

Press release

Armacell continues growth path

- Strong growth in Q1 2017 with consolidated revenues up by 14.6% (12.1% currency adjusted) and adjusted EBITDA up by 19.6%
- Record results in 2016 with consolidated revenues of EUR 558.6 million, adjusted EBITDA up by 5.1% to EUR 100.4 million and an adj. EBITDA margin of 18.0%
- Strategic focus strengthens business model and drives sustainable growth

Luxembourg, 13 June 2017 – Armacell, a global leader in flexible foam for the equipment insulation market and a leading provider of engineered foams, delivered strong first quarter results. Revenues increased by 14.6% to EUR 155 million in Q1, compared to EUR 135 million in the same period 2016. Adjusted for FX movements growth was 12.1%. The adjusted EBITDA rose from EUR 21 million in Q1 2016 to EUR 25 million in the same period this year, an increase of 19.6%. At the end of March 2017, Armacell successfully completed its second debt repricing. Together with the repricing undertaken in September 2016, interest costs have been reduced by approximately EUR 15 million per year as compared to the LBO financing executed in February 2016. Armacell continued to deliver on its three-pillar global M&A strategy by acquiring and consolidating the insulation business of Nomaco, a leading US manufacturer of extruded polyethylene insulation foams, as well as Danmat Iso Systems, a leading provider of integrated cladding solutions in Scandinavia.

Over the last five years, Armacell recorded a compound annual growth rate (CAGR) of 10.6%. In 2016, Armacell again finished its financial year with strong sales. Consolidated revenues amounted to EUR 558.6 million (2015: EUR 540.2 million), an increase of 3.4% compared to 2015 (4.9% on a currency adjusted basis). This development was driven by both the Advanced Insulation (77%) and Engineered Foams (23%) divisions across all regions despite a somewhat challenging macroeconomic environment.

Adjusted EBITDA rose by 5.1% from EUR 95.5 million in 2015 to EUR 100.4 million in 2016. The adjusted EBITDA margin increased to 18.0% in 2016 compared to 17.7% in 2015, representing an EBITDA margin increase for the 6th consecutive year. Adjusted EBITA rose by 4.7% from EUR 78.8 million in 2015 to EUR 82.5 million in 2016. The EBITA margin increased to 14.8% in 2016 from 14.6% in 2015.

“Our recurring growth performance and margin expansion demonstrates the strength of our business model and our improved resilience through economic cycles. Our exposure to a wide range of end-markets and applications provides us with a broad spectrum of growth opportunities and enables us to strengthen our market position further,” comments Patrick Mathieu, President and CEO of the Armacell Group, at a press meeting in Düsseldorf. He added: “Armacell’s strategy builds on five global megatrends including urbanisation, the globalisation of food supplies, energy efficiency, acoustic comfort, light weighting - all areas where our energy-saving or noise- and vibration-reducing solutions are making a key difference.”

Successful implementation of growth strategy

Armacell's strategy focusses on creating value for its highly diversified global customer base in order to generate sustainable growth and to secure its global leadership in flexible foams for the insulation of technical equipment and in engineered foam applications.

Armacell targets to grow within an organic growth trajectory range of 5 to 8 percent per annum, and to increase its addressable market size beyond approx. EUR 6 billion today to approx. EUR 15 billion in future by extending the materials base, temperature range and application scope of its products. As a truly global company, Armacell is accelerating the expansion of its business via a focused external growth strategy adding approx. 5 to 8 percent of growth from acquisitions per annum. The Group's global M&A strategy is based on three-pillars: new geographies, new technologies and new design capabilities. The transactions completed in 2015, 2016 and 2017 have reinforced Armacell's market and technology leadership with synergies adding incremental value over time.

Financial strength is key to Armacell and drives dynamic growth. The focus is to ensure best-in-class cash flow metrics and an optimised capital structure. Low capex intensity in combination with high cash conversion rates with sufficiently flexible financing pillars enable Armacell to adapt to changing market conditions. Armacell's continuous efforts to achieve world class standards ensure optimal usage of raw materials, natural resources and energy, thereby safeguarding maximum operational efficiency and lowest production costs.

Sales growth generated across all business units and regions

Armacell's Advanced Insulation division develops flexible foam products for insulating mechanical equipment in markets where energy distribution is required e.g. commercial and residential construction, industrial applications as well as the oil and gas industry. In 2016, revenues of the Advanced Insulation division increased by 3.9% to EUR 432.1 million compared to EUR 415.8 million. Revenue growth was driven by organic market growth and market share gains in different regions. EMEA contributed EUR 200 million to the revenues, an increase of 0.4% compared to EUR 199.2 million in 2015. The division performed strongly in Scandinavia, Russia and most of the EU but growth was negatively influenced by geopolitical tensions and a volatile year in the energy and FX markets. The revenue contribution from the AMERICAS was EUR 112.9 million, up 9% on 2015. APAC delivered EUR 119.2 million to the revenues, an increase of 5.5% on 2015 with a particularly strong performance in China and India.

Armacell's Engineered Foams division focuses on high-performance foam materials which are mostly used in high-tech, light-weight and often tailor-made applications across a broad range of end markets including wind energy, automotive, transportation and sports. The division is the competence center for innovative and environmentally friendly structural PET foam cores. Armacell was the first manufacturer to succeed in foaming high-quality, bottle-grade PET on an industrial scale and qualifying PET foams for the composite industry. The division contributed EUR 126.5 million to the Group revenues, up 1.7% on EUR 124.4 million in 2015. The increase was supported by the carry over impact of the first full-year consolidation of Canada-based ITP and volume growth in the US market. Armacell also strengthened its leading market position in

supplying PET foams to wind turbine blade manufacturers and in the transportation market while increasingly discovering new applications in the automotive and infrastructure market.

Successful start in 2017 affirms positive growth forecast

Commenting on the Group's outlook for 2017, Patrick Mathieu said: "With our marketing and sales plan implemented and an improved capital structure we are aiming to again outperform the market in 2017 by participating in base market growth, substituting legacy material and entering new geographies, new markets and product applications both organically and via strategic acquisitions."

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About Armacell

Armacell is a global leader in flexible foam for the equipment insulation market and a leading provider of engineered foams. With 3,000 employees and 25 production plants in 16 countries, the company generated net sales of approx. EUR 560 million and adjusted EBITDA of approx. EUR 100 million in 2016.

Armacell operates two main businesses:

Advanced Insulation develops flexible foams for the insulation of technical equipment utilised for the transport of energy - such as heating, ventilation & air conditioning (HVAC) and heating & plumbing (H&P) in residential and commercial construction, process lines in the heavy- and oil & gas industry, equipment in transportation, as well as, accessories and acoustics.

Engineered Foams develops high-performance foams for the use in a broad range of end markets including transportation, automotive, wind energy, sports and construction.

Armacell's products significantly contribute to global energy efficiency.

For more information, please visit: <http://corporate.armacell.com/>.

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