Quarterly report as of September 30, 2013

Geberit with strong third quarter

Geberit AG, Rapperswil-Jona, October 31, 2013

Despite a continued challenging environment, the Geberit Group posted above-average growth in the third quarter and further increased profitability at a high level. Sales grew by 4.7% in cumulative terms to CHF 1766.3 million. After currency adjustment the increase came to 3.4%. Operating profit rose by 11.0% to CHF 420.1 million and net income by 11.5% to CHF 360.7 million. For 2013 as a whole, Management expects currency-adjusted sales growth of around three percent and an EBITDA margin of around 25 percent.

Geberit Group sales reached CHF 592.6 million in the third quarter, corresponding to an increase of 9.0% in Swiss francs. Currency-adjusted growth came to 8.1%. Considerably greater growth could then be recorded in local currencies in the months of July to September than in the first two quarters of 2013 (first quarter: +1.0%; second quarter: +1.2%). Among other aspects, this above-average increase when compared over the long term is attributable to a weaker comparative period in the prior year.

Total sales in the first nine months of the 2013 business year grew by 4.7% to CHF 1766.3 million, which in currency-adjusted terms corresponds to an increase of 3.4%. The sales include foreign exchange gains of around CHF 23 million.

Europe recorded a cumulated and currency-adjusted increase in sales of 3.4%. While individual markets saw significant recoveries in the third quarter (at least temporarily), the overall trend of strongly diverging developments in the various markets continued in the first three quarters. Substantial growth in local currencies was posted in the United Kingdom/Ireland (+18.7%), the Nordic Countries (+7.9%), Germany (+6.8%) and Switzerland (+3.5%) in the first nine months of 2013. Central/Eastern Europe (+1.9%) and France (+1.2%) also made gains. By contrast, Austria (-1.4%), the Benelux Countries (-1.6%), the Iberian Peninsula (-4.2%) and Italy (-7.0%) recorded drops in sales. Despite a slight recovery, the sales development in America (-1.7%) remained negatively affected by the poor state of the public sector – an area of prime importance to Geberit in this region. Sales in the Far East/Pacific region, which were largely affected by the negative business developments in China, proved negative (-3.5%). However, Middle East/Africa achieved positive sales growth of +23.1%.

In contrast to the first half of the year, stronger sales were recorded again in Piping Systems compared with Sanitary Systems in the third quarter. Cumulative sales rose in Sanitary Systems by 4.6% in Swiss francs (+3.3% in local currencies) and in Piping Systems by a slightly stronger 5.0% (+3.5% in local currencies).

Owing to a strong third quarter, the results after nine months are well above the prior year. The foreign currency effect no longer had any significant influence on the operating results. Compared with the prior year, the lower cost of materials in percentage terms – which benefited from the insourcing of the shower toilet business, slightly lower material prices and price increases – had a positive impact on the results. On the other hand, higher customer bonuses and increased maintenance expenses, duties and freight costs had a negative impact. As a result of the increased number of employees, salary increases and greater expenditure on training and development of employees, personnel expenses also rose. Operating cashflow (EBITDA) increased by 9.9% to CHF 480.8 million, with an EBITDA margin of 27.2% (prior year 25.9%). Operating profit (EBIT) grew by 11.0% to CHF 420.1 million, corresponding to an EBIT margin of 23.8% (prior year 22.4%). Lower interest payments due to repayments of debts on the one hand, and foreign exchange losses on the other led to a slightly improved financial result compared with the prior year. Consequently, net income climbed 11.5% to CHF 360.7 million. The return on sales reached 20.4% (prior year 19.2%). Earnings per share came to CHF 9.59 (prior year CHF 8.45). Largely as a result of a lower number of shares issued, this represents a disproportionate plus of 13.5%.

The Group's financial situation remains very solid. The equity ratio increased in comparison with the end of 2012 from 71.3% to 73.2%. The net cash amount (liquid funds less debt) rose from CHF 408.4 million at the end of 2012 to CHF 488.5 million, around CHF 190 million of which was gained in the third quarter alone.

The construction industry will remain challenging in the fourth quarter of 2013. The situation will be shaped by a slowdown in growth momentum together with political and macroeconomic uncertainties – despite contrary forecasts in the recent past for the Euro-zone in particular. The individual regions/markets and construction sectors will develop very differently. In Europe, volumes in the construction industry are continuing to contract overall. Non-residential construction is failing to recover, but this is at least partially being compensated by a flat to slightly positive trend for residential construction. Furthermore, the renovation sector is developing better than the new building sector. Apart from a few markets such as Germany, Switzerland, Norway and Russia that are performing positively, a clear fall in demand has been seen in many markets since the fourth quarter of 2012. An end to this trend – or a recovery – is not in sight. Geberit's North American business is dominated by the continued downturn in public construction projects resulting from cuts in public expenditure. In contrast, the recovery in residential construction is continuing. A slight easing is in sight in China and Australia – important countries for Geberit in the Far East/Pacific region. However, demand continues to remain sluggish in Chinese residential construction. In contrast, the outlook for the Middle East and South Africa is positive.

The results achieved in the first three quarters of the year in a challenging environment give Management every reason to be confident of achieving solid results in the 2013 business year as a whole. Management expects to achieve currency-adjusted sales growth of around three percent and an EBITDA margin of around 25 percent.

As the European market leader in the field of sanitary technology, the Geberit Group is a global provider with sales of CHF 2.2 billion. It employs 6,200 people in 41 countries around the world.

Key financial figures as of September 30, 2013

MCHF	1/1 – 09/30/2013	1/1 – 09/30/2012[1)]
Sales	1766.3	1686.4
Change in %	+4.7	+2.1
Revenue from sales	1540.3	1476.0
Change in %	+4.4	+1.6
Operating cashflow (EBITDA)	480.8	437.4
Change in %	+9.9	
Margin in %	27.2	25.9
Operating profit (EBIT)	420.1	378.3
Change in %	+11.0	
Margin in %	23.8	22.4
Net income	360.7	323.6
Change in %	+11.5	
Margin in %	20.4	19.2
Earnings per share (CHF)	9.59	8.45
Change in %	+13.5	

	09/30/2013	12/31/2012
Equity	1585.0	1431.3
Equity ratio in %	73.2	71.3
Liquid funds less debt	488.5	408.4
Number of employees	6209	6134

1) Due to a change in the accounting standards for pension plans, the prior year values were adjusted for comparative purposes. For the same reason, the changes 2012/2011 are not indicated in the results.

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

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