



# Investor and Analyst Presentation

Financial Results 2014



# Disclaimer

## Cautionary note regarding forward-looking statements



- The information contained in this document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or opinions contained herein.
- Certain statements contained in this document may be statements of future expectations and other forward-looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
- None of Wienerberger AG or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.
- This document does not constitute an offer or invitation to purchase or subscribe for any securities and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

# Wienerberger exceeds EBITDA goal



- ▶ Wienerberger generates record revenues and exceeds EBITDA goal for 2014
  - Revenues: €2,834.5 mn | +6%
  - Operating EBITDA: €317.2 mn | +19%
- ▶ Clay Building Materials Europe
  - Substantial earnings increase in slightly growing market
  - Volume growth in all product groups | Successful cost optimization measures and integration of Tondach
- ▶ Pipes & Pavers Europe
  - Stable earnings | Earnings growth at Semmelrock and Steinzeug-Keramo compensates slight earnings decline at Pipelife
- ▶ North America
  - Substantial volume growth and market share gains in challenging price environment



# Highlights 2014

- ▶ Restructuring program successfully completed
  - Cost savings 2014: € 17 mn | 2012-2014: € 50 mn
- ▶ Acquisition of controlling majority in Tondach Gleinstätten
  - Strong mid-term growth potential and increase of renovation share in revenues | Tondach realizes expected earnings growth in 2014
  - Contribution: Revenues € 87.3 mn | EBITDA € 15.4 mn
- ▶ Strengthening of Group financing structure
  - Exchange of € 272 mn into new hybrid bond
  - Renewal and extension of credit line to € 400 mn
- ▶ Strong free cash flow generation results in improvement of net debt / op. EBITDA to 1.9x



# Highlights Q4 2014

- ▶ Improvement of operating EBITDA: +23%
  - Revenues: € 686.0 mn | +9%
  - Operating EBITDA: € 69.1 mn | +23%
- ▶ Clay Building Materials Europe generates substantial earnings growth
  - Volume growth in all product groups results in organic earnings improvement
  - Consolidation contribution of Tondach Gleinstätten
- ▶ Pipes & Pavers Europe posts slight earnings growth
- ▶ North America
  - Significant earnings improvement
  - Double digit volume growth of facing bricks



# Non-recurring impairment charges

- ▶ Wienerberger records total impairment charges of € 208 mn
  - Impairments affect: USA, Germany, Italy, Russia, Estonia, Pipelife France and small markets on the periphery
  - Impairment charges to assets: € 100.7 mn
  - Impairment charges to goodwill: € 106.9 mn
- ▶ Non-cash impairment charges prevent return to profit zone
  - Profit after tax: € -170.0 mn



# Dividend increase to € 0.15 per share

- ▶ Supervisory Board and Management Board propose increase of dividend from financial year 2014 to the Annual General Meeting:
  - Proposed dividend: € 0.15 per share
  - Increase by 25% compared to prior year
- ▶ Strong commitment to dividend policy
  - The generated free cash flow in the reporting period and the liquidity planning are the basis for dividend payments
  - Going forward Wienerberger management plans to distribute 10 – 30% of free cash flow after hybrid coupon payments to shareholders



# Clear revenue and earnings increase



Revenue:

**€ 2,834.5 mn**

(2013: € 2,662.9 mn | +6%)

operative EBITDA <sup>1)</sup>:

**€ 317.2 mn**

(2013: € 266.5 mn | +19%)

Net Debt:

**€ 621.5 mn**

(2013: € 538.9 mn | +15%)

Total Investments:

**€ 163.1 mn**

(2013: € 106.7 mn | +53%)

*1) Adjusted for non-recurring income and expenses*



## ▶ USA

- Assumptions for normalized level of housing activity unchanged at 1.5 mn housing starts | EBITDA potential confirmed at € 60 mn
- Recovery of residential construction progresses more slowly than expected
- Mid-term planning assumptions adjusted for revised market growth forecasts and sustained price pressure
- Impairment charges to goodwill: € 85 mn | Impairment charges to assets: € 15 mn
- Implementation of measures to enhance profitability under way

## ▶ Germany

- Germany recorded an unexpected decline in 2014 | A small decline in one- and two family home construction is also expected for 2015
- Profitability does not meet our expectations
- Implementation of measures to enhance profitability lead to revision of mid-term planning assumptions and impairment charges to assets of € 34 mn

## ► Italy

- Double digit decline of housing market activity in 2014 | No short-term turnaround expected
- Italian brick industry shows significant overcapacity
- Measures to improve profitability are being implemented
- Impairment charges to goodwill: €21 mn | Impairment charges to assets: €23 mn

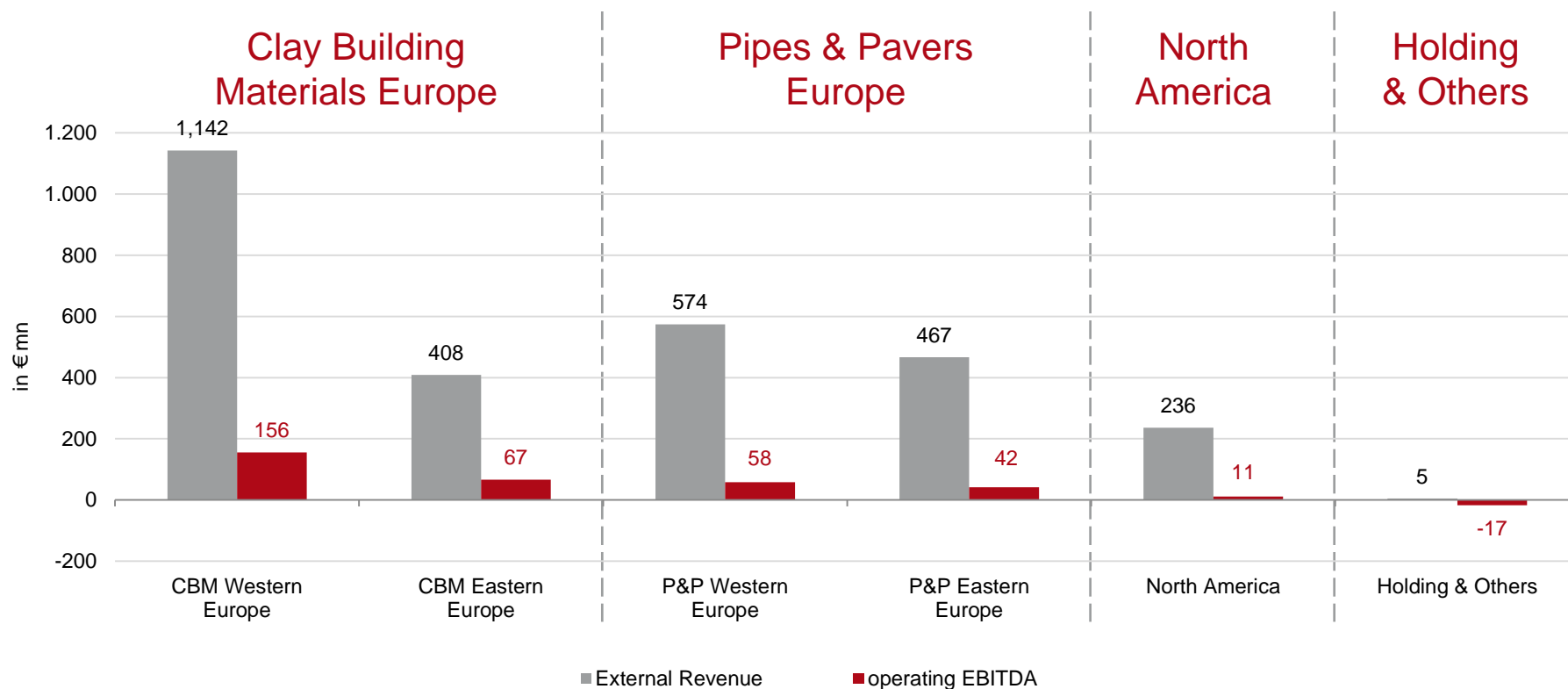
## ► Other impairment charges: €30 mn

- Russia & Estonia: Revision of market growth assumptions to reflect the changed economic environment and the substantial devaluation of the Russian ruble | Estonian business affected through exports to the St. Petersburg region
- Pipelife France: Adjustment of market expectation for continuation of weak infrastructure investments
- Smaller markets on the periphery

# Results 2014 by Segment

Revenues: € 2,834.5 mn | +6%

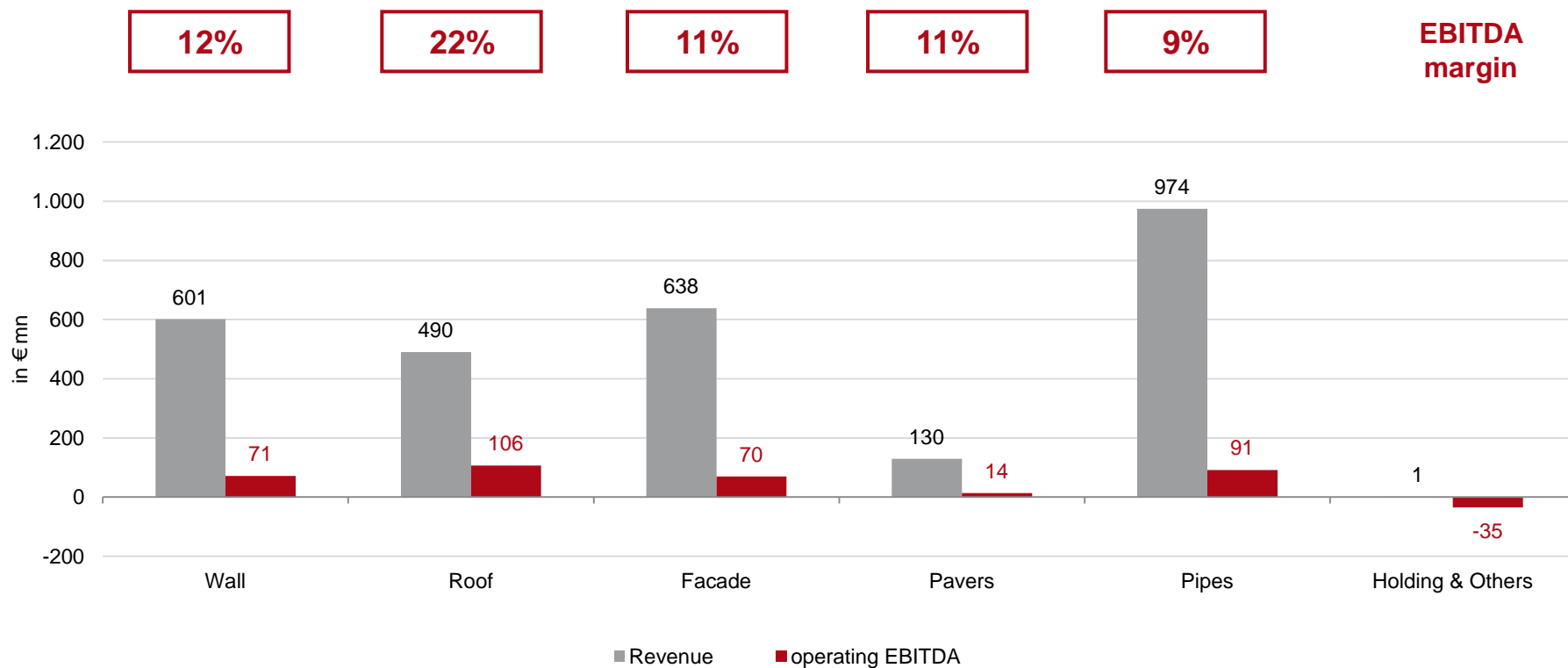
Op. EBITDA <sup>1)</sup>: € 317.2 mn | +19%



1) Adjusted for non-recurring income and expenses  
 CBM...Clay Building Materials | P&P...Pipes & Pavers

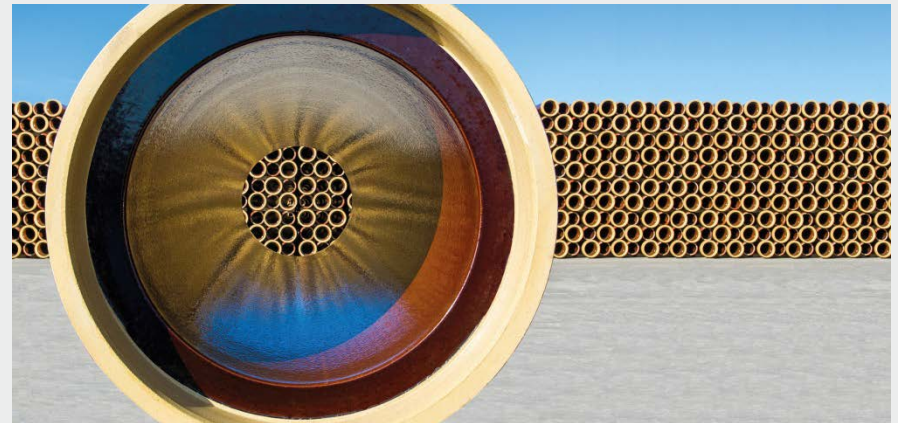
# Results 2014 by Products

EBITDA-margin improved to 11.2% (PY: 10.0%)



Note: Holding & Others includes besides Group holding costs also holding costs of the divisions Clay Building Materials Europe and Pipes & Pavers Europe

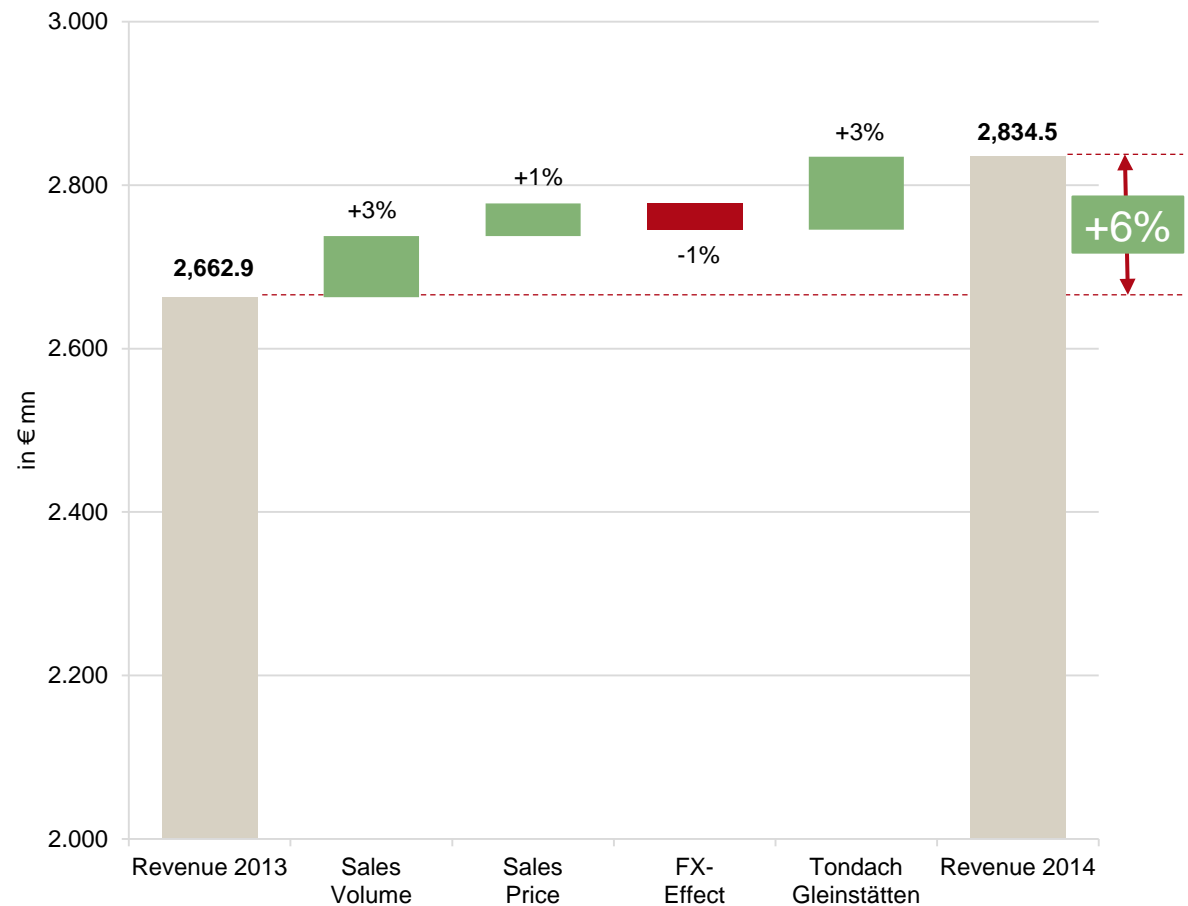
# Results 2014



# Revenue increase due to organic volume increase and Tondach contribution

## ► Revenue increases by 6%

- Organic volume amounts to 3%
- Average selling price increases by 1%
- -1% FX-effect
- Tondach Gleinstätten contribution +3%



Note: Rounding differences may arise from the automatic processing of data

# Slight increase of average prices

## ▶ Clay Building Materials Europe

- Western Europe: Despite market declines in F, IT and NL price increases above cost inflation due to strong growth dynamics in GB
- Eastern Europe: Stable to slight improvement of average prices in challenging market environment
- Improvement of product mix through shift to value added products

## ▶ North America

- Ongoing price pressure in our relevant core markets
- Lower average prices in the reporting period

## ▶ Pipelife

- Continuous price management to cover volatile raw material prices

# Income statement 2014



in € mn	2013	2014	Chg. in %
Revenues	2,662.9	2,834.5	+6
<b>Operating EBITDA <sup>1)</sup></b>	<b>266.5</b>	<b>317.2</b>	<b>+19</b>
<i>Operating EBITDA margin</i>	10.0%	11.2%	-
Depreciation	-211.2	-217.0	-3
<b>Operating EBIT <sup>1)</sup></b>	<b>55.3</b>	<b>100.2</b>	<b>+81</b>
<i>Operating EBIT margin</i>	2.1%	3.5%	-
Impairment charges to assets	0.0	-100.7	-100
Impairment charges to goodwill	0.0	-106.9	-100
Release of provision for antitrust penalty	9.4	0.0	-100
<b>EBIT</b>	<b>64.7</b>	<b>-107.4</b>	<b>&lt;-100</b>

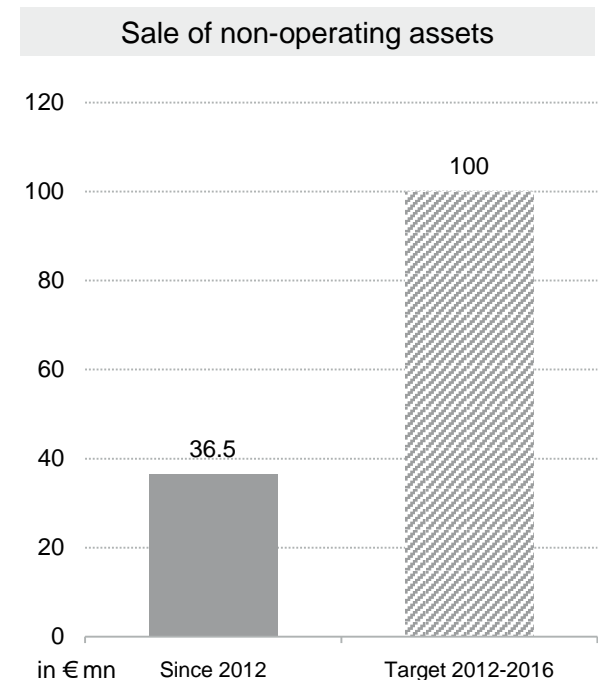
1) Adjusted for non-recurring income and expenses

Note: Rounding differences may arise from the automatic processing of data



# Sale of non-operating assets

- ▶ Sale of non-operating assets ongoing
- ▶ 2012-2014 non-operating assets worth € 36.5 mn were sold
- ▶ Until end of 2016 additional ~ € 64 mn to be realized
- ▶ Cash inflow 2014: € 14.3 mn (2013: € 13.6 mn)
- ▶ EBITDA-contribution 2014: € 8.4 mn (2013: € 11.9 mn)



Target: Proceeds of ~ € 100 mn between 2012-2016

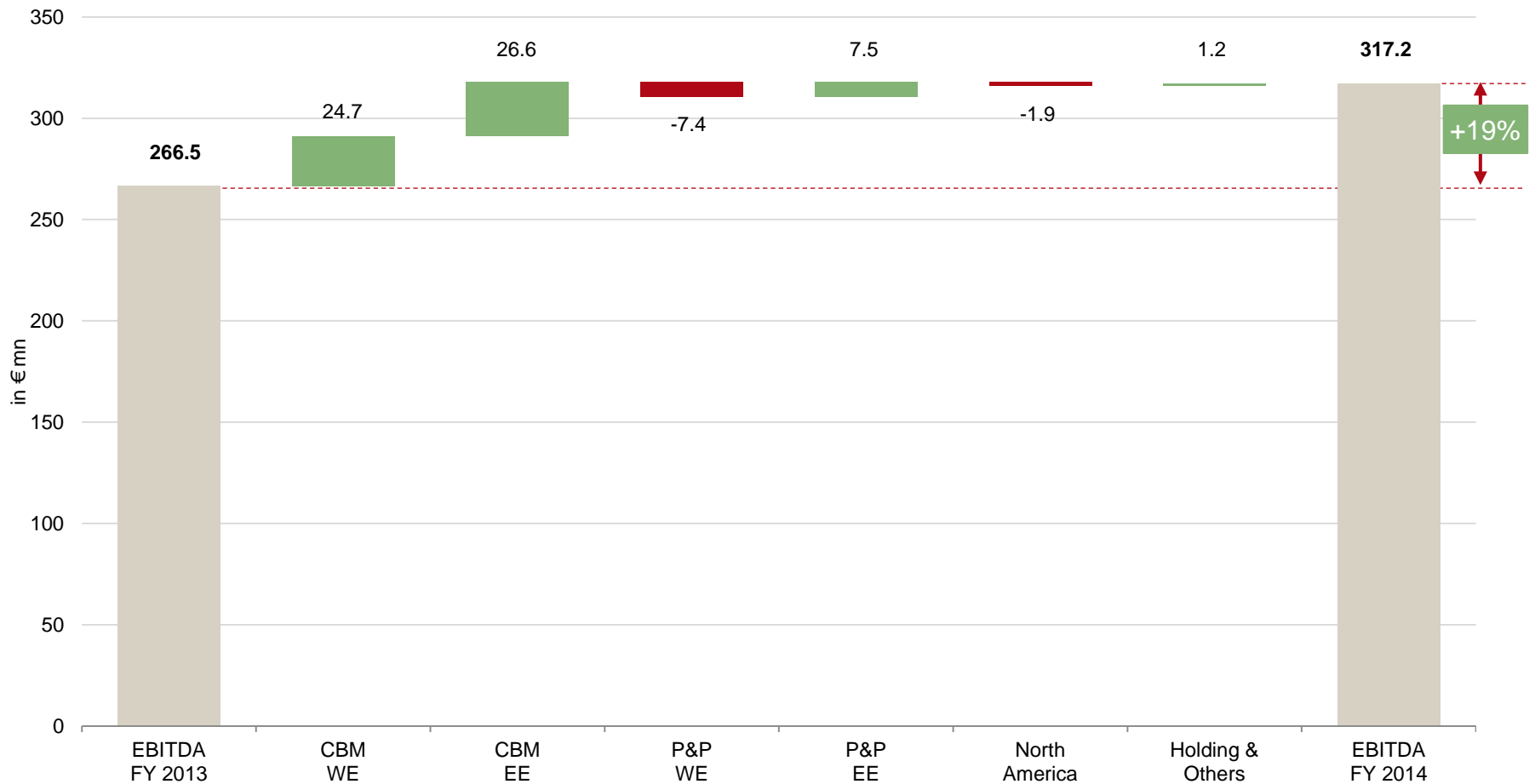
Profit after Tax: -170.0 mn €



<b>in €mn</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
<b>EBIT</b>	<b>64.7</b>	<b>-107.4</b>	<b>&lt;-100</b>
Income from investments in associates	-2.6	-2.8	-8
Interest income	7.8	8.1	+4
Interest expense	-63.8	-61.1	+4
Other financial results	-9.2	5.5	>100
<b>Financial results</b>	<b>-67.8</b>	<b>-50.2</b>	<b>+26</b>
<b>Profit before tax</b>	<b>-3.1</b>	<b>-157.6</b>	<b>&lt;-100</b>
Income taxes	-4.8	-12.4	<-100
<b>Profit after tax <sup>1)</sup></b>	<b>-7.8</b>	<b>-170.0</b>	<b>&lt;-100</b>

1) Adjusted for non-recurring income and expenses and hybrid coupon  
 Note: Rounding differences may arise from the automatic processing of data

# EBITDA <sup>1)</sup>-Bridge by Segment 2013 vs. 2014



1) Adjusted for non-recurring income and expenses

Note: Rounding differences may arise from the automatic processing of data

# Cash flow development



<b>in € mn</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in € mn</b>	<b>Chg. in %</b>
<b>Gross cash flow</b>	<b>164.6</b>	<b>225.5</b>	<b>+60.9</b>	<b>+37</b>
Change in working capital <sup>1)</sup>	26.2	-10.1	-36.3	<-100
Normal capex	-106.0	-121.8	-15.8	-15
Divestments and other	8.0	36.9	+28.9	>100
<b>Free cash flow</b>	<b>92.9</b>	<b>130.6</b>	<b>+37.7</b>	<b>+41</b>
Growth capex <sup>2)</sup>	-0.7	-18.1	-17.4	<-100
Dividend / hybrid coupon <sup>3)</sup>	-43.1	-57.3	-14.2	-33
<b>Net cash flow</b>	<b>49.1</b>	<b>55.2</b>	<b>+6.1</b>	<b>+12</b>

1) Adjusted for changes in the consolidation range

2) Growth Capex in 2014 adjusted for the € 23.2 mn portion of the purchase price for Tondach Gleinstätten paid in treasury shares

3) Including dividends paid to and other changes in non-controlling interests and dividend payments from associates

Note: Rounding differences may arise from the automatic processing of data

# Payout Ratio 2014

in €mn	2014
<b>Operating Cash Flow</b>	<b>215.5</b>
Cash Flow from investing activities	-103.0
Growth Capex <sup>1)</sup>	18.1
<b>Free Cash Flow</b>	<b>130.6</b>
Hybrid coupon	-44.1
<b>Free Cash Flow post Hybrid</b>	<b>86.5</b>
<b>Dividend 2014</b>	<b>17.5</b>
<b>Payout Ratio 2014</b>	<b>20%</b>

## ► Our dividend policy

- In future, 10 – 30 % of Free Cash Flow post hybrid coupon will be paid out to shareholders
- Payout FCF post Hybrid 2014 of ~ 20%



Dividend increase by 25% to € 0.15

1) Growth Capex in 2014 adjusted for the € 23.2 mn portion of the purchase price for Tondach Gleinstätten paid in treasury shares

# Working Capital development

<b>in €mn</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
Increase/decrease in inventories	34.9	-6.2	<-100
Increase/decrease in trade receivables	-4.3	-4.6	-6
Increase/decrease in trade payables	15.2	10.1	-34
Increase/decrease in other net current assets	-17.0	-12.5	+26
Changes in non-cash items resulting from foreign exchange translation	-2.5	3.2	>100
<b>Change in working capital</b>	<b>26.2</b>	<b>-10.1</b>	<b>&lt;-100</b>

Note: Rounding differences may arise from the automatic processing of data

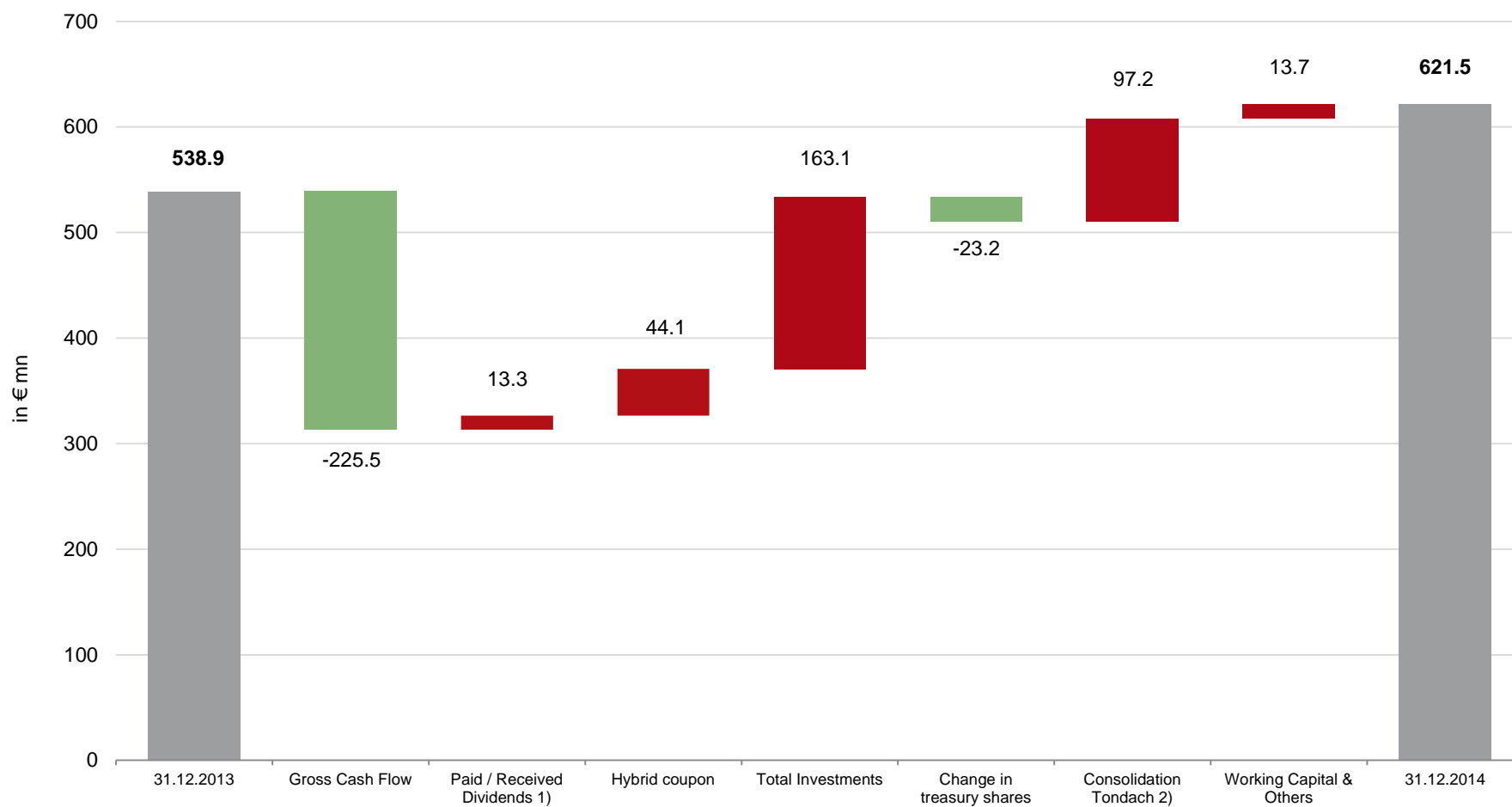
# Total investments 2014

<b>in € mn</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
Normal capex	106.0	121.8	+15
<i>in % of depreciation</i>	54%	60%	-
Growth capex	0.7	41.3	>100
<i>Thereof plant extension Pipelife USA</i>	0	5.6	+100
<i>Thereof Tondach Gleinstätten</i>	0	35.7	+100
<i>Cash-effective share in purchase price</i>	0	12.5	+100
<i>Non cash-effective share in purchase price (treasury shares)</i>	0	23.2	+100
<b>Total Investments</b>	<b>106.7</b>	<b>163.1</b>	<b>+53</b>

- Increase of normal capex lower than expected due to project postponements

*Note: Rounding differences may arise from the automatic processing of data*

# Development of net debt



1) Including dividends paid to and other changes in non-controlling interests and dividend payments from associates

2) As of consolidation date: 1/7/2014

Note: Rounding differences may arise from the automatic processing of data



## Strong balance sheet

<b>in €mn</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>Chg. in %</b>
Equity <sup>1)</sup>	2,364	2,254	2,047	-9
<b>Net debt</b>	<b>602</b>	<b>539</b>	<b>622</b>	<b>+15</b>
<i>Equity ratio</i>	<i>57%</i>	<i>54%</i>	<i>52%</i>	-
<b>Gearing</b>	<b>26%</b>	<b>24%</b>	<b>30%</b>	-

### Change in Net Debt:

- ▶ Consolidation of Tondach Gleinstätten 1/7/2014: € 97.2 mn

### Change in equity:

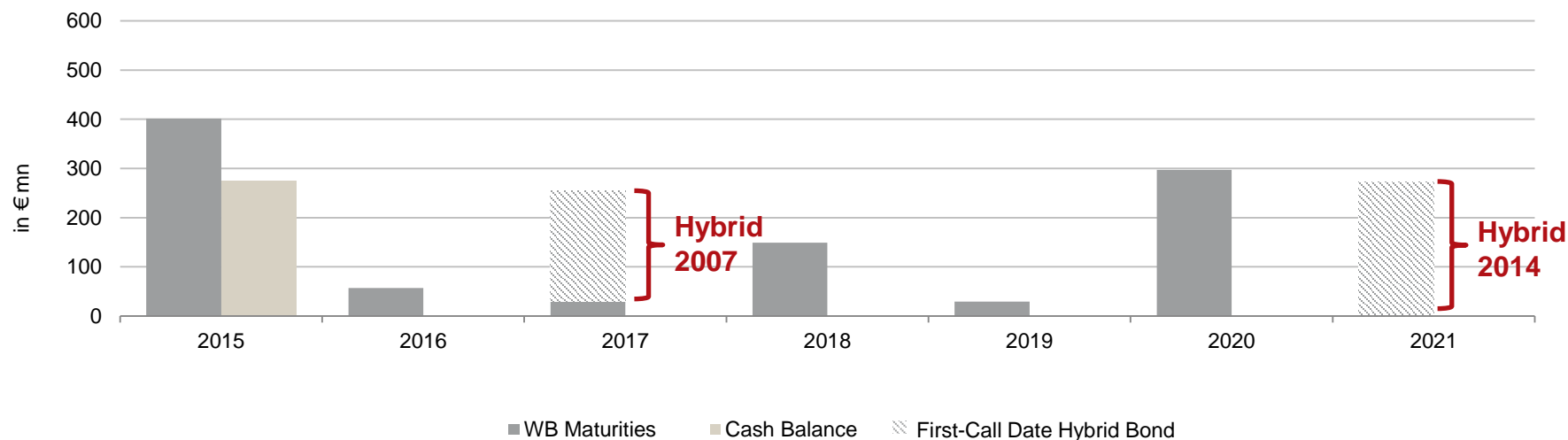
- ▶ Despite impairments, high equity ratio of 52 %

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

# Strong liquidity and balanced financing structure

▶ Cash 31/12/2014: €275.2 mn

▶ Term structure:



▶ Targets:

- ✓ Maintain financial discipline
- ✓ Balanced repayment profile

Note: Term structure of gross debt; cash position and financial liabilities as of 31/12/2014

- ▶ **Successfull exchange of hybrid bond**
  - Further step to protect strong capital structure and balanced financing profile
  - Wienerberger exchanges € 272 mn of existing 2007 hybrid bond for new 2014 hybrid bond
  - Substantial interest in the exchange offer confirms strong confidence of our investors
  
- ▶ **Liquidity reserves secured up to 2019**
  - New revolving credit line replaces previous revolving credit lines
  - Increase in the volume to € 400 mn for ongoing general corporate purposes
  - Optimization of financing costs



**Financial discipline remains top priority**

# Treasury ratios

<b>Treasury ratios</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31.12.2014 <sup>3)</sup></b>	<b>Covenant</b>
Net debt / operating EBITDA <sup>1)</sup>	2.2	2.0	1.9	<3.50
Operating EBITDA <sup>1)</sup> /interest result <sup>2)</sup>	5.0	4.8	5.8	>3.75

1) Adjusted for non-recurring income and expenses; Calculated based on 12-month operating EBITDA

2) Calculated based on 12-month interest result

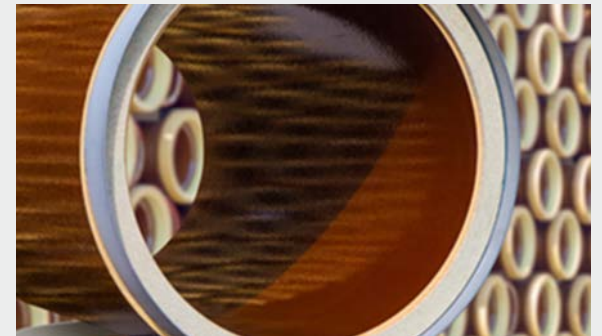
3) Pro-forma calculation including 12-month-EBITDA and interest result Tondach Gleinstätten

- ▶ Target level: Net debt / operating EBITDA < 2.5 at year-end
- ▶ Year-on-year improvement of ratios including Tondach Gleinstätten consolidation



Treasury Ratios significantly above / below covenants

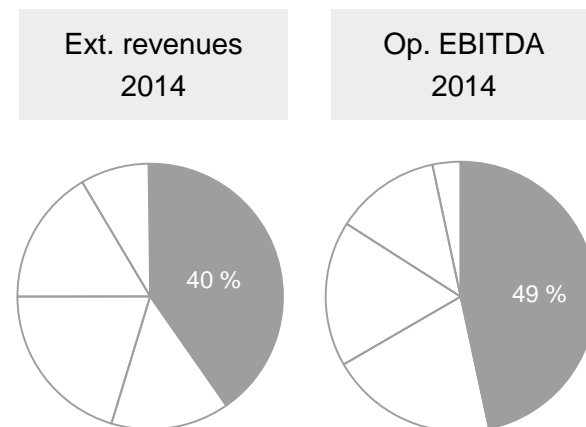
# Wienerberger Segments



# Clay Building Materials Western Europe Results 2014



<b>CBM Western Europe (in €mn)</b>	<b>2013</b>	<b>2014</b>	<b>Chg. In %</b>
<b>External revenues</b>	<b>1,089.9</b>	<b>1,142.0</b>	<b>+5</b>
<b>Operating EBITDA <sup>1)</sup></b>	<b>131.1</b>	<b>155.9</b>	<b>+19</b>
<i>Operating EBITDA margin</i>	<i>12.0%</i>	<i>13.6%</i>	<i>-</i>
<b>Operating EBIT <sup>1)</sup></b>	<b>34.4</b>	<b>64.7</b>	<b>+88</b>



1) Adjusted for non-recurring income and expenses

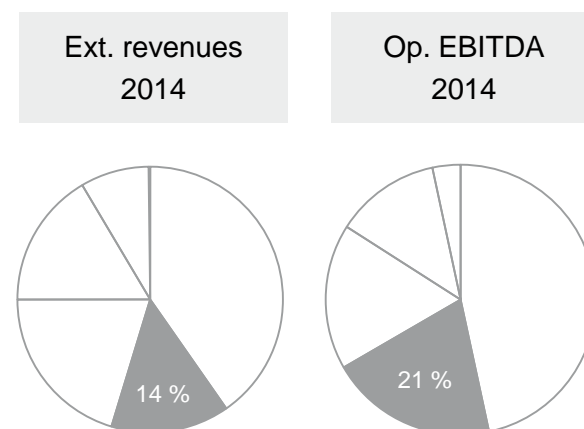
- ▶ Strong growth dynamics in UK | Earnings improvement in a slightly growing market in BE
- ▶ Slowdown in H2 14 leads to slight decline in single and multi-family housing in DE | FR, NL and IT with further declines in new residential construction
- ▶ Significant earnings increase through higher capacity utilization, price increases above cost inflation and successful completion of the cost savings program

# Clay Building Materials Eastern Europe Results 2014



<b>CBM Eastern Europe (in €mn)</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
<b>External revenues</b>	<b>312.4</b>	<b>408.5</b>	<b>+31</b>
<b>Operating EBITDA <sup>1)</sup></b>	<b>40.2</b>	<b>66.8</b>	<b>+66</b>
<i>Operating EBITDA margin</i>	<i>12.9%</i>	<i>16.4%</i>	<i>-</i>
<b>Operating EBIT <sup>1)</sup></b>	<b>0.7</b>	<b>19.7</b>	<b>&gt;100</b>

1) Adjusted for non-recurring income and expenses

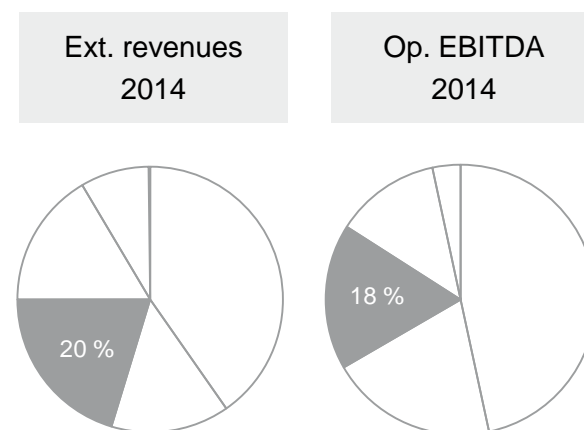


- ▶ Market share gains through sales volume increase in stable market environment
- ▶ Despite slowdown in H2, slight growth in PL | Earnings improvement in stable market environment in AT
- ▶ Volume and earnings increase in RO
- ▶ Economic environment has not affected business in RU in 2014
- ▶ Earnings increase despite market decline in CZ, HU and BG
- ▶ Satisfactory development of Tondach Gleinstätten since first consolidation

# Pipes & Pavers Western Europe Results 2014



<b>P&amp;P Western Europe (in €mn)</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
<b>External revenues</b>	<b>596.4</b>	<b>574.3</b>	<b>-4</b>
<b>Operating EBITDA <sup>1)</sup></b>	<b>65.7</b>	<b>58.3</b>	<b>-11</b>
<i>Operating EBITDA margin</i>	<i>11.0%</i>	<i>10.1%</i>	<i>-</i>
<b>Operating EBIT <sup>1)</sup></b>	<b>39.7</b>	<b>27.5</b>	<b>-31</b>



1) Adjusted for non-recurring income and expenses

- ▶ Pipelife with strong development and market share gains in Nordic markets
- ▶ Weak infrastructure spending burdens earnings in FR and NL | Measures to improve profitability implemented
- ▶ Earnings decline in international project business due to lower order backlog after record year 2013
- ▶ Stable revenues and significant earnings increase due to lack of one-time effects from prior year at Steinzeug-Keramo

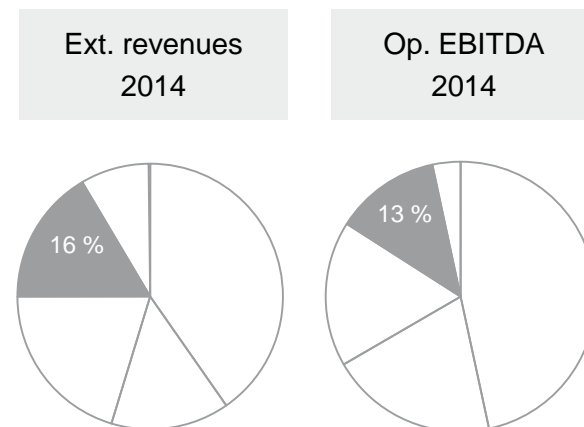
Note: Export sales by the Steinzeug-Keramo Group to Poland were reclassified to the Pipes & Pavers Western Europe Segment (previously: Pipes & Pavers Eastern Europe); all indicators were adjusted accordingly



# Pipes & Pavers Eastern Europe Results 2014



<b>P&amp;P Eastern Europe (in €mn)</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
<b>External revenues</b>	<b>433.1</b>	<b>467.0</b>	<b>+8</b>
<b>Operating EBITDA <sup>1)</sup></b>	<b>34.6</b>	<b>42.1</b>	<b>+22</b>
<i>Operating EBITDA margin</i>	<i>8.0%</i>	<i>9.0%</i>	<i>-</i>
<b>Operating EBIT <sup>1)</sup></b>	<b>12.4</b>	<b>20.2</b>	<b>+63</b>



1) Adjusted for non-recurring income and expenses

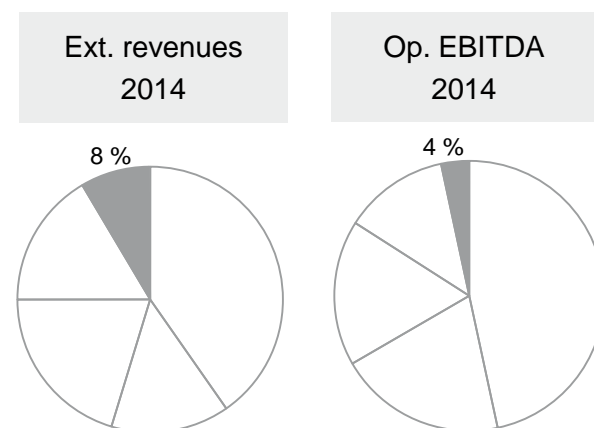
- ▶ Significant revenue and earnings increase and gain in market share through double-digit volume increase | EU subsidies boost infrastructure market
- ▶ Volume increase on a good level in AT | Earnings improvement in PL despite slight slowdown in H2
- ▶ Significant volume increase in GR, BG, TK and HU
- ▶ Semmelrock realizes earnings growth through significant volume increase in stable market environment, cost savings and improvement of product mix

*Note: Export sales by the Steinzeug-Keramo Group to Poland were reclassified to the Pipes & Pavers Western Europe Segment (previously: Pipes & Pavers Eastern Europe); all indicators were adjusted accordingly*

# North America Results 2014



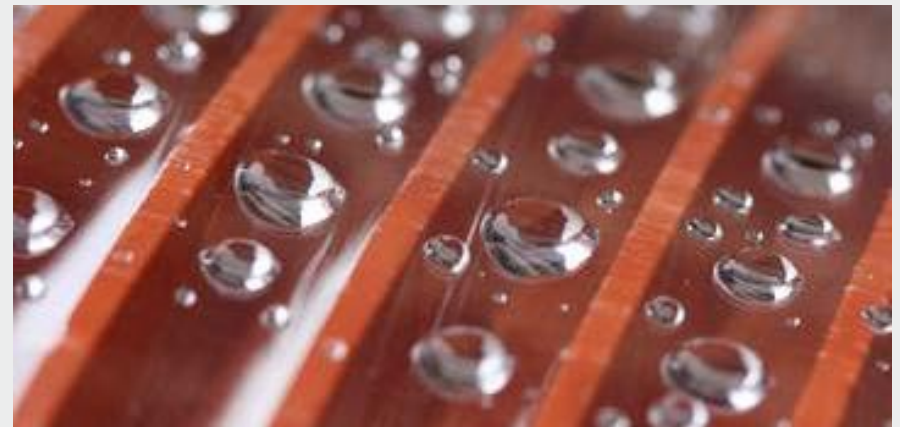
<b>North America (in €mn)</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
<b>External revenues</b>	<b>224.7</b>	<b>236.4</b>	<b>+5</b>
<b>Operating EBITDA <sup>1)</sup></b>	<b>13.2</b>	<b>11.2</b>	<b>-15</b>
<i>Operating EBITDA margin</i>	<i>5.9%</i>	<i>4.8%</i>	<i>-</i>
<b>Operating EBIT <sup>1)</sup></b>	<b>-9.3</b>	<b>-11.2</b>	<b>-21</b>



1) Adjusted for non-recurring income and expenses

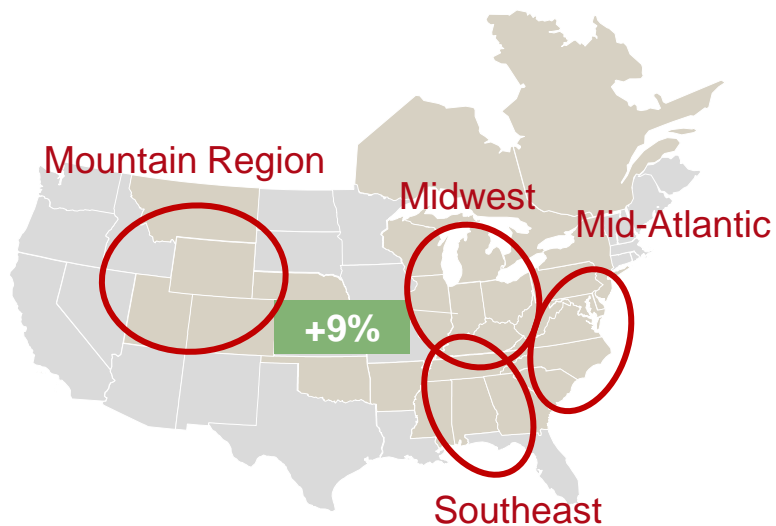
- ▶ Recovery on US new residential construction market and challenging market environment in Canada
- ▶ Slight price decline due to price pressure in regional markets
- ▶ Gains in market shares and higher sales volumes in facing bricks
- ▶ Negative changes of product mix result in slight earnings decline in plastic pipe business

# Outlook 2015



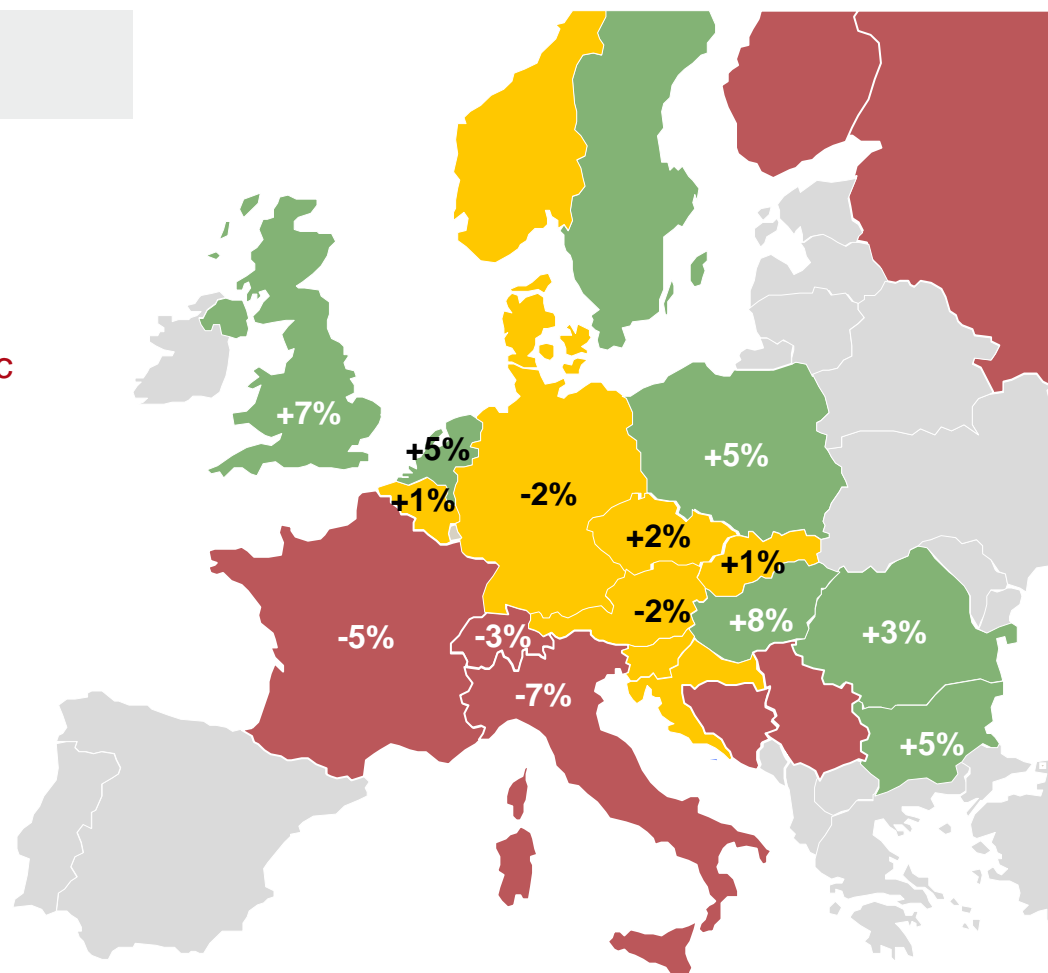
# Slight increase in housing starts in Europe | Growth in USA

Wienerberger Management assessment:  
Single- and two-family housing starts 2015



Source: Management estimate (housing starts)

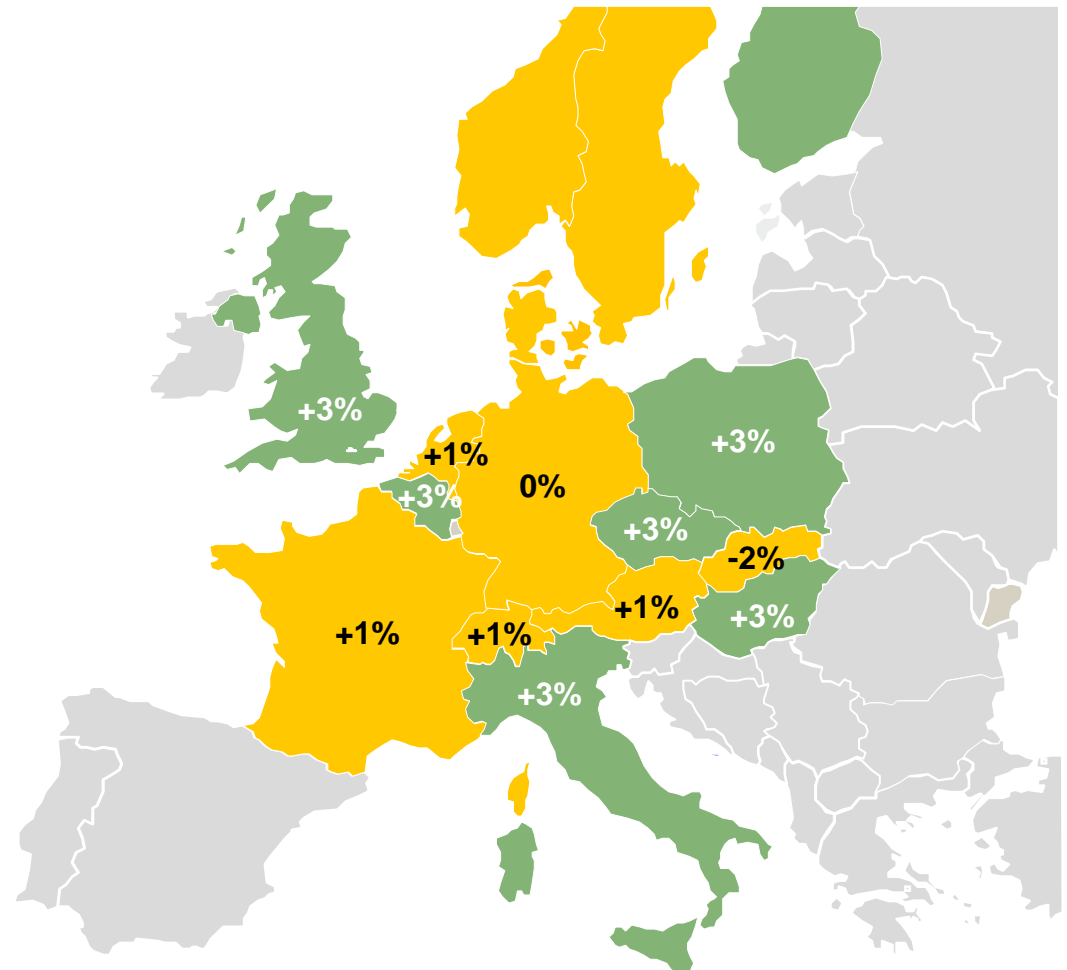
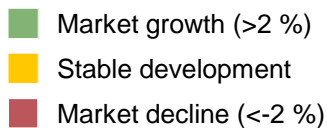
- Market growth (>2 %)
- Stable development
- Market decline (<-2 %)



Source: Management estimate (SFH starts; SFH completions in GER and NL)

# Moderate growth in RMI spendings

- ▶ Euroconstruct estimate:  
Repair, maintenance and improvement spending in residential construction in 2015



Source: Euroconstruct November 2014 (RMI spending in residential construction)

# Clay Building Materials Europe: Outlook 2015

- ▶ Stable to slightly positive development of European residential construction activity
- ▶ Moderate volume increase
- ▶ Price increases in line with cost inflation
- ▶ Implementation of measures to optimize cost structure and improve efficiency of internal processes ongoing
- ▶ Consolidation effect Tondach Gleinstätten in Clay Building Materials Eastern Europe Segment in H1 15:
  - Revenue: ~ €67 mn | EBITDA ~ €8 mn



Significant revenue and earnings increase

# Pipes & Pavers Europe: Outlook 2015



## ▶ Pipelife

- Flat development of Nordic markets on a good level | Currency devaluation burdens earnings
- International project business with recovery due to new orders in Q4 14
- Implementation of optimization measures in France and the Netherlands
- Slight earnings increase in FY 2015

## ▶ Steinzeug-Keramo

- Stable earnings development in European core markets | Earnings growth through exports to the Middle East starting in H2 15

## ▶ Semmelrock

- Earnings increase in stable market environment through cost optimization and improvement of product mix



Slight earnings increase

## ► Bricks

- Continued market recovery in new residential construction of single- and two-family houses in the USA and market stabilization in Canada
- Positive development of demand for bricks
- Continuation of a challenging price environment in some regional markets

## ► Plastic Pipes

- Stable development of demand
- Sales volume increase due to opening of a new production line



Significant revenue and earnings increase



# Wienerberger Group: Outlook 2015



Group-EBITDA	~ € 350 mn
Tondach Contribution	~ € 8 mn consolidation effect in H1 15 (part of EBITDA-target)
Real Estate Sales	~ € 10 mn EBITDA contribution (part of EBITDA-target)
Price   Costs	~ 1.0% price increase   ~ 1.5% cost inflation
Depreciation	~ € 220 mn
Interest Result	~ € 50 mn
Working Capital	~ 20% Working Capital of revenue at year-end
Normal Capex	~ € 140 mn

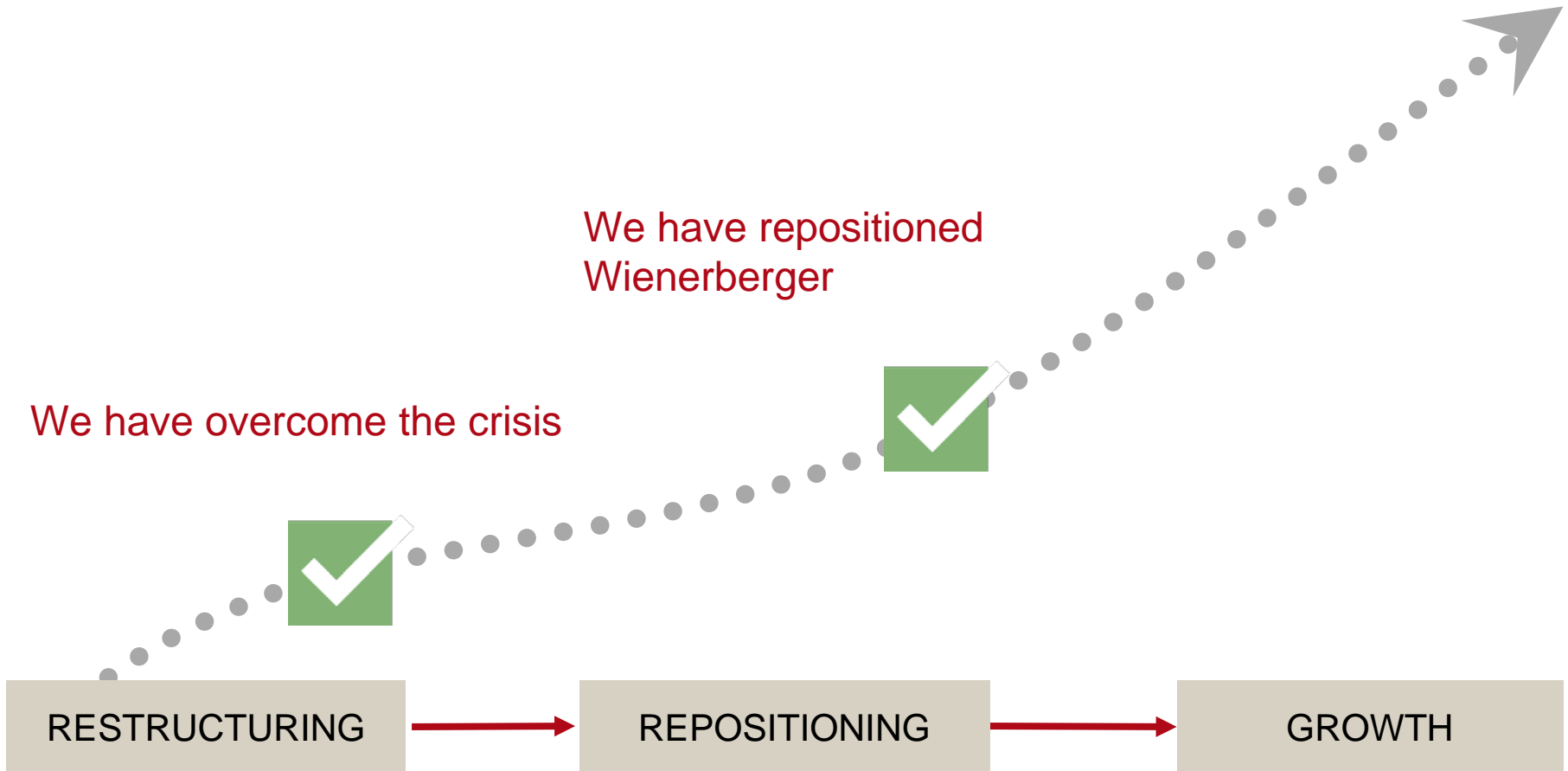
# Wienerberger is geared towards growth



We have geared Wienerberger towards growth

We have repositioned Wienerberger

We have overcome the crisis



Thank you  
for your  
attention!

