

Annual results 2012

Gratifying business year 2012 of Geberit

Geberit AG, Rapperswil-Jona, March 12, 2013

Despite the challenging environment, the Geberit Group can look back on a convincing 2012. It once again successfully defended its excellent market position and gained market shares. Healthy sales growth was a major factor in raising the results slightly above the prior-year level, and this despite substantial additional investments in organic growth. Sales reached CHF 2187.8 million for 2012 as a whole, which represents growth of 3.1% in Swiss francs and 4.5% in local currencies. Operating profit (EBIT) grew by 2.9% to CHF 462.3 million. The EBIT margin reached 21.1% (prior year 21.2%). Net income increased by 2.2% to CHF 392.3 million, with a return on sales of 17.9% (prior year 18.1%). Earnings per share rose by 4.8% to CHF 10.29. Free cashflow grew by 1.3% to CHF 391.0 million. A distribution of CHF 6.60 will be proposed to the General Meeting, an increase of 4.8% over that of 2012.

Currency-adjusted sales growth within medium-term target range

As already announced in January 2013, the Geberit Group achieved sales of CHF 2187.8 million in 2012 (prior year CHF 2122.6 million) which represents growth of 3.1%. At +4.5% in local currencies, total sales were in line with the medium-term growth expectations of 4 to 6%.

Most markets recovered again after a decline in the third quarter. European sales rose currency-adjusted by 4.7% for the year as a whole. The other regions Middle East/Africa (+5.6%), America (+2.6%) and the Far East/Pacific (+1.5%) ended the reporting period with positive figures in spite of sometimes extremely challenging conditions.

Sales for the Sanitary Systems product area increased by 2.8% in Swiss francs to CHF 1242.8 million. Currency-adjusted growth was 4.3%. Sales for the Piping Systems product area grew by 3.4% to CHF 945.0 million. The increase in local currencies was 4.8%.

Negative impact of foreign currencies smaller than in previous year

Although the foreign currency effects for the Group, triggered by the strength of the Swiss franc against all the main currencies, declined sharply in the reporting year, they still had a seriously negative impact on the income statement. Seen overall, foreign currency effects reduced sales by around CHF 30 million, with the strongest impact measured from the euro. Operating profit contracted by around CHF 8 million as a result of the strong Swiss franc.

Results improved – profitability maintained at high level

Thanks to its healthy sales growth, the Geberit Group managed in the 2012 financial year to improve its results in a challenging environment in spite of substantial additional investments in organic growth. Operating margins were negatively affected by rising customer bonuses, higher personnel expenses and the substantial price reductions introduced in Switzerland at the end of the previous year. The stabilization in the cost of materials and the effects of the insourcing of shower toilet production at the new plant in Rapperswil-Jona (CH) supported margins.

Operating cashflow (EBITDA) rose by 2.0% year-on-year to CHF 542.4 million. At 24.8%, the EBITDA margin was slightly below the previous year (25.1%) but still stood at the upper end of the medium-term target range. Over the last decade, average EBITDA growth of 6.3% was better than the corresponding increase in sales of 5.6%. Operating profit (EBIT) improved by 2.9% to CHF 462.3 million, and the EBIT margin was 21.1% (previous year 21.2%). Net income increased by 2.2% to CHF 392.3 million, with a return on sales of 17.9% (previous year 18.1%). Earnings per share rose by 4.8% to CHF 10.29.

Solid financial foundation

The upturn in operating cashflow led to an increase in net cashflow of 1.9% to CHF 504.1 million. Free cashflow grew by 1.3% to CHF 391.0 million. The lower growth posted in comparison to net cashflow resulted from the sales-driven rise in net working capital, which was only compensated in part through lower investments in property, plant and equipment. In spite of the share buyback program that continued until the end of the reporting year, free cashflow made a substantial contribution to the very solid financial foundation of the Geberit Group. The cash reserve shrunk appreciably as a result of the buyback of own shares and the scheduled repayment of debts. In addition to liquid funds and marketable securities of CHF 423.1 million (previous year CHF 542.0 million), the Group had access to an undrawn operating credit line of CHF 197.9 million. In the wake of the repayment of debts mentioned above, debt decreased by CHF 60.9 million to CHF 14.7 million. This resulted in a positive net cash level in the form of net debt of CHF -408.4 million at the end of 2012 (previous year CHF -466.4 million). The equity ratio improved from 66.9% to a very solid 71.3%. Based on average equity, the return on equity (ROE) was 28.1% (previous year 26.0%). The return on invested capital (ROIC) was 29.3% (previous year 28.8%).

Higher distribution

A distribution of CHF 6.60 will be proposed to the General Meeting, an increase of 4.8% over that of 2012. CHF 2.80 of the distribution will be paid out – as in the previous year – in the form of a tax-exempt payment to shareholders taken from reserves from capital contribution, CHF 3.80 as a regular dividend. The payout ratio of 63.6% of net income would therefore be in the upper range of the 50 to 70% corridor, which was increased by the Board of Directors as a result of the reassessment of the use of liquid funds at the beginning of 2011.

Outlook 2013

The construction industry will remain challenging in 2013 under pressure of less growth momentum and political and macroeconomic uncertainties. As it was seen in 2012, the different regions/markets and construction sectors will develop very differently. Generally speaking, it is extremely difficult to make a reliable forecast of trends in the global construction industry. In Europe, volumes in the construction industry are likely to contract overall in the wake of the saving measures introduced in the public sector largely influenced by a lower readiness to provide debt financing. The non-residential construction sector will still not recover, but this will at least partially be compensated by a flat to slightly positive trend for residential construction. The renovation sector can also be expected to develop better than the new building sector. North America will see an upswing in the construction of residential units, but public outlays for construction projects will continue to decline. Since Q4 2011, China has been clearly feeling the impact of government measures to prevent the real estate market from overheating. This will continue to dampen residential construction for at least the first half of 2013. In contrast, the Chinese non-residential construction sector remains robust. Generally speaking, many Chinese indicators are currently trending flatter than the long-term growth rates. Owing to the challenging environment, 2013 will be a demanding business year for the Geberit Group. The objective, not only in the construction markets that are still healthy but also in those that are shrinking, is to provide a convincing market performance and to continue to gain market shares as in previous years. The focus will fall on the concerted marketing of the new products introduced in recent years, on various organic growth initiatives and on the very promising shower toilet business. In line with the Geberit culture, these measures will be accompanied by efforts to further optimize our business processes. Management is convinced that the Company is very well equipped for its upcoming tasks.

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 6100 people in 41 countries around the world.

Financial key figures as of December 31, 2012

Million of CHF	1/1 – 31/12/2012	1/1 – 31/12/2011
Sales	2187.8	2122.6
Change in %	+3.1	-1.1
Operating cashflow (EBITDA)	542.4	532.0
Change in %	+2.0	-7.3
Margin in %	24.8	25.1
Operating profit (EBIT)	462.3	449.2
Change in %	+2.9	-7.6
Margin in %	21.1	21.2
Net income	392.3	384.0
Change in %	+2.2	-5.6
Margin in %	17.9	18.1
Earnings per share (CHF)	10.29	9.82
Change in %	+4.8	-4.8
	31/12/2012	31/12/2011
Equity	1431.3	1419.5
Equity ratio in %	71.3	66.9
Liquid funds, less debt	408.4	466.4
Number of employees	6134	6004

Please visit our website www.geberit.com as well as our online annual report on www.geberit.com/annualreport for additional information.

For further information please contact:

Geberit AG
Schachenstrasse 77, CH-8645 Jona

Albert M. Baehny, CEO	Tel. +41 (0)55 221 63 46
Roland Iff, CFO	Tel. +41 (0)55 221 66 39
Roman Sidler, Corporate Communications & IR	Tel. +41 (0)55 221 69 47