

Closing a Deal – Challenges in Ukraine

Diana Maher
Executive Vice President,
General Counsel

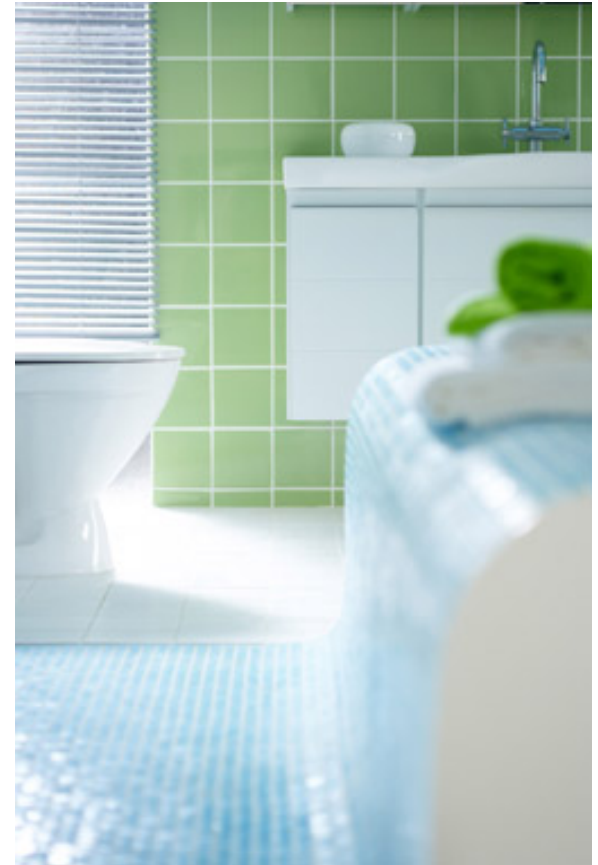
Sanitec

Sanitec history

- 1870s The history of Sanitec can be traced back to the 1870s with Arabia ceramics factory in Helsinki, Finland.
- 1949 Wärtsilä Corporation bought the Arabia ceramics factory, later moved to Tammisaari, Finland.
- 1990 Wärtsilä's bathroom operations were merged to form Sanitec.
- 1999 Sanitec shares were stock-listed at the Helsinki Stock Exchange
- 2001 Investment funds, managed by a European private equity firm, acquired the entire share capital of Sanitec and Sanitec was de-listed.
- 2005 Private equity fund EQT IV acquire all shares of Sanitec.

Sanitec Today

- The leading provider of bathroom products in Europe.
- A multi-brand group with pan-European presence.
- A complete bathroom offering in key product categories.



Sanitec Brands

- The Sanitec group has locally well known brands, with strong positions and deep roots in the bathroom industry.
- The complete product offering ranges from traditional to contemporary, and from low to luxury segments.



Ceramics



Wash basins – Toilets – Bidets – Vanity tops

Bath & Showers

- Whirlpools
- Bathtubs
- Shower systems
- Shower enclosures

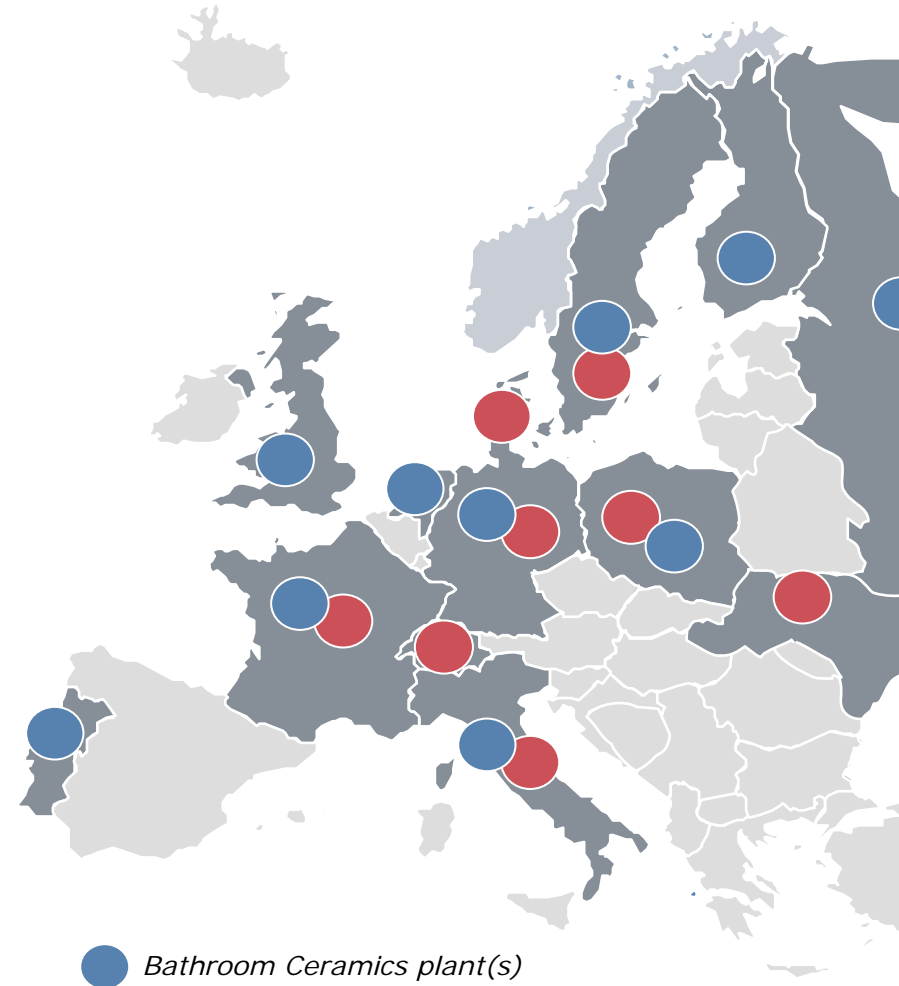


Sanitec's Supply Network

27 production facilities in Europe

	Ceramics plant(s)	Bath & Shower plant(s)
Denmark		●
Finland	●	
France (*)	●●●●	●●●●
Germany	●●	●
Italy	●	●
Netherlands	●	
Poland	●●	●●
Portugal	●	
Russia	●	
Sweden		●
Switzerland		●
Ukraine	●	●
United Kingdom	●	

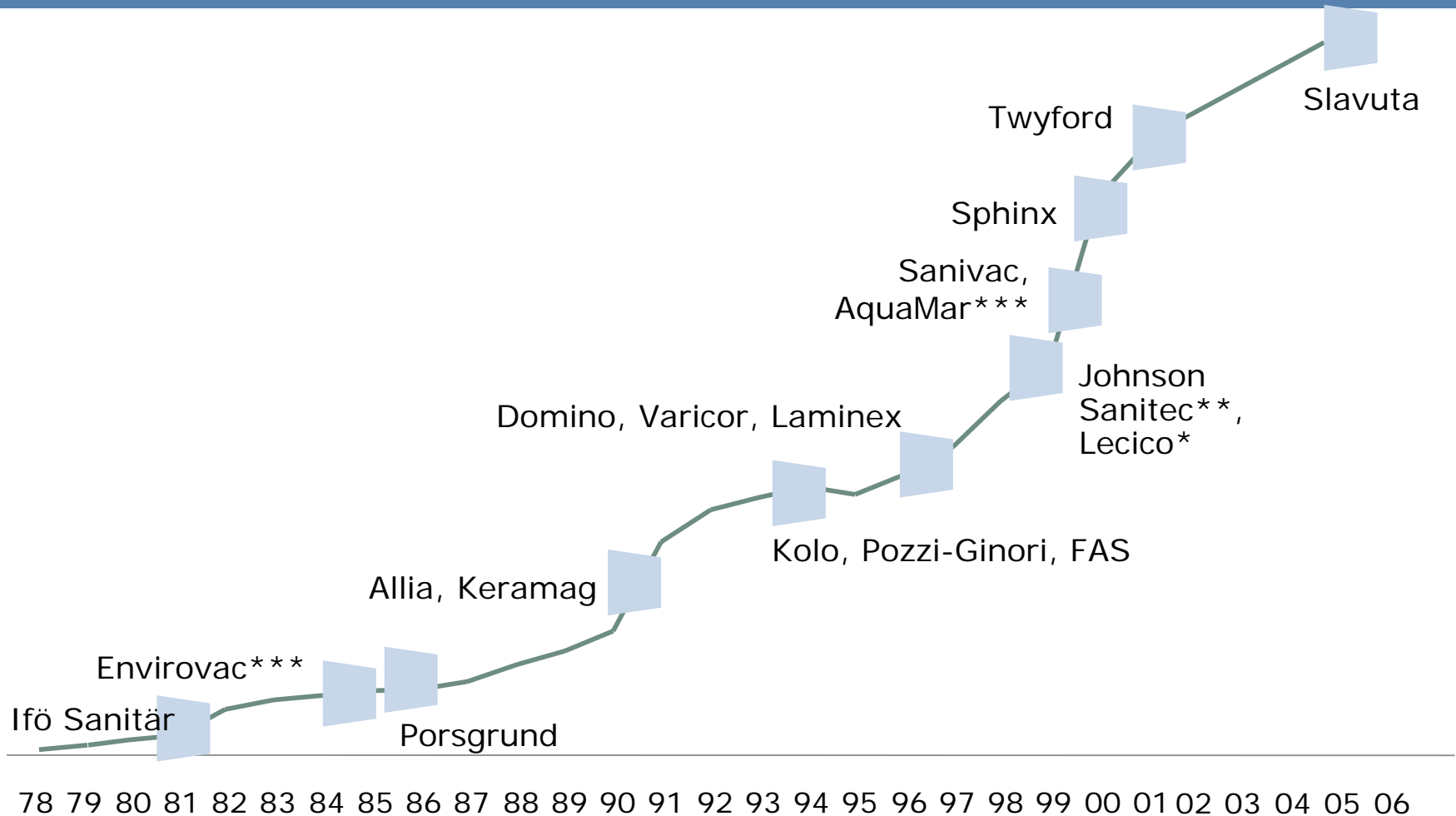
(* one factory in Selles sur Cher, producing both Ceramics and Bath & Shower products)



● Bathroom Ceramics plant(s)

● Bath and Shower Products plant(s)

Sanitec has grown both organically and through acquisitions



*) associated company in consolidation

**) divested in 2001

***) divested in 2004

Acquisition in Ukraine

- Sanitec acquired 51% of **Slavutskiy Plant Budfarfor** in 2006
- 49% remains under the ownership of Ukrbudmaterialy Group which is a Ukrainian multi-brand Group that designs, manufactures and markets building materials.
- A member of the Group, "Budfarfor" industrial complex in Slavuta, Ukraine, is the largest manufacturer of sanitary ceramics in Eastern Europe with annual output exceeding 2.5 million products and a hundred years' experience in manufacturing bathroom ceramics.

- The products are presently exported to the Russian Federation, Belarus, Moldavia, Kazakhstan, Latvia, Lithuania, Kyrgyzstan, Tajikistan, Georgia and Azerbaijan.
- Successes of the plant have been awarded with numerous prizes and diplomas. Over the course of three years, the plant's products were the winners of the Ukrainian contest "100 Best Products of Ukraine."
- The market position of Budfarfor, combined with Sanitec's experience in technology and marketing, will bring a large potential for the future.

Main Challenges

- Joint Venture / Local partner
- Due Diligence / Experts
- Negotiations / Timeframe
- Integration

Questions?