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## **Wienerberger AG: Successful year for Wienerberger in spite of difficult market environment**

Vienna (pta006/27.02.2014/08:00) - **Results for 2013:**

- **Group revenues: 2,662.9 million Euro (+13% versus 2012)**
- **Operating EBITDA: 266.5 million Euro (+9% versus 2012)**
- **After tax loss: 8 million Euro (versus loss of 41 million Euro in 2012)**
- **Net debt cut to 539 million Euro (versus 602 million Euro in 2012)**
- **Free cash flow of 93 million Euro**
- **Recommended dividend: 0.12 Euro per share (reflects 2012 dividend)**

**Outlook on 2014:**

- **Goal: increase in revenues and earnings, return to profit zone**
- **Slight positive developments expected in Europe**
- **Continuation of positive trend in the USA**
- **Focus remains on organic growth, financial discipline and strong free cash flow**

Wienerberger AG today announced results for the 2013 financial year. Revenues rose by 13% to 2.7 billion Euro and operating EBITDA by 9% to 266.5 million Euro. This sound growth was realized in an ongoing difficult market environment. Business development in Europe was negatively influenced by unusually severe weather during the first six months and by general weakness in the construction industry throughout the entire year. Although this region is responsible for roughly 90% of revenues, Wienerberger generated a sound increase in revenues and earnings during 2013. Growth was driven, above all, by the positive contribution from the pipe business and solid development in North America.

### **Successful year despite difficult markets - all ambitious operating and financial goals met**

"2013 was a successful year for the Wienerberger Group. In addition to the sound development of earnings in a difficult market environment, we met all our ambitious operating and financial goals. We also expanded our market positions in a number of countries. The restructuring measures launched in 2012 were implemented as planned during the past year, and net debt was reduced substantially by financial discipline and strict working capital management. The ratio of net debt to operating EBITDA equaled two years at the end of 2013, which is clearly lower than our internal target of less than two and one-half years. Even through the bottom line shows a small loss of 8 million Euro, we again demonstrated the strength of our business model by generating free cash flow of 93 million Euro in the past year", commented Heimo Scheuch, Chief Executive Officer of Wienerberger AG, on the development of business in 2013.

### **Net debt cut by 10% to 539 million Euro due to financial discipline, cost savings and strict working capital management**

Net debt was cut from 602 million Euro at year-end 2012 to 539 million Euro at the end of 2013. This reduction was the result of cost savings, financial discipline and successful working capital management. Restructuring measures were implemented as planned in the Clay Building Materials Europe Division and at Semmelrock. The resulting 19 million Euro of cost savings represent a slight increase over the originally expected 18 million Euro. The sale of non-core real estate brought approx. 14 million Euro of liquidity. Normal capex, which includes maintenance and technological improvements, amounted to 106 million Euro and remained below the 115 million Euro budgeted at the beginning of the year. Working capital fell from 25% of Group revenues in 2012 to 20%

in 2013.

### **Brick business in Europe negatively influenced by difficult market environment and severe weather**

The business drivers for Wienerberger's divisions and segments differed during 2013. The Clay Building Materials Europe Division was confronted not only with an ongoing difficult market environment during the entire year, but also with severe weather during the first six months - lengthy snowfalls followed by heavy rain and flooding in large parts of Europe. The second half-year brought stabilizing demand in line with expectations, and a positive effect from mild weather in the last quarter. However, these developments were unable to offset the revenue and earnings declines from the first half-year. Average prices roughly matched the prior year, whereby Wienerberger was able to implement price adjustments to cover cost inflation in Western Europe. In Eastern Europe, a proactive pricing policy led to an increase in market shares. The Clay Building Materials Europe Division recorded a 3% year-on-year decline in revenues to 1,402.4 million Euro and a 7% drop in operating EBITDA to 171.3 million Euro for 2013. The restructuring program launched in the third quarter of 2012 to align cost structures with the market, above all in the West European clay block and facing brick business, is being implemented as planned. Cost structures were improved and savings were realized through the optimization of shift models, the mothballing of plants, structural adjustments in administration and sales as well as the creation of additional plant clusters and market related product allocation.

### **Pipe business brings revenue and earnings growth**

The Pipes & Pavers Europe Division recorded a year-on-year increase of 45% in revenues to 1,029.5 million Euro and 49% in operating EBITDA to 100.3 million Euro in 2013. This sound development resulted, above all, from the initial consolidation of the Pipelife group and solid earnings growth in the plastic pipe business. Project tenders for pipe systems in Europe were limited by the consolidation pressure on national budgets. However, Wienerberger recorded above-average growth in the international project business with its large special pipes, which have a diameter of up to 2.5 meters. Pipelife is the world's largest supplier of these products. Together with a broad product portfolio of fiber-reinforced pipes and pipes for electrical and water installations in the industrial and private sectors, the plastic pipe business remained on a growth course in 2013. These results underscore the central importance of the pipe business for Wienerberger and confirm the Group's diversification strategy. Similar to the Clay Building Materials Europe Division, the Central-East Europe concrete paver business faced a difficult market environment in 2013. This business recorded an improvement in operating EBITDA, despite a decline in volumes, due to the implementation of organizational adjustments in 2012 and the resulting leaner cost structures.

### **Substantial revenue and earnings improvement in the USA**

Sound development was also recorded in North America, where the recovery in US new residential construction continued. Higher volumes and strict cost management led to higher margins in the US brick business. The North America Division reported an increase of 16% in revenues to 224.7 million Euro and 35% in operating EBITDA to 13.2 million Euro in 2013.

### **Managing Board recommends 0.12 Euro dividend to AGM**

The Managing Board will recommend to the annual general meeting on May 16, 2014, the payment of a 0.12 Euro dividend per share for the 2013 financial year. Heimo Scheuch explained this recommendation as follows: "The slight loss of 8 million Euro is contrasted by strong cash flow. We are on a good course and believe in Wienerberger's strength to also generate sustainable cash flows in the future. Through the dividend, we want to demonstrate this confidence to our shareholders."

### **Fourth Quarter of 2013**

The third quarter trends continued during the final quarter of 2013. Revenues reached 628.7 million Euro and were up by 3% compared to the third quarter of the previous year. Operating EBITDA rose by a significant 27% over the last three months of 2012 to 56 million Euro in the fourth quarter of 2013. The Clay Building Materials Europe Division recorded an increase of 3% in revenues to 337.0 million Euro and 43% in operating EBITDA to 39.8 million Euro in the fourth quarter of 2013, compared with the weather-related weaker results in the previous year. Mild weather in large parts of Europe during November and December 2013 had a positive effect and led to higher volumes in all of the division's product groups. The Pipes & Pavers Europe Division reported an increase of 2% in revenues to 236.9 million Euro and a 20% improvement in operating EBITDA to 19.6 million Euro. This growth was supported, above all, by sound operating results from Pipelife and Semmelrock because of better weather conditions compared with the previous year. In the North America Division, revenues rose by 3% over the comparable prior year period to 53.5 million Euro. Operating EBITDA fell from 4.2 million Euro in 2012 to 3.6 million Euro due to non-recurring effects in the

reporting period.

## Outlook and Strategy

Wienerberger's goal is to continue its growth course in 2014. Heimo Scheuch explained: "We are targeting a substantial increase in revenues and earnings for the full year as well as a return to the profit zone. I am expecting operating EBITDA of roughly 300 million Euro in 2014. The new residential construction market in Europe should stabilize or grow slightly, and the positive trend in the USA should continue. In the plastic pipe business, I cannot exclude a slight decline in operating earnings because it will be difficult to duplicate the good volumes from the project business in 2014. Our focus remains on financial discipline, which means the generation of free cash flow, an increase in profitability through continuous optimization, a restrictive investment policy and organic growth based on innovative, high-quality product solutions. We have budgeted 125 million Euro for normal capex in 2014, which includes maintenance as well as technological improvements. Plans call for the redemption of our bond in July 2014 from available cash balances, which should reduce interest expense. The ratio of net debt to operating EBITDA is also expected to remain below the targeted 2.5 years. The sale or development of non-core real estate should produce approx. 75 million Euro of additional liquidity by 2016. Within our financial capacity, we will also evaluate selective opportunities for smaller, value-creating acquisitions in the future."

## Continued focus on organic growth through innovation and product solutions with added benefits for customers

In the operating business, Wienerberger intends to continue its focus on organic growth over the coming years. The Group is planning to use its innovative strength, premium system solutions for building materials and comprehensive services to drive growth and expand market positions. Wienerberger is working continuously on solutions to offer its customers comfortable, energyefficient living and supply security for water, electricity and gas. For example, one of the Group's top products - a mineral wool-filled clay block - has been successfully positioned in Germany and is now being rolled out in other countries. A new filling line for the production of Wienerberger's future-oriented clay blocks started in Austria in the second half of 2013 and a similar production line will be started in the Czech Republic in the first quarter of 2014. This will create opportunities for further growth in these markets. "The investments in these production lines are comparatively low, but they form the basis for strengthening our market positions. That makes these investments a key part of Wienerberger's future growth strategy and the course we also want to follow in the future", added Heimo Scheuch in conclusion.

Details on results for 2013 are provided in the attached financial information. The full annual report for 2013 will be released on March 28, 2014 and also published on the Wienerberger homepage.

An interview with Heimo Scheuch on results for the 2013 financial year and the live Internet transmission of the press conference at 9:00 am can be found under [www.wienerberger.com](http://www.wienerberger.com).

## Wienerberger Group

Wienerberger is the world's largest producer of bricks (Porotherm, Terca) as well as number one on the clay roof tile market (Koramic, Tondach) in Europe and on the concrete paver market (Semmelrock) in Central-East Europe. In pipe systems (Steinzeug-Keramo ceramic pipes and Pipelife plastic pipes), the company is one of the market leaders in Europe. With 214 plants, Wienerberger generated revenues of 2,663 million Euro and operating EBITDA of 267 million Euro in 2013.

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Wienerberger AG is a pure free 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 |  | 2011 1) | 2012 | 2013 | Chg. in % |
|---------------|--|---------|------|------|-----------|
|---------------|--|---------|------|------|-----------|

|                             |               |         |         |         |      |
|-----------------------------|---------------|---------|---------|---------|------|
| Revenues                    | in mill. Euro | 1,915.4 | 2,355.5 | 2,662.9 | +13  |
| Operating EBITDA            | in mill. Euro | 240.4   | 245.5   | 266.5   | +9   |
| EBIT                        | in mill. Euro | 37.5    | -21.7   | 64.7    | >100 |
| Profit before tax           | in mill. Euro | 47.4    | -36.2   | -3.1    | +91  |
| Profit after tax            | in mill. Euro | 39.4    | -40.5   | -7.8    | +81  |
| Free cash flow 2)           | in mill. Euro | 135.0   | 163.6   | 92.9    | -43  |
| Normal capex                | in mill. Euro | 95.8    | 105.3   | 106.0   | +1   |
| Growth capex                | in mill. Euro | 55.9    | 163.4   | 0.7     | -100 |
| Employees                   |               | 11,893  | 13,060  | 13,787  | +6   |
| Net debt                    | in mill. Euro | 358.8   | 602.0   | 538.9   | -10  |
| Gearing                     | in %          | 14.8    | 25.5    | 23.9    | -    |
| Earnings per share          | in Euro       | 0.07    | -0.61   | -0.34   | +44  |
| Adjusted earnings per share | in Euro       | 0.09    | -0.25   | -0.40   | -60  |
| Dividend per share          | in Euro       | 0.12    | 0.12    | 0.12    | 0    |

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

2) Cash flow from operating activities less cash flow from investing activities plus growth capex.

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