

126



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**82- SUBMISSIONS FACING SHEET**

Follow-Up  
Materials

MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

Winerberger

\*CURRENT ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*\*FORMER NAME

**PROCESSED**

MAY 02 2007

\*\*NEW ADDRESS

B THOMSON  
FINANCIAL

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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

In 2006  
it was a  
bad year

| Earnings Data                |            | 2004    | 2005    | 2006               | Change in % |
|------------------------------|------------|---------|---------|--------------------|-------------|
| Revenues                     | in € mill. | 1,758.8 | 1,954.6 | 2,225.0            | +14         |
| EBITDA <sup>1)</sup>         | in € mill. | 405.4   | 428.4   | 471.9              | +10         |
| EBIT <sup>1)</sup>           | in € mill. | 257.5   | 270.3   | 299.6              | +11         |
| Profit before tax            | in € mill. | 231.4   | 251.3   | 277.3              | +10         |
| Profit after tax             | in € mill. | 181.8   | 196.4   | 218.3              | +11         |
| Free cash flow <sup>2)</sup> | in € mill. | 295.8   | 223.8   | 272.1              | +22         |
| Maintenance capex            | in € mill. | 90.4    | 88.2    | 100.2              | +14         |
| Growth investments           | in € mill. | 542.2   | 250.5   | 430.2              | +72         |
| ROCE <sup>1)</sup>           | in %       | 9.7     | 8.9     | 8.8 <sup>7)</sup>  | -           |
| CFROI <sup>1)</sup>          | in %       | 12.9    | 12.2    | 12.0 <sup>7)</sup> | -           |
| Employees <sup>3)</sup>      |            | 12,154  | 13,327  | 13,639             | +2          |

| Balance Sheet Data   |            | 2004    | 2005    | 2006    | Change in % |
|----------------------|------------|---------|---------|---------|-------------|
| Equity <sup>4)</sup> | in € mill. | 1,367.2 | 1,483.1 | 1,591.4 | +7          |
| Net debt             | in € mill. | 762.4   | 934.4   | 1,159.8 | +24         |
| Capital employed     | in € mill. | 2,031.5 | 2,289.4 | 2,598.2 | +13         |
| Balance sheet total  | in € mill. | 2,865.9 | 3,269.6 | 3,674.3 | +12         |
| Gearing              | in %       | 55.8    | 63.0    | 72.9    | -           |

| Stock Exchange Data                         |            | 2004    | 2005    | 2006    | Change in % |
|---------------------------------------------|------------|---------|---------|---------|-------------|
| Earnings per share                          | in €       | 2.54    | 2.66    | 2.95    | +11         |
| Adjusted earnings per share <sup>5)</sup>   | in €       | 2.54    | 2.67    | 3.02    | +13         |
| Dividend per share                          | in €       | 1.07    | 1.18    | 1.30    | +10         |
| Share price at year-end                     | in €       | 35.15   | 33.80   | 45.00   | +33         |
| Shares outstanding (weighted) <sup>6)</sup> | in 1,000   | 69,598  | 73,196  | 73,309  | 0           |
| Market capitalization at year-end           | in € mill. | 2,607.0 | 2,506.9 | 3,337.6 | +33         |

| Segments 2006        | Central-East | Central-West | North-West     | USA           | Investments and Other <sup>8)</sup> |
|----------------------|--------------|--------------|----------------|---------------|-------------------------------------|
| in € mill. and %     | Europe       | Europe       | Europe         |               |                                     |
| Revenues             | 616.0 (+21%) | 469.2 (+22%) | 827.5 (+11%)   | 349.5 (+4%)   | -37.2 (-60%)                        |
| EBITDA <sup>1)</sup> | 158.1 (+16%) | 96.1 (+23%)  | 177.7 (+8%)    | 63.4 (-5%)    | -23.4 (-30%)                        |
| EBIT <sup>1)</sup>   | 103.3 (+19%) | 59.1 (+36%)  | 116.1 (+6%)    | 48.2 (-7%)    | -27.1 (-29%)                        |
| CFROI in %           | 14.6         | 13.3         | 11.6           | 11.2          | -54.0                               |
| Total investments    | 133.7 (+9%)  | 101.0 (+63%) | 151.7 (+34%)   | 142.0 (>100%) | 2.0 (+54%)                          |
| Capital employed     | 624.3 (+10%) | 453.8 (+15%) | 1,058.9 (+11%) | 437.6 (+27%)  | 23.6 (-9%)                          |
| Employees            | 4,612 (-3%)  | 2,151 (+7%)  | 4,213 (0%)     | 2,483 (+13%)  | 180 (+12%)                          |

1) Adjusted for non-recurring income and expenses

2) Cash flow from operating activities minus cash flow from investing activities plus growth investments;

free cash flow differs from the figures reported in prior years because of a change in the reporting of interest and tax payments

3) Average number of employees for the year

4) Equity including minority interest

5) Before amortization of goodwill and excluding non-recurring income and expenses

6) Adjusted for treasury stock

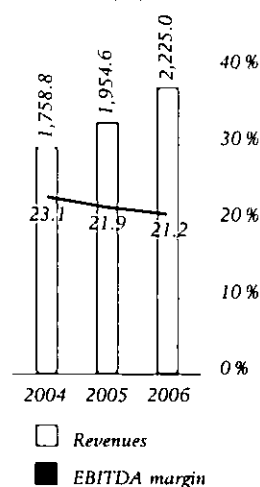
7) Adjusted for the acquisition of Robinson Brick in the USA during 2006, ROCE equals 9.1% and CFROI equals 12.1%

8) Including Group eliminations and holding company costs

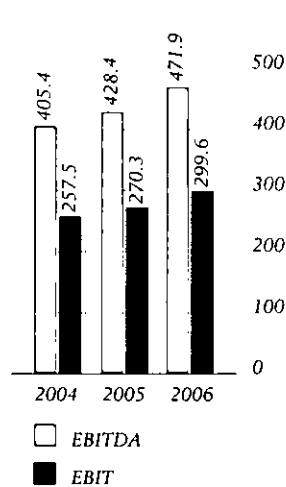
Note: in the table of segment data, changes in % to the prior period are shown in brackets.

All abbreviations and foreign terms are defined in the glossary (bookmark) on page 135.

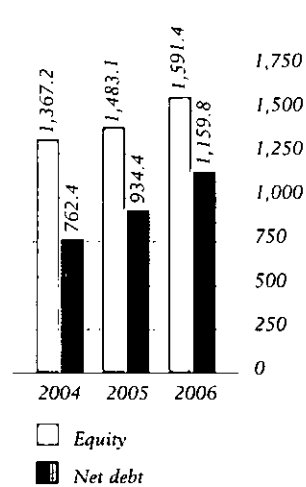
**Revenues and EBITDA Margin**  
in € mill. and %



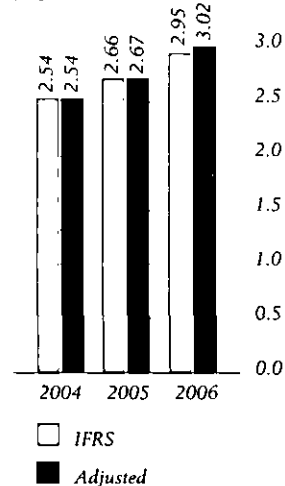
**EBITDA and EBIT**  
in € mill.



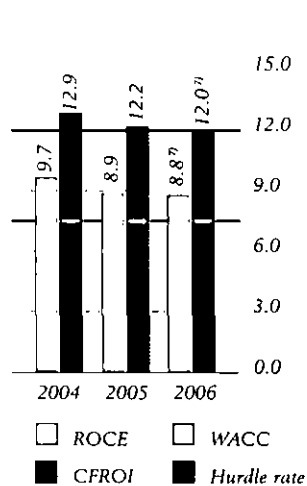
**Equity and Net Debt**  
in € mill.



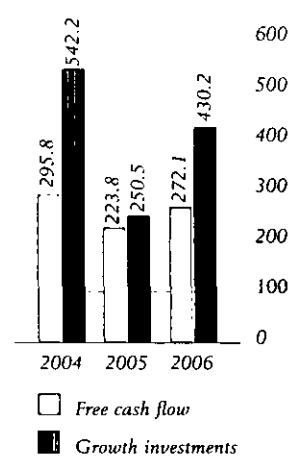
**Earnings per Share**  
in €



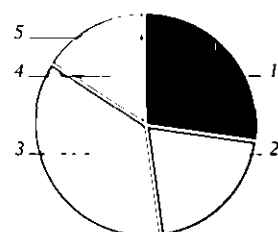
**ROCE and CFROI**  
in %



**Free Cash Flow and Growth Investments**  
in € mill.

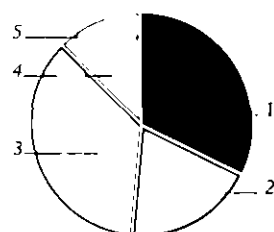


**Revenues by Segment**



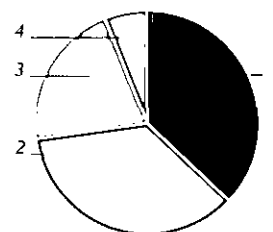
- 1 Central-East Europe 28%
- 2 Central-West Europe 21%
- 3 North-West Europe 37%
- 4 USA 16%
- 5 Investments and Other -2%

**EBITDA by Segment**



- 1 Central-East Europe 34%
- 2 Central-West Europe 20%
- 3 North-West Europe 38%
- 4 USA 13%
- 5 Investments and Other -5%

**Revenues by Product**



- 1 Hollow bricks 37%
- 2 Facing bricks 36%
- 3 Roofing systems 21%
- 4 Pavers 6%

## The Year 2006 in Review

Wienerberger met all its growth and earnings targets for 2006 in full: Group revenues rose by 14% to € 2,225.0 million, EBITDA by 10% to € 471.9 million and EBIT by 11% to € 299.6 million.

However, the year brought a wide range of different developments. *On the one hand*, we were confronted with adverse weather, start-up costs for a number of new plants and higher energy prices during the first half of the year. The slump in US residential construction triggered a decline in sales volumes and revenues on our largest single market, the USA, and we were unable to completely offset this development with the acquisition of Robinson Brick. *On the other hand*, we utilized the stronger demand in Europe to significantly increase sales volumes and implement necessary price adjustments, and the unusually mild weather at the end of the year made it possible for construction to remain strong during the fourth quarter. All in all, the year 2006 confirmed the success of our growth strategy and the strength of our geographic portfolio.

Wienerberger also recorded double-digit growth of 11% in earnings per share, which rose to € 2.95. The Managing Board will therefore recommend that the Annual General Meeting approve a 10% increase in the dividend to € 1.30 per share.

We also continued our expansion strategy with a total of € 430 million for growth investments in 2006. About 50 projects (acquisitions, new plant construction and capacity increases) were started or realized during the reporting period. In order to ensure that we have sufficient financial flexibility to pursue this growth course in the future, we issued a € 500 million hybrid bond in February 2007.

## Market Positions

Wienerberger is the world's largest producer of bricks and Nr. 2 on the clay roof tile market in Europe. We also hold leading positions in pavers in Europe, with a total of 259 plants in 25 countries.

**Hollow bricks: Nr. 1 worldwide**

**Facing bricks: Nr. 1 in Europe, co-leader in the USA**

**Clay roof tiles: Nr. 2 in Europe**

The year  
could have been  
**worse**...

# Our Vision

**Building Value. For a sustainable future.**

# Mission Statement

As the world's leading manufacturer of bricks, we regard the economy as an integral part of society. Its duty is to serve people and generate benefits for all. Our goal is to create sustainable values with natural products: a residential environment of lifelong quality and safety for our customers, a sound investment for our shareholders and attractive jobs for our employees. We take our role as a responsible member of society seriously and act in accordance with economic, ecological and social principles – in order to remain successful in the future.

We focus on the areas in which we are among the best in the world – our core products for masonry, roofs and paving. The long history of our company, our strong affiliation with natural products, our employees who act as entrepreneurs and our internationality through individual diversity provide a sound basis for the creation of lasting values.

**We believe in people.**

**Bricks by Wienerberger. Designed for living.**

...but not  
much **better**.



On the one hand:

Energy prices  
rose by  
**€ 47 million**

At the beginning of the year we were worried  
about an increase of the same amount

# EBITDA increased by €43.5 million

to €471.9 million.

We couldn't predict this,  
but we saw it coming.



On the one hand.

# Sales volumes in the USA fell by 8% .

A decline of 13% in US housing  
starts during the past year is something  
we really didn't expect.





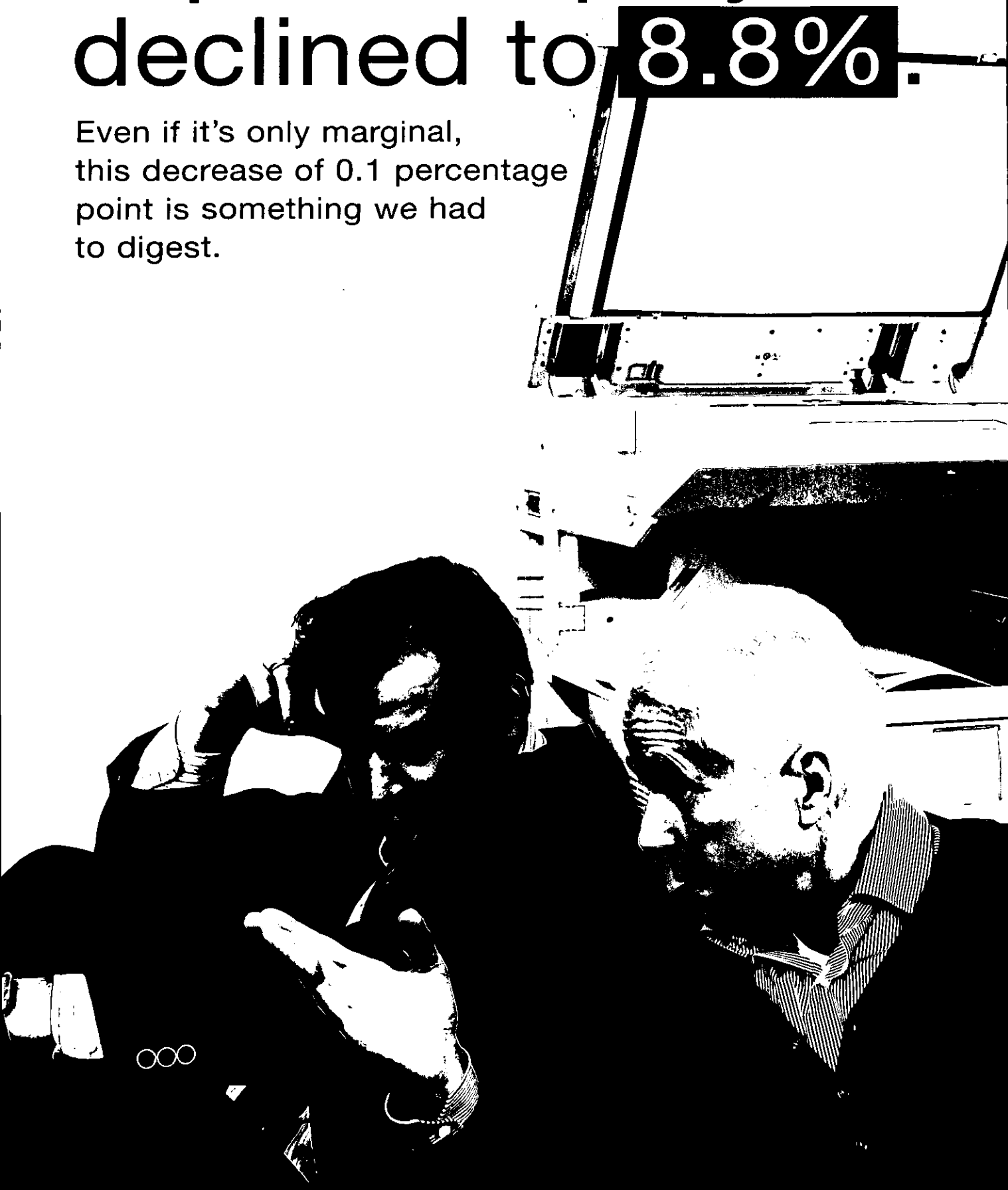
On the other hand:

Revenues  
increased 22%  
in Central-West  
Europe.

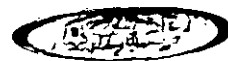
We were absolutely right to expand our  
business in Germany just in time

# Return on capital employed declined to **8.8%**.

Even if it's only marginal, this decrease of 0.1 percentage point is something we had to digest.



€ 430 million



# in growth investments

But let's take an optimistic view of the future.  
That's why we expanded our market positions  
and created the potential for tomorrow.





On the one hand ,  
we are only  
Nr. 2 in clay roof  
tiles in Europe.

Actually, that's not too bad.  
Except for us.

On the other hand,  
Wienerberger  
remains the Nr.1 in  
bricks worldwide.

And we won't accept anything less.



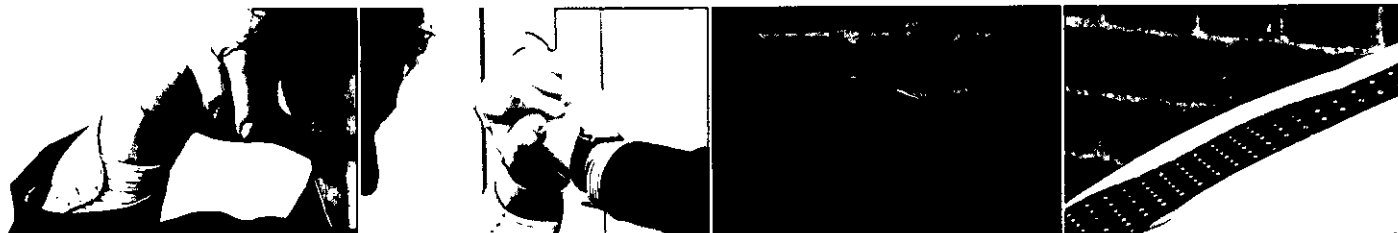
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## Internet Links

The terms that are designated as links (see example below) in this annual report provide access to additional background information together with the URL [annualreport.wienerberger.com](http://annualreport.wienerberger.com) (without space between words).

tations due to the long wienerberger share started 2008 by April. In May the share price was 81. The URL [annualreport.wienerberger.com/share](http://annualreport.wienerberger.com/share)

*Dear Shareholders,*

**On the one hand  
a difficult first half,  
on the other hand  
a strong finish at year-end**

Wienerberger met all its growth and earnings targets for 2006 in full. However, the year brought us a wide range of different developments. *On the one hand*, we were confronted with adverse weather, start-up costs for a number of new plants and higher energy prices during the first half of the year. *On the other hand*, we were able to use the stronger demand in Europe to increase sales volumes and make necessary price adjustments, and the unusually mild weather at the end of the year made it possible for construction to remain strong during the fourth quarter. We were able to partly offset the slump in US housing starts with the acquisition of Robinson Brick in June, and again demonstrate the success of our growth strategy.

**Clear improvement of  
business climate in  
Europe, but slump in US  
residential construction**

The economic climate was significantly better throughout 2006 than in the year before. Although construction activity was slowed by the long winter in large parts of Europe at the start of the year, Wienerberger profited from strong demand beginning in May – especially in Poland, Romania, Switzerland, Belgium and France. I would also like to highlight the recovery in new residential construction on the German market after roughly ten years of declines and stagnation, which I attribute chiefly to a general improvement in consumer confidence but also to advance purchases prior to the VAT increase in 2007 and the final elimination of the homebuilders' allowance. We were positively surprised by the steady and strong level of residential construction in Hungary, where the introduction of a tax on interest income apparently served as a stimulus for higher investments in real estate. In Great Britain Wienerberger benefited from the fact that our products are used primarily in the more stable new construction segment, since the renovation market declined during the year. However, the development of new residential construction in the USA was significantly worse than expected: housing starts followed a strong first quarter with a decrease of 13% year-on-year and up to -30% on a monthly basis.

**Strong top-line  
growth leads to 10%  
plus in EBITDA**

Supported by the growth projects completed in past years and sound demand in Europe, the Wienerberger Managing Board decided to confirm its ambitious goal to increase earnings by 10%, even after the difficult first six months – and we met this goal in full. Group revenues rose by 14% to € 2,225.0 million, operating EBITDA by 10% to € 471.9 million and operating EBIT by 11% to € 299.6 million. Results for the first quarter were negatively affected by bad weather and the second quarter was slowed by higher energy costs, but the third and fourth quarters brought clear two-digit growth rates. This improvement resulted above all from the previously implemented price increases and strong construction activity throughout major parts of Europe. The 14% growth in revenues was comprised of a 10% plus in sales volumes and average price increases of 4%.

**Solid growth in revenues  
and earnings in Europe,  
slight declines in the USA**

It is a clear confirmation of our growth strategy and the strength of our geographic portfolio that we were able to more than offset the earnings decline on our single largest market, the USA, as well as higher energy prices of € 47 million with higher earnings, especially in Germany, Belgium, France, Great Britain, Poland, Romania and Hungary. The Central-East and Central-West Europe segments recorded the largest increases with EBITDA growth of 16% to € 158.1 million and 23% to € 96.1 million, respectively. The North-West Europe segment, which has served as a growth driver in recent years, recorded a plus of 8% in EBITDA to € 177.7 million. The USA registered a decline of 5% to € 63.4 million in spite of the positive effects from the initial



*Wolfgang Reithofer  
Chief Executive Officer  
of Wienerberger AG*

consolidation of Robinson Brick and capacity adjustments at mid-year. Non-recurring expenses of € 7.1 million were incurred for plant shutdowns in the USA and Czech Republic, but these costs were nearly offset by the sale of non-operating property in the south of Vienna for € 5.1 million.

Earnings per share also rose by 11% to € 2.95 for the reporting year – and we want you, our shareholders, to benefit directly from this development. Wienerberger intends to continue its previous dividend policy, which calls for a payout ratio of roughly 45%. The Managing Board will therefore recommend that the Annual General Meeting on May 10 approve an increase in the dividend from € 1.18 to 1.30 per share, which represents a yield of 3.4% on the average share price for 2006. We also plan to distribute roughly 45% of net profit in the future in order to offer shareholders an attractive minimum return on their invested capital.

**Increase in dividend  
and continuation of  
payout policy**

Wienerberger carried out a share buyback from July 10 to July 21, 2006 and purchased 250,000 shares, or 0.34% of the shares outstanding, at an average price of € 35.53 on the Vienna Stock Exchange. These shares will be used to service the stock option plans. In total, Wienerberger has invested € 8.9 million in this program. Details on the stock option plan are provided on page 124 of the notes to the financial statements.

**Share buyback to serve  
stock option plans**

The sustainable success of Wienerberger is based on innovative product development, competent sales partners and cost leadership in our industry as well as strong positions on all local markets and a balanced geographic portfolio. This allows us to offset fluctuations on individual markets and minimize risk. The largest share of revenues is generated in the USA with 16%, followed by Germany with 14%, Belgium with 10% and the Netherlands with 9%. Wienerberger is the largest producer of hollow bricks in the world, and the company that drives the development of this product. We are also number 1 in facing bricks in Europe and became the co-leader on this market in the USA during 2006. In the clay roof tile segment, I consider Wienerberger to be the number 2 in Europe. We are currently working on a program to coordinate our marketing activities throughout the Group and will concentrate on the optimization of our marketing mix with respect to product development, distribution and branding.

**Strong market positions,  
geographical diversification  
and product development  
as basis for successful  
business model**

**Fastest growing company in the brick industry with profitable expansion projects**

Wienerberger is the largest and fastest growing company in the brick industry, and this gives us unique access to profitable expansion projects. After realizing the synergies and opportunities for optimization that we expect from every project, our goal is to generate a cash flow return on investment (CFROI) that lies clearly above the current return for the Group. Our activities in the past prove that we are able to meet this goal. CFROI for the Group declined slightly from 12.2% in 2005 to 12.0% for 2006 due to the high pace of investment activity over the past two years. The acquisition of Robinson Brick in June 2006 had a negative impact on our CFROI because capital employed was increased by the full purchase price of € 95.5 million, but we were only able to consolidate six months of earnings. In addition, the focus of our bolt-on projects is shifting toward the construction of new plants and extension of capacity, which leads to longer start-up and optimization phases and has a negative impact on earnings in the initial years.

**€ 430 million invested in growth, gearing rises to 73%**

Wienerberger invested a total of € 530 million in 2006, whereby € 430 million was directed to growth projects and € 100 million to maintenance capex (maintenance and the optimization of production facilities). The growth investments include 53% of acquisitions and takeovers in the form of asset deals as well as 47% of new plant construction and capacity expansion. During the past year we carried out roughly 50 bolt-on projects. They were financed primarily through free cash flow, with debt used to cover any additional requirements. As a result of these growth projects, net debt rose from € 934.4 to 1,159.8 million and gearing from 63.0 to 72.9%. Wienerberger generates sufficient free cash flow to invest € 250 to 300 million in growth each year. At the end of 2006 we did not have enough flexibility to finance additional expansion steps – such as our intended takeover of Baggeridge Brick PLC in Great Britain, which is currently awaiting a decision by the competition authorities – and still maintain our current BBB and Baa2 ratings.

**Successful placement of first hybrid bond strengthens capital structure without diluting shareholders**

This situation led us to issue our first hybrid bond, which was successfully placed during February 2007. The instrument not only strengthened our capital base, but also created additional financial flexibility for our continued growth. This hybrid bond is classified as 100% equity under IFRS, while the rating agencies gave it a 50% equity credit. As a result of the strong demand – the issue was oversubscribed nearly 11-times – we increased the volume from the originally planned € 400 to 500 million. The bond was placed with Austrian (16%) and international investors (84%), primarily in Great Britain, Germany, the Benelux countries, Switzerland and France. The Wienerberger hybrid bond has a perpetual maturity and a fixed coupon of 6.5% for the first ten years, and will convert to a variable interest rate based on the 3-month EURIBOR plus 3.25% after this time. This security represents a cost-effective replacement for existing debt and, at the same time, will reinforce our capital structure and rating without diluting shareholders.

**Optimistic outlook for Europe, further decline expected in US housing starts**

For 2007 we expect continued growth in Central-East Europe and strong demand for bricks, especially in Poland, Romania and Bulgaria. In Russia Wienerberger has started to construct a second plant 800 km east of Moscow, and our first plant near this city entered the start-up phase last October. We also anticipate favorable development in Western Europe, with further growth on the residential construction markets in Belgium and France as well as an improvement over the current moderate level in the Netherlands and Great Britain. The recent optimistic sentiment in Germany leads to expectations of at least stable development, and in Switzerland construction activity should remain sound. A slight decline is only forecasted in Italy. In the USA we do not see any signs of

recovery in new residential construction before the second half of 2007. The current high stock of unsold houses must first return to a reasonable level of under six months before this situation can improve. We intend to use the continued optimization of our plants as well as the full-year consolidation of Robinson Brick to also generate earnings growth in the USA during 2007.

We accelerated our growth course in 2006 and thereby created a sound base for the future development of earnings. On the one hand, we expect 2007 will bring roughly € 30 million of higher costs from rising energy prices and a further market decline in the USA but, on the other hand, our forecasts call for a favorable business climate in Europe. I am therefore confident that we will again be able to meet our goal to outperform the growth in the building materials sector with an increase of approximately 10% in earnings during 2007. Our expansion plans include bolt-on investments of roughly € 250 million. From the current point of view, most of this volume will be directed to the construction of new plants and extension of capacity. Approximately € 130 million will be added to this amount if the UK Competition Commission approves the acquisition of Baggeridge Brick.

**Goal for above-average  
increase in earnings  
confirmed**

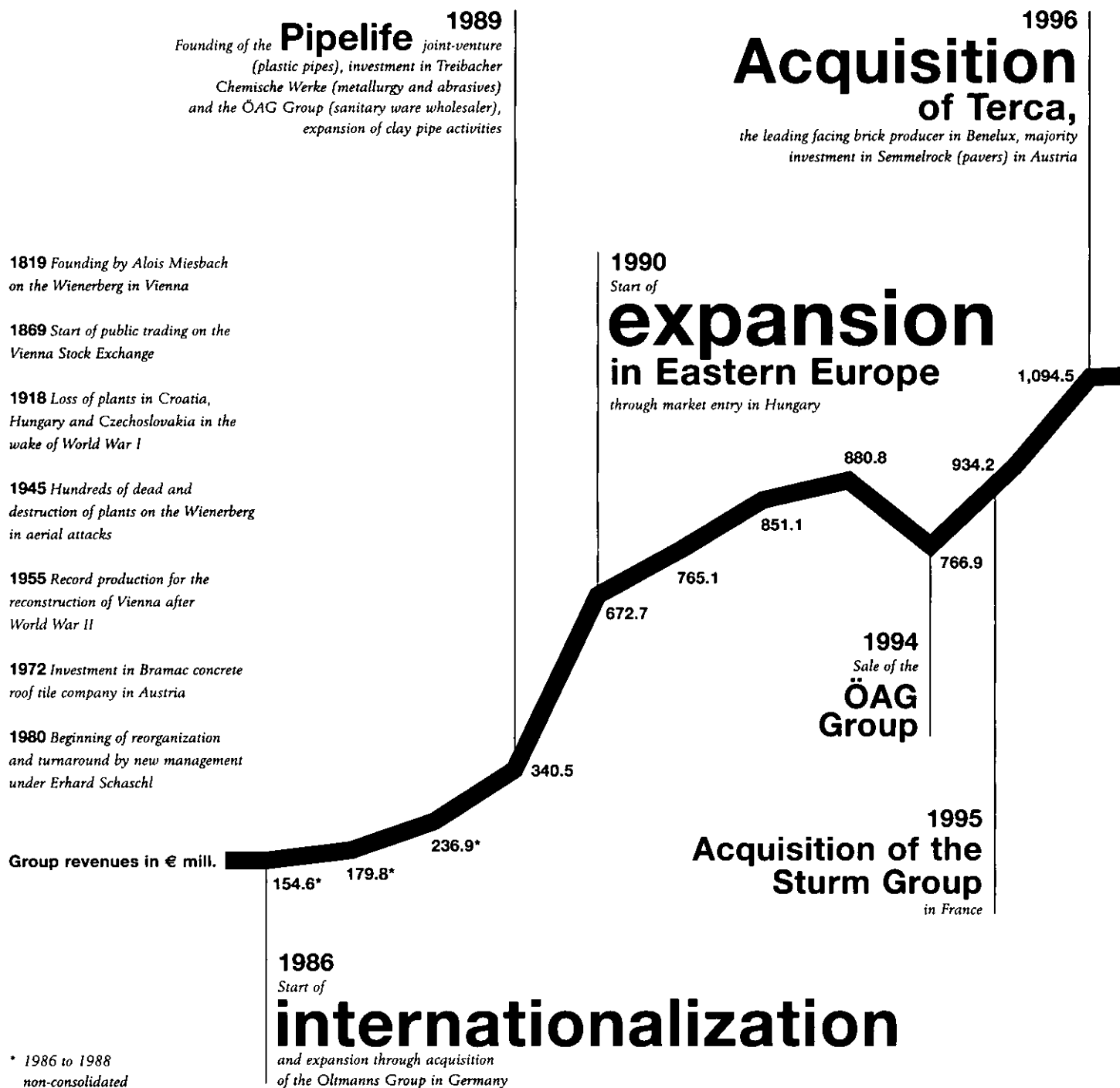
The success of our Company is based on a strong corporate culture and goal-oriented teamwork by all parties. The success of our operating companies is the result of sustainable actions in all areas by employees as well as managers. This commitment is also honored by our customers and business partners. I would like to thank the Supervisory Board for their productive discussions and efficient handling of all issues, and my colleagues on the board for their intensive and constructive teamwork in 2006. I would also like to thank Hans Tschuden for the valuable contributions he has made during his 18 years of service within the Wienerberger Group, and wish him a great deal of success in his new function. My special thanks go out to our employees and managers, whose commitment again allowed us to record excellent results. In conclusion, I would like to express my thanks to you, our shareholders, for the trust you have placed in us. Continue to accompany us on our growth course in a successful future.

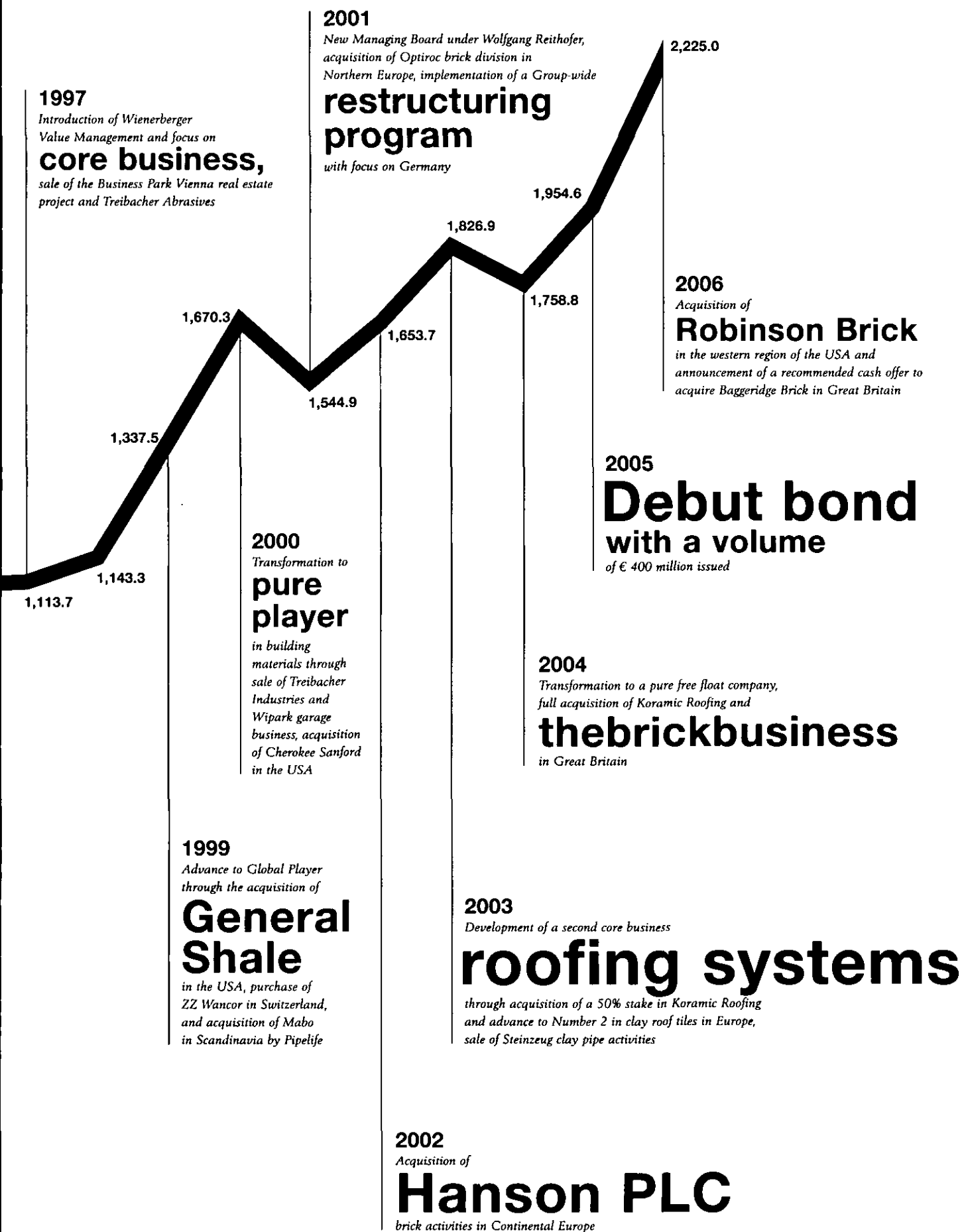
**Thanks to employees and  
management, Supervisory  
Board and shareholders**

*Your  
Wolfgang H. Hübner*

# The Wienerberger Track Record

Revenue declines in 1994, 2001 and 2004 are due to the sale or deconsolidation of Group companies.





# Managing Board and Management

## Wolfgang Reithofer

### Chief Executive Officer

*Appointed up to May 2011*

*Born 1948, married,  
one daughter, two sons*

While working toward his Doctorate of Laws at the University of Vienna, he also attended courses in technical mathematics and business administration. After nine years as assistant to the board and officer of Union Baugesellschaft and Österreichische Realitäten AG, he joined Wienerberger as an officer in 1981 with responsibility for personnel, legal affairs, controlling, and accounting. After only four years he was appointed to the Managing Board in 1985; he became Vice-Chairman in 1992 and CEO in May 2001. **Additional functions:** Chairman of the Supervisory Board of ÖBB Holding AG and ÖBB Immobilien Management GmbH, Vice-Chairman of the Supervisory Board of Immoeast AG, Member of the Supervisory Board of Wiener Börse AG

## Heimo Scheuch

### Chief Operating Officer

*Appointed up to May 2009*

*Born 1966, married*

After the completion of legal studies at the Universities of Vienna and Paris and studies at the Vienna University of Economics and Business Administration, the City of London Polytechnic and Ecole Supérieure de Commerce de Paris, he began his career with the legal firm Shook, Hardy & Bacon in Milan and London as a corporate finance specialist. In 1996 he joined Wienerberger AG as assistant to the Managing Board; in 1997 he moved to the senior management of Terca Bricks in Belgium, where he became CEO in 1999. In May 2001 he was appointed to the Managing Board of Wienerberger AG as COO. **Additional functions:** Member of the Executive Committee of the European Brick Association, board member of the French and Belgian brick associations

## Hans Tschuden

### Chief Financial Officer

*Up to March 2007*

*Born 1958, married, two sons*

He completed studies at the Vienna University of Economics and Business Administration and INSEAD in Paris, and started his career – after working in the accounting department of Ögussa and as assistant to the Managing Director of Heringrad – with the Wienerberger Group in 1989 as controller. He then advanced to become Managing Director of Keramo Wienerberger in Belgium, Wienerberger pipe systems in Vienna and Steinzeug clay pipe sewage systems in Cologne. In 1999 he became a member of the Wienerberger Management Committee and served as CFO of Wienerberger AG from May 2001 to March 2007.

## Willy Van Riet

### Chief Financial Officer

*Appointed up to April 2010*

*Born 1957, married,  
one daughter, one son*

After receiving his Master Degree in Business Economics from the University of Ghent, he started his career as an auditor and subsequently senior manager with Price Waterhouse Coopers in Belgium. He was active in the building materials sector beginning in 1993, first as Chief Financial Officer of Terca and later Koramic Building Products (also as a member of the Wienerberger Supervisory Board). In 2004 he joined the Wienerberger Management Committee and took over the management of Wienerberger Limited in Great Britain. On April 1, 2007 he will replace Hans Tschuden as CFO of Wienerberger AG.

## Johann Windisch

### Chief Operating Officer

*Appointed up to May 2009*

*Born 1952, married,  
one daughter, one son*

After receiving his doctorate in Industrial Engineering and Management from the Technical University of Vienna and consulting work for Agiplan in Vienna, he joined Wienerberger in 1980 as assistant to the Managing Board. He assumed management of the controlling and accounting departments in 1983, and took over direction of the building construction area in 1987. He was then appointed to the Managing Board of Wienerberger Ziegelindustrie, where he became CEO in 1999. In May 2001 he was elected to the Managing Board of Wienerberger AG as COO. **Additional functions:** Chairman of the Hollow Brick Product Group and member of the Executive Committee of the European Brick Association, President of the Austrian Association of Brick Producers



*From left to right: Johann Windisch, Heimo Scheuch, Wolfgang Reithofer, Hans Tschuden, Willy Van Riet*

## Management Committee

The Management Committee supports the Managing Board in the strategic and organizational development of the Wienerberger Group. It comprises the Top Executives (regional managers) as well as the Heads of Development Centers and Corporate Services.

### Heads of Corporate Services

|                           |                           |
|---------------------------|---------------------------|
| <b>Sonja Eitler</b>       | Human Resources           |
| <b>Stefan Huber</b>       | Group Treasury            |
| <b>Gerhard Koch</b>       | European Lobbying         |
| <b>Thomas Melzer</b>      | Corporate Communications  |
| <b>Gernot Schöbitz</b>    | International Procurement |
| <b>Johann Schübl</b>      | Corporate IT              |
| <b>Brigitta Schwarzer</b> | General Secretary         |
| <b>Hannes Taubinger</b>   | Corporate Controlling     |

### Heads of Development Centers

|                      |                                |
|----------------------|--------------------------------|
| <b>Stefan Claeys</b> | Product Groups Facade and Roof |
| <b>Walter Linke</b>  | Corporate Engineering          |
| <b>Martin Kasa</b>   | Product Group Wall             |
|                      | Corporate Marketing            |
| <b>Anton Ulmer</b>   | Corporate Development          |

### Top Executives

|                            |                                                       |
|----------------------------|-------------------------------------------------------|
| <b>Christof Domenig</b>    | France, Iberian Peninsula, North Africa               |
| <b>Dick Green</b>          | USA                                                   |
| <b>Helmut Haslauer</b>     | Eastern Europe (South), Italy                         |
| <b>Robert Holzer</b>       | Semmelrock concrete pavers                            |
| <b>Klaus Hoppe</b>         | Germany, Scandinavia                                  |
| <b>Bert Jan Koekoek</b>    | Netherlands, Great Britain                            |
| <b>Christian Schügerl</b>  | Eastern Europe (North), Switzerland, Austria, Finland |
| <b>Karl Thaller</b>        | Eastern Europe (East), Russia                         |
| <b>Johan Van Der Biest</b> | Belgium                                               |

# Organization as of April 1, 2007

|                            | Wolfgang Reithofer                                                                                             | Johann Windisch                                                                                                                                                                                                                                   | Heimo Scheuch                                                                                                           | Willy Van Riet                                                             |
|----------------------------|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                            | CEO                                                                                                            | COO                                                                                                                                                                                                                                               | COO                                                                                                                     | CFO                                                                        |
| <b>Corporate Services</b>  | Corporate Communications<br>- Investor Relations<br>General Secretary<br>- Legal Management<br>Human Resources | International Procurement                                                                                                                                                                                                                         | European Lobbying                                                                                                       | Corporate Controlling<br>Corporate IT<br>Group Treasury<br>Risk Management |
| <b>Development Centers</b> | Corporate Development<br>- Strategy                                                                            | Corporate Engineering                                                                                                                                                                                                                             | Corporate Marketing<br>Product Group Wall<br>Product Group Facade<br>Product Group Roof                                 |                                                                            |
| <b>Segments</b>            | <b>Investments and Other</b><br>Real Estate                                                                    | <b>Central-East Europe</b><br>Austria<br>Poland<br>Czech Republic<br>Hungary<br>Slovakia<br>Slovenia<br>Croatia<br>Bosnia<br>Romania<br>Bulgaria<br>Russia<br>Ukraine<br>Finland<br>Baltic States<br>Semmelrock<br>Bramac<br>Tondach Gleinstätten | <b>North-West Europe</b><br>Belgium<br>Netherlands<br>France<br>Great Britain<br>Ireland<br>Denmark<br>Sweden<br>Norway | <b>Investments and Other</b><br>Pipelife                                   |
|                            |                                                                                                                | <b>Central-West Europe</b><br>Italy<br>Switzerland                                                                                                                                                                                                | <b>Central-West Europe</b><br>Germany                                                                                   |                                                                            |
|                            |                                                                                                                | <b>USA</b>                                                                                                                                                                                                                                        |                                                                                                                         |                                                                            |

# Report of the Supervisory Board

During the reporting year the Supervisory Board and Managing Board held six meetings that included extensive discussions on the financial position and strategic development of the Group as well as major events, investments and programs. At all meetings the Managing Board provided the Supervisory Board with detailed information and also supplied regular written reports on the business and financial condition of the Group and its holdings, as well as the personnel situation, capital expenditure and acquisition plans. Separate reports were prepared for special projects. In addition, the Chairman of the Supervisory Board held regular conferences with the Chairman of the Managing Board to discuss the strategy, development of business and risk management of the Company.

**Extensive coordination between Supervisory and Managing Boards**

The activities of the Supervisory Board included a detailed evaluation of the Group's long-term growth potential and the implementation of its profitable expansion strategy. Larger acquisition projects were also discussed, but not concluded because of excessive price expectations by the sellers. The Supervisory Board approved the issue of a hybrid bond, which will be used to finance the roughly 50 bolt-on projects that were carried out during 2006, and strengthen the capital base of the Group. This bond was successfully placed in February 2007 with a volume of € 500 million. In a meeting on September 5 the Supervisory Board held an extensive discussion on the energy strategy of the Group together with the Managing Board and approved the hedging policy recommended by the Managing Board, in particular for the procurement of natural gas and electricity.

**Evaluation of long-term growth potential and energy strategy by Supervisory Board**

The committees examined a range of specialized subjects in detail and reported to the Supervisory Board on the results of these discussions. The Project Committee and the Personnel and Nominating Committee each met four times, and the Audit Committee met once. The Presidium of the Supervisory Board received regular information from the Managing Board on the development of business and represented the Company on Managing Board issues. In particular, the Presidium was responsible for approving the remuneration for the individual members of the Managing Board, including the variable components of compensation. The criteria used to determine the variable components of compensation, the principles underlying pension commitments and severance pay as well as information on compensation paid to individual members of the Managing and Supervisory Boards are explained in the remuneration report on page 30. There were two persons who each missed one meeting of the Supervisory Board during the past year, and two committee members who each missed one meeting.

**In-depth treatment of individual topics by the committees**

The Audit Committee consulted the auditor in its meeting on March 27, 2006, which focused on an examination of the 2005 annual financial statements of Wienerberger AG, the consolidated financial statements, the review of operations and the recommendation of the Managing Board for the distribution of profits. In addition, the Audit Committee issued a statement on the planned auditor for the 2006 Business Year that also covered the legal relations of this firm with the Wienerberger Group and members of its corporate bodies, negotiated the fee for the audit of the annual financial statements and prepared a recommendation for the auditor's election. The Audit Committee also discussed the implementation of risk management in the Group and found no grounds for criticism.

**Audit Committee examined annual financial statements and risk management**

*Friedrich Kadrnoska  
Chairman of the Supervisory Board  
of Wienerberger AG*



**Fink and Rasinger  
nominated for election  
to Supervisory Board**

A meeting of the Personnel and Nominating Committee on February 14, 2006 discussed the proposal of nominations to the Annual General Meeting, which were prepared with the assistance of two external consultants. This led to the nomination of Karl Fink, member of the Managing Board of the Vienna Insurance Group, and Wilhelm Rasinger, Managing Partner of Intermanagement-Unternehmensberatung and Chairman of IVA-Interessensverband für Anleger. The Annual General Meeting on April 27 followed this recommendation and elected Karl Fink and Wilhelm Rasinger to the Supervisory Board, and also extended the terms of office for Friedrich Kadrnoska and Harald Nogrsek. Following his election to the Supervisory Board, Karl Fink was appointed to the Personnel and Nominating Committee and Wilhelm Rasinger was appointed to the Audit Committee. The Personnel and Nominating Committee also focused on the design of the 2006 and 2007 stock option plans for key managers of the Wienerberger Group. The terms of the 2006 plan are described on page 124 of the notes and information on the 2007 plan can be found on the Wienerberger website.

**Supervisory Board appoints  
Willy Van Riet as new  
Wienerberger CFO from  
April 2007**

The Supervisory Board followed a recommendation of the Personnel and Nominating Committee and, in a meeting on December 6, appointed Willy Van Riet to become the new Chief Financial Officer of Wienerberger AG as of April 1, 2007. He will succeed Hans Tschuden, who is leaving Wienerberger on March 31, 2007 to become the CFO of Telekom Austria AG. Willy Van Riet, the former Managing Director of Wienerberger activities in Great Britain, was chosen because of his branch experience and many years of financial and capital market expertise from a number of internal and external candidates in a multi-phase selection process that also involved an external consultant. He will receive a three-year contract that extends to April 2010 and, as Chief Financial

Officer, will be responsible for controlling, treasury, IT and risk management as well as the Pipelife joint venture. Human resources and corporate development will again become part of the duties of CEO Wolfgang Reithofer. The Supervisory Board would like to thank Hans Tschuden for his 18 successful years with the Wienerberger Group and wish him all the best for the future.

On February 14, 2006 the Supervisory Board amended the rules of procedure for the Managing and Supervisory Boards to meet new legal requirements and the revised Austrian Corporate Governance Code. The former Strategy Committee is now called the Project Committee, and the name of the Accounting Committee was changed to the Audit Committee. The responsibilities of the various committees of the Supervisory Board are described in detail in the corporate governance report on page 27. The members of the committees are listed on page 26, and the criteria for independence that were established by the Supervisory Board can be reviewed on the Wienerberger website. All members of the Supervisory Board have confirmed their independence in accordance with these criteria. In a meeting on March 27, 2006 the Supervisory Board changed the allocation of duties among the members of the Managing Board, and transferred the responsibility for the Group's activities in the USA to Johann Windisch and activities in Germany to Heimo Scheuch. A new remuneration system for the Supervisory Board was also presented, which better meets the requirements of good corporate governance. This system was approved by the Annual General Meeting on April 27, 2006 and is described in the remuneration report on page 30.

**Measures implemented to further optimize corporate governance**

The annual financial statements and review of operations of Wienerberger AG as well as the consolidated financial statements for 2006 according to IFRS were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and awarded an unqualified opinion. The Audit Committee discussed all documentation related to the annual financial statements, the recommendation of the Managing Board for the distribution of profits and the auditor's reports in detail with the auditor and presented this information to the Supervisory Board. We examined this information as required by § 96 of the Austrian Stock Corporation Act and agree with the results of the audit. The Supervisory Board has approved the annual financial statements, which are hereby ratified in accordance with § 125 Par. 2 of the Austrian Stock Corporation Act. We also agree with the recommendation of the Managing Board for the use of net profit.

**Unqualified opinion and approval of annual financial statements**

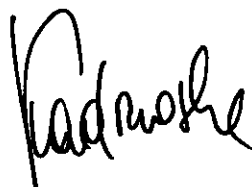
Franz Lauer, who has been a member of the Supervisory Board since 1983, and Rupert Hatschek, who joined this body in 1993, announced their resignations for personal reasons effective with the 137th Annual General Meeting on April 27, 2006. We would like to thank both these men for their many years of service and valuable contribution to the successful development of the Wienerberger Group.

**Lauer and Hatschek resigned with 137th AGM**

The Supervisory Board would like to express its thanks to the management and employees of the Group for their efforts and excellent performance during the past year. The Supervisory Board considers the fulfillment of corporate goals and the 11% growth in earnings per share to be a strong achievement.

**Thanks to employees and management**

Vienna, March 26, 2007  
Friedrich Kadrnoska, Chairman



# Members and Committees of the Supervisory Board

## 8 shareholder representatives

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Friedrich Kadrnoska</b><br><i>Chairman</i>    | independent, appointed to 142nd AGM (2011), first elected: May 8, 2002<br><i>Chairman of the Supervisory Boards of Österreichisches Verkehrsbüro AG, Ruefa Reisen AG and Adria Bank AG, member of the Supervisory Boards of Wiener Börse AG (Vice-Chairman), Visa Service Kreditkarten AG, Wiener Privatbank Immobilieninvest AG and Conwert Immobilien Invest AG, Managing Board member of Privatstiftung zur Verwaltung von Anteilsrechten, Director of the Visa Europe Limited Board and of UniCredito Italiano</i> |
| <b>Christian Dumolin</b><br><i>Vice-Chairman</i> | independent, appointed to 141st AGM (2010), first elected: July 17, 1996<br><i>Chairman of the Supervisory Board of Koranic Investment Group NV, member of the Board of Regents of the Belgian National Bank</i>                                                                                                                                                                                                                                                                                                       |
| <b>Karl Fink</b>                                 | independent, appointed to 142nd AGM (2011), first elected: April 27, 2006<br><i>Deputy CEO and member of the Managing Board of Vienna Insurance Group, member of the Supervisory Board of Austria Technologie &amp; Systemtechnik AG (AT&amp;S)</i>                                                                                                                                                                                                                                                                    |
| <b>Peter Johnson</b>                             | independent, appointed to 141st AGM (2010), first elected: May 12, 2005<br><i>Chief Executive Officer of George Wimpey PLC and member of the Managing Board of the Home Builders Federation (both up to June 30, 2006), member of the Supervisory Board of DS Smith PLC, Chairman of the Supervisory Board of DS Smith PLC (from January 1, 2007)</i>                                                                                                                                                                  |
| <b>Harald Nograsek</b>                           | independent, appointed to 142nd AGM (2011), first elected: May 8, 2002<br><i>Chief Financial Officer of Österreichisches Verkehrsbüro AG (up to April 30, 2007), Chief Executive Officer of Österreichisches Verkehrsbüro AG (as of May 1, 2007)</i>                                                                                                                                                                                                                                                                   |
| <b>Claus Raidl</b>                               | independent, appointed to 140th AGM (2009), first elected: May 11, 2004<br><i>Chief Executive Officer of Böhler-Uddeholm AG, Chairman of the Supervisory Board of EK Mittelstandsfinanzierungs AG, member of the Supervisory Boards of Wiener Börse AG, Donau Allgemeine Versicherungs-Aktiengesellschaft and Voestalpine Bahnsysteme GmbH</i>                                                                                                                                                                         |
| <b>Wilhelm Rasinger</b>                          | independent, appointed to 142nd AGM (2011), first elected: April 27, 2006<br><i>Managing partner of Intermanagement-Unternehmensberatung, Chairman of IVA-Interessenverband für Anleger, member of the Supervisory Boards of Erste Bank der österreichischen Sparkassen AG and CEE Immobilien Development AG</i>                                                                                                                                                                                                       |
| <b>Franz Rauch</b>                               | independent, appointed to 140th AGM (2009), first elected: May 11, 2004<br><i>Managing partner of Rauch Fruchtsäfte Gesellschaft mbH, member of the Supervisory Boards of ÖBB Holding AG, Bank Austria Creditanstalt AG, Generali Holding AG, OTAG Oberflächentechnologie AG, Vorarlberger Kraftwerke AG and Vorarlberger Illwerke AG</i>                                                                                                                                                                              |

## 4 employee representatives

|                       |                                                                                                                                        |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rupert Bellina</b> | delegated for the first time: January 25, 2005<br><i>Foreman at Semmelrock Baustoffindustrie GmbH</i>                                  |
| <b>Claudia Krenn</b>  | delegated for the first time: July 2, 2002<br><i>Facility management at Wienerberger AG</i>                                            |
| <b>Karl Sauer</b>     | delegated for the first time: October 9, 1996<br><i>Chairman of the Employees' Council, speaker of the European Employees' Council</i> |
| <b>Gerhard Seban</b>  | delegated for the first time: February 3, 2006<br><i>Salesman at the Hennersdorf plant in Austria</i>                                  |

## 4 committees

|                                             |                                                                                                    |
|---------------------------------------------|----------------------------------------------------------------------------------------------------|
| <b>Presidium and Remuneration Committee</b> | Friedrich Kadrnoska ( <i>Chairman</i> ), Christian Dumolin                                         |
| <b>Project Committee</b>                    | Friedrich Kadrnoska ( <i>Chairman</i> ), Christian Dumolin, Peter Johnson, Claus Raidl, Karl Sauer |
| <b>Audit Committee</b>                      | Harald Nograsek ( <i>Chairman</i> ), Wilhelm Rasinger, Karl Sauer                                  |
| <b>Personnel and Nominating Committee</b>   | Friedrich Kadrnoska ( <i>Chairman</i> ), Christian Dumolin, Karl Fink, Franz Rauch, Karl Sauer     |

## Resigned

|                        |                      |
|------------------------|----------------------|
| <b>Rupert Hatschek</b> | as of April 27, 2006 |
| <b>Franz Lauer</b>     | as of April 27, 2006 |

# Corporate Governance Report

For many years Wienerberger has followed a strategy that is designed to increase the value of the Company on a sustainable and long-term basis. Strict principles of good management and transparency as well as the continuous development of an efficient control system form the basis for meeting this goal. This corporate culture creates trust in the company, and is therefore an essential factor for the long-term creation of value.

We give the highest priority to the equal treatment of and provision of comprehensive information to all shareholders. To prevent insider trading, we have issued a compliance code that implements the provisions of the Issuer Compliance Code published by the Austrian Financial Market Authority, and also covers the members of the Supervisory Board. The observance of these regulations is monitored regularly by our compliance officer.

The revised Austrian Corporate Governance Code was published in January 2006, and reflects changes made to comply with EU recommendations as well as amendments to Austrian company law made in 2005. These code revisions further increase transparency and also strengthen the independence of supervisory boards. The new guidelines require the Supervisory Board and its committees to have a sufficient number of independent members. In addition, the annual report must indicate which members of the supervisory board are considered to be independent (also see page 26). Criteria are provided for the independence of the supervisory board members, and the activities of the supervisory board through its committees (nominating and remuneration committee) were adjusted to reflect international norms. Furthermore, compensation paid to the managing board will become more transparent as a result of the disclosure of the principles underlying the remuneration system and the amounts paid to individual board members. The code exceeds legal requirements, and compliance is voluntary. Observance of the code also means that the failure to meet C-Rules ("comply or explain") must be explained and disclosed.

Wienerberger implemented most of the above-mentioned changes three years ago as part of an improvement to its corporate governance system. The renewed declaration of support by Wienerberger to the new Austrian Corporate Governance Code and to compliance with its rules was therefore only a formality. We not only want to meet the minimum requirements of this code, but strive to achieve best practice. Wienerberger has already received several awards for its leading role in corporate governance in Austria.

The implementation and correctness of our public announcements were evaluated by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in accordance with the standards issued by the International Federation of Accountants for reviews, and their report can be reviewed on our website. The auditor's evaluation of our adherence to the rules of the code and the correctness of our announcements confirmed that this public declaration of compliance is correct. Compliance with the provisions of the code that relate to the auditor was evaluated by Wolf Theiss attorneys-at-law. The resulting report indicated no objections, and is also available for review on our website.

**Implementation of strict principles of good management and transparency**

**Guidelines to prevent insider trading**

**Further development of Austrian Corporate Governance Code**

**Support for code and far-reaching transparency**

**Evaluation and confirmation of compliance with code by KPMG and Wolf Theiss**

**Rules of procedure reflect provisions of code**

In keeping with the spirit of the code, the members of the Managing Board and Supervisory Board, in particular through their chairmen, regularly confer on the development and strategy of the Company above and beyond discussions conducted during the regular meetings of the Supervisory Board. The Supervisory Board also exercises its consultative and control functions through committees, where such actions are required by defined responsibilities or the content of a particular issue. The rules of procedure for the Managing Board and Supervisory Board were amended to meet the revised requirements of the code in a meeting of the Supervisory Board on February 14, 2006. This also led to a change in the names of the Strategy Committee and Accounting Committee to Project Committee and Audit Committee, respectively, while the responsibilities and duties of these committees remain nearly unchanged. The rules of procedure for the Supervisory Board are published on our website.

**Committees, duties and responsibilities of Supervisory Board**

The *Supervisory Board* is responsible for decisions that involve subjects of fundamental importance or the strategic direction of the Group. The *Presidium* represents the interests of the company on all Managing Board issues, and also serves as a *Remuneration Committee* for the members of the Managing Board. The *Project Committee* is authorized to approve transactions and measures that do not require the approval of the Supervisory Board – in particular capital expenditures, acquisitions and the sale of property – and also makes decisions in urgent cases. The *Audit Committee* is responsible for all questions related to the annual financial statements and the audit of the Group as well as accounting, in preparation for the Supervisory Board. In addition, this committee evaluates the independence of the auditor and its quality as verified by a peer review. A financial expert serves as a member of the Wienerberger Audit Committee.

**All members of Wienerberger Supervisory Board are independent; employee participation is part of Austrian system**

The *Personnel and Nominating Committee* is responsible for preparing nominations to the Supervisory Board, whereby its goal is to guarantee the independence of the members of this body. It recommends nominations to the Supervisory Board, which are placed before the Annual General Meeting for a vote. The criteria for independence are published on our website. All shareholder representatives on the Supervisory Board reconfirmed their independence according to these criteria in a meeting on February 14, 2007. The Personnel and Nominating Committee is also responsible for establishing a description of the required qualifications prior to the appointment of persons to the Managing Board and preparing decisions for the Supervisory Board based on a defined selection procedure and succession planning. This committee also approves the terms of the stock option plans for key employees of the Group. The terms of the stock option plan for 2006 are described on page 124 of the notes, while detailed information on previous plans can be found on our website. The participation of Wienerberger employees on the Supervisory Board and its committees through their elected representatives forms a legally regulated part of the Austrian corporate governance system. The Austrian Stock Corporation Act entitles employees to delegate one member from among their ranks to the supervisory board of a corporation and its committees for every two members elected by the annual general meeting.

**Succession planning for Managing Board based on assessment**

After an initial evaluation in 2000, a second comprehensive assessment process was conducted for Wienerberger management in 2006. This analysis provides the Personnel and Nominating Committee with basic information to be used in succession planning for the Wienerberger Managing Board. In a specific case it formed the basis for the appointment of Willy Van Riet as Chief Financial Officer of Wienerberger beginning on April 1, 2007, after Hans Tschuden had announced his intention to join Telekom Austria AG.

The Supervisory Board of Wienerberger includes no former members of the Managing Board or key employees, and there are also no cross representations. No loans were granted to the members of the Supervisory Board or Managing Board, and no agreements have been concluded with these persons. Information on related party transactions is provided on page 124 of the notes.

**Report on related party transactions**

The 137th Annual General Meeting nominated KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to audit the annual financial statements and consolidated financial statements of Wienerberger AG. In addition to this function, KPMG also provides tax and financial consulting services for the Wienerberger Group through its global network of partner offices. Consulting fees charged by KPMG, excluding the audit of financial statements, totaled less than € 0.4 million in 2006. The fees for the audit of the Group and related services totaled € 1.4 million. In 2007 there are only a few contractual agreements for the provision of project-related consulting services.

**Disclosure of auditor's fees**

A management letter prepared by the auditor as well as a report by this firm on the efficiency of risk management in the Wienerberger Group was presented to the Chairman of the Supervisory Board, discussed by the audit committee and reported to the Supervisory Board. The risk analysis prepared together with an external consultant indicated that the specific circumstances associated with the risk situation of the Wienerberger Group could not be optimized in a reasonable manner through the establishment of a traditional internal audit function. Therefore, internal controlling and audit functions are carried out by Group controlling to avoid additional costs, and evaluated by the auditor based on a questionnaire with a focus that varies each year. The Managing Board reports to the Supervisory Board once each year on planning as part of this control system and the most important results of control measures.

**Extensive risk management does not require specific department**

Wienerberger AG has issued 74.2 million shares of common stock. There are no preferred shares or limitations on common shares. Therefore, the principle "one share – one vote" applies in full. According to the Austrian Corporate Takeover Act each shareholder will receive the same price for his or her Wienerberger shares in the event of a mandatory offer. Wienerberger AG has no core shareholder. The shareholder structure is described on page 35. Change of control clauses are included in the terms of the corporate bond 2005, the hybrid bond 2007 and the syndicated term loans of 2005 and 2006.

**"One share – one vote" applies in full; disclosure of change of control clauses**

The principles of the remuneration policy and detailed information on the compensation paid to each member of the Wienerberger Managing Board and Supervisory Board as well as an overview of the shares held by these persons is provided on the following pages. Current updates on the purchase and sale of Wienerberger shares by members of the Managing and Supervisory Boards are disclosed on the Company's website under "Directors' Dealing".

**Current data on compensation and directors' dealing on the website**

Under consideration of the above-mentioned modification to the internal audit function, Wienerberger meets all rules of the Austrian Corporate Governance Code, even those that have only recommendation character.

**Full implementation of the code**

# Remuneration Report

Remuneration report explains amount and structure of payments to Managing and Supervisory Boards

The remuneration report summarizes the principles that are used to determine the remuneration for the Managing Board of Wienerberger AG, and also provides details on the amount and structure of payments to these persons. In addition, it includes information on the underlying principles and amount of compensation paid to the members of the Supervisory Board as well as data on the number of shares owned by members of the Managing Board and Supervisory Board. The Supervisory Board has transferred the determination of remuneration for the Managing Board of Wienerberger AG to the Presidium, which also serves as the Remuneration Committee.

Goal of remuneration systems is to reflect the success of the company

In accordance with Austrian law, the Managing Board is appointed for a specific term of office that equals a maximum of five years. The employment contracts for the individual members of the Wienerberger Managing Board are prepared by the Remuneration Committee together with an external consultant, and the amount and structure of compensation is defined for the full contract period. The goal of the remuneration system is to provide the members of the Managing Board with compensation that is appropriate in national and international comparison (building materials sector) in accordance with their functions and scopes of responsibility. An important element of this remuneration system is a high variable component, which reflects the success of the company. Total compensation is divided into fixed, variable and share-based components, whereby the variable component is based on profit after tax and the share-based component on the mid- to long-term development of the company.

Fixed base salary tied to responsibilities, annual bonus on profit after tax

The *fixed base salary* reflects the scope of responsibility of the Managing Board member and, following common practice in Austria, is divided into fourteen installments and paid at the end of each month. This results in different base salaries that correspond to the individual duties as well as the related strategic and operating responsibilities of the various board members. The *annual bonus* represents a variable cash payment that is dependent on the base salary as well as consolidated profit after tax before minority interest, and thereby also reflects the financing costs associated with the Group's growth course. The variable component of salary is limited to 200% of the annual fixed salary for the Chief Executive Officer and 150% for all other members of the Managing Board. The variable cash compensation is verified by the auditor and paid in the following year.

Over 50% of compensation is variable

Cash payments to the members of the Managing Board totaled € 3.9 million for 2006 (2005: € 3.6 mill.). Of this amount, € 1.7 million represent fixed base salaries and € 2.2 million are variable components that will be paid in 2007.

## Cash compensation

### Managing Board

in EUR

|                    | 2005             |                  |                  | 2006             |                  |                  |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                    | Fixed            | Variable         | Total            | Fixed            | Variable         | Total            |
| Wolfgang Reithofer | 626,352          | 667,873          | 1,294,225        | 642,317          | 742,361          | 1,384,678        |
| Hans Tschuden      | 307,929          | 441,083          | 749,012          | 315,778          | 473,667          | 789,445          |
| Heimo Scheuch      | 307,929          | 441,083          | 749,012          | 315,778          | 473,667          | 789,445          |
| Johann Windisch    | 384,912          | 441,083          | 825,995          | 394,722          | 495,854          | 890,576          |
| <b>Total</b>       | <b>1,627,122</b> | <b>1,991,122</b> | <b>3,618,244</b> | <b>1,668,595</b> | <b>2,185,549</b> | <b>3,854,144</b> |

Stock option plan to synchronize interests

The *share-based compensation* for the Managing Board is based on a stock option plan for key managers of the Group, which was approved by the Annual General Meeting of Wienerberger AG

on May 8, 2002. The stock option plan represents a form of remuneration with a long-term incentive. The number of allocated options is dependent on the fulfillment of annual performance goals. In order for the 2006 options to become valid, actual results must equal at least 95% of budgeted profit after tax before minority interest for the Group. If actual results are between 95 and 100% of the target, the number of options is allocated on a proportional basis. For the business year 2006 CEO Wolfgang Reithofer was allocated 18,000 options and the other members of the Managing Board, Heimo Scheuch, Hans Tschuden and Johann Windisch, were allocated 15,000 options each for Wienerberger shares at an exercise price of € 38.50. Subsequent changes in the performance targets are prohibited after the allocation of the share-based compensation. The terms of the 2006 stock option plan and the valuation of the options are described in the notes on page 124.

The members of the Managing Board require the approval of the Supervisory Board before they may enter into any activities outside the scope of their work with Wienerberger. This guarantees that neither the time required nor the related compensation could lead to a conflict with their duties for the company. Any outside activities that involve seats on supervisory boards or comparable positions for publicly traded companies are listed on page 26 and also disclosed on the Wienerberger website. No compensation is provided for positions in Group companies.

**Other activities require approval of Supervisory Board**

All members of the Managing Board are covered by *defined contribution pension agreements* that require the company to make a fixed contribution each year. The Chief Executive Officer also has an "old" pension agreement that guarantees a fixed indexed pension payment. The company has no obligations above and beyond these agreements. Contributions to pension funds (defined contribution commitments) and provisions for pensions (defined benefit commitments) totaled € 1,211,919 for the members of the Managing Board during the reporting year (2005: € 1,075,475). The members of the Managing Board are entitled to severance compensation on the termination of employment in accordance with legal regulations in Austria, which depends on total compensation as well as the length of service with the company. Legal requirements define the maximum severance compensation as one full year's compensation, whereby the entitlement is forfeited if the employment relationship is terminated by the employee. Severance compensation for the Chief Executive Officer may equal a maximum of two year's compensation. The addition to the provision for severance compensation totaled € 932,260 for 2006. Payments of € 595,480 were made to former members of the Managing Board and their surviving dependents in 2006 (2005: € 588,789).

**Severance pay is regulated by Austrian law**

The AGM on April 27, 2006 approved a new remuneration system for the Supervisory Board: Each member of the Supervisory Board receives reimbursement for cash expenses as well as fixed remuneration of € 10,000 per year. In addition, each committee member also receives € 5,000 per year and committee. This fixed remuneration will be adjusted on the basis of the Statistik Austria consumer price index for 2005 or any other subsequent index. Furthermore, every member of the Supervisory Board will receive performance-based remuneration equal to 0.07% of profit after tax before minority interest for the business year, as shown in the audited and unqualified consolidated financial statements. The Chairman receives twice this amount and the Vice-Chairman one and one-half this amount. If a member of the Supervisory Board is not active during the full business year, the remuneration is paid in proportion to the time available. If members of the Supervisory Board take on a special function in the interests of the company in this capacity, the Annual General Meeting may approve remuneration for their activities. Duties and taxes charged on remuneration

**AGM approves new remuneration system for Supervisory Board**

to the members of the Supervisory Board are carried by the company. For 2006 (payment in 2007) and 2005 (payment in 2006) remuneration for the members of the Supervisory Board totaled € 305,197 and € 294,650, and is distributed as follows:

| <b>Supervisory Board Remuneration in EUR</b> | <b>2005</b>    | <b>2006</b>    |
|----------------------------------------------|----------------|----------------|
| Friedrich Kadrnoska, <i>Chairman</i>         | 74,456         | 70,567         |
| Christian Dumolin, <i>Vice-Chairman</i>      | 52,119         | 52,926         |
| Karl Fink                                    | 0              | 20,189         |
| Rupert Hatschek <sup>1)</sup>                | 29,782         | 10,095         |
| Peter Johnson                                | 19,165         | 30,284         |
| Franz Lauer <sup>1)</sup>                    | 29,782         | 10,095         |
| Harald Nogrsek                               | 29,782         | 30,284         |
| Claus Raidl                                  | 29,782         | 30,284         |
| Wilhelm Rasinger                             | 0              | 20,189         |
| Franz Rauch                                  | 29,782         | 30,284         |
| <b>Total</b>                                 | <b>294,650</b> | <b>305,197</b> |

1) Resigned from the Supervisory Board on April 27, 2006

**No additional compensation for Supervisory Board**

No compensation is paid for services outside the above-mentioned Supervisory Board duties, in particular for consulting or arranging services. The salaries received by the employee representatives as part of their employment contracts represent exceptions to this rule.

**Managing and Supervisory Boards voluntarily disclose holdings in Wienerberger shares**

The members of the Managing and Supervisory Boards have voluntarily agreed to disclose their holdings in shares of Wienerberger AG. In accordance with § 48 of the Austrian Stock Exchange Act, the purchase or sale of shares by members of the Managing and Supervisory Boards is reported to the Austrian Financial Market Authority and also disclosed on the Wienerberger website under "Directors' Dealing". The number of Wienerberger shares held by the members of the Managing and Supervisory Boards at the end of 2006 totaled 243,059.

| <b>Number of shares owned</b> | <b>1.1.2006</b> | <b>Purchase</b>      | <b>Sale</b>   | <b>31.12.2006</b> |
|-------------------------------|-----------------|----------------------|---------------|-------------------|
| <b>Managing Board</b>         |                 |                      |               |                   |
| Wolfgang Reithofer            | 168,041         | 0                    | 0             | 168,041           |
| Heimo Scheuch                 | 18,120          | 18,000               | 22,322        | 13,798            |
| Hans Tschuden                 | 8,997           | 15,000               | 7,500         | 16,497            |
| Johann Windisch               | 25,000          | 15,000               | 30,000        | 10,000            |
| <b>Supervisory Board</b>      |                 |                      |               |                   |
| Friedrich Kadrnoska           | 759             | 0                    | 0             | 759               |
| Christian Dumolin             | 23,690          | 0                    | 0             | 23,690            |
| Karl Fink                     | 0               | 0                    | 0             | 0                 |
| Peter Johnson                 | 0               | 0                    | 0             | 0                 |
| Harald Nogrsek                | 0               | 0                    | 0             | 0                 |
| Claus Raidl                   | 0               | 0                    | 0             | 0                 |
| Wilhelm Rasinger              | 0               | 10,274 <sup>1)</sup> | 0             | 10,274            |
| Franz Rauch                   | 0               | 0                    | 0             | 0                 |
| <b>Total</b>                  | <b>244,607</b>  | <b>58,274</b>        | <b>59,822</b> | <b>243,059</b>    |

1) Wilhelm Rasinger owned the above number of shares in Wienerberger before he was appointed to the Supervisory Board.

# The Wienerberger Share

Uncertainty concerning the development of the oil price and the political situation in the Middle East had a negative impact on stock markets at the beginning of the year. However, investor confidence improved during the last months of 2006 and the major indexes climbed to levels that have not been reached in years. In spite of the highs and lows registered on international exchanges, good performance was recorded by the English FTSE 100 Index with +11% and the German DAX with +22%. The ATX moved from one high to the next at the start of the year, but came under strong pressure during the second quarter and faced a substantial correction to a level of 3,300 points. This trend reversed near the end of 2006, with the ATX outperforming most other stock indexes and closing the year with a plus of 22% to 4,464.

After a disappointing year for American markets in 2005, solid corporate earnings, a lower oil price and stable economic indicators provided support for the key US stock indexes in 2006. The Dow Jones Industrial closed at 12,463 points, which reflects an annual performance of +16%. The S&P 500 ended the year with a plus of 14%. The international construction branch profited from rising economic momentum in Europe and renewed activity on the construction sector in Germany during 2006. The Dow Jones Euro Stoxx Construction & Materials closed with overall strong performance of +38% and the Bloomberg 500 Building Index with +32%.

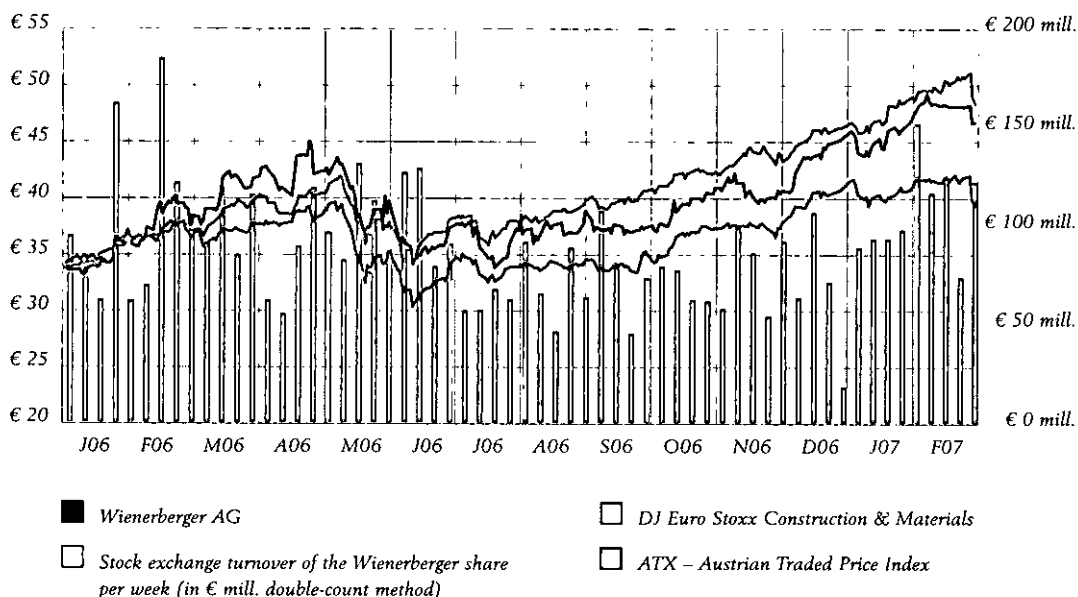
The Wienerberger share started 2006 at an annual low of € 33.45, but rose to a new record high of € 44.81 by April. In May the share price came under massive pressure that triggered an adjustment to € 32.11 during June. This development was caused by quarterly results that remained below expectations due to the long winter in Eastern Europe, rising energy prices, high start-up costs for plants and the substantial weakening of new residential construction in the USA. However, a clear improvement in earnings, renewed strength in the European construction sector, and a decline in energy prices formed the basis for strong recovery during the last months and the Wienerberger share closed 2006 at a new all-time high of € 45.00.

**ATX hits new record with 4,464 points**

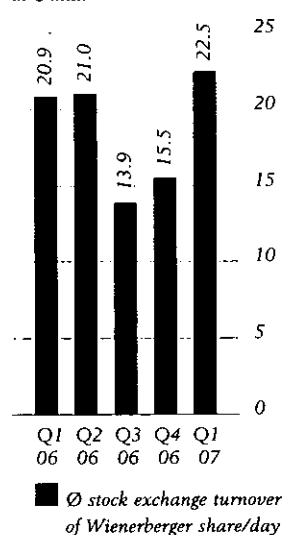
**Sound growth in European economy supports construction sector**

**Share price under pressure in mid-2006, but new high reached at year-end**

**Development of the Share Price**



#### Liquidity in € mill.



#### Wienerberger share maintains high liquidity

#### Dividend policy calls for payout ratio of 45% on net income

#### Pure free float company with € 3.3 billion capitalization at year-end 2006

#### Key Data per Share

|                                             |            | 2004    | 2005    | 2006    | Chg. in % |
|---------------------------------------------|------------|---------|---------|---------|-----------|
| Earnings                                    | in €       | 2.54    | 2.66    | 2.95    | +11       |
| Adjusted earnings <sup>1)</sup>             | in €       | 2.54    | 2.67    | 3.02    | +13       |
| Dividend                                    | in €       | 1.07    | 1.18    | 1.30    | +10       |
| Free cash flow <sup>2)</sup>                | in €       | 4.25    | 3.06    | 3.71    | +21       |
| Equity <sup>3)</sup>                        | in €       | 19.64   | 20.26   | 21.71   | +7        |
| Share price high                            | in €       | 36.35   | 39.10   | 45.00   | +15       |
| Share price low                             | in €       | 21.10   | 28.12   | 32.11   | +14       |
| Share price at year-end                     | in €       | 35.15   | 33.80   | 45.00   | +33       |
| P/E ratio high <sup>4)</sup>                |            | 14.3    | 14.6    | 14.9    | -         |
| P/E ratio low <sup>4)</sup>                 |            | 8.3     | 10.5    | 10.6    | -         |
| P/E ratio at year-end <sup>4)</sup>         |            | 13.8    | 12.7    | 14.9    | -         |
| Shares outstanding (weighted) <sup>5)</sup> | in 1,000   | 69,598  | 73,196  | 73,309  | 0         |
| Market capitalization at year-end           | in € mill. | 2,607.0 | 2,506.9 | 3,337.6 | +33       |
| Average stock exchange turnover/day         | in € mill. | 12.2    | 16.3    | 17.8    | +9        |

1) Before amortization of goodwill, and excluding non-recurring income and expenses

2) Cash flow from operating activities minus cash flow from investing activities plus growth investments

3) Equity including minority interest

4) Based on adjusted earnings per share

5) Adjusted for treasury stock

The trading volume of Wienerberger shares again rose by a substantial amount in 2006. With annual turnover of € 4,376.5 million or an average of 464,788 shares per day (purchases and sales, double-count method), the liquidity of the Wienerberger share roughly matched the level reached in 2005. This led to a shift from seventh to tenth place in a ranking of top issues on the Vienna Stock Exchange. Over-the-counter sales totaled € 1,340.8 million in 2006, compared to € 1,629.7 million in the previous year. On the Austrian Futures and Option Exchange (ÖTOB) 26,498 option contracts with a total volume of € 101.3 million were traded for Wienerberger stock.

Wienerberger follows a consistent dividend policy, which calls for a payout ratio of roughly 45% of profit after tax and minority interest (based on 74.2 million issued shares). The Managing Board will therefore recommend that the Annual General Meeting on May 10, 2007 approve the payment of a € 1.30 dividend per share, which represents an increase of 10% and a total distribution of € 95.3 million. This reflects a yield of 3.4% based on the average share price for 2006 and 2.9% at the year-end rate. Wienerberger intends to continue this dividend policy in the future, in order to offer shareholders an attractive minimum return on their invested capital.

#### Shareholder Structure

Wienerberger AG is listed with 74.2 million shares of zero par value common stock (bearer shares, no preferred or registered shares) in the Prime Market segment of the Vienna Stock Exchange. In the USA the company trades on the OTC market through an ADR Level 1 Program of the Bank of New York. With market capitalization of € 3.3 billion and a weighting of 5% in the ATX at year-end 2006, Wienerberger is one of the largest listed companies in Austria.

Wienerberger is a 100% free float company without a core shareholder. AIM Trimark, a Canadian investment company, holds over 5% of the outstanding Wienerberger shares in a number of its publicly traded funds. Other large shareholders with blocks of more than 5% are Capital Research and Management as well as Lansdowne Partners.

Wienerberger has a widely diversified shareholder structure, which is typical for an international publicly traded company. Of special note is the fact that the majority of professional investors come from Anglo-Saxon countries, the USA (34%) as well as the United Kingdom and Ireland (22%). The share of private investors totals only 9%, whereas 91% of shareholders are institutions. 40% of the investors are growth-oriented (growth or GARP investors, see the graph on the right).

### Wienerberger Hybrid Bond

In order to strengthen its capital base, Wienerberger successfully placed its first hybrid bond in February 2007 and thereby also diversified its range of financing sources. Strong demand – the bond was oversubscribed nearly 11-times – led us to raise the issue volume from the originally planned € 400 to 500 million. The bond was placed with Austrian (16%) and international investors (84%), above all in Great Britain, Germany, the Benelux countries, Switzerland and France. The security has a perpetual maturity as well as a fixed coupon of 6.5% for the first ten years, and will convert to a variable interest rate based on the 3-month EURIBOR plus 3.25% after this time. Standard & Poor's rated the Wienerberger hybrid bond "BB+" and Moody's awarded a "Ba1". The hybrid bond trades on the official markets of the Vienna and Frankfurt Stock Exchanges.

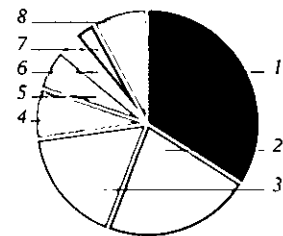
### Investor Relations

Professional investor relations have had a high priority at Wienerberger for many years. This function reports directly to the Chief Executive Officer, but its work is also integrated closely with the Chief Financial Officer. The goal of our investor relations activities is to provide a true and fair view of the company, and thereby facilitate a correct valuation of the Wienerberger share.

Wienerberger again held several road shows and participated in investor conferences in Europe and the USA during the past year. The Managing Board and the investor relations team met hundreds of investors throughout the world and discussed the company as well as its development and strategy in conference calls and video meetings. The Wienerberger website represents an important communications medium, and provides a wide range of information on the company as well as download versions of annual and interim reports, a financial calendar, current presentations, live webcasts of the annual general meeting and press conferences, recordings of conference calls, analysts' earnings estimates and current reports, and a specially designed online annual report ([annualreport.wienerberger.com](http://annualreport.wienerberger.com)).

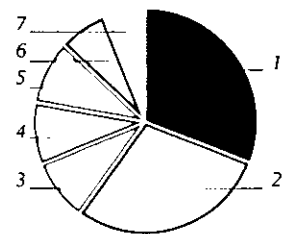
Our efforts to continually improve investor relations were also recognized by the financial community in 2006, with Wienerberger winning several prizes. At the world's largest competition for annual reports – the ARC (Annual Report Competition) Awards in New York – an international jury of experts from the fields of investor relations, journalism, design and photography presented the Wienerberger Annual Report 2005 with a number of awards. For the outstanding quality of the report we received Gold Awards for financial data, written text, interior design and photography

**Shareholder Structure by Country**



- 1 USA 34%
- 2 UK & Ireland 22%
- 3 Austria 17%
- 4 Germany 7%
- 5 North Europe 6%
- 6 France 3%
- 7 Switzerland 3%
- 8 Other 8%

**Shareholder Structure by Investor Type**



- 1 Growth 31%
- 2 Value 29%
- 3 GARP 9%
- 4 Retail 9%
- 5 Index 9%
- 6 Hedge funds 6%
- 7 Other 7%

**Annual report receives  
2 grand awards at the  
ARC in New York**

as well as a Bronze Award for the overall annual report. However, the most important recognition was signified by two Grand Awards for financial data and written text, which ranked Wienerberger number one among more than 1,900 submitted reports for the best analysis of results and written content in the world.

**Fifth best report  
worldwide according  
to Annual Report on  
Annual Reports**

The Wienerberger Annual Report 2005 also received an excellent rating in the Annual Report on Annual Reports. For more than ten years, e.com, an independent Belgian consulting company, has evaluated the annual reports of the major international corporations according to 25 categories. Wienerberger was included in this analysis for the first time in 2005 and ranked 18th, but reached the top in 2006 with a world class rating as the global number five. Our Annual Report 2005 was also recognized at the Austrian Annual Report Awards for publicly traded companies, where we won first prize as the best annual report in Austria for the third year in succession.

**Coverage expanded  
in 2006**

The coverage of our company by a large number of well-known Austrian and international investment banks maintains the *visibility* of the Wienerberger share in the financial community. During the past year, Citigroup (London) and Davy Securities (Dublin) initiated coverage on Wienerberger. As of March 2007 Wienerberger is covered by 12 analysts, and the following brokers publish regular reports on Wienerberger and its stock (in alphabetical order): ABN Amro (London), CAIB (Vienna), Citigroup (London), Credit Suisse First Boston (London), Davy Securities (Dublin), Deutsche Bank (London/Vienna), Erste Bank (Vienna), Goldman Sachs (London), MAN Securities (London), Merrill Lynch (London), RCB (Vienna) und UBS (London).

**Information on the Wienerberger Share**

|                            |                                |
|----------------------------|--------------------------------|
| Investor Relations Officer | Thomas Melzer                  |
| Shareholders' Telephone    | +43 (1) 601 92-463             |
| E-mail                     | communication@wienerberger.com |
| Website                    | www.wienerberger.com           |
| Online Annual Report       | annualreport.wienerberger.com  |
| Vienna Stock Exchange      | WIE                            |
| Reuters                    | WBSV.VI                        |
| Bloomberg                  | WIE AV                         |
| Datastream                 | O: WNBA                        |
| ADR Level 1                | WBRBY                          |
| ISIN                       | AT0000831706                   |

# Strategy and Business Model

The primary goal of Wienerberger management in the context of maximizing Total Shareholder Return (TSR) is to guarantee long-term sustainable growth in our core business and thereby further expand the Group's leading market positions. Our corporate strategy is based on three main elements: a focus on the core business, profitable growth and a principal role in product innovation and cost leadership in our industry.

## Focus on the core business

Wienerberger concentrates on products for masonry, roofs and paving. We are the largest multinational supplier in our core business, and hold strong market positions with approximately 260 plants in 25 countries and five export markets (also see pages 72 and 73). Our strategy for the core business is designed to establish and increase leading positions on all markets in which we are present. In addition, we will also expand step by step into new and promising markets, especially in the East.

Bricks are the most popular building material in the world for new residential construction, and are also used in the non-residential segment. Wienerberger has developed leading positions on all relevant markets in Europe (with the exception of the Iberian Peninsula) and the USA in recent years. Our innovative products, own technology and broad-based plant structure give us a decisive competitive advantage. Hollow bricks generate 37% of Group revenues and 48% of EBITDA. The facing brick product lines are responsible for 36% of revenues and 29% of EBITDA.

Clay roof tiles are used primarily to cover pitched roofs in Europe. More than half of clay roof tiles are used in renovation, which leads to a lower dependency on cyclical new housing construction than hollow and facing bricks. The major features of the clay roof tile industry are growing market shares, stable cash flows and high profitability. Our clay roof tile activities in Belgium, the Netherlands, France, Germany, Poland, Estonia and Switzerland as well as a 25% holding in Tondach Gleinstätten in Central-East Europe produce roofing systems made of clay. Bramac, a 50/50 joint venture with Lafarge Roofing, manufactures concrete roof tiles for Central-East Europe. Clay roof tiles and concrete tiles contribute 21% to revenues and 24% to EBITDA.

The fourth core product area is formed by pavers. We are represented in this sector by our 75% subsidiary Semmelrock as well as our wholly owned paver activities in the Benelux countries and Germany. Semmelrock was able to expand its leading position as a producer of concrete slabs and pavers in Central and Eastern Europe with the acquisition of the Czech Colorbeton in October 2006. This product area generates 6% of revenues and 4% of EBITDA.

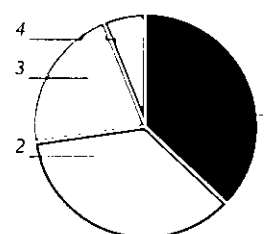
## Profitable growth

We define profitable growth as an above-average (in comparison to the building materials sector) increase in earnings of roughly 10% per year. The basis for this growth is formed by our integrated business model. The brick and clay roof tile business is capital-intensive. It requires a high initial investment and generates stable cash flows. Our maintenance capex in the core business is relatively low and totals only ca. 60% of depreciation. This leads to high free cash flows that can be used for growth projects, dividends, debt reduction or share buybacks.

**Wienerberger is a growth company with high free cash flow**

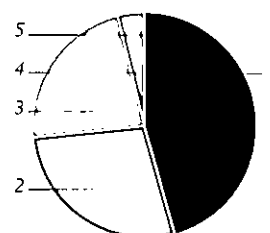
**Strategy to increase market positions for core business and expand into new markets**

**Revenues 2006 by Product**



1 Hollow bricks 37%  
 2 Facing bricks 36%  
 3 Roofing systems 21%  
 4 Pavers 6%

**EBITDA 2006 by Product**



1 Hollow bricks 48%  
 2 Facing bricks 29%  
 3 Roofing systems 24%  
 4 Pavers 4%  
 5 Investments and Other -5%

**Ambitious profitability  
criteria for growth projects**

Our business model is designed to ensure that we only invest in profitable growth projects. We have set ambitious goals for these investments, which distinguish between ***bolt-on projects*** and ***external projects***.

**Target for bolt-on projects:  
22% CFROI in year 3 after  
the investment**

We define ***bolt-on projects*** as the construction of new plants or extension of capacity as well as smaller acquisitions in existing markets. The integration of these projects with our activities and subsequent optimization allow us to realize synergies and increase earnings. For these projects, we require a cash flow return on investment (CFROI) of 22%, including synergies, in the third year after the start of the investment. Past performance has shown that we are able to meet this goal with CFROIs in excess of 20%, depending on the exact monitoring period.

**Target for external  
projects: 16% CFROI  
in year 3 after the  
investment**

***External projects*** represent acquisitions that justify a higher investment for strategic reasons, in particular leading market positions held by the takeover candidates or entry into new markets. For these projects, we have targeted a CFROI of 16%, after synergies, in the third year after investment. We also use external projects to improve the earnings power of the Group, which currently generates a CFROI of 12.0%. These projects form the basis for further bolt-on projects in later years.

**Financial flexibility  
through issue  
of hybrid bond in  
February 2007**

Our financing strategy is closely linked to the capital structure of the Group. The objective is to maintain a sufficient equity ratio to safeguard the continuation of business activities and the payment of dividends (payout ratio of 45%), and also secure adequate debt financing to realize our growth targets. In order to minimize the cost of debt and maintain the Group's attractiveness for financial markets, any decisions involving a possible increase in debt are made with a view to maintaining the current ratings by Standard & Poor's (BBB) and Moody's (Baa2). Free cash flow will release approximately € 250 to 300 million for growth projects in 2007. In order to create additional flexibility for our growth strategy, we issued a hybrid bond in February 2007; this instrument is given a 50% equity credit by the rating agencies. The issue of shares will only be considered for major acquisitions that increase the value of the company.

**Further growth in all  
regions planned for 2007**

Further growth steps are planned for all regions in which Wienerberger is present. We will pursue this growth in 2007 through the construction of new plants, expansion of capacity and/or acquisitions depending on our market position in the specific country as well as the structure of the markets and competition.

**New plants in Russia,  
Bulgaria and Romania in  
planning or construction**

In Eastern Europe Wienerberger holds strong positions on building material markets. These markets are characterized by above-average growth in new housing construction. We therefore see substantial long-term opportunities throughout this entire region, which has become a home market for us. Wienerberger will use its competitive advantages with respect to costs and products, and gradually increase its activities in Eastern Europe through acquisitions and the expansion of production capacity. We are continually evaluating opportunities to enter new regions, whereby we concentrate on growing markets in which bricks already hold a high share. The realistic chance to gain a leading position in a new market over the mid-term is also a decisive factor. Our first brick

plant in Russia started operations in October 2006 and is now undergoing optimization. We have also started construction of a plant in Kazan, 800 km east of Moscow, as well as on two production facilities in Bulgaria and Romania.

Growth opportunities in the mature markets of Western Europe are available through bolt-on projects in all product areas. We utilize synergies created by acquisitions and the extension of capacity, and are thereby able to improve our earnings in stagnating markets. Furthermore, there are opportunities to increase the market share of bricks for load-bearing walls in France, the Netherlands and Great Britain. In the roofing segment, we will form a homogeneous company in Germany following our acquisition activities in recent years and further optimize this business. This strategy will support the steady improvement of earnings in all countries.

**Strengthening of market shares in Western Europe with bolt-on projects**

The USA is the largest facing brick market in the world, and currently reports population growth of roughly 1% per year. For this reason, we view the USA as a long-term growth market and important source of earnings for our Company in spite of the decline in new housing construction that started in April 2006. We took a major strategic expansion step in the western region of the USA during June 2006 with the takeover of Robinson Brick, a brick producer and merchant in Denver, Colorado, that holds a leading market position with four plants and 17 retail centers in seven states west of the Mississippi. In Kentucky and Louisiana we strengthened our direct sales network through the acquisition of Modern Concrete, a brick merchant, in January 2007. The construction of larger plants and expansion of direct sales is an approach that we will also use in the future to steadily expand our business in the USA.

**Expansion of market position in USA with larger plants and stronger direct sales**

Non-core activities in the Wienerberger Group are combined under the Investments and Other segment. The strategy for the Pipelife joint venture, the fourth largest producer of plastic pipes in Europe, is to continuously improve earnings and strengthen its market positions. Pipelife again made substantial progress with the implementation of this strategy during the past year and recorded a further improvement in earnings.

**Investments refinance expansion in core business**

For the owners of the Company, Wienerberger management has set a goal to maximize Total Shareholder Return (TSR). We view both factors – an increase in the price of our stock and dividend payments – as important. We have therefore defined a dividend payout ratio of approximately 45%, which will give shareholders a solid minimum return. We also want to grow profitably across all areas of our core business to form the basis for sustainable growth in the price of our stock in the future.

**Maximization of TSR with dividends and earnings growth**

# Key Factors and Major Drivers for the Brick Business

## 1 **New residential construction and renovation**

The pace of new residential construction on local markets has a major influence on the demand for bricks. Two of the most important drivers for new residential construction are population growth and consumer confidence in the individual countries. Bricks are also used for the construction of offices and public buildings. In contrast, the demand for clay roof tiles is driven more by renovation (55%) and less by new construction (45%).

## 2 **Focus on the core business and profitable growth**

## 3 **Local presence and decentralized organization**

In order to fully cover a regional market with bricks, a company needs a network of production facilities as well as an organization that places high value on decentralized responsibility and local know-how. The supply radius is 250 km for hollow bricks, 500 km for facing bricks and 800 km for clay roof tiles. Different regional and cultural preferences and construction standards influence the development of markets and products. Wienerberger can rely on a network of plants in 25 countries, which makes it easier to compensate for fluctuations on individual markets.

The core business of Wienerberger – products for masonry, roofs and paving – is capital-intensive. After a high initial investment, only ca. 60% of depreciation is required for maintenance, rationalization and environmental protection measures. This releases substantial free cash flows that can be used, above all, for profitable growth. As the largest producer of bricks in the world, we invest at least € 250 million each year to increase our existing positions and develop new markets.

# 4 Products and product development

Wienerberger has established a position as the most innovative company in the brick industry through its many years of successful development work. Our close contacts with architects and construction firms give us new impulses and suggestions for the improvement of our products. In the hollow brick segment, our goal is to continuously improve the technical properties of our products – for example thermal and sound insulation, load-bearing capacity and efficient laying. In the facing brick, clay roof tile and paver segments, we concentrate on the early identification of architectonic trends. We also adjust our offering to meet local needs and tastes, and continually add new items to our product lines.

# 5 Strong market positions and customer relations

Our goal is to develop strong market positions and customer relations in all markets in which we are active.

We work to meet this goal with high-quality products and services as well as sustainable and responsible actions by all our employees.

# 6 Cost and capacity management

The ongoing optimization of costs throughout the company – in production (above all with respect to the use of energy) as well as administration and sales – is part of the Wienerberger culture. Our strong market positions are based on a network of plants, with facilities in all our markets and product segments. This allows us to actively manage capacity and ensure a high level of utilization, which represents a major cost factor in our capital-intensive industry.

# 7 Know-how and synergies

The competitive advantage of the Wienerberger Group is based on detailed knowledge of the local markets by all operating personnel as well as the use of group-wide synergies through the exchange of know-how in the areas of technology, marketing, product development and procurement.

# Risk Management

**Identification and analysis of 15 major risks as part of risk management process**

Global operations expose the Wienerberger Group to a variety of risks. In principle, Wienerberger views risk as the potential divergence from corporate goals and therefore as a range of potential future scenarios. Risk covers the possibility of a loss (risk in the literal sense of the word) as well as the failure to realize an additional gain. The goal of our risk management process is to identify risks at an early stage and implement suitable measures to minimize any variance from corporate goals. This procedure requires the identification, assessment, management and monitoring of risks, and represents an integral part of our internal risk management activities. The risk assessment that was prepared in prior periods is updated annually by the Management Committee. Based on the probability of occurrence and potential impact on the Group, the identified risks are weighted according to their significance and the 15 major risks are analyzed in detail. In 2006 this process led to a change in the weighting of individual risks as well as the addition of new risks to our risk catalogue. The most important risks are described in detail below.

## Market Risks

**Minimization of market risks through geographic diversification**

Market risks arise from developments and price structures in the major economies in which Wienerberger operates across Europe and the USA. In order to minimize the impact of individual markets on Group earnings, we pursue a strategy of geographical diversification and concentration on our core business. Our decentralized plant network and broad-based management team as well as the leading positions of Wienerberger prevent specific market and production risks from threatening the entire Group and limit the potential impact of such events to parts of the local organization.

## Procurement, Production, Investment and Acquisition Risks

**Risk of rising energy costs met by hedging**

We work to counteract the risk of rising energy costs by continuously monitoring the situation on key markets, concluding forward contracts, defining procurement prices at an early point in time and closing long-term supply contracts. For 2007 we have already signed contracts that cover a large part of our natural gas and electricity requirements. A detailed description of our energy procurement policy is provided on page 70. However, our main activities in this area are directed to optimizing the use of energy in production and sales. Excess capacity can lead to pressure on prices and uncovered costs. In order to minimize any impact on earnings, we regularly evaluate our capacity and make any necessary adjustments through temporary shutdowns or the relocation of production to reflect market demands.

**Group-wide transfer of know-how minimizes implementation and integration risk**

The increasing focus on growth projects has made the efficient implementation and integration of these acquisitions more important. We rely on the group-wide transfer of know-how through the exchange of experts who support local management as well as clear profitability targets for growth projects (see strategy and business model, page 37) to hold this risk as low as possible.

## Financial Risks

**Hedging of exchange rates and interest rates**

Exchange rates and interest rates are the major sources of financial risk. Foreign exchange swaps are used to secure appropriate coverage between assets and liabilities, and thereby decrease the impact of exchange rate fluctuations on Group equity. In recent years Wienerberger has been able to significantly reduce the risks associated with foreign exchange and interest rates through its hedging activities. A description of the financing situation and hedging measures is provided in the financial review on page 66; exchange rate risk is discussed on pages 121 and 122 of the notes.

## Legal Risks

Depending on the market position in individual countries and the size of planned acquisitions, transactions may be dependent on the approval of cartel authorities. These approval procedures could lead to delays or, in individual cases, the prohibition of specific mergers or acquisitions. Wienerberger extensively evaluates the cartel risk associated with an acquisition together with national and international legal and business experts during the early stages of work on a project in order to minimize this risk. The cartel authorities have never rejected a proposed acquisition by the Group so far. Due to our positions in specific markets, the pricing policy of our subsidiaries is actively monitored by competition authorities. Price-fixing agreements are not part of Wienerberger business policies, and our internal guidelines expressly prohibit such activities and call for sanctions in the event of violations.

**Cartel risks analyzed extensively in early stage of acquisitions**

From the present point of view, there are no risks that could endanger the continued existence of the Wienerberger Group. Our broad geographical diversification limits the largest single risk to less than 20% of current EBITDA. If all top 15 risks should materialize at the same time, less than one-third of equity would be affected. Insurance policies have been concluded to cover specific guarantee or warranty risks as well as possible damages. The scope of these insurance policies is analyzed regularly based on the maximum cost associated with the insured risk and the relevant insurance premium. In order to counter potential risks that could result from the wide variety of tax, competition, patent, cartel and environmental regulations and laws faced by Wienerberger, management decisions are based on consultations with company and outside experts. Compliance with regulations and the supervision of employees in their interaction with risk is a basic responsibility of all Wienerberger managers.

**No identifiable risks that could endanger the entire Group**

In order to *avoid and manage risk* the local companies deliberately take on risks only as part of their operating activities and always evaluate these risks in relation to potential gains or opportunities. In particular, speculative actions outside the scope of operating activities are prohibited. Risks that are not directly related to operating activities, for example financial risks, are monitored and managed by the holding company of the Group.

**Risks only taken on in operating business**

The most important instruments for the *monitoring and management of risk* are planning and controlling processes, Group guidelines and regular reporting. Reporting plays a major role in the monitoring and control of risks associated with normal business operations. The Group auditor evaluates the effectiveness of Wienerberger risk management each year, and reports to the Supervisory Board and Managing Board on the results of this analysis. The functional capability of Wienerberger risk management was examined and confirmed by the auditor. A detailed description of the risks facing the Wienerberger Group is provided in the notes on page 120.

**Effectiveness of risk management audited and confirmed**

# Products

## Hollow bricks (1)

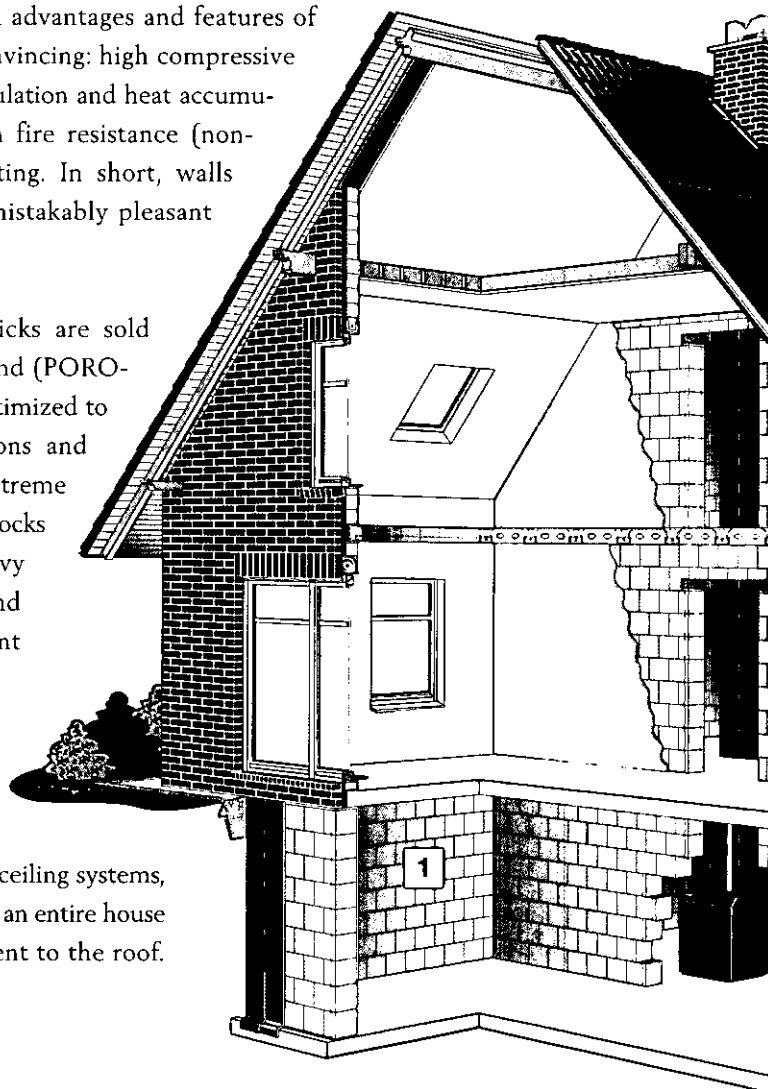
Wienerberger hollow brick  
brand: POROTHERM  
(POROTON in Germany)

Hollow bricks are used for load-bearing exterior and interior walls as well as for non-load-bearing partition walls or fillwork. A wall made of hollow bricks is normally not seen after completion because it is covered with plaster or paneling.

In any case, the technical advantages and features of these monolithic walls are convincing: high compressive strength, excellent thermal insulation and heat accumulation, sound insulation, high fire resistance (non-flammable), moisture regulating. In short, walls made of bricks create an unmistakably pleasant comfort atmosphere.

Wienerberger hollow bricks are sold under the POROTHERM brand (POROTON in Germany), and are optimized to meet these special applications and requirements. Examples are extreme thermal insulating, thick clay blocks for exterior walls, special heavy clay blocks for improved sound insulation and seismic-resistant bricks for safe construction in earthquake zones.

The Wienerberger hollow brick system also includes brick lintels and brick ceiling systems, which makes it possible to build an entire house with bricks – from the basement to the roof.



## Pavers (2)

Wienerberger paver brands:  
TERCA (clay) and  
SEMMELOCK (concrete)

Pavers by Wienerberger are produced as clinkers made of clay or as concrete tiles and slabs. These materials are used by homeowners (for driveways, paths, terraces and garden design) as well as in public areas (sidewalks, open areas and pedestrian zones).

The large range of shapes, colors and surface structures offered by TERCA clay pavers and SEMMELOCK concrete pavers place virtually no limits on the esthetic fantasy and durability of paver designs. SEMMELOCK concrete pavers also permit the spatial structuring and design of garden landscapes, for example with products for slopes, planters and fencing systems.

### Roofing Systems (3)

Clay roof tiles are used primarily to cover pitched roofs. They not only provide sustainable protection for houses from the weather, but also represent an important design element for architects. Clay roof tiles are not only used in new construction, but also to a large extent in the renovation of existing buildings.

Wienerberger clay roof tiles are sold under the KORAMIC brand. They are available in a wide variety of forms (pressed or plain tiles), colors and surfaces (natural, glazed, sanded or engobed).

These product features create a unique and attractive look for a roof made of clay tiles. For each type of tile, Wienerberger offers a complete line of special tiles and accessories such as ridge tiles, verge tiles and much more.

Through its 50% holding in Bramac the Wienerberger Group also produces concrete tiles that are used to cover pitched roofs, primarily in Austria and the southeast region of Europe. Concrete roof tiles are used above all in new residential construction.

**Wienerberger clay roof  
tile brand: KORAMIC**

### Facing Bricks (4)

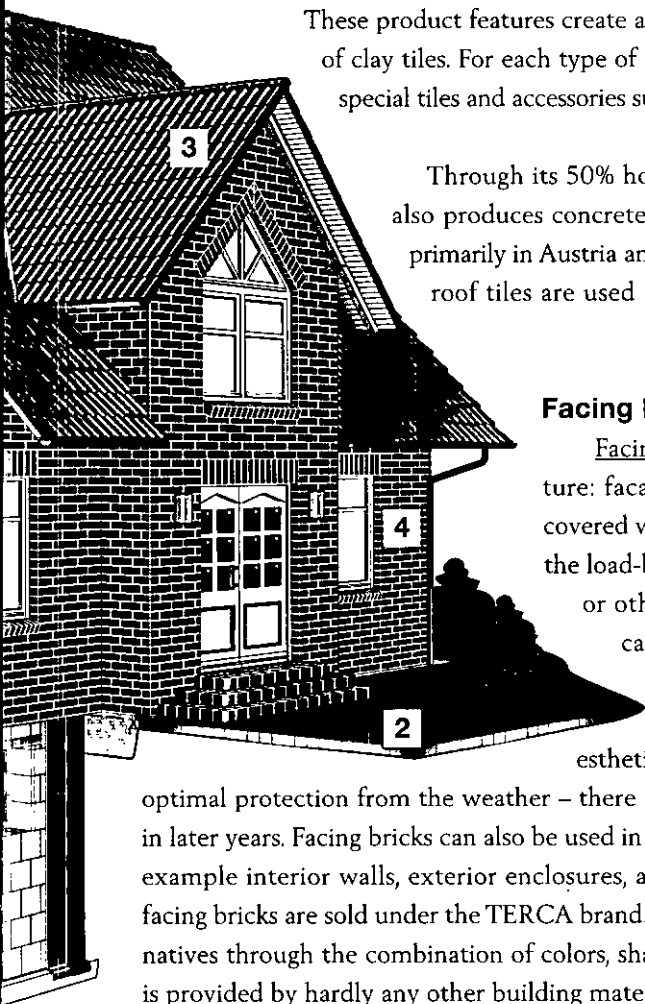
Facing bricks are used in visible brick architecture: facades and interior walls are made from or covered with these bricks. The necessary functions of the load-bearing walls are provided by hollow bricks or other building materials such as concrete or calcium silicate blocks.

**Wienerberger facing  
brick brand: TERCA**

A wall made of facing bricks is an esthetic calling card for a home, and also provides optimal protection from the weather – there is no maintenance or expensive renovation in later years. Facing bricks can also be used in a wide range of decorative applications: for example interior walls, exterior enclosures, arches or chimney cappings. Wienerberger facing bricks are sold under the TERCA brand. They open up a wide range of design alternatives through the combination of colors, shapes and surface structures – a feature that is provided by hardly any other building material.

Facing bricks can also be combined together in storey-high prefabricated elements for fast construction. Especially in the area of non-residential construction, brick architecture can therefore play an important role in modern, economic building.

Similar to clothing, architecture is also subject to fashion trends. In this respect the development of new colors, surface structures and special shaped bricks plays an important role. The goal of Wienerberger is to meet the design requirements of architects and builders, and progress with the times.



# Research and Development

## **R&D is one of the key points in our strategic planning**

With its 5,000 year history, the brick is not only one of the most successful building materials from a historical point of view. It still remains one of the most important materials for construction throughout the world in the 21st Century. Today the brick is a modern, technologically mature and esthetically versatile product. For this reason, research and development (R&D) represents an integral part of our strategic planning. The focal points of R&D activities are derived from our goal to establish and maintain cost and technology leadership and our pursuit of product innovation to protect our market positions and expand our competitive advantage. This is reflected in the development of new technologies and optimization of existing production processes as well as the continuous improvement of our products. In 2006 we invested roughly € 5 million in our R&D activities.

## **Close cooperation with local teams**

R&D is managed centrally, but implemented locally. Our engineering and product management team includes roughly sixty men and women who work together with our local engineering departments to optimize products, systems and production technologies.

## **Energy task force to optimize use of energy throughout the Group**

The sharp rise in energy prices over the last two years has also shifted one focus of our engineering department to the more efficient use of primary energy sources (gas, coal, crude oil) in our plants. For this purpose we have created our own energy task force, which includes a manager from each of our market countries. Internal energy benchmarks have been defined as the basis for establishing an international know-how transfer on the use of energy. The data gathered with this project will now be used to successively optimize energy use throughout the Group. First results have already been registered in Hungary, the Czech Republic and Poland, where energy consumption fell by up to 10% in 2006.

## **Know-how transfer to improve production processes and search for raw materials**

Any brick plant is only as good as its adaptation to the available raw materials, and this creates two challenges for our engineering department: tracking down the "perfect" raw material on site is decisive but, at the same time, the specifications of the production process must also be fine-tuned to match the existing supplies. This begins with the type and quantity of additives, and ends with the optimal drying and firing time. The raw material not only has a major influence on the quality of bricks, it is also a determining factor for the production process. Wienerberger achieves technology leadership by the ongoing exchange of know-how throughout the Group. With the knowledge gained from roughly 260 plants, our engineering department provides support for our local teams in the planning and construction of production facilities and selection of equipment as well as the search for raw materials.

## **Focus on optimizing properties of bricks and structural elements**

Innovation is key for our activities in product and system development. This takes place through the ongoing optimization of the properties of bricks and structural elements, and also through the design of the bricks. For example, the EU has defined stability, energy savings, thermal and sound insulation, fire protection and seismic resistance as the most important demands on buildings. These requirements have been translated into new European norms, which have become more stringent in all areas over recent years. Wienerberger works continuously to improve the physical properties of its bricks, and has established a position as the most innovative company in the industry through many years of successful development. In recent years, substantial progress has been made in a number of important areas.

For example, the filling of brick voids with Perlite, a pure mineral thermal insulating material made of expanded volcanic rock, has allowed Wienerberger to realize the current top thermal insulating value of 0.08  $\lambda$  for bricks. Our activities during the past year were also directed to further improving the properties of this product generation. We are steadily increasing our production capacity for this product in Germany to meet the strong demand.

**Excellent thermal insulation with volcanic filling material**

We also made progress in increasing sound insulation during the past year, and launched a number of bricks with significantly improved properties in several countries. One example is the Porotherm 25AKU, which is made of special ceramics with a unique void configuration and was successfully introduced to the market in the Czech Republic.

**Improved sound insulation in bricks**

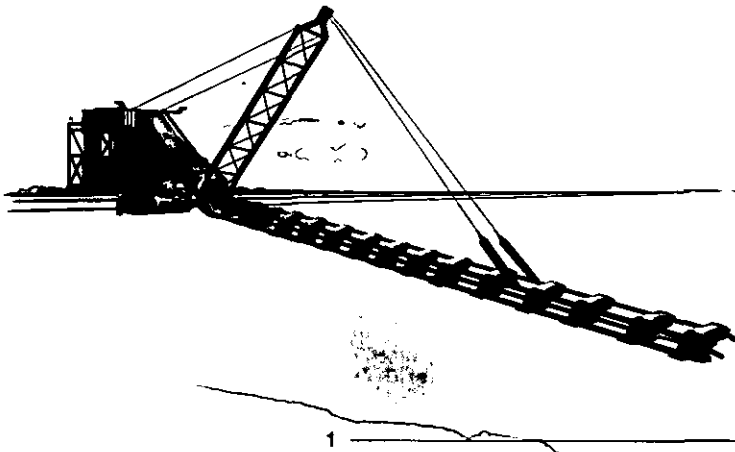
A number of regions in Southern Europe are classified as seismic areas, and the safety requirements for buildings have become more stringent in recent years following the introduction of new standards and regulations. For this reason, an important factor for the further development of our bricks is the improvement of the load-bearing capacity and stability of brick walls. These properties are determined through so-called shaking table tests or cyclical shear tests, which place a building on an earthquake simulator and analyze the results of various earthquake intensities, e.g. the wall is shaken until it breaks. Our work in this area is pioneering and allows us to integrate the results of these trials into the development of special seismic-resistant bricks and systems, which have substantially higher stability and load-bearing capacity than standard bricks because of their special properties. The Wienerberger Porotherm seismic-resistant brick is one successful example of a product developed especially for regions with a high risk of earthquakes.

**Greater stability and load-bearing capacity for construction in seismic areas**

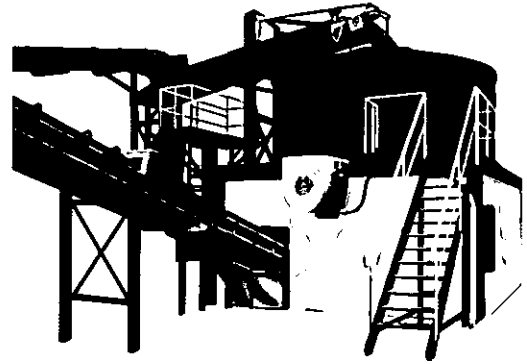
The brick is also subject to continuously changing architectonic trends and fashion dictates. For this reason, Wienerberger works continuously with architects and builders to expand the range of its facing bricks, clay roof tiles and pavers. The individual Group companies modify this offering to meet local traditions as well as the needs of customers and architects based on their close contacts with the market. The general trend in clay roof tiles shows a preference for larger sizes and flatter straight and smooth-surface products, whereby there are considerable local differences. We added more than 35 new clay roof tile models to our product line during the past year, including sanded types with an antique appearance. Our facing brick line was expanded to include dark and anthracite-colored, rustic rough and smooth elegant models that give facades an elegant appearance when combined with light mortar. At present the Wienerberger product line includes roughly 1,500 different facing bricks and 550 types of clay roof tiles.

**Design innovations for facing bricks, clay roof tiles and pavers**

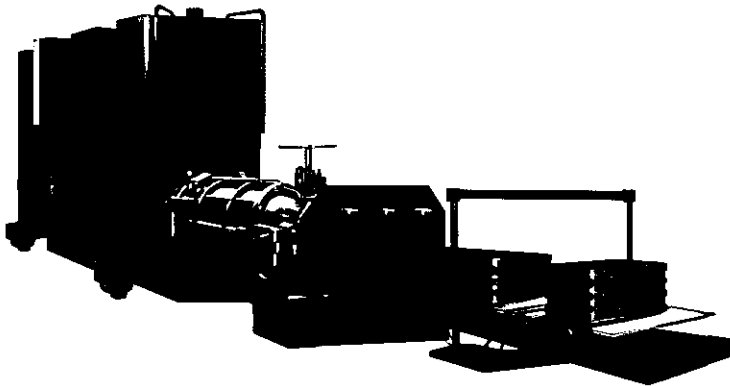
# The most natural thing in the world: Brick production



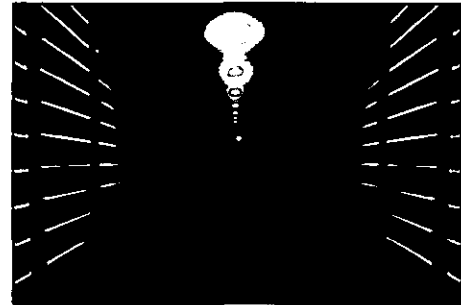
1



2



3



4

## Raw materials management (1)

In a first step, experienced geologists analyze the quality of the raw material. The excavated clay is then layered in stockpiles, where it is stored for roughly one year in the open to ensure optimal consistency. After this time, the clay is collected and transported to the nearby plant by conveyor belts or trucks for further processing.

Wienerberger is committed to restoring former clay mining sites. Clay pits that are no longer used are returned to serve as a habitat for flora and fauna or create a natural recreation area for local residents, or are restored for use by agriculture or forestry businesses.

## Preparation (2-6)

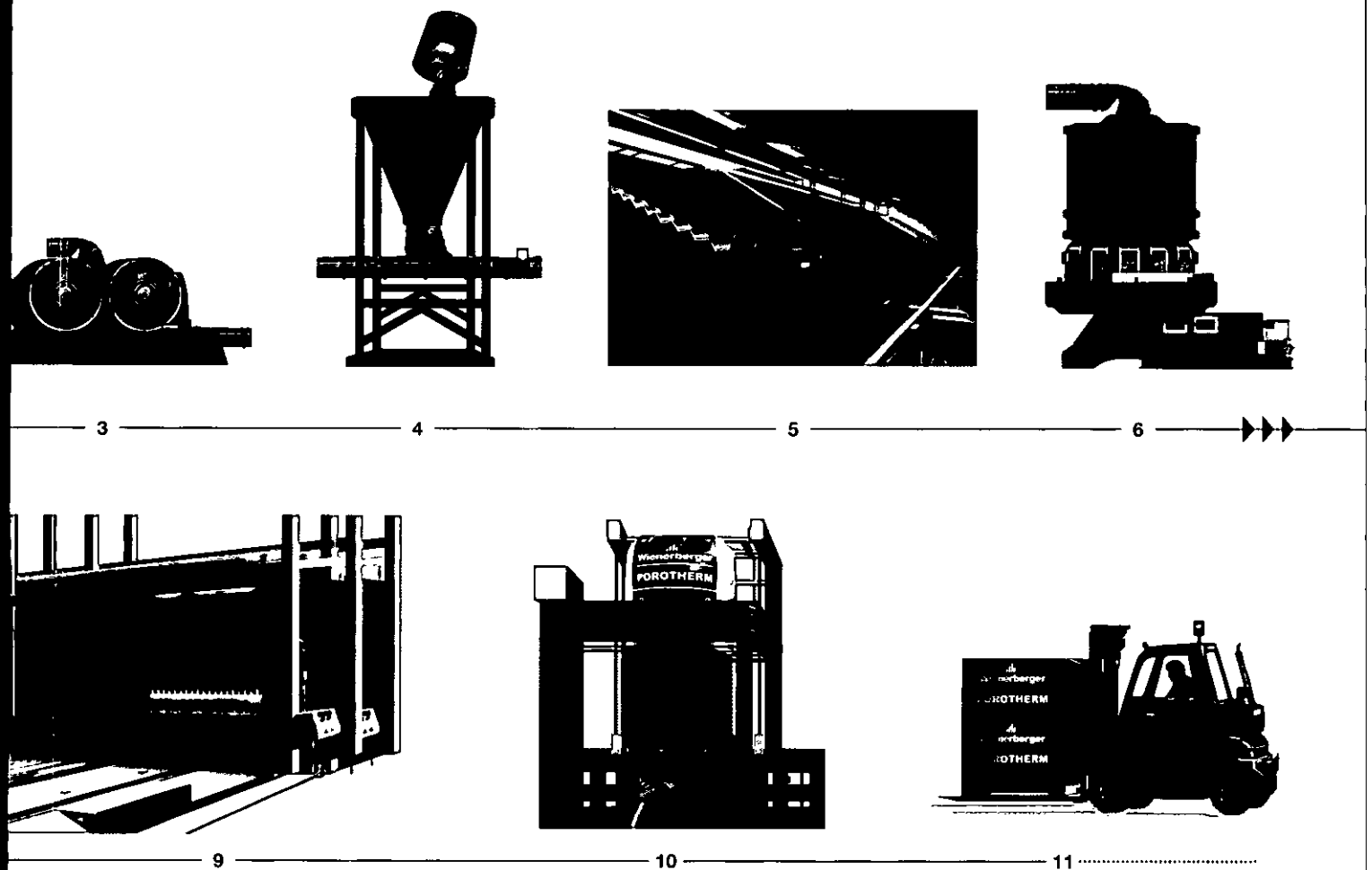
In the second step, the clay is collected from the stockpiles and transported in box feeders. It is then prepared through a grinding (pam mill, 2) and milling process (roller mill, 3). Water and sand – and for hollow bricks, pore-forming agents like sawdust – are added (4) and mixed to achieve the right consistency. The clay is next transported to a storage area (mud house, 5) by conveyor belts, and from here fed through rotary disk feeders (6) into the extruder (7).

Technical progress now makes it possible for us to use lower quality clay that was formerly discarded as residue. The use of biogenic, renewable materials such as sunflower seed shells or hay and secondary raw materials like paper fiber improves environmental compatibility and reduces costs.

## Shaping (7)

This step involves the actual shaping of the brick. The prepared clay is pressed through dies by extruders, and then cut into individual bricks or mechanically compressed into forms with automatic soft mud presses. The soft "green" bricks are stacked on pallets and transferred to the dryer. Clay roof tiles are extruded, or pressed into forms and made into moulded tiles.

Our own die manufacturing allows us to develop die forms, which represent the basis for innovative products with new shapes and configurations as well as optimized product features.



#### Drying (8)

The drying process removes the moisture from the soft "green" bricks, and prepares the bricks for firing. Depending on the type of the product and the production technology, the drying period takes between 4 and 45 hours. During this process the moisture content drops from 20% to less than 2%. After drying the bricks are automatically repackaged into a firing setting and transferred to the kiln by kiln cars. New and more efficient drying and air stream technologies have significantly reduced the drying period. This lowers energy consumption, improves product quality and makes it possible to develop new products.

#### Firing (9)

The firing of the brick in the tunnel kiln at a temperature of 900 to 1200°C is the final part of the production process, and lasts between 6 and 36 hours. This process gives the bricks a permanent strength. The pulp and sawdust (pore-forming agents) that were added to hollow bricks during preparation burn out completely and leave tiny holes that improve thermal insulation. Facing bricks and clay roof tiles can also be produced with a ceramic surface (engobe or glazed), which is burned in and creates a particularly attractive surface. After firing, bricks are nonflammable and fire-safe for ever.

Specially developed kiln and firing technologies as well as air stream systems have reduced the required firing time by up to two-thirds. This has created enormous advantages: a 50% decrease in the use of primary energy over the past ten years, up to 90% less emissions through thermal post-combustion equipment, optimized product quality and a substantial increase in capacity.

#### Packaging (10)

The fired bricks are automatically loaded onto pallets, and covered with strips and films. This packaging identifies the bricks and makes them safe for shipping.

The use of thinner films made of recycled PE and an increase in the life cycle of pallets reduces the amount of packaging material required.

#### Delivery (11)

Wienerberger has a network of decentralized production facilities. The plants are located near to raw material supplies and as close as possible to local markets. This reduces transport distances, which makes fast delivery possible and also lowers the environmental impact.

# Corporate Responsibility

**Our goal is to create sustainable values with natural products**

Wienerberger views business as an integral part of society. Its duty is to serve people and create value for all. Wienerberger takes its role as a responsible member of society seriously and acts in accordance with economic, ecological and social principles. Our goal is to create sustainable values with natural products.



**Sustainability anchored in Wienerberger mission statement**

With the signing of a social charter in 2001, the management of Wienerberger formally confirmed its intention to comply with the recommendations of the International Labor Organization (ILO) in Geneva and to follow the principles of social progress. As a logical consequence of this action, Wienerberger also joined the UN Global Compact in 2003. This initiative was started in 1999 by the United Nations to promote good corporate citizenship. The UN Global Compact now comprises ten major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption. Companies that join this project agree to voluntarily comply with the principles of the UN Global Compact, which can be reviewed under [www.unglobalcompact.org](http://www.unglobalcompact.org).

In 2004 Wienerberger management carried out an intensive dialogue on the subject of sustainability with the support of external consultants. It showed that sustainability is not just a slogan for Wienerberger, and also confirmed our long-standing focus on economic, ecological and social principles. The results of this workshop formed the basis for the development of our new Wienerberger mission statement, which is now available in 18 languages and was presented to our employees in 2005. In order to play a key role in the development of a "sustainable future" we have defined sustainability as our foremost goal. The two most important guidelines to help us achieve this objective are active protection of the environment and social responsibility.

## Active protection of the environment

**All local companies are working to improve environmental protection**

"Building Value for a sustainable future" is one of our guiding principles, and our many activities demonstrate that these are not just empty words. As a producer of bricks, Wienerberger "uses" nature in a kind of symbiosis: our clay mining procedures are designed to minimize the impact on the environment, and our bricks and roof tiles are ecologically friendly, natural products with a long service life that can be easily be recycled. All companies in the Group work continuously to improve environmental protection measures and optimize the use of energy.

**Specially designed activities and cooperation with NGOs**

For example, our French subsidiary prepared a policy statement that can be applied to the entire Wienerberger Group. These principles underscore the commitment of the company to compliance with environmental protection laws, climate protection, energy savings, the restoration of clay mining sites, recycling of waste, exchange of experience with other companies, humanitarian assistance, support for local communities, preservation of our cultural heritage and transparency. At our plants we work to maintain the best possible understanding with municipal authorities, representatives of interest groups and neighboring residents. The focus of our activities is placed on mutual understanding and learning from one another. We also value an open and continuous dialogue with NGOs.

A special cooperation has linked us with the World Wide Fund for Nature (WWF) for the past four years since the signing of a letter of intent for the pursuit of joint projects. Within the framework of this agreement Wienerberger supports the international activities of the WWF in Austria, which include the Ramsar Center in Schrems, a documentation, event and research facility on wetlands, as well as the WWF-Seewinkelhof in Apetlon. In exchange the WWF advises Wienerberger on the realization of environmental protection projects.

**Exemplary cooperation with WWF on specific projects**

## **Social responsibility**

In keeping with our focus on people, social engagement and support for the needy form a cornerstone of our social responsibility. Wienerberger works to provide its employees with an attractive and social working environment through training programs, the improvement of working conditions, voluntary benefits and support for common activities. Questionnaires and feedback cycles form the basis for an active dialogue with employees, and help to define their particular needs. This leads to the development of country-specific measures that reflect the requirements of the local workforce. For example, working hours in Austria were made more flexible during the past year to offer employees a greater opportunity for self-determination. In Ukraine, Wienerberger voluntarily provides its employees with health insurance to give them added security.

**Projects for social working environment adapted to meet needs of local employees**

“Wienerberger makes bricks, but homes are built for people”. This awareness is reflected in our goal to use our products and financial support as a means of helping people who have been hurt by unforeseen circumstances or misfortune. Our most important concern in this respect is to help children, the weakest members of our society. We work together with recognized organizations, which we support by providing free bricks for the construction of educational facilities and buildings as well as financial backing for their projects. A long-standing partnership connects us with SOS-Kinderdorf, and we have steadily intensified this contact through numerous projects on different continents in recent years. With the founding of the SOS-Sustainability Foundation – special funds reserved for Asia, which are invested under professional management and will continue to grow over the years – we have found an instrument that will guarantee long-term assistance for the victims of the Tsunami.

**Support for charitable organizations with special focus on assistance for children**

We regularly support social projects in nearly all countries in which Wienerberger is present. The following two pages present a selection of the sustainability projects that our local subsidiaries carried out during the past year.

**Selected projects shown on following pages**

## Corporate Responsibility Projects 2006

# Environmental Protection

### Installation of air pollution controls in 8 tunnel kilns

**USA** General Shale, the US subsidiary of Wienerberger, successfully completed the installation of air pollution controls in eight large tunnel kilns during the past year.

This € 7.5 million investment represents an important step in reducing emissions by the American brick plants, and underscores the role of General Shale as a leader in environmental issues for the US brick industry.

### € 4 million for environmentally compatible production technology

**Germany** Over the past two years, Wienerberger has carried out an extensive € 4 million program to modernize the brick plant in Ansbach.

This project optimized the production process with the use of new technology, and thereby led to a reduction in energy requirements and increase in environmental compatibility. It also improved the kiln-to-dryer heat transfer which, in turn, further decreased the amount of energy used in the production process. The installation of modern thermal post-combustion at this plant has made an important contribution to reducing the emissions from brick production to a level that is far below legal limits.

### € 1 million to reduce emissions

**Czech Republic** In 2006 Wienerberger invested roughly € 1 million to install more environmentally friendly production technologies in its Czech facilities. Three plants were refitted with thermal post-combustion equipment, which reduced emissions from the production process by up to 1/10 of the original level.

### 100% recycling of production waste

**Romania** A project was started during September 2006 to support the recycling of all waste arising in connection with the production process. In particular, this involves waste paper and plastic, iron scrap, batteries, residual oil and tires. To ensure the success of the project, the waste removal and recycling firms that work with the company are also involved. This project is currently in the first phase of implementation, which covers the recycling of waste paper and plastic.

### Sleeping places made of bricks for bats

**Great Britain** The Cheshire Wildlife Trust approached Wienerberger for assistance with the construction of sleeping areas for bats in its nature protection park. Special brick boxes were developed together with experts and produced by Wienerberger, and now provide optimal sleeping places for these animals. Although the project was originally designed for the Cheshire Wildlife Trust, it has become a huge success and drawn the interest of other English nature protection parks that are interested in installing these "bat boxes" throughout the country.

## Preservation of the national heritage

**Netherlands** In cooperation with the municipal authorities of a small medieval town in the Netherlands, a project was started to renovate the wall surrounding the city. Wienerberger developed and produced special bricks for this project. They not only harmonize with the existing design and maintain the medieval cityscape, but also contain iron to increase the load-bearing capacity and thereby give the wall the required strength. Work on the project began during 2006 and should be completed by mid-2007.

## Jövövár (castle of the future) Initiative

**Hungary** The Jövövár Initiative, which was founded by Wienerberger in 2000, has received increasing attention and broad support from industry and the Hungarian media in recent years. Alone in the past year, five additional companies joined this program. Roughly € 1 million has been collected since the start of the Jövövár Initiative to finance projects that assist children and young people. Under the auspices of the Hungarian minister of education, more than € 200,000 of funds and donations in kind were distributed during 2006 to institutions that are active in the education, upbringing, medical care or rehabilitation of children. Our bricks were used, among others, to renovate schoolrooms, build gymnasiums and repair damaged roofs.

## Construction of a school area for the Happy Kids Foundation

**Romania** The Happy Kids Foundation plans to construct a modern school area that will also be available for use by the local community. It will include a day nursery, day care center, grammar school and high schools as well as various recreational facilities like sports fields and cafeterias. This project is designed to support the education of children with special needs as well as children from rural areas. Wienerberger has agreed to donate all bricks required for construction of these facilities. The project was started in October 2006 and is scheduled for completion in 2012.

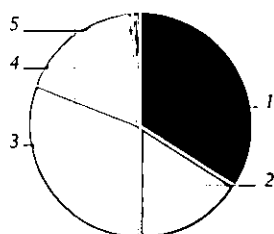
## Christmas donation for children

**Austria** As in the past years, Wienerberger has dedicated its annual Christmas donation to projects that help needy children. The Concordia project managed by Father Sporschill received € 37,500 for a children's house in its "City of Children" in Pirita, Republic of Moldavia. This house has made it possible to place 18 abandoned children with a new family. A further € 37,500 was donated to SOS Kinderdorf for a project in Byelorussia. As part of a program to strengthen families, the SOS social center in Minsk provides psychological and medical support for people affected by crises and, in particular, offers financial assistance to single mothers.

# Social Respon- sibility

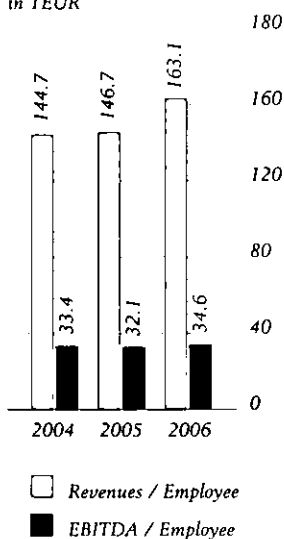
# Employees

**Employees  
by Segment**



1 Central-East Europe 34%  
2 Central-West Europe 16%  
3 North-West Europe 31%  
4 USA 18%  
5 Investments and Other 1%

**Development  
of Productivity  
in TEUR**



**We respect other  
countries and cultures,  
and learn from each other**

The Wienerberger Group employed an average workforce of 13,639 in Europe and the USA during 2006, compared to 13,327 in the previous year. This increase of roughly 2% resulted from acquisitions and new plant construction in North and Central-West Europe as well as in the USA. Revenues per employee rose by 11%, and productivity (EBITDA per employee) grew 8% over the prior year level.

Professional personnel development and the advancement of human capital represent key factors for the success of our Company. In keeping with our decentralized structure, human resource management is the responsibility of our local companies. However, the personnel policies for key executives are coordinated centrally. These actions concentrate on the identification and support of future managers, the preparation of talented men and women for management positions and the introduction of new management techniques for top executives.

## Entrepreneurial spirit

In order to increase motivation and strengthen identification with the success of our Company, management receives a fixed salary as well as a variable component that is based on earnings indicators and qualitative criteria and averages roughly one-fourth of total remuneration. An important factor for the focus of management on shareholder value is our stock option plan, which covers 72 key employees. The terms of this plan are explained on page 124 of the notes to the financial statements.

## Responsibility

Following the successful introduction of the Wienerberger mission statement in 2005, the operating companies presented their country-wide implementation steps at our management conference. These many different measures covered a broad spectrum of ideas on the subject of sustainability. The Netherlands was particularly impressive with exemplary projects in the areas of work safety, medical services, sponsoring and a social annual report. As recognition for this special commitment, the company was presented with the Wienerberger Sustainability Award.

Wienerberger set a further milestone with its Safety, Health & Education (SHE) reporting system, which was introduced during the past year. This database will collect and store key indicators on the make-up of the workforce as well as work safety and training, and allow us to take specific steps for improvement if necessary.

## Diversity

Activities in the area of human resources focused on a training offensive in 2006. Each employee in the holding company took part in two workshops, which covered technical skills as well as networking and the exchange of knowledge in the Group. This project was not only designed as a continuing education program for our employees, but also as a means of distributing the multi-cultural and widely diversified know-how that is available throughout the Wienerberger Group.

## **The human touch**

The Ambassador Program was introduced by Wienerberger in 2004 to develop the managers of the future. It provides talented men and women with training in the form of modular seminars that cover specialized know-how, social skills and system capabilities. The graduates then return to serve as ambassadors in our subsidiaries, and spread their newly acquired know-how and the Wienerberger spirit throughout the Group. The Ambassador Program has been a great success in recent years, and a new cycle is therefore planned for 2007.

**We provide specialized training and support for our employees**

## **Passion**

We place people at the focus of our activities and identify with our products and our Company. In order to communicate this Wienerberger spirit to our new employees, we hold introductory meetings with plant tours, product presentations and discussions to make the Company and its products come alive.

**We identify with our products and company**

## **Quality**

The Wienerberger Engineering Academy was established as a permanent facility to provide instruction in various technical disciplines as well as social and management skills, and thereby support the internal development of specialists to safeguard the long-term success of our Company. This two-year program focuses not only on social skills, but above all on ceramic products and production technologies. The know-how compiled by our international experts in the areas of raw material testing, preparation, drying and firing technology and quality analysis is passed on to our technical personnel. The goal of this program is to safeguard and increase our competitive advantage in engineering over the long-term. Next year we plan to expand the Wienerberger Academy to also include a modular course for plant managers.

**We promote the international exchange of know-how**

## **Dynamics**

In order to strengthen the ties between our employees and the Company, we are currently working to increase the flexibility of working hours to meet social trends and also give employees greater responsibility. As a first step, we have concluded a new employment agreement for the employees of the holding company that makes working hours more flexible.

**We react in a flexible manner to changing market conditions**

The further development of the Wienerberger corporate culture and the identification of all employees with these common values is a central objective of our mission statement. Wienerberger is dedicated to the principles of sustainability, multi-cultural diversity, decentralized responsibility and entrepreneurial beliefs. People are the focus of our efforts, and our personnel policies are based on this conviction.

**Visit our job center (Jobs & Careers) under [www.wienerberger.com](http://www.wienerberger.com)**

# Highlights 2006

**January 12**

**Wienerberger declares support for amended Corporate Governance Code**  
Wienerberger AG welcomes the newly announced Austrian Corporate Governance Code, which was adapted to reflect EU recommendations for corporate governance.

**February 22**

**Wienerberger expands capacity in USA**  
General Shale, the US subsidiary of the world's largest brick producer Wienerberger, continues its expansion with the addition of another production line to its plant in Mooresville, Indiana.

**March 28**

**Wienerberger announces solid final results for 2005**  
Wienerberger recorded further improvement in revenues and earnings during the 2005 Business Year in spite of a difficult market climate. Group revenues rose by 11% to € 1,954.6 million and operating EBITDA by 6% to € 428.4 million.

**April 27**

**Wienerberger purchases Bayerische Dachziegelwerke Bogen GmbH**  
Wienerberger acquires Bayerische Dachziegelwerke Bogen GmbH, a family company with headquarters and production near Straubing (ca. 130 km northeast of Munich).

**May 19**

**Wienerberger takes major expansion step in the western USA**  
Wienerberger acquires Robinson Brick Company, a brick producer and merchant with headquarters in Denver, Colorado, and expands into the western region of the USA.

**June 1**

**Wienerberger purchases facing brick plants in Germany**  
Wienerberger continues to grow and signs a contract through its Germany subsidiary, Wienerberger Ziegelindustrie GmbH, to purchase the facing brick plants in Hude near Bremen from Friedrich Knabe Kirchkimmen Ziegelei GmbH & Co. KG.

**solid final results**  
**corporate purchases, record**  
**expansion**  
**investments, structural**  
**optimistic**

**February 2**

**Wienerberger continues expansion in Poland**  
Wienerberger acquires the Cermegad and Zeslawice brick plants from Ploegsteert International N.V. and Vander-sanden Steenfabrieken N.V.

**February 9**

**Wienerberger enters Bulgaria**  
Wienerberger starts the new year with an important strategic expansion step in Bulgaria and acquires over 90% of the shares in Uspeh AD, which operates a brick plant in Lukovit, 120 km northeast of Sofia.

**April 6**

**Wienerberger subsidiary Semmelrock continues investments in Eastern Europe**  
Semmelrock, a 75% subsidiary of Wienerberger AG and the market leader for high-quality concrete pavers in Central-East Europe, continues its expansion in 2006 with the full takeover of the Kombet plant in Northern Poland.

**April 25**

**Wienerberger acquires Eichhorn brick business in Austria**  
Wienerberger Ziegelindustrie GmbH, the Austrian subsidiary of the world's largest brick producer, acquires a hollow brick plant in Blindenmarkt, Lower Austria, from Eichhorn GmbH. The facility has a total capacity of 60 million brick units.

**May 3**

**Wienerberger optimistic for 2006 after first quarter results**  
Wienerberger again confirms the success of its profitable growth strategy with results for the first quarter. Despite an extremely severe winter in large parts of Europe, Group revenues rose by 15% to € 383.9 million and EBITDA grew by 2% to € 55.6 million.

**May 9**

**Wienerberger expands direct sales in US**  
General Shale, the US subsidiary of the world's largest brick producer Wienerberger, acquires Curley Building Material Inc., a masonry supplier in Carmel, Indiana.

**July 28**

**Wienerberger takes next step in Germany**  
Wienerberger remains on its growth course, and acquires the assets of the south German clay roof tile producer Jungmeier GmbH & Co. KG with headquarters and production in Straubing (ca. 130 km northeast of Munich).

**August 16**

**Change in Wienerberger shareholder structure**  
Capital Research and Management announced that it held a total of 3,770,489 shares, or 5.08% of the outstanding share capital of Wienerberger AG, as of August 11, 2006.

#### August 17

**Wienerberger announces recommended cash offer for Baggeridge**  
 Wienerberger plans to acquire Baggeridge Brick PLC, the fourth largest brick producer in Great Britain, at a purchase price of £ 89.2 million for 100% of share capital, subject to the approval of the UK Competition Commission.

#### September 26

**Wienerberger Annual Report 2005 receives numerous (inter)national awards**  
 The Wienerberger Annual Report 2005 receives Grand Awards for "Financial Data" and "Written Text" at the ARC (the Oscar for annual reports) in New York and is also rated the fifth best annual report in the world by e.com in its "Annual Report on Annual Reports". The Austrian business journal "trend" ranks Wienerberger as the best annual report in Austria for 2005.

#### October 23

**Hans Tschuden appointed new CFO of Telekom Austria AG**  
 Hans Tschuden was appointed Chief Financial Officer of Telekom Austria as of April 1, 2007 and will therefore resign from the Managing Board of Wienerberger AG on March 31, 2007.

#### December 7

**New Wienerberger CFO: Willy Van Riet**  
 In a meeting on December 6, the Supervisory Board appointed Willy Van Riet, former Managing Director of Wienerberger activities in Great Britain, as the new Chief Financial Officer of Wienerberger AG.

#### November 8

**Wienerberger reports significant earnings growth in third quarter**  
 The third quarter of 2006 confirms the success of efforts by Wienerberger AG to improve results. Revenues and EBITDA both rose by 18% between July and September.

#### December 11

**OFT refers Baggeridge acquisition by Wienerberger to UK Competition Commission**  
 Wienerberger and Baggeridge note today's announcement by the Office of Fair Trading (OFT) that it intends to refer the proposed acquisition of Baggeridge by Wienerberger to the British Competition Commission.

# Recommended acquisition awards earnings 20th anniversary new plants donates

#### August 22

**Wienerberger accelerates growth during the first half of 2006**  
 Wienerberger continues its profitable growth course during the first half of 2006 and sets a new record for revenues, which rose by 10% to € 1,011.9 million. However, this positive development will only have an impact on earnings at a later date.

#### September 19

**Change in Wienerberger shareholder structure**  
 Lansdowne Partners Limited announced that it held a total of 3,753,321 shares, or 5.06% of the outstanding share capital of Wienerberger AG, as of September 11, 2006.

#### October 6

**Semmelrock acquires Czech concrete paver producer**  
 Semmelrock, a 75% subsidiary of Wienerberger AG, continues its expansion in Central-Eastern Europe by acquiring Colorbeton a.s., the third largest producer of concrete pavers in the Czech Republic.

#### October 11

**Wienerberger marks 20th anniversary in Germany**  
 Wienerberger started its internationalization 20 years ago with market entry into Germany through the takeover of the Oltmanns Group.

#### November 23

**Two new Wienerberger plants in France**  
 Wienerberger continues its expansion on the French market with the purchase of more than 50% of the shares in Briqueterie Bar Frères and the start-up of a hollow brick plant in Angervilliers.

#### November 28

**Wienerberger acquires German clay paver producer Penter**  
 Wienerberger becomes the leader on the German clay paver market with the acquisition of the second largest company in this segment, Penter Klinker Klostermeyer KG in Lower Saxony.

#### December 14

**Wienerberger donates € 75,000**  
 Wienerberger invites clients and business partners as well as high-ranking representatives of politics, business and industry to its traditional Christmas cocktail and donates € 37,500 each to the Concordia Project, which builds homes for abandoned children, and to the SOS-Children Villages in Byelorussia.

# The Economy

## EU growth and global economy at solid level

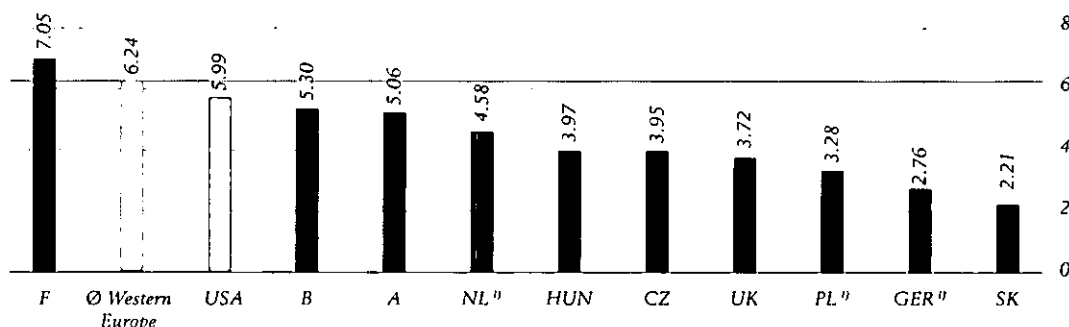
The global economy was characterized by strong development in 2006. China continued its rapid advancement with real GDP growth of 9.7%, while exports served as the major driver in Japan and supported a GDP increase of 2.7%. In the USA (+3.4%) the pace of growth slowed somewhat, above all due to a sharp rise in the oil price and a decline in residential construction. In Europe economic recovery gained strength. The EU-15 recorded a plus of 2.2% as a result of higher exports and increased domestic demand. The EU-15 average of 2.6% GDP growth was not reached by Germany (+1.7%), Italy (+1.3%) and France (+1.9%). However, significantly better development was reported by Sweden (+3.4%), Finland (+3.6%), Belgium (+2.3%), Great Britain (+3.5%), the Netherlands (+2.6%), Denmark (+3.2%) and Spain (+3.1%). Austria recorded the highest rate of growth since 2000 with an increase of 2.5%. The above-average inflation rates – a result of higher energy prices – led to a series of interest rate hikes by the European Central Bank.

## Development in Eastern Europe still clearly outpaces Western Europe

The CEE countries also continued to record strong growth in 2006. This development was supported by the increasingly important role of this region in international trade and high foreign direct investments. In addition, the EU accession of Bulgaria and Romania in 2007 had a positive impact. Significant GDP growth was registered by the Baltic States of Latvia (+11.0%), Estonia (+10.9%) and Lithuania (+7.8%). High GDP increases were also reported by Slovakia (+6.7%), the Czech Republic (+6.0%), Poland (+5.2%) and Hungary (+4.0%).

Housing Starts 2006 per 1,000 Residents

Source: Euroconstruct December 2006, U.S. Census Bureau



1) Housing completions; starts are not reported from these countries

## New residential construction in Europe stronger in 2006

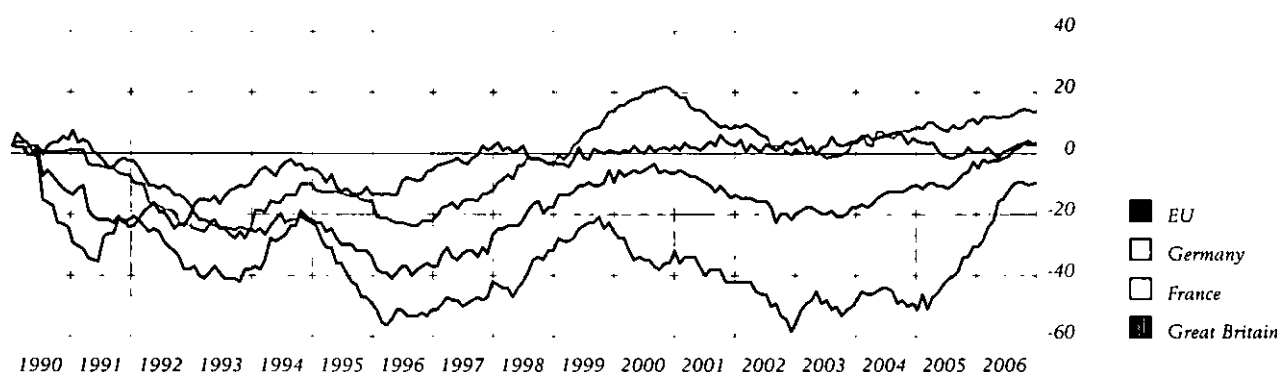
The European construction industry recorded a faster pace of growth than in previous years. In Western Europe housing starts per thousand residents rose from an average of 5.69 in 2005 to 6.24 for 2006. This positive trend was supported primarily by developments in France, Belgium, Great Britain and Germany. The level of housing completions in Germany improved during the reporting year but still remained at a low 2.76, which is less than half the average. Great Britain also fell clearly below the average for Western Europe with 3.72. In contrast, Spain with 18.21 and Ireland with 21.25 housing starts per thousand residents again recorded extremely high values. In Eastern Europe the significance of new residential construction has risen steadily over recent years, but the level still lies clearly below Western Europe. The most developed countries in 2006 were Hungary with 3.97 housing starts per thousand residents and the Czech Republic with 3.95. For the future Wienerberger sees substantial opportunities in Poland (currently 3.28), Romania (1.5), Bulgaria (1.0) and, due to the size of the market, also in Russia.

The decisive factors for the recovery of the European construction industry were the increasing migration to city centers and a trend to smaller housing units. The Construction Confidence Index (CCI), an indicator of expected developments in this industry, has included a strong positive outlook for Germany, the largest construction market in Europe, since 2005. New residential construction in Germany also profited in 2006 from the final cut of the homebuilders' allowance and anticipated purchases before the VAT increase in 2007. Confidence in the construction industry has remained at a high level in France since 2003, and a slight upward trend was also noted in Great Britain during the past year. Additional positive impulses were provided by the new EU member states in Eastern Europe.

### Growing confidence in the European construction sector during 2006

European Construction Confidence Indexes

Source: Datastream

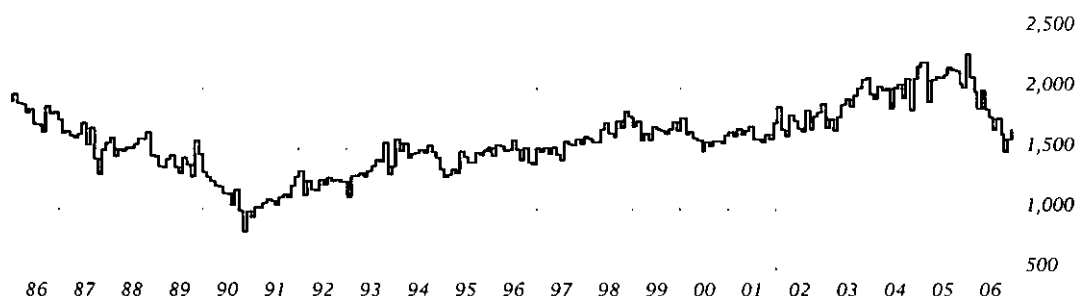


The development of the US economy in 2006 failed to match the prior year level. GDP growth declined to +3.4%, but again exceeded the EU-15 (2.2%) by a substantial amount. Higher energy prices and a further increase in interest rates by the US Federal Reserve caused negative effects. The US dollar declined in value against the euro because of the weaker economy and subsiding danger of inflation, but generally stabilized toward the year-end because of an improvement in the balance of trade. The slump on the US real estate market had a negative impact on both consumer spending and building and, in turn, triggered a sharp drop in new residential construction, which had served as a strong driver for the US economy in recent years. Housing starts totaled only 1.8 million units in 2006 (or 5.99 per 1,000 residents), which represents a decrease of 13% compared to 2005. Experts believe that new residential construction will remain weak at least until the middle of 2007.

### Moderate growth in US-GDP and slump in housing starts

US Housing Starts in 1,000 per Month

Source: U.S. Census Bureau



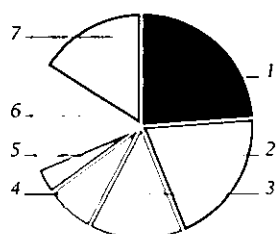
# Financial Review

## Earnings

The Wienerberger Group met its growth targets in 2006 due to the excellent development of business during the second half-year and sound demand in Europe. In spite of a strong market decline in the USA and a significant rise in energy costs, Group EBITDA rose by 10% to € 471.9 million.

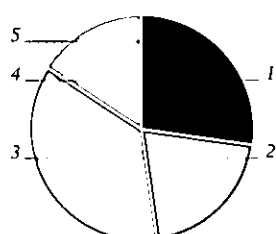
Group revenues increased 14% to € 2,225.0 million, whereby € 75.9 million of this amount was generated by the initial consolidation of the Robinson Brick Company in the USA, the integration of the Biegonice Group in Poland and Colorbeton in the Czech Republic as well as the acquisition of a brick plant in Belgium and a clay roof tile plant in Germany. After adjustment for these acquisitions and foreign exchange effects, organic growth totaled 10%. It was driven primarily by higher sales volumes in Europe, but also includes the takeovers of Jungmeier Dachziegelwerke, Knabe facing bricks and Penter clay pavers in Germany in the form of asset deals. The 14% growth in revenues resulted from a plus of 10% in sales volumes and 4% of price increases. Higher sales volumes were recorded in all product groups and regions in Europe. Wienerberger was only faced with lower sales volumes in the USA, where new residential construction declined by a strong 13% year-on-year. Positive foreign exchange effects, above all from the Polish zloty and Czech koruna, offset the negative effects from a weaker US dollar and Hungarian forint.

Revenues by Region



- 1 Eastern Europe 24%
- 2 Benelux 20%
- 3 Germany 14%
- 4 France 7%
- 5 Austria 4%
- 6 Other Europe 15%
- 7 USA 16%

Revenues by Segment



- 1 Central-East Europe 28%
- 2 Central-West Europe 21%
- 3 North-West Europe 37%
- 4 USA 16%
- 5 Investments and Other -2%

In Central-East Europe, all markets reported higher revenues from brick activities. This development was driven by strong demand and, in particular, by two-digit growth in Poland, Romania, Slovakia and Bulgaria. Hungary also recorded a substantial increase in sales volumes compared to 2005. The Semmelrock Group (concrete pavers) and Bramac (concrete roof tile joint venture) contributed to the positive development of this segment with two-digit increases in sales volumes, which were also based on the expansion of business in Eastern Europe.

In Central-West Europe revenue growth was supported by the recovery of residential construction in Germany. The noticeable rise in construction activity on this market led to higher sales volumes and revenues in all product segments, in particular beginning with the second half of the year. Positive effects were also provided by the initial consolidation of the Jungmeier and Bogen clay roof tile businesses in Bavaria, which were acquired at mid-year, as well as the Knabe facing brick activities and Penter clay pavers. Wienerberger brick activities in Switzerland recorded continued growth during the reporting year, but Italy registered another slight decline from a high level.

North-West Europe recorded satisfactory growth in revenues, which was supported by steady and sound demand in France and Belgium as well as higher sales volumes in Great Britain, Scandinavia and the Baltic States. Revenues also improved in the Netherlands, above all due to an increase in sales volumes and price adjustments in the clay roof tile area. The decline in US residential construction triggered a drop in sales volumes for the Wienerberger subsidiary General Shale, which was only offset in part by the Robinson acquisition. In total, US revenues in euros were 4% higher than in the previous year, even though sales volumes – including Robinson – declined by 8%.

Group EBITDA rose by 10% to € 471.9 million, primarily as a result of higher sales volumes. The EBITDA margin declined from 21.9% to 21.2%. Energy costs rose by a total of € 65.6 million to € 316.0 million for the reporting year and equaled 14.2% of revenues for 2006, compared with 12.8% in the previous year. Roughly € 47 million of this increase resulted from higher energy prices, while the remainder represents volume increases in production. In addition, the increase in energy costs also led to higher prices for other materials and services.

**Higher EBITDA due to substantial growth in sales volumes**

In Central-East Europe, revenue growth also led to a strong improvement of 16% in EBITDA to € 158.1 million. Higher earnings were recorded in Poland, Hungary, Romania, Austria and Slovenia as well as by Bramac and Semmelrock, while the Czech Republic and Slovakia were faced with a slight decline from the record prior year level. In Central-West Europe EBITDA rose by 23% to € 96.1 million, in particular due to the turnaround in the German clay roof tile business, acquisitions and market growth. In Italy lower demand and the start-up of new production capacity by competitors led to a decrease in sales volumes and earnings, while Switzerland again recorded an improvement over the good 2005 results. In North-West Europe EBITDA increased 8% to € 177.7 million, chiefly as a result of higher earnings in Belgium, the Netherlands, France and Great Britain.

**Significant EBITDA improvement by all segments in Europe, decline in the USA**

In the USA a sharp drop in the demand for bricks led to a decline in earnings. However, the impact of this development was moderated by the optimization of production costs with the shutdown of two smaller plants as well as higher sales prices and the initial consolidation of Robinson Brick. In total, EBITDA recorded by this segment decreased by 5% to € 63.4 million. Holding company costs, which are included in the Investments and Other segment, increased during the reporting year as a result of the Group's expansion, and were not fully offset by the proceeds from the sale of the stove tile business.

**Robinson acquisition partly offsets market decline in the USA**

| Earnings Development            | 2005              | Disposals <sup>1)</sup> | Purchases <sup>1)</sup> | F/X <sup>2)</sup> | Organic           | 2006              |
|---------------------------------|-------------------|-------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                 | <i>in € mill.</i> | <i>in € mill.</i>       | <i>in € mill.</i>       | <i>in € mill.</i> | <i>in € mill.</i> | <i>in € mill.</i> |
| Revenues                        | 1,954.6           | 0.0                     | 78.5                    | 1.8               | 190.1             | 2,225.0           |
| Operating EBITDA                | 428.4             | 0.0                     | 8.6                     | 1.0               | 33.9              | 471.9             |
| Operating EBIT                  | 270.3             | 0.0                     | 4.5                     | 0.7               | 24.1              | 299.6             |
| Non-recurring items             | -0.7              | 0.0                     | 0.0                     | -0.1              | -1.3              | -2.1              |
| Financial results <sup>3)</sup> | -18.3             | 0.0                     | -3.8                    | 0.0               | 1.9               | -20.2             |
| Profit before tax               | 251.3             | 0.0                     | 0.4                     | 2.4               | 23.2              | 277.3             |
| Profit after tax                | 196.4             | 0.0                     | 0.5                     | 2.2               | 19.2              | 218.3             |

**High organic growth in Europe despite further rise in energy costs**

1) Effects of companies acquired or sold (changes in the consolidation range)

2) Foreign exchange differences

3) Including income from investments in associates

**Non-recurring income  
and expenses nearly  
balanced**

The € 8.6 million increase in EBITDA from changes in the consolidation range was supported by organic growth of € 33.9 million as well as € 1.0 million of positive foreign exchange effects. Wienerberger closed two plants in the USA and one in the Czech Republic during 2006. These measures led to non-recurring expenses of € 7.1 million, which were comprised of € 0.4 million cash out and € 6.7 million in write-offs. In keeping with our strategy to divest non-operating real estate, we sold a property in the south of Vienna for € 5.9 million in 2006. The resulting book gain of € 5.1 million largely offset the above-mentioned restructuring costs. In order to improve transparency, non-recurring income and expenses are shown below operating EBIT on the income statement.

**EBITDA +10% to  
€ 471.9 million**

| <b>Operating EBITDA <sup>1)</sup></b> | <b>2005</b>       | <b>2006</b>       | <b>Change</b> |
|---------------------------------------|-------------------|-------------------|---------------|
|                                       | <i>in € mill.</i> | <i>in € mill.</i> | <i>in %</i>   |
| Central-East Europe                   | 136.7             | 158.1             | +16           |
| Central-West Europe                   | 78.0              | 96.1              | +23           |
| North-West Europe                     | 165.3             | 177.7             | +8            |
| USA                                   | 66.4              | 63.4              | -5            |
| Investments and Other <sup>2)</sup>   | -18.0             | -23.4             | -30           |
| <b>Wienerberger Group</b>             | <b>428.4</b>      | <b>471.9</b>      | <b>+10</b>    |

1) Adjusted for non-recurring income and expenses

2) Including holding company costs

Operating depreciation in relation to revenues equaled 7.7% for the reporting year, which is slightly less than the prior year level of 8.1%. This value, which is still high in international comparison, resulted from the strong pace of our investment activity in recent years. It is also an indicator of the capital-intensive nature of our business and the technical potential of the Wienerberger Group. The € 3.5 million of impairment charges that were recognized to goodwill in 2006 involved goodwill from the acquisition of the Optiroc Group in Denmark and Norway during 2001. The annual impairment test of these assets indicated a need for a write-down because of substantial cost increases and reduced margin expectations.

Operating profit rose by 11% to € 299.6 million despite the high level of capital expenditure in recent years and a subsequent increase in depreciation. The average number of employees increased 2% to 13,639 as a result of acquisitions and new plant construction.

**Decline in EBITDA margin  
from 21.9% to 21.2%**

| <b>Profitability Ratios</b>         | <b>2005</b> | <b>2006</b> |
|-------------------------------------|-------------|-------------|
|                                     | <i>in %</i> | <i>in %</i> |
| Gross profit on revenues            | 38.0        | 36.9        |
| Administrative expenses to revenues | 5.6         | 5.8         |
| Selling expenses to revenues        | 18.9        | 18.4        |
| Operating EBITDA margin             | 21.9        | 21.2        |
| Operating EBIT margin               | 13.8        | 13.5        |

| Income Statement                                  | 2005         | 2006         | Change     |
|---------------------------------------------------|--------------|--------------|------------|
|                                                   | in € mill.   | in € mill.   | in %       |
| Revenues                                          | 1,954.6      | 2,225.0      | +14        |
| Cost of goods sold                                | -1,211.0     | -1,403.7     | -16        |
| Selling and administrative expenses <sup>1)</sup> | -479.3       | -539.2       | -12        |
| Other operating expenses                          | -25.6        | -33.3        | -30        |
| Other operating income                            | 31.6         | 54.3         | +72        |
| Amortization of goodwill                          | 0.0          | -3.5         | >100       |
| <b>Operating EBIT</b>                             | <b>270.3</b> | <b>299.6</b> | <b>+11</b> |
| Non-recurring results                             | -0.7         | -2.1         | >100       |
| <b>Operating profit (EBIT)</b>                    | <b>269.6</b> | <b>297.5</b> | <b>+10</b> |
| Financial results <sup>2)</sup>                   | -18.3        | -20.2        | -10        |
| <b>Profit before tax</b>                          | <b>251.3</b> | <b>277.3</b> | <b>+10</b> |
| Taxes                                             | -54.8        | -59.0        | -8         |
| <b>Profit after tax</b>                           | <b>196.4</b> | <b>218.3</b> | <b>+11</b> |

1) Including freight costs

2) Including income from investments in associates

Financial results declined 10% to € -20.2 million because of higher interest expense and lower earnings from Tondach Gleinstätten, which is valued at equity. In the previous year, results reported by this company were positively influenced by non-recurring effects. The interest cover (ratio of EBIT to net financing costs) equaled 6.2 and exactly matched the prior year level. The tax rate decreased slightly from 21.8% in 2005 to 21.3% for 2006, and is expected to range from 21 to 22% during the coming years.

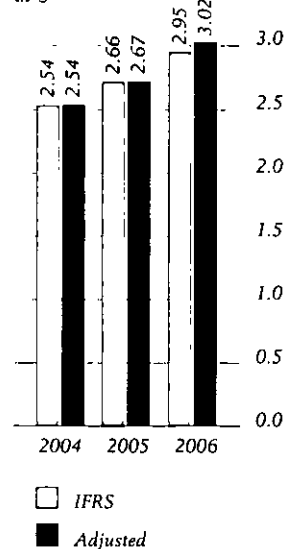
Profit after tax rose by 11% to € 218.3 million. This development was supported by significantly higher prices and sales volumes in the operating business as well as a near offset between non-recurring income and expenses and only a slight decline in financial results despite the higher level of debt. Based on the weighted number of shares outstanding in 2006, or 73.3 million shares (2005: 73.2 mill.), earnings per share equaled € 2.95 (2005: € 2.66).

## Asset and Financial Position

The balance sheet total rose by 12% over the prior year to € 3,674.3 million, mainly as a result of the Group's growth investments and acquisition-based increases in inventories and receivables. The balance sheet structure of the Wienerberger Group is typically for the industry and characterized by a high fixed asset component and long-term financing.

Fixed and financial assets increased to 69% (2005: 68%) of total assets. Tangible fixed assets exceeded the prior year level by € 205.3 million and comprised 66% of capital employed. Inventories as shown on the balance sheet totaled € 509.8 million (2005: € 445.9 mill.). The increase in inventories resulted primarily from acquisitions but also from the difficult market conditions in the USA, while stocks in Eastern Europe were very low at year-end. The turnover of trade receivables rose from 34 to 36 days in part because of the strong growth in revenues during the fourth quarter. The average turnover of trade payables increased from 28 to 33 days. Working capital (inventories

Earnings per Share  
in €



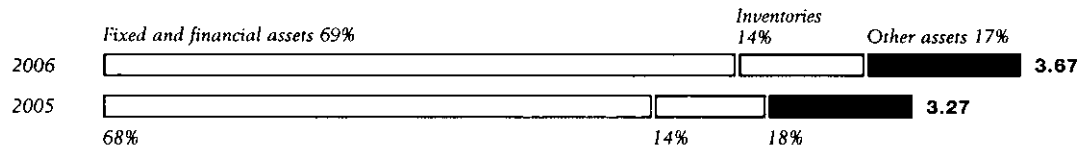
Acquisitions and higher  
inventories raise balance  
sheet total

Growth in inventories  
only due to acquisitions

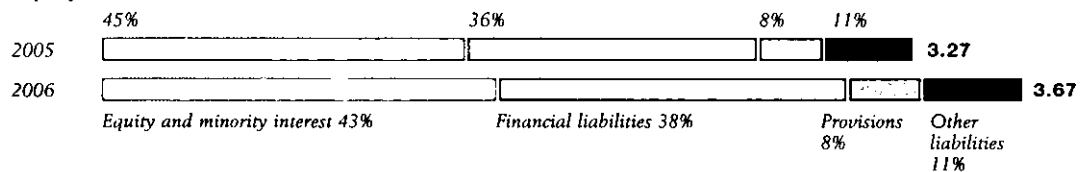
+ trade receivables – trade payables) declined in relation to the volume of business, and equaled 20% (2005: 21%) of capital employed with a turnover of 87 days (2005: 90 days). Liquidity, which is comprised of cash, deposits with banks and securities, declined by 4% to € 233.5 million as result of lower bank balances.

#### Development of Balance Sheet Structure in € billion

##### Assets



##### Equity and Liabilities



**Increase in equity supported by higher earnings despite negative foreign exchange effects**

Group equity including minority interest rose by 7% to € 1,591.4 million (2005: € 1,483.1 mill.). This growth was the result of higher net profit of € 218.3 million, which was contrasted by a dividend payment of € 86.4 million by Wienerberger AG and negative foreign exchange differences of € 17.2 million (after an adjustment for the effects of hedging instruments) as well as net cash outflows of € 1.4 million for the share buyback program and changes in minority interest of € 5.0 million. Investments made during the reporting year were financed by current cash flow and additional debt. The equity ratio (including minority interest) declined from 45% to 43%. As of the balance sheet date, equity covered 63% of fixed and financial assets.

**Investments and higher working capital lead to increase in financial liabilities**

Non-current provisions increased 3% to € 241.7 million, primarily as the result of higher provisions for deferred taxes and guarantees. Current provisions rose by 18% to € 46.4 million, above all due to acquisitions. Non-current and current provisions remained unchanged at 8% of the balance sheet total. The provisions for deferred taxes rose 5% to € 110.6 million because of higher additions. The provisions for pensions of € 55.0 million were less than in 2005 because of foreign exchange effects and reversals, and are of subordinate importance for the long-term financing of the Wienerberger Group. Interest-bearing loans (financial liabilities) increased € 215.5 million to € 1,404.7 million, and include € 1,386.6 million due to banks and bondholders as well as leasing liabilities of € 16.2 million and Group liabilities of € 1.9 million. These liabilities are contrasted by cash, bank deposits and securities of € 233.5 million. Of the € 1,386.6 million in liabilities due to banks and bondholders, 57% (2005: 92%) are long-term and 43% (2005: 8%) are short-term in nature. Wienerberger again significantly increased the long-term component of financing by issuing a € 500 million hybrid bond (shown as equity) in February 2007.

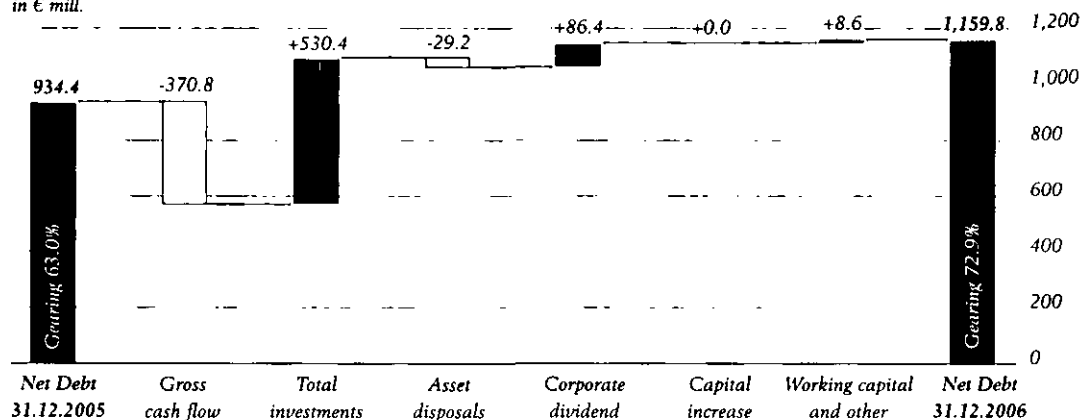
| Calculation of Net Debt                                | 2005         | 2006           | Change     |
|--------------------------------------------------------|--------------|----------------|------------|
|                                                        | in € mill.   | in € mill.     | in %       |
| Long-term financial liabilities                        | 1,074.5      | 790.7          | -26        |
| Short-term financial liabilities                       | 89.0         | 595.9          | >100       |
| Financial leases                                       | 23.1         | 16.2           | -30        |
| - Intercompany receivables and payables from financing | -9.9         | -9.5           | -4         |
| - Securities                                           | -22.4        | -40.0          | +79        |
| - Cash and cash at bank                                | -219.9       | -193.5         | -12        |
| <b>Net debt</b>                                        | <b>934.4</b> | <b>1,159.8</b> | <b>+24</b> |

Net debt totaled € 1,159.8 million as of December 31, 2006, which is 24% higher than the prior year value of € 934.4 million. Investments and the dividend payment led to growth of € 530.4 million and € 86.4 million, respectively, in net debt. Changes in working capital, foreign currency effects and other items increased net debt by € 8.6 million. Net debt was reduced by € 370.8 million of operating cash flow and € 29.2 million of asset disposals. The combination of these factors raised gearing from 63.0% to 72.9%. Long-term financing such as equity, minority interest, non-current provisions and long-term liabilities covered 106% of fixed and financial assets at year-end 2006 (2005: 128%). The ratio of net debt to EBITDA equaled 2.5, compared to 2.2 in 2005.

**Growth-related increase  
in net debt and gearing**

#### Development of Net Debt

in € mill.



| Balance Sheet Development  | 2005           | Disposals <sup>1)</sup> | Purchases <sup>2)</sup> | F/X <sup>3)</sup> | Organic      | 2006           |
|----------------------------|----------------|-------------------------|-------------------------|-------------------|--------------|----------------|
|                            | in € mill.     | in € mill.              | in € mill.              | in € mill.        | in € mill.   | in € mill.     |
| Fixed and financial assets | 1,507.1        | 0.4                     | 48.0                    | -10.3             | 168.0        | 1,712.4        |
| Intangible assets          | 563.9          | 0.1                     | 85.5                    | -16.4             | 4.4          | 637.3          |
| Other non-current assets   | 222.4          | 0.0                     | 4.5                     | 0.5               | 15.9         | 243.3          |
| Inventories                | 445.9          | 1.2                     | 30.3                    | -3.0              | 37.8         | 509.8          |
| Other current assets       | 530.3          | 0.5                     | -142.3                  | -7.0              | 191.0        | 571.5          |
| <b>Balance sheet total</b> | <b>3,269.6</b> | <b>2.2</b>              | <b>26.0</b>             | <b>-36.2</b>      | <b>417.1</b> | <b>3,674.3</b> |
| Equity <sup>3)</sup>       | 1,483.1        | 0.0                     | 0.0                     | -29.8             | 138.1        | 1,591.4        |
| Provisions                 | 273.7          | 0.5                     | 7.0                     | -5.3              | 13.2         | 288.1          |
| Liabilities                | 1,512.8        | 1.7                     | 19.0                    | -1.1              | 265.8        | 1,794.8        |

1) Effects of companies and stakes acquired or sold in 2006

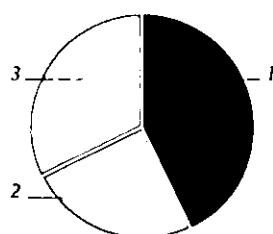
2) Foreign exchange effects

3) Including minority interest

**Organic and acquisition-based increase in balance sheet total**

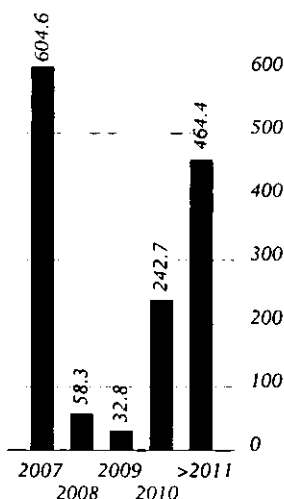
The acquisitions of Robinson (USA), Biegonice (Poland), Bogen (Germany) and Colorbeton (Czech Republic) led to an increase of 1% in the balance sheet total. The 13% organic change in the balance sheet total resulted from high investments in the construction of new plants and expansion of capacity as well as takeovers that were designed as asset deals.

**Term Structure of Financial Liabilities**



- 1 <1 year 43%
- 2 1-5 years 25%
- 3 >5 years 32%

**Term Structure of Financial Liabilities**  
in € mill.



**Balance Sheet Ratios**

|                             |            | 2005    | 2006    |
|-----------------------------|------------|---------|---------|
| Capital employed            | in € mill. | 2,289.4 | 2,598.2 |
| Net debt                    | in € mill. | 934.4   | 1,159.8 |
| Equity ratio                | in %       | 45.4    | 43.3    |
| Gearing                     | in %       | 63.0    | 72.9    |
| Asset coverage              | in %       | 66.4    | 62.9    |
| Working capital to revenues | in %       | 24.5    | 23.9    |

**Treasury**

In order to strengthen the capital base of the Group, Wienerberger issued a € 500 million hybrid bond in February 2007. The bond is subordinated to all other creditors, and has a perpetual maturity as well as a fixed coupon of 6.5%. Interest payments can be suspended if the dividend is not paid. Wienerberger AG, but not the creditors, may call the bond after a period of ten years or extend its term at a variable interest rate. In accordance with IFRS, this instrument is treated as equity.

Including the interest rate swaps that were concluded at an attractive level, fixed-interest liabilities equaled 37% and variable interest liabilities 63% of the portfolio as of December 31, 2006. The placing of the hybrid bond again raised the fixed interest component by a significant amount. The major component of financing is denominated in the euro. Wienerberger monitors the foreign exchange risk associated with balance sheet items based on the net risk position in its major currencies (USD, CHF, CZK, GBP, PLN) and hedges this risk with foreign currency swaps based on monthly stress tests. Since the risk position includes both equity and debt components, an allocation to financial liabilities does not make sense.

**Treasury Ratios**

|                              | 2005 | 2006 |
|------------------------------|------|------|
| Net debt / EBITDA            | 2.2  | 2.5  |
| EBITDA / Net financing costs | 9.9  | 9.8  |
| EBIT / Net financing costs   | 6.2  | 6.2  |
| FFO <sup>1)</sup> / Net debt | 31%  | 28%  |
| RCF <sup>2)</sup> / Net debt | 16%  | 21%  |

1) Funds from operations; net debt excluding Group balances from financing, plus obligations from pensions and operating leases

2) Retained cash flow; net debt excluding Group balances from financing, plus obligations from pensions and operating leases

**Cash Flow**

The growth in operating earnings supported an 8% increase in gross cash flow to € 370.8 million. Together with cash outflows generated by the largely growth-related increase in working capital, cash flow from operating activities reached € 351.6 million in 2006 (2005: € 250.2 mill.). Cash flow from investing activities totaled € -509.7 million. Free cash flow (cash inflow from operating activities minus cash outflow from investing activities plus growth investments) of € 272.1 million (2005: € 223.8 mill.) forms the basis to continue the growth of the Wienerberger Group, which is

financed to a substantial degree by internally generated funds. Higher earnings and an improvement in working capital supported a strong increase in free cash flow during 2006. Cash flow from financing activities includes € 86.4 million for the dividend of € 1.18 per share that was distributed for the 2005 Business Year. Cash flow of € 217.3 million from the change in interest-bearing liabilities resulted from an increase in borrowings to finance investments and working capital.

**Strong increase in free cash flow due to higher earnings and development of working capital**

| Cash Flow Statement                                                       | 2005              | 2006              |
|---------------------------------------------------------------------------|-------------------|-------------------|
|                                                                           | <i>in € mill.</i> | <i>in € mill.</i> |
| <b>Cash flow from operating activities</b>                                | <b>250.2</b>      | <b>351.6</b>      |
| Maintenance capex (maintenance, rationalization, environment)             | -88.2             | -100.2            |
| Bolt-on projects (new plant construction, extensions, small acquisitions) | -250.5            | -334.7            |
| External growth projects (large acquisitions)                             | 0.0               | -95.5             |
| Divestments and other                                                     | 61.8              | 20.7              |
| <b>Cash flow from investing activities</b>                                | <b>-276.9</b>     | <b>-509.7</b>     |
| Growth investments                                                        | 250.5             | 430.2             |
| <b>Free cash flow</b>                                                     | <b>223.8</b>      | <b>272.1</b>      |

## Investments

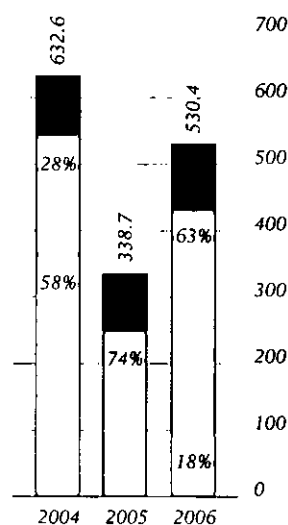
Investments totaled € 530.4 million for the reporting year (2005: € 338.7 mill.). Maintenance, rationalization and environmental investments (maintenance capex) equaled € 100.2 million (2005: € 88.2 mill.) or 58% (2005: 56%) of depreciation for the year. This represents the part of capital expenditure that is required to maintain current production capacity and modify equipment to meet the latest technical standards. A total of € 334.7 million (2005: € 250.5 mill.) was spent on smaller acquisitions as well as the construction of new plants and capacity extensions (bolt-on projects) in existing markets. The bolt-on investments in 2006 were equally spent in Central-East Europe with a share of 32%, Central-West Europe with 25% and North-West Europe with 35%. The remaining 8% of bolt-ons were used for the USA. In the past year, € 95.5 million was invested in the acquisition of Robinson Brick.

**€ 334.7 million for bolt-on projects, € 95.5 million for Robinson acquisition**

Investments in tangible fixed assets are divided among the various asset groups as follows: land and buildings at € 82.9 million, machinery and equipment at € 161.6 million, fixtures, fittings and office equipment at € 11.7 million and construction in progress at € 136.2 million.

| Development of Non-Current Assets  | Intangible        | Tangible          | Financial         | Total             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | <i>in € mill.</i> | <i>in € mill.</i> | <i>in € mill.</i> | <i>in € mill.</i> |
| <b>31.12.2005</b>                  | <b>563.9</b>      | <b>1,540.1</b>    | <b>128.1</b>      | <b>2,232.1</b>    |
| Capital expenditure <sup>1)</sup>  | 13.6              | 347.1             | 3.9               | 364.6             |
| Changes in the consolidation range | 85.4              | 47.6              | 0.1               | 133.1             |
| Amortization and depreciation      | -8.8              | -170.3            | 0.0               | -179.1            |
| Disposals                          | 0.3               | -14.5             | -4.9              | -19.1             |
| Currency translation and other     | -17.0             | -8.8              | 25.8              | 0.0               |
| <b>31.12.2006</b>                  | <b>637.3</b>      | <b>1,741.2</b>    | <b>153.0</b>      | <b>2,531.6</b>    |

**Total Investments**  
*in € mill.*



- ☐ External projects
- ☐ Bolt-on projects
- ☐ Maintenance capex

1) Additions as per schedule of fixed and financial assets

| <b>Total Investments <sup>1)</sup></b> | <b>2005</b>       | <b>2006</b>       | <b>Change</b> |
|----------------------------------------|-------------------|-------------------|---------------|
|                                        | <i>in € mill.</i> | <i>in € mill.</i> | <i>in %</i>   |
| Central-East Europe                    | 122.4             | 133.7             | +9            |
| Central-West Europe                    | 61.9              | 101.0             | +63           |
| North-West Europe                      | 113.6             | 151.7             | +34           |
| USA                                    | 39.5              | 142.0             | +259          |
| Investments and Other                  | 1.3               | 2.0               | +54           |
| <b>Wienerberger Group</b>              | <b>338.7</b>      | <b>530.4</b>      | <b>+57</b>    |

1) Additions to tangible and intangible assets, including working capital and changes in the consolidation range or maintenance capex plus growth investments

### Wienerberger Value Management

Growth in the value of our Company forms the cornerstone of our corporate strategy. For internal operating management, we therefore calculate a cash-based pre-tax return for all levels of the Group. The key ratios are cash flow return on investment (CFROI = EBITDA / historical capital employed) and cash value added (CVA). The CFROI model allows us to compare the various segments of the Group, independent of the age structure of their plants. For all segments we have established a minimum sustainable CFROI target of 12% (= hurdle rate), after adjustment for non-recurring income and expenses. CVA is calculated based on the CFROI of the individual segments compared to the 12% internal hurdle rate (= 10% pre-tax WACC + 2% economic depreciation), which is then multiplied by capital employed (CE) at acquisition cost. CVA shows the absolute operating cash value added by the individual segments.

Increase in company value as the focus of strategy

Group CFROI matches hurdle rate of 12%

| <b>Calculation of Group CFROI</b>     | <b>2005</b>                      | <b>2006</b>              |
|---------------------------------------|----------------------------------|--------------------------|
| <b>Operating EBITDA <sup>1)</sup></b> | <i>in € mill.</i> <b>428.4</b>   | <b>471.9</b>             |
| Capital employed                      | <i>in € mill.</i> 2,289.4        | 2,598.2                  |
| Accumulated depreciation              | <i>in € mill.</i> 1,231.2        | 1,349.8                  |
| <b>Historical capital employed</b>    | <i>in € mill.</i> <b>3,520.6</b> | <b>3,948.0</b>           |
| <b>CFROI</b>                          | <i>in %</i> <b>12.2</b>          | <b>12.0<sup>2)</sup></b> |

Two operating segments meet target, USA slightly lower due to Robinson takeover

| <b>CFROI 2006 by Segment</b>        | <b>EBITDA <sup>1)</sup></b> | <b>Historical CE</b> | <b>CFROI</b>             | <b>CVA</b>               |
|-------------------------------------|-----------------------------|----------------------|--------------------------|--------------------------|
|                                     | <i>in € mill.</i>           | <i>in € mill.</i>    | <i>in %</i>              | <i>in € mill.</i>        |
| Central-East Europe                 | 158.1                       | 1,084.5              | 14.6                     | 28.0                     |
| Central-West Europe                 | 96.1                        | 724.9                | 13.3                     | 9.1                      |
| North-West Europe                   | 177.7                       | 1,527.0              | 11.6                     | -5.5                     |
| USA                                 | 63.4                        | 568.3                | 11.2                     | -4.8                     |
| Investments and Other <sup>3)</sup> | -23.4                       | 43.3                 | -54.0                    | -28.6                    |
| <b>Wienerberger Group</b>           | <b>471.9</b>                | <b>3,948.0</b>       | <b>12.0<sup>2)</sup></b> | <b>-1.9<sup>2)</sup></b> |

1) Adjusted for non-recurring income and expenses

2) After an adjustment for the acquisition of Robinson Brick in the USA, CFROI equals 12.1% and CVA € 4.5 million

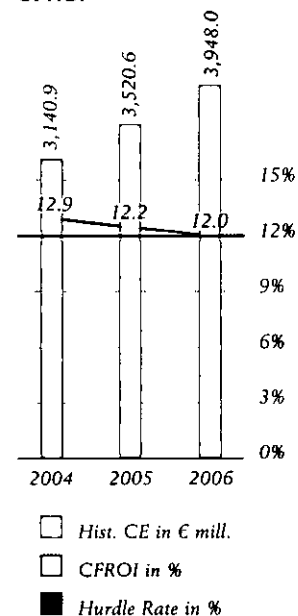
3) Including holding company costs

Group CFROI equaled 12.0% for 2006, and exactly reflects the hurdle rate. Market declines and the acquisition of Robinson Brick in the USA during the reporting year as well as higher energy costs caused a slight decline in CFROI below the 2005 level of 12.2%. After an adjustment for the Robinson takeover, both Group CFROI and CFROI in the USA exceed the benchmark at 12.1% and 12.3%, respectively. The North-West Europe segment temporarily failed to meet the 12% hurdle rate because of capacity expansion, and the USA fell slightly below this target because of the Robinson acquisition. Central-East Europe and Central-West Europe exceeded the internal benchmark by a significant margin.

In addition to CFROI, return on capital employed (ROCE) is also calculated at the Group level. This indicator is computed by comparing net operating profit after tax (NOPAT) to capital employed for the entire Group. The ratio indicates the extent to which Wienerberger meets the yield required by investors. The average cost of capital for the Group is based on the minimum return expected by investors for funds they provide in the form of equity and debt. The weighted average cost of capital (WACC) is determined by adding an appropriate risk premium for stock investments to the actual cost of debt for Wienerberger. The after-tax WACC equaled 7.5% for 2006 and reflects the prior year level.

Net operating profit after tax (NOPAT) increased 13% to € 229.0 million in 2006. Capital employed rose 13% to € 2,598.2 million because of the growth investments. ROCE reached 8.8% (2005: 8.9%), which results in higher EVA® of € 34.1 million than in 2005 (€ 31.8 mill.). After an adjustment for the acquisition of Robinson Brick, ROCE equaled 9.1% and EVA totaled € 39.0 million.

CFROI



#### Calculation of Group ROCE

|                                                      |            | 2005           | 2006                    |
|------------------------------------------------------|------------|----------------|-------------------------|
| Operating EBIT <sup>1)</sup>                         | in € mill. | 270.3          | 299.6                   |
| Taxes                                                | in € mill. | -54.8          | -59.0                   |
| Adjusted taxes                                       | in € mill. | -12.0          | -11.6                   |
| <b>NOPAT</b>                                         | in € mill. | <b>203.5</b>   | <b>229.0</b>            |
| Equity and minority interest                         | in € mill. | 1,483.1        | 1,591.4                 |
| Financial liabilities and financing leases           | in € mill. | 1,186.5        | 1,402.8                 |
| Intercompany receivables and payables from financing | in € mill. | -9.9           | -9.5                    |
| Cash and financial assets                            | in € mill. | -370.3         | -386.5                  |
| <b>Capital Employed</b>                              | in € mill. | <b>2,289.4</b> | <b>2,598.2</b>          |
| <b>ROCE</b>                                          | in %       | <b>8.9</b>     | <b>8.8<sup>2)</sup></b> |

ROCE equals 8.8% and clearly exceeds WACC of 7.5%

#### Value Ratios

|                   |            | 2005 | 2006 <sup>3)</sup> |
|-------------------|------------|------|--------------------|
| ROCE              | in %       | 8.9  | 8.8                |
| EVA <sup>3)</sup> | in € mill. | 31.8 | 34.1               |
| CFROI             | in %       | 12.2 | 12.0               |
| CVA               | in € mill. | 5.9  | -1.9               |

Negative CVA of € -1.9 million due to US acquisition of Robinson Brick at mid-year

1) Adjusted for non-recurring income and expenses

2) After an adjustment for the acquisition of Robinson Brick in the USA, ROCE equals 9.1% and EVA totals € 39.0 million,

CFROI equals 12.1% and CVA totals € 4.5 million

3) EVA is a registered brand name of Stern Stewart & Co.

# Procurement

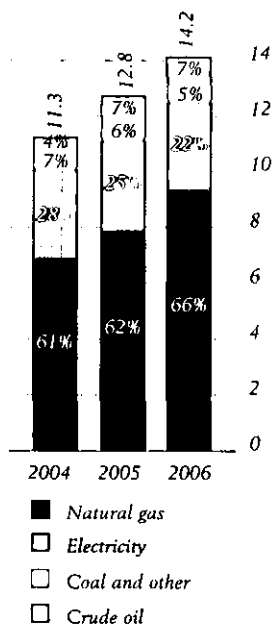
## Strategic procurement department helps realize synergies in the Group

The rapid expansion and decentralized structure of the Wienerberger Group have created a wide range of challenges for our strategic procurement department. Our goal in this area is to identify synergies in close cooperation with local Group companies, and to realize these synergies through coordinated actions on procurement markets. We also work to improve the efficiency and the scope of our procurement services on a continuous basis.

## Clay supply secured for the long-term

Our most important raw material is clay, and our supplies of this material are secured for the foreseeable future. Roughly two-thirds of required clay reserves are owned by the Group, and the rest are safeguarded through long-term mining contracts.

## Energy Costs as a % of revenues



The greatest challenge for procurement in 2006 was the volatility of energy prices and the cost of materials. Following a sharp rise in 2005, energy prices – especially natural gas – continued to rise throughout 2006. The cost of energy for the Group totaled € 316.0 million, or 14.2% of revenues for the reporting year. This represents an increase of € 65.6 million (+26%) over 2005, whereby € 47 million was triggered by price increases and € 19 million by additional production volume. The price-related increase resulted above all from a massive rise in the cost of crude oil, which subsequently led to higher prices for natural gas and electricity. Group expenses for energy can be classified into 66% for natural gas, 7% for crude oil, 22% for electricity and 5% for coal and other sources.

Energy markets are subject to varying dynamics because of different regional hedging mechanisms and price formulas. For this reason, we have defined the following guidelines for non-regulated energy markets: at least 75% of energy costs must be hedged for the next six months, 50% for the next 12 months and 25% for the next 24 months. Wienerberger specialists analyze local price developments and close contracts for the required supplies to optimize energy purchases. Our long-term strategy is managed by the central procurement department in coordination with the Group's risk management based on quarterly cash flow at risk calculations. As part of a rolling planning process and depending on market trends, the prices for part of the required energy volumes are fixed for up to two years in advance. We have secured roughly 65% of our natural gas requirements for the next 12 months through contracts with set prices and 20% of our purchases are made in the regulated markets of Central-East Europe where opportunities for hedging are lacking. (In these countries, energy prices are set by the government but based on global market prices.)

## New hedges for electricity prices concluded

A number of long-term electricity supply contracts expired in 2006, which had provided Wienerberger with relatively favorable purchase conditions in past years. New contracts were concluded at current market conditions, and secure our electricity requirements for the coming years by up to 100% depending on the country.

## Greater transparency through energy information system

Based on the volumes already secured, we expect price-related increases of roughly € 30 million in the cost of energy for 2007. Energy costs are a focal point of our risk management, and the further development and optimization of our energy information system will therefore remain a focus of our procurement strategy for 2007.

# Outlook and Goals

Forecasts for 2007 indicate that new residential construction should continue to reflect the prior year trend, with strength in Europe and weakness in the USA. For Central-East Europe we expect further growth and strong demand for bricks, especially in Poland, Romania and Bulgaria. In Russia Wienerberger has followed the start of operations in its first plant with further projects in order to develop a relevant position. We also anticipate positive development in Western Europe. Residential construction should remain strong in Belgium and France, and there are signs of increasing momentum in the Netherlands and Great Britain, where construction activities have been at a moderate level during recent years. The improved sentiment in Germany leads us to expect good, but at least stable, demand during the current year. In contrast, we do not see any recovery in US new residential construction before the second half of 2007. The current high supply of unsold houses must first return to a reasonable level of under six months before this situation can improve. We intend to use the continued optimization of our plants and full-year consolidation of Robinson Brick to also generate earnings growth in the USA during 2007.

**Optimistic outlook for Europe, further decline expected in US housing starts**

Based on our strong expansion program, we are reinforcing our goal to generate above-average earnings growth in comparison to the building materials sector (i.e. approx. 10%). We expect an increase of € 30 million in costs from higher energy prices and a further market decline in the USA, but a positive economic climate in Europe. Our expansion plans call for bolt-on growth investments of at least € 250 million in 2007. A further € 130 million will be invested in the acquisition of Baggeridge Brick, if the UK Competition Commission approves this transaction. We have also budgeted € 120 million for maintenance capex to cover the refitting and optimization of existing equipment, which could bring our total investments to € 500 million in 2007.

**Goal for above-average increase in earnings confirmed and continuation of ambitious growth program**

| Revenue and Investment Planning     | Revenues       |                | Total Investments <sup>a</sup> |              |
|-------------------------------------|----------------|----------------|--------------------------------|--------------|
|                                     | 2006           | Plan 2007      | 2006                           | Plan 2007    |
|                                     | in € mill.     | in € mill.     | in € mill.                     | in € mill.   |
| Central-East Europe                 | 616.0          | 695.5          | 133.7                          | 160.0        |
| Central-West Europe                 | 469.2          | 512.1          | 101.0                          | 40.0         |
| North-West Europe                   | 827.5          | 917.3          | 151.7                          | 250.0        |
| USA                                 | 349.5          | 407.9          | 142.0                          | 45.0         |
| Investments and Other <sup>1)</sup> | -37.2          | -32.7          | 2.0                            | 5.0          |
| <b>Wienerberger Group</b>           | <b>2,225.0</b> | <b>2,500.1</b> | <b>530.4</b>                   | <b>500.0</b> |

1) Group eliminations are included in this segment

2) Includes growth investments and maintenance capex (replacement, optimization, environment)

We will presumably not reach our goal to generate a return on capital employed (ROCE) of 10% by the end of 2007 because we have further intensified our growth program. However, the ROCE recorded by Wienerberger consistently exceeds the Group's cost of capital of 7.5% by a significant amount. The EBITDA margin should rise steadily from 21 to 23% over the coming years, whereby we have adjusted our target of 25% to reflect both our accelerated growth course and investments in US direct sales (brick merchants with lower margins).

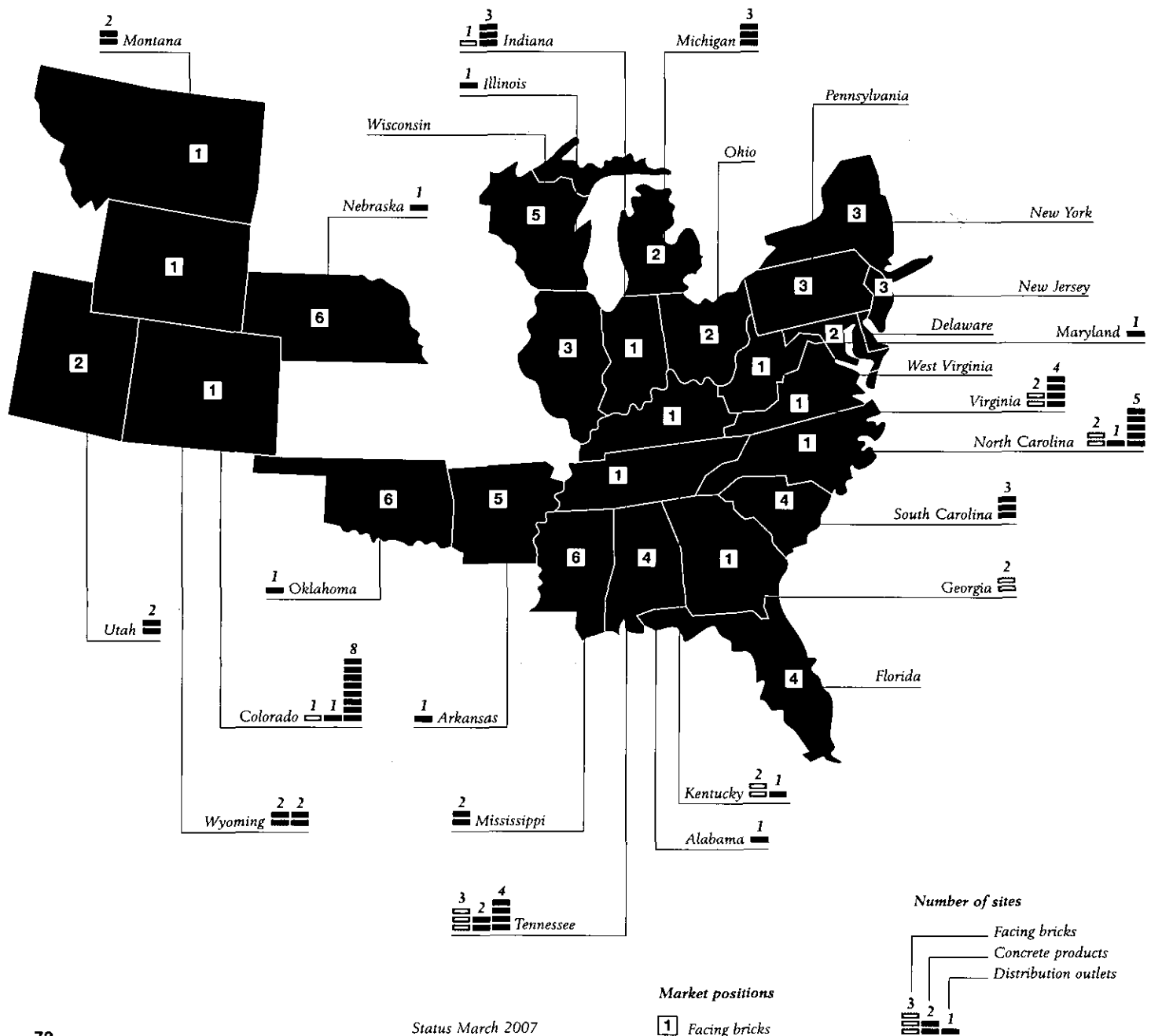
**ROCE consistently exceeds WACC of 7.5%**

*This annual report includes information and forecasts that are based on the future development of the Wienerberger Group and its member companies. These forecasts represent estimates, which were prepared based on the information available at this time. If the assumptions underlying these forecasts are not realized or risks – as described in the risk report – should in fact occur, actual results may differ from the results expected at this time. This annual report is not connected with a recommendation to buy or sell shares in Wienerberger AG.*

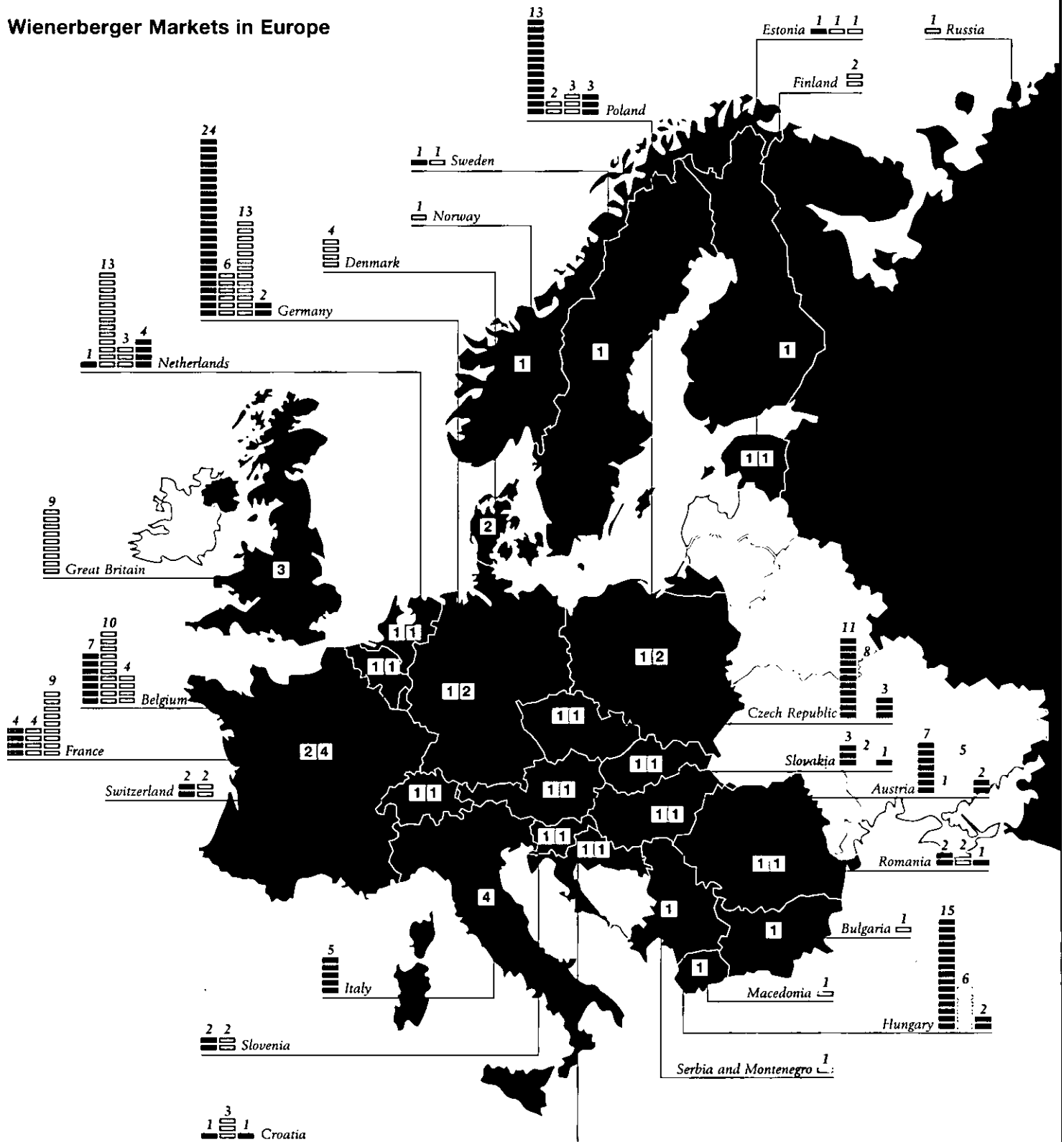
# Plant Sites and Market Positions

Wienerberger is the only international producer of bricks and roof tiles, with a total of 259 plants in 25 countries and 5 export markets. We focus on our core areas of expertise and work steadily to strengthen our geographic portfolio. In this way, we are able to offset fluctuations on individual markets. We don't want to be everywhere – our objective is to develop strong positions in the markets in which we are present. This includes further expansion in the East as well as optimization in the West.

## Wienerberger Markets in the USA



## Wienerberger Markets in Europe



### Market positions

- 1 Hollow and/or facing bricks
- 1 Clay roof tiles
- 1 Joint ventures  
Bramac concrete roof tiles (50%)  
and Tondach Gleinstätten clay roof tiles (25%)

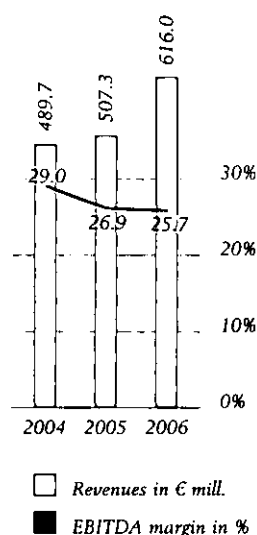
### Number of plants

- 3 Hollow bricks
- 2 Facing bricks
- 1 Roofing systems
- 1 Pavers

- Markets with plant sites
- Export markets

# Central-East Europe

**Excellent earnings growth in Central-East Europe, above all during second half-year**



The Central-East Europe segment covers our brick and roof tile activities in Austria and Eastern Europe as well as Semmelrock (concrete pavers, 75% stake, full consolidation), Bramac (concrete roof tiles, 50% stake, proportional consolidation) and Tondach Gleinstätten (clay roof tiles, 25% stake, at equity consolidation). Revenues in this segment rose by 21% to € 616.0 million in 2006 and EBITDA increased 16% to € 158.1 million. All countries reported higher earnings, with the exception of the Czech Republic, Slovakia and Croatia. We were also able to follow the declines from 2005 with significant improvements in Poland and Hungary as well as at Bramac and Semmelrock during the reporting year. This segment generated 28% of revenues and 34% of Group EBITDA in 2006.

| Central-East Europe                             |                         | 2005  | 2006  | Chg. in % |
|-------------------------------------------------|-------------------------|-------|-------|-----------|
| Revenues                                        | in € mill.              | 507.3 | 616.0 | +21       |
| EBITDA <sup>1)</sup>                            | in € mill.              | 136.7 | 158.1 | +16       |
| EBIT <sup>1)</sup>                              | in € mill.              | 87.0  | 103.3 | +19       |
| CFROI <sup>1)</sup>                             | in %                    | 13.9  | 14.6  | -         |
| CVA <sup>1,2)</sup>                             | in € mill.              | 18.5  | 28.0  | +51       |
| Total investments                               | in € mill.              | 122.4 | 133.7 | +9        |
| Capital employed                                | in € mill.              | 569.5 | 624.3 | +10       |
| Employees                                       |                         | 4,767 | 4,612 | -3        |
| Sales volumes hollow bricks <sup>3)</sup>       | in mill. NF             | 3,387 | 3,931 | +16       |
| Sales volumes pavers                            | in mill. m <sup>2</sup> | 6.63  | 7.97  | +20       |
| Sales volumes concrete roof tiles <sup>4)</sup> | in mill. m <sup>2</sup> | 15.83 | 18.43 | +16       |

1) Adjusted for non-recurring income and expenses

2) Hurdle rate = 12%

3) Sales volumes for 2005 are shown without special products in order to improve comparability; therefore, the sales volumes in this annual report differ from the figures reported in the prior year

4) Sales volumes are not proportional, but reflect 100%

## Poland (5% of Group revenues)

After a major decline in the previous year, Poland reported a massive increase of more than 30% in housing starts as well as a further strengthening of the trend to multi-storey dwellings in 2006. We utilized the weak prior year market conditions to acquire two brick plants in Krakow, a city in the south of Poland, during February 2006. This expanded presence will now allow us to market our high-quality hollow bricks throughout the entire country from local sites. In 2006 we also raised hollow brick prices from the previously low level. Despite a delay in the start of the construction season and temporary plant shutdowns due to bad weather, we increased sales volumes in all product areas (hollow bricks, facing bricks and clay roof tiles) and realized a substantial improvement in earnings. Poland is an important growth market for Wienerberger because new residential construction still remains at a low level compared to Western Europe. In order to adjust our capacity to meet the high demand, operations at the Lajsi and Osiek plants, which were closed in 2005, were restarted and production capacity will also be increased at other locations. Depending on the general development of the market, we expect a further increase in revenues and earnings during 2007.

**High revenue and earnings growth in Poland**

### **Czech Republic (4% of Group revenues)**

Housing starts in the Czech Republic rose by roughly 8% during 2006 after slow development in the previous year. However, imports from the neighboring countries of Germany and Austria increased at the same time and intensified both competition and the pressure on prices. Excellent development was registered in sales volumes of our plane brick products, and we met this trend by installing a further plane brick grinder at the Tunechody plant. In spite of continuing efforts to optimize production costs, results were unable to match the record prior year level. For 2007 we expect moderate growth in residential construction as well as a further increase in competition following an expansion in the production capacity for substitute products. Our goal is to safeguard our market position and high level of earnings by focusing on our high-quality product lines with their distinctive thermal and sound insulation properties.

**Import pressure limits earnings improvement in Czech Republic**

### **Hungary (3% of Group revenues)**

Residential construction in Hungary was affected by the elimination of a builders' allowance in 2006, but declines at the start of the year were followed by a temporary recovery of demand during the second six months. This unexpected interim high was triggered by the introduction of a tax on interest income, which led to stronger investments in real estate. Higher domestic demand as well as a massive rise in exports to Romania and Bulgaria supported a significant increase in sales volumes. Although competition remained intense, a focus on higher quality products allowed us to increase the price level and thereby realize a substantial improvement in revenues and earnings. For 2007 we do not expect any impulses for growth from the domestic market, and we will therefore continue to focus on exports to Romania and Bulgaria and also start sales to Ukraine. We will differentiate from the competition by concentrating on our high-quality product lines, and intend to use this strategy to hold earnings at a stable level despite further increases in the cost of energy and a forecasted market decline.

**Higher exports drive revenue and earnings growth in Hungary**

### **Romania (2% of Group revenues)**

The residential construction sector in Romania recorded growth of roughly 20% for 2006, which was supported by strong economic development as well as a positive sentiment in the business sector prior to the EU accession. Wienerberger was able to substantially improve sales volumes and implement moderate price adjustments in this favorable environment, while also increasing imports from Hungary by a further sizeable amount. Following the complete reconstruction of the Sibiu plant, we started work on the construction of another new production facility in Triteni Cluj and will implement measures to optimize performance at the Gura Ocnitei plant. The increase in sales volumes and higher prices led to a substantial improvement in both revenues and operating earnings. In order to also benefit from the high potential of this market in the coming years, we are evaluating possible locations for new facilities. The start-up of the Triteni Cluj plant is scheduled for the fourth quarter of 2007. Our goal is to achieve a further strong increase in revenues and earnings during 2007.

**Increase in capacity and higher earnings in Romania**

**Higher sales volumes support development of revenues and earnings in Austria**

### **Austria (2% of Group revenues)**

Housing starts in Austria rose slightly during 2006, but the new residential construction market is still characterized by excess capacity. Domestic sales rose due to the success of the Porotherm plane brick product line and the acquisition of a hollow brick plant in the Lower Austrian city of Blindenmarkt, but exports declined. Operating earnings improved despite an increase in production costs and a plant shutdown, above all because of price adjustments. For 2007 we expect a slight improvement in market conditions. In combination with an optimized plant structure and better utilization of capacity, we plan to increase sales volumes and realize further growth in earnings.

**Intense competition slows earnings growth in Slovakia**

### **Slovakia (1% of Group revenues)**

Residential construction in Slovakia rose by 17% in 2006, but competitive pressure was increased by rising imports from Poland and Hungary. In spite of this development, Wienerberger was able to increase sales volumes of its plane brick product line and strengthen the focus on higher quality products with the market introduction of the high thermal insulating Porotherm S.i brick. Temporary shutdowns at the Boleraz and Ruzomberok plants were accepted to reduce inventories, but combined with higher production costs to bring about a decline in earnings. However, the level of earnings in this country still remains satisfactory. After the completion of optimization measures in the Ruzomberok plant, we expect an improvement in earnings during 2007, if the growth trend in residential construction continues.

**Higher sales volumes in Croatia, but earnings below prior year level**

### **Croatia/Bosnia and Slovenia (2% of Group revenues)**

Although exports from Croatia to Bosnia decreased in 2006, we were able to increase sales volumes because of higher domestic demand. The optimization of the Karlovac plant had a positive impact on product quality, but a shift in the product mix to traditional bricks led to a decline in earnings. The market entry of a new competitor is expected to intensify competition during 2007. However, we still forecast an improvement in earnings, which should be supported by rising construction activity in Zagreb and the coastal region, and we will continue to concentrate on higher quality products.

**Earnings growth in Slovenia**

Because of the stable development of demand in Slovenia we focused on exports to Italy and Croatia during 2006. This led in total to a significant improvement in sales volumes and earnings. Our goals for 2007 include meeting higher demands for thermal insulation and seismic resistance in order to support continued growth.

**Plant start-up and new location secured in Russia**

### **Russia and Bulgaria (new markets)**

The residential construction market in Russia is concentrated in the major city centers as well as the economically strong regions of the country, with growth reaching two-digit rates in 2006. In order to benefit from this momentum, we started operations with the first phase of our new plant in Kiprevo, 120 km northeast of Moscow, during November of the past year. This plant is in the start-up phase with necessary optimization measures and product line developments currently in progress, and we expect the first positive contribution to earnings during the current year. Our plans for 2007 will also focus on the construction of a new plant in the greater Kazan area, and we are evaluating the realization of a second expansion phase in Kiprevo.

In February 2006 Wienerberger acquired a brick plant in Lukovit, 120 km northeast of Sofia. This transaction marked the start of operating activities in Bulgaria, which was previously supplied through imports only. After the development of a local organization and the rapid completion of construction on a new plant, the extruders are scheduled to start operations in mid-2007. Hollow bricks are by far the most important material for new residential construction in Bulgaria with a share of more than 70%, and this situation presents us with excellent opportunities for growth. Our mid-term goal is to develop a broad-based presence in this country.

**New plant construction and development of organization in Bulgaria**

### **Semmelrock Concrete Pavers (4% of Group revenues)**

Our specialist for high-quality concrete pavers continued to expand its market position in all regions of Eastern Europe during 2006 and also recorded a massive increase in EBITDA. The only earnings decline was registered in Austria. However, we expect a reversal of this local trend in 2007 following the introduction of new products and the optimization of sales structures. In Hungary the strategic positioning of Semmelrock in the high-quality product segment proved to be a success and, in combination with the optimization of the new plant in Miskolc and expansion of the dealer network, led to a significant increase in sales volumes and earnings. In Slovakia the company strengthened its market position and improved efficiency at the Sered plant. In Poland the three plants operated at full capacity, and we were able to further increase our market share and record substantial earnings growth. In Croatia we became the market leader following the expansion of our sales network. Semmelrock entered the market in the Czech Republic with the acquisition of Colorbeton during the reporting year, and will focus on improving sales and production efficiency in this company during 2007. The construction of a new plant in Bucharest (Romania) was completed in 2006 and the necessary administrative and sales structures were developed at the same time. In 2007 Semmelrock will again concentrate on further expansion in Eastern Europe and the optimization of products and costs as well as the continued improvement of earnings.

**Higher earnings and strengthening of market position by Semmelrock**

### **Bramac Concrete Roof Tiles (3% of Group revenues)**

In 2006 Bramac (50% stake, proportional consolidation) was able to improve its positions on the company's traditional markets in Central and Eastern Europe. The successful extension of the product portfolio led to further growth in revenues and earnings. Particularly strong growth was recorded in Romania and Bulgaria. Supported by this development, Bramac plans to expand the Silistra plant in Bulgaria during 2007 and start preparations for another production facility near Sofia. In Romania plans call for the construction of a second plant near Bucharest to allow for the better realization of opportunities presented by the steady growth of this country. Based on positive development in Central-East Europe, Bramac targets a further improvement in earnings during 2007.

**Bramac benefits from dynamic growth in Bulgaria and Romania**

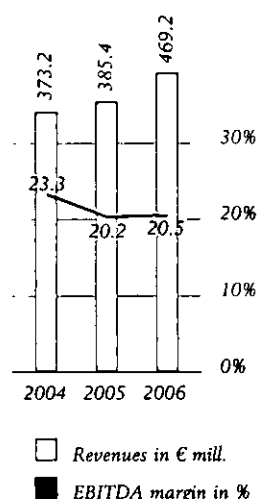
### **Tondach Gleinstätten AG (consolidated at equity)**

In 2006 Tondach Gleinstätten, a 25% investment that is consolidated at equity in the financial statements of the Wienerberger Group, was able to increase its market positions, above all in the Czech Republic, Slovakia and Macedonia and also developed export structures for Bulgaria. The high level of investment activity led to a slight decline in operating earnings. Following the expansion of production lines in Serbia during the past year, the increase in capacity at the Croatian plant in Dakovo will be completed and the Sibiu plant in Romania will be enlarged.

**Modernization and capacity expansion by Tondach Gleinstätten**

# Central-West Europe

**Fastest growing segment due to recovery of construction sector in Germany**



Central-West Europe covers our brick and roof tile activities in Germany, Italy and Switzerland. The development of business in 2006 was influenced by recovery in Germany and steady growth in Switzerland. However, lower sales volumes were recorded in Italy. Segment revenues rose by 22% to € 469.2 million and EBITDA by 23% to € 96.1 million, supported by the initial consolidation of new roof tile activities in Germany. Central-West Europe generated 21% of Group revenues and 20% of EBITDA for the reporting year.

| Central-West Europe                         |             | 2005  | 2006  | Chg. in % |
|---------------------------------------------|-------------|-------|-------|-----------|
| Revenues                                    | in € mill.  | 385.4 | 469.2 | +22       |
| EBITDA <sup>1)</sup>                        | in € mill.  | 78.0  | 96.1  | +23       |
| EBIT <sup>1)</sup>                          | in € mill.  | 43.3  | 59.1  | +36       |
| CFROI <sup>1)</sup>                         | in %        | 12.1  | 13.3  | -         |
| CVA <sup>1,2)</sup>                         | in € mill.  | 0.7   | 9.1   | >100      |
| Total investments                           | in € mill.  | 61.9  | 101.0 | +63       |
| Capital employed                            | in € mill.  | 396.3 | 453.8 | +15       |
| Employees                                   |             | 2,002 | 2,151 | +7        |
| Sales volumes hollow bricks <sup>3)</sup>   | in mill. NF | 1,811 | 1,849 | +2        |
| Sales volumes facing bricks <sup>3)</sup>   | in mill. WF | 155   | 197   | +27       |
| Sales volumes clay roof tiles <sup>3)</sup> | in mill. m' | 5.38  | 9.25  | +72       |

1) Adjusted for non-recurring income and expenses

2) Hurdle rate = 12%

3) Sales volumes for 2005 are shown without special products in order to improve comparability; therefore, the sales volumes in this annual report differ from the figures reported in the prior year

**Significant recovery on construction sector in Germany during 2006**

## Germany (14% of Group revenues)

New residential construction in Germany followed a longer series of annual declines with recovery of +4% in 2006, which was supported by advance purchases before the elimination of the homebuilders' allowance and a VAT increase in 2007. Growth in the renovation and commercial construction sectors also exceeded expectations with a 7% increase in each area.

**Expansion of market position through acquisitions**

Wienerberger strengthened its market position in Germany with four acquisitions during the reporting year. In the facing brick segment, we purchased the Knabe company near Bremen. The takeover of Penter clay pavers in Lower Saxony made us the leader in this sector of the German market. With the acquisition of the Bogen and Straubing plants in Bavaria, we completed the development of a country-wide clay roof tile network only several years after our market entry. All these plants represent optimal additions to our site concept and led to an expansion of our existing product lines. In 2006 we began to integrate our roof tile activities into a homogeneous company, and expect further earnings growth from these measures in the future.

In the hollow brick area (ca. 60% of revenues) we increased average prices by a slight amount with a higher quality product mix. Sales volumes rose as a result of better domestic demand and growth in exports. Although business in the facing brick and clay paver segment improved, earnings still remained at an unsatisfactory level (ca. 10% of revenues). Integration and restructuring measures in the clay roof tile area (ca. 30% of revenues) led to a major turnaround in EBITDA. Wienerberger recorded significantly higher earnings in Germany during the reporting year, not only as a result of acquisitions but also organic growth.

**Higher earnings  
in all product areas**

Our market expectations for 2007 are cautiously optimistic. Construction in the multi-storey residential sector and commercial market should remain positive. The single and two-family housing segment could show a slight decline, but a more favorable trend is also conceivable. After completing a number of acquisitions in the facing brick and clay tile branches during recent years, we now intend to generate further earnings growth in 2007 based on our profit-oriented policy and the further optimization of product allocation and production costs.

**Goal for 2007: further  
earnings improvement in  
Germany**

### **Italy (3% of Group revenues)**

New residential construction in Italy reflected the weak state of the economy in 2006, and housing starts declined by roughly 3%. However, we were able to partly compensate lower sales volumes with prices adjustments and higher sales of premium products. The start of production at the Feltre plant allowed us to increase the share of plane bricks, but a decline in earnings from the high prior year level could not be prevented. In addition to product modifications for the improvement of seismic properties and thermal insulation, the installation of fast drying equipment at the Feltre plant represented the focal point of investments in 2006. The Italian brick market will also be characterized by excess capacity in 2007. In order to safeguard our earnings level, we will continue to focus on higher quality products and the further optimization of our cost structures.

**Pressure on prices due  
to weaker demand and  
excess capacity in Italy**

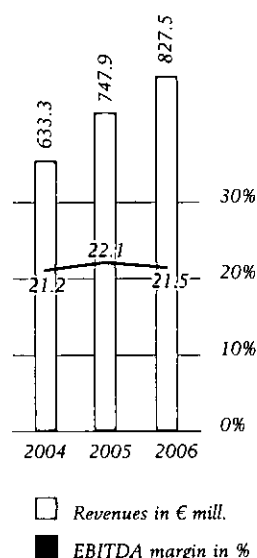
### **Switzerland (3% of Group revenues)**

The market in Switzerland again reported favorable development in 2006 with a further slight increase in residential construction. We were able to record substantial growth in sales volumes of hollow bricks and insulating materials (purchased goods). In contrast, the clay roof tile area accepted a decline in sales volumes in order to implement price increases. In total, we recorded a further improvement in earnings during 2006. For 2007 we expect a stable earnings situation in line with market development.

**Continued earnings  
growth in Switzerland**

# North-West Europe

**Growth driver in past years with renewed increase in earnings**



The North-West Europe segment includes our brick and roof tile activities in Belgium, the Netherlands, France, Great Britain, Scandinavia, Finland and the Baltic States. In 2006 revenues rose by 11% to € 827.5 million and EBITDA increased 8% to € 177.7 million. This development was supported by the further strengthening of our market positions through bolt-on projects in all product areas as well as the sound development of residential construction in Belgium and France and satisfactory performance in Great Britain. North-West Europe recorded 37% of revenues and 38% of EBITDA in 2006.

| North-West Europe                           |                         | 2005  | 2006    | Chg. in % |
|---------------------------------------------|-------------------------|-------|---------|-----------|
| Revenues                                    | in € mill.              | 747.9 | 827.5   | +11       |
| EBITDA <sup>1)</sup>                        | in € mill.              | 165.3 | 177.7   | +8        |
| EBIT <sup>1)</sup>                          | in € mill.              | 109.2 | 116.1   | +6        |
| CFROI <sup>1)</sup>                         | in %                    | 12.1  | 11.6    | -         |
| CVA <sup>1,2)</sup>                         | in € mill.              | 0.9   | -5.5    | >100      |
| Total investments                           | in € mill.              | 113.6 | 151.7   | +34       |
| Capital employed                            | in € mill.              | 952.9 | 1,058.9 | +11       |
| Employees                                   |                         | 4,203 | 4,213   | 0         |
| Sales volumes hollow bricks <sup>3)</sup>   | in mill. NF             | 1,026 | 1,196   | +17       |
| Sales volumes facing bricks <sup>3)</sup>   | in mill. WF             | 1,634 | 1,691   | +3        |
| Sales volumes clay roof tiles <sup>3)</sup> | in mill. m <sup>2</sup> | 11.84 | 12.60   | +6        |

1) Adjusted for non-recurring income and expenses

2) Hurdle rate = 12%

3) Sales volumes for 2005 are shown without special products in order to improve comparability; therefore, the sales volumes in this annual report differ from the figures reported in the prior year

**Sound earnings growth in Belgium with higher volumes and prices**

## Belgium (10% of Group revenues)

The construction sector in Belgium followed strong development in 2005 with a plus of 9% in new residential construction and 2% in the renovation segment for 2006. We registered substantial growth in sales volumes of hollow bricks, facing bricks and clay roof tiles, and could partly offset higher production costs with price rises. Our production capacity was expanded through the acquisition of the Ampe hollow brick plant near Ghent, the extension of the Pottelberg clay roof tile plant and the installation of two new kilns in the facing brick and clay roof tile area. In addition, our subsidiary in Belgium started a project to develop special thermal post-combustion equipment for the ceramics industry. Our sales structures were strengthened by the launch of two new showrooms. The expansion and optimization measures carried out during 2006 supported satisfactory growth in revenues and earnings despite a significant rise in energy costs. We expect a positive market climate throughout 2007 and strive for a further improvement in earnings, however, depending on the trend in energy prices.

### Netherlands (9% of Group revenues)

New residential construction in the Netherlands was characterized by a steady increase in building permits during 2006. Completions also rose by 5% despite a shortage of insulating materials and specialized labor. In contrast to this positive development, the volume of the brick market stagnated due to a shift from the construction of single family houses to apartment buildings and social housing, where less bricks are used. In combination with the shutdown of an older plant during 2005, this led to only a slight improvement in revenues from facing bricks. However, we were able to grow sales volumes in the clay roof tile business by a substantial amount and nearly offset the impact of higher energy costs by increasing our selling prices. Stronger competition prevented a similar development in the clay paver area, where prices rose by a small margin but also sales volumes declined slightly. In total, Wienerberger recorded moderate earnings growth in the Netherlands during 2006. We doubled the capacity at our Kijfwaard West plant during the past year to further strengthen our leading position on the clay paver market. Production capacity was also expanded at the clay roof tile plants in Tegelen and the hollow brick plant in Brunssum. Based on these measures and expectations of a positive market climate, we anticipate earnings growth in the Netherlands during 2007.

**Higher market shares through increase in capacity in the Netherlands**

### France (7% of Group revenues)

A favorable economic climate and low interest rates provided support for new residential construction in France, which rose by 2% in 2006 to the highest level recorded in more than 20 years. This positive development and a further increase in market shares led to significant growth in sales volume of hollow bricks and clay roof tiles. In the facing brick area, the plant closure in Wizernes and the conversion of Angervilliers to hollow brick production had a negative impact on sales volumes. During the reporting year Wienerberger completed most of the work required for the changeover of the Angervilliers plant, the modernization of the Seltz plant and the expansion of the clay roof tile plant in Lantenne. We offset higher energy costs with price increases, which in total supported sound earnings growth. The acquisition of a majority stake in the Bar company strengthened our position on the facing brick market. Supported by the investments made in past years, we want to benefit from the continued positive market climate and record a further improvement in earnings during 2007.

**Increase in market shares and higher earnings in France**

### Great Britain (6% of Group revenues)

The brick market in Great Britain declined by 6% in 2006 due to a further shift from single family houses to apartment buildings and a substantial drop in renovation. Temporary plant shutdowns at the start of the year were the result, whereby these measures were also designed to minimize the impact of extremely high energy prices during the winter 2005/2006. The refitting of the Ewhurst plant and the expansion of Warnham allowed Wienerberger to regain market shares. In order to improve delivery conditions, the Smeed Dean plant was enlarged to provide additional storage capacity for the growing volume of imported clay roof tiles. Weaker demand made it difficult to implement price increases but higher sales volumes, especially in the low price segment, as well as flexible gas purchases and cost optimization supported an improvement in earnings.

**Earnings improvement despite market decline in Great Britain**

**Conclusion of  
Baggeridge takeover  
intended**

Wienerberger classifies Great Britain as a long-term growth market with potential for the future. This led to our decision to announce a recommended cash offer for the publicly traded Baggeridge Brick PLC in August 2006. The required decision of the UK Competition Commission is expected in May 2007. With four plants in the Midlands and one in the south of England, the integration of Baggeridge with Wienerberger would develop a national presence on the British facing brick market. Even without this acquisition, it is our target to further grow revenues and earnings during 2007.

**Increase in capacity  
and higher earnings in  
Northern Europe**

#### **Scandinavia (2% of Group revenues)**

In *Denmark* we recorded a substantial increase in sales volumes and prices, supported by a positive market environment. However, earnings declined by a slight amount as a result of impairment charges to goodwill. Investments were prepared for the Pedershvile and Petersminde plants, which will be carried out in 2007. In *Norway* construction activity remained unchanged at a high level in 2006, but the demand for bricks declined slightly. In *Sweden* Wienerberger increased production capacity at its Haga and Sködinge plants. The strong development of demand and successful implementation of price increases led to an improvement in earnings.

**Earnings decline in  
Finland, expansion of  
market positions in  
Baltic States**

#### **Finland and the Baltic States (1% of Group revenues)**

In Finland the domestic market remained stable, but imports supported an increase in sales volumes of clay roof tiles. However, higher marketing and selling expenses led to a decline in earnings for 2006. In the Baltic States sales volumes rose across all product groups and the facing brick plant in Aseri, Estonia, successfully started operations. Our plans foresee a further strengthening of our market position in this region with the construction of a hollow brick plant. We forecast a steady high pace of residential construction activity during 2007 and expect a significant improvement in sales volumes and earnings.

## **USA**

**Slump in housing starts  
leads to lower sales  
volumes and earnings**

New residential construction in the USA contracted stronger than expected in 2006, falling 13% below the record 2005 level to roughly 1.8 million units. Results were sound at the start of the year, but April brought an increasingly sharp drop in demand across all regions of the country. The decline ranged up to 30% on a monthly basis and was particularly strong in Midwest, which is one of our most important markets. Our subsidiary General Shale recorded better development than the total market, with a 10% decrease in sales volumes by year-end. The successful acquisition of Robinson Brick in June supported an increase of 4% in revenues to € 349.5 million. Operating EBITDA fell by 5% to € 63.4 million due to the lower utilization of capacity and higher selling and integration expenses. The USA is responsible for 16% of revenues and 13% of Group EBITDA.

| USA                         |             | 2005  | 2006  | Chg. in % |
|-----------------------------|-------------|-------|-------|-----------|
| Revenues                    | in € mill.  | 337.2 | 349.5 | +4        |
| EBITDA <sup>1)</sup>        | in € mill.  | 66.4  | 63.4  | -5        |
| EBIT <sup>1)</sup>          | in € mill.  | 51.8  | 48.2  | -7        |
| CFROI <sup>1)</sup>         | in %        | 14.1  | 11.2  | -         |
| CVA <sup>1,2)</sup>         | in € mill.  | 9.7   | -4.8  | >100      |
| Total investments           | in € mill.  | 39.5  | 142.0 | >100      |
| Capital employed            | in € mill.  | 345.0 | 437.6 | +27       |
| Employees                   |             | 2,194 | 2,483 | +13       |
| Sales volumes facing bricks | in mill. WF | 1,241 | 1,140 | -8        |

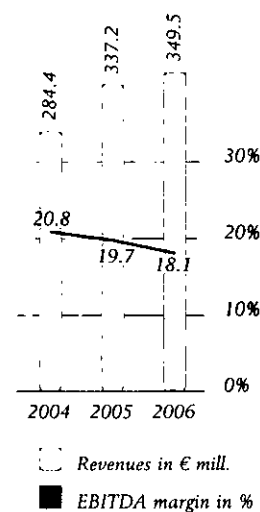
1) Adjusted for non-recurring income and expenses

2) Hurdle rate = 12%

Delivery bottlenecks in the past and the long-term potential created by the growth of the US population have led General Shale to expand its production capacity at a number of locations in recent years. In Louisville (Kentucky), Brickhaven (North Carolina), Roanoke and Marion (Virginia), and Rome (Georgia) additional capacity of 240 million brick units was installed. These investments were made in order to create mega plant sites and thereby optimize production costs. The shutdown of smaller plants is foreseen during periods of lower sales. In connection with this strategy, we temporarily closed the plant in Lee County (North Carolina) during 2006 and relocated production to the more efficient Brickhaven plant. The outdated brick plant in Darlington, Pennsylvania, was also closed. A new concrete block plant started operations in Moncure to meet the growing demand for these products in North and South Carolina. In keeping with our strategy to expand direct sales, General Shale acquired two brick merchants: Curley Building Materials in Indianapolis (Indiana) and Modern Concrete in Louisville (Kentucky).

Wienerberger expanded its US presence into the western region of the country with the acquisition of Robinson Brick in 2006. In addition to a high-performance brick plant in Denver, the company operates three concrete block factories and 17 sales outlets in seven states west of the Mississippi. This acquisition will lead to the realization of synergies, above all through the optimization of production costs, sales structures and cross-selling opportunities as well as the combination of product lines.

For 2007 we anticipate a further decline in housing starts. Recovery is expected during the second half-year at the earliest, after the high supply of unsold houses has returned to a normal level. Wienerberger is prepared for this scenario, after it has adjusted its production capacity. Supported by the full-year consolidation of Robinson Brick and the optimization of production costs in the new plants we intend to realize an improvement in revenues and earnings for 2007.



**Expansion of production capacity and stronger direct sales**

**Entry in west of USA with acquisition of Robinson Brick**

**Goal to increase revenues and earnings in 2007 despite market decline**

# Investments and Other

## Non-core activities and holding company costs in this segment

The Investments and Other segment comprises the non-core activities of the Wienerberger Group: Pipelife plastic pipes (50/50 joint venture with Solvay), real estate and Group headquarters costs. In recent years the Pipelife Group has developed into an independent company with autonomous management, and is now regarded as a financial investment. It is therefore consolidated at equity, and is not included in the operating results of this segment.

## Negative results due to inclusion of holding company costs

Revenues recorded by this segment rose 7% to € 21.7 million and EBITDA fell 30% to € -23.4 million. The growth in revenues resulted from an increase in service fees charged to the Group's operating subsidiaries as well as higher sales by the Wienerberger stove tile company. Earnings are negative because holding company costs are included in this segment.

| Investments and Other |                   | 2005  | 2006  | Chg. in % |
|-----------------------|-------------------|-------|-------|-----------|
| Revenues              | <i>in € mill.</i> | 20.2  | 21.7  | +7        |
| EBITDA <sup>1)</sup>  | <i>in € mill.</i> | -18.0 | -23.4 | -30       |
| EBIT <sup>1)</sup>    | <i>in € mill.</i> | -21.0 | -27.1 | -29       |
| Capital employed      | <i>in € mill.</i> | 25.8  | 23.6  | -9        |
| Employees             |                   | 161   | 180   | +12       |

1) Adjusted for non-recurring income and expenses

## Record results by Pipelife after successful optimization in past years

The Pipelife Group, the fourth largest producer of plastic pipe systems in Europe, showed excellent development during 2006 with a further improvement over the record results generated in the previous year. A favorable operating environment in Europe combined with the optimization measures carried out in past years and the introduction of numerous innovative products led to a further improvement in revenues and earnings. Group revenues totaled € 784 million, which represents a plus of 10% over 2005, and EBITDA increased by 7% to € 80.2 million. The company recorded strong growth in Northern Europe, the Baltic States, the new EU countries, Russia and the Balkan region, while demand remained stable in Western Europe. Plastic pipe activities in the USA followed the slump in new residential construction at year-end, and triggered a decline in earnings. In 2006 Pipelife took important growth steps for the future with two acquisitions in Belgium and the Netherlands as well as the opening of a sales office in Bulgaria. The company's strategy is focused on the expansion of market positions and a wide geographical presence in Europe. A duplication of the record results generated in 2006 is considered to be an ambitious goal for the coming year.

## Sale of non-core investments and assets

During the 2006 Business Year we sold the Wienerberger stove tile company to a strategic partner in keeping with our concentration on the core business. In addition, a large property in the south of Vienna was sold at a book gain of € 5.1 million. This gain is reported under non-recurring income, and largely offsets the non-recurring expenses of € 7.1 million that resulted from plant shutdowns. The sale of non-operating assets is designed to finance our core business, and we will continue to pursue this strategy in the future. At the present time, we estimate the value of our remaining non-operating real estate at € 40 million.

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# Income Statement

| Notes      |                                                                        | 2006<br>in TEUR | 2005<br>in TEUR |
|------------|------------------------------------------------------------------------|-----------------|-----------------|
| (7)        | Revenues                                                               | 2,225,040       | 1,954,571       |
| (8, 9, 13) | Cost of goods sold                                                     | -1,403,704      | -1,210,986      |
|            | <b>Gross profit</b>                                                    | <b>821,336</b>  | <b>743,585</b>  |
| (8, 9, 13) | Selling expenses                                                       | -409,921        | -369,778        |
| (8, 9, 13) | Administrative expenses                                                | -129,290        | -109,524        |
| (11)       | Other operating expenses                                               | -33,285         | -25,554         |
| (12)       | Other operating income                                                 | 54,271          | 31,556          |
| (8)        | Amortization of goodwill                                               | -3,534          | 0               |
|            | <b>Operating profit before non-recurring items</b>                     | <b>299,577</b>  | <b>270,285</b>  |
| (14)       | Non-recurring write-offs and provisions related to restructuring       | -7,141          | -11,365         |
| (14)       | Non-recurring income                                                   | 5,056           | 10,637          |
|            | <b>Operating profit after non-recurring items</b>                      | <b>297,492</b>  | <b>269,557</b>  |
|            | Income from investments in associates                                  | 26,154          | 29,513          |
| (15)       | Interest result                                                        | -48,167         | -43,426         |
| (16)       | Other financial results                                                | 1,860           | -4,377          |
|            | <b>Financial results</b>                                               | <b>-20,153</b>  | <b>-18,290</b>  |
|            | <b>Profit before tax</b>                                               | <b>277,339</b>  | <b>251,267</b>  |
| (17)       | Income taxes                                                           | -58,998         | -54,834         |
|            | <b>Profit after tax</b>                                                | <b>218,341</b>  | <b>196,433</b>  |
|            | Thereof attributable to minority interest                              | 2,395           | 2,080           |
|            | <b>Thereof attributable to equity holders</b>                          | <b>215,946</b>  | <b>194,353</b>  |
| (18)       | <b>Adjusted earnings per share before non-recurring items (in EUR)</b> | <b>3.02</b>     | <b>2.67</b>     |
| (18)       | <b>Earnings per share (in EUR)</b>                                     | <b>2.95</b>     | <b>2.66</b>     |
| (18)       | <b>Diluted earnings per share (in EUR)</b>                             | <b>2.94</b>     | <b>2.64</b>     |
| (18)       | <b>Recommended or paid dividend per share (in EUR)</b>                 | <b>1.30</b>     | <b>1.18</b>     |

The following notes to the financial statements form an integral part of this income statement.

# Cash Flow Statement

| Notes                                                                         | 2006<br>in TEUR | 2005<br>in TEUR |
|-------------------------------------------------------------------------------|-----------------|-----------------|
| Profit before tax                                                             | 277,339         | 251,267         |
| Depreciation and amortization                                                 | 172,323         | 158,124         |
| Non-recurring write-offs related to restructuring                             | 6,741           | 1,591           |
| Write-ups of fixed and financial assets                                       | -1,541          | -598            |
| Increase/decrease in long-term provisions                                     | 2,929           | 12,994          |
| Income from associates                                                        | -26,154         | -29,513         |
| Income/loss from the disposal of fixed and financial assets                   | -13,183         | -17,691         |
| Interest result                                                               | 48,167          | 43,426          |
| Interest paid                                                                 | -80,273         | -55,878         |
| Interest received                                                             | 30,305          | 23,751          |
| Income taxes paid                                                             | -45,873         | -44,352         |
| <b>Gross cash flow</b>                                                        | <b>370,780</b>  | <b>343,121</b>  |
| Increase/decrease in inventories                                              | -34,836         | -45,672         |
| Increase/decrease in trade receivables                                        | -20,592         | -9,580          |
| Increase/decrease in trade payables                                           | 40,342          | 2,643           |
| Increase/decrease in other net current assets                                 | -3,769          | -40,474         |
| Changes in non-cash items resulting from foreign exchange translation         | -326            | 206             |
| <b>Cash flow from operating activities</b>                                    | <b>351,599</b>  | <b>250,244</b>  |
| Proceeds from the sale of assets                                              | 29,206          | 61,398          |
| Purchase of property, plant and equipment and intangible assets               | -360,659        | -278,628        |
| Payments made for investments in financial assets                             | -3,946          | -233            |
| Increase/decrease in securities                                               | -5,118          | 438             |
| Net payments made for the acquisition of companies                            | -169,743        | -60,035         |
| Net proceeds from the sale of companies                                       | 574             | 157             |
| (19) <b>Cash flow from investing activities</b>                               | <b>-509,686</b> | <b>-276,903</b> |
| Increase/decrease in long-term financial liabilities                          | -293,242        | 437,047         |
| Increase/decrease in short-term financial liabilities                         | 510,536         | -190,195        |
| Dividends paid by Wienerberger AG                                             | -86,415         | -78,040         |
| Dividends paid to minority shareholders and other changes in minority capital | 840             | 2,464           |
| Dividend payments from associates                                             | 3,676           | 2,004           |
| Capital increase Wienerberger AG                                              | 0               | 0               |
| Cash inflows from exercise of stock options                                   | 5,268           | 5,364           |
| Purchase of treasury stock                                                    | -8,892          | -21,326         |
| <b>Cash flow from financing activities</b>                                    | <b>131,771</b>  | <b>157,318</b>  |
| <b>Change in cash and cash at bank</b>                                        | <b>-26,316</b>  | <b>130,659</b>  |
| Effects of exchange rate fluctuations on cash held                            | -29             | 2,725           |
| Cash and cash at bank at the beginning of the year                            | 219,876         | 86,492          |
| <b>Cash and cash at bank at the end of the year</b>                           | <b>193,531</b>  | <b>219,876</b>  |

The following notes to the financial statements form an integral part of this cash flow statement.

# Balance Sheet

| Notes    |                                               | 31.12.2006<br>in TEUR | 31.12.2005<br>in TEUR |
|----------|-----------------------------------------------|-----------------------|-----------------------|
|          | <b>Assets</b>                                 |                       |                       |
| (20)     | Intangible assets                             | 637,346               | 563,906               |
| (20)     | Property, plant and equipment                 | 1,712,395             | 1,507,125             |
| (20)     | Investment property                           | 28,773                | 32,984                |
| (2, 20)  | Investments in associates                     | 129,389               | 106,503               |
| (20)     | Other financial assets                        | 23,652                | 21,566                |
| (26)     | Deferred tax assets                           | 61,442                | 61,355                |
|          | <b>Non-current assets</b>                     | <b>2,592,997</b>      | <b>2,293,439</b>      |
| (21)     | Inventories                                   | 509,843               | 445,879               |
| (22)     | Trade receivables                             | 222,325               | 184,407               |
| (22)     | Other current receivables                     | 115,632               | 103,567               |
| (29, 30) | Securities                                    | 40,004                | 22,402                |
|          | Cash and cash at bank                         | 193,531               | 219,876               |
|          | <b>Current assets</b>                         | <b>1,081,335</b>      | <b>976,131</b>        |
|          | <b>Total Assets</b>                           | <b>3,674,332</b>      | <b>3,269,570</b>      |
|          | <b>Equity and Liabilities</b>                 |                       |                       |
|          | Issued capital                                | 74,168                | 74,168                |
|          | Share premium                                 | 415,052               | 415,052               |
|          | Retained earnings                             | 1,174,075             | 1,031,209             |
|          | Treasury stock                                | -30,269               | -28,133               |
|          | Translation reserve                           | -69,019               | -38,909               |
|          | Minority interest                             | 27,436                | 29,717                |
| (23)     | <b>Equity</b>                                 | <b>1,591,443</b>      | <b>1,483,104</b>      |
| (24, 25) | Employee-related provisions                   | 73,024                | 75,671                |
| (24, 26) | Provisions for deferred taxes                 | 110,569               | 105,318               |
| (24)     | Other non-current provisions                  | 58,090                | 53,463                |
| (27, 29) | Long-term financial liabilities               | 798,128               | 1,091,366             |
| (27)     | Other non-current liabilities                 | 48,278                | 51,102                |
|          | <b>Non-current provisions and liabilities</b> | <b>1,088,089</b>      | <b>1,376,920</b>      |
| (24)     | Other current provisions                      | 46,425                | 39,234                |
| (27, 29) | Short-term financial liabilities              | 606,613               | 97,873                |
| (27)     | Trade payables                                | 200,328               | 150,712               |
| (27)     | Other current liabilities                     | 141,434               | 121,727               |
|          | <b>Current provisions and liabilities</b>     | <b>994,800</b>        | <b>409,546</b>        |
|          | <b>Total Equity and Liabilities</b>           | <b>3,674,332</b>      | <b>3,269,570</b>      |

The following notes to the financial statements form an integral part of this balance sheet.

# Changes in Equity Statement

| <i>in TEUR</i>                                              | Issued<br>capital | Share<br>premium | Retained<br>earnings | Treasury<br>stock | Foreign<br>exchange | Minority<br>interest | Total            |
|-------------------------------------------------------------|-------------------|------------------|----------------------|-------------------|---------------------|----------------------|------------------|
| <b>Balance on 31.12.2004</b>                                | <b>74,168</b>     | <b>415,052</b>   | <b>962,644</b>       | <b>-13,327</b>    | <b>-105,502</b>     | <b>34,178</b>        | <b>1,367,214</b> |
| Net profit/minority interest                                |                   |                  | 194,353              |                   |                     | 2,080                | 196,433          |
| Dividend payments                                           |                   |                  | -78,040              |                   |                     | -2,467               | -80,507          |
| Foreign exchange adjustment                                 |                   |                  |                      |                   | 63,790              | 1,147                | 64,937           |
| Foreign exchange adjustment<br>to investments in associates |                   |                  |                      |                   | 2,803               |                      | 2,803            |
| Hedging reserves                                            |                   |                  | -47,635              |                   |                     | 15                   | -47,620          |
| Capital increase/decrease                                   |                   |                  |                      |                   |                     | 2,356                | 2,356            |
| Increase/decrease in<br>minority interest                   |                   |                  |                      |                   |                     | -7,562               | -7,562           |
| Increase/decrease in<br>treasury stock                      |                   |                  | -1,156               | -14,806           |                     |                      | -15,962          |
| Expenses from stock option plans                            |                   |                  | 1,250                |                   |                     |                      | 1,250            |
| Other changes                                               |                   |                  | -208                 |                   |                     | -30                  | -238             |
| <b>Balance on 31.12.2005</b>                                | <b>74,168</b>     | <b>415,052</b>   | <b>1,031,209</b>     | <b>-28,133</b>    | <b>-38,909</b>      | <b>29,717</b>        | <b>1,483,104</b> |
| Net profit/minority interest                                |                   |                  | 215,946              |                   |                     | 2,395                | 218,341          |
| Dividend payments                                           |                   |                  | -86,415              |                   |                     | -910                 | -87,325          |
| Foreign exchange adjustment                                 |                   |                  |                      |                   | -29,816             | 322                  | -29,494          |
| Foreign exchange adjustment<br>to investments in associates |                   |                  |                      |                   | -294                |                      | -294             |
| Hedging reserves                                            |                   |                  | 12,520               |                   |                     | 44                   | 12,564           |
| Capital increase/decrease                                   |                   |                  |                      |                   |                     | 1,750                | 1,750            |
| Increase/decrease in minority interest                      |                   |                  |                      |                   |                     | -5,840               | -5,840           |
| Increase/decrease in treasury stock                         |                   |                  | -1,488               | -2,136            |                     |                      | -3,624           |
| Expenses from stock option plans                            |                   |                  | 2,181                |                   |                     |                      | 2,181            |
| Other changes                                               |                   |                  | 122                  |                   |                     | -42                  | 80               |
| <b>Balance on 31.12.2006</b>                                | <b>74,168</b>     | <b>415,052</b>   | <b>1,174,075</b>     | <b>-30,269</b>    | <b>-69,019</b>      | <b>27,436</b>        | <b>1,591,443</b> |

*The following notes to the financial statements form an integral part of this changes in equity statement.*

# Table of Fixed and Financial Assets

## Acquisition or Production Costs

| <i>in TEUR</i>                            | Balance on<br>1.1.2006 | Change<br>in consoli-<br>dation range | Foreign<br>exchange<br>incr./decr. | Additions      | Disposals     | Transfers     | Balance on<br>31.12.2006 |
|-------------------------------------------|------------------------|---------------------------------------|------------------------------------|----------------|---------------|---------------|--------------------------|
| Goodwill                                  | 532,040                | 84,632                                | -16,437                            | 7,598          | 0             | 0             | 607,833                  |
| Other intangible assets                   | 50,552                 | 598                                   | 100                                | 5,962          | 841           | -291          | 56,080                   |
| <b>Intangible assets</b>                  | <b>582,592</b>         | <b>85,230</b>                         | <b>-16,337</b>                     | <b>13,560</b>  | <b>841</b>    | <b>-291</b>   | <b>663,913</b>           |
| Land and buildings                        | 861,609                | 27,488                                | -93                                | 55,381         | 20,907        | 29,942        | 953,420                  |
| Machinery and equipment                   | 1,647,641              | 15,671                                | -11,116                            | 145,930        | 21,692        | 64,260        | 1,840,694                |
| Fixtures, fittings, tools and equipment   | 91,044                 | 1,009                                 | -349                               | 10,723         | 3,481         | -4,960        | 93,986                   |
| Prepayments and assets under construction | 96,607                 | 1,908                                 | -2,452                             | 134,263        | 231           | -96,010       | 134,085                  |
| <b>Property, plant and equipment</b>      | <b>2,696,901</b>       | <b>46,076</b>                         | <b>-14,010</b>                     | <b>346,297</b> | <b>46,311</b> | <b>-6,768</b> | <b>3,022,185</b>         |
| <b>Investment property</b>                | <b>55,709</b>          | <b>0</b>                              | <b>-416</b>                        | <b>802</b>     | <b>20,983</b> | <b>7,059</b>  | <b>42,171</b>            |
| <b>Investments in associates</b>          | <b>65,631</b>          | <b>688</b>                            | <b>-204</b>                        | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>66,115</b>            |
| Investments in subsidiaries               | 5,557                  | -607                                  | -2                                 | 3,756          | 4,281         | 0             | 4,423                    |
| Other investments                         | 20,050                 | -12                                   | -14                                | 190            | 123           | 0             | 20,091                   |
| <b>Other financial assets</b>             | <b>25,607</b>          | <b>-619</b>                           | <b>-16</b>                         | <b>3,946</b>   | <b>4,404</b>  | <b>0</b>      | <b>24,514</b>            |
|                                           | <b>3,426,440</b>       | <b>131,375</b>                        | <b>-30,983</b>                     | <b>364,605</b> | <b>72,539</b> | <b>0</b>      | <b>3,818,898</b>         |

## Acquisition or Production Costs

| <i>in TEUR</i>                            | Balance on<br>1.1.2005 | Change<br>in consoli-<br>dation range | Foreign<br>exchange<br>incr./decr. | Additions      | Disposals      | Transfers      | Balance on<br>31.12.2005 |
|-------------------------------------------|------------------------|---------------------------------------|------------------------------------|----------------|----------------|----------------|--------------------------|
| Goodwill                                  | 490,568                | 9,726                                 | 23,334                             | 8,428          | 16             | 0              | 532,040                  |
| Other intangible assets                   | 43,980                 | -375                                  | 226                                | 2,578          | 998            | 5,141          | 50,552                   |
| <b>Intangible assets</b>                  | <b>534,548</b>         | <b>9,351</b>                          | <b>23,560</b>                      | <b>11,006</b>  | <b>1,014</b>   | <b>5,141</b>   | <b>582,592</b>           |
| Land and buildings                        | 783,907                | 13,767                                | 15,759                             | 24,109         | 13,975         | 38,042         | 861,609                  |
| Machinery and equipment                   | 1,455,455              | 25,341                                | 43,280                             | 54,669         | 48,511         | 117,407        | 1,647,641                |
| Fixtures, fittings, tools and equipment   | 87,480                 | 317                                   | 1,605                              | 8,286          | 8,680          | 2,036          | 91,044                   |
| Prepayments and assets under construction | 82,797                 | 808                                   | 3,370                              | 180,558        | 320            | -170,606       | 96,607                   |
| <b>Property, plant and equipment</b>      | <b>2,409,639</b>       | <b>40,233</b>                         | <b>64,014</b>                      | <b>267,622</b> | <b>71,486</b>  | <b>-13,121</b> | <b>2,696,901</b>         |
| <b>Investment property</b>                | <b>79,637</b>          | <b>0</b>                              | <b>259</b>                         | <b>0</b>       | <b>32,167</b>  | <b>7,980</b>   | <b>55,709</b>            |
| <b>Investments in associates</b>          | <b>62,938</b>          | <b>-77</b>                            | <b>2,745</b>                       | <b>25</b>      | <b>0</b>       | <b>0</b>       | <b>65,631</b>            |
| Investments in subsidiaries               | 6,195                  | -610                                  | 0                                  | 201            | 229            | 0              | 5,557                    |
| Other investments                         | 19,561                 | 817                                   | 261                                | 7              | 596            | 0              | 20,050                   |
| <b>Other financial assets</b>             | <b>25,756</b>          | <b>207</b>                            | <b>261</b>                         | <b>208</b>     | <b>825</b>     | <b>0</b>       | <b>25,607</b>            |
|                                           | <b>3,112,517</b>       | <b>49,714</b>                         | <b>90,839</b>                      | <b>278,861</b> | <b>105,492</b> | <b>0</b>       | <b>3,426,440</b>         |

Note: Rounding differences may arise from the automatic processing of data. The following notes to the financial statements form an integral part of this table of fixed and financial assets.

**Depreciation**

| Balance on<br>1.1.2006 | Change<br>in consoli-<br>dation range | Foreign<br>exchange<br>incr./decr. | Current<br>year | Write-up | Disposals | Transfers | Balance on<br>31.12.2006 | Carrying<br>amount<br>31.12.2006 | Carrying<br>amount<br>31.12.2005 |
|------------------------|---------------------------------------|------------------------------------|-----------------|----------|-----------|-----------|--------------------------|----------------------------------|----------------------------------|
| 0                      | 0                                     | -34                                | 3,534           | 0        | 0         | 0         | 3,500                    | 604,333                          | 532,040                          |
| 18,686                 | -176                                  | 113                                | 5,234           | 230      | 579       | 19        | 23,067                   | 33,013                           | 31,866                           |
| 18,686                 | -176                                  | 79                                 | 8,768           | 230      | 579       | 19        | 26,567                   | 637,346                          | 563,906                          |
| 257,066                | -810                                  | 197                                | 36,041          | 1        | 14,210    | -1,771    | 276,512                  | 676,908                          | 604,543                          |
| 873,413                | -464                                  | -3,804                             | 124,349         | 1,309    | 20,359    | 2,491     | 974,317                  | 866,377                          | 774,228                          |
| 59,092                 | -277                                  | -146                               | 9,812           | 1        | 3,444     | -6,075    | 58,961                   | 35,025                           | 31,952                           |
| 205                    | 0                                     | 0                                  | 0               | 0        | 205       | 0         | 0                        | 134,085                          | 96,402                           |
| 1,189,776              | -1,551                                | -3,753                             | 170,202         | 1,311    | 38,218    | -5,355    | 1,309,790                | 1,712,395                        | 1,507,125                        |
| 22,725                 | 0                                     | -213                               | 94              | 0        | 14,544    | 5,336     | 13,398                   | 28,773                           | 32,984                           |
| -40,872                | -14                                   | 90                                 | 21              | 26,175   | -3,676    | 0         | -63,274                  | 129,389                          | 106,503                          |
| 3,188                  | 0                                     | 1                                  | 0               | 0        | 3,175     | 0         | 14                       | 4,409                            | 2,369                            |
| 853                    | 0                                     | -2                                 | 0               | 3        | 0         | 0         | 848                      | 19,243                           | 19,197                           |
| 4,041                  | 0                                     | -1                                 | 0               | 3        | 3,175     | 0         | 862                      | 23,652                           | 21,566                           |
| 1,194,356              | -1,741                                | -3,798                             | 179,085         | 27,719   | 52,840    | 0         | 1,287,343                | 2,531,555                        | 2,232,084                        |

**Depreciation**

| Balance on<br>1.1.2005 | Change<br>in consoli-<br>dation range | Foreign<br>exchange<br>incr./decr. | Current<br>year | Write-up | Disposals | Transfers | Balance on<br>31.12.2005 | Carrying<br>amount<br>31.12.2005 | Carrying<br>amount<br>31.12.2004 |
|------------------------|---------------------------------------|------------------------------------|-----------------|----------|-----------|-----------|--------------------------|----------------------------------|----------------------------------|
| 0                      | 0                                     | 0                                  | 0               | 0        | 0         | 0         | 0                        | 532,040                          | 490,568                          |
| 12,484                 | -218                                  | 122                                | 3,571           | 1        | 244       | 2,972     | 18,686                   | 31,866                           | 31,496                           |
| 12,484                 | -218                                  | 122                                | 3,571           | 1        | 244       | 2,972     | 18,686                   | 563,906                          | 522,064                          |
| 225,825                | 9                                     | 3,854                              | 32,450          | 598      | 10,575    | 6,101     | 257,066                  | 604,543                          | 558,082                          |
| 791,383                | -205                                  | 20,246                             | 113,293         | 0        | 41,165    | -10,139   | 873,413                  | 774,228                          | 664,072                          |
| 54,658                 | -210                                  | 834                                | 10,113          | 0        | 7,372     | 1,069     | 59,092                   | 31,952                           | 32,822                           |
| 205                    | 0                                     | 0                                  | 5               | 0        | 2         | -3        | 205                      | 96,402                           | 82,592                           |
| 1,072,071              | -406                                  | 24,934                             | 155,861         | 598      | 59,114    | -2,972    | 1,189,776                | 1,507,125                        | 1,337,568                        |
| 24,766                 | 0                                     | 18                                 | 272             | 0        | 2,331     | 0         | 22,725                   | 32,984                           | 54,872                           |
| -13,390                | 85                                    | -58                                | 0               | 29,513   | -2,004    | 0         | -40,872                  | 106,503                          | 76,329                           |
| 3,921                  | -744                                  | -1                                 | 12              | 0        | 0         | 0         | 3,188                    | 2,369                            | 2,274                            |
| 0                      | 853                                   | 0                                  | 0               | 0        | 0         | 0         | 853                      | 19,197                           | 19,561                           |
| 3,921                  | 109                                   | -1                                 | 12              | 0        | 0         | 0         | 4,041                    | 21,566                           | 21,835                           |
| 1,099,851              | -430                                  | 25,015                             | 159,716         | 30,112   | 59,685    | 0         | 1,194,356                | 2,232,084                        | 2,012,668                        |

# Segment Reporting

| <b>Segments</b>                       | <b>Central-East Europe</b> |             | <b>Central-West Europe</b> |             | <b>North-West Europe</b> |             |
|---------------------------------------|----------------------------|-------------|----------------------------|-------------|--------------------------|-------------|
| <i>in TEUR</i>                        | <b>2006</b>                | <b>2005</b> | <b>2006</b>                | <b>2005</b> | <b>2006</b>              | <b>2005</b> |
| Third party revenues                  | 606,726                    | 502,958     | 453,716                    | 378,211     | 805,867                  | 727,555     |
| Inter-company revenues                | 9,281                      | 4,320       | 15,496                     | 7,198       | 21,680                   | 20,377      |
| Total revenues                        | 616,007                    | 507,278     | 469,212                    | 385,409     | 827,547                  | 747,932     |
| Operating EBITDA                      | 158,094                    | 136,666     | 96,088                     | 78,033      | 177,739                  | 165,345     |
| Depreciation and amortization         | 54,760                     | 49,632      | 36,997                     | 34,778      | 61,676                   | 56,114      |
| Operating EBIT                        | 103,333                    | 87,033      | 59,091                     | 43,255      | 116,063                  | 109,231     |
| Income from investments in associates | 3,498                      | 5,028       | 0                          | 364         | -21                      | 0           |
| Investments in associates             | 23,507                     | 20,077      | 1,823                      | 1,823       | 69                       | 90          |
| Liabilities                           | 549,281                    | 525,967     | 365,586                    | 327,378     | 1,071,777                | 1,021,731   |
| Capital employed                      | 624,259                    | 569,505     | 453,823                    | 396,293     | 1,058,900                | 952,855     |
| Assets                                | 1,052,288                  | 872,918     | 650,291                    | 552,466     | 1,620,210                | 1,517,959   |
| Maintenance capex                     | 28,028                     | 22,799      | 18,991                     | 15,047      | 34,230                   | 36,161      |
| Growth investments                    | 105,627                    | 99,570      | 81,998                     | 46,883      | 117,492                  | 77,392      |
| Employees                             | 4,612                      | 4,767       | 2,151                      | 2,002       | 4,213                    | 4,203       |

| <b>Products</b>           | <b>Revenues</b>  |                  | <b>Operating EBITDA</b> |                | <b>Assets</b>    |                  |
|---------------------------|------------------|------------------|-------------------------|----------------|------------------|------------------|
| <i>in TEUR</i>            | <b>2006</b>      | <b>2005</b>      | <b>2006</b>             | <b>2005</b>    | <b>2006</b>      | <b>2005</b>      |
| Hollow bricks             | 819,277          | 692,440          | 225,203                 | 199,882        | 1,153,789        | 1,011,079        |
| Facing bricks             | 810,743          | 778,636          | 135,769                 | 138,407        | 1,194,563        | 992,005          |
| Roofing systems           | 461,880          | 371,207          | 113,589                 | 89,791         | 753,888          | 714,964          |
| Pavers                    | 124,789          | 104,913          | 20,714                  | 18,387         | 170,175          | 136,301          |
| Other                     | 8,351            | 7,375            | -23,374                 | -18,070        | 401,917          | 415,221          |
| <b>Wienerberger Group</b> | <b>2,225,040</b> | <b>1,954,571</b> | <b>471,901</b>          | <b>428,397</b> | <b>3,674,332</b> | <b>3,269,570</b> |

| <b>Revenues</b>           | <b>Central-East Europe</b> |                | <b>Central-West Europe</b> |                | <b>North-West Europe</b> |                |
|---------------------------|----------------------------|----------------|----------------------------|----------------|--------------------------|----------------|
| <i>in TEUR</i>            | <b>2006</b>                | <b>2005</b>    | <b>2006</b>                | <b>2005</b>    | <b>2006</b>              | <b>2005</b>    |
| Austria                   | 80,694                     | 80,458         |                            |                |                          |                |
| Czech Republic            | 114,406                    | 103,109        |                            |                |                          |                |
| Hungary                   | 102,106                    | 91,587         |                            |                |                          |                |
| Poland                    | 151,700                    | 109,688        |                            |                |                          |                |
| Other Eastern Europe      | 157,833                    | 118,133        |                            |                | 15,840                   | 9,082          |
| Germany                   |                            |                | 311,450                    | 234,963        |                          |                |
| Switzerland               |                            |                | 72,141                     | 70,878         |                          |                |
| Italy                     |                            |                | 70,523                     | 72,827         |                          |                |
| Belgium                   |                            |                |                            |                | 230,741                  | 198,819        |
| Netherlands               |                            |                |                            |                | 207,410                  | 202,615        |
| France                    |                            |                |                            |                | 161,809                  | 148,204        |
| Great Britain             |                            |                |                            |                | 127,243                  | 114,571        |
| Scandinavia and Finland   |                            |                |                            |                | 63,258                   | 55,083         |
| USA                       |                            |                |                            |                |                          |                |
| <b>Wienerberger Group</b> | <b>606,739</b>             | <b>502,975</b> | <b>454,114</b>             | <b>378,668</b> | <b>806,301</b>           | <b>728,374</b> |

| USA     |         | Investments and Other |           | Group Eliminations |            | Wienerberger Group |           |
|---------|---------|-----------------------|-----------|--------------------|------------|--------------------|-----------|
| 2006    | 2005    | 2006                  | 2005      | 2006               | 2005       | 2006               | 2005      |
| 349,535 | 337,179 | 8,280                 | 7,306     | 0                  | 0          | 2,224,124          | 1,953,209 |
| 0       | 0       | 13,385                | 12,909    | -58,926            | -43,442    | 916                | 1,362     |
| 349,535 | 337,179 | 21,665                | 20,215    | -58,926            | -43,442    | 2,225,040          | 1,954,571 |
| 63,354  | 66,423  | -23,374               | -18,070   | 0                  | 0          | 471,901            | 428,397   |
| 15,188  | 14,591  | 3,702                 | 2,997     | 0                  | 0          | 172,323            | 158,112   |
| 48,166  | 51,833  | -27,076               | -21,067   | 0                  | 0          | 299,577            | 270,285   |
| 704     | 715     | 21,973                | 23,406    | 0                  | 0          | 26,154             | 29,513    |
| 4,348   | 4,112   | 99,642                | 80,401    | 0                  | 0          | 129,389            | 106,503   |
| 388,786 | 307,201 | 1,515,748             | 1,457,693 | -1,808,289         | -1,853,504 | 2,082,889          | 1,786,466 |
| 437,586 | 345,006 | 23,584                | 25,782    | 0                  | 0          | 2,598,152          | 2,289,441 |
| 517,054 | 436,419 | 3,138,091             | 3,010,223 | -3,303,602         | -3,120,415 | 3,674,332          | 3,269,570 |
| 16,994  | 12,872  | 1,999                 | 1,333     | 0                  | 0          | 100,242            | 88,212    |
| 125,043 | 26,606  | 0                     | 0         | 0                  | 0          | 430,160            | 250,451   |
| 2,483   | 2,194   | 180                   | 161       | 0                  | 0          | 13,639             | 13,327    |

| Capital Employed |           | Total Investments |         |
|------------------|-----------|-------------------|---------|
| 2006             | 2005      | 2006              | 2005    |
| 832,140          | 778,060   | 170,986           | 132,965 |
| 990,411          | 841,865   | 222,941           | 99,153  |
| 602,080          | 538,539   | 93,670            | 88,182  |
| 149,937          | 105,195   | 40,806            | 17,030  |
| 23,584           | 25,782    | 1,999             | 1,333   |
| 2,598,152        | 2,289,441 | 530,402           | 338,663 |

| USA     |         | Investments and Other |       | Wienerberger Group |           |
|---------|---------|-----------------------|-------|--------------------|-----------|
| 2006    | 2005    | 2006                  | 2005  | 2006               | 2005      |
|         |         | 8,351                 | 7,375 | 89,045             | 87,833    |
|         |         |                       |       | 114,406            | 103,109   |
|         |         |                       |       | 102,106            | 91,587    |
|         |         |                       |       | 151,700            | 109,688   |
|         |         |                       |       | 173,673            | 127,215   |
|         |         |                       |       | 311,450            | 234,963   |
|         |         |                       |       | 72,141             | 70,878    |
|         |         |                       |       | 70,523             | 72,827    |
|         |         |                       |       | 230,741            | 198,819   |
|         |         |                       |       | 207,410            | 202,615   |
|         |         |                       |       | 161,809            | 148,204   |
|         |         |                       |       | 127,243            | 114,571   |
|         |         |                       |       | 63,258             | 55,083    |
| 349,535 | 337,179 |                       |       | 349,535            | 337,179   |
| 349,535 | 337,179 | 8,351                 | 7,375 | 2,225,040          | 1,954,571 |

# Notes to the Financial Statements

## Reporting in accordance with International Financial Reporting Standards (IFRS)

These financial statements were prepared in keeping with § 245a of the Austrian Corporate Code and in accordance with the guidelines set forth in International Financial Reporting Standards (IFRS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which were in effect as of the balance sheet date and were adopted by the European Union (EU).

## General Information

### 1. Basis of Preparation

Wienerberger is an international building materials group; the headquarters of the parent company are located in Vienna, Austria. The business activities of the Group can be classified in five segments: Central-East Europe, Central-West Europe, North-West Europe and the USA as well as Investments and Other. The consolidated financial statements of Wienerberger AG and its subsidiaries reflect International Financial Reporting Standards (IFRS) valid for the 2006 business year. The new IFRS 7 Financial Instruments: Disclosures (valid as of 2007) and IFRS 8 Operating Segments (valid as of 2009) were not applied in advance.

Independent auditors have examined the annual financial statements of all national and international companies which require a statutory audit or have submitted to a voluntary audit in accordance with IFRS. The financial statements of all consolidated companies are based on historical acquisition and production costs, and were prepared as of the balance sheet date. To simplify presentation, certain items on the balance sheet and income statement were grouped together. The notes provide detailed information on all such items in accordance with IFRS.

### 2. Consolidation Range

An overview of fully or proportionally consolidated companies and companies valued at equity is provided in the List of Companies at the end of the notes.

In addition to Wienerberger AG, the 2006 financial statements include 13 (2005: 14) Austrian and 108 (2005: 105) foreign subsidiaries in which Wienerberger AG has management control or directly or indirectly owns the majority of shares. Twenty-four (2005: 33) affiliates, whose influence on the asset, financial and earnings position of the Group is immaterial, were not included in the consolidation. The combined revenues, income, liabilities and assets of these unconsolidated companies equal less than 2% of the relevant figures for the Group.

Twelve (2005: 12) joint venture companies in the Schlagmann and Bramac Groups, which are under common management, were consolidated using the proportional method.

The equity method is used for consolidation in cases where the Wienerberger Group holds between 20 and 50% of the shares (associates), if these entities are considered significant for the preparation of a true and fair view of the Group's assets, financial and earnings position. The carrying value of the seven companies consolidated at equity totals TEUR 129,389, and TEUR 96,993 of this amount is attributable to the Pipelife Group.

The consolidation range developed as follows during the 2006 reporting year:

| <b>Consolidation Range</b>                    | <b>Fully consolidated</b> | <b>Proportionally consolidated</b> | <b>Equity accounting</b> |
|-----------------------------------------------|---------------------------|------------------------------------|--------------------------|
| <b>Balance on 31.12.2005</b>                  | <b>119</b>                | <b>12</b>                          | <b>7</b>                 |
| Change in consolidation method                | 1                         | 0                                  | 0                        |
| Included during reporting year for first time | 14                        | 0                                  | 1                        |
| Merged/liquidated during reporting year       | -12                       | 0                                  | -1                       |
| Divested during reporting year                | -1                        | 0                                  | 0                        |
| <b>Balance on 31.12.2006</b>                  | <b>121</b>                | <b>12</b>                          | <b>7</b>                 |
| Thereof foreign companies                     | 108                       | 10                                 | 5                        |

The following table shows the pro rata values for joint ventures included in the financial statements at their proportional share:

|                    |                   |                   |                                        |                   |                   |
|--------------------|-------------------|-------------------|----------------------------------------|-------------------|-------------------|
| <i>in TEUR</i>     |                   |                   | <b>2006</b>                            | <b>2005</b>       |                   |
| Revenues           |                   |                   | 104,904                                | 89,144            |                   |
| EBITDA             |                   |                   | 24,768                                 | 20,826            |                   |
| EBIT               |                   |                   | 19,426                                 | 15,817            |                   |
| <b>Assets</b>      |                   |                   | <b>Equity and Liabilities</b>          |                   |                   |
| <i>in TEUR</i>     | <b>31.12.2006</b> | <b>31.12.2005</b> | <i>in TEUR</i>                         | <b>31.12.2006</b> | <b>31.12.2005</b> |
| Non-current assets | 59,574            | 61,813            | Equity                                 | 43,834            | 47,582            |
| Current assets     | 28,637            | 28,707            | Non-current provisions and liabilities | 16,600            | 16,041            |
|                    |                   |                   | Current provisions and liabilities     | 27,777            | 26,897            |
|                    | <b>88,211</b>     | <b>90,520</b>     |                                        | <b>88,211</b>     | <b>90,520</b>     |

Following are the proportional values for companies valued at equity (Pipelife Group and Tondäch Gleinstätten Group):

|                    |                   |                   |                                        |                   |                   |
|--------------------|-------------------|-------------------|----------------------------------------|-------------------|-------------------|
| <i>in TEUR</i>     |                   |                   | <b>2006</b>                            | <b>2005</b>       |                   |
| Revenues           |                   |                   | 440,487                                | 404,457           |                   |
| EBITDA             |                   |                   | 51,130                                 | 49,548            |                   |
| EBIT               |                   |                   | 33,460                                 | 31,374            |                   |
| <b>Assets</b>      |                   |                   | <b>Equity and Liabilities</b>          |                   |                   |
| <i>in TEUR</i>     | <b>31.12.2006</b> | <b>31.12.2005</b> | <i>in TEUR</i>                         | <b>31.12.2006</b> | <b>31.12.2005</b> |
| Non-current assets | 131,594           | 130,863           | Equity                                 | 121,737           | 102,306           |
| Current assets     | 180,045           | 162,527           | Non-current provisions and liabilities | 62,770            | 67,148            |
|                    |                   |                   | Current provisions and liabilities     | 127,132           | 123,936           |
|                    | <b>311,639</b>    | <b>293,390</b>    |                                        | <b>311,639</b>    | <b>293,390</b>    |

### 3. Acquisitions and Disposals

The following acquisitions made during 2006 are included in the consolidation for the first time:

| Name of Company                      | Share in % | Name of Company                     | Share in % |
|--------------------------------------|------------|-------------------------------------|------------|
| Wienerberger Cermegad Sp. z. o.o.    | 100.00     | Wienerberger Zeslawice Sp. z o.o.   | 59.34      |
| Wienerberger Cegielnie Kraków S.A.   | 100.00     | Uspeh AD                            | 97.59      |
| Bayrische Dachziegelwerke Bogen GmbH | 100.00     | Ampe Steenbakkerijen NV             | 100.00     |
| Robinson Brick Company               | 100.00     | Robinson Brick Company-Billings LLC | 100.00     |
| Robinson Brick Company-Block LLC     | 100.00     | Robinson Brick Company-Aucutt's LLC | 100.00     |
| Robinson Brick Company-Northern LLC  | 100.00     | Colorbeton a.s.                     | 75.00      |
| Curley Building Material, Inc.       | 100.00     |                                     |            |

The changes in the consolidation range since December 31, 2005 involved the following initial consolidations and deconsolidations:

Wienerberger acquired the Polish Biegonice Group with two hollow brick plants in Southern Poland in early February. As of May 1, 2006 the Group acquired 100% of the shares in Bayrische Dachziegelwerke Bogen GmbH with one clay roof tile plant in Germany and 100% of Ampe Steenbakkerijen NV with one hollow brick plant in Belgium. On June 13, 2006 the control of the Robinson Group, which is headquartered in Denver, Colorado, was transferred to the Wienerberger Group. The purchase price for this company (debt-free) was TEUR 95,547. Robinson operates one facing brick plant, three concrete block factories and a number of retail centers in the western region of the USA. As of October 1, 2006 the Semmelrock Group, a member company of the Wienerberger Group, acquired 100% of the Czech Colorbeton a.s., which operates three production facilities in the Czech Republic.

During the reporting year the Wienerberger Group not only completed acquisitions (share deals), but also purchased the following brick plants (asset deals): on May 1, 2006 a hollow brick plant in Blindenmarkt, Austria, on August 1, 2006 two clay roof tile plants from Jungmeier in Straubing, Germany, and on December 1, 2006 a clay paver plant from Penter Klinker Klostermeyer KG in Bramsche, Germany. These asset deals are shown as additions to assets and not reported as changes in the consolidation range.

The brick activities of Wienerberger in Ukraine, which were not consolidated in previous years, were included in the consolidation for the first time in 2006.

On August 17, 2006 Wienerberger announced a cash purchase offer for the shares of Baggeridge Brick PLC, a company traded on the London Stock Exchange. This offer will only take effect after the transaction has been approved by the UK Competition Commission. Baggeridge is number four on the British market with five facing brick plants and 575 employees, and recorded revenues of TGBP 54,954 and EBITDA of TGBP 7,663 for the past business year (balance sheet date 30.06.2006). This offer has no effect on the annual financial statements of the Wienerberger Group for 2006.

Companies included in the consolidation for the first time generated TEUR 75,907 of revenues and TEUR 9,465 of EBITDA for the period from January 1, 2006 to December 31, 2006.

Changes to the consolidation range in 2006 also include the effect on revenues and earnings of the first full-year consolidation of von Müller Dachprodukte GmbH & Co. KG (initial consolidation as of April 1, 2005) and the acquisition of 100% of the shares in Petersminde Denmark (initial consolidation during the third quarter of 2005).

The shares in Wienerberger Ofenkachel GmbH & Co KG were sold and the investment was deconsolidated as of December 31, 2006. In these financial statements the company is included in the income statement for the full year, but not in the balance sheet as of December 31, 2006.

All changes in the consolidation range had a net impact of TEUR 78,521 on revenues and TEUR 8,639 on EBITDA.

Companies included for the first time were consolidated at the point of acquisition or at the next balance sheet date, unless this led to a material impact compared to inclusion at the point of acquisition.

The effect of changes in the consolidation range on the income statement and balance sheet is as follows for 2006 (from/as of the date of initial consolidation or deconsolidation):

|                    |                   |                                        |                   |
|--------------------|-------------------|----------------------------------------|-------------------|
| <i>in TEUR</i>     |                   | <b>2006</b>                            |                   |
| Revenues           |                   | 78,521                                 |                   |
| EBITDA             |                   | 8,639                                  |                   |
| EBIT               |                   | 4,521                                  |                   |
| <b>Assets</b>      |                   | <b>Equity and Liabilities</b>          |                   |
| <i>in TEUR</i>     | <b>31.12.2006</b> | <i>in TEUR</i>                         | <b>31.12.2006</b> |
| Non-current assets | 137,620           | Non-current provisions and liabilities | 4,737             |
| Current assets     | -113,774          | Current provisions and liabilities     | 19,109            |
|                    | <b>23,846</b>     |                                        | <b>23,846</b>     |

#### 4. Basis of Consolidation

For included subsidiaries and proportionally consolidated joint ventures, the book value method is used to eliminate the investment and equity. Under this method, the acquisition value of the investment is compared with the revalued shareholders' equity on the date of initial consolidation (purchase accounting). Any identifiable difference between the acquisition cost and revalued equity is added to fixed assets; any remaining goodwill, which represents compensation to the seller for market and development opportunities that are not specifically identified, is recognized as an asset in local currency under the relevant segment (TEUR 84,632 for the reporting year). In accordance with IFRS 3 Business Combinations, goodwill from acquisitions is no longer amortized on a regular basis but subject to an annual impairment test and only written down if the asset has been impaired. Impairment charges of TEUR 3,534 were recognized for the segment North-West Europe in 2006.

Changes in the consolidation range in 2006 resulted in negative differences of TEUR 1,853, which were recognized to the income statement.

For associates consolidated at equity, the same basic methodology applied to subsidiaries and joint ventures is used to consolidate shareholders' equity. For companies consolidated using equity accounting, local valuation methods are maintained if the relevant amounts are immaterial.

All receivables and liabilities, revenues, and other income and expenses arising between companies consolidated at 100% or their proportional share are eliminated. Discounts and other unilateral transactions affecting profit and loss are eliminated and charged to the income statement. Deferred taxes are recorded to reflect the income tax effects of consolidation entries charged to the income statement.

Inter-company gains and losses, which arise from the sale of goods or services between Group companies and which affect fixed or current assets, are eliminated unless they are immaterial.

## **5. Foreign Exchange Translation**

The accounts of foreign companies are translated into the euro based on the functional currency method. The relevant local currency is the functional currency in all cases since these companies operate independently from a financial, economic, and organizational standpoint. With the exception of the component parts of shareholders' equity, all balance sheet items are translated using the closing rate on December 31, 2006. Goodwill is recorded as an asset in local currency and also translated at the closing rate on the balance sheet date for the financial statements. Expense and revenue items are translated at the average exchange rate for the year.

Unrealized foreign exchange translation differences arising from non-current Group loans are offset against the translation reserve with no impact on the income statement.

Translation risk arising from the Group's brick activities in the USA, Great Britain and Eastern Europe is limited by foreign currency swaps. These transactions involve the conclusion of a foreign currency-euro swap equal to the value of the assets held in the foreign currency. The translation risk associated with brick activities in Poland and Great Britain is covered to 56% and 85%, respectively, by foreign currency swaps and foreign currency futures. The translation risk arising from the US dollar based assets is covered to more than 100%.

During the reporting year, translation losses of TEUR 30,110 (2005: TEUR -66,593) were charged to equity with no effect on the income statement. The recording of foreign currency transactions (hedging transactions) that were not recognized to the income statement led to an increase of TEUR 12,520 in retained earnings. Translation gains and losses arising from the use of different exchange rates for the balance sheet (exchange rate on the balance sheet date) and income statement (average exchange rate for the year) are charged or credited to equity.

The major exchange rates used for foreign exchange translation showed the following development during the reporting year:

| in EUR               | Closing rate on |            | Average rate for the year |           |
|----------------------|-----------------|------------|---------------------------|-----------|
|                      | 31.12.2006      | 31.12.2005 | 2006                      | 2005      |
| 100 British Pound    | 148.36795       | 145.92149  | 146.66586                 | 146.22527 |
| 100 Danish Krone     | 13.41031        | 13.40393   | 13.40642                  | 13.41948  |
| 100 Croatian Kuna    | 13.60267        | 13.56677   | 13.65309                  | 13.51375  |
| 100 Norwegian Kroner | 12.14772        | 12.52348   | 12.42563                  | 12.48323  |
| 100 Polish Zloty     | 26.09263        | 25.90674   | 25.67042                  | 24.85658  |
| 100 Romanian Lei     | 29.57705        | 27.17244   | 28.38295                  | 27.61400  |
| 100 Swedish Krona    | 11.06219        | 10.65133   | 10.81146                  | 10.77407  |
| 100 Swiss Franc      | 62.16586        | 64.30455   | 63.56688                  | 64.58462  |
| 100 Slovakian Koruna | 2.90318         | 2.63992    | 2.68810                   | 2.59075   |
| 100 Slovenian Tolar  | 0.41729         | 0.41753    | 0.41737                   | 0.41742   |
| 100 Czech Koruna     | 3.63769         | 3.44828    | 3.52978                   | 3.35783   |
| 100 Hungarian Forint | 0.39777         | 0.39546    | 0.37855                   | 0.40313   |
| 100 US Dollar        | 75.76906        | 84.76731   | 79.30057                  | 80.36759  |

## 6. Significant Accounting Policies

The accounting and valuation methods used by the Group remain unchanged from December 31, 2005.

Wienerberger continues to follow the method used in the previous year and records free CO<sub>2</sub> emission rights granted under EU Emissions Trading Directive 2003/87/EC at a purchase price of zero based on IAS 20 and IAS 38. Under this method, the income statement only includes expenses for the purchase of additional certificates or income from the sale of unused certificates.

The Cash Flow Statement was expanded to better meet the requirements of IAS 7, and profit before tax now forms the starting point. Interest and tax payments are shown separately as components of gross cash flow. The necessary adjustments are included under cash flow from operating activities and cash flow from financing activities. Prior year data was adjusted accordingly in the relevant positions.

The consolidated financial statements were prepared in accordance with the following principles:

**Realization of revenue and expenses:** Revenue arising from the provision of goods or services is realized when all major risks and opportunities arising from the delivered object have been transferred to the buyer. Operating expenses are recognized when a service is rendered or a delivery is received, or at the point such liability is incurred.

**Order backlog:** Information on the order backlog is irrelevant for an analysis of the business activities of Wienerberger AG. Therefore, this information is not provided.

**Tangible and intangible assets:** Fixed assets and purchased intangible assets are recorded at production or acquisition cost, less straight-line depreciation or usage-based depletion (clay pits). Production costs include direct expenses plus allocated material and production overhead. General selling and administrative expenses are not capitalized. The cost of debt incurred during the construction period of major new plants is capitalized. Depreciation is based on the useful economic lives of the various assets (component approach).

For the majority of assets, ordinary straight-line depreciation is calculated as follows:

|                                                 |               |                                          |               |
|-------------------------------------------------|---------------|------------------------------------------|---------------|
| Production plants (incl. warehouses)            | 25 years      | Kilns and dryers (facing bricks)         | 10 – 20 years |
| Administrative buildings                        | 40 – 50 years | Other machinery                          | 5 – 15 years  |
| Residential buildings                           | 40 – 50 years | Fittings, furniture and office equipment | 3 – 10 years  |
| Kilns and dryers (roof tiles and hollow bricks) | 8 – 15 years  | Other intangible assets                  | 3 – 10 years  |

An impairment loss is recognized where necessary to reflect any significant and lasting decrease in value above and beyond ordinary depreciation. Repairs that do not increase the presumed useful life of assets are charged to current expenses. In accordance with IFRS 5, scheduled depreciation is discontinued when assets are classified as held for sale.

When plant or equipment is shutdown, sold or retired, the gain or loss arising from the difference between the proceeds on sale and remaining book value is recorded under other operating income or loss if the amount of the transactions reflects similar annually recurring events.

In accordance with IAS 17 Leases, leased fixed assets, which economically represent purchases financed with long-term funds (finance leases), are recorded at that price that would have been paid if the asset had been purchased. Amortization is calculated over the lesser of the useful life of the asset or the term of the lease. Obligations arising from future lease payments are recorded as liabilities.

Subsidies and investment grants (in particular, German investment subsidies) are recorded as liabilities and released in keeping with the useful life of the relevant asset.

In accordance with IAS 36 Impairment of Assets, assets are written down to the value in use or a possible sale price or liquidation value if there is evidence of impairment and the present value (discounted at a WACC rate of 7.5%) of future payment surpluses is less than book value. In the Wienerberger Group, cash-generating units generally represent groupings of plants. Future payment surpluses are based on internal forecasts, which are prepared in detail for 2007 and with minor simplifications for the following three years (2008, 2009 and 2010). The quality of these forecasts is evaluated on a regular basis through a variance analysis that compares this data with actual figures. The results of this analysis are reflected in the forecast for the following year. Future payment surpluses for the years 2011 to 2021 are based on the estimated payment surplus for 2010. Therefore, the calculation of the present value of payment surpluses is based on 15 reporting years.

The major factor for determining the value in use is formed by assumptions for the future development of the local market and sales volumes. The value in use is therefore determined on the basis of assumptions that are checked with economic researchers in the various regional markets, estimates published by Euroconstruct and values from past experience. Market growth rates may vary from –5 to +5% in a single year during the short-term planning period of four years; after this time, average market growth is generally assumed to range from 0 to +2%. Cost structure forecasts generally use past experience in the Wienerberger Group as a base for extrapolation.

The carrying value of a fixed asset that was previously written down is increased to the recoverable amount if the reasons for impairment cease to exist or if a possible use is found for the item. In accordance with IFRS 3, goodwill that was subject to an impairment write-down in the past is not written up again.

**Investment property** is carried at depreciated cost.

**Financial investments:** Investments in associates are generally stated at equity, unless these investments are immaterial. Investments in other companies are valued at acquisition cost. A write-down is made if there are signs of lasting impairment. Write-downs and write-ups are shown under financial results.

**Inventories:** Inventories are stated at the lower of cost or net realizable value, whereby valuation is based on the moving average method. Cost includes direct expenses, allocated overhead, and depreciation based on normal capacity usage (between 85 and 100% of capacity). Interest charges as well as selling and administrative expenses are not included in the production cost of current assets. Risks resulting from length of storage or other impairments in value are reflected in appropriate write-downs.

**Receivables:** Receivables and other current assets are stated at nominal value. Individually identifiable risks are reflected in specific provisions. Non-interest bearing receivables with a remaining term in excess of one year are recorded at discounted present value. Foreign exchange receivables in individual company accounts are translated at the exchange rate on the balance sheet date.

**Securities** are recorded at purchase price as of the date of acquisition, and stated at fair value in subsequent periods, based on stock exchange quotations as of the balance sheet date. Fluctuations in fair value are recognized to the income statement and included under financial results. Financial assets are recorded as of the trade date, which is the date the company becomes a party to the buy or sell contract.

**Provisions:** Provisions for severance payments - primarily for employees of the Austrian companies - are calculated according to financial principles based on a retirement age of 65 (men) and 60 (women), using a discount rate of 4%. The Austrian method "Teilwertverfahren" is used.

The Wienerberger Group has both defined contribution and defined benefit pension plans. Defined contribution plans carry no further obligation after the payment of premiums. Under defined benefit plans, the employee is promised a certain retirement benefit. The risk related to the actual retirement benefit is carried by the company up to the point of payment. The provisions for defined benefit pension plans are calculated according to the projected unit credit method. The valuation of pension commitments includes future wage/salary increases as well as increases in defined benefit commitments. In general these calculations are based on a discount rate that lies between 4.5% (Europe) and 5.75%, an expected increase of 2.5 – 5.0% in income, expected growth of 1.0 – 5.75% in pensions, average employee turnover of 2.0 – 5.0% and an expected return of 4.55 – 7.8% on plan assets. The provisions for pensions are calculated by actuaries.

Commitments by US companies to cover medical costs for retired employees are recorded under provisions for pensions because of their pension-like character.

The provisions for pensions were netted out with pension plan assets that are held to cover commitments. The market values of plan assets that exceed pension obligations are shown under other current receivables.

Significant actuarial gains and losses are not recognized to income in the year they arise, but are amortized over the remaining service time of active employees (corridor rule).

In agreement with IAS 12 (revised) the provision for deferred taxes includes all temporary valuation and accounting differences arising between financial statements prepared for tax purposes and IFRS financial statements. The provision for deferred taxes is calculated at the tax rate expected when these differences reverse in the future, based on the local tax rate of the relevant Group company. Future changes in tax rates are included if the relevant legal amendment has been passed as of the balance sheet date.

In accordance with IAS 16 (applicable as of January 1, 2005), provisions for site restoration are created when a clay pit is purchased. The underlying assumptions for site restoration provisions are primarily based on local conditions. The provisions for site restoration on clay pits purchased before 2005 are based on depletion, in accordance with the transition rule to IAS 16. Other liabilities whose due dates or amounts are uncertain are recorded as liabilities in accordance with IAS 37.

**Liabilities:** Liabilities are stated at the actual amount received, less transaction costs. Any premium, discount or other difference between the amount received and repayment amount is distributed over the term of the liability according to the effective interest rate method and recorded under financial results. Foreign currency liabilities are translated at the exchange rate on the balance sheet date.

**Derivative financial instruments:** Interest rate and foreign exchange swaps as well as foreign exchange contracts are recorded at purchase price as of the trade date, and shown at fair value in subsequent periods. The fair value of securities traded on a stock exchange is based on the actual market price. The fair value of interest rate swaps that are not traded on a stock exchange is based on the discounted value of future payments, which is calculated using a current market interest rate. The fair value of derivative instruments, which must be classified as hedging instruments under IAS 39 (above all, foreign currency swaps), are recorded with no impact to the income statement. The ineffectiveness on cash flow hedges is immaterial. For fair value hedges (above all, interest rate swaps) the value of the underlying transaction is adjusted by the fair value of the hedged risk, and this amount is recognized to the income statement.

**Earnings per share:** The calculation of earnings per share is based on Group profit after tax less minority interest, divided by the weighted number of shares outstanding (less treasury stock). As part of the stock option plan, Wienerberger managers were granted option rights.

**Estimates:** In preparing the Group financial statements, it is necessary to estimate certain figures and make assumptions that influence the recording of assets and liabilities, the declaration of other obligations as of the balance sheet date, and the recording of revenues and expenses during the reporting period. The actual figures, which become known at a later date, may differ from these estimates.

**Segment reporting:** In accordance with the "management approach", the definition of business units for primary segment reporting must reflect the internal reporting structure. Therefore, Wienerberger structures its segments of business according to regions. EBITDA, EBIT, assets and capital employed as well as total investments are classified according to company headquarters. The secondary segment reporting provides information on the following product groups: hollow bricks, facing bricks, roofing systems, pavers and other.

**Transfer prices:** The regional exchange of goods and services between the individual strategic segments is immaterial. Prices for the sale of goods between Group companies are established at arm's length based on the resale price method. Prices for the provision of services between Group companies are established at arm's length based on the cost-plus method.

## Notes to the Income Statement

### 7. Revenues

Consolidated revenues rose by 14% to TEUR 2,225,040. After an adjustment for changes in the consolidation range and excluding currency translation effects, organic growth totalled 10% (2005: 4%). In the Central-East Europe segment, all countries reported a significant improvement in revenues. The increase in revenues in Germany was supported by organic growth as well as the acquisition of several brick and clay roof tile plants. Revenues in Switzerland exceeded the 2005 level by a slight amount, but revenues in Italy fell slightly below the comparable prior year figure. The North-West Europe segment recorded a substantial increase in revenues, which was driven by organic growth as well as the purchase of the Ampe hollow brick plant in Belgium. Revenue growth in the USA resulted entirely from acquisitions; the market slump led to an organic decline. Foreign exchange rates had a positive impact of TEUR 1,772 on Group revenues, whereby positive effects from East European currencies were partly offset by a weaker US dollar. Detailed information on revenues by segment and region is provided under segment reporting on pages 92 and 93.

### 8. Material Expense and Depreciation

The cost of goods sold, selling and administrative expenses include expenses for materials, maintenance, merchandise and energy totaling:

| <i>in TEUR</i>       | 2006           | 2005           |
|----------------------|----------------|----------------|
| Cost of materials    | 310,691        | 267,199        |
| Maintenance expenses | 136,524        | 120,653        |
| Cost of merchandise  | 127,107        | 105,650        |
| Cost of energy       | 315,987        | 250,364        |
| <b>Total</b>         | <b>890,309</b> | <b>743,866</b> |

The reported expenses are reduced by income of TEUR 5,171 (2005: TEUR 8,301) from an increase in work in progress and finished goods inventories as well as the capitalization of costs related to the construction of qualified fixed assets.

In order to provide detailed data for analysis, maintenance expenses are shown separately. The prior year figure of TEUR 83,591, which was included under the cost of materials, was adjusted accordingly. In addition, the cost of services was split up into the following component items: maintenance of TEUR 37,062, environmental protection expenses of TEUR 8,096, services of TEUR 16,174, internal transportation of TEUR 9,516 and miscellaneous expenses of TEUR 2,932.

The cost of materials includes expenses for clay, sand, sawdust and other additives, pallets and packaging materials. Maintenance expenses involve the use of low-value spare parts as well as third party services. The cost of goods sold, selling expenses, administrative expenses, and other operating expenses include the following depreciation and amortization:

| <i>in TEUR</i>                                                                      | <b>2006</b>    | <b>2005</b>    |
|-------------------------------------------------------------------------------------|----------------|----------------|
| Ordinary depreciation                                                               | 166,009        | 154,082        |
| Extraordinary depreciation                                                          | 2,780          | 4,030          |
|                                                                                     | <b>168,789</b> | <b>158,112</b> |
| Amortization of goodwill                                                            | 3,534          | 0              |
| Depreciation of plant, property and equipment and amortization of intangible assets | <b>172,323</b> | <b>158,112</b> |

In accordance with IFRS 3 Business Combinations, goodwill is not amortized on a regular basis but subject to an annual impairment test (see 6. Significant Accounting Policies). The impairment charges recognized to goodwill during the reporting year represent valuation adjustments to the goodwill arising from the acquisition of the Optiroc Group in the North-West Europe segment. These adjustments involve the facing brick business in Denmark and Norway, where an impairment test revealed a need for a write-down because the recoverable amount of these activities was less than their carrying values. The impairment resulted from lower margin expectations over the long-term, which were related above all to an increase in production costs.

## **9. Personnel Expenses**

The cost of goods sold, selling and general administrative expenses include the following personnel expenses:

| <i>in TEUR</i>                                                                     | <b>2006</b>    | <b>2005</b>    |
|------------------------------------------------------------------------------------|----------------|----------------|
| Wages                                                                              | 213,850        | 201,051        |
| Salaries                                                                           | 179,315        | 166,315        |
| Expenses for stock option plans                                                    | 2,181          | 1,250          |
| Expenses for severance payments                                                    | 6,735          | 5,415          |
| Expenses for pensions                                                              | 10,850         | 11,584         |
| Expenses for mandatory social security and payroll-related taxes and contributions | 95,408         | 82,323         |
| Other employee benefits                                                            | 11,517         | 18,545         |
| <b>Personnel expenses</b>                                                          | <b>519,856</b> | <b>486,483</b> |

The remuneration for the members of the Managing Board totaled TEUR 3,854 in 2006 (2005: TEUR 3,618). Of this amount, TEUR 2,186 represents a variable component and TEUR 1,668 a fixed component. For active members of the Managing Board, pension expenses in the form of contributions to pension funds (defined contribution plans) and the service costs for defined benefit plans totaled TEUR 1,212 (2005: TEUR 1,075). Payments of TEUR 595 (TEUR 589) were made to former members of the Managing Board or their surviving dependents.

The members of the Supervisory Board received remuneration of TEUR 295 for their activities during the reporting year (2005: TEUR 273). Compensation paid to the Supervisory Board for the 2005 Business Year (payment in 2006) was calculated as a percentage of profit after tax before minority interests. These funds are distributed among the members of the Supervisory Board (shareholder representatives) in accordance with the scope of their duties. For detailed information, see the remuneration report on page 32.

The company has not provided any guarantees for credits, and no companies in the Wienerberger Group have granted credits to the members of the Managing Board or Supervisory Board.

The members of the Managing Board and Supervisory Board are listed on pages 20 and 26. The number of shares owned by the members of the Managing Board and Supervisory Board is listed on page 32. Detailed information on compensation paid to the members of the Managing Board and Supervisory Board is provided in the remuneration report on pages 30 to 32. Expenses arising from the stock option plans are shown on page 125.

## 10. Employees

The average number of employees was as follows:

|                     | 2006          |                        | 2005          |                        |
|---------------------|---------------|------------------------|---------------|------------------------|
|                     | Total         | Thereof joint ventures | Total         | Thereof joint ventures |
| Production          | 9,526         | 456                    | 10,051        | 440                    |
| Administration      | 1,151         | 76                     | 1,111         | 73                     |
| Sales               | 2,962         | 177                    | 2,165         | 166                    |
| <b>Total</b>        | <b>13,639</b> | <b>709</b>             | <b>13,327</b> | <b>679</b>             |
| Thereof apprentices | 63            | 2                      | 39            | 3                      |

Changes in the consolidation range led to an increase of 722 in the number of employees. Employees of companies included at their proportional share are reflected in this calculation in proportion to the holdings in these companies.

## 11. Other Operating Expenses

The cost of goods sold, administrative and selling expenses include the following other operating expenses:

| <i>in TEUR</i>                                                   | 2006           | 2005           |
|------------------------------------------------------------------|----------------|----------------|
| Non-income based taxes                                           | 23,680         | 21,419         |
| Loss on the disposal of fixed assets, excluding financial assets | 4,949          | 3,102          |
| Transportation costs for customer deliveries                     | 110,490        | 109,794        |
| Internal transport                                               | 79,583         | 55,350         |
| Environmental protection measures                                | 8,900          | 8,096          |
| Uncollectible receivables                                        | 1,175          | 942            |
| Services                                                         | 117,001        | 105,961        |
| Miscellaneous                                                    | 71,702         | 57,531         |
| <b>Other operating expenses</b>                                  | <b>417,480</b> | <b>362,195</b> |

In comparison to the prior year, other operating expenses are classified according to the type of expense. The prior year figures, which were classified according to the cost of sales method, were adjusted accordingly. A transition of expenses under the total cost method to expenses under the cost of sales method is provided on page 106.

The cost of services is comprised primarily of expenses for temporary personnel, business trips and travel, legal advising and consulting, advertising and telecommunications. Miscellaneous other expenses consist mainly of rents, commissions, patent and trademark rights, business entertainment as well as research and development. Research and development expenses at Wienerberger are limited to the cost of product development, process technology, the improvement of environmental standards and laboratory activities. The development costs for successful research programs are generally capitalized under the related asset. In 2006 research activities totaled TEUR 5,231 (2005: TEUR 3,595).

## 12. Other Operating Income

In comparison to the prior year, other operating income is classified according to the type of income. The prior year figures, which were classified according to the cost of sales method, were adjusted accordingly. A transition of income and expenses under the total cost method to income and expenses under the cost of sales method is provided further below on this page (see 13.).

| <i>in TEUR</i>                                                                       | 2006          | 2005          |
|--------------------------------------------------------------------------------------|---------------|---------------|
| Income from the disposal and write-up of tangible assets, excluding financial assets | 14,617        | 12,261        |
| Income from rental and leasing contracts                                             | 3,984         | 3,104         |
| Subsidies                                                                            | 4,009         | 3,272         |
| Insurance compensation                                                               | 1,623         | 3,906         |
| Miscellaneous                                                                        | 45,101        | 35,522        |
| <b>Other operating income</b>                                                        | <b>69,334</b> | <b>58,065</b> |

Miscellaneous other operating income represents sales-like revenues that are not part of the direct business activities of the Wienerberger Group.

## 13. Transition of Results according to Cost of Sales and Total Cost Method

In an income statement prepared according to the cost of sales method, expenses are classified by functional area. Under the total cost method, the amounts for each individual category of expenses are shown and then adjusted to reflect the increase or decrease in finished and semi-finished goods in order to present the expenses related to the actual volume of goods sold. The relationship of these two methods is explained below, whereby the change in inventories and capitalization of construction costs for qualified assets are included under the cost of materials.

| <i>in TEUR</i>           | Cost of freight | Cost of materials | Cost of merchandise | Depreciation   | Cost of energy | Personnel expenses | Other income   | Other expenses | Total            |
|--------------------------|-----------------|-------------------|---------------------|----------------|----------------|--------------------|----------------|----------------|------------------|
| Cost of goods sold       | 0               | 422,683           | 127,107             | 145,167        | 309,173        | 303,360            | -8,079         | 104,293        | <b>1,403,704</b> |
| Selling expenses         | 122,451         | 19,361            | 0                   | 7,063          | 5,003          | 133,601            | -3,007         | 125,449        | <b>409,921</b>   |
| Administrative expenses  | 0               | 0                 | 0                   | 9,276          | 760            | 82,622             | -3,977         | 40,609         | <b>129,290</b>   |
| Other operating expenses | 0               | 0                 | 0                   | 7,283          | 1,051          | 273                | 0              | 24,678         | <b>33,285</b>    |
| Other operating income   | 0               | 0                 | 0                   | 0              | 0              | 0                  | -54,271        | 0              | <b>-54,271</b>   |
| Amortization of goodwill | 0               | 0                 | 0                   | 3,534          | 0              | 0                  | 0              | 0              | <b>3,534</b>     |
|                          | <b>122,451</b>  | <b>442,044</b>    | <b>127,107</b>      | <b>172,323</b> | <b>315,987</b> | <b>519,856</b>     | <b>-69,334</b> | <b>295,029</b> | <b>1,925,463</b> |

## 14. Non-recurring Income and Expenses

As a reaction to changed market conditions, the Wienerberger Group incurred TEUR 7,141 of restructuring expenses (thereof TEUR 6,741 in extraordinary write-offs) for the shutdown of two plants in the USA and one in Czech Republic during 2006. In order to improve comparability, these non-recurring expenses are shown separately under non-recurring write-offs and provisions for restructuring, and are therefore not included under ordinary operating expenses.

During the fourth quarter of 2006 a property in the south of Vienna area was sold at a book gain of TEUR 5,056 (proceeds on sale: TEUR 5,851). In the comparable prior year period, a book gain of TEUR 10,637 was recorded on sale proceeds of TEUR 15,670. The amount of this book gain and size of the property are not representative of the book gains generated by ordinary business activities. Therefore, the gain is shown separately under non-recurring income to improve comparability.

## 15. Interest Result

Interest result is comprised of the following:

| <i>in TEUR</i>                | 2006           | 2005           |
|-------------------------------|----------------|----------------|
| Interest and similar income   | 34,661         | 25,435         |
| Interest and similar expenses | -82,828        | -68,861        |
| <b>Interest result</b>        | <b>-48,167</b> | <b>-43,426</b> |

## 16. Other Financial Results

Other financial results include the following items:

| <i>in TEUR</i>                       | 2006         | 2005          |
|--------------------------------------|--------------|---------------|
| Income from subsidiaries             | -1,271       | -633          |
| Income from other companies          | 540          | 534           |
| <b>Total income from investments</b> | <b>-731</b>  | <b>-99</b>    |
| Market valuation of securities       | -703         | 2,713         |
| Foreign exchange gains/losses        | 6,978        | 378           |
| Bank charges and commitment charges  | -3,684       | -7,369        |
| <b>Securities and other</b>          | <b>2,591</b> | <b>-4,278</b> |
| <b>Other financial results</b>       | <b>1,860</b> | <b>-4,377</b> |

The position bank charges and commitment fees include current expenses as well as the allocation of transaction costs that are related to the conclusion of credits or issue of bonds (above all, bank fees) over the term of the financing. The reversal of discounts and premiums is included under interest result.

## 17. Income Taxes

This item includes income taxes paid and owed by Group companies as well as provisions for deferred taxes.

| <i>in TEUR</i>       | 2006          | 2005          |
|----------------------|---------------|---------------|
| Current tax expense  | 44,706        | 35,572        |
| Deferred tax expense | 14,292        | 19,262        |
| <b>Income taxes</b>  | <b>58,998</b> | <b>54,834</b> |

The effective tax rate for the reporting year was 21.3% (2005: 21.8%). This rate is a weighted average of the effective local income tax rates of all companies included in the consolidation.

The difference between the current Austrian corporate tax rate of 25% (2005: 25%) and the Group tax rate shown in these statements is due to the following factors:

|                                                                                    |                |                |
|------------------------------------------------------------------------------------|----------------|----------------|
| <i>in TEUR</i>                                                                     | <b>2006</b>    | <b>2005</b>    |
| <b>Profit before tax</b>                                                           | <b>277,339</b> | <b>251,267</b> |
| <b>Tax expense at tax rate 25%</b>                                                 | <b>-69,335</b> | <b>-62,817</b> |
| Other foreign tax rates                                                            | -8,391         | -9,398         |
| Non-temporary differences as well as tax income and expense from prior periods     | 14,999         | 17,320         |
| Change in valuation allowances for deferred tax assets and tax-loss carry-forwards | 1,550          | -807           |
| Changes in tax rates                                                               | 2,179          | 868            |
| <b>Effective tax expense</b>                                                       | <b>-58,998</b> | <b>-54,834</b> |
| Effective tax rate in %                                                            | 21.3           | 21.8           |

## 18. Earnings per Share, Recommendation for the Distribution of Profits

The current number of shares outstanding is 74,167,796. Wienerberger carried out a share buyback program from July 10 to July 21, 2006, primarily to service the stock option plans. This program resulted in the purchase of 250,000 shares. During the reporting year Wienerberger management exercised 305,000 options for Wienerberger shares from the 2003 stock option plan at a price of EUR 15.50 per share and 30,000 options from the 2002 plan at a price of EUR 18.00. These shares were drawn from treasury stock. As of December 31, 2006, 850,005 shares were held as treasury stock (2005: 935,005) and were deducted prior to the calculation of earnings per share. The resulting weighted average number of shares for the calculation of earnings per share in 2006 equaled 73,308,816.

|                         |             |             |
|-------------------------|-------------|-------------|
| <i>Number of shares</i> | <b>2006</b> | <b>2005</b> |
| Outstanding             | 74,167,796  | 74,167,796  |
| Treasury stock          | 850,005     | 935,005     |
| Weighted average        | 73,308,816  | 73,195,978  |

Based on consolidated net profit of TEUR 215,946 (2005: TEUR 194,353), earnings per share equal EUR 2.95 (2005: EUR 2.66). After an adjustment for non-recurring income and expenses of TEUR -2,085 (2005: TEUR -728) and impairment charges of TEUR 3,534 (2005: TEUR 0) to goodwill, earnings per share total EUR 3.02 (2005: EUR 2.67). Options from 2003, 2004, 2005 and 2006 lead to a dilution of earnings per share as defined in IAS 33 because the option price was lower than the market price on the balance sheet date. The dilution totaled 234,172 shares and led to a minimal reduction in earnings per share to EUR 2.94 (2005: EUR 2.64).

In accordance with the provisions of the Austrian Stock Corporation Act, the financial statements of Wienerberger AG as of December 31, 2006 form the basis for the dividend payment. These financial statements show a net profit of EUR 95,808,576.01. The Managing Board recommends the Annual General Meeting approve a dividend of EUR 1.30 per share, for a total payment of EUR 96,418,134.80 on issued capital of EUR 74,167,796, less a proportional share of EUR 1,105,006.50 for treasury stock, resulting in an amount of EUR 95,313,128.30. The Managing Board also recommends that the Annual General Meeting approve the carry forward of the remaining EUR 495,447.71.

## Notes to the Cash Flow Statement

The Cash Flow Statement for the Wienerberger Group shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting year. Cash and cash equivalents (liquid funds) include cash on hand and deposits with banks. Securities and current liabilities owed to financial institutions are not part of cash and cash equivalents. The effects of company acquisitions and disposals are eliminated and shown separately under net payments made for the acquisition of companies. Data from foreign Group companies are generally translated at the average exchange rate for the year. In contrast to this practice, cash and cash equivalents are valued at the exchange rate in effect on the balance sheet date.

The Cash Flow Statement was expanded to better meet the requirements of IAS 7, and profit before tax now forms the starting point. Interest and tax payments are shown separately as components of gross cash flow. The necessary adjustments are included under cash flow from operating activities and cash flow from financing activities. Prior year data was adjusted accordingly in the relevant positions.

### 19. Cash Flow from Investing Activities

The acquisition of plant, property and equipment and intangible assets resulted in an outflow of funds totaling TEUR 360,659 (2005: TEUR 278,628). This amount includes TEUR 100,242 for maintenance, replacement rationalization and environmental protection investments (maintenance capex) as well as TEUR 260,417 for the construction or expansion of new plants and acquisitions (growth investments). Investments of TEUR 3,946 (2005: TEUR 233) were made in financial assets.

Cash inflows from the disposal of fixed and financial assets totaled TEUR 29,206 (2005: TEUR 61,398). These disposals generated gains of TEUR 13,183 (2005: TEUR 17,691).

Net payments made for the acquisition of companies totaled:

| <i>in TEUR</i>                                            | <b>2006</b>    | <b>2005</b>   |
|-----------------------------------------------------------|----------------|---------------|
| Payments made for companies acquired                      | 161,388        | 44,652        |
| Cash from companies consolidated for the first time       | 742            | -496          |
| Acquisition of minority stakes                            | 7,613          | 15,879        |
| Cash outflows from deconsolidated companies               | 0              | 0             |
| <b>Net payments made for the acquisition of companies</b> | <b>169,743</b> | <b>60,035</b> |

Net payments of TEUR 169,743 (2005: TEUR 60,035) made for companies acquired include the purchase price for the proportional share of equity as well as any debt assumed in connection with the transaction (debt-free company).

The transition from total investments to maintenance capex and growth investments made by the Wienerberger Group is as follows:

| <i>in TEUR</i>                                                          | <b>2006</b>    | <b>2005</b>    |
|-------------------------------------------------------------------------|----------------|----------------|
| Payments made for investments in tangible and intangible assets         | 360,659        | 278,628        |
| Net payments made for the acquisition of companies                      | 169,743        | 60,035         |
| <b>Total investments</b>                                                | <b>530,402</b> | <b>338,663</b> |
| Maintenance, replacement, rationalization and environmental investments | 100,242        | 88,212         |
| <b>Maintenance capex</b>                                                | <b>100,242</b> | <b>88,212</b>  |
| Payments made for new plant construction and renovation                 | 260,417        | 190,416        |
| Net payments made for the acquisition of companies                      | 169,743        | 60,035         |
| <b>Growth investments</b>                                               | <b>430,160</b> | <b>250,451</b> |

## Notes to the Balance Sheet

### 20. Fixed and Financial Assets

The development of fixed and financial assets is shown on pages 90 and 91. The effect of changes in the consolidation range is shown in a separate column. The figures shown for foreign exchange rate increases and decreases represent amounts arising from the use of different exchange rates to translate the assets of foreign companies at the beginning of the year and year-end.

Goodwill is distributed among the individual segments of business as follows:

| <i>in TEUR</i>        | <b>2006</b>    | <b>2005</b>    |
|-----------------------|----------------|----------------|
| Central-East Europe   | 44,740         | 30,792         |
| Central-West Europe   | 65,629         | 59,434         |
| North-West Europe     | 298,198        | 289,252        |
| USA                   | 195,625        | 152,421        |
| Investments and Other | 141            | 141            |
| <b>Goodwill</b>       | <b>604,333</b> | <b>532,040</b> |

Goodwill in the North-West Europe segment resulted primarily from the acquisition of business activities in Great Britain (TEUR 73,182) as well the roof tile business in Belgium, the Netherlands and France (total: TEUR 187,776). In the USA goodwill arose from the purchase of General Shale (TEUR 138,157) and the Robinson Group (TEUR 57,468). Non-current assets include land with a value of TEUR 296,103 (2005: TEUR 267,751). Capitalized interest expense and foreign currency differences on new plant construction totaled TEUR 3,040 in 2006 (2005: TEUR 1,005). Of total non-current assets, TEUR 1,021 (mainly land) meet the criteria defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, whereby the sale of these assets within one year is highly probable.

In addition to operating leases, the Wienerberger Group also uses *finance leases* to a limited extent. Fixed assets include the following plant and equipment from finance leases:

| <i>in TEUR</i>             | 2006   | 2005   |
|----------------------------|--------|--------|
| Acquisition costs          | 32,514 | 29,350 |
| Depreciation (accumulated) | 9,466  | 10,715 |
| Book value                 | 23,048 | 18,635 |

Obligations arising from operating leases, license agreements and rental contracts for the use of fixed assets not shown on the balance sheet represent liabilities of:

| <i>in TEUR</i>                 | 2006   | 2005   |
|--------------------------------|--------|--------|
| For the following year         | 18,249 | 14,550 |
| For the next two to five years | 66,251 | 46,660 |
| Over five years                | 19,618 | 19,399 |

Payments arising from operating leases, license and rental agreements totaled TEUR 34,120 (2005: TEUR 29,089).

The balance sheet item investment property includes real estate and buildings with a book value of TEUR 28,773 (2005: TEUR 32,984), which are not used in current business operations. These assets are scheduled for sale over the middle to long-term, and are therefore classified as investment property. Based on comparable transactions, the present value of these assets is estimated at TEUR 39,917 (2005: TEUR 43,456). This property generated rental and other income of TEUR 12 in 2006 (2005: TEUR 261). During the 2006 business year, real estate classified as investment property with a book value of TEUR 6,439 was sold.

## 21. Inventories

| <i>in TEUR</i>                 | 2006           | 2005           |
|--------------------------------|----------------|----------------|
| Raw materials and consumables  | 77,677         | 65,214         |
| Semi-finished goods            | 84,259         | 66,435         |
| Finished goods and merchandise | 346,337        | 313,068        |
| Prepayments                    | 1,570          | 1,162          |
| <b>Inventories</b>             | <b>509,843</b> | <b>445,879</b> |

In contrast to the prior year, palettes are no longer classified as finished goods and merchandise but are recorded under raw materials and consumables. The prior year figures were adjusted by TEUR 15,791. Beginning in 2006 purchased clay is no longer recorded under raw materials and consumables but reported together with clay mined by the group under semi-finished goods. The prior year figures were adjusted by TEUR 19,584. Valuation adjustments totaling TEUR 6,796 (2005: TEUR 5,252) were recorded to products where the net realizable value (selling price less selling and administrative expenses) was less than the acquisition or production cost.

## 22. Receivables and Other Assets

All necessary individual valuation adjustments were made to receivables and other assets. In 2006 valuation adjustments totaled TEUR 1,175 (2005: TEUR 942). Individual valuation adjustments made to receivables during the reporting year represent less than 1% of total receivables and are therefore not shown separately.

| Receivables<br><i>in TEUR</i>                                         | 2006           |                           |                           | 2005           |                           |                           |
|-----------------------------------------------------------------------|----------------|---------------------------|---------------------------|----------------|---------------------------|---------------------------|
|                                                                       | Total          | Remaining<br>term <1 year | Remaining<br>term >1 year | Total          | Remaining<br>term <1 year | Remaining<br>term >1 year |
| Trade receivables from third parties                                  | 221,710        | 221,110                   | 600                       | 183,179        | 183,007                   | 172                       |
| Trade receivables from subsidiaries                                   | 615            | 615                       | 0                         | 1,228          | 1,228                     | 0                         |
| <b>Trade receivables</b>                                              | <b>222,325</b> | <b>221,725</b>            | <b>600</b>                | <b>184,407</b> | <b>184,235</b>            | <b>172</b>                |
| Financial receivables from subsidiaries                               | 11,456         | 11,456                    | 0                         | 12,556         | 8,042                     | 4,514                     |
| Receivables arising from loans                                        | 12,408         | 2,663                     | 9,745                     | 12,469         | 3,044                     | 9,425                     |
| Fair value of pension plan assets<br>in excess of pension obligations | 9,461          | 9,461                     | 0                         | 9,054          | 9,054                     | 0                         |
| Other prepaid expenses                                                | 7,338          | 7,338                     | 0                         | 6,286          | 6,286                     | 0                         |
| Miscellaneous                                                         | 74,969         | 58,803                    | 16,166                    | 63,202         | 47,280                    | 15,922                    |
| <b>Other current receivables</b>                                      | <b>115,632</b> | <b>89,721</b>             | <b>25,911</b>             | <b>103,567</b> | <b>73,706</b>             | <b>29,861</b>             |
| <b>Receivables</b>                                                    | <b>337,957</b> | <b>311,446</b>            | <b>26,511</b>             | <b>287,974</b> | <b>257,941</b>            | <b>30,033</b>             |

Receivables due from subsidiaries and affiliates are related primarily to loans. Trade receivables totaling TEUR 12,737 (2005: TEUR 9,936) are secured by notes receivable.

## 23. Capital and Reserves

The development of capital and reserves during 2006 and 2005 is shown on page 89.

Efficient capital structure management is a key goal of Wienerberger, whereby the composition of the capital structure is closely linked with the capital-intensive nature of the brick and roof tile business. Activities in this financial area are designed to guarantee a sufficient equity base to safeguard the continued existence of the Company, to finance expansion and permit the payment of dividends, while maintaining the current Standard & Poor's BBB and Moody's Baa2 ratings. In this respect, the key indicators for Wienerberger are net debt / EBITDA and EBITDA / net interest (interest cover). The goal of Wienerberger is to hold the net debt / EBITDA ratio below 3.25 years: on December 31, 2006 this value equalled 2.5 (2005: 2.2). Interest cover was 9.8 at year-end 2006 (2005: 9.9) and significantly exceeded our target of 5.8, which represents the minimum value according to our financial guidelines.

Equity totalled TEUR 1,591,443 as of December 31, 2006, compared to TEUR 1,483,104 in the prior year. This growth was supported above all by an increase in retained earnings, which resulted from net profit recorded for the year. Retained earnings of TEUR 1,174,075 (2005: TEUR 1,031,209) include the retained earnings of Wienerberger AG plus the retained earnings of subsidiaries not eliminated during the capital consolidation. Group profit for 2006, excluding the share of profit due to minority interest, is shown under retained earnings.

The issued capital of Wienerberger AG equals EUR 74,167,796 and is divided into 74,167,796 shares with zero par value. The Annual General Meeting on April 27, 2006 empowered the Managing Board to repurchase up to 10% of authorized share capital within a period of 18 months. Furthermore, the Annual General Meeting on May 11, 2004 passed a resolution that gives the Managing Board of Wienerberger AG the option to carry out a capital increase through the issue of up to 31,639,486 new shares. Any capital increase carried out within the framework of this authorization, which is valid for five years, must be approved by the Supervisory Board. In 2004 a total of 8,888,823 new shares were issued to finance the acquisition of Koramic Roofing and other growth projects. The Annual General Meeting on May 11, 2004 also authorized the Managing Board to issue up to 1,000,000 shares to serve the stock option plans over the next five years. This authorization has not been used to date.

Wienerberger will also continue its previous dividend policy in 2006 and plans to distribute approximately 44% (2005: 44%) of net profit for the reporting year. The Austrian Stock Corporation Act and the Articles of Association of Wienerberger AG contain provisions that – if approved by a qualified majority of shareholders at the Annual General Meeting – would permit a change in this dividend policy, the execution of capital increases or capital decreases, the start of share buyback programs, the modification of the investment program and/or the sale of assets in order to maintain an efficient capital structure.

Free float is distributed among Austrian and international investors (also see page 35), whereby three international funds each hold more than 5% of issued capital. Capital Research and Management, which is headquartered in Los Angeles, and the English Lansdowne Partners Limited in London, announced during August and September 2006 that they each hold more than 5% of Wienerberger shares. AIM Trimark Investments, a subsidiary of the Canadian investment company AMVESCAP PLC, has held more than 5% of the share capital of Wienerberger AG since November 2005. The Wienerberger share is traded in the Prime Market Segment of the Vienna Stock Exchange. In the USA, the share is traded in a Level 1 ADR Program of the Bank of New York on the OTC market.

## 24. Provisions

| <i>in TEUR</i>                                | 1.1.2006       | Foreign<br>exchange<br>incr./decr. | Chg. in<br>consolida-<br>tion range | Reversal      | Use           | Addition      | 31.12.2006     |
|-----------------------------------------------|----------------|------------------------------------|-------------------------------------|---------------|---------------|---------------|----------------|
| Provisions for severance payments             | 13,442         | 8                                  | -255                                | 323           | 1,327         | 1,676         | 13,221         |
| Provisions for pensions                       | 57,836         | -1,220                             | 1,021                               | 636           | 7,814         | 5,824         | 55,011         |
| Provisions for service<br>anniversary bonuses | 4,393          | 15                                 | 299                                 | 410           | 375           | 870           | 4,792          |
| <b>Employee-related provisions</b>            | <b>75,671</b>  | <b>-1,197</b>                      | <b>1,065</b>                        | <b>1,369</b>  | <b>9,516</b>  | <b>8,370</b>  | <b>73,024</b>  |
| <b>Provisions for deferred taxes</b>          | <b>105,318</b> | <b>-4,177</b>                      | <b>0</b>                            | <b>1,995</b>  | <b>1,343</b>  | <b>12,766</b> | <b>110,569</b> |
| Provision for warranties                      | 22,347         | 96                                 | 906                                 | 1,010         | 4,219         | 7,453         | 25,573         |
| Provision for site restoration                | 28,460         | -83                                | 751                                 | 1,142         | 2,220         | 3,192         | 28,958         |
| Provision for environmental measures          | 2,656          | 2                                  | 653                                 | 130           | 839           | 1,217         | 3,559          |
| <b>Other non-current provisions</b>           | <b>53,463</b>  | <b>15</b>                          | <b>2,310</b>                        | <b>2,282</b>  | <b>7,278</b>  | <b>11,862</b> | <b>58,090</b>  |
| <b>Non-current provisions</b>                 | <b>234,452</b> | <b>-5,359</b>                      | <b>3,375</b>                        | <b>5,646</b>  | <b>18,137</b> | <b>32,998</b> | <b>241,683</b> |
| Provisions for current taxes                  | 703            | 0                                  | 0                                   | 0             | 52            | 4,788         | 5,439          |
| Other current provisions                      | 38,531         | 97                                 | 3,138                               | 6,585         | 30,155        | 35,960        | 40,986         |
| <b>Current provisions</b>                     | <b>39,234</b>  | <b>97</b>                          | <b>3,138</b>                        | <b>6,585</b>  | <b>30,207</b> | <b>40,748</b> | <b>46,425</b>  |
| <b>Provisions</b>                             | <b>273,686</b> | <b>-5,262</b>                      | <b>6,513</b>                        | <b>12,231</b> | <b>48,344</b> | <b>73,746</b> | <b>288,108</b> |

## 25. Provisions for Pensions

Wienerberger has made pension commitments to selected managers as well as all employees in the Netherlands, Great Britain, the USA and Switzerland. Defined contribution plans represent the goal for future pension agreements. In 2004 a number of *defined benefit* pension agreements with active managers were converted to *defined contribution* pension models through the transfer of previously earned claims to a pension fund. Wienerberger has also made a number of defined pension commitments mainly to former managers, which are not tied to plan assets. The length of service forms the basis for retirement benefits. General Shale (USA) employees have a funded defined benefit pension plan as well as non-funded health insurance. The amount by which the fair value of pension plan assets exceeds pension obligations is shown under other receivables. ZZ Wancor (Switzerland) has a defined contribution pension plan through an external pension fund. Claims earned by Dutch employees are satisfied primarily through contributions to an industry-wide pension fund in the Netherlands. In Great Britain there is a defined contribution pension plan covering all employees. The member companies of the brickbusiness, which was acquired during 2004, had a defined benefit model up to the end of 2003; a provision was created to reflect these obligations. In 2006 the provision for pensions was reduced by an extraordinary release of TEUR 3,080 to the income statement to reflect the discontinuation of part of the old defined benefit pension plans.

The most important actuarial parameters and relevant accounting principles are described on pages 101 and 102.

Total pension expenses for 2006 cover both defined contribution and defined benefit pension plans, and include the following components:

| <i>in TEUR</i>                                         | 2006          | 2005          |
|--------------------------------------------------------|---------------|---------------|
| <b>Defined contribution plans</b>                      |               |               |
| <b>Expenses for defined contribution pension plans</b> | <b>7,324</b>  | <b>6,048</b>  |
| <b>Defined benefit plans</b>                           |               |               |
| Service costs for defined benefit pension plans        | 6,024         | 3,962         |
| Interest costs                                         | 9,308         | 9,787         |
| Expected income from plan assets                       | -8,087        | -7,830        |
| Actuarial gain/loss                                    | -3,674        | 1,410         |
| Past service cost                                      | -45           | 46            |
| Effect of plan curtailments and settlements            | 0             | -1,839        |
| <b>Expenses for defined benefit plans</b>              | <b>3,526</b>  | <b>5,536</b>  |
| <b>Total expenses for pensions</b>                     | <b>10,850</b> | <b>11,584</b> |

Gross pension obligations represent the present value of pension commitments as calculated by actuaries. Total pension obligations of TEUR 191,396 (2005: TEUR 196,765) include TEUR 174,402 (2005: TEUR 175,861) that are covered in part or in full by investments in funds (plan assets). The transition from gross pension obligations to net obligations as shown on the balance sheet is made by deducting non-recorded past service cost and actuarial gains and losses as well as the fair value of pension plan assets. Of the total net obligations, TEUR 12,947 are related to the US (retirement) health insurance program. The component parts of pension obligations and their coverage through plan assets are shown on the following page:

| <i>in TEUR</i>                                                              | <b>Defined benefit obligation</b> |                | <b>Fair value of plan assets</b> |                |
|-----------------------------------------------------------------------------|-----------------------------------|----------------|----------------------------------|----------------|
|                                                                             | <b>2006</b>                       | <b>2005</b>    | <b>2006</b>                      | <b>2005</b>    |
| <b>Value as of 1.1.</b>                                                     | <b>196,765</b>                    | <b>182,240</b> | <b>134,906</b>                   | <b>112,769</b> |
| Changes in consolidation range                                              | 923                               | 1,710          | 0                                | 0              |
| Foreign exchange increase/decrease                                          | -3,039                            | 11,787         | -4,991                           | 7,428          |
| Service costs for defined benefit plans                                     | 6,024                             | 3,962          | 0                                | 0              |
| Interest costs                                                              | 9,308                             | 9,787          | 0                                | 0              |
| Expected income from plan assets                                            | 0                                 | 0              | 8,087                            | 7,830          |
| Effects of plan curtailments and settlements                                | 3                                 | -2,682         | 3                                | -188           |
| Actuarial gain/loss                                                         | -11,938                           | -3,708         | 1,143                            | 6,760          |
| Past service cost                                                           | 137                               | 95             | 0                                | 0              |
| Payments to retirees                                                        | -7,980                            | -7,411         | -7,980                           | -7,411         |
| Payments received from employees                                            | 1,193                             | 985            | 1,193                            | 985            |
| Payments received from employers                                            | 0                                 | 0              | 8,017                            | 6,733          |
| <b>Value as of 31.12.</b>                                                   | <b>191,396</b>                    | <b>196,765</b> | <b>140,378</b>                   | <b>134,906</b> |
| Fair value of plan assets (funded)                                          | -140,378                          | -134,906       |                                  |                |
| <b>Present value of unfunded obligation as of 31.12.</b>                    | <b>51,018</b>                     | <b>61,859</b>  |                                  |                |
| Non-recorded past service cost                                              | 0                                 | 0              |                                  |                |
| Non-recorded actuarial gains/losses (off-balance sheet risk)                | -5,468                            | -13,077        |                                  |                |
| <b>Net pension obligations recorded as of 31.12</b>                         | <b>45,550</b>                     | <b>48,782</b>  |                                  |                |
| Thereof provision for pensions (p. 113)                                     | 55,011                            | 57,836         |                                  |                |
| Thereof fair value of plan assets in excess of pension obligations (p. 112) | 9,461                             | 9,054          |                                  |                |

Pension plan assets are comprised of assets from the defined benefit pension plans in the USA and the Netherlands as well as from the former defined benefit pension plan in Great Britain. The expected return on plan assets in 2006 was TEUR 8,087 and the actual return was TEUR 9,230. The plan assets are invested in stocks (78%), bonds (14%) and other assets (8%).

Legal regulations grant Austrian employees the right to a lump-sum payment at retirement or termination by the employer, depending on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations in France and Italy.

## 26. Provisions for Deferred Taxes

Deferred tax assets and provisions for deferred taxes as of December 31, 2006 and December 31, 2005 are the result of the following temporary valuation and accounting differences between book values in the IFRS financial statements and the relevant tax bases:

| <i>in TEUR</i>                                  | 2006           |                        | 2005           |                        |
|-------------------------------------------------|----------------|------------------------|----------------|------------------------|
|                                                 | Assets         | Equity and liabilities | Assets         | Equity and liabilities |
| Intangible assets                               | 887            | -19,906                | 547            | -16,211                |
| Property, plant and equipment                   | 20,586         | -103,100               | 7,379          | -104,522               |
| Financial assets                                | 0              | -236                   | 0              | -412                   |
| Inventories                                     | 2,554          | -7,940                 | 2,518          | -7,990                 |
| Receivables                                     | 3,307          | -2,059                 | 6,300          | -4,430                 |
| Securities                                      | 109            | -365                   | 150            | -206                   |
| Cash and cash at bank                           | 0              | -2                     | 1              | 0                      |
| Prepaid expenses                                | 1,394          | -3,571                 | 1,643          | -4,321                 |
|                                                 | <b>28,837</b>  | <b>-137,179</b>        | <b>18,538</b>  | <b>-138,093</b>        |
| Untaxed reserves                                | 0              | -11,342                | 0              | -10,165                |
| Provisions                                      | 22,019         | -2,298                 | 26,900         | -873                   |
| Liabilities                                     | 7,851          | -3,304                 | 5,536          | -3,613                 |
| Deferred income                                 | 25,968         | -2,040                 | 26,894         | -2,092                 |
|                                                 | <b>55,838</b>  | <b>-18,984</b>         | <b>59,329</b>  | <b>-16,744</b>         |
| Tax loss carry-forwards                         | 80,895         |                        | 83,643         |                        |
| <b>Deferred tax assets/provisions</b>           | <b>165,570</b> | <b>-156,163</b>        | <b>161,510</b> | <b>-154,836</b>        |
| Valuation allowance for deferred tax assets     | -58,534        |                        | -50,637        |                        |
| Offset within legal tax units and jurisdictions | -45,594        | 45,594                 | -49,518        | 49,518                 |
| <b>Net deferred tax assets and provisions</b>   | <b>61,442</b>  | <b>-110,569</b>        | <b>61,355</b>  | <b>-105,318</b>        |

In the Group financial statements, temporary differences and tax loss carry-forwards totaling TEUR 58,534 (2005: TEUR 50,637) are not reflected in deferred tax assets because their use as tax relief is not yet sufficiently certain.

In accordance with IAS 12.39, provisions for deferred taxes were not recorded on temporary differences related to shares owned in subsidiaries. The cumulative value of shares in subsidiaries is TEUR 104,813 less than the pro rata share of equity owned in subsidiaries (2005: TEUR 33,225).

## 27. Liabilities

The remaining terms of the various categories of liabilities are shown in the following table:

| <b>2006</b><br><i>in TEUR</i>                                | <b>Total</b>     | <b>Remaining<br/>term &lt;1 year</b> | <b>Remaining<br/>term 1-5<br/>years</b> | <b>Remaining<br/>term &gt;5 years</b> | <b>Thereof<br/>secured by<br/>collateral</b> |
|--------------------------------------------------------------|------------------|--------------------------------------|-----------------------------------------|---------------------------------------|----------------------------------------------|
| Interest-bearing loans                                       | 1,386,576        | 595,857                              | 341,225                                 | 449,494                               | 18,470                                       |
| Finance leases                                               | 16,175           | 8,766                                | 5,575                                   | 1,834                                 | 0                                            |
| Financial liabilities owed to subsidiaries                   | 1,990            | 1,990                                | 0                                       | 0                                     | 0                                            |
| <b>Financial liabilities</b>                                 | <b>1,404,741</b> | <b>606,613</b>                       | <b>346,800</b>                          | <b>451,328</b>                        | <b>18,470</b>                                |
| Trade payables owed to third parties                         | 200,152          | 200,058                              | 94                                      | 0                                     | 0                                            |
| Trade payables owed to subsidiaries                          | 176              | 176                                  | 0                                       | 0                                     | 0                                            |
| <b>Trade payables</b>                                        | <b>200,328</b>   | <b>200,234</b>                       | <b>94</b>                               | <b>0</b>                              | <b>0</b>                                     |
| Prepayments received on orders                               | 1,102            | 1,102                                | 0                                       | 0                                     | 0                                            |
| Amounts owed to tax authorities and social security carriers | 45,232           | 44,983                               | 42                                      | 207                                   | 0                                            |
| Deferred income                                              | 35,298           | 12,000                               | 12,474                                  | 10,824                                | 0                                            |
| Miscellaneous liabilities                                    | 108,080          | 83,349                               | 12,700                                  | 12,031                                | 0                                            |
| <b>Other liabilities</b>                                     | <b>189,712</b>   | <b>141,434</b>                       | <b>25,216</b>                           | <b>23,062</b>                         | <b>0</b>                                     |
| <b>Liabilities as per balance sheet</b>                      | <b>1,794,781</b> | <b>948,281</b>                       | <b>372,110</b>                          | <b>474,390</b>                        | <b>18,470</b>                                |

| <b>2005</b><br><i>in TEUR</i>                                | <b>Total</b>     | <b>Remaining<br/>term &lt;1 year</b> | <b>Remaining<br/>term 1-5<br/>years</b> | <b>Remaining<br/>term &gt;5 years</b> | <b>Thereof<br/>secured by<br/>collateral</b> |
|--------------------------------------------------------------|------------------|--------------------------------------|-----------------------------------------|---------------------------------------|----------------------------------------------|
| Interest-bearing loans                                       | 1,163,439        | 88,963                               | 617,010                                 | 457,466                               | 5,102                                        |
| Finance leases                                               | 23,181           | 6,291                                | 16,334                                  | 556                                   | 0                                            |
| Financial liabilities owed to subsidiaries                   | 2,619            | 2,619                                | 0                                       | 0                                     | 0                                            |
| <b>Financial liabilities</b>                                 | <b>1,189,239</b> | <b>97,873</b>                        | <b>633,344</b>                          | <b>458,022</b>                        | <b>5,102</b>                                 |
| Trade payables owed to third parties                         | 149,506          | 149,476                              | 30                                      | 0                                     | 0                                            |
| Trade payables owed to subsidiaries                          | 1,206            | 1,206                                | 0                                       | 0                                     | 0                                            |
| <b>Trade payables</b>                                        | <b>150,712</b>   | <b>150,682</b>                       | <b>30</b>                               | <b>0</b>                              | <b>0</b>                                     |
| Prepayments received on orders                               | 1,330            | 1,330                                | 0                                       | 0                                     | 10                                           |
| Amounts owed to tax authorities and social security carriers | 36,825           | 36,624                               | 8                                       | 193                                   | 9                                            |
| Deferred income                                              | 37,896           | 11,653                               | 12,879                                  | 13,364                                | 7                                            |
| Miscellaneous liabilities                                    | 96,778           | 72,120                               | 10,664                                  | 13,994                                | 1                                            |
| <b>Other liabilities</b>                                     | <b>172,829</b>   | <b>121,727</b>                       | <b>23,551</b>                           | <b>27,551</b>                         | <b>27</b>                                    |
| <b>Liabilities as per balance sheet</b>                      | <b>1,512,780</b> | <b>370,282</b>                       | <b>656,925</b>                          | <b>485,573</b>                        | <b>5,129</b>                                 |

Collateral primarily represents mortgages on land and guarantee agreements.

Other liabilities include TEUR 47,309 (2005: TEUR 39,634) due to employees and TEUR 27,833 (2005: TEUR 19,051) of accruals for bonuses and other sales deductions due to customers. Deferred income includes TEUR 31,694 (2005: TEUR 34,308) of subsidies and investment allowances granted by third parties, which are released to the income statement over the useful life of the related assets.

## 28. Contingent Liabilities and Guarantees

Contingent liabilities result from obligations to third parties, and are comprised of:

| <i>in TEUR</i>                     | 31.12.2006   | 31.12.2005   |
|------------------------------------|--------------|--------------|
| Sureties                           | 186          | 16           |
| Guarantees                         | 1,472        | 2,025        |
| Obligations from bills of exchange | 0            | 10           |
| Other contractual obligations      | 48           | 410          |
| <b>Contingent liabilities</b>      | <b>1,706</b> | <b>2,461</b> |

All contingent liabilities reflect possible future obligations whose existence can only be confirmed by the occurrence of a future event that is completely uncertain as of the balance sheet date. In some cases the minority shareholders of group companies hold put options, which allow them to sell their holdings to Wienerberger within a specified period of time at a predefined price. These put options are not recorded as financial instruments because there is no market value and another reliable estimate is not possible. The only financial obligations above and beyond these contingent liabilities and guarantees (*off balance sheet risks*) are the non-recorded actuarial losses arising from pension obligations (see page 115).

## Financial Instruments

### 29. Financial Instruments

| Securities      | 2006                         |                                |                                          | 2005                         |                                |                                          |
|-----------------|------------------------------|--------------------------------|------------------------------------------|------------------------------|--------------------------------|------------------------------------------|
|                 | Book value<br><i>in TEUR</i> | Market value<br><i>in TEUR</i> | Ø Effective interest rate<br><i>in %</i> | Book value<br><i>in TEUR</i> | Market value<br><i>in TEUR</i> | Ø Effective interest rate<br><i>in %</i> |
| Shares in funds | 5,168                        | 5,168                          | 1.44                                     | 15,942                       | 15,942                         | 4.21                                     |
| Corporate bonds | 10,542                       | 10,542                         | 5.49                                     | 30                           | 30                             |                                          |
| Stock           | 7,576                        | 7,576                          |                                          | 13                           | 13                             |                                          |
| Derivatives     | 16,524                       | 16,524                         |                                          | 4,390                        | 4,390                          |                                          |
| Other           | 194                          | 194                            |                                          | 2,027                        | 2,027                          |                                          |
|                 | <b>40,004</b>                | <b>40,004</b>                  |                                          | <b>22,402</b>                | <b>22,402</b>                  |                                          |

The nominal value of corporate bonds amounts to TEUR 10,406.

Financial liabilities are comprised of the following items:

|                                                              | Currency | Nominal value<br>in 1,000 local<br>currency | Market value<br>in TEUR | Book value<br>in TEUR | Effective<br>interest rate<br>in % |
|--------------------------------------------------------------|----------|---------------------------------------------|-------------------------|-----------------------|------------------------------------|
| Loans                                                        | EUR      | 378,741                                     | 347,848                 | 361,953               | 3.04                               |
|                                                              | USD      | 9,508                                       | 7,204                   | 7,204                 | 6.23                               |
|                                                              |          |                                             | <b>355,052</b>          | <b>369,157</b>        |                                    |
| Roll-over                                                    | USD      | 8,400                                       | 6,365                   | 6,365                 | 8.25                               |
|                                                              |          |                                             | <b>6,365</b>            | <b>6,365</b>          |                                    |
| Current loans                                                | EUR      | 413,885                                     | 413,576                 | 413,456               | 3.81                               |
|                                                              | CZK      | 45,000                                      | 82                      | 82                    | 7.10                               |
|                                                              | SKK      | 95,000                                      | 346                     | 346                   | 5.00                               |
|                                                              | USD      | 2,500                                       | 2,018                   | 2,018                 | 5.35                               |
|                                                              |          |                                             | <b>416,022</b>          | <b>415,902</b>        |                                    |
| <b>Fixed interest loans due to financial institutions</b>    |          |                                             | <b>777,439</b>          | <b>791,423</b>        |                                    |
|                                                              | Currency | Nominal value<br>in 1,000 local<br>currency | Market value<br>in TEUR | Book value<br>in TEUR | Effective<br>interest rate<br>in % |
| Loans                                                        | EUR      | 45,918                                      | 32,579                  | 32,517                | 4.23                               |
|                                                              | SIT      | 1,626,240                                   | 4,550                   | 4,550                 | 4.59                               |
|                                                              |          |                                             | <b>37,129</b>           | <b>37,067</b>         |                                    |
| Roll-over                                                    | EUR      | 2,463                                       | 2,463                   | 2,463                 | 3.95                               |
|                                                              | DKK      | 0                                           | 238                     | 238                   | 1.25                               |
|                                                              | HUF      | 165,079                                     | 656                     | 656                   | 7.83                               |
|                                                              |          |                                             | <b>3,357</b>            | <b>3,357</b>          |                                    |
| Current loans                                                | EUR      | 160,544                                     | 149,389                 | 148,876               | 4.72                               |
|                                                              | CZK      | 28,030                                      | 428                     | 428                   | 3.78                               |
|                                                              | Other    |                                             | 110                     | 110                   |                                    |
|                                                              |          |                                             | <b>149,927</b>          | <b>149,414</b>        |                                    |
| <b>Variable interest loans due to financial institutions</b> |          |                                             | <b>190,413</b>          | <b>189,838</b>        |                                    |
|                                                              | Currency | Nominal value<br>in 1,000 local<br>currency | Market value<br>in TEUR | Book value<br>in TEUR | Effective<br>interest rate<br>in % |
| Bonds - fixed interest                                       | EUR      | 400,000                                     | 403,622                 | 402,625               | 4.05                               |
| Roll-over - fixed interest                                   | EUR      | 3,045                                       | 2,463                   | 2,463                 | 5.00                               |
| Current loans - fixed interest                               | EUR      | 223                                         | 227                     | 227                   | 3.20                               |
| <b>Loans due to non-banks</b>                                |          |                                             | <b>406,312</b>          | <b>405,315</b>        |                                    |

In April 2005 Wienerberger issued a seven-year, fixed-interest, bullet repayment bond with a volume of TEUR 400,000, which is recorded under long-term borrowings. The related expenses of TEUR 10,139 (bank charges and interest rate hedges) were recorded together with the bond and not recognized to the income statement. The difference will be recognized as interest expense or bank charges over the term of the bond in accordance with the effective interest rate method. The book value of the bond contains crude interest of TEUR 10,535.

Interest rates (variable, fixed) can be exchanged through the conclusion of interest rate swaps. The structure of financial liabilities (variable and fixed interest rates), including the effects of interest rate swaps, is shown on page 66.

### 30. Derivative Financial Instruments

The fair value of forward exchange contracts is based on the market price as of the balance sheet date. The prices for comparable transactions are used to value certain OTC contracts. The fair value for interest rate swaps represents the value that the company would receive or be required to pay on termination as of the balance sheet date. Current market conditions, above all current interest rates and the credit standing of the swap partner are taken into account in the determination of value.

The interpretation of market information necessary for the estimation of fair values also requires a certain degree of subjective judgment. This can result in a difference between the figures shown here and values subsequently realized on the marketplace.

|                            | Currency | 2006                                                      |                                       | Currency | 2005                                                      |                                       |
|----------------------------|----------|-----------------------------------------------------------|---------------------------------------|----------|-----------------------------------------------------------|---------------------------------------|
|                            |          | Nominal value<br>31.12.2006<br>in 1,000 local<br>currency | Market value<br>31.12.2006<br>in TEUR |          | Nominal value<br>31.12.2005<br>in 1,000 local<br>currency | Market value<br>31.12.2005<br>in TEUR |
| Forward exchange contracts | EUR      | 86,103                                                    | -570                                  | EUR      | 12,961                                                    | 87                                    |
|                            | CZK      | 155,000                                                   | -5                                    | DKK      | 54,300                                                    | 8                                     |
|                            | DKK      | 65,800                                                    | 3                                     | GBP      | 24,961                                                    | 152                                   |
|                            | GBP      | 16,492                                                    | -370                                  | NOK      | 5,662                                                     | 1                                     |
|                            | HUF      | 850,000                                                   | -43                                   | SEK      | 5,300                                                     | -3                                    |
|                            | USD      | 118,809                                                   | -288                                  |          |                                                           |                                       |
| Interest rate swaps        | EUR      | 328,390                                                   | -8,652                                | EUR      | 383,805                                                   | -2,542                                |
| Cross currency swaps       | USD/EUR  | 530,870                                                   | 48,398                                | USD/EUR  | 380,870                                                   | 20,863                                |
|                            | GBP/EUR  | 85,000                                                    | -2,030                                | GBP/EUR  | 85,000                                                    | 493                                   |
|                            | PLN/EUR  | 417,270                                                   | -14,130                               | PLN/EUR  | 417,270                                                   | -13,612                               |
|                            | CZK/EUR  | 800,000                                                   | -2,949                                | CZK/EUR  | 800,000                                                   | -907                                  |
|                            | CHF/EUR  | 25,000                                                    | 43                                    | CHF/EUR  | 25,000                                                    | -150                                  |
|                            | HUF/EUR  | 15,000,000                                                | -2,883                                |          |                                                           |                                       |
|                            |          |                                                           | <b>16,524</b>                         |          |                                                           | <b>4,390</b>                          |

### Risk Report

The conduct of global operations exposes the business segments of the Wienerberger Group to a variety of risks that are inseparable from entrepreneurial activities. These risks and their potential impact on the Group are identified and analyzed by Wienerberger risk management, and suitable actions are taken based on the Group's defined risk policy. From the current standpoint, there are no risks that could endanger the continued existence of the Group.

### Market Risks

Risks arise from developments in the major economies in which Wienerberger operates across Europe and the USA. The most important market segments for the Wienerberger Group are construction, in general, and new housing starts and renovation, in particular. A key parameter for the development of residential construction is the level of mortgage interest rates. In addition to this dependency on construction activity, bricks are subject to continuous competition from other wall and roofing materials.

This competition on the building materials market requires specialized research and development of our primary products, bricks and clay roof tiles. In addition, the building materials industry is subject to seasonal fluctuations. As is the case with the entire building materials industry, the earnings of the Wienerberger Group are in part dependent on the weather. In order to avoid earnings fluctuations wherever possible, Wienerberger pursues a strategy of geographical diversification with parallel concentration on the core business. The Group's activities are subject to the usual risks inherent in local markets, where positions must be continually protected against competitors and substitute products. Wienerberger's most important customer group is the building materials trade sector, and further market adjustments in this branch are expected to increase pressure on prices in the future. Specific market situations can also have a negative impact on price levels, and Wienerberger therefore monitors its price strategy on a continuous basis.

### **Procurement, Production, Investment and Acquisition Risks**

The majority of the Wienerberger plants were constructed or modernized in recent years, and the risk of operating break-downs or longer loss of production is therefore low. Supplies of clay raw materials for the production of bricks and clay roof tiles are guaranteed on a lasting basis by sufficient deposits and long-term supply contracts.

Energy prices are dependent on international and local market developments. In 2006 energy costs for the Wienerberger Group totaled TEUR 315,987 (2005: TEUR 250,364), or 14.2% (2005: 12.8%) of revenues. These expenses are divided into 66% for natural gas, 22% for electricity, 7% for oil and 5% for coal and other materials. A sharp increase in the price of natural gas during the reporting year triggered an above-average rise in energy costs in relation to revenues. Wienerberger works to minimize the risk connected with rising energy prices on liberalized markets in Great Britain and the USA (in total, 16% of energy costs) by concluding futures contracts. In numerous East European countries (in total, 20% of energy costs), the prices for natural gas are regulated by the federal government and contracts with local suppliers are negotiated each year. In most of the EU countries (in total, 64% of energy costs) Wienerberger concludes agreements with national and international suppliers, in which prices are determined using formulas that are tied to substitute products (such as light heating oil and diesel oil). These prices are in part established for longer periods of time. Therefore, futures can be concluded as a hedge against risk using a link to these substitute products.

Excess capacity in specific markets can lead to increased pressure on prices which, in turn, can result in selling prices that fail to cover production and capital costs. Wienerberger therefore monitors production capacity on a continual basis, and adjusts this capacity by closing plants on a temporary or permanent basis or shifting production to more efficient facilities. Continuous optimization and both internal and external growth projects are required to increase the value of Wienerberger. The future profitability of these projects is dependent to a large degree on the investment volume and/or acquisition price. For this reason, all growth projects must meet the defined return on investment criteria for our bolt-on and external projects (also see the chapter Strategy and Business Model on page 37).

### **Financial Risks**

Operating activities expose Wienerberger to interest rate and exchange rate risks. Derivative financing instruments, in particular forward exchange contracts and interest swaps, are used to limit and control this risk. No derivative contracts are concluded for trading or speculative purposes.

The exposure of the Wienerberger Group to exchange rate risk is limited because of the local nature of the building materials business, which rarely involves exports or imports. Therefore, cash flows into or out of the euro region are almost entirely related to Group dividends or loans. The foreign exchange risk on these inter-Group cash flows is managed by the holding company. Risks may also arise from the translation of foreign company financial statements into the euro, which is the Group currency. Revenues, earnings, and balance sheet items of companies not headquartered in the euro region are therefore dependent

on the relevant euro exchange rate. Credit financing for the purchase of current assets is concluded in the local currency of the individual companies because of the decentralized structure of the Wienerberger Group. Foreign exchange risk is therefore reduced to a minimum, since the Group companies generally issue their invoices in local currency.

The following table shows Group revenues and capital employed by currency. The calculation of capital employed includes the effects of forward exchange contracts and foreign currency swaps:

|                                              | 2006              |                   | 2005              |                   |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                              | <i>in € mill.</i> | <i>Share in %</i> | <i>in € mill.</i> | <i>Share in %</i> |
| <b>Revenues</b>                              |                   |                   |                   |                   |
| Euro                                         | 1,085.2           | 49                | 958.8             | 49                |
| East European currencies                     | 541.9             | 24                | 431.6             | 22                |
| US dollar                                    | 349.5             | 16                | 337.2             | 17                |
| Other                                        | 248.4             | 11                | 227.0             | 12                |
| <b>Revenues</b>                              | <b>2,225.0</b>    | <b>100</b>        | <b>1,954.6</b>    | <b>100</b>        |
|                                              |                   |                   |                   |                   |
|                                              | 2006              |                   | 2005              |                   |
|                                              | <i>in € mill.</i> | <i>Share in %</i> | <i>in € mill.</i> | <i>Share in %</i> |
| <b>Capital Employed</b>                      |                   |                   |                   |                   |
| Euro                                         | 2,138.4           | 82                | 1,762.0           | 77                |
| East European currencies                     | 407.4             | 16                | 409.7             | 18                |
| US dollar                                    | -54.5             | -2                | 22.2              | 1                 |
| Other                                        | 106.9             | 4                 | 95.5              | 4                 |
| <b>Capital employed after hedging effect</b> | <b>2,598.2</b>    | <b>100</b>        | <b>2,289.4</b>    | <b>100</b>        |

Interest rate risk is comprised of two components: the optimal average term of all financing and the separation into fixed and variable interest rates. The risk associated with fixed interest rates lies in a possible decline in interest rate levels, while the risk associated with variable interest rates arises from the possibility of an increase in interest rates. In order to analyze interest rate risks (fixed and variable interest rates), financial liabilities (page 119) must be adjusted for the effects of derivative instruments (hedging) and short-term fixed-interest financial liabilities must be treated as variable-interest items.

| <i>in TEUR</i>                                                | 2006                       |                               | 2005                       |                               |
|---------------------------------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
|                                                               | <b>Fixed interest rate</b> | <b>Variable interest rate</b> | <b>Fixed interest rate</b> | <b>Variable interest rate</b> |
| Interest-bearing loans                                        | 1,196,738                  | 189,838                       | 953,009                    | 210,430                       |
| Reclassification of short-term loans with fixed interest rate | -415,902                   | 415,902                       | -29,254                    | 29,254                        |
| Effect from derivative instruments (hedging)                  | -271,739                   | 271,739                       | -68,800                    | 68,800                        |
| <b>Interest-bearing loans after hedging effect</b>            | <b>509,097</b>             | <b>877,479</b>                | <b>854,955</b>             | <b>308,484</b>                |

The credit risk associated with financing activities is immaterial because of the strict requirements of Wienerberger's internal financial and treasury guidelines. The credit risk connected with the investment of liquid funds and securities is limited by the fact that virtually all securities held by the Group were issued by Austrian corporations and Wienerberger works only with financing partners who can demonstrate an excellent credit rating.

The assets held by defined benefit pension plans (TEUR 140,378) are invested in stocks (78%), bonds (14%) and other assets (8%) and are subject to normal market risk.

The credit risk on trade receivables can be classified as low because the credit standing of new and existing customers is monitored on a continual basis. No trade receivables due from individual customers comprise more than 5% of total Group receivables. The liquidity of the operating companies is managed by Group Treasury.

Liquidity risk is relatively low because the brick and roofing systems businesses generate high cash flows. Gearing and the equity base form a limit for the possible expansive growth of the Wienerberger Group.

## **Legal Risks**

Depending on the market position in individual countries and the size of planned acquisitions, transactions may be dependent on the approval of cartel authorities. These procedures could lead to delays or, in individual cases, the prohibition of specific mergers or acquisitions. Wienerberger evaluates the cartel risk associated with an acquisition together with national and international legal and business experts during the early stages of work on a project in order to minimize this risk. No acquisitions planned by the Group have ever been prohibited by cartel authorities.

Due to the position of Wienerberger on individual regional markets, the pricing policy of Group subsidiaries is actively monitored by competition authorities. Price-fixing agreements are not part of Wienerberger business policies, and internal guidelines expressly prohibit such activities and call for sanctions in the event of violations.

## **Other Risks**

Wienerberger plants exceed current legal requirements for the prevention of environmental damage, but the intensification of environmental standards presents our engineering department with a continuous range of new challenges. The landfill business was transferred to a foundation in 2001, which considerably reduced the risk for Wienerberger AG from these activities. Legal commitments are identified and met through knowledge of the current legal and contractual situation as well as cooperation with experts and external consultants.

The risks associated with a breakdown of our centralized Group data processing system as the result of natural disasters have been minimized through the parallel installation of systems at facilities in different locations. In recent years, a number of building materials companies with operations in the USA became the subject of class action suits from patients with asbestos-related diseases. After an examination of our US activities, we have classified this risk as minimal because none of our American subsidiaries has ever produced or sold asbestos products.

## **Other Information**

### **31. Significant Events occurring after the Balance Sheet Date (Supplementary Report)**

On February 9, 2007 Wienerberger AG issued a perpetual bond with a volume of TEUR 500,000, which is subordinated to all other creditors. The instrument carries a coupon of 6.50%, which can also be suspended if the dividend is not paid. After ten years Wienerberger AG, but not the creditors, may call the bond or extend the term at a higher variable interest rate. In accordance with IFRS, this hybrid bond is recorded under equity and coupons payable are not shown under financial results on the income statement, but as part of the use of earnings on the changes in equity statement.

On March 1, 2007 the Managing Board of Wienerberger AG decided to make use of the authorization granted by the 137th Annual General Meeting on April 27, 2006 and repurchase up to 300,000 of the Company's shares during the period from March 7, 2007 to June 6, 2007. This share buyback will be carried out over the Vienna Stock Exchange at the current price of the stock, but up to a maximum price of EUR 88.70. Shares repurchased through this transaction will be used to service the stock option plan for management.

## **32. Related Party Transactions**

Transactions with companies in which members of the Supervisory Board of Wienerberger AG are active reflect third-party conditions and are immaterial in scope.

## **33. Stock Option Plan**

On May 8, 2002 the Annual General Meeting of Wienerberger AG authorized the use of Wienerberger AG treasury stock for a stock option plan. Based on this authorization, an option program was implemented for key managers who have a direct influence on the development of the company. After 2002, 2003, 2004 and 2005, options were granted for the fifth time during the 2006 business year. The number of options granted is dependent on the fulfillment of annual performance goals, with budgeted net income for the Group again forming the target for 2006. In order for the 2006 options to become valid, Group net profit must equal at least 95% of budget. If results fall between 95 and 100%, the options will be allocated on a proportional basis.

With the exception of the members of the Managing Board (see individual list), 13 key managers were each granted 5,000 options and 55 key managers were each granted 3,000 options in 2006. In comparison to the previous year, the conditions for the options were modified slightly, above all with respect to the exercise and retention periods. The options have a five-year time to maturity and can be exercised two years after they are granted (three years according to stock option plan 2006). After expiration of this two-year period, the options may be exercised within certain windows four weeks after the announcement of quarterly results. If the employee resigns during this two-year period, the options expire. The exercise price equals the average of all daily closing prices over a period of four weeks beginning with the announcement of preliminary results for the past reporting year, and totals EUR 38.50 for 2006. One-third of the shares that are purchased through the exercise of these options are subject to a 24-month retention period beginning on the date of exercise; the remaining shares are not subject to a retention period. The options are non-negotiable and non-marketable, and each option represents the right to purchase one share.

In order to serve the options granted in 2004, 2005 and 2006 as well as any options granted in subsequent years, the Annual General Meeting on May 12, 2005 approved the issue of authorized conditional capital as well as the purchase of treasury stock. Wienerberger carried out a share buyback program from July 10 to July 21, 2006, which resulted in the purchase of 250,000 shares. During the reporting year 30,000 options for Wienerberger shares from the 2002 stock option plan were exercised at a price of EUR 18.00 each and 305,000 options from the 2003 stock option plan were exercised at a price of EUR 15.50 each. These shares were drawn from treasury stock.

The development of issued stock options is as follows:

|                                            | 2006              |                                   | 2005              |                                   |
|--------------------------------------------|-------------------|-----------------------------------|-------------------|-----------------------------------|
|                                            | Number of options | Average exercise price per option | Number of options | Average exercise price per option |
| <b>Development of options</b>              |                   |                                   |                   |                                   |
| <b>Total at the beginning of the year</b>  | <b>898,373</b>    | <b>23.85</b>                      | <b>934,000</b>    | <b>19.49</b>                      |
| Options granted                            | 293,000           | 38.50                             | 187,373           | 37.50                             |
| Options exercised                          | -335,000          | 15.72                             | -298,000          | 18.00                             |
| Options forfeited                          | 0                 | 0                                 | 0                 | 0                                 |
| Options subsequently accepted by employees | 10,000            | 15.50                             | 75,000            | 20.77                             |
| <b>Total at the end of the year</b>        | <b>866,373</b>    | <b>31.85</b>                      | <b>898,373</b>    | <b>23.85</b>                      |
| Eligible for exercise at year-end          | 38,000            | 15.50                             | 30,000            | 18.00                             |

| Number of options granted              | From 2006      | From 2005      | From 2004      | From 2003      | From 2002      |
|----------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Members of the Managing Board</b>   |                |                |                |                |                |
| Wolfgang Reithofer                     | 18,000         | 12,354         | 18,000         | 18,000         | 18,000         |
| Heimo Scheuch                          | 15,000         | 10,295         | 15,000         | 15,000         | 15,000         |
| Hans Tschuden                          | 15,000         | 10,295         | 15,000         | 15,000         | 15,000         |
| Johann Windisch                        | 15,000         | 10,295         | 15,000         | 15,000         | 15,000         |
| <b>Total for the Managing Board</b>    | <b>63,000</b>  | <b>43,239</b>  | <b>63,000</b>  | <b>63,000</b>  | <b>63,000</b>  |
| Other key employees                    | 230,000        | 144,134        | 300,000        | 335,000        | 335,000        |
| <b>Total number of options granted</b> | <b>293,000</b> | <b>187,373</b> | <b>363,000</b> | <b>398,000</b> | <b>398,000</b> |
| Forfeited due to the end of employment | 0              | 0              | -15,000        | -55,000        | -70,000        |
| Exercised options                      | 0              | 0              | 0              | -305,000       | -328,000       |
| <b>Existing options</b>                | <b>293,000</b> | <b>187,373</b> | <b>348,000</b> | <b>38,000</b>  | <b>0</b>       |
| Eligible for exercise at year-end      | 0              | 0              | 0              | 38,000         | 0              |

| Valuation of options                             |          | From 2006    | From 2005  | From 2004    | From 2003  | From 2002  |
|--------------------------------------------------|----------|--------------|------------|--------------|------------|------------|
| <b>Major parameters for options granted</b>      |          |              |            |              |            |            |
| Market price at granting                         | in EUR   | 42.20        | 33.86      | 27.53        | 17.32      | 18.97      |
| Exercise price                                   | in EUR   | 38.50        | 37.50      | 25.00        | 15.50      | 18.00      |
| Term of options                                  | in years | 5            | 5          | 5            | 5          | 5          |
| Risk-free interest rate                          | in %     | 3.32         | 3.15       | 3.90         | 3.17       | 3.74       |
| Expected volatility                              | in %     | 28           | 28         | 30           | 17         | 15         |
| Present value of options                         | in EUR   | 10.77        | 5.91       | 7.44         | 2.23       | 2.65       |
| <b>Fair value of stock options at grant date</b> | in TEUR  | <b>2,965</b> | <b>962</b> | <b>2,029</b> | <b>710</b> | <b>802</b> |
| Included in personnel expenses for 2006          | in TEUR  | 988          | 341        | 773          | 79         | 0          |

The options were valued based on the Black-Scholes option-pricing model. The interpretation of market information necessary for the estimation of market values also requires a certain degree of subjective judgment. The expected volatility was extrapolated based on the historical development of the price of the Wienerberger share. Therefore, the figures shown here may differ from the values subsequently realized on the marketplace.

Three members of the Managing Board exercised the options granted in 2003 during the reporting year. The resulting number of shares owned by these persons is presented in the remuneration report on page 32.

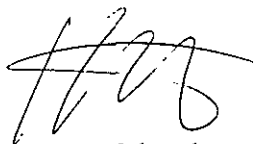
The Managing Board of Wienerberger AG released the consolidated financial statements on March 2, 2007 for distribution to the Supervisory Board. The Supervisory Board has the responsibility to examine the consolidated financial statements, and decide whether it will approve these consolidated financial statements.

Vienna, March 2, 2007

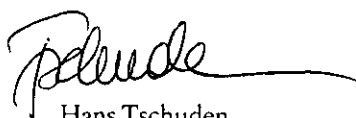
The Managing Board of the Wienerberger AG



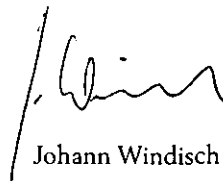
Wolfgang Reithofer,  
CEO



Heimo Scheuch



Hans Tschuden



Johann Windisch

# Group Companies

| Company                                                       | Headquarters        | Share capital | Currency   | Interest       | Type of consolidation | Notes |
|---------------------------------------------------------------|---------------------|---------------|------------|----------------|-----------------------|-------|
| <b>Wienerberger International NV</b>                          | <b>Zaltbommel</b>   | <b>50,000</b> | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Wienerberger Ziegelindustrie GmbH                             | Hennersdorf         | 300,000,000   | ATS        | 100.00%        | VK                    |       |
| Wienerberger Teglaiipari Rt.                                  | Budapest            | 2,140,000,000 | HUF        | 100.00%        | VK                    |       |
| Wienerberger Management Service Szolgáltató és Tanácsadó Kft. | Budapest            | 3,000,000     | HUF        | 100.00%        | OK                    | 1)    |
| Wienerberger cihlarsky prumysl, a.s.                          | Ceske Budejovice    | 961,543,960   | CZK        | 100.00%        | VK                    |       |
| Cihelna Kinsky, spol. s r.o.                                  | Kostelec nad Orlici | 2,000,000     | CZK        | 73.20%         | VK                    |       |
| Wienerberger cihelna Jezernice, spol. s r.o.                  | Ceske Budejovice    | 200,000       | CZK        | 100.00%        | VK                    |       |
| Wienerberger cihelna Brozany, spol. s r.o.                    | Ceske Budejovice    | 75,000,000    | CZK        | 100.00%        | VKE                   |       |
| Wienerberger eurostroj, spol. s r.o.                          | Ceske Budejovice    | 100,000       | CZK        | 100.00%        | VK                    |       |
| Wienerberger euroform, spol. s r.o.                           | Ceske Budejovice    | 44,550,000    | CZK        | 100.00%        | VK                    |       |
| Wienerberger service, spol. s r.o.                            | Ceske Budejovice    | 200,000       | CZK        | 100.00%        | OK                    | 1)    |
| SILJKE s.r.o.                                                 | Ceske Budejovice    | 100,000       | CZK        | 50.00%         | EQE                   |       |
| Wienerberger Slovenske tehelne spol. s r.o.                   | Zlate Moravce       | 100,000,000   | SKK        | 100.00%        | VK                    |       |
| Wienerberger Cegielnie Lebork Sp. z o.o.                      | Warszawa            | 116,334,660   | PLN        | 100.00%        | VK                    |       |
| Handel Ceramika Budowlana Sp. z o.o.                          | Warszawa            | 50,000        | PLN        | 40.00%         | OK                    | 1)    |
| Zeklad Ceramiki Budowlanej Stanisławów SP. z o.o.             | Czestochowa         | 50,000        | PLN        | 100.00%        | OKE                   | 1)    |
| Wienerberger Honoratka Ceramika Budowlana S.A.                | Konin               | 20,187,000    | PLN        | 77.79%         | VK                    |       |
| Wienerberger Karbud S.A.                                      | Warszawa            | 17,081,200    | PLN        | 100.00%        | VK                    |       |
| Wienerberger Ceramika Budowlana Sp. z o.o.                    | Warszawa            | 1,000,000     | PLN        | 93.22%         | VK                    |       |
| Wienerberger Osiek Sp. z o.o.                                 | Warszawa            | 10,008,000    | PLN        | 100.00%        | VK                    |       |
| Wienerberger Cermegad Sp. z o.o.                              | Warszawa            | 5,011,000     | PLN        | 100.00%        | VKE                   |       |
| Wienerberger Zeslawice Sp. z o.o.                             | Warszawa            | 29,490,000    | PLN        | 59.34%         | VKE                   |       |
| Wienerberger Cegielnie Kraków S.A.                            | Warszawa            | 7,637,686     | PLN        | 100.00%        | VKE                   |       |
| Glina Sp. z o.o.                                              | Warszawa            | 50,000        | PLN        | 100.00%        | VK                    |       |
| Glina Nowa Sp. z o.o.                                         | Warszawa            | 50,000        | PLN        | 100.00%        | VK                    |       |
| Koramic Pokrycia Dachowe Sp. z o.o.                           | Warszawa            | 233,458,290   | PLN        | 100.00%        | VK                    |       |
| Wienerberger Ilovac d.d.                                      | Karlovac            | 8,988,040     | HRK        | 99.92%         | VK                    |       |
| Wienerberger Cetera IGM d.d.                                  | Karlovac            | 359,240       | HRK        | 99.70%         | VK                    |       |
| Wienerberger Industrija opeke d.j.l.                          | Sarajevo            | 2,000         | KM         | 100.00%        | VK                    |       |
| Wienerberger Opekarna Ormoz d.d.                              | Ormoz               | 228,130,000   | SIT        | 87.27%         | VK                    |       |
| Opekarna Pragersko d.d.                                       | Pragersko           | 245,262,000   | SIT        | 83.71%         | VK                    |       |
| Wienerberger EOOD                                             | Sofia               | 4,000,000     | BGL        | 100.00%        | VK                    |       |
| Uspeh AD                                                      | Lukovit             | 300,000       | BGL        | 97.59%         | VKE                   |       |
| Agro Property Bulgaria EOOD                                   | Sofia               | 5,000         | BGL        | 100.00%        | OK                    | 1)    |
| Wienerberger d.o.o.                                           | Beograd             | 500           | EUR        | 100.00%        | OKE                   | 1)    |
| Wienerberger Sisteme de Caramizi S.R.L.                       | Bucuresti           | 39,147,100    | RON        | 100.00%        | VK                    |       |
| OOO "Wienerberger Kirpitsch"                                  | Kirschatsch         | 469,423,261   | RUR        | 100.00%        | VK                    |       |
| Wienerberger Finanz-S.A.                                      | Luxembourg          | 12,208,670    | USD        | 100.00%        | VK                    |       |
| Wienerberger TOV                                              | Kyiv                | 162,484       | EUR        | 100.00%        | VKE                   |       |

| Company                                               | Headquarters       | Share capital     | Currency   | Interest       | Type of consolidation | Notes |
|-------------------------------------------------------|--------------------|-------------------|------------|----------------|-----------------------|-------|
| <b>Semmelrock International GmbH</b>                  | <b>Klagenfurt</b>  | <b>3,000,000</b>  | <b>EUR</b> | <b>75.00%</b>  | <b>VK</b>             |       |
| Semmelrock Baustoffindustrie GmbH                     | Klagenfurt         | 1,000,000         | EUR        | 75.00%         | VK                    |       |
| Semmelrock Industriebeteiligungsverwaltung GmbH       | Wien               | 35,000            | EUR        | 75.00%         | VK                    |       |
| Semmelrock Stein & Design Kft.                        | Ocsa               | 983,000,000       | HUF        | 75.00%         | VK                    |       |
| Semmelrock Stein + Design Dlazby s.r.o.               | Sered              | 91,200,000        | SKK        | 75.00%         | VK                    |       |
| Semmelrock Stein & Design d.o.o.                      | Ogulin             | 15,520,000        | HRK        | 75.00%         | VK                    |       |
| Semmelrock Stein & Design Sp. z o.o.                  | Gliwice            | 11,800,000        | PLN        | 75.00%         | VK                    |       |
| Semmelrock Stein + Design S.R.L.                      | Gura Ocnitei       | 9,423,320         | RON        | 75.00%         | VK                    |       |
| Semmelrock Tlakovci d.o.o.                            | Ormoz              | 2,100,000         | SIT        | 75.00%         | OK                    | 1)    |
| Semmelrock Colorbeton a.s.                            | Praha              | 2,000,000         | CZK        | 75.00%         | VKE                   |       |
| Semmelrock Stein + Design EOOD                        | Sofia              | 5,000             | BGL        | 75.00%         | OKE                   | 1)    |
| <b>Bramac Dachsysteme International GmbH</b>          | <b>Pöchlarn</b>    | <b>40,000,000</b> | <b>ATS</b> | <b>50.00%</b>  | <b>QU</b>             |       |
| Bramac stresni systemy spol. s r. o.                  | Praha              | 160,000,000       | CZK        | 50.00%         | QU                    |       |
| Bramac Dachsteinproduktion und Baustoffindustrie Kft. | Veszprem           | 1,831,880,000     | HUF        | 50.00%         | QU                    |       |
| Bramac stresni sistemi d.o.o.                         | Skocjan            | 910,000,000       | SIT        | 50.00%         | QU                    |       |
| Bramac Krovni Sistemi d.o.o.                          | Beograd            | 750,000           | EUR        | 50.00%         | QU                    |       |
| Bramac Stresne Systemy spol. s r.o.                   | Ivanka pri Nitre   | 173,835,000       | SKK        | 50.00%         | QU                    |       |
| Bramac Pokrovni Sistemi d.o.o.                        | Novi Zagreb        | 7,778,000         | HRK        | 50.00%         | QU                    |       |
| Bramac Sisteme de Invelitori S.R.L.                   | Sibiu              | 8,658,000         | RON        | 50.00%         | QU                    |       |
| Bramac pokrivni sistemi EOOD                          | Silistra           | 846,200           | BGL        | 50.00%         | QU                    |       |
| Bramac Krovni Sistemi d.o.o.                          | Sarajevo           | 2,000             | DEM        | 50.00%         | QU                    |       |
| <b>Wienerberger Ziegelindustrie GmbH</b>              | <b>Hannover</b>    | <b>9,500,000</b>  | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Argeton GmbH                                          | Bogen              | 1,600,000         | EUR        | 100.00%        | VKE                   |       |
| Schlagmann Beteiligungs GmbH                          | Zeilarn            | 26,000            | EUR        | 50.00%         | OK                    | 1)    |
| Schlagmann Baustoffwerke GmbH & Co KG                 | Zeilarn            | 10,300,000        | EUR        | 50.00%         | QU                    |       |
| Pro Massivhaus Service und Training GmbH              | Lanhofen           | 25,000            | EUR        | 50.00%         | OK                    | 1)    |
| Wienerberger Vermögensgesellschaft mbH                | Hannover           | 25,000            | EUR        | 100.00%        | VK                    |       |
| Wienerberger Systemschornstein GmbH & Co. KG          | Hannover           | 130,000           | DEM        | 100.00%        | OK                    | 1)    |
| Krauss Kaminwerke Verwaltungs-GmbH                    | Hannover           | 26,000            | EUR        | 100.00%        | OK                    | 1)    |
| Ziegelwerk B GmbH                                     | Hannover           | 26,000            | EUR        | 100.00%        | OK                    | 1)    |
| Tongruben Verwaltungs GmbH                            | Hannover           | 26,000            | EUR        | 100.00%        | OK                    | 1)    |
| TZ Tonabbau + Ziegelproduktion GmbH                   | Hannover           | 26,000            | EUR        | 94.23%         | VK                    |       |
| von Müller Dachprodukte Verwaltungs-GmbH              | Hannover           | 25,000            | EUR        | 100.00%        | OK                    | 1)    |
| von Müller Dachprodukte GmbH & Co. KG                 | Hannover           | 2,000,000         | EUR        | 100.00%        | VK                    |       |
| F.v. Müller Dachziegelwerke Görlitz GmbH              | Görlitz            | 500,000           | DEM        | 100.00%        | OK                    | 1)    |
| Megalith Bohemia s r. o.                              | Slany, okr. Kladno | 2,000,000         | CZK        | 100.00%        | OK                    | 1)    |
| Koramic Verwaltungs-GmbH                              | Hannover           | 26,000            | EUR        | 100.00%        | OK                    | 1)    |
| Koramic Dachprodukte GmbH & Co. KG                    | Hannover           | 5,000,000         | EUR        | 100.00%        | VK                    |       |
| <b>ZZ Wancor</b>                                      | <b>Regensdorf</b>  | <b>1,000,000</b>  | <b>CHF</b> | <b>100.00%</b> | <b>VK</b>             |       |
| ZZW Swissbrick AG                                     | Regensdorf         | 200,000           | CHF        | 100.00%        | VK                    |       |
| <b>Wienerberger Brunori SRL</b>                       | <b>Bubano</b>      | <b>4,056,000</b>  | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Alaudae SRL                                           | Bubano             | 51,130            | EUR        | 100.00%        | VK                    |       |
| Wienerberger Tacconi SRL                              | Roma               | 1,187,952         | EUR        | 59.99%         | VK                    |       |
| Fornaci Giuliane S.p.A.                               | Cormons            | 1,900,000         | EUR        | 30.00%         | EQ                    |       |

| Company                                      | Headquarters        | Share capital      | Currency   | Interest       | Type of consolidation | Notes |
|----------------------------------------------|---------------------|--------------------|------------|----------------|-----------------------|-------|
| <b>Wienerberger NV</b>                       | <b>Kortrijk</b>     | <b>102,736,187</b> | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Ampe Steenbakkerijen NV                      | Pittem-Egem         | 2,500,000          | EUR        | 100.00%        | VKE                   |       |
| Syndikaat Machiensteen II NV                 | Rumst               | 1,484,400          | EUR        | 100.00%        | VK                    |       |
| Terca Zonnebeke NV                           | Zonnebeke           | 8,040,500          | EUR        | 100.00%        | VK                    |       |
| Terca Quirijnen NV                           | Malle West          | 4,624,000          | EUR        | 100.00%        | VK                    |       |
| Deva-Kort NV                                 | Kortemark           | 247,894            | EUR        | 100.00%        | VK                    |       |
| Steenfabrieken Desimpel NV                   | Kortrijk            | 12,102,410         | EUR        | 100.00%        | VK                    |       |
| Briqueterie de Peruwelz NV                   | Kortemark           | 22,483,943         | EUR        | 100.00%        | VK                    |       |
| Desimpel Kortemark Industries NV             | Kortemark           | 350,000            | EUR        | 100.00%        | VK                    |       |
| Wienerberger Coordination Center NV          | Kortrijk            | 75,831,000         | EUR        | 100.00%        | VK                    |       |
| <b>Wienerberger B.V.</b>                     | <b>Zaltbommel</b>   | <b>25,457,070</b>  | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Van Hesteren & Janssens B.V.                 | Zaltbommel          | 363,024            | EUR        | 100.00%        | VK                    |       |
| Desimpel AK1 B.V.                            | Amsterdam           | 70,000             | EUR        | 100.00%        | VK                    |       |
| BrickTrading Holland B.V.                    | Zaltbommel          | 18,000             | EUR        | 100.00%        | VK                    |       |
| German Brick Trading B.V.                    | Wijchen             | 249,700            | EUR        | 100.00%        | VK                    |       |
| Steenhandel Oost Nederland B.V.              | Rijssen             | 3,630              | EUR        | 100.00%        | VK                    |       |
| Aberson Bouwmaterialen B.V.                  | Zwolle              | 59,899             | EUR        | 100.00%        | VK                    |       |
| Koramic Dachziegel Handels GmbH              | Brüggen-Niederrhein | 25,565             | EUR        | 100.00%        | EQ                    |       |
| Steencentrale Neerbosch B.V.                 | Wijchen             | 45,400             | EUR        | 100.00%        | VK                    |       |
| Leeuwis B.V.                                 | Wijchen             | 91,210             | EUR        | 100.00%        | VK                    |       |
| Handelsmaatschappij Rellingen B.V.           | Wijchen             | 136,134            | EUR        | 100.00%        | VK                    |       |
| Steinzentrale Nord GmbH                      | Rellingen           | 52,500             | EUR        | 100.00%        | VK                    |       |
| Desimpel Klinker (Deutschland) GmbH          | Emmerich            | 25,000             | EUR        | 100.00%        | VK                    |       |
| Desimpel Klinker (Deutschland) GmbH & Co. KG | Emmerich            | 50,000             | EUR        | 100.00%        | VK                    |       |
| <b>Galileo Brick Limited</b>                 | <b>Cheadle</b>      | <b>2,000,000</b>   | <b>GBP</b> | <b>100.00%</b> | <b>VK</b>             |       |
| Wienerberger (UK) Limited                    | Manchester          | 780,646            | GBP        | 100.00%        | VK                    |       |
| The Brick and Stone Company Limited          | Cheadle             | 5,000              | GBP        | 100.00%        | VK                    |       |
| Terca Reclaimed Buildings Materials Limited  | Cheadle             | 15,000             | GBP        | 100.00%        | VK                    |       |
| Wienerberger Limited                         | Cheadle             | 1                  | GBP        | 100.00%        | VK                    |       |
| Galileo Block Limited                        | Cheadle             | 104,002            | GBP        | 100.00%        | VK                    |       |
| Galileo Block 2 Limited                      | Cheadle             | 2                  | GBP        | 100.00%        | VK                    |       |
| Chelwood Group Unlimited                     | Cheadle             | 5,975,506          | GBP        | 100.00%        | VK                    |       |
| The Brick Business Limited                   | Cheadle             | 900,002            | GBP        | 100.00%        | VK                    |       |
| The Ockley Brick Company Limited             | Cheadle             | 700                | GBP        | 100.00%        | VK                    |       |
| Chelwood Brick Limited                       | Cheadle             | 890,850            | GBP        | 100.00%        | VK                    |       |
| Ambion Brick Company Limited                 | Cheadle             | 6,698,797          | GBP        | 100.00%        | VK                    |       |
| Ockley Building Products Limited             | Cheadle             | 500,000            | GBP        | 100.00%        | VK                    |       |
| Irlam Brick Limited                          | Cheadle             | 15,100             | GBP        | 100.00%        | VK                    |       |
| Galileo Trustee Limited                      | Cheadle             | 1                  | GBP        | 100.00%        | VK                    |       |
| DMWSL 320 Limited                            | Cheadle             | 1                  | GBP        | 100.00%        | VK                    |       |
| Wienerberger Brick Industry Private Limited  | Bangalore           | 100,000            | INR        | 99.99%         | OKE                   | 1)    |

| Company                                           | Headquarters        | Share capital      | Currency   | Interest       | Type of consolidation | Notes     |
|---------------------------------------------------|---------------------|--------------------|------------|----------------|-----------------------|-----------|
| <b>Wienerberger Participations SAS</b>            | <b>Achenheim</b>    | <b>36,000,000</b>  | <b>EUR</b> | <b>100.00%</b> | <b>VK</b>             |           |
| Wienerberger SAS                                  | Achenheim           | 30,000,000         | EUR        | 100.00%        | VK                    |           |
| Pacema SAS                                        | Achenheim           | 3,800,000          | EUR        | 100.00%        | VK                    |           |
| Société du Terril d'Hulluch (STF) SNC             | Lens                | 300,000            | EUR        | 50.00%         | OK                    | 1)        |
| Desimpel Briques SAS                              | Cauchy à la Tour    | 3,821,410          | EUR        | 100.00%        | VK                    |           |
| Koramic Tuiles SAS                                | Recologne           | 10,000,000         | EUR        | 100.00%        | VK                    |           |
| Briqueterie et Carrieres Bar SA                   | Flines Les Raches   | 513,000            | EUR        | 52.10%         | OKE                   | 1)        |
| <b>Wienerberger A/S</b>                           | <b>Brøndby</b>      | <b>107,954,000</b> | <b>DKK</b> | <b>100.00%</b> | <b>VK</b>             |           |
| Petersminde Teglvaerk A/S                         | Stenstrup           | 1,700,000          | DKK        | 100.00%        | VK                    |           |
| Wienerberger AS                                   | Lunde i Telemark    | 43,546,575         | NOK        | 100.00%        | VK                    |           |
| Wienerberger AB                                   | Bjärred             | 17,550,000         | SEK        | 100.00%        | VK                    |           |
| Wienerberger OY AB                                | Helsinki            | 1,000,000          | EUR        | 100.00%        | VK                    |           |
| Wienerberger AS                                   | Aseri               | 24,074,000         | EEK        | 100.00%        | VK                    |           |
| Terca OÜ                                          | Aseri Ida-Virumaa   | 40,000             | EEK        | 100.00%        | OKE                   | 1)        |
| <b>General Shale Brick, Inc.</b>                  | <b>Johnson City</b> | <b>1,000</b>       | <b>USD</b> | <b>100.00%</b> | <b>VK</b>             |           |
| General Shale Finance S.à.r.l.                    | Luxembourg          | 12,500             | EUR        | 100.00%        | OKE                   | 1)        |
| General Shale Building Materials, Inc.            | Johnson City        | 1,000              | USD        | 100.00%        | VK                    |           |
| Robinson Brick Company                            | Denver              | 118,509,708        | USD        | 100.00%        | VKE                   |           |
| Robinson Brick Company-Billings LLC               | Denver              | 0                  | USD        | 100.00%        | VKE                   |           |
| Robinson Brick Company-Block LLC                  | Denver              | 0                  | USD        | 100.00%        | VKE                   |           |
| Robinson Brick Company-Aucutt's LLC               | Denver              | 0                  | USD        | 100.00%        | VKE                   |           |
| Robinson Brick Company-Northern LLC               | Denver              | 0                  | USD        | 100.00%        | VKE                   |           |
| Modern Concrete, LLC                              | Louisville          | 1,000              | USD        | 35.00%         | EQ                    |           |
| Curley Building Material, Inc.                    | Carmel              | 10,000             | USD        | 100.00%        | VKE                   |           |
| <b>Pipelife International GmbH</b>                | <b>Wr. Neudorf</b>  | <b>29,000,000</b>  | <b>EUR</b> | <b>50.00%</b>  | <b>EQ</b>             | <b>2)</b> |
| <b>Wienerberger Dach Beteiligungs GmbH</b>        | <b>Wien</b>         | <b>500,000</b>     | <b>ATS</b> | <b>100.00%</b> | <b>VK</b>             |           |
| WIBRA Tondachziegel Beteiligungs-GmbH             | Wien                | 500,000            | ATS        | 50.00%         | QU                    |           |
| Tondach Gleinstätten AG                           | Gleinstätten        | 500,000            | EUR        | 25.00%         | EQ                    | 3)        |
| <b>Wienerberger Beteiligungs GmbH</b>             | <b>Wien</b>         | <b>1,000,000</b>   | <b>ATS</b> | <b>100.00%</b> | <b>VK</b>             |           |
| Wienerberger Anteilsverwaltung GmbH               | Wien                | 35,000             | EUR        | 100.00%        | VK                    |           |
| Wienerberger Industriebeteiligungsverwaltung GmbH | Wien                | 35,000             | EUR        | 100.00%        | VK                    |           |
| Wienerberger Finance Service B.V.                 | Zaltbommel          | 18,000             | EUR        | 100.00%        | VK                    |           |
| Wienerberger Finanz Service GmbH                  | Wien                | 25,435,492         | EUR        | 100.00%        | VK                    |           |
| Wienerberger France Holding GmbH                  | Wien                | 35,000             | EUR        | 100.00%        | VK                    |           |
| Wienerberger ZZ Holding GmbH                      | Wien                | 35,000             | EUR        | 100.00%        | VK                    |           |
| VVT Vermögensverwaltung GmbH                      | Wien                | 36,000             | EUR        | 100.00%        | VK                    |           |
| WK Services NV                                    | Kortrijk            | 32,226,158         | EUR        | 100.00%        | VK                    |           |
| Keramo Wienerberger Steinzeugwerk Zwickau GmbH    | Zwickau             | 4,000,000          | DEM        | 100.00%        | EQ                    |           |
| Wienerberger Beteiligungs GmbH                    | Hannover            | 26,000             | EUR        | 100.00%        | OK                    | 1)        |

VK ..... Full consolidation

VKE..... First time full consolidation

QU ..... Proportional consolidation

QUE ... First time proportional consolidation

EQ..... Equity accounting

EQE... First time equity accounting

OK .... No consolidation

OKE .. No consolidation (first time)

1) Immaterial

2) Holding company of Pipelife Group

3) Holding company of Gleinstätten Group

# Unqualified Opinion

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Wienerberger AG, Vienna, for the financial year from 1 January to 31 December 2006. These consolidated financial statements comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year ended 31 December 2006, and a summary of significant accounting policies and other explanatory notes.

## **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 December 2006, and of its financial performance and its cash flows for the financial year from 1 January to 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU.

## **Report on Other Legal and Regulatory Requirements**

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group.

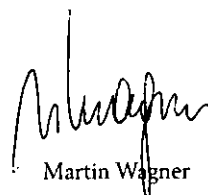
In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, March 7, 2007

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Rainer Hassler  
Austrian Certified Public Accountant



Martin Wagner  
Austrian Certified Public Accountant

# Financial Statements of Wienerberger AG

|                                            | 2006<br>in TEUR | 2005<br>in TEUR |
|--------------------------------------------|-----------------|-----------------|
| <b>Income Statement of Wienerberger AG</b> |                 |                 |
| <b>Income from subsidiaries</b>            | <b>128,674</b>  | <b>120,543</b>  |
| Interest result                            | -26,968         | -22,062         |
| Other financial result                     | -3,746          | -12,728         |
| <b>Income from financing activities</b>    | <b>97,960</b>   | <b>85,753</b>   |
| Revenues                                   | 42,568          | 37,870          |
| Other operating income                     | 18,740          | 23,718          |
| Personnel expenses                         | -19,739         | -16,808         |
| Depreciation                               | -3,602          | -2,757          |
| Other operating expenses                   | -34,519         | -30,396         |
| <b>Profit on ordinary activities</b>       | <b>101,408</b>  | <b>97,380</b>   |
| Income taxes                               | 6,855           | 2,065           |
| <b>Profit after tax</b>                    | <b>108,263</b>  | <b>99,445</b>   |
| Reversal of untaxed reserves               | 278             | 3,490           |
| Addition to reserves                       | -13,000         | -17,000         |
| Profit carried forward                     | 268             | 748             |
| <b>Net profit</b>                          | <b>95,809</b>   | <b>86,683</b>   |

The Annual Financial Statements of Wienerberger AG, which were prepared in accordance with Austrian generally accepted accounting principles, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and awarded an unqualified opinion. These Annual Financial Statements and all supplementary information will be filed with the Company Register of the Commercial Court in Vienna under Number 77676 f. Copies of these Annual Financial Statements are available free of charge directly from Wienerberger AG, 1100 Vienna, and will also be available at the Annual General Meeting.

## Recommendation for the Distribution of Profits

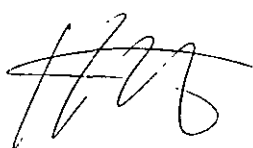
We recommend the Annual General Meeting approve the following proposal for the distribution of profits totaling EUR 95,808,576.01: payment of a dividend of EUR 1.30 per share on issued capital of EUR 74,167,796.00, or EUR 96,418,134.80 less a pro rata share for treasury stock of EUR 1,105,006.50, for a total distribution of EUR 95,313,128.30 and carry forward of the remaining EUR 495,447.71.

Vienna, March 2007

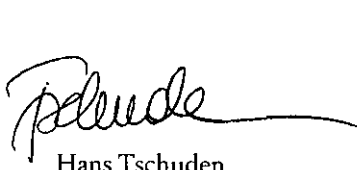
The Managing Board of Wienerberger AG



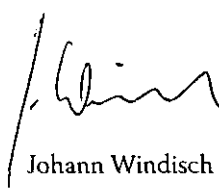
Wolfgang Reithofer,  
CEO



Heimo Scheuch



Hans Tschuden



Johann Windisch

| <b>Balance Sheet of Wienerberger AG</b> | <b>31.12.2006</b> | <b>31.12.2005</b> |
|-----------------------------------------|-------------------|-------------------|
|                                         | <i>in TEUR</i>    | <i>in TEUR</i>    |
| <b>Assets</b>                           |                   |                   |
| Intangible assets                       | 17,384            | 19,805            |
| Property, plant and equipment           | 27,663            | 30,526            |
| Financial assets                        | 2,058,936         | 1,937,692         |
| <b>Fixed and financial assets</b>       | <b>2,103,982</b>  | <b>1,988,023</b>  |
| Finished goods and merchandise          | 141               | 141               |
| Trade receivables                       | 10,355            | 14,571            |
| Receivables from subsidiaries           | 416,415           | 471,418           |
| Other receivables and assets            | 7,432             | 4,991             |
| Securities and other investments        | 40,929            | 38,762            |
| Cash and cash at bank                   | 100,085           | 129,791           |
| <b>Current assets</b>                   | <b>575,357</b>    | <b>659,674</b>    |
| Prepayments and deferred charges        | 2,405             | 2,844             |
| <b>Total Assets</b>                     | <b>2,681,744</b>  | <b>2,650,541</b>  |
| <b>Equity and Liabilities</b>           |                   |                   |
| Issued capital                          | 74,168            | 74,168            |
| Share premium account                   | 940,140           | 940,140           |
| Retained earnings                       | 387,574           | 374,574           |
| Profit and loss account                 | 95,809            | 86,683            |
| <b>Equity</b>                           | <b>1,497,691</b>  | <b>1,475,565</b>  |
| <b>Untaxed reserves</b>                 | <b>10,505</b>     | <b>10,783</b>     |
| <b>Provisions</b>                       | <b>60,105</b>     | <b>37,520</b>     |
| Bonds                                   | 400,000           | 400,000           |
| Interest-bearing loans                  | 668,825           | 681,172           |
| Trade payables                          | 2,413             | 2,781             |
| Liabilities to subsidiaries             | 8,021             | 8,844             |
| Other liabilities                       | 34,185            | 33,876            |
| <b>Liabilities</b>                      | <b>1,113,444</b>  | <b>1,126,673</b>  |
| <b>Total Equity and Liabilities</b>     | <b>2,681,744</b>  | <b>2,650,541</b>  |

# Addresses of Major Companies

## Headquarters:

### Wienerberger AG

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T +43 (1) 60 192-0, info@wienerberger.com, www.wienerberger.com

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www.pipelife.com

On the  
**one hand,**  
you don't  
have to  
know  
what FFO  
means.

On the  
**other  
hand,** it  
can't hurt  
to take a  
look.

# Financial Calendar

|                      |                                                                                      |
|----------------------|--------------------------------------------------------------------------------------|
| March 27, 2007       | 2006 Results: Press and Analysts Conference in Vienna                                |
| March 28, 2007       | 2006 Results: Analysts Conference in London                                          |
| May 8, 2007          | First Quarter Results for 2007                                                       |
| May 10, 2007         | 138 <sup>th</sup> Annual General Meeting in the Austria Center Vienna                |
| May 14, 2007         | Deduction of dividends for 2006 (ex-day)                                             |
| May 16, 2007         | First day of payment for 2006 dividends                                              |
| August 21, 2007      | Results for the First Six Months of 2007:<br>Press and Analysts Conference in Vienna |
| August 22, 2007      | Results for the First Six Months of 2007: Analysts Conference in London              |
| November 14, 2007    | Third Quarter Results for 2007                                                       |
| November 15/16, 2007 | Capital Markets Day                                                                  |

## Information on the Company and the Wienerberger Share

|                            |                                |
|----------------------------|--------------------------------|
| Investor Relations Officer | Thomas Melzer                  |
| Shareholders' Telephone    | +43 (1) 601 92-463             |
| E-Mail                     | communication@wienerberger.com |
| 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 2006

<http://annualreport.wienerberger.com>

If you want to learn more about  
Wienerberger and there is no order card  
attached, you can ask for our annual  
or quarterly reports or add your name  
to our mailing list by contacting us at  
T +43 (1) 60192-463 or  
[communication@wienerberger.com](mailto:communication@wienerberger.com)

The Annual Report and Annual Financial Statements for 2006  
were presented at the press conference on March 27, 2007 and  
at the 138th Annual General Meeting on May 10, 2007 in Vienna.  
Available in German and English.

**Publisher:**  
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**The Managing Board:** Wolfgang Reithofer, CEO, Willy Van Riet, CFO  
**Investor Relations:** Thomas Melzer

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| 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006               | CAGR 97-06 |
|---------|---------|---------|---------|---------|---------|--------------------|------------|
| 1,670.3 | 1,544.9 | 1,653.7 | 1,826.9 | 1,758.8 | 1,954.6 | 2,225.0            | 8%         |
| 403.4   | 202.2   | 323.1   | 349.9   | 405.4   | 429.3   | 476.6              | 8%         |
| 307.8   | 221.2   | 302.6   | 349.9   | 405.4   | 428.4   | 471.9              | 9%         |
| 18.4    | 14.3    | 18.3    | 19.2    | 23.1    | 21.9    | 21.2               |            |
| 254.3   | -25.8   | 151.9   | 190.2   | 257.5   | 269.6   | 297.5              | 10%        |
| 158.7   | 66.2    | 151.6   | 190.2   | 257.5   | 270.3   | 299.6              | 11%        |
| 228.3   | -62.7   | 119.5   | 154.3   | 231.4   | 251.3   | 277.3              | 10%        |
| 201.4   | -17.8   | 85.9    | 113.1   | 181.8   | 196.4   | 218.3              | 9%         |
| 244.0   | 241.3   | 237.3   | 274.6   | 300.7   | 212.5   | 272.1              | 3%         |
| 287.1   | 228.0   | 181.3   | 392.6   | 632.6   | 338.7   | 530.4              | 18%        |
| 604.8   | 674.1   | 618.5   | 739.0   | 762.4   | 934.4   | 1,159.8            | 26%        |
| 1,568.5 | 1,613.9 | 1,508.7 | 1,635.4 | 2,031.5 | 2,289.4 | 2,598.2            | 14%        |
| 54.5    | 66.9    | 63.6    | 75.2    | 55.8    | 63.0    | 72.9               |            |
| 5.2     | -0.7    | 4.4     | 5.3     | 7.7     | 6.2     | 6.2                |            |
| 18.6    | -1.8    | 9.0     | 11.5    | 13.3    | 13.2    | 13.7               |            |
| 7.8     | 4.0     | 7.1     | 8.4     | 9.7     | 8.9     | 8.8 <sup>9)</sup>  |            |
| -2.6    | -48.1   | 1.4     | 22.4    | 43.8    | 31.8    | 34.1 <sup>9)</sup> |            |
| 11.4    | 7.3     | 10.0    | 12.1    | 12.9    | 12.2    | 12.0 <sup>9)</sup> |            |
| -17.7   | -141.0  | -59.5   | 3.0     | 28.6    | 5.9     | -1.9 <sup>9)</sup> |            |
| 11,069  | 11,331  | 11,478  | 12,237  | 12,154  | 13,327  | 13,639             | 7%         |

| 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | CAGR 97-06 |
|---------|---------|---------|---------|---------|---------|---------|------------|
| 2.86    | -0.29   | 1.31    | 1.71    | 2.54    | 2.66    | 2.95    | 8%         |
| 1.69    | 0.83    | 1.57    | 2.01    | 2.54    | 2.67    | 3.02    | 9%         |
| 0.80    | 0.60    | 0.66    | 0.77    | 1.07    | 1.18    | 1.30    | 13%        |
| 55.1    | 38.8    | 42.7    | 49.8    | 78.7    | 86.4    | 95.3    | 14%        |
| 15.7    | 14.8    | 15.1    | 15.2    | 19.6    | 20.3    | 21.7    | 8%         |
| 19.13   | 15.75   | 16.95   | 21.18   | 35.15   | 33.80   | 45.00   | 8%         |
| 68,823  | 67,975  | 64,640  | 64,645  | 69,598  | 73,196  | 73,309  | 1%         |
| 1,328.7 | 1,093.9 | 1,106.5 | 1,382.6 | 2,607.0 | 2,506.9 | 3,337.6 | 9%         |

| 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | CAGR 97-06 |
|---------|---------|---------|---------|---------|---------|---------|------------|
| 1,611.3 | 1,556.3 | 1,460.9 | 1,601.9 | 2,012.7 | 2,232.1 | 2,531.6 | 12%        |
| 300.7   | 331.8   | 370.2   | 348.4   | 391.4   | 445.9   | 509.8   | 10%        |
| 624.3   | 543.8   | 491.1   | 598.2   | 461.8   | 591.6   | 632.9   | 2%         |
| 2,536.3 | 2,431.9 | 2,322.2 | 2,548.5 | 2,865.9 | 3,269.6 | 3,674.3 | 10%        |
| 1,109.2 | 1,008.0 | 973.1   | 983.0   | 1,367.2 | 1,483.1 | 1,591.4 | 9%         |
| 325.6   | 283.1   | 310.1   | 307.0   | 271.0   | 273.7   | 288.1   | 2%         |
| 1,101.5 | 1,140.8 | 1,039.0 | 1,258.5 | 1,227.7 | 1,512.8 | 1,794.8 | 13%        |

7) Adjusted for treasury stock, adjusted for 1:8 stock split (1999)

8) Equity including minority interest

9) Adjusted for the acquisition of Robinson Brick in the USA during 2006, ROCE equals 9.1% and EVA totals € 39.0 million, CFROI equals 12.1% and CVA totals € 4.5 million.

Note: The above data reflect figures reported in the relevant year; no retroactive adjustments were made for deconsolidated segments

# Ten-Year Review

| Corporate Data                              |            | 1997    | 1998    | 1999    |
|---------------------------------------------|------------|---------|---------|---------|
| Revenues                                    | in € mill. | 1,113.7 | 1,143.3 | 1,337.5 |
| EBITDA <sup>1)</sup>                        | in € mill. | 240.7   | 258.2   | 308.9   |
| Operating EBITDA <sup>2)</sup>              | in € mill. | 226.3   | 231.4   | 274.5   |
| EBITDA margin <sup>2)</sup>                 | in %       | 20.3    | 20.2    | 20.5    |
| EBIT <sup>1)</sup>                          | in € mill. | 131.1   | 162.6   | 187.8   |
| Operating EBIT <sup>2)</sup>                | in € mill. | 116.7   | 135.8   | 153.4   |
| Profit before tax                           | in € mill. | 117.5   | 163.1   | 178.6   |
| Profit after tax                            | in € mill. | 101.4   | 116.5   | 124.7   |
| Free cash flow                              | in € mill. | 203.2   | 124.5   | 98.0    |
| Total investments                           | in € mill. | 117.5   | 301.8   | 500.7   |
| Net debt                                    | in € mill. | 143.7   | 249.1   | 573.1   |
| Capital employed                            | in € mill. | 797.6   | 936.1   | 1,297.7 |
| Gearing                                     | in %       | 19.0    | 29.7    | 62.2    |
| Interest cover <sup>3)</sup>                |            | 13.8    | 282.2   | 10.7    |
| Return on equity <sup>4)</sup>              | in %       | 13.7    | 14.3    | 14.0    |
| ROCE <sup>2)</sup>                          | in %       | 12.0    | 9.5     | 7.4     |
| EVA <sup>2)</sup>                           | in € mill. | 24.2    | 5.1     | -7.4    |
| CFROI <sup>2)</sup>                         | in %       | 14.1    | 12.9    | 11.6    |
| CVA <sup>2)</sup>                           | in € mill. | 33.2    | 15.8    | -10.9   |
| Employees <sup>5)</sup>                     |            | 7,574   | 7,988   | 10,374  |
| Stock Exchange Data                         |            | 1997    | 1998    | 1999    |
| Earnings per share                          | in €       | 1.43    | 1.64    | 1.74    |
| Adjusted earnings per share <sup>6)</sup>   | in €       | 1.37    | 1.29    | 1.40    |
| Dividend per share                          | in €       | 0.42    | 0.45    | 0.50    |
| Dividends                                   | in € mill. | 29.0    | 31.5    | 34.7    |
| Equity per share                            | in €       | 10.6    | 11.7    | 12.9    |
| Share price at year-end                     | in €       | 22.03   | 21.18   | 21.59   |
| Shares outstanding (weighted) <sup>7)</sup> | in 1,000   | 69,455  | 69,455  | 69,223  |
| Market capitalization at year-end           | in € mill. | 1,530.0 | 1,471.3 | 1,499.5 |
| Condensed Balance Sheet                     |            | 1997    | 1998    | 1999    |
| Fixed and financial assets                  | in € mill. | 892.6   | 1,121.4 | 1,446.8 |
| Inventories                                 | in € mill. | 214.8   | 223.4   | 265.4   |
| Other assets                                | in € mill. | 507.9   | 687.8   | 631.6   |
| Balance sheet total                         | in € mill. | 1,615.3 | 2,032.6 | 2,343.8 |
| Equity <sup>8)</sup>                        | in € mill. | 756.9   | 838.1   | 921.2   |
| Provisions                                  | in € mill. | 239.5   | 263.1   | 311.9   |
| Liabilities                                 | in € mill. | 619.0   | 931.4   | 1,110.7 |

## Notes:

1) Including non-recurring income and expenses

2) Adjusted for non-recurring income and expenses

3) Operating EBIT : Interest result

4) Profit after tax : Equity

5) Average number of employees during the year

6) Before amortization of goodwill and excluding non-recurring income and expenses



All's well  
that ends well!

END