

Press Release

2016 Results

Brussels, 28 March 2017 – **2016 results characterised by a like-for-like increase in sales of 1.5% and Rebitda of 9.6%, combined with a significant reduction in net debt.**

In 2016, Etex achieved sales of 2.883 billion euro. This is a 5.6% decrease, affected by the sale of the ceramics floor and wall tiles business in Latin America and unfavourable exchange rates. On a like-for-like basis, sales grew by 1.5%. The recurring operating cash flow (Rebitda) increased by 9.6% on a like-for-like basis to 417 million euro, primarily driven by lower energy costs in Europe. The resulting Rebitda margin is at 14.5% compared to 13.4% last year.

Non-recurring charges at 19 million euro were lower than the 112 million euro in 2015. This was due to a capital gain generated by the sale of the ceramics business which partially offset significant restructuring charges designed to further improve profitability.

Net profit rebounded to 130 million euro compared to 37 million euro the year before, while net recurring profit increased slightly from 126 to 135 million euro.

Etex lowered its net financial debt from 833 to 630 million euro, a result attributable to the ceramics business sale (for a value of 235 million dollar), its non-recourse factoring programme and solid free cash flow generation.

In 2016, Etex secured its financial commitments through the successful replacement of its retail bond with a Schuldschein loan of 300 million euro. The Schuldschein was issued to refinance the company's 5% retail bond of 400 million euro, which matures in March 2017. The balance will be financed by Etex's own cash generation and available credit lines.

The free cash flow generation was driven by higher Rebitda, lower working capital requirements and lower capex. After several years of heavy investments, the capital expenditure over 2016 was reduced to 137 million euro.

The net financial debt/Rebitda ratio dropped from 2.0 to 1.6.

Solid performance in unpredictable market conditions

The global economic and political landscape in 2016 was one of surprise and unpredictability. Unstable oil and gas prices affected markets across the world. Overall, Europe's construction markets resisted, even despite uncertainty surrounding the Brexit announcement. Economies in France and Germany stabilised and central and eastern European markets continued to expand.

In Latin America, growth was driven by Argentina and Chile while Brazil continued to be affected by the economic and political crisis. In Africa Etex enjoyed strong organic growth,

even though Nigeria suffered from political unrest, inflation and lower oil prices and South Africa continued to deal with an unstable political situation.

A clear strategy and structure

Etex has defined a clear strategy to continue offering technically and aesthetically superior building materials to meet people's building needs. To effectively execute this strategy, Etex reshaped its structure, management framework and portfolio in 2016, taking a targeted approach to the market.

Etex Building Performance provides a comprehensive offering of plasterboards and formulated products, fibre cement boards, passive fire protection and dry construction solutions. The division posted sound results in 2016. Particularly in Europe, its largest market, the division performed within expectations.

Etex Façade offers architectural and residential fibre cement façade materials. The division delivered a strong performance, particularly in the UK, and took advantage of recovering markets in southern Europe. Outside Europe, the division is gathering momentum in established and new markets, notably in Australia and Latin America.

Etex Industry, which makes high-performance insulation and fireproofing solutions, faced suffering oil and gas markets. To offset slow demand, Etex Industry targeted new markets in specific segments such as original equipment manufacturers (OEM).

Etex Roofing, the division offering residential roofing and agricultural building solutions, performed well in the UK, central and eastern European residential roofing sectors. Continued deterioration of agricultural markets in France and Germany led to the restructuring of non-competitive plants.

A finely-tuned portfolio to capture growth

To adjust its portfolio in line with its core businesses, in September 2016, Etex finalised the sale of its ceramic floor and wall tile business in Latin America to Grupo Lamosa in Mexico.

During the first half of 2016, Etex acquired British companies John Brash & Co. and EOS Facades, two small acquisitions that are perfectly in line with the Etex's goal of offering customers complete roofing and dry construction solutions. John Brash supplies the materials to which roofing products are secured, such as timber battens. EOS Facades sells steel framing systems for dry construction solutions.

In 2016 Etex continued to adapt its industrial footprint to evolving market needs. In Europe, Etex finalised a factory closure in Dorfen (Germany) and Vitry (France) and announced a production line closure in Heidelberg (Germany). The company streamlined its industrial network in Nigeria, closing a factory in Sapele to channel investment into its two other factories in the country. In China, closure of the Shanghai production facility was initiated.

Poised to engage with new opportunities in 2017

Paul Van Oyen, CEO of Etex, looks ahead with confidence: “A balanced and targeted portfolio positions Etex well to face continued global market uncertainty. We are primed to take advantage of the groundwork laid in 2016.” The company expects European construction markets on average to remain stable or rebound progressively. In Latin America, recovery seems to be confirmed, with the exception of Brazil. The CEO concludes: “Based on today’s market conditions, we expect modest growth in sales, recurring profit before tax and free cash flow in 2017.”

Key figures in 2016 *

In million euro	2015	2016	% var	% var like-for-like
Revenue	3,054	2,883	- 5.6%	1.5%
Recurring operating cash flow (REBITDA)	409	417	1.8%	9.6%
<i>% revenue</i>	<i>13.4%</i>	<i>14.5%</i>		
Recurring operating income (REBIT)	241	256	6.5%	16.9%
<i>% revenue</i>	<i>7.9%</i>	<i>8.9%</i>		
Non-recurring items	- 112	- 19		
Operating cash flow (EBITDA)	366	404	10.4%	
Operating income (EBIT)	129	237	83.8%	
<i>% revenue</i>	<i>4.2%</i>	<i>8.2%</i>		
Profit for the year	37	130	n.s.	
<i>Group share</i>	<i>36</i>	<i>127</i>	<i>n.s.</i>	
<i>Non-controlling interest</i>	<i>1</i>	<i>3</i>		
Property, plant and equipment	1,716	1,581		
Intangible assets	402	398		
Working capital (**)	312	249		
Capital employed (**)	2,451	2,258	- 7.9%	
Equity	919	889		
Net financial debt	833	630		
Capital expenditure	187	137		

(*) 2015 and 2016 values are expressed before reclassifications and include discontinued operations disclosed separately in the consolidated financial statements, i.e. the Latin American ceramic floor and wall tile business.

(**) excluding the favourable impact of the non-recourse factoring programme amounting to 154 million euro as of 31 December 2016.

A dividend of 0.48 euro per share will be proposed at the Shareholders’ Meeting on 24 May 2017.

The consolidated financial statements for the year 2016 were approved by the Board of Directors on 24 March 2017 and will be presented for approval at the Shareholders’ Meeting.

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

The annual report will be presented at the Shareholders’ Meeting and will be available on Etex’s website www.etexgroup.com as of 30 March 2017.

About Etex

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

- Etex Building Performance : plasterboards and formulated products, fibre cement boards, passive fire protection and associated products, and dry construction solutions
- Etex Façade : architectural and residential fibre cement cladding boards
- 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

With about 15,000 employees working at 107 production sites in 42 countries, and with annual sales 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

Regine Van Tomme

Corporate Communications Director

Tel + 32 2 778 12 11 or +32 2 778 12 84