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## Wienerberger AG: Successful year for Wienerberger despite impairment charges

Vienna (pta011/26.02.2015/07:30) - **Results 2014**

- Group revenues: Euro 2,834.5 million (+6% versus 2013)
- Operating EBITDA: Euro 317.2 million (+19% versus 2013)
- After-tax loss: Euro 170.0 million (versus loss of Euro 7.8 million in 2013)
- Free cash flow: Euro 130.6 million (versus Euro 92.9 million in 2013)
- Recommended dividend: Euro 0.15 per share

### **Outlook 2015**

- Goal: operating EBITDA of Euro 350 million
- Stable to slightly positive market environment in Europe
- Continued growth in the USA
- Focus remains on organic growth, financial discipline and strong free cash flow

### **Revenue and EBITDA-growth in challenging market environment**

Wienerberger AG today announced results for the 2014 financial year. Revenues rose by 6% to Euro 2.8 billion and operating EBITDA by 19% to Euro 317 million. The market environment generally remained challenging, whereby residential construction in Europe was stable to slightly positive with substantial regional and seasonal differences. Developments in the pipes and pavers segments were also stable to positive and offset declines in the international project business. The recovery in US new residential construction continued during the past year. The initial inclusion of the Tondach Gleinstätten Group contributed Euro 87 million to revenues and Euro 15 million to operating EBITDA.

### **Strong operating results lead to free cash flow of Euro 131 million**

Heimo Scheuch, Chief Executive Officer of Wienerberger AG, explained the company's business development as follows: "2014 was a very successful year for Wienerberger. Our operating performance was strong - we generated record revenues of over Euro 2.8 billion and, at Euro 317 million, exceeded our internal EBITDA target. In addition, we successfully completed the restructuring program started in 2012 with Euro 50 million of cost savings. I am also satisfied because we are on the right course with our ongoing optimization and efficiency improvement measures. We reported an after-tax loss of Euro 170 million for the year because of Euro 208 million in non-recurring, non-cash impairment charges to assets. The solid operating earnings however and the resulting strong free cash flow of roughly Euro 131 million clearly demonstrates the strength of our business model."

### **Net debt/operating EBITDA of 1.9 at year-end 2014 - improvement over 2013 despite acquisition of Tondach Gleinstätten**

Net debt rose from Euro 539 million in 2013 to Euro 622 million at year-end 2014. This increase resulted, above all, from the acquisition of Tondach Gleinstätten during the past year. The ratio of operating EBITDA to net debt improved over the previous year to 1.9 years as of December 31, 2014, which is clearly below our internal target of 2.5 at year-end. Restructuring measures in the Clay Building Materials Europe Division were implemented as planned and brought Euro 17 million of cost savings. These savings concluded the restructuring program started in 2012, which reduced costs by a total of Euro 50 million. The sale of non-core real estate generated approx. Euro 14 million of liquidity in 2014. Normal capex in the Wienerberger Group, which covers maintenance as well as investments in technical upgrades and product development, equaled Euro 122 million and was lower than the Euro 130 million budgeted at the beginning of the year. Growth investments, which included the acquisition of Tondach Gleinstätten and the extension of a pipe plant in the USA, totaled approx. Euro 41 million in 2014.

### **Clay Building Materials Europe Division: increase of 11% in revenues and 30% in operating EBITDA**

Business development in the Clay Building Materials Europe Division was characterized by regional and seasonal differences. The extremely mild weather at the beginning of the year led to an early start into the construction season and a strong first half-year. This momentum slowed during the third quarter, but the year closed with sound development in the last three months. Great Britain generated double-digit growth as a result of the "Help to buy" stimulus program. Belgium and Poland reported modest increases. In Germany, the market environment cooled significantly during the second half-year which led to a decline, above all, in the single- and two-family housing segment. Hungary, the Czech Republic, Italy and France reported in part strong declines. The same was true for the Netherlands, where the expected bottoming out became visible at year-end. Wienerberger increased volumes in all product groups and improved average prices in this environment. The Clay Building Materials Europe Division recorded an increase of 11% in revenues to Euro 1,551 million and 30% in operating EBITDA to Euro 223 million. This sound improvement was also supported by the full consolidation of the Tondach Gleinstätten Group starting in July, which contributed Euro 87 million to revenues and Euro 15 million to operating EBITDA. The implementation of restructuring steps in the clay block and facing brick segments led to the expected cost savings of Euro 17 million. Ongoing optimization measures also had a positive effect on earnings in this division.

### **Pipes & Pavers Europe Division: stable development**

The Pipes & Pavers Division recorded steady development in 2014, which was reflected in a 1% increase in revenues to Euro 1,041 million and stable EBITDA of Euro 100 million. Pipelife, the plastic pipe specialist, benefited from market recovery in Eastern Europe and increased market shares in its Nordic core markets. Earnings were lower than the previous year in Western Europe and the international project business fell substantially short of the prior year's record results. Steinzeug-Keramo, the leading supplier of ceramic wastewater pipes, recorded stable volumes in its European core markets, but a decline in exports to the Middle East. Semmelrock, the specialist for concrete pavers in Central-East Europe, generated double-digit volume growth. The resulting higher capacity utilization combined with optimization measures and a shift in the mix to premium products led to a sound improvement in Semmelrock's earnings.

### **North America Division: improvement in revenues**

The North America Division recorded 5% growth in revenues to Euro 236 million in 2014. Wienerberger used the continuing recovery in US new residential construction to increase volumes and extend its market shares. However, the price situation failed to stabilize during the second half-year and remained unsatisfactory. The market situation in Canada was also challenging. The North American pipe business was characterized by stable development at a high level. An unfavorable shift in the pipe product mix and plant commissioning costs had a negative effect on earnings and contributed also to the 15% decline in operating EBITDA to Euro 11 million for the Division.

### **Adjusted market assessments result in impairment charges to assets during the fourth quarter of 2014**

Wienerberger AG adjusted its expectations in certain markets to reflect recent developments and recognized approx. Euro 208 million of impairment charges to assets during the fourth quarter of 2014. Of this total, approx. Euro 101 million represent impairment charges to property, plant and equipment and Euro 107 million impairment charges to goodwill. These impairment charges have a non-recurring impact on earnings, and do not affect the liquidity position of the group. The impairment charges were related primarily to operations in the USA, Germany and Italy, but also included impairment charges to equipment in Russia and Estonia as a result of the ruble devaluation. Additional impairment charges were recognized at Pipelife France and in smaller peripheral markets. This does not mean Wienerberger has revised its long-term estimates for these markets, but is reacting to price-driven negative effects on earnings and slower recovery to a sustainable level. A normalized market with 1.5 million housing starts annually is still expected in the USA, but current information indicates this level will be reached later than previously forecasted. Measures have been introduced to optimize cost structures and improve earnings in affected countries. EBIT after the impairment charges to property, plant and goodwill is negative at Euro 107 million and the after-tax loss equals Euro 170 million.

### **Clear commitment to dividend policy**

The Supervisory Board and the Managing Board will make a recommendation to the Annual General Meeting on May 22, 2015, calling for the distribution of a Euro 0.15 dividend per share for the 2014 financial year. That represents a year-on-year increase of 25%. As to the reasons for this decision, Heimo Scheuch commented: "Wienerberger again demonstrated its strength by

generating free cash flow of Euro 131 million in 2014. We had a good operating year and want our shareholders to participate in this success. I am optimistic that we will be able to continue this course in the future. Consequently, we are setting a clear sign and reinforcing our commitment to dividend pay outs. The dividend will be linked in the future to free cash flow after the hybrid coupon payment, and our policy shall be to distribute between 10 and 30% of this free cash flow to our shareholders."

### **Outlook and Strategy**

Wienerberger's goal is to record a sound improvement in revenues and earnings during 2015. Heimo Scheuch added: "We will continue our growth course and have set a goal to generate Group EBITDA of Euro 350 million for the full year. In total, I see a stable to slightly positive market environment in Europe and growth in the USA. I therefore expect a moderate increase in volumes for the Clay Building Materials Europe Division. In the plastic pipe business, we are anticipating an improvement in the international project business and slight growth in the European core markets. Semmelrock and Steinzeug-Keramo set the course for earnings growth in previous years, and I expect an increase in earnings based on stable markets in 2015. Our North American brick business should record substantially higher volumes due to the market recovery. We also plan to continue our optimization and efficiency improvement program in all areas of the company this year. Our goals for the operating business are to generate further organic growth and expand our market positions in 2015, by relying on our innovative strength, our high-quality products and system solutions and our comprehensive range of supporting services."

### **Continued focus on financial discipline and strong cash flows**

The sale of real estate is forecasted to contribute approx. Euro 10 million to earnings in 2015. Wienerberger has budgeted Euro 140 million for normal capex, which includes maintenance and investments in technical upgrades and product development. "Our focus will remain on financial discipline and the generation of strong cash flows, which will be used primarily for organic growth, a moderate investment policy and the reduction of debt. We will also evaluate value-creating acquisitions in the future, whereby the strategic focus will be to expand our industrial base and increase the share of revenues generated on the renovation market", commented Heimo Scheuch in conclusion.

Details on results for 2014 are provided in the attached financial information. The full annual report for 2014 will be released on March 31, 2015 and also published on the Wienerberger homepage under [www.wienerberger.com](http://www.wienerberger.com).

An interview with Heimo Scheuch on results for the 2014 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 with leading market positions in bricks, roof tiles, pipe systems and concrete pavers

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 204 production sites, Wienerberger generated revenues of Euro 2,835 million and operating EBITDA of Euro 317 million in 2014.

### **For additional information contact**

Karin Steinbichler, Head of Corporate Communications Wienerberger AG

T +43 1 601 92 - 10149 | [communication@wienerberger.com](mailto:communication@wienerberger.com)

Klaus Ofner, Head of Investor Relations Wienerberger AG

T +43 1 601 92 - 10221 | [investor@wienerberger.com](mailto:investor@wienerberger.com)

If you do not wish to receive the Wienerberger newsletter any longer, send an e-mail with subject: "unsubscribe newsletter" to [communication@wienerberger.com](mailto:communication@wienerberger.com)

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>.<http://www.wienerberger.com/investor-relations/the-wienerberger-share/the-wienerberger-share/shareholder-structure>.

<b>Earnings Data</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Chg. in %</b>
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Revenues	in Euro mill.	2,355.50	2,662.90	2,834.50	6
Operating EBITDA	in Euro mill.	245.5	266.5	317.2	19
Operating EBIT	in Euro mill.	31	55.3	100.2	81
Profit before tax	in Euro mill.	-36.2	-3.1	-157.6	<-100
Profit after tax	in Euro mill.	-40.5	-7.8	-170	<-100
Free cash flow 1)	in Euro mill.	163.6	92.9	130.6	41
Normal capex	in Euro mill.	105.3	106	121.8	15
Growth capex	in Euro mill.	163.4	0.7	41.3	>100
Ø Employees		13,060	13,787	14,828	8
Net debt	in Euro mill.	602	538.9	621.5	15
Gearing	in %	25.5	23.9	30.4	-
Earnings per share	in Euro	-0.61	-0.34	-1.74	<-100
Adjusted earnings per share	in Euro	-0.25	-0.4	0.05	>100
Dividend per share	in Euro	0.12	0.12	0.15	25

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

emitter: Wienerberger AG  
Wienerbergstraße 11  
1100 Wien  
Austria

contact person: Karin Steinbichler  
phone: +43 1 60192-10149  
e-mail: communication@wienerberger.com  
website: www.wienerberger.com  
ISIN(s): AT0000831706 (share)  
stock exchanges: official trade in Vienna



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