



**RECTICEL @  
KBC SMALL CAP CONFERENCE,  
Brussels  
08 December 2011**

Speaker:

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# STRATEGY OBJECTIVES PROGRESS



# RECTICEL STRATEGY UPDATE REMINDER

Recticel will stay focused on PU applications because :

- It is a large, regional (seldom global) market of **EUR 42 billion**
- **Asia** now the largest PU market
- **CAGR of 5%** globally, faster than GDP by 2% thanks to material substitution
- Versatile, **high performance** material, enabling proper positioning
- Average market **profitability** (EBIT) higher than 5%
- Broad range of applications & segments, offering **diversification** opportunities and protection against cyclicity
- Several applications are linked to worldwide **megatrends**



### 3. 9-Box Grid : Criteria Matrix

#### Attractivity

Factor	Unit	Weight	1	2	3
Market Size	m€	1	< 1Bn€	1Bn€ ... 3Bn€	> 3Bn€
Market Growth	%/annum	2	< 2%	2% ... 6%	> 6%
Market Cyclicity		1	High	Medium	Low
Market Profitability	Ebit %	2	< 3%	3% ... 7%	> 7%
Entry Barriers / Switching Costs		1	Low	Medium	High
Opportunity to differentiate products/service		1	Low	Medium	High
Capital Intensity	Capex:New Sales	2	< 1:2	1:2 ... 1:3	> 1:3
Competition Intensity		1	High	Medium	Low
Competition Fragmentation		1	High	Medium	Low
Megatrend / Sustainable Development		2	No	Median	Yes
Distribution Channel/Structure		1	Difficult	Median	Adequate
Customer Concentration		1	Low	Medium	High

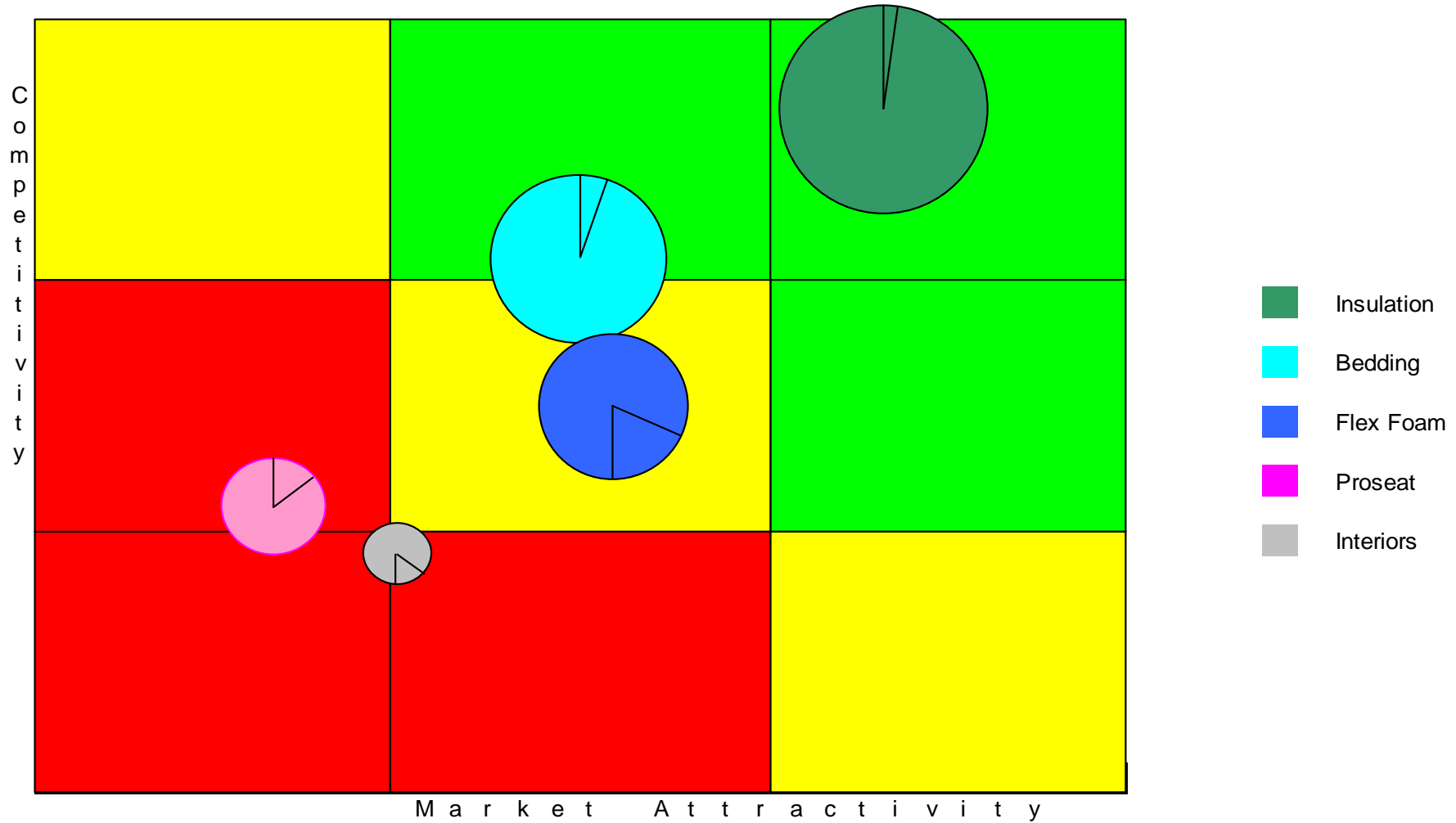
#### Competitiveness

Factor	Unit	Weight	1	2	3
Market Share	%	1	< 10%	10% ... 20%	> 20%
Market Share Trend		2	Lose	Stable	Win
Profitability	Ebit %	1	< 3%	3% ... 7%	> 7%
Relative Cost Position		1	Weaker	Equal	Better
Brand Strength		1	Weak	Medium	Strong
Industrial Footprint		1	Inadequate	Acceptable	Adequate
Innovation/Technology		2	Weak	Medium	Strong
Return on capital employed	Roce %	2	<10%	10%...20%	>20%
Customer Satisfaction/Loyalty		1	Poor	Medium	High
Distribution & Service Performance		1	Poor	Medium	High



# RECTICEL

## POSITIONING OF THE 5 SEGMENTS





# RECTICEL

## VISION 2015 : STRATEGY

Keep Recticel focused on PU applications, focus on higher growth segments on a broader international basis :

- Grow Insulation Solutions
- Grow Bedding Systems
- Rationalise and modernise Flexible Foams, and seize selective growth opportunities
- Stabilize Automotive, make it a consistent contributor to Recticel success

This also means :

- Potential acquisition in Insulation
- Potential acquisition in Bedding
- Invest outside Europe for Flexible Foams, Bedding and maybe Insulation

- Realise an average annual sales' growth rate, at same scope of consolidation, of minimum 5%
- Generate double digit growth rate of results and dividends
- ROCE (EBIT/average capital employed) of 15%
- Gearing (Net financial debt/Total equity) lower than 50%



# STRATEGY PROGRESS – ACTIONS TAKEN GROW INSULATION SOLUTIONS

- Reinforcement of the sales and marketing organisation
- Reasonable bid on CRH-Ecotherm not retained (08/2010)
- New plant in France announced (10-2010)
- Introduction of Isofinish™ (Batibouw 2010)
- Recticel Insulation Inside® certificate (Batibouw 2010)
- Several acquisition targets currently under evaluation
- Introduction of ETICS solution in the UK ( August 2011)



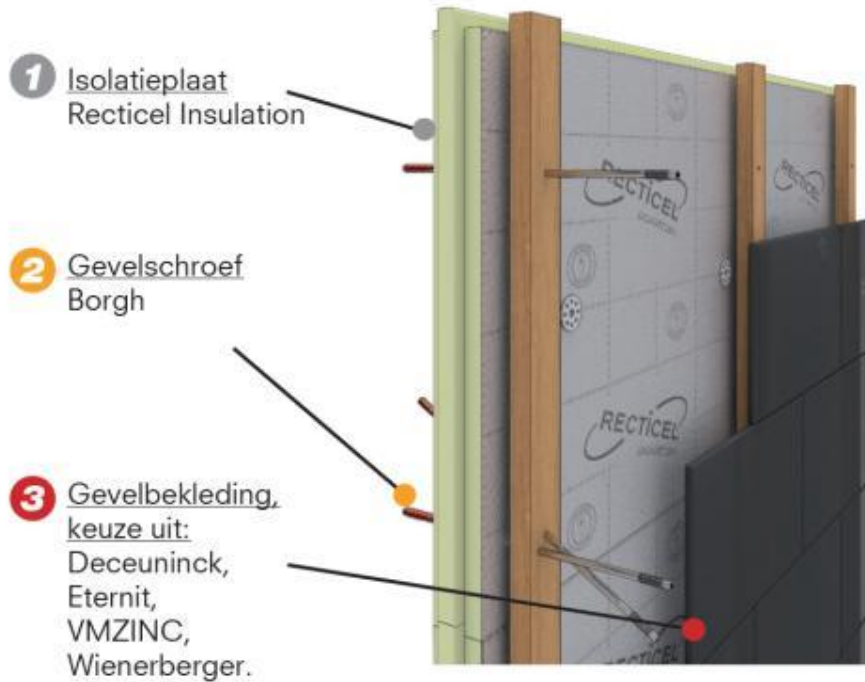




# WHAT IS ISO.FINISH?

## Innovative concept

- continuous insulation shield
- adjustable external wall system
- freedom of wall finishing



De vele gezichten van kwalitatieve buitengevelisolatie.

**BORGH**

**RECTICEL**  
insulation

**Wienerberger**

**Eternit**

**deceuninck**

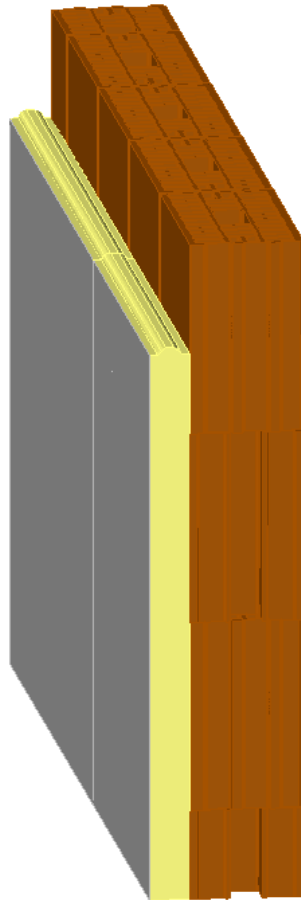
**VMZINC**



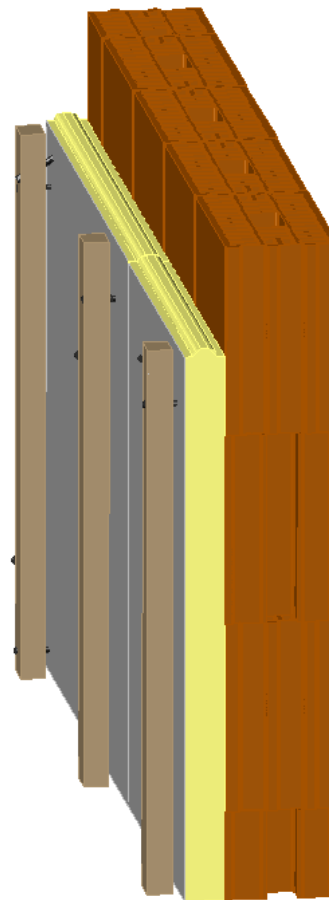
# PRINCIPLE OF ISO.FINISH



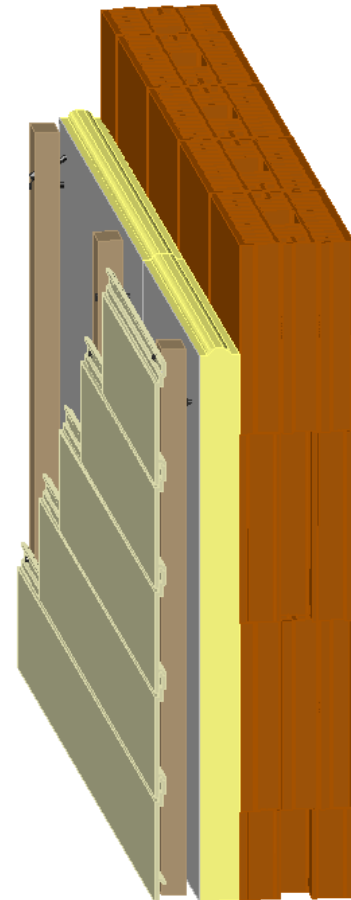
Base structure



Continuous insulation  
shield with Powerwall



Wooden structure  
adjusted with  
Facafix



Finishing



# APPLICATIONS OF ISO.FINISH

## Renovation



## New build







# APPLICATIONS OF ISO.FINISH (continued)



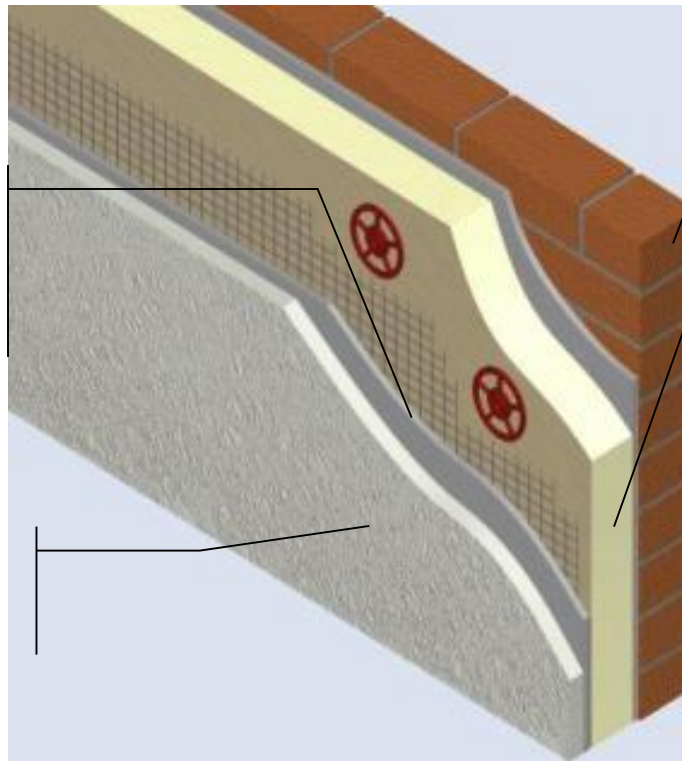


# ETICS PRINCIPLE

## ETICS = External Thermal Insulation Composite System

Step 3:  
**Base coat  
with mesh**

Step 4:  
**Finishing coat**



Step 1:  
**Supporting wall**

Step 2:  
**Mounting & fixing  
insulation**

Eurothane EW  
PIR + special glassfleece  
600 x 1200mm x 100mm  
Straight edges





# Step 1: mounting & fixing insulation





# Step 1: mounting & fixing insulation







## Step 2 : base coat + mesh







## Step 3 : finishing rendering coat





# STRATEGY PROGRESS – ACTIONS TAKEN GROW BEDDING SYSTEMS

- Reasonable bid on target in Sweden not retained (01/2011)
- Restructuring of Bedding Germany (38 jobs) announced beginning 2011 and now complete
- Development of “Bedflex concept”
- Evaluation of further acquisition targets in Scandinavia ongoing
- Introduction of a new innovative Foam product planned in January 2012



# STRATEGY PROGRESS – ACTIONS TAKEN

## RATIONALISE & MODERNISE FLEXIBLE FOAMS AND SEIZE SELECTIVE GROWTH AREAS

- Shut down of Rauma and Oysand in Scandinavia (08/2010)
- Restructuring in Spain completed in June 2011: shut down Legutiano and Transfoam, downsizing of Santa Perpetua
- Preparation work for new foaming machine to be installed in Langeac during the summer 2011.
- Purchase of 100% of the shares of Enipur, controlling our ventures in Greece and Turkey, to enable restructuring.
- Polygrow® for green roofing and professional horticulture sector introduced
- Introduction of Memocel® for bra application
- Introduction of SmartRec® shape memory PU for windows chassis insulation
- Turkey expansion under investigation.
- Announcement of Carobel shut-down in the UK (08/2011)



# STRATEGY PROGRESS – ACTIONS TAKEN

## STABILIZE AUTOMOTIVE, MAKE IT A CONSISTENT CONTRIBUTOR TO RECTICEL SUCCESS

- Investment budget limited to 6m€ in 2011 (out of total budget of 43m€)
- Shut down of Unterriexingen (Interiors) announced in November 2010
- Shut down of Hulshout (Proseat) announced, completed in June 2011
- Introduction of Colo-Sense® Lite to VW, BMW and Daimler (Interiors)
- Exit from Wetteren (Interiors) in March 2011
- Exit from Russia (Proseat) in April 2011
- Separation of 78 workers in Tuscaloosa (Interiors) in May 2011
- Start-up of EPP seat parts in Trilport (Proseat) in June 2011
- New Interiors contracts with Porsche (Cajun) and Mercedes (E-class China)



# STRATEGY PROGRESS – ACTIONS TAKEN

## INTERNATIONAL EXPANSION

- India :
  - Flexible Foams: converting unit approved in December 2010
    - foaming factory project under investigation
- China :
  - Interiors: expansion plan 100% Recticel ongoing (Skoda, Peugeot, BMW, Daimler)
  - Flexible Foams:
    - growth of own converting activities
    - foaming factory project under investigation
  - Bedding: JV partner for bedding manufacturing and distribution identified – go/no go : decision 2H 2011



## 9M/2011 HIGHLIGHTS



# RECTICEL – 9M/2011 Highlights

## ■ Net Sales:

- From EUR 1 002.6M to **EUR 1 036.4M (+3.4%)**  
 1Q/11: from EUR 334.7M to EUR 359.6M (+7.4%)  
 2Q/11: from EUR 335.7M to EUR 340.1M (+1.3%)  
 3Q/11: from EUR 332.2M to EUR 336.6M (+1.3%)
- Strong growth in Insulation (+15.2%)
- YTD Sept/2011: All business lines recorded higher (or flat) sales.

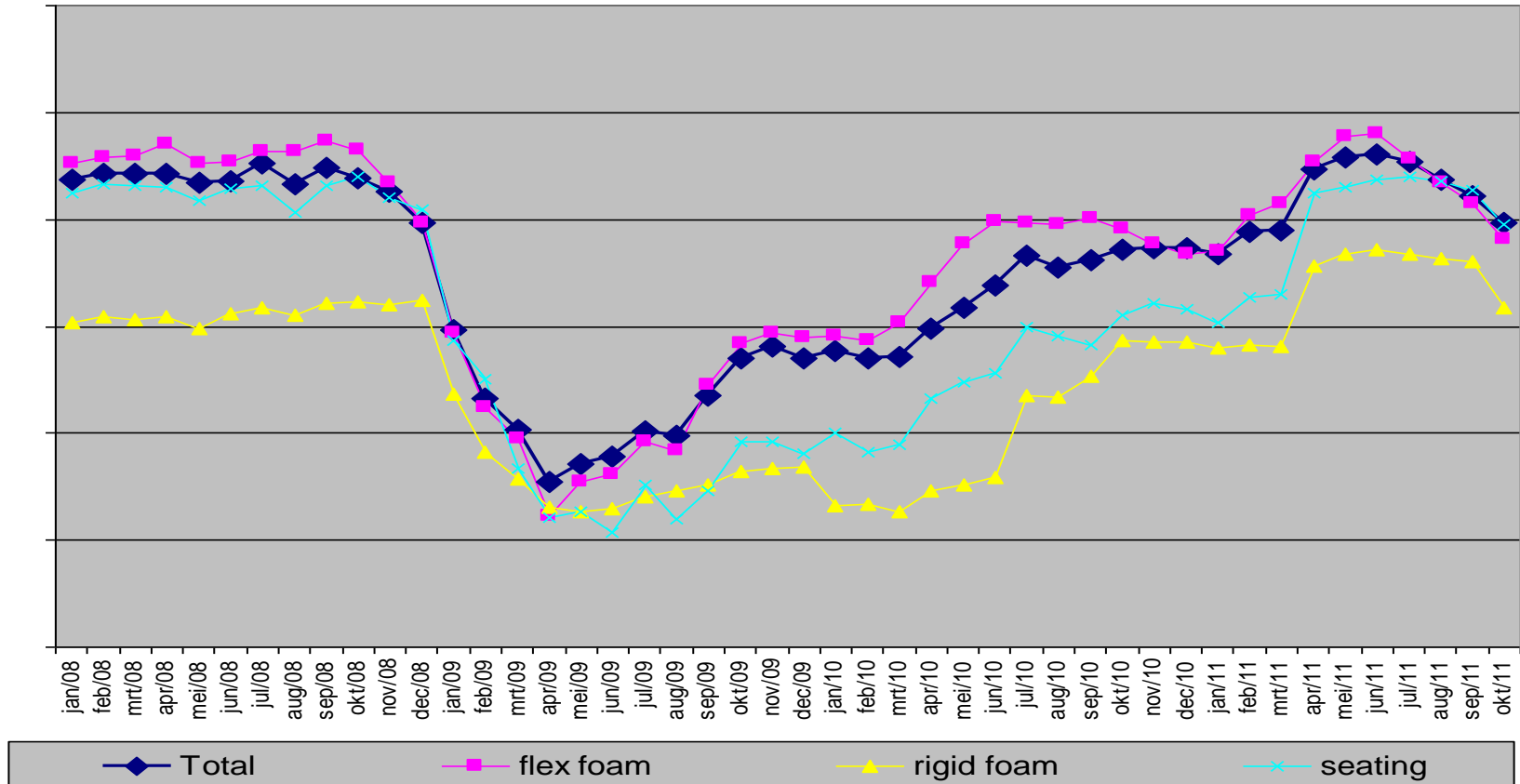
Overall softer demand in most markets.

Q3/2010	Q3/2011	Δ	<i>in million EUR</i>	YTD Sep/2010	YTD Sep/2011	Δ
147,3	147,3	0,0%	Flexible Foams	446,0	449,5	0,8%
73,7	76,8	4,3%	Bedding	216,4	218,4	0,9%
53,4	54,8	2,6%	Insulation	141,8	163,4	15,2%
73,1	74,3	1,6%	Automotive	241,1	249,4	3,4%
( 15,3)	( 16,6)	9,1%	Eliminations	( 42,7)	( 44,4)	3,9%
<b>332,2</b>	<b>336,6</b>	<b>1,3%</b>	<b>TOTAL</b>	<b>1 002,6</b>	<b>1 036,4</b>	<b>3,4%</b>



# RECTICEL – 9M/2011 Highlights

## Index of monthly weighted average chemical raw material prices







# RECTICEL – 9M/2011 Highlights

## ■ Profitability:

- The raw material prices have stabilised during the third quarter, and represent an overall cost increase of respectively EUR 7.9 million in Q3/2011 and EUR 37.2 million for the first nine months of 2011.
- Selling price increases have to a large extent been passed through to most market segments.
- Cost reduction programs and working capital containment measures are on track.

## ■ Financial situation:

- On 30 September 2011, the Group's net financial debt (excluding non-recourse factoring/forfeiting programs) amounted to EUR 191.8 million compared to EUR 199.8 million on 30 September 2010; and EUR 184.4 million on 30 June 2011.



## COMMENTS PER BUSINESS LINE



# FLEXIBLE FOAMS

## ■ Key events 9M/2011

### ■ Sales from EUR 446.0M to **449.5M (+0.8%)**

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

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

3Q/11: from EUR 147.3M to 147.3M (+0.0%)

### ■ Comfort (EUR 273.6M, -3.7%)

- Weaker demand in Spain and Finland.

- Other countries stabilized in very competitive market.

### ■ Technical foams (EUR 158.1M, +11.8%)

- Higher, though at slower rate, demand from industrial and automotive markets

### ■ Composite foams (EUR 17.9M, -12.5%)

- Poor world market prices for trim foam

- Lower than expected volumes for 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%	



## ■ Key events 9M/2011

- **Sales** from EUR 216.4M to **218.4M** (+0.9%)  
 1Q/11: from EUR 80.8M to 78.9M (-2.4%)  
 2Q/11: from EUR 61.9M to 62.7M (+1.3%)  
 3Q/11: from EUR 73.7M to 76.8M (+4.3%)

- Lower sales in the 'Brand' sub-segment (EUR 118.1M; -1.6%) could not be fully compensated by higher activity in 'Non-brand' (private label) sub-segment (EUR 99.9M ; +4.1%)
- Activity in Austria and Switzerland under pressure. Swissflex export activity suffered from strong Swiss Franc.

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%	



# INSULATION

## ■ Key events 9M/2011

### ■ Sales from EUR 141.8M to **163.4M (+15.2%)**

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

2Q/11: from EUR 49.0M to 60.3M (+23.1%)

3Q/11: from EUR 53.4M to 54.8M (+2.6%)

### ■ Building Insulation (EUR 151.5M, +17.1%)

- Despite a softer European construction market, structural demand for high performing polyurethane building insulation products remains high as a result of stricter insulation standards and regulations, higher energy prices and 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 11.9M, -4.5%)

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 9M/2011

- **Sales** from EUR 241.1M to **249.4M (+3.4%)**  
 1Q/11: from EUR 78.0M to 88.1M (+12.9%)  
 2Q/11: from EUR 90M to 87M (-3.3%)  
 3Q/11: from EUR 73.1M to 74.3M (+1.6%)

- **Interiors** (EUR 127.3M, +0.2%)

- This sub-segment supplies the premium car segment, which remained strong in Europe, the USA and in China.
- New contracts won for Porsche (Cajun) and Mercedes E-class (China), to be started in 2012

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 9M/2011

- **Seating** (Proseat – 51/49 JV)  
(EUR 112.1M, +10.7%).
  - Higher market share in EU.
  - Launch of EPP (Expanded PolyPropylene) project in French site of Trilport.
  
- **Exteriors** (EUR 10.0M, -21.9%)
  - 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
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### ■ **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.





## OUTLOOK FY2011



# RECTICEL OUTLOOK

Given the continuing 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.



## Q & A

**...thank you for your attention**

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Financial calendar

<b>Annual results 2011 (before stock exchange opening)</b>	<b>02.03.2012</b>
<b>First quarter trading update 2012 (before stock exchange opening)</b>	<b>08.05.2012</b>
<b>Annual General Meeting</b>	<b>29.05.2012 (at 10:00 AM CET)</b>
<b>First half year results 2012 (before stock exchange opening)</b>	<b>30.08.2012</b>
<b>Third quarter trading update 2012 (before stock exchange opening)</b>	<b>09.11.2012</b>

For more product information or direct business contacts, please consult our web site [www.recticel.com](http://www.recticel.com), where interested parties can also find our press releases and slide presentations of our annual or half year results.

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