BUILT ON TEAMWORK

ANNUAL REPORT 2018

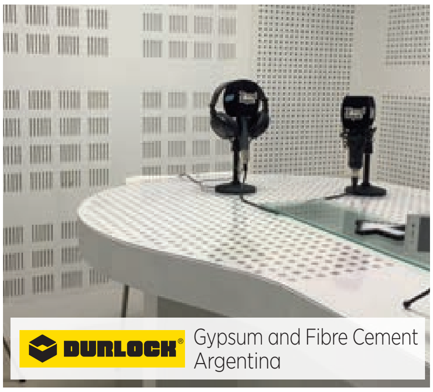
Who are **the names** on the cover?

The people behind the stories are what makes Etex a place with a sense of purpose – **inspiring ways of living**. Discover in our Annual Report how Etex colleagues came together to set new ambitions, go the extra mile and keep the customer at the heart of our business. We embrace a spirit of collaboration at every step of the way – strengthening our offering as a global innovative building solutions provider. This is what makes us **Etex built on teamwork**.

Etex Building Performance

Spanning our Etex Industry and Etex Building Performance divisions, Promat is our global brand for passive fire protection, high temperature applications and intumescent seals. A range of solutions are supplied worldwide including ducting, structural protection, compartmentation, insulation and fire stopping. Covering a range of sectors including residential, sports and leisure, healthcare, hotels, offices, education and tunnels.

Our lightweight construction brands supplying innovative gypsum solutions and fibre cement boards. Offering a range of interior and exterior systems (partitions, ceilings, throughwall systems) that simplify construction, provide building occupants a better quality of life and deliver our partners true customer focused value and services.



Our main Commercial Brands

Etex Roofing

Our specialist local roofing brands bring together heritage and expertise, with an innovative range of products; fibre cement slates, concrete and clay tiles, and shingles enable them to sit at the forefront of the roofing industry. Market leading integrated growth, the inclusion of battens and roofing accessories to offer complete roofing solutions, demonstrates our customer focus.

Etex Façade

Our brand active in the renovation of family houses. Cedral offers the homeowner a full solution to personalise the façade of his home and to build his own beautiful world. Cedral offers pre-coated fibre cement sidings in a large range of colours and two finishes with matching profiles.

Our global fibre cement façade brand that works with and for architects around the world to design smart, resilient materials to reduce the environmental impact. A recognised major player in the global architectural façade market, Equitone supplies fibre cement cladding panels which are typically specified for large to mid-size buildings.

Etex Industry

Our global specialist in ultra-thin and lightweight microporous insulation materials. Used in a wide range of industrial applications. As the industry benchmark since 1961, it is designed for extreme temperature conditions and is available in various delivery forms: rigid, flexible and vacuum-insulated panels, machined parts, and mouldable and pourable products.

Spanning our Etex Industry and Etex Building Performance divisions, Promat is our global brand for passive fire protection, high temperature applications and intumescent seals. A range of solutions are supplied worldwide including ducting, structural protection, compartmentation, insulation and fire stopping. Covering a range of sectors including aerospace, renewable energy, oil and gas, marine and OEM.

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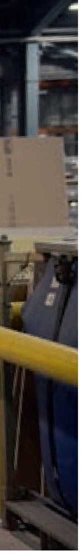
Activity report

Building on a strong foundation



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Social and environmental report

How we relate to our people, our communities and the world

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Financial report

Results fuelling focused growth

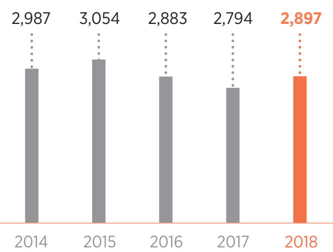
Consolidated Key Figures

EUR MILLION	2014	2015	2016	2017	2018	VAR. 2018 VS 2017
Revenue	2,987	3,054	2,883	2,794	**2,897**	*3.7%*
Recurring operating income (REBIT)	249	241	256	266	**245**	*-7.9%*
Recurring operating cash flow (REBITDA)	413	409	417	420	**405**	*-3.6%*
% of revenue	*13.8*	*13.4*	*14.5*	*15.0*	***14.0***	-
Non-recurring items	-67	-112	-19	3	**-25**	-
Operating cash flow (EBITDA)	365	366	404	432	**391**	*-9.5%*
Operating income (EBIT)	182	129	237	269	**221**	*-17.8%*
% of revenue	*6.1*	*4.2*	*8.2*	*9.6*	***7.6%***	-
Net profit (Group share)	92	36	127	148	**140**	*-5.4%*
Net recurring profit (Group share)	132	126	135	141	**166**	*18.1%*
Capital expenditure	198	187	137	148	**192**	*29.7%*
Net financial debt	904	833	630	633	**584**	*-7.7%*
Working capital (1)	260	312	249	261	**271**	*3.8%*
Capital employed (1)	2,485	2,451	2,258	2,341	**2,352**	*0.5%*
Return on capital employed (ROCE) (1)	7.3%	5.2%	10.1%	12.1%	**9.7%**	-

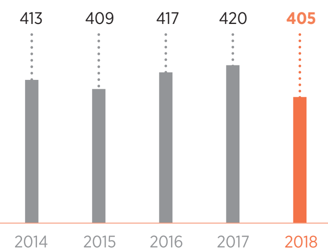
EUR PER SHARE						
Net recurring profit (Group share)	1.69	1.61	1.72	1.80	**2.12**	*17.8%*
Net profit (Group share)	1.17	0.46	1.63	1.89	**1.80**	*-4.8%*
Gross dividend	0.40	0.44	0.48	0.53	**0.58**	*9.4%*
Dividend growth rate	11.1%	10.0%	9.1%	10.4%	**9.4%**	-
Recurring distribution rate	23.6%	27.3%	27.9%	29.4%	**27.4%**	-
Personnel	17,067	17,229	15,011	14,510	**14,458**	-

NB: Definitions of the alternative performence measures are included in the glossary at the end of this report. 2016 values are expressed before reclassifications and include discontinued operations disclosed separately in the financial report, i.e. the ceramics business in Peru, Colombia, Chile and Argentina.

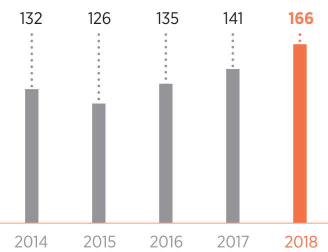
(1) These values are expressed excluding the favourable impact of the non-recourse factoring programme (see note 16 of the financial report disclosing details on non-recourse factoring); the ROCE in 2017 excludes Pladur.



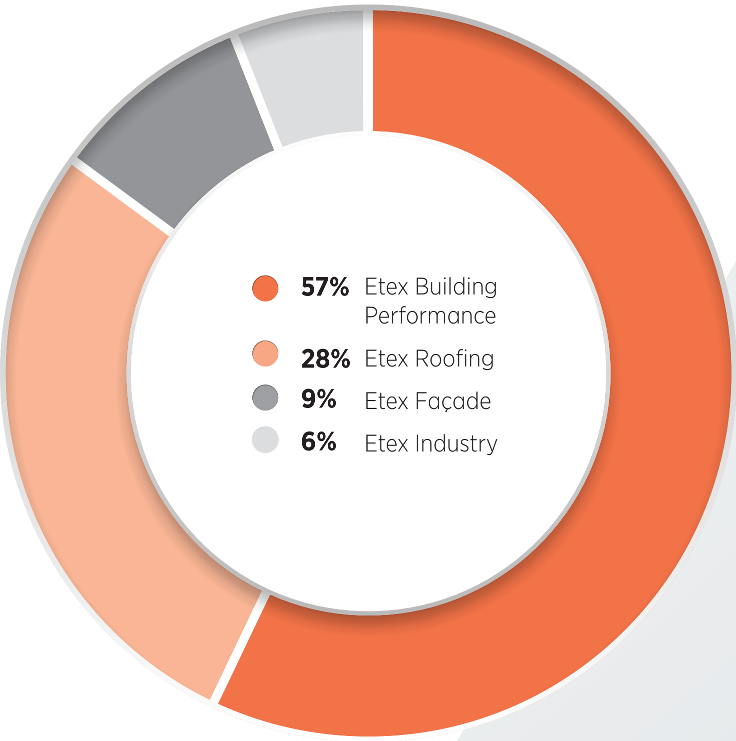
Revenue
in million euro
2,897
in 2018



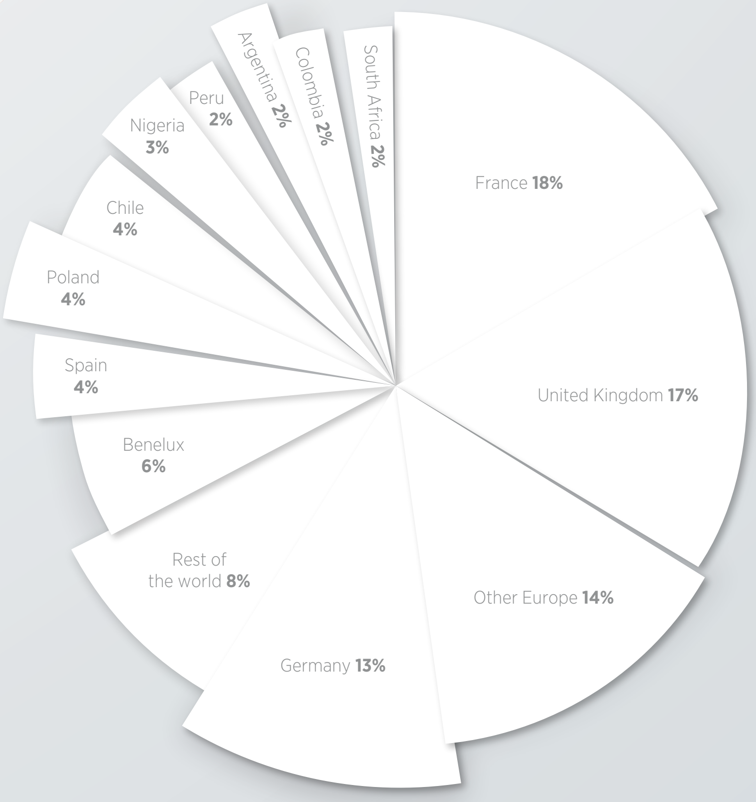
Recurring operating cash flow (REBITDA)
in million euro
405
in 2018



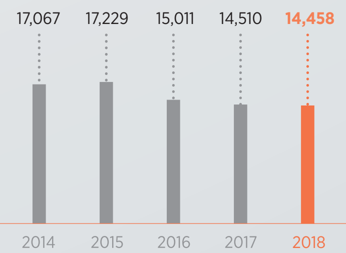
Net recurring profit (Group share)
in million euro
166
in 2018



Breakdown by division



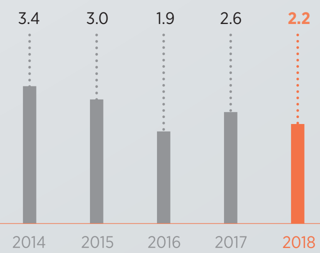
Breakdown by geography



Personnel

14,458

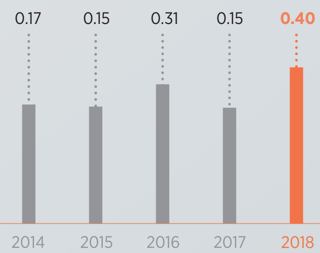
in 2018



Frequency rate of accidents

2.2

in 2018



Gravity rate of accidents

0.40

in 2018

Our contribution to the world: **inspiring ways of living**

What began in 1905 as a family company has grown over the last century into a global industrial firm. But while Etex today employs thousands of diverse colleagues in many countries, we are still a family-owned Belgian business with a clear purpose: to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

Major employer
14,458
employees

What we do

Through our **four divisions**, we strive to lead within well-defined business segments.

Etex Building Performance — Leader in plasterboards and fibre cement boards, and the global reference in fire protection solutions for the residential and commercial segments.

Etex Façade — Provider of durable, high performance and beautiful fibre cement exterior materials for architectural and residential projects.

Etex Industry — Front runner of engineering expertise to drive the future of high performance thermal and acoustic insulation and fire protection in industrial, aerospace and energy sectors.

Etex Roofing — Solutions for end-to-end agricultural, commercial and residential roofing.

Experts within our **three R&D centres** collaborate with local business teams to innovate at a world-class level while keeping market trends and customer needs in mind.

55%
Factory workers
45%
Office/commercial staff

Our 3 Strategic Pillars

1. Profitable Growth
2. Operational Performance
3. Engaged People

Our 3 Values

1. Connect and Care
2. Passion for Excellence
3. Pioneer to Lead

Over a century of expertise

1905 Alphonse Emsens founds Eternit and sets up a fibre cement factory in Haren near Brussels (Belgium). He acquires the license to use technology to manufacture flat sheets made from cement reinforced with fibres from the Austrian industrialist Ludwig Hatschek.

1930 Eternit expands internationally, in Europe but also in Latin America.

1957 The company begins to diversify and adds plasterboard to its product portfolio.

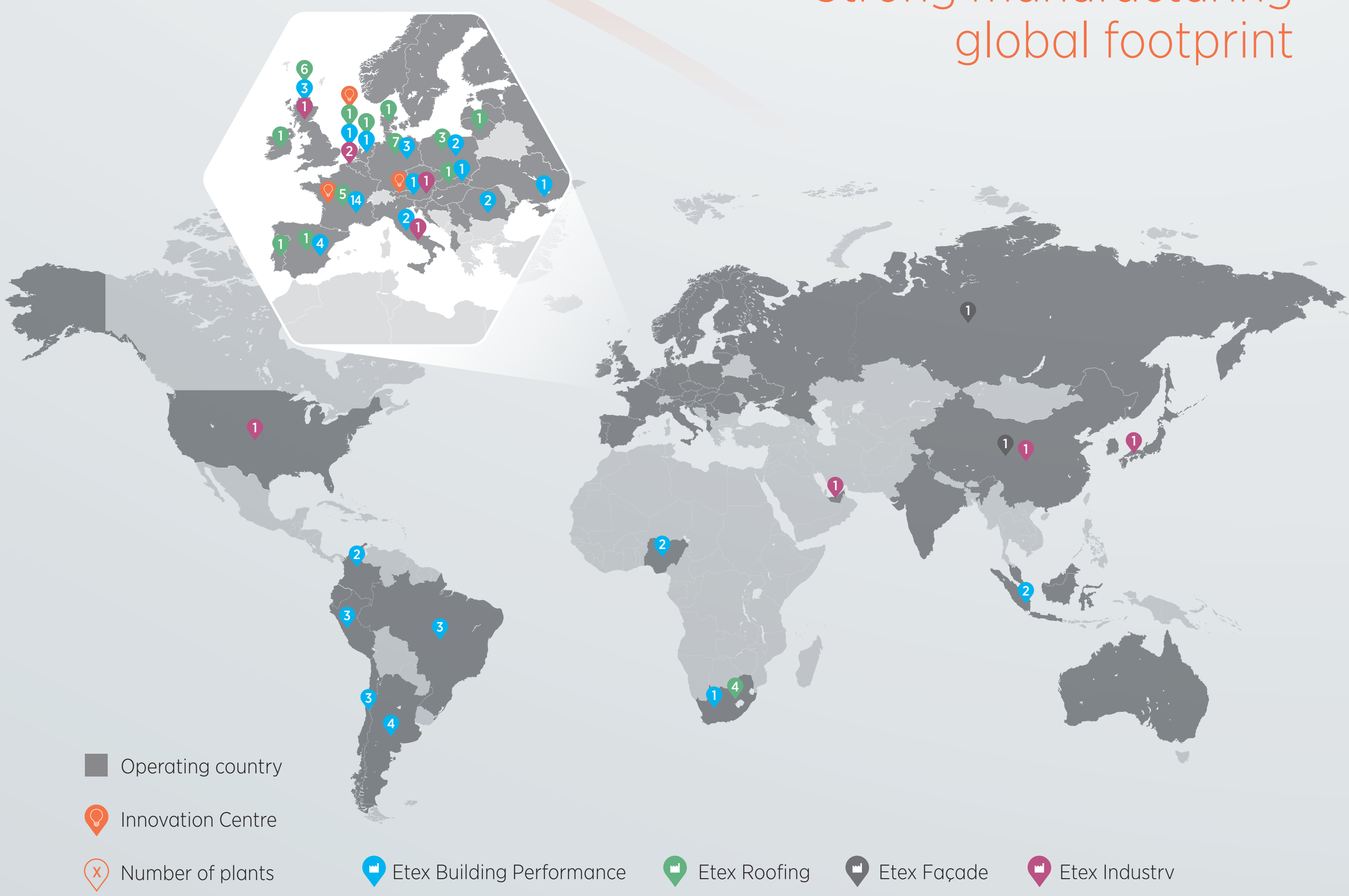
2003 Split of the group into two entities: Etex for all building materials activities and Aliaxis for plastics activities.

2011-2013 Etex takes over the European and Latin American gypsum activities of the French group Lafarge.

113 plants

42 countries

Strong manufacturing global footprint



A collaborative, agile and customer-focused company, aimed at **inspiring ways of living.**

1/

About Etex

Our company & strategy

Thanks to our people, customers, partners and shareholders,

2018 was a year of outstanding achievement

2018 marked the first full year of Etex's redesigned corporate structure and refined strategy, and this bore fruit. Our identity shift from an industrial group to a global company – revolving around a clear focus on markets, segments and brands – led to even better solutions and increased customer-centricity. Etex's successes in 2018 are the result of people-driven performance fuelling focused growth. These evolutions allow us to be better equipped to rise to the challenges of the building industry by inspiring ways of living.

Paul Van Oyen
Chief Executive Officer

Jean-Louis de Cartier de Marchienne
Chairman of the Board of Directors

How did our businesses perform?

Etex's overall **top-line has grown by 4.1% to 2.9 billion euro on a like-for-like basis**.

Etex Building Performance recorded significant sales growth of 6.9%, performing well in a vast majority of countries. **Etex Roofing**'s sales were flat (-0.5%). The tough situation we faced in our German roofing market, caused by industrial issues, high inventories and transport costs, was partially offset by good performance in the UK and Ireland as well as in the Dutch and Spanish agricultural business sectors.

The performance of **Etex Façade** was strong last year, with sales up 2.2%, mainly attributable to Central and Eastern Europe, Australia and the US. Finally, **Etex Industry** recorded a 4.6% sales increase, with the division performing strongly in the fire-rated appliances and heavy industry segments.

Etex's REBITDA reached 405 million euro last year, a like-for-like decrease of 2.8% despite the top-line growth. This decline is mainly due to increased input costs — notably energy price evolutions — which have not translated into similarly higher sales prices, as well as to a series of one-off manufacturing issues.

Thanks to a significant reduction of our net financial charges and taxes, **Etex's net recurring profit (Group share) was up 18.1% to EUR 166 million**, its best performance in five years. The non-recurring items mainly relate to restructuring costs. The company's **net profit reached EUR 145 million** in 2018, down 5.6% compared to the previous year.

At the end of December 2018, Etex's **net financial debt decreased to EUR 584 million, a record low in five years.**

More details on our 2018 results on page 26.

A focused approach to Profitable Growth

Throughout 2018, we continued our efforts to become a more aligned and focused global company with a clear purpose: inspiring ways of living. To fulfil this purpose, in 2016, we defined a clear three pillar agenda centring around Engaged People, Operational Excellence and Profitable Growth. In 2018, we made clear choices regarding our path toward profitable growth, releasing the necessary energy to fuel new ways of tackling operational efficiency and engaging with our people. Today, we can proudly state that our strategic framework has become the guiding light for our employees at all levels, in every division and across all geographies.

After 50 years of geographical expansion followed by 50 years of technological diversification, Etex has decided to sharpen its portfolio of activities and focus on its core assets. This enables us to face – and overcome – the challenges of today's building industry. Illustrating our commitment to this goal, we identified six strategic initiatives (see page 23): manage our strong position in plasterboard, maximise our fibre cement position, fully expand the unique potential of our fire protection solutions, continue to develop our roofing position, enhance digital capabilities in key parts of our value chain, and invest in new building methods. These strategic initiatives translated into key decisions that were taken in 2018.

Riding the wave of tomorrow's building materials market

In line with the sixth initiative mentioned previously, Etex is poised to stay a step ahead of housing trends, inspiring new ways of living notably through our expertise in **lightweight construction** activities.

We believe strongly that lightweight construction is the solution to major building industry challenges, including housing shortages, construction inefficiencies, skilled labour issues and rapid urbanisation.

One key example of our lightweight construction expertise in action is our **E2E joint venture** with Arauco in Chile. With this initiative, we seek to redefine the future of housing in South America and beyond. Thanks to our efforts, the joint venture is already well-positioned for success and expansion in 2019 (see pages 36-39).

Furthermore, we proved that our contribution to the world is tangible: our expertise in lightweight construction is applied to great effect in the area of **disaster relief** through our efforts in Indonesia, Colombia and Peru, amongst others. We are determined to help our communities further by reinforcing our response to dramatic situations.

> "It takes a clear path and a single-minded crew to create value and foster a performance culture.

New divisions resulting from our focused strategy

We are currently witnessing a major consolidation phase taking place in the European residential roofing industry, as shown by mergers and acquisitions happening in recent years. As a leading player, Etex intends to play an active role in this consolidation. To do so, we must show structural flexibility. This is why we decided last year to reshape two of our four divisions: Etex Roofing and Etex Façade.

Since 1 January 2019, our clay, concrete and components activities for residential roofing in Europe and South Africa are combined in a newly created division, **Etex Residential Roofing**. On the other hand, the fibre cement activities of Etex Façade and Etex Roofing have been brought together within the new **Etex Exteriors** division, a move which will allow us to maximise our position in fibre cement and develop our position in roofing in line with two of our six strategic initiatives.

We are confident that these two divisions will ensure that every Etex business segment has a well-balanced, forward-minded solutions portfolio in the face of a changing market.

Leadership and people development at the heart of our performance culture

The success stories highlighted above – and many others that occurred throughout last year – would not have been possible without the talent, experience, ambition and incredible drive of all our employees in our 42 countries of operation. They have faced many challenges with resilience and creativity, and we are more convinced than ever that investing in our people is the key to unlocking the performance we need to achieve our ambitions of growth. This is why their safety, engagement, development and well-being at work will always feature at the top of our priority list.

Taking safety to new levels moving forward

Safety will always be our number one priority. Over the last three years, we have reached a low and stable lost-time accident frequency rate. However, we are determined to surpass this plateau and achieve our zero-accident goal. After prioritising safe equipment and processes in the past, we have been working towards increasing employee safety awareness and conduct in 2018 through our **SafeStart programme**. However, despite our unrelenting efforts to prevent life-changing incidents, we are deeply saddened that two fatalities occurred last year. We are unwaveringly committed to preventing incidents like these in the future.

To do so, we plan to bolster our SafeStart training plan for Etex colleagues as well as third-party contractors in 2019. To that end, we will also put emphasis on the further implementation of near-miss reports and continuous safety talks.

'Me & Etex' makes waves worldwide

Employee engagement has been defined as the second non-financial key performance indicator – after safety. Consequently, 2018 marked the introduction of our first global employee engagement survey, called '**Me & Etex**'. We are pleased to witness the tremendous response we received from our colleagues all over the world: 69% of them participated in the survey, a figure that surpasses the industry benchmark.

The results and learnings of the survey are being translated into actions that we will take in 2019 to further strengthen employee engagement.

To all our stakeholders: our heartfelt gratitude

Our people enable us to stay relevant in an ever-changing environment and increase our contribution to the world. We would like to thank our employees for their continuing dedication to our shared goals, as well as for the pride they take in their work.

We also deeply appreciate the unwavering trust of our customers, partners and shareholders. Thank you sincerely for your ongoing commitment to Etex.

Worldwide introduction of One Etex

Our group-wide One Etex movement aims to shape Etex as an even more effective, customer-centric, lean company that strives to further develop its people. By optimising the way we work and interact with each other, we seek to become better leaders, enhance our working environment, boost our operational efficiency and grow more agile. This allows Etex to put the customer at the heart of everything it does as a global building solutions company.

Initiatives and events revolving around One Etex have been planned in 2019. These map out our path to an even more efficient, connected and inspired organisation.

Nurturing Etex leadership now and in the future

We moved forward with our plan in 2018 to build a comprehensive talent development and learning programme for our most promising leaders-in-training. We extended our **talent review process** as well as our **training programmes** for new and experienced leaders, including our Accelerator and Explorer programmes, working with Vlerick Management School (Belgium) and INSEAD (France).

We also strengthened our leadership team in 2018, welcoming two new members to the company's Executive Committee. In April, **Per-Olof Algotsson** joined us as the new Head of Etex Building Performance, and **Joëlle Boxus** was appointed Chief Human Resources Officer in November. We are confident that this complementary and fully aligned group of talented managers will allow us to reach our strategic targets.

Furthermore, strengthening the dialogue between the Executive Committee and senior managers was a key objective last year, which we furthered by increasing communication and collaboration with our **Senior Leaders community**. In 2019, this ambition was confirmed with the creation of a new **Business Council**. It gathers Executive Committee members and various senior leaders to foster collaborative decision-making.

A new Purchasing roadmap

In 2018, we defined a Purchasing Roadmap for the upcoming three years and started its implementation. The focus was set on Category Management rollout, organisational design alignment, and Business Process ownership. The roadmap aims to free up EUR 60 million of cash for the group over the 2018-2020 period, and to reduce the supply-associated risks through systematic mapping and analysis of these risks and implementing contingency plans.

New offices that reflect our values

Even more, in August of 2018, colleagues working in our headquarters in Brussels made the move to a new, co-designed office in Zaventem at Brussels Airport. Its setup encourages collaboration, movement, connection and exchange, reflecting the Etex values. In addition, new Etex offices were inaugurated in France, Luxembourg, the UK, Argentina and Peru in the course of last year.

Paul Van Oyen
Chief Executive Officer

Jean-Louis de Cartier de Marchienne
Chairman of the Board of Directors

Highlights of an exciting journey

JANUARY | Launched at the Klimahouse fair (Italy), **Solidtex** is a breakthrough product conceptualised and created by one of the three Etex R&D Centres. Thanks to High Density Crystallisation technology, a revolutionary plasterboard that combines the highest performance of mechanical resistance, sound insulation, fire resistance and humidity has been developed.

Read more / p.35

FEBRUARY | Etex launches the new **Tecta** slate on the market. Its surface is protected against damage and discoloration. As a result, the slates can withstand the most extreme weather conditions: from blistering sun to harsh winter weather, from heavy rainfall to hailstorms. Even dirt, dust, scratches and graffiti leave no trace, as the slates maintain their form, uniform colour and authentic look under all circumstances.

Read more / p.45

APRIL | **Per-Olof Algotsson** joins the Executive Committee of Etex as the new Head of Etex Building Performance.

APRIL | In response to the increasing global demand for Equitone Tectiva façade materials, Etex decides to invest in a **full production line in the factory of Neubeckum** in Germany. EUR 50 million are invested in the operation and additional jobs will be created. The start-up of the new line is planned for 2020.

JUNE | Launch of the **'Me & Etex' employee engagement survey**. 69% of the Etex colleagues worldwide take part in the survey, a very encouraging participation rate and great learnings to build on.

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JUNE | Some 90 customers (installers, specifiers and contractors) from nine different countries participate to the **Etex Innovation Days** in Avignon, France.

AUGUST | Etex moves into its **new headquarters** at Zaventem airport, on the outskirts of Brussels, Belgium. The offices are designed to foster collaboration, inspire new ways of working and highlight the Etex corporate identity.

SEPTEMBER | Launch of the **One Etex** movement, which aims to enhance our performance and help us to focus even more on our customers. It is a co-creative process that involves active contribution from experts and leaders from every corner of the company.

SEPTEMBER | Etex receives an order for one of its biggest projects to date: the fire protection of the **Gaasperdammertunnel** in Amsterdam, the Netherlands, a five-tube tunnel which has to be expanded by three km. A total of 307,000 m² of Promat boards are ordered.

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OCTOBER | Etex closes an agreement to design and supply the insulation products for the receiver of the solar tower in the Atacama Desert, in Chile. The **Cerro Dominador**, equipped with Promat and Microtherm solutions, will be the first combined thermosolar and photovoltaic energy project in Latin America, with a total of 210mw of installed capacity.

NOVEMBER | **Joëlle Boxus** joins the Executive Committee of Etex as new Chief Human Resources Officer.

DECEMBER | On 28 December, our plant in **Araripina**, Brazil, reaches a record-breaking **14 years without lost-time accidents**. Seizing this great moment, the local team sets up an "Internal Week of Accident Prevention at Work" to reinforce their learnings on safety.

DECEMBER | In Chile, the machines assembly in the **E2E** facility is completed, with contracts for buildings and social housing projects already in the pipeline. E2E is a joint venture between Etex and Arauco pioneering in new ways of construction.

Read more / p. 36

JANUARY 2019 | Etex's **two new divisions**, Etex Residential Roofing (clay, concrete tiles and components for residential applications in Europe and South Africa) and Etex Exteriors (all fibre cement activities for architectural, residential and agricultural segments), become operational.

Our stakeholders

Employees, customers, suppliers, trade unions, investors, shareholders and communities… Our stakeholders are the drivers of what we do. They help us determine the steps towards the future, not only when it comes to product and commercial excellence, but also in terms of sustainability and positive global impact. Providing them with relevant and accurate information about Etex is paramount to build a trust-based relationship and to reach a higher level of transparency.

Financial stakeholders

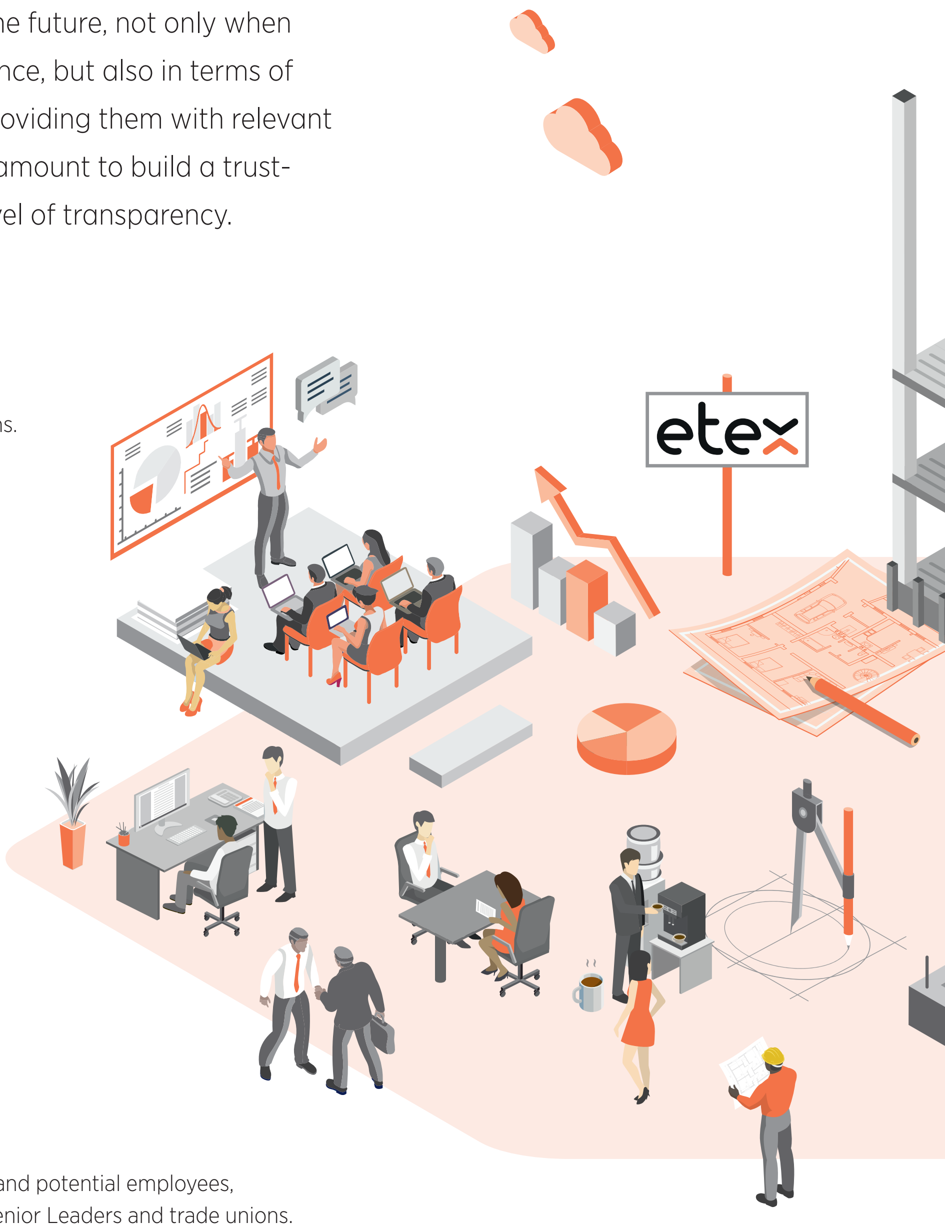
Shareholders, investors and financial institutions.

Our commitment

Optimally balancing sustainable growth and profit while guaranteeing transparent communication about our performance and outlook.

How we connect and collaborate

Etex's shareholders are presented with relevant, up-to-date information about our business during our annual shareholder's meeting. Half-year and full-year results as well as strategic decisions are communicated to our financial stakeholders through press releases and other documents published on our website.



Internal stakeholders

Current and potential employees, Etex Senior Leaders and trade unions.

Our commitment

Maximising their safety, collaborating openly and transparently, and facilitating personal and professional development.

How we connect and collaborate

Our local businesses maintain a two-way dialogue between **more than 14,000 employees** in **42 countries** through tailored communication channels. We engage with our employees at group level through our new intranet platform Etex Core, which was rolled out in October last year.

Etex's **Senior Leaders** from around the world gather annually and attend webinars hosted by the Executive Committee every two months. These events encourage our leaders to ensure that every single one of our employees is informed.

In 2019 a Business Council was established, bringing together the Executive Committee and various Senior Leaders. The Business Council meets each quarter.

Commercial stakeholders

Architects, builders, construction firms, distributors, contractors, installers, specifiers and homeowners.

Our commitment

Proactively meeting their needs by offering superior products in form and function, and empowering them to construct the most efficient, ambitious and inspiring projects.

How we connect and collaborate

Each of our local businesses is an expert on **customers, suppliers and other commercial stakeholders** in their respective territories, bringing them information to suit their needs. On group level, our Innovation & Technology Centre in Avignon, France, invited some 90 customers from nine countries to co-innovate during our annual Innovation Days event. Our purchasing team engages with our largest suppliers at group level.

External stakeholders

Local communities, NGOs, suppliers and the media.

Our commitment

Diligently establishing and building upon sustainable and transparent relationships.

How we connect and collaborate

As specialists within their territories, our local businesses design and implement optimal communication channels with their surrounding **communities**. At group level, we provide diverse options, ideas and resources to undertake charitable actions, fundraisers, community-building projects, educational initiatives, and more.

We partner with international NGO **Selavip**, which supports housing projects for underprivileged people in Africa, Asia and Latin America. We launched our first group-wide corporate social responsibility initiative in December 2018, in collaboration with **Techo**, a community-building non-profit organisation, which invites Etex employees to improve the living conditions for families in Peru using Etex materials and solutions.

Press relationships are nurtured at a local level. Belgian and foreign journalists are also in direct contact with Etex's corporate communications team.

Communicating with the world

Stakeholders are always invited to speak up during events and gatherings. Our corporate communication team can be reached at info@etexgroup.com

7 megatrends are driving our industry and value chain

1 Resource scarcity

We are depleting our planet's resources at an alarming rate. The construction industry is the number one global consumer of raw materials. More efficient use and recycling of raw materials must evolve towards cradle-to-cradle solutions. Industrial processes must be optimised to ensure lean production.

2 Rapid urbanisation

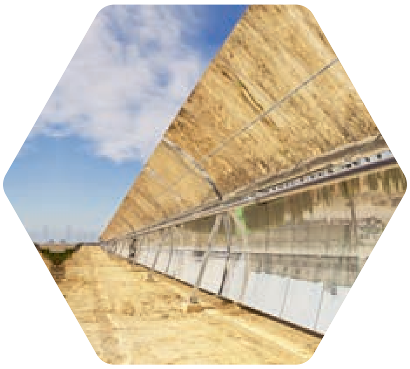
The urban population of the world has grown rapidly since 1950. It increased from 751 million to 4.2 billion in 2018, with 55% of the world's population living in cities. By 2050 this will be 68%. People move to the cities to improve their ways of living. Affordable, quality housing is an essential part of this.

3 Housing shortage

Emerging and developed countries cannot build fast enough to keep up with demand. They turn towards dry construction, modular and prefabricated building solutions that are quick and easy to install and meet the surging demand at an affordable expense.

4 Ageing infrastructures

Ageing cities are strained by the higher population density and need upgrades. Re-use and top-up lightweight building solutions are much more ecologically sound than demolition. Energy-efficient, space-saving, sustainable and aesthetic materials are needed to assure that old buildings can cope with modern requirements.



5 Technological disruption

One example is Building Information Modelling (BIM), which facilitates collaboration throughout the building cycle from conception to demolition. Likewise, automation and robotics will speed up production and enhance quality assurance. We also need to build smart cities where solar energy is conserved via high-performance insulation materials.

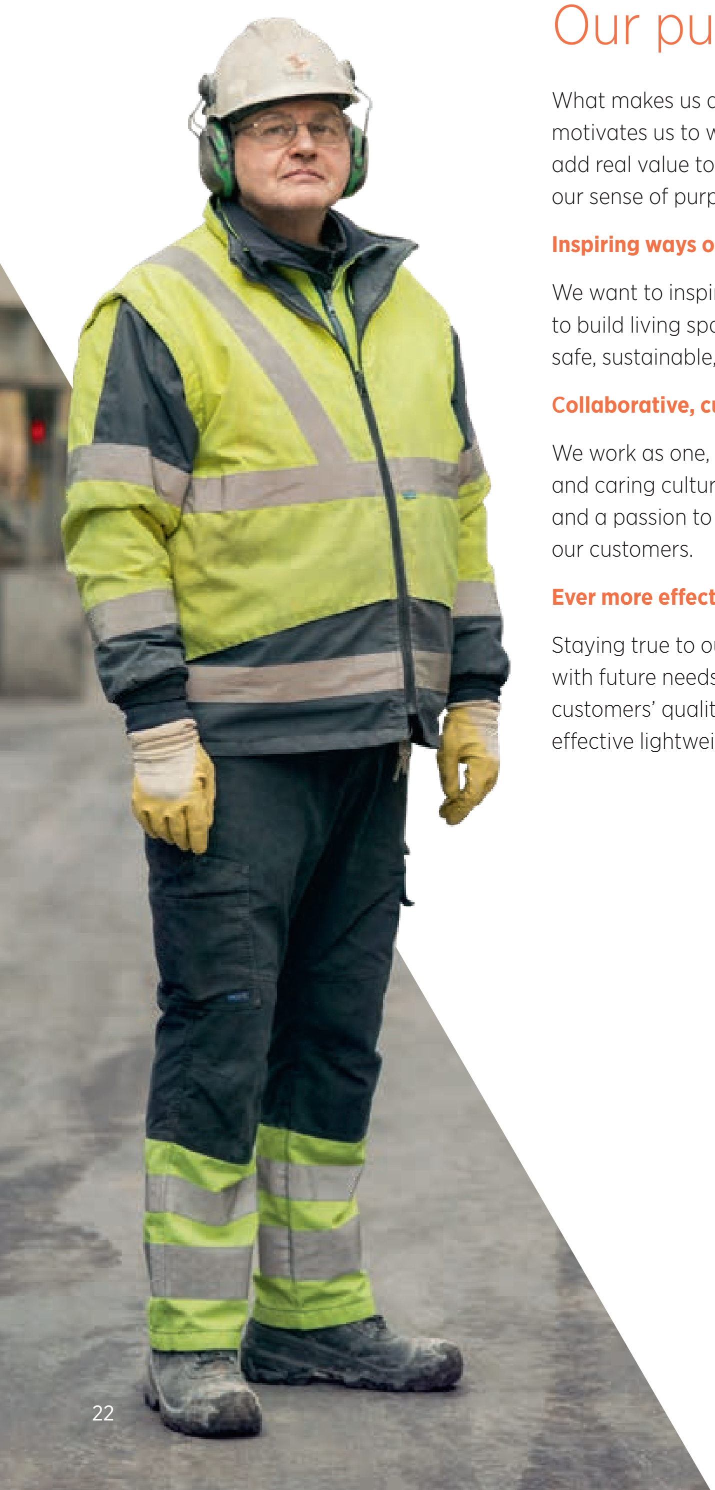
6 Changing regulations

Another disruptive force is the growing complexity. Building projects have to comply with stricter regulation on construction, with constantly evolving standards and specifications. Building solution providers need to assist their partners in the value chain to efficiently deal with this complexity challenge.

7 Productivity lag & skill gap

While overall labour productivity increased by 153% over the last 50 years, building productivity dropped by 19%. In view of the huge need for affordable quality housing, the building industry urgently needs to shift gears. Moreover, the search for talent is also particularly fierce in a sector that needs to find skilled workers for a widening field of hi-tech jobs.

Connected by a common sense of purpose and values



Our purpose

What makes us a part of Etex? What motivates us to work together, team up and add real value to the world? Discover here our sense of purpose.

Inspiring ways of living

We want to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

Collaborative, customer-focused

We work as one, fostering a collaborative and caring culture, a pioneering spirit and a passion to always do better for our customers.

Ever more effective lightweight solutions

Staying true to our heritage and in sync with future needs, we strive to improve our customers' quality of living with ever more effective lightweight solutions.

3 values we all share

Connect and Care

Developing people, building meaningful relationships and creating networks

We care for people, their safety and the environment. We believe in the power of teams and partnerships; together we build the sustainable success of Etex.

Pioneer to Lead

Driving valuable change

We continuously seek inspiration in the world around us to bring innovative solutions that create value and success in the marketplace.

Passion for Excellence

Doing the right things and enjoying outperformance

We are passionate about delivering the best for our partners by reaching high standards in everything we do and by excelling in executing our promises.

Our strategic milestones

The construction industry is lagging behind and will be disrupted. Market demand forces our sector to reduce inefficiencies and improve productivity. The pressure of cost is increasing, mainly due to waste and leakage in the construction steps. The value chain in our industry is becoming more compressed. This allows developers and building material providers to take a larger share of value. To meet the challenges of our changing world, we want to build our future by becoming a more focused player.

Our 3 pillar agenda

1. Profitable Growth

We need to build stronger and closer ties with our customers and innovate in line with their needs.

2. Operational Performance

To secure our future we have to enhance processes, improve continuously and commit to safety in the workplace.

3. Engaged People

High involvement creates high value. That's why we enable employees to grow their expertise. That's why we encourage teamwork, guided by our shared values.

6 strategic initiatives

We aim to manage our strong position in plasterboard with a specific focus on operational efficiency.

We will maximise our fibre cement position, by innovating across geographies and applications.

We will revitalise our passive fire protection business, built on our recognised expertise and our technical capabilities.

We will participate in the ongoing consolidation of the European residential roofing industry.

We will build and develop our digital capabilities in key parts of the value chain.

We will make select moves into new methods for building, which are lighter in assets.

Strong ambition creates **opportunity**.
Close collaboration creates **results**.

2/

Activity report

Building on a strong foundation

Message from the CFO

Etex's revenue grew by 4.1% in 2018 to EUR 2,897 million on a like-for-like basis. Including impacts of unfavourable exchange rates, hyperinflation accounting in Argentina and scope changes (mainly attributable to the Pladur acquisition at the end of 2017), this translated into a 3.7% increase of our sales.

↑ Mel de Vogue, Chief Financial Officer of Etex

An overview of our worldwide results

The **positive revenue evolution** is mainly attributable to the division Etex Building Performance, driven by significant plasterboard sales growth in nearly all geographies. Etex Façade and Etex Industry have also recorded top-line growth, while Etex Roofing was slightly down year-on-year. The positive scope impact (+2.8%) is mainly attributable to the acquisition of the Spanish manufacturer of gypsum products Pladur at the end of 2017; it was more than offset by adverse currency exchange rates (-3.2%), mainly due to a weaker Argentine peso and British pound.

Our **REBITDA amounted to EUR 405 million, a like-for-like decrease of 2.8%**, or -3.6% when including currency exchange rates, hyperinflation in Argentina and scope impact, despite top-line growth. This decline is mainly attributable to a series of one-off manufacturing issues (mainly at Etex Roofing) as well as to increased input costs (energy price evolution and difficulty to find transporters in Western Europe) which didn't translate into higher sales prices to the same extent. The increase in overheads was limited to 1.5% with specific management attention leading to significant restructuring measures decided at the end of the year and impacting more than 400 persons. The REBITDA margin reached 14.0%, compared to 15.0% in 2017.

Thanks to a significant reduction of our net financial charges and taxes, **Etex's net recurring profit (Group share) was up 18.1% to EUR 166 million**, its best performance in five years. The non-recurring items mainly relate to restructuring costs. The company's net profit reached EUR 145 million in 2018, down 5.6% compared to the previous year.

At the end of December 2018, **Etex's net financial debt decreased to**

Revenue in 2018

2,897

million euro

increase of 3.7%
vs. 2017

REBITDA in 2018

405

million euro

decrease of 3.6%
vs. 2017

2018 results overview

Total sales: EUR 2,897 million, including the effects of unfavourable exchange rates, impacting our sales figures by around EUR 82 million, plus the EUR 7 million impact of hyperinflation accounting in Argentina. Organic growth led to a year-on-year revenue increase of around EUR 114 million, or 4.1%.

Gross profit: EUR 851 million or 29.4% of sales, vs 30.8% in 2017. The deterioration is mainly due to a temporary negative price-over-cost impact and specific manufacturing issues that were fixed during the year.

Overhead on sales ratio: 21.0 vs 21.5 the previous year, resulting mainly from the restructuring initiatives.

Operating income before non-recurring items (REBIT): EUR 245 million, representing 8.5% of sales. In 2017, the REBIT amounted to EUR 266 million, or 9.5% of sales.

Net recurring profit (Group share): increase from EUR 141 million to EUR 166 million, thanks to significantly lower net financial charges and taxes.

Net non-recurring charges: EUR 25 million, with significant one-off gains offset by important restructuring charges. Operating income (EBIT) was EUR 221 million vs EUR 269 million in 2017.

Net financial charges: significant decrease from EUR 54 million in 2017 to EUR 27 million in 2018, thanks to lower net interest expenses as the refinancing of the retail bond is now in full effect.

Net profit (Group share): decrease from EUR 148 million to EUR 140 million, due to net non-recurring charges, as well as a negative like-for-like impact of about EUR 8 million related to hyperinflation accounting in Argentina.

Net financial debt: decrease to EUR 584 million, vs EUR 633 million the year before. It also includes the positive effects of the non-recourse factoring programme set up in 2015, which amounted to EUR 159 million at the end of 2018 (vs EUR 167 million in 2017). Excluding this non-recourse factoring programme, the net debt would have reached EUR 742 million, a decrease of EUR 58 million compared to EUR 800 million in 2017.

EUR 584 million, a record low in five years. At the end of 2017 it reached EUR 633 million. Cash generation increase compared to last year is mainly attributable to improved working capital, the sale of non-operational assets, decreased financial charges and lower income taxes. The net debt figures include the favourable effect of the non-recourse factoring programme, set up in 2015, which amounted to EUR 159 million at the end of 2018 (vs EUR 167 million at the end of 2017). Excluding this programme, the net financial debt would have reached EUR 743 million (vs EUR 800 million at the end of 2017). The company's net financial debt/REBITDA ratio decreased from 1.5 in 2017 to 1.4 in 2018. Excluding the favourable impact of the non-recourse factoring programme, this ratio would have decreased from 1.9 to 1.8 year-on-year.

Changes in the scope of consolidation

In April 2018, Etex sold the non-core business Fibrolith, a German producer of wood wool cement boards which generated EUR 9.0 million in sales and EUR 0.8 million in REBITDA in 2017.

Revenue by division

Etex Building Performance registered a like-for-like top-line growth of 6.9% to reach EUR 1,650 million. This is mainly attributable to the solid performance of the plasterboard business in almost all geographies, especially in France, the UK and Central and Eastern Europe. In Europe, Germany was the only country which experienced a more difficult year, due to challenging market conditions and tough competition leading to pressure on margins. In Latin America, sales were also strong, notably thanks to the performance recorded in Brazil, due to recovering market conditions and high inflation. Sales in Peru (high comparables in fibre cement as 2017 saw many modular housing projects) and Colombia (tough competition) were below the previous year. The performance in other regions was mixed, with Africa performing well despite continued difficult market conditions, but the sales in the Middle East decreasing sharply due to the absence of major projects. The results of the Spanish gypsum expert Pladur, acquired at the end of 2017, were incorporated last year.

Etex Roofing's like-for-like sales were flat (-0.5%) year-on-year, at EUR 814 million. The satisfactory performance recorded in the UK, Ireland, the Netherlands (agricultural corrugated sheets) and Spain was offset by the supply chain impact of the closure of our corrugated sheets plant in Germany, a deteriorating agricultural market in France and Nigeria, and high comparables in Peru.

The revenue of our Etex Façade division was up year-on-year, +2.2% like-for-like, to EUR 263 million mainly thanks to the performance in the UK, Southern and Eastern Europe, the US, Australia, Argentina and Chile, and despite lower revenue in other European countries, China and Colombia.

Finally, **Etex Industry registered a like-for-like revenue growth of 4.6%** to EUR 170 million. The division performed strongly in the fire rated appliances and heavy industry segments, compensating a poorer performance in the energy segment.

Consolidated Statement of Financial Position (Balance Sheet)

The value of Etex's **property, plants and equipment** remained stable at EUR 1,642 million, vs EUR 1,641 million in 2017. **Capital expenditures** (including intangible assets) reached EUR 192 million, including EUR 32 million invested in strategic raw materials reserves, compared to a recurring depreciation of EUR 159 million. **Goodwill and intangible assets** increased from EUR 412 million to EUR 422 million due to the acquisition of a gypsum concession in 2018.

Our **working capital** increased from EUR 261 million in 2017 to EUR 271 million in 2018, if we exclude the favourable impact of the non-recourse factoring programme (EUR 159 million). In percentage of sales, the working capital level is in line with the prior year, but includes strong improvements on inventory and receivables, offset mainly by one-off impacts on other captions.
Our **actual return on capital employed** decreased from 12.1% to 9.7%. Excluding the impact of non-recurring items, the **recurring return on capital employed** would have reached 10.8% in 2018, vs 11.9% in 2017.

The **total shareholders' equity** was EUR 1,045 million, the increase of EUR 62 million resulting from the profit of the year of EUR 140 million. This was offset mainly by negative translation differences and by an hyperinflation accounting impact, as well as by the dividend paid in July 2018 to the shareholders of the parent company.

Subsequent events

There are no subsequent events to be mentioned.

Outlook for 2019

In 2019, we expect **another year of growth in revenue, a recovering REBITDA** – in particular thanks to the significant cost reductions undertaken in 2018 –, a **further strong free cash flow and a modest increase in our net recurring profit** after the strong performance of 2018. The European construction markets should continue to recover progressively, more specifically in France, the Benelux and Central Europe. The UK should experience further growth, except for the unforeseen aftermath of a potential "hard" Brexit. The growth is expected to continue in the rest of the world, with some uncertainties however in Chile, Nigeria and Argentina.

Net financial debt at 31/12/2018
584
million euro
decrease of 7.7% vs. 2017

Net recurring profit in 2018
166
million euro
increase of 18.1% vs. 2017

Etex Building Performance

As Etex's largest division, Etex Building Performance provides world-leading plasterboards, fibre cement building boards, passive fire protection and dry construction solutions. Etex Building Performance is the market leader in Latin America and a top three player in Europe for plasterboard. Its Promat products are the leading reference in passive fire protection. Head of Etex Building Performance since April 2018, **Per-Olof Algotsson** reviews the highlights of his first year at Etex and outlines his vision for the future.

2018 was your first year at Etex. How do you feel about your experiences so far?

The first half was good and challenging and the second half was very strong. The priorities have been to create one team with one purpose, build a strong performance culture and enhance the quality of everything we do.

Can you give a high-level overview of the division's achievements throughout 2018?

Performance-wise, Etex Building Performance has had a solid year, with strong sales growth mainly attributable to the recovery recorded in France as well as to a continued positive trend in the UK and Eastern Europe. In Europe, only Germany had a more difficult year mostly due to difficult market conditions and strong competition generating price pressure. Outside Europe, sales have also grown considerably, especially in Latin America (with the exception of Colombia and Peru) and Africa, partially due to high inflation in some countries but also to a strong volume increase, especially in Brazil. In the Middle East, our sales were down. Though our top-line evolved very positively, we faced a strong increase in our input costs, due to the energy price evolution but also to the challenge to find transporters in Western Europe. This situation impacted our margin rate. In 2018 a restructuring plan was implemented to streamline the organisation and to make it more agile. We decided to adapt the organisation to the local situation, announced the discontinuation or combination of some activities with the ambition to deliver sustainable operations and overheads savings as from early 2019.

→ Per-Olof Algotsson, Head of Etex Building Performance

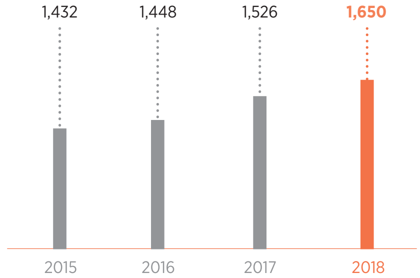
> "2018 was a year of momentum and honed purpose. Based on our strong performance, we're looking at a promising future.

You have an ambitious plan for 2019. What is the strategy about?

Our strategy is completely in line with the Etex agenda and strategic initiatives. It is comprehensive and covers everything we do, from recruitment and talent development and innovation to boosting performance in targeted markets.

On the talent front, we aspire to become the most attractive employer in our industry. And in terms of innovation, we seek to pioneer lightweight sustainable solutions by providing the world with inspiring and affordable ways of living. We will grasp new growth opportunities in core segments through our engagement, customer-centricity and cross-border collaboration. However, our ambition goes far beyond these highlights. The end result is superior quality products, commercial adaptability and long-term employee engagement and customer relationships. Or, in other words: sustainable growth.

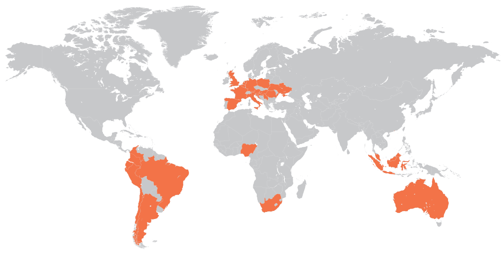
Revenue evolution of Etex Building Performance



In million euro

1,650 in 2018

2017-2018 Revenue evolution: **+8.1%**



Operating countries

Argentina
Australia
Austria
Belgium
Brazil
Chile
Colombia
Croatia
Ecuador
France
Germany
Hong Kong
Indonesia
Italy
Malaysia
Nigeria
Peru
Poland
Romania
Serbia
Singapore
Slovenia
South Africa
Spain
The Netherlands
UK
Ukraine

How did we perform in 2018?

Etex Building Performance achieved solid revenue growth in 2018, mainly thanks to the good performance of the plasterboard business in nearly all geographies. Europe continued to be the key market, with France, the UK and Central and Eastern Europe having performed particularly well, and we've recorded significant gains in Latin America as well, mostly in Brazil.

Divisional performance by region

Europe

The European construction market grew in 2018 albeit at a slower pace than in 2017. Whilst Central and Eastern European markets grew by double digits, growth in our largest markets of France, Germany and the UK was muted. In contrast, Etex Building Performance volumes, excluding the acquisition of Pladur, were significantly higher than in 2017. Our Promat passive fire protection business also posted positive growth.

- **France**: The plasterboard volumes grew at a high pace while Promat's fire protection business remained more challenging.
- **UK**: Strong sales performance despite supply issues due to capacity constraints.
- **Germany**: Challenging year due to difficult market conditions and strong competition creating price pressure.

Latin America

Economic recovery continued across the entire region in 2018 though at a slower pace than anticipated. Our revenue grew as well, partially due to high inflation in some countries, but also to strong volume increase. The division focused on increasing fibre cement production capacity across the region and increasing production shifts to match greater demand.

- **Brazil and Argentina**: sales were strong in these two countries due to good market conditions, but also to high inflation rates.
- **Colombia**: sales decreased due to strong competition in fibre cement and plasterboard.
- **Peru**: in comparison with the exceptionally high sales figures recorded in 2017 through the delivery of emergency modular houses, sales decreased in 2018.

Middle East and Africa

Sales in the Middle East decreased due to an absence of major projects. Market conditions in Africa remained difficult but the division increased sales and boosted profitability through a strong savings programme.

KalsiKraft changes minds and inspires builders in Nigeria

Since its launch in 2016, the Etex Building Performance's KalsiKraft ceiling tiles have proven to be a huge success, achieving record sales numbers in 2018.

"There is a high demand for moulded products in Nigeria," says Country Manager Dirk Modderman. "We previously offered a similar product on a smaller scale, as we were using hand-moulding production techniques. However, KalsiKraft was developed to enable machine production at our site in Enugu – reducing prices and allowing high-volume sales."

KalsiKraft was offered at a preferential price for communities where churches play a central role. As a result, the product has been installed in hundreds of churches across the country.

"People are now much more aware of KalsiKraft's aesthetics and affordability and are installing it in their homes. We are expanding target applications to larger buildings such as hotels and airports," Dirk continues. "In the course of 2019, a production line will be fully dedicated to KalsiKraft."

Supporting and supplying the Gaasperdammertunnel project

The Gaasperdammertunnel in Amsterdam, the Netherlands, received an upgrade in 2018, thanks to the contribution of Promat's fire testing and solutions experts at Etex Building Performance. With the dual purpose of keeping the economically important region accessible and improving urban quality of life, this 5-tube tunnel located on the A9 motorway was expanded by three kilometres.

"Rijkswaterstaat, the Dutch Ministry of Infrastructure and Water Management, enlisted our help in testing the quality of potential concrete mixes used in the tunnel," explains Frank van der Wal, Regional Tunnel Manager. "From March until September 2018, we performed 26 successful tests on the concrete mixes and other tunnel components for Rijkswaterstaat. After the tests we supported all the subcontractors bidding for the project."

On 10 September, the division received an order to deliver three complementary solutions for fire protection: 307,000 m^2 of Promatect-T in addition to the Promatect-T compound and Promaseal-LX-SK.

↑ Gaasperdammertunnel, Amsterdam, the Netherlands

Outlook for 2019

Despite Brexit uncertainty, West European markets are expected to perform well in 2019. Eastern Europe should also grow, but at a slower pace, particularly in north eastern countries. Latin America is predicted to continue its growth path, especially in Brazil and Peru, with Argentina remaining a fragile market due to a difficult economic context.

As energy costs are predicted to rise sharply, our 2018 restructuring efforts will increase our operational efficiency. As a result, we expect to reduce production costs and recover our margin rate in 2019.

Key commercial initiatives

As a key element of driving greater sales and profit, innovation is the core of Etex Building Performance. Over the last two years, the innovation teams collaborated to launch more than 130 new projects worldwide. Even more, some 90 customers from nine countries participated in our 2018 Innovation Days event in Avignon, France. The following highlights are just a few of the division's notable achievements in 2018.

Ground-breaking innovation in external plasterboard applications

The Etex innovation team worked tirelessly in 2018 to deliver new plasterboard products to markets worldwide, emphasising quality and ease of installation. Here are just a few examples:

- **Cementex** is a premium-quality fibre cement board for interiors and exteriors and offers high mechanical strength and dimensional stability – even in extreme temperatures.
- **Promatect 100X** passive fire protection board sets a new performance standard in fire-fighting systems and is also the lightest and thinnest solution of its kind on the market.
- **Flamtex** is an A1-classified non-flammable fibre cement panel with a fleece coating ideal for niche applications such as ceilings, hollow profiles, shaft walls, roofs and façade connections.
- **Securtex** is the first plasterboard-only burglar-resistant system for residential and commercial buildings that is LPS 1175 certified, eliminating the need for plywood or metal mesh.
- **Solidroc** plasterboard contains an ultra-high-density core to offer extreme stability, shock and moisture resistance, acoustic shielding and strength to the residential housing market.

← Weather Defence 2G board

Weather Defence 2G: taking fire protection to new heights

Taking the award-winning performance of its predecessor even further, Weather Defence 2G offers A1-certified fire performance suitable for high-rise buildings and includes a 30-year system warranty. The marketing campaign featured a capsule made out of Weather Defence 2G powered into space on weather balloons to take on the most extreme conditions. Within the capsule, the names of 75 lead architects were written on pieces of Weather Defence board. On return to earth the pieces were sent to each architect along with a promotional video featuring footage of the incredible mission.

Durlock Digital: customer-centric tools for the digital age

The Etex team in Argentina puts the customer experience at the core of its activities with its Durlock Digital quotation tool, launched in January 2018. Using this browser-based application, we can better understand which solutions the customers need, calculate the total material that is required, submit a quotation and allow them to buy the material directly from one of our many distributors in the country. 92% of users report a positive perception of the tool. Even more, a survey revealed that 40% of them purchased Durlock products that month, and almost 95% report planning to purchase the material in the future.

Setting the new standard in residential building technologies

The innovation success story of Solidtex begins back in 2015, when our Siniat team in Italy identified an emerging key market need.

"Italian homeowners really prefer the solidity of masonry and cement," explains **Claudia Giromini, Marketing and Strategy Manager at Etex Building Performance in Italy**. "While Etex plasterboard products are popular in commercial applications like hotels and restaurants, in the Italian residential market, they have to fight against a perception of fragility."

However, the use of masonry in homes also comes with downsides such as seismic instability and high weight. "Through market analyses and customer feedback, we saw that the residential market would welcome a lightweight, high-density technology that overcomes these downsides but also offers the strength and longevity of masonry," **Claudia** continues.

Working alongside the R&D teams in Avignon, France, the Siniat team developed a brand-new material with an ultra-high-density core: Solidtex. "In fact, Solidtex has a density of 1,200 kg per m^3 – an industry first," **Claudia** states. "It also features Class 2 burglar resistance, is 100%-recyclable and composed of 50%-recycled materials. Even more, it's acoustically certified up to 73 decibels."

> "We saw that a lightweight, high-density product with the strength and longevity of masonry would be welcomed by the market.
>
> Claudia Giromini, Marketing and Strategy Manager (Italy)

Even with a winning product, the competition was fierce. "We were entering a market segment that already had a dominant player," **Claudia** goes on to say. "We had to creatively differentiate Solidtex as a premium product for installers and contractors as well as homeowners."

Unlike its competition, Solidtex is easy to install, for more efficient building projects. "It also offers real estate developers faster go-to-market times, lower costs and easy renovations," **Claudia** adds. "And, of course, homeowners are pleased with its stability, light weight and durability, which rivals that of brick. In short: Solidtex reinforces the position of Etex Building Performance as both a technical expert and a creator of innovative solutions."

After a full year of sales, Solidtex has established a brand-new client base and contributed to our plasterboard sales volumes in Italy. "I'm proud to be part of this innovative team, and to have reached such great success with Solidtex," **Claudia** finishes.

E2E: Changing the way people build

— Felipe Montes
General Manager of E2E

— Eduardo Martinez
Latin America Business Development Manager

Etex joins forces in Chile to deliver the buildings of tomorrow

Back in 2017, discussions were kicked off between Etex and complementary building solutions leader Arauco, headquartered in Santiago, Chile. The ambition? To revolutionise the way we think about building. To up the ante in 2018, we created a lean and digitalised joint venture that combines the strengths and vision of both companies: introducing E2E.

— Jose Luis Faure
Chile Country Manager

Watch the people story video

What
Joint venture between Etex and Arauco

Why
To pioneer dry construction methods in Latin America and around the world

Who
5-person leadership team, 4 engineers, 15 operators

Where
Santiago, Chile

Discovering a complementary co-innovator

The first stages of the project kicked off over a year and a half ago, when Etex colleagues met with Arauco managers in Chile's Centro de Investigación de la Madera (Wood Research Center), located in the capital city of Santiago.

"Etex joined this research institute back in 2015," explains **Jose Luis Faure, Chile Country Manager** and a 26-year Etex colleague who was involved in the project since the very beginning. "In 2017, we had the opportunity to meet with the managers of wooden building materials specialist Arauco.

> "We have a common vision to improve quality of life and build Latin America through thought leadership, operational excellence and agility.
>
> Jose Luis Faure,
> Chile Country Manager

That's when we made a great discovery: in Arauco, we had found another international family-driven building materials company with vision, a desire to change the world, strong values and complementary expertise."

Open collaboration followed soon after, and both companies began to discuss a business plan. "We had to answer the questions: 'Does this idea make sense?', 'Will we be able to repeat the project in other countries?' and 'Is it financially sound?'. We put together a team of people from both companies and defined our target market segments, business goals, products and obligations and then presented the plan to the Boards of both companies."

Responding to societal needs

The plan the team developed together featured a unique product proposition with the potential for big impacts on local communities.

"Arauco manufactures wooden beams, while Etex Building Performance is a market leader in fibre cement and plasterboards," explains **Felipe Montes, General Manager of E2E**. "E2E combines these strengths together into panels with wooden interior structures and external boards. These panels aren't just technically superior in terms of acoustics, weather resistance and insulative properties. They are also affordable and easy to install, responding directly to local communities' needs for inexpensive, high-quality housing."

> "As our joint digital ambassador, E2E will be run like a start-up and interact with stakeholders using the latest digital tools.
>
> Eduardo Martinez,
> Latin America Business Development Manager

A construction innovator is born

Once the business plan was approved, the team created a concrete business proposal and a financial business plan that included scale-up approaches, capital requirements and performance outlooks for the coming years.

"After both Boards of Directors saw our proof, the antitrust authorities were informed and the last formalities completed, E2E was born," enthuses **Eduardo Martinez, Business Development Manager for Latin America**.

"However, E2E isn't an Etex business or an Arauco business – it's something completely new and 100% independent. We organised it in this way because we shared a goal of creating a company that is run like a start-up: lean, agile and fully digital. E2E will be our digital ambassador, interacting with architects, real estate developers and building companies through the latest digital tools. We built that in from the very start."

> "All the closed panels for a house are produced in a day, and the house can be fully assembled within 6 to 8 hours with very little waste.
>
> Felipe Montes,
> General Manager of E2E

Bringing cutting-edge building technology to Latin America

Etex and Arauco colleagues had ambitious plans for the first production facility of E2E. "We imported the best dry construction machines from Germany," adds **Felipe**, previously at Arauco for 15 years and responsible for developing E2E's brand image. "This equipment functions with a high level of automation and requires very little input from human workers – it is quite common in Europe, but the first of its kind in South America."

"But while a minimum of manual intervention is needed, we still need people," **Jose Luis** emphasises. "Machines and people make great partners in this kind of setting."

Producing a complete solution

In addition to automated construction machines, the new facility relies on digital tools like CADwork, a Swiss software designed specifically for timber construction.

"Using a building information modelling – or BIM – tool, we produce all the renders of a building in accordance with the customer's specifications," continues **Felipe**. "After that, it's a simple process of sending the files to the machines: the lumber processer produces the wood elements needed for the panels, which are assembled automatically by another machine called a bridge. We combine elements made of plasterboard, fibre cement boards and Oriented Strand Boards (OSB). All of these different building technologies combined lead to superior performance over normal jobsite panels."

"This combined assembly process means that all internal elements of the wall panels are built-in – wires, insulation, piping and so on – and they can be rapidly installed using a crane in a matter of hours. In fact, all the closed panels for a house are produced in a day, and the house can be fully assembled within 6 to 8 hours with very little waste. A superior hybrid of screws and nails is used to ensure high-quality construction that lasts."

Great expectations

The assembly of the machines housed in the E2E facility was completed at the end of December 2018, and contracts for buildings and social housing projects are already in the pipeline.

"At this early stage, we are currently involved mainly in prototyping," **Jose Luis** clarifies. "We are already producing a larger house with an area of 250 m^2. Because future contracts will be for large quantities of similar homes, our single production line is capable of building 500 houses in a year – representing around 1% of the total Chilean market."

"That's only for the short term," **Eduardo** elaborates. "Our dream is to double the size of our current facility, to add factories in Chile, to have a few companies in Latin America and ultimately, to extend beyond into Europe, Africa and Asia. Of course, our future choices depend on the company and the views of both groups, but the sky is truly the limit."

Etex Roofing

Providing slates, tiles, corrugated sheets and roofing components both for the residential and agricultural segments, Etex Roofing – which became Etex Residential Roofing in January 2019 – is active mainly in Europe. **Paul Van Oyen**, CEO of Etex and Interim Head of Etex Residential Roofing, gives an overview of the division's organisational optimisation, 2018 performance, and expectations for the coming years.

"In the face of challenging market conditions, we prioritised brand recognition and service levels in 2018.

↑ Paul Van Oyen, CEO of Etex and Interim Head of Etex Residential Roofing

In 2018, Etex Roofing prepared for a new divisional structure. Can you provide more background for this decision?

Residential roofing in Europe has been undergoing a consolidation in the last few years. As a major player in this sector, Etex explored several options for addressing this trend, with a new organisational structure emerging as the best choice for a sustainable future. Beginning in January 2019, Etex Roofing became Etex Residential Roofing. This new division combines clay and concrete tiles and components for residential roofing. The fibre cement activities of Etex Roofing and Etex Façade are now gathered under a new business unit, Etex Exteriors.

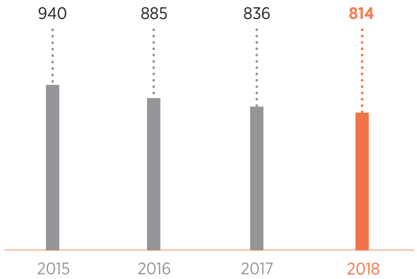
Which impact will the new structure have on Etex Residential Roofing's operations and performance?

The division is now split into two main business regions: the UK, Portugal and South Africa on the one hand, and Central and Eastern Europe, the Benelux and South East Europe on the other. The overarching objective for these changes is to give Etex the sharp focus we need to drive innovative developments in our different markets while maximising the benefits of our global leadership position. Etex Residential Roofing will focus mainly on operational excellence, to make sure we can reach optimal performance in changing market conditions. Our adaptability has already been proven by the flexibility and strong leadership that were shown these last few years in our Spanish business (see pages 46 to 49), and more recently in Germany (see page 42), and we intend to pursue our efforts.

In terms of performance, can you highlight some key achievements and trends of 2018 for Etex Roofing?

While performance was mixed across country boundaries, we worked hard to address the challenges we faced. In response to operational and supply chain issues we experienced in Germany, we closed two production lines. The UK performed very strongly and the Netherlands had a dynamic agricultural building renovation market, boosting our figures. In Latin America our performance was mixed, but there as well we took quite a lot of action to improve the situation. The strengths that truly shone through in 2018 were our strong brand awareness combined with our overall robust market position. We also achieved great progress in the development of roofing systems and accessories. That is what we should and will build upon in the future.

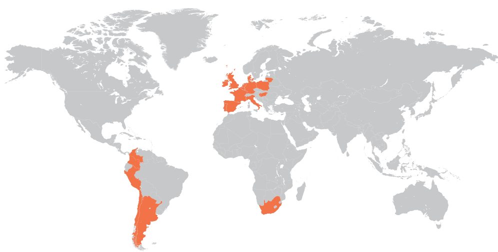
Revenue evolution of Etex Roofing



In million euro

814 in 2018

2017-2018 Revenue evolution: **-2.6%**



Operating countries

Argentina
Belgium
Chile
Colombia
Denmark
France
Germany
Hungary
Ireland
Italy
Lithuania
Peru
Poland
Portugal
South Africa
Spain
The Netherlands
UK

How did we perform in 2018?

In the face of a significantly changing marketplace, Etex's worldwide roofing activities recorded a mixed performance in 2018. Growth in agricultural roofing was a key trend influencing the year's results. To ensure the best blend of products and optimal market coverage, as of 1 January 2019, Etex's fibre cement roofing activities fall under the newly created Etex Exteriors division.

United Kingdom and Ireland

As the most stable markets for Etex Roofing, the British and Irish markets continued to be robust. The Marley brand remained the UK market leader. Profitability also increased as a result of enhanced operational performance in our factories, as well as tightly controlled overheads.

In Ireland, we invested significantly in the complete renovation of the Tegral factory in Athy. Through dedication and hard work, the plant's team minimised production interruptions.

Continental Europe

Characterised by high fixed costs, a fragmented market landscape and the impact of megatrends such as multihousing and flat-roofed houses, the German market was challenging for Etex Roofing in 2018. However, the division's position on this market has stabilised due to a strong Creaton brand, high sales commitment and technical excellence. Creaton improved its commercial position in clay products, and concrete products and components have seen promising developments. Fibre cement products partially declined because of supply chain issues. Industrial obstacles, high inventories and transport costs caused by greater customer centricity led to lower sales and REBITDA. To adapt to the needs of the market, Etex Roofing has closed two clay tile production lines in Germany.

The El-Tec joint venture (51% held by Creaton) for the production of abutments and ridge rolls using innovative materials began selling to Etex and external customers on several markets in 2018.

Etex Roofing's slate business performed well in France – an achievement boosted by the success of our innovative Tecta pitched roof slates (see pages 44-45). Yet, these good results were offset by the downturn of the country's corrugated sheets market.

The Netherlands experienced very good results, with a sales boom caused by a dynamic agricultural building renovation market.

Latin America and Africa

The market in Peru, which is the division's most important in Latin America, remained solid in 2018. Yet our performance suffered from the comparison with the exceptional results achieved in 2017, which were linked to the heavy rainfall caused by the "El Niño" phenomenon.

In Chile, 2018 brought some market recovery, although social housing projects using fibre cement corrugated sheets were delayed until 2019. These changes were, however, compensated by new agricultural segment projects. Network restructuring led to some supply chain challenges, affecting performance. In the first quarter of 2019, a new concrete tile factory in Santiago went online, allowing roofing activities in Chile to be consolidated into a single site for more efficient operations.

In Colombia, our sales were down, mostly due to a declining market for the last three years, in the context of overall difficult economic conditions in the country.

While South Africa continued to be a difficult market due to the political climate and ongoing economic recession, Etex Roofing successfully strengthened its position in the country through good sales performance in 2018.

The Nigerian corrugated sheets market experienced a downturn.

Outlook for 2019

The markets of our new division Etex Residential Roofing, operational since 1 January 2019, are expected to remain overall flat, except for Eastern Europe where a strong economic environment should support growth. The two main brands, Marley and Creaton, will leverage on their strong brand awareness to increase our position on the market despite a significant increase in the business' input cost base.

Key commercial initiatives

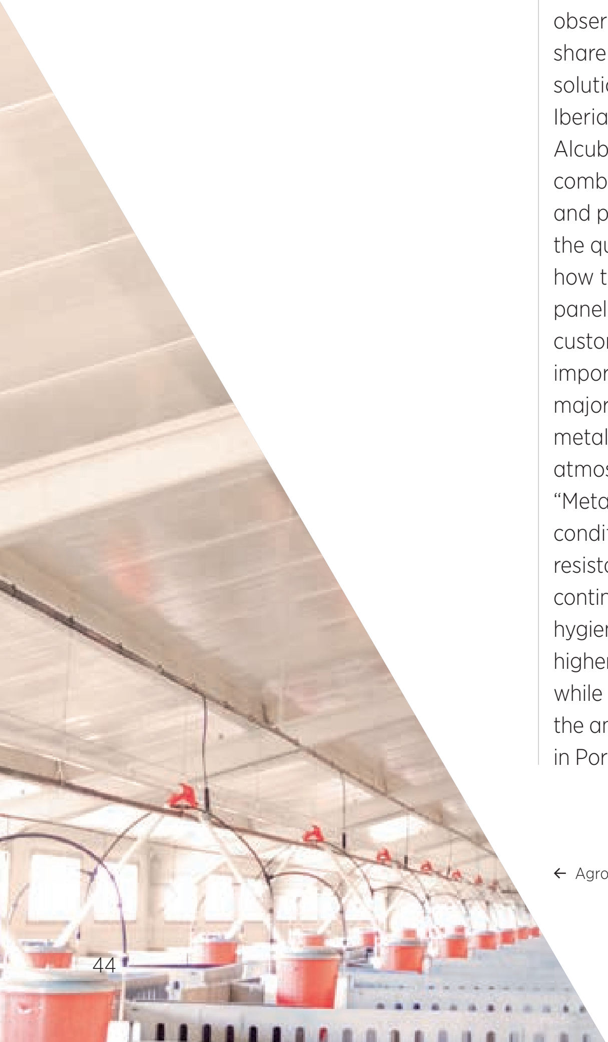
Long-lasting, robust and beautiful, Etex Roofing products rely on both tradition and innovation to offer better protection than standard solutions – as well as steadfast aesthetics. Thanks to strong sales alignment and innovation in line with market demands, Etex Roofing brands in 2018 were popular in both residential and agricultural markets in Europe, Latin America and Africa.

Tecta: protection with the future in mind

With the tagline 'performance that lasts', Tecta – unveiled to the residential market in 2018 – is an example of future-proof fibre cement slate that surpasses standard solutions in strength and resistance to aging. In 2018, three versions of Tecta were available in the Benelux. Alterna Tecta is an ideal companion to sleek, modern architecture and features a flat finish, straight edges and matte surface. Stonit Tecta rivals real slates in authentic looks, with a relief surface, irregular edges and a classic slate colour. Umbra Tecta comes in warm shades, for a hint of the south and a bright, flamed effect. More information on the next page.

Agrotherm marks a decade of success

"It was around ten years ago that we observed metal panels gaining market share in a niche where fibre cement roofing solutions traditionally dominated," says Iberia Country Manager Javier Rodríguez Alcubilla. "In response, we developed a combination of fibre cement, polyester and polyurethane panel that far surpasses the quality and durability of metal. This is how the Agrotherm fibre cement insulated panel was born. Etex Roofing defined customer target groups, of which the most important ones are pig farmers. Spain is a major pork meat producer in Europe and metal products suffer from the corrosive atmosphere, which occurs in pig stalls. "Metal panels corrode very quickly in these conditions, while Agrotherm is extremely resistant thanks to its composition," Javier continues. "The durability, insulation and hygienic properties of Agrotherm lead to higher profitability for livestock farmers while being much better for the health of the animals." Today Agrotherm is also sold in Portugal and France.



← Agrotherm fibre cement insulated panels

Moving forward, the Etex Roofing team plans to introduce Agrotherm to other livestock sectors, such as dairy, beef, horses, dairy sheep and goat. On the product development side, the team will focus in 2019 on improving the fire resistance of the corrugated sheets and broaden their insulative and aesthetic properties.

Creaton makes a focused debut in the Benelux

Already well-established on the German market, the Creaton brand of concrete tiles, clay tiles and roofing accessories made its debut in the Benelux. "The objective is to have a strong product focus in the region as well as a clear, tailored go-to-market approach," asserts Dirk Fontaine, Country Manager Creaton Benelux. "We began internally preparing for the launch in September 2018, successfully establishing a dedicated team, preparing marketing materials, and implementing both an SAP system for enterprise resource planning and a customer relations management platform, with the help of Etex IT. The official launch was in January 2019."

Moving forward, Dirk's team has already laid out an action plan for growth. "Establishing the image of an innovative brand in pitched roofs, we will systematically introduce Creaton to our dealers and to potential roofing, architectural and pivotal customers".

Offering the highest level of protection and the best looks

The slate offering of Etex Roofing received a strong boost in 2018, thanks to the addition of the revolutionary Tecta fibre cement slate.

"The idea for Tecta goes all the way back to 2014," explains **Sarah Leysen, Brand Manager**. "At that time, we conducted market research covering the needs of roofers, architects and private homeowners. Our results demonstrated that customers wanted enhanced scratch resistance, visual ageing and intrinsic quality of the slates. We set out to give them exactly that."

The Etex Roofing Benelux R&D team got to work and developed a new solution that stands up to extreme conditions – and looks great for years to come.

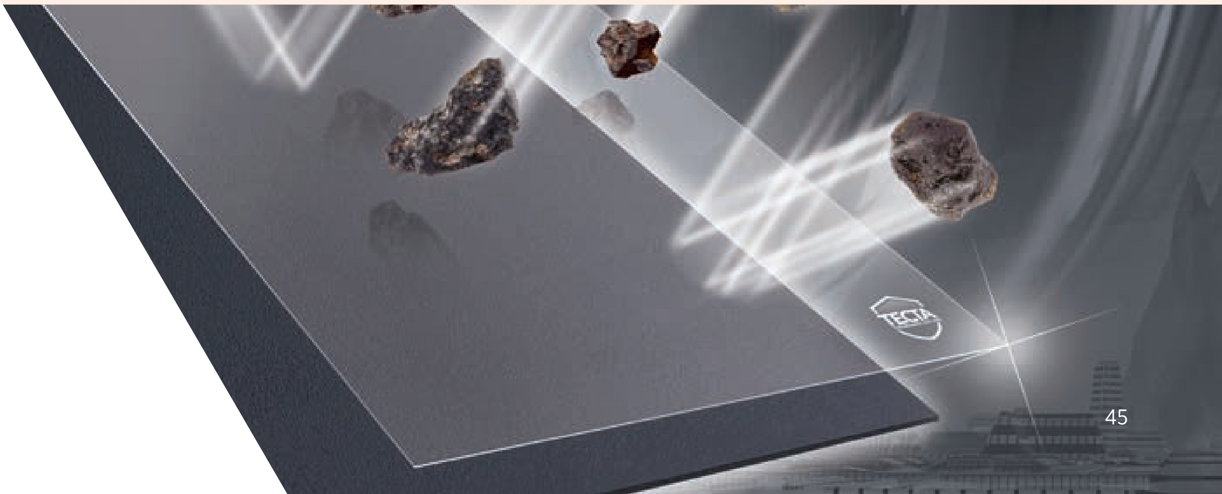
"The unique Tecta finish transforms our well-known Eternit fibre cement slates into real titans that can withstand even the most severe external influences," **Sarah** continues. "The surface of each Tecta slate is sealed with a patented UV-cured coating."

Tecta responds to the market's most urgent demands – but it also goes beyond them. "Tecta slates are six to ten times more resistant to scratches and impacts than standard slates," says **Sarah**. "The water-repellent effect prevents moss growth by keeping moisture from standing on the slate. At the same time, the Tecta UV-cured coating prevents discolouration and white efflorescence effect. It also protects against dirt and dust."

In addition to their strength and resilience, Tecta slates also stand out in terms of their looks. "The special finish that protects the slate is also matte-textured for an authentic look – bridging the visual gap between natural slates and our fibre cement solutions."

The Etex Roofing team presented Tecta to the general public in the Benelux at Batibouw 2018, the largest construction and renovation fair in Belgium.

> "Tecta's unique finish provides a matte texture for an authentic natural slate appearance.
>
> Sarah Leysen, Brand Manager



Supporting people and safeguarding success through agility

— Fernando Casado Aparicio
Portillo Plant Manager

— Nicomedes Rodríguez
Shift Manager

Etex production line experts collaborate internationally to diversify their skills

In response to a market downturn, Etex Roofing colleagues in our plant just northwest of the Spanish capital of Madrid kicked off an ambitious educational strategy. The goal is to keep valued Etex workers employed, supported in their goals and empowered to meet the dynamic needs of our market. The key? Working with Etex talent beyond national borders.

— Javier Rodríguez Alcubilla
Iberia Country Manager

— Alberto Martín
Production Operator

Watch
the people
story video

What
A cross-border training initiative that boosts employee flexibility in the factory

Why
To boost production agility to respond to changing market conditions

Who
65 production line colleagues

Where
Portillo, Spain

Making something good from a tough situation

The efforts that paid off so well in 2018 have their roots in the Spanish market crisis that began in 2008 and lasted well into 2013.

"During that time, almost every sector in Spain suffered," explains **Javier Rodríguez Alcubilla, Iberia Country Manager**. "Our plant in Portillo had the machines and employees adapted to the volumes of the Spanish market in 2008 when it crashed. Just like most companies, we also needed to take very hard decisions to keep the plant up and running."

Nicomedes Rodríguez, Shift Manager at the plant, describes his experience of the crisis. "They were difficult years with a lot of job uncertainty," he recalls. "As we observed sales volumes dropping and machines going idle, our team realised that we needed to act to help safeguard the factory's future."

> "We decided to make the most out of the circumstances and become more dynamic and adaptable.
>
> Javier Rodríguez Alcubilla,
> Iberia Country Manager

"It was indeed a challenging situation, but we decided to make the most out of the circumstances and become more dynamic and adaptable," **Javier** adds. Despite the market outlook, the management team in Portillo took the opportunity to identify innovative ways to adapt the plant's operational organisation, production and maintenance to align with the market.

Taking a multiskilled approach

Apart from the effects of the market and housing crisis, the team in Portillo launched flexibility initiatives for customer-centric reasons.

Fernando Casado Aparicio, Manager of the Portillo factory: "We had significant seasonal fluctuations during the year and many difficulties in meeting demand with a reduced workforce. The market needed smaller volumes but supplying the same variety as before. We had to supply corrugated sheets as well as moulding, painted products and insulated products. We recognised the need to adapt to these seasonal changes in a more flexible way. This made us even better at keeping the customer at the core of our solutions."

> "Flexibly approaching seasonable demand would make us more resilient and even better at keeping the customer at the core of our solutions.
>
> Fernando Casado Aparicio,
> Portillo Plant Manager

Fernando and his team outlined a plan to make production more agile by training its employees in multiple skills needed on its four major production lines. "Our factory team has an average age of 42 to 45 years. Most started working at the Portillo plant in 2001 or 2002," he states. "After 20 years of experience, they possess a lot of valuable knowledge. We didn't want to risk losing any of them as a result of circumstances beyond our control."

Investment in people fosters a loyal workforce

An internal exchange of knowledge was the first step toward greater production agility. “Team members helped train each other to enable a rotation in different production positions based on market demand,” **Fernando** goes on to say. “Depending on the specialisation of the position, the training process could take from a few weeks to over a year.”

However, some of the expertise the Portillo team needed lay elsewhere. **Fernando**: “We sent members of our team to other Etex facilities in Europe. For example, a group visited the Etex Roofing plant in Akmenė, Lithuania to be trained in hand moulding. It was an exchange programme, a kind of fibre cement Erasmus programme for Etex colleagues – one of the key benefits of working for a global company with a broad scope.”

> Rotating through several positions was an interesting challenge and a great opportunity.
>
> Nicomedes Rodríguez,
> Shift Manager

“Moreover,” adds **Morten Hansen, Division Operations Manager for Etex Roofing**, “we’re now reinforcing this cross-border training approach to share best practices across the business.”

The project kicked off in April 2018 and finished in the first week of October. As a result of the training initiatives as well as an optimisation of the plant’s layout, Portillo colleagues can now flexibly switch between production lines and maintain the exceptional quality they are known for.

“For several weeks, each of us rotated through several different positions,” **Nicomedes** recalls. “At first it was complicated because we were each specialists in a single position. But it was also an interesting challenge and a great opportunity.”

“Our people are proud to work here,” asserts **Fernando**. “They collaborate to drive our business forward.”

Achieving results that add up

The Portillo team’s flexibility gives the plant the ability to manufacture six different profiles, at any moment, for customers in both Iberia and France. Furthermore, colleagues at the facility now handle the full hand moulding process. This avoids the need for a third-party provider.

“The scope of our products hasn’t changed, but our reaction time significantly improved,” **Javier** says. “We can offer superior service levels to our customers at the very moment when they need our products, and our margins have grown as a result. We would like to thank every Etex colleague that supported the Portillo plant during this crucial time: their knowledge and expertise were essential.”

> While the future is never certain, we approach it calmly because our operations are optimised to fit with the market.
>
> Alberto Martín,
> Production Operator

The ‘Portillo model’ goes Etex-wide

Alberto Martín, Production Operator at the plant, is enthusiastic about the changes he sees. “There is a great atmosphere and a spirit of collaboration. While the future is never certain, we approach it calmly because our operations are optimised to fit with the market. Workers now consider it normal to switch between different machines in order to supervise the entire production process.”

“It was through tremendous leadership, creativity and determination that the Portillo team has achieved the position it has today – and the success has not passed unnoticed,” **Morten** concludes. “This ‘Portillo model’ of a highly collaborative, scaled-down, multiskilled workforce is extremely useful for Etex businesses everywhere, as it enables factories to record higher revenues at lower production levels. Today, Portillo is one of Etex Roofing’s most efficient plants in the world.”

Etex Façade

Etex Façade, with **Michael Fenlon** at its helm, develops and produces fibre cement-based architectural materials and sidings as well as modular solutions for architectural, functional and residential buildings. Michael has positive news to share about the division's activities in 2018 – and the development of a new business unit structure.

> "2018 was a year of change – new faces, new challenges, new leaders and the creation of a brand-new organisational structure.

↑ Michael Fenlon, Head of Etex Façade

What was the division's theme in 2018 in terms of performance?

2018 was characterised by **continued like-for-like revenue growth** – the ongoing story of our division. We accelerated our focus on performance and execution, while investing in sales and marketing excellence. Our overall goal with these initiatives is to **reinforce our leading brands** – Cedral and Equitone. Furthermore, we launched a new white colour for Equitone Linea, and we continue to work on ground breaking innovations for new fibre cement materials in exterior applications. These new innovations demonstrate our ability to work closely with our customers and our competitiveness in entering new market segments.

In addition to growth, 2018 was also a year of change for Etex Façade.

In 2018, we took an in-depth look at how the division was organised. As a result of this review, we brought in new talent, took on challenging new projects and appointed new leaders at the country level. We also made the decision to combine the fibre cement assets of the Etex Façade and Etex Roofing divissions in order to accelerate growth in our markets.

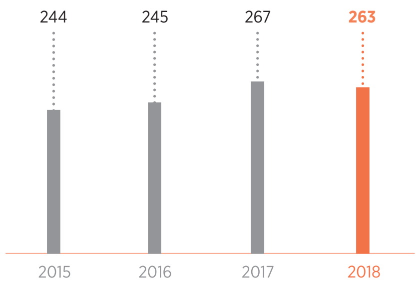
This new unit – **Etex Exteriors** – will drive us forward in 2019 and beyond with a specialised exteriors fibre cement unit.

The renewed structure of our business gives us the opportunity to refocus our resources, offering and expertise to address future challenges. We dedicated quite a bit of effort during the second half of 2018 to this organisational redesign.

How do you see the changes of 2018 impacting the division's evolution in the coming year?

Zeroing in on performance and commercial excellence has further **underlined our standing as market leader** in premium fibre cement. The quality of our products is outstanding – no other player can offer what we can. As a result, I expect us to maintain our leading position in the years to come. The whole team put in an exceptional effort to make sure this new division was in place by the end of 2018.

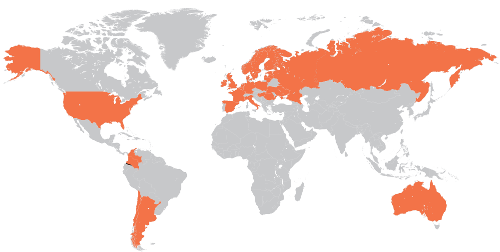
Revenue evolution of Etex Façade



In million euro

263 in 2018

2017-2018 Revenue evolution: **-1.6%**



Operating countries

Argentina
Australia
Belgium
Chile
Colombia
Denmark
Estonia
Finland
France

Germany
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Norway
Poland

Romania
Russia
Spain
Sweden
The Netherlands
UK
Ukraine
USA

How did we perform in 2018?

Europe remained the core market for Etex Façade in 2018. Despite a challenging year in several European countries, the division continued to grow and moved forward with its ambitions. New investments added to the division's overall strong performance, as did a clear focus on commercial excellence.
We continue to invest heavily in new markets and we are complementing this by introducing commercial excellence programmes across the division.

Western and Eastern Europe: mature markets

Like-for-like, Etex Façade performed strongly in the UK and Ireland, although the implications of Brexit began to have an impact on market performance. Like-for-like growth was recorded in the Netherlands, Germany, Poland and South East Europe. France, Belgium and the Nordic countries experienced a very slow start to the year in construction at the end of 2017 which affected the entire industry. This market-wide issue was resolved in the second half of 2018.

Russia, North America and Australia: growing markets

Sales were strong in North America, Australia and Russia enabling Etex Façade to record good like-for-like results in tandem with its distribution partners. In the United States, Equitone like-for-like sales grew by 34%, with positive results for the brand in Australia as well. In Russia, Cedral performed strongly, and the division seeks new ways to boost profitability in the country. Our export sales which are driven in partnership with select regional distributors also performed strongly.

Latin America and China: emerging markets

The division's most important market after Europe, Latin America offered diverse marketplaces in 2018. Chile remains the largest single market for Etex Façade sidings in terms of volume although this segment remained flat in 2018.
2017 investments in sidings capacity in Argentina bore fruit in 2018 in the form of a stronger position on the market. China proved more challenging due to competition and lower prices.

Strategic shift takes the spotlight

Introducing two new divisions with balanced portfolios

Until the end of 2018, the Etex Façade division was responsible for architectural exterior materials and sidings, while the Etex Roofing division developed and commercialised roofing tiles, slates and sheets and other roofing components.

Throughout 2018, a dedicated project team undertook the complex exercise of completely reorganising the structures and offerings of these two divisions. As the European residential roofing market undergoes consolidation, our goal is to focus even more on providing technically and aesthetically superior building solutions.

The result is two new divisions that replace Etex Façade and Etex Roofing, while exchanging a number of responsibilities and product lines. These divisions – Etex Exteriors and Etex Residential Roofing – became operational on 1 January 2019. Etex Exteriors took over the two fibre cement product lines – slates and corrugated sheets – from what was Etex Roofing.

> "Etex Exteriors and Etex Residential Roofing now have well-balanced product portfolios that align perfectly with each division's markets and Etex's overall strategy.

Outlook for 2019

Etex Façade's business line for exterior applications has a positive outlook. Furthermore, the division's offering aligns with the global demand for long-term alternative and environmentally friendly construction materials. This market segment is expected to grow faster than the building materials market.

The division's fibre cement roofing materials line is expected to be affected by a predicted slowdown of market growth in 2019, particularly in Europe, though some growth is still expected. By combining the traditional strength of Etex's roofing materials with its expanding façade materials expertise in the newly formed Etex Exteriors division, we gain the diversity to drive growth in all our markets.

Key commercial initiatives

2018 was the 'year of commercial excellence' for Etex Façade. Divisional strategy revolved around building its brand stories and working with customers to develop products that meet specific needs. At Etex Façade we are committed to driving growth through the development of our core brands Equitone and Cedral.

Embedding sales excellence into the business

Aligning with Etex's strategic pillar of 'Profitable Growth', Etex Façade accelerated commercial excellence programmes in 2018. The leadership team mobilised a group of Sales Excellence Ambassadors who worked intensively on creating a series of playbooks which were co-designed and rolled out in the second half of the year (see pages 56-59). In addition, the division launched an ambitious marketing programme with brand councils, and a strong digital platform, made up of several streams that reinforce its major brands.

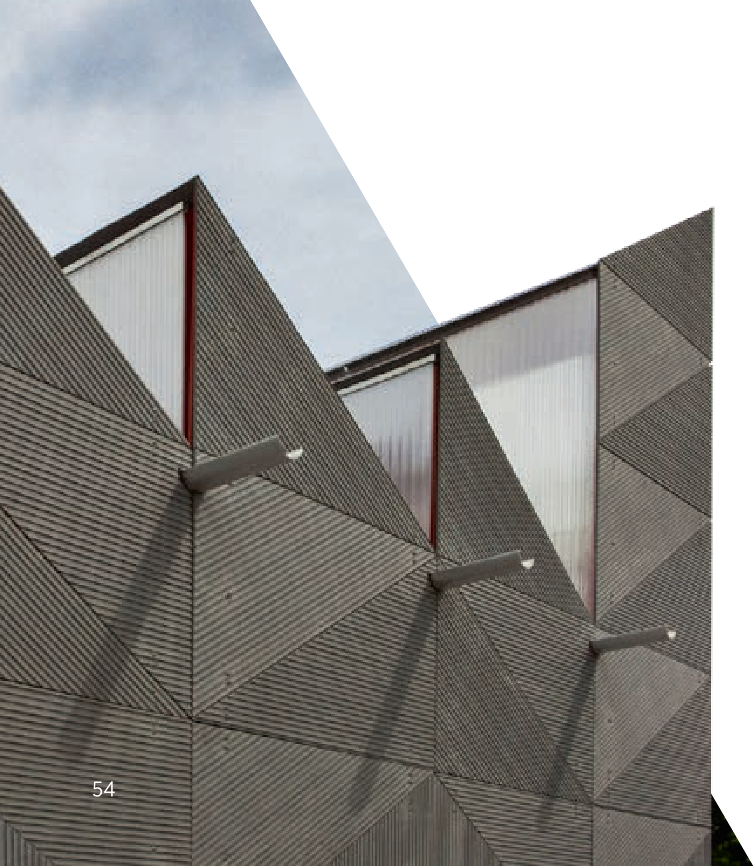
Innovation writes the future of two strong brands

Etex Façade placed special emphasis in 2018 on expanding the global presence of its two core brands, Equitone and Cedral. Target markets include Latin America, Central and Eastern Europe, Scandinavia and the UK. As fibre cement is expected to grow in popularity as a cutting-edge alternative to traditional materials, Etex Façade is proactively seeking new ways to meet the specific demands of its customers.

The R&D team continues to invest in an exciting pipeline of new product innovations to be released over the coming years – with Equitone Linea as a prime example – across all product categories in both the residential and architectural market segments.

Equitone Linea: aiming for worldwide expansion

Developed with the needs of architects in mind from the start, Equitone Linea is a versatile fibre cement façade solution used on low- to mid-rise public, commercial and residential buildings all over the world. "Equitone Linea is a solution targeting architects. It is driven by its unique aesthetics. In addition to its striking looks, it also offers enhanced heating and cooling insulation properties," explains Gianfranco Apicella, Country Manager for Etex Exteriors North America. In 2018, Etex Façade recorded high sales numbers for the material in the US. "Our continuing progress here makes us confident that we can extend this success to other regions," Gianfranco concludes.



Co-creating to introduce a high-impact colour in the architecture world

Equitone Linea is a three-dimensional façade material that is coloured all the way through. The material plays with light and shadow, highlighting the raw inner texture of the fibre cement at the core of each panel.

"It is a beautiful material with striking visual appeal," asserts **Geert Van Kelecom, Global Product Manager Equitone at Etex Façade**. "Every moment of the day reveals a different aspect of the material. We launched Linea LT 20 – a grey shade – and LT 60 – a shade of brown – a few years ago. It has been a great success."

The unique qualities of the material makes it a popular façade solution for architects designing a wide range of structures and buildings. "It's a cornerstone within the Equitone family of materials," **Geert** continues. "Architects all over the world have been inspired by it."

As with all products in the brand, every new development has been the result of close collaboration with architectural customers. "Building meaningful relationships with senior architects is part of our DNA," says **Geert**. "And because we are a market leader in this domain, our customers expect us to propose innovative materials and solutions ahead of the competition. Thanks to these deep relationships, we identified a clear demand for Linea in a 'super white' colour."

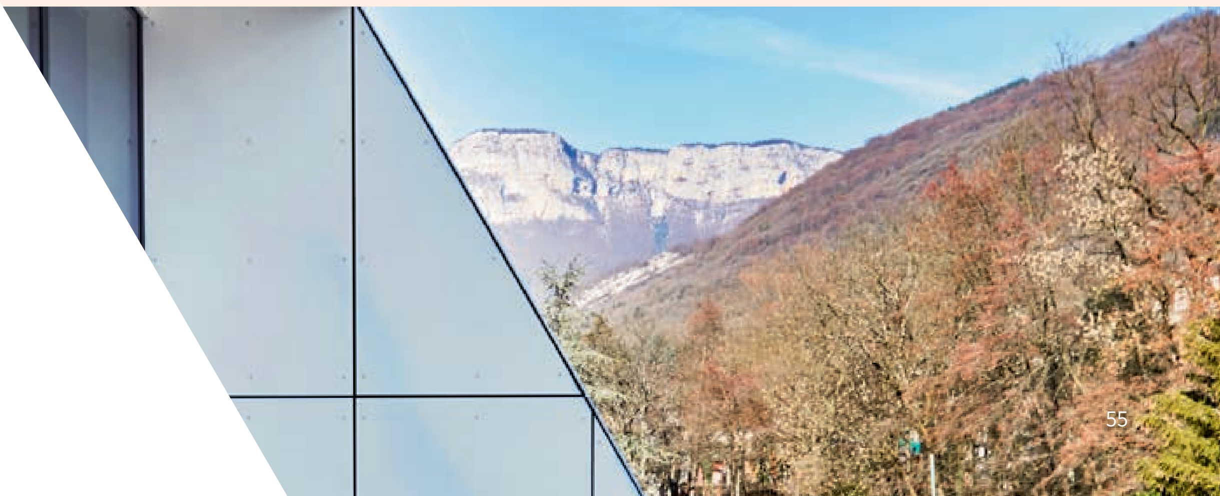
However, as white is a difficult colour to work with, "our operations team had to rely on their passion, expertise and perseverance to develop it in 'super white'. It can take months, even years from

identifying the need to realisation of the project, so timing was crucial."

Their dedication paid off. In 2018, the Equitone team at Etex Façade unveiled their newest product – Linea LT 90 'super white' – in a structural design created by Portuguese architect Manuel Aires Mateus. "He is known around the world for his white buildings, making our product an obvious choice," **Geert** explains.

Linea LT 90 was immediately embraced by the architectural design community. "In just one year, we have seen extremely creative uses of Linea LT 90 pop-up all over Europe," **Geert** continues. "It adds something to our offer that meets a real need and properly introduces white into architectural façades. As a result, interest is growing fast!"

> " Architects all over the world have been inspired by Equitone Linea.
>
> Geert Van Kelecom, Global Product Manager Equitone



Sales excellence as part of our DNA

— Bart Sterckx
Account Manager Equitone, Belgium

— Tom De Baenst
Country Manager Benelux

Uniting the efforts, best practices and expertise of divisional sales colleagues

The sales team of Etex Façade is a passionate and committed group of colleagues working in diverse markets and regions. In 2018, with the overarching goal of unifying sales strategy across geographies and product lines, a core team of ambitious sales leaders optimised the division's sales approach through collaboration, inclusivity and co-creation.

— Franziska Maisberger
Head of Sales Cedral South, Germany

— Wim Beck
Sales Manager of Equitone Belux

Watch the people story video

What
A comprehensive, global set of sales best practices for the Equitone and Cedral product lines

Why
To enable unity, engagement and continuous improvement of sales approaches

Who
Every sales colleague in Etex Façade, managers and first-line field representatives

Where
All the Etex Façade countries of operation

A bold idea on a global scale

Four years ago, a multinational sales team taskforce, composed of people from Germany, France, Belgium and the UK adapted the existing sales process for Equitone to be able to better meet the demands of the changing market. This was just the first step of our sales excellence project.

"This new process for Equitone – one of our two fibre cement product lines for architectural exteriors – was just the first step of the Etex Façade sales excellence project," asserts **Wim Beck, Sales Manager of Equitone Belux**. "Following up on that, we had a big idea: to work together to develop a set of sales best practices that can be used all over the world and customised with regional details."

> "We had a big idea: to develop a unified set of sales best practices that can be used all over the world.
>
> Wim Beck,
> Sales Manager of Equitone Belux

Plenty of expertise but a divergent approach

This early stage of the project was based on a market study conducted by the marketing department, which identified different customer journeys with the help of the Etex Façade marketing team. "It was clear that we all know our target groups very well, but we were taking different approaches to connecting with them," continues **Tom De Baenst, Country Manager Benelux**.

"Indeed," agrees **Franziska Maisberger, Head of Sales Cedral South**, in Germany. "Etex is a market leader in almost all of the countries within the scope of the project. We know we have a lot of great resources and that each individual colleague has key knowledge and experience. But in order for us to retain market leadership, we have to actively continue to be the best. This means working together across boundaries to pursue our 'Passion for Excellence'."

> "In order to retain market leadership, we have to actively continue being the best. This means crossing boundaries to pursue our 'Passion for Excellence'.
>
> Franziska Maisberger,
> Head of Sales Cedral South, Germany

By Etex, for Etex

Over the next few months, the project team collected information about the approaches, insights, needs and customer groups through Etex Façade's sales representatives across Europe.

"We focused especially on high performing and experienced colleagues," **Franziska** explains. "All of the best practices we developed come from Etex salespeople out in the field – which makes the end result a tailored, 100% Etex set of guidelines."

"

The sales excellence playbooks are built on common Etex ground. This makes them powerful and effective sources of knowledge.

Tom De Baenst,
Country Manager Benelux

In consultation with local sales managers, the sales excellence team compiled this vast amount of insight into four different sets of guidelines, called playbooks. **Tom**: "One for sales managers and one for sales representatives, and one version each for Cedral and Equitone product lines. However, all four are built on our common ground as Etex sales professionals. This makes them powerful and effective sources of knowledge."

"Even the process of creating the playbooks was a learning experience," continues **Franziska**. "We worked closely with Etex colleagues across the EU to ensure that the playbooks were written in the same style, and we had a lot to learn from each other. As a result, the sales excellence ambassadors of each different group now know a lot about the other groups. For example, before the sales excellence project, I used to work as an Equitone sales representative. Collaborating with Cedral sales colleagues gave me the knowledge I needed to become the Cedral Head of Sales South (Germany) that I am today."

Authenticity inspires engagement

While they contain a wealth of information, the sales excellence playbooks do much more than guide, streamline and educate.

"This is our own authentic way of working," **Wim** declares. "For past sales process projects, we would often hire external consultants to help us – and they often tried to change our way of working."

"With these playbooks, the response from the Etex Façade sales team is completely different from what I've seen in the past," explains **Bart Sterckx, Account Manager for Equitone in Belgium**. "These best practices are great because everybody contributed to them. The result is a very high level of adoption and engagement."

Facing forward as one

When it comes to driving growth in the sales of Equitone and Cedral, the playbooks give divisional sales colleagues a strong tool, but they are still new. A working group was created to define and measure specific key performance indicators that measure the impact of the new approach.

"The playbooks were rolled out when Etex's two new divisions – Etex Exteriors and Etex Residential Roofing – were announced internally in mid-2018. The lifecycle of an Equitone project is around a year or more, so it's a little bit too early to quantify our results," **Tom** goes on to say. "However, the playbooks have already made an impact on our daily work."

"

We embodied the Etex value 'Connect and Care' when we created the playbooks, and we do so when we rely on them to engage with customers.

Bart Sterckx,
Account Manager Equitone, Belgium

Bart: "They contain many approaches that we were already using, but also new – and helpful – practices. One example is following up with architects after the successful completion of a project and asking them about their experience working with us, their opinion of the product and if they would change anything about our way of working together. Practices like this drive home the Etex value of 'Connect and Care'. In fact, we embodied 'Connect and Care' when we created the playbooks, and we do so when we rely on them to engage with our customers."

Etex Industry

Etex Industry, established in 2016 and led by **Steven Heytens**, offers fire protection and high performance insulation solutions for a variety of applications in markets around the world. We asked Steven to tell us more about our business and the overall performance of the division.

How do you feel about the success of Etex Industry in delivering on its 2018 strategy and growth plan? What were the division's main performance drivers?

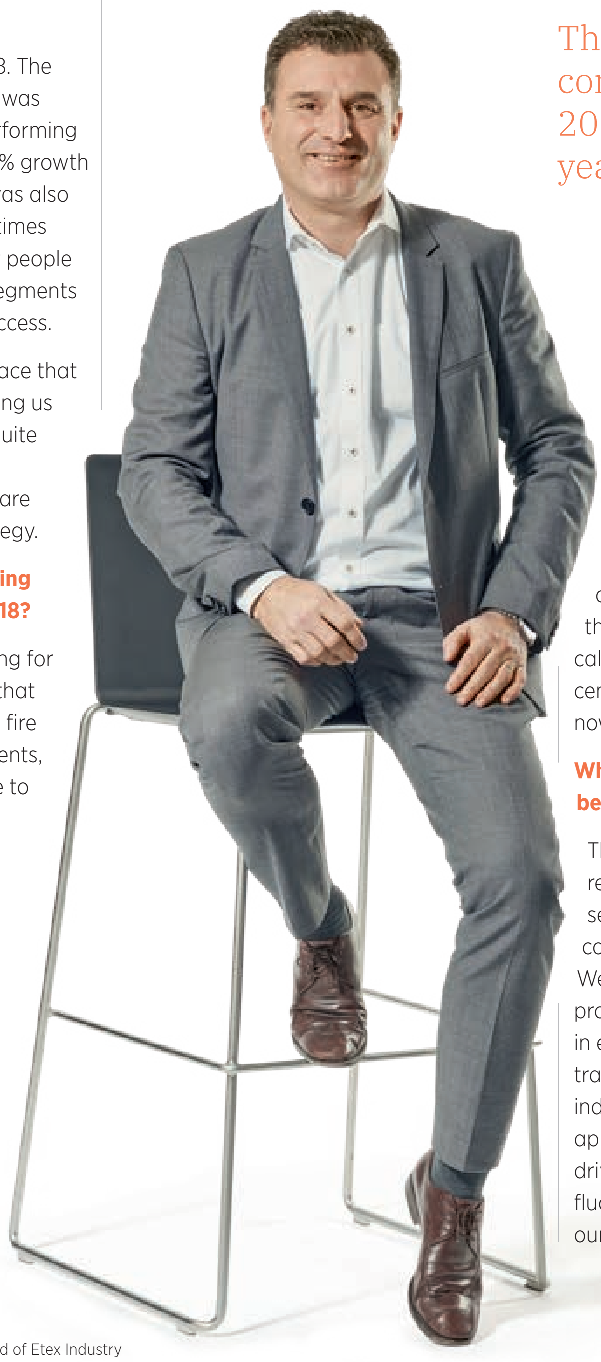
We were truly ahead of plan in 2018. The economic context for Etex Industry was excellent, and we have been outperforming our markets. We have recorded 4.6% growth in like-for-like revenues. REBITDA was also ahead of plan, and two and a half times higher than just two years ago. Our people and a clear focus on high growth segments are the main contributors to our success.

We put a new cost structure into place that aligns with market potential, enabling us to lower our costs over sales ratio quite significantly. Add to that our stable margins, and the result is clear: we are about a full year ahead of our strategy.

What were the megatrends affecting Etex Industry's performance in 2018?

Our customers are constantly looking for lighter and cost effective products that help with energy management and fire protection in a wide range of segments, from heavy industry and aerospace to appliances and smart heating.

> "Thanks to our focus on commercial excellence in 2018, we are about a full year ahead of our strategy.



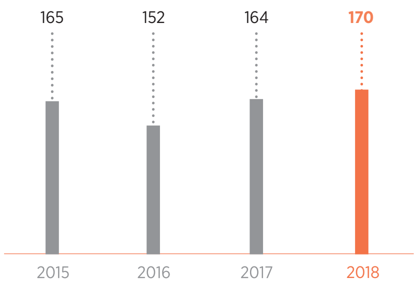
→ Steven Heytens, Head of Etex Industry

As a technology leader and a niche player, we offer unique solutions that help original equipment manufacturers save on energy costs, run greener and operate more safely. For example, we are the market frontrunner in microporous and calcium silicate and offer high performance cementitious spray solutions available nowhere else.

Why do the division's products perform better within the context of megatrends?

The nature of our business allows us to respond to megatrends, and the unique selling points of each of our products corresponds to a growth opportunity. We specifically combine properties in our products that answer trending demands in each of our six segments: marine, transportation, energy, oil and gas, heavy industry and fire-rated assemblies and appliances. As a result, Etex Industry is driven more by trends than by market fluctuations, allowing us to evenly spread our business risks.

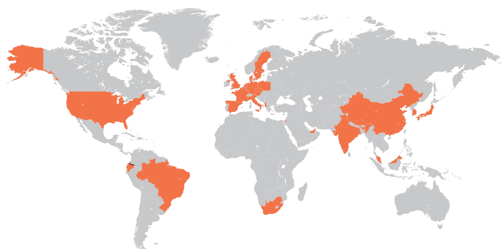
Revenue evolution of Etex Industry



In million euro

170 in 2018

2017-2018 Revenue evolution: **+3.8%**



Operating countries

Albania
Austria
Belgium
Brazil
China
Cyprus
Czech Republic
Denmark
France
Germany
India
Israel
Italy
Japan
Malaysia
Poland
Spain
South Africa
South Korea
Sweden
The Netherlands
UAE
UK
USA

How did we perform in 2018?

Etex Industry remained an EU-focused division in 2018, but Asia-Pacific and North America increasingly offered new opportunities for expansion. While there were no large market shifts, Etex Industry experienced overall growth due to pioneering projects, a targeted value proposition, a focus on commercial excellence and the development of new technologies.

Regional highlights and evolutions

In 2018 we continued to deliver on our international growth strategy and expanded our position across all regions. In Europe most businesses recorded growth except for the UK and Spain where we divested non-strategic activities. In the Asia-Pacific region, the division grew in all countries in which it is active. This is the result of the strategic decision to focus on select markets, specifically India. In the Middle East, revenue was flat year-on-year. And in North America, the restructuring project implemented in 2017 began to bear fruit, leading to steady growth in this region in 2018.

Continuing emphasis on commercial excellence

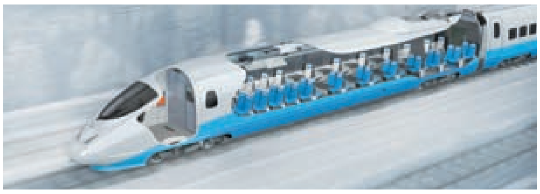
Business growth took the spotlight in 2018, driving Etex Industry's continuing focus on commercial excellence. This year, the division's sales team relied on the Showpad sales enablement tool and prepared for the implementation of a new customer relationship management system. These evolutions make it even easier for the team to proactively communicate, collaborate and connect with current and potential customers, and to deeply understand their needs.

Lateral investments in market and business development

Set up in 2016, the division's well-structured market and business development foundation delivered results throughout 2018. Additional capital continues to be injected into digital marketing initiatives as well as business and market development across every entity in the division. The goal of this major innovation? To convert the division from a group of local companies into a truly global business that benefits from strong divisional guidance.

Performance by business segment

Marine
← Our position deteriorated in 2018, but the market remains healthy. A strong future is expected for this segment.



Mass transportation
↑ Etex Industry strengthened its position on the market, specifically in aerospace and rail, due to the development and commercialisation of innovative products.

Oil and gas
↑ Rapid growth in 2018 with a great outlook for 2019 and beyond.

Energy
← Performance was reduced in 2018 but this market segment is expected to continue growing.

Heavy industry
↑ Steadily growing, with stable performance expected to continue.

Fire-rated assemblies and appliances
↑ Elevator doors with fire protection are leading examples of our focus on OEM customers.

Outlook for 2019

Based on Etex Industry's commercially focused business plan, growth rates similar to 2018 are expected in 2019, due to the delivery of large-scale projects.

The business development team will continue seeking new opportunities in fire-rated assemblies and appliances and expanding the division's oil and gas scope.
We endeavour to further refine our sales and marketing across the division and upgrade sales excellence with the introduction of a new CRM system.

Pioneering in oil and gas projects

Two groundbreaking products – Fendolite fire protection and Isoflex high performance insulation materials – developed by Etex Industry were key features of large-scale petrochemical projects in the Caspian region, the North Sea and Malaysia.

These products have been essential to safeguarding infrastructures, buildings and equipment in a number of pioneering petrochemical projects in Uzbekistan.

"We have the capacity and technical competence to offer these materials at high volumes," asserts Amjad Khan, Senior Sales Manager – MENA and Caspian Region at Etex Industry. "We are not just a supplier – we're a collaborator, working with every stakeholder from the earliest specification phase in all segments, including fire protection, thermal insulation, fire-stopping and heavy industry." Part of the support Promat can provide is the global support for projects with offices across the region. "Etex Industry also works with the world's key engineering, procurement and construction companies, to help with estimation, support, technical documentation and testing," Amjad continues. "Once the groundwork is complete, our regional teams work with local contractors to ensure the best result. No other player on the market offers such comprehensive commitment – and all this in addition to the unique strengths of our product."

↓ Kandym Gas Field Expansion Project, Uzbekistan

Key commercial initiatives

Two core products, Fendolite and Isoflex, were star performers for Etex Industry in 2018, serving as the backbone of three high-value projects. In addition to these major commercial successes, the division is working to embed innovation in its business model through simulation and virtual reality.

Promat: protecting the bridges of tomorrow

Etex Industry works alongside the engineers responsible for designing some of the world's most useful, beautiful and technically challenging structures: suspension bridges. Our team ensures that the Etex fire protection solutions used to safeguard the integrity of bridge suspension cables are of the highest quality. As a result, the cables maintain their structure and holding power in the event of a fire or other accident.
In 2018, our Promat fire protection technology was used to shield cables suspending the New Hudson River Bridge in New York, United States, the Little Belt Bridge in Middelfart, Denmark, as well as the Øresund bridge connecting Denmark and Sweden.

← Øresund bridge

Fendolite MII: superior quality meets expert support

Our global fire protection coating Fendolite MII goes further than the strictest quality standards in the UK and the US.
This product was tested in 2018 for 240 minutes of fire resistance: more than double the requirements in the US. The high performance coating withstands thermal shock caused by high-intensity hydrocarbon fires as well as mechanical impacts – making it suitable for a wide range of conditions and applications.

Fendolite MII's global success in 2018 was clearly visible through large-scale structural projects in Asia, Petronas in Malaysia and Daelin & Daewoo in South Korea.
For both industrial projects, each involving contractors and experts from around the world, Fendolite MII was used to protect steel structures as well as manufacturing elements. "Fendolite is unique – there's no other product like it on the market," asserts Steven Heytens. "The product – and Etex – has a reputation for excellence in fire protection, and we don't simply provide the solution. We also assist our customers in overcoming design, technical and application challenges."

Successfully putting the customer **at the core of innovation**

Over a decade ago, Etex Industry opened discussions with the multinational pipeline firm ITP and quickly identified the France-based company as a potential key partner.

"At the time, ITP was searching for the ideal producer of high performing insulation material to insulate the pipelines of customer projects." explains **Gaëtan Mahias, Sales Manager at Etex Industry France**. "We have excellent technical expertise and the capacity to produce on time according to the highest quality benchmarks. We used these capabilities to build mutual trust."

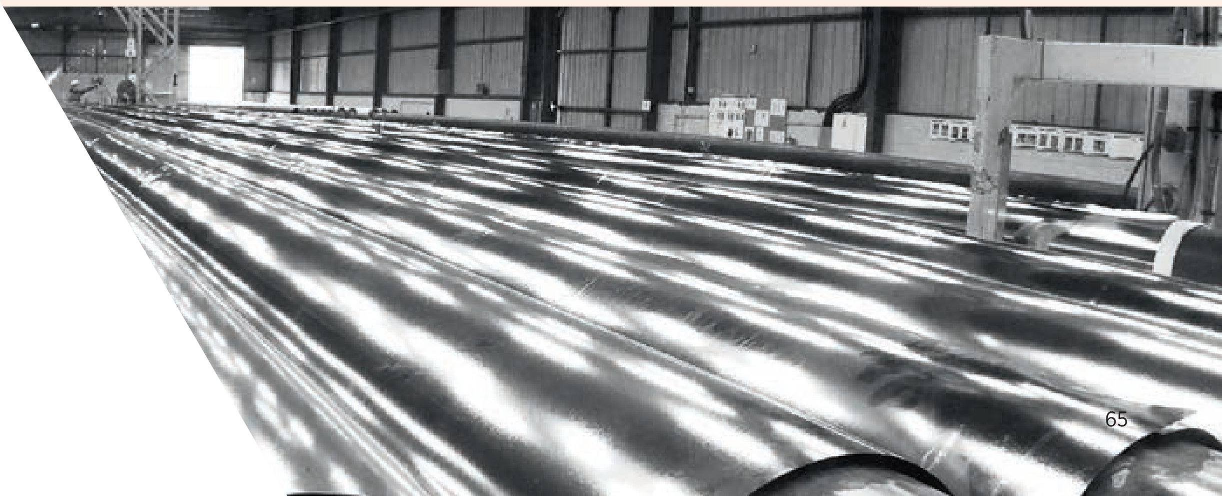
Etex Industry engaged with ITP experts, investing in the growth of the pipeline firm and cross-developing on technical and manufacturing levels to create a custom product based on Etex Industry's microporous technology. "We were interested in contributing to the success of ITP's new development goals," continues **Gaëtan**. "A successful partner means a lot of mutual added value."

"We offer a product that nobody else can offer. It gives our partner an edge over their competition.

Gaëtan Mahias, Sales Manager at Etex Industry France

A fruitful long-term partnership is the result. "Our willingness to improve our products in line with ITP's requirements makes us a key supplier," **Gaëtan** asserts. "Because our microporous solutions perfectly suit ITP's needs, we offer a unique, high-quality, high performance product that nobody else can offer. It gives them an edge over their competition."

Over the years, Etex Industry's microporous solutions have contributed to successful projects in North America, the Middle East, Africa, Europe, and recently, South America. Several of these projects are ongoing today. **Gaëtan** states "I can say with confidence that all three Etex values of 'Passion for Excellence', 'Connect and Care' and 'Pioneer to Lead' are hard at work in this partnership with ITP – and I look forward to seeing what great things the future holds for us."



Falcon takes flight

— Lance Ross
Finance Manager,
Etex Industry
North America

— Tory Kinson
Region Director,
Etex Industry
North America

— Patricia Harding
HR Manager,
Etex Industry
North America

Forging a truly customer-focused company through openness, operational excellence and care

Holistically transforming an entire company is never an easy feat. Faced with an evolving product focus, a homogeneous customer base and a workforce in need of alignment and engagement, Etex Industry's "Falcon" project team rose to the challenge. They have recorded stellar achievements within just a year.

— Larry DeGraff
Business Development Manager for The Americas – Etex Building Performance Global Tunnel Group

— Matthew Pass
Operations Manager, Etex Industry North America

Watch the people story video

What
A comprehensive, business-wide transformation project centering on people and processes

Why
To change the company culture, increase accountability and become a customer-focused business

Who
7-person leadership team, 14 support staff, 3 engineers, 15 operators, 10 field personnel

Where
Maryville, Tennessee, United States

When a start-up grows up

An Etex Industry business based in Tennessee, Promat US began as a start-up acquired just a handful of years ago, which quickly picked up customers.

"As demand for Promat products expanded in 2013 and 2014, we had to scale up our production capacity," explains **Tory Kinson, Region Director of Etex Industry North America**. "We still had this start-up mindset, a broad customer base, a flat hierarchy, diffused product focus – everybody was wearing an entire closetful of hats. We didn't have a clear definition of who we were, where each of us was fitting in within Etex and how to approach customers in a way that drives growth. To sum it up: we needed laser agility and focus."

Project Falcon – named after the speedy, agile bird of prey – kicked off in 2017 with a value-mapping exercise and ramped up at the beginning of 2018.

> "We needed a clear definition of who we were, our roles within Etex and how to approach customers to drive growth. We needed laser agility and focus.
>
> Tory Kinson,
> Region Director, Etex Industry North America

People and processes go hand in hand

"A serious change means serious impact on people, so we needed to be well prepared to manage change in the most optimal way possible," continues **Tory**. "That's where the two main angles of the Falcon project come in: optimising the business and boosting engagement levels. These angles work together and give each other power. You can't have one without the other."

Tory introduced Falcon to the Promat US team with a focused speech in 2017. "At that time, I was the General Manager and I knew that we needed to change to move forward and become an accountable, profitable Etex business with a Passion for Excellence. Some of these big shifts were challenging, which meant that we had to find new talent with both technical proficiency and a good cultural fit."

"Business transformation always begins with people," asserts **HR Manager Patricia Harding**, who orchestrated the people aspect of Falcon. "As we brought new colleagues on board, we connected Etex's core values with our recruiting and talent management strategy. Our goal was to take engagement to new heights."

Putting people and performance in the spotlight

To do that, the team implemented a wide range of initiatives early on in the Falcon project to develop people-oriented systems and processes, clearly define roles and responsibilities, boost initiative and recognise colleagues going above and beyond their normal duties.

"Our value 'Passion for Excellence' doesn't just mean working extra hours," **Patricia** explains. "It means helping others, building effective teams, ensuring somebody else from another department can do his or her job better. The monthly Falcon Award recognises one high performer, nominated by his or her colleagues, who exemplifies this 'Passion for Excellence' behaviour."

> "As we brought new colleagues on board, we connected Etex's core values with our talent management strategy to take engagement to new heights.
>
> Patricia Harding,
> HR Manager, Etex Industry North America

The winner of the Falcon Award receives perks, such as a public announcement during the company's stand-up meeting and a chance to win the annual Falcon Award.

'Promat Bucks' were also introduced as a form of 'performance currency'. "We wanted to recognise more than just one person per month," says **Matthew Pass, Operations Manager and Project Manager of Falcon**. "A fixed amount of Promat Bucks is allocated to each department, and then handed out by managers as a form of recognition – or even donated by fellow peers to show appreciation. They can be used to buy Promat 'swag' – clothing, cups, office supplies, and more."

As a result of these efforts, the Falcon team was able to enact a cultural shift in the company in a short period of time. **Matthew** states "we see as many as eight or nine Falcon award nominations per month. People are genuinely excited about the achievements of their colleagues. It's a badge of honour. Their generosity is really motivating."

Transparent, multilevel communication

Open communication is also a core element of the Falcon team's engagement strategy. "We always had an open-door policy, but we really highlighted it during the project," explains **Patricia**. "We want every single employee to realise that we are approachable. People seek our feedback now and take it to heart."

"We have managers walking through the plant every single day, meeting with technical workers, keeping an eye out for safety issues," **Tory** adds. "We strive to ensure that there is always clear communication about what everybody else is doing to keep all colleagues informed, connected and in the loop."

> "
> People are genuinely excited about the achievements of their colleagues. It's a badge of honour.
>
> Matthew Pass,
> Operations Manager, Etex Industry North America

The importance of saying 'no'

Once colleagues felt engaged, supported and sure of their roles, the Falcon team dedicated time and effort to optimising processes, procedures and business strategy.

"We introduced a robust contract review policy that involves a systematic review and a confirmation within a specific time frame," **Matthew** says. "By formalising and clearly defining this process, we grasp every business opportunity that comes our way and our customers are very satisfied with our accuracy and timely communication. We also developed a business opportunity scoring system to define which markets we fit best in in order to spend our resources where we can have the biggest impact, and we linked it with our customer relationship management system."

> "
> The atmosphere here is far, far better than at any company I've ever worked for.
>
> Lance Ross,
> Finance Manager, Etex Industry North America

In addition to applying their new laser focus on prioritising types of projects, project size requirements were also streamlined. "We backed away from customised fringe projects requiring large amounts of resources with few returns, and we increased our order minimums to avoid waste," **Tory** explains. "This means knowing when to say 'no' as much as when to say 'yes'."

Impacts that resonate

It has been a full year since the Falcon project went live, and the difference within Promat US is significant to people who have been present since the company's beginnings.

"I joined Promat as **Finance Manager** in 2017," remarks **Lance Ross**. "Comparing now with then, the atmosphere here is far, far better than at any company I've ever worked for."

"This business has grown tremendously, exponentially, in the last year," declares **Larry DeGraff, Business Development Manager for the Etex Building Performance Global Tunnel Group** which is hosted by Promat US. "Hosted Etex companies often operate from Promat US on a global scale. Thanks to the awesome support of the new supply chain department created by the Falcon project, the customers of all Etex businesses operating here enjoy high service levels."

Tory mentions "the results of the 2018 Etex employee engagement survey say it all. We're doing better than the industry average – by double digits – and it's only our first year as a highly functioning machine. It's clear that North America is a high-potential region, and now we have the right people and the right mindset to drive real growth."


We aim to create
a safe and nurturing
environment to unlock
people's full potential.

3

Social and environmental report

How we relate to our people, our communities and the world

Our ambitions: to be caring, harm-free, people-oriented

At every level of our organisation, we proactively strive to mobilise the resources, tools, information and passion required to ensure that people are safe and supported, our environmental footprint is as limited as possible and our communities are well-prepared for the future.

Our commitment to asbestos care and research

Etex companies stopped using asbestos in 2002, three years before the EU-wide ban in 2005. Our companies which used asbestos in the past are dedicated to supporting people affected by asbestos exposure due to this former use. We are also committed to further scientific understanding of asbestos related diseases.

A track record of vigilance

It takes mostly decades for the effects of inhaling asbestos after exposure to develop. In the case of mesothelioma it takes even on average 45 years after the start of the exposure. Etex seeks to safeguard human health in line with regulations and societal views.

Our group-wide policy

Etex companies have put into place a multifaceted policy to support the victims of asbestos-related diseases, avoid the risk of future exposure and support relevant medical initiatives.

We sincerely hope for the development of even more effective therapies and strategies for care, and to prevent as many future exposures as possible.

Read more / p.74

Our care towards Environment, Health and Safety

In the early 2000s, our EHS commitment began as a strong focus on technical improvements, new policies and standards and behavioural changes needed for a robust safety culture. Today, almost 20 years later, it has evolved into a truly holistic approach with three overarching ambitions.

Becoming a 'harm-free organisation'

Our approach is three-fold:

- to safeguard Etex employees from hazards, risks and injuries;
- to limit our negative impact on the environment;
- to protect the health and well-being of Etex employees and any person that encounters Etex.

Strong leadership, firm priorities

Transforming this ambition into a reality requires strong leadership and EHS awareness across all parts of the organisation. On this front, we established a clear EHS roadmap with concrete priorities in 2018 and have kicked off projects that boost awareness and change behaviour.

Great expectations

We continue to dedicate steadfast attention to legal compliance and operational excellence. In doing so, we put all necessary processes, procedures and technologies in place to continue eliminating physical and mental health risks. Our operational excellence strategy emphasises our three pillar safety approach and aims at further reducing accidents and promoting general well-being of our people.

Following the creation of a Corporate Social Responsibility (CSR) Committee within the Board of Directors last year, the awareness for our environmental responsibilities has risen significantly. We are now focusing on defining targets and articulating our efforts to minimise our impact on the planet.

Read more / p.76

Our people

Investing in people to unlock the performance that will carry growth is essential to our success as a company. Doing so requires the engagement of every colleague and the alignment of every Etex division and function. This is why, as we grow into an agile business, we aim to foster a high performance culture driven by empowerment, inclusiveness and transparency.

A proactive mindset

Achieving this ambition means setting concrete goals, measuring our success, targeting areas for improvement and proactively following up on our progress – especially in terms of employee engagement. It means ensuring accurate HR quality data, efficient collaboration and an effective digital talent platform. It also means balancing new transformational priorities with existing and ongoing projects.

An environment for growth

The overarching mission of our HR is 'developing people capabilities and unlocking people's full potential'. To make progress on this mission, we want our talent – current and future – to feel supported in their development goals from the moment they join Etex. Unlocking the potential of our people means helping them grow the right competencies and behaviours through constructive feedback, clear learning opportunities, coaching and mentoring and visible career opportunities.

Transparent, aligned, supported

In 2019, we will continue to emphasise the Etex values and support Etex-wide HR alignment at every level as part of the 'One Etex' initiative. Our talent review process will be enhanced for greater cross-divisional visibility, and our talent acquisition and development activities boosted through a number of specific initiatives. Furthermore, we aspire to identify and develop our current and future leaders by providing them with the tools and processes they need to drive our success as a company.

Read more / p.84

Our local communities

Every Etex business is an influential element of the community in which it is active. This is why we seek to contribute to the betterment of our communities by dedicating our products, solutions and manpower to causes with measurable positive impacts.

Innovating to meet urgent needs

In supporting our communities, we respond to three important megatrends: population growth, urbanisation and lack of sufficient and affordable housing for the world's most vulnerable citizens. Through locally-organised initiatives around the world, Etex colleagues helped in 2018 with several charity and housing projects. These include school renovations, constructing community buildings and building modular spaces – particularly after environmental catastrophes when speed, innovative thinking and end-to-end solutions are paramount.

From supplier to true community partner

Etex is uniquely positioned to improve lives by providing complete solutions that meet specific needs, as it aligns with our transition from a product supplier to a solutions provider. We also offer high-quality, robust and sustainable products. And finally, our people are always willing to do their part and provide support and expertise to a good cause.

Read more / p.88

Carefully managing our asbestos past

Asbestos is part of our past and we continue to manage our history with the material carefully. Our group-wide policy makes this commitment clear.

Asbestos through the years

Prior to cessation of using asbestos in the production process, some of our companies used asbestos as a raw material in production.

Preventive measures

Starting in the 1970s, Etex companies took measures to reduce asbestos concentration levels in their factories. These include:

- masks and other protective gear
- dust extraction equipment
- a shift from dry to wet production
- automating production processes
- exploring alternative materials
- banning blue, brown and later white asbestos.

These measures were aligned with the legislation and scientific knowledge available at the time and were considered effective ways to prevent health risks.

However, scientific and medical knowledge further evolved, indicating later that this was not sufficient and that some risks persisted. Asbestos-related diseases such as mesothelioma can take an average of 45 years from the start of exposure to the development of the disease. It is the most cause-specific asbestos-related disease. This has slowed down or influenced the progression of scientific understanding of these diseases.

Stringent regulations

Throughout the 1980s and 1990s, the use of asbestos was more strictly regulated and in 2005, the European Union completely prohibited its use.

The global picture

The name Eternit is also used to patent the technology which was sold worldwide to multiple companies, several of which adopted and retained the name for their company as well as it being the name of the product. Some companies bear the name Eternit but are not part of Etex.

It should also be noted that although there is the EU prohibition on the use of asbestos, in some countries around the world, asbestos can still be legally used.

6
million euro

In donations to the Foundation Against Cancer between 2012 and 2020.

Health provisions

Since asbestos-related diseases have a long latency period, Etex companies may still receive claims related to former asbestos exposure. As part of our commitment to compensate, our companies provide settlement costs for past and future claims.

Several variables affect how compensation is calculated, and these may change over time. We therefore regularly review our approach to accommodate any new information that may become available.

Group-wide policy

We cannot undo the past and we regret that people become seriously ill due to asbestos exposure. To put adequate support systems in place, we established a mandatory policy in place that enables our companies to manage their pasts vigilantly. The policy is supported by a three way approach: compensate victims, prevent exposure and support research. It is our sincerest hope that treatment for asbestos-related illnesses will benefit from medical and scientific research in the future.

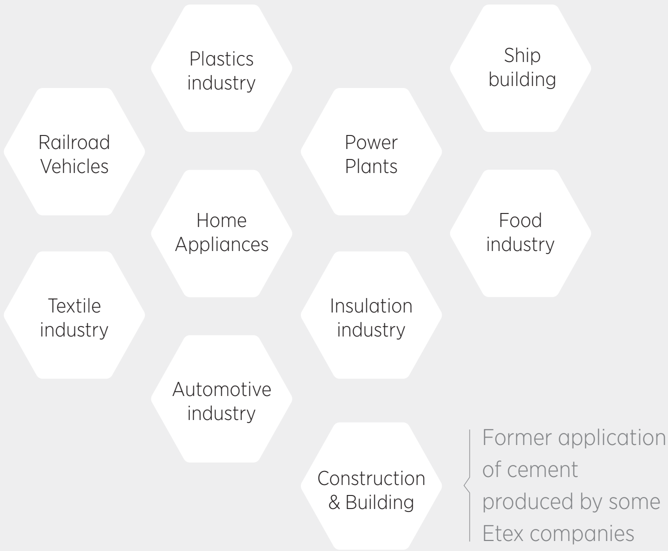
1 policy, 3 principles

1. Compensate victims
Etex companies have to ensure that those who become seriously ill due to the use of asbestos in their factories receive a fair financial compensation.

2. Prevent exposure
Etex companies constantly monitor for the presence of airborne fibres and safely manage all buildings and landfills.

3. Support research
Etex supports medical and scientific research into asbestos-related diseases.

Asbestos use in various industrial applications in the past



Asbestos: key facts

Since its discovery, this naturally occurring, industrially relevant mineral was used, and is still used, around the globe by various sectors.

It became the norm to use asbestos in many industrial processes and products. However, the health implications of inhaling asbestos fibres were not yet relatively well known. Unfortunately, it has taken the world decades to fully understand the risks associated with asbestos exposure.

Occurs in nature

A set of naturally occurring minerals which are bundles of fibres that can separate into threads.

Numerous industrially relevant properties

- Heat and fire resistant
- Mechanical strength
- Resistant to chemicals
- Non-conductive
- Affordable
- Rot-proof

Keeping safety at the forefront

Keeping colleagues safe, on the road and at home is and remains Etex's number one priority. Our approach to environment, health and safety touches every activity, responsibility and role. Committing to a culture of safety means that every colleague keeps it top of mind every moment of every day. This dedication is summed up in our motto, 'Safety is key, it's up to you and me'.

Continued dedication with a drive to increasing momentum

On a global level, all Etex entities continued to work towards improving safety leadership and making progress towards our zero-accident goal. We have made great progress during the last 10 years, and our current ambition is to maintain these gains and make another step towards improvement. The way we are approaching this is by putting an even stronger focus on increasing visible and behavioural leadership. Throughout 2018, SafeStart has been a powerful tool in our safety toolbox, reminding us that changing our behaviour is a decisive element contributing to lower the risk of accidents. Equipment and organisational aspects also have an important impact on our safety figures. Therefore, whilst we will continue to work strongly on improving safety procedures and preventing equipment failures in 2019 and onwards, we will also enhance our focus on behaviour.

A never-ending commitment

We can never do enough when it comes to safety. No effort is too great, no action to prevent an accident is ever a waste of time or an overreaction. There is no higher goal at Etex than to do everything in our power to bring every colleague, visitor and contractor safely home at the end of each day.

"When it comes to safety, we can always do more.

Trends, incidents and responses

While the total number of lost-time accidents at Etex decreased in 2018, we recorded two fatalities in our factories. We deeply regret them all the more as all our efforts of the last 10 years have aimed at preventing life changing incidents like the ones we had in 2018. A focus on identifying and managing non-routine situations has been emphasised. This is based on both internal root cause analysis of incidents as well as feedback from the independent analysis group we asked to help us understand our most severe incidents. Another focus area that has been given additional attention is safety outside of our factories; our commitment is to train and improve safety for all of our people, whether on the factory floor, office environment, or while travelling.

Additionally, we recorded more accidents occurring outside the boundaries of Etex facilities, highlighting the need to focus on training non-operational staff in 2019.

Safety engagement is valued

The 2018 Etex engagement survey revealed that our employees highly value our investments in safety training and awareness. The survey confirms that we are on the right track when it comes to safety, but that specific working environments need targeted attention. This is a key priority in 2019. Additionally, the results show that colleagues believe that Etex provides adequate safety training opportunities, and that their managers encourage them to identify and report unsafe conditions. They also agree that proper corrective actions are taken. However, we have identified that there is a gap in these beliefs between leadership and factory workers. We will investigate and find ways to close this gap in the future.

Etex's safety initiatives in 2018

On a global level, all Etex businesses took major strides forward in 2018 towards our health and safety goals. In addition, various areas were identified where targeted approaches can make a real difference to the lives of Etex colleagues.

Health and safety performance audits

Making progress first requires exploring our strengths and areas for improvement. That's why 22 audits were conducted in 2018 in 12 countries. Through these audits, we measured our capability to implement group health and safety standards. Over 60 employees participated as auditors, promoting knowledge-sharing among Etex facilities, products and borders.

Ensuring safe equipment

Hazard Identification and Risk Assessment (HIRA) is our commitment to reducing the risk of accidents occurring due to unsafe equipment. Both new and old equipment undergo machine risk assessments at regular interviews. During visits to the plants, EHS audits and even in our accident reporting and follow-up, we encourage all Etex businesses to train their technical employees in machine risk assessment. Together with workplace risk assessment results, the outcome is the basis for opex and capex proposals.

> "The four states causing errors are: rushing, frustration, fatigue and complacency.

SafeStart and safety leadership

Safe equipment and a strong safety organisation are not enough to eliminate all potential incidents. People also need to be aware of and (if necessary) modify their behaviour to ensure everyone's safety, and every Etex employee is accountable.

To strengthen our safety behaviour in 2018, we rolled out SafeStart, a world class awareness training programme focusing on safe employee conduct, in almost every company. Moving forward, it is up to our leaders to ensure continuous attention to safety through our leading indicators to keep SafeStart alive and evolving.

Health and well-being on the work floor

Although the 5S workplace organisation approach continued to be rolled out across parts of Etex in 2018, we have some progress to make in 2019. The workplace air monitoring programme had measurable positive impacts on respirable and inhalable dust levels in Etex factories. Finally, a revamped Asbestos Containing Material (ACM) policy was introduced in 2018 which aims to support the proper management and removal of ACMs.

Local safety milestones take the stage

Several Etex facilities went the extra mile to put health and safety in the spotlight in 2018. In addition to these special stories, 15 Etex facilities from across the globe have reached over 10 years without accidents – an inspiring achievement.

Etex Building Performance in Delfzijl (the Netherlands) prioritises mutual vigilance

On 9 July 2018 the Etex Building Performance facility in Delfzijl celebrated three years without accidents. "We want to be best in class, and we work towards that goal every day," asserts Dik Hak, EHS Manager at Etex Building Performance in Delfzijl. "We all work hard to safeguard each other – we take the Etex safety motto to heart."

Gresik and Karawang Indonesia mark 1,000 safe days

Two Etex Building Performance plants in Indonesia achieved 1,000 days without accidents in August 2018, attributing this achievement to excellent operational protocols and belief in their shared motto: "keselamatan adalah komitmen kita Bersama" or "safety is our commitment" in bahasa Indonesia, the country's official language.

Significant accomplishment for Etex Building Performance in Argentina

Our Etex Building Performance facility in Argentina reached nine consecutive years without accidents and organised a special safety-themed breakfast in September 2018. "This is the result of a consistent team effort," asserts Carolina Caunedo, EHS Manager of Argentina. "We are all involved in reaching this target," echoes Dante Aciar, General Manager of the Roca plant.

Eternit France is enthusiastic about prevention.

A new workplace attitude and safety-aware behaviour contributed to Eternit's achievement of one year without accidents in November 2018. "SafeStart was an important game-changer here," explains Etienne Granier, Safety Coordinator at Eternit France. "We put emphasis on identifying risky situations and dangerous behaviours – and taking the necessary precautions to prevent them."

Eternit Vernon (France) wins the 2018 Etex Safety Day Challenge

The Eternit plant in Vernon won the 2018 Etex Safety Day challenge with a vibrant event. On one day each year, the site conducts five different workshops on environment, health and safety topics. 2018 marked their third annual interactive Safety Day event. "The commitment of our leaders is key to the success of this initiative," asserts Fabien Luvini, QEHS Manager at Eternit Vernon.

> "Etex invested heavily in EHS: in 2018 more than 18 million euro was allocated to EHS projects around the world.

Progress on our leading indicators

Leading indicators help Etex reduce risks by increasing safety awareness and establishing a strong culture of safety. In 2018, we paid special attention to the success of these proactive approaches by:

- **Engaging in safety conversations**
  Leaders at all levels are expected to hold a required number of safety conversations, during which they enter the work environment of the colleague to gauge their feelings and behaviours.
- **Learning from near-miss reporting**
  According to the principles of SafeStart, lessons can be learned from all safety 'events' by sharing reports on dangerous situations that could have led to accidents.
- **Organising safety training courses**
  We successfully met our 2018 goal of holding an average of two days of training for every Etex colleague.
- **Following up on corrective actions**
  We ensured that proposed risk reduction actions were truly implemented.

Safety in 2019

Based on our 2018 health and safety results, we have highlighted these focal points moving forward in 2019:

- **Improving Etex working conditions** for colleagues in factories
- **Raising safety awareness** among non-operational staff
- **Performing risk analyses** on non-routine processes and tasks
- **45 EHS support visits** are already scheduled
- **Further rolling out 5S** across Etex businesses

Reducing our impact on the environment

As a global company, Etex is committed to respecting the environment in everything we do. This commitment underlies all three of our values: 'Connect and Care', 'Pioneer to Lead' and 'Passion for Excellence'. Reducing our impact on the environment, improving the monitoring of our impact and focusing on contributing to ecological and sustainable development were three essential elements of various local initiatives in 2018.

Local initiatives, global vision

In 2018, Etex businesses and colleagues around the world contributed to environmentally focused initiatives of all shapes and sizes. In this section, we highlight stories reported by our local companies, illustrating their efforts to reduce waste, consume energy wisely and optimise their water use: a commitment they fulfil by enhancing operational processes.

Focusing on the reuse of water to limit effluent water

Last year, innovative Etex colleagues on multiple continents stepped up their efforts to reduce the intake of fresh water into Etex facilities. How? By finding new water sources and reusing water in multiple processes. As a result, the entire group consumed a total of **5,947,330 m³ of water** in 2018 (-8% year-on-year), of which **24.3% was potable water** (stable performance compared to 2017).

Leaps forward toward an ambitious water waste goal in Colombia

Our innovative team in Colombia successfully reduced the consumption of potable water in our facility in Manizales from 1.0 m^3 per tonne of raw material to 0.8 m^3 year-on-year. The secret behind this achievement? Optimising the existing water circuit and substituting potable water with water already used in facility processes. Their goal for 2020 is ambitious: to completely eliminate all water discharge by reusing 100% of it.

Water reuse and rainwater capture feature in Brazil

At our plant in Santa Cruz-Rio de Janeiro in Brazil, Etex colleagues reduced the consumption of potable water. They did so by using rainwater instead, with surplus rainwater being collected, stored and introduced into the production process. In Petrolina, the Etex facility now reuses water in multiple processes to reduce the amount of water taken from a nearby river.

Consumption awareness leads to conservation in Nigeria

Etex colleagues in Nigeria concentrated on gaining a better understanding of water use. Water flow monitoring meters were installed on both inlets and outlets to gain insight into where and how water is being used within the plant. These insights will be used to optimise water-using processes and identify new ways to cut consumption.

Finding creative solutions to energy use challenges

A team of experts identified and implemented new ways of reducing energy costs, consuming more sustainable energy and cutting energy use based on local needs and options. Thanks to their success, Etex as a group consumed a total of **575.0 kWh per tonne of raw material in 2018**, -2.0% year-on-year.

Energy-efficient technology takes the spotlight in Colombia

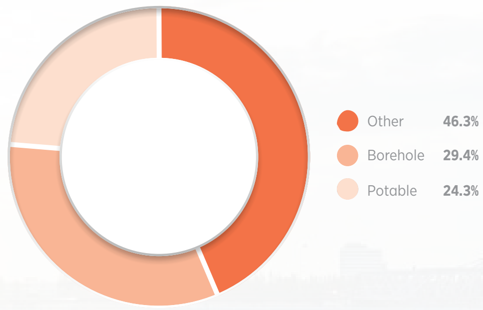
In addition to implementing the rigorous ISO 50001 standard for energy management, our colleagues in Manizales, Colombia replaced most of the lamps on site by LED reflectors, allowing savings of 78 kWh.

Zeroing in on sustainable energy sources and lower use in Brazil

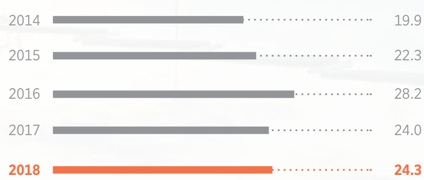
Our Santa Cruz team in Brazil signed a new free market energy contract for renewable electricity with the goal of reducing the plant's reliance on diesel fuel. This contract was signed in 2018, with implementation planned in 2019 and 2020. In addition, fluorescent lamps in the plant were replaced with LED lamps, which have longer lifespans and use less energy.

In Araripina, an in-depth study was carried out to reduce the demand of contracted energy used by the facility from 350kWh to 250kWh, based on production process needs. Energy is now cogenerated during peak hours using generators. This reduces the amount of electricity bought from suppliers. Our colleagues in Petrolina outdid themselves in 2018 to find forward-thinking ways to use natural light and reduce reliance on non-renewable energy sources. New translucent tiles were installed at the facility, allowing natural light into the warehouse.

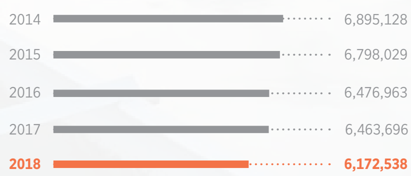
Water consumption per source



% Potable Water / Total Water Consumption



Total water consumption (m^3)



Two studies were also launched:

- the first explores the feasibility of replacing all electrical energy purchased from suppliers with renewable clean solar energy;
- the second investigates equipment and engine replacement as a way to enhance energy efficiency.

Additionally, the team made progress on an ongoing project to adjust combustion parameters during a specific production process. In doing so, they aim for the more efficient use of liquified petroleum gas (LPG).

Production waste heat becomes an energy source in the Netherlands

To reduce consumption of natural gas and effectively reduce CO_2 emissions at our plant in the Dutch town of Delfzijl, Etex colleagues developed a way of using hot gases generated during the production process to preheat air used for other processes. Also with the goal of reducing natural gas reliance, in the offices they replaced central heating equipment. Meanwhile, aging air conditioners were exchanged with newer models to reduce chlorofluorocarbon waste.

Keeping ecosystems and production processes healthy

Over the last three years Etex recorded a steady reduction in CO_2 emissions as a result of scaling down the consumption of carbon-intensive fuels in our processes. In 2018, Etex emitted a total of **96.1kg of CO_2 per tonne** of materials produced (representing a slight increase of 3.7% year-on-year).

New ways of thinking mean better resource use in Colombia

In addition to its water reduction and energy efficiency successes, our Etex Colombia team also took the opportunity to reduce the facility's consumption of virgin cellulose. In doing so, they replaced 0.3% of the raw material with recycled cellulose in the production of corrugated sheets.

Reducing odour and noise nuisance in Belgium

Living by our value of 'Connect and Care', colleagues at our Kapelle-op-den-Bos site in Belgium designed a communication plan to raise local awareness of environmental issues. Think of odour and noise nuisance, plastic use and energy use reduction. In 2018, the team organised events involving employees' children, in addition to assigning safety and environmental 'owners' for each square meter of the facility. What's more, they now include environmental issues in safety conversations.

2018 also featured a range of concrete initiatives to reduce noise and odour nuisance generated by the facility. For example, new double-active carbon filters were installed on the outputs of two autoclave circuits to reduce odour. A dedusting installation with extra dust-detecting 'sniffers' was added to reduce dust emissions. Finally, the outlet point of the drying ovens was relocated to an odour-friendly area, and actions were taken to make fans more quiet.

A task force was set up in 2017 to investigate the process of waste water treatment. Members of the departments of quality, maintenance, production and EHS looked into the existing flows of waste water, rain water and process water. To improve the efficiency of waste water treatment a project was launched to separate more rain water from the waste water flow. Another project aims at adding a chloride-free solution to neutralise waste water during the treatment process.

Recovering production waste across Brazil

In Santa Cruz, rejected plasterboards are now separated into their components, with the gypsum cores being reintroduced to the production process to reduce waste.

And in Petrolina, 100% of the bundler waste is now re-introduced into the production process. The facility also developed a hydroponic greenhouse based on the results of a socioeconomic study involving the interests of the factory workforce. The goal is to boost environmental and health awareness among colleagues and their families.

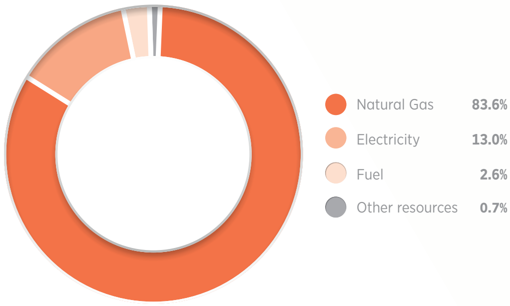
Healthy soil, cleaner air and bright minds in Argentina

With the goal of avoiding the contamination of soil with industrial water, our team in Argentina introduced a new water treatment installation. They also replaced all gas-oil forklifts with natural gas-powered ones to reduce CO_2 emissions, and donated obsolete computer equipment to a foundation that repurposes them for use in schools with low-resources.

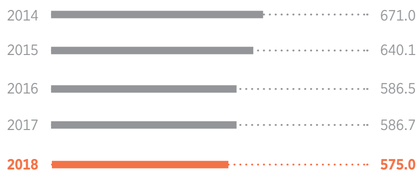
Efficient equipment means less waste in the Netherlands

Our Delfzijl plant in the Netherlands reduced its production of saw waste by optimally tuning their equipment. This enables the site to manufacture highly accurately what is needed. Their effort demonstrates the benefits of setting up production line equipment in plants with efficiency in mind.

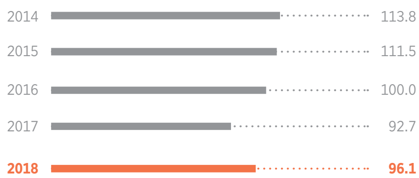
Total energy consumed per source



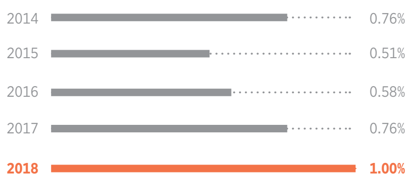
Total energy consumption per metric tonne of raw material (kWh)



CO_2 emissions / tonne produced (kg/t)



Dumped production waste per metric tonne of raw materials (%)



Inspiring a spirit of truly engaged people

People are Etex's most valuable asset. Engaged People is one of the key areas of Etex's three pillar agenda. Ensuring alignment of colleagues as part of Etex, the role of Etex as an employer and Etex within the community is an ongoing commitment in our journey. Discover what we did in 2018 to empower our people.

Developing our talent

In 2018, we made progress on several initiatives aimed at unlocking the huge potential within the talent that we currently have at Etex.

Preparing key talents to drive Etex's future

Talent reviews with regular follow-up are performed at the Executive Committee level with the goal of identifying and developing key talent. These individuals are crucial to succession, ensuring Etex can develop and execute its business objectives, maintaining the richness and diversity of our leadership team, encouraging learning and development, and promoting internal mobility.

> "39 experienced Etex managers completed three modules teaching the fundamentals of strategy, leadership and much more.

Targeted leadership development for young high performers

We have invested in a new leadership programme together with Vlerick Business School, called Explorer, for young talent with 12 to 18 months of experience at Etex. 30 colleagues participated in 2018 with the goals of getting a clear overview of management principles, becoming familiar with Etex, and networking with peers and Etex leaders.

Building on the expertise of our managers

Our programme for middle managers, Etex Accelerator, takes place biennially. In 2018, 39 experienced Etex managers demonstrating consistently high performance over the previous three years completed three one-week modules teaching the fundamentals of strategy, leadership, finance, innovation and marketing, operations, HR and people management.

Finding new talent

Harnessing talent for Etex's future

Attracting people that will help us achieve our ambitions is as crucial as nurturing the talent that we have. With this in mind, Etex has made important strides forward in enhancing the employee journey.

A sense of belonging

In 2018, Etex's HR team dedicated its effort to developing a comprehensive onboarding plan that helps align, connect and involve newcomers with our company. The goals of the induction programme are four-fold:

- we seek to welcome employees and create a sense of belonging to Etex;
- we help them understand our business, purpose, vision and values and three pillar agenda – as well as their roles in this context;
- we clarify expectations and integrate and engage new employees quickly to boost productivity.

The right talent at the right time for a perfect fit

2018 also marked the launch of Etex Talent, our internal and external recruitment platform. In fostering internal mobility and securing the talent we can deliver on our three pillar agenda. This platform allows our company to attract, retain and develop people with the right competences and behaviours at the proper moment, and match them with their ideal assignments.

Measuring engagement

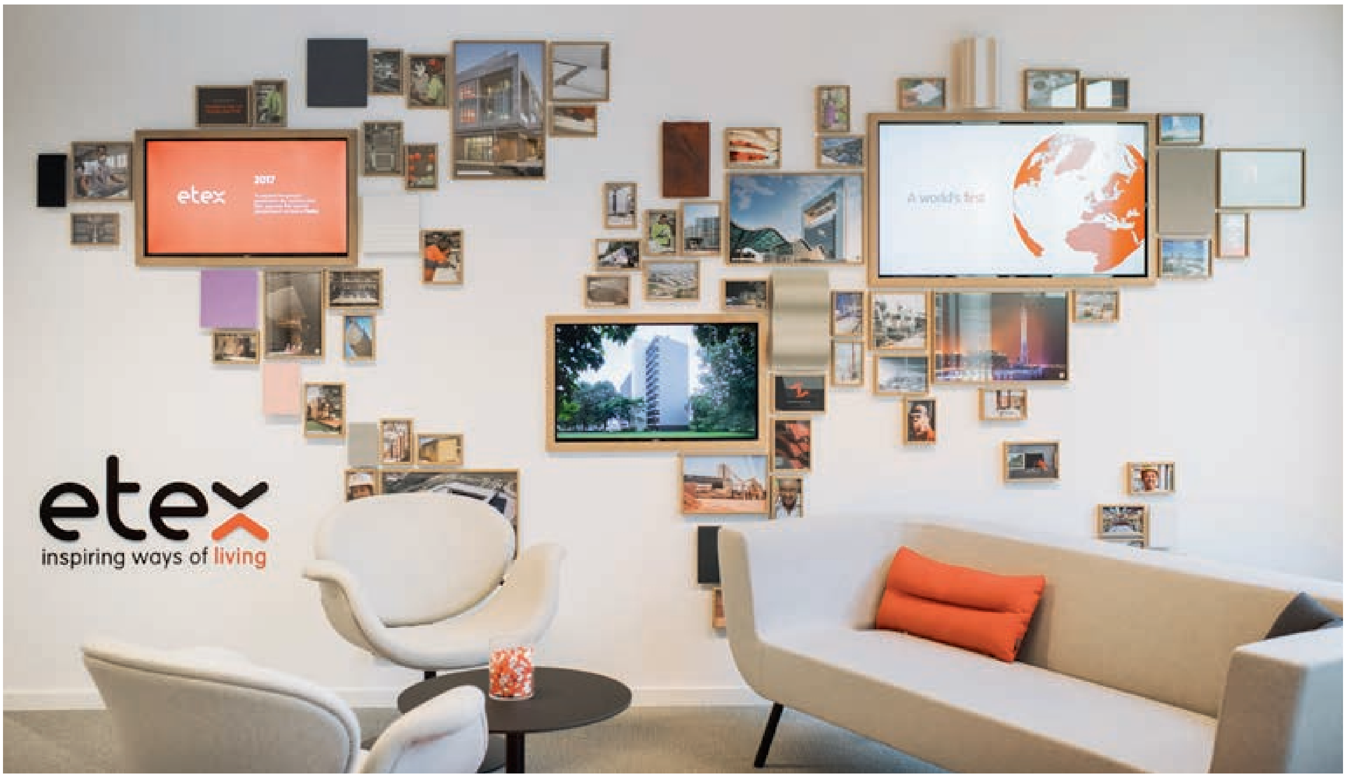
Companies with engaged employees grow faster, innovate better and achieve greater success. No wonder 'Engaged People' is one aspect of our three pillar agenda. Through our people we inspire ways of living.

Introducing 'Me & Etex'

In 2018, we introduced our first-ever global employee engagement survey, 'Me & Etex'. As focusing on engagement is a vital element of our continuous improvement plan, the survey will take place every two years. Based on the results of our first edition action plans will be implemented in 2019 which take the first steps towards boosting Etex's engagement index.

Me and Etex employee engagement survey

69% of the Etex community worldwide took part in the survey



A new location for our headquarters reflecting a new company culture.

The Etex Explorers programme expands young horizons

"

It was a great opportunity to get to know 30 young and talented peers from around the world, work intensively with them and collaborate to address real life challenges.

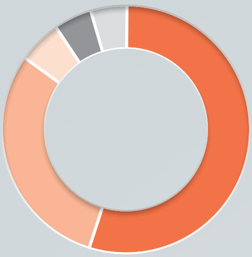
Eva Angeli, EHS Manager

The Vlerick Business School is known for its well-reputed programme aimed at new and experienced professionals in diverse areas. Etex collaborates with Vlerick to deliver targeted training courses in financial and business management, performance review, innovation and more to young talent via the Etex Explorers programme, which was established in 2018.

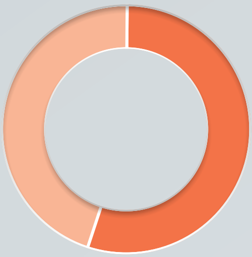
"The programme took place over five days in Brussels, Belgium with some preparatory work before the course and digital sessions as a follow-up," explains 2018 Etex Explorer Eva Angeli, EHS Manager at Etex. "It was a great opportunity to get to know 30 Etex young and talented peers from around the world, work intensively with them and collaborate to address real life challenges. I really appreciated the personal touch and face-to-face interaction. I gained practical knowledge in areas beyond my background – such as finance, business modelling and marketing – which gave me a rich perspective beyond my role in EHS."

"In my opinion," she continues, "the Etex Explorers programme demonstrates the fact that Etex is dedicated to working beyond itself as an organisation. The programme develops young professionals working for a purpose – not just a company. Etex focuses on its people from the early stages of their career. This triggers engagement and the desire to give back."

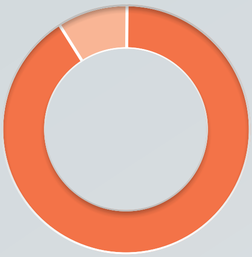
Our employees



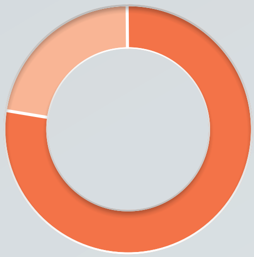
- **53%** Etex Building Performance
- **34%** Etex Roofing
- **5%** Etex Façade
- **4%** Etex Industry
- **4%** Corporate & Central Functions



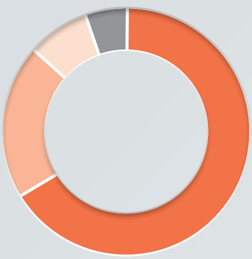
- **55%** Factory workers
- **45%** Office/ Commercial staff



- **91%** Permanent contract
- **9%** Temporary contract



- **82%** Male
- **18%** Female



- **68%** Europe
- **19%** Americas
- **7%** Africa
- **6%** Asia

85
Nationalities within Etex's workforce

14,458
Employees at the end of 2018

42.6
Average age of Etex employees

Giving back to our communities

Etex operates in numerous countries, cities, towns and villages around the globe. In 2018, our teams further built relationships in the communities in which we operate. With urbanisation, climate change, resource scarcity and new digital technologies increasingly impacting lives in every corner of the world, we believe it is our duty as a global company to help address these challenges. As we are paving the way in lightweight construction, our contribution to the world translated both in commercial activities and donations, as highlighted on the following pages.

Continuing partnership with Selavip delivers homes fit for the future

Etex's collaboration with Selavip, a social housing non-profit active in Africa, Latin America and Asia, continued in 2018 in the form of a unique community-based project that involved local families.

Etex in Chile worked alongside Selavip and local family empowerment non-profit TECHO. Their objective was to develop new designs for emergency housing through the use of Etex products, making the house prototypes larger, more aesthetically appealing and resistant to fire and humidity. In other words, they sought to transform temporary housing into permanent dwellings.

In teams of five to 15 people, Etex colleagues in Chile worked alongside architects, builders, young volunteers and local families to improve conditions in the regions of Valparaíso, Metropolina, Ohiggins, Biobío and Los Ríos.
After redesigning the housing prototypes and developing a housing construction manual, the project teams constructed 10 new homes for single-family or community use.

As this is an ongoing project, the results of this evaluation process will be used to offer recommendations for the next stage.

Boosting living conditions across Latin America with Etex modular shelters

Etex colleagues in Peru had the opportunity to improve living conditions in areas affected by floods. Within a six-week time frame, Etex Peru delivered 2,642 Superboard Moduplak fibre cement shelter packs to the Peruvian government to replace existing tent solutions.

Moduplak was preferred over metal structures because it stays cool under a tropical sun and does not oxidise. Moreover, Moduplak units look comfortingly like miniature houses. Containing three separate rooms, each Moduplak shelter was constructed around a wooden platform that is quick and easy to set up, even without power tools.

In Peru Etex was able to meet urgent shelter needs, delivering 500 Moduplak units within the first 10 days, and providing the rest in the following weeks. Even further, our colleagues delivered over 200 construction training sessions and helped no fewer than 8,000 flood victims.

Etex donated roofing materials to improve the quality of 182 shelters for 908 citizens affected by the closing of the border between Venezuela and Colombia. And in Ecuador, Etex Colombia worked with a private company, donating 20 out of 110 Moduplak shelters to vulnerable families and helped to assemble the structures over a two month period.

Designing earthquake-resistant houses in Lombok, Indonesia

Between 29 July and 5 August 2018, four severe earthquakes and over 700 aftershocks struck off the coast of Lombok Island, Indonesia, also affecting the nearby islands of Bali and Gili. Over 2.5 million people were impacted by the quakes. Our Etex colleagues in Indonesia quickly came together to find new ways to bolster spirits and improve the quality of housing in an earthquake-prone area.

Together with local NGO Aksi Cepat Tanggap (ACT), our Indonesian colleagues constructed earthquake-resistant houses in Giri Menang, North Lombok, as well as a public sanitation room. They also brought encouragement to the entire community by providing expert advice on earthquake recovery and the construction of earthquake-resistant buildings, training installers in the use of lightweight construction technology. Even more, they worked with their local distribution partner to donate carpentry tools and water tanks.

Each house was built in three days, featuring waterproof fibre cement KalsiBoard walls and partitions on metal frame systems. The project doesn't end there, though: Etex Indonesia plans to build additional houses and sanitary facilities for Lombok residents to accelerate the continuing recovery process.

Life-changing renovations for our Colombian employees

Launched in 2018, the 'Mi Hogar es Etex' ('My Home is Etex') project brings community-building home by enhancing the welfare of our Colombian employees and their families. Through a special selection process, Etex Colombia employees themselves can apply to receive the life-changing gift of a home renovation, made possible by a dedicated team of Etex colleagues.

'Mi Hogar es Etex' forges a special bond between our company and our people. It illustrates the power of the Etex value 'Connect and Care' when it transcends corporate and community borders. Through this initiative, two employee homes were remodelled in 2018 with further renovations planned this year.

"Our people are always willing to lend a hand and give their expertise to a good cause.

In addition to the 'Mi Hogar es Etex' project, Etex colleagues in Colombia also collaborated in 2018 to transform the Bogotá administrative facilities of Solidarity for Colombia, one of the country's most important social, educational and disaster relief support organisations. In Colombia, we contributed Superboard Siding and Gyplac products for the renovation as well as architectural expertise. The result is a warm, attractive environment for employees, volunteers and visitors. It was an important change for the non-profit, as this location functions as its centre of operations. In the future, Etex plans to continue to work alongside Solidarity for Colombia on construction projects in vulnerable areas.

Steering our company in **the best interests** of all our stakeholders.

4

Governance report

Leadership aimed at value creation

Corporate governance

Etex is committed to the principles of corporate governance and employs a sound approach to managing and steering our company in line with the best interests of our internal and external stakeholders.

The latest version of Etex's corporate governance charter was adopted in January 2018 and is available at *https://www.etexgroup.com/en/who-we-are/global-presence/structure*

Our management structure and processes are designed to optimise our performance while reducing the possible risks and impact of our activities. Etex is managed by:

- the Chief Executive Officer (CEO);
- the Executive Committee; and
- the Board of Directors.

Executive Committee

Our day-to-day management is entrusted to the CEO and the Executive Committee. The members of the Executive Committee are the CEO, the Heads of the Etex Building Performance, Etex Façade and Etex Roofing divisions, the Chief Strategy Officer (CSO), the Chief Financial Officer (CFO), the Chief Performance Officer (CPO) and the Chief Human Resources Officer (CHRO). An Winters, Chief Legal Officer, is the Secretary of the Executive Committee.

More information on the Executive Committee can be found on page 96-97.

For an overview of business risks assessed by the Executive Committee of Etex, we refer to page 109 ("Risk profile" section) and to Note 16 of the Financial Report (pages 136 to 138).

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 and includes representatives of Etex's shareholders and management as well as independent Directors. The Board of Directors met seven times in plenary sessions through the course of 2018.

The Board of Directors has the following four dedicated Committees to assist and advise on specific matters:

1. Strategy Committee

The Strategy Committee evaluates the Executive Committee's strategic proposals and makes recommendations to the Board of Directors. It also reviews the Executive Committee's proposals for acquisitions, divestments and geographic diversification. The Strategy Committee met four times in 2018.

2. Risk and Audit Committee

The Risk and Audit Committee reviews Etex's financial reporting processes and the statutory audit of the group's annual accounts. Above all, it ensures the consistency and reliability of accounts and all other financial information submitted to the Board. Moreover, the Committee monitors Etex's risk and internal control management systems. All its members have accounting and audit experience. In 2018, it met three times.

3. Selection and Remuneration Committee

The Selection and Remuneration Committee selects potential Board members. It also determines the remuneration and benefits structure for Executive Committee members. Its job is to ensure incentives reflect market practices and are optimally designed to support Etex's strategic goals. In 2018, the Committee met four times.

4. Sustainability and Corporate Social Responsibility Committee

The Sustainability and Corporate Social Responsibility Committee ensures that Etex effectively addresses the economic and societal challenges associated with its mission to offer construction solutions that contribute to a better world.
It considers the impact of the group's businesses, operations and programmes from a social responsibility perspective, taking into consideration the legal framework and the interests of all stakeholders. In 2018, the Sustainability and Corporate Social Responsibility Committee met three times.

Changes to the Board of Directors

Walter Emsens' and Regnier Haegelsteen's mandates came to an end on 23 May 2018. On the same day, Pascal Emsens and Johan Van Biesbroeck joined the Board of Directors.

Board of Directors

Jean-Louis de Cartier de Marchienne, Chairman

- Strategy Committee (Chairman)
- Selection and Remuneration Committee
- Sustainability & Corporate Social Responsibility Committee

Paul Van Oyen, CEO

- Strategy Committee
- Sustainability & Corporate Social Responsibility Committee

Bernadette Spinoy, Director

Sustainability & Corporate Social Responsibility Committee (Chairman)

Christian Simonard, Director

Sustainability & Corporate Social Responsibility Committee

Philippe Vlerick, Director

- Strategy Committee
- Selection and Remuneration Committee (Chairman)

Pierre Vareille, Director

Selection and Remuneration Committee

Caroline Thijssen, Director

Selection and Remuneration Committee

Gustavo Oviedo, Director

Strategy Committee

Teodoro Scalmani, Director

Risk and Audit Committee

Johan Van Biesbroeck, Director

Risk and Audit Committee (Chairman)

Guillaume Voortman, Director

Risk and Audit Committee

Pascal Emsens, Director

Olivier van der Rest

Strategy Committee

An Winters, Secretary

- Board of Directors
- Strategy Committee
- Risk and Audit Committee
- Sustainability & Corporate Social Responsibility Committee (until 30 August 2018)

Joerg Ertle, Secretary

Sustainability & Corporate Social Responsibility Committee (as from 30 August 2018)

Myriam Macharis, Secretary

Selection and Remuneration Committee (until 31 August 2018)

Joëlle Boxus, Secretary

Selection and Remuneration Committee (as from 20 November 2018)

Our management

Etex's Executive Committee members handle our day-to-day business. Their comprehensive knowledge, diverse experience and hands-on approach to leadership ensure a strong operational focus on our values and strategic pillars.

Mel de Vogue
Chief Financial Officer

CFO of Etex since May 2015, Mel de Vogue is also responsible for Etex's IT department.
He has held key leadership positions at Tessenderlo Chimie, Arjowiggins and Suez Environnement in multiple countries.

Carla Sinanian
Chief Strategy Officer

Carla Sinanian joined Etex in September 2017 as Chief Strategy Officer. She has held various strategic, leadership and general management roles at Philips, Medtronic, NXP Semiconductors and AkzoNobel.

Michael Fenlon
*Head of Etex Exteriors**

Head of Etex Façade since March 2016, Michael Fenlon joined Etex in 1998 as Factory Manager, becoming the Managing Director of Etex's cladding business and expanding it into Asia, Latin America and the US.

* Etex Façade until 31 December 2018

Paul Van Oyen
CEO & Interim Head of Etex Residential Roofing

CEO of Etex since January 2015, Paul Van Oyen joined the company in 1990 as Project Manager, moving into business development and directorship roles over the following decades.

Joëlle Boxus
Chief Human Resources Officer

Joëlle Boxus joined Etex in November 2018. She previously held HR leadership and directorship roles at Ernst & Young, Robert Walters, Kraft Foods and AkzoNobel.

Per-Olof Algotsson
Head of Etex Building Performance

In April 2018, Per-Olof Algotsson became Head of Etex Building Performance. His prior experience includes management roles at Owens Corning, H.B. Fuller, Johns Manville and AkzoNobel.

Alexander Carnevale
Chief Performance Officer

Also responsible for EHS, Purchasing and Engineering, Alex Carnevale became Etex's Chief Performance Officer in January 2016. He brings leadership experience from AlliedSignal, Honeywell and Performance Fibers.

Our solid results are built on people-driven performance.

5/

Financial report

Results fuelling focused growth

Consolidated financial statements

Consolidated income statement

In thousands of EUR	Notes	2017	2018
Revenue	(1)	**2,793,738**	**2,896,938**
Cost of sales	(2)	-1,932,062	-2,046,164
Gross profit		**861,676**	**850,774**
Distribution expenses	(2)	-389,309	-407,654
Administrative and general expenses	(2)	-185,842	-179,172
Other operating charges	(3)	-28,777	-22,617
Other operating income	(3)	7,914	3,979
Operating income before non recurring items		**265,662**	**245,310**
Gain and losses on disposal of assets and businesses	(4)	38,114	29,792
Other non recurring items	(4)	-35,153	-54,424
Operating income (EBIT)		**268,623**	**220,678**
Interest income	(5)	4,687	4,715
Interest expenses	(5)	-47,150	-30,265
Other financial income	(5)	8,786	11,501
Other financial expense	(5)	-19,922	-13,278
Share of profit in equity accounted investees	(12)	1,220	1,018
Profit before income tax		**216,243**	**194,369**
Income tax expense	(6)	-62,909	-49,635
Profit for the year		**153,334**	**144,734**
Attributable to shareholders of Etex		148,036	140,426
Attributable to non-controlling interests		5,298	4,308

Consolidated statement of comprehensive income

In thousands of EUR	2017	2018
Profit for the year	**153,334**	**144,734**
Remeasurements in employee benefit obligations	80,674	-10,915
Income tax effect	*-14,247*	*225*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**66,427**	**-10,689**
Changes in cash flow hedge reserves	2,519	5,976
Income tax effect	*-3,353*	*-1,260*
Exchange differences on translation of foreign operations	-52,945	-49,126
Net other comprehensive income to be reclassified to income statement in subsequent periods	**-53,779**	**-44,409**
Other comprehensive income, net of tax	**12,648**	**-55,099**
Total comprehensive income for the period, net of tax	**165,981**	**89,635**
Attributable to shareholders of Etex	163,786	84,789
Attributable to non-controlling interests	2,196	4,846

Consolidated statement of financial position

In thousands of EUR	Notes	2017	2018
Non-current assets		**2,216,151**	**2,186,959**
Property, plant and equipment	(7)	1,640,978	1,641,827
Goodwill	(8)	202,975	201,433
Other intangible assets	(9)	208,761	220,842
Investment properties	(10)	23,376	13,584
Assets held for sale	(11)	3,406	3,162
Investments in equity accounted investees	(12)	8,186	10,309
Other non-current assets	(13)	8,033	5,349
Deferred tax assets	(24)	115,093	83,996
Employee benefits assets	(21)	5,343	6,457
Current assets		**898,081**	**921,146**
Inventories	(15)	468,279	446,836
Trade and other receivables	(14)	319,652	338,343
Other current assets	(14)	3,137	1,803
Cash and cash equivalents	(17)	107,013	134,164
TOTAL ASSETS		**3,114,232**	**3,108,105**

Total equity	(18)	**1,010,833**	**1,081,740**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings		*979,769*	*1,041,692*
Attributable to the equity shareholders of Etex		983,045	1,044,968
Non-controlling interests		27,788	36,772
Non-current liabilities		**1,141,217**	**1,081,381**
Provisions	(19)	137,827	121,985
Employee benefits liabilities	(21) (22)	310,731	312,080
Loans and borrowings	(23)	529,735	522,839
Deferred tax liabilities	(24)	127,129	95,924
Other non-current liabilities	(25)	35,795	28,553
Current liabilities		**962,182**	**944,984**
Provisions	(19)	55,330	75,376
Current portion of loans and borrowings	(23)	213,169	196,926
Trade and other liabilities	(25)	693,683	672,682
TOTAL EQUITY AND LIABILITIES		**3,114,232**	**3,108,105**

Consolidated statement of cash flows

In thousands of EUR	Notes	2017	2018
Operating income (EBIT)		268,623	220,678
Depreciation, amortisation and impairment losses	(26)	163,425	169,836
Losses (gains) on sale of intangible assets and property, plant and equipment	(26)	-3,272	-29,882
Losses (gains) on sale of businesses		-34,387	194
Income tax paid	(26)	-61,734	-56,115
Changes in working capital, provisions and employee benefits	(26)	-48,012	-40,212
Changes in other non-current assets/liabilities		5,408	7,176
Cash flow from operating activities		**290,051**	**271,675**
Proceeds from sale of intangible assets and property, plant and equipment	(26)	9,950	37,045
Acquisition of business		-49,547	-
Disposal of business		11,931	979
Capital expenditure	(26)	-147,746	-192,345
Other		83	-1,326
Cash flow from investing activities		**-175,329**	**-155,647**
Capital increase / (decrease)		-4,660	2,898
Proceeds (repayment) of borrowings		-189,502	-23,170
Interest and dividend received	(26)	4,988	5,414
Dividend paid	(26)	-39,351	-43,862
Interest paid		-50,554	-27,649
Cash flow from financing activities		**-279,079**	**-86,369**
Net increase (decrease) in cash and cash equivalents		**-164,357**	**29,659**
Cash and cash equivalents at the beginning of the year		279,432	103,968
Translation differences		-9,444	-6,316
Changes in the scope of consolidation		-1,663	-128
Net increase (decrease) in cash and cash equivalents		-164,357	29,659
Net cash and cash equivalents at the end of the year		**103,968**	**127,183**
Cash and cash equivalents		*107,013*	*134,164*
Bank overdrafts		*-3,045*	*-6,981*

Consolidated statement of changes in equity

Attributable to the equity holders of Etex (Note 18)

In thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2016	**8,216**	**-19,988**	**-289,850**	**-196,099**	**1,357,869**	**28,433**	**888,581**
Total comprehensive income	-	-	65,605	-48,061	146,241	2,196	165,981
Capital increase / (decrease)	-4,940	-	-	-	280	-	-4,660
Dividend	-	-	-	-	-37,519	-1,550	-39,069
Other equity movements	-	-	-	-	1,290	-1,290	-
Treasury shares	-	-	-	-	-	-	-
At December 31, 2017	**3,276**	**-19,988**	**-224,245**	**-244,159**	**1,468,162**	**27,788**	**1,010,833**
Total comprehensive income	-	-	-5,882	-49,735	140,407	4,846	89,636
Capital increase / (decrease)	-	-	-	-	-	2,898	2,898
Dividend	-	-	-	-	-41,427	-2,307	-43,734
Other equity movements	-	-	-	-	18,560	3,547	22,108
Treasury shares	-	-	-	-	-	-	-
At December 31, 2018	**3,276**	**-19,988**	**-230,127**	**-293,894**	**1,585,702**	**36,772**	**1,081,740**

Accounting policies

Etex N.V. (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 entities (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 3 April 2019.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2018 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 the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2018.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:
IFRS 9 Financial Instruments, effective 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: 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. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group has adopted the new standard on the required effective date and did not have a significant impact on its balance sheet and equity.

(a) Classification and measurement
The Group did not have a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It continues to measure at fair value all financial assets currently held at fair value.

The equity shares in non-listed companies are intended to be held for the foreseeable future, which have been decided to present fair value changes through profit and loss and thereafter for every new acquisition the decision will be made on an instrument by instrument basis.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group continues to measure these at amortised cost under IFRS 9. Following the assessment of the contractual cash flow characteristics of its debt instruments the Group concluded that the loans and trade receivables can be classified at amortised cost measurement under IFRS9.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and records lifetime expected losses on all trade receivables. The application of the expected credit loss did not have a significant impact on equity due to the secured nature of its loans and receivables.

(c) Hedge accounting
All existing hedge relationships that are currently designated in effective hedging relationships still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group did not have a significant impact as a result of applying IFRS 9.
IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018.

IFRS 15 was issued in May 2014 and establishes a five-step model to account for 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 Group has adopted the new standard on the required effective date using the full retrospective method. The standard did not have a significant impact on revenues, and no restatement of comparative periods have been performed. There is no change in timing (Point in Time or Over Time) of the revenues. We refer to our accounting principles on revenue recognition for further information.

In addition, the following amendments and/or interpretations also does not have any significant effect on the financial statements.

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment transactions, effective 1 January 2018
- Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016), effective 1 January 2018

Basis of preparation

A - Functional and presentation currency

The consolidated financial statements are presented in Euro, which is the Company'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.

The Group adopted IFRS 9 as from 1 January 2018. The transition to IFRS 9 has not had a significant impact.

Business Combinations

The acquisition method is applied in business combinations. The consideration is measured at fair value on the transaction date, which is also the date when fair value of identifiable assets, liabilities and contingent liabilities acquired in the transaction are measured. If the accounting of a business combination is incomplete at the end of the reporting period, in which the transaction occurred, the Group will report preliminary values for the assets and liabilities. Preliminary values are adjusted throughout the measuring period of maximum one year in order to reflect new information obtained about circumstances that existed as of the acquisition date, that if known, would have affected the valuation on that date. Correspondingly, new assets and liabilities can be recognised. The transaction date is when risk and control has been transferred and normally coincides with the closing date.

Non-controlling interests are recognised either at fair value or the proportionate share of the identifiable net assets and liabilities. The assessment is done for each transaction.

Any differences between cost and fair value for acquired assets, liabilities and contingent liabilities are recognised as goodwill or recognised in the income statement when the cost is lower. No provisions are recognised for deferred tax on goodwill.

Transaction costs are recognised in the income statement when incurred.

If business combinations are achieved in stages, the existing ownership interests is recognised at fair value at the point in time when control is transferred to the Group. Such a change in the carrying value of the investment is recognised in the income statement.

The principles applied to the recognition of acquisition of associated companies and joint ventures are in general the same as those applied to the acquisition of subsidiaries.

Hyperinflation

In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies as of 1 January 2018. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into Euro at the period closing exchange rate. Consequently, the company has applied hyperinflation accounting for its Argentinean subsidiaries for the first time in these consolidated financial statements applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of 1 January 2018;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2017 were reported in retained earnings and the impacts of changes in the general

purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line (see also Note 5 Finance income and expense;

- The income statement is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies), thereby restating the year to date income statement account both for inflation index and currency conversion;
- The prior year income statement and balance sheet of the Argentinean subsidiaries were not restated.

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 (including 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 entities 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 entities 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 companies. 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 entities 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 € have been used in preparing the financial statements:

			2017		2018
		Average	End of period	Average	End of period
Argentinean peso	ARS	18.7749	22.3663	43.1627	43.1627
Chilean peso (000)	CLP	0.7330	0.7373	0.7565	0.7955
Chinese yuan	CNY	7.6338	7.8023	7.8053	7.8473
Colombian peso (000)	COP	3.3384	3.5787	3.4838	3.7210
Danish krone	DKK	7.4387	7.4449	7.4530	7.4673
Pound sterling	GBP	0.8769	0.8872	0.8845	0.8945
Hungarian forint	HUF	309.1892	310.3300	318.8582	320.9800
Indonesian rupiah (000)	IDR	15.1328	16.2391	16.8039	16.5000
Nigerian naira	NGN	351.2407	367.0460	360.9992	350.9430
Peruvian nuevo sol	PEN	3.6854	3.9180	3.8803	4.1500
Polish zloty	PLN	4.2547	4.1770	4.2614	4.3014
US dollar	USD	1.1308	1.1993	1.1813	1.1450
South African rand	ZAR	15.0475	14.8054	15.6097	16.4594

Risk profile

The Group is exposed to the normal range of general business risks. The Group takes measures to cover these risks through insurance and internal policies. Fully operational since 2011, the internal audit department reviews our companies in a three-year cycle.

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

The Group is active around the world. As such, the group is exposed to the impact of currency fluctuations on revenues, costs, assets, and liabilities arising outside the Eurozone. In 2017, the Group continued to follow our well-thought-out policies for addressing these risks.

Demand for building materials is mainly driven by growing populations and increasing prosperity. Another important factor are changing macroeconomic parameters, including GDP growth, public spending, interest rates and government policies.

The Group achieves risk diversification through our geographic spread and diversified portfolio. An additional element contributing to this diversification is the Group's broad involvement in residential, commercial, and industrial building, as well as renovation and new housing developments.

The Group uses a variety of raw materials to manufacture its products. Cement, for instance is a key ingredient. It is usually broadly available from several suppliers. Furthermore, the fibres are used to reinforce some of our products are sourced from a limited number of Japanese and Chinese companies. The Group has built long-term relationships and contracts with each of these businesses. For natural resources such as clay and gypsum, we either own raw material supplies or we secure them by means of long-term contracts.

Our energy costs are significant. This is true for the production of specific products (ceramic tiles in particular) as much as for the manufacturing of the raw materials we receive from our suppliers. That is why we constantly review measures to reduce our energy consumption.

In the past, some Group companies regrettably used asbestos as a raw material. These businesses are exposed to claims from people having developed asbestos-related diseases. The Group is committed to ensuring fair compensation for those suffering from an illness caused by our former use of asbestos. The compensation costs 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.

For the Group’s risks from business activities and the use of financial instruments, we refer to section ‘R- Risk management.

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 entities 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 a financial asset valued at fair value over OCI (FVOCI) 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 financial asset FVOCI, following an event occurring after the recognition of the impairment loss, is performed in comprehensive income. In the case of equity investments classified as financial asset FVOCI, 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 fair value through OCI 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 CO^2 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 Scholes 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 financial asset valued at fair value through OCI. 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. In 2015 a factoring and credit insurance plan is set up for trade receivables (refer to note 14).

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 entities 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 entities 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 arising from contracts with customers is recognised applying the five-step model. Revenue is recognized at an amount that reflects the consideration to which Group expect to be entitled in exchange for transferring goods or services to a customer.

Sales of goods

Contracts with customers to sell goods has only performance obligation. Revenue recognition (net of sales tax and discounts) occurs at a point in time, when control of the asset is transferred to the customer.

Project - Construction contracts

A limited number of activities of the Group (representing less than 1% of total revenues) 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.

The Group adopted IFRS 15 as from 1 January 2018. The transition to IFRS 15 has not had a significant impact.

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 – Non recurring items

Income statement items that relate to significant restructuring measures, health claims and environmental remediation, major litigation, and goodwill impairment, income or expenses arising from disposal of businesses or non productive assets and other significant one-off impacts such as those relating to long term employee benefits settlement.

Y - Hyperinflation

Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with IFRS thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies.

Z - 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 2018 financial statements, which could be applicable to the Group are listed below:

- **IFRS 16 Leases, effective 1 January 2019**

IFRS 16 Leases was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low value leases.
The standard will affect primarily the accounting for the group's operating leases. At the reporting date, the group has non-cancellable operating lease commitments of €112 million, see note 23. Of these commitments, those relating to short-term leases and low value

leases will both be recognized on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the group expects to recognize right-of-use assets and lease liabilities of in the range of €100 million on 1 January 2019 (after adjustments for prepayments and accrued lease payments recognized at 31 December 2018); impact on deferred taxes will be immaterial. The group expects that net profit after tax will not change materially for 2019 because of adopting the new rules. The EBITDA is expected to increase in the range of €25 million, as the operating lease payments were included in EBITDA, but the amortization of the right-of use assets and interest on the lease liability are excluded from this measure. Operating cash flows will increase, and financing cash flows decrease in the range of €25 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.
The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.
The group will apply the standard from its mandatory adoption date of 1 January 2019. The group will apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

- **IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019)**

Uncertainty over income tax treatments was issued in June 2017 and becomes applicable as from 1 January 2019. This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The group has reviewed their tax positions taken in the financial statements and in the tax filings and how these are supported. In addition, the group has assessed how the taxation authorities might make their examinations and how issues that might arise from that examinations could be resolved. The Group is currently assessing the impact of this new standard. The determination of the expected value (the sum of the probability-weighted amounts in a range of possible outcomes), where appropriate, is pending.

- **Amendments to IFRS 9, 'Prepayment features with negative compensation' (effective 1 January 2019)**

The amendments to IFRS 9, 'Prepayment features with negative compensation' will be effective from 1 January 2019. The amendments are not expected to have a significant effect on the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Explanatory notes

Note 1 – Revenue

Revenue by activity

In thousands of EUR	2017	2018
Etex Building Performance	1,526,266	1,649,906
Etex Roofing	836,074	814,330
Etex Façade	267,123	262,988
Etex Industry	163,534	169,714
Others	741	-
Total	**2,793,738**	**2,896,938**

Revenue by geographical area

In thousands of EUR	2017	2018
France	475,873	510,494
Germany	384,171	384,466
United Kingdom	485,393	489,897
Benelux	172,544	186,528
Poland	115,165	120,599
Spain	41,058	115,072
Other Europe	388,049	406,358
Chile	111,624	106,990
Argentina	97,872	72,253
Peru	78,172	67,104
Colombia	68,862	63,272
Nigeria	73,428	74,176
South Africa	53,758	55,536
Rest of the World	247,769	244,193
Total	**2,793,738**	**2,896,938**

Note 2 – Operating charges by nature

The Group's major operating charges by function in 2018 are as follows:

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	Total
Cost of sales	-359,366	-129,411	-870,590	-185,309	-264,012	-237,477	-2,046,164
Distribution expenses	-218,953	-18,200	-	-756	-22,309	-147,436	-407,654
Administrative and general expenses	-101,872	-10,090	-	-693	-5,615	-60,902	-179,172
Other operating charges	-19,155	-1,854	-	-311	-3,053	1,756	-22,617
Non recurring items	-40,480	-10,282	-	-	-	26,130	-24,632
Total	**-739,826**	**-169,836**	**-870,590**	**-187,070**	**-294,989**	**-417,928**	**-2,680,239**

The Group's major operating charges by function in 2017 are as follows:

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	Total
Cost of sales	-342,110	-125,571	-784,345	-165,031	-249,230	-265,775	-1,932,062
Distribution expenses	-223,021	-16,331	-	-801	-19,874	-129,281	-389,309
Administrative and general expenses	-106,984	-10,113	-	-757	-5,296	-62,692	-185,842
Other operating charges	-23,751	-1,896	-	-146	-2,756	-227	-28,777
Non recurring items	-9,587	-9,514	-	-	-	22,062	2,961
Total	**-705,453**	**-163,425**	**-784,345**	**-166,736**	**-277,156**	**-435,913**	**-2,533,029**

Certain comparatives have been reclassified to conform to current year's presentation in line with current organisational structure.

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

In thousands of EUR	2017	2018
Wages and salaries	-520,098	-511,262
Social security contributions	-108,573	-110,632
Contributions to defined contribution plans	-13,727	-13,650
Charges for defined benefit plans (service cost)	-14,799	-12,027
Restructuring and termination charges	-7,281	-40,480
Other employee benefits expenses	-40,975	-51,774
Total employee benefits expenses	**-705,453**	**-739,826**

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

	2017	2018
Production	8,824	8,749
Sales and marketing	4,097	4,109
Administration and research	1,589	1,600
Average number of personnel	**14,510**	**14,458**

Note 3 – Other operating charges and income

In thousands of EUR	2017	2018
Research	-20,588	-19,998
Other operating taxes	-2,471	-2,439
Direct expenses arising from investment properties	-378	-83
Miscellaneous	-5,340	-97
Total other operating charges	**-28,777**	**-22,617**

In thousands of EUR	2017	2018
Income from investment property	749	207
Government grant amortisation	1,534	1,546
Miscellaneous	5,631	2,226
Total other operating income	**7,914**	**3,979**

Note 4 – Non recurring items

In thousands of EUR	2017	2018
Gain on disposal of assets	3,809	29,986
Gains / Losses on disposal of businesses	34,305	-194
Total gains and losses on disposal of assets and businesses	**38,114**	**29,792**
Restructuring costs	-19,235	-44,850
Health claims	-313	3,603
Environmental remediation	-6,972	-10,916
Asset impairment	-2,575	-6,278
Past service gain / Settlements	-	-6,170
Others	-6,058	10,187
Total other non recurring items	**-35,153**	**-54,424**
Non recurring items	**2,961**	**-24,632**

Etex has opted for a non recurring classification of significant one-off impacts on the income statement, both positive and negative impacts relating to significant restructuring measures, gain and losses on disposal of assets or businesses and goodwill impairments, settlements relating to post-employment liabilities or litigation not relating to current activities. Non recurring items also include the impact of health claims and environmental remediation, as the health claims and environmental remediation impacts can fluctuate from one year to another and relate to the asbestos legacy of Etex.

The 2018 gain on disposal of assets relates to non operational sites in France, in the United Kingdom and in Germany. In 2017, the most significant gain on disposal of assets related to disposal of an office building in Luxembourg and to a French site

In April 2018, Etex disposed the company Fibrolith Dämmstoffe, a German producer wood wool cement boards, with a net loss of €194 thousand.

The 2017 result on businesses disposal are the gain recognised as a result of the step up acquisition of the non controlling interest in Pladur (€37,123 thousand), the gain realised on the disposal of Industria Princesa (Chile) a Chilean bricks and brick veneers manufacturer (€1,538 thousand) and the loss on disposal of the Tonality ceramic tile business in Germany (€4,357 thousand).

Restructuring plans initiated in 2018 mainly relate to the following:

- the integration, re-design and centralisation of functions within the Etex Business Performance division in Germany, France and the Netherlands (€15,479 thousand),
- the set-up of a regional structure and resulting restructurings within Etex divisions in Africa, in Latin America and in Europe (€12,371 thousand),
- in France, Russia, Nigeria and in the United Kingdom, specific business lines are stopped with a total cost of €6,328 thousand plus associated impairment of equipment for €1,761 thousand,
- the further employment reduction program in the Roofing division in Germany (charges €3,115 thousand and impairment of equipment for €938 thousand),
- other right-sizing decisions by elimination of support roles (€ 4,898 thousand).

In 2017, following restructuring plans were initiated:

- the closure of the concrete plant in Heidelberg, Germany (charges €3,800 thousand and impairment of equipment for €835 thousand),
- the adaptation of clay tile capacity to market demand, with impact our premises in Malsh and Autenried (Germany), by stopping production on several lines (charges €7,000 thousand and impairment of equipment for €5,269 thousand),
- the further integration of the fire protection technical construction business into the building board division (€2,850 thousand),
- the manufacturing operations in Chile (charges €1,062 thousand and impairment of equipment for €835 thousand),
- the discontinued scaffolding activities in the United Kingdom (€ 542 thousand),
- other elimination of roles in sales forces and administration in France and South Africa (€ 1,057 thousand).

Net health claims impacts are €313 thousand charges in 2017 and €3,603 thousand income in 2018 due to reversal of provisions with respect to statistical model which appeared to be too conservative for 2018 compared to the actual figures; other conservative assumptions in the past also explain this favourable impact, among others relating to insurance coverage in specific countries.

Environmental remediation charges cover various projects which costs were exposed to renovate asbestos-containing sites and properties.

The impairment losses incurred in 2018 are relating to restructuring plans mainly relating to non operational assets in France and Romania.

In 2017 impairment losses relate mainly office building in Brussels and to raw material preparation in the United Kingdom; partially offset by reversal of impairment on equipment in Spain.

Past service cost charges for 2018 are the outcome of immediate recognition of employee benefits provision for past services in the United Kingdom as a result of the High Court ruling on 26 October 2018 with respect to guaranteed minimum pension (“GMP”) equalisation between men and women.

Other non recurring items in 2018 mainly include compensation recognised with respect to asbestos legacy charges which are partially offset by property tax impacts resulting from mergers in Germany and charges relating to acquisition and disposal projects.

In 2017, the main other non recurring items charges relating to acquisition projects and other costs relating to minority shareholders in the German entity Creaton AG.

Note 5 – Finance income and expense

In thousands of EUR	2017	2018
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	4,141	4,589
Positive impact of change in discount rate of long term provisions	526	108
Other interest related income	20	18
Interest income	**4,687**	**4,715**
Interest expense on financial liabilities measured at amortised cost	-35,190	-22,599
Net interest expense on post-employment benefits	-8,383	-4,581
Unwinding of discount long term provisions	-210	-549
Negative impact of change in discount rate of long term provisions	-428	-652
Negative fair value adjustments of interest rate contracts (held for trading at fair value through profit and loss)	-1	-
Other interest related charges	-2,938	-1,884
Interest expense	**-47,150**	**-30,265**
Dividend income from shares in non consolidated companies (FVTOCI financial assets)	136	76
Net foreign exchange gains (loans and receivables)	8,592	11,121
Other	58	304
Other finance income	**8,786**	**11,501**
Net foreign exchange losses (liabilities at amortised cost)	-18,919	-9,953
Hyperinflation Argentina	-	-1,345
Other	-1,003	-1,980
Other finance expense	**-19,922**	**-13,278**
Net finance costs	**-53,599**	**-27,327**

The lower interest expense on financial liabilities measured at amortised cost is mainly explained by the refinancing at a lower cost, and the evolution of loan reimbursements. It includes the effect of interest rate swaps hedging the Group's interest rate risk: €7,656 thousand paid in 2018 (€7,666 thousand paid in 2017).

The other interest related charges mainly include upfront fee expenses for €1,533 thousand (€2,607 thousand in 2017) in connection with external financial debt which are amortised over the duration of the loan.

Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain is the result of the Group's foreign exchange exposure in mainly Brazil and Indonesia on the current financial asset and liabilities in these countries.

The impact of hyperinflation in Argentina in 2018 is €-1,345 thousand.

Note 6 - Income tax expense

In thousands of EUR	2017	2018
Current income tax charge for the year	-64,238	-53,953
Adjustments to current income tax of previous years	1,902	-3,403
Current income tax expense	**-62,336**	**-57,356**
Origination and reversal of temporary differences	11,024	18,184
Net effect on deferred tax assets	-13,112	-10,897
Net effect of changes in tax rates on deferred tax	1,515	434
Deferred income tax expense	**-573**	**7,721**
Total income tax expense	**-62,909**	**-49,635**

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	2017	2018
Profit before income tax and before share of profit in equity accounted investees	**215,023**	**193,351**
Theoretical income tax expense (nominal rates)	-56,859	-42,769
Weighted average nominal tax rate %	26.4%	22.1%
Tax impact of		
Non deductible expenses	*-11,284*	*-10,637*
Tax on profit distribution inside the Group	*-3,647*	*-3,253*
Tax-free gains/losses on investments	*12,856*	*6,727*
Other tax deductions	*7,493*	*13,126*
Unrecognised deferred tax assets on current year losses	*-17,190*	*-12,640*
Recognition of previously unrecognised deferred tax assets	*14,913*	*2,678*
Derecognition of previously recognised deferred tax assets	*-10,835*	*-935*
Net effect of changes in tax rates on deferred tax	*1,515*	*434*
Adjustments to prior year income tax	*1,902*	*-3,403*
Other tax adjustments	*-1,773*	*1,037*
Income tax expense recognised in the income statement	**-62,909**	**-49,635**
Effective tax rate %	29.3%	25.7%

In 2018 and 2017, the unrecognised deferred tax assets on current year losses are mainly impacted by restructuring.

Income tax recognised directly in equity is related to:

In thousands of EUR	2017	2018
Actuarial gains (losses) on post employment benefit plans	-14,247	225
Gains (losses) on financial instruments - cash flow hedging	-3,353	-1,260
Total	**-17,600**	**-1,034**

Note 7 - Property, plant and equipment

In thousands of EUR	Land and buildings	Plant, machinery, equipment	Furniture, vehicles	Other property, plant, equipment	Under construction	Total
At 31 December 2016						
Gross book value	1,086,057	2,354,550	239,440	26,146	67,475	3,773,668
Accumulated depreciation	-507,542	-1,432,230	-159,113	-17,541	-	-2,116,426
Accumulated impairment loss	-6,691	-64,068	-586	-78	-4,804	-76,227
Net book value	**571,824**	**858,252**	**79,741**	**8,527**	**62,671**	**1,581,015**
Of which leased assets	-	*1,723*	*141*	-	-	*1,864*
Additions	11,801	40,203	3,906	1,740	84,040	141,690
Disposals	-474	-2,071	-185	-	1,103	-1,627
Acquisitions through business combinations	26,045	31,606	33	65	48,058	105,807
Transfer between captions	7,621	28,092	1,545	-2,224	-34,496	538
Depreciation for the year	-29,805	-90,377	-10,944	-1,689	-	-132,815
Impairment loss of the year	-1,265	-11,374	-343	-	-	-12,982
Reversal impairment loss	57	3,476	-	-	-	3,533
Translation differences	-16,642	-21,989	-231	-184	-5,135	-44,181
At 31 December 2017						
Gross book value	1,116,789	2,414,690	230,652	25,696	161,037	3,948,864
Accumulated depreciation	-539,023	-1,514,127	-156,216	-19,381	-	-2,228,747
Accumulated impairment loss	-8,604	-64,745	-914	-80	-4,796	-79,139
Net book value	**569,162**	**835,818**	**73,522**	**6,235**	**156,241**	**1,640,978**
Of which leased assets	-	*4,314*	*21*	-	-	*4,335*
Additions	14,476	50,175	5,032	994	83,801	154,478
Disposals	-879	-981	-79	-2	-	-1,941
Changes in the scope of consolidation	-944	-398	-	-310	-	-1,652
Transfer between captions	28,691	98,416	-3,879	154	-124,064	-682
Depreciation of the year	-32,108	-91,917	-10,624	-1,699	-	-136,348
Impairment loss of the year	-853	-3,828	-239	-	-213	-5,133
Reversal of impairment loss	-	958	-	-	-	958
Hyperinflation - opening balance restatement through equity	3,384	2,294	95	-4,562	1,997	3,208
Hyperinflation - impact of the year	4,948	10,193	843	-2,317	3,624	17,291
Translation differences	-9,590	-12,693	-673	-66	-6,305	-29,327
At 31 December 2018						
Gross book value	1,144,799	2,511,616	223,868	25,287	118,151	4,023,721
Accumulated depreciation	-560,231	-1,563,378	-158,732	-26,782	-	-2,309,123
Accumulated impairment loss	-8,285	-60,201	-1,138	-78	-3,069	-72,771
Net book value	**576,283**	**888,037**	**63,998**	**-1,573**	**115,082**	**1,641,827**
Of which leased assets	-	*3,869*	*10*	-	-	*3,879*

During the year several investments were made in capacity increase especially in the UK, Spain and Belgium. In Ireland investment were made to revamp a Fiber Cement line. There are no borrowing costs capitalised in 2017 and 2018.

The disposal proceeds of property, plant and equipment in 2018 amount to € 2,869 thousand, resulting in a net gain of € 930 thousand. In 2017, the proceeds amounted to €5,077 thousand with a net gain of €3,450 thousand.

We refer to note 8.4 for the impairment testing of capital employed.

Note 8 – Goodwill and business combinations

8.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	2017	2018
Gross book value	255,214	255,330
Accumulated impairment losses	-52,043	-52,355
Net book value at the beginning of the year	**203,171**	**202,975**
Additions through business combinations	2,113	-
Translation differences	-2,309	-1,542
Net book value at the end of the year	**202,975**	**201,433**
Gross book value	255,330	253,357
Accumulated impairment losses	-52,355	-51,924

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

In thousands of EUR	2017	2018
Roofing	83,685	83,666
Building Performance	85,289	83,793
Industry	25,332	25,332
Etex Nordic	8,539	8,512
Others	130	130
Total	**202,975**	**201,433**

8.2. Business combinations

The Group did no acquire new business in 2018.

On 22 December 2017, Etex acquired the remaining 59% shares of the Spanish Pladur, a leading Spanish manufacturer of gypsum products with a strong brand reputation on its domestic market, for a total contribution of €112,239 thousand, of which €45,712 thousand in cash (plus acquisition cost for €1,140 thousands). The remainder is made up of the historical value of the company previously equity accounted €29,403 thousand (see Note 12) and the gain recognised on the transaction: the company was previously accounted for as equity accounted investee and the transaction generated a gain of €37,123 thousand (see Note 4). In 2017, Pladur did not contribute to any significant sales or REBITDA given the timing of the transaction completion; the pro-forma REBITDA contribution would they have been consolidated from the beginning of the year amounts to €8,895 thousand.

The fair value of the identifiable assets and liabilities of the businesses acquired in 2017 as at the date of acquisition are disclosed in the following table.

In thousands of EUR	Pladur	2017
Non-current assets	**149,456**	**149,456**
Property, plant and equipment	113,485	113,485
Assets held for sale	691	691
Intangible assets	32,111	32,111
Other non-current assets	27	27
Deferred tax assets	3,143	3,143
Current assets	**30,210**	**30,210**
Inventories	8,902	8,902
Trade and other receivables	19,196	19,196
Current financial assets	962	962
Cash and cash equivalents	1,151	1,151
TOTAL ASSETS	**179,667**	**179,667**
Non-current liabilities	**27,274**	**27,274**
Provisions	6,498	6,498
Loans and borrowings	12,949	12,949
Deferred tax liabilities	7,827	7,827
Current liabilities	**42,266**	**42,266**
Current portion of loans and borrowings	15,421	15,421
Trade and other liabilities	26,845	26,845
TOTAL LIABILITIES	**69,540**	**69,540**
Net identifiable assets and liabilities	**110,126**	**110,126**
Group share	110,126	110,126
Acquisition price satisfied in cash (Group share)	**112,239**	**112,239**
Goodwill generated	2,113	2,113

The goodwill above did not change from the provisional valuation.

8.3 Acquisitions of non-controlling interests

The domination agreement between Creaton AG and its majority shareholder Etex Holding GmbH in Germany (August 2007) stipulated 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 2017, Etex Holding GmbH acquired all remaining shares (235.738) for a price of €7.629 thousand. Hence, at year-end 2017 there is no longer any financial liability (€6.814 thousand in 2017). It is disclosed in note 23.

8.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2018, 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.

The capital employed and goodwill values tested in the global cash-generating unit Building Performance include the goodwill generated by the acquisition of the plasterboard business in Europe and in Brazil in 2011,of Pladur in 2017 and of the technical construction business, at the time part of the Fire Protection and Insulation business, generated by the acquisition of Comais (1996, calcium silicate boards), Intumex (2000, intumescent products) and Cafco (2007, paint and spray) as allocated in 2017 between the Etex Building Performance and the Etex Industry divisions.

Etex Industry capital employed value, consistently tested as one whole, include the above-mentioned goodwill values and the impact of the acquisition of Microtherm (2011, high performance insulation).

Similarly, the new global Etex Roofing Residential division includes, as from 2019, the capital employed for the residential clay and concrete roofing business of Etex in Europe and in South Africa and the goodwill values generated by the acquisition of Creaton (2005, clay business in Germany, Austria, Hungary and Poland) and Brash (2016, timber roofing battens).

Finally, the global cash-generating unit for Etex Exteriors was tested: it covers fibre-cement façade and roofing business in Europe,and Americas and was tested for impairment on its capital employed including goodwill, mainly relating to the acquisition of business in Nordic countries (2008).

No impairment would have been required, should these goodwill values with respect to Roofing Residential and Exteriors been tested differently, as it was done till the end of 2017 based on the organization design then.

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,

- cash flows for further periods were extrapolated using a constant growth rate of 1% to 5% per annum depending on the countries involved and their inflation (1% to 3% in 2017)

- cash flows were discounted using the weighted average cost of capital (WACC) in a range of 5.7 % to 10.0 % depending on the countries involved (7.0 % to 9.4 % in 2017).

In connection with the impairment testing process on the capital employed including goodwill, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. Goodwill values are not sensitive to reasonable changes in assumptions (such as an increase of WACC by 1%) except Roofing Residential where, in case of an increase of discounting rates by 0.1% in combination with a reduction of the perpetual growth rate by 0.5%, the need for impairment would crystalize.

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 2016							
Gross book value	43,870	98,846	97,583	74,091	46,676	14,809	375,875
Accumulated amortisation	-16,648	-67,834	-38,229	-24,252	-16,738	-12,855	-176,556
Accumulated impairment losses	-4,538	-395	-	-	-	-	-4,933
Net book value	**22,684**	**30,617**	**59,354**	**49,839**	**29,938**	**1,954**	**194,386**
Additions	98	4,240	-	-	-	-	4,338
Acquisitions through business combinations	12,122	112	7,726	-	14,380	353	34,693
Transfer between captions	-1,520	386	-9	-	-	605	-538
Amortisation for the year	-548	-6,275	-5,860	-4,340	-3,595	-111	-20,729
Impairment loss of the year	-3	-89	-	-	-	-	-92
Translation differences	-1,886	-538	-528	-95	-146	-104	-3,297
At 31 December 2017							
Gross book value	53,349	104,177	104,567	74,688	60,744	15,050	412,575
Accumulated amortisation	-17,862	-75,332	-43,884	-29,284	-20,167	-12,353	-198,882
Accumulated impairment losses	-4,540	-392	-	-	-	-	-4,932
Net book value	**30,947**	**28,453**	**60,683**	**45,404**	**40,577**	**2,697**	**208,761**
Additions	32,893	2,679	-	-	-	2,268	37,840
Disposals	-	-3	-186	-	-	-	-189
Acquisitions through business combinations	-	-	-	2,051	-	-2,051	-
Transfer between captions	24	756	-16	44	-	-126	682
Amortisation for the year	-288	-6,649	-6,249	-4,359	-4,946	-132	-22,623
Impairment loss of the year	-	-	-	-	-1,064	-61	-1,125
Changes in the scope of consolidation	-	-43	21	-	-	-	-22
Hyperinflation - opening balance restatement through equity	-	53	-	-	-	3	56
Hyperinflation - impact of the year	-	14	-	-	-	-	14
Translation differences	-1,441	-378	-186	-87	-98	-362	-2,552
At 31 December 2018							
Gross book value	85,474	104,026	103,814	75,885	60,339	14,683	444,221
Accumulated amortisation	-18,799	-78,763	-49,747	-32,832	-24,879	-12,389	-217,409
Accumulated impairment losses	-4,540	-381	-	-	-991	-58	-5,970
Net book value	**62,135**	**24,882**	**54,067**	**43,053**	**34,469**	**2,236**	**220,842**

In 2018 the Group completed a strategic investment in a concession for raw material reserves.

We refer to note 8.4 for the impairment testing of capital employed.

Note 10 – Investment properties

In thousands of EUR	2017	2018
Gross book value	41,988	41,814
Accumulated depreciation	-16,085	-16,192
Accumulated impairment losses	-2,246	-2,246
Net book value at the beginning of the year	**23,657**	**23,376**
Depreciation for the year	-340	-322
Impairment losses	-	-5,289
Additions	125	27
Transfer between captions	-	-295
Disposals	-19	-4,388
Hyperinflation - opening balance restatement through equity	-	343
Hyperinflation - impact of the year	-	140
Translation differences	-47	-8
Net book value at the end of the year	**23,376**	**13,584**
Gross book value	41,814	39,254
Accumulated depreciation	-16,192	-18,136
Accumulated impairment losses	-2,246	-7,534

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 €24,759 thousand (€35,635 thousand in 2017). Where external valuations were not available, best estimates have been used.

Note 11 – Assets held for sale

In thousands of EUR	2017	2018
Gross book value	6,899	4,155
Accumulated impairment losses	-524	-749
Net book value at the beginning of the year	**6,375**	**3,406**
Impairment losses	-	-33
Reversal of impairment losses	-	79
Disposals	-4,996	-644
Additions	1,593	-
Scope in	691	-
Transfer between captions	-	295
Translation differences	-257	59
Net book value at the end of the year	**3,406**	**3,162**
Gross book value	4,155	9,198
Accumulated impairment losses	-749	-6,036

Assets held for sale are mainly 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, the United Kingdom and Spain.

The transfer between captions for 2018 (€295 thousand) is the net of transferred assets with a gross carrying amounts for €5,627 thousand and accumulated impairments for €-5,333 thousand.

In 2017, a land located in Widnes was disposed; we have also integrated assets held for sale owned by Pladur as a result of its full consolidation.

Note 12 – Investments in equity accounted entities

In thousands of EUR	2017	2018
At the beginning of the year	**37,197**	**8,186**
Result for the year	1,220	1,018
Dividends paid	-712	-761
Disposal	-29,501	-
Capital increases	-	1,911
Cumulative translation adjustments	-18	-45
At the end of the year	**8,186**	**10,309**

The 2017 disposal value represents on the one hand the derecognition of Pladur as equity accounted entity (€29,403 thousand) since Etex obtained control via the acquisition of the remaining shares (59.31%), and on the other hand the sale of OTE Surface Protection GmbH (€98 thousand).

In 2018 the Group's share of the capital increase in E2E (Chilean joint venture) equals to €1,911 thousand.

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

In thousands of EUR	2017	2018
Property plant and equipment	5,460	6,544
Other non-current assets	245	251
Current assets	8,352	9,330
Non-current liabilities	-667	-780
Current liabilities	-5,204	-5,036
Total net assets	**8,186**	**10,309**
Revenue	16,949	19,760
Operating income	1,383	1,403
Profit after tax	1,220	1,018

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

In thousands of EUR	2017	2018
Transactions		
Purchases from equity accounted entities	4,679	4,435
Sales to equity accounted entities	3,417	3,830
Dividends paid	712	761
Outstanding balances		
Trade receivables	668	552
Other current receivables	642	711
Trade liabilities	9	285

Note 13 – Other non-current assets

In thousands of EUR	2017	2018
Trade and other receivables	*10,069*	*4,968*
Impairment on trade and other receivables	*-2,863*	*-1,126*
Net trade and other receivables	7,206	3,842
Derivative financial instruments with positive fair value	-	427
Available-for-sale investments	*949*	*854*
Impairment on available-for-sale investments	*-127*	*-128*
Net available-for-sale investments	822	726
Deposits	5	354
Total	**8,033**	**5,349**

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for €726 thousand as their fair value cannot be measured reliably (€822 thousand in 2017).

Note 14 – Trade and other receivables

Current trade and other receivables

In thousands of EUR	2017	2018
Trade receivables	*249,592*	*250,443*
Impairment on trade receivables	*-27,258*	*-24,779*
Trade receivables	222,334	225,664
Other receivables	97,318	112,679
Total	**319,652**	**338,343**

At 31 December 2018, an amount of €159 million (2017 €167 million) has been received in cash under various non-recourse factoring and credit insurance programs, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk is not significant. The net amount of sold trade receivables is derecognized from the balance sheet.

Other receivables are mainly composed of:

In thousands of EUR	2017	2018
Income taxes recoverable	33,382	25,224
Other taxes recoverable	40,167	45,284
Derivative financial instruments with positive fair values	1,494	1,818
Prepaid charges and accrued income	6,342	2,539
Advances due from customers for contracts in progress	4,669	1,597
Advances to personnel	1,635	1,658
Others	9,629	34,559
Total	**97,318**	**112,679**

Exposure to credit risk – impairment losses

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

In thousands of EUR	2017	2018
Neither impaired nor past due at reporting date	433,727	446,683
Not impaired at reporting date and past due	52,873	50,252
Up to 30 days	*34,229*	*32,616*
Between 31 and 60 days	*8,062*	*5,258*
Between 61 and 90 days	*2,418*	*2,451*
Between 91 and 120 days	*1,824*	*1,912*
Between 121 and 150 days	*781*	*664*
More than 150 days	*5,559*	*7,351*
Non-recourse factoring	*-166,948*	*-158,592*
Net carrying amount at the end of the year	**319,652**	**338,343**

The Group applied the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analyzed the impact of IFRS 9 and concluded there is no material impact on the impairment losses booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impacts.

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

In thousands of EUR	2017	2018
Allowances at the beginning of the year	**-21,473**	**-27,258**
Additions	-3,420	-3,197
Use	3,710	1,767
Reversal	3,558	3,901
Change in the scope of consolidation	-9,633	8
Allowances at the end of the year	**-27,258**	**-24,779**

Other current assets

In thousands of EUR	2017	2018
Available-for-sale investments	112	-
Deposits	3,025	1,803
Total	**3,137**	**1,803**

Note 15 – Inventories

The different types of inventories are detailed below:

In thousands of EUR	2017	2018
Raw materials	127,835	132,466
Work in progress	35,062	29,443
Finished goods	231,604	213,625
Spare parts and consumables	84,211	86,051
Goods purchased for resale	36,942	35,177
Write-downs to net realisable value	-47,375	-49,926
Total	**468,279**	**446,836**

In 2018, the Group recognised inventory write-downs to net realisable value of €2,131 thousand (€1 thousand in 2017) as an expense, including reversal of prior year write-downs amounting to €8,501 thousand (€7,257 thousand in 2017). Reversals of write-downs without impact on the income statement amount to €-420 thousand (€1,308 thousand in 2017).

Note 16 – Risk management and financial derivatives

16.1 Risk management

A. Market risk

Exposure to currency risk

Around 51% of the Group's revenue is generated by subsidiaries with a functional currency other than the Euro (54% in 2017). The Group has its main foreign exchange exposure in the following foreign currencies: Argentinean peso, Chilean peso, Colombian peso, Nigerian naira, Peruvian nuevo sol and Pound sterling.

Translation currency sensitivity analysis

On the basis of the volatility of these currencies against the Euro in 2018, 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 1 December 2018	Average rate 2018	Possible volatility of rates in %	Range of possible closing rates 31 December 2018	Range of possible average rates 2018
Argentinean peso	43.1627	43.1627	21	34.029 - 52.2964	34.029 - 52.2964
Chilean peso (000)	0.7955	0.7565	11	0.7059 - 0.8852	0.6713 - 0.8418
Colombian peso (000)	3.7210	3.4838	13	3.2208 - 4.2211	3.0155 - 3.9521
Nigerian naira	350.9430	360.9992	20	280.7544 - 421.1316	288.7994 - 433.1991
Peruvian nuevo sol	4.1500	3.8803	9	3.7675 - 4.5325	3.5226 - 4.2379
Pound sterling	0.8945	0.8845	10	0.8063 - 0.9828	0.7973 - 0.9717

As a comparison, the reasonably possible change of exchange rate of these currencies against the Euro was estimated as follows for 2017:

				Rates used for sensitivity analysis	
	Closing rate 1 December 2017	Average rate 2017	Possible volatility of rates in %	Range of possible closing rates 31 December 2017	Range of possible average rates 2017
Argentinean peso	22.3663	18.7749	21	17.7575 - 26.9751	14.9062 - 22.6437
Chilean peso (000)	0.7373	0.7330	11	0.6572 - 0.8173	0.6534 - 0.8126
Colombian peso (000)	3.5787	3.3384	14	3.07 - 4.0874	2.8638 - 3.8129
Nigerian naira	367.0460	351.2407	35	239.5159 - 494.5761	229.2021 - 473.2793
Peruvian nuevo sol	3.9180	3.6854	11	3.4702 - 4.3658	3.2642 - 4.1066
Pound sterling	0.8872	0.8769	8	0.8174 - 0.9571	0.8079 - 0.9459

If the Euro had weakened or strengthened during 2018 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2018 profit would have been €17,121 thousand (12%) higher or €13,397 thousand (-9%) lower while equity would have been €50,295 thousand (5%) higher or €32,012 thousand (-3%) lower. In 2017, if the Euro had weakened or strengthened the profit would have been €16,522 thousand (11%) higher or €10,873 thousand (-7%) lower while equity would have been €60,492 thousand (6%) higher or €32,553 thousand (-3%) lower.

In thousands of EUR				2018
	If euro weakens		If euro strengthens	
	Profit	Equity	Profit	Equity
Argentinean peso	1,739	9,814	-1,132	-6,386
Chilean peso	-250	7,771	199	-6,653
Colombian peso	490	7,794	-374	-5,947
Nigerian naira	2,213	13,690	-1,475	-9,127
Peruvian nuevo sol	574	8,088	-477	-6,723
Pound sterling	12,355	3,138	-10,138	2,824
Total	**17,121**	**50,295**	**-13,397**	**-32,012**

In thousands of EUR				2017
	If euro weakens		If euro strengthens	
	Profit	Equity	Profit	Equity
Argentinean peso	4,462	9,837	-2,937	-6,475
Chilean peso	-663	12,715	533	-3,545
Colombian peso	446	7,142	-335	-5,364
Nigerian naira	5,432	26,247	-2,631	-12,711
Peruvian nuevo sol	1,033	10,167	-821	-8,081
Pound sterling	5,812	-5,616	-4,682	3,623
Total	**16,522**	**60,492**	**-10,873**	**-32,553**

Interest rates sensitivity analysis

At the end of 2018 € 489,477 thousand or 68% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€ 503,675 thousand or 68% at the end of 2017). This floating debt portion consists of debt instruments almost exclusively denominated in Euro apart from € 24,220 thousand that is denominated in Pound sterling (€21,012 thousand in 2017), € 14,928 thousand that is denominated in Romanian Leu (€16,840 thousand in 2017) and € 4,452 thousand denominated in other currencies.

The total interest expense recognised in the 2018 income statement on the Group's variable rate debt portion (continued and discontinued operations), net of the effect of interest rate derivative instruments, amounts to € 16,423 thousand (€ 16,865 thousand in 2017). The total interest expense recognised on the fixed rate portion amounts to € 5,123 thousand (€ 10,313 thousand in 2017).

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 2018	Possible volatility of rates	Possible rates at 31 December 2018
Euro	-0.31%	-0.01% - 0.01%	-0.32% - -0.30%
Pound sterling	0.91%	-0.21% - 0.19%	0.7% -1.1%
Romanian Leu	1.66%	-0.33% - 1.02%	1.33% -2.68%

		Rates used for sensitivity analysis	
	Rates at 31 December 2017	Possible volatility of rates	Possible rates at 31 December 2017
Euro	-0.33%	-0,00% - 0,01%	-0,33% - -0,32%
Pound sterling	0.52%	-0,08% - 0,17%	0,44% -0,69%
Romanian Leu	1.66%	-0,33% - 1,02%	1,33% -2,68%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2018, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2018 profit by € 218 thousand and an increase of € 120 thousand (a decrease of € 337 thousand and an increase of € 163 thousand in 2017).

Cash and cash equivalents in Euro of € 34,079 thousand (€ 24,672 thousand in 2017), Pound sterling balances of € 166,478 thousand (€ 154,080 thousand in 2017) and Romanian Leu balances of € 3,765 thousand (€ 9,347 thousand in 2017) generate interest that would partially offset any variations in interest payable. The cash pool balances are monthly netted (in euro). The fair value of the Group's interest rate hedging contracts would, on basis of the above possible change in interest rates, decrease by € 35 thousand / increase by € 66 thousand against an increase / decrease of equity for that amount (decrease by € 23 thousand and increase by € 84 thousand in 2017).

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 2018 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	539,023	549,818	27,232	15,671	352,743	154,172
Other financial loans	176,709	177,850	170,968	1,467	3,444	1,971
Obligations under finance leases	4,033	5,110	480	586	1,513	2,531
Trade and other liabilities	682,245	661,295	661,291	4	-	-
Derivative financial liabilities						
Interest rates swaps	14,607	14,606	7,008	7,599	-	-
Commodity contracts	3,621	3,621	3,621	-	-	-
Foreign exchange contracts	762	762	762	-	-	-
Total	**1,421,000**	**1,413,062**	**871,362**	**25,327**	**357,700**	**158,674**

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

At 31 December 2017 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	537,041	551,812	22,792	191,234	177,078	160,708
Other financial loans	201,484	203,139	32,744	170,183	102	110
Obligations under finance leases	4,379	5,692	515	623	1,540	3,014
Trade and other liabilities	703,444	677,630	677,625	5	-	-
Derivative financial liabilities						
Interest rates swaps	21,600	22,675	7,356	7,650	7,671	-
Foreign exchange contracts	4,434	4,434	4,434	-	-	-
Total	**1,472,382**	**1,465,382**	**745,466**	**369,695**	**186,391**	**163,832**

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the latest syndicated loan agreement signed on 11 October 2018 and the Schuldschein loan. The Group targets to maintain a debt covenant ratio between 1.5 and 2.5 on the long term. The adjusted net financial debt (for covenant purposes) to recurring EBITDA ratio amounts to 1.45 at 31 December 2018 (1.51 at 31 December 2017), well below the lowest covenant of 3.25. The net cash interest to recurring EBITDA ratio amounts to 22.53 at 31 December 2018 (13.80 at 31 December 2017), well above the covenant of 4.

16.2 Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to currency risk, commodity prices 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:

	2017		2018	
In thousands of EUR	Fair value	Carrying amount	Fair value	Carrying amount
Foreign exchange contracts				
Assets	1,494	1,494	2,203	2,203
Liabilities	-4,434	-4,434	-762	-762
Commodity contracts				
Liabilities	-	-	-3,621	-3,621
Interest rate swaps				
Liabilities	-21,600	-21,600	-14,607	-14,607
Total	**-24,540**	**-24,540**	**-16,787**	**-16,787**

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 2018, 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	115	-	-	-	594
Liabilities	1,661	-	-	-	2,012
Commodity contracts					
Liabilities	-	-	-	-	-3,621
Interest rate swaps					
Liabilities	-	-	-	-	6,991
Total	**1,776**	**-**	**-**	**-**	**5,976**

A. Cash flow hedges

At 31 December 2018, 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 2018, the Group holds commodity swap agreements designated as hedges to cover a portion of the exposure of future price changes on mainly fuel and other raw material.

At 31 December 2018, the Group had interest rate swap agreements in place with a notional amount of €250,000 thousand (€250,000 thousand in 2017) 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 2018 and 2017.

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 the commodity swap agreements, and interest expense if concerning interest rate swaps):

At 31 December 2018:

In thousands of EUR	Carrying amount	Total expected cash flows	1 year or less	1-2 years	More than 5 years
Foreign currency					
Foreign exchange contracts					
Assets	*1,744*	*1,744*	*1,358*	*386*	-
Liabilities	*-722*	*-722*	*-722*	-	-
Commodity					
Commodity contracts					
Assets	-	-	-	-	-
Liabilities	*-3,621*	*-3,621*	*-3,621*	-	-
Interest rate					
Interest rate swaps					
Assets	-	-	-	-	-
Liabilities	*-14,607*	*-14,607*	*-7,008*	*-7,599*	-

At 31 December 2017:

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	*1,155*	*1,155*	*1,155*	-	-	-
Liabilities	*-2,742*	*-2,743*	*-2,743*	-	-	-
Interest rate						
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	*-21,600*	*-22,677*	*-7,356*	*-7,650*	*-7,671*	-

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. There are no such derivative transactions in 2018.

16.3 Financial instruments – fair values

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

In thousands of EUR	2017	2018
Assets	**437,834**	**479,659**
Other non current assets	8,032	5,349
Trade and other receivables (loans and receivables)	*7,206*	*3,842*
Derivatives – used for hedging (cash flow hedging)	*-*	*427*
Loans (loans and receivables)	*5*	*354*
Bonds (available-for-sale)	*74*	*4*
Other	*747*	*722*
Trade and other receivables	319,652	338,343
Trade and other receivables (loans and receivables)	*318,159*	*336,525*
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	*338*	*460*
Derivatives – used for hedging (cash flow hedging)	*1,155*	*1,358*
Other current assets	3,137	1,803
Current financial assets – deposits (loans and receivables)	*3,025*	*1,803*
Shares (available-for-sale)	*112*	*-*
Cash and cash equivalents (loans and receivables)	107,013	134,164
Liabilities	**1,472,382**	**1,421,000**
Financial liabilities (liabilities at amortised cost)	529,735	522,839
Other non-current liabilities	35,795	28,553
Other non-current liabilities (liabilities at amortised cost)	*21,551*	*20,954*
Derivatives – used for hedging (cash flow hedging)	*14,244*	*7,599*
Current portion of financial liabilities (liabilities at amortised cost)	213,169	196,926
Trade and other liabilities	693,683	672,682
Trade and other payables (liabilities at amortised cost)	*681,893*	*661,292*
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	*1,692*	*39*
Derivatives – used for hedging (cash flow hedging)	*10,098*	*11,351*

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 and the commodity swap agreements 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.

2018

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)	-	460	-
Derivatives – used for hedging (cash flow hedging)	-	1,785	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	39	-
Derivatives – used for hedging (cash flow hedging)	-	18,950	-

During 2018 and 2017 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.

2017

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)	-	339	-
Derivatives – used for hedging (cash flow hedging)	-	1,155	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	1,692	-
Derivatives – used for hedging (cash flow hedging)	-	24,342	-

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 2018 and 2017 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	2017	2018
Cash on hand and bank deposits	95,138	122,617
Short-term deposits (less than three months)	11,875	11,547
Total	**107,013**	**134,164**

Note 18 – Equity

Ordinary shares

In December 2017, the Extraordinary General Shareholders' Meeting of Etex N.V. decided to reduce its capital, without reduction of the number of shares, by €4,940 thousands: as a result, at 31 December 2017, the share capital of Etex amounts to €3,276 thousands (share premium included).

	2017	2018
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 2018 the Group owns 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2017	2018
At the beginning of the year	**4,673,495**	**4,673,495**
At the end of the year	**4,673,495**	**4,673,495**

Dividend

The 2018 dividend will be proposed for approval at the General Shareholders' Meeting of Etex N.V. on 22 May 2019 (after issuance of the financial statements) and will amount to €0.58 per share representing a total dividend of €45,335 thousand.

In 2018, a dividend of €41,427 thousand has been paid out based on the decision of the General Shareholders' Meeting of Etex N.V. on 23 May 2018.

	Number of shares	EUR/share	Dividend in EUR
Ordinary shares	82,837,819	0.53	43,904,044
Treasury shares	-4,673,495	0.53	-2,476,952
Dividend paid out	78,164,324		41,427,092

Details changes in equity

In thousands of EUR	Issued share capital	Share premiums	Issued share capital and share premiums	Post employment benefits reserves	Financial instruments	Post employment benefits reserves and financial instruments
At December 31, 2016	**4,491**	**3,725**	**8,216**	**-273,375**	**-16,476**	**-289,850**
Total comprehensive income	-	-	-	66,439	-834	65,605
Capital increase / (decrease)	-1,958	-2,982	-4,940	-	-	-
At December 31, 2017	**2,533**	**743**	**3,276**	**-206,936**	**-17,310**	**-224,245**
Total comprehensive income	-	-	-	-10,598	4,716	-5,882
At December 31, 2018	**2,533**	**743**	**3,276**	**-217,534**	**-12,593**	**-230,127**

Other equity movements

Other equity movements (€22,108 thousand) mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings for an amount of €22,108 thousand (of which €8,902 relating to opening balances); and changes in non-controlling interest in Indonesia and Germany.

Note 19 – Provisions

In thousands of EUR	Warranty	Health claims	Litigation	Others	Total
At 31 December 2017	**35,042**	**77,223**	**23,495**	**57,397**	**193,157**
Additional provisions made	9,809	3,263	6,577	41,040	60,689
Amounts utilised during the year	-7,918	-6,295	-2,952	-23,382	-40,547
Unused amounts reversed	-2,652	-6,287	-2,800	-3,505	-15,244
Changes in the scope of consolidation	-13	-	-	-2	-15
Translation differences	-19	-566	-913	-274	-1,772
Discount rate adjustment	-9	566	-	536	1,093
At 31 December 2018	**34,240**	**67,904**	**23,407**	**71,810**	**197,361**
Non-current at the end of the period	22,780	60,326	11,745	27,134	121,985
Current at the end of the period	11,460	7,578	11,662	44,676	75,376

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 varies depending 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 2018 for the cost of asbestos claims comprises an amount of €27,269 thousand (€32,900 thousand in 2017) for the expected costs of settling notified claims and a discounted amount of €40,635 thousand (€44,322 thousand in 2017) 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 0.39 % to 4.0 % depending on the country (0.53 % to 4.0% in 2017).

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.

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 diseases 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 number of new claims received during 2018 was 47 (50 in 2017), 35 cases were settled and 17 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2018, was 159 (164 in 2017).

Litigation provisions

Litigation provisions mainly include estimated future outflows relating to, various direct and indirect tax litigations, litigations with customers, former employees, suppliers and other parties.

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 2018, these provisions amount to €27,396 thousand (€26,734 thousand in 2017).

Restructuring provisions relate mainly to restructuring of companies in Germany, France and the Netherlands. 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.

Guarantees

At 31 December 2018, the Group issued the following guarantees to third parties:

In thousands of EUR	2017	2018
Guarantees issued after business disposals	119,201	121,913
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	684,517	670,028
Guarantees issued by Third Parties to cover fulfilment of the Group companies obligations	556	624
Secured debt	50,508	30,739

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 (€600 million), commercial paper program (€200 million), Schuldschein loan (€300 million), as well as securities issued to guarantee other commitments (€420 million). The values disclosed in the above table are based on outstanding amounts.

Secured debt includes mortgages and pledges provided in Japan, Brazil and Romania to cover local credit facilities in 2018.

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 2018 Etex had purchase commitments of €7,471 thousand (€11,632 thousand in 2017). Commitments are mainly related to new machines in Indonesia and a land in Spain.

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 2018, the defined contribution plan expenses for the Group amounted to €13,650 thousand (€13,727 thousand in 2017).

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	2017	2018
Present value of funded obligations	*1,280,032*	*1,192,542*
Fair value of plan assets	*1,128,347*	*1,037,205*
Plan (surplus) deficit of funded obligations	151,685	155,337
Present value of unfunded obligations	128,700	127,215
Net liability from funded and unfunded plans	**280,385**	**282,552**
Other long term benefits	5,534	5,294
Termination benefits	4,502	3,288
Stock option plans	14,966	14,489
Net employee benefits liability	**305,387**	**305,623**
Employee benefit obligation	1,433,735	1,342,828
Fair value of plan assets	1,128,347	1,037,205
Net liability at the end of the year	**305,388**	**305,623**
Net employee benefits liability (assets)	**305,388**	**305,623**
Employee benefits in the statement of financial position:		
Liabilities	*310,731*	*312,080*
Assets	*5,343*	*6,457*

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

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

Other post employment benefits such as medical plans, early retirement plans and gratuity plans are granted mainly in Belgium, the United Kingdom, 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 and Chile.

Stock options plans are detailed in note 22.

The largest individual plans are in UK and Ireland. Together they account for 79% (80% in 2017) of the total Group defined benefit obligation, and 92% (92% in 2017) 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 2017 and the results showed a deficit of £37 million (funding level 95%) for the Scheme and a deficit of £45 million (funding level 77%) for the Plan against the Trustees’ funding objective, agreed with the UK sponsors.

As part of the valuation agreement with the UK Sponsors, the Trustees of the Plan agreed to take a £43,975 thousand interest in an asset backed contribution (ABC) arrangement – the EPP ABC Limited Partnership (“the EPP ABC”), following receipt of a contribution of the same amount from Eternit UK Limited on 28 March 2018. The agreement provides additional covenant support for the Plan. The EPP ABC releases cash each quarter to the Plan of £1,025 thousand no later than 5 business days following 31 March, 30 June, 30 September, 31 December each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032.

The UK sponsors also agreed a similar agreement for the Scheme to take a £36,157 thousand interest in an asset backed contribution (ABC) arrangement – the MPS ABC Limited Partnership (“the MPS ABC”), following receipt of a contribution of the same amount from Marley Eternit Limited on 28 March 2018. The agreement provides additional covenant support for the Scheme. As with the EPP ABC, the MPS ABC releases cash to the Scheme of £843 thousand each quarter no later than 5 business days following 31 March, 30 June, 30 September, 31 December each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032.

In addition, the UK Sponsors agreed to meet all expenses going forward for both the Plan and the Scheme.

The approximate weighted average duration of the defined benefit obligation is 16 years for the Scheme and 17 years for the Plan as at 31 December 2018.

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. The last review for both the Scheme and Plan was in 2017 and the changes introduced aim at increasing the expected return without any material increase in the investment risk being taken.

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. Other risks such as actions taken by the local regulators 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 2018 and the next formal actuarial valuation of the Plans will be as of 1 January 2021.

The results of the 1 January 2018 valuations showed that both schemes satisfied the statutory minimum funding standard but there was a combined deficit of €5.3 million (funding level 95%) against the Trustees’ funding objectives. The Irish sponsors have agreed to pay fixed contributions of €1.32 million per annum over the period to the next formal valuations at 1 January 2021.

The combined approximate weighted average duration of the defined benefit obligation is 18 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 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 controlled risk by closing the Plans to future accrual and reducing the investment risk of the Plans.

The distribution of the employee benefit obligation per country, at the end of the year is as follows:

In thousands of EUR	2017	2018
United Kingdom	1,056,077	977,007
Germany	139,018	139,995
Ireland	97,994	90,119
Belgium	73,341	71,804
France	16,491	16,620
Others	50,814	47,283
Employee benefit obligation	**1,433,735**	**1,342,828**

The changes in the present value of the employee benefit obligations are as follows:

In thousands of EUR	2017	2018
Employee benefit obligation at the beginning of the year	**1,552,688**	**1,433,734**
Service cost	14,799	12,027
Past service cost (gain)/loss	166	5,920
Settlements	-130	-122
Service cost	14,834	17,824
Interest cost	36,561	32,418
Actuarial (gains) and losses	-49,793	-57,555
Benefits paid	-79,977	-75,370
Plan participants contribution	812	888
Newly recognized plan	-413	1
Translation differences	-40,977	-9,112
Employee benefit obligation at the end of year	**1,433,735**	**1,342,828**

The table above includes the changes for the defined benefit obligations, stock option plans, termination benefits and other long term benefits.

Belgian plans subject to minimum guaranteed rate of return

Etex offers defined contribution pension plans funded through group insurance to employees of its Belgian affiliates. The Belgian defined contribution plans are subject to the Law of 28 April 2003 on occupational pensions.
According to article 24 of this Law, the employer has to guarantee a minimum return (3.25% p.a. on employer contributions paid before 1 January 2016 and 1.75% p.a. on employer contributions paid as from 1 January 2016), therefore these plans are considered to be defined benefit plans under IAS 19. They induce a financial risk for the group during periods of declining market interest rates when the returns guaranteed by the insurance companies are lower than the minimum legal returns. The assets of these plans are entirely managed by external insurance companies referred to as "qualifying parties" which do not have any link with the group.

Other plan costs and income

Past service costs of € 5,920 thousand mainly relate to the Guaranteed Minimum Pensions “GMP equalisation” in UK (€6.170 thousand) and past service gains of €250 thousand relate to plans in France. Settlements of €112 thousand relate to Belgium.

The changes in the fair value of the plan assets are as follows:

In thousands of EUR	2017	2018
Fair value of plan assets at the beginning of the year	**1,153,409**	**1,128,346**
Interest income	28,178	27,837
Actuarial gains and (losses)	30,880	-68,470
Employer contribution	11,678	14,775
Plan participants contribution	812	888
Administration cost (excluding management of assets)	-1,697	-972
Benefits paid	-60,787	-58,353
Transfer	-	-10
Translation differences	-34,126	-6,836
Fair value of plan assets at the end of the year	**1,128,347**	**1,037,205**

The expense recognised in the income statement is detailed as follows:

In thousands of EUR	2017	2018
Service cost	-14,834	-17,824
Interest cost	-36,561	-32,418
Interest Income	28,178	27,837
Administration cost (excluding management of assets)	-1,697	-972
Total employee benefit expense	**-24,914**	**-23,377**
The employee benefit expense is included in the following line items of the income statement :		
Operating income	*-16,531*	*-18,796*
Financial result	*-8,383*	*-4,581*

The main weighted assumptions used in measuring the employee benefit liabilities are the following:

	2017	2018
Discount rate	2.35%	2.58%
Future salary increases	2.90%	2.87%
Pension increase	2.59%	2.61%
Medical cost trend	5.40%	5.40%

The distribution of the plan assets is the following:

	2017	2018
Equity instruments	12%	5%
Debt instruments	54%	42%
Real estate	3%	3%
Cash and fixed deposits	12%	18%
Insurance	7%	7%
Other	12%	25%
Total	**100%**	**100%**

The expected employer contributions to be paid in 2019 to defined benefit plans amount to €6,331 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 £153 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 £93 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 £30 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 €18 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 €18 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 €4 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

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). The options granted in 2004 to 2008 were extended by 3 year by decision of the Board on April 21, 2009.

On 7 July 2009 the Board introduced a new stock option plan on similar terms, authorizing the issuance of a maximum of 3,000,000 options over 5 year (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.

On 19 December 2014, the Board introduced a new stock option plan on similar terms: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options. In 2015, 2016 and in 2017 grants were made under this plan (SOP 2015, SOP 2016, SOP 2017 and SOP 2018).

Each option gives the beneficiary the right to buy one Etex N.V. 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.

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:

	2017	2018
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	0.28	0.33
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)	33.23	33.65
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	4.84	4.83

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 newly granted stock options in current year and 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 €5,211 thousand during the year (an expense of €8,167 thousand in 2017). The total carrying amount of the liability related to the stock option plans amounts to €14,489 thousand (€14,966 thousand in 2017) 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 2012	20.6.2019	Once a year as from 2016, between 1.6 and 20.6	18.45	122,500
SOP 2013	20.6.2020	Once a year as from 2017, between 1.6 and 20.6	27.76	340,000
SOP 2014	20.6.2021	Once a year as from 2018, between 1.6 and 20.6	30.09	291,500
SOP 2015	20.6.2022	Once a year as from 2019, between 1.6 and 20.6	32.83	802,163
SOP 2016	20.6.2023	Once a year as from 2020, between 1.6 and 20.6	26.74	774,144
SOP 2017	20.6.2024	Once a year as from 2021, between 1.6 and 20.6	33.23	751,440
SOP 2018	20.6.2025	Once a year as from 2022, between 1.6 and 20.7	33.65	865,356

Details of the share options outstanding during the year

	2017		2018	
In thousands of EUR	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	**4,500,745**	**26.41**	**4,795,531**	**27.95**
Granted during the year	781,000	33.32	870,000	33.65
Forfeited during the year	-8,130	28.02	-90,666	30.43
Exercised during the year	-478,084	22.06	-1,144,762	26.65
Expired during the year	-	-	-483,000	17.54
Outstanding at the end of the year	**4,795,531**	**27.95**	**3,947,103**	**30.81**
Of which exercisable at the end of the year	*1,537,982*	*22.12*	*754,000*	*27.15*

For share put options exercised during the period, the weighted average share price was €31.62 (€25.72 in 2017).

Note 23 – Loans and borrowings

In thousands of EUR	2017	2018
Bank loans	514,363	512,095
Other financial loans	11,213	6,892
Obligations under finance leases	4,159	3,852
Total non-current financial liabilities	**529,735**	**522,839**

In thousands of EUR	2017	2018
Bank loans	19,633	19,947
Bank overdrafts	3,045	6,981
Other financial loans	190,271	169,817
Obligations under finance leases	220	181
Total current financial liabilities	**213,169**	**196,926**

The Syndicated Facility of €600 million, as amended and restated in 2014, was expected to mature in January 2019. As a result, on October 11, 2018, Etex signed the documentation for the refinancing of this facility for the same amount for a period of 5 years with a pool of 12 core banks. The facility includes some particularities such as the possibility to increase the line from EUR 600 million up to EUR 900 million, as well as to extend its maturity with 2 years up to 7 year, thus allowing Etex to increase or extend its available credit lines at the same attractive conditions. The syndicated Facility was drawn at €185 million per end of 2018 (drawn at €160 million per end of 2017). It is being used for general corporate purposes.

Etex also makes use of a Schuldschein loan of € 300 million (€ 300 million in 2017) and a Commercial Paper program of €200 million, drawn at €127.2 million per end of 2018 (€157.6 million per end of 2017).

In 2018, Etex continued to roll-out its € 200 million non-recourse Factoring Program, through which customer receivables from 16 entities in 10 European countries are being sold to a pool of banks on a non-recourse basis. Per end of 2018, €200 million were financed through that program, out of which €158.6 million was eligible for trade receivables derecognition.

The utilisations of the Syndicated Loan Facility 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, floored at 0%, plus the applicable margin. The Credit Facility 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 includes in particular a required ratio of consolidated net debt to consolidated EBITDA of the Group. We also refer to Note 16.

Transaction costs on the new Syndicated Loan and on the Schuldschein Loan of 2016 have been deducted from the loan at initial recognition and are being amortised over the life of the extended loan. The amount still to be amortized at the end of 2018 amounts to €2,811 thousand (€2.198 thousand at the end of 2017).

Finally, for its local funding, the Group is relying on some long-term and short-term facilities with local banks for a total amount of €57.9 million end of 2018.

In Latin America, the only country with material local financing is Brazil. Brazil has a total drawn amount of €14.3 million borrowed in Brazilian real (€25 million at the end of 2017) with a maturity in 2020. It is used to finance part of the new Santa Cruz plant.

Romania has an external loan for a total amount of €14.7 million borrowed in Romanian Leu with ING Romania, the loan is used to finance part of the new Turceni plant.

Indonesia, has contracted a loan of €16.3 million with BNP Brussels maturing in 2020. The loan is used to finance part of the investment in the new West Java plant.

Pladur Gypsum Spain is financed via Spanish state subsidised loans for €8.1 million

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	2017	2018
Non-current loans and borrowings	529,735	522,839
Current portion of loans and borrowings	213,169	196,926
Current financial assets	-3,137	-1,803
Cash and cash equivalents	-107,013	-134,164
Net financial debt	**632,754**	**583,798**

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:

In thousands of EUR	2017			2018		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
Less than 1 year	431	-211	220	391	-210	181
Between 1 and 5 years	2,651	-1,109	1,542	2,586	-1,080	1,506
More than 5 years	3,329	-712	2,617	2,779	-433	2,346
Total	**6,411**	**-2,032**	**4,379**	**5,756**	**-1,723**	**4,033**

Operating leases

The total expenses for operating leases recognised in the consolidated income statement for 2018 amount to €41,027 thousand (€38,391 thousand in 2017). Future committed operating lease payments are as follows:

In thousands of EUR	2017				2018			
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Vehicles	11,381	16,865	760	29,005	12,540	18,583	837	**31,960**
Buildings	9,125	14,891	14,084	38,100	6,681	18,244	29,941	**54,866**
Equipment	7,184	12,441	1,203	20,828	4,720	14,482	6,252	**25,454**
Total	**27,690**	**44,197**	**16,047**	**87,933**	**23,941**	**51,309**	**37,030**	**112,280**

Note 24 – Deferred tax

In thousands of EUR	Assets	Liabilities	Net
Net carrying amount at 31 December 2017	**115,093**	**127,129**	**-12,036**
Translation differences	-2,469	-1,073	-1,396
Recognised in income statement	-21	-7,742	7,721
Recognised in equity	-	1,034	-1,034
Change in scope of consolidation	-368	-	-368
Hyperinflation - Impact of the year through financial result	-	2,567	-2,567
Hyperinflation - Opening balance restatement through equity	165	2,413	-2,248
Netting	-28,404	-28,404	-
Net carrying amount at 31 December 2018	**83,996**	**95,924**	**-11,928**

The amount of deferred tax assets and liabilities are attributable to the following items:

In thousands of EUR	2017		2018		2017	2018	
	Assets	Liabilities	Assets	Liabilities	Net	Net	Variance
Property, plant and equipment	12,301	143,258	10,974	147,184	-130,957	-136,210	-5,253
Intangible assets	3,730	40,057	1,774	34,300	-36,327	-32,526	3,801
Employee benefits assets	40	668	5,943	807	-628	5,136	5,764
Inventories	7,560	856	7,398	1,066	6,704	6,332	-372
Trade & other receivables	4,296	663	4,461	623	3,633	3,838	205
Other assets	5,980	1,465	7,212	758	4,515	6,454	1,939
Provisions	15,660	2,830	17,996	2,799	12,830	15,197	2,367
Employee benefits liabilities	48,207	121	34,180	97	48,086	34,083	-14,003
Loans and borrowings	1,220	594	-64	201	626	-265	-891
Other non-current liabilities	291	517	310	463	-226	-153	73
Current liabilities	15,607	1,381	13,411	1,295	14,226	12,116	-2,110
Tax losses carried forward	170,572	-	182,488	-	170,572	182,488	11,916
Unrecognised deferred tax assets	-105,094	-	-108,419	-	-105,094	-108,419	-3,325
Netting by taxable entity	-65,277	-65,281	-93,669	-93,669	-	-	-
Total	**115,093**	**127,129**	**83,996**	**95,924**	**-12,040**	**-11,929**	**111**

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of €106,185 thousand (€101,800 thousand in 2017) and net deductible temporary differences for €2,234 thousand (€3,294 thousand in 2017) 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
2019	3,082
2020	77
2021	398
2022	2,184
2023 or later	7,188
Without expiration date	169,559
Total	**182,488**

Note 25 – Trade and other liabilities

Non-current liabilities

In thousands of EUR	2017	2018
Deferred income - Government grants	21,546	20,950
Other liabilities	14,249	7,603
Total	**35,795**	**28,553**

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 €20,950 thousand (€21,546 thousand in 2017) and amortised over the useful life of the assets. All conditions attached to these grants have been fulfilled.

Current liabilities

In thousands of EUR	2017	2018
Trade liabilities	503,412	486,817
Other liabilities	190,271	185,865
Total	**693,683**	**672,682**

The other current liabilities include:

In thousands of EUR	2017	2018
Income taxes payable	33,566	25,495
Other taxes payable	34,731	37,339
Remuneration payable	64,786	63,311
Social security payable	27,352	26,759
Deferred income and accrued charges	12,318	12,133
Derivative financial instruments with negative fair values	11,790	11,391
Dividends payable	46	46
Amount due to customers for construction contracts in progress	-	43
Advances received on construction contracts not started yet	2	-
Current cash guarantees received	753	1,424
Other	4,927	7,924
Total	**190,271**	**185,865**

Note 26 – Statement of cash flow details

(a) Depreciation, amortisation and impairment losses

2018

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	136,348	-	322	-	136,670
Amortisation	-	22,623	-	-	22,623
Impairment losses	4,175	1,125	5,289	-46	10,543
Total	**140,523**	**23,748**	**5,611**	**-46**	**169,836**

2017

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	132,815	-	340	-	133,155
Amortisation	-	20,729	-	-	20,729
Impairment losses	9,449	92	-	-	9,541
Total	**142,264**	**20,821**	**340**	**-**	**163,425**

(b) Gains (losses) on sale and retirement of intangible assets and property, plant and equipment

2018

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	2,869	189	32,881	1,106	37,045
Net book value disposals	-1,941	-189	-4,388	-644	-7,162
Gains (losses) on disposal	**928**	**-**	**28,493**	**461**	**29,882**
Losses on retirement	-	-	-	-	-
Total	**928**	**-**	**28,493**	**461**	**29,882**

2017

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	5,077	43	3	4,827	9,950
Net book value disposals	-1,627	-36	-19	-4,996	-6,678
Gains (losses) on disposal	**3,450**	**7**	**-16**	**-169**	**3,272**
Losses on retirement	-	-	-	-	-
Subtotal - continued operations	**3,450**	**7**	**-16**	**-169**	**3,272**
Losses on retirement	-	-	-	-	-
Disposal proceeds	5,077	43	3	4,827	9,950
Net book value disposals	-1,627	-36	-19	-4,996	-6,678
Gains (losses) on disposal	**3,450**	**7**	**-16**	**-169**	**3,272**
Losses on retirement	-	-	-	-	-
Total	**3,450**	**7**	**-16**	**-169**	**3,272**

(c) Capital expenditure

In thousands of EUR	2017	2018
Property, plant and equipment (note 7)	141,690	154,478
Intangibles assets (note 9)	4,338	37,840
Investment properties (note10)	125	27
Assets held for sale (note 11)	1,593	-
Total	**147,746**	**192,345**

(d) Changes in working capital, provisions and employee benefits

In thousands of EUR	2017	2018
Inventories	-47,216	10,592
Trade and other receivables, trade and other liabilities	48,623	-40,829
Provisions	-24,589	5,988
Employee benefits	-24,830	-15,963
Total	**-48,012**	**-40,212**

(e) Interest and dividend received

In thousands of EUR	2017	2018
Interest received	4,141	4,577
Dividend received	135	76
Dividend Associates	712	761
Total	**4,988**	**5,414**

(f) Reconciliation Income tax expense – income tax paid

In thousands of EUR	2017	2018
Income Tax expense	-62,909	-49,635
Changes in Deferred taxes	573	-7,721
Changes in income tax payables/receivables	602	1,242
Income Tax paid	**-61,734**	**-56,115**

(g) Dividend paid

In thousands of EUR	2017	2018
Dividend Etex N.V.	-37,519	-41,427
Minority interest	-1,550	-2,307
Changes dividend payable	-164	-
Exchange difference	-118	-128
Total dividend paid	**-39,351**	**-43,862**

(h) Changes in liabilities arising from financial liabilities

2018

In thousands of EUR	January 01, 2018	Cash flows	Foreign exchange movements	New leases	Transfers	December 31, 2018
Bank loans	514,363	16,969	-1,177	-	-18,060	512,095
Other financial loans	11,213	-3,118	-2	-	-1,201	6,892
Non-current financial liabilities (excluding leasing)	**525,576**	**13,851**	**-1,179**	**-**	**-19,261**	**518,987**
Non-current financial lease liability	**4,159**	**-157**	**-**	**31**	**-181**	**3,852**
Bank loans	19,633	-17,059	-687	-	18,060	19,947
Bank overdrafts	3,045	3,939	-3	-	-	6,981
Other financial loans	190,271	-21,406	-249	-	1,201	169,817
Current financial liabilities (excluding leasing)	**212,949**	**-34,526**	**-939**	**-**	**19,261**	**196,745**
Current financial lease liability	**220**	**-220**	**-**	**-**	**181**	**181**
Total loans and borrowings	**742,904**	**-21,052**	**-2,118**	**31**	**-**	**719,765**

2017

In thousands of EUR	January 01, 2017	Cash flows	Foreign exchange movements	New leases	Transfers	Disposal	Scope in	Scope out	December 31, 2017
Bank loans	393,258	140,420	-7,665	-	-13,158	-	1,906	-398	514,363
Other financial loans	524	-31	-3	-	-223	-	10,946	-	11,213
Redeemable preference shares	3,407	-3,407	-	-	-	-	-	-	-
Non-current financial liabilities (excluding leasing)	**397,189**	**136,982**	**-7,668**	**-**	**-13,381**	**-**	**12,852**	**-398**	**525,576**
Non-current financial lease liability	**1,745**	**-79**	**-**	**2,620**	**-200**	**-**	**73**	**-**	**4,159**
Bank loans	86,216	-75,373	-4,368	-	13,158	-	-	-	19,633
Retail bond	399,692	-399,692	-	-	-	-	-	-	-
Bank overdrafts	3,803	-713	-45	-	-	-	-	-	3,045
Other financial loans	29,778	160,955	-685	-	223	-	-	-	190,271
Redeemable preference shares	3,407	-3,407	-	-	-	-	-	-	-
Current financial liabilities (excluding leasing)	**522,896**	**-318,230**	**-5,098**	**-**	**13,381**	**-**	**-**	**-**	**212,949**
Current financial lease liability	**112**	**-**	**4**	**-**	**200**	**-96**	**-**	**-**	**220**
Total loans and borrowings	**921,942**	**-181,327**	**-12,762**	**2,620**	**-**	**-96**	**12,925**	**-398**	**742,904**

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	**2017**	**2018**
Board of Directors:		
Short term employee benefits	*746*	*762*
Executive Committee:		
Short term employee benefits	*5,855*	*5,955*
Post employment benefits	*505*	*429*
Share based payment	*786*	*707*
Number of stock options granted during the year	*137,000*	*162,500*

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 €2,070 thousand (€2,209 thousand in 2017). The fees paid to the statutory auditor for assistance and advice amounted to €138 thousand (€284 thousand in 2017).

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	
		2017	2018
Europe			
Austria	Etex Building Performance GmbH	100%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Creaton Benelux N.V.	0%	100%
	Etergyp S.A.	100%	100%
	Eternit N.V.	100%	100%
	Etex Services N.V.	100%	100%
	Etex N.V.	100%	100%
	Etexco N.V.	100%	100%
	Euro Panels Overseas N.V.	100%	100%
	Microtherm N.V.	100%	100%
	Etex Building Performance NV	100%	100%
	Promat Research and Technology Center N.V.	100%	100%
Bosnia	Siniat Adria Gips LLC	100%	100%
Cyprus	Asmad Alci Ltd STI	100%	100%
Czech Republic	Promat s.r.o.	100%	100%
Denmark	Etex Nordic A/S	100%	100%
France	Etermat S.A.S.	100%	100%
	Eternit France	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.	100%	100%
	Pladur France SAS	100%	100%
	Promat S.A.S.	100%	100%
	Siniat France S.A.	100%	100%
	Etex Building Performance International S.A.S.	100%	100%

		% equity interest	
		2017	2018
Germany	Promat Service GmbH	100%	100%
	Creaton GmbH	99.98%	99.98%
	Creaton Produktions GmbH	99.98%	99.98%
	El-Tec	0%	51%
	Eternit GmbH	100%	100%
	Eternit Management Holding GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Promat Holding GmbH	100%	100%
	Fibrolith Dämmstoffe GmbH	100%	0%
	Etex Building Performance GmbH	100%	100%
	Wanit Fulgurit GmbH	100%	100%
Hungary	Creaton South-East Europe Kft.	100%	100%
Italy	Edilit S.r.l.	100%	100%
	Immogit S.r.l.	100%	100%
	Creaton Italy	100%	100%
	Promat S.p.A.	100%	100%
	Etex Building Performance S.p.A.	100%	100%
	Siniat Holding Italy S.r.l.	100%	100%
Ireland	Tegral Building Products Ltd.	100%	100%
	Tegral Holdings Ltd.	100%	100%
Lithuania	UAB Eternit Baltic	100%	100%
Luxemburg	EASA S.A.	100%	100%
	Eternit Investment S.à.r.l.	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 Holding B.V.	100%	100%
	Eternit B.V.	100%	100%
	Nefibouw B.V.	100%	100%
	Etex Building Performance BV	100%	100%

		% equity interest 2017	2018
Poland	Etex Building Materials Polska Sp. z o.o.	100%	100%
	Promat TOP Sp. z o.o.	100%	100%
	Siniat Polska Sp. z o.o.	100%	100%
	Siniat Sp. z o.o.	100%	100%
Portugal	EPISA SL	100%	100%
	Umbelino Monteiro S.A.	100%	100%
Romania	Etex Building Performance S.A.	100%	100%
Russia	Etex Russia	100%	100%
Serbia	Siniat Gips Beocin Ltd	100%	100%
Slovakia	EBM Co s.r.o.	100%	100%
Slovenia	Promat d.o.o.	100%	100%
Spain	Almería Gypsum S.A.	100%	100%
	Escayolas Marin SL	100%	100%
	Euronit Fachadas y Cubiertas S.L.	100%	100%
	Promat Ibérica S.A.	100%	100%
	Promat Inversiones S.L.	100%	100%
	Pladur Gypsum	100%	100%
Switzerland	Etex Switzerland & Austria GmbH	0%	100%
	Polyfibre S.A.	100%	100%
Ukraine	Creaton Ukraine	100%	100%
	A+B Ukraine	100%	100%
	Siniat Gips ALC	100%	100%
	Siniat Gips Ukraine LLC	100%	100%
United Kingdom	Crucible Gypsum Recycling Ltd	100%	100%
	EM Holdings UK Ltd.	100%	100%
	Eternit UK Ltd.	100%	100%
	Etex Building Performance UK Ltd.	100%	100%
	Etex (Exteriors) UK Limited	100%	100%
	Etex (U.K.) Limited	100%	100%
	EOS Facades Limited	100%	100%
	EOS Offsite Solutions Limited	0%	100%
	John Brash Ltd	100%	100%
	Marley Limited	0%	100%
	ML UK Holding Limited	100%	100%
	Promat Glasgow Ltd.	100%	100%
	Promat UK Ltd.	100%	100%
Latin America			
Argentina	Durlock S.A.	100%	100%
	Eternit Argentina S.A.	99.44%	99.44%
	Siniat Holding Argentina S.A.	100%	100%
Brazil	Siniat Holding S.A.	100%	100%
	Siniat S.A. Mineração Indústria e Comércio	100%	100%
Chile	Empresas Pizarreño S.A.	99.83%	99.83%
	Centro de Servicios Compartidos SpA	99.79%	99.79%
	Inversiones Etex Chile Ltda.	100%	100%
	Inversiones San Lorenzo Chile S.A.	99.79%	99.79%
	Sociedad Industrial Pizarreño S.A.	99.66%	99.66%
	Sociedad Industrial Romeral S.A.	99.83%	99.83%

		% equity interest	
		2017	2018
Colombia	Etex Colombia	99.95%	99.95%
	Gyplac S.A.	100%	100%
	Shared Services Colombia S.A.S	100%	100%
Mexico	Servicios de Gestion S.A. de C.V.	100%	100%
	Servicios Atacama S.A. de C.V.	99.79%	99.79%
Peru	Etex Peru S.A.C.	100%	100%
	Fabrica Peruana Eternit S.A.	89.16%	89.16%
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%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shangai Ltd.	100%	100%
India	Promat India	100%	100%
Indonesia	Etex BP Indonesia	82.43%	92.62%
Japan	Promat Japan	100%	100%
Malaysia	Promat (Malaysia) Sdn. Bhd.	100%	100%
Nigeria	Emenite Ltd.	56.87%	56.87%
	Eternit Ltd.	60.00%	60.00%
	Nigerite Ltd.	56.85%	56.85%
Singapore	Promat Building System Pte Ltd.	100%	100%
South Africa	Marley SA (Pty) Ltd.	100%	100%
	Marley Building Systems	100%	100%
United Arab Emirates	Promat Fire Protection LLC	100%	100%
United States of America	Promat Inc.	100%	100%

Equity accounted entities

		% equity interest	
		2017	2018
Belgium	RBB N.V.	50%	50%
Chili	E2E	50%	50%
Germany	Lichtensteiner Brandschutzglas GmbH & Co. KG	50%	50%
	Oberlausitzer Tonbergbau GmbH	49.99%	49.99%
	Neuwieder Brandschutzglas GmbH	50%	50%
Poland	Kopalnia Gipsu Leszcze S.A.	50%	50%
	Nida Media Sp. z o.o.	50%	50%
Switzerland	Promat AG	26%	26%
Thailand	Rothenburg FAR Company LTd.	50%	50%

Statutory Auditor’s Report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS’ MEETING OF THE COMPANY ETEX NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

We present to you our statutory auditor’s report in the context of our statutory audit of the consolidated accounts of Etex NV (the “Company”) and its subsidiaries (jointly “the Group”). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. May 23, 2018, following the proposal formulated by the board of directors, following the recommendation by the risk and audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended December 31, 2020. We have performed the statutory audit of the consolidated accounts of Etex NV this year for the first time.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group’s consolidated accounts, which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of income statement and of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR’000 3,108,105 and a profit for the year of EUR’000 144,734.

In our opinion, the consolidated accounts give a true and fair view of the Group’s net equity and consolidated financial position as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB for the years ending as from December 31, 2018, which are not yet approved at the national level. Our responsibilities under those standards are further described in the “Statutory auditor’s responsibilities for the audit of the consolidated accounts” section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Health Claims – Note 19

Description of the key audit matter

As described in the Note 19, health claim provisions totalling 67.9 mEUR as at 31 December 2018 have been reported in the consolidated financial statements of Etex Group. In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. Even though we understand the use of asbestos has been banned in the entire Group, some companies may still receive claims relating to past exposure to asbestos. The provisions reflect the costs of the settlement of claims which are both probable and can be reliably estimated.

The matter is of most significance to our audit because the assessment process is complex, the potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company and involves significant management judgement. Assumptions and estimates used in valuing these provisions are, amongst others, related to:

- the number of employees involved;
- the likely incidence, the disease mix and the mortality rates;
- expected insurance cover;
- legislative environment.

Changes in assumptions and estimates used to value the environmental provisions may have a significant effect on the Group's financial position.

How our audit addressed the key audit matter

As part of our audit procedures, we have assessed management's process to identify asbestos obligations and changes in existing obligations in compliance with IAS 37 requirements.
We assessed the accuracy, valuation and completeness of health claim provisions as per 31 December 2018. This assessment included:

- meetings with Group management;
- inquiries of in-house legal counsel;
- review of litigation reports;
- evaluate management's assessment including consistency in assumptions;
- analysis and back testing of the cash outflow projections;
- tracing of corroborative evidence of the amounts spent.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and the related disclosures appropriate.

Post-employment benefit obligations – Note 21

Description of the key audit matter

As described in Note 21, the Group has defined benefit pension plans of which the most significant are in Ireland and the UK. Through its defined benefit pension plans, the Group is exposed to a number of risks, mainly being:

- asset volatility, the pension plans hold significant investments in equities, bonds, cash, property and funds;
- actuarial assumptions including expected inflation, discount rate, future salary increases and mortality rates life expectancy.

The procedures over the post-employment benefit provisions were of most significance to our audit because the assessment process is complex and involves significant management judgement. Actuarial assumptions are used in valuing the Group's post-employment benefit plans. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liability may have a significant effect on the Group's financial position. Technical expertise is required to determine these amounts.

The post-employment benefit provision as per 31 December 2018 in respect of both funded and unfunded plans consists out of defined benefit obligations (1,286 mEUR) offset by plan assets (1,037 mEUR).

How our audit addressed the key audit matter

We evaluated and challenged management's key actuarial assumptions (both financial and demographic) by performing independent testing of those assumptions supporting the Group's post-employment benefit obligation.

In performing the evaluation of the assumptions (being discount, inflation and salary increase rates and mortality / life expectancies), we utilized our internal specialists' knowledge to assess the reasonableness of the assumptions used by management.

We tested the participant census data as included in the actuarial reports obtained by the company and we obtained the valuation reports of the plan assets from the investment managers.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and disclosures of post-employment benefit provisions appropriate.

Impairment testing of goodwill, intangible assets and property, plant and equipment – Note 8

Description of the key audit matter

The carrying value of the Group's goodwill, intangible assets and property, plant and equipment amounts to 2,063 mEUR as at 31 December 2018.

We consider this as most significant to our audit because the determination of whether or not an impairment charge for these assets is necessary involves significant judgement by the Directors and management about the future results of the business.

The impairment assessment holds a comparison of the estimated fair value of the cash generating unit (CGU) and specific assets to its carrying value: the CGU were defined in compliance with the new organizational structure as described in Note 8.

In particular, we focused on the reasonableness and impact of key assumptions including:

- cash flow forecasts derived from internal forecasts and the assumptions around the future performance;
- the discount rate and the long-term growth rate including assessment of risk factors and growth expectations of the relevant territory;
- assumptions used in the valuations prepared to support the fair value of certain assets.

How our audit addressed the key audit matter

We evaluated management's assessment of the indicators of impairment and challenged impairment calculations by assessing the future cash flow forecasts used in the models, and the process by which they were drawn up, including comparing them to the latest approved budget by the Board of Directors, business plans and internal forecasts.

We understood and challenged:

- assumptions used in the Group's budget and internal forecasts and the long term growth rates by comparing them to economic and industry forecasts;
- the historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;
- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organizations;
- the mathematical accuracy of the underlying calculations.

In performing the above work, we utilized our internal valuation experts to provide challenge and external market data to assess the reasonableness of the assumptions used by management.

We performed sensitivity analysis around the key drivers within the cash flow forecasts to ascertain the extent of change in those assumptions and also considered the likelihood of such a movement in those key assumptions arising.

Whilst recognizing that cash flow forecasting and impairment modelling are both inherently judgmental, we found that the assumptions used by management are within an acceptable range of reasonable estimates and the disclosures of impairment assessment appropriate.

Responsibilities of the board of directors for the preparation of consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and risk and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report (referred to as the Activity report, Chapter 2) on the consolidated accounts and the other information included in the annual report on the consolidated accounts, containing:

- Consolidated Key Figures and information 'About Etex' (Chapter 1);
- Social and environmental report (Chapter 3);
- Governance report (Chapter 4);

is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed in the notes to the consolidated accounts.

Sint-Stevens-Woluwe, April 4, 2019
The statutory auditor
PwC Bedrijfsrevisoren cvba
Represented by

Peter Van den Eynde
Réviseur d'Entreprises / Bedrijfsrevisor

Non-consolidated accounts of Etex N.V.

The annual accounts of Etex N.V. are presented below in a summarised form.

In accordance with the Belgian Company Code, the annual accounts of Etex N.V., 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 N.V.
Group Finance Department
Passport Building | Luchthaven Brussel Nationaal | Gebouw 1K
1930 Zaventem

The auditors have expressed an unqualified opinion on the annual statutory accounts of Etex N.V.

Summarised balance sheet

In thousands of EUR	2017	2018
Fixed assets	**1,336,065**	**1,337,235**
Tangible and intangible assets	3,237	4,359
Financial assets	1,332,828	1,332,876
Current assets	**129,457**	**150,788**
TOTAL ASSETS	**1,465,522**	**1,488,023**
Capital and reserves	**1,101,673**	**1,117,228**
Capital	2,533	2,533
Share premium	743	743
Reserves	1,098,397	1,098,397
Profit carried forward		15,555
Provisions	**10,455**	**10,081**
Creditors	**353,394**	**360,714**
TOTAL EQUITY AND LIABILITIES	**1,465,522**	**1,488,023**

Summarised income statement

In thousands of EUR	2017	2018
Operating income	25,367	28,369
Operating charges	-27,451	-35,637
Operating loss	**-2,084**	**-7,268**
Financial result	-27	70,891
Profit / <loss> before taxes	**-2,112**	**63,623**
Income taxes	-5	-22
Profit / <loss> for the year	**-2,116**	**63,601**
Release of tax free reserves	-	-
Profit / <loss> for the year to be appropriated	-2,116	63,601

The financial result includes non-recurring items for € -22 thousand in 2018, and € 3.986 thousand in 2017.

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 22 May 2019 a net dividend of €0.4060 per share. The proposed gross dividend is €0.58 per share.

The dividend will be paid on 1 July 2019.

Appropriation account

In thousands of EUR	2017	2018
Profit / <loss> to be appropriated	**-2,116**	**63,797**
Profit / <loss> for the year to be appropriated	-2,116	63,601
Profit brought forward	-	196
Appropriation of the result	**-2,116**	**63,797**
Transfer to/from reserve	46,216	-196
Profit carried forward	-196	-15,555
Profit to be distributed	-43,904	-48,046

Statutory nominations

The mandate of Mrs. Bernadette Spinoy will expire at the end of the Annual General Shareholders' Meeting of May 22, 2019. The Board proposes the shareholders to renew her mandate for a period of three years expiring at the end of the 2022 Annual General Shareholders' Meeting.

Glossary

Definitions below relate to alternative performance measures.

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.

Free Cash Flow

Free cash flow is the sum of the cash flow from operating activities, interest paid and received, dividend received less capital expenditure.

Net financial debt

Current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net recurring profit (Group Share)

Net profit for the year before non recurring items, net of tax impact and attributable to the shareholders of the Group.

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.

Non recurring items

Income statement items that relate to significant restructuring measures, health claims and environmental remediation, major litigation, and goodwill impairment, income or expenses arising from disposal of businesses or non productive assets and other significant one-off impacts such as those relating to long term employee benefits settlement.

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.

Net profit (Group share)

Profit for the year attributable to the shareholders of the Group.

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.

Recurring operating cash flow (REBITDA)

Recurring operating income before charges of depreciations, impairment or amortization on tangible and intangible fixed assets.

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.

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.

Photographs

p.1 › Spain, photo by Tim Coppens

p.2 › Promat: photo by Daniel Azoulay, courtesy of Bouygues. Durlock: picture provided by Durlock. Gyplac: picture provided by Gyplac Colombia. Kalsi: picture provided by Kalsi. Siniat: picture provided by Siniat Germany. Superboard: picture provided by Superboard

p.3 › Creaton: picture provided by Creaton. Eternit: picture provided by Eternit, photo by Christophe Manquillet. Marley: picture provided by Marley. Cedral: picture provided by Cedral. Equitone: picture provided by Equitone Germany. Microtherm: Shutterstock. Promat: Shutterstock

p.4-5 › 1: Siniat UK, photo by Tim Coppens. 2: Picture provided by Etex Colombia. 3: Chile, photo by Tim Coppens. 4: Belgium, photo by Greg Smolders. 5: Belgium, photo by Tim Coppens

p.10 › Spain, photo by Tim Coppens

p.12 › Belgium, photo by Greg Smolders

p.14 › Belgium, photo by Greg Smolders

p.16 › Solidtex: picture provided by Siniat Italy. Tecta: picture provided by Eternit Belgium. Per-Olof Algotsson: photo by Greg Smolders. Me & Etex: picture provided by Gutzandglory

p.17 › Headquarters: Belgium, photo by Tim Coppens. Gaasperdammertunnel: picture provided by Promat. Joëlle Boxus: photo by Greg Smolders. E2E: Chile, photo by Tim Coppens

p.20 › Shutterstock

p.21 › Corner: Belgium, photo by Tim Coppens. Insert top: Shutterstock. Insert below: Chile, photo by Tim Coppens

p.22 › Belgium, photo by Tim Coppens

p.23 › USA, photo by Tim Coppens

p.24 › Chile, photo by Tim Coppens

p.26 › Photo by Greg Smolders

p.28 › USA, photo by Tim Coppens

p.30 › photo by Greg Smolders

p.31 › Colombia, picture provided by Gyplac

p.33 › Top: picture provided by Promat. Below: photo by Robert Michalik

p.34 › UK, picture provided by Siniat

p.35 › pictures provided by Siniat Italy

p.36-39 › Chile, photo by Tim Coppens

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p.41 › Spain, photo by Tim Coppens

p.42-43 › pictures provided by Eternit Belgium

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p.46-49 › Spain, photo by Tim Coppens

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p.52-53 › pictures provided by Cedral

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p.60 › photo by Greg Smolders

p.61 › Shutterstock

p.62 › Shutterstock - except 'Mass transportation': picture provided by Promat

p.63 › Uzbekistan, picture provided by Promat

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p.66-67 › USA, photo by Tim Coppens

p.70-71 › Chile, photo by Tim Coppens

p.72 › USA, photo by Tim Coppens

p.76 › Belgium, photo by Tim Coppens

p.77 › Chile, photo by Tim Coppens

p.78 › Belgium, photo by Tim Coppens

p.79 › Top: Belgium, photo by Tim Coppens. Below: picture provided by Creaton Poland

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p.84 › USA, photo by Tim Coppens

p.85 › picture provided by Gutzandglory

p.86 › Top: Belgium, photo by Tim Coppens. Below: picture delivered by Etex Belgium

p.88-89 › pictures delivered by Etex Peru

p.90 › pictures delivered by Kalsi, Indonesia

p.91 › pictures delivered by Etex Peru

p.92 › USA, photo by Tim Coppens

p.95 › Belgium, photo by Greg Smolders

p.96-97 › Belgium, photo by Greg Smolders

p.98 › USA, photo by Tim Coppens

Disclamer

This report may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Etex is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. Etex disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by Etex.

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Tomasz, Cezary, Lucie, Thiago, Albane, Nathan, Maria, Jean François, Katrien, Remko, Denise, Josselin, Paz, Nicoleta, Donatas, Konstantin, Lee, Coli
Gorka, Nadeem, Gerdy, Maria Veronica, Rita, Laura, Sandrine, Stephanie, Eileen, Zenaide, Ralph, Marie-Anne, Christian, Francoise, Ingrid, Mathilde, Ma
Eugen, Amed, Liudmyla, Dennis, Tim, Gökhan, Evelyn, Claire, Benedict, Frédéric, Colleen, Yasuyuki, Bryan, Alessandro, Elżbieta, Jean, Paulo, Malik, Camil
Fabrizio, Balázs Imre, Martial, Heinz, Ali, Frank, Dieter, Jahir, Nelson, Alejandro, Yong Min, Ke Jun, Olena, Rafał, Jean Francois, Yoann, Bogdan, Alan, Celine
Przemysław, Ernesto, Leon, Mieczysława, Matthew, Guang Wen, Wei Jian, Carsten, Gabriel, Ademisunloye, Gerardo, Saturno, Li Hua, Yan, Sara, Arinola, Tom
Craig, Mehdi, Dharmesh, Radoslaw, Victoria, Juan Pablo, Corentin, Mihai, Viorica, Carl Frank (Conny), Roland, Ivana, Vito, Yvan, Yu Cheng, Alina, Asta, Kari
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Szymon, Odile, Agnieszka, Romain, Nathalie, Pravin, Lutendo, Gertie, Cecile, Chanterelle, Maya, Rene, Patryk, Jocelyn, Mandy, Orry, Mathias, Stijn, Raf, Jörg, Kars
Charis, Akhmad, Sukma, Kenan, Ugnė, Manuela, Hariyono, Abdul, Dustin, Enzo, Wahyudin, Turan, Thorsten, Sonja, Hugo, Giancarlo, Nilo, Karl, Nandang, Parta, Kazi
Rosa, Ying Huan, László Balázs, Mateusz, Alpha, Shane, Belisario, Elvio, Arcenio, Nestor, Lino, Jonatan, Jacek, Angelica, Wilder, Alessandra, Filipe, Erwin, Géza, G
Federica, Stefhan, Santiago, Emeka, Adams, Bartholomew, Olusola, Muyiwa, Ganiyu, Luz, Alessia, Paola Menina, Jana, Nicole, Andrés Enrique, Lilian, Olushola, Shota,
Umar, Tri, Raffaele, Francesca, Rod, Emirzaman, Charlotte, Valerii, Mikael, Angel, Danny Paul, Paraschiva, Maicol, Mujeeb, Csaba Jozsef, Vitalis, Luigi, Abhishek, Panka
Willami, Claudine, Juliette, Pascale, Jaime Eduardo, Sreekumar, Tatiana, Jean-Christophe, Martine, Olivia, Sefri Listianto Tri, Mediawati Dwi, András, Bo, Claude, Issam, Gw
Jeremy, Kimberly, Stefan Ioan, Rokas, Jaime Andres, Anelia, Cledilson, Neal, Wei Jun, Kornelija, Tamás, Dario, Ronildo, Gyula, Alberto, Rejimon, Francesco, Lajos, Saulo, Fre
Katty, Tuti, Alfredo, Tetsuya, Tatsuya, Natasa, Andrii, Magda Francini, Keisuke, Joerg, Gerson, Pui Keung, Budi, Hui Min, André, Stasys, Bernd, Birgit, Dhurba Raj, Cécilia, Cor
Estelle, Christel, Lucretia, Romina, Manare, Hannah, Marisa Mariana, Federico, Jean-Luc, Margarita, Jean-Francois, Belaid, Hermann, Zhi Xiong, Ezio, Jenny, Jhonatan, Leslie,
Florent, Christina, Yan Hong, Zhi Jun, Boudewijn, Miguel Angel, Fco. Jose, Jose Gabriel, Sergey, Coralie, Benito, Remedio, Rennie, Masahiro, Aymeric, Jacobus Johannes, Katinka,
Wilian, Henrry, Ulber, Wilfredo, Lambert, Ludger, Dainius, Vytautas, Ramūnas, Abdullah, Muhammet, Temilade, Franco, Henk, Johnathon, Phillip, Jacky, Gheorghe Cristian, Claudiu
Zhao Ji, Cheng Hua, Han Rong, Liang, Karolina, Lucjan, Jose Andres, Tibor, Rogerio, Csaba, Ádám, Andrzej, Lucas, René, Damian, Bladimir, Abdelkader, Mauro, Rüdiger, Marco Vince
Silvio, An, Tommy, Gonzalo, Dragos, Paolo, Sam, Lionel, Jean Marie, Edmundas, Chrisandra, Pei Jia, Aprin, Roel, Sudhir, Karabo, Vadim, Shay, Hongpeng, Erika, Yuriy, Subani, Amang,
Abiodun, Janfeke, Dele, Ramond, Holger, Tadhg, Adeseye, Hami, Edson, Alejandra, Virawaty, Salvador, Els, Dolores, Matias, Emilie, Wisnu, Ken, Jasper, Oriane, Maryse, Mykhailo, Enrico, A
Ben Ahamada, Nenad, Uwe, Leandro, Josivaldo, George, Vijith, Amadou Moustapha, Seifu, Waldemar, Dominic, Ingo, Fei Xiang, Viacheslav, Eray, Maycol, Keith, Zhi Qiang, Dong Biao, Tian
Antal, Ion, Mael, Sylwester, Marcus Cezar, Juergen, Jhon Jaime, Genica, Lisandro, Renzo Giovanni, Iwona, Cristobal, Abosede, Agnes, Messaoud, Debora, Bryn, Rasa, Lorand, Gerhard, Hom
Aldo Hernán, Aurel Adrian, Marcos, Romana, Wesley, Hugues, Ishak, Fairbridge, Ahmet, Aurelien, Viktoriya, Camille, Abel, Boris, Kitsiang, Toon, Consuelo, Taryn, Fredy, Tetsuo, Bernadeta, Or
Olorunju, Tamsanqa, Zithulele, Siyamthanda, Sbusisa, Bongumusa, Gaetan, Pedro Pablo, Mandla, Karim, Jose Antonio, Phuti, Bert, Manyaka, Akram, Sonica, Yan Jun, Thulebona, Jay, Aurelio,
Norman, Stefania, Vitalija, Bambang, Catur, Purjiono, Afrianto, Dainora, Liberio, Jake, Niklas, Dadan, Amar, Santos, Leigh, Guus, Dante, Karnadi, Fajri, Marijus, Jhony, Dolf, Gertrude, Allan, Robin
Halina, Radosław, Teobaldo, Arleta, Hernan, Edinson, Lewis, Farid, Brice, Giovanny, Isiaka, Ifeanyi, Adekunle, Agiobu, Marcio, Wolfgang, Agim, Godwin, Mantombi, Dimas, Chiara, Henri, Nelya, Leo
Mathijs, Ciaran, Ekaterina, Margo, Dan, Yamina, Sergiy, Mokhamad, Clive, Ahmed, Katia, Sovannara, Seow Yin, Roberta, Danica, Caio, Zoltan, Carol, Choiriyah Hastuningtiyas, Tania, Xue Bin, Klara, G
Jan Marie, Dovilė, Ertugrul, Yimi, Budhi, Karen, Bram, Jarosław, Josh, Chee Seng, Dinu, Éva, Rodrigo Augusto, Matt, Lorraine, Elaine, Jean Luc, Bouchra, Bonnie, Marleen, Silke, Zsolt István, Krisztina,
Jean-Martin, Fernand, Jamal, Viasheslav, Radu Lucian, Sándor László, Cyrille, Iliyan, Carlos Mario, Heider, Adrien, Marcondes, Cristiano, János László, Hans-Jochem, Duvan, Qiang, Jian Wei, Shanmug
Victorine, Angga, Kata, Andras, Lidia, Ardiansyah, Joaquim, Jia Rong, Wei, Hendra, Hawis, Eligijus, Wei Ming, Herli, Jacob, Kate, Amid, Olayinka, Life, Shohei, Shinnya, Makram, Liesbeth, Cassandra, Hassa
Tomás, Agus, Ramunė, Beáta, Solène, Reina, Gerrit, Cosmina, Andi, Facundo, Katrin, Vilius, Pavel, Michal, Štěpán, Iveta, Jean-Michel, Akkies, Adriaan, Emmanuel Ekene, Onyedikachi Elvis, Momoh, Lour
Madimetja, Khomotso Peter, Hendrick Marthinus, Gabriella, Steffen, Peter Mathias, Uta, Viola, Daisy, The-Dzu, Jan Peter, Nina, Maximilian, Maren, Antonello, Pasquale, Lesley, Anatolii, Wieslaw, Giammarco, N
Williams, Edy, Chang Gui, Wiesław, Francivaldo, Hai Tuan, Chun Hui, Hector Fabio, Ireneusz, Guo Yu, Marzena, Da Jin, Anderson, Jorge Eliecer, Gersson, Gregorio, Wiseman, Vusumuzi, Ygor, Windy, Vlastimil, O
Aline, Eszter, Ovidiu Ioan, Andre Luiz, Eko, Setyo, Kyle, Eka, Madalin, Gianfranco, Sonata, Petr, Michelle, Burkhard, Amarzaman, Laurentiu, Hana, Andréa, Lieven, Ida, Alessa, Bartlomiej, Cindy, Daiva, Rosmery, G
Natalia, Leila, Sofronie, Bülent, Annegret, Marissa, Shakeel, Hieronim, Heike, Nicolae, Jacson, Bastian, Martijn, Jullo, Jing Xiang, He Yin, Dzemal, Jean-Claude, Sue, Sabahattin, Carina, Victoriya, Udayan, Raghav
Emanuel, Gordon, Bahrudini, Holly, Angela, Helga, Stanislaw, Jolanta, Roksana, Eirini, Lourdes, Beatriz Elena, Chloe, Sébastien, Sylvie, Adán, Soesanna, Rupert, Pablo Fabián, Pablo Ariel, Fabienne, Xu Rui, Ioan
Rikki, Ysmael, Elke, Natasha, María Soledad, Ivonne Eliana, Florentina, Jorge Fernando, Palle Bruun, Alexandru Daniel, Silvija, Maëlle, Julika, Christina-Maria, Jordi, Pavlo, Lizette, Antonino, Paula, Vicente, Harol
Mogwegeleng, Nicomedes, Mikhail, Ilya, Regine, Sema, Jacob Hendrick, Lee-Ann, Rasheed, Laetitia Deidre, Lukas Motsamai, Jan Willem, Phillipp, Dietmar, Verian, Thilo, Fatima, Billal, Hans Alfred, Adalbert, Ca
Stanisław, Kai, Marino, Tito, Saturnino, Yorgen, Jaider, Ming Qiang, Robinson, Wei Hong, Gui Hong, Nuno, Bernardo, Jorge Enrique, Achour, Alban, Remi, Anestis, Kamal, Dionisio, Nkhhula, Benson, Anayo, Akinku
Santi, Gao Wei, Amrozi, Olwyn, Jeffrey, Artūras, Aart, Leydy, Tine, Melissa, Noemi Maria, Diomed, Caoline, Abdon, Ariane, Godelieve, Emile, Shirley, Jevgenij, Vaclovas, Vera, Blessy, Helder, Marvin, Fredrik, Cic
Monique, Jaime Roberto, Harald, Enock, Kristien, Jie Jun, Ilham, Liz, Franco Rubén, Bartel, Vadym, Yuma, Povilas, Isabella, Aliaume, Ferdy, Aminata, Germano, Victor Manuel, Gerardo Ariel, Hervé, Efendi, Rino, N
Miloud, Mishel, Pierre François, Ari, Emily-Jane, Danièle, Maryvonne, Eventas, Viktorija, Till, Christoph, Brooke, Xi Ping, Inga, Zhi Hui, Bing Ming, Rui Bing, Bo Guang, Sukaryanto, Jose Neto, Xin Yao, Ruli, Ryushin,
Yumeï, Flavio, Progress, Livia, Walter Ruben Miguel, Plamen, Jessie, Rabia, Genevieve, Modestas, Naoko, Paulo Vinicius, Achmad, Austėja, Xin Xue, Alfred William, Jonas Pheaga, Jing, Vitaliy, Seipati Maureen,
Rudolf, Tino, Nondumiso, Nicla, Dragan, Oldemar, Alfonso, Remon, Jersoon, Chester, Dilter, Ewoud, Benas, Andrej, Yoni, Gianncarlo, Abdulahad, Afandi Chalid, Natalie, Razvan, Alistair, Sheng Yue, Jhonathan, Ale
Larsen, Lukman, Toru, Zelda-Ann, Miroslava, Henry, Babatope, Ajani, Adesakin, Ayinde, Akona, Arif, Akinori, Jorge Daniel, Jaroslav, Melisa, Jannie, Luke, Nduka, Paschal, Divad, Nnamdi, Laiza, Ionut, Wallace Feli
Ulf, Sarah-Katharina, Rhys, Rolandas, Lise, Georg, Anna-Marie, Arnoud, Ramunas, Hilal, Phoebe, Dagmara, Lukas Faustas, Johann, Lisset, Gilbert, Jose Ruben, Hendrick, Mbuzeli, Hans-Joachim, Recep, Joey, Elian
Stein, Maksym, Zhengzheng, Karoly, Qiao Min, Meissa, Edimilson, Akhil, Makan, Ze Guang, Romario Geroge, Zygmunt, Joseph Henri, Abderrahim, Jaysson, Douglas, Run Cheng, Xi Yuan, Zhi Ming, Soman, Hari Ku
Li Qun, Jia Xiong, Dwi, Arpad, Fraser, Heinz-Dieter, Olukunle, Ionelia, Takumi, Cerian, Viorel Stelian, Clara, Ruth Petra, Zhi Bin, Maryluz, Leonel, Gen Quan, Dinis, Elliott, Jeffe, Portia, Asan, Aniello, Hilde, Gaia, Mo
Maratswane, Pheello, Nikolaas, Abderzak, Serge, Lazarus, Gunther, Luzuko, Doski, Mansour, Pheeha, Nicky, Adeyemi, Anannias, Sikhokhele, Jean Claude, Jean Louis, Paolo Francesco, Tajudeen, Satoru, Gertjan, J
Sherif, Erich, Jarold, Waldo, Barry, Mokgase, Indrite, Danut Emilian, Raluca, Iulian Nelu, Vetuta Liliana, Islen, Élio, Niks, Violetta, Gilberto, Moises, Ji Chao, Zsolt Ferenc, Rolando, Yong Xin, Dao Feng, Alexi, Ying
Mayu, Hiromi, Maksim, Alena, Sergio Ariel, Frantz, Iuliana, Anette Løff, Mariana, Davide, Nilda Teresa, Andrejus, Zhong Nan, Violeta, Alastair, Suprayitno, Liliana, Kelly, Juli, Vita, Elise, Ailson, Leonora, Jayne, Ama
Zakaria, Anje, Oluseyi, Sipho, Karlheinz, Hou Bin, Rudiger, Zwelithini, Yan Ping, Rosmarie, German Antonio, Mileidis, Doris, Jabulani, Mireille, Hannelore, Lisette, Vicki, Hryhorii, Maël, Arnaud, Vivien, Kemas, Dan
Nicolae Viorel, Dumitru Catalin, Virgilijus, Hanif, Nelė, Rico, Welly, Suwendi, Zhi Ye, Krisma, Fajar, Rui Ling, Juana, Anton, Landry, Gbenga, Haruki, Koji, Bella, Shi Ding, Ruediger, Wladimir, Rachel, Zdenko, Britt, J
Vilma, Pitsi Velma, Zane, Arturas, Anita, Ikenna, Mehmet, Ayomiposi, Bamikole, Pierre Yves, Sontaga, Essam, Emilio, Lennert, Gezina, Qiu Yong, Marco Antonio, Karolien, Elviss, Joveniaux, Abel Daniel, Carolyn, Tal
Cucu, Zigmas, Peter-Werner, Lokman, Cruz, Andreas Fritz, Artemio, Alvin, Joyce, Silviu, Beniamin, Nicolae Catalin, Zdzisław, Danilo, Jiu Xian, Zhi Liang, Ying Shan, Juan Camilo, Gang, Tadeusz, Ygnacio, Remig
Gianluca, Magalie, Olugbenga, Babatunde, Donald Nwanne, David Enrique, Kadiri, Brenton, Sabu, Adekunbi, Akhazemeh, Jiří, Mick, Johannes Albertus, Dorte Mølgaard, José David, Geoffrey, Pierrick, Dag
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Katawa Hombaman Magu, Jian Qiang, Arun, Johannes, Ousmane, Riccardo, Udo, Shu Xiong, Somasundaran, Hardo, Erol, Zhu Sheng, Shui Hua, Ze Min, Trinidha, Sándor, Erdogan, Dogan, Pascal Patrick, Y
Cristina Elena, Boon Kiat, Evangelia, Françoise, He Yang, Angélique, Mascia, Roxana, Anilkumar, Virginija, Antia, Ombline, Wilco, Sergėjus, Laurens, Darroch, Aimee, Bernardita, Tomislav, Steph, Gunnar, Bra
Badrut, Waskito, Armin, Lynda, Marcelina, Paulina, Deloshnie Shireen, Maphodisa Solomon, Yana, Rishendhirie, Bernard John, Bálint, Sello, Sambulo, Jeremie, Angelo, Sidubuleni, Driss, Robby, Hamza, Dam
Wahyu, Hamzah, Salimun, Mukhamad, Iurii, Apri, Saepudin, Glorio, Martyn, Suryadi, Sapta, Domingo, Constantino, Alek, Dodi, Capan, Valdemaras, Harun, Manases, Małgorzata, Nanne, Hamid, Jaisson, Yenny Po
Darya, Carole, Purificación, Marshal, Kellie, Yuri, Alan Paul, Masayuki, Keita, Alejandro Jorge, Armandas, Spokazi, Xing Wu, Teguh, Josue, Daniel Henrique, Lily, Diyae, Nicolás, Ehimare, Carlo, Giulia,
Olugbemiga, Sprinkaan, Thembekile, Theophiel, Rafiu, Skhumbuzo, Jurgita, Vidette, Eduar, Segun, Agung Sukarno, Faizal, Elly, Asen, Fabiana, Stéphan, Anouska, Viviane, Blanka Katalin, Kareem, Redi, Jan
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Allal, Dylan, Jun Zhao, Patrick John, Kershan, Guewen, Gábor Ferenc, Anaïs, Lucia Molebatsi, Rasool, Philiphus, Cherry-Ann, Tugrul, Helmut, Sacha, Ilyas, Brahim, Benjamin Steffen, Andrey, Alain Jean Pier, F
Antoni, Giomar, Grober, Shu Qin, Pedro Gildardo, Osvlado, You Ming, Shi Jian, Wuilian, Eleuterio, Ákos, Margarida, Pin Hua, Ting You, Emanuel Ionut, Sander, Yonis, Aurélien, Robson, Marlon, Ukpai, Bukola, Ta
Yovanni, Günter, Johanne, Yolanda Silvestra, Jose Félix, Mzokhona, Mikli, Uzair, Ine, Abayomi, Kazeem, Daluxolo, Ibraheem, Abdelmourad, Olanrewaju, Sol, Arturs, Biodun, Vikram, Frankie, Pierric, Marie-Ann
Eros, Zoltán Attila, Aomar, Edivam, Olutunmise, Jagoda, Jaroslaw, Wee Sze, Yih Wei, Sabina, Keld, Juremi, Denas, Sorina Daniela, Fagner, Wei Zhong, Mihaita, Yuki, Oana, Béatrice, Beatriz, Félix, Jo
Raimonda, Derick, Sylvanie, Bianca, Ismaila, Janet, Ankie, Shu Ping, Hulisani, Monre, Charlin, Vitas, Ágnes, Ngwale, Themba, Sibisiso, Tlabo, Adedotun, Sulaimon, Tando, Matome, Rudzani, Calvin, Gökay, Ami
Nkhetheni, Shanil, Jhon Wilmer, Amina, Merilisa, Pete, Ade Tira, Subiyanto, Rendi, Dena, Muh, Cipta, Knut, Glen, Imam, Ajimon, Nadezhda, Noureddin, Tadiwos, Ashely, Gerjan, Constantin Tiberiu, Oscar Edua
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Happiness, Hari, Zakia, Abednego, Mlungiseli, Hui Jun, Estella, Olha, Jolanda, Adilia, Annabelle, Mihail, Ezequiel, Joannes, Brendon, Adil, Rinaldo, Mohammad, Frederick, Godelieva, Mladen, Krystyna, Maria Ag
Razaq, Nobuyasu, Mei Dianto, Xiao Jin, Troyda, Dominika, Mambaci, Charline, Ingibjörg, Claus, Bash, Miek, Mélinda, Adriana, Eric Hernan, Judicael, Floriane, Jens F., Tanny, Even, Arend Jan, Tjaart, Arianna Fra
Ana Maria, Madlozi Simon, Gábor Pál, Sufian, Franziska, Marko, Kirsten, Hilmar, Christoffel, Dany, Priyan, Jean-Bernard, Duncan, Mantas, Demetrio, Sandy, Confesor, Gianna Anna, Grit, Nilver, Deyvi, Teofilo, B
Krisztián, Walerian, Xiao Mei, Xiong Fei, Shun Qian, Cheng Jiao, Enio, Yaman, Ediel, Fodil, Gaspard, Abdellatif, Okwuchukwu, Victorwell, Abdalla, Agwu, Abimbola, Bagus, Bill, Hakeem, Chibuike, Ibiyemi, Idowu,
Geoff, Dyah, Giuditta, Yuni, Kenlynn, Christo, Roslin, Suat, Koray, Olufemi, Olushegun, Janilson, Kristi, Erna, Cristián, Bernadett, Milagros, Oky, Nerijus, Kevser, Árpád, Mninawe, Fidel, Raimundo, Concetto, Faina, I
Sergio Hugo, Lisandro Mario, Adolfo, Calin Ion, Ianos, Ákos Ármin, Wilberto,Fu Yong, Kai Li, Borhan, Carel, Cheryl, Desie, Nicusor, Esperanza, Luce, Naydy, Moon, Jing Hui, Iuliu, Houcemeddine, Kai Hendrik,
Ciprian Ionel, Fatma, Aloyzas, Yukihide, Dabney Janet, Nataly, Chee Wee, Ignatius Cornelis, Vilmantas, Gábor Zoltán, Sakiru, Mkhacani, Tlowane, Thabani, Sammy, Cornelis, Furkan, Harley, Arumugan, Tsheko, E
Burkhard, Sonny, Ataulfo, Sem, Halim, Mustaqim, Suiman, Muldiyono, Yusup, Nurdiansyah, Yosep, Barnas, Evert, Jean Philipp, Chozinatul, Vaidotas, Egberto, Fuad, Concepcion, Marzino, Iner, Haayo, Niek, Troy, F
Bernard Paul, Doroteo, Babajide, Muziwakhile, Gweje, Svenja, Emily, Ejem, Danladi, Pearl, Nazar, Javiera, Fimber Uchenna, Adesina, Nwachukwu, Hai, Yui, Masamitsu, Lubomir, Miloslav, Constanza, Elmar, Mya
Timilehin, Renars, Morne, Devonio, Julia, Blanca, Pangrae, Wouter, Kristýna, Maria Angeles, Nelson Nicolás, Anen Krisna Permata Sari, Lieve, Mirjam, Gintarė, Lori, Arild, Oki, Ejike, Nelson Eduardo, Yuliya
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