wienerberger

Building the Future

Annual Report 2017

Wienerberger Annual Report

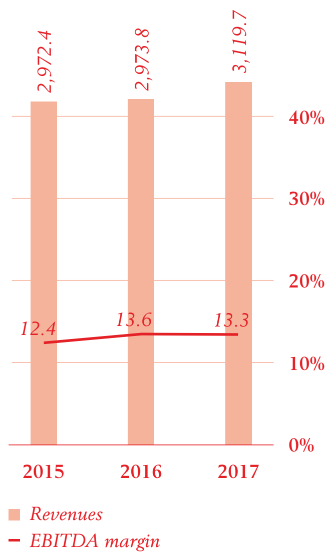
Contents

The Annual Report and Annual Financial Statements for 2017, which were released on March 29, 2018 and presented at the 149th Annual General Meeting on June 14, 2018 in Vienna, are also available for download under www.wienerberger.com.

Available in German and English.

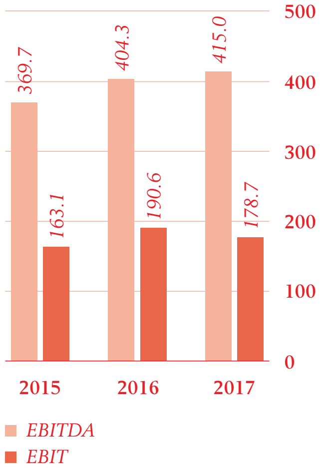
Revenues and EBITDA Margin

in MEUR and %



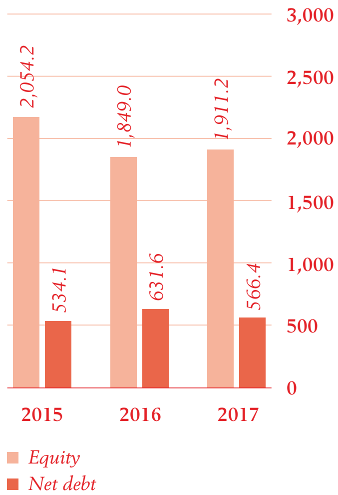
EBITDA and EBIT

in MEUR



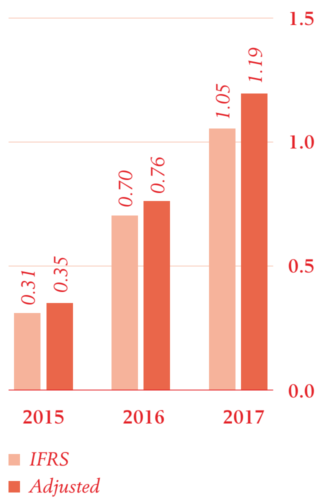
Equity and Net Debt

in MEUR



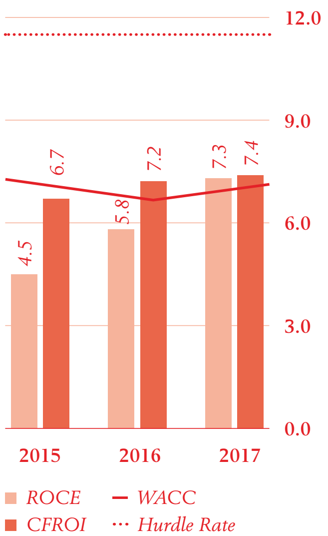
Earnings per Share

in EUR



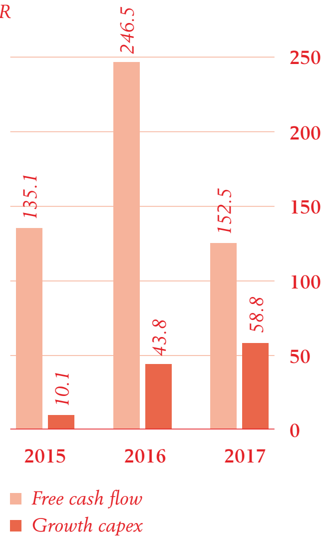
ROCE and CFROI

in %

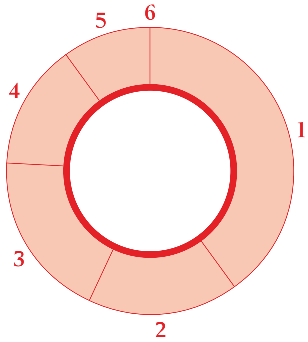


Free Cash Flow and Growth Capex

in MEUR



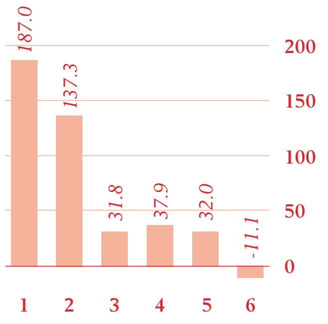
Revenues by Segment



1 *Clay Building Materials Western Europe 39%*
2 *Clay Building Materials Eastern Europe 18%*
3 *Pipes & Pavers Western Europe 18%*
4 *Pipes & Pavers Eastern Europe 14%*
5 *North America 10%*
6 *Holding & Others 0%*

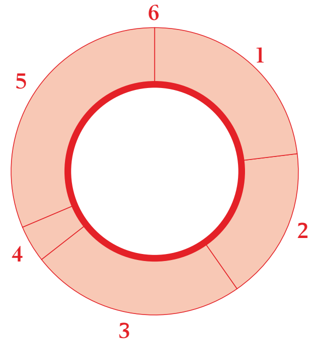
EBITDA by Segment

in MEUR



1 *Clay Building Materials Western Europe*
2 *Clay Building Materials Eastern Europe*
3 *Pipes & Pavers Western Europe*
4 *Pipes & Pavers Eastern Europe*
5 *North America*
6 *Holding & Others*

Revenues by Product



1 *Wall 23%*
2 *Roof 17%*
3 *Facade 24%*
4 *Surface 4%*
5 *Pipes 31%*
6 *Others 0%*

Explanatory notes to the report:
Operating EBIT and adjusted earnings per share are adjusted for non-recurring income and expenses. // ROCE and EVA® are calculated based on average capital employed. // CFROI is calculated based on average historical capital employed. // Rounding differences may arise from the automatic processing of data.

Earnings Data		2015[1]	2016	2017	Chg. in %
Revenues	*in MEUR*	2,972.4	2,973.8	**3,119.7**	+5
EBITDA	*in MEUR*	369.7	404.3	**415.0**	+3
Operating EBIT	*in MEUR*	167.6	197.7	**194.2**	-2
Impairment / Reversal of impairment charges to assets	*in MEUR*	-4.5	-0.2	**-9.2**	<-100
Impairment charges to goodwill	*in MEUR*	0.0	-6.9	**-6.3**	+8
EBIT	*in MEUR*	163.1	190.6	**178.7**	-6
Profit before tax	*in MEUR*	107.0	158.5	**144.9**	-9
Net result	*in MEUR*	36.5	82.0	**123.2**	+50
Free cash flow [1]	*in MEUR*	135.1	246.5	**152.5**	-38
Normal capex	*in MEUR*	137.7	137.3	**147.5**	+7
Growth capex	*in MEUR*	10.1	43.8	**58.8**	+34
ROCE	*in %*	4.5	5.8	**7.3**	-
CFROI	*in %*	6.7	7.2	**7.4**	-
Ø Employees	*in FTE*	15,813	15,990	**16,297**	+2

Balance Sheet Data		2015	2016	2017	Chg. in %
Equity [2]	*in MEUR*	2,054.2	1,849.0	**1,911.2**	+3
Net debt	*in MEUR*	534.1	631.6	**566.4**	-10
Capital employed	*in MEUR*	2,569.9	2,460.0	**2,459.2**	0
Total assets	*in MEUR*	3,691.6	3,637.2	**3,659.9**	+1
Gearing	*in %*	26.0	34.2	**29.6**	-

Stock Exchange Data		2015	2016	2017	Chg. in %
Earnings per share	*in EUR*	0.31	0.70	**1.05**	+50
Adjusted earnings per share	*in EUR*	0.35	0.76	**1.19**	+56
Dividend per share	*in EUR*	0.20	0.27	**0.30**	+11
Share price at year-end	*in EUR*	17.09	16.50	**20.17**	+22
Shares outstanding (weighted) [3]	*in 1,000*	116,956	116,956	**116,956**	0
Market capitalization at year-end	*in MEUR*	2,008.5	1,938.6	**2,370.5**	+22

Divisions 2017 *in MEUR and %* [4]	Clay Building Materials Europe		Pipes & Pavers Europe		North America		Holding & Others		Reconciliation
Third party revenues	1,787.0	*(+6%)*	1,014.2	*(+3%)*	308.7	*(+5%)*	8.6	*(0%)*	
Inter-company revenues	1.5	*(-58%)*	0.1	*(-92%)*	0.3	*(-51%)*	14.7	*(+2%)*	-15.5
Revenues	1,788.5	*(+6%)*	1,014.3	*(+3%)*	309.1	*(+5%)*	23.3	*(+1%)*	-15.5
EBITDA	324.3	*(+12%)*	69.7	*(-29%)*	32.0	*(-2%)*	-11.1	*(+37%)*	
Operating EBIT	185.0	*(+13%)*	20.1	*(-58%)*	3.0	*(-49%)*	-13.9	*(+30%)*	
CFROI in %	8.4	-	8.0	-	3.9	-	-15.9	-	
Total investments	96.1	*(-1%)*	57.9	*(-13%)*	43.9	*(>100%)*	8.3	*(+81%)*	
Capital employed	1,523.4	*(-3%)*	563.4	*(+6%)*	364.9	*(+3%)*	7.5	*(>100%)*	
Ø Employees (in FTE)	10,572	*(+2%)*	4,210	*(+1%)*	1,305	*(+1%)*	210	*(+2%)*	

1) Cash flow from operating activities less cash flow from investing activities plus growth capex // 2) Equity including non-controlling interests and hybrid capital // 3) Adjusted for treasury stock // 4) Changes in % to the comparable prior year period are shown in brackets

All abbreviations and special terms are explained in the glossary beginning on page 207.

Building the future

Every efficient and diversified system
derives its sustainable strength from the further development
of its individual core elements.

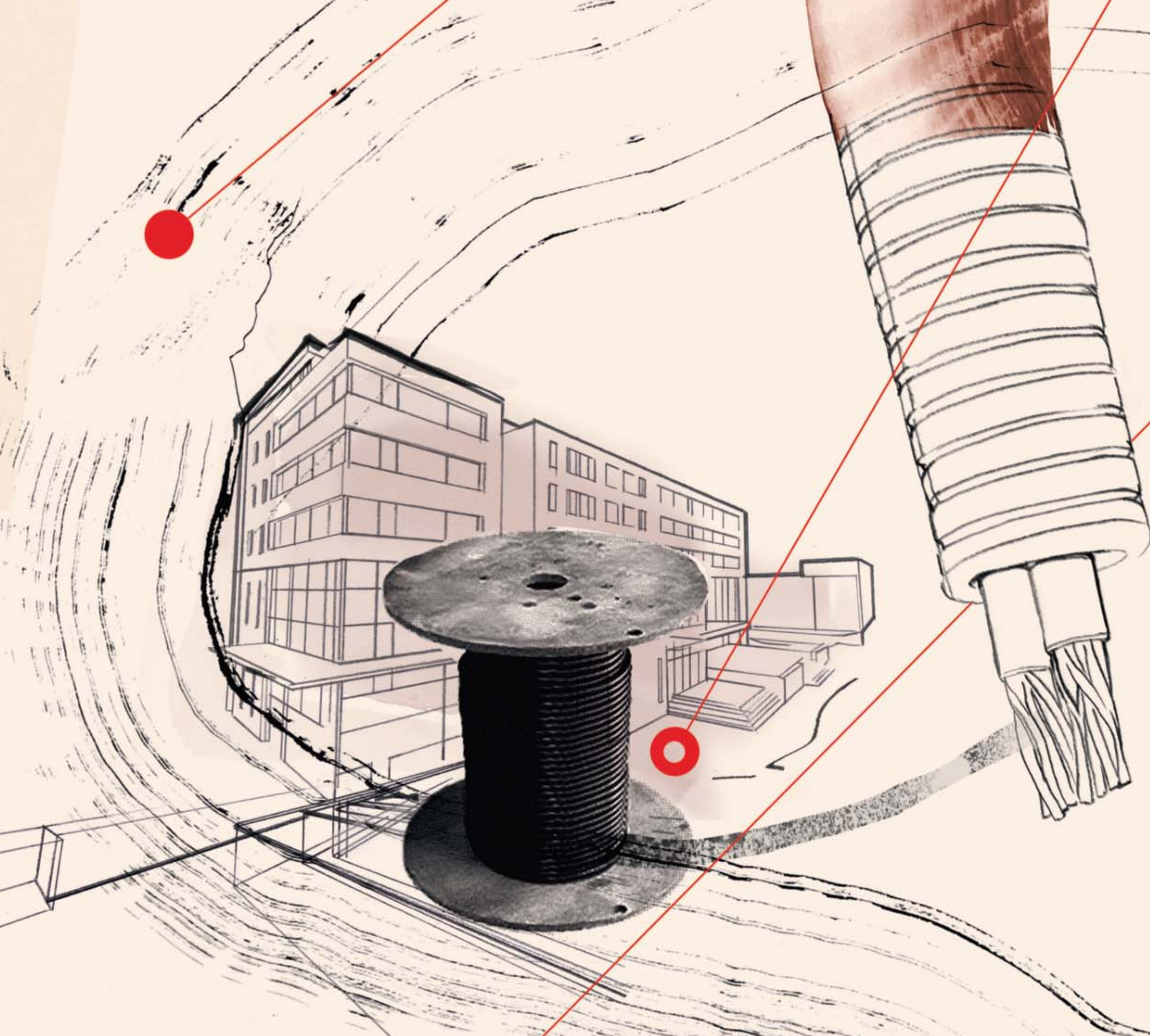
The goal is clear: Growth.

Success Story #1
Preflex – smart piping solutions

Building the future –
Zoom in on innovative solutions

For us, innovation means creating solutions with added value. Such as the acquisition of Preflex, the Belgian pipe specialist. Its prewired electric conduits save our customers time and costs for electrical installations. And they help the Wienerberger Group fulfil its mission, which is to improve people's quality of life through forward-looking solutions.

The illustration is a detail from the cover page. It symbolizes the innovative strength of Preflex as a contribution to the growth of the Wienerberger Group.



Innovations unlock growth potential

How do you use smart solutions to create added value for customers and partners? And what lines of business will develop as a result in the future? Heimo Scheuch, CEO of Wienerberger AG, talks about innovation, new markets and Preflex.

Preflex is an excellent addition to our existing business with pre-wired conduits in the Nordic countries. It gives us access to new lines of business.

Heimo Scheuch, CEO of Wienerberger AG

The construction industry is undergoing rapid change, with issues ranging from growing margin pressure to energy efficiency to digitalization. What is the significance of innovation to Wienerberger against this backdrop?

We are using the changes our industry is undergoing as an opportunity to shape the market of the future and develop new lines of business. Our mission is to improve people's standard of living. It is for their benefit that we develop energy efficient building systems, secure supply networks and eco-friendly pavers. Innovation plays a critical role in all of these developments: Wienerberger boasts a rate of innovation of 27 percent; in other words, we generate more than one fourth of our revenues with products that were developed in the past five years.

You have stressed the importance of innovation for Wienerberger's organic growth on several occasions. How do you make innovation reality?

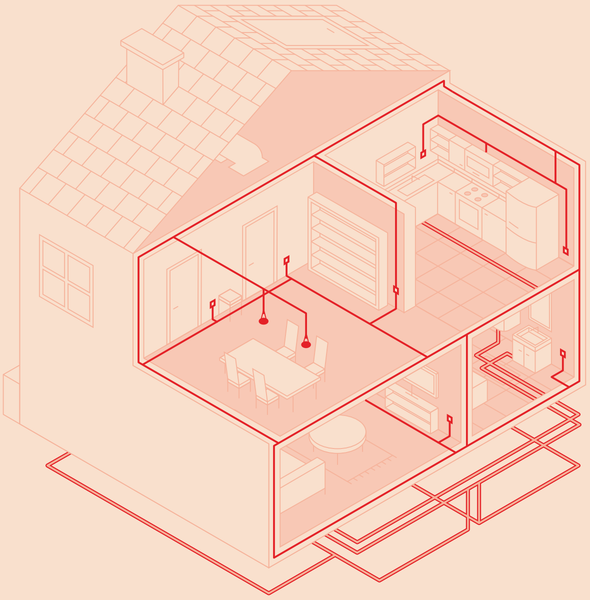
As the technology and innovation leader in the building materials industry, we take a systematic approach to innovation: On the one hand, we are constantly improving our products and system solutions; we continue to develop them for every area of application. On the other hand, we identify markets which allow us to offer our customers and partners added value through innovative solutions. This enhances our growth prospects and offers us a higher earning potential. We occupy these markets either through in-house innovations or targeted acquisitions.

Speaking of developing new markets and lines of business: Why is the acquisition of Preflex such a good example in this context?

Preflex is a Belgian company specializing in pre-wired conduits for electrical installations. This acquisition will strengthen our position in this rapidly

The warehouse at a glance: Three logistics centers ship Preflex conduits to various parts of Europe.

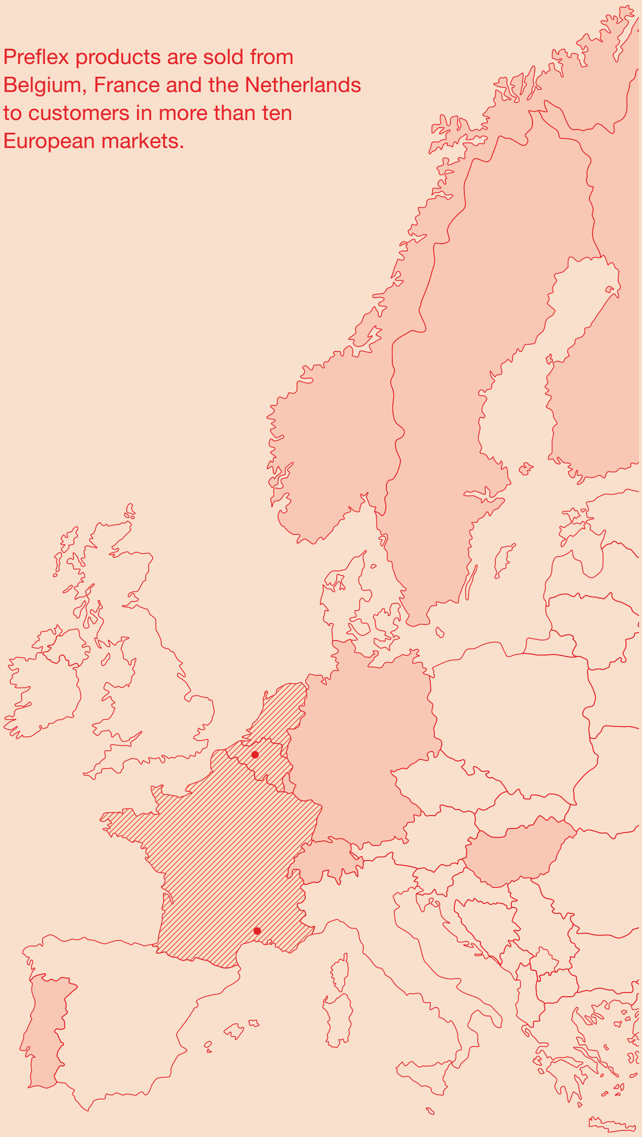
The lifelines of a house



The conduits for electrical installations in a building are akin to veins in the human body. They serve for the transmission of electricity and data, making it possible for lighting to work or for people to cook, take a shower, make a phone call or listen to music whenever they want. Pre-wired conduits combine the necessary cables and pipes, which saves time and money when you install them.

Successful in Europe

Preflex products are sold from Belgium, France and the Netherlands to customers in more than ten European markets.

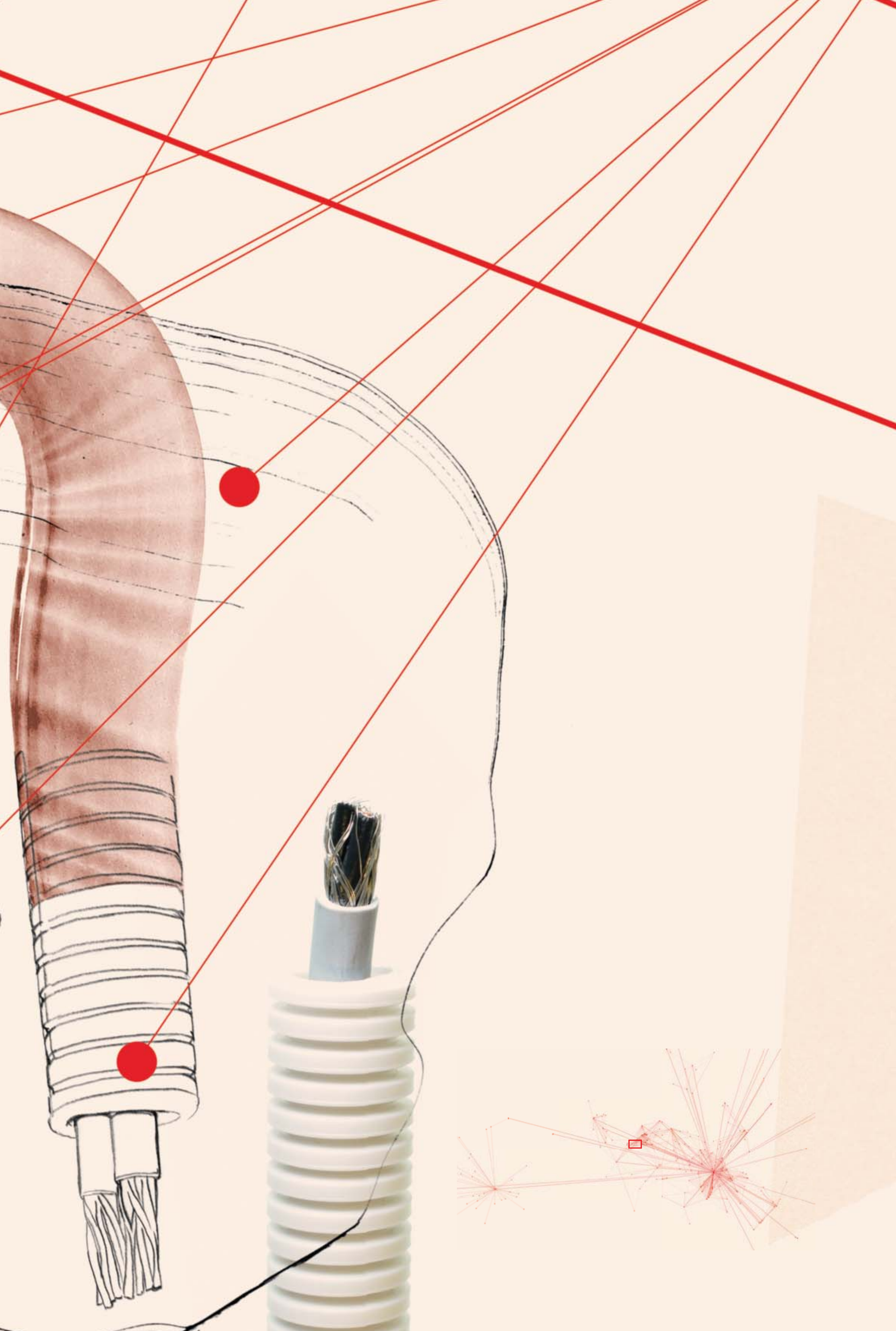


Location Ninove (Belgium) / Location Ledignan (France)

growing segment. We are witnessing a clear trend toward pre-wired conduits, especially in markets with high labor costs. The advantages are obvious: They are fast, easy, and safe to install. Because it takes less time to install them, the costs associated with construction projects decrease as a result.

Preflex – Smart conduits for various applications

Work fast, be smart and think genius: With this motto, the conduit expert Preflex has come a long way. The company was established in 1993 and has become one of the largest manufacturers of pre-wired conduits for electrical installations in Europe. Both the group's headquarters and one of its production sites are located in Ninove (Belgium). The second production site is located in Lédignan (France). Preflex produces up to 100,000 kilometers of pre-wired conduits per year: That is more than 2.5 times the length of the equator. The company produces both empty as well as pre-wired flexible plastic conduits suitable for various applications, ranging from telecommunications to energy; this also includes lighting. In addition, customized solutions are available. Its product range comprises 1,000 products of the Preflex and Quofil brands, sold via three logistics hubs in Belgium, France and the Netherlands in more than ten European countries.



Chief Executive's Review

Heimo Scheuch, Chief Executive Officer of Wienerberger AG

Ladies and Gentlemen,

2017 was a good year marked by notable milestones: We generated record revenues of over € 3.1 billion – the highest ever in the history of the Group. Our dedication to improving operations continues to deliver result, as we succeeded to increase our EBITDA for the fifth consecutive year, reaching € 415 million. Below the line, this translated into a significantly higher net profit of € 123 million, the highest in the last ten years.

We used the past year to strengthen our industrial platform and accelerate the pace of growth. In 2017, we acquired several companies: By taking over the Belgian Preflex Group, we strengthened our position in the fast-growing, profitable segment of prewired electric conduits. Acquisitions in Germany, Austria, Romania and North America broadened the geographic scope of our brick business in these markets. These newly acquired companies fit seamlessly with our existing operations, both geographically and strategically, and will create additional opportunities for growth in the coming years.

2017 was a particular strong demonstration of our business plan execution, as we delivered on a number of our commitments. Despite our growth steps, we were able to reduce our net debt by 10%. A net debt/EBITDA of 1.4 years gives us the necessary flexibility for further growth. Highly satisfactory developed the ongoing cost optimization program. In 2017 alone, we achieved savings in a total amount of € 11 million. Our working capital management has been equally successful: Even after the integration of our most recent acquisitions, working capital stands at less than 20% of revenues.

2017 was a particular strong demonstration of our business plan execution, as we strengthened our industrial platform, accelerated our growth and delivered on a number of our commitments.

Finally, we can also report substantial progress in the implementation of our Sustainability Roadmap 2020, ranging from the reduction of energy consumption to a clear commitment and substantially enhanced efforts on the part of all Business Units to reach the shared target of zero accidents. These examples show that our sustainable management approach is an important factor contributing to the long-term increase in the value of the enterprise. We are determined to continue working along these lines in the future.

Taken together, this shows that 2017 was a year of highly positive development for our Group. We will continue to pursue this course throughout 2018. Our objective is to maximize our long-term growth potential and create value for you, our shareholders. We are following a clear course and will remain focused on our three strategic priorities: organic growth, operational excellence and growth projects.

We will continue this course in 2018. Our goal is to maximize our long-term growth potential and create value for our shareholders.

Our strong industrial portfolio and the continuous development of innovative products, services and system solutions constitute a solid foundation for the organic growth of the Wienerberger Group and are the essential pillars of our success.

We are constantly improving the way our organization works through initiatives aimed at enhancing efficiency, cutting costs and optimizing our processes. Relevant measures were initiated in the fourth quarter of 2017, starting with our plastic pipes business in France and continuing with our ceramic pipe activities at the beginning of 2018. In the area of clay building materials, we are restructuring our operational companies in Germany and Austria in order make them fit for the future. This will entail costs of approx. € 30 million. Nevertheless, in combination with our continuous cost optimization program, we expect to generate savings in a total amount of € 15 million in 2018.

Moreover, we will continue to strengthen our platform through the acquisition of growth-oriented companies generating high margins. We analyze potential takeover candidates for the added value and technical simplicity of their products, relevance in the local market, and reliability as partners for our customers. We are interested in companies that can be swiftly integrated into the existing industrial network and that perfectly complement our business. Currently, we see numerous attractive opportunities and have therefore earmarked at least € 200 million for growth investments in 2018.

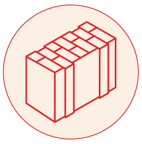
Our organization has undergone an intensive process of transformation in recent years. Nevertheless, we are continuously reviewing all our business areas for their strategic orientation. If we identify individual assets that do not meet our criteria for future growth, we initiate a divestment process. From today's perspective, we expect to generate proceeds of up to € 100 million from asset sales in the coming 24 months.

All in all, we are better positioned than ever to take advantage of future development opportunities and the expansion of our platforms. We have a strong balance sheet that enables us to reach our growth targets. Our experienced local management teams are capable of supporting and implementing our strategy of accelerated growth. And above all, we have a strong industrial base in all our business areas – infrastructure, new residential construction and renovation – both in Europe and in North America.

Overall, we expect to generate organic consolidated EBITDA of between € 450 and € 470 million in 2018. In view of our strategy and the measures we intend to implement, we are confident of meeting our ambitious targets. Strengthened by your trust and confidence, we look forward to continuing on this course together with you.

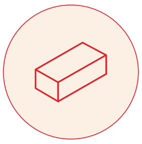
Yours

Regions & Divisions



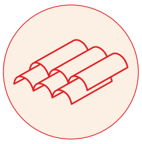
Clay Blocks

Nr. 1 worldwide



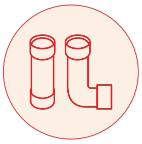
Facing Bricks

Nr. 1 in Europe, leading positions in the USA



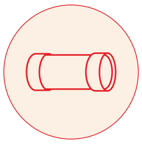
Clay Roof Tiles

Nr. 1 in Europe



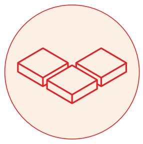
Plastic Pipes

Leading positions in Europe



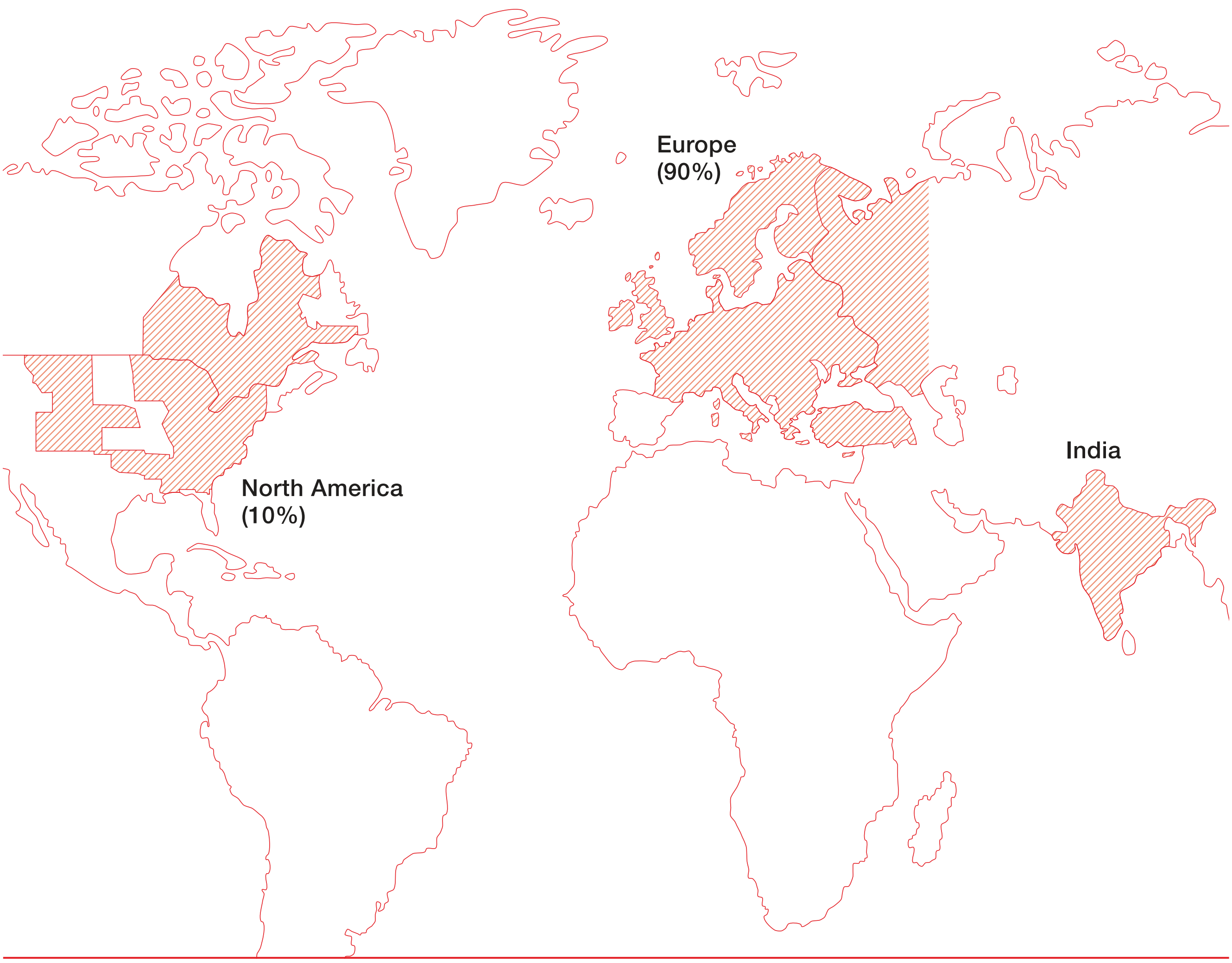
Ceramic Pipes

Nr. 1 in Europe

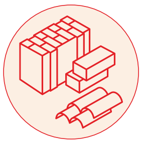


Concrete Pavers

Nr. 1 in Central-East Europe



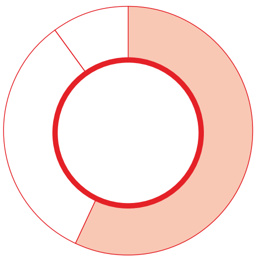
Our Divisions



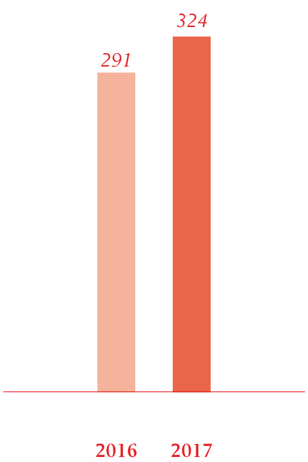
Clay Building Materials Europe

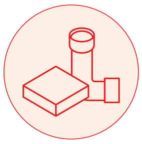
Clay Blocks
Facing Bricks
Roof Tiles

External revenues 2017
57%



EBITDA
in MEUR

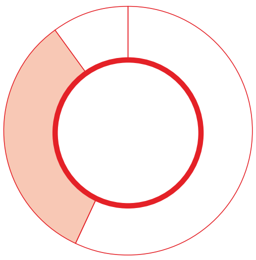




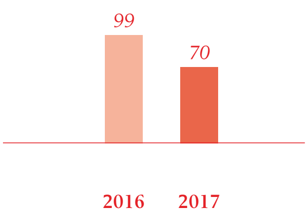
Pipes & Pavers Europe

Plastic Pipes
Ceramic Pipes
Concrete Pavers

External revenues 2017
33%



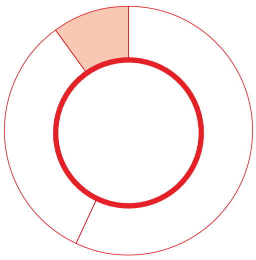
EBITDA
in MEUR



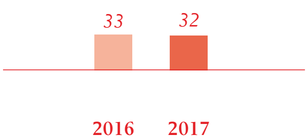
North America

Facing Bricks
Plastic Pipes
Concrete Products
Calcium Silicate

External revenues 2017
10%



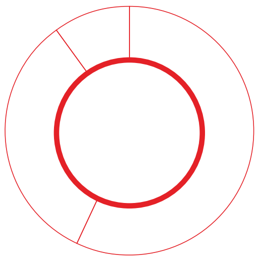
EBITDA
in MEUR



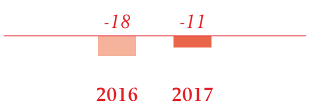
Holding & Others

Clay Blocks

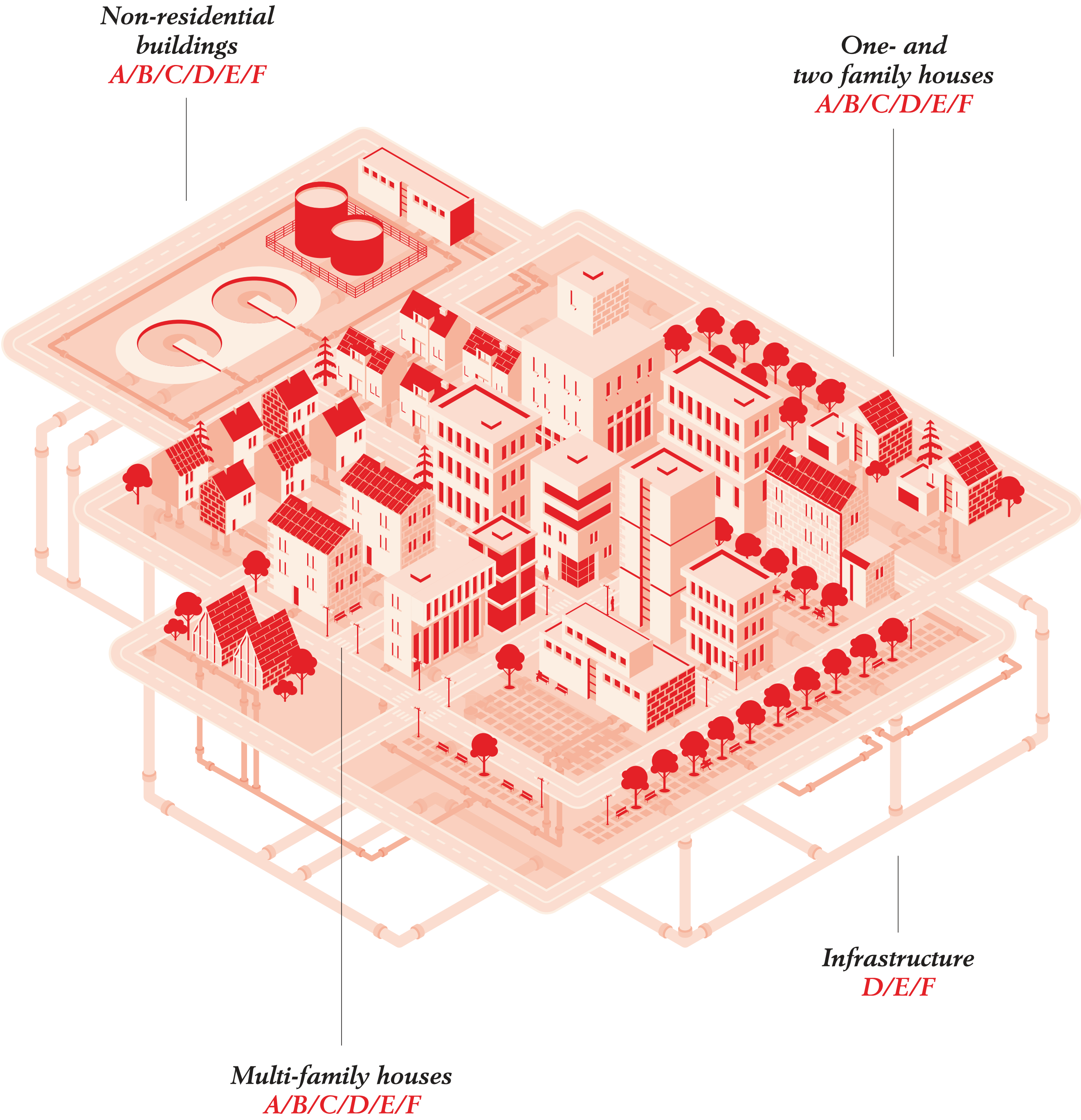
External revenues 2017
0%

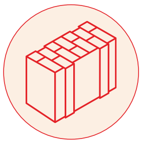


EBITDA
in MEUR



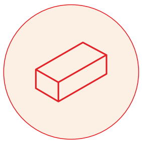
Wienerberger at a Glance





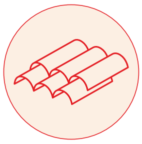
Wall (A)

Innovative clay blocks already fulfil the demanding standards of building physics that will have to be met by the buildings of tomorrow. Depending on local building traditions, they are used for load-bearing exterior monolithic or cavity walls of single-family homes as well as multi-story buildings. They are also used for load-bearing interior walls and for non-load-bearing partitions or infill walls.



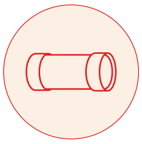
Facade (B)

Facing bricks are used, above all, in visible brick architecture as the most striking aesthetic exterior feature of a building. A facing brick wall provides optimal protection from weather conditions, but still allows the building to breathe. Thanks to the durability of facing bricks, there is no need for costly renovation or maintenance as the building gets older. Through the combination of different colors, formats and surface structures, facing bricks are ideally suited for modern and cost-effective urban brick architecture.



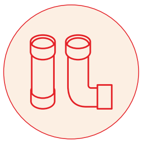
Roof (C)

Clay roof tiles are used for pitched roofs, low slope roofs and as design elements on facades. They protect the building and its facade from weather influences and moisture for many years. On account of their long useful life and their color-fastness, they are the preferred material for renovation works. A broad range of roof tiles and accessories is available for creative applications in modern residential construction as well as for traditional solutions in renovation and for classified buildings.



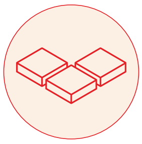
Ceramic pipes (D)

Ceramic pipes (incl. fittings, shafts and accessories) are used in open-trench and trenchless construction, providing sustainable solutions for municipal waste-water disposal. Thanks to their durability, stability, low maintenance requirements and resistance to effluents, ceramic pipes meet all the requirements of modern sewage systems.



Plastic pipes (E)

Plastic pipes (incl. fittings and accessories) are suitable for a wide variety of applications for private and industrial use. The range of high-quality, durable pipe systems includes products for building services installations, drinking water supply, irrigation, waste-water and rain-water management, drainage, energy supply and data transfer, as well as special products for industrial applications.



Pavers (F)

Concrete and clay pavers offer outstanding advantages in terms of durability and lifetime esthetics. They are used for a wide variety of applications, from public spaces and heavily trafficked roads to private buildings and gardens. Customers appreciate the high-quality surface finish as well as the variations in design and setting patterns.

Mission Statement

Our Vision

We want to be the most highly regarded producer of building materials and infrastructure solutions and the preferred employer in our markets. We share our values, our knowledge, our experience and our success.

Our Mission

We improve people's quality of life by providing outstanding, sustainable building material and infrastructure solutions.

wienerberger

Our Goal

The primary goal of our entrepreneurial activities is to achieve a sustainable increase in the value of the company in accordance with ecological, social and economic principles.

Our Values

Expertise – Passion – Integrity and Respect – Customer Orientation – Entrepreneurship – Quality – Responsibility

Our values form the basis of our entrepreneurial activities. We live by our values and share them in our day-to-day cooperation.

Corporate Goal

Efficient Structures

To reach our corporate goal, we pursue a clearly defined strategy. The Managing Board, in close cooperation with senior management, decides on the strategic orientation of the Group and its long-term capital allocation. Experienced and competent local management teams are responsible for operational implementation. Our lean organizational structure ensures fast decision-making processes and efficient communication channels. The Supervisory Board is involved in all major strategic projects and, besides its supervisory function, actively exercises an advisory function.

Corporate Governance Report
page 48

Sustainable Management

In our strategic considerations we focus on the interests of our organization as well as those of our stakeholders, with whom we engage through a network of long-standing relationships. We are convinced that we can bring about a convergence of these interests through well-balanced decisions. This allows us to broaden the basis for our growth and create the best possible prerequisites for sustainable value creation. Committed to transparency, we communicate our targets and the progress achieved by way of our regular financial reporting, our disclosures on value management and our sustainability roadmap.

Strategy
page 18

The primary goal of our entrepreneurial activities is to achieve a sustainable increase in the value of the company in accordance with ecological, social and economic principles.

Global market leader in regional markets

Each of our business areas – infrastructure, new residential construction and renovation – is supported by strong industrial platforms. We combine the potential of an international group with the regional know-how of strong local organizations. We take advantage of our profound understanding of our markets and networks, and we share knowledge and innovations. We overcome geographic and cultural differences thanks to our strong corporate culture and our values. Our strong brands, which are closely associated with local building traditions in many regions, testify to our leading market position.

Production Sites and Market Positions
page 34

Value Creation

Our value creation process consists in the industrial production and marketing of innovative building materials and system solutions for modern buildings and infrastructure. We interact with numerous stakeholders in order to address the growing complexity involved in the execution of construction projects. Within our organization, we aim at a sustainable, balanced and value-creating use of our inputs along the entire value chain.

Value Creation
page 20

Success Story #2
Columbus Brick – Core market North America

Building the future –
Zoom in on new markets

North America is a pillar of our core business. Through the acquisition of Columbus Brick, a US producer of facing bricks, we gain access to another two US states, which strengthens Wienerberger's position in the top ten brick markets. Moreover, new products have been added to our portfolio, such as genuine "papercut bricks" – each of them a unique piece of masonry.

The illustration is a detail from the cover page. The close-up symbolizes the acquisition of Columbus Brick as a building block for Wienerberger's growth in the USA.

Growth steps strengthen our position in core markets

Columbus Brick strengthens the market presence of General Shale, our subsidiary in North America. We benefit from a reputed brand with an attractive product portfolio, and we are gaining a foothold in Mississippi and Louisiana, two markets with a high share of bricks.

Heimo Scheuch, CEO of Wienerberger AG

Deeper market penetration, new regions and a broader product portfolio: These are the targets pursued through acquisitions in existing markets. Heimo Scheuch, Chairman of the Managing Board of Wienerberger AG, explains the cornerstones of the strategy, citing Columbus Brick as an example.

Growth investments are an essential component of the Wienerberger strategy. What goals are you pursuing with projects of this kind?

We are focused on value-creating growth steps in existing markets. Investing in our production facilities allows us to offer our customers products and solutions that are of even higher quality and more innovative. At the same time, we acquire companies and plants that add value to our industrial portfolio. By these means, we strengthen our market presence. We aim to broaden our range by adding attractive products and applications. And we can enter new regions in countries where we are already doing business.

Wienerberger operates successfully in 30 countries around the world. Are you considering the possibility of expanding the geographic scope of your business?

In our growth strategy we clearly commit ourselves to our core markets, i.e. Europe and North America with the USA and Canada. In these markets we are looking out for bolt-on investments. If strategically promising and value accretive opportunities arise, we do not rule out major acquisitions or diversification into new product groups. This may even mean entering new geographic markets, but this is not one of our strategic priorities.

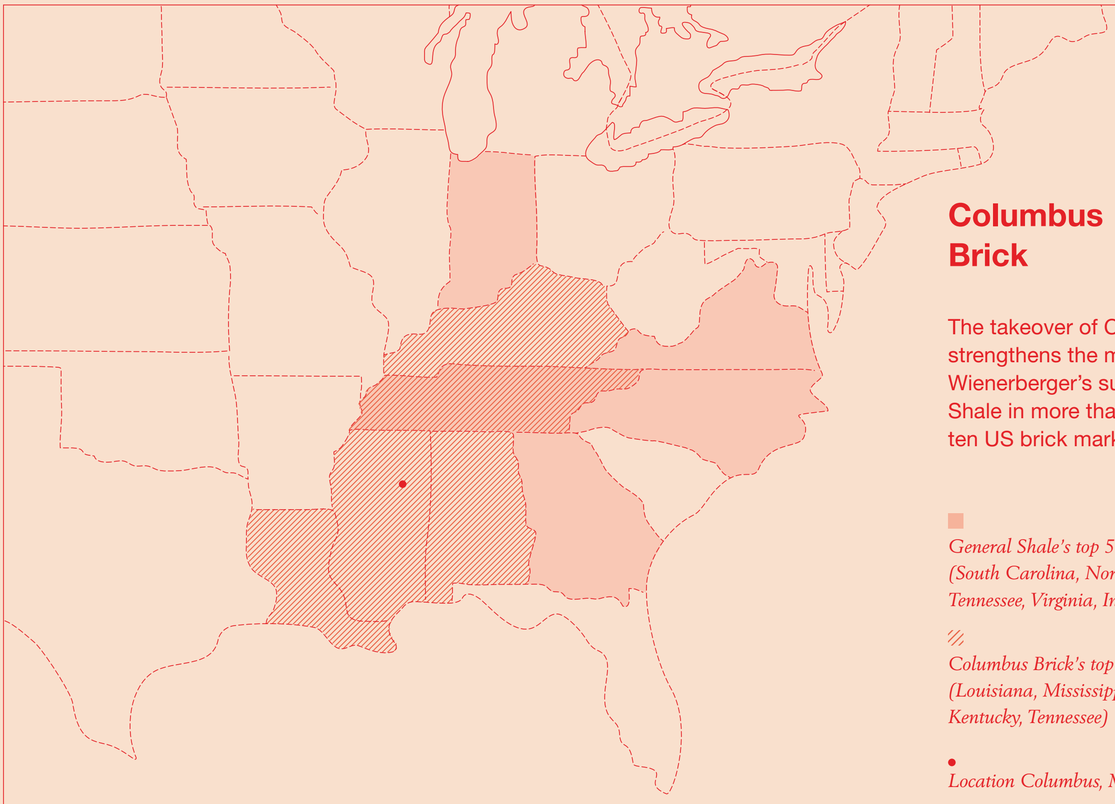
Which criteria do you apply when deciding on an investment?

Every single project must contribute to the profitable growth of the Wienerberger Group. We therefore take a very close look at the key financials and the development potential of a takeover candidate. We also want to be sure that its corporate philosophy is compatible with our strategy and our values. Wienerberger tends to be the preferred buyer for family businesses, because the owners appreciate our strong commitment and our long-term orientation.

Columbus Brick – A brick professional with a successful track record

The Columbus Brick Company is a producer of facing bricks based in Columbus, Mississippi (USA). The family business manufactures up to 140 million units of brick per year. Established in 1890, Columbus Brick was managed by a direct successor of the founder of the company before it was taken over by Wienerberger. The company has about 75 employees.

The Columbus Brick product portfolio comprises about 40 types of facing bricks in many different colors and shapes, ranging from classic facing bricks for residential and commercial buildings to special high-end products, such as the “papercut brick”. Special facing brick formats are available for a variety of applications. Columbus Brick sells its products in more than eighteen US states, its main markets being Mississippi, Louisiana and Alabama.



Columbus Brick

The takeover of Columbus Brick strengthens the market position of Wienerberger's subsidiary General Shale in more than half of the top ten US brick markets.

General Shale's top 5 markets (South Carolina, North Carolina, Tennessee, Virginia, Indiana)

Columbus Brick's top 5 markets (Louisiana, Mississippi, Alabama, Kentucky, Tennessee)

Location Columbus, Mississippi

The takeover of the Columbus Brick Company in the USA is a good illustration of what you just said. What do you hope to achieve through this growth step?

The acquisition of the Columbus Brick Company is an excellent opportunity to expand our US brick business. We are enlarging the market presence of General Shale, our subsidiary in the south of the country, by entering the new markets of Mississippi and Louisiana, two states with an above-average proportion of facing bricks in residential construction. Columbus Brick perfectly complements our own range with its high-quality products, such as the well-known "papercut brick", and is an established brand. This will also strengthen our position vis-à-vis important distributors.

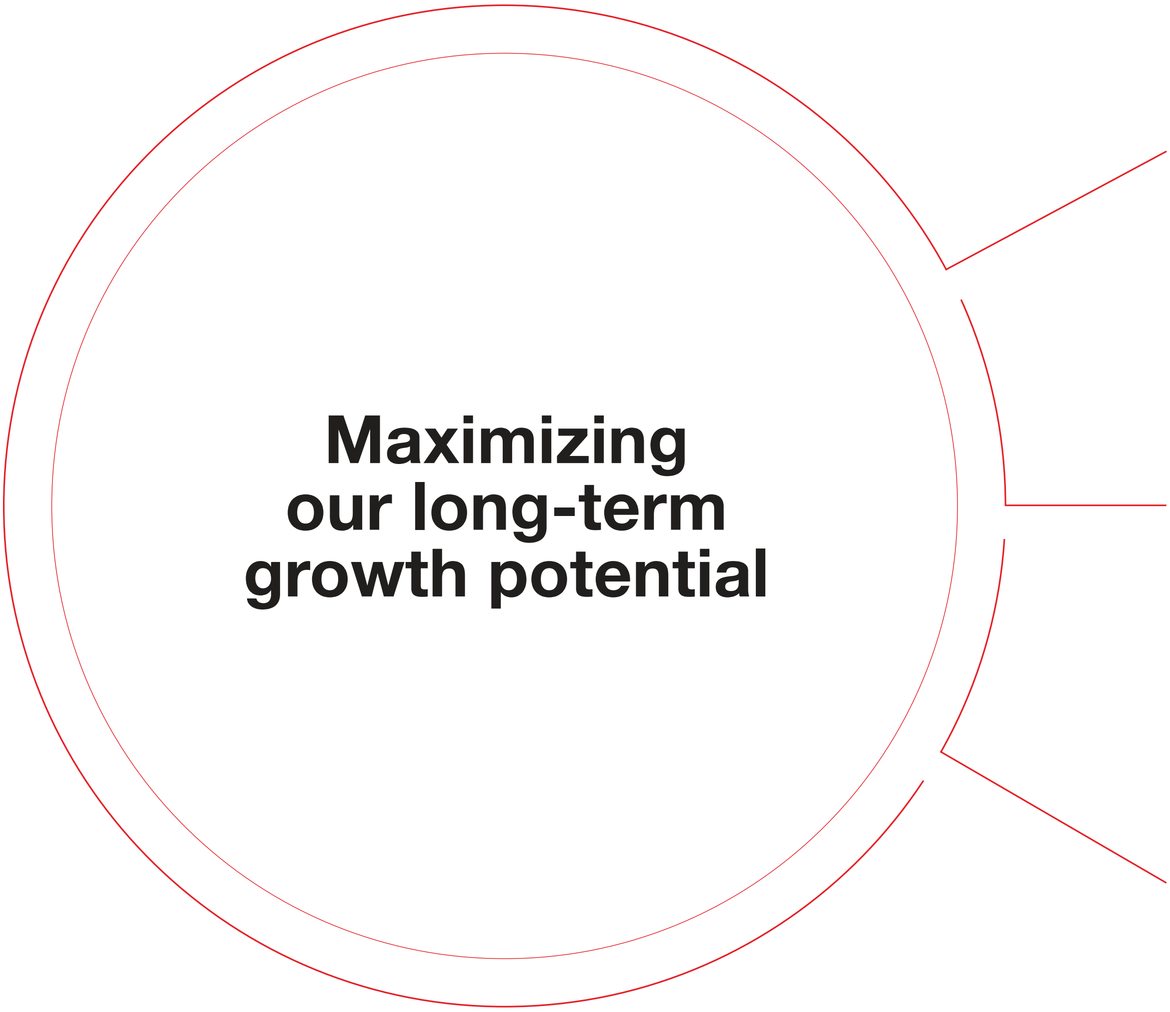
What are your plans for the future in North America?

The North America Division is an essential component of Wienerberger's core business. In the regions we operate in, we are observing a favorable development in residential construction and in plastic pipes. We see great potential for organic growth in these business areas. In the medium term, we intend to strengthen our North American business through additional growth projects.

A brick with character

The "papercut brick" is an exclusive facing brick that looks like an old, hand-molded brick. Its name is derived from the production process. Recycled paper is rolled onto the pressed brick material, which is then wire-cut into individual brick units. Cutting through paper with a wire creates the desired uneven surfaces and slightly rounded edges. Architects and house builders appreciate the unique vintage look of papercut bricks.

Strategy



Principles

Each of Wienerberger's business areas – infrastructure, new construction and renovation - is supported by strong industrial platforms in Europe and North America. In line with our clearly defined strategy, we will be able to benefit from future development opportunities and the expansion of our platforms. Our experienced local management teams are capable of supporting and pursuing our accelerated growth course. To maximize our long-term growth potential and increase the value of the enterprise, we are pursuing three strategic priorities: organic growth, operational excellence and growth projects.

Organic growth

- **Innovation.** As the innovation leader in our industry, we continuously strive to improve and further develop our products and system solutions for all fields of application. We take advantage of our strong market positions to introduce successful innovations at supra-regional level. Our development priorities are:

  _Innovations in processing and use
  _Research into new materials and production processes
  _Resource-efficient use of raw materials
  _Re-use of our products

- **Market proximity.** The growing complexity inherent in the design and execution of construction projects is an issue to be addressed. We take the individual needs of specific customer groups, stakeholders and decision-makers into account, offering comprehensive advisory services and supporting projects from the planning phase right through to execution.

- **Digitalization.** We play a leading role in the digital transformation of our industry and aim to offer our customers higher added value. To this end, we initiate change processes within the company along the entire value chain.

Operational Excellence

The efficiency-enhancing measures implemented in all Business Units serve the goal of optimizing production and organizational processes, which ensures not only cost reductions, but also uniform standards and best practices throughout the Group. Moreover, in business areas that do not meet our profitability criteria we initiate measures to improve their earning power. Non-core assets are sold within the framework of structured divestment processes.

Growth Projects and Portfolio Optimization

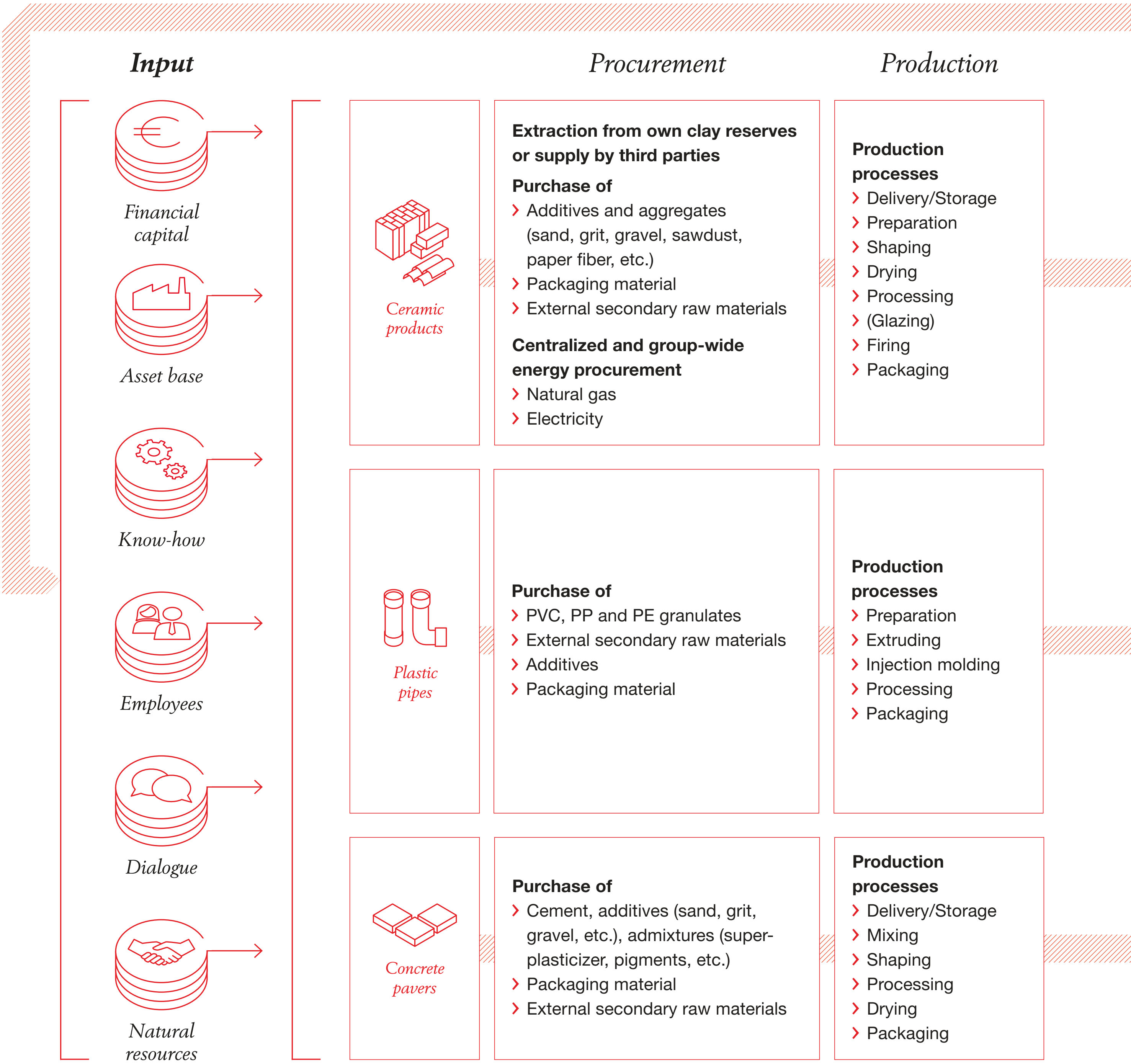
- We are enlarging our existing platforms through the acquisition of growth-oriented companies generating high margins. In this process, we apply clearly defined criteria and aim to strengthen our unique selling propositions. We therefore analyze not only the financial position of potential take-over candidates, but also the added value and user-friendliness of their products, the relevance of the companies in the local markets, and their position as partners for our customers. We thus acquire companies which can be swiftly integrated into the existing industrial network and optimally complement our business. As a result, we create value for our shareholders, as we engage more closely with our customers, increase our market penetration and broaden our product range.

- When implementing growth projects, we strictly comply with our financial targets in order to ensure a balanced and disciplined capital allocation. On the one hand, all growth projects have to generate a return on capital of more than 11.5%. To measure this cash flow return on investment, we use the ratio of EBITDA to historical capital employed as a benchmark. On the other hand, we aim to keep the ratio of net debt to EBITDA at year-end below two.

- To achieve sustainable growth, we continuously review all business areas and analyze their strategic orientation and their growth potential. Activities identified in the course of this process as not meeting our criteria for future growth will be sold. We have set ourselves the target of generating € 100 million from divestment processes in the coming 24 months. These funds will then be available for investments in high-margin operations with a potential for growth.

Value Creation

Our value creation process provides the basis for the achievement of our goal: to sustainably increase the value of our company in ecological, social and economic terms. The output of our industrial manufacturing processes presents itself in the form of innovative building material solutions for all fields of application, from sustainable and energy-efficient buildings to eco-friendly pavers to safe and secure pipe systems. Our value creation process



receives input from six sources – financial capital, production facilities, know-how, human resources, business relationships and natural resources. These interact closely with one another and are increased, diminished or transformed through our business activities. Changes within the input parameters are based on well-balanced strategic decisions. This is how we create added value for the organization and for our stakeholders.

Output

Roof tiles
Clay blocks
Facing bricks
Ceramic accessories

Private and public investments

New construction & renovation
- Residential construction: *Single- and two-family homes, Multi-family houses*
- Non-residential construction: *Office buildings, hotels, schools, nursery schools, etc.*

Ceramic pipes
Accessories

Public investments
- Waste water systems

Plastic pipes
Fittings
Accessories

Private and public investments
- Civil engineering & infrastructure: *Sewers, drainage, energy supply, cable protection, irrigation, etc.)*
- Building construction & installation: *Heating, sanitary and electrical installations, building drainage, geothermal energy, etc.)*
- Special applications: *Industrial projects, oil and gas industry*

Pavers and slabs
Walls and fences
Steps, edging stones, design elements

Private and public investments
- Public spaces
- Roads and walkways
- Gardens
- Patios, etc.

End-of-life

Re-use

Recovery
- Own production
- External use

Landfill (debris)

Recovery
- Own production
- External use

Energy recovery

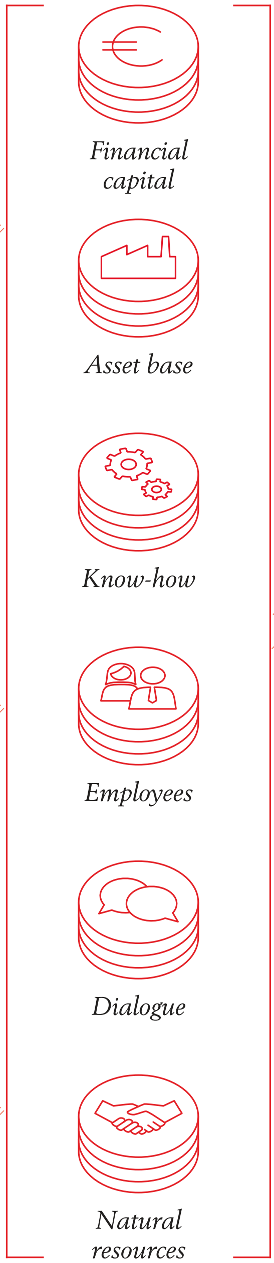
Landfill

Re-use

Recovery
- Own production
- External use

Landfill (debris)

Outcome



Financing Success

Our Principles

Wienerberger's financing policy pursues transparent targets: securing an adequate liquidity position, building a strong capital structure, and ensuring unrestricted access to capital and credit markets. To achieve these targets, we maintain our equity at an adequate level and regularly explore refinancing opportunities from a diversified portfolio of financing instruments available to us. In this way, we adjust our financing structure to the needs of our operational business, lower our financing costs and balance our maturity profile. The sustainable generation of free cash flow is the basis of our strong financing structure and the increase in enterprise value. The funds are used, above all, to reduce debt, invest in value-creating growth projects and ensure that our shareholders participate in the financial success of the company. The Managing Board of the Wienerberger Group is committed to a policy of dividend distribution, with due consideration given to the development of business, the economic environment and potential growth projects. For detailed information on the Wienerberger share, please refer to the Management Report starting on page 110.

Our Activities

- Through the buyback of the 2007 hybrid bond on February 9, 2017 and the simultaneous lowering of the coupon on the 2014 hybrid bond from 6.5% to 5.0% our annual interest and coupon payments were reduced, as announced, by approx. € 17 million.
- With a view to further optimizing our interest expenses, we are proactively working on the refinancing of the € 100 million bond issued in 2011 with an interest rate of 5.25%, which will fall due on July 4, 2018.
- Irrespective of the fact that more acquisitions were made than in 2016, the ratio of net debt to EBITDA improved to 1.4 years at the end of 2017, which is significantly below our internal threshold of 2.0 years.
- On November 30, 2017 the Managing Board decided to buy back up to 1.2 million own shares (1.02% of the share capital).
- Despite the growth-induced increase in working capital and revenues, we managed to further reduce the ratio of working capital to revenues to 17.1% through efficient management of inventories, trade receivables and trade payables.
- The Managing Board and the Supervisory Board will propose to the 149th Annual General Meeting that the dividend be increased by 11% to € 0.30 per share.

Financial indicators		2016	2017	Chg. in %
Free cash flow	*in MEUR*	246.5	**152.5**	-38
ROCE	*in %*	5.8	**7.3**	-
CFROI	*in %*	7.2	**7.4**	-
Equity	*in MEUR*	1,849.0	**1,911.2**	+3
of which hybrid capital	*in MEUR*	266.0	**266.0**	-
Market capitalization	*in MEUR*	1,938.6	**2,371.0**	+22
Dividends paid	*in MEUR*	23.4	**31.6**	+35
Hybrid coupon paid	*in MEUR*	32.5	**29.9**	-8
Financial liabilities	*in MEUR*	881.4	**814.7**	-8
Interest paid	*in MEUR*	33.6	**38.5**	+15
Net debt	*in MEUR*	631.6	**566.4**	-10
Net debt / EBITDA	*in years*	1.6	**1.4**	-

Optimizing Our Asset Base

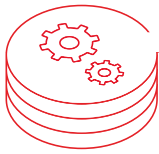
Our Principles

The industrial production and distribution of high-quality building materials and infrastructure solutions form the core of Wienerberger's economic activity. As market leaders in terms of costs and technology, we aim at an efficient and sparing use of resources in production while, at the same time, improving the quality of our products. To this end, Wienerberger relies on its diversified industrial base and its comprehensive network of 197 production sites in 30 countries. Our normal capital expenditure serves not only to cover the costs of regular maintenance of our production facilities, but also finances technological improvements to existing products and production processes. Moreover, we develop new production technologies and explore measures to save costs and perfect our processes within the framework of our Operational Excellence Program. At the same time, we regularly analyze opportunities for portfolio optimization and, if necessary, adjust our structures to market conditions. As Wienerberger employs its capital exclusively in its core areas of business, non-core assets and business areas are sold in structured divestment processes, and the proceeds generated are reinvested. Our organic growth potential, based on our existing production sites, is enhanced through value-creating growth projects. These include acquisitions, the selective takeover of individual plants as well as capacity expansions and the construction of new plants.

Our Activities

- In 2017 Wienerberger invested a total amount of € 58.8 million in growth projects. These included, among others, the take-over of a clay block production site near Berlin, a facing brick producer in Mississippi and a Belgian producer of prewired electric conduits. Moreover, we announced the acquisition of clay block producers in Southern Austria and Romania. While the take-over in Austria was closed successfully in January 2018, the transaction in Romania is still subject to approval by the competition authority.
- Within the framework of portfolio optimization, restructuring measures were successfully initiated at Pipelife France in 2017: the closure of one production site in this market will enable us to focus exclusively on the production of premium products in the future.
- Moreover, additional steps were taken at the beginning of 2018 to adjust our structures in Germany and Austria. Through these measures, we expect to generate savings of € 5 million in 2018 and another € 10 million in 2019. The resultant non-recurrent costs incurred in 2018 will come to € 30 million.
- Our program for the sale of non-core assets is projected to generate proceeds of approx. € 70 million in the period from 2017 to 2020. In 2017 alone, asset sales resulted in proceeds of approx. € 40 million and a contribution to EBITDA in the amount of € 22.8 million.
- Ongoing optimization programs led to cost savings of € 11 million in 2017.

Financial indicators		2016	2017	Chg. in %
Capital Employed	*in MEUR*	2,460.0	**2,459.2**	0
Property, plant and equipment	*in MEUR*	1,564.7	**1,521.6**	-3
Depreciation of property, plant and equipment	*in MEUR*	171.5	**167.2**	-2
Impairment charges to PPE (incl. special write-downs)	*in MEUR*	18.9	**40.4**	>100
Normal capex	*in MEUR*	137.3	**147.5**	+7
Growth capex	*in MEUR*	43.8	**58.8**	+34
Proceeds from the sale of assets (incl. financial assets)	*in MEUR*	42.1	**28.8**	-32



Sharing Knowledge

Our Principles

Faced with the challenge of providing affordable and efficient housing and infrastructure, our building material solutions have to meet ever more demanding requirements. We therefore consider it our task to continually develop and improve our processes and products in an effort to create lasting values for generations to come. For us, the crucial factors for success are our strategic focus on innovation and our highly committed and experienced staff. A firmly rooted corporate culture supported by all and based on our shared values – expertise, passion, integrity and respect, customer orientation, an entrepreneurial spirit, quality and responsibility – is an integral part of our model for success. Over many years of international activity, we have not only acquired a profound understanding of our markets, but also developed comprehensive problem-solving competencies and flexible organizational structures, which gives us a competitive edge. Our strong brands, which are closely associated with local building traditions in many regions, testify to our leading position in numerous markets.

Our Activities

- Wienerberger operates several research centers in Europe, which specialize in different product groups and experiment with novel product properties and processing methods. Our engineers cooperate closely with the marketing and sales departments in order to adapt our developments to customer requirements and local market conditions.
- Our sales teams provide advice and support for stakeholders and decision-makers all along the value chain. We focus on the individual needs of specific customer groups and provide comprehensive services, ranging from planning to logistics to the implementation of a construction project.
- As the technology and innovation leader in our industry, we have started to provide one-stop-shop digital design services for construction projects by means of BIM (Building Information Modeling) in a few pilot markets. The unique feature of BIM is that all those involved in the value chain work with a single, shared basic pool of data and develop 3D models together. The desired specifications can be defined, analyzed and simulated simultaneously by each of the parties involved. BIM offers the advantages of easy coordination, seamless documentation and accurate cost estimates.
- A key target of our Sustainability Roadmap 2020 is to reduce energy consumption for the production of ceramic products by 20% compared to 2010.
- In our core markets, we increasingly rely on project teams working exclusively in multi-story construction and supporting decision-makers from the land development phase to project completion. We are thus gradually increasing our market share in this segment and, at the same time, responding to the trend towards higher building density and larger urban agglomerations.
- Motivated by the desire to create optimal conditions outside our existing structures for the conception of projects and ideas focused on innovation, Industry 4.0 and digitalization, we established our L.A.B. (learn-act-build). It not only provides space for new in-house developments, but also acts as an interface for cooperation with external partners.

Financial and non-financial indicators		**2016**	**2017**	**Chg. in %**
Intangible assets	*in MEUR*	193.0	**206.2**	+7
Goodwill	*in MEUR*	497.5	**484.7**	-3
Amortization of intangible assets	*in MEUR*	17.4	**17.5**	0
Impairment charges to intangible assets and goodwill	*in MEUR*	6.9	**6.4**	-7
R&D expenditure	*in MEUR*	14.9	**11.0**	-26
Percentage of revenues generated by innovative products	*in %*	27	**30**	-

Developing Employees

Our Principles

We owe our success to the experience and the dedication of our 16,300 employees. It is therefore part of our vision to be the preferred employer in our markets. To achieve this goal, we create all the necessary prerequisites and conditions through constant progress in all areas relating to occupational health and safety, diversity and equal opportunities, further training and succession management. Moreover, we make a special effort to ensure fair remuneration for all and to facilitate the reconciliation of work and family duties in the best possible way through flexible working time models. A culture of open communication within the company, the consistent involvement of our employees, and a motivating work environment are essential components of our firmly rooted and thriving corporate culture.

Our Activities

- For us as an industrial producer, occupational health and safety for all our employees is a top priority. We therefore continuously upgrade our safety standards in order to reduce the frequency and severity of accidents in the workplace and build awareness for occupational safety among our employees. To a growing extent, we rely on digital and mobile solutions primarily to draw attention to potential hazards and share the information with other employees. We are happy to report that our efforts have led to a reduction in accident frequency by 73% compared to 2010.
- Within the framework of our further training initiatives for senior management, 201 persons from different country organizations attended workshops on topics such as coaching, emotional intelligence and team management and participated in 360° feedback surveys. The workshops will be continued in successive modules and rolled out further.
- Ready4Excellence, our development program for young employees with leadership potential, successfully completed its fifth round. By the end of 2017, over 125 participants had attended specialized courses on topics such as project communication, performance indicators, process and conflict management, and intercultural competencies.
- Through Group-wide employee surveys we actively foster a feedback culture and implement measures to increase employee satisfaction. Altogether, in 2017 more than 3,350 employees participated in surveys relating to health, satisfaction and performance factors in the work environment.
- 36% of the members of the Wienerberger Supervisory Board are women. We have thus fulfilled the minimum quota of 30%, mandatory in Austria as of 2018, since 2015.

Financial and non-financial indicators [1]		2016	2017	Chg. in %
Ø Employees	*in FTE*	15,990	**16,297**	+2
Personnel expenses	*in MEUR*	751.8	**794.5**	+6
Accident frequency	*Number of occupational accidents / Number of hours worked x 1,000,000*	7	**5**	-17
Accident severity	*Accident-related sick-leave days / Number of hours worked x 1,000,000*	177	**173**	-2
Fatal occupational accidents		2	**2**	-
Ø Sick-leave days / employee	*in days*	10	**10**	+6
Employee turnover	*in %*	9	**9**	-
Percentage of women	*in %*	14	**14**	-
Ø Training hours / employee	*in hours*	13	**14**	+7

1) For explanations on the non-financial indicators, please refer to the Glossary on page 207.

Engaging in Dialogue

Our Principles

As a responsible member of society, we take the concerns of our stakeholders into account in the definition of our Group strategy. We thus aim to ensure that our entrepreneurial activity creates added value for all our stakeholder groups. These include our employees, customers and business partners, investors, analysts and banks, neighbors and communities in the vicinity of our plants, suppliers, political decision-makers, regulators, bodies representing organized interests, research institutions and universities, the media and NGOs. To improve mutual understanding of each other's interests, expectations and targets, we strongly promote open, continuous and target-group-oriented dialogue. In this context, we performed a materiality analysis that involved internal and external stakeholders. The results were translated into the binding targets of the Wienerberger Sustainability Roadmap 2020 and are now an integral part of our corporate strategy. Furthermore, we are aware of our social responsibility and support various humanitarian and social projects through product donations and training programs.

Our Activities

- Through our accession to the UN Global Compact in 2003 we officially committed to the principles regarding human rights, labor standards, environmental protection and the fight against corruption. As we also demand compliance with our standards and principles along the supply chain, we revised our guideline for suppliers accordingly; we will report on progress achieved in its implementation.
- Besides informal communication channels, the management actively seeks feedback from employees through surveys on issues regarding health, satisfaction and performance-related factors in the work environment. In 2017 the surveys covered 25 organizations in a total of 17 countries; by 2018, they are to be rolled out across the Group.
- Wienerberger's European Works Council, a social partnership organization, aims to facilitate networking among all bodies representing employee interests. Currently, 11 countries are represented by 34 delegates, with the Chairman of the European Works Council also serving as employee representative on the Wienerberger Supervisory Board.
- As a member of international and national associations representing the interests of the sector, such as Tiles and Bricks Europe (TBE), the umbrella organization of brick and roof tile producers, Construction Products Europe (CPE), and The European Plastic Pipes and Fitting Association (TEPPFA), Wienerberger actively contributes to the process of political opinion-shaping.
- Every year we organize a Capital Markets Day, which is targeted at investors, analysts and representatives of banks. We not only provide extensive information on the strategy of the Group and our operational business in the region hosting the event, but also an opportunity to visit our production plants. For further information on Investor Relations, please refer to page 112.
- Within the framework of our long-standing partnership with Habitat for Humanity, an international non-profit organization, we were able to help another 12 families and provide aid for more than 400 people in 2017.

Financial indicators 1)		2016	2017	Chg. in %
Payments to public bodies	*in MEUR*	60.5	**75.5**	+25
of which income taxes	*in MEUR*	35.3	**48.9**	+39
of which other taxes and charges	*in MEUR*	25.2	**26.6**	+6
Donations	*in MEUR*	0.5	**0.5**	-6

1) For definitions, please refer to the Glossary on page 207.

Assuming Responsibility

Our Principles

We are well aware that industrial production processes always involve a certain degree of interference with the natural environment. We therefore aim to minimize the environmental impact of our entrepreneurial activity along the value chain. Operating our extraction sites and using raw materials and natural resources, such as energy and water, responsibly is a central concern for us. Reducing our CO_2 emissions and converting to low-emission sources of energy in order to improve our carbon footprint, as well as increasing the percentage of recycled materials in production, also rank high among our priorities. Our clear commitment to continuous improvement of our ecological performance translates into the binding targets laid down in the Wienerberger Sustainability Roadmap 2020. Based on these quantifiable targets, the effectiveness of the measures taken becomes transparent and verifiable.

Our Activities

- In our clay mining activities we undertake to implement comprehensive protective measures in the field of occupational health and safety and to keep noise and dust pollution for employees and neighbors as low as possible. To restore the natural balance, depleted extraction sites are recultivated, renaturalized or converted to other uses.
- While we own about two thirds of the clay reserves we need for production, we usually enter into long-term extraction contracts to cover the remaining demand. The supply of raw materials for the production of plastic pipes and concrete pavers is safeguarded through a diversified supplier structure.
- To minimize the consumption of raw materials, we constantly experiment with modified product properties in terms of weight and design; we also take measures to diminish the amount of waste, breakage and scrap.
- While residual material from our own plants can usually be recycled into production, the use of secondary raw material from external sources depends on the availability and quality of the material as well as the technological and economic feasibility of reuse.
- At our main production sites in North America we successfully completed the conversion of the primary energy sources from coal to natural gas in 2017. This results in a significant reduction in CO_2 emissions from production.
- Our engineers continuously work to reduce the energy input for the drying and firing processes, avoid or recycle waste heat, and optimize our products and processes. We strive to arrive at the best possible solutions through in-house research and cooperation with external institutions.
- Water is used primarily as a coolant in plastic pipe production and as an additive in the production of concrete pavers. We reduce the volume of water drawn from public networks through the installation of closed circuits and by using water from our own ponds.

Financial and non-financial indicators [1]		2016	2017	Chg. in %
Energy costs	*in MEUR*	260.9	**264.2**	+1
of which natural gas	*in %*	62	**61**	-
of which electricity	*in %*	32	**33**	-
of which other sources of energy	*in %*	6	**6**	-
Total energy consumption	*GWh*	7,591	**7,889**	+4
Specific energy consumption	*Index in % based on kWh/ton (2013 = 100%)*	100	**99**	-1
CO_2 emissions from primary energy sources	*in kilotons*	1,320	**1,365**	+3
Specific CO_2 emissions	*Index in % based on kg CO_2/ton (2013 = 100%)*	96	**94**	-2

1) For definitions, please refer to the Glossary on page 207.

CEO Interview

Our goal is to generate sustainable and value-creating growth for the Wienerberger Group. To this end, we focus both on growth steps and on financial discipline.

Heimo Scheuch, Chief Executive Officer of Wienerberger AG

After several acquisitions made in 2017, you announced that you are working on a number of promising growth projects for 2018. What goals are you pursuing?

Acquisitions are a central pillar of our growth strategy. We have an experienced management team, we hold leading positions in our core business areas, and we have a sound balance sheet – taken together, this is a strong platform for dynamic growth. Acquisitions enable us to diversify into new business areas with high growth potential and attractive margins. We thus extend our geographic coverage and broaden the range of innovative solutions offered. Such bolt-on projects can be quickly integrated into our organization and further developed.

Last year you accelerated the pace of your growth strategy and, at the same time, managed to reduce the Group's net debt by about 10%. How important is a sound financial basis for you?

Our sound balance sheet allows us to implement our growth projects. We have sufficient own funds to finance transactions that mark important steps forward in the development of the Wienerberger Group. When we are convinced of a project's potential to generate value, we are willing to briefly increase our internal threshold for the ratio of net debt to EBITDA from 2.0 to 2.5 years. At the end of 2017, this ratio was very low at 1.4 years, which gives us the necessary flexibility to invest. One thing, however, is absolutely clear: We focus not only on growth for the company, but also on financial discipline.

In my opinion, one of the essential tasks of the Managing Board is to ensure well-balanced capital allocation in the pursuit of our strategy as a basis for sustainable and value accretive growth.

Consistent implementation of the strategy also means that certain business areas have to be divested. How do you handle this issue?

Taking a critical look at our structures and adjusting them, if necessary, is part of our corporate culture. The results of the continuous evaluation are being implemented consistently. If a field of business does not meet our strategic criteria, we initiate a structured divestment process. Higher cash flows from optimized business areas and capital unlocked through the divestment of activities will be invested in areas of growth with attractive earnings potential. This is how we ensure efficient capital allocation and create sustainable value for our shareholders.

What is the impact of such adjustments on the structure of the Group? Can you name specific examples?

In the fourth quarter of 2017, we started with measures relating to the French plastic pipe business. At the beginning of 2018, these were followed by first steps in our ceramic pipe business and in the Austrian and German country organizations of the Clay Building Materials Europe Division. In this way, we are adjusting our organizations to changing market conditions, streamlining our structures and tapping into growth potential. By the end of 2019, we will generate savings of € 15 million in the areas I mentioned – at a non-recurrent cost of € 30 million.

How do you control these processes and what do they mean for the organization?

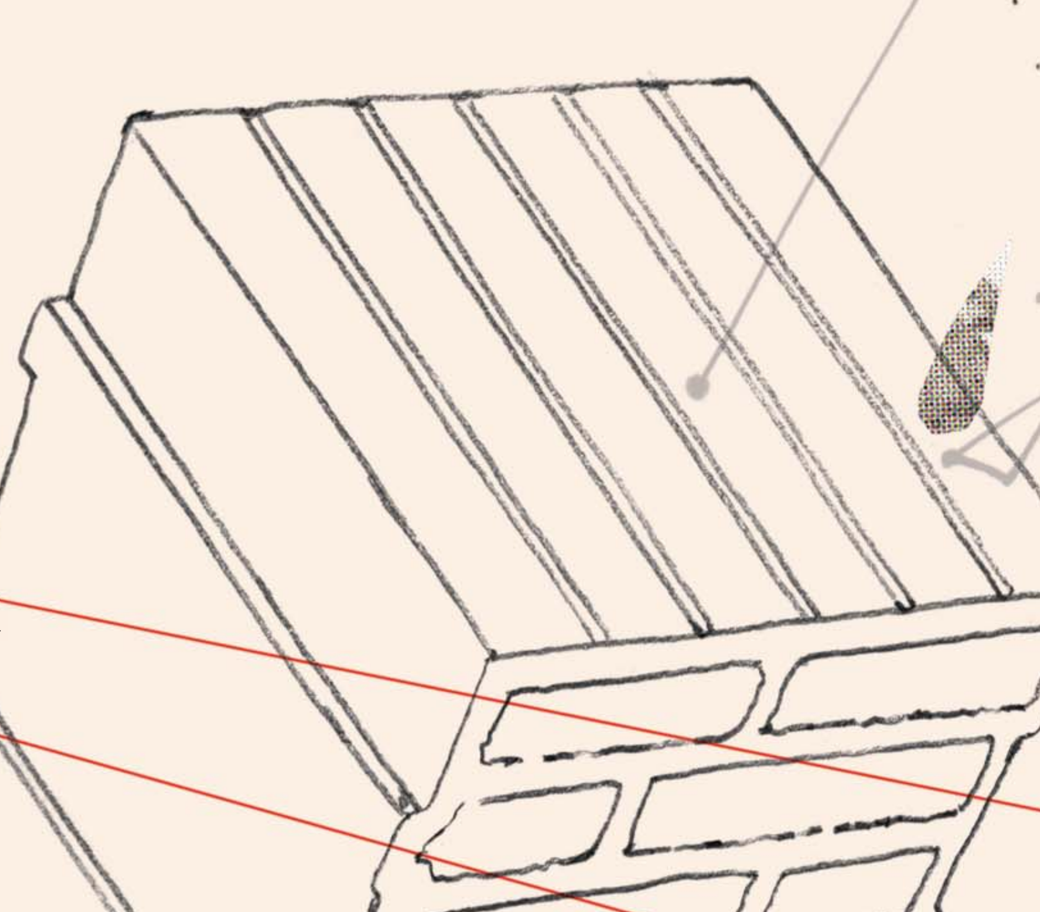
We take advantage of one of the strengths of the Wienerberger Group: We have an experienced management team working continuously to further develop our corporate strategy, and we have strong local teams implementing the strategy in their respective operational entities. Attracting well-trained, motivated employees to our company and guiding high potentials toward leadership positions is a crucial success factor. A lean organization with clear structures ensures short communication routes and promotes entrepreneurial thinking.

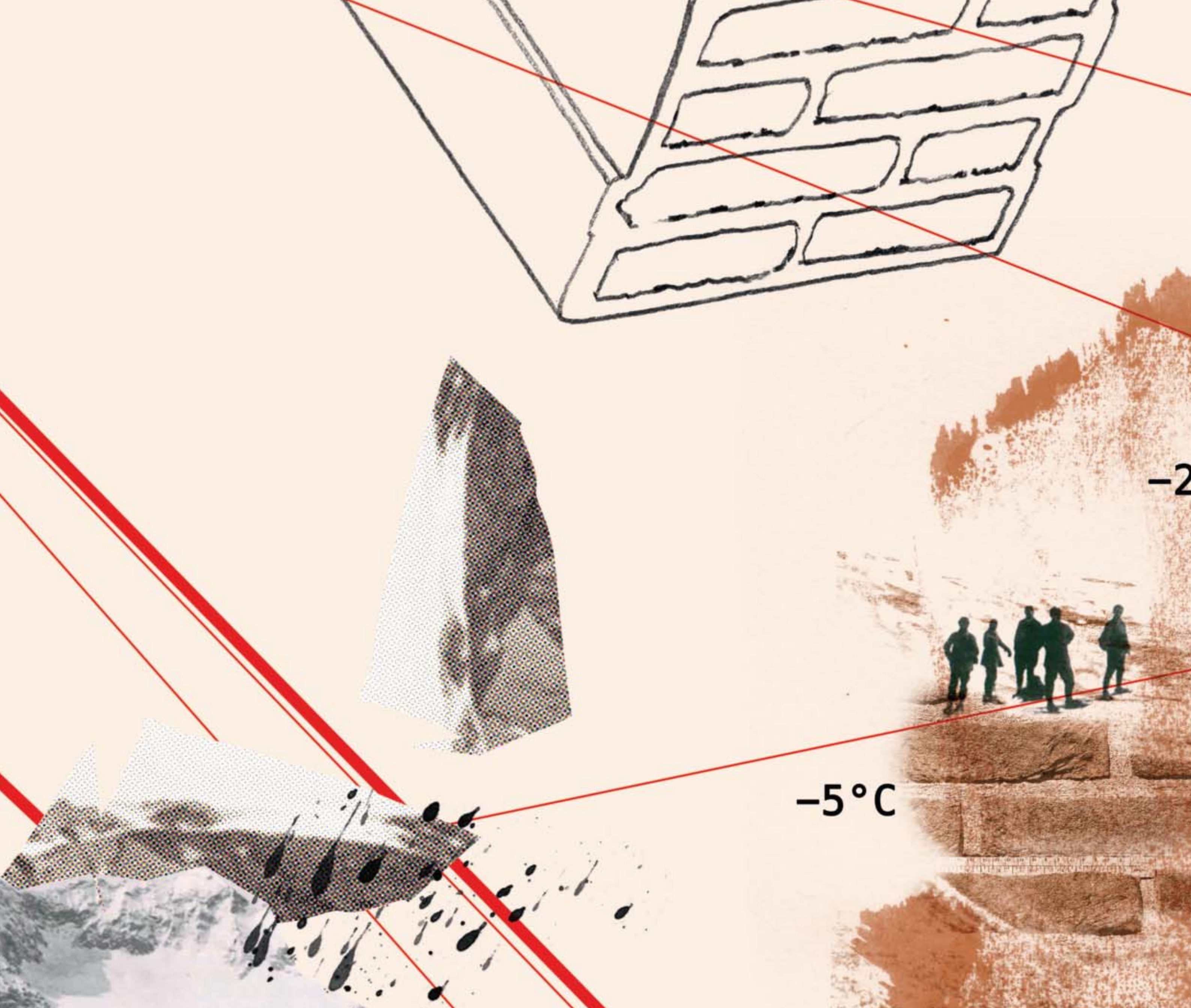
Success Story #3
Reetz & Brenner – Strengthening the portfolio

Building the future –
Zoom in on a strong portfolio

Building materials have to meet ever more demanding criteria: they must be temperature-proof over a wide range, sustainable and energy-efficient. Wienerberger's most recent generation of bricks filled with insulating material are an excellent example. New production sites, such as the Reetz clay block plant near Berlin, complement our portfolio in this future-oriented segment.

The illustration is a detail from the cover page. The close-up symbolizes the new production site at Reetz as a contribution to the Wienerberger Group's growth.





Closer to our customers through local production

Which criteria does Wienerberger apply in its efforts to strengthen its portfolio? What is the benefit of strategic investments in production sites? Willy Van Riet, CFO of Wienerberger AG, talks about growth steps, regional markets and the Reetz and Brenner plants.

We want to further develop those business areas where we see a high potential to create value. Reetz in Germany and Brenner in Austria are an excellent fit for our network of clay block production sites.

Willy Van Riet, CFO of Wienerberger AG

In pursuing the Wienerberger strategy, your goal is to strengthen the portfolio through growth investments, but also through divestments. Can you describe your approach?

Our objective is to generate sustainable growth for the Wienerberger Group. We therefore continuously analyze possibilities for improving our position in our core markets. This concerns the network of production sites as well as individual product groups, including marketing and distribution. When an opportunity for a value-creating acquisition presents itself, it is strictly evaluated on the basis of its potential to generate the required return. And we apply the same criteria to our existing fields of business.

Wienerberger recently took over two brick plants – Reetz in Germany and Brenner in Austria. What was the motivation behind these decisions?

The Reetz and Brenner clay block plants, which we recently acquired, are two modern, high-performing production sites with an attractive product portfolio. They strengthen our presence in the Berlin region, in Western Poland and in Southern Austria. We see good potential for growth in each of these three regions, especially in Poland, a highly promising market for clay blocks where most of the premium products produced by the Reetz plant are sold.

What specific market opportunities for Wienerberger are opened up by these two production sites?

For some years now, we have been observing a trend toward high-quality construction in Germany, both in single-family homes and in multi-story residential buildings. Infill bricks with excellent thermal insulation properties have been well received by the market. The Reetz production site adds to our capacities in this field. With the Brenner plant, our first production site in Carinthia, we are better able to meet the demand for natural building materials in the region, because the plant brings us even closer to our customers.

Will the new production sites have an impact on the organizational structure in the clay block segment?

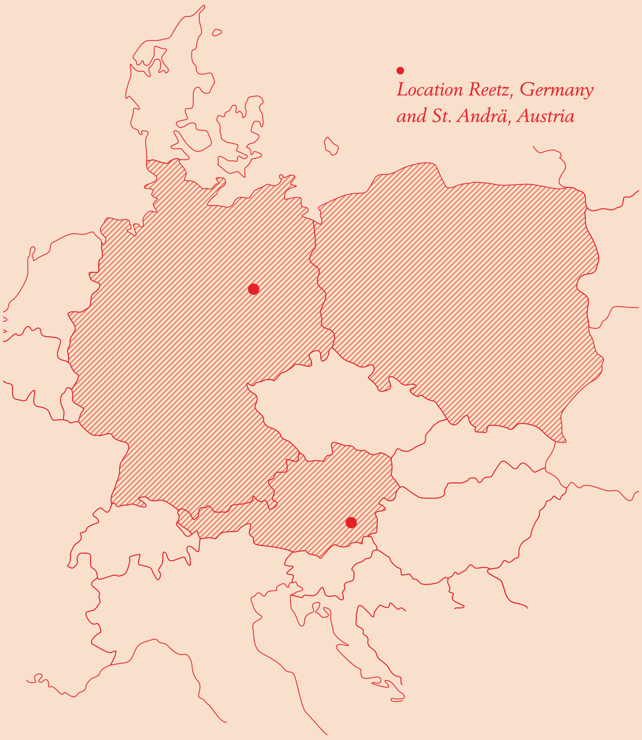
As we are expanding our operations, we will benefit from synergies and adjust our organizational structure accordingly. Following the two acquisitions, we ar reorganizing our marketing approach in the wall segment in these markets. We will increase our profitability and gain additional market shares in our traditional core business of single- and two-family houses as well as in multi-

Reetz & Brenner – High-performing brick plants for the region

The Reetz clay block plant is located about 100 kilometers south-west of Berlin, Germany. Established in 1992, the plant produces up to 190 million bricks per year. Its portfolio comprises innovative products with excellent thermal insulation properties, such as bricks filled with mineral wool. Thus, Wienerberger will benefit from the trend toward high-quality, energy-efficient single- and multi-family houses in Germany.

Brenner is a clay block producer based at St. Andrä in the Lavant Valley in Austria. Bricks have been produced there for 60 years, and the business has been family-owned for over 40 years. By taking over this plant, Wienerberger is closing a gap in its regional market coverage, thus saving transport costs and positioning itself as a local supplier close to where its customers are.

Europe: New regional markets



With its newly acquired plants – Reetz in Brandenburg and Brenner in Carinthia – Wienerberger is broadening the geographic scope of its brick business in Germany, Poland and the Austrian home market.

story residential buildings. With leaner structures, we will generate sustainable growth and, at the same time, broaden our regional presence.

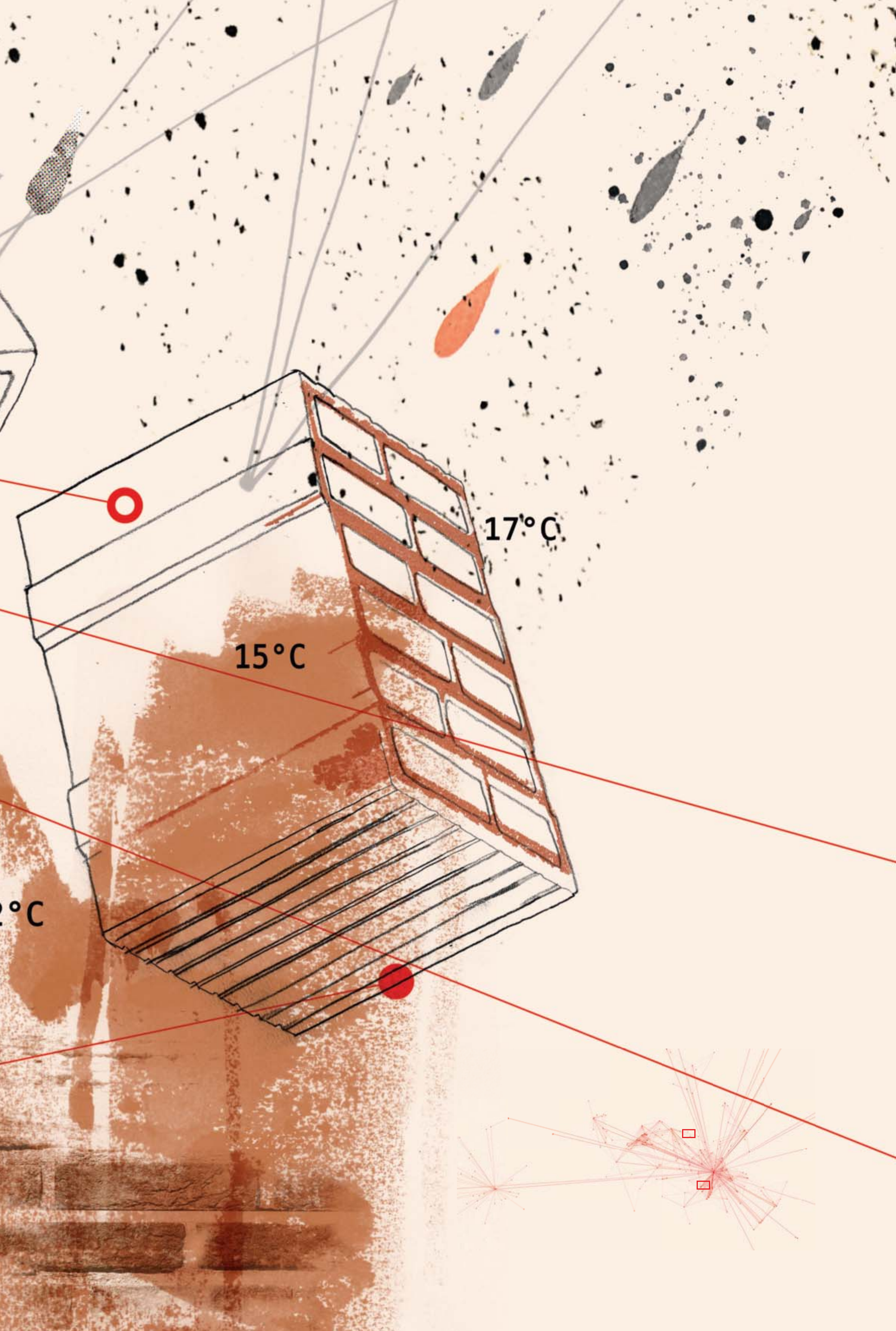
Internal structural adjustments need to be accompanied by social measures. What are you doing in this respect?

Treating our employees responsibly is a high priority for Wienerberger. In some cases, the social support packages we offer to employees affected by structural adjustments go beyond what is required by law. We also support people in the search for new jobs, if they so wish.

Natural high-tech products

The takeover of the Reetz brick plant enables Wienerberger to consolidate its position in infill bricks, a product group with a promising future. This modern generation of bricks offers the great advantage of integrated thermal insulation. Bricks, a natural building material, combined with stone wool, a mineral substance for thermal insulation, prevent the building from overheating in summer and keep it warm in winter.

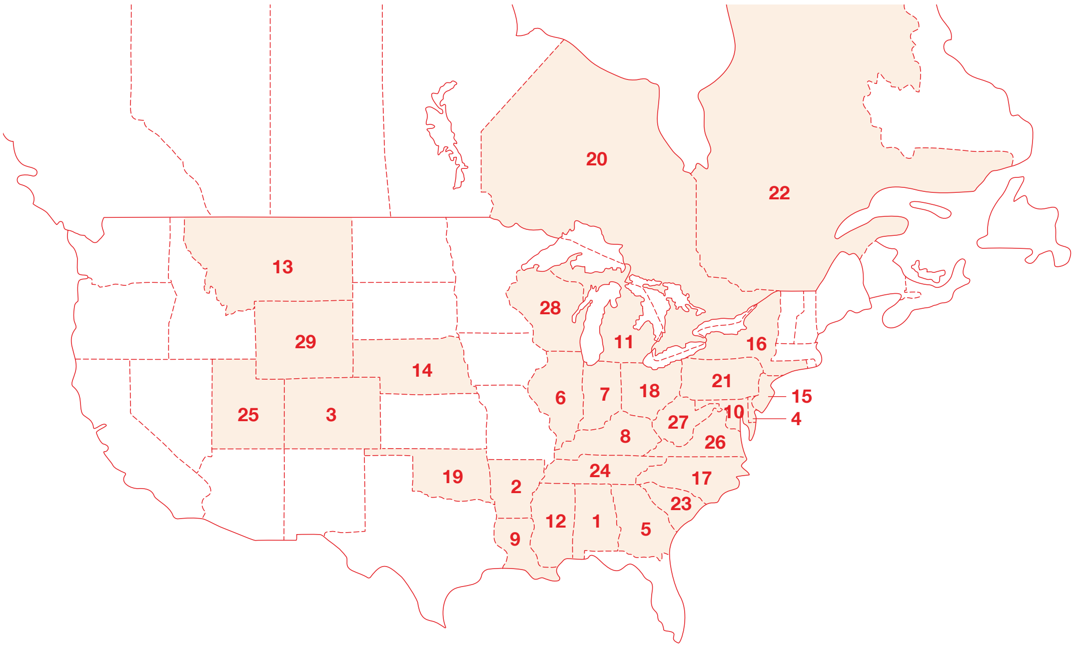
The production range of the Brenner plant includes high-quality precision-ground bricks. Wienerberger's own special bonding agent can be applied to the ground surfaces of the bricks for faster brick laying. Rows of perforations in the bricks ensure optimal thermal insulation and heat storage. The raw material is clay from the region. With saw dust added to the clay, natural, air-filled cavities are formed during the firing process. This results in improved thermal insulation.


17°C
15°C

Production Sites and Market Positions

Wienerberger is the only multinational producer of bricks, roof tiles, concrete pavers and pipe systems with a total of 197 production sites in 30 countries and activities in international export markets. We are the world's largest producer of bricks and number one on the clay roof tile market in Europe. Furthermore we hold leading positions in pipe systems in Europe and concrete pavers in Central-East Europe.

Wienerberger Markets in North America



Market positions

1 *Facing Bricks*

Number of sites

1 *Facing Bricks*
1 *Concrete Products*
1 *Distribution Outlets*
1 *Plastic Pipes*
1 *Calcium Silicate*

No.	State	Market position Facing Bricks	Facing Bricks	Concrete Products	Distribution Outlets	Plastic Pipes	Calcium Silicate
1	*Alabama*	3			1		
2	*Arkansas**	4				1	
3	*Colorado*	1	1		1		
4	*Delaware**	5					
5	*Georgia*	1	2				
6	*Illinois*	3			2		
7	*Indiana*	1	1		2		
8	*Kentucky*	1			2		
9	*Louisiana**	2					
10	*Maryland**	2					
11	*Michigan*	2			2		
12	*Mississippi*	1	1				
13	*Montana*	1			1		
14	*Nebraska**	6					
15	*New Jersey**	3					
16	*New York**	3					
17	*North Carolina*	1	1		4		
18	*Ohio**	2					
19	*Oklahoma**	6					
20	*Ontario*						1
21	*Pennsylvania**	3					
22	*Quebec*						1
23	*South Carolina*	4			1		
24	*Tennessee*	1	1	1	6		
25	*Utah**	2					
26	*Virginia*	1	1		1		
27	*West Virginia**	1					
28	*Wisconsin**	5					
29	*Wyoming*	1			1		

** Markets are served through exports from neighboring states.*

Status December 2017

Wienerberger in India

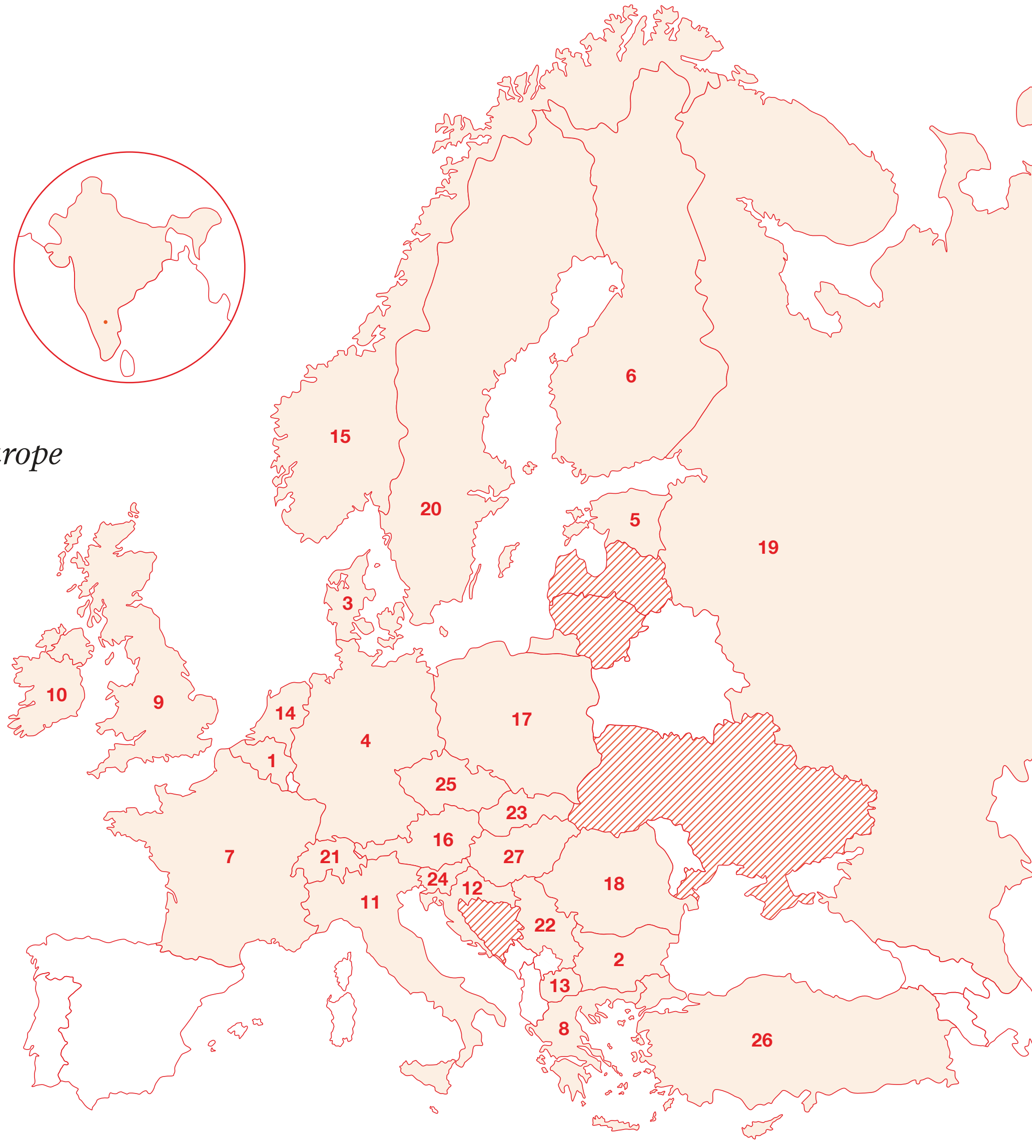
Number of sites

1 Clay Blocks

Wienerberger Markets in Europe

Markets with production sites

Export markets



Market positions

1 *Clay Blocks and/or Facing Bricks*

1 *Clay Roof Tiles*

Number of sites

1 *Clay Blocks*

1 *Facing Bricks*

1 *Roofing Systems*

1 *Pavers*

1 *Plastic Pipes*

1 *Ceramic Pipes*

No.	Country	Market position: Clay Blocks and/or Facing Bricks	Market position: Clay Roof Tiles	Clay Blocks	Facing Bricks	Roofing Systems	Pavers	Plastic Pipes	Ceramic Pipes
1	Belgium	1	1	3	6	2		2	1
2	Bulgaria	1	2	1			1	1	
3	Denmark*				2				
4	Germany	1	4	15	3	4	1	1	2
5	Estonia	1			1			1	
6	Finland*				1			4	
7	France	2	4	4	1	3		2	
8	Greece							1	
9	Great Britain	2	1		9	4			
10	Ireland							1	
11	Italy	1		4					
12	Croatia	1	1	1		2	1		
13	Macedonia		1			1			
14	Netherlands	1	1	1	7	3	5	2	
15	Norway*							2	
16	Austria	1	1	7	1	2	4	1	
17	Poland	1	2	7	1	1	5	2	
18	Romania	1	1	4			2		
19	Russia	1		2				1	
20	Sweden*				2			2	
21	Switzerland	3	1	1		2			
22	Serbia		1			1			
23	Slovakia	1	1	2			1		
24	Slovenia	1	1	1		1			
25	Czech Republic	1	1	7		4	1	2	
26	Turkey							1	
27	Hungary	1	1	6		2	2	1	

* *In the clay business the Nordic markets (Denmark, Finland, Norway and Sweden), in which we hold a Nr. 2 market position, are managed by a regional management.*

Status December 2017

Overview

Clay Building Materials Europe

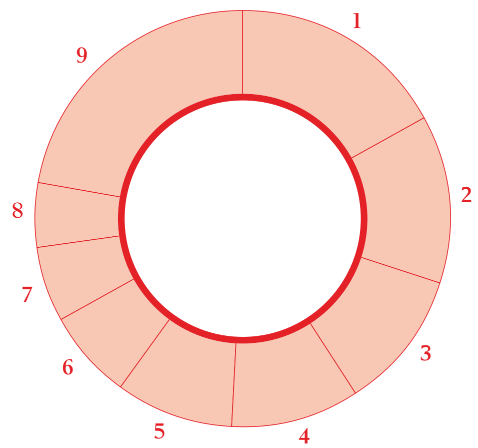
Highlights 2017

- Significant increase in earnings through higher sales volumes and improved average prices
- Strengthening of our market position through acquisitions of brick producers in Austria, Germany and Romania
- Organic growth: revenues up by 7% and EBITDA up by 12%

Market- and business development

- Slight growth in residential construction in Europe
- Positive market environment in Eastern Europe leads to significant growth in operational business
- Satisfactory develoment in new construction in the UK, France and the Netherlands
- Challenging market environment in Germany and Belgium
- Sluggish activity in Western European renovation markets

External revenues by country

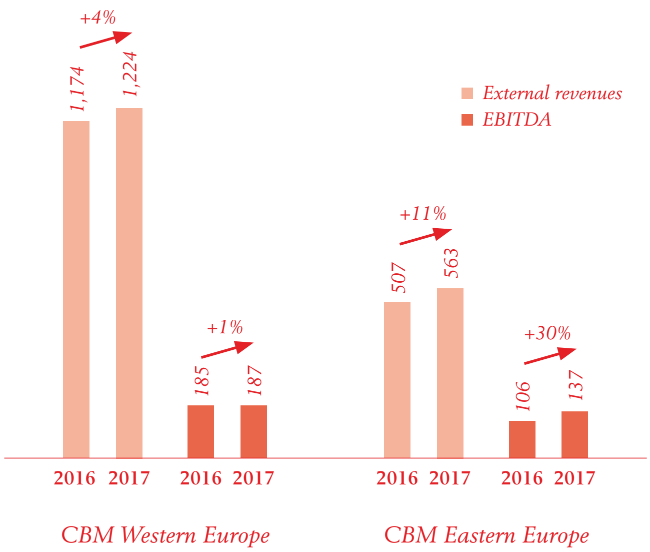


1 Great Britain 17%
2 Germany 13%
3 Belgium 11%
4 Netherlands 10%
5 France 9%
6 Poland 7%
7 Czech Republic 6%
8 Austria 5%
9 Other countries 22% [1]

1) BG, CH, HU, IT, RO, RU and other markets (each with < 5% of division revenues)

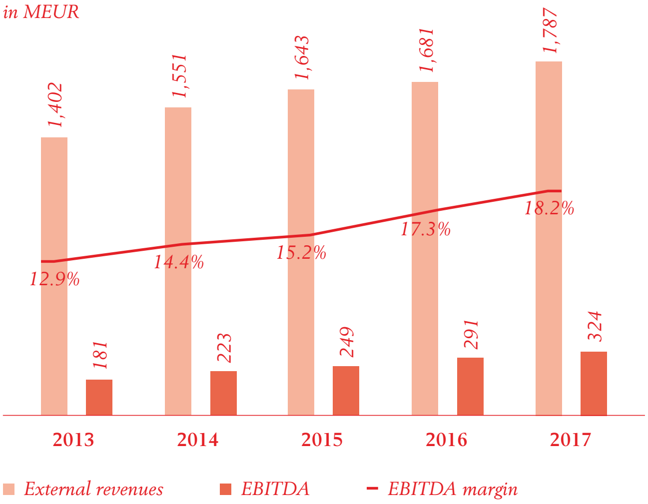
Segment results 2017

in MEUR

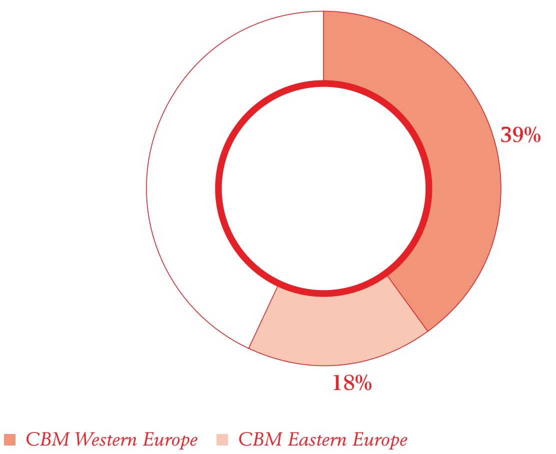


Revenue and EBITDA development

in MEUR



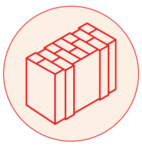
Share of Group external revenues 2017



Division strategy

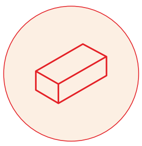
The Clay Buildings Materials Europe Division has a broad range of innovative products and system solutions, a modern industrial base with lean cost structures, and an efficient plant network. However, with construction activities in our core markets still below a normalized level, the production capacities of our plants are not fuly utilized. This surplus capacity represents an organic growth potential once demand normalizes and will allow us to generate a more than proportional increase in earnings. Since an increase in capacity utilization will only lead to a moderate rise in normal capex, we will be able to generate strong free cash flows. Alongside our focus on organic growth, we are evaluationg new applications and selective acquisitions of companies and individual plants in order to improve our geograhic market coverage and broaden the scope of our activities.

To generate organic growth, our medium-term plan is focused on market orientation, product development and operational excellence. Through ongoing dialogue with our customers, we are making every effort to adapt our building material solutions to the needs of our customers. We therefore respond to the expectations of individual customer groups by supporting them with comprehensive advisory services from the planning phase to project execution. We increasingly rely on digital and mobile solutions to facilitate fast data and information exchange. Roof tiles, clay blocks and facing bricks are essential innovation drivers for energy-efficient, sustainable and affordable building solutions. According to our internal target, innovative products and system solutions are to account for more than 25% of our annual revenues. In addition, measures aimed at cutting costs, optimizing our processes and adjusting our structures to changing market conditions are essential components of our strategic orientation.



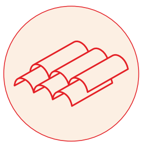
Clay blocks

- Market and innovation leadership in European core markets
- Higher sales volumes through organic growth
- Increased market share in multi-story residential construction
- Intensified marketing of monolithic walls with infill bricks



Facing bricks

- Focus on core markets: Belgium, the Netherlands and Great Britain
- Shift in product mix to premium products
- Product innovation and continuous optimization measures to reduce energy consumption in production



Roof tiles

- Leading positions in Western European construction and renovation markets
- Higher share of accessories in total revenues
- Supra-regional strategy and production management

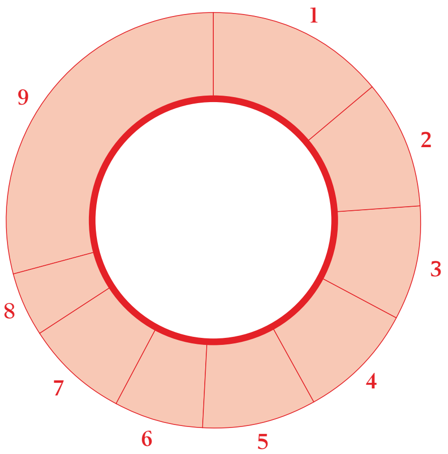
Overview

Pipes & Pavers Europe

Highlights 2017

- Market growth in Eastern Europe, the Nordic countries, the Netherlands and Ireland
- Challenging environment in France, weak demand in international project business, steep rise in raw material costs
- 2% organic revenue growth, 17% organic decline in EBITDA

External revenues by country

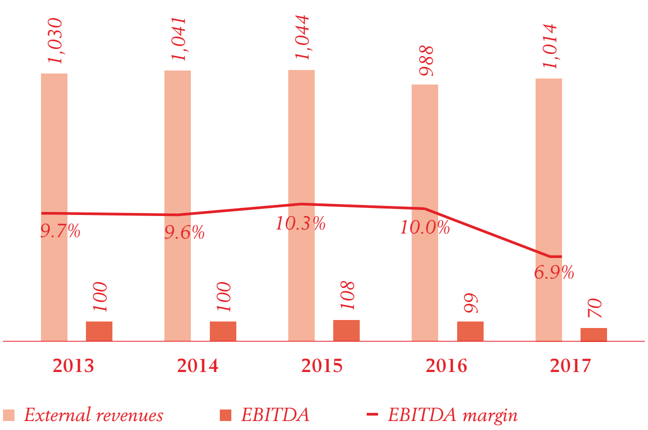


1 *Austria 14%*
2 *Norway 10%*
3 *Netherlands 9%*
4 *Sweden 9%*
5 *Poland 9%*
6 *Belgium 8%*
7 *Finland 6%*
8 *France 5%*
9 *Other countries 30%* [1)]

1) CZ, GER, GR, HU, IRL, RU, TK und other markets (each with < 5% of division revenues)

Revenue and EBITDA development

in MEUR



Market- and business development

Plastic pipes

- Slight earnings growth in Eastern Europe and significant decline in Western Europe
- Growth in Nordic core markets and the Netherlands
- Rising plastic granulate prices led to pressure on margins in the first half of the year
- Structural adjustments and repositioning in France

Ceramic pipes

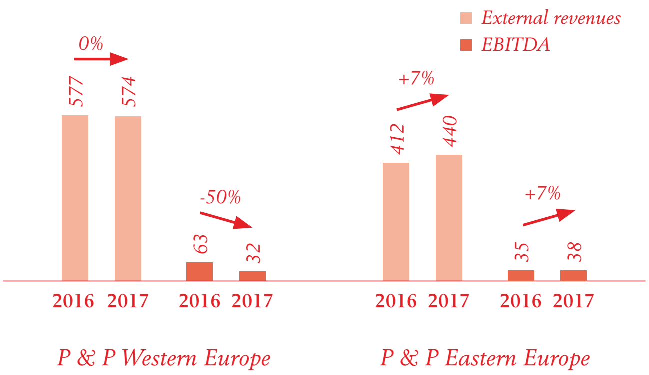
- Drop in sales offset by improved cost structure and higher average prices, significant increase in organic earnings

Concrete pavers

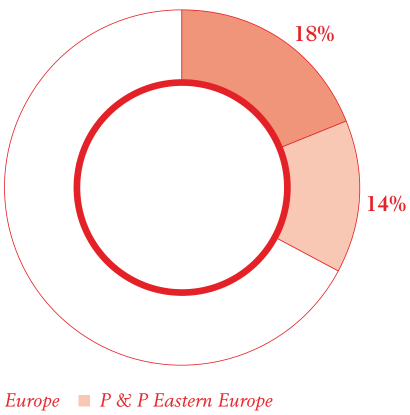
- Notable earnings growth as a result of increasing demand and higher average prices.

Segment results 2017

in MEUR



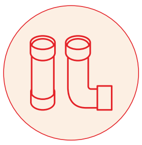
Share of Group external revenues 2017



Division strategy

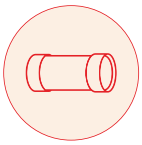
The Pipes & Pavers Europe Division includes our business with Pipelife plastic pipes, Steinzeug-Keramo ceramic pipes and Semmelrock concrete pavers. The product portfolio of the Division comprises system solutions for building installations, fresh-water supply, irrigation, waste-water and rainwater management, drainage, energy supply and data transmission, special products for industrial applications, and pavers. Our focus lies, in particular, on the continuous development and innovation of the product portfolio. Alongside in-house developments pursued in the Group's own research centers, we continuously explore possibilities of value-creating acquisitions to expand our range of applications and broaden our geographic market coverage.

In view of the urgent need for renovation of supply networks in Western Europe and the investment backlog in Eastern Europe, above-average growth is anticipated for the coming years, especially in fresh-water and waste-water management. Growing demand for electricity and the expansion of telecommunication networks will lead to increased demand for pipes and cables for electric installations. Compared with other materials, plastic pipes are gaining market shares and outpacing the market.



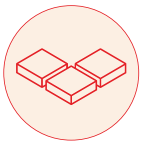
Plastic pipes

- International product and system supplier holding leading positions in Europe
- Focus on the analysis of small, value-creating transactions to complement the product portfolio and strengthen the Division's market presence
- Operational excellence and continuous product innovation



Ceramic pipes

- Market leader in European niche market for ceramic pipes for waste-water management
- Innovation leadership: climate-neutral clay pipes, Cradle to Cradle® sustainability certificate
- Selective reorientation of sales activities and streamlining of structures



Concrete pavers

- Market leadership in concrete pavers in Central and Eastern Europe
- Upgrading of the product portfolio to strengthen premium supplier position
- Focus on measures to enhance efficiency and optimize costs in production and strengthen the organization

Overview

North America

Highlights 2017

- Rising demand and growth in all business areas
- Entry into two US states with a predominance of brick for facades through the acquisition of a facing brick plant
- Organic growth: revenues up by 10% and EBITDA up by 65%

Market- and business development

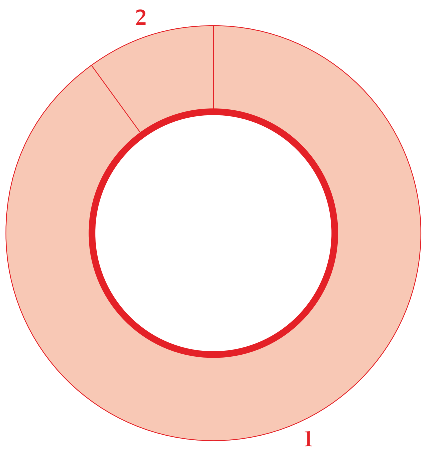
Brick business

- Growth in new construction of single- and two-family homes in the USA
- Strong demand and higher average prices lead to significant organic earnings growth
- Higher sales volumes and prices in Canadian business

Plastic pipes

- Notable increase in sales volumes lead to significant earnings growth

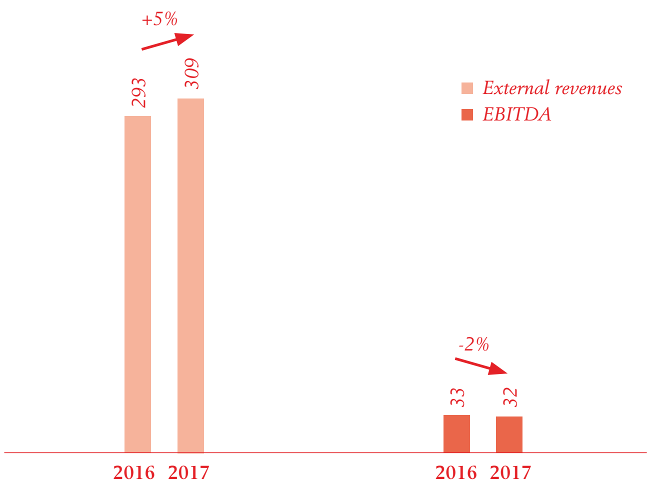
External revenues by country



1 *USA 90%*
2 *Canada 10%*

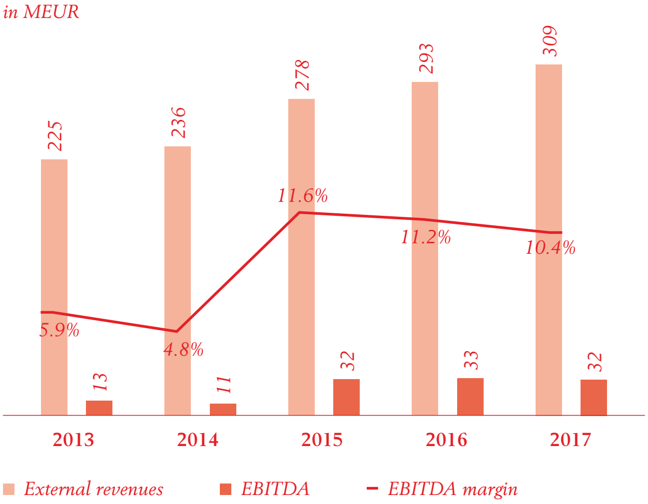
Segment results 2017

in MEUR

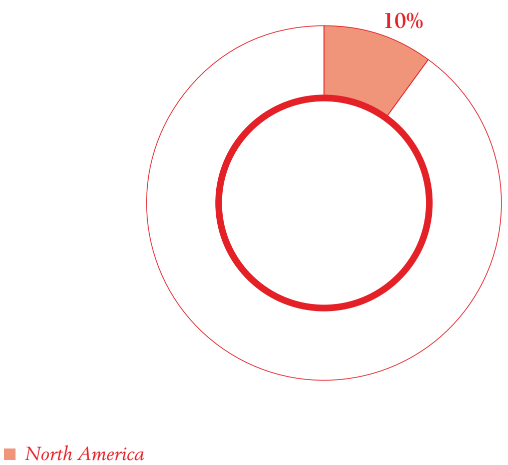


Revenue and EBITDA development

in MEUR



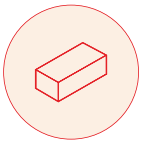
Share of Group external revenues 2017



Division strategy

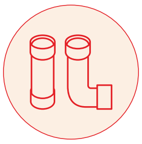
In the North American brick business Wienerberger benefits from a modern and highly efficient plant network and operates its own distribution centers. Housing starts in the USA have recovered from their previous low and more than doubled since the economic crisis. However, US residential construction is still more than 20% below a normalized level, which we estimate at approx. 1.5 million housing starts. Our production capacity is sufficient to meet the demand of a normalized market. We therefore have the potential to benefit more than proportionally from a progressive market recovery. Moreover, we are continuously evaluationg value-creating transactions to complement our product portfolio, enter new regional markets in the USA and strengthen our market position.

In our pipe business, which we operate from a production site in Arkansas, we focus on water management and high-pressure applications for the oil and gas industry. In this field of business, we are actively driving the trend to substitute plastic pipes for other materials.



Facing bricks

- Leading positions in our target markets
- Value-creating transactions to complement the product portfolio and gain access to new regional markets
- Strengthening and reorientation of distribution and sales activities



Plastic pipes

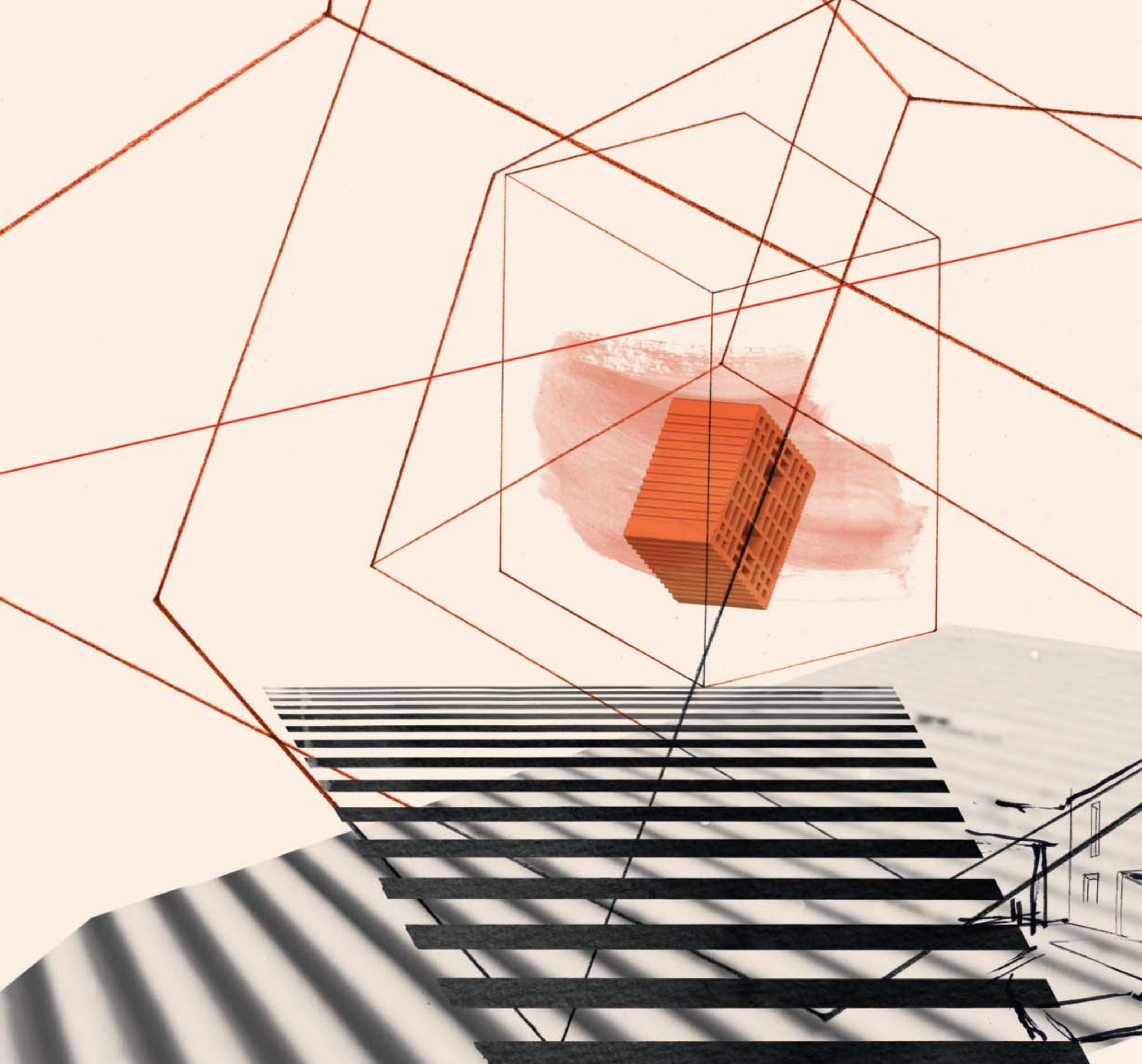
- Strong market position in Arkansas and neighboring states
- Potential for organic growth through capacity expansion and additions to the product portfolio

Success Story #4
Brikston – Growth in Eastern Europe

Building the future –
Zoom in on growth markets

Eastern Europe is an attractive market for the future. With strong companies, such as Brikston in Romania, the Wienerberger Group is poised for further growth. Modern plant and equipment as well as an attractive product portfolio are the perfect prerequisites for a successful future.

The illustration is a detail from the cover page. The close-up symbolizes the acquisition of Brikston as a step on Wienerberger's growth course in Eastern Europe.



Eastern Europe is an important growth market for us

Brikston ideally complements our presence in Romania and strengthens our local business. The company operates in a region we have not been active in so far, and it can be integrated quickly into our existing plant network.

Heimo Scheuch, CEO of Wienerberger AG

How is Wienerberger positioned in Europe? And why is Eastern Europe an interesting market for the future? Heimo Scheuch, Chairman of the Managing Board of Wienerberger AG, talks about strong local players, growth opportunities, and Romania as an example.

Wienerberger has evolved from a local brick producer into an international supplier of building material and infrastructure solutions. What role does Europe play as a core market?

Wienerberger is a European company with a strong foothold in North America. Our roots are in Europe, where we hold a leading position in all our business areas – in bricks as well as in pipes and pavers. Accounting for about 90% of our revenues, Europe is also our most important market in economic terms, alongside North America. With very few exceptions, we operate production sites in all European countries.

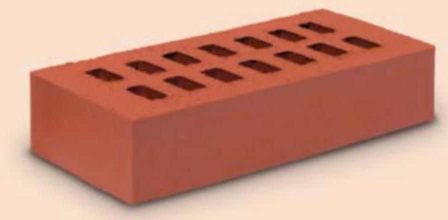
You already have a strong presence in Europe. Where do you see opportunities for further growth?

Mainly in Eastern Europe, which is an attractive market for the future. For Wienerberger, this region offers opportunities for cyclical as well as structural growth. Currently, we are observing a strong macroeconomic development in the region, which is reflected in strong new construction activities and a sustainable increase in infrastructure spending. As an additional factor, there is a growing middle class with high demand for modern dwellings, as much of the existing housing stock is of inferior quality. Altogether, this makes Eastern Europe one of the most interesting growth regions for the building materials industry.

How is the Wienerberger Group represented in Eastern Europe today, and what are your future goals in the region?

Wienerberger has a network of modern and high-performing production sites in Eastern Europe. Our outlook for the brick business, especially in new residential construction, is positive in practically all countries of the region. We intend to initiate further growth steps: Selective acquisitions help us to enter new local

Small bricks for great effect



Large formats have been predominant in clay block production for quite some time. They are cost-effective and make masonry work more efficient. In addition to its core business, Brikston also offers bricks in small formats. In recent years, the company has gained a strong position in this niche market. Small-format bricks are predominantly used for patios and walkways as well as for garden walls and masonry barbecues.

markets and thus benefit from the region's growth potential in the long term. We combine the strength of an international group with the know-how of well-established local companies.

You announced the takeover of Brikston, a clay block producer in Romania. What motivated you to take this step?

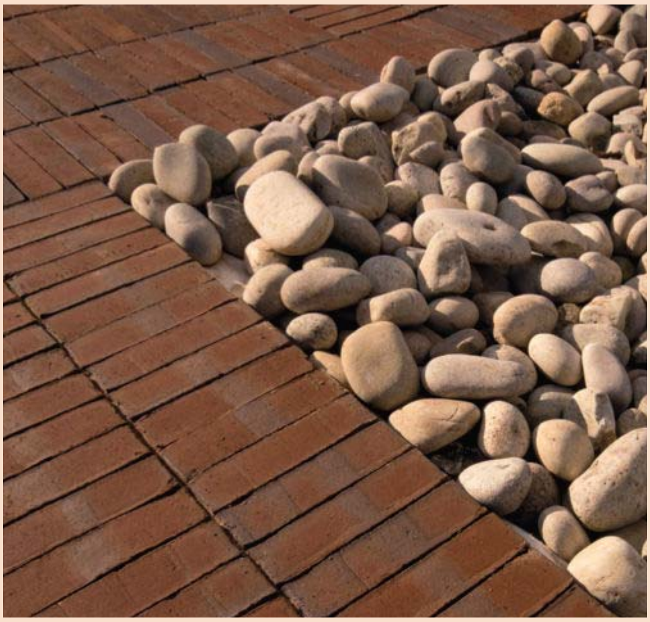
Romania has developed into an important market for the Wienerberger Group. We are one of the biggest building material producers in the country and have strengthened our position through bolt-on acquisitions during the past two years. By taking over Brikston, we are acquiring a leading supplier in Romania. Brikston is a very well-managed company with modern capacities, an interesting product portfolio and a professional management. All of these factors had an impact on our decision.

Brikston – A player with a strong market position

Brikston Construction Solutions is a Romanian brick producer. A successful player in the Romanian market for over 50 years, the company has about 200 employees and operates one production site in the north-east of the country. After the economic and financial crisis, Brikston adopted a new strategy and has since focused on the Iasi region and on exports to neighboring Ukraine and Moldova. The plant has the capacity to produce up to 200 million units of brick per year.

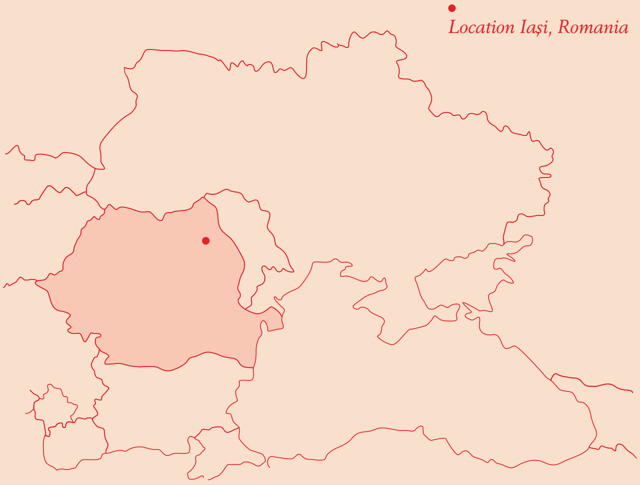
Brikston offers a broad range of products in over 40 clay block formats. The company is particularly strong in the niche segment of bricks in small formats. Located in the north-east of Romania, Brikston perfectly complements Wienerberger's market presence. Having operated in Romania since 1998, we are today one of the biggest building materials producers with four production sites in the west and south of the country.

When this report went into press, the transaction was still subject to approval by the competition authority.

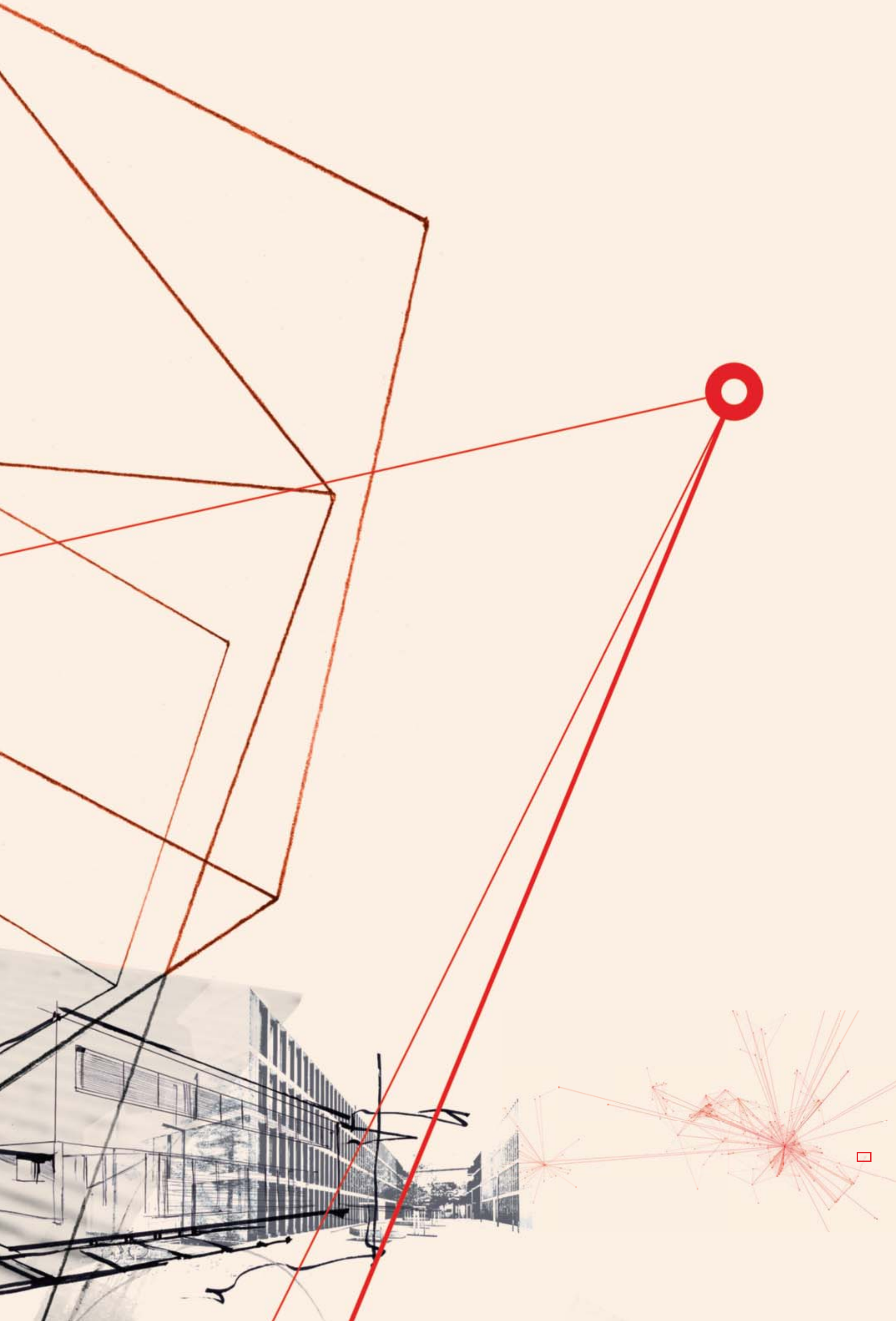


Distinctive floors: Custom-made patio floors, walkways and staircases are in high demand in the Romanian market.

Strong all over the country



The acquisition of Brikston strengthens Wienerberger's market presence in Romania.



CFO Interview

By raising the dividend and buying back own shares, we are significantly increasing our payout to shareholders. This underlines our strong commitment to ensuring our shareholders' participation in Wienerberger's success.

Willy Van Riet, Chief Financial Officer of Wienerberger AG

The growth generated by the Wienerberger Group is reflected in the dividend raise. What is your dividend policy?

For 2017, we will pay out a dividend of € 0.30 per share, which corresponds to an 11% increase. The reasons for the raise are the excellent performance of the Wienerberger Group in the reporting year and our positive assessment of business developments in 2018. We intend to constantly increase the dividend distributed to our shareholders. The amount depends on the free cash flow after the cost of hybrid capital. Taking this as a basis, it is our policy to pay out a dividend within the range of 10% to 30% thereof.

At the same time, you have begun to buy back own shares. What are the intentions behind this decision?

Our communication on the subject of a possible share buyback has always been absolutely clear. We have been examining the possibility of returning capital to our shareholders by this route for quite some time. Among the factors taken into consideration were our liquidity planning, the impact on our ratios and, of course, our current share price. At the end of 2017 we decided to buy back 1.2 million shares. Accounting for 1% of our share capital, this is a reasonable magnitude for a share buyback program. Overall, the significantly increased payout underlines our strong commitment to sharing the success of our company with its shareholders.

In addition, a one-time special dividend will be paid out. Could you give us some background about this move?

In the early 2000s Wienerberger was active in a great variety of business areas. When we decided to focus on our core business, a number of non-strategic operations were sold. A few of these activities were outsourced to a foundation established especially for this purpose: the ANC Private Foundation. Given that the assets held by the foundation were part of Wienerberger AG, the Wienerberger shareholders are the beneficiaries of the foundation. After a thorough analysis, the board of the foundation confirmed the availability of free funds, which are now being distributed by the ANC Private Foundation in the form of a one-time special dividend, with Wienerberger AG serving as the vehicle for the payout.

The redemption of a hybrid bond at the beginning of 2017 had the desired effects, with interest expense and the costs of the hybrid coupon declining significantly. What is your funding strategy?

By redeeming and refinancing the hybrid bond, we were able to save almost € 17 million over a period of twelve months. We pursue a highly disciplined financing policy, always aiming to keep our various strategic priorities in the right balance. On the one hand, we want to further reduce our financing costs; given the current interest landscape, this means raising more funds through short-term loans and revolving credit lines. On the other hand, we are an industrial company with a high proportion of non-current assets in the form of property, plant and equipment on our balance sheet. For this reason, funding at fixed interest rates and long maturities, for instance through corporate bonds, is an equally important component of our financing strategy.

A corporate bond will fall due in 2018. What further potential for savings do you see?

By refinancing a corporate bond with a volume of € 100 million and a fixed interest rate of 5.25%, we can further optimize our financing costs. Through steps like these taken in recent years, we consistently reduced our financing costs, proactively managed maturities and maintained our liquidity reserve at an adequate level.

Report of the Supervisory Board

Dear Shareholders,

The Wienerberger Group looks back on a successful business year 2017. For the first time in the history of the company, our revenues exceeded the € 3 billion mark, and we generated satisfactory growth in earnings year on year. In the majority of our markets we observed an increase in residential construction activity and infrastructure spending. We took advantage of this environment to increase our sales volumes and obtain higher prices. At the same time, we consistently pursued our strategy of value-creating growth. This included cost savings achieved through our Operational Excellence Program as well as significant steps toward further growth through selective acquisitions. In markets where the development of earnings fell short of our expectations we took the necessary measures to adjust our structures and increase our profitability.

Overall, our net profit rose by 50% to € 123.2 million. Given this highly satisfactory result, the Supervisory Board and the Managing Board will propose to the Annual General Meeting that the dividend be increased by 11% to € 0.30 per share.

Priority areas of work in 2017

In the course of nine meetings during the reporting year, the Supervisory Board and the Managing Board intensively discussed the company's economic situation as well as important growth projects and the strategic orientation of the Group. In addition to its advisory and steering functions, the Supervisory Board focused, in particular, on monitoring the legality, efficiency and regularity of the company's management. The Managing Board provided the Supervisory Board with timely and comprehensive information at all meetings and between meetings through regular written and oral reports on the economic and financial position of the Group and its subsidiaries as well as its personnel situation and its acquisition and investment projects. In addition, the committee chairpersons and I met regularly with the Managing Board to discuss the Group's strategy, its business development and its approach to risk management. Certain subjects were dealt with in greater detail by the committees and reported to the full Supervisory Board. Since all relevant Supervisory Board decisions were taken either in plenary sessions or by circular resolution, there was no need for the Presidium to meet during the reporting year. No member of the Supervisory Board was absent from more than half of the meetings.

In the course of its discussions, the Supervisory Board focused, in particular, on the following issues:

- The continuous analysis of the Wienerberger portfolio and the strategic positioning of the Group and its most important operational entities.
- The assessment of projects intended to generate sustainable and value-creating growth.
- The prolongation of the Managing Board mandates and the review of Managing Board remuneration, including the adequacy of total remuneration and the effectiveness of incentives.
- Human resources management, with a special emphasis on occupational health and safety, succession planning, career development for executives, and diversity.
- The examination, discussion and approval of the budget for 2018 and, on that basis, the determination of the targets for the variable remuneration components of the Managing Board.

The Supervisory Board meetings on November 16 and 17, 2017 were held within the framework of a two-day Supervisory Board trip to Italy, which provided an occasion for its members to engage in intensive discussions with the management of the Clay Building Materials Europe Division on operational and strategic issues. In particular, ongoing strategic projects and progress achieved in the integration of newly acquired companies were dealt with in detail. Issues taken up with the management of the Italian company included the conditions on the local brick market, the competitive situation and the market outlook in Italy. During a visit to the Bubano clay block plant, the members of the Supervisory Board obtained a first-hand impression of the broad range of products on offer and the efficiency of the production processes.

The Supervisory Board of Wienerberger AG (left to right): Peter Johnson, Franz Josef Haslberger, Caroline Grégoire Sainte Marie, Myriam Meyer, David Davies, Regina Prehofer, Christian Jourquin and Wilhelm Rasinger

Report of the Audit Committee

The Audit Committee met five times in 2017. Harald Nograsek, Chairman of the Audit Committee for many years, reached the end of his mandate and stepped down from the Supervisory Board as of the 148th Annual General Meeting. At the constituent Supervisory Board meeting, I was elected by my colleagues to serve as the new Chairman of the Audit Committee.

The first two meetings of the year under review were devoted to the 2016 annual financial statements of Wienerberger AG. At its meetings on February 17 and March 27, 2017, the Audit Committee met with representatives of the external auditor. After a thorough examination of the consolidated financial statements for 2016, the separate financial statements of Wienerberger AG, the management report, the Group management report, the corporate governance report and the Managing Board's proposal for profit distribution, the Audit Committee unanimously recommended adoption thereof by the Supervisory Board. In the interest of timely communication with the capital market, the preliminary results for the financial year 2016 were published in the form of a short report on February 22, 2017. The full annual report was published on March 29, 2017.

Other focal points in the work of the Audit Committee in 2017 included:

- Discussion of the auditor's report on Wienerberger's risk management. The report described the implementation of the Group's active risk management system, which permits the effective identification, assessment and monitoring of risk factors as well as fast reactions to risks.

- Verification of the statement submitted by the external auditor on its legal relations with the Wienerberger Group and the members of the Group's boards for the year 2017.
- Verification and confirmation of compliance with Rules 77-83 of the Austrian Corporate Governance Code.
- Analysis of the reports on the audits performed in accordance with the internal audit plan and discussion of measures to be taken.

David Davies, Chairman of the Audit Committee

Report of the Strategy Committee

The Strategy Committee exercised both controlling and advisory functions and was actively involved in strategic decisions to be taken by the company. The Committee met four times in 2017 and was in regular contact with the Managing Board. The priorities of the Committee's work in 2017 included:

- Discussion and analysis of value-creating growth projects and the preparation of decisions to be taken by the Supervisory Board. In its plastic pipe business, the company took over a producer of pre-wired electro conduits in Belgium and France in 2017. The geographic market coverage of the wall product group was enlarged through the acquisition of one clay block production site each in Austria and Germany. In the North America Division, the acquisition of a facing brick producer marked Wienerberger's market entry in Mississippi and Louisiana. The takeover of a clay block producer in Romania, a fast growing market, is still pending, subject to approval by the local competition authority.
- Discussion and further development of the medium- and long-term strategies for the most important business areas of the Wienerberger Group. This process was supported by comparative analyses of our competitors.

Peter Johnson, Chairman of the Strategy Committee

Report of the Personnel and Nomination Committee

The Personnel and Nomination Committee, which also exercises the function of a remuneration committee, met five times in 2017 and dealt with the following priority issues:

- Verification and confirmation of the entitlements to the variable components of remuneration for Managing Board members earned for the business year 2016.
- Prolongation of the terms of office of Heimo Scheuch, Chairman of the Managing Board, by five years until April 2023 and Willy Van Riet, member of the Managing Board, by four years until April 2022.
- Examination of the amount and structure of Managing Board remuneration on the basis of a benchmark analysis performed by Egon Zehnder, an HR consultant specialized in the executive segment. The findings of this analysis were implemented through adjustments of the remuneration for members of the Managing Board within the framework of the prolongation of their terms of office.
- Establishment of the targets for the variable components of remuneration for Managing Board members for the business year 2018.
- Discussion of the results of the self-evaluation of the Supervisory Board and a study carried out by Egon Zehnder on the basis of an international comparison of the level and structure of supervisory board remuneration.
- Thorough analysis of models for an employee participation program with a view to their fiscal and economic implications as well as structures to be envisaged as incentives for participation. Given the lack of clarity of the legal basis, a final assessment was not yet possible.

Regina Prehofer, Chairwoman of the Personnel and Nomination Committee

Changes in the composition of the Supervisory Board

Harald Nograsek's term of office as a member of the Supervisory Board ended as of the 148th Annual General Meeting on May 19, 2017. On behalf of my colleagues on the Supervisory Board and the Managing Board, I should like to thank Harald Nograsek for many years of work on the Supervisory Board of our company, which he joined in 2002. His profound financial expertise was a valuable contribution to the work of the Audit Committee, which he chaired since 2002. From 2015, he also served as Deputy Chairman of the Supervisory Board. We wish Harald Nograsek all the best for the future.

At the 148th Annual General Meeting, David Davies was elected as a new member of the Supervisory Board. I am glad to report that this distinguished financial expert with many years of experience as CFO of a listed company has joined the Supervisory Board. At the Supervisory Board meeting held immediately after the Annual General Meeting, I was re-elected Chairwoman, with Peter Johnson and David Davies appointed to serve as my deputies. Furthermore, David Davies was elected Chairman of the Audit Committee and Caroline Grégoire Sainte Marie was appointed to the Strategy Committee. During the same meeting, pursuant to sect. 270 (1) of the Austrian Company Code, the Supervisory Board took the decision to mandate Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, elected by the Annual General Meeting, to audit the accounts for the business year 2017.

Prior to the first Supervisory Board meeting in February 2017, the members of the Supervisory Board reiterated their declarations of independence in accordance with the Austrian Corporate Governance Code. David Davies submitted his declaration of independence before his election to the Supervisory Board. The independence criteria defined by the Supervisory Board are outlined on page 60 and disclosed in detail on the Wienerberger website.

Adoption of the 2017 consolidated financial statements

The annual financial statements and the management report of Wienerberger AG as well as the 2017 consolidated financial statements and consolidated management report prepared in accordance with IFRS rules were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, and granted an unqualified audit opinion. The notes to the financial statements, the Managing Board's proposal for profit distribution and the audit reports of the external auditors were discussed in detail with the external auditor in the Audit Committee and submitted to the Supervisory Board. The Supervisory Board examined the documents pursuant to sect. 96 of the Austrian Stock Corporation Act and endorsed the result of the audit. Moreover, the Supervisory Board approved the annual financial statements, which are thus deemed adopted pursuant to sect. 96 (4) of the Stock Corporation Act. Having analyzed the financial position of the company, the Supervisory Board agreed with the Managing Board's profit distribution proposal.

On behalf of the Supervisory Board, I would like to thank the Managing Board, the management and all the employees of the company for their outstanding dedication during the past business year. In 2017, we have taken major steps forward and prepared the ground for future growth. A clear strategy and its determined implementation by our employees – our company's most important success factor – are the prerequisites for a successful future. Together, we are pursuing our targets, inspired by professionalism, goal orientation and passion, and addressing the challenges of a dynamic and fast changing environment. I therefore look to the future of the Wienerberger Group with optimism and thank you, our shareholders, for accompanying us on this path.

Vienna, March 28, 2018

Regina Prehofer, Chairwoman of the Supervisory Board

Corporate Governance at Wienerberger

Committment to the Corporate Governance Code

As a listed company with international operations, Wienerberger is committed to strict principles of good corporate governance and transparency as well as to the further development of an efficient system of corporate control. We regard a responsible, long-term approach to the management of the Wienerberger Group as an essential prerequisite for the achievement of its corporate target: the sustainable increase of the enterprise value on the basis of ecological, social and economic considerations. This understanding of our role as a company is based on Austrian law, the Austrian Corporate Governance Code, our Articles of Association, the rules of procedure of the Boards of the company and our internal policies.

Since 2002, Wienerberger has committed itself to observe the rules of the Austrian Corporate Governance Code in their entirety (see www.corporate-governance.at). Accordingly, in 2017 Wienerberger complied with all the rules and recommendations of the Code, as amended in January 2015. The Code provides a framework for the management and control of a company and is intended to strengthen the confidence of investors in the company and in Austria as a financial marketplace. Its guiding principles include the following:

- Equal treatment of all shareholders and the highest possible level of transparency;
- Independence of the supervisory board;
- Open communication between the supervisory board and the managing board;
- Avoidance of conflicts of interest between the boards of the company;
- Efficient monitoring by the supervisory board and the external auditor.

The rules of the Code go beyond the requirements of the law and take effect upon the company's voluntary self-commitment. Once committed to the Code, the company has to explain any non-compliance with the rules of the Code ("comply or explain").

The implementation of the Code and the correctness of our public statements are evaluated by the external auditor, Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, within the framework of its review of the corporate governance report; the auditor's report on review is published on our website (www.wienerberger.com). The most recent evaluation of the corporate governance report for 2017 did not result in any negative findings regarding our public statements on compliance with the Code. Compliance with the provisions of the Code relating to the external auditor was verified by the Audit Committee. In its report to the Supervisory Board, the Audit Committee stated that no deviations from the rules of the Code were identified in 2017.

Compliance

In order to prevent insider trading and the unlawful disclosure of inside information, the company has adopted a compliance policy that implements the provisions of European and Austrian insider law. A compliance officer and his/her deputy are in charge of monitoring compliance. The principles governing lobbying activities have been laid down in a code of conduct based on the provisions of the Austrian Lobbying and Transparency Act, which applies to all boards and employees of Austrian companies in which Wienerberger AG holds a majority interest. This code of conduct can be downloaded from the Wienerberger website.

Internal audit and risk management

In order to further improve Wienerberger's system of risk management, an internal audit function is established as a staff unit reporting to the Managing Board. The Managing Board and Internal Audit regularly analyze operational processes for potential risks and possible improvements in efficiency; they also monitor compliance with legal provisions, internal policies and processes. These activities are based on an audit plan approved by the Managing Board and agreed upon with the Audit Committee, as well as a Group-wide system of risk assessment covering all the company's operations. Internal Audit reports to the Managing Board and the Audit Committee on the audit findings. Moreover, the internal control system (ICS) is being further developed to permit the early identification and management of risks, and various measures have been implemented and reviewed (see page 113). The reports drawn up by the external auditor and the auditor's report on the efficiency of risk management in the Group were submitted to the chairwoman of the Supervisory Board and discussed in detail by the Supervisory Board.

Disclosures required pursuant to § 243a of the Austrian Company Code

The disclosures required pursuant to § 243a of the Austrian Company Code can be found in the following chapters: information on the composition of Wienerberger's capital, types of shares, restrictions and rights, as well as the authorization of the members of the Managing Board to issue or buy back shares is contained in the Management Report in the chapter "Wienerberger Share and Shareholders" beginning on page 110 and in the Notes to the Consolidated Financial Statements under Note 27 ("Group Equity") beginning on page 161. Furthermore, the chapter "Wienerberger Share and Shareholders" contains information on direct and indirect investments in Wienerberger equity capital. The "Remuneration Report" (pages 64 to 69) explains the principles and structure of the company's remuneration policy, specifies the amounts of remuneration due to the individual members of the Managing Board and the Supervisory Board, and provides an overview of Wienerberger shares held by Board members. Updates on the purchase and sale of Wienerberger shares by members of the Managing and Supervisory Boards are disclosed on the Wienerberger website under "Managers' Transactions". Change of control clauses are included in the contracts concluded with the members of the Managing Board, the terms of corporate bonds, the hybrid bond, and the syndicated loans and other loans.

Related-party transactions

Business transactions with companies in which members of the Supervisory Board of Wienerberger AG are active are carried out at arm's length. No loans were granted to members of the Supervisory Board or the Managing Board. Information on related party transactions is provided in the Notes to the Consolidated Financial Statements on page 197.

Statutory audit

The 148th Annual General Meeting appointed Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, to audit the consolidated and separate financial statements of Wienerberger AG. In addition to its auditing function, Deloitte also provides certain tax and financial consulting services for the Group through its global network of partner offices. Consultancy fees for non-audit services charged by Deloitte, excluding fees for auditing the financial statements, amounted to TEUR 160 in 2017. The fee recognized for the audit of the financial statements of the Wienerberger Group and related services amounted to TEUR 1,636.

Measures for the advancement of women

Our Group-wide human resources policy guarantees the same rights and opportunities for all employees. As a company of the building materials industry, Wienerberger traditionally has a high percentage of male employees, given the fact that most of the company's workers employed in production are men. We are therefore making every effort to promote the career development of women and to provide initial and further training for them. In particular, our objective is to increase the percentage of women in middle and senior management positions. By nominating an above-average number of women for internal training and development programs for future executives, we ensure that high-potential women candidates are guided toward senior management positions. We also offer attractive part-time models and home office options, and we are continuously developing further measures to in-troduce working-time models that suit the needs of both women and men employed at Wienerberger.

In 2017, the share of women in executive positions within the Wienerberger Group amounted to 12% (2016: 12%). Currently, female capital representatives on the Supervisory Board account for 38% of its membership. As no new appointments to the Managing Board are being planned at present, an increase in the percentage of women is not foreseeable.

Shareholders

Wienerberger AG has issued 117,526,764 common shares. There are no preferred shares or restrictions on common shares. The "one share – one vote" principle therefore applies in full. In accordance with the Austrian Corporate Takeover Act, each shareholder will receive the same price for his/her Wienerberger shares in the event of a takeover bid (mandatory offer). Wienerberger AG has no core shareholder. The company's shareholder structure is shown on page 111.

Diversity Policy

Principles

Being aware of the great diversity of talents in our society, Wienerberger is making every effort to identify, address and tap this talent pool. We are convinced that our sustainable economic success is based on the skills and dedication of our employees as well as our corporate culture. We therefore want to bring together men and women with different talents, personality features, career histories and cultural backgrounds. The resultant diversity of competencies and the internationality of our employees reflect the diversity of our customers, investors, business partners and markets, reaffirm our innovative mindset and make us fit for the challenges of a dynamic and fast changing business environment.

The principles of human resources management at Wienerberger ensure that all employees have the same rights and opportunities, regardless of age, gender, culture, religion, origin or other diversity features. Based on these principles, Wienerberger does not tolerate any form of discrimination. In 2009, we started to collect data on diversity and equal opportunities within the framework of our sustainability reporting. Since the beginning of data collection, no incidents of discrimination have been found.

Our corporate values include integrity and respect. As an international group of companies with a decentralized structure, Wienerberger respects local cultures and regards regionally recruited teams as a central factor of success. In our human resources planning, we deliberately focus on employing local staff and executives, which enables us to gain a better understanding of the local market and adapt our strategic developments accordingly. The international character of the company is strengthened through a system of job rotation, which enables people to gain new insights and a profound understanding of various business areas.

We are convinced that a higher percentage of women in executive positions has a positive impact on a company's success. We are therefore determined to increase the number of women in senior management and executive positions. By nominating an above-average number of women for internal training and development programs for future executives, we ensure that high-potential women candidates are guided toward senior management positions. In 2017, the share of women in management positions was 12% (2016: 12%).

Enabling our employees to combine work and family life is a matter of high priority for us. We aim to offer our employees individual solutions that facilitate the reconciliation of work and family obligations. This includes a high degree of flexibility on the part of the employer as regards re-entry after a period of parental leave.

Supervisory Board

The international orientation and balanced composition of the Supervisory Board are essential prerequisites for the further development and the lasting success of the Wienerberger Group. As the terms of office of the individual Supervisory Board members overlap, the composition of the Supervisory Board is subject to continuous renewal. At the same time, consistent succession planning ensures that the necessary skills and professional qualifications are represented on the Supervisory Board at any point in time. This is a pre-requisite for the Supervisory Board to fulfil its monitoring function and advise the Managing Board on strategic issues.

To facilitate the search for candidates for election to the Supervisory Board, the Personnel and Nomination Committee has elaborated a many-faceted requirements profile for the objective assessment and transparent comparison of candidate qualifications.

Apart from the general requirements of professional competencies and experience, a proven track record in the management of international companies and the ability to contribute to strategic discussions on a variety of geographic markets are important criteria for the selection process. Given the need for a comprehensive body of expertise on the Supervisory Board, specialized know-how supporting the current priorities of the Group's strategy is an essential factor to be considered in the selection process.

When a position falls vacant, a first analysis serves to identify the type of expertise to be replaced or strengthened on the Supervisory Board. On this basis, special emphasis is placed on maximum diversity of the membership in terms of gender, age and nationality.

In 2017, six nationalities were represented among the eight capital representatives. The mandatory 30% quota for women on supervisory boards introduced in 2018 has been more than fulfilled by Wienerberger since 2015, with 36% of its Supervisory Board members being women.

Managing Board

In an international Group like Wienerberger, the members of the top executive body must have outstanding professional qualifications and international leadership experience. The Managing Board of Wienerberger AG fully meets this requirement, consisting of two personalities distinguished by international careers of different length, complementary professional expertise, a profound knowledge of the industry, and different national and cultural backgrounds. In the event of a new appointment, this qualifications profile guides the search for suitable candidates, which is to include both women and men. In the interest of long-term succession planning, the Supervisory Board and the Managing Board are making a continuous effort to identify and promote high potentials for top level positions, if possible within the Wienerberger Group.

Bodies of Wienerberger AG

The members of the Supervisory Board of Wienerberger AG and their professional careers are presented in the chapter “Members and Committees of the Supervisory Board” starting on page 56. This chapter also contains information on the composition of the committees of the Supervisory Board. The members of the Managing Board are presented in the chapter “Managing Board” on page 61. The chapter “Report of the Supervisory Board”, starting on page 48, provides information about changes in the composition of the Boards in the reporting year and the prolongation of the terms of office of the Managing Board.

Members and Committees of the Supervisory Board

8 shareholder representatives

Regina Prehofer

Chairwoman
independent, born 1956, appointed to 150th AGM (2019), first elected: May 13, 2011

Position and board membership
Second Vice-Chairwoman of the Supervisory Board of AT&S Austria Technologie & Systemtechnik AG, member of the Supervisory Boards of SPAR Holding AG and SPAR Österreichische Warenhandels-AG, bx Anteilsverwaltungs AG in Abwicklung and 6B47 Real Estate Investors AG, Chairwoman of the Supervisory Board of Wiener Sozialdienste Förderung & Begleitung GmbH, member of the Advisory Board of Sappi Papier Holding GmbH, member of the Share- holders' Committee of Vamed Engineering GmbH, member of the Board of the Foundation Karlheinz und Agnes Essl Privatstiftung, Martin und Gerda Essl Privatstiftung and Quester Privatstiftung

Career
1974-1980 Studies in business and law in Vienna, 1981-2010 Career in the Austrian banking industry; among other positions, member of the Managing Board of Bank Austria Creditanstalt AG from 2003-2008 and member of the Managing Board of BAWAG P.S.K. from 2008-2010, 2011-2015 Vice-Rector for Financial Affairs and Infrastructure at the Vienna University of Economics and Business

Peter Johnson

Vice-Chairman
independent, born 1947, appointed to 152nd AGM (2021), first elected: May 12, 2005

Position and board membership
Chairman of the Board of Directors of Electrocomponents PLC

Career
1965-1970 Studies in Economics at Oxford University, 1970-1973 Unilever PLC, 1973-1996 various senior positions at Redland PLC; among others, Director responsible for the brick and roof tile business from 1988-1996, 1996-2000 CEO of Rugby Group plc, 2000-2006 CEO of George Wimpey plc, 2007-2012 Chairman of the Board of Directors of DS Smith Plc

David Davies

Vice-Chairman
independent, born 1955, appointed to 152nd AGM (2021), first elected: May 19, 2017

Position and board membership
Non-Executive Director and Chair of Audit Committee of Ophir Energy Plc, Member of the Supervisory Board of Uniper SE

Career
1975-1978 Studies in economics at the University of Liverpool, 1986-1988 MBA Program at the Cass Businnes School in London, 1978-1981 Formal training as Chartered Accoutant at Touche Ross & Co., 1981-1983 Senior Audit at Price Waterhouse Sa., 1983-1988 Various positions at BOC Plc. (Internal Auditor, Finance Manager BOC Special Gases, Financial Controller BOC Health Care - Disposable Products Division), 1988-1994 Various positions at Grand Metropolitan Plc (1988-1989 Commercial Director - Retail Enterprises Division, 1989-1991 Finance Director - European Restaurant Division, 1991-1994 Corporate Controller - Burger King Corporation), 1994-1997 Vice President at Walt Disney Company - The Disney Store Europe, 1997-2000 Group Finance Director at London International Group Plc, 2000-2002 Group Finance Director at Morgan Crucible Plc, 2002-2016 Member of the Executive Board (CFO) and Deputy Chairman of the Executive Board at OMV AG

Caroline Grégoire Sainte Marie

independent, born 1957, appointed to 150th AGM (2019), first elected: May 22, 2015

Position and board membership
Chairwoman of the Nomination and Remuneration Committee and member of the Audit Committee of Groupama, Director and member of the Technology Committee and Audit Committee of FLSmidth, Investor and Board Director of Calyos, Founding member and President of DefInnov SAS, Senior Advisor of HIG European Capital

Career
1979 Institut d'Etudes Politiques de Paris, 1980 graduation in Commercial Law in Paris, 1981-1984 Controller at Rank Xerox, 1984-1994 Financial responsibilities and deputy to the Southern and Eastern Europe Regional Manager at Roussel Uclaf S.A., 1994-1996 CFO and member of the Executive Committee at Albert Roussel Pharma GmbH, 1996-1997 Finance and IT Manager, CFO and member of the Management Committee at Volkswagen France, 1997-1999 CFO and member of the division's Management Committee at Lafarge Speciality Products, 2000-2004 Senior Vice-President of Lafarge Cement Division, member of the Cement Staff and International Operational Committee, member of the Boards of Materis S.A. and Lafarge India, 2004-2006 CEO at Lafarge Germany and Lafarge Czech Republic, member of the Board of the German Cement Association, 2007-2009 President and CEO at Tarmac France and Belgium, 2009-2011 President and CEO at FRANS BONHOMME

Franz Josef Haslberger

independent, born 1954, appointed to 149th AGM (2018), first elected: May 16, 2014

Position and board membership
Member of the Board of Directors of FIXIT Trockenmörtel Holding AG, member of the Supervisory Board of RÖFIX AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, President of the Board of Directors of Valair AG

Career
1972-1978 Apprenticeship as logistics manager at Kühne & Nagel in Munich and training at the Academy for Foreign Trade and Business in Bremen, 1975 Entry into the family business, management of HASIT Trockenmörtel GmbH, development of the FIXIT Group

Christian Jourquin

independent, born 1948, appointed to 149th AGM (2018), first elected: May 16, 2014

Position and board membership
Honorary Chairman of the Executive Committee of SOLVAY S.A., Chairman of the Board of KNDS, member of the Supervisory Board of Louis Delhaize and ING Belgium, Chairman of the Board of several non-profit organizations

Career
1966-1971 Studies in Commercial Engineering in Brussels, 1992 International Senior Management Program at Harvard Business School,1971-2012 Various senior positions at SOLVAY S.A.; among others, CEO and Chairman of the Executive Committee from 2006-2012

Myriam Meyer

independent, born 1962, appointed to the 150th AGM (2019), first elected: May 22, 2015

Position and board membership
Member of the Board of Directors of Swiss Post Ltd. and Bedag Informatik AG, Vice-President of the Board of the Commission for Technology and Innovation (CTI), member of the Board of Trustees of the Swisscontact Foundation, member of the Industry Advisory Board of ETH Zurich/ Department of Mechanical Engineering

Career
1987 Master of Science in Mechanical Engineering in Zurich, 1994 Ph. D. in Technical Sciences in Zurich, 1994-2001 Vice-President Swiss Air Flight Operations and member of the Executive Committee, General Manager of SR Technics, 2002-2005 Vice-President Global Human Resources & Organization Development of F. Hofmann La Roche and member of the Executive Committee of Roche Consumer Health, 2005-2008 CEO and member of the Executive Committee of RUAG Group, 2009-2010 Group CEO of WIFAG-Polytype Holding, since 2011 Founder and Managing Partner of mmtec

Wilhelm Rasinger

independent, born 1948, appointed to 150th AGM (2019), first elected: April 27, 2006

Position and board membership
Chairman of IVA – Interessensverband für Anleger, Chairman of the Supervisory Board of Haberkorn Holding AG and Haberkorn GmbH, member of the Supervisory Board of Erste Group Bank AG, S IMMO AG and Gebrüder Ulmer Holding GmbH, Chairman of the Supervisory Board of Friedhofs Wohnungsgenossenschaft reg. Gen.m.b.H., Chairman of the Foundation HATEC Privatstiftung Dornbirn

Career
1972-1976 Graduate degree and doctorate in Business Economics in Vienna, 1972-1977 Project manager at Hernstein Institut für Management und Leadership, 1977-1983 Consultant, 1982-2015 University lecturer at Vienna University of Technology (honorary professor), Lecturer at the Technical College in Krems and Vienna, 1983-1993 Managerial position in the insurance industry (internal audit, asset management), 1993-2014 Consultant

3 employee representatives

Gerhard Seban

delegated for the first time: February 3, 2006
Chairman of the Employees' Council at the Hennersdorf plant in Austria, Chairman of the Central Employees' Council of the Wienerberger Ziegelindustrie GmbH, of the Group Employees' Council and the European Employees' Council of Wienerberger AG

Claudia Schiroky

delegated for the first time: July 2, 2002
Chairwoman of the Employees' Council and the Central Employees' Council of Wienerberger AG, Vice-Chairwoman of the Group Employees' Council

Gernot Weber

delegated for the first time: May 16, 2014
Electrician and Chairman of the Employees' Council at the Göllersdorf plant in Austria, Vice-Chairman of the Central Employees' Council of Wienerberger Ziegelindustrie GmbH, member of the Employees' Council of Wienerberger AG

4 committees

Presidium
Regina Prehofer *(Chairwoman)*, Peter Johnson, David Davies

Strategy Committee
Peter Johnson *(Chairman)*, Regina Prehofer, Franz Josef Haslberger, Christian Jourquin, Caroline Grégoire Sainte Marie, Gerhard Seban

Audit Committee
David Davies *(Chairman)*,Wilhelm Rasinger, Caroline Grégoire Sainte Marie, Christian Jourquin, Gerhard Seban

Personnel- and Nomination Committee/ Remuneration Committee
Regina Prehofer (Chairwoman), Peter Johnson, Myriam Meyer, Gerhard Seban

Working Mode of the Supervisory Board and the Managing Board

Mode of Operation of the Supervisory Board

The Supervisory Board decides on issues of fundamental importance and on the strategic orientation of the company. In particular, the Supervisory Board is responsible for:

- the appointment and recall of members of the Managing Board as well as the determination of the amounts and structures of their remuneration;
- lists of candidates for the Supervisory Board to be voted on at the Annual General Meeting;
- the annual financial statements of Wienerberger AG, and the report to the Annual General Meeting on the annual statements;
- discussions of and resolutions on transactions (acquisitions, sales of real estate and participations as well as capital expenditure projects with a value of over € 30 million; commencement or discontinuation of lines of business; significant changes in the company's products and services).

The Managing Board and the Supervisory Board maintain intensive cooperation. Their chairpersons, in particular, regularly engage in discussions on the development and strategic orientation of the company. In order to exercise its advisory and monitoring function in an efficient manner, the Supervisory Board has set up four committees, which deal with specific issues and prepare the relevant resolutions to be taken by the Supervisory Board. The rules of procedure of the Supervisory Board are published on the Wienerberger website.

Presidium

As stated in the rules of procedure of the Supervisory Board, the Presidium consists of the Chairwoman of the Supervisory Board and her deputies. It decides on all issues regarding the relationship between the company and the members of the Managing Board, unless the matter is within the remit of the full Supervisory Board or the Personnel and Nomination Committee.

Audit Committee

The Audit Committee monitors the Group's system of accounting as well as the effectiveness of the systems of internal control, internal audit and risk management. An integral part of the work performed by this Committee is the monitoring of the audit process in a preparatory capacity for the Supervisory Board. This includes the annual verification of the independence of the external auditor and its qualification, as established by peer reviews. The Chairman of the Audit Committee, David Davies, is a recognized financial expert, based on his experience as the CFO of a publicly listed company.

Strategy Committee

The Strategy Committee discusses the company's strategic development with the Managing Board and prepares strategic issues for decision-making by the Supervisory Board. In matters that are not the exclusive responsibility of the Supervisory Board, the Committee is authorized to take decisions at its own discretion. This concerns, in particular, capital expenditure projects, acquisitions and the sale of real estate with a value of between € 7.5 and 30 million. The Strategy Committee is chaired by Peter Johnson, who has well-founded expertise in our industry due to his many years of experience in managing board functions in the building materials sector.

Personnel and Nomination Committee / Remuneration Committee

The Personnel and Nomination Committee deals with all matters relating to the Supervisory Board and the Managing Board and is responsible, in particular, for evaluating qualified candidates for these Boards, for succession management and for remuneration issues. On the basis of a defined qualification profile derived from the diversity policy, the Committee submits candidacies for the positions of capital representatives to the Supervisory Board, which are then voted on at the Annual General Meeting. Moreover, the Committee prepares resolutions on the appointment of members of the Managing Board and deals with the remuneration of the Managing Board members and the content of their employment contracts. Regina Prehofer, who has many years of experience in managing board functions in the banking industry, chairs the Personnel and Nomination Committee / Remuneration Committee.

Independence

The Austrian Corporate Governance Code requires the majority of capital representatives on a supervisory board to be independent. A supervisory board member is deemed to be independent if he or she has no relationship, either business or personal, with the company or its managing board that constitutes a material conflict of interest and consequently may influence his or her behavior. In accordance with this guideline and modelled on Appendix 1 of the Austrian Corporate Governance Code, the Supervisory Board of Wienerberger AG defined six criteria, pursuant to which a member of the Supervisory Board is considered to be independent if he or she:

- has not served as a member of the Managing Board or in an executive position of Wienerberger AG or a company of the Wienerberger Group during the past five years;
- does not maintain, or did not maintain in the past year, business relations with Wienerberger AG or a company of the Wienerberger Group to an extent of significance for the member of the Supervisory Board concerned (this also applies to business relations with companies in which the Supervisory Board member has a material economic interest);
- has not acted as an external auditor of Wienerberger AG or been a partner or an employee of the public accounting firm mandated to perform the audit during the past three years;
- is not a member of the management board of another company in which a member of the Managing Board of Wienerberger AG serves on the supervisory board;
- has not been a member of the Supervisory Board for longer than 15 years;
- is not closely related to a member of the Managing Board of Wienerberger AG or to persons holding one of the aforementioned positions.

The criteria for independence are published in full on our website. As at 31/12/2017, the Supervisory Board of Wienerberger AG consisted of eight capital representatives, who reconfirmed their independence in accordance with the above criteria at the beginning of 2018. None of the capital representatives holds an investment of more than 10% or represents the interests of such a shareholder.

Employee representatives

The representation of the company's employees on the Supervisory Board and its committees is regulated by law as an integral part of the Austrian corporate governance system. In accordance with the Austrian Labor Relations Act, the body representing employee interests is entitled to delegate to the supervisory board of a joint stock corporation and its committees one member from among its ranks for every two members elected by the Annual General Meeting (capital representatives).

Mode of Operation of the Managing Board

The Managing Board of Wienerberger AG consists of two members. Heimo Scheuch, serving as CEO, is primarily responsible for the strategic and operational development of the Wienerberger Group, while CFO Willy Van Riet is in charge of financial matters.

The work of the Managing Board is premised on shared responsibility for strategic and operational issues and a continuous exchange of information. The formal framework for such exchange is provided by the Managing Board meetings, which are normally held once a week, as well as continuous informal communication. Transactions requiring the approval of the Supervisory Board are first discussed and agreed upon at the Managing Board meetings and then submitted to the Supervisory Board. Decisions taken by the Managing Board require unanimity. The four-eyes principle applies when contracts are to be signed by the Managing Board. Monthly meetings are held with the management of the Business Units to discuss current business developments and, in particular, trends in demand, prices and costs, as well as capacity utilization. Strategic issues are also discussed at these meetings, with a special focus being placed on the development of markets, products and technologies. The measures agreed upon are implemented by the management of the Business Unit concerned.

The management of the company is based on a comprehensive reporting system. Monthly reporting is of special importance and covers data aggregated at Group level as well as all essential facts and figures relating to the Business Units. Moreover, the Managing Board receives standardized monthly reports on energy consumption and the financial situation of the Group as well as on product and technology projects in the process of implementation. Data relating to markets and the macroeconomic situation as well as non-financial indicators are collected regularly.

Managing Board

Heimo Scheuch

Chief Executive Officer, *appointed for a term of office up to April 1, 2023; born 1966*

After the completion of legal studies at the Universities of Vienna and Paris and studies at the Vienna University of Economics and Business and the Ecole Supérieure de Commerce de Paris, Heimo Scheuch began his professional career in corporate finance with Shook, Hardy & Bacon, a law firm with offices in Milan and London. In 1996, he joined Wienerberger AG as an assistant to the Managing Board; in 1997, he transferred to the senior management of Terca Bricks in Belgium, where he assumed the position of CEO in 1999. Heimo Scheuch was appointed to the Managing Board of Wienerberger AG on May 21, 2001 and assumed the position of CEO on August 1, 2009.

Management and supervisory board function in material subsidiaries: Managing Director of Wienerberger West European Holding GmbH, Chairman of the Supervisory Board of TONDACH Gleinstätten AG

Other functions: Chairman of the Supervisory Board of Wiener Börse AG and CEESEG AG, President of Construction Products Europe and Vice-President of Cerame-Unie

Willy Van Riet

Chief Financial Officer, *appointed for a term of office up to April 1, 2022; born 1957*

Having obtained his Master's Degree in Business Economics at the University of Ghent,Willy Van Riet began his professional career as an auditor and subsequently was employed as a senior manager with Pricewaterhouse-Coopers in Belgium. He has been active in the building materials sector since 1993, first as Chief Financial Officer of Terca Brick Industries and later as Chief Financial Officer of Koramic Building Products. In 2004, he took over the management of Wienerberger Limited in Great Britain. Since April 1, 2007 Willy Van Riet has been Chief Financial Officer of Wienerberger AG.

Management and supervisory board function in material subsidiaries: Managing Director of Wienerberger Roof Asset Management GmbH, Tondach Holding GmbH, WIBRA Tondachziegel Beteiligungs-GmbH, Wienerberger Anteilsverwaltung GmbH, Wienerberger Dach Beteiligungs GmbH, Wienerberger Finanz Service GmbH, Wienerberger Gamma Asset Management GmbH, Wienerberger Industriebeteiligungsverwaltung GmbH, Wienerberger West European Holding GmbH and Wienerberger Finance Service B.V. (Netherlands), Member of the Supervisory Board of TONDACH Gleinstätten AG and Wienerberger BV (Netherlands), Vice-President of Wienerberger NV (Belgium), Director of General Shale Brick Inc. (USA)

Organization

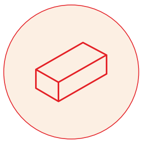
Heimo Scheuch

CEO

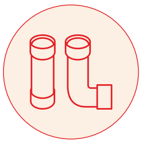
Heimo Scheuch is responsible for the strategic and operating development of the Wienerberger Group. The management of the respective operating unit reports to the Wienerberger Managing Board. The following Corporate Functions report directly to him:

Corporate Communications
Corporate Development
Corporate Human Resources

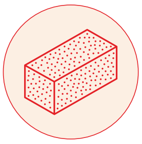
North America



Facing Bricks



Plastic Pipes

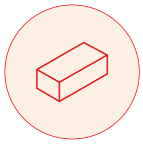


Concrete Products
Calcium Silicate

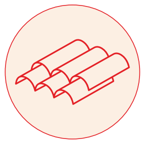
Canada
USA

Clay Building Materials Europe

Clay Blocks



Facing Bricks



Roof Tiles

Segments

Clay Building Materials Western Europe

Belgium
Denmark
Germany
Estonia
Finland
France
Great Britain
Italy
Netherlands
Norway
Sweden
Switzerland

Clay Building Materials Eastern Europe

Bosnia and Herzegovina
Bulgaria
Croatia
Macedonia
Austria
Poland
Romania
Russia
Serbia
Slovakia
Slovenia
Czech Republic
Ukraine
Hungary

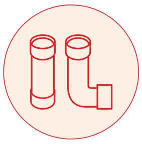
Willy Van Riet

CFO

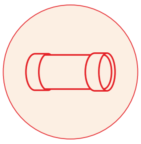
Willy Van Riet is responsible primarily for financial matters. The management of the respective operating unit reports to the Wienerberger Managing Board. The following Corporate Functions report directly to him:

Corporate Reporting & Treasury
Corporate IT & Digitalization
Corporate Investor Relations
Corporate Legal Services
Corporate Internal Audit

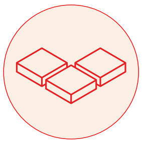
Pipes & Pavers Europe



Plastic Pipes



Ceramic Pipes



Concrete Pavers

Segments

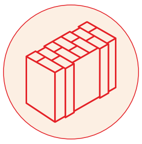
Pipes & Pavers Western Europe

Belgium
Germany
Estonia
Finland
France
Great Britain
Ireland
Netherlands
Norway
Sweden

Pipes & Pavers Eastern Europe

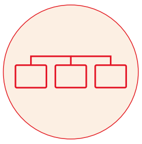
Bulgaria
Greece
Croatia
Austria
Poland
Romania
Russia
Slovakia
Slovenia
Czech Republic
Turkey
Hungary

Holding & Others



Clay Blocks

India



Corporate Functions

Remuneration Report 2017

The remuneration report summarizes the principles that are used to determine the remuneration for the Managing and Supervisory Boards of Wienerberger AG. The report provides details of the resulting amount and structure of the payments to these persons and discloses the number of shares held by members of the Managing and Supervisory Boards.

Managing Board Remuneration

The Personnel and Nomination Committee, in close cooperation with the Presidium of the Supervisory Board, is responsible for the structure of the remuneration system. The goal of the remuneration system is to provide the members of the Managing Board with compensation that is appropriate by national and international standards. The fixed remuneration component reflects the functions and scopes of responsibility of the Managing Board members. The variable remuneration components are designed to create an adequate incentive scheme for achieving financial, non-financial and strategic goals. Great attention is paid to ensuring the greatest possible goal congruency between shareholders' interests and Managing Board remuneration. On this basis the short-term variable remuneration component is linked to short-term financial targets, whereas the medium-term and long-term remuneration components are primarily linked to strategic objectives and the sustainable improvement of shareholder value.

Fixed remuneration

The fixed component of remuneration reflects the scope of responsibility of the Managing Board member. This results in different base salaries that correspond to the individual board members' specific duties as well as the related strategic and operating responsibilities. In 2017, the fixed remuneration of CEO Heimo Scheuch was € 739,917 (2016: € 725,409) and that of CFO Willy Van Riet was € 549,653 (2016: € 538,876). This 2.0% increase in comparison with 2016 is solely attributable to the contractual value adjustment based on the consumer price index for 2010 issued by Statistics Austria. Following common practice in Austria, fixed remuneration is divided into fourteen installments and paid at the end of each month. All in all, this fixed remuneration equaled 26% of the Managing Board's total remuneration, taking into account the variable remuneration components.

Fixed remuneration
in EUR

	2016	2017
Heimo Scheuch	725,409	**739,917**
Willy Van Riet	538,876	**549,653**
Total	**1,264,285**	**1,289,570**

Variable remuneration

Variable remuneration is linked to the aim of sustainably increasing shareholder value and consists of three components: short-term, medium-term and long-term components. The remuneration model developed by the Supervisory Board ensures a high degree of transparency by linking the goals to clearly defined indicators of earnings and profitability. In addition, the incentive structure built into the Managing Board remuneration system is reviewed each year with regard to its effectiveness in promoting the sustainable improvement of shareholder value, and adjustments are made if necessary.

Short-term variable remuneration

The short-term variable remuneration component is conditional on the attainment of short-term corporate financial goals. The achievement of these goals is measured on the basis of an EBITDA target and a target for profit after tax (50% for each indicator). These targets are defined by the Personnel and Nomination Committee / Remuneration Committee at the end of the prior year on the basis of all information available at that time and submitted to the full Supervisory Board for approval. The target achievement is determined on a linear basis within the designated range, and the over-fulfillment of one target is offset against the partial fulfillment of the second target, if applicable. The maximum entitlement is limited to 100% of annual fixed remuneration and is paid out in the following period. No short-term variable remuneration is paid if the minimum limit is not reached. In 2017, the entitlements to the short-term variable remuneration component, which will be paid out in 2018, came to € 739,917 for Heimo Scheuch (2016: € 725,409) and € 549,653 for Willy Van Riet (2016: € 538,876).

Short-term variable remuneration *in EUR*		EBITDA					Profit after tax					Total	
	Year	Relevance	Achievement	Min	Target	Max	Relevance	Achievement	Min	Target	Max	Entitlement	Payout 1)
Heimo Scheuch	2017	50%	(4)				50%	(2)				739,917	725,409
	2016	50%	(3)				50%	(3)				725,409	1,077,912
Willy Van Riet	2017	50%	(4)				50%	(2)				549,653	538,876
	2016	50%	(3)				50%	(3)				538,876	800,735

1) The entitlement is paid out at the beginning of the following year. // Notes: A change in the payment scheme for short-term variable remuneration applicable up to and including 2014, under which 50% of the earned entitlements were paid out with a 12-month delay, caused the payments made in 2016 to be higher on this one occasion than the cap of 100% of annual fixed remuneration. Due to these changes, both the entitlements earned in 2015 and 50% of the entitlements earned in 2014 were paid out in 2016 // The arrows in the table show the degree of target achievement on the basis of five categories: (1) lower limit not achieved, (2) achievement between lower limit and target value, (3) target value achieved, (4) achievement between target value and upper limit, (5) upper limit exceeded

Medium-term variable remuneration component

The medium-term target was introduced in 2014 and is based on the achievement of two strategic goals in the period from 2015 to 2017. The earned entitlement to this remuneration component, the maximum amount of which is limited to 150% of the annual fixed remunera-tion for 2017, will be determined at the end of the con-tract period and paid out in 2018. The target achievement is measured on the basis of financial indicators and will be determined on a linear basis within the designated corridor. The over-fulfillment of one target will be offset against the partial fulfillment of the second target if applicable. In 2017, the Managing Board earned entitlements in the amount of € 1,110,231 (2016: € 412,297); € 637,017 thereof was attributable to Heimo Scheuch (2016: € 236,578) and € 473,214 to Willy Van Riet (2016: € 175,719).

At the end of the observation period from 2015 to 2017, the achievement of the individual targets, which was linked to the sale of non-core and non-strategic assets, led to the achievement of the targets in full. Consequently, the Managing Board earned an entitlement of € 1,934,355 from 2015 to 2017, which will be paid out in 2018. Of this amount, € 1,109,875 was attributable to Heimo Scheuch and € 824,480 to Willy Van Riet.

Long-term variable remuneration component

The long-term variable remuneration component is designed as a long-term incentive (LTI) program. The LTI program covers the Managing Board and selected Group managers. Its goal is to focus the actions of top executives more intensively on shareholder value enhancement and to strengthen their identification with corporate planning and goals. With this LTI program, Wienerberger fully meets the requirements of the Austrian Corporate Governance Code stipulating that remuneration systems for managing boards and management be geared towards the sustainable development of the company.

The LTI program is renewed each year and involves the allocation of virtual shares, so-called performance share units (PSUs). A total of 76,700 PSUs were allocated to the Managing Board in 2017 (Heimo Scheuch: 44,000 PSUs, Willy Van Riet: 32,700 PSUs). Special conditions for participation apply to the Managing Board: the CEO must hold at least 80,000 Wienerberger shares and a Managing Board member at least 20,000 shares. The individual shareholdings must not fall below the defined levels during the program's term. The target CFROI is defined at the end of the prior year by the Personnel and Nomination Committee / Remuneration Committee on the basis of all information available at that time and submitted to the full Supervisory Board for approval. A corridor with upper and lower limits is also defined. The monetary value of the PSUs is determined at year-end by multiplying the number of PSUs by the target achievement in percent and the average price of the Wienerberger share during the last 20 ATX trading days in that year. The target achievement is calculated as the difference between the CFROI calculated on the basis of the annual results for the respective year and the defined target, and is determined on a linear basis within the target corridor. There is no payout if the CFROI falls below the target corridor. If the upper limit is exceeded, the payment for the Managing Board is capped at 100% of fixed remuneration. Payouts resulting from the target achievement are not made at once, but in three equal installments over a period of two years. The installment payout will be canceled if the CFROI in the respective financial year falls below the actual CFROI in the year the PSUs were granted. Under the assumption that the targets for delayed payment will be met, the entitlements to the long-term variable remuneration component in 2017 equaled € 739,917 for Heimo Scheuch (2016: € 725,409) and € 549,653 for Willy Van Riet (2016: € 538,876).

Long-term variable remuneration component
in EUR

				Target achievement based on CFROI					
	Year	Allocated PSUs	Achievement	Min	Target	Max	Entitlement [1]	Payout in 2017 [2]	Payout in 2018 [2]
Heimo Scheuch	2017	44,000	(4)				739,917		246,639
	2016	44,500	(3)				725,409	241,803	241,803
	2015	57,500	(4)				716,100	238,700	238,700
	2014	80,000	(4)				700,000	233,333	
Willy Van Riet	2017	32,700	(4)				549,653		183,218
	2016	33,100	(3)				538,876	179,625	179,625
	2015	42,500	(4)				531,960	177,320	177,320
	2014	60,000	(4)				520,000	173,333	

1) In all four years the payments of the entitlement was capped at 100% of the annual fixed remuneration. // 2) As the CFROI achieved in the year of payment exceeded the comparative figures from the two prior years, the condition precedent for the payment of installments was met in each case. // Note: The arrows in the table show the degree of target achievement on the basis of five categories: (1) lower limit not achieved, (2) achievement between lower limit and target value, (3) target value achieved, (4) achievement between target value and upper limit, (5) upper limit exceeded

Earned entitlements and payments in 2017

In 2017, the Managing Board remuneration amounted to a total of € 3,797,970 (2016: € 4,372,286), € 2,179,163 thereof for Heimo Scheuch (2016: € 2,508,688) and € 1,618,807 for Willy Van Riet (2016: € 1,863,597). In addition to the fixed remuneration, the installments of the entitlements from previous years under the long-term variable remuneration component as well as the entitlement under the short-term variable remuneration were paid out. There will be a one-off payment of the entitlements earned under the medium-term variable remuneration component in 2018.

Payout *in EUR*	Fixed remuneration		Short-term component [1]		Medium-term component		Long-term component		Total	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Heimo Scheuch	725,409	739,917	1,077,912	725,409	0	0	705,367	713,836	**2,508,688**	**2,179,163**
Willy Van Riet	538,876	549,653	800,735	538,876	0	0	523,987	530,278	**1,863,597**	**1,618,807**
Total	**1,264,285**	**1,289,570**	**1,878,647**	**1,264,285**	**0**	**0**	**1,229,354**	**1,244,115**	**4,372,286**	**3,797,970**

1) A change in the payment scheme for short-term variable remuneration applicable up to and including 2014, under which 50% of the earned entitlements were paid out with a 12-month delay, caused the payments made in 2016 to be higher on this one occasion than the cap of 100% of the annual fixed remuneration. Due to these changes, both the entitlements earned in 2015 and 50% of the entitlements earned in 2014 were paid out in 2016.

In 2017, the Managing Board earned entitlements for the short-term, medium-term and long-term variable remuneration components totaling € 3,689,372 (2016: € 2,940,867), € 2,116,852 for Heimo Scheuch (2016: € 1,687,396) and € 1,572,520 for Willy Van Riet (2016: € 1,253,471).

Entitlements *in EUR*	Short-term component		Medium-term component		Long-term component [1]		Total	
	2016	2017	2016 [2]	2017	2016	2017	2016 [2]	2017
Heimo Scheuch	725,409	739,917	236,578	637,017	725,409	739,917	**1,687,396**	**2,116,852**
Willy Van Riet	538,876	549,653	175,719	473,214	538,876	549,653	**1,253,471**	**1,572,520**
Total	**1,264,285**	**1,289,570**	**412,297**	**1,110,231**	**1,264,285**	**1,289,570**	**2,940,867**	**3,689,372**

1) The above amounts are based on the earned entitlements under the assumption that the targets for delayed payment will be met. 2) The figures reported for 2016 were adjusted, as the accumulated entitlement for the period 2015-2016 was reported instead of the entitlements earned from medium-term variable remuneration for 2016.

Other remuneration components and agreements

Defined-contribution pension agreements

The members of the Managing Board are covered by defined-contribution pension agreements that require the company to make contributions each year. Contributions to pension funds (defined-contribution commitments) on behalf of the Managing Board amounted to € 596,158 in 2017 (2016: € 522,671). Of this total, € 247,945 was attributable to Heimo Scheuch (2016: € 245,751) and € 348,213 to Willy Van Riet (2016: € 276,920). Payments of € 847,608 were made to former members of the Managing Board and their surviving dependents during the reporting year (2016: € 837,977).

Severance compensation

The members of the Managing Board are entitled to severance compensation upon termination of employment. This compensation is calculated in accordance with the legal regulations in Austria on the basis of total compensation and the length of service with the company. In the 2017 financial year, the provision for statutory severance compensation entitlements amounted to € 887,521 (2016: € 814,212).

Change of control clauses

The employment contracts with the members of the Managing Board include change of control clauses, which regulate payment obligations in the event that a board member's appointment is terminated prematurely following a change in the control of the company. The articles of association of Wienerberger AG define a change of control as an increase in a shareholding to over 20%, which triggers a mandatory takeover offer to all other shareholders. Under these change of control clauses, the payment obligations agreed upon in the employment contracts with the members of the Managing Board are to be met by the end of the contract period as originally specified. Total entitlements are capped at three annual remuneration payments. There are no further entitlements.

Directors' and officers' liability insurance

Wienerberger has concluded directors' and officers' liability insurance with coverage of € 100 million for the members of the Supervisory Board, Managing Board, operational bodies and key employees. This insurance also covers any loss to the company arising from the failure of these parties to act conscientiously (without any intentional or conscious violation of their responsibilities). There is no deductible for the insured corporate bodies and employees of the Wienerberger Group.

Incidental benefits

Incidental benefits provided to members of the Managing Board include, without limitation, a secretariat, a company car as well as mobile and other communication devices. No loans were granted to members of the Managing Board.

Outside activities

The members of the Managing Board require the prior approval of the Supervisory Board in order to enter into any activities outside the scope of their work with Wienerberger. This guarantees that neither the time required nor the related compensation could lead to a conflict with their duties for the company. All outside activities that involve seats on supervisory boards or comparable positions for publicly traded companies are listed on page 61 and also disclosed on the Wienerberger website. No compensation is provided for positions in Group companies.

Remuneration of the senior management

The remuneration of the senior management within the Wienerberger Group is designed along the lines of the incentive scheme for Managing Board members. Apart from fixed remuneration reflecting the scope of responsibility, a short-term remuneration component is regarded as an adequate incentive. Depending on the scope of responsibility of each executive, the targets for the short-term remuneration component are determined on the basis of the Group budget or the budget of their respective areas of responsibility and supplemented by individually agreed financial or non-financial targets. The actual target achievement can be measured for each goal and is determined on a linear basis within a corridor. The entitlement earned is paid out in the following period. In addition, selected executives participate in the LTI program. Both the short-term and the long-term variable remuneration components are capped at agreed limits.

Supervisory Board Remuneration

The following remuneration system for the Supervisory Board was approved in 2011 by the 142nd Annual General Meeting: Each elected member of the Supervisory Board receives a fixed annual remuneration of € 15,000. The fixed remuneration for the vice-chairmen and the chairwoman equals € 22,500 and € 30,000, respectively. For work on a committee, the annual fixed remuneration is € 7,500 for an ordinary member, € 11,250 for the vice-chairpersons and € 15,000 for the chairperson. The fixed remuneration is limited to one committee membership per person and is paid only once, even if a Supervisory Board member is active on several committees. Each elected member of the Supervisory Board also receives an attendance fee of € 5,000 per meeting day, or € 2,500 for a committee meeting that is not held on the same day as a Supervisory Board meeting. The Supervisory Board remuneration is adjusted on the basis of the Statistics Austria consumer price index for 2005 or a subsequent index if applicable. Increases and decreases up to and including 5% will not be compensated, but an adjustment will be made for the full change if this corridor is exceeded. An index adjustment of 5.5% was made in 2014. No adjustment has been made since then. The Supervisory Board remuneration for 2017 (payment in 2018) totaled € 663,440 (2016: € 602,669). This 10% increase as compared to 2016 resulted from the higher number of meetings held.

No compensation is paid for services outside the aforementioned Supervisory Board duties, in particular for consulting or agency services. The salaries received by the employee representatives as part of their employment contracts represent exceptions to this rule. No pension commitments were made to the members of the Supervisory Board of Wienerberger AG. No loans were granted to members of the Supervisory Board. Business transactions with companies in which members of the Supervisory Board of Wienerberger AG are active are carried out at arm's length. Information on related party transactions is provided in the Notes to the Consolidated Financial Statements on page 197.

Supervisory Board remuneration *in EUR*				2016				2017
	Fixed remuneration	Work on a committee	Attendance fees	Total remuneration	Fixed remuneration	Work on a committee	Attendance fees	Total remuneration
Regina Prehofer 1)	31,650	15,825	42,200	**89,675**	31,650	15,825	58,025	**105,500**
Peter Johnson 2)	23,738	15,825	47,475	**87,038**	23,738	15,825	58,025	**97,588**
David Davies 2), 3)	-	-	-	**-**	14,763	9,842	29,013	**53,617**
Caroline Grégoire Sainte Marie	15,825	7,913	52,750	**76,488**	15,825	7,913	55,388	**79,125**
Franz Josef Haslberger	15,825	7,913	26,375	**50,113**	15,825	7,913	31,650	**55,388**
Christian Jourquin	15,825	7,913	47,475	**71,213**	15,825	7,913	55,388	**79,125**
Myriam Meyer	15,825	7,913	44,838	**68,575**	15,825	7,913	55,388	**79,125**
Wilhelm Rasinger	15,825	11,869	47,475	**75,169**	15,825	11,869	52,750	**80,444**
Harald Nograsek 2), 4)	23,738	15,825	44,838	**84,400**	9,040	6,027	18,463	**33,529**
Total	**158,250**	**90,994**	**353,425**	**602,669**	**158,315**	**91,037**	**414,088**	**663,440**

1) Chairwoman // 2) Vice-Chairman // 3) Member of the Supervisory Board since May 19, 2017 // 4) Member of the Supervisory Board up to May 19, 2017

Shareholdings

The members of the Managing and Supervisory Boards have voluntarily agreed to disclose their holdings of Wienerberger shares. In accordance with Article 19 of Regulation (EU) No 596/2014, any purchase or sale by the members of the Supervisory Board and Managing Board is reported to the Austrian Financial Market Authority. Moreover, the transactions are also disclosed via an EU-wide dissemination system as well as on the Wienerberger website (see "Managers' Transactions"). In 2017 members of the Supervisory Board and the Managing Board purchased a total of 11,100 Wienerberger shares; no sales of Wienerberger shares were made. The number of Wienerberger shares held by the members of the Managing and Supervisory Boards totaled 338,130 at the end of 2017.

Number of shares held		31/12/2016	Purchase	Sale	31/12/2017
Managing Board	Heimo Scheuch	131,252	0	0	**131,252**
	Willy Van Riet	40,000	10,000	0	**50,000**
Supervisory Board	Regina Prehofer	0	0	0	**0**
	Peter Johnson	0	0	0	**0**
	David Davies 1)	0	0	0	**0**
	Caroline Grégoire Sainte Marie	300	100	0	**400**
	Franz Josef Haslberger	107,154	0	0	**107,154**
	Christian Jourquin	0	0	0	**0**
	Myriam Meyer	1,000	0	0	**1,000**
	Wilhelm Rasinger	47,324	1,000	0	**48,324**
	Harald Nograsek 2)	1,400	0	0	**-**
Total		**328,430**	**11,100**	**0**	**338,130**

1) Member of the Supervisory Board since May 19, 2017 // 2) Member of the Supervisory Board up to May 19, 2017

Wienerberger at a Glance

Company Profile

Wienerberger is an international supplier of innovative building material and infrastructure solutions headquartered in Vienna. We are the only multinational producer of clay blocks, facing bricks and clay roof tiles, pipe systems made of plastics and ceramics, and concrete and clay pavers. As at 31/12/2017, Wienerberger operated 197 production sites in 30 countries of the world and exported its products to international markets. We are the worldwide market leader in bricks and the number one producer of clay roof tiles in Europe. Moreover, we are one of the leading suppliers of pipe systems in Europe and concrete pavers in Central and Eastern Europe. For details on our production sites and market positions, please refer to the diagrams on page 34-35.

History of the Company

Wienerberger was founded in 1819 by Alois Miesbach in the Wienerberg district on the southern outskirts of Vienna. In 1869, this Austrian brick manufacturer became one of the first companies to be listed on the Vienna Stock Exchange. Wienerberger is a free float company with 100% of its shares being publicly traded. For details on the shareholder structure, please refer to the Management Report on page 110-112.

The company took its first step towards internationalization with the takeover of the German Oltmanns Group in 1986, which was followed by successful expansion into Eastern Europe, France and the Benelux countries. At about the same time, Pipelife (plastic pipes) was established as a joint venture and the activities of the Group were diversified to include ceramic pipes and concrete pavers. After a further period of expansion in Europe, the Wienerberger Group developed into a global player with the takeover of General Shale in the USA in 1999. Another strategic milestone was the Group's entry into the roof sector through the acquisition of Koramic in 2003; this line of business was steadily expanded in the following years. With the takeovers of Semmelrock (2010), Steinzeug-Keramo (2011), Pipelife (2012) and Tondach Gleinstätten (2014), Wienerberger completed its transformation into an international supplier of building material systems, comprising the Clay Building Materials Europe Division, the Pipes & Pavers Europe Division and the North America Division.

Mission Statement

Our vision is to be the most highly regarded producer of building materials and infrastructure solutions and the preferred employer in our markets.

Our mission is to improve people's quality of life by providing outstanding, sustainable building material and infrastructure solutions. The primary goal of our entrepreneurial activities is to achieve a sustainable increase in the value of the company in accordance with ecological, social and economic principles. Day after day, close to 16,000 employees are making every effort to translate this vision into reality through their commitment and their professional approach. This excellent cooperation is based on a firmly rooted corporate culture, which is characterized by shared values – expertise, passion, integrity and respect, customer orientation, entrepreneurship, quality and responsibility – and provides the foundation of our organization.

Business Model

Wienerberger's business model is focused on providing innovative building material solutions for all our fields of application – from sustainable and energy-efficient buildings to environment-friendly pavers to pipe systems designed to ensure maximum security of supply.

Value Creation

Our value creation process is fundamental to the achievement of our corporate goal of sustainably increasing the value of the company in ecological, social and economic terms. Six input variables determine Wienerberger's value creation process: financial capital, asset base, know-how, employees, dialogue and natural resources. These variables not only influence one another, but also change as a consequence of the company's business activities. Such changes result from well-balanced strategic decisions. Thus, we create added value for the organization and for our stakeholders. A diagram illustrating our value creation process is contained in this Annual Report on page 20.

Strategy and Targets for 2020

Each of our business areas – infrastructure, new construction and renovation – is supported by strong industrial platforms in Europe and North America. In line with our clearly defined strategy, we will be able to benefit from future development opportunities and the expansion of our platforms. Our experienced local management teams are capable of supporting and pursuing our accelerated growth course. To maximize our long-term growth potential and increase the value of the enterprise, we are pursuing three strategic priorities: organic growth, operational excellence as well as growth projects and portfolio optimization.

Organic growth

Innovation

As the innovation leader in our industry, we continuously strive to improve and further develop our products and system solutions for all fields of application. We take advantage of our strong market positions to introduce successful innovations at supra-regional level.

Market proximity

The growing complexity of the design and execution of construction projects is an issue to be addressed. We take the individual needs of specific customer groups, stakeholders and decision-makers into account, offering comprehensive advisory services and supporting projects from the planning phase to execution.

Digitalization

We play a leading role in the digital transformation of our industry and aim to offer our customers a higher added value. To this end, we initiate change processes within the company along the entire value chain.

Operational Excellence

The efficiency-enhancing measures implemented in all Business Units serve the goal of optimizing production and organizational processes, ensuring not only cost reductions, but also uniform standards and best practices throughout the Group.

Growth projects and portfolio optimization

We are enlarging our existing platforms through the acquisition of growth-oriented companies generating high margins. In this process, we apply clearly defined criteria and aim to strengthen our unique selling propositions. We therefore analyze not only the financial position of potential take-over candidates, but also the added value and user-friendliness of their products, the relevance of the companies in the local markets, and their position as partners for our customers. We thus acquire companies which can be swiftly integrated into the existing industrial network and ideally complement our business. As a result, we create value for our shareholders, as we engage more closely with our customers, increase our market penetration and broaden our product range.

When implementing growth projects, we strictly comply with our financial targets in order to ensure a balanced and disciplined capital allocation.

Corporate Governance at Wienerberger

As a listed company with international operations, Wienerberger is committed to the strict principles of good governance and transparency as well as to the continuous development of an efficient corporate control system. We are convinced that managing the Wienerberger Group responsibly and with long-term goals in mind is a crucial prerequisite for sustainably increasing our enterprise value. In the pursuit of this target, we always act within the framework of Austrian law, the Austrian Corporate Governance Code, our Articles of Association, the rules of procedure of the Boards of the company, and our internal policies.

In 2017, Wienerberger complied with all rules and recommendations of the Austrian Corporate Governance Code. For an overview of relevant activities in the reporting year, please refer to the Corporate Governance Report starting on page 48, which is also published on the Wienerberger website.

Management Approach and Due Diligence Processes

Sustainability Management

Wienerberger's voluntary commitment to sustainable development covers all stages of the Group's value chain. To ensure a uniform approach and the efficient implementation of the defined measures and targets, we have established clear structures and responsibilities for the Group's sustainability management.

Organizational structure

The Sustainability Steering Committee (SSC) is responsible for Wienerberger's sustainability strategy and the definition of targets, deadlines and measures of the sustainability program. It comprises the extended Managing Board of the Wienerberger Group (CEO and CFO of the Wienerberger Group, CEOs of the Business Units) and is the top-level body in charge of sustainability management. For the purposes of international coordination, Sustainability Management was introduced as a staff function headed by the Corporate Sustainability Officer (CSO). The CSO ensures Group-wide coordination of sustainability management and reports directly to the CEO of Wienerberger AG. The CEOs of the Business Units are responsible for implementing the sustainability targets in their respective Business Units. They are supported by sustainability officers engaged in continuous exchange with the CSO on current developments and the progress achieved. This structure enhances the responsibilities of the individual Business Units and strengthens their influence on the integration of our sustainability strategy.

Instruments of sustainability management

The value chains

In 2014, we took a close look at the entire value chain of each of our four specific product groups. This includes raw material extraction along the entire supply chain, the production and use of products, and finally the product's transformation into waste at the end of its useful life. Potential ecological, social, ethical and/or macroeconomic issues, as well as issues relating to the security of supply, were allocated to the individual steps in the value chains. They provided the basis for our stakeholder survey.

The stakeholder survey

The view of our internal and external stakeholders regarding the materiality of the issues identified was obtained through an online survey. The survey also served to establish our stakeholders' perception of Wienerberger's current engagement in respect of the individual issues. The stakeholder survey was performed and evaluated by an external partner, which also provided the necessary tools for the survey.

To begin with, the relevance of the various stakeholder groups for each product group was rated on the basis of their interest in and influence on the company. Thus, we were able to define which stakeholder groups had to be included in the survey and how many people from each group had to be questioned in order to obtain a well-founded and informative result.

We invited close to 500 stakeholders to participate in the survey – 80% of them external stakeholders. Based on the stakeholders' responses, the material aspects for the four product groups along their respective value chains were determined by our partner. The significance (medium to high) of individual aspects, as perceived by internal and external stakeholders, was entered into a matrix.

Result of the materiality analyses

The matrix showed that the stakeholders perceived certain aspects as being of similarly high significance across all product groups. The aspects identified as material in the various product groups were then aggregated at Group level. The result shows which aspects along the value chains of the individual product groups are equally relevant for the entire Wienerberger Group. These aspects are presented in the following chapters: "Employees", "Production", "Products" and "Social and Societal Commitment". The result of the materiality analysis provided the basis for the further development of our sustainability strategy and the identification of targets and measures for our Sustainability Roadmap 2020.

The Wienerberger Sustainability Roadmap 2020

The Wienerberger Sustainability Roadmap 2020 describes the sustainability targets to be pursued by the Wienerberger Group up to 2020. It includes Group-wide targets as well as targets for the individual Business Units and specifies binding measures and deadlines. The targets are based on the results of the materiality analysis. The Roadmap – released by the Sustainability Steering Committee at the beginning of 2015 – represents the Wienerberger Group's deliberate and voluntary commitment to continuously improve its ecological, social, societal and economic performance.

Sustainability reporting

Non-Financial Group Reporting (NFGR) has been introduced as a central data management tool for the consolidation of all non-financial indicators, which serve as a basis for strategic decisions taken in the Business Units and at Group level.

Wienerberger's Sustainability Report, published annually since 2010, constitutes a binding framework for our commitment to sustainable development. All Wienerberger Sustainability Reports meet the requirements of the Global Reporting Initiative (GRI). The reports focus on the ecological and social aspects of our activities and on measures to be taken in the future regarding employees, production and products as well as our engagement in social and societal affairs. In combination with the sustainability program (Sustainability Roadmap 2020), the Sustainability Report is an essential instrument supporting Wienerberger in the pursuit of its long-term goals.

Since 2014, we have prepared our sustainability reports in accordance with the requirements of the GRI G4 reporting standard, "core option". In addition to this non-financial report, the Wienerberger Group will again publish a Sustainability Report for the financial year 2017.

Voluntary commitment to comply with the ten principles of the UN Global Compact

Wienerberger acceded to the UN Global Compact in 2003 and is a founding member of respACT, the Austrian UN Global Compact Network. Thus, Wienerberger officially commits to the implementation of the ten principles regarding human rights, labor standards, environmental protection – including the precautionary principle – and the fight against corruption.

The Wienerberger Social Charter, which confirms the company's commitment to compliance with the relevant conventions and recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations), was signed by the Managing Board of Wienerberger AG and the chairman of the European Forum, a social partnership body, in Strasbourg in 2001 and can be found on our website. Through this charter, Wienerberger demonstrates its global commitment to respect for human rights, fair working conditions, payment of adequate remuneration, the avoidance of excessive working hours, permanent employment relationships and respect for the freedom of assembly and the right of employees to engage in collective bargaining. Within its sphere of influence, Wienerberger guarantees the protection of fundamental human rights. Thus, it goes without saying that Wienerberger tolerates neither forced or child labor nor any form of discrimination.

Due Diligence Processes

The responsible management of the Wienerberger Group with a view to its long-term development is an essential prerequisite for sustainable corporate success.

The most important risks relating to non-financial matters as well as the due diligence processes applied by Wienerberger are summarized below. For more detailed information, please refer to the chapters "Employees", "Production", "Products" and "Social and Societal Commitment". Information on Wienerberger's approach to the management of financial risks is contained in the Management Report on page 113.

Occupational health and safety

For Wienerberger, as an industrial producer, the health and safety of all its employees is a top priority. Every effort is made to avoid and/or minimize the exposure of our employees to potential health and safety hazards.

Our objective is to reduce the annual number of accidents throughout the Group to zero. We are consistently pursuing this target by implementing Group-wide safety standards and individual safety programs for our Business Units. These include structural, technological and organizational measures. Moreover, we foster a culture of safety through training programs and incentive systems.

Quality and environmental management

Among the greatest global challenges confronting humankind have been and still are climate change and the worldwide consumption of energy and resources. The industrial sector is responsible for some of these problems, but also has the ability to offer solutions.

Wienerberger is striving for operational excellence in all its operations through the optimization of organizational and production processes and through networking along the value chain. A number of quantitative targets have been defined, such as reductions in specific energy consumption, CO_2 emissions and water consumption from public networks, as well as the resource-efficient use of raw materials.

In a voluntary effort, Wienerberger has for years been working intensively on the preparation of eco-balances, environmental product declarations (EDPs) and environmental certificates.

Supplier management

Within the framework of our business relations, we strive to ensure that our suppliers also comply with ecological and social standards. In almost all production segments, minimum standards have been laid down in specific "Supplier Codes of Conduct", which suppliers have to sign and observe when doing business with us. Wienerberger intends to apply product-group-specific "Supplier Codes of Conduct" throughout the Group.

Complaints management

Wienerberger's customers and business partners are interested in obtaining high-quality, durable and affordable products for a safe and comfortable residential environment.

Complaints regarding product quality or other issues are dealt with in various ways. At Pipelife, for instance, complaints management is dealt with locally by the individual country organizations. Steinzeug-Keramo has taken a different approach and introduced a centralized complaints management regime. Each complaint is entered into the system via an app and, at intervals of two weeks, the complaints received are assessed by a group comprising representatives of all departments concerned. Corrective measures, if necessary, can then be implemented.

In order to understand our customers' concerns even better and adapt our products to their needs as far as possible, it is essential to engage in continuous dialogue with them. We also comprehensively inform our customers about the technological and ecological properties of our products.

Corporate ethics and compliance

As a listed company with international operations, Wienerberger is committed to the strict principles of good governance and transparency as well as to the continuous development of an efficient corporate control system. In the pursuit of this target, we always act within the framework of Austrian law, the Austrian Corporate Governance Code, our Articles of Association, the rules of procedure of the Boards of the company, and our internal policies.

Wienerberger is committed to the principle of free and fair competition, which includes a firm stance against any form of corruption. We have always pursued the target of "zero incidents of corruption" and expect all our employees to act accordingly.

Commitment to compliance with all national and international legal standards is a central principle of the Wienerberger Group. To prevent insider trading and the unlawful disclosure of inside information, the company has adopted a compliance policy, which implements the provisions of European and Austrian stock exchange law. A compliance officer, assisted by a deputy, has been appointed to monitor compliance. Training sessions on issuer compliance are held regularly at the Vienna headquarters for the top management of Wienerberger AG and the Business Units.

Pursuant to the Austrian Lobbying and Interest Representation Transparency Act, the basic principles governing lobbying activities have been laid down in a code of conduct for all board members and employees of Austrian companies in which Wienerberger AG holds a majority interest. This code of conduct can be downloaded from the Wienerberger website.

For the Wienerberger Corporate Governance Report, please refer to pages 48-69 of this Annual Report and the Wienerberger website.

Additionally, Wienerberger officially commits to the implementation of the ten principles of the UN Global Compact and, as stated in the Wienerberger Social Charter, undertakes to observe the relevant conventions and recommendations of the International Labor Organization (ILO). For detailed information, please refer to the Wienerberger website.

Employees

Principles, Processes and Instruments

Our employees are the basis of our success and a key factor for the successful development of our company. We consider it our responsibility to create the necessary basis and best possible conditions for the safety, health and satisfaction of our employees.

The following principles of human resources management apply at Group level:

- Safeguarding of health and safety at the workplace
- Equal opportunities, regardless of age, sex, cultural background, religion, origin or other diversity features (for information on our diversity concept, please refer to pages 54-55)
- Advancement and support of the development of each individual employee
- Performance-oriented work ethics and readiness to assume responsibility
- Entrepreneurial thinking and acting

Our values provide the basis for our entrepreneurial activity. Responsibility, integrity and respect are the values we regard as particularly important in the relationship with our employees.

By signing the Social Charter in 2001, Wienerberger undertook to create employment and working conditions across the Group which meet or exceed the standards laid down in national laws and/or collective bargaining agreements. Thus, Wienerberger complies with the recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations).

Wienerberger is fully aware of its responsibility for its employees. As an industrial producer, our top priority is to avoid and/or minimize the exposure of our employees to health and safety hazards, especially in our plants. We not only take the necessary structural, technical and organizational measures, but also make every effort to foster a culture of safety, for instance through training programs and incentive systems.

At the same time, the degree of employee satisfaction has a considerable impact on the performance of the company. The general conditions at the workplace as well as the type and quality of the specific instruments available to employees for the performance of their tasks play an important role in this context. It is therefore our responsibility to create the prerequisites for dialogue and exchange across operating segments, promote the transfer of knowledge and support efficient cooperation.

Wienerberger is an international group with operations in 30 countries. Therefore, creating possibilities for all our employees to interact, exchange information and become involved in the life of the company are highly relevant factors that influence their well-being and their personal development.

The freedom of assembly of our employees and their right to engage in collective bargaining are other important principles upheld by us. In 2017, about 72% of all Wienerberger employees were covered by collective bargaining agreements.

Results of our 2014 Materiality Analysis

At Group level, the following social aspects were identified as being of material importance for our employees:

- Occupational health and safety
- Employee satisfaction and training
- Communication and employee involvement

Targets and Measures

Occupational health and safety

Our long-term target is to reduce the number of accidents to zero across the Group. All normal capex and standard maintenance activities are always carried out with the health and safety needs of our employees in mind. The Wienerberger Safety Initiative, launched in 2010, implemented Group-wide safety standards aimed at reducing the frequency and severity of occupational accidents. In 2014, the safety initiative was further developed and the activities undertaken within this framework were stepped up. As in previous years, the safety initiative was pursued consistently throughout 2017. Moreover, each operating segment implements its specific internal programs.

Prevention is an important factor in promoting health. Therefore, apart from regular health screenings, company physicians are available to employees throughout the Group. Workplaces are analyzed for their ergonomic characteristics, and individual programs for fitness and health are offered. In certain countries, we provide supplementary insurance coverage for our employees either free of charge or at reduced premiums. In the North America Division, for instance, all full-time employees are covered by additional health insurance, the scope of which goes beyond the Affordable Care Act (ACA) in some respects.

Employee satisfaction

We are planning to implement measures targeted at increasing employee satisfaction. In 2017, we conducted an employee survey in cooperation with an experienced partner. The survey was launched in 2015 at Wienerberger AG and rolled out to 17 countries. Based on a detailed set of criteria, the degree of satisfaction of our employees was ascertained. The results, broken down by department cluster, were communicated to all employees at the respective locations and follow-up measures were initiated. In 2018, the employee survey will be rolled out to all country organizations of the Wienerberger Group.

Communication with employees, involvement and development of employees

An important goal of Wienerberger is to strengthen the shared values of our corporate culture through various communication measures and platforms and translate them into practice throughout the Group. In this context, we also inform our employees about corporate targets and strategies as well as current developments.

At Wienerberger, we believe in advancing and supporting our employees in a targeted fashion and in facilitating the cross-border exchange of knowledge. To this purpose, we provide internal and external programs for initial and further training. All Wienerberger training programs are designed to promote networking and facilitate international knowledge transfer. They are aimed at providing training that is tailored to the employees' specific areas of work and, at the same time, serve the goal of long-term succession management. As in previous years, initiatives aimed at advancing and supporting employees in a targeted fashion and facilitating the cross-border exchange of knowledge were taken in 2017.

Non-financial indicators – Employees		2016	2017	Chg. in %
ø Employees	*in FTE*	15,990	**16,297**	+2
Accident frequency	*Number of occupational accidents / number of hours worked x 1,000,000*	6.5	**5.4**	-17
Accident severity	*Accident-related sick leave days / number of hours worked x 1,000,000*	177	**173**	-2
Fatal occupational accidents		2	**2**	0
ø Sick-leave days / employee	*in days*	9.6	**10.2**	+6
Employee turnover	*in %*	9.0	**9.2**	-
Percentage of women	*in %, relative to headcount*	13.6	**13.8**	-
Percentage of women in senior management	*in %, relative to headcount*	11.9	**11.8**	-

All abbreviations and special terms are explained in the glossary beginning on page 207.

Production

Principles, Processes and Instruments

Wienerberger strives to employ production methods that are as environmentally friendly as possible. In particular, we focus on the responsible and efficient use of raw materials, energy and water. We contribute to the fight against climate change through enhanced energy efficiency and through measures to further reduce our CO_2 emissions. At the same time, every effort is being made to increase the use of recycled materials in all Business Units, wherever technically and economically feasible.

Research and development (R&D) are among the priorities of Wienerberger's strategic planning. One of the core activities of R&D is to optimize production processes and product development. In 2017, R&D expenditure amounted to € 11 million, which corresponds to 0.4% of the Group's revenues.

Effective technical controlling systems have been installed in all fields of production of the Wienerberger Group. These systems record all production-related data that are required for the management of the company and to enable internal benchmarking across production sites.

Quality and Environmental Management

Quality management systems (QMS) have been established at all our plants, almost all of which are certified according to ISO 9001. Environmentally relevant aspects have also been integrated into our existing quality management systems. Where appropriate, some production sites have also been certified according to ISO 14001. All Steinzeug-Keramo production sites, as well as the Pipelife site in Germany, have already been certified according to DIN EN ISO 50001:2011 (Energy Management).

Ongoing optimization programs, such as the Plant Improvement Program (PIP) for the brick segment and the Production Excellence Program (PEP) in our concrete paver business, are aimed at sustainably reducing resource consumption and costs through improvements of production processes. In the plastic pipe segment we promote the Lean Six Sigma management approach in order to implement quality improvements and process optimization.

Supplier Management

Wienerberger attaches prime importance to the long-term security of supply and the sourcing of natural resources, materials and products in accordance with the criteria of sustainability. In our business relations, we want to do our utmost to ensure that our suppliers comply with our ecological and social standards, which we clearly communicate to them. For almost all product groups, minimum standards have been laid down in specific "Supplier Codes of Conduct", which suppliers have to sign and observe when doing business with us. Wienerberger intends to apply segment-specific "Supplier Codes of Conduct" throughout the Group.

Results of our 2014 Materiality Analysis

At Group level, the following environmentally relevant aspects have been identified as being of material importance:

In our production:
- Energy efficiency and climate protection
- Resource efficiency and waste management
- Responsible use of water

In our supply chain:
- Availability of raw materials
- Avoidance of hazardous substances
- Protection of local residents, nature conservation and re-use of depleted extraction sites

Targets and Measures

Energy efficiency and climate protection

For brick and plastic pipe production in Europe, our target is to reduce specific energy consumption and specific CO_2 emissions from production by 20% by 2020, as compared to 2010. Another target set for plastic pipe production in Europe is to reduce specific indirect CO_2 emissions from electricity generation by 20% by 2020, as compared to 2010. To reach these targets, Wienerberger is continuously optimizing its production processes with a view to enhancing energy efficiency and changing over to low-emission energy sources.

Responsible use of water

We make every effort to use water sparingly, for instance by running it in closed circuits and drawing primarily on our own wells. Water consumption is particularly relevant in plastic pipe production, as water is used for cooling in the production process. Our target for 2020 in plastic pipe production in Europe is to reduce the volume of water drawn from public networks to 0.55 m^3 per ton of products produced.

Availability of raw materials, use of recycled material, resource efficiency and waste management

Another target set for 2020 in plastic pipe production is to increase the percentage of recycled material to 70 kg per ton of products produced. Our target for concrete pavers is to cut the scrap rate by 50% by 2017, as compared to 2014.

Long-term availability of raw materials is a crucial aspect of corporate responsibility. To avoid the risk of potential shortages, the early identification of possible problems and a diversification of sources of supply are essential. From the viewpoint of resource efficiency, the use of secondary raw materials is an important issue for the future. However, the technical feasibility depends on the types of materials used and the applications concerned.

Avoidance of hazardous substances

Wienerberger meets all legal requirements at European, national and regional level regarding the avoidance and substitution of hazardous substances. Compliance is being monitored continuously, and corrective measures, if necessary, are taken without delay.

Protection of local residents, nature conservation and re-use of depleted extraction sites

Local residents in the vicinity of clay extraction sites are an important stakeholder group for Wienerberger. We engage in open dialogue with the residents concerned because their health and safety are important considerations for the company. Nature conservation and a meaningful re-use of depleted sites are significant sustainability criteria for the operation of extraction sites. This includes non-interference with protected areas and the re-cultivation or re-naturalization of depleted sites or their use for other purposes. As regards Wienerberger's own clay pits, nature conservation is guaranteed and concepts for meaningful re-use are elaborated in every case. For manufacturers of plastic products, the sustainable sourcing of raw materials comprises a range of critical issues, from nature conservation and the rights of regional stakeholders in crude oil extraction to energy efficiency in processing in the petrochemical industry.

Non-financial indicators – Production		2016	2017	Chg. in %
Total energy consumption	*GWh*	7,591	**7,889**	+4
Specific energy consumption	*Index in % based on kWh/ton (2013 = 100%)*	100	**99**	-1
CO_2 emissions from primary energy sources	*in kilotons*	1,320	**1,365**	+3
Specific direct CO_2 emissions from primary energy consumption in ceramic production	*Index in % based on kg CO_2/ton (2013 = 100%)*	96.1	**93.9**	-2
Specific indirect CO_2 emissions from use of electricity in plastic pipe production	*Index in % based on kg CO_2/ton (2010 = 100%)*	83.0	**84.0**	+1

Products

Principles, Processes and Instruments

A central principle of product development at Wienerberger is the creation of lasting value for our customers by supplying them with durable and innovative building material and infrastructure solutions. In our opinion, the relation between a product's useful life and its impact on the environment during raw material extraction, production, transport, installation, use and disposal plays an important role.

Wienerberger brick products form an integral part of sustainable building concepts. They guarantee a high quality of life and contribute to climate protection, for example through their heat storage capacity. In the pipes and pavers segment, we offer system solutions for all present-day challenges, including the demands on water management resulting from climate change and increasing urbanization.

Research and development

In view of what users and developers expect of a modern building, and considering the numerous regulatory requirements to be met, such as the Energy Performance of Buildings Directive (EPBD), the system-based approach to building construction is becoming more and more important. Integrated system solutions enable us to combine the outstanding properties of individual products of the Wienerberger product portfolio with products supplied by our partners in the field of building services and facilities in order to obtain the best possible results.

Wienerberger operates several research centers in Europe, each of them specializing in a different product group. Our product management specialists cooperate closely with the marketing and sales departments of the individual Business Units in order to align new developments with the needs of our customers. Market launches of new products across several countries are managed centrally, but the products are adjusted to local market conditions by our specialists on site. Thus, successful developments can be rolled out quickly and efficiently to the entire Group.

Environmental product declarations and certifications

For many years, Wienerberger has been working intensively on the voluntary preparation of eco-balances and environmental product declarations (EDPs) for its entire product range. All ceramic pipes and fittings produced by Steinzeug-Keramo as well as selected Semmelrock product lines have been certified according to the Cradle to Cradle® concept.

Service centers and complaints management

Our customers and business partners – end users as well as building material dealers, developers, designers and building contractors – want high-quality, durable and affordable products for a safe and comfortable residential environment. Complaints regarding product quality or other issues are dealt with in various ways, ranging from local service centers run by the country organizations to centralized complaint-management regimes. In order to understand our customers' concerns even better and adapt our products to their needs as far as possible, it is essential to engage in continuous dialogue with them. We also comprehensively inform our customers about the technological and ecological properties of our products. Our trained and qualified employees as well as our service centers advise customers on how to use our products and system solutions.

Results of our 2014 Materiality Analysis

At Group level, the following environment-related aspects of our production have been identified as being of material importance:

- Innovative and durable products
- Recyclability, recycling and re-use of products
- Product-group-specific aspects:
  - Sustainability in construction and demolition
  - Ease of installation
  - Renewable energy for buildings and a contribution to the energy efficiency of buildings

Targets and Measures

Wienerberger aims to secure and further strengthen its market positions through cost and technology leadership and product innovations. Therefore, research and development are among the priorities of Wienerberger's strategic planning.

Products, system solutions or processes that represent an improvement over earlier versions or add to the diversity of the product range qualify as innovative. In line with current market requirements, definitions of the innovative character of products have been elaborated for the individual product groups. This facilitates Group-wide comparisons.

The definitions refer, in particular, to properties identified by our stakeholders as being of material importance, depending on the type of product or system solution. Such properties include, for example, durability, recyclability, recycling and re-use, and contributions to energy efficiency, climate protection and the preservation of buildings as part of the cultural heritage, as well as cost efficiency and ease of installation. In 2017, innovative products and system solutions accounted for 29.7% of the Group's total revenues. The specific quantitative targets of the individual Business Units regarding the percentages of innovative products and system solutions in total revenues are outlined in our sustainability reports.

Social and Societal Commitment

Principles, Processes and Instruments

Wienerberger takes its role as a responsible member of society very seriously. For us, this responsibility encompasses the observance of ethical principles in all our actions, honest communication, active involvement in the creation of a transparent economic environment, personal accountability for what we do, and acting as a reliable and useful member of society.

By acceding to the UN Global Compact in 2003, we officially committed to the implementation of its principles regarding human rights, labor standards, environmental protection – including the precautionary principle – and the fight against corruption. Every year, we publish the Communication on Progress (CoP) required by the UN Global Compact. The latest version of Wienerberger's Communication on Progress is contained in the 2016 Sustainability Report and can also be viewed on our website.

In 2001, the Wienerberger Social Charter was signed in Strasbourg by the Managing Board of Wienerberger AG and the Chairman of the European Forum, a social partnership body. The document confirms Wienerberger's commitment to comply with the relevant conventions and recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations).

Results of our 2014 Materiality Analysis

In a differentiated analysis of the most important issues regarding the societal environment of our operations, corporate ethics and compliance were identified as aspects of material importance that are equally relevant to all segments of production.

Targets and Measures

Wienerberger is committed to the principle of free and fair competition, which includes a firm stance against any form of corruption. We have always pursued the target of zero incidents of corruption and expect all our employees to act accordingly. In 2017, no charges were brought or sentences pronounced against Wienerberger for corruption and no penalty payments were due.

Compliance with all national and international legal standards in force is a fundamental principle strictly observed by the Wienerberger Group. Monitoring by the competent authorities did not result in any negative findings in 2017.

Further details relating to these issues are contained in the chapter "Management Approach", which also outlines the relevant measures taken by us.

Social Commitment and Donations

Wienerberger regularly supports a large number of social projects and organizations in almost all the countries in which the Group operates. We are convinced that we can help best in our fields of core competence, i.e. through the provision of building material and infrastructure solutions and the transfer of sustainable building know-how.

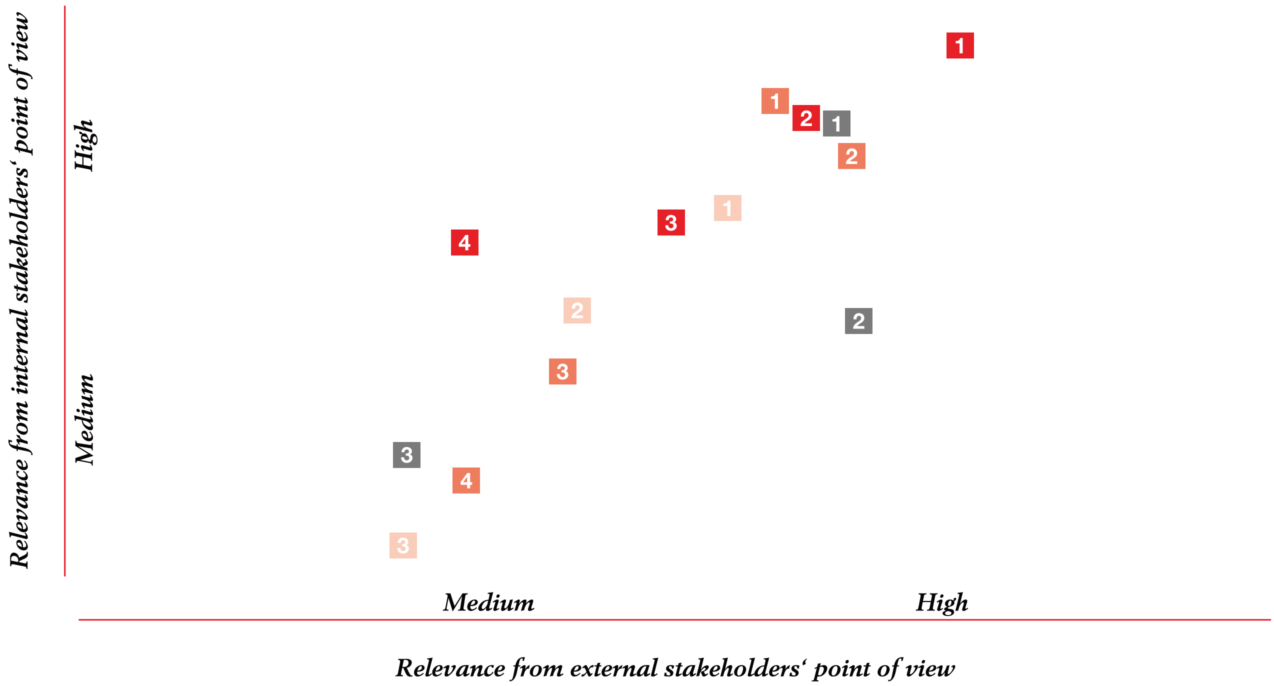
In accordance with the Wienerberger Donations Policy, we support people in need in a targeted manner through product donations. The Wienerberger Donations Policy was revised in 2017 and now clearly distinguishes between social commitment and local cooperation activities.

The Sustainability Roadmap 2020

The Wienerberger Sustainability Roadmap 2020 describes the sustainability targets pursued by the Wienerberger Group up to 2020. These targets are based on the results of the 2014 materiality analysis. The Roadmap represents a deliberate, self-imposed commitment to continuously improving Wienerberger's ecological, social, societal and economic performance.

The following diagram shows all the indicators identified in the materiality analysis as highly relevant, which therefore provide the basis for the Wienerberger Sustainability Roadmap 2020. The measures taken and the targets achieved, as well as the steps to be taken by the Business Units within the framework of the Sustainability Roadmap 2020, are outlined in detail in our Sustainability Reports.

The Indicators with Highest Relevance as a Basis for the Sustainability Roadmap 2020



Caption

Sustainability in the supply chain	
1	*Availability of raw materials*
2	*Avoidance of hazardous substances*
3	*Protection of local residents and employees, nature conservation, re-use of depleted extraction sites*

Sustainable products	
1	*Innovative and durable products*
2	*Recyclability, recycling and re-use of products*
3	*Product-group-specific properties*

Environmental aspects in production	
1	*Energy efficiency*
2	*Climate protection*
3	*Resource efficiency and waste management*
4	*Responsible use of water*

Social aspects in production	
1	*Health and safety of employees*
2	*Business ethics and compliance*
3	*Employee satisfaction and training*
4	*Communication with and involvement of employees*

Economic Environment and Capital Markets

Economic environment in 2017

The global economic recovery gained momentum in 2017: According to the International Monetary Fund (IMF), the rate of global growth, which at 3.2% in 2016 was the lowest since the worldwide financial crisis, increased to 3.7% in 2017. Developments in Europe and North America, the core regions of the Wienerberger Group, were particularly encouraging. Thanks to strong growth in private consumption and capital expenditure, the US economy recorded a growth rate of 2.3%, as compared to a mere 1.5% in 2016. The pace of GDP growth was particularly noteworthy in view of the fact that President Trump had not yet delivered on his promise to stimulate economic activity through investments in infrastructure, higher minimum wages and lower taxes. The euro area has also been experiencing a broad-based economic upswing, with GDP of 2.4% in 2017 (2016: 1.8%) and contributions to growth made by all major economies. Germany, France and even Italy, where economic performance had been weak in recent years, all recorded a significant acceleration of economic growth compared to previous years. In Great Britain, the looming Brexit led to a downturn of economic growth to 1.7% (from 1.9% in 2016). With growth rates up by a full two percentage points from the previous year's level, the economies of Eastern Europe, another core region of the Wienerberger Group, were particularly strong.

Due to the upcoming elections in Europe, the inauguration of the Trump administration in the USA and the slow progress of the Brexit negotiations, 2017 was a year marked by political uncertainty. The fact that pro-European political forces prevailed both in France and in the Netherlands was taken by commentators as a sign of stability in Europe. When snap elections were called in Great Britain, Prime Minister Theresa May's party lost its absolute majority, which narrowed her room for manoeuvring in the ongoing Brexit negotiations. A few days after President Trump's inauguration, the USA withdrew from the Pacific Free Trade Agreement (TPP) and decided to pull out of the Paris Climate Agreement. Steps such as these caused serious political concern all over the world and were taken as evidence of a reinterpretation of the geopolitical positioning of the USA.

In terms of monetary policy, the US Federal Reserve System (Fed) raised its key interest rate, as expected, in 2017. It now ranges from 1.25% to 1.50%. For 2018, the Fed has signaled the possibility of another three interest rate hikes. The European Central Bank (ECB) maintained its key lending rate at its all-time low of 0.0% throughout 2017 and, unlike the Fed, is continuing to expand its bond portfolio. However, in January 2018 the volume of its asset purchasing program was reduced by half to € 30 billion per month. It remains to be seen whether the purchasing program will actually expire in September 2018. The market does not expect a first upward adjustment of interest rates by the ECB before 2019. In contrast to ECB's continued expansionary monetary policy, the Bank of England increased its key lending rate for the first time since 2007.

Forecasts for 2018

For 2018, the IMF projects a slight increase in global economic growth to 3.9%. For the USA, an improvement of 0.4 percentage points to 2.7% is expected. A move in the opposite direction is anticipated for Europe, where economic output growth is expected to slow down by 0.2 percentage points to 2.2% in the euro area and by 1.2 percentage points to 4.0% in the Eastern European economies. For Great Britain, the IMF also forecasts a further cooling off of the economy by 0.2 percentage points to 1.5%.

Effects on the stock markets

Under the impact of President Trump's announcements of stimulus packages, including infrastructure investment programs and a reduction of taxes on corporate profits, the US stock market began the year in a bullish mood. Sentiment surveys among both companies and consumers signaled growing optimism, and strong purchasing manager indices as well as rising corporate profits created a generally positive market environment. Against the backdrop of political risks and a financial sector under pressure, European stock markets showed greater volatility at the beginning of the year, before moderate rates of inflation and the alleviation of political risks led to a scenario that reflected the positive fundamentals of European companies at mid-year.

Overall, the global stock markets presented a clearly positive picture in 2017. Almost all the major indices ended the year with double-digit growth. The Dow Jones Industrial Average closed the year with a gain of 25.1%. The S&P 500 closed with a gain of 19.4% and the NASDAQ index for technology stock with an increase of 31.5%. In Europe, the EURO STOXX 50 closed the stock market year on a performance of 6.5%. Although the Brexit negotiations turned out to be more difficult than expected, the British FTSE 100 index closed the year with a gain of 7.6%. On the European continent, both the German DAX and the French CAC40 ended the year with positive performances of 12.5% and 9.3%, respectively. Thanks to the strong performance of the financial sector, the Austrian ATX was once again the best performing index in Europe, reporting a gain of 30.6%.

The residential construction market in Europe

Three key indicators for the analysis and projection of residential construction activities in a region are the numbers of building permits, new housing starts and housing completions. In 2017, these indicators presented an encouraging picture for Europe. According to the Euroconstruct industry benchmark covering 19 countries, the number of building permits, which can be taken as an indicator of future developments, increased by 7.2% in the countries in which Wienerberger operates. To enhance the validity of the Euroconstruct forecasts, we base our analysis on weighted growth rates. To this end, Euroconstruct's growth projections for the individual countries were weighted by the shares in revenues in our brick business. In the single- and two-family home segment, where Wienerberger's market position is particularly strong, weighted building permits increased by 4.3%. However, the forecasting power of building permits has decreased notably in recent years, and the number of building permits issued no longer translates into corresponding numbers of housing starts and housing completions. For 2018, Euroconstruct forecasts a slight 4.0% increase in single- and two-family housing starts in our relevant markets. The retrospective indicator of housing completions shows a weighted rate of growth in the single- and two-family home segment of 9.2% for 2017. Taken together, these indicators confirm the progressive recovery of housing construction in Europe.

Renovation activities in the residential segment are covered mainly by statistics on renovation expenditure. According to Euroconstruct, this broad-based indicator showed a weighted increase of 1.9% in 2017. For our roof tile business, the renovation of pitched roofs, often combined with an improvement of thermal insulation, is the most important sub-segment of the renovation market.

The European infrastructure market

European capital spending on infrastructure projects trended upward in 2017. For the analysis of infrastructure expenditure, the revenue shares of the markets of the Pipes & Pavers Europe Division are applied as weighting factors to the country growth rates. According to Euroconstruct, weighted infrastructure expenditure increased by 5.1% in the relevant Western European markets. While the four markets observed in the region, i.e. Poland, the Czech Republic, Hungary and Slovakia, experienced a decline in infrastructure spending by 10% in 2016, growth in the reporting year came to 10.4%. This development is primarily accounted for by the notable revival of EU-funded infrastructure projects, with a significant increase in tendering activity seen especially in the second half of the year, which suggests further growth in 2018. Overall, moderate weighted growth of 6.8% was recorded in European infrastructure spending in the markets relevant to Wienerberger.

In the sub-segment of water management, which accounts for approximately 16% of total expenditure on infrastructure and includes water-supply and waste-water disposal systems, an important market for our pipe business, investments increased by 2.9% according to the weighted projection. The telecommunication segment registered a slight increase in construction output by 1.6%, while capital expenditure in the energy segment grew by 4.0%. In road construction, weighted growth was observed in both Western and Eastern Europe at rates of 7.6% and 11.2%, respectively.

The US housing market

According to the U.S. Census Bureau, housing starts in the USA rose by 2.4% to 1.201 million housing units in 2017. Housing completions grew by 8.7% to 1.152 million units. Building permits were issued for 1.263 million housing units, corresponding to an increase of 4.7% year on year. For the second consecutive year, growth rates in the single-family home segment were higher than in the multi-family home segment. The change was reflected most clearly in the number of permits issued, as a prospective indicator, which increased by 8.9% for single-family homes and declined by -2.6% for multi-family residential buildings.

The National Association of Home Builders (NAHB) foresees a 2.7% increase in housing starts to 1.248 million units in 2018. This is mainly due to 4.5% growth in the single-family home segment, whereas a slight decline of 1.6% is forecast for multi-family homes. The estimate by McGraw Hill Construction – Dodge, projecting an increase to 1.275 million housing units, is even more optimistic.

The NAHB/Wells Fargo Housing Market Index reflects current estimates of house sales by building contractors and developers as well as their expectations for the next six months. In December 2017, the index stood at 74 points, up by 5 points from the value of the closing month of the previous year. Thus, the index clearly exceeds the 50-point mark, which indicates that the majority of market participants see the outlook as positive. According to the S&P Case-Shiller 20-City Composite Home Price Index, selling prices rose by 6.30% over the 12 months up and including December 2017.

The benchmark for fixed interest rates on 30-year mortgage loans dropped to 3.95%, which corresponds to a decline by 25 basis points from its 2016 year-end value. Thus, this indicator remained at a very low level in a long-term comparison, which again increases the attractiveness of fixed-interest loans with long maturities.

Overall, the large number of positive indicators for the US housing market points to a continuation of growth in 2018.

Sources: IMF (World Economic Outlook, January 2018), U.S. Census Bureau, Euroconstruct, NASDAQ, Freddie Mac Primary Mortgage Market Survey, McGraw Hill Construction - Dodge, NAHB, NAHB/Wells Fargo Housing Market Index, S&P/Case-Shiller 20-City Composite Home Price Index

Financial Review

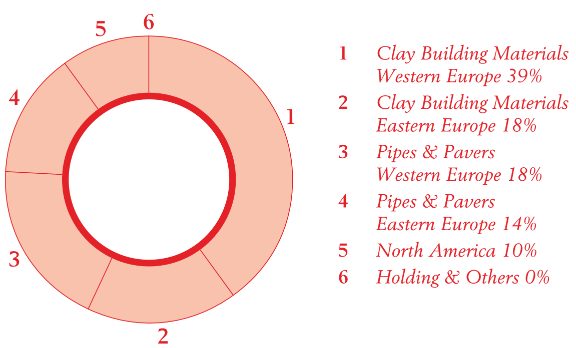
Earnings

In 2017, the Wienerberger Group generated growth in revenues and earnings:

- Revenues increased by 5% to € 3,119.7 million (2016: € 2,973.8 million)
- EBITDA rose by 3% to € 415.0 million (2016: € 404.3 million)
- 7% organic EBITDA growth to € 407.9 million
- Business performance benefited from rising sales volumes, higher average prices and continuous improvement of the cost structure

Wienerberger's Clay Building Materials Europe Division generated external revenues of € 1,787.0 million, an increase of 6% compared to the previous year (2016: € 1,681.2 million), and benefited from rising sales volumes and higher average prices. This resulted in a substantial 12% year-on-year improvement of EBITDA to € 324.3 million (2016: € 290.7 million). In the Clay Building Materials Eastern Europe segment, we recorded growth of our operations in almost all countries, while the Clay Building Materials Western Europe segment was characterized by diverging regional trends. Growth in new residential construction in Great Britain, France and the Netherlands contrasted with muted activity in Germany and delays in project execution in Belgium as a result of bottlenecks in the delivery of insulating materials. Overall, we generated a notable increase in external revenues and organic EBITDA in both reporting segments.

External Revenues by Segment



The external revenues of the Pipes & Pavers Europe Division increased by 3% to € 1,014.2 million (2016: € 988.2 million), whereas EBITDA declined from € 98.5 million in 2016 to € 69.7 million in 2017. The Division's plastic pipe business in Eastern Europe and its activities in concrete pavers and ceramic pipes generated an increase in earnings. The decline in EBITDA was due to the Western European plastic pipe business, where sluggish demand in international project business, rising raw material costs and the challenging market environment in France depressed earnings. Additionally, structural adjustments initiated in France resulted in costs in the amount of € 12 million.

In the North America Division, our brick business benefited from growth in residential construction in the USA and continuing high demand in Canada, which led to higher sales volumes. The Division also reported significant improvements in its plastic pipe business and substantially increased sales volumes. Overall, the Division's external revenues grew by 5% to € 308.7 million in the reporting year (2016: € 292.7 million), while its EBITDA declined slightly to € 32.0 million (2016: € 32.7 million). However, the results of the two years are not fully comparable, given the one-off effects of the sale of non-core real estate in 2016 and negative foreign-exchange effects in 2017. Moreover, we sold two production sites for concrete products in Colorado and Wyoming at a profit at the end of 2016. Corrected for these effects and for one-off expenses, the Division generated a significant organic increase in earnings.

The Group's EBITDA, amounting to € 415.0 million, exceeded the previous year's level by 3%. Besides significant organic growth, this amount included income of € 22.8 million from the sale of non-core real estate and € 1.3 million from the consolidation of contributions to earnings by acquisitions. This was contrasted by a negative amount of € 5.0 million from foreign-exchange differences, mainly against the British pound and the Turkish lira, which were partly offset by positive differences against the Polish zloty. In addition, costs of € 12 million were incurred through structural adjustments initiated in the French plastic pipe business. All in all, the organic EBITDA improved by 7% to € 407.9 million.

EBITDA *in MEUR*	2016	2017	Chg. in %
Clay Building Materials Europe	290.7	**324.3**	+12
Pipes & Pavers Europe	98.5	**69.7**	-29
North America	32.7	**32.0**	-2
Holding & Others	-17.6	**-11.1**	+37
Wienerberger Group	**404.3**	**415.0**	**+3**

Scheduled depreciation and amortization amounted to € 189.6 million (2016: € 191.3 million). The depreciation ratio declined from the previous year's value of 6.4% to 6.1% in 2017. This relatively high value is an indicator of the capital-intensive nature and the technological potential of the Wienerberger Group. Moreover, impairments of property, plant and equipment in the amount of € 41.5 million (2016: € 19.7 million) as well as impairments of intangible assets and goodwill in the amount of € 6.3 million (2016: € 6.9 million) were booked. Reversals of impairment charges totaled € 1.1 million (2016: € 4.3 million).

Earnings before interest and tax (EBIT) decreased to € 178.7 million (2016: € 190.6 million) due to higher impairment charges to property, plant and equipment in the reporting year.

Profitability Ratios *in %*	2016	2017
Gross profit to revenues	32.4	**32.9**
Administrative expenses to revenues	6.3	**6.5**
Selling expenses to revenues	19.3	**19.1**
EBITDA margin	13.6	**13.3**
Operating EBIT margin	6.6	**6.2**

Financial Result and Taxes

The financial result remained almost stable at € -33.8 million (2016: € -32.1 million). The slightly lower net interest result is accounted for by the redemption of a hybrid bond at the beginning of 2017. The hybrid bond at a fixed interest rate of 6.5% was repaid from revolving credit lines at interest rates of less than 2.0% and from liquid funds. This resulted in net interest expenses in the amount of € -36.2 million (2016: € -34.4 million). At the same time, however, hybrid capital costs dropped noticeably from € 31.5 million to € 14.1 million. Income from investments in associates and joint ventures declined from € 6.7 million to € 4.2 million year on year. The other financial result, which was negative at € -1.9 million (2016: € -4.3 million), included valuation effects in the amount of € -0.6 million and, above all, bank charges of € -2.4 million. Dividend income and other effects amounted to € 1.1 million.

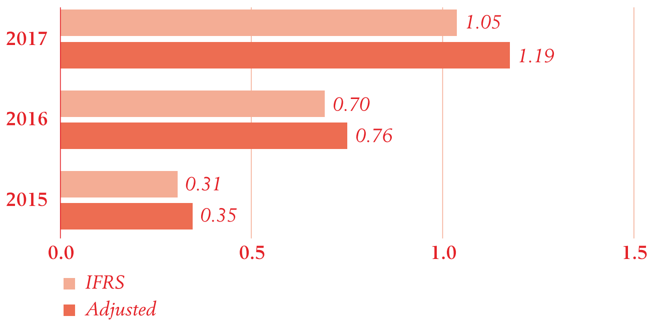
Profit before tax declined from € 158.5 million in 2016 to € 144.9 million in 2017, which was mainly due to higher impairment charges to property, plant and equipment.

Income Statement
in MEUR

	2016	2017	Chg. in %
Revenues	2,973.8	3,119.7	+5
Cost of goods sold	-2,011.2	-2,093.7	-4
Selling and administrative expenses [1]	-760.5	-798.9	-5
Other operating expenses	-69.1	-92.3	-34
Other operating income	64.8	59.4	-8
Operating EBIT	**197.7**	**194.2**	**-2**
Impairment charges to assets	-4.5	-10.2	<-100
Impairment charges to goodwill	-6.9	-6.3	+8
Reversal of impairment charges to assets	4.3	1.1	-75
EBIT	**190.6**	**178.7**	**-6**
Financial result [2]	-32.1	-33.8	-5
Profit/loss before tax	**158.5**	**144.9**	**-9**
Income taxes	-43.2	-4.2	+90
Profit/loss after tax	**115.3**	**140.6**	**+22**

1) Including freight costs // 2) Including income from investments in associates

Earnings per Share
in EUR



On account of the strong operating performance of the Clay Building Materials Western Europe segment and the use of remaining tax loss carryforwards in prior periods, the current income tax expense increased to € 45.0 million in the reporting year (2016: € 40.5 million). The current income tax expense was contrasted by positive effects from the capitalization of deferred taxes in a total amount of € 40.8 million, which were mainly accounted for by the North America segment.

The after-tax result improved significantly from € 115.3 million in 2016 to € 140.6 million in 2017. This is due to substantial operational growth and the lower tax expense. The net result is calculated after deduction of income attributable to non-controlling interests of € 3.4 million and the annual hybrid coupon of € 14.1 million, the latter being significantly below the previous year's level (2016: € 31.5 million) on account of the refinancing of a hybrid bond. Overall, the Group's net result rose from € 82.0 million to € 123.2 million, which corresponds to a 50% increase year on year. With no change in the weighted average of 117.0 million shares (2016: 117.0 million), earnings per share increased by an equally significant amount to € 1.05 (2016: € 0.70).

Assets and Financial Position

In 2017, the total assets of the Group increased by 1% to € 3,659.9 million, which was mainly due to the increase in current assets, while non-current assets declined slightly. The increase in current assets was primarily accounted for by higher other receivables from the sale of non-core real estate as well as higher inventories and trade receivables.

The share of non-current assets in total assets declined slightly year on year, with shifts within non-current assets. Within the position of intangible assets and goodwill, a decline in goodwill contrasted with an increase in other intangible assets. Goodwill declined due to an impairment in the ceramic sewage pipe business and negative foreign-exchange effects. The reduction in property, plant and equipment results from higher depreciation and impairment charges as well as negative foreign-exchange effects, which were only partially offset by additions to assets. At the balance sheet date, property, plant and equipment accounted for 62% of capital employed (2016: 64%). The book values of real estate held as investment property were reduced through sales and scheduled depreciation. The reduction of non-current assets was contrasted by a rise in deferred tax assets to € 44.0 million (2016: € 17.4 million), which was mainly due to the capitalization of tax loss carryforwards in the North America Division.

Working capital (inventories + net trade receivables - trade payables) increased by 3% to € 534.3 million (2016: € 519.7 million). Given that revenues grew by 5%, the ratio of working capital to revenues stood at 17.1%, which is a further improvement over the previous year's value of 17.5% and clearly below the Group's threshold of 20%.

As at 31/12/2017, cash and cash equivalents as well as the portfolio of securities and other financial assets totaled € 248.3 million, almost unchanged from the previous year's level (2016: € 249.8 million). Liquid funds were reduced by € 27.8 million while the securities portfolio increased through investments in investment funds and higher market values of derivatives. These funds are part of the high liquidity reserve available to finance seasonal working capital requirements and to partially refinance liabilities in 2018.

In 2017, the Group's equity increased by 3% to € 1,911.2 million (2016: € 1,849.0 million). This change was mainly due to the significantly improved after-tax result of € 140.6 million (2016: € 115.3 million). At the same time, changes in currency translation in the amount of € 48.2 million, the deduction of the € 17.7 million hybrid coupon and the € 31.6 million dividend paid out resulted in a decrease in equity. Changes in hedging reserves as well as market value changes in available-for-sale financial instruments totaling € 14.0 million, actuarial gains after tax in connection with defined-benefit pension plans, and provisions for severance pay in the amount of € 5.1 million were recognized in other comprehensive income.

Deferred tax liabilities decreased year on year from € 80.8 million to € 71.6 million. Non-current employee related provisions dropped to € 155.0 million (2016: € 171.5 million), which was primarily due to lower pension obligations in North America, Great Britain and Switzerland. Since Wienerberger has not concluded any new defined-benefit pension plans and is converting existing commitments into defined-contribution commitments, wherever possible, pension provisions carried on the balance sheet show a decreasing trend, except for the effects of changes in legislation or changes in pension parameters. Other non-current provisions, mainly provisions for warranties and the recultivation of depleted clay pits, increased from € 71.2 million to € 76.5 million due to higher environmental and other personnel provisions. Current provisions in the amount of € 39.1 million (2016: € 35.3 million) included structural adjustments in the French plastic pipe business and personnel provisions. Thus, total provisions accounted for 7% (2016: 8%) of total assets.

Interest-bearing debt (financial liabilities), which decreased by € 66.7 million to € 814.7 million (2016: € 881.4 million), comprises liabilities to banks, bond holders and other third parties in the amount of € 806.1 million (2016: € 869.4 million) and derivatives with negative market values of € 8.6 million (2016: € 12.0 million). Financial liabilities were redeemed from the free cash flow generated and from liquid funds. These liabilities stood against liquid funds and securities of € 248.3 million (2016: € 249.8 million) and committed credit lines of € 400.0 million, € 323.0 million of which were undrawn by the balance sheet date. Of the total interest-bearing debt in the amount of € 814.7 million, 61% (2016: 55%) were of a long-term and 39% (2016: 45%) of a short-term nature.

Calculation of Net Debt [1)]
in MEUR

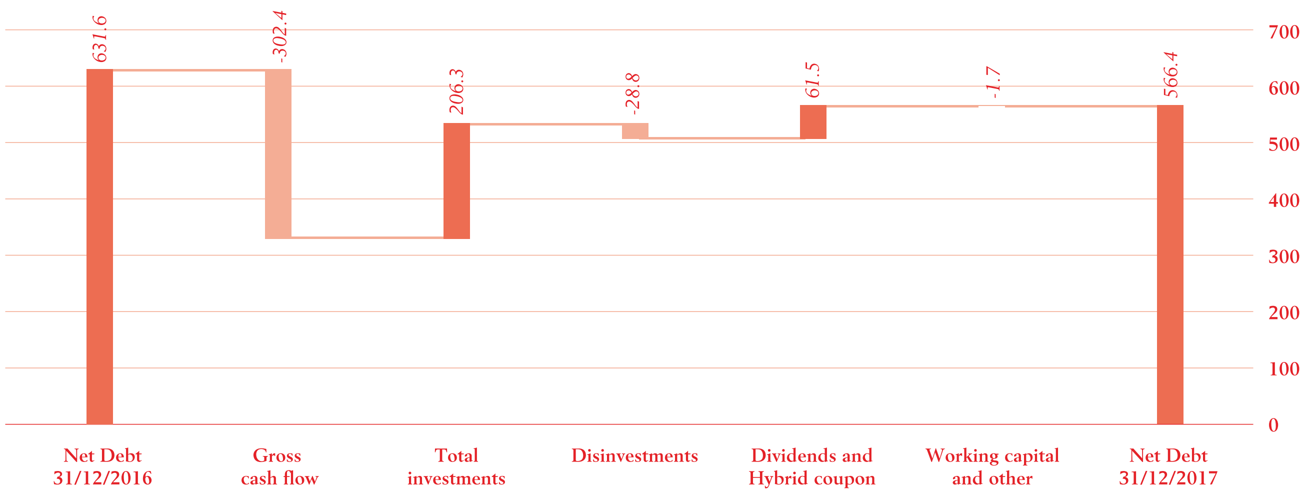
	2016	2017	Chg. in %
Long-term interest-bearing financial liabilities	481.4	492.9	+2
Short-term interest-bearing financial liabilities	399.9	320.7	-20
Financial leases	0.1	1.1	>100
- Intercompany receivables and payables from financing	-18.3	-20.5	+12
- Securities and other financial assets	-34.4	-58.5	+70
- Cash and cash equivalents	-197.0	-169.3	-14
Net debt	**631.6**	**566.4**	**-10**

1) Excluding the 2014 hybrid bond, which is recognized in equity according to IFRS

In 2017, cash outflows for total investments increased from € 181.1 million to € 206.3 million. Nevertheless, the Group succeeded in reducing its net debt as at 31/12/2017 by 10% to € 566.4 million (2016: € 631.6 million). Cash flow from operating activities decreased to € 272.3 million in the reporting year (2016: € 333.8 million) due to higher taxes paid, higher interest paid and a rise in net current assets. Proceeds from the disposal of assets, primarily non-core assets, amounted to € 28.8 million (2016: € 42.1 million). This inflow of funds stood against cash outflows for investments, the € 31.6 million dividend (2016: € 23.4 million), and the € 29.9 million hybrid coupon (2016: € 32.5 million).

At the end of 2017, the level of net debt corresponded to an improved gearing of 29.6% (2016: 34.2%). On December 31, 2017, the debt repayment period was 1.4 (2016: 1.6); the EBITDA cover ratio was 11.5 (2016: 11.8).

Development of Net Debt
in MEUR

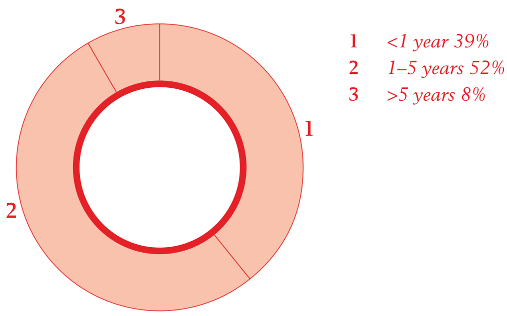


Balance Sheet Ratios		2016	2017
Capital employed	in MEUR	2,460.0	**2,459.2**
Net debt	in MEUR	631.6	**566.4**
Equity ratio	in %	50.8	**52.2**
Gearing	in %	34.2	**29.6**
Asset coverage	in %	78.3	**83.2**
Working capital to revenues	in %	17.5	**17.1**

Treasury

In February 2017, as announced, Wienerberger redeemed a hybrid bond with an outstanding nominal value of € 221.8 million. To refinance the bond, a syndicated credit line of € 150 million, concluded in the fourth quarter of 2016, was drawn at the end of January 2017 and own liquidity reserves were used. Through this measure, the Wienerberger Group adjusted its capital structure, as this component of subordinated capital was no longer needed after the steep reduction of financial liabilities. By replacing the hybrid bond, Wienerberger consistently pursued the goal of optimizing its financing costs. In contrast to the hybrid bond with a fixed coupon of 6.5%, interest on the bank loan taken out stands at 1.22%. Moreover, the coupon on the remaining hybrid bond with a nominal value of € 272.2 million was reduced from 6.5% to 5.0% as stipulated from February 2017 onwards.

Term Structure of Interest-bearing Financial Liabilities



To meet the seasonal financing requirements of net current assets, the revolving € 400 million credit line was drawn, and the cash flow of the second half of the year was used to bring the line back to a degree of utilization of € 77.0 million by the end of the year. Overall, the net interest result of € -36.2 million was a mere 5% below the previous year's value of € -34.4 million despite the fact that the hybrid bond, recognized in equity, was replaced by debt. This was contrasted by a significant drop of the costs of hybrid capital from € 31.5 million in 2016 to € 14.1 million in 2017.

Wienerberger's liquid funds declined from the previous year's level of € 197.0 million to € 169.3 million; together with securities positions and the committed but undrawn credit line of € 323.0 million, they constituted the Group's liquidity reserve for the coming twelve months. It will be used to finance the short-term build-up of stocks in the first quarter and, in part, to redeem liabilities, which eliminates the need for longer-term external investment. This minimizes the problem of the current interest environment with partly negative interest rates.

The most important financial parameters, which are the basis for the company's bank covenants and its rating, showed a satisfactory development in 2017. Owing to the slightly changed net interest result and the reduction in net debt through the positive net cash flow, the repayment period (ratio of net debt to EBITDA) improved from 1.6 years in 2016 to 1.4 years in 2017; the interest coverage ratio (EBITDA / net interest expense) stood almost unchanged at a high value of 11.5.

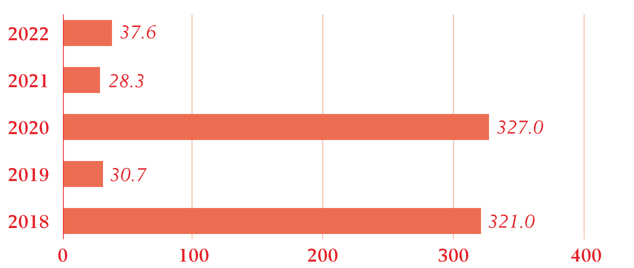
Thus, we outperformed our self-imposed threshold of a debt repayment period of less than 2.0 at year-end and now have sufficient headroom to remain below the external limits set by our bank covenants. We also outperformed the targets set by our rating agency for the Ba2 rating of the Wienerberger Group.

Treasury Ratios	31/12/2016	31/12/2017	Covenant
Net debt / EBITDA	1.6	**1.4**	<3.50
EBITDA / interest result	11.8	**11.5**	>3.75

As at the balance sheet date, 66% of the Group's financial liabilities were fixed-interest-bearing. The remaining 34% of variable-interest debt is partly offset by floating-rate investments, which reduces the interest rate risk of the Group.

Owing to the local character of Wienerberger's business, foreign exchange fluctuations are primarily reflected as translation risks and, to a lesser extent, as transaction risks. Usually, forwards are used to hedge transaction risks. While the majority of financing instruments are euro-denominated, Wienerberger monitors the currency risk on its balance sheet regarding the net risk positions held in the most important currencies (CAD, CHF, CZK, GBP, PLN and USD) and hedges part of the risk through cross-currency swaps on the basis of monthly sensitivity tests. Subject to economic restrictions, receivables in foreign currencies due from subsidiaries of the Group are also hedged by means of cross-currency swaps and constitute translation hedges at Group level. As at the balance sheet date, the Group held derivative positions in Canadian dollars, Czech crowns, British pounds, Polish zlotys, US dollars and Swiss francs.

Term Structure of Interest-bearing Financial Liabilities
in MEUR



Cash Flow

The Group's strong operational performance had a positive influence on cash flow from operating activities. The decline to € 272.3 million (2016: € 333.8 million) was due to higher taxes paid, higher interest paid for the refinancing of a hybrid bond, and the growth-related rise in net current assets. Nevertheless, we were able to keep the year-on-year increase below the growth rate of revenues and succeeded in further improving the ratio of working capital to revenues.

Cash outflows for investments amounted to a total of € 206.3 million (2016: € 181.1 million), up by 14% from the previous year, comprising maintenance investments as well as improvements of the production program and external acquisitions. Cash flow from investing activities included proceeds from asset sales in the amount of € 28.8 million (2016: € 42.1 million), above all from the program of the disposal of non-core real estate. The reduction compared to the previous year is mainly due to transactions made toward the end of the year, for which payment was received after the balance sheet date. Cash flow from investing activities in 2017 also comprised dividends received from associates and joint ventures in the amount of € 6.6 million (2016: € 4.3 million).

In 2017, Wienerberger generated a free cash flow (cash inflow from operating activities less cash flow from investing activities plus growth capex) of € 152.5 million (2016: € 246.5 million). It was used to finance growth investments in the amount of € 58.8 million, the payout of the hybrid coupon of € 29.9 million and a dividend of € 31.6 million. The remaining cash flow reduced the Group's net financial liabilities.

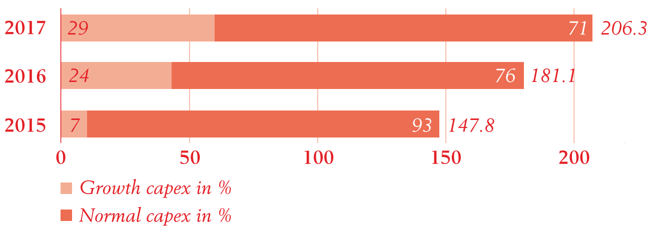
Cash Flow Statement
in MEUR

	2016	2017	Chg. in %
Gross cash flow	**317.9**	**302.4**	**-5**
Change in working capital and other	15.9	-30.1	<-100
Cash flow from operating activities	**333.8**	**272.3**	**-18**
Normal capex (maintenance and technological developments)	-137.3	-147.5	-7
Growth capex	-43.8	-58.8	-34
Divestments and other	50.0	27.6	-45
Cash flow from investing activities	**-131.1**	**-178.7**	**-36**
Growth capex	43.8	58.8	+34
Free cash flow	**246.5**	**152.5**	**-38**

Investments

Investments in the reporting year totaled € 206.3 million (2016: € 181.1 million). In addition to acquisitions and capital expenditure for plant extensions, the amount mainly includes normal capex. The distinction between growth capex and normal capex is based on whether or not an investment serves to explore new markets or product segments or to increase production capacities. Capital expenditure for maintenance, technological innovations or production facilities for premium products is recognized under normal capex. In 2017, growth capex included € 43.1 million (2016: € 17.5 million) for acquisitions and € 15.7 million (2016: € 26.3 million) for the extension of plant capacities. Normal capex amounted to € 147.5 million (2016: € 137.3 million), corresponding to 67% of depreciation (2016: 66%). The breakdown of total capital expenditure in the reporting year by Division shows that Clay Building Materials Europe accounted for 47%, Pipes & Pavers Europe for 28%, North America for 21% and Holding & Others for 4% of the total.

Total Investments
in MEUR



Development of Non-current Assets
in MEUR

	Intangible	Tangible	Financial	Total
31/12/2016	**690.4**	**1,650.4**	**20,6**	**2,361.4**
Capital expenditure	7.0	156.3	0.0	**163.3**
Changes in the consolidation range	33.4	34.1	0.0	**67.5**
Depreciation in the consolidation range	-23.9	-213.5	0.0	**-237.4**
Reversal of impairment	1.1	0.0	0.0	**1.1**
Disposals	-0.3	-12.2	0.0	**-12.5**
Currency translation and other	-16.8	-27.6	-2.2	**-46.6**
31/12/2017	**690.9**	**1,587.5**	**18.4**	**2,296.8**

Total Investments 1)
in MEUR

	2016	2017	Chg. in %
Clay Building Materials Europe	97.5	**96.1**	-1
Pipes & Pavers Europe	66.3	**57.9**	-13
North America	12.7	**43.9**	>100
Holding & Others	4.6	**8.3**	+81
Wienerberger Group	**181.1**	**206.3**	**+14**

1) Additions to property, plant and equipment, intangible assets and financial assets, including working capital and changes in the scope of consolidation or normal capex plus growth capex

Value Management

Principles

Wienerberger generates sustainably high cash flows, which are used for the following purposes:

- Targeted enhancement of our efficient plant and equipment
- Implementation of value accretive acquisitions
- Disciplined management of our financing structure
- Participation of our shareholders in the success of our company

The value-oriented management of the company, aimed at ensuring efficient capital allocation, is based on profitability indicators reflecting the added value created by the individual Business Units and by the Group as a whole. Our key indicators are the cash flow return on investment (CFROI) and the return on capital employed (ROCE).

Additionally, operational indicators, i.e. EBITDA, changes in inventory levels and normal capex, are aggregated for individual operational entities and expressed as industrial gross cash flow (IGCF). The latter indicates the contribution of the respective entity to the cash flow of the Group.

The Group's strategic focus on shareholder value is also reflected in the remuneration regime for the Managing Board and senior management as well as the local management teams. Apart from the share price development, a CFROI target is referred to as the central parameter for determining the remuneration due to the Managing Board and to senior managers within the framework of their long-term variable remuneration. For each operational entity, an IGCF target is applied as the main component determining the variable remuneration due to the local management teams.

Indicators

CFROI is a pre-tax indicator of the profitability of capital employed. The indicator is calculated as the ratio of EBITDA to average historical capital employed. The CFROI model permits a comparison of the Business Units of the Group, regardless of the age structure of the production sites. For new value accretive investments, Wienerberger has set a minimum profitability target of 11.5%.

In 2017, CFROI improved to 7.4% (2016: 7.2%) on the basis of EBITDA of € 415.0 million and an average historical capital employed of € 5,632.7 million. The year-on-year increase in CFROI was achieved through growth in operational business, cost savings and value accretive acquisitions.

Calculation of CFROI at Group Level		2016	2017
EBITDA	*in MEUR*	**404.3**	**415.0**
Average capital employed	*in MEUR*	2,514.9	**2,459.6**
Average accumulated depreciation	*in MEUR*	3,084.8	**3,173.1**
Average historical capital employed	*in MEUR*	**5,599.8**	**5,632.7**
CFROI	*in %*	**7.2**	**7.4**

CFROI 2017 by Division *in MEUR*	**EBITDA**	**Average historical CE**	**CFROI**
Clay Building Materials Europe	324.3	3,860.2	**8.4**
Pipes & Pavers Europe	69.7	876.6	**8.0**
North America	32.0	826.1	**3.9**
Holding & Others	-11.1	69.8	**-15.9**
Wienerberger Group	**415.0**	**5,632.7**	**7.4**

ROCE is the indicator used to show the extent to which Wienerberger is able to generate the return investors demand. It is calculated by relating the net operating profit after tax (NOPAT) to the average interest-bearing capital employed of the entire Group.

To determine the economic value added (EVA®), the calculated return on capital is related to the average cost of capital after tax. The weighted average cost of capital (WACC) is derived from the yield expected by investors on capital provided in the form of equity and debt and determined by adding up the cost of debt after tax and a risk premium on the risk-free interest rate for investments in shares. This risk premium is equal to the beta factor multiplied by the market risk premium. Based on the capital structure of the peer group, Wienerberger determines the weighting of the equity and debt components and calculates the WACC after tax. In the reporting year, the WACC after tax for the Wienerberger Group was calculated to be 7.11% (2016: 6.69%).

In 2017, Wienerberger generated a significantly improved NOPAT of € 180.4 million (2016: € 144.8 million). Capital employed remained stable at € 2,459.8 million (2016: € 2,460.0 million). Thus, ROCE rose to 7.3% (2016: 5.8%), which resulted in an EVA® of € 5.5 million (2016: € -23.5 million) for the reporting year.

Calculation of ROCE at Group Level		**2016**	**2017**
Operating EBIT	*in MEUR*	197.7	**194.2**
Income taxes	*in MEUR*	-43.2	**-4.2**
Adjusted income taxes	*in MEUR*	-9.7	**-9.5**
NOPAT	*in MEUR*	**144.8**	**180.4**
Equity and non-controlling interests	*in MEUR*	1,849.0	**1,911.2**
Financial liabilities and financial leases	*in MEUR*	881.3	**814.7**
Intercompany receivables and payables from financing	*in MEUR*	-18.3	**-20.5**
Cash and financial assets	*in MEUR*	-252.0	**-246.1**
Capital employed as at balance sheet date	*in MEUR*	**2,460.0**	**2,459.2**
Average capital employed	*in MEUR*	**2,514.9**	**2,459.6**
ROCE	*in %*	**5.8**	**7.3**

Fourth Quarter of 2017

In the fourth quarter of 2017, the Wienerberger Group delivered a strong performance:

- Revenues up by 9% to € 758.3 million
- 16% organic EBITDA growth year on year

Clay Building Materials Europe

In the fourth quarter, the revenues of the Clay Building Materials Europe Division increased by 10% to € 442.6 million and earnings rose by 11% to € 82.2 million.

We observed strongly diverging regional trends in Western Europe throughout the last quarter of the year. Growth remained strong in Great Britain, and we recorded a continuous improvement of our results in the Netherlands. Rising demand for new housing in France resulted in increasing sales volumes. In Belgium, the limited availability of PUR/PIR insulating materials and the resultant steep price increases led to further delays in project execution in the fourth quarter, which in turn had a negative impact on demand for building materials. In Germany, activities in the single- and two-family home segment remained muted, resulting in a drop in earnings. Overall, revenues in the Clay Building Materials Western Europe segment increased by 6% to € 300.4 million, whereas EBITDA declined by 6% to € 42.7 million compared to the last quarter of 2016, which had been favorably impacted by real estate sales.

In Eastern Europe, residential construction activity remained strong throughout the region. In this environment, significant increases in sales volumes were accompanied by a rise in average prices. Overall, revenues in the Clay Building Materials Eastern Europe segment increased by 19% to € 142.2 million, and EBITDA rose sharply by 40% to € 39.5 million.

Pipes & Pavers Europe

Fourth-quarter revenues in the Pipes & Pavers Europe Division increased by 11% to € 238.8 million, whereas EBITDA declined to € 3.5 million, as compared to € 15.4 million in the last quarter of the previous year.

In the Pipes & Pavers Western Europe segment, the trends observed during the first nine months of the year continued. In the plastic pipe business, we took advantage of the healthy market environment in the Nordic countries and the Netherlands to generate further growth. Moreover, in the second half of the year we progressively succeeded in compensating rising raw material costs through price increases. In contrast, our international project business did not improve in the fourth quarter and its contribution to earnings fell significantly short of the previous year's level. In France, the challenging market environment remained unchanged. We therefore initiated a comprehensive set of measures to reposition the French pipe business and make it fit for dynamic growth in the future. The resultant restructuring costs depressed fourth-quarter earnings by € 10.5 million. In our ceramic pipe activities, we recorded a decline in volumes. We nevertheless succeeded in improving the operating result through higher average prices and leaner cost structures. Altogether, the segment's revenues increased by 9% to € 138.8 million, while EBITDA dropped to € -2.5 million from € 10.1 million in the previous year.

In the Pipes & Pavers Eastern Europe segment, the revival of public-sector tendering activities for infrastructure projects co-funded by the EU had an increasingly positive impact on our business in plastic pipes and concrete pavers. As a result, we saw significant growth in both fields of business, which translated into a 14% increase in segment revenues to € 100.0 million and a 13% increase in EBITDA to € 6.0 million.

North America

In the North America Division, revenues grew by 3% to € 74.8 million. Against the background of positive market trends seen in the last quarter of the year, we were able to increase our sales volumes as well as revenues and generated organic earnings growth in all fields of business. After the delays in project execution caused by tropical storms in the third quarter, we benefited from the normalization of demand in the infrastructure sector and in our US brick business. In Canada, demand for building materials remained strong. The highly satisfactory improvement of our operating result is not reflected in EBITDA, which went down to € 10.6 million, because the previous year's result had been strongly influenced by positive one-off effects.

External revenues *in MEUR*	10-12/2016	10-12/2017	Chg. in %
Clay Building Materials Europe	403.4	**442.6**	+10
Clay Building Materials Eastern Europe	119.6	**142.2**	+19
Clay Building Materials Western Europe	283.8	**300.4**	+6
Pipes & Pavers Europe	215.4	**238.8**	+11
Pipes & Pavers Eastern Europe	87.7	**100.0**	+14
Pipes & Pavers Western Europe	127.7	**138.8**	+9
North America	72.4	**74.8**	+3
Holding & Others	2.0	**2.2**	+10
Wienerberger Group	**693.2**	**758.3**	**+9**

EBITDA *in MEUR*	10-12/2016	10-12/2017	Chg. in %
Clay Building Materials Europe	73.7	**82.2**	+11
Clay Building Materials Eastern Europe	28.2	**39.5**	+40
Clay Building Materials Western Europe	45.6	**42.7**	-6
Pipes & Pavers Europe	15.4	**3.5**	-78
Pipes & Pavers Eastern Europe	5.3	**6.0**	+13
Pipes & Pavers Western Europe	10.1	**-2.5**	<-100
North America	15.2	**10.6**	-30
Holding & Others	-2.6	**3.8**	>100
Wienerberger Group	**101.7**	**100.0**	**-2**

Operating Segments

Clay Building Materials Europe

The Clay Building Materials Europe Division delivered a strong performance in 2017:

- Slight growth in residential construction activity in Europe
- Positive market environment led to higher sales volumes and improved average prices
- Revenues increased by 6% to € 1,787.0 million (2016: € 1,681.2 million)
- EBITDA rose significantly by 12% to € 324.3 million (2016: € 290.7 million)

Clay Building Materials Europe		2016	2017	Chg. in %
External revenues	*in MEUR*	1,681.2	**1,787.0**	+6
EBITDA	*in MEUR*	290.7	**324.3**	+12
Operating EBIT	*in MEUR*	163.6	**185.0**	+13
Total investments	*in MEUR*	97.5	**96.1**	-1
Capital employed	*in MEUR*	1,575.6	**1,523.4**	-3
Ø Employees	*in FTE*	10.333	**10,572**	+2

Outlook for 2018

For 2018, we foresee slight growth in European residential construction. While we expect to see a positive market environment in almost all countries of Eastern Europe, Western Europe will be marked by diverging regional trends. In Great Britain, we anticipate slight market growth, although the impact of the ongoing Brexit negotiations is still unclear. We therefore project an increase in sales and a further improvement of earnings. We also foresee continued growth in France and the Netherlands, especially in view of the positive environment for new residential construction. In Belgium, a country with a sound residential construction market, the tension due to the limited availability of PUR/PIR insulating materials will ease in the course of the year. As conditions are normalizing, we expect construction projects to be completed more quickly and reckon with growth in sales and earnings. After the slow-down of activities in the single- and two-family home segment in Germany in 2017, we anticipate largely stable development in new housing construction in 2018. In the renovation market, an essential driver of our roof tile business, demand remains muted in Western Europe, the main reason being the absence of subsi-dies for private renovation measures in most of our West-ern European core markets. The acquired clay block plants in Austria and Germany will strengthen our market posi-tions in Southern Austria, Eastern Germany and Western Poland. Our takeover of a brick producer in the fast-growing market of Romania is still subject to approval by the competition authority. Moreover, optimization measures in Austria and Germany are boosting the profitability of our operations. Besides streamlining our cost structure, these measures are also opening up new growth opportunities in these dynamic markets.

Overall, we expect to see higher sales volumes and improved average prices in the Clay Building Materials Europe Division, which should result in a further significant increase in earnings.

Clay Building Materials Western Europe

In our Western European core markets we recorded strongly diverging developments. In France, Great Britain and the Netherlands, dynamic new construction activities led to rising demand for building materials. At the same time, the development of business in Germany and Belgium was depressed by challenging market conditions.

Overall, we succeeded in increasing our revenues by 4% to € 1,224.1 million and EBITDA by 1% to € 187.0 million in the reporting year.

Great Britain

The residential construction market in Great Britain trended upward in 2017 and showed slight growth. The ongoing Brexit negotiations did not yet have a negative impact on demand in our core markets. Apart from the slight market growth observed, we also benefited from the normalization of inventories along the supply chain, which were extremely low at the beginning of the year, and succeeded in increasing our market shares. This resulted in significant growth in sales of facing bricks. We were also able to consolidate our market position in the roof tile segment. Thanks to these positive developments, we generated higher revenues and earnings in the reporting currency, despite unfavorable foreign exchange effects.

Belgium

Residential construction activity in Belgium fell short of our expectations. The shortage of PUR/PIR insulating materials, which are used primarily for wall and roof structures, led to delivery bottlenecks and a steep rise in prices for these materials. This resulted in substantial delays in building construction and depressed demand for building materials.

France and the Netherlands

In France and the Netherlands, increasing new residential construction activity was reflected in solid market growth. The roof tile business suffered from persistent investment restraint in the renovation market. Overall, however, we recorded growth in revenues as well as in EBITDA in both markets.

Germany

Our expectations of a slightly improving new construction market were not met in Germany, nor did we see a recovery of the renovation segment, which is particularly important for our roof tile business. As a result, we recorded a decline in earnings. The integration of the clay block plant taken over in the Berlin region is making good progress and will generate significant contributions to earnings from 2018 onward.

Clay Building Materials Western Europe		2016	2017	Chg. in %
External revenues	in MEUR	1,174.4	1,224.1	+4
EBITDA	in MEUR	185.0	187.0	+1
Operating EBIT	in MEUR	105.8	95.0	-10
CFROI	in %	6.7	6.9	-
Total investments	in MEUR	60.5	57.7	-5
Capital Employed	in MEUR	1,105.9	1,051.7	-5
Ø Employees	in FTE	5,983	6,121	+2
Sales volumes clay blocks	in mill. NF	2,053	2,042	-1
Sales volumes facing bricks	in mill. WF	1,280	1,476	+15
Sales volumes roof tiles	in mill. m²	23.29	22.65	-3

Clay Building Materials Eastern Europe

The positive market development seen throughout the Eastern European region was supported by government funding programs for new housing construction and renovation in some of our core markets. In this environment we were able to increase our clay block and roof tile sales and improve our market position.

Overall, revenues increased by 11% to € 562.9 million, while EBITDA grew significantly by 30% to € 137.3 million.

Austria

The Austrian residential construction market remained stable at a satisfactory level. The acquisition of a clay block plant announced in the reporting period was concluded in January 2018 and will strengthen our market position in Southern Austria.

Poland

In Poland, the biggest single market in the region, we benefited from the positive development of the new housing construction market and the resultant increase in demand for clay blocks. Therefore, substantially higher sales volumes, combined with higher average prices, translated into a significant increase in revenues and EBITDA.

Czech Republic and Slovakia

The favorable macroeconomic development in the Czech Republic had a positive impact on new residential construction. We took advantage of this environment to increase our sales volumes and further improve our product mix. Slovakia also recorded rising numbers of new housing starts in the single- and two-family home segment. Given this positive environment, we were able to significantly increase revenues and EBITDA in both markets.

Bulgaria, Romania and Hungary

In Bulgaria, Romania and Hungary the positive momentum in the single- and two-family home markets continued throughout the reporting year. Against this background, we achieved significant revenue and EBITDA growth.

Russia

The downward trend in the Russian residential construction market leveled out in the second half of the year. Nevertheless, on account of the challenging market situation in our core regions, we had to accept a further decline in revenues and earnings year on year.

Clay Building Materials Eastern Europe		2016	2017	Chg. in %
External revenues	*in MEUR*	506.8	**562.9**	+11
EBITDA	*in MEUR*	105.7	**137.3**	+30
Operating EBIT	*in MEUR*	57.8	**90.0**	+56
CFROI	*in %*	9.5	**12.0**	-
Total investments	*in MEUR*	37.0	**38.4**	+4
Capital employed	*in MEUR*	469.8	**471.7**	0
Ø Employees	*in FTE*	4,350	**4,451**	+2
Sales volumes clay blocks	*in mill. NF*	3,390	**3,698**	+9
Sales volumes roof tiles	*in mill. m²*	18.40	**18.62**	+1

Pipes & Pavers Europe

In the Pipes & Pavers Europe Division, performance varied widely across the individual business areas:

- Market growth in Eastern Europe, the Nordic markets, the Netherlands and Ireland
- Challenging environment in France, weak demand in the international project business, steep increase in raw material costs
- Revenues rose slightly by 3% to € 1,014.2 million (previous year: € 988.2 million)
- EBITDA decreased to € 69.7 million (previous year: € 98.5 million)

Pipes & Pavers Europe		2016	2017	Chg. in %
External revenues	*in MEUR*	988.2	**1,014.2**	+3
EBITDA	*in MEUR*	98.5	**69.7**	-29
Operating EBIT	*in MEUR*	48.2	**20.1**	-58
Total investments	*in MEUR*	66.3	**57.9**	-13
Capital employed	*in MEUR*	532.5	**563.4**	+6
Ø Employees	*in FTE*	4,163	**4,210**	+1

Outlook for 2018

For 2018 we expect a marked increase in revenues and EBITDA in the Pipes & Pavers Europe Division. In Western Europe we assume that the market will grow slightly and that we will benefit, in particular, from improvements in our cost structure. In Eastern Europe we foresee a significant increase in demand, given that the strong macroeconomic situation is conducive to private spending and that public sector customers are increasingly taking up EU funding. All in all, we anticipate significant improvements in revenues and earnings in both reporting segments.

In our Western European plastic pipe business, we expect a continuation of the healthy market environment in the Nordic core markets as well as in the Netherlands and in Ireland. At the beginning of the year we obtained a number of orders in the international project business, which will make a direct contribution to earnings. Moreover, the prior year's acquisition of a leading manufacturer of pre-wired conduits for electrical installations will have a positive impact on earnings. In the French market we do not foresee any substantial improvement in the business environment. Therefore, in the fourth quarter of 2017 we started to implement measures aimed at repositioning and streamlining cost structures, which will boost our earning power in 2018. Raw material costs will remain at a high level and be subject to fluctuations. It is therefore essential that we successfully reflect the expected development of costs in our pricing. In our ceramic pipe business, we foresee a positive market environment in Eastern Europe and mostly stable development of demand in the Western European markets. The resulting growth in volumes, together with improved average prices, will lead to significant organic growth in earnings. In addition, the measures to realign the ceramic pipe business, as announced at the beginning of the year, will strengthen our profitability. The concentration of the product portfolio, the optimization of production and the enhanced proximity to our customers are opening up new opportunities for growth in this business area.

In our Eastern European plastic pipe business, we expect a continuation of the positive market trend. In 2017, a marked rise in public infrastructure spending and the take-up of EU funding were conducive to business performance primarily in Poland and Hungary. On this basis, we anticipate increases in sales volumes and earnings in the entire region for 2018. In our business with concrete pavers, we expect that the growing investment propensity of public and private customers will have a clearly positive impact on our sales volumes. The resulting improved capacity utilization will enable us to increase our earnings. In addition, we are realizing projects aimed at achieving a streamlined cost structure, more efficient pricing and optimized production processes, in order to boost our earning power.

Pipes & Pavers Western Europe

In 2017, the Pipes & Pavers Western Europe segment recorded revenues of € 574.2 million – a stable development year on year. In the same period, EBITDA decreased from € 63.1 million to € 31.8 million.

Pipes & Pavers Western Europe		2016	2017	Chg. in %
External revenues	*in MEUR*	576.7	**574.2**	0
EBITDA	*in MEUR*	63.1	**31.8**	-50
Operating EBIT	*in MEUR*	35.0	**4.7**	-87
CFROI	*in %*	15.3	**7.2**	-
Total investments	*in MEUR*	38.0	**36.8**	-3
Capital employed	*in MEUR*	280.9	**301.0**	+7
Ø Employees	*in FTE*	1,841	**1,884**	+2

The performance of the Western European plastic pipe business showed great regional differences and, all in all, recorded a significant decrease in earnings. On a positive note, we managed to utilize the healthy market environment to achieve growth in our Nordic core markets, the Netherlands and in Ireland. Moreover, the acquisition of a Belgian manufacturer of pre-wired conduits for electrical installations was a major step in our pre-wired business. The pronounced decrease in earnings can mainly be ascribed to three effects: A significant increase in plastic granulate costs put high pressure on margins in the first half of the year, which we were only able to cushion successively through price increases in the second half. Moreover, the number of incoming orders in the international project business was extremely low throughout 2017. Consequently, the contribution to earnings made by this business area dropped significantly. In the French market, infrastructure investment remained at a low level and resulted in underutilization and price pressure. For this reason, in the fourth quarter we initiated a set of measures to realign our French plastic pipe business. These include a focus on production and the sale of products and system solutions in the mid-range and premium segments as well as the optimization of the cost structure in administration. While the resulting restructuring costs had a negative effect on earnings in 2017 in the amount of € 12 million, we will capitalize on positive effects on earnings in 2018.

In our ceramic pipe business, we recorded a slight decline in sales in our European core business. Sales were further impacted by the absence of exports to the Middle East, in contrast to the previous year. These exports had expired in mid-2016 due to public budget cuts in the region. Nevertheless, in 2017 we very successfully improved our cost structures and raised average prices, as a result of which the operating result increased substantially. In order to further reinforce our earning potential in the medium term, we initiated measures, at the beginning of 2018, to streamline our product range, optimize capacity utilization through adjustments in production, and reduce administrative expenses. By doing so, we have opened up new potential for growth in this business area.

Pipes & Pavers Eastern Europe

In the Pipes & Pavers Eastern Europe segment, revenues increased by 7% to € 440.0 million and EBITDA grew from € 35.4 million to € 37.9 million. In this region, we profited from the sound macroeconomic situation and the marked upswing in infrastructure projects with EU funding. In the second half of the year, in particular, the higher number of tenders had an increasingly positive impact on business performance.

In 2017, our plastic pipe operations benefited from the gradual increase in demand on the part of public sector customers. While we have already succeeded in utilizing this trend in markets like Poland and Hungary to increase revenues and earnings, other markets in the region that equally qualify for EU funds will show more dynamic development from 2018 onward. In Austria, earnings showed stable development at a satisfactory level, and in Russia it became increasingly evident that the improved investment propensity is going to be sustainable. Our performance in Turkey was highly satisfactory despite the significant devaluation of the local currency, and we succeeded in consolidating our good market position both in the irrigation market and in gas projects.

In our business with concrete pavers, we recorded substantial growth in earnings. We saw an increase in demand in private investments in the design of open spaces as well as in public infrastructure spending, and managed to improve average prices and sales. Particularly in Poland, Croatia, Slovakia, the Czech Republic and Bulgaria, we utilized the positive market environment to boost earnings. In addition, we raised our earning power by instituting measures aimed at increasing the revenue contribution of products from the mid-range and premium segments as well as through optimizations in sales and production.

Pipes & Pavers Eastern Europe		2016	2017	Chg. in %
External revenues	*in MEUR*	411.5	**440.0**	+7
EBITDA	*in MEUR*	35.4	**37.9**	+7
Operating EBIT	*in MEUR*	13.2	**15.4**	+17
CFROI	*in %*	8.8	**8.8**	-
Total investments	*in MEUR*	28.3	**21.2**	-25
Capital employed	*in MEUR*	251.6	**262.4**	+4
Ø Employees	*in FTE*	2,322	**2,326**	0

North America

The North America Division reported substantial organic growth in 2017:

- Increase in demand, growth in all fields of business
- Revenues up by 5% to € 308.7 million (2016: € 292.7 million)
- 65% organic EBITDA growth year on year

Residential construction activity in the USA showed a positive trend in 2017. In our US brick business, in particular, we benefited from the growing number of new housing starts in the single- and two-family home segment. After a slow-down of construction activities in the third quarter due to tropical storms, we recorded strong demand in the fourth quarter and were able to increase our sales year on year. Combined with improved average prices, this resulted in substantial organic EBITDA growth. Moreover, the takeover of a facing brick producer opened up further growth opportunities, as we now have a presence in Louisiana and Mississippi, two US States with a high brick share in the facade market. In Canada, the overhang of building permits issued had a stimulating effect on construction activity, and high demand allowed us to increase our sales volumes and obtain higher prices in our relevant target markets. As a result, we recorded significant organic growth. In our US pipe business, a substantial increase in sales volumes translated into growth in revenues and earnings.

The operating result is not fully comparable with that of the previous year, due to one-off effects. These included the sale of non-core real estate and operational assets as well as structural adjustments and foreign-exchange and consolidation effects, which predominantly had a positive effect on earnings in 2016. EBITDA showed significant organic growth, increasing by 65% year on year.

North America		2016	2017	Chg. in %
External revenues	*in MEUR*	292.7	**308.7**	+5
EBITDA	*in MEUR*	32.7	**32.0**	-2
Operating EBIT	*in MEUR*	5.9	**3.0**	-49
CFROI	*in %*	3.9	**3.9**	-
Total investments	*in MEUR*	12.7	**43.9**	>100
Capital employed	*in MEUR*	352.8	**364.9**	+3
Ø Employees	*in FTE*	1,289	**1,305**	+1
Sales volumes facing bricks	*in mill. WF*	421	**454**	+8

Outlook for 2018

For the business year 2018, we expect a continuation of the positive trend in new residential construction in the single- and two-family home segment in the USA, which should result in higher sales volumes. Although overcapacities continue to put pressure on prices in the brick indus-try, we expect to see an improvement of earnings in our US brick business. In Canada, we project continued high demand in the first half of the year. However, it is likely that the government's measures aimed at stricter regula-tion of the real estate market will have a negative effect on the development of our business over the course of the year. As regards plastic pipes, we project a further increase in earnings.

For the North America Division as a whole, we expect to see an increase in revenues as well as organic EBITDA growth in 2018.

Holding & Others

The Holding & Others Division comprises the holding company of the Group as well as our brick business in India, which we operate at a production site for clay blocks in the Bangalore region. Political decisions taken in India have led to a slow-down of economic growth. Despite the difficult market environment, we generated stable revenues in our core business in clay blocks and succeeded in slightly increasing our earnings in the reporting year. Overall, revenues in this segment, amounting to € 8.6 million, reached the previous year's level. The sale of non-core real estate by the holding company made a significant contribution to earnings; EBITDA improved from € -17.6 million to € -11.1 million. For 2018, we expect a positive market development in India and an increase in revenues.

Holding & Others		2016	2017	Chg. in %
External revenues	*in MEUR*	8.6	**8.6**	0
EBITDA	*in MEUR*	-17.6	**-11.1**	+37
Operating EBIT	*in MEUR*	-20.1	**-13.9**	+30
Total investments	*in MEUR*	4.6	**8.3**	+81
Capital Employed	*in MEUR*	-1.0	**7.5**	>100
Ø Employees	*in FTE*	205	**210**	+2

Outlook and Targets

Market Outlook

In the Clay Building Materials Europe Division, we anticipate a further increase in residential construction activities in most of our Eastern European markets. At the same time, we foresee a continuation of regionally diverging trends in new residential construction and stable development in the renovation segment in Western Europe. All in all, we expect to see slight growth in the European residential construction market.

In the Pipes & Pavers Europe Division, a growing number of Eastern European markets will benefit from the increasing take-up of EU funds for infrastructure projects. Moreover, given the highly positive macro-economic development of the region, the propensity of private households to invest has been growing. In Western Europe, we foresee a continuation of the healthy development of our core markets. Additionally, at the beginning of this year we won a number of contracts in our international project business, which will directly contribute to earnings. Raw material costs will remain high and subject to fluctuation. It will therefore be essential for us to ensure that the anticipated development of costs is successfully re-flected in our pricing.

In the North America Division, we foresee a further rise in residential construction activity in the USA and growth in our pipe business. In Canada, demand is projected to remain high in the first half of the year, but we expect to see a growing impact of political interventions in the real estate market during the rest of the year.

Targets

All in all, we expect to benefit from market growth and increase the Group's EBITDA from € 450 million to € 470 million. This target is based on the assumption of higher sales volumes, improved average prices across the Group and positive effects resulting from optimization measures and structural adjustments. The forecast also includes contributions to earnings from the acquisitions that were announced last year and successfully completed. In contrast, contributions from the sale of non-core assets, foreign-exchange effects and the costs of structural adjustments have not been taken into account in our target calculation.

Ongoing measures aimed at the reorientation and optimization of our cost structures in the French plastic pipe business, the German and Austrian brick business and the ceramic pipe segment will lead to savings in the amount of € 15 million by the end of 2019. The costs incurred through these measures will depress the 2018 result by € 30 million.

Cash outflows for investments will total at least € 360 million in 2018. We are planning normal capex in the amount of about € 160 million and growth investments of at least € 200 million, the latter comprising, above all, value accretive acquisitions. To this end, we are examining a promising pipeline of potential takeover candidates for their earnings, cash flow and synergy potentials as well as strategic development opportunities. In 2018 we already acquired the minority shares in our Eastern European roof tile business and made payments related to the successful conclusion of takeover transactions announced last year.

Additional Information on the Company

Research and Development

Research and development (R&D) are among Wienerberger's strategic priorities and are managed centrally, but generally implemented at a local level. The most important tasks of R&D include the optimization of production processes and the continuous further development and improvement of products and system solu-tions in all our fields of business – from sustainable and energy-efficient buildings to functional solutions for the design of public spaces, roads and walkways, including secure water supply and sewage systems. Our goal is to further expand our market positions and strengthen our competitiveness by taking the lead in terms of costs and technology and by promoting product innovation.

In pursuing this goal, the digitalization of processes in all business areas and the gradual introduction of Industry 4.0 in production are logical steps to be taken. In R&D projects we test new digital technologies as to their real-life feasibility and their added value. The focus is on virtual assistance and self-learning systems in the maintenance of machines and plants.

In order to create an ideal environment outside existing structures for projects and ideas with a focus on innovation, Industry 4.0 and digitalization, we have set up the L.A.B. (Learn-Act-Build), which not only provides in-house space for new developments but also acts as an interface for cooperation with external partners.

For product developments Wienerberger operates several research centers in Europe that specialize in different product groups. Our product management specialists cooperate closely with the marketing and sales departments of the various business areas to ensure that new developments meet the requirements of our customers. The market launch of new products across several countries is managed centrally, but the products are adapted to the requirements of the respective markets by our local specialists. In this way, successful developments can be rolled out fast and efficiently throughout the Group.

In our ceramic product business we work continuously on the improvement of production processes. In the energy-intensive field of ceramic production, our engineers focus, above all, on the reduction of energy consumption in the drying and firing processes. In addition to developing solutions in our n-house research institutions, we also engage in highly constructive cooperation with external institutes for this purpose. Other research priorities include resource conservation in production and responsible handling and processing of raw materials. The central task of product development is optimizing the structural properties of our products in terms of fire protection, acoustic and thermal insulation and structural strength in order to meet the steadily increasing requirements in residential and commercial construction.

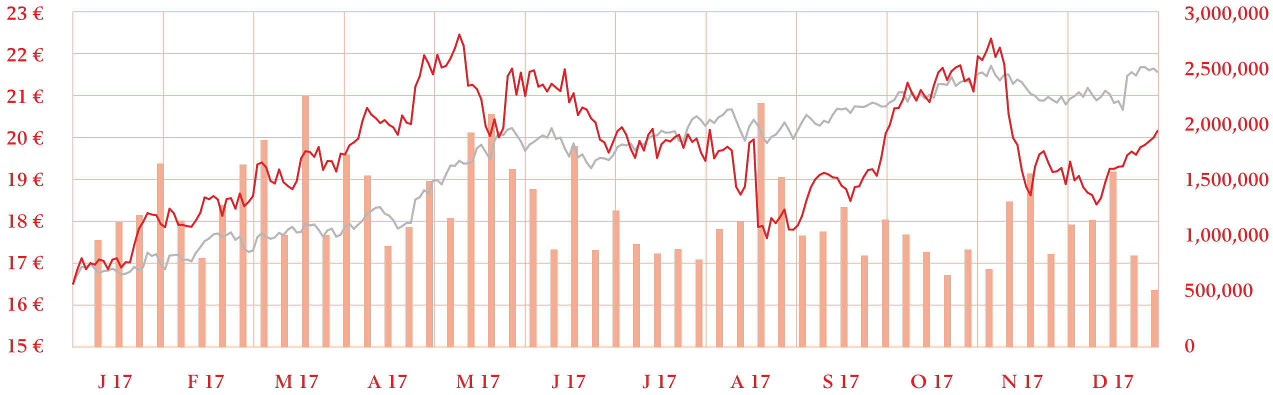
Besides the optimization of production processes, our research activities in pipe production focus, above all, on reducing the weight of our products and on increasing the percentages of recycled materials used in order to save raw materials. One priority in product development is the addition of smart and/or digital functionalities to existing und new products. Our goal is the development of solutions that allow efficient, fast and easy installation of the products at the construction site and moreover provide the customer with added value during product use.

In concrete paver production, we strive to improve the raw material mix and to optimize our production and surface finishing processes, and we utilize innovative new developments in materials. Another priority is the development of new surface designs and innovative product solutions for high-quality open spaces.

Wienerberger Share and Shareholders

After a slightly negative performance of -3% in the previous year, the Wienerberger share got off to an excellent start into 2017, gaining about one third in value during the first four months of the year. On 9 May already, it reached its 52-week high at € 22.45. Until mid-August, the share experienced a correction of around 20%, before the price picked up again and climbed almost to its yearly high. The last months of the year were marked by volatility, and the Wienerberger share closed the year at € 20.17, having gained 22.3% in value in 2017. Over the same period, the ATX, the Austrian Traded Index, gained 30.6% in value.

Development of the Share Price



Wienerberger AG
ATX – Austrian Traded Index
Trading volume of the Wienerberger share per week (in Number of shares, single-count method)

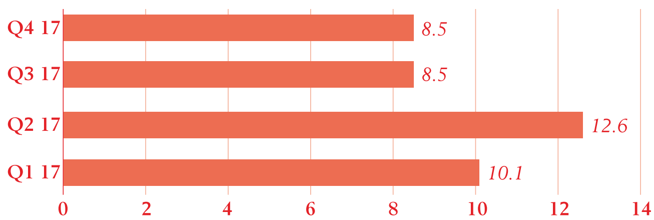
In the ATX, the trading volume decreased by 11.0% year on year, whereas the share turnover increased by 15.7% (purchases and sales according to the double-count method). The increase in share turnover and the simultaneous decrease in trading volume are accounted for by the strong index performance of 30.6% in 2017.

The Wienerberger share experienced a similar development, with the trading volume down by 19.7% and the share turnover up by 4.8% (purchases and sales according to the double-count method) at the same time. As with the ATX, the 22.3% value gain resulted in a higher share turnover despite a decrease in liquidity.

Considering the current forecast of the development of business, the Managing Board will propose to the 149th Annual General Meeting on June 14, 2018, that a dividend of € 0.30 per share be paid out, which corresponds to an increase of 11% over the previous year. Amounting to a total of € 35.1 million, the profit distributed corresponds to 29% of the free cash flow after the coupon payment on hybrid capital.

Liquidity

in MEUR



Ø Stock exchange turnover of the Wienerberger share per day (double-count method)

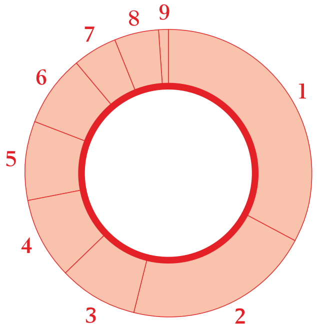
Key data per share		2016	2017	Chg. in %
Earnings	in EUR	0.70	1.05	+50
Adjusted earnings	in EUR	0.76	1.19	+56
Dividend	in EUR	0.27	0.30	+11
Free cash flow 1)	in EUR	2.11	1.17	-44
Equity 2)	in EUR	13.53	14.07	+4
Share price high	in EUR	17.54	22.45	+28
Share price low	in EUR	11.94	16.85	+41
Share price at year-end	in EUR	16.50	20.17	+22
P/E ratio high		25.2	21.4	-14
P/E ratio low		17.2	16.1	-6
P/E ratio at year-end		23.7	19.2	-18
Shares outstanding (weighted) 3)	in 1,000	116,956	116,956	-
Market capitalization at year-end	in MEUR	1,938.6	2,370.5	+22
Ø Stock exchange turnover/day 4)	in MEUR	9.4	9.9	+6

1) Cash flow from operating activities less cash flow from investing activities plus growth capex // 2) Equity including non-controlling interests, excluding hybrid capital // 3) Adjusted for treasury shares // 4) Double-count method

Shareholder structure

Wienerberger AG is listed in the Prime Market of the Vienna Stock Exchange with 117.5 million no-par-value common shares (bearer shares). There are no preferred or registered shares and no restrictions on common shares. The "one share – one vote" principle applies in full. In the USA, Wienerberger AG trades on the OTC market through an ADR Level 1 Program of the Bank of New York. With a market capitalization of € 2,371 million and a weighting of 4.3% in the ATX at the end of 2017, Wienerberger is one of the largest listed companies in Austria.

Shareholder Structure by Country (Institutional Investors)



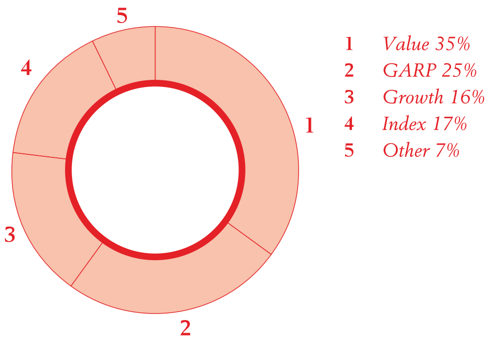
1 *USA 33%*
2 *Great Britain 21%*
3 *France 9%*
4 *Canada 9%*
5 *Austria 9%*
6 *Germany 8%*
7 *Other 5%*
8 *Scandinavia 5%*
9 *Switzerland 1%*

Wienerberger is a pure free float company and has no core shareholder. All of its shares are held by Austrian and international investors. Pursuant to § 91 of the Austrian Stock Exchange Act, which provides for mandatory reporting of significant holdings, we have received the following notifications: More than 5% of Wienerberger shares have been held by FMR LLC (Fidelity), based in the USA, since March 27, 2017, by Black Creek Investment Management Inc., based in Canada, since November 20, 2017, and by the Teachers Insurance and Annuity Association, based in the USA, since January 25, 2018. No other notifications of investments in excess of 4% have been received. The company holds 570,289 treasury shares, representing 0.5% of the total shares issued.

Wienerberger has a widely diversified shareholder structure, which is typical for a publicly traded company with international operations. The most recent survey of the shareholder structure performed in January 2018 showed that approximately 14% of Wienerberger shares are held by private investors, while the majority is held by institutional investors, more than half of them based in the Anglo-Saxon region, i.e. North America (42%) and Great Britain (21%). The remaining shares are held mainly by Continental European investors.

An analysis of the strategies pursued by institutional investors shows that value-oriented investors dominate at a rate of almost 35%, followed by GARP investors (25%) and growth-oriented investors (16%).

Shareholder Structure by Investor Type (Institutional Investors)



Investor Relations

Extensive investor relations activities allow us to establish long-term relations and engage in continuous exchanges with investors, analysts and banks. The crucial issue in investor relations is to ensure the highest possible degree of transparency through ongoing, open and active communication. To this end, Wienerberger again organized numerous roadshows and investor events in the course of 2017. We also participated in investor conferences in Europe and the USA. In the year under review, the Managing Board and the Investor Relations team informed more than 600 investors and analysts from all over the world, personally or through conference calls, about the company's key financials and its operational and strategic development. The fact that Wienerberger is on the watch list of a number of renowned Austrian and international investment banks ensures the visibility of the Wienerberger share among the financial community. As of March 2018, Wienerberger is being covered by 11 analysts.

Disclosures on capital, shares, voting rights and rights of control

The 145th Annual General Meeting held on May 16, 2014, approved new authorized capital in the amount of € 17,629,014 million (15% of share capital) through the issue of up to 17.6 million new shares for a period of five years. Under certain conditions, the statutory subscription rights of shareholders can be excluded. However, the number of shares issued subject to the exclusion of subscription rights must not exceed 5,876,338 (5% of share capital).

The 147th Annual General Meeting held on May 12, 2016, authorized the Managing Board to buy back own shares, up to the limit defined by law, during a period of 30 months and to either withdraw or re-sell the shares bought back and to sell own shares by means other than on the stock exchange or through a public offering without further resolution by the Annual General Meeting.

On November 30, 2017, the Managing Board made use of this authorization and decided to buy back up to 1.2 million own shares, corresponding to 1.02% of the share capital, during the period from December 6, 2017, up to and including October 30, 2018. At the time of the announcement, Wienerberger already held own shares in the amount of 0.5% of the share capital.

Change of control clauses are included in the employment contracts of the members of the Managing Board, the terms of corporate and hybrid bonds, and the terms and conditions of syndicated loans. Further disclosures on the composition of Wienerberger capital, types of shares, rights and restrictions as well as the powers of the Managing Board to issue or buy back shares are contained in the Notes to the Consolidated Financial Statements under Note 27 ("Capital and reserves") starting on page 161.

Risk Management

Our international operations not only offer great opportunities, but are also associated with risks. To manage these risks, we aim at identifying risks as early as possible and counteracting them through appropriate measures in order to minimize deviations from our corporate goals. This requires the identification, analysis, assessment, management and monitoring of risks by the respective risk owners. To this end, surveys are conducted regularly at top and senior management level, involving the members of the Managing Board, the management of the Business Units and the heads of corporate services, in order to update existing risks and identify new ones. Subsequently, the risks identified are broken down into strategic and operational risks along the entire value chain and allocated to the risk owners. Risks are assessed on the basis of their probability of occurrence and the potential impact on the free cash flow for a medium-term horizon of five years and a long-term horizon of six to ten years. Besides strategic risks, the major risks for the Wienerberger Group are procurement, production, market and price risks as well as financial and legal risks. For detailed information on all risks, please refer to the Risk Report starting on page 189.

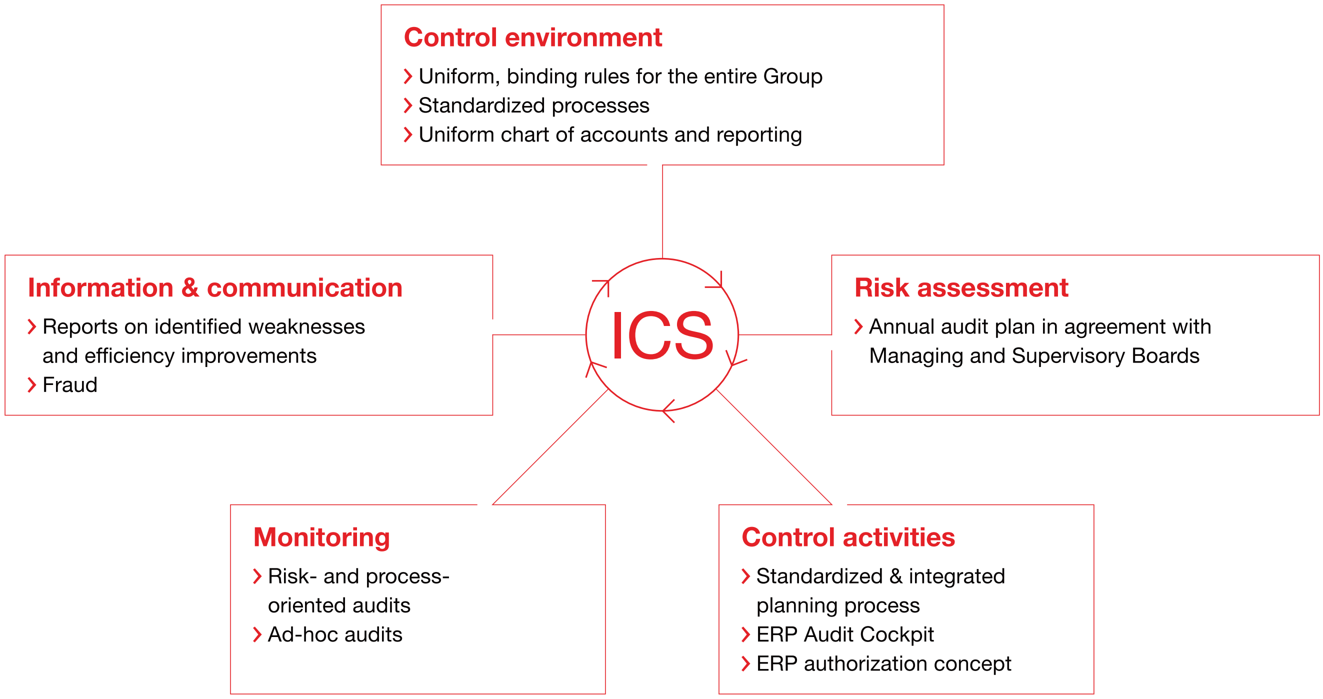
The most important instruments for risk monitoring and risk management are planning and controlling processes, Group policies, regular reporting of financial and non-financial parameters, and the internal control system. The distinction between operational and strategic risks and the decentralized organizational structure of the Group are key factors to be considered in the analysis of risks and the development of measures to avoid and manage risks. Most of the risks identified are addressed and monitored within the framework of established internal management processes. In particular, local companies only take on risks arising from their operational business, which are analyzed by the respective risk owners within the Business Unit concerned and weighed against the potential gains. Taking risks beyond the scope of operational business is not permitted. Additionally, risks arising within the framework of Group financing, in IT or in the area of compliance are not only addressed by the Business Unit concerned, but to some extent also managed, monitored and mitigated centrally by the holding company. Another risk class includes material risks with a low probability of occurrence, which are continually monitored and assessed and which are to be addressed through predefined defensive measures on a timely basis, whenever need arises.

The external auditor performs an annual evaluation of Wienerberger's risk management system and reports the outcome to the Supervisory Board and the Managing Board. The functionality of the risk management system was reviewed and confirmed by the external auditor in 2017.

Internal control system

The internal control system (ICS) of Wienerberger AG plays an important role in risk management. Based on the internationally recognized standards for internal control systems (issued by COSO), the ICS provides the management with a comprehensive tool for the analysis and/or prevention of uncertainties and risks arising from the company's business activities. In accordance with the decentralized structure of Wienerberger, responsibility for implementing the ICS lies with the local management concerned. The Internal Audit unit, which is organized as a staff function reporting to the Managing Board, is responsible for communication and monitoring.

The ICS comprises a system of measures and processes covering the following areas:



The control environment of the ICS forms the basis for standardization and harmonization processes throughout the Group. As regards accounting, the Managing Board issues a Group-wide guideline with uniform and binding rules to be followed in the preparation of annual and interim financial statements. Business transactions are recorded by means of standardized processes based on a uniform Group chart of accounts. Wienerberger's consolidated financial statements and interim financial statements are prepared in accordance with IFRS in a fast-close process. The financial statements of all subsidiaries are reviewed in a two-stage process by the finance and controlling departments of the respective Business Units and by the Corporate Reporting department, consolidated, and subsequently released by the Managing Board of Wienerberger AG for submission to the Supervisory Board.

The controlling activities include an annual planning process that is based on an integrated bottom-up planning approach. The process includes the profit and loss budget, the balance sheet and the cash flows of the following business year as well as medium-term planning for a horizon of four years. The monthly comparison of actual results with the forecasts for the respective period is an essential element of the internal control and risk management system. In addition, all subsidiaries prepare updated forecasts of the expected annual results three times a year. The ERP Audit Cockpit was introduced as yet another control instrument. This is a software tool integrated throughout the Group to support the local management in the implementation, documentation and monitoring of the measures taken to resolve segregation of duty conflicts identified in the ERP system. The system works on the basis of the ERP authorization regime, which serves to avoid authorization conflicts through a clear definition of tasks and responsibilities.

For the purposes of risk assessment and in preparation for the internal audit activities, a risk-based audit plan is drawn up annually in coordination with the Managing Board and the Audit Committee of the Supervisory Board. Following the schedule laid down in the audit plan, the Internal Audit unit audits all Group companies at regular intervals of not more than three years for compliance with the ICS. Moreover, operational processes are reviewed for their risk potential and possible improvements of efficiency. Acting as the central monitoring body for the internal control system, Internal Audit also verifies compliance with legal provisions and internal policies. Furthermore, Internal Audit performs ad-hoc audits when so requested by the management.

The results of the audits and the related recommendations and measures are summarized in an audit report and transmitted to the local management, the Business Unit management, the Managing Board of the Group and the external auditor. Within the framework of the other information and communication requirements of the ICS, Internal Audit and Corporate Reporting regularly report to the Audit Committee on material accounting and valuation procedures, the impact of newly adopted IFRS rules on the consolidated financial statements, major changes in the accounting process, and findings from risk management. Moreover, the Audit Committee is regularly informed of audit findings, relevant implementation activities and measures to eliminate weaknesses identified in the ICS.

Financial Statements

Consolidated Income Statement

Notes	in TEUR	2017	2016
(8)	Revenues	3,119,707	2,973,829
(9-11, 13-15)	Cost of goods sold	-2,093,708	-2,011,241
	Gross profit	**1,025,999**	**962,588**
(9-11, 13-15)	Selling expenses	-595,562	-574,347
(9-11, 13-15)	Administrative expenses	-203,322	-186,184
(10, 14, 15)	Other operating income:		
(10)	Reversal of impairment charges to assets	1,055	4,303
	Other	59,390	64,769
(10, 13-15)	Other operating expenses:		
(10)	Impairment charges to assets	-10,226	-4,511
(10)	Impairment charges to goodwill	-6,339	-6,892
	Other	-92,323	-69,110
	Operating profit/loss (EBIT)	**178,672**	**190,616**
(2)	Income from investments in associates and joint ventures	4,209	6,666
(16)	Interest and similar income	5,952	5,494
(16)	Interest and similar expenses	-42,103	-39,898
(16)	Other financial result	-1,852	-4,329
	Financial result	**-33,794**	**-32,067**
	Profit/loss before tax	**144,878**	**158,549**
(17)	Income taxes	-4,244	-43,222
	Profit/loss after tax	**140,634**	**115,327**
	Thereof attributable to non-controlling interests	3,402	1,823
	Thereof attributable to hybrid capital holders	14,057	31,540
	Thereof attributable to equity holders of the parent company	**123,175**	**81,964**
(18)	**Earnings per share (in EUR)**	**1.05**	**0.70**
(18)	**Diluted earnings per share (in EUR)**	**1.05**	**0.70**

Consolidated Statement of Comprehensive Income

Notes	*in TEUR*	2017	2016
	Profit/loss after tax	**140,634**	**115,327**
(36)	Foreign exchange adjustments	**-48,241**	-17,259
(36)	Foreign exchange adjustments to investments in associates and joint ventures	**64**	1
(24)	Changes in the fair value of available-for-sale financial instruments	**-740**	-462
	Changes in hedging reserves	**14,776**	6,995
	Items to be reclassified to profit or loss	**-34,141**	**-10,725**
(29)	Actuarial gains/losses	**4,984**	-12,818
	Actuarial gains/losses from investments in associates and joint ventures	**155**	-231
	Items not to be reclassified to profit or loss	**5,139**	**-13,049**
	Other comprehensive income	**-29,002**	**-23,774**
	Total comprehensive income after tax	**111,632**	**91,553**
	Thereof comprehensive income attributable to non-controlling interests	**3,739**	1,728
	Thereof attributable to hybrid capital holders	**14,057**	31,540
	Thereof comprehensive income attributable to equity holders of the parent company	**93,836**	**58,285**

Consolidated Statement of Cash Flows

Notes	in TEUR	2017	2016
	Profit/loss before tax	144,878	158,549
(10)	Depreciation and amortization	189,605	191,312
(10)	Impairment charges to goodwill	6,339	6,892
(10)	Impairment charges to assets and other valuation effects	47,091	35,135
(10)	Reversal of impairment charges to assets	-1,055	-4,303
(28, 29)	Increase/decrease in non-current provisions	-8,213	-7,292
(2)	Income from investments in associates and joint ventures	-4,209	-6,666
	Gains/losses from the disposal of fixed and financial assets	-25,343	-26,028
(16)	Interest result	36,151	34,404
	Interest paid	-38,473	-33,595
	Interest received	4,591	4,796
	Income taxes paid	-48,923	-35,287
	Gross cash flow	**302,439**	**317,917**
	Increase/decrease in inventories	-39,987	20,884
	Increase/decrease in trade receivables	-17,112	-5,672
	Increase/decrease in trade payables	16,374	30,460
	Increase/decrease in other net current assets	10,620	-29,818
	Cash flow from operating activities	**272,334**	**333,771**
	Proceeds from the sale of assets (including financial assets)	28,799	42,145
	Payments made for property, plant and equipment and intangible assets	-163,186	-163,575
	Payments made for investments in financial assets	0	-16
	Dividend payments from associates and joint ventures	6,597	4,265
	Increase/decrease in securities and other financial assets	-7,800	3,579
	Net payments made for the acquisition of companies	-43,128	-17,504
(19)	**Cash flow from investing activities**	**-178,718**	**-131,106**
(20)	Cash inflows from the increase in short-term financial liabilities	721,738	116,423
(20)	Cash outflows from the repayment of short-term financial liabilities	-984,369	-206,945
(20)	Cash inflows from the increase in long-term financial liabilities	210,929	5,000
(20)	Cash outflows from the repayment of long-term financial liabilities	-6,939	-11,725
(27)	Dividends paid by Wienerberger AG	-31,578	-23,391
(27)	Hybrid coupon paid	-29,898	-32,520
(27)	Dividends paid to and other changes in non-controlling interests	-79	-9
(27)	Buyback hybrid capital	0	-5,968
	Cash flow from financing activities	**-120,196**	**-159,135**
	Change in cash and cash equivalents	**-26,580**	**43,530**
	Effects of exchange rate fluctuations on cash held	-1,177	-1,392
	Cash and cash equivalents at the beginning of the year	197,016	154,878
	Cash and cash equivalents at the end of the year	**169,259**	**197,016**

Consolidated Balance Sheet

Notes	in TEUR	31/12/2017	31/12/2016
	Assets		
(21)	Intangible assets and goodwill	690,897	690,440
(21)	Property, plant and equipment	1,521,572	1,564,727
(21)	Investment property	65,918	85,733
(22)	Investments in associates and joint ventures	11,371	13,542
(22, 25)	Other financial investments and non-current receivables	16,708	13,918
(30)	Deferred tax assets	44,049	17,367
	Non-current assets	**2,350,515**	**2,385,727**
(23)	Inventories	741,597	718,359
(24)	Trade receivables	214,277	201,809
(25)	Receivables from current taxes	2,297	9,868
(25)	Other current receivables	98,934	66,278
(24, 34, 35)	Securities and other financial assets	79,008	52,740
	Cash and cash equivalents	169,259	197,016
	Current assets	**1,305,372**	**1,246,070**
(26)	**Non-current assets held for sale**	**3,977**	**5,380**
	Total assets	**3,659,864**	**3,637,177**
	Equity and liabilities		
	Issued capital	117,527	117,527
	Share premium	1,086,017	1,086,017
	Hybrid capital	265,985	265,985
	Retained earnings	674,923	586,961
	Other reserves	-251,842	-222,503
	Treasury stock	-4,862	-4,862
	Controlling interests	**1,887,748**	**1,829,125**
	Non-controlling interests	23,491	19,831
(27)	**Equity**	**1,911,239**	**1,848,956**
(30)	Deferred taxes	71,630	80,759
(29)	Employee-related provisions	154,992	171,488
(28)	Other non-current provisions	76,453	71,197
(31, 33, 35)	Long-term financial liabilities	493,948	481,434
(31)	Other non-current liabilities	6,023	3,991
	Non-current provisions and liabilities	**803,046**	**808,869**
(28)	Current provisions	39,114	35,287
(31)	Payables for current taxes	11,399	15,912
(31, 33-35)	Short-term financial liabilities	320,724	399,924
(31)	Trade payables	321,533	302,718
(31)	Other current liabilities	252,809	225,511
	Current provisions and liabilities	**945,579**	**979,352**
	Total equity and liabilities	**3,659,864**	**3,637,177**

Consolidated Statement of Changes in Equity

Notes	in TEUR	Issued capital	Share premium	Hybrid capital	Retained earnings
	Balance on 31/12/2015	**117,527**	**1,086,026**	**490,560**	**546,754**
	Profit/loss after tax				113,504
(36)	Foreign exchange adjustments				
	Foreign exchange adjustments to investments in associates and joint ventures				
	Changes in hedging reserves				
	Changes in other reserves				-1,065
	Total comprehensive income				**112,439**
(27)	Dividend payment/hybrid coupon				-68,117
(27)	Change in hybrid capital			-224,575	-4,115
(27)	Increase/decrease in non-controlling interests		-9		
	Balance on 31/12/2016	**117,527**	**1,086,017**	**265,985**	**586,961**
	Profit/loss after tax				137,232
(36)	Foreign exchange adjustments				
	Foreign exchange adjustments to investments in associates and joint ventures				
	Changes in hedging reserves				
	Changes in other reserves				
	Total comprehensive income				**137,232**
(27)	Dividend payment/hybrid coupon				-49,270
	Balance on 31/12/2017	**117,527**	**1,086,017**	**265,985**	**674,923**

1) AfS (available-for-sale) financial instruments

Other reserves							
Actuarial gains/losses	AfS reserve [1)]	Hedging reserve	Translation reserve	Treasury stock	Controlling interests	Non-controlling interests	Total
-72,326	**228**	**41,178**	**-168,969**	**-4,862**	**2,036,116**	**18,103**	**2,054,219**
					113,504	1,823	**115,327**
			-17,165		**-17,165**	-94	**-17,259**
			1		**1**		**1**
		6,995			**6,995**		**6,995**
-11,983	-462				**-13,510**	-1	**-13,511**
-11,983	**-462**	**6,995**	**-17,164**		**89,825**	**1,728**	**91,553**
					-68,117		**-68,117**
					-228,690		**-228,690**
					-9		**-9**
-84,309	**-234**	**48,173**	**-186,133**	**-4,862**	**1,829,125**	**19,831**	**1,848,956**
					137,232	3,402	**140,634**
			-48,727		**-48,727**	486	**-48,241**
			64		**64**		**64**
		14,776			**14,776**		**14,776**
5,288	-740				**4,548**	-149	**4,399**
5,288	**-740**	**14,776**	**-48,663**		**107,893**	**3,739**	**111,632**
					-49,270	-79	**-49,349**
-79,021	**-974**	**62,949**	**-234,796**	**-4,862**	**1,887,748**	**23,491**	**1,911,239**

Notes to the Consolidated Financial Statements

General Information

1. Basis for the preparation of the consolidated financial statements

Wienerberger AG, which is headquartered in Vienna, Austria, is the parent company of an international building materials group whose business activities are classified into six segments according to management responsibilities: Clay Building Materials Eastern Europe, Clay Building Materials Western Europe, Pipes & Pavers Eastern Europe, Pipes & Pavers Western Europe, North America and Holding & Others. The address of Wienerberger AG is Wienerbergstrasse 11, 1100 Vienna, Austria.

The consolidated financial statements were prepared pursuant to § 245a of the Austrian Commercial Code and in accordance with the International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable as of the balance sheet date and adopted by the European Union (EU). Wienerberger applied all International Financial Reporting Standards published by the International Accounting Standard Board (IASB) for mandatory application in 2017. Independent auditors have examined the annual financial statements of all major Austrian and foreign companies to confirm their compliance with International Financial Reporting Standards.

In principle, the annual financial statements are based on amortized acquisition and production costs and were prepared as of the balance sheet date. An exception to this policy is the accounting treatment applied to financial instruments held for trading (derivatives) and available-for-sale financial instruments, which are recognized at fair value. Deferred taxes are determined on the basis of temporary differences and re-evaluated at every balance sheet date. In addition, defined benefit pension and severance compensation plans are recognized and measured according to the projected unit credit method. The income statement is prepared in accordance with the cost of sales method; the reconciliation to the total cost method is provided in the Notes.

With a few exceptions as noted, the consolidated financial statements are presented in thousand euros.

2. Consolidated companies

The list of companies at the end of the Notes provides an overview of the fully consolidated subsidiaries, joint ventures included at equity, associates and investments that are not fully consolidated for materiality reasons. The following table shows the changes in the scope of consolidation of the Wienerberger Group during the reporting year and comprises subsidiaries as well as associates and joint ventures accounted for at equity:

Consolidated companies	Full consolidation	Equity consolidation
Balance on 31/12/2016	**146**	**3**
Included during reporting year for the first time	9	1
Merged/liquidated during reporting year	-5	0
Balance on 31/12/2017	**150**	**4**
Thereof foreign companies	128	4
Thereof domestic companies	22	0

Subsidiaries

In addition to Wienerberger AG, the 2017 consolidated financial statements include 22 (2016: 22) Austrian and 128 (2016: 124) foreign subsidiaries over which Wienerberger AG exercises control. Subsidiaries are fully consolidated as of the date control is obtained and deconsolidated when control ceases to exist. In accordance with IFRS 10, control is considered to exist when Wienerberger has power over the subsidiary and can use this power to influence the company's financial and operating policies. Seven subsidiaries were not consolidated in 2017 (2016: 8) because their influence on the Group's assets, liabilities, financial position and profit or loss is immaterial for a true and fair view.

Investments in associates and joint ventures

The 2017 consolidated financial statements of Wienerberger AG include three investments in joint ventures (2016: 2) and one investment (2016: 1) in an associate that are accounted for at equity. In accordance with the criteria of IFRS 11, Schlagmann Poroton GmbH & Co KG, Silike keramika, spol. s.r.o. and TV Vanheede-Wienerberger are to be classified as joint ventures, because these companies are managed jointly with a partner of equal rights. Wienerberger holds 50% in these joint ventures. The following table shows the values (100%) resulting from the aggregation of the joint ventures:

in TEUR	2017	2016
Revenues	88,124	84,621
EBITDA	16,227	17,199
Operating EBIT	12,314	13,448
Profit/loss after tax	8,418	13,332
Total comprehensive income after tax	8,727	12,871

Assets

in TEUR	31/12/2017	31/12/2016
Non-current assets	46,960	40,470
Current assets	31,701	38,059
	78,661	**78,529**

Equity and liabilities

in TEUR	31/12/2017	31/12/2016
Equity	22,737	27,083
Non-current provisions and liabilities	22,582	7,092
Current provisions and liabilities	33,342	44,354
	78,661	**78,529**

A detailed breakdown of the contributions to earnings and the total assets of the associate Fornaci Giuliane S.r.l. is not provided, as these amounts are immaterial for the Wienerberger Group.

3. Acquisitions

In August 2017, Wienerberger acquired the Preflex Group, a leading manufacturer of pre-wired conduits for electrical installations as well as one clay block plant in Germany. On October 31, 2017, Columbus Brick Company – a US facing brick producer located in Mississippi and operating two brick plants – was acquired. In all cases 100% of the shares were acquired. The amount paid for these transactions in cash was TEUR 43,128. In addition, TEUR 10,253 was recognized in other liabilities as of the balance sheet date. In the course of the purchase price allocation, goodwill in the amount of TEUR 7,214 was identified for Preflex, which reflects a more diversified market presence owing to the broadening of the product range in the plastic pipe segments. This goodwill is reported in the Pipes & Pavers Western Europe segment. For Columbus Brick Company badwill of

TEUR 1,956 was identified, which primarily resulted from the identification of intangible assets, such as the brand and the customer base, and the lower income tax rate due to the US income tax reform. As an item carrying through profit or loss, it was recognized in other operating income. From January 1, 2017 to December 31, 2017, the acquired companies contributed TEUR 70,722 to revenues and TEUR 6,006 to EBITDA. Since the date of the initial consolidation, they have contributed TEUR 23,909 to revenues and TEUR 2,247 to EBITDA. Transaction costs for the acquisitions, recognized under administrative expenses, amounted to a total of TEUR 951.

The reconciliation of the carrying amounts to Group amounts is shown in the following table:

in TEUR	Carrying amounts	Adjustments	Total
Intangible assets	289	25,895	**26,184**
Property, plant and equipment and financial assets	18,710	15,351	**34,061**
Deferred taxes	-5	148	**143**
Non-current assets	**18,994**	**41,394**	**60,388**
Inventories	6,208	0	**6,208**
Trade receivables	5,189	-25	**5,164**
Other current receivables	6,076	4	**6,080**
Current assets	**17,473**	**-21**	**17,452**
Deferred taxes	0	7,004	**7,004**
Non-current provisions	1,284	-684	**600**
Long-term financial liabilities	6,836	0	**6,836**
Other non-current liabilities	722	52	**774**
Non-current provisions and liabilities	**8,842**	**6,372**	**15,214**
Current provisions	430	0	**430**
Short-term financial liabilities	457	53	**510**
Trade payables	6,131	11	**6,142**
Other current liabilities	6,588	0	**6,588**
Current provisions and liabilities	**13,606**	**64**	**13,670**
Net assets	**14,019**	**34,937**	**48,956**
Goodwill			**7,214**
Badwill			**-1,956**
Cash and cash equivalents			**-833**
Purchase price liabilities			**-10,253**
Net payments made for the acquisitions			**43,128**

4. Methods of consolidation

The acquisition method of accounting is applied to all fully consolidated companies. According to this method, the compensation transferred in exchange for the investment is compared with the revalued net assets (shareholders' equity) of the acquired company on the date of purchase. All identifiable assets, liabilities and contingent liabilities are initially recognized at fair value in accordance with IFRS 3; any remaining positive difference between the purchase price and revalued pro-rata equity is recognized in local currency as goodwill in the relevant segment. Negative differences are recognized in the income statement under other operating income. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least once each year together with the cash-generating unit to which they are allocated and reduced to the lower applicable recoverable amount in the event of impairment. Impairment tests are also performed more frequently if there are indications of a lasting decline in the value of a cash-generating unit during the financial year (see Note 5. Accounting and valuation principles and Note 21. Non-current assets).

Revenues, income and expenses as well as receivables and liabilities arising between consolidated companies are eliminated. Intercompany gains and losses from the sale of goods or services between Group companies that affect current or non-current assets are eliminated, unless they are immaterial.

The basic methodology of consolidation applies to associates and joint ventures consolidated at equity; local valuation methods are retained if the variances are immaterial.

5. Accounting and valuation principles

The accounting and valuation principles that form the basis for these consolidated financial statements remain unchanged in comparison with the previous year and were extended to include the new IFRSs to be applied on a mandatory basis as of the financial year (see Note 7. Effects of new and revised standards). A detailed description of the accounting and valuation principles can be found beginning on page 182.

6. Estimates and judgements

In preparing the consolidated financial statements, management must make estimates and judgements that influence the recognition and measurement of assets, liabilities and contingent liabilities, the disclosure of other obligations as of the balance sheet date, and the recognition of revenues and expenses during the reporting period. The actual figures may differ from management estimates.

For example, the valuation of pension plans and severance claims by actuaries include assumptions concerning the expected discount rate, increase in salaries and pensions, employee turnover rates and the development of the costs of medical care. Detailed information on the parameters used is provided in Note 29. Employee benefits. This Note also includes a sensitivity analysis of the defined benefit obligations.

The useful life of property, plant and equipment is also determined on the basis of estimates which, in this case, are derived from experience with the operation of comparable equipment. A table showing the ordinary useful lives of these assets can be found on page 183.

Provisions for site restorations are based on the best possible estimate of the expected costs of recultivating depleted clay pits as well as long-term discount rates, considering the respective national inflation rates.

The measurement of deferred tax assets requires assumptions regarding the future taxable income and the time of realization of the deferred tax assets. However, given the fact that the future development of business cannot be predicted with certainty and is not entirely within Wienerberger's control, the valuation of deferred taxes is uncertain.

The Wienerberger Group issues various types of product warranties, depending on the respective product segment and on market conditions. In principle, the recognition and measurement of provisions for warranties/guarantees relate to estimates of the frequency and amount of losses. These estimates are based on historical records of the occurrence and scope of guarantee cases as well as the best possible management estimates of payments to be made in guarantee cases. The provisions are adjusted regularly to reflect new information.

In particular, impairment testing of goodwill and other assets involves estimates and forward-looking assumptions by management concerning the expected cash surpluses and the cost of capital for the Wienerberger Group and its cash-generating units during the planning period. The estimates made during the preparation of these consolidated financial statements reflect the best knowledge and belief of management on a going-concern basis. They draw on past experience and take account of the remaining degree of uncertainty. A sensitivity analysis was performed to show the influence of changes in macroeconomic parameters on forecasts for the income statement. This analysis is explained in detail in Note 21. Non-current assets.

7. Effects of new and revised standards

The following table provides an overview of the new standards and interpretations published by the IASB as of the balance sheet date:

Standards/Interpretations		Published by IASB	Mandatory first-time adoption
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses – Amendments	January 2016	1/1/2017 [1)]
IAS 7	Statement of Cash Flows: Disclosure Initiative	January 2016	1/1/2017 [1)]
	Annual Improvements to IFRSs 2014 - 2016 Cycle	December 2016	1/1/2017 / 1/1/2018 [1)]
IFRS 9	Financial Instruments	July 2014	1/1/2018 [1)]
IFRS 15	Revenue from Contracts with Customers	May 2014/ September 2015	1/1/2018 [1)]
IFRS 15	Revenue from Contracts with Customers – Clarification	April 2016	1/1/2018 [1)]
IFRS 4	Insurance Contracts – Amendments	September 2016	1/1/2018 [1)]
IFRS 2	Share-based Payments – Amendments	June 2016	1/1/2018
IAS 40	Investment Property: Amendments	December 2016	1/1/2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	December 2016	1/1/2018
IFRS 16	Leases	January 2016	1/1/2019 [1)]
IFRIC 23	Uncertainty over Income Tax Treatments	June 2017	1/1/2019
IFRS 9	Financial Instruments – Amendments	October 2017	1/1/2019
IAS 28	Long-term Interests in Associates and Joint Ventures – Amendments	October 2017	1/1/2019
	Annual Improvements to IFRSs 2015 - 2017 Cycle	December 2017	1/1/2019
IFRS 17	Insurance Contracts	May 2017	1/1/2021
IFRS 10, IAS 28	Sale of Assets between an Investor and its Associate or Joint Venture – Amendments	September 2014/ December 2015	-

1) Mandatory effective date according to European Union directive.

New and amended standards and interpretations published that were adopted by the EU

The amendments to IAS 12 clarify the accounting treatment of deferred tax assets for unrealized losses on acquired debt instruments. Write-downs to the lower market value of debt instruments measured at fair value, resulting from a change in the prevailing market interest rate, result in deductible temporary differences. These amendments have no effect on the Group's consolidated financial statements.

The amendments to IAS 7 Statements of Cash Flows are intended to improve the disclosures regarding the company's level of debt. Additional information is to be provided on changes in the company's financial liabilities, cash receipts and cash payments from financing activities, as well as the related financial assets. These disclosures were represented in the form of a reconciliation in Note 20. Cash flow from financing activities.

The 2014 - 2016 improvements cycle comprises clarifications in connection with investments in other entities and in associates according to IFRS 12 and IAS 28. In addition, certain exemptions under IFRS 1 for first-time adopters, which are not relevant for Wienerberger, were deleted. The amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2017; amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018.

In November 2009, the project of replacing IAS 39 Financial Instruments by IFRS 9 Financial Instruments resulted in a first publication dealing with the recognition and measurement of financial instruments. Further IFRS 9 rules followed in 2010 and 2013, and the final version was published in July 2014. Major changes concern the classification and subsequent measurement of financial assets. According to the new criteria, the characteristics of the financial instrument are of primary relevance, determining the method of measurement of debt instruments, equity instruments as well as derivatives. Another criterion is the business model under which the financial instruments are administered. In this regard one must define whether a financial instrument is to be held for trading or to maturity. Depending on the characteristics of the financial instruments, the following methods are applied to the recognition and subsequent measurement: at fair value through profit or loss, at fair value through other comprehensive income and at amortized cost. Financial assets measured at amortized cost are now subject to more extensive provisions regarding impairment under IFRS 9, according to which current and forward-looking information on expected credit losses must be incorporated into the recognition and measurement of the assets. Another significant change relates to the revised rules on hedge accounting. Proof of effectiveness is no longer subject to the range of 80% - 125%, specified by the standard-setter, but can be reasoned by the entity in qualitative terms.

The new IFRS 9 will be effective for financial years beginning on or after January 1, 2018. After reclassification, certain financial assets in the consolidated balance sheet of the Wienerberger Group will no longer be recognized through other comprehensive income but through profit or loss. In the financial year 2017, the fluctuations in the value of the financial instruments concerned, which are reported under securities and other financial assets and presented on page 159 (Note 24. Receivables, securities and other financial assets) in the Notes, were immaterial in 2017.

Wienerberger will apply the changes in IFRS 9 prospectively. Therefore, in the opening balance as of January 1, 2018, changes in the value of financial assets will be reported under retained earnings. This concerns shares in the equity of other companies with a carrying amount of MEUR 7.0 (see Note 22. Investments and Note 24. Receivables, securities and other financial assets), on the one hand, and trade receivables as well as loans granted with total carrying amounts of MEUR 239.6 (Note 24. Receivables, securities and other financial assets), on the other hand. The measurement at fair value of equity instruments not held for sale or trading resulted in a valuation effect of MEUR 7.7. In line with the new provisions regarding the impairment of debt instruments, an additional amount of MEUR 0.7 will be reported under retained earnings.

IFRS 15 Revenue from Contracts with Customers was published in May 2014 and will replace IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard defines the timing and the amount of revenue realized, regardless of the type of contract and service. The standard provides for a five-step framework for the determination of revenue, according to which the contract and the performance obligations of the contract are to be identified first. After the determination of the transaction price and its allocation to the individual performance obligations, the time of performance to realize the revenue must be identified. The final amendments to IFRS 15 were published in April 2016. The clarifications concern the identification of the separate performance obligations of a contract, the assessment as to whether an entity is the principal or the agent of a transaction, and whether revenue from licenses granted is to be recognized over time or at a point in time. Further simplifications are provided for in connection with the transitional rules. The new standard as well as its amendments are mandatory for financial years starting after January 1, 2018. Wienerberger will adopt IFRS 15 Revenue from Contracts with Customers on the basis of the cumulative effect method. The cumulative effect of first adoption will be recognized in retained earnings as at January 1, 2018 and will concern contracts that are not completed on the balance sheet date. Accordingly, a restatement of the comparative period 2017 is not required.

Wienerberger studied the impacts of the adoption of the new standard on the consolidated annual statements on the basis of analyses of contracts with customers. The equity-increasing effect as at January 1, 2018 amounts to MEUR 0.3. It results from earlier revenue recognition according to IFRS 15 in the case of customer-specific production.

Currently, revenue arising from the provision of goods or services is realized when all major risks and opportunities arising from the delivered objects have been transferred to the buyer. In addition, a reliable measurement of the amount of the revenues and the costs related to the sale must be possible. Revenues are presented net of rebates, discounts and bonuses. According to the new standard, revenue is recognized upon transfer of control to the customer. In the case of construction contracts according to IFRS 15.35 c), control of the product is transferred already upon production, as the customer acquires control of the semi-finished products during the production process. According to IFRS 15, revenue from such contracts is recognized over a period of time, as the products manufactured are customer-specific and have no alternative use and Wienerberger has an enforceable right to payment against the customer. In brick and ceramic pipe business as well as in concrete paver business, the production period of construction contracts usually extends over a few days to several weeks.

In the plastic pipe business, revenue and costs resulting from contracts for the production of LLLD (long-length-large-diameter) pipes are currently recognized according to the percentage of completion. According to IFRS 15 as well, revenue from production contracts is recognized over a period of time, which means that the adoption of the new standard does not entail a change in accounting.

Apart from the sale of products, Wienerberger also provides services for customers. Within the framework of building information modeling, for instance, 3D models for building design are generated. Wienerberger receives an all-in service fee for services provided within the framework of building information modeling projects, such as noise measurement or landscape valuation. According to IFRS 15, revenue from building information modeling projects is to be recognized over a period of time, as Wienerberger has no alternative use for the asset produced and has an enforceable right to payment for services already provided. The effects from the earlier recognition of revenue from service contracts are immaterial as at January 1, 2018.

According to IFRS 15, contract costs are to be recognized as an asset. Wienerberger will make use of the practical expedient to capitalize contract costs only for contract terms of more than one year. As contracts with customers are usually concluded for periods of less than one year and/or executed within a few days or weeks, there will be no effect resulting from the capitalization of contract costs.

Based on the accounting logic applied to date, a provision was set up at the end of the year for returnable pallets by making a revenue adjustment in the amount of the profit contribution of the expected returns. According to IFRS 15, variable considerations, such as expected returns, are to be included in revenue only if and to the extent that it is highly probable that such inclusion will not result in a significant revenue reversal in the future. Returns therefore have to be estimated and revenue has to be reduced by a refund liability in the amount of the expected payments to the customer. At the same time, a return asset is recognized for expected returns at the former present value less expected costs to recover the goods and potential impairments. Compared to the accounting logic applied to date, this results in a higher reduction in revenue, which is, however, offset by an adjustment of the cost of goods sold. Relative to January 1, 2018, recognition in gross amounts will result in an increase in total assets by about MEUR 7.2.

In contracts with wholesalers, above all, contributions to advertising costs have been identified which, in future, have to be recognized as revenue reductions, unless they are paid for a distinct good or service. This will result in change in presentation in the consolidated income statement. Payments to customers, which were recognized as an expense item in 2017 but will have to be recognized as a reduction in revenue according to IFRS 15, amounted to MEUR 0.8.

The amendments to IFRS 4 Insurance Contracts, addressing issues arising from the implementation of IFRS 9 Financial Instruments in insurance contracts, were published in September 2016. These amendments are of no relevance to Wienerberger.

IFRS 16 Leases was published in January 2016 and will replace IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Wienerberger will adopt the new standard as of January 1, 2019 and elect to apply the modified retrospective approach as a transitional method. The cumulative impact of applying the new standard is recognized in retained earnings in the opening balance and a restatement of the comparative period 2018 is not required. The objective of the new standard is to ensure that all leases and the related contractual rights and obligations are recognized on the lessee's balance sheet, which will eliminate the need to distinguish between operating leases and financing leases in the future. A first assessment of the impact on the consolidated annual statements showed, as expected, an increase in non-current assets and financial liabilities due to existing operating leases. The main non-current asset item concerned by the change will be land and buildings on account of longer-term rental and lease contracts for office premises, warehouses and production sites. However, the actual extent of the impact at the time of transition will depend on various factors, such as rental and lease contracts in force at that time, the exercise of elective rights, the assessment of options and the prevailing interest landscape. The total of future minimum lease payments arising from non-cancellable operating leases as at December 31, 2017 is shown in Note 21. Non-current assets.

New and amended standards and interpretations published, but not yet adopted by the EU

The amendments to IFRS 2 Share-based Payment concern the consideration of settlement conditions within the framework of the measurement of share-based payments with cash settlement. Share-based payments providing for net settlement of taxes to be withheld are classified as equity-settled share-based payments. Moreover, the amendments clarify the recognition of a change in conditions, if it changes the classification from cash-settled payment to equity-settled payment.

In December 2016, amendments to IAS 40 were published, which clarify the requirements on transfers to, or from, investment property so that now an investment property under construction may also fall under the rules of IAS 40. Subject to acceptance by the EU, these amendments are effective for periods beginning on or after January 1, 2018.

Moreover, IFRIC 22 Foreign Currency Transactions and Advance Consideration was issued in December 2016. This interpretation clarifies that the date of transaction, for the purpose of determining the exchange rate of a non-monetary asset, is the date of initial recognition. Subject to acceptance by the EU, this interpretation is effective for annual reporting periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainties over Income Tax Treatments, containing explanations of the rules of IAS 12 Income Taxes, was published in June 2017. This interpretation clarifies how to deal with uncertainties regarding income tax rules in annual statements prepared according to IFRS.

The amendments to IFRS 9 Financial Instruments were published in October 2017 and provide for adjustments to the assessment criteria for the classification of financial assets. Under certain conditions, financial assets with prepayment features with negative compensation may be accounted for at amortized cost or at fair value in other comprehensive income. Moreover, the amendment clarifies that the amortized cost of modified financial liabilities, which do not lead to derecognition, have to be adjusted directly in profit or loss. Subject to adoption by the EU, the amendments are to be applied retroactively as of January 1, 2019.

The amendments to IAS 28 clarify that IFRS 9 has to be applied to long-term investments in associates or joint ventures not accounted for at equity. Subject to adoption by the EU, these amendments also have to be applied as of January 1, 2019.

The 2015 - 2017 improvements cycle contains clarifications regarding business combinations according to IFRS 3 and joint arrangements according to IFRS 11. In detail, the clarifications relate to the remeasurement of previously held interests upon transfer of control or joint management of a business in which an interest was previously held within the framework of a joint activity. Moreover, the improvements cycle contains clarifications on IAS 12 Income Taxes regarding the fiscal consequences of dividend payments and on IAS 23 Borrowing Costs regarding the determination of borrowing rates. Subject to adoption by the EU, these amendments will be effective as of January 1, 2019.

In May 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces IFRS 4 and regulates the accounting treatment of insurance and reinsurance contracts. As Wienerberger holds neither insurance nor reinsurance contracts, the new standard is of no relevance to its consolidated annual statements.

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates, entitled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, provide for the effect on the result to depend on whether or not a business operation is transferred. In the event of loss of control of a business operation, the result is to be recognized in its entirety. The date of first adoption has been deferred indefinitely by the IASB.

8. Operating segments

The definition of operating segments and the presentation of segment results are based on the management approach required by IFRS 8 and follow internal reports to the Managing Board of Wienerberger AG as the chief operating decision maker, i.e. the body that decides on the allocation of resources to the individual segments.

The business activities of the Wienerberger Group are managed on a regional basis; at the same time, their segmentation also reflects the different business areas. The Clay Building Materials Europe Division covers activities in the areas of clay blocks, facing bricks and roof tiles in two segments: Clay Building Materials Eastern Europe and Clay Building Materials Western Europe. The Pipes & Pavers Europe Division encompasses the activities of the plastic pipe producer Pipelife, the ceramic pipe producer Steinzeug-Keramo and the concrete paver producer Semmelrock; it is divided into the Pipes & Pavers Eastern Europe and Pipes & Pavers Western Europe segments. All activities in North America are grouped in the North America segment. The Holding & Others segment consists primarily of Wienerberger's brick business in India and activities at the corporate headquarters.

Reports to the responsible chief operating decision maker include EBITDA as the key indicator for the management of the operating segments as well as revenues, EBIT, operating EBIT, interest result and profit/loss after tax. Accordingly, these indicators are also presented in the segment report. The allocation of revenues, EBITDA, EBIT, operating EBIT, interest result, income taxes, profit/loss after tax, assets, liabilities, capital employed and capital expenditure is based on the headquarters of the individual companies.

The reconciliation of segment results to Group results only requires the elimination of revenues, income and expenses as well as receivables and liabilities arising between the operating segments. Wienerberger does not generate more than 10% of its revenues with any single external customer.

In the year under review, consolidated revenues increased by 5% to TEUR 3,119,707, including negative effects from currency translation in the amount of TEUR 27,413. Group revenues include revenues in the amount of TEUR 14,240 (2016: TEUR 31,275) from construction contracts. Detailed information on revenues by region is provided in the presentation of operating segments on pages 136 and 137.

Operating Segments	Clay Building Materials Eastern Europe		Clay Building Materials Western Europe		Pipes & Pavers Eastern Europe	
in TEUR	2017	2016	2017	2016	2017	2016
External revenues	562,861	506,840	1,224,139	1,174,400	439,981	411,457
Inter-company revenues [1]	7,192	8,115	11,733	10,404	11,544	9,695
Total revenues	570,053	514,955	1,235,872	1,184,804	451,525	421,152
EBITDA	137,322	105,686	187,020	184,972	37,881	35,435
Depreciation and amortization [2]	-47,351	-47,872	-91,984	-79,150	-22,441	-22,219
Operating EBIT [3]	89,971	57,814	95,036	105,822	15,440	13,216
Impairment charges/ Reversal of impairment charges	0	-4,511	-4,627	0	-5,599	0
Impairment charges to goodwill	0	0	0	0	0	0
EBIT	89,971	53,303	90,409	105,822	9,841	13,216
Income from investments in associates and joint ventures	111	146	4,098	6,520	0	0
Investments in associates and joint ventures	1,173	1,075	10,198	12,467	0	0
Interest result	-9,954	-11,336	-23,831	-28,688	-9,382	-9,368
Income taxes	-12,443	-6,561	-16,938	-21,747	1,640	-804
Profit/loss after tax	66,188	34,850	50,648	55,809	1,019	2,584
Liabilities	318,063	340,677	870,459	979,608	224,644	205,794
Capital employed	471,681	469,782	1,051,748	1,105,859	262,411	251,578
Assets	817,184	772,522	1,632,386	1,656,702	373,741	365,022
Non-current assets held for sale	388	95	1,590	2,056	0	0
Normal capex	30,244	26,821	54,951	57,767	18,333	15,748
Growth capex [4]	8,177	10,157	2,742	2,712	2,819	12,518
Ø Employees	4,451	4,350	6,121	5,983	2,326	2,322

Revenues	Clay Building Materials Eastern Europe		Clay Building Materials Western Europe		Pipes & Pavers Eastern Europe	
in TEUR	2017	2016	2017	2016	2017	2016
Austria	86,149	88,077			140,585	136,529
Czech Republic	100,589	86,835			26,957	26,101
Poland	117,674	104,329			87,834	76,422
Romania	58,685	46,779			17,620	18,670
Hungary	51,404	44,008			41,427	35,851
Germany			233,709	236,616		
Great Britain			310,246	273,153		
Belgium			204,062	210,734		
Netherlands			182,399	173,818		
France			165,870	154,859		
Finland			8,902	8,052		
Sweden			8,292	8,189		
Norway			11,874	9,639		
USA						
Other countries	148,899	138,126	99,243	100,890	125,564	117,884
Wienerberger Group	**563,400**	**508,154**	**1,224,597**	**1,175,950**	**439,987**	**411,457**

1) Inter-company revenues represent the revenues between fully consolidated, at-equity consolidated and unconsolidated Group companies. // 2) Including special write-downs // 3) Adjusted for impairment charges to assets and goodwill and reversal of impairment charges

Pipes & Pavers Western Europe		North America		Holding & Others		Reconciliation [5]		Wienerberger Group	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
574,175	576,743	308,738	292,677	8,582	8,595	0	0	3,118,476	2,970,712
7,331	7,925	315	648	14,734	14,454	-51,618	-48,124	1,231	3,117
581,506	584,668	309,053	293,325	23,316	23,049	-51,618	-48,124	3,119,707	2,973,829
31,813	63,114	32,043	32,702	-11,060	-17,643	0	0	415,019	404,266
-27,159	-28,087	-29,020	-26,813	-2,882	-2,409	0	0	-220,837	-206,550
4,654	35,027	3,023	5,889	-13,942	-20,052	0	0	194,182	197,716
0	0	0	0	1,055	4,303	0	0	-9,171	-208
-6,339	-6,751	0	0	0	-141	0	0	-6,339	-6,892
-1,685	28,276	3,023	5,889	-12,887	-15,890	0	0	178,672	190,616
0	0	0	0	0	0	0	0	4,209	6,666
0	0	0	0	0	0	0	0	11,371	13,542
-7,972	-8,769	-6,054	-8,690	21,042	32,447	0	0	-36,151	-34,404
-7,041	-12,296	31,980	1,292	-1,442	-3,106	0	0	-4,244	-43,222
-5,980	21,313	27,716	-2,707	106,008	91,842	-104,965	-88,364	140,634	115,327
405,693	388,045	164,703	158,061	1,075,109	1,103,561	-1,310,046	-1,387,525	1,748,625	1,788,221
301,023	280,917	364,928	352,803	7,456	-957	0	0	2,459,247	2,459,982
725,698	722,094	434,076	437,819	4,262,402	4,230,619	-4,585,623	-4,547,601	3,659,864	3,637,177
1,994	3,229	0	0	5	0	0	0	3,977	5,380
23,900	23,076	11,692	9,247	8,347	4,609	0	0	147,467	137,268
12,858	14,942	32,251	3,498	0	0	0	0	58,847	43,827
1,884	1,841	1,305	1,289	210	205	0	0	16,297	15,990

Pipes & Pavers Western Europe		North America		Holding & Others		Wienerberger Group	
2017	2016	2017	2016	2017	2016	2017	2016
				375	413	227,109	225,019
						127,546	112,936
						205,508	180,751
						76,305	65,449
						92,831	79,859
43,050	44,504					276,759	281,120
10,368	11,915					320,614	285,068
73,444	63,161					277,506	273,895
86,538	95,623					268,937	269,441
49,483	54,090					215,353	208,949
65,762	61,875					74,664	69,927
91,110	85,762					99,402	93,951
105,302	118,258					117,176	127,897
		277,338	263,154			277,338	263,154
49,118	41,555	31,400	29,523	8,435	8,435	462,659	436,413
574,175	576,743	308,738	292,677	8,810	8,848	3,119,707	2,973,829

4) Including investments in other financial assets // 5) The 'reconciliation' column includes eliminations between Group companies.

Products

in TEUR	Revenues 2017	Revenues 2016	EBITDA 2017	EBITDA 2016	Total investments 2017	Total investments 2016
Wall	**722,134**	670,703	**120,376**	92,789	**41,693**	43,473
Facade	**759,829**	695,051	**109,984**	112,046	**66,145**	35,739
Roof	**545,692**	554,103	**121,587**	119,417	**29,356**	27,342
Pavers	**116,866**	116,335	**11,966**	10,591	**8,647**	17,242
Pipes	**974,808**	937,226	**64,007**	88,980	**52,706**	53,544
Other	**378**	411	**-12,901**	-19,557	**7,767**	3,755
Wienerberger Group	**3,119,707**	**2,973,829**	**415,019**	**404,266**	**206,314**	**181,095**

Notes to the Consolidated Income Statement

9. Material expenses

The cost of goods sold, selling and administrative expenses and other operating income and expenses include expenses for materials, maintenance, merchandise and energy:

in TEUR	2017	2016
Cost of materials	**596,978**	525,032
Maintenance expenses	**126,680**	125,665
Cost of merchandise	**373,279**	349,351
Cost of energy	**264,247**	260,886
Total	**1,361,184**	**1,260,934**

The reported expenses were increased by a change of TEUR 34,173 (2016: TEUR 62,461) in inventories of semi-finished and finished goods. Income of TEUR 1,742 (2016: TEUR 2,784) resulted from the capitalization of own work and a proportional share of borrowing costs related to the construction of qualified plant and equipment.

The cost of materials consists mainly of expenses for clay, sand, plastics, sawdust and other additives, as well as expenses for pallets and other packaging materials. Maintenance expenses comprise the use of maintenance materials and other low-value spare parts as well as third party services.

10. Depreciation, amortization, impairment charges and reversal of impairment charges

The cost of goods sold, selling and administrative expenses and other operating expenses for the reporting year include TEUR 189,605 (2016: TEUR 191,313) of scheduled depreciation and amortization as well as special write-downs in accordance with IAS 36 of TEUR 31,232 (2016: TEUR 15,237) from the mothballing of plants and/or lines. The impairment tests carried out at mid-year and in December 2017 (see Note 21. Non-current assets) led to the recognition of impairment charges in the total amount of TEUR 16,565 (2016: TEUR 11,403) to property, plant and equipment and intangible assets (including goodwill). The reversal of impairment charges in the amount of TEUR 1,055 (2016: TEUR 4,303) resulted from the valuation of emission certificates.

Depreciation, amortization, impairments and reversal of impairment charges to intangible assets and property, plant and equipment are as follows:

in TEUR	2017	2016
Depreciation	**189,605**	**191,313**
Special write-downs	**31,232**	15,237
Depreciation and special write-downs	**220,837**	**206,550**
Impairment charges to property, plant and equipment and intangible assets	**10,226**	4,511
Impairment charges to goodwill	**6,339**	6,892
Impairment charges	**16,565**	**11,403**
Reversal of impairment charges	**-1,055**	**-4,303**
Depreciation, amortization, impairment charges and reversal of impairment charges	**236,347**	**213,650**

11. Personnel expenses

The cost of goods sold, selling and administrative expenses include the following personnel expenses:

in TEUR	2017	2016
Wages	**320,879**	309,344
Salaries	**277,726**	259,093
Temporary workers [1]	**25,194**	16,813
Expenses for long-term incentive programs	**3,312**	4,147
Expenses for severance payments (incl. voluntary severance payments)	**5,167**	5,640
Expenses for pensions	**18,705**	18,563
Expenses for statutory social security and payroll-related taxes and contributions	**127,259**	122,673
Other employee benefits	**16,278**	15,478
Personnel expenses	**794,520**	**751,751**

1) Since January 1, 2017, temporary workers have been included in personnel expenses since their first day of employment (previously they were only included after a period of three months)

The fixed remuneration components paid out to the members of the Managing Board totaled TEUR 1,290 in 2017 (2016: TEUR 1,264). Moreover, the Managing Board acquired entitlements in the amount of TEUR 3,689 (2016: TEUR 2,941) from variable components. The latter amount includes expenses of TEUR 1,290 (2016: TEUR 1,264) for a long-term remuneration component to be paid out in three equal instalments over two years if the defined targets are met. Moreover, the reporting year includes expenses of TEUR 1,110 (2016: TEUR 412) for an additional medium-term variable remuneration component to be paid out in 2018, provided the financial targets are met. The figures for 2016 were restated, as the cumulative entitlement earned for the 2015 - 2016 period had been reported instead of the entitlement earned from the variable remuneration component for 2016. Expenses for the short-term variable remuneration component, which is conditional on the attainment of short-term financial corporate goals, amounted to TEUR 1,290 (2016: TEUR 1,264).

For the active members of the Managing Board, pension expenses in the form of contributions to pension funds (defined contribution plans) totaled TEUR 596 (2016: TEUR 523). In the financial year 2017, the provision for statutory severance compensation claims amounted to TEUR 888 (2016: TEUR 814). Payments of TEUR 848 (2016: TEUR 838) were made to former members of the Managing Board and their surviving dependents.

The members of the Supervisory Board received remuneration in the amount of TEUR 603 for their activities during the 2016 financial year (previous year: TEUR 528). Entitlements for the reporting year totaled TEUR 663.

The company has not provided any guarantees for loans, nor have any companies of the Wienerberger Group granted loans to members of the Managing Board or the Supervisory Board.

12. Employees

The average number of employees is shown in the following table:

in FTE	2017	2016
Production	10,962	10,778
Administration	1,507	1,462
Sales	3,828	3,750
Total [1)]	**16,297**	**15,990**
Thereof apprentices	119	116

1) Since January 1, 2017, temporary workers have been included in the total number of employees since their first day of employment (previously they were only included after a period of three months)

13. Other operating expenses

The cost of goods sold, selling and administrative expenses include the following other operating expenses:

in TEUR	2017	2016
Transportation costs for deliveries	202,316	190,736
Expenses for services	113,565	118,567
Internal transport expenses	54,359	52,576
Rental and leasing charges	53,292	52,105
Non-income based taxes	26,608	25,191
License and patent expenses	10,166	9,524
Expenses for environmental protection measures	8,978	5,664
Uncollectible receivables	1,474	1,745
Losses on the disposal of fixed assets, excluding financial assets	1,090	1,312
Miscellaneous	108,983	113,523
Other operating expenses	**580,831**	**570,943**

The reconciliation of expenses under the total cost method to expenses under the cost of sales method is shown on page 142.

Expenses for services include, above all, expenses for business trips and travel, legal advisory and miscellaneous consulting services, advertising, insurance and telecommunications. Expenses for the external auditor and members of the auditor's network totaled TEUR 1,636 (2016: TEUR 1,822) for the audit of the consolidated financial statements in the year under review, TEUR 47 (2016: TEUR 158) for assurance services, TEUR 111 (2016: TEUR 70) for tax consulting services and TEUR 2 (2016: TEUR 280) for other services.

Miscellaneous other expenses consist mainly of expenses for commissions, business entertainment, customer complaints and research and development. In 2017, research and development expenses amounted to TEUR 10,980 (2016: TEUR 14,878).

14. Other operating income

The cost of goods sold, selling and administrative expenses include the following other operating income:

in TEUR	2017	2016
Income from the disposal of tangible assets, excluding financial assets	26,433	27,340
Income from rental and leasing contracts	5,359	4,997
Income from insurance claims	659	2,823
Subsidies	1,796	1,664
Miscellaneous	30,031	36,918
Other operating income	**64,278**	**73,742**

Miscellaneous other operating income represents sales-like revenues that are not part of the direct business activities of the Wienerberger Group.

15. Reconciliation of results according to the cost of sales and total cost method

In the income statement prepared according to the cost of sales method, expenses are classified by functional area. Under the total cost method, the amounts are shown for each individual category of expenses and adjusted to reflect the increase or decrease in finished and semi-finished goods, own work capitalized and the proportional share of construction-related borrowing costs. The relationship of these two methods is explained below; changes in inventories and the capitalization of costs relating to the construction of qualified fixed assets are included under the cost of materials:

2017 *in TEUR*	Cost of freight	Cost of materials	Cost of merchandise	Appreciation/ depreciation	Cost of energy	Personnel expenses	Other income	Other expenses	Total
Cost of goods sold	0	734,183	372,217	149,752	257,171	452,815	-1,785	129,355	**2,093,708**
Selling expenses	202,316	17,427	1,062	8,142	4,199	211,283	-3,572	154,705	**595,562**
Administrative expenses	0	4,479	0	9,693	821	130,422	-4,007	61,914	**203,322**
Other operating expenses	0	0	0	69,815	2,056	0	0	37,017	**108,888**
Other operating income	0	0	0	-1,055	0	0	-54,914	-4,476	**-60,445**
	202,316	**756,089**	**373,279**	**236,347**	**264,247**	**794,520**	**-64,278**	**378,515**	**2,941,035**

2016 *in TEUR*	Cost of freight	Cost of materials	Cost of merchandise	Appreciation/ depreciation	Cost of energy	Personnel expenses	Other income	Other expenses	Total
Cost of goods sold	0	694,114	348,564	153,855	254,696	431,352	-1,272	129,932	**2,011,241**
Selling expenses	190,736	16,260	787	7,805	3,643	201,634	-3,550	157,032	**574,347**
Administrative expenses	0	0	0	10,237	920	118,765	-4,410	60,672	**186,184**
Other operating expenses	0	0	0	46,056	1,886	0	0	32,571	**80,513**
Other operating income	0	0	0	-4,303	-259	0	-64,510	0	**-69,072**
	190,736	**710,374**	**349,351**	**213,650**	**260,886**	**751,751**	**-73,742**	**380,207**	**2,783,213**

16. Interest and other financial result

In accordance with the categories defined by IAS 39, the following items are included in the interest and other financial result:

2017 *in TEUR*	Total	Loans and receivables	FLAC [1]	AfS [2]	Derivatives
Interest and similar income	5,952	2,919	0	307	2,726
Interest and similar expenses	-38,714	0	-32,234	0	-6,480
Net interest result from defined benefit pension and severance obligations	-3,389				
Interest result	**-36,151**	**2,919**	**-32,234**	**307**	**-3,754**
Income from third parties (dividends)	1,169	0	0	1,169	0
Income from investments	**1,169**	**0**	**0**	**1,169**	**0**
Result from the disposal of financial instruments	368	0	0	368	0
Valuation of derivative instruments	5,751				5,751
Impairment of financial instruments	-59	-31	0	-28	0
Foreign exchange differences	-6,672				
Net result	**-612**	**-31**	**0**	**340**	**5,751**
Bank charges	-2,409				
Other financial result	**-1,852**	**-31**	**0**	**1,509**	**5,751**
Total	**-38,003**	**2,888**	**-32,234**	**1,816**	**1,997**

2016 *in TEUR*	Total	Loans and receivables	FLAC [1]	AfS [2]	Derivatives
Interest and similar income	5,494	3,986	0	639	869
Interest and similar expenses	-35,936	0	-32,484	0	-3,452
Net interest result from defined benefit pension and severance obligations	-3,962				
Interest result	**-34,404**	**3,986**	**-32,484**	**639**	**-2,583**
Income from third parties (dividends)	1,050	0	0	1,050	0
Income from investments	**1,050**	**0**	**0**	**1,050**	**0**
Result from the disposal of financial instruments	13	0	0	13	0
Valuation of derivative instruments	-3,334				-3,334
Impairment of financial instruments	-67	-32	0	-35	0
Foreign exchange differences	466				
Net result	**-2,922**	**-32**	**0**	**-22**	**-3,334**
Bank charges	-2,457				
Other financial result	**-4,329**	**-32**	**0**	**1,028**	**-3,334**
Total	**-38,733**	**3,954**	**-32,484**	**1,667**	**-5,917**

1) financial liabilities at amortized cost // 2) available for sale

The market valuation of derivatives resulted in a positive contribution of TEUR 5,751 (2016: TEUR -3,334) to the result for the period. Derivatives primarily include an option to purchase the non-controlling interests in the Tondach Group.

17. Income taxes

This item includes income taxes paid and owed by Group companies as well as deferred tax assets and liabilities.

in TEUR	2017	2016
Current tax expense	45,038	40,481
Deferred tax expense/ income	-40,794	2,741
Income taxes	**4,244**	**43,222**

The difference between the Austrian corporate tax rate of 25% applicable in 2017 (2016: 25%) and the Group tax rate shown in these statements is due to the following factors:

in TEUR	2017	2016
Profit/loss before tax	**144,878**	**158,549**
Tax expense at tax rate of 25%	-36,219	-39,637
Other foreign tax rates	11,987	7,569
Tax income and expense from prior periods	972	-2,547
Effect of tax free income from investments in associates and joint ventures	636	1,006
Change in deferred tax assets previously not recognized	20,340	-30,352
Non-temporary differences	-6,729	20,600
Changes in tax rates	4,769	139
Effective tax expense	**-4,244**	**-43,222**
Effective tax rate in %	2.9%	27.3%

Deferred taxes are calculated on the basis of the tax rates applied or announced to be applied in the individual countries. In Austria, the calculation is based on the corporate tax rate of 25%.

For foreign companies, deferred taxes are calculated on the basis of the respective country-specific tax rates. These tax rates ranged from 0% to 34.43% in 2017. Changes in tax rates led to a deferred tax income of TEUR 4,769 in 2017 (2016: TEUR 139), the most material effects resulting from changes in tax rates from Belgium and the USA. In Belgium corporate income tax will be gradually reduced from 33% in the reporting year to 25% from 2019 onward. The US tax reform provides for a reduction in corporate income tax from 35% to 21% from 2018 onwards.

18. Earnings per share, proposal for profit distribution

The number of shares issued totaled 117,526,764 as of December 31, 2017. As of that date, Wienerberger held 570,289 shares as treasury stock (2016: 570,289), which were deducted for the calculation of earnings per share. This resulted in a weighted average number of 116,956,475 shares outstanding as a basis for the calculation of earnings per share for 2017.

Number of shares	2017	2016
Outstanding	**117,526,764**	117,526,764
Treasury stock	**570,289**	570,289
Weighted average	**116,956,475**	116,956,475

Earnings per share of EUR 1.05 were calculated by dividing the profit/loss after tax attributable to equity holders of the parent company by the weighted average number of shares outstanding. The diluted earnings per share of EUR 1.05 represent the basic earnings per share for 2017.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of Wienerberger AG as of December 31, 2017, prepared on the basis of Austrian accounting rules, form the basis for dividend payment.

These financial statements show a net profit of EUR 39,065,080.98. The Managing Board proposes to the Annual General Meeting that a dividend of EUR 0.30 per share be paid out on the issued capital of EUR 117,526,764.00 from the net profit of EUR 39,065,080.98, i.e. EUR 35,258,029.20 less a proportional amount of EUR 171,086.70 for treasury stock, i.e. EUR 35,086,942.50, and that the balance of EUR 3,978,138.48 be carried forward to new account.

Notes to the Consolidated Statement of Comprehensive Income

The statement of comprehensive income provides a reconciliation of profit/loss after tax to total comprehensive income as defined in IAS 1. Total comprehensive income comprises, in particular, currency translation differences, actuarial gains and losses from the measurement of defined benefit pension plans and similar post-employment benefits, the change in the hedging reserve and the result from the valuation of available-for-sale securities. The components of comprehensive income are shown after tax.

In the year under review, pre-tax currency translation differences of TEUR -52,791 (2016: TEUR -20,694) resulted primarily from the US dollar. Differences of TEUR 181 (2016: TEUR 2,660) previously included in the translation reserve were reclassified to the income statement.

In the year under review, pre-tax losses of TEUR -1,025 (2016: TEUR -174) on the sale of available-for-sale financial instruments were recognized in other comprehensive income. In the reporting year, market value changes of TEUR 1,000 (2016: TEUR 0) in financial instruments available-for-sale were reclassified from other comprehensive income to the income statement. The market valuation of hedges increased the hedging reserve by TEUR 17,223 (2016: TEUR 9,077). Of this total, TEUR 15,337 (2016: TEUR 9,976) was accounted for by hedges of investments in foreign operations, and TEUR 1,886 (2016: TEUR -899) by hedges for future transactions (cash flow hedges). In the year under review, market value changes of TEUR 238 (2016: TEUR -1,661) in net investment hedges were reclassified from other comprehensive income to the income statement. Ineffective components in the amount of TEUR 21 (2016: TEUR -614) were recognized in the income statement in 2017.

Deferred taxes in the total amount of TEUR 1,750 (2016: TEUR 4,942) were recognized in other comprehensive income. The following table shows the allocation of deferred taxes to the components of other comprehensive income:

in TEUR	2017	2016
Foreign exchange translation	**4,614**	3,436
Changes in the fair value of available-for-sale financial instruments	**285**	-288
Changes in hedging reserves	**-2,447**	-2,082
Actuarial gains/losses	**-702**	3,876
Deferred taxes in other comprehensive income	**1,750**	**4,942**

In the reporting period, total comprehensive income after tax increased equity by TEUR 111,632 (2016: TEUR 91,553).

Notes to the Consolidated Statement of Cash Flows

The consolidated statement of cash flows of the Wienerberger Group shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting year. Cash and cash equivalents (liquid funds) include cash on hand and balances with banks. Securities and current liabilities to banks do not count as cash and cash equivalents. The effects of company acquisitions are eliminated and shown separately under net payments made for the acquisition of companies. The amounts reported by foreign Group companies are generally translated at the average exchange rate for the year. In contrast to this practice, cash and cash equivalents are valued at the exchange rate in effect on the balance sheet date.

19. Cash flow from investing activities

The acquisition of property, plant and equipment and intangible assets resulted in an outflow of funds totaling TEUR 163,186 (2016: TEUR 163,575). This amount includes TEUR 147,467 (2016: TEUR 137,268) of normal capex, i.e. maintenance and investments in technological upgrades. A total of TEUR 58,847 (2016: TEUR 43,811) was spent on acquisitions and plant extensions (growth investments). Investments of TEUR 0 (2016: TEUR 16) were made in financial assets.

Additions to non-current assets in the amount of TEUR 8,646 (2016: TEUR 4,543) were not recognized as cash items, as they result from the capitalization of obligations to recultivate depleted clay pits.

Cash inflows from the disposal of non-current assets amounted to TEUR 28,799 (2016: TEUR 42,145) and include the disposal of property, plant and equipment and intangible assets. In addition, a receivable in the amount of TEUR 15,398 was included. These disposals generated net gains of TEUR 25,343 (2016: TEUR 26,028), a large portion of which is attributable to the sale of non-core assets in the amount of TEUR 22,840 (2016: TEUR 17,946).

The reconciliation of total investments to normal capex and growth capex of the Wienerberger Group is as follows:

in TEUR	2017	2016
Payments made for investments in tangible and intangible assets	163,186	163,575
Net payments made for the acquisition of companies	43,128	17,504
Payments made for investments in financial assets	0	16
Total investments including financial assets	**206,314**	**181,095**
Maintenance and investments in technological upgrades	147,467	137,268
Normal capex	**147,467**	**137,268**
Payments made for plant extensions	15,719	26,307
Net payments made for the acquisition of companies	43,128	17,504
Growth capex	**58,847**	**43,811**
Payments made for investments in financial assets	0	16
Growth capex including financial assets	**58,847**	**43,827**

20. Cash flow from financing activities

The following table shows the changes in financial liabilities primarily resulting from the cash flow from financing activities:

in TEUR	Short-term financial liabilities	Long-term financial liabilities	Total financial liabilities
Balance on 31/12/2016	**399,924**	**481,434**	**881,358**
Cash inflows	721,738	210,929	932,667
Cash outflows	-984,369	-6,939	-991,308
Change in scope of consolidation	510	6,836	7,346
Interest hybrid capital	-12,206	0	-12,206
Accrued interest	-525	0	-525
Reclassification derivatives	-3,392	0	-3,392
Currency translation differences and other effects	156	576	732
Reclassifications	198,888	-198,888	0
Balance on 31/12/2017	**320,724**	**493,948**	**814,672**

Notes to the Consolidated Balance Sheet

21. Non-current assets

The development of non-current assets is shown on pages 156 and 157. The figures shown for foreign exchange rate increases and decreases represent amounts arising from the use of different exchange rates to translate the assets of foreign companies at the beginning of the year and at year-end.

Wienerberger defines its cash-generating units (CGUs) as plants, which are then aggregated into groups of CGUs by division and region. Intangible assets with an indefinite useful life, such as goodwill and trademarks that are not amortized on a scheduled basis, are tested at least once each year for indications of impairment in accordance with IAS 36. These intangible assets are allocated to groups of CGUs for the purpose of impairment testing. The carrying amounts are as follows:

	Goodwill		Trademarks	
in TEUR	2017	2016	2017	2016
Clay Building Materials Eastern Europe	51,958	50,877	11,622	11,622
Clay Building Materials Western Europe	284,923	287,710	3,650	3,782
Pipes & Pavers Eastern Europe	17,076	16,979	13,891	13,891
Pipes & Pavers Western Europe	43,988	44,046	28,123	28,123
North America	86,734	97,865	2,536	2,536
Wienerberger Group	**484,679**	**497,477**	**59,822**	**59,954**

Other intangible assets consist primarily of an acquired customer base totaling TEUR 92,570 (2016: TEUR 87,005), acquired trademarks with an indefinite useful life in the amount of TEUR 59,822 (2016: TEUR 59,954), and patents and concessions. Internally generated intangible assets of TEUR 1,306 (2016: TEUR 2,563) were capitalized during the reporting year.

Wienerberger monitors its goodwill on the basis of 12 CGU groups.

In the Clay Building Materials Western Europe segment, Wienerberger's brick business in Western Europe is characterized by plants now serving entire regions instead of individual countries. In particular, the production and the product portfolio of roof tiles and facing bricks are optimized for an entire region. This also applies to the optimization of the network of clay block plants, although for reasons of efficiency deliveries of these products are generally made over shorter distances than in the roof tile and facing brick businesses. In any event, plants close to the German and French borders can also cover most of the Benelux region. Due to the interrelations in the Western European region, goodwill is managed in the CGU group of Bricks and Roof Western Europe West. The exceptions in this segment are Italy (in the CGU group of Bricks Italy), which has not yet been integrated in the optimization process, as well as Finland and the Baltic States (in the CGU group of Bricks and Roof Western Europe Finland and Baltics), which produce for export markets in Eastern Europe and Russia, but are part of the Western Europe organization. The entire goodwill of the Clay Building Materials Western Europe segment is allocated to the CGU group of Bricks and Roof Western Europe West.

The Clay Building Materials Eastern Europe segment comprises two CGU groups, Bricks and Roof Eastern Europe, and Bricks Russia. The CGU group of Bricks and Roof Eastern Europe is characterized by cross-border business in the region and by an increasing integration of the brick and roof businesses under a single management. The CGU group of Bricks Russia, however, is an independent unit with only limited delivery relationships with the other CGU groups in Central and Eastern Europe.

Pipes & Pavers Europe comprises the CGU groups of Pipes Pipelife West, Pipes Pipelife East, Pipes Steinzeug and Pavers Semmelrock. The European plastic pipe business is characterized by a high share of deliveries between the country organizations, above all for fittings, which are produced in the Netherlands for the West European market and in Poland for the East European market. Although the possibility of delivering concrete pavers over longer distances is limited, the molds used by Semmelrock in production are exchanged between the individual production sites as part of a supra-regional product development strategy.

In the North America segment, the CGU groups are distinguished by product group: Bricks North America comprises the North American brick business, to which the entire goodwill of the operating reporting segment is allocated, and Pipes Pipelife USA comprises the entire American plastic pipe business.

The carrying amounts of the goodwill and operating assets allocated to the CGU groups are compared with the recoverable amounts and, if necessary, written down to the lower value in use or the fair value less cost of disposal. The value in use of a CGU group is generally determined on the basis of an income approach by discounting the related cash flows at the weighted average cost of capital after tax (WACC) to develop the present value.

For the determination of the value in use, the after-tax weighted average cost of capital is derived from external sources on the basis of recognized financial methods. The conversion of the values in use is performed at the exchange rate on the day of the impairment test. An after-tax WACC of 7.10% (2016: 6.69%) was used for impairment testing in the Wienerberger Group, with different specific cost of capital rates applied to all markets outside the euro zone, except for Bosnia-Herzegovina. For the euro zone, a WACC after tax of 6.96% (2016: 6.53%) was calculated. In accordance with IAS 36 rules, all cost of capital rates were reconciled to WACC before tax.

For the purpose of impairment testing, the following pre-tax cost of capital rates and growth rates were used:

	Pre-tax WACC		Growth rate	
in %	2017	2016	2017	2016
Bricks and Roof Eastern Europe	9.19	8.83	2.04	2.45
Bricks Russia	12.50	13.87	1.52	1.34
Clay Building Materials Eastern Europe				
Bricks and Roof Western Europe West	9.23	8.65	1.68	1.55
Bricks and Roof Western Europe Finland and Baltics	7.52	6.69	2.99	2.50
Bricks Italy	8.96	8.36	0.96	0.92
Clay Building Materials Western Europe				
Pavers Semmelrock	10.07	8.84	3.18	2.62
Pipes Pipelife East	10.52	9.44	2.22	2.01
Pipes & Pavers Eastern Europe				
Pipes Steinzeug	10.19	8.67	1.73	1.20
Pipes Pipelife West	8.92	8.09	2.00	1.97
Pipes & Pavers Western Europe				
Bricks North America	9.86	10.26	1.86	1.91
Pipes Pipelife North America	9.77	11.02	1.87	1.90
North America				
Bricks India	14.90	12.74	7.87	7.83
Holding & Others				
Wienerberger Group	**9.38**	**8.88**	**1.90**	**1.93**

The expected future cash surpluses are based on the latest internal plans prepared by the top management and approved by the Managing Board and the Supervisory Board for the period from 2018 - 2021. These forecasts do not include the earnings potential of future strategic growth investments, such as possible acquisitions. Planned expansion investments that concern individual production lines and the related contributions to income are eliminated for the determination of the value in use.

The quality of these forecasts is reviewed on a regular basis through a variance analysis comparing the projected data with actual results, which are then incorporated into the subsequent planning process in the form of corrections. The calculation is based on four detailed planning periods (2018 - 2021); based on the going-concern assumption, the surplus cash inflows in the following planning period are assumed to be sustainable over the long term and used as the basis for determining the present value of the perpetual yield. These perpetual cash flows are based on the assumption of country-specific growth rates derived from an external source (IMF, October 2017, World Economic Outlook Database). In the interest of long-term growth, profits are retained to be used in future for the provision of production capacities. Wienerberger tests its assets for impairment at least once each year in connection with the corporate planning process. If interim forecasts or analyses indicate a possible negative variance from the original plan, the cash-generating unit concerned is again tested for impairment. In such cases, the impairment tests are recalculated on the basis of updated planning data and extended to include stress tests. Similarly, impairment tests are updated in the event that any external factors change significantly.

Assumptions regarding the future development of local markets, sales and prices constitute the decisive factors for determining the value in use. Therefore, the value in use is determined on the basis of forecasts published by statistical agencies and international organizations as well as management's experience. The estimates for cost structures are based primarily on the extrapolation of empirical values and incorporate macroeconomic forecasts for the most important production factors, such as energy prices, plastic granulate prices, wage and salary trends, etc.

The mid-year analysis of indicators pointing to a potential impairment showed an increase in the weighted average cost of capital (WACC) after tax, which is used to discount the cash flows for determining the value in use of the CGU groups. The WACC before tax determined for the CGU group of Pipes Steinzeug in the Pipes & Pavers Western Europe reporting segment increased to 9.60% in June 2017 as compared to 8.67% as of the date when the last impairment test was made in November 2016. As a result of this increase in WACC, the value in use fell below the carrying amount of the assets tested, which led to an impairment of goodwill in the amount of TEUR 6,339 as recorded in other operating expenses. At that time, the value in use of the CGU group of Pipes Steinzeug amounted to MEUR 65.

The impairment tests carried out in December on the basis of the latest approved medium-term planning for 2018 - 2021 led to the recognition of impairment charges to tangible assets at some sites in the total amount of TEUR 10,226. TEUR 5,599 of which was attributable to non-current assets in Austria in the CGU group of Pavers Semmelrock in the Pipes & Pavers Eastern Europe segment. The fair value of the non-current assets concerned amounts to MEUR 24.9. In addition, non-current assets in Germany of the CGU Bricks and Roof Western Europe West in the Clay Building Materials Western Europe segment were impaired by TEUR 4,627 to a value in use of MEUR 162.

The impairment test calculations of the CGU group Bricks North America, accounting for the biggest share in the goodwill of the Wienerberger Group, which were based on a WACC after tax of 7.64% and a growth rate of 1.86%, resulted in a value in use that exceeded the carrying amount of the tested assets by MEUR 36. An additional sensitivity analysis of the CGU group Bricks North America shows when the value in use would correspond to the carrying amounts of the tested assets, if individual elements are modified while all other parameters are kept constant. To this end, in addition to the WACC after tax, the contribution margins were also modified, as they constitute a central component of the cash flows relevant to the value in use. The sensitivity analysis of the contribution margin covers the main factors of influence, such as price and volume changes, with price changes having a significantly stronger influence on the development of the value in use of the CGU group than changes in the planned sales volume. The result of this analysis showed that at a WACC after tax of 8.25% the value in use of the CGU group Bricks North America would have corresponded to the carrying amount of the tested assets. If the WACC after tax were increased by 100 basis points to 8.64%, the value in use would be MEUR 10 million below the carrying amount of the CGU group. The absolute annual contribution margins, which range around MEUR 125 over the planning horizon, would have to be reduced by 5.93% for the value in use to correspond to the carrying amount.

The following table shows the thresholds of the modified parameters applied in the impairment test of the CGU group Bricks North America having the strongest influence on the value in use.

Sensitivity Bricks North America

in %	2017	2016
WACC after tax - threshold value	8.25	8.13
Contribution margin - decrease in percent	-5.93	-3.99

Non-current assets include land with a value of TEUR 368,266 (2016: TEUR 390,646). For the construction of new plants, borrowing costs and foreign exchange differences for the period up to completion amounted to TEUR 0 (2016: TEUR 225). As at the balance sheet date, commitments for the purchase of property, plant and equipment amounted to TEUR 19,505 (2016: TEUR 24,583).

Besides operating leases, the Wienerberger Group also uses finance leases, but only to a limited extent. All major *finance leases* have expired or been terminated through the exercise of the related purchase options. The remaining carrying amounts totaled TEUR 1,063 as of December 31, 2017 (2016: TEUR 99) and are reported under fixtures, fittings, tools and equipment.

in TEUR	2017	2016
Acquisition costs	1,697	314
Depreciation (accumulated)	634	215
Carrying amount	1,063	99

Obligations arising from operating leases, license agreements and rental contracts for the use of property, plant and equipment not shown on the balance sheet represent the following liabilities:

in TEUR	2017	2016
For the following year	40,289	35,134
For the following to five years	80,694	76,985
Over five years	15,204	24,572

Payments arising from operating leases, license and rental agreements totaled TEUR 53,292 (2016: TEUR 52,105).

The balance sheet item *investment property* includes real estate and buildings with a carrying amount of TEUR 65,918 (2016: TEUR 85,733), which are not used in current business operations. These assets are scheduled for sale over the medium to long term and are therefore classified as investment property. The fair values of these assets derived from comparable transactions are allocated to level 2 in the fair value hierarchy according to IFRS 13 and estimated at TEUR 100,770 (2016: TEUR 132,958). The fair value was determined mainly on the basis of external purchase offers for the properties concerned or on the basis of prices available in the market for similar properties. In 2017, these properties generated rental and other income of TEUR 2,163 (2016: TEUR 2,194). Expenses for investment property that generated rental income in the year under review amounted to TEUR 907 (2016: TEUR 609); expenses in the amount of TEUR 1,149 (2016: TEUR 1,199) were incurred for investment property that did not generate rental income. Investment property with a carrying amount of TEUR 9,879 (2016: TEUR 10,059) was sold during the reporting year.

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Asset table

in TEUR	Acquisition or production costs Balance on 1/1/2017	Change in scope of consolidation	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31/12/2017
Goodwill	844,643	7,214	-34,741	0	0	0	**817,116**
Other intangible assets	318,228	26,184	-6,703	6,968	987	926	**344,616**
Intangible assets and goodwill	**1,162,871**	**33,398**	**-41,444**	**6,968**	**987**	**926**	**1,161,732**
Land and buildings	1,303,765	9,474	-17,139	23,620	2,055	-12,488	**1,305,177**
Machinery and equipment	2,652,069	24,431	-47,327	62,149	62,074	48,007	**2,677,255**
Fixtures, fittings, tools and equipment	116,525	118	-1,599	13,301	7,864	4,621	**125,102**
Assets under construction	74,178	28	-1,328	62,101	688	-61,305	**72,986**
Property, plant and equipment	**4,146,537**	**34,051**	**-67,393**	**161,171**	**72,681**	**-21,165**	**4,180,520**
Investment property	**153,079**	**6**	**-2,299**	**3,693**	**23,291**	**12,701**	**143,889**
Intangible assets and property, plant and equipment	**5,462,487**	**67,455**	**-111,136**	**171,832**	**96,959**	**-7,538**	**5,486,141**

Asset table

in TEUR	Acquisition or production costs Balance on 1/1/2016	Change in scope of consolidation	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31/12/2016
Goodwill	864,433	6,956	-10,652	0	16,094	0	**844,643**
Other intangible assets	307,763	2,508	-2,007	8,725	261	1,500	**318,228**
Intangible assets and goodwill	**1,172,196**	**9,464**	**-12,659**	**8,725**	**16,355**	**1,500**	**1,162,871**
Land and buildings	1,316,024	5,376	-5,909	22,467	11,492	-22,701	**1,303,765**
Machinery and equipment	2,606,583	4,465	-4,442	62,045	60,587	44,005	**2,652,069**
Fixtures, fittings, tools and equipment	111,232	233	683	10,246	6,554	685	**116,525**
Assets under construction	64,326	108	-273	64,634	4	-54,613	**74,178**
Property, plant and equipment	**4,098,165**	**10,182**	**-9,941**	**159,392**	**78,637**	**-32,624**	**4,146,537**
Investment property	**169,579**	**0**	**126**	**1**	**26,346**	**9,719**	**153,079**
Intangible assets and property, plant and equipment	**5,439,940**	**19,646**	**-22,474**	**168,118**	**121,338**	**-21,405**	**5,462,487**

1) including special write-downs

Depreciation and amortization

Balance on 1/1/2017	Change in scope of consolidation	Foreign exchange incr./decr.	Depreciation/ amortization	Impairments [1]	Reversal of impairments	Disposals	Transfers	Balance on 31/12/2017	Carrying amount 31/12/2017
347,166	0	-21,068	0	6,339	0	0	0	**332,437**	**484,679**
125,265	0	-2,710	17,490	55	1,055	696	49	**138,398**	**206,218**
472,431	**0**	**-23,778**	**17,490**	**6,394**	**1,055**	**696**	**49**	**470,835**	**690,897**
562,545	0	-4,316	33,698	19,760	0	1,799	-22,508	**587,380**	**717,797**
1,937,364	0	-32,439	121,337	20,283	0	61,136	-1,268	**1,984,141**	**693,114**
81,805	0	-1,115	11,589	201	0	7,057	1,632	**87,055**	**38,047**
96	0	-10	556	192	0	398	-64	**372**	**72,614**
2,581,810	**0**	**-37,880**	**167,180**	**40,436**	**0**	**70,390**	**-22,208**	**2,658,948**	**1,521,572**
67,346	**0**	**-1,479**	**4,935**	**967**	**0**	**13,412**	**19,614**	**77,971**	**65,918**
3,121,587	**0**	**-63,137**	**189,605**	**47,797**	**1,055**	**84,498**	**-2,545**	**3,207,754**	**2,278,387**

Depreciation and amortization

Balance on 1/1/2016	Change in scope of consolidation	Foreign exchange incr./decr.	Depreciation/ amortization	Impairments [1]	Reversal of impairments	Disposals	Transfers	Balance on 31/12/2016	Carrying amount 31/12/2016
356,838	0	-470	0	6,892	0	16,094	0	**347,166**	**497,477**
113,933	0	-1,956	17,441	0	4,303	268	418	**125,265**	**192,963**
470,771	**0**	**-2,426**	**17,441**	**6,892**	**4,303**	**16,362**	**418**	**472,431**	**690,440**
547,354	0	-910	35,508	4,766	0	6,320	-17,853	**562,545**	**741,220**
1,857,763	0	-35	124,576	14,100	0	60,112	1,072	**1,937,364**	**714,705**
77,969	0	378	11,370	56	0	6,153	-1,815	**81,805**	**34,720**
205	0	1	0	0	0	0	-110	**96**	**74,082**
2,483,291	**0**	**-566**	**171,454**	**18,922**	**0**	**72,585**	**-18,706**	**2,581,810**	**1,564,727**
77,966	**0**	**159**	**2,418**	**826**	**0**	**16,287**	**2,264**	**67,346**	**85,733**
3,032,028	**0**	**-2,833**	**191,313**	**26,640**	**4,303**	**105,234**	**-16,024**	**3,121,587**	**2,340,900**

22. Investments

Investments in associates and joint ventures as well as other investments are as follows:

in TEUR	2017	2016
Investments in associates and joint ventures	**11,371**	**13,542**
Investments in subsidiaries	39	60
Other investments	6,987	6,975
Other investments	**7,026**	**7,035**
Investments	**18,397**	**20,577**

23. Inventories

in TEUR	2017	2016
Raw materials and consumables	142,626	127,437
Semi-finished goods	98,039	94,262
Finished goods and merchandise	498,559	495,194
Prepayments	2,373	1,466
Inventories	**741,597**	**718,359**

Pallets are included under raw materials and consumables. Clay purchased from third parties is shown together with clay extracted from the Group's own pits under semi-finished goods. Impairment charges of TEUR 9,852 (2016: TEUR 10,241) were booked for products with a net realizable value (selling price less selling and administrative expenses) lower than acquisition or production costs. As at December 31, 2017, the carrying amounts of inventories written down to their net realizable value totaled TEUR 52,161 (2016: TEUR 53,122).

24. Receivables, securities and other financial assets

Loans and receivables

in TEUR	2017			2016		
	Total	Remaining term < 1 year	Remaining term > 1 year	Total	Remaining term < 1 year	Remaining term > 1 year
Trade receivables from third party	213,498	213,498	0	200,635	200,635	0
Trade receivables from subsidiaries	779	779	0	1,174	1,174	0
Trade receivables	**214,277**	**214,277**	**0**	**201,809**	**201,809**	**0**
Financial receivables from subsidiaries	20,521	20,521	0	18,313	18,313	0
Receivables arising from loans	4,807	4,807	0	4,662	4,662	0
Loans granted	**25,328**	**25,328**	**0**	**22,975**	**22,975**	**0**
Loans and receivables	**239,605**	**239,605**	**0**	**224,784**	**224,784**	**0**

Loans and receivables are recognized at amortized cost and adjusted to reflect specific valuation allowances, if any. Specific valuation allowances are deducted directly from receivables and other assets. In 2017, specific valuation allowances in the amount of TEUR 1,474 (2016: TEUR 1,745) were reported, which represent 0.6% of trade receivables and loans granted, and less than 1% of the total receivables portfolio; therefore, they are not shown separately. In accordance with the IAS 39 rule, receivables sold (factoring) are derecognized. As at December 31, 2017, trade receivables in the amount of TEUR 114,338 (2016: TEUR 109,124) had been sold to third parties. Financial receivables from subsidiaries result from loans granted to companies consolidated at equity and other investments. Trade receivables in a total amount of TEUR 2,216 (2016: TEUR 1,782) are secured by notes payable.

Available-for-sale financial instruments

in TEUR	2017				2016			
	Carrying amount	Market value	Market value changes recog. in equity	Ø Effective interest rate in %	Carrying amount	Market value	Market value changes recog. in equity	Ø Effective interest rate in %
Shares in funds	28,370	28,370	-25	0.23	6,679	6,679	82	0.78
Corporate bonds	42	42	0	-	9,195	9,195	-264	7.44
Stock	13	13	0	-	18	18	0	-
Other	790	790	0	-	854	854	8	-
Available-for-sale financial instruments	**29,215**	**29,215**	**-25**		**16,746**	**16,746**	**-174**	

In addition to the available-for-sale financial instruments presented in non-current assets, other investments in the amount of TEUR 7,026 (2016: TEUR 7,035), which are recognized at cost (see Note 22. Investments), are also assigned to this category. The resulting total of available-for-sale financial instruments therefore is TEUR 36,241 (2016: TEUR 23,781).

Financial instruments held for trading

in TEUR	2017		2016	
	Carrying amount	Market value	Carrying amount	Market value
Derivatives from cash flow hedges	2,000	2,000	358	358
Derivatives from net investment hedges	18,354	18,354	9,051	9,051
Other derivatives	4,111	4,111	3,610	3,610
Derivatives with positive market value	**24,465**	**24,465**	**13,019**	**13,019**

The balance sheet item of securities and other financial assets can be broken down as follows:

in TEUR	2017	2016
Loans granted	25,328	22,975
Available-for-sale financial instruments – short-term	29,215	16,746
Derivatives with positive market value	24,465	13,019
Securities and other financial assets	**79,008**	**52,740**

25. Other receivables

in TEUR	2017			2016		
	Total	Remaining term < 1 year	Remaining term > 1 year	Total	Remaining term < 1 year	Remaining term > 1 year
Receivables from current taxes	**2,297**	**2,297**	**0**	**9,868**	**9,868**	**0**
Prepaid expenses and deferred charges	18,781	18,371	410	14,962	14,623	339
Miscellaneous receivables	89,835	80,563	9,272	58,199	51,655	6,544
Other receivables	**108,616**	**98,934**	**9,682**	**73,161**	**66,278**	**6,883**

Miscellaneous receivables with a remaining term < 1 year consist primarily of receivables due from tax authorities and social security institutions as well as receivables from the sale of non-core assets. Miscellaneous non-current receivables include a receivable from the sale of extraction rights of a sand pit, which is due and payable over the medium term.

26. Non-current assets held for sale

Assets with carrying amounts of TEUR 3,977 (2016: TEUR 5,380) are designated as held for sale. The majority of these items are land and buildings at plant locations that have been permanently closed and that are expected by the management to be sold within the next 12 months.

27. Group equity

The development of Group equity in 2017 and 2016 is shown on pages 122 and 123.

The 148th Annual General Meeting of Wienerberger AG on May 19, 2017 authorized the Managing Board to acquire own shares in the amount of 2% of the share capital for an employee participation program during a period of 30 months. The price for the shares acquired on the basis of this resolution must not be lower than EUR 1.00 per share and must not exceed twice the stock market quotation on May 19, 2017. In addition, an amendment of the Articles of Association was adopted authorizing the Annual General Meeting to exclude the net profit in whole or in part from allocation.

The 147th Annual General Meeting of Wienerberger AG on May 12, 2016 authorized the Managing Board to buy back the company's own shares, up to the legally defined limit, during a period of 30 months beginning on the day the resolution was passed. The price for these share purchases must not exceed twice the stock market quotation on May 12, 2016 and must not be lower than EUR 1.00 per share. The Managing Board was also empowered, without obtaining further authorization from the Annual General Meeting, to redeem or resell the shares bought back and to sell treasury shares in a manner other than on the stock exchange or through a public offer.

The Annual General Meeting on May 16, 2014 approved authorized capital of EUR 17,629,014. This approval covers an ordinary capital increase in exchange for contributions in cash or in kind within a period of five years, contingent upon the consent of the Supervisory Board. Share capital can be increased by a maximum of EUR 17,629,014 through the issue of up to 17,629,014 new bearer shares, with the possibility of excluding subscription rights for fractional amounts. The capital increase can be carried out in several tranches, if necessary. The Managing Board is authorized to determine the type of shares, the issue price and the issue conditions, contingent upon the approval of the Supervisory Board. In principle, the shareholders have statutory subscription rights. However, the Managing Board is authorized to exclude these subscription rights in two special cases with the approval of the Supervisory Board: first, for a capital increase in case of a contribution in kind for the granting of shares to acquire companies, segments of companies or investments in companies; and second, for multiple allotments in connection with the placement of new shares by the company (greenshoe). This authorization is valid until June 25, 2019.

Group equity totaled TEUR 1,911,239 as of December 31, 2017, compared to TEUR 1,848,956 in the previous year. While profit after tax increased equity by TEUR 140,634 (2016: TEUR 115,327), the other components of other comprehensive income reduced equity by TEUR 29,002 (2016: reduction of TEUR 23,774) after the deduction of deferred taxes. As at December 31, 2017, the share of equity in total assets amounted to 52% (2016: 51%), and net debt decreased from TEUR 631,602 in 2016 to TEUR 566,405.

At the end of the financial year, total non-controlling interests came to TEUR 23,491, of which TEUR 23,045 represented non-controlling interests in Tondach. The minority interest in the Tondach Group amounts to 17.81%. The change in non-controlling interests in the financial year primarily resulted from current earnings and foreign exchange effects.

The following table shows the balance sheet development of Tondach Group and the non-controlling interests:

Assets *in TEUR*	31/12/2017	31/12/2016	Equity and liabilities *in TEUR*	31/12/2017	31/12/2016
Non-current assets	148,615	154,621	Controlling interests	106,816	90,643
Current assets	82,621	74,340	Non-controlling interests	23,045	19,497
			Equity	129,861	**110,140**
			Non-current provisions and liabilities	72,968	97,945
			Current provisions and liabilities	28,407	20,876
	231,236	**228,961**		231,236	**228,961**

The share capital of Wienerberger AG totaled EUR 117,526,764 as of December 31, 2017 and is divided into 117,526,764 no-par value shares that all carry the same rights. All shares are fully paid in. A dividend of EUR 0.27 per share was paid out in 2017, i.e. TEUR 31,732 less TEUR 154 for treasury shares (pro rata), or TEUR 31,578 in total.

A hybrid bond, which is a perpetual bond subordinate to all other creditors, is recognized as hybrid capital in equity. Within the framework of a conversion offer, the 2007 hybrid bond was replaced by the 2014 hybrid bond. The new hybrid bond, like the existing one, carries interest at a fixed rate of 6.5% until February 9, 2017, which is subsequently reduced to a fixed rate of 5% until 2021, when the issuer for the first time has the right to call the bond.

Effective February 9, 2017 Wienerberger AG paid the TEUR 17,692 coupon for the hybrid bond that was reported as hybrid capital.

The 2014 hybrid bond meets the criteria defined by IAS 32 for classification as an equity instrument, which is why the coupons payable are shown as part of the appropriation of net income in the statement of changes in equity. In 2017 the coupon reduced earnings per share by EUR 0.12.

Retained earnings of TEUR 674,923 (2016: TEUR 586,961) include the retained earnings of Wienerberger AG and all retained earnings of subsidiaries not eliminated within the framework of capital consolidation. Group results for 2017, excluding the share of profit or loss due to non-controlling interests, are shown under retained earnings.

The currency translation reserve includes all differences from foreign currency translation after tax that are recognized under other comprehensive income, with the differences from companies reported at equity shown separately. The hedging reserve includes changes in the value of hedges that are recognized under other comprehensive income. These hedging transactions comprise hedges of net investments in foreign operations (net investment hedges) as well as hedges for foreign currency transactions (cash flow hedges).

Change of control clauses are included in the employment contracts with the members of the Managing Board, in the terms of the 2011 and 2013 corporate bonds, and the 2014 hybrid bond, and in various syndicated term loans and other loans.

28. Provisions

in TEUR	1/1/2017	Foreign exchange incr./decr.	Change in scope of consolidation	Reversal	Use	Addition	31/12/2017
Provisions for warranties	26,095	-249	0	4,023	1,697	2,930	**23,056**
Provisions for site restoration	33,355	-232	550	2,137	2,749	7,877	**36,664**
Miscellaneous non-current provisions	11,747	-89	0	799	4,970	10,844	**16,733**
Other non-current provisions	**71,197**	**-570**	**550**	**6,959**	**9,416**	**21,651**	**76,453**
Provisions for current taxes	2,154	-5	0	2	495	81	**1,733**
Other current provisions	33,133	-206	447	6,647	19,538	30,192	**37,381**
Current provisions	**35,287**	**-211**	**447**	**6,649**	**20,033**	**30,273**	**39,114**
Other provisions	**106,484**	**-781**	**997**	**13,608**	**29,449**	**51,924**	**115,567**

Miscellaneous non-current provisions primarily include other non-current employee-related provisions. Other current provisions mostly include restructuring provisions as well as other current employee-related provisions.

29. Employee benefits

The obligations for employee benefits are as follows:

in TEUR	1/1/2017	Foreign exchange incr./decr.	Change in scope of consolidation	Reversal	Use	Addition	31/12/2017
Provisions for severance payments	34,446	-57	0	1,769	2,791	6,194	**36,023**
Provisions for pensions	127,890	-5,720	0	9,828	10,482	7,227	**109,087**
Provisions for jubilee bonuses	9,152	115	51	659	586	1,809	**9,882**
Employee-related provisions	**171,488**	**-5,662**	**51**	**12,256**	**13,859**	**15,230**	**154,992**

The obligations for post-employment benefits total TEUR 145,110 (2016: TEUR 162,336) and comprise pension obligations of TEUR 109,087 (2016: TEUR 127,890) and severance compensation obligations of TEUR 36,023 (2016: TEUR 34,446). The relevant accounting and valuation principles are described on page 186.

The company is exposed to various risks in connection with the plans for post-employment benefits. In addition to general actuarial risks, such as an increase in the life expectancy for retirement benefits and interest rate risks, the company is also exposed to foreign exchange risks or investment risks on the capital markets.

Pension obligations

Wienerberger has made pension commitments to selected managers as well as to its employees in Austria, the Netherlands, Great Britain, Scandinavia, the USA, Canada, Germany, Belgium and Switzerland. *Defined contribution* plans represent the goal for future pension agreements. *Defined benefit* pension agreements with active managers have been regularly converted to defined contribution pension models through the transfer of previously earned claims to pension funds. Wienerberger has also made a number of defined pension commitments, mainly to former managers, based on unfunded pension plans; the length of service forms the basis for retirement benefits under these plans. The employees of General Shale Brick Inc. (USA) have a funded defined benefit pension plan as well as an unfunded (retirement) health insurance scheme. ZZ Wancor AG (Switzerland) has a funded defined benefit pension scheme, which is outsourced to an external pension fund, with the company being de facto obligated to make additional contributions if the collective foundation were to become insolvent. Entitlements earned by Dutch employees are satisfied through a defined contribution pension plan, primarily through contributions to an industry-wide pension fund in the Netherlands. In Great Britain, a defined contribution pension plan covers all employees. The companies of thebrickbusiness, acquired in 2004, as well as Baggeridge, acquired in 2007, had defined benefit models; a provision was created to reflect these obligations.

There are also defined benefit pension plans for the employees of the Steinzeug-Keramo Group. Due to a change in legislation in Belgium, defined contribution plans now have to be shown as defined benefit plans, which results from the obligation on the part of the employer to guarantee a minimum interest rate. The effects of this first-time integration of these plans into the reconciliation of the defined benefit pension obligations were shown as reclassifications in the reconciliation of gross pension obligations and plan assets as well as in actuarial gains/losses. At the balance sheet date, the net pension obligations of Steinzeug-Keramo Belgium from these defined contribution plans amounted to TEUR 404.

The Pipelife Group has defined benefit pension plans for individual members of the management in the Netherlands, Belgium, Austria and Germany. A Norwegian defined benefit plan expired in the financial year 2017. The claims of employees were transferred to insurance companies; there are no further obligations for Pipelife Norge AS. The disposal of gross pension obligations as well as of plan assets were shown as settlements.

The calculations are based on the following weighted average parameters:

Parameters	2017	2016
Discount rate	2.2%	2.3%
Expected salary increases	0.2%	0.2%
Expected pension increases	1.2%	1.3%
Average employee turnover	0.0%	0.1%
Mortality tables		
Austria	AVÖ 2008-P	AVÖ 2008-P
Germany	Heubeck 2005 G	Heubeck 2005 G
Switzerland	BVG 2015 GT	BVG 2015 GT
USA	RP-2014 with scale MP-2016	RP-2014 with scale MP-2015
Great Britain	105% of SAPS Normal Tables with allowance (CMI 2014)	105% of SAPS Normal Tables with allowance (CMI 2014)
Belgium	MR-3/FR-3	MR-3/FR-3
Sweden	DUS14	PRI 2011
Canada	CIA Private Sector Mortality Table	CIA Private Sector Mortality Table
Netherlands	AG Prognosetafel 2016	AG Prognosetafel 2016

The country-specific discount rate is based on the average return on first-rate, fixed-interest industrial bonds with a term to maturity that reflects the average maturity of the obligations to employees.

Total pension expenses for 2017 cover both defined contribution and defined benefit pension plans. The current and past service cost and the effects of plan settlements are reported under operating result and the net interest effect under interest result.

in TEUR	2017	2016
Defined contribution plans	16,076	**15,349**
Defined benefit plans		
Service cost for defined benefit plans	3,735	3,232
Past service cost	-1,106	0
Effects of settlements and curtailments	0	-18
Net interest cost	2,951	3,464
Expenses for defined benefit plans	5,580	**6,678**
Total expenses for pensions	21,656	**22,027**

The gross pension obligations can be reconciled to net obligations as shown on the balance sheet by deducting the fair value of plan assets. Of the total net obligations, TEUR 9,445 (2016: TEUR 11,472) is related to the US (retirement) health insurance program.

A change in the cost trend for medical services would not have any major impact on the interest cost or the defined benefit pension obligation.

The components of pension obligations and their coverage through plan assets are shown below:

	Defined benefit pension obligations		Fair value of plan assets	
in TEUR	2017	2016	2017	2016
Value as of 1/1	**423,050**	**412,533**	**295,160**	**293,277**
Reclassifications	2,165	12,633	2,165	12,839
Foreign exchange increase/decrease	-21,635	-16,275	-15,915	-12,625
Service cost for defined benefit pension plans	3,735	3,232	0	0
Interest cost	8,907	10,705	0	0
Expected income from plan assets	0	0	5,956	7,241
Effects of plan curtailments	0	-46	0	0
Actuarial gains/losses	-3,157	35,098	5,023	21,098
Past service cost	-1,106	0	0	0
Payments to retirees	-18,280	-17,059	-17,953	-16,308
Payments received from employees	1,354	1,250	1,354	1,250
Settlements	-1,513	-18,559	-1,513	-18,587
Payments received from employers	-408	-462	9,748	6,975
Value as of 31/12	**393,112**	**423,050**	**284,025**	**295,160**
Fair value of plan assets	-284,025	-295,160		
Net pension obligations	**109,087**	**127,890**		
Actuarial gains/losses resulting from pension plans				
Actuarial gains/losses from changes in demographic assumptions	-670	-6,585		
Actuarial gains/losses from changes in financial assumptions	7,558	56,888		
Actuarial gains/losses from experience adjustments	-10,045	-15,205		
Deviation of return on plan assets	-5,023	-21,098		
Actuarial gains (-)/losses (+) in other comprehensive income	**-8,180**	**14,000**		

Pension plan assets consist mainly of the assets of funded defined benefit pension plans in the USA, Great Britain, Switzerland and Pipelife's plan in the Netherlands. The plan assets are invested in shares (46%; 2016: 36%), bonds (46%; 2016: 53%) and other assets (8%; 2016: 11%).

The sensitivity of the gross pension obligation was tested by modifying the major actuarial assumptions individually while holding all other conditions constant. A negative amount represents a reduction of the obligation, while a positive amount indicates an increase.

Sensitivity of the gross pension obligation	Change of parameter *in basis points (bp)/years*	Increase of parameter *in TEUR*	Decrease of parameter *in TEUR*
Discount rate	+/-25 bp	-14,884	15,287
Salary increases	+/-100 bp	2,093	-1,565
Employee turnover	+/-100 bp	-946	699
Life expectancy	+/-1 year	14,303	-14,250

The payments to defined benefit pension plans are expected to total TEUR 9,413 in 2018. As of December 31, 2017, the weighted average duration of the pension obligations was 13 years (2016: 15 years).

Severance compensation obligations

Legal regulations grant Austrian employees who joined the company before January 1, 2003, the right to a lump-sum payment at retirement or termination by the employer, the amount of the payment being dependent on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations in France, Italy, Poland and Turkey.

The country-specific discount rate used to calculate the severance compensation obligations under the projected unit credit method was based on the same yield curve used to calculate the pension obligations. The calculations are based on the following weighted average parameters:

Parameters	2017	2016
Discount rate	1.2%	1.1%
Expected salary increases	1.8%	1.6%
Average employee turnover	1.1%	1.3%

The current and past service cost and the effects of settlement payments from defined benefit severance compensation plans are reported under operating results, while the net interest effect is included under interest result.

in TEUR	2017	2016
Defined contribution plans	**1,052**	**1,743**
Defined benefit plans		
Service cost for defined benefit plans	**1,343**	1,385
Past service cost	**87**	37
Effects of settlements	**10**	1
Net interest cost	**438**	498
Expenses for defined benefit plans	**1,878**	**1,921**
Expenses for severance payments	**2,930**	**3,664**

The severance compensation obligations in France are covered by plan assets, which are held in shares (11%; 2016: 10%), bonds (77%; 2016: 81%) and other assets (12%; 2016: 9%).

The following table shows the composition of the severance compensation obligations and their coverage through plan assets:

	Defined benefit severance obligation		Fair value of plan assets	
in TEUR	2017	2016	2017	2016
Value as of 1/1	**36,639**	**35,044**	**2,193**	**2,093**
Change in scope of consolidation	**0**	26	**0**	0
Reclassifications	**-24**	-121	**0**	0
Foreign exchange increase/decrease	**-57**	-107	**0**	0
Service cost for defined benefit severance obligations	**1,343**	1,385	**0**	0
Interest cost	**456**	598	**0**	0
Expected income from plan assets	**0**	0	**18**	100
Effects of settlements	**10**	1	**0**	0
Actuarial gains/losses	**2,640**	2,370	**80**	0
Past service cost	**87**	37	**0**	0
Payments	**-2,780**	-2,594	**0**	0
Value as of 31/12	**38,314**	**36,639**	**2,291**	**2,193**
Fair value of plan assets	**-2,291**	-2,193		
Net severance compensation obligations	**36,023**	**34,446**		
Actuarial gains/losses resulting from severance payment plans				
Actuarial gains/losses from changes in demographic assumptions	**1,532**	324		
Actuarial gains/losses from changes in financial assumptions	**-326**	929		
Actuarial gains/losses from experience adjustments	**1,434**	1,117		
Deviation of return on plan assets	**-80**	0		
Actuarial gains (-)/losses (+) in other comprehensive income	**2,560**	**2,370**		

The sensitivity of the gross severance obligation was tested by modifying the major actuarial assumptions individually while holding all other conditions constant. A negative amount represents a reduction of the obligation, while a positive amount indicates an increase.

Sensitivity of the gross severance obligation	Change of parameter *in basis points (bp)*	Increase of parameter *in TEUR*	Decrease of parameter *in TEUR*
Discount rate	+/-25 bp	-997	1,026
Salary increases	+/-100 bp	4,032	-3,529
Employee turnover	+/-100 bp	-726	737

The payments to defined benefit severance compensation plans are expected to total TEUR 1,163 in 2018. As of December 31, 2017, the weighted average duration of the severance compensation obligations was 11 years (2016: 12 years).

30. Deferred taxes

The following deferred tax assets and deferred tax liabilities as of December 31, 2017 and December 31, 2016 are the result of temporary valuation and accounting differences between carrying amounts in the consolidated financial statements and the respective tax assessment bases:

in TEUR	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	1,922	-35,098	3,749	-37,289
Property, plant and equipment	18,329	-94,474	18,722	-121,873
Inventories	3,135	-4,844	2,878	-5,931
Receivables	9,067	-9,315	6,724	-9,244
Miscellaneous receivables	52,187	-20	95,766	-57
	84,640	**-143,751**	**127,839**	**-174,394**
Provisions	31,512	-2,967	34,599	-2,917
Liabilities	8,039	-5,686	7,559	-3,242
Prepayments received	437	-1,047	564	-1,228
	39,988	**-9,700**	**42,722**	**-7,387**
Tax losses carried forward	387,572		434,612	
Deferred tax assets/liabilities	**512,200**	**-153,451**	**605,173**	**-181,781**
Unrecognized deferred tax assets	-386,330		-486,784	
Offset within legal tax units and jurisdictions	-81,821	81,821	-101,022	101,022
Recognized tax assets/liabilities	**44,049**	**-71,630**	**17,367**	**-80,759**

In the consolidated financial statements, deferred tax assets were not recognized for deductible temporary differences and tax losses carried forward (including pro-rata depreciation and amortization) of TEUR 1,521,427 (2016: TEUR 1,682,927), because medium-term planning did not reliably demonstrate their utilization as tax relief. This represents deferred tax assets totaling TEUR 386,330 (2016: TEUR 486,784). The reduction in unrecognized deferred tax assets is primarily due to the lowering of the income tax rate and improved earnings in the USA.

The following table shows when unused tax losses expire:

in TEUR	2017	2016
Expiry date of unused tax losses ≤ 5 years	**31,193**	46,445
Expiry date of unused tax losses 6 - 10 years	**68,633**	74,552
Expiry date of unused tax losses > 10 years	**132,808**	288,121
Expiry date of unused tax losses unlimited	**1,031,748**	1,011,322
Total of unused tax losses	**1,264,382**	**1,420,440**

Temporary pro-rata depreciation and amortization, which is tax-deductible under Austrian law, amounted to TEUR 239,936 (2016: TEUR 236,988) for Wienerberger AG. Deferred tax assets were not recognized for this amount in 2017 or 2016.

As at 31/12/2017, taxable temporary differences associated with investments in subsidiaries amounted to TEUR 166,695, for which no deferred tax liabilities were recognized in accordance with IAS 12.39 (outside basis differences). As at 31/12/2016, however, tax-deductible temporary differences amounted to TEUR 52,080, for which no deferred tax assets were recognized in accordance with IAS 12.44.

31. Liabilities

Liabilities are generally measured at amortized cost, except for derivatives with negative market values, which are measured at fair value.

The remaining terms of the various categories of liabilities are shown in the following tables:

2017 *in TEUR*	Total	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	Thereof secured by collateral
Interest-bearing loans	813,603	320,406	424,197	69,000	690
Finance leases	1,053	302	751	0	0
Financial liabilities owed to subsidiaries	16	16	0	0	0
Financial liabilities	**814,672**	**320,724**	**424,948**	**69,000**	**690**
Trade payables owed to third parties	320,905	320,905	0	0	0
Trade payables owed to subsidiaries	628	628	0	0	0
Trade payables	**321,533**	**321,533**	**0**	**0**	**0**
Payables for current taxes	**11,399**	**11,399**	**0**	**0**	**0**
Prepayments received on orders	4,426	3,867	547	12	0
Amounts owed to tax authorities and social security institutions	63,593	63,573	0	20	0
Prepayments received	9,479	6,049	869	2,561	0
Miscellaneous liabilities	181,334	179,320	2,006	8	0
Other liabilities	**258,832**	**252,809**	**3,422**	**2,601**	**0**
Total liabilities	**1,406,436**	**906,465**	**428,370**	**71,601**	**690**

2016 *in TEUR*	Total	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	Thereof secured by collateral
Interest-bearing loans	881,292	399,909	481,383	0	71
Finance leases	51	0	51	0	0
Financial liabilities owed to subsidiaries	15	15	0	0	0
Financial liabilities	**881,358**	**399,924**	**481,434**	**0**	**71**
Trade payables owed to third parties	301,815	301,815	0	0	0
Trade payables owed to subsidiaries	903	903	0	0	0
Trade payables	**302,718**	**302,718**	**0**	**0**	**0**
Payables for current taxes	**15,912**	**15,912**	**0**	**0**	**0**
Prepayments received on orders	4,611	4,586	14	11	0
Amounts owed to tax authorities and social security institutions	53,085	53,065	0	20	0
Prepayments received	10,444	6,788	1,083	2,573	0
Miscellaneous liabilities	161,362	161,072	283	7	0
Other liabilities	**229,502**	**225,511**	**1,380**	**2,611**	**0**
Total liabilities	**1,429,490**	**944,065**	**482,814**	**2,611**	**71**

Miscellaneous liabilities include TEUR 61,925 (2016: TEUR 54,743) due to employees and TEUR 95,416 (2016: TEUR 92,895) from accruals for bonuses and other sales deductions due to customers. Prepayments received include TEUR 4,123 (2016: TEUR 4,604) of subsidies and investment grants from third parties, which are reversed to income over the useful life of the related items of property, plant and equipment. In addition to liabilities from current taxes, amounts owed to tax authorities and social security institutions also include tax liabilities of TEUR 38,399 (2016: TEUR 28,791).

Financial liabilities include the following derivative financial instruments with negative market values:

Financial instruments held for trading

in TEUR	2017	2016
Derivatives from cash flow hedges	354	589
Derivatives from net investment hedges	3,065	4,241
Other derivatives	5,184	7,166
Derivatives with negative market value	**8,603**	**11,996**

Total liabilities include TEUR 1,397,833 (2016: TEUR 1,417,494) of financial liabilities at amortized cost, TEUR 3,419 (2016: TEUR 4,830) of derivatives in hedges and TEUR 5,184 (2016: TEUR 7,166) of other derivatives.

Financial liabilities are expected to result in the following cash flows:

Analysis of contractual cash flows

2017 *in TEUR*	Carrying amount as at 31/12/2017	Total	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Bonds	409,657	-441,250	-12,000	-105,250	-12,000	-312,000	0
Commercial paper	10,962	-11,000	-10,000	-1,000	0	0	0
Liabilities to banks	384,370	-393,709	-99,644	-93,329	-32,918	-97,860	-69,958
Liabilities to non-banks	1,080	-1,101	-223	-158	-221	-499	0
Primary financial instruments	**806,069**	**-847,060**	**-121,867**	**-199,737**	**-45,139**	**-410,359**	**-69,958**
Interest rate derivatives	4,789	-5,391	-1,500	-85	-1,241	-2,565	0
Forward exchange contracts and swaps	3,814	-4,304	-788	-367	-1,556	-1,593	0
Derivative financial instruments	**8,603**	**-9,695**	**-2,288**	**-452**	**-2,797**	**-4,158**	**0**
Carrying amounts/Contractual cash flows	**814,672**	**-856,755**	**-124,155**	**-200,189**	**-47,936**	**-414,517**	**-69,958**

2016 *in TEUR*	Carrying amount as at 31/12/2016	Total	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Bonds	644,471	-700,730	-254,230	-5,250	-117,250	-324,000	0
Commercial paper	34,416	-34,500	-32,500	-2,000	0	0	0
Liabilities to banks	190,320	-207,977	-102,156	-17,552	-50,641	-37,628	0
Liabilities to non-banks	155	-289	0	0	-243	-46	0
Primary financial instruments	**869,362**	**-943,496**	**-388,886**	**-24,802**	**-168,134**	**-361,674**	**0**
Interest rate derivatives	6,595	-7,472	-1,456	-6	-1,462	-4,548	0
Forward exchange contracts and swaps	5,401	-10,737	-2,629	-915	-1,461	-5,732	0
Derivative financial instruments	**11,996**	**-18,209**	**-4,085**	**-921**	**-2,923**	**-10,280**	**0**
Carrying amounts/Contractual cash flows	**881,358**	**-961,705**	**-392,971**	**-25,723**	**-171,057**	**-371,954**	**0**

The cash flows shown in the above tables include interest paid for floating-rate financial liabilities. They were determined on the basis of the interest rates established at the end of the reporting period.

32. Contingent liabilities and guarantees

Contingent liabilities result from obligations to third parties, and include the following:

in TEUR	31/12/2017	31/12/2016
Guarantees	16,882	23,835
Other contractual obligations	520	2,525
Contingent liabilities	**17,402**	**26,360**

All events reported under contingent liabilities reflect possible future obligations that are contingent upon the occurrence of a future event that is completely uncertain as of the balance sheet date.

33. Financial instruments

Interest-bearing financial liabilities comprise the following items:

2017	Currency	Nominal value	Market value	Carrying amount as at 31/12/2017	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	174,200	**179,072**	**174,200**	1.18
Roll-over	*EUR*	493	495	**493**	7.59
	TRY	20,500	4,497	**4,509**	14.72
			4,992	**5,002**	
Short-term loans	*EUR*	64,600	**64,491**	**64,434**	0.93
Fixed interest liabilities due to financial institutions			**248,555**	**243,636**	

2016	Currency	Nominal value	Market value	Carrying amount as at 31/12/2016	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	53,400	55,052	**53,400**	1.38
Roll-over	*TRY*	750	205	**202**	7.59
Short-term loans	*EUR*	13,419	13,509	**13,419**	2.23
Fixed interest liabilities due to financial institutions			**68,766**	**67,021**	

2017	Currency	Nominal value	Market value	Carrying amount as at 31/12/2017	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	20,286	**20,448**	**20,286**	1.89
Roll-over	*EUR*	77,000	76,924	**77,000**	1.20
	TRY	6,580	1,444	**1,447**	15.50
			78,368	**78,447**	
Short-term loans	*EUR*	36,771	36,822	**36,771**	1.18
	TRY	18,364	4,039	**4,039**	-
	USD	1,143	954	**954**	-
	CAD	285	190	**190**	-
	GBP	41	46	**46**	-
	CZK	30	1	**1**	-
			42,052	**42,001**	
Derivatives	*other in EUR*	250,777	**8,603**	**8,603**	-
Variable interest liabilities due to financial institutions			**149,471**	**149,337**	

2016	Currency	Nominal value	Market value	Carrying amount as at 31/12/2016	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	30,071	**30,889**	**30,071**	1.58
Roll-over	*EUR*	80,000	79,239	**80,000**	1.20
	TRY	5,135	1,373	**1,386**	10.51
			80,612	**81,386**	
Short-term loans	*EUR*	6,825	6,751	**6,825**	-
	TRY	12,832	3,461	**3,461**	-
	USD	1,435	1,361	**1,361**	-
	CAD	267	188	**188**	-
	RSD	435	4	**4**	-
	BGN	5	3	**3**	-
			11,768	**11,842**	
Derivatives	*other in EUR*	375,148	**11,996**	**11,996**	-
Variable interest liabilities due to financial institutions			**135,265**	**135,295**	

2017	Currency	Nominal value	Market value	Carrying amount as at 31/12/2017	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Bonds – fixed interest (long-term)	*EUR*	300,000	326,516	**298,700**	4.00
Bonds – fixed interest (short-term)	*EUR*	100,000	102,548	**99,886**	4.73
Bonds – fixed interest (accrued interest)	*EUR*	11,071	11,071	**11,071**	-
Long-term loans – fixed interest	*EUR*	11	10	**11**	3.80
Commercial paper – fixed interest	*EUR*	10,962	11,010	**10,962**	0.34
Finance leases (long-term)	*EUR*	751	751	**751**	0.18
Finance leases (short-term)	*EUR*	280	280	**280**	0.48
Finance leases (short-term)	*HUF*	6,696	22	**22**	1.39
Financial liabilities owed to subsidiaries	*EUR*	16	16	**16**	-
Financial liabilities owed to non-banks			**452,224**	**421,699**	

2016	Currency	Nominal value	Market value	Carrying amount as at 31/12/2016	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Bonds – fixed interest (long-term)	*EUR*	400,000	428,265	**397,822**	4.31
Bonds – fixed interest (short-term)	*EUR*	221,812	220,355	**222,740**	3.61
Bonds – fixed interest (accrued interest)	*EUR*	23,909	23,909	**23,909**	-
Long-term loans – fixed interest	*EUR*	19	21	**19**	3.80
	USD	74	68	**70**	-
Commercial paper – fixed interest	*EUR*	34,416	34,103	**34,416**	0.31
Finance leases	*EUR*	51	51	**51**	-
Financial liabilities owed to subsidiaries	*EUR*	15	15	**15**	-
Financial liabilities owed to non-banks			**706,787**	**679,042**	

Interest rates (variable, fixed) can be exchanged through the conclusion of interest rate swaps. The structure of financial liabilities (variable and fixed interest rates), including the effects of interest rate swaps, is shown on page 194.

34. Derivative financial instruments and hedge accounting

The market value of derivative financial instruments represents the value the company would receive or be required to pay on settlement as of the balance sheet date. Current market conditions – above all current interest rates, foreign exchange rates and the credit standing of the counterparty – are taken into account. These valuation parameters can be monitored on the market and are available to all relevant market participants. The fair value of the respective derivative instrument reflects the market valuation by the bank with which Wienerberger contracted the derivative and is extended to include IFRS 13 factors (credit value and debit value adjustments – CVA/DVA).

As of December 31, 2017, Wienerberger held forward exchange contracts that were concluded to hedge transaction risks for a period of up to 12 months. The risk positions covered by these hedges are documented in the Group's foreign-currency-based liquidity planning. These derivatives are classified as cash flow hedges of future transactions, and changes in their market value during the term are recognized in the hedging reserve. The effectiveness of the individual hedges is measured quarterly based on the hypothetical derivative method. The ineffective portion of the change in market value is recognized through profit or loss and consists primarily of the CVA/DVA as defined in IFRS 13. At the maturity date of the derivative, the cumulative market value differences are reclassified from other comprehensive income to profit or loss.

The Wienerberger Group also holds currency swaps that are used to hedge cash pool and bank account balances in foreign currencies. The foreign currency differences on the bank account balances that are hedged with these instruments are recognized through profit or loss and, consequently, the market value differences of the hedges are also recognized through profit or loss. As these are natural hedges, hedge accounting is not required.

As of December 31, 2017, two interest rate swaps were in effect which were used to optimize the interest expense and are measured through profit or loss without the application of hedge accounting.

The cross currency swaps represent derivatives that hedge the Group's net investments in various currencies (Swiss francs, US dollars, British pounds, Canadian dollars, Czech korunas and Polish zlotys) and are therefore classified as hedges of a net investment in a foreign operation. The effectiveness of these instruments is measured quarterly by comparing the cumulative market value changes with the cumulative currency differences of the hedged position. The effective portion of the hedge is recognized in the hedging reserve, and the ineffective portion is recognized through profit or loss.

	31/12/2017			31/12/2016		
	Currency	Nominal value	Market value	Currency	Nominal value	Market value
		in 1,000 local currency	*in TEUR*		*in 1,000 local currency*	*in TEUR*
Forward exchange contracts	*GBP*	51,731	802	*GBP*	21,005	153
	NOK	137,518	695	*NOK*	231,743	-416
	SEK	126,903	403	*SEK*	80,005	133
	USD	3,500	41	*USD*	0	0
	HUF	1,701,933	14	*HUF*	1,754,443	-27
	RUB	0	0	*RUB*	30,000	-48
	CAD	3,000	-21	*CAD*	0	0
	CZK	120,910	-56	*CZK*	70,429	-10
	EUR	128,197	-117	*EUR*	97,508	-434
	PLN	36,945	-171	*PLN*	22,357	-4
Interest rate swaps	*EUR*	150,000	-3,955	*EUR*	150,000	-3,430
Cross currency swaps	*USD/EUR*	153,000	12,320	*USD/EUR*	125,000	-2,172
	GBP/EUR	73,000	4,837	*GBP/EUR*	73,000	6,960
	PLN/EUR	80,000	664	*PLN/EUR*	80,000	1,558
	CHF/EUR	8,000	492	*CHF/EUR*	8,000	-119
	CAD/EUR	10,500	41	*CAD/EUR*	10,500	-338
	CZK/EUR	1,040,000	-3,065	*CZK/EUR*	1,198,824	-1,079
Currency option	*GBP/EUR*	0	0	*GBP/EUR*	14,382	296
Other derivatives	*EUR*	2,938	2,938	*EUR*	0	0
			15,862			1,023

35. Disclosures on financial instruments

Financial instruments are classified in three levels that reflect the degree of valuation certainty. Wienerberger uses the following hierarchy to classify financial instruments measured at fair value according to the valuation method used:

- Level 1: Valuation based on the market price for a specific financial instrument
- Level 2: Valuation based on the market prices for similar instruments or on valuation models that only use parameters that can be monitored on the market
- Level 3: Valuation based on models with significant parameters that cannot be monitored on the market

The financial instruments regularly carried at fair value by the Wienerberger Group are generally classified under level 1 (shares in funds, corporate bonds and stock; see Note 24. Receivables, securities and other financial assets) or level 2 (other available-for-sale financial instruments and derivative financial instruments; see Note 34. Derivative financial instruments and hedge accounting). No items were reclassified between hierarchy levels during the reporting year.

Other securities recognized at fair value as available-for-sale financial instruments are classified mainly in level 3 of the valuation hierarchy. They serve as reinsurance for pension obligations and netting against the provision is not permitted.

Other derivatives with positive market value include an option to purchase non-controlling interests in the Tondach Group in the amount of TEUR 3,089, which is classified under level 3 due to the input factors used in the valuation. The fair value is determined using the Black-Scholes formula on the basis of the budgeted EBITDA and the agreed multiplication factor. Valuation gains in the amount of TEUR 3,089 were taken to the other financial result.

The following table shows the financial assets and financial liabilities carried at fair value:

Financial assets and financial liabilities carried at fair value

in TEUR	Level 1	Level 2	Level 3	Carrying amount as at 31/12/2017
Assets				
Shares in funds	28,370			**28,370**
Corporate bonds	42			**42**
Stock	13			**13**
Other		13	777	**790**
Available-for-sale financial instruments	**28,425**	**13**	**777**	**29,215**
Derivatives from cash flow hedges		2,000		**2,000**
Derivatives from net investment hedges		18,354		**18,354**
Other derivatives		1,022	3,089	**4,111**
Derivatives with positive market value		**21,376**	**3,089**	**24,465**
Liabilities				
Derivatives from cash flow hedges		354		**354**
Derivatives from net investment hedges		3,065		**3,065**
Other derivatives		5,184		**5,184**
Derivatives with negative market value		**8,603**		**8,603**

in TEUR	Level 1	Level 2	Level 3	Carrying amount as at 31/12/2016
Assets				
Shares in funds	6,679			**6,679**
Corporate bonds	9,195			**9,195**
Stock	18			**18**
Other		42	812	**854**
Available-for-sale financial instruments	**15,892**	**42**	**812**	**16,746**
Derivatives from cash flow hedges		358		**358**
Derivatives from net investment hedges		9,051		**9,051**
Other derivatives		3,610		**3,610**
Derivatives with positive market value		**13,019**		**13,019**
Liabilities				
Derivatives from cash flow hedges		589		**589**
Derivatives from net investment hedges		4,241		**4,241**
Other derivatives		7,166		**7,166**
Derivatives with negative market value		**11,996**		**11,996**

The valuation of financial instruments classified under level 3 is shown in the following table:

in TEUR	Other securities 2017	Other securities 2016	Derivatives with positive market value 2017	Derivatives with positive market value 2016
Balance on 1/1	**812**	**1,244**	**0**	**0**
Results from valuation in income statement	0	0	3,089	0
Results from valuation in other comprehensive income	-35	-36	0	0
Disposals	0	-396	0	0
Balance on 31/12	**777**	**812**	**3,089**	**0**

Wienerberger generally carries loans and receivables as well as liabilities at amortized cost. The fair value of these liabilities can either be monitored on the market, which permits classification under level 1 (bonds), or can be derived by means of an income approach, which permits classification under level 2 (loans).

Trade receivables and trade payables, loans granted and other receivables and liabilities mostly have a term of less than one year. The respective carrying amounts generally correspond to fair values and are therefore not reported separately.

Financial assets and financial liabilities at amortized cost

in TEUR	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying amount as at 31/12/2017
Assets				
Other receivables		**4,948**		**4,948**
Liabilities				
Long-term loans		199,520		**194,486**
Roll-over		83,360		**83,449**
Short-term loans		106,543		**106,435**
Financial liabilities owed to financial institutions		**389,423**		**384,370**
Bonds	440,135			**409,657**
Long-term loans		10		**11**
Commercial paper		11,010		**10,962**
Finance leases		1,053		**1,053**
Financial liabilities owed to subsidiaries		16		**16**
Financial liabilities owed to non-banks	**440,135**	**12,089**		**421,699**
Other liabilities		**1,966**		**1,966**

in TEUR	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying amount as at 31/12/2016
Assets				
Other non-current receivables		**6,883**		**6,883**
Liabilities				
Long-term loans		85,941		**83,471**
Roll-over		80,817		**81,588**
Short-term loans		25,277		**25,261**
Financial liabilities owed to financial institutions		**192,035**		**190,320**
Bonds	672,529			**644,471**
Long-term loans		89		**89**
Commercial paper		34,103		**34,416**
Finance leases		51		**51**
Financial liabilities owed to subsidiaries		15		**15**
Financial liabilities owed to non-banks	**672,529**	**34,258**		**679,042**

Accounting and Valuation Principles

Revenues: Revenue arising from the provision of goods or services is realized when all major risks and opportunities arising from the delivered objects have been transferred to the buyer. In addition, a reliable measurement of the amount of the revenues and the costs related to the sale must be possible. Revenues are presented net of rebates, discounts and bonuses.

Costs of goods sold: The cost of goods sold includes direct material and production costs as well as a proportional share of overhead expenses for production equipment. Other components of the cost of goods sold are fixed production costs that cannot be capitalized due to the underutilization of capacity, impairment charges to inventories and the procurement cost of sold merchandise.

Construction contracts: When the results of construction contracts can be reliably estimated, the respective revenues and costs are recognized in accordance with the percentage of completion method. Construction contracts are found in Pipelife's business and involve the production of LLLD (long-length-large-diameter) pipes. The percentage of completion is based on the number of tons produced. If the costs for a specific contract are expected to exceed the agreed revenues, a provision for impending losses is recognized.

Government grants: Wienerberger recognizes government grants at their fair value under liabilities. Their reversal is reported under other income during the relevant accounting period when there is reasonable assurance that all conditions attached to the grant have been met.

Earnings per share: The calculation of earnings per share is based on Group profit after tax less non-controlling interests and the planned component of earnings attributable to hybrid bondholders, divided by the weighted number of shares outstanding (less treasury shares).

Intangible assets: Identifiable intangible assets purchased by the Group are reported at acquisition cost less straight-line amortization and any necessary impairment charges. Capitalized brands which on the date of purchase have been established for a long time and continue in use, are counted as intangible assets with an indefinite period of use to be subjected to annual impairment tests.

Goodwill: In accordance with IFRS 3, goodwill arising through a business combination is allocated to cash-generating units and not reduced through scheduled amortization, but tested at least once each year for indications of impairment.

Property, plant and equipment: Items of property, plant and equipment are recognized at acquisition cost less straight-line depreciation or usage-based depletion (clay pits). The recognition of internally generated plant or equipment includes an appropriate component of material and production overheads, but excludes general administrative and selling expenses. In accordance with IAS 23, borrowing costs incurred during the production of qualified assets are capitalized as part of acquisition cost and depreciated over the applicable useful life. Research and development expenses at Wienerberger also include the costs for product development, process technology, the improvement of environmental standards and laboratory activities. The development costs for successful research programs are generally capitalized under the related asset category.

The Group-wide depreciation rates are based on the useful economic lives of the respective assets (component approach) as shown in the following table:

Production plants (incl. warehouses)	25 - 40 years	Other machinery	4 - 30 years
Administrative and residential buildings	40 years	Fittings, furniture and office equipment	4 - 15 years
Building infrastructure	4 - 40 years	Customer bases	5 - 15 years
Kilns and dryers	5 - 30 years	Other intangible assets	4 - 10 years

Repairs that do not increase the presumed useful life of assets are booked as incurred. In accordance with IFRS 5, scheduled depreciation is discontinued when assets are classified as held for sale.

When plant or equipment is sold or retired, the gain or loss arising from the difference between the net proceeds on sale and the remaining carrying amount or impairment charge is reported under other operating income or expenses.

In accordance with IAS 17 Leases, leased items of property, plant and equipment that represent purchases with long-term financing (finance leases) are recognized at the price that would have been paid if the asset had been purchased. Depreciation is calculated over the lesser of the useful life of the asset or the term of the lease.

Impairment of non-financial assets: In accordance with IAS 36, impairment tests are carried out on a regular basis and whenever there is any indication of lasting impairment. Assets are tested separately for impairment when it is possible to allocate distinct cash flows to the individual asset. Impairment testing involves comparing the carrying amount of an asset with its recoverable amount, which represents the higher of fair value less costs to sell and the value in use. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. Fair value less costs to sell is the price that would be received on the sale of an asset, after the deduction of selling costs. The value in use is determined on the basis of an income approach and represents the present value of expected future cash flows to be derived from the asset or cash-generating unit.

Independent cash flows cannot be allocated to intangible assets with an indefinite useful life. These assets are tested for impairment as part of a cash-generating unit at least once each year in accordance with IAS 36.

Reversals are booked if the reasons for impairment cease to exist or a possible use is found for the item. In accordance with IAS 36, previously recognized impairment losses to goodwill are not reversed.

Investment property is carried at depreciated cost and, with the exception of land, is depreciated on a straight-line basis.

Investments in associates, joint ventures and other companies: Investments in associates over which Wienerberger exercises a significant influence (as a rule, between 20% and 50% of the shares) and joint ventures are carried at equity. Other investments include companies that are not consolidated for materiality reasons and investments in which Wienerberger does not have a significant influence. These investments are recognized at cost and only written down to fair value in the event of lasting impairment. Impairment losses and revaluations are included under financial result.

Inventories: Inventories are carried at the lower of cost or net realizable value, whereby valuation is based on the moving average method. Cost includes direct expenses as well as allocated overhead and depreciation based on normal capacity usage (between 85% and 100% of capacity). Interest charges as well as selling and administrative expenses are not included in the production cost of current assets. Risks resulting from the length of storage or other impairments in value are reflected through appropriate write-downs.

Emission certificates: In accordance with IAS 20 and IAS 38, Wienerberger uses the acquisition cost of zero to report the emission certificates allocated free of charge based on EU Emission Trading Directives 2003/87/EC and 2009/29/EC. If actual emissions exceed the free certificates, the additional certificates required are recognized at their market price on the balance sheet date. Purchased certificates are recognized at cost or the lower market price on the balance sheet date.

Financial instruments: A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. IAS 39 distinguishes between the category of loans and receivables, held-to-maturity financial investments, available-for-sale financial instruments and financial instruments at fair value through profit or loss which, in turn, are classified further into financial instruments held for trading and financial instruments designated as at fair value through profit or loss upon initial recognition.

Cash transactions relating to financial assets are recognized as of the settlement date. A financial asset is derecognized when the contractual rights to receive the related cash flows expire.

Loans and receivables are carried at amortized cost, with recognizable individual risks reflected in appropriate valuation adjustments. Non-interest bearing receivables with a remaining term in excess of one year are reported at their discounted present value. Foreign exchange receivables are translated at the exchange rate in effect on the balance sheet date.

Wienerberger has no *held-to-maturity financial instruments.*

Financial instruments carried at fair value through profit or loss are measured at fair value, with any gains and losses resulting from changes in fair value recognized in profit or loss. Wienerberger holds no primary financial instruments for trading purposes.

Wienerberger has not elected to use the option provided by IAS 39, which permits the initial recognition of financial assets at fair value through profit or loss. Therefore, the primary financial instruments held by the Group that are not classified as liquid funds and cash equivalents or loans and receivables are recognized as *available-for-sale financial instruments*. Included here, above all, are short-term investments in the form of shares in funds, debt issued by corporations and shares that are measured at fair value, and any gains and losses resulting from changes in fair value are recognized under other comprehensive income without recognition in profit or loss up to the date of derecognition. Impairment losses that are recognized to reflect significant and lasting impairment constitute an exception; these losses are recognized in profit or loss and reported in the financial result. The fair value of listed securities is based on the relevant market prices, with non-quoted financial assets being carried at cost less any changes in market value. When a financial instrument is derecognized, all gains and losses accumulated in other comprehensive income are immediately recognized in profit or loss. Some available-for-sale financial instruments are measured at cost if the fair value cannot be determined for lack of an active market.

Derivative financial instruments: Derivative financial instruments are concluded only to hedge the risks arising from business operations. Foreign exchange futures are used to hedge transaction risks, and interest rate swaps to optimize the fixed and/or variable interest rate component of financial liabilities. Cross currency swaps are used to hedge the net investments in foreign subsidiaries whose accounts are kept in a currency other than the euro. All derivative financial instruments are recognized at fair value upon conclusion of the contract and on the balance sheet date in accordance with IFRS 13, with the counterparty default risk being taken into account. The fair value of quoted financial instruments is based on the actual market price. The fair value of non-quoted interest instruments is based on the discounted value of future payments and is calculated using a current market interest rate. Derivative financial instruments that are not included in a hedge are classified as held for trading in keeping with IAS 39.

Hedge accounting: Wienerberger applies the IAS 39 rules for hedges to transactions that serve as hedges for translation risk as well as the transaction risk associated with future cash flows. A cash flow hedge is defined as an instrument that provides protection against fluctuations in the future cash flows attributable to recognized assets or liabilities. Changes in the market value of an effective hedge are recognized directly in other comprehensive income (hedging reserve), while the non-effective components are recognized in profit or loss and shown under financial result. The accounting treatment applied to a hedge of a net investment in a foreign operation is similar: changes in the effective portion of the hedge are charged or credited to the hedging reserve. The hedged risk, i.e. the gain or loss on the foreign currency translation of the hedged instrument, is recognized under equity through other comprehensive income.

Non-current assets held for sale: Wienerberger owns land and buildings that are not used in business operations and intends to realize the value of these assets through a sale. In accordance with IFRS 5, non-current assets held for sale must be reclassified when they are available for immediate sale in their present condition and their sale is highly probable within one year. If these requirements are met, the items are reported separately in the balance sheet and measured at the lower of the carrying amount and fair value less costs to sell. Scheduled depreciation is not recognized on assets held for sale.

Cash and cash equivalents include cash on hand, checks received, demand deposits and short-term investments as well as deposits with financial institutions that have a fixed term of up to three months.

Provisions for pensions: The Wienerberger Group has both defined contribution and defined benefit pension plans. Defined contribution plans carry no further obligation for the employer after the payment of premiums. The employer's contributions to these pension plans are reported under expenses for pensions. If any additional contributions have to be made by Wienerberger, the provision will be recognized like the defined benefit commitments. Under defined benefit plans, the employee is promised a certain retirement benefit. The risk related to the actual retirement benefit is carried by the company up to the point of payment. The provisions for defined benefit pension plans are calculated according to the projected unit credit method. The valuation of pension commitments includes future increases in wages/salaries and pensions. The provisions for pensions are calculated by independent actuaries.

The provisions for pensions are netted out with the pension plan assets that are held to cover commitments. In accordance with IAS 19, actuarial gains and losses are recognized under other comprehensive income as incurred after the deduction of deferred taxes. The interest component of post-employment benefits is reported separately in the financial result. Expenses for additions to the provisions for pensions are allocated to the various functional areas.

Commitments by US companies to cover medical costs for retired employees are recognized under provisions for pensions because of their pension-like character.

Provisions for severance compensation: Legal regulations grant Austrian employees the right to a lump-sum payment at retirement or termination by the employer, with the amount of the payment being dependent on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations, among others, in France, Italy, Poland and Turkey. The provisions for severance compensation are calculated according to actuarial principles based on the projected unit credit method. For Austrian employees, whose employment started after December 31, 2002, the employer contributes 1.53% of the gross wage or salary each month to an employee severance compensation fund. This fund represents a defined contribution plan in accordance with IAS 19, and the related employer contributions are reported under severance expense.

Provisions for jubilee bonuses: A number of employees in the Wienerberger Group are entitled to long-service bonuses when they reach a specified number of years of employment with the company. Provisions are recognized for these obligations based on the projected unit credit method. Any actuarial gains or losses are recognized immediately to profit or loss.

Provisions for site restoration: In accordance with IAS 37, a provision for site restoration is created when a clay pit is purchased and is reported as an addition to non-current assets according to IAS 16. The underlying assumptions for these obligations are generally based on the regulations applicable in the respective countries. The provisions for site restoration on clay pits purchased before 2005 are based on depletion and reflect the transition rule to IAS 16. Non-current provisions that are expected to be used after 12 months are discounted and reported at their present value.

Provisions for guarantees: Wienerberger provides manufacturer's guarantees, above all for clay products, which lead to the recognition of provisions for guarantees on the balance sheet. These provisions are calculated on the basis of individual risks and on the overall risk resulting from past experience. This involves the analysis of actual cases of damaged or deficient products and the estimation of potential obligations through stochastic methods.

Other provisions: Other current obligations which result from a past event and are expected to lead to an outflow of resources, but whose timing or amount are uncertain, are recognized at their full cost in accordance with IAS 37 and reported as provisions.

Deferred taxes: In accordance with IAS 12, the calculation of deferred taxes includes all temporary valuation and accounting differences arising between the financial statements prepared for tax purposes and the IFRS financial statements. Deferred tax assets also include tax credit entitlements which arise from the expected use of existing losses carried forward in future years and whose realization is probable. These entitlements are calculated on the basis of planned operating results and the earnings effects from the reversal of taxable temporary differences. Deferred taxes are calculated using the tax rate expected to be in effect when these differences reverse in the future, and are based on the local tax rate applicable to the individual Group company. Future changes in tax rates are included if the relevant legal amendment has been enacted as of the balance sheet date.

Financial liabilities: Liabilities are stated at the actual amount received, less transaction costs. Any premium, discount or other difference between the amount received and the repayment amount is distributed over the term of the liability according to the effective interest rate method and recognized in the financial result. Therefore, the measurement of these items reflects amortized cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. Wienerberger has not elected to use the option provided by IAS 39, which permits the initial recognition of a financial liability at fair value through profit or loss.

Transfer prices: There are several regional supply and delivery relationships between the individual operating segments. Prices for the sale of goods between Group companies are established at arm’s length based on the resale price method. Prices for the provision of services between Group companies are established at arm’s length based on the cost-plus method.

36. Foreign exchange translation

The accounts of foreign companies are translated to euros based on the functional currency method. The relevant local currency is the functional currency in all cases, as these companies operate independently in financial, economic, and organizational terms. All balance sheet items, with the exception of equity, are translated at the closing rate at the end of the reporting year (i.e. December 31, 2017). Goodwill is recognized as an asset in local currency and is also translated at the closing rate on the balance sheet date for the consolidated financial statements. Expense and income items are translated at the average exchange rate for the year.

Unrealized currency translation differences arising from non-current Group loans are offset against the translation reserve without recognition in profit or loss. Currency translation differences arising from the use of the closing rate for the balance sheet and the average exchange rate for the income statement are also reported under other comprehensive income.

Cross currency swaps are used to limit the translation risk arising from the Group's business activities in the USA, Canada, Switzerland, Great Britain and certain countries in Eastern Europe. These transactions involve the conclusion of a cross currency swap equal to the value of the foreign currency assets to be hedged.

The major exchange rates used for foreign currency translation developed as follows during the reporting year:

	Closing rate on		Average rate for the year	
	31/12/2017	31/12/2016	2017	2016
British pound	0.88723	0.85618	0.87667	0.81948
Bulgarian lev	1.95583	1.95580	1.95583	1.95580
Danish krone	7.44490	7.43440	7.43863	7.44519
Canadian dollar	1.50390	1.41880	1.46472	1.46588
Croatian kuna	7.44000	7.55970	7.46370	7.53329
Norwegian krone	9.84030	9.08630	9.32704	9.29060
Polish zloty	4.17700	4.41030	4.25701	4.36321
Romanian lei	4.65850	4.53900	4.56879	4.49043
Russian ruble	69.39200	64.30000	65.93825	74.14457
Swedish krone	9.84380	9.55250	9.63509	9.46890
Swiss franc	1.17020	1.07390	1.11167	1.09016
Czech koruna	25.53500	27.02100	26.32578	27.03429
Turkish lira	4.54640	3.70720	4.12063	3.34325
Hungarian forint	310.33000	309.83000	309.19325	311.43790
US dollar	1.19930	1.05410	1.12968	1.10690

Risk Report

Principles of risk management

The conduct of global operations exposes the Wienerberger Group to a variety of risks that are inseparable from entrepreneurial activities. These risks have an effect on the business segments of the Group and on its assets, liabilities and planned commercial decisions.

Throughout the Group, Wienerberger focuses on the early identification and active management of risks in its operating environment. To this end, regular surveys are being performed among the Managing Board as well as the Business Unit managers and Corporate Function heads in charge in order to update the existing risk catalogue and to identify new risks. In this process, strategic and operational risks along the entire value chain are being identified and their impact on cash flow is differentiated based on a medium-term (up to five years) and a long-term (six to ten years) time horizon.

Risk situation and operating risks relating to the Group's markets

As a producer of building materials, Wienerberger operates in a cyclical industry and belongs to the group of late cyclical companies that usually follow general economic cycles with a delay. These companies are dependent on developments in the economies that form the backdrop for their activities, in particular macro-economic developments, construction activity in both the residential and public (infrastructure) sectors and renovation. The development of business is also influenced by consumer confidence, the unemployment rate, long-term interest rates, the availability of financing, tax policies, building regulations and subsidies for housing construction as well as other factors outside the Group's control. The economic cycles in the construction industry that influence Wienerberger's business are considerably longer than in other areas, with timing delays that also differ by market.

The unfavorable development of any or all of these factors can have a negative influence on the demand for Wienerberger products, both in terms of the volumes sold and the price levels. Cyclical fluctuations in demand lead to a risk of excess capacity, which may result in increased pressure on prices as well as a decline in margins and/or revenues that fail to cover production costs. The building materials industry – and, as a part of this industry, also Wienerberger – is characterized by a high share of fixed costs as a percentage of total costs due to its capital-intensive nature, and active capacity management therefore represents a central instrument for corporate management. Production capacity is analyzed on a continuous basis, and adjusted to reflect market demand through measures that include temporary or permanent plant closings as well as the relocation of production to more efficient facilities.

Wienerberger views the markets in Central and Eastern Europe as long-term growth markets due to the high pent-up demand for new residential construction and infrastructure. Weaker demand and increased pressure on prices in these growth markets can lead to increased risk for the Wienerberger Group.

Furthermore, Wienerberger competes with other building materials such as concrete, wood, limestone, glass, steel or aluminum, which exposes the Group to a risk of substitution. Our strong position as a quality leader and investments in the development of premium products should allow us to minimize substitution risks. In particular, these developments involve improvements in the physical properties as well as the economy of our products.

The building materials industry is subject to seasonal fluctuations, whereby substantially higher volumes are sold during the months from April to October than in the rest of the year. Similar to the building materials industry, the earnings of the Wienerberger Group are in part dependent on the weather, since long frost and rain periods have a negative influence on demand through a decline in construction activity.

In order to avoid earnings fluctuations wherever possible, Wienerberger pursues a strategy of geographical diversification with parallel concentration on the core business. This core business covers clay blocks, roof tiles and facing bricks as well as pavers and pipe systems, and positions Wienerberger as a supplier of building material solutions for residential construction and infrastructure projects. Our activities are subject to the usual risks inherent in local markets, where positions must be repeatedly defended against competitors and substitute products. The Group's most important customer group is the building materials sector, and further market adjustments in this sector are expected to increase pressure on prices in the future. Specific market situations can also have a negative impact on price levels, and Wienerberger therefore monitors its price strategy on a continuous basis.

As a multinational corporation, Wienerberger operates in countries that are in different stages of economic and social development. Unfavorable changes in political or economic conditions therefore represent additional sources of risk. The activities of the Wienerberger Group could also be materially affected by the following factors: changes in tax laws on individual markets, in the taxation of energy sources or in labor law; the effect of language and cultural differences on the coordination of international activities; the limitation of opportunities for the repatriation of profits; an increase in legal requirements for the utilization of raw materials; product standards and product liability law; and environmental and safety standards. The growth markets of Russia and India also carry a risk that production equipment may be expropriated without proper compensation. Especially in these markets, Wienerberger is additionally exposed to tax risks that could arise from a change in tax laws or the interpretation of existing tax laws. However, the company is not able to quantify the probability of occurrence or the extent of these potential risks at the present time.

The plastic pipe business is substantially influenced by the development of raw material prices, which usually correlates closely with the price of crude oil. Synthetic polymers comprise a major part of the production cost for plastic pipes. The volatility of raw material prices has increased considerably in recent years. Strong fluctuations within individual months require flexible pricing to limit the effects of these price changes and/or pass them on to the market. Fast price management is also a decisive factor for the sustainable protection of earnings. In addition to price risk, this business is exposed to a raw material supply risk. Any interruption in supplies would invariably disrupt production. This risk is met, with few exceptions, by developing alternative suppliers for raw materials.

Procurement, production, investment and acquisition risks

Wienerberger has a modern and efficient plant network. Therefore, the risk of operating breakdowns or a longer loss of production due to technical problems is low. Supplies of clay raw materials for our plants are guaranteed on a lasting basis by sufficient deposits and long-term supply contracts.

The cost of energy for the firing of bricks represents a significant percentage of the Group's cost structure. In 2017 energy costs for the Wienerberger Group totaled TEUR 264,247 (2016: TEUR 260,886) or 8.5% (2016: 8.8%) of revenues. These expenses consist of 61% for natural gas, 33% for electricity and 6% for other materials. Energy prices are dependent on international and local market developments, and are subject to fluctuations.

Wienerberger minimizes the risk connected with rising energy prices in liberalized markets (in total, roughly 90% of energy costs) by concluding futures contracts or fixed-price agreements with national and international suppliers. These prices are in part established for longer periods of time. In a limited number of East European countries (in total, roughly 10% of energy costs) the prices for natural gas are regulated by the federal government and contracts with local suppliers are negotiated each year.

Wienerberger was again granted carbon leakage status for its European brick activities in 2014 and expects the resulting allocation of CO_2 certificates will be sufficient to cover emissions. This status will be reviewed in 2018.

In addition to price risk Wienerberger is also exposed to an energy supply risk, in particular with respect to natural gas and electricity. Any disruption of energy supplies would invariably lead to the standstill of production, and could therefore have a negative effect on operating profit if demand cannot be met from inventories.

Continuing optimization (operational excellence) and product innovations as well as internal and external growth projects are implemented to increase the value of Wienerberger. The future profitability of these projects is dependent to a large degree on the investment volume and/or acquisition price as well as the development of the market. For this reason, all growth projects must meet the defined return on investment criteria for the Group's bolt-on and strategic projects. The entry into new markets is also connected with risks involving competition, planning accuracy and the evaluation of the political situation as well as the successful, profitable development of business. New projects are therefore analyzed extensively in advance, both from a qualitative and quantitative standpoint.

Financial risks

In addition to financing risk, operating activities expose Wienerberger to interest rate and exchange rate risks. Derivative financial instruments, in particular forward exchange contracts and interest rates swaps, as well as operational measures are used to limit and manage this risk. All cash flow hedges and hedges of investments in foreign operations are classified as highly effective as a means of offsetting the hedged risks in keeping with risk management objectives. No derivatives are held for speculative purposes.

The refinancing sources open to Wienerberger are determined by numerous financial, macroeconomic and other factors beyond the control of management. These factors include covenants in the existing and future debt arrangements as well as the maintenance of the current rating. According to these covenants, the ratio of net debt to EBITDA may not exceed 3.5 years; this indicator equaled 1.4 years as of December 31, 2017. Moreover, EBITDA/net interest result equaled 11.5 for the reporting year and substantially exceeded the threshold of 3.75. Part of earnings is used for interest and is therefore not available for other purposes. If the Group's rating should deteriorate or covenants are not met, interest expense could rise due to an increase in the credit risk premium and lead to higher financing costs and lower cash flow. The failure to comply with covenants could also result in a loan becoming due immediately.

Exchange rate risks

A significant portion of the revenues and earnings of the Wienerberger Group is generated by subsidiaries whose headquarters are not located in the euro zone. Wienerberger recorded 52% of its revenues for the reporting year in currencies other than the euro, predominately East European currencies (21%), the British pound (10%) and the US dollar (9%). The exchange rate risk connected with cash flows is immaterial due to the local nature of the building materials business. Cash flows into or out of the euro region are primarily related to Group dividends or loans, the sale of goods and services. The foreign exchange risk on these intragroup cash flows is managed by the holding company.

Credit financing for the purchase of current assets is concluded in the local currency of the individual companies because of the decentralized structure of the Wienerberger Group. Foreign exchange risk in the financing area is therefore reduced to a minimum, since the Group companies generally issue their invoices in local currency and these transactions form a natural hedge.

The exposure of financial liabilities to foreign exchange risk is discussed in Note 33. Financial instruments.

However, the translation of foreign company financial statements into the euro results in currency translation differences (translation risk), which are recognized in other comprehensive income under foreign exchange adjustments. The revenues, earnings, and balance sheet items of companies not headquartered in the euro region are therefore dependent on the relevant euro exchange rate.

The Wienerberger risk strategy calls for minimizing the translation risk arising from net investments in foreign subsidiaries to a certain extent through hedging. The following table shows Group revenues and capital employed by currency, whereby the calculation of capital employed includes the effects of forward exchange contracts and foreign currency swaps:

Revenues	2017		2016	
	in MEUR	*Share in %*	*in MEUR*	*Share in %*
Euro	1,496.6	48	1,475.2	50
East European currencies	659.5	21	582.8	20
British pound	320.6	10	285.1	10
US dollar	277.3	9	263.2	9
Other	365.7	12	367.5	11
Group revenues	**3,119.7**	**100**	**2,973.8**	**100**

Capital employed	2017		2016	
	in MEUR	*Share in %*	*in MEUR*	*Share in %*
Euro	1,595.1	65	1,543.5	63
East European currencies	448.2	18	447.2	18
US dollar	201.4	8	195.4	8
British pound	38.0	2	94.8	4
Other	176.5	7	179.1	7
Capital employed after hedging effect	**2,459.2**	**100**	**2,460.0**	**100**

The effects of a hypothetical change in foreign exchange rates on the consolidated income statement and the consolidated statement of comprehensive income are shown through sensitivity analyses. For the purpose of this presentation, an annual volatility is assumed as of the balance sheet date. This volatility is calculated on the basis of the daily change in the relevant exchange rate against the euro. In accordance with IFRS 7, foreign exchange risks result from monetary financial instruments not denominated in the functional currency of the reporting entity. Consequently, receivables, liabilities, cash and cash equivalents as well as derivative foreign-currency financial instruments form the basis of the calculation of the sensitivity of the consolidated income statement. The sensitivity of the consolidated statement of comprehensive income reflects the differences of long-term loans to subsidiaries as well as valuation effects of cash flow hedges for currency risks reported in other comprehensive income. Translation differences arising from the translation of financial statements prepared in another currency than the euro were not included in the calculation.

A change in the annual volatility of the euro against the most relevant exchange rates as at the reporting date would affect the consolidated income statement and the consolidated statement of comprehensive income as follows:

Sensitivity of the consolidated income statement

in TEUR	2017			2016		
	Annual volatility	if the euro depreciates	if the euro appreciates	Annual volatility	if the euro depreciates	if the euro appreciates
EUR/NOK	6.40%	735	-735	7.74%	385	-385
EUR/HRK	1.98%	462	-462	1.68%	-15	15
EUR/HUF	3.65%	448	-448	5.00%	-199	199
EUR/PLN	4.69%	438	-438	7.66%	260	-260
EUR/USD	7.14%	278	-278	8.14%	486	-486
EUR/SEK	5.59%	-189	189	5.65%	1	-1

Sensitivity of the consolidated statement of comprehensive income

in TEUR	2017			2016		
	Annual volatility	if the euro depreciates	if the euro appreciates	Annual volatility	if the euro depreciates	if the euro appreciates
EUR/GBP	8.15%	-4,282	4,282	11.81%	-544	544
EUR/RUB	11.95%	3,359	-3,359	19.18%	6,034	-6,034
EUR/USD	7.14%	1,403	-1,403	8.14%	3,938	-3,938
EUR/HUF	3.65%	1,095	-1,095	5.00%	2,111	-2,111
EUR/RON	3.10%	866	-866	2.88%	815	-815
EUR/NOK	6.40%	-611	611	7.74%	-1,575	1,575

Interest rate risks

Interest rate risk is comprised of two components: the relevant value of the average term for the Group's financing and the separation into fixed and variable interest rates. The risk associated with fixed interest rates lies in a possible decline in interest rate levels, while the risk associated with variable interest rates arises from the possibility of an increase in interest rates. A parallel upward shift of 100 basis points in interest rates would have increased profit after tax by MEUR 0.7 (2016: increase of MEUR 0.9) and, through this change in the income statement, also changed equity by the same amount. A decrease of 100 basis points in interest rates would have decreased (2016: decreased) profit after tax and equity by the same amount.

The risk position of Wienerberger AG with respect to the interest rate risks arising from liabilities with fixed and variable interest rates is explained below.

In order to analyze interest rate risk (fixed and variable interest rates), financial liabilities (see pages 174 to 176) are adjusted for the effects of derivative instruments (hedging) and short-term fixed-interest financial liabilities are treated as variable interest items. Sensitivity analyses were carried out on fixed interest and variable interest financial liabilities to estimate the impact on earnings and equity.

in TEUR	2017		2016	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Interest-bearing loans	665,319	149,353	746,049	135,309
Reclassification of short-term fixed interest rate loans	-175,391	175,391	-294,484	294,484
Effects of derivative instruments (hedging)	50,000	-50,000	50,000	-50,000
Financial liabilities after hedging effects	**539,928**	**274,744**	**501,565**	**379,793**

Credit risks

Wienerberger has established strict requirements for the credit standing of its financial partners, which are defined in internal financial and treasury guidelines. The credit risk connected with the investment of liquid funds and securities is limited because Wienerberger works only with financing partners whose credit rating leads to expectations of a sound financial standing and sets counterparty limits based on this credit rating. However, financial partners with an excellent rating can also pose a credit risk and Wienerberger therefore continuously monitors developments on financial markets and adjusts credit limits accordingly. The following table shows the maximum exposure of trade receivables and miscellaneous receivables (including receivables from current taxes) to credit risks as of December 31, 2017, classified by region:

Credit risk	2017		2016	
	in MEUR	Share in %	in MEUR	Share in %
Western Europe	162.5	54	157.8	59
Central-Eastern Europe	96.0	31	66.1	24
North America	32.0	10	30.2	11
Other	15.9	5	15.8	6
Total trade receivables and miscellaneous receivables	**306.4**	**100**	**269.9**	**100**
thereof insured against default	177.8		156.3	

Trade receivables consist primarily of receivables due from building material retailers and large customers. Specific valuation allowances booked in 2017 equaled less than 1% of trade receivables, originated loans and other current receivables, and were not classified separately for this reason.

The following table shows the age structure of non-impaired trade receivables:

in MEUR	2017	2016
Not due	169.2	165.2
Up to 30 days overdue	27.2	23.0
31 to 60 days overdue	7.8	5.4
61 to 90 days overdue	2.8	2.5
More than 90 days overdue	10.7	9.4
Trade receivables	**217.7**	**205.5**

Liquidity risks

The protection of liquidity and the preservation of a healthy financial base represent the focal points of the Wienerberger strategy. The most important instruments in this respect are the maximization of free cash flow through cost reduction, active working capital management and a cutback in investments to the necessary minimum.

Liquidity risks arise, above all, when cash flows from revenues fall below expectations because of weaker demand and the measures to reduce working capital and cash outflows for fixed costs (active capacity management) are not sufficient or can only be implemented with a delay.

Liquidity is managed on a regular basis, among others, on the basis of rolling quarterly liquidity planning as well as a regular analysis of the cash conversion cycle, which is based on average accounts payable turnover, inventory turnover and receivables conversion. The receivables conversion period averaged 23 days (2016: 24 days), the inventory turnover period averaged 94 days (2016: 99 days) and the payable turnover period averaged 39 days (2016: 34 days). This resulted in a cash conversion cycle of 78 days in 2017 compared with 89 days in the previous year.

An analysis of the liquidity risks arising from liabilities is provided on pages 172 and 173 (Analysis of contractual cash flows).

Legal risks

Business combinations may be subject to the approval of antitrust authorities, depending on the market position in individual countries and/or the size of the planned acquisition. These approval procedures could lead to delays or, in individual cases, to the prohibition of specific acquisitions or mergers. Wienerberger evaluates the antitrust risk associated with an acquisition together with national and international legal and business experts during the early stages of work on a project in order to minimize this risk. No acquisitions planned by the Group have ever been prohibited.

In connection with real estate transactions carried out in earlier years, Wienerberger AG is liable for possible contamination and the resulting damage during its ownership.

Other risks

Wienerberger is subject to extensive and increasingly strict environmental, health and safety laws in many countries, which can lead to investments for compliance with these regulations. The failure to comply with these regulations could result in administrative fines, the assessment of damages or the suspension of operating permits.

Wienerberger plants exceed current legal requirements for the prevention of environmental damage, but the intensification of environmental standards presents the Group with a continuous range of new challenges. Legal commitments are identified and met through knowledge of current legal and contractual requirements as well as cooperation with experts and external consultants. Risks arising from the restoration of clay pits are part of the company's operating risk and are monitored continuously.

The risks associated with a breakdown of our centralized Group data processing system as the result of natural disasters have been minimized through the installation of redundant systems at facilities in different locations.

In recent years, a number of building materials companies with operations in the USA became the subject of class action suits from patients with asbestos-related diseases. After an examination of our US activities, we have classified this risk as minimal because none of our American subsidiaries has ever produced or sold asbestos products.

The Wienerberger Group also competes with other firms on the labor market. In order to train future managers and prepare these persons for management positions, Wienerberger has developed curricula that include the Sales Academy, the Plant Manager Program and the Ready4Excellence Program. Wienerberger uses these programs and personalized training measures to optimally train its employees and to also strengthen their ties to the company (see the Wienerberger Sustainability Report for additional information).

Other disclosures

37. Related party transactions

The following companies and persons are considered to be related parties of Wienerberger: the members of the Supervisory and Managing Boards, associated companies, joint ventures and non-consolidated subsidiaries of Wienerberger AG as well as the ANC Private Foundation and its subsidiaries. Transactions with companies in which members of the Supervisory Board of Wienerberger AG are active are conducted on arm's length conditions. Business relationships between the company and related parties, in particular members of the Managing and Supervisory Boards of Wienerberger AG, are disclosed in Note 11. Personnel expenses if any payments to these persons are involved.

The ANC Private Foundation operates landfill activities in Austria that were transferred by Wienerberger AG in 2001 and owns a limited amount of assets (in particular real estate and securities). The managing board of the ANC Private Foundation consists of two members of Wienerberger top management, which allows Wienerberger to exercise control over the foundation. In accordance with IFRS 10, the ANC Private Foundation cannot be consolidated because the shareholders of Wienerberger AG, and not the company itself, are entitled to the variable cash flows from the foundation. The total assets of ANC Private Foundation amounted to TEUR 36,878 as of December 31, 2017 (2016: TEUR 28,754) and consist primarily of land and buildings totaling TEUR 8,346 (2016: TEUR 11,826) and securities and liquid funds of TEUR 25,955 (2016: TEUR 14,727). The foundation had provisions of TEUR 8,009 (2016: TEUR 8,904) and no financial liabilities as of December 31, 2017. For 2017 the managing board of ANC Private Foundation resolved to distribute a dividend of EUR 0.10 per each share of Wienerberger AG, i.e. EUR 11,752,676.40.

Wienerberger AG and its subsidiaries finance associates, joint ventures and non-consolidated subsidiaries through loans granted at ordinary market conditions. The outstanding loan receivables due from joint ventures amounted to TEUR 13,236 as of December 31, 2017 (2016: TEUR 11,012), while the comparable amount for non-consolidated subsidiaries was TEUR 7,249 (2016: TEUR 7,268). In addition, trade receivables due from joint ventures amounted to TEUR 638 (2016: EUR 452), while the comparable amount for non-consolidated subsidiaries was TEUR 138 (2016: TEUR 721) as of the balance sheet date. Revenues of TEUR 1,233 were recognized with joint ventures in 2017 (2016: TEUR 2,415) and TEUR 0 (2016: TEUR 747) with non-consolidated subsidiaries.

Other related party transactions relate to clay supplies in the amount of TEUR 436 (2016: TEUR 577) as well as rental services of TEUR 465 (2016: TEUR 260) provided to non-consolidated subsidiaries. In addition, products in the amount of TEUR 578 (2016: TEUR 0) were sold to a related party in the financial year 2017.

38. Significant events after the balance sheet date

With effect from February 15, 2018, the option to acquire the non-controlling interests in Tondach Gleinstätten AG was exercised. The purchase price for the remaining 17.81% of the shares amounted to MEUR 30.1 and was reported in equity as decrease in non-controlling interests in the amount of MEUR 23. The difference of MEUR 7.1 was offset against the capital reserve.

On March 9, 2018, a contract was signed on the planned divestment of the business of Austria-based Semmelrock Stein + Design GmbH & Co KG. Closure of the transaction is subject to approval by the competition authority.

Within the framework of a cost and efficiency optimization program, costs of approximately MEUR 30 will be incurred in the course of 2018. The measures planned include the restructuring of the ceramic pipe business announced in January 2018 and a reduction in the number of plastic pipe production lines in France. Moreover, two brick production sites in Austria will be shut down and operations in Germany will be restructured.

By the date of release for publication of the consolidated financial statements on March 13, 2018, 100,000 Wienerberger shares had been bought back at a price of TEUR 2,160 under the authorization granted by the Annual General Meeting.

The consolidated financial statements were approved by the Managing Board of Wienerberger AG on March 13, 2018 and submitted to the Supervisory Board on March 28, 2018 for publication.

Vienna, March 13, 2018

The Managing Board of Wienerberger AG

Heimo Scheuch
Chief Executive Officer

Willy Van Riet
Chief Financial Officer

Statement by the Managing Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, March 13, 2018

The Managing Board of Wienerberger AG

Heimo Scheuch
Chief Executive Officer

Willy Van Riet
Chief Financial Officer

Group Companies

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger International N.V.	**Zaltbommel**	**50,001**	**EUR**	**100.00%**	**VK**	
WB East European Holding B.V.	Zaltbommel	3	EUR	100.00%	VKE	
Wienerberger Roof Asset Management GmbH	Wien	35,000	EUR	100.00%	VKE	
Wienerberger Ziegelindustrie GmbH	Hennersdorf	5,000,000	EUR	100.00%	VK	
Wienerberger zRt.	Budapest	2,140,000,000	HUF	100.00%	VK	
Wienerberger cihlářský průmysl, a. s.	České Budějovice	50,000,000	CZK	100.00%	VK	
Cihelna Kinský, spol. s r. o.	Kostelec nad Orlicí	2,000,000	CZK	68.80%	VK	
Wienerberger eurostroj, spol. s r. o.	České Budějovice	32,100,000	CZK	100.00%	VK	
Silike keramika, spol. s r.o	České Budějovice	100,000	CZK	50.00%	EQ	
Wienerberger slovenské tehelne, spol. s r. o.	Zlaté Moravce	3,319,392	EUR	100.00%	VK	
Wienerberger Ceramika Budowlana Sp. z o.o.	Warszawa	374,324,808	PLN	100.00%	VK	
Handel Ceramika Budowlana Sp. z o.o.	Warszawa	50,000	PLN	100.00%	OK	1)
Wienerberger Ilovac d.o.o.	Karlovac	8,988,000	HRK	100.00%	VK	
Wienerberger Cetera d.d.	Karlovac	359,240	HRK	99.72%	VK	
IGM Ciglana d.o.o. Petrinja	Petrinja	12,756,900	HRK	100.00%	VK	
WIENERBERGER Industrija opeke d.o.o.	Sarajevo	2,000	BAM	100.00%	VK	
Wienerberger Opekarna Ormož d.o.o.	Ormož	951,986	EUR	100.00%	VK	
Opekarna Pragersko d.o.o.	Pragersko	1,022,743	EUR	100.00%	VK	
Wienerberger Backa d.o.o	Kanjiza	651,652	EUR	100.00%	VK	
WIENERBERGER Sisteme de Caramizi S.R.L.	Bucuresti	39,147,100	RON	100.00%	VK	
WZI FINANZ-S.à.r.l.	Luxembourg	73,963,917	USD	100.00%	VK	
Wienerberger TOV	Kyiv	3,000,000	UAH	100.00%	VK	
Semmelrock International GmbH	**Wien**	**3,000,000**	**EUR**	**100.00%**	**VK**	
Semmelrock Baustoffindustrie GmbH	Klagenfurt am Wörthersee	1,000,000	EUR	100.00%	VK	
Semmelrock Stein + Design GmbH	Klagenfurt am Wörthersee	35,000	EUR	100.00%	VK	
Semmelrock Stein + Design GmbH & CoKG	Klagenfurt am Wörthersee	100,000	EUR	100.00%	VK	
Semmelrock Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Semmelrock Stein & Design Kft.	Ócsa	983,100,000	HUF	100.00%	VK	
SEMMELROCK STEIN + DESIGN Dlazby s.r.o.	Sered	3,027,286	EUR	100.00%	VK	
Semmelrock Stein & Design d.o.o.	Ogulin	22,870,000	HRK	100.00%	VK	
Semmelrock Stein & Design Sp. z o.o.	Kolbiel	46,000,000	PLN	100.00%	VK	
Semmelrock Stein + Design S.R.L.	Bolintin-Vale	55,151,300	RON	100.00%	VK	
Semmelrock Tlakovci d.o.o.	Ormož	8,763	EUR	100.00%	OK	1)
Semmelrock Stein + Design Dlazby a.s.	Ledcice	2,000,000	CZK	100.00%	VK	
Semmelrock Stein und Design EOOD	Sofia	13,785,500	BGN	100.00%	VK	
Wienerberger GmbH	**Hannover**	**9,500,000**	**EUR**	**100.00%**	**VK**	
Schlagmann Beteiligungs GmbH	Zeilarn	26,000	EUR	50.00%	OK	1)
Schlagmann Poroton GmbH & Co KG	Zeilarn	10,300,000	EUR	50.00%	EQ	
Schlagmann Poroton Vertriebs GmbH	Zeilarn	25,000	EUR	50.00%		4)
Tongruben Verwaltungs GmbH	Hannover	26,000	EUR	100.00%	OK	1)
Argeton GmbH	Hannover	100,000	EUR	100.00%	VKE	
Wienerberger Deutschland Service GmbH	Hannover	1,000,000	EUR	100.00%	VKE	
RM 2964 Vermögensverwaltungs GmbH	Zeilarn	25,000	EUR	50.00%		4)
MR Erwerbs GmbH & Co. KG	Zeilarn	50,000	EUR	50.00%		4)
Redbloc Elemente GmbH	Plattling	25,000	EUR	15.00%		4)
Redbloc Systems Deutschland GmbH	Plattling	25,000	EUR	12.50%		4)

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
ZZ Wancor AG	**Regensdorf**	**1,000,000**	**CHF**	**100.00%**	**VK**	
Wienerberger S.p.A.	**Mordano**	**10,000,000**	**EUR**	**100.00%**	**VK**	
Fornaci Giuliane S.r.l.	Cormons	100,000	EUR	30.00%	EQ	
Wienerberger NV	**Kortrijk**	**47,557,745**	**EUR**	**100.00%**	**VK**	
Wienerberger Asset Management NV	Zonnebeke	13,240,053	EUR	100.00%	VK	
Deva-Kort NV	Kortemark	247,894	EUR	100.00%	VK	
TV Vanheede-Wienerberger	Kortrijk	0	EUR	50.00%	EQE	
Wienerberger B.V.	**Zaltbommel**	**36,778,680**	**EUR**	**100.00%**	**VK**	
Van Hesteren & Janssens B.V.	Zaltbommel	363,024	EUR	100.00%	VK	
Desimpel AK1 B.V.	Zaltbommel	70,000	EUR	100.00%	VK	
BrickTrading Holland B.V.	Zaltbommel	18,000	EUR	100.00%	VK	
German Brick Trading B.V.	Zaltbommel	249,700	EUR	100.00%	VK	
Oostergrachstwal Holding B.V.	Zaltbommel	45,378	EUR	100.00%	VK	
Feikema B.V.	Zaltbommel	45,378	EUR	100.00%	VK	
Gelsing Oosterhout B.V.	Zaltbommel	18,200	EUR	100.00%	VK	
Wienerberger Steenvisie B.V.	Zaltbommel	18,151	EUR	100.00%	VK	
Bos & Vermeer B.V.	Zaltbommel	22,689	EUR	100.00%	VK	
Aberson B.V.	Zwolle	60,000	EUR	100.00%	VK	
Aberson SmartBuild BV	Zwolle	1	EUR	100.00%	VK	
Steencentrale Neerbosch B.V.	Deest	45,400	EUR	100.00%	VK	
Leeuwis B.V.	Deest	91,210	EUR	100.00%	VK	
Steinzentrale Nord Leeuwis GmbH	Rellingen	52,500	EUR	100.00%	VK	
Straatbaksteen Nederland B.V.	Zaltbommel	18,000	EUR	100.00%	VK	
Wienerberger Limited	**Cheshire**	**81,120,552**	**GBP**	**100.00%**	**VK**	
Galileo Brick Limited (in Liquidation)	Cheshire	2,000,000	GBP	100.00%	VK	
Chelwood Group Unlimited (in Liquidation)	Cheshire	5,975,506	GBP	100.00%	VK	
The Brick Business Limited (in Liquidation)	Cheshire	900,002	GBP	100.00%	VK	
Sandtoft Roof Tiles Limited	Cheshire	11,029	GBP	100.00%	VK	
WIENERBERGER PARTICIPATIONS SAS	**Achenheim**	**36,000,000**	**EUR**	**100.00%**	**VK**	
WIENERBERGER SAS	Achenheim	75,000,000	EUR	100.00%	VK	
Briqueterie de Rouffach SAS	Rouffach	336,120	EUR	100.00%	VK	
Wienerberger A/S	**Helsinge**	**10,001,000**	**DKK**	**100.00%**	**VK**	
Wienerberger AS	Oslo	43,546,575	NOK	100.00%	VK	
Wienerberger AB	Malmö	17,550,000	SEK	100.00%	VK	
General Shale Brick Inc.	**Johnson City**	**1,000**	**USD**	**100.00%**	**VK**	
General Shale Building Materials, Inc.	Johnson City	1,000	USD	100.00%	VK	
Columbus Brick Inc.	Columbus	20,950	USD	100.00%	VKE	
Pipelife Jet Stream, Inc.	Siloam Springs	0	USD	100.00%	VK	
Arriscraft Canada Inc.	**Halifax**	**18,500,000**	**CAD**	**100.00%**	**VK**	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger EOOD	**Sofia**	**12,500,000**	**BGN**	**100.00%**	**VK**	
Uspeh AD	Sofia	2,141,220	BGN	99.66%	VK	
OOO „Wienerberger Kirpitsch“	**Kiprevo**	**612,694,577**	**RUB**	**100.00%**	**VK**	
OOO „Wienerberger Kurkachi“	Kurkachi	650,036,080	RUB	100.00%	VK	
Wienerberger OY AB	**Helsinki**	**1,000,000**	**EUR**	**100.00%**	**VK**	
Wienerberger AS	**Aseri**	**1,540,736**	**EUR**	**100.00%**	**VK**	
UAB Wienerberger Statybine Keramika Sp. Z o.o.	**Vilnius**	**10,100**	**LTL**	**100.00%**	**VK**	
Wienerberger India Private Limited	**Bangalore**	**990,000,000**	**INR**	**100.00%**	**VK**	
WBI Industries Private Limited	Chennai	1,000,000	INR	100.00%	VK	
PIPELIFE International GmbH	**Wien**	**29,000,000**	**EUR**	**100.00%**	**VK**	**2)**
PIPELIFE Austria GmbH & Co KG	Wiener Neudorf	4,360,370	EUR	100.00%	VK	
PIPELIFE Austria GmbH	Wiener Neudorf	36,337	EUR	100.00%	VK	
Pipelife Belgium NV	Kalmthout	10,890,000	EUR	100.00%	VK	
Pipelife Bulgaria EOOD	Botevgrad	30,000	BGN	100.00%	VK	
Pipelife Czech s r.o.	Otrokovice	202,971,000	CZK	100.00%	VK	
PIPELIFE Deutschland Asset Management GmbH	Bad Zwischenahn	26,000	EUR	100.00%	VK	
PIPELIFE Deutschland GmbH & Co. KG Bad Zwischenahn	Bad Zwischenahn	5,000	EUR	100.00%	VK	
PIPELIFE Deutschland Verwaltungs-GmbH Bad Zwischenahn	Bad Zwischenahn	5,726,469	EUR	100.00%	VK	
Pipelife Eesti AS	Harjumaa Eesti Vabariik	25,024	EUR	100.00%	VK	
Pipelife Finland OY	Oulu	33,637	EUR	100.00%	VK	
Talokaivo Oy	Kerava	2,000,000	EUR	100.00%	VK	
Pipelife France SNC	Aubevoye	21,606,000	EUR	100.00%	VK	
Pipelife Hellas S.A.	Thiva	24,089,735	EUR	100.00%	VK	
PIPELIFE-HRVATSKA cijevni sustavi d.o.o.	Sveta Nedelja	47,171,500	HRK	100.00%	VK	
Pipelife Hungaria Kft.	Debrecen	3,123,520,000	HUF	100.00%	VK	
QUALITY PLASTICS HOLDINGS LTD	Cork	635,000	EUR	100.00%	VK	
PIPELIFE IRELAND LTD	Cork	254	EUR	100.00%	VK	
Kenfern Investments Ltd (in Liquidation)	Cork	447	EUR	100.00%	OK	1)
Pipelife UK Ltd	Corby	244,001	GBP	100.00%	VK	
Pipelife Latvia SIA	Riga	426,600	EUR	100.00%	VK	
Pipelife Nederland B.V.	Enkhuizen	11,344,505	EUR	100.00%	VK	
Pipelife Finance B.V.	Enkhuizen	18,000	EUR	100.00%	VK	
Pipelife Norge AS	Surnadal	50,000,000	NOK	100.00%	VK	
Pipelife Polska S.A.	Krokowa	112,243,963	PLN	100.00%	VK	
Pipelife Romania S.R.L.	Bucuresti	7,323,115	RON	100.00%	VK	
Pipelife Serbia d.o.o.	Beograd	168,493,895	RSD	100.00%	VK	
Pipelife RUS LLC	Zhukov	104,458,072	RUB	100.00%	VK	
Pipelife Hafab AB	Haparanda	3,000,000	SEK	100.00%	VK	
Pipelife Nordic AB	Ölsremma	167,000,000	SEK	100.00%	VK	
Pipelife Sverige AB	Ljung	3,600,000	SEK	100.00%	VK	
Pipelife Slovenija d.o.o.	Trzin	843,258	EUR	100.00%	VK	
Pipelife Slovakia s r.o.	Piestany	6,700	EUR	100.00%	VK	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Arili Plastik Sanayii A.S.	Pendik/Istanbul	30,590,000	TRY	100.00%	VK	
PJSC Pipelife Ukraine (in Liquidation)	Kyiv	30,000	USD	100.00%	OK	1)
Preflexibel Invest NV	Ninove	1,200,000	EUR	100.00%	VKE	
Preflexibel NV	Ninove	250,000	EUR	100.00%	VKE	
Preflexibel France SAS	Lédignan	370,000	EUR	100.00%	VKE	
Qofil productions SAS	Lédignan	46,500	EUR	100.00%	VKE	
Wienerberger Dach Beteiligungs GmbH	**Wien**	**500,000**	**ATS**	**100.00%**	**VK**	
WIBRA Tondachziegel Beteiligungs-GmbH	Wien	500,000	ATS	100.00%	VK	
Tondach Beteiligungs GmbH	**Wien**	**200,000**	**EUR**	**100.00%**	**VK**	
TONDACH GLEINSTÄTTEN AG	Gleinstätten	500,000	EUR	82.19%	VK	3)
TONDACH SLOVENSKO, s.r.o.	Stupava	14,937,264	EUR	82.19%	VK	
TONDACH SLOVENIJA d.o.o.	Krizevci pri Ljutomeru	5,195,293	EUR	82.19%	VK	
POTISJE KANJIZA d.d.	Kanjiza	605,394,000	RSD	82.19%	VK	
TONDACH Makedonija AD	Vinica	349,460,010	MKD	82.19%	VK	
TONDACH BULGARIA EOOD	Sofia	798,400	BGN	82.19%	VK	
TONDACH Česká republika, s.r.o.	Hranice	250,100,000	CZK	82.19%	VK	
TONDACH MAYGARORSZÁG ZRT.	Csorna	5,183,550,000	HUF	82.19%	VK	
TONDACH ROMANIA SRL	Sibiu	36,137,155	RON	82.19%	VK	
TONDACH HRVATSKA d.d.	Bedekovcina	116,715,500	HRK	82.19%	VK	
TONDACH BOSNA I HERCEGOVINA d.o.o.	Sarajevo	200,000	BAM	65.75%	VK	
STAVMIX plus, s.r.o. (in Liquidation)	Stupava	33,194	EUR	82.19%	OK	1)
Wienerberger Anteilsverwaltung GmbH	**Wien**	**35,000**	**EUR**	**100.00%**	**VK**	
Tondach Holding GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Finance Service B.V.	Zaltbommel	18,151	EUR	100.00%	VK	
Wienerberger Finanz Service GmbH	Wien	25,435,492	EUR	100.00%	VK	
Wienerberger West European Holding GmbH	Wien	35,000	EUR	100.00%	VK	
WK Services NV	Kortrijk	32,226,158	EUR	100.00%	VK	
Dryfix GmbH	Hennersdorf	35,000	EUR	100.00%	VK	
Wienerberger Gamma Asset Management GmbH	Wien	35,000	EUR	100.00%	VK	
Steinzeug-Keramo GmbH	**Frechen**	**18,408,000**	**EUR**	**100.00%**	**VK**	
Steinzeug - Keramo NV	Hasselt	9,400,000	EUR	100.00%	VK	
Keramo-Wienerberger Immo NV	Hasselt	14,068,558	EUR	100.00%	VK	
SOCIETA DEL GRES S.p.A.	Sorisole	2,000,000	EUR	100.00%	VK	
Steinzeug Keramo s.r.o.	České Budějovice	40,000,000	CZK	100.00%	VK	
Steinzeug - Keramo B.V.	Belfeld	2,722,680	EUR	100.00%	VK	
Steinzeug - Keramo SARL	Angervilliers	38,125	EUR	100.00%	VK	
Steinzeug-Keramo Sp. z.o.o.	Piekary Slaskie	2,000,000	PLN	100.00%	VK	

VK .... Full consolidation
VKE .... First time full consolidation
EQ .... At Equity consolidation
EQE .... First time at equity consolidation
OK............... No consolidation
OKE............. No consolidation (first time)

1) Immaterial
2) Holding company of the Pipelife Group
3) Holding company of the Tondach Group
4) Subsidiary of Schlagmann Poroton GmbH & Co KG

Auditor's report [1)]

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of

Wienerberger AG,
Vienna,

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the carrying value of goodwill

Description and Issue

Goodwill represents a significant amount on the balance sheet (EUR 485 million). The carrying amount of assets of the respective cash generating units are compared to their recoverable amount, which represents the higher of fair value less costs of disposal and the value in use. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. The assessment of value in use involves significant estimates and forward looking assumptions by management concerning the expected cash surpluses and the cost of capital. Small changes in the assumptions used in determining the value in use can result in materially different outcomes. This is particularly true for the good-will allocated to the CGU Bricks North America. Because of the impairment incurred in the recent years the value in use for this CGU is sensitive to any adverse change in assumptions.

Management describes the approach to assess the carrying value of goodwill in the Section „Accounting and Valuation Principles“ under „Impairment of non-financial assets" as well as in the section "General information" in Note 6 "Estimates and Judgements". The allocation of the goodwill to the respective cash generating units and the assumptions and valuation results are described in Note 21 "Non current assets".

Many input factors concerning the market assessment are incorporated in the valuation model based on net present value calculations used for the impairment testing. In case of any adverse deviations of the expected future developments there is a risk of impairment of goodwill. Due to the complexity of the valuation model and the dependence of the results from the estimation of market data by the legal representatives, this matter was of particular importance for our audit.

Our Response

We have challenged the parameters used for the impairment testing with entity and industry specific information as well as market expectations from internal and external sources and have assessed the appropriateness of the valuation model. Furthermore we gained an overview of the planning process and have critically reviewed the back testing performed by the management.

For the verification of the capital costs by the means of a comparative analysis we have used an internal expert. We have assessed the consistency of the future cash flows used in the calculation by comparing them to the budgets approved by the supervisory board.

Assessment of the carrying value of property, plant and equipment

Description and Issue

The carrying value of property, plant and equipment amounts to EUR 1,522 million, representing 42% of the total assets shown on the balance sheet of Wienerberger AG. Management assesses on an annual basis, or whenever triggering events are identified, whether the carrying value of property, plant and equipment is impaired. For purposes of the impairment testing cash generating units are defined as plants, which are aggregated by division and region. Management investigates also whether a reversal of impairment charges incurred in prior periods needs to be considered.

The approach to assess the carrying value of property, plant and equipment is described in the section "Accounting and Valuation Principles" under "Impairment of non financial assets" as well as in the Section "General Information" in Note 6 "Estimates and judgements". The assumptions and valuation results are described in Note 21 "Non-Current Assets".

The carrying amount of an asset is compared with the recoverable amount, which represents the higher of the value in use or fair value less costs of disposal. Similar to the testing of goodwill these tests involve complex calculations and the assumptions include a degree of uncertainty regarding the future development of discount rates. A change in the assumptions can have a significant effect on the outcome of

1) Complimentary translation, German original prevails

the impairment tests. Therefor this matter was of particular importance for our audit.

Our Response

We performed similar procedures to those described above in relation to goodwill impairment testing in respect of the key assumptions used in the impairment model. Therefore we refer to the section above for further details.

If fair value less costs of disposal exceeded the value in use of assets subject to impairment, we agreed such fair values to external appraisal documentation or have verified estimates made by the management.

We critically challenged management's assessment of potential impairment reversals for individual cash generating units.

Other Matter – Financial Statements of the Previous Year

The consolidated financial statements of the Group for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on March 10, 2017.

Other Information

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial statement, which we obtained prior to the date of this auditor's report, and the annual report (but does not include the consolidated financial statements, the consolidated management report and our auditor's report thereon), which is expected to be made available to us in the final version after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

› Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

› In conducting our audit in accordance with the applicable auditing standards, we are taking into account the applicable legal and regulatory framework of the Group but we are not responsible for preventing or detecting non-compliance with laws and regulations. Because of the inherent limitations of an audit, the inevitable risk of not detecting a material misstatement in the financial statements, although the audit is planned and performed in accordance with the applicable auditing standards, is higher with respect to non-compliance with other laws and regulations. This is, amongst others, owed to the fact that there are many laws and regulations, relating principally to the operating aspects of a group, that are not captured by the group's information systems relevant to financial reporting, and that such non-compliance may involve conduct designed to conceal it.

› Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

› Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

› Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

› Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.

› We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed by the annual general meeting on May 19, 2017 and commissioned by the supervisory board on December 6, 2017 to audit the consolidated financial statements for the financial year then ending December 31, 2017. We have been auditing the Group since the financial year ending December 31, 2017.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Company/Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Gerhard Marterbauer.

Vienna, 19 March 2018

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Certified Public Accountants

Mag. Christof Wolf
Certified Public Accountants

Glossary

Acquisition Expenditure for the purchase of a company or share in a company

ADR American Depository Receipt: deposit certificates that confirm ownership of a foreign stock and are traded on US stock exchanges or over-the-counter as shares; US banks buy stock and issue ADR's in order to give foreign companies access to the US capital market

Asset coverage Equity divided by non-current assets; indicates the percentage to which land, buildings, machinery etc. are covered by equity

ATX Abbreviation for the "Austrian Traded Index" of the Vienna Stock Exchange

Bearer shares Shares that are not issued to a specific person; the rights to these securities accrue to the person holding them

Capital Employed (CE) Equity plus interest-bearing debt (incl. net inter-company balance) less liquid funds and financial assets; the sum of capital engaged in a company

Capital Employed, historical Capital employed at historical purchase prices; capital employed plus accumulated depreciation

CFROI Cash Flow Return on Investment; ratio of EBITDA to average historical capital employed

Clay block Brick made of burned clay, used for load-bearing exterior monolithic or cavity walls as well as for interior walls

Clay roof tile Roof tile made of burned clay in various shapes and colors

Common shares Shares that carry full rights in a stock corporation (including participation in the Annual General Meetings, voting rights and dividend rights)

Corporate governance Rules for the responsible management and control of companies that are set forth in the Austrian Corporate Governance Code

Covenant (financial) A clause in a credit agreement that obliges the borrower not to exceed or fall below a specific indicator

Cross currency swap Agreement between contract partners to exchange cash flows in two different currencies over a certain period of time; a hedge against foreign currency fluctuations

Deferred taxes The result of temporary differences in income recognition between tax law and the individual and consolidated financial statements prepared accounting to IFRS

Depreciation, economic The value that must be earned each year in order to cover expenses for replacement investments at the end of an asset's useful life

Depreciation ratio Depreciation (excluding impairment charges to goodwill and assets) as a percentage of revenues

EBIT Earnings before interest and taxes, or operating profit

EBIT, operating EBIT adjusted for impairment charges to goodwill and assets as well as the reversal of impairment charges to assets

EBITDA Earnings before interest, taxes, depreciation and amortization, or operating profit before depreciation and amortization = gross cash flow

EBITDA margin EBITDA divided by revenues

Equity method Valuation method used for the consolidation of investments of between 20% and 50% in other companies

Equity ratio Equity divided by total assets

EVA® Economic Value Added, or the difference between the return on capital employed and the cost of capital; average capital employed x (ROCE – WACC)

Facing brick Brick made of burned clay, used for external, non-load-bearing walls of buildings

Forward exchange contract Foreign exchange transaction that is not realized at conclusion of the relevant contract, but at a later point in time; a hedge against exchange rate fluctuations

Free cash flow Cash flow from operating activities less cash flow from investing activities plus growth capex; the amount of cash earned in the current year that is available for growth projects, dividends and the repayment of debt or share buy-backs

Free float company Publicly traded corporation with a majority share of free float

GARP investor Growth at a reasonable price; investor who aims to identify only those growth stocks that meet his/her criteria for buying at reasonable prices

Gearing net debt divided by equity including non-controlling interests; an indicator of financial security

Goodwill Surplus of the price paid for a company over the net assets acquired

Hedging Measures used in the management of financial risk to limit or avoid negative market changes in the areas of interest rates, foreign currency, market values or raw materials

Hurdle rate Return that must be earned to cover the cost of capital and economic depreciation; WACC before tax + economic depreciation (see above)

Hybrid capital Subordinated perpetual corporate bond, which is ranked between equity and debt as mezzanine capital

IFRS International Financial Reporting Standards

Interest cover operating EBIT divided by interest result; indicates the number of times operating income covers the interest result

Interest rate swap Agreement to exchange cash flows with different terms over a specific period of time; these cash flows are based on fixed and variable interest rates; provides security against interest rate fluctuations

Investments Additions to plant, property and equipment and intangible assets

Joint venture Agreement by two or more companies to jointly operate a business enterprise

LLLD (Long Length Large Diameter Pipes) Pipes for industrial facilities with a diameter of up to 2.5 meters and a length of up to 600 meters

Long-term incentive (LTI) program A long-term variable remuneration program for the Managing Board and key Group managers to synchronize management goals with shareholders' interests

Net debt Net sum of financial liabilities – cash and cash at bank – securities and other financial assets – intercompany receivables and payables from financing

Net result Profit after tax attributable to equity holders of the parent company

NF Abbreviation for "Normalformat", the standard size of clay blocks (250 x 120 x 65 mm)

NOPAT Net operating profit after tax, or operating profit less taxes and adjusted taxes (tax effects from financial results)

Paver Product made of clay or concrete, used in the design of gardens and public spaces

PE Polyethylene, a synthetic material

PP Polypropylene, a synthetic material

PVC Polyvinyl chloride, a synthetic material

P/E ratio Price/earnings ratio; an indicator for the market valuation of a stock

Rating Standardized evaluation of the credit standing of a company, which indicates the probability of insolvency or delayed payments

Registered shares Shares issued in the name of the shareholder; the owner is listed in the company's share register

Return on equity Profit after tax divided by equity, or the rate of return on shareholders' investments

ROCE Return on capital employed, or NOPAT divided by average capital employed = net yield on capital employed

Translation risk Arises from the conversion of foreign currency items on the balance sheet; these foreign exchange fluctuations are not offset by balance sheet items in the same currency

Treasury Staff function to safeguard the financing, cash management and financial risk management of a company

UGB "Unternehmensgesetzbuch" (the Austrian Company Code)

WACC Weighted average cost of capital, or the average price a company must pay on financial markets for equity and debt

WF Abbreviation for "Waalformat"; the standard size of a facing brick (210 x 100 x 50 mm)

Explanatory notes to non-financial indicator

Average number of sick-leave days / employee
Excluding North America (figures not fully comparable due to special local legislation)

Average training hours / employee
Internal and external initial and further training measures per employee.

CO_2 emissions from primary energy sources
CO_2 emissions refer to fuel emissions from ceramic production.

Employee turnover
Excluding North America (figures not fully comparable due to special local legislation). Ratio of persons leaving the Wienerberger Group (termination by employee or employer as well as termination by mutual consent) to average number of employees in permanent employment; excluding temporary and agency workers as well as workers under term contracts; persons retiring or on leave do not count as persons leaving the company. Until 2016, contract personnel hired from external agencies were taken into consideration after 3 months of uninterrupted employment; since 2017, they have been taken into account from the first day of employment.

Payments to public bodies
Excluding deferred taxes

Percentage of women
Calculation based on headcount. Agency and temporary workers and employees under term contracts are not included.

Specific CO_2 emissions
Specific CO_2 emissions refer to fuel emissions from ceramic production per production unit. Specific CO_2 emissions are expressed as an index in %. The index is based on the reference year 2013.

Specific energy consumption
Specific energy consumption refers to the energy consumption per production unit and is expressed as an index in %. The index is based on the reference year 2013.

Total energy consumption
Total energy consumption comprises energy consumed in production, excluding administration.

Addresses of Major Companies

Wienerberger AG
A-1100 Vienna, Wienerberg City
Wienerbergstrasse 11
T +43 1 60 192 0
info@wienerberger.com
www.wienerberger.com

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Wienerbergstrasse 11
T +43 1 60 192 10901
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www.semmelrockgroup.com

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General Shale Brick, Inc.
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3015 Bristol Highway
T +1 423 282 4661
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www.generalshale.com

Financial Calendar

January 29, 2018	*Start of the quiet period*
February 28, 2018	Results of 2017: Presentation of the Results in Vienna
March 29, 2018	Publication of the 2017 Annual Report on the Wienerberger Website
April 23, 2018	*Start of the quiet period*
May 9, 2018	Results for the First Quarter of 2018
June 4, 2018	Record date 149th Annual General Meeting
June 14, 2018	149th Annual General Meeting in the Austria Center Vienna
June 18, 2018	Deduction of dividends for 2017 (ex-day)
Jne 19, 2018	Payment day for 2017 dividends
June 2018	Publication of the Sustainability Report 2017
July 30, 2018	*Start of the quiet period*
August 16, 2018	Results for the First Half-Year of 2018: Presentation of the Results in Vienna
September 2018	Capital Markets Day 2018
October 22, 2018	*Start of the quiet period*
November 8, 2018	Results for the First Three Quarters of 2018

Information on the Company and the Wienerberger Share

Head of Investor Relations	Klaus Ofner
Shareholders' Telephone	+43 1 601 92 10221
E-Mail	investor@wienerberger.com
Internet	www.wienerberger.com
Vienna Stock Exchange	WIE
Thomson Reuters	WBSV.VI; WIE-VI
Bloomberg	WIE AV
Datastream	O: WNBA
ADR Level 1	WBRBY
ISIN	AT0000831706

Wienerberger Online Annual Report 2017:
http://annualreport.wienerberger.com

Ten Year-Review

Corporate Data		2008	2009	2010 [2]	2011 [2]
Revenues	in MEUR	2,431.4	1,816.9	1,663.6	1,915.4
EBITDA	in MEUR	396.6	157.5	198.3	240.4
EBITDA margin	in %	16.3	8.7	11.9	12.6
EBIT	in MEUR	158.1	-258.1	4.6	37.5
Operating EBIT	in MEUR	239.8	19.0	4.6	40.0
Profit before tax	in MEUR	123.1	-295.6	-42.5	47.4
Profit after tax	in MEUR	103.3	-258.7	-35.4	39.4
Free cash flow	in MEUR	195.4	250.8	170.5	135.0
Total investments	in MEUR	505.6	134.2	143.5	151.7
Net debt	in MEUR	890.2	408.0	362.3	358.8
Capital employed	in MEUR	3,252.2	2,816.8	2,718.4	2,652.1
Gearing	in %	35.6	16.0	14.5	14.8
Interest cover [3] [5]		5.7	0.5	0.1	1.1
Return on equity [4]	in %	4.1	-10.2	-1.4	1.6
ROCE [5]	in %	6.2	0.2	0.0	0.9
EVA® [5]	in MEUR	-27.8	-207.3	-183.8	-163.3
CFROI [5]	in %	9.3	4.3	4.2	5.0
Ø Employees	in FTE	15,162	12,676	11,296	11,893

Stock Exchange Data		2008	2009	2010 [2]	2011 [2]
Earnings per share	in EUR	0.81	-3.17	-0.58	0.07
Adjusted earnings per share	in EUR	1.69	-0.34	-0.58	0.09
Dividend per share	in EUR	0.00	0.00	0.10	0.12
Dividend	in MEUR	0.0	0.0	11.7	13.8
Equity per share [6]	in EUR	24.2	22.5	17.3	16.6
Share price at year-end	in EUR	11.90	12.78	14.29	6.97
Shares outstanding (weighted) [7]	in Tsd.	82,895	91,297	116,528	116,762
Market capitalization at year-end	in MEUR	999.0	1,502.0	1,679.5	819.2

Condensed Balance Sheet		2008	2009	2010 [2]	2011 [2]
Non-current assets	in MEUR	3,011.0	2,726.0	2,708.1	2,611.4
Inventories	in MEUR	720.0	552.4	555.9	576.6
Other assets	in MEUR	652.9	809.0	737.3	803.4
Total assets	in MEUR	4,383.9	4,087.4	4,001.3	3,991.4
Equity [8]	in MEUR	2,497.2	2,547.0	2,503.3	2,430.8
Provisions	in MEUR	190.0	187.9	205.3	197.2
Liabilities	in MEUR	1,696.7	1,352.5	1,292.7	1,363.4

1) The figures for the year 2014 were restated in accordance with IAS 8. // 2) The data were adjusted to reflect a change in accounting policy // 3) Operating EBIT / Interest result // 4) Profit after tax / Equity // 5) 2014 and 2012 calculated on pro-forma 12-month basis // 6) Equity including non-controlling interests; excluding hybrid capital // 7) Adjusted for treasury stock // 8) Equity including non-controlling interest and hybrid capital

2012	2013	2014 [1]	2015	2016	2017	CAGR 2008-2017
2,355.5	2,662.9	2,834.5	2,972.4	2,973.8	**3,119.7**	3%
216.7	275.9	317.2	369.7	404.3	**415.0**	1%
9.2	10.4	11.2	12.4	13.6	**13.3**	
-21.7	64.7	-165.1	163.1	190.6	**178.7**	1%
31.0	55.3	100.2	167.6	197.7	**194.2**	-2%
-36.2	-3.1	-215.3	107.0	158.5	**144.9**	2%
-40.5	-7.8	-229.7	69.8	115.3	**140.6**	3%
163.6	92.9	134.0	135.1	246.5	**152.5**	-3%
268.7	106.7	163.1	147.8	181.1	**206.3**	-9%
602.0	538.9	621.5	534.1	631.6	**566.4**	-5%
2,931.3	2,767.6	2,591.9	2,569.9	2,460.0	**2,459.2**	-3%
25.5	23.9	31.3	26.0	34.2	**29.6**	
0.6	1.0	1.9	4.0	5.7	**5.4**	
-1.7	-0.3	-11.6	3.4	6.2	**7.4**	
0.4	1.3	2.7	4.5	5.8	**7.3**	
-192.2	-161.4	-125.0	-71.6	-23.5	**5.5**	
5.2	5.1	6.0	6.7	7.2	**7.4**	
13,060	13,787	14,836	15,813	15,990	**16,297**	1%

2012	2013	2014 [1]	2015	2016	2017	CAGR 2008-2017
-0.61	-0.34	-2.26	0.31	0.70	**1.05**	3%
-0.25	-0.40	0.03	0.35	0.76	**1.19**	-4%
0.12	0.12	0.15	0.20	0.27	**0.30**	100%
13.8	13.8	17.5	23.4	31.6	**35.1**	100%
16.3	15.3	12.9	13.4	13.5	**14.1**	-6%
6.93	11.53	11.45	17.09	16.50	**20.17**	6%
115,063	115,063	116,017	116,956	116,956	**116,956**	4%
814.3	1,354.5	1,345.1	2,008.5	1,938.6	**2,370.5**	10%

2012	2013	2014 [1]	2015	2016	2017	CAGR 2008-2017
2,800.8	2,610.0	2,433.8	2,426.3	2,355.0	**2,290.3**	-3%
700.9	666.0	701.4	753.3	718.4	**741.6**	0%
638.0	935.4	695.8	512.0	563.8	**627.9**	0%
4,139.7	4,211.4	3,831.0	3,691.6	3,637.2	**3,659.9**	-2%
2,363.7	2,254.2	1,986.5	2,054.2	1,849.0	**1,911.2**	-3%
265.9	224.5	253.5	290.3	278.0	**270.6**	4%
1,510.1	1,732.7	1,591.0	1,347.1	1,510.2	**1,478.1**	-2%

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