



 **GEBERIT**

Half-Year Report 2008

Geberit Group

Key Figures First Half of 2008

	MCHF
Sales	1,291.6
Change in %	-1.5
Operating cashflow (EBITDA)	364.2
Change in %	+5.1
Margin in %	28.2
Operating profit (EBIT)	324.6
Change in %	+6.3
Margin in %	25.1
Net income	255.8
Change in %	+12.3
Margin in %	19.8
Net cashflow	312.0
Change in %	+9.5
Free cashflow	124.4
Change in %	+12.0
	CHF
Earnings per share	6.51
Change in %	+13.2
	MCHF
Net debt	-4.5
Gearing in %	-0.3
Equity	1,308.7
Equity ratio in %	61.7
Number of employees	5,679

To our Shareholders

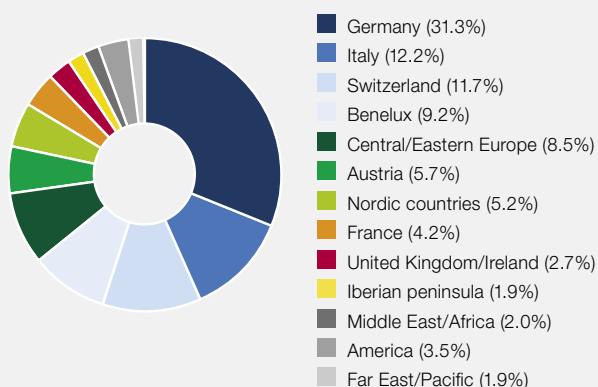
The Geberit Group has achieved very gratifying results in the first half of 2008. Sales development was characterized by strong performance in Geberit's developing and growth markets as well as by declines in the major markets Germany and Italy. This resulted in a decline in sales of 1.5% to CHF 1,291.6 million in Swiss francs and a slight rise of 2.7% in local currencies and adjusted for disinvestments. Operating cashflow (EBITDA) improved by 5.1% to CHF 364.2 million, operating profit (EBIT) grew by 6.3% to CHF 324.6 million. Net income reached CHF 255.8 million, corresponding to an increase of 12.3%. For 2008 as a whole, the Management expects currency-adjusted and organic sales growth in line with medium-term targets of four to six percent, operating results at the high level of prior years and a comparatively overproportionate increase in earnings per share.

Consolidated sales

In the first six months of 2008, sales of the Geberit Group were CHF 1,291.6 million compared to CHF 1,311.2 million in the prior year. This corresponds to a decrease of 1.5% in Swiss francs. Currency losses had a significant influence on this figure. Expressed in local currencies, there was a slight increase of 0.9%. In currency-adjusted and organic terms, growth amounted to 2.7%.

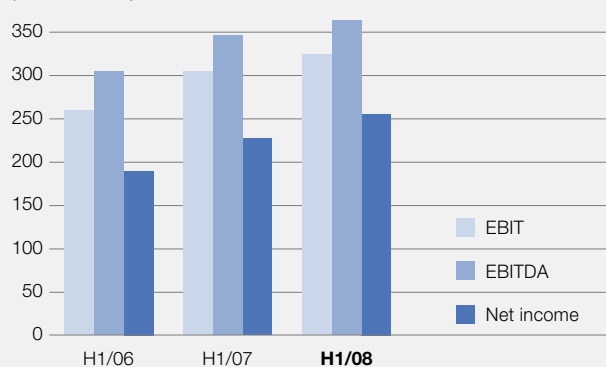
Sales in the second quarter rose by 2.1% following a drop of 4.9% in the prior quarter. Expressed in local currency and adjusted for business areas disinvested in 2007, the increase was an impressive 7.2% compared to -1.5% in the first quarter of 2008.

Sales by markets as of June 30, 2008



EBIT, EBITDA, Net income 2006–2008

(in CHF million)



Sales by markets and product areas

Currency-adjusted and organic growth in Europe was 1.9% with very widely varying developments in the individual markets. Extremely dynamic growth was achieved in the United Kingdom/Ireland (+50.4%), Central/Eastern Europe (+16.4%), the Nordic countries (+13.6%), France (+12.9%), as well as the Benelux countries (+9.6%). Switzerland (+5.6%) and Austria (+1.9%) also posted growth. Sales on the Iberian peninsula remained at the prior year's level. On the other hand, the two largest markets, Italy (-2.3%) and Germany (-8.2%), reported a decline in sales. The regions Far East/Pacific (+32.1%) and Middle East/Africa (+22.2%) succeeded in building on their positive results of the prior year. At -0.8%, developments in America remained encouraging in view of the difficult economic climate.

Sales in the sanitary systems product area rose by 3.4% (currency-adjusted and organically 5.9%) to CHF 738.3 million. The piping systems product area, on the other hand, saw sales fall by 7.3% (currency-adjusted and organically -1.4%) to CHF 553.3 million.

Earnings situation

The profitability of operating business activities showed a very gratifying development in the first half of 2008. The slight drop in sales was more than compensated for by positive product-mix and net-price effects as well as strict cost management. Operating cashflow (EBITDA) improved by 5.1% compared to the prior year to CHF 364.2 million. The EBITDA margin rose from 26.4% to 28.2%. Operating profit (EBIT) increased by 6.3% to CHF 324.6 million, equating to an EBIT margin of 25.1% compared with 23.3% in the prior year. The improved financial result and a considerably lower tax rate led to a 12.3% rise in net income to CHF 255.8 million. The return on sales rose accordingly, from 17.4% in the prior year to 19.8%. Earnings per share improved slightly overproportionately compared with net income by 13.2% to CHF 6.51.

Financial situation

The financial situation remained very solid. Compared with the year-end 2007, the positive net cash amount fell by CHF 171.7 million to CHF 4.5 million as planned, as a result, among other things, of the ongoing share buyback program. The equity ratio rose slightly from 61.1% as of the end of 2007 to 61.7%.

Number of employees

As of the end of June 2008, the Geberit Group had a total of 5,679 employees worldwide. This was 335 or 6.3% more than at the end of 2007. The main reasons behind this increase were a substantial expansion in directly productive personnel in various plants – mainly

in China and in Slovenia – in order to cope with the higher sales volumes and increases in sales staff in the United Kingdom.

Investments in property, plant and equipment

Investments in property, plant and equipment in the first half of 2008 totaled CHF 57.1 million (prior year CHF 29.3 million). The reasons for the considerably higher investment volume compared to the prior year were primarily the expansion of infrastructure in production and logistics already announced as well as – to a lesser extent – increased investments in machineries, tools, and research and development.

R&D expenses

Expenses for research and development (R&D) rose slightly to CHF 23.9 million (prior year CHF 23.0 million), equivalent to 1.9% of sales. This figure includes a series of major, ongoing R&D projects.

Share buyback

At the beginning of 2008, the Management decided to implement a share buyback program. Via a separate trading line, shares with a total value of a maximum of 5% of the share capital recorded in the Commercial Register are to be repurchased, less withholding tax. As of June 30, 2008, 73.1% of the entire buyback volume – equivalent to CHF 231.9 million – had been repurchased at an average price of CHF 153. The expected buyback volume is around CHF 310 million.

Changes on the Board of Directors

The General Meeting held on April 30, 2008, elected Hartmut Reuter, CEO of the Rieter Group, as a new member of the Board of Directors to replace the former Chairman of the Board of Directors, Kurt E. Feller, who has retired after reaching the age limit specified in the articles of incorporation.

Outlook for the entire year 2008

The uncertain development in many important markets with a general downward tendency and the very volatile trend in raw material prices continue to make forecasts for the entire year very difficult. Geberit is assuming a general weakening of the building sector in Western Europe as well as continued unclouded development in Eastern Europe, Asia and the Middle East. The situation in North America will remain unsatisfactory, above all in the residential construction sector. For 2008 as a whole, the Management expects currency-adjusted and organic sales growth in line with medium-term targets of four to six percent, operating results at the high level of prior years and a comparatively overproportionate increase in earnings per share.

August 12, 2008



Günter F. Kelm
Chairman



Albert M. Baehny
CEO

Geberit Group

Condensed Consolidated Balance Sheets

	30.6.2008	31.12.2007	30.6.2007
	MCHF	MCHF	MCHF
Assets			
Cash and cash equivalents	180.7	450.1	119.0
Accounts receivable	302.6	178.9	283.1
Inventories	215.5	226.3	218.4
Total current assets	698.8	855.3	620.5
Property, plant and equipment	537.3	529.3	532.5
Deferred tax assets	42.5	48.9	64.9
Financial assets and other non-current assets	37.7	36.0	35.1
Goodwill and intangible assets	804.5	828.8	845.7
Total non-current assets	1,422.0	1,443.0	1,478.2
Total assets	2,120.8	2,298.3	2,098.7
Liabilities and equity			
Short-term debt	2.5	2.9	2.5
Trade accounts payable	101.8	93.3	114.3
Tax liabilities and tax provisions	111.1	78.8	96.7
Other current provisions and liabilities	121.5	143.2	103.1
Total current liabilities	336.9	318.2	316.6
Long-term debt	173.7	271.0	279.1
Deferred tax liabilities	77.6	80.1	89.6
Other non-current provisions and liabilities	223.9	224.6	226.8
Total non-current liabilities	475.2	575.7	595.5
Total equity	1,308.7	1,404.4	1,186.6
Total liabilities and equity	2,120.8	2,298.3	2,098.7

Consolidated Income Statements

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2008	2007	2008	2007
	MCHF	MCHF	MCHF	MCHF
Sales	648.5	635.0	1,291.6	1,311.2
Cash discounts and customer bonuses	73.1	71.5	145.9	148.3
Revenue from sales	575.4	563.5	1,145.7	1,162.9
Cost of materials	189.5	208.5	381.4	416.7
Personnel expenses	119.7	122.4	234.8	239.7
Depreciation expense	18.2	18.0	35.9	36.2
Amortization of intangible assets	1.9	2.6	3.7	5.1
Other operating expenses, net	87.7	82.0	165.3	159.9
Total operating expenses, net	417.0	433.5	821.1	857.6
Operating profit (EBIT)	158.4	130.0	324.6	305.3
Finance costs, net	0.2	3.5	(2.4)	7.1
Profit before income tax expenses	158.2	126.5	327.0	298.2
Income tax expenses	32.7	28.7	71.2	70.4
Net income from continuing operations	125.5	97.8	255.8	227.8
Net income from discontinued operations	0.0	0.0	0.0	0.0
Net income	125.5	97.8	255.8	227.8
– Attributable to shareholders	125.5	97.8	255.8	227.8

Geberit Group

Statement of Comprehensive Income

	Quarter 1.4.–30.6.				Six months 1.1.–30.6.			
	2008		2007		2008		2007	
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Net income according to the income statement		125.5		97.8		255.8		227.8
Other comprehensive income, net of tax:								
a) Cumulative translation adjustments								
Gain/(Loss) arising during the year	22.6		23.3		(42.1)		32.5	
Tax	(0.3)		(0.4)		0.2		(0.5)	
Total cumulative translation adjustments, net of tax		22.3		22.9		(41.9)		32.0
b) Cashflow hedge accounting								
Gain/(Loss) arising during the year	1.7		1.4		1.9		2.0	
Tax	(0.5)		(0.5)		(0.6)		(0.7)	
Total cashflow hedge accounting, net of tax		1.2		0.9		1.3		1.3
Total comprehensive income for the current year		149.0		121.6		215.2		261.1
– Attributable to shareholders		149.0		121.6		215.2		261.1

Condensed Consolidated Statements of Equity

	Attributable to the shareholders							Minority interest	Total equity
	Ordinary shares	Capital in excess of par	Treasury shares	Retained earnings	Hedge accounting	Cum. translation adjustments			
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF		
Balance at December 31, 2006	4.2	356.0	(236.2)	901.9	(4.6)	44.6	0.0	1,065.9	
Total comprehensive income 2007				227.8	1.3	32.0		261.1	
Dividends				(159.0)				(159.0)	
Other, net		15.8	2.8					18.6	
Balance at June 30, 2007	4.2	371.8	(233.4)	970.7	(3.3)	76.6	0.0	1,186.6	
Balance at December 31, 2007	4.2	369.2	(247.8)	1,206.3	(1.8)	74.3	0.0	1,404.4	
Total comprehensive income 2008				255.8	1.3	(41.9)		215.2	
Dividends				(206.9)				(206.9)	
(Purchase)/Sale of treasury shares		4.3	(224.2)					(219.9)	
Convertible Bond	0.1	103.9		14.3				118.3	
Other, net		(2.4)						(2.4)	
Balance at June 30, 2008	4.3	475.0	(472.0)	1,269.5	(0.5)	32.4	0.0	1,308.7	

Condensed Consolidated Statements of Cashflows

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2008	2007	2008	2007
	MCHF	MCHF	MCHF	MCHF
Net cash from operating activities	156.6	140.1	189.3	146.5
(Acquisitions)/disposals of subsidiaries, net	(0.1)	0.5	1.6	(14.4)
Purchase of PP&E and intangible assets	(39.8)	(17.6)	(57.1)	(29.3)
Proceeds from sale of PP&E and intangible assets	0.6	4.5	1.1	6.3
Other, net	5.3	2.1	7.9	9.7
Net cash from/(used in) investing activities	(34.0)	(10.5)	(46.5)	(27.7)
Repayments of borrowings	(0.2)	(30.2)	(3.1)	(53.3)
Proceeds from borrowings	30.0	30.0	30.1	30.0
Dividends	(206.9)	(159.0)	(206.9)	(159.0)
(Purchase)/Sale of treasury shares	(66.5)	7.0	(215.4)	0.3
Other, net	(6.5)	(7.1)	(6.8)	(8.9)
Net cash from/(used in) financing activities	(250.1)	(159.3)	(402.1)	(190.9)
Effects of exchange rates on cash	5.2	6.2	(10.1)	8.7
Net increase/(decrease) in cash	(122.3)	(23.5)	(269.4)	(63.4)
Cash and cash equivalents at beginning of period	303.0	142.5	450.1	182.4
Cash and cash equivalents at end of period	180.7	119.0	180.7	119.0

Annex to the Half-Year Report

General

The financial figures published were determined in accordance with the same valuation principles as the audited financial statements as at December 31, 2007. With the exception of the balance sheet as at December 31, 2007, the figures are unaudited. The half-year report is prepared in accordance with the requirements of IAS 34.

In accordance with the requirements of IAS 18, the Group reclassified the outbound freight costs and some smaller cost positions, which formerly have been part of „sales deductions“, newly to „other operating expenses, net“. In accordance with IAS 8 this mistake was also corrected for the previous year figures. Therefore, the position „sales deductions“ was renamed to „cash discounts and customer bonuses“ and decreased by MCHF 52.7 (PY: MCHF 52.0). The positions „other operating expenses, net“ and „revenue from sales“ have increased accordingly.

In connection with the antitrust case „Bathroom Fittings and Fixtures“ from the European Community Commission which has been pending since 2004, Geberit was asked in April 2008 to submit certain sales information. From Geberit's point of view the complaints raised against Geberit are not justified. Geberit still expects that the pending proceedings will not significantly influence its financial situation or operating results. However, based on the currently available information, a reliable forecast as to the proceedings' outcome cannot be made yet. The Commission's decision is expected to be issued by the end of 2008 / beginning of 2009. As at June 30, 2008, no provision for a possible fine out of this antitrust case was booked.

Geberit considered the changes in the capital market regarding the recognition of actuarial gain and losses according to IAS 19 for the half-year closing. There is no need for an adjustment.

As at the balance sheet date, 27,858 (thereof in 2008: 24,923) fractions of the Convertible Bond at a nominal value of MCHF 139.3 (thereof in 2008: MCHF 124.6) were converted into 1,402,792 (thereof in 2008: 1,255,061) shares. As at June 30, 2008, the total number of issued Geberit shares therefore amounts to 43,002,792 and the carrying amount of the Convertible Bond to MCHF 29.3.

Distribution

The general meeting has resolved a distribution of a dividend of CHF 5.20 for the year 2007. The dividend distribution took place on May 6, 2008.

Effect of new IFRS standards

The revised standard IAS 1 – Presentation of Financial Statements – published in the 3rd quarter 2007 was early adopted by the Group in 2008. Mainly the „Statement of Comprehensive Income“ has been changed accordingly. The standard has no impact on the consolidated half-year figures. IFRS 8 – Operating Segments – was published in November 2006 and will be effective for accounting periods beginning on or after January 1, 2009. The Group does not plan an early adoption of the standard. Geberit introduced IFRIC 14 as at January 1, 2008, and evaluated the surplus situation in its pension plans as at January 1, 2007, according to IFRIC 14. Based on this evaluation, the funding surplus attributable to the employer represents an economic benefit for the Group and is therefore capitalized in the balance sheet accordingly.

Changes in Group organization and events after the balance sheet date

The Geberit Group has sold its Buechler Werkzeugbau AG subsidiary. The deconsolidation will take place by the end of August 2008. Buechler reported a high single-digit sales figure for 2007, largely to customers outside the Geberit Group.

Treasury shares

In the course of the share buyback program 2008, 1,520,600 shares were repurchased at a total amount of MCHF 231.9 as of the end of June 2008. This corresponds to an average price of CHF 152.52 per share. On a net basis, the number of shares held in treasury increased by 1,437,698 to 3,466,267 against 31 December 2007.

Segment information

Segment information	Switzerland	Germany	Italy	Other major European markets	Other European markets	Other markets	Corporate functions	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
1.1.–30.6.2008								
Intersegment sales	178.0	386.5	24.2	46.5	12.5	5.2		
External sales	151.6	403.2	157.1	282.7	200.9	96.1		1,291.6
Revenue from sales	136.7	336.2	144.4	256.1	179.5	92.8		1,145.7
Segment result	84.8	130.5	17.0	29.0	12.9	5.7	44.7	324.6
1.1.–30.6.2007								
Intersegment sales	148.2	357.2	20.8	51.1	12.6	3.4		
External sales	143.6	446.4	163.3	283.9	176.3	97.7		1,311.2
Revenue from sales	128.4	372.6	150.1	259.9	158.6	93.3		1,162.9
Segment result	73.2	127.4	17.9	34.0	9.1	3.3	40.4	305.3

Corporate Calendar

2008

Interim report 3 rd quarter	30 October
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2009

First information on the year 2008	20 January
Media and analysts' conference	12 March
Interim report 1 st quarter	29 April
Annual general meeting	30 April
Dividend payment	6 May

(Subject to minor changes)

This half-year report is published in German and English. The German version is binding. Please find further information on half-year results 2008 at www.geberit.com. The annual report 2007 is available in German and English.

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.

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Geberit AG
Schachenstrasse 77
CH-8645 Jona

T+41 (0) 55 221 63 00
F+41 (0) 55 221 67 47
www.geberit.com