



Half-Year Report 2006

Geberit Group



Key Figures First Half of 2006

	MCHF
Sales	1,085.5
Change in %	+11.5
Operating profit (EBIT)	260.6
Change in %	+33.0
Margin in %	24.0
Net income	187.3
Change in %	+31.5
Margin in %	17.3
Operating cashflow (EBITDA)	302.6
Change in %	+27.4
Margin in %	27.9
Net cashflow	243.4
Change in %	+27.1
Free cashflow	91.4
Change in %	+114.1
	CHF
Earnings per share	46.16
Change in %	+32.8
Earnings per share diluted	44.75
Change in %	+32.5
	MCHF
Net debt	309.7
Gearing in %	33.4
Equity	927.2
Equity ratio in %	47.0
Number of employees	5,192

To our Shareholders

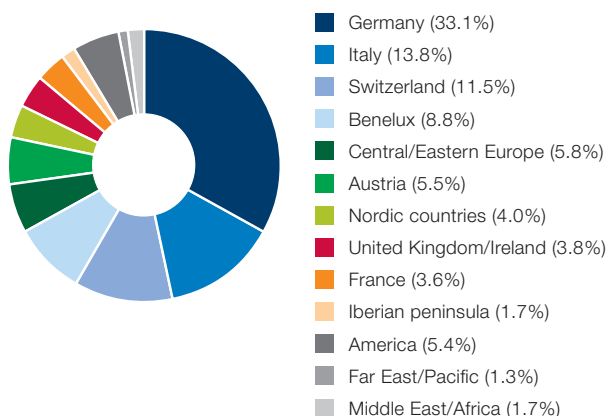
In the first half-year 2006, the Geberit Group achieved a significant increase in sales and earnings. Across a broad range of markets, Geberit's sales increased by 11.5 % to CHF 1,085.5 million (previous year CHF 973.5 million). In organic terms and after currency adjustments, the increase even amounted to 12.9%. The operating cashflow (EBITDA) rose by 27.4%, to CHF 302.6 million, and the operating profit (EBIT) by 33.0% to CHF 260.6 million. Net income reached CHF 187.3 million, and thus grew by 31.5%. Earnings per share rose by 32.8% to CHF 46.16. Assuming that the market environment continues to develop positively, management expects to achieve organic sales growth in high single digits and a substantial increase in earnings per share over the whole 12 months compared to the previous year.

Consolidated sales

In the first six months of the year 2006 sales of the Geberit Group amounted to CHF 1,085.5 million, compared to CHF 973.5 million in the previous year. This corresponds to a growth of 11.5% in Swiss francs. In local currencies, the increase was 10.2% due to the stronger euro and US dollar. After adjustments for businesses sold, growth even amounted to 14.2% in Swiss francs and 12.9% in local currencies.

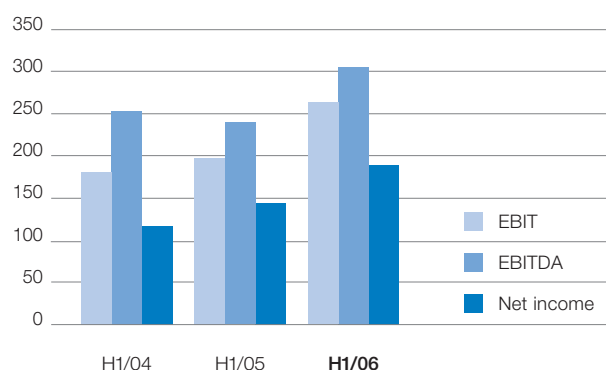
In the second quarter, sales increased by 9.1%, compared to 14.0% in the previous quarter. In organic terms and after currency adjustments, the increase was 10.5%, compared to 15.2% in the first quarter. This means that Geberit clearly surpassed its medium-term goals also in the second quarter. The higher figure in the first quarter is due in large part to seasonal variations.

Sales by markets as of June 30, 2006



EBIT, EBITDA, Net income 2004–2006

(in CHF million)



Sales by markets and product areas

The pleasing growth of the Group is still based on a broad range of markets. In the first half-year 2006 markets in Europe developed very dynamically. In organic terms and after currency adjustments, growth in Europe was 13.2% by the end of June. Double-digit growth was achieved in the markets in Central and Eastern Europe (+31.0%), the Iberian peninsula (+21.5%), the Benelux countries (+16.6%), Italy (+15.0%), Switzerland (+13.6%), Germany (+12.6%) and Austria (+12.4%). France (+9.4%) and the Nordic countries (+6.2%) also showed significant growth. The only disappointing market was that of United Kingdom/Ireland, which decreased by 7.0%, mainly due to the selective exit from margin-poor business. The regions Middle East/Africa (+33.6%) and Far East/Pacific (+20.4%) were able to continue the very positive trend of the previous year. The American market recovered from last year's decline and grew slightly by 1.5%.

Sales of the product area sanitary systems rose by 15.1% to CHF 628.1 million. As a result of disinvestments, sales in the product area piping systems increased by 6.9%, to CHF 457.4 million, below average. But in organic terms, sales of piping systems grew by 13.1%.

Profitability

Profitability of the Group increased considerably compared to the previous year. The operating cashflow (EBITDA) rose by 27.4%, to CHF 302.6 million. The EBITDA margin grew from 24.4% in the previous year to 27.9%. The operating profit (EBIT) increased by 33.0%, to CHF 260.6 million, which corresponds to an EBIT margin of 24.0% compared to 20.1% in the previous year. Major contributions to this operating increase were the growth in sales, positive net price effects, efficient cost management at all levels and disinvestments of low-margin business. The net income rose by 31.5% to CHF 187.3 million. The return on sales of 17.3% surpassed last year's half-year mark (14.6%). Earnings per share increased by 32.8%, to CHF 46.16.

Financial situation

After six months in the year 2006 the Company's financial situation continued to be sound. As planned, net debt rose compared to the end of the year 2005 by CHF 96.3 million to CHF 309.7 million. The equity ratio declined slightly from 49.2% as of the end of the year 2005, to 47.0%.

As part of the share buyback program, 97,500 shares were repurchased at a total of CHF 123.3 million as at the end of June 2006. This corresponds to an average price of CHF 1,265 per share. No decision has yet been made concerning the utilization of the repurchased shares.

Number of employees

As of the end of June 2006, the Geberit Group employed a staff of 5,192 worldwide, which corresponds to a growth of 30 employees compared to year-end 2005. Staff in marketing and sales, production and research and development was increased, while personnel in administration were reduced.

Investments in property, plant and equipment

An amount of CHF 26.2 million (previous year CHF 32.6 million) was invested in property, plant and equipment in the first half-year. The focus was on machinery and tools and a software upgrade in the logistics center of the Group in Pfullendorf, DE.

R&D expenses

Research and development (R&D) expenses rose slightly to CHF 22.0 million (previous year CHF 21.8 million); it thus corresponds to 2.0% of sales. Higher R&D expenses mainly related to piping systems, offset by project-related savings in the USA.

Changes on the Board of Directors in the first half-year 2006

At the ordinary general meeting of Geberit AG on April 28, 2006, Randolph Hanslin, former member of the Geberit executive management, and Hans Hess, former CEO of Leica Geosystems AG, were elected to the Board of Directors. In addition, the meeting confirmed Dr. Robert Heberlein as member of the Board. After the departure of Rudolf Maag on the same day, the Board now has six members.

Outlook for the entire year 2006

For the second half-year, the Company assumes a continuous positive market environment in most markets relevant for the Geberit Group. As customary, in the second half-year there will be a decline compared to the first six months. But management sees good chances to achieve a high single-digit organic growth in sales and a substantial increase in the operating margins and earnings per share as compared to the previous year.

August 10, 2006



Günter F. Kelm
Chairman of the Board



Albert M. Baehny
CEO

Geberit Group

Consolidated Balance Sheets

	30.6.2006	31.12.2005	30.6.2005
	MCHF	MCHF	MCHF
Assets			
Cash and cash equivalents	145.0	180.0	171.6
Accounts receivable	233.5	153.0	240.2
Inventories	176.7	177.3	177.2
Total current assets	555.2	510.3	589.0
Property, plant and equipment	510.8	528.3	521.9
Deferred tax assets	63.0	62.4	54.5
Financial assets and other non-current assets	33.0	33.2	24.3
Goodwill and intangible assets	811.4	812.4	815.7
Total non-current assets	1,418.2	1,436.3	1,416.4
Total assets	1,973.4	1,946.6	2,005.4
Liabilities and equity			
Short-term debt	2.0	49.4	49.3
Trade accounts payable	89.7	94.3	91.0
Tax liabilities and tax provisions	129.2	89.0	130.8
Other provisions and liabilities	72.1	115.2	87.9
Total current liabilities	293.0	347.9	359.0
Long-term debt	452.7	344.0	538.5
Deferred tax liabilities	95.9	98.3	94.9
Other provisions and liabilities	204.6	198.4	167.8
Total non-current liabilities	753.2	640.7	801.2
Total equity	927.2	958.0	845.2
Total liabilities and equity	1,973.4	1,946.6	2,005.4

Consolidated Income Statements

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2006	2005	2006	2005
	MCHF	MCHF	MCHF	MCHF
Sales	536.6	492.0	1,085.5	973.5
Sales deductions	79.1	70.1	160.1	138.4
Net sales	457.5	421.9	925.4	835.1
Cost of materials	151.8	149.2	303.8	295.3
Personnel expenses	109.8	108.4	220.2	210.9
Depreciation expense	17.0	18.2	36.7	36.3
Amortization of goodwill and intangibles	2.6	2.6	5.3	5.3
Other operating expenses, net	48.6	46.2	98.8	91.4
Total operating expenses, net	329.8	324.6	664.8	639.2
Operating profit (EBIT)	127.7	97.3	260.6	195.9
Finance costs, net	5.1	3.8	9.2	8.6
Profit before income tax expenses	122.6	93.5	251.4	187.3
Income tax expenses	30.8	21.9	64.1	47.9
Net income from continuing operations	91.8	71.6	187.3	139.4
Net income from discontinued operations	0.0	0.6	0.0	3.0
Net income	91.8	72.2	187.3	142.4
– Attributable to shareholders	91.8	72.2	187.3	142.4
– Attributable to minority interest	0.0	0.0	0.0	0.0

Geberit Group

Statements of Recognized Income and Expenses in Equity

	Six months 1.1.–30.6.	
	2006	2005
	MCHF	MCHF
Hedge accounting	1.1	(1.1)
Exchange differences on translation of foreign operations	2.9	(17.9)
Net income directly booked to equity	4.0	(19.0)
Net income according to income statement	187.3	142.4
Total net income	191.3	123.4
– Attributable to shareholders	191.3	123.4
– Attributable to minority interest	0.0	0.0

Consolidated Statements of Equity

	Attributable to the shareholders							Minority interest	Total equity
	Ordinary shares	Capital in excess of par	Treasury shares	Retained earnings	Distr. in excess of predecessor basis	Hedge accounting	Cum. translation adjustments		
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF		
Balance at 31 December 2004	4.2	435.5	(39.6)	485.1	(88.3)	(6.2)	25.8	0.3	816.8
Total net income 2005				142.4		(1.1)	(17.9)		123.4
Dividends				(90.3)					(90.3)
Changes in Group organization								(0.3)	(0.3)
Other		(0.9)	(4.0)	0.5					(4.4)
Balance at 30 June 2005	4.2	434.6	(43.6)	537.7	(88.3)	(7.3)	7.9	0.0	845.2
Balance at 31 December 2005	4.2	436.1	(49.6)	650.4	(88.3)	(7.2)	12.4	0.0	958.0
Total net income 2006				187.3		1.1	2.9		191.3
Dividends				(101.5)					(101.5)
Other		7.5	(128.1)						(120.6)
Balance at 30 June 2006	4.2	443.6	(177.7)	736.2	(88.3)	(6.1)	15.3	0.0	(927.2)

Consolidated Statements of Cashflows

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2006	2005	2006	2005
	MCHF	MCHF	MCHF	MCHF
Net cash from operating activities	136.4	110.4	144.2	120.3
Acquisitions, net	(0.9)	0.9	(0.9)	69.9
Purchase of PP&E and intangible assets	(14.2)	(16.8)	(26.2)	(32.6)
Proceeds from sale of PP&E and intangible assets	1.1	1.9	1.3	3.0
Other, net	1.0	(0.5)	2.0	1.2
Net cash from/(used in) investing activities	(13.0)	(14.5)	(23.8)	41.5
Repayments of borrowings	(0.2)	(58.2)	(89.3)	(178.0)
Proceeds from borrowings	40.2	81.9	159.2	212.4
Dividends	(101.5)	(90.3)	(101.5)	(90.3)
Other, net	(76.5)	(5.1)	(124.6)	(16.9)
Net cash from/(used in) financing activities	(138.0)	(71.7)	(156.2)	(72.8)
Effects of exchange rates on cash	(2.0)	0.4	0.8	1.0
Net increase/(decrease) in cash	(16.6)	24.6	(35.0)	90.0
Cash and cash equivalents at beginning of period		161.6	180.0	81.6
Cash and cash equivalents at end of period	145.0	171.6	145.0	171.6

Annex to the Half-Year Report

General

The financial figures published were determined in accordance with the same valuation principles as the audited financial statements as of December 31, 2005. With the exception of the balance sheet as of December 31, 2005, the figures are unaudited.

The half-year report is prepared according to IAS 34, in accordance with the requirements of the Swiss Stock Exchange (SWX).

Distribution

The general meeting has resolved a distribution of a dividend of CHF 25 for the year 2005. The dividend distribution took place on May 4, 2006.

Effect of new IFRS standards

There are no new or amended IFRS standards with a material effect on the financial statements of the Geberit Group in 2006.

Changes in Group organization and events after the balance sheet date

There were neither material events after the balance sheet date nor changes in the Group organization during the first half year 2006.

Treasury shares

On a net basis, the number of shares held in treasury increased by 92,015 to 161,175 against December 31, 2005. This increase mainly is a result of the share buyback program announced on January 19, 2006.

Segment income statements

The Group consists of a single business segment: the design, manufacturing and sale of sanitary plumbing systems to the residential and commercial construction industry. The business segment is divided into geographical regions. The Group considers operating profit to be the segment result. Group companies account for inter-segment sales mainly using the "market-minus" method.

	Switzerland	Germany	Italy	Other major European markets	Other European markets	Other markets	Corporate functions	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
1.1.–30.6.2006								
Intersegment sales	137.9	278.4	14.0	47.6	7.1	4.2		
External sales	124.5	359.1	150.1	235.7	124.3	91.8		1,085.5
Segment result	62.2	121.2	17.4	29.0	1.4	0.5	28.9	260.6
1.1.–30.6.2005								
Intersegment sales	111.6	229.7	9.6	43.4	7.2	2.2		
External sales	109.7	316.0	140.4	218.8	108.9	79.7		973.5
Segment result	48.3	86.6	12.7	24.2	4.5	(1.0)	20.6	195.9

Exchange rates

	Income statements			Balance sheets		
	30.6.2006	31.12.2005	30.6.2005	30.6.2006	31.12.2005	30.6.2005
EUR	1.5606	1.5483	1.5461	1.5670	1.5568	1.5475
GBP	2.2716	2.2623	2.2535	2.2595	2.2645	2.3134
USD	1.2710	1.2432	1.2037	1.2324	1.3098	1.2803

Corporate Calendar

2006

Interim report 3 rd quarter	31 October
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2007

First information on the year 2006	18 January
Media and analysts' conference	15 March
Interim report 1 st quarter	25 April
Annual general meeting	26 April
Dividend payment	2 May

(Subject to minor changes)

This half-year report is published in German and English. Please find further information on half-year results 2006 at www.geberit.com.
The annual report 2005 is available in German and English.

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

Front cover: Aerial photo of the Colorado River above the Glen Canyon in Arizona, USA, © Getty Images

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