Information on the First Half-Year 2005

Geberit on the right track

Geberit AG, Jona, 16 August 2005

Compared to the high prior year figures, the Geberit Group generated good results for the first half-year 2005. Although, as a result of disinvestments, sales decreased by 3.1% to CHF 973.5 million, there was a slight organic growth in local currencies by 1.1%. The operating cashflow (EBITDA) declined by 5.3% to CHF 237.5 million. The operating profit (EBIT) rose to CHF 195.9 million (+9.4%) which was partly due to changes in accounting principles. Net income reached CHF 142.4 million and thus grew by 23.1%. Earnings per share were CHF 34.75. For the entire year Management expects to achieve a moderate organic sales growth and the operating results to remain on a high level.

Sales of the Geberit Group in the first six months of the year 2005 amounted to CHF 973.5 million, compared to CHF 1,004.8 million in the prior year. This corresponds to a decline of 3.1%. After adjustments for Blücher Metal ApS (DK), sold in early 2005, and the discontinued underground piping systems business, consolidated sales rose by 0.5% in Swiss Francs and by 1.1% currency adjusted against the strong first six months of 2004. Sales continued to be affected by the strength of the Swiss Franc compared to the Euro and US Dollar.

In the second quarter, sales increased by 1.2% compared to –7.2% in the prior quarter. In organic terms and after currency adjustments, the increase was 5.4% and thus also outperformed the relevant first quarter figure of –2.9%.

The European markets recovered against the first quarter. In organic terms and in local currencies, the total increase as of the end of June amounted to 0.8%. Among the major European markets, the United Kingdom (+20.4%) and France (+10.7%) recorded a two-digit growth, although Switzerland (+5.4%), Belgium (+4.2%), the Netherlands (+3.6%), Austria (+3.5%) and Italy (+1.8%) also developed positively. It was only in the German market that the continuously weak market conditions resulted in a decrease of 8.1% in the first half-year. The other European markets experienced a very satisfactory development with a 13.4% increase. While the Middle East/Africa (+27.7%) and Far East/Pacific (+44.4%) regions recorded a marked two-digit growth, although on a moderate level, America was disappointing at –3.4%.

The Sanitary Systems product area grew slightly by 0.6% to CHF 545.8 million. Sales in the Piping Systems product area, on the other hand, declined by 7.5% to CHF 427.7 million due to the disinvestments of Blücher Metal ApS and a part of the underground piping systems business. Sales of piping systems recorded an organic growth by 0.5%.

In the middle of the year, profitability in the operating business was slightly below the very good prior year. The operating cashflow (EBITDA) decreased by 5.3% to CHF 237.5 million, which corresponds to an EBITDA margin of 24.4% (prior year 25.0%). The operating profit (EBIT) rose by 9.4% to CHF 195.9 million, resulting in an EBIT margin of 20.1% (prior year 17.8%). The discontinuation of goodwill amortizations, which had reduced the prior year result by CHF 27.1 million, as a result of changes in accounting principles made a major contribution to this increase. This technical effect as well as reduced interest and tax expenses resulted in an increase in net income by 23.1% to CHF 142.4 million. At 14.6%, the return on sales of the comparable prior year period of 11.5% was surpassed significantly. Earnings per share were CHF 34.75.

The Company's financial situation continued to be sound after the first six months of the year 2005. Net debt was reduced by CHF 37.5 million to CHF 416.2 million in the first half-year 2005. The equity ratio remained almost unchanged against the year-end 2004 at 42.1%.

An amount of CHF 32.6 million (prior year CHF 31.6 million) was invested in property, plant and equipment in the first half-year. The focus was on machinery and tools as well as on the new development and reconstruction of production plants. Research and development expenses rose slightly to CHF 21.8 million (prior year CHF 21.6 million) which corresponds to 2.2% of sales.

Although the economic situation in the European construction industry will not change significantly in the second half-year, Management anticipates realistic chances for the entire year 2005 to achieve a moderate organic sales growth and to maintain the operating results on a high level.

As a European market leader, the Geberit Group is a global provider in the area of sanitary technology with sales of approx. CHF 1.9 billion and about 5'200 employees worldwide.

Financial Key Figures as of 30 June 2005

Millions of CHF	1/1/ – 30/06/2005	1/1/ – 30/06/2004
Sales	973.5	1,004.8
Change in %	-3.1	+43.0
Operating cashflow (EBITDA)	237.5	250.7
Change in %	-5.3	+44.6
Margin in %	24.4	25.0
Operating profit (EBIT)	195.9	179.1
Change in %	+9.4	+48.9
Margin in %	20.1	17.8
Net income	142.4	115.7
Change in %	+23.1	+45.7
Margin in %	14.6	11.5
Earnings per share (CHF)	34.75	28.26
Adjusted earnings per share (CHF)	34.75	34.80

	30/06/2005	31/12/2004
Equity	845.2	817.3
Equity ratio in %	42.1	42.2
Net debt	416.2	453.7
Number of employees	5,257	5,516

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