

Press release

Etex showed further profitable growth and solid cash generation in 2017

Brussels, 30 March 2018 – In 2017, international building materials company Etex posted like-for-like sales growth of 4.5% and increased recurring operating cash flow (rebitda) of 7.8% (also like-for-like). The firm's net financial debt remained stable compared to the previous year, despite the acquisition of Spanish plasterboard business Pladur at the yearend.

In 2017, Etex recorded sales of 2.794 billion euro. This corresponds to a growth of 4.5% on a like-for-like basis (same exchange rates, same scope). The recurring operating cash flow (rebitda) reached 420 million euro. This represents a like-for-like growth of 7.8%.

Etex's net profit went up from 127 million euro in 2016 to 148 million euro in 2017. Meanwhile, net recurring profit also increased from 135 million euro to 141 million euro.

At the end of a year marked by the acquisition of Spanish plasterboards firm Pladur in December 2017, Etex's net financial debt amounted to 633 million euro in 2017, compared to 630 million euro the year before. Etex continued to lower its net financial debt/rebitda ratio, which dropped from 1.6 to 1.5. In March 2017, Etex reimbursed its 5% retail bond of 400 million euro, replaced by the 300-million-euro Schuldschein loan issued in late 2016.

Recovering marketplaces worldwide

In 2017, Etex capitalised on economic recovery taking place in different parts of the world and posted growth figures in several of its main markets. In Europe, this growth was strongest in the UK, Poland, Spain and France. In Germany, performance was weaker, primarily in the residential roofing market. Markets in southern and eastern Europe continued to gain momentum.

In Latin America, market performance in Argentina and Peru was a growth driver for Etex. Results in Brazil began to recover, despite strained local economic and political circumstances. Meanwhile, sales decreased slightly in Chile and Colombia.

In Africa, Etex's Nigerian business continued to grow. This result was partially offset by weaker performance in South Africa, where the economy is going through a recession linked to political instability. Results were stable in the highly competitive market of the Asia Pacific region.

Dynamic year, consistent performance

Throughout 2017, Etex gained market intimacy through closer customer focus via its global divisional structure, which was implemented the year before.

Reinforcing its portfolio, Etex integrated its Latin American business into this divisional structure. It also gained full ownership of Pladur, a leading Spanish plasterboards company with a strong local presence and export footprint. Further aligning its offering with core

activities, Etex also divested two businesses in 2017: Chilean brick producer Industrias Princesa and German façade tile manufacturer Tonality, along with its factory in Weroth.

Making headway in developing building systems with high added value, Etex undertook a joint venture alongside Arauco, a Chilean composite wood frame manufacturer. The partnership opens avenues for a combined affordable housing offering in Latin America. Responding to housing crises in Africa and Latin America, Etex also launched affordable dry construction housing projects in these regions.

A renewed innovation structure optimised output and a greater number of new product launches through increased customer-driven and market-focussed innovation.

Operations primed for excellence

Throughout 2017, Etex exercised good discipline in capital expenditure to improve manufacturing performance in all plants. Smaller targeted investments aimed at quickly meeting market needs will become operational in 2018. Larger manufacturing assets inaugurated in previous years in Brazil, Peru, Indonesia and Romania are also progressively building up to expected volume levels.

Etex applied overall good cost control measures throughout the year, particularly in the purchasing and shared services organisations, which recorded savings. Progress towards developing an integrated digital strategy is ongoing. This included investment in the IT infrastructure and digital sales tools that align with the customer journey. Etex also made headway in creating and using building information management (BIM) platforms and systems.

Safety results did not quite meet ambitions, despite Etex recording the second-lowest number of accidents in the last ten years. A clear focus on behavioural safety guided by visible felt leadership will help the company achieve its zero-accident target.

Following through on potential in 2018

Paul Van Oyen, Etex CEO, looks toward the future with confidence: “In view of current projections and market conditions, we expect further growth for our revenue, rebitda and net recurring profit. We are confident that the global and divisional strategies activated in 2017, driven by our developing high-performance culture, have primed our organisation to follow through on its potential in 2018.”

European construction markets are either stabilising or rebounding, especially in France, the Benelux and central Europe. Meanwhile, the UK market continues to benefit from strong economic conditions, despite uncertainty surrounding Brexit. With the exception of Chile, recovery seems to be confirmed in Etex’s Latin American markets.

The CEO concludes: “In today’s recovering yet fragile economic landscape, Etex’s balanced and diversified portfolio, driven by passionate people, will continue to deliver affordable, sustainable, safe, comfortable and beautiful living spaces while achieving Etex’s ambitions.”

Changes to the board of directors

On 24 May 2017, Pierre Vareille joined the board of directors to replace J. Alfons Peeters, whose mandate ended.

Key figures in 2017*

In million euro	2016	2017	% var	% var like-for-like
Revenue	2,883	2,794	-3.1%	4.5%
Recurring operating cash flow (REBITDA)	417	420	0.6%	7.8%
<i>% revenue</i>	<i>14.5%</i>	<i>15.0%</i>		
Recurring operating income (REBIT)	256	266	3.6%	12.9%
<i>% revenue</i>	<i>8.9%</i>	<i>9.5%</i>		
Non-recurring items	-19	3		
Operating cash flow (EBITDA)	404	432	7.0%	
Operating income (EBIT)	237	269	13.2%	
<i>% revenue</i>	<i>8.2%</i>	<i>9.6%</i>		
Profit for the year	130	153	18.1%	
<i>Group share</i>	<i>127</i>	<i>148</i>	<i>16.5%</i>	
<i>Non-controlling interest</i>	<i>3</i>	<i>5</i>		
Property, plant and equipment	1,581	1,641		
Intangible assets	398	412		
Working capital (**)	250	261		
Capital employed (**)	2,258	2,341	3.7%	
Equity	889	1,011		
Net financial debt	630	633		
Capital expenditure	137	148		

(*) 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 167 million euro.

A dividend of 0.53 euro per share will be proposed at the Shareholders' Meeting on 23 May 2018.

The consolidated financial statements for the year 2017 were approved by the Board of Directors on 28 March 2018 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 2018.

About Etex

Etex is a Belgian industrial group that manufactures and sells building materials worldwide. Its businesses are:

- Etex Building Performance: fibre cement and gypsum building boards, plasters and associated products, fire protection and dry construction solutions.
- Etex Roofing: roof systems, slates, tiles, corrugated sheets and roofing accessories and components.
- 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.

With approximately 14,500 employees working at 120 production sites in 42 countries, and with annual sales of almost 3 billion euro, Etex is an international player in sustainable building solutions. In addition to its headquarters, Etex operates three production sites and two Innovation and Technology Centres (ITCs) in Belgium. For more information, please visit: www.etexgroup.com.

More information

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