# Geberit Group 2011

Half-Year Report

# Key figures first half of 2011

| | MCHF |
|---|---|
| **Sales** | **1,118.6** |
| Change in % | +0.3 |
| Change currency adjusted in % | +11.7 |
| **Operating cashflow (EBITDA)** | **296.2** |
| Change in % | -4.8 |
| Margin in % | 26.5 |
| **Operating profit (EBIT)** | **254.9** |
| Change in % | -5.2 |
| Margin in % | 22.8 |
| **Net income** | **220.3** |
| Change in % | -0.3 |
| Margin in % | 19.7 |
| **Net cashflow** | **277.8** |
| Change in % | -2.0 |
| **Free cashflow** | **158.0** |
| Change in % | -18.3 |

| | CHF |
|---|---|
| **Earnings per share** | **5.59** |
| Change in % | -0.5 |

| | MCHF |
|---|---|
| **Net debt** | **-336.5** |
| **Gearing in %** | **-24.4** |
| **Equity** | **1,379.9** |
| **Equity ratio in %** | **68.2** |

| | |
|---|---|
| **Number of employees** | **6,038** |

# The essential in the first half of 2011

## Sales

**+11.7%**

currency adjusted sales growth

## Financial situation

**68.2%**

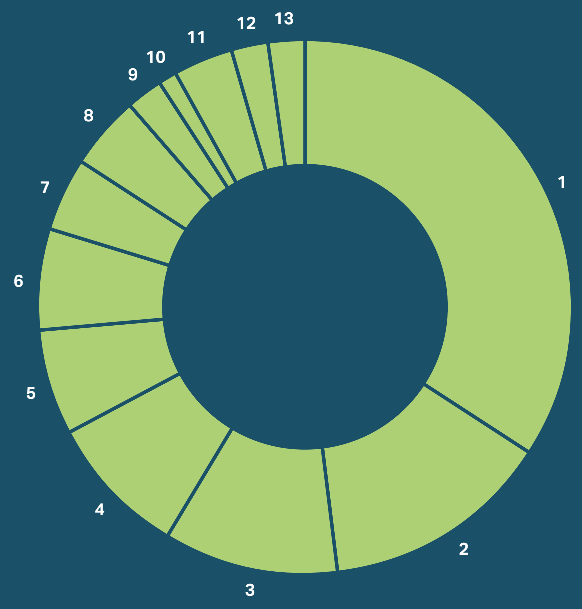
Equity ratio as of June 2011

## Company

- → Double-digit sales growth in local currencies
- → Operating margins below the prior year's levels mainly due to steep increases in raw material prices and intensified marketing activities
- → Net income and earnings per share practically at the prior year's level
- → A decrease of just under CHF 130 million in sales and lower operating profit of around CHF 35 million due to the strong Swiss Franc
- → Successful product launches
- → Start of share buyback program successful
- → Cautiously positive outlook: sales growth towards a high single-digit level after currency adjustments, operating cashflow margin at the top end of the medium-term target corridor

# At a glance

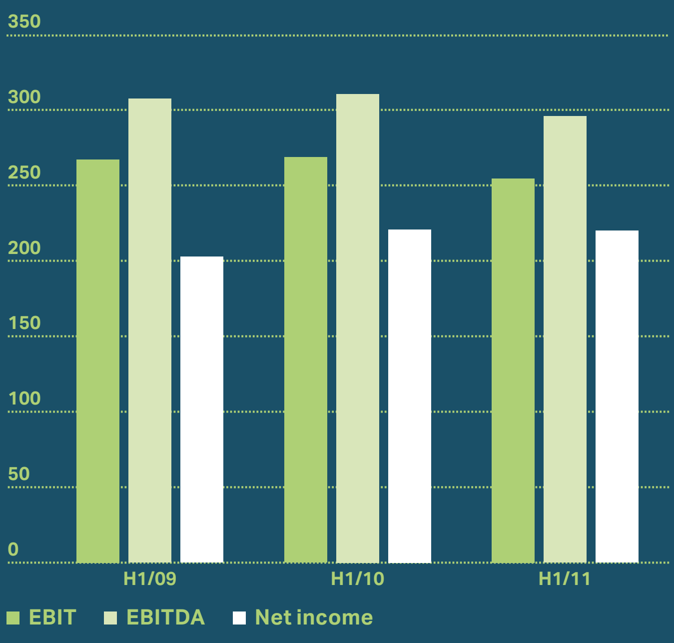
## Sales by markets/regions first half year 2011



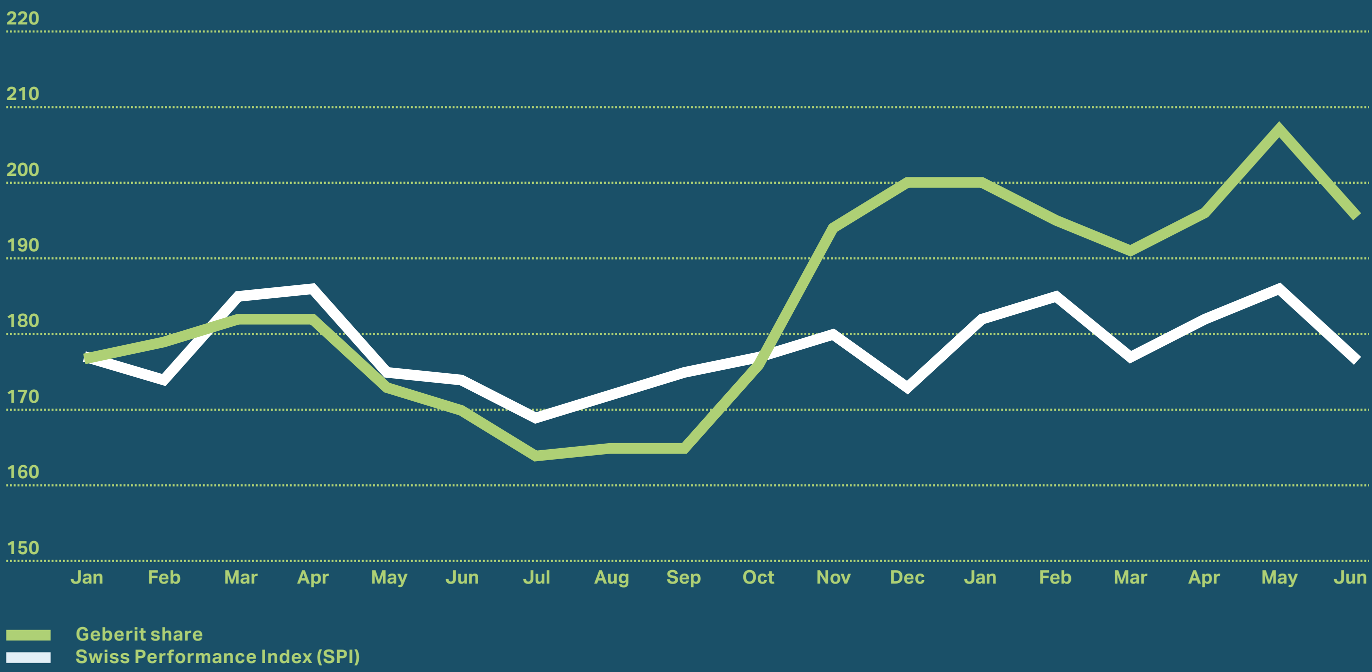

1 Germany (34.2%), 2 Switzerland (13.9%), 3 Italy (10.6%), 4 Benelux (8.8%), 5 Central/Eastern Europe (6.3%), 6 Austria (6.1%), 7 Nordic countries (4.4%), 8 France (4.4%), 9 United Kingdom/ Ireland (2.4%), 10 Iberian peninsula (1.0%), 11 America (3.5%), 12 Far East/Pacific (2.4%), 13 Middle East/Africa (2.0%)

## EBIT, EBITDA, Net income first half year 2009–2011

(in CHF million)




## Share price development January 1, 2010 until June 30, 2011




Source: Bloomberg

# To our Shareholders

In the first half of the year, the Geberit Group enjoyed continued growth above the market average in spite of a demanding environment in many regions. The results declined slightly in comparison to the prior year, but were still on a very high level. There was double-digit sales growth of 11.7% after currency adjustments to CHF 1,118.6 million, which in Swiss Francs amounted to an increase of 0.3%. The operating profit dropped by 5.2% to CHF 254.9 million. The net income of CHF 220.3 million was practically on par with the result of the first six months of the prior year. For 2011 overall, Management is expecting currency adjusted sales growth towards a high single-digit level and operating margins at the upper end of medium-term targets.

## Consolidated sales

In the first half of 2011, the Geberit Group achieved sales of CHF 1,118.6 million. After currency adjustments, this corresponds to a growth of 11.7% in comparison to the prior year. The increase in Swiss Francs was only 0.3% due to the strong Swiss Franc. The turbulence on the currency front meant a drop in sales amounting to CHF 126.9 million in the first half of the year.

Looking over the quarterly sales development, the positive tendency in local currencies is continuing. After a growth of 12.8% in the first quarter, the Group again achieved double-digit growth of 10.5% in the second quarter.

## Sales by markets and product areas

After adjustments for foreign currency effects, sales increased in Europe by 11.8%. The upturn, which had already started in the prior year, continued in most European markets. Growth was clearly above the double-digit level in the United Kingdom/Ireland (+23.5%), Germany (+15.0%), Central/Eastern Europe (+14.7%), Austria (+14.5%) France (+13.0%) and the Nordic countries (+12.7%). There were also increases in Italy (+8.1%), the Benelux countries (+7.7%) and Switzerland (+6.0%). The only European market suffering a drop was the Iberian peninsula (-3.8%). Despite the very difficult environment in America, growth in that region was very pleasing (+12.3%). The Far East/Pacific region also showed an increase (+10.2%). In contrast the Middle East/Africa region suffered from the politically and economically challenging conditions, which resulted in an under-proportionate growth of 5.2%.

In the product areas, the development of higher growth for piping systems continued in the second quarter, albeit slightly weakened. This product area has suffered particularly over the past three years from stagnant new construction business. The Sanitary Systems product area increased in the first half of 2011 by 8.9% (in Swiss Francs: -2.5%), the Piping Systems product area by 15.7% (in Swiss Francs: +4.4%).

## Earnings situation

The result situation was once more very positive, although slightly below the high level of the prior year. Operating expenses were mainly under pressure in the second quarter due to continuing increases in material costs. In addition, results were negatively affected by the marketing costs resulting from intensified activities in connection with product launches, continuing efforts to boost the Geberit brand, selective growth initiatives and also for the bi-annual ISH, the most important European sanitary trade fair, which takes place in the spring in Frankfurt (DE). The over-proportionate growth of the lower-margin pipe systems product area also meant a drop in operating margins. The cost increases were cushioned by the strong Swiss Franc. Overall, however, the strong Swiss Franc had a negative currency effect on operating profit of around CHF 35 million. As a result, operating cashflow (EBITDA) dropped by 4.8% to CHF 296.2 million with an EBITDA margin of 26.5% (prior year 27.9%). Operating profit (EBIT) reached CHF 254.9 million; the EBIT margin fell from 24.1% in the prior year to 22.8%. Net income of CHF 220.3 million – corresponding to a return on sales of 19.7% (prior year 19.8%) – was maintained at practically the same level of the prior year. This was due to positive effects of the financial result as well as a lower tax rate. Earnings per share also remained almost unchanged at CHF 5.59 (prior year CHF 5.62).

While net cashflow was slightly below the level of the prior year, the increase in net working capital resulting from the increase in sales as well as a positive one-off effect in the prior year on inventory resulted in a correspondingly lower free cashflow. At CHF 158.0 million, this was CHF 35.4 million below the prior year's level, but remained at a high level.

## Financial situation

The Geberit Group still has a very sound financial foundation. The equity ratio dropped slightly in comparison to the level at the end of 2010 to 68.2%. The net cash amount (liquid funds less debt) decreased as planned after the distribution to the shareholders of CHF 236.0 million in May from CHF 513.2 million to CHF 336.5 million.

The Board of Directors of Geberit AG decided to implement a share buyback program in 2011 and 2012. Shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register are being repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. By 30 June 2011, 515,000 shares were purchased, amounting to 24.95% of the entire program and a sum of CHF 102.3 million. The buyback is expected to total around CHF 410 million.

The General Meeting of April 19, 2011 agreed to a capital reduction for the amount of the repurchased shares as part of the share buyback program in 2006. After a term of two months and after three public announcements in the Swiss Official Gazette of Commerce, the number of shares in the Commercial Register as of July 7, 2011 is 39,847,005. The General Meeting also agreed to an increase of 11.1% in the distribution in comparison to the normal dividend of 2009 to CHF 6.00 (2009: normal dividend of CHF 5.40 as well as a special dividend of CHF 1.00). As such, the shareholder-friendly dividend policy was continued. This distribution was paid out tax-free from reserves from capital contribution. The payout ratio of 58.8% of net income is in the middle of the range of 50 to 70%, which was increased by the Board of Directors during the re-assessment of the use of liquid funds at the beginning of 2011.

## Number of employees

The Geberit Group employed 6,038 people worldwide as of the end of June 2011. This was 218 more people or 3.7% more than at the end of 2010. This increase is mainly due to the adjustment of capacity in the production plants to meet the growth in volume, focused growth initiatives in individual markets and setting up own production facilities for the AquaClean shower toilet, which was previously manufactured by a subcontractor.

## Investments in property, plant and equipment

The first six months of 2011 saw investments of CHF 29.7 million (prior year CHF 25.8 million) in property, plant and equipment. The bulk of investments went toward the procurement of tools and molds for new products, in machinery as well as in building refurbishment and new building projects.

## R&D expenses

Expenditure on research and development (R&D) increased by 9.0% to CHF 22.9 million. This corresponds to 2.1% of sales (prior year 1.9%).

## New Head of Sales Europe

The Board of Directors of Geberit AG appointed Dr Karl Spachmann as Head of Group Division Sales Europe, effective on April 1, 2011. He succeeded Bernd Kuhlin, who left the Group Executive Board in mid-2010. Karl Spachmann (52) holds a Ph.D. in business administration, has been with the Geberit Group since 1997, and since 2000 has been Chairman of the Management Board of the most important local Geberit sales company Germany.

## Re-elections/Changes in the Board of Directors

At the 2011 General Meeting, the shareholders discharged the members of the Board of Directors for their activities in 2010 and confirmed Hartmut Reuter as a member of the Board of Directors for another term of office of three years. CEO Albert M. Baehny was elected to the Board of Directors. As part of the constitution, the tasks of the Chairman of the Board of Directors were conferred on the newly elected Albert M. Baehny. The current Board of Directors member Robert F. Spoerry was appointed as Lead Director and Vice Chairman. Only independent Board of Directors members took seats on the committees. Susanne Ruoff and Dr Robert Heberlein are continuing to serve on the Personnel Committee under the stewardship of Robert F. Spoerry. The Audit Committee is led by Hartmut Reuter and additionally consists of Randolf Hanslin and Robert F. Spoerry.

## Outlook for the entire year 2011

The prognoses for the construction industry overall foresee a slight recovery for 2011 as a whole, although to some extent with significantly diverging developments in the individual regions/markets and construction sectors. Recovery in Europe will be driven primarily by the positive developments in the residential construction sector. The commercial construction sector in all markets will only slowly find its way back to growth. There are generally many relevant indicators that point to historically low levels in Europe. A return to the growth rates prior to the financial crisis is not expected in the foreseeable future. The dip in the construction sector in North America has not yet been overcome. Important key figures in residential construction have dropped once more in comparison to the prior year. In the commercial construction sector, development is expected to be flat at best. For this reason, the overall conditions in North America are expected to remain difficult. Continuing market growth is expected in Asia – especially in countries that are important for Geberit such as China and India. Long-term growth perspectives remain intact.

The gratifying results of the first half of the year dispose Management to be confident of achieving solid results in 2011. It is expected that sales will grow towards a high single-digit level after currency adjustments. The operating cashflow (EBITDA) will fall in comparison to the prior year as a result of the steep increases in raw material prices, intensified marketing activities and the strong Swiss Franc. However, the EBITDA margin will continue to reach a value at the upper end of the medium-term target corridor of 23 to 25 percent.

August 16, 2011

**Albert M. Baehny**
**Chairman of the Board of Directors and CEO**

**Robert F. Spoerry**
**Lead Director and Vice Chairman of the Board of Directors**

# Consolidated Balance Sheets

| | 30.6.2011 MCHF | 31.12.2010 MCHF | 30.6.2010 MCHF |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 401.8 | 586.6 | 231.1 |
| Marketable securities | 0.0 | 0.0 | 66.3 |
| Trade accounts receivable | 168.9 | 109.3 | 187.7 |
| Other current assets and current financial assets | 88.9 | 59.7 | 95.8 |
| Inventories | 146.8 | 148.8 | 155.2 |
| **Total current assets** | **806.4** | **904.4** | **736.1** |
| **Non-current assets** | | | |
| Property, plant and equipment | 487.5 | 514.3 | 527.2 |
| Deferred tax assets | 71.8 | 78.5 | 79.0 |
| Other non-current assets and non-current financial assets | 16.7 | 15.2 | 15.6 |
| Goodwill and intangible assets | 640.3 | 658.8 | 689.3 |
| **Total non-current assets** | **1,216.3** | **1,266.8** | **1,311.1** |
| **Total assets** | **2,022.7** | **2,171.2** | **2,047.2** |

| | 30.6.2011 MCHF | 31.12.2010 MCHF | 30.6.2010 MCHF |
|---|---|---|---|
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Short-term debt | 2.6 | 3.3 | 2.4 |
| Trade accounts payable | 68.7 | 66.7 | 71.5 |
| Tax liabilities and tax provisions | 59.1 | 56.5 | 51.4 |
| Other current provisions and liabilities | 142.8 | 139.7 | 137.4 |
| **Total current liabilities** | **273.2** | **266.2** | **262.7** |
| **Non-current liabilities** | | | |
| Long-term debt | 62.7 | 70.1 | 82.9 |
| Accrued pension obligation | 196.0 | 202.8 | 193.3 |
| Deferred tax liabilities | 49.9 | 52.2 | 52.9 |
| Other non-current provisions and liabilities | 61.0 | 59.0 | 59.0 |
| **Total non-current liabilities** | **369.6** | **384.1** | **388.1** |
| **Shareholders' equity** | | | |
| Capital stock | 4.1 | 4.1 | 4.1 |
| Group reserves | 1,621.6 | 1,728.9 | 1,547.0 |
| Cumulative translation adjustments | (245.8) | (212.1) | (154.7) |
| **Total equity** | **1,379.9** | **1,520.9** | **1,396.4** |
| **Total liabilities and equity** | **2,022.7** | **2,171.2** | **2,047.2** |

# Consolidated Income Statements

| | Quarter 1.4.–30.6. | | Six months 1.1.–30.6. | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | MCHF | MCHF | MCHF | MCHF |
| Sales | 555.4 | 560.4 | 1,118.6 | 1,115.4 |
| Cash discounts and customer bonuses | 67.0 | 63.0 | 133.1 | 128.1 |
| **Revenue from sales** | **488.4** | **497.4** | **985.5** | **987.3** |
| | | | | |
| Cost of materials | 156.3 | 150.9 | 307.8 | 294.6 |
| Personnel expenses | 114.0 | 115.4 | 223.1 | 226.9 |
| Depreciation expense | 19.8 | 19.9 | 38.5 | 39.3 |
| Amortization of intangibles | 1.3 | 1.4 | 2.8 | 2.8 |
| Other operating expenses, net | 80.3 | 77.8 | 158.4 | 154.8 |
| Total operating expenses, net | 371.7 | 365.4 | 730.6 | 718.4 |
| **Operating profit (EBIT)** | **116.7** | **132.0** | **254.9** | **268.9** |
| | | | | |
| Financial expenses | (2.0) | (2.9) | (4.2) | (6.4) |
| Financial income | 0.7 | 1.1 | 1.3 | 2.6 |
| Foreign exchange (loss)/gain | (3.5) | (5.0) | (0.6) | (6.5) |
| Financial result, net | (4.8) | (6.8) | (3.5) | (10.3) |
| **Profit before income tax expenses** | **111.9** | **125.2** | **251.4** | **258.6** |
| Income tax expenses | 13.0 | 17.7 | 31.1 | 37.6 |
| **Net income** | **98.9** | **107.5** | **220.3** | **221.0** |
| – Attributable to shareholders of Geberit AG | 98.9 | 107.5 | 220.3 | 221.0 |
| | | | | |
| Earnings per share (CHF) | 2.52 | 2.72 | 5.59 | 5.62 |
| Diluted earnings per share (CHF) | 2.52 | 2.72 | 5.59 | 5.61 |

# Statements of Comprehensive Income

| | Quarter 1.4.–30.6. | | Six months 1.1.–30.6. | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | MCHF | MCHF | MCHF | MCHF |
| **Net income according to the income statement** | **98.9** | **107.5** | **220.3** | **221.0** |
| a) Cumulative translation adjustments | (64.3) | (72.2) | (33.7) | (105.3) |
| Reclassification to the income statement | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total cumulative translation adjustments** | **(64.3)** | **(72.2)** | **(33.7)** | **(105.3)** |
| b) Cashflow hedge accounting | 0.4 | (0.7) | 1.2 | (1.0) |
| Reclassification to the income statement | 0.0 | 0.0 | 0.0 | 0.0 |
| Taxes | (0.1) | 0.2 | (0.3) | 0.3 |
| **Total cashflow hedge accounting, net of tax** | **0.3** | **(0.5)** | **0.9** | **(0.7)** |
| c) Actuarial adjustments of pension plans | (21.1) | (19.5) | 6.2 | (21.9) |
| Taxes | 3.9 | 3.3 | (1.7) | 4.1 |
| **Total actuarial adjustments of pension plans, net of tax** | **(17.2)** | **(16.2)** | **4.5** | **(17.8)** |
| **Other comprehensive income** | **(81.2)** | **(88.9)** | **(28.3)** | **(123.8)** |
| **Total comprehensive income** | **17.7** | **18.6** | **192.0** | **97.2** |
| – Attributable to shareholders of Geberit AG | 17.7 | 18.6 | 192.0 | 97.2 |

# Consolidated Statements of Changes in Equity

| | Attributable to the shareholders of Geberit AG | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ordinary shares | Reserves[1] | Treasury shares | Pension plans | Hedge accounting | Cum. translation adjustments | Total equity |
| | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF | MCHF |
| **Balance at December 31, 2009** | **4.1** | **1,905.2** | **(227.7)** | **(120.1)** | **(2.9)** | **(49.4)** | **1,509.2** |
| Total comprehensive income | | 221.0 | | (17.8) | (0.7) | (105.3) | 97.2 |
| Dividends | | (252.6) | | | | | (252.6) |
| (Purchase)/Sale of treasury shares | | 8.7 | 12.7 | | | | 21.4 |
| Convertible Bond | | 25.7 | | | | | 25.7 |
| Management option plans | | (4.5) | | | | | (4.5) |
| **Balance at June 30, 2010** | **4.1** | **1,903.5** | **(215.0)** | **(137.9)** | **(3.6)** | **(154.7)** | **1,396.4** |
| | | | | | | | |
| **Balance at December 31, 2010** | **4.1** | **2,092.2** | **(213.0)** | **(148.8)** | **(1.5)** | **(212.1)** | **1,520.9** |
| Total comprehensive income | | 220.3 | | 4.5 | 0.9 | (33.7) | 192.0 |
| Distribution | | (236.0) | | | | | (236.0) |
| (Purchase)/Sale of treasury shares | | 9.5 | (100.3) | | | | (90.8) |
| Management option plans | | (6.2) | | | | | (6.2) |
| **Balance at June 30, 2011** | **4.1** | **2,079.8** | **(313.3)** | **(144.3)** | **(0.6)** | **(245.8)** | **1,379.9** |

[1] In connection with the amendment to the law concerning the distribution of capital contribution, and with the corresponding General Meeting resolution to distribute capital contributions and the aim to show a clear presentation in the consolidated statements of changes in equity, the equity categories “share premium” and “retained earnings” are shown as “reserves”. The changed disclosure of the consolidated statements of changes in equity does not have an impact on the disclosure of the equity in the consolidated balance sheets.

# Consolidated Statements of Cashflows

| | Quarter 1.4.–30.6. | | Six months 1.1.–30.6. | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | MCHF | MCHF | MCHF | MCHF |
| **Cash provided by operating activities** | | | | |
| Net income | 98.9 | 107.5 | 220.3 | 221.0 |
| Depreciation and amortization | 21.1 | 21.3 | 41.3 | 42.1 |
| Financial result, net | 4.8 | 6.8 | 3.5 | 10.3 |
| Income tax expenses | 13.0 | 17.7 | 31.1 | 37.6 |
| Other (incl. gain on disposals of PP&E) | 13.7 | 15.8 | 17.3 | 17.7 |
| **Operating cashflow before changes in net working capital and taxes** | **151.5** | **169.1** | **313.5** | **328.7** |
| Income taxes paid | (7.2) | (34.8) | (36.4) | (69.6) |
| Changes in trade accounts receivable | 27.4 | 23.7 | (116.6) | (118.8) |
| Changes in inventories | (1.8) | 12.9 | (4.3) | 20.3 |
| Changes in trade accounts payable | 5.9 | 4.1 | 4.4 | 6.5 |
| Changes in other positions of net working capital | (1.9) | (1.8) | 30.6 | 33.3 |
| **Net cash provided by operating activities** | **173.9** | **173.2** | **191.2** | **200.4** |
| | | | | |
| **Cash from/(used in) investing activities** | | | | |
| Acquisitions of subsidiaries | 0.0 | 0.0 | 0.0 | (1.0) |
| Purchase of PP&E and intangible assets | (18.9) | (16.1) | (29.7) | (25.8) |
| Proceeds from sale of PP&E and intangible assets | 1.6 | 0.5 | 2.0 | 0.7 |
| Marketable securities, net | 0.0 | 29.5 | 0.0 | 30.4 |
| Interest received | 0.6 | 1.2 | 1.4 | 1.6 |
| Other, net | (3.3) | (4.4) | (2.2) | (5.9) |
| **Net cash from/(used in) investing activities** | **(20.0)** | **10.7** | **(28.5)** | **0.0** |
| | | | | |
| **Cash from/(used in) financing activities** | | | | |
| Repayments of borrowings | (0.3) | (0.1) | (3.6) | (3.6) |
| Interest paid | (2.5) | (3.1) | (2.8) | (3.3) |
| Distribution | (236.0) | (252.6) | (236.0) | (252.6) |
| (Purchase)/Sale of treasury shares | (58.7) | 0.4 | (94.6) | 7.7 |
| Other, net | (0.8) | (0.6) | (1.3) | (1.2) |
| **Net cash from/(used in) financing activities** | **(298.3)** | **(256.0)** | **(338.3)** | **(253.0)** |
| | | | | |
| Effects of exchange rates on cash | (18.9) | (13.6) | (9.2) | (16.9) |
| | | | | |
| **Net increase/(decrease) in cash** | **(163.3)** | **(85.7)** | **(184.8)** | **(69.5)** |
| | | | | |
| Cash and cash equivalents at beginning of period | 565.1 | 316.8 | 586.6 | 300.6 |
| **Cash and cash equivalents at end of period** | **401.8** | **231.1** | **401.8** | **231.1** |

# Notes to the Half-Year Report 2011

## 1. General

The unaudited consolidated interim report for the first half-year 2011 was prepared according to IAS 34. The financial figures were determined in accordance with the same valuation principles as the audited financial statements as at December 31, 2010.

At each balance sheet date, Geberit assesses if there are any indications for an impairment of assets. If there are any indications, an impairment test is carried out and the valuation of the asset is corrected if needed. Furthermore, goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. As at June 30, 2011, no indications exist which point to an impairment loss of goodwill and intangible assets.

The Board of Directors of Geberit AG decided to initiate a share buyback program in 2011 and 2012. Shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. As at June 30, 2011, 515,000 shares in the gross amount of MCHF 102.3 have been repurchased. Based on the closing price of the Geberit registered share on June 30, 2011, and the average price of the already repurchased shares, the value of the total shares to be bought back is approximately MCHF 410.

As at June 30, 2011, the Geberit Group changed the conditions of the firmly committed credit line of MCHF 250 and rolled over the credit term. Apart from a reduction of the credit line by MCHF 100 to MCHF 150, an improvement of the financial conditions could be achieved. The credit line is newly firmly committed until June 2016 and shall ensure the Group's financial flexibility.

## 2. Retirement benefit plans

The actuarial calculations were extrapolated as per June 30, 2011. Thereby, the discount rate for Swiss pension plans was increased from 2.80% to 2.90%, the discount rate for German pension plans from 4.75% to 5.25% compared to December 31, 2010. The other parameters remain unchanged. The resulting adjustment of the pension liability is shown in the "Consolidated Statements of Comprehensive Income". According to the statutory calculation, the Swiss pension plans show a slight surplus as at June 30, 2011.

## 3. Distribution

Instead of a dividend, the General Meeting approved a redemption of capital contribution of CHF 6.00 per share. The distribution took place on April 28, 2011.

## 4. Changes in Group organization

In the course of an internal reorganization and consolidation, a Dutch holding company and three German companies were merged to one company.

## 5. Treasury shares

Compared to December 31, 2010, the treasury shares held by the Group as at June 30, 2011, increased net by a number of 456,198 to a total quantity of 2,151, 394.

## 6. Events after the balance sheet date

The Geberit AG repurchased in the course of the share buyback program 2006 1,391,000 shares. These shares were cancelled in the course of the capital reduction. As at July 6, 2011 the approved capital reduction was executed and the total quantity of treasury shares is 774,894. The number of total shares newly issued amounts to 39,847,005. There were no additional material events after the balance sheet date.

## 7. Segment Reporting

The Geberit Group consists of one single business unit with the purpose to develop, produce and distribute sanitary products and systems for the residential and industrial construction industry. All products are distributed using the same distribution channel – the wholesale – in general to the installers, who resell the products to the end customer. The products are produced by plants, which are specialized in particular production processes. As a general rule, one specific article is only produced at one location. The distribution is made by country or regional distribution companies, which sell to wholesalers. A distribution company is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is the local market development, which contains as a main focus the support of installers, sanitary planners and the wholesalers. Research and development for the whole range of products is made centrally by Geberit International AG. All corporate tasks are also centralized at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) as well as the management structure of the Geberit Group are organized by function (overall management, products, sales, finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on the sales by markets and product lines as well as the consolidated income statements, balance sheets and statement of cash-flows. The reporting is prepared according to IFRS 8.31 ff (one single reportable segment) and the valuation is made according to the same principles as the consolidated financial statements 2010. The geographical allocation of sales is based on the domicile of the customers.

The information for six months is as follows:

| | 1.1.–30.6.2011<br>MCHF | 1.1.–30.6.2010<br>MCHF |
|---|---|---|
| **Sales by product lines** | | |
| Installation Systems | 415.7 | 427.0 |
| Cisterns and Mechanisms | 120.5 | 121.7 |
| Faucets and Flushing Systems | 62.2 | 66.8 |
| Waste Fittings and Traps | 49.4 | 48.8 |
| **Sanitary Systems** | **647.8** | **664.3** |
| | | |
| Building Drainage Systems | 163.4 | 149.5 |
| Supply Systems | 307.4 | 301.6 |
| **Piping Systems** | **470.8** | **451.1** |
| | | |
| **Total** | **1,118.6** | **1,115.4** |

| | 1.1.–30.6.2011<br>MCHF | 1.1.–30.6.2010<br>MCHF |
|---|---|---|
| **Sales by markets** | | |
| Germany | 382.0 | 375.9 |
| Switzerland | 156.0 | 147.2 |
| Italy | 118.0 | 123.4 |
| Other Europe | 373.3 | 374.4 |
| Other markets | 89.3 | 94.5 |
| **Total** | **1,118.6** | **1,115.4** |

| | 1.1.–30.6.2011<br>MCHF | 1.1.–30.6.2010<br>MCHF |
|---|---|---|
| **Share of sales by customers** | | |
| Customers with more than 10% of sales: customer A | 152.8 | 147.5 |
| **Total > 10%** | **152.8** | **147.5** |
| | | |
| Remaining customers with less than 10% of sales | 965.8 | 967.9 |
| **Total** | **1,118.6** | **1,115.4** |

## 8. New or revised IFRS standards and interpretations as from 2011 and their adoption by the Group

| Standard/Interpretation | Enactment | Relevance for Geberit | Introduction |
|---|---|---|---|
| IAS 32 – Classification of Right Issues | 1.2.2010 | Rights issues in all currencies have to be classified as equity. This amendment has no impact on the consolidated financial statements of the Geberit Group. | 1.1.2011 |
| IAS 24 – Related Party Disclosures | 1.1.2011 | Simplification of the disclosure of government-related entities. This amendment has no impact on the consolidated financial statements of the Geberit Group. | 1.1.2011 |
| Annual improvements of IFRS and interpretations (IFRIC) | 1.1.2011 | The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements of the Geberit Group. | 1.1.2011 |

# Corporate Calendar

| | 2011 |
|---|---|
| Interim report 3rd quarter | 3 November |

| | 2012 |
|---|---|
| First information on the year 2011 | 12 January |
| Results full year 2011 | 8 March |
| Annual General Meeting | 4 April |
| Dividend payment | 13 April |
| Interim report 1st quarter | 26 April |

(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 2011 at www.geberit.com. The annual report 2010 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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