



## Q3 INTERIM REPORT 2017

**ROY Ceramics SE: The Q3 results reflect the transition period for the planned relocation to the USA.**

*Hungen, 30 November 2017* – During the first nine months of the 2017 financial year, Roy Ceramics SE did not generate any significant revenue from the sale of ceramic sanitary ware.

The scheduled net loss of EUR 10.8 million for the first nine months of 2017 reflects the lack of current income from the ceramic sanitary ware segment and low rental income to date, continuing costs and depreciation resulting from the closure of the plant, as well as the dismantling of machines in the People's Republic of China and their transport to the US and Germany. The positive cash flow as at 30.09.2017 resulted mainly from the instalment payments made by White Horse Holdings Limited ("White Horse") to ROY Ceramics SE amounting to EUR 33.3 million to date. We expect White Horse to pay the remaining outstanding amount in further instalments.

As a result of the sale of White Horse's two main operating subsidiaries in China in September 2015 and the current transitional phase for the planned relocation to the USA, ROY Ceramics SE did not generate any significant revenue in the first nine months of financial year 2017. In August 2017, the purchase of the "Kirby Interchange" flex office in Houston, Texas, represented an important step in the further development of the ROY Group.

### **Financial position**

The fixed assets of ROY Ceramics SE amounted to EUR 58.7 million as at the end of Q3 2017 (31 December 2016: EUR 69.3 million). The fixed assets consist mainly of production facilities and real estate. The current assets of EUR 59.3 million are primarily the outstanding



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amount due from White Horse, including interest, in the amount of EUR 29.4 million and cash and cash equivalents as at 30 September 2017. The Group's equity amounts to EUR 114.9 million as at 30 September 2017. (31 December 2016: EUR 135.7 million).

The sale of the two Chinese subsidiaries in September 2015 for USD 80.0 million laid the foundation for the relocation of the production of ROY Ceramics SE from China to the USA. The buyer, White Horse, paid a further EUR 14.7 million to ROY Ceramics SE in Q3 2017, and we expect to receive the remaining amount in further monthly instalments.

#### **Forecast**

The information in the forecast report contained in the 2016 group management report continues to apply to ROY Ceramics SE.

#### **Ceramic Sanitary Ware**

The collaboration with the OEM manufacturer in Thailand is developing well. The test phase will be completed shortly. The first products scheduled for production are high quality urinals. Initial revenues are expected in Q1 2018.

#### **Real estate**

The Kirby Interchange survived Hurricane Harvey without any significant damage and first rental income from the property was received.

#### **Post balance sheet date events**

Between 30 September 2017 and the date of this report, additional payments in the amount of EUR 4.2 million were received from White Horse.

On March 31, 2017 Siu Fung Concept Limited, a wholly owned and fully consolidated subsidiary of the Group, purchased an apartment in the Imperial Cullinan development in Hong Kong for a



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consideration of EUR 3.5 million. The apartment was sold for EUR 4.1 million in November 2017.

#### **About ROY Ceramics SE**

Until the sale of the operative subsidiary of the Group in China to White Horse, ROY Ceramics SE produced a complete range of sanitary ware and bathroom furnishings for use in mid- to high-priced premises. ROY Ceramics SE delivered high-quality and aesthetically appealing sanitary ware products within the People's Republic of China. After receipt of the full payment from White Horse, ROY Ceramics SE aims to again become a leading provider of bathroom solutions for the Chinese and international markets with its state-of-the-art ceramics plant that is to be constructed in Houston, Texas. Since it will take approx. two years for the new production facility in Houston to become operational, ROY Ceramics SE intends to outsource the production of its branded ceramic products to an OEM manufacturer in the meantime.

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