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## EANS-News: Villeroy & Boch in the 2011 financial year: (with document)

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### annual result

Mettlach, 27 March 2012 (euro.adhoc) - 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.

Please read the complete Press Release with Consolidated figures in accordance with IFRS in the PDF attachment.

The complete annual report as a PDF-file for download:

<http://www.villeroy-boch.com/de/de/home/unternehmen/investor-relations/berichte.html>

Or new!: read the online report: [www.villeroy-boch.com/annual-report](http://www.villeroy-boch.com/annual-report)

#### Attachments with Announcement:

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#### Further inquiry note:

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