2019 | MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

wienerberger

Management Report

Contents

Equity Story

Wienerberger builds on 200 years experience in providing smart building material and infrastructure solutions to improve people's quality of life. With our long-lasting and sustainable products for residential construction, renovation and infrastructure we are well positioned to further improve our ecological performance by making a positive contribution to climate change and shape the future of construction through innovation. The Wienerberger stock has been trading on the Vienna Stock Exchange for 150 years. The Wienerberger Group is a pure public company whose shares are 100% in free float.

Why invest in Wienerberger?

Strong commitment to sustainability

- As a leading international player in our industry we are aware of our responsibility and are well positioned to contribute towards mitigating the impact of the construction industry on climate change
- Our products positively contribute to the environment through their energy efficiency characteristics, providing benefits both in summer and winter. With a life span of > 100 years and exceptional quality, they last for generations
- Wienerberger is clearly committed to three central sustainability topics: preserving biodiversity, decarbonization of its product portfolio and encouraging the circular economy

Focused on creating shareholder value by driving resilient earnings growth

With a clear strategic focus and proven track record in delivering strong growth rates, EBITDA margins and cash flows, we continuously aim to increase the value for our stakeholders. We do this by focusing on three main areas:

- ***Organic Growth***
  Increasing focus on innovative system solutions for roofs, walls, facades, paving and piping, enhancing customer proximity, accelerating growth and delivering more value for shareholders
- ***Operational Excellence***
  Continuously driving measures aimed at achieving best-in-class efficiency and improving profitability throughout the Wienerberger Group
- ***Growth Projects***
  Prudent leverage with further headroom for growth investments; drive continuous evaluation of a highly attractive pipeline of small to mid-sized M&A opportunities to further grow in existing core markets in Europe and North America

Resilience through focused diversity

- Leading market positions, strong brands and experienced local management teams make us a well-respected local partner close to the decision makers
- Through a strong industrial set-up with ~200 modern plants and efficient overhead structures we ensure an optimal market coverage
- Our diversified business model with ~2/3 residential and ~1/3 infrastructure exposure in 30 different markets mitigates volatility from business cycles

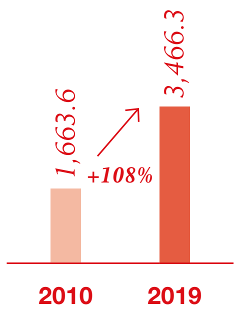
Leading innovation and digitalization

We spend approximately 1% of our turnover on innovation. In addition to more sustainable and tailored products, we are leading the industry by developing smart services and solutions that offer higher value add to our customers.

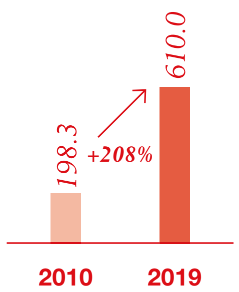
- Being close to our local markets we drive innovation in our industry and create additional value for our customers
- We advance digitalization in all our fields of business, generating significant efficiency & cost savings, enhancing our customer interaction and building new digital business models
- Designed for fast scalability across our strong commercial platforms in 30 countries

2010–2019: Creating substantial value for our shareholders

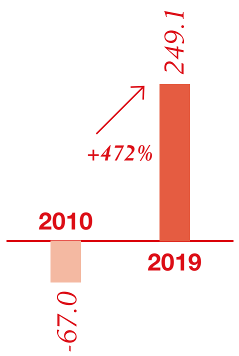
Revenues



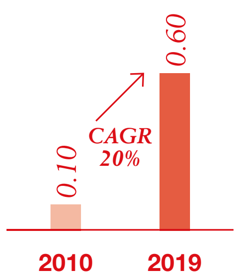
EBITDA



Net income



Dividend



Target ratios: Clear commitment to our shareholders

>10%

ROCE target to focus on long-term value creation

<2.5x

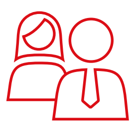
Net debt / EBITDA confirming our strong financial discipline

<20%

Working capital / revenues to ensure efficient cash flow management

20–40%

Distribution policy of free cash flow, by means of a progressive dividend and share buy backs



1.

People are at the center of Wienerberger's operations

2.

Consistently delivering on our targets

3.

Committed to highest governance standards with strong track record

Heimo Scheuch
Chief Executive Officer of the Wienerberger Group

CEO Letter

Ladies and Gentlemen,

For 200 years, Wienerberger has been part of people's lives. As an innovation leader, we are developing smart building materials and solutions that create added value: From energy-efficient single-family homes to intelligent urban infrastructure, Wienerberger know-how is represented in all areas of life, from Europe to North America.

This is the reason why we chose "WOW" as the title for this report, standing for the "World of Wienerberger" and its more than 17,000 employees who, together with our partners, are working day by day to find the best possible solutions for our customers and sustainably improve the world we live in.

At Wienerberger, we take advantage of the long-term growth potential of the entire Group to increase the value of the company in ecological, social and economic terms. For two centuries, we have been continuously improving people's quality of life, assuming responsibility for generations to come, and significantly advancing the building trends of the future.

This commitment is also reflected in our Corporate Social Responsibility. Through our cooperation with Habitat for Humanity, we executed further successful projects in the course of 2019, thus bringing the total number of disadvantaged people we helped over the years up to more than 3,000 by providing them with a new home. For these projects, we contribute what we are best at: building materials, infrastructure solutions, and expertise in the construction of sustainable, healthy buildings.

Thanks to the continuous improvement and expansion of its product portfolio, Wienerberger has been able to evolve from a supplier of building materials into a provider of innovative building material and infrastructure solutions for the future.

In our operational business, we continued to step up the pace of digitalization in all fields of work, from the optimization of our production processes to new forms of digital interaction with our customers to the development of new business models. Today, we are benefiting from the strength of the Group in innovation, sustainability and digitalization to generate organic growth. Our constant efforts in recent years have been worthwhile: By continuously improving and broadening our product portfolio, Wienerberger has evolved from a supplier of building materials into a provider of systems for innovative building and infrastructure solutions for the future.

Our objective is to generate further organic growth through scalable product and service solutions for our customers and to support them in addressing their daily challenges.

Day after day, we are consistently pursuing our value-enhancing growth strategy in the fields of infrastructure, residential construction, and renovation in our European and North American core markets.

Today, innovative products already account for one third of our total revenues. By continuously improving our product portfolio and broadening it through targeted acquisitions, we will remain focused on further strengthening our position as a leading provider of smart building and infrastructure solutions. In 2019, we succeeded in expanding our portfolio and strengthening our position as a system provider through acquisitions of producers of roofing accessories and electrical installations. Our performance in 2019 confirmed that we have taken the right steps in this transformation process from a supplier of products to a provider of solutions. In the reporting year, the Wienerberger Group achieved the best result ever in its 200-year history.

In 2019, revenues at Group level increased by 5% from € 3.3 billion to a record level of € 3.5 billion. During the same period, EBITDA LFL grew significantly by 24% from € 475 million to € 587 million. With a 38% rise in EBITDA to € 610 million in 2019, Wienerberger already surpassed its € 600 million target set for 2020. On the basis of this strong operating performance, the Group's profit after tax rose steeply by 87% to € 249 million (2018: € 134 million). Earnings per share increased to € 2.18 from € 1.15 in 2018.

Despite a flat market environment and softening demand in some of our markets in the second half of the year, we continued to grow in all three Business Units.

The growth in revenues achieved by the Wienerberger Group is primarily attributable to a notably improved product mix. The focus on innovative product solutions and the exit from less profitable operating segments combined with intensified measures to enhance the Group's economic performance translated into clearly measurable success.

Alongside the steady improvement of our product portfolio through acquisitions, which have added numerous value-creating solutions to our product range, our internal efforts within the framework of the Fast Forward program have also led to a highly satisfactory result: The implementation of the performance-enhancing Fast Forward program progressed faster than planned and delivered an additional contribution to earnings amounting to € 50 million, which was € 10 million above plan.

Although operating in a largely flat market environment, Wienerberger Building Solutions generated an excellent result, reporting 6% revenue growth to € 2,171 million and a significant 23% increase in EBITDA LFL to € 455 million. Wienerberger Piping Solutions, benefiting from improvements to its product mix and an optimized cost structure, reported substantial growth in earnings. While revenues increased slightly by 1% to € 959 million, EBITDA LFL showed an extraordinary development, improving by 43% to € 100 million. The North America Business Unit reported revenues of € 336 million, which is 9% higher than last year. The brick producer in Pennsylvania taken over at the end of 2018 delivered a strong contribution to EBITDA, which rose by 18% to € 43 million.

In 2020, Wienerberger will continue to pursue its value-creating growth strategy. The transformation from a product supplier to an innovative system provider for the entire building envelope and for infrastructure will be further advanced through organic growth projects and selective acquisitions, always with a focus on sustainable growth.

Our responses to global challenges such as climate change, scarcity of resources, shortage of skilled labor, and digitalization will continue to drive our future organic growth.

Energy-efficient brick solutions and innovative piping systems such as Raineo will improve people's quality of life and contribute to environmental protection. Moreover, the digitalization of processes and the use of pre-fabricated elements will increase efficiency at construction sites and help save resources at the same time. Wienerberger's sustainability targets in terms of employees, production and products as well as our social and societal commitment have always been and continue to be highly ambitious; details are published in our annual sustainability reports.

Within the framework of our new Sustainability Strategy 2020+, we will focus, in particular, on three central topics that are explored in greater depth in the sustainability part of this report: biodiversity, circular economy, and decarbonization. We, on our part, will certainly step up our efforts aimed at these three central topics.

The proportion of secondary raw materials for the production of plastic pipes is to be further increased this year. By recultivating depleted clay pits, we are creating valuable habitats for plants and animals and thus actively contributing to biodiversity. Finally, we are keeping up our intensive efforts to further reduce specific energy consumption in our brick plants, thereby benefiting both the environment and our cost structure.

The business year 2020 has taken a dramatic turn with the global impact of COVID-19. Wienerberger continues to be committed to the sustained performance of its business and will take all necessary measures to adjust to fast changing market developments.

We will continue to drive our optimization measures in the course of the Fast Forward program which will successfully contribute to the Wienerberger Group's EBITDA. In addition, our strong balance sheet and liquidity position enable us to operate from a position of strength. We will carefully follow the developments in our markets and due to our strong local presence, we can rapidly assess critical decision inputs on a real-time basis. Wienerberger will review its cost structures and investments in these difficult times and ensure that the strategy is fully in line with the changing market conditions.

Economic Environment and Capital Markets

Economic environment in 2019

Global economic growth continued to lose momentum in the course of the reporting year: According to the International Monetary Fund (IMF), the world economy grew by 2.9% in 2019 (2018: 3.6%). Diverging trends were observed in Europe and North America, the core regions of the Wienerberger Group. For the euro zone, the IMF forecasted a further slowdown in GDP growth to 1.2% from 1.9% in 2018. The rate of economic growth in Germany was 0.5%. Growing at a rate of 0.2%, Italy also fell below the euro zone average. Economic growth in France amounted to 1.3%, thus corresponding to the average for the euro zone. Despite political and economic uncertainty, the growth forecast for Great Britain remained stable at 1.3%. Economic growth also slowed down in the economies of Eastern Europe, another core region of the Wienerberger Group. Nevertheless, the IMF still projected a rate of growth of 1.8% for 2019 (2018: 3.1%). Eastern Europe thus remained the fastest growing region in Europe. The USA was not quite able to match the strong performance of the previous year (2.9%) due to the new, moderate financial-policy course and declining monetary-policy support, but nevertheless was growing at a sound rate of 2.3%.

In our core markets, the political and economic situation continued to be influenced by a variety of factors. In the previous year, the unresolved issue of Brexit was a major source of tension and uncertainty. Meanwhile, the European Union and Great Britain have concluded a withdrawal agreement, which puts an end to anxieties over a potential no-deal Brexit. Snap elections to the British Parliament resulted in Prime Minister Boris Johnson winning an absolute majority of votes, which he took as a mandate for his new government to finally conclude Brexit based on the withdrawal agreement with the European Union.

After a long phase of continuing escalation in the trade conflict between the USA and China, the turning point came at the end of the year. The two countries found a common position on initial details of a trade agreement, which prevented the imposition of additional punitive tariffs. With economic growth driven by high domestic consumption, a historically low rate of unemployment, and a slightly rising rate of inflation, the US economy has been generally in a good shape. However, according to the IMF and the World Bank, the protectionist trade policy and lower export quotas are likely to have an increasingly negative impact on economic activity in the USA.

In the euro zone, economic growth remained at a low level, which was primarily attributable to muted industrial production. The introduction of the Worldwide Harmonized Light Vehicles Test Procedure (WLTP) as a new emission standard for passenger cars had a massive impact on the entire automotive industry, especially in Germany. However, all other major economies of the euro zone also suffered from subdued industrial production and the weakening of purchasing power. 2019 was marked in particular by the public debate on climate change. Regions directly affected by weather-related events, such as extreme temperatures, hurricanes and forest fires, suffered from a heavy burden of humanitarian costs. With its Green Deal the European Union adopted a whole package of measures in response to the challenges of climate change. Aimed at orienting the entire EU economy toward the goal of sustainability, this plan provides the basis for far-reaching changes in all economic sectors.

Monetary policy

In the course of 2019, the US Federal Reserve System (Fed) lowered its federal funds rate in three steps in order to prevent a downturn of the economy. At the Fed's last meeting in December, the interest corridor of 1.50% - 1.75% was left unchanged. The European Central Bank (ECB) continued its approach of expansionary monetary policy by maintaining its key lending rate at an all-time low of 0.0%, thereby aiming for further stipulation of the European economy. In addition to that, the ECB restarted its bond purchasing program with a value of € 20 million per month. After eight years in office, Mario Draghi stepped down as President of the European Central Bank to be succeeded by Christine Lagarde. The Bank of England kept its key lending rate constant at 0.75%.

Stock markets

For the global stock markets, 2019 was an eventful but, ultimately, successful year. The first half of the year was marked by constant uncertainty and high volatility. The tensions in the trade dispute between the USA and

China, fueled by Donald Trump's frequent Twitter messages, caused turmoil on the stock markets. A fear of recession, growing populism and the looming Brexit were additional factors that kept markets on edge. The situation slowly began to stabilize in the second half of the year. Finally, market participants benefited from a notable upturn in market sentiment in the last quarter, with almost all major stock indices closing the year with double-digit gains.

The extremely positive development of the US stock markets was due to the strong performance of the corporate sector and central bank support. The Dow Jones Industrial Average closed the year with a 22.3% stock price gain. The S&P 500 closed with a gain of 28.9%, while the NASDAQ index for technology stock ended the trading year with a plus of 38.0%, the highest mark ever reached during the past ten years. European stock exchanges, for their part, benefited from the ECB's expansionary monetary policy. The EURO STOXX 50 suffered two slumps in the first half of the year, but succeeded in completely offsetting its losses and closed the year with a gain of 24.8%. The French CAC gained 26.4%, surging to its all-time high of the past 20 years. Despite the uncertainty over Brexit, the British FTSE 100 delivered a performance of 12.1%. The DAX, the lead index of Germany, the biggest European economy, gained 25.5% and closed the year on its highest annual gain since 2013. The Austrian ATX gained 16.1% in the reporting year.

The residential construction market in Europe

The following analysis is based on November 2019 data published by Euroconstruct, Europe's leading construction market forecasting network. The most important indicators for the analysis and projection of residential construction activities are the numbers of building permits issued, new housing starts and housing completions. According to Euroconstruct, the European housing construction market was doing reasonably well in 2019. To enhance the validity of the Euroconstruct forecasts, we base our analysis on weighted growth rates. To this end, Euroconstruct's growth projections for the individual countries are weighted by the respective shares of revenues in our brick business.

In the single- and two-family home segment, where Wienerberger's market position is particularly strong, weighted building permits decreased by 1.5%. Our experience shows that the time between the issue of a building permit and the actual start of construction is getting longer and longer, which progressively diminishes the relevance of this indicator. The number of new housing starts decreased slightly by 0.7%, while housing completions, a lagging indicator, increased by 3.1% in 2019.

Renovation activity in the residential segment is another relevant indicator for Wienerberger's business development. Renovation activities are covered mainly by statistics on renovation expenditure, which increased slightly by 1.6% in our core markets.

The European infrastructure market

2019 was another year marked by a favorable environment for capital expenditure on infrastructure projects in Europe. The following analysis is based on revenue-weighted growth forecasts by Euroconstruct with data for November 2019 for the markets of the Wienerberger Piping Solutions Business Unit. According to Euroconstruct, the weighted infrastructure expenditure increased by 3.9% in the relevant countries of Western Europe. Growth was particularly strong in the four Eastern European markets observed, i.e. the Czech Republic, Hungary, Poland and Slovakia, where the previous year's trend continued. Compared to 2018, expenditure on infrastructure in this region increased by 11.6%. This notable growth is primarily attributable to the increased take-up of EU funds for infrastructure projects. Overall, the weighted growth of total infrastructure expenditure in all European markets relevant to the Group amounted to 5.3%.

An analysis of the individual sub-segments of total infrastructure expenditure in Europe in 2019 confirms the satisfactory picture. The fastest growth rate was recorded in the energy segment, where capital expenditure increased by 7.2% in 2019. Investments in transport infrastructure increased by 5.5% over the previous year's level. The telecommunication segment registered a moderate 2.7% increase. The road construction segment, by far the most important segment accounting for 34% of total infrastructure spending, recorded a weighted average increase of 4.6%.

The US housing market

Overall, the US housing market presented a positive picture in the reporting year. According to the U.S. Census Bureau, the number of building permits rose by 3.9% in 2019. While the multi-family home segment grew by 10.8%, the construction of new single-family homes remained stable year on year. Housing starts increased by 3.2% to 1.29 million units, with 7.8% growth accounted for by the multi-family home segment and only 1.4% by the single-family home segment. Housing completions rose by 5.6% to 1.25 million units. The number of single-family homes completed increased by 7.4%, while completions of multi-family homes were lagging behind at 1.0%.

According to the National Association of Home Builders (NAHB) US housing starts increased by 3.3% up to 1.29 million units in the reporting year 2019. Single-family home segment grew by 1.4%, whereas the multi-family home segment reported an increase of 7.8%.

The NAHB/Wells Fargo Housing Market Index, which is based on monthly surveys among NAHB members, reflects a general assessment of market conditions and estimates of house sales for the next six months. In December 2019, the index stood at 76 points, up by 20 points year on year. A value above 50 indicates that the majority of those surveyed see the outlook as positive. The S&P Case-Shiller 20-City Composite Home Price Index reflects the development of the value of residential real estate in the 20 biggest cities of the USA. In the reporting year, the index continued its upward trend of recent years. Selling prices rose by 2.3% in the reporting year up to and including November 2019.

The benchmark for fixed interest rates on 30-year mortgage loans decreased to 3.72% at the end of the year. This corresponds to a drop by 92 basis points from its 2018 year-end value. The indicator has thus reached a historic low.

Macroeconomic outlook for 2020

After the coronavirus outbreak, the OECD revised its' growth forecasts for world GDP growth, which is projected to drop to 2.4% in 2020 from 2.9% in 2019. A slowdown from 2.3% in 2019 to 1.9% is being projected for the USA. According to the OECD, the economic output of the Euro zone is expected to decrease from 1.2% in 2019 to 0.8% in 2020. Great Britain is expected to grow by 0.8% in 2020, which represents a weakening of 0.6 percentage points compared to the previous year's figure of 1.4%. No Corona-adjusted figures for Eastern Europe were published by the OECD. Nevertheless, it can be assumed that growth rates will be below the original forecast of 2.6%. In response to the spread of the virus, the US Federal Reserve decided to cut the key interest rate to 0.00 % and 0.25 % in two steps during March 2020. Moreover, the FED decided to significantly increase its' asset purchases in order to provide further stabilization measures for the economy. At the time of preparation of this report, the other central banks also signaled their willingness to take action.

The effects of the coronavirus on the annual financial statements for 2020 cannot yet be assessed, and the forecasts given have been prepared with this reservation.

Sources: IMF (World Economic Outlook, October 2019 and January 2020), OECD Interim Economic Assessment March 2020, U.S. Census Bureau, Euroconstruct, NASDAQ, Freddie Mac Primary Mortgage Market Survey, NAHB, NAHB/Wells Fargo Housing Market Index, S&P/Case-Shiller 20-City Composite Home Price Index

Financial Review

Earnings

In 2019, the Wienerberger Group generated substantial growth in revenue and earnings:

- Revenues increased by 5% to € 3,466.3 million (2018: € 3,305.1 million)
- EBITDA rose significantly by 38% to € 610.0 million (2018: € 442.6 million)
- 24% organic EBITDA growth, including IFRS 16 Leases, to € 587.5 million
- Improved product mix and strong contributions from our Fast Forward efficiency enhancement program drove business performance
- Free cash flow increased by 5% to € 286,0 million (2018: € 272,5 million)

In the reporting year, Wienerberger succeeded in increasing its revenues to € 3,466.3 million. This result was achieved at slightly lower sales volumes, improved product mix and notably improved average prices covering cost inflation, and once again surpassed the record level of the previous year (2018: € 3,305.1 million). Foreign exchange differences led to a slight increase in revenues by € 4.4 million, the main effects resulting from the appreciation of the US dollar and the British pound on the one hand, and the devaluation of the Swedish crown, the Turkish lira, the Norwegian crown and the Hungarian forint, on the other.

External Revenues by Segment

The Wienerberger Group's EBITDA LFL rose significantly by 24% to € 587.5 million in the year under review (2018: € 475.3 million). This notable increase was primarily due to an improved product mix and the consistent implementation of our pricing strategy, which enabled us to fully compensate for rising cost inflation. Moreover, Fast Forward projects that were implemented faster than planned generated a contribution to earnings of approx. € 50 million (2018: € 20 million).

For the first time, EBITDA LFL included the effect of IFRS 16 Leases, amounting to € 46.5 million. Moreover, EBITDA LFL did not include contributions from the consolidation of newly acquired companies in the amount of € 13.7 million, proceeds from the sale of non-core real estate of € 7.6 million and the effect on earnings of the disposal of a plant site in Germany in the amount of € 1.1 million. The total costs of structural adjustments incurred throughout the year were lower than expected. The impact of € 0.1 million in positive foreign exchange effects on earnings was immaterial.

Including the aforementioned effects, the reporting year's EBITDA improved by 38% to € 610.0 million (2018: € 442.6 million).

EBITDA *in MEUR*	2019	2018	Chg. in %
Wienerberger Building Solutions	**468.6**	351.9	+33
Wienerberger Piping Solutions	**98.2**	54.0	+82
North America	**43.2**	36.7	+18
Wienerberger Group	**610.0**	**442.6**	**+38**

Note: Starting 2019, the activities of the holding companies have been allocated to the Business Units on the basis of capital employed. 2018 figures were adjusted accordingly for the Annual Report 2019.

EBITDA Bridge *in MEUR*	2019	2018	Chg. in %
EBITDA	**610.0**	442.6	+38
Foreign exchange effects	**-0.1**	-	-
Consolidation effects	**-13.7**	-	-
Result from the sale of non-strategic and non-core assets	**-8.7**	-23.2	+62
Structural adjustments	**0.0**	55.8	-100
EBITDA LFL	**587.5**	**475.3**	**+24**

Scheduled depreciation on tangible and intangible non-current assets increased by 28% to € 239.0 million, which was primarily due to the first-time adoption of IFRS 16 Leases (2018: € 186.5 million). Moreover, impairment charges on property, plant and equipment in the amount of € 9.2 million (2018: € 20.7 million) were booked. Reversals of impairment charges totaled € 0.9 million (2018: € 4.3 million). Due to the Group's strongly improved operating performance, earnings before interest and tax (EBIT) increased by 51% to € 362.7 million (2018: € 239.8 million).

Profitability ratios *in %*	2019	2018
Gross profit to revenues	**36.2**	35.1
Administrative expenses to revenues	**6.6**	6.6
Selling expenses to revenues	**19.0**	19.3
EBITDA margin [1]	**17.6**	13.4
Operating EBIT margin [1]	**10.5**	7.5

1) Including the effect of first-time adoption of IFRS 16 Leases

Financial Result and Taxes

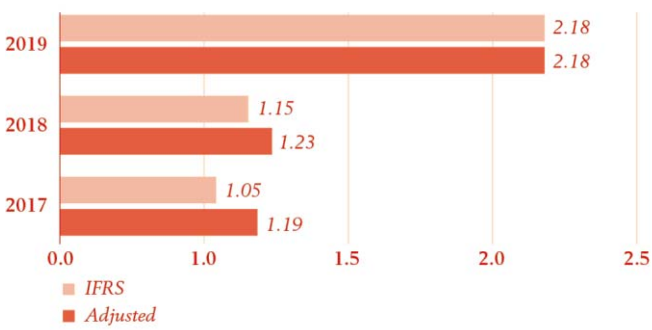
The financial result decreased from € -44.5 million in 2018 to € -47.4 million in the reporting period. Thanks to efficient financial management, the net interest result of € -39.3 million was maintained at the previous year's level (2018: € -39.3 million), although interest expenses increased by € 3.6 million due to the first-time adoption of IFRS 16 Leases in 2019. Income from investments in associates and joint ventures increased from € 1.7 million in 2018 to € 3.6 million in 2019. The other financial result, which was negative at € -11.6 million (2018: € -6.9 million), included foreign exchange losses of € 8.3 million, negative valuation effects of € 1.6 million and bank charges of € -2.7 million. Dividend income and gains from the disposal of a financial participation amounted to € 1.0 million. As a result of the Group's very strong operating performance, profit before tax improved by 61% to € 315.3 million in the reporting period (2018: € 195.3 million).

Income Statement
in MEUR

	2019	2018	Chg. in %
Revenues	3,466.3	3,305.1	+5
Cost of goods sold	-2,211.5	-2,146.3	-3
Selling and administrative expenses	-885.1	-854.7	-4
Other operating expenses	-55.2	-110.0	+50
Other operating income	48.1	54.2	-11
Operating EBIT	**362.7**	**248.2**	**+46**
Impairment charges to assets	0.0	-12.7	>100
Reversal of impairment charges to assets	0.0	4.3	-100
EBIT	**362.7**	**239.8**	**+51**
Financial result [1]	-47.4	-44.5	-7
Profit/loss before tax	**315.3**	**195.3**	**+61**
Income taxes	-52.5	-48.5	-8
Profit/loss after tax	**262.8**	**146.9**	**+79**

1) Including at-equity results

Earnings per Share
in EUR



The Group's income tax expense rose from € 48.5 million in 2018 to € 52.5 million in the reporting period. On account of the strong growth in earnings generated by the Wienerberger Building Solutions and the Wienerberger Piping Solutions Business Units, the current income tax expense increased to € 59.5 million (2018: € 58.1 million). The current income tax expense contrasted with positive effects from the capitalization of deferred taxes in the amount of € 7.0 million (2018: € 9.6 million), which was mainly attributable to the capitalization of loss carryforwards in North America.

The profit after tax improved significantly from € 146.9 million in 2018 to € 262.8 million in 2019. This is due to the substantial improvement in operating EBIT, which was partly offset by a slightly lower financial result and slightly higher tax expense in the reporting year. The net result is calculated after deduction of income attributable to non-controlling interests of € 0.5 million (2018: € -0.2 million) and the annual hybrid coupon of € 13.1 million (2018: € 13.6 million). Overall, the net profit rose from € 133.5 million to € 249.1 million. Taking the slightly reduced weighted average of 114.3 million shares into account (2018: 116.2 million shares), earnings per share increased significantly to € 2.18 (2018: € 1.15).

Assets and Financial Position

In the year under review, the total assets of the Group increased by 10% to € 4,132.6 million (2018: € 3,742.9 million), which was mainly due to the increase in non-current assets resulting from the first-time adoption of IFRS 16 Leases as well as the rise in intangible non-current assets and goodwill. Current assets also increased slightly, which was primarily attributable to the higher level of stocks. The share of non-current assets in total assets thus increased to 66% year-on-year (2018: 64%).

Developments of intangible assets were marked by a slight increase in goodwill due to acquisitions and changes in currency translation, as well as an increase in other intangible assets through additional rights of use and software licenses and the purchase of CO2 certificates. Moreover, the identification of trademarks and the client base in the purchase price allocation of acquired companies led to an increase in the value of this balance sheet item.

As of the balance sheet date, property, plant and equipment accounted for 65% of capital employed, the increase over the previous year's value (62%) being due primarily to the rights of use recognized for the first time according to IFRS 16 Leases and the addition of property, plant and equipment as a result of changes in the scope of consolidation. The book values of real estate held as investment property declined to € 57.8 million (2018: € 66.6 million) on account of real estate sales in the reporting year. Participations in associates increased, whereas long-term receivables declined.

Working capital (inventories + net trade receivables - trade payables) increased by 7% to € 586.0 million in the reporting year (2018: € 548.9 million). On the one hand, this increase was due to acquisitions made in the reporting period; on the other hand, we deliberately accepted a slight upward trend in order to ensure the Group's ability to meet the demand for products in the first quarter of the following year and to cushion possible temporary delays in the supply of Group products to Great Britain as a result of Brexit. Ultimately, the ratio of working capital to revenues increased only slightly to 16.9% (2018: 16.6%), which is clearly below the Group's self-defined threshold of 20%.

As at 31/12/2019, cash and cash equivalents as well as the portfolio of securities and other financial assets came to a total of € 165.1 million (2018: € 205.9 million), corresponding to a 20% decrease from the previous year's level. Liquid funds were reduced by € 34.3 million, while the securities portfolio was reduced by € 6.5 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 2020.

In 2019, the Group's equity increased by 7% to € 2,076.8 million (2018: € 1,939.1 million). This change was due, on the one hand, to the significantly improved after-tax result of € 262.8 million (2018: € 146.9 million). On the other hand, dividends paid out in the amount of € 57.5 million, the deduction of the hybrid coupon of € 14.3 million and the buyback of own shares for an amount of € 29.5 million and hybrid capital for € 27.1 million led to a reduction in equity. As at 18/02/2019, 1,175,268 of the shares bought back in the previous year were cancelled, thus reducing the share capital by € 1.2 million to € 116.4 million and the capital reserves by € 16.5 million to € 1,058.9 million. Treasury shares increased to a total of € 61.7 million, with the 2019 share buyback transaction increasing the total by € 29.5 million and the cancellation of shares reducing it by € 17.7 million. An increase in currency reserves by € 31.7 million, a decrease in hedging reserves by € 6.6 million and actuarial gains after tax in connection with defined-benefit pension plans and provisions for severance pay in the amount of € 16.6 million were recognized in other comprehensive income.

Deferred tax liabilities amounted to € 76.9 million, almost unchanged from the previous year's value of € 75.0 million, whereas non-current employee-related provisions increased to € 150.7 million (2018: € 136.4 million), which was primarily due to higher pension obligations in the USA and Switzerland on account of actuarial losses and to foreign exchange effects. However, since Wienerberger has not concluded any new defined-benefit pension plans and is converting existing commitments into defined-contribution commitments wherever possible, pension provisions carried on the balance sheet show a decreasing trend, except for the effects of changes in legislation or changes in pension parameters. Other non-current provisions, mainly provisions for warranties and the recultivation of depleted clay pits, increased from € 83.6 million to € 90.9 million, which was primarily attributable to higher recultivation provisions. While current restructuring provisions set up in the previous year were used up almost completely, current pension provisions increased as a result of bonus agreements. Overall, however, current provisions dropped significantly to € 38.1 million (2018: € 51.9 million). Total provisions as a percentage of total assets remained stable at 7%.

Interest-bearing debt (financial liabilities) increased by € 199.0 million to € 1.036.5 million (2018:

€ 837.5 million), the increase being primarily due to the first-time adoption of IFRS 16 Leases, which resulted in a steep rise in financial liabilities by € 215.0 million. Moreover, this balance sheet item included interest-bearing liabilities to banks, bond holders and other third parties in the amount of € 810.5 million (2018: € 829.9 million) as well as derivatives with negative market values of € 11.0 million (2018: € 7.6 million). These liabilities stand against liquid funds and securities of € 165.1million (2018: € 205.9 million) and committed credit lines of € 400.0 million, € 360.0 million of which were undrawn by the balance sheet date. Of the total interest-bearing debt in the amount of € 1,036.5 million, 44% (2018: 85%) was of a long-term and 56% (2018: 15%) of a short-term nature.

Calculation of Net Debt [1]
in MEUR

	2019	2018	Chg. in %
Long-term interest-bearing financial liabilities	**361.2**	709.6	-49
Short-term interest-bearing financial liabilities	**460.2**	126.9	>100
Liabilities from finance leases	**215.0**	1.0	>100
- Intercompany receivables and payables from financing	**-21.3**	-21.7	-2
- Securities and other financial assets	**-15.0**	-21.1	-29
- Cash and cash equivalents	**-128.8**	-163.1	+21
Net debt	**871.4**	**631.6**	**+38**

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

As at 31/12/2019, the level of net debt came to € 871.4 million, up by 38% from the previous year's level of € 631.6 million. Thus, the year-end level of net debt corresponded to a gearing of 42.0% as compared to the previous year's value of 32.6%. The increase in net debt was primarily attributable to the first-time adoption of IFRS 16 Leases, which resulted in a rise in financial liabilities by € 215.0 million. However, given the steep growth in earnings, the debt repayment period at year end remained stable at 1.4 years.

Balance Sheet Ratios

		2019	2018
Capital employed	*in MEUR*	**2,912.2**	2,536.7
Net debt	*in MEUR*	**871.4**	631.6
Equity ratio	*in %*	**50.3**	51.8
Gearing	*in %*	**42.0**	32.6
Asset coverage	*in %*	**75.9**	81.2
Working Capital to revenues	*in %*	**16.9**	16.6

Treasury

Treasury operations in 2019 were focused on the optimization of liquidity management and financing costs. The usual seasonal liquidity requirements as well as growth investments, share buyback transactions and the partial redemption of the hybrid bond were covered from the Group's liquidity reserves, the new working capital line concluded in the previous year, and commercial paper issues offered at attractive interest rates. Through efficient liquidity management, we succeeded in maintaining a balance between a sound level of liquidity reserves and the avoidance of negative interest now payable not only in the euro zone but also in numerous other currencies. The net interest result remained stable at € -39.3 million, although the interest expense exceeded the previous year's level by € 3.6 million on account of the first-time adoption of IFRS 16 Leases.

In addition to the dividend of € 57.3 million, Wienerberger bought back one per cent of its shares in circulation (buyback of 1,163,514 shares) between September and the end of November 2019, thus returning another € 29.5 million to its shareholders. Moreover, we partially redeemed the outstanding hybrid bond in the amount of € 27.1 million, the objective being to optimize the capital structure. The shares bought back and the hybrid bonds were cancelled.

Consistently pursuing our proactive financing policy, we took advantage of the favorable market environment in the last quarter of 2019 to refinance the 4% corporate bond of € 300 million maturing in April 2020 ahead of schedule. Here, too, we made every effort to use the cash flow generated to best effect and therefore only refinanced € 170 million, and will redeem the remaining amount from our liquid funds. The refinancing transaction was concluded with a syndicate of current bank partners on highly attractive terms at a rate of interest of less than 1% and a tenor of 8 years. The Group's annual costs of finance will thus be reduced by about € 10 million. For the first time, we have opted for a sustainability-oriented form of finance. The interest payable on the loan is linked not only to the usual bank covenants, but also to the development of the Group's sustainability rating awarded by Ecovadis, an internationally renowned sustainability rating agency. Wienerberger thus reaffirmed its strong commitment to sustainability in all its fields of business.

At € 128.8 million, Wienerberger's liquid funds were significantly below the previous year's level (2018: € 163.1 million); together with securities positions and the committed but undrawn credit line of € 360.0 million, they constituted the Group's liquidity reserve for the following 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 spares the need for long-term external investment. As a result, Wienerberger is not adversely affected by the current negative interest environment.

The most important financial parameters, which are the basis for the Company's bank covenants and its rating, showed a stable development in 2019 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. Taking a possible redemption of the hybrid bond in 2021 and its related reclassification as a financial liability into account, the debt repayment period at the balance sheet date would have been 1.8 years.

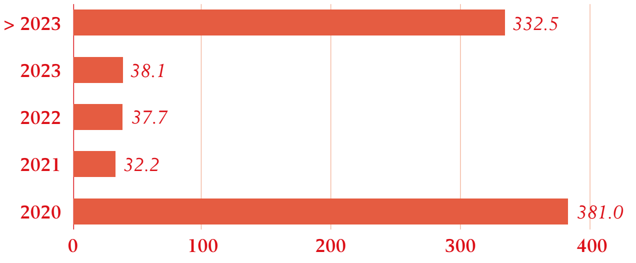
Thus, we clearly outperformed our internal target of a debt repayment period of less than 2.5 at year end. The targets set by our rating agency Moody's also show that the Wienerberger Group is strongly positioned in the Ba1 rating class.

Treasury Ratios	31.12.2019	31.12.2018
Net debt / EBITDA	**1.4**	1.4
EBITDA / Interest result	**15.5**	11.3

As of the balance sheet date, fixed-interest bearing financial liabilities accounted for 48% of the Group's total, though without taking the financial liabilities to be recognized according to IFRS 16 Leases into account. The remaining 52% of floating-interest debt is partly offset by floating interest investments. Combined with euro-denominated interest hedging instruments, this reduces the interest rate risk in the Group's main refinancing currency.

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 exposures 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 [1)]
in MEUR



1) Excluding lease liabilities

Cash Flow

Owing to the Group's strong operating performance, cash flow from operating activities increased to € 429.8 million (2018: € 319.4 million), despite a higher build-up of working capital and higher tax expense.

Cash flow from investing activities included an outflow of cash and cash equivalents for total investments in the amount of € 255.5 million as compared to € 215.8 million in 2018. At € 39.1 million, inflows from asset sales also remained slightly below the previous year's value of € 43.8 million. Alongside capital expenditure for maintenance and upgraded occupational health and safety measures, investments also covered optimization projects and plant extensions as well as external acquisitions. A total of € 47.9 million was spent on acquisitions. Proceeds from asset sales in the amount of € 39.1 million were primarily attributable to the program for the disposal of non-core real estate and other assets. In 2019, the Group received no dividends from associates and joint ventures (2018: € 3.0 million).

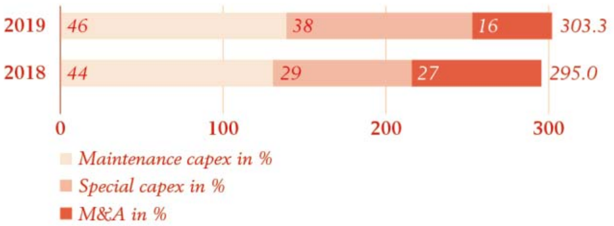
Overall, free cash flow generated by Wienerberger in 2019 in the amount of € 286.0 million was above the previous year's level of €272.5 million. It was used to finance special capex in the amount of € 115.4 million and acquisitions in the amount of € 47.9 million. Cash outflow also comprised the payout of dividends totaling € 57.5 million and share buyback transactions in the amount of € 29.5 million. Payment of the hybrid coupon and the partial redemption of hybrid bonds came to a total of € 41.1 million, the net result being a cash outflow of € 5.6 million.

Cash Flow Statement *in MEUR*	2019	2018	Chg. in %
Gross cash flow	**476.7**	**326.5**	**+46**
Change in working capital and other	-46.9	-7.1	<-100
Cash flow from operating activities	**429.8**	**319.4**	**+35**
Maintenance capex	-140.1	-130.3	-8
Special capex	-115.4	-85.6	-35
M&A	-47.9	-79.2	+40
Divestments and other	39.3	83.3	-53
Cash flow from investing activities	**-264.1**	**-211.7**	**-25**
Special capex and M&A	163.3	164.8	-1
Leasing payments	-42.9	0.0	<-100
Free cash flow	**286.0**	**272.5**	**+5**

Investments

Investments in the reporting year totaled € 255.5 million (2018: € 215.8 million). In addition to capital expenditure for plant extensions and optimization measures the amount included maintenance capex and investments in occupational health and safety measures. In 2019, € 115.4 million (2018: € 85.6 million) was spent on special capex for the enhancement and extension of plants as well as improvements to the product portfolio. Maintenance capex amounted to € 140.1 million in 2019 (2018: € 130.3 million), corresponding to 56% of depreciation (2018: 67%). The breakdown of total investments in the reporting year shows that 69% was accounted for by Wienerberger Building Solutions, 23% by Wienerberger Piping Solutions, and 8% by North America.

Total Investments and M&A
in MEUR



Development of Non-current Assets
in MEUR

	Intangible	Tangible	Financials	Total
31.12.2018	**712.7**	**1,642.3**	**34.0**	**2,389.0**
Investments	30.4	225.1	0.0	**255.5**
Change in scope of consolidation	33.0	27.6	0.0	**60.6**
Depreciation, amortization and impairment charges	-23.6	-224.6	-1.5	**-249.7**
Reversal of impairment	0.0	0.9	0.0	**0.9**
Disposals	-0.4	-24.7	0.0	**-25.1**
Currency translation and other	8.3	293.9	3.5	**305.6**
31.12.2019	**760.4**	**1,940.5**	**36.0**	**2,736.9**

Total Investments [1)]
in MEUR

	2019	2018	Chg. in %
Wienerberger Building Solutions	**175.6**	147.1	+19
Wienerberger Piping Solutions	**57.9**	50.7	+14
North America	**22.0**	18.1	+22
Wienerberger Group	**255.5**	**215.8**	**+18**

1) Additions to tangible and intangible assets

Value Management

Wienerberger's value management is focused not only on long-term and sustainable creation of shareholder value, but also on ecological and social aspects as well as the well-being of our employees, whose contributions are essential for the Company's success. In our separate NFI Report, we report on progress achieved in terms of our non-financial indicators.

The key indicator of Wienerberger's value-oriented corporate governance is return on capital employed (ROCE after tax). This indicator measures the after-tax return on capital currently employed in the Company and reflects the value creation by the individual business units and by the Group as a whole. It is calculated by relating the net operating profit after tax (NOPAT) to the average interest-bearing total capital employed of the Group. Wienerberger's medium-term target is to sustainably surpass its ROCE of 10%.

In 2019, this target was reached for the first time in years. On account of its strong operating performance, Wienerberger generated a notable increase in its operating EBIT to € 362.7 million (2018: € 248.2 million). Consequently, NOPAT came to € 297.4 million, up from € 188.2 million in the previous year. Capital employed increased to € 2,802.2 million year on year, including the effects of the first-time adoption of IFRS 16 Leases (2018: € 2,498,0 million). Altogether, ROCE improved to 10.6% (2018: 7.5%), thus exceeding the medium-term target of 10%.

Alongside the analysis of the profitability of the capital employed at Group level, we regularly analyze the profitability of the individual business areas and review the portfolio for its strategic fit. Within the framework of this analysis, we identified business areas that generate revenues of about € 350 million and have potential for improvement. Wienerberger's objective is to increase the value of these business areas by means of any of the following strategic alternatives:

1) Enhancing profitability within the framework of the Fast Forward program
2) Repositioning the business area through M&A
3) Exiting from the business area, if a thorough analysis shows that the first two alternatives will not produce the expected result

In 2019, important steps were taken to improve the portfolio of certain business areas. For example, the acquisition of two facing brick producers in Denmark strengthened our position and resulted in a higher contribution to earnings. The structural adjustments in the Austrian operations of Wienerberger Building Solutions implemented in 2018 produced the anticipated improvement in earnings. The French plastic pipe business and the ceramic pipe business were successfully turned around through measures taken within the framework of the Fast Forward program.

Calculation of Operating EBIT and NOPAT		2019	2018
EBIT	*in MEUR*	**362.7**	**239.8**
Impairments / Reversals of impairment charges on assets	*in MEUR*	**0.0**	8.4
Operating EBIT	*in MEUR*	**362.7**	**248.2**
Taxes on income	*in MEUR*	**-52.5**	-48.5
Adjusted taxes	*in MEUR*	**-12.7**	-11.5
NOPAT	*in MEUR*	**297.4**	**188.2**

Calculation of Average Capital Employed		2019	2018
Equity and non-controlling interests	in MEUR	2,076.8	1,939.1
Financial liabilities and finance leases	in MEUR	1,036.5	837.5
Intercompany receivables and payables from financing	in MEUR	-21.3	-21.7
Cash and financial assets	in MEUR	-179.8	-218.1
Capital employed as at the balance sheet date	in MEUR	**2,912.2**	**2,536.7**
Average capital employed	in MEUR	**2,802.2**	**2,498.0**

Calculation of ROCE		2019	2018
NOPAT	in MEUR	297.4	188.2
Average capital employed	in MEUR	2,802.2	2,498.0
ROCE	in %	**10.6**	**7.5**

Fourth Quarter of 2019

Despite a challenging market environment, the Wienerberger Group succeeded in keeping up the previous year's strong revenue growth and significantly improving its EBITDA LFL:

- Revenues stable at € 810.1 million (2018: € 809.7 million)
- EBITDA LFL up by 13% to € 130.8 million (2018: € 115.4 million)

Wienerberger Building Solutions

In the fourth quarter of 2019, the Wienerberger Building Solutions Business Unit recorded stable demand, with slight downward trends in individual markets. In this environment, revenues were kept stable at € 519.2 million (2018: 516.1 million), while EBITDA grew by 41% to € 116.1 million (2018: € 82.4 million). This increase – from the high level already reported in the fourth quarter of 2018 – is primarily attributable to the successful improvement of our product mix. The consistent pursuit of optimization within the framework of our Fast Forward program enabled us to implement certain projects faster than planned. Adjusted for currency, consolidation and restructuring effects as well as the contribution from real estate sales, EBITDA LFL grew by 11% to € 106.3 million.

In Central Europe, demand remained stable at a high level. After successful optimization measures aimed at optimizing the cost structure and reorienting our sales activities with an improved targeting of the market in 2018, our operations in Austria delivered the expected improvements in earnings. Compared to the very high level recorded in the fourth quarter of 2018, demand in Eastern Europe declined slightly. However, despite weakening demand, we succeeded in further increasing our revenues in the region through steady improvements of the product mix and the consistent implementation of our pricing strategy to cover cost inflation.

In Western Europe, we continued to observe diverging trends in the last quarter of the year. The situation in Great Britain was marked by political and economic uncertainty. Nevertheless, the successful expansion of our product portfolio and the acquisition of a specialist in roofing accessories in the second quarter resulted in higher revenues and a significant contribution to earnings. In the stable environment of the Belgian market, innovative products generated a notably increased contribution to EBITDA. Demand in France was muted due to cuts in government support for residential construction; however, we were able to partly offset this downward trend through efficiency enhancements and structural cost adjustments. In the Netherlands, legislation on emissions resulted in fewer building permits being issued, which in turn led to a decline in earnings compared to the fourth quarter of 2018.

Wienerberger Piping Solutions

The consistent implementation of our value-creating growth strategy focusing on innovative and high-margin products led to significant earnings growth in the Wienerberger Piping Solutions Business Unit. The strategic focus on growth markets and the deliberate exit from less profitable segments resulted in a 4% decline in revenues to € 212.9 million in the fourth quarter of 2019 (2018: € 221.8 million), while EBITDA rose steeply by 78% to € 19.9 million (2018: € 11.2 million). Adjusted for currency, consolidation and restructuring effects, EBITDA improved significantly by 47% to € 18.7 million.

This strong performance is primarily attributable to the higher share of premium products and innovative solutions. Through value-creating acquisitions in our in-house segment, we enlarged our portfolio with electrical installations and accessories, which resulted in substantially improved earnings and a rise in profitability. Benefiting from EU-funded infrastructure projects, we generated significant earnings growth in Eastern Europe. The successful restructuring measures of recent quarters led to sustainable improvements in the ceramic pipe segment and in our French plastic pipe business, both of which delivered notably increased contributions to earnings.

North America

In the North America Business Unit, favorable weather conditions accounted for stable demand in the fourth quarter, with all business areas reporting higher revenues than in the fourth quarter of the previous year. The satisfactory performance was driven by the acquisition of a brick producer based in Pennsylvania in December 2018, through which we gained access to markets in attractive urban agglomerations. Our Canadian business also benefited from a milder winter than in the previous year, which translated into notable earnings growth.

Overall, thanks to our enlarged product portfolio and price increases to a level high enough to cover cost inflation, revenues grew by 9% to € 78.1 million despite growing competitive pressure (2018: € 71.8 million). EBITDA improved by 30% to € 7.6 million (2018: € 5.9 million). Adjusted for currency and consolidation effects as well as the contribution from real estate sales, EBITDA LFL remained nearly stable at € 5.8 million.

External Revenues *in MEUR*	10-12/2019	10-12/2018	Chg. in %
Wienerberger Building Solutions	**519.2**	516.1	+1
Wienerberger Piping Solutions	**212.9**	221.8	-4
North America	**78.1**	71.8	+9
Wienerberger Group	**810.1**	**809.7**	**0**

EBITDA *in MEUR*	10-12/2019	10-12/2018	Chg. in %
Wienerberger Building Solutions	**116.1**	82.4	+41
Wienerberger Piping Solutions	**19.9**	11.2	+78
North America	**7.6**	5.9	+30
Wienerberger Group	**143.6**	**99.4**	**+44**

Operating Segments

Wienerberger Building Solutions

Operating in a mostly flat market environment, the Wienerberger Building Solutions Business Unit delivered an extremely strong performance in 2019:

- Notable increase in revenues by 6% to € 2,170.6 million (2018: € 2,050.7 million)
- EBITDA LFL improved significantly by 23% to € 455.4 million (2018: € 369.1 million)
- Implementation of Fast Forward projects progressing faster than planned
- Positive € 29.3 million EBITDA effect from first-time adoption of IFRS 16

Since 2019, we have reported on our business in ceramic solutions for the building envelope and our concrete paver activities in the Wienerberger Building Solutions Business Unit.

Despite a mostly flat market environment, the Wienerberger Building Solutions Business Unit generated an excellent result in 2019. After an early start into the construction season due to favorable weather conditions, demand normalized in the second half of the year in line with our expectations. By increasing the share of premium products in total revenues, we achieved a higher level of productivity and were able to cover cost inflation through improved average prices. The implementation of the Fast Forward program is progressing faster than planned, already generating a higher contribution to earnings in 2019.

Residential construction in Great Britain continued at a stable level despite the considerable political and economic uncertainty and declined slightly in the fourth quarter. In this environment, we increased our average prices to cover cost inflation and succeeded in generating significant growth in revenues and earnings. The specialist in roofing accessories taken over in the first half of the year delivered a satisfactory contribution to earnings. Through this acquisition, we are further strengthening our position as a full-range provider of roofing systems and consistently pursuing our target of expanding our share of products in the building envelope.

Based on the Dutch emission legislation, authorities in the Netherlands issued fewer new building permits, especially from the second half of 2019 onward. Despite the strong contribution to earnings generated by the producers of facing bricks taken over in 2018, the decline in demand triggered by regulations resulted in a decline of earnings. In contrast, we recorded stable demand in the Belgian residential construction market. Thanks to our focus on product innovations and the higher share of premium solutions in total revenues, we succeeded in further improving our earnings.

Residential construction in Austria remained stable at a high level. Optimization measures implemented, aimed at leaner cost structures and a more effective sales approach, resulted in steep earnings growth. In France, cuts in government support programs for residential construction had a dampening effect on demand. However, even in this challenging environment we were able to hold our own and achieve a slight increase in earnings.

The acquisition of two facing brick producers and a distributor in Denmark in the fourth quarter were significant growth steps which substantially strengthened our position in the attractive Nordic facade market, already generating a notable contribution to earnings in the first two months since consolidation.

In our Eastern European core markets, economic growth and low unemployment created a favorable environment for the construction of new single- and two-family homes. Growing demand for solutions for the building envelope and the focus on new and innovative products resulted in significant growth in revenues and earnings.

We also saw a highly satisfactory development of our concrete paver activities, observing an upward trend in demand for modern open-space solutions from both private individuals and public-sector projects, the latter benefiting from the increased take-up of EU funding for infrastructure projects. In this positive environment, the higher percentage of premium products in total sales, combined with our intensified focus on project business, resulted in significant earnings growth.

Overall, we are proud to report 6% growth in revenues to € 2,170.6 million and a 33% increase in EBITDA to € 468.6 million. These figures include a positive effect of € 29.3 million due to the first-time adoption of IFRS 16, but no longer comprise any structural adjustment costs, which totaled € 36.1 million in 2018. EBITDA LFL improved significantly by 23% to € 455.4 million.

Wienerberger Building Solutions		2019	2018	Chg. in %
External revenues	*in MEUR*	**2,170.6**	2,050.7	+6
EBITDA LFL [1)]	*in MEUR*	**455.4**	369.1	+23
EBITDA	*in MEUR*	**468.6**	351.9	+33
EBIT	*in MEUR*	**307.9**	212.0	+45
Total investments	*in MEUR*	**175.6**	147.1	+19
Capital employed	*in MEUR*	**1,927.7**	1,656.1	+16
Ø Employees	*in FTE*	**12,466**	11,912	+5

1) Includes a positive effect on earnings in the amount of € 29.3 million from first-time adoption of IFRS 16
Note: Starting 2019, the activities of the holding companies have been allocated to the Business Units on the basis of capital employed. 2018 figures were adjusted accordingly for the Annual Report 2019.

Wienerberger Piping Solutions

In 2019, the Wienerberger Piping Solutions Business Unit, through innovative products, achieved a further increase in revenues and a significant improvement of earnings in a stable market environment:

- Increase in revenues by 1% to € 959.4 million (2018: € 946.4 million)
- Significant improvement of EBITDA LFL by 43% to € 100.0 million (2018: € 70.1 million)
- Enhanced product mix and optimized cost structure as strong drivers of earnings
- Positive EBITDA effect of € 14.1 million through first-time adoption of IFRS 16

Since the beginning of the year, the Wienerberger Piping Solutions Business Unit has comprised our European plastic pipe business as well as our ceramic pipe activities.

In 2019, our plastic pipe business recorded a notable increase in earnings in a stable market environment, which was facilitated by a strong focus on innovative and high-end product solutions and the implementation of optimization projects within the scope of our Fast Forward program. Moreover, proactive pricing helped us counter cost inflation.

In our in-house business with electrical and heating installations as well as water supply pipes we recorded significant growth year on year. The Belgian manufacturer of electrical accessories, which was acquired in the spring of 2019 and the integration of which has progressed with great success, made a strong contribution. In Eastern Europe we saw rising demand, particularly in infrastructure solutions and water management, supported by EU-funded infrastructure projects and a positive construction market. We therefore managed to achieve a notable increase in earnings in comparison with the previous year. In the international project business with special pipes, the growing demand in the energy sector allowed us to increase earnings significantly.

Regional developments showed a stable continuation of the relevant trends in 2019 and confirmed our market expectations. In our Nordic core markets we saw a stable market development at a high level, and we further increased earnings. In the Netherlands we compensated for the decline in gas activities caused by the regulatory framework with the continued expansion of the electro business, thus recording a pronounced improvement in earnings.

In the Austrian market, which was marked by growing competitive pressure, we succeeded in increasing revenues and further improving earnings by implementing efficiency-enhancing measures. In the relatively small plastic pipe business in Germany, the strategic decision was taken in the third quarter to focus on the profitable in-house segment and on water management applications. The resulting restructuring costs of € 2.8 million were recorded in the third quarter. The strong improvement in earnings in Eastern Europe was primarily achieved in the markets of Hungary, the Czech Republic and Poland, but we also recorded a significant plus in earnings in South Eastern Europe, driven by EU-funded infrastructure projects.

In the Turkish growth market we maintained satisfactory profitability in a challenging environment thanks to our high-end product portfolio. However, the result in the reporting period was affected by the devaluation of the local currency.

In the ceramic pipe business, the market environment in Western Europe was largely stable and the Eastern European export markets recorded a revived demand in infrastructure. The restructuring measures, which were successfully finalized in the second half of 2018, resulted in a sound improvement in earnings in the reporting period, with a clearly positive impact on profitability. As a result of additional measures aimed at increasing the share of accessories, as well as an attractive pricing policy to balance cost inflation, the operating result was markedly improved.

Overall, the revenues recorded in this Business Unit in 2019 rose moderately by 1% to € 959.4 million. However, due to the stronger focus on innovative and higher-margin products, we were able to increase EBITDA significantly by 82% to € 98.2 million. This includes a positive effect of € 14.1 million from the first-time adoption of IFRS 16. Moreover, the structural adjustment costs of € 18.0 million from 2018 were no longer applicable in 2019. EBITDA LFL showed a substantial increase of 43% to € 100.0 million year on year.

Wienerberger Piping Solutions		2019	2018	Chg. in %
External revenues	*in MEUR*	**959,4**	946,4	+1
EBITDA LFL [1]	*in MEUR*	**100,0**	70,1	+43
EBITDA	*in MEUR*	**98,2**	54,0	+82
EBIT	*in MEUR*	**46,4**	16,2	>100
Total investments	*in MEUR*	**57,9**	50,7	+14
Capital employed	*in MEUR*	**553,6**	469,6	+18
Ø Employees	*in FTE*	**3.318**	3.285	+1

1) Includes a positive impact on earnings in the amount of € 14.1 million from the first-time adoption of IFRS 16
Note: Starting 2019, the activities of the holding companies have been allocated to the Business Units on the basis of capital employed. 2018 figures were adjusted accordingly for the Annual Report 2019.

North America

In a challenging market environment, the North America Business Unit delivered a strong performance in 2019:

- 9% increase in revenues to € 335.7 million (2018: € 306.8 million)
- Significant EBITDA growth by 18% to € 43.2 million (2018: € 36.7 million)
- Downturn in the Canadian market due to regulatory changes and weather-related delays in pipe business
- Strong contribution to earnings from Pennsylvania-based facing brick producer acquired at the end of 2018
- Positive EBITDA effect of € 3.1 million through first-time adoption of IFRS 16

After a late start into the construction season due to poor weather conditions at the beginning of the year, demand in our US brick business normalized at the level expected. Despite a challenging competitive structure, we succeeded in achieving a notable increase in earnings. This positive development was primarily due to the expected strong contribution to earnings from the facing brick producer acquired in 2018, which broadened our presence in the north-east of the USA and Canada and opened up important markets for us. Additionally, the consistent implementation of Fast Forward projects led to further efficiency enhancements.

In our Canadian facing brick business, the measures taken by the government aimed at stricter regulation of the real estate market had a dampening effect on demand throughout the year. Brighter market sentiment and the stabilization of the leading indicators during the second half of the year have not yet resulted in notable catch-up effects. Overall, we had to accept a decline in earnings despite positive contributions from the implementation of automation projects.

In the North American plastic pipe business, measures aimed at improving performance in production and distribution were successfully implemented, resulting in satisfactory contributions to earnings from special pipes. Nevertheless, given the weather-related delays in project implementation in the first half of the year, we were not able to match the previous year's record results.

Overall, the North America Business Unit reported a 9% increase in revenues to € 335.7 million and an 18% rise in EBITDA to € 43.2 million. Adjusted for contributions from consolidation, currency effects and real estate sales, EBITDA LFL came to € 32.1 million (2018: € 36.1 million).

North America		2019	2018	Chg. in %
External revenues	*in MEUR*	**335.7**	306.8	+9
EBITDA LFL [1]	*in MEUR*	**32.1**	36.1	-11
EBITDA	*in MEUR*	**43.2**	36.7	+18
EBIT	*in MEUR*	**8.3**	11.7	-28
Total investments	*in MEUR*	**22.0**	18.1	+22
Capital employed	*in MEUR*	**430.9**	411.0	+5
Ø Employees	*in FTE*	**1,450**	1,399	+4

1) Includes a positive earnings effect in the amount of € 3.1 million from first-time adoption of IFRS 16
Note: Starting 2019, the activities of the holding companies have been allocated to the Business Units on the basis of capital employed. 2018 figures were adjusted accordingly for the Annual Report 2019

Outlook 2020

Our performance in 2019 clearly showed that even in flat markets we were able to further broaden our portfolio and significantly improve the Group's profitability through the consistent implementation of our value-creating growth strategy.

The good start into the financial year 2020 took a dramatic turn due to the spread of the coronavirus.

At the time of preparing the 2019 Annual Report, the economic impact of the global coronavirus pandemic on our current financial year cannot yet be reliably estimated. During these challenging times, Wienerberger is committed to the sustained performance of our business and will take all necessary measures to adapt to the fast-changing market developments.

Wienerberger is well positioned for the difficult economic period. We will continue to drive our optimization measures as part of the Fast Forward program, which will successfully contribute to the Wienerberger Group's EBITDA Furthermore, our strong balance sheet and liquidity position enables us to operate from an area of strength. We will closely follow the developments in all our core markets. Due to our strong local presence we can rapidly assess critical decision inputs on a real-time basis.

Moreover, Wienerberger will review its cost structures and investments in these strenuous times in order to ensure that the strategy is fully aligned with the continuously altering market conditions. In line with the expected reduction in demand in the individual markets, we will adjust production quickly and with foresight, including temporary plant closures where necessary.

Due to the exceptional situation in this financial year, we will keep our investors informed by transparently communicating the latest events in our markets and businesses on an ongoing basis.

Additional Information on the Company

Research and Development

Research and development (R&D) are of central importance for Wienerberger. Striving for enhanced resource efficiency and acting in line with the principles of the circular economy, we want to ensure that all Wienerberger products are fully recyclable. We can achieve this goal by taking the lead in terms of cost and technology, introducing innovative products, and investing in R&D. Our efforts aim to ensure that all our products make a positive contribution to decarbonization throughout their life cycle and thus diminish the carbon footprint of the entire Group.

Strategic R&D projects are managed centrally, but generally implemented at local level. Within the framework of R&D projects, new technologies are tested for their potential and their added value. In order to create an ideal environment outside existing structures for projects and ideas with a focus on innovation, Industry 4.0 in production and digitalization, we have set up our L.A.B. (Learn-Act-Build) facility, which not only provides in-house space for new developments, but also serves as an interface for cooperation with external partners. Successful ideas are quickly rolled out across the entire Group via our commercial platforms.

Production processes

Optimizing production processes and minimizing energy costs across all operating segments are the primary targets of "Fast Forward", our Group-wide optimization program, which represents a significant potential for cost savings.

Our research priorities in ceramic production include the further automation of production processes in all business areas, the reduction of energy consumption in the drying and firing processes, and the sustainable use of raw material resources. As part of our ongoing efforts, the Uttendorf plant in Upper Austria was retrofitted as a demonstration plant. By installing an innovative high-temperature heat pump, we succeeded in achieving a significant reduction in thermal energy consumption.

In the pipes and fittings segment, our research activities are focused on increasing the percentage of secondary raw materials and reducing the weight of our products. With our "Ideas & More" platform, we are motivating our employees to actively contribute ideas and make suggestions for the optimization of production processes.

In concrete paver production we strive to optimize our production and surface finishing processes, thus ensuring a constantly high level of product quality. At the same time, we are working on various solutions aimed at the use of new, sustainable raw material formulations with a lower cement content, which in turn reduces our CO2 footprint.

Product development

The central task of product development is to optimize the structural properties of our products in line with the continuously increasing requirements to be met by building materials. With our energy-efficient building material solutions we contribute to environmental protection and add value to residential construction through a healthy indoor climate. Another priority is the addition of smart and/or digital functionalities to existing and new products. Our goal is the development of solutions that allow efficient, fast and easy installation of the products at the construction site and provide the customer with added value throughout the product's lifetime. Wienerbeger operates several research centers in Europe that specialize in different product groups.

Exploring new fields of activity

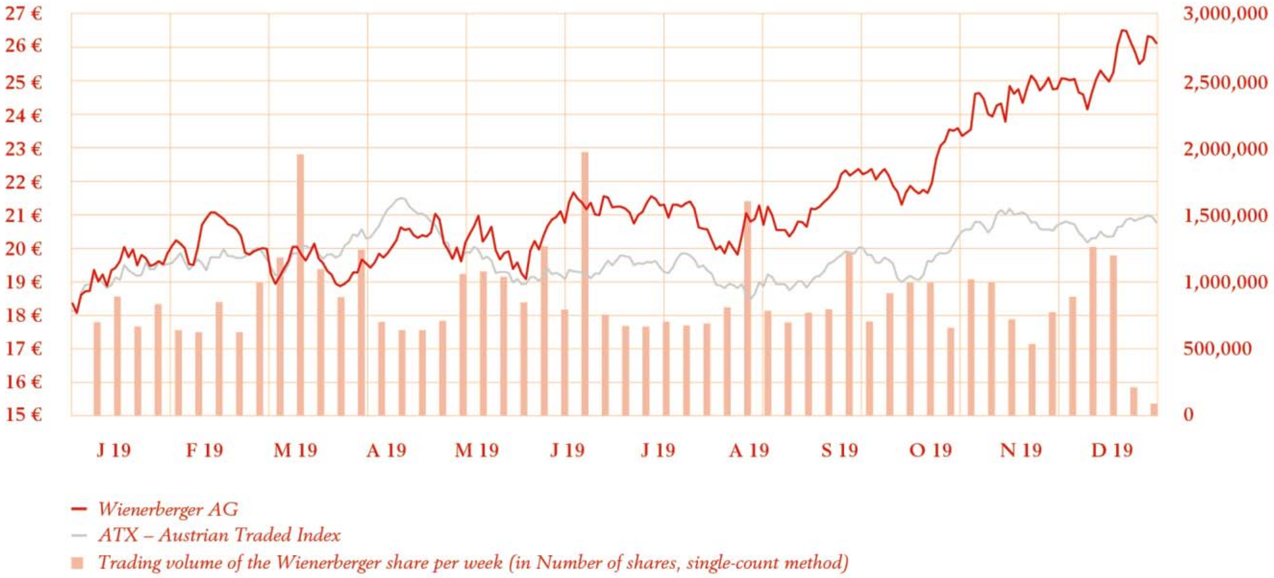
In 2019, Wienerberger continued its strategic partnership with the Interbran Group aimed at the joint development of novel and sustainable high-performing insulating materials. R&D efforts are focused on non-combustible, perlite-based mineral insulating materials. These products are expected to reach market maturity in the course of 2020. Cooperation with Interbran opens up an entirely new field for Wienerberger's business in its roof, wall and façade segments.

Wienerberger Share and Shareholders

Wienerberger AG is listed in the Prime Market segment of the Vienna Stock Exchange with no-par-value shares (bearer shares). There are neither preferred shares or registered shares nor any restrictions on common stock. The "one share – one vote" principle applies in full. In the

USA, Wienerberger AG trades on the OTC market through an ADR Level 1 Program of the Bank of New York. With a market capitalization of € 3,074 million and a weighting of 6.2% in the ATX at the end of 2019, Wienerberger is one of the largest listed companies in Austria.

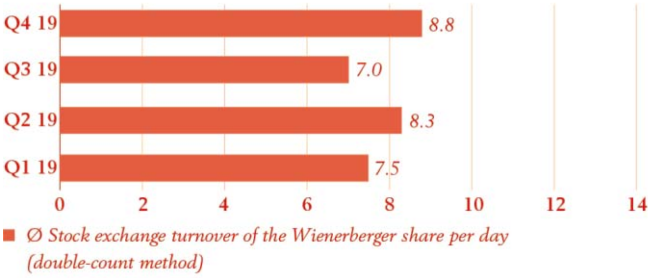
Development of the Share Price



The Wienerberger share started the 2019 trading year at a price of € 18.00. Market sentiment in the first half of the year was depressed by the trade conflict between the USA and China, the looming Brexit, and the resultant high volatility. Nevertheless, the Wienerberger share held its own in this environment, rising by 21% to € 21.70 in the first half of the year. Brightening market sentiment in the second half of the year, in combination with our very strong performance, led to a surge in our share price. Consequently, we closed the year at a price of € 26.42 and a highly satisfactory annual performance of +46.8%. A comparison with the Austrian ATX, the lead index of the Vienna Stock Exchange, shows that the Wienerberger share significantly outperformed the index by 30.7 percentage points.

Liquidity

in MEUR



Based on the current forecast for the development of business, the Managing Board will propose to the 151st Annual General Meeting on May 5, 2020, that a dividend of € 0.60 per share be paid out, which corresponds to a 20% increase over the previous year. Amounting to a total of € 68.0 million, the dividend distributed corresponds to 23.8% of the free cash flow after the redemption of lease liabilities. Based on the year-end share price of € 26.42, this corresponds to a dividend yield of 2.3%.

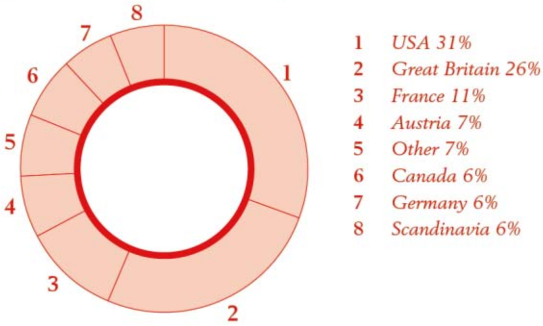
Key data per Share		2019	2018	Chg. in %
Earnings	in EUR	2.18	1.15	+90
Earnings LFL	in EUR	2.18	1.23	+77
Dividend	in EUR	0.60	0.50	+20
Free cash flow 2)	in EUR	2.50	2.04	+23
Equity 4)	in EUR	16.06	14.40	+11
Share price high	in EUR	26.82	24.06	+11
Share price low	in EUR	18.10	17.57	+3
Sahre price at year-end	in EUR	26.42	18.00	+47
P/E ratio high		12.3	21.0	-
P/E ratio low		8.3	15.3	-
P/E ratio at year-end		12.1	15.7	-
Shares outstanding (weighted) 5)	in Tsd.	114,320	116,154	-2
Market capitalization at year-end	in MEUR	3,074	2,115	+45
Ø Stock exchange turnover/day 4)	in MEUR	7,9	9.5	-16

1) Cash flow from operating activities less cash flow from investing activities and outflow from the redemption of lease liabilities plus special capex and net outflow for acquisitions // 2) Equity including non-controlling interests, excluding hybrid capital // 3) Adjusted for treasury shares // 4) Double-count method

Shareholder structure

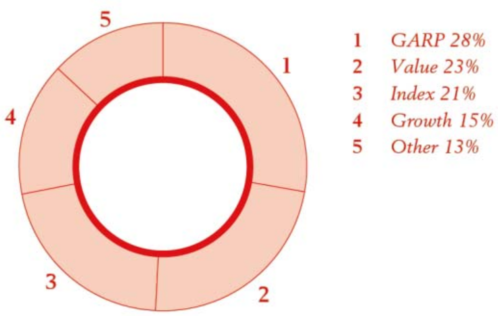
Wienerberger is a pure free float company and has no core shareholder. The Group's widely diversified shareholder structure is typical for a publicly traded company with international operations. The most recent survey of the shareholder structure performed in November 2019 showed that approximately 14% of Wienerberger shares are held by private investors, while the majority is held by institutional investors, more than half of them based in the Anglo-Saxon region, i.e. North America (37%) and Great Britain (26%). The remaining shares are held mainly by Continental European investors.

Shareholder Structure by Country (Institutional Investors)



An analysis of the various strategies pursued by institutional investors shows that GARP investors dominate at a rate of 28%, followed by value-oriented and index-oriented investors (23% and 21% respectively).

Shareholder Structure by Investor Type (Institutional Investors)



Pursuant to sections 130 to 134 of the Austrian Stock Exchange Act, which provides for mandatory reporting of significant holdings, the following notifications have been received from shareholders: More than 5% of Wienerberger shares have been held by FMR LLC (Fidelity), based in the USA, since March 27, 2017. More than 4% of Wienerberger shares have been held by the Teachers Insurance and Annuity Association, based in the USA, since April 19, 2019, and by Marathon Asset Management LLP, based in Great Britain, since October 1, 2019. After the redemption of 1.163.514 shares on February, 18, 2020, the share capital of Wienerberger comprised 115.187.982 no-par value shares and 1.782.043 treasury shares.

Investor Relations

Extensive investor relations activities allow us to establish long-term relations and engage in continuous exchanges with investors, analysts and banks. The crucial issue in investor relations is to ensure the highest possible degree of transparency through ongoing, open and active communication. To this end, Wienerberger again organized numerous roadshows and investor events in the course of 2019. We also participated in investor conferences in Europe and the USA. In the year under review, the Managing Board and the Investor Relations team were in direct contact with more than 500 investors and analysts from all over the world, informing them about the Company's key financials and its operational and strategic development, as well as current ESG (environmental, social, governance) issues. The fact that Wienerberger is covered by a number of renowned Austrian and international investment banks ensures the visibility of the Wienerberger share among the financial community. As of February 2020, Wienerberger is being covered by 11 analysts.

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

The 150th Annual General Meeting held on May 6, 2019, resolved on an authorized capital of € 17,452,724 (15% of the share capital) through the issue of up to 17,452,724 new no-par-value shares over a period of five years. The shareholders' statutory subscription rights can be excluded under certain conditions. However, the total number of shares issued subject to the exclusion of subscription rights must not exceed 5,817,574 (5% of the share capital).

The 149th Annual General Meeting held on June 14, 2018, authorized the Managing Board to buy back own shares, up to the limit defined by law, during a period of 30 months, to withdraw or re-sell shares bought back and to sell treasury shares other than over the stock exchange or through a public offering without further resolution by the Annual General Meeting. This authorization replaces the authorization to buy back own shares granted by the 147th Annual General Meeting held on May 12, 2016.

The 148th Annual General Meeting held on May 19, 2017, authorized the Managing Board to buy back own shares in the amount of 2% of the share capital during a period of 30 months for the purpose of the Employee Participation Program.

In the business year under review, Wienerberger executed a share buyback program. During the period from September 10, 2019, up to and including November 29, 2019, a total of 1,163,514 million shares were bought back on the stock exchange at an average price of € 22.54. A share buyback program authorized in 2018 extended from November 28, 2018, up to and including January 3, 2019. Taking the two trading days in January 2019 into account, Wienerberger bought back a total of 1,275,563 own shares for a total amount of € 28.3 million in 2019.

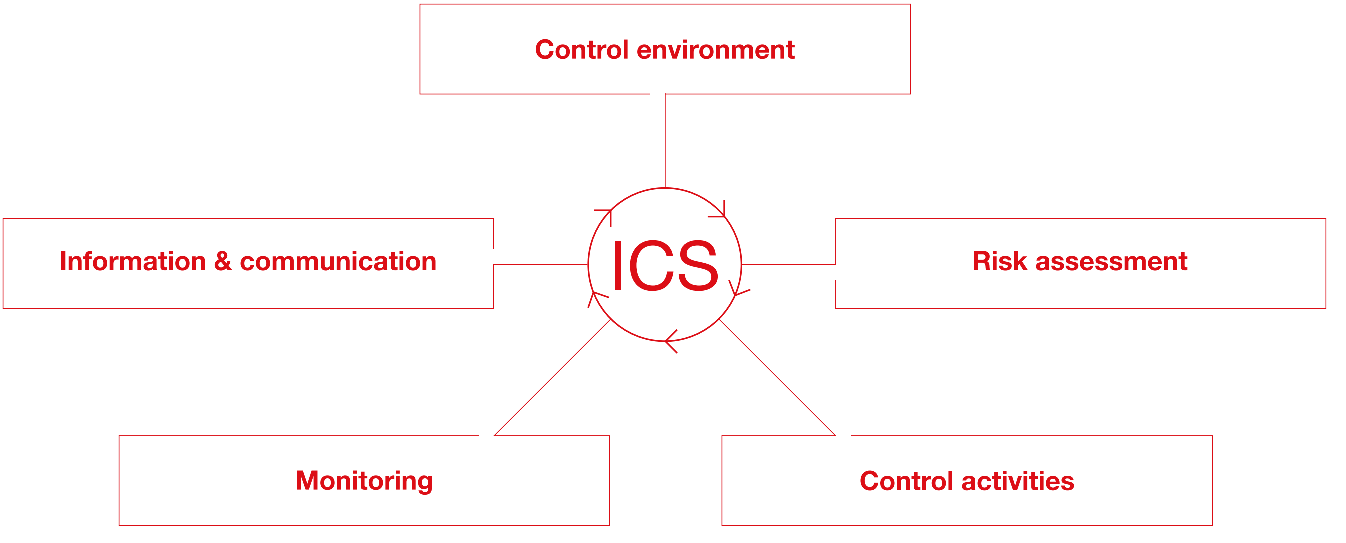
Change of control clauses are included in the employment contracts of the members of the Managing Board, the terms of corporate and hybrid bonds, and the terms and conditions of syndicated loans. Further disclosures on the composition of Wienerberger capital, types of shares, rights and restrictions as well as the powers of the Managing Board to issue or buy back shares are contained in the Notes to the Consolidated Financial Statements under Note 28 ("Group Equity") starting on page 82.

Risk Management and the Internal Control System

Our international operations not only offer great opportunities, but are also associated with risks. Wienerberger has therefore established an effective risk management system, which identifies existing risks and counters them through avoidance, elimination and limitation. Purely operational risks are considered acceptable, whereas taking risks beyond the scope of operational business is not permitted.

The internal control system (ICS) of Wienerberger AG plays an important role in risk management. Based on the internationally recognized standards for internal control systems (issued by COSO), the ICS provides the management with a comprehensive tool for the analysis and/or prevention of uncertainties and risks arising from the Company's essential business activities. Rules and controls applicable throughout the Group and across its operating segments are set by the Managing Board. In accordance with the decentralized structure of Wienerberger, responsibility for implementing the ICS lies with the local management concerned. Internal Audit is responsible for communication and monitoring. Continuous implementation of the ICS is ensured through regular audits performed at the local sites.

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



Control Environment

- Uniform and binding rules for the entire Group
- Standardized processes
- Uniform chart of accounts and reporting
- Compliance management system

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

Wienerberger's compliance management system consists of a set of rules designed to support employees in complying with the Group's ethical and legal standards. It applies to all employees working for Wienerberger. If the national legislation provides for stricter rules, the latter take precedence. As clear rules are indispensable for the prevention of misconduct, Wienerberger implemented anti-bribery and anti-corruption policies, a guideline regarding compliance with anti-trust law, export controls (lists of sanctions) as well as capital market and data privacy rules. The compliance management system is continuously adapted to changes in legislation. The policies and guidelines are communicated to all employees concerned on a regular basis. Training sessions are organized and documented. Additional controls have been introduced at Group level to inform and support the local management in matters of compliance. Internal Audit regularly verifies compliance with the rules and guidelines in effect.

Risk Assessment

- Group-wide risk management
- Regular risk reporting
- Annual internal audit plan coordinated with the Managing Board and the Supervisory Board

To manage the Group-wide risks, we aim at identifying risks as early as possible and counteracting them through appropriate measures in order to minimize deviations from our corporate goals. The respective risk owners within our experienced international teams are in charge of the

- identification,
- analysis,
- assessment,
- management and monitoring of risks.

To this end, surveys are conducted regularly at top and senior management level, involving the members of the Managing Board, the management of the Business Units and the heads of corporate functions, in order to update existing risks and identify new ones. Subsequently, the risks identified are broken down into strategic and operational risks along the entire value chain and allocated to the risk owners. Risks are assessed on the basis of their probability of occurrence and the potential impact on the free cash flow for a medium-term horizon of five years and a long-term horizon of six to ten years. Besides strategic risks, the major risks for the Wienerberger Group are procurement, production, market and price risks as well as financial and legal risks. For detailed information on all risks, please refer to the Risk Report starting on page 110. The most important instruments for risk monitoring and risk management are planning and controlling processes, Group policies, regular reporting of financial and non-financial parameters, and the diversification of risks through our portfolio approach.

Most of the risks identified are addressed and monitored within the framework of established internal management processes. In particular, local companies only take on risks arising from their operational business, which are analyzed by the respective risk owners within the Business Unit concerned and weighed against the potential gains. Additionally, risks arising within the framework of Group financing, procurement, in IT or in the area of compliance are not only addressed by the Business Unit concerned, but also managed, monitored and mitigated centrally by the holding company. Another risk class includes material risks with a low probability of occurrence, which are continually monitored and assessed and are to be addressed through predefined defensive measures on a timely basis, whenever need arises.

Internal Audit draws up an annual audit plan, which is agreed upon with the Managing Board and notified to the Audit and Risk Committee of the Supervisory Board. In the course of the year, Internal Audit regularly reports to the Managing Board and the Audit and Risk Committee on the audits performed, the results obtained and the degree of implementation of the findings.

The external auditor performs an annual evaluation of Wienerberger's risk management system and reports the outcome to the Supervisory Board and the Managing Board. The functionality of the risk management system was reviewed and confirmed by the external auditor in 2019. Additionally, the control systems of the individual Business Units are covered within the framework of the audit of the annual financial statements.

Control Activities

- Standardized and integrated planning process
- ERP Audit Cockpit
- ERP authorization concept

The controlling activities include an annual planning process that is based on an integrated bottom-up planning approach. The planning process covers the budgeting of profit and loss, the balance sheet and the cash flows of the following business year as well as a medium-term plan for a horizon of four years. The monthly comparison of actual results with the forecasts for the respective period is an essential element of the internal control and risk management system. In addition, all subsidiaries prepare updated forecasts of the expected annual results three times a year.

In order to strengthen, formalize and document the internal control system, a risk and control matrix with more than 150 controls, broken down into about 20 main processes and over 60 sub-processes, was designed and introduced. Once a year, the local management evaluates and documents the status of implementation of selected key controls. Internal Audit regularly reviews this self-evaluation and assesses the degree of maturity of the respective key controls.

The identity and access management system is yet another control instrument, which models segregation of duty conflicts identified for accounting-related topics. This is a software tool integrated throughout the Group to support the local management in the implementation, documentation and monitoring of the measures taken to resolve segregation of duty conflicts. The system works on the basis of the ERP authorization regime, which serves to avoid authorization conflicts through a clear definition of tasks and responsibilities. The identity and access management system also checks if the rights of access to critical ERP processes are still in line with the current responsibilities of internal and external staff.

Monitoring

- Risk- and process-oriented audits
- Ad-hoc audits

Following the schedule laid down in the audit plan, each Group company is audited at regular intervals by Internal Audit for compliance with the ICS. Moreover, operational processes are reviewed for their risk potential and possible enhancements of efficiency. Acting as the central monitoring body for the internal control system, Internal Audit also verifies compliance with legal provisions and internal policies.

Furthermore, in addition to its risk- and process-oriented audits, Internal Audit performs ad-hoc and special audits when so requested by the management.

Information and Communication

- Reports on identified weaknesses and potential efficiency enhancements
- Reports on fraud cases

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

Financial Statements

Financial Statements

Consolidated Income Statement

Notes	in TEUR	2019	2018
(9)	Revenues	3,466,283	3,305,079
(10-12, 14-16)	Cost of goods sold	-2,211,524	-2,146,319
	Gross profit	**1,254,759**	**1,158,760**
(10-12, 14-16)	Selling expenses	-657,658	-637,162
(10-12, 14-16)	Administrative expenses	-227,426	-217,559
(11, 15, 16)	Other operating income:		
(11)	Reversal of impairment charges to assets	0	4,297
	Other	48,136	54,164
(11, 14, 16)	Other operating expenses:		
(11)	Impairment charges to assets	0	-12,727
	Other	-55,160	-109,965
	Operating profit/loss (EBIT)	**362,651**	**239,808**
(2)	Income from investments in associates and joint ventures	3,567	1,701
(17)	Interest and similar income	2,686	4,409
(17)	Interest and similar expenses	-42,015	-43,671
(17)	Other financial result	-11,619	-6,902
	Financial result	**-47,381**	**-44,463**
	Profit/loss before tax	**315,270**	**195,345**
(18)	Income taxes	-52,507	-48,475
	Profit/loss after tax	**262,763**	**146,870**
	Thereof attributable to non-controlling interests	517	-237
	Thereof attributable to hybrid capital holders	13,147	13,609
	Thereof attributable to equity holders of the parent company	**249,099**	**133,498**
(19)	**Earnings per share (in EUR)**	**2.18**	**1.15**
(19)	**Diluted earnings per share (in EUR)**	**2.18**	**1.15**

Consolidated Statement of Comprehensive Income

Notes	*in TEUR*	2019	2018
	Profit/loss after tax	**262,763**	**146,870**
(37)	Foreign exchange adjustments	**31,712**	-372
(37)	Foreign exchange adjustments to investments in associates and joint ventures	**17**	-9
	Changes in hedging reserves	**-6,598**	-9,516
	Items to be reclassified to profit or loss	**25,131**	**-9,897**
(30)	Actuarial gains/losses	**-16,244**	12,340
	Actuarial gains/losses from investments in associates and joint ventures	**-402**	-2
	Items not to be reclassified to profit or loss	**-16,646**	**12,338**
	Other comprehensive income	**8,485**	**2,441**
	Total comprehensive income after tax	**271,248**	**149,311**
	Thereof comprehensive income attributable to non-controlling interests	**525**	-163
	Thereof attributable to hybrid capital holders	**13,147**	13,609
	Thereof comprehensive income attributable to equity holders of the parent company	**257,576**	**135,865**

Consolidated Statement of Cash Flows

Notes	in TEUR	2019	2018
	Profit/loss before tax	315,270	195,345
(11)	Depreciation and amortization	238,987	186,465
(11)	Impairment charges to assets and other valuation effects	16,984	32,741
(11)	Reversal of impairment charges to assets	-852	-4,297
(29, 30)	Increase/decrease in non-current provisions	-15,893	-13,409
(2)	Income from investments in associates and joint ventures	-3,567	-1,701
	Gains/losses from the disposal of fixed and financial assets	-13,096	-26,314
(17)	Interest result	39,329	39,262
	Interest paid	-36,477	-38,257
	Interest received	1,465	4,321
	Income taxes paid	-65,432	-47,609
	Gross cash flow	**476,718**	**326,547**
	Increase/decrease in inventories	-56,706	-23,223
	Increase/decrease in trade receivables	9,453	2,713
	Increase/decrease in trade payables	1,401	2,171
	Increase/decrease in other net current assets	-1,084	11,217
	Cash flow from operating activities	**429,782**	**319,425**
	Proceeds from the sale of assets (including financial assets)	39,056	43,847
	Payments made for property, plant and equipment and intangible assets	-255,465	-215,847
	Payments made for investments in financial assets	0	-6,078
	Dividend payments from associates and joint ventures	0	3,039
	Increase/decrease in securities and other financial assets	667	15,578
	Net payments made for the acquisition of companies	-47,876	-73,088
	Net proceeds from the sale of companies	-473	20,882
(20)	**Cash flow from investing activities**	**-264,091**	**-211,667**
(21)	Cash inflows from the increase in short-term financial liabilities	436,458	235,323
(21)	Cash outflows from the repayment of short-term financial liabilities	-467,015	-473,586
(21)	Cash inflows from the increase in long-term financial liabilities	1,077	248,851
(21)	Cash outflows from the repayment of long-term financial liabilities	-489	-646
(21)	Cash outflows from the repayment of lease liabilities	-42,918	0
(28)	Dividends paid by Wienerberger AG	-57,291	-34,812
(28)	Hybrid coupon paid	-14,284	-13,609
(28)	Dividends paid to non-controlling interests	-219	-120
(28)	Buyback hybrid capital	-27,086	-16
(28)	Purchase of non-controlling interests	0	-30,100
(28)	Purchase of treasury stock	-29,478	-44,996
	Cash flow from financing activities	**-201,245**	**-113,711**
	Change in cash and cash equivalents	**-35,554**	**-5,953**
	Effects of exchange rate fluctuations on cash held	1,229	-226
	Cash and cash equivalents at the beginning of the year	163,080	169,259
	Cash and cash equivalents at the end of the year	**128,755**	**163,080**

Consolidated Balance Sheet

Notes	*in TEUR*	31/12/2019	31/12/2018
	Assets		
(22)	Intangible assets and goodwill	760,379	712,719
(22)	Property, plant and equipment	1,882,634	1,575,709
(22)	Investment property	57,832	66,569
(23)	Investments in associates and joint ventures	25,641	22,100
(23, 26)	Other financial investments and non-current receivables	26,483	30,420
(31)	Deferred tax assets	58,745	54,076
	Non-current assets	**2,811,714**	**2,461,593**
(24)	Inventories	827,566	761,659
(25)	Trade receivables	221,586	215,838
(26)	Receivables from current taxes	12,182	4,144
(26)	Other current receivables	91,507	92,436
(25, 35, 36)	Securities and other financial assets	36,317	42,812
	Cash and cash equivalents	128,755	163,080
	Current assets	**1,317,913**	**1,279,969**
(27)	**Non-current assets held for sale**	**2,958**	**1,348**
	Total assets	**4,132,585**	**3,742,910**
	Equity and liabilities		
	Issued capital	116,352	117,527
	Share premium	1,058,946	1,075,422
	Hybrid capital	241,008	265,969
	Retained earnings	943,851	760,389
	Other reserves	-222,478	-230,955
	Treasury stock	-61,685	-49,858
	Controlling interests	**2,075,994**	**1,938,494**
	Non-controlling interests	835	586
(28)	**Equity**	**2,076,829**	**1,939,080**
(31)	Deferred taxes	76,917	75,021
(30)	Employee-related provisions	150,684	136,432
(29)	Other non-current provisions	90,870	83,622
(32, 34, 36)	Long-term financial liabilities	576,246	710,590
(32)	Other non-current liabilities	3,085	2,793
	Non-current provisions and liabilities	**897,802**	**1,008,458**
(29)	Current provisions	38,113	51,924
(32)	Payables for current taxes	25,516	22,531
(32, 34-36)	Short-term financial liabilities	460,211	126,907
(32)	Trade payables	336,422	326,890
(32)	Other current liabilities	297,692	267,120
	Current provisions and liabilities	**1,157,954**	**795,372**
	Total equity and liabilities	**4,132,585**	**3,742,910**

Consolidated Statement of Changes in Equity

Notes	*in TEUR*	Issued capital	Share premium	Hybrid capital	Retained earnings
	Balance on 31/12/2017	**117,527**	**1,086,017**	**265,985**	**657,377**
	Adjustments [1)]				**4,326**
	Balance on 1/1/2018 adjusted	**117,527**	**1,086,017**	**265,985**	**661,703**
	Profit/loss after tax				147,107
(37)	Foreign exchange adjustments				
(37)	Foreign exchange adjustments to investments in associates and joint ventures				
	Changes in hedging reserves				
	Changes in other reserves				
	Total comprehensive income				**147,107**
(28)	Dividend payment/hybrid coupon				-48,421
(28)	Change in hybrid capital			-16	
(28)	Decrease in non-controlling interests		-10,595		
(28)	Changes in treasury stock				
	Balance on 31/12/2018	**117,527**	**1,075,422**	**265,969**	**760,389**
(7)	**Adjustments [2)]**				**-5,084**
	Balance on 1/1/2019 adjusted	**117,527**	**1,075,422**	**265,969**	**755,305**
	Profit/loss after tax				262,246
(37)	Foreign exchange adjustments				
(37)	Foreign exchange adjustments to investments in associates and joint ventures				
	Changes in hedging reserves				
	Changes in other reserves				
	Total comprehensive income				**262,246**
(28)	Dividend payment/hybrid coupon				-71,575
(28)	Change in hybrid capital			-24,961	-2,125
(28)	Decrease in non-controlling interests				
(28)	Changes in treasury stock				
(28)	Retirement of treasury shares	-1,175	-16,476		
	Balance on 31/12/2019	**116,352**	**1,058,946**	**241,008**	**943,851**

1) The opening balance was adjusted due to first-time adoption of IFRS 9 and IFRS 15. // 2) The opening balance was adjusted due to first-time adoption of IFRS 16. // 3) AfS (available for sale) refers to financial instruments held for sale. This classification of financial instruments according to IAS 39 is no longer relevant due to the application of IFRS 9.

Other reserves							
Actuarial gains/losses	AfS reserve [3]	Hedging reserve	Translation reserve	Treasury stock	Controlling interests	Non-controlling interests	Total
-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
					-5,084		-5,084
-66,683	0	53,433	-217,705	-49,858	1,933,410	586	1,933,996
					262,246	517	262,763
			31,704		31,704	8	31,712
			17		17		17
		-6,598			-6,598		-6,598
-16,646					-16,646		-16,646
-16,646	0	-6,598	31,721		270,723	525	271,248
					-71,575	-219	-71,794
					-27,086		-27,086
					0	-57	-57
				-29,478	-29,478		-29,478
				17,651	0		0
-83,329	0	46,835	-185,984	-61,685	2,075,994	835	2,076,829

Notes to the Consolidated Financial Statements

General Information

1. Basis for the preparation of the consolidated financial statements

Wienerberger AG, which is headquartered in Vienna, Austria, is the parent company of an international building materials group whose business activities are classified into three segments according to management responsibilities: Wienerberger Building Solutions, Wienerberger Piping Solutions and North America. The address of Wienerberger AG is Wienerbergerplatz 1, 1100 Vienna, Austria.

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

In principle, the annual financial statements are based on amortized acquisition and production costs and were prepared as of the balance sheet date, the only exception being certain financial instruments, such as derivatives and equity instruments, which are accounted for at fair value. Deferred taxes are determined on the basis of temporary differences and re-evaluated at every balance sheet date. In addition, defined benefit pension and severance compensation plans are recognized and measured according to the projected unit credit method. The income statement is prepared in accordance with the cost of sales method; the reconciliation to the total cost method is provided in the Notes.

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

2. Consolidated companies

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

Consolidated companies	Full consolidation	Equity consolidation
Balance on 31/12/2018	**157**	**5**
Change in consolidation method	-1	1
Included during reporting year for the first time	18	0
Merged/liquidated during reporting year	-12	0
Balance on 31/12/2019	**162**	**6**
Thereof foreign companies	140	6
Thereof domestic companies	22	0

Subsidiaries

In addition to Wienerberger AG, the 2019 consolidated financial statements include 22 (2018: 22) Austrian and 140 (2018: 135) foreign subsidiaries over which Wienerberger AG exercises control. Subsidiaries are fully consolidated as of the date control is obtained and deconsolidated when control ceases to exist. In accordance with IFRS 10, control is considered to exist when Wienerberger has power over the subsidiary and can use this power to influence the company's financial and operating policies. Five subsidiaries were not consolidated in 2019 (2018: 6) because their influence on the Group's assets, liabilities, financial position and profit or loss is immaterial for a true and fair view.

Investments in associates and joint ventures

The 2019 consolidated financial statements of Wienerberger AG include five investments in joint ventures (2018: 4) and one investment (2018: 1) in an associate that are accounted for at equity. In accordance with the criteria of IFRS 11, Schlagmann Poroton GmbH & Co KG, Silike keramika, spol. s.r.o. and TV Vanheede-Wienerberger are to be classified as joint ventures, because these companies are managed jointly with a partner of equal rights. Wienerberger holds 50% in these joint ventures. Moreover, Wienerberger holds 30% of Interbran Baustoff GmbH, which is classified as joint venture on account of its joint management. As of 31/12/2019, the fully consolidated subsidiary TONDACH BOSNA I HERCEGOVINA d.o.o. was included by the equity method. Although Wienerberger holds 80% of its shares, the classification as a joint venture applies. The participation was recognized at fair value and the gain from deconsolidation in the amount of TEUR 1,269 was reported under other operating income. The following table shows the values (100%) resulting from the aggregation of the joint ventures:

in TEUR	2019	2018
Revenues	97,102	94,912
EBITDA	17,288	12,625
EBIT	11,871	8,314
Profit/loss after tax	6,978	3,319
Total comprehensive income after tax	6,173	3,315

Assets *in TEUR*	31/12/2019	31/12/2018	Equity and liabilities *in TEUR*	31/12/2019	31/12/2018
Non-current assets	63,535	52,005	Equity	29,603	23,232
Current assets	42,700	37,977	Non-current provisions and liabilities	31,161	25,037
			Current provisions and liabilities	45,471	41,713
	106,235	**89,982**		**106,235**	**89,982**

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

3. Acquisitions and disposals of companies

In 2019, the purchase price allocation for acquired assets and liabilties for Watsontwon Brick Company, the Pennsylvania-based facing brick producer already acquired on 31/12/2018, was adjusted. In the course of purchase price allocation, badwill of TEUR 3,072 was determined and recognized in other operating income. Watsontown Brick Company has been integrated into the operating segment of North America. Badwill is primarily attributed to the identification of intangible assets, such as the brand, technology and the customer base.

In April 2019, Wienerberger acquired 100% of the BPD Group, a British producer specializing in roofing accessories. In the course of the purchase price allocation, goodwill of TEUR 3,895 was identified, which reflects the broadening of our product range as an integrated supplier of full range roof systems. It is reported in the operating segment of Wienerberger Building Solutions.

Wienerberger also acquired 100% of Reddy S.A., a Belgian specialist producer of electrical accessories, in April 2019. Badwill of TEUR 40 identified in the course of purchase price allocation was recognized immediately through profit or loss in other operating income in the operating segment of Wienerberger Piping Solutions.

On 7/11/2019, the purchase of 85% of the shares in the Danish brick producers Vesterled Teglvaerk A/S and Helligsö Teglvaerk A/S and the distributor Egernsund Tegl a.m.b.a. was closed in order to strengthen our position in the Nordic facing brick markets. The balance sheets were incorporated on the basis of preliminary purchase price allocation, with goodwill recognized at TEUR 10,611. The latter was recognized on Wienerberger's consolidated balance sheet at 100%, as the seller was granted a put option for 15% of the shares, which was recognized as a financial liability under other interest-carrying liabilities. The option can be exercised by the seller in 2023, at the earliest, the price being determined on the basis of the prior year's EBITDA and an agreed multiplier.

Net cash outflows for company acquisitions in the reporting year came to a total of TEUR 46,446. Purchase price liabilities of TEUR 11,851 were recognized in other interest-carrying liabilities. Moreover, purchase price liabilities of TEUR 1,430 were paid for past acquisitions.

Between 1/1/2019 and 31/12/2019, the companies acquired in the reporting year generated revenues of TEUR 110,339 and EBITDA of TEUR 13,411. Since the date of first-time consolidation, revenues came to TEUR 29,815 and EBITDA to TEUR 4,870. Transaction costs for the acquisitions, recognized under administrative expenses, amounted to a total of TEUR 1,711.

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

in TEUR	Carrying amounts	Adjustments	Total
Intangible assets	0	18,600	**18,600**
Property, plant and equipment and financial assets	16,662	11,063	**27,725**
Non-current assets	**16,662**	**29,663**	**46,325**
Inventories	13,032	1,052	**14,084**
Trade receivables	14,854	-569	**14,285**
Other current receivables	15,236	-222	**15,014**
Current assets	**43,122**	**261**	**43,383**
Deferred taxes	1,005	8,919	**9,924**
Non-current provisions	1,822	68	**1,890**
Long-term financial liabilities	409	0	**409**
Non-current provisions and liabilities	**3,236**	**8,987**	**12,223**
Current provisions	3,871	-695	**3,176**
Short-term financial liabilities	619	5,078	**5,697**
Trade payables	5,773	1,166	**6,939**
Other current liabilities	8,754	-4,466	**4,288**
Current provisions and liabilities	**19,017**	**1,083**	**20,100**
Net assets	**37,531**	**19,854**	**57,385**
Goodwill			**14,506**
Badwill			**-3,112**
Cash and cash equivalents			**-10,482**
Purchase price liabilities			**-11,851**
Payments made for companies acquired in previous periods			**1,430**
Net payments made for acquisitions			**47,876**

4. Methods of consolidation

The acquisition method of accounting is applied to all fully consolidated companies. According to this method, the compensation transferred in exchange for the investment is compared with the revalued net assets (shareholders' equity) of the acquired company on the date of purchase. All identifiable assets, liabilities and contingent liabilities are initially recognized at fair value in accordance with IFRS 3; any remaining positive difference between the purchase price and revalued pro-rata equity is recognized in local currency as goodwill in the relevant segment. Negative differences are recognized in the income statement under other operating income. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least once each year together with the cash-generating unit to which they are allocated and reduced to the lower applicable recoverable amount in the event of impairment. Impairment tests are also performed more frequently if there are indications of a lasting decline in the value of a cash-generating unit during the financial year (see Note 5. Accounting and valuation principles and Note 22. Non-current assets).

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

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

5. Accounting and valuation principles

The accounting and valuation principles that form the basis for these consolidated financial statements remain unchanged in comparison with the previous year and were extended to include the new IFRSs to be applied on a mandatory basis as of the financial year (see Note 7. Effects of new and revised standards). A detailed description of the accounting and valuation principles can be found beginning on page 103.

6. Estimates and judgements

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

For example, the valuation of pension plans and severance claims by actuaries include assumptions concerning the expected discount rate, increase in salaries and pensions, employee turnover rates and the development of the costs of medical care. Detailed information on the parameters used is provided in Note 30. Employee benefits. This Note also includes a sensitivity analysis of the defined benefit obligations.

The useful life of property, plant and equipment is also determined on the basis of estimates which, in this case, are derived from experience with the operation of comparable equipment. A table showing the ordinary useful lives of these assets can be found on page 104.

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

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

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

In particular, impairment testing of goodwill and other assets involves estimates and forward-looking assumptions by management concerning the expected cash surpluses and the cost of capital for the Wienerberger Group and its cash-generating units during the planning period. The estimates made during the preparation of these consolidated financial statements reflect the best knowledge and belief of management on a going-concern basis. They draw on past experience and take account of the remaining degree of uncertainty. A sensitivity analysis was performed to show the influence of changes in macroeconomic parameters on forecasts for the income statement. This analysis is explained in detail in Note 22. Non-current assets.

7. Effects of new and revised standards

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

Standards/Interpretations		Published by IASB	Mandatory first-time adoption
IFRS 16	Leases	January 2016	1/1/2019 [1]
IFRS 9	Financial Instruments prepayment features with negative compensation – Amendments	October 2017	1/1/2019 [1]
IFRIC 23	Uncertainty over Income Tax Treatments	June 2017	1/1/2019 [1]
IAS 28	Associates and Joint Ventures – Amendments	October 2017	1/1/2019 [1]
	Annual Improvements to IFRSs 2015 - 2017 Cycle	December 2017	1/1/2019 [1]
IAS 19	Employee Benefits – Amendments	February 2018	1/1/2019 [1]
Framework	Framework – Amendments	March 2018	1/1/2020 [1]
IAS 1, IAS 8	Definition of Materiality – Amendments	October 2018	1/1/2020 [1]
IFRS 9, IAS 39, IFRS 7	IBOR Reform – Amendments	September 2019	1/1/2020
IFRS 3	Business Combinations – Amendments	October 2018	1/1/2020
IFRS 17	Insurance Contracts	May 2017	1/1/2021

1) Mandatory effective date according to European Union directive.

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

First-time adoption of the new standard IFRS 16 Leases is mandatory for financial years starting on or after 1/1/2019. For details on the effects of the new standard, please refer to the chapter "First-time adoption of IFRS 16 Leases".

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

IFRIC 23 Uncertainty over Income Tax Treatments, containing additional provisions on IAS 12 Income Taxes, was published in June 2017. This interpretation clarifies uncertainties over the treatment of income taxes in financial statements prepared according to IFRS.

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

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

The amendments to IAS 19 Employee Benefits, published in February 2018, clarify that after plan amendments, curtailments or settlements the current service cost and the net interest for the rest of the period are to be recognized on the basis of updated assumptions. The amendments are to be applied as of January 1, 2019.

In March 2018, a revised Conceptual Framework for Financial Reporting was published. It is intended to help preparers of financial statements to develop accounting methods for transactions not covered by IFRS standards and interpretations. Moreover, it is to assist the IASB in developing standards and interpretations that are based on consistent concepts.

In October 2018, the amendments to IAS 1 and IAS 8 were published. These amendments specify and harmonize the definition of materiality of disclosures in the notes to financial statements. They enter into force as of January 1, 2020.

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

The amendments to IFRS 9, IAS 39 and IFRS 7 published in September 2019 concern practical expedients in hedge accounting in connection with the IBOR reform.

The amendments to IFRS 3 Business Combinations, which were published in October 2018, are intended to clarify the standard through an adjusted definition of a business. The amended definition is to be applied to business combinations, provided the time of acquisition is on or after January 1, 2020.

In May 2017 the IASB published IFRS 17 Insurance Contracts, a new standard which replaces IFRS 4 and clarifies the accounting treatment of insurance and reinsurance contracts. Given that Wienerberger holds neither insurance nor reinsurance contracts as an insurer, the new standard is of no relevance to the financial statements of the Group.

First-time adoption of IFRS 16 Leases

IFRS 16 Leases was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease. Wienerberger applied the new standard for the first time as of 1/1/2019, using the modified retrospective approach. The cumulative effect of first-time adoption of this standard was recognized in the opening balance of retained earnings. Therefore, the comparative period of 2018 was not restated. The objective of IFRS 16 is to ensure that almost all leases and the related contractual rights and obligations are recognized as right-of-use assets and lease liabilities, without distinguishing between operating leases and finance leases. Consequently, Wienerberger recognized depreciation of the right-of-use asset and interest expense on the lease liability for most of the expenses for operating leases previously reported in the Consolidated Income Statement. Wienerberger primarily leases vehicles, office space, storage facilities, production sites and sales outlets. Wienerberger's activities as a lessor are immaterial.

For the majority of asset classes Wienerberger applies the practical expedient to account for lease and non-lease components as one lease. In the case of lease contracts for land and buildings, however, non-lease components are accounted for separately from lease components and are therefore excluded from the measurement of the lease liability and the right-of-use asset.

As provided for by the practical expedient, payments for short-term leases with terms of not more than twelve months and lease contracts for low-value assets continue to be recognized on a straight-line basis as rental and leasing expenses over the term of the corresponding lease contract.

At the time of first adoption, the lease liability was recognized at the present value of the residual lease payments, applying the incremental borrowing rate. The book values of contracts previously classified as finance lease contracts according to IAS 17 were carried forward. When applying the modified retrospective approach, the lessee can elect to make use of practical expedients in the transitional period. When Wienerberger, as a lessee, applied IFRS 16 for the first time, the company chose to apply the following elective rights and/or practical expedients:

- In the majority of cases, the right-of-use asset was measured in the amount of the lease liability and corrected for accrued or prepaid lease payments. However, individual lease contracts were accounted for at the book value that would have resulted if IFRS 16 had been applied since the beginning of the lease contract.
- Exclusion of the initial direct costs in the measurement of the right-of-use asset.
- Use of hindsight to determine the lease term for contracts containing options to extend or terminate the lease.
- Waiver of an impairment test of right-of-use assets recognized for the first time at the date of initial application of IFRS 16. Instead, immediately before the time of first adoption, Wienerberger evaluated if lease contracts were onerous contracts based on IAS 37 Provisions, Contingent Liabilities and Contingent Receivables.

The following table shows the effects of first-time adoption of IFRS 16 Leases on the opening balance sheet as at 1/1/2019, with right-of-use assets recognized under property, plant and equipment and lease liabilities under financial liabilities in the Consolidated Balance Sheet.

in TEUR	31/12/2018	Adjustments IFRS 16	1/1/2019
Assets			
Land and buildings	732,657	95,181	**827,838**
Machinery and equipment	687,789	6,399	**694,188**
Fixtures, fittings, tools and equipment	40,078	52,683	**92,761**
Assets under construction	115,185	0	**115,185**
Property, plant and equipment	1,575,709	154,263	**1,729,972**
Investments in associates and joint ventures	22,100	-15	**22,085**
Deferred taxes assets	54,076	35	**54,111**
Other current receivables	92,436	-123	**92,313**
Equity and liabilities			
Retained earnings	760,389	-5,084	**755,305**
Deferred taxes	75,021	-1,247	**73,774**
Long-term financial liabilities	710,590	123,691	**834,281**
Short-term financial liabilities	126,907	36,800	**163,707**

The following table shows the reconciliation of the obligation arising from non-cancellable operating leases as at 31/12/2018 to the lease liability recognized as at 1/1/2019. The weighted average incremental borrowing rate applied for the valuation of lease liabilities as at 1/1/2019 was 2.14%.

in TEUR	1/1/2019
Obligation from non-cancellable operating leases as at 31/12/2018 [1)]	**187,364**
Recognition exemption for low value assets	**-3,751**
Recognition exemption for short-term leases	**-1,151**
Adjustment due to different treatment of cancellation, extension and purchase options as well as leases concluded but not yet commenced	**4,256**
Lease liabilities before discounting	**186,718**
Lease liabilities discounted at the incremental borrowing rate at the date of initial application	**160,491**
Liabilities from finance leases as at 31/12/2018	**978**
Lease Liabilities as at 1/1/2019	**161,469**

1) Adjustment for obligations for lease contracts already concluded but not yet commenced

8. Operating segments

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

In the reporting year, Wienerberger changed its internal organizational structure and the composition of its reporting segments; the prior period was adjusted accordingly. The business activities of the Wienerberger Group are managed by business areas and regions. In the Wienerberger Building Solutions segment we report on our business in ceramic solutions for the building envelope and our concrete paver activities. The Wienerberger Piping Solutions segment comprises our European plastic pipe business and our ceramic pipe activities. Business in North America is reported in the North America segment. The activities of the holding companies are allocated to the segments on the basis of the capital employed of the business areas.

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

The definition of total investments was modified in the reporting year; the prior period was adjusted accordingly. Investments for maintenance of the industrial base are shown as "maintenance capex", while investments in the expansion and optimization of plants, the development of new products and digitalization are recognized under "special capex".

The reconciliation of segment results to Group results only requires the elimination of revenues, income and expenses as well as receivables and liabilities arising between the operating segments.

Wienerberger does not generate more than 10% of its revenues with any single external customer.

Operating Segments	Wienerberger Building Solutions		Wienerberger Piping Solutions	
in TEUR	2019	2018	2019	2018
External revenues	2,170,570	2,050,729	959,358	946,447
Inter-company revenues [1]	952	1,145	118	105
Total revenues	2,171,522	2,051,874	959,476	946,552
EBITDA	468,625	351,944	98,198	53,985
Depreciation and amortization [2]	-160,737	-129,619	-51,780	-39,233
Operating EBIT [3]	307,888	222,325	46,418	14,752
Impairment charges/Reversal of impairment charges	0	-10,347	0	1,416
EBIT	307,888	211,978	46,418	16,168
Income from investments in associates and joint ventures	3,608	1,722	-22	-11
Investments in associates and joint ventures	21,596	18,014	2,261	2,283
Interest result	-20,886	-21,736	-12,586	-11,932
Income taxes	-49,041	-43,727	-8,850	-4,109
Profit/loss after tax	236,733	142,193	23,066	-751
Liabilities	1,446,131	1,237,152	469,916	449,368
Capital employed	1,927,662	1,656,052	553,593	469,639
Assets	2,905,564	2,589,917	826,805	776,024
Non-current assets held for sale	2,958	1,198	0	150
Maintenance capex [4]	100,732	85,207	28,713	31,550
Special capex [4]	74,824	61,906	29,190	19,131
Ø Employees (in FTE)	12,466	11,912	3,318	3,285

Revenues	Wienerberger Building Solutions		Wienerberger Piping Solutions	
in TEUR	2019	2018	2019	2018
Great Britain	374,998	322,731	11,193	10,399
Netherlands	230,032	215,659	115,064	89,131
USA				
Belgium	214,956	208,869	87,930	94,340
Germany	226,281	234,871	36,693	43,792
Poland	198,059	192,396	60,624	58,321
Austria	103,803	104,597	131,825	123,304
France	162,102	164,780	33,346	32,318
Czech Republic	136,897	132,870	22,270	21,265
Hungary	87,237	77,763	42,581	36,500
Norway	11,997	11,109	107,081	120,146
Romania	94,193	78,253	7,320	4,806
Sweden	9,615	9,176	89,840	89,746
Finland	11,286	10,292	68,829	69,104
Other countries	309,777	288,451	144,762	153,275
Wienerberger Group	**2,171,233**	**2,051,817**	**959,358**	**946,447**

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

North America		Group eliminations		Wienerberger Group	
2019	2018	2019	2018	2019	2018
335,692	306,815	0	0	3,465,620	3,303,991
3	12	-410	-174	663	1,088
335,695	306,827	-410	-174	3,466,283	3,305,079
43,157	36,697	0	0	609,980	442,626
-34,812	-25,536	0	0	-247,329	-194,388
8,345	11,161	0	0	362,651	248,238
0	501	0	0	0	-8,430
8,345	11,662	0	0	362,651	239,808
-19	-10	0	0	3,567	1,701
1,784	1,803	0	0	25,641	22,100
-5,857	-5,594	0	0	-39,329	-39,262
5,384	-639	0	0	-52,507	-48,475
5,395	3,706	-2,431	1,722	262,763	146,870
210,009	184,582	-70,300	-67,272	2,055,756	1,803,830
430,910	411,004	0	0	2,912,165	2,536,695
496,565	470,338	-96,349	-93,369	4,132,585	3,742,910
0	0	0	0	2,958	1,348
10,636	13,498	0	0	140,081	130,255
11,370	4,555	0	0	115,384	85,592
1,450	1,399	0	0	17,234	16,596

North America		Wienerberger Group	
2019	2018	2019	2018
		386,191	333,130
		345,096	304,790
310,392	277,942	310,392	277,942
		302,886	303,209
		262,974	278,663
		258,683	250,717
		235,628	227,901
		195,448	197,098
		159,167	154,135
		129,818	114,263
		119,078	131,255
		101,513	83,059
		99,455	98,922
		80,115	79,396
25,300	28,873	479,839	470,599
335,692	**306,815**	**3,466,283**	**3,305,079**

4) The allocation of investments to investment categories was modified in the reporting year. The prior period was adjusted accordingly.

Products in TEUR	EBITDA 2019	EBITDA 2018	Total investments [1] 2019	Total investments [1] 2018
Wall	204,292	153,883	68,781	52,427
Facade	163,399	132,031	55,080	54,503
Roof	136,047	103,950	32,968	31,707
Pavers	28,350	18,953	14,683	14,442
Pipes	114,539	72,673	58,944	50,837
Other	-36,647	-38,864	25,009	11,931
Wienerberger Group	**609,980**	**442,626**	**255,465**	**215,847**

1) The allocation of investments to investment categories was modified in the reporting year. The prior period was restated accordingly.

Notes to the Consolidated Income Statement

9. Revenues

In the year under review, consolidated revenues increased by 5% to TEUR 3,466,283 including positive effects from currency translation in the amount of TEUR 4,447. Group revenues include revenues in the amount of TEUR 5,639 (2018: TEUR 20,611) from construction contracts. Detailed information on revenues by region is provided in the presentation of operating segments on pages 56 and 57.

The Wienerberger Group generates revenues from the sale of building material solutions for different fields of application. As a rule, revenue is recognized at the time of delivery and, consequently, the transfer of control of the product to the buyer, which usually corresponds to the time of delivery agreed upon in the delivery terms.

The goods are delivered to the customer by Wienerberger's own means of transport or by carriers contracted by Wienerberger. Transport revenues are recognized as part of external revenues, while transport-related expenses are recognized under cost of goods sold (in gross amounts).

Revenue is adjusted for expected returns and customer bonuses or discounts. Return obligations arise primarily from returnable packaging material, such as pallets. Expected returns are estimated mainly on the basis of historic data of recent years.

In international project business with LLLD (long-length large-diameter) pipes, revenue is recognized over a period of time. In the brick business as well, revenue from individual contracts is recognized over a period of time. This applies, for instance, to customer-specific production or so-called "heritage" products. However, the period of production for such contracts usually does not extend beyond a few days or weeks. Progress made in contract execution during the reporting period is calculated by means of output-oriented methods, for instance on the basis of the volume produced relative to the total volume ordered.

Apart from the sale of products, Wienerberger also provides services for customers within the framework of Building Information Modelling. The current contributions to revenues from such services are immaterial.

The period of time between the transfer of goods and/or services to the buyer and the due date of the receivable usually is less than one year. Wienerberger therefore makes use of the practical expedient not to adjust revenues by a significant financing component.
The time of settlement of the receivables depends on the agreed payment terms.

External revenues, broken down by the most important product groups – after reconciliation to the reporting segments – are as follows:

1-12/2019 *in TEUR*	Wienerberger Building Solutions	Wienerberger Piping Solutions	North America	Wienerberger Group
Wall	808,713	0	21,071	**829,784**
Facade	651,749	0	237,448	**889,197**
Roof	585,479	0	0	**585,479**
Pavers	124,482	0	485	**124,967**
Pipes	122	959,351	76,682	**1,036,155**
Other	25	7	6	**38**
Total	**2,170,570**	**959,358**	**335,692**	**3,465,620**

1-12/2018 *in TEUR*	Wienerberger Building Solutions	Wienerberger Piping Solutions	North America	Wienerberger Group
Wall	787,776	0	18,363	**806,139**
Facade	598,123	0	215,183	**813,306**
Roof	543,219	0	0	**543,219**
Pavers	121,378	0	503	**121,881**
Pipes	199	946,436	72,759	**1,019,394**
Other	34	11	7	**52**
Total	**2,050,729**	**946,447**	**306,815**	**3,303,991**

Information on future revenues from contractual performance obligations not yet fulfilled at the balance sheet date is not provided, as customer contracts, as a rule, are executed within one year. For the same reason, Wienerberger makes use of the practical expedient not to capitalize contract costs, but to recognize them in expenses. These are mainly commissions paid to sales staff upon conclusion of customer contracts.

10. Material expenses

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

in TEUR	2019	2018
Cost of materials	**606,867**	610,722
Maintenance expenses	**133,683**	127,135
Cost of merchandise	**402,958**	388,169
Cost of energy	**276,223**	262,905
Total	**1,419,731**	**1,388,931**

The reported expenses were increased by a change of TEUR 37,096 (2018: TEUR 52,533) in inventories of semi-finished and finished goods. This includes adjustments to the cost of goods sold resulting from the recognition of assets for the right to recover products returned from customers. Income of TEUR 4,394 (2018: TEUR 2,829) resulted from the capitalization of own work and a proportional share of borrowing costs related to the construction of qualified plant and equipment.

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

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

The cost of goods sold, selling and administrative expenses and other operating expenses for the reporting year include TEUR 238,987 (2018: TEUR 186,465) of scheduled depreciation and amortization as well as special write-downs in accordance with IAS 36 of TEUR 9,194 (2018: TEUR 7,923) from the mothballing of plants and/or lines. The impairment tests carried out in December 2019 (see Note 22. Non-current assets) led to no recognition of impairment charges (2018: TEUR 12,727) to property, plant and equipment and intangible assets. Reversals of impairment charges in 2019 amounted to TEUR 852 (2018: TEUR 4,297).

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

in TEUR	2019	2018
Depreciation	**238,987**	**186,465**
Special write-downs	**9,194**	7,923
Depreciation and special write-downs	**248,181**	**194,388**
Impairment charges to property, plant and equipment and intangible assets	**0**	12,727
Impairment charges	**0**	**12,727**
Reversal of impairment charges	**-852**	**-4,297**
Depreciation, amortization, impairment charges and reversal of impairment charges	**247,329**	**202,818**

12. Personnel expenses

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

in TEUR	2019	2018
Wages	**338,278**	324,910
Salaries	**321,945**	299,274
Temporary workers	**34,505**	28,802
Expenses for long-term incentive programs	**3,540**	3,214
Expenses for severance payments (incl. voluntary severance payments)	**3,813**	20,362
Expenses for pensions	**17,622**	18,478
Expenses for statutory social security and payroll-related taxes and contributions	**138,402**	134,759
Other employee benefits (incl. anniversary bonuses)	**22,772**	23,702
Personnel expenses	**880,877**	**853,501**

The fixed remuneration components paid out to the members of the Managing Board totaled TEUR 1,695 in 2019 (2018: TEUR 1,401). Moreover, the Managing Board acquired entitlements in the amount of TEUR 3,524 (2018: TEUR 2,474) from variable components. The latter amount includes expenses of TEUR 1,883 (2018: TEUR 1,160) for a long-term remuneration component to be paid out in three equal instalments over two years if the defined targets are met.

Expenses for the short-term variable remuneration component, which is conditional on the attainment of short-term financial corporate goals, amounted to TEUR 1,641 (2018: TEUR 1,314).

For the active members of the Managing Board, pension expenses in the form of contributions to pension funds (defined contribution plans) totaled TEUR 659 (2018: TEUR 610). In the financial year 2019, the provision for statutory severance compensation claims amounted to TEUR 318 (2018: TEUR 406). Payments of TEUR 878 (2018: TEUR 861) were made to former members of the Managing Board and their surviving dependents.

The members of the Supervisory Board received remuneration in the amount of TEUR 800 for their activities during the 2019 financial year (previous year: TEUR 663). Entitlements for the reporting year totaled TEUR 690.

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

13. Employees

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

in FTE	2019	2018
Production	11,197	10,992
Sales	4,369	4,105
Administration	1,668	1,499
Total	**17,234**	**16,596**
Thereof apprentices	106	101

14. Other operating expenses

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

in TEUR	2019	2018
Transportation costs for deliveries	218,530	217,407
Expenses for services	126,309	125,769
Internal transport expenses	50,909	56,969
Rental and leasing charges	10,857	54,362
Non-income based taxes	26,527	27,513
License and patent expenses	19,456	15,875
Expenses for environmental protection measures	13,394	6,521
Expenses for commissions	6,199	6,209
Losses on the disposal of fixed assets, excluding financial assets	1,415	926
Impairment charges on trade receivables	859	305
Miscellaneous	97,934	120,590
Other operating expenses	**572,389**	**632,446**

The reconciliation of expenses under the total cost method to expenses under the cost of sales method is shown on page 64.

Expenses for services include, above all, expenses for business trips and travel, legal advisory and miscellaneous consulting services, advertising, insurance and telecommunications. Expenses for the external auditor and members of the auditor's network totaled TEUR 1,892 (2018: TEUR 1,700) for the audit of the consolidated financial statements in the year under review, TEUR 44 (2018: TEUR 283) for assurance services, TEUR 55 (2018: TEUR 40) for tax consulting services and TEUR 36 (2018: TEUR 53) for other services.

Miscellaneous other expenses consist mainly of expenses for customer complaints and research and development. In 2019, research and development expenses amounted to TEUR 17,455 (2018: TEUR 15,882).

Expenses for rent and leases, shown under other operating expenses, comprise the following:

in TEUR	2019
Expenses for short-term leases	3,991
Expenses for leases of low-value assets	1,430
Expenses for variable lease payments	81
Expenses for other lease payments	5,355
Rental and leasing charges	**10,857**

Expenses for other lease payments primarily include non-lease components of contracts for land and buildings and other rent and lease payments not within the scope of IFRS 16.

15. Other operating income

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

in TEUR	2019	2018
Income from the disposal of tangible assets, excluding financial assets	14,117	27,110
Income from rental and leasing contracts	5,233	5,348
Subsidies	1,939	1,693
Income from insurance claims	459	534
Miscellaneous	27,648	27,444
Other operating income	**49,396**	**62,129**

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

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

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

2019 *in TEUR*	**Cost of freight**	**Cost of materials**	**Cost of merchandise**	**Appreciation/ depreciation**	**Cost of energy**	**Personnel expenses**	**Other income**	**Other expenses**	**Total**
Cost of goods sold	0	752,830	401,752	169,609	269,149	501,323	-3,870	120,731	**2,211,524**
Selling expenses	218,530	19,279	1,206	34,702	4,808	240,320	-4,203	143,016	**657,658**
Administrative expenses	0	1,143	0	19,295	890	139,234	-5,518	72,382	**227,426**
Other operating expenses	0	0	0	23,723	1,376	0	0	30,061	**55,160**
Other operating income	0	0	0	0	0	0	-35,805	-12,331	**-48,136**
	218,530	**773,252**	**402,958**	**247,329**	**276,223**	**880,877**	**-49,396**	**353,859**	**3,103,632**

2018 *in TEUR*	**Cost of freight**	**Cost of materials**	**Cost of merchandise**	**Appreciation/ depreciation**	**Cost of energy**	**Personnel expenses**	**Other income**	**Other expenses**	**Total**
Cost of goods sold	0	769,005	387,262	147,069	255,758	486,883	-5,079	105,421	**2,146,319**
Selling expenses	217,407	17,462	907	10,136	4,858	223,949	-3,452	165,895	**637,162**
Administrative expenses	0	1,094	0	9,925	856	142,669	-3,886	66,901	**217,559**
Other operating expenses	0	0	0	39,985	1,433	0	0	81,274	**122,692**
Other operating income	0	0	0	-4,297	0	0	-49,712	-4,452	**-58,461**
	217,407	**787,561**	**388,169**	**202,818**	**262,905**	**853,501**	**-62,129**	**415,039**	**3,065,271**

17. Interest and other financial result

In accordance with the categories defined by IFRS 9, the following items are included in the interest and other financial result:

2019 *in TEUR*	Total	Loans and receivables AC [1)	FLAC [2)	FVtPL [3)	Derivatives
Interest and similar income	2,686	2,614	0	0	72
Interest and similar expenses	-35,406	0	-30,562	0	-4,844
Interest expense on lease liabilities	-3,573	0	-3,573	0	0
Net interest result from defined benefit pension and severance obligations as well as anniversary bonuses	-3,036				
Interest result	**-39,329**	**2,614**	**-34,135**	**0**	**-4,772**
Income from third parties (dividends)	606	0	0	606	0
Income from investments	**606**	**0**	**0**	**606**	**0**
Result from the disposal of financial instruments	394	0	0	394	0
Valuation of derivative instruments	-496	0	0	0	-496
Impairment of financial instruments	-1,587	-42	0	-1,545	0
Appreciation of financial instruments	435	0	0	435	0
Foreign exchange differences	-8,277				
Net result	**-9,531**	**-42**	**0**	**-716**	**-496**
Bank charges	-2,711				
Miscellaneous	17				
Other financial result	**-11,619**	**-42**	**0**	**-110**	**-496**
Total	**-50,948**	**2,572**	**-34,135**	**-110**	**-5,268**

1) Loans and receivables at amortized cost // 2) Financial liabilities at amortized cost // 3) Financial assets at fair value through profit or loss

Impairments of loans in the amount of TEUR 42 (2018: TEUR 31) are recognized in the financial result, whereas impairments of trade receivables of TEUR 859 (2018: TEUR 305) are recognized in the operating result.

The fair value of derivatives contributed a negative amount of TEUR -496 (2018: TEUR -1,157) to the result of the period.

2018 *in TEUR*	Total	Loans and receivables AC [1]	FLAC [2]	FVtPL [3]	Derivatives
Interest and similar income	4,409	2,974	0	8	1,427
Interest and similar expenses	-40,525	0	-32,694	0	-7,831
Net interest result from defined benefit pension and severance obligations as well as anniversary bonuses	-3,146				
Interest result	**-39,262**	**2,974**	**-32,694**	**8**	**-6,404**
Income from third parties (dividends)	983	0	0	983	0
Income from investments	**983**	**0**	**0**	**983**	**0**
Result from the disposal of financial instruments	130	0	0	130	0
Valuation of derivative instruments	-1,157	0	0	0	-1,157
Impairment of financial instruments	-2,285	-31	0	-2,254	0
Appreciation of financial instruments	84	0	0	84	0
Foreign exchange differences	-2,051				
Net result	**-5,279**	**-31**	**0**	**-2,040**	**-1,157**
Bank charges	-2,618				
Miscellaneous	12				
Other financial result	**-6,902**	**-31**	**0**	**-1,057**	**-1,157**
Total	**-46,164**	**2,943**	**-32,694**	**-1,049**	**-7,561**

1) Loans and receivables at amortized cost // 2) Financial liabilities at amortized cost // 3) Financial assets recognized at fair value through profit or loss

18. Income taxes

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

in TEUR	2019	2018
Current tax expense	59,495	58,120
Deferred tax expense/ income	-6,988	-9,645
Income taxes	**52,507**	**48,475**

The difference between the Austrian corporate tax rate of 25% applicable in 2019 (2018: 25%) and the Group tax rate shown in these statements is due to the following factors:

in TEUR	2019	2018
Profit/loss before tax	**315,270**	**195,345**
Tax expense at tax rate of 25%	-78,818	-48,836
Other foreign tax rates	18,870	14,881
Tax income and expense from prior periods	4,944	622
Effect of tax free income from investments in associates and joint ventures	524	244
Change in deferred tax assets not recognized	21,190	-37,611
Non-temporary differences	-21,643	21,662
Changes in tax rates	2,426	563
Effective tax expense	**-52,507**	**-48,475**
Effective tax rate in %	16.7%	24.8%

Deferred taxes are calculated on the basis of the tax rates applied or announced to be applied in the individual countries. In Austria, the calculation is based on the corporate tax rate of 25%. For foreign companies, deferred taxes are calculated on the basis of the respective country-specific tax rates. These tax rates ranged from 0% to 30% in 2019.

19. Earnings per share, proposal for profit distribution

The number of shares issued totaled 116,351,496 as of December 31, 2019. As of that date, Wienerberger held 2,933,803 shares as treasury stock (2018: TEUR 2,785,628), which were deducted for the calculation of earnings per share. This resulted in a weighted average number of 114,320,351 shares outstanding as a basis for the calculation of earnings per share for 2019. The 1,175,268 shares bought back were cancelled as at 18/2/2019. In 2019, 1,323,443 Wienerberger shares were bought back at a price of TEUR 29,478 within the framework of the authorization granted by the Annual General Meeting. On 18/02/2020, 1,163,514 Wienerberger shares were cancelled, resulting in a reduction of the share capital to EUR 115,187,982.00.

Number of shares	2019	2018
Outstanding	116,351,496	117,526,764
Treasury stock	2,933,803	2,785,628
Weighted average	114,320,351	116,153,998

Earnings per share of EUR 2,18 were calculated by dividing the profit/loss after tax attributable to equity holders of the parent company by the weighted average number of shares outstanding. The diluted earnings per share of EUR 2,18 represent the basic earnings per share for 2019.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of Wienerberger AG as of December 31, 2019, prepared on the basis of Austrian accounting rules, form the basis for dividend payment.

These financial statements show a net profit of EUR 69,089,603.81. The Managing Board proposes to the Annual General Meeting that a dividend of EUR 0.60 per share be paid out on the issued capital (as of March 19, 2020) of EUR 115,187,982.00 from the net profit of EUR 69,089,603.81 i.e. EUR 69,112,789.20 less a proportional amount of EUR 1,062,173.40 for treasury stock, i.e. EUR 68,050,615.80, and that the balance of EUR 1,038,988.01 be carried forward to new account.

Notes to the Consolidated Statement of Comprehensive Income

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

In the year under review, pre-tax currency translation differences of TEUR 33,960 (2018: TEUR -31) resulted primarily from the British pound, the Russian ruble and the US dollar. Differences of TEUR -8,026 (2018: TEUR -9,226) previously included in the translation reserve were reclassified to the income statement.

The market valuation of hedges reduced the pre-tax hedging reserve by TEUR -9,814 (2018: TEUR -12,147). Of this total, TEUR -3,846 (2018: TEUR -11,034) was accounted for by hedges of investments in foreign operations, and TEUR -5,968 (2018: TEUR -1,113) by hedges for future transactions (cash flow hedges). In the year under review, market value changes of TEUR 259 (2018: TEUR 4,906) in net investment hedges were reclassified from other comprehensive income to the income statement. Ineffective components in the amount of TEUR 1,223 (2018: TEUR -258) were recognized in the income statement in 2019.

Deferred taxes in the total amount of TEUR 3,588 (2018: TEUR 373) were recognized in other comprehensive income. The following table shows the allocation of deferred taxes to the components of other comprehensive income:

in TEUR	2019	2018
Foreign exchange translation	-2,231	-350
Changes in hedging reserves	3,215	2,633
Actuarial gains/losses	2,604	-1,910
Deferred taxes in other comprehensive income	**3,588**	**373**

In the reporting period, total comprehensive income after tax increased equity by TEUR 271,248 (2018: TEUR 149,311).

Notes to the Consolidated Statement of Cash Flows

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

20. Cash flow from investing activities

The acquisition of property, plant and equipment and intangible assets resulted in an outflow of funds totaling TEUR 255,465 (2018: TEUR 215,847). This amount includes TEUR 140,081 (2018: TEUR 130,255) of maintenance capex and TEUR 115,384 (2018: TEUR 85,592) of plant extensions and innovation (special capex). A total of TEUR 47,876 (2018: TEUR 79,166) was spent on acquisitions and on investments in financial assets (M&A).

Additions to non-current assets (including financial assets) in the amount of TEUR 127,806 (2018: TEUR 28,369) were not recognized as cash items, as they mainly result from the capitalization of obligations to recultivate depleted clay pits.

Cash inflows from the disposal of non-current assets amounted to TEUR 39,056 (2018: TEUR 43,847) and include the disposal of property, plant and equipment and intangible assets. These disposals generated net gains of TEUR 11,433 (2018: TEUR 26,314), a large portion of which is attributable to the sale of non-core assets in the amount of TEUR 7,636 (2018: TEUR 18,987).

The reconciliation of total investments in maintenance and special capex as well as payments made for the acquisitions of companies (M&A) of the Wienerberger Group is as follows:

in TEUR	2019	2018 1)
Payments made for investments in tangible and intangible assets	255,465	215,847
Net payments made for the acquisition of companies	47,876	73,088
Payments made for investments in financial assets	0	6,078
Total investments including financial assets	**303,341**	**295,013**
Maintenance capex	140,081	130,255
Maintenance capex	**140,081**	**130,255**
Payments made for plant extensions and innovation (special capex)	115,384	85,592
Net payments made for the acquisition of companies	47,876	73,088
Payments made for investments in financial assets	0	6,078
Special capex and M&A	**163,260**	**164,758**

1) The allocation of investments to investment categories was changed in the reporting year. The prior period was restated accordingly.

21. Cash flow from financing activities

The change in financial liabilities, as shown on the balance sheet, results from cash inflows and outflows recognized in cash flow from financing activities on the one hand, and from non-cash changes on the other:

in TEUR	Short-term financial liabilities	Long-term financial liabilities	Total financial liabilities
Balance on 31/12/2018	**126,907**	**710,590**	**837,497**
Adjustments IFRS 16	36,800	123,691	160,491
Balance on 1/1/2019	**163,707**	**834,281**	**997,988**
Cash inflows	436,458	1,077	437,535
Cash outflows	-467,015	-489	-467,504
Repayment of lease liabilities	-42,918	0	-42,918
New and amended lease contracts	0	92,396	92,396
Change in scope of consolidation	4,776	11,118	15,894
Accrued interest and cost of procuring money	-1,186	819	-367
Change in derivatives	3,396	0	3,396
Currency translation differences and other effects	37	0	37
Reclassifications	362,956	-362,956	0
Balance on 31/12/2019	**460,211**	**576,246**	**1,036,457**

in TEUR	Short-term financial liabilities	Long-term financial liabilities	Total financial liabilities
Balance on 31/12/2017	**320,724**	**493,948**	**814,672**
Cash inflows	235,323	248,851	484,174
Cash outflows	-473,586	-646	-474,232
Repayment of lease liabilities	0	577	577
Change in scope of consolidation	23,497	-5,000	18,497
Accrued interest and cost of procuring money	43	-2,280	-2,237
Change in derivatives	-1,041	0	-1,041
Currency translation differences and other effects	-2,901	-12	-2,913
Reclassifications	24,848	-24,848	0
Balance on 31/12/2018	**126,907**	**710,590**	**837,497**

Notes to the Consolidated Balance Sheet

22. Non-current assets

The development of non-current assets is shown on pages 76 and 77. The figures shown for foreign exchange rate increases and decreases represent amounts arising from the use of different exchange rates to translate the assets of foreign companies at the beginning of the year and at year-end.

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

	Goodwill		Trademarks	
in TEUR	2019	2018	2019	2018
Wienerberger Building Solutions	362,448	343,967	13,347	16,022
Wienerberger Piping Solutions	54,454	54,552	47,111	42,014
North America	92,202	89,968	3,936	3,759
Wienerberger Group	**509,104**	**488,487**	**64,394**	**61,795**

Other intangible assets consist primarily of acquired customer base totaling TEUR 88,199 (2018: TEUR 86,861), acquired trademarks with an indefinite useful life in the amount of TEUR 64,394 (2018: TEUR 61,795), CO_2 certificates, patents and concessions. Internally generated intangible assets of TEUR 1,487 (2018: TEUR 1,093) were capitalized during the reporting year.

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

In the Wienerberger Building Solutions segment, Wienerberger's brick business is characterized by plants serving entire regions instead of individual countries. In particular, the production and the product portfolio of roof tiles and facing bricks are optimized for an entire region. This also applies to the optimization of the network of clay block plants, although for reasons of efficiency, deliveries of these products are generally made over shorter distances than in the roof tile and facing brick business. In any event, plants close to the German and French borders can also cover most of the Benelux region. Due to the interrelations in the Western European region, goodwill is managed at regional level in the CGU group of Bricks and Roof Western Europe West. The exceptions in this segment are Italy (in the CGU group of Bricks Italy), which has not yet been integrated in the optimization process, as well as Finland and the Baltic States (in the CGU group of Bricks and Roof Western Europe, Finland and Baltics), which produce for export markets in Eastern Europe and Russia. The CGU group of Bricks and Roof Eastern Europe is characterized by the region's cross-border business and increasing integration of the brick and roof tile business under a single management for both the brick and roof tile segments. The CGU group of Bricks Russia, however, is an independent unit with only limited supply relations with the other CGU groups in Central and Eastern Europe. The paver business (CGU group of Pavers Semmelrock), which is integrated into Wienerberger Building Solutions, uses molds that can be exchanged between the individual production sites within the framework of a supra-regional strategy and product development policy, although concrete products, as a rule, are not transported over longer distances.

The segment Wienerberger Piping Solutions comprises the CGU groups of Pipes Pipelife West, Pipes Pipelife East and Pipes Steinzeug. The European plastic pipe business is characterized by a high share of deliveries between the country organizations, above all for fittings, which are produced in the Netherlands for the West European market and in Poland for the East European market.

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

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

For the determination of the value in use, the after-tax weighted average cost of capital is derived from external sources on the basis of recognized financial methods. The conversion of the values in use is performed at the exchange rate on the day of the impairment test. An after-tax WACC of 7.21% (2018: 7.36%) was used for impairment testing in the Wienerberger Group, with different specific cost of capital rates applied to all markets outside the euro zone, except for Bosnia-Herzegovina. For the euro zone, a WACC after tax of 7.19% (2018: 7.40%) was calculated. In accordance with IAS 36 rules, all cost of capital rates were reconciled to WACC before tax.

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

in %	Pre-tax WACC 2019	Pre-tax WACC 2018	Growth rate 2019	Growth rate 2018
Wienerberger Building Solutions				
Bricks and Roof Eastern Europe	**10.10**	9.67	**2.80**	2.27
Bricks Russia	**12.73**	13.78	**1.75**	1.52
Bricks and Roof Western Europe West	**9.54**	9.81	**1.40**	1.68
Bricks Finland and Baltics	**9.11**	6.86	**0.42**	1.36
Bricks Italy	**9.45**	9.46	**0.29**	0.80
Bricks India	**12.77**	14.62	**7.08**	7.68
Pavers Semmelrock	**10.50**	10.00	**2.90**	2.87
Wienerberger Piping Solutions				
Pipes Pipelife East	**12.54**	12.68	**2.25**	2.18
Pipes Pipelife West	**8.82**	9.40	**1.84**	2.02
Pipes Steinzeug Group	**10.02**	11.54	**1.39**	1.54
North America				
Bricks North America	**8.71**	10.10	**1.80**	1.75
Pipes North America	**9.34**	10.46	**1.84**	1.75
Wienerberger Group	**9.78**	**9.75**	**2.00**	**1.96**

The expected future cash surpluses are based on the latest internal plans prepared by the top management and approved by the Managing Board and the Supervisory Board for the period from 2020-2023. These forecasts do not include the earnings potential of future strategic growth investments, such as possible acquisitions. Planned expansion investments that concern individual production lines and the related contributions to income are eliminated for the determination of the value in use.

The quality of these forecasts is reviewed on a regular basis through a variance analysis comparing the projected data with actual results, which are then incorporated into the subsequent planning process in the form of corrections. The calculation is based on four detailed planning periods (2020-2023); based on the going-concern assumption, the surplus cash inflows in the following planning period are assumed to be sustainable over the long term and used as the basis for determining the present value of the perpetual yield. These perpetual cash flows are based on the assumption of country-specific growth rates derived from an external source (IMF, October 2019, World Economic Outlook Database). In the interest of long-term growth, profits are retained to be used in future for the provision of production capacities. Wienerberger tests its assets for impairment at least once each year in connection with the corporate planning process. If interim forecasts or analyses indicate a significant negative variance from the original plan, the cash-generating unit concerned is again tested for impairment. In such cases, the impairment tests are recalculated on the basis of updated planning data and extended to include stress tests. Similarly, impairment tests are updated in the event that any external factors change significantly.

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

The impairment test calculations of the CGU group Bricks North America, accounting for a substantial share in the goodwill of the Wienerberger Group, which were based on a WACC after tax of 6.86% and a growth rate of 1.80%, resulted in a value in use that exceeded the carrying amount of the tested assets by MEUR 7.4. This difference was significantly above that of the previous year's impairment test of MEUR 4.6. As the value in use, taking these external and internal factors into account, was only slightly above the carrying amount of the CGU group and reacts sensitively to changes in input factors, a fair value was determined in addition to the value in use. On the one hand the fair value was derived from the stock exchange price of comparable companies and on the other hand based on data from a comparable external transaction in the US market in the current year and the previous years, from which an EBITDA multiplier was derived. Thus, a fair value less selling costs was determined, which exceeded the carrying amount of the CGU group by approx. MEUR 6.4.

An additional sensitivity analysis shows when the value in use would correspond to the carrying amounts of the tested assets, if individual elements are modified while all other parameters are kept constant. To this end, in addition to the WACC after tax, the contribution margins were also modified, as they constitute a central component of the cash flows relevant to the value in use. The sensitivity analysis of the contribution margin covers the main factors of influence, such as price and volume changes, with price changes having a significantly stronger influence on the development of the value in use of the CGU group than changes in the planned sales volume. The result of this analysis showed that at a WACC after tax of 6.96% the value in use would have corresponded to the carrying amount of the tested assets. If the WACC after tax were increased by 100 basis points to 7.86%, the value in use would be MEUR 55 below the carrying amount of the CGU group. The absolute annual contribution margins, which range around MEUR 112 over the planning horizon, would have to be reduced by 0.6% for the value in use to correspond to the carrying amount.

Non-current assets include land with a value of TEUR 408,433 (2018: TEUR 381,000). As at the balance sheet date, commitments for the purchase of property, plant and equipment amounted to TEUR 22,391 (2018: TEUR 23,546).

The balance sheet item investment property includes real estate and buildings with a carrying amount of TEUR 57,832 (2018: TEUR 66,569), which are not used in current business operations. These assets are scheduled for sale over the medium to long term and are therefore classified as investment property. The fair values of these assets derived from comparable transactions are allocated to level 2 in the fair value hierarchy according to IFRS 13 and estimated at TEUR 101,216 (2018: TEUR 107,710). The fair value was determined mainly on the basis of external purchase offers for the properties concerned or on the basis of prices available in the market for similar properties. In 2019, these properties generated rental and other income of TEUR 1,468 (2018: TEUR 1,762). Expenses for investment property that generated rental income in the year under review amounted to TEUR 726 (2018: TEUR 595); expenses in the amount of TEUR 1,405 (2018: TEUR 1,611) were incurred for investment property that did not generate rental income. Investment property with a carrying amount of TEUR 10,859 (2018: TEUR 7,129) was sold during the reporting year.

Leases

The change in rights of use for leases, reported under property, plant and equipment, is recognized as follows:

in TEUR	1/1/2019 [1)]	Foreign exchange incr./decr.	Change in scope of consolidation	Additions	Depreciation	Disposals	31/12/2019
Land and buildings	95,240	966	3,404	62,604	15,088	5,151	**141,975**
Machinery and equipment	7,420	3	89	2,987	3,220	230	**7,049**
Fixtures, fittings, tools and equipment	53,153	423	466	33,069	26,268	1,289	**59,554**
Right-of-use asset leases	**155,813**	**1,392**	**3,959**	**98,660**	**44,576**	**6,670**	**208,578**

1) includes rights of use within the framework of finance leases reported as at 31/12/2018 and rights of use recognized as of 1/1/2019 due to first-time adoption of IFRS 16 Leases

Wienerberger primarily rents vehicles, office space, storage facilities, production sites and showrooms. Lease contracts are negotiated individually on different terms and conditions. Plant and equipment include rented vehicles. Additions to land and buildings primarily include new and prolonged contracts for office premises and storage areas.

Details on lease liabilities, including an analysis of maturities, are contained in Note 32 Liabilities. For a breakdown of other expenses for rent and leases, see Note 14 Other operating expenses.

Asset table	Acquisition or production costs						
in TEUR	Balance on 1/1/2019 1)	Change in scope of consolidation	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31/12/2019
Goodwill	819,315	14,506	10,565	0	0	0	**844,386**
Other intangible assets	370,737	18,367	2,673	30,440	1,419	673	**421,471**
Intangible assets and goodwill	**1,190,052**	**32,873**	**13,238**	**30,440**	**1,419**	**673**	**1,265,857**
Land and buildings	1,423,202	19,982	14,436	98,597	18,421	-697	**1,537,099**
Machinery and equipment	2,715,879	6,692	23,992	103,950	84,913	81,117	**2,846,717**
Fixtures, fittings, tools and equipment	181,350	441	1,573	54,015	11,234	4,935	**231,080**
Assets under construction	116,528	254	422	93,570	575	-102,592	**107,607**
Property, plant and equipment	**4,436,959**	**27,369**	**40,423**	**350,132**	**115,143**	**-17,237**	**4,722,503**
Investment property	**138,729**	**-15**	**1,273**	**261**	**20,653**	**10,601**	**130,196**
Intangible assets and property, plant and equipment	**5,765,740**	**60,227**	**54,934**	**380,833**	**137,215**	**-5,963**	**6,118,556**

Asset table	Acquisition or production costs						
in TEUR	Balance on 1/1/2018	Change in scope of consolidation	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31/12/2018
Goodwill	817,116	2,319	7,714	0	7,834	0	**819,315**
Other intangible assets	344,616	8,620	-2,217	24,200	6,525	2,043	**370,737**
Intangible assets and goodwill	**1,161,732**	**10,939**	**5,497**	**24,200**	**14,359**	**2,043**	**1,190,052**
Land and buildings	1,305,177	17,778	-3,917	30,407	6,175	-15,249	**1,328,021**
Machinery and equipment	2,677,255	-721	-4,296	73,721	76,566	40,087	**2,709,480**
Fixtures, fittings, tools and equipment	125,102	-1,619	-884	13,216	6,735	-413	**128,667**
Assets under construction	72,986	0	-627	93,527	-34	-49,392	**116,528**
Property, plant and equipment	**4,180,520**	**15,438**	**-9,724**	**210,871**	**89,442**	**-24,967**	**4,282,696**
Investment property	**143,889**	**0**	**795**	**3,146**	**28,230**	**19,129**	**138,729**
Intangible assets and property, plant and equipment	**5,486,141**	**26,377**	**-3,432**	**238,217**	**132,031**	**-3,795**	**5,611,477**

1) includes rights of use recognized as of 1/1/2019 due to first-time adoption of IFRS 16 Leases // 2) including special depreciation and amortization

Depreciation and amortization

Balance on 1/1/2019	Change in scope of consolidation	Foreign exchange incr./decr.	Depreciation/ amortization	Impairments [2]	Reversal of impairments	Disposals	Transfers	Balance on 31/12/2019	Carrying amount 31/12/2019
330,828	0	4,454	0	0	0	0	0	**335,282**	**509,104**
146,505	-175	1,543	23,030	533	0	1,033	-207	**170,196**	**251,275**
477,333	**-175**	**5,997**	**23,030**	**533**	**0**	**1,033**	**-207**	**505,478**	**760,379**
595,364	-31	5,343	50,119	3,655	852	10,116	-11,582	**631,900**	**905,199**
2,021,691	-2	18,302	123,994	4,062	0	82,645	-616	**2,084,786**	**761,931**
88,589	-180	808	40,896	238	0	8,533	45	**121,863**	**109,217**
1,343	0	-11	0	0	0	0	-12	**1,320**	**106,287**
2,706,987	**-213**	**24,442**	**215,009**	**7,955**	**852**	**101,294**	**-12,165**	**2,839,869**	**1,882,634**
72,160	**-2**	**793**	**948**	**706**	**0**	**9,794**	**7,553**	**72,364**	**57,832**
3,256,480	**-390**	**31,232**	**238,987**	**9,194**	**852**	**112,121**	**-4,819**	**3,417,711**	**2,700,845**

Depreciation and amortization

Balance on 1/1/2018	Change in scope of consolidation	Foreign exchange incr./decr.	Depreciation/ amortization	Impairments [2]	Reversal of impairments	Disposals	Transfers	Balance on 31/12/2018	Carrying amount 31/12/2018
332,437	0	6,225	0	0	0	7,834	0	**330,828**	**488,487**
138,398	-333	-1,129	19,112	20	3,557	6,516	510	**146,505**	**224,232**
470,835	**-333**	**5,096**	**19,112**	**20**	**3,557**	**14,350**	**510**	**477,333**	**712,719**
587,380	-4,983	-2,001	35,541	2,274	740	7,076	-15,031	**595,364**	**732,657**
1,984,141	-23,788	-1,904	119,346	17,775	0	74,366	487	**2,021,691**	**687,789**
87,055	-1,994	-512	11,399	396	0	6,077	-1,678	**88,589**	**40,078**
372	0	-31	-176	73	0	0	1,105	**1,343**	**115,185**
2,658,948	**-30,765**	**-4,448**	**166,110**	**20,518**	**740**	**87,519**	**-15,117**	**2,706,987**	**1,575,709**
77,971	**0**	**550**	**1,243**	**112**	**0**	**21,101**	**13,385**	**72,160**	**66,569**
3,207,754	**-31,098**	**1,198**	**186,465**	**20,650**	**4,297**	**122,970**	**-1,222**	**3,256,480**	**2,354,997**

23. Investments

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

in TEUR	2019	2018
Investments in associates and joint ventures	**25,641**	**22,100**
Investments in subsidiaries	53	53
Other investments	10,355	11,837
Other investments	**10,408**	**11,890**
Investments	**36,049**	**33,990**

24. Inventories

in TEUR	2019	2018
Raw materials and consumables	174,769	153,968
Semi-finished goods	105,202	97,402
Finished goods and merchandise	544,326	508,515
Prepayments	3,269	1,774
Inventories	**827,566**	**761,659**

Pallets are included under raw materials and consumables. Clay purchased from third parties is shown together with clay extracted from the Group's own pits under semi-finished goods. Impairment charges of TEUR 5,282 (2018: TEUR 8,428) were booked for products with a net realizable value (selling price less selling and administrative expenses) lower than acquisition or production costs. As at December 31, 2019, the carrying amounts of inventories written down to their net realizable value totaled TEUR 52,074 (2018: TEUR 55,734).

25. Receivables, securities and other financial assets

Loans and receivables

in TEUR	2019			2018		
	Total	Remaining term < 1 year	Remaining term > 1 year	Total	Remaining term < 1 year	Remaining term > 1 year
Trade receivables from third party	211,210	211,210	0	215,618	215,618	0
Trade receivables from subsidiaries	10,376	10,376	0	220	220	0
Trade receivables	**221,586**	**221,586**	**0**	**215,838**	**215,838**	**0**
Financial receivables from subsidiaries	21,323	21,323	0	21,745	21,745	0
Receivables arising from loans	5,106	5,106	0	5,358	5,358	0
Loans granted	**26,429**	**26,429**	**0**	**27,103**	**27,103**	**0**
Loans and receivables AC [1)]	**248,015**	**248,015**	**0**	**242,941**	**242,941**	**0**

1) Loans and receivables at amortized cost (AC)

Trade receivables include contract assets of TEUR 2,379 (2018: TEUR 3,158) from customer-specific production orders. They represent a conditional right to consideration for complete performance of the contractual obligations by Wienerberger.

Loans and receivables are recognized at amortized cost and adjusted to reflect weighted expected credit loss. Specific valuation allowances are deducted directly from receivables and other assets. In accordance with the IFRS 9 rule, receivables sold (factoring) are derecognized. As at December 31, 2019, trade receivables in the amount of TEUR 106,132 (2018: TEUR 89,453) had been sold to third parties. Trade receivables in a total amount of TEUR 2,193 (2018: TEUR 1,505) are secured by notes payable.

Financial receivables from subsidiaries result from loans granted to companies consolidated at equity and other investments.

Financial assets at fair value through profit or loss

2019 *in TEUR*	Carrying amount	Market value	Market value changes recog. in financial result	Ø Effective interest rate in %
Shares in funds	**5,851**	5,851	371	0.20
Stock	**358**	358	0	-
Other	**680**	680	0	-
Securities	**6,889**	**6,889**	**371**	

2018 *in TEUR*	Carrying amount	Market value	Market value changes recog. in financial result	Ø Effective interest rate in %
Shares in funds	**5,432**	5,432	-346	0.15
Stock	**1**	1	0	-
Other	**715**	715	-76	-
Securities	**6,148**	**6,148**	**-422**	

Securities are held for short-term investment of liquidity and to cover pension and severance obligations; they primarily include shares in funds and stock, which are accounted for at fair value. Value fluctuations are recognized in the financial result. As of the balance sheet date, no debt instruments to be measured through other comprehensive income are held.

Financial assets measured at fair value through profit or loss in a total amount of TEUR 17,501 (2018: TEUR 18,498) include securities of TEUR 6,889 (2018: TEUR 6,148) recognized in current assets, derivatives of TEUR 204 (2018: TEUR 460) and other investments of TEUR 10,408 (2018: TEUR 11,890) recognized in non-current assets.

Derivatives

in TEUR	2019		2018	
	Carrying amount	Market value	Carrying amount	Market value
Derivatives from cash flow hedges	429	429	1,104	1,104
Derivatives from net investment hedges	2,366	2,366	7,997	7,997
Other derivatives	204	204	460	460
Derivatives with positive market value	**2,999**	**2,999**	**9,561**	**9,561**

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

in TEUR	2019	2018
Loans granted	26,429	27,103
Securities	6,889	6,148
Derivatives hedge accounting	2,795	9,101
Other derivatives	204	460
Securities and other financial assets	**36,317**	**42,812**

26. Other receivables

in TEUR	2019			2018		
	Total	Remaining term < 1 year	Remaining term > 1 year	Total	Remaining term < 1 year	Remaining term > 1 year
Receivables from current taxes	**12,182**	**12,182**	**0**	**4,144**	**4,144**	**0**
Return asset	8,423	8,423	0	10,215	10,215	0
Prepaid expenses and deferred charges	16,635	15,467	1,168	18,771	17,839	932
Miscellaneous receivables	82,524	67,617	14,907	81,980	64,382	17,598
Other receivables	**107,582**	**91,507**	**16,075**	**110,966**	**92,436**	**18,530**

Assets for the right to recover products from customers (return assets) result from the accounting of rights of return, such as returnable pallets.

Miscellaneous receivables with a remaining term < 1 year consist primarily of receivables due from tax authorities and social security institutions. Miscellaneous non-current receivables include a receivable from the sale of extraction rights of a sand pit, which is due and payable over the medium term.

27. Non-current assets held for sale

Assets with carrying amounts of TEUR 2,958 (2018: TEUR 1,348) are designated as held for sale. The majority of these items are land and buildings at plant locations that have been permanently closed and that are expected by the management to be sold within the next 12 months.

28. Group equity

The development of Group equity in 2019 and 2018 is shown on pages 44 and 45.

The 150th Annual General Meeting held on May 6, 2019 approved authorized capital of EUR 17,452,724. This authorization covers an ordinary capital increase against contributions in cash or in kind within a period of five years, subject to approval by the Supervisory Board. The share capital can be increased by a maximum of EUR 17,452,724 through the issue of up to 17,452,724 new bearer shares with the possibility of excluding subscription rights for fractional amounts. The capital increase can be carried out in several tranches, if necessary. The type of shares, the issue price and the issue conditions are to be determined by the Managing Board, subject to approval by the Supervisory Board. In principle, the shareholders have statutory subscription rights. However, the Managing Board was authorized to exclude the shareholders' statutory subscription rights in two special cases: First, for a capital increase in case of a contribution in kind for the granting of shares as currency for the acquisition of companies, parts of companies or participations in companies, and second, for multiple allotments in connection with the placement of new shares by the company (greenshoe). However, the number of shares issued subject to the exclusion of subscription rights must not exceed 5,817,574.

The 149th Annual General Meeting of Wienerberger AG held on June 14, 2018 authorized the Managing Board to buy back own shares, up to the limit defined by law, during a period of 30 months from the day of adoption of this resolution at a price not higher than twice the stock exchange price of June 14, 2018 and not lower than the notional value of EUR 1.00 per share, and to either cancel or re-sell shares bought back and to sell treasury shares other than over the stock exchange or by public offering without further resolution by the Annual General Meeting. This authorization replaces the authorization to buy back own shares granted by the Annual General Meeting held on May 12, 2016.

The 148th Annual General Meeting of Wienerberger AG on May 19, 2017 authorized the Managing Board to acquire own shares in the amount of 2% of the share capital for an employee participation program during a period of 30 months. The price for the shares acquired on the basis of this resolution must not be lower than EUR 1.00 per share and must not exceed twice the stock market quotation on May 19, 2017. In addition, an amendment of the Articles of Association was adopted authorizing the Annual General Meeting to exclude the net profit in whole or in part from allocation.

Group equity totaled TEUR 2,076,829 as of December 31, 2019, compared to TEUR 1,939,080 in the previous year. Profit after tax increased equity by TEUR 262,763 (2018: TEUR 146,870). The other components of comprehensive income led to an increase in equity by another TEUR 8,485 (2018: increase of TEUR 2,441) after the deduction of deferred taxes. As at December 31, 2019, the share of equity in total assets amounted to 50% (2018: 52%), and net debt increased from TEUR 631,605 in 2018 to TEUR 871,385.

At the end of the financial year, total non-controlling interests came to TEUR 835 (2018: TEUR 586).

The share capital of Wienerberger AG totaled EUR 116,351,496 as of December 31, 2019 and is divided into 116,351,496 no-par value shares that all carry the same rights. All shares are fully paid in. A dividend of EUR 0.50 per share was paid out in 2019, i.e. TEUR 58,176 less TEUR 885 for treasury shares (pro rata), or TEUR 57,291 in total.

A hybrid bond, which is a perpetual bond subordinate to all other creditors, is recognized as hybrid capital in equity. The hybrid bond carries interest at a fixed rate of 5% until 2021, when the issuer for the first time has the right to call the bond. In the reporting year, part of the hybrid bond was redeemed for an amount of TEUR 25,543. Transaction costs in the amount of TEUR 25 were deducted from equity.

In the reporting year Wienerberger AG paid the TEUR 14,284 coupon for the hybrid bond that was reported as hybrid capital.

The 2014 hybrid bond meets the criteria defined by IAS 32 for classification as an equity instrument, which is why the coupons payable are shown as part of the appropriation of net income in the statement of changes in equity. In 2019 the coupon reduced earnings per share by EUR 0.12.

In the reporting year, Wienerberger acquired 1,323,443 shares at a price of TEUR 29,478, recognizing the amount as a reduction in equity under treasury stock. Transaction costs of TEUR 331 were deducted from equity. 1,175,268 shares were cancelled as of February 18, 2019, which resulted in a decrease in issued capital by TEUR 1,175 and a reduction in share premium by TEUR 16,476 as of the balance sheet date.

Retained earnings of TEUR 943,851 (2018: TEUR 760,389) include the retained earnings of Wienerberger AG and all retained earnings of subsidiaries not eliminated during the capital consolidation. Group results for 2019, excluding the share of profit or loss due to non-controlling interests, are shown under retained earnings.

Other reserves include the components of other comprehensive income. These include actuarial gains and losses from pension and severance pay plans, which are not reclassified to profit or loss. The remaining other reserves include those components of other comprehensive income which, as a matter of principle, must be reclassified to profit or loss. The currency translation reserve includes all differences from foreign currency translation after tax that are recognized under other comprehensive income, with the differences from companies reported at equity shown separately. The hedging reserve includes changes in the value of hedges that are recognized under other comprehensive income. These hedging transactions comprise hedges of net investments in foreign operations (net investment hedges) as well as hedges for foreign currency transactions (cash flow hedges).

Change of control clauses are included in the employment contracts with the members of the Managing Board, in the terms of the 2013 and 2018 corporate bonds, and the 2014 hybrid bond, and in various syndicated term loans and other loans.

29. Provisions

in TEUR	1/1/2019	Foreign exchange incr./decr.	Change in scope of consolidation	Reversal	Use	Addition	31/12/2019
Provisions for warranties	22,256	150	0	5,476	2,397	5,895	**20,428**
Provisions for site restoration	42,981	866	73	2,050	5,500	16,792	**53,162**
Miscellaneous non-current provisions	18,385	48	1,695	1,180	6,774	5,106	**17,280**
Other non-current provisions	**83,622**	**1,064**	**1,768**	**8,706**	**14,671**	**27,793**	**90,870**
Provisions for taxes	1,680	3	0	22	0	139	**1,800**
Other current provisions	50,244	69	3,128	7,826	40,831	31,529	**36,313**
Current provisions	**51,924**	**72**	**3,128**	**7,848**	**40,831**	**31,668**	**38,113**
Other provisions	**135,546**	**1,136**	**4,896**	**16,554**	**55,502**	**59,461**	**128,983**

Miscellaneous non-current provisions primarily include other non-current employee-related provisions. Other current provisions mostly include restructuring provisions as well as other current employee-related provisions.

30. Employee benefits

The obligations for employee benefits are as follows:

in TEUR	1/1/2019	Foreign exchange incr./decr.	Change in scope of consolidation	Reversal	Use	Addition	31/12/2019
Provisions for severance payments	33,941	-25	0	1,076	5,929	6,325	**33,236**
Provisions for pensions	92,367	1,749	0	737	9,594	22,086	**105,871**
Provisions for jubilee bonuses	10,124	28	125	128	1,459	2,887	**11,577**
Employee-related provisions	**136,432**	**1,752**	**125**	**1,941**	**16,982**	**31,298**	**150,684**

The obligations for post-employment benefits total TEUR 139,107 (2018: TEUR 126,308) and comprise pension obligations of TEUR 105,871 (2018: TEUR 92,367) and severance compensation obligations of TEUR 33,236 (2018: TEUR 33,941). The relevant accounting and valuation principles are described on pages 107 and 108.

The company is exposed to various risks in connection with the plans for post-employment benefits. In addition to general actuarial risks, such as an increase in the life expectancy for retirement benefits and interest rate risks, the company is also exposed to foreign exchange risks or investment risks on the capital markets.

Pension obligations

Wienerberger has made pension commitments to employees in the Netherlands, Great Britain, Scandinavia, the USA, Canada, Germany, Belgium and Switzerland as well as to selected managers in Austria. Defined contribution plans represent the goal for future pension agreements. Defined benefit pension agreements have been regularly converted to defined contribution pension models through the transfer of previously earned claims to pension funds. Wienerberger has also made a number of defined pension commitments, mainly to former managers, based on unfunded pension plans; the length of service forms the basis for retirement benefits under these plans. The employees of General Shale Brick Inc. (USA) have a funded defined benefit pension plan as well as an unfunded (retirement) health insurance scheme.
ZZ Wancor AG (Switzerland) has a funded defined benefit pension scheme, which is outsourced to an external pension fund, with the company being de facto obligated to make additional contributions if the collective foundation were to become insolvent. Entitlements earned by Dutch employees are satisfied through a defined contribution pension plan, primarily through contributions to an industry-wide pension fund in the Netherlands. In Great Britain, a defined contribution pension plan covers all employees. The companies of thebrickbusiness, acquired in 2004, as well as Baggeridge, acquired in 2007, had defined benefit models; a provision was created to reflect these obligations. There are also defined benefit pension plans for the employees of the Steinzeug-Keramo Group. The Pipelife Group has defined benefit pension plans for individual members of the management in the Netherlands, Belgium, Austria and Germany.

The calculations are based on the following weighted average parameters:

Parameters	2019	2018
Discount rate	1.5%	2.5%
Expected salary increases	0.3%	0.3%
Expected pension increases	1.0%	1.2%
Average employee turnover	0.0%	0.0%
Mortality tables		
Austria	AVÖ 2018-P	AVÖ 2018-P
Germany	Heubeck 2018 G	Heubeck 2018 G
Switzerland	BVG 2015 GT	BVG 2015 GT
USA	Pri.A-2012 Fully Generational with Scale MP 2019	RP-2014 with scale MP-2017
Great Britain	105% of SAPS S2 Tables with allowance (CMI 2017)	105% of SAPS S2 Tables with allowance (CMI 2017)
Belgium	MR-3/FR-3	MR-3/FR-3
Sweden	DUS14	DUS14
Canada	CIA Composite Sector Mortality Table	CIA Composite Sector Mortality Table
Netherlands	AG Prognosetafel 2016	AG Prognosetafel 2016

The country-specific discount rate is based on the average return on first-rate, fixed-interest industrial bonds with a term to maturity that reflects the average maturity of the obligations to employees.

Total pension expenses for 2019 cover both defined contribution and defined benefit pension plans. The current and past service cost and the effects of plan settlements are reported under operating result and the net interest effect under interest result.

in TEUR	2019	2018
Defined contribution plans	**14,894**	**13,287**
Defined benefit plans		
Service cost for defined benefit plans	3,471	3,721
Past service cost	0	1,470
Effects of settlements and curtailments	-743	0
Net interest cost	2,415	2,519
Expenses for defined benefit plans	**5,143**	**7,710**
Total expenses for pensions	**20,037**	**20,997**

The gross pension obligations can be reconciled to net obligations as shown on the balance sheet by deducting the fair value of plan assets. Of the total net obligations, TEUR 9,776 (2018: TEUR 9,141) is related to the US (retirement) health insurance program. A change in the cost trend for medical services would not have any major impact on the interest cost or the defined benefit pension obligation.

The components of pension obligations and their coverage through plan assets are shown below:

	Defined benefit pension obligations		Fair value of plan assets	
in TEUR	2019	2018	2019	2018
Value as of 1/1	**378,151**	**393,112**	**285,784**	**284,025**
Foreign exchange increase/decrease	10,445	4,971	8,696	3,882
Service cost for defined benefit pension plans	3,471	3,721	0	0
Interest cost	9,297	8,577	0	0
Expected income from plan assets	0	0	6,882	6,058
Actuarial gains/losses	43,958	-19,202	27,637	-5,181
Past service cost	0	1,470	0	0
Payments to retirees	-18,873	-15,156	-18,573	-14,847
Payments received from employees	1,169	1,137	1,169	1,137
Settlements	-1,660	0	-918	0
Payments received from employers	-385	-479	9,025	10,710
Value as of 31/12	**425,573**	**378,151**	**319,702**	**285,784**
Fair value of plan assets	-319,702	-285,784		
Net pension obligations	**105,871**	**92,367**		
Actuarial gains/losses resulting from pension plans				
Actuarial gains/losses from changes in demographic assumptions	-725	2,236		
Actuarial gains/losses from changes in financial assumptions	59,211	-15,484		
Actuarial gains/losses from experience adjustments	-14,528	-5,954		
Deviation of return on plan assets	-27,637	5,181		
Actuarial gains (-)/losses (+) in other comprehensive income	**16,321**	**-14,021**		

Pension plan assets consist mainly of the assets of funded defined benefit pension plans in the USA, Great Britain, Switzerland and Pipelife's plan in the Netherlands. The plan assets are invested in shares (42%; 2018: 44%), bonds (50%; 2018: 47%) and other assets (8%; 2018: 9%).

The sensitivity of the gross pension obligation was tested by modifying the major actuarial assumptions individually while holding all other conditions constant. A negative amount represents a reduction of the obligation, while a positive amount indicates an increase.

Sensitivity of the gross pension obligation	Change of parameter *in basis points (bp)/years*	Increase of parameter *in TEUR*	Decrease of parameter *in TEUR*
Discount rate	+/-25 bp	-14,517	16,359
Salary increases	+/-100 bp	1,641	-1,362
Employee turnover	+/-100 bp	-986	813
Life expectancy	+/-1 year	16,422	-15,172

The payments to defined benefit pension plans are expected to total TEUR 12,621 in 2020. As of December 31, 2019, the weighted average duration of the pension obligations was 15 years (2018: 15 years).

Severance compensation obligations

Legal regulations grant Austrian employees who joined the company before January 1, 2003, the right to a lump-sum payment at retirement or termination by the employer, the amount of the payment being dependent on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations in France, Italy, Poland and Turkey.

The country-specific discount rate used to calculate the severance compensation obligations under the projected unit credit method was based on the same yield curve used to calculate the pension obligations. The calculations are based on the following weighted average parameters:

Parameters	2019	2018
Discount rate	**0.5%**	1.4%
Expected salary increases	**2.0%**	2.2%
Average employee turnover	**1.5%**	1.3%

The current and past service cost and the effects of settlement payments from defined benefit severance compensation plans are reported under operating results, while the net interest effect is included under interest result.

in TEUR	2019	2018
Defined contribution plans	**1,214**	**1,106**
Defined benefit plans		
Service cost for defined benefit plans	**1,257**	1,324
Past service cost	**-63**	-10
Effects of settlements	**5**	-329
Net interest cost	**512**	525
Expenses for defined benefit plans	**1,711**	**1,510**
Expenses for severance payments	**2,925**	**2,616**

The severance compensation obligations in France are covered by plan assets, which are held in shares (11%; 2018: 11%), bonds (74%; 2018: 76%) and other assets (15%; 2018: 13%).

The following table shows the composition of the severance compensation obligations and their coverage through plan assets:

	Defined benefit severance obligation		Fair value of plan assets	
in TEUR	2019	2018	2019	2018
Value as of 1/1	**36,335**	**38,314**	**2,394**	**2,291**
Change in scope of consolidation	**0**	-918	**0**	0
Reclassifications	**0**	105	**0**	0
Foreign exchange increase/decrease	**-25**	-170	**0**	0
Service cost for defined benefit severance obligations	**1,257**	1,324	**0**	0
Interest cost	**548**	557	**0**	0
Expected income from plan assets	**0**	0	**36**	32
Effects of settlements	**5**	-329	**0**	0
Actuarial gains/losses	**2,599**	-157	**72**	71
Past service cost	**-63**	-10	**0**	0
Payments	**-4,918**	-2,381	**0**	0
Value as of 31/12	**35,738**	**36,335**	**2,502**	**2,394**
Fair value of plan assets	**-2,502**	-2,394		
Net severance compensation obligations	**33,236**	**33,941**		
Actuarial gains/losses resulting from severance payment plans				
Actuarial gains/losses from changes in demographic assumptions	**-728**	-879		
Actuarial gains/losses from changes in financial assumptions	**3,080**	69		
Actuarial gains/losses from experience adjustments	**247**	653		
Deviation of return on plan assets	**-72**	-71		
Actuarial gains (-)/losses (+) in other comprehensive income	**2,527**	**-228**		

The sensitivity of the gross severance obligation was tested by modifying the major actuarial assumptions individually while holding all other conditions constant. A negative amount represents a reduction of the obligation, while a positive amount indicates an increase.

Sensitivity of the gross severance obligation	Change of parameter *in basis points (bp)*	Increase of parameter *in TEUR*	Decrease of parameter *in TEUR*
Discount rate	+/-25 bp	-370	1,940
Salary increases	+/-100 bp	4,655	-2,863
Employee turnover	+/-100 bp	-688	644

The payments to defined benefit severance compensation plans are expected to total TEUR 704 in 2020. As of December 31, 2019, the weighted average duration of the severance compensation obligations was 12 years (2018: 12 years).

31. Deferred taxes

The following deferred tax assets and deferred tax liabilities as of December 31, 2019 and December 31, 2018 are the result of temporary valuation and accounting differences between carrying amounts in the consolidated financial statements and the respective tax assessment bases:

in TEUR	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	2,340	-48,327	3,602	-40,209
Property, plant and equipment	7,616	-136,760	13,091	-93,258
Inventories	3,238	-5,508	3,168	-5,156
Receivables	11,697	-22,055	10,591	-13,877
Miscellaneous receivables	55,210	-21	56,198	-75
	80,101	**-212,671**	**86,650**	**-152,575**
Provisions	29,081	-1,531	27,206	-3,788
Liabilities	65,454	-7,599	13,468	-3,433
Prepayments received	590	-210	342	-212
	95,125	**-9,340**	**41,016**	**-7,433**
Tax losses carried forward	424,778		427,263	
Deferred tax assets/liabilities	**600,004**	**-222,011**	**554,929**	**-160,008**
Unrecognized deferred tax assets	-396,165		-415,866	
Offset within legal tax units and jurisdictions	-145,094	145,094	-84,987	84,987
Recognized tax assets/liabilities	**58,745**	**-76,917**	**54,076**	**-75,021**

At Group level there are deductible temporary differences and tax loss carryforwards (including pro-rata depreciation and amortization) in a total amount of TEUR 1,554,559 (2018: TEUR 1,669,551). Of this total, TEUR 203,032 (2018: TEUR 250,824) are accounted for by deductible temporary differences and TEUR 1,351,527 (2018: TEUR 1,418,727) by tax loss carryforwards (including pro-rata depreciation and amortization). No deferred taxes were recognized, as their effectiveness as a definitive tax relief is not secure enough within the framework of mid-term planning. This corresponds to deferred tax assets of TEUR 396,165 (2018: TEUR 415,866).

The following table shows when unused tax losses expire:

in TEUR	2019	2018
Expiry date of unused tax losses ≤ 5 years	**32,098**	39,106
Expiry date of unused tax losses 6 - 10 years	**83,287**	78,099
Expiry date of unused tax losses > 10 years	**23,525**	135,811
Expiry date of unused tax losses unlimited	**1,212,617**	1,165,711
Total of unused tax losses	**1,351,527**	**1,418,727**

Temporary pro-rata depreciation and amortization, which is tax-deductible under Austrian law, amounted to TEUR 187,905 (2018: TEUR 281,857) for Wienerberger AG. Deferred tax assets were not recognized for this amount in 2019 or 2018.

As at December 31, 2019, taxable temporary differences associated with investments in subsidiaries amounted to TEUR 220,045 (2018: TEUR 199,085), for which no deferred tax liabilities were recognized in accordance with IAS 12.39 (outside basis differences).

32. Liabilities

Liabilities are generally measured at amortized cost, except for derivatives with negative market values, which are measured at fair value.

The remaining terms of the various categories of liabilities are shown in the following tables:

2019 *in TEUR*	**Total**	**Remaining term < 1 year**	**Remaining term 1-5 years**	**Remaining term > 5 years**	**Thereof secured by collateral**
Interest-bearing loans	**821,418**	420,974	397,762	2,682	1,250
Lease liabilities	**215,039**	39,237	80,806	94,996	0
Financial liabilities	**1,036,457**	**460,211**	**478,568**	**97,678**	**1,250**
Trade payables owed to third parties	**335,627**	335,627	0	0	0
Trade payables owed to subsidiaries	**795**	795	0	0	0
Trade payables	**336,422**	**336,422**	**0**	**0**	**0**
Payables for current taxes	**25,516**	**25,516**	**0**	**0**	**0**
Contract liability	**10,307**	10,259	36	12	0
Amounts owed to tax authorities and social security institutions	**63,474**	63,474	0	0	0
Refund liabilities	**10,816**	10,816	0	0	0
Prepayments received	**9,274**	6,369	698	2,207	0
Miscellaneous liabilities	**206,906**	206,774	132	0	0
Other liabilities	**300,777**	**297,692**	**866**	**2,219**	**0**
Total liabilities	**1,699,172**	**1,119,841**	**479,434**	**99,897**	**1,250**

2018 *in TEUR*	**Total**	**Remaining term < 1 year**	**Remaining term 1-5 years**	**Remaining term > 5 years**	**Thereof secured by collateral**
Interest-bearing loans	**836,519**	126,684	419,212	290,623	0
Liabilities from finance leases	**978**	223	755	0	0
Financial liabilities	**837,497**	**126,907**	**419,967**	**290,623**	**0**
Trade payables owed to third parties	**326,186**	326,186	0	0	0
Trade payables owed to subsidiaries	**704**	704	0	0	0
Trade payables	**326,890**	**326,890**	**0**	**0**	**0**
Payables for current taxes	**22,531**	**22,531**	**0**	**0**	**0**
Contract liability	**4,348**	4,311	25	12	0
Amounts owed to tax authorities and social security institutions	**58,835**	58,815	0	20	0
Refund liabilities	**12,681**	12,681	0	0	0
Prepayments received	**6,864**	4,139	388	2,337	0
Miscellaneous liabilities	**187,185**	187,174	5	6	0
Other liabilities	**269,913**	**267,120**	**418**	**2,375**	**0**
Total liabilities	**1,456,831**	**743,448**	**420,385**	**292,998**	**0**

Leases already concluded but not yet commenced on the balance sheet date have not been taken into account in the valuation of lease liabilities. On the basis of information available at the balance sheet date, such arrangements will result in an increase in right-of-use assets and lease liabilities in the following year by approx. TEUR 2,313. The entire cash outflow for leases amounted to TEUR 46,491.

Refund liabilities primarily comprise rights of return recognized for returnable pallets.

Contract liabilities describe advance payments received from customers and are recognized on the balance sheet under other liabilities. As at the balance sheet date, they amounted to TEUR 10,307 (2018: TEUR 4,348). Revenues generated from these orders are recognized at the time of transfer of the goods/services to the customer.

Miscellaneous liabilities include TEUR 72,155 (2018: TEUR 68,890) due to employees and TEUR 106,886 (2018: TEUR 97,860) from accruals for bonuses and other sales deductions due to customers. Prepayments received include TEUR 4,295 (2018: TEUR 3,586) of subsidies and investment grants from third parties, which are reversed to income over the useful life of the related items of property, plant and equipment. In addition to liabilities from current taxes, amounts owed to tax authorities and social security institutions also include tax liabilities of TEUR 39,179 (2018: TEUR 34,142).

Financial liabilities include the following derivatives with negative market values:

Derivatives

in TEUR	**2019**	**2018**
Derivatives from cash flow hedges	**5,715**	569
Derivatives from net investment hedges	**3,396**	2,106
Other derivatives	**1,848**	4,888
Derivatives with negative market value	**10,959**	**7,563**

Total liabilities thus include TEUR 1,672,777 (2018: TEUR 1,443,268) in financial liabilities measured at amortized cost, TEUR 15,436 (2018: TEUR 6,000) in other financial liabilities measured at fair value, TEUR 9,111 (2018: TEUR 2,675) in derivatives in hedge accounting, and TEUR 1,848 (2018: TEUR 4,888) in other derivatives measured at fair value through profit or loss.

Financial liabilities are expected to result in the following cash flows:

Analysis of contractual cash flows

2019 *in TEUR*	Carrying amount as at 31/12/2019	Total	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Bonds	559,473	-587,000	-317,000	0	-5,000	-265,000	0
Liabilities to banks	232,389	-238,247	-98,506	-664	-28,254	-107,880	-2,943
Lease liabilities	215,039	-259,233	-23,043	-19,955	-32,914	-57,063	-126,258
Liabilities to non-banks	18,597	-18,902	-1,502	-387	-5,173	-11,840	0
Primary financial instruments	**1,025,498**	**1,103,382**	**-440,051**	**-21,006**	**-71,341**	**-441,783**	**-129,201**
Interest rate derivatives	9,111	-10,320	-2,936	-1,379	-872	-5,133	0
Forward exchange contracts and swaps	1,848	-8,439	-5,317	-3,122	0	0	0
Derivative financial instruments	**10,959**	**-18,759**	**-8,253**	**-4,501**	**-872**	**-5,133**	**0**
Carrying amounts/ Contractual cash flows	**1,036,457**	**-1,122,141**	**-448,304**	**-25,507**	**-72,213**	**-446,916**	**-129,201**

2018 *in TEUR*	Carrying amount as at 31/12/2018	Total	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Bonds	558,449	-604,000	-17,000	0	-317,000	-15,000	-255,000
Liabilities to banks	263,722	-270,202	-98,269	-7,139	-28,484	-93,986	-42,324
Liabilities to non-banks	7,763	-7,615	-7	-5,032	-1,547	-1,029	0
Primary financial instruments	**829,934**	**-881,817**	**-115,276**	**-12,171**	**-347,031**	**-110,015**	**-297,324**
Interest rate derivatives	4,623	-5,648	-1,508	-63	-1,425	-2,652	0
Forward exchange contracts and swaps	2,940	-6,496	-2,024	-857	-2,043	-1,572	0
Derivative financial instruments	**7,563**	**-12,144**	**-3,532**	**-920**	**-3,468**	**-4,224**	**0**
Carrying amounts/ Contractual cash flows	**837,497**	**-893,961**	**-118,808**	**-13,091**	**-350,499**	**-114,239**	**-297,324**

The cash flows shown in the above tables include interest paid for both fixed-interest and floating-rate financial liabilities. They were determined on the basis of the interest rates established at the end of the reporting period.

33. Contingent liabilities and guarantees

Contingent liabilities result from obligations to third parties, and include the following:

in TEUR	31/12/2019	31/12/2018
Guarantees	14,198	21,926
Other contractual obligations	2,052	315
Contingent liabilities	**16,250**	**22,241**

All events reported under contingent liabilities reflect possible future obligations that are contingent upon the occurrence of a future event that is completely uncertain as of the balance sheet date.

34. Financial instruments

Interest-bearing financial liabilities comprise the following items:

2019	Currency	Nominal value	Market value	Carrying amount as at 31/12/2019	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	133,207	137,005	133,207	0.94
Roll-over	*TRY*	61,600	9,179	9,216	11.39
Short-term loans	*EUR*	35,116	35,663	35,116	0.88
Fixed interest liabilities due to financial institutions			**181,847**	**177,539**	

2018	Currency	Nominal value	Market value	Carrying amount as at 31/12/2018	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	160,000	164,014	160,000	1.02
Roll-over	*TRY*	776	127	128	19.80
Short-term loans	*EUR*	9,200	9,303	9,200	4.17
Fixed interest liabilities due to financial institutions			**173,444**	**169,328**	

2019	Currency	Nominal value	Market value	Carrying amount as at 31/12/2019	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	1,250	1,497	**1,250**	1.75
	DKK	10,697	1,553	**1,432**	2.16
			3,050	**2,682**	
Roll-over	*EUR*	40,000	39,921	**40,000**	0.80
	TRY	26,500	3,946	**3,965**	10.56
			43,867	**43,965**	
Short-term loans	*EUR*	4,084	4,097	**4,084**	1.51
	TRY	12,262	1,834	**1,834**	-
	DKK	9,080	1,215	**1,215**	-
	CAD	442	303	**303**	-
	USD	856	762	**762**	-
	PLN	18	4	**4**	-
	CHF	1	1	**1**	-
			8,216	**8,203**	
Derivatives	*other in EUR*	309,692	**10,959**	**10,959**	-
Variable interest liabilities due to financial institutions			**66,092**	**65,809**	

2018	Currency	Nominal value	Market value	Carrying amount as at 31/12/2018	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Long-term loans	*EUR*	1,250	**1,231**	**1,250**	1.75
Roll-over	*EUR*	55,000	54,736	**55,000**	0.90
	TRY	65,810	10,786	**10,862**	24.87
			65,522	**65,862**	
Short-term loans	*EUR*	21,632	21,713	**21,632**	1.95
	TRY	23,798	3,928	**3,928**	-
	USD	1,457	1,272	**1,272**	-
	CAD	427	273	**273**	-
	HUF	55,904	174	**174**	-
	PLN	12	3	**3**	-
			27,363	**27,282**	
Derivatives	*other in EUR*	286,383	**7,563**	**7,563**	-
Variable interest liabilities due to financial institutions			**101,679**	**101,957**	

2019	Currency	Nominal value	Market value	Carrying amount as at 31/12/2019	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Bonds – fixed interest (long-term)	*EUR*	250,000	273,735	**247,843**	2.21
Bonds – fixed interest (short-term)	*EUR*	300,000	302,690	**299,851**	4.03
Bonds – fixed interest (accrued interest)	*EUR*	11,779	11,779	**11,779**	-
Long-term loans – fixed interest	*EUR*	441	453	**441**	0.75
	DKK	17,446	2,335	**2,335**	-
Short-term loans – fixed interest	*TRY*	2,036	305	**305**	30.76
	DKK	600	80	**80**	-
Lease liabilities (long-term)	*various*		175,802	**175,802**	-
Lease liabilities (short-term)	*various*		39,237	**39,237**	-
Contingent purchase price liability	*various*		15,436	**15,436**	
Financial liabilities owed to non-banks				**793,109**	

2018	Currency	Nominal value	Market value	Carrying amount as at 31/12/2018	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Bonds – fixed interest (long-term)	*EUR*	550,000	587,207	**546,638**	3.29
Bonds – fixed interest (accrued interest)	*EUR*	11,811	11,811	**11,811**	-
Long-term loans – fixed interest	*EUR*	330	336	**329**	0.75
	TRY	716	118	**118**	30.76
Short-term loans – fixed interest	*TRY*	2,036	336	**336**	30.76
	EUR	2	1	**2**	3.80
Finance leases (long-term)	*various*		755	**755**	-
Finance leases (short-term)	*various*		223	**223**	-
Contingent purchase price liability	*various*		6,000	**6,000**	
Financial liabilities owed to non-banks				**566,212**	

Interest rates (variable, fixed) can be exchanged through the conclusion of interest rate swaps. The structure of financial liabilities (variable and fixed interest rates), including the effects of interest rate swaps, is shown on page 115.

35. Derivative financial instruments and hedge accounting

The market value of derivative financial instruments represents the value the company would receive or be required to pay on settlement as of the balance sheet date. Current market conditions – above all current interest rates, foreign exchange rates and the credit standing of the counterparty – are taken into account. These valuation parameters can be monitored on the market and are available to all relevant market participants. The fair value of the respective derivative instrument reflects the market valuation by the bank with which Wienerberger contracted the derivative and is extended to include IFRS 13 factors (credit value and debit value adjustments – CVA/DVA).

As of December 31, 2019, Wienerberger held foreign exchange forward contracts that were concluded to hedge transaction risks for a period of up to 12 months. The risk positions covered by these hedges are documented in the Group’s foreign-currency-based liquidity planning. These derivatives are classified as cash flow hedges of future transactions, and changes in their market value during the term are recognized in the hedging reserve. The effectiveness of the individual hedges is measured quarterly based on the hypothetical derivative method. The ineffective portion of the change in market value is recognized through profit or loss and consists primarily of the CVA/DVA as defined in IFRS 13. At the maturity date of the derivative, the cumulative market value differences are reclassified from other comprehensive income to profit or loss.

The Wienerberger Group also holds currency swaps that are used to hedge cash pool and bank account balances in foreign currencies. The foreign currency differences on the bank account balances that are hedged with these instruments are recognized through profit or loss and, consequently, the market value differences of the hedges are also recognized through profit or loss. As these are natural hedges, hedge accounting is not applied.

As of December 31, 2019, an interest rate swap was in effect, which serves to optimize the interest expense and is measured through profit or loss without application of hedge accounting.

The cross currency swaps are derivatives that hedge the Group’s net investments in various currencies (Swiss francs, US dollars, British pounds, Canadian dollars, Czech korunas and Polish zlotys) and are therefore classified as hedges of a net investment in a foreign operation. The effectiveness of these instruments is measured at least quarterly by comparing the cumulative market value changes with the cumulative currency differences of the hedged position, which is represented by a hypothetical derivative. The effective portion of the hedge is recognized in the hedging reserve, and the ineffective portion is recognized through profit or loss.

	31/12/2019			31/12/2018		
	Currency	Nominal value *in 1,000 local currency*	Market value *in TEUR*	Currency	Nominal value *in 1,000 local currency*	Market value *in TEUR*
Forward exchange contracts	NOK	**67,460**	**-57**	NOK	295,282	769
	GBP	**109,168**	**-6,504**	GBP	83,950	243
	USD	**0**	**0**	USD	22,000	82
	DKK	**90,000**	**0**	DKK	14,000	1
	CAD	**0**	**0**	CAD	1,500	1
	CZK	**127,618**	**-76**	CZK	159,862	-15
	HUF	**2,711,763**	**56**	HUF	3,276,110	-35
	PLN	**38,661**	**-180**	PLN	53,675	-58
	SEK	**112,053**	**-240**	SEK	145,998	-76
	EUR	**140,690**	**-198**	EUR	136,425	-182
Interest rate swaps	EUR	**68,000**	**268**	EUR	101,250	-4,623
Cross currency swaps	GBP/EUR	**-40,000**	**-1,406**	GBP/EUR	40,000	4,722
	USD/EUR	**-108,000**	**1,591**	USD/EUR	78,000	1,453
	PLN/EUR	**-60,000**	**138**	PLN/EUR	60,000	965
	CAD/EUR	**-7,000**	**-60**	CAD/EUR	10,500	286
	CHF/EUR	**-8,000**	**-25**	CHF/EUR	8,000	185
	CZK/EUR	**-780,000**	**-1,267**	CZK/EUR	780,000	-1,720
			-7,960			**1,998**

36. Disclosures on financial instruments

Financial instruments are classified in three levels that reflect the degree of valuation certainty. Wienerberger uses the following hierarchy to classify financial instruments measured at fair value according to the valuation method used:

- Level 1: Valuation based on the market price for a specific financial instrument
- Level 2: Valuation based on the market prices for similar instruments or on valuation models that only use parameters that can be monitored on the market
- Level 3: Valuation based on models with significant parameters that cannot be monitored on the market

The financial instruments regularly carried at fair value by the Wienerberger Group are generally classified under level 1 (shares in funds and stock; see Note 25. Receivables, securities and other financial assets) or level 2 (other financial assets and derivative financial instruments; see Note 35. Derivative financial instruments and hedge accounting). No items were reclassified between hierarchy levels during the reporting year.

Other securities recognized as financial instruments at fair value through profit or loss are partly classified as level 3 of the valuation hierarchy. They serve as reinsurance for pension obligations and netting against the provision is not permitted.

Investments in subsidiaries and other investments are recognized at fair value, which is determined on the basis of the underlying planning by means of a DCF method. They are therefore classified as level 3 of the valuation hierarchy.

Other financial liabilities recognized at fair value represent a contingent purchase price liability in connection with the purchase of interests in companies. These include a liability of TEUR 6,000 for 30% of the joint venture Interbran Baustoff GmbH. The payment obligation is conditional on the achievement of defined research and development targets and is classified under level 3 of the valuation hierarchy. Another TEUR 9,436 is accounted for by a put option on the non-controlling interests and a contingent purchase liability in connection with the acquisition of Vesterled Teglvaerk A/S, Helligsø Teglvaerk A/S and Egernsund Tegl a.m.b.a. The value of the put option was determined on the basis of budgeted EBITDA and a defined multiplier; the liability was therefore classified as level 3 of the valuation hierarchy.

The following table shows the financial assets and financial liabilities carried at fair value:

Financial assets and financial liabilities carried at fair value

in TEUR	Level 1	Level 2	Level 3	Carrying amount as at 31/12/2019
Assets				
Investments in subsidiaries and other investments			10,408	**10,408**
Stock	358			**358**
Shares in funds	5,851			**5,851**
Other		14	666	**680**
At fair value through profit or loss	**6,209**	**14**	**11,074**	**17,297**
Derivatives from cash flow hedges		429		**429**
Derivatives from net investment hedges		2,366		**2,366**
Other derivatives		204		**204**
Derivatives with positive market value		**2,999**		**2,999**
Liabilities				
Derivatives from cash flow hedges		5,715		**5,715**
Derivatives from net investment hedges		3,396		**3,396**
Other derivatives		1,848		**1,848**
Derivatives with negative market value		**10,959**		**10,959**
Contingent purchase price liability			**15,436**	**15,436**

in TEUR	Level 1	Level 2	Level 3	Carrying amount as at 31/12/2018
Assets				
Investments in subsidiaries and other investments			11,890	11,890
Stock	1			1
Shares in funds	5,432			5,432
Other		14	701	715
At fair value through profit or loss	**5,433**	**14**	**12,591**	**18,038**
Derivatives from cash flow hedges		1,104		1,104
Derivatives from net investment hedges		7,997		7,997
Other derivatives		460		460
Derivatives with positive market value		**9,561**		**9,561**
Liabilities				
Derivatives from cash flow hedges		569		569
Derivatives from net investment hedges		2,106		2,106
Other derivatives		4,888		4,888
Derivatives with negative market value		**7,563**		**7,563**
Contingent purchase price liability			**6,000**	**6,000**

The valuation of financial instruments classified under level 3 is shown in the following table:

	Investments		Other securities		Contingent purchase price liability	
in TEUR	2019	2018	2019	2018	2019	2018
Balance on 1/1	**11,890**	**13,713**	**701**	**777**	**6,000**	**0**
Additions	0	0	0	0	9,436	6,000
Results from valuation in income statement	-1,482	-1,823	-35	-76	0	0
Balance on 31/12	**10,408**	**11,890**	**666**	**701**	**15,436**	**6,000**

Wienerberger generally carries loans and receivables as well as liabilities at amortized cost, with a credit loss on loans and receivables in the amount of the weighted expected defaults. The fair value of these liabilities can either be monitored on the market, which permits classification under level 1 (bonds), or can be derived by means of an income approach, which permits classification under level 2 (loans). Trade receivables and trade payables, loans granted and other receivables and liabilities mostly have a term of less than one year. The respective carrying amounts generally correspond to fair values and are therefore not reported separately.

Financial assets and financial liabilities at amortized cost

in TEUR	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying amount as at 31/12/2019
Assets				
Other receivables		**11,432**		**11,432**
Liabilities				
Long-term loans		140,055		**135,889**
Roll-over		53,046		**53,181**
Short-term loans		43,879		**43,319**
Financial liabilities owed to financial institutions		**236,980**		**232,389**
Bonds	588,204			**559,473**
Long-term loans		2,788		**2,776**
Short-term loans		385		**385**
Lease liabilities		215,039		**215,039**
Financial liabilities owed to non-banks	**588,204**	**218,212**		**777,673**

in TEUR	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying amount as at 31/12/2018
Assets				
Other receivables		**13,384**		**13,384**
Liabilities				
Long-term loans		165,245		**161,250**
Roll-over		65,649		**65,990**
Short-term loans		36,666		**36,482**
Financial liabilities owed to financial institutions		**267,560**		**263,722**
Bonds	599,018			**558,449**
Long-term loans		454		**447**
Short-term loans		337		**338**
Lease liabilities		987		**978**
Financial liabilities owed to non-banks	**599,018**	**1,778**		**560,212**

Accounting and Valuation Principles

Revenues: Income from deliveries of goods and services is recognized when control of the goods delivered is transferred to the buyer. As a rule, at Wienerberger this corresponds to the time of delivery to the customer.

In individual cases, revenue is already realized during production, if an asset produced is customer-specific and has no alternative use and Wienerberger has an enforceable right to payment against the customer. In the case of manufacturing contracts revenue is realized on the basis of production progress and, as a rule, calculated by means of output-oriented methods (e.g. based on the amount produced relative to the total amount). Revenue from services, however, is calculated by means of an input-oriented method on the basis of the costs incurred by the cut-off date relative to the expected total costs of the contract (cost-to-cost method). Such services include, for instance, 3D models for building design produced within the framework of Building Information Modelling. If the costs for a specific contract are expected to exceed the agreed revenues, a provision for impending losses is recognized.

Variable considerations are recognized in revenue only up to the extent to which it is highly probable that there will be no significant revenue reversals in the future. Revenues are reported net of rebates, discounts, bonuses, penalties and rights of return. The recognition of variable considerations is based largely on historical data. Payments to customers are deducted from revenue, unless they represent payments for distinct goods and services.

Costs of goods sold: The cost of goods sold includes direct material and production costs as well as a proportional share of overhead expenses for production equipment. Other components of the cost of goods sold are fixed production costs that cannot be capitalized due to the underutilization of capacity, impairment charges to inventories and the procurement cost of sold merchandise.

Government grants: Wienerberger recognizes government grants at their fair value under liabilities. Their reversal is reported under other income during the relevant accounting period when there is reasonable assurance that all conditions attached to the grant have been met.

Earnings per share: The calculation of earnings per share is based on Group profit after tax less non-controlling interests and the planned component of earnings attributable to hybrid bondholders, divided by the weighted number of shares outstanding (less treasury shares).

Intangible assets: Identifiable intangible assets purchased by the Group are reported at acquisition cost less straight-line amortization and any necessary impairment charges. Capitalized brands which on the date of purchase have been established for a long time and continue in use, are counted as intangible assets with an indefinite period of use to be subjected to annual impairment tests.

Goodwill: In accordance with IFRS 3, goodwill arising through a business combination is allocated to cash-generating units and not reduced through scheduled amortization, but tested at least once each year for indications of impairment.

Property, plant and equipment: Items of property, plant and equipment are recognized at acquisition cost less straight-line depreciation or usage-based depletion (clay pits). The recognition of internally generated plant or equipment includes an appropriate component of material and production overheads but excludes general administrative and selling expenses. In accordance with IAS 23, borrowing costs incurred during the production of qualified assets are capitalized as part of acquisition cost and depreciated over the applicable useful life. Research and development expenses at Wienerberger also include the costs for product development, process technology, the improvement of environmental standards and laboratory activities. Development costs, provided they meet the criteria for recognition of IAS 38, are capitalized under the related asset category.

The Group-wide depreciation rates are based on the useful economic lives of the respective assets (component approach) as shown in the following table:

Production plants (incl. warehouses)	10 - 40 years	Other machinery	4 - 30 years
Administrative and residential buildings	40 years	Fittings, furniture and office equipment	4 - 15 years
Building infrastructure	4 - 40 years	Customer bases	5 - 15 years
Kilns and dryers	5 - 30 years	Other intangible assets	4 - 10 years

Repairs that do not increase the presumed useful life of assets are booked as incurred. In accordance with IFRS 5, scheduled depreciation is discontinued when assets are classified as held for sale.

When plant or equipment is sold or retired, the gain or loss arising from the difference between the net proceeds on sale and the remaining carrying amount or impairment charge is reported under other operating income or expenses.

Leases: Wienerberger adopted IFRS 16 as of 1/1/2019 and elected to apply the modified retrospective approach as a transitional method, without adjustments being made to the prior period. The objective of the new standard is to ensure that almost all leases and the associated contractual rights and obligations are recognized on the lessee's balance sheet. Upon conclusion of a contract, Wienerberger, as the lessee, reviews the contract to assess if it establishes or contains a lease and recognizes the present value of the lease payments as a lease liability at the commencement date. Lease payments comprise:

- fixed payments (including de-facto fixed payments, minus lease incentives received)
- variable lease payments linked to an index or (interest) rate
- amounts expected to be payable under a residual value guarantee
- the exercise price of a purchase option if the Group is reasonably certain to exercise it
- penalty payments for early termination of the lease, unless the Group is reasonably certain to rule out early termination of the lease.

If reliably determinable, the payments are discounted at the interest rate implicit in the lease. If the interest rate cannot be reliably determined, as is the case for the majority of contracts, Wienerberger applies its incremental borrowing rate. To determine the incremental borrowing rate, Wienerberger uses the interbank base rats of the respective currencies of the contracts and, additionally, takes the credit rating and the geographic location of the respective lessee (subsidiary), the contract term and the type of asset into account.

The right of use, recognized as an asset, corresponds to the lease liability at the time of addition, plus initial direct costs, pre-payments made and expected asset retirement obligations, minus payments received on account of lease incentives.

For the majority of asset classes, Wienerberger applied the practical expedient to account for lease and non-lease components as one lease. However, in the case of contracts for land and buildings, non-lease components are accounted for separately from lease components and therefore excluded from the valuation of the lease liability and the right-of-use asset.

As provided for by the practical expedient, payments for short-term leases with terms of not more than twelve months and lease contracts for low-value assets continue to be recognized on a straight-line basis as rental and leasing expenses over the term of the corresponding lease contract.

In the interest of operational flexibility, contracts for land and buildings frequently contain prolongation and cancellation options; in individual cases, unlimited contract terms with cancellation options are provided for. In determining the contract term, Wienerberger takes all contractual and economic factors into account.

The Group's activities as a lessor are immaterial.

In the prior period, rented property, plant and equipment, classified from an economic perspective as asset purchases with long-term financing (finance leases), were recognized according to IAS 17 Leases at the cost that would have been incurred if the asset had been purchased. The assets were depreciated over the period of economic use or, if shorter, the term of the lease contract.

Impairment of non-financial assets: In accordance with IAS 36, impairment tests are carried out on a regular basis and whenever there is any indication of lasting impairment. Assets are tested separately for impairment when it is possible to allocate distinct cash flows to the individual asset. Impairment testing involves comparing the carrying amount of an asset with its recoverable amount, which represents the higher of fair value less costs to sell and the value in use. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. Fair value less costs to sell is the price that would be received on the sale of an asset, after the deduction of selling costs. The value in use is determined on the basis of an income approach and represents the present value of expected future cash flows to be derived from the asset or cash-generating unit.

Independent cash flows cannot be allocated to intangible assets with an indefinite useful life. These assets are tested for impairment as part of a cash-generating unit at least once each year in accordance with IAS 36.

Reversals are booked if the reasons for impairment cease to exist or a possible use is found for the item. In accordance with IAS 36, previously recognized impairment losses to goodwill are not reversed.

Investment property is carried at depreciated cost and, with the exception of land, is depreciated on a straight-line basis.

Investments in associates and joint ventures: Investments in associates over which Wienerberger exercises a significant influence (as a rule, between 20% and 50% of the shares) and joint ventures are carried at equity.

Inventories: Inventories are carried at the lower of cost or net realizable value, whereby valuation is based on the moving average method. Cost includes direct expenses as well as allocated overhead and depreciation based on normal capacity usage (between 85% and 100% of capacity). Interest charges as well as selling and administrative expenses are not included in the production cost of current assets. Risks resulting from the length of storage or other impairments in value are reflected through appropriate write-downs.

Rights of return: When Wienerberger is obliged to take back products returned by the customer, e.g. pallets, the payment expected is accounted for as a refund liability and revenue is reduced by the corresponding amount. At the same time, an asset is booked for the right to take the returned products back. The refund liability is recognized under other liabilities, while the return asset is reported under other receivables. The estimate of the return rate is based, among other factors, on historical return rates.

Emission certificates: In accordance with IAS 20 and IAS 38, Wienerberger uses the acquisition cost of zero to report the emission certificates allocated free of charge based on EU Emission Trading Directives 2003/87/EC and 2009/29/EC. If actual emissions exceed the free certificates, a provision is set up. Purchased certificates are recognized at cost or the lower market price on the balance sheet date.

Spot transactions in financial assets are recognized on the day of execution. A financial asset is derecognized when the contractual rights to cash flow from that asset expire.

Loans and receivables are carried at amortized cost, with recognizable individual risks reflected in appropriate valuation adjustments. Additionally, a discount is booked for expected credit losses, which in the case of trade receivables is calculated by applying a weighting factor for different economic scenarios. Long-term, interest-free or non-interest-bearing receivables with terms of more than one year are recognized at the discounted net present value and adjusted for expected impairments, depending on the credit rating of the counter party. Receivables in foreign currencies are measured at the mean exchange rate at the balance sheet date.

Other investments classified as non-current assets are treated as equity instruments according to IFRS 9 and therefore measured at fair value through profit or loss, with gains and losses resulting from changes in fair values recognized in the financial result.

Securities held for short-term investment in investment funds, corporate debt instruments and equities and reported under short-term assets and measured at fair value, with changes in value being recognized in the income statement or in other comprehensive income, depending on their character (equity instrument or debt instrument). For listed securities the fair value is determined on the basis of stock exchange prices, whereas non-listed financial assets are measured on the basis of discounted cash flows in a DCF (discounted cash flow) model. Valuation gains and losses are recognized as carrying through profit or loss.

Derivative financial instruments: Derivative financial instruments are used exclusively to hedge risks arising from business operations. Foreign exchange futures are used to hedge transaction risks, and interest rate swaps serve to optimize the fixed and/or variable interest rate component of financial liabilities. Cross currency swaps are used to hedge net investments in foreign subsidiaries whose accounts are kept in a currency other than the euro. All derivative financial instruments are recognized at fair value upon conclusion of the contract and on the balance sheet date in accordance with IFRS 13, with the counterparty default risk being taken into account. Current stock exchange prices are used for listed financial instruments; for non-listed interest-related instruments, the fair values are determined by discounting future payments by using the current market interest rate. According to IFRS 9, derivative financial instruments not used for hedge accounting are measured at fair value through profit or loss.

Hedge Accounting: Wienerberger applies the IFRS 9 rules to hedge balance sheet items (translation risk) and future cash flows (transaction risk). A cash flow hedge is defined as an instrument that provides protection against fluctuations in future cash flows from recognized assets or liabilities. Changes in the market value of an effective hedge are recognized in other comprehensive income in the hedging reserve, while non-effective components are recognized in profit or loss and shown under the financial result. The hedge of a net investment in a foreign business operation is treated in the same way, with all changes in the value of the effective component of the hedging instrument used shown under the hedging reserve. The hedged risk, i.e. the result from currency translation of the hedged investment, is recognized in other comprehensive income.

Non-current assets held for sale: Wienerberger owns land and buildings that are not used in business operations and intends to realize the value of these assets through a sale. In accordance with IFRS 5, non-current assets must be reclassified as held for sale when they are available for immediate sale in their present condition and their sale is highly probable within one year. If these requirements are met, the items are reported separately in the balance sheet and measured at the lower of the carrying amount and fair value less costs to sell. Scheduled depreciation is not recognized on assets held for sale.

Cash and cash equivalents include cash on hand, checks received, demand deposits and short-term investments as well as deposits with financial institutions that have a fixed term of up to three months.

Provisions for pensions: The Wienerberger Group has both defined contribution and defined benefit pension plans. Defined contribution plans carry no further obligation for the employer after the payment of premiums. The employer's contributions to these pension plans are reported under expenses for pensions. If any additional contributions have to be made by Wienerberger, the provision will be recognized like the defined benefit commitments. Under defined benefit plans, the employee is promised a certain retirement benefit. The risk related to the actual retirement benefit is carried by the company up to the point of payment. The provisions for defined benefit pension plans are calculated according to the projected unit credit method. The valuation of pension commitments includes future increases in wages/salaries and pensions. The provisions for pensions are calculated by independent actuaries.

The provisions for pensions are netted with the pension plan assets that are held to cover commitments. In accordance with IAS 19, actuarial gains and losses are recognized under other comprehensive income as incurred after the deduction of deferred taxes. The interest component of post-employment benefits is reported separately in the financial result. Expenses for additions to the provisions for pensions are allocated to the various functional areas.

Commitments by US companies to cover medical costs for retired employees are recognized under provisions for pensions because of their pension-like character.

Provisions for severance compensation: Legal regulations grant Austrian employees the right to a lump-sum payment at retirement or termination by the employer, with the amount of the payment being dependent on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations, among others, in France, Italy, Poland and Turkey. The provisions for severance compensation are calculated according to actuarial principles based on the projected unit credit method. For Austrian employees, whose employment started after December 31, 2002, the employer contributes 1.53% of the gross wage or salary each month to an employee severance compensation fund. This fund represents a defined contribution plan in accordance with IAS 19, and the related employer contributions are reported under severance expense.

Provisions for jubilee bonuses: A number of employees in the Wienerberger Group are entitled to long-service bonuses when they reach a specified number of years of employment with the company. Provisions are recognized for these obligations based on the projected unit credit method. Any actuarial gains or losses are recognized immediately through profit or loss.

Provisions for site restoration: In accordance with IAS 37, a provision for site restoration is created when a clay pit is purchased and is reported as an addition to non-current assets according to IAS 16. The underlying assumptions for these obligations are generally based on the regulations applicable in the respective countries. Non-current provisions that are expected to be used after 12 months are discounted and reported at their present value.

Provisions for warranties: Wienerberger provides manufacturer's warranties, especially for clay products, which assure the customer that the products concerned correspond to the contractually agreed specifications. As a rule, such warranties cannot be purchased separately. As in previous years, such "assurance-type warranties" are recognized in the balance sheet under provisions for warranties according to IAS 37. To calculate the provision for warranties, single risks are measured and a risk total is calculated on the basis of empirical values from the past. To this end, losses experienced in the past are evaluated and the extent of potential obligations is derived by means of stochastic methods. "Service-type warranties" representing a separate performance obligation are not concluded with customers within the Wienerberger Group.

Other provisions: Other current obligations which result from a past event and are expected to lead to an outflow of resources, but whose timing or amount are uncertain, are recognized at their full cost in accordance with IAS 37 and reported as provisions.

Deferred taxes: In accordance with IAS 12, the calculation of deferred taxes includes all temporary valuation and accounting differences arising between the financial statements prepared for tax purposes and the IFRS financial statements. Deferred tax assets also include tax credit entitlements which arise from the expected use of existing losses carried forward in future years and whose realization is probable. These entitlements are calculated on the basis of planned operating results and the earnings effects from the reversal of taxable temporary differences. Deferred taxes are calculated using the tax rate expected to be in effect when these differences reverse in the future and are based on the local tax rate applicable to the individual Group company. Future changes in tax rates are included if the relevant legal amendment has been enacted as of the balance sheet date.

Financial liabilities: Liabilities are stated at the actual amount received, less transaction costs. Any premium, discount or other difference between the amount received and the repayment amount is distributed over the term of the liability according to the effective interest rate method and recognized in the financial result. Therefore, the measurement of these items reflects amortized cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. Wienerberger has not elected to use the option provided by IFRS 9, which permits the initial recognition of a financial liability at fair value through profit or loss.

Transfer prices: There are several regional supply and delivery relationships between the individual operating segments. Prices for the sale of goods between Group companies are established at arm’s length based on the resale price method. Prices for the provision of services between Group companies are established at arm’s length based on the cost-plus method.

37. Foreign exchange translation

The accounts of foreign companies are translated to euros based on the functional currency method. The relevant local currency is the functional currency in all cases, as these companies operate independently in financial, economic, and organizational terms. All balance sheet items, with the exception of equity, are translated at the closing rate at the end of the reporting year (i.e. December 31, 2019). Goodwill is recognized as an asset in local currency and is also translated at the closing rate on the balance sheet date for the consolidated financial statements. Expense and income items are translated at the average exchange rate for the year.

Unrealized currency translation differences arising from non-current Group loans are offset against the translation reserve without recognition in profit or loss. Currency translation differences arising from the use of the closing rate for the balance sheet and the average exchange rate for the income statement are also reported under other comprehensive income.

Cross currency swaps are used to limit the translation risk arising from the Group's business activities in the USA, Canada, Switzerland, Great Britain and certain countries in Eastern Europe. These transactions involve the conclusion of a cross currency swap equal to the value of the foreign currency assets to be hedged.

The major exchange rates used for foreign currency translation developed as follows during the reporting year:

	Closing rate on		Average rate for the year	
	31/12/2019	31/12/2018	2019	2018
British pound	0.85080	0.89453	0.87777	0.88471
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Danish krone	7.47150	7.46730	7.46606	7.45317
Canadian dollar	1.45980	1.56050	1.48548	1.52936
Croatian kuna	7.43950	7.41250	7.41796	7.41816
Norwegian krone	9.86380	9.94830	9.85109	9.59749
Polish zloty	4.25680	4.30140	4.29762	4.26149
Romanian lei	4.78300	4.66350	4.74535	4.65401
Russian ruble	69.95630	79.71530	72.45534	74.04160
Swedish krone	10.44680	10.25480	10.58908	10.25826
Swiss franc	1.08540	1.12690	1.11245	1.15496
Czech koruna	25.40800	25.72400	25.67045	25.64700
Turkish lira	6.68430	6.05880	6.35777	5.70767
Hungarian forint	330.53000	320.98000	325.29675	318.88969
US dollar	1.12340	1.14500	1.11947	1.18095

Risk Report

Principles of risk management

The conduct of global operations exposes the Wienerberger Group to a variety of risks that are inseparable from entrepreneurial activities. These risks have an effect on the business segments of the Group and on its assets, liabilities and planned commercial decisions.

Throughout the Group, Wienerberger focuses on the early identification and active management of risks in its operating environment. To this end, regular surveys are being performed among the Managing Board as well as the Business Unit managers and Corporate Function heads in charge in order to update the existing risk catalogue and to identify new risks. In this process, strategic and operational risks along the entire value chain are being identified and their impact on cash flow is differentiated based on a medium-term (up to five years) and a long-term (six to ten years) time horizon.

Risk situation and operating risks relating to the Group's markets

As a producer of building materials, Wienerberger operates in a cyclical industry and belongs to the group of late cyclical companies that usually follow general economic cycles with a delay. These companies are dependent on developments in the economies that form the backdrop for their activities, in particular macro-economic developments, construction activity in both the residential and public (infrastructure) sectors and renovation. The development of business is also influenced by consumer confidence, the unemployment rate, long-term interest rates, the availability of financing, tax policies, building regulations and subsidies for housing construction, availability of labor for construction sites as well as other factors outside the Group's control. The economic cycles in the construction industry that influence Wienerberger's business are considerably longer than in other areas, with timing delays that also differ by market.

The unfavorable development of any or all of these factors can have a negative influence on the demand for Wienerberger products, both in terms of the volumes sold and the price levels. Cyclical fluctuations in demand lead to a risk of excess capacity, which may result in increased pressure on prices as well as a decline in margins and/or revenues that fail to cover production costs. The building materials industry – and, as a part of this industry, also Wienerberger – is characterized by a high share of fixed costs as a percentage of total costs due to its capital-intensive nature, and active capacity management therefore represents a central instrument for corporate management. Production capacity is analyzed on a continuous basis, and adjusted to reflect market demand through measures that include temporary or permanent plant closings as well as the relocation of production to more efficient facilities.

Wienerberger views the markets in Central and Eastern Europe as long-term growth markets due to the high pent-up demand for new residential construction and infrastructure. Weaker demand and increased pressure on prices in these growth markets can lead to increased risk for the Wienerberger Group.

Furthermore, Wienerberger competes with other building materials such as concrete, wood, limestone, glass, steel or aluminum, which exposes the Group to a risk of substitution. Our strong position as a quality leader and investments in the development of premium products should allow us to minimize substitution risks. In particular, these developments involve improvements in the physical properties as well as the economy of our products.

The building materials industry is subject to seasonal fluctuations, whereby substantially higher volumes are sold during the months from April to October than in the rest of the year. Similar to the building materials industry, the earnings of the Wienerberger Group are in part dependent on the weather, since long frost and rain periods have a negative influence on demand through a decline in construction activity.

In order to avoid earnings fluctuations wherever possible, Wienerberger pursues a strategy of geographical diversification with parallel concentration on the core business. This core business covers clay blocks, roof tiles and facing bricks as well as pavers and pipe systems, and positions Wienerberger as a supplier of building material solutions for residential construction and infrastructure projects. Our activities are subjects to the usual risks inherent in local markets, where positions must be repeatedly defended against competitors and substitute products. The Group's most important customer group is the building materials sector, and further market adjustments in this sector are expected to increase pressure and prices in the future. Specific market situations can also have a negative impact on price levels, and Wienerberger therefore monitors its price strategy on a continuous basis.

As a multinational corporation, Wienerberger operates in countries that are in different stages of economic and social development. Unfavorable changes in political or economic conditions therefore represent additional sources of risk. The activities of the Wienerberger Group could also be materially affected by the following factors: changes in tax laws on individual markets, in the taxation of energy sources or in labor law; the effect of language and cultural differences on the coordination of international activities; the limitation of opportunities for the repatriation of profits; an increase in legal requirements for the utilization of raw materials; product standards and product liability law; and environmental and safety standards. The growth markets of Russia and India also carry a risk that production equipment may be expropriated without proper compensation. Especially in these markets, Wienerberger is additionally exposed to tax risks that could arise from a change in tax laws or the interpretation of existing tax laws. However, the company is not able to quantify the probability of occurrence or the extent of these potential risks at the present time.

The plastic pipe business is substantially influenced by the development of raw material prices, which usually correlates closely with the price of crude oil. Synthetic polymers comprise a major part of the production cost for plastic pipes. The volatility of raw material prices has increased considerably in recent years. Strong fluctuations within individual months require flexible pricing to limit the effects of these price changes and/or pass them on to the market. Fast price management is also a decisive factor for the sustainable protection of earnings. In addition to price risk, this business is exposed to a raw material supply risk. Any interruption in supplies would invariably disrupt production. This risk is met, with few exceptions, by developing alternative suppliers for raw materials.

Procurement, production, investment and acquisition risks

Wienerberger has a modern and efficient plant network. Therefore, the risk of operating breakdowns or a longer loss of production due to technical problems is low. Supplies of clay raw materials for our plants are guaranteed on a lasting basis by sufficient deposits and long-term supply contracts.

The cost of energy for the firing of bricks represents a significant percentage of the Group’s cost structure. In 2019 energy costs for the Wienerberger Group totaled TEUR 276,223 (2018: TEUR 262,905) or 8.0% (2018: 8.0%) of revenues. These expenses consist of 60% for natural gas, 33% for electricity and 7% for other materials. Energy prices are dependent on international and local market developments and are subject to fluctuations.

Wienerberger minimizes the risk connected with rising energy prices in liberalized markets (in total, roughly 90% of energy costs) by concluding futures contracts or fixed-price agreements with national and international suppliers. These prices are usually fixed on a long-term or medium-term basis. In a limited number of East European countries (in total, roughly 10% of energy costs) the prices for natural gas are regulated by the federal government and contracts with local suppliers are negotiated each year.

In 2014, Wienerberger was granted carbon leakage status for its European brick operations. Based on a further qualitative evaluation performed in 2018, the brick industry has been included in the new carbon leakage list for the fourth trading period. This means that Wienerberger will enjoy carbon leakage status until 2030 and therefore be allocated the major part of the CO_2 certificates required free of charge.

In addition to price risk Wienerberger is also exposed to an energy supply risk, in particular with respect to natural gas and electricity. Any disruption of energy supplies would invariably lead to the standstill of production, and could therefore have a negative effect on operating profit if demand cannot be met from inventories.

Continuing optimization (operational excellence) and product innovations as well as internal and external growth projects are implemented to increase the value of Wienerberger. The future profitability of these projects is dependent to a large degree on the investment volume and/or acquisition price as well as the development of the market. For this reason, all growth projects must meet the defined return on investment criteria for the Group's bolt-on and strategic projects. The entry into new markets is also connected with risks involving competition, planning accuracy and the evaluation of the political situation as well as the successful, profitable development of business. New projects are therefore analyzed extensively in advance, both from a qualitative and quantitative standpoint.

Financial risks

In addition to financing risk, operating activities expose Wienerberger to interest rate and exchange rate risks. Derivative financial instruments, in particular forward exchange contracts and interest rates swaps, as well as operational measures are used to limit and manage this risk. All cash flow hedges and hedges of investments in foreign operations are classified as highly effective as a means of offsetting the hedged risks in keeping with risk management objectives. No derivatives are held for speculative purposes.

The refinancing sources open to Wienerberger are determined by numerous financial, macroeconomic and other factors beyond the control of management. These factors include covenants in the existing and future debt arrangements as well as the maintenance of the current rating. According to these covenants, the ratio of net debt to EBITDA may not exceed 3.9 years; this indicator equaled 1.4 years as of December 31, 2019. Part of earnings is used for interest and is therefore not available for other purposes. If the Group's rating should deteriorate or covenants are not met, interest expense could rise due to an increase in the credit risk premium and lead to higher financing costs and lower cash flow. The failure to comply with covenants could also result in a loan becoming due immediately.

Exchange rate risks

A significant portion of the revenues and earnings of the Wienerberger Group is generated by subsidiaries whose headquarters are not located in the euro zone. Wienerberger recorded 53% of its revenues for the reporting year in currencies other than the euro, predominately East European currencies (23%), the British pound (11%) and the US dollar (9%). The exchange rate risk connected with cash flows is immaterial due to the local nature of the building materials business. Cash flows into or out of the euro region are primarily related to Group dividends or loans and the sale of goods and services. The foreign exchange risk on these intragroup cash flows is managed by the holding company.

Credit financing for the purchase of current assets is concluded in the local currency of the individual companies because of the decentralized structure of the Wienerberger Group. Foreign exchange risk in the financing area is therefore reduced to a minimum, since the Group companies generally issue their invoices in local currency and these transactions form a natural hedge. The exposure of financial liabilities to foreign exchange risk is discussed in Note 34. Financial instruments.

However, the translation of foreign company financial statements into the euro results in currency translation differences (translation risk), which are recognized in other comprehensive income under foreign exchange adjustments. The revenues, earnings, and balance sheet items of companies not headquartered in the euro region are therefore dependent on the relevant euro exchange rate.

The Wienerberger risk strategy calls for reducing the translation risk arising from net investments in foreign subsidiaries to a certain extent through hedging. The following table shows Group revenues and capital employed by currency, whereby the calculation of capital employed includes the effects of forward exchange contracts and foreign currency swaps:

Revenues	2019		2018	
	in MEUR	*Share in %*	*in MEUR*	*Share in %*
Euro	**1,603.9**	**47**	1,565.8	48
East European currencies	**811.5**	**23**	761.7	23
British pound	**386.2**	**11**	333.1	10
US dollar	**310.4**	**9**	277.9	8
Other	**354.3**	**10**	366.6	11
Group revenues	**3,466.3**	**100**	**3,305.1**	**100**

Capital employed	2019		2018	
	in MEUR	*Share in %*	*in MEUR*	*Share in %*
Euro	**1,821.3**	**62**	1,570.7	62
East European currencies	**478.6**	**16**	435.3	17
US dollar	**283.6**	**10**	288.5	11
British pound	**80.3**	**3**	53.2	2
Other	**248.4**	**9**	189.0	7
Capital employed after hedging effect	**2,912.2**	**100**	**2,536.7**	**100**

The effects of a hypothetical change in foreign exchange rates on the consolidated income statement and the consolidated statement of comprehensive income are shown through sensitivity analyses. For the purpose of this presentation, an annual volatility is assumed as of the balance sheet date. This volatility is calculated on the basis of the daily change in the relevant exchange rate against the euro. In accordance with IFRS 7, foreign exchange risks result from monetary financial instruments not denominated in the functional currency of the reporting entity. Consequently, receivables, liabilities, cash and cash equivalents as well as derivative foreign-currency financial instruments form the basis of the calculation of the sensitivity of the consolidated income statement. The sensitivity of the consolidated statement of comprehensive income reflects the differences of long-term loans to subsidiaries as well as valuation effects of cash flow hedges for currency risks reported in other comprehensive income. Translation differences arising from the translation of financial statements prepared in another currency than the euro were not included in the calculation.

A change in the annual volatility of the euro against the most relevant exchange rates as at the reporting date would affect the consolidated income statement and the consolidated statement of comprehensive income as follows:

Sensitivity of the consolidated income statement

in TEUR	2019			2018		
	Annual volatility	if the euro depreciates	if the euro appreciates	Annual volatility	if the euro depreciates	if the euro appreciates
EUR/NOK	5.85%	453	-453	5.49%	168	-168
EUR/PLN	3.49%	449	-449	4.86%	123	-123
EUR/RUB	7.84%	335	-335	13.24%	220	-220
EUR/HUF	4.41%	291	-291	4.31%	-25	25
EUR/SEK	5.11%	289	-289	6.31%	-107	107
EUR/CHF	3.84%	217	-217	4.99%	234	-234

Sensitivity of the consolidated statement of comprehensive income

in TEUR	2019			2018		
	Annual volatility	if the euro depreciates	if the euro appreciates	Annual volatility	if the euro depreciates	if the euro appreciates
EUR/GBP	7.52%	-7,333	7,333	5.99%	-5,893	5,893
EUR/NOK	5.85%	1,325	-1,325	5.49%	89	-89
EUR/RUB	7.84%	1,255	-1,255	13.24%	2,648	-2,648
EUR/USD	4.72%	1,224	-1,224	7.14%	1,708	-1,708
EUR/RON	2.53%	430	-430	2.48%	701	-701
EUR/HUF	4.41%	404	-404	4.31%	1,266	-1,266

Interest rate risks

Interest rate risk is comprised of two components: the relevant value of the average term for the Group's financing and the separation into fixed and variable interest rates. The risk associated with fixed interest rates lies in a possible decline in interest rate levels, while the risk associated with variable interest rates arises from the possibility of an increase in interest rates. A parallel upward shift of 100 basis points in interest rates would have increased profit after tax by MEUR 0.5 (2018: increase of MEUR 1.3) and, through this change in the income statement, also changed equity by the same amount. A decrease of 100 basis points in interest rates would have decreased (2018: decreased) profit after tax and equity by the same amount.

The risk position of Wienerberger AG with respect to the interest rate risks arising from liabilities with fixed and variable interest rates is explained below.

In order to analyze interest rate risk (fixed and variable interest rates), financial liabilities (see pages 95 to 97) are adjusted for the effects of derivative instruments (hedging) and short-term fixed-interest financial liabilities are treated as variable interest items. Sensitivity analyses were carried out on fixed interest and variable interest financial liabilities to estimate the impact on earnings and equity.

in TEUR	2019		2018	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Interest-bearing loans	964,648	71,809	729,540	107,957
Reclassification of short-term fixed interest rate loans	-356,347	356,347	-21,477	21,477
Effects of derivative instruments (hedging)	0	0	101,250	-101,250
Financial liabilities after hedging effects	**608,301**	**428,156**	**809,313**	**28,184**

Credit risks

Wienerberger has established strict requirements for the credit standing of its financial partners, which are defined in internal financial and treasury guidelines. The credit risk connected with the investment of liquid funds and securities is limited because Wienerberger works only with financing partners whose credit rating leads to expectations of a sound financial standing and sets counterparty limits based on this credit rating. However, financial partners with an excellent rating can also pose a credit risk and Wienerberger therefore continuously monitors developments on financial markets and adjusts credit limits accordingly. The following table shows the maximum exposure of trade receivables and miscellaneous receivables (including receivables from current taxes) to credit risks as of December 31, 2019, classified by region:

Credit risk	2019		2018	
	in MEUR	*Share in %*	*in MEUR*	*Share in %*
Western Europe	193.0	59	180.5	58
Central-Eastern Europe	87.9	27	86.3	28
North America	31.8	10	29.5	9
Other	12.0	4	16.0	5
Total trade receivables and miscellaneous receivables	**324.7**	**100**	**312.3**	**100**
thereof insured against default	175.2		179.9	

Trade receivables consist primarily of receivables due from building material retailers and large customers. If an amount is overdue for more than 360 days, default is assumed, and the receivable is written off in its entirety. Receivables are derecognized when there is a legal basis for the assumptions that no more payments will be received.

The following table shows the age structure of trade receivables and impairment charges to trade receivables:

	2019			2018		
in MEUR	Gross receivable	Loss - allowance	Carrying amount	Gross receivable	Loss - allowance	Carrying amount
Not due	172.6	-0.6	172.0	177.1	-0.3	176.8
Up to 30 days overdue	33.0	-0.4	32.6	23.2	-0.2	23.0
31 to 60 days overdue	6.4	-0.3	6.1	8.0	0.0	8.0
61 to 90 days overdue	2.6	-0.4	2.2	2.4	-0.1	2.3
More than 90 days overdue	24.1	-15.4	8.7	22.4	-16.7	5.7
Trade receivables	**238.7**	**-17.1**	**221.6**	**233.1**	**-17.3**	**215.8**

Loans granted and other long-term receivables primarily comprise receivables from financing activities in respect of companies included at equity and non-consolidated Group companies as well as receivables from the sale of extraction rights. In the reporting year, impairments were calculated mainly for defaults expected in the following 12 months, as the assessment of the counterparties' solvency has not changed materially. As a matter of principle, default is defined on the basis of generally recognized rating classes as well as externally available or internally calculated ratings. Additional information available internally is also used to assess the risk of default. At the balance sheet date, there was a single receivable for which an expected credit loss was assumed over the residual term.

Loans granted and other long-term receivables can be classified by rating class as follows:

Rating categories	2019			2018		
in MEUR	Gross receivable	Loss - allowance	Carrying amount	Gross receivable	Loss - allowance	Carrying amount
Grade 1: Low risk	29.1	0.0	29.1	32.6	0.0	32.6
Grade 2: Fair risk	7.8	0.0	7.8	7.0	-0.1	6.9
(Partial) Default	1.0	-0.8	0.2	1.1	-0.8	0.3
Loans granted and other non-current receivables	**37.9**	**-0.8**	**37.1**	**40.7**	**-0.9**	**39.8**

Loss allowances of trade receivables and loans granted can be reconciled as follows:

Loss allowance	2019		2018	
in MEUR	Trade receivables	Loans and other non-current receivables	Trade receivables	Loans and other non-current receivables
Balance on 1/1	**17.3**	**0.9**	**19.2**	**0.9**
Foreign exchange translation	0.0	0.0	-0.1	0.0
Net impairment loss	0.9	0.0	0.3	0.0
Disposals	-1.1	0.0	-2.0	0.0
Balance on 31/12	**17.1**	**0.9**	**17.3**	**0.9**

Liquidity risks

The protection of liquidity and the preservation of a healthy financial base represent the focal points of the Wienerberger strategy. The most important instruments in this respect are the maximization of free cash flow through cost reduction, active working capital management and a cutback in investments to the necessary minimum.

Liquidity risks arise, above all, when cash flows from revenues fall below expectations because of weaker demand and the measures to reduce working capital and cash outflows for fixed costs (active capacity management) are not sufficient or can only be implemented with a delay.

Liquidity is managed on a regular basis, among others, on the basis of rolling quarterly liquidity planning as well as a regular analysis of the cash conversion cycle, which is based on average accounts payable turnover, inventory turnover and receivables conversion. The receivables conversion period averaged 23 days (2018: 23 days), the inventory turnover period averaged 91 days (2018: 92 days) and the payable turnover period averaged 37 days (2018: 37 days). This resulted in a cash conversion cycle of 77 days (2018: 78 days).

An analysis of the liquidity risks arising from liabilities is provided on page 94 (Analysis of contractual cash flows).

Legal risks

Business combinations may be subject to the approval of antitrust authorities, depending on the market position in individual countries and/or the size of the planned acquisition. These approval procedures could lead to delays or, in individual cases, to the prohibition of specific acquisitions or mergers. Wienerberger evaluates the antitrust risk associated with an acquisition together with national and international legal and business experts during the early stages of work on a project in order to minimize this risk. No acquisitions planned by the Group have ever been prohibited.

In connection with real estate transactions carried out in earlier years, Wienerberger AG is liable for possible contamination and the resulting damage during its ownership.

Other risks

Wienerberger is subject to extensive and increasingly strict environmental, health and safety laws in many countries, which can lead to investments for compliance with these regulations. The failure to comply with these regulations could result in administrative fines, the assessment of damages or the suspension of operating permits.

Wienerberger plants exceed current legal requirements for the prevention of environmental damage, but the intensification of environmental standards presents the Group with a continuous range of new challenges. Legal commitments are identified and met through knowledge of current legal and contractual requirements as well as cooperation with experts and external consultants. Risks arising from the restoration of clay pits are part of the company's operating risk and are monitored continuously.

The risks associated with a breakdown of our centralized Group data processing system as the result of natural disasters have been minimized through the installation of redundant systems at facilities in different locations.

A number of building materials companies with operations in the USA are subject of class action suits from patients with asbestos-related diseases. After an examination of our US activities, we have classified this risk as minimal because none of our American subsidiaries has ever produced or sold asbestos products.

A number of older buildings of the Wienerberger Group contain a certain percentage of asbestos products. The company takes utmost care to ensure that such products do not constitute a direct threat to its staff and utilizes specialized services when removing such asbestos products.

The Wienerberger Group also competes with other firms on the labor market. In order to train future managers and prepare these persons for management positions, Wienerberger has developed curricula that include the Sales Academy, the Plant Manager Program and the Ready4Excellence Program. Wienerberger uses these programs and personalized training measures to optimally train its employees and to also strengthen their ties to the company (see the Wienerberger Sustainability Report for additional information).

After the signing of the withdrawal agreement between Great Britain and the European Union on January 31, 2020, the transitional phase began, which is scheduled to last until the end of 2020; during that time, a new trade agreement has to be negotiated. Even before Brexit, all the necessary measures were taken in order to be prepared for possible consequences.

For the time being, the medium- to long-term effect of the worldwide spread of the corona virus (SARS-CoV-2) on global economic developments cannot be anticipated. A further spread of this exogenous factor might affect our production sites and have an impact on demand in the respective markets. A precise assessment of the scope of this pandemic and its impact on the 2020 annual financial statements is not yet possible. The forecasts in this report were drawn up subject to this reservation.

Other disclosures

38. Related party transactions

The following companies and persons are considered to be related parties of Wienerberger: the members of the Supervisory and Managing Boards, associated companies, joint ventures and non-consolidated subsidiaries of Wienerberger AG as well as the ANC Private Foundation and its subsidiaries. Transactions with companies in which members of the Supervisory Board of Wienerberger AG are active are conducted on arm's length conditions. Business relationships between the company and related parties, in particular members of the Managing and Supervisory Boards of Wienerberger AG, are disclosed in Note 12. Personnel expenses if any payments to these persons are involved.

The ANC Private Foundation operates landfill activities in Austria that were transferred by Wienerberger AG in 2001 and owns a limited amount of assets (in particular real estate and securities). The managing board of the ANC Private Foundation consists of two members of Wienerberger top management, which allows Wienerberger to exercise control over the foundation. In accordance with IFRS 10, the ANC Private Foundation cannot be consolidated because the shareholders of Wienerberger AG, and not the company itself, are entitled to the variable cash flows from the foundation. The total assets of ANC Private Foundation amounted to TEUR 26,269 as of December 31, 2019 (2018: TEUR 24,759) and consist primarily of land and buildings totaling TEUR 8,840 (2018: TEUR 8,731) and securities and liquid funds of TEUR 14,522 (2018: TEUR 13,600). The foundation had provisions of TEUR 9,431 (2018: TEUR 8,348) and no financial liabilities as of December 31, 2019.

Wienerberger AG and its subsidiaries finance associates, joint ventures and non-consolidated subsidiaries through loans granted at ordinary market conditions. The outstanding loan receivables due from joint ventures amounted to TEUR 14,891 as of December 31, 2019 (2018: TEUR 15,179), while the comparable amount for non-consolidated subsidiaries was TEUR 6,412 (2018: TEUR 6,535). In addition, trade receivables due from joint ventures amounted to TEUR 10,260 (2018: TEUR 96), including the sale of an asset, while the comparable amount for non-consolidated subsidiaries was TEUR 14 (2018: TEUR 30) as of the balance sheet date. Revenues of TEUR 664 were recognized with joint ventures in 2019 (2018: TEUR 1,088).

Other related party transactions relate to clay supplies in the amount of TEUR 612 (2018: TEUR 735) as well as rental services of TEUR 317 (2018: TEUR 304) received by non-consolidated subsidiaries. In addition, products in the amount of TEUR 735 (2018: TEUR 696) were sold to a related party in the financial year 2019.

39. Significant events after the balance sheet date

Prior to the release of the consolidated financial statements on March 19, 2020, 1,163,514 Wienerberger shares were cancelled. Moreover, part of the hybrid bond with a nominal value of TEUR 24,400 was redeemed for TEUR 25,463.

The worldwide spread of the corona virus (SARS-CoV-2) in the first quarter of 2020 lead to significant measures of European governments to slow the pandemic. A precise assessment of the scope of this pandemic and its impact on global economies and the 2020 annual financial statements is not yet possible. The forecasts in this report were drawn up subject to this reservation.

The consolidated financial statements were approved by the Managing Board of Wienerberger AG on March 19, 2020 and submitted to the Supervisory Board on March 26, 2020 for publication.

Vienna, March 19, 2020

The Managing Board of Wienerberger AG

Heimo Scheuch	Carlo Crosetto	Solveig Menard-Galli
Chief Executive Officer	*Chief Financial Officer*	*Chief Performance Officer*

Statement by the Managing Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, March 19, 2020

The Managing Board of Wienerberger AG

Heimo Scheuch	Carlo Crosetto	Solveig Menard-Galli
Chief Executive Officer	*Chief Financial Officer*	*Chief Performance Officer*

Group Companies

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger International N.V.	**Zaltbommel**	**50,001**	**EUR**	**100.00%**	**VK**	
Wienerberger Roof Asset Management GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Österreich GmbH	Hennersdorf	5,000,000	EUR	100.00%	VK	
Wienerberger zRt.	Budapest	5,000,000	HUF	100.00%	VK	
Wienerberger s.r.o.	České Budějovice 1	50,000,000	CZK	100.00%	VK	
Cihelna Kinský, spol. s r. o.	Kostelec nad Orlicí	2,000,000	CZK	68.80%	VK	
Wienerberger eurostroj, spol. s r. o.	České Budějovice 1	32,100,000	CZK	100.00%	VK	
Silike keramika, spol. s r.o	České Budějovice 1	100,000	CZK	50.00%	EQ	
Wienerberger s.r.o.	Zlaté Moravce	3,319,392	EUR	100.00%	VK	
Wienerberger Ceramika Budowlana Sp. z o.o.	Warszawa	374,324,808	PLN	100.00%	VK	
Handel Ceramika Budowlana Sp. z o.o.	Warszawa	50,000	PLN	100.00%	OK	1)
Wienerberger d.o.o.	Karlovac	8,988,000	HRK	100.00%	VK	
Wienerberger-Cetera d.d. u likvidaciji	Karlovac	359,240	HRK	99.72%	VK	
IGM Ciglana d.o.o. u likvidaciji	Petrinja	12,756,900	HRK	100.00%	VK	
Wienerberger d.o.o.	Sarajevo	2,000	BAM	100.00%	VK	
Wienerberger Opekarna Ormož d.o.o.	Križevci pri Ljutomeru	951,986	EUR	100.00%	VK	
Opekarna Pragersko d.o.o.	Pragersko	1,022,743	EUR	100.00%	VK	
Wienerberger Backa d.o.o	Kanjiza	651,652	EUR	100.00%	VK	
WIENERBERGER S.R.L.	Bucuresti	39,147,100	RON	100.00%	VK	
Wienerberger TOV	Kyiv	3,000,000	UAH	100.00%	VK	
Semmelrock International GmbH	**Wien**	**3,000,000**	**EUR**	**100.00%**	**VK**	
Semmelrock Baustoffindustrie GmbH	Wien	1,000,000	EUR	100.00%	VK	
Semmelrock Stein + Design GmbH	Wien	35,000	EUR	100.00%	VK	
Semmelrock Stein + Design GmbH & CoKG	Wien	100,000	EUR	100.00%	VK	
Semmelrock Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Semmelrock Stein & Design Kft.	Ócsa	983,100,000	HUF	100.00%	VK	
SEMMELROCK STEIN + DESIGN Dlazby s.r.o.	Sered	3,027,286	EUR	100.00%	VK	
Semmelrock Stein & Design d.o.o.	Ogulin	22,870,000	HRK	100.00%	VK	
Semmelrock Stein & Design Sp. z o.o.	Kolbiel	46,000,000	PLN	100.00%	VK	
Semmelrock Stein + Design S.R.L.	Bolintin-Vale	58,151,300	RON	100.00%	VK	
Semmelrock Tlakovci d.o.o.	Ormož	8,763	EUR	100.00%	OK	1)
Semmelrock Stein + Design Dlazby s.r.o.	Ledcice	2,000,000	CZK	100.00%	VK	
Semmelrock Stein und Design EOOD	Sofia	11,500,000	BGN	100.00%	VK	
Wienerberger GmbH	**Hannover**	**9,500,000**	**EUR**	**100.00%**	**VK**	
Schlagmann Beteiligungs GmbH	Zeilarn	26,000	EUR	50.00%	OK	1)
Schlagmann Poroton GmbH & Co KG	Zeilarn	10,300,000	EUR	50.00%	EQ	
Schlagmann Poroton Vertriebs GmbH	Zeilarn	25,000	EUR	50.00%		4)
Tongruben Verwaltungs GmbH	Hannover	26,000	EUR	100.00%	OK	1)
Argeton GmbH	Hannover	100,000	EUR	100.00%	VK	
Wienerberger Deutschland Service GmbH	Hannover	1,000,000	EUR	100.00%	VK	
RM 2964 Vermögensverwaltungs GmbH	Zeilarn	25,000	EUR	50.00%		4)
MR Erwerbs GmbH & Co. KG	Zeilarn	50,000	EUR	50.00%		4)
Redbloc Elemente GmbH	Plattling	25,000	EUR	15.00%		4)
Redbloc Systems Deutschland GmbH	Plattling	25,000	EUR	12.50%		4)
ZZ Wancor AG	**Regensdorf**	**1,000,000**	**CHF**	**100.00%**	**VK**	
Wienerberger S.p.A.	**Mordano**	**10,000,000**	**EUR**	**100.00%**	**VK**	
Fornaci Giuliane S.r.l. (in liquidation)	Cormons	100,000	EUR	30.00%	EQ	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger NV	**Kortrijk**	**47,557,745**	**EUR**	**100.00%**	**VK**	
Wienerberger Asset Management NV	Zonnebeke	5,240,053	EUR	100.00%	VK	
Deva-Kort NV	Kortemark	247,894	EUR	100.00%	VK	
TV Vanheede-Wienerberger	Kortrijk	0	EUR	50.00%	EQ	
Wienerberger B.V.	**Zaltbommel**	**36,778,680**	**EUR**	**100.00%**	**VK**	
Van Hesteren & Janssens B.V.	Zaltbommel	363,024	EUR	100.00%	VK	
KDB Baukeramik Vertriebs-GMBH	Rhede	76,694	EUR	33.33%	VK	
BrickTrading Holland B.V.	Zaltbommel	18,000	EUR	100.00%	VK	
German Brick Trading B.V.	Zaltbommel	249,700	EUR	100.00%	VK	
Aberson B.V.	Zwolle	60,000	EUR	100.00%	VK	
Aberson SmartBuild BV	Zwolle	1	EUR	100.00%	VK	
DEKO Beheer BV	Elst	18,000	EUR	100.00%	VK	
Bricks BV	Elst	15,750	EUR	100.00%	VK	
Bricks GBMH	Rhede	25,000	EUR	100.00%	VK	
Deko Industrieel BV	Elst	1,000	EUR	100.00%	VK	
Deko Mobiele Steenzagerij BV	Elst	10,000	EUR	100.00%	VK	
Deko Produkten BV	Elst	18,000	EUR	100.00%	VK	
Deko Solutions BV	Elst	1,000	EUR	100.00%	VK	
Deko Steenzagerij BV	Elst	18,000	EUR	100.00%	VK	
Steinzentrale Nord Leeuwis GmbH	Rellingen	52,500	EUR	100.00%	VK	
Wienerberger Limited	**Cheadle**	**81,120,552**	**GBP**	**100.00%**	**VK**	
Galileo Brick Limited (in Liquidation)	Cheadle	2,000,000	GBP	100.00%	VK	
Chelwood Group Unlimited (in Liquidation)	Cheadle	1	GBP	100.00%	VK	
The Brick Business Limited (in Liquidation)	Cheadle	900,002	GBP	100.00%	VK	
Sandtoft Roof Tiles Limited	Cheadle	11,029	GBP	100.00%	VK	
BDP Holdings Limited	Sale	336,785	GBP	100.00%	VKE	
Building Product Design Limited	Sale	612,720	GBP	100.00%	VKE	
Glidevale Limited	Sale	84	GBP	100.00%	VKE	
Passivent Limited	Sale	1	GBP	100.00%	VKE	
Kingfisher Louvre Systems Limited	Sale	10,000	GBP	100.00%	VKE	
Z-Led Limited	Sale	1	GBP	100.00%	VKE	
Willan Building Services Limited	Sale	20,000	GBP	100.00%	VKE	
Glidevale Building and Products Limited	Sale	68	GBP	100.00%	VKE	
BPD Manufacturing Solutions Limited	Sale	100	GBP	100.00%	VKE	
Co2nserve Limited	Sale	46,998	GBP	100.00%	VKE	
Protect Membranes Limited	Sale	200	GBP	100.00%	VKE	
Richmond GmbH	Königswinter	25,000	EUR	100.00%	VKE	
Richmond Building Products Group Limited	Dublin	418,996	EUR	100.00%	VKE	
WIENERBERGER PARTICIPATIONS SAS	**Achenheim**	**36,000,000**	**EUR**	**100.00%**	**VK**	
WIENERBERGER SAS	Achenheim	75,000,000	EUR	100.00%	VK	
Briqueterie de Rouffach SAS	Rouffach	336,120	EUR	100.00%	VK	
Wienerberger A/S	**Helsinge**	**11,765,882**	**DKK**	**85.00%**	**VK**	
Wienerberger AS	Oslo	43,546,575	NOK	85.00%	VK	
Wienerberger AB	Malmö	17,550,000	SEK	85.00%	VK	
Vesterled Teglvaerk A/S	Sonderborg	1,600,000	DKK	85.00%	VKE	
Helligso Teglvaerk A/S	Hurup	850,000	DKK	85.00%	VKE	
Egernsund Tegl a.m.b.a.	Egernsund	9,000,000	DKK	85.00%	VKE	
A/S Bachmanns Teglvaerk	Sonderborg	1,000,000	DKK	85.00%	VKE	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
General Shale Brick Inc.	**Johnson City**	**1,000**	**USD**	**100.00%**	**VK**	
General Shale Building Materials, Inc.	Johnson City	1,000	USD	100.00%	VK	
Columbus Brick Inc.	Columbus	20,950	USD	100.00%	VK	
Watsontown Brick Company	Watsontown	72,050	USD	100.00%	VK	
Pipelife Jet Stream, Inc.	Siloam Springs	0	USD	100.00%	VK	
Arriscraft Canada Inc.	**Halifax**	**18,500,000**	**CAD**	**100.00%**	**VK**	
Wienerberger EOOD	**Sofia**	**12,500,000**	**BGN**	**100.00%**	**VK**	
Uspeh AD	Sofia	2,141,220	BGN	99.66%	VK	
OOO „Wienerberger Kirpitsch“	**Kiprevo**	**612,694,577**	**RUB**	**100.00%**	**VK**	
OOO „Wienerberger Kurkachi“	Kurkachi	650,036,080	RUB	100.00%	VK	
Wienerberger OY AB	**Helsinki**	**1,000,000**	**EUR**	**100.00%**	**VK**	
Wienerberger AS	**Aseri**	**1,540,736**	**EUR**	**100.00%**	**VK**	
UAB Wienerberger Statybine Keramika Sp. Z o.o.	**Vilnius**	**10,100**	**LTL**	**100.00%**	**VK**	
Wienerberger India Private Limited	**Bangalore**	**990,000,000**	**INR**	**100.00%**	**VK**	
WBI Industries Private Limited	Chennai	1,000,000	INR	100.00%	VK	
PIPELIFE International GmbH	**Wien**	**29,000,000**	**EUR**	**100.00%**	**VK**	**2)**
PIPELIFE Austria GmbH & Co KG	Wiener Neudorf	4,360,370	EUR	100.00%	VK	
PIPELIFE Austria GmbH	Wiener Neudorf	36,337	EUR	100.00%	VK	
Pipelife Belgium NV	Kalmthout	10,890,000	EUR	100.00%	VK	
Pipelife Bulgaria EOOD	Botevgrad	30,000	BGN	100.00%	VK	
Pipelife Czech s r.o.	Otrokovice	202,971,000	CZK	100.00%	VK	
PIPELIFE Deutschland Asset Management GmbH	Bad Zwischenahn	26,000	EUR	100.00%	VK	
PIPELIFE Deutschland GmbH & Co. KG Bad Zwischenahn	Bad Zwischenahn	5,000	EUR	100.00%	VK	
PIPELIFE Deutschland Verwaltungs-GmbH Bad Zwischenahn	Bad Zwischenahn	5,726,469	EUR	100.00%	VK	
Pipelife Eesti AS	Harjumaa	25,024	EUR	100.00%	VK	
Pipelife Finland OY	Oulu	33,637	EUR	100.00%	VK	
Talokaivo Oy	Kerava	2,000,000	EUR	100.00%	VK	
Pipelife France SNC	Aubevoye	35,605,800	EUR	100.00%	VK	
Pipelife Hellas S.A.	Thiva	24,089,735	EUR	100.00%	VK	
PIPELIFE-HRVATSKA cijevni sustavi d.o.o.	Sveta Nedelja	47,171,500	HRK	100.00%	VK	
Pipelife Hungaria Kft.	Debrecen	3,123,520,000	HUF	100.00%	VK	
QUALITY PLASTICS HOLDINGS LTD	Cork	635,000	EUR	100.00%	VK	
PIPELIFE IRELAND LTD	Cork	254	EUR	100.00%	VK	
Kenfern Investments Ltd (in Liquidation)	Cork	447	EUR	100.00%	OK	1)
Pipelife UK Ltd	Corby	244,001	GBP	100.00%	VK	
Pipelife Latvia SIA	Riga	426,600	EUR	100.00%	VK	
Pipelife Nederland B.V.	Enkhuizen	11,344,505	EUR	100.00%	VK	
Pipelife Finance B.V.	Enkhuizen	18,000	EUR	100.00%	VK	
Pipelife Norge AS	Surnadal	50,000,000	NOK	100.00%	VK	
Pipelife Polska S.A.	Krokowa	112,243,963	PLN	100.00%	VK	
Pipelife Romania S.R.L.	Bucuresti	7,323,115	RON	100.00%	VK	
Pipelife Serbia d.o.o.	Beograd	168,493,895	RSD	100.00%	VK	
Pipelife RUS LLC	Zhukov	104,458,072	RUB	100.00%	VK	
Pipelife Hafab AB	Haparanda	3,000,000	SEK	100.00%	VK	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Pipelife Nordic AB	Ölsremma	167,000,000	SEK	100.00%	VK	
Pipelife Sverige AB	Ljung	3,600,000	SEK	100.00%	VK	
Isoterm AB	Stenkullen	200,000	SEK	100.00%	VK	
Pipelife Slovenija d.o.o.	Trzin	843,258	EUR	100.00%	VK	
Pipelife Slovakia s r.o.	Piestany	6,700	EUR	100.00%	VK	
Arili Plastik Sanayii A.S.	Pendik/Istanbul	30,590,000	TRY	100.00%	VK	
Preflexibel Invest NV	Ninove	1,200,000	EUR	100.00%	VK	
Preflexibel NV	Ninove	250,000	EUR	100.00%	VK	
Preflexibel France SAS	Salindres	370,000	EUR	100.00%	VK	
Preflex France SAS	Salindres	46,500	EUR	100.00%	VK	
Reddy S.A.	Seneffe	62,000	EUR	100.00%	VKE	
Wienerberger Dach Beteiligungs GmbH	**Wien**	**500,000**	**ATS**	**100.00%**	**VK**	
WIBRA Tondachziegel Beteiligungs-GmbH	Wien	500,000	ATS	100.00%	VK	
Tondach Beteiligungs GmbH	**Wien**	**200,000**	**EUR**	**100.00%**	**VK**	
Tondach Gleinstätten GmbH	Gleinstätten	500,000	EUR	100.00%	VK	3)
Wienerberger doo Kanjiza	Kanjiza	605,394,000	RSD	100.00%	VK	
Wienerberger DOOEL Vinica	Vinica	349,460,010	MKD	100.00%	VK	
TONDACH BULGARIA EOOD	Sofia	798,400	BGN	100.00%	VK	
TONDACH Ingatlanhasznosító Zrt.	Budapest	5,000,000	HUF	100.00%	VK	
TONDACH ROMANIA SRL	Sibiu	36,137,155	RON	100.00%	VK	
TONDACH BOSNA I HERCEGOVINA d.o.o.	Sarajevo	200,000	BAM	80.00%	EQE	
Wienerberger Anteilsverwaltung GmbH	**Wien**	**35,000**	**EUR**	**100.00%**	**VK**	
Tondach Holding GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Finance Service B.V.	Zaltbommel	18,151	EUR	100.00%	VK	
Wienerberger Finanz Service GmbH	Wien	25,435,492	EUR	100.00%	VK	
Wienerberger West European Holding GmbH	Wien	35,000	EUR	100.00%	VK	
WK Services NV	Kortrijk	32,226,158	EUR	100.00%	VK	
Dryfix GmbH	Hennersdorf	35,000	EUR	100.00%	VK	
Interbran Baustoff GmbH	Weinheim	25,000	EUR	30.00%	EQ	
Wienerberger Gamma Asset Management GmbH	Wien	35,000	EUR	100.00%	VK	
Steinzeug-Keramo GmbH	**Frechen**	**18,408,000**	**EUR**	**100.00%**	**VK**	
Steinzeug - Keramo NV	Hasselt	9,400,000	EUR	100.00%	VK	
Keramo-Wienerberger Immo NV	Hasselt	14,068,558	EUR	100.00%	VK	
SOCIETA DEL GRES S.p.A.	Sorisole	2,000,000	EUR	100.00%	VK	
Steinzeug Keramo s.r.o.	České Budějovice	40,000,000	CZK	100.00%	VK	
Steinzeug - Keramo SARL	Angervilliers	38,125	EUR	100.00%	VK	
Steinzeug-Keramo Sp. z.o.o.	Piekary Slaskie	2,000,000	PLN	100.00%	VK	

VK .... Full consolidation
VKE .... First time full consolidation
EQ .... At Equity consolidation
EQE .... First time at equity consolidation
OK............... No consolidation
OKE............. No consolidation (first time)

1) Immaterial
2) Holding company of the Pipelife Group
3) Holding company of the Gleinstätten Group
4) Subsidiary of Schlagmann Poroton GmbH & Co KG

Auditor's report [1)]

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of

Wienerberger AG,
Vienna,

and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the carrying value of goodwill

Description and Issue

Goodwill represents a significant amount on the balance sheet (EUR 509 million). The carrying amounts of the assets of the respective cash generating units are compared to their recoverable amount, which represents the higher of fair value less costs of disposal and the value in use. An impairment loss is recognized when the recoverable amount is lower than the carrying amount. The value in use calculation involves significant estimates and forward looking assumptions by management concerning the expected cash surpluses and the cost of capital. Small changes in the assumptions used in determining the value in use can result in materially different outcomes. This is particularly true for the goodwill allocated to the CGU Bricks North America, since a significant goodwill is allocated to this CGU and its carrying amount has only a small headroom over the recoverable amount.

Management describes the approach to assess the carrying value of goodwill in the Section "General Information" in Note 6 "Estimates and Judgements" in the notes to the financial statements. The allocation of the goodwill to the respective cash generating units and the assumptions and valuation results are described in Note 22 "Non current assets".

The valuation model used for the impairment test necessitates a large number of input factors for the assessment of the market. In case of unfavorable changes in the future development of the assumptions there is a risk that the goodwill is overstated. Due to the complexity of the valuation model and the dependence of the outcome of the impairment test on the management's assessment of the input factors this matter was of particular importance for our audit.

Our Response

We have challenged the parameters used for the impairment testing with entity and industry specific information as well as market expectations from internal and external sources and have assessed the appropriateness of the valuation model. Furthermore we gained an overview of the planning process and have critically reviewed the back testing performed by the management.

For the verification of the capital costs by the means of a comparative analysis, we have used internal experts.

In cases where the fair value less costs of disposal was used as recoverable amount in the impairment test we have also involved internal experts to validate the assumptions made in the valuation.

We have assessed the consistency of the future cash flows used in the calculation by comparing them to the budgets approved by the supervisory board.

1) Complimentary translation, German original prevails

Assessment of the carrying value of property, plant and equipment
Description and Issue

The carrying value of property, plant and equipment amounts to EUR 1.883 million, representing 46% of the total assets shown on the consolidated balance sheet of Wienerberger AG. Management assesses on an annual basis, or whenever triggering events are identified, whether the carrying value of property, plant and equipment is impaired. For purposes of the impairment testing within a division plants are aggregated to groups of cash generating units.

The approach how the carrying value of property, plant and equipment is assessed is described in the Section "General Information" in Note 6 "Estimates and judgements" of the notes to the financial statements. The assumptions and valuation results are described in Note 22 "Non-Current Assets".

The carrying amount of an asset is compared with the recoverable amount, which represents the higher of the value in use or fair value less costs of disposal and if necessary written down to this amount. Similar to the testing of goodwill these tests involve complex calculations and the assumptions include a degree of uncertainty regarding the future development of cash flows and discount rates. A change in the assumptions can have a significant effect on the outcome of the impairment tests. Therefore this matter was of particular importance for our audit.

Our Response

We performed similar procedures to those described above in relation to goodwill impairment testing in respect of the key assumptions used in the impairment model. Therefore we refer to the section above for further details.

Other Information

Management is responsible for the other information. The other information comprises all information in the annual report, except the consolidated financial statements, the consolidated management report and the auditor's report. We have obtained the annual report (with exception of the report of the supervisory board) prior to the date of the auditor's report. The report of the supervisory Board will be made available to us after this date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

› Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

› Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

› Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

› Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

› Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.

› We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed by the annual general meeting on May 6, 2019 and commissioned by the supervisory board on June 17, 2019 to audit the consolidated financial statements for the financial year ending December 31, 2019. We have been auditing the Group since the financial year ending December 31, 2017.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Gerhard Marterbauer.

Vienna, March 23rd, 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer m.p.
Certified Public Accountant

Mag. Christof Wolf m.p.
Certified Public Accountant

Glossary

Acquisition Expenditure for the purchase of a company or share in a company

ADR American Depository Receipt: deposit certificates that confirm ownership of a foreign stock and are traded on US stock exchanges or over-the-counter as shares; US banks buy stock and issue ADR's in order to give foreign companies access to the US capital market

Asset coverage Equity divided by non-current assets; indicates the percentage to which land, buildings, machinery etc. are covered by equity

ATX Abbreviation for the "Austrian Traded Index" of the Vienna Stock Exchange

Bearer shares Shares that are not issued to a specific person; the rights to these securities accrue to the person holding them

Capital employed (CE) Equity plus interest-bearing debt (incl. net inter-company balance) less liquid funds and financial assets; the sum of capital engaged in a company

Clay block Brick made of burned clay, used for load-bearing exterior monolithic or cavity walls as well as for interior walls

Clay roof tile Roof tile made of burned clay in various shapes and colors

Common shares Shares that carry full rights in a stock corporation (including participation in the Annual General Meetings, voting rights and dividend rights)

Corporate governance Rules for the responsible management and control of companies that are set forth in the Austrian Corporate Governance Code

Covenant (financial) A clause in a credit agreement that obliges the borrower not to exceed or fall below a specific indicator

Cross currency swap Agreement between contract partners to exchange cash flows in two different currencies over a certain period of time; a hedge against foreign currency fluctuations

Deferred taxes The result of temporary differences in income recognition between tax law and the individual and consolidated financial statements prepared accounting to IFRS

Depreciation ratio Depreciation (excluding impairment charges to goodwill and assets) as a percentage of revenues

Dividend yield: Ratio of the dividend per share paid out to the share price

EBIT Earnings before interest and taxes, or operating profit

EBIT, operating EBIT adjusted for impairment charges to goodwill and assets as well as the reversal of impairment charges to assets

EBITDA Earnings before interest, taxes, depreciation and amortization, or operating profit before depreciation and amortization = gross cash flow

EBITDA margin EBITDA divided by revenues

Equity method Valuation method used for the consoli-dation of investments of between 20% and 50% in other companies

Equity ratio Equity divided by total assets

Facing brick Brick made of burned clay, used for external, non-load-bearing walls of buildings

Fast Forward 2020: Group-wide optimization program covering six specific work streams: manufacturing excellence, commercial excellence, procurement, supply chain management, general administration and turnaround cases

Forward exchange contract Foreign exchange transaction that is not realized at conclusion of the relevant contract, but at a later point in time; a hedge against exchange rate fluctuations

Free cash flow Cash flow from operating activities less cash flow from investing activities plus growth capex; the amount of cash earned in the current year that is available for growth projects, dividends and the repayment of debt or share buy-backs

Free float company Publicly traded corporation with a majority share of free float

GARP investor Growth at a reasonable price; investor who aims to identify those growth stocks that meet his/her criteria for buying at reasonable prices

Gearing net debt divided by equity including non-controlling interests; an indicator of financial security

Goodwill Surplus of the price paid for a company over the net assets acquired

Hedging Measures used in the management of financial risk to limit or avoid negative market changes in the areas of interest rates, foreign currency, market values or raw materials

Hybrid capital Subordinated perpetual corporate bond, which is ranked between equity and debt as mezzanine capital

IFRS International Financial Reporting Standards

Interest cover EBITDA divided by interest result; indicates the number of times operating income covers the interest result

Interest rate swap Agreement to exchange cash flows with different terms over a specific period of time; these cash flows are based on fixed and variable interest rates; provides security against interest rate fluctuations

Investments Additions to plant, property and equipment and intangible assets

Joint venture Agreement by two or more companies to jointly operate a business enterprise

LLLD (Long Length Large Diameter Pipes) Pipes for industrial facilities with a diameter of up to 2.5 meters and a length of up to 600 meters

Long-term incentive (LTI) program A long-term variable remuneration program for the Managing Board and key Group managers to synchronize management goals with shareholders' interests

Net debt Net sum of financial liabilities - cash and cash at bank - securities and other financial assets - intercompany receivables and payables from financing

Net result Profit after tax attributable to equity holders of the parent company

NF Abbreviation for "Normalformat", the standard size of clay blocks (250 x 120 x 65 mm)

NOPAT Net operating profit after tax, or operating profit less taxes and adjusted taxes (tax effects from financial results)

Paver Product made of clay or concrete, used in the design of gardens and public spaces

PE Polyethylene, a synthetic material

PP Polypropylene, a synthetic material

PVC Polyvinyl chloride, a synthetic material

P/E ratio Price/earnings ratio; an indicator for the market valuation of a stock

Rating Standardized evaluation of the credit standing of a company, which indicates the probability of insolvency or delayed payments

Return on equity Profit after tax divided by equity, or the rate of return on shareholders' investments

ROCE after tax Return on capital employed after tax, or NOPAT divided by average capital employed = net yield on capital employed

Translation risk Arises from the conversion of foreign currency items on the balance sheet; these foreign exchange fluctuations are not offset by balance sheet items in the same currency

Treasury Staff function to safeguard the financing, cash management and financial risk management of a company

UGB "Unternehmensgesetzbuch" (the Austrian Company Code)

WACC Weighted average cost of capital, or the average price a company must pay on financial markets for equity and debt

WF Abbreviation for "Waalformat"; the standard size of a facing brick (210 x 100 x 50 mm)

Financial Calendar

January 27, 2020	*Start of the quiet period*
February 26, 2020	Results of 2019: Presentation of the Results in Vienna
March 30, 2020	Publication of the 2019 Annual Report on the Wienerberger website
April 21, 2020	*Start of the quiet period*
April 25, 2020	Record date for participation in the 151st Annual General Meeting
May 5, 2020	151st Annual General Meeting
May 7, 2020	Deduction of dividends for 2019 (ex-day)
May 8, 2020	Record date for 2019 dividends
May 11, 2020	Payment day for 2019 dividends
May 14, 2020	Results for the First Quarter of 2020
June 2020	Publication of the Sustainability Report 2019
July 20, 2020	*Start of the quiet period*
August 12, 2020	Results for the First Half-Year of 2020: Presentation of the Results in Vienna
October 19, 2020	*Start of the quiet period*
November 5, 2020	Results for the First Three Quarters of 2020

Information on the Company and the Wienerberger Share

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Bloomberg	WIE AV
Datastream	O: WNBA
ADR Level 1	WBRBY
ISIN	AT0000831706

Wienerberger Online Annual Report 2019:

http://annualreport.wienerberger.com

Ten Year-Review

Corporate Data		2010 3)	2011 3)	2012	2013
Revenues	*in MEUR*	1,663.6	1,915.4	2,355.5	2,662.9
EBITDA	*in MEUR*	198.3	240.4	216.7	275.9
EBITDA margin	*in %*	11.9	12.6	9.2	10.4
EBIT	*in MEUR*	4.6	37.5	-21.7	64.7
EBIT operating	*in MEUR*	4.6	40.0	31.0	55.3
Profit before tax	*in MEUR*	-42.5	47.4	-36.2	-3.1
Profit after tax	*in MEUR*	-35.4	39.4	-40.5	-7.8
Free cash flow	*in MEUR*	170.5	135.0	163.6	92.9
Total investments	*in MEUR*	143.5	151.7	268.7	106.7
Net debt	*in MEUR*	362.3	358.8	602.0	538.9
Capital employed	*in MEUR*	2,718.4	2,652.1	2,931.3	2,767.6
Gearing	*in %*	14.5	14.8	25.5	23.9
Return on equity 4)	*in %*	-1.4	1.6	-1.7	-0.3
ROCE 5)	*in %*	0.0	0.9	0.4	1.3
Ø Employees	*in FTE*	11,296	11,893	13,060	13,787

Stock Exchange Data		2010	2011	2012	2013
Earnings per share	*in EUR*	-0.58	0.07	-0.61	-0.34
Adjusted earnings per share	*in EUR*	-0.58	0.09	-0.25	-0.40
Dividend per share	*in EUR*	0.10	0.12	0.12	0.12
Dividend	*in MEUR*	11.7	13.8	13.8	13.8
Equity per share 6)	*in EUR*	17.3	16.6	16.3	15.3
Share price at year-end	*in EUR*	14.29	6.97	6.93	11.53
Shares outstanding (weighted) 7)	*in 1,000*	116,528	116,762	115,063	115,063
Market capitalization at year-end	*in MEUR*	1,679.5	819.2	814.3	1,354.5

Condensed Balance Sheet		2010	2011	2012	2013
Non-current assets	*in MEUR*	2,708.1	2,611.4	2,800.8	2,610.0
Inventories	*in MEUR*	555.9	576.6	700.9	666.0
Other assets	*in MEUR*	737.3	803.4	638.0	935.4
Total assets	*in MEUR*	4,001.3	3,991.4	4,139.7	4,211.4
Equity 8)	*in MEUR*	2,503.3	2,430.8	2,363.7	2,254.2
Provisions	*in MEUR*	205.3	197.2	265.9	224.5
Liabilities	*in MEUR*	1,292.7	1,363.4	1,510.1	1,732.7

1) Total investments and free cash flow were adjusted according to the new capex definition // 2) The figures for the year 2014 were restated in accordance with IAS 8 // 3) The data were adjusted to reflect a change in accounting policy // 4) Profit after tax / Equity // 5) 2014 and 2012 calculated on pro-forma 12-month basis // 6) Equity including non-controlling interests; excluding hybrid capital // 7) Adjusted for treasury stock // 8) Equity including non-controlling interest and hybrid capital

2014 [2]	2015	2016	2017 [1]	2018 [1]	2019
2,834.5	2,972.4	2,973.8	3,119.7	3,305.1	**3,466.3**
317.2	369.7	404.3	415.0	442.6	**610.0**
11.2	12.4	13.6	13.3	13.4	**17.6**
-165.1	163.1	190.6	178.7	239.8	**362.7**
100.2	167.6	197.7	194.2	248.2	**362.7**
-215.3	107.0	158.5	144.9	195.3	**315.3**
-229.7	69.8	115.3	140.6	146.9	**262.8**
134.0	135.1	246.5	179.2	272.5	**286.0**
163.1	147.8	181.1	163.2	215.8	**255.5**
621.5	534.1	631.6	566.4	631.6	**871.4**
2,591.9	2,569.9	2,460.0	2,459.2	2,536.7	**2,912.2**
31.3	26.0	34.2	29.6	32.6	**42.0**
-11.6	3.4	6.2	7.4	7.6	**12.7**
2.7	4.5	5.8	7.3	7.5	**10.6**
14,836	15,813	15,990	16,297	16,596	**17,234**

2014	2015	2016	2017	2018	2019
-2.26	0.31	0.70	1.05	1.15	**2.18**
0.03	0.35	0.76	1.19	1.23	**2.18**
0.15	0.20	0.27	0.30	0.50	**0.60**
17.5	23.4	31.6	35.1	57.4	**68.1**
12.9	13.4	13.5	14.1	14.4	**16.1**
11.45	17.09	16.50	20.17	18.00	**26.42**
116,017	116,956	116,956	116,956	116,154	**114,320**
1,345.1	2,008.5	1,938.6	2,370.5	2,115.5	**3,074.0**

2014	2015	2016	2017	2018	2019
2,433.8	2,426.3	2,355.0	2,290.3	2,377.7	**2,727.0**
701.4	753.3	718.4	741.6	761.7	**827.6**
695.8	512.0	563.8	627.9	603.6	**578.0**
3,831.0	3,691.6	3,637.2	3,659.9	3,742.9	**4,132.6**
1,986.5	2,054.2	1,849.0	1,911.2	1,939.1	**2,076.8**
253.5	290.3	278.0	270.6	272.0	**279.7**
1,591.0	1,347.1	1,510.2	1,478.1	1,531.9	**1,776.1**

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Remark
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Both documents are available online and can be downloaded under www.wienerberger.com.

www.wienerberger.com