



## **Interview with Peter Werth, Wolftank-Adisa: “We are expanding geographically and diversifying”**

**PetrolPlaza speaks to Dr. Peter Werth, CEO of Wolftank-Adisa Holding AG about life as a public company, its latest acquisitions, hydrogen, Latin America and the benefits of having the whole value chain to deconstruct a petrol station.**



**Q. Wolftank-Adisa decided to become a publicly listed company in both Vienna and Munich in 2019. When did you decide this was a good move and how has life changed since then?**

A. After we added Adisa to our business and adapted our resin to more industries and new fuel components, we decided to continue with the strategy of acquisitions to add services and know-how. This allows to create organic growth by sharing the knowledge at a local and international level. But to do this you need capital. We had an invitation from the Vienna Stock Exchange. They had created a new segment called Direct Market Plus for small companies. We were one of the first four to join. In February this year we also went public in Frankfurt. We have been able to integrate a number of

companies – AlterEco in Spain, the recycling company Rovereta, a share in Petroltecnica and Maremmana, DRK32 in Germany, Gastech, and others.

One of the major changes is that the stock exchange wants a consistent story – to easily understand what a company is doing and where is it going and also how the management is planning to get there. I think it helps a lot. Every investor has a different way of analysing the company so you keep testing and shaping it. We now have three main business lines: tank lining, for which we have developed new resins that are suitable for drinkable water as well, opening a new market aside from fuels; environmental services and remediation, the biggest business unit at the moment cleaning contaminated soil and groundwater; and EPC Contracting Services, a construction activity that builds turnkey fuelling stations for trucks running on LNG. To the latter, last month we added a few hydrogen products.

**Q. Has Woftank-Adisa been working with hydrogen technology for a while? What is your perspective on the development of the hydrogen market?**

A. Twelve years ago we were part of an initiative who built a hydrogen station near one of our offices in Italy. A group of local entrepreneurs got together with the local government, which has the biggest stake, to develop the site. It uses hydroelectric power from the mountain at night to produce green hydrogen for the day.

Maybe this is the time for hydrogen applications. Looking at how long it took for LNG heavy duty vehicles to be a strong market, over the next three years it will be barely economically feasible to run hydrogen stations for mobile applications. Industrial applications are more ready – we can replace natural gas used in industrial production with green hydrogen. In these locations you will also have a mobile fuelling station – a by-product of the industrial application. For them it will not be a problem if the station is not profitable for next years. There are just not enough cars on the road.

**Q. You mentioned Woftank-Adisa is now better prepared to integrate new companies into its business. Can you tell us about one of your latest acquisitions, Rovereta Srl, and how you go about its integration?**

A. Rovereta was a big opportunity because it deepens the production cycle. When we do tank and pipe cleaning, removing sludge or soil, usually you pay a third party to dispose of that material. There are not many places that do this and the price is highly volatile. It is hard to know how much sludge you will find in a tank. With Rovereta we can recycle our own material. We can divide sludge and water into clean soil, clean water and heating oil which is then sold. Where we had a cost, now we have a profit margin. The risk of calculation is much lower now.

Italy, where Rovereta sits, has the biggest density of petrol stations in all of Europe with over 20,000 sites. With the pandemic and decreasing mobility, the turnover of gas stations was down. Those stations that were barely feasible became obsolete. The demolition of sites is growing heavily – we have a large number of stations where we are doing a full deconstruction (knocking it down, cleaning

the environment and the soil, working with the authorities, etc.).



**Q. So you see a clear acceleration in the closure of a large number of stations.**

A. This is something that is logical and that was necessary. Italy has almost no convenience stores at stations except for highways. They are very dependent on fuel and due to the number of sites, competition is heavy. If you then half the demand for fuel, it accelerates the consolidation of the market, a process that has already happened in other parts of Europe.

**Q. Another key focus for Wolftank-Adisa seems to be Latin America, where you opened a subsidiary in Brazil, and recently expanded your fiberglass tank business into Colombia. What are the targets for this region?**

A. Our timing has not been the best as we opened our office in Brazil and shifted to smart working one week after due to the pandemic. But Brazil is a large market. There we will not only cover oil and gas but also the paper industry. They have a need for the containment of polluting liquids. It is the biggest paper and cellulose industry in the world so we wanted to start from there.

In other countries of Latin America we have done a few pilot tests for tank lining to get an insight into how the markets work; I think we will be ready to start doing business after the COVID-19 crisis is over. It is not only about geographic expansion but also about diversification. The mineral oil industry is volatile due to changes in crude oil prices. For a company like us is good to diversify to customers, like the food and chemical industries, that have similar problems – tanks, polluting liquids, environmental issues.



**Q. Woltank-Adisa attends numerous trade shows throughout a year, both as visitor and as an exhibitor. One of the obvious effects of the pandemic has been the lack of events. How has that affected your business? Has this period shown the importance of trade fairs?**

A. We have made an emphasis in existing customer relations and continued to develop them, including online methods. Where you can find difficulties is in creating new relations over the phone or in a video conference. One of our measures was to expand the tendering office for big companies as personal contact is non-existent. We participated in and won more tenders than ever before. The problem now is how to do it. Some projects have quarantine obligations so you have to spend two weeks in a hotel, as an example.

In my opinion, online trade shows have not been very effective. You are missing the touch & feel of a personal interaction. If there is a real need for a product you make a sale through a direct call. Live trade shows are definitely missing.

**Q. So going back to the beginning of the interview, what would you say are the biggest benefits of becoming a public company?**

A. The first thing is the amount of eyes on your operations. A big second is that a high number of investors are individuals or institutions that invest in many operations. So even from a sales point of view, I get a new network from them. They connect me with potential customers, we get high level leads. This is something that I didn't expect in the beginning. A third benefit is that you can raise capital when you need it. If I find a good target, I may convince investors to participate in the raising of capital. Another advantage is the ability to give employees liquid assets that they can transform

into real money, versus shares in a private company. That also helps to keep and motivate high potential employees.

*Interview by Oscar Smith Diamante*