

Bathroom March 2008

International Market Strategy



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Australia: GWA Reports 14% Net Profit Slump H1

Australian bathroom fixtures and homewares company GWA International reported a 14.1% decline in first half. Net profit for the six months to December 31 was A\$26.3 million (US\$23.8 million), down from A\$30.6 million in the prior corresponding half. Sales revenue rose 5.7% to 341.9 million, from A\$323.6 million in the previous corresponding period.

GWA said its business transformation is progressing and that its competitive position is strengthening. "There are market opportunities in sustainability and through retrofit campaigns and product development," the company said. "The major driver of long term growth are businesses focussing on sustainability and targeting both water and energy savings."

Source: Asia Pulse

Czech Republic: DIY Chain BAUMAX Increases Turnover by 4.5% to Kc 6.8 Billion in 2007

The Czech Do-It-Yourself chain BAUMAX CR, a unit of Austrian group BAUMAX AG, raised turnover by 4.5% on the year to Kc 6.8 billion last year, BAUMAX CR managers told a news conference recently.

The number of customers in BAUMAX CR shops rose by 4% to roughly 9.3 million last year, that is, at least 90% of the Czech population, the company said.

The company plans to build more shops in the Czech Republic in addition to its 23 outlets in the country. Do-it-yourself chains are increasingly popular among Czechs. The five leading chains on the domestic market raised sales to a record Kc 23.8 billion in 2006, an increase of Kc 1.2 billion against 2005. Besides BAUMAX, Do-It-Yourself chains are also operated by OBI, HORNBACH, MOUNTFIELD and BAUHAUS in the Czech Republic.

Source: Czech News Agency



Egypt: LECICO Egypt S.A.E. - Full Year 2007 Results

On 3rd March 2008, LECICO Egypt announced consolidated results for the year ended 31st December 2007. Revenue for the year was up 38% at LE 989.5 million driven by sanitary ware sales. Operating profit (EBIT) was up 33% at LE 156.9 million (margin down 0.6% at 15.9%). Net profit was up 35% at LE 107.0 million (net margin down 0.2% at 10.8%).

'It is my great pleasure to report a strong performance in 2007. It has been particularly satisfying to see the work invested over the past few years in growing capacity and market footprint finally translate into profitability, especially given the cost pressures in the year,' commented LECICO Egypt Chairman and CEO, Gilbert Gargour. 'This is only the beginning of these returns, with LECICO only making our first small sales in a number of new markets and with a number of new customers. Our capacity expansion is also still in mid-rollout, although most of the investment is now behind us.'

Source: AFX CNF

Germany: ARQUES Plans at Least Five More Disposals after MISSEL Sale

ARQUES Industries AG said it plans at least five more disposals this year after announcing the sale of building supplier MISSEL to Slovenia's KOLEKTOR.

The company earned about €13 million from its involvement in MISSEL, including the real estate that will remain within the company, ARQUES said in a statement.

ARQUES bought MISSEL from MASCO Corp in 2004 and worked to increase the company's value by acquiring and integrating SCHWAB in 2006.

In the past year, ARQUES has sold six companies with total net proceeds of more than €150 million.

Source: AFX International Focus



India: HINDUSTAN Plans Buyouts in Europe

HINDUSTAN Sanitary Ware and Industries Limited (HSIL) is scouting for acquisitions in Europe. It has identified a few ceramic companies for this purpose. HSIL has opted for this route because domestic units are highly overvalued and acquiring a European company offers several advantages. These companies have quality products with high brand image, superior technology and a strong distribution network, which will also help HSIL to increase its exports to European countries. HSIL may approach the capital market to raise funds for its planned acquisitions in the next few years.

Source: India Business Insight

Italy: Double Digit Growth in ZUCCHETTI Group Turnover in 2007

ZUCCHETTI's turnover, which has increased constantly over the last few years, recorded double digit growth of 12.5% in 2007, reaching a total of €80 million. This impressive growth is sustained by strong strategic investments in manufacturing, research & development and communication, investment that in 2007 reached €14 million. Operating profits have also increased, with an EBTDA of over €10 million.

Together with the growth in the domestic market, the Group is enjoying rapid expansion in the international markets with excellent performances in emerging countries: +70% in China and +50% in Russia. This expansion has undoubtedly been strengthened with the opening of branches in Poland (2004) and in China (2005), giving the Group better control of emerging markets.

Nowadays, the company is directed by Elena and Carlo Zucchetti, the third generation of this family of entrepreneurs who founded the company back in 1929. The Piedmontese Group, has 400 employees and four large premises to ensure control of the entire manufacturing process. It has strongly increased its presence in the luxury sector with a rich, comprehensive and diversified collection of bathroom equipment.

There are high expectations for 2008, and major important investments are planned, in line with the Group strategy of internationalisation and strengthening the brand presence at the high-end of the market.

Source: www.zucchettionline.it



Mexico: TOTO Invests US\$37 Million in New Monterrey Factory

The Japanese company TOTO, the furniture and luxury bathroom accessories manufacturer, has invested US\$37 million in opening a new factory in Monterrey, Mexico, boasting a production capacity of 500,000 items per year. The finished products will be exported by TOTO to the US. According to Naohisa Kamishimbara, president of TOTO Mexico, the products can now reach its distribution centre in Atlanta in just three weeks rather than three months as before.

Source: El Financiero

Russia: Russia's KERAMIR and SOK to Merge Bathroom Furnishing Businesses

Russia's KERAMIR and SOK Groups have agreed to merge their bathroom furnishing businesses, SOK reported recently.

The merged business, also called KERAMIR, could account for about 20% of the Russian bathroom furnishing market, SOK said.

The merged company will include SOK's Samara Ceramics Association and United Construction Concern, as well as KERAMIR's Keramin St Petersburg, AVN, Freelight and Dekor-M, SOK said.

SOK said that over \$340 million would be invested in the merged company within four years. The bathroom furnishing businesses of SOK and KERAMIR produce ceramic tiles, plumbing fixtures and bathroom furniture.

Source: PRIME-TASS



Switzerland: AFG Arbonia-Forster-Holding AG Continues to Post Healthy Growth

With total revenues of CHF 1,471.5 million in 2007, international building products supplier AFG Arbonia-Forster-Holding AG, Arbon, has exceeded its growth targets. Net revenues were 18.3% higher than in the previous year (CHF 1,243.4 million), or 5.6% higher after adjusting for acquisitions. Currency impact, especially that of the strong Euro, accounted for 2% of the increase.

While demand in Switzerland and most other markets was lively, the company's second home market, Germany, was still sluggish. Overall revenues also reflected the change in AFG's portfolio of products and services since the acquisition of STI Hartchrom AG. This has helped to balance out cyclical fluctuations in the performance of individual divisions and should lead to steadier growth in group revenues.

The largest division, Heating Technology and Sanitary Equipment, increased net revenues from CHF 585.3 million to CHF 620.3 million. After adjusting for the consolidation of the UK's AQUALUX Group in the fourth quarter, the division's organic growth came to 3.8%. A flat revenue development in the core markets of Germany and Switzerland was offset by disproportionately rapid growth in Eastern Europe and other markets.

Despite some significant cost increases, not all of which could be integrated into sales prices, operating results for the 2007 financial year are likely to be within the expected range and to show an improvement on the previous year.

Source: www.afg.ch



Switzerland: GEORG FISCHER Reports Strong Profit Growth

In 2007, GEORG FISCHER reported sales of CHF4.50 billion (previous year: CHF4.05 billion). This marks an 11% increase (previous year: 10%).

2007 Business Year: Strong Demand, Earnings Below Expectations

All three Corporate Groups increased their sales, with GF Automotive up 15% and GF Piping Systems up 12%. The robust economy in Europe and the strong growth of GF Automotive are reflected in the Corporation's sales by region: Europe accounted for 79% of sales (previous year: 76%), America 8% (previous year: 9%) and Asia/Australia 13% (previous year: 15 %). In a largely positive environment, the three Corporate Groups defended or even strengthened their market position. However, earnings did not keep pace with sales growth in all Corporate Groups.

GF Piping Systems

GF Piping Systems topped the billion sales mark for the first time, reporting revenues of CHF 1.10 billion. The increase comes to 10% after adjustment for positive currency effects. Growth was particularly robust in some emerging markets, Europe and Asia. The focus on attractive market segments is having the desired effect: the Industry and Utility segments reported double-digit growth rates, even though the pace slowed down slightly in the second half of the year.

Source: www.georgfischer.com

UAE: KLUDI RAK Inaugurates Home-Fittings Plant

Shaikh Saud Bin Saqr Al Qasimi, Crown Prince and Deputy Ruler of Ras Al Khaimah, inaugurated yesterday the new manufacturing plant of KLUDI RAK LLC, a joint venture between global ceramic major, RAK Ceramics and the KLUDI Group of Germany to produce bathroom and kitchen fittings. RAK Ceramics holds 51% stake in the new venture with KLUDI having the remaining 49%.

The state-of-the-art plant, set up at a cost of \$15 million (Dh55 millions), will manufacture high quality bathroom and kitchen fittings including faucets, mixers, showers and other accessories. The manufacturing plant, spread over 76,715 m², has an annual production capacity of one million pieces of bathroom and kitchen mixers.

Source: Gulf News



Ukraine: EBRD Takes Stakes in Polish Companies Investing in Ukraine

The European Bank for Reconstruction and Development (EBRD) is to acquire up to 15% of two Ukrainian companies, set up by Polish construction material producers BARLINEK and CERSANIT.

"Cross-border investments and the expansion into new markets are clearly the way forward and we stand ready to support companies who are taking this path," an EBRD press release cites EBRD President Jean Lemierre.

Both companies are currently setting up production facilities in Ukraine with the support of EBRD loans, the bank said. The equity investment comes on top of these loans and will further strengthen the relationship between the bank and the companies.

"The EBRD's stake is portage equity which is being provided to further strengthen the Ukrainian operations of Polish companies," the EBRD said.

The value of the deal has not been disclosed.

BARLINEK SA and CERSANIT SA are listed on the Warsaw Stock Exchange and both are majority-owned by Michal Solowow, a Polish businessman. BARLINEK is the leading Polish floorboard manufacturer with a strong market presence in Western Europe as well. With an EBRD loan of €39.9 million (half of which was syndicated) the company is already expanding its operations in Ukraine and Russia, where a construction boom has generated high demand for BARLINEK's products. A new, recently commissioned plant in Vinnytsia, central Ukraine, will have the capacity to produce 2 million m² of floorboards.

CERSANIT is Poland's market leader in sanitary ware with several production facilities in the country. The EBRD is supporting the company's expansion to Ukraine with an €81 million loan, half of which was syndicated. CERSANIT is building a new production facility in Novograd Volinskiy, in northern Ukraine, with a capacity of 1 million units of sanitary ware and 7 million m² of ceramic tiles per year. The plant will strengthen CERSANIT's presence in Ukraine and create additional capacities for export, the press release said.

Source: Poland Business Daily



USA: AMERICAN STANDARD, CRANE and ELJER to Merge

AMERICAN STANDARD AMERICA, CRANE PLUMBING LLC and ELJER INC. recently announced their intention to merge, which is expected to take place in the second quarter of 2008. Integration of the companies' operations is expected to occur within a 12- to 24-month period.

Once the merger is complete, Donald C. Devine, President and CEO of AMERICAN STANDARD AMERICA, will lead the new company and Kevin Oak, CEO of CRANE PLUMBING, will become COO. Jim Harris, CEO of ELJER, will be part of the integration steering committee. The new organization will have operations in the United States, Mexico and Canada, and its headquarters will be in Piscataway, NJ.

While leaders of all three companies are excited about the opportunity and have formed integration teams and plans for the merger, the three companies will continue to conduct business as usual and operate as independent companies until the closing.

AMERICAN STANDARD AMERICA, CRANE PLUMBING and ELJER are affiliated portfolio companies of SUN CAPITAL PARTNERS INC., a private investment firm specializing in leveraged buyouts and investments in market-leading companies. BAIN CAPITAL PARTNERS INC. is a minority partner in AMERICAN STANDARD AMERICA and will remain a minority partner in the new consolidated entity.

Source: www.americanstandard-us.com



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

In 2008 BRG CONSULT is again offering 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 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
		Sanitary Ware	Taps and Mixers (Sanitary & Kitchen)	
	Ceramic Sanitary Ware Plastic Cisterns	Pillar Taps 2 Head Mixers Single Lever Mixers Thermostatic Mixers Special Shower Mixers Power Showers Inst. Electric Showers		
	Shower Wall Products	Hydrotherapy Products		
	<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	