

Annual results 2005

Geberit with convincing 2005 performance

Geberit AG, Jona, 16 March 2006

In 2005, the Geberit Group again generated convincing results. Sales amounted to CHF 1,922.9 million, a rise of 0.8% against the comparable prior year period. The organic growth after currency adjustments amounted to 5.0%. The operating cashflow (EBITDA) increased by 0.6% to CHF 455.9 million. The operating profit grew by 20.1% to CHF 366.9 million. Net income rose by 35.0% to CHF 262.5 million. Earnings per share amounted to CHF 64.09. The dividend to shareholders is to be increased by 13.6% to CHF 25.00. For 2006, Management expects a solid sales growth and a continued increase in earnings per share.

Sustained sales growth

As already announced in January 2006, the Geberit Group generated sales of CHF 1,922.9 million (prior year CHF 1,906.8 million) in 2005. This corresponds to a growth by 0.8% or 0.5% after currency adjustments. The organic growth was 5.4% or 5.0% in local currencies.

The following sales performance by geographic regions relates to organic changes in local currencies. With a 5.3% growth, the development of the European markets continued to be satisfactory. The Middle East/Africa and Far East/Pacific regions with 20.0% and 42.4%, respectively, recorded an even more significant growth. Only the USA posted a disappointing 7.0% decline.

With a rise in sales of 4.1%, the product area Sanitary Systems generated a 55.0% contribution to Group sales. Due to disinvestments, the product area Piping Systems posted a decline in sales by 2.8% and contributed 45.0% to total sales. In organic terms, however, this product area experienced a 7.3% increase.

Continuously convincing profitability

In 2005, the Geberit Group was able to repeat and in some respects even to markedly improve the prior year's good results. This was due to a more broadly supported sales growth, increased market and customer orientation as well as successful cost management. The operating cashflow (EBITDA) rose by 0.6% against the prior year to CHF 455.9 million. This corresponds to an EBITDA margin of 23.7% (prior year 23.8%). The operating profit (EBIT) grew by a strong 20.1% to CHF 366.9 million, mainly due to the discontinuation of goodwill amortization. The EBIT margin amounted to 19.1% (prior year 16.0%). Net income increased by 35.0% to CHF 262.5 million. Thus the return on sales was 13.7% (prior year 10.2%). Earnings per share amounted to CHF 64.09 (+35.4% against the prior year). After adjustments for the discontinuation of goodwill amortization, the increase of the earnings per share against the prior year would have been 7.2%.

Another rise in cashflow and sound balance sheet structure

Due to the increase in net cashflow and reduced investments in property, plant and equipment, the free cashflow rose by another 6.1% against the already strong prior year figure to CHF 290.2 million. Thus the balance sheet structure was further strengthened as of the end of 2005. Net debt declined markedly by CHF 240.3 million to CHF 213.4 million. The equity ratio amounted to 49.2% (prior year 42.2%). In relation to average equity, return on equity reached 29.1% (prior year 23.8%). In view of the solid financial base, the Board of Directors will propose to the general meeting a 13.6% dividend increase to CHF 25.00.

Outlook 2006

Geberit is confident that it will again be able to successfully master the market challenges in 2006 and to steadily build on its past success. In addition to the increasingly more positive environment for the construction industry in markets such as Germany, Italy, Switzerland and Austria, growth will to a growing extent be driven by markets such as the United Kingdom, France, Scandinavia, Spain, Eastern Europe, the Middle East and Asia where the current market penetration and product range offer further growth potential. Therefore, after a good start, Management expects for 2006 a solid sales growth, operating results remaining on the high level of the prior years and a continued increase in earnings per share.

Changes on the Board of Directors and Group Executive Board

In addition to Randolph Hanslin, who will retire from the Group Executive Board, Hans Hess will be proposed for election to the Board of Directors at the general meeting on 28 April 2006. Hans Hess (1955), Swiss citizen, graduated as a materials engineer from ETH Zurich. After spending some time with Sulzer and Huber&Suhner, he joined the Leica Group in 1991. He was appointed CEO and President of the Board of Directors of Leica Geosystems AG in 1996. In the wake of the acquisition by the Swedish Hexagon AB, he retired from his offices at the end of 2005. Hans Hess is an internationally successful business manager with a broad range of experience in innovation management and global market development. He is a member of the Boards of Directors of the listed companies Comet AG and Schaffner AG.

As already announced in January 2006, Randolph Hanslin will retire as of 21 April 2006 after many successful years on the Geberit Group Executive Board. His successor as Head of the Group Division Products will be Dr Michael Reinhard who is presently responsible for the Group Division Sales. A replacement solution for the Group Division Sales is currently being developed.

As 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 in approx. 40 countries worldwide.

Financial key figures as of 31 December 2005

Million of CHF	1/1 – 31/12/2005	1/1 – 31/12/2004
Sales	1,922.9	1,906.8
Change in %	+0.8	+35.8
Operating cashflow (EBITDA)	455.9	453.4
Change in %	+0.6	+37.5
Margin in %	23.7	23.8
Operating profit (EBIT)	366.9	305.5
Change in %	+20.1	+48.0
Margin in %	19.1	16.0
Net income	262.5	194.4
Change in %	+35.0	+32.2
Margin in %	13.7	10.2
Earnings per share (CHF)	64.09	47.32
Adjusted earnings per share (CHF)	64.72	60.37
	31/12/2005	31/12/2004
Equity	958.0	816.8
Equity ratio in %	49.2	42.2
Net debt	213.4	453.7
Number of employees	5,162	5,516

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