

Press Release

2014 Results

Brussels, 30 March 2015 – Etex’s resilient performance in a weak market environment resulted in a moderate like-for-like growth and nonetheless sound margins

In 2014, Etex posted 2.987 billion euro in sales. This represents a moderate growth of 2.9% on a like-for-like basis and a drop of 1.9% in real terms. Sales were impacted by unfavourable exchange rates and scope changes. Overall, the group maintained solid margins.

Etex’s recurring operating income evolved from 234 euro to 226 million euro in 2014. The group’s bottom line was impacted by increased provisions for restructuring costs, health claims and litigations.

After a strong first half-year performance, both public and private investments slowed down. This caused sales to drop in the second half of the year. Growth in emerging markets decelerated, often remaining below double digits. Meanwhile, in other countries where Etex is active, local economies flirted with recession.

Sustained performance in Europe despite a difficult second half-year

In Europe – which accounts for two-thirds of Etex’s revenue – the economic landscape changed throughout the year, in various countries. The group performed well in general and managed to generate a healthy cash flow.

In France, the unrelenting economic crisis influenced the construction business, Siniat in particular. The UK remained at the forefront of our European gypsum business, while other countries delivered steady results. Earlier investments in the fire protection and insulation division resulted in a stable performance for Promat. The roofing segment experienced a very good first half-year, thanks to the mild winter. The second half-year, on the other hand, turned out to be more challenging. Fibre cement cladding performed extremely well in Europe. The group is now introducing these activities in America and Asia, generating good results so far.

Investing in a profitable future in emerging countries

Latin America continues to be an appealing region for Etex. However, exchange rates along with continued inflation prevented positive results from showing up in the group’s bottom line in euro for the second year in a row.

The investments of the past few years allowed us to expand our ceramics offering in Latin America. In the same region, the gypsum business is doing well and the outlook remains positive. Fibre cement boards generally continued their penetration strategy in emerging markets. Meanwhile, the growing demand in Indonesia paved the way for investments in local production capacity. In response to the disappointing results in Nigeria, Etex introduced new products and adapted its market approach. Finally, South Africa posted good results in the roofing business.

Financial discipline and operational excellence

Etex successfully refinanced its syndicated facility, thus extending it until January 2019 and improving its conditions. In February, Etex gained full control of Siniat by acquiring the remaining 20% stake three years earlier than anticipated.

Etex continues to streamline its portfolio, focusing on a limited number of business segments in specific regions. Consequently, the group divested two companies that no longer fitted this approach — Batiroc in France and Etersol in Chile.

Etex is also further adapting its manufacturing footprint. New production lines are being added and greenfield projects are being developed. In addition, Etex had to rationalise its equipment: the Glasgow-based Promat factory is being closed and an organisational restructuring is being carried out in France.

Etex was able to reduce its debt by over 70 million euro, mainly thanks to increased operational excellence and a strong focus on non-cash working capital. As a result, the group's net financial debt/rebitda ratio dropped to 2.3.

Despite local differences, the overall outlook for 2015 is one of stability, underpinned by organic growth

Etex anticipates that cyclic fluctuations will continue to appear in all of its markets throughout 2015. Emerging markets are expected to show minor growth, while the fundamental situation in Europe, and particularly in France, needs to improve further. “Overall results are expected to be stable”, says Paul Van Oyen, CEO of Etex since 1 January 2015. He ambitiously looks forward to 2015 and beyond: “Etex has never stopped seizing local opportunities to develop a balanced portfolio and geographical footprint.”

Key Figures in 2014

In million euro	2013	2014	% var	% var like-for-like
Revenue	3,046	2,987	- 1.9%	2.9%
Recurring operating cash flow (REBITDA)	404	390	- 3.5%	0.3%
<i>% revenue</i>	13.3%	13.1%		
Recurring operating income (REBIT)	234	226	- 3.4%	1.8%
<i>% revenue</i>	7.7%	7.6%		
Non-recurring items	2	-45		
Operating cash flow (EBITDA)	412	365	- 11.6%	
Operating income (EBIT)	237	182	- 23.3%	
<i>% revenue</i>	7.8%	6.1%		
Profit for the year	129	95		
<i>Group share</i>	124	92		
<i>Non-controlling interest</i>	5	3		
Property, Plant and Equipment	1,728	1,745		
Intangible assets	473	457		
Working capital	284	260		
Capital employed	2,507	2,485		
Equity	934	924		
Net financial debt	977	904	- 7.5%	
Capital expenditure	212	198	- 6.7%	

After a stagnation in 2013, a dividend of 0.40 euro per share will be proposed at the Shareholders' Meeting on 27 May 2015.

The consolidated financial statements for the year 2014 were approved by the Board of Directors on 27 March 2015 and will be presented for approval at the Shareholders' Meeting.

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

The annual report will be presented at the Shareholders' Meeting and will be available on Etex's website : www.etexgroup.com.

About Etex

Etex is a Belgian industrial group manufacturing and selling building materials. Its four core businesses are: cladding and building boards in fibre cement and plaster, roofing materials, passive fire protection and high performance insulation, and ceramic floor and wall tiles. In Belgium, apart from its headquarters, Etex has three production sites and two R&D centres.

With over 17,000 employees working at 118 production sites in 43 countries, and with an annual turnover of around 3 billion euro, Etex is an international player in sustainable building solutions. For more information, please visit our website: www.etexgroup.com.

More information

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