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EANS-News: Villeroy & Boch AG in the 2012 financial year (with document)

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annual result

Mettlach, 8 February 2013 (euro adhoc) - Consolidated revenue unchanged year-on-year at EUR 744 million

- Revenue up 3 % after adjustment for non-recurring effects
- Operating result up 11 % year-on-year at EUR 31 million

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

The Villeroy & Boch Group generated revenue of EUR 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 EUR 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 EUR 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 EUR 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 EUR 15 million

Based on constant revenue, the operating result was up EUR 3 million year-on-year at EUR 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 EUR 15 million (previous year: EUR 18 million).

Development in the divisions

The Bathroom and Wellness Division generated revenue of EUR 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 EUR 23 million.

The Tableware Division generated revenue of EUR 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 EUR 0.6 million to EUR 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 EUR 21 million in 2012, down EUR 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 EUR 4 million at the end of the 2012 financial year (previous year: EUR 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 EUR 0.40 per preference share and EUR 0.35 per ordinary share.

Capital expenditure

In the 2012 financial year, the company invested EUR 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 EUR 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 %".

Please read the complete Press Release with Consolidated figures in accordance with IFRS in the PDF attachment. The 2012 annual report is available on www.villeroy-boch.com in the Investor Relations section.

Attachments with Announcement:

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