

Wienerberger Results 2019

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2019: Record year for Wienerberger

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Revenue growth

- **4% growth** of revenue LFL despite flat to softening markets driven by
 - Upgrade of product mix
 - > Higher average prices to cover cost inflation



Increased profitability

- Focus on strategic growth markets and segments
- Increased share of higher-margin products
- Optimized cost structures



Mid-term target 2020

Mid-term target of € 600 mn EBITDA already achieved in 2019 (€ 610 mn)



Fast Forward

- Performance enhancement program progressing ahead of plan
- › Delivering incremental EBITDA contribution of € 50 mn



M&A

- Value-adding bolt-on acquisitions
- Successful portfolio optimization measures





Wienerberger achieved its best results in 200 years history

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Revenue

€ 3,466.3 mn

(2018: € 3,305.1 mn | +5%) LFL ¹): +4%

Free cash flow 3)

€ 286.0 mn

(2018: € 272.5 mn | +5%)

EBITDA LFL 2)

€ 587.5 mn

(2018: € 475.3 mn | +24%)

EBITDA LFL margin

17.3%

(2018: 14.4%)

2019: Record year for Wienerberger

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Substantial shareholder return

€ 86 mn returned to our shareholders via dividend and share buyback



Strong value management

ROCE of **10.6%** reflects significantly improved operating earnings



Disciplined balance sheet management

Net debt / EBITDA remains at 1.4x despite IFRS 16 impact

Working capital / revenues of **16.9%** significantly below internal target of 20%

Our operating environment 2019 in Europe

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New Build | Renovation



Slightly increased demand in the first half of the year driven by **beneficial** weather conditions



National regulations and increasing **political and economic uncertainties** adversely impacted market sentiments



Slow down of activities in certain markets starting in Q3, resulting in lower demand and volumes

Infrastructure



Slightly increased demand in Eastern Europe due to **EU-funded infrastructure projects**



Stable market development in Northern- and Western Europe



Average flat market environment for full year 2019

Our operating environment 2019 in North America

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New Build | Renovation | Infrastructure



Continuing **competitive landscape** in the US brick market



Regulatory environment in Canada had still dampening effect on demand



Infrastructure projects were influenced by **bad weather conditions** in first half of the year leading to **project delays**

Wienerberger Building Solutions

Strong earnings improvement

- Strong performance in broadly flat markets
- Covering cost inflation through improved pricing
- Enhanced revenue share of higher value-adding solutions
- Fast Forward efficiency improvements drive profitability
- Bolt-on acquisitions contributed to delivery of highly satisfactory performance
- Portfolio optimization in Denmark strengthens market position in attractive Nordic facade market

WBS (in € mn)	2019	2018	Chg. in %
External revenues	2,170.6	2,050.7	+6
EBITDA LFL	455.4	369.1	+23
EBITDA	468.6	351.9	+33
EBITDA LFL margin	(21.4%)	19.4%	-



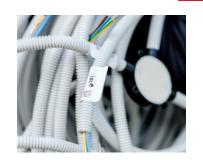


Wienerberger Piping Solutions

Significant earnings growth

- Stable demand for infrastructure and water management solutions
- > Focus on innovative, higher value-adding solutions
- Fast Forward initiatives result in strong earnings enhancement
- Significant growth of in-house business supported by acquired electro accessories specialist
- Increased demand in energy sector drives growth in special pipes business

WPS (in € mn)	2019	2018	Chg. in %
External revenues	959.4	946.4	+1
EBITDA LFL	100.0	70.1	+43
EBITDA	98.2	54.0	+82
EBITDA LFL margin	10.4%	8.6%	-





North America

Satisfactory performance in mixed environment

- Highly satisfactory earnings in facade business despite highly competitive landscape
- Implementation of Fast Forward performance enhancement initiatives
- Acquisition of facing brick producer in Pennsylvania delivers strong earnings contribution
- Canadian demand dampened by stricter
 regulation sentiment improved in Q4
- Plastic pipe business impacted by weather-related project delays

North America (in € mn)	2019	2018	Chg. in %
External revenues	335.7	306.8	+9
EBITDA LFL	32.1	36.1	-11
EBITDA	43.2	36.7	+18
EBITDA LFL margin	10.4%	12.7%	-





Group Strategy Focused on value creation

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1

Organic growth



2

Operational Excellence



3

Growth projects
Portfolio optimization



Strong track record in consistent implementation of our sustainable growth strategy

Organic growthOur growth drivers

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Innovative solutions

- > Electrical spider concept
- Pre-fabricated electrical power supply based on digital plan
- Reduces installation time from 16h to 3h



Digitalization

- Wienerberger Building platform
- > All4Roof
- Digital Building Libraries



Value adding applications

Tackling shortage of skilled labor

- > Prefabricated brick walls
- Construction plans are digitally transformed and precisely built according to customer needs



Market proximity

- > First climate positive infill brick
- Certified by "TÜV"
- > Exeptional thermal insolation value
- > Excellent sound insolation
- Healthy indoor climate

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(2) Operational Excellence

Fast Forward contribution ahead of plan

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Fast Forward performance enhancement program delivers ahead of plan:

€ **50 mn** EBITDA contribution in 2019

- Continuous focus on improving product mix
- Automation projects, efficiency improvements and energy savings
- Optimized input costs driven by new procurement organization

2020 contribution: additional € 50 mn



Growth projectsAcquisition of BPD Group

- > BPD is a specialist producer of accessories for roofing solutions and the building envelope
- Important further step towards becoming an integrated supplier of full-range roofing and building envelope solutions
- Acquisition of BPD grows our addressable share of the total value of the building envelope
- > Revenue 2018: GBP 30 mn







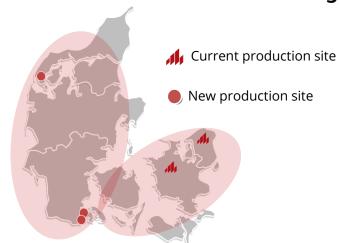


Portfolio optimization Acquisition of Danish facade businesses

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- Strengthening of market position in residential construction as well as commercial and public projects in the attractive Nordic facade market
- > 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
- Combined revenues of € 95 mn

Successful restructurings of underperforming assets of total € 350 mn revenues; 2019 achievement: ~ € 100 mn







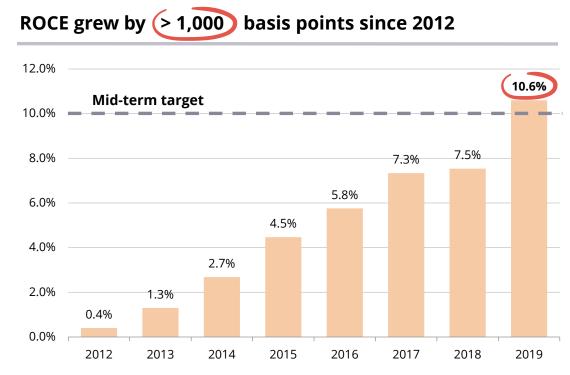
Value management

Committed to maximizing value for our shareholders

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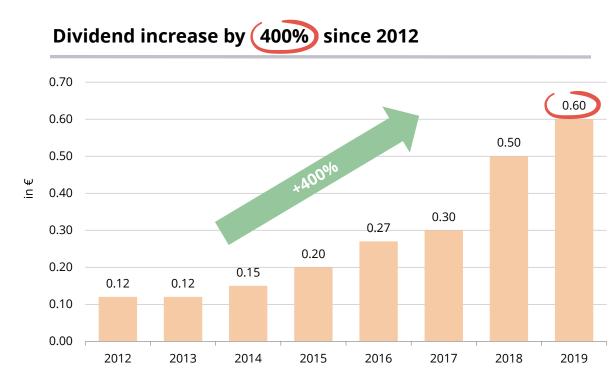
- > ROCE serves as **key indicator** for:
 - value oriented management of our company
 - > capital allocation decisions
- Significant growth since 2012

ROCE of 10.6% marks 11-year high and exceeds mid-term target of 10%



- > Strong increase of proposed dividend to € 0.60 per share reflects strong operating performance
- > Buyback and cancellation of 1% of shares issued in 2019
- Clear policy of distributing 20-40% of free cash flow in form of dividend and share buybacks

30% of free cash flow or € 87 mn returned to shareholders in 2019



Summary highlights 2019

Clear focus on sustainable growth and cash generation

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Record sales and earnings in 200 years history due to consistent implementation of sustainable growth strategy



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



Significant earnings growth despite broadly flat market environment



Fast Forward fully on track to deliver promised € 120 mn EBITDA improvement by end of 2020



Bolt-on acquisitions as further step towards a full system provider



Proposed dividend increase of 20% year-on-year





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LFL EBITDA development



EBITDA adjustments (in € mn)	2019	2018
EBITDA reported	610.0	442.6
FX	-0.1	-
Consolidation 1)	-13.7	-
Sale of assets ²⁾	-8.7	-23.2
Structural adjustments ³⁾	+0.0	+55.8
Total adjustment	-22.5	+32.6
EBITDA LFL	587.5	475.3

¹⁾ Includes one offs in the amount of \in 3.8 mn

²⁾ Sale of non-strategic and non-operating assets

³⁾ Costs related to repositioning and restructuring

of selected businesses

Income statement

in € mn	2019	2018	Chg. in %
Revenues	3,466.3	3,305.1	+5
EBITDA LFL	587.5	475.3	+24
EBITDA	610.0	442.6	+38
EBIT	362.7	239.8	+51
Financial result	-47.4	-44.5	-7
Profit before tax	315.3	195.3	+61
Income taxes	-52.5	-48.5	-8
Profit after tax	262.8	146.9	+79
Hybrid coupon and non-controlling interests	-13.7	-13.4	-2
Net result	249.1	133.5	+87

Cash flow development

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in € mn	2019	2018	Chg. in € mn	Chg. in %
Gross cash flow	476.7	326.5	+150.2	+46
Change in working capital 1)	-46.9	-7.1	-39.8	<-100
Maintenance capex	-140.1	-130.3	-9.8	-8
Divestments and other	39.3	83.3	-44.1	-53
Lease payments ²⁾	-42.9	0.0	-42.9	<-100
Free cash flow	286.0	272.5	13.5	+5
Special capex	-115.4	-85.6	-29.8	-35
M&A	-47.9	-79.2	+31.3	+40
Buyout of minorities	0.0	-30.1	+30.1	+100
Dividend & share buyback ³⁾	-87.0	-79.9	-7.1	-9
Hybrid coupon & buyback	-41.4	-13.6	-27.7	<-100
Net cash flow	-5.6	-15.9	+10.3	+65

¹⁾ Adjusted for changes in the consolidation range

Note: Rounding differences may arise from automatic processing of data

²⁾ Lease payments due to implementation of IFRS 16

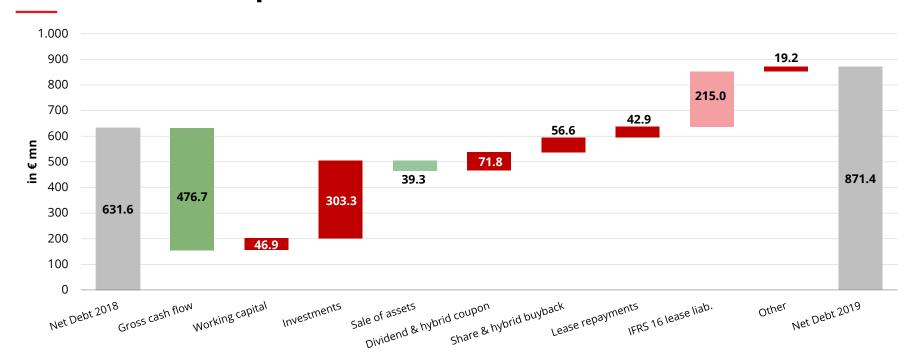
³⁾ Including dividends paid to non-controlling interests

Total investments

in € mn	2019	2018	Chg. in %
Maintenance capex	140.1	130.3	+8
in % of depreciation & amortization	57%	67%	-
Special capex	115.4	85.6	+35
Total investments	255.5	215.8	+18
M&A	47.9	79.2	-40
Total investments and M&A	303.3	295.0	+3

- > Strict financial discipline
- > Clear guidance for maintenance capex
- > Selected discretionary projects dependent on free cash flow generation

Net Debt Development



- > Net debt development driven by IFRS 16 Leases effect
- > Due to strong financial discipline, nearly stable without IFRS 16
- Non-cash increase of net debts due to first time adoption of IFRS 16

Balance sheet ratios and KPIs

in € mn	2019	2018	Chg. in %
ROCE 1)	10.6%	7.5%	-
Equity ²⁾	2,076.8	1,939.1	+7
Equity ratio	50.3%	51.8%	-3
Net debt	871.4	631.6	+38
Net debt / EBITDA	1.4	1.4	-
Gearing	42.0%	32.6%	-

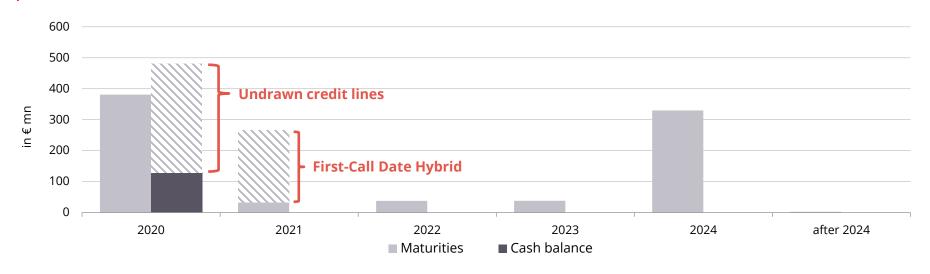
- > Mid-term ROCE target >10% has been exceeded for the first time as a result of the strong operative performance
- > Additional increase in net debt and gearing due to IFRS16 implementation (€ +215 mn finance lease)
- > Nevertheless, net debt / EBITDA remains constant at 1.4 at year end

¹⁾ Including IFRS16 effects

²⁾ 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

- > Cash 31/12/2019: € 129 mn
- > Credit lines: € 400 mn
 - > Thereof drawn 31/12/2019: € 40 mn
- > Term structure:



Balance sheet management

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Attractive refinancing of Corporate Bond 2020 through first Green Loan







Clear commitment to sustainability goals through initial green financing

Consistent implementation of the sustainability strategy has a **positive effect on financing costs**

Refinancing of the 2013-2020 corporate bond at **attractive conditions**

Green Loan 2020-2027	
Volume	€ 170 mn
Interest rate	Linked to sustainability rating & bank covenants; Currently <1% p.a.
Reduction of annual financi	ng cost € ~ 10 mn

Corporate Bond 2013-2020	
Volume	€ 300 mn
Coupon	4% p.a.
Maturity	April 2020
Bond will be refinanced with Green Loan and cash	

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
 - TEBIT: 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

Effects of implementation FY2019			
Income Statement	in € mn		
EBITDA	+46.5		
Depreciation	-44.6		
EBIT	+1.9		
Interest result	-3.6		
Net income	-1.7		
Balance sheet	in € mn		
Change of net debt	+215		



Wienerberger is well-positioned for sustainable growth

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Strategic transformation

Innovations and the continuous strategic transformation toward a solution provider drive further organic growth



Fast Forward

- > Fast Forward will contribute a further € 50 million to EBITDA
- Successful completion of ambitious performance enhancement program of € 120 million by end of 2020



M&A

- Attractive growth pipeline for M&A
- Further strengthen our position as a solution provider for the building envelope and infrastructure

Well positioned for 2020 and beyond

Outlook 2020 Europe

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New Build | Renovation



Continuation of regional trends leading to **stable and slightly softening building activities**



Expected **lower demand** for new build single and multi-family homes; **stable renovation market**



Increasing **political and economic uncertainties** in Europe but also on global level





Slightly increasing demand in Eastern Europe due **EU-funded infrastructure projects**



Flat market development in Northern and Western Europe



Potential volume impact of up to -3% for entire Group

Outlook 2020 North America

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New Build | Renovation | Infrastructure



Broadly stable relevant regional markets for US bricks and infrastructure products in a rather **competitive market environment**



Slightly improving market conditions in Canada

Our clear strategy and sustainability focus areas position Wienerberger for future success



Strategic focus topics

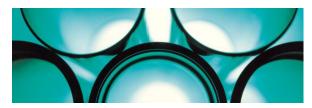
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Building Solutions



- > Consolidation and new materials
- Develop integrated system solutions which are easy to handle and affordable
- > Drive digital build environment
- Increase our share in the building envelope

Piping Solutions



- Further develop value-adding solutions in the inhouse segment
- Focus on smart solutions in water and energy management
- Become strong partner for agriculture industry with drainage and irrigation

North America



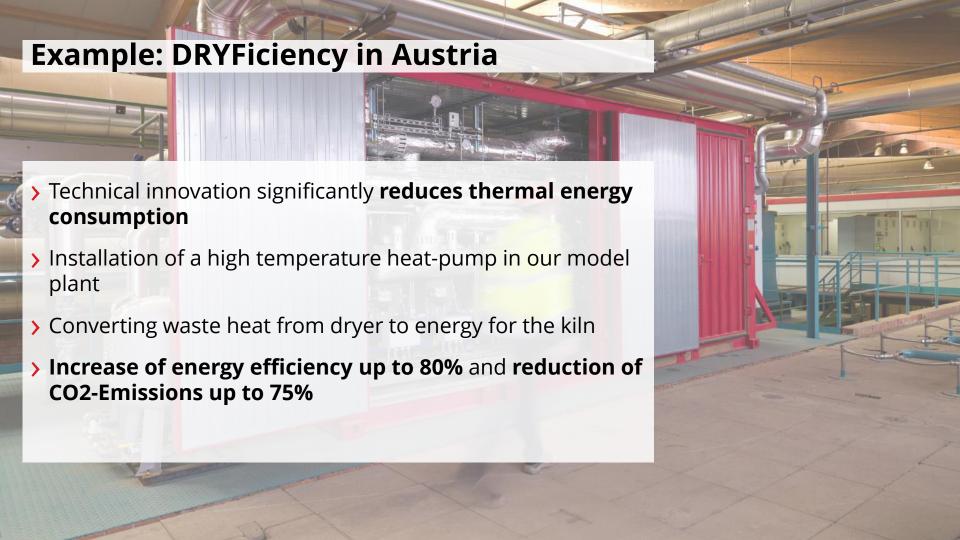
- > Drive market penetration in strategic growth areas supported by digital agenda and enhanced distribution channels
- Active market consolidation
- > Building a competitive growth platform in pipes business via optimization of existing business and targeted acquisitions

De-carbonization of Wienerberger's Product Portfolio

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Wienerberger will make sure that all of its products during their lifecycle will positively contribute to de-carbonation and enable a negative carbon footprint

- > Update of our Materiality Analysis in 2020
- > Clear measurable targets for 2023 for the entire Group



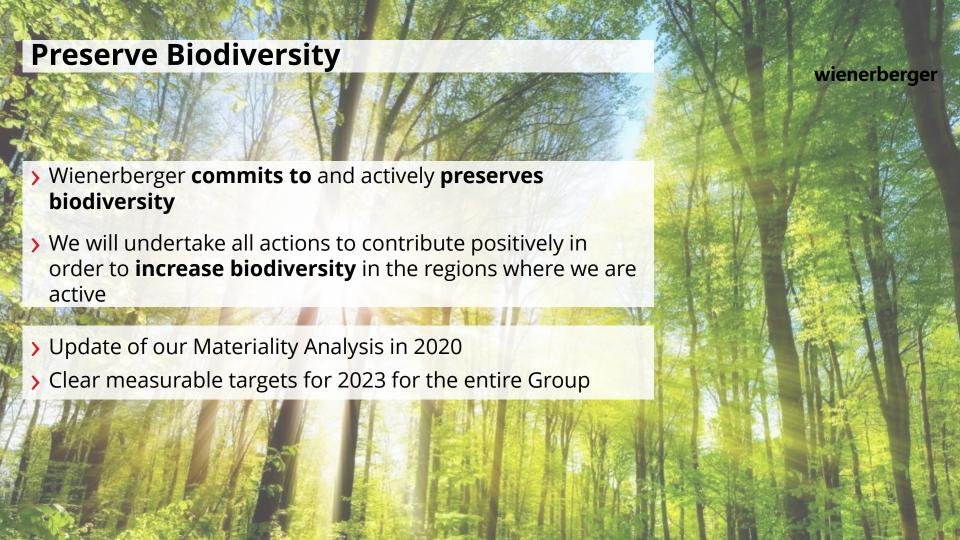
Encourage Circular Economy

- Wienerberger commits to resource efficiency as well as encouragement of circular economy
- > We will actively promote that all products produced by Wienerberger are either reusable or fully recyclable
- > Update of our Materiality Analysis in 2020
- > Clear measurable targets for 2023 for the entire Group

Example: Specific successes Piping Solutions

- Target 2020 of share of secondary raw materials in plastic pipe production was reached already in 2018
 - > 75 kg/ton in 2018
 - > 85 kg/ton in 2019





Example: Project in Belgium

- Natural barrier to protect residents and animals from factory operations
- Ideally suited for the settlement of endangered animal populations
- Eco-corridor connects the nature reserve of the Belgian bank of the Albert Canal with the Dutch nature reserve along the Meuse
- > 12 ha covers the entire area with the neighboring re-naturalized clay pit

Outlook 2020

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EBITDA LFL



€ 625 - 645 mn*



Fast Forward



€ 50 mn EBITDA contribution



Balance Sheet Ratios



ROCE target >10%
Net Debt / EBITDA <2.5x
Working capital / revenues <20%



Maintenance capex





Special capex

Discretionary investments in Fast Forward and organic growth projects



M&A



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

^{*} depending on economic and geopolitical uncertainties

