

Exteriors

Created on 1 January 2019, the Exteriors division is led by **Michael Fenlon** and is active on a global scale. This division combines the fibre cement exteriors activities of the former Roofing and Facade divisions, in line with Etex's focussed strategic plan. Michael tells us more about the division's challenging debut year.



→ Michael Fenlon, Head of Exteriors

Is there a word that sums up 2019 for Exteriors?

First years are always transitional periods for any organisation. The key word in 2019 was 'transformation', as we blended our fibre cement roofing activities with our newer, faster-growing facade business. As part of this transformation, we spent part of 2019 responding to challenges, upgrading quality and streamlining our processes.

It sounds like 2019 was a year of mixed results. What were the drivers behind the challenges?

We made tough, rigorous decisions in 2019 to really put quality, commercial excellence and customer focus in the spotlight. We tackled quality issues relating to several products, which of course had a negative impact on the performance of the division but these actions were in the interest of our customers and our long term commitment to our markets. We evolve in a competitive market place and in certain markets (particularly in Latin America), we faced economic and political instability. We were only partially able to offset this instability in 2019 through our pricing strategy and lower input costs.

It's important to emphasise that while the present situation requires a careful

approach, the future of Exteriors is very promising. We have an exciting innovation pipeline, a crystal-clear strategy and a sharp focus on sustainable growth, which will translate into results in the coming years. More importantly, fibre cement products are both our historical activity and completely in line with Etex's focus on lightweight materials. This will be key in our strategy going forward and offers a lot of opportunities.

Can you reveal more information about the projects in the division's 2020 pipeline?

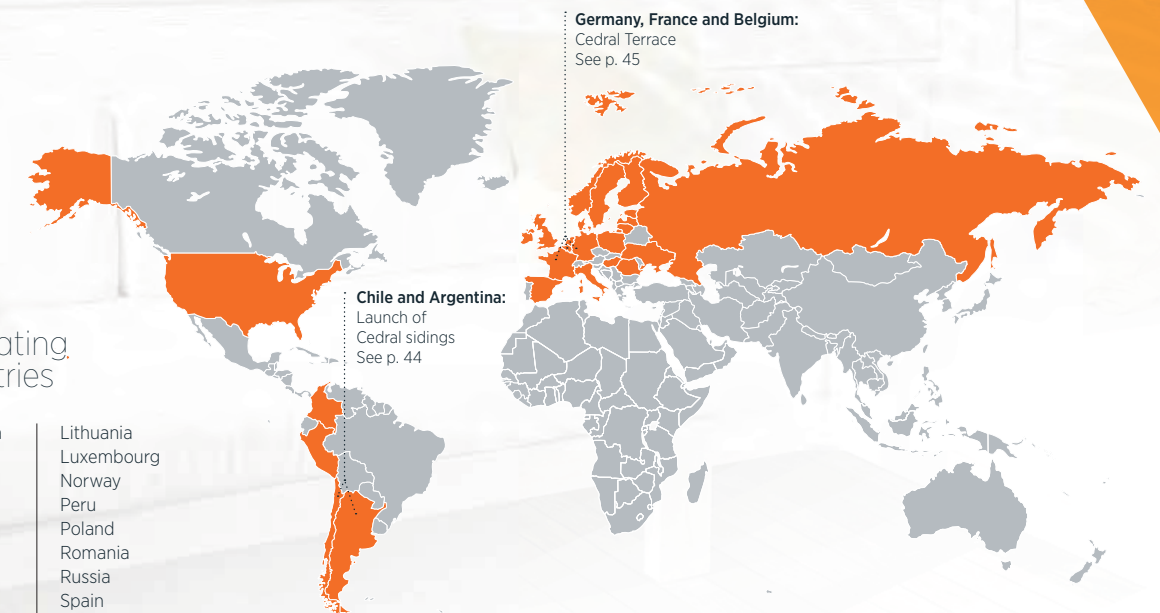
We have four big moves planned in the next months. Safety and employee engagement are critical. On those fronts, we have developed concrete initiatives to educate our talent, bring people together and establish intra-Etex communities.

We will also take customer experience to new levels through customer journey analyses and completely renewed brand stories for our core products. Finally, innovation is our biggest project pillar. Just like the debut of our remarkable Cedral Terrace product in 2019, you can expect to see innovative products emerge in 2020, as well as a new innovation business model in the agricultural segment.

We're looking at a challenging present, but a very promising future.

Operating countries

- Argentina
- Australia
- Belgium
- Chile
- Colombia
- Denmark
- Estonia
- Finland
- France
- Germany
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Norway
- Peru
- Poland
- Romania
- Russia
- Spain
- Sweden
- The Netherlands
- UK
- Ukraine
- USA



Revenue of Exteriors (in EUR million)



Comparatives have been restated to reflect the new divisional structure of Etex as from 1 January 2019.

How did we perform in 2019?

While the new division focussed heavily on boosting product quality, innovation and customer engagement, the team had to manage a new organisational structure and the impact of product recalls and unusual circumstances from past years. This made 2019 a singular year for the division, but the result is a strong, unified organisation with a well-planned growth trajectory.

Revenue

Corrugated sheets

Latin America: while performance was good in our key markets of Chile and Peru, political and economic uncertainty led to fewer government-backed projects overall in 2019.

Europe: the regional market for this product is flat, but Exteriors aims to make gains by innovating in services. After the government discontinued a subsidy covering the replacement of corrugated sheets in 2019, sales in the Netherlands returned to normal after a two-year boost, causing the largest adverse impact on the division's results in Europe. Focus on quality in Germany also had effects on supply.

Equitone architectural facade products

Europe: the largest market for Equitone products, Germany performed well in 2019. Growth was in the double digits in France, while the rest of Europe remained flat. Sales in the UK were affected by Brexit uncertainty and project delays caused by the governmental investigation of products unrelated to Etex.

North America and Asia-Pacific: after a temporary drop in leads in the US in 2018, performance improved significantly, with the US remaining a strong, high-potential market. Equitone volumes in Australia grew significantly in 2019 and we expect this trend to continue.

Sidings

Europe: changes to our organisation which resulted in combining slates with sidings clearly had a short term effect on our growth in sidings, especially in Belgium and France, with Brexit affecting the entire UK market. Germany grew significantly, thanks to the efforts and focus of the commercial team. The division's business in the Nordics – another large market – was influenced by strong competition from other fibre cement producers.



Latin America: in Chile, we faced strong competitive pressure but were able to remain stable in 2019. The region as a whole continues to be influenced by unfavourable market and political conditions impacting all players.

Slates

Europe: performance in this segment was regionally strong in 2019, with especially robust growth figures in France, the UK and Ireland. A new factory was opened at the end of 2018 in Ireland, which gradually ramped up over the course of 2019. The outlook for slates is positive.



Profitability

The profitability of the Exteriors division was negatively impacted by three elements in 2019. Revenues were down due to lower volumes, mainly in corrugated sheets, while pricing levels were correctly maintained thanks to improved margins, and currency exchange rates were favourable. The performance of some factories was also lower than expected, and the division booked extra provisions to face quality claims. Additionally, Exteriors achieved overall savings in administrative expenses throughout the year.

Key commercial initiatives

From product launches to intensive customer experience initiatives, a wide range of commercial initiatives were kicked off by Exteriors in 2019 in multiple locations around the world. Supported by four pillars – safety, employee engagement, customer experience and innovation – the division set projects into motion that will prove crucial to a future of sustainable growth.

Orienting Cedral around customer needs

A great product, a beautiful logo and impressive visuals form a strong foundation for a customer-centric marketing strategy. “Cedral has this foundation, but we had to be even more ambitious to deliver seamless, responsive, proactive customer experiences”, explains **Philippe Rubbrecht**, Division Head of Brand Management at Exteriors.

Four types of customers, or ‘personas’, each with their own emotions and behaviours, were identified. “Following this exercise, we mapped out the customer journey – which is every single step a customer takes, from becoming aware of the Cedral brand all the way to post-sales service”, says Philippe.

An excellent marketing strategy is no longer about putting your brand and logo everywhere. Philippe: “Customer centricity hinges on a company’s ability to know who each customer is, what their needs are and how best to meet them. If you succeed at doing this, you gain their loyalty – and they will want to share their experiences.”

Cedral sidings debut in Latin America

The Cedral brand of sidings was launched in South America, specifically in Chile (April) and Argentina (October), in 2019. This is a significant milestone for the Exteriors division in South America, as sidings was previously perceived as a specification material suitable only for architects and installers.

The marketing team came up with a strong, customer-centric strategy, featuring the homeowner as the purchasing decision-maker and installers and architects as sponsors. As part of this strategy, 50 supplier stores were Cedral branded throughout Argentina and Chile.

Natura White: tailored completely for architects, with architects

The September 2019 launch of Equitone Natura White NF 164 marks a key achievement for Etex as a market leader in architectural facades: the end-to-end development of a completely novel product in response to real market needs. “Our customers, mainly architects, had requested a unique fibre cement facade material in both very dark and very light shades”, explains **Thierry Halsberge**, Brand Manager Equitone at Exteriors. “Architects are both very consistent and very specific: they wanted to be able to see a warm white, through-coloured fibre cement mix through a translucent surface, which is very different from your everyday coated facade material.”

It took eight years for Exteriors to develop Natura White, a material that ticks all the boxes in terms of aesthetics and performance – and the processes and technologies to support its manufacturer.

Cedral Terrace

Beauty that inspires an emotional connection

What makes Cedral Terrace unique

- Soft touch
- Natural colours
- Durable
- Easy to install and maintain
- Anti slip

There is high demand in Europe for beautiful, durable terrace planks, however, there were no ideal nor long-lasting solutions so far. “Traditionally, homeowners choose products made of wood or wood-plastic composite”, says **Michiel De Potter**, Project Manager Cedral Terrace & Contemporary at the Exteriors Division. “But with a little creativity, we came up with a completely new application for fibre cement boards and carved out our own niche in the European terrace plank market.”

This project kicked off in 2014 with a comprehensive market research assessment. “After identifying this market gap, a team was brought together with colleagues from R&D, Engineering, Operations, and Sales & Marketing. They explored the possible production technologies to fill the market gap. All resulting prototypes were then evaluated by homeowners and landscape architects, with their feedback serving as input for the further product innovation.”

Creating Cedral Terrace took time, effort and dedication. “After almost five years of development, we chose a progressive market launch in 2019 in order to use continuous market feedback to adapt the material in an agile way,” **Michiel** explains. “This approach enabled us to tweak our production process and realign our communication strategy.”

The result is the first patented fibre cement product ever produced, allowing us to enter a yet unserved segment. **Michiel**: “Cedral Terrace is unique because it speaks to the heart in a tactile way”.

In light of its success, it’s hard to imagine that Cedral Terrace was originally considered a longshot. “We knew where we wanted to go, but not how to get there. Many people have contributed – and continue to contribute – to perfect this differentiating product. Thanks to their dedication, Cedral Terrace is considered one of Etex’s most compelling innovation success stories.” Cedral Terrace is the perfect illustration that fibre cement is a key solution for lightweight construction in the 21st century.

→ Michiel De Potter, Project Manager Cedral Terrace & Contemporary



Reactions to Cedral Terrace are usually strong and immediate. You can read about it, but once you hold it in your hands, there’s a ‘click’. People engage with it and are instantly convinced and even inspired by it. With Cedral Terrace, feeling is believing.



→ Launch of Cedral sidings in Chile with customers and the local sales team



Bristol Business School

At the crossroads of academics, communities, sustainability and product excellence

Responsible for design and execution of the building that houses the Bristol Business School, Stride Treglown architects Nicholas Morris and Andrew Kingdon sought the most beautiful, versatile and resilient facade cladding. Equitone was their solution of choice – for plenty of reasons.

Andrew Kingdon
Senior Associate Architect,
Stride Treglown Bath

Nicholas Morris
Senior Associate Architect,
Stride Treglown Plymouth

Watch
the video



What

A state-of-the-art, GBP 55 million, 17,200 m² business school containing 148 offices over seven floors

Where

University of the West of England (UWE), Stoke Gifford, Bristol, UK

Why

To create an inspiring, professional, community-building structure using versatile and beautiful materials

Who

5,500 students and hundreds of faculty, corporate partners and community members

Wanted: building materials that meet the needs of educational institutes

Established in 1953, the Stride Treglown architecture and design practice is fully employee-owned and manages offices across the UK.

"We were one of the six architectural firms invited by the University of the West of England to bid on their Bristol Business School project back in 2013", explains **Andrew Kingdon, Senior Associate Architect** at Stride Treglown's Bath premises.

Specialising in higher education architecture, Andrew collaborates with universities across the UK to design functional, accessible, beautiful buildings that serve unique purposes.

"In this role, I maintain relationships with the specifiers we work with and always keep an eye out for innovations in building materials that best meet the needs of education projects", he continues.

"As a versatile product with a competitive cost per square metre, Equitone has been on our radar for years. A specification manager took me to visit a school outside of Bath, which is where I first saw Equitone installed."

Developed with architects, for architects

This experience gave Andrew and his team confidence that Equitone would be a great material for Bristol Business School.

"Equitone is a very large panel – three by two metres – that can be cut into any shape and installed in a variety of patterns", continues Andrew. "The fact that Equitone panels are through-coloured is also important. The product is lightweight, it has a great texture, grain and finish that breaks down the solidity of large facades. People love the appearance."

Nicholas Morris, a fellow **Senior Associate Architect** at Stride Treglown and co-chair of the Plymouth branch of the Royal Institute of British Architects (RIBA), agrees. "Equitone's range of colours and textures gives us a wide selection of materials to choose from when designing a project. I especially appreciate Etex's drive to engage with architects and ask for their input regarding future products – it's very valuable and encouraging."

Equitone panels are lightweight, they have a great texture, grain and finish that breaks down the solidity of large facades. People love the appearance.

Andrew Kingdon, Senior Associate Architect, Stride Treglown Bath

As a business, Stride Treglown addresses sustainability not just in our projects, but in educating our clients and encouraging the wider spread of sustainability standards and requirements. In Etex, we see a shared mindset – which will become increasingly important to the building industry in the future.

Nicholas Morris, Senior Associate Architect, Stride Treglown Plymouth

Equitone puts the finishing touches on a community hub

For the cladding of Bristol Business School, Andrew chose two colours of Equitone panels – Pebble and Calico – in a large format tile: one colour for the teaching wing and the other to define the academic and research space.

Andrew: "As a business school, Bristol seeks to attract external companies and has strong links to the local business community that collaborates with the university. The building had to look professional and on par with high-end offices within the local context. When considering cladding options, quality was a priority."

It was the first major academic building to be developed as part of the university's new master plan and represents an investment of GBP 55 million. The 17,000 m² school incorporates specialised teaching spaces, mock courts and city trading rooms as well as a team entrepreneurship zone. There are social learning spaces and even a café, since the campus is open to the wider community.

The school is also the first building in the UK to incorporate new ultra-thin Equitone panels with hidden mechanical fixings. "This enables an optimal use of resources because there is no panel overlap: we used less material to clad the building", Andrew asserts. "Even more, it looks really slick and continues to weather perfectly three years on."

Building sustainability into every project – as an industry

Nicholas: "Speaking of sustainability topics like the optimal use of resources, I recently had the opportunity to visit the Etex plant in Kapelle-op-den-Bos, Belgium alongside architects from around the world and participate in an interactive workshop. There, I discovered more about what Etex does as a business. I was impressed by the innovative emphasis that Etex places on the manufacture, reuse and recyclability of its products."

"As co-chair of RIBA Plymouth, I strive to promote a sustainable agenda by encouraging peers to consider climate and sustainability in architecture. As a business, Stride Treglown addresses these concerns not just in our projects, but in educating our clients and encouraging the wider spread of sustainability standards and requirements. In Etex, we see a shared mindset – which will become increasingly important to the building industry in the future."

"Indeed, sustainability is high on the agenda at universities, who want to be innovative with their new buildings", Andrew agrees. "The fact that Etex pushes sustainability credentials is a very positive evolution, for us, our customers and the world."

