

# Bathroom July 2008



## International Market Strategy

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## Baltic: RAUTAKESKO - Expansion in the Baltics

The Finnish Rautakesko Group launched its seventh store in Estonia on 22 May 2008. The outlet in Rakvere offers a range of around 20 000 products on a floorspace of 4 750 m<sup>2</sup>. April of this year had already seen the opening of a K-Rauta in Võru, and it is intended to inaugurate another in Kuressaare in the autumn.

Source: [www.diyglobal.com](http://www.diyglobal.com)

## Germany: HORNBACH Gaining Share

Hornbach Baumarkt AG, which operates 125 large-format DIY and garden stores in nine countries throughout Europe, posted a net sales increase of 3.2 per cent for a total of € 2,469 million in the recently completed business year 2007/2008 (to 29 February 2008). Sales were 0.2 per cent down in like-for-like terms. While net sales revenue in Germany fell 1.5 per cent (-3.6 per cent like-for-like) to € 1,507 million, the company's international stores recorded sales up by 11.6 per cent (+6.0 per cent like-for-like) to € 962 million. There was an increase from 36 to 39 per cent in the proportion of international sales.

Hornbach Baumarkt AG's EBIT (earnings before interest and tax) went down by 20.8 per cent to € 76.1 million and the group's annual surplus declined 23.2 per cent to € 46.6 million.

Source: [www.diyglobal.com](http://www.diyglobal.com)



## Germany: DURAVIT Obtains Majority Holding in Tunisian Ceramics Manufacturer MTC

In early May 2008, Duravit took over a 51 per share in Manufacture Tunisienne de Céramiques (MTC) and its brand Artica. MTC was founded in 1965 and has a production facility in Bizerte, north-west of Tunis, where it started making sanitary ceramics in 1967. The company was privatised and restructured in 2001.

After the modernisation of the production facilities and the introduction of new ranges, the brothers Lassaad and Raf Kilani, members of the family who owned the company, believed that a strategic alliance with a larger company would be the most reliable way of further developing the company both in Tunisia and internationally. This is where Duravit came in. The two brothers were impressed by the atmosphere during the negotiations and the strength of the Duravit brand.

For Duravit part of this logic is the fact that it is not yet really present in the region as a bathroom supplier. 'We are hoping that the participation will enable us to develop our position not only on the Tunisian market but also in neighbouring North African countries,' says Franz Kook. Moreover, the strong growth Duravit is experiencing means that it is always on the lookout for further capacities. Even if the majority of products will be sold on the local market, capacities could also be used to serve other markets.

The logic for the Tunisians lies in the technical know-how that Duravit can provide through its 190 years of experience in ceramics. MTC will benefit from the Duravit range, which will supplement the Artica products. Duravit introduces one or two new ranges every year and is practically unique in helping to diversify the sanitary ceramics market and covering all price and taste categories - bathroom design 'from jeans to dinner jacket', so to speak. MTC will also be able to profit from public awareness of the Duravit brand, which will help it become more competitive on international markets and safeguard the future.

The Duravit designer brand is sold in over 80 countries and the various awards in Germany and other countries confirm the role played by the company in sanitary product design. But Duravit sees itself not only as an innovator but also increasingly as a provider of experience and wellness bathrooms, an area with great future growth potential that MTC will also be able to benefit from.

The Duravit management method is based on consensus; the company attaches great importance to the role played by local partners in the management of associated companies. In reflection of this policy, Lassaad Kilani will become managing director of the new holding.

Intensive cooperation has already begun and is progressing steadily, not least since Duravit already has a French-speaking communications channel through its production facility in Bischwiller, which it acquired in 1984. Staff of both companies are highly motivated and the first joint presentation took place in May at the 'Carthage' International Building Exhibition. Further investments in the site and an enlargement of production capacities are planned for the future. In addition to the Artica brand, Duravit products will also be produced. The company is to be renamed Duravit Tunisia.

The systematic strategy of moving from being an exporter to a local supplier via local manufacturers



has already been successfully implemented on a number of occasions - particularly in Egypt. Duravit has considerably strengthened its position in Egypt, North Africa and the Middle East through its production facilities in Egypt and is today one of the most popular brands in the region, a fact that is reflected in its successful project business. The latest example of this success is the Burj Dubai Tower, currently the highest building in the world, being built in collaboration with Emaar Properties. When it is completed it will be over 700 metres high. Duravit is supplying over 1,000 barrel-shaped vanity units by Philippe Starck for the deluxe skyscraper, as well as 4,000 WCs and bidets and over 1,600 bathtubs and whirlpools. With a base in Tunisia, Duravit is hoping that this huge order will open up further doors in the region.

Source: [www.kbzine.com](http://www.kbzine.com)

## Germany: VILLEROY & BOCH Celebrates its 260<sup>th</sup> Anniversary

This leading manufacturer of high-quality tableware and bathware has amassed a wealth of expertise in ceramics and product innovation. The company was founded in 1748 by Jean-François Boch, who started manufacturing ceramic tableware on a big scale. Boch joined forces with rival manufacturer Nicolas Villeroy in 1836 and the Villeroy & Boch brand was born.

In 1899, the company started producing ceramics for the bathroom. Over the years this has expanded to offer everything for the bathroom, including furniture, taps, tiles, showers and baths. Villeroy & Boch is recognised for technical innovation in ceramics, producing both design classics and cutting-edge products.

The Flow tableware range has become one of the company's most recognisable collections and features smooth curves and teardrop shapes. Modern in design, this versatile collection includes dinner plates, dessert plates, side plates and bowls, which can be placed one above the other or used independently.

Source: Evening Standard



## Ireland & UK: MX GROUP acquisition of POLYPIPE Shower Trays

The MX Group, the UK's leading Shower Tray manufacturer is pleased to announce that it has acquired the assets and tooling for the 'Durastone' Shower Tray Range from Polypipe Bathroom & Kitchen Products Ltd.

This exciting development means that the MX Group is now able to supply all types of Shower Trays to suit any installation requirement.

The company is the major player in the UK Shower Tray Market and over the last 18 months have installed the most up-to-date production facilities available in the UK. This enables MX Group to manufacture and supply all types of Shower Trays with any combination of shape and colour.

Source: [www.mx-group.com](http://www.mx-group.com)

## Ireland & UK: QUALCERAM - Next Big Player on the Market

After Jacuzzi, Aqualux and Ideal Standard (all bought in the last 18 months), Qualceram Shires is suggested to be the next big player to be bought out.

Qualceram Shires are market leaders in many product segment in the Irish and UK bathroom market. Group turnover dropped by 11.7% from €102m in 1996 to €90m last year and operating profit fell by three-quarters from €4.1m in 1996 to €1.1m in 2007.

The groups poor results were affected by an increasingly challenging environment in both the UK and Ireland, mainly caused by intensive competition from Asia, direct outsourcing by a number of major merchants, and increasing energy costs.

Recent announcement of last year results have driven an increasing number of rumours, suggesting a possible buyout of the group.

Source: KBB Review



## Romania: DIY Expansion in Romania

Hornbach will be launching its second Romanian DIY and garden store in July 2008. The outlet will feature a weighted overall sales area of around 15 100 m<sup>2</sup>, including a drive-in building materials centre, and is located on the southern fringes of the city of Bucharest. Soon Praktiker intends to open a branch of around 8 200 m<sup>2</sup> complete with garden centre in the new Jupiter Shopping Centre near Pitesti, which will bring its store total to 21.

Source: [www.diyglobal.com](http://www.diyglobal.com)

## Spain: AFEB, the New National Trade Association for Bathrooms

On the 5th of June, the Federacion National del Baño, the National Bathroom Federation, AFEB, was created in Barcelona. AFEB was born by reuniting the three principal trade association already acting in the bathroom sector (ASEBAN, AGRIVAL and AGRUBANO). The aim is to create synergies and strengthen the sector. The new federation will be called AFEB (Federación de Asociaciones de Equipamiento para el Baño) and will unite 119 companies. The presidency will turn between representatives of the former three association, starting with ROCA as the president, ROYO Bath as the vice-president and METALKRIS as the treasurer.

Source: I&M



## Spain: The ROCA Group Buys the Remaining 50% of PARRYWARE ROCA in India

The ROCA Group will buy the remaining 50% of the capital of Parryware Roca Private Limited in Chennai, India, the joint venture the company created in 2006 with EID Parry Ltd, of the Murugappa Group.

At the moment, the joint venture belongs equally to EID Parry Ltd, Chennai (India) and Roca Sanitario.

Parryware Roca Private Ltd reached a turnover of USD 95 million for the fiscal year 2007-2008, representing a 25% increase compared to the previous year. The brand is considered as the market leader in ceramic sanitary ware and is developing its taps and mixers division. The brand ROCA was launched a year ago and now disposes of a sales network of 50 showrooms in 30 different cities. Furthermore, the four production units of Parryware Roca Private Limited have undergone major refurbishments and improvements over the past two years, with a rise in technological investments and help from technical specialists from ROCA.

Source: Sanitaristas

## Ukraine: OBI Plans to Enter the DIY Market in Ukraine

Obi is planning to enter the Ukrainian market in late 2008 or early 2009. DIY stores are to be launched in Odessa and Charkow, to name just the first locations. Praktiker, a German competitor, has been present there with one store in Makeewka since November 2007

Source: [www.diyglobal.com](http://www.diyglobal.com)

## United Kingdom: Out of the Doldrums

There seems to be a fair amount of optimism about in the last week or two, with investment in showrooms by Roca and Victoria & Albert, and some foreign companies looking to expand in the UK. Roca has invested in 12,000 square foot premises at Imperial Wharf, London's premier riverside location adjacent to Chelsea Harbour. Meanwhile, baths from Victoria & Albert have been selected by Yorkshire Design Associates for the prestigious Lapidia showroom near Harrogate.

Source: [www.kbzine.com](http://www.kbzine.com)



## United Kingdom: Homebase's Performance Overview in the First Quarter of 2008

The UK DIY retailer Homebase recorded sales of £ 440 million (€ 556 million) in the first quarter of 2008, a figure that is five per cent lower than in the corresponding period last year. Like-for-like sales went down by twelve per cent. The poor weather in March and April had a negative effect on the seasonal trade, which accounts for about 40 per cent of sales in the first quarter, which went down by 20 per cent like-for-like.

Source: [www.diyglobal.com](http://www.diyglobal.com)



## World: Grohe AG: Well Positioned for Exciting Times Ahead

2007 was a very good year for the GROHE Group. Exceeding the € 1-billion mark for the first time in its history, the company reported consolidated annual sales of EUR 1.017 billion in 2007. This was 8 percent up on 2006 sales of EUR 939 million. At international level, sales increased by 10 percent compared to the prior year, raising the Group's share of sales generated outside of Germany to 84% of total sales.

GROHE recorded a particularly strong growth in the Gulf Region, in Eastern Europe, Asia and in China. GROHE is one of the official suppliers to the new Olympic Stadium in Beijing. The Group's US business went up by a currency-adjusted 3 percent.

Despite a slight decline in the German market in the second quarter of 2007, GROHE was able to increase sales and win market share.

The consolidated operating result (EBITDA) was up 19%, totaling EUR 203 million (2006: EUR 171 million), the operating margin was at 20 percent. Showing a very positive development, the operating cash flow at year-end was 108 percent above prior year figures, totaling EUR 277 million (2006: EUR 133 million). At the same time, the company reduced debt in an amount of EUR 150 million.

### German Market Looking Up – US Market Still Weak

In the first five months of 2008, the German market has been looking up. The initiative started by GROHE in autumn 2007 under the slogan „Joint Market Activities” has taken effect. The Group's year-to-date order intake in Germany increased by 14% compared to the same five-month period 2007. At the same time, the business in the USA continues to reflect the subprime crisis as well as a weak USD. The Group's year-to-date sales in the US market are still behind prior year figures.

In Eastern Europe, where the Group generates about 10 percent of its total sales today, GROHE already has 150 employees on its sales staff. This strongly growing region is now set to get its own production plant. The company is currently looking at possible sites in Russia. Following the successfully implemented Asia strategy, whereby the GROHE plant in Thailand ensures the fast supply of market-oriented products in the Asian markets, the future plant in Russia will be the Group's manufacturing base for all CIS countries.

### Showroom and GROHE Design Studio in Dusseldorf

Following the move of the Group's Corporate Centers to Dusseldorf, the GROHE Design Studio has now also found a new home in the city on the Rhine. The new showroom, located at the Feldmühleplatz in the city's district of Oberkassel, is scheduled to open its doors officially in the middle of September 2008. This is where GROHE will be showing how bathroom dreams can come true. The Showroom has been specifically designed to host large events and will also be available to external parties wishing to rent the facilities. About 140 employees will be working in Dusseldorf.

Source: [www.grohe.com](http://www.grohe.com)





## Monthly Special: An Overview of BRG CONSULT's Bathroom Studies

In 2008 BRG CONSULT continues to offer its **annual international multi-client research and database programme on bathroom products** in Europe and beyond.

The programme as it exists today has been developed and expanded over a period of 19 years to the point where it has become acknowledged as an indispensable planning tool for manufacturers and distributors involved with bathroom products in Europe. Traditionally, the established core programme is based on:

- geographical coverage of 30 European countries
- coverage of 5 key product families:
  - baths and shower trays
  - ceramic sanitary ware and alternatives
  - taps and mixers
  - shower wall products
  - hydrotherapy products.

In addition to this core programme, BRG CONSULT also has a wide range of studies covering various areas such as:

- bathroom furniture
- shower accessories
- bathroom accessories
- kitchen sinks and mixers
- ceramic tiles
- pool spas.

**If you wish to receive more information on our studies, please email [brg@brgconsult.com](mailto:brg@brgconsult.com) or alternatively call +44 208 832 7860.**

Source: BRG Consult

Core European Programme Coverage 2008

Countries		Products		Report/Database Contents
West	East	Baths	Shower Trays	
<i>Group 1</i> France UK Germany Italy Spain Belgium Netherlands Austria Sweden <i>Group 2</i> Portugal Switzerland Ireland Greece Denmark Norway Finland	<i>Group 1</i> Poland Czech Rep. Russia Turkey	Steel Cast Iron Synthetic Acrylic Gel Coat	Ceramic Steel/Cast Iron Synthetic Polyconcrete Plastic	Background Demographic Macro-economic Construction Legislation/regulations End User Structures Product Market Analyses Market Sizes, Trends and Forecasts Technical Segmentation Prices and Market Values Supply Structures Market Shares Distribution Structures Flows per product Company Profiles Manufacturers/importers Distributors
		<b>Sanitary Ware</b>	<b>Taps and Mixers (Sanitary &amp; Kitchen)</b>	
	Ceramic Sanitary Ware Plastic Cisterns	Pillar Taps 2 Head Mixers Single Lever Mixers Thermostatic Mixers Special Shower Mixers Power Showers Inst. Electric Showers		
	<b>Shower Wall Products</b>	<b>Hydrotherapy Products</b>		
	<i>Group 2</i> Slovakia Hungary Ukraine Romania Bulgaria <i>Group 3</i> Estonia Latvia Lithuania Slovenia Croatia	Shower Enclosures Bath Screens Conventional Shower Cubicles	Hydromassage Baths Hydrotherapy Shower Cubicles Combined Products Shower Panels	