Villeroy & Boch
1748

INTERIM REPORT
1 January to 31 March 2019

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- Consolidated revenue (€ 197.7 million) and operating result (€ 8.5 million) down on strong prior year quarter due to temporary effects in the Bathroom and Wellness Division.
- Positive business performance in the Tableware Division.
- Revenue and earnings targets for 2019 as a whole confirmed.

THE GROUP AT A GLANCE	1/1/2019 - 31/3/2019 in € million	1/1/2018 - 31/3/2018 in € million	Change in € million	Change in %
Revenue	197.7	209.7	-12.0	-5.7
Revenue – Germany	62.6	63.9	-1.3	-2.0
Revenue – Abroad	135.1	145.8	-10.7	-7.3
On a constant currency basis	198.0	209.7	-11.7	-5.6
EBIT	8.5	11.1	-2.6	-23.4
EBT	7.3	10.0	-2.7	-27.0
Group result	5.1	7.0	-1.9	-27.1
Return on net operating assets (rolling)	15.4 %	16.7 % (1)	-	-1.3 PP
Investments (without leasing)	4.2	4.8	-0.6	-12.5
Investments „Leases“ - IFRS 16 (2)	45.0	-	-	-
Employees (FTEs as at end of period)	7,461 FTE	7,581 FTE	-120 FTE	-1.6

(1) Return on net operating assets as at 31 December 2018
(2) Accounting in accordance with new IFRS 16 “Leases”

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INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2019

GENERAL CONDITIONS OF THE GROUP

The basic information on the Group as presented in the 2018 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 respectively.

ECONOMIC REPORT

General economic conditions

The global economy continued to lose momentum in the first few months of the 2019 financial year. Political uncertainty, such as the US trade dispute and a lack of clarity regarding the terms of Brexit, weighed heavily on the economic environment. Good economic data recently released for China should offset this somewhat. In the euro area, however, the economy slowed down. This can also be seen in Germany, which - like the euro area - is being squeezed by increasingly weak exports.

Course of business and position of the Villeroy & Boch Group

The Management Board of Villeroy & Boch AG still considers the economic position of the Group to be satisfactory on the whole.

We generated consolidated revenue of € 197.7 million (including licence income) in the first quarter of 2019, marking a € 12.0 million (5.7 %) year-on-year decline. Excellent revenue growth in the Tableware Division (up 6.2 %) was offset by the weak start to the year in the Bathroom and Wellness Division, which was affected by temporary non-recurring effects. Currency effects were insignificant in the reporting period.
However, the significant upturn in incoming orders in Q1 2019 caused orders on hand to pick up by € 13.0 million to € 72.8 million against 31 December 2018. Of this figure, € 55.6 million related to the Bathroom and Wellness Division and € 17.2 million to the Tableware Division.

EBIT fell by € 2.6 million to € 8.5 million in the first quarter of 2019 on account of declining revenue. The Group's rolling return on net operating assets was 15.4 % as at 31 March 2019, a result primarily of earnings performance. You can find further details on this in the information about the Division.

Course of business and position of the divisions

<u>Bathroom and Wellness</u>

The Bathroom and Wellness Division generated revenue of € 131.4 million in the first quarter of 2019 (previous year: € 147.2 million).
The € 15.8 million decline in revenue reflected primarily temporary non-recurring effects, as it was not possible in the reporting period to achieve the levels of Q1 2018, which was exceptionally positive thanks to processing supply backlogs resulting from the software changeover in our central warehouse at the end of 2017. These effects resulted in similar revenue declines in key markets in the EMEA region (Europe, Middle East, Africa), totalling a fall of 8.4 %.
Abroad, changes to terms of payment brought about a shift in revenue, with an impact of € -5.4 million.
Nonetheless, a considerable upturn in incoming orders and the fact that orders on hand have risen above figures as at 31 December 2018 make us confident that the current dip in the year as a whole can be comfortably recouped.
Reflecting revenue performance resulting from the non-recurring effects described above, the Bathroom and Wellness Division closed the first quarter of 2019 with an operating result (EBIT) of € 9.2 million, down € 3.8 million on the previous year.
The rolling return on net operating assets declined to 20.1 % on account of earnings due to the non-recurring effects mentioned above (31 December 2018: 23.4 %).

Tableware

The Tableware Division generated revenue of € 65.5 million in the first quarter of 2019, up 6.2 % on the prior year's figure. On a constant currency basis, revenue rose by 5.3 %.

We were encouraged to see that we boosted revenue in our domestic market Germany by 6.7 %, with almost all sales channels, in particular e-commerce and our wholesale activities, performing well. E-commerce business in the EMEA region performed exceptionally well, climbing by 22.9 %. However, total revenue in the EMEA region saw only moderate growth of 1.1 % on the back of unsatisfactory performance in northern Europe (down 8.8 %) and Russia (down 33.9 %).

We achieved revenue growth of 16.2 % abroad, thanks chiefly to good performance in the US (up 28.3%). This growth was driven by wholesale and project business.

The Tableware Division opened the current financial year with a significant upturn in the operating result (EBIT) of € 1.2 million, rising to € -0.7 million. Revenue growth played a particularly key role in this positive performance.

The rolling return on net operating assets in the Tableware Division rose by 2.6 percentage points as against 31 December 2018 thanks primarily to the upturn in earnings, amounting to 6.1 % at the reporting date.

Capital structure

Our equity increased slightly by € 2.0 million as against the end of 2018, amounting to € 211.4 million as at 31 March 2019. The change in equity resulted largely from the Group result of € 5.1 million generated in Q1 2019 and offsetting currency effects. At 30.0 %, our equity ratio (including non-controlling interests) was down 0.7 percentage points on the figure as at 31 December 2018 (30.7 %) on account of the increase in total assets resulting mainly from the first-time application of the new lease standard IFRS 16.

Investments

We made investments in intangible assets and property, plant and equipment totalling € 4.2 million in the first quarter of 2019 (previous year: € 4.8 million). The Bathroom and Wellness Division accounted for € 3.6 million, with the remaining € 0.6 million attributable to the Tableware Division.

In the Bathroom and Wellness Division, we acquired new facilities for the sanitary ware plants in Thailand and France in particular. Investments in the Tableware Division included essentially new facilities and modernisation measures for the production facilities in Merzig and Torgau.

Right-of-use assets amounting to € 45.0 million also arose in connection with the first-time application of IFRS 16 "Leases". You can find further information on this in the notes to the consolidated financial statements (cf. no. 2).

At the reporting date, the Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 9,2 million. Our investments are financed from operating cash flow.

We are continuing to forecast an investment volume of more than € 40 million for 2019 as a whole.

Net liquidity

Our net liquidity amounted to € -27.4 million as at 31 March 2019, a decrease of € 26.9 million as against 31 December 2018. In particular, this reflects seasonal effects such as the annual payment of customer bonuses and variable performance-based remuneration.

Balance sheet structure

Total assets amounted to € 705.1 million at the end of the reporting period compared with € 681.6 million as at 31 December 2018, an increase of € 23.5 million. This is a result primarily of the first-time application of IFRS 16 "Leases", which increased total assets by € 42.4 million. Under this IFRS standard, existing leases are to be recognised in the consolidated balance sheet as right-of-use assets. At the same time, lease liabilities related to these right-of-use assets are to be carried as liabilities.

The new accounting regulation meant that the share of total assets attributable to non-current assets increased to 40.9 % (31 December 2018: 36.4 %).

Current assets fell by € 17.7 million as against 31 December 2018, largely as a result of the seasonal reduction in cash and cash equivalents.

On the equity and liabilities side of the balance sheet, the main changes compared with year-end 2018 related to lease liabilities of € 41.7 million recognised for the first time. This was offset by the reduction in other current liabilities, current provisions for personnel and trade payables.

REPORT ON RISKS AND OPPORTUNITIES

The opportunities and risks described in the 2018 annual report remain unchanged. There is no evidence of any individual risks that could endanger the continued existence of the Group.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Thanks to the impact of non-recurring effects on business in the first three months and the return to growth in incoming orders, the Management Board of Villeroy & Boch AG is confident that the revenue, result and return on net operating assets forecast can be achieved in 2019.

We continue to expect moderate global economic growth, although the momentum is currently weakening again. In particular, we see risks against the backdrop of revised economic forecasts and increasing recession concerns in the euro zone, which could even be exacerbated by the Brexit.

Regarding the sale of our former plant property in Luxembourg, which has the potential to generate high eight-figure earnings, we entered exclusive negotiations with an investor in February of this year and expect this to be completed in the second half of 2019.

Mettlach, 11 April 2019

Frank Göring

Gabi Schupp

Andreas Pfeiffer

Dr. Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 31 March 2019

in € million

Assets	Notes	31/3/2019	31/12/2018
Non-current assets			
Intangible assets		39.3	38.9
Property, plant and equipment	1	180.8	183.2
Rigth-of-use assets	2	42.4	-
Investment property		6.9	7.0
Investment accounted for using the equity method		1.7	1.6
Other financial assets	3	17.6	17.1
		288.7	**247.8**
Other non-current assets	6	3.8	3.5
Deferred tax assets		36.5	36.5
		329.0	**287.8**
Current assets			
Inventories	4	172.4	166.5
Trade receivables	5	139.7	137.4
Other current assets	6	27.0	27.6
Income tax receivables		4.7	3.9
Cash and cash equivalents	7	31.5	57.6
		375.3	**393.0**
Non-current asset held for sale		**0.8**	**0.8**
Total assets		**705.1**	**681.6**

Equity and Liabilities	Notes	31/3/2019	31/12/2018
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		36.9	31.9
Revaluation surplus	8	-81.1	-77.9
		206.3	**204.5**
Equity attributable to minority interests		**5.1**	**4.9**
Total equity		**211.4**	**209.4**
Non-current liabilities			
Provisions for pensions		175.2	177.2
Non-current provisions for personnel	9	17.1	17.1
Other non-current provisions		8.4	8.8
Non-current financial liabilities	10	25.0	25.0
Non-current lease liabilities	11	30.4	-
Other non-current liabilities	12	4.3	4.4
Deferred tax liabilities		4.3	4.1
		264.7	**236.6**
Current liabilities			
Current provisions for personnel	9	8.8	15.2
Other current provisions		19.2	20.0
Current financial liabilities	10	33.9	33.1
Current lease liabilities	11	11.3	-
Other current liabilities	12	77.0	86.6
Trade payables		75.8	77.3
Income tax liabilities		3.0	3.4
		229.0	**235.6**
Total liabilities		**493.7**	**472.2**
Total equity and liabilities		**705.1**	**681.6**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2019

in € million

	Notes	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018
Revenue	13	**197.7**	**209.7**
Costs of sales		-112.3	-120.3
Gross profit		**85.4**	**89.4**
Selling, marketing and development costs	14	-66.3	-66.6
General administrative expenses		-11.0	-11.1
Other operating income and expenses		0.3	-0.6
Result of associates accounted for using the equity method		0.1	0.0
Operating result (EBIT)		**8.5**	**11.1**
Financial result	15	**-1.2**	**-1.1**
Earnings before taxes		**7.3**	**10.0**
Income taxes	16	-2.2	-3.0
Group result		**5.1**	**7.0**
Thereof attributable to:			
Villeroy & Boch AG shareholders		5.0	6.9
Minority interests		0.1	0.1
		5.1	**7.0**
EARNINGS PER SHARE		**in €**	**in €**
Earnings per ordinary share		0.17	0.24
Earnings per preference share		0.22	0.29

During the reporting period there were no share dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2019

in € million

		1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018
Group result		**5.1**	**7.0**
Other comprehensive income			
Items to be reclassified to profit or loss:			
Gains or losses on cash flow hedge		-0.6	-1.1
Gains or losses on translations of exchange differences		-2.4	-0.6
Deferred income tax effect on items to be reclassified to profit or loss		-1.1	-0.1
Items not to be reclassified to profit or loss:			
Actuarial gains or losses on defined benefit plans		0.0	0.1
Gains or losses on other value changes		0.6	-0.3
Deferred income tax effect on items not to be reclassified to profit or loss		0.4	-0.1
Total other comprehensive income		**-3.1**	**-2.1**
Total comprehensive income net of tax		**2.0**	**4.9**
Thereof attributable to:			
Villeroy & Boch AG shareholders		1.8	5.1
Minority interests		0.2	-0.2
Total comprehensive income net of tax		**2.0**	**4.9**

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 31 March 2019

in € million

	Equity attributable to Villeroy & Boch AG shareholders							
	Issued capital	Capital surplus	Treasury shares	Retained earnings	Revaluation surplus	Total	Equity attributable to minority interests	Total equity
Notes					8			
As of 1/1/2018	**71.9**	**193.6**	**-15.0**	**12.7**	**-74.0**	**189.2**	**5.4**	**194.6**
Group result				6.9		6.9	0.1	7.0
Other comprehensive income					-1.8	-1.8	-0.3	-2.1
Total comprehensive income net of tax				**6.9**	**-1.8**	**5.1**	**-0.2**	**4.9**
Dividend payments				-14.3		-14.3	-0.1	-14.4
As of 31/3/2018	**71.9**	**193.6**	**-15.0**	**5.3**	**-75.8**	**180.0**	**5.1**	**185.1**
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**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2019

in € million

	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018
Group result	5.1	7.0
Depreciation of non-current assets	9.1	6.3
Change in non-current provisions	-3.6	-2.8
Profit from disposal of fixed assets	0.0	0.1
Change in inventories, receivables and other assets	-11.4	-7.9
Change in liabilities, current provisions and other liabilities	-19.8	-26.1
Other non-cash income/expenses	1.1	0.2
Cash Flow from operating activities	**-19.5**	**-23.2**
Purchase of intangible assets, property, plant and equipment	-4.2	-4.8
Investment in non-current financial assets	-0.4	-2.1
Cash receipts from disposals of fixed assets	0.7	0.4
Cash Flow from investing activities	**-3.9**	**-6.5**
Change in financial liabilities	0.7	4.5
Cash payments for the principal portion of the lease liabilities (1)	-3.4	-
Cash payments for the acquisition of non-controlling interests	0.0	-0.1
Dividend payments	-	-14.4
Cash Flow from financing activities	**-2.7**	**-10.0**
Sum of cash flows	**-26.1**	**-39.7**
Balance of cash and cash equivalents as at 1 Jan	57.6	108.7
Net increase in cash and cash equivalents	-26.1	-39.7
Balance of cash and cash equivalents as at 31 Mar	**31.5**	**69.0**

(1) Application of IFRS 16 "Lease" from 01.01.2019; previous year not adjusted.

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 31 March 2019

in € million

	Bathroom & Wellness		Tableware		Transition / Other		Villeroy & Boch-Group	
	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018	1/1/2019 - 31/3/2019	1/1/2018 - 31/3/2018
Revenue								
Segment revenue from sales of goods to external customers	131.3	147.1	63.2	60.9	0.0	0.0	194.5	208.0
Segment revenue from transactions with other segments	-	-	0.0	0.0	0.0	-	0.0	0.0
Segment revenue from licence	0.1	0.1	2.3	0.8	0.8	0.8	3.2	1.7
Revenue	131.4	147.2	65.5	61.7	0.8	0.8	197.7	209.7
Result								
Segment result	9.2	13.0	-0.7	-1.9	-	-	8.5	11.1
Financial result	-	-	-	-	-1.2	-1.1	-1.2	-1.1
Investments and depreciations								
Investments of intangible assets, property, plant and equipment	3.6	3.8	0.6	1.0	-	-	4.2	4.8
Investments of rigth-of-use assets on leases (1)	11.8	-	33.2	-	-	-	45.0	-
Scheduled depreciation	5.7	4.8	3.4	1.5	-	-	9.1	6.3

(1) Application of IFRS 16 "Lease" from 01.01.2019; previous year not adjusted.

Assets and Liabilities	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Segment assets	421.7	393.2	148.9	128.1	134.5	160.3	705.1	681.6
Segment liabilities	145.7	147.8	68.8	41.3	279.2	283.1	493.7	472.2

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	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Rolling operating assets	385.2	374.0	132.8	125.1	-	-	518.0	499.1
Rolling operating liabilities	139.9	139.6	45.8	39.1	-	-	185.7	178.7
Rolling net operation assets	245.3	234.4	87.0	86.0	-	-	332.3	320.4
Rolling operating result (EBIT) *								
Rolling operating result (EBIT) *	49.2	54.8	5.3	3.0	-3.4	-4.2	51.1	53.6

* 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 2019

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 2019. It was approved for publication on 11 April 2019 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 2018. 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 2018 Annual Report were extended or adjusted to include the accounting standards endorsed by the EU and applicable to reporting periods beginning on or after 1 January 2019, and in particular IFRS 16 "Leases", IFRIC 23 "Uncertainty over Income Tax Treatments" and changes to IFRS 9 "Prepayment features with negative compensation". The first-time application of IFRS 16 extended the balance sheet as at 1 January 2019 by € 39.9 million (see note 2, note 11). The transition was made in accordance with the modified retrospective method. No contracts with a remaining term of less than twelve months were converted. The prior-year figures have not been restated. None of the other changes to accounting provisions had a material impact on this interim report.

Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 56 companies (31 December 2018: 56 companies).

Dividend by Villeroy & Boch AG for the 2018 financial year

The General Meeting of Shareholders on 29 March 2019 approved the dividend of € 0.55 per ordinary share and € 0.60 per preference share as proposed by the Supervisory Board and Management Board of Villeroy & Boch AG. The distribution corresponds to a dividend payment of € 7.7 million for the ordinary share capital (previous year: € 7.3 million) and € 7.4 million for the preference share capital (previous year: € 7.0 million). The dividend was paid on 3 April 2019. As in the previous year, the Villeroy & Boch Group held 1,683,029 preference treasury shares at the distribution date. These shares were not entitled to dividends.

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 € 3.2 million was acquired in the period under review (previous year: € 3.4 million). Investments in the Bathroom and Wellness Division focused on foreign countries. In particular, new facilities were acquired for the sanitary ware plant in Thailand and the plant specializing in kitchen sinks in France. For example, the Thailand plant was fitted with a dryer, a chamber furnace and new workbenches. Moulds for the Planeo series and a new CNC system were purchased at the Belgian wellness plant. The Tableware Division received new pressing tools for production in Merzig and made an initial partial investment for the replacement of a pressure casting press in Torgau. The two major projects in the central department are the introduction of new software to support customer relationship management and continuing the redevelopment of the Alte Abtei (Old Abbey) to create a modern administrative headquarters. Depreciation amounted to € 5.9 million (previous year: € 5.7 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 € 9.1 million (31 December 2018: € 6.3 million).

2. Rights-of-use assets

The application of IFRS 16 as at 1 January 2019 resulted in rights of use from existing leases being capitalized for the first time in the amount of € 39.9 million, which are offset by lease liabilities (see note 11) in the same amount. New right-of-use agreements were concluded in the amount of € 5.1 million in the period after the initial application. The Group recognized rights-of-use assets of € 42.4 million as at 31 March 2019, essentially resulting from building rents (€ 35.3 million). Depreciation amounted to € 3.0 million in the reporting period, of which 81.3 % was attributable to rights of use on buildings. Leased assets of € 0.4 million, which were already recognized as property, plant and equipment under the old regulation, were also classified as rights of use.
Expenses from current property leases amount to € 3.8 million. € 1.1 million was spent on the remaining current leases and leasing of low-value assets.

3. Other financial assets

Financial assets increased by € 0.5 million in the first quarter of 2019 as a result of the acquisition of additional securities as a freely marketable investment in the amount of € 0.5 million.

4. Inventories

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

in € million	**31/3/2019**	**31/12/2018**
Raw materials and supplies	25.1	23.6
Work in progress	20.3	19.0
Finished goods and goods for resale	127.0	123.9
Inventories (total)	**172.4**	**166.5**

In the period under review, impairment losses on inventories increased by € -2.2 million to a total of € -19.7 million.

5. Trade receivables

Trade receivables are broken down as follows:

by customer domicile/in € million	31/3/2019	31/12/2018
Germany	31.8	23.9
Rest of euro zone	28.2	28.8
Rest of world	83.1	87.7
Gross carrying amount of trade receivables	**143.1**	**140.4**
Impairment due to expected losses (step 1)	-0.4	-0.5
Impairment due to objective evidence (step 2)	-3.0	-2.5
Impairment losses	**-3.4**	**-3.0**
Total trade receivables	**139.7**	**137.4**

6. Other current and non-current assets

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

in € million	31/3/2019		31/3/2018	
	Current	Non-current	Current	Non-current
Other tax receivables	7.6	-	9.1	-
Prepaid expenses	2.5	-	1.8	-
Advance payments and deposits	3.1	1.8	3.1	1.8
Receivables from equity investments	2.3	-	2.3	
Fair values of hedging instruments	1.3	2.0	1.5	1.7
Contract assets	1.8	-	1.6	-
Miscellaneous other assets	8.4	0.0	8.2	0.0
Other assets (total)	**27.0**	**3.8**	**27.6**	**3.5**

7. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

in € million	31/3/2019	31/3/2018
Cash on hand incl. cheques	0.4	0.6
Current bank balances	13.2	19.9
Cash equivalents	17.9	37.1
Total cash and cash equivalents	**31.5**	**57.6**

The € 26.1 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 2018. Bank balances were offset against matching liabilities in the amount of € 19.5 million (31 December 2018:

€ 28.3 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	31/3/2019	31/12/2018
Items to be reclassified to profit or loss:		
Currency translation of financial statements of foreign group companies	-8.6	-5.0
Currency translation of long-term loans classified as net investments in foreign group companies	-5.4	-6.5
Change in fair value of cash flow hedges	1.9	2.5
Deferred taxes for this category	-5.7	-4.6
Sub-total (a)	**-17.8**	**-13.6**
Items not to be reclassified to profit or loss:		
Actuarial gains and losses on defined benefit obligations	-89.9	-89.9
Miscellaneous gains and losses on measurement	0.3	-0.3
Deferred taxes for this category	26.3	25.9
Sub-total (b)	**-63.3**	**-64.3**
Total revaluation surplus [(a)+(b)]	**-81.1**	**-77.9**

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 2018.

10. Non-current and current financial liabilities

Non-current financial liabilities did not change in the reporting period. The change in current financial liabilities was mainly attributable to the utilization of interim finance.

11. Non-current and current lease liabilities

Non-current and current lease liabilities of € 39.9 million were recognized as liabilities as at 1 January 2019, and were offset by capitalized rights of use in the same amount. These liabilities rose by € 1.8 million to € 41.7 million in the reporting period. This change resulted from an addition from new leases amounting to € 5.1 million, ongoing accrued rent already recognized in the amount of € 0.4 million and a decline of € -3.5 million from repayments made. Interest expenses for leased rights of use came to € -0.2 million in the reporting period.

Lease liabilities to the tune of € 11.3 million fall due in the next 12 months and are recognized as current lease liabilities.

12. Other non-current and current liabilities

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

in € million	31/3/2019		31/12/2018	
	current	non-current	current	non-current
Bonus liabilities (a)	28.2	-	43.0	-
Personnel liabilities (a)	22.8	0.1	19.4	0.1
Other tax liabilities	12.8	-	12.3	-
Advance payments	5.5	-	4.5	-
Deferred income	3.4	1.4	2.7	1.6
Change in fair value of hedging instruments	1.0	0.4	0.4	0.3
Miscellaneous liabilities	3.3	2.4	4.3	2.4
Other liabilities (total)	**77.0**	**4.3**	**86.6**	**4.4**

(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	31/3/2019	31/3/2018
Bathroom and Wellness	-2.9	-2.8
Tableware	-1.1	-0.9
Research and development costs (total)	**-4.0**	**-3.7**

15. Financial result

The financial result is broken down as follows:

in € million	31/3/2019	31/3/2018
Financial expenses	-0.5	-0.6
Interest expense on lease liabilities	-0.2	-
Interest expenses for provisions (pensions)	-0.8	-0.8
Financial income	0.3	0.3
Net finance expense (total)	**-1.2**	**-1.1**

16. Income taxes

The main components of income tax expense are as follows:

in € million	31/3/2019	31/3/2018
Current income taxes	-2.2	-2.3
Deferred taxes	0.0	-0.7
Income taxes (total)	**-2.2**	**-3.0**

OTHER NOTES

17. Related party disclosures

No material contracts were concluded with related parties in the period under review. The pro rata transaction volume is largely the same as in the 2018 annual financial statements. All transactions are conducted at arm's-length conditions.

18. Changes to the composition of the Management Board of Villeroy & Boch AG

The Villeroy & Boch AG Supervisory Board has appointed Gabi Schupp to the Management Board as Tableware Director with effect from 1 February 2019. She succeeds Nicolas Luc Villeroy, who resigned as member of the Board on 31 January 2019.

19. 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

18 July 2019	Report on the first half of 2019
21 October 2019	Report on the first nine months of 2019
27 March 2020	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.