4. What Eternit Is Now

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The Swiss Eternit Group had been under the control of the Schmidheiny family since 1920, although undergoing a number of reorganizations and changes in ownership in recent decades; then, in 2003, the Schmidheiny era of Eternit finally ended with the sale to Swisspor Holding.

Separation from the Belgian Eternit Group

When Max Schmidheiny's imperium was distributed among his sons in 1984, the Swiss Eternit Group went to Stephan Schmidheiny, who had headed the company since 1975. After Stephan Schmidheiny announced in 1978 that Eternit would cease manufacturing products with asbestos, the company, much to Daddy Max's irritation, gradually pulled out of asbestos cement production. The strategy used to phase out production with asbestos was twofold: on the one hand products containing asbestos were replaced with asbestos-free products; on the other, "dirty" companies were sold.

The four Eternit factories in Italy, which had a market share in Italy of more than 20 percent, were either sold or shut down in 1986. At the end of 1988 the sale of interests in asbestos cement production in Brazil, Bolivia, and Columbia followed, including the Group's purge of all interests in its last asbestos mine (in Brazil). These three countries provided the Swiss Eternit Group with 80% of its entire South American profit. The reason given for the sale was that asbestos-free fiber cement products were having difficulties breaking into the market, rendering transition to their production untenable. As a result, fiber cement's share of total earnings for the conglomerate fell from 50% to 40% (20% for products with asbestos and 20% for those with no asbestos). The remainder was from fiber cement substitutes and other materials.

In 1989 the Swiss and Belgian Eternit Groups were broken up. The Swiss Eternit Group controlled not only the parent company in Switzerland but the German Eternit, the South African Everite, and affiliates in Costa Rica, Guatemala, El Salvador, Honduras, and Saudi Arabia as well. The Group also controlled interests in businesses located in a number of Latin American countries, and similarly, it controlled 20 percent in each of the Belgian entities (CFE and Eteroutremer) of the Belgian Eternit Group. The Belgian Group, owned by the Emsens family, controlled Eternit entities in Belgium, Holland, Great Britain, and France, and held interests in enterprises in Zaire, Burundi, Angola, Nigeria, Argentina, Peru, Uruguay, Chile, Brazil, Paraguay, and in the Philippines. Stephan Schmidheiny now sold his shares in the two Belgian entities to the Belgian Eternit Group. The Latin American interests of both groups were also broken up. With this, Stephan Schmidheiny proceeded with his exit from asbestos. It should be noted that the Belgians were quite active in countries where the asbestos issue hadn't yet aroused public awareness to the same degree that the Swiss Eternit Group had experienced.

From Stephan Schmidheiny via Holcim to Swisspor

After this adjustment, Stephan Schmidheiny sold his shares in Eternit AG, which controlled the Swiss Eternit factories, to his brother Thomas. His interests in foreign companies (in Germany, South Africa, Latin America, and Saudi Arabia) weren't affected by this sale; they were transferred to a newly formed company called Nueva Holding. In 1990, his shares in the German Eternit were sold to Etex (the renamed Belgian Eternit Group), the Belgians already owning a majority interest in the German company.

Prior to the transfer of ownership, Eternit AG had been through a series of changes. In 1986 it was restructured as Eternit Holding AG and, simultaneously, a new Eternit AG was created comprising the two Swiss Eternit factories and interests in five other (non-Eternit) concerns. A year later this "new" Eternit AG was restructured as Eternova Holding and yet another Eternit AG emerged comprising only the two Eternit factories. It was this Eternit AG that Thomas Schmidheiny acquired. By the end of 1989 he had integrated Eternit AG into a building materials group of companies, later renamed Cemroc, which in 1996 would become a subsidiary of the Holderbank (renamed Holcim in 2001) conglomerate.

In Switzerland, the last pipe containing asbestos was made in 1994. Sixteen years after Stephan Schmidheiny

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announced his exit from asbestos the era of asbestos was over. Pipe production in Switzerland ceased altogether in 1997 but a new affiliate, Etertub, was established that same year to make and sell pipes made from fiber cement and synthetic materials in Germany. Also in 1997, in Slovenia, Eternit in a joint venture with Salonit Anhovo Holding established the company of Esal. The joint venture, it was announced, would help Slovenia to manufacture asbestos-free fiber cement.

The Holcim conglomerate finally managed to spin off Eternit AG in 2003 as part of its long held strategy to concentrate on its core business. The reason it gave for holding on to the company for so long was that Eternit was an important customer for cement, but there were probably sentimental reasons in play too. The buyer was BA Holding, controlled by entrepreneur Bernhard Alpstäg, owner, along with his brother Georges, of the Swisspor Group. In 2005, under its new owner, Eternit AG again went through a series of reconstructions and name changes. Firstly, Eternit AG transferred the Swiss factories to its subsidiary Estertub (Estertub was the renamed Etertub; the trade name Etertub having been lost in a management buyout in 2003). Then Estertub was renamed Eternit (Schweiz) AG and Eternit AG renamed FibreCem Holding [1]. All Eternit entities belonging to the new owner Bernhard Alpstäg were then merged together into FibreCem.

In 2006 Eternit (Schweiz) AG set up the Stiftung Eternit-Werke Schweiz (Eternit Works Foundation of Switzerland). This provides services primarily of a financial nature “for active and former employees and their families who have been hit particularly hard by the consequences of having worked with asbestos” [2].

“Never a relationship”

In October 2010 Eternit (Schweiz) AG was assured that it would “not be affected by the trial in Turin.” The company announced it was “pleased that the Turin court had completely agreed with its claims and had unambiguously disallowed the attempt of the various civil plaintiffs to make Eternit (Schweiz) AG civilly liable for the acts of Eternit S.p.A.” The company claimed that neither Eternit (Schweiz) AG nor its owners had ever had a relationship to Eternit S.p.A. in Genoa, and Stephan Schmidheiny had never performed any function at Eternit (Schweiz) AG or even been a shareholder [3].

FibreCem Group: Activities in Switzerland, Germany, Austria, and Slovenia

The spin-offs and changes of ownership had resulted in Eternit’s operations being confined to its manufacturing facilities at Niederurnen and Payerne, Switzerland. Soon, however, the new owner forcefully pursued expansion abroad, starting in 2009 with the acquisition of the fiber cement works of the German conglomerate of Karl Bachl in Porschendorf near Dresden. A little while later it took over the Eternit works of Ludwig Hatschek AG in Austria. Eternit returned to its roots so to speak, as Hatschek was the man who in his day had founded Eternit and had been the licensor for all Eternit products. Ludwig Hatschek AG brought 455 employees and gross profits of 190 million Swiss francs to the FibreCem Group, which at that time had around 700 employees and a net income of 160 million Swiss francs, and subsequently acquired companies in Switzerland, Germany, Austria, and Slovenia. “A similar product strategy connects both Groups, which to date have been doing business in various geographic markets,” the buyer announced at the time of the takeover, which was made public under the rubric “solidarity in the European fiber cement market” [4].

In an interview Alpstäg called his takeover of Eternit “a smart decision” in retrospect. Swisspor wanted to give buildings a special sheathing or skin. “This includes,” according to Alpstäg, “the roof, façades, windows, and the insulation.” Eternit had a full array of façades in its program where before Swisspor had gaps. The asbestos image connected with the name, he said, was “no problem” [5]. And the new owner had plans for even greater things: the goal, so he said in an interview with the Neue Luzerner Zeitung, was to manufacture an “Eternit barrier” with factories in Europe from north to south. “Even folks in Lucerne [Alpstäg] dream of Eternit branches in India, Brazil, and China because these are the fastest growing markets” [6].

Swisspor and Alpstäg: Insulation Materials and Windows

The Swisspor Group, of which Eternit is a part, began as a small cork factory in 1971 that the brothers Bernhard and Georges Alpstäg took over from their father. It manufactured insulation materials made of expanded Polystyrol rigid foam (EPS) and Polyurethane rigid foam (PUR/PIR). In 1996 the Alpstäg brothers acquired their first window factory with the purchase of Kufag, which was soon followed by the acquisition of Dörig Fenster (1999) and Herzog Fenster (2003). Swisspor lost out in the contest to buy the leading Swiss manufacturer, EgoKiefer. In 2011 Swisspor, now under the brand name of Swisswindows, held second place behind EgoKiefer in the Swiss market for windows made from synthetic materials.

In 1998, Swisspor – called Alcopor at the time – expanded into the German market with its insulation materials, and it made a public offering [7]. Then, as early as 2001, the company was delisted. This brief interlude was accompanied by the takeover of the European affiliate of the U.S. construction material giant, Owens Corning, which had sought Chapter 11 protection in 2000 having become insolvent due to civil damages awarded in asbestos litigation, and the sale of Alcopor to the German Knauf Group (gypsum products). Excluded from this transaction were the Alcopor divisions for rigid foam and roofing tar sealant as well as the window factories, which were transferred to Swisspor Holding that Bernhard Alpstäg had re-established in 2002; Knauf took over the mineral wool fiber division (glass and rock wool fiber) – once belonging to Owens Corning; and the name of Alcopor Holding was changed to Knauf Insulation Holding [8]. All these actions are, moreover, filtered out of the company's history on its website – probably because it disrupts the straight narrative line upwards. From the late 1990s on (the newer) Swisspor was focussing as it expanded abroad on the growing market in Eastern Europe. In 1999 it put insulation materials plants on line in Poland and Romania; in 2002 a second, then a third in 2004, and a fourth plant in 2008 in Poland. It acquired Prima Bau und Dämmsysteme (construction and insulation materials) with three plants in Austria in 2006 and in 2008 another plant in Romania [9]. The rapid growth in recent years is evident in the numbers: the Swisspor Group, which boasted as being "the leading expert for the building envelope of the future" with 26 plants in six European countries and 2,800 employees, had a turnover in 2009 of a billion Swiss francs. For advertising Swisspor is relying on soccer: it bought the naming rights for the new stadium for FC Luzern for 5 million Swiss francs; the name will be Swissporarena. The company also supports the Lucerne soccer team with additional services to the tune of another 5 million Swiss francs [10].

Bernhard Alpstäg is a boss of the old school, casual and anti-union [11], and a critic of the emphasis on short term profits practiced by today's managers. "Our profits are reinvested not drawn off," said Alpstäg. His goal, he said, was to never be beholden to a bank, and that's why Swisspor was not listed (any longer) on the stock exchange. His brother Georges has meanwhile withdrawn from day-to-day operations [12].

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