

Recticel Annual Results 2020

Solid 2nd half 2020 and Strategic Repositioning

- **Net sales:** from EUR 878.5 million¹ to EUR 828.8 million (-5.7%), including a -0.3% currency effect
- **Adjusted EBITDA:** from EUR 70.7 million¹ to EUR 58.8 million (-16.8%)
- **Result of the period (share of the Group):** from EUR 24.8 million to EUR 63.2 million, including EUR 68.7 million result from discontinued operations
- **Net financial debt (cash):** EUR 4.6 million, including IFRS 16 lease liabilities
- **Proposal to pay a gross dividend of EUR 0.26 per share**

Olivier Chapelle (CEO): *“After a -17.5% sales decline in 1H2020 caused by the COVID-19 lock down, the 2H2020 was marked by significant sales fluctuations varying from one business segment or country to another, influenced by the subsequent waves of the COVID pandemic and the related precautionary measures taken by national governments. In this difficult context, we managed to generate a robust 7.0% sales growth in 2H2020 and a 10.0% increase in Adjusted EBITDA.*

Numerous ‘force majeure’ events at the premises of our chemical raw material suppliers have created and continue to create supply shortages of polyols and isocyanates. Our suppliers have used this situation to implement price increases at an historically high pace, leading to new all-time highs. In response to this, we were compelled to mitigate these cost increases through corresponding sale price increases. The situation is expected to normalize as of 3Q2021.

2020 has also been a milestone year for the important strategic repositioning of our Group. We have at last succeeded in divesting our Automotive Interiors operations, which, together with the disposal of our 50% participation in the Eurofoam joint venture, has enabled the signing of the acquisition of FoamPartner. This transaction will create a truly global player in Engineered Foams, and the preparation of its closing is progressing well.

While pursuing further external growth opportunities, the Board of Directors has now also decided to launch a divestment process for our Bedding division, in line with our amended strategy.”

OUTLOOK

Our underlying end-use markets remain difficult to predict in the context of the COVID-19 pandemic. Regardless of these uncertainties, our Group expects in 2021 a substantial increase in sales, and a 30% increase of its Adjusted EBITDA, not taking into account the contribution from the FoamPartner acquisition nor the related synergies.

¹ Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the ‘equity method’. Following the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present these as discontinued operations.

To facilitate comparisons and understanding of the Group’s underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated.

1. CONSOLIDATED GROUP RESULTS

<i>in million EUR</i>	2H2019 as published	2H2019 restated ¹	2H2020	Δ %	FY2019 as published	FY2019 restated ¹	FY2020	Δ %
Sales	502.4	424.7	454.5	7.0%	1 038.5	878.5	828.8	-5.7%
Gross profit	89.9	80.7	91.7	13.6%	191.1	168.7	157.0	-6.9%
as % of sales	17.9%	19.0%	20.2%		18.4%	19.2%	18.9%	
Income from associates ³	4.5	0.6	0.3	-53.8%	9.3	1.3	0.7	-45.7%
Adjusted EBITDA	n.a.	36.1	39.8	10.0%	n.a.	70.7	58.8	-16.8%
as % of sales		8.5%	8.7%			8.1%	7.1%	
EBITDA	42.0	30.3	34.2	12.9%	95.3	60.7	51.6	-15.0%
as % of sales	8.4%	7.1%	7.5%		9.2%	6.9%	6.2%	
Adjusted operating profit (loss)	n.a.	18.0	22.6	25.5%	n.a.	34.8	23.5	-32.5%
as % of sales		4.2%	5.0%			4.0%	2.8%	
Operating profit (loss)	12.4	12.1	16.7	37.9%	37.1	24.4	13.8	-43.3%
as % of sales	2.5%	2.9%	3.7%		3.6%	2.8%	1.7%	
Financial result	(3.6)	(1.4)	(2.6)	79.1%	(8.2)	(4.2)	(5.1)	21.9%
Income from other associates ³	-	(1.6)	(2.8)	n.m.	-	1.0	(5.8)	n.m.
Impairment other associates	-	0.0	(5.5)	n.m.	-	0.0	(5.5)	n.m.
Change in fair value of option structures	-	0.9	(0.6)	n.m.	-	3.8	1.1	n.m.
Income taxes	(0.2)	1.7	(2.0)	-213.3%	(4.2)	(0.9)	(4.0)	354.3%
Result of the period of the continuing operations	8.6	11.7	3.2	-72.7%	24.7	24.0	(5.5)	-123.0%
Result of the discontinued operations	0.0	(3.1)	(0.1)	n.m.	0.0	0.7	68.7	n.m.
Result of the period (share of the Group)	8.7	8.7	3.0	-64.9%	24.8	24.8	63.2	155.0%
Result of the period (share of the Group) - base (per share, in EUR)	0.16	0.16	0.04	-73.3%	0.45	0.45	1.13	153.5%

	31 Dec 2019	31 Dec 2019	31 Dec 2020		31 Dec 2019	31 Dec 2019	31 Dec 2020	
Total Equity	275.4	275.4	334.8	21.6%	275.4	275.4	334.8	21.6%
Net Financial Debt (incl. IFRS 16 - Leases)	168.6 ²	96.7 ²	4.6	-95.2% ²	168.6 ²	96.7 ²	4.6	-95.2%
Gearing ratio (Net financial debt/Total Equity)	61.2%	35.1%	1.4%		61.2%	35.1%	1.4%	
Leverage ratio (Net financial debt/EBITDA)	2.0	1.6	0.1		1.8	1.6	0.1	

² Excluding the drawn amounts under non-recourse factoring programs: EUR 0.0 million per 31 December 2020 versus EUR 47.0 million per 31 December 2019 and EUR 0.0 million per 30 June 2020

³ Income from associates = income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam
Income from other associates = income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

The following changes in the scope of consolidation took place in 2020:

- Disposal of the 50% participation in the Eurofoam group (Flexible Foams) on 30 June 2020.
- Partial divestment of the Automotive Interiors activities on 30 June 2020, now operated through a new 51/49% Admetos/Recticel joint venture.

Consequently, the 1H2020 net result of the Automotive Interiors activities and Eurofoam are reported under discontinued operations and the 2H2020 net result of Automotive Interiors is included under 'Income from other associates'.

The Automotive segment is no longer reported separately.

Sales of chemical raw materials at cost to the Proseat and Automotive Interiors companies, which were reported under the segment Automotive until 2019, are now integrated under "Corporate/Eliminations".

Net Sales: on a like-for-like basis¹ sales decreased by 5.7% from EUR 878.5 million¹ to **EUR 828.8 million**, including a currency impact of -0.3%.

Sales recovered strongly in the second half-year (+7.0% y/y), after a first half-year severely impacted by the first wave of the COVID-19 pandemic (-17.5% y/y). Despite the development of a second COVID-19 wave since the autumn, sales increased over the third (+2.5%) and fourth quarter (+11.5%), supported by recovering volumes and higher selling prices, compensating for the steep increase in chemical raw material costs induced by many *force majeure* events at our main suppliers.

Breakdown of the sales by segment

<i>in million EUR</i>	FY2019 restated ¹	1Q2020	2Q2020	3Q2020	4Q2020	FY2020	Δ FY
Flexible Foams	361.1	89.4	57.7	81.5	93.3	322.0	-10.8%
Bedding	242.3	65.2	44.0	68.3	64.3	241.8	-0.2%
Insulation	247.2	60.7	52.0	65.0	71.5	249.2	0.8%
Corporate / Eliminations	28.0	6.2	(1.0)	2.6	8.0	15.8	-43.5%
TOTAL CONSOLIDATED SALES	878.5	221.5	152.8	217.4	237.2	828.8	-5.7%

<i>in million EUR</i>	restated ¹		restated ¹			2020 versus 2019 restated			
	1Q2019	2Q2019	1H2019	1Q2020	2Q2020	1H2020	Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	96.8	92.6	189.4	89.4	57.7	147.1	-7.7%	-37.7%	-22.3%
Bedding	64.3	55.6	119.8	65.2	44.0	109.2	1.4%	-20.7%	-8.9%
Insulation	62.5	67.4	129.8	60.7	52.0	112.7	-2.9%	-22.8%	-13.2%
Corporate / Eliminations	4.6	10.1	14.7	6.2	(1.0)	5.2	33.3%	-110.2%	-64.9%
TOTAL CONSOLIDATED SALES	228.3	225.6	453.8	221.5	152.8	374.3	-3.0%	-32.3%	-17.5%

<i>in million EUR</i>	restated ¹		restated ¹			2020 versus 2019 restated			
	3Q2019	4Q2019	2H2019	3Q2020	4Q2020	2H2020	Δ 3Q	Δ 4Q	Δ 2H
Flexible Foams	84.3	87.4	171.7	81.5	93.3	174.8	-3.3%	6.8%	1.8%
Bedding	57.8	64.6	122.4	68.3	64.3	132.5	18.1%	-0.6%	8.2%
Insulation	62.9	54.4	117.3	65.0	71.5	136.5	3.3%	31.5%	16.4%
Corporate / Eliminations	7.0	6.3	13.3	2.6	8.0	10.7	-62.6%	28.0%	-19.8%
TOTAL CONSOLIDATED SALES	212.0	212.7	424.7	217.4	237.2	454.5	2.5%	11.5%	7.0%

<i>in million EUR</i>	restated ¹		restated ¹			2020 versus 2019 restated			
	1H2019	2H2019	FY2019	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	189.4	171.7	361.1	147.1	174.8	322.0	-22.3%	1.8%	-10.8%
Bedding	119.8	122.4	242.3	109.2	132.5	241.8	-8.9%	8.2%	-0.2%
Insulation	129.8	117.3	247.2	112.7	136.5	249.2	-13.2%	16.4%	0.8%
Corporate / Eliminations	14.7	13.3	28.0	5.2	10.7	15.8	-64.9%	-19.8%	-43.5%
TOTAL CONSOLIDATED SALES	453.8	424.7	878.5	374.3	454.5	828.8	-17.5%	7.0%	-5.7%

All segments reported higher sales during 2H2020:

- Flexible Foams sales increased by 1.8% over 2H2020. Volumes remained subdued due to a combination of softer demand linked to 2H2020 COVID-19 restrictions and to limited availability of chemical raw materials. Increased chemical raw materials costs were passed on to the market as from September 2020, resulting in higher selling prices.
- Bedding sales increased by 8.2% over 2H2020, thanks to very strong demand as soon as the restrictions imposed on retail shopping in most European countries between March and May 2020 were lifted.

Sales have grown significantly over 3Q2021 (+18.1%) on the back of a strong orderbook, but 4Q2020 was stable (-0.6% y/y), due to raw material supply constraints.

- Insulation sales increased by 16.4% over 2H2020, with strong volumes throughout 2H2020 in combination with higher selling prices resulting from the increase in chemical raw material input costs.

Adjusted EBITDA: EUR 58.8 million versus EUR 70.7 million¹ in 2019.

Adjusted EBITDA margin of 7.1% versus 8.1%¹ in 2019.

Breakdown of the Adjusted EBITDA by segment

<i>in million EUR</i>	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	18.8	18.3	37.2	10.3	18.3	28.6	-45.4%	-0.3%	-23.1%
Bedding	6.9	9.9	16.9	4.5	13.7	18.2	-34.6%	37.7%	8.0%
Insulation	17.1	14.5	31.6	11.3	16.4	27.7	-33.9%	13.0%	-12.3%
Corporate	(8.2)	(6.7)	(14.9)	(7.0)	(8.6)	(15.6)	-14.4%	29.4%	5.2%
TOTAL									
CONSOLIDATED	34.6	36.1	70.7	19.1	39.8	58.8	-44.9%	10.0%	-16.8%
ADJUSTED EBITDA									

Although COVID-19 particularly impacted Adjusted EBITDA in 1H2020 (-44.9% y/y), a solid recovery was observed in 2H2020, with an Adjusted EBITDA growth of +10.0% y/y.

After a first half during which the negative volume impact could be mitigated to a great extent by cost saving measures and the implementation of temporary unemployment, 2H2020 benefitted from recovering volumes in Insulation and Bedding and disciplined selling price adjustments to compensate for the higher chemical raw material costs.

Many *force majeure* events have occurred after the restart of the suppliers' production lines - which had been stopped during the first lockdown -, and have resulted in an extremely tight supply situation over the last 4 months of the year. The shortage has been invoked by our suppliers to increase their prices at a historical speed, and to new record levels. The Group has implemented selling price increases accordingly to protect its profit margins.

Adjusted operating profit (loss): EUR 23.5 million versus EUR 34.8 million¹ in 2019.

Adjusted operating profit (loss) margin of 2.8% versus 4.0%¹ in 2019.

Breakdown of the Adjusted operating profit (loss) by segment

<i>in million EUR</i>	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.0	11.1	23.1	3.1	11.2	14.4	-73.8%	1.4%	-37.7%
Bedding	2.5	5.7	8.2	0.0	10.2	10.2	-99.4%	79.1%	25.5%
Insulation	11.5	9.4	20.9	5.9	11.2	17.1	-48.4%	19.1%	-18.0%
Corporate	(9.1)	(8.2)	(17.2)	(8.2)	(10.0)	(18.2)	-9.9%	22.8%	5.6%
TOTAL ADJUSTED OPERATING PROFIT (LOSS)	16.8	18.0	34.8	0.9	22.6	23.5	-94.7%	25.5%	-32.5%

Adjustments to Operating profit (loss):

<i>in million EUR</i>	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020
Restructuring charges and provisions	(1.1)	(5.6)	(6.7)	(1.4)	(0.6)	(2.0)
Other	(3.1)	(0.3)	(3.4)	(0.3)	(4.9)	(5.2)
Total impact on EBITDA	(4.2)	(5.8)	(10.0)	(1.7)	(5.5)	(7.2)
Impairments	(0.3)	(0.1)	(0.4)	(2.1)	(0.4)	(2.4)
Total impact on Operating profit (loss)	(4.5)	(5.9)	(10.4)	(3.8)	(5.9)	(9.7)

Adjustments to Operating profit (loss) in 2020 include mainly (i) reorganisation charges in Flexible Foams (EUR 0.9 million) and Bedding (EUR 1.0 million), (ii) due diligence and legal fees and expenses linked to the FoamPartner acquisition - cfr press release of 10 November 2020 - (EUR 4.9 million) and (iii) impairments on idle assets in Flexible Foams in Spain (EUR 1.3 million) and in Bedding following the closure of the Hassfurt plant (Germany) (EUR 1.1 million).

EBITDA: EUR 51.6 million versus EUR 60.7 million¹ in 2019.

EBITDA margin of 6.2% versus 6.9%¹ in 2019.

Breakdown of EBITDA by segment

<i>in million EUR</i>	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	19.3	14.9	34.1	9.5	17.9	27.4	-50.9%	20.1%	-19.9%
Bedding	6.8	9.3	16.0	3.5	13.6	17.1	-47.6%	46.7%	7.0%
Insulation	17.1	14.4	31.4	11.2	16.3	27.5	-34.3%	13.4%	-12.5%
Corporate	(12.7)	(8.2)	(20.9)	(6.8)	(13.6)	(20.4)	-46.0%	64.9%	-2.3%
TOTAL CONSOLIDATED EBITDA	30.4	30.3	60.7	17.4	34.2	51.6	-42.8%	12.9%	-15.0%

Operating profit (loss): EUR 13.8 million versus EUR 24.4 million¹ in 2019.

Operating profit (loss) margin of 1.7% versus 2.8%¹ in 2019.

Breakdown of Operating profit (loss) by segment

<i>in million EUR</i>	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.4	7.6	20.0	1.2	10.7	11.9	-90.1%	40.8%	-40.6%
Bedding	2.0	5.0	7.0	(1.9)	10.0	8.1	-194.7%	97.5%	15.1%
Insulation	11.4	9.3	20.7	5.8	11.1	16.9	-48.8%	19.9%	-18.0%
Corporate	(13.5)	(9.7)	(23.3)	(8.1)	(15.0)	(23.1)	-40.2%	54.2%	-0.8%
TOTAL	12.3	12.1	24.4	(2.9)	16.7	13.8	-123.5%	37.7%	-43.4%
OPERATING PROFIT (LOSS)									

Financial result: from EUR -4.2 million¹ to **EUR -5.1 million:**

Net interest charges: EUR -3.4 million – of which EUR -2.1 million relating to leases – versus EUR -2.8 million¹ in 2019.

‘Other net financial income and expenses’: EUR -1.7 million versus EUR -1.4 million¹ in 2019. This item comprises mainly interest capitalisation costs under provisions for pension liabilities (EUR -0.3 million versus EUR -0.8 million¹ in 2019) and exchange rate differences (EUR -1.4 million versus EUR -0.6 million¹ in 2019).

Income from other associates : EUR -5.7 million relates to the reported results in Proseat (EUR -5.1 million) and in Automotive Interiors (EUR -0.6 million).

Impairment other associates : EUR -5.5 million on the Proseat participation.

Fair value of option structures : EUR +1.1 million relates to an adjustment of the fair value of the put/call structure on the 25% Proseat participation. The put/call structure on the remaining 49% participation in the Automotive Interiors joint-venture has been maintained at a ‘zero’ value given the uncertainties over the period until the earliest exercise date of the options (2024).

Income and deferred taxes: from EUR -0.9 million¹ to **EUR -4.0 million:**

- Current income tax: EUR -4.0 million (2019: EUR -3.6 million¹);
- Deferred tax: EUR -0.02 million (2019: EUR +2.7 million¹).

Result of the period from continuing operations: EUR -5.5 million versus EUR +24.1 million¹ in 2019.

Result from discontinued operations: EUR +68.7 million

The total result of discontinued operations consists of:

- the net gain related to the divestment of the 50% participation in the Eurofoam group,
- the net loss realised on the sale of 49% of the Automotive Interiors activities, and
- the pro rata share of the 1H2020 result of the period after taxes of Eurofoam (50%) and Automotive Interiors activities (100%).

Consolidated result of the period (share of the Group): EUR + 63.2 million versus EUR 24.7 million in 2019.

2. FINANCIAL POSITION

<i>in million EUR</i>	31 DEC 2019	31 MAR 2020	30 JUN 2020	30 SEP 2020	31 DEC 2020
TOTAL EQUITY	276.6	-	331.5	-	334.8
Net financial debt excluding factoring	88.6	121.4	(11.4)	(43.7)	(47.9)
+ Drawn amounts under factoring programs	47.1	32.1	0.0	0.0	0.0
+ Impact of application IFRS 16	80.0	77.6	55.2	52.9	52.5
TOTAL CONSOLIDATED NET FINANCIAL DEBT	215.6	231.1	43.8	9.3	4.6
Gearing ratio (incl. IFRS 16)	60.9%	-	13.2%	-	1.4%
Leverage ratio (incl. IFRS 16)	1.8	-	0.7	-	0.1

The Group's net cash position - excluding IFRS16 debt - increased by EUR 4.2 million over 4Q2020 to reach EUR 47.9 million.

On 4 December 2020 the Group entered into (i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021 and (ii) a EUR 205 million acquisition financing facility to finance the acquisition of FoamPartner (cfr press release of 10 November 2020), planned to be closed as soon as all anti-trust approvals will have been obtained.

Both facilities have been arranged and underwritten by KBC Bank. Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL confirmed their participation. Both facilities have a 3-year tenor with two 1-year extension options.

3. MARKET SEGMENTS

3.1. FLEXIBLE FOAMS

in million EUR	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	189.4	171.7	361.1	147.1	174.8	322.0	-22.3%	1.8%	-10.8%
Adjusted EBITDA	18.8	18.3	37.2	10.3	18.3	28.6	-45.4%	-0.3%	-23.1%
as % of sales	9.9%	10.7%	10.3%	7.0%	10.5%	8.9%			
EBITDA	19.3	14.9	34.1	9.5	17.9	27.4	-50.9%	20.1%	-19.9%
as % of sales	10.2%	8.7%	9.5%	6.4%	10.2%	8.5%			
Adjusted operating profit (loss)	12.0	11.1	23.1	3.1	11.2	14.4	-73.8%	1.4%	-37.7%
as % of sales	6.3%	6.5%	6.4%	2.1%	6.4%	4.5%			
Operating profit (loss)	12.4	7.6	20.0	1.2	10.7	11.9	-90.1%	40.8%	-40.6%
as % of sales	6.6%	4.4%	5.5%	0.8%	6.1%	3.7%			

Sales

Fourth quarter 2020

Sales increased by 6.8% in **4Q2020** from EUR 87.4 million¹ in 4Q2019 to **EUR 93.3 million**, including a -1.7% impact from exchange rate differences. External sales increased by 6.0% from EUR 79.9 million¹ to EUR 84.7 million, including the impact of passing on higher chemical raw material costs to the market.

Full-year 2020

Although market demand restored as of September, COVID-induced sales reduction in 1H2020 (-22.3% on a like-for-like¹ basis), could not be compensated during 2H2020 (+1.8%). **Sales** decreased from EUR 361.1 million¹ to **EUR 322.0 million** (-10.8%), including a -0.9% impact from exchange rate differences. External sales decreased by 12.0% from EUR 332.0 million¹ to EUR 292.2 million.

Selling prices were increased as of September 2020 to compensate for the steep surge in chemical raw material prices following several *force majeure* events and other supply issues in the upstream value chain.

Profitability

Although profitability gradually improved after Q2, the like-for-like¹ Adjusted EBITDA margin decreased to 8.9% (2019: 10.3%¹). The margin reduction is fully explained by the negative volume impact leading to unabsorbed fixed costs, partially mitigated by cost saving measures, including temporary unemployment and pricing efforts.

EBITDA includes adjustments for EUR -1.2 million (2019: EUR -3.0 million¹): of which EUR -0.9 million of restructuring charges in The Netherlands and Spain.

3.2. BEDDING

in million EUR	1H2019	2H2019	FY2019	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	119.8	122.4	242.3	109.2	132.5	241.8	-8.9%	8.2%	-0.2%
Adjusted EBITDA	6.9	9.9	16.9	4.5	13.7	18.2	-34.6%	37.7%	8.0%
as % of sales	5.8%	8.1%	7.0%	4.2%	10.3%	7.5%			
EBITDA	6.8	9.3	16.0	3.5	13.6	17.1	-47.6%	46.7%	7.0%
as % of sales	5.6%	7.6%	6.6%	3.2%	10.3%	7.1%			
Adjusted operating profit (loss)	2.5	5.7	8.2	0.0	10.2	10.2	-99.4%	79.1%	25.5%
as % of sales	2.0%	4.7%	3.4%	0.0%	7.7%	4.2%			
Operating profit (loss)	2.0	5.0	7.0	(1.9)	10.0	8.1	-194.7%	97.5%	15.1%
as % of sales	1.7%	4.1%	2.9%	-1.7%	7.5%	3.3%			

Sales

Fourth quarter 2020

Sales slightly decreased from EUR 64.6 million in 4Q2019 to **EUR 64.3 million** in 4Q2020 (-0.6%), including a +0.7% impact of exchange rate differences. External sales decreased by 0.1% to EUR 63.3 million in 4Q2020.

The strong momentum observed during 3Q2020 (+18.1%) - compensating for the volume shortfall in 2Q2020 (-20.7%) following the COVID-19 retail shopping restrictions imposed in most European countries – lost some of its momentum in 4Q2020 as new mobility restrictions (2nd COVID-19 wave) and raw material shortages dampened intrinsic volume growth.

Full-year 2020

Over 2020, sales remained stable despite the impact of COVID-19 on the retail sector. Sales amounted to **EUR 241.8 million** (-0.2%) versus EUR 242.3 million in 2019, including a +0.7% impact from exchange rate differences. **External sales** increased by 0.4% from EUR 237.3 million to **EUR 238.2 million**.

The sub-segment “Branded Products” (+3.8%) held firm given the challenging market environment, whereas the sub-segment “Non-Branded/Private Label” receded by 6.4%. Both sub-segments were heavily impacted during the second quarter by the COVID-19 retail shopping restrictions imposed in most European countries.

Profitability

The Adjusted EBITDA margin reached 7.5% versus 7.0% in 2019. The improved profitability was induced by positive mix effects and lower operating costs.

Despite the COVID-19 crisis, EBITDA increased from EUR 16.0 million to EUR 17.1 million; including non-recurring costs for EUR -1.1 million following the implementation of cost saving measures (2019: EUR -0.9 million).

3.3. INSULATION

in million EUR	1H2019	2H2019	FY2019	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	129.8	117.3	247.2	112.7	136.5	249.2	-13.2%	16.4%	0.8%
Adjusted EBITDA	17.1	14.5	31.6	11.3	16.4	27.7	-33.9%	13.0%	-12.3%
as % of sales	13.1%	12.4%	12.8%	10.0%	12.0%	11.1%			
EBITDA	17.1	14.4	31.4	11.2	16.3	27.5	-34.3%	13.4%	-12.5%
as % of sales	13.1%	12.3%	12.7%	9.9%	11.9%	11.0%			
Adjusted operating profit (loss)	11.5	9.4	20.9	5.9	11.2	17.1	-48.4%	19.1%	-18.0%
as % of sales	8.8%	8.0%	8.4%	5.2%	8.2%	6.9%			
Operating profit (loss)	11.4	9.3	20.7	5.8	11.1	16.9	-48.8%	19.9%	-18.0%
as % of sales	8.8%	7.9%	8.4%	5.2%	8.1%	6.8%			

Sales

Fourth quarter 2020

Sales increased from EUR 54.4 million in 4Q2019 to **EUR 71.5 million** in 4Q2020 (+31.5%), including a -1.5% impact of exchange rate differences.

The sales increase results from strong volume development and selling price increases implemented to compensate for the steep surge in chemical raw material prices following a tighter supply in the upstream supply chain.

The new plant in Finland continues to increase its output.

In 4Q2020 demand for VIP (vacuum insulation panel) material has sharply increased, boosted by demand for ultra-high performance insulation materials needed for the transportation and storage of COVID-19 vaccines.

Full-year 2020

Despite the impact of COVID-19 – mainly in 2Q2020 –, sales slightly exceeded the level of 2019 thanks to solid demand leading to increased volumes: **EUR 249.2 million** versus EUR 247.2 million to (+0.8%), including a currency impact of -0.5%.

EC stimulus plans and green regulatory incentives will remain a key volume driver in Europe in 2021.

Profitability

Adjusted EBITDA margin of 11.1% versus 12.8% in 2019.

The profitability decline in 2020 results from (i) lower profit in 1H2020 due to sub-critical asset utilisation linked to COVID-19 impacted volumes, and (ii) higher profit in 2H2020 due to strong volumes, but partially mitigated by steep raw material price increases.

The new Finnish plant ramp-up is progressing well taking into account the COVID-19 impact and is expected to lead to break-even in 2H2021.

4. STRATEGIC REVIEW BEDDING

The Board of Directors has completed the strategic review of the Bedding business segment and decided to divest the segment in order to focus on the core segments Insulation and Engineered Foams.

Recticel Bedding is a leading European manufacturer and distributor of branded and unbranded mattresses, slats, bed bases and finished beds. The business operates through a distinguished portfolio of brands including Geltex®, Schlaraffia®, Superba®, Swissflex®, Sembella®, Literie Bultex®, Beka® and Lattoflex® sold mainly in Belgium, Germany, the Netherlands, Poland, Austria and Switzerland. The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

The next few months will be used to prepare the carve-out. J.P. Morgan has been retained to advise Recticel on the divestment.

5. PROPOSED DIVIDEND

The Board of Directors will propose to the Annual General Meeting of 25 May 2021 the payment of a gross dividend of EUR 0.26 per share on 55.7 million shares or a total dividend pay-out of EUR 14.5 million (2019: respectively EUR 0.24/share and EUR 13.3 million in total).

APPENDICES

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 annual report at 31 December 2019, were applied for the figures included in this press release.

The analysis of the risk management is described in the annual report and the IAS 34 Interim report per 30 June 2020, both of which are available from www.recticel.com.

1. Condensed consolidated income statement

Group Recticel in thousand EUR	2019 restated ¹	2020	Δ
	(a)	(b)	(b)/(a)-1
Sales	878 521	828 792	-5.7%
Distribution costs	(55 892)	(54 849)	-1.9%
Cost of sales	(653 965)	(616 913)	-5.7%
Gross profit	168 664	157 030	-6.9%
General and administrative expenses	(58 349)	(57 949)	-0.7%
Sales and marketing expenses	(66 950)	(60 624)	-9.4%
Research and development expenses	(10 643)	(9 281)	-12.8%
Impairments goodwill, tangible and intangible assets	(396)	(2 440)	516.2%
Other operating revenues	8 384	15 514	85.0%
Other operating expenses	(17 587)	(29 103)	65.5%
Income from associates	1 294	703	-45.7%
Operating profit (loss)	24 417	13 850	-43.3%
Interest income	2 759	909	-67.1%
Interest expenses	(5 541)	(4 329)	-21.9%
Other financial income	9 273	5 294	-42.9%
Other financial expenses	(10 711)	(7 018)	-34.5%
Financial result	(4 220)	(5 144)	21.9%
Income from other associates	962	(5 790)	-701.9%
Impairments other associates	0	(5 525)	n.m.
Change in fair value of option structures	3 762	1 103	-70.7%
Result of the period before taxes	24 921	(1 506)	-106.0%
Income taxes	(886)	(4 025)	354.3%
Result of the period after taxes - continuing operations	24 035	(5 531)	-123.0%
Result of the period after taxes - discontinued operations	683	68 686	n.m.
Result of the period after taxes - continuing and discontinued operations	24 718	63 155	155.5%
of which attributable to the owners of the parent	24 762	63 151	155.0%
of which attributable to non-controlling interests	(44)	4	-109.1%

A distinction has been made between Income from associates - included in operating profit (loss) - and Income from other associates - excluded from operating profit (loss).

Income from associates: income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam

Income from other associates: income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

2. Earnings per share

in EUR	2019 restated ¹	2020	Δ
Number of shares outstanding (including treasury shares)	55 070 639	55 742 920	1.2%
Weighted average number of shares outstanding (before dilution effect)	54 959 861	55 174 425	0.4%
Weighted average number of shares outstanding (after dilution effect)	55 154 501	55 381 032	0.4%
Continuing operations			
EBITDA	1.10	0.94	-15.3%
Operating profit (loss)	0.44	0.25	-43.5%
Result of the period before taxes	0.45	(0.03)	n.m.
Earnings per share - continuing operations	0.44	(0.10)	n.m.
Earnings per share - discontinued operations	0.01	1.24	n.m.
Earnings per share of continuing and discontinued operations	0.45	1.14	154.5%
Earnings per share from continuing operations			
Basic	0.437	(0.100)	n.m.
Diluted	0.436	(0.100)	n.m.
Earnings per share from discontinued operations			
Basic	0.012	1.245	9918.3%
Diluted	0.012	1.240	9916.3%
Net book value	5.00	6.01	20.1%

3. Condensed consolidated statement of comprehensive income

Group Recticel in thousand EUR	2019	2020
Result for the period after taxes	24 718	63 155
Other comprehensive income		
Items that will not subsequently be recycled to profit and loss		
Actuarial gains (losses) on employee benefits recognized in equity	(4 333)	420
Deferred taxes on actuarial gains (losses) on employee benefits	759	0
Currency translation differences	(18)	161
Share in other comprehensive income in joint ventures & associates	(655)	(262)
Total	(4 247)	319
Items that subsequently may be recycled to profit and loss		
Hedging reserves	0	(70)
Currency translation differences	371	(9 227)
Foreign currency translation reserve difference recycled in the income statement	305	18 311
Deferred taxes on retained earnings	(68)	(113)
Share in other comprehensive income in joint ventures & associates	158	(2 098)
Total	766	6 803
Other comprehensive income net of tax	(3 481)	7 122
Total comprehensive income for the period	21 237	70 277
Total comprehensive income for the period	21 237	70 277
of which attributable to the owners of the parent	21 243	70 273
of which attributable to non-controlling interests	(6)	4

4. Condensed consolidated statement of financial position

Group Recticel in thousand EUR	31 Dec 2019 as published	31 Dec 2020
Intangible assets	14 306	14 806
Goodwill	24 412	24 139
Property, plant & equipment	227 617	173 000
Right-of-use assets	105 110	75 377
Investment property	3 331	3 331
Investments in associates	54 512	12 351
Investments in other associates	10 953	11 030
Non-current receivables	26 383	25 760
Other non-current contract assets	11 138	0
Deferred taxes	24 108	25 298
Non-current assets	501 869	365 092
Inventories	101 797	90 833
Trade receivables	99 117	102 726
Other current contract assets	11 300	0
Other receivables and other financial assets	32 667	57 929
Income tax receivables	1 448	1 452
Other investments	154	170
Cash and cash equivalents	48 479	79 255
Assets held for sale	5 638	1 300
Current assets	300 600	333 665
TOTAL ASSETS	802 469	698 757
Capital	138 494	139 357
Share premium	130 334	131 267
Share capital	268 828	270 624
Treasury shares	(1 450)	(1 450)
Other reserves	(25 621)	(22 487)
Retained earnings	51 227	98 760
Hedging and translation reserves	(18 288)	(11 372)
Equity (share of the Group)	274 696	334 075
Equity attributable to non-controlling interests	701	705
Total equity	275 397	334 780
Pensions and similar obligations	57 860	52 342
Provisions	6 905	18 979
Deferred taxes	10 023	12 173
Financial liabilities	100 334	70 426
Non-current contract liabilities	20 339	0
Other amounts payable	43	26
Non-current liabilities	195 504	153 946
Provisions	5 759	1 598
Financial liabilities	117 415	14 403
Trade payables	93 008	88 923
Current contract liabilities	32 832	15 183
Income tax payables	1 229	1 045
Other amounts payable	81 325	88 879
Current liabilities	331 568	210 031
TOTAL EQUITY AND LIABILITIES	802 469	698 757

5. Condensed consolidated statement of cash flow

Group Recticel in thousand EUR	2019 restated	2020
Operating profit (loss)	24 417	13 848
Income from discontinued operations	683	68 692
Depreciation, amortisation and impairment losses on assets	58 070	49 673
Write-offs (-back) on assets and shares of affiliates	667	1 359
Changes in provisions	-6 740	7 617
(Gain)/Loss on disposal of assets	-3 740	- 132
(Gain)/Loss on disposal of shares	0	-101 674
Income from associates	-1 294	- 704
Other non-cash elements	273	607
Gross operating cash flow	72 336	39 286
Changes in working capital and long-term receivables	-1 668	-30 952
Gross operating cash flow after changes in working capital	70 668	8 334
Income taxes paid	-3 899	-5 188
Net cash flow from operating activities (a)	66 768	3 146
Net cash flow from investment activities (b)	-30 717	165 669
Paid interest charges on financial debt (c)	-2 453	-2 147
Paid interest charges on lease debt	- 146	- 125
Paid dividends	-13 163	-13 254
Increase (Decrease) of capital	819	1 797
Increase of financial debt	51 169	97 523
Decrease of financial debt	-13 151	-202 895
Reimbursement of lease liabilities (d)	-24 466	-20 573
Net cash flow from financing activities (e)	-1 391	-139 674
Effect of exchange rate changes (f)	- 697	1 635
Changes in cash and cash equivalents (a)+(b)+(e)+(f)	33 963	30 776
FREE CASH FLOW (a)+(b)+(c)+(d)	8 987	145 970

6. Condensed consolidated statement of changes in shareholders' equity

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period 31 December 2019	138 494	130 334	-1 450	-25 621	51 227	-18 288	274 696	701	275 397
Dividends	0	0	0	0	-13 299	0	-13 299	0	-13 299
Stock options (IFRS 2)	0	0	0	609	0	0	609	0	609
Capital movements	863	933	0	0	0	0	1 796	0	1 796
Shareholders' movements	863	933	0	609	-13 299	0	-10 894	0	-10 894
Profit or loss of the period	0	0	0	0	63 151	0	63 151	4	63 155
Other comprehensive income ¹	0	0	0	319	-107	-11 401	-11 189	0	-11 189
Change in scope	0	0	0	2 145	-2 145	18 311	18 311	0	18 311
Comprehensive income	0	0	0	2 464	-2 252	6 910	7 122	0	7 122
Reclassification	0	0	0	61	-61	0	0	0	0
At the end of the period 31 December 2020	139 357	131 267	-1 450	-22 487	98 766	-11 378	334 075	705	334 780

7. Reconciliation with alternative performance measures

Group Recticel in thousand EUR	31 DEC 2019 restated ¹	31 DEC 2020
Income statement		
Sales	878 521	828 793
Gross profit	168 664	154 474
EBITDA	60 715	51 609
Operating profit (loss)	24 417	13 848
<hr/>		
Operating profit (loss)	24 417	13 848
Amortisation intangible assets	1 942	1 933
Depreciation tangible assets	33 018	32 377
Amortisation deferred charges long term	943	1 011
Impairments on goodwill, intangible and tangible fixed assets	395	2 439
EBITDA	60 715	51 609
<hr/>		
EBITDA	60 715	51 609
Restructuring charges	6 654	2 034
Other	3 375	5 198
Adjusted EBITDA	70 744	58 841
<hr/>		
Operating profit (loss)	24 417	13 848
Restructuring charges	6 654	2 034
Other	3 375	5 198
Impairments	395	2 439
Adjusted Operating profit (loss)	34 841	23 519
<hr/>		
Total net financial debt	31 DEC 2019 as published	31 DEC 2020
Non-current financial liabilities	100 334	70 426
Current financial liabilities	117 415	14 403
Cash	(48 479)	(79 255)
Other financial assets ¹	(712)	(999)
Net financial debt on statement of financial position	168 558	4 575
Factoring programs	47 051	0
Total net financial debt	215 609	4 575
<hr/>		
¹ Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	275 397	334 780
Net financial debt on statement of financial position / Total equity	61.2%	1.4%
Total net financial debt / Total equity	78.3%	1.4%
<hr/>		
Leverage ratio (Net financial debt / EBITDA)		
EBITDA (last 12 months)	60 715	51 609
Net financial debt on statement of financial position / EBITDA	2.8	0.1
Total net financial debt / EBITDA	3.6	0.1
<hr/>		
Net working capital		
Inventories and contracts in progress	101 797	90 833
Trade receivables	99 117	102 726
Current contract assets	11 300	0
Other receivables	32 667	57 929
Income tax receivables	1 449	1 452
Trade payables	(93 008)	(88 923)
Current contract liabilities	(32 832)	(15 183)
Income tax payables	(1 229)	(1 045)
Other amounts payable	(81 325)	(88 879)
Net working capital	37 936	58 910
<hr/>		
Current ratio (= Current assets / Current liabilities)		
Current assets	300 600	333 665
Current liabilities	332 264	210 031
Current ratio (factor)	0.9	1.6

8. Auditor's report

The statutory auditor, Deloitte Bedrijfsrevisoren CVBA, represented by Kurt Dehoorne, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated income statement, consolidated statement of total comprehensive income, consolidated statement of financial position and consolidated statement of cash flows, and that the accounting data reported in the press release is consistent, in all material respects, with the draft consolidated income statement, consolidated statement of total comprehensive income, consolidated statement of financial position and consolidated statement of cash flows from which it has been derived.

Glossary

- **IFRS measures**

Consolidated (data) : financial data following the application of IFRS 11, whereby joint ventures and associates 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 EBITDA : EBITDA before Adjustments (to Operating Profit)

Adjusted operating profit (loss) : Operating profit (loss) + adjustments to operating profit (loss)

Adjustments to Operating profit (loss) : 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, revenues or charges due to important (inter)national legal issues and costs of advisory fees incurred in relation to acquisitions or business combination projects.

Current ratio : Current assets / Current liabilities

EBITDA : Operating profit (loss) + depreciation, amortisation and impairment on assets; all of continued activities

Gearing : Net financial debt / Total equity

Income from associates : income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam

Income from other associates : income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors

Leverage : Net financial debt / EBITDA (last 12 months)

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, (iii) the Interest paid on financial liabilities and (iv) reimbursement of lease liabilities; as shown in the consolidated cash flow statement.

Net financial debt : Interest bearing financial liabilities and lease liabilities at more than one year + interest bearing financial liabilities and lease liabilities 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 + Income tax receivables – Trade payables – Income tax payables – Other amounts payable

Operating profit (loss) : Profit before income from other associates, fair value adjustments of option structures, earnings of discontinued activities, interests and taxes. Operating profit (loss) comprises income from associates of continued activities.

Total net financial debt : Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring 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

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)
Annual results 2021	25.02.2022 (at 07:00 AM CET)

For additional information

RECTICEL	
avenue du Bourget/Bourgetlaan 42, 1130 Brussels	
<u>PRESS</u>	<u>INVESTOR RELATIONS</u>
Mr Olivier Chapelle	Mr Michel De Smedt
Tel: +32 2 775 18 01	Mobile: +32 479 91 11 38
chapelle.olivier@recticel.com	desmedt.michel@recticel.com

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 4,221 people in 41 establishments in 20 countries.

Recticel contributes to daily comfort with high performance insulation solutions, mattresses and slat bases of top brands and an extensive range of polyurethane foam products for industrial and domestic applications.

Within Recticel's Insulation segment, the high-quality thermal insulation products are marketed under the well-known brands Eurowall®, Powerroof®, Powerdeck®, Powerwall® and Xentro®. Recticel is also the Group behind the bedding brands (Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Swissflex®, Superba®, etc.) and GELTEX®.

In 2020 Recticel achieved consolidated sales of EUR 828.8 million.

Recticel (Euronext: REC – Reuters: RECTt.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