

# Chief Executive's Review



Heimo Scheuch, Chief Executive Officer  
of Wienerberger AG

## *Ladies and Gentlemen,*

In 2016, we concentrated our efforts on the implementation of our strategy and succeeded in generating further organic growth through intensified innovation, diversification and optimization. Our EBITDA rose to € 404 million and we more than doubled our net profit, year on year, to € 82 million. This is all the more satisfactory in view of the fact that 2016 was a year marked by high volatility in some of our markets, currency and interest-rate fluctuations, and a downward trend in infrastructure spending in several Eastern European countries.

It also shows that Wienerberger has made great progress in its development in recent years and is now much better capable of addressing the challenges of a continuously changing environment.

Our industry, too, is in a state of profound transformation. The complexity of business processes is increasing and a wide variety of stakeholders are interacting more and more closely. Consequently, value chains are evolving

permanently. In this environment, it is essential for us to take advantage of the progressive digitalization of entire business processes, but not without taking social and ecological components into account in our decisions in the interest of sustainable corporate development.

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*As our performance shows, Wienerberger turns challenges into opportunities for sustainable growth.*

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As the year 2016 has shown, it is thanks to our role as the technology and innovation leader of our industry and the consistent implementation of our Digital Agenda that we are being increasingly successful in positioning our company as a strong partner in new construction, renovation and infrastructure by offering innovative products and services. Last year, we invested approximately 1% of our revenues in research and development and in future-oriented products, and innovative products accounted for 27% of our revenues. Our commitment

to “smart solutions” underlines that our strategic focus on innovation is an important pillar of our success and the foundation for long-term, organic growth.

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*Our strategic focus on innovation is an important pillar of our success.*

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Other central elements of our growth strategy are the continuous expansion of our market positions and the growing diversification of our business areas. During the year under review, we spent € 44 million on growth investments, thus strengthening our presence in the brick business in Eastern Europe and consolidating our pipe activities in Northern Europe. We will consistently pursue this course in 2017. However, our success is also due to a strong commitment to steady improvement. Through the ongoing optimization of our structures and processes in production and management we were able to cut costs by € 7 million last year, and we intend to achieve further savings of € 10 million in the current year.

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*We have set ourselves a clear growth target for 2017: we want to increase organic EBITDA to € 415 million.*

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2017 will again be marked by important developments in the political arena, such as the elections in the Netherlands, France, Germany and the Czech Republic, as well as the forthcoming BREXIT negotiations, all of which are bound to have a significant influence on the European economy. The financial markets will also feel the impact of interest-rate and currency fluctuations.

Against this background, we have set ourselves the ambitious target of increasing our EBITDA to € 415 million through organic growth, which is an improvement by 9% over the comparable previous year's figure.

Owing to our solid operational performance in recent years, we have a strong industrial and financial base, which we are going to use consistently for further sustainable growth. Strengthened by your trust and confidence, ladies and gentlemen, we look forward to continuing on this course together with you.

Yours  
