

Geberit Group – Quarterly report as per March 31, 1999

The Geberit Group reports consolidated sales of CHF 298.4 million for the first quarter of 1999, exceeding the corresponding period in the previous year by 11.4%. Currency-adjusted sales grew by 11.0%. Operating profit before amortization (EBITA) amounted to CHF 67.0 million (22.5% of sales).

Business performance

First quarter sales amounted to CHF 298.4 million (an increase of 11.4% compared to the same period in the previous year). The currency-adjusted sales growth was 11.0%. In the Company's core geographic markets, sales in local currencies increased in Germany (+ 2.4%), Italy (+ 11.0%), Switzerland (+ 3.3%), the Netherlands (+ 19.5%) and France (+ 15.2%), whereas sales in Austria and Belgium decreased by 0.8% and 6.7%, respectively, in each case as compared to sales in the first quarter 1998.

Operating profit before interest, taxes and amortization of goodwill and other intangible assets (EBITA) increased from CHF 54.8 million to CHF 67.0 million in the first quarter of 1999 (an increase of 22.3%), providing the Company with a sales margin of 22.5%. This performance reflects the Company's strong sales growth, fueled by the success of newly introduced products in a moderately growing construction and renovation market, combined with further cost saving improvements especially with respect to cost of materials. Operating profit before interest, taxes, amortization and depreciation expenses (EBITDA) also increased from CHF 57.7 million to CHF 81.6 million (+ 20.9%), representing a sales margin of 27.3%.

Acquisition of Caradon Terrain Ltd.

As of February 1, 1999, Geberit acquired (through an affiliate) 100% of Caradon Terrain Ltd. for a total consideration of GBP 26.3 million (including the repayment of inter-company debt to Caradon plc.)¹. This strategic acquisition strengthens Geberit in the UK market and presents new opportunities for the Company's products and services. Excluding the results of the newly acquired subsidiary (which are included in the Company's consolidated results commencing February 1, 1999), Geberit group sales in the first quarter would have been CHF 287.3 million (an increase of 7.3% compared to the same period in the previous year).

This acquisition accounts for most of the cash used in investing activities in the first quarter 1999.

¹ See press release dated February 2, 1999

Outlook

Management is encouraged by Geberit's strong start to the year 1999 and firmly believes that the first quarter evidences the success of Geberit's product innovation strategy, combined with cost savings in all material business processes. Although, it would be misleading to extrapolate first quarter results to the end of the year due to seasonal and other factors.