

Sanitec Corporation: Financial Statements Release 2014

Helsinki, 27 February 2015, 18:00 CET/ 19:00 EET

Fourth quarter 2014 in brief:

- Net sales for the fourth quarter amounted to EUR 156.0 million (167.5). This corresponds to a decrease of 6.9%. Comparable net sales for the fourth quarter were 3.6% lower than previous year ¹⁾.
- Operating profit for the fourth quarter increased to EUR 16.3 million (14.2), 10.5% (8.5) of net sales.
- Profit for the fourth quarter amounted to EUR 13.4 million (12.1).
- Earnings per share, basic and diluted, were EUR 0.13 (0.12).
- Cash flow from operating activities for the fourth quarter amounted to EUR 30.3 million (38.3).

Full year 2014 in brief:

- Net sales for the full year amounted to EUR 689.4 million (701.8). This corresponds to a decrease of 1.8%. Comparable net sales for the year were 0.7% higher than previous year ¹⁾.
- Operating profit for the period amounted to EUR 78.9 million (67.9), 11.4% (9.7) of net sales.
- Profit for the period amounted to EUR 45.6 million (42.5).
- Earnings per share, basic and diluted, were EUR 0.46 (0.42).
- Cash flow from operating activities amounted to EUR 73.8 million (74.7).
- The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed.

1) Calculated for comparable legal structure and in constant currency, i.e. organic change.

Net sales

Net sales for the fourth quarter amounted to EUR 156.0 million (167.5) which corresponds to a decrease of 6.9%. Comparable net sales for the quarter were 3.6% lower than previous year due to a negative development in four out of five regions. The impact of net foreign exchange rates in the quarter was EUR 5.6 million negative compared with previous year.

Net sales for the full year 2014 amounted to EUR 689.4 million (701.8.) which corresponds to a decrease of 1.8% and an organic growth of 0.7%. The impact for the period of net foreign exchange rates was EUR 17.6 million negative compared with prior year.

Net sales for Bathroom Ceramics in the fourth quarter declined organically by 4.5% to EUR 115.9 million (125.8), due to lower volume offset by better product mix and increased average sales prices. Net sales for Bathroom Ceramics for the full year amounted to EUR 521.3 million

(532.1), with an organic growth for the period of 0.7%. The renewal of the product assortment that started in 2013 has continued successfully with new product introductions – including the successful introduction of the prize-winning Rimfree® toilet in several more markets.

Net sales for Ceramics Complementary Products in the fourth quarter declined organically by 0.8% to EUR 40.1 million (41.7), due to still challenging market conditions for showers in certain countries, but offset by positive development for furniture, baths and prewall systems. Net sales for Ceramics Complementary Products for the full year amounted to EUR 168.1 million (169.7), with an organic growth of 0.9%.

Operating profit

The fourth quarter operating profit amounted to EUR 16.3 million (14.2, excluding items affecting comparability 17.9). The impact of net foreign exchange rates was EUR 0.1 million negative compared with the previous year.

Operating margin for the fourth quarter amounted to 10.5% (8.5, excluding items affecting comparability 10.7). The margin was positively influenced by favourable sales mix and increased average sales prices. Furthermore, "One Sanitec" activities such as more efficient sourcing, lower costs due to previously implemented actions and continuously managed manufacturing efficiency supported the improved performance.

The operating profit for the full year increased to EUR 78.9 million (67.9, excluding items affecting comparability 74.4). The operating margin for the full year increased to 11.4% (9.7, excluding items affecting comparability 10.6). The impact in the period of net foreign exchange rates was EUR 1.8 million negative compared with prior year.

Public tender offer by Geberit

After the reporting period Geberit has completed the acquisition of 99.2% of the shares in Sanitec and further extended the acceptance period for the remaining shareholders. Sanitec has applied for delisting of the company's shares from NASDAQ Stockholm. Last day of trading is 27 February 2015.

For more information, please visit www.sanitec.com (Investors>Reports) to download Sanitec's Financial Statements Release 2014 in English or in Swedish.

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About Sanitec – “Home of the Bathroom”

Sanitec is the leader in bathroom ceramics in Europe. We have a unique portfolio of some of the most well-known brands with deep roots in the European fixtures markets, strategically positioned to address local markets. We care passionately about people’s needs when it comes to complete bathroom concepts, providing products that stand for guaranteed quality, high level of innovation and attractive design. Stable relationships with key stakeholders in the value chain and our unique brand strengths foster our leading position as well as the loyalty and trust amongst our customers, our network of installers and the end users of our products.

Sanitec operates an integrated European group with an unparalleled local presence to provide the best value when it comes to bathroom products. In 2014 net sales amounted to EUR 689 million. Our production network includes 18 production facilities throughout Europe and currently Sanitec employs approximately 6,200 people. Our head office is located in Helsinki, Finland. The shares in Sanitec Corporation are traded on NASDAQ Stockholm under the symbol “SNTC”.

For more information about Sanitec, please visit www.sanitec.com.