

Recticel divests its Automotive Interiors division and its 50% stake in the Eurofoam Flexible Foams joint venture

Recticel announces that it has entered into a binding agreement in order to bring its 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.

Chief Executive Officer Olivier Chapelle commented: *“Both transactions are essential and transformational steps to realize our strategic objectives. Divesting from the Automotive business, simplifying our Group structure and constituting a solid financial base will enable the execution of our growth strategy. I’m happy that we have found with Admetos a partner with strong capabilities to leverage the potential of the Automotive Interiors’ proprietary technology and of its qualified team. I also want to thank the Greiner AG group for the more than 27 years of fruitful cooperation with Recticel as co-shareholder of Eurofoam.”*

Automotive Interiors

Under the terms of the agreement the Automotive Interiors division will be transferred to a new joint venture holding company, controlled by Admetos who will own 51% of its shares, with Recticel retaining the other 49%. The new joint venture will allow Automotive Interiors to build on its leading patented interior trim technology, to further develop its customer base, and to expand its geographic reach.

The agreement contains reciprocal call/put options for Admetos to acquire, or Recticel to sell, its remaining 49% share, exercisable as from March 2024 at a price calculated on the basis of a pre-agreed EBITDA multiple.

The Automotive Interiors division develops and produces high-quality interior trim materials in light-stable material for the benefit of Tier 1 and OEM automotive manufacturers. This patented polyurethane-based technology – branded Colo-Fast® and Colo-Sense® Lite spray – offers absolute design freedom, excellent aging and scratch resistance characteristics, while weighing 40% less than comparable traditional thermoplastics.

The Automotive Interiors division employs 1,400 people, is globally present across 11 production sites located in China (5), the Czech Republic (2), Germany (2) and the United States (2) supported by central functions located in Belgium and Germany. In 2019, Automotive Interiors realized sales of EUR 183.5 million.

Eurofoam

Recticel sells its 50% stake in Eurofoam to its joint-venture partner Greiner AG. The Eurofoam joint venture was established in 1992 to develop flexible foams activities in Eastern Europe. In 1997, the joint venture was extended by both partners' contribution of their existing activities in Austria and Germany.

Eurofoam is headquartered in Vienna (Austria) and operates in various Central and Eastern European countries. It employs approximately 2,100 people and realized sales of EUR 400 million in 2019.

Financial impacts on the Recticel group

Both transactions are expected to close in the course of the second quarter of 2020, subject to customary closing conditions.

While the Automotive Interiors transaction will generate a loss, the closing of the two transactions will allow Recticel to realize in aggregate a net capital gain in the region of EUR 85 million and net cash proceeds of EUR 210 million. Additionally, these transactions will lead to the transfer of EUR 36 million of lease obligations (IFRS 16).

Consequently Recticel Group will be in a solid financial position to optimally drive its strategic expansion.

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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: 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