

A BOOST TO STRATEGIC GROWTH PLANS

In the midst of a strategic transformation of its legacy portfolio of polyurethane solutions, and with sustainable innovation at the heart of its strategy, Belgian multinational **Recticel** continues to build on its leading positions in its core markets. A Credendo client for 25 years, the company recently benefited from a Credendo – Export Credit Agency financial guarantee for a strategic acquisition intended to accelerate its growth.



With a company history that dates back all the way to 1778, Recticel, a Belgian multinational, has been producing and marketing polyurethane foams since the 1950s, and has firmly established itself as a European leader in its field.

Having traditionally focused on polyurethane solutions across five business lines, for the last few years the company's efforts have centred on pursuing growth in two key segments, flexible foams and insulation – areas where Recticel believes it can develop the highest value-adding activities – and implementing a divestment plan for the three other segments of the business.

“Recticel has taken a number of steps recently to apply this strategy, and 2020 was an exceptional year for the execution of this strategic transformation,” says Jean-Pierre Mellen, Recticel's Chief Financial Officer.

Not only was the company able to divest from its automotive interiors division – having completed its divestment from seating in 2019 – but it also exited a large joint venture within the flexible foams business, and announced that it had entered into final agreements to acquire 100% of Swiss-headquartered FoamPartner, a global provider of high value-added technical foam solutions.

That impetus carried through into early 2021, and in March Recticel launched its bedding divestment process.

“We did all of this while mitigating the impact of the Covid-19 crisis and ending 2020 with an increase in sales as a result of a strong second half of the year,” says Mellen.

A strategic transformation

Recticel's acquisition of FoamPartner allows the company to achieve a key goal in its bid to grow its technical foams business.

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JEAN-PIERRE MELLEN

“The acquisition really represented the golden opportunity to realise our growth plans in one step,” says Mellen.

The FoamPartner business will be merged with the Recticel flexible foams division to form a new engineered-foams business segment.

The acquisition will enable Recticel to strengthen its presence in speciality foam solutions in Europe, as well as in the Asia Pacific and North American markets.



A LEADER IN POLYURETHANE EXPERTISE AND SOLUTIONS, RECTICEL HAS BEEN A CREENDO CLIENT FOR THE PAST 25 YEARS.



**ANNELIES HUYBRECHTS,
SENIOR UNDERWRITER AT
CREENDO**

“Although we have always been an international business – we were largely focused on Europe. As about 30% of FoamPartner’s business is outside of Europe, this provides us with an ideal complement to grow our business globally,” says Mellen. “It also creates a very strong base because together we are certainly among the leading global players within the sector.”



**JEAN-PIERRE MELLEN,
CHIEF FINANCIAL OFFICER
OF RECTICEL**

Financing for the deal was secured by a syndicated acquisition facility, which was arranged and fully underwritten by KBC Bank, with Credendo – Export Credit Agency providing a guarantee for the benefit of the bank for part of the financing package.

“The financing plan is an essential element of an acquisition bid, as was the case for Recticel,” says Annelies Huybrechts, Senior Underwriter at Credendo – Export Credit Agency. “Credendo’s financial guarantee meant that the bank was able to share part of its risk with us and achieve a suitable level of comfort.”

A long-standing partnership

Recticel’s relationship with Credendo – across multiple products – dates back to 1995, when the company first sought export credit insurance for its non-OECD business

from what was then known as Delcredere I Ducroire.

Today the company makes use of Credendo – Short-Term Non-EU Risks to cover the risk of non-payment of its clients in overseas markets.

More recently, since the 2008 global financial crisis, Recticel has also turned to the credit insurer for excess-of-loss insurance, as offered now by Credendo – Excess & Surety.

“The cover has proven its value again in the current Covid-19 crisis,” says Mellen, adding that, in time, Recticel hopes to be able to expand its excess-of-loss insurance with Credendo to additional countries.

Sustainable innovation

An important driving force behind Recticel’s strategic choices is its strong commitment to sustainability, which Mellen says is embedded in all of the company activities, ultimately boosting its long-term competitiveness.

“Sustainable innovation is a key component behind all our research and development efforts and a key deciding factor in everything we do,” he says.

For example, in recent years, Recticel has focused its research on ecodesign and repurposing its polyurethane materials after their first lifecycle.

“We are committed to finding responsible solutions to the various challenges and needs of our customers and the planet.”

