

Geberit Group 2010

Summary Report

Key Figures

	MCHF
Sales	2,146.9
Change in %	-1.6
Operating cashflow (EBITDA)	573.7
Change in %	-6.1
Margin in %	26.7
Operating profit (EBIT)	486.2
Change in %	-7.7
Margin in %	22.6
Net income	406.8
Change in %	2.3
Margin in %	18.9
Free cashflow	493.8
Change in %	41.2

	CHF
Earnings per share	10.32
Change in %	1.4

	MCHF
Net debt	-513.2
Gearing in %	-33.7
Equity	1,520.9
Equity ratio in %	70.0

Number of employees	5,820
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The essential in 2010

Sales

+5.0%
currency adjusted
sales growth in 2010

Earnings per share

+1.4%
growth in earnings per
share in 2010

Company

- Sales growth of 5.0% in local currencies, -1.6% in Swiss francs
- Operating margins at the upper end of the range of the past 10 years
- Continued strict cost management
- Higher net income thanks to a lower tax rate
- Significant growth of free cashflow on record high
- Financial basis further strengthened
- Larger investments implemented on schedule

Products

- Groundbreaking new products
 - Geberit Monolith
 - Geberit shower element
- Continuing successful internationalization strategy of Geberit AquaClean

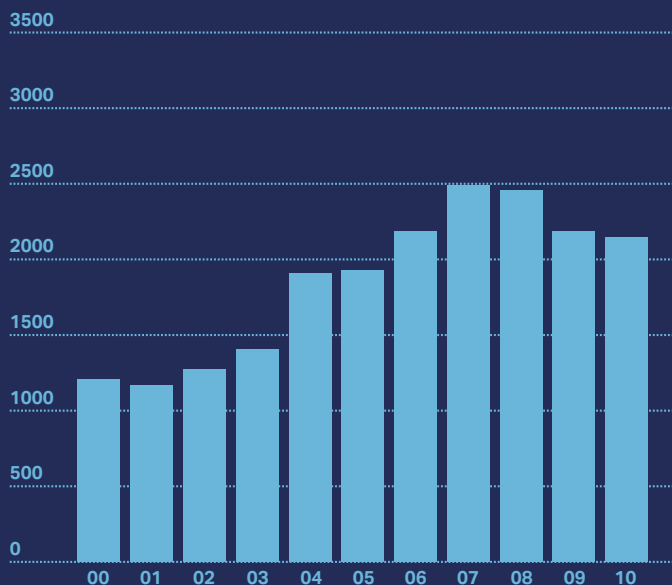
Outlook

- For 2011 prognosis anticipate a slight recovery of the construction industry
- Market requirements remain challenging
- Focus 2011 on organic growth initiatives

At a glance

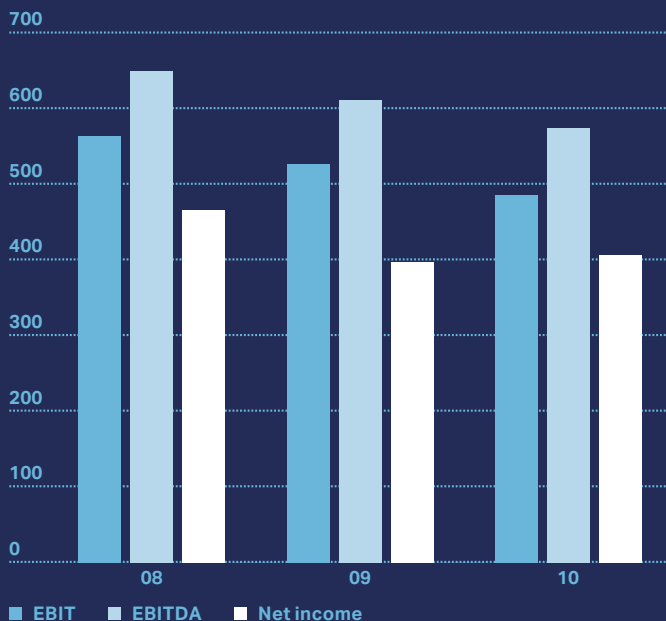
Group sales development 2000–2010

(in CHF million)

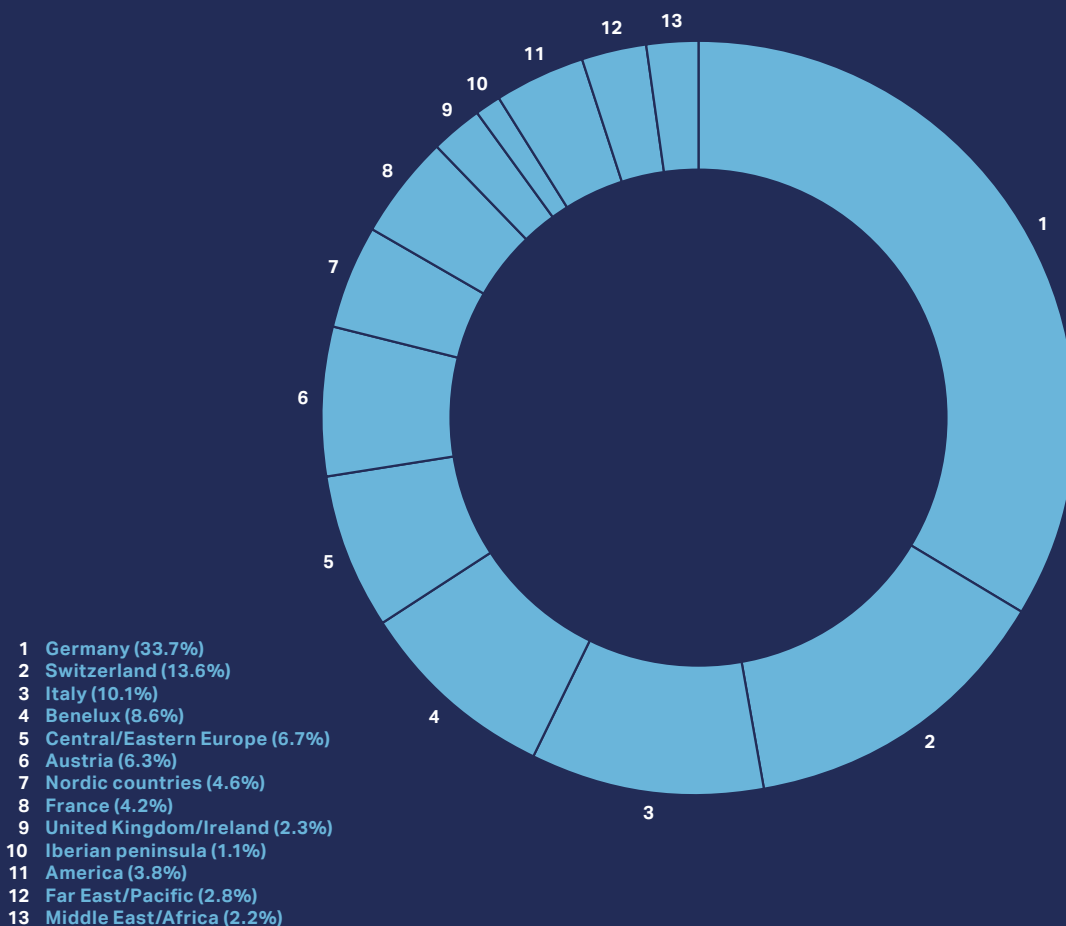


EBIT, EBITDA, Net income 2008–2010

(in CHF million)



2010 sales by markets/regions



To our shareholders

The Geberit Group has held its own in a once again difficult environment. Sales in local currencies managed to start growing again. In Swiss Francs this development was impaired by negative currency effects. Operating margins were slightly below the record levels of the previous year, but were still at the upper end of the range of the past ten years. Continued strict cost management was a significant factor. These results came about even though considerable amounts were invested in organic growth initiatives in sales markets. Despite an even rawer competitive environment, the Company was able to expand its position as a leading provider of sanitary technology and gain additional market shares.

Gratifying sales growth in local currencies

The Geberit Group achieved sales of CHF 2,146.9 million in 2010 (prior year CHF 2,181.2 million). Substantial negative currency effects – mainly as a result of the Franc's strength against the Euro – led to a decrease of 1.6% in Swiss Francs. After currency adjustments, however, this corresponds to an increase of 5.0%.

Despite slower sales growth over the past three years, the sales trend remains positive for the medium term. Average growth has been 5.9% annually over the past ten years.

Positive performance in the markets/regions

The following sales figures by country and region relate to changes in local currency.

In contrast to 2009, most of the regions and markets closed the year under review with increases in sales. The European markets increased overall sales by 4.6%. Sales were up in the United Kingdom/Ireland (+10.3%), Nordic countries (+7.2%), Germany (+6.9%), Austria (+5.9%), France (+4.4%), Italy (+3.9%), Switzerland (+3.2%) and Central/Eastern Europe (+2.8%). Only the Benelux countries (-1.6%) and the Iberian peninsula (-8.3%) posted declines. The Far East/Pacific (+22.2%), America (+6.8%) and Middle East/Africa (+1.7%) regions also grew in 2010.

Sales for the Sanitary Systems product area in Swiss Francs increased by 0.4% to CHF 1,255.7 million. By contrast, the increase in local currencies was 7.1%. The contribution to total sales rose from 57.3% in 2009 to 58.5%. The Piping Systems product area saw

a 4.3% drop in sales to CHF 891.2 million. In local currencies, this represented an increase of 2.2%. The contribution to total sales again declined from 42.7% to 41.5%.

Operating profitability maintained at high level

In 2010 the Geberit Group succeeded in maintaining results at the high level of the previous years despite declining sales, negative foreign currency effects and raw material price factors. Consistent cost management and further optimized processes were the main reasons for this success. Despite natural hedges – namely, matching cashflows for sales and costs in the same currencies as much as possible – currency effects had a substantial negative impact on the results. Operating cash flow (EBITDA) fell to CHF 573.7 million, a 6.1% drop compared to the prior year. The EBITDA margin reached 26.7%, its second-highest value in Geberit history after the record of 28.0% in the prior year. The average EBITDA growth of 6.8% markedly exceeded the corresponding increase in sales (5.9%) over the last decade. The operating profit (EBIT) dropped by 7.7% to CHF 486.2 million. The EBIT margin reached 22.6% (prior year 24.1%). As a consequence of the lower tax rate, net income rose by 2.3% to CHF 406.8 million with a return on sales of 18.9%. Earnings per share increased by 1.4%, to CHF 10.32.

Free cashflow substantially increased

Despite an operating cashflow (EBITDA) slightly lower than that of the previous year, lower taxes led to a 12.2% higher net cashflow of CHF 533.4 million. As a result, the free cashflow – as a consequence of reduced investments, but above all because of positive effects from the change in net working capital – also rose by 41.2% to CHF 493.8 million, thereby achieving a new record high. Free cashflow was used to pay distributions to shareholders in the amount of CHF 252.6 million and repay debts in the amount of CHF 8.1 million.

Financial base further strengthened

High free cashflow in the year under review permitted the further strengthening of the Group's balance sheet structure. Debt was reduced from CHF 110.9 million to CHF 73.4 million. The reduction is to be explained mainly by the exercise of conversion rights in connection with the convertible bond. The liquidity situation also developed positively. In addition to

liquid funds and marketable securities of CHF 586.6 million (prior year CHF 406.5 million), the Group had access to undrawn operating credit facilities of CHF 296.2 million. At the end of 2010, the Group showed a positive net cash level of CHF 513.2 million (prior year CHF 295.6 million). The equity ratio continued to climb and achieved a very solid 70.0% (prior year 68.2%). In terms of average equity, the return on equity for the year under review was 27.0%. Because of the higher annual average equity, this key figure was slightly less than the 28.1% of the prior year, despite the increased net income. As a result of the net cash level mentioned, gearing (net debt/equity) was -33.7% (prior year -19.6%).

Reduced investment volume

In 2010, investments in property, plant and equipment and intangible assets amounted to CHF 80.5 million, which is CHF 25.9 million or 24.3% below the level of the prior year. As a percentage of sales, the investment ratio in the year under review was 3.7%. The decline in investment volume is primarily due to the high investments during the prior year in the new logistics center in Pfullendorf (DE) and the new Asia Headquarters in Shanghai (CN), as well as the effects of the Euro/Swiss Franc exchange rate on the conversion of investment amounts in the Euro zone. As in the prior year, and despite the difficult environment, the Group upheld commitments to its planned major investment projects.

Efficient research and development

The "commitment to innovation" is an important pillar of Geberit's corporate strategy. Its innovation strength, which is above-average when compared to the industry sector, helps to ensure the Group's long-term success. Successful research and development (R&D) activities are the prerequisite for this. In the year under review, Geberit invested CHF 44.2 million (prior year CHF 45.6 million) or 2.1% of its sales in the future of its products, representing a 3.1% decrease compared to the prior year.

Number of employees

Despite the tense global economic situation, the number of employees increased in the year under review. As of the end of 2010, the Geberit Group had a total of 5,820 employees worldwide. This was 212 persons or 3.8% more than in the prior year. Based on the average number of employees of 5,793, sales per employee amounted to TCHF 370.6, or 4.3% less than in the prior year. After currency adjustments, in contrast, sales per employee showed an increase of 2.1%.

Attractive distribution

The Board of Directors would like the shareholders to participate in the positive business development. It therefore will propose an increased distribution of CHF 6.00 to the General Meeting on April 19, 2011. This represents an increase of 11.1% over the normal dividend paid the previous year (2009: normal dividend of CHF 5.40 plus a special dividend of CHF 1.00).

Geberit thanks you

We credit the strong results in 2010 to the outstanding commitment, the high motivation and the skills of our employees in 41 countries. We owe them our gratitude and recognition for their exemplary performance. We would again like to extend special thanks to our customers in the commercial and trade sectors for their solidarity and the constructive collaboration. Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

Outlook 2011

The overall prognosis for the construction industry in 2011 anticipates a slight recovery with some significantly divergent developments in individual regions/markets and construction sectors. Growing renovation business is expected for residential construction in Europe. New residential construction business will develop more selectively. This sector will grow rapidly in Sweden, Norway and Finland; by contrast, growth in Switzerland, Germany, Austria, Belgium, Poland and Russia will hover in the low single-digit percentages. New residential construction in France, Denmark, Italy and the United Kingdom will continue to stagnate. Continued declines are expected in Portugal, Spain, Ireland and the Netherlands. In general, the commercial construction sector across all markets will only slowly return to growth. The construction industry in North America has not yet overcome the crisis; another challenging year is expected. Market observers forecast continued growth in Asia. The coming year will challenge the Geberit Group to take advantage of the positive environment offered by attractive markets but also to position itself for the future in markets that continue to stagnate or contract. Organic growth projects will be the focus here. At the same time, the Company will push forward with the optimization of business processes. Management is convinced that Geberit is very well equipped for the coming tasks. Our confidence about the future has many sources: experienced and highly motivated employees; a series of promising products launched in recent years along with product ideas for the more distant future; our lean, market-oriented organization; the established, faithful cooperation we have with our market partners in both commerce and trade; and – as a result of industry-leading financial results in recent years – an extremely sound financial base.

Günter F. Kelm
Chairman of the Board

Albert M. Baehny
Chief Executive Officer (CEO)



Consolidated Balance Sheets Geberit Group

	31.12.2010	31.12.2009
	MCHF	MCHF
Assets		
Cash and cash equivalents	586.6	300.6
Marketable securities	0.0	105.9
Trade accounts receivable	109.3	122.6
Other current assets and current financial assets	59.7	70.9
Inventories	148.8	187.6
Total current assets	904.4	787.6
Property, plant and equipment	514.3	576.2
Deferred tax assets	78.5	79.4
Other non-current assets and non-current financial assets	15.2	15.9
Goodwill and intangible assets	658.8	753.1
Total non-current assets	1,266.8	1,424.6
Total assets	2,171.2	2,212.2
Liabilities and Equity		
Short-term debt	3.3	28.9
Trade accounts payable	66.7	69.8
Tax liabilities and tax provisions	56.5	85.3
Other current provisions and liabilities	139.7	130.0
Total current liabilities	266.2	314.0
Long-term debt	70.1	82.0
Accrued pension obligation	202.8	183.1
Deferred tax liabilities	52.2	56.0
Other non-current provisions and liabilities	59.0	67.9
Total non-current liabilities	384.1	389.0
Total equity	1,520.9	1,509.2
Total liabilities and equity	2,171.2	2,212.2

Consolidated Income Statements Geberit Group

	2010	2009
	MCHF	MCHF
Sales	2,146.9	2,181.2
Cash discounts and customer bonuses	246.9	250.2
Revenue from sales	1,900.0	1,931.0
Cost of materials	572.8	574.3
Personnel expenses	447.1	446.2
Depreciation expense	81.8	78.9
Amortization of intangibles	5.7	5.4
Other operating expenses, net	306.4	299.5
Total operating expenses, net	1,413.8	1,404.3
Operating profit (EBIT)	486.2	526.7
Financial expenses	(10.9)	(13.9)
Financial income	3.9	4.9
Foreign exchange (loss)/gain	(7.3)	(4.5)
Financial result, net	(14.3)	(13.5)
Profit before income tax expenses	471.9	513.2
Income tax expenses	65.1	115.7
Net income	406.8	397.5

Consolidated Statements of Changes in Equity Geberit Group

	Ordinary shares	Total reserves	Cum. translation adjustments	Total equity
	MCHF	MCHF	MCHF	MCHF
Balance at December 31, 2008	4.3	1,364.4	(56.8)	1,311.9
Total comprehensive income		380.3	7.4	387.7
Dividends		(210.9)		(210.9)
(Purchase)/Sale of treasury shares		15.6		15.6
Convertible Bond		4.7		4.7
Management option plans		0.2		0.2
Capital reduction	(0.2)	0.2		0.0
Balance at December 31, 2009	4.1	1,554.5	(49.4)	1,509.2
Total comprehensive income		379.5	(162.7)	216.8
Dividends		(252.6)		(252.6)
(Purchase)/Sale of treasury shares		24.9		24.9
Convertible Bond		25.8		25.8
Management option plans		(3.2)		(3.2)
Capital reduction				0.0
Balance at December 31, 2010	4.1	1,728.9	(212.1)	1,520.9

Consolidated Statements of Cashflows Geberit Group

	2010 MCHF	2009 MCHF
Net cash provided by operating activities	570.1	459.2
Acquisitions of subsidiaries	(1.0)	(0.3)
Purchase of property, plant & equipment and intangible assets	(80.5)	(106.4)
Proceeds from sale of property, plant & equipment and intangible assets	2.1	2.9
Marketable securities, net	98.7	(1.1)
Other, net	(3.6)	0.4
Net cash from/(used in) investing activities	15.7	(104.5)
Proceeds from borrowings	0.2	0.0
Repayments of borrowings	(8.1)	(41.6)
Dividends	(252.6)	(210.9)
(Purchase)/Sale of treasury shares	10.2	11.3
Other, net	(7.9)	(12.4)
Net cash from/(used in) financing activities	(258.2)	(253.6)
Effects of exchange rates on cash	(41.6)	2.1
Net increase/(decrease) in cash	286.0	103.2
Cash and cash equivalents at beginning of year	300.6	197.4
Cash and cash equivalents at end of year	586.6	300.6

Balance Sheets Geberit AG

	2010	2009
	MCHF	MCHF
Cash and cash equivalents	0.0	0.0
Treasury shares	157.3	157.3
Accounts receivable	381.7	184.8
Total current assets	539.0	342.1
Investments	818.9	818.9
Total non-current assets	818.9	818.9
Total assets	1,357.9	1,161.0
Total liabilities	5.0	31.3
Capital stock	4.1	4.1
Legal reserves	239.6	233.2
Free reserves	652.2	667.9
Retained earnings	457.0	224.5
Total shareholders' equity	1,352.9	1,129.7
Total liabilities and shareholders' equity	1,357.9	1,161.0

Income Statements Geberit AG

	2010	2009
	MCHF	MCHF
Dividends from Group companies	450.0	220.0
Financial income and other operating income	5.2	2.6
Total income	455.2	222.6
Administrative expenses	2.8	2.5
Financial expenses	0.1	0.4
Taxes	0.2	0.0
Total expenses	3.1	2.9
Net income	452.1	219.7

Appropriation of available earnings of Geberit AG

Proposal by the Board of Directors to the General Meeting

	2010 CHF	2009 CHF
Net income	452,150,596	219,698,597
Balance brought forward	4,858,062	4,808,500
Withdrawal from legal capital contribution reserves	239,082,030	
Withdrawal from free reserves		35,000,000
Total available earnings	696,090,688	259,507,097
Transfer to free reserves	450,000,000	
Proposed distribution of capital contribution reserves	239,082,030	
Proposed/paid dividend		254,649,035
Balance to be carried forward	7,008,658	4,858,062
Total appropriation of available earnings	696,090,688	259,507,097
Transfer of the share premium resulting from conversion to free reserves		4,638,838

Time schedule

2011

General meeting	April 19
Dividend payment	April 28
Interim report first quarter	May 3
Half-year results	August 16
Interim report third quarter	November 3

2012

First information on the year 2011	January 12
Results Full Year 2011	March 8
General meeting	April 4
Dividend payment	April 13
Interim report first quarter (Subject to minor changes)	April 26

This summary report and the annual report 2010 are published in English and German. The German version is binding.

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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