MOODY'S
RATINGS

Rating Action: Moody's Ratings changes Wienerberger's outlook to negative; affirms Baa3 ratings

26 Aug 2026

Frankfurt am Main, August 26, 2026 -- Moody's Ratings (Moody's) has today affirmed the Baa3 long-term issuer ratings of Wienerberger AG (Wienerberger) and the Baa3 rating of its senior unsecured notes. We also changed the outlook to negative from stable.

"The outlook change reflects weaker-than-expected earnings and margins, elevated leverage following debt-funded acquisitions, and the risk that credit metrics will remain weak for the Baa3 issuer rating over the next 12-18 months. We expect Wienerberger to prioritise debt reduction from internally generated free cash flow (FCF), which supports the Baa3 issuer rating despite weak credit metrics", says Martin Fujerik, Moody's Ratings SVP and lead analyst for Wienerberger.

RATINGS RATIONALE

Today's rating action reflects Wienerberger's weaker-than-expected earnings and margins following the escalation of the conflict in Iran. The conflict accelerated input cost inflation, which Wienerberger has not yet fully passed through to customers, and indirectly weighed on residential new-build activity in several key markets, particularly the US, Canada and the UK. Given the ongoing macroeconomic uncertainty, we no longer expect a material improvement in market activity for the remainder of the year, while the timing and pace of recovery beyond 2026 remain uncertain.

Furthermore, in April 2026, Wienerberger completed the first step of its largely debt-funded acquisition of Italcer Group (Italcer), acquiring 50% plus one share for roughly €380 million, including acquired net debt of around €230 million. The transaction occurred amid elevated market uncertainty, when the company's net reported leverage exceeded its target. Against a backdrop of weak operating performance, the acquisition increased the risk that Wienerberger's Moody's-adjusted credit metrics will remain weak for the Baa3 issuer rating over the next 12-18 months. This risk is reflected in the negative outlook.

The affirmation of the Baa3 issuer rating reflects our expectation that Wienerberger will prioritize debt reduction through internally generated cash flow over the next several quarters. The company remains committed to maintaining reported net leverage at around 2.0x, although management now views this objective as a medium-term target. Reported net leverage has remained above 2.0x since the 2024 acquisition of most of Terreal Group's businesses, and management currently guides to around 2.8x at year-end 2026. The Baa3 issuer rating captures our assumption that Wienerberger will reduce leverage in line with the target by 2028 at the latest.

In our base case, we forecast Moody's-adjusted EBITDA of around €620 million in 2026, or close to €700 million before roughly €30 million of restructuring charges and about €50 million of litigation-related costs, significantly below our previous forecast of around €800 million. We expect EBITDA to improve to around €780 million in 2027 and €840 million in 2028, supported by a gradual recovery in market activity, the realisation of full benefits from recent pricing actions, the continued integration and ramp-up of acquisitions, and savings from restructuring measures. We see downside risks to our forecast if the conflict in Iran persists, accelerating inflation and driving interest rates higher, which would further weaken housing affordability.

In this base case, we project Moody's-adjusted FCF of around €50 million in 2026, including around €50 million of litigation-related cash payments. Adjusted FCF improves to roughly €250 million in 2027 and €220 million in 2028, supported by reduced growth capital spending and more efficient working capital management. We expect Wienerberger to fund the acquisition of the remaining Italcer stake for roughly €160 million in 2027 from internally generated cash flow, with the remainder largely used for debt reduction.

Even with the assumed debt reduction, Moody's-adjusted credit metrics will remain weak for the Baa3 issuer rating over the next 12-18 months, with gross debt/EBITDA around 3.2x and retained cash flow (RCF)/net debt in the low-20% range, before gradually improving to levels largely consistent with the rating by the end of 2028. A slower-than-expected demand recovery or weaker-than-forecast FCF generation would increase downgrade pressure. The Baa3 issuer rating leaves limited capacity for further significant operating underperformance or additional larger debt-funded acquisitions beyond the purchase of the remaining stake in Italcer.

We view Wienerberger's liquidity as adequate, supported by our expectation of positive cumulative FCF over the next six quarters. However, as of June 2026 the company faced sizeable near-term debt maturities, which totalled about €720 million through the end of 2027 (excluding leases). The liquidity sources comprised around €140 million of cash and cash equivalents, about €110 million undrawn committed long-term M&A facilities, as well as €570 million of availability under its revolving credit facility.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

We could downgrade Wienerberger's Baa3 issuer rating with Moody's-adjusted gross debt/EBITDA above 3x and Moody's-adjusted RCF/net debt below 25%, both on a sustained basis. Negative Moody's-adjusted FCF for several years or more aggressive liquidity management could also lead to a downgrade.

Conversely, we could upgrade Wienerberger's Baa3 issuer rating with evidence of a strengthened business profile, coupled with disciplined capital allocation. An upgrade could also occur if the company sustainably maintained its Moody's-adjusted gross debt/EBITDA below 2x and Moody's-adjusted RCF/net debt above 35%, while ensuring strong liquidity with a well-balanced debt maturity profile and long-term availability of its back-up facilities.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Building Materials published in September 2025 and available at https://ratings.moodys.com/rmc-documents/450333. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The scorecard for the 12-month period ending June 2026 indicates a Ba2 outcome, two notches below the assigned issuer rating. The metrics for the 12 months ended June 2026 do not yet reflect the full contribution from Italcer and incorporate sizeable restructuring charges and one-off litigation-related costs that we do not expect to recur. In our 12-18-month forward view, improving operating performance and debt reduction will bring the scorecard-indicated outcome in line with the assigned issuer rating.

COMPANY PROFILE

Headquartered in Vienna, Austria, Wienerberger is a leading supplier of building materials, providing solutions for the building envelope (roof, wall and facade) and piping solutions for infrastructure, buildings and agriculture. In 2025, the company generated revenue of around €4.6 billion. Wienerberger is listed in Vienna with a diversified shareholder base.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

Martin Fujerik
SVP - Ratings

Christian Hendker, CFA
Exec Dir - Ratings

Releasing Office:
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main, 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454
