

PRESS RELEASE

2018 FULL-YEAR RESULTS AND ANNUAL REPORT

Brussels, 4 April 2019

Highlights:

- Strong like-for-like revenue increase of 4.1 %
- Like-for-like REBITDA decrease limited to 2.8% despite one-off manufacturing issues and increased input costs
- Significant increase in net recurring profit (Group share) at EUR 166 million (+ 18.1%), the company's best performance in 5 years
- Lowest net financial debt in the last 5 years
- Annual Report 2018 available on etex2018.com

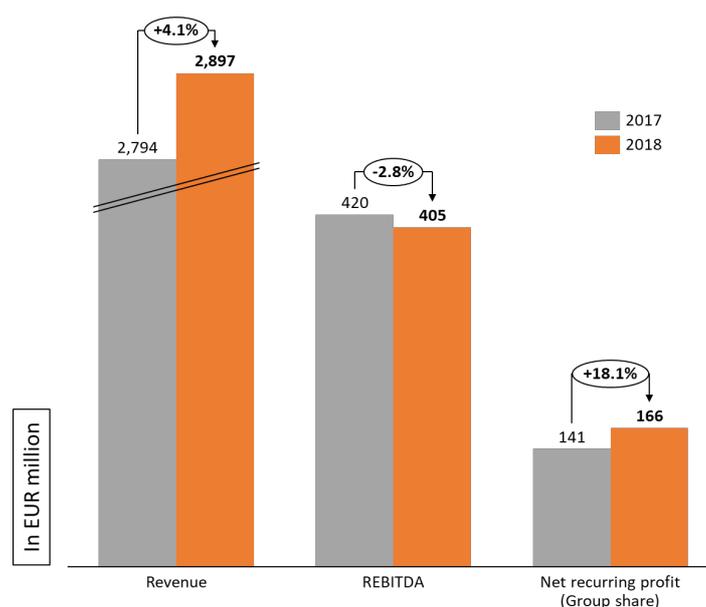
Comment from Paul Van Oyen, CEO of Etex: “In 2018, Etex's top-line performance was solid, with a 4% like-for-like increase. Faced with one-off manufacturing issues (mainly at Etex Roofing) and increased input costs (notably a negative energy price evolution), we were able to limit their impact, which explains our 2.8% like-for-like REBITDA decrease. Management actions included a specific focus on controlling overheads, but also significant restructuring measures decided at the end of the year. Thanks to a significant reduction of our net financial charges and taxes, Etex's net recurring profit has reached a record level compared to the last five years. Next to that, we have maintained our focus on customer-centricity and high brand awareness. Etex's successes in 2018 are the result of people-driven performance fuelling focused growth. These evolutions allow us to be even better equipped to rise to the challenges of the building industry by inspiring ways of living. In 2019, we expect another year of growth in revenue, a recovering REBITDA, a further strong free cash flow and a modest increase in our net recurring profit after the strong performance of 2018.”

Annual Report 2018: built on Etex teamwork

More than ever, our 2018 results were built on teamwork. Our website dedicated to the Annual Report 2018 offers a first taste of four Etex people stories: a new hi-tech joint venture in Chile that will revolutionise the way of building; Etex sales experts sharing best practices for an internationally aligned customer-centric approach; and Etex co-workers teaming up to succeed in challenging transitions in Spain and the US.

[Watch the four Etex teamwork stories](#) and/or [download the full report](#)

Significant sales increase, REBITDA impacted by manufacturing issues and higher input costs



In 2018, Etex recorded a **like-for-like** (same currency exchange rates and scope) **revenue growth of 4.1% to EUR 2.897 billion**. Including the impact of the currency exchange rates, hyperinflation in Argentina and the change of scope, revenue was up 3.7%. This solid performance is mainly attributable to the Etex Building Performance division, driven by significant plasterboard sales growth in nearly all geographies. Etex Façade and Etex Industry have also recorded top-line growth, while Etex Roofing was slightly down year-on-year. The positive scope impact (+2.8%) is mainly attributable to the acquisition of the Spanish manufacturer of gypsum products Pladur at the end of 2017; it was more than offset by adverse currency exchange rates (-3.2%), mainly due to a weaker Argentine peso and British pound.

The **recurring operating cash flow (REBITDA)** reached **EUR 405 million**, a like-for-like decrease of 2.8% year-on-year, or -3.6% when including currency exchange rates, hyperinflation in Argentina and scope impact, despite the top-line growth. This decline is mainly attributable to a series of one-off manufacturing issues (mainly at Etex Roofing) as well as to increased input costs (energy price evolution and difficulty to find transporters in Western Europe) which didn't translate into higher sales prices to the same extent. Specific management attention led to significant restructuring measures decided at the end of the year. The **REBITDA margin reached 14.0%**, compared to 15.0% in 2017.

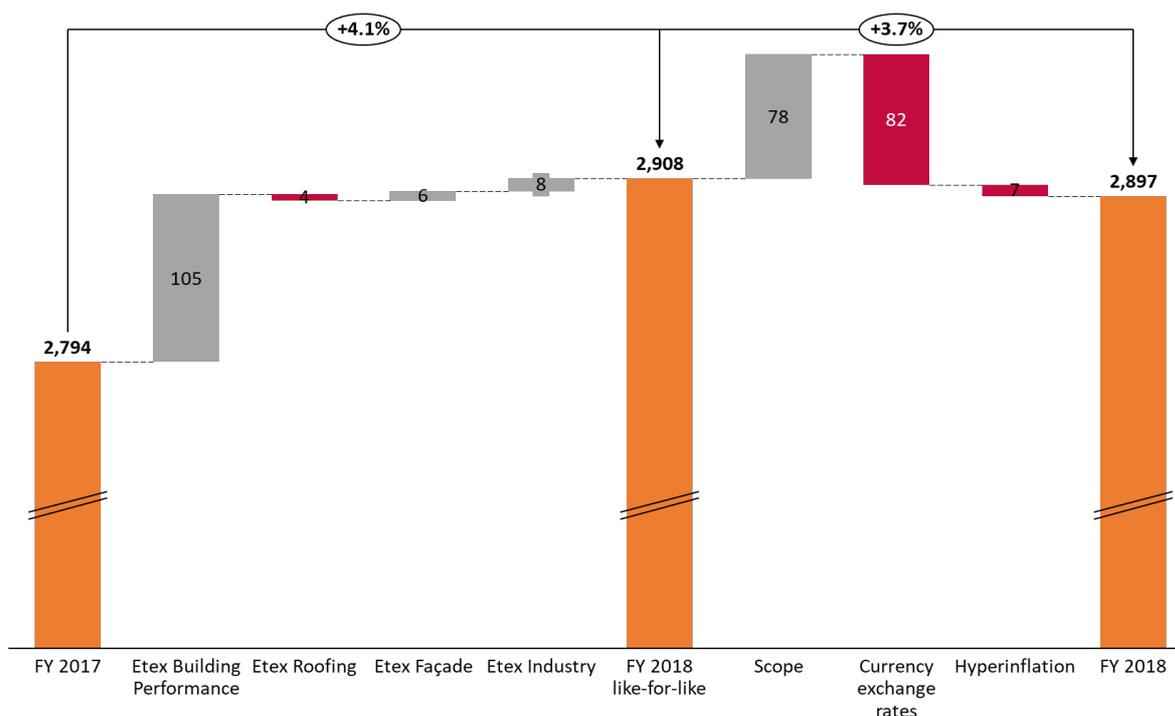
Thanks to a significant reduction of our net financial charges and taxes, **Etex's net recurring profit (Group share) was up 18.1% to EUR 166 million**, its best performance in five years. The non-recurring items mainly relate to restructuring costs. The company's **net profit reached EUR 145 million** in 2018, down 5.6% compared to the previous year.

At the end of December 2018, Etex's **net financial debt decreased to EUR 584 million, a record level in five years**. At the end of 2017 it reached **EUR 633 million**. Cash generation increase compared to last year is mainly attributable to improved working capital, the sale of non-operational assets, decreased financial charges and lower income taxes. The net debt figures include the favourable effect of the non-recourse factoring programme, set up in 2015, which amounted to EUR 159 million at the end of 2018 (vs EUR 167 million at the end of 2017). Excluding this programme, the net financial debt would have reached EUR 743 million (vs EUR 800 million at the end of 2017). The company's **net financial debt/REBITDA ratio decreased from 1.5x in 2017 to 1.4x in 2018**. Excluding the favourable impact of the non-recourse factoring programme, this ratio decreased from 1.9x to 1.8x year-on-year.

A dividend of EUR 0.58 per share will be proposed at the Shareholders' Meeting on 22 May 2019.

Revenue by division

Contribution to FY 2017-FY 2018 revenue evolution (in EUR million)



Etex Building Performance registered a like-for-like top-line **growth of 6.9%** to reach EUR 1,650 million. This is mainly attributable to a solid performance of the plasterboard business in almost all geographies, especially in France, the UK and Central & Eastern Europe. In Europe, Germany was the only country which experienced a more difficult year, due to challenging market conditions and tough competition leading to pressure on margins. In Latin America, sales were also strong, notably thanks to the performance recorded in Brazil, due to recovering market conditions and high inflation. Sales in Peru (high comparables in fibre cement as 2017 saw many modular housing projects) and Colombia (tough competition) were below the previous year. The performance in other regions was mixed, with Africa performing well despite continued difficult market conditions, but the sales in the Middle East decreasing sharply due to the absence of major projects. The Spanish gypsum expert Pladur, acquired at the end of 2017, was fully integrated last year.

Etex Roofing's like-for-like sales were **flat (-0.5%)** year-on-year, at EUR 814 million. The satisfactory performance recorded in the UK, Ireland, the Netherlands (agricultural corrugated sheets) and Spain was offset by the supply chain impact of

the closure of our corrugated sheets plant in Germany, a deteriorating agricultural market in France and Nigeria, and high comparables in Peru.

The revenue of our **Etex Façade** division was **up year-on-year, +2.2%** like-for-like, to EUR 263 million. mainly thanks to the performance in the UK, Southern and Eastern Europe, the US, Australia, Argentina and Chile, and despite lower revenue in other European countries, China and Colombia.

Finally, **Etex Industry** registered a like-for-like revenue **growth of 4.6%** to EUR 170 million. The division performed strongly in fire rated appliances and heavy industry, compensating poorer performances in the energy segment.

Key developments

Throughout 2018, we continued our efforts to become **a more aligned and focused global company with a clear purpose: inspiring ways of living**. To fulfil this purpose, in 2016, we defined a clear **three-pillar agenda** centring around engaged people, operational excellence and profitable growth.

Illustrating our commitment to this agenda, we identified **six strategic initiatives**: manage our strong position in plasterboard, maximise our fibre cement position, fully expand the unique potential of our fire-protection solutions, continue to develop our roofing position, build up digital capabilities in key parts of our value chain, and invest in new building methods. These strategic initiatives translated into key decisions that were taken in 2018.

Etex is poised to stay a step ahead of housing trends, inspiring new ways of living notably through our expertise in **lightweight construction** activities. We believe strongly that lightweight construction is the solution to major building industry challenges, including housing shortages, construction inefficiencies, skilled labour issues and rapid urbanisation. One key example of our lightweight construction expertise in action is our **E2E joint venture** with Arauco in Chile. With this initiative, we seek to redefine the future of housing in South America and beyond. Thanks to our efforts, the joint venture is already well-positioned for success and expansion in 2019.

We are currently witnessing a major consolidation phase taking place in the European residential roofing industry, as shown by mergers and acquisitions happening in recent years. As a leading player, Etex intends to play an active role in this consolidation. To do so, we must show **structural flexibility**. This is why we

decided last year to **reshape two of our four divisions**: Etex Roofing and Etex Façade. Since 1 January 2019, our clay, concrete and components activities for residential roofing in Europe and South Africa are combined in a newly created division, **Etex Residential Roofing**. On the other hand, the fibre cement activities of Etex Façade and Etex Roofing have been brought together within the new **Etex Exteriors** division, a move which will allow us to maximise our position in fibre cement and developing our position in roofing in line with two of our six strategic initiatives. We are confident that these two divisions will ensure that every Etex business segment has a well-balanced, forward-minded solutions portfolio in the face of a changing market.

Employee engagement has been defined as the second non-financial key performance indicator – after safety. Consequently, 2018 marked the introduction of our first global employee engagement survey, called ‘**Me & Etex**’. We are pleased with the strong response we received from our colleagues all over the world: 69% of them participated in the survey, a figure that surpasses the industry benchmark. The results and learnings of the survey are being translated into actions that we will take in 2019 to further strengthen employee engagement.

Last but not least, we **strengthened our leadership team** in 2018, welcoming two new members to the company’s executive committee level. In April, Per-Olof Algotsson joined us as the new Head of Etex Building Performance, and Joëlle Boxus was appointed Chief Human Resources Officer in November. We are confident that this complementary and fully aligned group of talented managers will allow us to reach our strategic targets.

Outlook for FY 2019

In 2019, we expect another year of growth in revenue, a recovering REBITDA – in particular thanks to the significant cost reductions undertaken in 2018 –, a further strong free cash flow and a modest increase in our net recurring profit after the strong performance of 2018. The European construction markets should continue to recover progressively, more specifically in France, the Benelux and Central Europe. The United Kingdom should experience further growth, except for the unforeseen aftermath of a “hard” Brexit, although measures are in place to face this situation. The growth is expected to continue in the Latin American countries where we operate, with some uncertainties however in Chile, Nigeria and Argentina.

Changes to the Board of Directors

Walter Emsens' and Regnier Haegelsteen's mandates came to an end on 23 May 2018. On the same day, Pascal Emsens and Johan Van Biesbroeck joined the Board of Directors.

Key figures for FY 2018

EUR million	FY 2017	FY 2018	Var. (%)	Var. at same scope & currency exchange rates (%)
Revenue	2,794	2,897	3.7%	4.1%
Recurring operating cash flow (REBITDA)	420	405	-3.6%	-2.8%
% of revenue	15.0%	14.0%	-	-
Recurring operating income (REBIT)	266	245	-7.7%	-3.8%
% of revenue	9.5%	8.5%	-	-
Non-recurring items	3	-25	-	-
Operating cash flow (EBITDA)	432	391	-9.6%	-
Operating income (EBIT)	269	221	-17.8%	-
% of revenue	9.6%	7.6%	-	-
Profit for the year	153	145	-5.6%	-
Group share	148	140	-5.2%	-
Non-controlling interests	5	4	-	-
Net recurring profit (Group share)	141	166	18.1%	-
Working Capital	261	271	-	-
Net financial debt	633	584	-	-
Capital expenditure	148	192	-	-

The consolidated financial statements for the year 2018 were approved by the Board of Directors on 3 April 2019 and will be presented for approval at the Shareholders' Meeting.

The statutory auditor issued an unqualified audit opinion on the consolidated financial accounts.

The 2018 Annual Report of the company is available on Etex's website <https://etex2018.com> as of 4 April 2019.

About Etex

Etex is a Belgian industrial group manufacturing and selling building materials. Its core businesses are:

- Etex Building Performance: plasterboards, plasters and formulated products, fibre cement boards, passive fire protection and associated products, and dry construction solutions
- Etex Façade: architectural and residential fibre cement façade materials
- Etex Industry: high performance insulation and fire protection solutions for industrial players, such as the oil & gas sector
- Etex Roofing: roof systems, slates, tiles and corrugated sheets, and roofing components

Since 1 January 2019, our clay, concrete and components activities for residential roofing in Europe and South Africa are combined in a newly created division, Etex Residential Roofing. On the other hand, the fibre cement activities of Etex Façade and Etex Roofing have been brought together within the new Etex Exteriors division.

With about 14,500 employees working at 113 production sites in 42 countries, and with an annual revenue of almost 3 billion euro, Etex is an international player in sustainable building solutions. In Belgium, in addition to its headquarters, Etex operates three production sites and two R&D centres. For more information, please visit our website: www.etexgroup.com.

More information

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