Villeroy & Boch
1748

INTERIM REPORT
1 January to 31 March 2020

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- First effects of coronavirus pandemic being felt.
  - Consolidated revenue down year-on-year at € 182.4 million (€ 197.7 million).
  - Group result (EBIT) still positive at € 4.3 million (previous year: € 8.5 million).
- Significant revenue reduction expected in second quarter (in particular on account of the Tableware Division); legitimate forecast for year as a whole currently not possible owing to limited visibility of effects of pandemic.

THE GROUP AT A GLANCE	1/1/2020 - 31/3/2020 in € million	1/1/2019 - 31/3/2019 in € million	Change in € million	Change in %
Revenue	182.4	197.7	-15.3	-7.7
Revenue – Germany	59.9	62.6	-2.7	-4.3
Revenue – Abroad	122.5	135.1	-12.6	-9.3
On a constant currency basis	181.8	197.7	-15.9	-8.0
EBIT	4.3	8.5	-4.2	-49.4
EBT	3.3	7.3	-4.0	-54.8
Group result	2.3	5.1	-2.8	-54.9
Return on net operating assets (rolling)	13.1 %	14.4 % (1)	-	-1.3 PP
Investments (without leasing)	3.5	4.2	-0.7	-16.7
Investments „Leases“ - IFRS 16	5.3	5.1	0.2	3.9
Employees (FTEs as at end of period)	7,181 FTE	7,461 FTE	-280 FTE	-3.8

(1) Return on net operating assets as at 31 December 2019

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ISIN: DE0007657207, DE0007657231
Villeroy & Boch AG • 66688 Mettlach • Germany
Phone: +49 6864 81-1227 • Fax: +49 6864 81-71227
Internet: http://www.villeroyboch-group.com

INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2020

GENERAL CONDITIONS OF THE GROUP

The basic information on the Group as presented in the 2019 Group management report remains unchanged. Information on changes in the consolidated group and on research and development costs can be found on page 11 and in note 14 to the consolidated financial statements.

ECONOMIC REPORT

General economic conditions

The global economy came heavily under pressure at the start of 2020 as a result of the coronavirus outbreak and the measures resolved to contain it.

The epidemic first shut down much of China in January of this year. As the virus continued to spread globally, production and demand were also impacted in many other regions of the world, thereby stoking consumer and investor uncertainty.

The negative effects of the pandemic have also become particularly pronounced on our core European markets, and are now a major challenge to the economy of the euro area, which is significantly impacting the economy in Germany as well.

Course of business and position of the Villeroy & Boch Group

Against the backdrop of the coronavirus pandemic, the Management Board of Villeroy & Boch AG considers the current economic situation of the Group as a whole to be highly subdued and subject to a great deal of uncertainty.

However, thanks to our considerable liquidity and the high level of unused credit facilities, we feel we are well prepared for the current situation.

We generated consolidated revenue of € 182.4 million (including licence income) in the first quarter of 2020, a decline of € 15.3 million (7.7 %) as against the previous year. Effects of the coronavirus pandemic have already been visible since January – especially in China. While we were able to outperform the previous year's revenue level for the first two months, our revenue tumbled in March, mainly as a result of the global closures of our tableware shops (for further information please see "Course of business and position of the divisions").

Adjusted for currency effects, i.e. using the same exchange rates as for the previous year, revenue declined by 8.0 %.

Incoming orders experienced their usual seasonal increase in the first quarter of 2020, rising by € 20.6 million as against 31 December 2019 to € 65.4 million. € 46.6 million (31 December 2019: € 35.3 million) of this relates to the Bathroom and Wellness Division and € 18.8 million (31 December 2019: € 9.5 million) to the Tableware Division. The momentum of incoming orders slowed noticeably year-on-year in both divisions, especially in March.

Our EBIT declined to € 4.3 million in the first quarter of 2020, mainly on account of the significant drop in revenue caused by the coronavirus crisis.

We responded directly and systematically to the officially ordered shop closures and possible further reductions in revenue by halting production in Germany and France.

The Group's rolling return on net operating assets was 13.1 % as at 31 March 2020, mainly as a result of the development in earnings due to revenue. Further information on this can be found in the notes to the divisions.

Course of business and position of the divisions

Bathroom and Wellness

The Bathroom and Wellness Division generated revenue of € 125.8 million in the first quarter of 2020 (previous year: € 131.4 million).

The reduction in revenue of € 5.6 million was mainly attributable to the bathroom furniture (€ -1.1 million) and ceramic sanitary ware (€ -4.8 million) business areas, where revenue has slumped significantly since January due to the coronavirus outbreak, especially in China. By contrast, we are pleased to report an increase in revenue of 5.2 % in the fittings business area. Wellness revenue matched the level for the same quarter of the previous year.

The Bathroom and Wellness Division began the current financial year with operating EBIT of € 8.7 million, down marginally year-on-year by € 0.5 million. Cost savings achieved in the structural cost areas almost offset earnings losses due to revenue.

The rolling operating return on net assets is unchanged as against 31 December 2019 at 17.4 %.

Tableware

The Tableware Division generated revenue of € 56.0 million in the first quarter of 2020 (previous year: € 65.5 million), a reduction of € 9.5 million on the previous year's level. The significant reduction in revenue is mainly due to the officially ordered worldwide closure of our sales outlets, and is affecting all sales channels except e-commerce. In our project business, the coronavirus crisis has triggered investment restraint among many of our partners worldwide, especially in the tourism and catering sectors. Revenue in this segment is therefore down 15.4 % year-on-year.

As a countermeasure, we have directly furloughed some of our employees and taken advantage of short-time working arrangements where possible. Our two tableware plants have also been temporarily closed since the middle of March.

The Tableware Division ended the quarter with operating EBIT of € -4.4 million, down € 3.7 million year-on-year. Earnings losses due to revenue were partially offset by short-time working and other savings in structural cost areas.

The rolling operating return on net assets decreased to 4.4 % as a result of the earnings situation (31 December 2019: 8.6 %).

Capital structure

Our equity declined by € 10.4 million as against the end of 2019, amounting to € 243.6 million as at 31 March 2020. The change in equity mainly resulted from remeasurement effects in the revaluation surplus (see note 8) caused by strong currency fluctuations in various currencies. Exchange rates have, in some cases, also reacted significantly to the coronavirus crisis. At 28.6 %, our equity ratio (including non-controlling interests) was slightly higher than in the previous year as a result of lower total assets (31 December 2019: 28.4 %).

Investments

We invested € 3.5 million in property, plant and equipment and intangible assets in the first quarter of 2020 (previous year: € 4.2 million). The Bathroom and Wellness Division accounted for € 2.7 million, with the remaining € 0.8 million attributable to the Tableware Division.

In the Bathroom and Wellness Division, we acquired new facilities for the sanitary ware plants in Thailand and Hungary in particular. Investment in the Tableware Division essentially included the maintenance and modernisation of the logistics centres in Merzig and the acquisition of new tools for production in Merzig.

The Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 6.7 million as at the end of the reporting period.

Under the given circumstances, our prediction in the annual financial statements of a moderate increase in our operating investments in property, plant and equipment and intangible assets no longer stands. All planned investments are being closely re-examined and scaled back to a minimum. The current situation renders a reliable forecast for 2020 as a whole impossible.

Net liquidity

The cash and bank balances of € 182.9 million as at 31 March 2020 result in net liquidity of € 60.6 million, a reduction of € 37.2 million as against 31 December 2019. In particular, this reflects seasonal effects such as the annual payment of customer bonuses and variable performance-based remuneration for employees. We also have unused credit facilities of € 237 million at our disposal.

Balance sheet structure

Total assets amounted to € 852.8 million as at the end of the reporting period as against € 893.1 million as at 31 December 2019, a reduction of € 40.3 million.

The share of total assets attributable to non-current assets increased marginally to 33.5 % (31 December 2019: 33.3 %).

Current assets fell by € 26.9 million as against 31 December 2019, mainly as a result of the seasonal reduction in cash and cash equivalents (€ -27.4 million). In addition, an increase in inventories of € 14.6 million is offset by a decline in trade receivables of € 15.7 million.

On the equity and liabilities side of the statement of financial position, the biggest change as against the end of 2019 was the reduction in current liabilities – in particular in other liabilities (€ 18.6 million) and trade payables (€ 10.3 million).

REPORT ON RISKS AND OPPORTUNITIES

The risks and opportunities described in the 2019 annual report are unchanged. All risk areas are being continuously re-examined on account of the current coronavirus pandemic. In particular, potential risks in the supply chain and in receivables and currency management are being monitored even more intensively. There is no evidence of any individual risks that could endanger the continued existence of the Group at this time.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The coronavirus crisis is currently dominating public life, and is having a significant impact on economic performance on account of the measures resolved in a large number of countries.

The Management Board of Villeroy & Boch AG revised its revenue and earnings forecasts from the 2019 annual report in light of the coronavirus pandemic in its ad hoc disclosure of 20 March 2020. According to it, the Management Board expects that revenue and earnings for the current financial year will be below the levels of its previous forecast, which had been for slight growth.

The uncertainty about the duration of the coronavirus crisis and its future impact make legitimate forecasts for the development of the world economy, the economy of specific regions and the performance of the Villeroy & Boch Group for 2020 as a whole impossible at this time. We are therefore standing by our comments made in the ad hoc disclosure. The same applies to the forecast for the return on net operating assets.

In spite of the countermeasures taken, we expect a further decline in revenue for the second quarter of 2020.

Mettlach 15 April 2020

Frank Göring

Gabriele Schupp

Andreas Pfeiffer

Dr Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 31 March 2020

in € million

Assets	Notes	31/3/2020	31/12/2019
Non-current assets			
Intangible assets		41.0	42.2
Property, plant and equipment	1	178.3	187.9
Rigth-of-use assets	2	42.8	42.0
Investment property		6.3	6.4
Investment accounted for using the equity method		1.5	1.4
Other financial assets	3	15.6	17.5
		285.5	**297.4**
Other non-current assets	6	1.9	2.0
Deferred tax assets		36.4	37.8
		323.8	**337.2**
Current assets			
Inventories	4	191.0	176.4
Trade receivables	5	127.5	143.2
Other current assets	6	21.5	20.7
Income tax receivables		6.1	5.3
Cash and cash equivalents	7	182.9	210.3
		529.0	**555.9**
Total assets		**852.8**	**893.1**

Equity and Liabilities	Notes	31/3/2020	31/12/2019
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital		71.9	71.9
Capital surplus		193.6	193.6
Treasury shares		-15.0	-15.0
Retained earnings		99.2	97.0
Revaluation surplus	8	-110.2	-98.1
		239.5	**249.4**
Equity attributable to minority interests		**4.1**	**4.6**
Total equity		**243.6**	**254.0**
Non-current liabilities			
Provisions for pensions		187.8	189.9
Non-current provisions for personnel	9	18.1	18.5
Other non-current provisions		23.3	23.8
Non-current financial liabilities	10	80.0	70.0
Non-current lease liabilities	11	30.1	30.2
Other non-current liabilities	12	32.0	28.9
Deferred tax liabilities		3.2	3.2
		374.5	**364.5**
Current liabilities			
Current provisions for personnel	9	9.2	15.4
Other current provisions		27.6	31.7
Current financial liabilities	10	42.3	42.5
Current lease liabilities	11	13.4	13.1
Other current liabilities	12	67.0	85.6
Trade payables		71.0	81.3
Income tax liabilities		4.2	5.0
		234.7	**274.6**
Total liabilities		**609.2**	**639.1**
Total equity and liabilities		**852.8**	**893.1**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2020

in € million

	Notes	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019
Revenue	13	**182.4**	**197.7**
Costs of sales		-105.2	-112.3
Gross profit		**77.2**	**85.4**
Selling, marketing and development costs	14	-61.8	-66.3
General administrative expenses		-10.0	-11.0
Other operating income and expenses		-1.1	0.3
Result of associates accounted for using the equity method		0.0	0.1
Operating result (EBIT)		**4.3**	**8.5**
Financial result	15	**-1.0**	**-1.2**
Earnings before taxes		**3.3**	**7.3**
Income taxes		-1.0	-2.2
Group result		**2.3**	**5.1**
Thereof attributable to:			
Villeroy & Boch AG shareholders		2.2	5.0
Minority interests		0.1	0.1
		2.3	**5.1**
EARNINGS PER SHARE		**in €**	**in €**
Earnings per ordinary share		0.06	0.17
Earnings per preference share		0.11	0.22

During the reporting period there were no share dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2020

in € million

		1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019
Group result		**2.3**	**5.1**
Other comprehensive income			
Items to be reclassified to profit or loss:			
Gains or losses on cash flow hedge		-3.5	-0.6
Gains or losses on translations of exchange differences		-6.4	-2.4
Deferred income tax effect on items to be reclassified to profit or loss		-1.2	-1.1
Items not to be reclassified to profit or loss:			
Actuarial gains or losses on defined benefit plans		0.0	0.0
Gains or losses on other value changes		-1.5	0.6
Deferred income tax effect on items not to be reclassified to profit or loss		-0.1	0.4
Total other comprehensive income		**-12.7**	**-3.1**
Total comprehensive income net of tax		**-10.4**	**2.0**
Thereof attributable to:			
Villeroy & Boch AG shareholders		-9.9	1.8
Minority interests		-0.5	0.2
Total comprehensive income net of tax		**-10.4**	**2.0**

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 31 March 2020

in € million

	Equity attributable to Villeroy & Boch AG shareholders							
	Issued capital	Capital surplus	Treasury shares	Retained earnings	Revaluation surplus	Total	Equity attri-butable to mi-nority interests	Total equity
Notes					8			
As of 1/1/2019	**71.9**	**193.6**	**-15.0**	**31.9**	**-77.9**	**204.5**	**4.9**	**209.4**
Group result				5.0		5.0	0.1	5.1
Other comprehensive income					-3.2	-3.2	0.1	-3.1
Total comprehensive income net of tax				**5.0**	**-3.2**	**1.8**	**0.2**	**2.0**
Dividend payments				-		-	0.0	0.0
As of 31/3/2019	**71.9**	**193.6**	**-15.0**	**36.9**	**-81.1**	**206.3**	**5.1**	**211.4**
As of 1/1/2020	**71.9**	**193.6**	**-15.0**	**97.0**	**-98.1**	**249.4**	**4.6**	**254.0**
Group result				2.2		2.2	0.1	2.3
Other comprehensive income					-12.1	-12.1	-0.6	-12.7
Total comprehensive income net of tax				**2.2**	**-12.1**	**-9.9**	**-0.5**	**-10.4**
Dividend payments				-		-	0.0	0.0
As of 31/3/2020	**71.9**	**193.6**	**-15.0**	**99.2**	**-110.2**	**239.5**	**4.1**	**243.6**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2020

in € million

	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019
Group result	2.3	5.1
Depreciation of non-current assets	10.0	9.1
Change in non-current provisions	-3.3	-3.6
Profit from disposal of fixed assets	0.0	0.0
Change in inventories, receivables and other assets	1.3	-11.4
Change in liabilities, current provisions and other liabilities	-37.8	-19.8
Other non-cash income/expenses	-2.2	1.1
Cash Flow from operating activities	**-29.7**	**-19.5**
Purchase of intangible assets, property, plant and equipment	-3.5	-4.2
Investment in non-current financial assets	-1.2	-0.4
Cash receipts from disposals of fixed assets	2.7	0.7
Cash Flow from investing activities	**-2.0**	**-3.9**
Change in financial liabilities	9.8	0.7
Cash payments for the principal portion of the lease liabilities	-5.4	-3.4
Cash payments for the acquisition of non-controlling interests	-0.1	0.0
Dividend payments	-	-
Cash Flow from financing activities	**4.3**	**-2.7**
Sum of cash flows	**-27.4**	**-26.1**
Balance of cash and cash equivalents as at 1 Jan	210.3	57.6
Net increase in cash and cash equivalents	-27.4	-26.1
Balance of cash and cash equivalents as at 31 Mar	**182.9**	**31.5**

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 31 March 2020

in € million

	Bathroom & Wellness		Tableware		Transition / Other		Villeroy & Boch-Group	
	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019	1/1/2020 - 31/3/2020	1/1/2019 - 31/3/2019
Revenue								
Segment revenue from sales of goods to external customers	125.7	131.3	55.3	63.2	0.0	0.0	181.0	194.5
Segment revenue from transactions with other segments	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Segment revenue from licence	0.1	0.1	0.7	2.3	0.6	0.8	1.4	3.2
Revenue	125.8	131.4	56.0	65.5	0.6	0.8	182.4	197.7
Result								
Segment result	8.7	9.2	-4.4	-0.7	-	-	4.3	8.5
Financial result	-	-	-	-	-1.0	-1.2	-1.0	-1.2
Investments and depreciations								
Investments of intangible assets, property, plant and equipment	2.7	3.6	0.8	0.6	-	-	3.5	4.2
Investments of rigth-of-use assets on leases	0.8	0.7	4.5	4.4	-	-	5.3	5.1
Scheduled depreciation of intangible assets, property, plant and equipment	5.1	4.8	1.3	1.3	-	-	6.4	6.1
Scheduled depreciation of rigth-of-use assets on leases	1.2	0.9	2.5	2.1	-	-	3.7	3.0
Assets and Liabilities	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**
Segment assets	420.6	422.9	149.8	158.3	282.4	311.9	852.8	893.1
Segment liabilities	133.5	160.5	68.5	72.7	407.2	405.9	609.2	639.1

The rolling net operating assets and rolling operating result (EBIT) of the two divisions were as follows as at the end of the reporting period:

Rolling net operating assets	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**	**31/3/2020**	**31/12/2019**
Rolling operating assets	414.8	411.4	154.4	153.7	-	-	569.2	565.1
Rolling operating liabilities	141.1	141.7	69.9	68.8	-	-	211.0	210.5
Rolling net operation assets	273.7	269.7	84.5	84.9	-	-	358.2	354.6
Rolling operating result (EBIT) *								
Rolling operating result (EBIT) *	47.6	47.0	3.7	7.3	-4.5	-3.3	46.8	51.0

* Central function earnings components that cannot be influenced by the division are not taken into account in calculating the operating result of both divisions.

NOTES TO THE INTERIM FINANCIAL STATEMENTS OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2020

GENERAL INFORMATION

Villeroy & Boch AG is domiciled in Mettlach and is a listed stock corporation under German law. It is the parent company of the Villeroy & Boch Group. The Group is divided into two operating divisions: Bathroom and Wellness, and Tableware. Villeroy & Boch's preference shares are listed in the Prime Standard operated by Deutsche Börse AG.

This interim report covers the period from 1 January to 31 March 2020. It was approved for publication on 15 April 2020 after the Management Board discussed the interim report with the Audit Committee of the Supervisory Board. It was prepared in accordance with section 315e of the German Commercial Code (HGB), applying the IFRS regulations as endorsed by the European Commission. These condensed interim financial statements have not been audited or reviewed by an audit company. In the opinion of the Management Board, these interim financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group. The interim report includes condensed consolidated financial statements with selected explanatory notes in accordance with IAS 34. For this reason, it should be read in conjunction with the consolidated financial statements as at 31 December 2019. These can be ordered in the Investor Relations section of the website at www.villeroyboch-group.com.

In the period under review, the accounting and consolidation methods described in the 2019 annual report were extended to include the accounting standards endorsed by the EU and effective for reporting periods beginning on or after 1 January 2020. None of these changes had a material impact on this interim report. In connection with the coronavirus crisis, the associated closure of our tableware shops and the temporary halt of production in Germany and France, we have adjusted the procedure for the measurement of finished products in line with current circumstances, and are thus waiving storage discounts for goods with an age structure of up to 12 months for the time being. The effects of this are described in note 4 Inventories.

Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 54 companies (31 December 2019: 55). To optimise the Group's structure, Villeroy & Boch Tableware Oy, Finland, was merged with Villeroy & Boch Gustavsberg Oy, Finland, on 1 January 2020.

As in the previous year, two companies were treated as non-consolidated companies on account of their insignificance impact on the assets, liabilities, financial position and profit or loss of the Villeroy & Boch Group.

Annual General Meeting of Villeroy & Boch AG for the 2019 financial year

The Annual General Meeting planned for 27 March 2020 was cancelled on account of the ban on assemblies ordered by the Saarland Ministry for Social Affairs, Health, Women and Families due to the coronavirus pandemic. In conjunction with the law to mitigate the consequences of the COVID-19 pandemic, the Management Board resolved to hold the Annual General Meeting online without meeting in person. The date will be announced at a later time.

Seasonal influences on business activities

Owing to Christmas business, the Tableware Division habitually expects to generate a higher level of revenue and operating result in the fourth quarter than in the other quarters of the year.

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED BALANCE SHEET

1. Property, plant and equipment

Property, plant and equipment in the amount of € 2.7 million was acquired in the period under review (previous year: € 3.2 million). Investment in the Bathroom and Wellness Division focused on international locations, mainly for new facilities for the sanitary ware plants in Thailand and Hungary. For example, the Thailand plant was fitted with a dryer, a chamber furnace and new white plaster cabins. Work also began on the construction of a treatment plant. The Tableware Division essentially invested in the maintenance and modernisation of the logistics centre in Merzig. Furthermore, new glass tools were acquired and the division invested in revamping its trade fair appearances. Depreciation amounts to € 6.1 million (previous year: € 5.9 million). As at the end of the reporting period, the Villeroy & Boch Group had obligations to acquire property, plant and equipment in the amount of € 6.3 million (31 December 2019: € 6.0 million).

2. Right-of-use assets

Capitalized right-of-use assets rose by € 0.8 million to € 42.8 million in the reporting period. This change is due to additions of € 5.3 million (previous year: € 5.1 million) and, offsetting this, depreciation of € 3.7 million (previous year: € 3.0 million) and disposals of € 1.3 million. Expenses for short-term property leases amounted to € 0.6 million (previous year: € 3.8 million) with € 1.6 million from variable rental payments for property leases. Expenses for other short-term leases and leases for low-value assets amounted to € 0.7 million (previous year: € 1.1 million).

3. Other financial assets

Other financial assets include:

in € million	31/03/2020	31/12/2019
Shares in non-consolidated subsidiaries (see note 16)	0.7	0.7
Shares in other equity investments	2.1	2.1
Loans	2.3	2.4
Securities	10.5	12.3
Other financial assets (total)	**15.6**	**17.5**

4. Inventories

Inventories were composed as follows as at the end of the reporting period:

in € million	31/3/2020	31/12/2019
Raw materials and supplies	25.6	24.9
Work in progress	20.6	20.9
Finished goods and goods for resale	144.8	130.2
Advance payments	0.0	0.4
Inventories (total)	**191.0**	**176.4**

Impairment losses on inventories were down slightly at € -20.7 million in total in the period under review. The change in measurement in conjunction with the current coronavirus crisis had an effect in profit or loss of € 3.8 million, € 1.6 million of which relating to the Bathroom and Wellness Division and € 2.2 million to the Tableware Division.

5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	31/3/2020	31/12/2019
Germany	30.3	25.3
Rest of euro zone	25.0	28.8
Rest of world	76.0	93.2
Gross carrying amount of trade receivables	**131.3**	**147.3**
Impairment due to expected losses (step 1)	-0.5	-0.5
Impairment due to objective evidence (step 2)	-3.3	-3.7
Impairment losses	**-3.8**	**-4.2**
Receivables from affiliated, non-consolidated companies	**0.0**	**0.1**
Total trade receivables	**127.5**	**143.2**

6. Other current and non-current assets

Other non-current and current assets developed as follows in the period under review:

in € million	31/3/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Other tax receivables	5.5	-	6.2	-
Prepaid expenses	2.1	-	1.8	-
Advance payments and deposits	2.4	1.8	2.2	1.9
Receivables from other investees	2.8	-	2.6	-
Fair values of hedging instruments	1.8	0.1	0.6	0.1
Contract assets	1.1	-	1.3	-
Miscellaneous assets	5.8	-	6.0	-
Other assets (total)	**21.5**	**1.9**	**20.7**	**2.0**

7. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

in € million	31/3/2020	31/12/2019
Cash on hand incl. cheques	0.2	0.4
Current bank balances	23.0	53.9
Cash equivalents	159.7	156.0
Total cash and cash equivalents	**182.9**	**210.3**

The € 27.4 million decrease in cash and cash equivalents is primarily attributable to seasonal effects such as the payment of customer bonuses (see note 12) and variable remuneration for 2019. Bank balances were offset against matching liabilities in the amount of € 12.5 million (31 December 2019: € 13.1 million). Cash is held solely in the short term and at banks of good credit standing that are predominantly members of a deposit protection system.

8. Revaluation surplus

The revaluation surplus comprises the reserves contained in "Other comprehensive income":

in € million	31/3/2020	31/12/2019
Items to be reclassified to profit or loss:		
▌ Currency translation of financial statements of foreign group companies	-8.7	-11.4
▌ Currency translation of long-term loans classified as net investments in foreign group companies	-12.9	-4.4
▌ Reserve forcash flow hedges	-4.1	-0.6
▌ Deferred taxes for this category	-6.7	-5.5
Sub-total (a)	**-32.4**	**-21.9**
Items not to be reclassified to profit or loss:		
▌ Actuarial gains and losses on defined benefit obligations	-107.9	-107.9
▌ Miscellaneous gains and losses on measurement	-1.3	0.2
▌ Deferred taxes for this category	31.4	31.5
Sub-total (b)	**-77.8**	**-76.2**
Total revaluation surplus [(a)+(b)]	**-110.2**	**-98.1**

The change in the revaluation surplus predominantly results from currency effects recognised in other comprehensive income from various currencies, the most significant of which being the Mexican peso, the Hungarian forint, the Swedish krona and the Thai baht.

9. Non-current and current provisions for personnel

Non-current provisions for personnel only changed to a minor extent. The change in current provisions for personnel is mainly due to the payment of variable remuneration components for 2019.

10. Non-current and current financial liabilities

Non-current financial liabilities increased by € 10.0 million in the reporting period while current financial liabilities were virtually unchanged.

11. Non-current and current lease liabilities

These liabilities rose by € 0.2 million to € 43.5 million in the reporting period. This change mainly results from an addition from new leases of € 5.3 million and a decline of € 5.4 million from repayments of principal. Interest expenses for leased right-of-use assets amounted to € 0.2 million in the reporting period.

12. Other non-current and current liabilities

Other non-current and current liabilities are composed as follows:

in € million	31/3/2020		31/12/2019	
	current	non-current	current	non-current
Bonus liabilities (a)	24.3	-	41.9	-
Personnel liabilities (a)	21.4	-	19.8	0.1
Other tax liabilities	10.4	-	12.4	-
Advance payments received on account of orders	4.6	-	4.1	-
Deferred income	2.8	0.9	3.0	1.1
Liabilities to affiliated, non-consolidated companies	0.3	-	0.4	-
Fair values of hedging instruments	1.8	4.2	0.6	0.7
Miscellaneous other liabilities	1.4	26.9	3.4	27.0
Other liabilities (total)	**67.0**	**32.0**	**85.6**	**28.9**

(a) Seasonal change

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED INCOME STATEMENT

13. Revenue

Revenue is broken down in the segment reporting.

14. Selling, marketing and development costs

This item includes the following expenses for research and development in the period under review:

in € million	31/3/2020	31/3/2019
Bathroom and Wellness	-2.9	-2.9
Tableware	-1.0	-1.1
Research and development costs (total)	**-3.9**	**-4.0**

15. Financial result

The financial result is broken down as follows:

in € million	31/3/2020	31/3/2019
Financial expenses	-0.8	-0.5
Interest expense on lease liabilities	-0.2	-0.2
Interest expenses for provisions (pensions)	-0.5	-0.8
Financial income	0.5	0.3
Net finance expense (total)	**-1.0**	**-1.2**

OTHER NOTES

16. Related party disclosures

No material contracts were entered into with related parties in the period under review. The pro rata temporis transaction volume with related parties and non-consolidated affiliated companies is at virtually the same level as in the 2019 annual financial statements. All transactions are conducted at arm’s-length conditions.

17. Personnel changes in the Supervisory Board of Villeroy & Boch AG

Effective 31 December 2019, the Chairman of the Supervisory Board of Villeroy & Boch AG, Mr Yves Elsen, resigned as both a member of that body and its chairman. By way of resolution of the Saarbrücken Local Court of 23 January 2020, Mr Peter Prinz Wittgenstein was appointed to the Supervisory Board until the next statutory election, i.e. until the Annual General Meeting that adopts a resolution on the official approval of his actions for the 2022 financial year. The Deputy Chairman of the Supervisory Board, Ralf Runge, performed the duties of the Chairman in accordance with the Articles of Association and the law until the election of a new Chairman of the Supervisory Board by the Supervisory Board. The Supervisory Board of Villeroy & Boch AG elected Dr Alexander von Boch-Galhau as the new Chairman of the Supervisory Board effective 15 January 2020, thus ending the acting chairmanship of the Deputy Chairman of the Supervisory Board, Ralf Runge.

The Chairwoman of the Audit Committee of Villeroy & Boch AG, Prof Dr Annette G. Köhler, resigned as a member of the Supervisory Board and the Chairwoman of the Audit Committee effective 29 February 2020.

18. Events after the end of the reporting period

No further significant events occurred by the time the interim report was approved for publication.

FINANCIAL CALENDAR

20 July 2020	Report on the first half of 2020
20 October 2020	Report on the first nine months of 2020
26 March 2021	General Meeting of Shareholders of Villeroy & Boch AG

This interim report is available in English and German. In the event of variances, the German version shall take precedence over the translation. Due to rounding differences, there may be slight discrepancies in the totals and percentages contained in this report. Percentages are generally shown as rounded numbers. This interim report and further information can also be downloaded at www.villeroyboch-group.com.