

Geberit Group – Quarterly Report as per September 30, 1999

Dynamic growth continued – Sales increased by almost 14%

The Geberit Group, European market leader in sanitary technology, reported cumulative sales of CHF 926.7 million as per third quarter of 1999 – an increase of 13.8%, or currency adjusted 14.9%. Organic sales grew by 7.8%. While earnings before interest and taxes (EBIT) increased by 23.3% to CHF 159.8 million, operating cash flow (EBITDA) grew by 18.4% to CHF 255.0 million. Due to seasonal influences, the last quarter of a year is usually weaker than the preceding quarters. However, the Group Executive Board expects the 1999 business year to be successful, with clear increases in sales and earnings.

Business Performance

Business clearly picked up in the third quarter of 1999. Compared to the same quarter of the previous year, sales grew by 16.1% and reached CHF 320.2 million (CHF 275.7 million). Therefore, consolidated sales at the end of September were CHF 926.7 million (+13.8%). Due to the slightly higher valuation of the Swiss franc as compared to the previous year, currency adjusted sales grew by 14.9%. After deducting the effect of the Geberit Terrain acquisition, the company reported organic growth of 7.8% (+8.7% in local currencies), clearly exceeding expectations.

Above average growth in Eastern Europe (+41%), the Netherlands (+21%) and Italy (+15%) expressed in local currencies, was the main driver for the development during the first nine months. In addition, sales growth in Germany, the Group's largest individual market, increased substantially. After a slow start in the first quarter (+2.4%) and a subdued first half year (+3.3%), the growth rate reported by Germany at the end of September was 5.3%.

Product lines were developing differently. The strongest growth was seen in drainage systems (+26%), water supply systems (+21%) and installation systems (+9%). Flushing systems grew by 1.5%.

In the first nine months of the year, cumulative operating profit before interest and taxes (EBIT) grew by 23.3% to CHF 159.8 million. This corresponds to a margin of 17.2%, clearly above that of the previous year (15.9%).

In the third quarter of 1999 a margin of 18.4% was achieved with an EBIT of CHF 59 million. The slightly lower margin when compared to the corresponding quarter of the previous year (18.9%) mainly reflects the integration of Geberit Terrain and extra costs resulting from the implementation of the logistics and production strategy.

Operating cash flow (EBITDA) at the end of September 1999 was CHF 255 million, an increase of 18.4%. The EBITDA margin of 27.5% was above that of the comparative period in 1998 (26.4%).

Net Profits and Financial Situation

Net profits as of September 30 were reported at CHF 47.6 million (previous year: CHF 45.7 million). This considers extra costs of CHF 24.3 million due to the refinancing of the company after the IPO. Third quarter net profits of CHF 29.5 million are 61% above those of the 1998 third quarter.

The balance sheet was further strengthened in the third quarter. Net debt of CHF 561.5 million after the deduction of cash and cash equivalents reflect a gearing (ratio of net debt to net equity) of 115%. Since June 30, 1999, the equity ratio has increased from 29.1% to 30.7%.

By September 30, the amount of CHF 53.5 million had been invested in fixed assets. This is mainly influenced by the new logistics centre in Germany which successfully went into operation during the third quarter.

Outlook

For the last quarter, the Group Executive Board expects a stable market situation. For the full fiscal year, a double digit sales growth and an even faster growth in operating results is expected.

The Geberit Group will continue to consolidate its leading market position and to further expand internationally.

Enclosure: Financial Information