



Wienerberger Results 2018

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**BUILDING FOR
PEOPLE**

**CREATING
VALUE**

**GROWING
SUSTAINABLY**

200 YEARS
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HIGHLIGHTS 2018

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2018: Another outstanding year for Wienerberger

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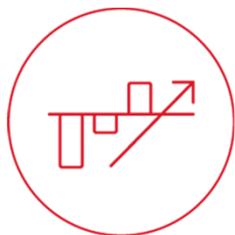
Robust top line growth

Revenues € 3,305 mn | +6%



EBITDA in line with top end of guidance

EBITDA LFL € 469 mn | +15%



Strong business progression across all Divisions

Substantial expansion of EBITDA LFL margins



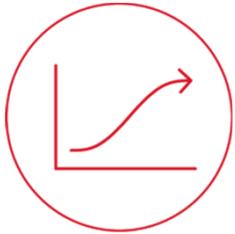
Significant return of capital to shareholders

Dividend increased by 70% year-on-year

€ 81 mn returned to shareholders

2018: Another outstanding year for Wienerberger

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Strong free cashflow generation

Free cash flow € 237 mn | +55%



Fast Forward 2020 fully on track

€ 20 mn savings delivered on schedule



Significant step-up in M&A activity

Building on excellent track record of value creating bolt-on acquisitions



Consistent delivery on strategic goals

Clay Building Materials Europe

Strong top-line growth and margin expansion

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- › Slight growth in European residential construction
- › Positive market environment used to increase volumes and prices
- › Significant improvement of EBITDA
- › Substantial margin improvement in Eastern Europe highlights strong operating leverage
- › Profitability improvement underlines successful repositioning of the German and Austrian organizations
- › Strengthening of our market position through acquisitions of two producers of facade solutions in NL

CBME (in € mn)	2017	2018	Chg. in %
External revenues	1,787.0	1,918.8	+7
EBITDA	324.3	357.6	+10
EBITDA LFL	312.3	367.1	+18
EBITDA LFL margin	17.5%	19.4%	-



Pipes & Pavers Europe

Robust growth and portfolio optimization

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- › Sound market environment used for significant earnings increase
- › Recovery of EU-funded infrastructure projects in Eastern Europe
- › Strong development of acquired activities in prewired electro conduits and pre-insulated plastic pipes
- › Repositioning of ceramic pipe business and French plastic pipe activities led to significant increase in profitability
- › Profitable sale of Austrian concrete paving business

P&P Europe (in € mn)	2017	2018	Chg. in %
External revenues	1,014.2	1,070.1	+6
EBITDA	69.7	78.2	+12
EBITDA LFL	83.7	91.2	+9
EBITDA LFL margin	8.4%	8.6%	-



North America

Strong earnings growth and selective M&A

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- › Substantial earnings growth
- › Strong performance of US plastic pipe business
- › Significant earnings contribution from facing brick producer acquired in 2017
- › Lower earnings in the Canadian business due to stricter regulations for the housing market
- › Expansion of our presence in the Northeast of the US through an acquisition of a facing brick producer at the end of the year

North America (in € mn)	2017	2018	Chg. in %
External revenues	308.7	306.8	-1
EBITDA	32.0	43.2	+35
EBITDA LFL	31.5	38.6	+23
EBITDA LFL margin	10.2%	12.7%	-



Group strategy

Clear strategy, consistently delivered

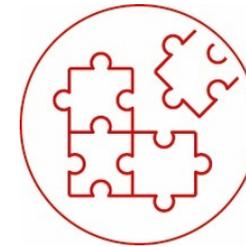
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Organic growth



**Operational
Excellence**



**Growth projects &
Portfolio optimization**

**It is our culture to strive continuously
to accelerate our growth efforts**

How we drive growth

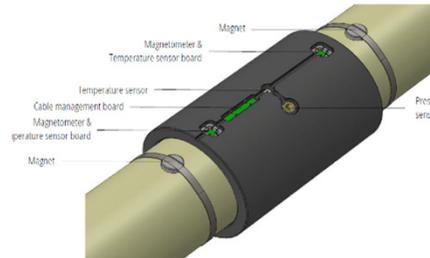
Organic growth

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Innovative Solutions

- > Sensors measure various parameters
- > Data support decisions regarding replacement and lifetime prediction
- > Shift from corrective to preventive maintenance

Smart fittings & probes



Digitalization

- > Wienerberger experts handled the design, the digital documentation and the submission for permits
- > Full range of products for e4 Brick house concept used

e4 housing development



Value adding applications

Tackling shortage of skilled labor

- > Truck mounted construction robot, Hadrian X
- > Prefabricated brick walls
- > Construction plans are digitally transformed and precisely built according to customer needs



Market proximity

- > Roofer uses platform for planning, ordering and as CRM tool
- > End customer receives offer generated by tool
- > Wienerberger builds relationships, collects information and serves as one-stop shop

Roof planner



How we drive growth

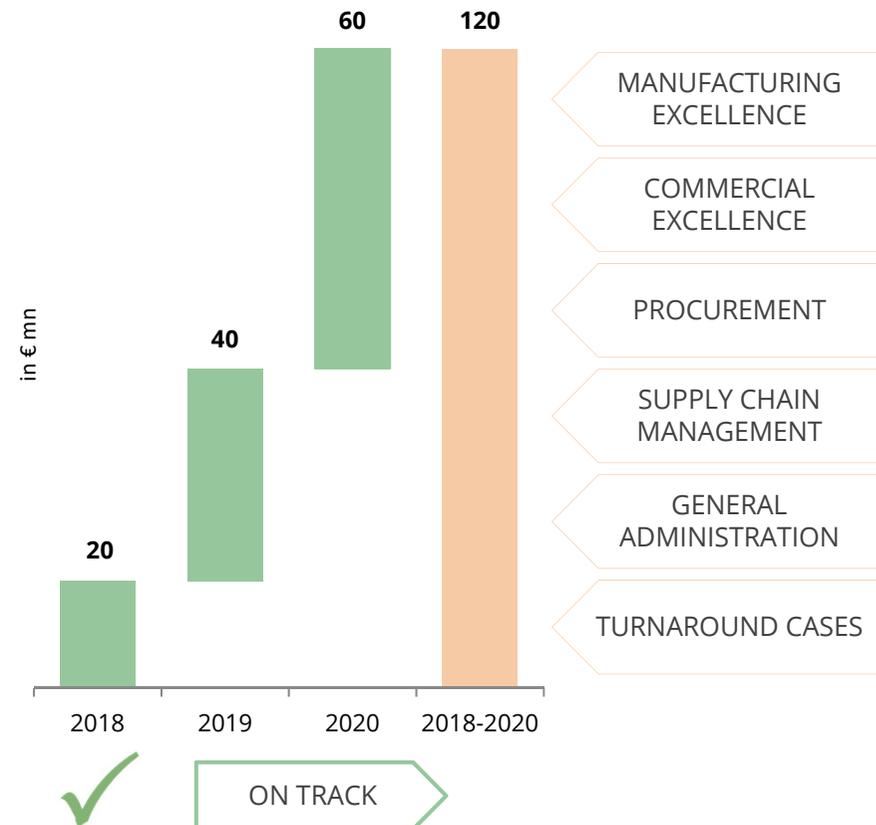
Operational excellence – Fast Forward 2020

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- › Profitability enhancement plan delivered **€ 20 mn** in 2018
- › Key initiatives already on track to deliver **€ 40 mn** of EBITDA improvements in 2019
- › Streamlining of organization will help drive forward our growth strategy and unlock value

High confidence in delivery of full optimization potential

On track to realize full optimization potential



How we drive growth

M&A and streamlining of portfolio are key drivers

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Growth projects

- › Highly disciplined approach to project evaluation
- › Strict set of strategic and financial evaluation criteria
 - › € 103 mn invested in bolt-on acquisitions
 - › € 56 mn invested in organic growth projects
- › Strong pipeline of growth projects in 2019

Portfolio optimization

- › Portfolio review with structured process for extracting value from identified assets
- › Profitable sale of Austrian concrete pavers business first major step
- › Target: Unlock value of € 150 mn in the period 2018-2020

Growth capex 2018:

€ 159 mn

Total value realised

in 2018: € 74 mn

How we drive growth

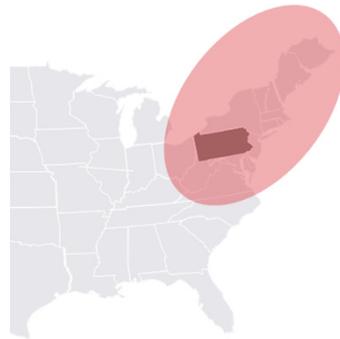
Growth projects & Portfolio optimization

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Extension to our geographic footprint

Acquisition of Watsonstown (USA)

- › Facing brick producer in Pennsylvania
- › Expanding our presence to the Northeast of the US
- › Further driving consolidation in the US



Consolidate fragmented markets

Acquisition of Reetz (Germany)

- › Further consolidation of competitive landscape in Germany and Poland
- › Perfect geographic fit to complement our existing plant network
- › Plant with modern product range including infill blocks



Innovative additions to our product range

Acquisition of Isoterm (Norway)

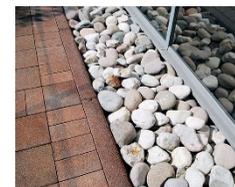
- › Specialized producer of pre-insulated and frost resistant pipes
- › Substantial cost savings due to installation above ground
- › Security of supply for remote regions



Sale of underperforming businesses

Sale of Austrian concrete paving activities

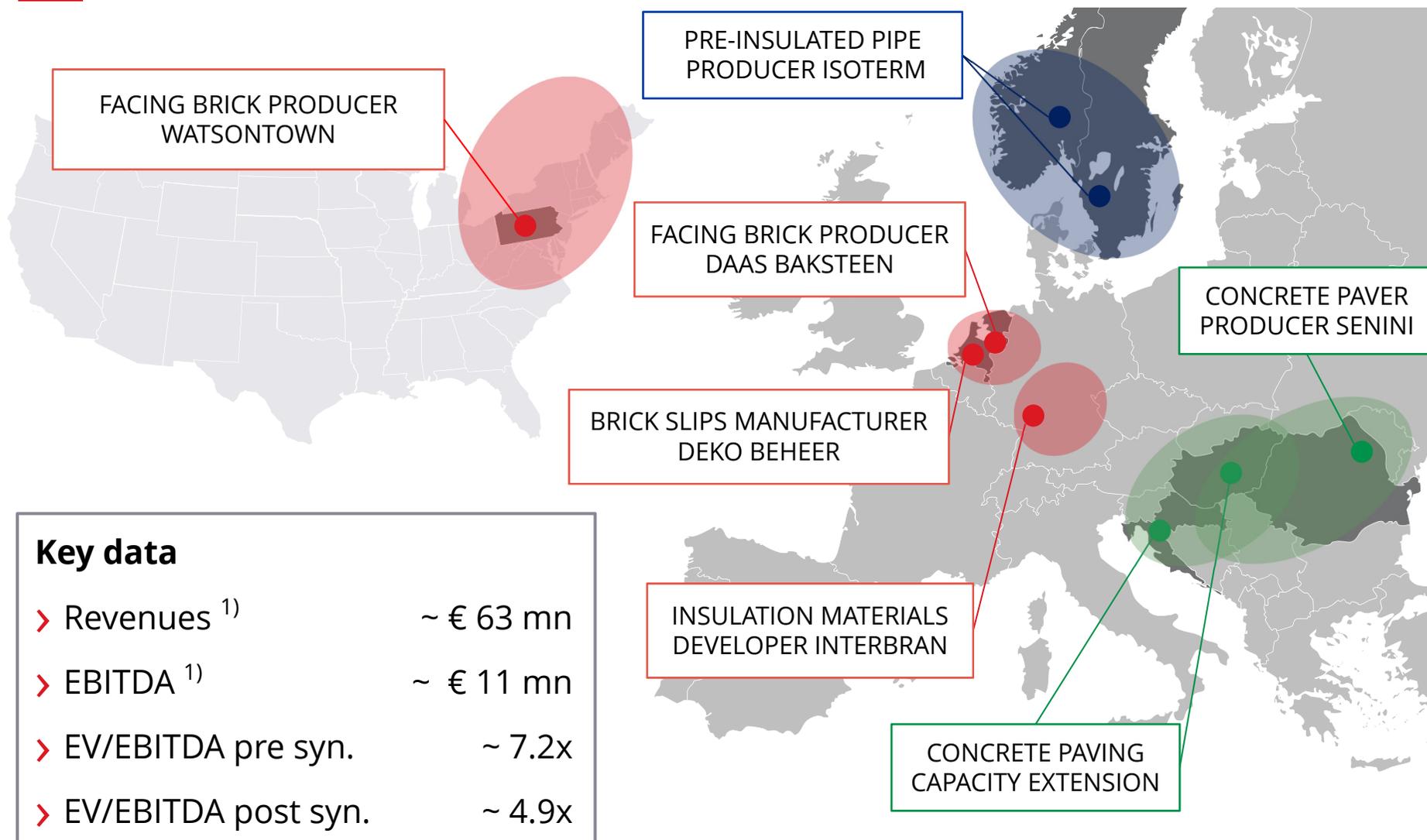
- › Mature market with significant overcapacity
- › Substantial underperformance
- › Maximum value extracted through profitable sale of the Austrian activity



How we drive growth

Bolt-on M&A and organic growth projects 2018

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1) Contribution potential of bolt-on acquisitions on 12M basis pre synergies

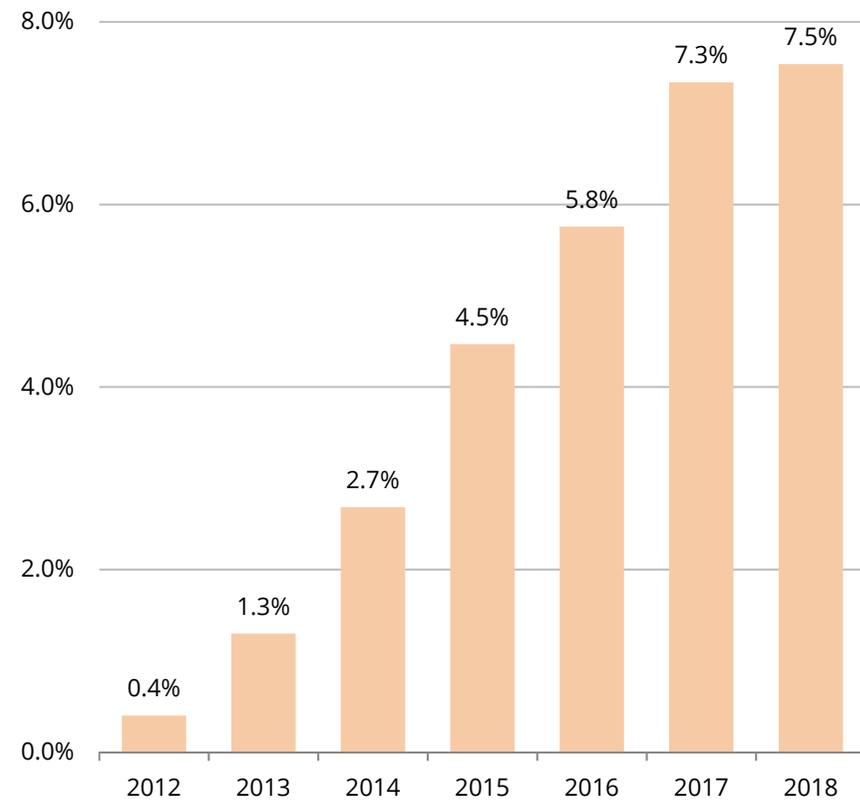
Value Management

Committed to maximizing value for shareholders

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- › ROCE serves as key indicator for the value-oriented management of our company and capital allocation decisions
- › Strong growth since 2012
- › ROCE marks 10-year high in 2018

ROCE grew by **> 700** basis points since 2012



Shareholder return

Significant return of capital to shareholders

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> Dividend

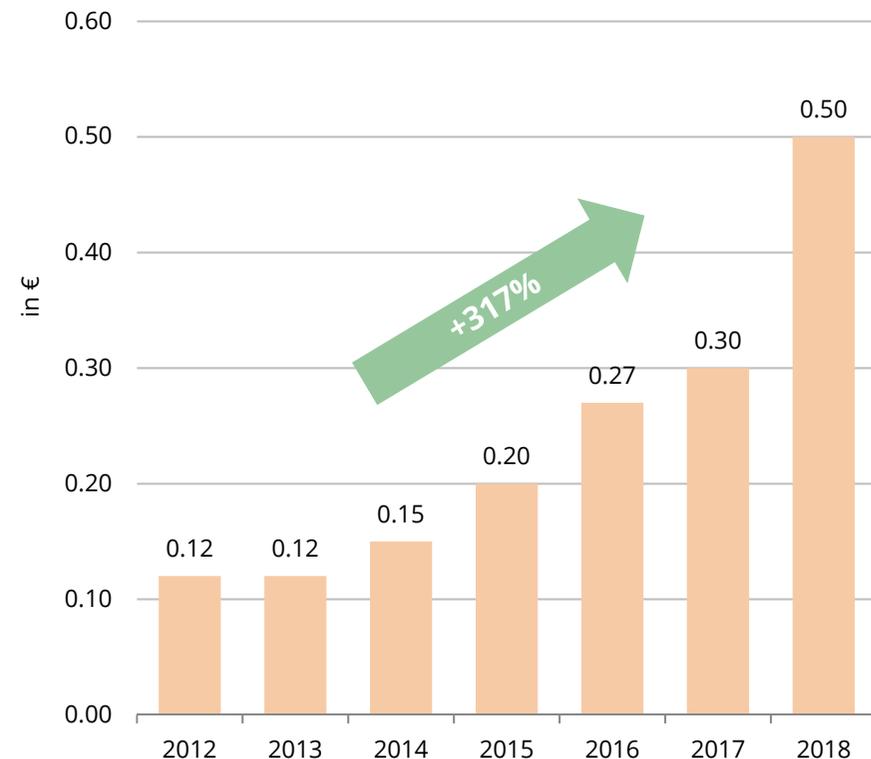
- > Substantial increase of dividend payment reflects strong operating performance
- > Payout of 26% of free cash flow post hybrid coupon in line with policy range of 10-30%

> Share buyback

- > Buyback of 2% of shares issued completed successfully in 2018
- > Cancellation of 1% of share capital completed in February 2019

€ 80.6 mn returned to shareholders in 2018

Dividend increased by **317%** since 2012



Delivering on our goals

Summary of 2018 achievements

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Record sales



EBITDA LFL in line with top end of guidance



Fast Forward 2020 fully on track
€ 20 mn savings delivered on schedule



Dividend increased by 70% year-on-year



Strong free cash flow generation



Fully on track to reach our goals



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KEY FIGURES

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Outstanding performance in 2018

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Revenues

€ 3,305.1 mn

(2017: € 3,119.7 mn | +6%)

*LFL*¹⁾: +5%

EBITDA LFL²⁾

€ 469.3 mn

(2017: € 406.5 mn | +15%)

Free cash flow

€ 236.5 mn

(2017: € 152.5 mn | +55%)

EBITDA LFL margin

14.4%

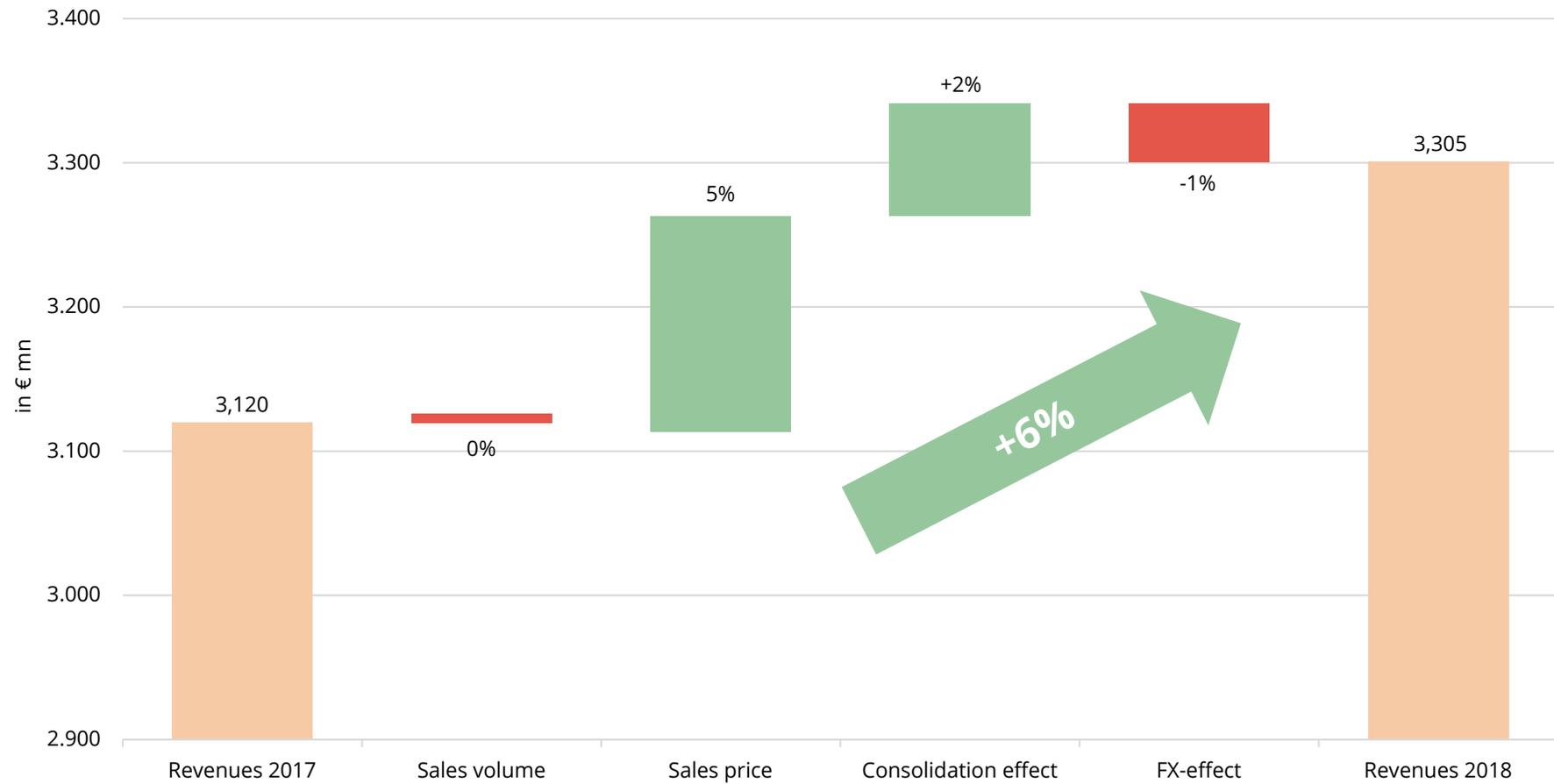
(2017: 13.1%)

1) Adjusted for effects from consolidation and FX

2) Adjusted for effects from consolidation, sale of non-strategic and non-operating assets, FX and structural adjustments

Record sales in 2018

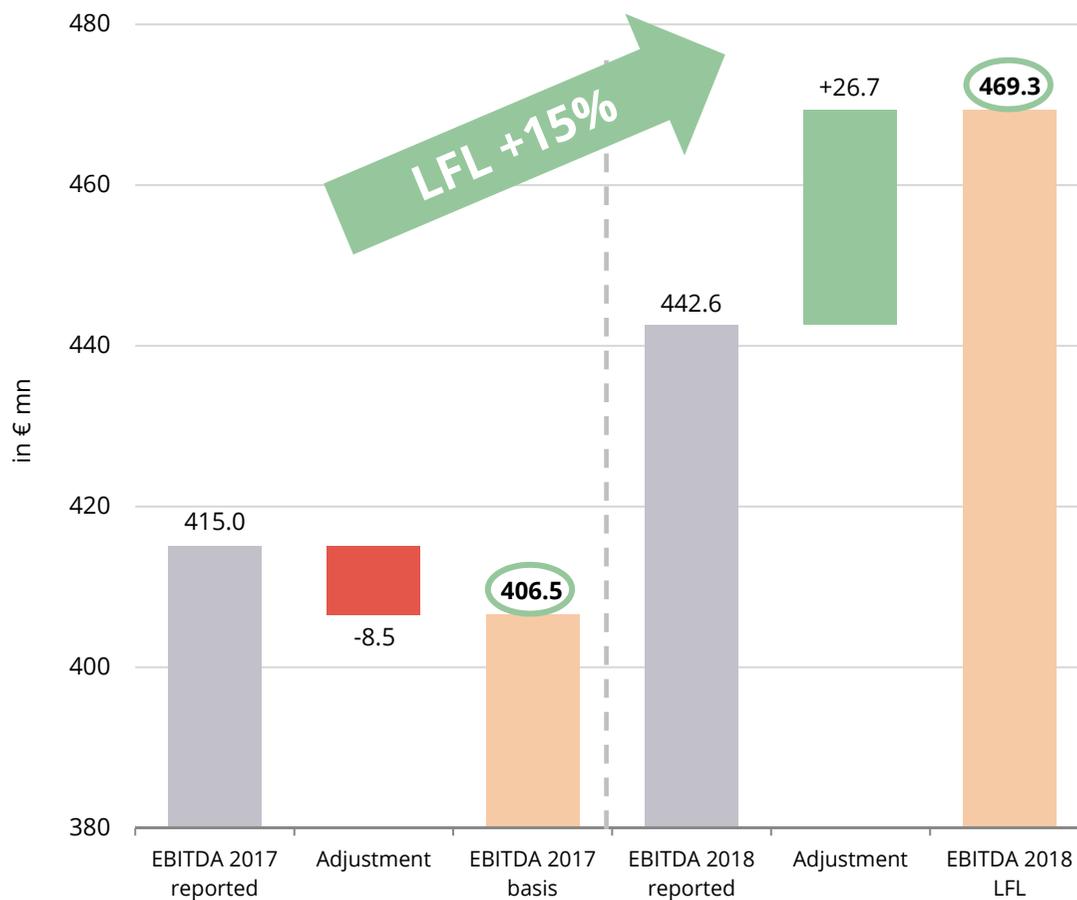
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Note: Rounding differences may arise from automatic processing of data

LFL EBITDA development

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EBITDA adjustment (€ mn)	2017	2018
FX	-	+7.3
Consolidation	+2.3	-13.2
Sale of assets ¹⁾	-22.8	-23.2
Structural adjustments	+12.0	+55.8
Total	-8.5	+26.7

1) Sale of non-strategic and non-operating assets
 Note: Rounding differences may arise from automatic processing of data

Income statement

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in € mn	2017	2018	Chg. in %
Revenues	3,119.7	3,305.1	+6
EBITDA LFL	406.5	469.3	+15
EBITDA	415.0	442.6	+7
EBIT	178.7	239.8	+34
Financial result	-33.8	-44.5	-32
Profit before tax	144.9	195.3	+35
Income taxes	-4.2	-48.5	<-100
Hybrid coupon and non-controlling interests	-17.5	-13.4	+23
Net result	123.2	133.5	+8

Cash flow development

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in € mn	2017	2018	Chg. in € mn	Chg. in %
Gross cash flow	302.4	326.5	+24.1	+8
Change in working capital ¹⁾	-30.1	-7.1	+23.0	+76
Normal capex	-147.5	-166.3	-18.8	-13
Divestments and other	27.6	83.3	+55.8	>100
Free cash flow	152.5	236.5	+84.1	+55
Growth capex ²⁾	-58.8	-158.9	-100.0	<-100
Dividend & share buyback ³⁾	-31.7	-79.9	-48.3	<-100
Hybrid coupon & buyback	-29.9	-13.6	+16.3	+54
Net cash flow	32.1	-15.9	-47.9	<-100

1) Adjusted for changes in the consolidation range

2) Including the buyout of minorities

3) Including dividends paid to non-controlling interests

Note: Rounding differences may arise from automatic processing of data

Balance sheet ratios and KPIs

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in € mn	31/12/2017	31/12/2018	Chg. in %
ROCE	7.3%	7.5%	-
Equity ¹⁾	1,911.2	1,939.1	+1
Equity ratio	52%	52%	-
Net debt	566.4	631.6	+12
Net debt / EBITDA	1.4	1.4	-
Gearing	30%	33%	-

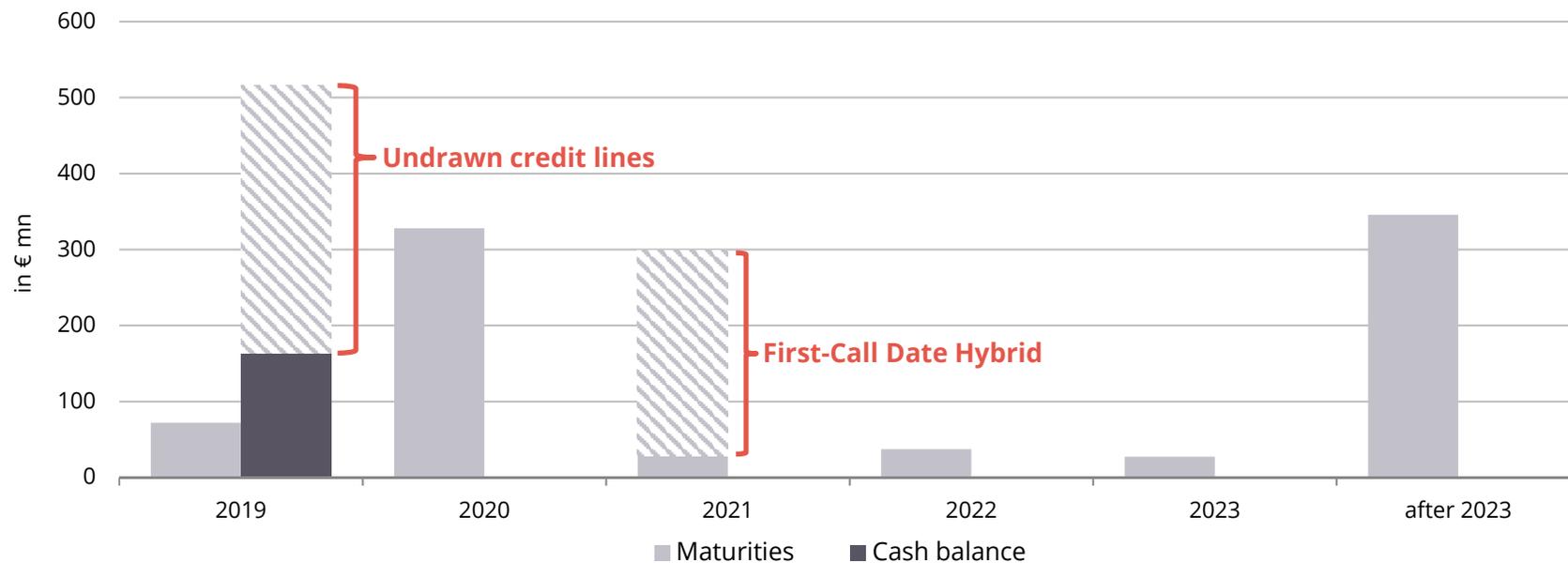
- › Increase in ROCE reflects strong operating performance
- › Net debt / EBITDA remains well under control also after step-up of M&A activity and strong increase of returns to shareholders

1) Including non-controlling interest and hybrid capital (100% equity according to IFRS)
Note: Rounding differences may arise from automatic processing of data

Balanced financing structure

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- > Cash 31/12/2018: € 163 mn
- > Credit lines: € 400 mn
 - > Thereof drawn 31/12/2018: € 55 mn
- > Term structure:



Note: Term structure of gross debt, cash position and financial liabilities as of 31/12/2018

Refinancing opportunities for hybrid instrument

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- › Continuous review of opportunities to optimize our balance sheet
- › All capital commitments are subject to strict criteria for shareholder value creation
- › Key criteria with regards to liability management
 - › **Financial benefit**
Proposed refinancings need to generate a positive internal rate of return after accounting for all costs and tax implications.
 - › **Corporate strength and flexibility**
Focus on maintaining strong liquidity, strategic flexibility and robust leverage and financial covenant positions.



Close monitoring of opportunities to buy back the hybrid instrument in the open market

Key data

- › Perpetual deeply subordinated hybrid bond
- › Wienerberger holds a call option
- › First call date: February 9, 2021
- › Principal amount: € 272,188,000.-
- › Denomination: € 1,000.-
- › Coupon payments are fully tax deductible
- › 5.00% fixed coupon per annum, payable annually in arrears until 2021; thereafter the coupon is determined every five years based on the then prevailing 5-year Swap Rate and a margin of 5.95%
- › Exchange traded instrument

Implementation of IFRS 16

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- > Extension of the balance sheet
 - > Recognition of "Right of Use Asset" and "Lease Liability"
- > Effects on income statement
 - > ↑ **EBITDA**: no rental / leasing expenses
 - > ↑ **EBIT**: Rental / lease cost is broken down into depreciation of "Right of Use Asset" and interest on the "Lease Liability"
 - > ↓ **Interest result**: interest on "Lease Liability"
- > Change in accounting standard has no impact on cash flows

Implementation as of
January 1, 2019

Pro-forma effects of implementation in 2018

Income Statement	in € mn
EBITDA	+41
Depreciation	-39
EBIT	+2
Interest result	-3
Net income	-1

Balance sheet	in € mn
Change of net debt	+200

IFRS 16 impact on financial framework

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- ✓ 2019 guidance reflects IFRS 16 impact on EBITDA of approx. € 41 mn
- ✓ Internal target for financial discipline increases to Net debt / EBITDA ratio of 2.5 at year-end (from 2.0)
- ✓ Net debt / EBITDA covenant on bank debt will be increased from 3.5 to 3.9

**Change in accounting standard has
no impact on cash flows**





VISION AND STRATEGY

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Leveraging our growth potential

New group structure to drive strategic objectives

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Organic growth

Clear growth strategy



Operational Excellence



Growth projects & Portfolio optimization

Streamlined organizational structure to unlock value



Wienerberger Building Solutions

Solutions for walls, facades, roofs and paving

Wienerberger Piping Solutions

Plastic and ceramic piping solutions

North America

Facade solutions
Plastic piping solutions

Our way forward

Wienerberger Building Solutions

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Position today

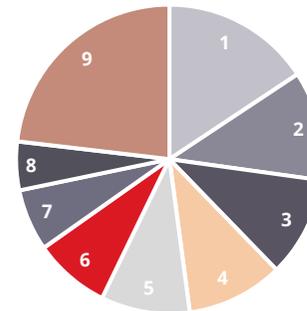
- › Undisputed market leader in clay building materials for walls, facades, roofs and paving
- › Market leader in concrete paving in Eastern Europe
- › Supplier of innovative solutions and leader in the digital transformation of the building materials industry

Our Vision

- › Integration of concrete paving business and investment in insulation start-up first steps to enlarge the business unit with new materials and applications
- › Targeted acquisitions to complement our geographic footprint and product offering
- › Leverage product innovation and operational excellence across our European platform

Strong market coverage across Europe

Total Revenues ~ € 2.0 bn



- 1 GREAT BRITAIN 16%
- 2 GERMANY 11%
- 3 NETHERLANDS 11%
- 4 BELGIUM 10%
- 5 POLAND 9%
- 6 FRANCE 8%
- 7 CZECH REPUBLIC 6%
- 8 AUSTRIA 5%
- 9 OTHER COUNTRIES 23%



Our way forward

Wienerberger Piping Solutions

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Position today

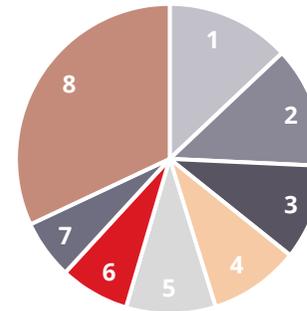
- › Clear market leader in Nordic markets and leading position in Europe
- › Broad portfolio of end markets and significant exposure to counter-cyclical infrastructure spending
- › Track record of bolt-on acquisitions to develop the portfolio

Our Vision

- › Significant M&A opportunities to consolidate markets and add innovative applications
- › Strategic focus on highly attractive growth areas
 - › Smart infrastructure
 - › In-house solutions
 - › Special industrial and energy applications

Strong market coverage across Europe

Total Revenues ~ € 1.0 bn



- 1 AUSTRIA 13%
- 2 NORWAY 13%
- 3 BELGIUM 10%
- 4 SWEDEN 10%
- 5 NETHERLANDS 9%
- 6 FINLAND 7%
- 7 POLAND 6%
- 8 OTHER COUNTRIES 32%



Our way forward

North America

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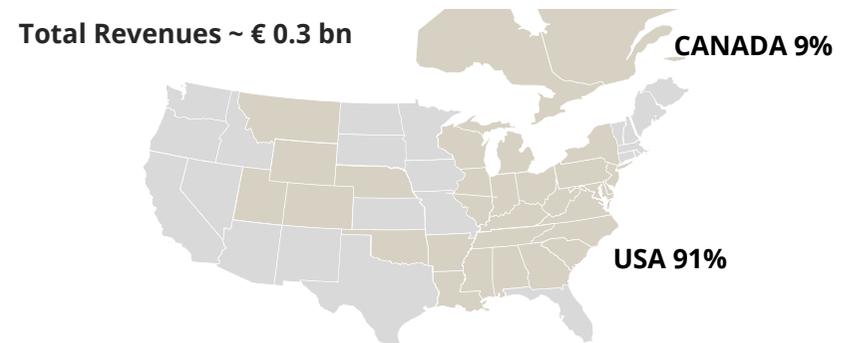
Position today

- > Leading market position in key US brick markets East of the Mississippi
- > Successful track record of value creating bolt-on M&A
- > Highly profitable positions in Canadian facade market and US piping market

Our Vision

- > Drive consolidation in the US brick market through bolt-on M&A
- > Expand geographic market coverage
- > Further develop portfolio to strengthen positioning as solution provider

Broad coverage of core bricks markets

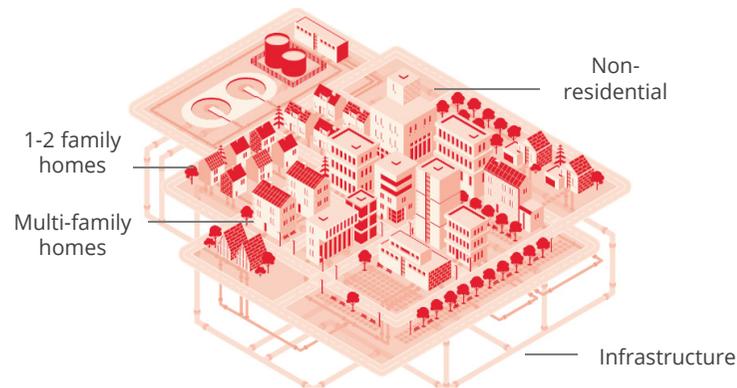


Outstanding portfolio of leading businesses

Balanced, resilient and a broad base for growth

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Leveraging local know-how for cross selling in multiple end markets



Leading market positions and strong brands

PLASTIC PIPES
Leading position in Europe



FACING BRICKS
No. 1 in Europe
Leading position in USA

CERAMIC PIPES
No. 1 in Europe



CLAY BLOCKS
No. 1 worldwide

CONCRETE PAVERS
No. 1 in CEE



CLAY ROOF TILES
No. 1 in Europe

Building on shared platforms

SHARED INNOVATION



CENTRALIZED PROCUREMENT

SHARED DIGITAL PLATFORMS



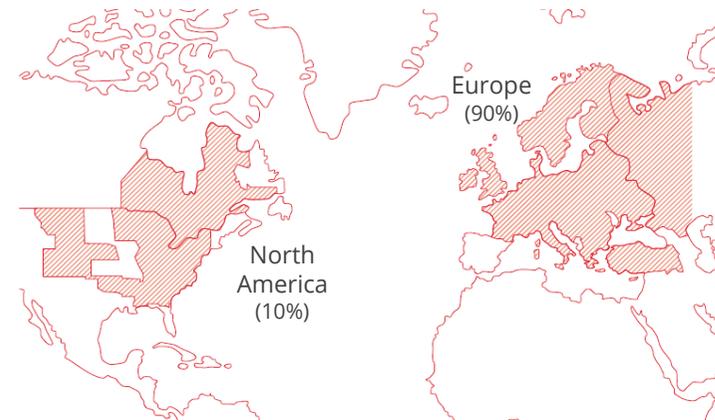
CENTRAL ENGINEERING FUNCTION

COMMERCIAL EXCELLENCE



EFFICIENT GENERAL ADMINISTRATION

Balanced geographic footprint





OUTLOOK 2019

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Looking ahead to 2019

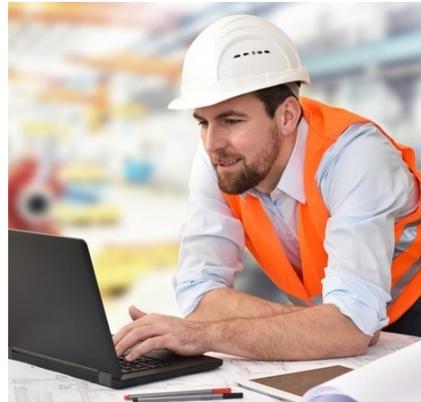
Favourable growth drivers for 2019

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1 Constructive environment in core markets



2 Leverage solutions offering across the portfolio



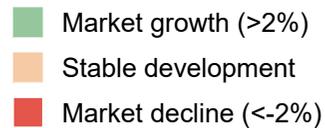
3 Continued delivery of Fast Forward 2020 savings



4 Disciplined M&A to strengthen core platforms



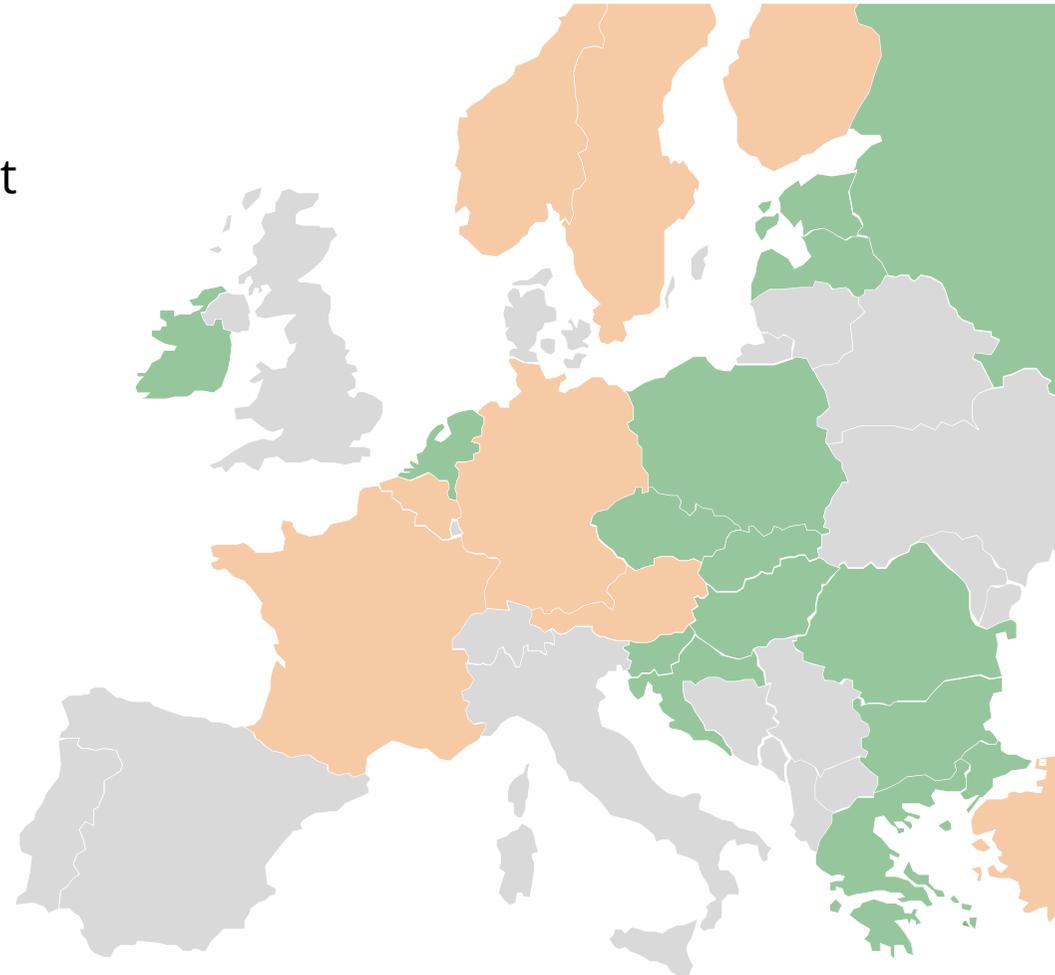
- > Slight growth in European residential construction
- > Positive market environment in Eastern Europe
- > Diverging regional trends in Western Europe



Note: Estimates refer to developments in our relevant markets and applications for new construction and renovation.
Source: Management estimates

- > Sound environment in European infrastructure market
- > Continuation of the positive market trend in Eastern Europe
- > Stable development in Western Europe
- > Sound Nordic markets

- Market growth (>2%)
- Stable development
- Market decline (<-2%)



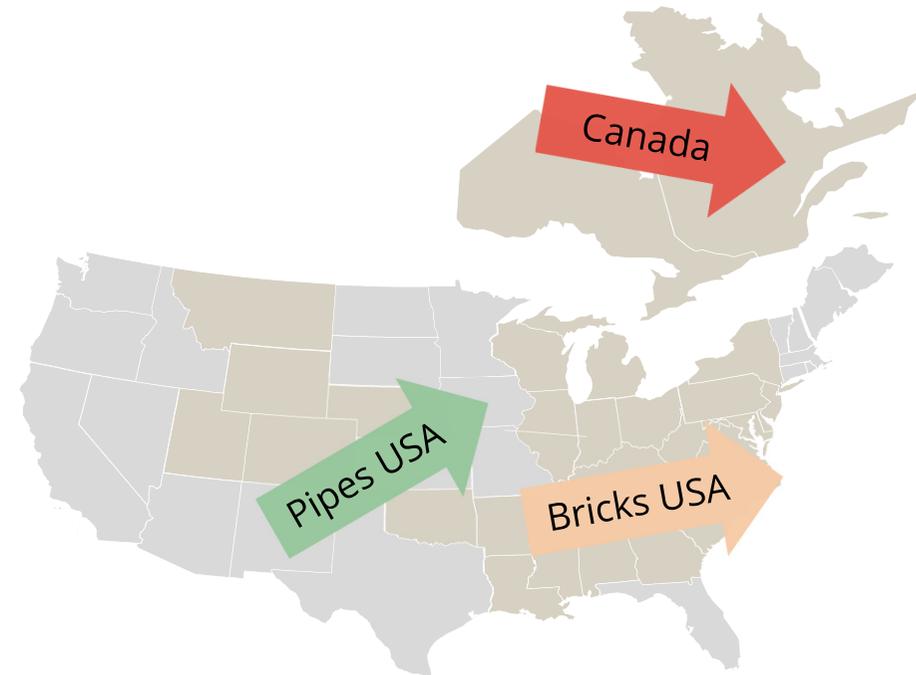
*Note: Estimates refer to developments in our relevant markets and applications in the pipe business.
Source: Management estimates*

Market Outlook 2019

North America

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- > Diverging trends in our North American operations
 - > Slight growth in our relevant brick markets
 - > Sound demand in US piping markets
 - > Government measures cause slowdown of strong housing activity in relevant Canadian markets



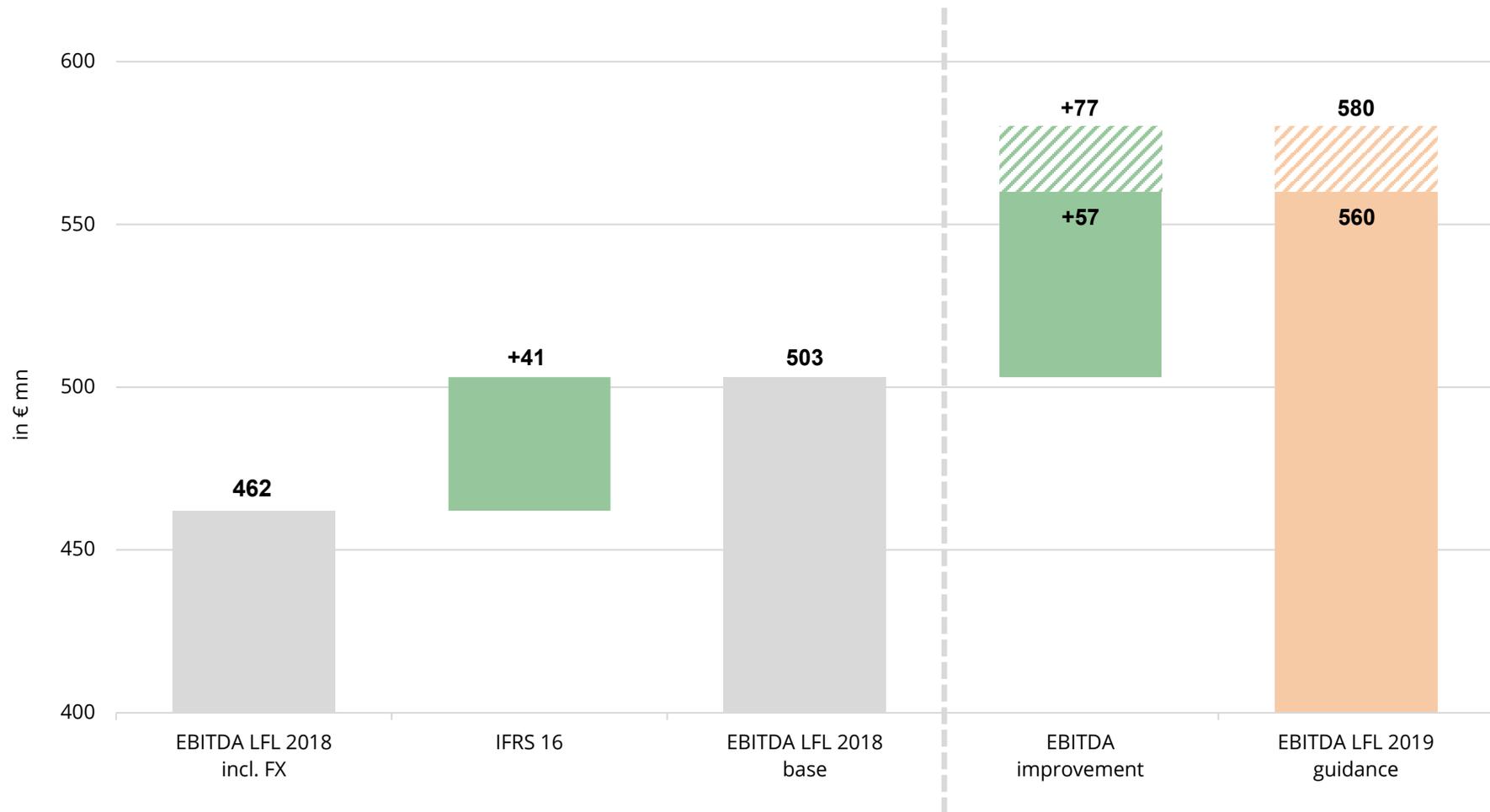
- Market growth (>2%)
- Stable development
- Market decline (<-2%)

*Note: Estimates refer to developments in our relevant markets and applications.
Source: Management estimates*

Outlook 2019

Confident in delivery

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Note: Rounding differences may arise from automatic processing of data

Outlook 2019
Clear goals

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EBITDA LFL



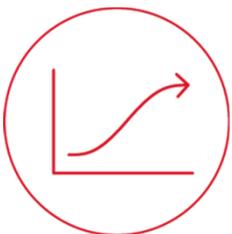
€ 560 mn - € 580 mn



Normal capex



~ € 200 mn



Growth capex



We continue to work on a highly attractive deal pipeline and expect to move ahead on a number of M&A opportunities

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