

# 2017 – A strong year for Wienerberger

## Overview

- › Highest revenues in the Group's history: +5% to € 3,119.7 million (2016: € 2,973.8 million)
- › Strong operational performance: +3% in EBITDA to € 415.0 million (2016: € 404.3 million)
- › Net profit at 10-year high: € 123.2 million (2016: € 82.0 million)
- › Accelerated growth with acquisitions in Europe and the USA

## Wienerberger share and dividend 2017

- › Positive development of the Wienerberger share: 24% shareholder return in 2017 and over 200% in past five years
- › Dividend 2017: +11% to € 0.30 per share plus one-time special dividend of € 0.10

## Outlook

- › Focus on organic growth, operational excellence and growth investments
- › Target for 2018: EBITDA between € 450 to € 470 million

Vienna, 28 February 2018 – 2017 was a year of growth for the Wienerberger Group. Heimo Scheuch, Chief Executive Officer of Wienerberger AG, summing up the developments in the reporting period:

*“2017 was a good year. We generated record revenues of over € 3.1 billion – the highest ever in the history of the company. Our dedication to improving operations continues to deliver results as we succeeded in increasing our EBITDA for the fifth consecutive year, reaching € 415 million in 2017. These convincing earnings translated into a significantly higher net profit, now at its ten-year high of € 123 million.”*

In 2017 Wienerberger stepped up the pace of growth. By taking over the Belgian Preflex Group, the company strengthened its presence in the fast growing and profitable segment of pre-wired electric conduits. Acquisitions in Germany, Austria and North America broadened the geographic scope of the brick business. An acquisition in Romania is still subject to approval by the local competition authority. Overall, Wienerberger invested € 58.8 million in value accretive growth and acquired companies with revenue run rates of € 90 million and EBITDA of € 16 million. These acquisitions fit seamlessly with the existing operations, both geographically and strategically, and will enhance Wienerberger's growth profile over the coming years.

Despite these growth steps, the Group's net debt as of 31 December 2017 declined by 10% to € 566.4 million (2016: € 631.6 million). At year end, the gearing was at 29.6% with a net debt/EBITDA at 1.4 years.

Highly satisfactory developed the ongoing cost optimization program which yielded sustainable savings of € 11 million in 2017. Also, the working capital was successfully managed: even after the integration of the most recent acquisitions, working capital remained on 17% of revenues.

The past business year was marked by diverging developments in the different markets. Nevertheless, new housing starts as well as infrastructure spending increased sustainably. This trend was particularly pronounced in Eastern Europe and the USA. Overall, it led to higher sales volumes. The development of business benefited from increased average prices and constant improvements of cost structures. Against this background, Wienerberger AG generated consolidated revenues of € 3,119.7 million in 2017, up by 5% from the previous year's level.

The Group's EBITDA increased by 3% to € 415.0 million compared to € 404.3 million in 2016. Corrected for foreign exchange effects, structural adjustment costs and contributions from acquisitions and real estate sales, EBITDA grew organically by 7% to € 407.9 million.

The Group's net profit grew significantly in the reporting period from € 82.0 million to € 123.2 million – which corresponds to a 50% rise.

#### Share development and dividend for 2017

*“Our objective is to create value for our shareholders. 2017 was a year of positive developments not only for the company, but also for the Wienerberger share. The shareholder return was 24% in 2017 and more than 200% over the past five years, which represents a significant outperformance of the wider market”,* says Heimo Scheuch. Subject to approval by the Annual General Meeting of Wienerberger AG on June 14, 2018, a dividend of € 0.30 will be distributed to the shareholders. This corresponds to an 11% increase over the previous year. In addition, a one-time special dividend of € 0.10 will be distributed by the ANC Private Foundation. At the end of 2017, Wienerberger launched a buyback program for up to 1.2 million shares, which will be running until 30 October 2018.

## Outlook and strategy

#### Positive market assessment for 2018

The Wienerberger Group again expects to see slight growth in the European residential construction market in 2018. While housing construction in Eastern Europe will continue to gain momentum, Western Europe will still be marked by diverging regional trends. The renovation segment of the region should remain stable. The infrastructure market in Eastern Europe will benefit from the increasing take-up of EU funds. Moreover, the optimistic macroeconomic outlook for the region should have a positive impact on the propensity of private households to invest. In Western Europe, Wienerberger is confident to see a sound development of its core markets. Additionally, contracts won in international project business at the beginning of this year will make direct contributions to earnings. The costs of raw material for plastic granulate will remain high and be subject to fluctuations. The foreseeable development of costs will be reflected in the company's pricing policy for the plastic pipe business. For North America, the Group forecasts a further increase in residential construction and growth in the pipe business.

#### Positioned for further growth

Wienerberger aims to fully utilize its long-term growth potential. To drive the business forward, the company's management is pursuing a clear strategy focused on three pillars: organic growth, operational excellence and growth projects.

- › **Organic growth:** The Group's strong industrial base and the continuous development of innovative products, services and solutions provide a solid foundation for future growth.
- › **Operational excellence:** Initiatives aimed at enhancing efficiency, optimizing cost structures and improving operational processes lead to organizational improvements. In areas that fall short of management's expectations, efficiency-enhancing measures were initiated already in the fourth quarter of 2017. In the coming 18 months, the company will step up these efforts and implement additional measures. The costs involved will come to about

€ 30 million. Together with the already ongoing cost optimization program, the management expects to achieve total savings of € 15 million in the course of this year.

› **Growth projects:** Wienerberger will continue to broaden and diversify its platform through the acquisition of high-margin, growth-oriented companies. Having identified a variety of attractive development opportunities, the Group has earmarked at least € 200 million for this purpose.

Currently, the company is reviewing all its business areas for their strategic orientation. If assets are identified for which value can be improved by means of disposal, sales processes will be initiated. Based on current estimates, Wienerberger may generate proceeds from sales in the amount of up to € 100 million during the coming 24 months.

Heimo Scheuch: *“The Wienerberger Group will continue to grow in 2018. Our optimism is based on our strategy and the implementation of the measures planned. In addition, we have a strong balance sheet that enables us to achieve our growth targets. We have an experienced local management determined to support and implement accelerated growth. And above all, we have strong platforms in all our business areas – infrastructure, new residential construction, renovation – both in Europe and in North America. Overall, we therefore expect to generate an adjusted consolidated EBITDA between € 450 and 470 million.”*

For details on the 2017 results, please refer to the enclosed financial information. The complete 2017 financial statements will be published on 29 March 2018 and posted at [www.wienerberger.com](http://www.wienerberger.com).

A video statement on the full-year financials by Wienerberger CEO Heimo Scheuch and the webcast of the presentation of the results at 9:30 am are also available at [www.wienerberger.com](http://www.wienerberger.com).

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#### Wienerberger Group

Wienerberger is the world's largest producer of bricks (Porotherm, Terca) and the market leader in clay roof tiles (Koramic, Tondach) in Europe as well as concrete pavers (Sammelrock) in Central and Eastern Europe. In pipe systems (Steinzeug-Keramo ceramic pipes and Pipelife plastic pipes), the company is one of the leading suppliers in Europe. With its total of 197 production sites, the Wienerberger Group generated revenues of € 3,119.7 million and EBITDA of € 415 million in 2017.

#### For further information please contact

Karin Steinbichler, Head of Corporate Communications Wienerberger AG  
t +43 1 601 92 - 10149 | [communication@wienerberger.com](mailto:communication@wienerberger.com)

Klaus Ofner, Head of Investor Relations Wienerberger AG  
t +43 1 601 92 - 10221 | [investor@wienerberger.com](mailto:investor@wienerberger.com)

