



→ Mel de Vogue,
Chief Financial Officer

Our CEO engaged in a conversation with six teammates to summarise key topics of 2020 for Etex.

We care about performance

As an organisation, Etex strives to pave the way toward a sustainable future. Good results are an important part of this future. In addition to focussing on people, safety and strategy, we also prioritise performance and profitability.

Despite the COVID-19 pandemic which challenged our top-line, Etex reports outstanding financial results. Our REBITDA is slightly up year-on-year, we recorded our best year ever in terms of cash generation, and we reached the lowest net financial debt level in our history!

Watch the video



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Activity report

Building on a strong foundation

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Message from the CFO

2020 was a challenging year from a financial performance perspective. The revenue of Etex went down by 3.1% year-on-year to EUR 2,616 million on a like-for-like basis, but the company still recorded a double-digit REBITDA improvement (+10.9% like-for-like) to reach EUR 484 million. As a result, the REBITDA margin reached 18.5% and the net recurring profit increased by 15.1% to EUR 215 million. The free cash flow before dividends, acquisitions and disposals of businesses reached, for the second year in a row, its highest historical level, at EUR 313 million. Combined with the successful disposal of non-core businesses, the net debt decreased to EUR 15 million, its lowest level ever.

A general overview of our worldwide results

The **COVID-19 pandemic impacted Etex's revenue in 2020, with a decrease of 3.1% like-for-like**. This decrease is lower than the global economic recession in 2020. The decline in revenue is due to severe lockdown measures which were taken in several geographies, mainly in the second quarter, resulting in market demand contraction and the temporary closure of several plants. Despite strong investment in brands, improved service levels and a catch-up movement in sales post lockdown, all Etex divisions recorded top-line decline except Residential Roofing. The 4.2% negative scope impact on revenue is mainly attributable to the disposal of our Residential Roofing businesses in the United Kingdom and Portugal in 2019, in South Africa in mid-2020 and, to a lesser extent, of the French polypropylene honeycomb blocks and panels producer Nidaplast, in 2019. This impact was partially offset by the acquisition of FSi Limited, a passive fire protection business in the UK,

in 2020. The remaining 3.7% negative impact on revenue is due to hyperinflation accounting and foreign currency translation mainly from a weaker Argentinian and Chilean peso, Brazilian real and Nigerian naira. Including the change of scope, the currency exchange rates and hyperinflation accounting impacts, the revenue was down 11.0%.

Our **REBITDA amounted to EUR 484 million**, when compared to 2019, this represents a like-for-like increase of 10.9%. This outstanding performance in these unprecedented circumstances is mainly attributable to the combination of improved margins and contained overheads. Margins increased thanks to product mix management as well as cost reductions in external procurement and our own production processes. Overheads were strictly controlled from the beginning of the COVID-19 pandemic, with a like-for-like reduction of 5.9% to be compared to a like-for-like reduction of 3.1% in revenue. As a result, the REBITDA margin reached its highest level ever at 18.5%, compared to 16.4% in 2019, despite negative impacts of

scope (6.1%), hyperinflation accounting and foreign currency translation (4.6%) compared to 2019.

Etex's net recurring profit (Group share) was up by 15.1% to EUR 215 million in 2020, another record performance. The non-recurring items relate to restructuring initiatives and consequent impairment (mainly linked to the closing of our plasterboard-paper production facility in France) and to significant gains on the disposal of non-operating assets and businesses. The company's net profit reached EUR 201 million in 2020, up 11.4% year-on-year.

Cash generation reached a record level of EUR 313 million before dividends, acquisitions and disposals of businesses, more than doubling the 2019 level. This strong cash generation is partially the result of strict capital expenditure management due to the uncertainty surrounding COVID-19, but also of a closely monitored and improved working capital and lower cash-outs related to the implementation of restructuring plans compared to 2019.

Revenue in 2020

2,616

million euro

Like-for-like decrease of 3.1% vs. 2019

2020 results in a nutshell

Total sales: EUR 2,616 million, including the impact of unfavourable exchange rates compared to 2019 (more than EUR 100 million) and the EUR 125 million negative impact related to scope changes. The COVID-19 pandemic led to a year-on-year revenue reduction of around EUR 87 million, or -3.1%, excluding the impact of currency translation and of the disposed British, Portuguese and South African clay roof tile businesses.

Gross profit: EUR 848 million or 32.4% of sales, vs 30.5% in 2019, through the efficient management of product mix, procurement and operations.

Overheads on sales ratio: stable at 20.7% (same ratio as in 2019), resulting mainly from strict cost control together with the restructuring initiatives implemented in prior years.

Operating income before non-recurring items (REBIT): EUR 311 million, up by EUR 56 million like-for-like, representing 11.9% of sales. In 2019, the REBIT amounted to EUR 292 million, or 9.9% of sales.

Net non-recurring charges: EUR 39 million, with significant one-off gains mainly with respect to the disposal of Residential Roofing businesses and non-operational assets, offset by impairment charges and further restructuring. The operating income (EBIT) reached EUR 272 million vs EUR 268 million in 2019.

Net financial charges: a sharp decrease from EUR 31 million in 2019 to EUR 25 million in 2020, resulting from de-leveraging, hyperinflation impacts and low interest charges.

Net profit (Group share): improvement from EUR 176 million to EUR 194 million.

Net recurring profit (Group share): increase from EUR 187 million to EUR 215 million.

Net financial debt: the decrease from EUR 331 million at the end of December 2019 to EUR 15 million at the end of December 2020 is due to operating cash flow generation on top of the business disposal proceeds. It also includes the positive effects of a non-recourse factoring programme set up in 2015, which amounted to EUR 159 million at the end of 2020 (vs EUR 154 million at the end of 2019). Excluding this non-recourse factoring programme, the net financial debt would have been EUR 174 million, a decrease of EUR 311 million compared to the end of 2019 (EUR 485 million).

At the end of December 2020, **Etex's net financial debt decreased to EUR 15 million**, a reduction of EUR 316 million compared to its level at the end of 2019 (EUR 331 million). This reduction reflects the strong free cash flow generation, with a free cash flow before dividends, acquisitions and disposals of EUR 313 million (compared with EUR 152 million in 2019), and, to a lesser extent, the disposal proceeds net of acquisitions. The net financial debt in 2020 includes the favourable effect of the non-recourse factoring programme, which amounted to EUR 159 million at the end of the year (vs EUR 154 million at the end of 2019). Excluding this programme, the net financial debt would have reached EUR 174 million (vs EUR 485 million at the end of 2019). The company's net financial debt/REBITDA ratio improved from 0.5x in 2019 to -0.2x in 2020. Excluding the favourable impact of the non-recourse factoring programme, this ratio improved from 1.0x to 0.4x year-on-year.

Changes in the scope of consolidation

In December 2020, Etex completed the sale of its clay and concrete roof tile businesses in Germany, Hungary, Poland and Belgium to Terreal, which followed the disposal of Marley South Africa earlier that year. These transactions are the result of the strategic plans initiated in 2019 to divest the Residential Roofing division, which contributed EUR 253 million and EUR 33 million to the revenue and REBITDA of Etex in 2020, respectively (these divested Residential Roofing businesses contributed in 2019 to EUR 379 million and EUR 47 million in revenue and REBITDA, respectively, including Marley in the United Kingdom and Umbelino Monteiro in Portugal, both disposed in 2019). In September 2020, Etex acquired FSi Limited, a passive fire protection business based in the United Kingdom.

Revenue by division

Building Performance registered a like-for-like revenue decline of -3.4% to reach EUR 1,639 million, due to the COVID-19

pandemic impacting nearly all geographies. Revenue was severely impacted from mid-March, mostly in Southwest Europe, Latin America and the UK, and was only partially offset by solid performance in Eastern Europe. The retail segment experienced little impact of the pandemic with an increase in DIY and renovation, while the project segment was heavily impacted in some geographies. Building Performance managed to improve its performance in a pandemic context thanks to the rebound of sales in the second part of the year, catching up volumes which had been heavily impacted during the second quarter, and cost savings (including in procurement) which compensated COVID-19 impacts. The innovation ratio of Building Performance in 2020 reached the same level as in 2019. Globally, nearly 30 products were launched, including innovative and exclusive technologies such as Defentex.

The revenue of our Exteriors division (EUR 569 million) was impacted by a EUR 4 million like-for-like reduction (or -0.7%), mainly attributable to The Netherlands (discontinuation of subsidies and the Dutch nitrogen crisis), Ireland, Northern Europe and Peru (corrugated sheets). In the residential segment, all European markets recovered well in the second half of the year, driven by strong activity in home repair, maintenance and improvement. The Exteriors division resisted well thanks to its sidings and slates segments, which experienced an overall increase of sales in 2020, driven by a strong renovation market. The architectural segment was impacted by a lack of new projects directly linked to the COVID-19 crisis and, like in 2019, fibre cement activities were impacted by their exposure to trends in the agricultural sector.

Residential Roofing, excluding the divested businesses in the United Kingdom and Portugal in 2019, **recorded an increase in revenue of 4.9% like-for-like in 2020, to reach EUR 253 million**. This is mainly thanks to the improved performance of the Creaton businesses in Germany and Poland. Overall volumes remained flat, but product mix improvements led to a positive impact on revenue.

In line with its strategic shift initiated two years ago, Etex completed the divestment of three

businesses in its Residential Roofing division in 2020. Marley (SA) (Pty) Ltd was sold to the South African Kutana Investment Group, and Creaton businesses in Germany, Hungary, Poland and Belgium were sold to Terreal. Earlier in 2020, Etex also sold its 50% stake in RBB NV (Belgium).

Industry registered a like-for-like revenue decline of 18.9% to EUR 144 million. The division was heavily impacted by the COVID-19 pandemic in almost every geography, with Germany and Austria being less impacted. Overall, all segments suffered, with a slow recovery expected in the oil & gas and transportation segments, while other business areas showed some recovery in the second half of last year.

New Ways revenues declined by 8.9% to EUR 10 million, mainly affected by the impacts of the pandemic on the UK market. New Ways revenues exclude our non-consolidated participations in several joint ventures.

Consolidated Statement of Financial Position (Balance Sheet)

The value of Etex's **property, plants and equipment** went down from EUR 1,631 million in 2019 to EUR 1,392 million in 2020, reflecting the impact of scoped-out Residential Roofing entities during the year. **Capital expenditure** (tangible and intangible assets) reached EUR 112 million (including EUR 22 million relating to new leasing contracts recognised during the year), compared to a recurring depreciation of EUR 173 million. **Goodwill and intangible assets** went down from EUR 323 million to EUR 320 million.

Our **working capital** decreased from EUR 224 million in 2019 to EUR 137 million in 2020, a significant improvement attributable to the disposals executed during the year and strict focus on working capital performance. Working capital level in percentage of sales went down from 7.6% in 2019 to 5.8% in 2020.

REBITDA in 2020

484

million euro

Like-for-like increase of 10.9% vs. 2019

Net recurring profit (Group share) in 2020

215

million euro

Increase of 15.1% vs. 2019

Our **actual return on capital employed** increased from 11.5% in 2019 to 13.4% in 2020. Excluding the impact of non-recurring items, the **recurring return on capital employed** reached 15.3% in 2020 vs 12.6% in 2019. Both financial indicators show significant progress and demonstrate the impact of our rigorous capital allocation strategy.

Subsequent events

As the COVID-19 pandemic continues to develop and an increasing number of countries are continuously reviewing their containment measures, companies around the world remain under pressure. Etex is no exception, and the impact of the virus outbreak on our business continues to evolve. Moreover, a number of Etex colleagues have been infected with the virus. We have limited visibility when it comes to the potential impact of the virus on our markets in the coming months. Any disruption

is uncertain, but we have robust governance and management tools in place to mitigate any potential impact and to closely monitor the level of spending.

In January 2021, Etex acquired a majority stake in French offsite construction company e-Loft, which has become part of New Ways, representing a new step toward our ambition to shape the future of construction.

In February 2021, Etex completed the acquisition of Knauf's plasterboard business in Australia, expanding our geographical footprint and gaining access to a market that offers significant growth opportunities.

Outlook for 2021

The outlook for the first six months of 2021 is positive, as we have currently good visibility over our order book. Demand is strong overall,

both in Europe and Latin America, especially for our plasterboard products. Etex continues to benefit from a continuously expanding renovation market as customers have accumulated savings, cannot travel and spend more on home repair and improvement. The outlook is more uncertain for the second half of 2021, as the new construction market will necessarily be impacted by the 2020 recession and the COVID-19 crisis will continue to impact the economy until vaccination campaigns will significantly contribute to normalise the situation. Therefore, we expect continued COVID-related volatility to impact our revenue this year and the next. However, Etex has a very low debt and has demonstrated its ability to face a major economic crisis.

Building Performance

2020 was Neil Ash's first year as Head of Building Performance, Etex's largest division. Its activities cover innovative plasterboard and fibre cement boards, passive fire protection solutions and dry construction systems for the residential and commercial markets. Neil highlights strong performance in an extremely challenging year and discusses the division's ambitious investment strategy.



→ Neil Ash,
Head of Building Performance

How would you sum up the division's 2020 performance?

It was a good year for Building Performance, even in a very difficult context that nobody could foresee. Our teams successfully managed the COVID crisis and did a fantastic job of keeping supply routes open as much as possible and our factories up and running in accordance with the highest safety standards. I must emphasise the tremendous efforts of our teams worldwide, which made it possible for us to overcome unprecedented challenges in the most impressive way.

Furthermore, we didn't stop building on our strategic ambition to further grow our

Revenue of
Building
Performance
(in EUR million)

2020
2019

-3.4%
like-for-like

1,639
1,790

An outstanding year in a difficult context through strong cost management, commercial excellence and a decisive response to the crisis.

plasterboard and passive fire protection businesses. The biggest example of this came in the form of two crucial acquisitions, one in Australia and one in the UK.

How do these investments fit into the division's strategic roadmap?

In Australia, we purchased the business of Knauf Plasterboard Pty Limited, making it part of the Building Performance division's footprint in an attractive market with significant opportunities for growth. This also includes the acquisition of four state-of-the-art facilities, a robust knowledge base and a rich network of distributors and suppliers.

In the UK, we acquired FSi Limited, a company specialised in passive fire protection solutions with a strong focus on fire stopping, which we will use as a growth platform for the development and distribution of a broad, competitive range of fire-stopping solutions across Europe.

How did COVID-19 impact the division's staff and your customer relationship?

COVID was a fantastic leadership lesson for our business. It was amazing to see teams come together in solidarity on shop floors and in board rooms alike – the challenge brought out the best in everybody. During a tough second quarter, we carefully managed costs and viewed the new way of working as an opportunity to redefine the future of our interactions with customers. We worked closely with industry experts in revising our commercial structure, diving into customer personas and finding optimal ways to meet their needs and expectations to serve them even better.

UK | Thrubuild, a pioneering end-to-end modular building solution

Australia | Acquisition of the business of Knauf Plasterboard Pty Limited

Latin America | Driving customer centricity by blending human and digital

SITES

● Plasterboard ● Quarries ● Fibre Cement ● Fire Protection ● Other

How did we perform in 2020?

Severely impacted by the COVID-19 pandemic in most of its operating countries, resulting in a negative impact on its top line, Building Performance was nevertheless able to record a stunning bottom line performance. This is due to a combination of market characteristics, ambitious cost management, dedication to commercial excellence as well as a decisive response to lockdowns and safety.

Revenue

Europe

A year-on-year decline in Northwest and Southwest Europe could only be partially offset by a good performance in Eastern Europe, which did not suffer as much from lockdowns as from mid-March. The retail segment experienced little impact of the pandemic with an increase in DIY and renovation, while the project segment was heavily impacted in some geographies. Revenue was significantly up in **Germany**, particularly for Promat, and the business met high demand. Germany and Romania are the only countries in Europe with

increased revenue year-on-year. COVID had a severe impact on our activities in the **UK** and **Benelux** due to the lockdowns, putting a hold to a promising start of the year. In the UK, the business started to pick back up at the end of Q2 and the recovery accelerated over Q4 due to a Brexit anticipation effect. A dynamic plasterboard market boosted results in **The Netherlands**, and excluding 2019's exceptional Schiphol tunnel project, the business was up in 2020. In **France, Italy** and **Spain**, COVID paused our business for a number of weeks, with a strong market rebound (particularly in Italy) partially offsetting the revenue decline.

Latin America

The pandemic had strong impacts in the second quarter and the beginning of the third quarter of 2020, followed by a quick rebound helped by governmental support. As a result, like-for-like revenue for the full year is comparable to 2019 across the region, with an increase in Argentina attributable to high inflation offsetting volume decrease in the rest of the region. Performance in **Chile** was similar to 2019, and **Argentina** experienced a strong market rebound even in the context of continued hyperinflation. Activity was halted longer in **Colombia** and **Peru**, causing a later rebound. **Brazil** experienced a great start of the year, ensuring an overall performance at similar levels to 2019.

Asia and Africa

The business experienced a slight year-on-year decline in these regions due to COVID, particularly in **Singapore** and **Indonesia**. By contrast, new markets in **Australia** were opened, and the division launched a number of new projects there. Performance was good in **Hong Kong**, thanks to large orders of products destined to building new quarantine centres. **South Africa** was impacted by COVID lockdowns for several weeks, while **Nigeria** experienced a shorter lockdown period and benefitted from a positive price-over-cost effect.

Profitability

Factory closures caused by lockdowns in numerous countries around the globe led to significant impacts on the division's profitability due to lower volumes while associated costs were still recorded. Yet Building Performance was able to largely compensate for negative impacts in two ways: benefiting from lower raw materials and energy prices and implementing a robust cost reduction programme.

The execution of capital expenditure plans was also delayed, contributing to a sharp increase in free cash flow.

Outlook for 2021 and beyond

Needless to say, the outlook for 2021 remains uncertain, with possible austerity measures being rolled out in some economies. Government stimuli will likely be introduced, but the outcome is impossible to predict at this stage. As the world awaits the impacts of the COVID-19 vaccines, the true impacts of the 2020 global recession will become clearer.

The market is expected to return to a growth phase in 2021 versus 2020, in line with levels seen in 2019. We anticipate strong divisional performance in the first and second quarters of 2021, after which uncertainty increases due to the unpredictability of governmental support initiatives and the impacts of pent-up market demand.



Key commercial initiatives

Focussed on technical expertise and customer experience, Building Performance covers a number of industry-leading plasterboard, fibre cement, fire protection products and dry construction solutions. It's challenging to choose just a handful of innovative product and commercial success stories from the many achieved by the division in 2020 – but below are a few outstanding highlights.

PROMATECT 100X: fully understanding our customers' requirements

In 2019, R&D began working on a next-generation building compartmentation system to keep fires in check. "What makes PROMATECT 100X unique from a technical standpoint is the fact that it has been tested in realistic conditions, with spectacular results", states **Erik Spillemaeckers**, Head of Passive Fire Protection Business Platform.

PROMATECT 100X combines fire testing and behaviour expertise with Etex's unique technologies, such as PROMAXON. "Its user-friendly installation increases productivity on job sites and offers a competitive total cost of ownership", says **Agnieszka Gajek**, Promat Global Head of Marketing and Innovation.

Digitally elevating the world of fire protection as a whole

In 2020, the Building Performance team developed two free-to-use firestopping apps, PROMAT Selector and PROMAT Reporter, to further aid installers.

"Selector makes it easy to choose firestopping portfolio products needed to tackle a specific firestopping application in a project", says **Bettina Rothböck**, Global Product Manager Firestopping. "Reporter, on the other hand, enables installers to digitally report to the contractor or building owner and deliver all of the certificates needed to guarantee a high-quality installation and seamless maintenance."

Introduced in 2020, the new [Promat.com](https://www.promat.com) website offers one global website structure that is then customised dynamically based on where the visitor is located, giving our local businesses the freedom to tailor the products, systems and news items shown to their specific markets.

And with a brand-new webinar series, Etex is now actively sharing our deep knowledge of fire protection with external architects, engineers, installers and fire safety consultants.

Lightweight innovations in Latin America

In 2020, Building Performance successfully boosted sales of two novel lightweight boards introduced to the residential market in Peru and Brazil in 2019. A lighter and green Gyplac plasterboard was developed for wet or humid areas, optimising installation and workability for installers and homeowners. Chapa Top, on the other hand, is a light ceiling board that is easy to work with as well as cheaper and simpler to transport.

Building Performance and New Ways join forces on Thrubuild

Two Etex divisions joined forces in the UK to pioneer a new end-to-end modular building solution, Thrubuild, designed specifically for the residential market. "With Thrubuild, we use Etex-owned technologies to create the entire building structure off site using industrialised processes, and then deliver it to the customer's premises for assembly", says **Sergio Sandoval**, Head of Strategic Initiatives Modular at New Ways.

"By partnering up, we can guarantee superior mechanical and acoustic performance, and offer a high-quality, cost effective, easy-to-install building solution for homes and schools", explains **Matt McKay**, Commercial Excellence Leader.



DEFENTEX

Collaborative innovation creates a safe, sustainable and highly technical product

What makes DEFENTEX unique

- Incorporates a racking system for use with wood framing
- Comes with a rain barrier built in
- Resists termites
- Compatible both with closed and open cladding approaches
- Outperforms competing products, even when wet



→ **Bruno Segol**
Siniat & Promat Product
Manager at Etex France.

DEFENTEX is a highly technical product and completely focussed on customer needs. It was an honour working with such a highly engaged team to develop it. The journey wasn't easy: we had many challenges to overcome. But today, we offer a truly outstanding product.

Bruno Segol, Siniat & Promat Product Manager at Etex France, set out in 2017 to develop an innovative, sustainably-minded exterior plasterboard capable of standing up to multiple challenging conditions. Three years later, DEFENTEX is poised to become a rising star in the country's growing wood-framed construction market.

An Etex colleague for a staggering 27 years, Bruno Segol has participated to the launch of quite a few innovative products during his career. "I contributed to the development of AquaBoard and Weather Defence 20mm", **Bruno** explains. "These developments ensured a competitive range of plasterboards for external applications that covers the entire French market."

A renewable construction material takes the stage

Three years ago, a multidisciplinary Building Performance team made up of colleagues from innovation, product management and sales identified a new need in the market linked to the rise of wood-framed construction. "The French government has started offering strong incentives to businesses for launching wood-based construction projects, since wood is a renewable resource that actually absorbs CO₂", he continues.

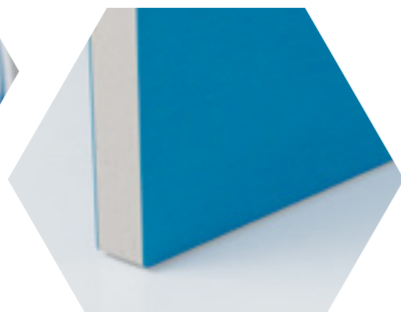
After carefully investigating the real pain points of potential customers, Bruno and his team set out to develop an innovative solution to solve them. With wood-framed construction, exterior walls must have a racking system. "In addition," **Bruno** points out, "our new board had to be cost effective, incorporate a rain barrier, transfer internal humidity to the outside, stand up to termites and be compatible with many types of cladding."

Fusing two Etex plasterboard technologies

An intensive process of R&D kicked off and involved our Innovation & Technology Centre (ITC) in Avignon, France. "The European Union has strict certification requirements that we had to meet, in addition to those that are specific to France. This meant a long process involving technical validation that was successful thanks to the tireless dedication of the R&D team in Avignon and the Ottmarsheim plant."

In the end, by combining two unique Etex technologies, they developed a board that outperforms competing products even when wet. "It was tough to introduce a plasterboard for external application to the market – it seems almost like an oxymoron – but in the end, DEFENTEX ticks every single box", **Bruno** asserts. "It's simply an outstanding product."

PROMAT Selector App



PROMATECT 100X board

Driving customer centricity by blending human and digital

Our digital roadmap at Etex helps us to deliver value to our customers and put them at the centre of everything we do. As part of this ambition, the regional supply chain and customer service teams in Latin America rolled out an omnichannel platform in 2020 that will serve as the basis for delivering exceptional customer experiences worldwide.

Forging the missing link between Etex and distributors

Over the last few years, Etex Colombia had been encountering communication bottlenecks with key customers: the distributors who purchase Etex products to sell to end consumers.

“We discovered that we were investing a lot of effort in end customers, while our biggest direct clients were not being acknowledged enough”, explains **Mauricio Villegas**, Commercial Business Manager at Etex Colombia. “We realised we needed to enhance our connections with them – so, we set out to do just that.”

Led by the regional supply chain team, all Etex businesses in Latin America shared a bold ambition: to fill this gap and better support customers' needs through an integrated customer experience transformation project covering supply chain, sales and every single functional area of the business.

“We want to deliver value to our customers' businesses by streamlining and automating every single operational and purchasing touchpoint via one central tool, but also by ensuring consistently excellent human support as needed”, explains **Lis Rios**, Regional Customer Service Manager for Latin America.

The Etex Services Centre is born

A set of digital tools supported by a committed team – the Etex Services Centre – empowers each customer to enter his/her own orders and reach invoicing, credit, quality, claims, technical support, product information and more.

“Previously, sales representatives were spending significant time on these repetitive tasks. Today, with the Etex Services Centre, they can focus on sales strategies and entering new markets”, **Mauricio** explains. “And all of this, while enabling us to strengthen our relationships and increase sales.”

“Thanks to the centralisation of all customer data and the flexibility of the tools, the Etex Services Centre also allows us to offer the same level of service to any customer in Latin America – tuned to the unique operational, logistical and customer needs of each country”, **Lis** adds.

United under the flag of customer service excellence

The regional supply chain and customer service teams in charge of the project began with rollouts in Argentina, Chile, Colombia and Ecuador back in 2019. “But it hasn't been a simple process”, asserts **Claudia Moya**, Commercial Manager at Etex Chile. “We made significant investments in change management processes, both internally and externally.

The team also had to launch an ambitious training initiative for customer-facing personnel. “In addition to introducing agile ways of working and new customer service protocols, we worked hard to align everybody under the flag of customer service excellence and to ensure that they understand not only how the Etex Services Centre works – but why it is so important for Etex”, **Lis** says.

Overcoming challenges – and seizing unexpected opportunities

But just as the project was gaining momentum across Latin America, COVID-19 hit. “An implementation is enough of a challenge under ordinary circumstances”, **Claudia** states. But with a global pandemic, every aspect of the project went digital – from process redesign and internal training initiatives and workshops to digital tool development.

“Even more, our customer training courses also went virtual”, adds **Claudia**. “As you can imagine, this caused some bottlenecks at first, but in the end, the pandemic pushed our customers to rely on new technologies. This is a good thing, not just for their businesses, but for our teams as well.”

“Despite the challenges, everything came together, and we are now on the path to customer service excellence”, **Lis** asserts. “Today, 2,000 different distributors are active on the platform with over 8,000 requests per month, and it is clear from their feedback that it makes a big positive difference.”

“Through the Etex Services Centre, our customers can count on an experience that meets all of their needs, from the moment they place an order until they receive it – and beyond”, **Mauricio** says. “Our service is now a key element of our value proposition.”

The implementation and go-live in Peru and Brazil was finalised in the first quarter of 2021, thus achieving full regional harmonisation in customer service.

Born to go global

While the Etex Services Centre is based in Colombia and was co-developed regionally for customers in Latin America with the help of the central Etex digital team, it will serve as a template for customer experience transformation projects in other geographies.

“Etex teams in other countries outside Latin America are already using our portal, processes, service-level agreements and configurations as models”, says **Lis**. “They serve as the starting points for a global platform that can be adapted to suit customer needs in different areas.”

“We have very big ambitions with this project”, **Claudia** adds. “Our dream is to be the service leader in our industry. ‘Passion for Excellence’ – this was and continues to be our team's driving pillar.”



→ Mauricio Villegas



→ Lis Rios



→ Claudia Moya

Exteriors

The Exteriors division was created in January 2019 to consolidate our fibre cement solutions for roofing, façades and terraces. Division Head Michael Fenlon has worked with his teams to define an innovative strategy to keep Etex top of mind for home-owners, installers, architects and more. Discover the division's achievements in 2020, in Michael's words.



→ Michael Fenlon,
Head of Exteriors

On a high level, how would you summarise the performance of the Exteriors division in 2020?

If 2019 was a year of change, in 2020, we shifted gears and moved into strategy execution mode. We launched ambitious initiatives to implement the priorities we identified in the previous year – all of which serve to build our vision of the future of fibre cement.

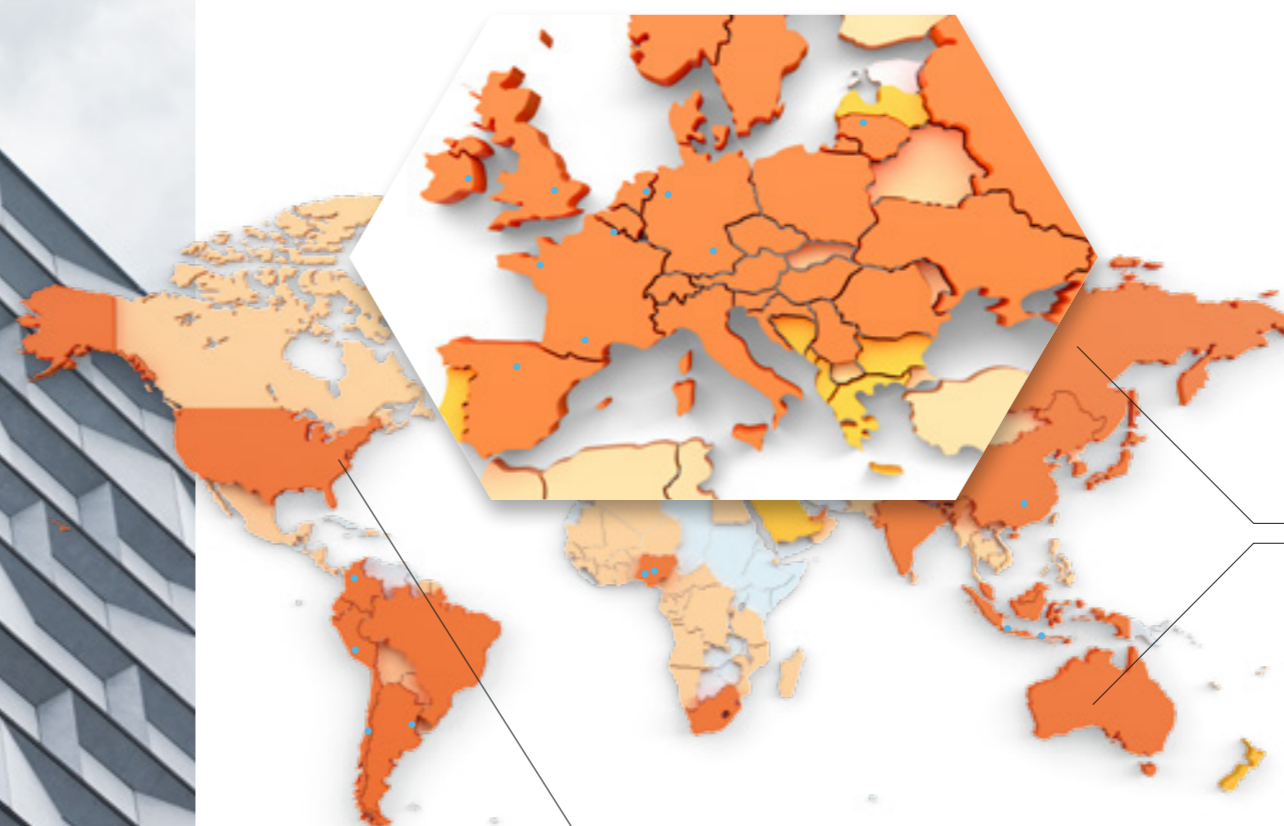
Our priorities centred around three 'big moves': engaged and passionate employees, superior customer focus and a commitment to innovation driven by sustainability. Underpinning all of these pillars is, of course, our relentless focus on safety. We kicked off 2020 with concrete projects in these areas.

Is there one big initiative that stands out as a 2020 highlight?

Absolutely. We successfully brought our corporate brand to life and clearly positioned our commercial brands with enthusiasm and energy – and this in the middle of a pandemic! This new brand architecture helped us focus, and our teams thoroughly revamped our business models for each brand to place our customers in the centre of what we do. Our teams have already put in huge amounts of work when it comes to mapping out the customer journeys for our three core brands. Now, the Exteriors team is working across boundaries to pilot and scale up disruptive ideas, redefining ourselves to ensure that we adapt in an agile way to our customers' needs.

How did the advent of COVID impact the division?

After a short pause in our activities due to the lockdowns in several countries, we accelerated every single initiative by empowering our local leaders to take action in our facilities and sales organisations. We significantly increased the scope and rhythm of our communication efforts, moving to virtual platforms to facilitate our roadshows and to roll out our leadership principles. The result was enormous engagement, solidarity and, thankfully, a rapid recovery of our business as from Q3. COVID slowed us down, yes, but it was mostly an opportunity to accelerate the change our business needs to shape the future. I'm truly proud of this achievement, and the response of all our people. After a year that challenged us all, the level of trust in our division has never been higher.



Australia, Russia and the United States
Thriving in all corners of the world

We used the COVID context as an accelerator to drive change.

How did we perform in 2020?

The three core business segments of the Exteriors division were impacted by COVID-19 in different ways. Overall, revenue was slightly reduced, but profitability was significantly up year-on-year. While the year was punctuated by slowdowns in most markets due to the pandemic, most geographies and markets recovered exceptionally well, with positive trends unfolding in 2021. The division continued to invest strongly in high-potential new markets around the world in 2020.

Revenue

Agricultural

Europe: the impact of COVID on the agricultural segment in Europe was marginal. Sales performance in most European countries continued as expected, apart from the short, whole-market lockdown imposed by legislators. **The Netherlands** continued to be impacted by the discontinuation of subsidies (see Etex's Annual Report 2019, p. 42), as well as the Dutch nitrogen crisis, caused by a high concentration of livestock in a small area. As a result, farmers were cautious about investing. Product quality

issues of 2019 in **Spain** and **Germany** have been resolved, leading to good performance.

The long-term decline affecting large animal farming is continuing.

Residential

Latin America: following a challenging COVID-19 lockdown, revenue in almost every Latin American market recovered exceptionally well. The residential market in **Chile** continued to be impacted by social unrest, exacerbated by long COVID-19 lockdowns, but recovery in both Chile and **Argentina** at the end of 2020 was very strong.

In the field of low-income residential construction (corrugated sheets), **Colombia** and **Peru** were impacted more heavily than other countries.

Europe: following a good start to the year, Q2 was significantly impacted by COVID. All European markets recovered well in Q3 and Q4 after the lockdown period, also driven by a very strong positive trend in home repair, maintenance and improvement.

Architectural

North America: significant growth was achieved in 2020 compared to 2019, and new investments continued to be made throughout the year.

Europe: ongoing projects were continued and delivered throughout the year. However, new projects were delayed until 2021 or beyond, thus the overall impact of COVID-19 was low but extended over a much greater period, with no recovery in sight for now.

Export: the division continued to invest in new markets with positive developments, although COVID impacted large investments, leading to delays in the project pipeline. The **US** showed significant growth compared to 2019. **Australia** was severely impacted by

COVID but is recovering well, with a very strong pipeline. Our export business, Europanels, which serves the Middle East, Africa and Latin America, continued to grow.

Profitability

Taken as a whole, 2020 was marked by a positive evolution in profitability for Exteriors. The division's sharp segment strategy bore fruit, while input prices decreased; an ongoing trend that continued from 2019. In addition, Exteriors improved overhead costs, thanks to cost reduction initiatives implemented in 2019 and, in reaction to COVID, in Q2 2020. The result was improved margins, lower overheads and increased performance overall.

Outlook for 2021 and beyond

In a time of continuing uncertainty, the agility of the Exteriors division will play a strong role in its ability to respond to fluctuations in supply and demand caused by COVID-19 uncertainty in 2021. Investments in digital tools, lean organisational structures, new ways of working and flexible business models made in 2020 should continue to pay off moving forward.

The residential segment is expected to continue to perform strongly in the short term with limited visibility in the mid to long term. The architectural segment will gradually recover over 2021 but will most likely not return to 2019 levels until 2022 or later. The agricultural segment is expected to follow the same stable, slightly declining trend of the past several years.



Key commercial initiatives

The Exteriors division is known for developing premium products with high technical performance as well as visual and tactile appeal that leaves a lasting impression. Last year, the division's global strategic branding journey was initiated, which is founded completely on the real needs and demands of its customers. This journey will serve as the foundation for 2021.

'House of Brands': a powerful story three years in the making

The Exteriors global team kicked off the global 'House of Brands' project in 2017, which aims to meet customers' real-life needs and offer excellent experiences and interactions. Specific personas were identified for each Exteriors commercial brand; architects for Equitone, farmers for Eternit and installers and homeowners for Cedral.

"Our identity has been clearly defined, and we speak the language of our customers through these brands. The customer is at the core of our activities and each brand is linked to a specific value proposition targeting a specific group of customers", explains **Philippe Rubbrecht**, Division Head of Brand Management.

Then came the biggest challenge yet: getting the message across internally. "We put together a task force made up of Exteriors colleagues across functions and countries", says Philippe. "Together, we crafted a campaign to explain the House of

Brands and its importance to our organisation – as our commercial brands are our most powerful connections to our customers."

"Instead of taking a top-down approach, each local organisation was involved in the rollout", describes **Neringa Veliene**, Country Manager for Etex Baltics. "Making everybody part of the conversation has turned out to be incredibly valuable in fostering a unified vision and understanding. This is exactly what Exteriors is all about, and I'm confident that our customers around the world will appreciate it."

The Exteriors business model undergoes a customer-driven evolution

Following up on the House of Brands exercise and on the basis of a customer journey mapping research project, a dedicated Exteriors team kicked off a new evolution in January 2020. Their goal? To shape the Exteriors business models entirely around customer needs.

"Today, we have truly strong brands, and deeply understand our customers' journeys", asserts **Jo Goossens**, Strategic Marketing Manager. "Now, it is time to take concrete action to deliver our brand promise at every step of that customer journey and address every customer pain point – while enhancing our performance at the same time."

50 Exteriors colleagues from a wide range of roles participated in a series of workshops held over several months to define the division's new business models, a process that was actually accelerated by COVID. "We effectively embraced new ways of working and accomplished in months what would normally take years, and participants were extremely enthusiastic about the exercise", **Johan Leo**, Commercial Finance Business Partner, enthuses.

"I'm proud to be a part of the team that is shaping the Exteriors business model to bring even more added value to our customers", says **Djamel Zeganne** from Supply Chain at Etex France. "We offer quality products and materials – but we go beyond that with end-to-end solutions and options they may not have considered."



→ **Geert Van Kelecom**
Division Head of
Product Management
at Exteriors

With EQUITONE [tectiva] TE 85, we can offer architects a dark, uncoated material within the EQUITONE family to express themselves. They connect this graphite hue to nature, something that is both visual and tactile. And thanks to our rigorous commitment to quality and excellence, it's one of a kind.

EQUITONE [tectiva] TE 85

Continuously involving the customer, from R&D to launch – and beyond

Why EQUITONE [tectiva] TE 85 stands out

- Through-and-through coloured
- Does not require edge finishing
- Looks and feels like natural volcanic material
- Excellent mechanical performance
- Darkest fibre cement product of its kind

Architects around the world have a deep connection to all shades of grey, prompting the Exteriors team to bring a dark colour within the colour range of EQUITONE [tectiva]: a graphite, uncoated, through-coloured fibre cement panel with a natural and mineral look and feel.

Tasked with developing the solution, **Division Head of Product Management Geert Van Kelecom** didn't hesitate for a moment. "We put our heads together – with colleagues from across Etex departments as well as with our customers – to create a new member of the EQUITONE family.

Rethinking the process

During the development process, the team went in with knowledge gained from experience. "We developed a deep, dark colour after collecting input from a wide range of architects. But consistently producing it meant rethinking the way of working and redesigning the production process with the help of a multidisciplinary task force made up of colleagues from different departments."

Fine-tuning an agile product journey

Thanks to the dedication of this task force, the way Exteriors develops, tests and launches materials has also been completely revolutionised. "Today, instead of launching

products globally, we launch them in phases. This gives us the valuable ability to learn from our campaigns, adapt and make them even more effective," **Geert** asserts.

"Another important aspect of these phased pilot launches is 'hypercare' – following up closely with installers, architects and building owners to collect detailed feedback about the performance of our materials," he continues. "This feedback is highly appreciated, and it's clear from their responses that architects truly see something special in the quality, beauty and performance of EQUITONE [tectiva] TE 85."

Innovation that goes beyond R&D

However, Geert believes that the success of this product is due to much more than Etex's technical expertise.

"There was clear and dedicated project management and follow-up," he explains. "EQUITONE [tectiva] TE 85 isn't simply a novel material in a new colour. So much goes on behind the scenes – expert organisation of resource flows, a deeply collaborative way of working that transcends organisations and boundaries, and much more. The value of this approach has been proven with this project, and the progress we witnessed in just one year is truly incredible."



Thriving in all corners of the world

Etex operates over 100 facilities in 42 countries – but we also have customers in markets where we have no manufacturing footprint. To serve their needs, the Exteriors division relies on compact organisations spread across the world. We asked our colleagues in these offices to share the trials and triumphs of operating without larger fibre cement production facilities within close proximity.



Excellence in exports with the global EPO organisation

Euro Panels Overseas (EPO) Business Unit Manager **Nicolas Macor** has been at Etex for over 20 years in various roles – relocating from continent to continent on his quest to break fertile new ground for Exteriors.

This commercial unit was established 20 years ago to reach markets where Exteriors has no local presence. “EPO is unlike any other Etex activity in the world”, **Nicolas** asserts. “We’re located everywhere and on every continent, but we don’t operate production facilities. Since distributor partners act as our ambassadors to end users, it is our job to familiarise them with our brands and the added value of our solutions.”

Organised by continent and region, EPO covers parts of Asia, the Middle East, Africa, Latin America, East Europe, “and the ‘rest of the world’”, **Nicolas** adds, “which includes Finland, Canada, the Balkans, Cyprus, Lebanon, Greece, Israel and Turkey”.

“In every region, we have one Sales Manager supported by a Belgium-based team extremely specialised in export activities, complex tax rules, payment and logistics terms, etc. This export expert manages ordering and logistics processes from end to end. Our Belgian customer service team supports distributors all over the world in ten languages, helping them 24 hours a day, five days a week with technical support, installation and project realisation.”

“Today, we are focusing much of our efforts on digital marketing and other digital tools, such as an e-learning platform”, **Nicolas** concludes. “We strive to find innovative ways to boost EQUITONE brand awareness, market penetration and customer satisfaction.”

In this together in Australia

Born and raised in Germany and now located in Melbourne after spending portions of his career in China and San Francisco, Country Manager for Etex Australia and New Zealand **Dirk Zimmerling** is new to Etex – but not to business development.

“Before I arrived”, **Dirk** recounts, “the team here had put a lot of work into introducing the EQUITONE brand as premium fibre cement products to the markets in 2016 and differentiating them from other fibre cement products. That hasn’t stopped, of course, but now we’re well known by architects and installers across the region. However, distributors are seen more as partners in Australia, as spot-on timing and inventory levels play key roles in export within this geographically isolated location. As a result, strengthening our relationships with these distributors is a fundamental goal for us.”

Dirk is enthusiastic about the trajectory of and future plans in place for his eleven-strong team. “We introduced Cedral to New Zealand in 2020 and saw plenty of enthusiasm from potential customers, as there is nothing else like it on the market”, he says. “We’re looking forward to launching it in Australia in 2021. Our ambitious goal is to double the size of the business in Australia in the next five years and to build even stronger relationships with architects and distributors.”

Running a tight ship in Russia

Etex Russia Country Manager **Arkadiy Antonchik**’s search for an interesting new opportunity is what inspired him to join Exteriors in 2015. “I came from a large, rigidly structured company, but after learning more about Etex’s ambitions, I enthusiastically exchanged that big ship for a little boat”, he recalls. “The Etex team in Moscow was much smaller, but their energy was huge. On the other hand, the rules and structures hadn’t yet been developed or put in place. That was when I jumped aboard.”

First, Arkadiy set out to simplify the team’s market approach and define goals and priorities. “Next, we developed extremely clear proposals and committed to meeting every customer expectation in terms of quality, warranty, claims handling and technical support. Over the next two years, we put every effort into delivering on these commitments to earn the trust of the homeowners, installers, dealers and architects in our market.”

But even though Arkadiy and his 42-strong team are far removed from other Etex offices, they appreciate the very short connections of an integrated global company. “This is one of Etex’s standout qualities, and it’s how we are able to reach markets like ours with Etex’s EQUITONE and Cedral products.”

‘Smartening up to scale up’ in the United States

Back in 2013, the United States was identified by Etex as a high-potential market for architectural façades. “The decision was made to establish an export organisation for façades, initially based in New York City”, recalls **Gianfranco Apicella**, now Head of Europe at Exteriors. “After four years, we had achieved strong growth and market penetration, but we were still operating like a start-up organisation. It was clear that we needed to smarten up the organisation in order to scale up our activities, which would enable us to grasp bigger growth opportunities in the market for EQUITONE.”

Today, the Exteriors commercial team is spread across five large cities – New York, Chicago, Boston, San Francisco and Los Angeles. “Our processing and marketing team is hosted at the Industry division’s location in Maryville, Tennessee, but our commercial experts are out in the field”, **Gianfranco** explains. “The distance between us – and from our Equitone production facilities in Belgium and Germany – does pose some challenges. For example, delivering to a customer in New York takes twelve weeks; delivering to Los Angeles takes sixteen. As a result, planning is absolutely essential, particularly for regions with short building windows, like Alaska. Crucial to the planning efforts is the communication between the supply chain experts at EPO and the factories responsible for manufacturing solutions for Exteriors customers in the US.”

Hong Kong Museum of Art

Western valley, Russia

Bel Air, United States

Industry

Led by Steven Heytens, our Industry division develops and produces cutting-edge insulation products and fire protection solutions that are found in diverse buildings, industrial structures, energy storage technologies and vehicles, from the skies to the ocean floor. Steven provides a high-level overview of the division's context, performance and achievements in 2020 – and a glimpse at the future.



→ Steven Heytens,
Head of Industry

What main messages would you like to share to describe 2020 as a whole for the Industry division?

The year was very much about executing on our 2025 strategic roadmap, which we defined in 2019. However, Industry was hit very hard by the results of the pandemic, as our business is project based. With lockdowns forcing most of our customers to postpone or cancel projects, our division suffered as well, further down the chain of business.

But there is good news to share. Due to our ongoing strategic efforts in 2020, we now have a robust commercial organisation in place that has shifted from a geographical

to a segment basis, enabling intra-divisional collaboration and alignment. Today, we are rolling out an end-to-end customer experience platform for Europe. With this in place, we are preparing to further digitalise our interactions with customers, improving our service and laying the groundwork for lead generation and commercial activities to come after market conditions improve.

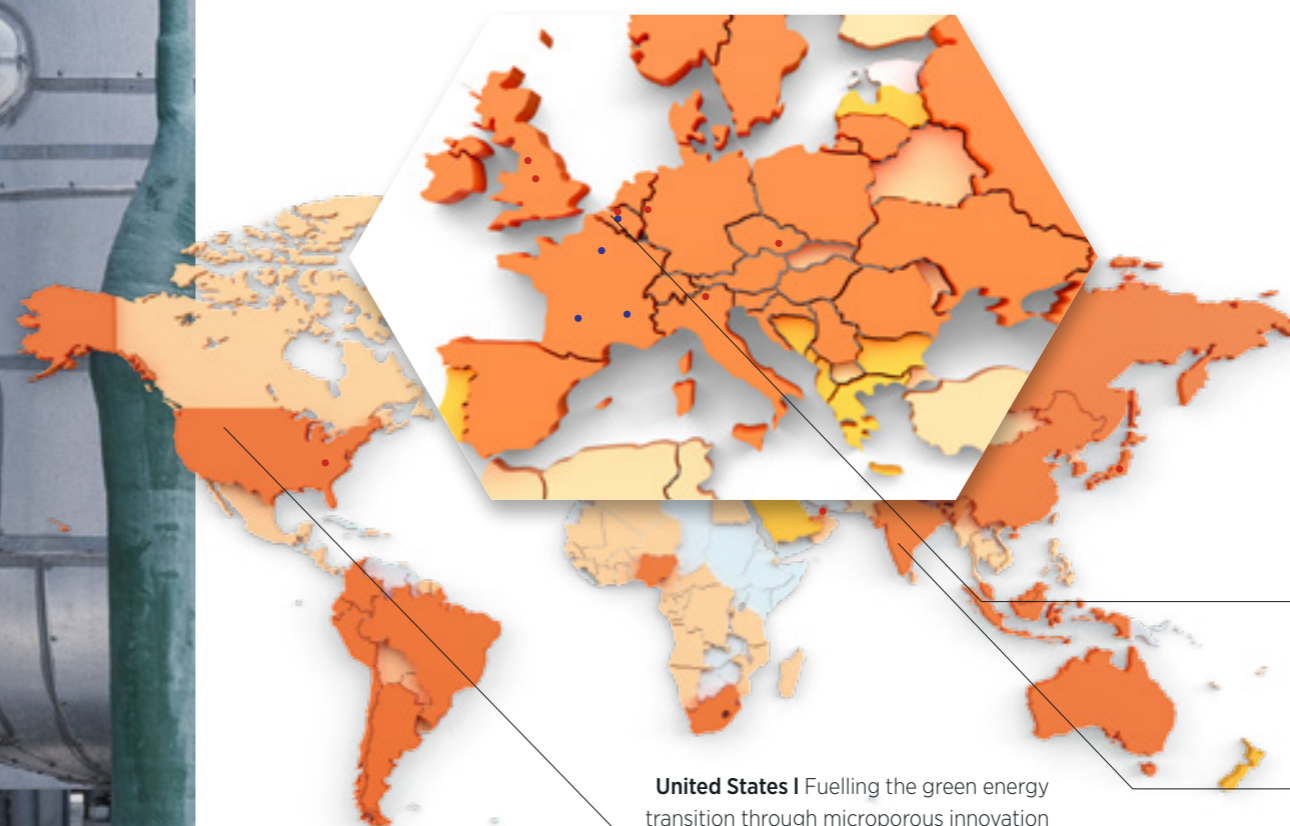
In terms of COVID impacts on the division's markets, is there a recovery in sight?

We immediately put a number of initiatives in place to limit and offset COVID-19's impacts on profitability. The cost containment measures we have put in place are quite impressive, and we have executed commercial restructuring as well, by rolling out a technical platform and a customer service platform. These efforts were initiated before COVID hit us, and they helped us contain its negative impact. By December 2020, our divisional pipeline for future sales was at the same level as pre-COVID, which is very encouraging, but the evolution of the situation remains uncertain. It may take us a couple of years to absorb the impact, no matter the scenario.

What factors will enable the division to bounce back?

Our focus on new growth segments and our strong strategic execution in 2020 will be key here. Our talented teams have shown great resilience in tough conditions, which was boosted by our performance-driven new organisational structure and commitment to global processes, knowledge-sharing and best practices.

Revenue of Industry
(in EUR million)



Belgium | Keeping it cool while COVID-19 vaccination strategies heat up

India | Etex India drives synergies in a dynamic market

United States | Fuelling the green energy transition through microporous innovation

Despite extremely tough conditions for our markets, we never lost sight of our strategic execution.

SITES

● Fire Protection ● Insulation

How did we perform in 2020?

The Industry division was heavily impacted by the COVID-19 pandemic in almost every geography. Partial recovery began before the end of the year, however, with certain segments experiencing significant pickups in Q3 and Q4. Other industries like transportation and oil & gas continued to evolve negatively throughout 2020, but the division's increasing focus on fire rated building components and sustainable energy solutions promises a further recovery.

Revenue by region

Europe

Our business was severely impacted by the lockdowns imposed across Europe as from mid-March, especially in **France**, which is mainly a transportation market, the **UK**, **Italy** and **Southeast Europe**. The DACH region – **Germany, Austria and Switzerland** – remained a stronghold, as it was significantly less impacted by COVID-19 measures than neighbouring countries. Business in **Germany** centres around industrial and construction activities and remained quite strong throughout the year.

Asia and the Middle East

China and **Japan** were impacted very early in the year by COVID-19, with Japan's performance strongly linked with outcomes in China. On the other hand, 2020 sales performance in **India** was stronger than it was in 2019, and new strategic partnerships in the country are beginning to deliver results. Following a year of exceptional sales driven by oil & gas projects in 2019, our activities in the Middle East and in Southeast Asia faced a severe slowdown as construction sites were locked down and new projects were put on hold.

North America

Revenue in the **United States** was only slightly lower in 2020 than in 2019, as it was impacted less by lockdowns. The US was, however, affected by COVID-related supply challenges originating in Europe. Nonetheless, the last quarter of 2020 was very strong. There are promising prospects in specific segments, such as energy in the US and Mexico.

Revenue by segment

Transportation

This segment includes rail, commercial air and marine, the latter two of which were powerfully and unilaterally impacted by COVID-19 worldwide whereas railways and automotive performed well.

Thermal process industry

The ongoing global recession continued to affect this segment worldwide in 2020. Industry is in the process of adapting its commercial strategy here. However, the segment performed better than expected, even within the context of COVID-19 (temporary closure of our facilities as well as the ones of our customers).

Oil & gas and energy

The Industry division's business in this segment continued to shift in 2020 from oil & gas projects – several of which were placed on hold due to the COVID-19 pandemic, including Dangote (see our Annual Report 2019, p. 63) – toward sustainable energy applications. The potential for these applications is expected to grow moving forward.

Fire-rated applications and appliances

COVID-19 impacted performance in this area during the second quarter of 2020, but orders increased in the third quarter, achieving positive growth by the end of the year. The outlook for fire rated and thin insulation is strong, and the appliance market is in a recovery phase, with opportunities already present on the horizon.

Profitability

From mid-March 2020, COVID had an immediate negative impact on the profitability of the Industry division due to the nature of its business. Thanks to significant efforts in cost containment and commercial restructuring, as well as the rollout of the technical and customer service platforms, the division faced the pandemic in a strong, well-prepared position.

Structural savings were delivered to contain the impacts of COVID as much as possible, with governmental support in certain countries. In November 2020, overall profitability levels were higher than they were before COVID, indicating the strength and effectiveness of the division's overhead reduction and margin management initiatives.

Outlook for 2021 and beyond

Industry has observed a clear yet fragile recovery beginning in the third quarter of 2020 and moving into 2021. Orders kept on rising at the beginning of this year, but the COVID evolution continues to colour all projections and forecasts, particularly in the commercial air and oil & gas segments. In terms of the acquisition of new customers, trends are good, and the outlook is positive.

In spite of the pandemic, the Industry division is very well positioned to tackle challenges in this new context, all the way from sales and operations. This year also features an ambitious mergers and acquisitions agenda which, combined with new growth initiatives and a leaner organisation overall, are expected to generate profit.



Key commercial initiatives

In 2020, the Industry division continued on its tradition of excellence in product innovation, strategic positioning and strong partnerships in key markets across the globe. Enhancing the year's results is Industry's fully optimised new organisational structure. Discover how we expand our contribution to the world by enabling green energy production and vaccine transportation, among other achievements.

Partnering up for the future: co-development opportunities in India

Since 2019, Industry's teams in this high-growth country have been working hard to strategically grow Etex's position in the passive fire protection and high-performance insulation markets through collaborations with industrial leaders.

In partnership with Berger Paints, Etex India produces PROMAT intumescent paint for structural steel fire protection and a range of PROMAT fireproofing sprays.

Alongside German manufacturer Würth, Etex India launched a comprehensive range of fire-stopping products that are jointly branded with PROMAT. "It's a win-win situation - we gain access to Würth's market and innovate together while offering support to bridge their gap in firestopping technologies", says **Tarun Maheshwari**, General Manager of Etex India.

Narsi and Etex have teamed up to develop ground-breaking fire-resistant door solutions for

large developers and construction firms. Tarun: "As a completely local innovation initiative, it's very exciting for the Indian government, which requires the use of Indian-made products." (read more on p. 34)

Fuelling the green energy transition through microporous innovation

The trend toward green energy is gaining momentum across the world - and Etex is contributing to the transition. "The Industry division develops extremely efficient microporous insulation solutions specifically for fuel cells. These cells use mainly hydrogen to generate electricity cleanly and at very high efficiency", explains **Bill Gregg**, Business Development Manager at Etex USA. "Running mainly on natural gas or even biogas, these are a nearly emission-free method of providing consistent power or back-up power in small spaces, and for critical activities such as in medical facilities and data centres. Fuel cells are also used alongside renewable energy sources and in applications where solar or wind energy isn't available."

Industry's microporous solutions are the most efficient high-temperature insulation materials on the market. "But in addition to offering superior products, we take our customers' needs into account from the very beginning of the fuel cell design cycle", Bill continues. "We ensure a perfectly tailored bespoke solution that integrates the insulation into their design - rather than adding it as an expensive afterthought."

Keeping it cool while COVID-19 vaccination strategies heat up

Responding proactively to the skyrocketing global need for high-performance passive cooling systems to support COVID-19 vaccine distribution, our Industry division fine-tuned existing technology to anticipate the needs of customers. "A huge Industry team collaborated closely with our customers to adapt our extremely thin, light, vacuum-sealed microporous insulation panel solution, SLIMVAC, specifically for vaccine shipping containers", says **Gaetan Mahias**, New Growth Business Leader.

"These containers have to keep these perishable pharmaceuticals within a range of temperature difference of a few degrees for more than three days", adds **Kris Dullaert**, Business Development Manager. "We customised our SLIMVAC panels to safely store the maximum volume of vaccines. Our solution outperforms standard foam insulation by a factor of five."

Shaping insulation standards with sustainability in mind

Etex is actively developing PROMAT solutions that support the European Green Deal, which prioritises building energy efficiency and cleaner forms of transportation. The high insulation value delivered by ultra-thin insulation panels allows significant savings in time and money on new-build and renovation projects in a way that is simply not feasible with classic mineral wool or foam insulation products.



PLURATECT MARINE LIGHT

Etex strengthens its activities in the marine market with a super product and a winning team

What makes PLURATECT innovative

- Super low density of only 500 kg/m³
- Available in up to 3.5 m boards
- IMO-certified non-combustible, moisture-repellent board
- Fire class C and B15
- Simple, dust-free installation
- 100% recyclable



→ **Ilja Doroschenko**
Head of Product Management

The result of a committed, open-minded, creative innovation process, PLURATECT MARINE LIGHT meets every customer demand and can be flexibly and rapidly produced. We worked closely with customers to adapt our product to their needs and manufacturing processes - and we did it in just sixteen months.

One year ago, **Head of Product Management Ilja Doroschenko** jumped in the marine industry plasterboard field. "In the calcium silicate-focussed cruise ship domain, I knew it would take some wild ideas to develop a plasterboard technology based product for compartmentations, linings and fire rated applications that outperforms all other options out there," he says.

In 2018 and 2019, Etex was facing tough competition in supplying cruise ships with ultralight, high-performance, non-combustible calcium silicate boards. The biggest challenge, though? "Our production line was set up in such a way that our facilities physically couldn't manufacture a big enough product - and end customers were demanding three-metre boards," **Ilja** explains.

A 'let's do it!' mindset

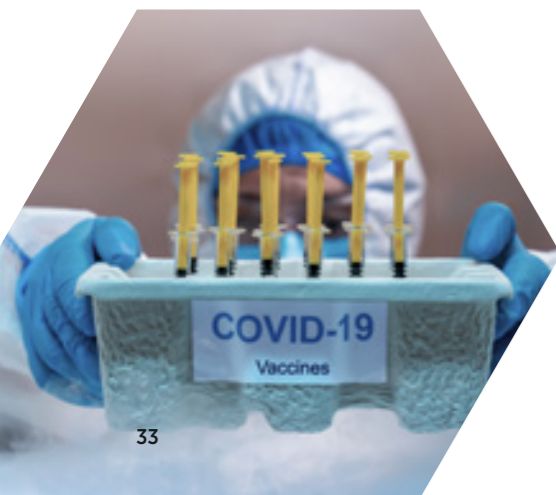
In April 2019, Industry organised a sales meeting in Prague, Czech Republic. "At that time, I thought: why not use plasterboard instead of calcium silicate technology? Production is easy to scale up, the material is light and fire safe, and you can produce it in a variety of sizes", **Ilja** goes on to say. "But it would take some innovation to maximise strength while minimising weight."

Ilja and his team met up with the plasterboard innovators at our Innovation & Technology Centre in Avignon, France, to come up with the proper formulation in October 2019. "The wild ideas were flying thick!" he laughs. "There was a real 'let's do it' mindset, and everybody was on board."

From wild idea to ground-breaking product

The ITC teams in Avignon and Tisselt, Belgium put their heads together to develop the material, and then worked closely with two of our plants to try new recipes and experiment with different options. "It was an extremely well-structured project supported by four separate Etex entities. After the first prototypes were ready at the end of 2019, we visited customer job sites and collected their opinions and ideas before running another production trial. Customers were impressed: the product is light, strong, easy to work with, moisture repellent and recyclable. With its smooth and slick surface it is designed to be laminated with HPL and thus used for any number of applications in ship cabins and public spaces."

After some fine-tuning, Etex launched the PLURATECT MARINE LIGHT board on the market in January 2021.



Etex India drives synergies in a dynamic market

Within the enormous construction market of India, there are many different players manufacturing a wide range of building products. But as building safety norms and standards play an increasingly vital role in new construction, the Etex team in India is proactively helping to shape the market for fire-rated doors through an innovation-minded partnership with **Narsi**, one of India's premium building solution manufacturers.



→ Raghavendra Kuma



→ Tarun Maheshwari

Collaborating to meet new expectations

As the population grows and space becomes scarcer in India, a land availability crisis is pushing real estate companies to build upward, rather than outward.

"Horizontal development is difficult in cities like Mumbai", asserts **Tarun Maheshwari**, General Manager of Etex India. "And as buildings grow taller, smoke and fire become even more dangerous – which is why passive fire protection is essential."

New laws and regulations governing high-rise structures require the use of safety elements, such as fire-rated doors. "Before the introduction of these regulations, builders and developers were not focussed on the use of fire-rated doors."

"It's a fact that we're global fire-stopping experts at Etex. This new regulatory context gave our team an interesting idea for even greater customer centricity: why not collaborate with a few big manufacturers to incorporate our fire-rated materials into their products, and work together to offer complete packages to real estate developers?"

From fire stopping niche player to market shaper

Etex India was the first company in India to test fire doors back in 2003, before passive fire protection regulations became part of the national building code in 2005.

"As a result, our brand, PROMAT, is known by both end users and companies", explains **Raghavendra Kuma**, Promat Technical Manager for Etex India. "Since the regulations came into effect, we've seen many players across the market falsely claiming to incorporate PROMAT into their products. The introduction of the new legislation was the perfect moment to develop a system to enable end users to determine if their fire-rated door actually contains PROMAT materials."

Tarun and his team focussed on creating a fire-stopping solution that is 90% ready for door manufacturers, eventually developing two solutions: PROMADOOR Core 60 and PROMADOOR Core 120, the first withstanding 60 minutes of contact with flames, and the second withstanding 120 minutes.

"In these products, innovative materials are sandwiched together into a panel that can be inserted into a door", Raghavendra continues. "We developed a production process that guarantees high quality, reduces labour costs, meets huge volumes and enables product traceability through barcodes."

"Instead of being taken advantage of by unscrupulous market players, we created the tools to shape the market and set the standards. All we needed was a manufacturing partner with the right technologies."

A perfectly timed partnership

Etex India selected building components manufacturer Narsi for two reasons: "They have state-of-the-art, automated manufacturing capabilities, and they have significant manpower", Tarun continues. "Narsi is an interior contracting expert and has strong references in commercial construction. They had been manufacturing fire-rated doors, but only on a small scale for their own projects."

Kicking off in late 2019, the partnership came at the perfect time for both Narsi and Etex. Tarun: "We had at least 25 rounds of virtual discussions after the first COVID-19 lockdown in 2020 to go over the composition of the product, define its costs, and develop a marketing and communication plan. This plan highlights that ours is a fire-rated product completely developed and produced domestically that aligns with the priorities of the central government."

"Even more," adds Raghavendra, "Narsi understands how the passive fire protection industry works. They have experienced the same market dilutions that we have. They are truly excited about this partnership and plan to launch an entirely separate division to produce our Narsi-PROMAT co-branded door – which gives Narsi the flexibility to sell PROMAT across India, as they are present in eighteen cities."

Venturing into promising markets

However, as a premium commercial player, Narsi can't reach every corner of the market. "But we have a separate route to market for that", Tarun says. "Because the big volumes will come via residential projects, we have set up an agreement with Narsi: they will manufacture our cores, we will buy them back, and then we will sell them to the manufacturers who cater to the enormous Indian residential construction market."

"Although the Etex global team assisted with the design of PROMADOOR Cores, the products themselves are proudly developed and manufactured in India", Raghavendra states. "As such, they fall under the 'Make in India' concept supported by the government, which makes them highly competitive."

We expect PROMADOOR Core 60 and PROMADOOR Core 120 to be fire tested and certified in the course of Q2 2021, and ready for commercialisation in the second half of the year.



New Ways

Etex's youngest division, took flight in January 2020 and is led by Cristian Montes. It is a highly agile, entrepreneurial division made up of businesses and joint ventures based in Europe and Latin America, each specialising in one or more aspects of modular, lightweight, industrialised building technologies.

Read what Cristian has to say about the performance of New Ways during the unique year that was 2020.



→ Cristian Montes,
Head of New Ways

Do you agree that 2020 was quite a tough year to launch a new division?

In hindsight, it's true that starting a new business at the beginning of 2020 wouldn't have been our first choice! But despite the pandemic, we managed to move forward with our ambitious strategy, enter new markets and even progress with a number of acquisitions.

Especially complex was the fact that everything we did was achieved from our home offices around the world. Results varied depending on the level of maturity of each of our businesses, but I am proud to say that we were able to successfully shape our business model, and even grasp new opportunities in some

markets, like Brazil. Younger, less experienced companies, such as our Chilean joint venture with Arauco, E2E, were more difficult to keep running remotely.

Was the acquisition process influenced by this context?

It was certainly a challenge, working virtually – but we never considered setting our M&A strategy aside. We had to put in a lot more effort to make progress, but we successfully completed the acquisition of Tecverde in early 2020 and, more recently, we have secured a majority stake in French offsite construction company e-Loft. These are crucial steps forward that will increase the international footprint of New Ways.

What were the overall impacts of COVID on the division's business activities?

After we made big advances at the beginning of the year, COVID pressed pause on most of our project ambitions. Our customers were impacted themselves, and not in the position to consider launching the new projects that were planned before the pandemic hit.

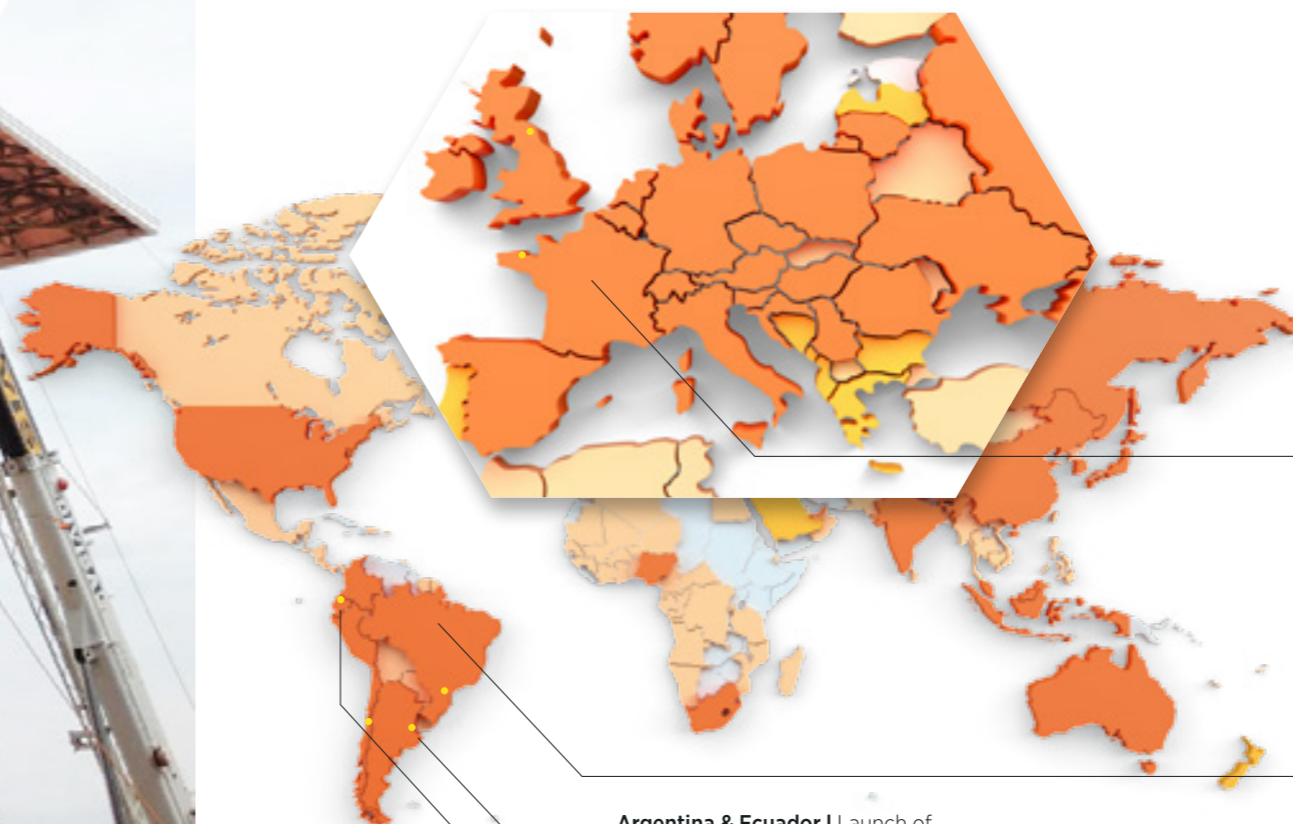
In the fourth quarter of 2020, we successfully built up a robust pipeline of very interesting projects in all of our big markets. And of course, our customer-centric R&D efforts never stopped!

Revenue
of New Ways*
(in EUR million)

2020

10

*The revenue of New Ways excludes our non-consolidated participations in several joint ventures.



France | Acquisition of offsite wood framing company e-Loft

Brazil | Building five hospitals in record time

Argentina & Ecuador | Launch of the new joint venture ICON+

A challenging starting point – but a promising finish.

How did we perform in 2020?

The first year of the New Ways division was off to a challenging start due to COVID-19. However, due to the innate adaptability, flexibility and entrepreneurial mindset of its businesses, the division successfully kept losses to a minimum, made progress on its M&A roadmap, and built up a robust pipeline of new business opportunities to pursue in markets around the world.

Revenue

Europe

Business activities in Europe centred around steel-framing technology through our EOS business in the **UK** and focussed on infield solutions.

There were fewer sales recorded in 2020 due to the impact of COVID-19, but business continued to move forward. The team successfully built up an enormous pipeline of projects in other segments with our Thrubuild solution, developed in partnership with Etex's Building Performance division (see page 37 for more details). The division was also able to engage customers for full solutions, including 50 houses developed with a planner.

Latin America

Our activities in this region are mainly based on wood-framing technology through our joint venture E2E.

Via our factory in **Chile**, we continued to deliver projects in 2020, validated our technology, connected with customers and tested our solutions in the market. At the beginning of the year, the Casablanca (394 housing units in the Valparaíso region) and Horizonte del Pacífico (five four-storey buildings in the city of Concepción) projects were completed. The COVID-19 lockdown arrived soon after, closing the plant from May until September. Following this major disruption, a new pipeline of projects was lined up but delayed due to uncertainty until the fourth quarter of the year.

In **Brazil**, E2E acquired a majority stake in Tecverde, an experienced business with ongoing projects, in February 2020. Progress

continued on these projects, but at a slower pace during the lockdown period. Tecverde helped build and expand five hospitals in Brazil in record time, and business continued to accelerate in the fourth quarter of 2020. The division now has a strong pipeline of projects consisting of over 2,000 housing units in total.

New Ways also created two joint ventures with important local partners in **Ecuador** and **Argentina** in 2020, where we established a new brand, ICON+.

Outlook for 2021 and beyond

In 2021, the division will significantly increase the number of housing units delivered to the market, and begin building profitability. The new acquisitions are important milestones on our strategic roadmap, both in Europe and Latin America. Based on the boost they should provide, we anticipate 2021 to be a strong year for New Ways.

New Ways will continue to grow its foundation upon three strategic pillars: industrialisation, digitalisation and sustainability, with the latter being the very core of the division's business model.

New acquisitions grow the division's global footprint

In France, New Ways finalised a key acquisition for its global expansion plans in January 2021. **e-Loft, an offsite wood-framing company** active in the region of Brittany, holds a strong position in modular, 3D residential solutions for single-family homes, multi-family residential complexes and customised multifamily buildings.

New Ways officially took over **leading Brazilian wood technology company Tecverde Engenharia** in February 2020. This business was established in 2009 and has won a number of innovation prizes on its quest to transform civil construction in a sustainable, scalable way.

Key commercial initiatives

While 2020 was an unusual first year, the New Ways division never faltered in the face of its strategic ambition: to use technology to bring innovative, modular, future-focussed building solutions to customers around the world. While the COVID-19 pandemic delayed some projects, plenty of others came through as testaments to customer centricity during challenging times.

Partnering up with APPI Solutions for integrated housing

UK company APPI called on EOS, a New Ways business, to help develop and provide 150 modular solutions for use in easy-to-install, high-quality residential buildings. For this project, EOS assembled 2D panels fabricated and pre-fitted with outer boarding in its UK factory, for delivery throughout 2021. These solutions come with a 30-year warranty and full acoustic, thermal and fire certification for UK markets.

“The designs of these modular solutions were created especially for use with our industrialised technologies. That’s what makes this project so unique”, explains **Sergio Sandoval**, Head of Strategic Initiatives Modular at New Ways. “This is currently a singular approach in the market and it enables us to craft solutions that are extremely customised, easy to assemble and highly cost effective.”

ICON+ is launched in Argentina and Ecuador

When it comes to steel-framing technologies, New Ways has established two new joint ventures with important local players; Azzolini Group in Argentina and Kubic in Ecuador. “We wanted to unite all of our steel-framing business initiatives under a single, global brand that resonates with every stakeholder”, asserts **Eduardo Martinez**, Business Development Manager for Latin America.

The team started with a brand identity exercise. “We defined our purpose, how we want to be seen by our customers, and how we want to be positioned in our market”, continues Eduardo.

“For our name, we decided to start with ‘ICON’, since our solutions are long-lasting paragons of their kind, and then add ‘PLUS’, which adds a technological feel. The visual brand design forges an immediate connection with Etex in terms of

colour and typography. We’re in the process of rolling it out across Latin America and Europe.”

Two divisions team up to deliver end-to-end modular structures

New Ways teamed up with Etex’s Building Performance division to tackle a 21st-century challenge: uniting Etex building technologies in Thrubuild, a fully industrialised, modular solution for the UK residential market.

“Building Performance offers the high-quality materials, while New Ways provides the lightweight and modular construction expertise”, says **Sergio Sandoval**. “We teamed up – not just on the technical aspects, but on the sales and marketing approach as well. Our goal: to bring a solution to the market that was designed from the outset to be built in an industrialised way and then rapidly and cost-effectively assembled on site. I’m really looking forward to our business pipeline in 2021.”



E2E’s four-storey industrialised building platform

Defining the future of construction from the ground up

What makes the platform unique

- Prefabricated, fully integrated buildings produced in a matter of weeks
- Enables complete modularity of building elements, for smooth customisation
- Highly efficient, environmentally friendly packing, transport and assembly

The team of **Salvador Correa, Head of Engineering & Design at E2E Chile**, accepted an ambitious challenge in 2020: developing an end-to-end industrialised construction platform that delivers real value, adheres to strict requirements – and changes minds.

With E2E’s sophisticated industrialised construction technology, New Ways designs and manufactures completely integrated, closed timber-framed panels – with windows, electricity, finishings – in its factory.

“Our first mid-rise project, ‘Horizonte del Pacifico’, took enormous effort from the entire E2E team, from design to operations,” he says. “We gained an enormous amount of experience in the design of timber buildings for seismically active areas and created over 1,000 design documents.

“However, in the process, we found that industrialised construction isn’t compatible with traditional approaches to architecture, design and construction planning in Chile”, **Salvador** begins. “To create an entirely industrialised building, we had to start from scratch, working with new materials and reshaping the entire construction process from the earliest design phase – with every designer around the table.”

A successful first project in 1.5 month

Based on their learnings from the Horizonte del Pacifico project, E2E selected subsidised

low-income housing in Chile for the first use case of their fully industrialised building. **Salvador**: “Many construction companies want to work on these projects because of the current housing shortage, but the architectural and performance requirements are strict and the design has to be cost effective.”

In collaboration with a specialised architect and a structural engineer, Salvador and his team set out to create a platform for a sellable, industrialised, 32-apartment residential building that is fully compliant with the requirements – in a month and a half.

Delivering better outcomes with every new project

“However, this project is just one example of what we can achieve”, he emphasises. “Our platform consists of a ‘recipe’ of modular ‘ingredients’ as well as Etex plasterboard and fibre cement products that can be smoothly reconfigured to fit any land area shape and recombined in many ways.

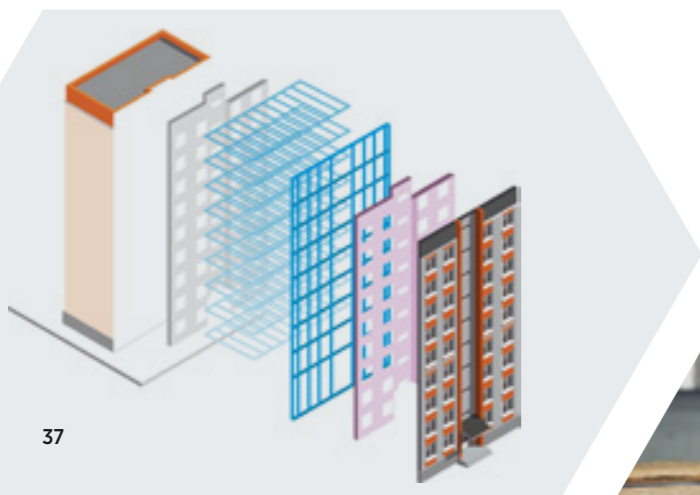
“Most of the hard part – the design – is complete, but it is continuously refined during each project, enabling us to deliver beautiful industrialised buildings ever faster and more efficiently. As a result, our customers can access new business projects that were previously impossible using conventional construction approaches.”



→ **Salvador Correa**
Head of Engineering
& Design at E2E Chile

It is clear that traditional construction methods are not capable of meeting the needs and challenges of today’s society. We are taking part in the future of construction. We have the experience and the expertise to become a leading player in this rising field.

ICON+



Building five hospitals in record time

In March 2020, timber-framing technology specialist Tecverde, which was acquired in February 2020 by Etex-Arauco joint venture E2E, was faced with Brazil's COVID-19 lockdowns – just like every other industrial player in the country. But within hours, steel company Brasil ao Cubo got in touch with the Tecverde team, eager to collaborate on an ambitious project: building and expanding a number of hospitals in Brazil to ease the pressure of the pandemic.



→ Pedro Moreira



→ Felipe Basso

The difference a day makes

One Friday morning in March 2020, Product Engineering Director **Pedro Moreira**, Site Operations Director **Felipe Basso** and the rest of the Tecverde team were disheartened. "Lockdowns in Brazil had just been announced, which meant that we were faced with the decision to close our facility until further notice", Pedro recalls.

Then, Pedro received a call from Brasil ao Cubo, a modular steel construction company. "They explained to us that they had accepted a government-funded initiative to build hospitals in São Paulo, and that they needed our help in designing an integrated, lightweight, timber-framed interior solution for their modular steel structures. Their deadline: seven days from design to production."

"We had started the day with our heads in our hands, and we ended it by calling everybody back to work!" Felipe enthuses.

Innovating against the clock

The Tecverde team worked nearly 24 hours a day to meet this improbable deadline. "We were incredibly motivated – both our team and our fellows at Brasil ao Cubo", Pedro explains. "Together, we offered the complementary strengths and technologies of our two businesses, and collaborated to innovate new ways of integrating, manufacturing and assembling our solutions to meet every strict requirement of the project."

"We were moving so fast that I started the production planning process as soon as the designs were finalised", adds Felipe. "Every day, I'd receive one more sheet of the project to plan. Every step was happening simultaneously. It was challenging – but so fulfilling!"

33 days from planning to "lights on"

Led by Pedro, the design team developed a basic module made up of three rooms housing a total of seven beds, plus a bathroom.

"This module could be repeated as needed, and we also created special modules for break areas, offices and other standard spaces", says Pedro. "Brasil ao Cubo would supply each module's structure in steel – floor, supports, roofing – and then we would completely finish the interior in our factory. This involved assembling the steel structure, manufacturing the walls, installing wiring, adding the ceiling, taping, waterproofing, tiling, et cetera, and then loading the ready-for-use module on a truck for shipping. The entire project, from planning and production to delivery of all 44 modules needed for the first hospital, took 11 days. In 33 days, the new wards were receiving COVID-19 patients."

To achieve this mind-boggling feat, the team set up a 24/7 production line enabling the construction of 27 modules at the same time, spread across two sites. "We brought in construction site professionals to become our manufacturing leaders, since they had plenty of finishing experience", explains Felipe. "As responsible for the production planning and execution, I had to be part of all three shifts, which meant pulling a 22-hour work day at one point."

The built-in beauty and efficiency of industrialised construction

The COVID-19 context actually made it easier for the Tecverde team. "Physical meetings take too much time", Pedro states. "And as an industrialised construction company, all of our design methods are digitised and fully integrated. We simply shared this digital information with Brasil ao Cubo to enable the optimisation of the designs."

"For the initial hospital project – which was the first of five – the team had to handle quite a bit of uncertainty, solving problems as they came up. "But we got smoother and smoother with experience – our second project was completed in 28 days", says Pedro. "We successfully standardised four of the projects, but one project involved creating a complete hospital with multiple departments, posing a new challenge that took plenty of creativity and hard work to overcome."

A mind-blowing experience

Pedro and Felipe are emphatic that this experience has altered Tecverde as a company. "We already had experience with modular construction, but this project has made us really good at it", Pedro asserts. "We can combine 2D and 3D elements, tackle design problems with ease, standardise complex production processes. In short: we can do what we do better, stronger, cheaper and more efficiently."

"This was an incredible collaboration and mind-blowing for everybody involved," Pedro concludes. "Both Tecverde and Brasil ao Cubo have brilliant people capable of overcoming obstacles under unbelievable pressure. Thinking about it today still gives me chills."



Brasil Ao Cubo, São Martinho, Brazil



M'Boi Mirim Hospital, São Paulo, Brazil



M'Boi Mirim Hospital, São Paulo, Brazil