

Heimo Scheuch Podcast – Episode 22

Transcript

Ask me anything, part 3/3

November 2022

HEIMO SCHEUCH:

Ladies and Gentlemen, welcome to my podcast. I'm Heimo Scheuch, the CEO of Wienerberger, and today we have a special edition of my podcast. "Ask me anything" was the subject and in this sense I'm glad to answer your questions.

INTERVIEWER:

How do you make sure that Wienerberger doesn't get disrupted by innovations such as 3D printing?

HEIMO SCHEUCH:

Well, I think digital printing, first of all, we do it already in certain parts of the business, so it's nothing new. If I take innovations as such, being a company that is active, that is creative, and where we stimulate innovation, I think that's the first step forward and therefore you can ensure that you don't fall backwards. You need, you need to, with all the the colleagues that we have either in the marketplace or a management, monitor very carefully what's out there you know we are active in more than 30 countries, so we have a lot of years on different developments and we exchange our views regularly, in meetings, when we come together, and as I said earlier being together in an office means that we share things if you are only sitting at home you will never learn about the innovation.

INTERVIEWER:

Do you see blockchain as a solution for reliable storage of construction data and do you have running projects that build a vendor independent storage for products and projects in the architecture, engineering, and construction sector?

HEIMO SCHEUCH:

Well, you know, there's a lot of things going on right now and good ideas. We will see what comes out of that. You know, I give you an example. For example, let's move a little bit towards the digital planning. Everybody said five years ago BIM - that means the information technology that helps people to plan all sorts of aspects of the construction - will take over, we will only do digital planning. I can tell you I'm doing currently two projects at home with working in my houses and nobody uses this. And I just talked to the leading partner of a consultancy firm worldwide active, the other day last week, in Vienna and I know him for a lot of years and he said to me: "Mr. Scheuch, I need to confess, I was preaching BIM for 10 years. Now I'm renovating my house and nobody uses it". So what I'm trying to say is we need to be open-minded, we need to keep our ears open and and experience certain things. But we shouldn't overreact. We should, we should actually do our business well - in certain parts Wienerberger is leading in the digital change process - keep in mind that more than 70 percent of order intake today of this group with 5 billion turnover is done digital already. And we have millions of inquiries coming over our websites and leads that we create afterwards. So there's a lot going on and I think step by step we will change our behavior, our change of interaction with different stakeholders but we we must not be always the first mover and make all the bad experiences the data make we can take advantage of those first.

INTERVIEWER:

How does Wienerberger handle increased complexity in and outside?

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HEIMO SCHEUCH:

Being flexible itself, being agile, being very very fast. I'm a strong believer that, you know, Wienerberger must not become an administrative body. I'm fighting against this every year and every month and every minute. We have grown a lot, as I said, the last 10 years, from about 1.5 billion turnover to now of over nearly 5 billion. So it is always risky for a company that is growing, getting bigger, to have too many administrative processes and to be slower, and therefore, you need this process of change in the company, continuous change, continuous adjustments, because you need to be close to your customer. The closer that you are to your customer, the quicker you can react and change and adapt. This is key.

INTERVIEWER:

What happens if there is no more clay left?

HEIMO SCHEUCH:

You see that we have a unique opportunity. First of all, Wienerberger manages long-term forward. When we look at the average sites of our clay business, we have here a clay reserve for 30 or more years. So that we keep a lot of real estate in our hands so that we have the mining for the future. Clay is something where you find abandoned, so it's not something very rare, because it's actually the earth at the end of the day. And if I may make two or give you two examples: in the Netherlands we use river clay so it naturally hydric, it comes there because of the rivers take the clay to the down, to the Netherlands from the Alps, for example, and reuse it and create new habitats for animals. And, last but not least, you can reuse clay very easily. So, if you have, for example, waste or material from destruction, when you tear down buildings, we can use clay and bring it back to our production so it's a circular economy that we can easily live.

INTERVIEWER:

What do you think about the influence of high energy costs and labor shortage in the facing brick segment? Could the slim brick cannibalize the facing brick?

HEIMO SCHEUCH:

First of all, I think there are two different subjects: energy cost and and labor shortage. I think, when we talk about energy ... Energy has always been an issue for us, and the cost, and the use, and then the CO2 emissions. We monitor this carefully. When you look back the last more than 10 years now, we continuously have reduced the energy consumption; in the last 10 years 20 percent, and then three years now 15 percent. You see how quick we are in implementing it. We were searching for new technology, investing a lot of money in our new production technologies, etc. Now we have dematerialized our facing bricks, they become thinner obviously - less body to burn - and we will change certainly certain aspects of production during the next couple of years. Electrification could be one, hydrogen could be one, where we use different resources to become energy-sort-of-neutral and in the sense CO2-emission-free. So these are things that Wienerberger will develop. So I don't think that the thin brick application is a major threat to the to the classical facing brick. Facing brick will become a little thinner, that certainly, and then less material. But you have actually two different applications: the thin brick is more for renovation - and that's a part that will grow rapidly for Wienerberger because there's a lot of renovation going on - and application also for multi-residential housing or even commercial so they have additional markets

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that we can grow in with this new application of thin brick. So, this is for the thin brick and the facing brick and the energy, another one is the skilled labor. I think, you know, when you look at this, yes, you have in certain countries shortage of bricklayers or it's difficult to get them, etc. However, I think their new means, gluing bricks together faster pre-fabricated elements and also robotization, keep in mind that we have now developed two concepts together with external partners for robots, I'm very positive that probably in a couple of years we can use for very standardized process also robots on the construction site.