

2020 Full-Year Results and Annual Report

Highlights:

- Like-for-like revenue decrease of 3.1%, mostly due to the impact of the COVID-19 pandemic
- Significant increase in like-for-like REBITDA with 10.9%, mainly thanks to the combination of improved margins and contained overheads.
- Significant increase in net recurring profit (Group share) at EUR 215 million (+ 15.1%), another record performance
- Highest ever free cash flow before dividends, acquisitions and disposals at EUR 313 million
- Lowest net financial debt ever at EUR 15 million
- Dividend over 2020 profit: proposal by the Board of Directors of EUR 0.70 per share
- Outlook for 2021: positive order book in H1, uncertainty for H2. Revenue expected to be affected by COVID-related volatility this year and the next
- Digital Annual Report 2020 available on <https://www.etexgroup.com/en/living/investor-relations/annual-report-2020>

Comment from Paul Van Oyen, CEO of Etex: “2020 was a year of crisis management and resilience, but also a year of caring and acceleration of our strategy execution. In everything that we undertook during this unprecedented year, our number one priority was – and continues to be – the safety and well-being of our people. Etex rapidly went into crisis mode, creating a dedicated crisis management team, implementing ambitious cost control measures and intensifying communications with our people. We strengthened local decision-making, enabling our leaders on the field to take the right steps and inspiring the trust of our people. On the manufacturing side, we rapidly closed factories for several weeks and defined very strict safety rules. Overall, we have never lost sight of our purpose, and ‘Inspiring ways of living’ has continued to be our tangible contribution to the world despite numerous obstacles.

Therefore, I am proud to report that Etex has weathered the storm. We have made significant progress on our strategic roadmap, notably by divesting our last Residential Roofing assets and by making a number of key acquisitions in our plasterboard, passive fire-stopping and modular and offsite construction activities.

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On the financial side, the COVID-19 pandemic naturally took its toll by impacting the top-line of our all divisions except Residential Roofing. That being said, Etex delivered an outstanding performance in profitability, recording a like-for-like increase of 10.9% in REBITDA. Moreover, our net recurring profit (Group share) is up by 15.1%, and the company is almost debt-free currently.

Our top-line is likely to be challenged this year and the next, but our performance culture is in place and our eagerness to focus on sustainability and our customers strengthened. The acquisitions we made in 2020 will fuel our future growth in high-potential markets. In 2021, we will continue to identify new opportunities, as we are currently in an excellent position to make significant investments.

Finally, at the General Shareholders' meeting of Etex on 26 May 2021, Jean-Louis de Cartier de Marchienne will reach the end of the maximum number of terms as Chairman of the Board of Directors. At the first Board meeting following the General Shareholders' meeting, it will be proposed to appoint Johan Van Biesbroeck as his successor as Chairman. I would like to take the opportunity to thank Jean-Louis for his entrepreneurial spirit, dedication and support to the executive management team. Since 2006, he has guided Etex through challenging times, such as the 2008 financial crisis and the current COVID-19 pandemic, and many strategic achievements, such as the acquisition of Lafarge in 2011, the divestment of our ceramics business in 2016 or our recent exit from our Residential Roofing activities. Moreover, the company has improved its governance under his guidance. The Board of Directors and Etex employees acknowledge and are tremendously grateful for his essential role in the successes of Etex."

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Annual Report 2020: Etex teammates tell the story

In the Annual Report dedicated to our performance and achievements in 2020, we have highlighted four 'Inspiring stories':

- As part of our digital roadmap, the regional supply chain and customer service team in Latin America rolled out an omnichannel customer service platform that will serve as the basis for delivering exceptional customer experiences worldwide.
- To serve the needs of our customers in markets where we have no manufacturing footprint, the Exteriors division relies on compact organisations spread across the world. Our colleagues in these offices share the trials and triumphs of operating without larger fibre cement production facilities within close proximity.
- 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.
- Timber-framing technology specialist Tecverde, collaborated with steel company Brasil ao Cubo on an ambitious project: building and expanding a number of hospitals in Brazil to ease the pressure of the pandemic.

To complement the Annual Report, readers can discover a video where Etex's CEO Paul Van Oyen engages in a 'COVID safe' conversation with six teammates who explain how the company cared about people, safety, performance, strategy, lightweight construction... and the world, last year.

[Watch the video and/or download the full Annual Report](#)

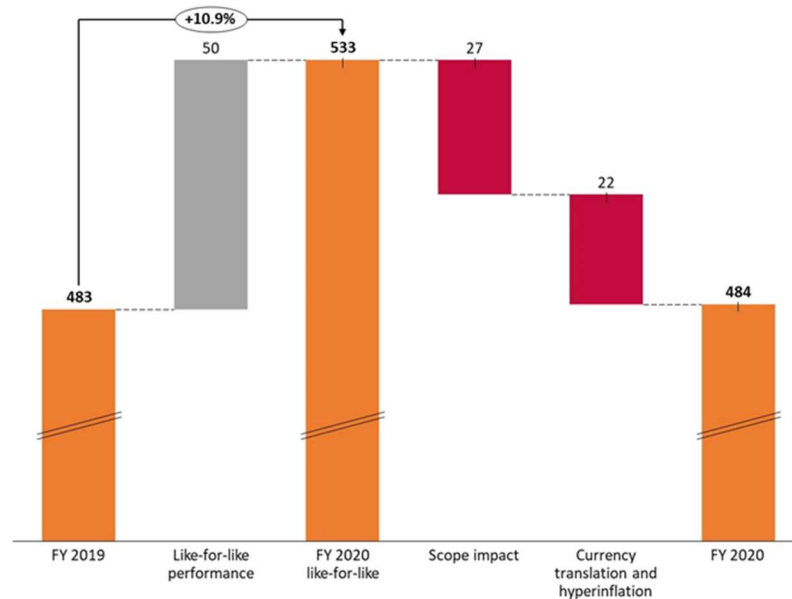
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Challenged top line, yet remarkable performance in profitability and lowest net debt ever

Contribution to REBITDA evolution from FY 2019 to FY 2020 (in EUR million)



In 2020, Etex recorded a like-for-like (same currency exchange rates and scope) revenue decline of 3.1% to EUR 2.616 billion. 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 is mainly attributable to the disposal of our Residential Roofing businesses in the United Kingdom and Portugal in 2019, as well as in South Africa mid-2020. 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 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%.

The recurring operating cash flow (REBITDA) reached EUR 484 million, 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

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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%), foreign currency translation and hyperinflation accounting (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.

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 December 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 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.

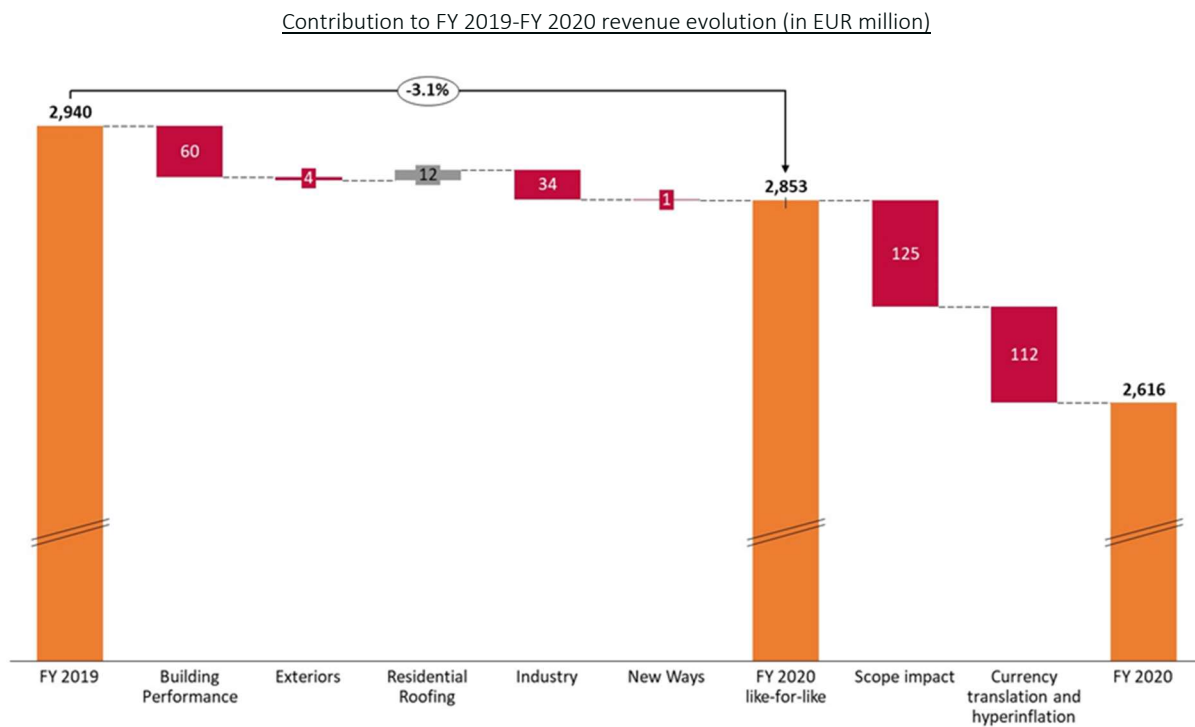
At the Shareholders' Meeting on 26 May 2021, the Board of Directors of Etex will propose, on top of the expected 10% increase, to **exceptionally increase the dividend on the 2020 profit with another 10%, to EUR 0.70 per share (+20.7% in total).**

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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 of 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 4up volumes which had been heavily impacted during the second quarter, and cost savings (including in procurement) which partially 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

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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 in 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 in Poland. Overall volumes remained flat, but product mix improvements led to a positive impact on revenue.

Industry registered a like-for-like revenue decline of 18.9% to EUR 144 million. The division was heavily impacted by the COVID-19 situation in almost every geography, with Germany and Austria being less impacted. Overall, all segments suffered, with a slow recovery expected for 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.

Key developments

With the divestments of Marley South Africa, Creaton and our 50% stake in RBB NV, **Etex completely exited the residential roofing market** in 2020, therefore fully executing one of its strategic ambitions.

Last year, Etex made **notable achievements related to its six key strategic pillars**. The most important milestones that have been reached are the following:

- In February 2021, we completed the **acquisition of the business of Knauf Plasterboard Pty Limited in Australia**. This business, which is among the top three players in its market, offers well-developed technology, state-of-the-art facilities and strong talent. This acquisition gives us access to a rich network of suppliers and partners as well as a foothold in a well-developed market.
- In order to become a truly customer-centric organisation, we made significant efforts globally to **refocus our divisional brands around the real-life needs of our customers**.
- The **acquisition of UK-based passive fire-stopping innovator FSi Limited** in September 2020 helps strengthen our ambition to be a global leader in the passive fire-stopping sector. In becoming part

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of our business, FSi benefits from our global reach and technological know-how in passive fire-stopping, and enables us to be even closer to our customers in the UK and Europe.

- **Corporate Social Responsibility was introduced last year as one of our core six strategic pillars**. As a result, Etex became a signatory of the UN's Global Compact for sustainable and responsible business practices, and also committed to the UN's Sustainable Development Goals (SDGs). In 2020, we have reached key milestones in our threefold environmental ambition: **zero landfilled waste, decarbonisation and zero consumption of potable water in our industrial processes**. Furthermore, our ESG risk rating result of 18.5 out of 100 indicates that we have a low risk exposure. Later this year, Etex will release its first-ever Sustainability Report in line with the requirements of the Global Reporting Initiative (GRI).
- **Significant progress was made on our digital pillar** across all four divisions in 2020. In addition to rolling out a worldwide customer portal which includes e-ordering capabilities, we introduced marketing automation capabilities, a new business model for our Cedral brand as well as a world-class customer experience across all channels.
- **The New Ways division was launched in January 2020**, gathering our expertise, technologies, and initiatives in modular and industrialised construction under one agile organisational structure. In February 2020, we **finalised the acquisition of a majority stake in Brazilian timber-framing and industrialised construction pioneer Tecverde** through E2E, our joint venture with Arauco. The addition of Tecverde to our New Ways division will enable us to broaden our offering, and supports our ambitious business plans in South America and Europe. In January 2021, Etex has also **acquired a majority stake in leading French offsite construction company e-Loft**. e-Loft is New Ways' first acquisition in continental Europe.

When it comes to safety, Etex achieved an outstanding achievement in 2020 after two years of unrelenting dedication. As a result, our organisation further improved on its already low accident frequency rate, reducing it from a level between 1.9 and 2.6 down to 1.4, **a record low**.

In light of the results of our comprehensive 2018 survey, 'Me & Etex', employee engagement has been high on our agenda. In order to connect with our people and ensure their well-being, we distributed a short version of the survey last year. Based on their responses, we were proud to see that **our teammates feel more engaged than two years ago** – a remarkable achievement, particularly given the global context.

We have put **extra focus on manufacturing**, with Christophe David joining the Executive Committee as Chief Manufacturing Officer. Bringing manufacturing (and mining activities) under one central "roof" will allow

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us to be even more efficient and effective in the future and drives the functional excellence needed to achieve world-class manufacturing.

A Business Process Owners (BPO) team has also been created to further optimise and streamline our processes and to maximise the business and customer value. This is the next step in the Etex journey towards world-class processes.

Early 2020, we launched **'United to Inspire'**, an exercise involving teammates from around the world, aiming at increasing customer loyalty, engagement and trust by positioning Etex as a robust corporate umbrella brand. The campaign unfolded throughout the year, with teammates participating in numerous townhall meetings and subsequent initiatives.

Finally, in 2020 we handed out the **first Etex CEO Award**, recognising Process Engineer and Coating Supervisor Michael Orłowski for his work on the 'Zero Rejects' project at our fibre cement plant in Neubeckum, Germany. In total, we also distributed 195 Etex Excellence Awards and 1,080 Etex Impact Awards to teammates around the world.

Outlook for FY 2021 still determined by the impact of COVID-19

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 have significantly contributed 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.

Changes to the Board of Directors

The mandates of Paul Van Oyen, Pascal Emsens (through ARGALI CAPITAL BV), Teodoro Scalmani, Christian Simonard, Caroline Thijssen (through CT IMPACT BV), Johan Van Biesbroeck (through JoVB BV) and Guillaume Voortman (through GUVU BV) will be proposed to be renewed at the General Shareholders' meeting on 26 May 2021.

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Having reached the maximum number of re-elections, Jean-Louis de Cartier de Marchienne has decided not to renew his mandate as Director and Chairman of Etex. Consequently, at the first Board meeting following the General Shareholders' meeting, it will be proposed to appoint Johan Van Biesbroeck as the new Chairman of the Board of Etex. It will also be proposed to the General Shareholders' meeting to appoint Thierry Vanlancker as a new Director to the Board of Directors.

Upcoming Shareholders' Meeting

The Annual General Shareholders' Meeting is scheduled to take place on 26 May 2021. In light of the ongoing COVID-19 pandemic and related measures which could be taken by the Belgian government in the coming weeks, Etex may communicate in due course further guidelines with regards to the attendance to the Shareholders' meeting.

Key figures for FY 2020

<i>EUR million</i>	FY 2019	FY 2020	Var. (%)	Var. % like-for-like (same scope & rate) based on 2019 figures excl. Residential Roofing divestments
Revenue	2,940	2,616	-11.0%	-3.1%
Recurring operating cash flow (REBITDA)	483	484	0.2%	10.9%
<i>% of revenue</i>	16.4%	18.5%	-	-
Recurring operating income (REBIT)	292	311	6.4%	20.6%
<i>% of revenue</i>	9.9%	11.9%	-	-
Non-recurring items	-24	-39	-	-
Operating cash flow (EBITDA)	557	468	-15.9%	-
Operating income (EBIT)	268	272	1.7%	-
<i>% of revenue</i>	9.1%	10.4%	-	-
Profit for the year	181	201	11.4%	-
Group share	176	194	10.3%	-
Non-controlling interests	5	7	-	-
Net recurring profit (Group share)	187	215	15.1%	-
Working capital ¹	224	137	-	-
Net financial debt	331	15	-	-
Capital expenditure	168	112	-	-

¹ Values are expressed excluding the favourable impact of the non-recourse factoring programme (EUR 159 million as of 31/12/2020, EUR 154 million for the prior year).

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The consolidated financial statements for the year 2020 were approved by the Board of Directors on 1 April 2021 and will be presented for approval at the Shareholders' Meeting.

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

The 2020 Annual Report of the company is available on Etex's website as of 6 April 2021 at the following address: <https://www.etexgroup.com/en/living/investor-relations/annual-report-2020>.

About Etex

Etex is an international building materials specialist; the company wants to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

Founded in 1905, headquartered in Belgium, Etex is a family-owned company with over 11,000 employees globally. It operates more than 110 sites in 42 countries and generated a revenue of EUR 2.6 billion and a REBITDA of EUR 484 million in 2020. Etex fosters a collaborative and caring culture, a pioneering spirit and a passion to always do better for its customers.

Building on its experience and global market needs, the company strives to improve its customers quality of living with ever more effective lightweight solutions. Its three R&D centres support four global sales divisions:

- Building Performance: dry construction solutions including plasterboards and fibre cement boards, plasters and formulated products, passive fire protection and associated products.
- Exteriors: a range of aesthetic fibre cement materials for use in agriculture, architectural and residential exteriors.
- Industry: fire protection and high performance insulation products for the construction and OEM (Original Equipment Manufacturer) industries.
- New Ways: high-tech offsite modular solutions based on wood and steel framing

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

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