

Wienerberger Results Q1 2020

wienerberger

Disclaimer

Cautionary note regarding forward-looking statements

wienerberger

- › The information contained in this document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or opinions contained herein.
- › Certain statements contained in this document may be statements of future expectations and other forward-looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
- › None of Wienerberger AG or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.
- › This document does not constitute an offer or invitation to purchase or subscribe for any securities and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

Strong Q1 performance (1/2)

wienerberger



› Strong start into 2020

	Q1 2020	Q1 2019	
Revenues	€ 793.3 mn	€ 776.8 mn	+ 2%
EBITDA LFL	€ 105.2 mn	€ 109.3 mn	- 4%
Net result	€ -106.3 mn	€ 26.8 mn	>-100%
Operating cash flow	€ -129.8 mn	€ -145.4 mn	+ 11%



› March affected by **Covid-19 outbreak**

- › Temporary plant shut downs in some countries
- › Revenue declines driven by **volume reduction**
- › Mixed revenue development from country to country with declines up to 30% in main markets

Strong Q1 performance (2/2)

wienerberger



› **Pricing strategy to cover cost inflation** holding up as planned



› Strong **Fast Forward contribution of € 9 mn** despite Covid-19 impact



› Short-term: **focusing on cash preservation** via proactive cost and working capital management

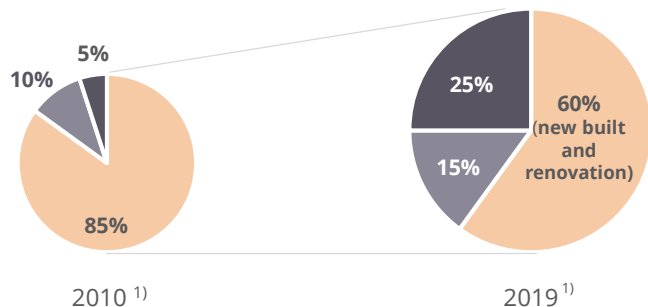
Wienerberger fundamentally reshaped its focus

wienerberger

Today Wienerberger is a lot more resilient
due to a much broader market exposure

Strong track record of consistently improving
performance confirms success of our
growth strategy

Portfolio has been reshaped



Residential Non-residential Infrastructure

1) Revenue split

- ✓ Customer proximity
- ✓ Innovation leader
- ✓ Focus on digitalization

Q1 2020

Strong Q1 performance

wienerberger

Revenue

€ 793.3 mn

(Q1 2019: € 776.8 mn | +2%)

EBITDA LFL ¹⁾

€ 105.2 mn

(Q1 2019: € 109.3 mn | -4%)

Free cash flow

€ -162.2 mn

(Q1 2019: € -177.6 mn | +9%)

EBITDA LFL margin

13.3%

(Q1 2019: 14.1% | -80 bp)

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

Wienerberger Building Solutions

Record run was slowed down by Covid-19

wienerberger

- > Record Q1 course: **strong demand** in core markets on the back of **mild weather conditions**
- > First negative **effects of Covid-19** in March, particularly in **Western European markets**
- > **Integration of facing brick producers in Denmark** proceeded **faster than expected** and made a strong contribution to earnings
- > **Eastern Europe:** strong results, markets back to normal levels after overheating in HY1 2019

WBS (in € mn)	Q1 2020	Q1 2019	Chg. in %
External revenues	500.4	476.6	+5
EBITDA LFL	81.2	85.5	-5
EBITDA	81.9	85.6	-4
EBITDA LFL margin	16.2%	17.9%	-



Wienerberger Piping Solutions

Further increase in earnings

wienerberger

- › Continuous focus to shift to higher value products enabled us to achieve a **further increase in earnings and profitability**
- › Satisfactory development driven by **strong infrastructure segment**
- › Operations in **Northern and Eastern Europe mostly without any interruptions**
- › **Limited Covid-19 impact** (only Western Europe)

WPS (in € mn)	Q1 2020	Q1 2019	Chg. in %
External revenues	220.7	224.0	-1
EBITDA LFL	19.1	17.4	+10
EBITDA	18.7	17.4	+7
EBITDA LFL margin	8.7%	7.8%	-



North America


Results impacted by external factors

wienerberger

- › Business development was **impacted** by **poor weather conditions** and the first effects of **Covid-19**
- › Individual US state measures enabled us to **continue operations in most of our plants**
- › **Restrictive measures taken by Canada** led to the prompt closure of our Cambridge site
- › Plastic pipe business impacted by **weather-related project delays**

North America (in € mn)	Q1 2020	Q1 2019	Chg. in %
External revenues	71.4	75.9	-6
EBITDA LFL	4.9	6.5	-24
EBITDA	5.5	6.8	-20
EBITDA LFL margin	6.9%	8.5%	-



An aerial photograph of a construction site. The ground is dark and uneven. Numerous bundles of yellow and black rebar are laid out in various patterns. A small orange forklift is positioned in the center. The 'wienerberger' logo is in the top right corner.

wienerberger

RESULTS Q1 2020

Q1 2020

Strong Q1 performance

wienerberger

Revenue

€ 793.3 mn

(Q1 2019: € 776.8 mn | +2%)

EBITDA LFL ¹⁾

€ 105.2 mn

(Q1 2019: € 109.3 mn | -4%)

Free cash flow

€ -162.2 mn

(Q1 2019: € -177.6 mn | +9%)

EBITDA LFL margin

13.3%

(Q1 2019: 14.1% | -80 bp)

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

Strong contribution to our shareholders

wienerberger

> Hybrid bond

Coupon payment in Q1: € 12.4 mn

Payment for buyback: € 25.5 mn

Total payments: € 37.9 mn

> Share buyback

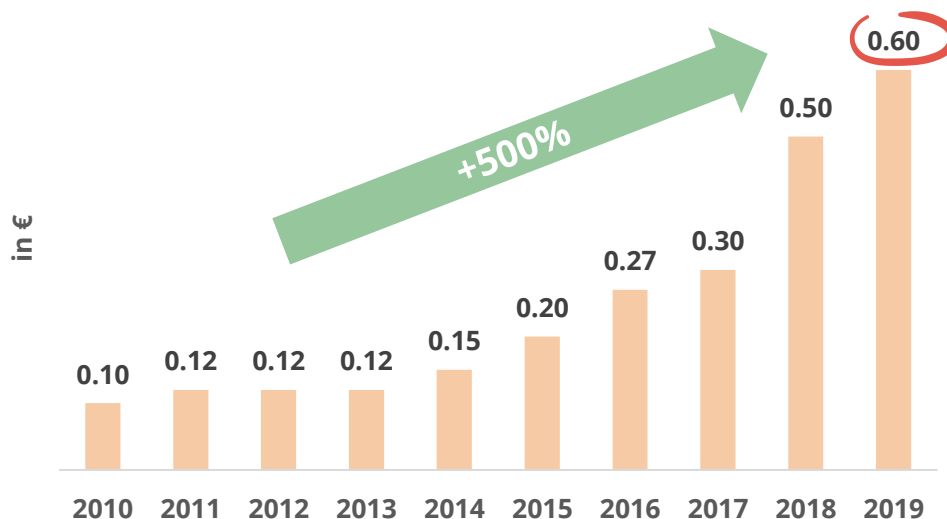
Payment for Q1: € 2.1 mn

> Dividend

Payment for 2019: € 69 mn

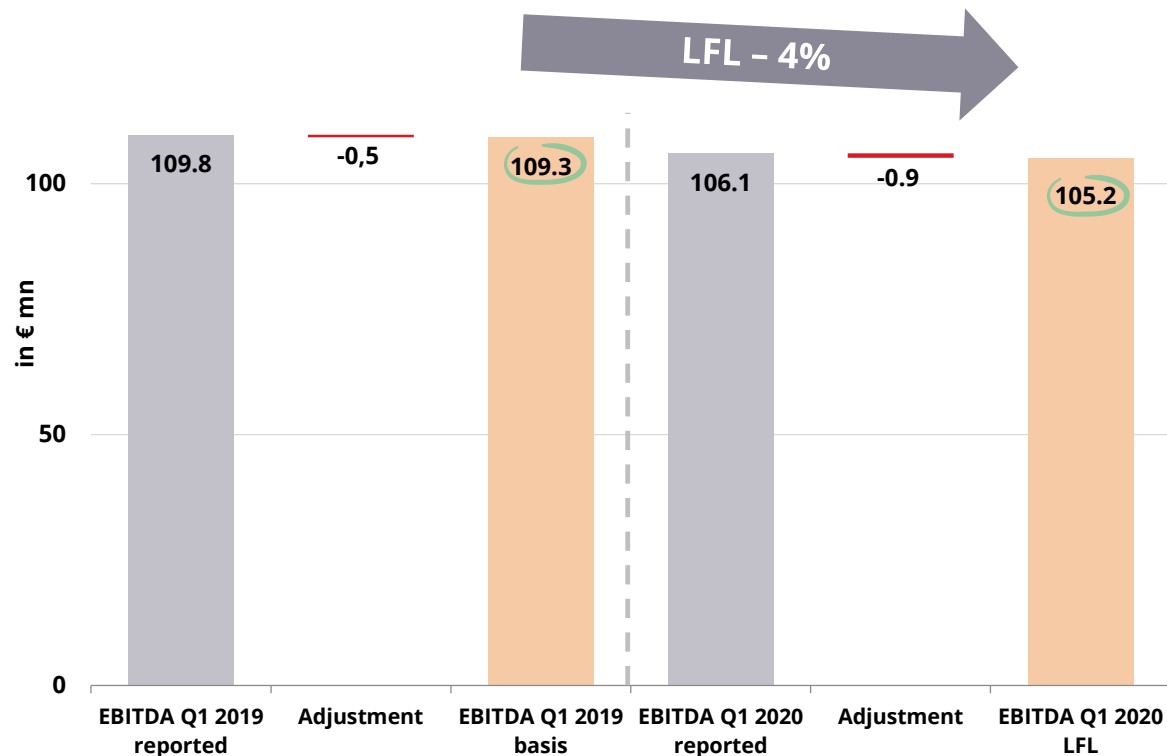
Payout of **dividend** in **October 2020**

Dividend development 2010-2019



EBITDA LFL Development

wienerberger



EBITDA adjustments (in € mn)

	1-3/2020	1-3/2019
EBITDA reported	106.1	109.8
FX	0.5	-
Consolidation	-3.0	-
Sale of assets ¹⁾	-0.5	-0.5
Structural adjustments ²⁾	2.1	-
Total adjustment	-0.9	-0.5
EBITDA LFL	105.2	109.3

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

2) Costs related to repositioning and restructuring of selected businesses

Note: Rounding differences may arise from automatic processing of data

Covid-19 impairment

wienerberger

- › Outbreak of Covid-19 pandemic was a **triggering event** for an **impairment test of all fixed assets according to IAS 36**
- › We have **tested our assets and goodwill** for potential of impairment under **different scenarios** with the following result:
 - › Recognition of **impairment charges** in the **amount of € 116.1 mn**
 - › Main part attributable to the full write-off of goodwill in North America (€ 93.6 mn)
 - › Different tangible assets in Russia and selected European markets (€ 22.5 mn)

in € mn

1-3/2020

Impairment charges to assets

-22.5

Impairment charges to goodwill

-93.6

Total impairment

-116.1

Income statement

wienerberger

in € mn	1-3/2020	1-3/2019	Chg. in %
Revenue	793.3	776.8	+2
EBITDA LFL	105.2	109.3	-4
EBITDA	106.1	109.8	-3
Operating EBIT	40.5	53.1	-24
Impairment charges to assets	-22.5	0.0	>-100
Impairment charges to goodwill	-93.6	0.0	>-100
EBIT	-75.5	53.1	>-100
Financial result	-8.7	-10.0	+13
Profit before tax	-84.2	43.1	>-100
Income taxes	-19.1	-13.0	-48
Profit/loss after tax	-103.4	30.1	>-100
Hybrid coupon and non-controlling interests	-2.9	-3.4	+12
Net result	-106.3	26.8	>-100

Note: Rounding differences may arise from automatic processing of data

Cash flow development

wienerberger

in € mn	1-3/2020	1-3/2019	Chg. in € mn	Chg. in %
Gross cash flow	74.3	83.6	-9.3	-11
Change in working capital ¹⁾	-204.0	-229.0	25.0	+11
Maintenance capex	-22.9	-22.3	-0.6	+3
Divestments and other	2.4	-0	2.4	>+100
Lease payments ²⁾	-12.0	-9.9	-2.1	-21
Free cash flow	-162.2	-177.6	15.4	+9
Special capex	-11.5	-15.2	3.7	+24
M&A	-2.0	-1.0	-1.0	+100
Dividend & share buyback ³⁾	-2.1	-2.9	0.8	+28
Hybrid coupon & buyback	-37.9	-18.9	-19.0	>-100
Net cash flow	-215.7	-215.7	0.1	-

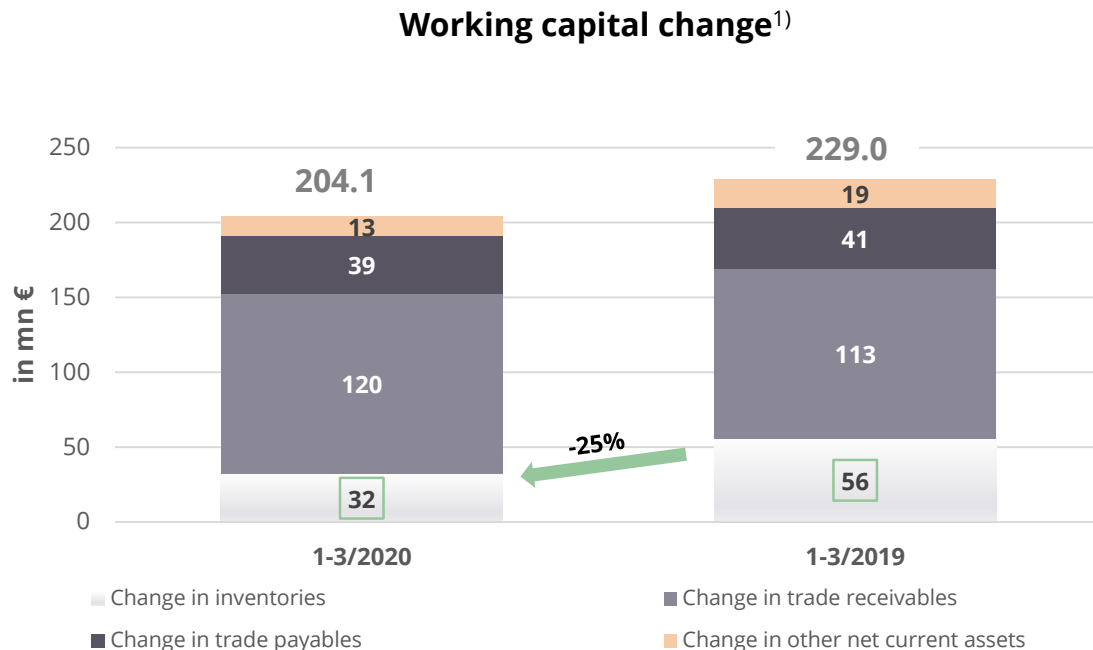
1) Adjusted for changes in the consolidation range // 2) Lease payments due to implementation of IFRS 16 // 3) Including dividends paid to non-controlling interests

Note: Rounding differences may arise from automatic processing of data

Proactive Working Capital Management supports strong results

wienerberger

- > **Less change in working capital** in Q1 2020 vs Q1 2019
- > **Proactive Working Capital Management**
- > Much **lower built up of inventories** despite Covid-19 impact



1) Figures represent change in working capital from the cash flow statement
Note: Rounding differences may arise from automatic processing of data

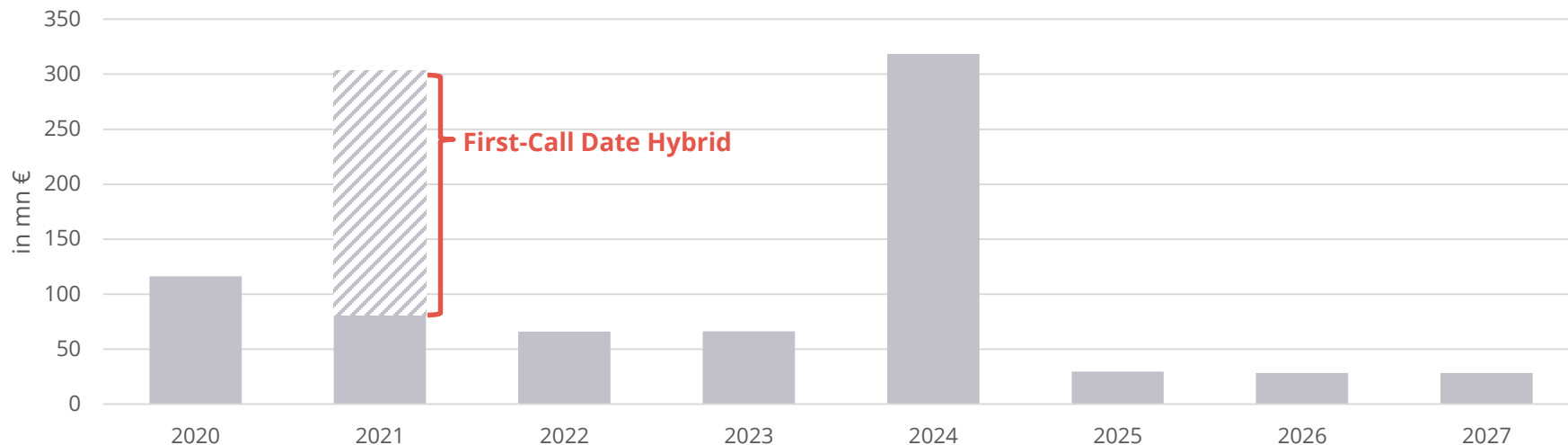
Current financing structure

wienerberger

➤ **Currently available liquidity:** ~€ 500 mn

➤ Thereof RCF of € 90 mn

➤ **Term structure as of 30.04.2020**



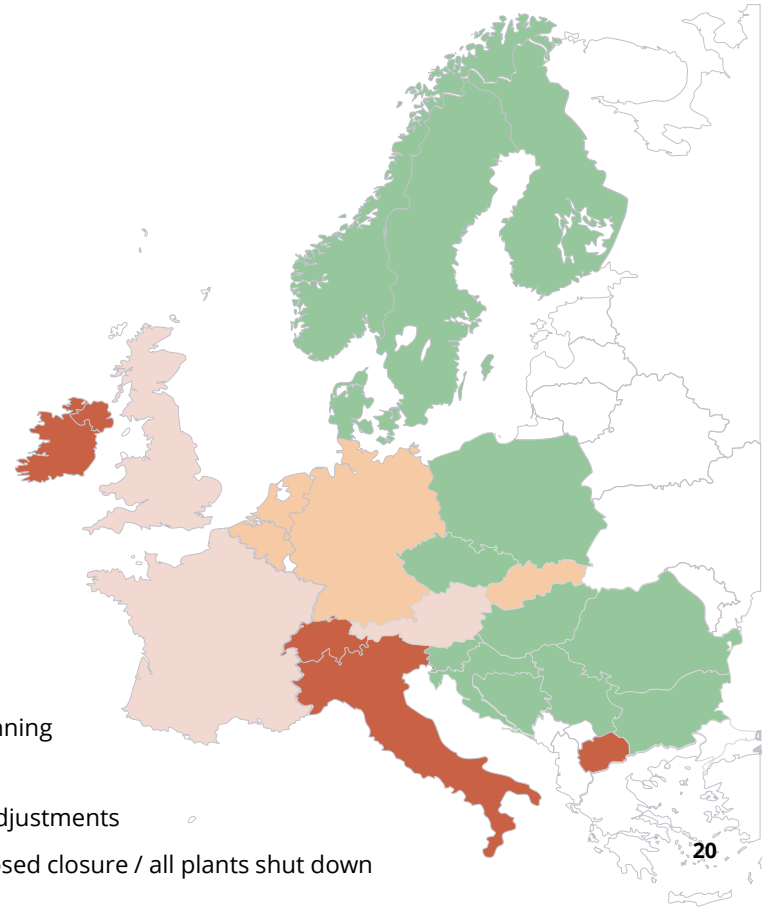
An aerial photograph of a large swimming pool in a lake. The pool is composed of several parallel lanes, each marked by a line of white buoys. The water is a deep blue-green color. In the foreground, a house with a red roof and a driveway is visible, partially obscured by a semi-transparent white banner. A small orange boat is on the left side of the pool. The shoreline is visible at the bottom of the frame.

OUTLOOK

Status quo on Wienerberger European markets

wienerberger

- › **Strict health and safety instructions** for all employees
- › Home-office where applicable
- › **Western Europe and Nordics** – only few plants still in shut down where required by local governments
- › **Eastern Europe** – less affected with most countries still operating at good demand levels
- › **Austrian plants** have already been **restarted**
- › **UK and France** preparing for **restart**
- › **Close collaboration** along the local supply chains and customer contact highly digital



Strong impact in Q2

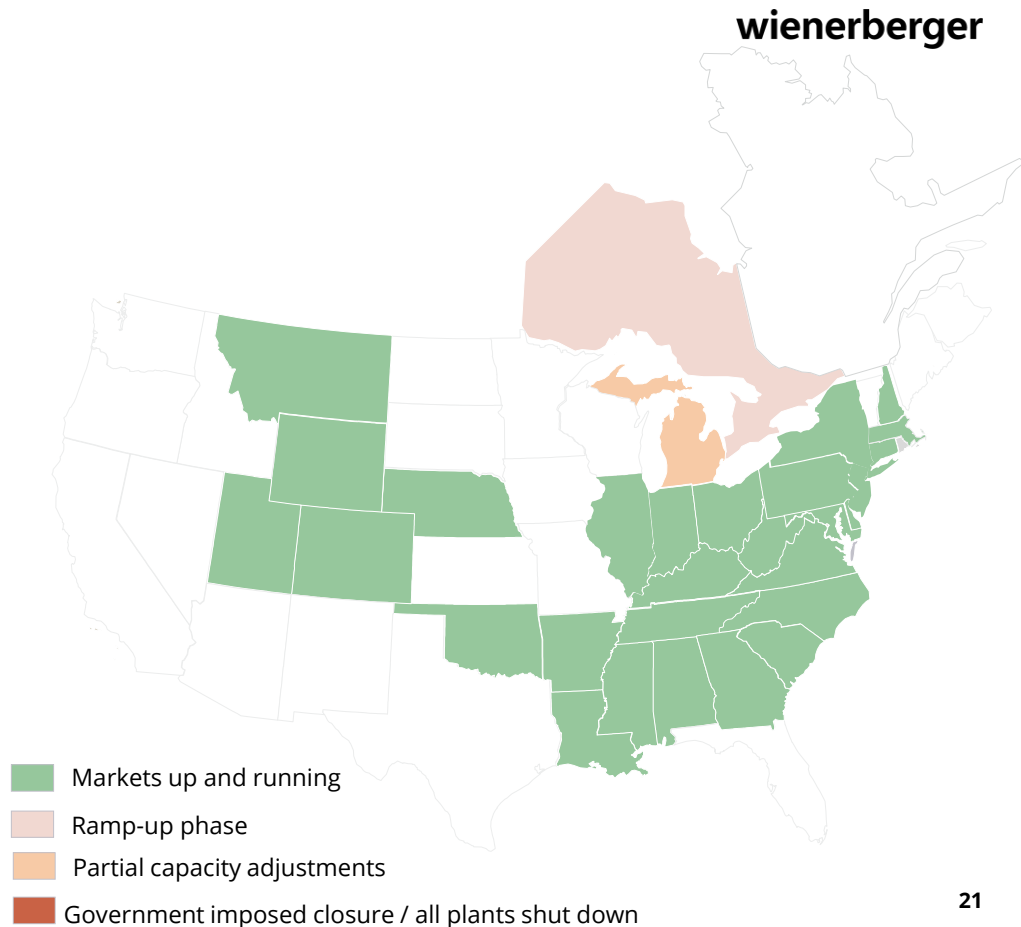
Overall impact manageable

- Plants up and running
- Ramp-up phase
- Partial capacity adjustments
- Government imposed closure / all plants shut down

Status quo on Wienerberger North American markets

- › **Strict health and safety instructions** for all employees
- › Home-office where applicable
- › **US operations only affected to a limited extend**
- › **Canada** preparing for **restart**
- › **Close collaboration** along the local supply chains and customer contact highly digital

Strong impact in Q2
Overall impact manageable



We acted swiftly and implemented Group measures based on our scenario analysis

wienerberger

SCENARIO ANALYSIS

- › **We are prepared for different stress scenarios** and can respond quickly to changing environment
- › **We have the right people and financial strength in place** to cope with Covid-19 impact

CASH PRESERVATION

- › **Strict financial discipline** with regards to Maintenance and Special Capex
- › Focus on **cash-preservation strategy through cost and working capital management**

LIQUIDITY

- › **Increased liquidity** through additional bank loans
- › **Redemption of € 300 mn bond** in April 2020, completing largest repayment for this year
- › Current liquidity of ~€ 500 mn available

Covid-19 scenario for 2020

wienerberger

SCENARIO ASSUMPTIONS

- › **No further lockdowns** in our markets
- › **Normalization of demand** situation
- › **Market declines** between 15% and 20% across the Group
- › **Price increases** holding up as **planned**

EBITDA LFL

- › **€ 440 - 480 mn ¹⁾**

MAINTENANCE CAPEX

- › **~ € 120-140 mn**

Due to the continuously dynamic market environment we will provide a regular update on our scenario for 2020

*1) Contributions from the sale of assets, FX effects, changes in consolidation range and costs for structural adjustments **not considered***

Wienerberger continuously works on future growth

wienerberger

System solutions & Digitalization



Enhancing our
Innovative solutions
offering and driving
digitalization along the
value chain



Sustainability



Driving sustainability
focus areas with clear
targets



Fast Forward



Continuous
optimization efforts
with Fast Forward
program



Strong liquidity



Well prepared for
different scenarios with
a strong balance sheet
and liquidity position



STRATEGY

We continue to execute our strategy with focus on innovation, digitalization and sustainability

wienerberger

**Entrepreneurial success based
on sustainability strategy 2020+**



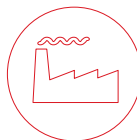
**Organic
Growth**



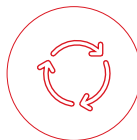
**Operational
Excellence**



**Growth projects
Portfolio optimization**



**Decarbonization of our
Product Portfolio**



**Encourage Circular
Economy**



**Preserve
Biodiversity**

**Anticipate and encourage technological developments and new product applications to
create additional value for our customers**

Organic Growth

Examples of our growth drivers

wienerberger



Innovation for roof

- › **New roof tile** in cooperation with **Porsche Design**
- › Perfectly integrates into the **building envelope**



Sensors for pipe networks

- › **Innovative plug and play** solution to place sensors into existing pipe networks



Innovative solutions for agriculture

- › Supporting the **efficient use of the scarce resource water**

We continuously drive our organic growth through innovation and digitalization

Wienerberger's overall strategy

Clear commitment to ESG with measurable targets

wienerberger

Decarbonization of our product portfolio

Wienerberger will make sure that all of its products during their lifecycle will positively contribute to decarbonization and decrease the Group's carbon footprint

Encourage circular economy

Wienerberger commits to resource efficiency as well as to the implementation of circular economy and will take all necessary steps to ensure that all products produced by Wienerberger are fully recyclable

Preserve biodiversity

Wienerberger commits to and actively preserves biodiversity and will undertake all actions to contribute positively in order to increase biodiversity in the regions where Wienerberger is active

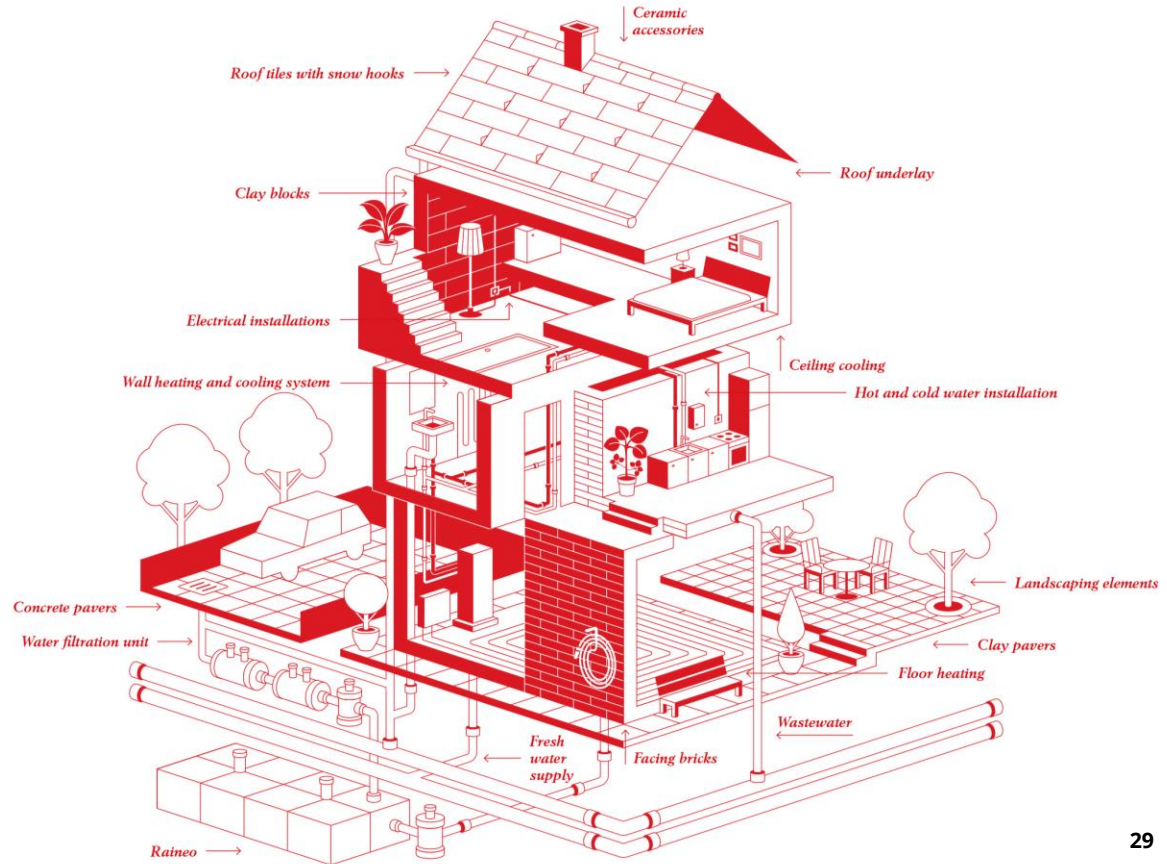
We are fully committed to support European Green Deal and we will set ourselves measurable targets

Growth projects

We continue to add value enhancing products via M&A

wienerberger

- › Drive future growth and develop our business
- › Grow the share in the value chain
- › Add innovative solutions to the portfolio
- › Explore new business opportunities



Growth projects & portfolio optimization

wienerberger



Building on **strong M&A track record** in 2017-2019
avg. EV/EBITDA multiple pre-synergies: 6.8x
avg. EV/EBITDA multiple post-synergies: 5.2x



Ongoing evaluation of a very attractive pipeline of value creating M&A opportunities



Continue optimization of underperforming assets via

Fast Forward | M&A | Disposal



wienerberger
geared for growth