Annual results 2013

Profitable growth achieved

Geberit AG, Rapperswil-Jona, March 11, 2014

The Geberit Group achieved convincing results in 2013. In a continued challenging environment, market shares were gained in many markets through above-average sales increases. Despite continued, substantial investments in organic growth, the results were up on the previous year's values. Sales in 2013 increased by 4.7% to CHF 2291.6 million, corresponding to currency-adjusted growth of 3.6%. Operating profit (EBIT) rose by 11.9% to CHF 510.7 million, and the EBIT margin reached 22.3% (previous year 20.9%). Net income increased by 12.5% to CHF 435.8 million, with a return on sales of 19.0% (previous year 17.7%). Earnings per share rose in comparison to sales growth by a disproportionately high 14.1% to CHF 11.59. Free cashflow grew by 13.6% to CHF 444.3 million. A distribution of CHF 7.50 will be proposed to the General Meeting, an increase of 13.6% over that of 2013.

Currency-adjusted sales growth slightly below medium-term target range
As already announced in January 2014, the Geberit Group achieved sales of CHF 2291.6 million in 2013 (previous year CHF 2187.8 million) which represents growth of 4.7%. At +3.6% in local currencies, total sales were slightly below the medium-term growth expectations of 4 to 6%.

In a continued challenging environment, market shares were gained in many markets thanks to above-average sales increases. Europe recorded an increase in sales of 3.7%. While individual markets saw recoveries in the second half of the year, the overall trend of strongly diverging developments continued. Despite a slight recovery, the sales development in America (-0.8%) 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 development in China, proved negative (-3.8%). However, Middle East/Africa achieved positive sales growth of +23.8%.

In contrast to the first half of the year, stronger sales were recorded in Piping Systems compared with Sanitary Systems in the second half of the year. Cumulative sales rose in Sanitary Systems by 4.4% in Swiss francs (+3.3% in local currencies) and in Piping Systems by a slightly stronger 5.2% (+4.0% in local currencies).

Increase in results exceeds sales growth
Thanks to healthy sales growth and efficient cost control, results were up on the previous year's values in a challenging environment in spite of once again continued, substantial investments in organic growth. Operating cashflow (EBITDA) rose by 10.5% to CHF 592.8 million. At 25.9%, the EBITDA margin was significantly higher than in the previous year (24.5%) and also above the medium-term target range. Over the last decade, average EBITDA growth of 6.0% was

better than the corresponding increase in sales of 5.0%. Operating profit (EBIT) rose by 11.9% to CHF 510.7 million, and the EBIT margin reached 22.3% (previous year 20.9%). Net income increased by 12.5% to CHF 435.8 million, which led to a return on sales of 19.0% (previous year 17.7%). As a percentage of sales, net income thus reached its highest value since going public in 1999. Earnings per share rose by 14.1% to CHF 11.59 – also as a result of a lower number of shares issued.

Solid financial foundation with equity ratio of 75%
Once again, the substantial contribution from free cashflow allowed the attractive dividend policy to be continued while also maintaining the extremely solid financial foundation of the Group. Total assets increased from CHF 2007.4 million to CHF 2226.0 million, mainly as a result of the higher cash reserve. As neither shares were bought back nor debts repaid in contrast to previous years, the cash reserve increased substantially. In addition to liquid funds and marketable securities of CHF 612.8 million (previous year CHF 423.1 million), the Group had access to an undrawn operating credit line of CHF 198.3 million. At CHF 11.7 million, debts were slightly under the previous year's value of CHF 14.7 million. This resulted in positive net cash of CHF 601.1 million at the end of 2013 (previous year CHF 408.4 million). The equity ratio further improved from a very solid 71.3% to 74.8%. Based on average equity, the return on equity (ROE) was 28.2% (previous year 27.7%). The return on invested operating capital (ROIC) was 32.1% (previous year 28.9%).

Higher distribution and new share buyback program
The Board of Directors intends to let the shareholders participate in the positive development of the business and will maintain the attractive distribution policy of previous years. A distribution of CHF 7.50 will be proposed at the General Meeting, an increase of 13.6% over that of 2013. Unlike in previous years, the distribution is to be paid entirely as a regular dividend as reserves from capital contribution are no longer available for distribution. The payout ratio of 65.1% of net income is therefore 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. Furthermore, the Board of Directors decided to initiate a share buyback program. Over a period of two years, shares amounting to a total of a maximum of 5% of the share capital recorded in the Commercial Register will be repurchased via a separate trading line, less withholding tax, and retired by means of a capital reduction. Based on the closing price of Geberit registered shares on March 6th, 2014, the value of the shares to be bought back is approximately CHF 530 million. The share buyback program will be conducted in cooperation with the Zurcher Kantonalbank.

Outlook 2014
Despite moderate global economic growth being forecast for 2014, the construction industry will remain challenging. The individual regions/markets and construction sectors will develop very differently. In Europe, volumes in the construction industry are continuing to contract overall. Apart from a few markets such as Germany, Switzerland and the United Kingdom/Ireland that are performing positively, most other markets have been seeing a clear fall in demand for some time. Within the construction sector, 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. In North America, the relevant indicators in public construction projects are pointing to

an uncertain development that will significantly affect the Geberit business in this market. In contrast, robust growth with rising prices and substantial piling up of demand can be seen in residential construction. In the Far East/Pacific region, mid-single-digit growth is forecast for China in both residential and commercial construction. Business in Australia is expected to be flat overall, while Southeast Asia is expected to see moderate growth – though with significant differences between regions. The outlook for the Middle East and South Africa is positive.

Owing to the tense situation in the majority of the European construction markets, 2014 will once again be a demanding business year for the Geberit Group. The objective is, not only in the few markets that are healthy but also in the large number of markets that are shrinking, to provide a convincing 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, the more intense penetration of new markets and on the very promising shower toilet business. In line with the Geberit strategy, these measures will be accompanied by efforts to further optimize business processes. The management is convinced that the company is very well equipped for upcoming tasks.

As European market leader in the field of sanitary technology, the Geberit Group is a global provider with sales of CHF 2.3 billion. It employs 6200 people in 41 countries around the world.

GEBERIT

Financial key figures as of December 31, 2013

MCHF	1/1 – 12/31/2013	1/1 – 12/31/2012 1)
Sales	2291.6	2187.8
Change in %	+4.7	+3.1
Revenue from sales	1999.9	1919.6
Change in %	+4.2	+2.8
Operating cashflow (EBITDA)	592.8	536.6
Change in %	+10.5	
Margin in % of sales	25.9	24.5
Operating profit (EBIT)	510.7	456.5
Change in %	+11.9	
Margin in % of sales	22.3	20.9
Net income	435.8	387.5
Change in %	+12.5	
Margin in % of sales	19.0	17.7
Earnings per share (CHF)	11.59	10.16
Change in %	+14.1	

	12/31/2013	12/31/2012
Equity	1664.1	1431.3
Equity ratio in %	74.8	71.3
Net cash	601.1	408.4
Number of employees	6226	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 as well as our online annual report on www.geberit.com/annualreport for additional information.

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