

Annual results 2008

Geberit with convincing 2008

Geberit AG, Rapperswil-Jona, March 12, 2009

Despite increasingly difficult general conditions, the Geberit Group reported a convincing close to 2008. Sales reached CHF 2,455.1 million. This corresponds to a decrease of 1.3%. In organic terms and in local currencies, a growth of 3.2% was achieved. The operating cashflow (EBITDA) increased by 1.8% to CHF 649.1 million. The operating profit (EBIT) grew by 1.7% to CHF 563.4 million. Net income rose by 0.6% to CHF 466.3 million. Earnings per share increased by 2.0% to CHF 11.90. The dividend to shareholders is to be increased to CHF 5.40.

Renewed growth on a comparative basis

As already announced in January 2009, the Geberit Group generated sales of CHF 2,455.1 million in 2008 (previous year CHF 2,486.8 million). This represents a decline of 1.3%. In organic terms and in local currencies, however, growth was 3.2%.

The following sales by regions relate to organic changes in local currencies. Individual markets experienced very different developments over the course of the year. Sales in the European region increased by 2.6%. Double-digit growth rates were maintained in Far East/Pacific (+20.4%) and Middle East/Africa (+19.0%). America ended the year on a positive note (+0.8%) despite a difficult environment.

Sales for the Sanitary Systems product area increased by 0.6% to CHF 1,375.0 million. The increase was as much as 4.0% in local currency. The Piping Systems recorded a decline in sales of 3.5%, to CHF 1,080.1 million. In local currencies and adjusted for the effects of the sale of PVC activities in the UK in mid-2007, this resulted however in an increase in sales of 2.3%.

Profitability at record levels

In 2008, the Geberit Group was once again able to exceed excellent prior year results and to achieve new record profitability levels. Responsibility for this achievement can be credited to product mix effects, consequent cost management and a slight decline in raw material prices, coupled with sales levels slightly below those of the prior year. This increase in earnings occurred even though 2007 was positively influenced by an extraordinary effect.

The operating cashflow (EBITDA) rose by 1.8% against the prior year to CHF 649.1 million. The EBITDA margin was 26.4% (2007: 25.7%), thus achieving a new record value. Over the last ten years, the average EBITDA growth of 9.8% markedly exceeded the corresponding rise in sales of 9.1%. Operating profit (EBIT) grew by 1.7% to CHF 563.4 million. The EBIT margin was 22.9% (2007: 22.3%). Net income rose by 0.6% to CHF 466.3 million. The return on sales thus amounted to 19.0% (2007: 18.6%). Earnings per share of CHF 11.90 were generated (+2.0% against 2007).

Cashflow increased once again, financial base further strengthened

Based on a net cashflow increase and on the positive effects arising from net working capital and despite investments in property, plant and equipment that were markedly greater than even those made during 2007, free cashflow was able to be increased by another 12.5% compared to the already impressive prior year, to CHF 407.9 million. Thus, the Geberit Group further strengthened its balance sheet structure as of the end of the year under review. The liquidity situation is very comfortable. At the end of 2008, the Group showed a positive net cash level of CHF 150.3 million (prior year CHF 176.2 million). The equity ratio achieved a solid 63.9% (prior year 61.1%). In terms of average equity, the return on equity was 34.9% (prior year 37.5%).

The Board of Directors would like the shareholders to participate in the positive business development. It will therefore propose a slightly increased dividend distribution of CHF 5.40 at the General Meeting.

Outlook 2009

The global economic crisis and the related lack of visibility for the near future make forecasts very difficult. Nonetheless, overall economic trends can be recognized. The decline in the building construction industry will continue. Construction volumes will regress significantly in most of the geographical markets that are important to Geberit; no recovery can be realistically expected before 2011. New housing construction will be the most severely affected by the crisis, but the remaining sectors – including the renovation business – will however also not be able to fully escape the downward trend.

From today's point of view, it is not appropriate to issue quantitative prognoses for Geberit in 2009. Even in this demanding environment, Management is convinced that the Geberit Group has a good position for the coming challenges and that it will emerge strengthened from this difficult global economic phase. With the experienced and highly motivated employees, a series of promising new products for 2009, the effective, efficient and market-oriented organization, as well as the very sound financial base, Geberit looks to the future with confidence.

As the European market leader in the field of sanitary technology, the Geberit Group is a global provider with sales of CHF 2.5 billion. It employs 5,700 people in 40 countries around the world.

Financial key figures as of December 31, 2008

Million of CHF	1/1 – 31/12/2008	1/1 – 31/12/2007
Sales	2,455.1	2,486.8
Change in %	-1.3	+13.9
Operating cashflow (EBITDA)	649.1	637.9
Change in %	+1.8	+12.1
Margin in %	26.4	25.7
Operating profit (EBIT)	563.4	553.8
Change in %	+1.7	+14.8
Margin in %	22.9	22.3
Net income	466.3	463.3
Change in %	+0.6	+30.5
Margin in %	19.0	18.6
Earnings per share (CHF)	11.90	11.67
	31/12/2008	31/12/2007
Equity	1,311.9	1,404.4
Equity ratio in %	63.9	61.1
Net debt / (net cash)	(150.3)	(176.2)
Number of employees	5,697	5,344

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