

# Half-Year Report 2007

Geberit Group

### Key Figures First Half of 2007

	MCHF
Sales	1,311.2
Change in %	+20.8
Operating profit (EBIT)	305.3
Change in %	+17.2
Margin in %	23.3
Net income	227.8
Change in %	21.6
Margin in %	17.4
Operating cashflow (EBITDA)	346.6
Change in %	14.5
Margin in %	26.4
Net cashflow	284.9
Change in %	+17.1
Free cashflow	84.6
Change in %	-7.4
	CHF
Earnings per share	5.75
Change in %	+24.5
Earnings per share diluted	5.57
Change in %	+24.3
	MCHF
Net debt	162.6
Gearing in %	13.7
Equity	1,186.6
Equity ratio in %	56.5
Number of employees	5,456

## To our Shareholders

During the first half of 2007, the Geberit Group was able to continue the positive business development that was experienced during the previous year. Significant sales increases in most of the Geberit markets led to sales of CHF 1,311.2 million (previous year CHF 1,085.5 million), corresponding to a rise of 20.8% in Swiss Francs or 16.6% in local currency. Operating cashflow (EBITDA) rose by 14.5% to CHF 346.6 million, the operating profit (EBIT) by 17.2% to CHF 305.3 million. Net income reached CHF 227.8 million, thus registering an increase of 21.6%. Overall, Management anticipates very solid sales growth, operating results at a high level and an overproportionate increase in earnings per share for 2007.

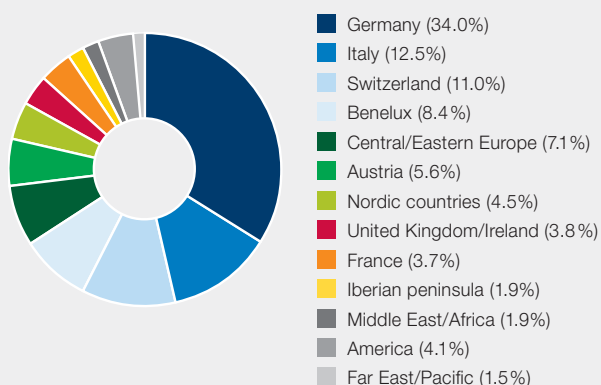
### Consolidated sales

Geberit Group sales in the first six months of 2007 totaled CHF 1,311.2 million, the comparative previous year figure was CHF 1,085.5 million. This represents a growth of 20.8% in terms of Swiss Francs and of 16.6% after currency adjustments. The strength of the Euro against the Swiss Franc was the most significant factor influencing the positive currency effect.

Sales increased in the second quarter by 18.3%, as compared to 23.2% in the previous quarter. After currency adjustments, the growth level is 13.4% for the second quarter and 19.8% for the first. The extremely strong rate of growth has thus fallen off slightly at a high level; nonetheless, Geberit has once again considerably exceeded its own middle-term objectives in the second quarter.

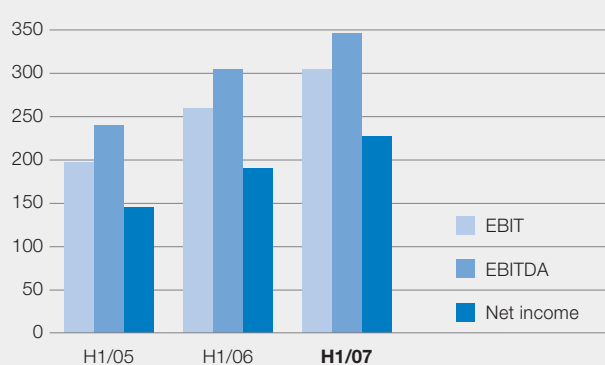


Sales by markets as of June 30, 2007



EBIT, EBITDA, Net income 2005–2007

(in CHF million)



## Sales by markets and product areas

The growth of the Group continues to be broadly based. The markets in Europe experienced very dynamic development in the first half of 2007. After currency adjustments, this resulted in a growth rate for Europe of 17.4% as of the end of June. With the exception of Italy (+4.1%), all European markets showed two-digit increases – several of them quite considerable – in local currencies: Central/Eastern Europe (+41.4%), the Nordic countries (+31.5%), the Iberian peninsula (+27.3%), France (+21.2%), Germany (+19.0%), Austria (+18.5%), Switzerland (+15.3%), the United Kingdom/Ireland (+13.7%) and Benelux (+10.5%). If adjustment is made for the PVC business that was sold, growth figures for the United Kingdom/Ireland then total 34.7%. The regions of the Far East/Pacific (+33.3%) and the Middle East/Africa (+32.8%) continued their positive trends. The fall of 5.8% for North America was influenced by the continuing decline in commercial and residential construction in the US as well as by Geberit's own streamlining of the product range available on this market.

The Sanitary Systems product area increased its sales by 13.7% (+10.0% after currency adjustments) to CHF 714.1 million, the product area Piping Systems by 30.5% (+25.7% after currency adjustments) to CHF 597.1 million.

## Earnings situation

The profitability of operating business activities suffered in the first half of the year from massive increases in the prices of raw materials. The pronounced increase in sales figures and the strict cost management policies were only able to compensate for this development to a limited extent. Operating cashflow (EBITDA) grew in comparison with the previous year by 14.5% to CHF 346.6 million. The EBITDA margin fell on account of the reasons mentioned, from 27.9% to 26.4%. The operating profit (EBIT) rose by 17.2% to CHF 305.3 million, which corresponds to an EBIT margin of 23.3% compared with 24.0% for the previous year. Thanks to lower interest expenses and a lower tax rate, net income rose by 21.6% to CHF 227.8 million. The return on sales remained practically constant at 17.4% compared to the first half of 2006 (17.3%). Earnings per share rose significantly, with an increase of 24.5%, to CHF 5.75.

## Financial situation

The financial situation remained very solid after the first six months of the financial year 2007. Net debt in comparison with the end of the financial year 2006 rose as planned by CHF 21.9 million to CHF 162.6 million. The equity ratio rose from 53.0% as of the end of the financial year 2006 to 56.5%.

## Number of employees

The Geberit Group employed a total of 5,456 persons worldwide at the end of June 2007. That was 187 or 3.5% more than at the end of the 2006 financial year. Intensified sales activities and the integration of the employees of the agency taken over in South Africa, in addition to the expansion of production plant capacities to accommodate the high growth in sales, led to this increase.

## Investments in property, plant and equipment

In the first half of 2007, CHF 29.3 million (previous year CHF 26.2 million) was invested in property, plant and equipment. The main focus was in machinery and tools, intensified research and development investments and a new trade fair booth on the occasion of the most important European sanitary systems trade fair, the ISH, held in the spring in Frankfurt (DE).

## R&D expenses

Research and Development (R&D) expenses rose slightly to CHF 23.0 million (previous year CHF 22.0 million), which represents 1.8% of total sales. This increase in expenses results from a series of major, ongoing R&D projects in both the Sanitary Systems and the Piping Systems area.

## Sale of the PVC piping business

The Geberit Group has sold its entire PVC piping business in the United Kingdom, effective July 1, 2007. This transaction covered the entire production and warehousing site at Aylesford (UK) and the sales team associated with the PVC business in the United Kingdom – a total of around 170 employees – as well

as “Terrain”, the leading brand in the UK commercial PVC drainage market. The selling price was GBP 42.5 million. Sales in the first half of 2007 for this business amounted to CHF 23.1 million (1<sup>st</sup> half of 2006: CHF 22.5 million).

## Share split

At the Geberit AG ordinary general meeting on April 26, 2007, the shareholders approved a share split in the ratio 1:10. As per end of June 2007 the capital stock amounts to CHF 4,174,235 divided up into 41,742,350 registered shares, each with a par value of CHF 0.10.

## Outlook for the entire year 2007

The current positive economic framework conditions and the healthy environment for our industry in Europe, Asia and the Middle East are expected to diminish only slightly during the course of 2007. Weak development is expected to continue in North America, primarily in the private housing construction market. Overall, Management expects that the year 2007 will show very solid sales growth, operating results at a high level and an overproportionate increase in earnings per share.

August 9, 2007



Günter F. Kelm  
Chairman of the Board



Albert M. Baehny  
Chief Executive Officer (CEO)

# Geberit Group

## Consolidated Balance Sheets

	30.6.2007	31.12.2006	30.6.2006
	MCHF	MCHF	MCHF
<b>Assets</b>			
Cash and cash equivalents	119.0	182.4	145.0
Accounts receivable	283.1	167.8	233.5
Inventories	218.4	199.8	176.7
<b>Total current assets</b>	<b>620.5</b>	<b>550.0</b>	<b>555.2</b>
Property, plant and equipment	532.5	533.9	510.8
Deferred tax assets	64.9	67.3	63.0
Financial assets and other non-current assets	35.1	34.4	33.0
Goodwill and intangible assets	845.7	825.1	811.4
<b>Total non-current assets</b>	<b>1,478.2</b>	<b>1,460.7</b>	<b>1,418.2</b>
<b>Total assets</b>	<b>2,098.7</b>	<b>2,010.7</b>	<b>1,973.4</b>
<b>Liabilities and equity</b>			
Short-term debt	2.5	14.7	2.0
Trade accounts payable	114.3	102.4	89.7
Tax liabilities and tax provisions	129.9	85.5	129.2
Other current provisions and liabilities	69.9	127.1	72.1
<b>Total current liabilities</b>	<b>316.6</b>	<b>329.7</b>	<b>293.0</b>
Long-term debt	279.1	308.4	452.7
Deferred tax liabilities	89.6	88.8	95.9
Other non-current provisions and liabilities	226.8	217.9	204.6
<b>Total non-current liabilities</b>	<b>595.5</b>	<b>615.1</b>	<b>753.2</b>
<b>Total equity</b>	<b>1,186.6</b>	<b>1,065.9</b>	<b>927.2</b>
<b>Total liabilities and equity</b>	<b>2,098.7</b>	<b>2,010.7</b>	<b>1,973.4</b>

## Consolidated Income Statements

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2007	2006	2007	2006
	MCHF	MCHF	MCHF	MCHF
<b>Sales</b>	<b>635.0</b>	<b>536.6</b>	<b>1,311.2</b>	<b>1,085.5</b>
Sales deductions	98.6	79.1	200.3	160.1
Net sales	536.4	457.5	1,110.9	925.4
Cost of materials	208.5	151.8	416.7	303.8
Personnel expenses	122.4	109.8	239.7	220.2
Depreciation expense	18.0	17.0	36.2	36.7
Amortization of goodwill and intangibles	2.6	2.6	5.1	5.3
Other operating expenses, net	54.9	48.6	107.9	98.8
Total operating expenses, net	406.4	329.8	805.6	664.8
<b>Operating profit (EBIT)</b>	<b>130.0</b>	<b>127.7</b>	<b>305.3</b>	<b>260.6</b>
Finance costs, net	3.5	5.1	7.1	9.2
Profit before income tax expenses	126.5	122.6	298.2	251.4
Income tax expenses	28.7	30.8	70.4	64.1
Net income from continuing operations	97.8	91.8	227.8	187.3
Net income from discontinued operations	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>97.8</b>	<b>91.8</b>	<b>227.8</b>	<b>187.3</b>
– Attributable to shareholders	97.8	91.8	227.8	187.3
– 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.	
	2007	2006
	MCHF	MCHF
Hedge accounting	1.3	1.1
Exchange differences on translation of foreign operations	32.0	2.9
<b>Net income directly booked to equity</b>	<b>33.3</b>	<b>4.0</b>
Net income according to income statement	227.8	187.3
<b>Total net income</b>	<b>261.1</b>	<b>191.3</b>
– Attributable to shareholders	261.1	191.3
– 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		
<b>Balance at December 31, 2005</b>	<b>4.2</b>	<b>436.1</b>	<b>(49.6)</b>	<b>650.4</b>	<b>(88.3)</b>	<b>(7.2)</b>	<b>12.4</b>	<b>0.0</b>	<b>958.0</b>
Total net income 2006				187.3		1.1	2.9		191.3
Dividends				(101.5)					(101.5)
Other, net		7.5	(128.1)						(120.6)
<b>Balance at June 30, 2006</b>	<b>4.2</b>	<b>443.6</b>	<b>(177.7)</b>	<b>736.2</b>	<b>(88.3)</b>	<b>(6.1)</b>	<b>15.3</b>	<b>0.0</b>	<b>927.2</b>
<b>Balance at December 31, 2006</b>	<b>4.2</b>	<b>444.3</b>	<b>(236.2)</b>	<b>901.9</b>	<b>(88.3)</b>	<b>(4.6)</b>	<b>44.6</b>	<b>0.0</b>	<b>1,065.9</b>
Total net income 2007				227.8		1.3	32.0		261.1
Dividends				(159.0)					(159.0)
Other, net		15.8	2.8						18.6
<b>Balance at June 30, 2007</b>	<b>4.2</b>	<b>460.1</b>	<b>(233.4)</b>	<b>970.7</b>	<b>(88.3)</b>	<b>(3.3)</b>	<b>76.6</b>	<b>0.0</b>	<b>1,186.6</b>

## Consolidated Statements of Cashflows

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2007	2006	2007	2006
	MCHF	MCHF	MCHF	MCHF
<b>Net cash from operating activities</b>	<b>140.1</b>	<b>136.4</b>	<b>146.5</b>	<b>144.2</b>
Acquisitions, net	0.5	(0.9)	(14.4)	(0.9)
Purchase of PP&E and intangible assets	(17.6)	(14.2)	(29.3)	(26.2)
Proceeds from sale of PP&E and intangible assets	4.5	1.1	6.3	1.3
Other, net	2.1	1.0	9.7	2.0
<b>Net cash from/(used in) investing activities</b>	<b>(10.5)</b>	<b>(13.0)</b>	<b>(27.7)</b>	<b>(23.8)</b>
Repayments of borrowings	(30.2)	(0.2)	(53.3)	(89.3)
Proceeds from borrowings	30.0	40.2	30.0	159.2
Dividends	(159.0)	(101.5)	(159.0)	(101.5)
Other, net	(0.1)	(76.5)	(8.6)	(124.6)
<b>Net cash from/(used in) financing activities</b>	<b>(159.3)</b>	<b>(138.0)</b>	<b>(190.9)</b>	<b>(156.2)</b>
Effects of exchange rates on cash	6.2	(2.0)	8.7	0.8
<b>Net increase/(decrease) in cash</b>	<b>(23.5)</b>	<b>(16.6)</b>	<b>(63.4)</b>	<b>(35.0)</b>
Cash and cash equivalents at beginning of period	142.5	161.6	182.4	180.0
<b>Cash and cash equivalents at end of period</b>	<b>119.0</b>	<b>145.0</b>	<b>119.0</b>	<b>145.0</b>

# 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, 2006. With the exception of the balance sheet as of December 31, 2006, 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).

At the ordinary general meeting of Geberit AG on April 26, 2007, the shareholders approved the motion of the Board of Directors regarding the 1:10 share split. The figures in this half-year report (including previous year figures) are adjusted accordingly.

## Distribution

The general meeting has resolved a distribution of a dividend of CHF 40 for the year 2006. The dividend distribution took place on May 2, 2007.

## Effect of new IFRS standards

As of January 1, 2007, the Group adopted the new standard IFRS 7 – Financial Instruments and the complementary amendment to IAS 1 – Presentation of Financial Statements (Capital), which both do not affect the half-year financial statements and the disclosures therein. IFRS 8 – Operating segments was published in November 2006 and will be effective for accounting periods beginning on or after January 1, 2009. Geberit has not yet undergone a detailed analysis and therefore no final assessment of the impact of IFRS 8 can presently be made.

## Changes in Group organization and events after the balance sheet date

Effective as of July 1, 2007, the Geberit Group sold its entire PVC piping business in the United Kingdom. The selling price was MGBP 42.5. In the first half-year 2007, the business sold generated sales of MCHF 23.1 (first half-year 2006: MCHF 22.5).

## Treasury shares

On a net basis, the number of shares held in treasury decreased by 89,199 to 1,943,211 against December 31, 2006.

## Segment income statements

	Switzerland	Germany	Italy	Other major European markets	Other European markets	Other markets	Corporate functions	Total
<b>1.1.–30.6.2007</b>	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Intersegment sales	148.2	357.2	20.8	51.1	12.6	3.4		
External sales	143.6	446.4	163.3	283.9	176.3	97.7		1,311.2
Segment result	73.2	127.4	17.9	34.0	9.1	3.3	40.4	305.3
<b>1.1.–30.6.2006</b>								
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

## Exchange rates

	Income statements			Balance sheets		
	30.6.2007	31.12.2006	30.6.2006	30.6.2007	31.12.2006	30.6.2006
EUR	1.6308	1.5722	1.5606	1.6566	1.6073	1.5670
GBP	2.4173	2.3075	2.2716	2.4678	2.3978	2.2595
USD	1.2274	1.2539	1.2710	1.2320	1.2194	1.2324

## Corporate Calendar

### 2007

Interim report 3 <sup>rd</sup> quarter	6 November
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### 2008

First information on the year 2007	17 January
Media and analysts' conference	13 March
Interim report 1 <sup>st</sup> quarter	29 April
Annual general meeting	30 April
Dividend payment	6 May

(Subject to minor changes)

This half-year report is published in German and English. The German version is binding. Please find further information on half-year results 2007 at [www.geberit.com](http://www.geberit.com). The annual report 2006 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.

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