



## FINANCIAL ANALYSTS' MEETING

**Olivier Chapelle, CEO**

**Jean-Pierre Mellen, CFO**

**Brussels, 30 August 2011**



# RECTICEL – 1H/2011 RESULTS

## Agenda

- 1H/2011 consolidated results
- 1H/2011 comments per business line
- Outlook FY2011
- Q&A



## 1H/2011 CONSOLIDATED RESULTS



# RECTICEL – 1H/2011 Highlights

## ■ Net Sales:

- From EUR 670.4M to EUR 699.8M (+4.4%)  
1Q/11: from EUR 334.7M to EUR 359.6M (+7.4%)  
2Q/11: from EUR 335.7M to EUR 340.1M (+1.3%)
- Strong growth in Insulation (+22.9%)
- All business lines recorded higher sales, except Bedding

in million EUR	1Q/2010	2Q/2010	1H/2010	1Q/2011	2Q/2011	1H/2011	Δ 1H
Flexible Foams	151.8	146.9	298.7	159.8	142.4	302.2	1.2%
Bedding	80.8	61.9	142.7	78.9	62.7	141.6	-0.8%
Insulation	39.4	49.0	88.4	48.4	60.3	108.6	22.9%
Automotive	78.0	90.0	168.0	88.1	87.0	175.1	4.2%
Eliminations	( 15.3)	( 12.2)	( 27.5)	( 15.6)	( 12.2)	( 27.8)	1.1%
<b>Total</b>	<b>334.7</b>	<b>335.7</b>	<b>670.4</b>	<b>359.6</b>	<b>340.1</b>	<b>699.8</b>	<b>4.4%</b>



# RECTICEL – 1H/2011 Highlights

## ■ REBITDA:

- From EUR 57.2M to EUR 47.5M (-16.8%)  
Corrected for EUR 4M Automotive compensation received in 1H/2010 : -10.7%
- Slowdown of volumes in Flexible Foams (Comfort) and Bedding in Q2/11
- In 2Q/11 raw material prices reached new all time record levels
- In 1H/2011 raw material cost increase of EUR 29.3M
- Restructuring plans in Automotive Seating (Hulshout, Belgium) and Flexible Foams (Spain) fully implemented and completed

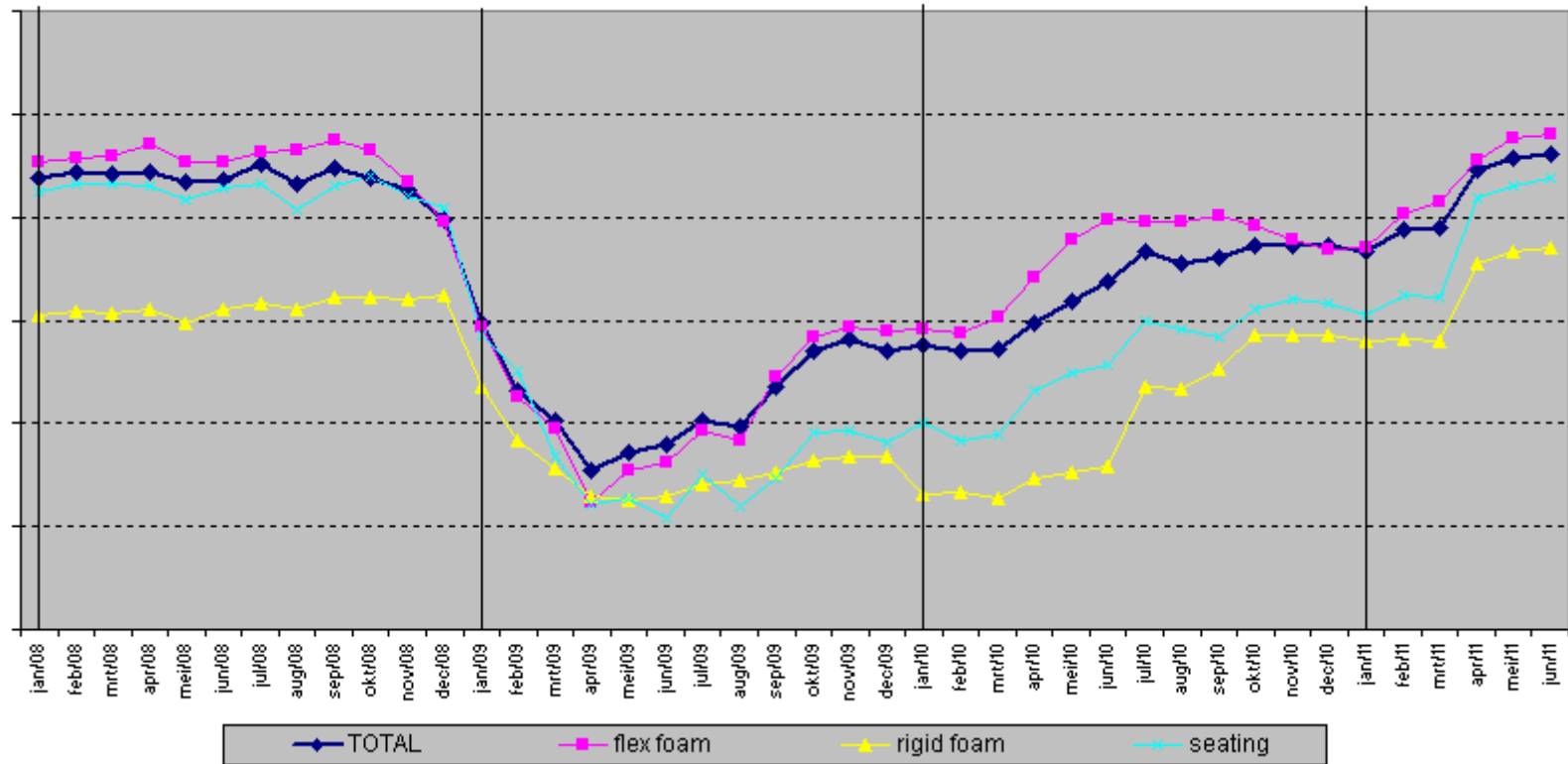
REBITDA in million EUR	1H/2010	1H/2011	Δ
Flexible Foams	18.3	13.5	-26.1%
Bedding	7.7	7.7	0.0%
Insulation	17.4	18.2	4.6%
Automotive <sup>(1)</sup>	21.9	16.3	-25.5%
Corporate	( 8.1)	( 8.2)	1.1%
<b>Total</b>	<b>57.2</b>	<b>47.5</b>	<b>-16.8%</b>

<sup>(1)</sup> The 1H/2010 figure includes a compensation relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010.



# RECTICEL – 1H/2011 Highlights

Index of monthly weighted average chemical raw material prices





# RECTICEL – 1H/2011 Highlights

## ■ REBIT:

- From EUR 35.2M to 26.3M  
Corrected for EUR 4M Automotive compensation received in 1H/2010 : -15.7%
- Net non-recurring elements (i.e. restructuring costs, reversal of some provisions and an impairment) of EUR -0.5M (1H/2010: EUR -7.4M)

REBIT in million EUR	1H/2010	1H/2011	Δ
Flexible Foams	10.5	6.7	-36.5%
Bedding	4.9	4.7	-4.0%
Insulation	15.8	16.4	4.2%
Automotive	12.2	7.0	-43.1%
Corporate	( 8.3)	( 8.5)	1.9%
<b>Total</b>	<b>35.2</b>	<b>26.3</b>	<b>-25.1%</b>



# RECTICEL – 1H/2011 Highlights

## ■ Financial result

- From EUR -6.5M to EUR -7.8M
- Net interest charges slightly increased from EUR -5.9 million to EUR -6.0M.
  - Average cost of debt increased from 4.7% to 4.9 % p.a.
  - Average outstanding debt, including off-balance sheet factoring/forfeiting, slightly decreased from EUR 229M to EUR 227M.
- 'Other financial income and expenses' (EUR -1.8M, compared to EUR -0.6M), comprise mainly
  - Negative exchange rate differences (EUR -0.8M)
  - Interest capitalisation costs under provisions for pension liabilities (EUR -1.2M)





# RECTICEL – 1H/2011 Highlights

## ■ Income taxes and deferred taxes:

- From EUR -8.1M to EUR -5.7M
- Current income taxes: EUR -1.5M (EUR -3.4M in 1H/2010) (i.e. subsidiaries in Eastern Europe, Germany and China)
- Deferred taxes: EUR -4.1M (EUR -4.7M in 1H/2010)

## ■ Result of the period (share of the Group):

- From EUR 13.2M to EUR 12.3M (-6.6%)



## 1H/2011 COMMENTS PER BUSINESS LINE



# FLEXIBLE FOAMS

## ■ Key events 1H/2011

### ■ Sales from EUR 298.7M to **302.2M (+1.2%)**

1Q/11: from EUR 151.8M to 159.8M (+5.3%)

2Q/11: from EUR 146.9M to 142.4M (-3.1%)

### ■ Comfort (EUR 181.5M, -4.3%)

- Weaker demand in Spain and Finland.
- Other countries stabilized in very competitive market.
- In 2Q/11 demand from furniture and bedding sector slowed down

### ■ Technical foams (EUR 108.9M, +13.7%)

- Much higher demand from industrial and automotive markets

### ■ Composite foams (EUR 11.8M, -10.1%)

- Poor world market prices for trim foam
- Weaker sales of bonded foam products

in million EUR	1H/2010	1H/2011	Δ
Sales	298.7	302.2	1.2%
REBITDA	18.3	13.5	-26.1%
as % of sales	6.1%	4.5%	
EBITDA	17.9	14.0	-22.0%
as % of sales	6.0%	4.6%	
REBIT	10.5	6.7	-36.5%
as % of sales	3.5%	2.2%	
EBIT	10.0	7.1	-28.7%
as % of sales	3.3%	2.4%	



# FLEXIBLE FOAMS

## ■ Key events 1H/2011

- EBITDA declined by 22.0%

- EBITDA in **Comfort** declined as rapidly increasing raw material prices could not yet be fully passed on in the selling prices.

Restructuring plan in Spain now completed.

- EBITDA in **Technical foams** stabilized. Higher volumes compensated for lead time to implement raw material price increases in the selling prices.
- Negative EBITDA in **Composite foams** due to lower sales and unfavourable trading conditions.
- Net non-recurring elements (EUR +0.4M) explained by additional legal fees (EUR -0.5M) relative to the ongoing EC investigation and the reversal of some excess provisions for restructuring.

in million EUR	1H/2010	1H/2011	Δ
Sales	298.7	302.2	1.2%
REBITDA	18.3	13.5	-26.1%
as % of sales	6.1%	4.5%	
EBITDA	17.9	14.0	-22.0%
as % of sales	6.0%	4.6%	
REBIT	10.5	6.7	-36.5%
as % of sales	3.5%	2.2%	
EBIT	10.0	7.1	-28.7%
as % of sales	3.3%	2.4%	



## ■ Key events 1H/2011

- **Sales** from EUR 142.7M to **141.6M** (-0.8%)  
 1Q/11: from EUR 80.8M to 78.9M (-2.4%)  
 2Q/11: from EUR 61.9M to 62.7M (+1.3%)
- Lower sales in the 'Brand' sub-segment (EUR 77.8M; -2.2%) could not be fully compensated by higher activity in 'Non-brand' (private label) sub-segment (EUR 63.8M ; +0.9%)
- Activity in Austria and Switzerland under pressure. Swissflex export activity suffered from strong Swiss Franc.
- Sales in Germany, the Group's largest market, recorded higher sales.

in million EUR	1H/2010	1H/2011	Δ
Sales	142.7	141.6	-0.8%
REBITDA	7.7	7.7	0.0%
as % of sales	5.4%	5.4%	
EBITDA	6.6	7.5	12.3%
as % of sales	4.7%	5.3%	
REBIT	4.9	4.7	-4.0%
as % of sales	3.4%	3.3%	
EBIT	3.8	4.5	16.0%
as % of sales	2.7%	3.2%	



## ■ Key events 1H/2011

- During 1H/2011, difficult market conditions in most countries, in combination with higher raw material prices, put the profit margins under pressure.
- A capital gain on disposal of real estate in Switzerland positively influenced 1H/2011 REBITDA by EUR 1.3M.

in million EUR	1H/2010	1H/2011	Δ
Sales	142.7	141.6	-0.8%
REBITDA	7.7	7.7	0.0%
as % of sales	5.4%	5.4%	
EBITDA	6.6	7.5	12.3%
as % of sales	4.7%	5.3%	
REBIT	4.9	4.7	-4.0%
as % of sales	3.4%	3.3%	
EBIT	3.8	4.5	16.0%
as % of sales	2.7%	3.2%	

Footnote : In 1H/2010 the Group also recorded a non-recurring loss on the sale of the slat base activities of LeBed SAS (France) (EUR -0.9M)



## ■ Key events 1H/2011

### ■ Insulation sales grew strongly by 22.9% to EUR 108.6M

1Q/11: from EUR 39.4M to 48.4M (+22.8%)

2Q/11: from EUR 49M to 60.3M (+23.1%)

### ■ Building Insulation (EUR 101.1M, +25.3%)

- Structural demand for high performing polyurethane building insulation products is expected to remain high as a result of stricter insulation standards and regulations, higher energy prices and ever growing awareness of the need for more and better insulation.
- The Group decided in November 2010 to build a new factory for thermal insulation boards in France. Project is ahead of schedule. New factory will become operational by end 2012.

### ■ Industrial Insulation (EUR 7.6M, -2.4%)

in million EUR	1H/2010	1H/2011	Δ
Sales	88.4	108.6	22.9%
REBITDA	17.4	18.2	4.6%
as % of sales	19.7%	16.7%	
EBITDA	17.4	18.2	4.6%
as % of sales	19.7%	16.7%	
REBIT	15.8	16.4	4.2%
as % of sales	17.8%	15.1%	
EBIT	15.8	16.4	4.2%
as % of sales	17.8%	15.1%	



# INSULATION

## ■ Key events 1H/2011

- On the back of higher volumes, the Group improved its EBITDA, despite the unavoidable lead time necessary to pass on the raw material price increases to customers in all markets.

in million EUR	1H/2010	1H/2011	Δ
Sales	88.4	108.6	22.9%
REBITDA	17.4	18.2	4.6%
as % of sales	19.7%	16.7%	
EBITDA	17.4	18.2	4.6%
as % of sales	19.7%	16.7%	
REBIT	15.8	16.4	4.2%
as % of sales	17.8%	15.1%	
EBIT	15.8	16.4	4.2%
as % of sales	17.8%	15.1%	





## ■ Key events 1H/2011

- **Automotive sales increased by 4.2% to EUR 175.1M**  
on the back of higher volumes  
1Q/11: from EUR 78.0M to 88.1M (+12.9%)  
2Q/11: from EUR 90M to 87M (-3.3%)
- **Interiors (EUR 90M, +2.3%)**
  - This sub-segment supplies the premium car segment, which remained strong in Europe, the USA and in China.

in million EUR	1H/2010 <sup>(1)</sup>	1H/2011	Δ
Sales	168.0	175.1	4.2%
REBITDA	21.9	16.3	-25.5%
as % of sales	13.0%	9.3%	
EBITDA	19.4	15.7	-18.9%
as % of sales	11.5%	9.0%	
REBIT	13.0	7.0	-46.6%
as % of sales	7.8%	4.0%	
EBIT	6.5	6.3	-3.3%
as % of sales	3.9%	3.6%	

<sup>(1)</sup> The 1H/2010 figure include a compensation amount relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)



## ■ Key events 1H/2011

- **Seating** (Proseat – 51/49 JV)  
(EUR 78.1M, +9.9%).
  - Higher sales despite a quasi-stable automotive market in EU.
- **Exteriors** (EUR 7.0M, -21.5%)
  - Since the divestment of the compounding activities to BASF in 2008, sales are limited to compounds produced for the account of BASF under a toll agreement.

in million EUR	1H/2010 <sup>(1)</sup>	1H/2011	Δ
Sales	168.0	175.1	4.2%
REBITDA	21.9	16.3	-25.5%
as % of sales	13.0%	9.3%	
EBITDA	19.4	15.7	-18.9%
as % of sales	11.5%	9.0%	
REBIT	13.0	7.0	-46.6%
as % of sales	7.8%	4.0%	
EBIT	6.5	6.3	-3.3%
as % of sales	3.9%	3.6%	

<sup>(1)</sup> The 1H/2010 figure include a compensation amount relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)



# AUTOMOTIVE

## ■ Key events 1H/2011

- EBITDA in **Automotive** decreased from EUR 19.4M to **EUR 15.7M**.
- Profitability of Automotive was impacted by higher raw material costs which could not be passed on yet in the selling prices.
- EBITDA includes net non-recurring elements of EUR -0.6M (1H/2010: EUR -2.5M); mainly a write-off of a loan granted by Proseat to an affiliated company in Russia.

in million EUR	1H/2010 <sup>(1)</sup>	1H/2011	Δ
Sales	168.0	175.1	4.2%
REBITDA	21.9	16.3	-25.5%
as % of sales	13.0%	9.3%	
EBITDA	19.4	15.7	-18.9%
as % of sales	11.5%	9.0%	
REBIT	13.0	7.0	-46.6%
as % of sales	7.8%	4.0%	
EBIT	6.5	6.3	-3.3%
as % of sales	3.9%	3.6%	

<sup>(1)</sup> The 1H/2010 figure include a compensation amount relating to the 2009 activities in the USA. This compensation was obtained through an agreement, as a result of which two US subsidiaries could emerge from Chapter 11 in April 2010. (see page 16 of the IAS34 Interim Report 1H/2011)



# FINANCIAL SITUATION

- At 30 June 2011, Recticel's **net financial debt** amounted to **EUR 184.4M** (excluding the drawn amounts under off-balance non-recourse factoring/forfeiting programs: EUR 49.6M) compared to respectively EUR 193.6M and EUR 37.0M on 30 June 2010; or EUR 158.7M and EUR 19.7M on 31 December 2010. The increase is mainly attributable to
  - the seasonal working capital effect, amplified this year by stock build-up in Insulation in anticipation of capacity constraints and by raw material price increases and
  - the pay-out of restructuring costs
- This results in a '**net debt to equity**' ratio of **74.8%**, compared to 84.4% at the end of June 2010 (65.7% at year-end 2010).



## ■ **Inspection by the Directorate for Competition of the EC**

- No new additional elements to be announced than those made public by the Group in its press release of 04 March 2011 (FY2010 Results)

## ■ **Inspection by the German Federal Cartel Office (“Bundeskartellamt”)**

- On August 2th, the German Federal Cartel Office (“Bundeskartellamt”) started up an investigation covering the sector of mattress manufacturers and dealers in Germany.
- As stated by the Federal Cartel Office, certain mattress manufacturers, distributors and purchasing organisations are suspected of having participated in restrictive vertical practices to maintain fixed minimum prices for the resale of mattresses. The Federal Cartel Office added that the investigation does not mean that the companies involved have effectively breached competition regulations and that the presumption of innocence prevails as long as the investigation is not concluded.
- Recticel’s Bedding affiliate, Recticel Schlafkomfort GmbH in Bochum (Germany), is included in this FCO investigation.
- The representatives of the Federal Cartel Office requested certain information and Recticel Schlafkomfort GmbH is co-operating fully with the investigation.



- **Closing of Carobel converting plant in North Shields (United Kingdom)**
  - On 11 August 2011, the Group made public that Recticel Limited (UK) will rationalise, in line with Group strategy, its Flexible Foams converting activities in the United Kingdom by closing its “Carobel” comfort foam converting factory located in North Shields (North East England) before the end of 2011.
  - This restructuring plan will lead to the collective redundancy of 52 employees on a total of 521 people employed in the Flexible Foams’ activities in the United Kingdom.
  - The total closure costs, estimated at around £200,000, will be booked in the second half of 2011.



## OUTLOOK FY2011

Olivier Chapelle, CEO



# RECTICEL OUTLOOK

Given the uncertainty over the growth forecasts made by national and international competent institutions in the economies in which Recticel is active, the Board of Directors is not in a position to assess growth potential for the second half of 2011.





## QUESTIONS & ANSWERS



# ANNEXES



# CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

in million EUR	1H/2010	1H/2011	Δ 10/09
<b>Sales</b>	<b>670.4</b>	<b>699.8</b>	<b>4.4%</b>
Gross profit	114.8	106.3	-7.4%
as % of sales	17.1%	15.2%	
<b>EBITDA</b>	<b>53.2</b>	<b>47.1</b>	<b>-11.4%</b>
as % of sales	7.9%	6.7%	
of which Income from associates	0.7	0.8	11.2%
of which Income from investments	0.1	0.0	-100.0%
<b>EBIT</b>	<b>27.8</b>	<b>25.8</b>	<b>-7.0%</b>
as % of sales	4.1%	3.7%	
Interest income	0.4	0.2	-45.6%
Interest expenses	( 6.3)	( 6.2)	-1.8%
Other financial income & expenses	( 0.6)	( 1.8)	229.5%
<b>Financial result</b>	<b>( 6.5)</b>	<b>( 7.8)</b>	<b>20.5%</b>
<b>Result of the period before taxes</b>	<b>21.3</b>	<b>18.0</b>	<b>-15.4%</b>
as % of sales	3.2%	2.6%	
Income taxes	( 8.1)	( 5.7)	-29.8%
<b>Result of the period after taxes</b>	<b>13.2</b>	<b>12.3</b>	<b>-6.6%</b>
as % of sales	2.0%	1.8%	
Non-controlling interests	0.0	0.0	-100.0%
<b>Result of the period (share of the Group)</b>	<b>13.2</b>	<b>12.3</b>	<b>-6.8%</b>
as % of sales	2.0%	1.8%	
<b>Result of the period after taxes</b>	<b>13.2</b>	<b>12.3</b>	
<b>Other comprehensive income</b>			
Hedging reserves	( 3.9)	1.3	
Currency translation differences	0.9	( 0.6)	
Deferred taxes on hedging	0.9	( 0.5)	
<b>Other comprehensive income net of tax</b>	<b>( 2.1)</b>	<b>0.2</b>	
<b>Total comprehensive income of the period</b>	<b>11.1</b>	<b>12.5</b>	
<b>Total comprehensive income of the period</b>	<b>11.1</b>	<b>12.5</b>	
of which attributable to the owners of the parent	11.1	12.5	
of which attributable to non-controlling interests	( 0.0)	0.0	



## INFORMATION PER SHARE

in EUR	1H/2010	1H/2011	Δ
Number of shares outstanding	28 931 456	28 931 456	0.0%
Weighted average number of shares outstanding (before dilution effect)	28 931 456	28 931 456	0.0%
Weighted average number of shares outstanding (after dilution effect)	33 613 207	33 735 156	0.4%
EBITDA	1.84	1.63	-11.4%
EBIT	0.96	0.89	-7.0%
Result for the period before taxes	0.74	0.62	-15.4%
Result for the period after taxes	0.46	0.43	-6.7%
Result for the period (share of the Group) - basic	0.456	0.425	-6.8%
Result for the period (share of the Group) - diluted	0.425	0.383	-9.9%
Net book value	7.94	8.52	7.4%



# CONSOLIDATED BALANCE SHEET

in million EUR	31 DEC 10	30 JUN 11	Δ
Intangible assets	13.3	12.7	-4.7%
Goodwill	34.4	34.3	-0.1%
Property, plant & equipment	271.0	263.9	-2.8%
Investment property	0.9	0.6	17.1%
Interest in associates	15.5	15.8	2.2%
Other financial investments and available for sale investments	1.2	1.5	24.1%
Non-current receivables	10.1	9.7	-3.9%
Deferred tax	55.7	51.4	-7.8%
<b>Non-current assets</b>	<b>402.0</b>	<b>389.8</b>	<b>-3.0%</b>
Inventories and contracts in progress	113.7	128.5	13.1%
Trade receivables	141.8	150.2	6.0%
Other current assets	65.8	48.4	-26.5%
Cash, cash equivalents and available for sale investments	54.1	32.3	-40.4%
<b>Current assets</b>	<b>375.4</b>	<b>359.5</b>	<b>-4.2%</b>
<b>TOTAL ASSETS</b>	<b>777.5</b>	<b>749.3</b>	<b>-3.6%</b>

in million EUR	31 DEC 10	30 JUN 11	Δ
Equity (share of the Group)	241.7	246.6	2.0%
Non-controlling interests	0.0	0.0	-
<b>Total equity</b>	<b>241.7</b>	<b>246.6</b>	<b>2.0%</b>
Pensions and other provisions	59.4	50.8	-14.5%
Deferred tax	8.8	9.0	2.3%
Interest-bearing borrowings	167.1	146.7	-12.2%
Other amounts payable	0.5	0.4	-13.7%
<b>Non-current liabilities</b>	<b>235.9</b>	<b>207.0</b>	<b>-12.2%</b>
Pensions and other provisions	18.3	10.6	-41.9%
Interest-bearing borrowings	45.7	69.8	52.8%
Trade payables	141.9	120.7	-14.9%
Income tax payables	7.5	5.7	-24.5%
Other amounts payable	86.5	88.9	2.8%
Liabilities related to disposal group held for sale	0.0	0.0	-
<b>Current liabilities</b>	<b>299.9</b>	<b>295.7</b>	<b>-1.4%</b>
<b>TOTAL LIABILITIES</b>	<b>777.5</b>	<b>749.3</b>	<b>-3.6%</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

in million EUR	1H/2010	1H/2011	Δ
<b>EBIT</b>	<b>27.8</b>	<b>25.8</b>	<b>-7.0%</b>
Depreciation, amortisation and impairment losses on assets	25.4	21.3	-16.2%
Other non-cash elements	( 7.7)	( 19.5)	153.4%
<b>Operating cash flow before working capital movements</b>	<b>45.5</b>	<b>27.6</b>	<b>-39.3%</b>
Changes in working capital	( 14.3)	( 25.6)	79.4%
<b>Operating cash flow after working capital movements</b>	<b>31.2</b>	<b>2.0</b>	<b>-93.5%</b>
Income taxes paid	( 2.5)	( 4.3)	71.2%
<b>Net operating cash flow (a)</b>	<b>28.7</b>	<b>( 2.2)</b>	<b>-107.8%</b>
<b>Net cash flow from investment activities (b)</b>	<b>( 9.0)</b>	<b>( 9.8)</b>	<b>8.4%</b>
Paid interest charges (1)	( 4.2)	( 4.9)	17.7%
<b>FREE CASH FLOW</b>	<b>15.5</b>	<b>( 17.0)</b>	<b>-209.3%</b>
Paid dividends (2)	( 7.2)	( 7.7)	5.7%
Increase (Decrease) of financial liabilities (3)	( 11.4)	5.2	-
Other (4)	0.0	0.0	-
<b>Net cash flow from financing activities (c)=(1)+(2)+(3)+(4)</b>	<b>( 22.8)</b>	<b>( 7.4)</b>	<b>-67.4%</b>
Effect of exchange rate changes (d)	( 2.4)	( 2.0)	-13.7%
Effect of change in scope of consolidation (e)	0.4	( 0.3)	-174.3%
<b>Changes in cash and cash equivalents (a)+(b)+(c)+(d)+(e)</b>	<b>( 5.1)</b>	<b>( 21.8)</b>	<b>325.0%</b>



Thank you for  
your attention

[www.recticel.com](http://www.recticel.com)