

Building Performance

→ Neil Ash,
Head of
Building
Performance



Led by **Neil Ash** since January 2020, Building Performance is Etex's largest division. It is responsible for developing, producing and marketing high-performing plasterboards and fibre cement boards as well as passive fire protection products and dry construction systems. France, Germany and the UK are its largest markets, and it continues to pioneer dry construction in Latin America. We asked Neil to share his insights on the division's performance in 2019 and his vision of the future.

What key words would you use to describe 2019 for the division?

Performance and profitable growth, definitely. Most of our global regions grew and significantly boosted their margins. Building on our 2018 investments in business transformation, we succeeded this year in enhancing our commercial execution. We have closed 2019 with excellent results versus last year, mainly driven by smart pricing initiatives and a strong market overall. 2019 was definitely a great year for us.

Early November 2019, Etex announced the largest investment in its history. Can you elaborate?

This is indeed the most important strategic decision we've taken last year. We will be constructing a completely new facility at the Royal Portbury dock, in the port of Bristol (UK) – well connected and next to our existing plant there. This GBP 140 million capital expenditure is proof of our belief in the long-term strength of the UK construction market – Europe's largest plasterboard market. Through this investment, we will not only provide our customers with even better service and reliability of supply. We will also capitalise on a growing plasterboard market as clients recognise

the productivity benefits that lightweight construction offers. Investing in the added capacity also strengthens our ability to develop superior building material systems for our customers, helping to create high performing buildings to meet the needs of the people who use them (read more on p. 33).

You are the new Head of the division since early this year. What will be your strategic priorities for 2020 and beyond?

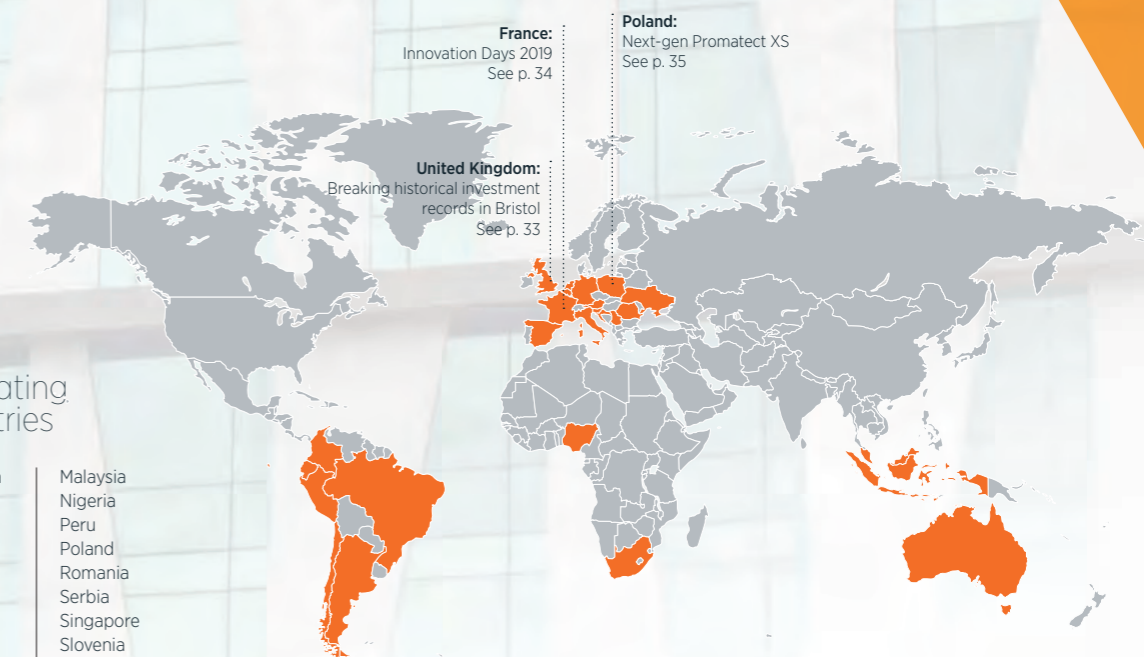
Sustainable growth, within the framework of the Etex strategic initiatives, continues to shape all of the division's activities. Building on last year's success, we will continue to focus on customer engagement, innovation in lightweight construction and collaboration across boundaries. The attraction, retention and development of top talent and promising young leaders is also one of our top long-term priorities, and employee engagement is crucial for us to achieve our ambitions.

Ultimately, we aim to be the leader in high-quality, sustainable lightweight building solutions in all of our core markets by being a top-level player with a customer-centric approach.

We promised an outstanding performance in 2019, and we delivered.

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



Revenue of Building Performance
(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?

In 2019, the Building Performance division of Etex grew in all of its key markets around the world. A combination of factors influenced these positive results, including strong demand in plasterboard, improved margins, commercial excellence and the impact of the restructuring decisions that were taken in 2018.

Revenue

Europe

Sales grew strongly year-on-year throughout most of the countries. This is mainly attributable to a significant increase in plasterboard volumes, driven by a strong market in several countries; and improved margins.

France: an ongoing trend of decreasing sales was reversed in 2019, with the division strengthening its position in line with trends in other European countries, thanks in particular to a strengthened position in DIY.

UK: for the fourth year running, the division recorded excellent results in the UK, where it was decided to build a new, state-of-the-art production facility (see next page).

Spain: the division recorded great results and successfully increased its production capacity in several factories. A new factory in Gelsa was commissioned, on time and within budget, in early 2019 and it recorded a remarkable first year.

Latin America

Sales grew strongly in this region, but these results are also the effect of extreme inflation in Argentina. The division's

activities in Brazil have also recorded growth thanks to a robust upswing in the market.

Argentina: 2019 was a politically and economically challenging year in this country. Hyperinflation caused mechanical growth in sales figures but overall volumes declined.

Brazil: after the negative impact caused by economic crises over the last few years, the Building Performance division demonstrated profitable growth again in this growing market.

Africa and Asia

Sales growth in Asia approached the double digits in 2019, with new export markets identified and successfully harnessed. However, the political unrest in Hong Kong and a weakened economic environment in Singapore have had an impact on Promat sales. While Building Performance markets in Africa are small, the division performed well, especially in Nigeria where unique products such as KalsiKraft remained popular in 2019.



Profitability

Building Performance has recorded a strong increase overall, also in percentage of sale, thanks to higher volumes and improved margins, as well as to the positive impact, mainly in Europe and Latin America, of the restructuring plan that was implemented in 2018 and which successfully streamlined the organisation and made it more agile. This favourable impact will also carry over this year.

→ Royal Portbury dock, port of Bristol, United Kingdom

Breaking historical investment records in Bristol

Last year, the Board of Directors of Etex approved a capital expenditure of over GBP 140 million for the construction of a new plasterboard production facility near the Port of Bristol in South West England.

"This is the fifth new plant that Etex has commissioned since 2015", explains **Christophe David**, Head of Operations at Building Performance. "It is also the largest investment that Etex has made in the history of the group. We have made it clear to the UK and the world that we believe in our customers and markets and that we have a long-term commitment to enabling growth in the construction industry."

The new facility unlocks extra production capacity to address key challenges in the region, including housing shortage and growing renovation demands. Even more, the plant will feature state-of-the-art and eco-friendly technologies. "The production line will be highly energy-efficient", Christophe goes on to say. "We will also implement a rainwater harvesting system and use recycled gypsum in production processes."



Key commercial initiatives

2019 was a year of continuing commercial successes with the introduction of next-generation versions of the division's most popular and high-performing products. From ultra-lightweight fire protection solutions to patented fibre cement boards and plasterboards, Building Performance solutions continue to lead in their markets and offer excellence in insulation, mechanical strength, durability and more.

Promat's reign as commercial and innovation star continues

As Etex's best and widest-known brand for passive fire protection, Promat continues to strengthen its portfolio of fire-resistant materials and systems for the construction industry. Promat offers the best performing fire resistance solutions for compartmentation, structural protection and ducting systems, completed with efficient fire stopping products which help our customers to reach the highest quality in fire safety.

Building Performance's most successful latest innovation PROMATECT®-XS – the thinnest and highest-performing fire-stopping board on the market – was introduced in 2019. This is a completely new generation of Promatect developed using a production technology created by our R&D centre in Tiselt, Belgium. Read more about this launch in the product spotlight on the next page.

Other Promat successes in 2019 include the launch of Promatect®-100, a compartmentation solution, and of the fire stopping collar Promastop®-FC MD, the latter being the result of an intensive three-year research and development process. Promastop®-FC MD is easy to install and



offers a very high level of productivity and performance.

The sky is the limit for fibre cement and plasterboard launches

2019 was marked by strong innovation successes such as ultra-light density plasterboards with Solidtex in Italy or Solidroc in France. These boards feature exceptional mechanical performance, enabling them to compete with masonry solutions.

We also launched the WAB Sanitised solution with an anti-bacterial function. This new range confirmed our leadership position in the Extreme wet & weather resistant boards field, used for indoor and outdoor applications.

In addition, some optimised solutions were launched with an easier installation procedure. In Latin America, we have distributed the Simplissima decorative systems, and in Romania we have expanded our 'smart' lightweight plasterboard offer and introduced the moisture-resistant AH offer.

'Cross-border' was the keyword at Innovation Days 2019

Held in the prestigious Innovation & Technology Centre in Avignon, France, the 2019 Building Performance Innovation Days event welcomed in September 80 customers from nine countries in Europe, Africa and South America. But instead of hosting groups from different countries on different days, all participants gathered at once – for an international, cross-border discussion about innovation.

"The goal last year was to foster exchange between different countries", explains **Eric Bertrand**, Head of Innovation, Technology and Marketing at Building Performance. "When customers collaborate to innovate and drive growth, the entire market ecosystem benefits from it."

Next-gen Promatect XS

The perfect blend of innovative excellence and customer focus

Why Promatect XS excels

- A1 Reaction to fire
- Thinnest for every fire rate of steel protection
- Competitive pricing of final installed product
- Wide scope of application
- Covers all critical temperatures
- Fire rating up to four hours
- 25-year lifespan
- CE-marked
- Backed by European Technical Assessment

In 2017, the Building Performance sales team was still riding the wave of success generated by the original Promatect steel insulation board in Central and Eastern Europe. "But it's a highly demanding market", asserts **Elzbieta Mazur, Technical Director CEE at Building Performance Poland**. "Promatect had a strong reputation, but it wasn't enough to make itself heard to be successful in this segment".

Along with sales and technical colleagues, **Elzbieta** and her team decided to bring Etex back to the top in steel insulation. "We knew we had the innovative strength and customer engagement in Poland (and then the entire CEE region) to take a completely new approach to Promatect XS."

The R&D team worked throughout 2017 to develop an A1-class reaction to fire protection board that is also the thinnest for every fire rate of steel protection. **Elzbieta**: "Even more, the product covers all fire rates for widest scope of critical temperature, thinnest thicknesses of needed protection, fixes directly onto steel profiles, lasts for 25 years and is CE marked. There is nothing like it on the market."



However, a great product is only one element of success. "Our sales team is extremely skilled, I can't praise them enough", she continues. Other critical contributions include the masterful preparation of the fire tests, as well as the creation of the European Technical Assessment (ETA) and technical documentation. "It was a collaborative, cross-border effort," **Elzbieta** goes on to say. "We relied heavily on the team in France for the production of demanding deliveries while we prepared our product launch strategy in Poland, which we then adapted for Central and Eastern Europe. This year, we sold circa 150,000 m² of the new generation of Promatect XS in a single project."

→ Elzbieta Mazur, Technical Director CEE at Building Performance Poland



Thanks to our completely novel product development approach, every feature of this steel insulation board stands out. With Promatect XS, we can proudly state that we are – once again – the best in the market.

Project Casablanca

Passion and local expertise join forces with new ways of construction

With rental costs in the Chilean neighbourhood of Casablanca (Valparaíso region) skyrocketing, Santiago-based housing developer Inmobiliaria Gestión Urbana united with lightweight construction pioneer and Etex-Arauco joint venture E2E to bring affordable, high-quality living spaces to hundreds of low-income families.



Jacqueline Gálvez,
General Manager,
Inmobiliaria Gestión Urbana

Nicolás Pérez,
General Manager,
Eprefa Constructora

Watch
the video



What

A modular housing partnership between E2E and local developer Inmobiliaria Gestión Urbana

Where

Casablanca, Valparaíso region, Chile

Why

To boost quality of life and reduce housing market entry costs using new technologies and fewer resources

Who

400 houses, covering 10 hectares, for ± 1,600 residents

Introducing a dedicated local player in housing improvement

“Inmobiliaria Gestión Urbana develops integrated housing projects in urban locations with up to 80,000 inhabitants”, explains **General Manager Jacqueline Gálvez**, who is also a member of the Chilean Chamber of Construction and VP of the National Housing Group of Chile. In these influential roles, she dedicates her life to improving housing conditions as well as the public policies governing the local building industry.

“In Chile, we have the challenge of improving the building standards and technical specifications”, she continues. She founded her company 15 years ago in order to take local building standards to the next level in quality and performance. Today, Inmobiliaria Gestión Urbana employs 200 people.

Social benefits are the number one priority

The integrated housing solutions built by Inmobiliaria Gestión Urbana are shaped to meet the specific cultural and practical needs of the communities they are part of. “We strive to generate positive social impacts with our projects”, Jacqueline goes on to say. In fact, if a proposed project offers commercial advantages but no social benefits, her team won't build it.

“We have developed around 5,000 housing solutions and built approximately 1,000.”

Future-focussed building approaches

Seven years ago, Jacqueline began exploring international building methods, visiting Germany, Singapore, Denmark and beyond for inspiration and attending building industry fairs and events.

Modular housing and lightweight construction were key discoveries during her travels. She was also impressed to find that building specifications in Europe are consistent on all levels.

Jacqueline brought these insights back to Chile, sharing information with industry players and policymakers. That is when she met Felipe Montes, General Manager of Chile-based Etex-Arauco joint venture E2E, recognising a kindred spirit. He invited her to visit the E2E facility – which pioneers lightweight and modular construction.

A match made in modular

Recognising the huge potential of a collaboration between E2E and Inmobiliaria Gestión Urbana, Jacqueline proposed a joint, large-scale housing project in Casablanca.

Home to 25,000 people, the area is faced with very high rental prices due to a long-term lack of new houses. Jacqueline and Felipe were both convinced that modular construction technologies offered a huge opportunity to reduce waste, cut costs and provide residents with

The success of this joint project highlights how modular construction can transform lives in many different ways. Moving forward, we must continue to foster industrialisation in Chile by offering incentives to use new construction methods.

Jacqueline Gálvez, General Manager, Inmobiliaria Gestión Urbana

One crane, five personnel and one manager can build the second floors of four houses in a single day. This is why I believe in lightweight, modular solutions as the future of construction in Chile.

Nicolás Pérez, General Manager, Eprefa Constructora

affordable, high-performing, customisable housing – all at the same time.

To prepare for Project Casablanca, Inmobiliaria Gestión Urbana and E2E launched a four-house pilot project in the Chilean town of Santa Cruz. It was a big success, establishing a strong, trust-based relationship between both companies.

Complete solutions, smart logistics

To scale up in Casablanca, the duo called in the help of local construction company Eprefa Constructora. “The first floors of the houses are constructed by another company using concrete panels”, explains Eprefa **General Manager Nicolás Pérez**. “Then, E2E provides the complete, prefabricated, timber-framed modular elements of the second floor, which my team was responsible for assembling.”

As an installer, Nicolás appreciates the holistic approach to delivery and assembly that modular construction offers. “Everything is thought of during the offsite manufacturing and loading processes”, he states. “E2E's highly organised delivery system provides significant logistics advantages, and all the parts and pieces come built into the solution and pre-organised for rapid, intelligent installation.”

“Each day, E2E delivers 24 wall and roofing panels by truck, arranged on a metal rack. One crane, five personnel and one manager can build the second floors of four houses in a single day. This is why I believe in lightweight, modular solutions as the future of construction in Chile.”



Enabling smart resource use – from the ground up

As the project evolved, Jacqueline measured the impact of waste on the building process and brainstormed ways to reduce it even further. With this goal in mind, she ensured that every worker on the project received training in waste-reducing construction methods.

Thanks to the teamwork of all three partners, the new houses generated almost zero waste and reduce water and heating costs by 50% and electricity by 70%.

Even more, each house is built to fit the needs of each family. They are also customisable: families can choose materials in different colours and express themselves through their living spaces. This avoids the negative stigmatisation of social housing as one-size-fits-all projects.

As of January 2020, 70% of the project has been completed. By the end of the project, 400 houses will be constructed for approximately 1,600 residents, covering near 10 hectares of land.

Inspiring new ways of thinking about construction

The future of modular construction in Chile still faces some hurdles when it comes to policymaking and support.

“As most of the modular construction process is industrialised, it happens within the plant rather than on site”, Nicolás goes on to say. “This is a game changer for construction companies because in addition to being faster and cheaper, modular projects are simpler to manage.”

Jacqueline: “While these benefits are clear to all Casablanca Project partners, industrialised construction is very different from traditional building approaches. To generate buy in, educating supporting industries about the modular construction process will be an important focus. In addition, it is important for the local building workforce to understand that industrialisation doesn't threaten their jobs. On the contrary, it enables them to learn new tools and skills that will be crucial to the future of their communities, and of the world.”

