Wienerberger

# More reasons to stay relaxed: The Third Quarter.

Report on the Third Quarter of 2005

## Earnings Data

| Earnings Data | | 1-9/2004 | 1-9/2005 | Chg. in % | Year-end 2004 |
|---|---|---|---|---|---|
| Revenues | *in € mill.* | 1,325.5 | 1,468.6 | +11 | 1,758.8 |
| Operating EBITDA [1] | *in € mill.* | 317.9 | 332.4 | +5 | 405.4 |
| Operating EBIT [1] | *in € mill.* | 217.7 | 218.3 | 0 | 257.5 |
| Profit before tax | *in € mill.* | 202.8 | 196.9 | -3 | 231.4 |
| Profit after tax | *in € mill.* | 155.5 | 153.5 | -1 | 181.8 |
| Earnings per share adjusted [1] | *in €* | 2.21 | 2.11 | -5 | 2.54 |
| Free cash flow [2] | *in € mill.* | 162.4 | 117.6 | -28 | 300.7 |
| Maintenance capex | *in € mill.* | 60.7 | 55.0 | -9 | 90.4 |
| Growth investments | *in € mill.* | 340.2 | 183.7 | -46 | 542.2 |

## Balance Sheet Data

| Balance Sheet Data | | 31.12.2004 | 30.9.2005 | Chg. in % |
|---|---|---|---|---|
| Equity [3] | *in € mill.* | 1,367.2 | 1,447.5 | +6 |
| Net debt | *in € mill.* | 762.4 | 954.6 | +25 |
| Capital employed | *in € mill.* | 2,031.5 | 2,281.1 | +12 |
| Balance sheet total | *in € mill.* | 2,865.9 | 3,171.8 | +11 |
| Gearing | *in %* | 55.8 | 65.9 | - |
| Employees | | 12,154 | 13,290 | +9 |

## Stock Exchange Data

| Stock Exchange Data | | 1-12/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Share price high | *in €* | 36.35 | 39.10 | +8 |
| Share price low | *in €* | 21.10 | 31.40 | +49 |
| Share price at end of period | *in €* | 35.15 | 32.79 | -7 |
| Shares outstanding (weighted) [4] | *in 1,000* | 69,598 | 73,193 | +5 |
| Market capitalization (end of period) | *in € mill.* | 2,607.0 | 2,431.2 | -7 |

## Segments 1-9/2005

| Segments 1-9/2005 *in € mill. (%)* | Central-East Europe | | Central-West Europe | | North-West Europe | | USA | | Investments and Others [5] | |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | 379.8 | *(0)* | 292.6 | *(+1)* | 562.1 | *(+23)* | 251.5 | *(+16)* | -17.4 | *(-3)* |
| Operating EBITDA [1] | 103.3 | *(-12)* | 63.9 | *(-12)* | 126.5 | *(+34)* | 49.6 | *(+12)* | -10.9 | *(-3)* |
| Operating EBIT [1] | 67.3 | *(-23)* | 39.3 | *(-19)* | 85.6 | *(+42)* | 39.4 | *(+15)* | -13.3 | *(-3)* |
| Capex and acquisitions | 75.3 | *(-19)* | 44.9 | *(-7)* | 81.0 | *(-65)* | 35.7 | *(+23)* | 1.8 | *(-10)* |
| Capital employed | 550.4 | *(+28)* | 405.5 | *(+9)* | 956.4 | *(+26)* | 338.0 | *(+14)* | 30.8 | *(-33)* |
| Employees | 4,830 | *(+1)* | 1,894 | *(+4)* | 4,213 | *(+15)* | 2,194 | *(+8)* | 159 | *(+1)* |

*1) Adjusted for non-recurring income and expenses*
*2) Cash flow from operating activities less cash flow from investing activities plus growth investments*
*3) Equity including minority interest*
*4) Adjusted for treasury stock*
*5) Including Group eliminations and holding company costs; negative revenues are due to the offset of inter-company sales in this segment*

*Note: in the table of segment data, changes in % to the prior year are shown in brackets*

# Chief Executive's Review

***Dear Shareholders,***

Following a record year in 2004, Wienerberger is on the way to further increase results in 2005, although at a lower growth rate than in the past. Revenues for the first nine months rose 11% to € 1,468.6 million in spite of a stronger-than-expected slowdown in demand on our key markets Germany, Poland and Hungary as well as pressure on prices. Operating EBITDA improved 5% to € 332.4 million, but fell behind the growth in revenues because of a sharp rise in energy costs. The € 30 million EBITDA decline recorded in Germany, Poland and Hungary was more than offset by higher earnings in all other major countries as well as the first full-year consolidation of thebrickbusiness in Great Britain. Results for the first three quarters were good, above all in Belgium, Holland, France, Italy, the Czech Republic and the USA, although higher prices increased the cost of energy for the entire Group by € 19 million over the previous year.

*Wolfgang Reithofer, Chief Executive Officer of Wienerberger AG*

The months of July through September brought a general stabilization of the construction industry in Germany, Poland and Hungary compared to the first two quarters, but were unable to offset the weakness recorded at the beginning of the year. In Poland the market for wall building materials has contracted by approximately 10% in 2005 due to a shift in construction from single family houses to multi-storey dwellings. Over the coming months, we want to take advantage of this situation and further expand our market position through consolidation. In Hungary we could utilize our production capacity through exports to Romania. However, we were forced to adjust our prices in both Poland and Hungary. In Germany weak consumer confidence led to the postponement of construction projects and a further market decline of more than 10% from the very low prior year level.

**Program to optimize costs and capacity**

We have immediately adjusted our strategy to reflect the above-mentioned situation and strengthened our efforts to optimize both costs and capacity. Wienerberger is closing a total of 17 older and smaller plants in different regions – one-fourth in part or on a temporary basis – with a focus on Poland, Hungary and Germany, and is shifting production to newer and more efficient facilities. In this context, I expect non-recurring expenses of roughly € 11 million this year – € 5 million cash-out and € 6 million in write-offs. A total of € 5 million have been recognized by September 30.

**Investment of approximately € 250 mill. for growth projects in 2005**

In spite of temporary difficulties on a number of markets, Wienerberger is continuing its expansion course. We are planning approximately € 250 million of growth investments for 2005. These bolt-on projects will be financed primarily from cash flow, with roughly 70% representing investments in new plants or the expansion of capacity and 30% acquisitions. We will also consider larger acquisitions if suitable opportunities arise. These projects will be ranked according to financial criteria and availability, with current plans calling for 45% each in Eastern Europe and Western Europe and 10% in the USA.

**Reserved optimistic outlook on 2005, goal: +10% for 2006 remains valid**

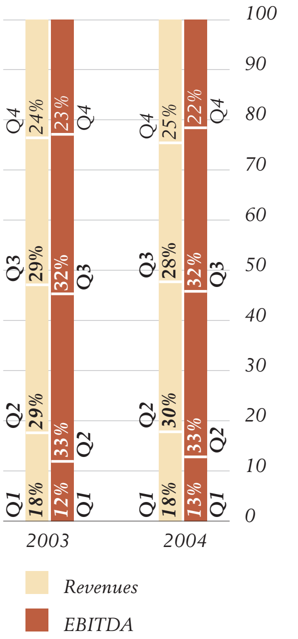
For 2005 I expect a slight improvement in operating EBITDA and adjusted earnings per share, but we will not reach +10% in either of these indicators. Our inability to meet this self-defined goal lies in the coincidence of weakness on selected markets with roughly € 30 million in higher energy costs. Assuming current price levels for natural gas and oil, I expect energy costs to exceed the current year level by € 45 million in 2006. If the market situation does not deteriorate to a noticeable extent, we should be able to transfer the major part of these cost increases to selling prices. In combination with the optimization measures introduced during the current year, our goal remains unchanged to increase EBITDA and earnings per share by roughly 10% in 2006.

Yours Wolfgang Reithofer

# Financial Review

**Revenues and EBITDA**

*as a % of 100*




## Earnings

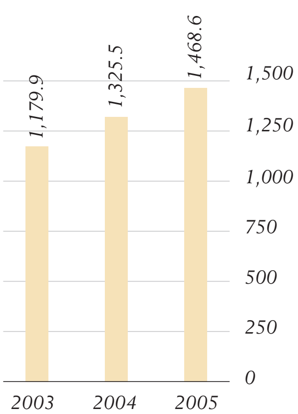
Wienerberger was again able to increase revenues and EBITDA during the first three quarters because of its balanced geographic portfolio despite a record year 2004, weakness on our key markets Germany, Poland and Hungary (together approx. 20% of revenues) and a sharp rise in energy costs. The negative impact of the lower average exchange rates for the US dollar and British pound was more than offset at the Group level by the revaluation of several East European currencies.

Group revenues rose by 11% to € 1,468.6 million, supported by the sound development of business in the North-West Europe and USA segments. Sales volumes declined in Central-West Europe due to Germany, and price adjustments were necessary in Central-East Europe in Poland and Hungary. In North-West Europe the good market environment in Belgium and France as well as the first full-year consolidation of Koramic Roofing and thebrickbusiness had a positive impact on results. In the USA both the demand for bricks and price levels remain strong. Operating EBITDA recorded by the Group increased 5% to € 332.4 million, but did not rise as strongly as revenues. However, it should be noted that the combined € 30 million EBITDA decline registered in Germany, Poland and Hungary as well as the € 19 million (price-related) rise in energy costs were more than offset by higher earnings in Belgium, Holland, France, Italy, the Czech Republic, Austria and the USA.

Depreciation resulting from the high level of investment in 2004 held Group operating EBIT at € 218.3 million, close to the prior year level of € 217.7 million. Plant shutdowns, above all in Poland, Hungary and Germany, triggered non-recurring expenses of € 5.0 million in the third quarter. Financial results deteriorated from € -14.9 to -16.4 million. This development resulted from a substantial increase in interest expense to finance the Group's expansion strategy as well as higher working capital, which was only in part offset by the strong improvement in at-equity results from Pipelife and Tondach Gleinstätten. Profit before tax declined 3% to € 196.9 million from January to September. In spite of a decline in the tax rate to 22.1% (2004: 23.3%) profit after tax fell 1% below the prior year level to € 153.5 million. Adjusted earnings per share equaled € 2.11, compared to € 2.21 for the first three quarters of 2004. This 5% decline is explained by the 7% rise in the weighted number of shares outstanding to 73.2 million (2004: 68.3 mill.) following the capital increase in June 2004.

**Revenues Q1 - Q3**

*in € million*




## Cash Flow

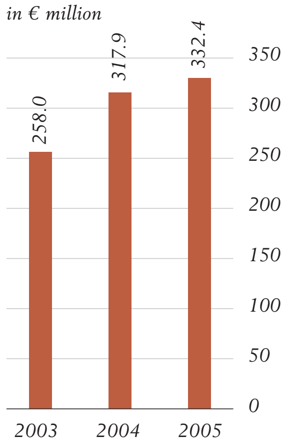
Gross cash flow totaled € 258.6 million for the first nine months, which represents an increase of 2% over the previous year. After the expected seasonal decline in working capital during the third quarter, cash flow from operating activities reached € 99.2 million and exceeded the six-month level by a substantial amount but remained € 97.0 million below the prior year. This development was the result of cash outflows to finance higher inventories as well as negative non-cash currency translation effects of € 34.4 million from the hedging reserve. The relevant contra item is shown under marketable securities as part of cash flow from investing activities. Cash outflows of € 238.7 million for investments and acquisitions include € 55.0 million of maintenance, replacement and rationalization investments (maintenance capex) and € 183.7 million of acquisitions and the construction or expansion of plants (growth investments). Dividends totaling € 78.0 million were paid to shareholders and € 21.3 million was used for the share buyback program. The exercise of options granted as part of the stock option plan generated cash inflows of € 4.5 million.

## Asset and Financial Position

Profit for the period and positive foreign exchange effects supported a 6% increase in equity from the level at year-end 2004 to € 1,447.5 million as of September 30, 2005. Net debt grew 25% to € 954.6 million due to the dividend payment, investments and the share buyback, but declined by roughly € 90 million due to the seasonal decline in working capital during the third quarter. Gearing rose from 55.8 to 65.9% since December 31, 2004 because of increased borrowings to finance growth investments and higher inventories, and is expected to fall slightly by the end of the year depending on possible acquisitions. The current level of debt provides sufficient latitude for the continuation of our profitable growth strategy.

**Operating EBITDA Q1 - Q3**

*in € million*




## The Third Quarter of 2005

Group revenues for the third quarter rose by 12% over the comparable prior year period to € 545.8 million. While the Central-East Europe segment recorded higher revenues in the Czech Republic, Poland, Romania and Slovakia, the only significant declines were reported in Hungary. Central-West Europe profited from a stable and sound market environment in Italy and Switzerland. Growth in North-West Europe was supported by strong new residential construction in Belgium and France as well as the full-year consolidation of thebrickbusiness in Great Britain. In the USA price increases and higher sales of purchased goods led to a plus of 17% in revenues.

**Lower selling prices in Poland and Hungary plus higher energy costs for the Group weaken 3rd quarter**

Operating EBITDA for the Group declined by only 1% to € 130.7 million in spite of higher energy costs and price adjustments in Poland and Hungary, above all during the third quarter. The Czech Republic, Romania, Italy, Belgium, France and the USA reported in part substantial earnings improvement, but Hungary and Poland again registered sizeable declines. Non-recurring expenses of € 5.0 million were recognized for plant closures during the third quarter (thereof € 3.4 mill. cash-out and € 1.6 mill. for extraordinary write-downs), and are shown separately on the income statement for transparency reasons.

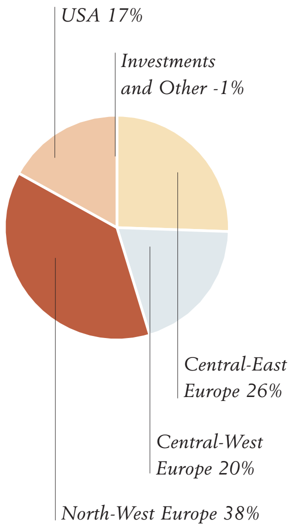
| Revenues in € million | 7-9/2004 | 7-9/2005 | Chg. in % |
|---|---|---|---|
| Central-East Europe | 149.8 | 156.4 | +4 |
| Central-West Europe | 108.3 | 111.8 | +3 |
| North-West Europe | 157.7 | 192.0 | +22 |
| USA | 79.6 | 92.9 | +17 |
| Investments and Other | -7.5 | -7.3 | +3 |
| **Wienerberger Group** | **487.9** | **545.8** | **+12** |

| Operating EBITDA in € million | 7-9/2004 | 7-9/2005 1) | Chg. in % |
|---|---|---|---|
| Central-East Europe | 50.5 | 45.1 | -11 |
| Central-West Europe | 36.1 | 28.3 | -22 |
| North-West Europe | 36.6 | 43.1 | +18 |
| USA | 17.0 | 19.3 | +14 |
| Investments and Other | -8.1 | -5.1 | +37 |
| **Wienerberger Group** | **132.1** | **130.7** | **-1** |

*1) Adjusted for non-recurring expenses of € 3.4 million*

# Segments

**Revenues by Segment**




## Central-East Europe

After an unusually strong prior year, the Central-East Europe segment was forced to record a temporary decline in earnings for the first nine months of 2005. However, with a 26% share of Group revenues, this segment remained significantly more profitable than the other regions and generated 31% of Group EBITDA.

Revenues totaled € 379.8 million and remained nearly unchanged compared to the first nine months of the previous year, but EBITDA fell 12% to € 103.3 million. This situation was the result of bad weather at the start of the year and – above all – current weakness on markets in Poland and Hungary as well as higher energy prices. In Poland construction activity has shifted from single family houses to multi-storey dwellings, and triggered a reduction of nearly 10% in the market for wall building materials during 2005. Wienerberger will use this situation to further increase its market share. A first successful step in this strategy was the acquisition of two plants in southern Poland, which is subject to approval by the cartel authorities. During the third quarter we closed two older hollow brick plants permanently and two other plants on a temporary basis in order to adjust capacity. In addition, the new Kupno brick plant will make a contribution toward improving our production costs. The market in Hungary also declined to a greater extent than expected at the start of the year. We therefore decided to stop production at two older plants and cut prices during the third quarter. However, we are able to utilize existing capacity and the new Tiszavasvari plant in eastern Hungary through exports to Romania and Bulgaria.

**Weaker market in Poland and Hungary, strong in Czech Republic, Romania and Slovakia**

A significant improvement in earnings was recorded in the Czech Republic, where slightly lower sales volumes were more than offset by cost optimization and price increases. The new Jezernice brick plant is already operating at full capacity and has reached top levels for production costs. Strong growth in sales volumes was registered in Romania, and led to a substantial improvement in earnings. Modest increases in revenues and earnings were reported by brick activities in Slovakia and Austria, while Slovenia and Croatia fell slightly behind the prior year. Semmelrock concrete pavers, our 75% holding, and the 50/50 Bramac concrete roof tile joint venture were also faced with difficult market conditions in Central-East Europe and reported minor declines in EBITDA.

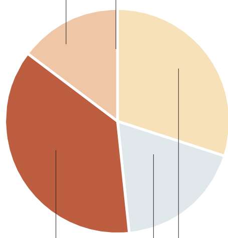
**Lower earnings in 2005, positive outlook for 2006**

Wienerberger continued the steady pursuit of its expansion strategy during the first nine months of 2005 with numerous bolt-on projects. Three new plants started operations in Poland, Hungary and the Czech Republic, and we acquired two bricks plants in the northern region of Slovakia. A further 12 bolt-on projects for bricks and concrete pavers are in progress or have already been realized. For 2005 we expect a decline in earnings from Central-East Europe, in keeping with the first nine months. In Poland and Hungary the market situation stabilized toward the end of the third quarter, while residential construction in the Czech Republic remained at a high level and the strong demand for bricks continued in Romania. The permanent or temporary shutdown of older plants has allowed us to steadily optimize production costs. The outlook for 2006 is positive. We expect stable market development in Poland, the Czech Republic and Hungary with a possible moderate upward trend during the second half of the year as well as an increase in new residential construction in Romania, Slovenia, Croatia and Slovakia. We plan to use this situation to realize a sizeable improvement in earnings.

| Central-East Europe | | 1-9/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Revenues | *in € mill.* | 381.5 | 379.8 | 0 |
| Operating EBITDA [1] | *in € mill.* | 116.8 | 103.3 | -12 |
| Operating EBIT [1] | *in € mill.* | 87.6 | 67.3 | -23 |
| Capex and acquisitions | *in € mill.* | 93.3 | 75.3 | -19 |
| Capital employed | *in € mill.* | 430.9 | 550.4 | +28 |
| Employees | | 4,803 | 4,830 | +1 |
| Sales volumes hollow bricks | *in mill. NF* | 2,677.0 | 2,675.2 | 0 |
| Sales volumes concrete pavers | *in mill. $m^2$* | 4.4 | 4.9 | +11 |
| Sales volumes concrete roof tiles [2] | *in mill. $m^2$* | 13.0 | 11.4 | -12 |

*1) Adjusted for non-recurring income and expenses*
*2) Sales volumes are not proportional, but reflect 100%*

**EBITDA by Segment**




## Central-West Europe

The Central-West Europe segment recorded a decline in earnings for the first three quarters of 2005 because of the weak market environment in Germany. This segment generated 20% of Group revenues and 19% of EBITDA.

**Germany weak, excellent results in Italy and Switzerland**

Revenues recorded in Central-West Europe increased 1% to € 292.6 million, while EBITDA fell 12% to € 63.9 million. This earnings decline was triggered solely by events in Germany, where a lack of consumer confidence led to the postponement of construction projects and, in turn, to a decrease in sales volumes of bricks and roofing materials. In addition, the efforts of concrete roof tile producers to regain market shares intensified the pressure on prices. This situation and the integration of the brick plants acquired from F. von Müller in April with our Koramic activities led to negative EBITDA in the German clay roof tile business. In contrast, brick and roofing activities in Switzerland and the hollow brick business in Italy reported excellent results.

**2006: earnings improvement in Germany after optimization**

During the last quarter of 2005 we expect a continuation of the difficult market situation in Germany with pressure on margins as well as steady earnings growth in Switzerland and Italy. In 2006 residential construction in Germany should stagnate or decline slightly, with a further consolidation phase in the industry. The optimization measures implemented this year should lead to an improvement in operating earnings during 2006. In Italy Wienerberger forecasts a minor decline in profitability from the current high level, while Switzerland should be able to increase earnings in a positive market environment.

| Central-West Europe | | 1-9/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Revenues | *in € mill.* | 288.6 | 292.6 | +1 |
| Operating EBITDA [1] | *in € mill.* | 72.7 | 63.9 | -12 |
| Operating EBIT [1] | *in € mill.* | 48.6 | 39.3 | -19 |
| Capex and acquisitions | *in € mill.* | 48.2 | 44.9 | -7 |
| Capital employed | *in € mill.* | 370.7 | 405.5 | +9 |
| Employees | | 1,817 | 1,894 | +4 |
| Sales volumes hollow bricks | *in mill. NF* | 1,742.1 | 1,573.8 | -10 |
| Sales volumes facing bricks | *in mill. WF* | 169.5 | 129.6 | -24 |
| Sales volumes clay roof tiles | *in mill. $m^2$* | 3.1 | 4.4 | +42 |

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

## North-West Europe

**North-West Europe as growth driver in the Wienerberger Group**

During the first nine months of 2005 the North-West Europe segment served as the growth driver for the Wienerberger Group. The market environment was favorable in France and Belgium, stable in Holland and Scandinavia and declined as expected in Great Britain. The first full-year consolidation of Koramic Roofing and thebrickbusiness had a positive impact on results. This segment generated 38% of Group revenues and EBITDA.

**Successful growth strategy triggers substantial increase in earnings**

The North-West Europe segment recorded an increase of 23% in revenues to € 562.1 million and 34% in EBITDA to € 126.5 million. This development was supported not only by acquisitions but also by higher sales volumes and prices for hollow bricks in France, Holland and Belgium. Facing brick activities in Great Britain and Holland reported slight volume declines, but were able to offset rising energy costs with price increases. Clay roof tile activities in Belgium, Holland and France as well as exports to Scandinavia also realized growth in sales volumes and higher prices.

**Target for 2006: further increase in earnings over high 2005 level**

The year 2005 has been characterized by strong new residential construction in Belgium and France, which has led to a significant improvement in earnings from these countries. In Holland EBITDA will be satisfactory because of ongoing cost optimization and rising exports to Northern Europe, although domestic demand has stagnated. In Great Britain the brick market has shown a contraction throughout the year, but we are profiting from the full-year consolidation of thebrickbusiness. Residential construction in Belgium should demonstrate moderate growth in 2006, but the expected upturn in Holland will be delayed once again. Despite the sharp rise in energy prices, our goal is to increase earnings in these two countries. In France we want to use the positive environment to realize a further improvement in revenues and EBITDA. Forecasts call for a general stabilization of the market in Great Britain, which will be used to realize modest growth in revenues and earnings after the integration and optimization of thebrickbusiness.

| North-West Europe | | 1-9/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Revenues | *in € mill.* | 456.1 | 562.1 | +23 |
| Operating EBITDA [1] | *in € mill.* | 94.6 | 126.5 | +34 |
| Operating EBIT [1] | *in € mill.* | 60.1 | 85.6 | +42 |
| Capex and acquisitions | *in € mill.* | 228.3 | 81.0 | -65 |
| Capital employed | *in € mill.* | 757.5 | 956.4 | +26 |
| Employees | | 3,671 | 4,213 | +15 |
| Sales volumes of hollow bricks | *in mill. NF* | 732.5 | 777.5 | +6 |
| Sales volumes of facing bricks | *in mill. WF* | 963.5 | 1,275.9 | +32 |
| Sales volumes of clay roof tiles | *in mill. m²* | 9.0 | 9.4 | +4 |

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

## USA

In the first nine months of 2005, 17% of Group revenues and 15% of EBITDA were recorded in the USA. Revenues rose to € 251.5 million and exceeded the comparable prior period by 16%, while EBITDA rose 12% to € 49.6 million. The acquisition of three brick merchants led to a slight decline in the margin. Wienerberger now generates 24% (2004: 15%) of revenues in the USA with purchased goods (bricks, mortar and related products). This strong growth was also supported by an 8% increase in the price level, which more than offset the 1% decline in sales volumes. Our production facilities are operating at full capacity, and the decrease in sales volumes was due to the unavailability of products following a lower level of inventories compared to the prior year. The weaker average exchange rate of the US dollar had a negative consolidation impact, which was reflected in a reduction of € 7.7 million to revenues and € 1.5 million on EBITDA. Additionally the substantial rise in energy costs lowered our earnings growth.

**Strong new residential construction leads to solid demand and higher EBITDA**

Based on the strength of new residential construction in the USA, we expect new record results for 2005. Forecasts show a modest slowdown of new housing starts during 2006, which is not expected to influence the volume of bricks sold. Our strategy is focused on the further expansion of direct sales as well as the optimization of costs through large plant sites. If the demand for bricks should decline – an event that is possible, but not expected at this time – we could close older factories to achieve a better cost basis and further improve our competitive position.

**Record results in the USA for 2005 with further improvement expected for 2006**

| USA | | 1-9/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Revenues | *in € mill.* | 216.2 | 251.5 | +16 |
| Operating EBITDA [1] | *in € mill.* | 44.4 | 49.6 | +12 |
| Operating EBIT [1] | *in € mill.* | 34.3 | 39.4 | +15 |
| Capex and acquisitions | *in € mill.* | 29.1 | 35.7 | +23 |
| Capital employed | *in € mill.* | 297.5 | 338.0 | +14 |
| Employees | | 2,038 | 2,194 | +8 |
| Sales volumes of facing bricks | *in mill. WF* | 952.1 | 943.5 | -1 |

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

## Investments and Other

The Investments and Other segment is comprised primarily of the holding company and related costs as well as the non-core activities of the Group, which include real estate and a stove tile plant in Austria. Revenues in this segment fell 41% to € 12.5 million and EBITDA nearly matched the prior year level.

| Investments and Other | | 1-9/2004 | 1-9/2005 | Chg. in % |
|---|---|---|---|---|
| Revenues [1] | *in € mill.* | 21.1 | 12.5 | -41 |
| Operating EBITDA [2] | *in € mill.* | -10.6 | -10.9 | -3 |
| Operating EBIT [2] | *in € mill.* | -12.9 | -13.3 | -3 |
| Capital employed | *in € mill.* | 46.0 | 30.8 | -33 |
| Employees | | 157 | 159 | +1 |

*1) Excluding Group eliminations*
*2) Adjusted for non-recurring income and expenses*

# Interim Financial Statements (IFRS) Wienerberger Group

## Income Statement

| *in TEUR* | 7-9/2005 | 7-9/2004 | 1-9/2005 | 1-9/2004 |
|---|---|---|---|---|
| Revenues | 545,771 | 487,872 | 1,468,567 | 1,325,461 |
| Cost of goods sold | -325,733 | -286,954 | -901,424 | -801,723 |
| **Gross profit** | **220,038** | **200,918** | **567,143** | **523,738** |
| Selling expenses | -96,438 | -82,536 | -273,171 | -232,213 |
| Administrative expenses | -28,801 | -24,436 | -83,228 | -69,296 |
| Other operating expenses | -4,776 | -6,651 | -13,593 | -19,626 |
| Other operating income | 4,859 | 9,999 | 21,135 | 15,062 |
| Amortization of goodwill | 0 | 0 | 0 | 0 |
| **Operating profit before non-recurring items** | **94,882** | **97,294** | **218,286** | **217,665** |
| Non-recurring write-offs and provisions for restructuring | -4,977 | 0 | -4,977 | 0 |
| Non-recurring income | 0 | 0 | 0 | 0 |
| **Operating profit after non-recurring items** | **89,905** | **97,294** | **213,309** | **217,665** |
| Income from investments in associates | 9,157 | 3,764 | 20,793 | 8,468 |
| Other financial results | -13,861 | -4,762 | -37,158 | -23,351 |
| **Financial results** | **-4,704** | **-998** | **-16,365** | **-14,883** |
| **Profit before tax** | **85,201** | **96,296** | **196,944** | **202,782** |
| Income taxes | -20,638 | -23,086 | -43,441 | -47,262 |
| **Profit after tax** | **64,563** | **73,210** | **153,503** | **155,520** |
| Thereof minority interest | 2,631 | 2,287 | 3,705 | 4,443 |
| **Thereof net profit of the parent company** | **61,932** | **70,923** | **149,798** | **151,077** |
| | | | | |
| **Adjusted earnings per share before non-recurring items** | **0.91** | **0.96** | **2.11** | **2.21** |
| **Earnings per share (in EUR)** | **0.85** | **0.96** | **2.05** | **2.21** |
| **Diluted earnings per share (in EUR)** | **0.85** | **0.96** | **2.04** | **2.21** |

## Segment Reporting

| **1-9/2005** *in TEUR* | Central-East Europe | Central-West Europe | North-West Europe | USA | Investments and Other [1] | Group Eliminations | Wienerberger Group |
|---|---|---|---|---|---|---|---|
| Revenues | 379,750 | 292,642 | 562,107 | 251,450 | 12,487 | -29,869 | **1,468,567** |
| Operating EBITDA [2] | 103,308 | 63,934 | 126,516 | 49,590 | -10,928 | | **332,420** |
| Operating EBIT [2] | 67,279 | 39,250 | 85,588 | 39,390 | -13,221 | | **218,286** |
| Capex and acquisitions | 75,285 | 44,925 | 80,986 | 35,743 | 1,757 | | **238,696** |
| Capital employed | 550,363 | 405,450 | 956,418 | 337,997 | 30,913 | | **2,281,141** |
| Employees | 4,830 | 1,894 | 4,213 | 2,194 | 159 | | **13,290** |
| | | | | | | | |
| **1-9/2004** | | | | | | | |
| Revenues | 381,477 | 288,559 | 456,083 | 216,162 | 21,079 | -37,899 | **1,325,461** |
| Operating EBITDA [2] | 116,842 | 72,660 | 94,631 | 44,429 | -10,693 | | **317,869** |
| Operating EBIT [2] | 87,628 | 48,599 | 60,113 | 34,332 | -13,007 | | **217,665** |
| Capex and acquisitions | 93,313 | 48,240 | 228,334 | 29,099 | 1,911 | | **400,897** |
| Capital employed | 430,937 | 370,699 | 757,489 | 297,491 | 45,939 | | **1,902,555** |
| Employees | 4,803 | 1,817 | 3,671 | 2,038 | 157 | | **12,486** |

*1) The Investments and Other segment includes holding company costs.*
*2) Adjusted for non-recurring income and expenses*

## Balance Sheet

| *in TEUR* | 30.9.2005 | 31.12.2004 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 556,584 | 522,064 |
| Property, plant and equipment | 1,465,919 | 1,337,568 |
| Investment property | 32,612 | 54,872 |
| Investments in associates | 99,239 | 76,329 |
| Other financial investments | 21,677 | 21,835 |
| Deferred tax assets | 72,226 | 42,737 |
| **Non-current assets** | **2,248,257** | **2,055,404** |
| Inventories | 443,850 | 391,435 |
| Trade receivables | 269,633 | 172,753 |
| Other current receivables | 101,136 | 89,301 |
| Marketable securities | 37,230 | 70,517 |
| Cash and cash at bank | 71,681 | 86,492 |
| **Current assets** | **923,530** | **810,497** |
| **Total Assets** | **3,171,787** | **2,865,901** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| Issued capital | 74,168 | 74,168 |
| Share premium | 415,052 | 415,052 |
| Retained earnings | 1,000,685 | 962,644 |
| Treasury stock | -30,117 | -13,327 |
| Translation reserve | -49,700 | -105,502 |
| Minority interest | 37,405 | 34,178 |
| **Equity** | **1,447,493** | **1,367,214** |
| Employee-related provisions | 74,935 | 70,810 |
| Provisions for deferred taxes | 102,699 | 92,130 |
| Other non-current provisions | 55,439 | 51,050 |
| Long-term borrowings | 953,326 | 654,711 |
| Other non-current liabilities | 47,238 | 25,028 |
| **Non-current provisions and liabilities** | **1,233,637** | **893,729** |
| Provisions for current taxes | 581 | 563 |
| Other current provisions | 45,735 | 56,431 |
| Short-term borrowings | 123,672 | 278,171 |
| Trade payables | 151,901 | 145,349 |
| Other current liabilities | 168,768 | 124,444 |
| **Current provisions and liabilities** | **490,657** | **604,958** |
| **Total Equity and Liabilities** | **3,171,787** | **2,865,901** |

## Capital and Reserves

| *in TEUR* | Group | Minorities | Total |
|---|---|---|---|
| **Balance on 1.1.2005** | **1,333,036** | **34,178** | **1,367,214** |
| Net profit/minority interest | 149,798 | 3,705 | 153,503 |
| Dividend payments | -78,040 | -2,411 | -80,451 |
| Currency translation adjustment | 55,803 | 1,267 | 57,070 |
| Hedging reserves | -34,403 | -12 | -34,415 |
| Capital increase/decrease | 0 | 1,600 | 1,600 |
| Increase/decrease in treasury stock | -16,790 | 0 | -16,790 |
| Increase/decrease in minority interest | 0 | -922 | -922 |
| Other changes | 684 | 0 | 684 |
| **Balance on 30.9.2005** | **1,410,088** | **37,405** | **1,447,493** |

## Statement of Cash Flows

| *in TEUR* | 1-9/2005 | 1-9/2004 |
|---|---|---|
| Profit after tax | 153,503 | 155,520 |
| Depreciation and amortization | 114,134 | 100,204 |
| Non-cash, non-recurring write-offs related to restructuring | 1,585 | 0 |
| Write-up of fixed and financial assets | -657 | -659 |
| Increase/decrease in long-term provisions | 13,520 | 12,167 |
| Income from investments in associates | -20,793 | -8,468 |
| Income/loss on the disposal of fixed and financial assets | -2,662 | -6,150 |
| **Gross cash flow** | **258,630** | **252,614** |
| | | |
| Increase/decrease in inventories | -43,643 | -16,226 |
| Increase/decrease in trade receivables | -94,806 | -88,018 |
| Increase/decrease in trade payables | 3,872 | 8,548 |
| Increase/decrease in other net current assets | 9,779 | 44,066 |
| Changes in non-cash items resulting from foreign exchange translation | -34,613 | -4,733 |
| **Cash flows from operating activities** | **99,219** | **196,251** |
| | | |
| Proceeds from the sale of assets | 40,360 | 42,848 |
| Purchase of property, plant and equipment and intangible assets | -193,032 | -157,623 |
| Purchase of financial assets | -209 | -55,404 |
| Increase/decrease in marketable securities | 33,231 | -12,911 |
| Cash flow from changes in the consolidation range | -45,603 | -243,274 |
| **Cash flow from investing activities** | **-165,253** | **-426,364** |
| | | |
| Increase/decrease in long-term borrowings | 299,112 | 28,683 |
| Increase/decrease in short-term borrowings | -152,726 | 355 |
| Dividends paid by Wienerberger AG | -78,040 | -49,777 |
| Dividends paid to minority shareholders as well as capital decrease | -2,411 | -1,610 |
| Dividend payments from associates | 0 | 2,400 |
| Capital increase by Wienerberger AG | 0 | 223,913 |
| Proceeds from the exercise of stock options | 4,536 | 0 |
| Purchase of treasury stock | -21,325 | 0 |
| **Cash flows from financing activities** | **49,145** | **203,964** |
| | | |
| **Change in cash and cash at bank** | **-16,888** | **-26,149** |
| Effect of exchange rate fluctuations on cash held | 2,077 | 2,254 |
| Cash and cash at bank at the beginning of the period | 86,492 | 126,704 |
| **Cash and cash at bank at the end of the period** | **71,681** | **102,809** |
| Thereof cash and cash at bank | 71,681 | 102,809 |

# Notes to the Interim Financial Statements

## Significant Accounting Policies

The interim report as of September 30, 2005 was prepared in accordance with the principles set forth in International Financial Reporting Standards, Guidelines for Interim Reporting (IAS 34).

The accounting and valuation methods in effect on December 31, 2004 remain unchanged. Emission trading guideline RL 2003/87/EG took effect in the European Union on January 1, 2005 and requires the Wienerberger Group to redeem certificates for the emission of the greenhouse gas $CO_2$, which is created as part of the process used to manufacture bricks. In accordance with this guideline, companies that emit $CO_2$ are granted a specific number of free certificates by municipal authorities to redeem this obligation. Depending on actual emissions, companies may either purchase additional certificates or sell unused certificates on the market. The Wienerberger Group has been allocated roughly 2.7 million tons of free $CO_2$ emission rights per year for the period from 2005 to 2007. The IASB defined an accounting procedure for emission certificates in the form of IFRIC 3, but this regulation was rejected by the EU Commission and has since been withdrawn. Therefore, Wienerberger continues to apply the previous policy and records emission rights based on IAS 20 and IAS 38 at an acquisition price of zero. In keeping with this accounting treatment, the income statement only includes expenses for the required purchase of additional certificates due to insufficient allocation or income from the sale of unused emission rights.

Wienerberger manages its business on a regional basis, which gives local operating management responsibility for all core products within a country. The segment reporting reflects the regional focus of the Wienerberger Group, and remains unchanged since December 31, 2004.

As part of the 2005 tax reform, the Austrian Parliament reduced the corporate income tax rate from 34 to 25%. This tax rate will take effect with the assessment for 2005. In accordance with IAS 12.47, all provisions for deferred taxes in Austria have been calculated at this new lower rate since December 31, 2004.

IFRS (IAS) differ from Austrian accounting regulations (Austrian Commercial Code) in the calculation of deferred taxes, the determination of provisions (including employee-related provisions), the valuation of marketable securities, and the reporting of extraordinary income and expense. For additional information on the accounting and valuation principles, see the financial statements as of December 31, 2004, which form the basis for these interim financial statements.

## Basis of Consolidation

The consolidated financial statements include all major Austrian and foreign companies in which Wienerberger AG has management control or directly or indirectly owns the majority of shares. Joint venture companies of the Schlagmann and Bramac Groups are consolidated on a proportional basis at 50%. The majority stake in von Müller Dachprodukte GmbH & Co. KG with two clay roof tile plants in Germany, which was acquired in March 2005, as well as two brick plants in Slovakia that were purchased during the second quarter and one plant in Denmark were included through full consolidation for the first time.

The comparable prior year period of January 1 to September 30, 2004 includes Koramic Roofing at only 50% for the first quarter. Three brick plants and one concrete paver plant in Poland, which were consolidated for the first time during the second quarter of 2004, two brick plants of the Wewers Group in Denmark as well as thebrickbusiness, the third largest producer of bricks in Great Britain that was fully consolidated as of September 24, 2004, are only included in results for the first nine months of 2004 on a pro rata temporis basis.

Changes in the consolidation range increased revenues by TEUR 98,566 and EBITDA by TEUR 17,586 for the period from January 1, 2005 to September 30, 2005.

## Seasonality

Due to the negative impact of the weather on construction activity, Wienerberger sells low volumes during the first and last months of the year. These seasonal fluctuations are demonstrated by data from the first or fourth quarters of the year, which generally lie below results for the second and third quarters.

## Notes to the Income Statement

Group revenues rose by 11% over the first nine months of 2004 to TEUR 1,468,567.

Operating profit before depreciation and amortization (operating EBITDA) reached TEUR 332,420, which represents an increase of 5% over the comparable prior year value of TEUR 317,869. Financial results for the first nine months of 2005, including income from associates, comprise TEUR -35,071 (2004: TEUR -23,499) of net financing costs and TEUR 18,706 (2004: TEUR 8,616) of other income from financing activities. Following the harmonization of reporting schedules, results from the Tondach Gleinstätten Group were included in the equity valuation for the same reporting period; results recorded for the entire year 2004 were therefore recognized in the first nine months of this year.

Restructuring measures were implemented primarily in Germany, Poland and Hungary during the third quarter of 2005 in order to adjust capacity to reflect the weaker demand in these countries. The related restructuring expenses total TEUR 4,977 and include TEUR 1,585 of extraordinary write-downs, which are shown on the income statement under non-recurring write-offs and provisions for restructuring.

The number of issued shares totaled 74,167,796 as of September 30, 2005. Wienerberger carried out a share buyback during the period from March 24, 2005 to May 6, 2005, which resulted in the purchase of 600,000 shares of Wienerberger stock. The first exercise of options as part of the company's stock option plan led to the purchase of 252,000 Wienerberger shares at a price of EUR 18.00 per share by the Wienerberger management. These options were serviced from treasury stock, which totaled 981,005 as of September 30, 2005 after the exercise and was deducted in the calculation of earnings per share. The weighted number of shares outstanding from January 1, 2005 to September 30, 2005 was 73,193,407.

## Notes to the Statement of Cash Flows

Gross cash flow totaled TEUR 258,630 for the first nine months and exceeded the comparable prior year level by roughly 2%. The dollar-euro swap led to a reduction of TEUR 34,415 in the hedging reserve and to a decrease of the same amount in cash flow from operating activities. The contra item to the hedging reserve is reported as part of cash flow from investing activities under marketable securities, which increased by TEUR 34,415. Cash outflows of TEUR 238,696 for investments and acquisitions represent TEUR 54,994 of maintenance, replacement and rationalization investments (maintenance capex) and TEUR 183,701 of acquisitions and the construction or expansion of plants (growth investments). Dividends totaling TEUR 78,040 were paid to shareholders and TEUR 21,325 was used for the share buyback program. The exercise of options granted as part of the stock option plan generated cash inflows of TEUR 4,536.

## Notes to the Balance Sheet

Growth investments made during the first nine months of the business year increased fixed and financial assets by TEUR 183,701. Net debt rose by TEUR 192,119 due to the higher level of working capital, dividend payment and investments. Positive currency translation adjustments for the first three quarters of 2005, which were not recognized to the income statement, totaled TEUR 55,803; these differences were generated primarily in the USA. The increase in equity is contrasted with a decline of TEUR 34,403 in the hedging reserve. Profit after tax led to an increase of TEUR 149,798 in equity. The seven-year, bullet repayment bond that was issued in April 2005 with a volume of TEUR 400,000 is shown under long-term borrowings.

The Managing Board of Wienerberger AG
Vienna, November 2005

W. Reithofer H. Scheuch H. Tschuden J. Windisch

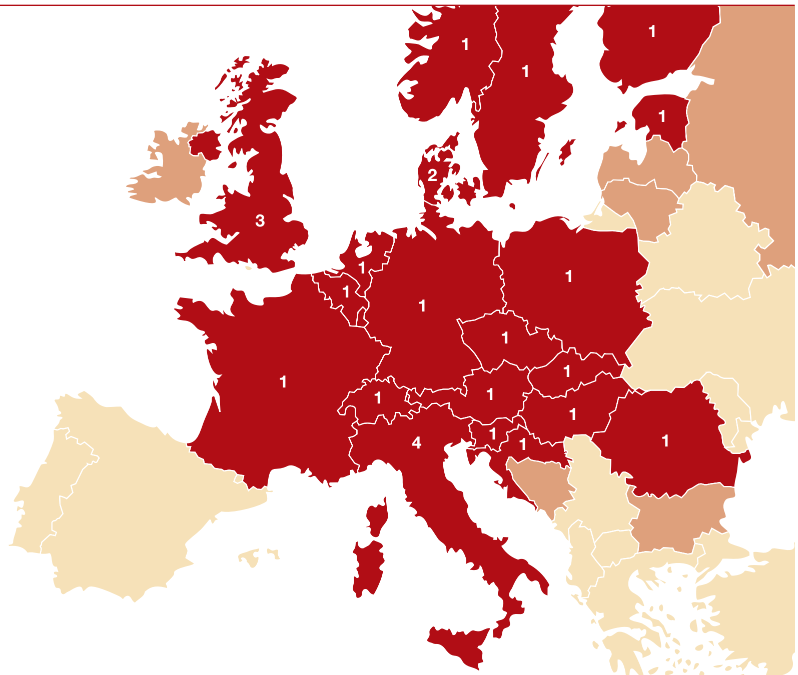
# Market Positions and Segments

Wienerberger is the world's largest producer of bricks and number 2 on the roofing market in Europe with a current total of 232 plants in 24 countries.

**Wienerberger market positions in hollow and/or facing bricks**

## Wienerberger Brick Markets in Europe

**Nr. 1 in Europe**



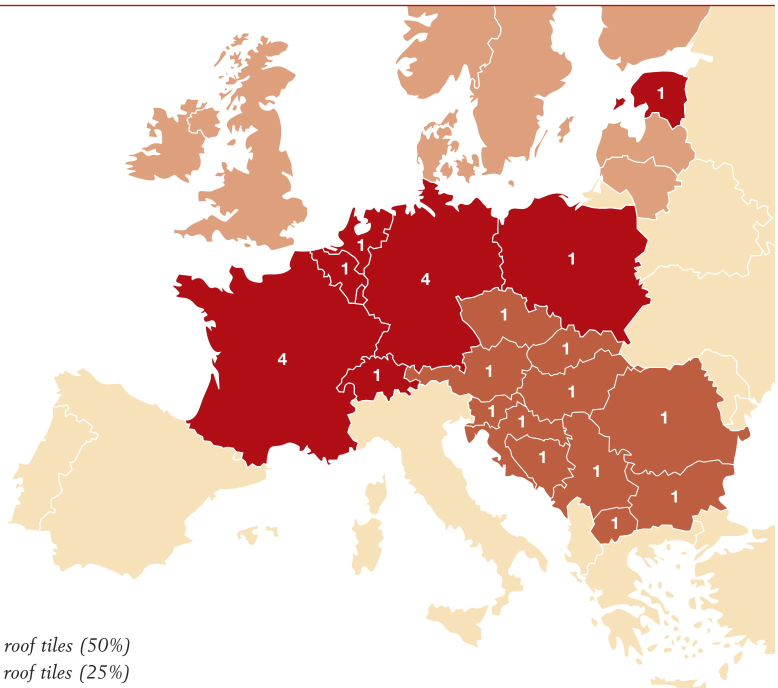

*Wienerberger Markets*

*Export Markets*

**Wienerberger market positions in clay and/or concrete roof tiles**

## Wienerberger Roofing Markets in Europe

**Nr. 2 in Europe**




*Wienerberger Markets*

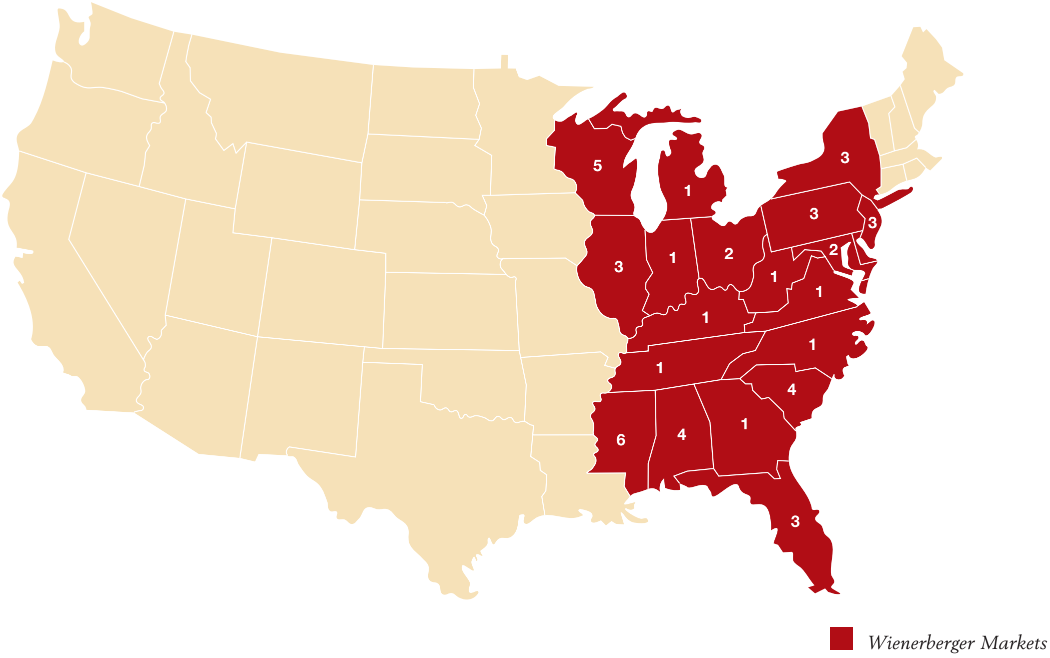
*Export Markets*

*Joint ventures Bramac concrete roof tiles (50%) and Tondach Gleinstätten clay roof tiles (25%)*

## Wienerberger Brick Markets in the USA

**Nr. 2 in the USA**

**Wienerberger market positions in facing bricks**




## Business Segments of Wienerberger Group

| Central-East Europe | Central-West Europe | North-West Europe | USA | Investments and Other |
|---|---|---|---|---|
| Austria | Germany | Belgium | Southeast | Pipelife |
| Hungary | Switzerland | Holland | Midwest | Real Estate |
| Czech Republic | Italy | France | Mid-Atlantic | Headquarters |
| Poland | | Great Britain | | |
| Slovakia | | Scandinavia | | |
| Croatia | | Finland | | |
| Slovenia | | Baltics | | |
| Romania | | | | |
| Bosnia | | | | |
| Semmelrock | | | | |
| Bramac | | | | |
| Tondach Gleinstätten | | | | |

*Status: November 2005*

# Financial Calendar

| | |
|---|---|
| **November 16, 2005** | Third Quarter Results for 2005 |
| **November 17/18, 2005** | Capital Markets Day in Vienna, Austria |
| **November 28, 2005** | Investor Meetings in the USA at Austria Day in New York |
| **February 15, 2006** | Preliminary Results for 2005 |
| **March 28, 2006** | 2005 Results: Press and Analysts Conference in Vienna |
| **March 29, 2006** | 2005 Results: Analysts Conference in London |
| **April 27, 2006** | 137th Annual General Meeting at the Vienna Trade Fair Congress Center |
| **April 28, 2006** | Deduction of dividends for 2005 (ex-day) |
| **May 3, 2006** | First Quarter Results for 2006 |
| **May 4, 2006** | First day of payment for 2005 dividends |
| **August 22, 2006** | Results for the First Six Months of 2006: Press and Analysts Conference in Vienna |
| **August 23, 2006** | Results for the First Six Months of 2005: Analysts Conference in London |
| **November 8, 2006** | Third Quarter Results for 2006 |

## Information on the Company and the Wienerberger Share:

| | |
|---|---|
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| Internet | www.wienerberger.com |
| Vienna Stock Exchange | WIE |
| Reuters | WBSV.VI |
| Bloomberg | WIE AV |
| Datastream | O: WNBA |
| ADR Level 1 | WBRBY |
| ISIN | AT0000831706 |

**Wienerberger Online Annual Report 2004: http://annualreport.wienerberger.com**

This Report on the Third Quarter of 2005 is available in German and English.