

**2001**

**Annual Report**

with insert "WaterKnowledge"

## Financial highlights

		2001	2000
<b>Sales</b>	MCHF	1165.1	1208.5
Change on previous year	%	-3.6	+1.5
<b>Operating profit (EBIT)</b>	MCHF	157.1	189.7
Margin	%	13.5	15.7
<b>Net income</b>	MCHF	92.1	104.4
Margin	%	7.9	8.6
<b>Operating cashflow (EBITDA)</b>	MCHF	261.7	297.5
Margin	%	22.5	24.6
<b>Net cashflow</b>	MCHF	206.8	207.5
Margin	%	17.7	17.2
<b>Financial income (expenses), net</b>	MCHF	(29.1)	(37.4)
<b>Research and development expenses</b>	MCHF	34.1	30.5
in % of sales	%	2.9	2.5
<b>Earnings per share</b>	CHF	23.00	25.72
Earnings per share – adjusted	CHF	31.64	35.16
<b>Capital expenditure</b>	MCHF	76.6	66.9
<b>Number of employees</b>	31. 12.	4144	4240
Annual average		4189	4267
<b>Sales per capita</b>	TCHF	278.1	283.2
		<b>31.12. 2001</b>	<b>31.12. 2000</b>
<b>Total assets</b>	MCHF	1445.1	1444.7
<b>Cash and cash equivalents</b>	MCHF	101.5	64.4
<b>Net working capital</b>	MCHF	86.4	96.4
<b>Property, plant and equipment</b>	MCHF	492.3	490.7
<b>Intangible assets</b>	MCHF	512.0	546.3
<b>Corporate debt</b>	MCHF	505.3	560.1
<b>Shareholders' equity</b>	MCHF	546.8	492.5
Equity ratio	%	37.8	34.1
Gearing	%	73.8	100.6

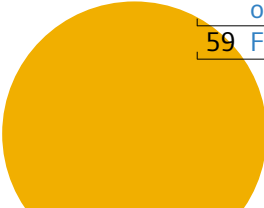
The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

**“All we do has to ultimately be of value to our customers.  
After all, it is they who determine whether we are successful.”**

From the “Geberit Credo”

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## To our shareholders



Ladies and gentlemen,

To state one thing quite clear from the start: our expectations for the fiscal year 2001 have not been realised. We have not reached the targets we had set for ourselves. Sales as well as results are below the prior year figures. We as well have been affected by the deterioration of the economic environment. The weak economic trends prevailing since mid 2000 even strengthened in 2001.

This has had a negative impact both on the private propensity to invest and on the construction industry in general. In particular in Germany, which is still our most important single market, there was a marked deterioration of consumer sentiment as well as a significant decrease in construction activities. The other markets were highly competitive. A very difficult year indeed!

Despite all this we were still successful. With the exception of Germany, we recorded growth in almost all other markets and thus have successfully maintained our leading position in the European and world-wide markets for sanitary technology. Consolidated sales amounted to 1,165.1 million Swiss Francs, corresponding to a 3.6% (or, after currency adjustments, 1.0%) decline against the prior year, a fact that emphasizes the resilience of our company also under adverse circumstances.

Despite the more difficult business environment the results of the Geberit Group remain on a high level when compared to the industry, also as a result of our cost-saving and process simplification measures. Thanks to a very satisfactory free cashflow of 142.8 million Swiss Francs, financial debt was further repaid and the equity ratio rose to 37.8%. However, operating results were affected by the decline in sales. Operating profit decreased by 17.2% to 157.1 million Swiss Francs and net income declined by 11.8% to 92.1 million Swiss Francs.

To prevent a further increase in costs in the current fiscal year, we initiated a programme to simplify structures and adjust capacities at the beginning of the third quarter with special focus on Germany. In addition to cost savings, this programme also entailed a reduction in the workforce. Due to this set of measures operating profit of the fiscal year 2001 was reduced by 6.2 million Swiss Francs and net income by 4.1 million Swiss Francs.

In view of the good financial situation, the distribution amount is to remain undiminished. The Board of Directors will propose to the general meeting a repayment of the par value of each share of 10.00 Swiss Francs per share instead of a dividend payment.



Our business success and considerable results were only made possible by our employees who – despite a heavy workload – have dedicated their competence to the company with great commitment and a drive for new solutions. We would like to take this opportunity to thank our employees in all the countries for their special performance. We would also like to thank our customers in commerce and trade who co-operate with us in striving for high quality and new concepts. Last but not least we would also like to express our thanks to you – our shareholders – for providing us trustingly with the means to enable us to continue our successful work.

The Geberit Group is prepared for a potential upturn. The company is consistently pursuing a long-term growth strategy and has set itself ambitious targets. In addition to a further development of our core markets, we strive for a selective and focused geographic expansion of our activities. Thanks to our sound financial situation we are in a position and ready to strengthen and expand our market presence through acquisitions as well.

Despite first signs of recovery the market environment will remain difficult in 2002. However, we see a good chance to generate moderate organic growth, to maintain operating results on an above-average level and to increase earnings per share during the current fiscal year.

Kurt E. Feller  
Chairman of the Board

Günter F. Kelm  
President and CEO

## Investor Information

### The Geberit share

The capital stock of Geberit AG, the parent company of the Geberit Group, remained unchanged at MCHF 83.2 and is divided into 4.16 million registered shares with a par value of CHF 20.00 each. There are no limitations as to ownership or voting rights. The Geberit shares are quoted on the Swiss Exchange (swx) but may also be traded in the over-the-counter market on Xetra at the Deutsche Börse in Frankfurt a. M., Germany.

### Repayment of par value

Geberit AG intends to reduce its share capital from MCHF 83.2 to MCHF 41.6 by decreasing the par value of its shares from CHF 20.00 to CHF 10.00. The value of the reduction is to be paid to shareholders instead of a dividend. The audit report of PricewaterhouseCoopers AG dated 8 March 2002 states that pursuant to article 732, subparagraph 2 of the Swiss Code of Obligations (Obligationenrecht) the claims of creditors will continue to be fully covered after such a reduction of capital.

The Board of Directors will propose the capital reduction to the general meeting on 25 April 2002. Subject to approval of this proposal by the shareholders, the repayment of par value will be effected on 15 July 2002 (value date).

### Share price development

In the fiscal year 2001 the performance of the share price mainly reflected the difficult situation in the stock markets. In the first half year the price of the Geberit share was above the Swiss Performance Index (SPI), while the further price development in the second half year was parallel to the index. With a year-end price of CHF 371.50 the Geberit share was quoted 18.5% below the prior year closing price of CHF 456.00.

Share price development (1 January 2001 until 31 December 2001)



■ Geberit  
■ Swiss Performance Index (SPI)

(Source: Factset)

## Time schedule

2002	
Annual general meeting	25 April
Interim report 1 <sup>st</sup> quarter	25 April
Repayment of par value	15 July
Half-year results	6 August
Interim report 3 <sup>rd</sup> quarter	29 October

2003	
First information on the fiscal year 2002	16 January
Annual media and analysts' conference	20 March
Annual general meeting	30 April
Interim report 1 <sup>st</sup> quarter	30 April
Dividend payment	6 May

(subject to minor changes)

## Shareholders required to report holdings

Shareholders holding more than 5% of the Geberit shares are subject to the reporting requirements under the Swiss Stock Exchange Act (Börsengesetz). The following such shareholders are known to us:

– Klaus Gebert Erben 6.8%

There were no major changes in the share ownership of Geberit in 2001.

## Investor relations

Via the Internet ([www.geberit.com](http://www.geberit.com)) the Group simultaneously publishes current and comprehensive information for all market participants and interested parties. Günter F. Kelm (President and CEO) and Dr. Rudolf Huber (CFO) are the contacts for an ongoing and open communication with the press, shareholders, investors and financial analysts. Information is provided to the general public and capital markets in the form of regular press releases, media and analysts' conferences as well as financial presentations. Contact may be established at any time under [konzernleitung@geberit.com](mailto:konzernleitung@geberit.com).

## Major data relating to the Geberit share

Registered shareholders as of 31 December 2001	11,640
Capital stock (in CHF)	83,200,000
Number of registered shares of CHF 20.00 each	4,160,000
Registered shares as of 31 December 2001	3,071,147
Treasury stock	157,814
Stock exchange	swx, Zürich
Swiss securities identification number	803822
Telekurs	GEBN
Reuters	gebzn
German stock index number WKN	922734

## Key figures (CHF per share)

	2001	2000
Net income	23.00	25.72
Adjusted net income <sup>▪</sup>	31.64	35.16
Net cashflow	51.65	51.12
Shareholders' equity	136.56	121.34
Proposed repayment of par value/dividend	10.00	10.00

<sup>▪</sup> Adjusted by amortisation of goodwill and intangible assets

## Board of Directors and Group Executive Board

### Board of Directors

The Board of Directors of Geberit AG consists of five members. The term of office for each member is three years, and the statutory age limit has been established at 70 years.

The term of office of Klaus Feller (Chairman), Günter F. Kelm (President), Dr. Horst Heidsieck and Klaus Weisshaar will end with the general meeting on 25 April 2002. These members of the Board of Directors will be available for re-election.

In the past fiscal year there were five ordinary meetings of the Board of Directors and two meetings of the audit committee. A strategy meeting was held by the Board of Directors together with the Group Executive Board. In addition, the Chairman of the Board of Directors and the President and CEO were in permanent contact with respect to major issues of corporate strategy.

### Kurt E. Feller (1937), Chairman

Swiss citizen, resident in Wollerau, CH  
Chairman of Rieter Holding AG, Winterthur, CH

### Günter F. Kelm (1940), President

German citizen, resident in Jona, CH  
CEO of the Geberit Group, Jona, CH

### Dr. Horst Heidsieck (1947)

German citizen, resident in Büdingen, DE  
CEO of Heraeus Holding GmbH, Hanau, DE

### Rudolf Maag (1946)

Swiss citizen, resident in Binningen, CH

### Klaus Weisshaar (1938)

German citizen, resident in Frankfurt a. M., DE

### Audit committee

All members of the Board of Directors

### Compensation committee

Chairman and President

### Independent auditors

PricewaterhouseCoopers AG, Zurich, CH

## Group Executive Board

Executive Board of Geberit Group (left to right):

Top: Dr. Rudolf Huber, Paul Witschi

Centre: Dr. Thomas Raible, Hans-Rudolf Völkin

Bottom: Randolph Hanslin, Günter F. Kelm



### **Günter F. Kelm (1940)**

Chief Executive Officer since 1991, member of the Group Executive Board since 1986, with Geberit since 1986

Group functions: Corporate Communications, Human Resources, Coach Division 1

### **Randolf Hanslin (1942)**

Member of the Group Executive Board since 1979, with Geberit since 1977

Group functions: Quality Management, Environmental Management, Coach Division 2

### **Paul Witschi (1943)**

Member of the Group Executive Board since 1989, with Geberit since 1989

Group functions: Market Development, Coach Division 3

### **Hans-Rudolf Völkin (1952)**

Member of the Group Executive Board since 1993, with Geberit since 1990

Group functions: Group Product Management, Brand Development, OEM, Coach Division 4

### **Dr. Rudolf Huber (1955)**

Member of the Group Executive Board since 1992, with Geberit since 1992

Group functions: Controlling, Finance, Information Technology, Internal Audit and Corporate Development, Legal Services, Coach Division 5

### **Dr. Thomas Raible (1951)**

Member of the Group Executive Board since 1998, with Geberit since 1995

Group functions: Group Supply Management and Logistics, Coach Division 6

# Management structure

(1.3.2002)

Board of Directors
Geberit AG
President and CEO
Geberit Group

<ul style="list-style-type: none"> <li>– <b>Corporate Communications</b> Günter F. Kelm (PU)</li> <li>– <b>Human Resources</b> Dr. Philipp Uschatz</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Quality Management</b> Rainer Prügl</li> <li>– <b>Environmental Management</b> Georg Wüest</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Market Development</b> Raafat Morcos</li> </ul>
Management of Group Functions	Management of Group Functions	Management of Group Function
Division 1 Günter F. Kelm	Division 2 Randolph Hanslin	Division 3 Paul Witschi
Coaching	Coaching	Coaching
<ul style="list-style-type: none"> <li>– <b>Geberit Beteiligungs GmbH &amp; Co. KG (DE)</b> Dr. Thomas Raible</li> <li>– <b>Geberit Deutschland GmbH &amp; Co. KG (DE)</b> Dr. Thomas Raible</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Geberit Vertriebs AG (CH)</b> Reto Vincenz</li> <li>– <b>Geberit Produktions AG (CH)</b> Willi Wiggenhauser/Werner Frei</li> <li>– <b>Geberit Marketing e Distribuzione SA (CH)</b> Renato Fumasoli</li> <li>– <b>Geberit Ltd. (UK)</b> Chris Bayliss/Gerhard Crossman/Clive Stuart</li> <li>– <b>Deriplast S.p.a. (IT)</b> Enrico Casazza</li> <li>– <b>Afluxo S.A. (PT)</b> José Seabra</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Geberit B.V. (NL)</b> Menno Portengen</li> <li>– <b>Geberit N.V. (BE)</b> Paul Forier</li> <li>– <b>Geberit Manufacturing Inc. (US)</b> Keith Kramer</li> <li>– <b>Geberit S.A. (ES)</b> Isidro Martinez</li> <li>– <b>Geberit Flushing Technology Co. Ltd. (CN)</b> Martin Böwe</li> <li>– <b>Geberit Plumbing Technology Co. Ltd. (CN)</b> Martin Böwe</li> <li>– <b>Geberit South East Asia Pte. Ltd. (SG)</b> Minhao Zheng</li> <li>– <b>Geberit Dubai Branch (AE)</b> Phillip A. Payne</li> </ul>

– **GPM\* Sanitary Systems**  
Heinz Rutishauser

– **GPM\* Piping Systems**  
Thomas Kehl

– **OEM**  
Marco Steg

– **Brand Development**  
Udo Pauly

Management of Group Functions

Division 4 Hans-Rudolf Völkin

Coaching

– **Geberit Technik AG (CH)**  
René Bregenzer/René Dolder

– **Geberit Fabrication SA (CH)**  
Martin Ziegler

– **Balena AG (CH)**  
Thomas Nüesch

– **Büchler AG (CH)**  
Max Minikus

– **Prosan GmbH (LU)**  
Udo Pauly

– **Prosan d.o.o. (SI)**  
Marjan Urbancic

– **Finance**  
Roland Iff

– **Controlling**  
Roman Sidler

– **Internal Audit, Corporate Development**  
Dr. Markus Rüttimann

– **Information Technology**  
Peter Hartmann

– **Legal Services**  
Dr. Albrecht Riebel

Management of Group Functions

Division 5 Dr. Rudolf Huber

Coaching

– **Geberit Verwaltungs AG (CH)**  
Peter Hartmann/Roland Iff

– **Geberit Vertriebs GmbH (AT)**  
Andreas Nowak

– **Geberit Produktions GmbH (AT)**  
Ernst Thun/Ulrich Wagner

– **Huter Vorfertigung GmbH (AT)**  
Nikolaus Huter

– **Geberit S.à r.l. (FR)**  
Peter Kothe

– **Hansgrohe Geberit S.A.S. (FR)**  
Peter Kothe

– **Geberit Kft (HU)**  
András Denk

– **Supply Chain Management**  
Dr. Adriaan 't Gilde

Management of Group Function

Division 6 Dr. Thomas Raible

Coaching

– **Geberit GmbH & Co. KG (DE)**  
Karl Spachmann/Jörg M. Henkel

– **Geberit Produktions GmbH & Co. KG (DE)**  
Holger Kirsch/Jürgen Haas

– **Geberit Lichtenstein GmbH (DE)**  
Thomas Schweikart/Hartmut Müller

– **Sanbloc GmbH (DE)**  
Karl-Heinz Horsmann (PU)

– **Gemax GmbH (DE)**  
Karl-Heinz Horsmann (PU)

– **Geberit A/S (DK)**  
Brian Andersen

– **Geberit Sp.z.o.o. (PL)**  
Andrzej Dobrut

– **Geberit spol.s.r.o. (CZ)**  
Jindrich Hornicek

– **Geberit spol.s.r.o. (SK)**  
Vladimir Sedlacko

\* GPM = Group Product Management

## Business and financial review

The Geberit Group successfully maintained its leading position in the European and world market for sanitary technology. The more difficult market conditions in many countries also affected the company. Despite this, further sales growth was achieved in local currencies in most markets. However, in Germany, by far the most important single market of the Geberit Group, the downturn in consumer sentiment and the slump in the construction industry were serious enough to have imposed a significant adverse effect on Geberit sales. As a result, total Group sales declined slightly.

Despite the decrease the results of the Geberit Group still remained above the industry average: profitability is high, the free cashflow rose and the equity base was increased.

Timely measures to reduce cost, adjust capacity, simplify structures and processes and the introduction of a large number of new products all laid a solid foundation for a continuing positive development of the Geberit Group.

### More difficult economic environment

Starting in the USA, the global economic environment deteriorated significantly in 2001. This primarily affected investment decisions and, in particular, those on construction measures. Economic institutions constantly revised their growth projections downwards.

In the Euro Zone the economic activity almost came to a halt in 2001. In Germany, where the economic decline became more intense during the course of the year, this was most clearly perceptible. Following good growth rates in 1999 and 2000, the volume of the building construction industry in Europe stagnated in the year under review (−0.6%). New construction activity declined by 2.3%, while the growth rate of the renovation sector declined by 50 percent to 1.5%. New residential construction even decreased by 4.7%, while there was a slight growth in renovation activities. The total residential construction sector recorded a 1.9% decline, while non residential construction achieved a 1.3% growth.

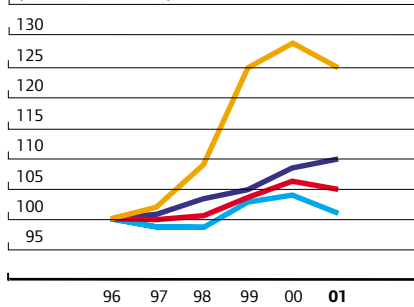
### Construction volume by sector in Europe 1999–2001 (%-Growth)

	2001	2000	1999
New Residential Construction	−4.7	2.2	3.0
New non Residential Construction	0.6	2.3	5.9
<b>Total New Construction</b>	<b>−2.3</b>	<b>2.3</b>	<b>4.3</b>
Renovation and Modernisation (Residential)	1.1	2.7	3.2
Renovation and Modernisation (non Residential)	2.2	3.4	2.3
<b>Total Renovation and Modernisation</b>	<b>1.5</b>	<b>3.0</b>	<b>2.9</b>
<b>Total Residential Construction</b>	<b>−1.9</b>	<b>2.5</b>	<b>3.1</b>
<b>Total non Residential Construction</b>	<b>1.3</b>	<b>2.8</b>	<b>4.5</b>
<b>Total Building Construction</b>	<b>−0.6</b>	<b>2.8</b>	<b>3.6</b>

(Source: Euroconstruct, Rome, December 2001)

**Construction output and Geberit sales in eight core markets 1996–2001**

(Index: 1996 = 100)



- Geberit sales in eight core markets\*
- Total Building Construction
- Total New Construction
- Total Renovation and Modernisation

(Source: Euroconstruct, Rome, December 2001)

\*Germany, Italy, Switzerland, United Kingdom, Austria, Netherlands, France, Belgium

The development in Germany was worse than in the other European countries. Building construction declined by 5.9%. New building construction activities decreased by 9.8% in the year under review, while the renovation sector remained relatively stable with a decline of 0.3%. However, there was a 13.5% decline in the new residential construction segment, while the decrease in residential renovation activities amounted to 0.6%. As a result, the total residential construction sector weakened by 7.5% against the previous year. Total non residential construction also declined by 2.4%.

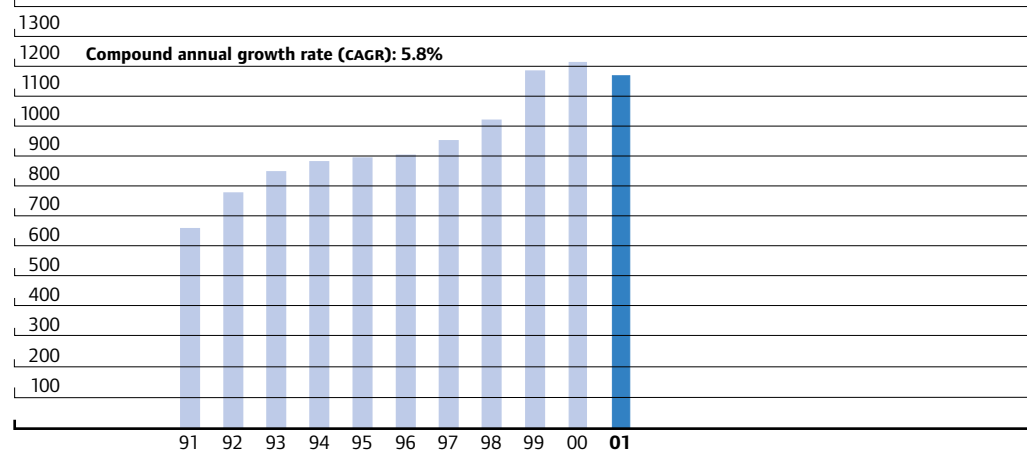
A comparison of the development of the index (1996 = 100) of construction volume, new construction and renovation and modernisation with sales in the Geberit core markets shows that the company's performance trend in these markets was progressing well. However, due to weak sales in Germany this trend did not continue during the year under review.

**Slight decline in total sales**

In the fiscal year 2001 the Geberit Group generated consolidated sales of MCHF 1,165.1, corresponding to a 3.6% decline. To some extent, this decrease was the result of the translation of local currency amounts into Swiss Francs, which has strengthened during the year under review. At constant exchange rates the decline in sales was only 1.0%. In light of the problems in the European construction industry referred to above, this figure shows the resilience of the Geberit Group in difficult times.

**Group sales development 1991–2001**

(in MCHF)



A review of the development over the last decade shows that the growth also of Geberit is not an automatic process but the result of continuously challenging the prevailing economic conditions. From this point of view the Geberit Group has maintained its position well in the difficult fiscal year 2001. Over a ten year period, the company grew at an annual average rate of 5.8%.

### Importance of regions is shifting <sup>■</sup>

The geographic area of activity of the Geberit Group can be subdivided into three regions:

1. Germany, the largest single market
2. the other core markets in Western Europe
3. the other markets in Europe and the Rest of the World

The sales contributions of these three regions have shifted substantially in the last few years. While the German contribution declined consistently, the other core markets of Western Europe increased their already high contributions. At the same time, the remaining markets rapidly improved their contribution to Group sales.

### Regional sales contributions 2001, 1998, 1995 (in %)

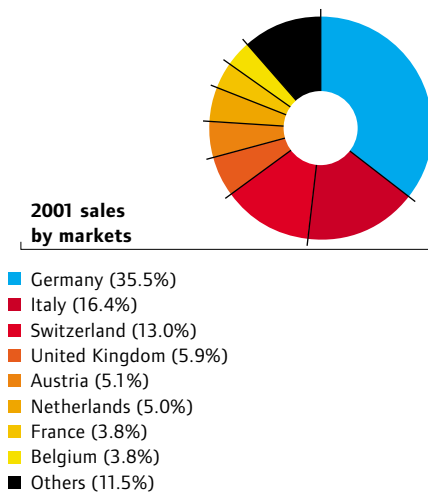
	2001	1998	1995
Germany	35.5	46.4	50.3
Other core markets	53.0	45.4	45.8
Others	11.5	8.2	3.9
<b>Geberit Group</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In the year under review the development of the three regions again varied substantially. In local currencies, sales in Germany declined by 9.1%, the other core markets grew by 3.2%, while the remaining markets and the Rest of the World increased by 8.8%. Outside Germany Geberit generated a sales growth of 4.1% after currency adjustments.

### Variations of regional sales 2001 (in %)

	CHF	local currencies
Germany	-11.8	-9.1
Other core markets	0.5	3.2
Others	7.0	8.8
<b>Geberit Group</b>	<b>-3.6</b>	<b>-1.0</b>
Group outside Germany	1.6	4.1

<sup>■</sup> All percentage changes in sales in the relevant markets are calculated on the basis of constant exchange rates.



## Varying development in the core markets

**Germany:** The development in the first quarter 2001 was still quite acceptable to Geberit. Subsequently, the decline in consumer sentiment as well as the slump in the construction industry also affected Geberit sales, which decreased substantially in most product lines against the comparable prior year figures. The economic downturn and the decrease in construction activities were particularly drastic in the new federal states where sales declined in the past fiscal year by 23.0% against the prior year.

**Italy:** Thanks to a sound overall economic environment sales in the second largest market showed a very positive performance. Solid growth was generated in almost all product lines.

**Switzerland:** In the home market growth of the Geberit Group was slightly above that of the market average.

**United Kingdom:** After a strong prior year, business in 2001 was somewhat dampened: In local currency terms, sales declined by 1.1%, mainly due to the necessary adjustment of the product range of Building Drainage Systems. Sales of Geberit branded products introduced since 2000 progressed very well.

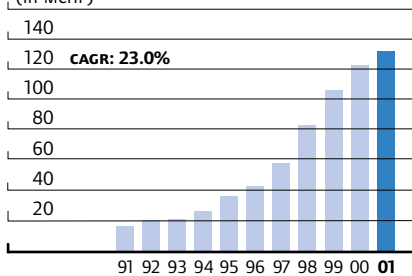
**Austria:** New construction activities also recorded a general decline here, while the renovation and modernisation sectors remained stagnant. Mainly in the second half of the year Geberit sales increased, resulting in a slight overall growth of 1.0%.

**The Netherlands:** Following a moderate start in the first quarter of 2001, business increasingly gained momentum despite the overall slump in the construction sector. Sales growth at the end of the year was 4.3%.

**France:** Geberit sales grew here by 3.6% in a generally favourable market environment. We continue to see good opportunities in this market.

**Belgium:** This market achieved the highest sales growth of all the core markets in 2001. Despite the weak construction industry sales rose by 6.7%.

**Sales outside  
the core markets 1991–2001**  
(in MCHF)



### Successful internationalisation

Outside of the eight core markets business developed much more dynamically. Over the last ten years sales rose from just under MCHF 20 to MCHF 133.8. This corresponds to an average growth rate of 23.0% p.a. In the year under review this growth rate slowed down but still amounted to 8.8% in local currencies. Growth in the second half of the year was higher than in the first six months.

Within this group of markets, the markets in Western Europe, i.e. Spain, Portugal, Ireland and Scandinavia, recorded a particularly satisfactory growth rate of 18.2%. With a sales growth rate of more than 16.3%, the markets in Central and Eastern Europe also grew more strongly than the Group average.

Within the “Rest of the World” segment, sales in the USA rose by 3.5% in local currency terms. The water closet installation element “Tessera”, which was developed for and launched in the US market, met with considerable interest. However, the development of a new market segment requires patience. In the other Rest of the World markets there was a temporary decline in sales in the period under review due to the large proportion of project business which by nature is subject to substantial fluctuations.

### Reorganisation of product areas and product lines

At the beginning of the fiscal year 2001 the product lines were reorganised in order to focus and intensify marketing and sales activities. The previously existing five product lines were increased to eight and grouped into the product areas “Sanitary Systems” and “Piping Systems”.

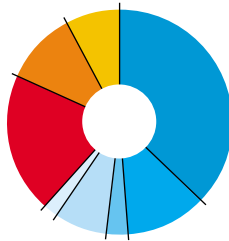
#### Sanitary Systems Area

The Sanitary Systems Area comprises the entire sanitary system technology for buildings, with the exception of pipes.

In the fiscal year 2001 sales of MCHF 717.2 were generated here, corresponding to 61.6% of total sales of the Geberit Group. This represents a decrease against the prior year of 4.9% in Swiss Francs and of 2.5% in local currencies.

**Installation Systems:** With a decline of 6.7% (4.2% in local currencies) the largest product line within the Sanitary Systems Area, contributing just over 37%, to Group sales was strongly affected by the weak market in Germany. The “pre-wall installation technology” first developed by Geberit is being increasingly introduced in other markets, a fact that is reflected in the satisfactory growth rates for these products in Italy, the Netherlands, Switzerland and also in the remaining markets.

2001 sales by product areas and product lines



**Sanitary Systems (61.6%)**

- Installation Systems (37.3%)
- Flushing Systems (11.5%)
- Public (3.1%)
- Waste Fittings and Traps (7.6%)
- Sanitary Products (2.1%)

**Piping Systems (38.4%)**

- Building Drainage Systems (20.1%)
- Water Supply Systems (10.5%)
- Underground Piping Systems (7.8%)

**Flushing Systems:** This product line with a contribution to Group sales of 11.5% recorded a decline in sales of 3.5%, although in local currencies terms the prior year sales levels were just about matched.

**Public:** This newly created product line, which comprises the marketing of electronically controlled urinal flushing systems and wash basin taps for the public and semi-public sectors, recorded a slight increase in local currencies as a result of satisfactory growth rates in Austria and Belgium.

**Waste Fittings and Traps:** The development of sales in this newly defined product line in Switzerland, Germany, the USA and Italy was largely in line with that of Group sales.

**Sanitary Products:** Sales growth in this product line, which comprises the marketing of shower toilets, primarily in Switzerland, its primary market, but also in Austria and in the Netherlands was higher than average Group sales.

**Piping Systems Area**

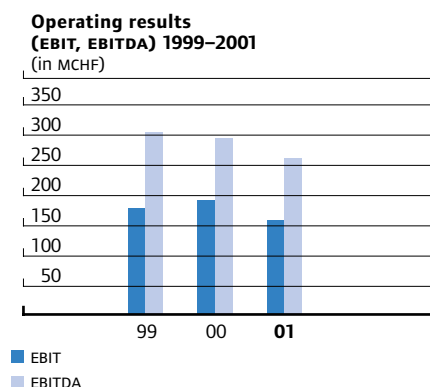
The Piping Systems Area comprises the entire piping technology inside and outside of buildings.

In the period under review the area generated sales of MCHF 447.9 MCHF or 38.4% of total sales. Expressed in Swiss Francs, this corresponds to a 1.5% decline against the prior year, while a slight 1.5% growth was achieved in local currencies.

**Building Drainage Systems:** This product line recorded the best results within the Piping Systems area. It almost achieved the prior year sales level in Swiss Francs terms and a moderate growth in local currency terms. Satisfactory results were generated mainly in Italy, Switzerland and also in Germany where market shares were increased with the innovative low-noise drainage system "Silent".

**Water Supply Systems:** In this product line, which slightly increased its contribution to total Group sales to 10.5%, sales in local currencies remained on the prior year level. The development of this business in Italy and Belgium was particularly satisfactory. The performance of the German, Austrian and Swiss markets, on the other hand, was not in line with expectations.

**Underground Piping Systems:** The contribution to Group sales of this newly created product line increased slightly to 7.8%. In Swiss Francs sales declined by 1.8% against the prior year, but increased in local currencies by 2.1%.



### Profitability remains strong

As a result of a decline in sales and a simultaneous increase in expenditure for the future in research and development, the development of new markets and training of personnel, the operating results declined in relation to the excellent prior year figures.

The operating cashflow (EBITDA) amounted to MCHF 261.7 against MCHF 297.5 in the previous year. The EBITDA margin was 22.5% (prior year: 24.6%). The operating profit (EBIT) declined from MCHF 189.7 in the prior year by 17.2% to MCHF 157.1, corresponding to an EBIT margin of 13.5% (prior year: 15.7%).

Net income amounted to MCHF 92.1. Return on sales in the fiscal year 2001 was 7.9%. Earnings per share amounted to CHF 23.00. Thus the Geberit Group enjoys a profitability above the industry average.

### Decline in operating expenses

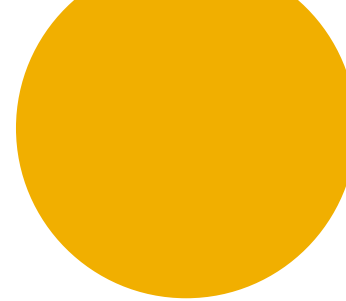
Mainly as a result of a further rise in freight charges and a slight increase in discounts to clients, sales deductions rose by 3.7% to MCHF 151.6 and thus amounted to 13.0% of Group sales (prior year: 12.1%).

Operating expenses, however, declined by 1.9% to MCHF 856.4.

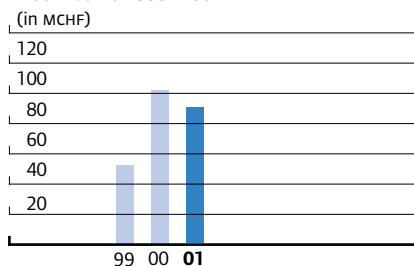
This decrease was primarily due to sinking prices of raw materials. The cost of raw materials decreased above average by 6.8% against the prior year to MCHF 331.0, corresponding to 28.4% of Group sales (prior year: 29.4%). Personnel expenses rose by 1.8% to MCHF 296.8 or 25.5% of Group sales (prior year: 24.1%). This increase was mainly the result of a provision of MCHF 5.4 for the personnel-related measures decided in December.

Depreciation rose by 2.7% to MCHF 69.0, while amortisation of goodwill and other intangible assets declined by 12.3% to MCHF 35.6. Other operating expenses rose by 5.0% to MCHF 124.0, largely due to an increase in third-party services in the research and development sector, expenses in connection with acquisition efforts and a reduction of other operating income.

Overall operating expenses as a percentage of Group sales increased against the prior year from 72.2% to 73.5% (73.0% excluding restructuring expenses). After adjustments with respect to the non-recurring restructuring expenses of MCHF 6.2, the operating profit (EBIT) would have been MCHF 163.3 or 14.0% of Group sales instead of MCHF 157.1.



#### Net income 1999–2001



#### Slightly weaker net income

In the year under review Geberit generated net income of MCHF 92.1 (prior year: MCHF 104.4). This corresponds to a decline of 11.8%. The non-recurring restructuring expenses charged to net income amounted to MCHF 4.1. Excluding such non-recurring expenses, net income would have declined by 7.9%.

Net financial expenses decreased by 22.2% to MCHF 29.1. In addition to slightly declining interest rates, lower amortisation of capitalised funding costs and lower currency losses also contributed to the improved financial result. The 25.2% reduction of taxes to MCHF 35.6 also had a positive impact on net income. The tax rate applicable to the result before taxes was further reduced from 31.3% to 27.7%. In addition to lower tax rates, a shift in regional results and the restructuring in Germany also contributed to this positive effect.

#### Increase in free cashflow

The net cashflow of MCHF 206.8 remained in the year under review practically on the level of the previous year (MCHF 207.5). This corresponds to a cashflow margin of 17.7% (prior year: 17.2%). After deduction of net investments in property, plant and equipment as well as intangible assets of MCHF 76.6 and thanks to the strong decline in working capital the free cashflow increased significantly by 27.2% to MCHF 142.8 (prior year: MCHF 112.3). This free cashflow was used for the payment of dividends of MCHF 40.1 and a debt repayment of MCHF 69.5. The remaining funds were mainly used to improve liquidity.

#### Further improvement of equity base and balance sheet structure

Thanks to this high free cashflow financial debt as of the year-end 2001 were reduced by MCHF 54.8 to MCHF 505.3. Net debt decreased from MCHF 495.7 by MCHF 91.9 to MCHF 403.8.

#### Debt and Equity base 1999–2001

(in MCHF)

	12/01	12/00	12/99
Long-term debt	440	494	574
Total debt	505	560	643
Cash and cash equivalents	101	64	126
<b>Net debt</b>	<b>404</b>	<b>496</b>	<b>517</b>
Equity ratio	37.8%	34.1%	31.8%

The equity ratio has increased from 34.1% at the 2000 year-end to 37.8%. In terms of the average shareholders' equity, the Group generated a return on equity of 17.7% in the year under review (prior year: 21.2%). The ratio of net financial debt to shareholders' equity (gearing) improved from 100.6% as of 31 December 2000 to 73.8% as of 31 December 2001 and thus is substantially below the medium-term target of 100%, even when taking into account the scheduled repayment of par value.



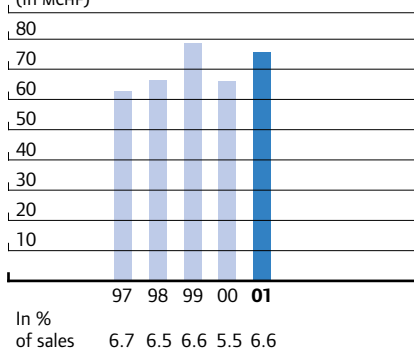
The Group's liquidity situation is excellent. In addition to the liquid funds of MCHF 101.5 at the end of the year, the Group has access to operating credit facilities of MCHF 107.5, which were not drawn down as of 31 December 2001.

As of 31 December 2001 the Geberit Group held 157,814 of its own shares in treasury (prior year: 156,027). In 2001, an additional 1,787 shares (net) were purchased in the market. These shares are primarily earmarked for acquisitions, future stock ownership plans for employees and management as well as general corporate purposes.

At a value of MCHF 1,445.1 (prior year: MCHF 1,444.7) total assets remained almost stable for the year under review. Working capital was reduced from MCHF 96.4 to MCHF 86.4, property, plant and equipment rose from MCHF 490.7 to MCHF 492.3. Intangible assets declined from MCHF 546.3 to MCHF 512.0.

Operating capital, comprising working capital, property, plant and equipment and intangible assets, as of the end of 2001 amounted to MCHF 1,090.7 (prior year: MCHF 1,133.4). Return on operating assets, as a ratio of operating profit before amortisation (EBIT) to average operating capital, amounted to 17.3% in the year under review (prior year: 20.0%).

**Investments 1997–2001**  
(in MCHF)



### High level of capital expenditure

In 2001 investments in property, plant and equipment as well as intangible assets amounted to MCHF 76.6 and thus were MCHF 9.7 higher than the previous year. As a percentage of sales, the investment ratio increased substantially to 6.6%. As in previous years, the bulk of these funds was required for the ongoing replacement of production facilities and the procurement of tools and devices for new products. In the year under review a significant portion of capital expenditure was also spent on the production facilities for the new generation of concealed cisterns and Installation Systems at the Pfullendorf plant as well as for rationalizations at the Pottenbrunn and Givisiez plants. A new building was commissioned during the year for the distribution company in Poland.

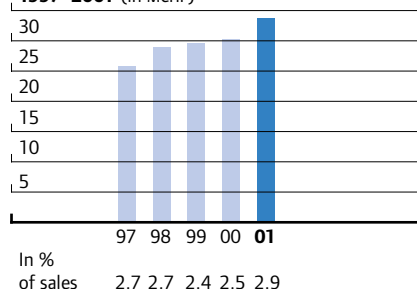
### Future-oriented research and development

Strong research and development (R&D) is key for Geberit's success.

In 2001 the funds spent on R&D were again higher than prior year levels. MCHF 34.1 or 2.9% of sales were invested in the future of our product range.

Among the products introduced to the market in the year under review were the new generation of concealed cisterns and Installation Systems which has been launched in some markets, a new installation element (Swiss-Fix) for the Asian markets, an expanded range of electronically controlled urinal flushing systems for the public product line as well as numerous new components for the product lines Waste Fittings and Traps, Building Drainage and Water Supply Systems.

**Research and development expenditure  
1997–2001 (in MCHF)**



In the period under review 27 new patent applications were filed. The rate of innovation was about 26%. This means that in the year under review more than a quarter of sales were generated by new or improved products launched in the market during the last three years.

**The principle of sustainability**

Geberit has become a pioneer in the area of environmental management. Responsible management today means taking into account additional aspects subsumed in the term “sustainability”. In practice, sustainability means a balanced, long-term consideration of the following three factors: financial, environmental and social management.

The certification of the major locations pursuant to the European regulation EMAS and the international ISO 14001 standard increasingly involves impractical and bureaucratic requirements. Therefore, we have decided to intensify and to expand to other Geberit locations our environmental management activities, which, are, however, to be carried out without certification in the future. The internal system of continuous auditing will remain in place.

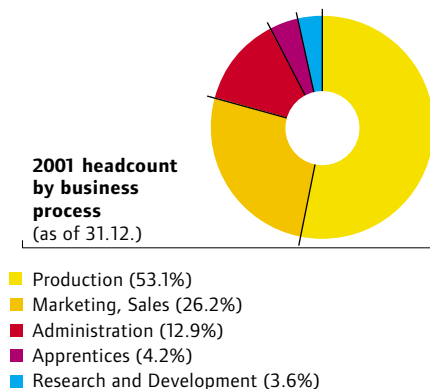
**Slight reduction in the workforce**

As of the 2001 year-end the Geberit Group had a worldwide staff level of 4,144, corresponding to a decline of 96 or 2.3% against the prior year. The number of employees was reduced mainly in the companies in Germany, Austria and China, while in the other countries 34 new jobs were created. Average sales per employee amounted to CHF 278.1, which corresponds to a 1.8% decline against the prior year.

There were minor changes in the break-down of employees by business process against the prior year. The number of employees in production and research and development slightly rose, while the number of employees in the administrative area declined.

**Employees by country (as of 31.12.)**

	2001	% share	2000	% share
Germany	1544	37	1582	37
Switzerland	1025	25	1021	24
Austria	417	10	435	10
United Kingdom	273	7	279	7
China	237	6	315	7
Italy	161	4	162	4
Slovenia	151	4	144	4
Others	336	7	302	7
<b>Total</b>	<b>4144</b>	<b>100</b>	<b>4240</b>	<b>100</b>



### Reduction in staff position required

As sales were less satisfactory than expected, the Group Executive Board in May and October 2001 initiated substantial cost saving programmes with respect to the year under review and the fiscal year 2002. This involves a group-wide reduction in workforce by 160 to 170 employees mainly relating to the companies in Germany and Switzerland. On the same day in early December 2001 employees, works councils and staff committees, the general public and social partners were notified of the planned staff reduction. Supported by Managing Directors and Heads of Personnel, the employees were informed in detail of the reasons for such a reduction in the workforce and the steps taken. The best possible solutions are being looked for and implemented for the employees directly concerned.

### Stock ownership plans to be continued

In 2001 the stock ownership plans for employees and management were affected by the slump on the stock exchanges. A total of 6,414 shares were subscribed. The programmes will be continued in 2002.

The lock-up periods for the majority of employee shares expired in January and June 2001. As of 31 December 2001, 1,809 active executives and employees held a total of 396,818 Geberit shares, corresponding to 9.5% of the total share capital.

### New management development concept

In the fiscal year 2001 a newly created international management training programme was offered on a Group-wide basis, also deploying Geberit executives as instructors. The target of this programme is the global implementation of the Geberit strategy.

Participants considered the first three pilot workshops to be excellent, which resulted in increasing demand for further workshops. The modules will be continued in the current fiscal year.

## **Outlook**

We are living in turbulent times. Neither the political nor the economic development is following a course that can be easily described. Easing monetary policy, the worldwide decline in commodity prices as well as the decrease of energy prices are positive economic drivers. In general, there are signs of a new upturn in the US economy. If this economic upswing actually occurs, then a period of growth can be expected in many other parts of the world after a certain time lag.

Developments in Germany in the election year 2002 are uncertain. However, the decline in the construction industry should slow down. Generally, we believe that there will be a slight worldwide recovery during the current fiscal year.

In the fiscal year 2001 we have invested above-average amounts in the development of new products and services, streamlined our corporate structures and adjusted costs in line with the situation. The new products, mainly the new generation of Installation Systems launched in the autumn of 2001, are receiving a positive market response.

With the acquisition of a majority interest in the Austrian company Huter Vorfertigung GmbH, Matri, we have taken a strategic step to secure and expand our leading market position in the area of Installation Systems.

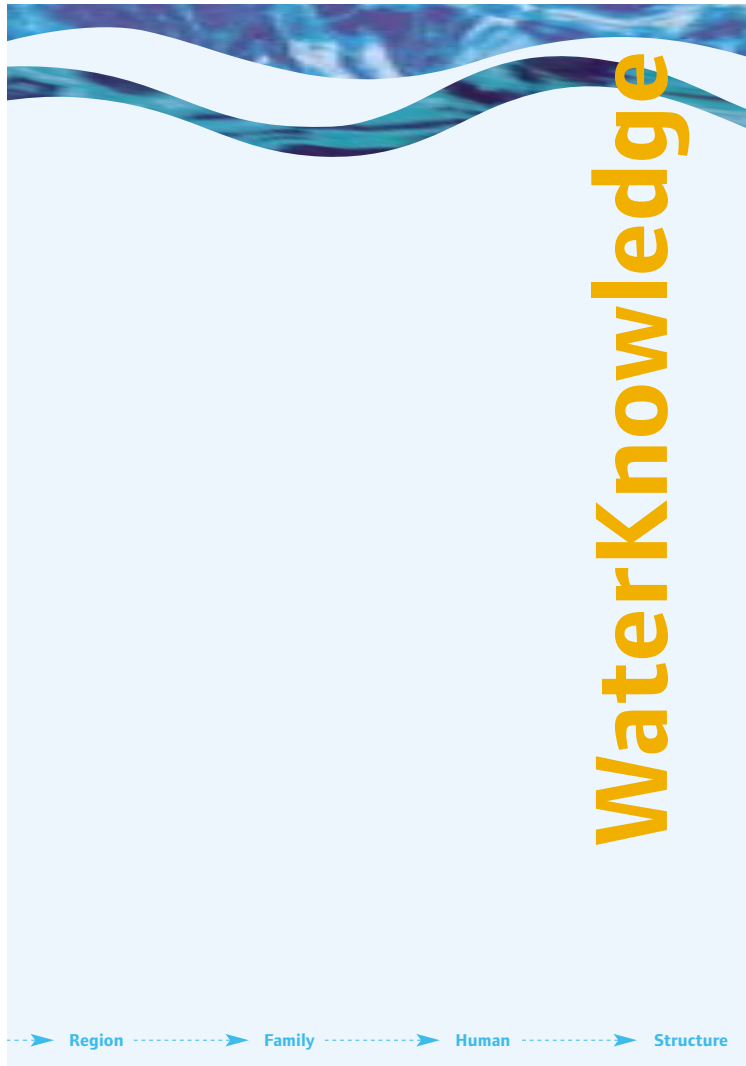
The Geberit Group will strengthen its market position, continue to develop innovative products and intensify the excellent cooperation with its partners, wholesalers, architects, planners, plumbers and installers.

Despite all the uncertainties, we look forward with confidence to the further development of the fiscal year 2002. We will continue to be highly innovative, ensure first-class quality, seriously consider the wishes and demands of our customers, invest in the ongoing training of our employees and actively pursue our acquisition policy.

We are confident that in the fiscal year 2002 we will be able to build upon the long-standing successful track record of the Geberit Group and expect some moderate sales growth and an increase in earnings per share.

The United Nations have declared 22 March of each year "World Day for Water". This day is intended to underline the importance of water resources for economic productivity and social welfare. The motto of 22 March 2002 will be "Water for Development".

The focus of this year's annual report of the Geberit Group is on the subject of water. In the insert entitled "Water-Knowledge" we have collected some useful and interesting information regarding this precious resource. Water deserves our respect and responsible attention.



Limited in time, some more inserts can be ordered under:  
[corporate.communications@geberit.com](mailto:corporate.communications@geberit.com) or phone +41 55 221 6213



# Consolidated Financial Statements Geberit Group

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## Consolidated Balance Sheets

		Note	31.12.2001	31.12.2000
			MCHF	MCHF
<b>Assets</b>	Current assets			
	Cash and cash equivalents		101.5	64.4
	Trade accounts receivable	4	76.3	82.2
	Other accounts receivable and prepaid expenses	5	37.2	46.9
	Inventories	6	114.0	103.3
	<b>Total current assets</b>		<b>329.0</b>	<b>296.8</b>
	Non-current assets			
	Property, plant and equipment	7	492.3	490.7
	Financial assets and other non-current assets	8	111.8	110.9
	Goodwill and intangible assets	9	512.0	546.3
	<b>Total non-current assets</b>		<b>1116.1</b>	<b>1147.9</b>
	<b>Total assets</b>		<b>1445.1</b>	<b>1444.7</b>
	<b>Liabilities and Shareholders' Equity</b>	Current liabilities		
Short-term borrowings		10/12	65.4	66.6
Trade accounts payable			72.7	62.9
Tax liabilities and tax provisions			37.6	44.2
Other current provisions and liabilities		11	68.4	73.1
<b>Total current liabilities</b>			<b>244.1</b>	<b>246.8</b>
Non-current liabilities				
Long-term debt		12	439.9	493.5
Accrued pension obligation		14	85.4	82.7
Deferred tax liabilities		16	112.4	113.5
Other non-current provisions and liabilities		17	9.4	9.1
<b>Total non-current liabilities</b>			<b>647.1</b>	<b>698.8</b>
Minority interest			7.1	6.6
Shareholders' equity		19		
Capital stock			83.2	83.2
Capital in excess of par			422.1	421.0
Treasury shares			(80.7)	(80.8)
Retained earnings		177.2	126.7	
Distribution in excess of predecessor basis		(88.3)	(88.3)	
Cumulative translation adjustments		33.3	30.7	
<b>Total shareholders' equity</b>		<b>546.8</b>	<b>492.5</b>	
<b>Total liabilities and shareholders' equity</b>		<b>1445.1</b>	<b>1444.7</b>	

The accompanying notes on pages 30 to 57 are an integral part of the consolidated financial statements.

# Consolidated Income Statements

	Note	2001 MCHF	2000 MCHF
<b>Sales</b>		<b>1165.1</b>	<b>1208.5</b>
Sales deductions	21	151.6	146.2
Net sales		1013.5	1062.3
Cost of materials		331.0	355.2
Personnel expenses		296.8	291.5
Depreciation expense	7	69.0	67.2
Amortisation of goodwill and intangibles	9	35.6	40.6
Other operating expenses, net	22	124.0	118.1
Total operating expenses, net		856.4	872.6
<b>Operating profit (EBIT)</b>		<b>157.1</b>	<b>189.7</b>
Financial income and (expenses), net	23	(29.1)	(37.4)
Non-operating income, net		0.3	(0.2)
Profit before income tax expenses and minority interest		128.3	152.1
Income tax expenses	24	35.6	47.6
Net income before minority interest		92.7	104.5
Minority interest, net of tax		0.6	0.1
<b>Net income</b>		<b>92.1</b>	<b>104.4</b>
<b>Other financial figures</b>			
Earnings per share (CHF)	20	23.00	25.72
Earnings per share diluted (CHF)	20	22.93	25.53
Earnings per share adjusted (CHF)	20	31.64	35.16
Research and development expenses	3	34.1	30.5
Interest expenses, net	23	(25.2)	(25.7)
Operating cashflow (EBITDA)		261.7	297.5
Net cashflow	25	206.8	207.5
Free cashflow	25	142.8	112.3

The accompanying notes on pages 30 to 57 are an integral part of the consolidated financial statements.

## Consolidated Statements of Shareholders' Equity

	Ordinary shares	Capital in excess of par	Treasury shares	Retained earnings	Distr. in excess of predeces- sor basis	Cum. translation adjust- ments	<b>Total share- holders' equity</b>
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
<b>Balance at 1 January 2000</b>	<b>83.2</b>	<b>418.9</b>	<b>(2.5)</b>	<b>54.7</b>	<b>(88.3)</b>	<b>26.2</b>	<b>492.2</b>
Dividends paid				(32.4)			(32.4)
Net income				104.4			104.4
(Purchase)/sale of treasury shares		2.1	(78.3)				(76.2)
Foreign currency items						4.5	4.5
<b>Balance at 31 December 2000</b>	<b>83.2</b>	<b>421.0</b>	<b>(80.8)</b>	<b>126.7</b>	<b>(88.3)</b>	<b>30.7</b>	<b>492.5</b>
Dividends paid				(40.1)			(40.1)
Net income				92.1			92.1
(Purchase)/sale of treasury shares		1.4	0.1				1.5
Foreign currency items						3.7	3.7
Other		(0.3)		(1.5)		(1.1)	(2.9)
<b>Balance at 31 December 2001</b>	<b>83.2</b>	<b>422.1</b>	<b>(80.7)</b>	<b>177.2</b>	<b>(88.3)</b>	<b>33.3</b>	<b>546.8</b>

The accompanying notes on pages 30 to 57 are an integral part of the consolidated financial statements.

# Consolidated Statements of Cashflows

	Note	2001 MCHF	2000 MCHF
Cash provided by operating activities			
Net income		92.1	104.4
Adjustments to cashflow from operating activities			
Depreciation and amortisation	7/9	104.6	107.8
Financial expenses, net	23	29.1	37.4
Income tax expenses	24	35.6	47.6
Other		3.0	1.7
<b>Operating cashflow before changes in net working capital and taxes</b>		<b>264.4</b>	<b>298.9</b>
Income taxes paid		(48.0)	(64.4)
Changes in net working capital	25	15.9	(29.1)
<b>Net cash provided by operating activities</b>		<b>232.3</b>	<b>205.4</b>
Cash used in investing activities			
Acquisitions, net		(1.1)	(3.9)
Purchase of property, plant & equipment and intangible assets	7	(76.6)	(66.9)
Proceeds from sale of property, plant & equipment and intangible assets		1.9	5.7
Other, net		4.0	4.0
<b>Net cash used in investing activities</b>		<b>(71.8)</b>	<b>(61.1)</b>
Cash used in financing activities			
Proceeds from short-term borrowings		2.4	41.0
Repayments of short-term borrowings		(3.8)	(41.7)
Proceeds from long-term borrowings		18.2	0.2
Repayments of long-term borrowings		(65.7)	(70.2)
Interest paid		(33.8)	(22.2)
Dividends paid		(40.1)	(32.4)
(Purchase)/sale of treasury shares		1.5	(76.2)
Other, net		(1.1)	(3.5)
<b>Net cash used in financing activities</b>		<b>(122.4)</b>	<b>(205.0)</b>
Effects of exchange rates on cash		(1.0)	(1.2)
<b>Net increase (decrease) in cash</b>		<b>37.1</b>	<b>(61.9)</b>
Cash and cash equivalents at beginning of year		64.4	126.3
<b>Cash and cash equivalents at end of year</b>		<b>101.5</b>	<b>64.4</b>

The accompanying notes on pages 30 to 57 are an integral part of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. Basis of presentation

The Geberit Group is a leading European supplier of sanitary plumbing systems for the residential and commercial new construction and renovation markets. The products of the Group consist within the two product areas sanitary systems and piping systems principally of the product lines installation systems, flushing systems, building drainage systems and water supply systems which are sold to plumbers and installers through wholesalers.

The consolidated financial statements include Geberit AG and the companies which it controls ("the Group"). Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting power of a company. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheets and consolidated income statements, respectively. The Group eliminates all intra-group transactions as part of the Group consolidation process.

The consolidated financial statements of the Group comply with International Accounting Standards ("IAS"), and are prepared using the historical cost convention. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from estimates. Because of the adoption of new accounting standards and to conform with changes in presentation in the current year, certain reclassifications have been made to the 2000 figures.

These financial statements have been approved by the board of directors on 8 March 2002.

The term "MCHF" in these consolidated financial statements refers to millions of Swiss francs, "MDEM" refers to millions of Deutsche mark, "MEUR" refers to millions of Euro and "MGBP" refers to millions of Great Britain pounds sterling.

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## **2. Changes in Group organisation**

### **2001**

In 2001 there were no material changes within the organisational structure of the Group.

### **2000**

As at 30 November 2000 certain northern and eastern European subsidiaries were concentrated underneath Geberit Beteiligungs GmbH & Co. KG, Pfullendorf (former Geberit Verwaltungs GmbH). At the same time all existing German subsidiaries were concentrated underneath Geberit Deutschland GmbH & Co. KG, Pfullendorf (former Pretec Sanitär- und Bauelemente Vertrieb GmbH). The creation of this new structure also included the transformation of various German limited liability companies (GmbH) into limited partnerships (KG) and the incorporation of a German management company (Geberit Management GmbH, Pfullendorf).

## **3. Summary of significant accounting policies**

### **Foreign currency translation**

The functional currencies of the Group's subsidiaries are generally the currencies of the local jurisdiction. As per end of 2001 all material subsidiaries within the European monetary union were using the Euro as their functional currency. Assets and liabilities stated in functional currencies other than Swiss francs are translated at the rates of exchange prevailing at the consolidated balance sheet date. Income and expenses are translated at the average exchange rates for the period. Translation gains or losses are accumulated as a separate component of equity within cumulative translation adjustments. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the dates of the transaction, or at a rate that approximates the actual rate at the date of the transaction. At the end of the accounting period, the unsettled balances in foreign currency receivables and liabilities are valued at the rate of exchange prevailing at the consolidated balance sheet date, with resulting exchange rate differences charged to income. Exchange rate differences related to intra-group loans of a long-term investment nature are recorded as a separate component of equity within cumulative translation adjustments.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks and liquid short-term investments with maturities of three months or less on their acquisition date.

### **Receivables**

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

**Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost of raw materials and goods purchased for resale are valued on a weighted average basis. Provision is made for obsolete and slow-moving inventories.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Betterments that increase the useful lives of the assets, improve the quality of the output or enable a substantial reduction in operating costs are capitalised and depreciated over the remaining useful lives. Depreciation on property, plant and equipment is calculated using the straight-line method based on the following useful lives: buildings (20–50 years), production machinery and assembly lines (8–15 years), moulds (8 years), equipment (5–20 years) and vehicles (4–8 years). Repairs and maintenance are charged to income as incurred.

**Intangible assets and goodwill**

The excess of the purchase price over the fair value of net assets acquired is recorded as goodwill. Goodwill and intangibles such as patents, know-how, trademarks and software acquired from third parties are stated at cost less accumulated amortisation. The amortisation of goodwill and intangible assets is calculated using the straight-line method based upon the following useful lives: goodwill (5–20 years), patents (3 years), trademarks (20 years), know-how (3 years) and software (4 years).

**Valuation of property, plant and equipment and intangible assets**

Where the carrying amount of an asset is bigger than its estimated recoverable amount, it is written down to its recoverable amount.

**Deferred financing fees**

Financing fees, excluding net premiums paid on hedge agreements, are deferred and amortised over the expected life of the related debt instrument, on a straight-line basis, or if the debt instrument has scheduled principal repayments, using the bond outstanding method. According to IAS 39 starting from 1 January 2001, premiums paid for hedge agreements are recorded at their fair values. The amortisation of deferred financing fees is included in financial income and expenses.

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### **Associated companies and joint ventures**

The Group's share of profits and losses of associated companies (generally voting rights between 20% and 50%) and joint ventures is included in the consolidated income statements in accordance with the equity method of accounting. All other non-consolidated investments are stated at cost, with adequate provision for diminution in value of a permanent nature.

### **Provisions**

The Group recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made. The Group warrants its products against defects and accrues for such warranties at the time of sale based upon estimated claims. Actual warranty costs incurred are charged against the provision when paid.

### **Sales and sales deductions**

Sales include the invoiced net amounts after deduction of rebates and are recognised upon shipment of products to customers. Credit notes issued subsequently are deducted.

Sales deductions are recognised when the sales are recorded.

### **Marketing expenses**

All costs associated with advertising and promoting products are expensed in the financial period during which they are incurred.

### **Taxes**

The consolidated financial statements include direct taxes that are based on the results of the Group companies and are calculated according to local tax rules. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated using the tax rate expected to apply in the period in which these differences reverse, based on currently enacted tax rates. If the realisation of future tax savings related to tax loss carry-forwards and other deferred tax assets is not probable, valuation allowances are recorded. Provision is made for incremental taxes on only those available earnings of foreign subsidiaries which are intended to be remitted.

**Research and development expenditures**

Research and development expenditures are expensed as incurred. These costs are included in personnel expenses, depreciation expense and other operating expenses, net.

**Retirement benefit plans**

The Group companies have various defined benefit and defined contribution pension schemes which comply with applicable laws and customs in the respective countries in which the Group operates. For defined benefit plans, the projected benefit obligations are calculated annually by independent actuarial experts using the projected unit credit method based on the service life, projected salary and pension benefit development and expected return on pension fund investments. Annual net pension costs are charged to income in the period incurred. Experience adjustments and the effects of changes in actuarial assumptions are amortised over the estimated average remaining service life of plan participants. Payments to defined contribution plans are based on fixed percentages of participant salaries as defined in the respective plan documents and are charged to income as incurred.

**Stock ownership plans**

Differences between the fair market value of shares issued and proceeds received from employees under the Group's stock ownership plans are recorded within shareholders' equity. Options issued to employees under the stock ownership plans are generally issued using market values on the date of grant.

**Earnings per share**

Diluted earnings per share is calculated using the weighted average number of ordinary shares issued and outstanding, adjusted for the number of shares that could have been acquired at market price (determined as the average annual share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding dilutive share options. These shares, potentially to be issued, are added to the weighted average ordinary shares outstanding by which attributable net income is divided to calculate diluted earnings per share.

**Financial instruments and risk management**

The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturities of these instruments. The fair values of derivative financial instruments were estimated based on quotes obtained from brokers. Long-term debts are generally recorded at amortised cost.

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When necessary under its risk management policies, the Group uses financial instruments, primarily collars and options, to reduce exposures to market risks resulting from fluctuations in interest rates and foreign exchange rates, principally on the Group's floating-rate long-term debt, of which a significant component is denominated in Euro. The instruments are described in Note 13. Interest expenses under the interest rate risk management agreements, and the respective debt instruments they hedge, are recorded as interest expenses at the effective interest rate of the hedged transactions. Excess portions of instruments which are designated and otherwise effective as hedges are recorded in the balance sheet at their pro rata fair value, with the related charge included in financial income and expenses.

The counterparts to these agreements are major financial institutions and the Group does not have significant exposure to anyone counterpart. Management believes that the risk of loss from these contracts is remote. The Group does not enter into financial instruments for trading or speculative purposes.

The Group invests its cash in both deposits with major banks throughout the world and other high quality short-term liquid money market investments (commercial papers, government and government agency notes and bills, etc.). The Group has a policy of making investments only with major credit-worthy commercial institutions. These investments generally mature within three to six months and the Group has not incurred any related losses.

The Group sells a broad range of products in the sanitary engineering field throughout the world, but primarily within continental Europe. Ongoing credit evaluations of customers' financial conditions are performed and, generally, no collateral is required. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Group's customer base. The Group maintains its allowances for potential credit losses. Such losses, in the aggregate, have not exceeded management's expectations.

#### **New accounting standards**

For the consolidated financial statements 2000, the Group introduced revised or new International Accounting Standards in respect of Property, plant and equipment, Impairment of assets, Provisions, contingent liabilities and contingent assets, Intangible assets and Business combinations. For 2001 the standards on Financial instruments and Investment properties were introduced. These introductions did not have any material effects on the Group.

**4. Trade accounts receivable**

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Trade accounts receivable	81.8	87.3
Allowance	(5.5)	(5.1)
<b>Total trade accounts receivable</b>	<b>76.3</b>	<b>82.2</b>

Of trade accounts receivable, MCHF 5.5 was denominated in CHF (2000: MCHF 5.5), MCHF 49.4 was denominated in Euro-currencies (2000: MCHF 51.5) and MCHF 11.1 was denominated in GBP (2000: MCHF 15.9).

**5. Other accounts receivable and prepaid expenses**

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Income tax refunds receivable	9.8	8.4
Other tax receivables	16.6	24.7
Other receivables	2.8	2.6
Prepaid expenses and other current assets	8.0	11.2
<b>Total other accounts receivable and prepaid expenses</b>	<b>37.2</b>	<b>46.9</b>

**6. Inventories**

Inventories, net of allowances for excess and obsolete items of MCHF 10.0 as of 31 December 2001 (2000: MCHF 10.1) were as follows:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Raw materials, supplies and other inventories	29.4	25.3
Work in progress	17.8	16.2
Finished goods	53.9	50.9
Goods purchased for resale	12.3	10.0
Prepayments to suppliers	0.6	0.9
<b>Total inventories</b>	<b>114.0</b>	<b>103.3</b>

## 7. Property, plant and equipment

	2001					2000
	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr. + advanced payments	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
<b>Cost at beginning of year</b>	<b>632.5</b>	<b>228.7</b>	<b>359.8</b>	<b>32.7</b>	<b>11.3</b>	<b>628.5</b>
Additions	76.6	2.1	32.2	8.1	34.2	64.1
Disposals	(20.7)	(0.6)	(15.5)	(4.8)	0.2	(28.8)
Transfers		6.3	24.5	2.4	(33.2)	
Translation differences	(8.7)	(3.7)	(4.3)	(0.7)		(31.3)
<b>Cost at end of year</b>	<b>679.7</b>	<b>232.8</b>	<b>396.7</b>	<b>37.7</b>	<b>12.5</b>	<b>632.5</b>
<b>Accumulated depreciation at beginning of year</b>	<b>141.8</b>	<b>24.1</b>	<b>110.3</b>	<b>7.4</b>		<b>111.6</b>
Additions	69.0	7.3	53.6	8.1		67.2
Disposals	(18.0)	(0.1)	(15.4)	(2.5)		(24.5)
Translation differences	(5.4)	(0.8)	(4.1)	(0.5)		(12.5)
<b>Accumulated depreciation at end of year</b>	<b>187.4</b>	<b>30.5</b>	<b>144.4</b>	<b>12.5</b>		<b>141.8</b>
<b>Net carrying amounts at end of year</b>	<b>492.3</b>	<b>202.3</b>	<b>252.3</b>	<b>25.2</b>	<b>12.5</b>	<b>490.7</b>

As of 31 December 2001 buildings were insured at MCHF 325.9 (2000: MCHF 320.3) and equipment at MCHF 658.2 (2000: MCHF 632.6), which amounts to a total insurance value for property, plant and equipment of MCHF 984.1 (2000: MCHF 952.9).

## 8. Financial assets and other non-current assets

	2001	2000
	MCHF	MCHF
Prepaid pension asset (see Note 14)	86.4	82.4
Deferred financing fees, net	3.6	8.6
Deferred tax assets (see Note 16)	12.3	9.5
Investments in associated companies	0.1	0.8
Deposits	6.1	6.1
Other	3.3	3.5
<b>Total financial assets and other non-current assets</b>	<b>111.8</b>	<b>110.9</b>

With the implementation of IAS 39 the premium paid for interest hedge agreements in 2000, which was disclosed under deferred financing fees, was revaluated at its fair value per 1 January 2001 (MCHF 0.6). The fair value of these instruments as per 31 December 2001 was MCHF -1.4 and is part of other non-current provisions and liabilities (see Note 17). The change in fair value is booked in equity for changes in intrinsic value and in financial result for changes in time value.

**9. Goodwill and intangible assets**

	2001				2000
	Total	Goodwill	Patents and know-how	Trademarks and other intangible assets	Total
	MCHF	MCHF	MCHF	MCHF	MCHF
<b>Cost at beginning of year</b>	<b>771.1</b>	<b>531.2</b>	<b>95.1</b>	<b>144.8</b>	<b>765.2</b>
Changes in Group organisation (see Note 2)					3.6
Additions	1.9	1.9			2.8
Translation differences					(0.5)
<b>Cost at end of year</b>	<b>773.0</b>	<b>533.1</b>	<b>95.1</b>	<b>144.8</b>	<b>771.1</b>
<b>Accumulated amortisation at beginning of year</b>	<b>224.8</b>	<b>102.9</b>	<b>95.1</b>	<b>26.8</b>	<b>184.2</b>
Additions	35.6	28.6		7.0	40.6
Translation differences	0.6			0.6	
<b>Accumulated amortisation at end of year</b>	<b>261.0</b>	<b>131.5</b>	<b>95.1</b>	<b>34.4</b>	<b>224.8</b>
<b>Net carrying amounts at end of year</b>	<b>512.0</b>	<b>401.6</b>		<b>110.4</b>	<b>546.3</b>

MCHF 378.3 of total goodwill, net, as of 31 December 2001 resulted from the leveraged-buyout in 1997. The amortisation period is 20 years.

Of the total of MCHF 35.6 of amortisation for the period (2000: MCHF 40.6), MCHF 31.9 related to the leveraged-buyout. After tax the total figure amounted to MCHF 34.6 (2000: MCHF 38.3).

**10. Short-term borrowings**

Under the working capital facility, the Group maintains an overdraft credit line to fund corporate working capital requirements totalling MCHF 50.0 of available credit. In addition it maintains several credit lines with various lenders which together amount to MCHF 57.5. The Group considers borrowing under the working capital facility and the local facilities to be short-term in nature, and accordingly, includes these borrowings in short-term borrowings.

The working capital facility bears interest at LIBOR plus an interest margin of 0.875% per annum. Interest is payable at the maturity of a revolving advance, which can have terms of one, two, three or six months or such other period as the lender may agree to. Furthermore, a commitment fee is paid equal to one-half of the applicable margin, which was 0.4375% as of 31 December 2001, on the unused portion of such facility.

At 31 December 2001 there were no short-term borrowings outstanding (2000: MCHF 0.6).

## 11. Other current provisions and liabilities

	2001	2000
	MCHF	MCHF
Compensation related liabilities and provisions	32.2	29.9
Accrued interest	1.7	7.4
Customer related liabilities	25.5	26.0
Other	9.0	9.8
<b>Total other current provisions and liabilities</b>	<b>68.4</b>	<b>73.1</b>

The position "Compensation related liabilities and provisions" includes MCHF 5.4, the position "Other" MCHF 0.8 provisions resulting from the restructuring programme in December 2001.

## 12. Long-term debt

	2001	2000
	MCHF	MCHF
<b>Senior facilities</b>		
Term A loan	378.5	414.6
Term B loan	72.3	84.2
Term C loan	33.3	38.8
10.125% senior subordinated notes	6.8	7.0
Other long-term debt	14.4	14.9
<b>Total</b>	<b>505.3</b>	<b>559.5</b>
Short-term portion of long-term debt	(65.4)	(66.0)
<b>Total long-term debt</b>	<b>439.9</b>	<b>493.5</b>

The senior facilities of MCHF 500.0 (Term A), MEUR 65.0 (Term B) and MEUR 30.0 (Term C) were repaid as scheduled (30 June and 31 December). The repayments in 2001 were MCHF 48.6 (2000: MCHF 49.4) for Term A, MEUR 6.5 (2000: MEUR 6.5) for Term B and MEUR 3.0 (2000: MEUR 3.0) for Term C, respectively. The Group did not make any voluntary repayments in 2001. During 2001 and 2000, the effective interest rate on the senior facilities was 4.88% and 4.44%, respectively.

Due to a contractual defined foreign currency exchange rate clause for the CHF denominated Term A loan, the EUR part of the loan increased by MEUR 11.9, because of a declining EUR/CHF exchange rate of more than 5% compared with the reference rate fixed at the borrowing date in 1999.

At 31 December 2001, the Group has outstanding MCHF 14.4 of other interest-bearing long-term debt (2000: MCHF 14.9). These borrowings incurred interest at a weighted average rate of 4.96% (2000: 5.10%).

Scheduled maturities of the long-term debt for the next five years are as follows:

	MCHF
2002	65.4
2003	63.7
2004	360.8
2005	0.7
2006 and thereafter	14.7
<b>Total</b>	<b>505.3</b>

At 31 December 2001, the fair value of the total debts of the Group was MCHF 506.0 (2000: MCHF 560.2). Of the financial debt outstanding as of 31 December 2001, MCHF 332.5 was denominated in Euro (2000: MCHF 363.6).

Borrowings under the senior facilities are secured by guarantees from Geberit AG, Geberit Holding AG and Geberit Beteiligungs GmbH & Co. KG, and contain a number of covenants and conditions typical to senior financing, including among others the compliance with certain financial ratios.

### 13. Financial instruments

Where necessary under the risk management policy, the Group enters into derivative financial instruments to hedge its exposure to foreign currency exchange rate risk and interest rate risk. The risk management policy and the accounting policies for the Group's derivative financial instruments are disclosed in Note 3. At 31 December 2001 and 2000, the following derivative financial instruments were outstanding.

#### Foreign currency exchange rate instruments

	2001			2000		
	Strike price	Contract amount Buy (Sell)	Estimated fair value MCHF	Strike price	Contract amount Buy (Sell)	Estimated fair value MCHF
Deutsche mark call/Swiss franc put	0.7960	200	Sold	0.7960	200	0.9
Deutsche mark call/Swiss franc put	0.7930	100	Sold	0.7930	100	0.4
Deutsche mark put/Swiss franc call	0.7200	(300)	Sold	0.7200	(300)	(1.6)
Deutsche mark put/Swiss franc call	0.6565	300	Sold	0.6565	300	0.2

The foreign currency exchange rate hedge instruments were sold in 2001. The gain of this transaction of MCHF 0.7 was booked to the financial result.

### Interest rate instruments

The Group hedges interest rate risk on its floating rate debt (see Note 12) as follows:

	2001			2000		
	Interest rate in %	Contract amount net of repayments	Estimated fair value	Interest rate in %	Contract amount net of repayments	Estimated fair value
			MCHF			MCHF
Interest rate cap	4.00	MCHF 100.0	(1.3)	3.00	MCHF 304.7	0.4
Interest rate floor	3.25	MCHF 100.0		2.00	MCHF 304.7	
Interest rate cap	5.25	MEUR 115.0	(0.1)	4.50	MDEM 300.7	0.3
Interest rate floor	3.15	MEUR 115.0		3.75	MDEM 300.7	

Interest expenses under these agreements, and the respective debt instruments that they hedge, are recorded at the net effective interest rate of the hedged transactions in financial income and expenses.

The interest collars expiring on 1 March 2001 were replaced by the above listed new hedge instruments as per 28 February 2001. The EUR cap spread purchased in 2000 was converted to an interest rate collar as per 28 February 2001 without any additional fees.

## 14. Retirement benefit plans

The Group sponsors defined benefit and defined contribution plans for its employees in certain countries, of which the most significant plans are in Switzerland, Germany and Austria. These plans are accounted for according to the IAS rules of defined benefit plans and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds, and are principally invested in marketable securities and real estate. For its defined benefit pension schemes, net periodic pension cost included in the net income for the years 2001 and 2000 includes the following components:

	2001	2000
	MCHF	MCHF
Service cost	11.9	11.7
Interest on projected benefit obligation	12.5	12.4
Expected return on plan assets	(15.8)	(14.7)
Net amortisation and deferral	1.3	1.3
Contributions of plan participants	(4.6)	(4.5)
<b>Net periodic pension cost</b>	<b>5.3</b>	<b>6.2</b>

The following table sets forth the status of the defined benefit pension plans and the amounts recognised in the Group's consolidated balance sheets at 31 December 2001 and 2000:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
<b>Benefit obligation</b>		
At beginning of year	278.7	266.9
Current service cost	11.9	11.7
Interest cost on projected benefit obligation	12.5	12.4
Actuarial (gains)/losses	(0.8)	2.9
Foreign currency translation	(2.2)	(4.5)
Benefits paid	(10.0)	(10.7)
Benefit obligation at end of year	290.1	278.7
<b>Plan assets at fair value</b>		
At beginning of year	287.7	267.5
Expected return on plan assets	15.8	14.7
Contributions of plan participants	4.6	4.5
Benefits paid	(5.6)	(5.9)
Actuarial gains/(losses)	(43.9)	6.9
Plan assets at fair value at end of year	258.6	287.7
<b>Funded status at end of year</b>		
	<b>(31.5)</b>	<b>9.0</b>
Unrecognised transition obligation	2.6	4.1
Unrecognised net (gains)/losses	32.5	(10.8)
<b>Prepaid pension cost</b>	<b>3.6</b>	<b>2.3</b>
<b>Prepaid pension cost is comprised of</b>		
Prepaid pension asset	86.4	82.4
Accrued pension obligation	82.8	80.1
<b>Prepaid pension cost</b>	<b>3.6</b>	<b>2.3</b>

Pension assets and obligations are predominately non-current. Prepaid pension assets include the overfunded part of the Swiss pension plans, adjusted for unrecognised prior service cost as well as unrecognised net gains and losses. The legal context relating to pension plans in Switzerland limits the company's control of the surplus in the pension fund.

The projected benefit obligation of unfunded defined benefit plans is MCHF 83.3 at 31 December 2001 (2000: MCHF 81.6) and is included, net of unrecognised items, in the accrued pension obligation in the consolidated balance sheets.

The figures are based on the following assumptions (weighted average) in %:

	2001	2000
Discount rate used in determining present values	4.0–6.0	4.0–6.0
Annual rate of increase in future compensation levels	2.0–3.0	2.0–3.0
Expected rate of future increases in pension benefits	0.0–2.5	0.0–2.5
Expected long-term rate of return on plan assets	5.5	5.5

The consolidated income statements also include expenses for defined contribution plans of MCHF 1.9 in 2001 and MCHF 1.6 in 2000, respectively.

## 15. Stock ownership plans

There are various stock ownership and option plans within the Group.

### **Stock ownership plans for employees and the management**

In connection with the IPO in June 1999, employees and management could purchase shares of Geberit AG at a discount of 15% on the public offering price up to 20% of their annual salary. For these shares, upon expiration of the two-year restricted period in June 2001, the employees were entitled to a capped bonus payment. Based thereon, an amount of MCHF 2.0, including social benefits, was charged to personnel expenses in 2001.

In 2001 the employees could purchase a limited number of shares at a discount of 20% to the market price ("Employee stock ownership plan 2001"). The plan for the management ("Management stock ownership plan 2001") entitled the participants to draw the previous year's bonus partly or wholly in shares at the market price. Each of these shares provided the participants with one additional option (see part 2: "Option plans for the management"). All stock ownership plans are subject to blocking periods which are valid beyond the period of employment.

The stock ownership plans introduced in 2001 are summarised below:

	End of blocking period	Number of partici- pants	Number of shares issued	Issuing price  CHF
Employee stock ownership plan 2001	2003	430	3 019	366.80
Management stock ownership plan 2001	2004	58	3 395	458.50

The 6 414 shares required for these plans were held by the Group as treasury shares.

As of 31 December 2001, active managers and employees together owned 396 818 (2000: 484 357) shares, i.e. 9.5% (2000: 11.6%) of the share capital of Geberit AG.

#### **Option plans for the management**

Each of the shares purchased in connection with the Management stock ownership plan 2001 provided the participants with one option to purchase an additional share. The options can be exercised after a blocking period of two years at the price at which the underlying shares were allocated. They lapse if not exercised after five years from grant date.

In connection with an additional option plan ("Option plan 2001"), the top-management of the Group was entitled to additional options with a time to maturity of five years and a blocking period of two and four years, respectively. The exercise of these options is subject to knock-in clauses that must be fulfilled at the end of the blocking period. The options will lapse at the time of the blocking period if the conditions of the knock-in clauses are not fulfilled.

The following is a summary of the options allocated in 2001:

	End of blocking period	Maturity	Number of participants	Number of options allocated	Exercise price	
					CHF	
Management stock ownership plan 2001	2003	2006	58	3 395	458.5	
Option plan 2001 type A	2003	2006	50	11 064	458.0	Knock-in: 480
Option plan 2001 type B	2005	2006	50	11 064	480.0	Knock-in: 523
<b>Total</b>				<b>25 523</b>		

The following table summarises all option plans in place as of 31 December 2001:

End of blocking period	Maturity	Number of options outstanding	Average exercise price	Number of options in the money <sup>▪</sup>	Average exercise price
			CHF		CHF
lapsed	2004	29 894	330.0	29 894	330.0
2002	2004–2005	40 193	398.5	30 559	346.5
2003	2004–2006	44 819	390.1	30 559	363.0
2004	2005	6 323	595.0		
2005	2006	10 881	480.0		
<b>Total</b>		<b>132 110</b>	<b>396.3</b>	<b>91 012</b>	<b>346.6</b>

<sup>▪</sup> As per 31 December 2001 and considering knock-in clauses

In 2001 1 273 options were exercised at an average price of CHF 330. 4 104 options lapsed as managers left the Group.

## 16. Deferred tax assets and liabilities

Deferred income tax assets and liabilities and the deferred income tax charges and credits are attributable to the following items:

	2001	Movements in 2001			2000	Movements in 2000			1999
	Total	(Charged)/ credited to income	Trans- lation differences	Other	Total	(Charged)/ credited to income	Trans- lation differences	Other (Note 2)	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
<b>Deferred tax assets</b>									
Loss carry-forwards	2.6	0.4	(0.1)		2.3	0.9			1.4
Accrued pension obligation	2.7	0.8	0.1		1.8	(0.6)			2.4
Other	7.0	1.9	(0.3)		5.4	(1.5)	(0.2)		7.1
<b>Total deferred tax assets</b>	<b>12.3</b>	<b>3.1</b>	<b>(0.3)</b>		<b>9.5</b>	<b>(1.2)</b>	<b>(0.2)</b>		<b>10.9</b>
<b>Deferred tax liabilities</b>									
Inventories	(3.2)	(0.6)	(0.2)		(2.4)	1.3	0.1		(3.8)
Property, plant and equipment	(64.5)	(1.3)	2.9		(66.1)	6.2	1.4	3.2	(76.9)
Prepaid pension asset	(21.6)	(1.4)			(20.2)	(0.8)	0.5		(19.9)
Intangible assets	(9.7)	1.1	(0.9)		(9.9)	2.5	0.2		(12.6)
Provisions, reserves and other	(13.4)	2.0	(0.5)		(14.9)	1.4	0.3		(16.6)
<b>Total deferred tax liabilities</b>	<b>(112.4)</b>	<b>(0.2)</b>	<b>1.3</b>		<b>(113.5)</b>	<b>10.6</b>	<b>2.5</b>	<b>3.2</b>	<b>(129.8)</b>

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently not anticipated to be remitted to the parent. These unremitted earnings totalled MCHF 4.9 at 31 December 2001 (2000: MCHF 2.8).

Loss carry-forwards for which no deferred tax assets were recognised amounted to MCHF 23.5 (2000: MCHF 17.8).

## 17. Other non-current provisions and liabilities

	2001	2000
	MCHF	MCHF
Provisions for operating risks	6.7	7.4
Accrued grant payments	1.3	1.6
Other	1.4	0.1
<b>Total other non-current provisions and liabilities</b>	<b>9.4</b>	<b>9.1</b>

Provisions for operating risks mainly include provisions for warranties. Other provisions primarily consist of the negative fair value of the interest rate collars (see Note 13).

## 18. Commitments and contingencies

The Group has entered into firm commitments for capital expenditures of MCHF 7.3 at 31 December 2001 (2000: MCHF 4.1).

The Group is involved in certain legal proceedings arising in the normal course of business. The Group believes that none of these proceedings either individually or in the aggregate are likely to have a material adverse effect on the Group's financial position or results of operations. The Group has established insurance policies to cover certain product liabilities and it provides for potential product warranty claims.

The Group is also subject to various environmental laws and regulations in the jurisdictions in which it operates. In the normal course of business, the Group incurs, and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations in most of the countries in which it operates. The Group does not currently anticipate any material capital expenditures for environmental control technology outside the normal course of its business. Some risk of environmental liability is inherent in the Group's business, and there can be no assurance that material environmental costs will not arise in the future. However, the Group does not anticipate any material adverse effect on its results of operations or financial position as a result of future costs of environmental compliance.

The Group operates in many countries, most of which have sophisticated tax regimes. The nature of its operations, and the significant reorganisations that have taken place in recent years, result in the Group's and its subsidiaries' tax affairs being complex. The Group believes that it performs its business in accordance with the local tax laws. However, it is possible that there are areas where potential disputes with the various tax authorities could arise in the future. The Group is not aware of any current disputes that either individually or in the aggregate could likely have a material adverse effect on the Group's financial position or results of operations.

## 19. Shareholders' equity

In 2001, the Group purchased a net total of 1 787 treasury shares. Treasury shares are recorded at cost within shareholders' equity. As per 31 December 2001, the Group held a total of 157 814 (2000: 156 027) treasury shares with a carrying value of MCHF 80.7 (2000: MCHF 80.8).

As per 21 May 2001 as well as per 7 August 2000, the Group agreed a covered warrant debt for 50 000 shares each (expiring on 18 December 2002 and 18 June 2001, respectively). The proceeds of the covered warrant premium of MCHF 2.0 and MCHF 2.5, respectively, were recorded within equity, net of tax.

For transactions in connection with the stock ownership plans see Note 15.

In conjunction with the leveraged-buyout in 1997, some of the predecessor shareholders acquired a 10.1% voting power in the Group. In performing the allocation of the purchase price, the Group recorded the assets and the liabilities at fair value, less a factor for the share of the continuing predecessor shareholders in the net assets of the Group which continues to be recorded at its historical basis. Accordingly, this adjustment, which is permanent in nature, has been recorded to decrease equity as a distribution in excess of predecessor basis.

### Shares

As of 31 December 2001, according to the information available to the management, the following shareholders held shares entitling them to more than 5% of the total share capital.

Owner	% of registered shares
Klaus Gebert Heirs	6.8

Each share carries one vote at a shareholders' meeting of the Group. Voting power may be exercised only after a shareholder has been registered in the share register of Geberit AG as a shareholder with voting power. Treasury shares do not have voting rights.

## 20. Earnings per share

Earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares issued and outstanding during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

	2001	2000
Net income according to income statement (MCHF)	92.1	104.4
Net income attributable to shareholders (MCHF)	92.1	104.4
Weighted average number of ordinary shares in issue (thousands)	4 004	4 059
<b>Earnings per share (CHF)</b>	<b>23.00</b>	<b>25.72</b>

For the diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares (see Note 3). The Group has share options granted to employees which qualify as potentially dilutive ordinary shares.

	2001	2000
Net income attributable to shareholders used to determine diluted earnings per share (MCHF)	92.1	104.4
Weighted average number of ordinary shares in issue (thousands)	4 004	4 059
Adjustments for share options (thousands)	13	31
Weighted average number of ordinary shares for diluted earnings per share (thousands)	4 017	4 090
<b>Diluted earnings per share (CHF)</b>	<b>22.93</b>	<b>25.53</b>

For the calculation of adjusted earnings per share the amortisation of goodwill and intangible assets, net of tax, are not included in the net income attributable to shareholders.

	2001	2000
Net income according to income statement (MCHF)	92.1	104.4
Total amortisation, net of tax (MCHF)	34.6	38.3
Net income attributable to shareholders (MCHF)	126.7	142.7
Weighted average number of ordinary shares in issue (thousands)	4 004	4 059
<b>Adjusted earnings per share (CHF)</b>	<b>31.64</b>	<b>35.16</b>

**21. Sales deductions**

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Early payment discounts	34.9	37.5
Outbound freight costs	38.4	35.0
Customer volume discounts	66.6	64.5
Other	11.7	9.2
<b>Total sales deductions</b>	<b>151.6</b>	<b>146.2</b>

**22. Other operating expenses, net**

Total other operating expenses, net, include other operating expenses less other operating income. Other operating expenses, net, consisted of the following:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Energy and maintenance expenses	38.7	40.5
Marketing expenses	33.1	33.6
Administration expenses	37.0	36.5
Other operating expenses	29.5	26.2
Other operating income	(14.3)	(18.7)
<b>Total other operating expenses, net</b>	<b>124.0</b>	<b>118.1</b>

Other operating income includes, among others, compensation for postage and packaging, rental income, reversal of provisions, non-periodic income and catering revenues.

In 2001 costs of MCHF 15.9 (2000: MCHF 14.2) were capitalised as property, plant and equipment, including in particular tools and assembly lines which are part of the production process. The amount was deducted from personnel expenses, cost of materials and other operating expenses, net.

**23. Financial income and expenses, net**

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Interest income	2.7	3.7
Interest expenses	(27.9)	(29.4)
Amortisation of deferred financing fees	(2.9)	(5.6)
Foreign exchange result, net	(0.9)	(5.0)
Other financial income	0.8	0.3
Other financial expenses	(0.9)	(1.4)
<b>Total financial income and (expenses), net</b>	<b>(29.1)</b>	<b>(37.4)</b>

## 24. Income tax expenses

The components of income tax expenses were as follows:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Current taxes	38.5	60.2
Deferred taxes	(2.9)	(12.6)
<b>Total income tax expenses</b>	<b>35.6</b>	<b>47.6</b>

The differences between income tax expenses computed at the weighted average applicable rate of the Group of 26.0% (2000: 31.2%) and income tax expenses provided on earnings were as follows:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Income tax expenses, at applicable rate	33.3	47.1
Utilisation of loss carry-forwards	(0.6)	(0.9)
Operating losses with no current tax benefit	1.2	1.6
Changes in tax rates	(0.1)	(6.4)
Non-deductible expenses including goodwill amortisation	2.0	11.3
Other	(0.2)	(5.1)
<b>Total income tax expenses</b>	<b>35.6</b>	<b>47.6</b>

In 2000, the position "Other" includes effects of the reorganisation in Germany which leads to a reversal of taxable temporary differences on property, plant and equipment (see Note 2 and 16).

The Group has loss carry-forwards available for future tax periods. Loss carry-forwards amounted to MCHF 31.9 at 31 December 2001 (2000: MCHF 24.1). Of this amount, MCHF 25.0 (2000: MCHF 17.7) will expire over the next six years.

## 25. Cashflow figures

Net cashflow is calculated as follows:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Net income	92.1	104.4
Depreciation expense	69.0	67.2
Amortisation of goodwill and other intangible assets	35.6	40.6
Changes in long-term provisions	11.1	(7.5)
Changes in other long-term assets	(1.0)	2.8
<b>Net cashflow</b>	<b>206.8</b>	<b>207.5</b>

Changes in long-term provisions include the changes in tax provisions, provisions for operating risks and accrued pension costs, charged or credited to net income. The position changes in other long-term assets and liabilities includes the changes in prepaid pension assets and deferred financing fees, charged or credited to net income as well as the fair value of the interest collar.

Free cashflow is calculated as follows:

	<b>2001</b>	<b>2000</b>
	MCHF	MCHF
Net cashflow	206.8	207.5
Purchase of property, plant & equipment and intangible assets, net	(74.7)	(61.2)
Changes in net working capital	15.9	(29.1)
Payments charged to long-term provisions	(5.2)	(4.9)
<b>Free cashflow</b>	<b>142.8</b>	<b>112.3</b>

The term “Free cashflow” is using the Group’s definition which excludes the impact of divestment or acquisition of subsidiaries, the purchase and sale of treasury shares and dividend payments.

Changes in net working capital comprise the changes in the aggregate of trade accounts receivable, inventories and other accounts receivable and prepaid expenses, less the aggregate of trade accounts payable and other current provisions and liabilities, charged or credited to net income.

Payments charged to long-term provisions mainly include pensions.

“Net cashflow” and “Free cashflow” are no substitute for figures which result from the consolidated income statements and from the consolidated statement of cashflows but they may give an indication about the capability of the Group to generate cash, to pay back debts, to finance acquisitions, to buy back shares and to pay dividends.

## 26. Segment information

The Group consists of a single business segment: the design, manufacture and sale of sanitary plumbing systems to the residential and commercial construction industry. The business segment is divided into geographical regions.

The segment "Other European core markets" includes Austria, Great Britain, The Netherlands, Belgium and France. All other European markets are summarised in the segment "Other European markets". The segment "Other markets" includes principally the USA and China. The segment "Corporate Functions" consists in particular of Geberit Holding AG and Geberit International AG as the central management companies, and the research and development company Geberit Technik AG.

Balance sheet and profit information are allocated to geographical segments in accordance with the jurisdiction where the assets and liabilities are located and the profits are generated.

The Group considers operating profit before amortisation to be the segment result. Group companies principally account for inter-segment sales using the "market-minus" method.

Balance sheet information on the corporate functions include unallocated assets and liabilities of the Group which consist of cash and cash equivalents, goodwill, income tax assets and liabilities, certain intangible assets and financial assets and liabilities. Intercompany transactions have been eliminated in the column "Eliminations".

Balance sheet information was as follows:

	Switzerland	Germany	Italy	Other European core markets	Other European markets	Other markets	Corporate functions	Elimina- tions	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
<b>2001</b>									
Segment assets	288.1	272.8	79.0	173.7	43.4	34.6	1069.9	(516.4)	1445.1
Segment liabilities	49.7	144.8	29.0	68.5	15.1	16.1	1085.2	(517.2)	891.2
<b>2000</b>									
Segment assets	261.8	243.0	85.0	175.0	30.3	27.6	1066.9	(444.9)	1444.7
Segment liabilities	49.6	135.5	31.7	48.5	10.7	8.1	1106.5	(445.0)	945.6

Income statement information was as follows:

	Switzerland	Germany	Italy	Other European core markets	Other European markets	Other markets	Corporate functions	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
<b>2001</b>								
Sales intersegment	170.4	221.1	11.9	61.5	2.3	0.7	6.7	
Sales external	151.0	413.2	191.0	276.0	93.3	40.6		1165.1
Operating profit before amortisation (EBITA)	61.1	80.4	18.5	19.1	3.2	(4.1)	14.5	192.7
Amortisation expense								35.6
Financial income and (expenses), net								(29.1)
Non-operating income, net								0.3
Income tax expenses								35.6
Minority interest, net of tax								0.6
Net income								92.1
Capital expenditure	20.2	27.9	4.9	11.3	6.5	3.6	2.2	76.6
Depreciation expense	21.0	25.3	2.8	13.1	2.2	2.0	2.6	69.0
<b>2000</b>								
Sales intersegment	181.3	169.5	12.0	59.8	1.9	0.3	6.9	
Sales external	148.1	468.6	187.4	279.5	81.1	43.8		1208.5
Operating profit before amortisation (EBITA)	62.3	100.7	21.1	24.3	2.0	(3.9)	23.8	230.3
Amortisation expense								40.6
Financial income and (expenses), net								(37.4)
Non-operating income, net								(0.2)
Income tax expenses								47.6
Minority interest, net of tax								0.1
Net income								104.4
Capital expenditure	21.4	21.4	3.1	10.0	4.8	3.7	2.5	66.9
Depreciation expense	20.7	24.4	2.7	13.6	1.9	1.4	2.5	67.2

## 27. Foreign exchange rates

The following exchange rates were used for the consolidated financial statements for the years 2001 and 2000:

Currency	2001		2000			
	Balance sheet	Income statement	Balance sheet	Income statement		
European currency union	EUR	1	1.4820	1.5112	1.5213	1.5583
Great Britain	GBP	1	2.4283	2.4282	2.4449	2.5583
Poland	PLN	100	42.1090	41.1950	39.4660	38.8800
Slovenia	SIT	100	0.6780	0.6950	0.7130	0.7500
USA	USD	1	1.6755	1.6862	1.6381	1.6895

## 28. Consolidated income statements in Euro (unaudited)

For the convenience of the readers, the consolidated income statements for the years as of 31 December 2001 and 2000 have been prepared in Euro:

	2001 MEUR	2000 MEUR	Variance in %
<b>Sales</b>	<b>771.0</b>	<b>775.4</b>	<b>-0.6</b>
Sales deductions	100.3	93.8	
Net sales	670.7	681.6	
Cost of materials	219.1	228.0	
Personnel expenses	196.4	187.2	
Depreciation expense	45.6	43.1	
Amortisation of goodwill and intangibles	23.5	26.1	
Other operating expenses, net	82.3	75.7	
Total operating expenses, net	566.9	560.1	
<b>Operating profit (EBIT)</b>	<b>103.8</b>	<b>121.5</b>	<b>-14.6</b>
Financial income and (expenses), net	(19.5)	(24.0)	
Non-operating income, net	0.2	(0.1)	
Profit before income tax expenses and minority interest	84.5	97.4	
Income tax expenses	23.5	31.1	
Net income before minority interest	61.0	66.3	
Minority interest, net of tax	0.4		
<b>Net income</b>	<b>60.6</b>	<b>66.3</b>	<b>-8.6</b>
<b>Operating cashflow (EBITDA)</b>	<b>172.9</b>	<b>190.7</b>	<b>-9.3</b>

## 29. Compensation board of directors and management

The aggregate compensation to the board of directors in 2001 was TCHF 250. The compensation paid to the management was TCHF 4 690 of which TCHF 1 038 related to bonus payments for 2000. Additionally, the management has received options which had a market value as at the allocation date of TCHF 693.

## 30. Subsequent events

Effective as of 1 January 2002, the Group has acquired a 51% interest in Huter Vorfertigung GmbH, Matri (Austria). Huter is the leading provider of installation elements, prewall systems as well as lightweight prefabricated bathrooms in Austria and generated sales of MEUR 14.2 with 78 employees in 2001. Additionally, the existing Austrian companies Geberit Vertriebs GmbH and Geberit Produktions GmbH together with Huter Vorfertigung GmbH were grouped under a newly founded Austrian holding (Geberit Beteiligungsverwaltung GmbH). Furthermore it is planned to transform Geberit Vertriebs GmbH and Geberit Produktions GmbH into limited partnerships.

### 31. Principal Group companies on 31 December 2001

	Currency	Share capital in thousand	Ownership in %	Activity
<b>Switzerland</b>				
Geberit AG, Jona	CHF	83 200		○
Geberit Holding AG, Jona	CHF	39 350	100	○
Geberit International AG, Jona	CHF	1 000	100	○
Geberit Technik AG, Jona	CHF	1 000	100	○
Geberit Verwaltungs AG, Jona	CHF	1 000	100	○
Geberit Vertriebs AG, Jona	CHF	1 000	100	△
Geberit Marketing e Distribuzione SA, Jona	CHF	1 000	100	△
Geberit Produktions AG, Jona	CHF	4 000	100	□
Balena AG, Bütschwil	CHF	300	100	△
Büchler Werkzeugbau AG, Flawil	CHF	3 000	100	□
Geberit Fabrication SA, Givisiez	CHF	7 000	70	□
<b>Austria</b>				
Geberit Vertriebs GmbH, Pottenbrunn	EUR	727	100	△
Geberit Produktions GmbH, Pottenbrunn	EUR	7 994	100	□
Sanplast Handels GmbH, Villach	ATS	1 000	100	△
<b>Belgium</b>				
Geberit N.V., Machelen	EUR	62	100	△
<b>Channel Islands</b>				
Geberit Finance Ltd., Jersey	EUR	218	100	○
Geberit Reinsurance Ltd., Guernsey	EUR	2	100	○
<b>China</b>				
Geberit Flushing Technology Co. Ltd., Daishan	CNY	63 826	100	□/△
Geberit Plumbing Technology Co. Ltd., Shanghai	CNY	64 257	100	□/△
<b>Czech Republic</b>				
Geberit spol.s.r.o., Brno	CZK	6 000	100	△
<b>Denmark</b>				
Geberit A/S, Lystrup	DKK	6 500	100	△
<b>France</b>				
Geberit S.à.r.l., Antony	EUR	936	100	△
Hansgrohe Geberit S.A.S., Antony	EUR	300	50	△
<b>Germany</b>				
Geberit Beteiligungs GmbH & Co. KG, Pfullendorf	EUR	10 000	100	○
Geberit Deutschland GmbH & Co. KG, Pfullendorf	EUR	10 000	100	○
Geberit Management GmbH, Pfullendorf	EUR	50	100	○
Geberit GmbH & Co. KG, Pfullendorf	EUR	1 000	100	△
Geberit Produktions GmbH & Co. KG, Pfullendorf	EUR	7 500	100	□
Geberit Lichtenstein GmbH, Lichtenstein	EUR	1 025	100	□
Sanbloc GmbH, Weilheim	EUR	1 025	100	□
Gemax Gebäudetechnik GmbH, Kassel	EUR	1 023	51	□/△

	Currency	Share capital in thousand	Ownership in %	Activity
<b>Great Britain</b>				
Geberit Ltd., Aylesford	GBP	346	100	□/△
Geberit UK Ltd., Aylesford	GBP	16 000	100	○
<b>Hungary</b>				
Geberit Kft, Budapest	HUF	13 750	100	△
<b>Italy</b>				
Deriplast S.p.a., Villadose	EUR	4 200	100	□/△
Plastek S.r.l., Villadose	EUR	50	70	□
<b>Luxembourg</b>				
Prosan GmbH, Mertert	EUR	263	100	△
<b>Netherlands</b>				
Geberit Holding B.V., Nieuwegein	EUR	136	100	○
Geberit B.V., Nieuwegein	EUR	18	100	△
Mutra Investments B.V., Nieuwegein	EUR	32	100	○
<b>Poland</b>				
Geberit Sp.z.o.o., Warsaw	PLN	5 000	100	△
<b>Portugal</b>				
Afluxo S.A., Lisbon	EUR	275	51	△
<b>Singapore</b>				
Geberit South East Asia Pte. Ltd., Singapore	SGD	100	100	△
<b>Slovakia</b>				
Geberit spol.s.r.o., Bratislava	SKK	5 000	100	△
<b>Slovenia</b>				
Prosan d.o.o., Rusé	SIT	25 000	100	□/△
<b>Spain</b>				
Geberit S.A., Barcelona	EUR	159	100	△
<b>USA</b>				
Geberit Manufacturing Inc., Michigan	USD	5 515	100	□/△

- Services, holding functions
- △ Distribution
- Production

## Report of the Group Auditors

PRICEWATERHOUSECOOPERS 

To the General Meeting of Geberit AG, Jona

As auditors of the Group, we have audited the consolidated financial statements expressed in Swiss francs (balance sheet, income statement, statement of shareholders' equity, statement of cashflows and notes, page 26 to 57) of the Geberit Group for the year ended 31 December 2001.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

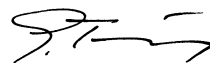
In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cashflows in accordance with the International Accounting Standards (IAS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Daniel Ketterer



Gilles Thiéry

Zurich, Switzerland, 8 March 2002

# Financial Statements

## Geberit AG

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# Financial Statements

31.12.2001 31.12.2000  
MCHF MCHF

## Balance Sheets

Current assets		
Cash and cash equivalents	1.3	0.5
Accounts receivable, net:		
– Third parties	2.3	17.5
– Group companies	53.0	63.4
<b>Total current assets</b>	<b>56.6</b>	<b>81.4</b>
Non-current assets		
Investments	528.2	486.9
Intangible assets: incorporation, capital increase and organisation costs	8.7	12.3
<b>Total non-current assets</b>	<b>536.9</b>	<b>499.2</b>
<b>Total assets</b>	<b>593.5</b>	<b>580.6</b>
Current liabilities		
<b>Total current liabilities</b>	<b>2.5</b>	<b>2.9</b>
Shareholders' equity		
Capital stock	83.2	83.2
Legal reserves:		
– General reserve	16.6	16.6
– Reserve for treasury shares	80.7	80.8
Free reserves	345.5	345.3
Retained earnings	65.0	51.8
<b>Total shareholders' equity</b>	<b>591.0</b>	<b>577.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>593.5</b>	<b>580.6</b>

## Income Statements

	2001 MCHF	2000 MCHF
<b>Income</b>		
Dividends from subsidiaries	55.0	45.0
Financial income	5.1	11.2
<b>Total income</b>	<b>60.1</b>	<b>56.2</b>
<b>Expenses</b>		
Administrative expenses	4.7	5.1
Financial expenses	0.4	8.3
Taxes	0.1	0.1
<b>Total expenses</b>	<b>5.2</b>	<b>13.5</b>
<b>Net income</b>	<b>54.9</b>	<b>42.7</b>

# Notes to the Financial Statements

## 1. Notes in accordance with Article 663b of the Swiss Code of Obligations

1.1 Guarantees, other indemnities and assets pledged in favor of third parties

	31.12.2001	31.12.2000
	MCHF	MCHF
<b>Guarantee Deutsche Bank Term A, B, C</b>	<b>484.1</b>	<b>537.5</b>

1.2 Significant investments

Reference to Note 31, Geberit Group.

1.3 Share capital

The share capital of Geberit AG consists of 4 160 000 shares with a nominal value of CHF 20 each.

1.4 Treasury shares

Treasury shares held by Geberit AG or held by companies in which Geberit AG holds a majority interest:

	Number of registered shares	Price in CHF		
		High	Average	Low
Balance at 31 December 2000	156 027		518.1	
Purchases	9 917	432.5	410.4	402.2
Sales	(8 130)	458.5	448.4	366.5
<b>Balance at 31 December 2001</b>	<b>157 814</b>			
Number of treasury shares held by Geberit AG	0			

The legal reserves for treasury shares were recorded at the purchase price and were deducted from free reserves.

1.5 Capital increases

	31.12.2001	31.12.2000
	MCHF	MCHF
<b>Conditional capital</b>	<b>3.3</b>	<b>3.3</b>

The extraordinary general meeting of Geberit AG, held on 21 June 1999, resolved to increase the share capital of Geberit AG by conditional capital in the amount of up to CHF 3 328 000 divided into up to 166 400 shares of par value CHF 20 each. As per 31 December 2001, no additional shares have been issued in connection with this conditional capital increase.

## 2. Other disclosures required by the law

### 2.1 Significant shareholders

According to the information available to the board of directors the following shareholders held shares entitling them to more than 5% of the total share capital:

	31.12.2001	31.12.2000
Klaus Gebert Heirs	6.8%	7.9%

## Proposal for the appropriation of available earnings

Proposal by the board of directors to the general meeting

	2001 CHF	2000 CHF
Available earnings		
Net income	54 863 522	42 739 828
Balance brought forward	10 181 270	9 041 442
<b>Total available earnings</b>	<b>65 044 792</b>	<b>51 781 270</b>
Transfer to free reserves	50 000 000	
Paid dividends (2000: CHF 10.00 per share)		41 600 000
Balance to be carried forward	15 044 792	10 181 270
<b>Total appropriation of available earnings</b>	<b>65 044 792</b>	<b>51 781 270</b>

### Proposed reduction of the nominal value per share

Instead of a dividend distribution, the board of directors proposes that the outstanding share capital be decreased by a reduction of the nominal value per share from CHF 20 to CHF 10, and that the reduction of CHF 10 per share be paid out to shareholders.

# Report of the Statutory Auditors

PRICEWATERHOUSECOOPERS 

To the general meeting of Geberit AG, Jona

As statutory auditors, we have audited the accounting records and the financial statement (balance sheet, income statement and notes) of Geberit AG for the year ended 31 December 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

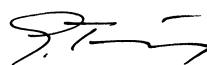
In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with the Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Lorenz Lipp



Gilles Thiéry

Zurich, Switzerland, 8 March 2002



washbasin faucet



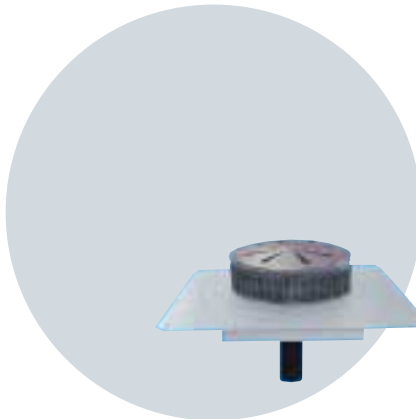
urinal trap



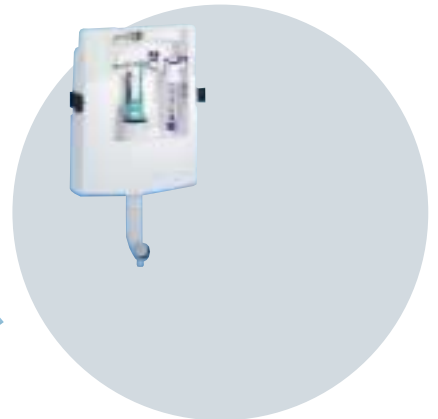
flush actuator  
Samba



mechanism  
Unifill



roof drainage  
Pluvia



concealed cistern



Duofix element



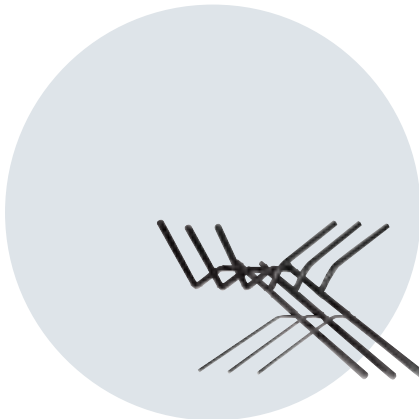
fire prevention sleeve



Mepla compression tool



Mepla fitting



Mepla pipes

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