Half-Year Report as of June 30, 2011

Double-digit sales growth in local currencies

Geberit AG, Rapperswil-Jona, August 16, 2011

In the first half of the year, the Geberit Group enjoyed continued growth above the market average in spite of a demanding environment in many regions. The results declined slightly in comparison to the prior year, but were still on a very high level. There was double-digit sales growth of 11.7% after currency adjustments to CHF 1,118.6 million, which in Swiss Francs amounted to an increase of 0.3%. The operating profit dropped by 5.2% to CHF 254.9 million. The net income of CHF 220.3 million was practically on par with the result of the first six months of the prior year. For 2011 overall, Management is expecting currency adjusted sales growth towards a high single-digit level and operating margins at the upper end of medium-term targets.

In the first half of 2011, the Geberit Group achieved sales of CHF 1,118.6 million. After currency adjustments, this corresponds to a growth of 11.7% in comparison to the prior year. The increase in Swiss Francs was only 0.3% due to the strong Swiss Franc. The turbulence on the currency front meant a drop in sales amounting to CHF 126.9 million in the first half of the year. Looking over the quarterly sales development, the positive tendency in local currencies is continuing. After a growth of 12.8% in the first quarter, the Group again achieved double-digit growth of 10.5% in the second quarter.

After adjustments for foreign currency effects, sales increased in Europe by 11.8%. The upturn, which had already started in the prior year, continued in most European markets. Growth was clearly above the double-digit level in the United Kingdom/Ireland (+23.5%), Germany (+15.0%), Central/Eastern Europe (+14.7%), Austria (+14.5%), France (+13.0%) and the Nordic countries (+12.7%). There were also increases in Italy (+8.1%), the Benelux countries (+7.7%) and Switzerland (+6.0%). The only European market suffering a drop was the Iberian peninsula (-3.8%). Despite the very difficult environment in America, growth in that region was very pleasing (+12.3%). The Far East/Pacific region also showed an increase (+10.2%). In contrast the Middle East/Africa region suffered from the politically and economically challenging conditions, which resulted in an under-proportionate growth of 5.2%.

In the product areas, the development of higher growth for Piping Systems continued in the second quarter, albeit slightly weakened. This product area has suffered particularly over the past three years from stagnant new construction business. The Sanitary Systems product area increased in the first half of 2011 by 8.9% (in Swiss Francs: -2.5%), the Piping Systems product area by 15.7% (in Swiss Francs: +4.4%).

The result situation was once more very positive, although slightly below the high level of the prior year. Operating expenses were mainly under pressure in the second quarter due to continuing increases in material costs. In addition, results were negatively affected by the marketing costs resulting from intensified activities in connection with product launches, continuing efforts to boost the Geberit brand, selective growth initiatives and also for the bi-annual ISH, the most important European sanitary trade fair, which takes place in the spring in Frankfurt (DE). The over-proportionate growth of the lower-margin Piping Systems product area also meant a drop in operating margins. The cost increases were cushioned by the strong Swiss Franc. Overall, however, the strong Swiss Franc had a negative currency effect on operating profit of around CHF 35 million. As a result, operating cashflow (EBITDA) dropped by 4.8% to CHF 296.2 million with an EBITDA margin of 26.5% (prior year 27.9%). Operating profit (EBIT) reached CHF 254.9 million; the EBIT margin fell from 24.1% in the prior year to 22.8%. Net income of CHF 220.3 million – corresponding to a return on sales of 19.7% (prior year 19.8%) – was maintained at practically the same level of the prior year. This was due to positive effects of the financial result as well as a lower tax rate. Earnings per share also remained almost unchanged at CHF 5.59 (prior year CHF 5.62).

The Geberit Group still has a very sound financial foundation. The equity ratio dropped slightly in comparison to the level at the end of 2010 to 68.2%. The net cash amount (liquid funds less debt) decreased as planned after the distribution to the shareholders of CHF 236.0 million in May from CHF 513.2 million to CHF 336.5 million.

The Geberit Group employed 6,038 people worldwide as of the end of June 2011. This was 218 more people or 3.7% more than at the end of 2010. This increase is mainly due to the adjustment of capacity in the production plants to meet the growth in volume, focused growth initiatives in individual markets and setting up own production facilities for the AquaClean shower toilet, which was previously manufactured by a subcontractor.

The prognoses for the construction industry overall foresee a slight recovery for 2011 as a whole, although to some extent with significantly diverging developments in the individual regions/markets and construction sectors. Recovery in Europe will be driven primarily by the positive developments in the residential construction sector. The commercial construction sector in all markets will only slowly find its way back to growth. There are generally many relevant indicators that point to historically low levels in Europe. A return to the growth rates prior to the financial crisis is not expected in the foreseeable future. The dip in the construction sector in North America has not yet been overcome. Important key figures in residential construction have dropped once more in comparison to the prior year. In the commercial construction sector, development is expected to be flat at best. For this reason, the overall conditions in North America are expected to remain difficult. Continuing market growth is expected in Asia – especially in countries that are important for Geberit such as China and India. Long-term growth perspectives remain intact.

The gratifying results of the first half of the year dispose Management to be confident of achieving solid results in 2011. It is expected that sales will grow towards a high single-digit level after currency adjustments. The operating cashflow (EBITDA) will fall in comparison to the prior year as a result of the steep increases in raw material prices, intensified marketing activities and the strong Swiss Franc. However, the EBITDA margin will continue to reach a value at the upper end of the medium-term target corridor of 23 to 25 percent.

Financial key figures as of June 30, 2011

Millions of CHF	1/1 – 6/30/2011	1/1 – 6/30/2010
Sales	1118.6	1115.4
Change in %	+0.3	+1.5
Operating cashflow (EBITDA)	296.2	311.0
Change in %	-4.8	+1.0
Margin in %	26.5	27.9
Operating profit (EBIT)	254.9	268.9
Change in %	-5.2	+0.5
Margin in %	22.8	24.1
Net income	220.3	221.0
Change in %	-0.3	+8.9
Margin in %	19.7	19.8
Earnings per share (CHF)	5.59	5.62
Change in %	-0.5	+8.1

	6/30/2011	12/31/2010
Equity	1379.9	1520.9
Equity ratio in %	68.2	70.0
Liquid funds less debt	336.5	513.2
Number of employees	6038	5820

Please visit our website www.geberit.com as well as our half-year report on www.geberit.com/halfyearreport for additional information.

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