



**Villeroy & Boch**

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**Press Release**

Mettlach, 27 March 2012

**Villeroy & Boch in the 2011 financial year:**

- **Revenue up 4% to Euro 743 million**
- **Operating EBIT (before special income) increases by 17% to Euro 28 million**
- **Proceeds of around Euro 9 million from disposal of former plant buildings in Lübeck-Dänischburg**
- **Group result improves to Euro 18 million**

**Revenue growth despite lower demand in fourth quarter**

In the 2011 financial year, the Villeroy & Boch Group generated revenue of Euro 743 million, up 4% on the figure of Euro 714 million recorded in the previous year.

Following an encouraging first half of the year, the spread of the government debt crisis and the shocks it provided to an already weakened financial sector had a negative impact on demand for consumer and investment goods around the world. Some of the European markets that are particularly important to Villeroy & Boch's business were hard hit by this development. Despite this, revenue remained unchanged year-on-year in the fourth quarter.

Revenue of Euro 208 million was generated on the German market, an improvement of 16%, while revenue outside Germany remained at the prior-year level of Euro 535 million. Russia and China recorded substantial growth. This was offset by declining revenue in the USA in particular due to the closure of unprofitable retail locations and unfavourable exchange rates.

**Significant improvement in EBIT and Group result**

Operating earnings (EBIT before gains on the disposal of property) increased as against the previous year to total Euro 28 million.

This development was driven in particular by the higher level of revenue compared with 2010 and the reduction in production costs. The disposal of the former plant buildings in Lübeck-Dänischburg resulted in proceeds of around Euro 9 million, meaning that EBIT after special income increased to Euro 37 million. All in all, a positive Group result after interest and taxes of Euro 18 million was recorded.

**Development in the divisions**

Both divisions contributed to the Group's positive business development in 2011.

The **Bathroom and Wellness Division** generated revenue of Euro 462 million in the 2011 financial year (up +3% year-on-year). Germany (+11%) and the markets in China (+64%), Ukraine (+54%), Russia (+25%), Belgium (+7%) and the Netherlands (+5%) were particularly strong performers. All product ranges in this division delivered positive growth. The highest growth rates were recorded in the area of bathroom furniture, where revenue was up 17% year-on-year.

The **Tableware Division** generated revenue of Euro 281 million in 2011, up 5% on the previous year. In this division, too, development was driven in particular by business in Germany (+23%) and was attributable to a large extent to a major project with a supermarket chain (Euro 13 million). Total revenue in the division's foreign markets declined by 2% year-on-year. There was substantial growth in Russia (+20%), the rest of Eastern Europe (+24%), Switzerland (+16%) and Sweden (+13%), while revenue declined in the USA and Australia in particular.

**Operating cash flow**

The net cash flow from operating activities amounted to Euro 34 million in 2011, up Euro 3 million on the previous year. This change is due to the improved operating result.

**Net liquidity**

Net liquidity improved by Euro 22 million year-on-year to total Euro 8 million. This development was driven in particular by the current net profit and the proceeds from the disposal of the former plant buildings in Dänischburg.

**Dividend**

The Supervisory Board and the Management Board will propose to the General Meeting of Shareholders on 16 May 2012 that the unappropriated surplus of Villeroy & Boch AG be used for the distribution of a dividend in the amount of Euro 0.40 per preference share and Euro 0.35 per ordinary share.

**Capital expenditure**

In the 2011 financial year, the Villeroy & Boch Group invested a total of Euro 26 million in property, plant and equipment and intangible assets (up 8% on the previous year), 50% of which was invested in Germany. At 69%, the majority of investment activities related to the Bathroom and Wellness Division.

**Outlook and development in 2012**

"We are extremely satisfied with the past financial year. Following our stabilisation in 2010, we have recorded revenue growth once again and improved our operating earnings by an impressive 17%," commented CEO Frank Göring. "In light of the recent deterioration in the economy, we are forecasting stable business development in 2012 for the time being, with a slight improvement in the second half of the year. All in all, we expect operating earnings in 2012 to fall within a range of +/- 15% compared with 2011. Unfortunately, the unresolved government debt crisis and the fragile sentiment in the financial sector

mean that a more concrete forecast is not possible at present.”

In line with this outlook, business was muted in the first two months of 2012, with the Group recording moderate revenue growth of 1% in January and February. Despite the difficult macroeconomic situation, Villeroy & Boch is aiming to generate consolidated revenue of between Euro 750 million and Euro 760 million in the 2012 financial year.

## Villeroy & Boch

### Consolidated figures in accordance with IFRS

Villeroy & Boch Group at a glance	1 Jan. – 31 Dec.		Change	
	2011 Euro million	2010 Euro million	in Euro million	in %
<b>Revenue (total)</b>	<b>743</b>	<b>714</b>	<b>29</b>	<b>4</b>
- Germany	208	180	28	16
- Abroad	535	534	1	/
<b>Operating earnings (EBIT) before non-recurring effects*</b>	<b>28*</b>	<b>24*</b>	<b>4</b>	<b>17</b>
<b>EBIT</b>	<b>37</b>	<b>-49</b>	<b>86</b>	<b>/</b>
<b>EBT (earnings before taxes)</b>	<b>26</b>	<b>-60</b>	<b>86</b>	<b>/</b>
<b>Group result</b>	<b>18</b>	<b>-63</b>	<b>81</b>	<b>/</b>
<b>Operating cash flow</b>	<b>34</b>	<b>31*</b>	<b>3</b>	<b>10</b>
<b>Equity ratio (%)</b>	<b>30</b>	<b>29</b>	<b>1</b>	<b>/</b>
<b>Capital expenditure</b>	<b>26</b>	<b>24</b>	<b>2</b>	<b>8</b>
<b>Depreciation and amortisation</b>	<b>27</b>	<b>30</b>	<b>-3</b>	<b>-10</b>
<b>Dividend per preference share (Euro)</b>	<b>0.40</b>	<b>0.33</b>	<b>0.07</b>	<b>21</b>
<b>Dividend per ordinary share (Euro)</b>	<b>0.35</b>	<b>0.15</b>	<b>0.20</b>	<b>133</b>

\*Non-recurring effects:

2010: Special expenditure due to EU antitrust fine

2011: Special income due to disposal of property

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#### Villeroy & Boch

Villeroy & Boch is headquartered in Mettlach/Germany and has production sites in Europe, Mexico and Thailand. Villeroy & Boch is represented in 125 countries with products from the areas of Bathroom and Wellness, Tableware and Tiles. The listed company has a history going back 264 years.