

Geberit Group 2014

Summary Report

Geberit abstains from printing in a full-length version of the annual report and makes the most of multimedia instead.

Detailed information – available anytime and anywhere – can be found online:

- interactive financial tables
- analysis tools
- videos and photo galleries



→ www.geberit.com/annualreport

Key Figures

MCHF

Sales	2,404.4
Change in %	+4.9

Revenue from sales	2,089.1
Change in %	+4.5

Operating cashflow (EBITDA)	657.1
Change in %	+10.8
Margin in % of sales	27.3

Operating profit (EBIT)	576.9
Change in %	+13.0
Margin in % of sales	24.0

Net income	498.6
Change in %	+14.4
Margin in % of sales	20.7

Free cashflow	460.4
Change in %	+3.6

Earnings per share (CHF)	13.28
Change in %	+14.6

Net cash	739.2
Gearing in %	-43.0

Equity	1,717.1
Equity ratio in %	70.6

Number of employees	6,247
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Main developments in 2014

Sales

+6.4%

currency-adjusted growth

Earnings per share (in CHF)

13.28

+14.6% compared to prior year

Company

- Impressive sales increases in nearly all markets despite a continued challenging environment
- Further investments in the production infrastructure in Slovenia and Italy as well as a planned expansion of logistics capacities
- Expansion of the company's strategic focus with the acquisition of Sanitec, the European market leader in the area of bathroom ceramics
- New all-time share price high of over CHF 340 reached
- Christian Buhl appointed as new CEO, effective January 2015

Products

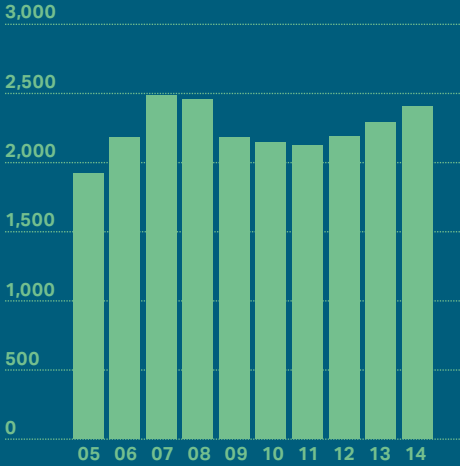
- Launch of innovative new products: sanitary module Monolith Plus, actuator plate Sigma70, wall drain for showers, floor-standing shower toilet AquaClean Sela, flushing system Omega and Sovent fitting
- 50th birthday of concealed cisterns celebrated with a range of events in Europe

Finance

- Sales growth of 6.4% in local currencies, 4.9% in Swiss francs
- Operating cashflow margin of 27.3% significantly above previous year and above the medium-term target range
- Earnings per share of CHF 13.28 (+14.6%)
- Free cashflow of CHF 460.4 million (+3.6%)
- Dividend increase of 10.7% to CHF 8.30 proposed

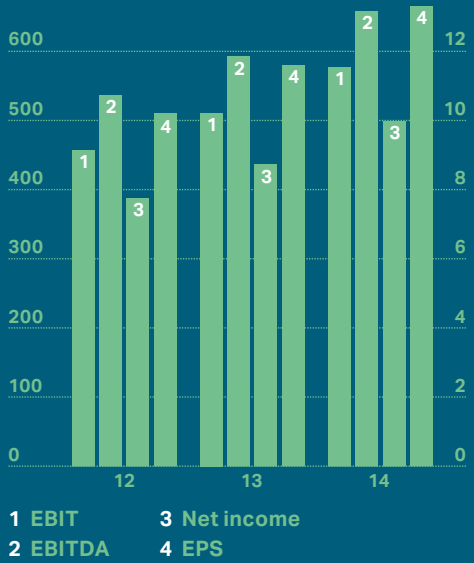
At a glance

Sales development
2005 – 2014
(in CHF million)



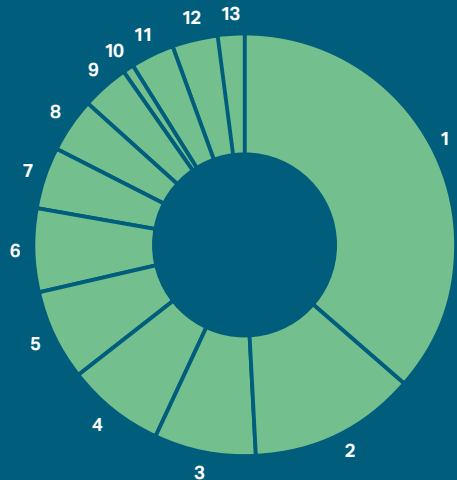
EBIT, EBITDA, Net income
Earnings per share (EPS)
2012 – 2014
(in CHF million)

(EPS: in CHF)



2014 sales by markets/regions

- 1 Germany (36.5%)
- 2 Switzerland (12.9%)
- 3 Benelux (7.7%)
- 4 Italy (7.4%)
- 5 Central/Eastern Europe (7.0%)
- 6 Austria (6.4%)
- 7 Nordic Countries (4.8%)
- 8 France (4.2%)
- 9 United Kingdom/Ireland (3.6%)
- 10 Iberian Peninsula (0.7%)
- 11 America (3.5%)
- 12 Far East/Pacific (3.2%)
- 13 Middle East/Africa (2.1%)



**Reliability. Partnership.
Innovation. Know-how.
Quality of life.**
Our values guide us
in everything we do.



In 2014, we celebrated the 50th anniversary of concealed cisterns. We proudly look back on the history of the world's first WC cistern made of plastic – a product that has already been installed well over 60 million times to date. As market leader, Geberit now has a suitable model for virtually every construction situation.

One of the most important attributes of the Geberit concealed cistern – its famed reliability – is confirmed by sanitary specialists across the globe.

This is what we understand by living our values.

Read more:

www.geberit.com/annualreport

→ Business report → Values by which Geberit lives



A ready-to-install Geberit Duofix installation element for wall-hung WCs with a Sigma concealed cistern consists of more than 180 individual parts. Each one of them reflects 50 years of innovation and experience.

To our shareholders

Despite a continued challenging environment, the Geberit Group experienced an excellent 2014. In nearly all markets, impressive sales increases were achieved and market shares gained. The considerable volume growth and a below-average increase in the cost of materials had a positive effect on the operating results. These effects were partially offset by higher customer bonuses and an increase in personnel expenses. With these results – which were substantially above the already good results of the previous year – Geberit noticeably outperformed the European market environment and further consolidated its position as a leading provider of sanitary technology.

Convincing sales growth

Cumulative sales in 2014 increased by 4.9% to CHF 2,404.4 million. With a growth of 6.4% in local currencies, the increase is slightly above the medium-term growth expectation of 4 to 6%. In spite of the decline in sales experienced between 2008 and 2011, average annual growth for the last ten years in Swiss francs was 2.3%.

The following changes in sales figures refer to local currencies.

Growth in all regions

Europe recorded an increase in sales of 5.9%, with all markets reporting increases. Double-digit growth was posted in the United Kingdom/Ireland (+19.8%) and Central/Eastern Europe (+11.7%). Switzerland (+6.6%) and Germany (+6.0%) also reported satisfying sales growth. Increases were also recorded in

the Benelux Countries (+4.0%), France (+3.0%), the Iberian Peninsula (+3.0%), Italy (+2.7%), Austria (+2.5%) and the Nordic Countries (+2.4%). Despite the ongoing unfavorable conditions in the public sector – an area of importance to Geberit in this region – America posted growth of 6.4%. The Middle East/Africa (+21.2%) and Far East/Pacific (+12.8%) regions reported significant sales growth.

Sales for the Sanitary Systems product area amounted to CHF 1,364.3 million, corresponding to growth of 6.7%. Sales for the Piping Systems product area were CHF 1,040.1 million. The increase was 6.0%, meaning growth of Piping Systems was slightly below that of Sanitary Systems – unlike in the previous year.

Profitability reaches all-time high

Thanks to healthy sales growth, a positive net price effect and efficient cost control, results were up on the previous year and reached all-time highs in a challenging environment in spite of once again substantial investments in organic growth. Operating cashflow (EBITDA) rose by 10.8% to CHF 657.1 million. At 27.3%, the EBITDA margin was significantly higher than the previous year (25.9%) and also above the medium-term target range. Over the last decade, average EBITDA growth of 3.8% was better than the corresponding increase in sales of 2.3%. Operating profit (EBIT) rose by 13.0% to CHF 576.9 million, and the EBIT margin reached 24.0% (previous year 22.3%). Net income increased by 14.4% to CHF 498.6 million, which led to a return on sales of 20.7% (previous year 19.0%). As both in percentage of sales and in absolute terms, net

income thus reached its highest value since going public in 1999. Earnings per share rose by 14.6% to CHF 13.28.

Increase in free cashflow

The marked upturn in operating cashflow (EBITDA) led to an increase in net cashflow of 10.9% to CHF 608.3 million. Free cashflow grew by 3.6% to CHF 460.4 million. The lower growth posted in comparison to net cashflow resulted from the negative effects of the change in net working capital and higher investments in property, plant and equipment. Free cashflow was largely used to pay distributions of CHF 282.0 million to shareholders and to repurchase shares totaling CHF 37.4 million.

Strong financial foundation

Once again, the substantial contribution from free cashflow allowed the attractive dividend policy to be continued and a share buyback program to be launched while also maintaining the very solid financial foundation of the Group. Total assets increased from CHF 2,226.0 million to CHF 2,431.5 million, mainly as a result of a higher reserve of liquid funds and a planned slight increase in inventories. The cash reserve increased substantially, as the share buyback program launched at the end of April has been suspended since the end of July 2014 due to the Sanitec acquisition, and no further shares were repurchased as a result. In addition to liquid funds and marketable securities of CHF 749.7 million (previous year CHF 612.8 million), the Group had access to an undrawn operating credit line for the operating busi-

ness of CHF 347.8 million. At CHF 10.5 million, debts were slightly under the previous year's value of CHF 11.7 million. This resulted in positive net cash of CHF 739.2 million at the end of 2014 (previous year CHF 601.1 million). The equity ratio reached a solid 70.6% (previous year 74.8%). Based on average equity, the return on equity (ROE) was 29.2% (previous year 28.2%). The return on invested capital (ROIC) was 35.5% (previous year 32.1%).

Investment volume slightly above medium-term goals

Investments in property, plant and equipment and intangible assets amounted to CHF 104.8 million in 2014 or CHF 6.8 million (+6.9%) more than in the previous year. Investment volume was therefore slightly above CHF 100 million, the level aimed for over the medium term in order to be prepared for expected growth. As a percentage of sales, the investment ratio was 4.4% (previous year 4.3%). All scheduled larger investment projects were carried out as planned.

Innovation as an important foundation for brand value

The innovative power, which is above average in a sector comparison, is essential to the Group's success. It is based on its own successful and wide-ranging research and development (R&D) activities. In the reporting year, the Group invested CHF 55.8 million (previous year CHF 50.9 million) or 2.3% of sales in upcoming products. Expenditures increased by 9.6% year-on-year. The company applied for 20 patents in 2014, bringing the total for the last five years to 103.

Number of employees slightly up

At the end of 2014, the Geberit Group employed 6,247 people worldwide – 21 persons or 0.3% more than in the previous year. This change is primarily due to capacity adjustments in the production plants and an expansion within sales. Based on the average number of 6,303 employees, sales per employee amounted to TCHF 381.5 or 3.5% more than in the previous year.

Higher distribution

The Board of Directors intends to let the shareholders participate in the positive development of the business and will maintain the attractive distribution policy of previous years; this is also intended to continue unchanged after the acquisition of Sanitec. The Board of Directors will propose to the General Meeting of Geberit AG on April 1, 2015, a dividend of CHF 8.30, an increase of 10.7% over that of 2014. The payout ratio of 62.7% of net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors. Subject to the shareholders' approval, the distribution will be paid on April 9, 2015.

Geberit thanks you

We credit the strong results in 2014, which noticeably surpassed those of the previous year, to the outstanding commitment, high motivation and skills of our employees in over 40 countries. We wish to express our thanks and appreciation for their exemplary performance. Our customers in the commercial and trade sectors again deserve special thanks for their trust and constructive collaboration.

Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

Outlook 2015

Hopes for a moderate global economic upturn have been dampened in recent months, which is expected to directly impact the construction industry. The challenges in this sector remain complex and, viewed from today's perspective, are expected to become even more pronounced in the medium term. The individual regions/markets and construction sectors are developing very differently. In Europe, volumes in the construction industry are continuing to contract overall. With the exception of a few markets such as Germany, Switzerland, the United Kingdom and Poland which are developing positively, no recovery is in sight in most other markets, and markets such as Italy and France are expected to see further falls in demand. Non-residential construction is failing to recover, but this is at least partially being compensated by a flat to slightly positive trend in residential construction. In North America, the indicators in public construction projects are currently not pointing to a recovery on a relevant scale, which will significantly affect the Geberit business in this market. In residential construction, signs are pointing to a slowdown in growth. In the Far East/Pacific region, China has seen a decrease in the sale of homes, the number of new construction projects and residential property prices; the construction industry overall is showing a downward trend. The outlook for the Middle East and South Africa remain positive.

The Geberit Group's 2015 business year will be dominated by the integration of Sanitec's activities. The primary aim is to ensure that the two entities are joined in the smoothest possible manner without destroying value while at the same time creating a solid basis for a successful future. Just as important is the focus on the existing Geberit business, which is expected to be a challenging undertaking once again owing to the tense situation in the majority of the European construction markets. The objective, not only in the few markets that are healthy but also in the large number of markets that are shrinking, is to provide a convincing performance and to continue to gain market shares as in previous years. The focus will fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of new markets and on the very promising shower toilet business. In line with the Geberit strategy, these measures will be accompanied by efforts to further optimize business processes. The management is convinced of being very well prepared for the upcoming tasks and will confidently meet the challenges in the new framework involving Sanitec. The opportunities offered as a result of combining technical know-how in sanitary technology "behind the wall" and design expertise "in front of the wall" will be firmly seized. With experienced and highly motivated employees at both Geberit and Sanitec, a number of promising products that have been launched in recent years and product ideas for the more distant future, a lean and market-oriented organization, an established cooperation based on trust with our market partners in

both commerce and trade and – as a result of our industry leadership in terms of financial results in recent years – the Group's continued solid financial foundation following the acquisition of Sanitec, the future looks bright.



Albert M. Baehny
Chairman



Christian Buhl
CEO

Consolidated Balance Sheets

	31.12.2013	31.12.2014
	MCHF	MCHF
Assets		
Current assets		
Cash and cash equivalents	538.1	749.7
Marketable securities	74.7	0.0
Trade accounts receivable	114.8	125.3
Other current assets and current financial assets	53.4	55.9
Inventories	170.9	205.7
Total current assets	951.9	1,136.6
Non-current assets		
Property, plant and equipment	536.4	550.9
Deferred tax assets	55.8	76.3
Other non-current assets and non-current financial assets	36.4	22.4
Goodwill and intangible assets	645.5	645.3
Total non-current assets	1,274.1	1,294.9
Total assets	2,226.0	2,431.5

	31.12.2013	31.12.2014
	MCHF	MCHF
Liabilities and equity		
Current liabilities		
Short-term debt	4.0	3.9
Trade accounts payable	61.6	62.3
Tax liabilities and tax provisions	67.2	78.3
Other current provisions and liabilities	146.7	226.3
Total current liabilities	279.5	370.8
Non-current liabilities		
Long-term debt	7.7	6.6
Accrued pension obligation	188.9	256.5
Deferred tax liabilities	51.2	48.4
Other non-current provisions and liabilities	34.6	32.1
Total non-current liabilities	282.4	343.6
Shareholders' equity		
Capital stock	3.8	3.8
Reserves	1,886.2	1,944.0
Cumulative translation adjustments	-225.9	-230.7
Total equity	1,664.1	1,717.1
Total liabilities and equity	2,226.0	2,431.5

Consolidated Income Statements

	2013	2014
	MCHF	MCHF
Revenue from sales	1,999.9	2,089.1
Cost of materials	597.2	604.2
Personnel expenses	475.4	483.9
Depreciation	76.6	77.0
Amortization of intangible assets	5.5	3.2
Other operating expenses, net	334.5	343.9
Total operating expenses, net	1,489.2	1,512.2
Operating profit (EBIT)	510.7	576.9
Financial expenses	-4.8	-4.0
Financial income	3.4	2.1
Foreign exchange loss (-)/gain	-4.1	0.2
Financial result, net	-5.5	-1.7
Profit before income tax expenses	505.2	575.2
Income tax expenses	69.4	76.6
Net income	435.8	498.6
- Attributable to shareholders of Geberit AG	435.8	498.6
EPS (CHF)	11.59	13.28
EPS diluted (CHF)	11.58	13.26

Consolidated Statements of Comprehensive Income

	2013	2014
	MCHF	MCHF
Net income according to the income statement	435.8	498.6
Cumulative translation adjustments	7.3	-4.8
Taxes	0.0	0.0
Cumulative translation adjustments, net of tax	7.3	-4.8
Cashflow hedge accounting	0.0	-71.5
Taxes	0.0	10.2
Cashflow hedge accounting, net of tax	0.0	-61.3
Total other comprehensive income to reclassified to the income statement in subsequent periods, net of tax	7.3	-66.1
Remeasurements of pension plans	51.6	-82.3
Taxes	-9.0	17.2
Remeasurements of pension plans, net of tax	42.6	-65.1
Total other comprehensive income not be reclassified to the income statement in subsequent periods, net of tax	42.6	-65.1
Total other comprehensive income, net of tax	49.9	-131.2
Total comprehensive income	485.7	367.4
- Attributable to shareholders of Geberit AG	485.7	367.4

Consolidated Statements of Cashflows

	2013 MCHF	2014 MCHF
Cash provided by operating activities		
Net income	435.8	498.6
Depreciation and amortization	82.1	80.2
Financial result, net	5.5	1.7
Income tax expenses	69.4	76.6
Other non-cash income and expenses	20.7	18.1
Operating cashflow before changes in net working capital and taxes	613.5	675.2
Income taxes paid	-56.0	-64.5
Changes in trade accounts receivable	-0.7	-2.6
Changes in inventories	-7.3	-35.0
Changes in trade accounts payable	3.0	0.5
Changes in other positions of net working capital	7.4	1.9
Net cash from/used (-) in operating activities	559.9	575.5
Cash from/used (-) in investing activities		
Purchase of property, plant & equipment and intangible assets	-98.0	-104.8
Proceeds from sale of property, plant & equipment and intangible assets	2.8	2.5
Marketable securities, net	-12.1	73.1
Interest received	2.9	3.2
Other, net	2.5	-0.3
Net cash from/used (-) in investing activities	-101.9	-26.3

	2013	2014
	MCHF	MCHF
Cash from/used (-) in financing activities		
Repayments of borrowings	-4.0	-4.2
Interest paid	-0.5	0.0
Distribution	-248.2	-282.0
Share buyback program	0.0	-37.4
Purchase (-)/Sale of treasury shares	-26.8	-4.5
Other, net	-0.5	-8.9
Net cash from/used (-) in financing activities	-280.0	-337.0
Effects of exchange rates on cash and cash equivalents	-1.2	-0.6
Net increase/decrease (-) in cash and cash equivalents	176.8	211.6
Cash and cash equivalents at beginning of year	361.3	538.1
Cash and cash equivalents at end of year	538.1	749.7

Statements of Changes in Equity

	Attributable to shareholders of Geberit AG						
	Ordinary shares	Re-serves	Treasury shares	Pension plans	Hedge accounting	Cum. transl. adjustments	Total equity
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Balance at 31.12.2012	3.9	2,017.9	-228.4	-128.9	0.0	-233.2	1,431.3
Net income		435.8					435.8
Other comprehensive income				42.6		7.3	49.9
Distribution		-248.2					-248.2
Share buyback program							0.0
Purchase (-)/Sale of treasury shares		8.0	-9.7				-1.7
Management option plans		-3.0					-3.0
Capital reduction	-0.1	-197.5	197.6				0.0
Balance at 31.12.2013	3.8	2,013.0	-40.5	-86.3	0.0	-225.9	1,664.1
Net income		498.6					498.6
Other comprehensive income				-65.1	-61.3	-4.8	-131.2
Distribution		-282.0					-282.0
Share buyback program			-37.4				-37.4
Purchase (-)/Sale of treasury shares		8.8	-0.4				8.4
Management option plans		-3.4					-3.4
Capital reduction							0.0
Balance at 31.12.2014	3.8	2,235.0	-78.3	-151.4	-61.3	-230.7	1,717.1

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Balance Sheets Geberit AG

	31.12.2013	31.12.2014
	MCHF	MCHF
Assets		
Current assets		
Cash	0.0	0.2
Accounts receivable	237.5	241.6
Prepaid expenses	0.0	1.4
Total current assets	237.5	243.2
Non-current assets		
Investments	945.1	920.8
Total non-current assets	945.1	920.8
Total assets	1,182.6	1,164.0
Liabilities		
Current liabilities	5.1	6.1
Total current liabilities	5.1	6.1
Shareholders' equity		
Capital stock	3.8	3.8
Legal reserves	66.9	104.8
Free reserves	698.2	770.3
Treasury shares	0.0	-37.4
Retained earnings	408.6	316.4
Total shareholders' equity	1,177.5	1,157.9
Total liabilities and shareholders' equity	1,182.6	1,164.0

Income Statements Geberit AG

	2013	2014
	MCHF	MCHF
Income		
Dividends from Group companies	400.0	300.0
Financial income and other operating income	3.5	4.3
Total income	403.5	304.3
Expenses		
Administrative expenses	3.0	2.6
Financial expenses	0.0	0.2
Taxes	0.0	0.1
Total expenses	3.0	2.9
Net income	400.5	301.4

Appropriation of available earnings of Geberit AG

Proposal by the Board of Directors to the General Meeting:

	2013	2014
	CHF	CHF
Available earnings		
Net income	400,539,406	301,351,042
Balance brought forward	8,041,491	15,092,694
Total available earnings	408,580,897	316,443,736
Transfer to free reserves	110,000,000	0
Proposed/paid dividend	283,488,203	312,706,044
Balance to be carried forward	15,092,694	3,737,692
Total appropriation of available earnings	408,580,897	316,443,736

Time schedule

2015

General meeting	April 1
Dividend payment	April 9
Interim report first quarter	April 28
Half-year results	August 12
Interim report third quarter	October 27

2016

First information on the year 2015	January 13
Results full year 2015	March 15
General meeting	April 6
Dividend payment	April 13
Interim report first quarter	April 28

Subject to minor changes

This summary report and the online annual report 2014 are published in English and German. The German online version of the annual report is binding.

The consolidated financial statements of the Geberit Group are created in accordance with the International Financial Reporting Standards (IFRS). Additional information is available at → www.geberit.com/annualreport > **financial report**.

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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