

Wienerberger AG
Succession of the Chairman of the Supervisory Board
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Transcript

Speakers:

Heimo Scheuch, CEO

Peter Steiner, Supervisory Board Chairman as of 1.1.2021

Peter Johnson, Current Supervisory Board Chairman until 1.1.2021

Anna Maria Grausgruber, Head of Investor Relations

Anna Maria Grausgruber

Ladies and gentlemen, welcome to our conference call regarding the succession of the chairman of the supervisory board. I'm pleased to announce three speakers today, who will give an overview of the background of the change, the success management process which took place over the last months, and future focus points of the supervisory board together with the managing board.

We will not discuss any trading update in this call today. Our speakers are Peter Johnson, the current chairman of the board, Peter Steiner, his successor as of January 1st, and Heimo Scheuch, our CEO. After their statements, we are ready to take any of your questions. I now hand over to Peter Johnson. Please go ahead.

Peter Johnson

Thank you, Anna. Hello everybody. Now I add my thanks to you for joining us today. I took over as a transitional chair of Wienerberger's supervisory board just over a year ago.

I had two primary tasks. The first was to begin to bring the structure, practices, and behaviour of the supervisory board into line with best international practice while still respecting the laws and traditions of its Austrian home.

We recently carried out an independent review of the board and chair, which confirmed that good progress has been made. Those findings and the consultant's recommendations will be presented fully in next year's report and accounts.

My second task was to ensure that a professional and thorough process was put in place to identify my longer-term successor. The supervisory board agreed the experiences, skills, and attributes it was looking for, and an independent board member led a process with headhunters based in the UK and Germany to identify potential external candidates.

The leading candidates were interviewed and evaluated, alongside our own colleagues on the supervisory board. It was clear to us all that Peter Steiner was the outstanding candidate. Not only meeting all the criteria we had established but having considerable knowledge and understanding of Wienerberger and its markets. We were all delighted when Peter agreed to accept this role.

I would like, if I may, to add a personal comment. I worked closely with Peter over the past year. It is not only his experience and skills that have impressed me. He works hard. He's travelled to Vienna regularly through these past rather difficult months. He doesn't think about himself but is focused on what is right for the company, each shareholder, and indeed all its stakeholders.

And he works well with all his colleagues. I'm delighted to be passing this baton to someone with such integrity and professionalism. And so, Peter, over to you.

Peter Steiner

Peter, thank you very much. Good afternoon everybody. Thank you for taking the time. Not easy to say something at this early stage, I've not even taken seat of the chair of Wienerberger, but I have a couple of remarks to make.

First of all, this is not going to be the only opportunity to talk. Of course, not. I intend to follow Peter's example to be available to analysts and investors whenever it seems to be appropriate. This is the first remark. Then the second one would be I'm pleased that my colleagues at the supervisory board have come to me and asked me follow Peter Johnson as chairman of the supervisory board.

Peter has, in his tenure, shaped the work style and the inner organisation of our board and much improved its efficiency. This is both a burden and an excellent base to build on. The focus of the supervisory board and so far my focus as well for the immediate and medium-term future will be to support management on any effort to realise organic growth.

We support performance enhancement, and we also support selective value creative acquisitions. The supervisory board will closely follow and add as much value as possible to come to best decisions possible. It's about the style which we work on, and I could almost say we are now used to work on.

For our tools, we use transparent KPIs and we use equipment and commitments amongst management and supervisory board toward innovations, toward ESG. And also I add that remuneration has been an important topic. Particularly, over the last 12 to 18 months, we worked on that topic a lot, and this is going to remain an important topic to us.

The supervisory board and I, as its chairman, will closely work with Heimo and his team to grow Wienerberger and strengthen its position as leading building materials solution provider in Europe and North America. And again I'm glad that Peter Johnson has decided to continue to stay on the supervisory board for some time (as I asked him to).

I have enjoyed so much working with him over the last months, and we together have helped to move the whole thing really forward. So thanks again Peter. This a good opportunity to officially thank you and on to Heimo. Thank you.

Heimo Scheuch

Thank you both, and from my side, first of all, a big thank

you to you, Peter, Peter Johnson for making this happen. And obviously the last year was not the easiest of all the years with COVID and a lot of changes that took place throughout the business world.

But again I think we all showed the strong commitment to Wienerberger and that we also are ready to cope with such an extraordinary situation. On the business side, it was the performance of Wienerberger in this difficult time, which is great and very satisfactory. But also on the corporate side when it goes with cooperation between supervisory board and managing.

We have, in this year, again established a clear road map for the next three years, and I'm glad obviously to work together and excited to work together with Peter Steiner to realise it, to implement it.

Because we say, independently from any market development, Wienerberger will organically grow again in the next three years, focusing obviously on optimisation, on innovation, and also on the implementation of our very ambitious ESG targets.

We're dedicated to these targets. We're ready to invest also considerable funds into the different projects and special capex especially with about 80 million a year and 60 million into ESG. So an important programme that we've put together, and we as the new team will make sure that Wienerberger grows throughout this period of time and obviously creates substantial value for its shareholders.

And this is, I think, the good message that we have a strong team on the supervisory board and also here in the managing board to carry Wienerberger forward. And I'm delighted that we have this continuity and strength in the managing board on the one side and also on the supervisory board on the other side to make Wienerberger very successful in the years to come.

Thank you for your attention, and I think we're ready, Anna, to take questions if there are any.

Anna Maria Grausgruber

Operator

Please, Operator, we can go back to Q&A.

Ladies and Gentlemen, at this time, we'll begin the question-and-answer session. Anyone who wishes to ask a question, may press star followed by one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star followed by two.

If you are using speaker equipment today, please lift the handset before making your selection. Anyone who has a

question, may press star followed by one at this time. And the first question is from the line of Xintong Ouyang of On Field Investment Research. Please go ahead.

Xintong Ouyang

Hello, hi, can you hear me?

Anna Maria Grausgruber

Yes, please go on. Hello.

Peter Steiner

Yes.

Xintong Ouyang

Hi, good afternoon and congratulations Mr Steiner. I've actually a very small question is that when you were at the board of Xella, when Xella acquired URSA, were you still there or actually it was after your tenure in Xella?

Peter Steiner

My tenure in Xella actually lasted from early 2014 to early 2017. I was hired by Goldman Sachs and PAI and helped them to sell it to Lone Star.

Xintong Ouyang

When they were acquired... In August, you weren't there any more?

Peter Steiner

That's right. I left the chairmanship of Xella at closing when Lone Star took over because actually I was on the Xella side.

Xintong Ouyang

Thank you. That's very helpful. Thank you.

Operator

The next question is from Pam Liu of Morgan Stanley. Please go ahead.

Pam Liu

Hi, hello, congratulations, Peter. I just want to check. In your view and given your assessment of the business so far, what would you say are your top priorities out of the support that you are giving to the management team? And what do you think are the greatest risks that the business is facing and you would like to address?

Peter Steiner

The focus really is naturally to take advantage of market development, which means that we dive into the individual geographies and create additional volume and stable prices. This is my priority one. But the situation around corona has also led to weakening of competitors and has actually created activity.

There are a number of opportunities to create consolidation in our market, and Wienerberger has to be in the situation a consolidator, and insofar we are going to selectively take advantage of this situations, where we are sure that they would create value. Those are the two growth through organic measurements and growth through external transactions. Those are both directions that we are heading at.

And on the other hand, it's really all about performance.

Wienerberger has done a fantastic job over the last 24 months and improved its per unit cost substantially. But there is more to do.

We've already identified together with... Or management, and we as supervisory board follow that closely, has identified additional room for improvement, which we will capture as quick as we can.

And so those are the directions we are heading at. If you ask me, what are the threats that this company is facing right now? It's really about, at the beginning of the pandemic, we faced threats through closing borders, for example, so the international workbench was partly interrupted. I don't believe that this will happen again.

I believe people have learnt, but this actually led to a loss in EBITDA, which we are going to see at the end of the year despite of actually a good recovery in our performance. But what's gone is gone. Actually, that's very much because of volumes that could not be shifted and delivered and supported to the end where it's supposed to be.

The other threats or the challenges, let's call it challenges, are the ones that are typically to our sector, such as energy efficiency, all of these things that we would cover under our new ESG programme.

Pam Liu

Thank you very much.

Operator

And there appears to be no more questions at this time.

Peter Steiner

Anna.

Anna Maria Grausgruber

I don't think we have anyone else in the line for the moment. I would like to close the call then. Thank you very much for dialling in today. As Peter Steiner said at the very beginning, we're always happy to engage at any later point still this year or at the beginning of the year before the next AGM if you have any follow-up question. And for today, I wish you a nice afternoon. Stay healthy and thank you very much. Goodbye.