1,460.8 million** (+8.4%), including an adverse currency impact of -0.9% due to the depreciation of most currencies versus the Euro.

There were no changes in the scope of consolidation in 2017.

All segments except Bedding reported higher sales. The overall progress is the result of (i) a strong volume growth in Automotive, positively influenced by the start-up of scheduled new programs in Automotive Interiors, and (ii) increased average sales prices following the steep increase of raw material costs (i.e. isocyanates MDI and TDI).

Breakdown of the **combined** sales by segment

| *in million EUR* | 1Q2017 | 2Q2017 | 3Q2017 | 4Q2017 |
|---|---|---|---|---|
| Flexible Foams | 160,6 | 157,0 | 148,6 | 159,9 |
| Bedding | 75,0 | 63,3 | 64,9 | 68,9 |
| Insulation | 61,3 | 67,9 | 72,4 | 70,8 |
| Automotive | 84,6 | 88,8 | 84,1 | 92,8 |
| Eliminations | ( 16,3) | ( 15,4) | ( 14,0) | ( 14,4) |
| **TOTAL COMBINED SALES** | **365,3** | **361,5** | **356,0** | **378,0** |
| Adjustment for joint ventures by application of IFRS 11 | ( 83,4) | ( 77,4) | ( 77,1) | ( 87,5) |
| **TOTAL CONSOLIDATED SALES** | **281,9** | **284,1** | **278,9** | **290,5** |

| 2H2016 | 2H2017 | Δ 2H | *in million EUR* | FY2016 | FY2017 | Δ FY |
|---|---|---|---|---|---|---|
| 297,0 | 308,6 | *3,9%* | Flexible Foams | 607,2 | 626,1 | *3,1%* |
| 144,9 | 133,8 | *-7,7%* | Bedding | 292,9 | 272,1 | *-7,1%* |
| 116,0 | 143,1 | *23,4%* | Insulation | 234,1 | 272,3 | *16,3%* |
| 142,0 | 176,9 | *24,6%* | Automotive | 288,9 | 350,4 | *21,3%* |
| ( 38,0) | ( 28,4) | *-25,4%* | Eliminations | ( 75,4) | ( 60,1) | *-20,2%* |
| **661,9** | **734,0** | ***10,9%*** | **TOTAL COMBINED SALES** | **1 347,9** | **1 460,8** | ***8,4%*** |

| 3Q2016 | 3Q2017 | Δ 3Q | *in million EUR* | 4Q2016 | 4Q2017 | Δ 4Q |
|---|---|---|---|---|---|---|
| 141,3 | 148,6 | *5,2%* | Flexible Foams | *155,7* | *159,9* | *2,7%* |
| 70,1 | 64,9 | *-7,5%* | Bedding | *74,7* | *68,9* | *-7,8%* |
| 59,0 | 72,4 | *22,5%* | Insulation | *57,0* | *70,8* | *24,2%* |
| 64,2 | 84,1 | *30,9%* | Automotive | *77,8* | *92,8* | *19,3%* |
| ( 16,7) | ( 14,0) | *-16,0%* | Eliminations | *( 21,4)* | *( 14,4)* | *-32,7%* |
| **318,1** | **356,0** | ***11,9%*** | **TOTAL COMBINED SALES** | **343,8** | **378,0** | ***10,0%*** |

The sales growth observed in the first three quarters (1Q2017: +5.7%, 2Q2017: +6.2% and 3Q2017: +11.9%) was confirmed by a +10.0% growth in 4Q2017 with combined sales increasing from EUR 343.8 million in 4Q2016 to **EUR 378.0 million in 4Q2017** including a negative currency impact of EUR -1.5 million (-0.8%).

The Insulation segment grew by +24.2% during 4Q2017, thanks to higher selling prices compensating for the higher chemical raw materials costs.

The Automotive segment grew by +19.3% during 4Q2017, thanks to the strength of the automotive market combined with the start-up of many new programs.

Sales in the Flexible Foams segment grew by +2.7% in 4Q2017, the increase being driven by the Technical Foams segment, while the Comfort segment suffered temporarily from the TDI quality issues at BASF (see press release of 19 October 2017).

The Bedding segment further contracted in 4Q2017 as a result of the lower demand, influenced by the TDI quality issues at BASF.

**Combined REBITDA**: from EUR 97.7 million to **EUR 105.5 million** (+8.0%)

REBITDA margin stabilized at 7.2%.

Despite the impacts of raw material price increases and adverse currency evolutions, recurrent profitability increased thanks to a combination of volume growth, selling price increases, efficiency improvements and Group operating efficiency improvements.

Breakdown of the **combined** REBITDA by segment

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 28,2 | 18,1 | 46,3 | 23,3 | 17,3 | 40,6 | -17,2% | -4,9% | -12,4% |
| Bedding | 7,9 | 7,8 | 15,7 | 7,7 | 7,4 | 15,1 | -2,0% | -5,4% | -3,7% |
| Insulation | 17,8 | 15,3 | 33,1 | 14,2 | 26,1 | 40,3 | -20,2% | 71,2% | 21,9% |
| Automotive | 10,5 | 9,4 | 19,9 | 13,5 | 12,1 | 25,6 | 27,9% | 29,1% | 28,5% |
| Corporate | ( 9,6) | ( 7,8) | ( 17,3) | ( 8,6) | ( 7,5) | ( 16,1) | -9,9% | -3,1% | -6,8% |
| **TOTAL COMBINED REBITDA** | **54,8** | **42,9** | **97,7** | **50,1** | **55,4** | **105,5** | **-8,6%** | **29,2%** | **8,0%** |

- Flexible Foams continued to improve its operational efficiency and mix, but has been impacted by its Eurofoam joint venture which has not succeeded in fully passing through the raw material price increases to the market.

- In Bedding, the impact of lower sales – partially explained by the quality issues at BASF – could not be fully compensated by the focus on the higher margin business and the significant cost reduction measures. The supply chain issues which impacted 2H2016 and 1Q2017 results were fully resolved during 1H2017.

- Despite slightly lower volumes due to shortages in the MDI supply in 2Q2017 and 3Q2017, profitability in Insulation further improved as the higher raw material costs were passed on to the market.

- Automotive benefited from a supportive market environment with overall higher volumes; the latter induced by solid market demand and additional volumes related to the new Interiors programs.

**Combined REBIT**: from EUR 58.2 million to **EUR 66.5 million** (+14.2%)

REBIT margin increased from 4.3% to 4.6%.

Breakdown of the **combined** REBIT by segment

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 22,0 | 11,8 | 33,8 | 17,1 | 10,7 | 27,9 | -22,0% | -9,1% | -17,5% |
| Bedding | 5,1 | 5,3 | 10,4 | 5,4 | 5,1 | 10,5 | 5,3% | -3,9% | 0,6% |
| Insulation | 14,7 | 12,0 | 26,8 | 11,0 | 22,7 | 33,7 | -25,6% | 88,7% | 25,8% |
| Automotive | 3,9 | 1,8 | 5,7 | 7,0 | 4,5 | 11,4 | 80,5% | 147,5% | 101,8% |
| Corporate | ( 10,1) | ( 8,3) | ( 18,4) | ( 9,1) | ( 7,9) | ( 17,0) | -10,0% | -5,2% | -7,9% |
| **TOTAL COMBINED REBIT** | **35,6** | **22,6** | **58,2** | **31,3** | **35,1** | **66,5** | **-11,9%** | **55,2%** | **14,2%** |

**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 -18.4 million (compared to EUR -13.9 million in 2016).

| in million EUR | 2016 | 1H2017 | 2H2017 | 2017 |
|---|---|---|---|---|
| Net impact of fire incident in Most | 0,0 | ( 4,9) | 3,9 | ( 1,1) |
| Restructuring charges and provisions | ( 7,8) | 0,4 | ( 4,1) | ( 3,7) |
| Other | ( 4,4) | ( 4,5) | ( 2,1) | ( 6,6) |
| **Total impact on EBITDA** | **( 12,2)** | **( 9,1)** | **( 2,3)** | **( 11,4)** |
| Impairments linked to fire incident in Most | 0,0 | 0,0 | ( 6,7) | ( 6,7) |
| Impairments - other | ( 1,7) | 0,0 | ( 0,3) | ( 0,3) |
| **Total impact on EBIT** | **( 13,9)** | **( 9,1)** | **( 9,3)** | **( 18,4)** |

The major non-recurring event in 2017 was the fire incident in the Automotive Interiors plant in Most (Czech Republic) on 22 January 2017. At EBIT level, its net financial impact on 31 December 2017 amounts to EUR -7.8 million including: additional expenses, inefficiencies and losses on assets induced by the fire, impairments, reinsurance costs and insurance payments (cfr page 15 Consolidated income statement).

In addition, restructuring measures (EUR -3.7 million) were decided and/or implemented in execution of the Group's rationalisation plan, including (i) further reorganisations in Flexible Foams and (ii) some additional costs relating to sites closed in 2016.

The 'other' non-recurring elements (EUR – 6.6 million) relate mainly to legacy environmental and legal files and provisions for litigation.

Impairment charges amounted to EUR -7.0 million (2016: EUR -1.7 million) and relate to (i) impairment of equipment in Automotive Interiors (EUR -6.7 million) following the fire incident in the Most plant in the Czech Republic and (ii) idle tangible and intangible assets in Flexible Foams and Bedding (EUR -0.3 million).

**Combined EBITDA:** from EUR 85.4 million to **EUR 94.1 million** (+10.2%)

EBITDA margin increased from 6.3% to 6.4%.

Breakdown of EBITDA by segment

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 23,6 | 15,9 | 39,6 | 18,7 | 11,9 | 30,6 | -21,0% | -25,2% | -22,7% |
| Bedding | 6,6 | 5,5 | 12,1 | 7,6 | 6,8 | 14,3 | 15,0% | 21,8% | 18,1% |
| Insulation | 17,8 | 15,1 | 32,9 | 14,2 | 25,9 | 40,1 | -20,0% | 71,4% | 22,0% |
| Automotive | 9,5 | 8,8 | 18,3 | 9,1 | 15,9 | 25,0 | -4,4% | 81,1% | 36,6% |
| Corporate | ( 9,7) | ( 7,8) | ( 17,4) | ( 8,6) | ( 7,3) | ( 16,0) | -10,9% | -5,5% | -8,5% |
| **TOTAL COMBINED EBITDA** | **47,9** | **37,6** | **85,4** | **41,0** | **53,1** | **94,1** | **-14,3%** | **41,3%** | **10,2%** |
| Adjustment for joint ventures by application of IFRS 11[1] | ( 6,9) | ( 5,9) | ( 12,7) | ( 5,6) | ( 5,8) | ( 11,3) | -19,1% | -1,7% | -11,1% |
| **TOTAL CONSOLIDATED EBITDA** | **41,0** | **31,7** | **72,7** | **35,4** | **47,3** | **82,8** | **-13,5%** | **49,3%** | **13,9%** |

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

**Combined EBIT:** from EUR 44.3 million to **EUR 48.1 million** (+8.6%)

EBIT margin stabilized at 3.3%.

Breakdown of EBIT by segment

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| Flexible Foams | 17,2 | 9,3 | 26,5 | 12,5 | 5,2 | 17,7 | -27,3% | -43,8% | -33,1% |
| Bedding | 3,1 | 2,6 | 5,8 | 5,3 | 4,3 | 9,6 | 67,3% | 65,3% | 66,4% |
| Insulation | 14,7 | 11,9 | 26,6 | 11,0 | 22,5 | 33,5 | -25,3% | 89,2% | 26,0% |
| Automotive | 2,9 | 1,2 | 4,0 | 2,6 | 1,5 | 4,1 | -8,6% | 28,8% | 2,2% |
| Corporate | ( 10,2) | ( 8,3) | ( 18,6) | ( 9,1) | ( 7,7) | ( 16,8) | -11,0% | -7,4% | -9,4% |
| **TOTAL COMBINED EBIT** | **27,6** | **16,6** | **44,3** | **22,2** | **25,9** | **48,1** | **-19,6%** | **55,3%** | **8,6%** |
| Adjustment for joint ventures by application of IFRS 11[1] | ( 3,0) | ( 2,0) | ( 5,1) | ( 1,6) | ( 1,6) | ( 3,2) | -45,6% | -22,9% | -36,4% |
| **TOTAL CONSOLIDATED EBIT** | **24,6** | **14,6** | **39,2** | **20,6** | **24,3** | **44,9** | **-16,4%** | **66,3%** | **14,4%** |

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

**Consolidated financial result**: from EUR -11.7 million to **EUR -4.7 million**

Net interest charges decreased from EUR -8.1 million to EUR -6.5 million as a result of a lower cost of debt.

'Other net financial income and expenses' (EUR +1.7 million compared to EUR -3.6 million in 2016) comprise mainly interest capitalisation costs under provisions for pension liabilities (EUR –1.0 million versus EUR -1.1 million in 2016) and exchange rate differences (EUR +3.2 million versus EUR -2.6 million in 2016).

**Consolidated income taxes and deferred taxes**: from EUR -11.2 million to **EUR -16.2 million**:

- Current income tax charge: EUR -6.0 million (2016: EUR -3.5 million);
- Deferred tax charge: EUR -10.2 million (2016: EUR -7.6 million).

The corporate tax reform in Belgium lead to a EUR -4.5 million additional deferred tax charge.

**Consolidated result of the period (share of the Group)**: from EUR +16.3 million to **EUR +23.9 million** (+46.4%).

## 3. FINANCIAL POSITION

On 31 December 2017, the **combined net financial debt** amounted to EUR 122.9 million (31 December 2016: EUR 126.0 million; 30 September 2017: EUR 151.6 million) excluding the amount of EUR 54.7 million drawn under the factoring programs (31 December 2016: EUR 52.2 million; 30 September 2017: EUR 66.9 million).

**Total combined net debt**, including amounts drawn under off-balance non-recourse factoring programs, amounted to EUR 177.6 million (31 December 2016: EUR 178.2 million; 30 September 2017 EUR 218.5 million).

On 31 December 2017, the **consolidated net financial debt** amounted to EUR 87.1 million (31 December 2016: EUR 108.4 million; 30 September 2017: EUR 114.4 million) excluding the amount of EUR 54.7 million drawn under the factoring programs (31 December 2016: EUR 51.7 million; 30 September 2017: EUR 66.9 million).

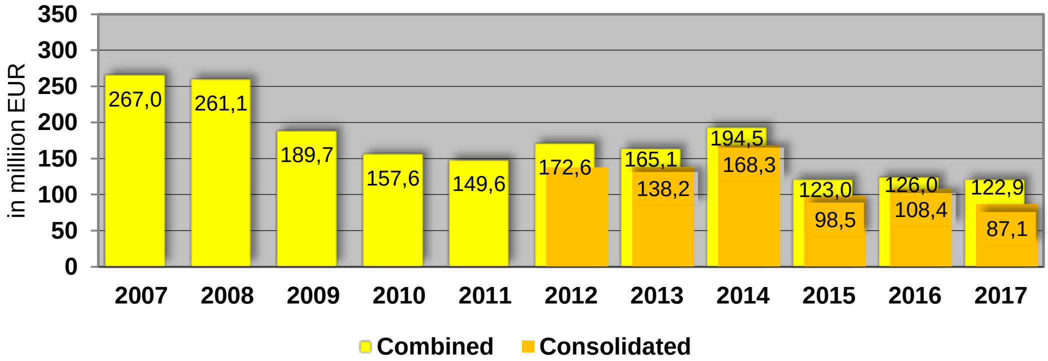
**Total consolidated net debt**, including amounts drawn under off-balance non-recourse factoring programs, amounted to EUR 141.8 million (31 December 2016: 160.1 million; 30 September 2017: 181.3 million).

On 31 December 2017 **total equity** amounted to EUR 261.8 million compared to EUR 251.2 million on 31 December 2016.

On a **combined** basis**, 'net debt to equity'** improved to 46.9**%** (2016: 50.1%).

On a **consolidated** basis, '**net debt to equity'** improved to 33.3**%** (2016: 43.1%).

**Net Financial Debt[1] (per 31 December)**




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

On 24 July 2017 the Group fully reimbursed the outstanding amounts (EUR 27.7 million) under the 5% convertible bonds 2007-2017.

On 31 January 2018 the banks participating in the EUR 175 million 2016-2021 Credit Facility consented with the discharge and release of all securities previously granted.

The Group confirms that all conditions under the financial arrangements with its banks are respected on 31 December 2017.

## 4. PROPOSED DIVIDEND

The Board of Directors will propose to the Annual General Meeting of 29 May 2018 the payment of a gross dividend of EUR 0.22 per share on 54.8 million shares or a total dividend payout of EUR 12.1 million (2016: respectively EUR 0.18/share and EUR 9.7 million in total).

## 5. MISCELLANEOUS

### 5.1. 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 actively cooperated since then to fully restore contractual deliveries, which happened as of September 2017.

RAI Most s.r.o. is insured according to industry standards. At the end of 2017, the net non-recurring financial impact was assessed at EUR -7.8 million, being the result of: additional expenses, inefficiencies and losses on assets induced by the fire, impairments, reinsurance costs and insurance payments. Additional non-recurring costs as well as insurance indemnity payments are still expected in 2018.

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 2017, RAI Most s.r.o. realised sales of CZK 865 million (EUR 32.8 million) and employed 519 people.

## ***5.2. BASF QUALITY SUPPLY ISSUES***

On 10 October 2017, Recticel announced that on 5 October 2017 it received a notification from BASF stating that between 25 August 2017 and 29 September 2017, polluted toluene diisocyanate ("TDI") – more particularly Lupranate T80 A - has been supplied by the BASF plant in Ludwigshafen (Germany) to five Recticel sites, producing flexible polyurethane foams for the industry. BASF is one of the major suppliers of TDI and other BASF customers have been confronted with the same issue and received similar notifications.

On 19 October 2017, Recticel confirmed that all affected sites have restarted production with conform TDI. All affected foam products still in the Recticel sites were quarantined, and in close cooperation with its customers, Recticel completed the traceability exercise to identify all affected foam deliveries. BASF provided clarity with regard to the safety concern and risk associated with the non-conform BASF TDI, stating that there was no health risk, and offered - as a precautionary measure - to collect all foam products produced with non-conform BASF TDI for the bedding and upholstery industries.

Recticel continues to cooperate with BASF to resolve the remaining issues with customers and to deal with the collection of the affected foam products and does not expect this issue to have a material financial impact.

## ***6. OPERATING 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.

## 6.1. FLEXIBLE FOAMS

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **310,3** | **297,0** | **607,2** | **317,5** | **308,6** | **626,1** | 2,3% | 3,9% | **3,1%** |
| **REBITDA** | **28,2** | **18,1** | **46,3** | **23,3** | **17,3** | **40,6** | -17,2% | -4,9% | **-12,4%** |
| *as % of sales* | *9,1%* | *6,1%* | *7,6%* | *7,3%* | *5,6%* | *6,5%* | | | |
| **EBITDA** | **23,6** | **15,9** | **39,6** | **18,7** | **11,9** | **30,6** | -21,0% | -25,2% | **-22,7%** |
| *as % of sales* | *7,6%* | *5,4%* | *6,5%* | *5,9%* | *3,9%* | *4,9%* | | | |
| **REBIT** | **22,0** | **11,8** | **33,8** | **17,1** | **10,7** | **27,9** | -22,0% | -9,1% | **-17,5%** |
| *as % of sales* | *7,1%* | *4,0%* | *5,6%* | *5,4%* | *3,5%* | *4,5%* | | | |
| **EBIT** | **17,2** | **9,3** | **26,5** | **12,5** | **5,2** | **17,7** | -27,3% | -43,8% | **-33,1%** |
| *as % of sales* | *5,5%* | *3,1%* | *4,4%* | *3,9%* | *1,7%* | *2,8%* | | | |

Sales

Combined sales increased from EUR 155.7 million in 4Q2016 to **EUR 160.0 million in 4Q2017** (+2.8%), including exchange rate differences (-0.8%). Excluding intersegment sales, combined external sales increased by +6.2% to EUR 147.9 million. Strong growth in Technical Foams (+10.1%) was partially offset by a limited decrease in Comfort (-1.7%).

For the **full-year 2017**, combined sales increased from EUR 607.2 million in 2016 to **EUR 626.1 million** (+3.1%), including exchange rate differences (-1.0%). Excluding intersegment sales, combined external sales increased by +4.4% to EUR 575.8 million.

The positive evolution was primarily driven by the Technical Foams division (+7.5%); whereas the Comfort division (+0.2%) temporarily suffered from the TDI quality issues at BASF, which also indirectly impacted the bedding sector.

Profitability

REBITDA margin decreased from 7.6% to 6.5%.

Profitability margins decreased as a consequence of the Eurofoam joint venture not succeeding in fully passing through the substantial raw material price increases to the market.

Full-year EBITDA decreased by EUR 9.0 million, from EUR 39.6 million to EUR 30.6 million. EBITDA includes EUR -10.0 million non-recurring elements (2016: EUR –6.8 million), which mainly relate to (i) costs relating to additional restructuring measures implemented in execution of the Group’s rationalisation plan, (ii) costs related to the closure of the site in Buren (The Netherlands), and (iii) incurred costs and provisions for litigations and legal fees.

## 6.2. BEDDING

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **148,1** | **144,9** | **292,9** | **138,3** | **133,8** | **272,1** | -6,6% | -7,7% | **-7,1%** |
| **REBITDA** | **7,9** | **7,8** | **15,7** | **7,7** | **7,4** | **15,1** | -2,0% | -5,4% | **-3,7%** |
| *as % of sales* | *5,3%* | *5,4%* | *5,4%* | *5,6%* | *5,5%* | *5,6%* | | | |
| **EBITDA** | **6,6** | **5,5** | **12,1** | **7,6** | **6,8** | **14,3** | 15,0% | 21,8% | **18,1%** |
| *as % of sales* | *4,5%* | *3,8%* | *4,1%* | *5,5%* | *5,0%* | *5,3%* | | | |
| **REBIT** | **5,1** | **5,3** | **10,4** | **5,4** | **5,1** | **10,5** | 5,3% | -3,9% | **0,6%** |
| *as % of sales* | *3,5%* | *3,7%* | *3,6%* | *3,9%* | *3,8%* | *3,9%* | | | |
| **EBIT** | **3,1** | **2,6** | **5,8** | **5,3** | **4,3** | **9,6** | 67,3% | 65,3% | **66,4%** |
| *as % of sales* | *2,1%* | *1,8%* | *2,0%* | *3,8%* | *3,2%* | *3,5%* | | | |

Sales

The sales trend of the first nine-months (1Q: -5.0%; 2Q: -8.4% and 3Q: -7.5%) was continued in the last quarter. **4Q2017** combined sales decreased by -7.8% from EUR 74.7 million in 4Q2016 to **EUR 68.9 million**, including a -0.4% impact from exchange rate differences.

Excluding intersegment sales, combined external sales decreased by -4.1% to amount EUR 67.2 million in 4Q2017. In difficult market conditions, due to the quality issues of the TDI supplied by BASF in October 2017, the sub-segment Branded Products was broadly flat, while the sub-segment Non-Branded/Private Label declined by -7.7%, including a continued rationalisation of the mix.

Over the **full-year 2017**, combined sales decreased from EUR 292.9 million to **EUR 272.1 million** (-7.1%), with a minor impact from exchange rate differences (-0.2%).

Excluding intersegment sales, combined external sales decreased by -3.7% to EUR 264.2 million. Operating in difficult market conditions, especially in Germany, the decrease was limited in the sub-segment Branded Products (-1.6%), while the sub-segment Non-Branded/Private Label decreased by -7.2%.

Profitability

Despite lower sales, REBITDA margin improved from 5.4% to 5.6%.

Profitability margins improved as a result of a better product-mix and the much improved supply chain performance.

Full-year EBITDA increased from EUR 12.1 million to EUR 14.3 million. EBITDA was marginally impacted by non-recurring restructuring measures amounting to EUR -0.8 million (2016: EUR -3.6 million).

## 6.3. INSULATION

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **118,1** | **116,0** | **234,1** | **129,2** | **143,1** | **272,3** | 9,4% | 23,4% | **16,3%** |
| **REBITDA** | **17,8** | **15,3** | **33,1** | **14,2** | **26,1** | **40,3** | -20,2% | 71,2% | **21,9%** |
| *as % of sales* | *15,1%* | *13,2%* | *14,1%* | *11,0%* | *18,2%* | *14,8%* | | | |
| **EBITDA** | **17,8** | **15,1** | **32,9** | **14,2** | **25,9** | **40,1** | -20,0% | 71,4% | **22,0%** |
| *as % of sales* | *15,0%* | *13,0%* | *14,0%* | *11,0%* | *18,1%* | *14,7%* | | | |
| **REBIT** | **14,7** | **12,0** | **26,8** | **11,0** | **22,7** | **33,7** | -25,6% | 88,7% | **25,8%** |
| *as % of sales* | *12,5%* | *10,4%* | *11,4%* | *8,5%* | *15,9%* | *12,4%* | | | |
| **EBIT** | **14,7** | **11,9** | **26,6** | **11,0** | **22,5** | **33,5** | -25,3% | 89,2% | **26,0%** |
| *as % of sales* | *12,4%* | *10,3%* | *11,4%* | *8,5%* | *15,7%* | *12,3%* | | | |

Sales

The strong sales trend observed in the first nine months (1Q: +10.5%; 2Q: +8.4% and 3Q: +22.5%) was extended in the last quarter of the year. **4Q2017** sales increased by +24.2% from EUR 57.0 million to **EUR 70.7 million**, including a negative currency impact of the Pound Sterling (-0.7%). The higher sales figure is primarily explained by higher selling prices to reflect the higher chemical raw materials costs and the postponement of some volumes from 3Q2017 into 4Q2017 due to the supply shortage during the summer months.

Over **full-year 2017**, sales increased by +16.3% from EUR 234.1 million to **EUR 272.3 million**, including exchange rate differences (-2.3%; i.e. Pound Sterling). Volumes were broadly flat, compared to 2016, not due to weaker demand, but as a consequence of the supply shortage of MDI in 2Q and 3Q2017. The lower volumes and the negative impact of the Pound Sterling have been offset by a better product-mix in combination with significantly higher selling prices which had to be implemented following the substantial rise in chemical raw material prices (MDI).

As announced in the press release of 21 June 2017, Recticel will establish a new manufacturing unit in Finland. The project is on schedule to start production in the course of 4Q2018, and is expected to generate growth in Scandinavia, the Baltics and Russia as from 2019.

Profitability

REBITDA margin increased from 14.1% to 14.8%.

Despite the temporarily limited market availability of MDI volumes in 2Q and 3Q2017 (cfr press release of 12 May 2017), and the consequently higher chemical raw material costs, profitability margins increased. Substantially increased selling prices, combined with a better product-mix, and the spread of the volumes over a longer building season explains this favourable evolution. Although the MDI market supply gradually normalised towards the end of the year, raw material prices still remain at a high level.

## 6.4. AUTOMOTIVE

| in million EUR | 1H16 | 2H16 | FY16 | 1H17 | 2H17 | FY17 | Δ 1H | Δ 2H | Δ FY |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **146,9** | **142,1** | **288,9** | **173,5** | **176,9** | **350,4** | 18,1% | 24,5% | **21,3%** |
| **REBITDA** | **10,5** | **9,4** | **19,9** | **13,5** | **12,1** | **25,6** | 27,9% | 29,1% | **28,5%** |
| *as % of sales* | *7,2%* | *6,6%* | *6,9%* | *7,8%* | *6,9%* | *7,3%* | | | |
| **EBITDA** | **9,5** | **8,8** | **18,3** | **9,1** | **15,9** | **25,0** | -4,4% | 81,1% | **36,6%** |
| *as % of sales* | *6,5%* | *6,2%* | *6,3%* | *5,3%* | *9,0%* | *7,1%* | | | |
| **REBIT** | **3,9** | **1,8** | **5,7** | **7,0** | **4,5** | **11,4** | 80,5% | 147,5% | **101,8%** |
| *as % of sales* | *2,6%* | *1,3%* | *2,0%* | *4,0%* | *2,5%* | *3,3%* | | | |
| **EBIT** | **2,9** | **1,2** | **4,0** | **2,6** | **1,5** | **4,1** | -8,6% | 28,8% | **2,2%** |
| *as % of sales* | *2,0%* | *0,8%* | *1,4%* | *1,5%* | *0,8%* | *1,2%* | | | |

Sales

The sales trend observed during the first nine months (1Q: +14.5%; 2Q: +21.7% and 3Q: +30.9%) was further extended in the last quarter. Combined sales increased from EUR 77.8 million in 4Q2016 to **EUR 92.8 million** (+19.3%) **in 4Q2017**, including a currency impact of -0.9%. The Automotive segment continued to benefit from strong volumes on running programs as well as the successful new program start-ups. Both sub-segments, Interiors and Seating, reported higher sales.

The sub-segment Interiors grew by +22.2%. As in the previous quarters, this growth was driven by the gradual start-up of scheduled new programs, as well as strong market demand for several car models.

The sub-segment Seating (i.e. Proseat, the 51/49 joint venture between Recticel and Woodbridge) reported +16.1% higher sales, also benefiting from strong market demand.

Over the **full-year 2017** combined sales increased from EUR 288.9 million to **EUR 350.4 million** (+21.3%), with a minor impact from exchange rate differences (-0.2%). Both sub-segments increased their sales significantly: Interiors with +30.4% to EUR 187.1 million, and Seating with +12.2% to EUR 163.3 million.

The growth in Interiors was realised despite the severe impact of the fire incident in the Most plant (Czech Republic), following which Recticel had to declare earlier in the year a *force majeure* to its customers.

Profitability

REBITDA margin increased from 6.9% to 7.3%.

More programs in combination with higher volumes - despite some temporary setback related to the fire incident in the Interiors plant in Most - explain the improvement, particularly in Interiors. Higher chemical raw material costs (i.e. TDI) had an adverse impact on the profit margins of the Seating sub-segment as these costs could not sufficiently be passed on to the market.

EBITDA includes non-recurring elements for a total net amount of EUR -0.6 million (2016: EUR -1.6 million), which relate mainly to the net impact, including the insurance coverage and reinsurance costs, of the fire accident in the Interiors plant in Most (Czech Republic).

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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 2016, 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 | 1H16 | 2H16 | FY2016 | 1H17 | 2H17 | FY2017 |
|---|---|---|---|---|---|---|
| **Sales** | **534,5** | **513,8** | **1 048,3** | **566,0** | **569,3** | **1 135,4** |
| Distribution costs | ( 29,5) | ( 28,4) | ( 57,9) | ( 31,7) | ( 30,2) | ( 62,0) |
| Cost of sales | ( 396,2) | ( 393,2) | ( 789,4) | ( 443,3) | ( 446,5) | ( 889,9) [1] |
| **Gross profit** | **108,8** | **92,3** | **201,1** | **91,0** | **92,5** | **183,5** |
| General and administrative expenses | ( 41,9) | ( 37,5) | ( 79,4) | ( 43,0) | ( 35,5) | ( 78,4) |
| Sales and marketing expenses | ( 37,3) | ( 34,7) | ( 72,0) | ( 33,9) | ( 35,6) | ( 69,5) |
| Research and development expenses | ( 6,9) | ( 6,0) | ( 12,9) | ( 7,0) | ( 6,7) | ( 13,7) |
| Impairments | ( 1,0) | ( 0,8) | ( 1,8) | 0,0 | ( 7,0) | ( 7,0) |
| *Other operating revenues (1)* | *2,7* | *4,2* | *6,9* | *25,2* | *30,8* | *56,0* |
| *Other operating expenses (2)* | *( 10,6)* | *( 9,1)* | *( 19,6)* | *( 13,1)* | *( 15,2)* | *( 28,3)* |
| Other operating result (1)+(2) | ( 7,9) | ( 4,9) | ( 12,7) | 12,0 | 15,6 | 27,6 [2] |
| Income from joint ventures & associates | 10,7 | 6,2 | 16,9 | 1,5 | 0,9 | 2,4 |
| **EBIT** | **24,6** | **14,6** | **39,2** | **20,6** | **24,3** | **44,9** |
| Interest income | 0,4 | 0,3 | 0,7 | 0,4 | 0,2 | 0,6 |
| Interest expenses | ( 4,3) | ( 4,5) | ( 8,8) | ( 4,0) | ( 3,1) | ( 7,1) |
| Other financial income | 5,4 | 1,7 | 7,1 | 8,7 | 3,9 | 12,6 |
| Other financial expenses | ( 6,5) | ( 4,2) | ( 10,7) | ( 7,2) | ( 3,6) | ( 10,9) |
| **Financial result** | **( 5,0)** | **( 6,8)** | **( 11,7)** | **( 2,1)** | **( 2,7)** | **( 4,7)** |
| **Result of the period before taxes** | **19,7** | **7,8** | **27,5** | **18,5** | **21,6** | **40,1** |
| Income taxes | ( 2,2) | ( 1,3) | ( 3,5) | ( 2,1) | ( 3,9) | ( 6,0) |
| Deferred taxes | ( 2,0) | ( 5,7) | ( 7,6) | ( 2,1) | ( 8,1) | ( 10,2) |
| **Result of the period after taxes** | **15,5** | **0,8** | **16,3** | **14,3** | **9,6** | **23,9** |
| of which attributable to the owners of the parent | 15,5 | 0,8 | 16,3 | 14,3 | 9,6 | 23,9 |
| of which attributable to non-controlling interests | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |

[1] Cost of Sales 2017 includes EUR -30.0 million non-recurring costs from additional expenses and inefficiencies incurred following the fire incident in Most (Automotive Interiors – Czech Republic).

[2] Other operating result 2017 includes EUR -11.6 million other operating expenses incurred following the fire incident in Most (Automotive Interiors – Czech Republic), as well as the insurance payments received.

## 2. Earnings per share

| in EUR | 2016 | 2017 | Δ |
|---|---|---|---|
| Number of shares outstanding (including treasury shares) | 54 062 520 | 54 776 357 | *1,3%* |
| Weighted average number of shares outstanding (before dilution effect) | 53 504 432 | 54 110 396 | *1,1%* |
| Weighted average number of shares outstanding (after dilution effect) | 59 643 102 | 57 941 701 | *-2,9%* |
| EBITDA | 1,36 | 1,53 | *12,6%* |
| EBIT | 0,73 | 0,83 | *13,1%* |
| Result for the period before taxes | 0,51 | 0,74 | *44,3%* |
| Result for the period after taxes | 0,31 | 0,44 | *44,8%* |
| Result for the period (share of the Group) - basic | 0,31 | 0,44 | *44,8%* |
| Result for the period (share of the Group) - diluted | 0,30 | 0,43 | *43,9%* |
| Net book value | 4,65 | 4,78 | *2,9%* |

## 3. Condensed consolidated statement of comprehensive income

| in million EUR | 1H16 | 2H16 | FY2016 | 1H17 | 2H17 | FY2017 |
|---|---|---|---|---|---|---|
| **Result for the period after taxes** | **15,5** | **0,8** | **16,3** | **14,3** | **9,6** | **23,9** |
| **Other comprehensive income** | | | | | | |
| ***Items that will not subsequently be recycled to profit and loss*** | | | | | | |
| Actuarial gains and losses on employee benefits recognized in equity | ( 10,1) | 2,7 | ( 7,4) | 0,5 | ( 4,6) | ( 4,1) |
| Deferred taxes on actuarial gains and losses on employee benefits | 2,2 | 0,2 | 2,4 | ( 0,3) | ( 0,5) | ( 0,7) |
| Currency translation differences | 0,7 | 0,2 | 0,9 | 0,1 | 0,2 | 0,3 |
| Joint ventures & Associates | 0,0 | 0,3 | 0,3 | 0,0 | ( 0,4) | ( 0,4) |
| **Total** | **( 7,3)** | **3,4** | **( 3,8)** | **0,4** | **( 5,3)** | **( 4,9)** |
| | | | | | | |
| ***Items that subsequently may be recycled to profit and loss*** | | | | | | |
| Hedging reserves | 0,5 | 1,3 | 1,9 | 1,1 | 1,1 | 2,2 |
| Currency translation differences | ( 4,7) | ( 0,3) | ( 5,0) | 0,0 | ( 6,5) | ( 6,5) |
| Foreign currency translation difference recycled in income statement | 0,0 | ( 0,3) | ( 0,3) | ( 2,9) | 2,9 | 0,0 |
| Deferred taxes on interest hedging reserves | ( 0,3) | ( 0,3) | ( 0,6) | ( 0,4) | 0,8 | 0,4 |
| Joint ventures & Associates | 0,0 | 0,4 | 0,4 | 0,0 | 1,1 | 1,1 |
| **Total** | **( 4,5)** | **0,7** | **( 3,8)** | **( 2,1)** | **( 0,6)** | **( 2,7)** |
| | | | | | | |
| **Other comprehensive income net of tax** | **( 11,8)** | **4,1** | **( 7,6)** | **( 1,7)** | **( 5,9)** | **( 7,6)** |
| | | | | | | |
| **Total comprehensive income for the period** | **3,7** | **5,0** | **8,7** | **12,6** | **3,7** | **16,3** |
| | | | | | | |
| **Total comprehensive income for the period** | **3,7** | **5,0** | **8,7** | **12,6** | **3,7** | **16,3** |
| of which attributable to the owners of the parent | 3,7 | 5,0 | 8,7 | 12,6 | 3,7 | 16,3 |
| 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 16 | 31 DEC 17 | Δ |
|---|---|---|---|
| Intangible assets | 12,1 | 12,3 | *1,8%* |
| Goodwill | 25,1 | 24,2 | *-3,6%* |
| Property, plant & equipment | 216,2 | 226,8 | *4,9%* |
| Investment property | 3,3 | 3,3 | *0,0%* |
| Interest in joint ventures & associates | 82,4 | 76,2 | *-7,5%* |
| Other financial investments and available for sale investments | 0,5 | 0,7 | *38,7%* |
| Non-current receivables | 13,9 | 14,8 | *6,8%* |
| Deferred tax | 37,8 | 26,2 | *-30,6%* |
| **Non-current assets** | **391,3** | **384,6** | ***-1,7%*** |
| Inventories and contracts in progress | 91,9 | 99,4 | *8,2%* |
| Trade receivables | 101,5 | 110,9 | *9,3%* |
| Other receivables | 69,6 | 73,4 | *5,5%* |
| Income tax receivables | 1,4 | 1,4 | *-6,3%* |
| Available for sale investments | 0,1 | 0,1 | *15,0%* |
| Cash and cash equivalents | 37,2 | 57,8 | *55,6%* |
| Disposal group held for sale | 0,0 | 2,6 | *n.r.* |
| **Current assets** | **301,7** | **345,6** | ***14,6%*** |
| **TOTAL ASSETS** | **693,0** | **730,2** | ***5,4%*** |

| in million EUR | 31 DEC 16 | 31 DEC 17 | Δ |
|---|---|---|---|
| Equity (share of the Group) | 251,2 | 261,8 | *4,2%* |
| Non-controlling interests | 0,0 | 0,0 | - |
| **Total equity** | **251,2** | **261,8** | ***4,2%*** |
| Pensions and other provisions | 64,2 | 68,6 | *6,8%* |
| Deferred tax | 10,1 | 9,1 | *-9,9%* |
| Interest-bearing borrowings | 97,0 | 96,1 | *-1,0%* |
| Other amounts payable | 0,2 | 0,2 | *25,7%* |
| **Non-current liabilities** | **171,5** | **174,0** | ***1,4%*** |
| Pensions and other provisions | 5,9 | 5,1 | *-13,7%* |
| Interest-bearing borrowings | 50,1 | 49,0 | *-2,3%* |
| Trade payables | 102,9 | 126,6 | *23,0%* |
| Income tax payables | 2,3 | 2,4 | *5,2%* |
| Other amounts payable | 108,9 | 111,3 | *2,2%* |
| **Current liabilities** | **270,2** | **294,4** | ***8,9%*** |
| **TOTAL LIABILITIES** | **693,0** | **730,2** | ***5,4%*** |

| in million EUR | 31 DEC 16 | 31 DEC 17 | Δ |
|---|---|---|---|
| Net financial debt | 108,4 | 87,1 | *-19,6%* |
| Net financial debt / Equity (non-controlling interests included) | 43% | 33% | |
| Equity (non-controlling interests included) / Total assets | 36% | 35% | |

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

| in million EUR | 2016 | 2017 |
|---|---|---|
| **EBIT** | **39,2** | **44,9** |
| Depreciation, amortisation and impairment losses on assets | 33,5 | 37,9 |
| Income from associates and joint ventures | ( 16,9) | ( 2,4) |
| Other non-cash elements | ( 4,8) | 5,2 |
| **Gross operating cash flow** | **50,9** | **85,6** |
| Changes in working capital | ( 5,9) | ( 4,2) |
| **Gross operating cash flow after changes in working capital** | **45,0** | **81,3** |
| Income taxes paid | ( 2,5) | ( 5,7) |
| **Net cash flow from operating activities (a)** | **42,5** | **75,6** |
| **Net cash flow from investment activities (b)** | **( 37,0)** | **( 40,8)** |
| Paid interest charges (1) | ( 7,6) | ( 7,1) |
| Paid dividends (2) | ( 7,5) | ( 9,7) |
| Increase (Decrease) of capital (3) | 1,2 | 3,7 |
| Increase (Decrease) of financial liabilities (4) | ( 8,3) | ( 2,3) |
| Other (5) | 0,0 | 0,0 |
| **Net cash flow from financing activities (c)= (1)+(2)+(3)+(4)+(5)** | **( 22,2)** | **( 15,4)** |
| Effect of exchange rate changes (d) | ( 2,1) | 1,3 |
| Effect of change in scope of consolidation (e) | 0,0 | 0,0 |
| **Changes in cash and cash equivalents (a)+(b)+(c)+(d)+(e)** | **( 18,8)** | **20,7** |
| **FREE CASH FLOW (a)+(b)+(1)** | **( 2,1)** | **27,7** |

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

| in million EUR | Capital | Share premium | Treasury shares | Other 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 period (31 December 2016)** | **135,2** | **126,1** | **( 1,5)** | **( 17,4)** | **24,9** | **( 11,0)** | **( 5,0)** | **251,2** | **0,0** | **251,2** |
| Dividends | 0,0 | 0,0 | 0,0 | 0,0 | ( 9,7) | 0,0 | 0,0 | ( 9,7) | 0,0 | ( 9,7) |
| Stock options (IFRS 2) | 0,0 | 0,0 | 0,0 | 0,3 | 0,0 | 0,0 | 0,0 | 0,3 | 0,0 | 0,3 |
| Capital movements | 1,8 | 1,9 | 0,0 | ( 0,6) | 0,6 | 0,0 | 0,0 | 3,7 | 0,0 | 3,7 |
| **Shareholders' movements** | **1,8** | **1,9** | **0,0** | **( 0,3)** | **( 9,1)** | **0,0** | **0,0** | **( 5,7)** | **0,0** | **( 5,7)** |
| **Profit or loss of the period** | **0,0** | **0,0** | **0,0** | **0,0** | **23,9** | **0,0** | **0,0** | **23,9** | **0,0** | **23,9** |
| ***Components of other comprehensive income that will not be recycled to profit or loss, net of tax*** | | | | | | | | | | |
| Revaluation | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| **Total other comprehensive income that will not be recycled to profit or loss, net of tax (a)** | **0,0** | **0,0** | **0,0** | **( 4,9)** | **0,0** | **0,0** | **0,0** | **( 4,9)** | **0,0** | **( 4,9)** |
| ***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 | 2,2 | 2,2 | 0,0 | 2,2 |
| Deferred taxes | 0,0 | 0,0 | 0,0 | 0,0 | 1,2 | 0,0 | ( 0,8) | 0,4 | 0,0 | 0,4 |
| Currency translation differences | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | ( 5,4) | 0,0 | ( 5,3) | 0,0 | ( 5,3) |
| **Total other comprehensive income that will be recycled to profit or loss, net of tax (b)** | **0,0** | **0,0** | **0,0** | **0,0** | **1,2** | **( 5,4)** | **1,5** | **( 2,7)** | **0,0** | **( 2,7)** |
| **Comprehensive income'** | **0,0** | **0,0** | **0,0** | **( 4,9)** | **25,1** | **( 5,4)** | **1,5** | **16,4** | **0,0** | **16,4** |
| **At the end of the period (31 December 2017)** | **136,9** | **128,0** | **( 1,5)** | **( 22,6)** | **40,9** | **( 16,4)** | **( 3,5)** | **261,8** | **0,0** | **261,8** |

***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.

Ghent, 23 February 2018

**The Statutory 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. |

- **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.

| | |
|---|---|
| EBITDA | : = EBIT + depreciation, amortisation and impairment on assets. |
| Gearing | : Net financial debt / Total equity |
| Leverage | : Net financial debt / EBITDA |
| 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. |
| 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.

| | |
|---|---|
| Annual results 2017 | 26.02.2018 (at 07:00 AM CET) |
| First quarter 2018 trading update | 26.04.2018 (at 07:00 AM CET) |
| Annual General Meeting | 29.05.2018 (at 10:00 AM CET) |
| First half-year 2018 results | 29.08.2018 (at 07:00 AM CET) |
| Third quarter 2018 trading update | 31.10.2018 (at 07:00 AM CET) |

## 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 8,411 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 Colo-Fast®, Colo-Sense® and Colo-Sense Lite®.

In 2017 Recticel achieved combined sales of EUR 1.46 billion (IFRS 11 consolidated sales: EUR 1.14 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