Press Release

Mettlach, 8 February 2013

Villeroy & Boch in the 2012 financial year:

- **Consolidated revenue unchanged year-on-year at € 744 million**
- **Revenue up 3 % after adjustment for non-recurring effects**
- **Operating result up 11 % year-on-year at € 31 million**

Revenue up 3 % after adjustment for non-recurring effects, absolute figure unchanged

The Villeroy & Boch Group generated revenue of € 744 million in the 2012 financial year, in line with the figures it recorded in the previous year (+ 0.1 %). Taking into account a one-off project in the Tableware Division in 2011 and the sale of the sanitary ware plant in Saltillo, Mexico, adjusted revenue growth of 3 % was attained. A strong final quarter with very successful Christmas business was a key factor in the positive end to the financial year. After nine months, revenue was still € 8 million down on the previous year.

The Group's domestic market of Germany was again the most important market for Villeroy & Boch with revenue of € 203 million, although transactions were down 3 % on the previous year. Adjusted for a major order in the Tableware Division in 2011, domestic growth of 4 % was posted. Revenue generated outside Germany was up slightly year-on-year at € 541 million. The company's strongest increases in Europe were generated in Russia (+ 22 %), the UK (+ 11 %) and Norway (+ 9 %). Outside Europe, business development was very positive in the USA (+ 8 %) and Asia, particularly revenue growth in Thailand (+ 25 %) and Japan (+ 14 %). The company mainly posted declining sales in Mexico (- 24 %), following the targeted withdrawal from unprofitable project business, and in the Netherlands (- 12 %), where a home-grown property crisis slowed down the construction industry.

Operating result up 11 % on the previous year, consolidated earnings total € 15 million

Based on constant revenue, the operating result was up € 3 million year-on-year at € 31 million, an increase of 11 %. This increase was achieved through rigorous continuation of cost management as well as productivity improvements, optimisation of the product and country mix of the goods sold and downstream effects from the master plan that was adopted in 2009. Taken together, these resulted in an improved gross margin.

After interest and taxes, consolidated earnings were again positive at € 15 million (previous year: € 18 million).

Development in the divisions

The **Bathroom and Wellness Division** generated revenue of € 466 million in the 2012 financial year (+ 1 % year-on-year and + 2 % taking into account the sale of the sanitary ware plant in Saltillo, Mexico). Business performance was above average in Russia (+ 22 %), Norway (+ 12 %), the UK (+ 11 %), Germany and Belgium (+ 6 % each). However, this was offset by decreases in revenue in Mexico (- 27 %), Italy and the Netherlands (- 17 % each). As a result of a slight increase in revenue, positive effects from the restructuring measures implemented by the Group and strict cost management, the operative result (EBIT) climbed by around 20 % to € 23 million.

The **Tableware Division** generated revenue of € 278 million in 2012 (down 1 % on the previous year). Adjusted for a major project with a chain of convenience stores in 2011, the division reported revenue growth of 4 %. There was satisfactory revenue development in Russia (+ 21 %), Austria (+ 20 %), the USA and the UK (+ 11 % each). The operating result (EBIT) fell by € 0.6 million to € 8.2 million. This decrease was due to the decrease in revenue and the higher expenses from the increased expansion of the Group's own retail activities.

Operating cash flow

The cash flow from operating activities amounted to € 21 million in 2012, down € 13 million on the previous year. This change is mainly due to the increase in inventories and receivables from customers as well as the utilisation of other provisions.

Net liquidity

Net liquidity stood at € 4 million at the end of the 2012 financial year (previous year: € 8 million). This decrease was also caused by the utilisation of reserves as well as the increase in inventories and customer receivables.

Dividend

The Supervisory Board and the Management Board will propose to the General Meeting of Shareholders on 22 March 2013 that the unappropriated surplus of Villeroy & Boch AG be used for the distribution of a dividend in the unchanged amount of € 0.40 per preference share and € 0.35 per ordinary share.

Capital expenditure

In the 2012 financial year, the company invested € 26 million in intangible assets and property, plant and equipment. Of this figure, 65 % was invested outside Germany (previous year: 50 %). At 65 %, the majority of investment activities related to the Bathroom and Wellness Division.

Estimate 2012

"In view of the challenging economic environment, we can take satisfaction from increasing our adjusted revenue by 3 % and actually posting substantial growth in a number of markets. We improved our operating result again, this time by 11 % to € 31 million. Therefore, the positive message to all shareholders is this: Villeroy & Boch is increasing its profitability year after year", said Frank Göring, CEO of Villeroy & Boch AG.

Outlook 2013

For 2013, the company expects the economy to move sideways in its most important sales markets. "Despite these modest macroeconomic conditions, we are continuing to aim for revenue growth of 3 to 5 %", added Göring. "We intend to achieve this increase through investments in the fast-growing markets of Asia and Russia as well as organic growth in the saturated markets of Europe. We expect the operating result to increase by significantly more than the forecast revenue growth, i.e. by more than 5 %".

Villeroy & Boch in the 2012 financial year – consolidated figures in accordance with IFRS

Villeroy & Boch Group at a glance	1 January – 31 December 2012 Euro million	2011 Euro million	Change in Euro million	in %
Revenue (total)	744	743	1	0
- Germany	203	208	-5	-2
- Abroad	541	535	6	1
Operating result	31	28	3	11
EBIT	31	37	-6	-16
EBT (earnings before taxes)	18	26	-8	-31
Consolidated earnings	15	18	-3	-17
Operating cash flow	21	34	-13	-38
Equity ratio (%)	32	30	2	7
Capital expenditure	26	26	0	/
Depreciation	27	27	0	/
Dividend per preference share (Euro)	0.40	0.40	0.00	/
Dividend per ordinary share (Euro)	0.35	0.35	0.00	/

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Villeroy & Boch
Villeroy & Boch with headquarters in Mettlach/Germany has production plants located in Europe, Mexico and Thailand. The product range includes articles from three domains: Bathroom & Wellness, Tableware and Tiles. With 265 years of company history behind it, today Villeroy & Boch is a European Lifestyle brand active in 125 countries.