

# Wienerberger reports a dynamic start into the business year 2018

## Overview

- › Strong operating performance in the first quarter
- › Revenues up by 2% to € 675 million (Q1 2017: € 660 million)
- › Significant increase in adjusted EBITDA at Group level by 30% to € 60 million (Q1 2017: € 46 million)
- › Successful placement of € 250 million bond issue
- › First essential step of portfolio optimization through divestment of paver business in Austria
- › Efficiency enhancement and cost optimization measures consistently implemented

## Performance of the Divisions

- › Clay Building Materials Europe – satisfactory first-quarter development
- › Positive market dynamics in Pipes & Pavers Europe; however, cold weather and ongoing optimization measures depress earnings
- › Growth in all business areas of the North America Division

## Outlook for 2018

- › Growth path to be continued – targets for 2018 confirmed

Vienna, May 9, 2018 – Wienerberger AG started the business year 2018 with a dynamic first quarter. Heimo Scheuch, CEO of Wienerberger AG:

*“After the record year of 2017, we started the new business year with a dynamic first quarter. The positive development of revenues and organic earnings clearly show that we are on a growth path. Moreover, the divestment of our Austrian concrete paver business is an important step within the framework of the planned optimizing of our portfolio. As part of our Operational Excellence program, we implemented a number of measures aimed at further enhancing efficiency and improving costs. Thus, we are on track with all our projects. It was precisely this resolute implementation as well as our growth course that once again convinced the financial market to invest in Wienerberger*

*on a long-term basis. The success of our new bond is a clear sign that investors endorse the strategic orientation of the Wienerberger Group.”*

In the first quarter, the Wienerberger Group successfully concentrated on the implementation of all its strategic projects. An important first step aimed at optimizing the portfolio was taken through the divestment of the Austrian concrete paver business with an enterprise value of approx. € 30 million. After the competition authority gave the green light in mid-April, the transaction was closed on May 2, 2018. The Wienerberger Group expects to generate proceeds of up to € 100 million through further portfolio adjustments by the end of 2019.

At the same time, Wienerberger implemented a number of measures within the framework of its Operational Excellence program with the aim of enhancing efficiency and improving costs. On the one hand, the overhead structures and the plant portfolio of the German and Austrian brick business were further optimized. On the other hand, structural adjustments were initiated in the Group's ceramic pipe operations, including the closure of a production site, the concentration of the product portfolio and the streamlining of distribution and administration. Taken together, these one-time effects depressed first-quarter earnings by approx. € 19 million. However, combined with continuous cost optimization, they are expected to generate savings of € 15 million by the end of 2018.

Overall, Wienerberger increased its revenues to € 675 million in the first three months of the year, up by 2% from the same period of the previous year. Negative foreign-exchange effects amounted to a total of € -16 million. The Group's organic EBITDA (adjusted for currency effects, costs of structural adjustments, consolidation effects and the sale of real estate) grew to € 60 million, which represents a significant 30% increase over the previous year's level. Without these adjustments, the Group's EBITDA declined slightly from € 46 million to € 44 million. Despite the costs of restructuring, the net result of € -20 million was only slightly below the previous year's value of € -18 million.

## Development of business by Division

### Significant EBITDA growth in brick business

The Clay Building Materials Europe Division delivered a satisfactory performance in the first quarter. In a positive market environment, the Division succeeded in increasing its sales volumes as well as its average prices. Notable growth in revenues and earnings was recorded in the Eastern European brick business. Despite unfavorable weather conditions in March, business in Western Europe remained stable at the previous year's level. Overall, the Division generated a 4% increase in revenues to € 388 million and significant growth in EBITDA by 15% to € 48 million.

### Higher revenues in infrastructure business – Earnings depressed by structural adjustment costs

An upward trend in demand was observed in the Pipes & Pavers Europe Division. However, owing to delays in project execution caused by cold weather conditions, the positive market dynamics was not fully reflected in the Division's earnings, which were depressed by structural adjustments in the ceramic pipe business in the amount of € 16 million. The operations in prewired electro conduits acquired in 2017 accounted for a satisfactory contribution, and the repositioning of the French pipe business advanced as planned. Against this background, revenues grew by 4% to € 219 million in the first three months of the year. The Division's EBITDA declined from € 7 million in the previous year to € -9 million in the reporting period.

### North America Division – Growth in all business areas

In the first quarter, residential construction activity in the USA was hindered by unfavorable weather conditions. In this environment, Wienerberger recorded a drop in facing brick sales. However, thanks to the significant contribution by Columbus Brick, the recently acquired facing brick producer, and slight price increases, the Division was able to improve its earnings. The development of the North American plastic pipe business was satisfactory, as was the Division's business performance in Canada. Overall, revenues in the North America Division remained almost at the previous year's level in local currency, but were burdened by negative foreign currency effects, which reduced revenues in the reporting currency by 12% to € 65 million. At the same time, however, the division more than doubled its earnings to € 10 million, as compared to the same period of the previous year.

## Outlook and strategy

For the rest of the year, Wienerberger expects a continuation of the positive trends seen almost everywhere. In Eastern Europe, in particular, a further increase in the number of new housing starts and in infrastructure spending is

anticipated. This will benefit not only the brick business, but also operations in the fields of pipes and pavers. The long-standing presence of the Group in the region, its high level of expertise and its leading market positions constitute a strong platform for future growth. In Western Europe, the company expects to see slight overall growth in the brick business, even though the current diverging market trends are projected to continue. In the infrastructure sector, market growth and a revival of international project business are expected. In North America, both residential construction and the pipe business should be gaining momentum in the course of the year.

*“Today, the Wienerberger Group is better positioned than ever to further pursue its growth course. We have the necessary financial flexibility to take advantage of development opportunities, strong platforms in all our business areas, and a clear strategy to actively advance the company. Therefore, I am absolutely confident that we will meet our target for 2018 – adjusted EBITDA at Group level of between € 450 million and € 470 million”, states Heimo Scheuch in conclusion.*

For the complete report on the first quarter of 2018, please refer to [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.

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