

Half-Year Report 2009



Key Figures First Half of 2009

	MCHF
Sales	1,099.1
Change in %	-14.9
Operating cashflow (EBITDA)	307.8
Change in %	-15.5
Margin in %	28.0
Operating profit (EBIT)	267.5
Change in %	-17.6
Margin in %	24.3
Net income	202.9
Change in %	-20.7
Margin in %	18.5
Net cashflow	245.6
Change in %	-21.3
Free cashflow	96.1
Change in %	-22.7
	CHF
Earnings per share	5.20
Change in %	-20.1
	MCHF
Net debt	-56.4
Gearing in %	-4.1
Equity	1,363.1
Equity ratio in %	65.3
Number of employees	5,567

The essential in the first half of 2009

- Difficult market environment worldwide
- Half-year sales -15% to CHF 1,099 million in Swiss francs, -9% in local currency
- Operating margins remain at a very high level
- Net income -21% to CHF 203 million
- Very sound financial base
- Unchanged high investment activities
- Cost structure adapted to sales development, without restructuring
- Extensive new product launches in the piping systems area
- Shower toilets with expanded product range and new AquaClean marketing concept
- Outlook remains uncertain, operating results in the upper range of the medium-term targets

To our Shareholders

The Geberit Group is reporting a convincing close to the first half of 2009 in an exceptionally difficult environment. Sales in almost all Geberit markets were characterized by the effects of the worldwide economic crisis. Consolidated sales reached CHF 1,099.1 million, which corresponds to a decrease of 14.9% in Swiss francs or 9.4% after currency adjustments. Operating cashflow (EBITDA) declined by 15.5% to CHF 307.8 million, operating profit by 17.6% to CHF 267.5 million. Net income was CHF 202.9 million, 20.7% less than for the same period in the prior year. For the year 2009 as a whole, Management is expecting operating results in the upper range of medium-term targets.

Consolidated sales

Geberit Group sales in the first six months of 2009 amounted to CHF 1,099.1 million, as compared to CHF 1,291.6 million in the prior year. This represents a decrease of 14.9% in Swiss francs. Included in this were significant currency losses, primarily from the Euro. In local currency, this amounted to a decline of 9.4%.

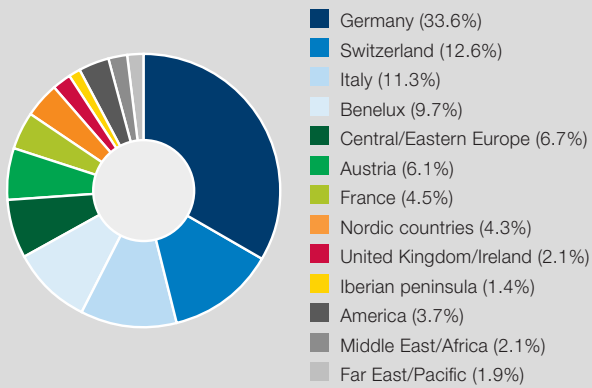
Sales fell in the second quarter by 15.6%, as compared to 14.2% in the previous quarter. After currency adjustments, the decline amounted to 10.5%, 8.3% in the previous quarter.

Sales by markets and product areas

The declines in sales in the established markets of the Group were considerably more moderate than those in the developing markets. In Europe, sales after currency adjustments fell by 9.0%. The core markets of Germany (-2.4%), Austria (-2.8%), the Benelux countries (-5.0%) and Switzerland (-8.2%) registered below-average drops in sales, as was also the case for France (-3.5%). Italy (-16.0%) was the only one of these reporting a significant decrease. The Nordic countries (-18.6%), the United Kingdom/Ireland (-18.8%), Central/Eastern Europe (-20.9%) and the Iberian peninsula (-32.5%) also experienced similarly heavy declines. Various projectstops or cancellations resulted in a fall in sales in the Middle East/Africa region of 11.5% and of 17.0% in the Far East/Pacific region. In America, following the initial effects on private residential construction, the crisis is now being felt in the commercial building activities, the area of main relevance for Geberit, a fact which has led to a decline in sales of 15.9% for the first half of 2009.

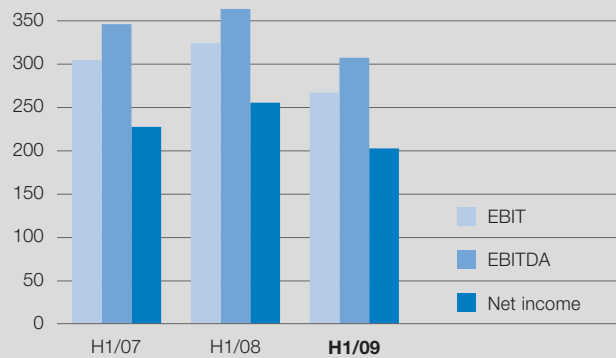


Sales by markets as of June 30, 2009



EBIT, EBITDA, Net income 2007–2009

(in CHF million)



In the product area Sanitary Systems, sales declined by 13.4% (after currency adjustments: -8.1%) to CHF 639.4 million, and by 16.9% (after currency adjustments -11.2%) to CHF 459.7 million in the product area Piping Systems. Sales figures for all product lines are considerably lower than prior year levels.

Earnings situation

Profitability remained at a high level for the first half of 2009. In terms of operating results, the lower sales volume, negative currency effects and increased personnel costs were partially compensated for by lower raw material prices and strict cost management. Operating cashflow (EBITDA) declined compared to the record prior year figure by 15.5% to CHF 307.8 million. At 28.0%, the EBITDA margin reached almost the same level as in 2008 (28.2%). Operating profit (EBIT) decreased by 17.6% to CHF 267.5 million, corresponding to an EBIT margin of 24.3% (prior year 25.1%). A lower financial result caused by unfavorable foreign currency developments led to a decrease in net income of 20.7%, to CHF 202.9 million. The return on sales was 18.5%, following 19.8% in the prior year. In comparison with net income, earnings per share fell somewhat underproportionately by 20.1%, to CHF 5.20.

Financial situation

The financial position of the Group remains very sound. Following the dividend payment in May, the net cash amount as per mid-year 2009 was reduced according to plan by CHF 93.9 million to CHF 56.4 million. The equity ratio again rose slightly, from 63.9% as of the end of 2008 to 65.3%.

The General Meeting on April 30, 2009 approved the proposal of the Board of Directors to carry out a reduction in capital in the amount of the shares repurchased within the scope of the 2008 share buyback program. 2,080,090 registered shares were therefore cancelled on July 20, 2009 in exchange for CHF 311,350,522, corresponding to 4.8% of the share capital entered in the Commercial Register. The number of treasury shares held by the Group following this transaction was 4.5%. The total shares issued amounts to 40,923,762 after the capital reduction.

Number of employees

At the end of June 2009, the Geberit Group employed a workforce of 5,567 worldwide. This was 130 or 2.3% fewer than at the end of 2008. This reduction is accounted for mainly by reductions in the numbers of direct production personnel – primarily temporary staff – as a reaction to the decreased sales volume.

Investments in property, plant and equipment

Investments in property, plant and equipment in the first half of 2009 totaled CHF 40.9 million (prior year CHF 57.1 million). Despite the difficult environment, the Group maintained its commitments to the larger investment projects that had been planned. The bulk of investments was required for important infrastructure projects, e.g. the expansion of the Group Logistics Center in Pfullendorf (DE) or the new construction of the Asia Headquarters in Shanghai (CN), in addition to the procurement of tools and molds for new products.

R&D expenses

Expenditure on research and development (R&D) fell slightly, following the large R&D projects of the preceding two years, to CHF 21.0 million (prior year CHF 23.9 million), corresponding to 1.9% of sales.

Outlook for the entire year 2009

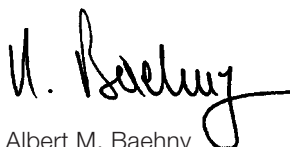
The global economic crisis and the related uncertainty in prognoses for the near future mean that predictions are still very difficult. Nevertheless, overall economic trends can be recognized. The decline in the building industry will continue. Construction volumes are regressing further in most of the geographical markets that are important to Geberit; no recovery can be realistically expected before 2011. New housing construction is the most severely affected by the crisis, but the remaining sectors – including

the renovation business – cannot fully escape the downward trend either. It is very difficult to issue quantitative prognoses for Geberit in 2009. For the year 2009 as a whole, Management is expecting operating results in the upper range of medium-term EBITDA targets of between 23 and 25 percent of sales. The Geberit Group is well equipped for the coming challenges and it will emerge strengthened from this difficult global economic phase.

August 11, 2009



Günter F. Kelm
Chairman



Albert M. Baehny
CEO

Half-Year Report 2009

Condensed Consolidated Balance Sheets

	30.6.2009	31.12.2008 ¹	30.6.2008 ¹	1.1.2008 ¹
	MCHF	MCHF	MCHF	MCHF
Assets				
Cash and cash equivalents	165.5	197.4	180.7	450.1
Marketable securities	45.8	105.2	0.0	0.0
Accounts receivable	284.0	172.7	302.6	178.9
Inventories	193.3	207.1	215.5	226.3
Total current assets	688.6	682.4	698.8	855.3
Property, plant and equipment	566.8	555.5	537.3	529.3
Deferred tax assets	48.5	41.0	42.5	48.9
Financial assets and other non-current assets	15.8	19.0	37.7	36.0
Goodwill and intangible assets	769.0	756.2	804.5	828.8
Total non-current assets	1,400.1	1,371.7	1,422.0	1,443.0
Total assets	2,088.7	2,054.1	2,120.8	2,298.3
Liabilities and equity				
Short-term debt	70.5	40.2	2.5	2.9
Trade accounts payable	70.3	84.4	101.8	93.3
Tax liabilities and tax provisions	106.1	88.6 ¹	120.9 ¹	88.6 ¹
Other current provisions and liabilities	126.3	138.9	121.5	143.2
Total current liabilities	373.2	352.1	346.7	328.0
Long-term debt	84.4	112.1	173.7	271.0
Deferred tax liabilities	59.9	59.6 ¹	67.8 ¹	70.3 ¹
Other non-current provisions and liabilities	208.1	218.4	223.9	224.6
Total non-current liabilities	352.4	390.1	465.4	565.9
Total equity	1,363.1	1,311.9	1,308.7	1,404.4
Total liabilities and equity	2,088.7	2,054.1	2,120.8	2,298.3

¹ Correction of an error according to IAS 8: in the deferred tax liabilities, a provision for current tax liabilities of MCHF 9.8 was included by mistake. Therefore, the Group has reclassified retrospectively this amount from the position "Deferred tax liabilities" to the position "Tax liabilities and tax provisions" for all periods.

Condensed Consolidated Statements of Changes in Equity

	Attributable to the shareholders								Minority interests	Total equity
	Ordinary shares	Capital in excess of par	Treasury shares	Retained earnings	Pension plans (IAS 19)	Hedge accounting	Cum. translation adjustments			
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF		
Balance at December 31, 2007	4.2	369.2	(247.8)	1,275.8	(69.5)	(1.8)	74.3	0.0	1,404.4	
Half-year result 2008				255.8		1.3	(41.9)		215.2	
Dividends				(206.9)					(206.9)	
(Purchase)/Sale of treasury shares		4.3	(224.2)						(219.9)	
Convertible Bond	0.1	103.9		14.3					118.3	
Share participation and option plans		(2.4)							(2.4)	
Balance at June 30, 2008	4.3	475.0	(472.0)	1,339.0	(69.5)	(0.5)	32.4	0.0	1,308.7	
Balance at December 31, 2008	4.3	474.6	(553.9)	1,549.5	(104.1)	(1.7)	(56.8)	0.0	1,311.9	
Half-year result 2009				202.9	17.0	(1.8)	33.5		251.6	
Dividends				(210.9)					(210.9)	
(Purchase)/Sale of treasury shares		(0.8)	11.4						10.6	
Convertible Bond		(124.2)		124.2					0.0	
Share participation and option plans		(0.1)							(0.1)	
Balance at June 30, 2009	4.3	349.5	(542.5)	1,665.7	(87.1)	(3.5)	(23.3)	0.0	1,363.1	

Consolidated Income Statements

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2009	2008	2009	2008
	MCHF	MCHF	MCHF	MCHF
Sales	547.3	648.5	1,099.1	1,291.6
Cash discounts and customer bonuses	61.1	73.1	125.9	145.9
Revenue from sales	486.2	575.4	973.2	1,145.7
Cost of materials	139.6	189.5	296.5	381.4
Personnel expenses	110.8	119.7	219.9	234.8
Depreciation expense	18.8	18.2	37.5	35.9
Amortization of intangibles	1.4	1.9	2.8	3.7
Other operating expenses, net	74.3	87.7	149.0	165.3
Total operating expenses, net	344.9	417.0	705.7	821.1
Operating profit (EBIT)	141.3	158.4	267.5	324.6
Finance costs, net	0.3	0.2	5.6	(2.4)
Profit before income tax expenses	141.0	158.2	261.9	327.0
Income tax expenses	31.6	32.7	59.0	71.2
Net income	109.4	125.5	202.9	255.8
– Attributable to shareholders	109.4	125.5	202.9	255.8
Earnings per share (CHF)	2.80	3.19	5.20	6.51
Diluted earnings per share (CHF)	2.79	3.18	5.17	6.49

Consolidated Statement of Comprehensive Income

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2009	2008	2009	2008
	MCHF	MCHF	MCHF	MCHF
Net income according to the income statement	109.4	125.5	202.9	255.8
a) Cumulative translation adjustments	5.2	22.3	33.5	(41.9)
Reclassification to the income statement	0.0	0.0	0.0	0.0
Total cumulative translation adjustments	5.2	22.3	33.5	(41.9)
b) Cashflow hedge accounting	0.1	1.7	(2.4)	1.9
Reclassification to the income statement	0.0	0.0	0.0	0.0
Taxes	(0.1)	(0.5)	0.6	(0.6)
Total cashflow hedge accounting, net of tax	0.0	1.2	(1.8)	1.3
c) Actuarial adjustments of pension plans	16.8	0.0	20.4	0.0
Taxes	(2.8)	(0.0)	(3.4)	(0.0)
Total actuarial adjustments of pension plans, net of tax	14.0	0.0	17.0	0.0
Total comprehensive income	128.6	149.0	251.6	215.2
– Attributable to shareholders	128.6	149.0	251.6	215.2

Condensed Consolidated Statements of Cashflows

	Quarter 1.4.–30.6.		Six months 1.1.–30.6.	
	2009	2008	2009	2008
	MCHF	MCHF	MCHF	MCHF
Net income	109.4	125.5	202.9	255.8
Depreciation and amortization	20.2	20.1	40.3	39.6
Finance costs, net	0.3	0.2	5.6	(2.4)
Income tax expenses	31.6	32.7	59.0	71.2
Other (incl. gain from disposals of subsidiaries and PP&E)	4.5	2.1	8.3	5.6
Operating cashflow before changes in net working capital and taxes	166.0	180.6	316.1	369.8
Income taxes paid	(20.4)	(20.9)	(63.4)	(53.3)
Changes in net working capital	(3.3)	(3.1)	(104.9)	(127.2)
Net cash provided by operating activities	142.3	156.6	147.8	189.3
(Acquisitions)/disposals of subsidiaries, net	(0.3)	(0.1)	(0.3)	1.6
Purchase of PP&E and intangible assets	(22.0)	(39.8)	(40.9)	(57.1)
Proceeds from sale of PP&E and intangible assets	0.4	0.6	0.8	1.1
Proceeds from sale of marketable securities	23.3	0.0	61.0	0.0
Other, net	(0.1)	5.3	7.2	7.9
Net cash from/(used in) investing activities	1.3	(34.0)	27.8	(46.5)
Repayments of borrowings	(0.1)	(0.2)	(3.5)	(3.1)
Proceeds from borrowings	0.0	30.0	0.0	30.1
Dividends	(210.9)	(206.9)	(210.9)	(206.9)
(Purchase)/Sale of treasury shares	6.5	(66.5)	8.0	(215.4)
Other, net	(6.2)	(6.5)	(7.3)	(6.8)
Net cash from/(used in) financing activities	(210.7)	(250.1)	(213.7)	(402.1)
Effects of exchange rates on cash	1.8	5.2	6.2	(10.1)
Net increase/(decrease) in cash	(65.3)	(122.3)	(31.9)	(269.4)
Cash and cash equivalents at beginning of period	230.8	303.0	197.4	450.1
Cash and cash equivalents at end of period	165.5	180.7	165.5	180.7

Notes to the Half-Year Report 2009

1. General

The unaudited consolidated interim report for the first half year 2009 was prepared according to IAS 34. The financial figures were determined in accordance with the same valuation principles as the audited financial statements as at December 31, 2008.

The antitrust case "Bathroom Fittings and Fixtures" from the European Community Commission which has been pending since 2004 is still open. From Geberit's point of view, the complaints raised against Geberit are not justified. Geberit still expects that the pending proceedings will not significantly influence its financial situation or operating results. However, based on the currently available information, a reliable forecast as to the proceedings' outcome cannot be made yet. The Commission's decision is still outstanding. As at June 30, 2009, no provision for a possible fine out of this antitrust case was booked.

At each balance sheet date, Geberit assesses any indications about impairment of assets. If there are any indications, an impairment test is carried out. Furthermore, goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. As at June 30, 2009, an impairment test was carried out and no impairment resulted out of it.

At the end of June, 2009, the Geberit Group has agreed with a banking syndicate a firmly committed credit line of MCHF 250. This credit agreement has a total life of four years and replaces the existing credit line of MCHF 400. The credit shall ensure the Group's midterm financial flexibility.

Until the balance sheet date, a total of 27,879 fractions of the Convertible Bond in a nominal value of MCHF 139.4 were converted into 1,403,852 shares. The total number of issued Geberit shares at June 30, 2009, is 43,003,852. At the balance sheet date, the carrying amount of the Convertible Bond is MCHF 29.9. The Convertible Bond is due on June 14, 2010, and therefore it was reclassified from the position "Long-term debt" to the position "Short-term debt". According paragraph 6a. iv) of the conversion conditions ("extraordinary dividends"), the conversion price was reduced from CHF 98.91 to CHF 97.46 on May 6, 2009, and therefore the number of shares for each fraction was increased to 51.30310.

2. Retirement benefit plans

The actuarial calculations were extrapolated as per June 30, 2009. Thereby the discount rate for Swiss pension plans has been increased from 3.50% to 3.86%. The other parameters remain unchanged. This resulted in a reduction of the pension obligations in comparison with the end of 2008. The adjustment is shown in the "Consolidated Statement of Comprehensive Income". According to the statutory calculation, the Swiss pension plans show a slight deficit.

3. Distribution

The General Meeting has resolved a distribution of a dividend of CHF 5.40 for the year 2008. The dividend distribution took place on May 6, 2009.

4. Changes in Group organization

No material changes in Group organization took place.

5. Treasury shares

Compared to December 31, 2008, the treasury shares held by the Group decreased net by a number of 103,968 to a total quantity of 3,940,972.

In September 2008, Geberit AG has concluded its share buyback program, started in January 2008. Overall and as originally envisaged, 2,080,090 registered shares, equal to MCHF 311.4, were repurchased. The average purchase price per share was CHF 149.68. The General Meeting on April 30, 2009, approved a capital reduction in the amount of the shares repurchased.

6. Events after the balance sheet date

As at July 20, 2009, the approved capital reduction was executed. Newly, 40,923,762 shares are issued.

7. Segment reporting

The Geberit Group consists of one single business unit with the purpose to develop, produce and distribute sanitary products and systems for residential and industrial building. All products are distributed using the same channel of distribution – the wholesale – in general to the installers, who resell the products to the end customer. The products are produced by plants, which are specialized in particular production processes. As a general rule, one specific article is only produced at one location. The distribution is made by country or regional distribution companies, which sell to the wholesale. A

distribution company is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is the local market development, which contains as a main focus the support of installers, sanitary planners and the wholesale. Research and development of the whole range of products is made centrally by Geberit International AG. All corporate tasks are also centralized at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) as well as the management structure of the Geberit Group are organized by function (overall management, products, sales, finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on the sales analysis (markets and product lines) as well as the consolidated income statements, balance sheets and statement of cashflows.

The segment reporting is made according to IFRS 8.31 ff (one single reportable segment) and the valuation is made according to the same principles as the consolidated financial statements. The allocation of sales is based on the place, where the results are generated.

The information for six months is as follows:

7.1 Information by product lines

	Sales	
	1.1.–30.6.2009	1.1.–30.6.2008
	MCHF	MCHF
Installation Systems	412.0	477.9
Cisterns and Mechanisms	114.1	134.5
Faucets and Flushing Systems	66.2	72.5
Waste Fittings and Traps	47.1	53.4
Sanitary Systems	639.4	738.3
Building Drainage Systems	156.1	183.3
Supply Systems	303.6	370.0
Piping Systems	459.7	553.3
Total	1,099.1	1,291.6

7.2 Information by markets

	Sales	
	1.1.–30.6.2009	1.1.–30.6.2008
	MCHF	MCHF
Germany	368.9	403.2
Italy	123.7	157.1
Switzerland	139.0	151.6
Other Europe	382.5	483.6
Other markets	85.0	96.1
Total	1,099.1	1,291.6

7.3 Share of sales by customers

	1.1.–30.6.2009	1.1.–30.6.2008
	MCHF	MCHF
Customers with more than 10% of sales: customer A	140.1	155.1
Total > 10%	140.1	155.1
Remaining customers with less than 10% of sales	959.0	1,136.5
Total Sales	1,099.1	1,291.6

8. Effect of new and revised IFRS standards

Standard/Interpretation	Effectiveness	Relevance for Geberit	Introduction
IFRS 2 – Share-based payments	1.1.2009	Clarification of the terms “vesting conditions” and “cancellation”. No (material) effect on the consolidated financial statements.	1.1.2009
IFRS 3 – Business Combinations	1.7.2009	Acquisition-related costs (i.e. fees for lawyers, auditors, etc.) have to be recognized as expenses in the income statement. Furthermore, contingent considerations (i.e. earn-out models) must be recognized as acquisitions costs and subsequently measured at fair value through profit or loss. At Geberit Group, this standard will be applied for future acquisitions. The standard has no effect on the consolidated financial statements.	1.1.2010
IFRS 8 – Operating Segments	1.1.2009	The definition and disclosure of operating segments has to result from the internal management reporting instead of the analysis of a segment’s risks and returns. In 2009, Geberit has adjusted its segment reporting accordingly and provides the disclosure on the basis of the internal management reporting. Geberit Group consists of one single reportable segment and the disclosure is therefore made according to IFRS 8.31 ff.	1.1.2009
IAS 23 – Borrowing Costs	1.1.2009	The capitalization of borrowing costs of qualified assets is mandatory if the costs are directly attributable. Today’s option to capitalize or expense borrowing costs will cease. Because of the current financing situation, the Group does not expect a material impact on the consolidated financial statements.	1.1.2009
IAS 27 – Consolidated and Separate Financial Statements	1.7.2009	The amendment requires recording all movements of minorities within equity as long as there is no change in control. From such transactions, neither goodwill nor any gains or losses will result. Furthermore, the standard defines the recognition and measurement of subsidiaries in case of the loss of control. Because Geberit currently only owns 100% subsidiaries, the amendment of IAS 27 has no impact.	1.1.2010
IAS 32 – Financial Instruments: Presentation	1.1.2009	Amendments to puttable financial instruments and obligations arising on liquidation. No (material) effect on the consolidated financial statements.	1.1.2009
Annual improvements of IFRS standards and interpretations	various	No (material) effect on the consolidated financial statements.	various

Corporate Calendar

2009

Interim report 3 rd quarter	29 October
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2010

First information on the year 2009	12 January
Media and analysts' conference	11 March
Interim report 1 st 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 2009 at www.geberit.com. The annual report 2008 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.

Cover picture: Ben Huggler © Geberit AG



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