

Wienerberger reports strong start to first quarter of 2023

Highlights

- › Challenging macroeconomic environment, rising mortgage rates and high inflation lead to weakening of end markets
- › Sales development in line with expectations
- › Stable Q1 2023 revenues at Group level of € 1,052 million (Q1 2022: € 1,157 million)
- › Strong EBITDA of € 206 million in the first quarter (Q1 2022: €228 million) in consideration of market declines

Outlook for 2023

- › Market development in line with expectations
- › Wienerberger confirms EBITDA of > € 800 million (excluding earnings generated by planned Terreal acquisition)

Vienna, May 11, 2023 – The first quarter was characterized by challenging macroeconomic conditions. With partly strong declines in the end markets, Wienerberger achieved stable first quarter revenues at Group level of € 1,052 million (Q1 2022: € 1,157 million) and generated a strong EBITDA of € 206.3 million (Q1 2022: € 228.3 million). The company once again succeeded in growing against declining end markets due to the positive development and outperformance of its end markets. Wienerberger's ability to master such economic challenges is attributable to its transformation into a provider of innovative and sustainable system solutions for ecological new build and renovation as well as water management. The company is determined to consistently maintain its focus on these areas and again outperform its end markets in the future.

"In the first quarter of 2023, we impressively succeeded in growing organically against our declining end markets. Thanks to the combination of excellent cost management and our efficient forward-looking purchasing policy, we successfully covered rising cost inflation and succeeded in maintaining profitability at a high level despite weakening demand. This goes to show that the Wienerberger Group is well able to adapt to changing market conditions and confirms the resilience of our business model", says Heimo Scheuch, Chairman of the Wienerberger Managing Board.

Striving for continuous optimization, the Wienerberger Group decided to adjust its operating structure in Europe as of 2023, changing from a product-centric structure – with Wienerberger Building Solutions and Wienerberger Piping Solutions – to a regional structure based on Western and Eastern Europe. Hence, the Group's European regions also provide solutions for the entire building envelope as well as for water and energy management. Commenting on this move, Heimo Scheuch notes, "Given our increased focus on system solutions, the reorientation of operational management to three regions constituted the next logical step. The new structure will help to leverage synergies between the various business units within the countries and regions."

Performance of the Regions

Increased mortgage rates led to lower activity in the areas of new build, renovation and infrastructure. This development is reflected in the results of the regions.

The **Region Europe West** reported a slight decline in external revenues by 7% to € 556.0 million (Q1 2022: € 600.2 million). Operating EBITDA increased by 4% to € 102.3 million (Q1 2022: € 98.2 million).

The slowdown in new residential construction was particularly pronounced in Germany and the UK, while business in France, Belgium and the Netherlands performed comparatively well. Demand in the renovation segment, especially for our roofing solutions, remained high across all regions. Through the acquisition of FloPlast and Cork Plastics in Great Britain and Ireland in 2021 and thanks to the company's transformation into an all-in solutions provider in the roofing segment, Wienerberger was able to leverage significant synergies and increased its share in the attractive renovation market.

In our plastic pipe business, first-quarter sales volumes declined compared to the record results of 2022. In Northern Europe, harsh winter weather delayed the implementation of infrastructure projects, and the in-house segment was affected by the downward trend in new build. By contrast, our plastic pipe business in the Western part of Region Europe West, which is strongly driven by in-house solutions, benefited from the growing portfolio of solutions and delivered a satisfactory performance.

In the first three months of 2023, the **Region Europe East** recorded a decline in external revenues by 14% to € 300.9 million (Q1 2022: € 348.6 million) due to a sharp double-digit rise in mortgage rates and a significant weakening of the economy. Operating EBITDA dropped by 30% and came to € 59.0 million in the first quarter of 2023 (Q1 2022: € 84.8 million).

The high levels of inflation and interest rates led to a strong downturn in new-build activities. Weakening demand was also observed in the renovation segment. As regards pipe production, rising financing costs had a negative impact on investments in infrastructure. However, by taking immediate measures such as adjusted plant capacities, Wienerberger was able to reduce costs promptly and counter these developments.

The **North America Region** reported external revenues of € 195.2 million (Q1 2022: € 207.5 million). By contrast, operating EBITDA rose by 11% from € 42.5 million to € 47.4 million.

The rise in mortgage rates as a result of the high level of inflation continued in the first quarter of 2023 and had a dampening effect on new-build activity in the USA and Canada. In the western US, particularly in Texas, new housing construction slumped after several very strong years. By comparison, continued high migration rates in the southeastern US led to a boost in demand. The company also recorded stable demand in Canada. Thanks to excellent management, the integration of Meridian Brick proceeded fast, and the synergy effects achieved exceeded Wienerberger's expectations. Overall, Meridian Brick contributed significantly to strong earnings growth in the North American façade business.

In the plastic pipe business, the decline in demand seen in the fourth quarter of 2022 continued as expected in the reporting period. The price of plastic granulates showed a downward trend during the fourth quarter of 2022 after peaking in the summer months and stabilized in the first quarter of 2023. Thanks to the overall high price discipline and proactive margin management, the Wienerberger Group succeeded in maintaining a high level of profitability and generated a very strong contribution to earnings.

Outlook for 2023

At the beginning of the business year, we communicated our assessment of developments expected in our end markets new build, renovation and infrastructure as a scenario for 2023. Developments in the first quarter were below these expectations. However, we assume that the markets will improve slightly in the subsequent quarters of 2023 and continue to expect the following developments for the business year 2023:

	Europe	North America
New build	-15%	-20%
Renovation	-3%	-3%
Infrastructure	-5%	-5%

For 2023, Wienerberger expects to see persistently high inflation rates across the Group and a continuation of the previous year's upward trend in financing costs. With mortgages becoming more expensive, Wienerberger anticipates a further drop in the number of new building permits issued. High energy prices will again lead to an increasing focus on the renovation of buildings, especially the renewal of roofs. This trend will be supported by public incentive programs (EU Green Deal and national initiatives), as well as stricter regulations aimed at enhancing energy efficiency. Wienerberger therefore expects to see continued lively activity in the renovation segment and generally stable market development. In the infrastructure segment, muted demand and shifts in project business are foreseeable as a result of rising financing costs.

The proven forward-buying strategy for energy will be continued throughout the Group. For the current business year, 93% of the gas volumes required have already been secured. Wienerberger's ongoing Self-Help Program aimed at increasing earnings and efficiency is expected to deliver a contribution to earnings of € 45 million in 2023. Despite softening markets and increased competition, the < 9% cost inflation anticipated for the current year is to be covered through strict and proactive cost and margin management.

In December 2022, the Wienerberger Group announced its intention to take over significant parts of the Terreal Group, a successful European provider of innovative roof and solar solutions. As planned, the transaction is to be closed in the second half of 2023 and is subject to approval by the competition authorities and compliance with the remedies typically imposed on a transaction of this nature.

For the 2023 financial year, the company expects a strong performance and confirms its target of generating >€800 million in EBITDA. The earnings expectations do not take into account the results generated by the planned Terreal acquisition.

For the complete report on the first quarter of 2023, please visit [Wienerberger - The future of building](#)

Wienerberger Group

The Wienerberger Group is a leading international provider of smart solutions for the entire building envelope and for infrastructure. 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 Eastern Europe. In pipe systems (Steinzeug-Keramo ceramic pipes and Pipelife plastic pipes), the company is one of the leading suppliers in Europe. By acquiring Meridian Brick, Wienerberger further strengthened its position as a leading supplier of facade products in North America. With its more than 200 production sites, the Wienerberger Group generated revenues of approx. € 5.0 billion and EBITDA of € 1 billion in 2022.

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