Annual Report 2014

etex
inspiring ways of living

With **Inspiring ways of living** our company
transcends cultural and historical differences,
crossing borders and continents,
to offer people one of the basic necessities
in life—shelter—and beyond.

Photographs by

Cover › Photographer: Jef Boes, Ghent, Belgium.

Pages 2-3 › Promat factory, Tisselt, Belgium. Photographer: Jef Boes, Ghent, Belgium.

Pages 6-7 › Promat factory, Tisselt, Belgium. Photographer: Jef Boes, Ghent, Belgium.

Pages 8-9, 11, 12-13, 16, 24-25, 44-46, 50-51, 54, 56, 57 (bottom), 58, 65-69, 72-73, 74-75 › Photographer: Jef Boes, Ghent, Belgium.

Page 14 -15 › Architect: Antoine Leonetti. Photographer: Antoine Duhamel.

Page 18 › (Top) Eternit factory in Neubeckum, Germany. Photographer: Marcel Veelo, Tervuren, Belgium.
(Bottom) Eternit factory in Neubeckum, Germany. Photographer: Jef Boes, Ghent, Belgium.

Page 19 › (Top) Promat factory in Tisselt, Belgium. Photographer: Marcel Veelo, Tervuren, Belgium.
(Bottom) Cerámica San Lorenzo factory in Lima, Peru. Photographer: Camilo Rozo, Bogotá, Colombia.

Pages 20-21 › Pictures Eternit Gresik and Eternit Neubeckum by Jef Boes, Ghent, Belgium. Pictures Skinco Colombia and San Lorenzo Peru by Camilo Rozo, Bogotá, Colombia. Picture Promat Belgium provided by Promat. Picture Gyplac Peru provided by Gyplac. Picture Siniat Ottmarsheim provided by Siniat.

Page 27 › (Top) Architect: Saraiva & Associados. (Bottom) Architect: m2r-architecture, Spitfire Studios, London. Photographer: Conné van d'Grachten, Ulm, Germany.

Pages 28-29 › (Middle) Photographer: Jef Boes, Ghent, Belgium.

Page 30 › Gypsum Architect: Ingarden & Ewý Architekci. Picture provided by Ingarden & Ewý Architekci.

Page 32 › Architect: Michel Malbec, France. Picture provided by Eternit France.

Pages 34-35 › (Big picture) Architect: Lawrence Hannah. Picture provided by Marley Eternit. (Small picture top right) Architect: Stephan Kollmann, Dieburg. Photographer: Conné van d'Grachten, Ulm, Germany.
(Small picture bottom right) Contractor: Robinsons Scotland Ltd. Picture provided by Marley Eternit.
(Small picture bottom left) Photographer: Marcel Van Coile, Zemst, Belgium.

Pages 36-37 › (Left) Architect: Bär, Stadelmann, Stöcker Architekten BDA, Nürnberg. Photographer: Conné van d'Grachten. (Bottom right) Constructor: Acierto inmobiliario. Picture provided by Skinco.

Page 39 › (Big picture) Design Ingetec SA Installer SCL Arquitectura. Picture provided by Skinco.
(Smaller pictures bottom) Architects: Zechner & Zechner ZT. Picture provided by Promat.

Page 43 › Photographer: Camilo Rozo, Bogotá, Colombia.

Page 46 › Photographer: Jef Boes, Ghent, Belgium.

Pages 52-53 › Photographer: Camilo Rozo, Bogotá, Colombia.

Page 54 › Photographer: Jef Boes, Ghent, Belgium.

Pages 56-57 › (Left) Photographer: Illias Teirlinck, Ghent, Belgium. (Top) Photographer: Camilo Rozo, Bogotá, Colombia. (Bottom) Photographer: Jef Boes, Ghent, Belgium.

Pages 58-59 › Photographer: Marcel Veelo, Tervuren, Belgium.

Page 61 › Image supplied by Getty Images.

Page 63 › (Top) Picture provided by Eternit Peru. (Bottom) Picture provided by San Lorenzo Peru.

Page 64 › Picture provided by Nigerite.

All pictures are owned by Etex, all rights reserved.
No part of this report may be copied or reproduced without the agreement of Etex.
More information at info@etexgroup.com.
Publisher: Regine Van Tomme, Tervurenlaan 361 Avenue de Tervueren, 1150 Brussels.

CONTENT

ABOUT ETEX

1. Our company & strategy **8**
1.1 Message to our stakeholders 10
1.2 Our strategy 12
1.3 Our company 16

ACTIVITY REPORT

2. Building on from a strong foundation **24**
2.1 Cladding & building boards 26
2.2 Roofing 34
2.3 Fire protection & insulation 38
2.4 Ceramic tiles 42

ENVIRONMENTAL REPORT

3. Protecting our planet **44**

SOCIAL REPORT

4. Empowering our people **50**
4.1 Human Resources 52
4.2 Health & safety 56
4.3 Carefully managing our asbestos past 60
4.4 Community relations 62

GOVERNANCE REPORT

5. Governance report **68**
5.1 Corporate governance 70
5.2 Board of Directors 71
5.3 Our management 72

FINANCIAL REPORT

6. Financial report **74**
6.1 Financial report **76**
6.2 Consolidated financial statements **80**
6.3 Non-consolidated accounts of Etex S.A. **142**
6.4 Glossary **144**

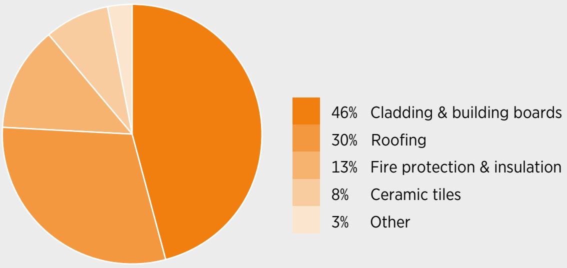
GRI index **145**

Key figures

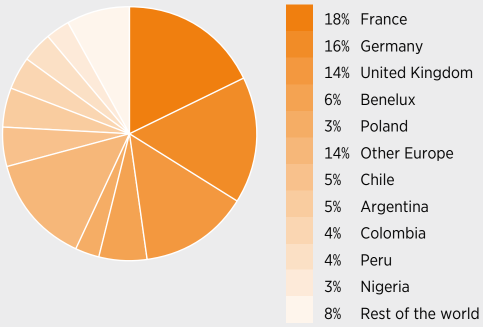
In million euro	2010	2011	2012	2013	2014	%
Revenue	1,956	2,300	3,168	3,046	2,987	-1.9%
Recurring operating income (REBIT)	172	197	269	234	226	-3.4%
% of revenue	8.8%	8.6%	8.5%	7.7%	7.6%	
Non recurring items	14	-21	21	2	-45	
Operating cash flow (EBITDA)	303	291	464	412	365	-11.6%
Operating income (EBIT)	185	176	290	237	182	-23.3%
% of revenue	9.5%	7.7%	9.2%	7.8%	6.1%	
Net profit (group share)	114	80	146	124	92	-26.3%
Capital expenditure	73	144	204	212	198	-6.7%
Net financial debt	337	1,377	1,137	977	904	-7.5%
Working capital	333	326	294	284	260	-8.4%
Capital employed	1,465	2,573	2,574	2,507	2,485	-0.9%
Return on capital employed (ROCE)	12.9%	12.2%	11.3%	9.3%	7.3%	

In euro per share	2010	2011	2012	2013	2014	%
Net recurring profit (group share)	1.31	1.18	1.59	1.52	1.53	0.7%
Net profit (group share)	1.45	1.02	1.85	1.59	1.17	-26.3%
Gross dividend	0.290	0.320	0.360	0.360	0.400	
Growth rate of dividend	16.0%	10.3%	12.5%	0.0%	11.1%	
Recurring distribution rate	22.1%	27.1%	22.6%	23.6%	26.1%	
Personnel	13,351	17,138	18,071	17,442	17,076	

Revenue by activity

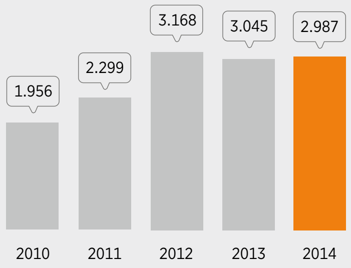


Revenue by geographical area



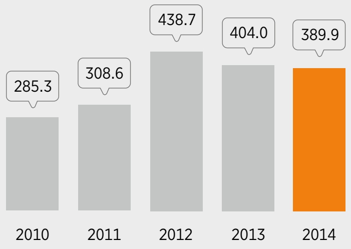
Revenue

in billion euro

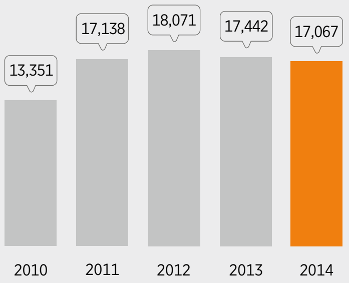


Recurring operating cash flow

in million euro

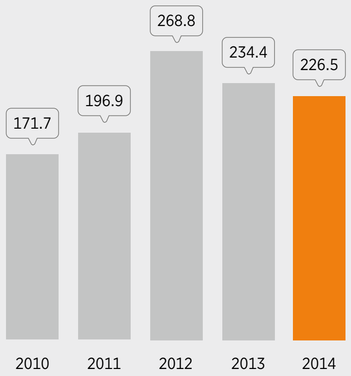


Personnel evolution



Recurring operating income

in million euro



As a token of our appreciation

On 31 December 2014, Fons Peeters took up his retirement as CEO of Etex. It is a privilege and pleasure to express my gratitude to a man who spent his whole career at Etex.

Indeed, Fons served our company for no less than 41 years. He started as Product Manager in 1973. Having taken up several roles, he became our CEO on 1 January 2011. In the four years that followed, Fons successfully guided our group through the intriguing world of the construction industry. One of Etex's most prominent achievements under Fons' guidance was definitely the acquisition of Siniat.

As CEO, he made sure to visit all our companies, sites and factories on a regular basis. A clear sign of his unbridled commitment to our entire group. What is more, he constantly strove to put his personal credo into practice. Like no other, he understood that everyone has their role to play and that we can only achieve success by closely working together.

Without a doubt, he showcased an inspiring example of leadership. The kind of leadership through which he helped us lay the indispensable foundations for our group's future. For that, I would like to thank Fons on behalf of the Board of Directors and everyone at Etex.

Jean-Louis de Cartier de Marchienne
Chairman

2014
Key events

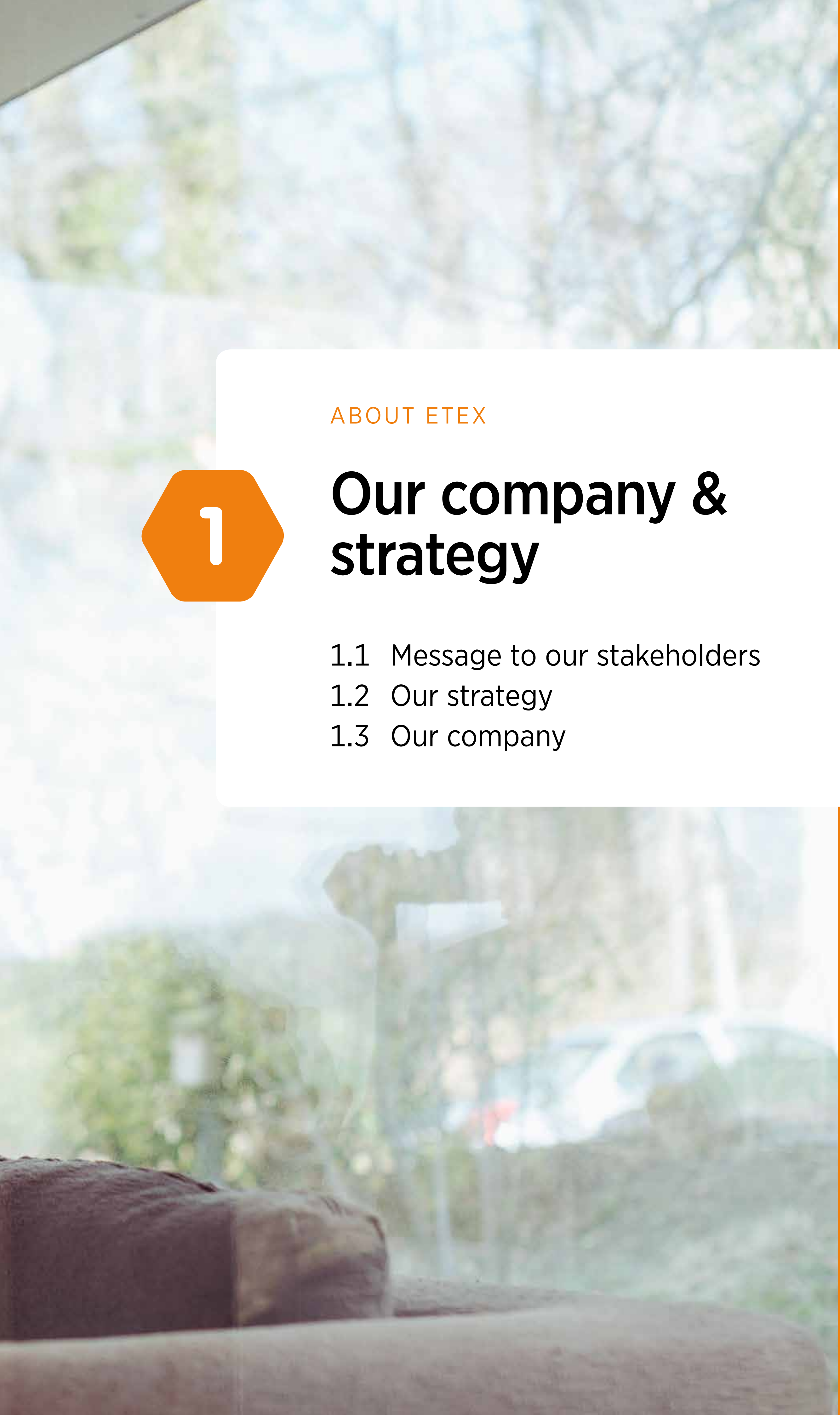
- Etex successfully refinanced its syndicated facility at the beginning of 2014, thus improving its conditions and extending the facility until January 2019.

- In February, Etex gained full control of Siniat, acquiring the remaining 20% stake three years earlier than anticipated.

- Etex continued streamlining its portfolio and divested two companies — Batiroc in France and Etersol in Chile.

- Increased operational excellence and a strong focus on non-cash working capital resulted in a debt reduction of more than 70 million euro and a net financial debt/rebitda ratio of 2.3.

- 198 million euro was invested in new production lines and plants and in the expansion and modernisation of our existing sites.



ABOUT ETEX

1 Our company & strategy

1.1 Message to our stakeholders
1.2 Our strategy
1.3 Our company

1.1

Message to our stakeholders

In 2014, all our employees demonstrated their dedication to helping Etex achieve the best possible results in a challenging year. As expected, the world's volatile economic and political situation also impacted on our business.

As a result, we recorded sales of 2.987 billion euro in comparison to 3.045 billion euro in the previous year. Meanwhile, our recurring operating income evolved from 234 euro to 226 million euro in 2014. Sales were adversely impacted by exchange rates and scope changes. Overall we kept our prices and margins, in spite of mounting competitive pressure.

Weak markets worldwide

The year started off well. Our performance in the first quarter exceeded our expectations. In Europe, the transition from 2013 to 2014 was characterised by extremely mild temperatures. While winter would not come, the construction sector kept up the pace.

After the first year half, our expectations were not met. In Europe, this was partly a compensating effect following the unusually strong first months. At the same time, other markets started to weaken. Even emerging markets showed little growth, compared to previous years.

In Europe, the economic picture varied throughout the year, depending on the market. The political crisis in Ukraine obviously added to the economic uncertainty. In Latin America exchange rates and inflation prevented positive results from showing in our bottom line in euro. We performed quite well in Asia but we had a more difficult year in Africa, Nigeria representing the largest part of our operations there.

Negative impact experienced across most activities

The negative impact of the economic downturn was limited for our cladding and building boards business. However, Siniat suffered heavily from the construction and general economic downturn in France. Cladding did very well and our innovative Equitone brand is gaining momentum.

Our roofing activities, in particular, were impacted by difficult European market conditions, while our fire protection and insulation business stabilised. Changing market environments in Latin America affected our ceramics industry differently, the overall results being positive.

Our vision stands strong

Even though we may have been operating in more challenging times, our vision has remained strong. We want to develop affordable and sustainable building solutions for people all over the world. That is why we adapt our solutions to different markets.

Europe is a mature market: building projects involve renovation work rather than new housing developments. Our aim is to introduce products that comply with future regulations and are easy to integrate. In emerging markets, we focus on offering sustainable building solutions for the growing middle class population.

Innovation in response to market changes

Considering the evolution in regulations and urbanisation, innovation remains crucial in order to enhance our production methods and to provide the market with the solutions it needs, now and in the future.

→ From left to right:
Paul Van Oyen, CEO as of 1 January 2015
Jean-Louis de Cartier de Marchienne, Chairman
Fons Peeters, CEO until 31 December 2014

We continuously improve all our products with a growing focus on lightweight construction. Etex offers a unique range of gypsum boards, fibre cement boards and fire protection solutions. We are confident that we can maintain our competitive edge by combining an extended expertise with a high-quality portfolio.

Strong backbone for ambitious plans

We have been fine-tuning and streamlining our structures in order to bring our vision to life. Our operational efficiency focus is being embedded throughout the group. In the next few years, we will complement this with further improvements in sales and marketing excellence. We also want to continue our dialogue with all our stakeholders. The launch of Etex's new website at the end of December is one of our most visual achievements to that effect.
In addition, we are continuously investing in our company's future. Throughout 2014, 198 million euro was invested in the construction of new production plants and production lines and the expansion and modernisation of our existing sites.

Managing our finances with caution

At the start of 2014, we refinanced our syndicated facility and divested business assets — like Etersol and Batiroc — that were no longer in line with our core activities.
We also removed all uncertainty about Siniat, by taking over the remaining 20% share from Lafarge three years earlier than anticipated. In the years to come, we will ensure its further commercial integration. Throughout, we have kept on managing our debt in a disciplined way. In doing so, we concentrate on our working capital.

A glimpse into the future

All our markets will continue to experience cyclic fluctuations throughout 2015.
Minor growth is forecast for emerging markets. Overall, we expect stable results. As we maintain our focus on creating a leading industrial group leveraging our strengths, we will be able to expand and boost our steady position in many of our markets. In 2015, five new production lines will be built and four new factories will open their doors.

Thank you

We are confident that our 17,067 employees will help us achieve our goals for 2015. Not only would we like to thank them, we also want to keep them healthy, safe and sound. That is why safety at work remains our number 1 priority, just like in previous years. Furthermore, we thank our Board of Directors and our shareholders for their trust and support on our sustainable growth path.

1.2

Our strategy

Etex is shaping its future as an innovative leader in sustainable and affordable building solutions. To achieve that goal, we are developing a strategy and business culture based on market leadership, innovation and excellence.

Construction is traditionally described as a slow-moving industry. Nonetheless, some prominent developments deserve our full attention. Worldwide trends include increasing urbanisation and the growing popularity of multi-dwelling buildings. More and more, roofs are impacting on the functional set-up of buildings.

In addition, governments are setting up new regulatory standards in most parts of the world. These standards are becoming stricter and more complex, while consumers worldwide are looking for more sustainable and affordable building solutions. Etex wants to meet every one of those requirements.

Market leadership

Etex is active in four business segments in those markets that provide the best potential for each of these activities. Our diversity — both in business activities and geographical presence — helps us mitigate the risks associated with cyclic fluctuations in the construction industry.

For each of our business activities in all our target markets, we aim to position ourselves as a market leader. That is why we offer products of the highest quality and build strong brands — Eternit, Promat, Equitone, Kalsi, Marley, Creaton, Durlock, to name just a few.

We continuously expand our presence by growing our product range and by carefully broadening our geographical reach at the same time. Etex also actively pursues emerging market opportunities.

We therefore invest heavily in regular upgrades of our production facilities. In 2014 — shortly after the acquisition of Siniat — we invested 198 million euro in the expansion and modernisation of our existing sites and the construction of new production lines and plants in Indonesia, Brazil, Peru and, Romania.

What's more, we are always striving for the most efficient market approach. A challenge we will focus on more strongly in the coming years.

Operational excellence

A top market position brings different challenges and responsibilities. That is why we keep improving our operational excellence in a systematic way, by reinforcing our support functions, including IT, logistics, engineering, purchasing, finance and HR. And through programmes for improvement, ranging from EHS and HR to supply chain, production and sales.

Marriage of global and local
Over a period of more than 100 years, we have learned to bring parenting value to all our companies — big or small. At the same time, we have an in-depth understanding of local market needs and cherish our local customers.

By combining the strengths of our local businesses with those of our global group, and by setting worldwide standards for operational and financial excellence, safety, health and environment, we help our companies strengthen their performance. While our local managers take initiatives in line with their customers' needs, they are also able to capitalise on the efficient business processes of our global group.

Enhancing shared service centres
Etex continues to deploy shared service centres for the handling of transactional tasks. Worldwide, 76 companies are served by highly specialised centres — a number that will grow to 100 by early 2016.

Our shared service centres not only carry out corporate operational tasks, processing over 500,000 supplier invoices a year. They also help us share specialised know-how at group level.

Standardising IT
In 2014, we added several companies to our global SAP ERP system. Moreover, we completed over 70 projects regarding business improvements and functionality rollouts. Major improvement projects included the introduction of a mobile CRM application for our sales representatives, a central web platform and product information tools.

Protecting intellectual property
The Inventory Property Service Centre created by our group in 2013, has continued to build a solid patent portfolio. The team was fully up and running last year, and continues to patent Etex product after product worldwide.

Optimising planning processes
To keep demand and supply in balance, we are developing a standardised Sales & Operations Planning process in our European Division. More than ever, this will enable us to avoid product shortages and deliver the highest level of service. Planning production, forecasting sales and scheduling workforce: we have further optimised these processes to ensure the right product is available at the right time.

By the end of 2014, S&OP already proved its worth. In our pilot company we could reduce our fire protection inventory by 6%, while improving our service levels.

Sales excellence
In 2014, we thoroughly analysed our sales processes. It is a fact that these vary greatly depending on the segment they relate to, ranging from specified technical sales to distributor sales. Even so, sharing learnings and expertise across our segments has proven to be a key factor in improving our sales excellence.

With combined efforts, we have worked on improving our sales tools. For instance, we are continuing to improve and implement our SAP-based CRM system for the entire group. What is more, in sectors as traditional as the building industry, we continue to develop a sales approach that fully incorporates the possibilities of the digital age.

However, sales encompasses more than efficient processes. It is about knowing the market and the customers to be able to create value. Dedicated training and programmes have been developed for 2015.

Enabling high performance

Our employees' dedication plays a vital role in our mission to become a market leader and excel in our operations. That is why we continue to grow our employees' skills, expand our culture of local entrepreneurship and share our lessons learned.

We align our teams behind a clear-cut strategy and a set of well-defined group values. We also provide our global employees with the necessary experience, tools, training and coaching to enhance their performance.

And because our employees are the backbone of our company, we make sure that safety is part of our DNA. From machine safety to procedures and appropriate behaviour, our goal is to achieve zero accidents and health risks in the workplace.

Innovation Awards
The Etex Innovation Awards enable us to showcase promising innovation projects developed by Etex employees all over the world.

In 2014, the Industrial Award went to an entry submitted by Creaton in Germany. The concept introduced a new tile-cutting system that is more cost-effective and requires less maintenance.

The main innovation in our commercial operations was the simpler fastening method for concrete roof tiles, developed by Eternit Germany.

→ Equitone Textura was used for this building in France by architect Antoine Leonetti / Photographer: Antoine Duhamel.

Innovation

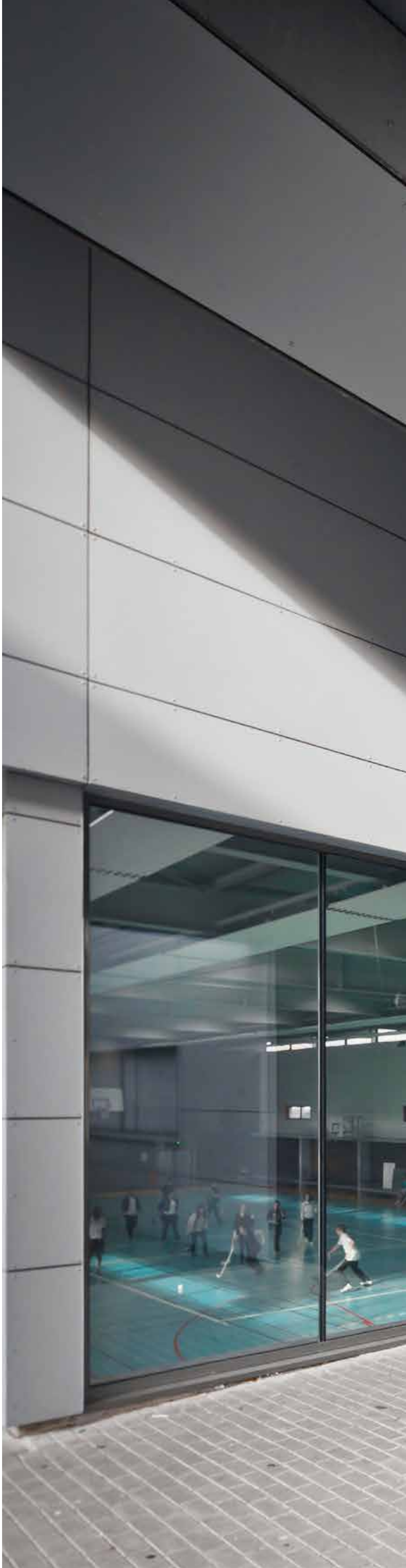
We actively invest in innovation to support our ambition to grow and to differentiate ourselves from local competitors. We also see innovation as a key priority for increasing the share of innovative products in our product range. Therefore, we are making ongoing investments in product development, fundamental research and long-term innovation.

Our innovation roadmap
Since 2012, we have been implementing a roadmap to excel at innovation. Throughout 2014, this innovation roadmap has continued to grow in terms of maturity and results.

We have developed and implemented a *variety of programmes* to intensify our focus on innovation. These include webinars, e-learning programmes, communities on our intranet site and a European innovation conference aimed at sharing best practices. In addition, our Etex Innovation Awards continue to be an incentive for research and development.

Overall, our *R&D centres* have developed into business partners that capture market information through integrated product management. We have improved our stage-gate process model with greater governance and transparency on expenses, time spent and potential gains.

Through our industrial innovation programmes, we continuously work on *product and process innovation*. We are looking for breakthrough technologies that will assist us in reducing our environmental footprint — improving the sustainability and durability of our products whilst reducing emissions and waste — and reducing our manufacturing expenses.



1.3

Our company

‘Inspiring ways of living’ is the promise that Etex intends to fulfil for people across the globe. We want to inspire builders, architects, building companies, as well as distributors and specifiers. This means that we continuously drive innovation to bring new products and solutions.

‘Inspiring ways of living’ is Etex’s promise to people around the globe. Etex offers comprehensive solutions for both big buildings and small houses, for modern apartments and historic buildings, for small city compounds and countryside shelters. With ‘Inspiring ways of living’, our company transcends cultural and historical differences, crossing borders and continents, to offer people one of the basic necessities in life — shelter — and beyond.

We want to inspire builders, architects, building companies, as well as distributors and specifiers. Our standards are very high, as our high-quality products have to last for decades. We continuously improve our production processes to further enhance quality, using fewer raw materials and consuming less energy along the way.

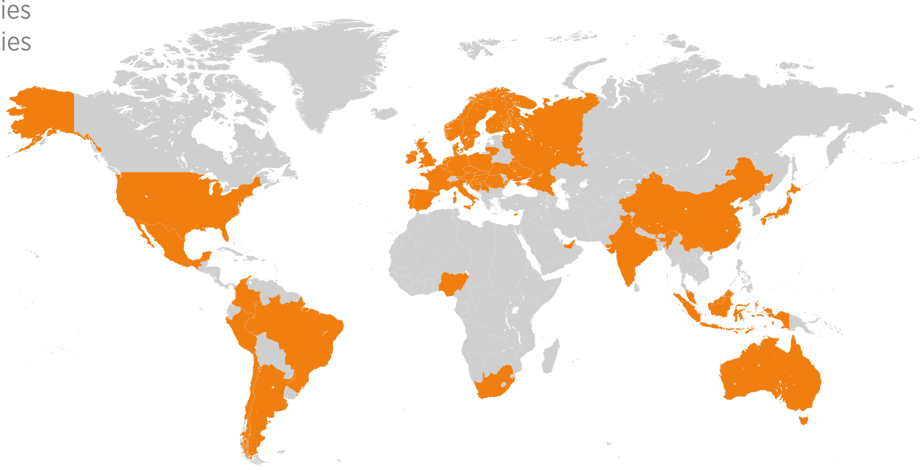
We continuously drive innovation to generate new products and solutions, while offering the best value for money. In construction — a tightly regulated market — we make a commitment to improve existing materials, study best practices and apply ideas from one continent to the other. The result we aim to reach? Affordable and sustainable building solutions for people all over the world.

Our promise ‘Inspiring ways of living’ also impacts the way our group does business and how we organise our activities. Our employees’ well-being is our number one priority. We take great pains to create a healthy and safe working environment. We also adopt a culture of high performance, striving for the best in everything we do. What is more, by supporting numerous projects around the globe, we aim to give a home to those who cannot afford any shelter.

To invest in quality, innovation and safety, we can rely on a strong financial backbone. Moreover, we can look back on more than 100 years of experience: a long history of stable growth in our diversified activities, within a wide geographic reach. In short, we are a solid group with a long and colourful history and a promising future!

worldwide presence with local anchorage

102 companies
in 43 countries



strong manufacturing footprint

21 factories in America

84 factories in Europe

6 factories in Asia

7 factories in Africa

family owned Belgian group

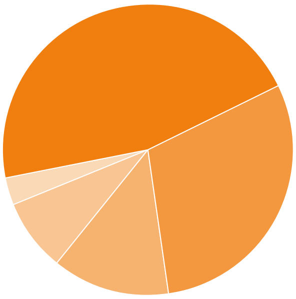
business savvy CEO

Paul Van Oyen

major employer

17,067
employees

diverse portfolio



46% **cladding & building boards**
fibre cement cladding & gypsum building boards

30% **roofing**
slates, concrete tiles, corrugated sheets, clay tiles

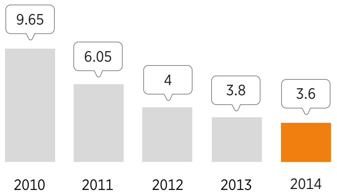
13% **fire protection & insulation**
passive fire protection & high performance insulation

8% **ceramic tiles**
ceramic floor & wall tiles

3% **other**

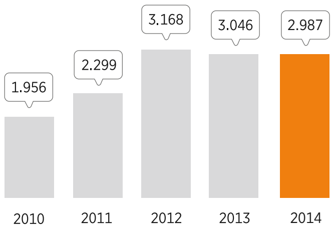
safety is key

frequency rate of accidents



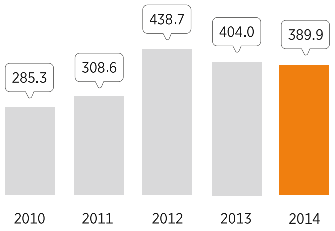
solid revenue

in billion euro



healthy rebitda

in million euro



excellent track record

1905
Foundation of Eternit by Belgian Alphonse Emsens near Brussels.

1937-1950
Geographical expansion.
1937: Europe & Latin America.
1949: Africa.
1950: Asia.

1981
Promat, a German company producing passive fire protection solutions, was acquired.

1993
Ceramic tiles for floor and walls, manufactured in Latin America, became a new business segment.

2011
Etex bought the gypsum activities of Lafarge. This led to the creation of Siniat, producer of plasterboards and compounds.

Cladding & building boards

Cladding and building boards made of fibre cement and gypsum are by far Etex's biggest business segment. Not only is Etex a world-leading provider of building boards for both internal and external building applications, we also offer a wide range of decorative fibre cement cladding boards.

Perfect for external applications, for the façades of both houses and large non-residential buildings: this sums up our cladding boards. Add to that various colours and lightweight yet strong materials, and it is easy to understand why brands like Equitone and Cedral are a favourite among builders and architects alike.

From ceilings to partitions and finishing walls: there are few applications for which our gypsum or fibre cement building boards cannot provide a lightweight and durable alternative. Our prominent brands — like Siniat, Hydropanel, Gyplac and Durlock — offer flexibility as well as a lot of decorative potential to builders and architects across the world.

Roofing

Launched over 100 years ago, our roofing business is where our roots are. In 1905 our very first factory started manufacturing flat fibre cement slates in the Belgian town of Haren.

As one of Europe's market leaders, we provide several types of fibre cement slates, concrete roof tiles and clay roof tiles. Our companies make them in all kinds of colours, shapes and sizes and market them under well known brands such as Eternit and Creaton.

Our fibre cement corrugated sheets are used all over the globe. Mainly for agricultural projects in Europe and also for residential buildings in Africa, Asia and Latin America.

Fire protection & insulation

Worldwide, our Promat brand sets a benchmark for innovative solutions for passive fire protection and high-performance insulation.

Passive fire protection is mainly used for applications in non-residential buildings and constructions such as high-rises, airports and tunnels. When a fire occurs, high temperatures tear away a building's structural materials. Our fire protection solutions safeguard a building's critical structures from extremely high temperatures. That way, they enable the people inside to escape to safety.

High-performance insulation solutions are used when the need for insulation is high, while the space to insulate is very small. They can be found in numerous applications, including fuel cells, solar energy systems, chimneys and storage heaters. Every high-performance insulation solution is designed and engineered in-house and in close collaboration with our customers.

Ceramic tiles

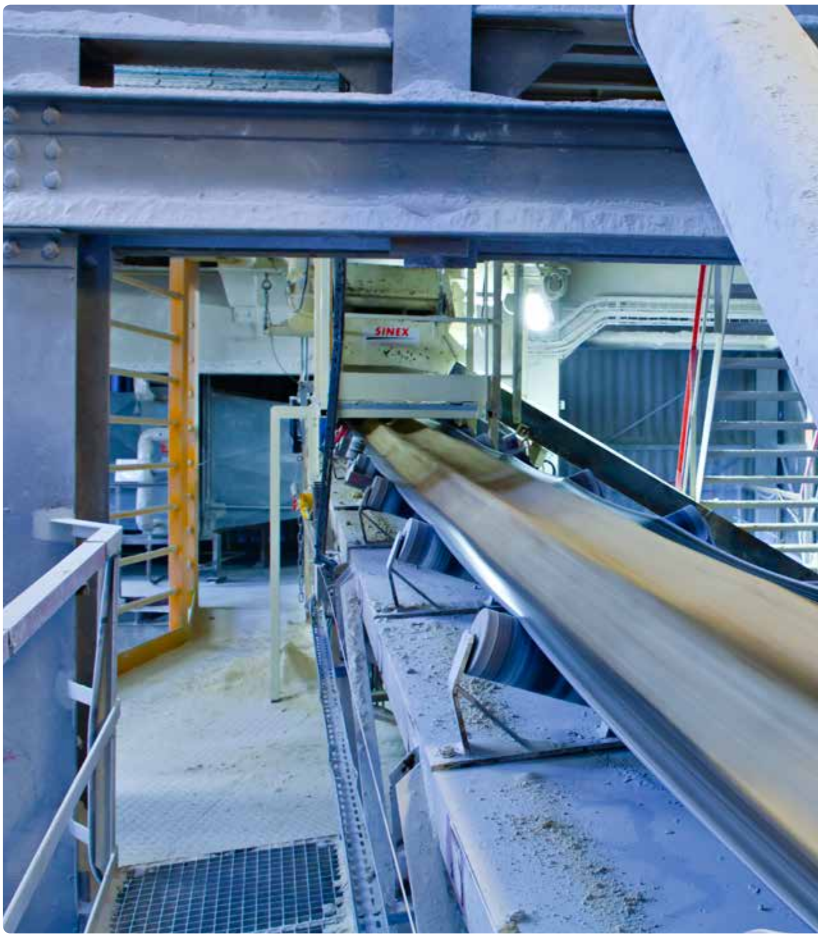
Available in Latin America, Etex's ceramic floor and wall tiles come in a huge variety of models and sizes. Our two brands — San Lorenzo and Cordillera — are well-established names throughout the South American continent.

Our tiles are used both for residential and non-residential projects. After all, they are renowned as pioneering, market-leading and high-quality products. Moreover, our tile offering also sets the trends when it comes to distinctive design.

Production facilities

Besides acquiring Siniat, Etex invested about 600 million euro in its production facilities over the past three years. These investments aimed at expanding and modernising our existing sites and building new production lines and plants.

↓ Skinco Colombit (Manizales, Colombia)



↓ Eternit Gresik (Indonesia)

← Gyplac (Lima, Peru)

↓ Siniat (Ottomarsheim, France)

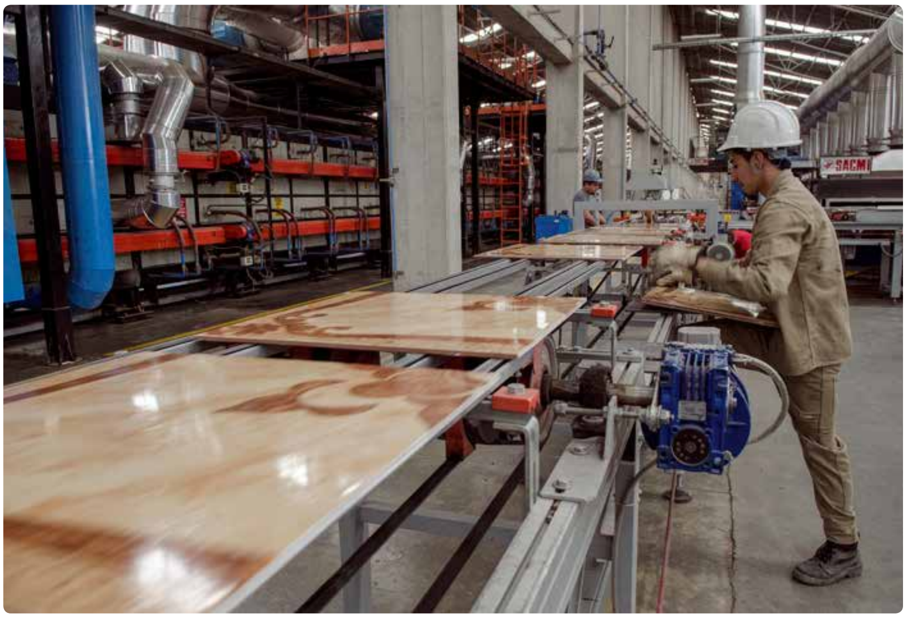
↑ Eternit (Neubeckum, Germany)

← Eternit Gresik (Indonesia)

↓ Siniat (Ottomarsheim, France)

↑ Promat (Sint-Niklaas, Belgium)

↓ Cerámica San Lorenzo (Lima, Peru)



← Eternit (Neubeckum, Germany)

Our companies

A+B (*)

Bracknell Roofing Company

Ciments Renforcés Industries

Comais (*)

Comptoir du Bâtiment

Cordillera

Creaton

Durlock

EBM Co. s.r.o.

Edilit

Emenite

Eternit

Eternit Asia Panels

Eternit Flachdach (**)

Eternit Gresik

Euronit

Euro Panels

Fibrocementos Pudahuel

Fibrolith Dämmstoffe

Giwarite

* Will be renamed Promat in 2015.

** No longer part of Etex since 31 March 2015

Gyplac

GYPSUM
DRYWALL

Gypsum Drywall

Ivarsson

Marley

MarleyEternit

Marley Eternit

MICROTHERM

Microtherm

Nidaplast

Nigerite

PBN

Pizzareño

Princesa

Promat

Romeral

SAN LORENZO

San Lorenzo

SEA

Siniat

Skinco
Colombit

Skinco Colombit

Tegral

TEJAS DE CHENA

Tejas de Chena

UMBELINO
MONTEIRO

Umbelino Monteiro

ACTIVITY REPORT

2 Building on from a strong foundation

2.1 Cladding & building boards
2.2 Roofing
2.3 Fire protection & insulation
2.4 Ceramic tiles

2.1

Cladding & building boards

By far Etex's biggest business segment, cladding and building boards made of fibre cement and gypsum managed to put up an overall moderate to fairly positive performance in 2014 — posting varying results around the globe.

Not only is Etex a world-leading provider of building boards for both internal and external building applications, we also offer a wide range of decorative fibre cement cladding boards.

In Europe, Etex is among the top players in the cladding sector, for large panels as well as sidings. Outside Europe, we are pursuing further growth in various fibre cement markets of Latin America, Africa and Asia Pacific.

A leader in fibre cement

Fibre cement in Europe: challenging but overall rewarding

From size to look and feel: historical habits account for market-specific product requirements across Europe. We constantly renew our broad portfolio to meet our customers' demands. Especially in terms of architectural design and sustainable construction.

Our priorities in Europe
These local differences aside, building methods do not vary greatly from one European country to another. The economic situation in our business territories, on the other hand, influences our cladding and building boards business to a larger extent.

Our fibre cement cladding activities continue to grow globally, posting mixed results depending on the business territory. Our main priority is to boost further growth in this segment. In terms of volume and financial results, we expect both our turnover and bottom line to increase throughout 2015

Highlights of our European markets

In *Belgium*, our cladding activities achieved strong operational results. Cedral Click, our fibre cement product with a tongue-and-groove interlocking, and our architectural façade brand Equitone continue growing.

Also in *France*, our sidings business grew substantially. Our Cedral range was off to a very good start.

Although *Spain*'s gross domestic product (GDP) returned to positive growth, its cladding sector still posted lower sales than in 2013.

We see a different picture in *Poland*, where our cladding business is performing well. This is especially true for Equitone, which posted impressive growth figures in all of Europe. As for Cedral, just like in Ireland, Spain and Norway and Sweden, we have set up a separate sales organisation in Poland. This investment is expected to produce further favourable results.

In *Lithuania* and the other *Baltic states*, our growth in this unique market is mainly driven by renovation. As the European Union is subsidising the reconversion of old buildings, this offers quite some growth opportunities for our fibre cement cladding.

Our business in *Russia* enters a crucial year, after five difficult years. We have put a bigger sales team in place, which resulted in increased sales figures and excellent promotions. However, we remain vigilant with respect to the country's economical and political uncertainty. Russia remains a good market for Cedral. Our upper-range product is an excellent alternative for pvc, metal or wood.

↑ Euronit Spain and Eternit Belgium provided 25,000 m² Equitone Tectiva for the Judicial Police headquarters in Lisbon, Portugal. Architect: Saraiva & Associados.

↓ Our black-coloured Equitone Natura covers the Skisport Gymnasium in Klingenthal (Germany). Architect: m2r-architecture, Spitfire Studios, London / Photographer: Conné van d'Grachten, Ulm, Germany.

Fibre cement outside of Europe

Outside Europe, Etex aims to expand its fibre cement activities in Latin America, Asia — focusing on China, Indonesia and regional Asian exports — and Africa. In all of these regions, people are gradually moving to cities and towns.

This emerging urbanisation triggers and accelerates the local demand for sustainable building materials such as fibre cement, a composite that thrives well in numerous environments and climates.

Staying ahead of the game in Latin America

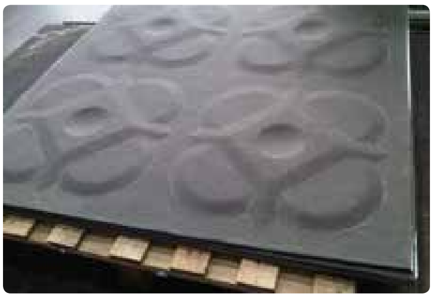
Etex's fibre cement products are in pole position in Latin America. To reinforce this even further, we sharpen our focus on two axes in 2015.

An excellent reputation
On the one hand, flat sheets are used for basic exterior wall applications to construct affordable housing. After all, these products offer both high impact resistance and security.

On the other hand, thin sheets also make up an important market in Peru, Colombia and Chile for housing extensions. There, they are used for interior and exterior applications.

Long term approach
Cladding in Latin-America only represents a minor part of our business. With more high rises being built, it is a small but growing business.

↓ Our Eternit factory in Nigeria impresses with a new series of moulded textured ceilings. This photo features a small sample.



To increase our market share, we are focussing our efforts on the specifying business and design. We join forces with architects, explaining our fibre cement façade products assets. We will continue this long-term approach revolving around our top products, of which Equitone is our number one calling card.

Extending our offer in the African region

In Nigeria, we continued working on our business transformation to stay ahead of the strong competition. We invested in three domains: innovation, distribution and branding.

We developed a new series of hand moulded textured ceiling products in our Eternit Nigeria factory. After a testing phase, production started in the latter half of 2014. So far, the market's response has been positive, while the demand is growing gradually.

In 2014 at our Nigerian plants we rolled out a new autoclave process technology. At its full capacity, the installation will be producing several million square metres of autoclaved fibre cement flat sheets.

In Southern Africa we want to further expand our footprint from South-Africa to the neighbouring countries. In the Magreb and Middle East region, we continue to grow our export business.

Eternit Gresik
ISO 9001-ISO 14001-OHSAS 18001
Eternit Gresik

← (Top) One of our colleagues at our Eternit Gresik factory in Indonesia.

← (Bottom) A stack of wood replacement boards manufactured at our Eternit Gresik factory in Indonesia.

Expanding to grow in the Asia Pacific region

In Asia, cladding and building boards continue to prosper and conquer the market, in China as well as via exports across the region. Most countries are macro-economically sound, with controlled inflation and growth between 5 and 12%. They have a young population and the fundamentals for the markets look good.

Indonesia to its full potential

Our fibre cement products and systems are thriving especially well in Indonesia, one of the most profitable operations of the group. However, in 2014 we encountered a more challenging market.

Although we made strong operational progress in the local currency, the Indonesian rupiah's significant devaluation neutralised this growth in euro. Add to this the Indonesian presidential elections and the quantitative easing policy of central banks around the world, and it becomes clear why uncertainty weighed on the market in 2014.

Nonetheless, the Indonesian market is fundamentally good and of high potential for Etex. We are further growing our market share in a country with increasing urbanisation. By means of a two-pronged approach we are moving up the value chain.

To *deepen our activities*, we are reinforcing our local regional presence and strengthening our Indonesian distribution and sales channels. Not only have we updated our current factory, we are also investing in a new fibre cement facility: a major stepping stone for our Indonesian operations. As of November 2015, this factory in Karawang (near Jakarta) will double our capacity over the next five years, enabling us to expand our radius of action.

To *widen our scope,* we focus on enhancing our product and solutions offering, hence providing more value. Next to mass marketing and distribution via retail networks, which is a tried and trusted marketing strategy for Indonesia and has created a huge brand awareness, we are also more and more focusing on end-to-end solutions rather than products, an approach which has been very successful so far. This has allowed us to enter into the project and specification market, as a diversification for the basic retail segment.

We have also expanded our portfolio by adding more value-added texture products, wood replacement solutions and wet area, or KalsiQua, boards.

Finally, we moved into digital marketing with web and sms blasting direct marketing.

A new strategy in China

We also posted excellent figures in China, where the economy has slowed to single digit growth. Cladding, in particular, albeit still a small market for Etex, has proven to be a success story. Our medium and high-density fibre cement offer clearly enjoys a strong reputation.

Thanks to a renewed commercial and digital marketing strategy, we are also able to enter new market segments, including the high-potential Chinese renovation market.

Meanwhile, our new China-based team already showcased its excellent commercial and networking skills.

↑ The ICE Conference & Congress Centre (Cracow, Poland) was designed by Ingarden & Ewý Architekci. Our Polish Siniat company delivered 70,000 m² of Nida plasterboards for acoustic ceilings, balcony and staircase claddings. The centre officially opened on 16 October 2014. Picture provided by Ingarden & Ewý Architekci.

Zooming in on gypsum

Etex ranks among the top 3 on the European gypsum market and even reaches pole position in Latin-America. At the end of 2011, French building materials concern Lafarge sold its European and South American gypsum assets to Etex, retaining a 20% interest.

As a result of this acquisition, Etex's gypsum activities expanded tremendously, geographically speaking. In February 2014, Etex took over the remaining 20% stake in Siniat. As a consequence, today Siniat is completely owned by Etex.

Gypsum in Europe

Siniat is backed up by long-standing expertise as well as a broad portfolio of internal and external gypsum applications.

Nonetheless, Siniat's European sales volume decreased in 2014. This was mainly due to a challenging pricing environment across the globe and a plasterboard overcapacity in Europe.

We had a tough year in *France*, where Siniat is going through a major restructuring. The French market is still under pressure and a rationalisation of the equipment proved to be necessary.

On the other hand, the *UK* market is clearly recovering. Meanwhile, our results remain stable in all other European countries.

Growing presence in the Balkan area
In Romania we made a start with the building of a new factory for plasterboards. To serve the Balkans market better than ever, we are building a new plasterboard plant in Turceni. This site is strategically located between the region's major capitals, Bucharest (Romania), Sofia (Bulgaria) and Belgrade (Serbia). Production is to be expected in the third quarter of 2015.

The outlook in the short term remains challenging in Europe. In the mid term we will be further integrating Siniat into Etex, bringing commercial synergies to the next level.

Lightweight solutions

After the acquisition of Siniat, Etex disposes of a strong combo: fibre cement cladding and building boards, gypsum boards and high performance insulation.

Based upon that backbone, we will in the coming years strive to expand our activities in the lightweight or dry construction market. This method involves constructing buildings without the use of any wet trades such as concrete or mortar.

← A school housing project for the Enugu State Education Department in Nigeria, which included construction and renovation works. This image shows one of the lightweight constructions that were clad with Etex ceiling and roofing boards. Picture provided by Emenite.

Gypsum in Latin America

In Latin America, plaster products are highly commoditised, making most offerings nearly indistinguishable from one another. Therefore, we are diversifying our portfolio by including powders and ready-mix solutions. Two types of finishing with a different granulation, liked by the customers.

We are also upscaling our customer intimacy. We are promoting new techniques towards installers, contractors and building promotion companies, e.g. on how to cover walls with plasterboards instead of the wet plaster.

Diversified offer
The quality of social housing is improving and we are extending our offer. Customers are demanding more solid walls, and we can offer them different solutions. From one plasterboard over a combination of plasterboards to a very solid combination of our fibre cement and plasterboards.

This enables us to sell our vision with a full dry construction implementation. And it is a closed system as we can offer our customers all parts of the solution.

Joint Compound production in Colombia
In Tocanipá, we have completed the construction of a new low-cost plant for our Ready Mix Joint Compound for plasterboards. As part of a drywall system, joint compound is used to fill the gap between plasterboards.

As a result, our Colombian company Gyplac will be able to produce for local market requirements, offering short lead times and smaller quantitity sales. Similar approaches could be taken in other geographic areas.

Big investments
Etex has several big investment projects running in its Latin American gypsum business.

Our new plasterboard factory in *Peru* will be operational in the second quarter of 2015. The construction of this Gyplac plant started in May 2014. The factory will have a capacity sufficient to satisfy the demand in the local and selected export markets.

In April 2014, we also started constructing a new plasterboard plant in Rio de Janeiro, *Brazil*. Totalling an investment of more than 50 million euro, it will mainly serve the country's southern regions as of the end of 2015.

← In Tocanipá, a village near Bogotá in Columbia, Etex built a plant to produce Ready Mix Joint Compound for plasterboards.

Zooming in on Equitone and Cedral

In 2014, Etex's façade products registered considerable growth. Our annual turnover for this business grew by double digits. Two of our cladding brands especially — Equitone and Cedral — made some exciting new strides throughout the year.

↑ A new house in France was cladded with our Cedral fibre cement cladding boards. Architect: Michel Malbec (Eternit France). Picture provided by Eternit France.

Reshaping Cedral

CEDRAL

A collection of convenient and visually appealing cladding products, our Cedral brand is mainly destined for the private housing sector in Europe. In 2014, it managed to generate 20% sales growth across France, the UK, the Benelux, Scandinavia, Germany and other markets on the continent.

Brand-new corporate identity

Based on international market research involving 900 home owners and more than 40 distributors, a new European visual identity was developed for Cedral in 2014. This was done through close-knit collaboration between a European team of façade marketing managers and leading Cedral sales companies.

The aim of Cedral's new corporate image is to give our range of residential façade materials a consistent and — most of all — distinctive look and feel, and to communicate its key benefits more clearly. The now simple yet modern Cedral brand logo captures the essence of Cedral façade planks. It calls to mind timeless, sleek beauty, combined with easy and smooth installation and maintenance.

Cedral Click around the world

Created by Eternit Belgium, Cedral Click is the first fibre cement product with a tongue-and-groove interlocking. The quick and easy installation makes it ideal for projects with a tight schedule. Inspired by its success on the Belgian and French market, we decided to launch it across Europe.

Wherever we introduce this modern-style product, it quickly grows to make up a significant share of Cedral's sales volume. It appeals especially to home owners favouring a more modern style. To capitalise on this success even more, we have decided to start developing joint international marketing tools for all our European markets.

Consolidating ambitious plans for Equitone

In 2014, we opened new offices in Latin America, Asia and the US for our worldwide architectural cladding brand: Equitone. In the course of 2014, we continued to gain market share in architectural façades with our exciting range of fibre cement materials.

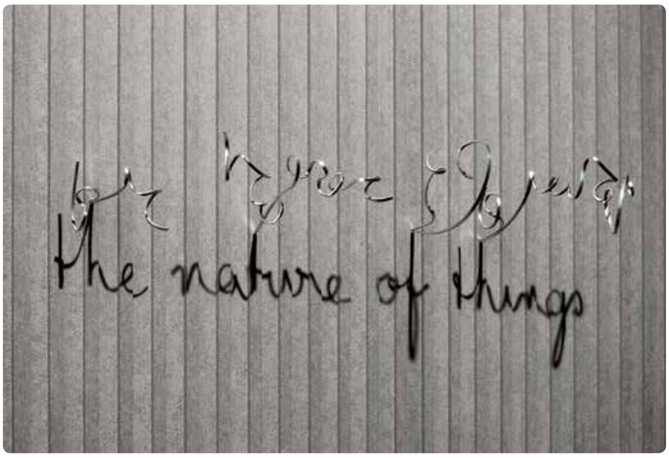
One-of-a-kind product launch

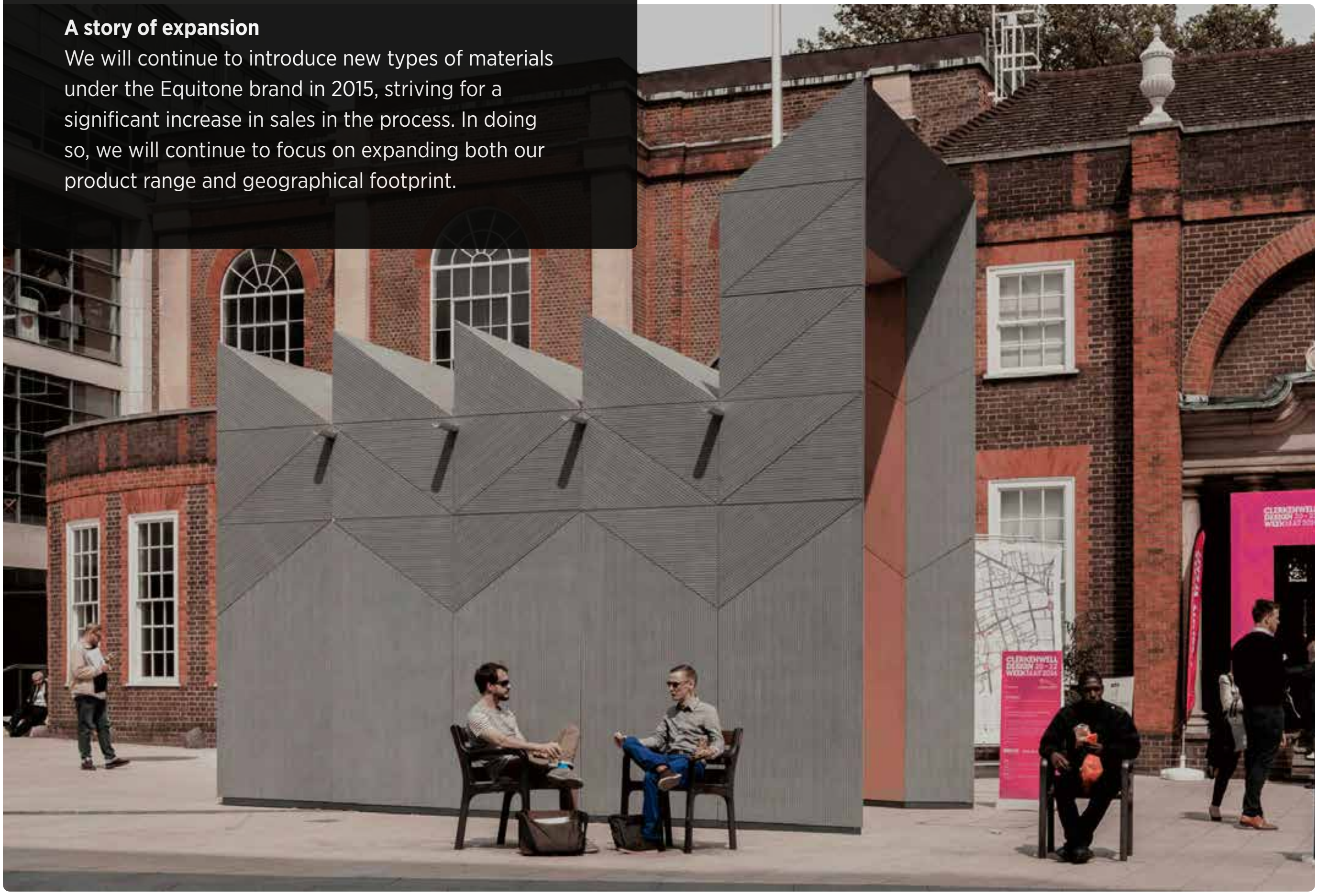
This growth was in part the result of a successful product launch in all our markets: Equitone linea. It was developed by an international cross-functional project team. The eye-catching 3D façade material was truly created by and for design architects.

All our companies joined forces to launch a product through one global campaign, including direct mailing and digital marketing. Equitone linea caught the attention of the international architectural community, including at the World Architecture Festival in Singapore and the Clerkenwell Design Week 2014 in London. Last but not least, our façade material was also used to build the very first 3D-printed house: the WikiHouse 4.0 in London.

A story of expansion

We will continue to introduce new types of materials under the Equitone brand in 2015, striving for a significant increase in sales in the process. In doing so, we will continue to focus on expanding both our product range and geographical footprint.





↑ By launching Linea, Equitone takes its leadership position in architectural façade materials to the next level. More than 60 design architects, from seven different countries, developed the product's unique high-end features. At the Clerkenwell Design 2014 in London, all eyes were on Equitone Linea. Picture provided by Equitone.

EQUITONE
Fibre cement facade materials

2.2

Roofing

Europe's market conditions had a considerable influence on our roofing business. Meanwhile, the African and Latin American markets did not live up to our expectations. Grasping the nettle, we have taken all necessary measures to tackle this situation.

↑ A low pitched barn conversion in Easingwold, North Yorkshire used Melodie clay pantiles in Natural Red to create a stunning guest suite complete with bedroom, ensuite, lounge and kitchen. Architect: Lawrence Hannah. Picture provided by Marley Eternit.

↑ Domino clay tiles from Eternit Belgium were used for this house in Erpent. Photographer: Marcel Van Coile, Zemst, Belgium.

← Blue black fibre cement slates from Eternit Germany are used for this family home in Dieburg, Germany. Architect: Stephan Kollmann, Dieburg. Photographer: Conné van d'Grachten, Ulm, Germany.

Etex's roots in roofing stretch as far back as 1905, the year when our very first factory started manufacturing flat fibre cement slates in the Belgian town of Haren. Today, we offer a wide variety of roofing elements, both small (such as fibre cement slates, and clay and concrete tiles) and large (primarily corrugated sheets).

Our priorities for Europe

On the European market, Etex has by far the widest range of small roofing materials, used for both residential and non-residential applications. As one of the continent's top industry players, we intend to further support and magnify our strong market position. How? By reaping the fruits of the best manufacturing technology and processes and by introducing new and optimised products.

Results in line with Europe's market conditions

Market conditions in Europe — which depend greatly on the continent's economic situation — have a considerable impact on the roofing business.

The Scandinavian market for fibre cement corrugated sheets—*Denmark*, *Sweden* and *Norway*—has dropped compared to 2013.

→ Marley Eternit's fibre cement open protected ridges were used to create an effective ventilation system in the bull accommodation unit of this Knocknagael national bull stud farm in Inverness, England, by ensuring a constant outflow of stale, moist air. The width of the air gap created by the open ridge was specifically designed for the number of bulls and size of the building. Contractor: Robinsons Scotland Ltd / Client: Knocknagael Farm. Picture provided by Marley Eternit.

In *Belgium*, the market has not fluctuated greatly since the beginning of the financial crisis in 2008. The new-build construction business somewhat slowed down, but that was compensated by the renovation market. At the same time, we continue to witness the slowly growing popularity of flat roofs.

In the *Netherlands*, the construction market again dropped significantly. The outlook for 2015 is slightly better, though. We further developed Eterclean, our service for asbestos removal coordination, as the government is now stimulating its removal and replacement in buildings.

Overall, *Germany* posted good results. Nonetheless, we have noticed that multi-family housing is becoming increasingly popular, leading to a drop in pitched roof construction and tiles sales. Since the summer 2014, the market for Creaton has somewhat shrunk and the very good start of the year could not compensate for that. Thanks to continued investments in our Eternit factories we had better margins than in 2013. We are now further streamlining our organisation and investing in concrete tiles with an improved quality.

The start-up of our new factory for clay tiles in *Poland* initially experienced teething troubles. The scrap rates were too high, which meant that there were too many failed assemblies. In the meantime, we have reached the targeted quality level. This positively impacted our bottom line. Also, our capacity utilisation rose further and is expected to reach its full potential in 2016-17.

The markets in *Portugal* and *Spain* seem to have stabilised. While we do not notice a major recovery, the countries' GDPs are on the rise. This could indicate future growth. In Spain our new route-to-market with DIY products started paying off. In Portugal, we increased our savings by creating synergies with Spain. Also, our share of revenue for export outside of Europe managed to grow.

In *France*, our slates sales dropped somewhat in relation to the residential market for new builds. In contrast, our corrugated sheets business did benefit from the fact that agricultural buildings now need to be adapted in line with European legislation. Especially since the French government subsidises the reconversion of older buildings.

In *Italy*, we established Creaton Italy. This not only allows us to optimise and extend our offering; we will also be able to supply our full range of clay tiles to the market, along with fibre cement cladding.

The *UK* market continued to recover in 2014. The annual number of new builds has grown from 100,000 to 160,000, which is good news for Marley Eternit. In 2013, we closed our factory in Widnes and transferred production to Ireland, while we thoroughly restructured our business in *Ireland*. As a result, our sales figures for fibre cement slates have improved and our Athy factory now operates at full capacity.

↑ Fibre cement slates on the facade to give this building a sleek modern touch. Architect: Bär, Stadelmann, Stöcker Architekten BDA, Nürnberg. Photographer: Conné van d'Grachten.

In the *Baltics*, our corrugated sheets posted growing sales results. It is the single region in our European business where these sheets are still widely used for residential buildings.

In the years to come, innovation will be one of our main priorities in Europe. We will, for one, add new product attributes to our tiles and develop a new market approach for roof accessories and systems.

Large roofing elements around the globe

In Europe, large roofing elements are mainly used in the agricultural sector. In this field, they are renowned as quality material with excellent vapour-permeable and corrosion-resistant properties.

In many countries across Asia, Latin America and Africa, Etex is strongly positioned on the market. There, fibre cement corrugated sheets continue to be used in residential buildings, showcasing their top-notch quality, durability and thermal behaviour in tropical and coastal areas.

Our main goal in these emerging nations? To continue to invest in our operations and add value to the existing product line by focussing on decorative features and innovative formats.

New products in Nigeria
Emenite, Nigerite and Eternit, our three companies in Nigeria, operate in important yet challenging market conditions. A new player in the market and substitution products gave rise to tough competition. This impacted on our volume results and prices.

We commercialise new products and applications, optimise our industrial footprint and production technologies, strengthen our local distribution network, and reinforce our branding strategy to transform our business in Nigeria to suit changing market conditions.

Growing faster than the market in South Africa
Despite the uncertain economic and social situation, our business delivered an excellent performance in South Africa. To name just two disruptive factors for 2014: the country not only held national and provincial elections, its currency faced a 40% devaluation.

Nonetheless, our four Marley factories exceeded their respective market forecasts and expanded their accessory offering, thus gaining market share. Throughout 2014, we also increased our trading volumes for imported fibre cement. Initiated back in 2013, this business is now flourishing.

Preparing for the future in Latin America

Roofing only represents a small part of our sales in Chile and a more substantial part of our activities in Colombia and Peru. To streamline our activities in these markets, we will further automate the production process of our tile-locking corrugated sheets. These represent a good alternative to clay tiles, imitating their look and feel.

What is more, we will also continue to expand our portfolio of painted corrugated sheets. For these colourful products, the aesthetic aspect remains an important buying factor.

New trends, new products
Across Europe, we see a growing demand for flatter roof tiles. Our German clay tile brand Domino, for instance, is now also doing very well in Poland. It is being produced in a somewhat different format in line with Polish customers' wishes.

The same goes for our Mediterranean tile portfolio: in Southern Europe, we are expanding our offer with the launch of Etrusko, for example.

↑ Etex introduced Maxima and Melodie in the UK. These new interlocking clay tiles were extensively tested in wind-driven rain conditions.

↑ Domino is a sleek ceramic tile. In between the tiles Solesia solar panels can perfectly be integrated.

↓ Skinco provided its Teja Superonda for 94 appartments in Robledo, Medellín in Colombia. Constructor: Acierto inmobiliario. Picture provided by Skinco.

2.3

Fire protection & insulation

Promat achieved stable results in 2014, despite challenging market conditions. Meanwhile, we are bound to reap the benefits of considerable investments in our infrastructure in Belgium, the United States and Japan.

In the fast-growing business of passive fire protection and high-performance insulation, Etex's brand Promat has become a major reference. Our cutting-edge systems and solutions effectively protect buildings and industrial applications from fire and extreme temperatures.

With more than 40 years of know-how in customisation and pre-testing, we can meet even the most specific customer needs. To boost Promat's further growth, we set out a strategy with three priorities: geographic expansion, relevant market segmentation and — above all —innovation.

High quality products
Passive fire protection is mainly used for applications in non-residential buildings and constructions such as high-rises, hospitals, school, airports and tunnels. In case of a fire, high temperatures tear away a building's structural materials. Our passive fire protection products, however, make sure a building's or tunnel's structure is preserved longer, enabling the people inside to escape to safety.

High-performance insulation solutions are being used when the need for insulation is huge while the space to insulate is very small. They can be found in numerous applications, including fuel cells, solar energy systems, heat treatments, chimneys, piping and storage heaters. Every HPI solution is designed and engineered in-house and in close collaboration with our customers.

Well-defined segmentation

Our Promat division decided to target specific markets around the globe, further focussing our business on segments where fire protection and insulation products offer a lot of added value and growth potential. In 2014, we continued on this path and the segmentation matured: our segments are well documented and implemented.

Putting innovation to work

As one of our most innovative entities, Promat keeps setting new industry standards and further implementing its successful solution-oriented business model. We further strengthened the new Product Development Department to bolster this effort.

Following a strategy of expansion, Promat aims to focus on specific segments and to leverage Etex's strengths outside Europe. About 2.5% of Promat's turnover is being invested in innovation to that effect. Some of our achievements in 2014:

- Next-generation fireproof coatings and sprays.
- Brand-new technology for thick fire protection boards.
- Enhanced interlayers for insulated glass.
- New high-performance insulated siding techniques, including aerogel blankets, low-density calcium silicate (calsil) and microporous insulation.

Expanding geographically

Promat has *Europe* as its primary market, posting overall positive but varying results depending on the specific country.

While we dealt with a declining market in France, other European markets performed well. In Spain, we managed to generate profitable growth again. Furthermore, Italy's market conditions have stabilised thanks to the renewed worldwide trust in the country's government but the market remains very competitive.

We also delivered major efforts to convert our activities to the newly defined EN testing standards of the European Union.

In *Asia*, Promat reconfirmed its progress and success, not only as regards sales volumes, but also in terms of profitability. Virtually all our businesses — from Korea and Australia, to Hong Kong, Singapore and India — realised growth in 2014.

↑ For this Unilever building in Cali, capital of the Valle del Cauca department in Colombia, Promatect H and Promaseal A were used together with Skinco's Superboard. Design: Ingetec S.A. / Installer: SCL Arquitectura.

↑ One of the major projects for Promat was the new central station in Vienna, Austria. The railway station will have 16 tracks and 15 platforms, and 100 shops and restaurants will be available for passengers. Architects: Zechner & Zechner ZT.

Promat's activities in *Latin America* reap the benefits of Etex's strong reputation and presence in local construction markets. Dedicated Promat centres are active in Etex companies across various countries, including Colombia, Peru, Chile, Brazil and Argentina. What is more, our strong regional teams, though still small, continue to tap into worldwide trends. This will lead to positive prospects for the future.

Skilled people
The niche model that is ours, is quite expensive. People need to have the correct competences and need continuous training. The segments are allowing us to learn to thoroughly know the market and that is starting to pay off.

The fact that a formal Promat Academy is now operational clearly emphasises the importance of competence management and development at Etex.

Not only did we invest in the development of a resilient sales and marketing approach, we also built strong teams with clearly defined focal points. They will address global markets and industries, such as Oil and Gas, Marine, Tunnels, High-Performance Insulation, Building and Ducting, and Nuclear Power Stations. For all these segments, we managed to achieve decent sales figures.

Aligning our organisation and mind-set
Promat continued to streamline our worldwide organisation, fully integrating our different sites. Our goal is to consolidate *a unified industrial base* around the globe, which in turn will further improve our cost structure.

To do so, we carried out important *investments in our industrial infrastructure*. In Japan, for instance, we ploughed 5 million euro into our facility for high-performance insulation, upgrading its machinery and infrastructure. Likewise, our 2.8 million euro investment in a new factory in the United States proved to be very rewarding as well. Also, the transfer of our industrial activities from Glasgow to Tisselt progressed very well in 2014.

In addition, we further *unified Promat's selling approach*. The development of a high-rate CRM tool and comprehensive rebranding are just two examples of how we aimed to achieve this. Promat also installed websites on the group's new web platform containing a digitalised catalogue — our first division to do so. This is not only a great way to increase our interaction with customers, but also provides a sound basis for future digital challenges.

Looking ahead
In the coming years, we aim to further concretise our Promat 2020 project. This thorough business exercise is geared to our strengths and the changing business environment. The goal? To identify and capitalise on important trends, new supply chains and business models, and possible growth areas.

↑ In Japan, our new Promat facility for high-performance insulation officially opened.

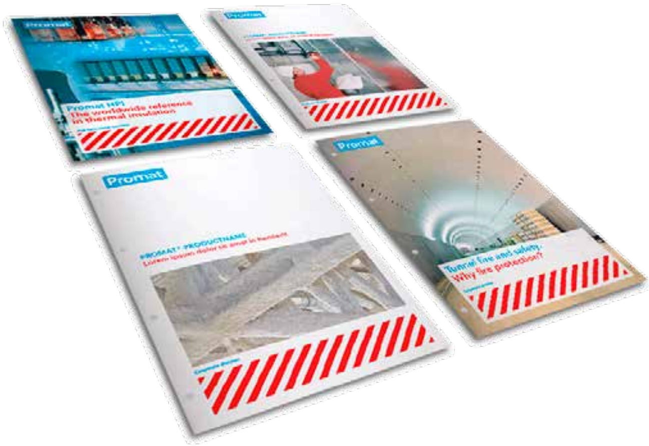
A new look for Promat

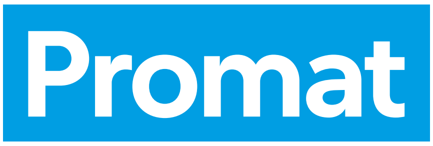
Last year, Promat set out to create a new corporate design, updating it from head to toe. Our goal is two-fold. First, we will further align the new style at all our companies and make sure it is in line with the requirements and possibilities of the digital age. In turn, this will allow us to further differentiate ourselves from our competitors and underscore our core values. These include: innovation, global presence, extended know-how and first-rate products and solutions.

The main design changes:

- A modernised logo — in line with our tradition but adding red stripes as a new element.
- A clearly defined colour palette and a new typography.
- More specific and clearer guidelines on our trademark symbols.

The new corporate design is being implemented since 1 January 2015.


Promat
Promat HPI
The worldwide reference in thermal insulation
Promat
Promat
PROMAT® PRODUCTNAME
Promat
Tunnel fire and safety.
Why fire protection?



2.4

Ceramic tiles

In 2014, every market in Latin America came with its own set of challenges. This was also the case for Etex's ceramic floor and wall tiles: a business that posted mixed results across the continent, yet performed excellently in Colombia. Through pioneering innovation, we managed to maintain our competitive edge.

→ A bathroom decorated with Deco Antique Mix tiles from Cerámico San Lorenzo. Picture provided by San Lorenzo Colombia.

Ever since the early 1990s, Etex has been supplying ceramic floor and wall tiles to the Latin American market. Starting from Chile, we gradually expanded to also cover Argentina and Peru. And more recently, in 2012, we set up a base in Colombia.

Up-to-date production facilities

Up until now, our factory in Colombia had one production line. We opened the second one in 2014. At our Peruvian factory, three production lines manufacture ceramic tiles for the local and Chilean market, where we do not have a production facility. Finally, our 4 factories in Argentina operate six production lines, while a smaller factory in Mexico serves the US market.

Today, the ceramic tile capacity of Etex enables us to secure prime market shares in each of our distribution markets. Etex, backed by our renowned brands Cordillera and San Lorenzo, is perceived by Latin American markets as a premium supplier of quality ceramic floor and wall tiles.

Where trends meet innovation

Ceramic tiles are popular floor and wall covering materials in Latin America. They provide decorative finishes in both residential and non-residential applications.

However, the demand for ceramics fluctuates with the economic situation. To compensate for the downward effects of these cycles, we continue to innovate in line with the latest interior design trends while listening to the aspirations of our (mostly female) customers. To multiply their options, Etex continuously expands its offer of tiles in numerous sizes and designs.

Since all of our ceramic tile companies have upgraded their production lines, we have been able to foster a major breakthrough with digital decoration methods. By offering floor and wall coverings in countless colours and patterns, we tap into an exciting business segment which is conducive to creative design.

Supported by cutting-edge printing technology
True to their innovation culture, the San Lorenzo and Cordillera brands are now using digital inkjet printing technology for their full range of products. The result is an enhanced, flexible portfolio: virtually every flooring or wall design can be recreated with tiles. This enables us to offer even the most distinctive look and feel for a broader range of possible tile sizes.

Other advantages include easier and more cost-effective manufacturing, and the ability to further improve our tiles' natural, authentic look.

↑ The production of San Lorenzo ceramic tiles at our factory in Peru.

An outlook of stability and long-term growth

Firm progression in Colombia
Our investment in a new factory with two production lines in Colombia has proven worthwhile: we generated growth with our San Lorenzo brand in 2014. The ceramics market is not only a dynamic market, it is also quite competitive. Especially, when it comes to our mid- to high-end offering. Our positive corporate image — based on high quality, innovation and reliable supply services — is definitely one of the main reasons behind our excellent progress.

In order to ensure future growth, we will continue to develop new products in different sizes. Moreover, our recent agreement with a very prominent wholesaler in the Colombian market will enable us to expand deep into every single town and village of Colombia.

Stable growth in Peru
In Peru, economic and political uncertainty held a firm grip on the market. Innovation proved to be the best way to accelerate our growth.

Since the raw materials to produce porcelain tiles are rare in Peru, we focused on further enhancing the quality of our red body tiles. Just like their porcelain counterparts, these tiles are non-porous — an innovative and affordable addition to our portfolio.

Consolidating our presence in Chile
From Peru, we import our top-of-mind Cordillera brand to Chile, where uncertainty was the main watchword in politics and the economy. This put further strain on the construction and renovation market.

Even so, by emphasising our presence in local distribution chains, we will leverage the growth potential of a gradually emerging middle class in Chile.

Complex environment in Argentina
Etex operates six production lines for ceramic tiles in Argentina. 2014 was a year of sharp contrasts in this country. The initial purchase hype caused by the devaluation at the beginning of the year was followed by a deepening recession, affecting the company´s activities and profits. The main reasons for this are the country's structural economic imbalances and unclear political future, causing a 40% inflation rate.

To tackle these issues, we focus on reaching a more cost-effective production: through the complete refurbishment of our factory in San Juan, for instance. Moreover, we will continue to leverage the strengths of our San Lorenzo brand.

Looking ahead
In the years to come, we expect our Latin American business to do well. In the long term, there is a promising prospect of growing gross domestic products (GDP) across the whole continent, pushing renovation projects. In addition, the growing middle class will be allocating more of their financial resources into new housing.

ENVIRONMENTAL REPORT

3

Protecting our planet

3.1

Protecting our planet

As a leader in sustainable building solutions, limiting our impact on the planet is important for Etex. In 2014, we stayed true to our two-pronged strategy: minimising our use of energy and natural resources by manufacturing more efficiently, and helping our customers reduce their carbon footprint through our products and solutions.

Building technology plays a critical role in addressing global climate challenges. That is why we incorporate environmental considerations into every aspect of our business: our affordable and sustainable products allow customers to create spaces that are both comfortable and energy efficient, while our sites are geared towards the reduction of our own environmental impact.

Energy consumption and CO_2 emissions

Many of our processes require heating to guarantee the final product quality. This makes reducing our energy consumption a complex and ongoing challenge. Nevertheless, lowering our carbon footprint is an important part of our environmental efforts. Of course, striving to reduce energy consumption is inextricably linked with business objectives, such as reducing production costs and safeguarding our competitive position by using less energy.

Our manufacturing and engineering departments continue to focus on initiatives such as cogeneration to enable further progress.

The attached charts show the percentages of energy used from different sources. In 2014, we used 2% more energy than the year before.

The consumption of energy per tonne of material produced increased by over 2%, reaching 671 kWh. Meanwhile, CO_2 emissions per tonne produced rose from 113 to 114.

More energy, less waste: how we recover and reuse heat

Our Neubeckum factory offers a striking example of how process optimisation and sustainability can be two sides of the same coin. In our manufacturing process, steam is used to dry our façade boards and fibre boards, while heat is needed for the production of concrete tiles and fibre cement. In the past, the Neubeckum plant bought conventional electricity for heating and used oil-fired boilers to produce steam.

Now, the factory takes the lead in cogeneration — the simultaneous production of electricity and useful heat.

→ At our Eternit factory in Neubeckum (Germany), a cogeneration unit delivers half of the electricity we need. Photographer: Jef Boes, Ghent, Belgium.

It produces its own energy with an engine running on gas, which is not only cheaper but also eco-friendlier than oil. The heat this engine creates as a by-product is not wasted, but captured and harnessed by a heat recovery boiler.

This waste heat is transformed into steam or used in the hot water system on our concrete tiles and fibre cement production lines. Since we are in full control of the process, the system is only active during production. The results are clear: today, half of all the electricity required in the factory is delivered by the cogeneration unit at half the price.

Siniat leads the way in biomass energy
On its path towards clean and sustainable energy, Siniat has reached an agreement with Cofely Services to design and operate a biomass boiler in the Rantigny plant for a period of 15 years. The 3 MW boiler will be powered by flax clay, a renewable and locally grown fibre crop.

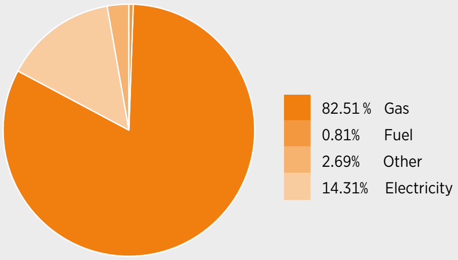
The system is expected to cover 80% of the Siniat factory steam requirements and will integrate the operation and optimisation of the existing 4.5 MW gas boiler. This optimal energy mix will have kept 3,000 tonnes of CO_2 out of the atmosphere by January 2016. Yet another example of Etex's dual strategy: reducing our environmental footprint with innovative technologies, while controlling production costs and maintaining our competitiveness.

Dry construction helps customers reduce their carbon footprint
While working hard to reduce the energy consumption of our own operations, we can also contribute to the fight against climate change by helping our customers reduce their carbon emissions.

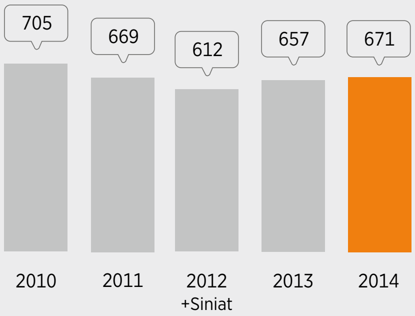
We continuously improve all our products with a growing focus on lightweight or dry construction. Etex offers a unique range of gypsum boards, fibre cement boards and fire protection solutions. Dry construction helps minimise CO_2 emissions and increases a building's energy efficiency.

Moreover, dry construction buildings are easier to renovate: the various components, studs, accessories and boards can be easily dismantled and recycled or recovered.

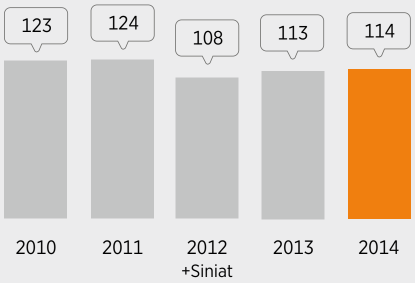
Direct energy consumption



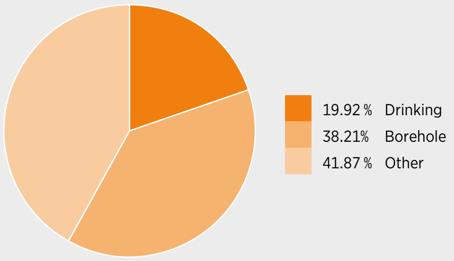
Energy consumed per tonne of raw material (in kWh)



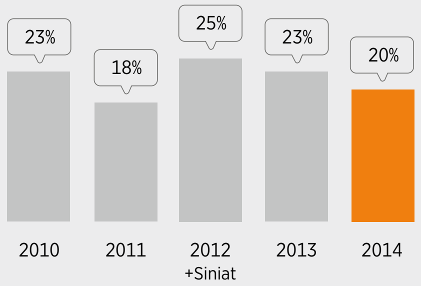
CO_2 emission per tonne produced (in kg)



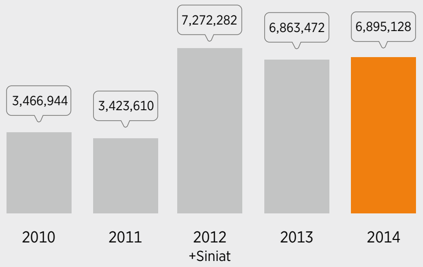
Water consumption by source



Percentage of drinking water in relation to total water consumption



Total water consumption (in m³)



Water management

Water is a critical resource for ecosystems, local communities and our businesses. With rising concerns about scarcity and unreliable water quality in densely populated areas, Etex aims to minimise the use of water in its industrial applications.

Within our group, the amount of water consumed differs widely from one site to the next. While we strive to diminish water consumption, every factory decides for itself which steps it takes, depending on the local context, the types of products it manufactures and its specific production processes. Our first target is to eliminate the use of drinking water for production purposes.

Our water consumption: key figures
As a result of fully incorporating the Siniat factories in 2012, our water consumption increased dramatically. The graphs show the evolution of our total water consumption in m³ and the percentage of water consumption by source. Included is the percentage of drinking water in the total water consumption.

In 2014, we used 6,895,128 m³ water, a slight increase compared to the year before. Across the entire group, the share of drinking water consumption decreased from 23.1% to 19.9%.

Finally, water consumption in m³ per tonne of raw material remained stable at 0.71.

Responsible water sourcing
In Argentina, Durlock is taking another plunge in increasing its water efficiency. The company is investing 140,000 euro to reduce the use of drinking water to only 30%. Moreover, 50% of its water for industrial purposes will come via the new Río Colorado Aqueduct. This reduces the number of trucks for water transport from 2,214 to 840 per year.

Production waste

Avoiding waste in production is a crucial part of our effort to reduce the use of natural resources. Wherever possible, we recycle waste as quickly as possible, preferably within our own processes and otherwise externally.

Etex sets itself an ambitious goal: by 2020, we intend to eliminate production waste completely. As a milestone towards that goal, we aim to reduce the amount of production waste we discard by 50 per cent by 2015, compared to 2009.

Several plants — such as our fibre cement factories in Europe — have already achieved the lion's share of this goal, which makes us confident we will reach our 2020 target.

In 2014, the production waste dumped per tonne of raw materials for all our companies stabilised at the 2013 level, i.e. at 0.76 per cent.

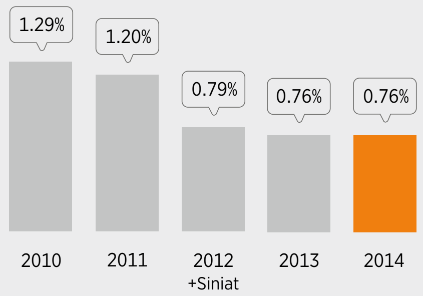
Sustainable quarries in Cyprus
In the Republic of North Cyprus, our company Asmad Alci proved to be the bee's knees for sustainable quarry management. By planting trees and helping a local honey producer to place beehives on our quarry lands, we support the local traditional economy.

We plan to hand out numerous honey jars to local organisations, who can sell them to raise money for their charity causes. These jars will carry the company's motto as a label: We erase our footprints in the quarries. We plant trees and we keep bees.

0%

production waste by 2020

Production waste dumped per tonne of raw materials



GypsumToGypsum keeps housing in the loop

Siniat and 15 industry partners kicked off Gypsum-to-Gypsum (GtoG) in 2013. This EU-funded project sets out to increase plasterboard and gypsum recycling after a building is deconstructed.

The aim is to create a sustainable closed-loop recycling process. To date, we have focused on proving that gypsum waste can be easily separated, processed and incorporated back into the plasterboard manufacturing process. The next step? To design a deconstruction process to achieve this. And to prove that reusing gypsum is viable, we are carrying out tests at five manufacturing sites across the UK, France, Belgium and Germany.

70% recycled building waste by 2020
Siniat is committed to this goal, by minimising the amount of plasterboard and gypsum that is not re-used after a building, renovation or demolition project. That is why three of its sites — Auneuil, Carpentras and Saint-Loubès — installed the necessary equipment to recycle plaster and gypsum. A fourth location in the East of France, operated by an independent partner, ensures a good coverage of the entire country.

The road ahead

In 2014, Etex spent 19,019,753 euro on environmental initiatives. A sum that is significantly higher than the years before. The fact that reporting happens in a more complete and detailed way accounts for this figure. In order to improve our environmental approach, we must incur costs and make further investments. Given the size and the complexity of the group, our global CSR strategy is mainly driven by local initiatives and innovations. In the coming years, our challenge is to further streamline these efforts within a clear and ambitious framework.

SOCIAL REPORT

4 Empowering our people

4.1 Human resources

4.2 Health & safety

4.3 Carefully managing our asbestos past

4.4 Community relations

4.1

Human Resources

Etex looks for, finds and develops top talent. We give ambitious employees many opportunities to further their careers. This is how we build a culture of high performance in every fibre of our group.

→ A colleague from our San Lorenzo factory in Colombia.

Whilst individual companies develop their HR policy at local level, in recent years the group has been working on an aligned approach. This continues to be rolled out across our divisions and companies.

Our governance model defines HR roles for the group level, our divisions and our companies. That way, we manage the two main pillars of our HR approach in a structured way: integrated talent management and organisational effectiveness. Their common denominator is the great importance Etex attaches to expertise.

Integrated talent management

At Etex, we create a mobility environment in which employees can move on to new positions and grow at national and international level. This dynamic internal mobility allows us to further capitalise on the expertise and talent built up internally.

Senior leadership management
Last year, a third of our top managers changed roles within the group, enabling them to acquire experience in a different segment, region or domain.

This is a telling result of a continuous staff flow. Looking across borders, we make sure the most qualified people — whether expatriates or not — are assigned to the strategically crucial functions.

Developing talent
Etex wants to fully encourage and facilitate the nurturing and development of talent. After all, this will benefit our employees and the organisation as a whole.

As part of succession planning, we actively look for prospective management members internally. We offer a 'fast track' to a selected number of highly performing managers within the group by exposing them to challenging environments.

In 2014 a fourth internal MBA session was completed. This enabled 27 high potentials to follow a Vlerick MBA programme in-house. Over the past four years, about 100 employees have already seized this opportunity: 90 men and 15 women. In addition, several individual management programmes were offered.

Talent management goes digital
Two years ago, we launched a digital HR platform. In 2014, we continued to develop this digital approach for both performance and talent management. About 5,000 Etex employees are currently registered on the platform.

Among other things, this allows improved, automated and aligned performance reviews for our employees throughout the entire group. Whilst a constructive dialogue between manager and direct report remains the hart of the performance review, more than 1,400 employees can now support their performance reviews digitally.

Focus on sales excellence in 2015
In 2014 a Sales Excellence Programme was launched, focussing on the improvement of the sales processes. It triggered coaching and training programmes for the sales force that are being implemented in 2015.

We will use Talent2Grow — our innovative and secure e-learning platform — to enhance our sales excellence, guiding sales colleagues and reinforcing their capabilities. In addition, it will be available for a larger number of people and cover other topics.

Organisational effectiveness

Last year, we maintained our efforts to improve the efficiency of our organisation. In 2012, we developed the templates of HR Shared Services Centres for payroll and personnel administration. Their implementation is making steady progress. In 2014, for instance, the Shared Service Centre in France became fully operational and our German branch included Siniat.

Appointing HR Business Partners
We appointed HR Business Partners in 2014 for each of our divisions. Expectations of the business in HR matters were discussed and the key roles for these new functions were identified during various workshops and endorsed by the Executive Committee.

The result is a governance model that defines clear HR roles for every organisational level. Talent management will be the main focus and organised at divisional level: as close to our day-to-day business as possible, yet allowing a dynamic approach and an overall view on talent at corporate level.

In 2015, this new structure will prove its operational strength and generate greater impetus.

↓ A colleague at work in our Skinco Colombit company in Colombia.

Kalsi
Kalsi

→ Two colleagues from our Eternit Gresik factory in Indonesia.

17,076 employees

55

nationalities

within the white collar population

95%

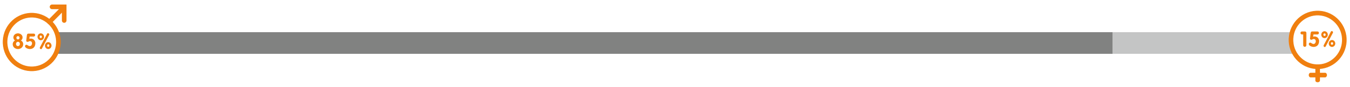
permanent employment contracts

5%

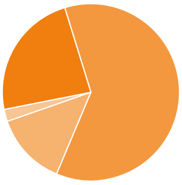
temporary or interim contracts

13,840

of our employees are covered by collective bargaining agreements

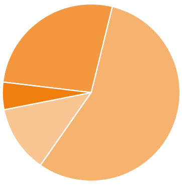


America



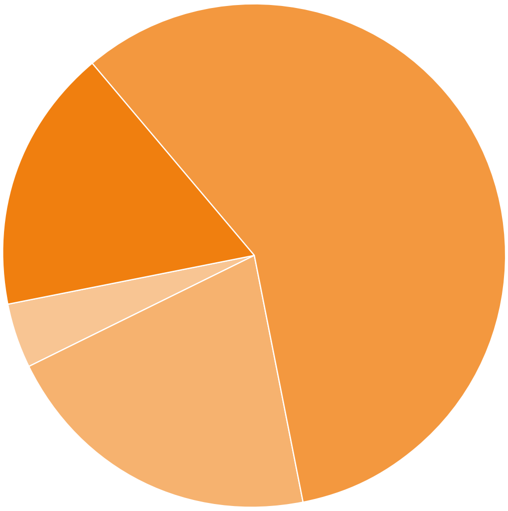
23%	< 30 years	13%	50-59 years
60%	30-49 years	2%	> 60 years

Europe



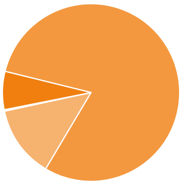
5%	< 30 years	56%	50-59 years
27%	30-49 years	12%	> 60 years

employees by age in 2014 global



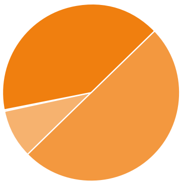
17%	58%	21%	4%
< 30 years	30-49 years	50-59 years	> 60 years

Africa



7%	< 30 years	13%	50-59 years
80%	30-49 years	0,2%	> 60 years

Asia & Oceania



41%	< 30 years	9%	50-59 years
50%	30-49 years	0,1%	> 60 years

20 h. **training** hours / year

40%

white collar

60%

blue collar

16 h. **training** hours / year

14%

employee turnover

includes retirements, the end of temporary contracts, dismissals and resignations

no incidents of child labour or discrimination were reported

2.9%

overall absenteeism

the overall absenteeism rate was 3.4% for blue collars and 2.2% for white collars in 2014

4.2

Health & safety

'Safety is key' remained Etex's main commitment to our employees throughout 2014. To attain our ultimate goal of zero accidents, we continued to share both knowledge and best practices, while further defining and carrying out our safety and health strategy.

In 2007, Etex drew up a transparent zero-accident policy. We have been taking definite action, setting clear safety and health objectives, and defining standards to become completely incident-free ever since.

Despite our efforts, we sadly regret the work-related deaths of four of our employees in 2014: two of our people lost their lives in a motorcycle accident on their way to work. We also lost two colleagues because of two fatal accidents at our plants in Goor (the Netherlands) and Autenried (Germany). To prevent such tragic events and increase our focus on health and safety even more, we took several new initiatives.

The Etex EHS Council

In 2014, Etex established a council for the environment, health and safety.

Our EHS Council pools together the expertise of Engineers, Operational Directors and colleagues from our HR and EHS departments.

Coming together regularly, they will:

- further develop Etex's unified and well-structured vision, approach and policies on safety and health
- pinpoint key issues and standardise safety standards and procedures
- evaluate our EHS achievements and performance.

On the road to zero accidents

In 2014, our gravity rate went slightly up to 0.17 while we managed to lower the frequency rate of work-related incidents to 3.4 accidents per one million worked hours. An important step towards our zero-accident objective. Around the globe, 69% of our factories were completely incident-free last year.

To prevent accidents from happening altogether, we focus on safety in three specific domains: technical aspects, procedures and behaviour. In that way, we aim to lower our frequency rate to a maximum of 3 in 2015.

Technical aspects
In 2014, all our plants continued to install energy isolation systems on machines with moving parts. These ensure that machines do not power on by themselves unexpectedly. Especially during maintenance or reparation works, such an event would cause serious injury.

Standard procedures
Across our factories, we are gradually implementing global standards for a range of safety matters, such as:

- When and where to wear *personal protective equipment*, ranging from helmets and safety goggles to earmuffs and high-visibility jackets. These guidelines were based on risk analyses.
- *LoToTo* procedures (Lock Out, Tag Out, Try Out) to eliminate risks linked to the mechanical, electrical, hydraulic or pneumatic parts of machines.
- Preventive measures and standards for *working at height* — from issuing specific permits to scissors lifts, interlocked outriggers and harnesses.

↑ Safety is our key priority. Our factories in Germany (Eternit, Neubeckum), Indonesia (Eternit Gresik) and Colombia (Skinco), for example, deliver great results.

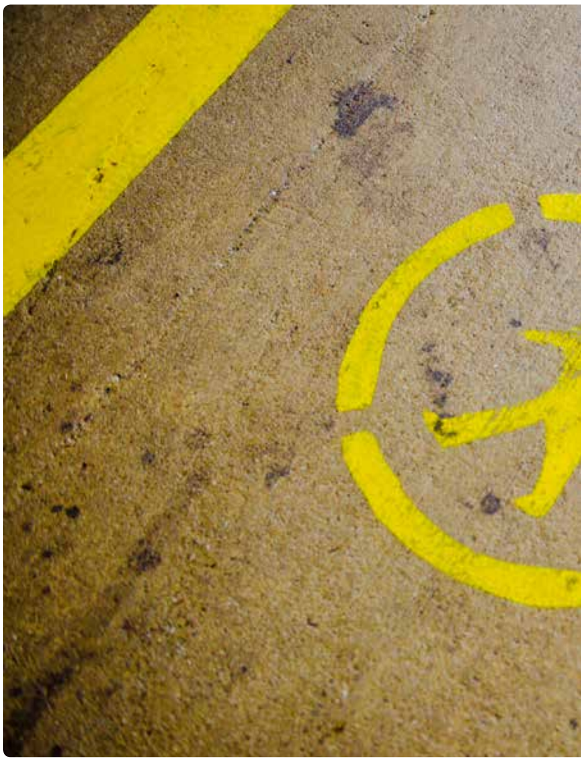
Safety excellence in the spotlight

- In 2014, Etex's Siniat factory in Ukraine reached 4 years of zero accidents. How? By providing workshops and training sessions, organising daily internal safety audits and toolbox talks, following up all near-misses and setting up a Monthly Safety Committee.

- Our Polish plant in Konin yielded 2,800 days — or nearly 8 years — without any lost-time accidents. Regular training sessions, awareness sessions, clear-cut procedures and Quarterly Safety Committees contributed to this success.

- Our factory in Rennes, France, reached 2 years without any incidents. Not only thanks to its clear reporting processes for near-misses, but also by performing safety-oriented maintenance work and new machinery investments.

- In Brazil, Etex's Araripina factory celebrated 9 years without a single accident. The site was able to reach this milestone by mobilising all of its teams around health and safety topics, and applauding safety contributions appropriately.

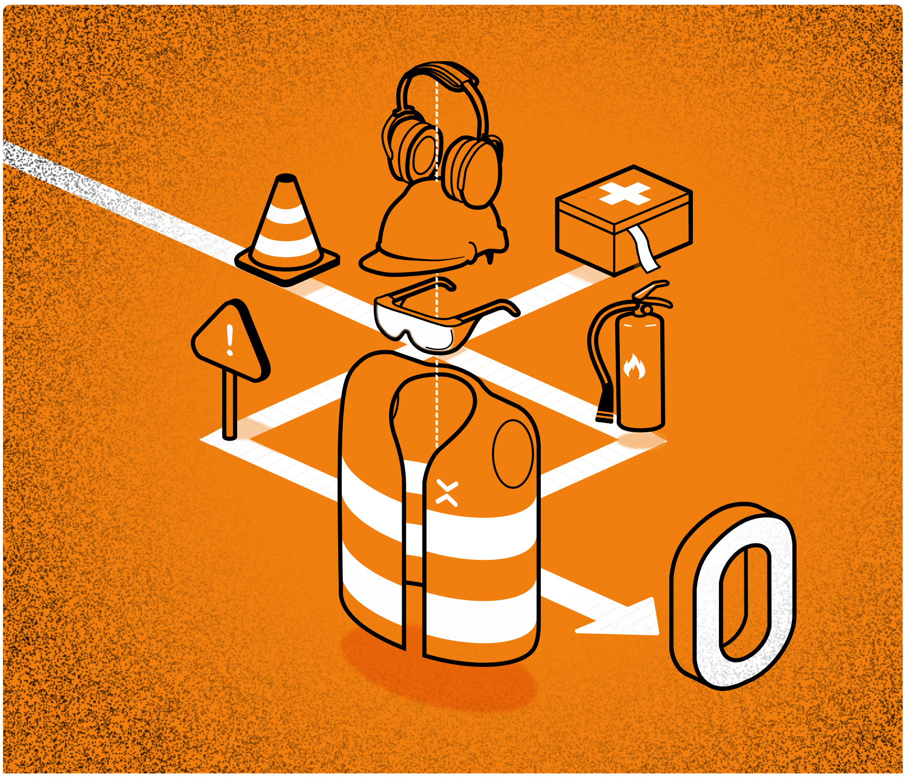


69%
companies without accidents

- In the German town of Grossengottern, our Creaton plant reached five years with zero accidents. A lot of things contributed to the success: continuous briefings and training sessions, initiatives to increase safety awareness, the separation of driving and walking areas, and a strong focus on tidiness and order.

- Etex's British Carlton factory spared no effort to keep its employees safe, celebrating 1,500 days without accidents. Besides training sessions on how to manage and assess potential hazardous situations, there was a strong focus on the reporting of accidents and near-misses. Health and safety topics are also discussed at monthly and weekly meetings.

- In Meldreth (UK), our Marley Eternit factory organises regular EHS trainings and toolbox talks. Also, the site constantly invests in safety and awareness programmes. The result? Last year, the plant celebrated five years of zero accidents!



↑ Pedestrian walkway in our Eternit factory in Neubeckum, Germany.

Safe behaviour
As safety is also a matter of individual responsibility, we continued to provide practical training sessions and workshops. The objective is to boost safety awareness and cautious behaviour among our employees.

In addition, we highlight the importance of reporting incidents and near-misses. For that, we use several communication channels and tools, from toolbox talks to our intranet and worldwide internal magazine.

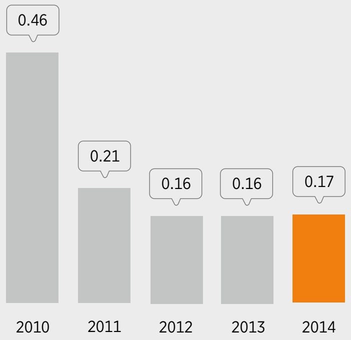
Furthermore, we actively involve the management and all employees, ensuring a two-way discussion on the subject at all times.

Wellbeing at work

Besides physical safety, Etex also mapped out possible psychosocial risks and hazards at work. In 2014, we adapted our internal policies, procedures and labour regulations to comply with the new European and Belgian rules on stress management and harassment.

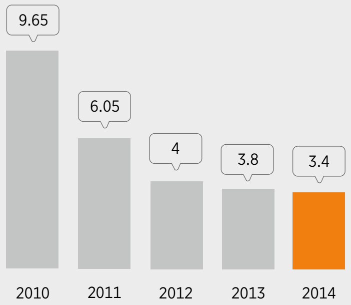
Gravity rate: 0.17

This gives an indication of absenteeism after an accident; the higher the rate, the more severe the incidents.

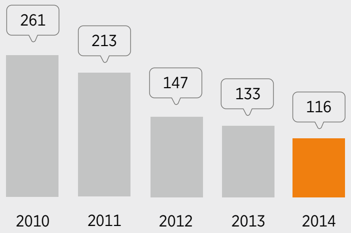


Frequency rate: 3.4

This refers to the number of accidents per one million worked hours.



Number of accidents: 116



4.3

Carefully managing our asbestos past

Some Etex companies used asbestos as a raw material in their production process in the past. They stopped using asbestos over a decade ago. However, given the long latency periods, we will continue to be faced with the harmful effects of asbestos. Consequently, Etex companies subscribe to the group policy on asbestos and are committed to carefully managing their past.

Widespread use of asbestos in the 20th century

Asbestos has been widely used in the 20th century because of its many qualities. These include resistance to fire, mechanical and chemical aggression, tensile strength, insulation properties and affordability.

Many industries, including the construction, chemical, shipbuilding and automotive sectors, used asbestos in a wide variety of applications. Some examples include:

- insulation of buildings
- fire protection for trains, buses, buildings and even clothing
- heat protection in industrial processes
- domestic appliances: from hair dryers to toasters
- water and wine filters.

Scientific research established that, in the 1950s and 1960s, about 25% of the male active population in European cities was exposed to asbestos in their work.

Risks depend on many factors

Partly due to the long latency periods of asbestos-related diseases, it has taken many years to fully understand the health risks associated with asbestos exposure. These risks depend on many factors:

- the type of asbestos: white, brown or blue
- the dose or quantity of fibres inhaled
- the time elapsed since the exposure.

For a long time, the health risks related to asbestos exposure were not fully understood. As a result, the medical world, governments and the industry long underestimated the risks and assumed that, by substantially reducing the exposure levels, these risks would be avoided.

Various preventive actions over the years

In line with the scientific knowledge and legislation on asbestos at the time, Etex companies have taken a series of measures since the 1970s to reduce the exposure to asbestos and comply with the recommended exposure limits.

These measures included:

- the use of dust extraction equipment
- the wearing of personal protection equipment such as masks
- a conversion from dry to wet production processes
- a research into alternative fibres
- the ban of first blue and, eventually, white asbestos
- the switch to automatic production processes.

By taking these actions, Etex companies considerably reduced the dust and asbestos exposure levels in the factories. They played an important role in reducing the health risk and the number of diseases.

Asbestos usage banned

In 2002, asbestos was entirely banned from our production processes.

Unfortunately, due to the long latency periods of asbestos related diseases — on average 45 years for mesothelioma — some people will continue to become ill as a result of previous exposure to asbestos.

Our policy

We deeply regret that the former activities of our companies have caused serious health risks and led to fatal diseases. While we cannot undo what happened, we are carefully managing our past.

We have developed a mandatory policy for all our group companies. This policy is designed to help the victims of asbestos exposure and is based on the four following principles.

Compensate victims

Etex companies see to it that people who become ill as a result of asbestos exposure in their previous industrial activities receive a fair compensation. Depending on the national legislation and the company-specific insurance covers, the compensation is paid by the social security system, a private insurance company or the Etex company.

Manage landfills

We ensure that former landfills owned by Etex companies are managed in a professional and responsible way. In this regard, we take the necessary measures to avoid any possible exposure to asbestos and monitor the presence of fibres in the air on a regular basis.

Foundation against Cancer
Public welfare foundation

Prevent exposure

Etex companies continue to take the required measures to avoid employees or others being exposed to asbestos. We monitor the presence of fibres in the air on a regular basis and ensure that our buildings are managed according to the highest safety standards.

Support medical and scientific research

Etex sponsors medical and scientific research into asbestos related diseases. In March 2012, we launched an ambitious programme together with the Belgian Foundation against Cancer.

As part of this programme, Etex donated 3 million euro for research into asbestos related cancers. We hope that this research will contribute to improving the treatment of asbestos related diseases and help alleviate the pain of sufferers.

4.4

Community relations

With a solid presence in 45 countries, it is essential for us to build and maintain close relationships with our surrounding communities. These are as vital for our business as any other stakeholder. By supporting good causes and engaging in dialogues with local non-profit organisations, we make sure everyone reaps the fruits of a business strategy based on mutual respect.

Ranging from global to local

Our efforts to cultivate and strengthen community bonds stem from both global and local efforts. On a local level, our companies' strong regional roots constitute a real asset. They know the ins and outs of their neighbouring communities, and what it takes to act as responsible citizens.

On group level, we empower and support these local endeavours, or we take the initiative ourselves. Our Community Cup is a recent example of a series of community projects globally initiated and locally executed.

A broad scope

Improving the quality of life is the benchmark around which we pool our community actions. We purposely keep the other criteria broad in scope, aiming for maximum results. In many cases, our support to local causes takes the tangible form of affordable housing, where we are well-positioned to make a difference.

Group policies and guidelines

In 2011, we introduced a Code of Conduct containing all the ethical rules and guidelines every company and employee should follow. These guidelines include a sustainable business philosophy and an action plan for the complete abolishment of child labour.

We also have an anti-discrimination policy. Discrimination based on ethnicity, gender, sexual orientation, disability or age will not be tolerated. Just one example of how we reflect the communities in which we are active.

For our supply management, we insist on buying raw materials from black, coloured and white companies alike. In South Africa for instance, we adhere to the Broad-Based Black Economic Empowerment initiative (BBBEE), launched by the government.

Intranet as a catalyst for good causes

By means of our intranet, we further cultivated local development programmes. The goal of our *2014 Community Cup* was to strengthen internal communications and encourage our companies to become more involved in their surrounding communities.

Employees were asked to suggest a local project for Etex to support and then enter it in a contest. In order to score points, employees had to use the intranet actively and inform their colleagues about the projects. At the end of 2014, five projects were selected. They will each receive 10,000 euro to support their local cause with Etex building solutions.

- *Eternit Argentina*: Idehacerlas, an organisation for young people with mental disabilities.
- *Durlock (Argentina)*: CEBJA, an education centre that helps youngsters with social problems reintegrate into society.
- *EBM Polska (Poland)*: The Society of Friends of Hospice in Chojnice, a hospice facility.
- *Cerámicas Cordillera (Chile)*: the Boza School, an inclusive institution with limited resources.
- *Marley Eternit (UK):* the Fountains Federation, a school community for children with complex learning needs.

← Eternit Peru helped construct a new skate park in San Antonio de Huarochiri (Peru).

↓ Our Peruvian colleagues at Cerámicas San Lorenzo surprised the children at refuge centre Casa Hogar with a Christmas breakfast party.

Strengthening community bonds in Peru

In 2014, our Peruvian company Cerámica San Lorenzo decided to spend its budget for Christmas presents, usually reserved for its distributors and retailers, in a different way. The company supported Casa Hogar, a safe home sheltering young girls, victims of abuse.

Cerámica San Lorenzo renovated two bathrooms and installed ceramic floors throughout the house. On top of that, the company organised a Christmas party and gave presents to all the girls, on behalf of its distributors and retailers.

Every year, Cerámica San Lorenzo also organises about 130 training courses across Peru. Like the free workshop in Livitaca, Cuzco's rural district, in April 2014. About 30 attendees learned the secrets of ceramic tiling. Besides training local foremen, our company donated materials for the renovation of the local medical community centre. The ceramic tiles were installed by the trainees.

Offering work experience in the United States

In Maryville (Tennessee), about forty 18- to 24-year-olds received the unique opportunity to follow practical, hands-on training and learning sessions at Promat. Supported by local authorities, the Youth Workforce Readiness Training and Internship Programme took eight weeks to complete.

During this time, the participants reaped the career benefits of 100 hours of soft skills training and a 100-hour paid manufacturing internship. This constitutes a major stepping stone for them in finding and keeping a rewarding job in the sector.

To organise these training sessions, Promat US partnered with economic development agency Blount Partnership. The company also helped organise a plant tour for the local community and the Blount Manufacturing Week Kick-off Luncheon. Promat also participated in the agency's Job Fair and set up various contacts with local colleges and technical schools.

A heart for healthcare in Italy

The heart of Etex's employees is definitely in the right place. Our colleagues at Promat Italy proved this by offering one hour of their salary to a charity initiative. Their generosity totalled 4,000 euro, which was donated to the Niguarda Burn Centre in Milan.

This medical centre of excellence is doing ground-breaking work in the field of surgical repair and therapeutic intervention for even the most severe burn injuries.

Building vert ramps and quarter pipes in Peru

In the Peruvian municipality of San Antonio de Huarochiri, our Eternit company is not only building a Gyplac factory, but strong community relations as well. The small town has about 5,000 inhabitants. Their revenue being low, hobby and leisure budgets are usually one of the first things to be cut back.

To turn the tables, Eternit Peru decided to support the construction of a brand-new skate park. The project is just the beginning of a series of initiatives that aim to improve the community's quality of life.

Building homes for those in need, together with Selavip

As an internationally established NGO, Selavip has been funding housing projects for poor families in cities in Latin America, Africa, and Asia for over 40 years. Its main goal is to promote initiatives to address the most urgent housing needs of the urban poor.

As a partner of Selavip, Etex has been donating various building materials for local projects for a couple of years now. In 2014, we donated materials with a value of 100,000 euro in Nigeria and Indonesia.

Nigeria
In Nigeria, our company Nigerite Limited installed 24 units of terraced residential buildings in the community of Luvu-Madaki. This happened in collaboration with the Fuller Foundation. We used dry construction technology, which allows a short construction timeframe (8 weeks) at affordable costs.

Indonesia
In Indonesia, we worked together with the NGO Habitat for Humanity on a renovation project in the village of Tegalsari. Donating building materials, we renovated 50 homes in a deprived neighbourhood. On top of our solutions for ceiling, partitioning and cladding, we gave logistic and engineering support.

↓ In Nigeria, many people are living in poor housing conditions or do not have a roof above their heads. The country's housing deficit has been estimated at over 16 million. To do its bit, our company Nigerite contributed to a local housing project, constructing 24 terraced residential buildings within just 8 weeks.

↑ In Indonesia, Etex supported local renovation projects. At the house of Mrs Lusiati, a 72-year-old widow, we installed an extra floor made of Kalsi building boards.

→ (Left) Mrs Pujunati and Mrs Tatik are sisters who live right next door to each other. They are staying with their neighbours, while their house is being renovated with Kalsi boards.

→ (Right) The Sutrisno family added a new floor to their home. They also used Kalsi boards to clad the walls and roof.

Rumah ini dibangun
atas dukungan :
Kalsi

↑ At Supangat's family house, the roof used to be made of clay. Thanks to their new Kalsi wall and roof, the air circulation in the house has improved a lot.

↑ One of Mr Supangat's four daughters walks around a wall clad with Kalsi boards.

↑ Mr Supangat makes it clear for the whole neighbourhood: 'Built with the support of Habitat for Humanity, Kalsi and Selavip'.

LET'S GO
BROMO TNGGIR SEMER
NATION PARK EAST

"Thanks to the Kalsi roof, our home is finally rain-proof and the air in the house is a lot fresher."

GOVERNANCE REPORT

5 Governance report

5.1 Corporate governance

5.2 Board of Directors

5.3 Our management

5.1

Corporate governance

Etex is committed to the principles of corporate governance — a sound approach to manage and steer our corporation in the best interests of our internal and external stakeholders.

Consequently, our group's management structure and processes are designed to optimise our perfomance while reducing the possible risks and impact of our activities. Etex is managed by the CEO, an Executive Committee and a Board of Directors.

Executive Committee
Etex's day-to-day management is entrusted to the CEO and the Executive Committee. Besides the CEO, its members are the CFO, the directors of Etex's divisions, the company secretary and the HR director.

Board of Directors
Etex's Board of Directors sets the overall group strategy, decides on major investments and monitors all corporate activities. Its composition is carefully balanced, including representatives of Etex's shareholders and management, and independant directors.

Three committees — created by the Board of Directors — assist and advise the Board: the Strategy Committee, the Selection and Renumeration Committee, and the Financial Audit Committee.

The Strategy Committee
While Etex's Executive Committee proposes strategic options for our company, the Strategy Committee evaluates these to make further recommendations to the Board of Directors. Additionally, it reviews the Executive Committee's proposals for major projects such as acquisitions, divestments and geographic diversification.

The Selection and Renumeration Committee
The Selection and Renumeration Committee selects prospective Board members and fixes the overall remuneration and benefits granted to Executive Committee members. It also verifies whether the compensation of the latter is in line with market practice and makes sure that incentives are designed to achieve Etex's strategic goals.

The Financial Audit Committee
The Financial Audit Committee reviews Etex's financial reporting process and the statutory audit of the group's annual accounts. It ensures the consistency and reliability of the accounts and all other financial information submitted to the Board. The Committee also monitors Etex's internal control and risk management systems.

etex
inspiring ways of living

Registered Office
SA Etex NV
Avenue de Tervueren - Tervurenlaan 361
1150 Brussels - Belgium
Phone: +32 2 778 12 11
Fax: +32 2 778 12 12
E-mail: info@etexgroup.com
Website: www.etexgroup.com

Auditors
Ernst & Young, represented by
Eric Golenvaux, for both the consolidated
and non-consolidated accounts.

5.2

Board of Directors

Changes to the Board and Board Committees
On 31 December 2014, J. Alfons Peeters retired as CEO. As of 1 January 2015, Paul Van Oyen joins the board in his role as CEO. Some other changes will be proposed during the General Assembly in May 2015 and will be communicated afterwards.

The Board of Directors
In 2014, the Board of Directors met four times in plenary sessions.

At the end of 2014, the members of Etex's Board of Directors were:

- Jean-Louis de Cartier de Marchienne, chairman
- J. Alfons Peeters, director and managing director
- Philippe Coens, director, representing Philium bvba
- Walter Emsens, director
- Regnier Haegelsteen, director
- Marc Nolet de Brauwere, director
- J. Massimo Pacheco Matte, director until 12 February 2014
- Amaury Pelgrims de Bigard, director
- Gustavo Oviedo, director as of 31 July 2014
- Teodoro Scalmani, director
- Christan Simonard, director
- Philippe Vlerick, director

The Strategy Committee
In 2014, the Strategy Committee met four times.

At the end of 2014, the members were:

- Jean-Louis de Cartier de Marchienne, chairman
- Philippe Coens, representing Philium bvba
- Walter Emsens
- Marc Nolet de Brauwere
- J. Alfons Peeters
- Philippe Vlerick
- Secretary: Karel De Wilde

The Selection and Renumeration Committee
In 2014, the Selection and Renumeration Committee met four times.

At the end of 2014, the members were:

- Marc Nolet de Brauwere, chairman
- J. Alfons Peeters
- Christian Simonard
- Philippe Vlerick
- Secretary: Myriam Macharis

The Financial Audit Committee
In 2014, the Financial Audit Committee met twice.

At the end of 2014, its members were:

- Jean-Louis de Cartier de Marchienne, chairman
- Regnier Haegelsteen
- Amaury Pelgrims de Bigard
- Secretary: Karel De Wilde

5.3

Our management

From left to right

André Hoste
Head of European Building Materials Division
In 1979, André joined Etex as an R&D Engineer. After several Manager and Director roles within our group, he became Managing Director of Carrières du Hainaut in 1995. In 1999, he returned to Eternit Belgium. He became responsible for Etex's European Building Materials division in 2013.

Paul Van Oyen
CEO
Paul began his career at Etex as a Laboratory and Project Manager at the Redco R&D department. He subsequently took on various Manager and Director roles and became Director of our Fire Protection & Insulation Division in 2011. Four years later, in 2015, he took the helm of Etex as CEO.

Karel De Wilde
Company Secretary
Karel joined Etex as Company Secretary and General Counsel in 2008. Prior to that, he worked at the Corporate and M&A department of law firm Allen & Overy in London and Brussels and was Secretary General to the ICT group Telindus.

From left to right

Nicolas Van de Abeele
Head of Fire Protection & Insulation Division
Prior to Etex, Nicolas held several executive management positions at Alcatel-Lucent and he was active in management consulting at Arthur Andersen Business Consulting. Since 2011, Nicolas managed our Africa, Middle-East and Asia division, and he led our group-wide R&D and innovation activities. He became Head of Etex's Fire Protection & Insulation Division in 2015.

Frédéric Deslypere
Head of Latin America Division
Frédéric has been watching over Etex's financial health for many years. He started his carreer at Etex as a Legal Advisor in 1991 and gradually built up experience to become Etex's CFO in 2008. At the end of 2013, he became Head of our Latin America Division.

Jean-Pierre Hanin
Head of Siniat Division
Jean-Pierre started his career as an attorney in the international firm Cleary Gottlieb. He held several executive functions in the Belgian Lhoist Group where he was CFO and CEO. He became CFO of Etex in 2013 and Head of Etex's Siniat Division in 2014.

Myriam Macharis
HR Director
Myriam joined Eternit Belgium as a legal advisor in 1983. Having fulfilled several roles for corporate activities such as legal, EHS and public relations, she became HR Director for Eternit Belgium in 2005. In 2011, she started carrying out this function at group level.

Recent management changes

- On 31 December 2014, *J. Alfons Peeters* retired as CEO.
- *Paul Van Oyen* became Etex's new CEO on 1 January 2015.
- On 1 January 2015, *Nicolas Van den Abeele* became Head of the Fire Protection & Insulation Division.
- *Jean-Pierre Hanin* succeeded to *Bernard Lekien*, who retired from the Executive Committee, as Division Director of Siniat on 1 September 2014.
- *A new CFO* will be appointed in the course of 2015. Until then Jean-Pierre Hanin will assume the role.

At the beginning of 2015, the members of our Executive Committee are:

- Paul Van Oyen, Chief Executive Officer
- Frédéric Deslypere, Head of Latin America Division
- Karel De Wilde, Company Secretary
- Jean-Pierre Hanin, Head of Siniat Division and CFO
- André Hoste, Head of European Building Materials Division
- Myriam Macharis, HR Director
- Nicolas Van de Abeele, Head of Fire Protection & Insulation Division

HERAS
HERAS

FINANCIAL REPORT

6 Financial Report

6.1 Financial report
6.2 Consolidated financial statements
6.3 Non-consolidated accounts of Etex S.A.
6.4 Glossary

6.1

Financial report

In 2014, Etex posted sales of 2,987 million euro, representing a 2.9% increase on a like-for-like basis compared to the previous year. Due to the impact of exchange rates, this growth translated into a 1.9% decrease of our sales revenue. European markets experienced a strong first semester, with the exception of France. The country faced a tough economic environment. The second half of the year was weaker in Europe. Almost all emerging markets faced their own challenges.

Etex's debt amounts to 904 million euro, down from 977 million euro a year earlier (including the put option on Siniat). Early 2014, Etex acquired the remaining 20% of Siniat from Lafarge for 145 million euro. Still, Etex managed to improve its net financial debt/rebitda ratio to 2.3, down from 2.4 last year (including the put option).

Changes in the scope of consolidation

On 8 April 2014, Etex sold its French metal forming business Batiroc, which generated sales of 23 million euro in 2013. Etex also sold Chilean business Etersol, which manufactures and distributes flooring products consisting mainly of carpets, vinyl floors and laminates.

Income Statement

2014 was a challenging year for Etex. Despite the relatively good performance of our sales, the bottom line is impacted by significant restructuring costs (mainly in France), and an increase of provisions. All one-off costs should enable us to tackle the future on a more solid basis.

Cladding and building boards

The performance of our fibre cement and gypsum boards fluctuated in line with local market conditions.

Southern Europe continued to show signs of a slow recovery. The UK continued to grow remarkably. Germany, Scandinavia, and the Benelux countries slowed down during the second semester, except in cladding where we continued to experience a solid performance.

Meanwhile, France recorded historically low data for new housing, a trend that was identified early on. This forced us to engage in a serious and painful restructuring process at Siniat France.

In Latin America, gypsum markets continued to perform well, and we pursued our expansion plans for Peru and Brazil. Overall, fibre cement boards continued their penetration into emerging markets. Nigeria dealt with a difficult environment. The market in Indonesia was impacted by an election year and significant devaluation versus the euro and US dollar.

In general, Etex's cladding and building board segment presented sales of 1,376 million euro in 2014, compared to 1,410 million euro in 2013.

Roofing – Sales in the roofing segment evolved in line with underlying markets.

Once more, the UK was the frontrunner. Here, the economic environment for the construction sector remained favourable. In the other European countries, sales were challenging. However, our large product portfolio allowed us to withstand this challenge by offering an attractive product mix.

In Africa, our performance in Nigeria was slightly lower than in 2013. In contrast, both domestic and export sales of concrete tiles continued to expand in South Africa.

Overall sales in the roofing segment on a group-wide basis amounted to 895 million euro compared to 908 million euro in 2013.

Fire protection and insulation

Our passive fire protection and high-performance insulation segment achieved stable results in 2014. Despite challenging market conditions, it generated 389 million euro compared to 385 million euro in 2013.

Ceramic floor and wall tiles – Etex, through its famous Cerámica San Lorenzo and Cordillera brands, is a premium supplier of quality ceramic floor and wall tiles in Latin America. For several years, we made significant investments to expand our offer and continue to innovate. Now, we are ready to expand and develop these markets even further.

Argentina faced its own challenges, experiencing an inflation of 40 %. However, it remains an important player in our Latin America network. Sales reached 231 million euro, a stable result when compared to the previous year.

Total Etex sales came to 2,987 million euro (down 1.9 per cent). This slight decrease is the result of adverse exchange rates. These reduced our sales figures by around 100 million euro. Moreover, our decreased scope, which accounts for around 46 million euro, had an impact as well. On a like-for-like basis, our revenue grew by 2.9 per cent.

Our gross profit on sales ratio remained stable at 28.3 %, (compared to 27.3 % in 2013), for a gross profit of 844.1 million euro.

Our overhead on sales ratio also remained stable at 20.7 %, compared to 19.6 per cent in 2013. Our operating income before non-recurring items (REBIT) totalled to 226.5 million euro: 7.6 % of sales.

Net non-recurring items accounted for 44.6 million euro, producing an operating income (EBIT) of 181.8 million euro.

The group's net financial debt decreased to 904 million euro, thanks to our operating results and our ongoing strict management of non-cash working capital.

The group's net profit was 91.5 million euro. Our tax burden (15.5 million euro) implies an effective tax rate (ETR) of 14.2 %. This is less than the group's ETR in 2013 (24.3 %), as a result of lower operating results and increased deferred tax assets.

Consolidated Statement of Financial Position (Balance Sheet)

Etex's property, plant, and equipment value increased slightly to 1,745.0 million euro compared to 1,728.3 million euro in 2013. Capital expenditures came to 198.2 million euro, including intangible assets, compared to a depreciation of 163.2 million euro.

In Colombia and China, we completed investments aimed at extending our capacity for fibre cement and flat sheets. Similar investments were initiated in Indonesia. We also completed our equipment upgrades in Colombia, Peru, and Argentina for ceramic floor and wall tiles. The construction of plasterboard plants in Peru, Brazil and Romania continued throughout 2014.

Goodwill and intangible assets came to 456.7 million euro after regular amortisation.

In nominal terms, our non-cash working capital decreased to 260.1 million euro compared to 283.8 million euro in 2013. This positive performance reflects our ongoing efforts to strictly manage our average working capital. The return on capital employed decreased to 7.3% due to non-recurring items.

The total shareholders' equity was 891.1 million euro, a decrease of 12 million euro compared to 2013. The main factors affecting this change are the actuarial components of changes in our employee benefits liabilities recognised directly in equity. Other factors include dividend payment and the profit of the year — notably influenced by the restructuring at Siniat France and Promat UK (Glasgow).

Risk Profile

Etex is exposed to the normal range of general business risks and takes measures to cover these through insurance and internal policies. Our internal audit department, fully operational since 2011, is tasked with reviewing most of our companies in a three-year cycle.

Typical risks are third-party and product liability, property damage, business interruption, employer's liability, and, in certain instances, credit risk.

Given the global spread of our activities, Etex is exposed to the impact of currency fluctuations on revenues, costs, assets, and liabilities arising outside the euro zone. Our policies to address these risks have remained the same.

Demand for building materials is essentially driven by growing populations, increased prosperity and the evolution of macroeconomic parameters. These parameters include GDP growth, public spending, interest rates, and government policies. We achieve risk diversification through our geographic spread and our diversified portfolio. Other elements contributing to this include our involvement in residential, commercial, and industrial building on the one hand, and renovation and new housing developments on the other.

Etex uses a wide range of raw materials to manufacture its products. Cement is a key ingredient and is usually widely available from several suppliers. Fibres that are used to reinforce some of our products are sourced from a limited number of companies in Japan and China. Etex has established long-term relationships and contracts with these businesses. For natural resources such as clay and gypsum, we either own our raw material supplies or secure them through long-term contracts.

Our energy costs are significant. Not only to manufacture certain products (ceramic tiles in particular), but also to produce raw materials by our suppliers. Measures to reduce our energy consumption are under constant review.

Regrettably, some Etex companies used asbestos as a raw material in the past. They are now exposed to health claims from people who have developed asbestos-related diseases. Etex is committed to ensuring that those suffering from an illness caused by our former use of asbestos receive fair compensation. The costs of compensation are covered by state social security schemes, insurance companies, and our own resources. Given the long latency of some of these diseases, we will remain exposed to this risk in the medium term.

Subsequent events

On 9 January 2015, Etex agreed on terms and conditions in relation to the disposal of Eternit Flachdach – the German company active in flat roof components.

Stakeholder information

The main stakeholders to whom Etex reports on our financial figures are: our employees, our shareholders and investors, and the banks we do business with.
Our employees are informed via their companies' communication channels and via their local employee representation structures. At European level, the European Works Council meets once a year.
We communicate with all our employees across the group through our internal magazine, which was completely reworked in 2014, and via our intranet platform, which was launched at the end of 2013.

Our shareholders gather at our annual shareholders' meeting. Our retail bond investors are also welcome to attend. Meanwhile, our banking partners are kindly invited to our information fora.

Prospects for 2015

The mild winter conditions in Europe during the first months of 2015 clearly have a favourable impact on the European construction sector. Nonetheless, we are mindful of the fact that the fundamental situation in Europe must further improve to generate a healthy economic environment.

Etex remains committed to our selective approach in emerging markets, developed through decades of experience in these geographies. International tensions, including those in Ukraine and the Middle East, are nevertheless factors that undermine the trust necessary for global economic growth.

In these circumstances, Etex can count on a solid foundation, with a sound geographical spread and a diversified portfolio, to see us through.

6.2

Consolidated financial statements

6.2.1 Consolidated financial statements

Consolidated income statement

IN THOUSANDS OF EUR	NOTES	2013	2014
Revenue	(1)	**3,045,643**	**2,986,853**
Cost of sales	(2)	-2,212,997	-2,142,765
Gross profit		832,646	844,088
Distribution expenses	(2)	-383,622	-391,483
Administrative and general expenses	(2)	-187,453	-185,180
Other operating charges	(3)	-48,067	-62,574
Other operating income	(3)	20,961	21,613
Operating income before non recurring items		**234,465**	**226,464**
Gain and losses on disposal of assets and businesses	(4)	581	6,672
Other non recurring items	(4)	1,874	-51,312
Operating income (EBIT)		**236,920**	**181,824**
Interest income	(5)	5,683	2,066
Interest expenses	(5)	-77,870	-74,038
Other financial income	(5)	11,327	7,162
Other financial expense	(5)	-6,399	-7,611
Share of profit in equity accounted investees	(12)	1,060	856
Profit before income tax		**170,721**	**110,259**
Income tax expense	(6)	-41,222	-15,548
Profit for the year from continuing operations		**129,499**	**94,711**
Attributable to shareholders of Etex		124,167	91,546
Attributable to non-controlling interests		5,332	3,165

Consolidated statement of comprehensive income

IN THOUSANDS OF EUR	2013	2014
Profit for the year	**129,499**	**94,711**
Changes in employee benefits reserves	62,497	-72,698
Income tax effect	-17,081	17,372
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**45,416**	**-55,326**
Changes in cash flow hedge reserves	6,071	-11,428
Income tax effect	-1,973	3,776
Changes in translation differences	-69,128	-12,294
Others	4	113
Net other comprehensive income to be reclassified to income statement in subsequent periods	**-65,026**	**-19,833**
Other comprehensive income, net of tax	**-19,610**	**-75,159**
Total comprehensive income for the period, net of tax	**109,889**	**19,552**
Attributable to shareholders of Etex	107,819	15,515
Attributable to non-controlling interests	2,070	4,036

Consolidated statement of financial position

IN THOUSANDS OF EUR	NOTES	2013	2014
Non-current assets		**2,356,064**	**2,384,617**
Property, plant and equipment	(7)	1,728,283	1,745,019
Goodwill and other intangible assets	(8) (9)	472,945	456,730
Investment properties	(10)	18,839	18,261
Assets held for sale	(11)	2,876	4,589
Investments in equity accounted investees	(12)	36,709	36,943
Other non-current assets	(13)	11,955	8,668
Deferred tax assets	(24)	81,140	113,074
Employee benefits assets	(21)	3,317	1,333
Current assets		**1,011,199**	**1,005,474**
Inventories	(15)	474,787	492,698
Trade and other receivables	(14)	425,700	404,585
Other current assets	(14)	4,427	1,079
Cash and cash equivalents	(17)	106,285	107,112
TOTAL ASSETS		**3,367,263**	**3,390,091**
Total equity		**933,996**	**924,484**
Issued share capital		4,492	4,492
Share premium		3,724	3,724
Reserves and retained earnings		894,897	882,848
Attributable to the equity shareholders of Etex		903,113	891,064
Non-controlling interests		30,883	33,420
Non-current liabilities		**1,330,234**	**1,463,159**
Provisions	(19)	165,069	179,587
Employee benefits liabilities	(21) (22)	246,711	314,410
Loans and borrowings	(23)	645,154	719,527
Deferred tax liabilities	(24)	229,516	196,230
Other non-current liabilities	(25)	43,784	53,405
Current liabilities		**1,103,033**	**1,002,448**
Provisions	(19)	43,649	72,202
Current portion of loans and borrowings	(23)	442,441	292,761
Trade and other liabilities	(25)	616,943	637,485
TOTAL EQUITY AND LIABILITIES		**3,367,263**	**3,390,091**

Consolidated statement of cash flows

IN THOUSANDS OF EUR	NOTES	2013	2014
Operating income (EBIT)		236,920	181,824
Depreciation, amortisation and impairment losses	(26)	175,340	182,737
Losses (gains) on sale of intangible assets and property, plant and equipment	(26)	-9,691	-8,958
Losses (gains) on sale of businesses		4,842	-427
Income tax paid	(26)	-68,238	-62,831
Changes in working capital, provisions and employee benefits	(26)	-41,443	43,432
Changes in other non-current assets/liabilities		3,906	-8,941
Cash flow from operating activities		**301,636**	**326,836**
Proceeds from sale of intangible assets and property, plant and equipment	(26)	15,126	15,253
Acquisition of business (net of cash)		-18,064	-146,569
Disposal of business (net of cash)		26,876	8,515
Capital expenditure	(26)	-212,393	-198,246
Interest and dividend received	(26)	9,206	7,964
Other		-	2
Cash flow from investing activities		**-179,249**	**-313,081**
Capital increase		2,412	10
Proceeds (repayment) of borrowings		-64,581	72,948
Dividend paid	(26)	-29,790	-29,896
Interest paid		-57,646	-60,841
Other		14	-1
Cash flow from financing activities		**-149,591**	**-17,780**
Net increase (decrease) in cash and cash equivalents		**-27,204**	**-4,025**
Cash and cash equivalents at the beginning of the year		142,255	103,744
Translation differences		-10,134	2,667
Changes in the scope of consolidation		-1,173	-155
Net increase (decrease) in cash and cash equivalents		-27,204	-4,025
Cash and cash equivalents at the end of the year		**103,744**	**102,231**
Cash and cash equivalents		106,285	107,112
Bank overdrafts		-2,541	-4,881

Consolidated statement of changes in equity

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF ETEX						
IN THOUSANDS OF EUR	ISSUED SHARE CAPITAL AND SHARE PREMIUMS	TREASURY SHARES	POST EMPLOYMENT BENEFITS RESERVES AND FINANCIAL INSTRUMENTS	TRANSLATION	OTHER RESERVES AND RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 31 December 2012	**8,216**	**-19,988**	**-184,867**	**-74,152**	**985,686**	**27,445**	**742,340**
Total comprehensive income	-	-	49,570	-65,918	124,167	2,070	109,889
Capital increase	-	-	-	-	-	2,715	2,715
Dividend	-	-	-	-	-28,139	-1,616	-29,755
Other transactions with owners	-	-	-	-	108,538	269	108,807
At 31 December 2013	**8,216**	**-19,988**	**-135,297**	**-140,070**	**1,190,252**	**30,883**	**933,996**
Total comprehensive income	-	-	-62,865	-19,156	97,537	4,036	19,552
Capital increase	-	-	-	-	-	10	10
Dividend	-	-	-	-	-28,139	-1,753	-29,892
Other transactions with owners	-	-	-	-	575	244	818
Treasury shares	-	-	-	-	-	-	-
At 31 December 2014	**8,216**	**-19,988**	**-198,162**	**-159,227**	**1,260,225**	**33,420**	**924,484**

6.2.2 Accounting policies

Etex S.A. (the “Company”) is a company domiciled in Belgium. The consolidated financial statements comprise the Company and its subsidiaries, interests in jointly controlled entities and equity accounted investees (together referred to as “the Group”) as at 31 December each year.

The financial statements have been authorised for issue by the Board of Directors on 27 March 2015.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2014:

- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements.
- IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
- IFRS 12 Disclosure of Interests in Other Entities
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- IFRIC 21 Levies
- Annual Improvements 2010-2012 Cycle
- Annual Improvements 2011-2013 Cycle

Except for IFRS 10, 11 and 12 the other amendments and standards did not have an impact on the consolidated financial statements.

A number of amendments and revisions to standards and interpretations issued but not yet effective up to the date of issuance of the Group’s financial statements has not been early adopted.

Basis of preparation

A - Functional and presentation currency

The consolidated financial statements are presented in euro, which is the Group’s functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

B - Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: derivative financial instruments. Also, the liabilities for cash-settled share based payment arrangements are measured at fair value. The consolidated financial statements have been prepared using the accrual basis for accounting, except for cash flow information.

C - Use of judgement, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and related disclosures at the date of the financial statements. These judgements, estimates and associated assumptions are based on management’s best knowledge at reporting date of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates, and could require adjustments to the carrying amount of the asset or liability affected in the future. The estimates and underlying assumptions are reviewed on an ongoing basis.

The significant estimates made by management concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets The recoverable amount of the cash-generating units tested for impairment is the higher of its fair value less costs to sell and its value in use. Both calculations are based on a discounted cash-flow model. The cash flows are derived from the budget for the next three to ten years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are further explained in Note 8.

Provisions The assumptions that have significant influence on the amount of the provisions are the estimated costs, the timing of the cash outflows and the discount rate. These assumptions are determined based on the most appropriate available information at reporting date. Further details about the assumptions used are given in Note 19.

Employee benefits The measurement of the employee benefits is based on actuarial assumptions. Management believes that the assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases used for these actuarial valuations are appropriate and justified. They are reviewed at each balance-sheet date. However, given the long-term nature of these benefits, any change in certain of these assumptions could have a significant impact on the measurement of the related obligations. Further details about assumptions used are given in Note 21.

Recognition of deferred tax assets on tax losses carried forward Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The potential utilisation of tax losses carried forward is based on budgets and forecasts existing at reporting date. Actual results could differ from these budgets with an impact on the utilisation of tax losses carried forward.

Cash-settled share-based payment transaction The Group measures the cost of cash-settled transactions with employees by reference to the fair value of the equity instruments at each reporting date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Financial instruments To measure the fair value of financial assets that cannot be derived from active markets, management uses a valuation technique based on discounted future expected cash flows. The inputs of this model require determining a certain number of assumptions, including discount rate, liquidity risk and volatility, subject to uncertainty. Changes in these assumptions could have an impact on the measurement of the fair value.
Further details are given in Note 16.

D - Basis of consolidation

Subsidiaries Subsidiaries are entities that are controlled, directly or indirectly, by the Company.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (incl. goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in associates and joint ventures A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Equity accounted investees are companies over which the Group generally holds between 20 per cent and 50 per cent of the voting rights. The Group's interest in joint ventures or equity accounted investees is consolidated using the equity method.

Equity accounting starts when joint control or significant influence is established until the date it ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount is reduced to nil and recognition of any further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investees. The financial statements of these companies are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Unrealised gains arising from transactions with joint ventures and equity accounted investees are eliminated to the extent of the Group's interest.

Unrealised losses are eliminated the same way as unrealised gain but only to the extent that there is no evidence of impairment. The investments accounted for using the equity method include the carrying amount of any related goodwill.

E - Foreign operations

The individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year. Assets and liabilities, including goodwill and fair value adjustments arising on consolidation are translated at exchange rates ruling on 31 December. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a non euro entity, the cumulative amount recognised in equity relating to that particular foreign operation is released to the income statement.

F - Transactions in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates on 31 December are recognised in the income statement. Non-monetary assets and liabilities in a foreign currency are translated using the exchange rate at the date of the transaction.

G - Exchange rates

The following exchange rates against euro have been used in preparing the financial statements:

		2013		2014	
		AVERAGE	END OF PERIOD	AVERAGE	END OF PERIOD
Argentinean peso	ARS	7.2971	8.9931	10.7768	10.3818
Chilean peso (000)	CLP	0.6593	0.7235	0.7569	0.7367
Chinese yuan	CNY	8.1667	8.4189	8.1882	7.4556
Colombian peso (000)	COP	2.4863	2.6573	2.6495	2.9047
Danish krone	DKK	7.4580	7.4593	7.4548	7.4453
Pound sterling	GBP	0.8491	0.8337	0.8060	0.7789
Hungarian forint	HUF	296.8524	297.0400	308.7277	315.5400
Indonesian rupiah (000)	IDR	13.8865	16.7648	15.7486	15.0761
Nigerian naira	NGN	211.7103	220.8860	219.1416	223.6930
Peruvian nuevo sol	PEN	3.5970	3.8422	3.7676	3.6302
Polish zloty	PLN	4.1987	4.1543	4.1837	4.2732
US dollar	USD	1.3286	1.3791	1.3288	1.2141
South African rand	ZAR	12.8513	14.5660	14.4029	14.0353

Significant accounting policies

The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by all entities. Certain comparatives have been reclassified to conform to current year's presentation.

A - Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated depreciation and impairment loss (see Note E). The cost of property, plant and equipment acquired in a business combination is the fair value as at the date of acquisition. After recognition, the items of property, plant and equipment are carried at cost and not revaluated. Costs include expenditures that are directly attributable to the acquisition of the asset; e.g. costs incurred to bring the asset to its working condition and location for its intended use. It includes the estimated costs of dismantling and removing the assets and restoring the sites, to the extent that the liability is also recognised as a provision. The costs of self-constructed assets include the cost of material, direct labour and an appropriate proportion of production overheads. Borrowing costs incurred and directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, are capitalised as incurred. When all the activities necessary to prepare this asset are completed, borrowing costs cease to be capitalised.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the operating income in the year the asset is derecognised.

Subsequent expenditures The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of the parts replaced is derecognised. All other costs are recognised in the income statement as an expense as incurred.

Assets held under finance lease Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of minimum lease payments, each determined at the date of inception of the lease. Subsequently, such assets are measured consistently with owned property, plant and equipment, except that the useful life is limited by the lease term if the transfer of ownership at the end of the lease term is not reasonably certain. The corresponding lease liabilities are included in non-current and current financial liabilities.

Depreciation Depreciation starts when an asset is available for use and is charged to the income statement on a straight-line basis over the estimated useful life. The depreciable amount of each part of property, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately over its useful life on a straight-line basis. Costs of major inspections are depreciated separately over the period until the next major inspection. Temporarily idle assets continue to be depreciated.

Estimated useful lives of the major components of property, plant and equipment are as follows:

Lands (excluding lands with mineral reserves)	nil
Lands with mineral reserves	exploitation lifetime
Lands improvements and buildings	10 - 40 years
Plant, machinery and equipment	5 - 30 years
Furniture and vehicles	3 - 10 years

Mineral reserves, which are presented as "lands" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over the estimated tons of raw materials to be extracted from the reserves.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

B - Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (see Note E).

Internally generated intangible assets are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Expenditure capitalised include the costs of materials, direct labour and an appropriate portion of overheads.

The useful lives of intangible assets are assessed to be either finite or indefinite on the following bases:

Patents, trademarks and similar rights	Indefinite
Software ERP	10 years
Other software	5 years
Development costs	15 years
Customer lists	3 - 15 years
Brands	15 years
Technology and design	15 years
Rights to exploit and extract mineral resources	usage

Intangible assets with finite lives are amortised over the useful economic life using the straight-line method.
The estimated useful lives are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates by changing the amortisation charge for the current and future periods. The amortisation expense is recognised in the income statement in the expense category consistent with the function of the asset.

C - Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, equity accounted investees or joint venture at the date of acquisition. Goodwill on acquisitions of equity accounted investee or joint ventures is included in the carrying amount of the investments. Goodwill on the acquisition of subsidiaries is presented separately, and is stated at cost less accumulated impairment losses (see Note E).

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, this excess (frequently referred to as negative goodwill or badwill) is immediately recognised in the profit and loss statement, after a reassessment of the fair values.

Additional investments in subsidiaries in which the Company already has control are accounted for as equity transactions; any premium or discount on subsequent purchases of shares from minority interest are recognised directly in the Company's shareholders equity.

D - Investment property

Investment property is property held to earn rental income or for capital appreciation or for both and is valued at acquisition cost less accumulated depreciation and impairment losses.
The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Investment property is depreciated similar to owned property (see Note A).
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.
Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation.

E - Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset, other than inventories and deferred taxes, may be impaired. If any such indication exists, the recoverable amount of the asset (being the higher of its fair value less costs to sell and its value in use) is estimated. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the income statement apart from goodwill for which no such reversal is allowed.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be adequate. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.
Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised directly in comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in comprehensive income is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. The reversal of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale, following an event occurring after the recognition of the impairment loss, is performed in comprehensive income. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in fair value of the investment below its cost.

F - Investments in debt and equity securities

All purchases and sales of investments are recognised on trade date, which is the date that the Group commits to purchase or sell the asset.
Investments in equity securities are undertakings in which the Group does not have significant influence or control. These investments are designated as available-for-sale financial assets,

as they are not held for trading purposes. At initial recognition they are measured at fair value unless the fair value cannot be measured reliably in which case they are measured at cost. The fair value is determined by reference to their quoted bid price at reporting date. Subsequent changes in fair value, except those related to impairment losses which are recognised in the income statement, are recognised directly in comprehensive income. On disposal of an investment, the cumulative gain or loss previously recognised in comprehensive income is recognised in the income statement.

G - Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an asset, the grant value is recognised as a deferred income and is released to the income statement as a reduction of the depreciation charge over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to a compensation of an expense, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs incurred. Government grants that are expected to be released within twelve months after the reporting date are classified as other current liabilities. The other government grants are classified as non-current liabilities.

H - Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned by using the weighted average cost method. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. For manufactured inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the reporting date. Allocation of indirect production costs is based on normal operating capacity. Borrowing costs are expensed as incurred. The costs of inventories may also include transfers from equity of any gain or loss on qualifying cash flow hedges on foreign currency purchases of inventory.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

I - Trade and other receivables

Trade and other receivables are initially recognised at fair value which generally corresponds with the nominal value.
Trade and other receivables are subsequently carried at amortised cost using the effective interest rate method. An impairment allowance is recognised for any uncollectible amounts when there is objective evidence that the Group will not be able to collect the outstanding amounts.

J - Cash and cash equivalents

Cash and cash equivalents are readily convertible into known amounts of cash. Cash and cash equivalents comprise cash at banks and on hand and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are not included in cash and cash equivalents but classified as current financial liabilities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at amortised cost.

K - Share capital

Ordinary shares Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction of equity, net of tax effects.

Treasury shares Own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Dividends Dividends are recognised as liabilities in the period in which they are declared.

L - Provisions

A provision is recognised when the Group has a legal or constructive obligation arising from past events for which it is probable the settlement will require an outflow of resources embodying economic benefits and a reliable estimate can be made on the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as financial result.

Warranty provisions The Group recognises a provision to cover the costs arising from contractual obligation or established practice of repairing or replacing faulty or defective products sold on or before the reporting date. The estimate of warranty provision is based on past experience on the level of repairs, applied to past period sales that are still under warranty.

Restructuring provisions Restructuring provisions are recognised when one of the following conditions is met:

- The decision to restructure is based on a detailed formal plan identifying at least: the business and the employees concerned, the expected expenditures and the expected date of implementation,
- There is a valid expectation that the plan will be carried out to those affected by it by the reporting date,
- The restructuring has either commenced or has been announced publicly.

Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily incurred and is not associated with the ongoing activities of the Group.

Emission rights The initial allocation of emission rights granted is recognised at nominal amount (nil value) and is subsequently carried at cost. Where the Group has emitted CO2 in excess of the emission rights granted, it will recognise a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not actively trade these in the market.

Other provisions These captions include provisions for claims and litigation with customers, suppliers, personnel, tax authorities and other third parties. It also includes provisions for onerous contracts, for guarantees given to secure debt and commitment of third parties when they will not fulfil their obligation and for site restoration costs. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for site restoration costs in respect of contaminated land is recognised whenever the Group has a legal obligation to clean the land or where there is an intention to sell the land.
Provisions that are expected to be settled within twelve months after the reporting date are classified as other current liabilities. The other provisions are classified as non-current liabilities.

M - Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation,
- Or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed if the inflow of economic benefits is probable.

N - Post employment benefits and other long-term employee benefits

Defined benefits plans Some Group companies provide pension or medical plans for their employees which qualify as defined benefits plans. The net obligation resulting from these plans, which represents the amount of future benefits that employees have earned in return of their service in the current and prior periods, are determined separately for each plan by a qualified actuary using the projected unit credit method. The calculations are based on actuarial assumptions relating to mortality rates, rates of employee turnover, future salary levels and medical costs increase which reflect the economic conditions in each country or entity.
Discount rates are determined by reference to the market yields at the reporting date on high quality corporate bonds or to the interest rates at the reporting date on government bonds where the currency and terms of the bonds are consistent with the currency and estimated terms of the defined benefit obligation.
Re-measurements, comprising of actuarial gains and losses (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent

periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in operating income before non-recurring items
- Net interest expense in interest expenses.

The defined benefit liability is the aggregate of the present value of the defined benefits obligation reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, a net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognised past service costs.

Defined contributions plans In addition to the defined benefits plans described above, some Group companies sponsor defined contributions plans based on local practices and regulations. The Group's contributions to defined contributions plans are charged to the income statement in the period in which the contributions are due.

Other long term benefits plans Other long term obligations include the estimated costs of early retirement for which a constructive obligation exists at reporting date.

Short term benefits Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash-bonus plans if the Group has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

O - Employee benefits – Share based payment transactions

The Group operates various share-based compensation plans which qualify as equity-settled transactions with a cash alternative. In addition to the shares options, beneficiaries receive put options which entitle them to a cash payment, and as management assumes that most of these put options will be exercised, the Company accounts for the grants as a cash-settled transaction. The services received and the liability incurred are measured initially at fair value at the grant date using the Black and Sholes method taking into account the terms and conditions upon which the instruments were granted. The initial fair value is expensed over the period until vesting. The fair value of the liability is re-measured at each reporting date up to and including the settlement. Any changes in fair value of the liability are recognised in the income statement.

P - Financial liabilities

Bank loans and other borrowings Bank loans and other borrowings are recognised initially at the fair value of the consideration received, net of transaction costs incurred. In subsequent periods, bank loans and other borrowings are stated at amortised cost, with any difference between costs and redemption value being recognised in the income statement, using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

These liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Finance lease liabilities Financial liabilities resulting from a finance lease are recognised, along with the related assets, at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments due within twelve months are included in current financial liabilities.

Q - Trade and other payables

Trade and other payables are initially recognised at fair value which generally corresponds with the nominal value. They are subsequently carried at amortised cost using the effective interest rate method.

R - Risk Management

The Group has exposure to the following risks from its business activities and use of financial instruments in running and managing its business:

- a. Market risk
- b. Credit risk
- c. Liquidity risk
- d. Capital risk

The Group's risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly in the light of market conditions and changes in the Group's activities.

a. Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices, will (positively or negatively) affect the Group's income or expenses or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.
The Group creates financial assets and incurs financial liabilities in the ordinary course of business. It buys and sells derivatives in order to manage market risk. Generally, the Group seeks to apply hedge accounting to allow it to offset, at maturity, the gains or losses on the hedging contracts against the value of costs and revenue. Hedge accounting enables it to manage volatility in the income statement.

Currency risk

In its operations, the Group is exposed to currency risk on sales, purchases and borrowings. The translation of local statements of financial position and income statements into the Group reporting currency leads to currency translation effects. If the Group hedges net investments in foreign entities with foreign currency borrowings or other instruments, the hedges of net investments are accounted for similarly to cash flow hedges. All foreign exchange gains or losses arising on translation are recognised in equity and included in cumulative translation differences.
Due to the nature of the Group's business, a high proportion of revenues and costs is in local currency, thus transaction risk is limited. Where Group entities have expenditures and receipts in different foreign currencies, they enter into derivative contracts themselves or through the Group's treasury centre to hedge their foreign currency exposure over the following months (based on forecasted purchases and sales). These derivatives are designated either as cash flow hedges, fair value hedges or non hedging derivatives.

Interest rate risk

The Group's primary source of funding is floating rate bank debt. Therefore it is exposed to the risk of changes, beneficial or adverse, in market interest rates.
The Group's long-term borrowings have been raised by companies in Belgium, Chile, and Germany. To manage its interest costs, the Group has entered into interest rate swaps. The hedges ensure that the major part of the Group's interest rate cost on borrowings is on a fixed rate basis.
The timing of such hedges is managed so as to lock interest rates whenever possible.

Equities and securities risk

Equity price risk arises from available-for-sale equity securities. In general, the Group does not acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or finance counterparty to a deposit, lending or derivative instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from bank deposits and investment securities. It also includes the risk that a financial counterparty may fail to meet its obligation under a financial liability. The Group constantly monitors credit risk, and ensures that it has no excessive concentration of credit risk with any single counterparty or group of connected counterparties.
To manage the risk of customer default, the Group periodically assesses the financial reliability of customers,

and establishes purchase limits for each customer. The Group establishes allowances for impairment that represent its estimate of incurred losses in respect of trade and other receivables and investments. The main components of these allowances are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Finance counterparties consist of a number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, including their lending obligations, given their high credit risk ratings. Nevertheless, the Group seeks to spread its interactions with the banking world on a sufficient number of market players to mitigate the risk of a potential default.

c. Funding and long term liquidity risk

Funding risk is the risk that the Group will be unable to access the funds that it needs when it comes to refinance its debt or through the failure to meet the terms of its main syndicated credit facility. A summary of the terms of the facility are to be found in note 23 on financial debts. Refinancing risk is managed through developing and maintaining strong bank relationships with a group of financial institutions and through maintaining a strong and prudent financial position over time.

Long term liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, and so avoid incurring unacceptable losses or risking damage to the Group's reputation.

Short term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. Cash is maintained, where necessary, to guarantee the solvency and financial flexibility of the Group at all times.

d. Capital risk

The Group's primary objective when managing capital is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.
The Group manages its capital structure and makes adjustments to it, in the light of changes in economic situations.

S - Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risk associated with foreign currency and interest rate fluctuations. In accordance with its treasury policy, the Group does not hold derivative financial instruments for trading purposes. Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit and loss.
Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into.
The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates and current creditworthiness of the counterparties. Subsequently to initial recognition, derivative financial instruments are stated at fair value at the reporting date. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.
Derivative financial instruments are stated at cost if their fair value cannot be measured reliably.

Gains or losses on re-measurement to fair value are recognised immediately in the income statement unless the derivative qualifies for hedge accounting whereby recognition is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives either as:

- A hedge of a particular risk associated with a recognised asset or liability or highly probable forecasted transaction, such as variability in cash flows of future interest payments on a floating rate debt (cash flow hedge), or
- A hedge of a net investment in a foreign entity.

A derivative instrument is accounted for as a hedge, when:

- The hedging relationship is documented as of its inception.
- The hedging is highly effective in achieving its objective.
- The effectiveness can be reliably measured.

For a cash flow hedge, the forecasted transaction which is the subject of the hedge must be highly probable.

Cash flow hedge Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are effective are recognised in equity. Where the firm commitment results in the recognition of a non-financial asset, for example property, plant equipment or inventory, or a non-financial liability, the gains or losses previously recognised in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts recognised in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement.

Any ineffective portion is reported immediately in the income statement. When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed transaction ultimately is recognised in the income statement. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation that are effective, are recognised in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. The changes in fair value that are recognised in profit and loss of the period are classified in operating result if the derivative relates to a non-financial asset and in financial result if the derivative relates to a financing transaction.

T - Income taxes

Income taxes include current and deferred income taxes.

Current income taxes Current tax is the expected tax payable on taxable income for the year, and any adjustment to tax payable in respect of previous years. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred income taxes Deferred income taxes are calculated, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax base. The amount of deferred tax provided is based on the expected manner of realisation of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised, except:

- Where the temporary differences arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investees and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only when it is probable that taxable profits will be available in the coming 3 years, against which the deductible temporary difference or the tax loss to be carried forward can be utilised, except:

- Where the temporary differences arise from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.

- In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investees and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date to assess the probability that sufficient taxable profit will be available to allow deferred taxes to be utilised.

Deferred tax is recognised in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.
Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

U - Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales of products Revenue from sales of goods is recognised in the income statement net of sales taxes and discounts when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Construction contracts A limited number of activities of the Group are construction contract driven. Consequently contract revenue and contract costs are recognised in the income statement on the percentage-of-completion method, with the stage of completion being measured by reference to actual work performed to date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of the contract expenses that are recoverable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged to the income statement.

Rental income Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases.

Interest income Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

Dividends Dividends are recognised when the Group's right to receive payment is established.

V - Expenses

Operating lease payments Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance income and expenses Finance costs comprise:

- Interest payable on borrowings calculated using the effective interest rate method
- Foreign exchange gains and losses on financial assets and liabilities
- Gains and losses on hedging instruments that are recognised in the income statement
- The expected return on plan assets and
- Interest costs with respect to defined benefit obligations.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

W - Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. A discontinued operation is a component of the Group business that represents a separate major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier.
A disposal group that is to be abandoned may also qualify.

X - Future changes in accounting policies

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2014 financial statements, which we believe are applicable to the Group are listed below:

- **IFRS 9 Financial Instruments, is effective for annual periods beginning on or after 1 January 2018.**
  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is

required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

- **Amendments to IAS 19 Defined Benefit Plans**
  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

- **IFRS 15 Revenue from Contracts with Customers, is effective for annual periods beginning on or after 1 January 2017**
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

The Group is currently assessing the impact of these new standards and amendments on the consolidated financial statements.

6.2.3 Explanatory notes

Note 1 – Revenue

Revenue by activity

IN THOUSANDS OF EUR	2013	2014
Roofing	908,155	895,120
Cladding and Building Boards	1,410,180	1,375,529
Fire Protection and Insulation	385,229	389,260
Ceramic Tiles	231,884	231,177
Others	110,195	95,767
Total	**3,045,643**	**2,986,853**

Revenue by geographical area

IN THOUSANDS OF EUR	2013	2014
France	593,334	530,671
Germany	483,369	470,781
United Kingdom	361,415	411,898
Benelux	181,024	180,619
Poland	92,818	96,557
Other Europe	401,740	409,847
Chile	192,136	149,956
Argentina	171,358	158,638
Peru	107,788	107,476
Colombia	98,044	113,008
Nigeria	99,680	84,583
Rest of the World	262,937	272,819
Total	**3,045,643**	**2,986,853**

Note 2 – Operating charges by nature

The Group's major operating charges by function in 2014 are as follows:

IN THOUSANDS OF EUR	PERSONNEL & TEMPORARY	DEPRECIATION & IMPAIRMENT	GOODS & MATERIALS	ENERGY	TRANSPORT & TRAVEL	OTHERS	TOTAL
Cost of sales	-383,923	-133,054	-911,868	-215,866	-255,561	-242,493	-2,142,765
Distribution expenses	-217,174	-16,518	-	-989	-21,709	-135,093	-391,483
Administrative and general expenses	-107,466	-10,991	-	-1,042	-6,087	-59,594	-185,180
Other operating charges	-33,383	-2,862	-	-102	-1,970	-24,257	-62,574
Non recurring items	-	-19,312	-	-	-	-32,000	-51,312
Total	**-741,946**	**-182,737**	**-911,868**	**-217,999**	**-285,327**	**-493,437**	**-2,833,314**

The Group's major operating charges by function in 2013 are as follows:

IN THOUSANDS OF EUR	PERSONNEL & TEMPORARY	DEPRECIATION & IMPAIRMENT	GOODS & MATERIALS	ENERGY	TRANSPORT & TRAVEL	OTHERS	TOTAL
Cost of sales	-387,071	-135,968	-938,043	-232,296	-249,856	-269,763	-2,212,997
Distribution expenses	-210,702	-15,845	-	-1,114	-21,433	-134,528	-383,622
Administrative and general expenses	-108,111	-9,792	-	-1,092	-6,074	-62,384	-187,453
Other operating charges	-26,441	-6,843	-	-79	-1,485	-13,219	-48,067
Non recurring items	-	-6,892	-	-	-	8,766	1,874
Total	**-732,325**	**-175,340**	**-938,043**	**-234,581**	**-278,848**	**-471,128**	**-2,830,265**

The Group's total personnel expenses, are made up of the following elements:

IN THOUSANDS OF EUR	2013	2014
Wages and salaries	-541,858	-544,709
Social security contributions	-130,188	-121,614
Contributions to defined contribution plans	-8,157	-11,207
Charges for defined benefit plans (service cost)	-6,062	-13,611
Restructuring and termination charges	-4,251	-1,508
Other employee benefits expenses	-32,022	-32,303
Total employee benefits expenses	**-722,538**	**-724,952**

The number of the Group's employees is split into the following categories:

	2013	2014
Production	11,004	10,688
Sales and marketing	4,252	4,248
Administration and research	2,186	2,131
Average number of personnel	**17,442**	**17,067**

Note 3 – Other operating charges and income

IN THOUSANDS OF EUR	2013	2014
Research	-15,280	-19,056
Restructuring charges	-6,485	-9,006
Impairments	-3,714	-
Environmental remediation	-6,473	-5,117
Other operating taxes	-2,350	-2,169
Direct expenses arising from investment properties	-807	-197
Loss on disposal of assets	-424	-238
Miscellaneous	-12,534	-26,791
Total other operating charges	**-48,067**	**-62,574**

Restructuring charges in 2014 mainly relate to the re-organisation of Etex entities in Germany (€ 5,038 thousand) and in France (€ 3,591 thousand); the 2013 restructuring charges were relating to Germany and Argentina.

Impairments in 2013 relate to the fire protection activity in the UK: a board production line in Glasgow (€ 1,544 thousand) and the closure of a board factory in Blackburn in 2012 (€ 1,737 thousand).

IN THOUSANDS OF EUR	2013	2014
Income from investment property	1,517	1,240
Government grant amortisation	2,526	2,771
Royalties and license income	220	215
Amounts recovered from insurance companies	1,524	82
Gain on disposal of assets	4,259	2,215
Past service gain / Settlements	2,568	7,134
Miscellaneous	8,347	7,956
Total other operating income	**20,961**	**21,613**

Settlement gains and past service gains relate to defined benefit plans in the Netherlands and in Ireland in 2014 (see note 21).
In 2013, these were generated by defined benefit plans in the United Kingdom, Ireland and the Netherlands.

Note 4 – Non recurring items

IN THOUSANDS OF EUR	2013	2014
Gain on disposal of assets	5,444	7,508
Gains / Losses on disposal of businesses	-4,863	-836
Total gains and losses on disposal of assets and businesses	**581**	**6,672**
Major restructuring costs	-10,643	-49,275
Insurance compensation	3,800	-
Impairment of goodwill	-	-637
Price adjustment on acquired businesses	-	500
Litigation provision	8,717	-1,900
Total other non recurring items	**1,874**	**-51,312**
Non recurring items	**2,455**	**-44,640**

As in prior years, surplus land could be disposed in 2014: the gain on disposal of assets relates to the sale of a piece of land in Quilicura (Chile) for € 10,193 thousand; in 2013 the gain on disposal of assets related to the sale of surplus land in Cartagena (Colombia).
In March 2014, the Group sold the carpet and flooring business operated by the company Etersol for a proceed of € 2,808 thousand generating a loss of € 490 thousand.
On 8 April 2014 the Group sold its subsidiary Batiroc, producing metal profiled sheet, to another player in the French metal profiling market; the proceeds amount to € 5,173 thousand and this operation generated a gain of € 1,199 thousand.

A loss on disposal of businesses consists of € 241 thousand recognised on the step up acquisition of the non controlling interest in Pulverizar, a Colombian company that was previously equity accounted. Other items relating to the disposal of businesses are price adjustments: one on the disposal of Fademac (Brazil) that took place in 2009 (negative price adjustment of € 950 thousand), and another one relating to the 2013 disposal of La Chape Liquide and Gyvlon subsidiaries (negative price adjustment of € 354 thousand, the loss recognised in 2013 was € 4,862 thousand). As a result of fire damage on its Malsh site, Creaton (Germany) obtained in 2013 an insurance compensation for property damage which amounted to € 3,800 thousand, net of the relevant costs and impairment of assets.

Three significant restructuring plans were implemented by the Group in 2014, in three businesses and locations:

- In Germany, closure of the plain tile plant located in Guttau (Saxony), communicated in May 2014 and where production stopped in quarter 3, in response to the declining market demand in plain clay tiles for years.
- In the United Kingdom, closure of the fire protection & insulation Glasgow factory (Scotland), announced in September 2014 and that will take effect by the end of 2015, to further consolidate manufacturing facilities in Europe.
- In France, the Siniat business has initiated a restructuring plan in order to face slow down in the building activity.
  This plan started in October 2014. It is subject to negotiation with the employee representatives and approval from the authorities. The entire organisation is being re-shaped: three plants are in the process of being shut down, a re-designed organisation is being implemented. Overall, the workforce at Siniat France could be reduced up to 15%.

Restructuring charges amount to € 2,199 thousand, € 7,149 thousand and € 39,927 thousand, respectively for Guttau, Glasgow and Siniat in France (out of which impairment of assets for € 511 thousand, € 4,267 thousand and € 13,897 thousand respectively). In 2013, the closure of a slate factory in Widnes (UK) led to restructuring costs of € 9,088 thousand out of which € 4,863 thousand relate to the impairment of tangible assets. Other restructuring costs were incurred in 2013 in Chile, in the carpet and flooring lines operated by the company Etersol (€ 1,556 thousand).

The € 500 thousand favourable price adjustment on acquired business and the € 637 impairment on goodwill both relate to the 2013 acquisition of the Russian based company A+B, producing paints and sprays for passive fire protection, with operations in Russia and Ukraine. The price adjustment was agreed with the seller in November 2014 and included in the revised instalment plan regarding purchase price (was € 3,000 thousand in 2014 and € 1,000 thousand in 2016, became € 1,500 thousand paid in November 2014 and € 2,000 thousand to be paid in 2016, the latter being included in other non current liabilities).

In 2014, € 1,900 thousand was provided to cover the plaintiffs' legal costs in a dispute between Etex Holding GmbH and minority shareholders of Creaton AG (Germany); these are unconditionally to be born by Etex according to local rules, regardless of the final legal decision in this case. More details are disclosed in Note 20.

In 2013, the litigation provision for the Eternit (Italy) SpA case (€ 28,717 thousand) has been reversed. The proceedings brought by a large number of civil parties against Etex in Turin, Italy, ended on 3 June 2013 following the passing away of Mr. Louis de Cartier. During the same year, a provision was set up for € 20,000 thousand relating to a commercial litigation in South America on which, in accordance with IAS 37.92, Etex does not provide further information on investigations, probabilities and associated financial impacts. This in order not to affect the final resolution of this litigation as a more detailed disclosure could seriously prejudice the position of Etex in this case.

Note 5 – Finance income and expense

IN THOUSANDS OF EUR	2013	2014
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	3,152	1,958
Positive impact of change in discount rate of long term provisions	109	26
Positive fair value adjustments of interest rate contracts (held for trading at fair value through profit and loss)	2,374	-
Other interest related income	48	82
Interest income	**5,683**	**2,066**
Interest expense on financial liabilities measured at amortised cost	-57,726	-55,685
Net interest expense on employee benefits	-10,417	-7,888
Unwinding of discount long term provisions	-1,616	-882
Negative impact of change in discount rate of long term provisions	-2,097	-6,011
Other interest related charges	-6,014	-3,572
Interest expense	**-77,870**	**-74,038**
Dividend income from shares in non consolidated companies (available-for-sale)	3	1
Net foreign exchange gains (loans and receivables)	-	4,932
Other finance income	11,324	2,229
Other finance income	**11,327**	**7,162**
Net foreign exchange losses (loans and receivables)	-740	-
Net foreign exchange losses (liabilities at amortised cost)	-5,127	-7,129
Impairment of shares in non consolidated companies (available-for-sale)	-33	-
Other finance expense	-499	-482
Other finance expense	**-6,399**	**-7,611**
Net finance costs	**-67,259**	**-72,421**

The lower interest expense on financial liabilities measured at amortised cost is explained by the lower interest rates on own outstanding debt levels. It includes the effect of interest rate financial instruments hedging the Group's interest rate risk: € 9,423 thousand paid in 2014 (€ 12,125 thousand paid in 2013).

The other interest related charges mainly include upfront fee expenses for € 3,542 thousand (€ 5,679 thousand in 2013) in connection with external financial debt which are amortised over the duration of the loan or bond. Those charges are lower than last year given the syndicated loan maturity extension (discussed in note 23).

Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The exchange gain on euro debt in Chilean subsidiary for € 1,530 thousand (loss of € 4,065 thousand in 2013) is partly offset by the exchange loss on cross currency interest rate swaps hedging the currency risk.

Note 6 – Income tax expense

IN THOUSANDS OF EUR	2013	2014
Current income tax charge for the year	-57,289	-57,672
Adjustments to current income tax of previous years	2,420	-3,165
Current income tax expense	**-54,869**	**-60,837**
Origination and reversal of temporary differences	16,000	35,672
Net effect on deferred tax assets	-1,978	7,807
Net effect of changes in tax rates on deferred tax	-375	1,810
Deferred income tax expense	**13,647**	**45,289**
Total income tax expense	**-41,222**	**-15,548**

The reconciliation between the effective income tax expense and the theoretical income tax expense is summarised below. The theoretical income tax expense is calculated by applying the domestic nominal tax rate of each Group entity to their contribution to the Group profit before income tax and before share of the profit in equity accounted investees.

IN THOUSANDS OF EUR	2013	2014
Profit before income tax and before share of profit in equity accounted investees	**169,661**	**109,403**
Theoretical income tax expense (nominal rates)	-48,835	-20,566
Weighted average nominal tax rate %	28.8%	18.8%
Tax impact of		
Non deductible expenses	-10,819	-12,093
Tax on profit distribution inside the Group	-1,637	-2,827
Other tax deductions	23,756	13,037
Unrecognised deferred tax assets on current year losses	-16,249	-8,175
Recognition of previously unrecognised deferred tax assets	14,334	17,864
Derecognition of previously recognised deferred tax assets	-63	-1,882
Net effect of changes in tax rates on deferred tax	-375	1,810
Adjustments to prior year income tax	505	-3,165
Other tax adjustments	-1,839	449
Income tax expense recognised in the income statement	**-41,222**	**-15,548**
Effective tax rate %	24.3%	14.2%

Income tax recognised directly in equity is related to:

IN THOUSANDS OF EUR	2013	2014
Actuarial gains (losses) on post employment benefit plans	-17,081	17,372
Gains (losses) on financial instruments - cash flow hedging	-1,973	3,776
Total	**-19,054**	**21,148**

Note 7 – Property, plant and equipment

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY, EQUIPMENT	FURNITURE, VEHICLE	OTHER PROPERTY, PLANT, EQUIPMENT	UNDER CONSTRUCTION	TOTAL
At 31 December 2012						
Gross book value	1,045,397	2,469,834	172,121	25,358	91,017	3,803,727
Accumulated depreciation	-451,004	-1,370,726	-140,646	-16,116	-	-1,978,492
Accumulated impairment loss	-3,235	-40,715	-316	-57	-11,338	-55,661
Net book value	**591,158**	**1,058,393**	**31,159**	**9,185**	**79,679**	**1,769,574**
Of which leased assets	2,684	39,516	1,751	-	-	43,951
Additions	41,358	104,153	10,542	193	42,775	199,021
Disposals	-1,626	-2,997	-517	-5	-	-5,145
Changes in the scope of consolidation	187	-8,648	251	-20	5	-8,225
Transfer between captions	20,702	8,509	1,004	44	-33,754	-3,495
Depreciation for the year	-32,930	-102,634	-8,392	-1,687	-	-145,643
Impairment loss of the year	-747	-9,133	-19	-3	16	-9,886
Reversal impairment loss	972	1,005	26	-	-	2,003
Translation differences	-22,370	-40,069	-1,232	-135	-6,115	-69,921
At 31 December 2013						
Gross book value	1,076,194	2,432,939	169,700	24,970	83,889	3,787,692
Accumulated depreciation	-477,097	-1,381,144	-136,570	-17,340	-	-2,012,151
Accumulated impairment loss	-2,391	-43,223	-305	-56	-1,283	-47,258
Net book value	**596,706**	**1,008,572**	**32,825**	**7,574**	**82,606**	**1,728,283**
Of which leased assets	1,801	32,058	639	-	-	34,498
Additions	18,592	57,776	5,166	1,175	108,722	191,431
Disposals	-3,565	-1,395	-252	38	-94	-5,268
Changes in the scope of consolidation	-720	-1,848	-109	41	18	-2,618
Transfer between captions	1,257	-50,252	75,317	-74	-30,174	-3,926
Depreciation of the year	-30,675	-100,749	-8,192	-1,507	-	-141,123
Impairment loss of the year	-4,142	-14,926	-125	-18	-238	-19,449
Reversal of impairment loss	-	737	-	-	-	737
Translation differences	-2,734	197	-476	-33	-2	-3,048
At 31 December 2014						
Gross book value	1,069,271	2,361,902	269,975	23,334	162,149	3,886,631
Accumulated depreciation	-488,035	-1,405,609	-165,360	-16,065	-	-2,075,069
Accumulated impairment loss	-6,518	-58,180	-461	-73	-1,311	-66,543
Net book value	**574,718**	**898,113**	**104,154**	**7,196**	**160,838**	**1,745,019**
Of which leased assets	786	24,393	481	-	-	25,660

In 2014, major capital expenditure relate to projects initiated in previous year and which are about to be finalized including plasterboard lines in Brazil, Romania and Peru, new fibre-cement lines in Indonesia and Chile. In continuation of our strategy, we have also invested in in the modernisation of our plants, especially in Nigeria.

The disposal proceeds of property, plant and equipment in 2014 amount to € 13,303 thousand, resulting in a net gain of € 8,035 thousand (mainly the sale of a piece of land in Chile, see note 4). In 2013, the proceeds amounted to € 6,991 thousand with a net gain of € 2,998 thousand.

Impairment testing

In December 2014, impairment reviews were performed for a certain number of assets where impairment indicators arose. The carrying value of capital employed has been compared with the recoverable amount of the cash-generating unit. This review did not result in any impairment. The recoverable amount of the cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions, excluding Argentina (where discount rate amounts to 29.5 % and growth rate is consistent with inflation):

- Cash flows were projected based on actual operating results and the 3 year business plan (extended to 10 years when the financial projections of a long-term strategy development is available for the cash-generating unit),
- Cash flows for further periods were extrapolated using a constant growth rate in a range of 1.5 % to 5 % depending on the countries involved and their respective inflation rates,
- Cash flows are discounted using the weighted average cost of capital (WACC) in a range of 7.9 % to 12.0 % depending on the countries involved (a range of 9.83 % to 12.75 % in 2013).

In connection with the impairment testing process, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. More specifically, an increase of 100 basis points in the WACC indicated a potential need for an impairment charge of € 7.8 million.

Note 8 – Goodwill and business combinations

8.1 Reconciliation of the carrying amount of goodwill

IN THOUSANDS OF EUR	2013	2014
Gross book value	262,631	252,264
Accumulated impairment losses	-21,689	-21,516
Net book value at the beginning of the year	**240,942**	**230,748**
Additions through business combinations	4,776	-
Translation differences	-3,623	-1,519
Disposals	-11,347	-
Impairment loss of the year	-	-637
Net book value at the end of the year	**230,748**	**228,592**
Gross book value	252,264	251,119
Accumulated impairment losses	-21,516	*-22,527*

The impairment loss of € 637 thousand relates to the company A+B, producing paint and sprays for passive fire protection, with operations in Russia and Ukraine. In 2013, the € 11,347 thousand disposal movement relates to the divested La Chape Liquide and Gyvlon subsidiaries to which part of the Gypsum Europe goodwill value had been allocated.

The main components of the carrying amount of goodwill are the following:

IN THOUSANDS OF EUR	2013	2014
Creaton, Germany (2005)	92,893	92,893
Gypsum Europe (2011)	51,492	51,492
Gypsum Brazil (2011)	16,688	16,631
Cafco (2007)	16,199	16,199
Microtherm (2010)	14,832	14,832
Projiso (2006)	11,196	11,196
Ivarsson, Denmark (2005)	8,522	8,538
Intumex (2000)	8,504	8,504
A+B (2013)	4,466	2,351
Others	5,956	5,956
Total	**230,748**	**228,592**

8.2 Business combinations

On 17 January, 2014 the Group acquired 50 % of the shares in the Colombian company Pulverizar which was previously accounted for as equity accounted investee, resulting in a cash out payment of € 533 thousand. The transaction generated a loss recognised in the non recurring income statement items (see note 4).

On 12 February 2014, Etex completed the acquisition of Lafarge's remaining 20 per cent stake in the European and South American gypsum operations (Siniat), as agreed upon in December 2013, for a price of € 145 million. This amount was already included in loans and borrowings of Etex as of 31 December 2013 (see note 23) as the latest estimate of the put option that was granted to Lafarge Group (November 2011) in the context of the acquisition of Siniat.

In 2013, two significant business combinations took place:

- Promat UK integrated the assets and business of Securiglass in May, a leading UK producer in the fire and smoke resistant glass market; the purchase price has been allocated to customer list.
- In August, Promat International acquired the Russian company A+B, which produces quality paints and sprays for passive fire protection, with operations in Russia and Ukraine. The purchase price has been allocated to customer list and goodwill. The integration of this business represents an increase of € 3,291 thousand in sales and € 101 thousand in operating income for 2013. Had A+B been acquired at the first of January 2013, sales and operating income would amount to € 10,287 thousand and € 961 thousand respectively.

The fair value of the identifiable assets and liabilities of the Securiglass and A+B businesses as at the date of acquisition (2013) were:

IN THOUSANDS OF EUR	A+B	SECURIGLASS	2013
Non-current assets	**6,346**	**2,362**	**8,708**
Property, plant and equipment	1,161	331	1,492
Intangible assets	5,134	2,031	7,165
Investments in equity accounted investees	48	-	48
Deferred tax assets	3	-	3
Current assets	**7,175**	**1,598**	**8,773**
Inventories	2,276	377	2,653
Trade and other receivables	4,352	1,221	5,573
Cash and cash equivalents	547	-	547
TOTAL ASSETS	**13,521**	**3,960**	**17,481**
Non-current liabilities	**997**	-	**997**
Deferred tax liabilities	997	-	997
Current liabilities	**3,924**	**721**	**4,645**
Trade and other liabilities	3,924	721	4,645
TOTAL LIABILITIES	**4,921**	**721**	**5,642**
Net identifiable assets and liabilities	**8,600**	**3,239**	**11,839**
Group share	8,600	3,239	11,839
Non-controlling interests	-	-	-
Acquisition price satisfied in cash (Group share)	**13,376**	**3,239**	**16,615**
Goodwill generated	4,776	-	4,776

8.3 Acquisitions of non-controlling interests

The domination agreement between Creaton AG and its majority shareholder Etex Holding GmbH in Germany (August 2007) stipulates that the preference shareholders, which have no voting rights, are entitled to either sell their shares at a fixed price of € 28.17 or receive a guaranteed fixed dividend of € 1.27 per share. In the course of 2014, no transaction took place with shareholders of Creaton AG (in 2013 shareholders of Creaton AG owning 2,152 shares accepted the offer). The long term financial liabilities for the remaining redeemable preference shares which result from the domination agreement amounts to € 6,886 thousand at the end of 2014 (2013: € 6,886 thousand). It is disclosed in note 23.

8.4 Impairment testing of goodwill

In December 2014, impairment reviews were performed by comparing the carrying value of capital employed including goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated. Management determined that no impairment loss had to be recognised.
The recoverable amount of the cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 3 year business plan (extended to 10 years when the financial projections of a long-term strategy development is available for the cash-generating unit),
- Cash flows for further periods were extrapolated using a constant growth rate of 1 % to 6 % per annum depending on the countries involved and including the inflation component of the discount factor in one particular instance (1 % to 6 % in 2013) .
- Cash flows were discounted using the weighted average cost of capital (WACC) in a range of 6.9 % to 16.3 % depending on the countries involved (7.55 % to 14.3 % in 2013).

The application of the above assumptions as of 31 December 2014 resulted in a goodwill impairment that was booked on A+B Russia for € 637 thousand as described in notes 4 and 8 (no goodwill impairment in 2013).

In connection with the impairment testing process, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. All goodwill exceeding € 10 million are sensitive to changes in assumptions. More specifically, an increase of the WACC within a range of 1.1 % (impact on Siniat & Creaton) till 2.5 % (impact on Cafco / Projiso) indicated a potential need for an impairment charge. The goodwill related to Microtherm would not result in any impairment charge even in case WACC reaches 15 %, twice as much as today’s WACC.

Etex management will closely monitor the impact of macro-economic evolution.

Note 9 – Intangible assets other than goodwill

IN THOUSANDS OF EUR	CONCESSIONS	SOFTWARE	BRANDS	TECHNOLOGY	CUSTOMER LIST	OTHERS	TOTAL
At 31 December 2012							
Gross book value	44,427	77,386	93,795	69,904	41,397	30,062	356,971
Accumulated amortisation	-15,459	-55,315	-7,317	-5,179	-2,895	-20,255	-106,420
Accumulated impairment losses	-122	-270	-	-	-	-3,916	-4,308
Net book value	**28,846**	**21,801**	**86,478**	**64,725**	**38,502**	**5,891**	**246,243**
Additions	7	12,291	384	-	-	161	12,843
Disposals	-	-26	-	-	-	-	-26
Retirements	-	-1	-	-	-	-	-1
Acquisitions through business combinations	-	178	-	-	6,484	503	7,165
Transfer between captions	256	4,526	-	-	-	-1,580	3,202
Amortisation for the year	-745	-4,766	-6,430	-4,371	-2,864	-1,338	-20,514
Impairment loss of the year	-	-543	-	-	-	-68	-611
Changes in the scope of consolidation	-	-	-	-2,130	-	195	-1,935
Translation differences	-2,299	-601	-572	-245	-280	-172	-4,169
At 31 December 2013							
Gross book value	42,241	89,644	93,589	67,526	47,786	17,516	358,302
Accumulated amortisation	-16,054	-56,521	-13,729	-9,547	-5,944	-13,924	-115,719
Accumulated impairment losses	-122	-264	-	-	-	-	-386
Net book value	**26,065**	**32,859**	**79,860**	**57,979**	**41,842**	**3,592**	**242,197**
Additions	792	5,908	19	-	-	8	6,727
Disposals	-	-5	-	-	-	-	-5
Transfer between captions	1,227	1,031	-5,098	5,396	-1	-296	2,259
Amortisation for the year	-826	-5,905	-6,519	-4,150	-3,418	-1,160	-21,978
Impairment loss of the year	-	-207	-	-420	-	-3	-630
Changes in the scope of consolidation	-25	-	-	-	-	-	-25
Translation differences	-956	89	1,285	449	-1,465	191	-407
At 31 December 2014							
Gross book value	42,964	95,902	95,081	75,032	46,514	15,083	370,576
Accumulated amortisation	-16,565	-61,778	-25,534	-15,778	-9,556	-12,751	-141,962
Accumulated impairment losses	-122	-354	-	-	-	-	-476
Net book value	**26,277**	**33,770**	**69,547**	**59,254**	**36,958**	**2,332**	**228,138**

The major additions of 2014 relate to the internally developed ERP system.

Note 10 – Investment properties

IN THOUSANDS OF EUR	2013	2014
Gross book value	40,956	38,802
Accumulated depreciation	-18,368	-17,025
Accumulated impairment losses	-2,967	-2,938
Net book value at the beginning of the year	**19,621**	**18,839**
Depreciation for the year	-187	-157
Reversal of impairment losses	-	500
Additions	529	88
Disposals	-749	-960
Translation differences	-375	-49
Net book value at the end of the year	**18,839**	**18,261**
Gross book value	38,802	41,533
Accumulated depreciation	-17,025	-11,009
Accumulated impairment losses	-2,938	-12,263

Investment properties comprise several pieces of land and buildings, mainly in France, Germany and Italy.

The fair value of the investment properties is estimated at € 32,255 thousand (€ 35,164 thousand in 2013). Where external valuations were not available, best estimates have been used.

Note 11 – Assets held for sale

IN THOUSANDS OF EUR	2013	2014
Gross book value	5,498	10,492
Accumulated impairment losses	-1,536	-7,616
Net book value at the beginning of the year	**3,962**	**2,876**
Impairment losses	-502	-
Disposals	-665	-67
Transfer between captions	293	1,667
Translation differences	-212	113
Net book value at the end of the year	**2,876**	**4,589**
Gross book value	10,492	7,889
Accumulated impairment losses	-7,616	-3,300

Assets held for sale are lands that are not used in operations anymore and for which the Group is actively looking for a buyer. Most of these assets are located in Mexico and in the United Kingdom.

Note 12 – Investments in equity accounted investees

IN THOUSANDS OF EUR	2013	2014
At the beginning of the year	**38,458**	**36,709**
Result for the year	1,060	856
Dividends paid	-956	-1,216
Acquired through business combination	378	811
Disposal	-2,058	-201
Translation differences	-173	-16
At the end of the year	**36,709**	**36,943**

Summarised financial information of investments in equity accounted investees (Group's share) :

IN THOUSANDS OF EUR	2013	2014
Property plant and equipment	32,416	32,851
Other non-current assets	5,251	5,243
Current assets	19,708	20,087
Non-current liabilities	-4,761	-4,855
Current liabilities	-15,905	-16,375
Total net assets	**36,709**	**36,951**
Revenue	39,168	38,138
Operating income	6,879	6,597
Profit after tax	1,060	856

Transactions between the Group and equity accounted investees can be summarised as follows:

IN THOUSANDS OF EUR	2013	2014
Transactions		
Purchases from associates	13,476	9,584
Sales to associates	3,509	3,575
Dividends paid	963	1,216
Outstanding balances		
Trade receivables	551	620
Other current receivables	601	410
Trade liabilities	9	1,390
Other current financial loans	204	417

Note 13 – Other non-current assets

IN THOUSANDS OF EUR	2013	2014
Trade and other receivables	8,345	8,190
Impairment on trade and other receivables	-627	-596
Net trade and other receivables	7,718	7,594
Derivative financial instruments with positive fair value	2,299	46
Available-for-sale investments	5,649	3,105
Impairment on available-for-sale investments	-3,711	-2,077
Net available-for-sale investments	1,938	1,028
Total	**11,955**	**8,668**

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for € 1,027 thousand as their fair value cannot be measured reliably (€ 1,936 thousand in 2013).

Note 14 – Trade and other receivables

14.1. Current trade and other receivables

IN THOUSANDS OF EUR	2013	2014
Trade receivables	334,540	322,553
Impairment on trade receivables	-22,597	-21,242
Trade receivables	311,943	301,311
Other receivables	113,757	103,274
Total	**425,700**	**404,585**

Other receivables are mainly composed of:

IN THOUSANDS OF EUR	2013	2014
Income taxes recoverable	42,588	36,246
Other taxes recoverable	39,762	39,478
Derivative financial instruments with positive fair values	1,289	3,271
Prepaid charges and accrued income	8,625	7,894
Advances due from customers for contracts in progress	1,296	1,095
Advances to personnel	2,264	2,296
Others	17,933	12,994
Total	**113,757**	**103,274**

14.2. Exposure to credit risk – impairment losses

The ageing of trade and other receivables at reporting date was as follows:

IN THOUSANDS OF EUR	2013	2014
Neither impaired nor past due at reporting date	342,750	331,517
Not impaired at reporting date and past due	82,950	73,068
Up to 30 days	56,082	49,681
Between 31 and 60 days	11,719	10,068
Between 61 and 90 days	3,750	3,752
Between 91 and 120 days	2,675	3,130
Between 121 and 150 days	1,312	2,636
More than 150 days	7,412	3,801
Net carrying amount at the end of the year	**425,700**	**404,585**

The movement in the allowance for impairment of current trade and other receivables was as follows:

IN THOUSANDS OF EUR	2013	2014
Allowances at the beginning of the year	**-25,345**	**-22,597**
Additions	-4,816	-4,467
Use	4,716	3,969
Reversal	3,680	1,620
Change in the scope of consolidation	-832	233
Allowances at the end of the year	**-22,597**	**-21,242**

14.3. Other current assets

IN THOUSANDS OF EUR	2013	2014
Available-for-sale investments	491	-
Deposits	3,936	1,079
Total	**4,427**	**1,079**

Note 15 – Inventories

The different types of inventories are detailed below:

IN THOUSANDS OF EUR	2013	2014
Raw materials	118,134	122,498
Work in progress	41,734	38,714
Finished goods	225,964	246,239
Spare parts and consumables	88,935	90,418
Goods purchased for resale	39,230	35,595
Write-downs to net realisable value	-39,210	-40,766
Total	**474,787**	**492,698**

In 2014, the Group recognised inventory write-downs to net realisable value of € 3,204 thousand (€ 3,453 thousand in 2013) as an expense, including reversal of prior year write-downs amounting to € 8,684 thousand (€ 6,637 thousand in 2013). Reversals of write-downs without impact on the income statement amount to € 1,617 thousand (€ 1,816 thousand in 2013).

Note 16 – Risk management and financial derivatives

16.1 Risk management

A. Market risk

Exposure to currency risk
Around 50% of the Group's revenue is generated by subsidiaries with a functional currency other than the euro (49% in 2013). The Group mainly operates in the following foreign currencies: Argentinean peso, Chilean peso, Colombian peso, Peruvian nuevo sol and Pound sterling.

Translation currency sensitivity analysis
On the basis of the volatility of these currencies against the euro in 2014, the reasonably possible change of the exchange rate of these currencies against the euro is estimated as follows:

				RATES USED FOR SENSITIVITY ANALYSIS	
	CLOSING RATE 31 DECEMBER 2014	AVERAGE RATE 2014	POSSIBLE VOLATILITY OF RATES IN %	RANGE OF POSSIBLE CLOSING RATES 31 DECEMBER 2014	RANGE OF POSSIBLE AVERAGE RATES 2014
Argentinean peso	10.3818	10.7768	28	7.4749 - 13.2887	7.7593 - 13.7943
Chilean peso (000)	0.7367	0.7569	13	0.6409 - 0.8324	0.6585 - 0.8553
Colombian peso (000)	2.9047	2.6495	17	2.4109 - 3.3985	2.1991 - 3.0999
Peruvian nuevo sol	3.6302	3.7676	10	3.2671 - 3.9932	3.3908 - 4.1443
Pound sterling	0.7789	0.8060	8	0.7166 - 0.8412	0.7415 - 0.8705

As a comparison, the reasonably possible change of exchange rate of these currencies against the euro was estimated as follows for 2013:

				RATES USED FOR SENSITIVITY ANALYSIS	
	CLOSING RATE 31 DECEMBER 2013	AVERAGE RATE 2013	POSSIBLE VOLATILITY OF RATES IN %	RANGE OF POSSIBLE CLOSING RATES 31 DECEMBER 2013	RANGE OF POSSIBLE AVERAGE RATES 2013
Argentinean peso	8.9931	7.2971	57	3.867 - 14.1192	3.1378 - 11.4565
Chilean peso (000)	0.7235	0.6593	17	0.6005 - 0.8465	0.5472 - 0.7714
Colombian peso (000)	2.6573	2.4863	17	2.2056 - 3.109	2.0636 - 2.909
Peruvian nuevo sol	3.8422	3.5970	18	3.1506 - 4.5338	2.9495 - 4.2445
Pound sterling	0.8337	0.8491	10	0.7503 - 0.9171	0.7642 - 0.934

If the euro had weakened or strengthened during 2014 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2014 profit would have been € 6,174 thousand (7%) higher or lower (€ 7,785 thousand or 6% in 2013) while equity would have been € 34,718 thousand (4%) higher or lower (€ 50,771 thousand or 5% in 2013), as detailed below:

	2013		2014	
IN THOUSANDS OF EUR	PROFIT	EQUITY	PROFIT	EQUITY
Argentinean peso	1,802	15,798	877	9,083
Chilean peso	2,182	-554	1,901	1,146
Colombian peso	435	9,701	-227	6,888
Peruvian nuevo sol	1,913	11,034	888	7,874
Pound sterling	1,453	14,792	2,735	9,727
Total	**7,785**	**50,771**	**6,174**	**34,718**

Interest rates sensitivity analysis

€ 527,373 thousand or 52% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€ 583,911 thousand or 54% in 2013). This floating debt portion consists of debt instruments almost exclusively denominated in euro apart from € 66,909 thousand that is denominated in Chilean peso (€ 59,902 thousand in 2013), € 47,219 thousand that is denominated in Colombian peso (€ 30,495 thousand in 2013) and € 25,867 thousand denominated in other currencies (€ 19,900 thousand in 2013).

The total interest expense recognised in the 2014 income statement on the Group's variable rate debt portion, net of the effect of interest rate derivative instruments, amounts to € 33,883 thousand (€ 36,431 thousand in 2013). The total interest expense recognised on the fixed rate portion amounts to € 26,040 thousand (€ 25,703 thousand in 2013).

The reasonably possible change of the market interest rates applicable to the Group's floating rate debt after hedging is as follows:

		RATES USED FOR SENSITIVITY ANALYSIS	
	RATES AT 31 DECEMBER 2014	POSSIBLE VOLATILITY OF RATES	POSSIBLE RATES AT 31 DECEMBER 2014
euro	0.08%	- 0.08% + 0.13%	0 % - 0.21%
Chilean peso	4.36%	- 0.54% + 0.89%	3.82% - 5.25%
Colombian peso	3.71%	- 0.72% + 0.57 %	2.99% - 4.28%

		RATES USED FOR SENSITIVITY ANALYSIS	
	RATES AT 31 DECEMBER 2013	POSSIBLE VOLATILITY OF RATES	POSSIBLE RATES AT 31 DECEMBER 2013
euro	0.25%	- 0.05% + 0.25%	0.20% - 0.50%
Chilean peso	4.40%	- 0.4% + 0.6%	4.00% - 5.00%
Colombian peso	3.25%	- 0.25% + 0.50%	3.00% - 3.75%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2014, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2014 profit by € 1,061 thousand and an increase of € 819 thousand (a decrease of € 599 thousand and an increase of € 295 thousand in 2013). Cash and cash equivalents in euro of € 22,875 thousand (€ 32,594 thousand in 2013), Chilean peso balances of € 14,372 thousand (€ 3,540 thousand in 2013) and Colombian peso balances of € 360 thousand (€ 850 thousand in 2013) generate interest that would partially offset any variations in interest payable. The fair value of the Group's interest rate hedging contracts would, on basis of the above possible change in interest rates, decrease by € 1,187 thousand and (increase) by € 1,964 thousand against an increase (decrease) of equity for that amount (decrease by € 125 thousand and (increase) by € 1,800 thousand in 2013).

B. Credit risk

At the reporting date the exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position (refer to note 13 for investments, note 14 for trade and other receivables, and note 17 for cash and cash equivalents).

C. Funding and long term liquidity risk

Maturity schedule

At 31 December 2014 the contractual maturities of financial liabilities, including interest payments, are the following:

IN THOUSANDS OF EUR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Bank loans	542,670	594,153	140,574	37,037	405,096	11,446
Redeemable preference shares	6,886	6,886	3,443	3,443	-	-
Retail bond	397,162	460,000	20,000	20,000	420,000	-
Other financial loans	60,347	60,756	59,373	667	716	-
Obligations under finance leases	5,223	5,344	4,938	406	-	-
Trade and other liabilities	650,524	646,534	644,343	2,022	156	13
Derivative financial liabilities						
Interest rates swaps	34,531	44,131	9,909	6,856	20,530	6,837
Foreign exchange contracts	5,835	5,835	4,577	1,258	-	-
Total	**1,703,178**	**1,823,639**	**887,157**	**71,689**	**846,498**	**18,296**

Bank loans are shown according to their contractual maturity date, rather than their interest and roll-over date.

At 31 December 2013 the contractual maturities of financial liabilities, including interest payments, were the following:

IN THOUSANDS OF EUR	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Bank loans	464,124	504,216	238,684	33,558	227,392	4,582
Redeemable preference shares	6,886	6,886	3,443	3,443	-	-
Put option	145,000	145,000	145,000	-	-	-
Retail bond	395,897	480,000	20,000	20,000	440,000	-
Other financial loans	61,759	62,383	60,492	804	1,077	10
Obligations under finance leases	13,929	14,527	9,426	5,101	-	-
Trade and other liabilities	632,579	613,188	611,681	479	1,028	-
Derivative financial liabilities						
Interest rates swaps	22,900	29,870	9,416	5,658	11,028	3,768
Foreign exchange contracts	5,248	5,248	5,248	-	-	-
Total	**1,748,322**	**1,861,318**	**1,103,390**	**69,043**	**680,525**	**8,360**

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the latest syndicated loan agreement signed on 24 January 2014. The Group intends to maintain a covenant ratio between 1.5 and 2.0.

The adjusted net financial debt (for bank covenant purposes) to recurring EBITDA ratio amounts to 2.3 as at 31 December 2014, well below the bank covenant of 3.5 (2.4 in 2013).

16.2 Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to currency and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. All derivatives are measured at fair value. The following table provides an overview of the outstanding derivative financial instruments at 31 December:

IN THOUSANDS OF EUR	2013	2014
Foreign exchange contracts		
Assets	1,289	1,844
Liabilities	-5,248	-5,835
Cross currency interest rate swaps		
Assets	2,299	1,473
Interest rate swaps		
Liabilities	-22,900	-34,531
Total	**-24,560**	**-37,049**

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 31 December 2014, have been recognised:

	PROFIT FOR THE YEAR				
IN THOUSANDS OF EUR	COST OF SALES	INTEREST EXPENSE	OTHER FINANCIAL INCOME	OTHER FINANCIAL CHARGES	OTHER COMPREHENSIVE INCOME
Foreign exchange contracts					
Assets	88	-	-	-	491
Liabilities	-183	-	-	-	-288
Cross currency interest rate swaps					
Assets	-	-	-	-826	-
Interest rate swaps					
Liabilities	-	-	-	-	-11,631
Total	**-95**	**-**	**-**	**-826**	**-11,428**

A. Cash flow hedges

At 31 December 2014, the Group holds forward exchange contracts designated as hedges of expected future raw material purchases from suppliers for purchases denominated in US Dollar and Japanese Yen, of expected future sales denominated in Polish Zloty, and of expected future purchases denominated in euro by companies whose functional currency is the British Pound and Polish Zloty.

At 31 December 2014, the Group had interest rate swap agreements in place with a notional amount of € 250,000 thousand (€ 280,000 thousand in 2013) whereby it receives a variable interest rate based on Euribor three or six months, as the case may be, and pays a fixed rate on the notional amount. The swaps are being used to hedge the exposure to interest rate risk on its floating debt. The floating rate debt and the interest rate swaps have the same critical terms.

The Group did not recognise any ineffectiveness in 2013 and 2014.

The following tables indicate the period in which the undiscounted cash flows are or were expected to occur. This is the same period as the period in which the cash flows are expected to impact the income statement (cost of sales if relating to forward exchange contracts covering sales and purchases in foreign currencies and interest expense if concerning interest rate swaps):

At 31 December 2014

IN THOUSANDS OF EUR	CARRYING AMOUNT	TOTAL EXPECTED CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Foreign currency						
Foreign exchange contracts						
Assets	1,673	1,673	1,627	46	-	-
Liabilities	-5,021	-5,021	-3,763	-1,258	-	-
Interest rate						
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	-34,531	-44,132	-9,909	-6,856	-20,530	-6,837

At 31 December 2013

IN THOUSANDS OF EUR	CARRYING AMOUNT	TOTAL EXPECTED CASH FLOWS	1 YEAR OR LESS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Foreign currency						
Foreign exchange contracts						
Assets	1,205	1,205	1,205	-	-	-
Liabilities	-4,617	-4,617	-4,617	-	-	-
Interest rate						
Interest rate swaps						
Liabilities	- 22,900	- 29,870	- 9,416	- 5,658	- 11,028	- 3,768

B. Derivatives without hedging relationship

Certain derivative transactions, while providing effective hedges under the Group’s risk management policy, may not qualify for hedge accounting due to the complexity of the instruments.

Some of the Group’s Chilean subsidiaries took out borrowings denominated in euro and then entered into cross currency interest swaps to hedge the principal amounts and interest payments into their functional currency, the Chilean Peso. The cross currency interest rate swap payments mature on the same dates that the borrowings and interest are due for payment. At the end of 2014, the cross currency swap has a positive fair value of € 1,473 thousand (positive fair value of € 2,299 thousand in 2013).

16.3 Financial instruments – fair values

Fair values of the financial assets and liabilities approximate their carrying amounts.

Unquoted equity instruments are measured either at fair value using a valuation technique or at cost. Further explanation is provided in note 13.

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market interest rate at reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates for a similar instrument at reporting date.

The fair value of interest bearing loans and borrowings has been calculated by discounting the expected future cash flows (principal and interest cash flows) at prevailing interest rates at reporting date.

Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2:
Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3:
Techniques which use inputs which have a significant impact on the recorded fair value that are not based on observable market data.

2014

IN THOUSANDS OF EUR	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	1,644	-
Derivatives – used for hedging (cash flow hedging)	-	1,673	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	814	-
Derivatives – used for hedging (cash flow hedging)	-	39,552	-

During 2014 and 2013 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2013

IN THOUSANDS OF EUR	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	2,383	-
Derivatives – used for hedging (cash flow hedging)	-	1,205	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	631	-
Derivatives – used for hedging (cash flow hedging)	-	27,517	-

As stated in note 11, assets held for sale are measured at the lower of carrying amount and fair value less costs to sell in 2014 and 2013 since no observable fair value could be obtained.

The investment properties are measured at amortised cost, we refer to note 10.

Note 17 – Cash and cash equivalents

The different types of cash and cash equivalents are detailed below:

IN THOUSANDS OF EUR	2013	2014
Cash on hand and bank deposits	87,925	98,815
Short-term deposits (less than three months)	18,360	8,297
Total	**106,285**	**107,112**

Note 18 – Equity

Ordinary shares

The issued share capital of Etex SA amounts to € 4,491,277 and is represented by 82,837,819 fully paid ordinary shares without par value at 31 December 2014.

	2013	2014
At the beginning of the year	**82,837,819**	**82,837,819**
Movement of the year	-	-
At the end of the year	**82,837,819**	**82,837,819**

Treasury shares

At 31 December 2014 the Group owns 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2013	2014
At the beginning of the year	**4,673,495**	**4,673,495**
Acquisition from third party	-	-
At the end of the year	**4,673,495**	**4,673,495**

Dividend

The 2014 dividend will be proposed for approval at the General Shareholders' Meeting of Etex SA on Wednesday 27 May 2015 (after issuance of the financial statements) and will amount to € 0.4 per share representing a total dividend of € 31,266 thousand.

In 2014, a dividend of € 28,139 thousand has been paid out based on the decision of the General Shareholders' Meeting of Etex SA on 28 May 2014.

	NUMBER OF SHARES	EUR/SHARE	DIVIDEND IN EUR
Ordinary shares	82,837,819	0.36	29,821,615
Treasury shares	-4,673,495	0.36	-1,682,458
Dividend paid out	78,164,324		28,139,157

Note 19 – Provisions

IN THOUSANDS OF EUR	WARRANTY	HEALTH CLAIMS	LITIGATION	OTHERS	TOTAL
At 31 December 2013	**42,738**	**74,221**	**56,358**	**35,401**	**208,718**
Additional provisions made	8,155	16,086	9,532	36,988	70,761
Amounts utilised during the year	-8,417	-4,199	-4,655	-11,085	-28,356
Unused amounts reversed	-722	-2,307	-1,424	-2,557	-7,010
Changes in the scope of consolidation	-	-	-10	-	-10
Translation differences	421	242	-178	334	819
Discount rate adjustment	139	5,386	-	1,342	6,867
At 31 December 2014	**42,314**	**89,429**	**59,623**	**60,423**	**251,789**
Non-current at the end of the period	30,756	81,493	32,347	34,991	179,587
Current at the end of the period	11,558	7,936	27,276	25,432	72,202

Warranty provisions

The provisions for warranty costs are estimates of future payments for claims relating to sales of goods based on historical data; they cover mainly roofing products in Europe for which a long warranty period is granted to customers. Increases of the provision during the year are based on an estimate of the probability of future product claims applied to the sales figures of the year and specific claims exceeding statistical estimates.

Health claims provision

In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. The use of asbestos has been banned in the entire Group for many years now, but some companies may still receive claims relating to past exposure to asbestos. The potential risk depends on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company.

The accounting approach is to provide for the costs of the settlement of claims which are both probable and can be reliably estimated. The provision at 31 December 2014 for the cost of asbestos claims comprises an amount of € 31,906 thousand (€ 28,204 thousand in 2013) for the expected costs of settling notified claims and a discounted amount of € 57,523 thousand (€ 46,015 thousand in 2013) in respect of losses arising from claims which have not yet been notified but which are both probable and can be reliably estimated. These future claims are discounted at different rates from 0.85 % to 4.0 % depending on the country (2.4 % to 4.0% in 2013).

Most of the Etex's subsidiaries work with external counsels and, if applicable, insurance companies to review the asbestos claims. If a compensatory disease is proven and the causation can be established, the settlement is provided for an amount that reflects the type of disease, the seriousness of the injury, the age of the claimant and the particular jurisdiction of the claim. In some cases, the claimants are unable to demonstrate that they have an asbestos related disease or that it is as a result of the company's activities in which case their claim is resolved without payment.

The estimation of future claims is based on an up to 25-year cost estimate which takes into account the current level of claims as well as a reduction of claims over time as the number of claims is expected to decline. Whilst further claims are likely to arise after this up to 25-year-period, the associated costs of resolution cannot be reliably estimated and no provision has been made to cover these possible liabilities. The estimate of future liabilities takes into account a large number of variables such as the number of employees exposed, the likely incidence, the disease mix, the mortality rates, the legislative environment and the expected insurance coverage. As these assumptions may change over time, there can be no guarantee that the provision for asbestos liabilities is an accurate prediction of the actual future costs. As a consequence, the provision may have to be revised in the future as additional information becomes available or trends change. The provision is reviewed at least once a year.

The French model related to future claims has been reviewed in 2014 and its refined demographic assumptions now offer a better coverage of the risk. The Group has no reason to believe that the other models need to be modified.

The number of new claims received during 2014 was 93 (81 in 2013), 65 cases were settled and 10 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2014, was 208 (190 in 2013).

Litigation provisions

Litigation provisions mainly include estimated future outflows concerning a competition fine claim, various direct and indirect tax litigations, litigations with customers, former employees, suppliers and other parties.

A provision of € 20,000 thousand was set up in 2013 in respect of a commercial litigation in South America. In order not to prejudice Etex' position, no further information is disclosed on this litigation, the probabilities of success and the associated financial impacts, in accordance with IAS 37.92.

Our German clay tiles subsidiaries, Creaton AG and Pfleiderer GmbH (merged with Etex Holding GmbH in 2012), received in December 2008 a notification from the German Bundeskartellamt imposing fines totalling € 94,000 thousand in relation to an alleged price fixing arrangement in 2006. The procedure was part of a sector wide investigation against various clay tile manufacturers in Germany. Based on advice from external counsel, a provision of € 20,160 thousand has been set up in respect of the alleged price fixing arrangement.

Creaton and Pfleiderer filed an appeal against the decisions of the Bundeskartellamt. The German Court will ultimately have to decide the case. A fine will only be due after a final decision of the court.

Internal Group guidelines expressly forbid behaviour which is contrary to competition law. Compliance with these guidelines is a constant point of attention for the Group's management.

Other provisions

Other provisions include mainly estimated future outflows for environmental obligations and restructuring.

The Group meets all obligations imposed by relevant laws with respect to land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 31 December 2014, these provisions amount to € 23,486 thousand (€ 21,257 thousand in 2013).

Restructuring provisions relate mainly to restructuring of companies in France, Germany and the United Kingdom. Further information is disclosed under note 4.

Note 20 – Commitments and contingencies

Health claims

There has been a history of bodily injury claims resulting from exposure to asbestos being lodged against subsidiaries of the Group for a number of years. The Group's approach is to provide for the costs of resolution which are both probable and reliably estimable (refer to note 19 on provisions). At present the provision for the costs which are both probable and can be reliably estimated cover up to 25 years of estimated gross costs. Whilst further claims are likely to be resolved beyond this timeframe, the associated costs of resolution are not able to be reliably estimated and no provision has been made to cover these possible liabilities, which are considered contingent.

Legal claims

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environment and health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The Group is required to assess the likelihood of any adverse judgements or outcomes to these matters, as well as potential ranges of probable losses. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

In August 2007, Etex Holding GmbH and Creaton AG entered in a domination and profit sharing agreement. As part of that agreement, the minority shareholders of Creaton had a right to either sell their shares at a fixed price or be guaranteed a fixed annual dividend per share. Some minority shareholders did not accept the values determined by the auditors and started legal action. In first instance, the Court confirmed the fixed price for the shares offered by Etex Holding GmbH, but decided to increase the annual guaranteed dividend.

The decision has been appealed against by some minority shareholders. Etex Holding GmbH took a specific provision to cover the plaintiffs' legal costs (see note 4). The provision does not cover the increase of the annual guaranteed dividend, as the decision has been appealed against and its final financial impact, if any, is not known.

Guarantees

At 31 December the Group issued the following guarantees to third parties:

IN THOUSANDS OF EUR	2013	2014
Guarantees issued after business disposals	178,528	189,963
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	770,840	844,990
Guarantees issued by Third Parties to cover fulfilment of the Group companies obligations	575	205
Secured debt	14,271	11,910

Guarantees issued by the Group to cover the fulfilment of Group companies' obligations consists mainly of the joint and several cross guarantees provided by the group and its affiliates relating to our outstanding syndicated credit facility (€ 900 million), retail bond (€ 400 million), commercial paper program (€ 100 million), Schuldschein loan (€ 75 million), as well as securities issued to guarantee other commitments (€ 64 million). The values disclosed in the above table are based on outstanding amounts.

Secured debt includes mortgages and pledges provided in China, Lithuania and Japan to cover local credit facilities.

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services and capital expenditures, buys and sells investments and Group companies or portions thereof. At 31 December 2014 Etex had purchase commitments of € 38,693 thousand (€ 46,107 thousand in 2013). Commitments are mainly related to new plants in Indonesia and in Brazil.

Commitments relating to operating leases are disclosed in Note 23.

Note 21 – Employee benefits

Defined contribution plans

For defined contribution plans Group companies pay contributions to pensions funds or insurance companies. Once contributions have been paid, the Group companies have no further significant payment obligation. Contributions constitute an expense for the year in which they are due. In 2014, the defined contribution plan expenses for the Group amounted to € 11,207 thousand (€ 8,157 thousand in 2013).

Defined benefit plans

Some Group companies provide defined benefit pension plans to their employees as well as defined benefit medical plans and early retirement plans.

The following tables reconcile the funded and unfunded status of defined benefit plans to the amounts recognised in the statement of financial position:

IN THOUSANDS OF EUR	2013	2014
Present value of funded obligations	1,119,995	1,315,480
Fair value of plan assets	1,026,975	1,169,536
Plan (surplus) deficit of funded obligations	93,020	145,944
Present value of unfunded obligations	130,841	149,080
Net liability from funded and unfunded plans	**223,861**	**295,024**
Other long term benefits	12,122	9,183
Termination benefits	1,224	954
Stock option plans	6,187	7,916
Net employee benefits liability	**243,394**	**313,077**
Defined benefit obligation	1,270,369	1,482,613
Fair value of plan assets	1,026,975	1,169,536
Net employee benefits liability (assets)	**243,394**	**313,077**
Employee benefits in the statement of financial position:		
Liabilities	246,711	314,410
Assets	3,317	1,333

Funded pension plans have been established in the United Kingdom, Ireland, Germany, Belgium, the Netherlands and Indonesia. They are all closed for new employees.

Unfunded pension plans exist mainly in Germany and Chile, but also in Japan, Indonesia and Luxemburg.

Other post employment benefits such as medical plans, early retirement plans and gratuity plans are granted mainly in Belgium, the United Kingdom, the Netherlands, France, Germany, Austria and Italy. Other long term benefits consist mainly of “Jubileum” premiums in Germany and Poland. In France it relates to long term profit sharing and “Medailles du travail”.

Termination benefit plans consist of specific early retirement plans mainly in Germany.

Stock options plans are detailed in note 22.

The largest individual plans are in UK and Ireland. Together they account for 83% (82% in 2013) of the total Group defined benefit obligation, and 96% (94% in 2013) of its plan assets.

UK Pension Plans

In the UK, the Group sponsors two defined benefit pension plans – the Marley 1986 Scheme (the “Scheme”) and the Eternit Pension Plan (the “Plan”) (together “the Plans”). The Plans were closed to future accrual on 31 December 2009 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme .

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the “Trustees”) that have control over the operation, funding and investment strategy. The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the UK sponsoring employers of the Plans (the UK sponsors).

UK legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years and to target full funding against a basis that prudently reflects the Plans’ risk exposure. The most recent valuations were carried out as at 31 March 2011 and the results showed a surplus of £ 12.3 million (funding level 102%) for the Scheme and a deficit of £ 47.8 million (funding level 69%) for the Plan against the Trustees’ funding objective, agreed with the UK sponsors. The UK sponsors agreed to pay contributions of £ 4.55 million per annum (increasing annually broadly in line with inflation) to remove the shortfall in the Plan by 31 March 2023.

The next formal actuarial valuation of the Plans is in progress and will be date 31 March 2014.

The approximate weighted average duration of the defined benefit obligation is 17 years for the Scheme and 18 years for the Plan.

The Plans hold a diversified portfolio of assets including equities, absolute return funds, emerging market debt, property, buy and hold credit funds and cash. The investment strategy is reviewed regularly by the Trustees in conjunction with the UK sponsors.

There is a risk that changes in the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risk such as actions taken by the local regulators, or changes to European legislation, could result in stronger local funding standards, which could affect cash flow. However, because the UK sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate risk and working together with the Trustees, the UK sponsors have carried out two risk management exercises since the closure of the Plans. The first of these was a pension increase exchange exercise whereby members of the Plans were offered the opportunity to exchange non-statutory inflation linked pension increases for a higher initial pension thereby reducing the inflation exposure of the Plans. A flexible pension option exercise took place at the end of 2013/start of 2014 in which preserved pensioners aged 55 or over were reminded of their option to retire early or transfer out of the Plans with the offer of independent financial advice.
To the extent members decide to transfer out of the Plans some of the risks described are reduced.

Ireland Pension Plans

In Ireland, the Group sponsors two defined benefit pension plans – The Tegral Group Pension Plan (the “Main Plan”) and the Tegral Group Executives Pension Plan (the “Exec Plan”) together (“the Plans”). The Plans were closed to future accrual on 31 December 2010 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme (the DC Scheme).

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the “Trustees”) that have control over the operation, funding and investment strategy.

The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the Irish sponsoring employer of the Plans (the Irish sponsors).

Irish legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years.
The most recent valuations were carried out as at 1 January 2012 and the results showed a deficit of € 13.2 million (funding level 83%) for the Main Plan and a surplus of € 0.1 million (funding level 103%) for the Exec Plan against the Trustees’ funding objective, agreed with the Irish sponsors. The Irish sponsors agreed to pay fixed contributions of € 1.32 million per annum to remove the shortfall in the Plans by 31 December 2019.

The next formal actuarial valuation of the Plans will be as of 1 January 2015.
The combined approximate weighted average duration of the defined benefit obligation is 18.5 years for the Plans.
The Plans hold a diversified portfolio of assets including equities, bonds, property, cash and absolute return funds.
The investment strategy is reviewed regularly by the Trustees in conjunction with the Irish sponsors.

There is a risk that experience being different to the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risk such as actions taken by the local regulators, or changes to European legislation, could result in stronger local funding standards, which could affect cash flow. However, because the sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate this risk and working together with the Trustees, the Irish sponsors have closed the Plans to future accrual and reduced the investment risk of the Plans.

The distribution of the defined benefit liability per country, at the end of the year is as follows:

IN THOUSANDS OF EUR	2013	2014
United Kingdom	954,839	1,137,173
Germany	122,400	150,001
Ireland	83,747	94,255
Belgium	39,768	41,225
France	22,767	22,638
Others	46,848	37,321
Defined benefit obligation	**1,270,369**	**1,482,613**

The changes in the present value of the defined benefit obligations are as follows:

IN THOUSANDS OF EUR	2013	2014
Defined benefit obligation at the beginning of the year	**1,329,370**	**1,270,369**
Service cost	6,062	13,611
Past service cost (gain)/loss	-800	-637
Settlements	-1,768	-6,497
Total service cost	3,494	6,477
Interest cost	50,174	54,104
Actuarial (gains) and losses	-22,191	169,347
Benefits paid	-67,080	-88,769
Plan participants contribution	453	219
Changes in the scope of consolidation	-418	-191
Translation differences	-23,433	71,057
Defined benefit obligation at the end of year	**1,270,369**	**1,482,613**

In 2013, settlement gains of € 1,061 thousand were recognized, relating to the Eternit UK Pension Fun pension exchange. Furthermore, early retirement settlements resulted in a gain of € 707 thousand relating to the Marley Scheme. Past service cost gains of € 484 thousand related to benefit reduction in the Tegral Pension Fund (Ireland). The remaining € 316 thousand correspond to past service gains in The Netherlands due to a curtailment in benefits.

In 2014, Settlement gains of € 6,497 thousand relate to the termination of our defined benefits plans in the Netherlands, which have been replaced by defined contribution plans. Past service gains of € 637 thousand includes € 675 thousand related to benefit reduction in the Tegral Pension Fund (Ireland).

The changes in the fair value of the plan assets are as follows:

IN THOUSANDS OF EUR	2013	2014
Fair value of plan assets at the beginning of the year	**1,004,597**	**1,026,975**
Interest income	39,757	46,216
Actuarial gains and (losses)	40,306	96,648
Employer contribution	9,748	9,807
Plan participants contribution	452	219
Administration cost (excluding management of assets)	-1,437	-1,573
Benefits paid	-48,669	-73,317
Translation differences	-17,779	64,561
Fair value of plan assets at the end of the year	**1,026,975**	**1,169,536**

The expense recognised in the income statement is detailed as follows:

IN THOUSANDS OF EUR	2013	2014
Total service cost	-3,495	-6,477
Interest cost	-50,174	-54,104
Interest Income	39,757	46,216
Administration cost (excluding management of assets)	-1,437	-1,573
Total employee benefit expense	**-15,349**	**-15,938**
The employee benefit expense is included in the following line items of the income statement :		
Operating income	-4,932	-8,046
Financial result	-10,417	-7,892

The main weighted assumptions used in measuring the employee benefit liabilities are the following:

	2013	2014
Discount rate	4.45%	3.53%
Future salary increases	2.21%	2.08%
Pension increase	3.16%	2.96%
Medical cost trend	5.50%	5.50%

The distribution of the plan assets is the following:

	2013	2014
Equity instruments	62%	35%
Debt instruments	20%	50%
Real estate	8%	7%
Cash and fixed deposits	6%	4%
Insurance	4%	4%
Total	**100%**	**100%**

The expected employer contributions to be paid in 2015 to defined benefit plans amount to € 10,862 thousand.

Sensitivity analysis

UK

The measurement of the defined benefit obligation for the Plans in UK is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a £ 165 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members benefits. An increase in the inflation rate of 1.0% would result in a £ 101 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately £ 25 million. There is also a risk of asset volatility leading to lower funding levels in the Plans.

Ireland

The measurement of the defined benefit obligation for the Plans in Ireland is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a € 20 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a € 20 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately € 3 million.

Note 22 – Share based payments

On 23 June 2004 the Board introduced a stock option plan to reward executives and senior staff. The plan authorises the issuance of a maximum of 3,500,000 options to be granted annually over a 5-year period. In each of the years 2004 to 2008 grants were made under this plan (SOP 2004, SOP 2005, SOP 2006, SOP 2007 and SOP 2008).
On 7 July 2009 the Board introduced a new stock option plan on similar terms. The plan authorises the issuance of a maximum of 3,000,000 options to be granted annually over a 5-year period. In 2009, 2010, 2011, 2012 and 2013 grants were made under this plan (SOP 2009, SOP 2010, SOP 2011, SOP 2012 and SOP 2013). On 18 December 2013 the Board extended this plan by one year (SOP 2014) and authorised a maximum of 1,000,000 options to be granted.

Each option gives the beneficiary the right to buy one Etex SA share at an exercise price determined at grant date and is vested on a monthly basis over 4 years. Each beneficiary of an option is also granted
a put option whereby the shares acquired under the stock option plan can be sold back to the Group at a price determined at each put exercise period, which is similar to the stock option plan exercise period. On 21 April 2009 the Board offered a 3-year extension of the exercise period of the SOP 2004 to SOP 2008 plans.

Fair value of the options granted during the period

The fair value of the services received in return for share options is based on the fair value of the share options granted, measured using the Black & Scholes model with the following inputs:

	2013	2014
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	0.93	0.85
Expected dividend increase (% pa)	10.00	10.00
Rate of pre-vesting forfeiture (% pa)	-	-
Rate of post-vesting leaving (% pa)	1.00	1.00
Share Price (as estimated)	27.76	30.09
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	4.44	4.81

The expected volatility is slightly lower than the industrial Belgian listed companies (25%), because the market ratios are fixed for the entire exercise period of the option.

Due to the increase of the fair value of the options granted in the past and not exercised yet, Etex recognised a share-based payment expense of € 3,475 thousand during the year (an income of € 1,398 thousand in 2013). The total carrying amount of the liability related to the stock option plans amounts to € 7,916 thousand (€ 6,187 thousand in 2013) and is disclosed under "Employee benefits liabilities" as described under note 21.

Stock option plans granted by the company

PLAN	CONTRACTUAL LIFE OF AN OPTION	EXERCISE PERIOD	EXERCISE PRICE	NUMBER OF OPTIONS STILL TO BE EXERCISED
SOP 2005	20.6.2015	Once a year as from 2009, between 1.6 and 20.6	11.19	5,000
SOP 2006	20.6.2016	Once a year as from 2010, between 1.6 and 20.6	13.72	51,500
SOP 2007	20.6.2017	Once a year as from 2011, between 1.6 and 20.6	20.89	254,500
SOP 2008	20.6.2018	Once a year as from 2012, between 1.6 and 20.6	17.32	514,500
SOP 2009	20.6.2016	Once a year as from 2013, between 1.6 and 20.6	12.12	502,500
SOP 2010	20.6.2017	Once a year as from 2014, between 1.6 and 20.6	17.96	222,500
SOP 2011	20.6.2018	Once a year as from 2015, between 1.6 and 20.6	24.01	369,271
SOP 2012	20.6.2019	Once a year as from 2016, between 1.6 and 20.6	18.45	712,734
SOP 2013	20.6.2020	Once a year as from 2017, between 1.6 and 20.6	27.76	752,000
SOP 2014	20.6.2021	Once a year as from 2018, between 1.6 and 20.6	30.09	882,000
Total				**4,266,505**

Details of the share options outstanding during the year

IN THOUSANDS OF EUR	2013 NUMBER OF SHARE OPTIONS	2013 WEIGHTED AVERAGE EXERCISE PRICE	2014 NUMBER OF SHARE OPTIONS	2014 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	**3,344,589**	**17.68**	**3,686,613**	**19.87**
Granted during the year	752,000	27.76	882,000	30.09
Forfeited during the year	-15,113	18.10	-12,694	17.54
Exercised during the year	-383,934	16.37	-284,676	17.54
Expired during the year	-10,929	17.32	-4,738	14.63
Outstanding at the end of the year	**3,686,613**	**19.87**	**4,266,505**	**22.15**
Of which exercisable at the end of the year	1,362,000	15.82	1,550,500	16.17

For share put options exercised during the period, the weighted average share price was € 23.67 (€ 21.00 in 2013).

Note 23 – Loans and borrowings

IN THOUSANDS OF EUR	2013	2014
Bank loans	239,585	317,715
Retail bond	395,897	397,162
Other financial loans	1,257	833
Obligations under finance leases	4,972	374
Redeemable preference shares	3,443	3,443
Total non-current financial liabilities	**645,154**	**719,527**

IN THOUSANDS OF EUR	2013	2014
Bank loans	221,998	220,074
Put option	145,000	-
Bank overdrafts	2,541	4,881
Other financial loans	60,502	59,514
Obligations under finance leases	8,957	4,849
Redeemable preference shares	3,443	3,443
Total current financial liabilities	**442,441**	**292,761**

In January 2014, Etex refinanced its € 850 million syndicated facility from 2011 with a new syndicated facility of € 900 million that will be maturing in 2019. This credit facility consists of a € 200 million Term Loan (drawn at € 200 million per end of 2014) and a € 700 million Revolving Credit Facility (drawn at € 88 million per end of 2014). It is being used for general corporate purposes. In addition to this facility, the group can still rely on the retail bond of € 400 million that was issued by its affiliate Etexco in 2012 (maturing in 2017), as well as on the Etex Holding GmbH Schuldschein loan of € 75 million which is maturing partly in 2015 (€ 39 million) and in 2017 for the balance (€ 36 million). On top of these facilities, Etex also makes use of a Commercial Paper programme of € 100 million (drawn at € 59 million per end of 2014 and at € 59 million per end of 2013). Finally, for its local needs in Latin America, the group is relying on some long term and short term facilities with local banks the main countries with local financing are Chile and Colombia. Chile has a total drawn amount of € 12 million in euro (€ 22 million in 2013) and € 68 million in Chilean pesos (€ 60 million in 2013). Colombia has a total drawn amount of € 47 million in Colombian pesos (€ 30 million in 2013) and € 12 million in US dollars (€ 3 million in 2013).

The utilisations of the syndicated loan facilities may be in euro or other freely available currencies, as agreed. The interest payable is calculated at the relevant interbank rate for the period of the utilisation that has been chosen by the borrower plus the applicable margin. The credit facility, retail bond and Schuldschein contain a number of operating covenants, including restrictions on giving security to lenders, on the amount of external subsidiary borrowings and restrictions on the acquisition and the disposal of material assets. They also contain financial covenants which include in particular required ratios of consolidated net debt to consolidated EBITDA of the Group and operating profit interest coverage.

Transaction costs on the syndicated loan of 2011 amounting to € 13,921 thousand, on the restructuring of the syndicated loan in 2014 amounting to € 4,233 thousand and on the retail bond of 2012 amounting to € 5,700 thousand have been deducted from the loan at initial recognition and are being amortised over the life of the extended loan.

In 2012 the Chilean subsidiaries of the Group entered into four amortising term loan facilities:

- A 3-year term loan of € 32 million entered by Inversiones Etex Chile Limitada to refinance existing bank loans at a more favourable rate. The loan was drawn in euro and a cross currency and interest rate swap was entered into that exactly matched the capital and interest payments on the loan, so converting the interest and capital flows into Chilean Peso. The loan has a final maturity in June 2015. The loan is available for general corporate purpose. The financial covenants include required ratios of consolidated net debt to consolidated EBITDA of the Group.
- Three term loans entered by Empresas Pizarreño SA for a total of CLP 49 billion in July 2012. The loans are available for use for general corporate purposes. Covenants all relate to the Empresas Pizarreño Group and include the usual operating covenants (see above). Financial covenants include required ratios of consolidated net debt to consolidated EBITDA of the Group, the ratio of total debt to net income plus depreciation and of total debt to total equity. The loans are drawn in Chilean pesos. The loans have a final maturity in July 2014, June 2017 and August 2017.

The Colombian subsidiaries of the Group entered into three long term amortising loan facilities and several short term loans.
One loan started in 2013 and two in 2014:

- A 5-year term loan entered by Skinco Colombit SA for a total of COP 20 billion in December 2013 of which COP 17 billion is drawn in December 2014. The loan is available for use for general corporate purposes. There are no covenants on this loan. The loan has a final maturity in November 2018.
- Two 7-year term loans of COP 45 billion and COP 14 billion entered by Ceramica San Lorenzo Industrial de Colombia SA. Both loans have a final maturity in December 2021. The loan is available for general corporate purpose. The covenants relate to Ceramica San Lorenzo Industrial de Colombia SA. The loans have a final maturity in December 2021.
- All other loans are short term loans for a total of COP 61 billion and USD 14 million. For the USD loans forward contracts are drawn to match the repayments of the capital and interest charges, converting the interest and capital flows into Colombian Peso.

A put option was granted to Lafarge Group (November 2011) in the context of the acquisition of the European and Latin American gypsum activities. After a standstill period of five years Lafarge Group had the right to exercise its put option in April 2017 or in April 2018. This put option was estimated at the end of 2012 based on expected future EBITDA by the time of put exercise for the acquired gypsum activities in Europe and Latin America. In 2013, Lafarge Group expressed its willingness to anticipate the originally agreed exercise date and both parties could agree on a lower transaction price. On 12 February 2014 the transaction was completed and Etex bought their remaining 20 per cent stake in the European and South American gypsum operations for € 145,000 thousand in cash. Therefore, this amount was used as the best estimate for the put option in the balance sheet as at 31 December 2013.

The management of interest rate risk is described in Note 16.

Net financial debt

The net financial debt position is calculated as follows:

IN THOUSANDS OF EUR	2013	2014
Non-current loans and borrowings	645,154	719,527
Current portion of loans and borrowings	442,441	292,761
Current financial assets	-4,428	-1,079
Cash and cash equivalents	-106,285	-107,112
Net financial debt	**976,882**	**904,097**

Finance lease liabilities

The Group has finance leases for various items of plant, property and equipment. Future minimum lease payments, interest payments and present value of payments are as follows:

			2013			2014
IN THOUSANDS OF EUR	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE
Less than 1 year	9,426	-469	8,957	4,938	-89	4,849
Between 1 and 5 years	5,101	-129	4,972	406	-32	374
Total	**14,527**	**-598**	**13,929**	**5,344**	**-121**	**5,223**

Operating leases

The total expenses for operating leases recognised in the consolidated income statement for 2014 amount to € 40,028 thousand (€ 36,452 thousand in 2013). Future committed operating lease payments are as follows:

				2013				2014
IN THOUSANDS OF EUR	< 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS	TOTAL
Buildings	9,780	18,233	18,448	46,461	8,918	*18,745*	*19,432*	*47,095*
Equipment	4,619	8,017	1,363	13,999	4,211	*7,711*	*1,143*	*13,065*
Total	**14,399**	**26,250**	**19,811**	**60,460**	**13,129**	**26,456**	**20,575**	**60,160**

Note 24 – Deferred tax

IN THOUSANDS OF EUR	ASSETS	LIABILITIES	NET
Net carrying amount at 31 December 2013	**81,140**	**229,516**	**-148,376**
Translation differences	237	1,405	-1,168
Recognised in income statement	50,505	5,216	45,289
Recognised in equity	-	-21,148	21,148
Change in scope of consolidation	-133	-84	-49
Netting	-18,675	-18,675	-
Net carrying amount at 31 December 2014	**113,074**	**196,230**	**-83,156**

The amount of deferred tax assets and liabilities are attributable to the following items:

		2013		2014	2013		2014
IN THOUSANDS OF EUR	ASSETS	LIABILITIES	ASSETS	LIABILITIES	NET	NET	VARIANCE
Property, plant and equipment	6,763	211,822	10,938	204,414	-205,059	-193,476	11,583
Intangible assets	1,648	62,978	1,345	57,472	-61,330	-56,127	5,203
Employee benefits assets	1,069	415	2,029	167	654	1,862	1,208
Inventories	6,880	1,505	7,358	1,587	5,375	5,771	396
Trade & other receivables	7,660	1,789	4,601	1,160	5,871	3,441	-2,430
Other assets	3,650	410	4,969	35	3,240	4,934	1,694
Provisions	22,980	3,351	27,864	3,508	19,629	24,356	4,727
Employee benefits liabilities	38,882	-77	54,167	-83	38,959	54,250	15,291
Loans and borrowings	37	1,867	70	2,467	-1,830	-2,397	-567
Other non-current liabilities	409	1,307	55	1,049	-898	-994	-96
Current liabilities	16,557	2,296	20,908	1,276	14,261	19,632	5,371
Tax losses carried forward	164,233	-	182,890	-	164,233	182,890	18,657
Unrecognised deferred tax assets	-131,479	-	-127,298	-	-131,479	-127,298	4,181
Netting by taxable entity	-58,148	-58,148	-76,823	-76,823	-	-	-
Total	**81,140**	**229,516**	**113,074**	**196,230**	**-148,376**	**-83,156**	**65,218**

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of € 118,288 thousand (€ 119,406 thousand in 2013) and net deductible temporary differences for € 9,010 thousand (€ 12,073 thousand in 2013) when it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The amount of deferred tax assets computed on tax losses carried forward is detailed below, before deduction of unrecognised deferred tax assets, by year in which tax losses will expire:

EXPIRATION YEAR	DEFERRED TAX ASSET
2015	1,848
2016	2,223
2017	3,892
2018	3,775
2019 or later	22,830
Without expiration date	148,322
Total	**182,890**

Note 25 – Trade and other liabilities

Non-current liabilities

IN THOUSANDS OF EUR	2013	2014
Deferred income - Government grants	19,391	16,206
Other liabilities	24,393	37,199
Total	**43,784**	**53,405**

The Group has been awarded a number of government grants related to investments in property, plant and equipment. These government grants are recognised in the statement of financial position as deferred income for € 16,206 thousand (€ 19,391 thousand in 2013) and amortised over the useful life of the assets. All conditions attached to these grants have been fulfilled.

Current liabilities

IN THOUSANDS OF EUR	2013	2014
Trade liabilities	410,900	433,799
Other liabilities	206,043	203,686
Total	**616,943**	**637,485**

The other current liabilities include:

IN THOUSANDS OF EUR	2013	2014
Income taxes payable	30,898	27,714
Other taxes payable	29,320	32,717
Remuneration payable	65,434	63,727
Social security payable	25,672	29,950
Deferred income and accrued charges	33,989	31,675
Derivative financial instruments with negative fair values	5,262	5,358
Dividends payable	266	268
Amount due to customers for construction contracts in progress	1,202	181
Advances received on construction contracts not started yet	479	23
Current cash guarantees received	2,487	2,364
Other	11,034	9,709
Total	**206,043**	**203,686**

Note 26 – Statement of cash flow details

(a) Depreciation, amortisation and impairment losses

2014

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 8, 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Depreciation	141,123	-	157	-	141,280
Amortisation	-	21,978	-	-	21,978
Impairment losses	18,712	1,267	-500	-	19,479
Total	**159,835**	**23,245**	**-343**	**-**	**182,737**

2013

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 8, 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Depreciation	145,643	-	187	-	145,830
Amortisation	-	20,514	-	-	20,514
Impairment losses	7,883	611	-	502	8,996
Total	**153,526**	**21,125**	**187**	**502**	**175,340**

(b) Gains (losses) on sale and retirement of intangible assets and property, plant and equipment

2014

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Disposal proceeds	13,303	-	1,950	-	15,253
Net book value disposals	-5,268	-	-960	-67	-6,295
Gains (losses) on disposal	**8,035**	**-**	**990**	**-67**	**8,958**
Losses on retirement	-	-	-	-	-
Total	**8,035**	**-**	**990**	**-67**	**8,958**

2013

IN THOUSANDS OF EUR	PROPERTY,PLANT, EQUIPMENT (NOTE 7)	INTANGIBLE ASSETS (NOTE 9)	INVESTMENT PROPERTIES (NOTE 10)	ASSETS HELD FOR SALE (NOTE 11)	TOTAL
Disposal proceeds	6,991	25	2,000	6,110	15,126
Net book value disposals	-3,995	-26	-749	-665	-5,435
Gains (losses) on disposal	**2,996**	**-1**	**1,251**	**5,445**	**9,691**
Losses on retirement	-	-	-	-	-
Total	**2,996**	**-1**	**1,251**	**5,445**	**9,691**

(c) Capital expenditure

IN THOUSANDS OF EUR	2013	2014
Property, plant and equipment (note 7)	199,021	191,431
Intangibles assets (note 9)	12,843	6,727
Investment properties (note10)	529	88
Total	**212,393**	**198,246**

(d) Changes in working capital, provisions and employee benefits

IN THOUSANDS OF EUR	2013	2014
Inventories	-19,215	-25,788
Trade and other receivables, trade and other liabilities	15,905	54,333
Provisions	-9,554	42,286
Employee benefits	-28,579	-27,400
Total	**-41,443**	**43,432**

(e) Interest and dividend received

IN THOUSANDS OF EUR	2013	2014
Interest received	8,246	6,774
Dividend received	3	1
Dividend Associates	956	1,189
Total	**9,206**	**7,964**

(f) Reconciliation Income tax expense – income tax paid

IN THOUSANDS OF EUR	2013	2014
Income Tax expense	-41,224	-15,548
Changes in Deferred taxes	-13,650	-45,289
Changes in income tax payables/receivables	-13,364	-1,994
Income Tax paid	**-68,238**	**-62,831**

(g) Dividend paid

IN THOUSANDS OF EUR	2013	2014
Dividend Etex SA	-28,139	-28,139
Minority interest	-1,616	-1,753
Changes dividend payable	-125	2
Exchange difference	90	-6
Total dividend paid	**-29,790**	**-29,896**

Note 27 – Transactions with related parties

Transactions between Etex and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not included in the notes. Transactions with equity accounted investees and joint ventures are included in note 12.

Transactions with members of the Board of Directors and Executive Committee:

IN THOUSANDS OF EUR	2013	2014
Board of Directors:		
Short term employee benefits	546	557
Executive Committee:		
Short term employee benefits	6,434	5,261
Post employment benefits	474	440
Share based payment	-180	708
Number of stock options granted during the year	156,000	253,000

Transactions with companies in which members of the Board of Directors are active, reflect third party conditions and are immaterial in scope.

Note 28 – Remuneration of statutory auditor

The world-wide audit remuneration for the statutory auditor totalled € 2,510 thousand (€ 2,871 thousand in 2013). The fees paid to the statutory auditor for assistance and advice amounted to € 169 thousand (€ 218 thousand in 2013).

Note 29 – Etex companies

The major companies included in the consolidated financial statements are listed below. An exhaustive list of the Group companies with their registered office will be filed at the Belgian National Bank together with the consolidated financial statements.

		% EQUITY INTEREST	
		2013	2014
Austria	Creaton GmbH	99.98%	99.98%
	Promat GmbH	100%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Etergyp S.A.	100%	100%
	Eternit N.V.	100%	100%
	Etex Engineering N.V.	100%	100%
	Etex S.A.	100%	100%
	Etexco S.A.	100%	100%
	Euro Panels Overseas N.V.	100%	100%
	Manasco N.V.	100%	100%
	Microtherm N.V.	100%	100%
	Promat International N.V.	100%	100%
	Promat Research and Technology Center N.V.	100%	100%
	Redco N.V.	100%	100%
	Siniat N.V.	80%	100%
Bosnia	Siniat Adria Gips LLC	80%	100%
Cyprus	Asmad Alci Ltd STI	80%	100%
Czech Republic	Intumex s.r.o.	100%	100%
	Promat s.r.o.	100%	100%
	Promat servis s.r.o.	100%	100%

		% EQUITY INTEREST	
		2013	2014
Denmark	Ivarsson A/S	100%	100%
	Opticolor Holding A/S	100%	100%
France	Batiroc S.A.S.	100%	0%
	Ciments Renforcés Industries S.A.S.U.	100%	100%
	Etermat S.A.S.	100%	100%
	Eternit Commercial S.A.S.U.	100%	100%
	Eternit S.A.S.U.	100%	100%
	Etex Materiaux de Construction S.A.S	100%	100%
	Nidaplast-Honeycombs S.A.S.	100%	100%
	Papeteries de Bègles S.A.S.	80%	100%
	Promat S.A.S.	100%	100%
	Siniat France S.A.	80%	100%
	Siniat International S.A.S.	80%	100%
	Société d'Exploitation des Adhésifs S.A.S.	100%	100%
Germany	Baupro GmbH	100%	100%
	Creaton AG	99.98%	99.98%
	Creaton Kera-Dach GmbH & Co. KG	99.98%	99.98%
	Eternit AG	100%	100%
	Eternit Flachdach GmbH	100%	100%
	Eternit Management Holding GmbH	100%	100%
	Promat Holding GmbH	0%	100%
	Eternit Ukraine GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Fibrolith Dämmstoffe GmbH	80%	100%
	Promat GmbH	100%	100%
	Siniat GmbH	80%	100%
	Wanit Fulgurit GmbH	100%	100%
Hungary	Creaton Hungary Kft.	100%	100%
Italy	Comais S.r.l.	100%	100%
	Creaton Italy	0%	100%
	Edilit S.r.l.	100%	100%
	Immogit S.r.l.	100%	100%
	Promat S.p.A.	100%	100%
	Siniat S.p.A.	80%	100%
	Siniat Holding Italy S.r.l.	80%	100%
Ireland	Tegral Building Products Ltd.	100%	100%
	Tegral Holdings Ltd.	100%	100%
Lithuania	UAB Eternit Baltic	100%	100%
Luxemburg	Cafco International S.A.	100%	100%
	EASA S.A.	100%	100%
	Eterlux S.A.	100%	100%
	Eternit Investment S.à.r.l.	100%	100%
	Eternit Services S.A.	100%	100%
	Etex Asia S.A.	100%	100%
	Etex Finance S.A.	100%	100%
	Maretex S.A.	100%	100%
	Marley Tile S.A.	100%	100%
	Merilux S.à.r.L.	100%	100%
	Poly Ré S.A.	100%	100%
Netherlands	Eternit B.V.	100%	100%
	Eternit Holding B.V.	100%	100%
	Nefibouw B.V.	100%	100%

		% EQUITY INTEREST	
		2013	2014
Netherlands	Preventieve Brandbeveiliging Nederland B.V.	100%	100%
	Promat B.V.	100%	100%
	Siniat B.V.	80%	100%
Poland	Etex Building Materials Polska Sp. z o.o.	100%	100%
	Promat TOP Sp. z o.o.	100%	100%
	Siniat Gips Polska Sp. z o.o.	80%	100%
	Siniat Gips Sp. z o.o.	80%	100%
Portugal	Umbelino Monteiro S.A.	100%	100%
Romania	Creaton & Eternit S.R.L.	100%	100%
	Siniat Arcom Gips S.A.	80%	100%
	Siniat GR S.R.L.	80%	100%
Russia	A+B Baltica	100%	100%
	A+B Russia	100%	100%
	Eternit Kaluga OOO	100%	100%
	Promat OOO	100%	100%
Serbia	Siniat Gips Beocin Ltd	80%	100%
Slovakia	EBM Co s.r.o.	100%	100%
Slovenia	Promat d.o.o.	100%	100%
Spain	Almería Gypsum S.A.	80%	100%
	Euronit Fachadas y Cubiertas S.L.	100%	100%
	Promat Ibérica S.A.	100%	100%
	Promat Inversiones S.L.	100%	100%
Switzerland	Polyfibre S.A.	50%	50%
Ukraine	A+B Ukraine	100%	100%
	Creaton Ukraine	0%	100%
	Siniat Gips ALC	80%	100%
	Siniat Gips Ukraine LLC	80%	100%
United Kingdom	Bracknell Roofing Ltd.	100%	100%
	EM Holdings UK Ltd.	100%	100%
	Eternit UK Ltd.	100%	100%
	Marley (UK) Ltd.	100%	100%
	Marley Eternit Ltd.	100%	100%
	Marley Ltd.	100%	100%
	Promat Glasgow Ltd.	100%	100%
	Promat UK Ltd.	100%	100%
	Siniat Plasterboard Ltd.	80%	100%
Latin America			
Argentina	Ceramica San Lorenzo I.C.S.A.	98.63%	99.80%
	Durlock S.A.	80%	100%
	Eternit Argentina S.A.	99.44%	99.44%
	Siniat Holding Argentina S.A.	80%	100%
Brazil	Siniat Holding S.A.	80%	100%
	Siniat S.A. Mineração Indústria e Comércio	80%	100%
Chile	Cerámica Cordillera Commercial S.A.	99.66%	99.66%
	Empresas Pizarreño S.A.	99.79%	99.83%
	Inmobiliaria y Comercial El Bosque S.A	99.72%	99.72%
	Etex Latinamerica S.A.	100%	100%
	Industrias Princesa Ltda.	99.79%	99.79%
	Inversiones El Bosque S.A.	99.79%	99.79%

		% EQUITY INTEREST	
		2013	2014
Chile	Inversiones Etex Chile Ltda.	100%	100%
	Inversiones San Lorenzo Chile S.A.	99.79%	99.79%
	Inversiones San Lorenzo S.A.	99.79%	99.79%
	Sociedad Industrial Pizarreño S.A.	99.66%	99.66%
	Sociedad Industrial Romeral S.A.	79.83%	99.83%
	Sociedad Industrial Tejas de Chena S.A.	99.79%	99.79%
Colombia	Ceramica San Lorenzo Colombia S.A.	99.98%	99.98%
	Ceramica San Lorenzo Industrial de Colombia S.A.	99.99%	99.99%
	Gyplac Commercial de Colombia S.A.S.	80%	100%
	Gyplac S.A.	80%	100%
	Shared Services Colombia S.A.S	100%	100%
	Skinco Colombit S.A.	99.95%	99.95%
	Pulverizar SA	50%	100%
Mexico	Ceramica San Lorenzo de Mexico S.A. de C.V.	99.79%	99.79%
	Compañia Mineria Tarapacá S.A. de C.V.	99.79%	99.79%
	Servicios Atacama S.A. de C.V.	99.79%	99.79%
	Servicios de Gestion S.A. de C.V.	100%	100%
Peru	Ceramica San Lorenzo S.A.C.	99.89%	99.89%
	Etex Peru S.A.C.	100%	100%
	Fabrica Peruana Eternit S.A.	88.14%	89.16%
	Gyplac Peru S.A.	100%	100%
Uruguay	Eternit Uruguaya S.A.	97.50%	97.50%
Africa, Asia, Oceania, North America			
Australia	Promat Australia Pty Ltd.	100%	100%
China	Eternit Guangzhou Building Systems Ltd.	66.65%	66.65%
	Eternit Guangzhou Co. Ltd.	66.65%	66.65%
	Promat China Ltd.	100%	100%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shangai Ltd.	100%	100%
Indonesia	Eternit Gresik	82.43%	82.43%
Japan	Promat Japan	100%	100%
Malaysia	Promat (Malaysia) Sdn. Bhd.	100%	100%
Nigeria	Emenite Ltd.	56.87%	56.87%
	Eternit Ltd.	60%	60%
	Giwarite Ltd.	98%	98%
	Nigerite Ltd.	56.85%	56.85%
Singapore	Promat Building System Pte Ltd.	100%	100%
South Africa	Eternit Building Systems	0%	100%
	Marley SA (Pty) Ltd.	100%	100%
United Arab Emirates	Promat Fire Protection LLC	100%	100%
United States of America	Ceramica San Lorenzo U.S.A. Inc.	99.79%	99.79%
	Promat Inc.	100%	100%

Associates

		% EQUITY INTEREST	
		2013	2014
Belgium	RBB N.V.	50%	50%
Germany	Lichtensteiner Brandschutzglas GmbH & Co. KG	50%	50%
	Neuwieder Brandschutzglas GmbH	50%	50%
	Oberlausitzer Tonbergbau GmbH	49.99%	49.99%
	OTE Surface Protection GmbH	50%	50%
Poland	A+B poland	50%	50%
	Kopalnia Gipsu Leszcze S.A.	40%	50%
	Nida Media Sp. z o.o.	40%	50%
Spain	Yesos Ibéricos S.A.	32.55%	40.69%
Switzerland	Promat AG	26%	26%
Thailand	Rothenburg FAR Company LTd.	50%	50%

6.2.4 Auditor's report

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF ETEX SA ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2014

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2014, the consolidated statement of the realized and non-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2014 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Etex SA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of € 3.390.091 ('000) and of which the consolidated income statement shows a profit for the year of € 91.546 ('000) attributable to the group.

Responsibility of the board of directors for the preparation of the Consolidated Financial Statements:

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor:

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion:

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2014 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director’s report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the ‘Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d’Entreprises’ as published in the Belgian Gazette on 28 August 2013 (the “Additional Standard”), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director’s report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ernst & Young

Reviseurs d’Entreprises

Bedrijfsrevisoren
De Kleetlaan, 2
B-1831 Diegem
Tel: +32 (0)2 774 91 11
Fax: +32 (0)2 774 90 90
www.ey.com/be

Diegem, 27 March 2015

Ernst & Young Reviseurs d’Entreprises SCCRL
Statutory auditor
represented by

Eric Golenvaux
Partner
Ref: 15/EG/0068

6.3

Non-consolidated accounts of Etex S.A.

The annual accounts of Etex S.A. are presented below in a summarised form.

In accordance with the Belgian Company Code, the annual accounts of Etex S.A., together with the management report and the auditor's report, will be registered at the National Bank of Belgium.

These documents are also available upon request at:

Etex S.A.
Group Finance Department
Avenue de Tervueren 361
1150 Brussels

The auditors have expressed an unqualified opinion on the annual statutory accounts of Etex S.A.

Summarised balance sheet

IN THOUSANDS OF EUR	2013	2014
Fixed assets	**1,232,402**	**1,232,296**
Tangible and intangible assets	3,397	3,556
Financial assets	1,229,005	1,228,740
Current assets	**35,357**	**7,692**
TOTAL ASSETS	**1,267,759**	**1,239,988**
Capital and reserves	**1,227,159**	**1,195,866**
Capital	4,491	4,491
Share premium	3,724	3,724
Reserves	1,218,943	1,187,650
Provisions	**4,600**	**4,901**
Creditors	**36,000**	**39,222**
TOTAL EQUITY AND LIABILITIES	**1,267,759**	**1,239,988**

Summarised income statement

IN THOUSANDS OF EUR	2013	2014
Operating income	21,711	20,691
Operating charges	-21,478	-21,337
Operating loss	**233**	**-647**
Financial result	12,098	2,233
Extraordinary result	28,717	261
Profit before taxes	**41,048**	**1,847**
Income taxes	12	-5
Profit for the year	**41,061**	**1,842**
Release of tax free reserves	-	-
Profit for the year to be appropriated	41,061	1,842

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on Wednesday 27 May 2015 a net dividend of € 0.3 per share. The proposed gross dividend is € 0.4 per share.

The dividend will be paid on 1 July 2015.

Appropriation account

IN THOUSANDS OF EUR	2013	2014
Profit to be appropriated	**41,061**	**1,842**
Profit for the year to be appropriated	41,061	1,842
Appropriation of the profit	**41,061**	**1,842**
Transfer to/from reserve	-11,239	31,293
Profit to be distributed	-29,822	-33,135

Statutory nominations

The directorships of Messrs. J.-L. de Cartier de Marchienne, W. Emsens, R. Haegelsteen, T. Scalmani and Ch. Simonard expire at the Shareholders' meeting of 27 May 2015. The Board proposes the shareholders to renew their term of office for a period of three years. Their mandate will expire at the General Shareholders' meeting to be in 2018.

The directorships of Messrs. M. Nolet de Brauwere, A. Pelgrims de Bigard and the company Philium bvba, represented by Mr. Ph. Coens, expire at the Shareholders' meeting of 27 May 2015. They do not stand for re-election. The Board wishes to sincerely thank Messrs. M. Nolet de Brauwere, A. Pelgrims de Bigard and the company Philium bvba, represented by Mr. Ph. Coens for their valuable advices during so many years.

It is proposed to appoint Mrs. Caroline Thijssen, Mr. Guillaume Voortman and Mr Paul Van Oyen as new directors for a term of three years. Their mandate will expire at the General Shareholders' meeting to be held in 2018.

The term of office of the auditors of the non consolidated accounts carried out by Ernst & Young, Reviseurs d'Entreprises – Bedrijfrevisoren, represented by Mr. E. Golenvaux, will expire at the General Shareholders' meeting of 27 May 2015. The Board proposes their re-election for a further term of three years, i.e. until the General Shareholders' meeting of the Company to be held in 2018.

The term of office of the auditors of the consolidated accounts carried out by Ernst & Young, Reviseurs d'Entreprises – Bedrijfrevisoren, represented by Mr. E. Golenvaux, will expire at the General Shareholders' meeting of 27 May 2015. The Board proposes their re-election for a further term of three years, i.e. until the General Shareholders' meeting of the Company to be held in 2018.

6.4

Glossary

These definitions relate to non-IFRS performance indicators.

Capital employed
Non-cash working capital plus property, plant and equipment, goodwill and intangible assets, investment properties and non-current assets held for sale.

Capital expenditure
Acquisition of property, plant and equipment, intangible assets and investment properties, excluding acquisitions through business combination.

Effective income tax rate
Income tax expense divided by the profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Net financial debt
Current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net profit (Group share)
Profit for the year attributable to the shareholders of the Group.

Net recurring profit (Group Share)
Net profit for the year before non recurring items, attributable to the shareholders of the Group.

Non recurring items
Income statement items that relate to significant restructuring measures, impairment of goodwill and other income or expenses arising from disposal of non productive assets.

Operating income or EBIT (earnings before interest and taxes)
Income from operations, before financial charges and income, share of result in investments accounted for using the equity method and in-come tax expenses.

Operating cash flow or EBITDA (earnings before interest, taxes, depreciation and amortisation)
Operating income before charges of depreciation, impairment or amortisation on tangible and intangible fixed assets.

Recurring distribution rate
Gross dividend per share divided by the net recurring profit (Group share) per share, expressed as a percentage.

Recurring operating income (REBIT)
Income from operations, before non recurring items and before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Return on capital employed (ROCE)
Operating income divided by the average capital employed (at the beginning of the year plus at the end of the year divided by two), expressed as a percentage.

Revenue
Includes the goods delivered and services provided by the Group during the period, invoiced or to be invoiced, net of discounts, rebates and allowances.

Theoretical income tax expenses
Country-based nominal tax rate applied to the profit before taxes of each entity.

Weighted average nominal tax rate
Country-based nominal tax rate applied to the profit before taxes of each entity divided by the Group's profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Weighted average number of shares
Number of issued shares at the beginning of the period adjusted for the number of shares cancelled or issued during the period multiplied by a time-weighting factor.

GRI index

APPLICATION LEVEL
ETEX
APR 2015
SERVICE

For its Annual Report 2014, Etex used the G3 Sustainability Reporting Guidelines as developed by the Global Reporting Initiative. As part of better sustainability reporting practices, the report covers economical (Activity Report), ecological (Environmental Report) and social (Social Report) topics, complemented with detailed financial information (Financial Report).

Standard Disclosures Part I: Profile Disclosures

1	**Strategy and Analysis**	
1.1	Statement from the most senior decision-maker of the organization.	Pages 10-11
2	**Organizational Profile**	
2.1	Name of the organization.	Page 70
2.2	Primary brands, products, and/or services.	Pages 18-19 presentation of the four segments of Etex Pages 22-23 presentation of the company brands Pages 26-43 extensive explanation of activities in the four segments
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Profile pages 16-17, Strategy pages 14-16, Our companies pages 22-23 Financial Report pages 76-79, Note 29 - Etex companies pages 135-139
2.4	Location of organization's headquarters.	Profile page 17, Governance Report page 70
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Key Figures page 5, Profile pages 16-17, Finance Note 1 page 99
2.6	Nature of ownership and legal form.	Profile page 16, Governance Report page 70
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Key figures page 5, Profile pages 16-17, Strategy pages 14-16, Activity Report pages 26-43, Finance currently pages 135-139, Note 1 page 99
2.8	Scale of the reporting organization.	Key Figures (Revenue per activity) page 5, Profile page 17, Financial Report pages 76-79
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Acquirement Siniat, sale of Etersol and Batiroc, Key Events page 7 Message to our stakeholders pages 10-11, Finance Review pages 76-79 Finance currently pages 135-139
2.10	Awards received in the reporting period.	No rewards have been received
3	**Report Parameters**	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	From 1 January 2014 to 31 December 2014, Referred to throughout the document as 'in 2014' or '2014'. For example: Key Figures 2014, and 2014 Key Events. Also in Finance Report 6.2.2 Accounting Policies page 84.
3.2	Date of most recent previous report (if any).	The Annual Report 2013 was published in April 2014.
3.3	Reporting cycle (annual, biennial, etc.)	Annual, cfr Finance Accounting Policies page 84
3.4	Contact point for questions regarding the report or its contents.	Governance Report page 70
3.5	Process for defining report content.	This report's content is based on the structure of previous years to maintain consistency and comparability. The structure is also in line with the priorities and strategy of Etex. We report according to Activity (Profit), Environmental (Planet) and Social (People). A detailed Financial Report completes the general report. The communications department is coordinating the process, defining content with all relevant parties and responsible members of the Executive Committee, the report is being approved by all relevant parties and the ExCom and is presented to the Board.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Finance report pages 76-79, Accounting Policies page 84, Note 29 pages 135-139
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	No limitations
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Finance page 76-79, Accounting Policies page 84, Note 29 page 135-139
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No re-statements have been made.

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Non
3.12	Table identifying the location of the Standard Disclosures in the report.	Pages 145-147
4	**Governance, Commitments, and Engagement**	
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance Report pages 70-73
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance Report pages 70-73
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Governance Report pages 70-73. Based on the Code Corporate Governance in Belgium (the former Code Lippens), 3 members of the 2014 Board of Directors were independent.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Finance Review pages 76-79, Social Report Communities pages 62-67, HR pages 52-55
4.14	List of stakeholder groups engaged by the organization.	Etex's main stakeholders are its employees, shareholders, providers of capital and the communities in which the group companies operate. These are referred to throughout the document, e.g. on the pages of the Finance Review pages 76-79, in the Message to our stakeholders pages 10-11, in the part of our Strategy pages 12-15 and our Community Relations pages 62-67.
4.15	Basis for identification and selection of stakeholders with whom to engage.	Etex has no formal process in place, but the communications department made an analysis of who are Etex's shareholders. Etex wants to report on its activities in the first place towards shareholders, banks, employees and the communities in which the group companies operate. Cfr Finance Review pages 76-79.

Standard Disclosures Part III: Performance Indicators

	Economic	
	Economic performance	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Note 1 - Note 6 pages 99-103, Note 21 pages 123-127, Note 24 - Note 25 pages 131-132.
EC3	Coverage of the organization's defined benefit plan obligations.	Finance Note 21 - Note 22 pages 123-129
EC4	Significant financial assistance received from government.	Finance Note 23 pages 129-131
	Indirect economic impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Ad hoc comments, e.g. in Community pages 62-67
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Throughout the report, e.g. Message Stakeholders pages 10-11, Activity Report pages 26-43, Finance Revies pages 76-79
	Environmental	
	Materials	
EN1	Materials used by weight or volume.	In 2014, 9,671,077 tonne of raw materials were used.
EN2	Percentage of materials used that are recycled input materials.	Environmental Report pages 46-49
	Energy	
EN3	Direct energy consumption by primary energy source.	Environmental report p 47 Gas: 5,346,043,740 kWh (19,245,757,464,000,000 Joule) - Fuel: 52,434,922 kWh (188,765,719,200,000 Joule) - Other resources: 174,384,705 kWh (627,784,938,000,000 Joule) - Total energy consumed 6,500,273,018 kWh (23,400,982,864,800,000 Joule)
EN4	Indirect energy consumption by primary source.	Environmental Report page 47 Electricity : 927,409,651 kWh (3,338,674,743,600,000 Joule)
EN5	Energy saved due to conservation and efficiency improvements.	Environmental Report pages 46-49
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Page 21 (Dry construction helps reduce a structure's carbon footprint and increase its energy efficiency.), Environment Report page 36
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Our strategy pages 12-15, Environment Report pages 46-49
	Water	
EN8	Total water withdrawal by source.	Environmental report page 48

	Emissions, effluents and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.	Environmental Report pages 46-47. Limited to direct emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environment Report pages 46-47
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	10,126 tonne of hazardous waste. No waste was shipped internationally.
	Products and services	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Comments Environmental report pages 46-49
	Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	There were no fines or sanctions in 2014.
	Overall	
EN30	Total environmental protection expenditures and investments by type.	19,019,753 euro invested, cfr Environmental Report page 49.
	Social: Labor Practices and Decent Work	
	Employment	
LA1	Total workforce by employment type, employment contract, and region.	Profile page 17, Social Report HR page 40, Financial Report pages 76-79 (Group's employees is split into categories by employment type)
LA2	Total number and rate of employee turnover by age group, gender, and region.	Social Report HR page 55 (absenteeism) and H&S pages 56-59
	Labor/management relations	
LA4	Percentage of employees covered by collective bargaining agreements.	Social Report HR page 55
	Occupational health and safety	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Social Report HR page 55 (absenteeism) and H&S pages 56-59
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Social Report HR pages 52-55, H&S pages 56-59
	Training and education	
LA10	Average hours of training per year per employee by employee category.	Social Report HR page 55
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Social Report HR pages 52-55
LA12	Percentage of employees receiving regular performance and career development reviews.	Social Report HR pages 52-55
	Social: Human Rights	
	Non-discrimination	
HR4	Total number of incidents of discrimination and actions taken.	No incidents of discrimination were reported, cfr HR page 55
	Freedom of association and collective bargaining	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	The majority of our employees is covered by collective bargaining agreements, cfr HR page 5
	Child labor	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Social Report HR page 55
	Indigenous rights	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No incidents of discrimination were reported, cfr HR page 55

Your feedback counts: how do you like our report?

Interviews, drafts, writing, editing ... This annual report did not happen overnight. After all, it had to draw a clear picture of Etex's status quo and outlook on the future, in order to meet the expectations of all our stakeholders.

That is exactly where you come in! Did we achieve our goal? Did you find the info you were looking for? Is there room for improvement? You can voice your opinion in a short survey of 8 multiple choice questions.
It will only take you 2 minutes to complete.

To take part in the survey, go to http://bit.ly/Etex-Survey-AR2014.

You can rest assured that your answers will be processed anonymously. So please help us improve our efforts to keep you informed about all things Etex.

We hope to hear from you soon.