

## CONDITIONAL VOLUNTARY PUBLIC TAKEOVER OFFER IN CASH

followed, as the case may be, by a simplified squeeze-out offer

by

### **GREINER AG**

Austrian stock corporation (*Aktiengesellschaft*)  
Greinerstrasse 70, 4550 Kremsmünster, Austria  
registered with the Commercial Register (*Firmenbuch*) under register number FN 174160 v  
(**Greiner** or the **Offeror**)

for

**all shares and subscription rights not yet owned by the offeror or its related persons (other than the 15,094,410 shares to be acquired pursuant to the share purchase agreement with Compagnie du Bois Sauvage SA)**

issued by

### **RECTICEL SA/NV**

Belgian limited liability company (*société anonyme / naamloze vennootschap*)  
Avenue du Bourget 42, 1130 Brussels, Belgium  
registered with the Belgian register of legal entities (Brussels, Dutch division) under number  
0405.666.668  
(**Recticel** or the **Company**)

## RESPONSE MEMORANDUM OF THE BOARD OF DIRECTORS OF RECTICEL SA/NV



**28 October 2021**

## 1 Introduction

### 1.1 Definitions

Capitalized terms used in this Response Memorandum have the meaning set forth below or elsewhere in this Response Memorandum. If they are not defined in this Response Memorandum, capitalized terms shall have the meaning given to them in the Prospectus.

“**Board of Directors**” means the board of directors of the Company.

“**Company**” means Recticel SA/NV, a Belgian limited liability company (*société anonyme / naamloze vennootschap*) having its registered office at Avenue du Bourget 42, 1130 Brussels, Belgium and registered with the Belgian register of legal entities (Brussels, Dutch division) under number 0405.666.668

“**FSMA**” means the Belgian Financial Services and Markets Authority.

“**Offer**” means the conditional voluntary takeover bid in cash, issued by the Offeror, for the Shares and the Subscription Rights, the terms and conditions of which are set out in the Prospectus.

“**Offeror**” means Greiner AG, an Austrian stock corporation (*Aktiengesellschaft*), incorporated under and governed by Austrian law, having its registered address at Greinerstrasse 70, 4550 Kremsmünster, Austria and registered with the Commercial Register (Firmenbuch) under register number FN 174160 v.

“**Offer Price**” means the Share Offer Price and the Subscription Right Offer Price.

“**Prospectus**” means the prospectus of the Offeror setting out the terms and conditions of the Offer, including its annexes and any supplement thereto as approved by the FSMA on 5 October 2021.

“**Related Persons**” means a person related to the Offeror within the meaning of Article 1:20 of the Companies and Associations Code.

“**Response Memorandum**” means this response memorandum.

“**Shares**” means each of the 40,804,010 shares in the Company to which the Offer relates (the Offer, however, does not relate to Shares already held by the Offeror or its Related Persons and the Shares in the Company sold to the Offeror by Compagnie du Bois Sauvage SA as described in section 1.2.2 of this Response Memorandum).

“**Share Offer Price**” means the cash compensation granted by the Offeror for each Share tendered in the framework of the Offer, i.e. €13.50 per Share.

“**Subscription Right**” means of the 1,777,500 currently outstanding subscription rights to acquire shares of the Company, which amount shall be deemed to exclude any such Subscription Rights as may be exercised or lapse from time, for which the Offer is made.

“**Subscription Right Offer Price**” means the cash compensation granted by the Offer for each Subscription Right tendered in the framework of the Offer, i.e. between €5.20 and €8.07 per Subscription Right.

“**Takeover Decree**” means the Royal Decree of 27 April 2007 on public takeover offers, as amended.

“**Takeover Law**” means the Law of 1 April 2007 on public takeover offers, as amended.

## 1.2 Description of the Offer

### 1.2.1 Introduction

On 14 May 2021, the Offeror announced that it had reached an agreement with Compagnie du Bois Sauvage SA to acquire its entire 27.03% stake in Recticel at a price of €13.50 per share and its intention to launch a voluntary conditional takeover offer in cash at the same price of €13.50 per Share and at price between €5.20 to €8.07 for each Subscription Right depending on the strike price and maturity of the Subscription Rights.

On 16 May 2021, the Offeror issued a press release to clarify certain information regarding the agreement with Compagnie du Bois Sauvage SA to acquire their shares in the Company. In particular, the Offeror clarified that the completion of the agreement to acquire Compagnie du Bois Sauvage's entire stake of 27.03% in the Company is not subject to the success of the contemplated conditional voluntary public takeover offer for the Company. The Offeror further indicated that the acquisition of Compagnie du Bois Sauvage's stake in the Company is definitive with the sole exception that the Offeror may terminate the agreement in case certain defensive measures would be approved by the shareholders' meeting of the Company and that the closing of the acquisition will occur, subject to the aforementioned exception, after the competent competition authorities will have rendered their respective decisions although such decisions do not constitute conditions precedent. The Offeror clarified that therefore, in any case, the Offeror will be obligated to complete the transaction to the extent permissible under competition law and will become a shareholder of the Company (e.g. below a shareholding level that would trigger merger filing obligations). Pursuant to the agreement, Compagnie du Bois Sauvage will sell its entire stake in the Company in any case.

On 18 May 2021, the Offeror filed the formal Offer with the FSMA, including the draft Prospectus.

On 5 October 2021, the FSMA approved the Prospectus and communicated it on the same day to the Board of Directors in accordance with Article 27 of the Takeover Decree.

This Response Memorandum has been prepared on the basis of and in response to the Prospectus as approved by the FSMA.

The Board of Directors has appointed KBC Securities as financial advisor acting independently to carry out a valuation with a view to provide a fairness opinion on the Offer Price to the independent members of the Board of Directors. The fairness opinion letter is dated 6 October 2021 and is attached to this Response Memorandum as Schedule 1.

### 1.2.2 Shares, Subscription Rights and Offer Price

The Offer relates to:

- (i) 40,804,010 Shares of the Company, i.e. all Shares issued by the Company, other than the 15,094,410 shares held by Compagnie du Bois Sauvage SA, which the Offeror will acquire pursuant to a share purchase agreement entered into between the Offeror and Compagnie du Bois Sauvage SA on 14 May 2021; and
- (ii) all 1,777,500 Subscription Rights issued by the Company.

The price offered for each Share tendered to the Offer amounts to €13.50.

The price offered for each Subscription Right tendered to the Offer varies depending on the strike price and maturity and ranges between €5.20 to €8.07 for each Subscription Right.

### 1.2.3 Conditions precedent

The Offer is subject to the following conditions:

- (i) the tendered (and not withdrawn) Shares representing or giving access to at least 23.00% of the total number of Shares plus one Share at the end of the Initial Acceptance Period of the Offer, which means that, together with the Shares to be acquired by the Offeror pursuant to the share purchase agreement with Compagnie du Bois Sauvage SA dated 14 May 2021, the Offeror aims at obtaining Shares representing 50% of the total number of Shares plus one Share;
- (ii) the obtaining of regulatory Phase I approvals from competent antitrust or competition law authorities in the European Union and other relevant jurisdictions; the Offeror will engage proactively with the relevant authorities to adequately address any potential concerns in order to obtain the necessary clearances as quickly as possible;
- (iii) during the period prior to the publication of the results of the Initial Acceptance Period, the closing price of the Bel 20 index has not decreased by more than 15.0% compared to the closing price of the Bel 20 index on the day prior to the formal notification of the Offer to the FSMA in accordance with Article 5 of the Takeover Decree (i.e. 4,072.15 points on 17 May 2021). If the Offeror decides not to withdraw the Offer at a time when the closing price of the Bel 20 index is below 3,461.33 points, and this closing price subsequently rises again to this level, the Offeror will no longer be able to take advantage of this earlier and temporary fall in the Bel 20 index. Any decision by the Offeror to maintain the Offer during a period in which the closing price of the Bel 20 index has temporarily fallen below 3,461.33 points is without prejudice to the right of the Offeror to nevertheless rely on the condition and to withdraw the Offer in the event that, after a recovery, the closing price of the Bel 20 index subsequently falls below 3,461.33 points again; and
- (iv) during the period prior to the publication of the results of the Initial Acceptance Period, no change or event has occurred that results in, or is likely to result in (in such case, as confirmed by an independent expert), a loss (including loss of net asset value) or liability of the Company or its subsidiaries, taken as a whole, with an impact on the consolidated net asset value of the Company and its subsidiaries on an after tax basis exceeding €50 million (a **Material Adverse Change**); provided, however, that none of the following shall be deemed of itself to constitute a Material Adverse Change: (i) any change in the market price or trading volume of Shares; (ii) any general evolution on the stock exchange markets; (iii) any adverse effect resulting from or arising out of the announcement or completion of the Offer including any such effects on employees, customers, vendors, suppliers, distributors, partners, lenders, contractors or other third parties; (iv) any changes in applicable law (or the interpretation thereof); (v) the threat, occurrence, escalation, outbreak or worsening of any natural disaster, force majeure event, acts of war, police or military action, armed hostilities, sabotage or terrorism or (vi) any change arising out of conditions affecting the economy or industry of the Company in general which does not affect the Company in a materially disproportionate manner relative to other participants in the economy or such industry, respectively.

### **1.3 Responsible persons**

The Company, represented by its Board of Directors, is responsible for the information included in this Response Memorandum.

The composition of the Board of Directors is set out in Section 2.

The Company, represented by its Board of Directors, declares that, to its knowledge, the information in this Response Memorandum is in accordance with the facts and makes no omission likely to affect its import.

### **1.4 Approval by the FSMA**

The Response Memorandum was approved by the Board of Directors on 11 October 2021. All directors were present or validly represented. As set out in section 4.7 below, Bois Sauvage (represented by Frédéric Van Gansberghe) and Compagnie du Bois Sauvage Services SA (represented by Benoît Deckers) have abstained from voting on the Response Memorandum. The Response Memorandum has been submitted to the FSMA in its final version on 25 October 2021.

The Response Memorandum was approved by the FSMA on 28 October 2021, in accordance with Article 28, §3, of the Takeover Law. This approval does not imply any assessment or judgment by the FSMA on the merits and the quality of the Offer.

### **1.5 Forward-looking statements**

The Response Memorandum contains forward-looking statements, prospects, and estimates, relating to the expected future performance of the Company, its subsidiaries or related entities and the markets in which they are active. Some of these forward-looking statements, prospects, and estimates are characterized by the use of terms such as (non-exhaustive list): "believes", "thinks", "expects", "anticipates", "seeks", "would", "plans", "envisages", "calculates", "may", "will", "remains", "wishes", "understands", "would like", "intends to", "relies on", "attempts", "estimates", "believes that", and similar expressions, the future and the conditional tense.

Such statements, prospects and estimates are based on a number of assumptions and assessments of known and unknown risks, uncertainties and other factors that may be reasonable and acceptable at the time they are made, but which may not prove to be correct in the future. Actual events are difficult to predict and may depend on factors beyond the Company's control.

Consequently, it is possible that the results, financial position, performance or achievements of the Company or the results of the industry differ, in reality, materially from the future results, performance or achievements described or suggested in such forward-looking statements, prospects or estimates.

The statements, prospects and estimates are only valid as of the date of this Response Memorandum and the Company does not undertake to update such statements, prospects and estimates to take into account possible changes in its expectations in this respect or changes in the events, conditions or circumstances on which such statements, prospects or estimates are based, except where such adaptation is required by Article 30 of the Takeover Law.

### **1.6 Disclaimer**

Nothing in this Response Memorandum should be interpreted as investment, tax, legal, financial, accounting or any other advice. This Response Memorandum is not intended for use by or distribution to persons if making the information available to such persons is prohibited by any law or jurisdiction. Shareholders must make their own assessment of the Offer before making any investment decision and are invited to seek advice from professional advisors in order to assist them in making such decision.

## 2 Composition of the Board of Directors

Name	Expiry of mandate	Function	Participation in Committees
<b>Johnny Thijs BV, (represented by its permanent representative Johnny Thijs)</b>	After the annual shareholders' meeting of 2022	Chairman, Independent Director	Member of the Audit Committee and the Remuneration and Nomination Committee
<b>Olivier Chapelle SRL (represented by its permanent representative Olivier Chapelle)</b>	After the annual shareholders' meeting of 2022	Managing Director, Executive Director	Member of the Management Committee
<b>Compagnie du Bois Sauvage Services SA (represented by its permanent representative Benoit Deckers)</b>	After the annual shareholders' meeting of 2024	Non-executive Director	Member of the Audit Committee
<b>Imrada BV (represented by its permanent representative Ingrid Merckx)</b>	After the annual shareholders' meeting of 2022	Independent Director	Member of the Audit Committee
<b>Lubis BV (represented by its permanent representative Luc Missorten)</b>	After the annual shareholders' meeting of 2024	Independent Director	Member of the Audit Committee and the Remuneration and Nomination Committee
<b>Carpe Valorem BV (represented by its permanent representative Kurt Pierloot)</b>	After the annual shareholders' meeting of 2024	Independent Director	Member of the Remuneration and Nomination Committee
<b>Compagnie du Bois Sauvage SA (represented by its permanent representative Frédéric Van Gansberghe)</b>	After the annual shareholders' meeting of 2022	Non-executive Director	Member of the Remuneration and Nomination Committee
<b>Moroxco BV (represented by its permanent representative Elisa Vlerick)</b>	After the annual shareholders' meeting of 2022	Independent Director	-
<b>Carla Sinanian</b>	After the annual shareholders' meeting of 2023	Independent Director	-

### **3 Recent events – Intended sale of Engineered Foam**

Following the unsolicited offer by the Offeror in May 2021, the Board of Directors concluded that the Offer was not in the interest of shareholders and other stakeholders, and significantly undervalued the Company.

Subsequently, the Board of Directors initiated a complete review of its strategic alternatives taking into account the interest of all stakeholders. After due consideration of these alternatives, the Board of Directors came to the conclusion that a better strategic project and superior value can be created by pursuing a strategy to separate its businesses and to dispose Engineered Foams.

On 11 October 2021, the Company announced it has received a binding offer from Carpenter Co. for its Engineered Foams business for a cash consideration based on an Enterprise Value of €656mm, which represents €11.65 per Recticel share on a fully diluted basis. The offer is made on a cash and debt free basis. The Board of Directors will review at a later stage options for the use of proceeds from the sale of the Engineered Foams business, taking into account the interests of all stakeholders, including the potential partial distribution to shareholders in a tax effective way (capital reduction, repurchase of own shares).

Carpenter Co., headquartered in the US (Richmond, Virginia), is one of the world's largest producers of foam products with more than 4,000 employees and over 50 locations in North America and Europe. Founded in 1948 and privately owned since, Carpenter is active in the US, Canada, the UK, Belgium, France, Germany and Sweden. Carpenter achieves approximately USD 2 billion (or approx. €1.7 billion) in annual sales.

Combining Recticel's Engineered Foams business with Carpenter's Foams business will create the world's largest vertically integrated manufacturer of polyurethane foams and specialty polymer products. Recticel's Engineered Foams business will considerably strengthen Carpenter's European division, while complementing its North America division and providing a foothold in Asia.

The intended sale of the Engineered Foams business is subject to shareholder approval and to certain customary conditions, including regulatory approvals and confirmatory due diligence. Carpenter's binding offer is not subject to any financing condition. The regulatory approvals relate amongst other to anti-trust clearances. The outcome of the confirmatory due diligence will be known before the general meeting that will decide on the transaction. Further details of the intended sale will be communicated upon publication of the convocation for this general meeting. This general meeting of shareholders, which is mandatory in accordance with art. 7:152 of the Belgian Companies Code in the context of the current take-over bid, will be planned for early December 2021. The closing of the transaction is expected to take place the second quarter of 2022.

## **4 Assessment of the voluntary Offer**

### **4.1 Introduction**

The Offeror made an unsolicited Offer, without any prior engagement with the Board of Directors before the announcement of the Offer in the press on 14 May 2021.

The Board of Directors has reviewed and discussed the unsolicited Offer with a view to forming a reasoned opinion on the Offer based on the current situation.

The fundamental guiding principle on which the Board of Directors has based its assessment of the Offer is to act in the best interests of Recticel and its business, all shareholders and other stakeholders.

After careful consideration, the Board of Directors is of the view that the Offer does not address the position and legitimate interests of all stakeholders and substantially undervalues the Company. The Offer is therefore not supported by the Board of Directors for the reasons set out

in this Response Memorandum.

The Board of Directors further notes that the Offer is subject to the conditions precedent set out above, and in particular regarding the merger control approvals expresses its concerns that significant delay may be caused by this condition. In this respect, it is unclear whether any remedies will have to be submitted by the Offeror to be able to obtain merger control clearance and whether the Offeror will be able to submit suitable remedies in a timely manner.

In the absence of a constructive dialogue with the Board of Directors and agreed governance commitments, the intentions of the Offeror remain unclear and its interests may not be aligned with those of the other shareholders.

## **4.2 Effect on the security holders' interests**

### **4.2.1 Offer Price**

The Board of Directors has appointed KBC Securities as independent expert for purpose of providing a fairness opinion on the Offer Price. The letter of KBC Securities on the fairness of the cash consideration offered in the voluntary tender offer, dated 6 October 2021, is attached to this Response Memorandum.

KBC Securities has reached the following conclusions regarding the share price valuation of the Company: (excerpt from their fairness opinion letter) *“Based on and subject to the foregoing and taking into account the valuation exercise presented to the independent directors in the Valuation Conclusions Report, it is our opinion that, as at the date hereof, the price of 13.50 EUR per share offered by Greiner under the VTO is not fair to the shareholders of the Company from a financial point of view.”*

The Board of Directors agrees with the conclusion of KBC Securities.

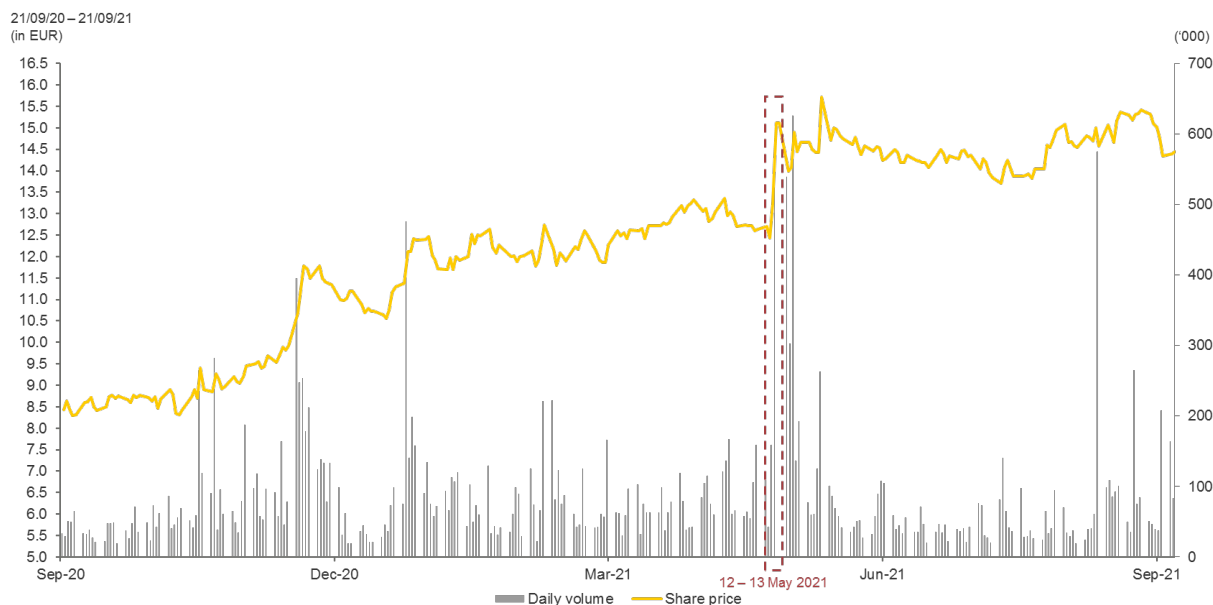
The Board of Directors emphasizes that it is of the opinion that Recticel's value potential is not adequately reflected in the Offer Price.

A number of observations of the Board of Directors highlighting key valuation differences, versus the valuation as laid out by the Offeror in the Prospectus are listed below.

#### **1. Reference date:**

- In the opinion of the Board of Directors, the actual reference date should be 12 May 2021 (with closing price of €13.24/share), instead of 11 May 2021 (with closing price of €12.44/share as referenced by the Offeror). This is explained by:
  - The spike in trading volume occurred on 13 May 2021 and not on 12 May 2021 as suggested by the Offeror. See below chart (taken from page 39 of the Prospectus),





Source: Fadset (as of 21 September 2021)

Recticel trading	10/5/21	11/5/21	12/5/21	13/5/21
Share price	12.70	12.44	13.24	15.12
1D performance	0.5%	(2.0%)	6.4%	14.2%
Volume traded (‘000)	109.03	42.97	158.48	558.07
Vs 6m ADTV	1.2x	0.5x	1.7x	6.1x

Source: Fadset

- Average Daily Trading Volume (“ADTV”) for last 1month/3month/6month as of 12 May 2021 was 88k, 82k and 92k respectively. Up until 12 May the trading volumes were in line with historical levels. On 12 May 2021, the volume traded was 158k (c. 1.7x vs 6 month ADTV as of 12 May 2021) and the stock price increased by 6% which coincided with the publication of an equity research report by ING at the close of business on 11 May 2021. In this report, the ING research analyst increased its target price for Recticel from €15/share to €18/share.
  - A similar trend was observed when on 7 December 2020, ING published equity research increasing its target price for Recticel from €12/share to €15/share. The intraday share price jump was 8% with 396k of volume traded (c. 5.8x vs 6 month ADTV of 69k as of 7 December 2020), illustrating that the Recticel share price on previous occasions also reacted to target price changes in a similar fashion and magnitude.
- On 13 May 2021, trading volumes jumped to 558k (more than 6x historical trading volumes as of 12 May 2021).

## 2. Premium paid to historical share price

- The Offer Price represents a very modest (and virtually non-existing) premium of only 2% to the historical share price of €13.24/share (as of 12 May 2021, which the Board of Directors view as the appropriate reference date), which is very low in the context of the premium paid in public tender offers and contrasts sharply with the 8.5% premium mentioned by the Offeror (calculated on the basis of a historical share price of €12.44/share as of 11 May 2021).
  - The average and median premium paid in Belgian public tender offers between 2001 to 2021 YTD amounts to 32.3% and 24.5% respectively based on 43 transactions –

considering only those public offers which were more than €100mm in deal size and are completed on 05 October 2021 (detailed table included in appendix).

### 3. Premium paid to the average broker's target price

The Board of Directors believes that the average broker's target price of €17.88/share as of 05 October should be used as a reference instead of €14.88/share as of 12 May 2021 which has been used by the Offeror in its prospectus that led to a discount of 9.3% only. Compared to the average broker's target price of €17.88/share as of 5 October (date of approval of the Offeror's prospectus by the FSMA), the Offer price represents a discount of 24.5%.

#### ***Recticel average brokers' target price (as of 05 October 2021) vs average brokers' target price (as of 11 May 2021) used by the Offeror in the Prospectus***

€/share	Date	
<b>Revised latest consensus</b>		
Kepler Cheuvreux	10-Sep-21	16.20
KBC Securities (Research)	9-Sep-21	16.00
Berenberg	1-Sep-21	19.00
Degroof Petercam	26-Aug-21	18.20
ING	7-Jun-21	20.00
<b>Average as of 05 October 2021</b>		<b>17.88</b>
<b>Median as of 05 October 2021</b>		<b>18.20</b>
<b>Target price used to calculate discount in prospectus</b>		
ING	12-May-21	18.00
Kepler Cheuvreux	29-Apr-21	13.40
KBC Securities (Research)	27-Apr-21	14.00
Degroof Petercam	27-Apr-21	13.00
Berenberg	27-Apr-21	16.00
<b>Average as of 11 May 2021</b>		<b>14.88</b>
<b>Median as of 11 May 2021</b>		<b>14.00</b>

- Post the Company's announcement of the intended sale of Engineered Foams business to Carpenter on 11 October 2021, four brokers have upward revised their target prices. These updates (as outlined in the below table) now result in revised broker target price consensus of €19.54/19.00 (average/median) from €17.88/18.20 prior to the announcement (as of 5 October 2021), implying a discount of 30.9% on the Offer price of €13.5/share vs revised average broker target price of €19.54/share.

#### ***Recticel current average brokers' target price (as of 15 October 2021)***

€/share	Date	
<b>Revised latest consensus</b>		
ING	12-Oct-21	22.00
Degroof Petercam	12-Oct-21	20.70
KBC Securities (Research)	12-Oct-21	18.00
Kepler Cheuvreux	12-Oct-21	18.00
Berenberg	1-Sep-21	19.00
<b>Average as of 15 October 2021</b>		<b>19.54</b>
<b>Median as of 15 October 2021</b>		<b>19.00</b>

#### 4. Discounted cash flow analysis

- Broker consensus forecast
  - The broker consensus forecast referenced by the Offeror as the base for their discounted cash flow (“DCF”) valuation dates back to before the announcement of their intended offer and does not reflect the revised improved outlook provided by the Company on 19 May 2021. This improved outlook was re-confirmed on 27 August 2021 on the back of strong financial performance in 1H 2021. The Offeror references (for illustrative purposes only) a more recent broker consensus as of 27 August 2021, however this consensus does not fully reflect the strong 1H2021 performance as the brokers had not yet published their revised forecast on the date of the results announcement (27 August 2021).
  - As indicated in the table below, the Board of Directors is of the opinion that by reflecting the latest broker consensus forecast (as of 05 October 2021) financials are significantly higher versus financials shown by the Offeror in the Prospectus.
  - Post the Company’s announcement of the intended sale of Engineered Foams business to Carpenter on 11 October 2021, brokers have further upward revised their Adj EBITDA guidance for Recticel. The below table provides details on average broker consensus on three dates: (i) 15 October 2021 (post the announcement of the intended sale of Engineered Foams business to Carpenter, (ii) 05 October 2021 (i.e. the date when the Offeror’s prospectus was approved by the FSMA) and (iii) 27 August 2021 (i.e. the date used by the Offeror for the illustrative broker consensus). The average Recticel broker consensus for Adj EBITDA has further increased from €127mm to €129mm for 2021E (up by 1.6%), from €143mm to €145mm for 2022E (up by 1.8%) and from €155mm to €157mm for 2023E (up by 1.0%) between 05 October to 15 October.

**Comparative analysis of Adjusted EBITDA broker consensus of Recticel: current consensus (15 Oct 2021) vs. consensus on date of approval prospectus by FSMA (5 Oct 2021) vs consensus referenced by the Offeror in its Prospectus (27 Aug 2021)**

<b>Group</b>				
€mm	Date	2021E	2022E	2023E
Degroof Petercam	12-Oct-21	136	151	162
KBC Securities(Research)	12-Oct-21	127	145	155
Kepler Cheuvreux	12-Oct-21	125	137	149
Berenberg	1-Sep-21	127	148	160
<b>Current average consensus (as of 15 Oct 2021) - incl G6r-Stal</b>		<b>129</b>	<b>145</b>	<b>157</b>
Kepler Cheuvreux	10-Sep-21	125	137	149
KBC Securities(Research)	9-Sep-21	127	145	N/A
Berenberg	1-Sep-21	127	148	160
ING	7-Jun-21	130	144	163
Degroof Petercam	21-May-21	126	139	148
<b>Average consensus (as of 05 Oct 2021) - incl G6r-Stal</b>		<b>127</b>	<b>143</b>	<b>155</b>
KBC (Research)	27-Aug-21	128	142	N/A
Kepler Cheuvreux	27-Aug-21	124	133	137
ING	7-Jun-21	130	144	163
Berenberg	27-May-21	124	146	155
<b>Offeror illustrative consensus (as of 27 Aug 2021) - excl G6r-Stal</b>		<b>125</b>	<b>139</b>	<b>149</b>
<b>Insulation</b>				
€mm	Date	2021E	2022E	2023E
Degroof Petercam	12-Oct-21	N/A	56	N/A
KBC Securities(Research)	12-Oct-21	52	51	53
Kepler Cheuvreux	12-Oct-21	55	50	50
Berenberg	1-Sep-21	N/A	N/A	N/A
<b>Current average consensus (as of 15 Oct 2021) - incl G6r-Stal</b>		<b>53</b>	<b>52</b>	<b>51</b>
Kepler Cheuvreux	10-Sep-21	55	50	50
KBC Securities(Research)	9-Sep-21	N/A	N/A	N/A
Berenberg	1-Sep-21	N/A	N/A	N/A
ING	7-Jun-21	47	43	48
Degroof Petercam	21-May-21	51	49	51
<b>Average consensus (as of 05 Oct 2021) - incl G6r-Stal</b>		<b>51</b>	<b>47</b>	<b>50</b>
KBC (Research)	27-Aug-21	N/A	N/A	N/A
Kepler Cheuvreux	27-Aug-21	N/A	N/A	N/A
ING	7-Jun-21	46	40	45
Berenberg	27-May-21	N/A	N/A	N/A
<b>Offeror illustrative consensus (as of 27 Aug 2021) - excl G6r-Stal</b>		<b>46</b>	<b>40</b>	<b>45</b>

REF				
€mm	Date	2021E	2022E	2023E
Degroof Petercam	12-Oct-21	N/A	89	N/A
KBC Securities (Research)	12-Oct-21	81	84	92
Kepler Cheuvreux	12-Oct-21	84	85	94
Berenberg	1-Sep-21	N/A	N/A	N/A
<b>Current average consensus (as of 15 Oct 2021)</b>		<b>82</b>	<b>86</b>	<b>93</b>
Kepler Cheuvreux	10-Sep-21	84	85	94
KBC Securities (Research)	9-Sep-21	N/A	N/A	N/A
Berenberg	1-Sep-21	N/A	N/A	N/A
ING	7-Jun-21	85	91	102
Degroof Petercam	21-May-21	82	85	91
<b>Average consensus (as of 05 Oct 2021)</b>		<b>84</b>	<b>87</b>	<b>96</b>
KBC (Research)	27-Aug-21	N/A	N/A	N/A
Kepler Cheuvreux	27-Aug-21	N/A	N/A	N/A
ING	7-Jun-21	85	91	102
Berenberg	27-May-21	N/A	N/A	N/A
<b>Offeror illustrative consensus (as of 27 Aug 2021)</b>		<b>85</b>	<b>91</b>	<b>102</b>

Note: the 2021E Adjusted EBITDA broker consensus in the table above for REF has been adjusted to reflect the impact of FoamPartner during Q1 2021 by adding €10mm, in line with Greiner approach used on page 60 and 61 of the Prospectus whereby €10mm was added to reflect the Q1 impact of FoamPartner to show pro-forma adjusted 2021E. Also, Greiner does not include Gór-Stal acquisition in its consensus while brokers include the Gór-Stal acquisition in their forecasts in fact (impact of c. €1mm EBITDA in 2021 and c. €3mm EBITDA in 2022)

Bedding				
€mm	Date	2021E	2022E	2023E
Degroof Petercam	12-Oct-21	N/A	22	N/A
KBC Securities (Research)	12-Oct-21	20	24	25
Kepler Cheuvreux	12-Oct-21	11	16	19
Berenberg	1-Sep-21	N/A	N/A	N/A
<b>Current average consensus (as of 15 Oct 2021)</b>		<b>15</b>	<b>21</b>	<b>22</b>
Kepler Cheuvreux	10-Sep-21	11	16	19
KBC Securities (Research)	9-Sep-21	N/A	N/A	N/A
Berenberg	1-Sep-21	N/A	N/A	N/A
ING	7-Jun-21	22	24	28
Degroof Petercam	21-May-21	19	22	22
<b>Average consensus (as of 05 Oct 2021)</b>		<b>17</b>	<b>21</b>	<b>23</b>
KBC (Research)	27-Aug-21	N/A	N/A	N/A
Kepler Cheuvreux	27-Aug-21	N/A	N/A	N/A
ING	7-Jun-21	22	24	28
Berenberg	27-May-21	N/A	N/A	N/A
<b>Offeror illustrative consensus (as of 27 Aug 2021)</b>		<b>22</b>	<b>24</b>	<b>28</b>

- WACC
  - The equity risk premium (“ERP”) assumed by the Offeror in its WACC computation at 7.77% is very high compared to the ERP of 6% as of Dec 2020 as published in Recticel’ 2020 annual report. Changing ERP estimation from 7.77% to 6.0% and keeping the other estimates equal would result in WACC of c.7.70% (delta of c.1.71% vs the Offeror WACC of 9.41%). For reference, a +/- 100 bps change in

WACC, would lead to an implied impact of c. €1.5-2.0 per share (as per Greiner prospectus page 49).

- The Offeror uses a size premium of 1.93%. For reference, the Company in its 2020 annual report uses size premium of 1.65%. Changing size premium estimation from 1.93% to 1.65% and keeping the other estimates equal would result in WACC of c.9.15% (delta of c.0.26% vs the Offeror WACC of 9.41%).
  - Out of the 5 brokers that cover the Company (Kepler Cheuvreux, Degroof Petercam, ING, Berenberg and KBC Securities (Research)), only 2 brokers (Kepler Cheuvreux and ING) have publicly disclosed their WACC assumptions in their reports: Kepler Cheuvreux at 8.4% (10 Sept 2021); and ING: 7.5% (4 Dec 2020), while the Offeror assumes a WACC of 9.41%.
  - Furthermore, none of the brokers that cover the Company and publicly disclosed their WACC assumptions, referenced a requirement for a country or size risk premium.
  - As set out above, the Board of Directors believes the WACC as assumed by the Offeror is very high, consequently significantly undervaluing the Company. Furthermore, the Company also referenced a WACC of 8.71% in their 2020 annual report (delta of 0.70% vs the Offeror WACC of 9.41%). For reference, a +/- 100 bps change in WACC, would lead to an implied impact of c. €1.5-2.0 per share (as per Greiner prospectus page 49).
- Long term growth forecast post broker consensus
    - The Board of the Directors is of the view that the segment growth rates for insulation and foam markets for DCF valuation post the broker consensus forecasts period should be higher than the growth rates assumed by the Offeror (i.e. sales CAGR of 1.7% from 2024 to 2029) as the Board of Directors is confident of remaining competitive and defending the Company's market share going forward and as a result believes that the Company will grow well above this rate. Simple average inflation rate expectations of top European countries (Austria, Germany, France, Belgium, Netherlands, Italy, United Kingdom, Spain, Poland and Finland) is c. 2% from 2023 to 2029 and the Board of Directors expects the Company to outperform the inflation rate in Europe at the minimum hence the growth rate assumption of 1.7% is very low in the view of the Board of Directors.
  - Firm value to equity value bridge adjustments
    - Recticel has a significant amount of deferred tax assets (DTA) belonging to unutilized tax losses of €141mm as of 31 December 2020. Out of €141mm, €24mm is recognized on balance sheet while €117mm remains unrecognized. However the Offeror has not considered any of these tax losses – whether on- or off-balance sheet in its valuation. The Board of Directors is of the opinion that it would have been more appropriate to also include the recognized part of the DTA of €24mm in the bridge. Adding these would result in an increase in the valuation of €0.43/share by taking fully diluted shares outstanding of 56.3mm as per page 42 of the Prospectus. Although the treatment of unrecognized DTA is uncertain, the Board of Directors expects that the Offeror would be able to benefit from these losses to a certain extent.
    - The adjustments to firm value provided by the Offeror in the Prospectus include €50.9mm of pension related obligations. The Board of Directors is of the opinion that these pension related obligations should be adjusted for the corresponding deferred tax assets to reflect the net impact of such pension related obligations. As per 2020 annual report of the Company, the deferred tax assets for pension obligations are €7.3mm. Adding these would result in an increase in the valuation of €0.13/share by taking fully diluted shares outstanding of 56.3mm.

## 5. Trading comparables

- The Board of Directors is of the opinion that another set of peers would have been more appropriate than that selected by the Offeror. The Board of Directors believes that certain peers referenced by the Offeror are in fact not relevant peers and that certain peers are not included in the peer set referenced by the Offeror. As an example, the Engineered Foams peer set includes upstream chemical producers (e.g. Huntsman, Dow, BASF and Covestro) that supply chemicals raw materials to Recticel to produce foam. Even if these companies do provide foam to a certain extent (e.g. styrenic foam from BASF), they are still majority chemical manufacturers as also evidenced by the fact that none of the brokers consider these companies as peers to foam manufacturers. The Insulation peer set as used by the Offeror includes companies like Owens Corning and Saint Gobain for whom insulation is not the main business (i.e. less than 50% of the respective companies' revenue).
- In the view of the Board of Directors, the use of the above mentioned companies as comparables by the Offeror is not appropriate as these peers' multiples reflect a blend of different activities that have different characteristics.
- The Board of Directors believes companies including Zotefoams and Sheela Foams are better comparable peers for the Engineered Foams segment, while SleepNumber, Tempur-Sealy and to a lesser extent BeterBed are more accurate peers for the Bedding segment.
- The table below compares the trading multiple ranges applied by brokers in their SoTP analysis with the multiples used by the Offeror. Compared to the trading multiple ranges applied by brokers, the Offeror's multiples are lower and in the view of the Board of Directors undervaluing the Company. This is in particular the case for the Insulation division which the Offeror values at an EV/EBITDA 2022E multiple of 10.5x (as of 11 May 2021) versus 12.9x average multiple used by the brokers (as of 05 October 2021, when the Offeror prospectus was approved by FSMA), which explains the large valuation gap between the Offeror at €411mm and the broker valuation of €608mm on 5 October 2021.

**Comparative analysis of average broker consensus SoTP (as of 05 October 2021; date of approval of Prospectus by the FSMA) vs the Offeror's trading valuation in its Prospectus (as of 11 May 2021)**

<b>Insulation</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof	21-May-21	2022	14.0x	
KBC Securities (Research)	09-Sept-21	2022	11.5x	
Kepler Cheuvreux	10-Sept-21	2022	12.0x	
ING	07-Jun-21	2022	14.0x	
<b>Average</b>			<b>12.9x</b>	<b>10.5x</b>
<b>EBITDA 22E (€mm)</b>			<b>47</b>	<b>39</b>
<b>Valuation (€mm)</b>			<b>608</b>	<b>411</b>

<b>REF</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof	21-May-21	2022	8.5x	
KBC Securities (Research)	09-Sept-21	2022	7.5x	
Kepler Cheuvreux	10-Sept-21	2022	8.3x	
ING	07-Jun-21	2022	7.3x	
<b>Average</b>			<b>7.9x</b>	<b>7.4x</b>
<b>EBITDA 22E (€mm)</b>			<b>87</b>	<b>84</b>
<b>Valuation (€mm)</b>			<b>686</b>	<b>622</b>

<b>Bedding</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof	21-May-21	2022	5.5x	
KBC Securities (Research)	09-Sept-21	2022	5.5x	
Kepler Cheuvreux	10-Sept-21	2022	7.1x	
ING	07-Jun-21	2022	6.0x	
<b>Average</b>			<b>6.0x</b>	<b>4.5x</b>
<b>EBITDA 22E (€mm)</b>			<b>21</b>	<b>23</b>
<b>Valuation (€mm)</b>			<b>124</b>	<b>104</b>

<b>Corporate</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof	21-May-21	2022	8.0x	
KBC Securities (Research)	09-Sept-21	2022	N/A	
Kepler Cheuvreux	10-Sept-21	2022	8.7x	
ING	07-Jun-21	2022	8.9x	
<b>Multiple</b>			<b>8.5x</b>	<b>8.3x</b>
<b>EBITDA 22E (€mm)</b>			<b>(15)</b>	<b>(14)</b>
<b>Valuation (€mm)</b>			<b>(126)</b>	<b>(114)</b>

<b>Total Group value</b>	<b>1,292</b>	<b>1,023</b>
<b>Total Group EBITDA 22E</b>	<b>140</b>	<b>132</b>

- Post the Company's announcement of the intended sale of Engineered Foams business to Carpenter on 11 October 2021, brokers have further upward revised their firm value guidance (as shown in the below table). For example, the average broker consensus valuation for the Insulation division now stands at €708mm (as of 15 October 2021) vs €608mm (as of 05 October 2021) – up by 16.4%. This would represent a difference of ca €5.3/share between the current Insulation valuation of €708mm vs the Insulation valuation made by the Offeror of €411mm based on diluted NOSH (number of outstanding shares) of 56.3mm in line with the prospectus.



**Comparative analysis of latest average broker consensus SoTP (as of 15 October 2021) vs the Offeror's trading valuation in its Prospectus (as of 11 May 2021)**

<b>Insulation</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof Petercam	12-Oct-21	2022	14.0x	
KBC Securities (Broker)	12-Oct-21	2022	13.0x	
Kepler Cheuvreux	12-Oct-21	2022	13.7x	
<b>Average</b>			<b>13.6x</b>	<b>10.5x</b>
<b>EBITDA 22E (€mm)</b>			<b>52</b>	<b>39</b>
<b>Valuation (€mm)</b>			<b>708</b>	<b>411</b>

<b>REF</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof Petercam	12-Oct-21	2022	7.4x	
KBC Securities (Broker)	12-Oct-21	2022	7.8x	
Kepler Cheuvreux	12-Oct-21	2022	7.7x	
<b>Average</b>			<b>7.6x</b>	<b>7.4x</b>
<b>EBITDA 22E (€mm)</b>			<b>86</b>	<b>84</b>
<b>Valuation (€mm)</b>			<b>658</b>	<b>622</b>

<b>Bedding</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof Petercam	12-Oct-21	2022	5.5x	
KBC Securities (Broker)	12-Oct-21	2022	5.5x	
Kepler Cheuvreux	12-Oct-21	2022	7.1x	
<b>Average</b>			<b>6.0x</b>	<b>4.5x</b>
<b>EBITDA 22E (€mm)</b>			<b>21</b>	<b>23</b>
<b>Valuation (€mm)</b>			<b>125</b>	<b>104</b>

<b>Corporate</b>	<b>Date</b>	<b>Metric</b>	<b>Multiple</b>	<b>Offeror</b>
Degroof Petercam	12-Oct-21	2022	8.0x	
KBC Securities (Broker)	12-Oct-21	2022	9.4x	
Kepler Cheuvreux	12-Oct-21	2022	8.9x	
<b>Multiple</b>			<b>8.8x</b>	<b>8.3x</b>
<b>EBITDA 22E (€mm)</b>			<b>(15)</b>	<b>(14)</b>
<b>Valuation (€mm)</b>			<b>(129)</b>	<b>(114)</b>

<b>Total Group value</b>			<b>1,362</b>	<b>1,023</b>
<b>Total Group EBITDA 22E</b>			<b>144</b>	<b>132</b>

## 6. Transaction comparables

- Recticel's Board of Directors is of the view that another set of transaction comparables would have been more appropriate than those selected by the Offeror.
- As an example, the Engineered Foams transactions as listed by the Offeror do not include the Eurofoam transaction. It also shows lower multiple paid for the FoamPartner acquisition by Recticel (7.2x as referenced by the Offeror in the Prospectus versus 8.6x FV/EBITDA 2019/20 as announced in Recticel press release on 10 November 2020). Also, the Board of Directors is of the opinion that it would be more appropriate to include the Owens Corning acquisition of Paroc at 12.0x FV/EBITDA multiple, the LafargeHolcim acquisition of Firestone at 12.6x and the USG acquisition of Knauf at 13.9x as these are some of the largest building

insulation transactions announced in Europe over the last 5 years.

- Also given extraordinary impact of the COVID-19, the Board of Directors is of the opinion that PF 2021E Adjusted EBITDA and 2022E Adjusted EBITDA would have been more appropriate as a base for transaction comparable valuation than LTM PF 2021A Adjusted EBITDA and 2022E Adjusted EBITDA as used by the Offeror.
- The below table highlights the impact of using the transaction multiples outlined above to derive at transaction comparables valuation of €16.49/share vs the Offeror's valuation of €13.24/share in the Prospectus on 2022E EBITDA basis (representing a delta of 24.5%).

#### **Engineered Foams**

Date of acquisition	Target	Acquirer	x EBITDA
Apr-20	Eurofoam	Greiner	9.5x
Mar-21	FoamPartner	Recticel	8.6x
<b>Average</b>			<b>9.1x</b>

#### **Insulation**

Date of acquisition	Target	Acquirer	x EBITDA
Oct-17	Ursa	Xella	7.6x
Feb-18	Paroc	Owens Corning	12.0x
June-18	Knauf	USG	13.9x
Feb-20	Armacell	PAI	10.6x
Jan-21	Firestone	LafargeHolcim	12.6x
Mar-2021	Gór-Stal	Recticel	12.0x
<b>Average</b>			<b>11.4x</b>

Transaction comparable	EBITDA 2022E (€mm)	EV / Adj EBITDA	EV (€mm)
Engineered Foams	84	9.1x	760
Insulation	39	11.4x	447
Bedding	23	6.5x	150
Corporate Costs	(14)	9.3x	(130)
<b>Total</b>	<b>132</b>	<b>9.3x</b>	<b>1,226</b>
EV- to EqV adjustments			298
Equity value			929
Diluted shares o/s			56.32
<b>Implied share price</b>			<b>16.49</b>
vs Greiner value			13.24
<b>Delta</b>			<b>24.5%</b>

Source: Mergermarket, Company websites of companies involved in transactions referenced above, namely:

1. Eurofoam Greiner at 9.5x – Kepler Cheuvreux report dated 08 April 2020
2. FoamPartner Recticel at 8.6x – Recticel's Investor presentation dated 10 November 2020
3. Ursa Xella at 7.6x – Offeror's prospectus pg. 63
4. Paroc Owens Corning at 12.0x – Mergermarket
5. Knauf USG at 13.9x – Mergermarket
6. Armacell PAI at 10.6x – Deal size of €1.4bn as per Mergermarket divided by Armacell's 2019 EBITDA of €133.5mm as per company website
7. Firestone LafargeHolcim at 12.6x – LafargeHolcim's Investor presentation dated 07 January 2021
8. Gór-Stal Recticel at 12.0x – Recticel's Investor presentation dated 19 March 2021

- Thus, as set out above, the Board of Directors strongly believes that the Offer Price of €13.50/share is significantly low and undervalues the Company.

## **7. Synergies**

- The Board of Directors has also observed that the Offeror has not provided any indication of potential synergies expected to be realized by the Offeror, even though the Offeror mentions that it has identified certain areas that could lead to potential synergies. Recticel is listed and shares a long history with the Offeror as the Company was previously engaged in a 50/50 JV

with the Offeror called Eurofoam operating since 1992. Eurofoam is a specialty foam producer and the Offeror recently acquired the Company's 50% stake in the JV in April 2020. There are clear overlaps and certain complementary areas between the two entities. Below is an overview of similar transactions in each of Recticel's business lines depicting the realized synergies as percentage of revenues, indicating that such transactions are virtually always accompanied by conspicuous synergies.

<b>Recticel Engineered Foams</b>				
<b>Ann. Date</b>	<b>Target</b>	<b>Acquirer</b>	<b>Synergies</b>	<b>% target revenue</b>
Nov-20	FoamPartner	Recticel	€18mm by 2023	c.8%
<b>Insulation</b>				
<b>Ann. Date</b>	<b>Target</b>	<b>Acquirer</b>	<b>Synergies</b>	<b>% target revenue</b>
Oct-17	Paroc	Owens Corning	€15mm by 2019	c.4%
Jan-21	Firestone	LafargeHolcim	€95mm within 2 years of closing	c.6%
<b>Bedding</b>				
<b>Ann. Date</b>	<b>Target</b>	<b>Acquirer</b>	<b>Synergies</b>	<b>% target revenue</b>
Sep-12	Sealy	Tempur	c.€35mm by 2016	c.4%

Source: Mergermarket, Company websites of companies involved in transactions referenced above, namely:

1. FoamPartner Recticel – Synergies as disclosed in Recticel 1H 2021 press release dated 27 August 2021 and FoamPartner 2020 sales of €234mm (CHF254mm as per Conzzeta annual report) using CHF/EUR exchange rate of 0.92
2. Paroc Owens Corning – Mergermarket
3. Firestone LafargeHolcim – Mergermarket
4. Sealy Tempur – Synergies as disclosed in joint press release of Tempur Sealy on 24 January 2020 with Sealy revenue of €924mm as per Mergermarket at USD/EUR exchange rate of 0.87

In the Board of Directors' view, it would therefore be more appropriate that synergies would be quantified to provide a global picture of the value proposition to its shareholders and other stakeholders, so that they can make an informed decision in respect of the Offer.

#### 4.2.2 Effect on corporate governance

With respect to Governance, the Offeror states in the Prospectus that:

- if it obtains control of Recticel, it intends for the Board of Directors of Recticel to be composed of a majority of directors who represent the majority shareholder and to ensure that three directors on Recticel's Board of Directors will qualify as independent directors (compared to six independent directors currently);
- it will use its voting rights in such a manner as to align the strategic, operational and financial objectives and policies of Recticel with those of Greiner, duly taking into account Recticel's corporate interest and independence as a separate legal entity;
- if it does not obtain control of Recticel, it will use its voting rights in such a manner as to maximize the value of its stake in Recticel.

The Board of Directors deplors the refusal by the Offeror to cooperate and engage in discussions with the Board of Directors regarding the future governance of the Company and regarding the putting in place of checks and balances for the benefit of other stakeholders (including the minority shareholders), even more so given that the Offeror is one of the Company's main competitors.

The Board of Directors expresses its concerns regarding the Offeror's intention to have a significant influence on the governance of the Company after the Offer and in particular regarding the lack of clarity with respect to the appointment of the majority of the directors by the Offeror. History shows that even with 27.03% of the Shares, the Offeror is expected to represent the majority of the votes at the shareholders' meeting of the Company and it is

currently unclear whether the Offeror intends to appoint a more than proportionate number of directors at the Board of Directors.

Moreover, in view of the Board of Directors, it is not clear how the Offeror would deal with potential conflicts of interests and related party transactions. The Offeror has indicated that it will comply with Belgian corporate law provisions on conflicts of interests and related party transactions. In this respect the Board of Directors flags that not all relevant transactions, in particular at subsidiary level, would fall under application of related party transaction provisions. It remains unclear to the Board of Directors how the Offeror will in practice prevent advantaging itself over the Company and make sure that the Company's current customers, know-how and IP remain with the Company and are not transferred to the Offeror.

In the light thereof, the Board of Directors calls for a relationship agreement to be put in place with the Offeror to ensure that the rights of the minority shareholders are respected, that all transactions entered into between the Company and the Offeror are at arm's length and that the Offeror does not appoint more than its proportional share of the directors at the Board of Directors. The Board of Directors deplores that the Offeror's representatives have not entered into discussions with the Board of Directors in relation thereto and have made it clear that they intend to comply only with the minimum requirements imposed by law in this respect.

The Board of Directors is also uncertain about the implications for the Company and the minority shareholders of the Offeror's intention to "align strategic, operational, and financial objectives of Recticel with those of Greiner" and, more generally, the Offeror's overall plans regarding capital and investment strategies, dividend and shareholder remuneration policy and M&A activity. In this respect, as a competitor of the Company, the Offeror's interest may not be aligned with those of the other stakeholders.

#### **4.3 Effect on the employees' interests, including consequences for employment**

The Offeror indicates in the Prospectus that:

- it believes that the employees of Recticel will benefit from the increased opportunities that a larger group could offer;
- it intends to maintain an attractive work environment for Recticel's employees;
- it has no intention, at the date of the Prospectus, to amend the current terms and conditions of employment within Recticel;
- it has not made any decision yet as to Recticel's current management and aims to work together with Recticel's current management and to take any future decisions regarding management positions based on how a closer cooperation develops in the future and what the parties determine is best for Recticel's business.

The Board of Directors considers that the Offeror does not indicate the concrete benefits of the Offer for the employees, nor the intention of the Offeror to maintain the current employment. The Board of Directors notes that the Offer does not mention any commitment towards the management and employees of the Company in terms of incentivisation, whereas the Company has in the past always closely associated the Company's growth and success to its management and employees.

#### **4.4 Offeror's strategic plans for the Company**

The Board of Directors deplores that, despite the fact that the Offeror is one of the Company's main competitors and is therefore knowledgeable about the business of the Company, its strategic plans for the future of the Company are not clear to the Board of Directors and, in its opinion, do not put forward concrete proposals that would benefit the Company.

Moreover, as the Offeror is not active in the Insulation/Construction industry, its contribution to the Insulation division is deemed inexistent in terms of technology contribution, customer complementarities, operations or organization synergies. With regards to the Engineered Foams division, in 2020, Recticel decided to expand its international reach and become a truly global player in high value added solutions by acquiring 100% of the shares of FoamPartner and by selling its 50% stake in Eurofoam JV to the Offeror. The contribution of the Offeror to Engineered Foams would thus constitute a step backwards.

The Board of Directors is of the opinion that the Company is able to continue its development on a stand-alone basis, as it has successfully been doing so far and the Offeror would not bring any contribution to further grow and pursue its current strategy.

#### **4.5 Effect on the creditors' interests**

In the Prospectus, the Offeror does not expressly address the Offer's potential impact on the creditors of the Company and remains vague in this respect. The Board of Directors has no reason to believe that the Offer will significantly affect (negatively or positively) the interests of the Company's creditors.

#### **4.6 Overall assessment of the Offer**

Taking into account the considerations set forth above in Section 4 of this Response Memorandum, the Board of Directors does not support the Offer and resolved to advise its shareholders against selling their Shares to the Offeror in the context of the Offer.

The Board of Directors considers that the Offer does not address the position and legitimate interests of all stakeholders and substantially undervalues the Company.

#### **4.7 Position of Compagnie du Bois Sauvage SA ("Bois Sauvage") (represented by Frédéric Van Gansberghe) and Compagnie du Bois Sauvage Services SA (represented by Benoît Deckers), as directors of Recticel, in accordance with Art. 28 of the Royal Decree of 27 April 2007 on public takeover offers, as amended**

On 14 May 2021, Bois Sauvage and Greiner entered into a share purchase agreement whereby Bois Sauvage agreed to sell and Greiner agreed to buy all 15,094,410 shares in Recticel held by Bois Sauvage, representing 27.03% of its capital (the "**Share Purchase Agreement**") at a purchase price of €13.50 per share, which is the same as the takeover offer price. The purchase price under the Share Purchase Agreement is fixed and final and not subject to any adjustment. The completion of the sale under the Share Purchase Agreement is not subject to the outcome of the voluntary public takeover offer launched by Greiner. The acquisition of the shares in Recticel held by Bois Sauvage is definitive with the sole exception that Greiner may terminate the agreement in case certain defensive measures would be approved by the shareholders' meeting of Recticel.

Based on the information it had knowledge at the time of the signature of the Share Purchase Agreement, and also taking into account the size of its participation in Recticel, Bois Sauvage considers the purchase price satisfactory to it. A significant premium was offered over the average stock exchange price of Recticel's shares over the past months and years (preceding the date of signature of the Share Purchase Agreement).

Bois Sauvage does not act in concert with Greiner in the takeover offer and does not opine on the merits of the Offer (including on its effect on the security holders' and employees' interests and on Greiner's strategic plans). Bois Sauvage believes shareholders should reach their own views, based on their own financial situation and analysis, with the assistance of their stockbroker or financial adviser as the case may be, before making any decision in this respect. The following elements could be considered by the shareholders: (i) Greiner's objectives and reasons for making the Offer, as detailed in Section 6.5 (*Intentions of the Offeror*) of the Prospectus, (ii) Recticel's recent strategy update, as detailed

in Section 3 (*Recent events – Intended sale of Engineered Foam*) of this Response Memorandum and (iii) the market price per Share at the end of the Initial Acceptance Period vs. the Share Offer Price. While Bois Sauvage does not opine on the merits of Greiner or Recticel's intended strategies, shareholders should be aware that the implementation of such strategies may influence the market price per Share in the future, which could be higher or lower than the Share Offer Price or the market price per Share now available to the shareholders.

For the above reasons, Bois Sauvage (represented by Frédéric Van Gansberghe) and Compagnie du Bois Sauvage Services SA (represented by Benoît Deckers) have abstained from voting on the Response Memorandum.

**5 Declaration of intent for Shares held by the directors and by the persons represented in fact by such directors**

Compagnie du Bois Sauvage SA will be transferring its shares to the Offeror in accordance with the agreement entered into on 14 May 2021 with the Offeror (and not through the Offer).

Compagnie du Bois Sauvage Services SA does not hold any shares in Recticel.

Benoît Deckers, permanent representative of Compagnie du Bois Sauvage Services SA, holds 2,700 Shares and intends not to tender his shares to the Offeror in the framework of the Offer.

The other directors (set out below) have confirmed their intent not to tender their Shares to the Offeror in the framework of the Offer.

<b>Name</b>	<b>Function</b>	<b>Number of Shares</b>
<b>Johnny Thijs BV, (represented by its permanent representative Johnny Thijs)</b>	Chairman, Independent Director	22,949
<b>Olivier Chapelle, permanent representative of Olivier Chapelle SRL</b>	Managing Director, Executive Director	272,598
<b>Imrada BV (represented by its permanent representative Ingrid Merckx)</b>	Independent Director	0
<b>Lubis BV (represented by its permanent representative Luc Missorten)</b>	Independent Director	0
<b>Carpe Valorem BV (represented by its permanent representative Kurt Pierloot)</b>	Independent Director	0
<b>Moroxco BV (represented by its permanent representative Eisa Vlerick)</b>	Independent Director	0
<b>Carla Sinanian</b>	Independent Director	0

On the date of this Response Memorandum, no directors nor their permanent representatives (as applicable) are representatives in fact of any third party.

All the members of the executive management and their permanent representative (set out below) have confirmed their intent not to tender their Shares nor their Subscription Rights to the Offeror in the framework of the Offer.

<b>Name</b>	<b>Function</b>	<b>Number of Shares</b>
<b>Olivier Chapelle, permanent representative of Olivier Chapelle SRL</b>	Chief Executive Officer and Group General Manager Bedding	See above
<b>Ralf Becker</b>	Group General Manager Insulation	500
<b>Betty Bogaert</b>	Chief Information Officer	26,504
<b>Jean-Pierre De Kesel</b>	Chief Sustainable Innovation Officer	55,818
<b>François Desné</b>	Group General Manager Flexible Foams	6,250
<b>Rob Nijskens</b>	Chief Human Resource Officer	0
<b>François Petit</b>	Chief Procurement Officer	20,628
<b>Dirk Verbruggen, permanent representative of Roffoelkin BV</b>	General Counsel & Chief Financial Officer	43,042

The Company shall not tender its 326,800 own treasury Shares to the Offeror in the framework of the Offer.

## **6 Application of approval clauses and pre-emption rights**

The Articles of Association of the Company do not contain any approval clauses or pre-emption rights with respect to the transfer of Shares to which the Offer relates.

## **7 Opinion of the works council of the Company**

The Prospectus has been communicated to the works councils of the Company, in order to allow it to give its opinion regarding the Offer and its impact on employment in accordance with Article 44 of the Takeover Law. No opinion has been rendered on the date of this Response Memorandum.

## **8 Miscellaneous**

### **8.1 Supplement**

The information contained in this Response Memorandum refers to the status as of the date of the Response Memorandum. Any new significant fact, or material error or inaccuracy concerning the information contained in the Response Memorandum, that can influence the assessment of the Offer and which arises or becomes known to the Board of Directors between the date of the approval of the Response Memorandum and the end of the Acceptance Period will be made public in Belgium by means of a supplement to the Response Memorandum in accordance with article 30 of the Takeover Law.



## **8.2 Languages**

The Response Memorandum is available in English, which is the version approved by the FSMA.

A translation of the Response Memorandum in Dutch and in French is available on the following website: [www.recticel.com](http://www.recticel.com). The Company has verified and is responsible for the consistency between the language versions.

## **8.3 Advisors of the Company**

JP Morgan has advised the Company in respect of certain financial aspects in connection with the Offer. These services have been provided exclusively to the Company and cannot be relied upon by any other party. JP Morgan does not assume any responsibility for the information contained in the Response Memorandum.

Allen & Overy LLP has advised the Company in respect of certain legal aspects in connection with the Offer. These services have been provided exclusively to the Company and cannot be relied upon by any other party. Allen & Overy LLP does not assume any responsibility for the information contained in the Response Memorandum.

## **8.4 Availability of the Response Memorandum**

This Response Memorandum is available electronically on the following website: [www.recticel.com](http://www.recticel.com).

Hard copies of the Response Memorandum can be obtained, free of charge, at the registered office of the Company or by sending an e-mail request to Mr Michel De Smedt, Investor Relations to the address [desmedt.michel@recticel.com](mailto:desmedt.michel@recticel.com).

**Schedule 1**

**Fairness Opinion Letter KBC Securities**

**Private and Confidential**

To the independent members of the Board of Directors  
Recticel NV  
Bourgetlaan 42 Avenue du Bourget  
B-1130 Brussels

Brussels, 6 October 2021

Dear Sirs,

KBC Securities NV (“**We**”, “**us**” or “**KBC Securities**”) has been requested to provide the independent members of the Board of Directors of Recticel NV (“**Recticel**” or the “**Company**”) with our opinion as to the fairness, from a financial point of view, of the cash consideration offered by Greiner AG (“**Greiner**”) in the voluntary tender offer it has announced to launch on Recticel (the “**VTO**”) being 13.50 EUR per share of Recticel (each a “**Share**”) (the “**Consideration**”). The VTO follows an agreement concluded between Greiner and Compagnie du Bois Sauvage SA (“**CBS**”) in which certain conditions were laid out under which Greiner could acquire the entire stake held by CBS in Recticel (the “**Acquisition**”).

For the purpose of the opinion set forth herein, we have performed the following actions:

- (i) performed a valuation analysis of the Company;
- (ii) reviewed certain publicly available information (financial and other) concerning the business of the Company and the evolution thereof (including the annual and semi-annual reports of the Company for the period 2018-2020, semi-annual report for H1 2021, as well as the Company’s trading updates);
- (iii) analysed the long term financial plan 2021-2024 prepared by the management of the Company, entailing the financial forecasts for the period 2021-2024 for the divisions: (i) Recticel Engineered Foams (“REF”), (ii) Insulation and (iii) Corporate & Others (representing intercompany transactions and central costs) and approved by the Company’s Board of Directors on 18/5/2021, entitled “20210928 RECTICEL BP 2019\_2024 FINAL.xlsx” and “Recticel Busines Plan 2021-2024 – 060721.pdf” (both files together the “Business Plan”), that was extrapolated for 2025 and 2026 by KBCS;
- (iv) discussed the historical financial performance and the Business Plan with senior executives of the Company and with senior executives of its business lines on 12/7/2021;
- (v) reviewed the non-audited consolidated and statutory financials of the Company for the six months ended 30/6/2021, as well as the audited consolidated and non-audited statutory financials for the financial years ended 31/12/2020 and 31/12/2019;
- (vi) analysed and reviewed the last twelve months financial metrics of the Company’s divisions as provided by the Company’s management with 30/6/2021 as cut-off date;
- (vii) analysed the financial information published in the semi-annual report 2021 of the Company to derive the net financial debt and EV-Equity bridge as per 30/6/2021;
- (viii) reviewed certain non-public information such as interalia the exit arrangements on the Company’s remaining exposure on the divested automotive operations, as per excerpts

from the shareholder agreements between Sekisui Plastics Co. Ltd and Recticel NV dated 18/12/2018 regarding the Proseat activities and between Temda 1 GmbH and Recticel Dämmsysteme GmbH dated 05/4/2020 regarding the Automotive Interiors activities;

- (ix) calculated and analysed the premia implied by the Consideration versus the closing share price of the Shares on Euronext Brussels on 12/5/2021 (i.e. one business day prior to announcement of the VTO by Greiner) and versus the volume weighted average share price (VWAP) of the Shares over respectively 1, 3, 6, 12 and 24 months preceding such announcement;
- (x) compared current and historical market prices of the Shares;
- (xi) compared the price of and trading activity in the Shares against those of the shares of certain other comparable publicly traded companies;
- (xii) analysed broker notes on Recticel published between 1/1/2021 and 28/9/2021 by KBC Securities NV; Joh. Berenberg, Gossler & Co. KG; Bank Degroof Petercam SA; ING Bank NV and Kepler Cheuvreux SA;
- (xiii) engaged in specific discussions and clarifications with senior executives of the Company, including a bring-down call held on 6/10/2021 with senior management during which certain clarifications and assurances were received by us.

With regard to rendering our opinion, we have used the following valuation methodologies which we have deemed necessary or appropriate for the purposes hereof: a comparable transaction multiples analysis, a comparable trading multiples analysis and a two-stage discounted cashflow methodology (DCF) (based upon the Business Plan) including a sensitivity analysis of the key assumptions underlying the DCF conclusions. In addition, we have taken into consideration Recticel's share performance analysis and public takeover bid premia analysis.

We have further assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by us for the purposes of this opinion, including certain statements by the Company's management, as well as the Business Plan, and we do not assume any responsibility or liability therefor. Without limiting the generality of the foregoing, we have assumed, based on assurances we have received from the Company's management, that there are no agreements, documents or arrangements, whether written or oral, between (i) the Company and (ii) CBS that could have a bearing upon our conclusions. In addition, we have assumed without verification that the Company's financial performance is not materially dependent upon any commodity prices and have not factored in any commodity market price risks into our valuation exercise. Given the ongoing divestment process of the bedding division, we have not separately valued the bedding division as such, but have used a broker consensus range in our conclusions.

We have not conducted any evaluation or appraisal of any assets or liabilities (including for the avoidance of doubt with respect to pension liabilities, contingent or otherwise, to real estate assets and to technical installations or machinery), nor have any such evaluations or appraisals been commissioned specifically for the purpose of this opinion or provided to us. We have not reviewed any of the commercial contracts of Recticel, including any agreements with its largest customers or suppliers and as such were unable to ascertain whether there is any level of economic dependency of Recticel on any of its customers or suppliers. For the avoidance of doubt, we have not taken into account any potential synergies between Recticel and Greiner.

Our opinion is necessarily based upon market, economic, financial and other conditions, as well as the information made available to us as of the date hereof. Any change in such conditions may require a re-evaluation of this opinion, but we do not have any obligation to update, revise, or reaffirm this opinion. We express no opinion (implied or otherwise) by this letter (or the attachment thereto) as to the price at which the shares of the Company will trade in the future. Similarly, we express no opinion herein as to the tax or accounting treatment of the VTO.

For our services to the independent members of the Board of Directors of the Company, organizing themselves in a specific subcommittee (the “**Strategic Committee**”) in assessing the fairness of the Consideration, we will receive a fee from the Company. As outlined in the attached ‘Declaration of Independence’ (the “**Declaration of Independence**”), KBC Group (to which KBC Securities belongs) has provided financial services to the Company in the past and has received fees for rendering these services. In the ordinary course of business, we and our affiliates may actively trade the debt and equity securities of the Company for our account or for the account of customers and, accordingly, we or they may at any time hold long or short positions in the Company’s securities. KBC Securities has internal policies in place for managing conflicts of interest and sharing of information.

For the avoidance of doubt, KBC Securities was not requested and did not provide services other than the delivery of this opinion. KBC Securities was not authorized to and did not solicit any expressions of interest from any other parties with respect to the purchase of shares of the Company. KBC Securities did not participate in negotiations or discussions with respect to the Acquisition or the terms thereof, nor the VTO or its pricing.

Based on and subject to the foregoing and taking into account the valuation exercise presented to the independent directors in the Valuation Conclusions Report, it is our opinion that, as at the date hereof, the price of 13.50 EUR per share offered by Greiner under the VTO is not fair to the shareholders of the Company from a financial point of view.

This opinion letter (including the attachment thereto) is provided solely for the benefit of the Strategic Committee strictly in connection with and for the purposes of its evaluation of the VTO and, as the case may be, the preparation of a memorandum in reply (or similar statement) in the context of the VTO and may not be used for any other purpose, nor distributed to any other person (or quoted) or reproduced without the prior written consent of KBC Securities. This opinion letter may however be reproduced (in its entirety and together with the attachment referred to herein and not by means of excerpt) as an annex to the “memorandum in reply” that itself will be made public in the Prospectus. This opinion letter and its attachment are solely addressed to the Strategic Committee and no party other than the independent members of the Board of Directors may rely on this opinion letter and its attachment.

For avoidance of doubt, this opinion letter, nor the Valuation Conclusions Report, qualify as an independent expert report in accordance with article 23 of the Belgian Royal Decree of 27 April 2007 on takeover bids.

Yours faithfully,

KBC Securities NV  
here represented by

A handwritten signature in blue ink, appearing to read 'Frederik Vandepitte', written over a horizontal line.

Frederik Vandepitte  
CEO KBC Securities

A handwritten signature in blue ink, appearing to read 'Dominique Deschamps', written over a horizontal line.

Dominique Deschamps  
Co-Head of M&A KBC Securities

## Appendix

Target name	Acquirer name	Year of Announcement	Deal value <sup>1</sup> (€mm)	Control premium One-day
Orange Belgium	Orange SA	2021	316	35.6%
Vastned Retail Belgium	VastNed Retail	2018	101	24.5%
RealDolmen	GFI Informatique	2018	195	11.1%
Ablynx	Sanofi	2018	4,221	21.2%
Tigenix	Takeda Pharmaceutical	2018	807	81.4%
Zetes Industries SA	Panasonic Holding BV	2016	156	19.9%
FNG Group NV	R&S Retail Group NV	2016	221	63.1%
CMB NV	Saverco NV	2015	567	20.5%
BHF KB Group	Oddo&Cie	2015	757	23.4%
Spadel SA	Finances & Industries	2015	394	16.7%
Delhaize Group <sup>2</sup>	Royal Ahold <sup>2</sup>	2015	10,554	24.4%
Henex	UFB	2013	390	26.5%
Compagnie d'Entreprises CFE	Ackermans & Van Haaren	2013	1,230	3.6%
Duvel Moortgat	Fibemi NV and Veerle Baert	2013	125	8.9%
VPK Packaging	Auriga Finance & Stak Packaging	2012	290	17.0%
Devgen	Syngenta	2012	403	69.7%
Telenet	LGI	2012	333	12.9%
Omega Pharma	Couckinvest	2011	941	12.6%
Compagnie Nationale à Portefeuille SA	Fingen	2011	1,502	21.7%
Auximines SA	Brederodes SA	2010	291	11.3%
Movetis NV	Shire Plc	2010	428	74.3%
Metris NV	NIKON Corporation	2009	168	n.m.
Distrigaz SA	Eni Spa	2008	4,784	56.2%
Innogenetics	Solvay	2008	224	73.8%
Air Energy SA	Eneco	2008	175	80.1%
ICOS Vision Systems	KLA-Tencor Corporation	2008	385	66.4%
Brantano NV	Macintosh Retail Group	2007	152	29.4%
Artwork Systems Group	Esko Artwork	2007	196	n.m.
Cumerio SA	Norddeutsche Affinerie AG	2007	909	28.5%
Arinso International	Northgate Information Solutions	2007	150	22.8%
Quick Restaurants SA	CDC Capital Investments	2006	771	25.4%
Telindus Group	Belgacom	2005	721	43.2%
Keytrade Bank SA	Credit Agricole Group	2005	110	5.8%
Docpharma NV	Matrix laboratories Ltd.	2005	254	13.3%
Solvus NV	USG People NV	2005	928	48.4%
Almanij NV	KBC Bank & Verzekeringen	2004	5,393	26.7%
Societe Belge des Betons	Besix and Orascom Construction	2004	135	20.7%
Remi Claeys Aluminium	Sapa AB	2003	131	48.6%
Ontex	Candover	2002	1,052	26.3%
GIB Group SA	Ackermans & Van Haaren	2002	1,146	10.5%
Glaverbel SA	Asahi Glass Co Ltd	2001	462	32.1%
BarcoNet NV	Scientific Atlanta, Inc	2001	173	n.m.
Cibix NV	Befimmo	2001	185	n.m.
		<b>Average</b>		<b>32.3%</b>
		<b>Median</b>		<b>24.5%</b>

Source: Factiva, Mergermarket, Dealogic, Company websites of companies involved in transactions referenced above  
Notes: <sup>1</sup> Deal value as per Dealogic; <sup>2</sup> Ahold/Delhaize was technically a legal merger and not a tender offer