

TRADING UPDATE FOR 1st QUARTER 2020

- **Combined sales decreased by 6.2%**
- **Total combined net financial debt: EUR 246.9 million, including impact of IFRS 16 (31 December 2019: EUR 227.5 million; 30 March 2019: EUR 251.6 million)**

Olivier Chapelle (CEO): *“Compared to the first quarter of 2019, our top-line decreased by 6.2% as the first negative consequences of the COVID-19 crisis became apparent in February in China and as from mid-March in Europe.*

Our prime concern is the safety of our employees and we have taken all precautionary measures to eliminate the infection risk to the maximum extent possible. Due to the lockdown in many European countries, many factories have been closed and others are working at reduced output levels. In China, we observe a gradual recovery to pre-crisis levels, which gives some confidence for the future evolution in Europe, with many countries now planning a step-by-step exit from the lockdowns.

While the negative impact on sales and profitability will be material this year, Recticel’s strong financial position will allow us to pass through this crisis.

We are very satisfied to have been able to sign binding agreements to divest our Automotive Interiors division, as well as our participation in the Eurofoam Flexible Foams joint venture. When closed, later in the 2nd quarter, the proceeds generated by these divestments will further strengthen our financial position and provide the means to execute our growth strategy in our higher value added segments.”

OUTLOOK

Given the highly uncertain and rapidly changing COVID-19 situation and the expected impact of our two announced divestments, Recticel will provide its revised guidance for the year 2020 at the occasion of the announcement of the first half-year results on 28 August 2020.

Recticel is monitoring the situation closely and will continue to respond as required to help safeguard its workers and employees, while adjusting its operations and preserving its cashflows.

1. COMBINED DATA

Combined sales decreased by 6.2% from EUR 317.6 million in 1Q2019 to **EUR 298.0 million in 1Q2020**, including a net currency effect of +0.1%. Until the end of February, sales remained in line with the previous year despite the COVID-19 crisis early impact on sales and operations in China. In March the COVID-19 crisis and the resulting governmental lockdown measures in most countries led to a 16.7% decrease in sales in the month.

Breakdown of sales by segment (unaudited)

<i>in million EUR</i>	1Q2019	1Q2020	Δ
Flexible Foams	148,0	136,0	-8,1%
Bedding	64,3	65,2	1,4%
Insulation	62,5	60,7	-2,9%
Automotive	54,1	46,7	-13,6%
Eliminations	(11,2)	(10,7)	-4,7%
TOTAL COMBINED SALES	317,6	298,0	-6,2%
Adjustment for joint ventures by application of IFRS 11	(49,4)	(45,5)	-7,9%
TOTAL CONSOLIDATED SALES	268,2	252,5	-5,9%

A. Flexible Foams

1Q2020 combined sales decreased from EUR 148.0 million to **EUR 136.0 million** (-8.1%), including exchange rate differences of -0.3%. Excluding intersegment sales, combined external sales decreased by 8.6% from EUR 138.6 million to EUR 126.7 million.

Both sub-segments Comfort (EUR 75.4 million; -7.8%) and Technical Foams (EUR 60.6 million; -8.4%) reported lower sales, due to a combination of selling price erosion as a consequence of falling chemical raw material prices and lower demand - particularly in March following the outbreak of the COVID-19 crisis.

B. Bedding

1Q2020 combined sales increased by 1.4% from EUR 64.3 million to **EUR 65.2 million**, including exchange rate differences of +0.3%. Excluding intersegment sales, combined external sales increased by 2.2% from EUR 62.8 to EUR 64.2 million.

Sales in the Branded sub-segment have grown by 7.3%, whereas sales in the Non-Branded/Private Label sub-segment have declined by 9.7%.

As from mid-March 2020, sales were heavily impacted by the imposed shut-down of retail stores in most countries of operation.

C. Insulation

1Q2020 combined sales decreased from EUR 62.5 million to **EUR 60.7 million** (-2.9%), including exchange rate differences of +0.4%.

European demand remained solid during the first two months. Over the full quarter, volumes decreased as the COVID-19 lockdown measures led to a reduction of construction activities as of mid-March. Our Insulation plants continued (reduced) operations in all countries except in France where construction activity was halted since mid-March.

The new manufacturing unit in Finland, which will enable mid-term growth in Scandinavia and the Baltics, and which started production in October 2018, is still expected to generate a positive contribution to the results as from 4Q2020 onwards.

D. Automotive

1Q2020 combined sales decreased by 13.6% from EUR 54.1 million to **EUR 46.7 million**, including exchange rate differences of +0.3%. Sales comprise the Interiors business (EUR 36.5 million; -21.6%) and sales of chemical raw materials at cost to the Proseat companies (EUR 10.2 million; +36.0%)

Sales volumes remained low in the European and Chinese Automotive markets, due to the COVID-19 crisis.

2. CONSOLIDATED DATA

- Consolidated 1Q sales decreased by 5.9% from EUR 268.2 million to EUR 252.5 million, including a currency impact of +0.1%
- Total net consolidated financial debt amounted to EUR 231.1 million, including IFRS 16 impact (31 December 2019: EUR 215.6 million; 30 March 2019: EUR 237.9 million)

3. FINANCIAL POSITION

<i>in million EUR</i>	31 MAR 2019	30 JUN 2019	31 SEP 2019	31 DEC 2019	30 MAR 2020
TOTAL EQUITY	-	266,5	-	276,6	-
Combined debt figures					
Net financial debt on balance sheet	103,6	83,9	113,5	93,4	130,7
+ Impact of application IFRS 16	112,0	117,1	90,8	87,0	84,1
+ Drawn amounts under factoring programs	36,0	60,2	32,9	47,0	32,1
TOTAL COMBINED NET FINANCIAL DEBT	251,6	261,3	237,2	227,5	246,9
Gearing - combined after IFRS16	-	-	-	65,2%	-
Leverage - combined after IFRS16	-	-	-	1,7	-
Consolidated debt figures					
Net financial debt on balance sheet	97,0	73,8	105,5	88,6	121,4
+ Impact of application IFRS 16	105,0	109,8	84,0	80,0	77,6
+ Drawn amounts under factoring programs	36,0	60,2	32,9	47,1	32,1
TOTAL CONSOLIDATED NET FINANCIAL DEBT	237,9	243,9	222,4	215,6	231,1
Gearing - consolidated	-	-	-	60,9%	-
Leverage - consolidated after IFRS16	-	-	-	1,8	-

The Group liquidity is ensured by the available credit facilities, with a headroom per 15 April 2020 of about EUR 130 million drawable at short notice under our Group 'club deal' Credit Facility, the available bilateral credit lines and our factoring program.

4. COVID-19

In response to the COVID-19 outbreak our first priority remains to take all necessary precautionary measures to keep our employees safe and healthy. Strict behavioural and preventative measures are implemented, in line with the National and World Health Organization recommendations.

While our Automotive activities in China have now returned to pre COVID-19 levels, our Automotive activities in Europe and USA are temporarily shut down as most OEMs have shut their assembly plants. In the other business segments, customer demand has been rapidly decreasing and is expected to reach its bottom in April before progressively recovering thereafter. As a consequence, after having drastically adapted our production levels to match

demand, we are now planning for a progressive restart of our commercial and manufacturing operations in the countries and segments where they had been curtailed.

Temporary unemployment is implemented to the maximum extent where applicable, top management remuneration is temporarily reduced as from April 1st, and capital expenditure is reduced to the minimum.

5. DIVESTMENTS

As announced in our press release of 6 April 2020, the Group entered into a binding agreement in order to bring the Automotive Interiors business in a new joint venture under the control of Munich-based privately owned investment company Admetos GmbH. In addition, Recticel has also reached a binding agreement with Greiner AG to divest its 50% participation in the Eurofoam joint venture. Following the divestment of the Proseat activities in 2019, these two deals will fundamentally refocus Recticel on its higher value added activities, and provide increased flexibility to pursue strategic development opportunities in the future.

The required anti-trust filings have been introduced to the respective authorities, and the Group is confident to close both transactions in the course of the second quarter of 2020.

The divestments will allow Recticel to realise an aggregate net capital gain in the region of EUR 85 million and estimated net cash proceeds of EUR 210 million. Additionally, these transactions will lead to the transfer of EUR 36 million of lease obligations (IFRS 16).

Glossary

- **IFRS measures**

Consolidated (data) : financial data 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.

Adjusted EBIT
(previously labelled REBIT) : EBIT before Adjustments to EBIT

Adjusted EBITDA
(previously labelled REBITDA) : EBITDA before Adjustments (to EBIT)

Adjustments to EBIT (previously
"Non-recurring elements") : include operating revenues, expenses and provisions that pertain to restructuring programs (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.

Combined (data) : financial data including Recticel's pro rata share in the joint ventures, after elimination of intercompany transactions, in accordance with the proportional consolidation method.

Current ratio : Current assets / Current liabilities

EBIT : Earnings before interest and tax. Earnings comprise income from joint ventures and associates

EBITDA : EBIT + depreciation, amortisation and impairment on assets.

Gearing : Net financial debt / Total equity

Leverage : Net financial debt / EBITDA

Net free cash-flow : Net free cash flow: is the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities and (iii) the Interest paid on financial liabilities; as shown in the consolidated cash flow statement.

Net financial debt : Interest bearing financial debts at more than one year + interest bearing financial debts within maximum one year + accrued interests – 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

Net working capital : Inventories and contracts in progress + Trade receivables + Other receivables + Contract assets + Income tax receivables – Trade payables – Contract liabilities – Income tax payables – Other amounts payable

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 2020 trading update	28.04.2020 (at 07:00 AM CET)
Annual General Meeting	26.05.2020 (at 10:00 AM CET)
First half-year 2020 results	28.08.2020 (at 07:00 AM CET)
Third quarter 2020 trading update	30.10.2020 (at 07:00 AM CET)
Annual results 2020	26.02.2021 (at 07:00 AM CET)
First quarter 2021 trading update	27.04.2021 (at 07:00 AM CET)
Annual General Meeting	25.05.2021 (at 10:00 AM CET)
First half-year 2021 results	27.08.2021 (at 07:00 AM CET)
Third quarter 2021 trading update	29.10.2021 (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 (excluding minority stakes in joint ventures) employs 7,028 people in 81 establishments in 27 countries.

Recticel contributes to daily comfort with foam filling for seats, mattresses and slat bases of top brands, insulation material, interior comfort for cars and an extensive range of other industrial and domestic applications.

Recticel is the Group behind well-known bedding brands (Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Swissflex®, Superba®, 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 2019 Recticel achieved combined sales of EUR 1.22 billion (IFRS 11 consolidated sales: EUR 1.0 billion).

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

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