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EANS-News: Villeroy & Boch AG / Interim Report on the third quarter of 2012 (with document)

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9-month report

Mettlach (euro adhoc) - Mettlach, 23 October 2012

Villeroy & Boch: Interim Report on the Third Quarter of 2012
Slight downturn in revenue due to difficult economic environment

* Revenue amounts to EUR 543.3 million after the third quarter, down slightly on the previous year

* EBIT unchanged year-on-year at EUR 16.8 million

* Economic slowdown intensifies

Revenue down slightly on previous year

In the first three quarters of 2012, the Villeroy & Boch Group generated net revenue of EUR 543.3 million after EUR 551.3 million in the same period of the previous year.

Global economic development slowed significantly in the period under review. The important euro zone markets for Villeroy & Boch are in a recession. Company and consumer confidence has again deteriorated dramatically over recent months as a result of the debt crisis and the continued fragile situation in the European banking sector. Germany, which has seen largely positive development to date, is also suffering from this loss of confidence.

Net revenue on the German market was down 3% year-on-year at EUR 147.6 million.

In the same period of the previous year, the Tableware Division achieved a profit from a major order; no similar extraordinary project is planned for this year. Adjusted for this extraordinary transaction, revenue in the third quarter of 2012 was 2.5% higher than in the previous year.

Revenue outside Germany was down slightly year-on-year at EUR 395.7 million (1%). This was due in particular to the lower revenue in the Bathroom and Wellness Division in Mexico, with the sale of the plant in Saltillo also representing Villeroy & Boch's targeted withdrawal from low-margin project business.

Orders on hand also down slightly year-on-year

Orders on hand totalled EUR 50.4 million at 30 September 2012. Adjusted for an extraordinary order in the Tableware Division in the previous year, orders on hand declined by EUR 2.6 million compared with the previous year. 62% of the orders on hand relate to the Bathroom and Wellness Division.

Development in the divisions

Operating earnings before interest and taxes (EBIT) for the first three quarters of 2012 remained unchanged year-on-year at EUR 16.8 million. Earnings before taxes (EBT) also remained at the prior-year level, amounting to EUR 8.6 million. The lower margin due to the EUR 8 million fall in revenue compared with the same period of the previous year was offset by an improved product and country mix of

the goods sold, positive exchange rate effects and systematic cost management. The extraordinary income from the sale of the ceramic sanitary ware plant in Saltillo, Mexico, in the first quarter is offset by expenses for the expansion of activities in the growth markets of Russia and China.

Revenue in the Bathroom and Wellness Division remained unchanged year-on-year at EUR 355.9 million in the first three quarters. There were differences in terms of regional revenue development. The above-average revenue growth in Russia and Germany continued in the third quarter, with year-on-year growth rates of +13% and +7% respectively. Revenue also increased in the Czech Republic (+46%), Norway (+20%), Thailand (+22%) and the United Kingdom (+12%). By contrast, there was a fall in revenue in Mexico (-19%), the Netherlands (-19%) and Italy (-17%).

The Tableware Division generated revenue of EUR 187.4 million in the period from January to September 2012, down 4% on the previous year. The year-on-year decline in revenue of 11% in Germany in the first half of 2012 was almost fully recovered. There was further revenue growth in Russia (+36%), Austria (+22%) and the USA (+8%). Market development in Australia remains difficult (-7%).

Investments

The Villeroy & Boch Group made investments of EUR 15.8 million in the first nine months of the 2012 financial year (previous year: EUR 16.8 million). Of this figure, 61% related to the Bathroom and Wellness Division and 39% to the Tableware Division.

Outlook for the 2012 financial year

Villeroy & Boch expects consolidated revenue for the 2012 financial year as a whole to remain at the prior-year level. "Developments in the first three quarters serve to reinforce our concerns about a further economic slowdown, and we currently expect this development to continue," explains Villeroy & Boch CEO Frank Göring, adding that general price rises will again be systematically offset through cost discipline and improved productivity in the final quarter of 2012. Villeroy & Boch is forecasting an operating result of EUR 27.9 million or just above this figure; this corresponds to the prior-year earnings level before real estate gains.

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

The complete Interim Report as a PDF-file for download:

<http://www.villeroy-boch.com/en/euo/home/the-company/investor-relations/reports.html>

Attachments with Announcement:

<http://resources.euroadhoc.com/us/nTqPt91B>

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