

Wienerberger A/S
Rørmosevej 85
Helsingør

Cvr. nr. 10 50 23 06

Annual report 2018

The annual report was presented and
approved at the general meeting of
the Company on 4 June 2019

Chairman

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Management's statement on the annual report

The Board of Directors and the Executive board have today discussed and approved the annual report of Wienerberger A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statement Act.

In our opinion, the financial statement gives a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the year 1 January - 31 December 2018.

Further, in our opinion, the Management's review includes a fair review of the development in the Company's activities and financial matters, of the result for the year and the financial position.

We recommend that the annual report be approved at the annual general meeting.

Helsingør, 4 June 2019

Executive Board

Henrik Dietrichsen

Jesper Hansen

Martin Ibinger

Board of Directors

Gerhard Hanke
Chairman

Christof Domenig

Henrik Dietrichsen

Independent auditor's report

To the Shareholders of Wienerberger A/S

Opinion

We have audited the financial statements of Wienerberger A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Statement on the Management's review

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 June 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Flemming Larsen
State Authorised
Public Accountant
MNE no. 27790

Management's review

Company details

The Company

Wienerberger A/S
Rørmosevej 85
Helsinge

Telephone: 70 13 13 22

CVR no.: 10 50 23 06

Financial period: 1 January - 31 December

Registration office: Helsinge

Board of Directors

Gerhard Hanke, Chairman
Christof Domenig
Henrik Dietrichsen

Executive Board

Henrik Dietrichsen
Jesper Hansen
Martin Ibinger

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Financial statements 1 January - 31 December

Management's review

	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Gross profit	51,688	38,780	27,276	18,887	7,749
Ordinary operating loss	-12,157	-17,370	-23,255	-28,116	-33,249
Net financials	-6,618	-9,670	-7,347	-8,224	-5,516
Profit/loss for the year	-15,290	-19,045	-27,198	-47,344	-45,993
Balance sheet					
Balance sheet total	205,517	183,909	142,372	157,397	110,745
Investment in property, plant and equipment	18,970	28,474	12,423	9,094	1,357
Equity	26,611	43,897	-9,590	17,336	-55,033
Ratios					
Return on assets	-5.9%	-9.4%	-13.9%	-24.9%	-36.5%
Solvency ratio	12.9%	23.7%	-6.7%	11.0%	-49.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definition, see under accounting policies.

Management's review

Operating review

Principal activities

The Danish part of the Company's activities comprises operation of brick production in Helsingør and Stenstrup and trading of other clay related products like pavers and roof tiles. The brick related activities in Sweden and Norway are carried out via subsidiaries.

Development of the year

The loss for 2018 amounted to DKK 15,290 thousand. The result from the Danish company shows a very positive development in gross margin driven by higher volumes. The entity is negatively affected by the ongoing renovation of the factories. Results from subsidiaries in Sweden and Norway has developed negatively in 2018.

Environmental input

Wienerberger impact the external environment primarily through emissions and energy consumption.

In 2016, Wienerberger has pledged its commitment to the Danish Energy Agency (Den Danske Energistyrelse) to work with energy optimization, and energy management has been implemented in corporation with the Lime and Brickworks Association, Enviscan Advisors and FORCE as the certification authority. A project was commenced in 2015 to optimize the energy usage in the production process.

Emissions are measured and together with Ewii a trial regarding scrubbing of the exhaust air has been initiated. Emission are in compliance and it is a standard in Wienerberger to work with continuous improvements regarding emission and therefore the emissions are controlled.

The wastewater from the production process is cleaned locally at the factories. Solid waste is handled by a certified company.

Capital structure

The company's balance sheet shows total asset of DKK 205,519 thousand and positive equity of DKK 26,614 thousand. In 2017, the company's capital structure was strengthened by conversion of the loan to equity.

Subsequent events

No events have occurred after the balance sheet date materially affecting the results for the year and Company's expected financial development.

Financial statements 1 January - 31 December

Income statement

	Note	2018 DKK'000	2017 DKK'000
Gross profit		51,688	38,780
Staff costs	2	-55,939	-50,390
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3-4	-7,906	-5,760
Ordinary operating profit		-12,157	-17,370
Income from investments in subsidiaries	5	3,485	7,995
Financial income		52	357
Financial costs	6	-6,670	-10,027
Loss before tax		-15,290	-19,045
Tax on profit/loss for the year		0	0
Loss for the year	7	-15,290	-19,045

Financial statements 1 January - 31 December

Balance sheet

	Note	2018 DKK'000	2017 DKK'000
ASSETS			
Fixed assets			
Clay rights		4,671	5,332
Software		158	258
Intangible assets	3	4,829	5,590
Land & building		11,526	13,052
Plant and machinery		52,015	40,437
Property, plant and equipment in progress		637	2,778
Other fixtures and fittings, tools and equipment		1,467	369
Tangible assets	4	65,645	56,636
Investment in subsidiaries		47,499	46,007
Investments	5	47,499	46,007
Total fixed assets		117,973	108,233
Current assets			
Raw materials and consumables		17,316	14,212
Work in progress		1,972	1,883
Finished goods and goods for resale		40,288	30,516
Inventory		59,576	46,611
Trade receivables		17,860	11,350
Receivables from group enterprises		3,028	11,313
Other receivables		7,082	6,402
Receivables		27,970	29,065
Total current assets		87,546	75,676
TOTAL ASSETS		205,519	183,909

Financial statements 1 January - 31 December

Balance sheet

	Note	2018 DKK'000	2017 DKK'000
EQUITY AND LIABILITIES			
Contributed capital		10,001	10,001
Retained earnings		16,613	33,896
Total equity	8	26,614	43,897
Other provisions		551	551
Total provisions	9	551	551
Payables to group enterprises		135,000	115,000
Non-current liabilities other than provisions	10	135,000	115,000
Trade payables		18,059	15,513
Payables to group enterprises		14,510	483
Other payables		10,785	8,465
Current liabilities other than provisions		43,354	24,461
Total liabilities other than provisions		178,354	139,461
Total equity and liabilities		205,519	183,909
Contractual obligations, contingencies, etc.	9		
Related party disclosures	11		

Financial statements 1 January - 31 December

Statement of changes in equity

	<u>Share capital</u>	<u>Retained</u>	<u>Total</u>
	DKK'000	earnings	DKK'000
		DKK'000	DKK'000
Share capital at 1 January 2018	10,001	33,896	43,897
Exchange adjustments subsidiaries etc.	0	-1,993	-1,993
Transferred over the distribution of loss	0	-15,290	-15,290
Equity at 31 December 2018	10,001	16,613	26,614

Notes

1 Financial statements 1 January - 31 December

Accounting policies

The annual report of Wienerberger A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Wienerberger A/S and group entities are included in the consolidated financial statements of Wienerberger AG, Austria.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Wienerberger AG, Austria.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Notes

1 Financial statements 1 January - 31 December

Accounting policies (continued)

Foreign currency translation (continued)

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Income Statement

Gross profit

The Company uses the regulations in the Danish Financial Statements Act §32, after which the company's revenue is not stated.

Gross profit comprise revenue, other external expenses and cost of sales.

Revenue

Income from the sale of goods for resale and finished goods are recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on receivables, payables and transactions in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Income from investments in group enterprises

The proportionate share of the individual group enterprise's profit/loss after tax is recognised in the income statement.

Notes

1 Financial statements 1 January - 31 December

Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax.

Balance Sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the remaining life, however, not exceeding 25 years.

Rights to clay and sand pits are measured at cost less calculated value of excavated clay and sand. The calculated value dredged clay and sand are amortised in the income statement.

Write-down is made to the recoverable amount if this is lower than the carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Land & buildings	20-40 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	5-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Notes

1 Financial statements 1 January - 31 December

Accounting policies (continued)

Property, plant and equipment (continued)

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in group enterprises

Investments in group enterprises are measured at the proportionate share of the enterprises' net asset value calculated in accordance with the parent company's accounting policies plus or minus unrealised intragroup profits or losses and with the addition or deduction of the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Notes

1 Financial statements 1 January - 31 December

Accounting policies (continued)

Inventories (continued)

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future. Any deferred net assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other financial liabilities are measured at net realisable value.

Financial Highlights overview

Explained key figures.

Solvency ratio
$$\frac{\text{Equity at year end X 100}}{\text{Total assets}}$$

Return on assets
$$\frac{\text{Profit before financials X 100}}{\text{Total assets}}$$

Financial statements 1 January - 31 December

Notes

	2018	2017
	Dkk'000	Dkk'000
2 Staff costs		
Wages and salaries	50,495	45,903
Pension	3,950	3,602
Other social security costs	379	130
Other staff costs	1,115	755
	55,939	50,390
Average number of employees	99	95

Total salaries to Executive board in 2018: DKK 2,579 thousand (2017: DKK 2,183 thousand)
The salaries does not include salaries re-charged to other group entities.

Notes

3 Intangible assets

	Clay rights	Software	Total
	Dkk'000	Dkk'000	Dkk'000
Cost at 1 January 2018	13,533	707	14,240
Additions for the year	0	0	0
Other adjustments	1,240	0	1,240
Disposals for the year	-350	0	-350
Cost at 31 December 2018	14,423	707	15,130
Depreciation at 1 January 2018	-8,201	-449	-8,650
Depreciation for the year	-532	-100	-632
Other adjustments	-1,240	0	-1,240
Reversed depreciation	221	0	221
Depreciation at 31 December 2018	-9,752	-549	-10,301
Carrying amount at 31 December 2018	4,671	158	4,829

Financial statements 1 January - 31 December

Notes

4 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Asset under construc- tion	Total
	Dkk'000	Dkk'000	Dkk'000	Dkk'000	Dkk'000
Cost at 1 January 2018	43,083	164,306	2,512	2,778	212,679
Additions for the year	348	16,592	1,393	637	18,970
Disposals for the year	0	-2,997	-84	-2,778	-5,859
Cost at 31 December 2018	43,431	177,901	3,821	637	225,790
Depreciation at 1 January 2018	-30,031	-123,869	-2,143	0	-156,043
Depreciation for the year	-1,874	-4,976	-295	0	-7,145
Reversed depreciation	0	2,959	84	0	3,043
Depreciation at 31 December 2018	-31,905	-125,886	-2,354	0	-160,145
Carrying amount at 31 December 2018	11,526	52,015	1,467	637	65,645

Financial statements 1 January - 31 December

Notes

	2018
	Dkk'000
5 Investment in subsidiaries	
Cost at 1 January 2018	120,258
Cost at 1 December 2018	120,258
Revaluations at 1 January 2018	-74,251
Exchange adjustment	-1,993
Net profit/loss for the year	3,485
Revaluations at 31 December 2018	-72,759
Carrying amount at 31 December 2018	47,499

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Results	Equity
			Dkk'000	Dkk'000
Wienerberger AS	Norway	100%	2,118	23,038
Wienerberger AB	Sweden	100%	1,367	24,461
			2018	2017
			Dkk'000	Dkk'000
6 Financial costs				
Interest paid to subsidiaries			6,007	9,402
Financial expences			663	625
			6,670	10,027
7 Profit appropriation/distribution of loss				
Retained earnings			-15,290	-19,045
			-15,290	-19,045

Financial statements 1 January - 31 December

Notes

8 Share capital

There has been no changes in share capital in 2018. In 2017 the share capital was increased by nominal DKK 1,000. In 2015 the share capital was increased by nominal DKK 1,000. There has been no changes in the share capital during 2013-2014 and 2016.

9 Contractual obligations, contingencies, etc.

The company has entered into leasing agreements with minimum lease payments of DKK 4,439 thousand (2017: 3,493 thousand)

Bank guarantees have been used to secure liabilities toward third parties of DKK 825 thousand. (2017: DKK 1,135 thousand).

The company is part in legal proceeding which are assessed not to have significant effect on the financial statements in addition to the provision recognised.

10 Long term debt

Of the loan from group enterprises of DKK 135,000 thousand, DKK 135,000 thousand is payable within 3 years.

11 Related party disclosures

Wienerberger AG, Austria owns 100 % of the Company's share capital. Wienerberger A/S (immediate and ultimate parent company) is included in consolidated financial statements of Wienerberger AG, Austria. The consolidated financial statement can be obtained <https://wienerberger.com/en/news/financial-report-and-annual-report-for-2018>

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.