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Josefstädter Straße 44, 1080 Vienna, Austria, phone: +43 1 81140-0

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Wienerberger AG: Wienerberger with strong revenue growth

Vienna (pta008/26.02.2013/08:00) - **Highlights in 2012:**

- Diversification step towards pipe systems strengthens Group results and offsets declines in Bricks & Tiles Europe Division

- Restructuring program launched in H2 with focus on Bricks & Tiles Europe Division

- Savings of 50 million Euro from restructuring program by end of 2014

- Strong cash flow generation in a difficult market environment

- Sound capital structure even after Pipelife takeover

Results for 2012:

- Group revenues: 2,356 million Euro (+23% versus 2011)

- Operating EBITDA: 246 million Euro (+2% versus 2011)

- After tax loss: 41 million Euro, above all due to 43 million Euro of non-recurring costs from restructuring program

- Free cash flow: 164 million Euro (versus 135 million Euro in 2011)

- Recommended dividend: 0.12 Euro per share (reflects 2011 dividend)

Outlook on 2013:

- Operating EBITDA of 280 million Euro forecasted for 2013

- No signs of improvement on European brick markets

- Continued robust development for pipes & pavers

- Further recovery expected in US new residential construction

- Focus remains on cash flow generation and organic growth

Wienerberger AG today announced results for 2012. Revenues rose by 23% to 2.4 billion Euro and operating EBITDA by 2% to 246 million Euro. The bottom line shows an after-tax loss of 41 million Euro, since earnings were negatively affected by 43 million Euro of non-recurring costs from the restructuring program that was launched in the second half-year and goodwill amortization of 10 million Euro in Croatia and Lithuania. Cash flows remained strong during the past year: Wienerberger generated free cash flow of 164 million Euro in 2012 as a result of strict working capital management, for a year-on-year increase of 21%. That held gearing at a low 26% despite the May 2012 acquisition of Pipelife, one of the largest plastic pipe producers in Europe.

Expansion of pipe systems business stabilizes operating results

Heimo Scheuch, Chief Executive Officer of Wienerberger AG, explained: "Wienerberger's results were influenced by three major factors in 2012: lower revenues and earnings in the Bricks & Tiles Europe Division due to a decline in residential construction throughout Europe, the initial consolidation of Pipelife, which made a sound contribution to revenues and earnings, and modest recovery in new residential construction on the US market. The takeover of Pipelife and the related expansion of a new business area allowed us to stabilize operating earnings at the Group level during the past year and create a broader industrial base for Wienerberger's future."

Difficult market environment leads to revenue and earnings declines for Bricks & Tiles Europe

An analysis by division underscores the different trends in Wienerberger's core businesses. The Bricks & Tiles Europe Division suffered from lower volumes and earnings in 2012. Revenues fell by 6% year-on-year to 1,444 million Euro based on a volume decline of 11%. This development reflects a downturn in construction activity throughout Europe markets, partly at double-digit level. The European construction industry had again to digest the negative effects of the euro and sovereign debt crisis in the form of widespread uncertainty, low consumer confidence and restrictive bank lending. This pushed new residential construction below the level of the crisis year 2009 in a number of key Wienerberger countries, including the Netherlands, Belgium, France and Poland. Against such backdrop of difficult operating environment, Wienerberger successfully implemented price increases to offset cost inflation and increased volumes of premium products in spite of the negative market trend. Average prices were 4% higher than the previous year. Weaker capacity utilization and the resulting higher unit costs had a negative impact on earnings and led to a 22% decline in operating EBITDA for the Bricks & Tiles Europe Division. The Wienerberger Managing Board therefore launched an ample restructuring program in the third quarter of 2012 in order to adjust cost structures, and expanded this program in the fourth quarter.

Restructuring program for realization of 50 million Euro in cost savings by year-end 2014

Heimo Scheuch explained the details of the restructuring program: "In addition to the mothballing of plants, we are focusing primarily on the adjustment of shift models and further optimization in the administrative area. The related measures led to 43 million Euro of non-recurring restructuring costs and impairment charges to property, plant and equipment, whereby 29 million Euro represent non-recurring cash expenses and 14 million Euro special write-downs. The costs for the entire restructuring program were recognized as expenses in 2012, but some individual measures will still be implemented in 2013. The program is expected to produce cost savings of approx. 50 million Euro by the end of 2014, whereby almost 14 million Euro were realized during the past year. With the appointment of a new management team under the direction of my former Managing Board colleague Johann Windisch, we also strengthened our focus on this division. The goal of the new management team is to sustainably improve the division's profitability through a concentration on operational excellence as well as product and process innovations."

Initial consolidation of Pipelife brings sound revenue and earnings growth for Pipes & Pavers Europe

The Pipes & Pavers Europe Division recorded an increase in revenues from 231 million Euro in 2011 to 711 million Euro for the reporting year. The main driver for this growth was the continuing sound development of the ceramic pipe business, above all through the full consolidation of the Pipelife Group as of May 31, 2012. This plastic pipe producer generated revenues of 479 million Euro and operating EBITDA of 46 million Euro in the seven months after the initial consolidation. In addition to organic volume growth and successful price and cost management during the reporting year, Pipelife benefited from the May 2011 acquisition of Alphacan's French plastic pipe division. Wienerberger's concrete paver business, which operates exclusively in Eastern Europe, was also confronted with difficult market conditions throughout the region during the past year. Weak construction activity and strong pressure on concrete paver prices led to a decline in revenues and earnings for the reporting year. Measures were therefore implemented to adjust cost structures to better reflect the market, which led to non-recurring cash outflows of approx. 1 million Euro in 2012. An analysis by region shows stronger earnings growth in the Pipes & Pavers Western Europe Segment than in Eastern Europe, since Pipelife's largest markets Sweden, Norway, Finland and the Netherlands are located in the northwestern part of this region. The demand for pipes and pipe systems in these countries was stronger than in the neighboring East European countries during 2012.

Turnaround in North American brick business

In the North America Division, the reporting year brought the first, long-awaited signs of recovery in the construction industry from a very low level. The brick business in this division completed the expected turnaround in operating EBITDA during the reporting year. Revenues in North America rose by 43% to 194 million Euro in 2012 and operating EBITDA amounted to 10 million Euro compared with -8 million Euro in the previous year, whereby this improvement was also supported by the initial consolidation of Pipelife's US plastic pipe business.

Managing Board recommends 0.12 Euro dividend to AGM

The Managing Board will make a recommendation to the annual general meeting on May 14, calling for the payment of a 0.12 Euro dividend per share for the 2012 financial year. Since the company reported a loss for 2012, Heimo Scheuch was asked about the reasons for this step. He explained the decision as follows: "The loss was caused, above all, by roughly 47 million Euro of non-cash effects. However, it is contrasted by the strong free cash flow we generated in 2012. We believe in Wienerberger's strength to also generate sustainable cash flows in the future and want to communicate this confidence to our shareholders through the dividend."

Fourth quarter of 2012

The trends from the first three quarters continued during the fourth quarter of 2012, even though bad weather led to increasing weakness in the Bricks & Tiles Europe Division. Group revenues rose by 40% to 611 million Euro and operating EBITDA by 10% to 44 million Euro. This growth was supported by contributions from the initial consolidation of Pipelife and continuing sound development in North America. The Bricks & Tiles Europe Division recorded an 8% decline in revenues to 327 million Euro in the fourth quarter and, due to extended plant standstills, a 30% drop in operating EBITDA to 28 million Euro. Demand in Western and Eastern Europe was weaker than the fourth quarter of 2011, with the strongest declines recorded in the Netherlands and France. In the Pipes & Pavers Europe Division, revenues rose from 48 million Euro to 231 million Euro and operating EBITDA from 5 million Euro to 16 million Euro due to Pipelife. The positive trend in new residential construction continued on the North American market and, together with the initial consolidation of the US plastic pipe activities, led to a 53% increase in revenues to 52 million Euro and positive operating EBITDA of 4 million Euro, compared with
-3 million Euro in the fourth quarter of 2011.

Outlook and Strategy

Wienerberger's goal for 2013 is to realize a substantial increase in revenues and earnings and to return to the profit zone. Heimo Scheuch explained: "Forecasts for the Bricks & Tiles Europe Division are limited because of the low visibility regarding the development of the relevant markets. We see additional challenges in the operating environment in Europe and slight weakness in the demand for building materials. Further revenue and earnings declines are therefore likely in the Bricks & Tiles Europe Division, but these developments should be offset by roughly 18 million Euro of expected cost savings. The Pipes & Pavers Europe Division should make a positive contribution of approx. 30 million Euro to earnings based on higher revenues for the full year due to the initial consolidation of Pipelife and moderate growth in the first half of 2013. We also see an improvement in earnings for the North America Division based on a continuation of the positive trend in new residential construction. In total, I expect a significant increase in operating EBITDA to approx. 280 million Euro in 2013."

Financial discipline remains top priority

Financial discipline and the maintenance of a healthy capital structure remain top priority for Wienerberger, and the answer to a question regarding capex was therefore reserved. Heimo Scheuch indicated: "Our focus remains on the generation of free cash flows through organic growth, an increase in profitability through continuous optimization, a restrictive investment policy and strict working capital management. We have budgeted 115 million Euro for normal capex in 2013, which covers maintenance as well as technological improvements and expansion for product innovations. The ratio of net debt to operating EBITDA should also remain below our 2.5 target at year-end. A recently established project team is now also working on the structured sale or development of our non-core properties. This should add nearly 100 million Euro of additional liquidity over the next four years. Within our financial capacity, we will also utilize opportunities for selective expansion through smaller, value-creating acquisitions, especially in the renovation segment. Included here are all projects that help us to meet our CFROI goal of over 11.5% at the Group level."

Continued focus on organic growth in 2013

Wienerberger's short-term goals for the operating business are focusing, above all, on organic growth. The company plans to generate further growth and expand its market positions over the coming years by putting emphasis on innovation, high-quality system solutions for building materials and a comprehensive range of supporting services.

Details on results for 2012 are provided in the attached financial information. The full annual report and the annual financial report for 2012 will be released on March 29, 2013 and also published on the homepage. An **interview with Heimo Scheuch on results for the 2012 financial year** can be found on our homepage under http://www.wienerberger.com/ceo-interview-on-the-fy-results-2012.htmlhttp://www.wienerberger.com/ceo-interview-on-the-fy-results-2012.html

For additional information contact:
Barbara Braunöck, Head of Corporate Communications Wienerberger
T +43 1 601 92 - 10 221 | communications@wienerberger.com

Wienerberger AG is a pure float company, whereby the majority of shares are held by Austrian and international institutional investors. Additional information on the shareholder structure is provided under http:/www.wienerberger.com/investor-relations/the-wienerberger-share/the-wienerberger-share/shareholder-structure .

Earnings Data		**2010 1)**	**2011 1)**	**2012**	**Chg. in %**	
Revenues	in mill. Euro	1,663.6	1,915.4	2,355.5	+23	
Operating EBITDA 2)	in mill. Euro	198.3	240.4	245.5	+2	
Operating EBIT 2)	in mill. Euro	4.6	40.0	31.0	-23	
Restructuring costs and impairment charges to property, plant and equipment	in mill. Euro	0.0	0.0	-43.0	<-100	
Impairment charges to goodwill	in mill. Euro	0.0	-2.6	-9.8	<-100	
EBIT	in mill. Euro	4.6	37.5	-21.7	<-100	
Profit before tax	in mill. Euro	-42.5	47.4	-36.2	<-100	
Profit after tax	in mill. Euro	-35.4	39.4	-40.5	<-100	
Free cash flow 3)	in mill. Euro	170.5	135.0	163.6	+21	
Maintenance capex	in mill. Euro	57.6	95.8	105.3	+10	
Growth investments	in mill. Euro	85.9	55.9	163.4	>100	
ROCE 4)	in %	0.0	0.9	0.4	-	
CFROI 5)	in %	4.2	5.0	5.2	-	
Ø Employees		11,296	11,893	13,060	+10	

Balance Sheet Data		**2010 1)**	**2011 1)**	**2012**	**Chg. in %**	
Equity 6)	in mill. Euro	2,503.3	2,430.8	2,363.7	-3	
Net debt	in mill. Euro	362.3	358.8	602.0	+68	
Capital employed	in mill. Euro	2,718.4	2,652.1	2,931.3	+11	

Balance sheet total	in mill. Euro	4,001.3	3,991.4	4,139.7	+4	
Gearing	in %	14.5	14.8	25.5	-	

Stock Exchange Data		**2010 1)**	**2011 1)**	**2012**	**Chg. in %**	
Earnings per share	in Euro	-0.58	0.07	-0.61	<-100	
Adjusted earnings per share 2)	in Euro	-0.58	0.09	-0.15	<-100	
Dividend per share	in Euro	0.10	0.12	0.12	0	
Share price at year-end	in Euro	14.29	6.97	6.93	-1	
Shares outstanding (weighted) 7)	in 1,000	116,528	116,762	115,063	-1	
Market capitalization at year-end	in mill. Euro	1,679.5	819.2	814.3	-1	

Divisions 2012	**Bricks & Tiles Europe**		**Pipes & Pavers Europe**		**North America**		**Holding & Others**		**Reconciliation**		
in mill. Euro and %											
Third party revenues	1,443.8	(-6%)	711.2	(>100 %)	193.8	(+43%)	5.4	(+23%)			
Inter-company revenues	2.4	(-27%)	0.3	(na)	0.1	(na)	8.7	(-2%)	-10.2	(-3%)	
Revenues	1,446.2	(-6%)	711.5	(>100 %)	193.9	(+43%)	14.1	(+7%)	-10.2	(-3%)	

Operating EBITDA 2)	183.5	(-22%)	67.4	(>100 %)	9.8	(>100 %)	-15.2	(-3%)			
Operating EBIT 2)	36.4	(-57%)	31.6	(>100 %)	-14.7	(+53%)	-22.3	(+2%)			
CFROI in % 5)	4.8	-	13.7	-	1.7	-	-24.4	-			
Total investments	65.4	(-43%)	183.9	(>100 %)	15.3	(+89%)	4.1	(>100 %)			
Capital employed	1,895.2	(-3%)	568.6	(>100 %)	458.7	(-5%)	8.8	(-62%)			
Ø Employees	8,743	(-3%)	3,044	(+100 %)	1,064	(-6%)	209	(+1%)			

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1) The data were adjusted to reflect a change in accounting policies

2) Adjusted for non-recurring income and expenses

3) Cash flow from operating activities minus cash flow from investing activities plus growth capex

4) Calculation based on average capital employed (2012 calculated on pro-forma 12-month basis)

5) Calculation based on average historical capital employed (2012 calculated on pro-forma 12-month basis)

6) Equity including non-controlling interests and hybrid capital

7) Adjusted for treasury stock

Note: In the table of the division data, changes in % to the comparable prior year period are shown in brackets.

emitter:	Wienerberger AG Wienerbergstraße 11 1100 Wien Austria
contact person:	Barbara Braunöck
phone:	+43-1-60-192-10221
e-mail:	communication@wienerberger.com
website:	www.wienerberger.com
ISIN(s):	AT0000831706 (share)
stock exchanges:	official trade in Vienna

Wienerberger