

Half-Year Report as of 30 June 2016

Very good half-year results

Geberit AG, Rapperswil-Jona, 16 August 2016

The Geberit Group posted very good results for the first half of 2016. Overall, net sales increased by 13.2% to CHF 1,479.8 million in the first six months of the year. Acquisition- and currency-adjusted net sales improved by 6.7%. The adjusted operating profit increased by 19.9% to CHF 390.4 million and adjusted net income grew by 23.6% to CHF 333.2 million. The Sanitec integration is proceeding according to plan. Management expects acquisition- and currency-adjusted net sales to grow by around 5% for 2016 as a whole. The adjusted operating cashflow margin for the full year should reach around 28%.

Consolidated net sales

In the first half of 2016, the Geberit Group's net sales increased by 13.2% to CHF 1,479.8 million, including positive currency effects of CHF 29 million. Adjusted for acquisition* and currency effects, net sales grew by a gratifying 6.7% thanks to convincing developments in many markets in the first half of 2016 and two extra working days compared to the same period in 2015. The construction sector in some markets was also better than in the previous year and sales benefited earlier than expected from the first synergies from the integration of the ceramics business.

Net sales for the second quarter improved by 13.5% to CHF 761.2 million, which is equivalent to currency-adjusted organic growth of 10.2%.

Net sales by market and product area

Europe, the largest region, posted organic growth of 7.5% in local currencies. Strong growth was recorded for the Iberian Peninsula (+17.3%), Central/Eastern Europe (+13.6%), the Nordic Countries (+10.3%), Austria (+10.1%), the Benelux Countries (+9.0%) and France (+8.3%). The large markets of Germany (+6.4%), Italy (+6.0%) and Switzerland (+4.0%) also turned in a convincing performance. In the United Kingdom/Ireland, net sales increased by only 1.8% after a strong performance in the previous year. Compared to the European markets, the results for the Middle East/Africa (+0.3%), America (-0.4%) and the Far East/Pacific (-4.7%) were below average.

In the product areas, Sanitary Systems posted stronger currency-adjusted growth with 9.0% than Piping Systems with 2.7%. The product area Sanitary Ceramics improved by 4.5% in the whole first half-year.

Results

In the financial year 2016, the acquisition and integration costs relating to the Sanitec transaction, although much lower than in the previous year, will once again have an impact on the Geberit Group's results. To improve comparability, adjusted figures are provided and commented on. Adjusted operating cashflow (adj. EBITDA) increased by 18.4% to CHF 441.9 million, which corresponds to an adjusted EBITDA margin of 29.9%. The adjusted operating profit (adj. EBIT) rose by 19.9% to CHF 390.4 million, which gives an adjusted EBIT margin of 26.4%. The very good improvement in the

* Adjusted for the Sanitec net sales January 2016 of CHF 55 million (organic)

operating margins was due to synergies from the integration of the Sanitec business, volume growth and lower prices for raw materials. The operating profit included positive currency effects of CHF 6 million. Adjusted net income improved by 23.6% to CHF 333.2 million, with an adjusted return on net sales of 22.5%. The adjusted earnings per share grew by 25.6% to CHF 9.04 (previous year CHF 7.20). A better financial result and a slight reduction in the number of shares were the primary reasons for this disproportionate growth compared with the operating result. The costs for the Sanitec integration amounted to CHF 4 million as regards EBITDA, CHF 21 million as regards EBIT, and CHF 17 million as regards net income.

The higher net cashflow is explained by the very good operating result and a negative one-off effect in the previous year. Free cashflow increased by 30.9% to CHF 191.9 million in spite of higher investments in property, plant and equipment and a stronger year-on-year increase in net working capital.

Financial situation

The Geberit Group remains in excellent financial health. The equity ratio fell slightly from 41.7% to 39.0%. As a result of the dividend payment of CHF 309.3 million to the shareholders and the last transactions for the share buyback programme, net debt (debt less liquid funds) increased as planned from CHF 679.6 million as at 31 December 2015 to CHF 856.0 million in spite of the positive cashflow.

The General Meeting of 6 April 2016 approved a 1.2% increase in the dividend to CHF 8.40. The payout ratio of 63.3% of net income is in the upper range of the 50 to 70% corridor defined by the Board of Directors, thus continuing the shareholder-friendly distribution policy.

The share buyback programme, which began on 30 April 2014, ended on 29 February 2016. A total of 757,000 registered shares were bought back for CHF 248.0 million. When the programme ended, this represented 2.0% of the share capital registered with the commercial register. The share buyback programme was conducted via a second trading line set up especially for this purpose. The average purchase price per share was CHF 327.55. The General Meeting of 6 April 2016 approved the proposal to cancel the repurchased shares by means of a capital reduction. The shares were cancelled on 20 June 2016.

Status of Sanitec integration

The integration is proceeding according to plan. Geberit and the former Sanitec sales units have been operating as one company with common ordering and invoicing processes in all markets since 1 January 2016. In 2016, the focus falls on the harmonisation of processes and realisation of synergies.

Sale of the Koralle Group

Because of limited synergies with Geberit's core business, the Koralle Group was sold to AFG Arbonia-Forster-Holding AG on 1 July 2016. Koralle was acquired as part of the Sanitec acquisition in 2015. The provider of shower enclosures, which primarily operates in the Swiss, German and Austrian markets, generated net sales of around EUR 40 million in 2015 with a workforce of 240. The approval of the competition authorities is conditional for the closing of the transaction. The closing is expected to take place in the third quarter of 2016.

Changes to the Board of Directors

Regi Aalstad was elected as a new member of the Board of Directors at the General Meeting of 6 April 2016. The nomination was made within the context of succession planning, with Robert F. Spoerry having stepped down from the Board of Directors. The shareholders also approved the appointment of Hartmut Reuter (chairman), Regi Aalstad and Jørgen Tang-Jensen to the Compensation Committee. At the constituting meeting of the Board of Directors after the General Meeting, the following members were appointed to the Audit Committee: Felix R. Ehrat (chairman), Thomas M. Hübner and Hartmut Reuter. Furthermore, Hartmut Reuter is the new vice-chairman of the Board of Directors.

Outlook for the full year 2016

The situation for the construction industry will remain challenging in 2016, even though some of the European markets have improved since 2015. The individual regions/markets and construction sectors are still developing differently, however. In Europe, the market environment is expected to be positive for Germany, the Netherlands, Sweden and Poland. No growth is forecast for the Swiss construction industry. The market environment is expected to improve in Italy and France, which have been in crisis in recent years. In North America, moderate growth is predicted in the public sector construction industry, which is important to Geberit’s business in the USA, and a continued recovery in residential construction. In the Far East/Pacific region, it is assumed that the residential construction business in China is stabilising. In the Middle East/Africa region, the outlook remains promising for South Africa, while the low oil price is expected to weaken the construction industry in the Gulf countries.

The very good results achieved by the Geberit Group in the first six months are reason enough to be confident about a convincing performance for the full year 2016. Fewer working days in the second half compared to the previous year will pose a challenge. The integration of the Sanitec activities is still a priority. Management expects acquisition- and currency-adjusted net sales to grow by around 5% for the full year 2016. The adjusted operating cashflow margin for the full year should reach around 28%.

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The globally operating Geberit Group is a European leader in the field of sanitary products. Geberit operates as an integrated group with a very strong local presence in most European countries, providing unique added value when it comes to sanitary technology and bathroom ceramics. The production network encompasses more than 30 production facilities, of which 6 are located overseas. The Group is headquartered in Rapperswil-Jona, Switzerland. With more than 12,000 employees in over 40 countries, Geberit generated net sales of CHF 2.6 billion in 2015. The Geberit shares are listed on the SIX Swiss Exchange; since 2012, the Geberit share has been included in the SMI (Swiss Market Index).

Key financial figures as of 30 June 2016

Millions of CHF	1/1 – 30/06/2016	1/1 – 30/06/2015
Net sales	1479.8	1307.5
Change in %	+13.2	+20.1
Change in %, currency-adjusted/organic	+6.7	+2.5
Adj. operating cashflow (EBITDA)	441.9	373.2
Change in %	+18.4	+5.5
Margin in % of net sales	29.9	28.5
Operating cashflow (EBITDA)	438.3	329.3
Change in %	+33.1	-7.0
Adj. operating profit (EBIT)	390.4	325.6
Change in %	+19.9	+3.2
Margin in % of net sales	26.4	24.9
Operating profit (EBIT)	369.5	267.8
Change in %	+38.0	-15.1
Adj. net income	333.2	269.5
Change in %	+23.6	-1.2
Margin in % of net sales	22.5	20.6
Net income	316.3	218.5
Change in %	+44.8	-19.9
Adj. earnings per share (CHF)	9.04	7.20
Change in %	+25.6	-0.7
Earnings per share (CHF)	8.58	5.84
Change in %	+46.9	-19.4
	30/06/2016	31/12/2015
Equity	1403.8	1482.2
Equity ratio in %	39.0	41.7
Net debt	856.0	679.6
Adj. return on invested capital (ROIC) in %	20.8	20.1
Number of employees	12,119	12,126

Please visit our website www.geberit.com as well as our half-year report on www.geberit.com/halfyearreport for additional information.