2024 Half-Year Results

Etex delivers resilient performance and stable REBITDA margins, meeting expectations despite significant drops in the construction market

Highlights:

- **After 2 record-years, Etex's financial performance remains solid and in line with the company's 2024 forecasts - despite significant drops on the new build and renovation markets - with contractions averaging double digits across Europe.**

- **Revenue decrease of 4.2% to EUR 1,931 million compared to the same time last year (-5.7% like-for-like) following volume declines.**

- **REBITDA decrease of 5% to EUR 377 million compared to the same time last year (-7.5% like-for-like). Margins remain stable and strong at 19.5% of sales, in line with last year, helped by intense costs management.**

- **Stable financial debt at EUR 1,174 million and continued investments for future growth through capital expenditure and acquisitions. Solid balance sheet.**

- **Outlook for the rest of 2024: careful and regular evaluation in response to the volatile situation.**

Comment from Bernard Delvaux, CEO of Etex: *"For over a year now Etex and the construction sector have faced challenging market conditions characterised by a sustained decline in new build and renovation activities across most regions, resulting in a drop in volumes. Nevertheless, we delivered a resilient performance with stable REBITDA margins in the first half of 2024, in line with our anticipations and targets for the period.*

Despite this difficult context, we continued to future-proof our activities through significant global capital expenditure and strategic acquisitions to expand in new markets. We also made significant progress towards our 2030 sustainability ambitions and improved the engagement of our people.

For the rest of 2024, we will continue our careful and regular assessment and adaptation to the volatile situation, just as we have done so in previous months and years. These elements combined should help Etex continue to deliver good results and help build living spaces that are ever safer, more sustainable, smart and beautiful."

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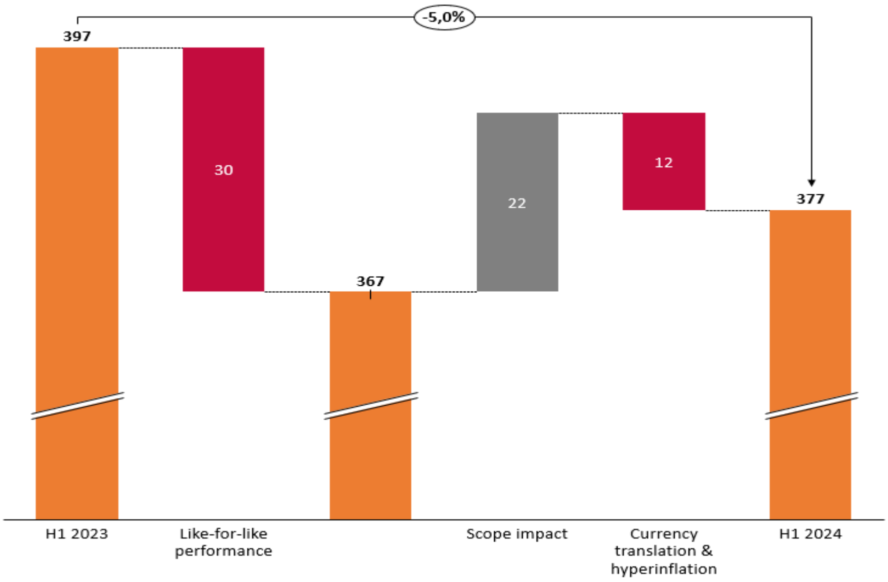
Strong profitability despite top-line decreases

In the first half of the year, Etex reported a revenue of EUR 1,931 million, a decrease of 4.2% compared to the same time last year. This is mainly due to poor market conditions and their impact on volumes. The company's results benefitted from the scope effect of some of its recent acquisitions, namely the scope impact of BGC's lightweight businesses (plasterboard and fibre cement), Skamol (fire protection and specialty insulation), as well as Superglass (glass mineral wool). However, these were offset by the devaluation of the Argentinian peso and Nigerian naira since last year.

Over the past two years, leading housing construction indicators in Etex's core markets have declined sharply by 35 to 50%, with this downward trend continuing into early 2024. Housing starts have reached their lowest levels since 2003, while housing permits are nearing historically low levels recorded between 2008-2009. This sharp downturn highlights the challenging market conditions in the residential construction sector.

The recurring operating cash flow (REBITDA) reached a value of EUR 377 million, a decrease of 5.0% compared to the same time last year. This is explained by volume drops and capacity underutilisation despite strong cost management. The REBITDA margin stood at a strong 19.5%, only 0.2% lower than in the first half of 2023.

Contribution to REBITDA evolution from H1 2023 to H1 2024 (in EUR million)[1]



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Etex's net recurring profit (Group share) [1] **decreased by 8.1% year-on-year, from EUR 166 million to EUR 152 million**. This reduction was driven by changes in operating income, partially offset by lower tax expenses.

The company's net profit (Group share) for the first half of 2024 reached EUR 107 million, a decline of 46.7% compared to EUR 200 million in the same period last year. This decrease is due to the erosion of operating income, combined with particularly high adverse effects from monetary losses recognised under hyperinflation accounting in Argentina, as well as the absence in 2024 of a significant gain on reselling an interest rates' hedging contract as in the first half of 2023.

Over the last twelve months, **Etex's net financial debt remained stable, at EUR 1,174 million at the end of June 2024, compared to EUR 1,140 million at the end of June 2023**. This success is attributed to strong working capital management, even while Etex continued to invest significantly in its future through capital expenditure in factories and the acquisition of Australia's plasterboard and fibre cement businesses of BGC. The net financial debt/REBITDA stood at 1.7x at the end of June 2024, up from 1.6x in the same period for 2023.

[1] To go from net profit (Group share) to net recurring profit (Group share), the following adjustments are made:

- Non-recurring income and charges, net of tax impacts;
- For 2023 specifically, the one-off gain realised on selling an interest rates hedging contract, adjusted net of taxes;
- Beginning in 2024, adjustments are made for the impact of monetary losses in financial charges resulting from the hyperinflationary accounting indexation of equity and non-monetary assets and liabilities (currently applicable only in Argentina);
- To offset these monetary losses and to protect cash from devaluation under hyperinflationary accounting condition, the implemented foreign currency investments strategy generates financial result, which also needs to be adjusted.

Hyperinflation related adjustments are applied starting in 2024 and retroactively restated for the prior year.

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Revenue by geography and division

Etex saw a general downward trend across most regions, except for Australia. In terms of division, a similar trend is evident, except for the Industry division - specialising in fire protection and high performance insulation - which experienced year-on-year growth.

The Building Performance division, specialising in plasterboard and fibre cement boards, registered a like-for-like[1] revenue decrease of 6% year-on-year to reach EUR 1,184 million. Sales are down mostly due to market drops in Europe and Latin America, impacting volumes.

The Exteriors division, which focuses on fibre cement exterior solutions, decreased by 5% like-for-like[1] year-on-year to EUR 270 million. This is explained by lower volumes across most of division's categories.

The revenue of Etex's Industry division, centred around fire protection and high performance insulation, increased by 5% like-for-like[1] year-on-year to reach EUR 167 million. This performance is due to strong margins and volumes across almost all segments of the division.

The Insulation division, with glass mineral wool and extruded polystyrene (XPS), saw a revenue decrease by 7% like-for-like[1] year-on-year to EUR 280 million. Sales are down due to volumes below those of the first half of the year in 2023.

The revenue of the New Ways division, based on high-tech offsite solutions, decreased by 15% like-for-like[1] year-on-year to EUR 29 million, following deteriorated market conditions in the division's key geography of the UK.

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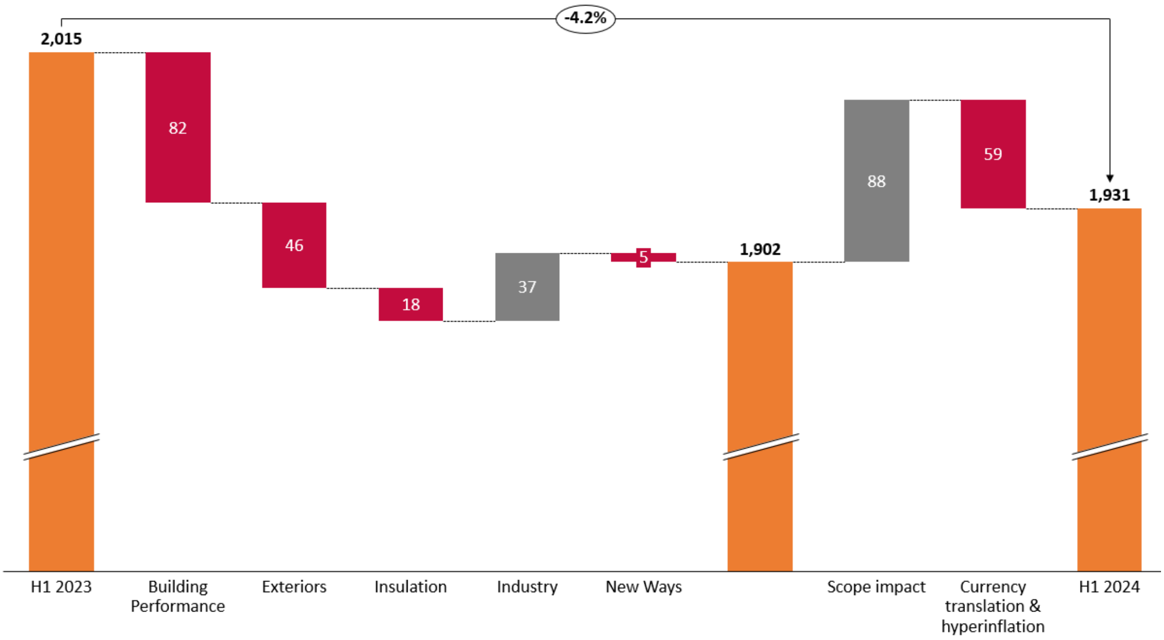
Contribution to H1 2023 - H1 2024 revenue evolution (in EUR million)[1]



Key developments

On the **mergers, acquisitions and divestments** side, Etex closed the [acquisition of Australian construction materials company BGC's plasterboard and fibre cement businesses]() at the end of February 2024. This deal allows Etex to expand its sustainable activities and capitalise on significant growth opportunities in the attractive Australian and New Zealand markets.

Etex's achievements in the first half of 2024 regarding its "**Sustainability and Innovation**" driver demonstrate that the company is making significant progress towards its 2030 sustainability ambitions. Highlights include:

- **Committing to the** [**Science Based Targets initiative (SBTi)**](). Through this initiative (achieved in last April), Etex intends to set near- and long-term company-wide emission reduction targets aligned with scientific consensus and the ambitious goals of the Paris Agreement, aiming to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

- Carrying out a double materiality assessment. With this exercice, Etex defined its material topics which is a major step in getting us ready for CSRD compliance in 2026.

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- Etex releasing its [second combined annual report]. In this report, the company presents on an equal footing its economic, social and environmental footprint and performance.

When it comes to its priority of "**Engaged people**", Etex:

- Registered significant improvements in its company-wide **"Me & Etex" employee engagement survey** with a 86% response rate, up 2% compared to 2022, and a 84% favourable sustainable engagement score.

- Has appointed **Hans Van Der Steen as the new Head of Division for Exteriors** since 1 May 2024.

- Welcomed two **new Board Members** with **Gabriel de l'Escaille** and **Fabrice Le Garrec,** following Etex's General Shareholders meeting in late May.

In February, Etex signed the **Antwerp declaration for a European Industrial Deal** which outlines ten concrete asks aimed at bringing greater clarity and predictability in EU industrial policy. By supporting this declaration, Etex affirmed its commitment for an EU Industrial Deal to complement the Green Deal.

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Cautious outlook and responsive approach for the rest of 2024

Similar to the past months and years, Etex will continue its careful and regular assessment and adaptation to the volatile situation. These elements combined should help Etex keep delivering good results, in line with the company's expectations for the year.

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Key figures for H1 2024[1]

EUR million	H1 2023	H1 2024	*Var. (%)*	*Var. % like-for-like (same scope & rate)*
Revenue	2,015	**1,931**	*-4.2%*	*-5.7%*
Recurring operating cash flow (REBITDA)	397	**377**	*-5.0%*	*-7.5%*
% of revenue	19.7%	***19.5%***	-	-
Recurring operating income (REBIT)	284	**244**	*-14.4%*	*-12.7%*
% of revenue	14.1%	***12.6%***	-	-
Non-recurring items	-34	**-39**	-	-
Operating cash flow (EBITDA)	363	**342**	*-5.6%*	-
Operating income (EBIT)	250	**204**	*-18.3%*	-
% of revenue	12.4%	***10.6%***	-	-
Profit for the year	204	**107**	*-47.6%*	-
Group share	200	**107**	*-46.7%*	-
Non-controlling interests	4	**0**	-	-
Net recurring profit (Group share)[2]	166	**152**	*-8.11%*	-
Working capital[3]	392	**404**	-	-
Net financial debt	1,140	**1,174**	-	-
Capital expenditure	118	**87**	-	-

[1] The like-for-like percentages compare H1 2024 to H1 2023, the latter being converted with identical exchange rates, while excluding the impact of hyperinflation, of the newly acquired businesses in 2023 and in 2024, as well as the impact of the Ukrainian business being neutralised.

[2] To go from net profit (Group share) to net recurring profit (Group share), the following adjustments are made:
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Hyperinflation related adjustments are applied starting in 2024 and retroactively restated for the prior year.

[3] Values are expressed excluding the favourable impact of the non-recourse factoring programme (EUR 287 million as of 30/06/2023 and EUR 243 million as of 30/06/2024).

All figures and tables contained in this appendix have been extracted from Etex' unaudited condensed consolidated interim financial statements for the first six months of 2024, which have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

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For the condensed consolidated interim financial statements for the first six months of 2024, we refer to Etex' website.

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About Etex

Etex is a global building material manufacturer and pioneer in lightweight construction. Etex wants to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

Founded in 1905, headquartered in Zaventem, Belgium, Etex is a family-owned company with more than 13,500 employees globally. It operates more than 160 sites in 45 countries and recorded a revenue of EUR 3.808 billion and a REBITDA of EUR 712 million in 2023. Etex fosters a collaborative and caring culture, a pioneering spirit and a passion to always do better for its customers.

Etex has seven R&D centres supporting five global divisions:

- Building Performance: leader in plasterboards and fibre cement boards, and the global reference in fire protection solutions for the residential and commercial segments.
- Exteriors: provider of innovative, durable, high performance and beautiful fibre cement exterior materials for architectural, residential and agricultural projects.
- Industry: front runner of engineering expertise to drive the future of high-performance temperature insulation and fire protection in the industrial, aerospace and energy sectors.
- Insulation: leading European insulation provider of glass mineral wool and extruded polystyrene (XPS) to insulate residential and non-residential buildings.
- New Ways: high-tech, lightweight, factory assembled panel and modular solutions based on steel framing.

Etex's global portfolio includes leading commercial brands such as Cedral, Durlock, EQUITONE, Eternit, Gyplac, Kalsi, Pladur, Promat, Siniat, Superboard and URSA.

Etex is Inspiring Ways of Living, for more information, please visit our website: www.etexgroup.com

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