



→ **Anna Zhuromska**  
Regional HR Manager CEE at Etex Ukraine

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

# We care about people

Connect & Care is one of Etex's core values. Our strength lies in our people. Dedicated and motivated teammates working together are the essential driver of a sustainable future.

In 2020, to keep connected with our more than 11,000 employees despite the unprecedented circumstances, we organised an employee engagement survey. More than 80% of all teammates participated, and Etex recorded an increase in employee engagement compared to 2018. Our teammates felt more engaged, a sentiment that was further reinforced by Etex's response to the pandemic.

Watch the video



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

Paul Van Oyen,  
Chief Executive Officer

# A milestone year in the face of an unprecedented global challenge

Last year, we continued to make a tangible contribution to the world by inspiring ways of living, providing ever more smart, safe, beautiful and sustainable building solutions. The year was marked by crisis management and resilience, but also caring for our people and accelerating our strategic execution. Due to the impact of the pandemic, our top line (in like-for-like terms) is likely to be challenged this year and the next, but our performance culture, sustainability drive and customer focus are firmly in place.

## Caring for our people remains our top priority

In everything that we undertook during this unprecedented year, our number one priority was – and continues to be – **to ensure the safety and well-being of our people**.

We feel deeply for our teammates who have been impacted by COVID. We would also like to express our sincere condolences to the families and loved ones of teammates who have tragically passed away as a result of a contamination in their private environment.

Like the vast majority of multinational industrial organisations, our activities were affected by the coronavirus pandemic. **Etex rapidly went into crisis mode**, creating a dedicated crisis management team, implementing ambitious cost control measures and intensifying communications with our people. We immediately **strengthened local decision-making**, enabling our leaders on the field to take the right steps and inspiring the trust of our people. United in solidarity, both the Executive Committee and many teammates accepted voluntary salary cuts for a period of time.

On the manufacturing side, we rapidly closed factories and defined very strict safety rules that place clear priority on our people. This enabled us to reduce impacts as much as possible and **to restart our activities with plenty of confidence**. Teammates were inspired and reassured by Etex's response to the pandemic, which reflects in the feedback we've gathered through our 'Me & Etex' employee engagement survey.

## Execution on our six-pillar strategic roadmap

### Strengthening our core assets through M&A

In 2020, **we made a number of key investments** that will prove central to our futureproof strategy. Chief among them was the acquisition of the business of **Knauf Plasterboard Pty Limited in Australia**, a large player possessing important assets in the form of market reach, technology and know-how. We also purchased UK-based player **FSi Limited** to expand our passive fire-stopping reach.

### Exiting the residential roofing segment

With the divestments of Marley South Africa, Creaton and our 50% stake in RBB NV, **Etex completely exited the residential roofing market** in 2020. As residential roofing is a heavy construction activity, this move is entirely in line with our strategic ambition to focus on lightweight construction methods.

### Implementation of commercial excellence

Last year, we have also launched a number of initiatives **to become a truly customer-centric organisation**. Throughout all our divisions, we have better defined our market segments, developed new business models, optimised our brand architecture and harmonised our processes, in order to deliver a superior customer experience.

### Investing in our offsite construction footprint and digital transformation

Our newest division, **New Ways**, dedicated to high-tech offsite modular construction solutions, experienced a tough first year due to the COVID context, but it focused on evolving from a company incubator into a growth engine as from this year. Building on acquisitions as well as increased production capacity achieved in the past year, 2021 is expected to deliver profitability.

### Significant progress was made on our digital pillar across all four divisions in 2020.

In addition to rolling out portals to benefit distributors and simplify ordering processes, we introduced marketing automation capabilities, a new business model for our Cedral brand as well as a world-class customer experience across all channels.

### Driving sustainability in the way we do business

**Corporate Social Responsibility was introduced last year as one of our six core strategic pillars**. As a result, Etex became a signatory of the UN's Global Compact for sustainable and responsible business practices, and also committed to the UN's Sustainable Development Goals (SDGs). We have reached key milestones in our threefold environmental ambition: zero landfilled waste, decarbonisation and zero consumption of potable water in our industrial processes. Furthermore, our Environmental, Social and Governance (ESG) risk rating of 18.5 out of 100 indicates that we have a low risk exposure.

Later this year, Etex will release its **first-ever Sustainability Report** in line with the requirements of the Global Reporting Initiative (GRI).

To our shareholders, partners, teammates and customers: we deeply value your commitment to Etex. Thank you for your continuing trust in our organisation.

## Our three-pillar agenda

### ENGAGED PEOPLE

#### Engagement reaches new heights

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

Central to these results were our **investments in the Etex Leadership Principles**, as well as our **strong focus on communication** as the COVID-19 pandemic unfolded. Our people feel that internal communication has significantly improved, and that we faced the situation together as one unified organisation.

#### Globally united under the Etex corporate brand

Early 2020, we launched 'United to Inspire', an exercise involving teammates from around the world. The goal? Increasing customer loyalty, engagement and trust by positioning

Etex as a robust corporate umbrella brand. The campaign unfolded throughout the year, with teammates participating in numerous townhall meetings and subsequent initiatives. Through these events, we encouraged them to step forward and play their active roles in this effort to deliver ever-better experiences to our customers – **as one global team**.

#### Instilling a feedback culture

2019 was the first year of our Etex Awards initiative, which rewards individuals and teams for their contributions to our strategic pillars at different levels. Last year, **we handed out the first Etex CEO Award**, recognising Process Engineer and Coating Supervisor Michael Orłowski for his work on the 'Zero Rejects' project at our fibre cement plant in Neubeckum, Germany. In total, we also distributed 195 Etex Excellence Awards and 1,080 Etex Impact Awards to teammates around the world.

### OPERATIONAL PERFORMANCE

#### A record safety year

When it comes to safety, Etex recorded an outstanding achievement in 2020 after two

years of unrelenting dedication. As a result, our organisation further **improved on its already low lost-time accident frequency rate**, reducing it from a level between 1.9 and 2.6 down to 1.4, a record low. The strong collaboration, resilience and unity that characterised the year for our organisation led our people to outshine themselves in safety behaviours and proactive measures.

#### World-class operations and processes

We consolidated our manufacturing activities, which were previously housed separately by division, allowing countries and regions to focus even more on their commercial efforts. **Manufacturing is now a separate activity** with its own Chief Manufacturing Officer, Christophe David, who joined the Executive Committee. Bringing manufacturing (and mining activities) under one central "roof" will allow us to be even more efficient and effective in the future and drive the functional excellence needed to **achieve world-class manufacturing**. Even more, it enables in-depth discussions between functional experts and business leaders, and it bridges manufacturing teams worldwide, for unified best practices and operational support of products.

A **Business Process Owners (BPO) team** has also been created to further optimise and streamline our processes and to maximise the business and customer value.

### PROFITABLE GROWTH

#### Exceptional financial performance in trying times

Like most industrial players, Etex took a big hit at the beginning of the year due to lockdown measures which were taken in several geographies, mainly in the second quarter, resulting in market demand contraction and the temporary closure of many of our plants.

However, markets recovered well by the third quarter of 2020, mainly due to **a strong**

**renovation upswing** around the world. This has benefitted our two largest divisions, Building Performance and Exteriors. Due to the nature of its activity, our Industry division was heavily impacted by the COVID-19 situation in almost every geography. Overall, and given the unprecedented context, Etex recorded only a slight decline in revenue on a like-for-like basis.

#### Lowest net debt level in history

Profitability, on the other hand, recovered very strongly at the end of 2020, mainly through improved margins and contained overheads. Even more, 2020 was Etex's **best year in terms of cash generation**, and our organisation has achieved the lowest level of net financial debt ever.



## Etex is ready for the future

Although our order book for the first half of 2021 is positive, we expect our revenue to be affected by COVID-related volatility this year and the next. Despite this forecast, the performance culture that we have invested in over the last year is firmly in place and delivering results. In addition, our strategic acceleration of sustainability and customer experience initiatives will continue to bear fruit moving forward.

Today, we are equipped as an organisation to face uncertain market conditions. We are

more efficient, leaner and controlled in terms of overheads and working capital, and we have made clear structural improvements in manufacturing and supply chain that will benefit us even in non-pandemic times.

The acquisitions we made in 2020 will fuel our future growth in high-potential markets. In 2021, we will continue to identify new opportunities, as we are currently in an excellent position to make significant additional investments.

**Paul Van Oyen**,  
Chief Executive Officer

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

As announced in November 2020, at the General Shareholders' meeting of Etex on 26 May 2021, Jean-Louis de Cartier de Marchienne will reach the end of the maximum number of terms as Chairman of the Board. The Board of Directors has followed the advice of the Remuneration and Nomination Committee to nominate Johan Van Biesbroeck as his successor as Chairman. To enable a smooth transition, Johan Van Biesbroeck is serving as Vice-President of the Board since November.

I would like to warmly thank Jean-Louis for his entrepreneurial spirit, dedication and support to the executive management team. Since 2006, Jean-Louis has guided Etex through challenging times, such as the 2008 financial crisis and the current COVID-19 pandemic, and many strategic achievements, such as the acquisition of Lafarge in 2011, the divestment of our ceramics business in 2016 or our recent exit from our Residential Roofing activities. Moreover, the company has improved its governance under his guidance.

**Paul Van Oyen**,  
Chief Executive Officer

# Consolidated Key Figures

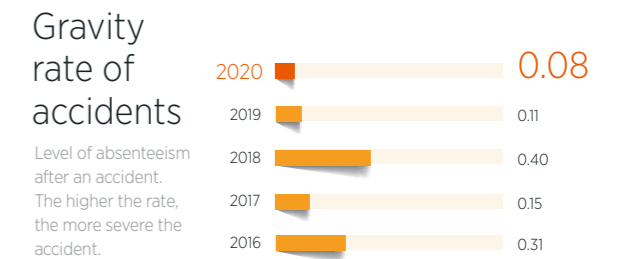
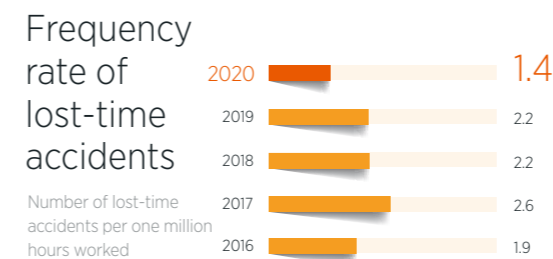
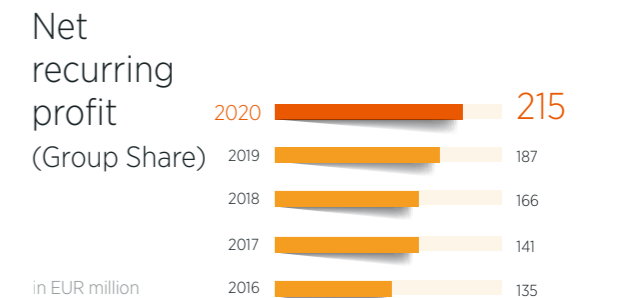
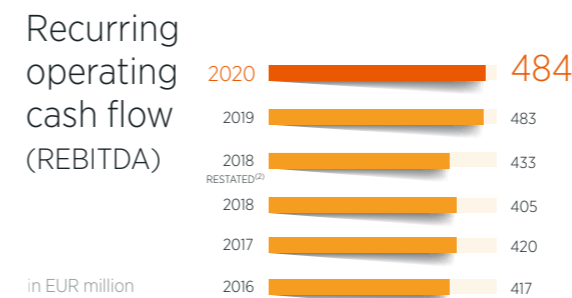
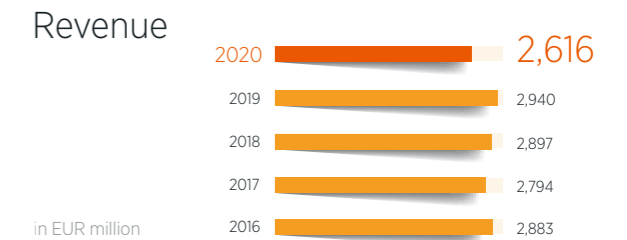
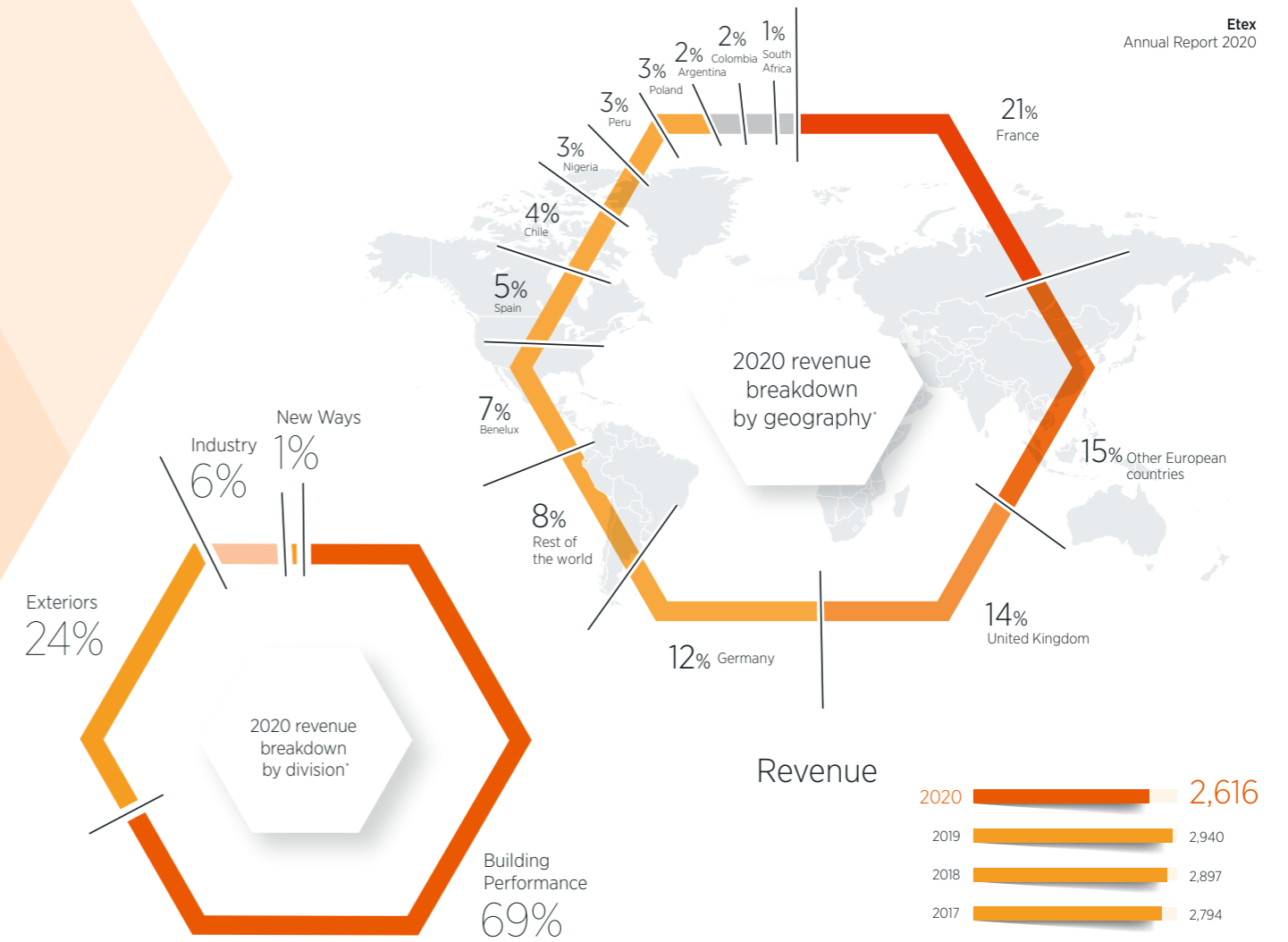
EUR MILLION	2016	2017	2018	2018 RESTATED <sup>(2)</sup>	2019	2020	VAR. 2020 VS 2019
<b>Revenue</b>	2,883	2,794	2,897	2,897	2,940	<b>2,616</b>	-11.0%
<b>Recurring operating income (REBIT)</b>	256	266	245	245	292	<b>311</b>	6.5%
<b>Recurring operating cash flow (REBITDA)</b>	417	420	405	433	483	<b>484</b>	0.2%
% of revenue	14.5%	15.0%	14.0%	14.9%	16.4%	<b>18.5%</b>	-
<b>Non-recurring items</b>	-19	3	-25	-25	-24	<b>-39</b>	-
<b>Operating cash flow (EBITDA)</b>	404	432	391	418	557	<b>468</b>	-16.0%
<b>Operating income (EBIT)</b>	237	269	221	221	268	<b>272</b>	1.5%
% of revenue	8.2%	9.6%	7.6%	7.6%	9.1%	<b>10.4%</b>	-
<b>Net profit (Group share)</b>	127	148	140	140	176	<b>194</b>	10.2%
<b>Net recurring profit (Group share)</b>	135	141	166	166	187	<b>215</b>	15.1%
<b>Capital expenditure</b>	137	148	192	192	169	<b>112</b>	-33.7%
<b>Net financial debt</b>	630	633	584	694	331	<b>15</b>	-95.5%
<b>Working capital<sup>(1)</sup></b>	249	261	271	271	224	<b>137</b>	-38.8%
<b>Capital employed<sup>(1)</sup></b>	2,258	2,341	2,352	2,462	2,196	<b>1,868</b>	-14.9%
<b>Return on capital employed (ROCE)<sup>(1)</sup></b>	10.1%	12.1%	9.7%	9.5%	11.5%	<b>13.4%</b>	-

EUR PER SHARE	2016	2017	2018	2018 RESTATED <sup>(2)</sup>	2019	2020	VAR. 2020 VS 2019
<b>Net recurring profit (Group share)</b>	1.72	1.80	2.12	2.12	2.39	<b>2.75</b>	15.1%
<b>Net profit (Group share)</b>	1.63	1.89	1.80	1.80	2.25	<b>2.48</b>	10.2%
<b>Gross dividend</b>	0.48	0.53	0.58	0.58	0.58 <sup>(3)</sup>	<b>0.70<sup>(4)</sup></b>	20.7%
<b>Dividend growth rate</b>	9.1%	10.4%	9.4%	9.4%	0.0%	<b>20.7%</b>	-
<b>Recurring distribution rate</b>	27.9%	29.4%	27.4%	27.4%	24.3%	<b>25.5%</b>	-

PERSONNEL	2016	2017	2018	2018 RESTATED <sup>(5)</sup>	2019	2020	VAR. 2020 VS 2019
<b>Personnel</b>	15,011	14,510	14,458	14,458	13,260 <sup>(5)</sup>	<b>11,387<sup>(5)</sup></b>	-

NB: Definitions of the alternative performance measures are included in the glossary at the end of this report. 2016 values include discontinued operations (i.e. the ceramics business in Peru, Colombia, Chile & Argentina).

- These values are expressed excluding the favourable impact of the non-recourse factoring programme (note 16 of the Consolidated financial statements discloses details on non-recourse factoring); the 2017 ROCE value excludes Pladur.
- These values are restated for IFRS 16 (lease) impacts consistently with 2019 with respect to lease debt, leased assets and depreciation of lease assets.
- The dividend for 2019 (paid out in 2020) is made up of EUR 0.29 as decided during the General Shareholders Meeting of 27 May 2020, and EUR 0.29 as decided during the Extraordinary Shareholders Meeting held on 22 October 2020.
- Subject to the approval of the General Shareholders Meeting of 26 May 2021.
- The personnel figures exclude the Residential Roofing companies which have been divested in 2019 (Marley Ltd and Umbelino Monteiro) and 2020 (Creaton, Marley (SA) (Pty) Ltd and our 50% stake in RBB NV). The 2020 figure includes the personnel of FSI Limited, which was acquired by Etex in September 2020. It excludes, however, the personnel of Knauf's former plasterboard business in Australia, as this operation was completed in February 2021.



\* The revenue excludes the Residential Roofing companies which have been divested in 2020.

# Milestones of 2020

**APRIL**  
The peak impact of the COVID-19 pandemic on Etex is this month; the activities of around **48% of our facilities are put on hold** as numerous countries roll out lockdown measures around the world.

**MAY**  
We officially introduce our **Etex Leadership Principles**: the result of a global, multi-stakeholder collaborative exercise. These future-focussed principles align with our corporate strategy and are built into the performance review cycles of Etex teammates.  
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**SEPTEMBER**  
**Christophe David** joins Etex's Executive Committee as **Chief Manufacturing Officer**. In this role, he will drive us towards becoming a global manufacturing organisation of the future – all while staying close to our local businesses.  
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**JULY**  
Etex runs an in-house-developed **'Me & Etex' employee engagement survey** in 15 languages. An impressive 8,500 teammates respond to this completely digital initiative, and their feedback is very positive: engagement increased by 5%!  
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**FEBRUARY**  
Over 8,500 Etex teammates in 38 countries attend 125 townhall meetings across our entire organisation to unite with a common purpose and a **brand-new corporate identity**.  
[> READ MORE ON P. 18](#)

**MAY**  
We celebrate the first **Etex CEO Award** with two individuals and three teams as nominees. Winner Michael Orlowski, based in Neubeckum, Germany, showed exemplary dedication to the Etex values within the context of the Zero Rejects project.  
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**SEPTEMBER**  
We reach a **record low lost-time accident frequency rate of 1.4**. This figure is the direct result of structural changes implemented over the last two years to transform Etex into a global, unified, simpler and more agile organisation.  
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**MARCH**  
E2E (an Etex-Arauco joint venture) company Tecverde, part of our New Ways division, delivers the first of **five lightweight, modular hospitals**. Built using industrialised construction techniques, they are completed in an average of 33 days each to help fight the pressure of COVID-19 in Brazil.  
[> READ MORE ON P. 38](#)

**MAY**  
During our General Meeting of Shareholders, **two new Board members** are appointed: Muriel De Lathouwer, permanent representative of SPRL Much, and Hans Van Bylen, permanent representative of ViaBylity BV.  
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**DECEMBER**  
Etex commits to **100% sustainable electricity sourcing** where achievable, certified by guarantees of origin. Etex meets this goal for all production sites in Europe and Chile, and achieves a total of 50% sustainable power globally!  
[> READ MORE ON P. 46](#)

**MARCH**  
Etex becomes a **signatory of the UN Global Compact** – a global corporate sustainability initiative committed to the 10 business principles of the United Nations and their 17 Sustainable Development Goals.  
[> READ MORE ON P. 41](#)



**JUNE**  
Etex is back on track following the lifting of global lockdowns; **100% of our production sites** are up and running.

**JANUARY 2021**  
Etex launches **PLURATECT MARINE LIGHT**, the largest lightweight fire protection board for marine applications available on the market. It combines weight-reducing technology with superior mechanical properties – and is 100% recyclable.  
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## Marking Etex's exit from the residential roofing segment

On 22 October 2020, Etex signed an agreement with Terreal, a France-based roofing and building solutions pioneer, for the divestment of our Creaton roof tile business. This milestone marks the **fifth roof tile business divestment** for our organisation in the last two years, and the final step in our **complete exit from the residential roofing segment**. Since 2019, Etex has sold Umbelino Montiero, Marley Ltd, Marley South Africa, its 50% stake in RBB NV and Creaton.

"Not only is there a strong strategic and cultural fit between Creaton and Terreal, but this agreement enables both of our organisations to focus even more strongly on our goals", asserts Etex CEO Paul Van Oyen.

"Etex is poised to fully dedicate our efforts to shaping the future of construction by developing and delivering industrialised, lightweight and modular building solutions."

Two years ago, Etex defined its goal to become a **global player in lightweight, sustainable, cost-effective and quality-focussed building technologies**. Producing clay and concrete roofing tiles is a heavy industry. As such, this activity no longer aligns with our fundamental ambition.



## Paving the way toward a fire-stopping and lightweight future

In addition to our exit from the residential roofing segment, Etex also **completed a number of acquisitions** that will play important roles in the evolution of our business into an industry-shaping lightweight construction player. Welcoming these new businesses into the Etex group constitutes the other side of our strategic refocusing initiative, as they offer access to proven technologies, greater market reach and strong talent.

On 25 September 2020, Etex announced our acquisition of passive fire protection specialist **FSi Limited** in the UK. This new business reinforces our intent to continue to lead in passive fire protection solutions around the world, opens up new markets to FSi, and brings us even closer to our customers in the UK and Europe.

The major acquisition of top-three Australian plasterboard player **Knauf Plasterboard Pty Limited**, announced in November 2020 and completed on 26 February 2021, marks a key strategic milestone, enabling Etex to expand our footprint in this well-developed construction market. In addition to a strong cultural fit with Etex, Knauf Plasterboard offers a competitive product portfolio, experienced teammates, state-of-the-art production facilities and a broad network of partners and suppliers.

Completed on 27 January 2021, Etex purchased a majority stake in French innovative offsite construction company **e-Loft**, which is based in Brittany. The company, which operates a state-of-the-art production facility, develops a number of modular and custom timber-framed solutions for homes and multi-family residences. It is the New Ways division's first business in continental Europe and will benefit from Etex's global footprint, sales processes and operations.

