



# 151<sup>st</sup> Annual General Meeting WIENERBERGER AG

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**Overview FY 2019**

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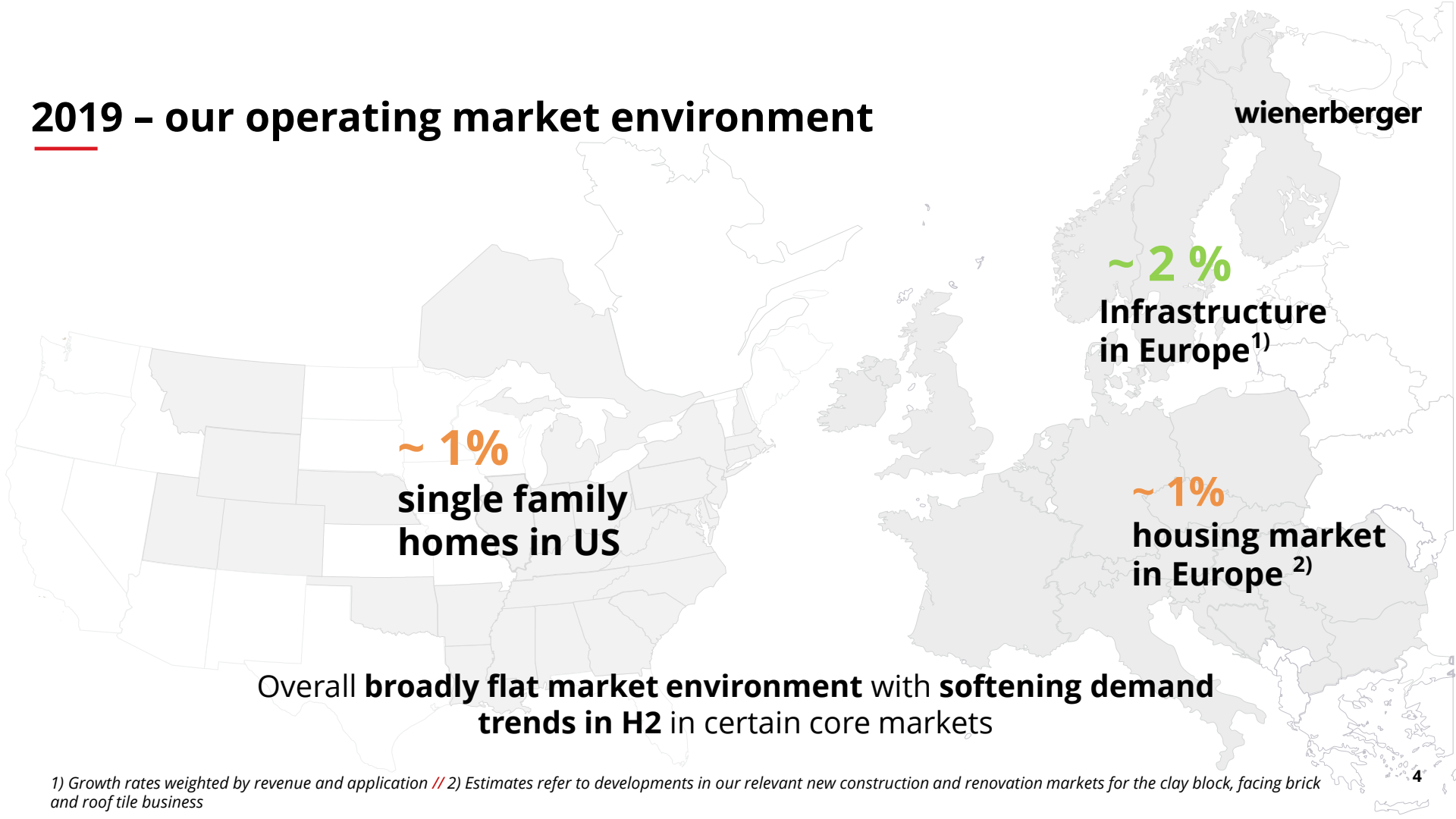
**Wienerberger Strategy**

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**Covid-19 Update & Outlook 2020**

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# 2019 - our operating market environment



~ 1%  
single family  
homes in US

~ 2%  
Infrastructure  
in Europe<sup>1)</sup>

~ 1%  
housing market  
in Europe<sup>2)</sup>

Overall **broadly flat market environment** with **softening demand trends in H2** in certain core markets

1) Growth rates weighted by revenue and application // 2) Estimates refer to developments in our relevant new construction and renovation markets for the clay block, facing brick and roof tile business

# 2019 – another record year for Wienerberger

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Revenue growth by **5% to € 3.5 bn**



Record result in 200y history: **EBITDA LFL € 587 mn**



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

# Growth drivers in 2019

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Upgrade of **product mix**



Enhanced **innovation & digitalization**



Transforming toward **system solutions**



**Fast Forward** program

# Income statement

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

Note: Rounding differences may arise from automatic processing of data

# Cash flow development

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

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



# Balance sheet ratios and KPIs

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in € mn	2019	2018	Chg. in %
<b>ROCE <sup>1)</sup></b>	<b>10.6%</b>	7.5%	-
CFROI	9.9%	7.7%	-
Equity <sup>2)</sup>	2,076.8	1,939.1	+7
Equity ratio	50.3%	51.8%	-3
<b>Net debt</b>	<b>871.4</b>	631.6	+38
Net debt / EBITDA	1.4	1.4	-
Gearing	42.0%	32.6%	-
<b>Working capital / revenues</b>	<b>16.9%</b>	16.6%	-

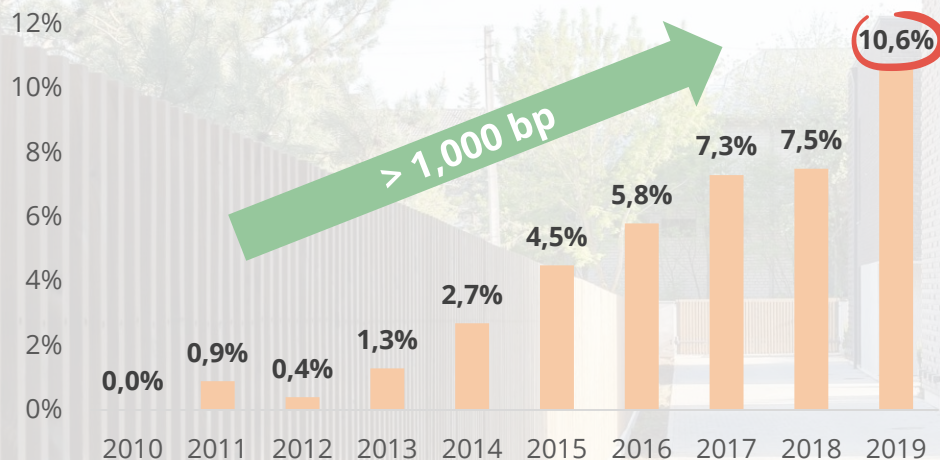
- › **Mid-term ROCE target >10%** has been exceeded for the first time as a result of the strong operative performance
- › Additional increase in net debt and gearing due to IFRS16 implementation (€ +215 mn finance lease)
- › Nevertheless, net debt / EBITDA remains constant at 1.4x at year end with clear headroom to covenants of 3.9x
- › **Working capital / revenues of 16.9%** clearly below internal threshold of 20%

1) Including IFRS16 effects // 2) Including non-controlling interest and hybrid capital (100% equity according to IFRS)  
 Note: Rounding differences may arise from automatic processing of data

# Committed to maximizing shareholder value

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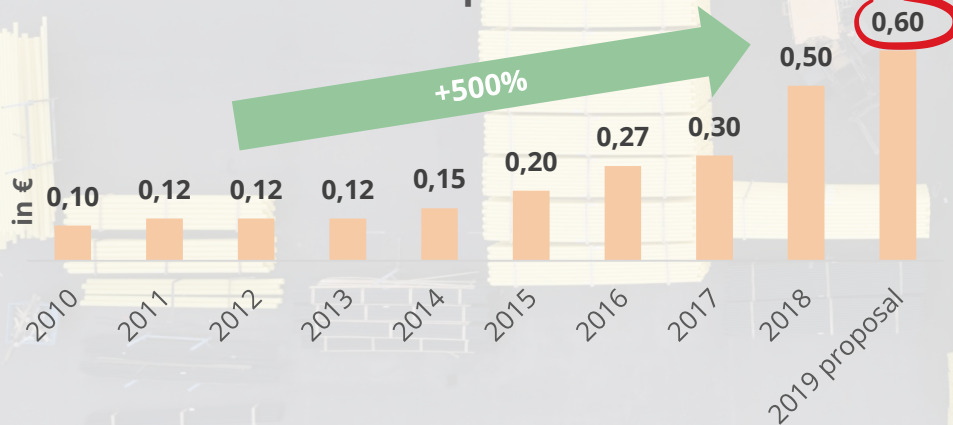
### ROCE development 2010-2019



# Significant dividend growth

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## Dividend development 2010-2019



- > In 2019, we delivered **the best result** ever in the **200-year history** of our company
- > We want our shareholders to participate in this success
- > **Payout in October 2020** due to biggest COVID-19 impact in Q2

# Strong contribution to our shareholders

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## Dividend

Dividend payment for 2019: **€ 69 mn**



## Share buyback

1.2 mn shares bought back for **€ 26 mn**

**33%** of free cash flow returned to our shareholders for 2019

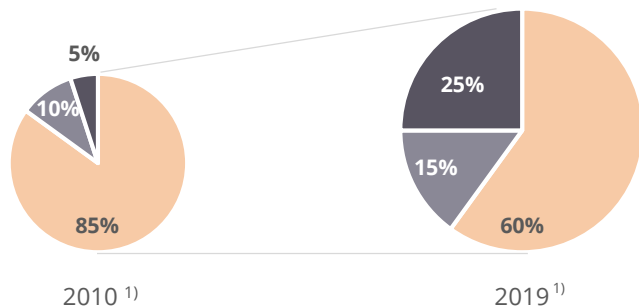
# Wienerberger fundamentally reshaped its focus

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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

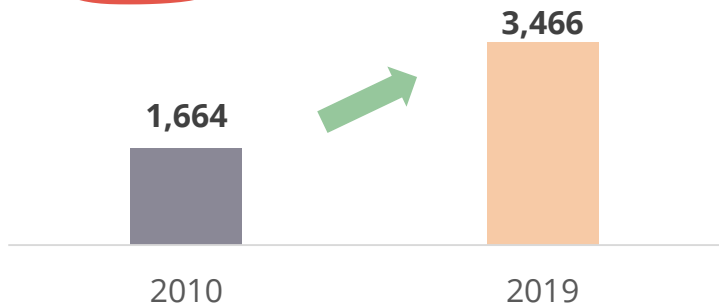
<sup>1)</sup> Revenue split

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

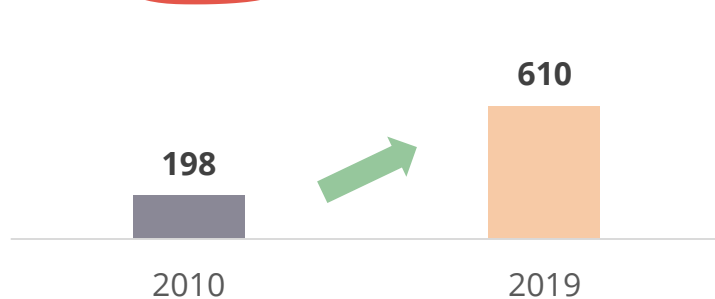
# 2010-2019: a strong decade that proves a significant turnaround of our business

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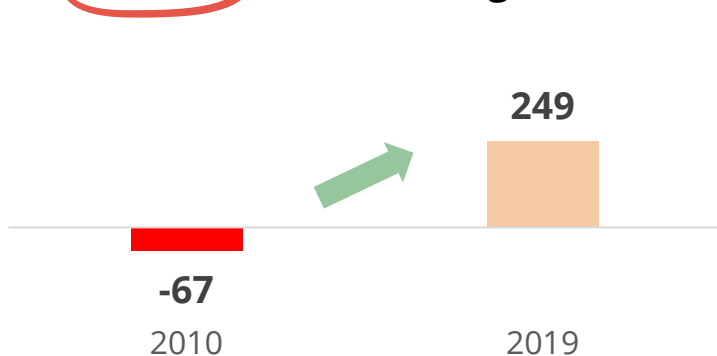
**+108%** revenue growth



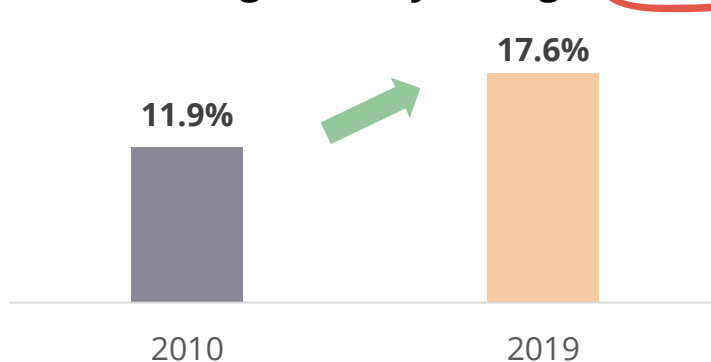
**+208%** EBITDA growth



**+472%** net income growth



EBITDA margin at 12-year high: **17.6%**



**Overview FY 2019**

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**Wienerberger Strategy**

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**Covid-19 Update & Outlook 2020**

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# WIENERBERGER BUILDING SOLUTIONS

## System solutions for the entire building envelope

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- > Varied portfolio of **innovative products & system solutions** used for roofs, facades, walls, patios, public spaces & gardens
- > **12,466 employees** work in **155 plants** in **28 countries**
- > **Leading market positions** in all core markets

62% of Group sales



- > Business exposure mainly to **new build & renovation market** and **small exposure to infrastructure**



## WIENERBERGER PIPING SOLUTIONS

# Piping solutions for buildings and infrastructure

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- › Broad range of **plastic and ceramic pipes** used for system solutions for **in-house installations, infrastructure applications** and **water management in agriculture**
- › **3,318 employees** work in **32 sites** in **17 countries**
- › **Leading market positions** in most of our core markets

28% of Group sales



- › Business exposure mainly to **infrastructure** and smaller exposure to **in-house** and **agriculture** segment

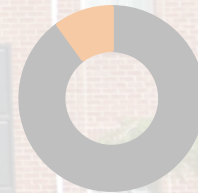
**NORTH AMERICA**

## Facade solutions and piping systems

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- › Broad portfolio of **premium facade solutions** and **plastic piping systems** for infrastructure applications
- › **1,450 employees** work in **14 plants**
- › **#1 market position** in our relevant core markets east of the Mississippi

10% of Group sales



- › Business exposure mainly to **new build & renovation** and small exposure to **infrastructure market**

# Clear vision for the different Business Units

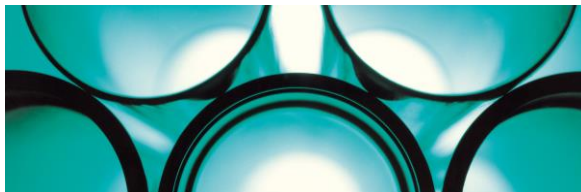
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## Building Solutions



- › Use natural product characteristics in combination with sustainability measures **to drive healthy living**
- › **Increase our position as full system provider**
- › **Drive digitalization** along the whole value chain

## Piping Solutions



- › Three clear focus areas
  - › **Inhouse segment**
  - › **Infrastructure**
  - › **Agriculture**
- › Optimize our industrial base
- › Drive innovation & digitalization

## North America



- › **Enhance market penetration** in strategic growth areas
- › **Active market consolidation**
- › Building a **competitive growth platform via optimization and targeted acquisitions** in pipes business

# How we invest in our Business Units for future growth

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## 1 Maintenance capex

- > Recurring maintenance investments
- > Health & Safety

Necessary investments to keep our business running

> 2019: € 140 mn

## 2 Special capex

Driving organic growth through investments in

- > Innovation & digitalization
- > Sustainability
- > Fast Forward projects

Discretionary investments

> 2019: € 115 mn

## 3 M&A

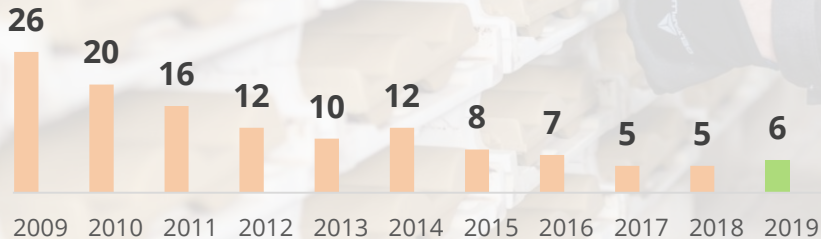
- > Value creating M&A transactions

Discretionary investments

> 2019: € 48 mn

## Maintenance Capex Health & Safety

Accident frequency rate has declined since 2009 by about 78%



- › Continuous efforts show a **strong track record**
- › Through **strong health & safety culture** Covid-19 measures were **swiftly implemented**
- › **Great discipline from all our employees**

## Special Capex

Organic growth through innovation, digitalization and optimization



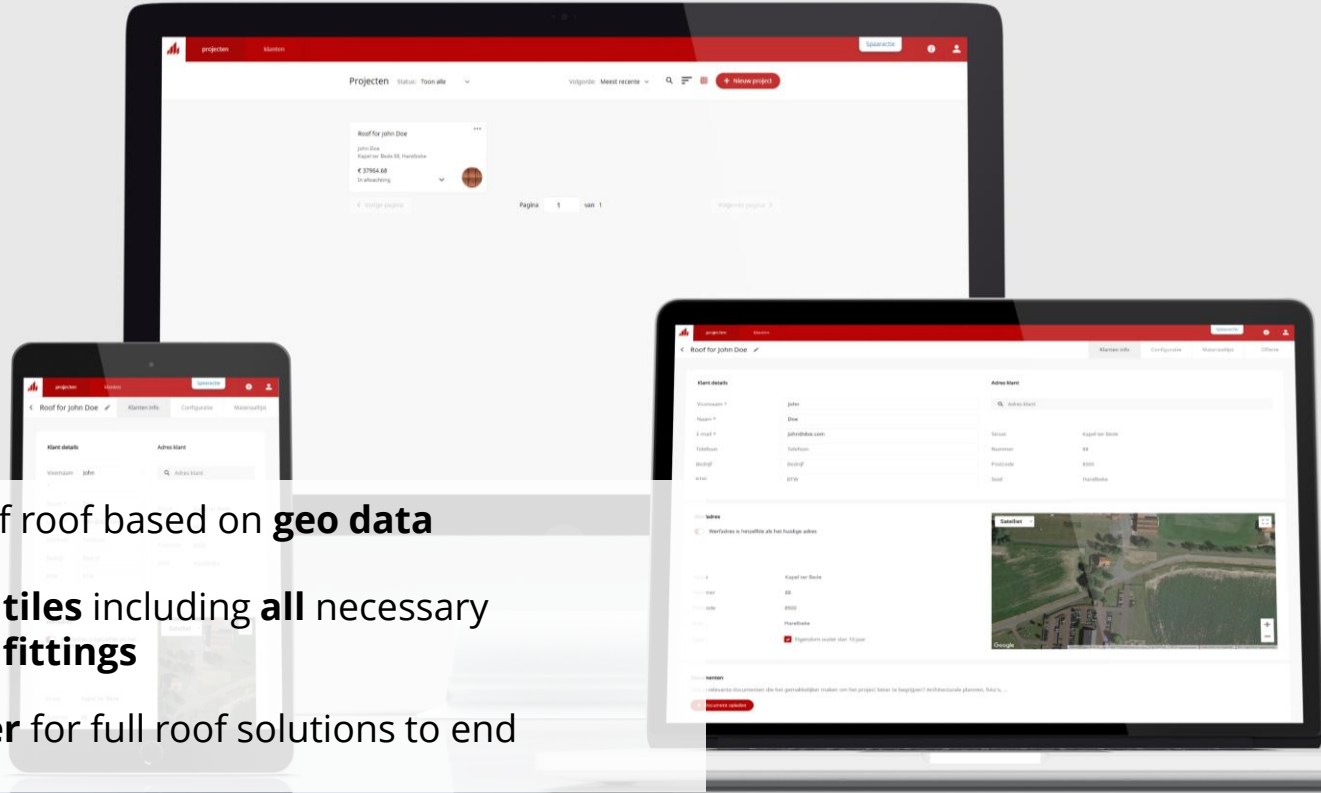
# Innovation for the roof - we shape the future of construction

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- › **New roof tile** in cooperation with **Porsche Design**
- › Perfectly integrates into the **building envelope**
- › **Functional, aesthetic and innovative**
- › Winner of the **German design award** and **Red Dot award**

# Digital planning tool All4Roof - we shape the future of construction

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- > **Measurement** of roof based on **geo data**
- > Selection of **roof tiles** including **all** necessary **accessories** and **fittings**
- > **Fast, digital offer** for full roof solutions to end customers



# Pre-wired electrical installations - we provide innovation for inhouse solutions

- › Pre-wired electro cables from **Preflex**
- › Easy to install on site, **saves resources and material**
- › Can be **prefabricated** based on a **digital house plan**

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**LINDE KROON**

**elektrotechniek bv**

DEDEMSVAART TEL. 0523-616989


# Infrastructure projects to maintain biodiversity

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- › **Migration friendly road culvert in Finland** to protect endangered migrating **fish population**
- › Concrete culverts were replaced with **innovative Pipelife solutions**
- › New **culvert imitates the natural flow** of the river

# Stormwater management - we provide solutions to tackle climate change

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- 
- › **Smart Raineo system** to store water from heavy rains and floodings
  - › **Filter and clean rainwater**
  - › **Reuse the scarce resource water** for watering plants and giving it back to the soil

# Sensors for pipe networks - we provide innovation for infrastructure

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- > **Innovative plug and play** solution to place sensors into existing pipe networks
- > Solution will **increase the density and accuracy** in monitoring water quality in supply networks
- > **First pilot projects running in the Netherlands**



## Efficient use of water - we provide innovative solutions for agriculture

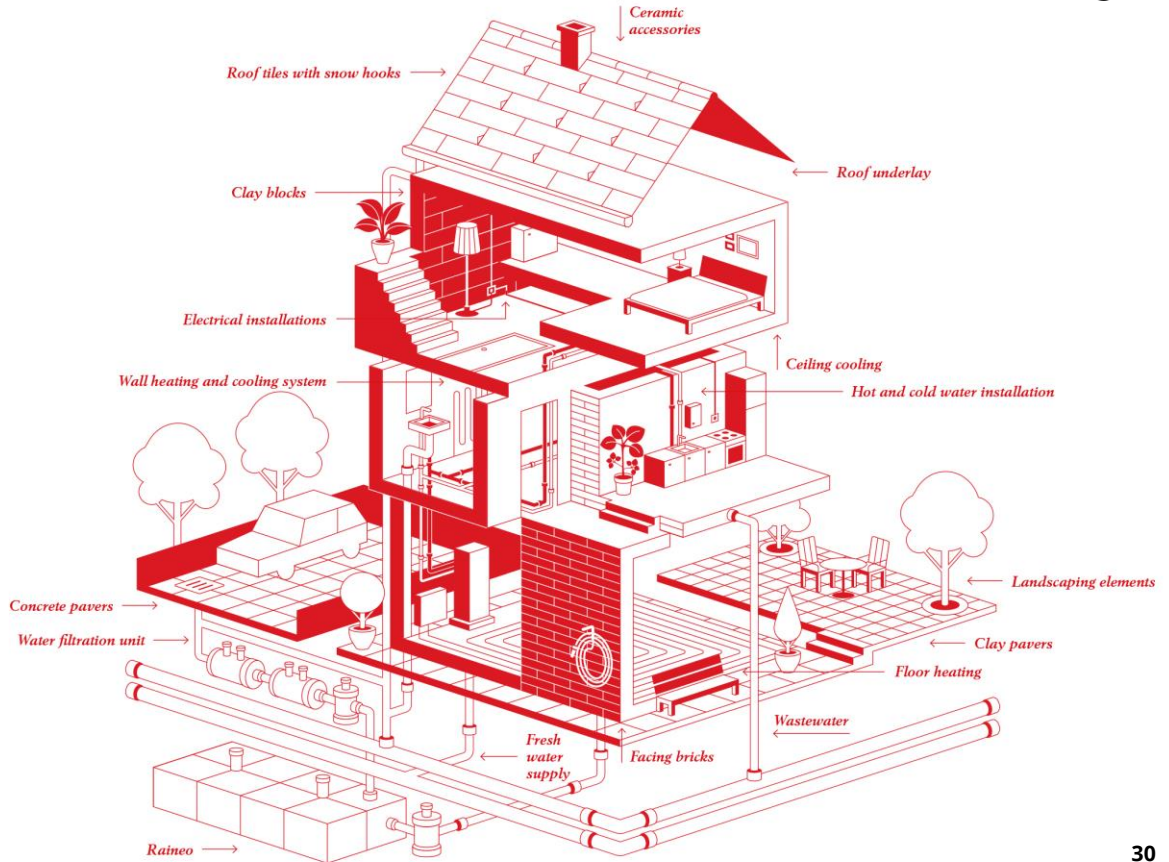
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- › Providing **irrigation and drainage solutions** to tackle increasing challenges of **droughts and floodings**
- › Supporting **the efficient use of the scarce resource water**

# We continue to add value enhancing products via M&A

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



M&A

## Growth projects & portfolio optimization

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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

# Operational Excellence – continuous improvements with Fast Forward





## Fast Forward

# Comprehensive optimization measures across the Group

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**Hundreds of initiatives** carried out across **six workstreams**

All **30 countries** in 3 Business units are involved  
Steered & executed by **>300 local initiative owners**



Manufacturing Excellence



Commercial Excellence



Procurement



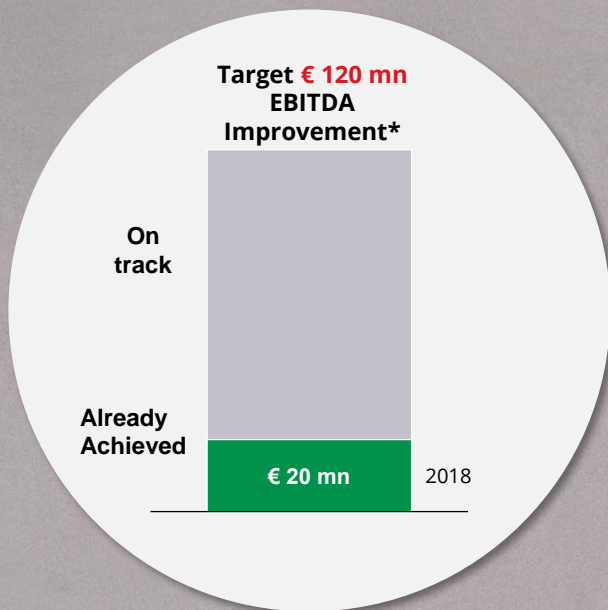
Supply Chain Management &  
General Administration



Turnaround Countries

# 2018: First optimization already delivered in first year of implementation

Fast Forward 2020 



\* vs. 2017 baseline, EBITDA improvements accumulated as projects successively become P&L effective, Improvements combine gross margin expansion, process optimization and cost reductions

# 2019: We progressed towards our targets, even faster than originally planned

Fast Forward 2020 



\* vs. 2017 baseline, EBITDA improvements accumulated as projects successively become P&L effective, Improvements combine gross margin expansion, process optimization and cost reductions

# Great contribution from all Streams, Countries and Business Units

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## Manufacturing Excellence

- > Optimization of production processes via lean manufacturing, automation, reduction of energy consumption



## Commercial Excellence

- > Strong product mix improvement, increasing the share of the value chain



## Procurement

- > Group wide, effective procurement organization installed
- > Cost optimization achieved across major input factors



## Supply Chain Management & General Administration

- > Digitalization of stock yard processes
- > Optimization and digitalization of back office processes



## Turnaround Countries

- > New, effective organizational set-ups
- > New sales approach and route to market installed

# 2020: We started with clear ambition to deliver on our promises

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- › 2020 as the final year of our **3-year performance enhancement program**
- › Realized and **ongoing initiative pipeline supporting the envisaged step up** to reach the program's € 120 mn. EBITDA uplift
- › Despite **sound performance in the first two months** 2020, first quarter results are already impacted by the Corona crisis

# Severe impact of Corona on our Fast Forward ambition 2020

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- > The **assumption of a stable market environment** does **not apply anymore**
- > Since March **several projects** had to be **put on hold** and are **delayed due to travel bans**
- > **Investments have to be reviewed** in order to manage the Group's cash flow
- > **Government imposed market shutdowns** leading to negative impact on volume related Fast Forward initiatives (e.g. Procurement)

# Fast Forward outlook 2020/2021

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- › The **Fast Forward program is ongoing** and will deliver results in 2020
- › However, our **full program results delivery for 2020** will be **impacted by the Corona crisis**
- › **Roll-over of initiatives to 2021 and beyond** assuming return of stability
- › **New efficiency measures will be identified** and implemented
- › Fast Forward methodology is here to stay

# Wienerberger's overall strategy

## Clear commitment to ESG with measurable targets

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### Decarbonization of our product portfolio

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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

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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

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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

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



# Decarbonization of the product portfolio

## Measures for the relevant product groups

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€ 3.5 bn  
Group Revenues in 2019

~ € 2.5 bn revenues  
in ceramic production

Clear measures will be taken to  
reduce carbon footprint:

- ✓ Investments in **new production technologies** to decarbonize our production process
- ✓ **Product innovations** to decarbonize the portfolio
- ✓ **Compensatory measures in the transition phase**



~ € 1 bn revenues  
in pipe production

✓ Hardly any exposure to CO2

✓ Reinforce circular economy

# Investments in new production technologies to decarbonize our production process

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## Example: DRYFiciency in Austria

- › Investments in **new production technologies** to decarbonize our brick plants
- › Installation of a high temperature **heat-pump** in our model plant
- › **Increase of energy efficiency** up to 80% and **reduction of CO2-Emissions** up to 75%

# Product innovations to decarbonize our portfolio



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TÜV  
certified

## Example: First climate neutral brick

- › Combining **naturally properties** like **durability, robustness and recyclability** with
  - › reduced energy demand
  - › renewable energies
  - › additional climate protection measures

# Our commitment to encourage circular economy

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## Example: Specific successes Piping Solutions

- › **Target** to increase the share of secondary raw material to a total of **85 kg per ton** of plastic pipes produced **achieved one year earlier than planned**
- › **2020 target: 90 kg per ton** of plastic pipes

# Our responsibility to preserve biodiversity

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## Example: Project in Belgium

- › Brick production **in harmony with nature**
- › **Natural earth wall fosters biodiversity**
- › 12 ha covers the entire area with the neighboring **re-naturalized clay pit**

**Overview FY 2019**

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**Wienerberger Strategy**

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# Strong start to the year 2020 driven by innovation and digitalization

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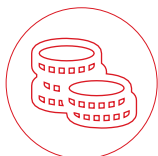


## > Strong start to the year 2020

	Q1 2020	Q1 2019
Revenues	€ 792 mn	€ 777 mn
EBITDA	€ 106 mn	€ 110 mn



- > **Pricing strategy to cover cost inflation** holding up as planned
- > March affected by Covid-19 outbreak, volume declines and plant shut downs in some countries

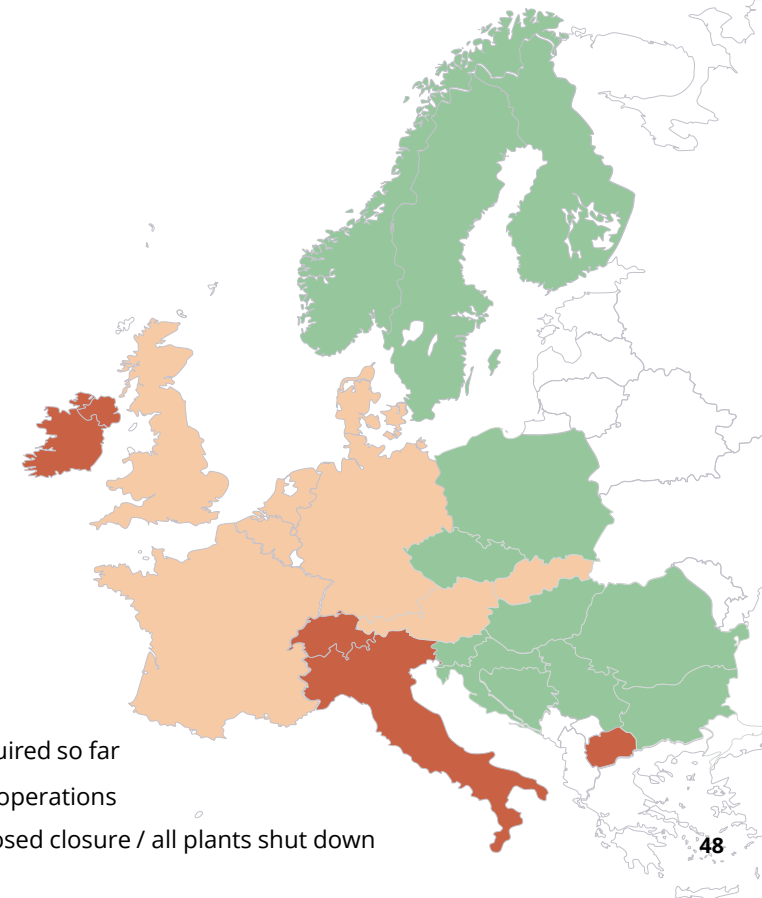


- > Short-term **shift of strategy focusing on cash preservation** implemented

# Status quo on Wienerberger European markets

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- > **High health and safety instructions** for all employees
- > Home-office were 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



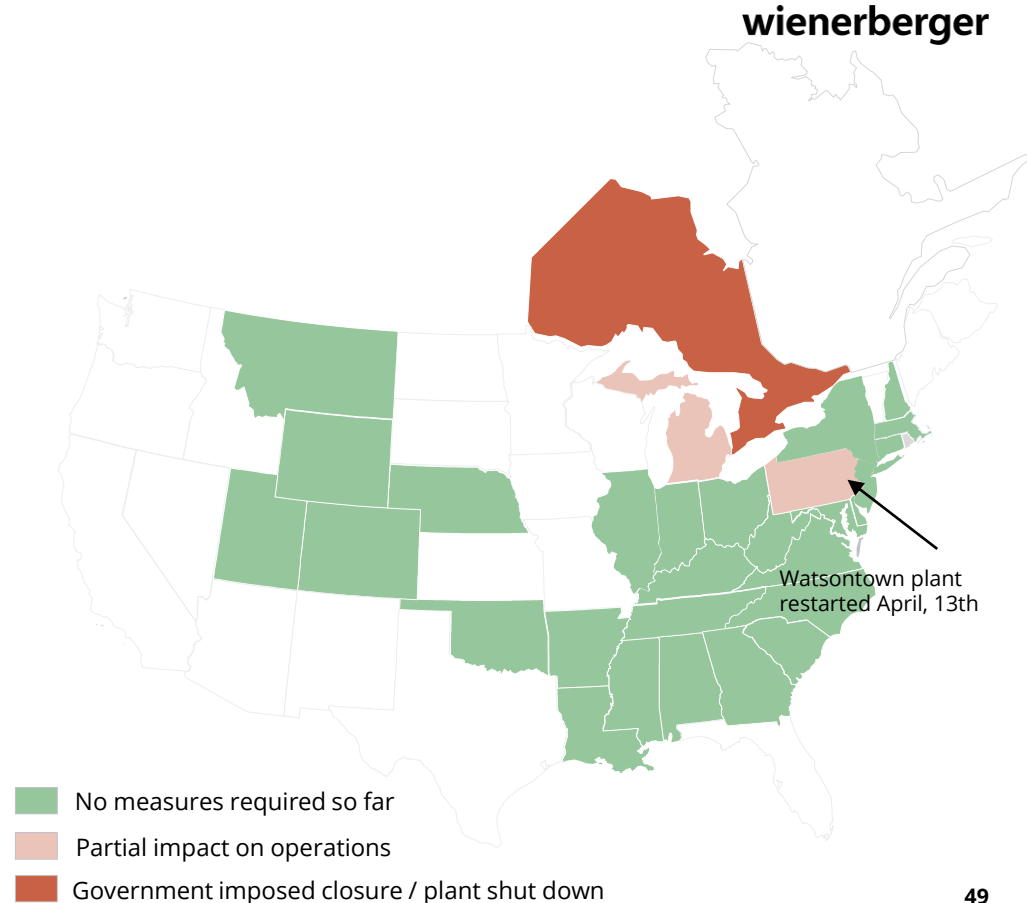
**Strong impact in Q2**  
**Overall impact manageable**



# Status quo on Wienerberger North American markets

- > **High health and safety instructions** for all employees
- > Home-office were 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 to focus on cash preservation

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## CAPEX AND M&A

- › **Maintenance and Special capex** are reduced to minimum
- › All **M&A** projects currently put on hold

## PERSONAL COSTS

- › **State support measures** are used groupwide where applicable
- › **-20% temporary wage** cuts on **Executive and top management level**

## LIQUIDITY

- › **Increased liquidity** through bank loans in the amount of € 380 million
- › **Commitment to dividend** with proposal to shift payment to October 2020

# Wienerberger continuously works on future growth

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## 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

