

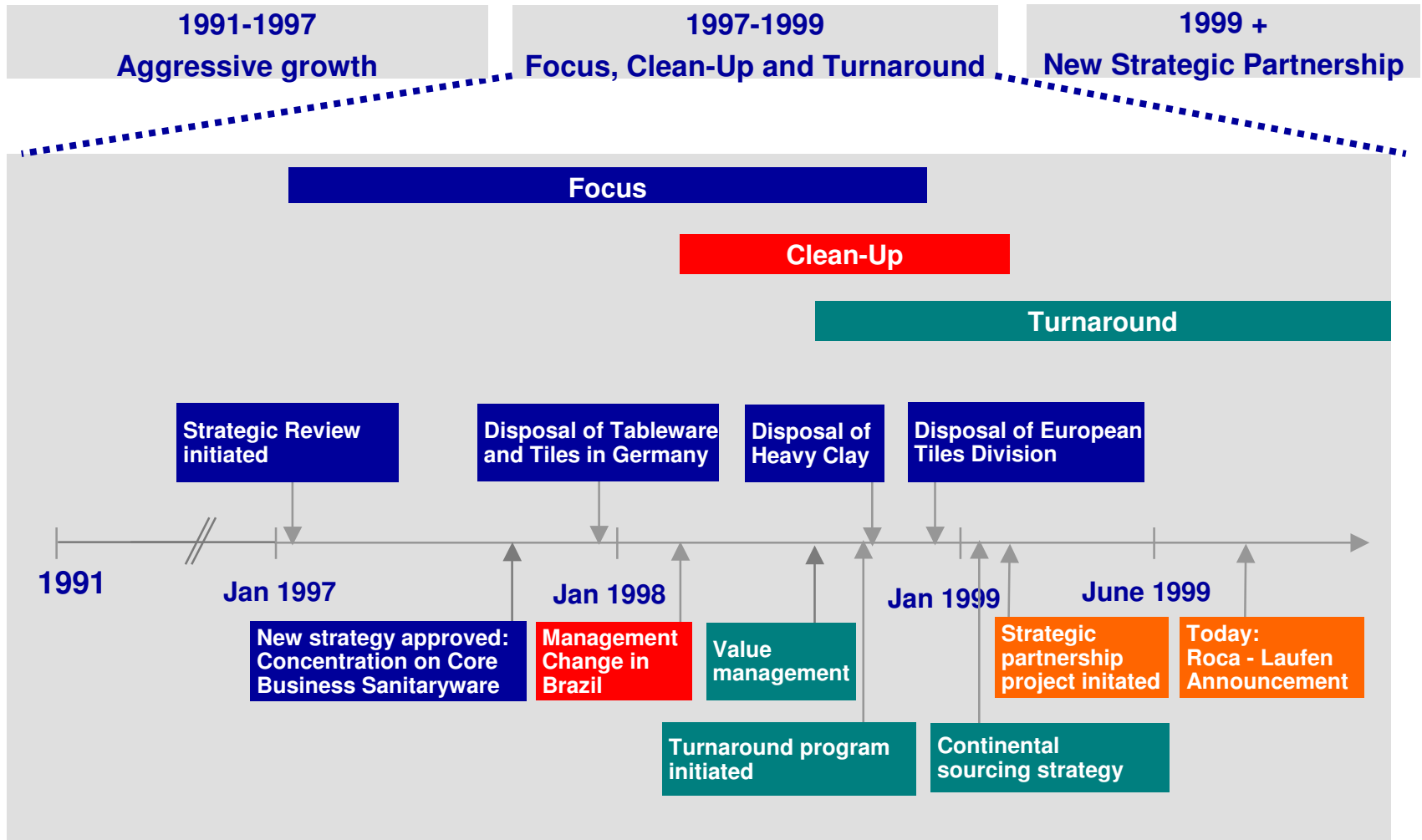
# LAUFEN

**1997 - 1999:**

**Focus, Clean-Up and Turnaround**

**Excerpts from the Press Conference at the Airport Hilton Zürich**

# Focus, Clean-Up and Turnaround



## Strategic Focus

- New Strategy in September 1997
  - Core Business: Sanitaryware
  - Complementary Business: Tiles North/South America
- Divestment Program
  - Tableware: December 1997
  - Tiles Germany: December 1997
  - Heavy Clay: September 1998
  - Tiles Portugal/England: October 1998

**From four industries to a focused bathroom ceramics manufacturer within one year**

## Clean-Up Brazil

- New organisational structure implemented
- Management changed
- Brazilian tax situation confronted and in process of settlement
- Value adjustments and necessary provisions made

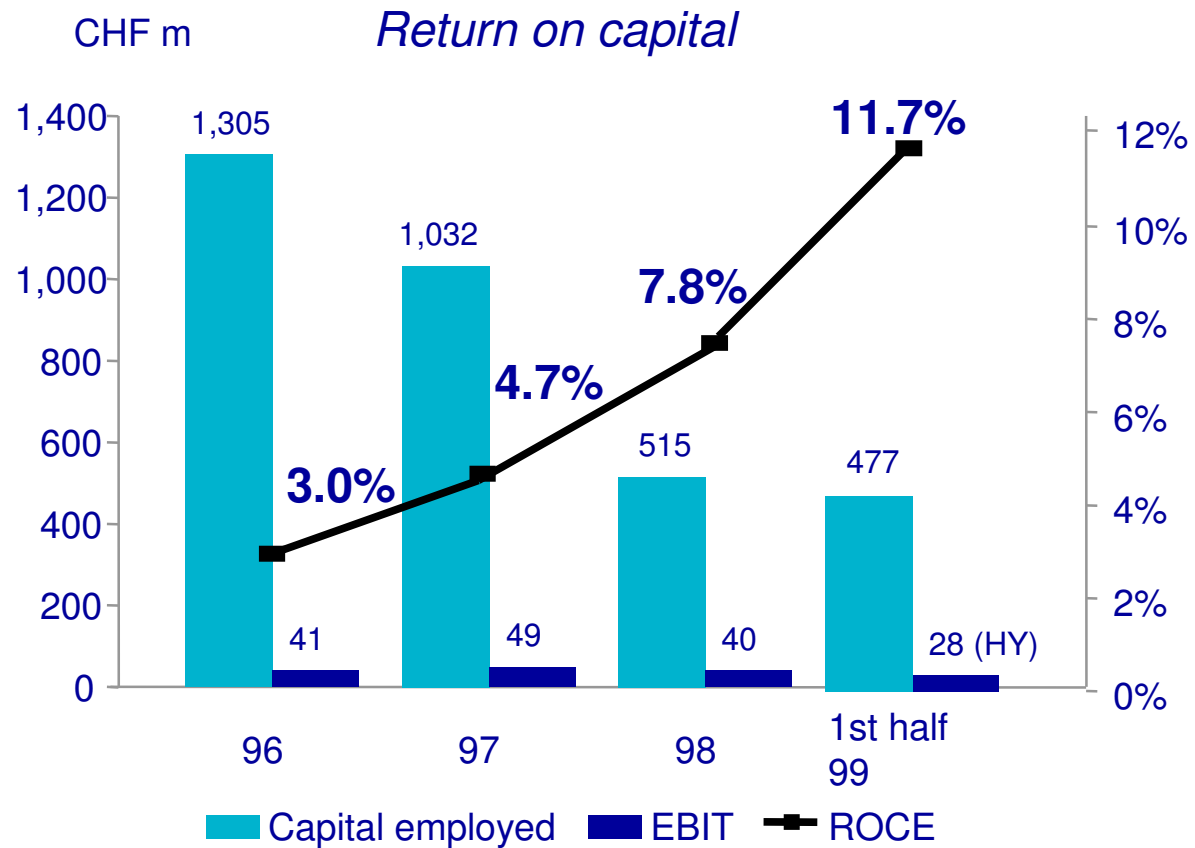
**A fundamental cultural and professional management change**

# Rapid Turnaround

- Return on Capital sharply up
  - from 3.0% to 11.7 %
- Loss-making activities divested
  - Tableware and Tiles Germany
- Management structure in Europe and South America simplified
  - professional Business Unit management directly reporting to the Executive Board
- Turnaround program since October 1998
  - number of employees reduced from 8971 to 7653
  - increased efficiency: Sales per employee up 26%
- Net debt significantly reduced
  - over CHF 400 million generated in 1998 through divestments and reduction of capital expenditures

**Successful transformation to profitability**

# Return on Capital sharply up in 30 months



## The New Group: Roca and Laufen

- Number 2 in bathroom industry worldwide
- Leading positions in Europe and South America
- Industrial facilities in 16 countries in four continents
- More than CHF 2,159 million of annual sales and operating cash flow of CHF 369 million

# Roca and Laufen: Geographical complementarity





## Conclusion

- The right transaction at the right time
- The right partner for sustained growth of Laufen's operations

**ROCA and LAUFEN a strong industrial combination**