Quarterly report as of 30 September 2016

Continued very good business development

Geberit AG, Rapperswil-Jona, 28 October 2016

The Geberit Group posted very good results in the first nine months of 2016. Overall, net sales increased by 10.1% to CHF 2,172.4 million. Adjusted for currency effects and in organic terms, net sales rose by 6.5%. The adjusted operating profit increased by 18.9% to CHF 574.5 million and adjusted net income grew by 23.6% to CHF 491.5 million. The Sanitec integration is proceeding according to plan. Management expects organic 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 three quarters of 2016, the Geberit Group's net sales increased by 10.1% to CHF 2,172.4 million, including positive currency effects of CHF 28 million. Adjusted for currency effects, this corresponds to an organic* increase of 6.5% thanks to convincing developments in many markets, two extra working days compared to the first nine months of 2015 as well as a reduction in order backlogs in the shower toilet business that particularly took effect in the third quarter. The situation in the construction industry was also better in several markets compared to the previous year. As already mentioned in the half-year closing, additional help resulted out of sales synergies from the integration of the ceramics business that were achieved earlier than expected.

Net sales for the third quarter improved by 4.1% to CHF 692.6 million, which is equivalent to currency-adjusted organic growth of 6.0%.

Net sales by market and product area

Europe, the largest region, posted organic growth of 7.1% in local currencies. Double-digit growth rates were posted in Austria (+12.9%) and Central/Eastern Europe (+10.3%), with all other European markets/countries also recording positive growth: the Benelux Countries by +9.7%, the Nordic Countries by +9.0%, the Iberian Peninsula by +7.8%, Switzerland by +7.7%, France by +6.9%, Germany by +5.1%, the United Kingdom/Ireland by +4.0% and Italy by +3.1%. Compared to the European markets, sales development for the Middle East/Africa (+1.0%), America (+0.4%) and the Far East/Pacific (+1.0%) remained below average.

In the product areas, Sanitary Systems posted stronger currency-adjusted growth with 9.6% than Piping Systems with 2.3%. Sanitary Ceramics improved by 4.1% in the first nine months.

Results

In the 2016 financial year, the acquisition, divestment and integration costs and income relating to the Sanitec transaction, will once again – although much lower than in the previous year – have an impact on the Geberit Group's results. To improve comparability, adjusted figures are therefore provided and commented on. Adjusted operating cashflow (adj. EBITDA) increased by 17.0% to CHF 651.8 million,

* Organic: adjusted for the Sanitec net sales of January 2016 and the third quarter 2015 net sales of the sold Koralle Group (net CHF 44 million)

which corresponds to an adjusted EBITDA margin of 30.0%. The adjusted operating profit (adj. EBIT) rose by 18.9% to CHF 574.5 million, which gives an adjusted EBIT margin of 26.4%. The very good improvement in the operating margins was due to synergies from the integration of the Sanitec business, volume growth and lower prices for raw materials despite an increase on the second quarter. The operating profit included positive currency effects of CHF 5 million. Adjusted net income improved by 23.6% to CHF 491.5 million, with an adjusted return on net sales of 22.6%. The adjusted earnings per share grew by 25.3% to CHF 13.34 (previous year CHF 10.65). A better financial result, a lower tax rate and a slight reduction in the number of shares were the primary reasons for this disproportionate growth compared with the operating result. The net costs for the Sanitec integration decreased on the previous year to CHF 2 million as regards EBITDA, to CHF 30 million as regards EBIT and to CHF 22 million as regards net income.

The higher net cashflow is largely explained by the very good operating result. Free cashflow increased by 27.9% to CHF 415.8 million in spite of slightly 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 rose slightly from 41.7% at year-end 2015 to 42.4%. As a result of the positive cashflow, net debt (debt less liquid funds) decreased from CHF 679.6 million as of 31 December 2015 to CHF 604.7 million in spite of the dividend payment of CHF 309.3 million to the shareholders and the last transactions for the share buyback programme.

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. The harmonisation of processes and realisation of synergies are making good progress.

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. The transaction was closed on 20 September 2016.

Outlook for the full year 2016
The situation for the construction industry remains challenging in 2016, although some of the European markets have improved since 2015. The individual regions/markets and construction sectors are developing differently, however. In Europe, the market environment is positive for Germany, the Netherlands, Sweden and Austria. The Swiss construction industry has recorded growth again since the second half of the year. The market environment has improved in Italy and France, which have been in crisis in recent years. In North America, the public sector construction industry, which is important to Geberit's business in the USA, is stagnating. In the Far East/Pacific region, the residential construction business in China is stabilising. In the Middle East/Africa region, the situation remains promising for South Africa, while a weak construction industry prevails in the Gulf countries due to the low oil price.

The very good results achieved by the Geberit Group in the first nine months are reason enough to be confident about a convincing performance for the full year 2016. The integration of the Sanitec activities is still a priority. Fewer working days in the fourth quarter compared to the previous year will pose a challenge. Management expects organic 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%.

For further information, please contact:

Geberit AG
Schachenstrasse 77, CH-8645 Jona

Christian Buhl, 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

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 six 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 September 2016

Millions of CHF	**1/1 – 30/09/2016**	**1/1 – 30/09/2015**
Net sales	2,172.4	1,972.6
Change in %	+10.1	+21.8
Change in %, currency-adjusted/organic	+6.5	+2.1
Adj. operating cashflow (EBITDA)	651.8	557.1
Change in %	+17.0	+4.0
Margin in % of net sales	30.0	28.2
Operating cashflow (EBITDA)	649.9	510.0
Change in %	+27.4	-4.8
Adj. operating profit (EBIT)	574.5	483.3
Change in %	+18.9	+1.3
Margin in % of net sales	26.4	24.5
Operating profit (EBIT)	544.4	413.9
Change in %	+31.5	-13.3
Adj. net income	491.5	397.8
Change in %	+23.6	-3.8
Margin in % of net sales	22.6	20.2
Net income	469.1	338.4
Change in %	+38.6	-18.2
Adj. earnings per share (CHF)	13.34	10.65
Change in %	+25.3	-3.3
Earnings per share (CHF)	12.73	9.06
Change in %	+40.5	-17.7
	30/09/2016	**31/12/2015**
Equity	1,551.6	1,482.2
Equity ratio in %	42.4	41.7
Net debt	604.7	679.6
Adj. return on invested capital (ROIC) in %	21.4	20.1
Number of employees	11,922	12,126