wienerberger

Results 2018

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Earnings Data		2016	2017	2018	Chg. in %
Revenues	*in MEUR*	2,973.8	3,119.7	**3,305.1**	+6
EBITDA LFL [1]	*in MEUR*	382.3	406.5	**469.3**	+15
EBITDA	*in MEUR*	404.3	415.0	**442.6**	+7
Operating EBIT	*in MEUR*	197.7	194.2	**248.2**	+28
EBIT	*in MEUR*	190.6	178.7	**239.8**	+34
Profit before tax	*in MEUR*	158.5	144.9	**195.3**	+35
Net result	*in MEUR*	82.0	123.2	**133.5**	+8
Free cash flow [2]	*in MEUR*	246.5	152.5	**236.5**	+55
Normal capex	*in MEUR*	137.3	147.5	**166.3**	+13
Growth capex [3]	*in MEUR*	43.8	58.8	**158.9**	>100
ROCE	*in %*	5.8	7.3	**7.5**	-
Ø Employees	*in FTE*	15,990	16,297	**16,596**	+2

Balance Sheet Data		2016	2017	2018	Chg. in %
Equity [4]	*in MEUR*	1,849.0	1,911.2	**1,939.1**	+1
Net debt	*in MEUR*	631.6	566.4	**631.6**	+12
Capital employed	*in MEUR*	2,460.0	2,459.2	**2,536.7**	+3
Total assets	*in MEUR*	3,637.2	3,659.9	**3,742.9**	+2
Gearing	*in %*	34.2	29.6	**32.6**	-

Stock Exchange Data		2016	2017	2018	Chg. in %
Earnings per share	*in EUR*	0.70	1.05	**1.15**	+9
Adjusted earnings per share	*in EUR*	0.76	1.19	**1.23**	+4
Dividend per share	*in EUR*	0.27	0.30	**0.50**	+67
Share price at year-end	*in EUR*	16.50	20.17	**18.00**	-11
Shares outstanding (weighted) [5]	*in 1,000*	116,956	116,956	**116,154**	-1
Market capitalization at year-end	*in MEUR*	1,938.6	2,370.5	**2,115.5**	-11

Divisions 2018 *in MEUR and %* [6]	Clay Building Materials Europe	Pipes & Pavers Europe	North America	Holding & Others	Reconciliation
External revenues	1,918.8 *(+7%)*	1,070.1 *(+6%)*	306.8 *(-1%)*	8.3 *(-3%)*	
Inter-company revenues	1.6 *(+4%)*	0.1 *(+23%)*	0.0 *(-96%)*	16.9 *(+14%)*	-17.5
Revenues	1,920.4 *(+7%)*	1,070.2 *(+6%)*	306.8 *(-1%)*	25.2 *(+8%)*	-17.5
EBITDA	357.6 *(+10%)*	78.2 *(+12%)*	43.2 *(+35%)*	-36.3 *(<-100%)*	
Operating EBIT	240.4 *(+30%)*	29.4 *(+46%)*	18.1 *(>100%)*	-39.7 *(<-100%)*	
Total investments	190.7 *(+98%)*	73.5 *(+27%)*	42.4 *(-4%)*	18.5 *(>100%)*	
Capital employed	1,555.7 *(+2%)*	568.6 *(+1%)*	411.8 *(+13%)*	0.6 *(-92%)*	
Ø Employees (in FTE)	10,808 *(+2%)*	4,182 *(-1%)*	1,380 *(+6%)*	226 *(+8%)*	

1) Adjusted for effects from consolidation, FX, sale of non-strategic and non-operating assets as well as structural adjustments // 2) Cash flow from operating activities less cash flow from investing activities plus growth capex (excluding purchase of non-controlling interests) // 3) Including purchase of non-controlling interests // 4) Equity including non-controlling interests and hybrid capital // 5) Adjusted for treasury stock // 6) Changes in % to the comparable prior year period are shown in brackets

Explanatory notes to the report: Operating EBIT are adjusted for impairment charges to goodwill and assets as well as the reversal of impairment charges to assets. // Rounding differences may arise from the automatic processing of data.

Financial Review

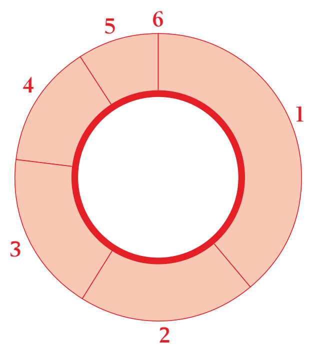
Earnings

In 2018, the Wienerberger Group generated sound growth in revenue and earnings:

- Revenues increased by 6% to € 3,305.1 million (2017: € 3,119.7 million)
- EBITDA rose by 7% to € 442.6 million (2017: € 415.0 million)
- 15% organic EBITDA growth to € 469.3 million
- Business performance benefited from higher average prices, profitable growth and continuous improvement of the cost structure
- Steep increase in free cash flow by 55% to € 236.5 million (2018: € 152.5 million)

In the reporting year, Wienerberger succeeded in increasing its revenues by 6% to a record level of € 3,305.1 million (2017: € 3,119.7 million) at stable sales volumes and notably improved average prices. Foreign-exchange differences, mainly against the Turkish lira, the US dollar and the Swedish crown, burdened revenues by € 49.2 million and were only partly offset by the appreciation of the Czech crown.

External Revenues by Segment



1 *Clay Building Materials Western Europe 39%*
2 *Clay Building Materials Eastern Europe 20%*
3 *Pipes & Pavers Western Europe 18%*
4 *Pipes & Pavers Eastern Europe 14%*
5 *North America 9%*
6 *Holding & Others 0%*

Supported by a positive market environment, Wienerberger's Clay Building Materials Europe Division recorded a 7% increase in external revenues to € 1,918.8 million (2017: € 1,787.0 million), benefiting from notably higher average prices and a slightly increased sales volume. This resulted in a substantial 10% year-on-year improvement of EBITDA to € 357.6 million (2017: € 324.3 million). Revenues and earnings in the Division's Eastern European business rose significantly despite the costs of structural adjustments. Revenues and earnings also increased in Western Europe. The segment's result was burdened by the costs of structural adjustments, which were only partly offset by income from the sale of non-core assets and consolidation effects. Overall, we generated a notable increase in adjusted EBITDA in both reporting segments.

The Pipes & Pavers Europe Division recorded an increase in external revenues by 6% to € 1,070.1 million (2017: € 1,014.2 million) as well as substantial growth in EBITDA by 12% to € 78.2 million (2017: € 69.7 million) in the reporting year. The individual business areas of the Division were characterized by diverging developments. In the Division's plastic pipe business we saw revenue increases in both Western and Eastern Europe. Operating results in Western Europe were significantly above the previous year's level. This was due to improved profitability in the restructured French pipe business, the absence of the previous year's one-off costs, growth in international project business, and the contribution to earnings from newly acquired operations. Business in Eastern Europe also delivered a higher operating result, but was impacted by negative foreign-exchange effects. In the field of concrete pavers, we recorded substantially improved earnings due to the divestment of the Austrian paver business. In current business, all core markets for these activities contributed substantially to the Division's earnings through significantly higher volumes sold and improved prices. Our business in ceramic sewage pipe systems had to absorb costs of € 16.1 million caused by structural adjustments initiated in the reporting year. In operational terms, however, the measures taken have already generated the expected rise in profitability.

The North America Division reported a steep increase in earnings despite wet weather conditions. As expected, the Mississippi-based facing brick producer taken over last year made a highly positive contribution to our North American brick business. We achieved a notable increase in sales year on year at slightly improved prices. Additionally, we benefited from the sale of two distribution outlets and were able to generate significant growth in earnings despite negative foreign-exchange effects. In our Canadian business, the measures taken by the government aimed at stricter regulation of the housing market as expected resulted in a slowdown of demand and led to a decline in revenues and earnings. In the plastic pipe business, higher selling prices and lower raw material costs translated into significant earnings growth. Overall, the segment's revenues remained stable at € 306.8 million (2017: € 308.7 million) due to clearly negative foreign-exchange effects, while EBITDA improved significantly to € 43.2 million (2017: € 32.0 million).

The Group's adjusted EBITDA, amounting to € 469.3 million, exceeded the previous year's level by 15%. This result does not include costs of structural adjustments in the amount of € 55.8 million, which resulted primarily from our brick business in Europe, business in ceramic sewage pipes, and the planning and implementation of the Fast Forward 2020 program, as well as the establishment and endowment of the Employee Participation Foundation. Moreover, earnings were adjusted for negative foreign-exchange effects of € 7.3 million. A total of € 23.2 million resulted from the sale of non-operating assets, the Austrian paver business and two distribution outlets in the USA. Consolidation effects of € 13.2 million are not included either. Including the aforementioned effects, the reporting year's EBITDA improved by 7% to € 442.6 million (2017: € 415.0 million).

EBITDA bridge
in MEUR

	2017	2018	Chg. in %
EBITDA	415.0	**442.6**	+7
Foreign-exchange effects	-	**7.3**	-
Results from sale of non-strategic and non-operating assets	-22.8	**-23.2**	-1
Consolidation effects	2.3	**-13.2**	<-100
Structural adjustments	12.0	**55.8**	>100
EBITDA LFL	**406.5**	**469.3**	**+15**

EBITDA
in MEUR

	2017	2018	Chg. in %
Clay Building Materials Europe	324.3	**357.6**	+10
Pipes & Pavers Europe	69.7	**78.2**	+12
North America	32.0	**43.2**	+35
Holding & Others	-11.1	**-36.3**	<-100
Wienerberger Group	**415.0**	**442.6**	**+7**

Scheduled depreciation and amortization amounted to € 186.5 million (2017: € 189.6 million). Moreover, impairments of property, plant and equipment and intangible assets in the amount of € 20.7 million (2017: € 41.5 million) were booked. Reversals of impairment charges totaled € 4.3 million (2017: € 1.1 million).

Due to the strong improvement of business in the reporting year, earnings before interest and tax (EBIT) increased by 34% to € 239.8 million (2017: € 178.7 million).

Profitability Ratios
in %

	2017	2018
Gross profit to revenues	32.9	**35.1**
Administrative expenses to revenues	6.5	**6.6**
Selling expenses to revenues	19.1	**19.3**
EBITDA margin	13.3	**13.4**
Operating EBIT margin	6.2	**7.5**

Financial Result and Taxes

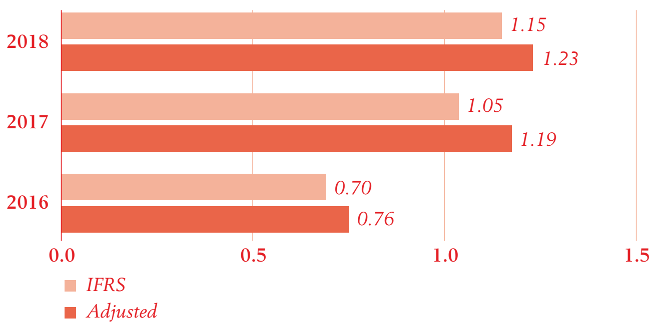
The financial result decreased from € -33.8 million in 2017 to € -44.5 million in the reporting period. This was due, among other factors, to a lower net interest result of € -39.3 million (2017: € -36.2 million) attributable to a decline in interest income from hedging instruments and, above all, to higher foreign-currency funding costs. Moreover, income from investments in associates and joint ventures declined from € 4.2 million in 2017 to € 1.7 million in 2018. The other financial result, which was negative at € -6.9 million (2017: € -1.9 million), included valuation effects in the amount of € -5.4 million and bank charges of € -2.6 million. Dividend income and other effects amounted to € 1.0 million.

As a result of the Group's very strong operating performance, profit before tax improved by 35% to € 195.3 million (2017: € 144.9 million).

Income Statement *in MEUR*	2017	2018	Chg. in %
Revenues	3,119.7	3,305.1	+6
Cost of goods sold	-2,093.7	-2,146.3	-3
Selling and administrative expenses	-798.9	-854.7	-7
Other operating expenses	-92.3	-110.0	-19
Other operating income	59.4	54.2	-9
Operating EBIT	**194.2**	**248.2**	**+28**
Impairment charges to assets	-10.2	-12.7	-24
Impairment charges to goodwill	-6.3	0.0	>100
Reversal of impairment charges to assets	1.1	4.3	>100
EBIT	**178.7**	**239.8**	**+34**
Financial result [1)]	-33.8	-44.5	-32
Profit/loss before tax	**144.9**	**195.3**	**+35**
Income taxes	-4.2	-48.5	<-100
Profit/loss after tax	**140.6**	**146.9**	**+4**

1) Including income from investments in associates

Earnings per Share
in EUR



On account of strong growth in earnings generated by the Clay Building Materials Europe Division and the significantly improved results of the Pipes & Pavers Eastern Europe segment, the current income tax expense increased to € 58.1 million in the reporting year (2017: € 45.0 million). The current income tax expense was contrasted by positive effects from the capitalization of deferred taxes in a total amount of € 9.6 million (2017: € 40.8 million), which was mainly attributable to the positive development of earnings in the Western European brick business and in North America.

The profit after tax improved from € 140.6 million in 2017 to € 146.9 million in 2018. This is due to the substantial improvement of operating EBIT, which was partly offset by a lower financial result and a significant reduction in deferred tax assets in the reporting year. The net result is calculated after deduction of income attributable to non-controlling interests of € -0.2 million (2017: € +3.4 million) and the annual hybrid coupon of € 13.6 million (2018: € 14.1 million). Overall, net profit rose from € 123.2 million to € 133.5 million. Taking the slightly reduced weighted average of 116.2 million shares into account (2017: € 117.0 million), earnings per share increased to € 1.15 (2017: € 1.05).

Assets and Financial Position

In the year under review, the total assets of the Group increased by 2% to € 3,742.9 million, which was mainly due to the increase in fixed assets, while current assets declined slightly. As a result, the share of fixed assets in total assets increased slightly year on year from 63% to 64%.

Developments of intangible assets and goodwill were marked by a slight increase in goodwill due to acquisitions and foreign-exchange effects as well as an increase in other intangible assets through additional rights of use, the identification of trade marks and client base in the purchase price allocation of acquired companies, and the allotment and revaluation of CO_2 certificates.

As of the balance sheet date, property, plant and equipment accounted for 62% of capital employed, unchanged from the previous year. The book values of real estate held as investment property remained almost stable year on year at € 66.6 million (2017: € 65.9 million). Additions to investments in associates and higher long-term receivables led to an increase in non-current assets. The increase in deferred tax assets to € 54.1 million (2017: 44.0 million) was primarily due to the capitalization of losses carried forward in the Clay Building Materials Western Europe segment and in North America.

Working capital (inventories + net trade receivables - trade payables) increased by 3% to € 549.5 million in the reporting year (2017: € 534.3 million). Given that revenues grew by 6%, the ratio of working capital to revenues improved further to 16.6% (2017: 17.1%), which is clearly below the Group's self-defined threshold of 20%.

As at 31/12/2018, cash and cash equivalents as well as the portfolio of securities and other financial assets totaled € 205.9 million, down by 17% from the previous year's level of € 248.3 million. Liquid funds were reduced slightly by € 6.2 million, while the securities portfolio was reduced by € 36.2 million for the purpose of repaying short-term liabilities and optimizing the net interest result. These funds are part of the high liquidity reserve available to finance seasonal working capital requirements and cover contractual cash flows in 2019.

In 2018, the Group's equity increased by 1% to € 1,939.1 million (2017: € 1,911.2 million).This change was due, on the one hand, to the slightly improved after-tax result of € 146.9 million (2017: € 140.6 million). On the other hand, dividends paid out in the amount of € 34.9 million, the deduction of the hybrid coupon of € 13.6 million and the buyback of own shares for an amount of € 45.0 million led to a reduction in equity. Moreover, the exercise of the call option on the remaining shares in our Eastern European roof tile activities resulted in the elimination of minority interests of € 22.6 million, plus a difference of € 10.6 million, which was offset against capital reserves. The decrease in hedging reserves by € 9.5 million as well as actuarial gains after tax in connection with defined benefit pension plans and provisions for severance pay in the amount of € 12.3 million were recognized in other comprehensive income.

Deferred tax liabilities increased slightly year on year from € 71.6 million to € 75.0 million, whereas non-current employee-related provisions dropped to € 136.4 million (2017: € 155.0 million), which was primarily due to lower pension obligations in Great Britain and the USA. 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 restoration of depleted clay pits, increased from € 76.5 million to € 83.6 million due to higher restoration provisions. Current provisions came to € 51.9 million (2017: € 39.1 million), the increase being primarily due to provisions for structural adjustments in the brick and ceramic pipe business in Germany. The share of total provisions in total assets remained stable at 7%.

Interest-bearing debt (financial liabilities) increased by € 22.8 million to € 837.5 million (2017: € 814.7 million), comprising liabilities to banks, bond holders and other third parties in the amount of € 829.9 million (2017: 806.1 million) as well as derivatives with negative market values of € 7.6 million (2017: € 8.6 million). These liabilities stand against liquid funds and securities of € 205.9 million (2017: € 248.3 million) and committed credit lines of € 400.0 million, € 345.0 million of which were undrawn by the balance sheet date. Of the total interest-bearing debt in the amount of € 837.5 million, 85% (2017: 61%) were of a long-term and 15% (2017: 39%) of a short-term nature.

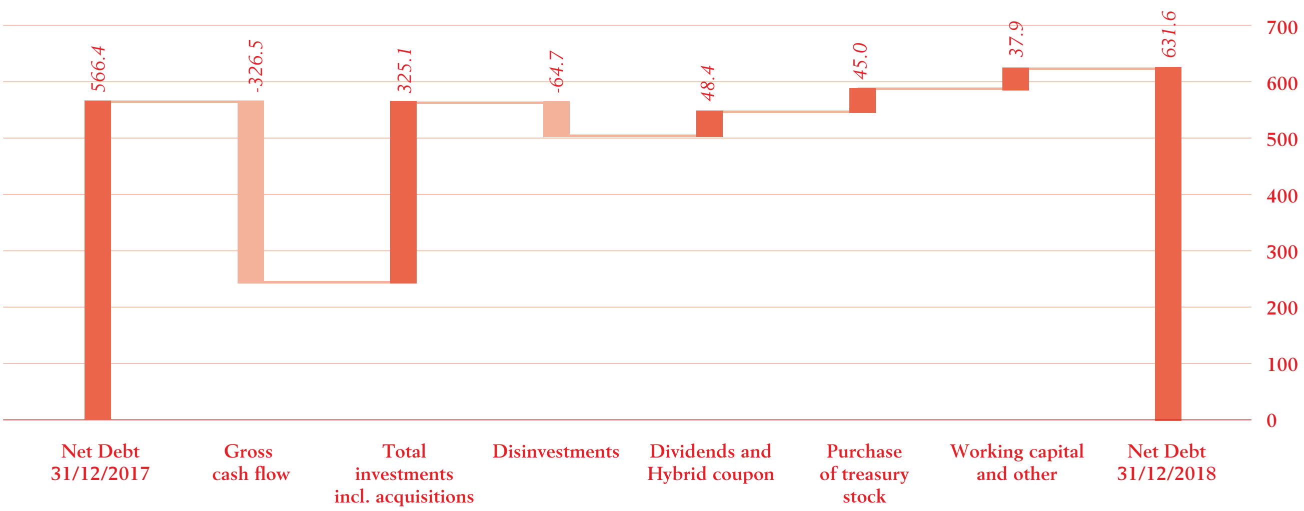
Calculation of Net Debt [1)]
in MEUR

	2017	2018	Chg. in %
Long-term interest-bearing financial liabilities	492.9	709.6	+44
Short-term interest-bearing financial liabilities	320.7	126.9	-60
Financial leases	1.1	1.0	-7
- Intercompany receivables and payables from financing	-20.5	-21.7	+6
- Securities and other financial assets	-58.5	-21.1	-64
- Cash and cash at bank	-169.3	-163.1	+4
Net debt	**566.4**	**631.6**	**+12**

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

As at 31/12/2018, the level of net debt came to € 631.6 million, up by 12% from the previous year's level of € 566.4 million. Thus, the year-end level of net debt corresponded to a gearing of 32.6%, which was slightly above the previous year's value of 29.6%. The debt repayment period at year end remained stable at 1.4 years; the EBITDA coverage ratio was 11.3 (2017: 11.5).

Development of Net Debt
in MEUR



Balance Sheet Ratios		2017	2018
Capital employed	*in MEUR*	2,459.2	**2,536.7**
Net debt	*in MEUR*	566.4	**631.6**
Equity ratio	*in %*	52.2	**51.8**
Gearing	*in %*	29.6	**32.6**
Asset coverage	*in %*	83.2	**81.2**
Working capital to revenues	*in %*	17.1	**16.6**

Treasury

Treasury operations in 2018 were marked by two substantial refinancing steps. In May of 2018, we issued a bond with a volume of € 250 million and a term of six years to cover the year's maturities and the operational requirements of the Group. The bond, which was successfully placed with mostly international investors, was almost three times oversubscribed. This enabled us to lock in an attractive coupon of 2.00% for the entire term.

Given the favorable market situation, Wienerberger decided in the fourth quarter of 2018 to refinance the € 400 million revolving credit facility ahead of its scheduled maturity in 2019. The credit line was placed with the Group's consortium of banks for a term of at least five years. With two prolongation options open to Wienerberger, the term could be extended to a maximum of seven years. Moreover, interest and commissions payable were below the previously applied rates. The bank covenants were reduced to a single financial indicator (net debt divided by EBITDA) and the value to be complied with was adjusted to the requirements of IFRS 16 regarding liabilities for leases to be applied on a mandatory basis from 2019 onward. This makes the refinancing extremely attractive. As in previous years, the credit line will be used to meet seasonal working capital requirements and redeemed from the cash flows of the second half of the year.

The seasonal financing requirements of net current assets were met from the revolving € 400 million credit line, and the cash flow of the second half of the year was used to bring the line back to a degree of utilization of € 55.0 million by the end of the year. On account of lower interest income for hedging instruments and higher interest expenses for foreign-currency funding, the net interest result of € -39.3 million was below the previous year's level of € -36.2 million.

Wienerberger's liquid funds remained almost stable at € 163.1 million (2017: € 169.3 million); together with securities positions and the committed but undrawn credit line of € 345.0 million, they constituted the Group's liquidity reserve for the coming 12 months. It will be used, in particular, to finance the seasonal 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 and underlines our focus on cost-efficiency of our approach.

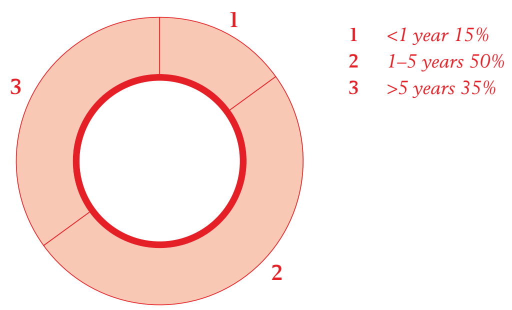
The most important financial parameters, which are the basis for the company's bank covenants and its rating, showed a stable development in 2018 with sufficient headroom to remain below the external limits set by our bank covenants. The debt repayment period (ratio of net debt to EBITDA) of 1.4 years remained at the previous year's level; the interest coverage ratio (EBITDA / net interest expense) was almost stable at 11.3 (2017: 11.5).

Thus, we outperformed our internal target of a debt repayment period of less than 2.0 at year end. The targets set by our rating agency also show that the Wienerberger Group is strongly positioned in the Ba1 rating class.

Treasury Ratios	31/12/2017	31/12/2018	Covenant
Net debt / EBITDA	1.4	**1.4**	<3.50
EBITDA / interest result	11.5	**11.3**	>3.75

As at the balance sheet date, 87% of the Group's financial liabilities were fixed-interest-bearing. The remaining 13% of variable-interest debt is partly offset by floating-rate investments. Combined with euro-denominated interest hedging instruments, this eliminates the interest rate risk in the Group's main refinancing currency almost completely. Nevertheless, there is still a limited degree of interest rate risk in foreign currency financing.

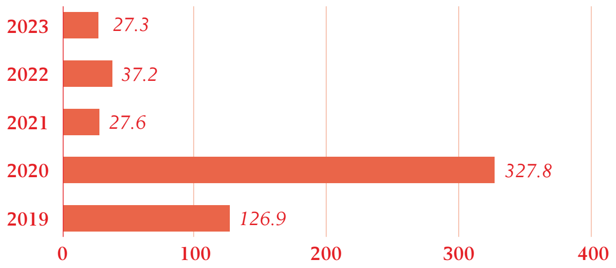
Term Structure of Interest-bearing Financial Liabilities



Owing to the local character of Wienerberger's business, foreign currency fluctuations are reflected primarily as translation risks and, to a lesser extent, as transaction risks. As a rule, forwards are used to hedge the Group's transaction risks. While the majority of financing instruments are euro-denominated, Wienerberger monitors the currency risk on its balance sheet on the basis of its net risk positions in the most important currencies (Canadian dollar, Swiss franc, Czech crown, British pound, Polish zloty and US dollar) 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

Owing to the Group's strong operational performance and a lower build-up of working capital compared with the previous year, cash flow from operating activities increased to € 319.4 million in 2018 (2017: € 272.3 million). We succeeded in further improving the ratio of working capital to revenues to 16.6% (2017: 17.1%).

Cash flow from investing activities included an outflow of cash and cash equivalents for total investments in the amount of € 325.1 million, which was significantly above the previous year's value of € 206.3 million. However, this was partly offset by inflows from non-current asset sales and the divestment of companies totaling € 64.7 million, which was also above the previous year's value of € 28.8 million. Alongside capital expenditure for pure maintenance, investments also covered improvements of the production program as well as external acquisitions and investments in non-current financial assets. Proceeds from asset sales in the amount of € 43.8 million are primarily attributable to the program for the disposal of non-operating real estate, including cash inflows from real estate sold in the previous year. Additionally, the sale of the Group's Austrian concrete paver activities generated a cash inflow of € 20.9 million. Cash flow from investing activities in the reporting year also included investments in financial assets of € 6.1 million as well as inflows from the sale of securities of € 15.6 million and dividends received from associates and joint ventures in the amount of € 3.0 million (2017: € 6.6 million).

In 2018, Wienerberger generated a free cash flow of € 236.5 million (2017: € 152.5 million). It was used to finance growth investments in the amount of € 158.9 million, including the acquisition of the minority stake in our Eastern European roof tile business. Cash outflow also comprised the payout of the dividend of € 34.9 million, share buyback transactions of € 45.0 million and payment of the hybrid coupon in the amount of € 13.6 million, the net result being a cash outflow of € 15.8 million.

Cash Flow Statement
in MEUR

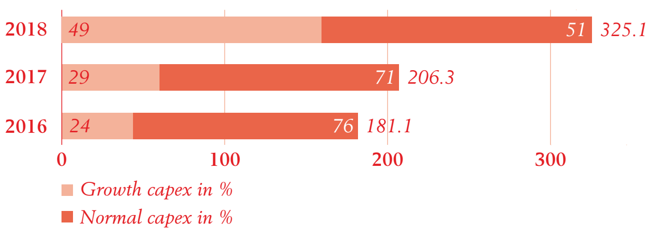
	2017	2018	Chg. in %
Gross cash flow	**302.4**	**326.5**	**+8**
Change in working capital and other	-30.1	**-7.1**	+76
Cash flow from operating activities	**272.3**	**319.4**	**+17**
Normal capex	-147.5	**-166.3**	-13
Growth capex [1)]	-58.8	**-128.8**	<-100
Divestments and other	27.6	**83.3**	>100
Cash flow from investing activities	**-178.7**	**-211.7**	**-18**
Growth capex [1)]	58.8	**128.8**	>100
Free cash flow	**152.5**	**236.5**	**+55**

1) Growth investments excluding the purchase of minorities

Investments

Investments in the reporting year totaled € 325.1 million (2017: € 206.3 million). In addition to acquisitions and capital expenditure for plant extensions, the amount included the purchase of the remaining shares in our Eastern European roof tile business as well as 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 2018, growth capex included € 103.2 million (2017: € 43.1 million) for acquisitions and the purchase of minorities as well as € 55.7 million (2017: € 15.7 million) for the extension of plant capacities and improvements of the product mix. Normal capex amounted to € 166.3 million (2017: € 147.5 million), corresponding to 89% of depreciation (2017: 78%). The breakdown of total capital expenditure in the reporting year shows that the Clay Building Materials Europe Division accounted for 59%, Pipes & Pavers Europe for 23%, North America for 13%, and Holding & Others for 6% of the total.

Total Investments
in MEUR



Development of Non-current Assets
in MEUR

	Intangible	Tangible	Financial	Total
31/12/2017	**690.9**	**1,587.5**	**18.4**	**2,296.8**
Capital expenditure	24.2	191.6	6.1	**221.9**
Change in scope of consolidation	11.3	46.2	0.0	**57.5**
Depreciation, amortization and impairment charges	-19.1	-188.0	-1.9	**-209.0**
Reversal of impairment	3.6	0.7	0.0	**4.3**
Disposals	0.0	-9.1	0.0	**-9.1**
Currency translation and other	1.8	13.4	11.4	**26.6**
31/12/2018	**712.7**	**1,642.3**	**34.0**	**2,389.0**

Total Investments [1)]
in MEUR

	2017	2018	Chg. in %
Clay Building Materials Europe	96.1	**190.7**	+98
Pipes & Pavers Europe	57.9	**73.5**	+27
North America	43.9	**42.4**	-4
Holding & Others	8.3	**18.5**	>100
Wienerberger Group	**206.3**	**325.1**	**+58**

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

Wienerberger's value management is focused on the long-term and sustainable creation of value for our shareholders (**shareholder value**). 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 indicator is the **return on capital employed (ROCE)**, which measures the after-tax return on capital currently employed in the company and corresponds to common international practice for comparative analyses of companies. It is calculated by relating the net operating profit after tax (NOPAT) to the average interest-bearing capital employed of the entire Group.

On account of its strong operational performance in 2018, Wienerberger generated a significant increase of its operating EBIT to € 248.2 million (2017: € 194.2 million). Despite the higher tax burden, NOPAT therefore came to € 188.2 million, up from € 180.4 million in the previous year. Capital employed increased to € 2,536.7 million in 2018 (2017: € 2,459.2 million). Overall, ROCE improved to 7.5% (2017: 7.3%).

Calculation of Operating EBIT and NOPAT		2017	2018
EBIT	*in MEUR*	**178.7**	**239.8**
Impairments / Reversals of impairment charges to assets	*in MEUR*	9.2	**8.4**
Goodwill impairment	*in MEUR*	6.3	**0.0**
Operating EBIT	*in MEUR*	**194.2**	**248.2**
Income taxes	*in MEUR*	-4.2	**-48.5**
Adjusted taxes	*in MEUR*	-9.5	**-11.5**
NOPAT	*in MEUR*	**180.4**	**188.2**

Calculation of Average Capital Employed		2017	2018
Equity and non-controlling interests	*in MEUR*	1,911.2	**1,939.1**
Financial liabilities and finance leases	*in MEUR*	814.7	**837.5**
Intercompany receivables and payables from financing	*in MEUR*	-20.5	**-21.7**
Cash and financial assets	*in MEUR*	-246.1	**-218.1**
Capital employed as at the balance sheet date	*in MEUR*	**2,459.2**	**2,536.7**
Average capital employed	*in MEUR*	**2,459.6**	**2,498.0**

Calculation of ROCE		2017	2018
NOPAT	*in MEUR*	180.4	**188.2**
Average capital employed	*in MEUR*	2,459.6	**2,498.0**
ROCE	*in %*	**7.3**	**7.5**

Fourth Quarter of 2018

In the fourth quarter of 2018, the Wienerberger Group delivered a strong performance:

- Revenues up by 7% to € 809.7 million
- 14% organic EBITDA growth year on year

Clay Building Materials Europe

In the fourth quarter of 2018, the revenues of the Clay Building Materials Europe Division increased by 10% to € 485.0 million and EBITDA rose by 9% to € 89.2 million. Adjusted for non-operational one-off effects, EBITDA increased significantly by 23% to € 95.3 million.

In Eastern Europe, residential construction activity remained strong throughout the region. Taking advantage of the high level of demand, we stepped up the utilization of our production capacities and increased our prices. Overall, the Clay Building Materials Eastern Europe segment generated a 13% increase in revenues to € 160.4 million and significant EBITDA growth of 24% to € 49.0 million.

In Western Europe, we continued to observe diverging trends throughout the last quarter of the year. Construction activity in Great Britain remained strong at a satisfactory level. To date, the atmosphere of profound political uncertainty has not yet had a noticeable impact on our UK markets or on demand for building materials. In Belgium and the Netherlands, very high demand translated into significant earnings growth in the fourth quarter. Moreover, the successful integration of growth projects as well as asset sales had a positive impact on our performance in the Netherlands. We also delivered a satisfactory result in the challenging French market environment. In the stable German market for single- and two-family homes, the ongoing measures aimed at improving our cost structures increased our earning power. Nevertheless, the fourth-quarter result fell short of the comparable period of the previous year owing to one-off costs for the closure of a production site and administrative streamlining. Altogether, the segment's revenues increased by 8% to € 324.6 million and EBITDA came to € 40.2 million after € 42.7 million in the comparable period of the previous year. However, adjusted for consolidation effects, asset sales and restructuring costs, we generated a notable 14% increase in EBITDA.

Pipes & Pavers Europe

Fourth-quarter revenues in the Pipes & Pavers Europe Division increased by 5% to € 250.6 million. EBITDA improved from € 3.5 million in the prior period to € 19.0 million. Adjusted for restructuring costs and consolidation effects, EBITDA increased by 11% to € 18.9 million.

In the Pipes & Pavers Western Europe segment, the trend observed during the first nine months of the year continued in the fourth quarter. In the plastic pipe business, our core markets showed a stable to slightly positive trend. In this environment, we benefited especially from the contribution to earnings delivered by the newly acquired Norwegian specialist in pre-insulated pipes and the successful reorientation of our activities in France, which translated into a notable increase in earning power. Revenue growth in the ceramic pipe business was due to a steep increase in demand in the last quarter of the year. Together with price increases and profitability-enhancing structural adjustments, this enabled us to deliver a significantly improved performance. Overall, the segment's revenues grew by 5% to € 145.2 million, while EBITDA increased to € 12.1 million, up from € -2.5 million in the comparable period of the previous year. Adjusted for restructuring costs and consolidation effects, EBITDA improved by 22%.

In the Pipes & Pavers Eastern Europe segment, the strong performance of our concrete paver business followed the trend of previous quarters. As demand remained high, we were able to sell higher volumes at higher average prices. Supported by the contributions to earnings from successfully implemented growth projects and the positive impact of the divestment of our activities in Austria, we delivered a significantly increased operating result. In the plastic pipe business, we continued to benefit from the growing volume of EU-funded infrastructure investments in Poland and Hungary. In the other markets of the region, we still have not observed positive effects of the revival of public-sector tendering activities for projects co-funded by the EU. The contribution to earnings from our business in Turkey continued to trend downward on account of the devaluation of the Turkish currency. Overall, the segment's revenues increased by 5% to € 105.4 million and EBITDA came to € 6.9 million, as compared to € 6.0 million in the last quarter of 2017.

North America

In the North America Division, we were not able to match the strong performance of the last quarter of 2017. Towards the end of the year, both residential and infrastructure construction activities in the USA suffered from extremely wet weather and an early winter. While the result of our US brick business remained largely stable, we observed a decline in our pipe activities from their previous high level. The acquisition of a brick producer in Pennsylvania finalized in December marks our entry into the attractive urban agglomerations of New York, New Jersey and Maryland. We expect to see a contribution to our earnings from 2019 onward. In Canada, the stricter regulation of the real estate market led to the expected cooling-off of construction activities from their very high level, which resulted in lower earnings. Overall, the North America Division experienced a 4% decline in revenues to € 71.8 million and a 17% drop in EBITDA to € 8.8 million.

External revenues *in MEUR*	10-12/2017	10-12/2018	Chg. in %
Clay Building Materials Europe	442.6	**485.0**	+10
Clay Building Materials Eastern Europe	142.2	**160.4**	+13
Clay Building Materials Western Europe	300.4	**324.6**	+8
Pipes & Pavers Europe	238.8	**250.6**	+5
Pipes & Pavers Eastern Europe	100.0	**105.4**	+5
Pipes & Pavers Western Europe	138.8	**145.2**	+5
North America	74.8	**71.8**	-4
Holding & Others	2.2	**2.3**	+2
Wienerberger Group	**758.3**	**809.7**	**+7**

EBITDA *in MEUR*	10-12/2017	10-12/2018	Chg. in %
Clay Building Materials Europe	82.2	**89.2**	+9
Clay Building Materials Eastern Europe	39.5	**49.0**	+24
Clay Building Materials Western Europe	42.7	**40.2**	-6
Pipes & Pavers Europe	3.5	**19.0**	>100
Pipes & Pavers Eastern Europe	6.0	**6.9**	+16
Pipes & Pavers Western Europe	-2.5	**12.1**	>100
North America	10.6	**8.8**	-17
Holding & Others	3.8	**-17.6**	<-100
Wienerberger Group	**100.0**	**99.4**	**-1**

Operating Segments

Clay Building Materials Europe

The Clay Building Materials Europe Division delivered a strong performance in 2018:

- Slight growth in residential construction activity in Europe
- Positive market environment led to higher sales volumes and improved average prices
- Revenues increased by 7% to € 1,918.8 million (2017: € 1,787.0 million)
- EBITDA up by 10% to € 357.6 million (2017: € 324.3 million)
- Organic EBITDA before foreign-exchange effects, changes in the scope of consolidation, asset sales and restructuring costs rose significantly by 18% to € 367.1 million

Clay Building Materials Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	1,787.0	**1,918.8**	+7
EBITDA	*in MEUR*	324.3	**357.6**	+10
Operating EBIT	*in MEUR*	185.0	**240.4**	+30
Total investments	*in MEUR*	96.1	**190.7**	+98
Capital employed	*in MEUR*	1,523.4	**1,555.7**	+2
Ø Employees	*in FTE*	10,572	**10,808**	+2

Outlook for 2019

For 2019, we foresee a continuation of slight growth in European residential construction. In Eastern Europe, we expect further dynamic developments in almost all core markets, whereas diverging trends are anticipated in Western Europe. In Great Britain, market visibility is currently low due to the profound political uncertainty. From today's perspective, we expect growth to continue, given the structural demand for housing and the prolongation of government subsidy programs. In the French housing market, demand is projected to remain low as a result of cuts in government funding for residential construction. In Belgium and the Netherlands, two countries with a high level of activity, we project further growth due to the positive environment in new housing construction. Additionally, we foresee increasing contributions from the producers of facade solutions in the Netherlands taken over by us in 2018. For Germany, we expect stable development in the single- and two-family home segment. In the renovation market, an important driver of our roof tile business, we do not yet see a revival of activities in our Western European core regions. The successfully implemented optimization measures in Austria and Germany, resulting in leaner cost structures and more effective market positioning, are expected to have a positive impact on earnings in 2019.

Within the framework of our Fast Forward 2020 program, we are working, in particular, on improved pricing and product mix policies and the centralization of procurement. In addition, we will invest in automation and capacity expansions. The resultant reduction in the cost of goods sold and the further improvement of scrap rates will enhance the efficiency of our cost structures and, at the same time, ensure an even higher level of product quality. By consistently implementing the Fast Forward 2020 program, we will achieve a significant improvement in our results in the coming two years.

From 2019 onward, we will report on our activities in ceramic building materials for the building envelope and our concrete paver business in the Wienerberger Building Solutions Business Unit. Overall, we expect to see higher sales volumes and improved average prices in these fields of business, which should result in a further significant increase in earnings.

Clay Building Materials Western Europe

In Western Europe, we observed diverging regional developments in the reporting year. Overall, we succeeded in increasing our revenues by 4% to € 1,272.4 million and EBITDA by 2% to € 190.5 million. Organic EBITDA rose significantly by 11% to € 198.7 million.

Despite the unresolved Brexit issue, residential construction in Great Britain continued at a satisfactory level. The growing number of new housing starts in the single-family home segment, where we hold a particularly strong market position, resulted in high demand for facing bricks in our core regions. Taking advantage of this environment, we sold higher volumes, increased our prices and generated growth in both revenues and earnings.

In Belgium, where residential construction activities fell short of our expectations in 2017 due to the shortage of PUR/PIR insulating materials, the number of new housing starts in the single- and two-family home segment increased again in the reporting year. Rising demand translated into higher volumes sold at higher prices. In the Netherlands, too, we benefited from the upward trend in new housing starts for single- and two-family homes. We thus generated significant growth in revenues and EBITDA in both countries. Additionally, our market position in the Netherlands was strengthened through the take-over of two producers of ceramic facade solutions in the reporting period.

In France, cuts in government-supported residential construction programs had a negative impact on housing construction and the demand for building materials. We therefore had to accept a decrease in revenues and earnings.

The German residential construction market remained stable at a satisfactory level. We optimized our market positioning and streamlined our administrative structures in the course of the reporting year, which resulted in one-off expenses and a decline in earnings. However, the restructuring measures taken in both production and administration led to the expected process improvements and higher capacity utilization, which in turn had a sustainable impact on our earning power.

Clay Building Materials Western Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	1,224.1	**1,272.4**	+4
EBITDA	*in MEUR*	187.0	**190.5**	+2
Operating EBIT	*in MEUR*	95.0	**121.4**	+28
Total investments	*in MEUR*	57.7	**113.7**	+97
Capital employed	*in MEUR*	1,051.7	**1,101.3**	+5
Ø Employees	*in FTE*	6,121	**6,262**	+2
Sales volumes clay blocks	*in mill. NF*	2,042	**2,074**	+2
Sales volumes facing bricks	*in mill. WF*	1,476	**1,547**	+5
Sales volumes roof tiles	*in mill. m^2*	22.65	**22.00**	-3

Clay Building Materials Eastern Europe

The positive momentum seen in the construction of single- and two-family homes in our Eastern European core markets continued throughout the reporting year. Taking advantage of this favorable market environment, we sold higher volumes of clay blocks and roof tiles and increased our average prices. Altogether, our revenues increased by 15% to € 646.4 million and EBITDA rose by 22% to € 167.1 million. Adjusted for non-operational one-off effects, EBITDA increased by 26% to € 168.4 million.

In Poland, the biggest single market in the region, the positive development in new housing construction led to growing demand for clay blocks. Substantially higher sales volumes combined with improved average prices therefore translated into a significant increase in revenues and EBITDA.

The Austrian residential construction market remained stable at a satisfactory level. The integration of the clay block producer taken over in the previous year went well and resulted in a notable increase in sales volumes. However, the costs incurred through the closure of two production sites had a negative impact on earnings. We therefore had to accept a decline in earnings despite a notable increase in revenues.

In the other markets of the region, the strong underlying macroeconomic trend had a positive impact on the construction of new single- and two-family homes. We took advantage of this environment to increase both sales volumes and average prices. Compared to the previous year, we generated a significant increase in revenues and earnings.

Clay Building Materials Eastern Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	562.9	**646.4**	+15
EBITDA	*in MEUR*	137.3	**167.1**	+22
Operating EBIT	*in MEUR*	90.0	**119.1**	+32
Total investments	*in MEUR*	38.4	**77.0**	>100
Capital employed	*in MEUR*	471.7	**454.4**	-4
Ø Employees	*in FTE*	4,451	**4,546**	+2
Sales volumes clay blocks	*in mill. NF*	3,698	**3,974**	+7
Sales volumes roof tiles	*in mill. m²*	18.62	**18.73**	+1

Pipes & Pavers Europe

In the Pipes & Pavers Europe Division, we succeeded in increasing sales and average prices in a healthy market environment and recorded a marked rise in revenues and earnings:

- Increase in revenues by 6% to € 1,070.1 million (2017: € 1,014.2 million)
- Successful implementation of growth projects and optimization measures
- Significant improvement of EBITDA by 12% to € 78.2 million (2017: € 69.7 million)
- Organic EBITDA before foreign-exchange effects, changes in the scope of consolidation, asset sales, and restructuring costs rose substantially by 9% to € 91.2 million

Pipes & Pavers Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	1,014.2	**1,070.1**	+6
EBITDA	*in MEUR*	69.7	**78.2**	+12
Operating EBIT	*in MEUR*	20.1	**29.4**	+46
Total investments	*in MEUR*	57.9	**73.5**	+27
Capital employed	*in MEUR*	563.4	**568.6**	+1
Ø Employees	*in FTE*	4,210	**4,182**	-1

Outlook for 2019

Beginning in 2019, we will report the performance of our plastic pipe business as well as our ceramic pipe activities under the Wienerberger Piping Solutions Business Unit. The business with concrete pavers will be realocated to the Wienerberger Building Solutions Business Unit, the successor to the Clay Building Materials Europe Division.

In the plastic pipe business, we foresee a significant improvement in earnings. In our Eastern European markets we expect a rise in the take-up of EU funding and hence a further increase in the number of tenders for infrastructure projects. In Western Europe and the Nordic core markets, we anticipate a largely stable development of demand, which leads us to assume an overall modest upturn in sales. Rising prices will compensate for a further increase in raw material costs. The acquisition of a leading Norwegian producer of pre-insulated pipes in 2018 will make a positive contribution to earnings and supports the continued shift of our portfolio towards premium products and system solutions. Strategic priorities for 2019 include the implementation of optimization projects of the Fast Forward 2020 program, as well as a focus on three core business areas: building solutions, smart infrastructure and water management in agriculture.

In our ceramic pipe business, we foresee a marked increase in earnings. The European core business is expected to record moderately higher average prices and an increase in sales, based on growth in the Eastern European export markets and a stable development in Western Europe. In addition, we will continue to profit from the considerably stronger earning power resulting from the structural measures successfully implemented in 2018.

Our business with concrete pavers will be reported under the Wienerberger Building Solutions Business Unit from 2019 onward. Following the strong performance in 2018 we reckon with additional growth in 2019. We will utilize the positive trend in public-sector demand and private investments in open space solutions to increase sales and prices. Moreover, we anticipate a significant contribution to earnings coming from the growth projects implemented in 2018. To strengthen our earning power, we are realizing projects aimed at more efficient pricing and optimizing production processes under the Fast Forward 2020 program.

Pipes & Pavers Western Europe

In 2018, the Pipes & Pavers Western Europe segment recorded an increase in revenues by 5% to € 603.6 million (2017: € 574.2 million). EBITDA improved by 8%, coming to € 34.2 million. Restructuring costs of € 16.1 million were recorded in the ceramic pipe business in 2018, compared to the one-off expenses of € 12.0 million incurred for the structural adjustments in the French plastic pipe business in 2017. Adjusted for non-operating one-off effects, EBITDA recorded a marked 7% increase to € 47.1 million.

Pipes & Pavers Western Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	574.2	**603.6**	+5
EBITDA	*in MEUR*	31.8	**34.2**	+8
Operating EBIT	*in MEUR*	4.7	**5.2**	+12
Total investments	*in MEUR*	36.8	**39.9**	+9
Capital employed	*in MEUR*	301.0	**317.5**	+5
Ø Employees	*in FTE*	1,884	**1,892**	0

In our Western European plastic pipe activities, we recorded a significant increase in earnings in the reporting period. In the region's core markets, the Nordic countries and the Netherlands, demand was stable or slightly positive. Apart from Ireland, which benefited from a steep rise in residential construction activity, the remaining markets of the region, for the most part, recorded a stable development. In this environment, we managed to pass on rising raw material costs to the market and achieve a moderate increase in sales, before taking into account consolidation effects and the adjustment of the product portfolio in France.

This increase in earnings was primarily attributable to three effects: First, the closure of a site in France and the streamlining of our structures gave a significant boost to our earning power, as expected. Moreover, no restructuring costs were recorded in 2018, in contrast to 2017. Secondly, the acquired operations with pre-wired conduits for electrical installations as well as with pre-insulated pipes showed a highly satisfactory performance and made a substantial contribution to higher earnings. Thirdly, the increased demand in the international project business resulted in contributions to earnings which were clearly above the level of the previous year.

In our ceramic pipe business, the market environment in Western Europe remained more or less stable, and the Eastern European export markets showed greater demand. In the 2018 financial year, we benefited from the successful implementation of the increase in average prices, whereas sales in the European core business were slightly below the previous year's level. This decline primarily results from the structural adjustments initiated in the first quarter, which, following a site closure, led to a streamlining of the product portfolio and administrative structures. The resulting costs of € 16.1 million were not fully compensated in the reporting period. Still, the significant increase in profitability in the second half of the year underlines the successful optimization of our cost structure and confirms that our goal of increasing earning potential and earning power in the long term is on track.

Pipes & Pavers Eastern Europe

In the Pipes & Pavers Eastern Europe segment, revenues increased by 6% to € 466.5 million (2017: € 440.0 million) and EBITDA grew by 16% from € 37.9 million to € 43.9 million. Organic EBITDA rose by 10% to € 44.1 million.

In the Eastern European plastic pipe business, we profited from an upswing in infrastructure projects with EU funding and increased sales accordingly. In Poland and Hungary in particular, we achieved marked increases in revenues and earnings as a result. In the region's remaining markets, however, which are also eligible for co-funding, the increase in tendering activity had no significant impact on business performance. The domestic market in Austria recorded a stable performance at a high level. In Turkey we profited from high demand and the successful implementation of a capacity expansion in the irrigation applications business and achieved a record operating result. However, the significant devaluation of the Turkish currency resulted in a decline in the contribution to earnings in the reporting currency.

Our business with concrete pavers recorded an excellent performance in 2018. We used the increase in private investments as well as in public-sector demand for modern open space solutions to significantly grow sales and average prices. In addition, the profitable sale of the Austrian operation was a major strategic milestone with a long-term positive effect on business performance. On the one hand, this step made it possible to focus on the dynamic Eastern European core markets; on the other hand, it also freed up investment resources which were utilized for additional capacities in growth regions as well as for the reinforcement of Wienerberger's position as the leading supplier in the premium segment. With the acquisition of a plant in Romania and organic growth projects in Croatia and Hungary, we have created the foundation for further growth.

Pipes & Pavers Eastern Europe		2017	2018	Chg. in %
External revenues	*in MEUR*	440.0	**466.5**	+6
EBITDA	*in MEUR*	37.9	**43.9**	+16
Operating EBIT	*in MEUR*	15.4	**24.2**	+57
Total investments	*in MEUR*	21.2	**33.6**	+59
Capital employed	*in MEUR*	262.4	**251.1**	-4
Ø Employees	*in FTE*	2,326	**2,290**	-2

North America

The North America Division delivered an excellent performance in 2018:

- Notable increase in earnings
- Strong growth in US plastic pipe business
- Significant contribution to earnings from recently acquired facing brick producer in Mississippi
- 35% EBITDA growth year on year
- Organic EBITDA up by 23% to € 38.6 million before foreign-exchange effects, changes in the scope of consolidation and asset sales

North America		2017	2018	Chg. in %
External revenues	*in MEUR*	308.7	**306.8**	-1
EBITDA	*in MEUR*	32.0	**43.2**	+35
Operating EBIT	*in MEUR*	3.0	**18.1**	>100
Total investments	*in MEUR*	43.9	**42.4**	-4
Capital employed	*in MEUR*	364.9	**411.8**	+13
Ø Employees	*in FTE*	1,305	**1,380**	+6
Sales volumes facing bricks	*in mill. WF*	454	**534**	+18

Despite long periods of wet weather, the US brick business recorded satisfactory growth in earnings. As expected, the Mississippi-based producer of facing bricks taken over last year contributed substantially to the Division's sales, which increased considerably year on year. Although average prices remained almost stable, we saw a further significant increase in EBITDA. The closure of the acquisition of a facing brick producer in Pennsylvania at the end of 2018 marked a further step forward on our path of consolidation in the US brick business. This acquisition broadens our presence in the north-east of the USA and in Canada and opens up important markets for high-quality brick products for us. Our business in Canada was stimulated by sound demand during the first six months of the year. During the second half of the year, the measures taken by the government aimed at stricter regulation of the housing market resulted in a foreseeable slowdown of demand. Despite higher average prices, we therefore recorded a downturn in revenues and earnings. In the US plastic pipe business, we benefited, above all, from the repositioning of our distribution and the optimized cost of goods sold. Combined with improved average prices, this translated into significant growth in earnings, as compared to the previous year.

Overall, the North America Division's EBITDA increased by 35% to € 43.2 million (2017: € 32.0 million), while adjusted EBITDA rose by 23% to € 38.6 million.

Outlook for 2019

For the business year 2019, we expect to see a positive trend in the construction of new single- and two-family homes in the USA, which will result in higher earnings in our brick business. Moreover, we anticipate a substantial contribution to earnings from the facing brick producer in Pennsylvania taken over in 2018. In Canada, we foresee a further downturn of demand in the wake of the measures taken by the government to regulate the real estate market. Our plastic pipe business will benefit from a higher degree of capacity utilization and additional optimization measures in production. Despite rising raw material costs, we expect this business area to generate satisfactory earnings.

For the North America Division as a whole, we expect to see an increase in revenues and earnings in 2019.

Holding & Others

The Holding & Others Division comprises the holding company of the Group and our brick business in India, which we operate at a production site for clay blocks in the Bangalore region. The Indian brick business performed well in 2018 and generated an increase in EBITDA. The result reported by the holding company was substantially below that of the previous year. On the one hand, contributions to earnings from asset sales declined significantly and, on the other hand, one-off operating expenses increased sharply. The establishment and endowment of an Employee Participation Foundation as well as consultancy costs and structural adjustments in connection with the design of the Fast Forward 2020 program and other strategic projects accounted for expenses of over € 10 million.

Holding & Others		2017	2018	Chg. in %
External revenues	*in MEUR*	8.6	**8.3**	-3
EBITDA	*in MEUR*	-11.1	**-36.3**	<-100
Operating EBIT	*in MEUR*	-13.9	**-39.7**	<-100
Total investments	*in MEUR*	8.3	**18.5**	>100
Capital employed	*in MEUR*	7.5	**0.6**	-92
Ø Employees	*in FTE*	210	**226**	+8

Outlook and Targets 2019

Market Outlook for Europe

From today's perspective, we foresee a continuation of the positive trend in residential construction in most of our Eastern European markets. At the same time, we expect that Western Europe will still be marked by regionally diverging trends in new residential construction and stable development of the renovation segment. All in all, we expect to see slight growth in the European residential construction despite uncertainty factors.

In the field of infrastructure, a growing number of Eastern European markets will benefit from rising take-up of EU funding for infrastructure projects. In Western Europe and the Nordic core markets, demand is expected to remain largely stable. Raw material costs will continue to fluctuate. Hence, it will be crucial for us to ensure that the development of costs is reflected in our pricing.

Market Outlook for North America

In the USA, we expect to see a positive development in new residential construction and rising demand in our infrastructure business. In Canada, the measures taken by the government to regulate the housing market are likely to lead to a slowdown in residential construction.

Targets

All in all, we intend to achieve an increase in the Wienerberger Group's EBITDA to between € 560 to 580 million. This target is based on the assumption of higher sales, improved average prices across the Group and positive effects of the optimization measures taken. In addition, EBITDA increases by around € 40 million due to the first-time application of IFRS 16, which is reflected in the target range. Conversely, contributions from asset sales, foreign-exchange effects, changes in the scope of consolidation, and structural adjustment costs have not been taken into account in our target calculation.

A budget of approx. € 200 million has been earmarked for normal capex, including maintenance investments and investments for the development and rollout of innovative products, the improvement of our environmental performance and measures in the field of occupational health and safety. The notable increase, as compared to the previous year, is attributable to the consistent implementation of the Fast Forward 2020 program. Normal capex includes an amount of approx. € 30 million for the accelerated implementation of optimization projects in production.

In terms of growth investments, we are currently evaluating a large number of attractive projects. In particular, we are examining a promising pipeline of potential takeover candidates for their earnings, cash flow and synergy potential as well as strategic development opportunities. Although we are confident of being able to implement a number of growth projects in the course of 2019, we are not yet in a position to reliably estimate the total volume of investments. We will report on the progress achieved and the financial implications in due course.

Financial Statements

Consolidated Income Statement

in TEUR	2018	2017
Revenues	**3,305,079**	3,119,707
Cost of goods sold	**-2,146,319**	-2,093,708
Gross profit	**1,158,760**	**1,025,999**
Selling expenses	**-637,162**	-595,562
Administrative expenses	**-217,559**	-203,322
Other operating income:		
Reversal of impairment charges to assets	**4,297**	1,055
Other	**54,164**	59,390
Other operating expenses:		
Impairment charges to assets	**-12,727**	-10,226
Impairment charges to goodwill	**0**	-6,339
Other	**-109,965**	-92,323
Operating profit/loss (EBIT)	**239,808**	**178,672**
Income from investments in associates and joint ventures	**1,701**	4,209
Interest and similar income	**4,409**	5,952
Interest and similar expenses	**-43,671**	-42,103
Other financial result	**-6,902**	-1,852
Financial result	**-44,463**	**-33,794**
Profit/loss before tax	**195,345**	**144,878**
Income taxes	**-48,475**	-4,244
Profit/loss after tax	**146,870**	**140,634**
Thereof attributable to non-controlling interests	**-237**	3,402
Thereof attributable to hybrid capital holders	**13,609**	14,057
Thereof attributable to equity holders of the parent company	**133,498**	**123,175**
Earnings per share (in EUR)	**1.15**	**1.05**
Diluted earnings per share (in EUR)	**1.15**	**1.05**

Consolidated Statement of Comprehensive Income

in TEUR	2018	2017
Profit/loss after tax	**146,870**	**140,634**
Foreign exchange adjustments	**-372**	-48,241
Foreign exchange adjustments to investments in associates and joint ventures	**-9**	64
Changes in the fair value of available-for-sale financial instruments [1)]	**0**	-740
Changes in hedging reserves	**-9,516**	14,776
Items to be reclassified to profit or loss	**-9,897**	**-34,141**
Actuarial gains/losses	**12,340**	4,984
Actuarial gains/losses from investments in associates and joint ventures	**-2**	155
Items not to be reclassified to profit or loss	**12,338**	**5,139**
Other comprehensive income	**2,441**	**-29,002**
Total comprehensive income after tax	**149,311**	**111,632**
Thereof comprehensive income attributable to non-controlling interests	**-163**	3,739
Thereof attributable to hybrid capital holders	**13,609**	14,057
Thereof comprehensive income attributable to equity holders of the parent company	**135,865**	**93,836**

1) "Available-for-sale financial instruments" refers to the classification of financial instruments according to IAS 39, which no longer applies in the reporting year due to the initial application of IFRS 9.

Consolidated Statement of Cash Flows

in TEUR	2018	2017
Profit/loss before tax	195,345	144,878
Depreciation and amortization	186,465	189,605
Impairment charges to goodwill	0	6,339
Impairment charges to assets and other valuation effects	32,741	47,091
Reversal of impairment charges to assets	-4,297	-1,055
Increase/decrease in non-current provisions	-13,409	-8,213
Income from investments in associates and joint ventures	-1,701	-4,209
Gains/losses from the disposal of fixed and financial assets	-26,314	-25,343
Interest result	39,262	36,151
Interest paid	-38,257	-38,473
Interest received	4,321	4,591
Income taxes paid	-47,609	-48,923
Gross cash flow	**326,547**	**302,439**
Increase/decrease in inventories	-23,223	-39,987
Increase/decrease in trade receivables	2,713	-17,112
Increase/decrease in trade payables	2,171	16,374
Increase/decrease in other net current assets	11,217	10,620
Cash flow from operating activities	**319,425**	**272,334**
Proceeds from the sale of assets (including financial assets)	43,847	28,799
Payments made for property, plant and equipment and intangible assets	-215,847	-163,186
Payments made for investments in financial assets	-6,078	0
Dividend payments from associates and joint ventures	3,039	6,597
Increase/decrease in securities and other financial assets	15,578	-7,800
Net payments made for the acquisition of companies	-73,088	-43,128
Net proceeds from the sale of companies	20,882	0
Cash flow from investing activities	**-211,667**	**-178,718**
Cash inflows from the increase in short-term financial liabilities	235,323	721,738
Cash outflows from the repayment of short-term financial liabilities	-473,586	-984,369
Cash inflows from the increase in long-term financial liabilities	248,851	210,929
Cash outflows from the repayment of long-term financial liabilities	-646	-6,939
Dividends paid by Wienerberger AG	-34,812	-31,578
Hybrid coupon paid	-13,609	-29,898
Dividends paid to non-controlling interests	-120	-79
Buyback hybrid capital	-16	0
Purchase of non-controlling interests	-30,100	0
Purchase of treasury stock	-44,996	0
Cash flow from financing activities	**-113,711**	**-120,196**
Change in cash and cash equivalents	**-5,953**	**-26,580**
Effects of exchange rate fluctuations on cash held	-226	-1,177
Cash and cash equivalents at the beginning of the year	169,259	197,016
Cash and cash equivalents at the end of the year	**163,080**	**169,259**

Consolidated Balance Sheet

in TEUR	31/12/2018	31/12/2017 [1]
Assets		
Intangible assets and goodwill	712,719	690,897
Property, plant and equipment	1,575,709	1,521,572
Investment property	66,569	65,918
Investments in associates and joint ventures	22,100	11,371
Other financial investments and non-current receivables	30,420	16,708
Deferred tax assets	54,076	44,049
Non-current assets	**2,461,593**	**2,350,515**
Inventories	761,659	741,597
Trade receivables	215,838	214,277
Receivables from current taxes	4,144	2,297
Other current receivables	92,436	98,934
Securities and other financial assets	42,812	79,008
Cash and cash equivalents	163,080	169,259
Current assets	**1,279,969**	**1,305,372**
Non-current assets held for sale	**1,348**	**3,977**
Total assets	**3,742,910**	**3,659,864**
Equity and liabilities		
Issued capital	117,527	117,527
Share premium	1,075,422	1,086,017
Hybrid capital	265,969	265,985
Retained earnings [1]	760,389	657,377
Other reserves [1]	-230,955	-234,296
Treasury stock	-49,858	-4,862
Controlling interests	**1,938,494**	**1,887,748**
Non-controlling interests	586	23,491
Equity	**1,939,080**	**1,911,239**
Deferred taxes	75,021	71,630
Employee-related provisions	136,432	154,992
Other non-current provisions	83,622	76,453
Long-term financial liabilities	710,590	493,948
Other non-current liabilities	2,793	6,023
Non-current provisions and liabilities	**1,008,458**	**803,046**
Current provisions	51,924	39,114
Payables for current taxes	22,531	11,399
Short-term financial liabilities	126,907	320,724
Trade payables	326,890	321,533
Other current liabilities	267,120	252,809
Current provisions and liabilities	**795,372**	**945,579**
Total equity and liabilities	**3,742,910**	**3,659,864**

1) As of 01/01/2017, other reserves were retroactively reclassified to retained earnings

Consolidated Statement of Changes in Equity

in TEUR	Issued capital	Share premium	Hybrid capital	Retained earnings
Balance on 31/12/2016	**117,527**	**1,086,017**	**265,985**	**586,961**
Adjustments [1)]				**-17,546**
Balance on 1/1/2017 adjusted	**117,527**	**1,086,017**	**265,985**	**569,415**
Profit/loss after tax				137,232
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**
Dividend payment/hybrid coupon				-49,270
Balance on 31/12/2017	**117,527**	**1,086,017**	**265,985**	**657,377**
Adjustments [2)]				**4,326**
Balance on 1/1/2018 adjusted	**117,527**	**1,086,017**	**265,985**	**661,703**
Profit/loss after tax				147,107
Foreign exchange adjustments				
Foreign exchange adjustments to investments in associates and joint ventures				
Changes in hedging reserves				
Changes in other reserves				
Total comprehensive income				**147,107**
Dividend payment/hybrid coupon				-48,421
Change in hybrid capital			-16	
Decrease in non-controlling interests		-10,595		
Changes in treasury stock				
Balance on 31/12/2018	**117,527**	**1,075,422**	**265,969**	**760,389**

1) As of 01/01/2017, other reserves were retroactively reclassified to retained earnings. // 2) The balance on January 1 was restated due to the initial application of IFRS 9 and IFRS 15. // 3) "Available-for-sale financial instruments" refers to the classification of financial instruments according to IAS 39, which no longer applies in the reporting year due to the initial application of IFRS 9.

Other reserves							
Actuarial gains/losses	AfS reserve [3]	Hedging reserve	Translation reserve	Treasury stock	Controlling interests	Non-controlling interests	Total
-84,309	-234	48,173	-186,133	-4,862	1,829,125	19,831	1,848,956
			17,546		0		0
-84,309	-234	48,173	-168,587	-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	-217,250	-4,862	1,887,748	23,491	1,911,239
	974				5,300		5,300
-79,021	0	62,949	-217,250	-4,862	1,893,048	23,491	1,916,539
					147,107	-237	146,870
			-446		-446	74	-372
			-9		-9		-9
		-9,516			-9,516		-9,516
12,338					12,338		12,338
12,338	0	-9,516	-455		149,474	-163	149,311
					-48,421	-120	-48,541
					-16		-16
					-10,595	-22,622	-33,217
				-44,996	-44,996		-44,996
-66,683	0	53,433	-217,705	-49,858	1,938,494	586	1,939,080

Financial Calendar

January 28, 2019	*Start of the quiet period*
February 27, 2019	Results of 2018: Presentation of the Results in Vienna
March 28, 2019	Publication of the 2018 Annual Report on the Wienerberger website
April 23, 2019	*Start of the quiet period*
April 26, 2019	Record date for participation in the 150th Annual General Meeting
May 6, 2019	150th Annual General Meeting
May 8, 2019	Deduction of dividends for 2018 (ex-day)
May 9, 2019	Record date for 2018 dividends
May 10 ,2019	Payment day for 2018 dividends
May 16, 2019	Results for the First Quarter of 2019
June 2019	Publication of the Sustainability Report 2018
July 22, 2019	*Start of the quiet period*
August 13, 2019	Results for the First Half-Year of 2019: Presentation of the Results in Vienna
October 21, 2019	*Start of the quiet period*
November 7, 2019	Results for the First Three Quarters of 2019

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This report contains information and forecasts that relate to the future development of the Wienerberger Group and its companies. These forecasts are estimates based on all the information available to us at this point in time. If the assumptions underlying these forecasts do not materialize or if risks materialize, the actual results may differ from the results currently expected. This report does not, in any way whatsoever, constitute a recommendation to buy or sell Wienerberger AG securities.