Wienerberger Results Q1-3 2019

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Q1-3 2019

Highlights

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Substantial earnings growth in Q1-3

Revenues	€ 2,656 mn	+6%
EBITDA LFL	€ 457 mn	+27%
Net profit	€ 206 mn	+64%
Operating cash flow	€ 200 mn	+88%

Strong delivery on Fast Forward efficiency improvements

Q1-3 earnings contribution € 35 mn

Confident in achieving our 2019 performance goals

EBITDA LFL € 570 – 580 mn

Q1-3 2019

Excellent performance

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Revenues

€ 2,655.9 mn

(Q1-3 2018: € 2,495.2 mn | +6%)

LFL [1]: +5%

EBITDA LFL [2]

€ 456.7 mn

(Q1-3 2018: € 359.9 mn | +27%)

Net profit

€ 205.7 mn

(Q1-3 2018: € 125.7 mn | +64%)

EBITDA LFL margin

17.5%

(Q1-3 2018: 14.4% | +310 bp)

1) Adjusted for effects from consolidation and FX
2) Adjusted for effects from consolidation, sale of non-strategic and non-operating assets, FX, structural adjustments
Note: Q1-3 2019 EBITDA LFL includes an effect of € 32.9 mn from the implementation of IFRS 16

Q3 2019
Highlights

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Strong focus on innovation and enhanced revenue share of high added-value solutions

Strong earnings contribution from Fast Forward program

Successful step in repositioning our underperforming Nordic brick business

Value creating growth step in Danish facade market

Fully on track with Fast Forward program

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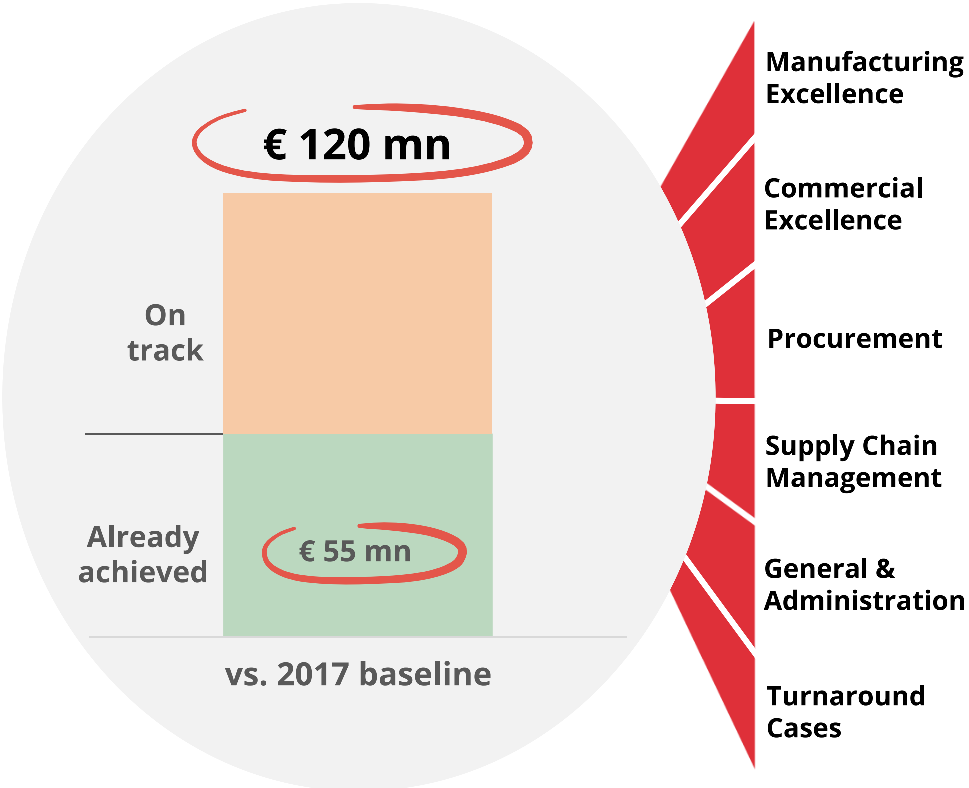
- Earnings enhancement of € 35 mn delivered in Q1-3 19
- Strong improvement of product mix
- Automation projects, efficiency improvements and energy savings
- New procurement organization
- Improved supplier management

Strong progress in delivery of performance enhancement

On track to realize full performance improvement



Portfolio Optimization

Management of underperforming businesses

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Businesses with unsatisfactory profitability & growth potential

Revenues € 350 mn **Avg. EBITDA-margin <10%**

M&A as catalyst for repositioning	› M&A opportunities have been identified as catalysts for repositioning certain businesses and unlocking the growth potential › WBS organizations in Germany, Austria and Denmark
Repositioning within the framework of Fast Forward	› Our Fast Forward program also is a platform for turning around businesses organically › French plastic pipe business and Ceramic pipe business
Evaluation of disposals	› If our analysis suggests that a restructuring will not yield the expected returns we initiate a structured disposal process › Semmelrock Austria

Acquisition of Danish facade businesses

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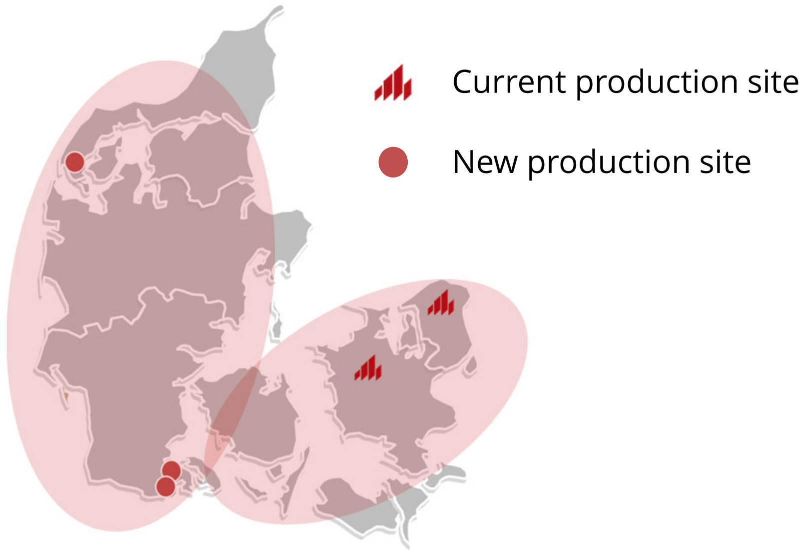
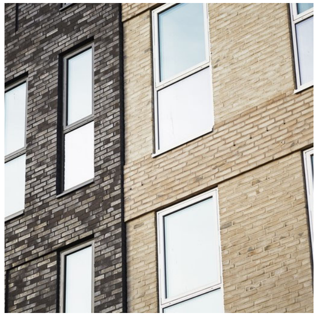
- Strengthening of market position in residential construction as well as commercial and public building projects
- Enhanced product portfolio and distribution platform through acquisition of
  - Two producers of innovative, high-quality facing bricks and ceramic accessories
  - A distribution company operating under one of the most recognized brick brands in Denmark

Focus on growth in attractive Nordic facade market

Combined regional revenues of € 95 mn





Free Cash Flow

Shareholder value proposition underpinned by superior cash generation

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COMMITMENT TO SUPERIOR CASH GENERATION

Superior Cash Generation

> Continuous focus on superior cash generation across the entire Group, delivered by:

1 **Operational Excellence**

2 **Capex discipline**

3 **Active portfolio management**

Relentless Capex Discipline

> Relentless capex discipline ensures investment is focused on projects offering the highest investment yield:

- Well-invested base of long-term assets
- Strong track record of consistent value-enhancing capex
- Strong foundation for further sustainable profitability improvements
- No requirements for large, one-off expenditures

Strong and consistent cash generation creates significant capacity for **discretionary investment projects** and **capital returns to shareholders**

Attractive free cash flow yield relative to peers

Free Cash Flow

New capex definitions provide clarity

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THREE CAPEX CATEGORIES

	1 MAINTENANCE CAPEX	2 SPECIAL CAPEX	3 M&A
	RECURRING	DISCRETIONARY	
Definition	> Recurring maintenance investments > Health & safety	> Fast Forward capex > Organic growth investments > Digitalization and innovation (incl. R&D, product roll-out, upgrades)	> Value-accretive acquisitions
Annual Guidance	€ 120-140 mn p.a.	Annual guidance based on investment plans	–
2019 Guidance	~ € 135 mn	~ € 120 mn	€ 34 mn during Q1-3 2019

Applying these definitions, **reported free cash flow is expected to increase** and will exclusively reflect recurring capital spending

Wienerberger Building Solutions

Strong earnings improvement

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- Strong performance in broadly flat market environment
- Enhanced revenue share of high added-value solutions
- Bolt-on acquisitions contributed to delivery of highly satisfactory performance

WBS (in € mn)	Q1-3 2019	Q1-3 2018	Chg. in %
External revenues	1,651.4	1,534.6	+8
EBITDA LFL	349.1	273.5	+28
EBITDA	352.5	269.6	+31
EBITDA LFL margin	21.5%	17.8%	-

Wienerberger Piping Solutions

Significant earnings growth

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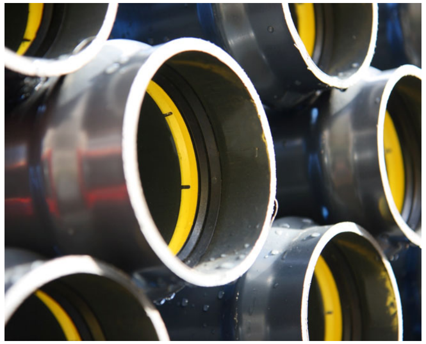
- Stable demand for infrastructure and water management solutions
- Significant growth of in-house business supported by strong contribution of acquired electro accessories specialist
- Increased demand in energy sector drives growth in special pipes business

WPS (in € mn)	Q1-3 2019	Q1-3 2018	Chg. in %
External revenues	746.5	724.7	+3
EBITDA LFL	81.3	57.4	+42
EBITDA	78.3	42.8	+83
EBITDA LFL margin	10.9%	7.9%	-



North America

Satisfactory performance in mixed environment

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- Highly satisfactory earnings in US facade business despite weaker than expected housing markets
- Canadian housing activity was held back by stricter regulation but sentiment improved in Q3
- Prior year's record result of US plastic pipe business could not be repeated due to weather related project delays

North America (in € mn)	Q1-3 2019	Q1-3 2018	Chg. in %
External revenues	257.6	235.0	+10
EBITDA LFL	26.3	29.0	-9
EBITDA	35.6	30.8	+15
EBITDA LFL margin	11.2%	12.3%	-

OUTLOOK 2019

Performance 2019

Continuous improvements

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Further enhancement of product portfolio

Strong focus on innovation

Value adding acquisitions and Fast Forward optimization measures

High confidence in achieving our 2019 growth ambitions

Outlook 2019

Strong commitment to goal achievement

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EBITDA LFL	»	**€ 570 mn - € 580 mn**
Maintenance capex	»	**~ € 135 mn**
Special capex	»	**~ € 120 mn**
M&A	»	**€ 34 mn** invested in Q1-3 2019

KEY FINANCIALS

Operating performance

Strong growth of EBITDA LFL

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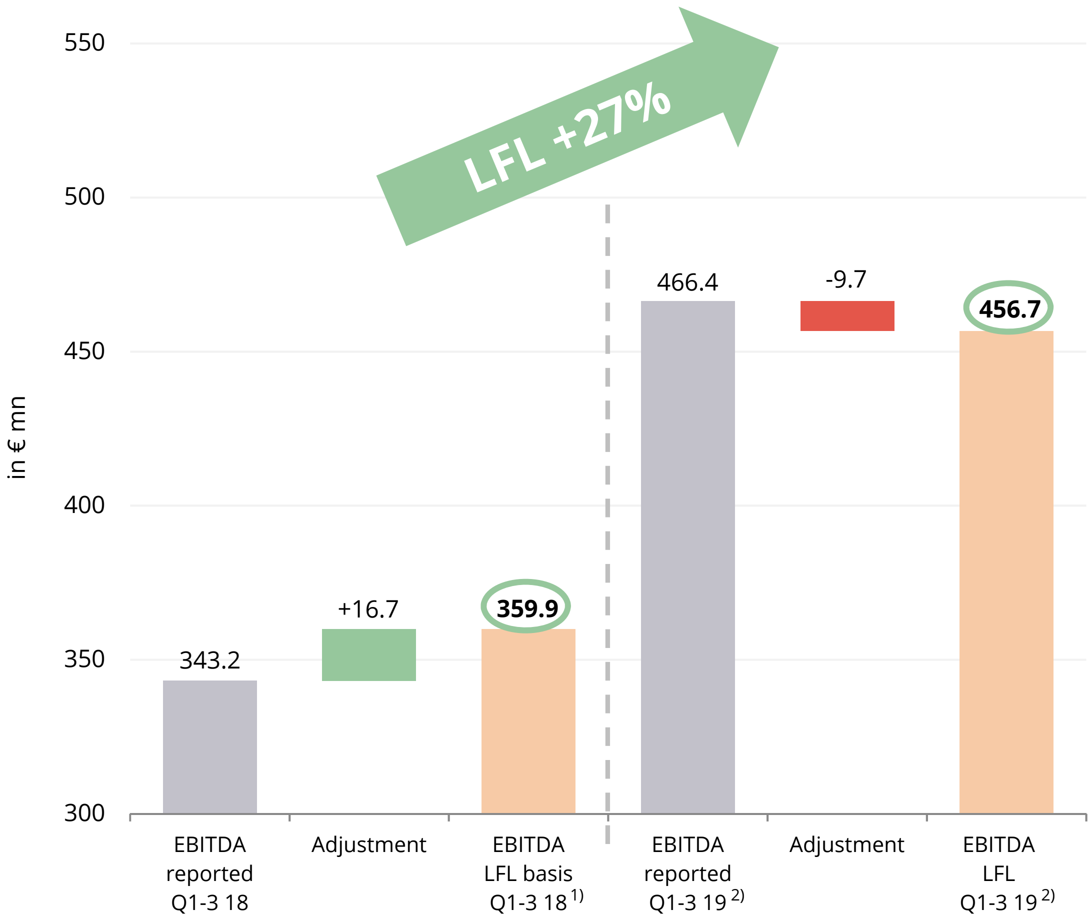

EBITDA adjustment (€ mn)	**Q1-3 19**	**Q1-3 18**
EBITDA reported 2)	**466.4**	**343.2**
FX	+1.1	-
Consolidation	-11.3	-
Sale of assets 3)	-3.4	-11.0
Structural adjustments 4)	+3.9	+27.6
Total adjustment	**-9.7**	**+16.7**
EBITDA LFL 2)	**456.7**	**359.9**

1) Q1-3 2018 EBITDA not adjusted for IFRS 16
2) Includes an effect of € 32.9 mn from the implementation of IFRS 16
3) Sale of non-strategic and non-operating assets
4) Costs related to repositioning and restructuring of selected businesses
Note: Rounding differences may arise from automatic processing of data

Income Statement

Strong earnings increase

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in € mn	Q1-3 2019	Q1-3 2018	Chg. in %
Revenues	2,655.9	2,495.2	+6
EBITDA LFL	**456.7**	**359.9**	**+27**
EBITDA	**466.4**	**343.2**	**+36**
EBIT	**292.0**	**206.9**	**+41**
Financial result	-27.6	-30.7	+10
Profit before tax	**264.5**	**176.2**	**+50**
Income taxes	-48.4	-40.6	-19
Hybrid coupon and non-controlling interests	-10.4	-9.9	-5
Net result	**205.7**	**125.7**	**+64**
EPS	1.80	1.08	+66

Note: Rounding differences may arise from automatic processing of data

Accounting change

Impact of IFRS 16 implementation

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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 underlying cash flows

€ 32.9 mn effect on EBITDA in Q1-3 19

Impact of implementation in Q1-3 19

Income Statement	in € mn
EBITDA	+32.9
Depreciation	-31.5
EBIT	+1.4
Interest result	-2.6
Net income	-1.2

Balance sheet	in € mn
Change of net debt	+163.0

Note: Rounding differences may arise from automatic processing of data

Cash Flow development

Operating CF reflects strong earnings increase

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in € mn	Q1-3 2019	Q1-3 2018	Chg. in € mn	Chg. in %
Gross cash flow	**367.5**	**251.4**	**+116.1**	**+46**
Change in working capital 1)	-168.0	-145.2	-22.8	-16
Cash flow from operating activities	**199.5**	**106.2**	**+93.3**	**+88**
Maintenance capex	-93.4	-75.3	-18.2	-24
Divestments and other 2)	-19.8	+60.6	-80.4	<-100
Free cash flow	**86.2**	**91.6**	**-5.3**	**-6**
Special capex	-39.4	-36.8	-2.7	-7
M&A	-33.9	-45.1	+11.2	+25
Buyout of minorities	0	-30.1	+30.1	+100
Dividend & share buyback 3)	-69.7	-60.8	-8.8	-15
Hybrid coupon & buyback	-29.6	-13.6	-16.0	<-100
Net cash flow	**-86.4**	**-94.9**	**+8.6**	**+9**

1) Adjusted for changes in the consolidation range // 2) Including lease payments, which are reported in cash flow from financing activities upon the implementation of IFRS 16 of € 30.3 mn // 3) Including dividends paid to non-controlling interests // Note: Rounding differences may arise from automatic processing of data

Balance Sheet

Sound ratios despite IFRS 16 impact

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in € mn	30/9/2018	31/12/2018	30/9/2019	Chg. in % vs. 31/12/2018
Equity 1)	1,934.2	1,939.1	2,050.9	+6
Equity ratio	51%	52%	50%	-
Net debt 2)	686.0	631.6	881.2	+40
Net debt / EBITDA 3)	1.5	1.4	1.6	-
Gearing	36%	33%	43%	-

1) Including non-controlling interest and hybrid capital (100% equity according to IFRS)
2) Includes effect of € 163.0 mn from implementation of IFRS 16
3) Calculated based on 12-months EBITDA
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Development of net debt

IFRS 16 and WC seasonality cause increase

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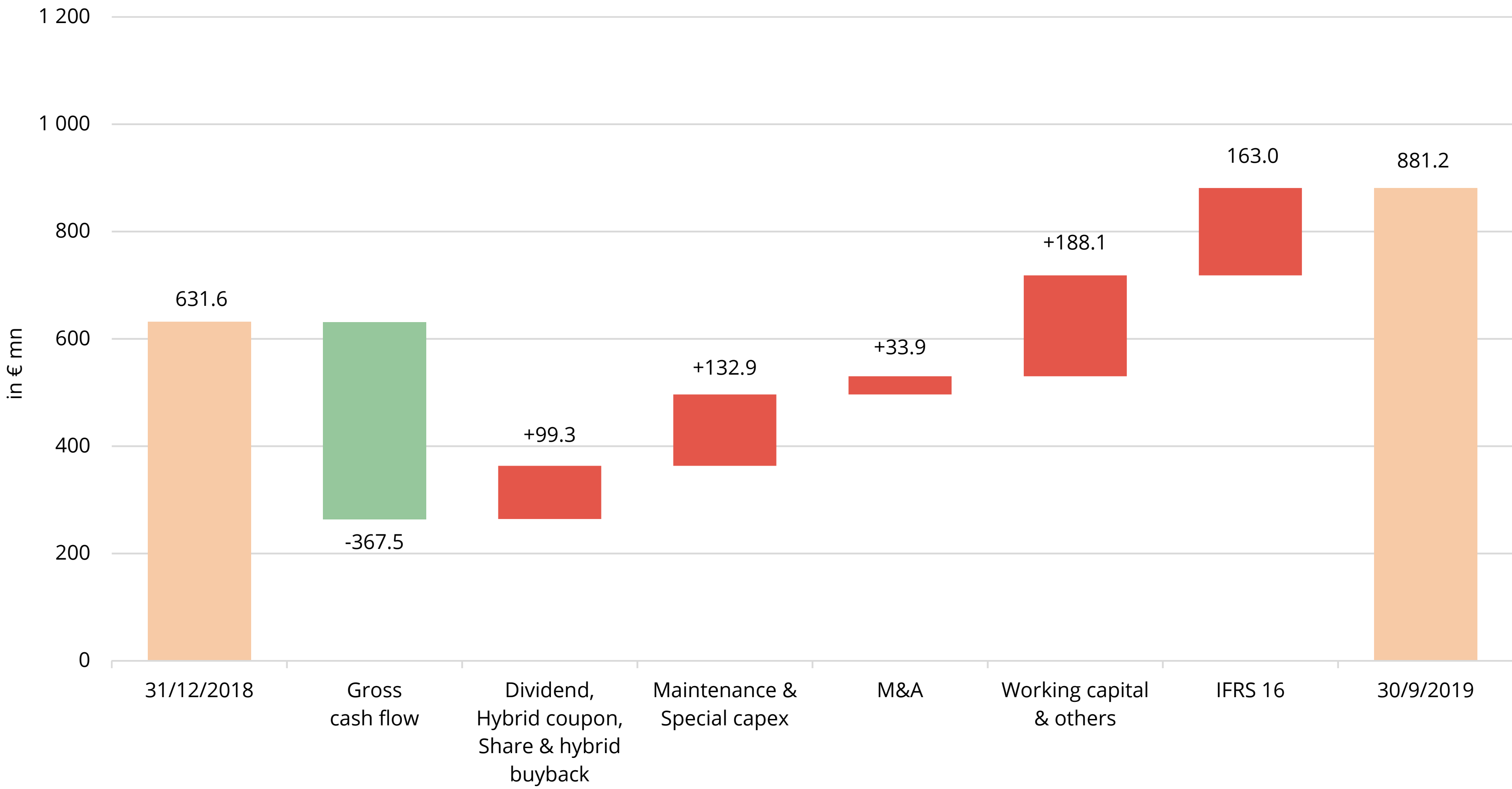

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Wienerberger Investor Relations
Wienerbergstrasse 11
1100 Vienna, Austria
T: +43 1 60 192 10221
investor@ Wienerberger.com