

Annual results 2011

## **Successful business year 2011 in a challenging environment**

Geberit AG, Rapperswil-Jona, March 8, 2012

**The Geberit Group successfully closed out a challenging year by significantly outperforming portions of the relevant market environment. Sales for 2011 as a whole amounted to CHF 2122.6 million. In Swiss Francs, this resulted in a minus of 1.1%. When calculated in local currencies, however, on a long-term basis an above-average increase in sales of 9.5% was achieved. Operating profit (EBIT) dropped by 7.6% to CHF 449.2 million. This decline was mainly due to the strong Swiss Franc. At prior year's exchange rates an increase in operating profit would have been posted. An EBIT margin of 21.2% was reached (prior year 22.6%). Net income decreased in comparison to the operating results slightly disproportionately by 5.6%, to CHF 384.0 million, with a return on sales of 18.1% (prior year 18.9%). Earnings per share dropped by 4.8% to CHF 9.82. While free cashflow did not reach the record figure of the prior year, it still remained at a high level of CHF 386.0 million, therefore further strengthening the financial base of the Group. It will be proposed an increased distribution of CHF 6.30 (+5.0%) to the General Meeting.**

### **Above-average sales growth in local currencies**

As already announced in January 2012, the Geberit Group achieved sales of CHF 2122.6 million in 2011 (prior year CHF 2146.9 million). In Swiss Francs, this resulted in a minus of 1.1% in comparison with prior year figures. When calculated in local currencies, however, on a long-term basis an above-average increase in sales of 9.5% was achieved.

Generally, there was a positive performance in the markets. European sales increased by 9.5% in local currencies. The upturn, which had already started in the previous year, continued in most European markets. America (+10.2%), Far East/Pacific (+10.0%) and Middle East/Africa (+7.5%) also grew in 2011, under sometimes extremely challenging conditions.

In Swiss Francs the Sanitary Systems product area fell by 3.7% to CHF 1209.0 million. In local currencies, on the other hand, growth reached 7.0%. Sales in the Piping Systems product area increased by 2.5% to CHF 913.6 million; the increase was as much as 13.1% in local currencies.

### **Substantial negative foreign currency effects in the income statement**

The strong Swiss Franc continued to exert its influence in 2011 compared to all major currencies of the Group. On the whole, currency fluctuations precipitated a sales loss of approximately CHF 230 million. By far the greatest effect was felt in conversions from Euros. Operating profit (EBIT) was reduced by about CHF 55 million as a result of the strong Swiss Franc.

### **Operating profitability maintained at a high level**

The Geberit Group again closed out 2011 with operating results at a high level despite slightly declining sales and considerably negative foreign-currency effects and effects from raw-material prices. Consistent cost management and further optimized processes helped to keep operating costs in check. Operating cashflow (EBITDA) decreased by 7.3% compared with the prior year to CHF 532.0 million. Despite a challenging environment, the EBITDA margin reached 25.1% (prior year 26.7%), exceeding the target range for the medium term. The average EBITDA growth of 7.4% has markedly exceeded the corresponding rise in sales of 6.2% over the last decade. The operating profit (EBIT) dropped by 7.6% to CHF 449.2 million. The EBIT margin reached 21.2% (prior year 22.6%). Compared to the operating results, net income fell slightly disproportionately by 5.6% to CHF 384.0 million with a return on sales of 18.1% (prior year 18.9%). Earnings per share declined by 4.8% to CHF 9.82.

### **Strong financial base**

Lower operating cashflow (EBITDA) led to a drop of 7.3% in net cashflow to CHF 494.7 million. Based on this figure, free cashflow also fell by 21.8% to CHF 386.0 million, as a consequence of increased investments in property, plant and equipment, but primarily because of negative effects from the change in net working capital (positive one-time effects in the prior year). Nevertheless, this is still the third-highest free cashflow ever achieved in the history of Geberit. This substantial free cashflow continued to bolster the Geberit Group's very healthy financial foundation. In addition to liquid funds and marketable securities of CHF 542.0 million (prior year CHF 586.6 million), the Group had access to undrawn operating credit facilities of CHF 195.7 million. Debt remained practically unchanged at CHF 75.6 million (prior year CHF 73.4 million). At the end of 2011, this resulted in a positive net cash level of CHF 466.4 million (prior year CHF 513.2 million). The equity ratio fell slightly but still reached a very solid 66.9% (prior year 70.0%). In terms of average equity, the return on equity (ROE) for the year under review was 26.0% (prior year 27.0%). The return on invested operating capital (ROIC) amounted to 28.8% (prior year 28.7%).

### **Higher distribution**

The Board of Directors will propose a distribution of CHF 6.30 to the General Meeting of Geberit AG on April 4, 2012, an increase of 5.0% over that of 2010. As in the prior year, the distribution will be paid out entirely in the form of a tax-exempt payment from reserves from capital contribution.

### **Outlook 2012**

The year 2012 in the construction industry will continue to be marked by political and macro-economic uncertainties. The development in the individual regions/markets and construction sectors will, however, strongly diverge. In Europe, a slide into an – at least mild – recession is probable. A drop is expected in state-financed projects, and consumer spending and consumer mood will not improve significantly. In the construction sector, prognoses indicate a coming positive trend in residential construction to at least partially compensate for the weak non-residential construction sector. In North America, the construction sector continues to be in a crisis. Residential construction will, however – even if only very slowly – recover in the coming year. Public outlays for construction projects will continue to decrease. In China, the effects of the government measures to prevent an overheating in the real estate market have been felt since the fourth quarter of 2011. In contrast to this, the situation in Chinese non-residential

construction continues to be robust. 2012 will bring with it great challenges for the Geberit Group, due to exacerbated economic and political conditions. The objective, not only in the construction markets that are still healthy, but also in those that are shrinking, is to provide convincing market performances and to continue to gain market shares. The focus in this connection will be on the concerted marketing of the products newly introduced in recent years, on various organic growth initiatives and on the very promising shower toilet business. Parallel to this, in accordance with the Company culture prevailing at Geberit, the optimization of the business processes should be pushed forward. Management is convinced that it is very well equipped for the coming tasks.

As the European market leader in the field of sanitary technology, the Geberit Group is a global provider with sales of CHF 2.1 billion. It employs 6000 people in 41 countries around the world.

## Financial key figures as of December 31, 2011

Million of CHF	1/1 – 31/12/2011	1/1 – 31/12/2010
Sales	2122.6	2146.9
Change in %	-1.1	-1.6
Operating cashflow (EBITDA)	532.0	573.7
Change in %	-7.3	-6.1
Margin in %	25.1	26.7
Operating profit (EBIT)	449.2	486.2
Change in %	-7.6	-7.7
Margin in %	21.2	22.6
Net income	384.0	406.8
Change in %	-5.6	2.3
Margin in %	18.1	18.9
Earnings per share (CHF)	9.82	10.32
Change in %	-4.8	1.4
	<b>31/12/2011</b>	<b>31/12/2010</b>
Equity	1419.5	1520.9
Equity ratio in %	66.9	70.0
Liquid funds, less debt	466.4	513.2
Number of employees	6004	5820

Please visit our website [www.geberit.com](http://www.geberit.com) as well as our online annual report on [www.geberit.com/annualreport](http://www.geberit.com/annualreport) for additional information.

For further information please contact:

Geberit AG  
Schachenstrasse 77, CH-8645 Jona

Albert M. Baehny, CEO  
Roland Iff, CFO  
Roman Sidler, Corporate Communications

Tel. +41 (0)55 221 63 46  
Tel. +41 (0)55 221 66 39  
Tel. +41 (0)55 221 69 47