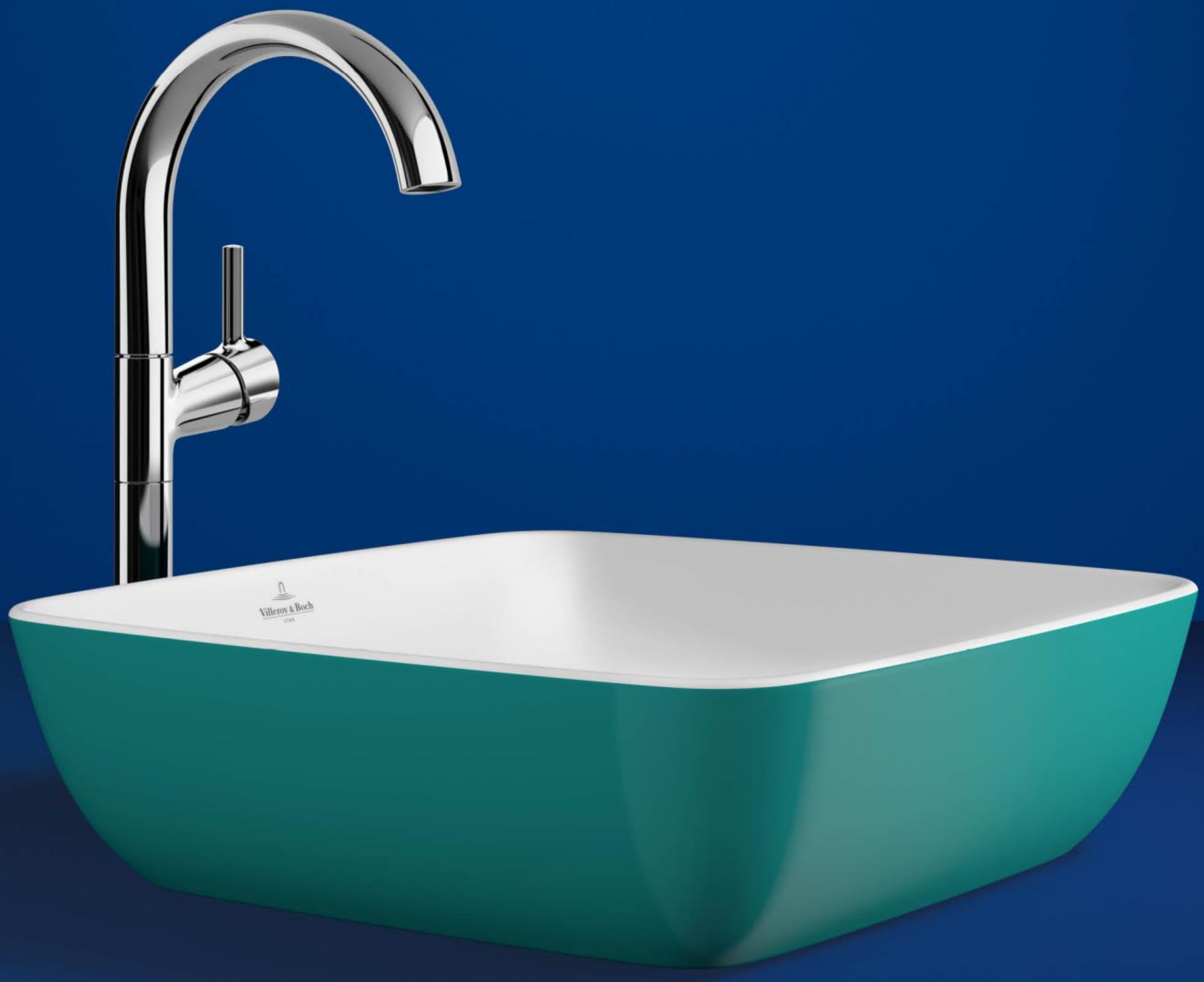
Villeroy & Boch
1748



INTERIM REPORT
1 January to 31 March 2017

INTERIM REPORT
1 January to 31 March 2017

- Consolidated revenue up 1.4 % year-on-year to € 201.2 million.
- EBIT climbs 5.0 % to € 10.5 million.
- Growth and earnings targets for 2017 as a whole confirmed in light of positive order situation.

THE GROUP AT A GLANCE	1/1/2017 - 31/3/2017 in € million	1/1/2016 - 31/3/2016 in € million	Change in € million	Change In %
Revenue (nominal)	201.2	198.4	2.8	1.4
Revenue – Germany	62.0	60.6	1.4	2.3
Revenue – Abroad	139.2	137.8	1.4	1.0
Revenue (on a constant currency basis)	201.2	198.4	2.8	1.4
EBIT	10.5	10.0	0.5	5.0
EBT	9.2	8.7	0.5	5.7
Group result	6.4	6.1	0.3	4.9
Return on net operating assets (rolling)	16.2 %	15.7 % *	0.5 pp	3.2
Investments	3.0	2.4	0.6	25.0
Employees (FTEs as at end of period)	7,472 FTE	7,353 FTE **	119 FTE	1.6

* Return on net assets as at 31 December 2016
** Prior year adjusted

German Securities Code Numbers (WKN): 765 720, 765 723

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INTERIM MANAGEMENT REPORT OF THE VILLEROY & BOCH GROUP FOR THE FIRST QUARTER OF 2017

GENERAL CONDITIONS OF THE GROUP

The basic information on the Group as presented in the 2016 Group management report remains unchanged. Information on changes in the consolidated group and on research and development costs can be found on page 12 or page 16 of the notes to the consolidated financial statements respectively.

ECONOMIC REPORT

General economic conditions

The global economy enjoyed a solid start to 2017. The change of government in the USA awakened hopes of substantial economic policy stimulus measures, while the euro zone economy was boosted by the fall in the external value of the euro as well as sustained low interest rates and growth in employment.

The robust expansion of the German economy continued, not least thanks to rising exports and the consistently high level of investment in construction. However, consumer spending declined as purchasing power was hit by rising energy prices. Despite the pessimistic forecasts in the wake of the Brexit referendum, the British economy remained on a stable growth path. The French economy continued to see more muted development.

Economic growth in China remained robust in the first quarter of 2017, driven primarily by stable industrial production and investments in infrastructure and new facilities supported by monetary policy measures. Having been in recession for around two years, the Russian economy also showed initial signs of recovery.

Course of business and position of the Villeroy & Boch Group

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

In the first quarter of 2017, we increased our consolidated revenue – both nominal and on a constant currency basis – by 1.4 % to € 201.2 million. Positive and negative exchange rate effects largely balanced each other out. Exchange rate losses resulted from the pound sterling and the Swedish krona in particular, while we benefited from the positive development of the Russian rouble and the US dollar.

Orders on hand amounted to € 94.0 million as at 31 March 2017, a significant increase of € 20.1 million as against 1 January 2017. Of this figure, € 79.0 million related to the Bathroom and Wellness Division and € 15.0 million to the Tableware Division.

We are reiterating our revenue and earnings forecast for the year as a whole on account of our high level of orders on hand in particular.

At the end of the first quarter of 2017, we increased our EBIT by € 0.5 million or 5.0 % to € 10.5 million on the back of the strong revenue performance in the Bathroom and Wellness Division. Further information on revenue and earnings development in the two divisions can be found in the following discussion.

The rolling return on net operating assets of the Villeroy & Boch Group improved by 0.5 percentage points to 16.2 % as of 31 March 2017 (31 December 2016: 15.7 %). The Group's rolling net operating assets amounted to € 285.8 million at the reporting date (31 December 2016: € 292.5 million).

Course of business and position of the divisions

Bathroom and Wellness

We generated revenue (nominal) of € 138.4 million in the Bathroom and Wellness Division in the first quarter of 2017, an increase of 7.1 % as against the previous year. On a constant currency basis, our revenue growth was slightly higher at 7.3 %. The main exchange rate effects resulted from the depreciation of the pound sterling and the Swedish krona, which were offset by the positive development of the Russian rouble and the Norwegian krone.
We again improved our performance in our home market of Germany with a substantial revenue growth of 8.6 %. We also generated strong revenue growth in Norway (+22.4 %), Finland (+15.8 %), the Netherlands (+8.7 %) and the United Kingdom (+7.3 %) in particular. Revenue in France declined slightly in the first quarter (-2.8 %). In Eastern Europe, we recorded revenue growth of 2.9 %, with a particular good result in Hungary (+19.9 %).
In our growth market China, we again improved significantly with an outstanding revenue growth of 60.7 %.

Thanks to its strong revenue performance, the Bathroom and Wellness Division increased its operating result (EBIT) by € 1.2 million or 12.0 % year-on-year to € 11.2 million.

The division improved its rolling return on net operating assets to 21.1 % (31 December 2016: 20.6 %). The operating net assets employed in the division declined by € 3.5 million as against 31 December 2016 to € 205.1 million.

Tableware

The Tableware Division generated revenue (nominal) of € 62.8 million in the first three months of 2017, down 9.3 % on the previous year. On a constant currency basis, revenue fell by 9.6 %. This means that positive exchange rate effects, which resulted primarily from the US dollar and the Australian dollar, outweighed the exchange rate losses from the pound sterling in particular.
Revenue development was affected by our strategy of intensifying our focus on higher-margin trade channels, which was initiated in the previous year. We are maintaining this approach in order to improve our revenue quality in the long term. At the same time, our tableware business also felt the impact of the general downturn in visitor numbers at retail stores across Europe.
Among other things, we were faced with lower revenue in Germany (-9.9 %) and France (-8.8 %), including due to the closure of unprofitable stores as part of the optimisation of our retail network. By contrast, we recorded revenue growth of 4.6 % on a constant currency basis in the United Kingdom - although the depreciation of the pound sterling meant revenue was down 6.0 % year-on-year in nominal terms. In Eastern Europe, the Tableware Division recorded revenue growth of 2.4 %, with Poland (+11.6 %) and Russia (+5.8 %) enjoying especially strong performance. Revenue in our growth market of China increased by 12.6 % year-on-year, while revenue in the USA declined by 10.8 %.

The lower revenue volume compared with the previous year meant that the Tableware Division opened the 2017 financial year with quarterly EBIT of € -0.7 million (previous year: € 0.0 million).

The rolling net operating assets of the Tableware Division amounted to € 80.7 million as of 31 March 2017, down on the figure of € 83.9 million as of 31 December 2016. The return on net operating assets fell by 0.6 percentage points as against 31 December 2016, amounting to 13.0 % at the reporting date.

Capital structure

Our equity declined by € 7.4 million as against 31 December 2016, amounting to € 165.2 million as of 31 March 2017. The change in equity was attributable primarily to the dividend paid by Villeroy & Boch AG in the amount of € 13.3 million in March 2017, which was partially offset by the Group result of € 6.4 million in the first quarter of 2017. At 25.6 %, our equity ratio was up slightly compared with 31 December 2016 (25.5 %).

Investments

We made investments totalling € 3.0 million in the first quarter of 2017 (previous year: € 2.4 million). The Bathroom and Wellness Division accounted for € 2.3 million, with the remaining € 0.7 million attributable to the Tableware Division.

In the Bathroom and Wellness Division, the majority of the investment volume related to the acquisition of new facilities for our production site in Mettlach and the optimisation of our logistics centre in Losheim.

In the Tableware Division, we invested primarily in the acquisition of new production tools.

At the reporting date, the Group had obligations to acquire property, plant and equipment and intangible assets in the amount of € 8.4 million. Our investments are financed from operating cash flow.

We are continuing to forecast an investment volume of more than € 35 million for 2017 as a whole.

Net liquidity

Our net liquidity amounted to € 41.3 million as at 31 March 2017, a decrease of € 19.4 million as against 31 December 2016. In particular, this reflects seasonal effects such as the dividend payment as well as the annual payment of customer bonuses and variable performance-based remuneration.

By contrast, net liquidity increased by € 35.8 million compared with the same point of the previous year (31 March 2016: € 5.5 million), thereby underlining our sustained success in the area of working capital management.

Balance Sheet structure

Total assets amounted to € 645.4 million at the end of the reporting period compared with € 676.3 million as of 31 December 2016. The reduction in total assets meant that the share of total assets attributable to non-current assets increased to 32.8 % (31 December 2016: 31.7 %).

Current assets fell by € 27.5 million as against 31 December 2016. In addition to the largely seasonal reduction in cash and cash equivalents, current assets declined following the settlement in February 2017 of the purchase price receivable for the sale of a section of our former tableware plant in Luxembourg to the City of Luxembourg in late 2016.

On the equity and liabilities side of the balance sheet, the main changes compared with year-end 2016 related to the reduction in current provisions for personnel, other current liabilities and income tax liabilities.

REPORT ON RISKS AND OPPORTUNITIES

The opportunities and risks described in the 2016 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

At the end of the first three months, we are still anticipating restrained global economic momentum for 2017 as a whole. In the euro zone, the moderate overall pace of expansion is set to continue. At the same time, there are a number of uncertainties and political risks, particularly with respect to the forthcoming negotiations on the United Kingdom's withdrawal from the European Union and the unpredictable economic and trade policy of the new US government. The expansion of macroeconomic production in China is set to remain robust thanks to monetary and fiscal policy stimulus measures. We expect the Russian economy to continue to stabilise, although there are still no signs of a sustained, more pronounced upturn.

In light of the course of business in the first three months of the year and taking into account all of the available market estimates, the Management Board of Villeroy & Boch AG is continuing to forecast an increase in consolidated revenue of between 3 % and 5 % for the 2017 financial year as a whole. In terms of our earnings performance, we are still forecasting EBIT growth of between 5 % and 10 %. Our return on net operating assets in 2017 is expected to be higher than the prior-year level of 15.7 %. We are confirming the forecasts made in the 2016 Group management report.

Mettlach, 18 April 2017

Frank Göring

Nicolas Luc Villeroy

Andreas Pfeiffer

Dr Markus Warncke

CONSOLIDATED BALANCE SHEET

as of 31 March 2017

in € million

Assets	Notes	31/3/2017	31/12/2016
Non-current assets			
Intangible assets		36.5	36.7
Property, plant and equipment	1	154.5	157.2
Investment property		8.8	8.9
Investment accounted for using the equity method		1.6	1.5
Other financial assets		10.2	10.1
		211.6	**214.4**
Other non-current assets	4	3.3	3.3
Deferred tax assets		46.8	47.4
		261.7	**265.1**
Current assets			
Inventories	2	142.1	141.4
Trade receivables	3	116.3	116.0
Other current assets	4	25.7	39.4
Income tax receivables		3.9	2.7
Cash and cash equivalents	5	95.2	111.2
		383.2	**410.7**
Non-current asset held for sale		**0.5**	**0.5**
Total assets		**645.4**	**676.3**

Equity and Liabilities	Notes	31/3/2017	31/12/2016
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		-10.8	-3.9
Revaluation surplus	6	-74.6	-74.1
		165.1	**172.5**
Equity attributable to minority interests		**0.1**	**0.1**
Total equity		**165.2**	**172.6**
Non-current liabilities			
Provisions for pensions		197.7	201.1
Non-current provisions for personnel	7	19.0	18.8
Other non-current provisions		16.2	16.2
Non-current financial liabilities		50.0	50.0
Other non-current liabilities	8	3.9	4.1
Deferred tax liabilities		4.4	4.3
		291.2	**294.5**
Current liabilities			
Current provisions for personnel	7	10.0	17.8
Other current provisions		19.0	19.8
Current financial liabilities		3.9	0.5
Other current liabilities	8	74.8	82.7
Trade payables		75.1	77.2
Income tax liabilities		6.2	11.2
		189.0	**209.2**
Total liabilities		**480.2**	**503.7**
Total equity and liabilities		**645.4**	**676.3**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2017

in € million

	Notes	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016
Revenue	9	**201.2**	**198.4**
Costs of sales		-113.0	-110.0
Gross profit		**88.2**	**88.4**
Selling, marketing and development costs	10	-67.9	-67.5
General administrative expenses		-11.1	-11.2
Other operating income and expenses		1.3	0.3
Result of associates accounted for using the equity method		0.0	0.0
Operating result (EBIT)		**10.5**	**10.0**
Financial result	11	**-1.3**	**-1.3**
Earnings before taxes		**9.2**	**8.7**
Income taxes	12	-2.8	-2.6
Group result		**6.4**	**6.1**
Thereof attributable to:			
Villeroy & Boch AG shareholders		6.4	6.1
Minority interests		0.0	0.0
		6.4	**6.1**
EARNINGS PER SHARE		**in €**	**in €**
Earnings per ordinary share		0.22	0.21
Earnings per preference share		0.27	0.26

During the reporting period there were no share dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2017

in € million

		1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016
Group result		**6.4**	**6.1**
Other comprehensive income			
Items to be reclassified to profit or loss:			
Gains or losses on cash flow hedge		-0.4	0.7
Gains or losses on translations of exchange differences		-0.9	0.2
Gains or losses on value changes of securities		0.0	0.0
Deferred income tax effect on items to be reclassified to profit or loss		-0.4	-0.9
Items not to be reclassified to profit or loss:			
Actuarial gains or losses on defined benefit plans		1.6	0.1
Deferred income tax effect on items not to be reclassified to profit or loss		-0.4	-0.1
Total other comprehensive income		**-0.5**	**0.0**
Total comprehensive income net of tax		**5.9**	**6.1**
Thereof attributable to:			
Villeroy & Boch AG shareholders		5.9	6.1
Minority interests		0.0	0.0
Total comprehensive income net of tax		**5.9**	**6.1**

CONSOLIDATED STATEMENT OF EQUITY

for the period 1 January to 31 March 2017
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					6			
As of 1/1/2016	**71.9**	**193.6**	**-15.0**	**-20.8**	**-64.5**	**165.2**	**0.1**	**165.3**
Group result				6.1		6.1	0.0	6.1
Other comprehensive income					0.0	0.0		0.0
Total comprehensive income net of tax				**6.1**	**0.0**	**6.1**	**0.0**	**6.1**
Dividend payments				-		-		-
As of 31/3/2016	**71.9**	**193.6**	**-15.0**	**-14.7**	**-64.5**	**171.3**	**0.1**	**171.4**
As of 1/1/2017	**71.9**	**193.6**	**-15.0**	**-3.9**	**-74.1**	**172.5**	**0.1**	**172.6**
Group result				6.4		6.4	0.0	6.4
Other comprehensive income					-0.5	-0.5		-0.5
Total comprehensive income net of tax				**6.4**	**-0.5**	**5.9**	**0.0**	**5.9**
Dividend payments				-13.3		-13.3		-13.3
As of 31/3/2017	**71.9**	**193.6**	**-15.0**	**-10.8**	**-74.6**	**165.1**	**0.1**	**165.2**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2017

in € million

	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016
Group result	6.4	6.1
Depreciation of non-current assets	6.5	6.7
Change in non-current provisions	-2.2	-2.3
Profit from disposal of fixed assets	0.2	0.0
Change in inventories, receivables and other assets	-4.6	-2.5
Change in liabilities, current provisions and other liabilities	-24.4	-24.4
Other non-cash income/expenses	0.3	6.5
Cash Flow from operating activities	**-17.8**	**-9.9**
Purchase of intangible assets, property, plant and equipment	-3.0	-2.4
Investment in non-current financial assets	-0.1	-0.1
Cash receipts from disposals of fixed assets	14.8	2.9
Cash Flow from investing activities	**11.7**	**0.4**
Change in financial liabilities	3.4	0.2
Dividend payments	-13.3	-
Cash Flow from financing activities	**-9.9**	**0.2**
Sum of cash flows	**-16.0**	**-9.3**
Balance of cash and cash equivalents as at 1 Jan	111.2	65.6
Net increase in cash and cash equivalents	-16.0	-9.3
Balance of cash and cash equivalents as at 31 Mar	**95.2**	**56.3**

CONSOLIDATED SEGMENT REPORT

for the period 1 January to 31 March 2017

in € million

	Bathroom & Wellness		Tableware		Transition / Other		Villeroy & Boch-Group	
	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016	1/1/2017 - 31/3/2017	1/1/2016 - 31/3/2016
Revenue								
Segment revenue from sales to external customers	138.4	129.2	62.8	69.2	0.0	0.0	201.2	198.4
Segment revenue from transactions with other segments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result								
Segment result	11.2	10.0	-0.7	0.0	-	-	10.5	10.0
Financial result	-	-	-	-	-1.3	-1.3	-1.3	-1.3
Investments and depreciations								
Investments	2.3	1.6	0.7	0.8	-	-	3.0	2.4
Scheduled depreciation	4.5	4.6	2.0	2.1	-	-	6.5	6.7
Assets and Liabilities	31/3/2017	31/12/2016	31/3/2017	31/12/2016	31/3/2017	31/12/2016	31/3/2017	31/12/2016
Segment assets	340.7	329.5	113.1	125.1	191.6	221.7	645.4	676.3
Segment liabilities	129.7	141.4	42.8	49.5	307.7	312.8	480.2	503.7

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	31/3/2017	31/12/2016	31/3/2017	31/12/2016	31/3/2017	31/12/2016	31/3/2017	31/12/2016
Rolling operating assets	332.4	333.8	124.6	126.9	-	-	457.0	460.7
Rolling operating liabilities	127.3	125.2	43.9	43.0	-	-	171.2	168.2
Rolling net operation assets	205.1	208.6	80.7	83.9	-	-	285.8	292.5
Rolling operating result (EBIT) *								
Rolling operating result (EBIT) *	43.2	42.9	10.5	11.4	-7.3	-8.4	46.4	45.9

* 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 2017

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 2017. It was approved for publication on 18 April 2017 after the Management Board discussed the interim report with the Audit Committee of the Supervisory Board. It was prepared in accordance with section 315a 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 2016. 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 2016 Annual Report were extended to include the accounting standards endorsed by the EU and applicable to reporting periods beginning on or after 1 January 2017. None of these changes had a material impact on this interim report.

Basis of consolidation

The basis of consolidation of the Villeroy & Boch Group consists of 53 companies (31 December 2016: 53 companies).

Dividend paid by Villeroy & Boch AG for the 2016 financial year

The General Meeting of Shareholders on 24 March 2017 approved the dividend of € 0.48 per ordinary share and € 0.53 per preference share as proposed by the Supervisory Board and Management Board of Villeroy & Boch AG. The distribution corresponds to a dividend payment of € 6.7 million for the ordinary share capital (previous year: € 6.2 million) and € 6.6 million for the preference share capital (previous year: € 6.0 million). The dividend was paid on 29 March 2017. 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 amounting to € 2.7 million was acquired in the period under review (previous year: € 2.0 million). Investments in the Bathroom and Wellness Division focused on Germany. In particular, new facilities were acquired for the sanitary ware plant and the logistics centre was optimised. New pressing tools were acquired in the Tableware Division. Depreciation amounted to € 6.3 million (previous year: € 6.3 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 € 8.3 million (31 December 2016: € 5.5 million).

2. Inventories

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

in € million	31/3/17	31/12/16
Raw materials and supplies	21.5	20.9
Work in progress	16.4	16.3
Finished goods and goods for resale	104.2	104.2
Inventories (total)	**142.1**	**141.4**

In the period under review, impairment losses on inventories increased by € -1.1 million to a total of € -17.2 million.

3. Trade receivables

Trade receivables are broken down as follows:

by customer domicile / in € million	31/3/17	31/12/16
Germany	29.6	23.7
Rest of euro zone	27.8	29.4
Rest of world	62.4	66.0
Gross carrying amount of trade receivables	**119.8**	**119.1**
Write-downs	-3.5	-3.1
Trade receivables (total)	**116.3**	**116.0**

4. Other current and non-current assets

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

in € million	31/3/17		31/12/16	
	current	non-current	current	non-current
Other tax receivables	10.0	-	10.7	-
Prepaid expenses	3.2	-	2.1	-
Change in fair value of hedging instruments	2.7	1.3	2.7	1.3
Advance payments and deposits	1.6	2.0	1.1	2.0
Miscellaneous assets (a)	8.2	-	22.8	-
Other assets (total)	25.7	3.3	39.4	3.3

(a) In the first quarter, the City of Luxembourg paid the purchase price of € 14.3 million for the acquisition of a section of our former tableware plant in Luxembourg that was agreed on 15 December 2016.

5. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

in € million	31/3/17	31/12/16
Cash on hand incl. cheques	0.4	0.4
Current bank balances	27.7	41.2
Cash equivalents	67.1	69.6
Cash and cash equivalents (total)	95.2	111.2

The € 16.0 million decrease in cash and cash equivalents is attributable primarily to seasonal effects such as the dividend payment of € 13.3 million and the payment of customer bonuses (see note 8) and variable remuneration for 2016. This was offset in particular by the payment received for the sale of a section of our former tableware plant in Luxembourg (see note 4). Bank balances were offset against matching liabilities in the amount of € 16.7 million (31 December 2016: € 14.6 million). Cash is held at banks of good credit standing that are predominantly a part of a deposit protection system.

6. Revaluation surplus

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

in € million	31/3/17	31/12/16
Items to be reclassified to profit or loss:		
▌ Currency translation of financial statements of foreign group companies	-3.2	-1.6
▌ Currency translation of long-term loans classified as net investments in foreign group companies	-2,8	-3.5
▌ Change in fair value of cash flow hedges	2.7	3.1
▌ Valuation results on securities	0.0	0.0
▌ Deferred taxes for this category	-4.9	-4.5
Sub-total (a)	-8.2	-6.5
Items not to be reclassified to profit or loss:		
▌ Actuarial gains or losses on defined benefit obligations	-94.2	-95.8
▌ Deferred taxes for this category	27.8	28.2
Sub-total (b)	-66.4	-67.6
Total revaluation surplus [(a)+(b)]	-74.6	-74.1

7. Current and non-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 2016.

8. Other current and non-current liabilities

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

in € million	31/3/17		31/12/16	
	current	non-current	current	non-current
Bonus liabilities (a)	25.2	-	42.6	-
Personnel liabilities (a)	22.7	0.2	19.1	0.3
Other tax liabilities	10.8	-	11.3	-
Advance payments received on account of orders	11.1	-	5.5	-
Change in fair value of hedging instruments	1.2	0.1	0.9	0.0
Miscellaneous liabilities	3.8	3.6	3.3	3.8
Other liabilities (total)	74.8	3.9	82.7	4.1

(a) Seasonal change

NOTES ON SELECTED ITEMS OF THE CONSOLIDATED INCOME STATEMENT

9. Revenue

Revenue is broken down as part of segment reporting.

10. Selling, marketing and development costs

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

in € million	31/3/17	31/3/16
Bathroom and Wellness	-2.7	-2.5
Tableware	-0.9	-0.9
Research and development costs (total)	-3.6	-3.4

11. Financial result

The financial result is broken down as follows:

in € million	31/3/17	31/3/16
Financial expenses	-0.9	-0.7
Interest expenses for provisions (pensions)	-0.7	-0.9
Financial income	0.3	0.3
Net finance expense (total)	-1.3	-1.3

12. Income taxes

The main components of income tax expense are as follows:

in € million	31/3/17	31/3/16
Current income taxes	-2.2	-3.0
Deferred taxes	-0.6	0.4
Income taxes (total)	-2.8	-2.6

OTHER NOTES

13. 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 2016 annual financial statements. All transactions are conducted at arm's-length conditions.

14. 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 2017	Report on the first half of 2017
20 October 2017	Report on the first nine months of 2017
23 March 2018	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.