

Half-Year Report as of June 30, 2013

### **Geberit: half-year results above prior year's values**

Geberit AG, Rapperswil-Jona, August 13, 2013

**The Geberit Group achieved solid results in the first half of 2013 in a very challenging environment, which were slightly up on the prior year's values across the board. Sales grew by 2.7% to CHF 1173.7 million. After currency adjustment, this represents an increase of 1.1%. Operating profit (EBIT) increased by 4.1% to CHF 270.6 million, while net income rose by 4.3% to CHF 233.2 million. For 2013 as a whole, Management expects to achieve currency-adjusted sales growth of around three percent and an EBITDA margin slightly above the prior year's level.**

In the first half of 2013, the Geberit Group generated sales of CHF 1173.7 million compared to CHF 1,142.9 million in the prior year. This corresponds to growth of 2.7%, or a 1.1% increase in local currencies. At 1.2% after currency adjustment, the second quarter saw slightly stronger growth compared with the first quarter (+1.0%).

Europe recorded a currency-adjusted increase in sales of 1.3%. Once again, the strongly diverging developments in the individual markets were notable here. Substantial growth in local currencies was posted in the United Kingdom/Ireland (+9.9%), the Nordic Countries (+7.0%), Switzerland (+5.6%) and Germany (+4.6%). In contrast, Austria (-1.9%), the Iberian Peninsula (-2.4%), Central/Eastern Europe (-3.0%), France (-3.0%), the Benelux Countries (-5.3%) and Italy (-9.0%) recorded drops in sales. Middle East/Africa performed well, posting growth of 27.4%. In America, the sales development (-6.6%) was negatively affected by the poor state of the public sector – the area of prime importance to Geberit in this region. Affected by negative business developments in China and Australia, the Far East/Pacific region experienced a further decline in sales (-9.0%). In the product areas, at 1.3% (in Swiss francs: +2.8%) Sanitary Systems posted stronger growth in local currencies than Piping Systems, which achieved growth of 0.9% (in Swiss francs: +2.5%).

Results were slightly up on the prior year's level, with the foreign currency effect no longer having any significant influence on the operating results. Compared to the prior year, the lower cost of materials – which benefited from the insourcing of the shower toilet business and lower material prices – 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 higher expenditure on training and development of employees, personnel expenses rose disproportionately in relation to sales. Operating cashflow (EBITDA) increased by 3.9% to CHF 310.7 million, with an EBITDA margin of 26.5% (prior year 26.2%). Operating profit (EBIT) rose by 4.1% to CHF 270.6 million, corresponding to an EBIT margin of 23.1% (prior year 22.7%). The improved financial result was due to lower interest payments made possible by repayments of debts, partially compensated by foreign exchange losses. As a result, net income climbed disproportionately 4.3% to CHF 233.2 million. The return on sales amounted to 19.9% (prior year 19.6%). Earnings per share reached CHF 6.20 (prior year CHF 5.82). This represents – as well as a result of a lower number of outstanding shares – a plus of 6.5%. Net cashflow above the level of the prior year and lower investments in property, plant and equipment resulted in an increase in free cashflow of 4.4% to CHF 148.5 million.

The financial situation of the Geberit Group remains solid. The equity ratio increased slightly in comparison to the level at the end of 2012 from 71.3% to 72.1%. After the distribution to the shareholders in the amount of CHF 248.2 million in April, the net cash amount (liquid funds less debt) decreased as planned from CHF 408.4 million as per the end of 2012 to CHF 299.4 million.

The Geberit Group employed 6243 people worldwide as of the end of June 2013. This was 109 additional people or 1.8% more than at the end of 2012. This growth is mainly due to the (largely temporary) adjustment of capacity in the production plants and an increase in various expansion markets. A reduction in capacity in the Chinese plants offsets this growth slightly.

The construction industry will remain challenging throughout the remainder of the year and continue to be dominated by a slowdown in growth momentum, together with political and macroeconomic uncertainties. The individual regions/markets and construction sectors will develop very differently. In Europe, volumes in the construction industry are contracting overall. The non-residential construction sector is still not recovering, but this will at least be partially compensated by a flat to slightly positive trend in 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 downturn in public construction projects resulting from cuts in public expenditure. In contrast, the recovery in residential construction is continuing. A slight easing is foreseeable 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 half of the year in a difficult 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 slightly above the prior year's level.

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 6200 people in 41 countries around the world.

## Financial key figures as of June 30, 2013

Millions of CHF	1/1 – 30/06/2013	1/1 – 30/06/2012 <sup>1)</sup>
Sales	1173.7	1142.9
Change in %	+2.7	+2.2
Revenue from sales	1024.3	1001.3
Change in %	+2.3	+1.6
Operating cashflow (EBITDA)	310.7	298.9
Change in %	+3.9	
Margin in % of sales	26.5	26.2
Operating profit (EBIT)	270.6	260.0
Change in %	+4.1	
Margin in % of sales	23.1	22.7
Net income	233.2	223.6
Change in %	+4.3	
Margin in % of sales	19.9	19.6
Earnings per share (CHF)	6.20	5.82
Change in %	+6.5	

	30/06/2013	31/12/2012
Equity	1470.7	1431.3
Equity ratio in %	72.1	71.3
Liquid funds less debt	299.4	408.4
Number of employees	6243	6134

1) Due to a change in the accounting standards for pension plans, the previous-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](http://www.geberit.com) as well as our half-year report on [www.geberit.com/halfyearreport](http://www.geberit.com/halfyearreport) for additional information.

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