Quarterly report as of September 30, 2009

Geberit increases operating margins

Geberit AG, Rapperswil-Jona, October 29, 2009

The Geberit Group is reporting a convincing close to the first nine months of 2009 in an exceptionally difficult environment. The results for the third quarter are particularly positive. Consolidated sales reached CHF 1680.0 million, which corresponds to a decrease of 14.3% in Swiss francs or 8.9% after currency adjustments. Operating cash flow (EBITDA) decreased by 11.8% to CHF 488.7 million; operating profit fell by 13.1% to CHF 426.8 million. Net income was negatively impacted by lower financial results and one-time tax expenses and amounted to CHF 316.3 million, 20.0% less than in the same period in the prior year. Management is expecting sales of slightly more than CHF 2.1 billion for 2009 as a whole and an operating margin (EBITDA) at the same level as the prior year.

Sales in the first three quarters of 2009 reached CHF 1680.0 million, which corresponds to a decline of 14.3% in Swiss francs over the prior year. Included in this were significant currency losses, primarily from the Euro. In local currencies, the decrease was 8.9%.

In the third quarter, sales in Swiss francs decreased by 13.1% or 7.9% after currency adjustments. This means that compared to the first two quarters of 2009 – a decrease of 8.3% in the first quarter and 10.5% in the second quarter after currency adjustments – the contraction was the smallest in this quarter despite a strong comparison period in the prior year.

After nine months, the trend of significantly more moderate sales declines in established markets than in developing markets continues. Sales in Europe fell by 8.5% in local currencies. Germany (-2.7%), France (-2.8%), Benelux (-4.6%), Austria (-5.4%) and Switzerland (-5.6%) held up comparatively well. Of the core markets, only Italy saw an above-average decrease (-17.2%). Large declines were also seen in the Nordic countries (-15.6%), the United Kingdom/Ireland (-16.3%), Central/Eastern Europe (-20.5%) and the Iberian peninsula (-28.7%). Conditions remained difficult in the regions of the Middle East/Africa (-15.4%) and America (-16.4%). On the other hand, the Far East/Pacific region improved to -9.0% thanks to a positive third quarter.

Sales in the sanitary systems product area fell by 12.7% (-7.3% after currency adjustments) and 16.4% (-10.9% after currency adjustments) in the piping systems product area.

Operating profitability increased again slightly from its already high level. Strict cost management and lower raw-material prices offset falling sales, negative currency effects and increased personnel costs. Operating cash flow (EBITDA) dropped by 11.8% to CHF 488.7 million. The EBITDA margin increased from 28.3% in the prior year to 29.1%. Operating profit (EBIT) decreased by 13.1% to CHF 426.8 million, corresponding to an EBIT margin of 25.4% compared to 25.0% in the prior year. Net income dropped by a disproportionate 20.0% to CHF 316.3 million. Lower financial results and one-time tax expenses in the third quarter were responsible for this decrease. The latter resulted from completed tax audits and internal process adjustments. Beginning in 2010 this will result in lower taxes for the Group. A tax rate of 22 to 23 percent of pre-tax net income is expected for 2009 as a whole. Earnings per share fell by 19.6% to CHF 8.10.

The financial situation remained at a very healthy level. The Group had net cash of CHF 219.2 million at its disposal as of the end of September 2009 (CHF 150.3 million as of the end of 2008). The equity ratio increased from 63.9% as of the end of 2008 to 64.3%.

In the first nine months of 2009, CHF 63.0 million (prior year CHF 93.9 million) was invested in property, plant and equipment.

Geberit employed 5,680 people as at the end of September 2009, 17 people less than at the end of 2008.

The global economic crisis and the related uncertainty in prognoses for the near future mean that predictions are still very difficult. Nevertheless, overall economic trends can be recognized. The decline in the building industry will continue. Construction volumes are regressing further in most of the geographical markets that are important to Geberit; no recovery can be realistically expected before 2011. New housing construction is the most severely affected by the crisis, but the remaining sectors – including the renovation business – cannot fully escape the downward trend either. On the basis of the results available after nine months, Management is expecting sales of slightly more than CHF 2.1 billion for 2009 as a whole. Net operating income should exceed the expectations announced at publication of the half-year figures and achieve an EBITDA margin equal to that of the prior year. Making medium-term quantitative forecasts remains difficult and very uncertain. Management is, however, convinced that the Geberit Group is well equipped for the coming challenges and that it will emerge strengthened from this difficult global economic phase.

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 41 countries around the world.

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Financial key figures as of September 30, 2009

CHF million	1/1 – 30/09/2009	1/1 – 30/09/2008
Sales	1680.0	1960.1
Change in %	-14.3	+1.4
Operating cashflow (EBITDA)	488.7	554.2
Change in %	-11.8	+7.2
Margin in %	29.1	28.3
Operating profit (EBIT)	426.8	490.9
Change in %	-13.1	+7.8
Margin in %	25.4	25.0
Net income	316.3	395.5
Change in %	-20.0	+5.3
Margin in %	18.8	20.2
Earnings per share (CHF)	8.10	10.07
Change in %	-19.6	+6.4

	30/09/2009	31/12/2008
Equity	1457.7	1311.9
Equity ratio in %	64.3	63.9
Liquid funds, less debt	219.2	150.3
Number of employees	5680	5697

Please visit our website www.geberit.com for additional information.

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