

# Industry



→ Steven Heytens,  
Head of Industry

Since 2016, the Industry division has pioneered in the domains of structural fire protection and high-performance insulation in thermal process industries, construction, transportation, energy and beyond. Head of Division **Steven Heytens** describes the 2019 performance of this globally active division, highlighting its robust progress along its sustainable growth trajectory.

### Can you sum up the 2019 results of Industry in a few words?

Right in line with our business ambitions and strategic plans, we registered growth for the third year running. We also dedicated plenty of effort to developing our new strategy, 'Industry 2025'. This new growth strategy succeeds the one we outlined in 2016, which we have successfully achieved.

### What are the factors behind the division's achievements?

There are four key factors here, the first being a strong focus on our unique customer segments, as co-creating solutions together with our customers and partners is truly at the heart of our activity. The second has to do with the flexibility of the division in terms of services, sales, operations, logistics, etc. – which is a competitive advantage unlocked by our global scale. Finally, there is the strong brand legacy of our high-quality products and the remarkable talent of our people.

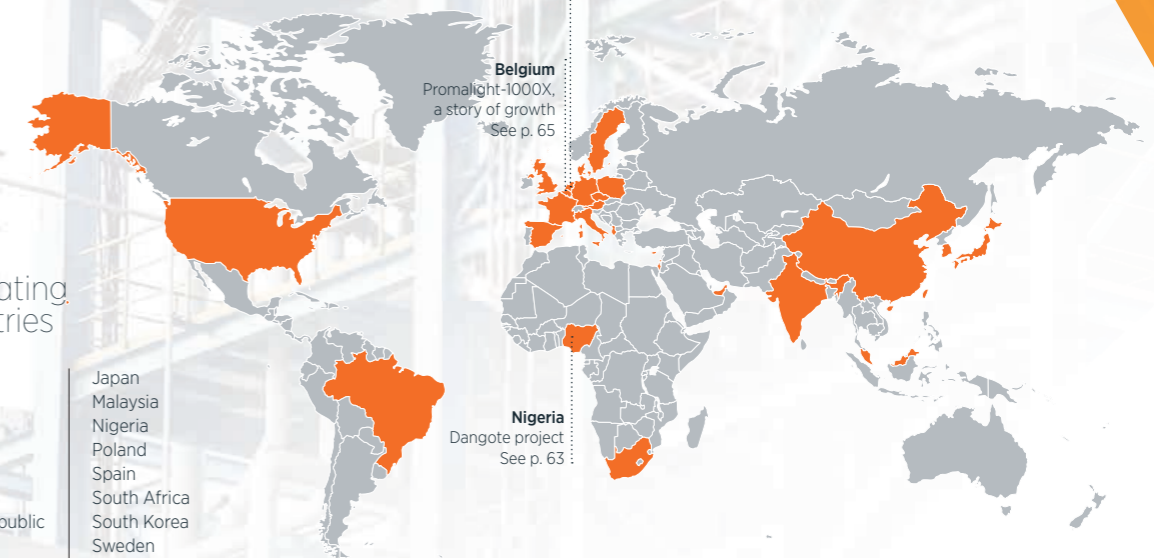
### And the 2025 strategic roadmap you mentioned – could you provide more details?

We have four concrete goals: to double our current revenue, to be the global leader in passive fire protection and high-performance insulation, to offer an end-to-end, segment-driven customer experience and to add significant new business through innovation and acquisitions.

In order to achieve these goals, we centre our activities around safety and sustainability, customer experience, high-value partnerships and sustainable profitable growth – not to mention providing a great place to work for our talent.

We have reached key milestones in each of these areas in the last three years and learned some valuable lessons. For instance, we have a strong reputation, fantastic products, great flexibility and dedicated people. But we have also identified some important opportunities to enhance support and scalability, and to bring our customers the innovative solutions they need to meet the energy and productivity challenges of tomorrow. Moving forward, these opportunities will take centre stage.

*Revenue and profitability kept rising in 2019 - we're right on track.*



Revenue of Industry  
(in EUR million)



+4.3%  
like-for-like

# How did we perform in 2019?

Our Industry division continued to make waves in its role of technology leader in 2019. Nearly every business segment and every geography performed well last year, with particularly strong growth in Europe. The division also won and delivered a remarkable series of projects in the oil & gas sector, with more to come in 2020.

## Revenue highlights by region

### Europe

Thanks to the region's macroeconomic conditions, Industry recorded strong organic growth in Europe, thriving on the successful results of developing solutions in close collaboration with partners and customers. The division realised significant project-based business in France and the Czech Republic. In the UK, microporous solutions grew, while calcium silicate volumes increased in Italy. The revenue was nearly flat in Germany.

### Asia, Middle East and Africa (AMEA)

The division's performance in AMEA was a mixed story. Industry booked record sales in Japan and reaped the rewards of a strong commercial strategy in India. However, markets in China were less attractive in 2019, and there were fewer oil & gas projects in the Middle East and Asia-Pacific. Overall, the region slowed down compared to 2018.

### United States

Continuing investments in the North American team and production facilities translated into steady growth in 2019.

## Performance by segment

### Fire-rated assemblies & applications

Industry supported the original equipment manufacturing (OEM) market in 2019 to boost our customers' initiatives, increasing green energy use in electric heating appliances and improving their fire and smoke protection systems.

### Heavy industry

2019 featured steady performance. However, this segment was challenged by an economic slowdown in European steel markets.

### Oil & gas

Industry experienced a record year for offshore pipe insulation projects in this segment, signing an important thermal insulation and fire protection supply agreement in Nigeria (see next page).

### Mass transportation

Historically strong performance continued in 2019, with Industry recording global successes in the support of smart solutions for aerospace and automotive industrial players.

### Energy

This segment recorded stable performance overall, with solid growth in sustainable energy applications.

### Marine

Stable positioning in Europe and growing activities in the US contribute to a solid outlook for this segment, with further development planned.

## Profitability

The profitability of the Industry division reflects its growing revenues in combination with the outcome of a continuous focus on commercial excellence. Operating cash flow levels continued to improve, also in relation to sales levels, strengthening the division's financial health and supporting its strategic growth roadmap.

## Commercial and operational excellence

The division strives to put the customer at the centre of its activities. On this front, the Salesforce customer relationship management (CRM) solution was rolled out last year. By mid-2020, Industry will use this tool to connect with its customers in an entirely new way, with commercial teams organised around customer segments instead of regions. A single customer support platform for EU customers is also in development.

## Industry signs multi-million USD deal with Dangote Group

Back in early 2018, **Charles Taylor**, Global Segment Manager Oil & Gas (O&G) at Industry, identified a completely new opportunity for Industry: the potential fire protection supply to the new Dangote Group refinery in Nigeria. The Industry O&G team kicked off the relationship with a promising

visit to the refinery project site and the offices of Dangote's India-based materials specifier, EIL.

The division employed a local sales engineer to connect regularly with the client and take the lead on the ground by giving presentations and technical clarifications to decision makers and monitoring on-site activities. Thanks to the team's constant customer focus, all parties were kept up to speed on Dangote's plans, needs and requirements.

Through tireless engagement efforts, expert price alignment and transparency, the Industry team made the winning bid on the Dangote refinery project.

# Key commercial initiatives

From the skies to the ocean floors, Industry products can be found in structures, vehicles and facilities worldwide. In 2019, the division recorded remarkable achievements in several product areas, geographies and customer segments. Below are just a few of these success stories.

## Promat: successfully aligning commercialisation with product performance

During 2019, the Industry division worked hard to promote Promat as the leading brand for passive fire protection and high-performance insulation in industrial applications. A milestone in this journey was the launch of the new corporate Promat website for industrial customers providing a brand-new experience based on the brand and range of products.

"We have clarified our brand strategy and ambition, by positioning Promat as the umbrella brand for our target of industrial customers. It is our ambition to collaborate and co-develop with our customers", explains **Pieter Morisse**, Head of Marketing & Innovation at Industry. "The new tagline says it all: 'Together, creating a safe and sustainable world'."

In addition to sharpening the brand's positioning, the Industry sales team also developed its route-to-market strategy in 2019. "Every sales colleague will be responsible for a specific customer target group. This committed approach empowers our experts to better understand the challenges our customers face and identify the best solutions – in close collaboration with them", says Pieter.

## Industry teams up with Building Performance to safeguard Benelux tunnel

When our divisions collaborate, share expertise and unite to achieve a goal, great things happen, as demonstrated by the results of a unique tunnel project in Rotterdam, the Netherlands.

The two teams deviated from the standard solution with Promat Fendolite MII to enable the contractor to keep the tunnel operative during the installation. Together, they came up with a solution by using 10,000 m<sup>2</sup> Microtherm Overstitched, tested and approved by Rijkswaterstaat, the Dutch Ministry of Infrastructure and Water Management. Additionally, the disruption of the tunnel traffic was kept to a bare minimum – an important achievement for the contractor.

This project illustrates the power of inter-divisional teamwork in delivering high-performance products that meet the highest technical standards.

## Co-developing thermal insulation technology in Germany

The Industry Germany team recorded several important success stories in the domain of thermal insulation and fire protection solutions for a range of applications. These include modular underfloor heating, product line insulation and fire protection technologies for the transportation of dangerous materials.

An example of a solution co-developed with one of our customers is the underfloor heating we specified and delivered in 2019: Hydropanel, a fibre cement board for dry construction applications. This exceptionally thin board offers high load capacity and excellent stability.

## Taking a high-performance product to new heights

Working with leading airplane manufacturing companies, Industry is developing solutions that enable aircrafts to consume less fuel and reduce their CO<sub>2</sub> emissions. In 2019, the Industry team developed a customised, lighter version of Aeroguard: Aeroguard 96, a flexible, ultra-thin insulation panel designed to offer high performance solutions for the most demanding aeronautics and aerospace applications. Etex is a leader in pushing the product technology boundaries.



## Promalight-1000X

### A story of growth through collaboration and operational excellence

#### Highlights of Promalight's success story

- High-quality microporous board for the Thermal Process Industry
- Extremely low thermal conductivity, withstands temperatures up to 1,000° C
- High global demand
- Improved quality by production technology investment
- Driven by a business development collaboration between Etex and Evonik

Our Industry division produces insulation products in many shapes and forms. "The four core technologies we produce (microporous, calcium silicate, intumescent and cementitious sprays) are designed to insulate or protect a wide range of applications, structures and/or buildings against heat or fire", explains **Tom Martens, Product Manager Microporous**.

Microporous is the best-performing high temperature insulation material that exists – and Promalight microporous boards are at the top of their game. "Promalight is used in markets like furnace-building, steel & aluminium as well as the glass & ceramics industry, to name a few. Promalight boards have an extremely low thermal conductivity and therefore have a high thermal resistance. Combined with a low density, we can offer thin and light (back-up) insulation linings, resisting temperatures up to 1,000°C", **Tom** continues. "But since it has become a kind of commodity product, it was necessary for us to find creative ways to make Promalight stand out."

Inspired by a commitment to operational excellence, Microtherm invested in a highly efficient automated production line which was commissioned in April 2019. This new press clearly unlocks operational advantages – producing a higher quality

board with improved strength at a lower density and at a faster pace, ultimately resulting in a lower cost of production. Moreover, in collaboration with raw material supplier Evonik, this investment will enable us to capture market share in the existing markets, but also develop business in new segments all around the world.

**Tom:** "There is global demand for the product and huge market potential. By investing in both technology and business development together with future-focussed partners, we are opening up a new world for Promalight."



→ Tom Martens,  
Product Manager  
Microporous



*We are starting to grow our market share in existing markets and we are expanding into new project areas – all thanks to our willingness to continuously improve and listen to and collaborate with our customers and partners.*

Lapinus Application Development Centre

# A win-win through mutual commitment, customer centricity and product excellence

When two specialists with complementary products join forces, the sky is the limit.

Developing brake pads for automotive manufacturers, Lapinus also tests, sells and markets PROMAXON-D – a brake pad solution developed by Etex. This partnership demonstrates how two companies can accomplish so much more when they work together.

Mike Palmen  
Automotive Area  
Sales Manager,  
Lapinus

Watch  
the video



**What**

A collaborative R&D facility specialising in PROMAXON-D applications

**Where**

Roermond, the Netherlands

**Why**

To enable a safe and comfortable braking experience of passenger cars

**Who**

Millions of people worldwide to travel safely

**A company created to meet exceptional standards**

A 45-employee subsidiary of the 12,000-strong ROCKWOOL GROUP, Lapinus develops raw materials for automotive brake pads and supplies them to manufacturers across the globe.

"Lapinus was founded in the early 1990s to respond to the very specific and extremely high standards of the automotive industry", explains **Mike Palmen, Automotive Area Sales Manager**. "My background is in automotive engineering, and I handle the sales of our product to customers in the United States, Canada and Mexico by maintaining a strong network of distributors and agents."

Among its customers, Lapinus has a reputation for innovation. "Whenever ROCKWOOL comes up with a new product idea, we are often responsible for bringing it to the market", Mike continues. "It is through this role that we established a partnership with Etex in 2012, as Etex also prioritises the development and manufacture of innovative, smart and safe technologies."

**An unlikely combination? Think again!**

At that time, Etex was already supplying brake pad manufacturers with PROMAXON-D, which is applied to ensure performance under high temperatures.

Lapinus has supplied raw materials to the brake pad industry for more than 30 years.

As a result, the company boasts a large network and deep expertise in braking technologies. "Etex decided to collaborate with us because we have those strong customer connections as well as the knowledge of how to apply PROMAXON-D in automotive."

At Lapinus' Application Development Centre, engineers develop and manufacture new products on a small scale. "But we don't do this to supply the market", Mike asserts. "The testing we perform in the centre is to demonstrate to customers, academically and scientifically, how they can use products from Etex, Lapinus and other companies in a brake pad to meet their performance goals. This capability is deeply important to high-end automotive customers supplying the OEM industry."

The Etex facility developing PROMAXON-D specialises in product excellence – not multi-vendor R&D. Mike: "This is where we come in. Etex engineers and manufactures an extremely consistent, customer-centric product, while Lapinus excels in the application and combination of materials. It's a success story for both of us: together, we've doubled sales of PROMAXON-D."

*As an Etex partner, part of our job is being close to the market and to understand what drives customers. Together with Etex we align product development and quality management processes with the dynamic needs of the automotive industry.*

Mike Palmen, Automotive Area Sales Manager, Lapinus

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Mike Palmen, Automotive Area Sales Manager, Lapinus

**Two complementary roles**

Etex and Lapinus aren't simply two separate elements of a supply chain. "As an Etex partner, part of our job is to be close to the market, visiting customers to understand what drives them in the short, medium and long term. We bring this information back to Etex, assisting them in aligning product development and quality management processes with the dynamic needs of the automotive industry", Mike goes on to say.

"At Lapinus, we really appreciate Etex's willingness and flexibility in understanding our input and making high-impact changes to product and processes. In addition, we sell our own mineral fibre product as well as PROMAXON-D, and we have observed that these two materials perform even better when used together."

**Enabling millions to brake safely around the world**

Via Lapinus, Etex supplies PROMAXON-D to companies that together produce hundreds of millions of brake pads. "When drivers brake, the pads connect with the wheel rotor to create friction – decelerating the vehicle and generating heat. In fact, temperatures can exceed 500 degrees Celsius. For this reason, brake pads must be able to both withstand high temperatures and perform well under them."

This is one of the key features of PROMAXON-D. Mike: "Millions of people every day rely on their brake pads, and millions of brake pads rely on PROMAXON-D. This product literally enables people around the world to brake safely."

Another key technical aspect of this product is its noise-reducing properties. "The number one reason why new car buyers return to the garage for service is brake noise", says Mike. "PROMAXON-D contributes to driver comfort and prevents expensive and unnecessary maintenance."

**The importance of consistency in high-risk applications**

As one can imagine, automotive companies demand safe, high-performing products in high-risk applications such as braking elements.

Mike: "Etex offers this safety and quality, but even more, it offers consistency. The consequences of inconsistency in brake pads could be very serious, as it is a safety item. After working with PROMAXON-D for over eight years, I can state that the quality and consistency of this product is excellent. Customers are very happy and confident in the production process."

To illustrate the laser-sharp focus on quality that some manufacturers have, Mike recounts a memorable experience with a high-end Japanese client.

"Japanese industrial players are extremely precise, and their reliability standards are some of the highest in the world. This particular customer had ordered samples of PROMAXON-D on a quarterly basis for over four years, continuously testing the consistency of the product. Then, they visited the production facility in Tisselt, Belgium and audited its operational processes, quality management systems and even natural disaster plans!"

"In the end, they were impressed and chose to use PROMAXON-D in their brake design. It's important to note that the same materials must be used for the entire five- to seven-year lifecycle of the car to guarantee reliability, with no substitutions allowed. Their choice is a huge commitment, and in my opinion, one of the biggest compliments Etex could get."

