

Western Digital

Western Digital: 30/06/2007 – 30/06/2008

- 30/06/2007 – 30/06/2008:
+73.23%



Source Bloomberg

JD Wetherspoon

JD Wetherspoon: 30/06/2008 – 30/06/2009

- 30/06/2008 – 30/06/2009:
+92.91%



Source Bloomberg



Wienerberger

Building Value

Company Profile



- Global leader in the production of clay construction products:
 - Hollow Bricks —————> World largest producer
 - Facing Bricks —————> EU largest producer, co – leader in the US
 - Roof-tiles —————> EU 2nd largest producer
 - Pavers —————> Central Europe 2nd largest producer
- Founded in 1819 in Vienna
- Traded since 1869 on the Vienna Stock Exchange
- Started international expansion in 1986
- More than 243 plants in 26 countries
- 13,140 Employees

Shareholders & Management

- **Ownership Structure:**

- Wienerberger is a pure free float company
- Without a core shareholder
- Main shareholder is US Value Fund Dodge & Cox (10%)

- **Management:**

Wolfgang Reithofer



Chief Executive Officer

He joined Wienerberger as an officer in 1981, then became Vice – Chairman in 1992 and CEO in May 2001

Heimo Scheuch



Deputy Chief Executive Officer

He joined Wienerberger in 1996 and he is now responsible for core ceramics building materials business

Willy van Riet



Chief Financial Officer

He started his career with Price Waterhouse Cooper, joined Wienerberger Management Committee in 2004.

Johann Windisch



Chief Operating Officer

He joined Wienerberger in 1980 and took over the direction of the building construction area in 1983

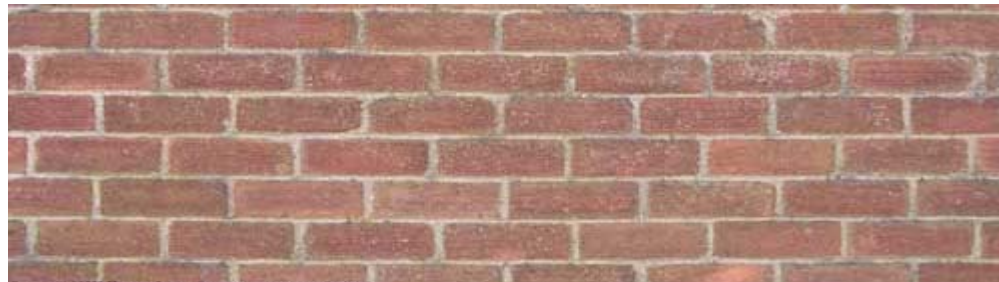
Company History



- **1819:** Founded by Alois Miesbach on the Wienerberg in Vienna
- **1855:** Largest bricks producer with 9 Plants and 4,700 Employees
- **1945:** Destruction of plants on the Wienerberg in aerial attacks
- **1980:** Start of reorganization and turnaround under new management
- **1986:** Start of internationalization and expansion
- **1990:** Start of expansion in Eastern Europe
- **1999:** Entered the US market
- **2004:** Transformation to a pure free float company

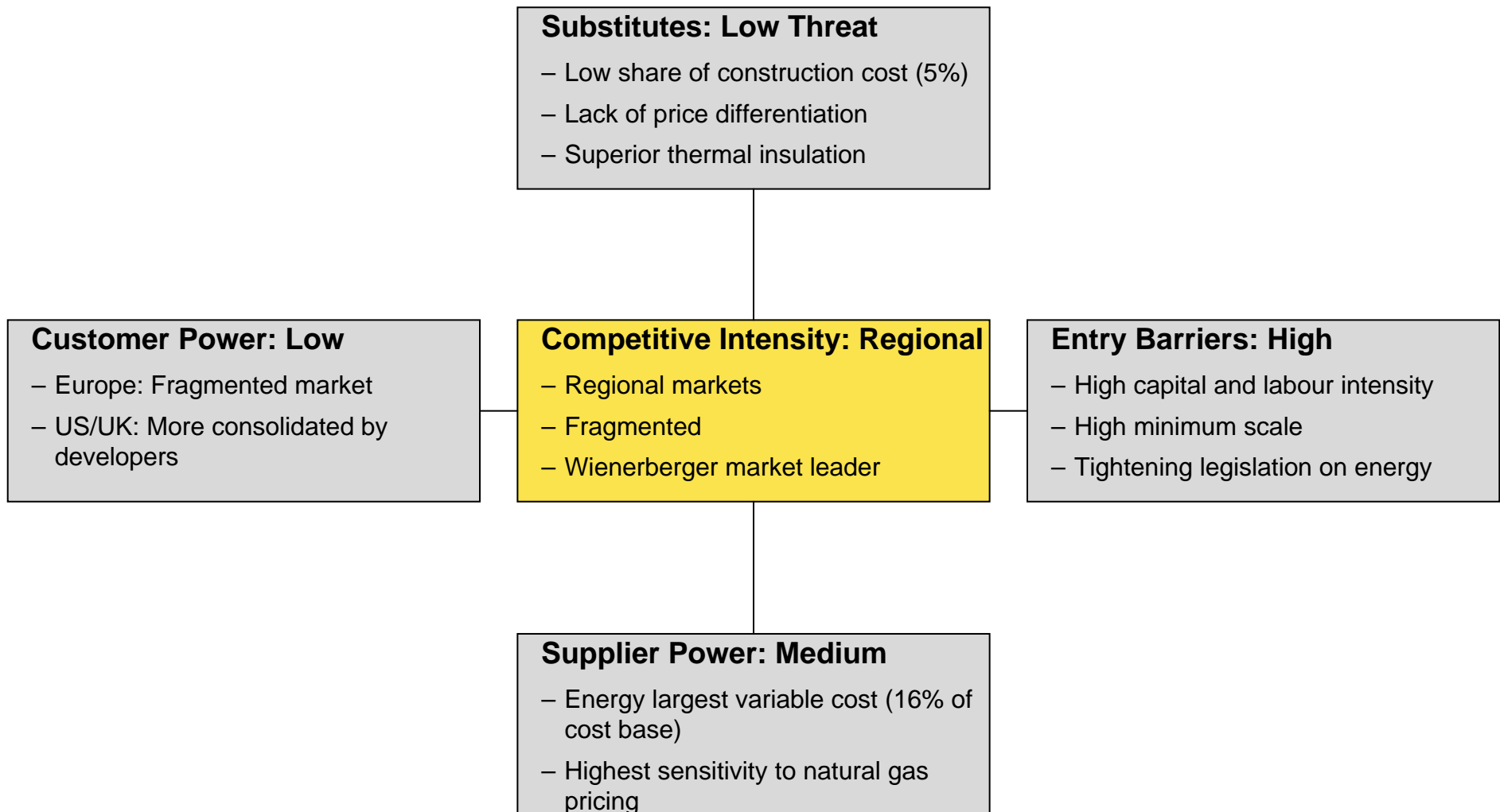
Industry Overview: 4 Things To Know About Bricks

1. **Cyclical:** driven by new residential construction
2. **Fragmented:** Customers are small and local players
3. **Mature:** Growth comes from consolidation
4. **End – User** is relatively **not sensitive to price** as bricks account for a relatively low proportion of estimated home building costs at ~5%



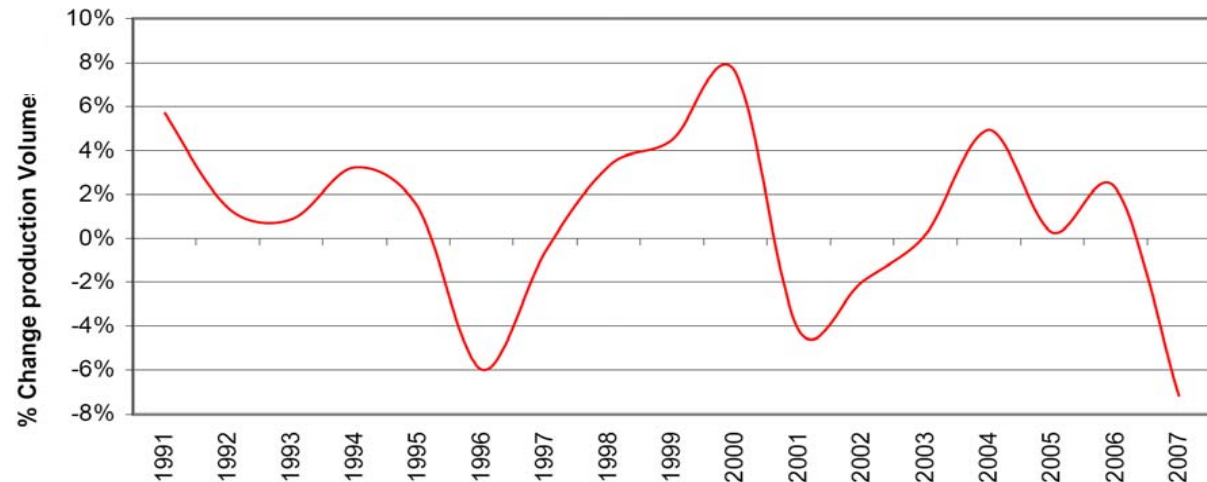
Industry Overview: Competitive Landscape

Competitive Landscape



Industry Overview: Trends





EU 12 Brick & Tile Production Volume Change



- Industry is so fragmented that it is very difficult to gather meaningful data regarding the competitors and their relative market shares
- Local producers that serve regional markets and a few international players (Lafarge, CRH, Hanson, Etex, Boral, ACME)
- The competition consists of producers of brick substitute products like aerated concrete or limestone blocks
- Wienerberger is the world's largest producer and competition is mainly from family businesses

Wienerberger's Key Products

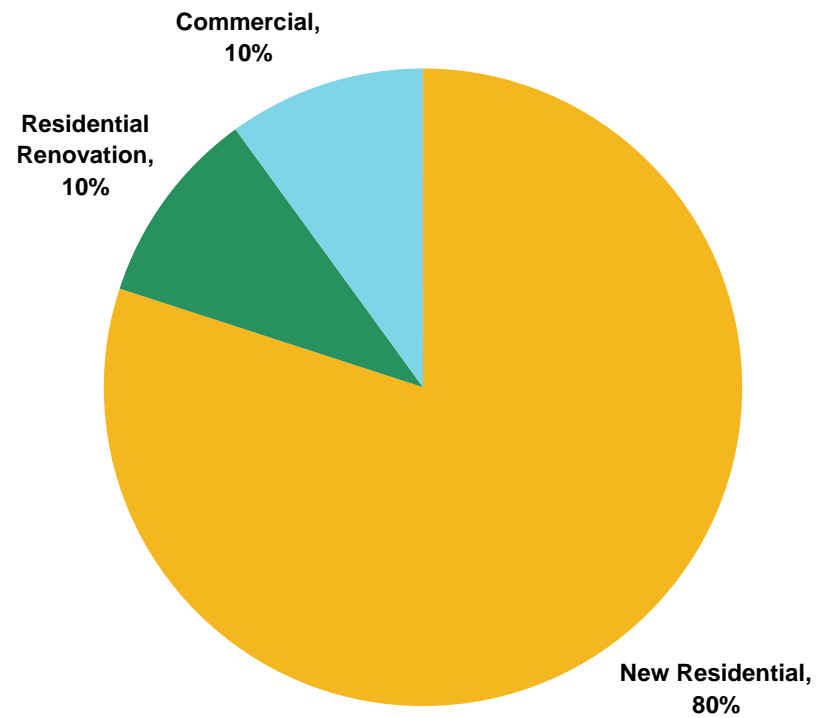
Key Products

Product	Key Brand	Description	Use	Share of 2008 Revenue	
Hollow Brick	POROTHERM		Extruded, hollow-form brick	External & internal retaining walls	38%
Facing Brick	TERCA		Cast solid brick	External & internal cladding	31%
Roof Systems	KORAMIC		Clay roof tiles	Coverage of pitched roofs	22%
Pavers	TERCA		Concrete and clay paving sets	Paving of roads, drives, footpaths	9%

Source Morgan Stanley Research

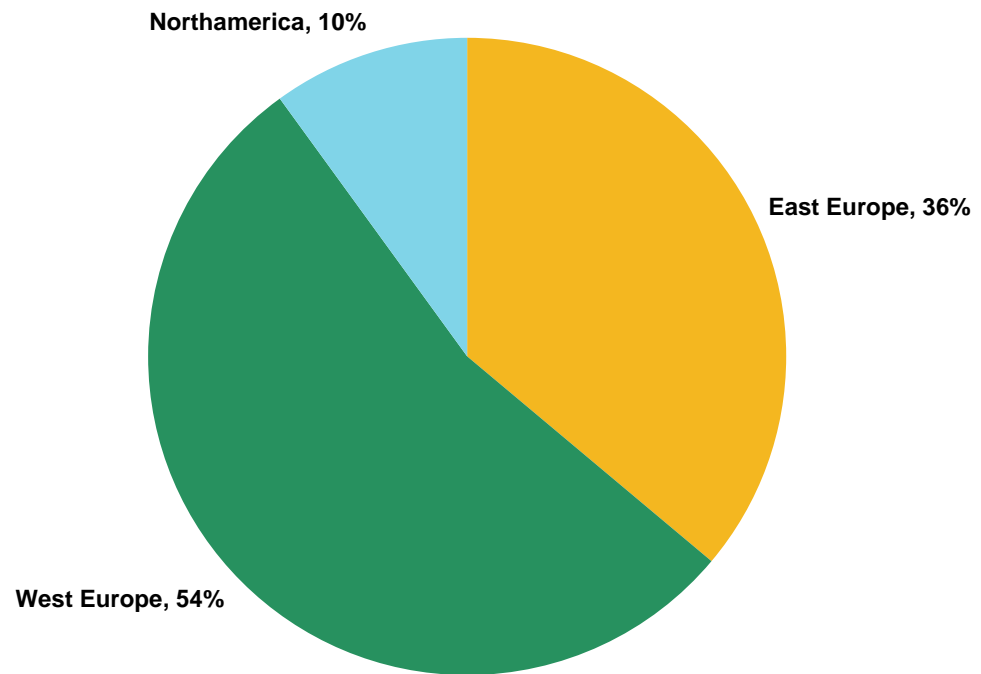
Revenues by Market Segment

Revenues by Market Segment



Revenues by Geographic Area

Revenues by Geographic Area



Accounting Reports – December 2008

Balance Sheet

€Millions	2008
Fixed Assets	3,050
Current Assets	1,337
Tot Assets	4,383
Long Term Liabilities	(1,325)
Short Term Liabilities	(561)
Tot Liabilities	(1,885)
Equity	2,497

Profit & Loss

€Millions	2008
Turnover	2,431
EBITDA	452
EBITDA Margin	17.0%
Operating Profit	235
Operating Margin	9.7%
Net Income	67
Net Income Margin	2.8%

Cash Flows

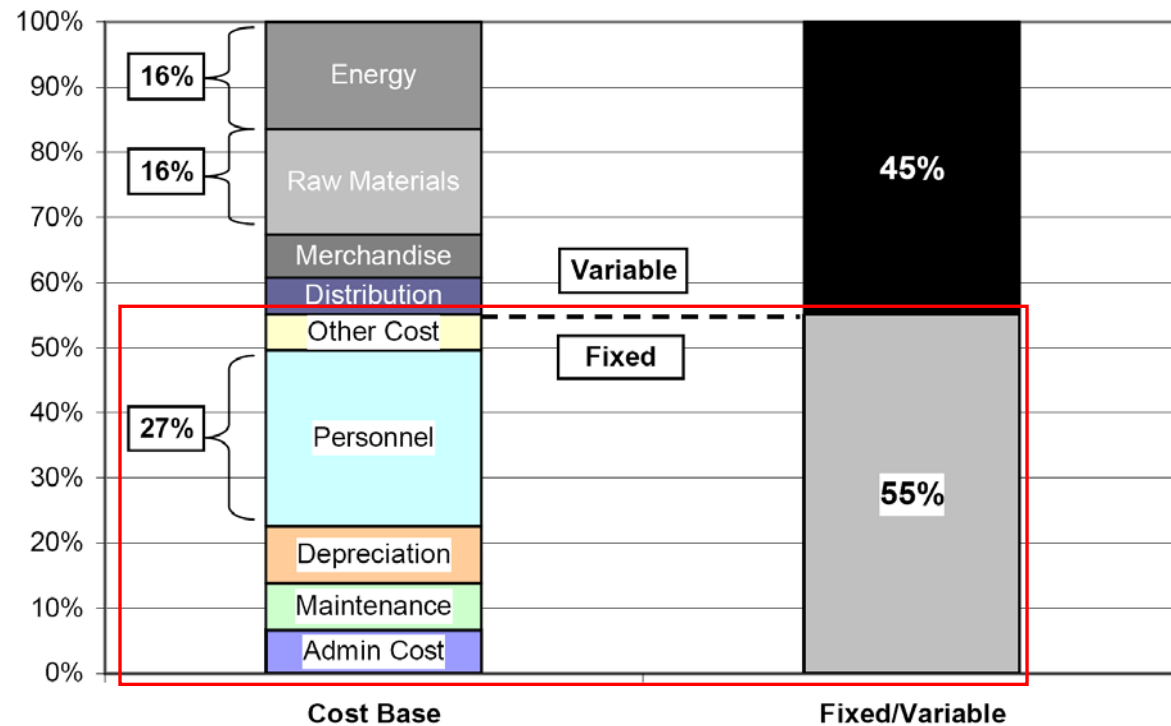
€Millions	2008
Net Income	67
Depreciation & Amortization	217
Change in Working Capital	(34)
Cash Flow from Operations	263
Capital Expenditure	(475)
Cash Flow from Financing	125
Free Cash Flow	(127)

Source Morgan Stanley Research, Bloomberg

Costs Structure: Operating Leverage

Cost Structure

- **High degree of operating leverage:** fixed costs are ~55% of the cost base
- **Capacity utilization is crucial:** under-utilization results in strong margin contraction



Source Morgan Stanley Research

Why It Went Down

- 80% of Revenues come from New Residential Construction
- US New Housing Starts Peak to Trough: -80%
- Minimum level since 1959

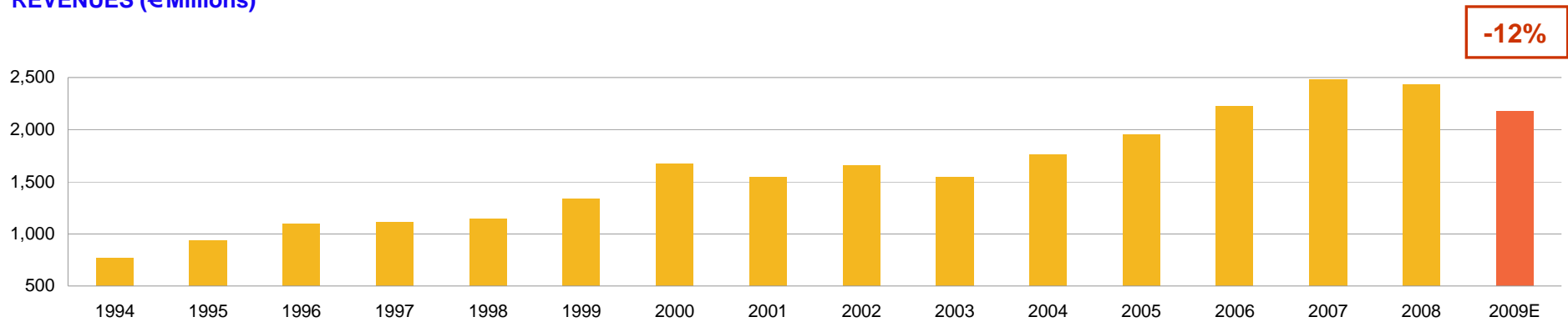
US New Housing Starts: 1959 – 2009 (Monthly Data)



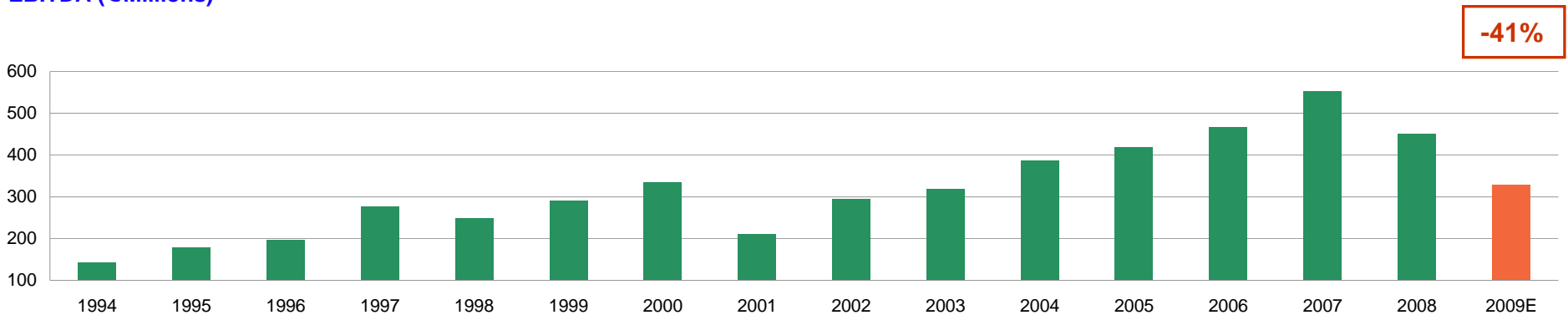
Source: Bloomberg

Why It Went Down (2)

REVENUES (€Millions)



EBITDA (€Millions)



Stock Price History

- Peak to Trough: -89%

Wienerberger: 1991 – 2009 (Weekly Data)



Source Bloomberg

Current Valuation

1. Price / Tangible Book Value:

0.7

2. Price / Book Value:

0.4

3. EV / Sales:

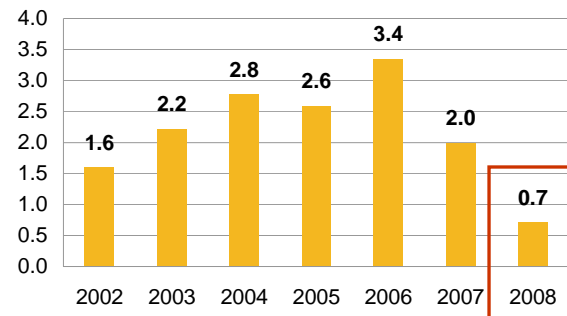
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4. EV / EBITDA:

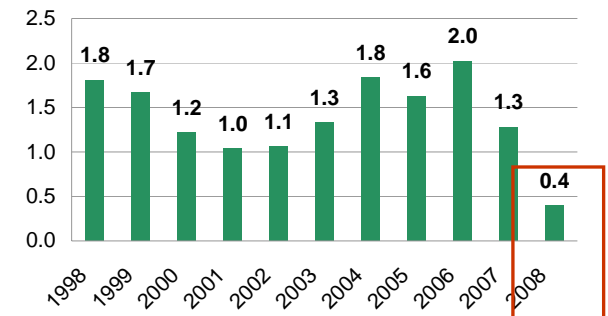
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Historical Valuation

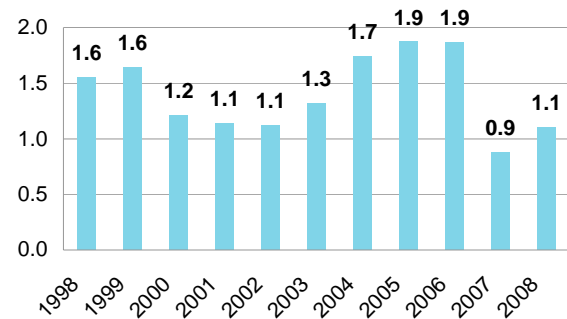
PRICE / TANGIBLE BOOK VALUE



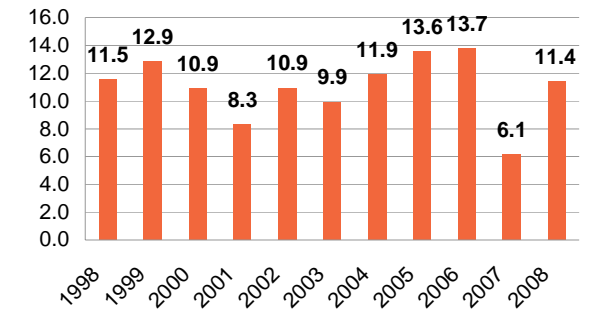
PRICE / BOOK VALUE



EV / SALES

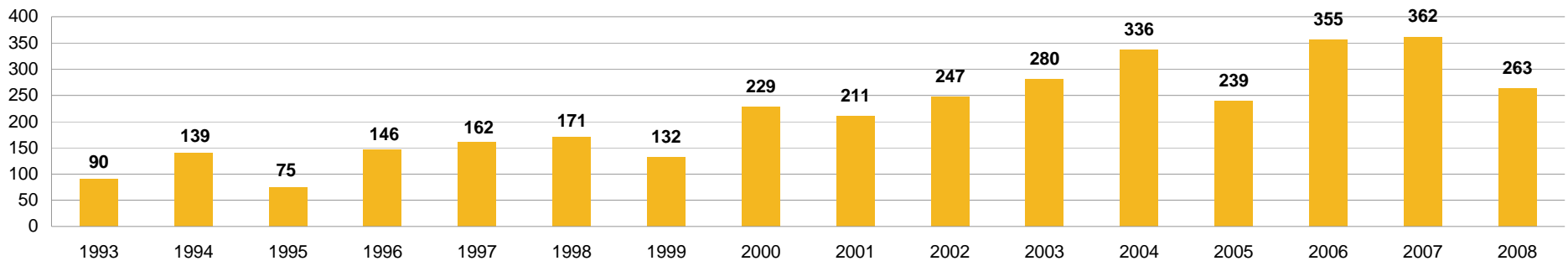


EV / EBITDA

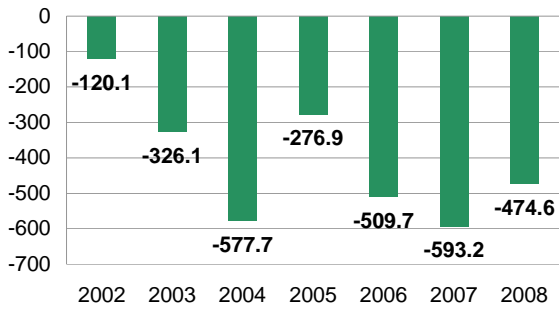


Resiliency: Cash Generation

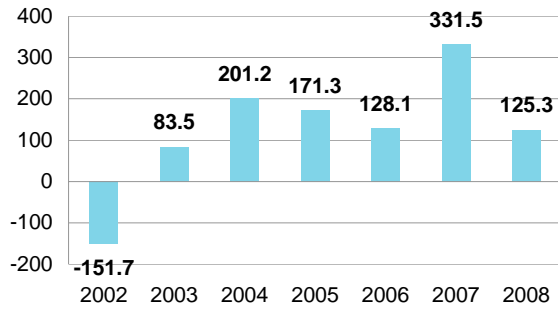
OPERATING CASH FLOW (€Millions)



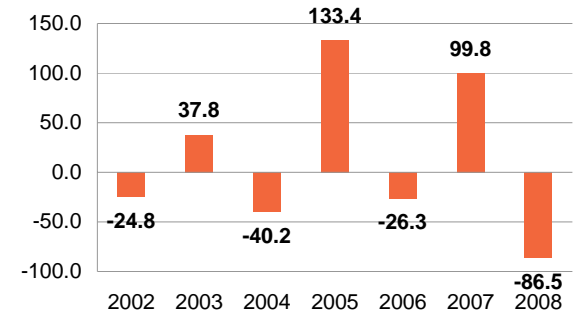
INVESTING CASH FLOW



FINANCING CASH FLOW



FREE CASH FLOW TO SHAREHOLDERS



Resiliency: Management Response

Management focus on cash flow maximization through:

- **Cut in production:**

- Shutdown of 27 older plants
- Closing of 11 production lines
- Temporarily shutdown of plants in nearly all countries during winter

- **Cut in investments:**

- Projects already started will be completed (€ 100m in 2009)
- No further investment will be made
- Reduced maintenance expenses (€ 80m in 2009)

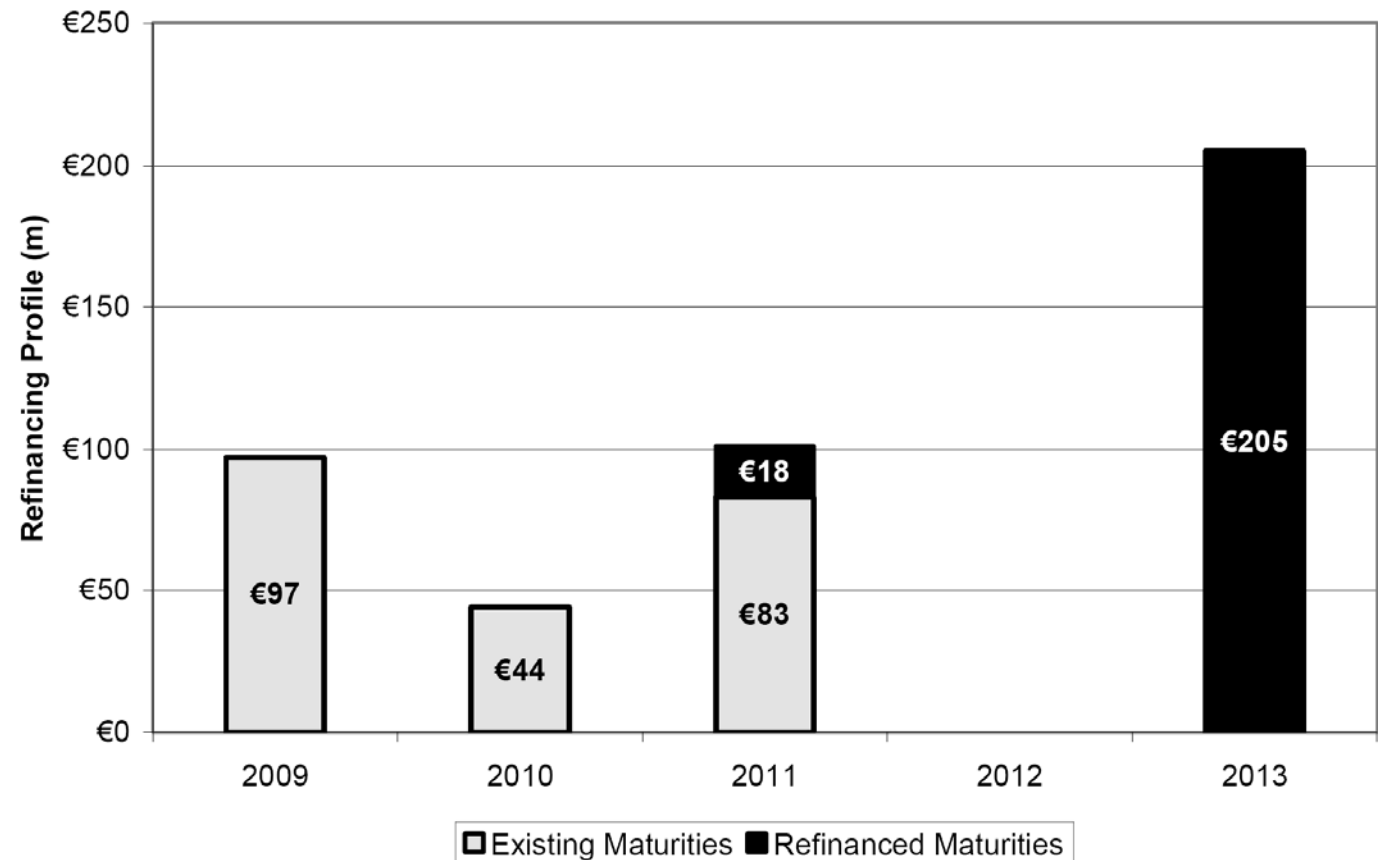
- **Securing of financing:**

- Refinancing needs until 2011 already covered by cash

Resiliency: Debt Distribution

- **Good relationships with banks: €223m of Debt already refinanced**
- **Cash (€297m) > Debt* (€242m)**
- **Interest Coverage Ratio: 2.8x**
- **Debt / Tangible Assets: 0.6x**

Wienerberger Debt Maturities



* Debt expiring until 2011

“Price is what you pay,
Value is what you get”



Margin of Safety

Price:

Market Cap = €700m

Value:

Net Fixed Assets = €2,075m

Cash = €297m

Receivables = ~~€173m~~

Inventories = ~~€720m~~

Tangible Assets = €2,372m

Debt = €1,352m

Net Tangible Assets = €1,020m

Catalyst

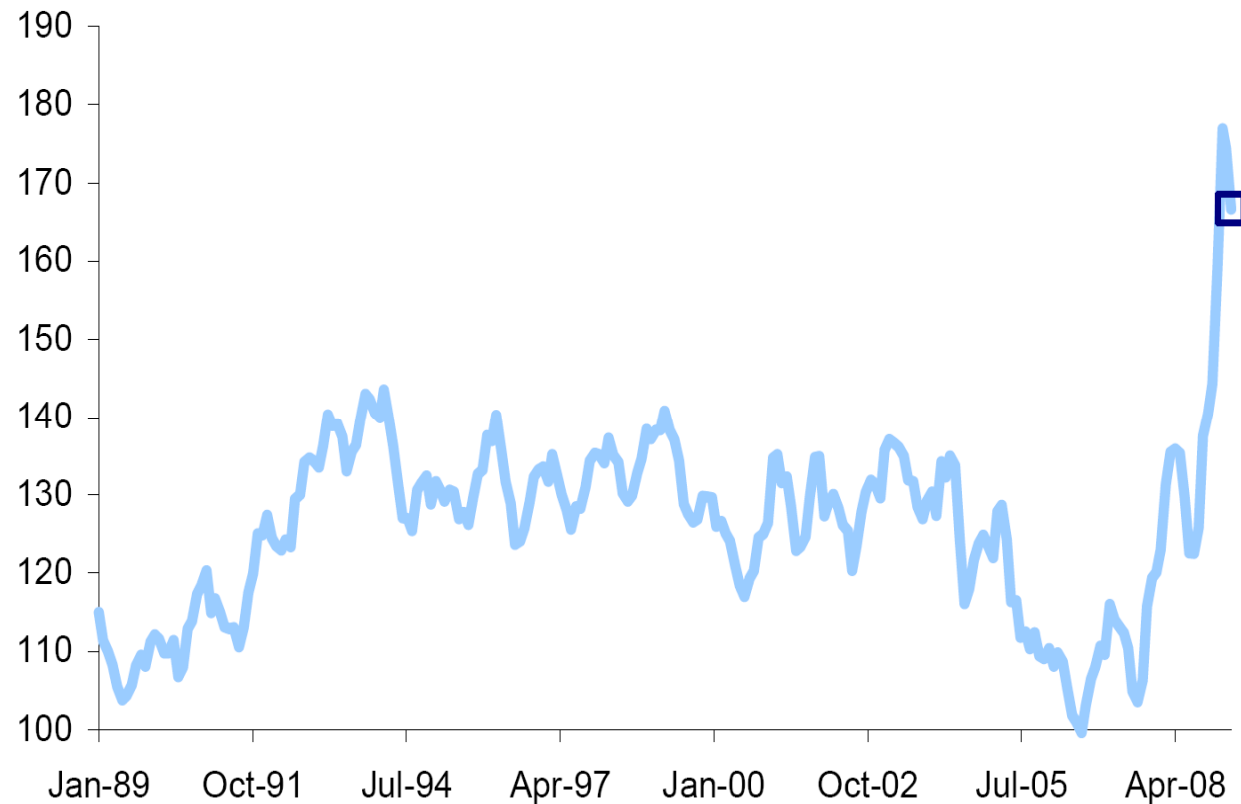
- **Housing affordability is at historically high levels**

- **Low mortgage rate:**
5.30% 30 Yrs Fixed Rate

- **Low home prices:**
50% drop in home prices

- Expectations of home price declines have also moderated

Housing Affordability Index



Informazioni Importanti

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