

Geberit Group 2015

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

in CHF million

Net sales	2,593.7
Change in %	+24.2
Adjusted operating cashflow (EBITDA)*	693.5
Change in %	+5.5
Margin in % of net sales	26.7
Adjusted operating profit (EBIT)*	590.9
Change in %	+2.4
Margin in % of net sales	22.8
Adjusted net income*	493.1
Change in %	-1.1
Margin in % of net sales	19.0
Adjusted earnings per share (CHF)*	13.23
Change in %	-0.4
Free cashflow	484.0
Change in %	+5.1
Net debt	679.6
Equity	1,482.2
Equity ratio in %	41.7
Adjusted return on invested capital (ROIC)* in %	20.1
Number of employees	12,126

* Adjusted: adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)

Main developments in 2015

Net sales

+2.7%

organic, currency-adjusted growth

Adjusted earnings per share (in CHF)

13.23

-0.4% versus prior year

Company

- Growth in net sales in the majority of markets and regions despite a strong previous year and a continued challenging environment in the construction industry
- Sanitec integration proceeding according to plan
- Groundbreaking ceremony for the capacity expansion at the logistics centre in Pfullendorf (DE)
- Consolidation of the position as the leading supplier of sanitary products in Europe

Products

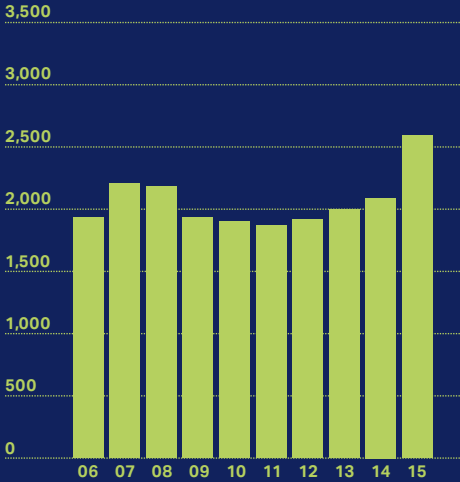
- Successful launch of innovative products, including the shower channel CleanLine, the new sanitary flush unit, the shower toilet AquaClean Mera and remote flush actuators

Finance

- Results influenced by various special effects in connection with the Sanitec acquisition
- Negative currency effects of CHF 201 million at the net sales level and of CHF 69 million at the operating cashflow level
- Increase in net sales of 2.7% in organic, currency-adjusted terms
- Adjusted operating cashflow margin of 26.7%
- Adjusted earnings per share of CHF 13.23 (-0.4%)
- Free cashflow of CHF 484.0 million (+5.1%)
- Dividend increase of 1.2% to CHF 8.40 proposed

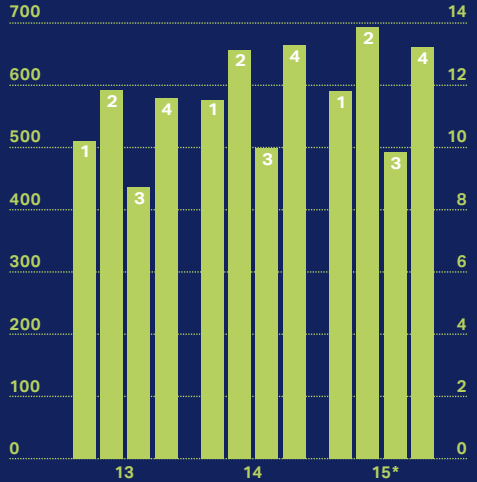
At a glance

**Net sales development
2006–2015**
(in CHF million)



**EBIT, EBITDA, Net income
Earnings per share (EPS)**
2013–2015
(in CHF million)

(EPS: in CHF)

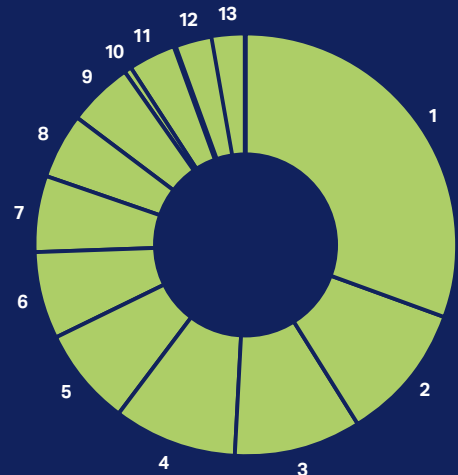


1 EBIT 2 EBITDA 3 Net income 4 EPS

*Adjusted for costs in connection with the Sanitec acquisition (transaction, integration, and one-off financing costs, as well as the amortisation of intangible assets and one-off costs resulting from the inventory revaluation)

2015 net sales by markets/regions

- 1 Germany (30.7%)
- 2 Switzerland (10.6%)
- 3 Nordic Countries (9.8%)
- 4 Central/Eastern Europe (9.2%)
- 5 Benelux (7.5%)
- 6 Italy (6.7%)
- 7 France (5.9%)
- 8 Austria (5.0%)
- 9 United Kingdom/Ireland (4.9%)
- 10 Iberian Peninsula (0.7%)
- 11 America (3.5%)
- 12 Far East/Pacific (2.9%)
- 13 Middle East/Africa (2.6%)



Our values guide us on our way forward.

Quality of life.

Reliability.

Know-how.

Partnership.

Innovation.

Geberit made great strides in 2015. With the acquisition of the Finnish Sanitec Group, we have set our course for the future. What drives us is the prospect of finding new approaches for creating a better quality of life by expertly combining sophisticated technology and outstanding design.

This is what we understand by living our values.

**Read more: → www.geberit.com/annualreport
→ Business report → Values by which Geberit lives**



To our shareholders

The challenging environment in the construction industry and the integration of the acquired Sanitec business shaped the Geberit Group's results in the 2015 financial year. Despite this, starting from a very high level, the company managed to achieve a good overall result. The majority of markets and regions achieved growth in sales and gained market shares. The results, adjusted for various special effects in connection with the Sanitec acquisition, were positively influenced by beneficial volume and product mix effects as well as lower raw material prices. These were countered mainly by the negative impact of the dilution of margins due to the integration of Sanitec and the effects of the currency rebate in Switzerland. With these results, the Group further consolidated its position as the leading supplier of sanitary products.

Cumulative net sales in 2015 increased by 24.2% to CHF 2,593.7 million. Total growth comprised organic growth in local currencies of +2.7%, a foreign currency effect of -9.6% and an increase of +31.1% due to the Sanitec acquisition. From the start of February 2015, Sanitec's product range contributed CHF 649 million to the Group's net sales. Over the entire year, Sanitec posted a decline in net sales in local currencies of 2.2%. In spite of the decline experienced between 2008 and 2011, average annual net sales growth for the last 10 years in Swiss francs was 4.2%.

Currency rebate has severe negative impact on Swiss market

The following changes in net sales in the markets and in the product areas are in local

currencies and – except for the explanations relating to the product lines bathroom ceramics and ceramics complementary products – relate to the original Geberit unit.

The biggest region, Europe, grew by 2.5% overall. All European countries/regions posted positive growth – with the exception of Switzerland. Strong rates of growth were achieved by the Iberian Peninsula (+14.2%), United Kingdom/Ireland (+8.3%), the Benelux Countries (+7.5%), the Nordic Countries (+5.5%) and Germany (+4.7%). Central/Eastern Europe (+2.7%), Italy (+2.0%), Austria (+1.4%) and France (+0.2%) also grew. Switzerland (-8.3%) suffered from the 10% currency rebate introduced at the beginning of February, in response to the strong Swiss franc. Outside Europe, the Middle East/Africa region grew by +16.2% and America by +7.1%. The Far East/Pacific region experienced a decline of -4.1% due to the very weak market environment in China.

Net sales for the Sanitary Systems product area amounted to CHF 1,145.9 million, corresponding to growth of 4.2%. Net sales for the Piping Systems product area were CHF 798.8 million. The increase was 0.7%, meaning growth was below that of Sanitary Systems – as was the case in the previous year. The product lines Bathroom Ceramics and Ceramics Complementary Products, which were consolidated for the first time in February 2015, accounted for 18.4% and 6.6% of Group net sales respectively in the 11 months since the Sanitec business was integrated.

Profitability remains impressive

In the 2015 financial year, the results of the Geberit Group were influenced by various special effects in connection with the Sanitec acquisition. For better comparability, adjusted figures (adjusted for costs in connection with the Sanitec acquisition) are shown and commented on.

Operating margins were positively influenced by beneficial volume and product mix effects, as well as lower raw material prices. The 10% currency rebate in the Swiss market, negative currency effects, higher personnel and pension costs as well as the generally lower margins of the Sanitec business had a negative effect.

The adjusted operating cashflow rose by 5.5% to CHF 693.5 million, its highest ever level in Geberit's history. The adjusted EBITDA margin came to 26.7% compared with 31.5% in the previous year, due mainly to the aforementioned dilution of margins as a result of the integration of the Sanitec business. Over the last decade, average EBITDA growth of 4.3% was marginally better than the corresponding increase in net sales of 4.2%. The negative influence of currency developments explains why the previous year's operating results were not significantly bettered despite the Sanitec integration. Adjusted EBITDA was negatively impacted by the currency trend by CHF 69 million or 10.4%; the corresponding effect on the adjusted EBITDA margin was -0.4 percentage points.

The adjusted operating profit rose by 2.4% to CHF 590.9 million, and the adjusted EBIT

margin reached 22.8% (previous year 27.6%). Adjusted net income fell by 1.1% to CHF 493.1 million, which led to an adjusted return on sales of 19.0% (previous year 23.9%). The adjusted earnings per share came to CHF 13.23 (previous year CHF 13.28).

The negative special effects arising from the Sanitec acquisition amounted to CHF 62 million as regards EBITDA, CHF 93 million as regards EBIT and CHF 71 million as regards net income. The reported values amounted to CHF 631.7 million for the EBITDA (EBITDA margin 24.4%), CHF 498.3 million for the EBIT (EBIT margin 19.2%), CHF 422.4 million for net income (return on sales 16.3%) and CHF 11.33 for earnings per share.

Increase in free cashflow

The slightly lower operating cashflow (EBITDA) and various special effects resulting from the Sanitec acquisition, the majority of which are mutually compensating, led to a decline in net cashflow of 2.0% to CHF 596.3 million. When calculating free cashflow, higher investments in property, plant and equipment were more than offset by positive effects of the change in net working capital. Consequently, an increase of 5.1% to CHF 484.0 million was achieved in free cashflow. Free cashflow was largely used to pay distributions of CHF 310.7 million to shareholders and to repurchase shares totalling CHF 159.8 million.

Strong financial foundation

Once again, even after the acquisition of Sanitec, the substantial contribution from free cashflow allowed the attractive dividend

policy and the share buyback programme to be continued while also maintaining the very healthy financial foundation of the Group. Total assets increased from CHF 2,431.5 million to CHF 3,553.8 million. This development was heavily influenced by the integration of Sanitec and the strong Swiss franc. Liquid funds and marketable securities decreased from CHF 749.7 million to CHF 459.6 million. Debts increased substantially to CHF 1,139.2 million (previous year CHF 10.5 million). This resulted in net debt of CHF 679.6 million at the end of 2015, compared with net cash of CHF 739.2 million at the end of the previous year. The equity ratio reached a solid 41.7% (previous year 70.6%). Based on average equity, the adjusted return on equity (ROE) was 32.2%. The adjusted return on invested capital (ROIC) was 20.1%.

Slightly higher distribution

Despite the slightly lower earnings, the Board of Directors intends to once again let the shareholders participate in the essentially solid development of the business and will maintain the attractive distribution policy of previous years. Therefore, a dividend of CHF 8.40 will be proposed at the ordinary General Meeting, which is slightly higher (+1.2%) than in the prior year. The payout ratio of 63.3% of adjusted net income is thus in the upper range of the 50% to 70% corridor defined by the Board of Directors.

Investment volume significantly greater than in previous years

In 2015, investments in property, plant and equipment and intangible assets amounted to

CHF 147.3 million, CHF 42.5 million or 40.6% more than in the previous year. As a percentage of net sales, the investment ratio was 5.7% (previous year 5.0%). All scheduled larger investment projects were carried out as planned.

Number of employees doubled

At the end of 2015, the Geberit Group employed 12,126 people worldwide, which equates to an increase of 5,879 people or 94.1% year on year. The majority of the increase is attributable to the integration of the acquired Sanitec employees. In Geberit's original organisation structure, the number of employees increased by 96, or 1.5%.

Outlook 2016

The situation in the construction industry will remain challenging. The individual regions/markets and construction sectors are developing very differently. In Europe, there are signs that the construction industry could stabilise. For markets such as Germany, the United Kingdom, the Netherlands and Poland, a positive market environment is expected. No growth is forecasted for the Swiss and Austrian construction industry. In the Italian and French markets, which have been in crisis in recent years, a few indicators point towards a stabilisation. In North America, moderate growth is predicted in the public sector construction industry, which is important to Geberit's business in the USA, along with a continued recovery in residential construction. The Far East/Pacific region will be shaped by a further weakening in China in the residential construction segment. In the

Middle East/Africa region, the outlook in South Africa remains positive, whereas in the Gulf States a slowing of activities is expected in the construction industry, due to the low oil price. Fluctuations in the Swiss franc will continue to affect sales and earnings. In the first half of 2016, the level of raw material prices is likely to be slightly below the prior-year period – driven mainly by lower prices of industrial metals and special plastics. It is unwise at present to give any more detailed forecasts, given the uncertain environment.

The Geberit Group's 2016 financial year is expected to be further impacted by the integration of Sanitec's activities. Since 1 January 2016, the sales organisation is operating as a single company in all markets; another focus shall also be on the further harmonisation of systems and processes and realising initial synergies. Just as important shall be the focus on Geberit's daily business, which is expected to be a challenging undertaking once again owing to the situation in the European construction markets. The objective shall be to provide convincing services in all markets with the new joint sales team and, as in previous years, gain market shares. The main focus shall fall on the concerted marketing of the new products introduced in recent years, the more intense penetration of markets in which Geberit products or technologies are still under-represented and on the very promising shower toilet business. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes. The Board of Directors and the Group Executive Board

are convinced that the company is very well equipped for the upcoming opportunities and challenges. 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. Experienced and highly motivated employees, 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 organisation, an established cooperation based on trust with our market partners in both commerce and trade, and the Group's continued solid financial foundation following the acquisition of Sanitec are vital to our future success.

Thank you

We owe the good results in 2015 and the integration of the Sanitec activities, which is so far going according to plan, to the high degree of motivation and professionalism 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.



Albert M. Baehny
Chairman



Christian Buhl
CEO

Consolidated Balance Sheets

	31.12.2014	31.12.2015
	MCHF	MCHF
Assets		
Current assets		
Cash and cash equivalents	749.7	459.6
Trade accounts receivable	125.3	130.6
Other current assets and current financial assets	55.9	90.7
Inventories	205.7	279.9
Total current assets	1,136.6	960.8
Non-current assets		
Property, plant and equipment	550.9	715.4
Deferred tax assets	76.3	95.7
Other non-current assets and non-current financial assets	22.4	24.8
Goodwill and intangible assets	645.3	1,757.1
Total non-current assets	1,294.9	2,593.0
Total assets	2,431.5	3,553.8

	31.12.2014	31.12.2015
	MCHF	MCHF
Liabilities and equity		
Current liabilities		
Short-term debt	3.9	3.7
Trade accounts payable	62.3	105.5
Tax liabilities and tax provisions	78.3	108.5
Other current liabilities	224.3	217.0
Current provisions	2.0	31.6
Total current liabilities	370.8	466.3
Non-current liabilities		
Long-term debt	6.6	1,135.5
Accrued pension obligation	256.5	300.8
Deferred tax liabilities	48.4	128.0
Other non-current liabilities	7.6	10.1
Non-current provisions	24.5	30.9
Total non-current liabilities	343.6	1,605.3
Equity		
Capital stock	3.8	3.8
Reserves	1,944.0	1,912.5
Cumulative translation adjustments	-230.7	-434.1
Total equity	1,717.1	1,482.2
Total liabilities and equity	2,431.5	3,553.8

Consolidated Income Statements

	2014 MCHF	2015 MCHF
Net sales	2,089.1	2,593.7
Cost of materials	604.2	784.4
Personnel expenses	483.9	671.6
Depreciation	77.0	95.9
Amortisation of intangible assets	3.2	37.5
Other operating expenses, net	343.9	506.0
Total operating expenses, net	1,512.2	2,095.4
Operating profit (EBIT)	576.9	498.3
Financial expenses	-4.0	-20.1
Financial income	2.1	1.2
Foreign exchange loss (-)/gain	0.2	-4.6
Financial result, net	-1.7	-23.5
Profit before income tax expenses	575.2	474.8
Income tax expenses	76.6	52.4
Net income	498.6	422.4
– Attributable to shareholders of Geberit AG	498.6	422.4
EPS (CHF)	13.28	11.33
EPS diluted (CHF)	13.26	11.31

Consolidated Statements of Comprehensive Income

	2014	2015
	MCHF	MCHF
Net income according to the income statement	498.6	422.4
Cumulative translation adjustments ¹	-4.8	-203.7
Taxes	0.0	0.3
Cumulative translation adjustments, net of tax	-4.8	-203.4
Cashflow hedge accounting	-71.5	71.5
Taxes	10.2	-10.2
Cashflow hedge accounting, net of tax	-61.3	61.3
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax	-66.1	-142.1
Remeasurements of pension plans	-82.3	-14.8
Taxes	17.2	2.7
Remeasurements of pension plans, net of tax	-65.1	-12.1
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax	-65.1	-12.1
Total other comprehensive income, net of tax	-131.2	-154.2
Total comprehensive income	367.4	268.2
- Attributable to shareholders of Geberit AG	367.4	268.2

¹ The Swiss National Bank abandoned the minimum exchange rate of CHF 1.20 per euro on January 15, 2015. This decision triggered currency fluctuations and led to an appreciation of the Swiss franc against all other key currencies. As Geberit is exposed to currency risks on both the assets and liabilities side, this contributed significantly to the negative translation effect of MCHF 203.7.

Consolidated Statements of Cashflows

	2014	2015
	MCHF	MCHF
Cash provided by operating activities		
Net income	498.6	422.4
Depreciation and amortisation	80.2	133.4
Financial result, net	1.7	23.5
Income tax expenses	76.6	52.4
Other non-cash income and expenses	18.1	22.6
Operating cashflow before changes in net working capital and taxes	675.2	654.3
Income taxes paid	-64.5	-82.6
Changes in trade accounts receivable	-2.6	20.8
Changes in inventories	-35.0	9.7
Changes in trade accounts payable	0.5	-17.2
Changes in other positions of net working capital	1.9	27.1
Net cash from/used (-) in operating activities	575.5	612.1
Cash from/used (-) in investing activities		
Acquisitions of subsidiaries, net	0.0	-1,185.4
Purchase of property, plant & equipment and intangible assets	-104.8	-147.3
Proceeds from sale of property, plant & equipment and intangible assets	2.5	6.3
Marketable securities, net	73.1	0.0
Interest received	3.2	1.3
Other, net	-0.3	-0.1
Net cash from/used (-) in investing activities	-26.3	-1,325.2

	2014	2015
	MCHF	MCHF
Cash from/used (-) in financing activities		
Proceeds from borrowings	0.0	1,985.5
Repayments of borrowings	-4.2	-1,033.6
Interest paid	0.0	-3.5
Distribution	-282.0	-310.7
Share buyback programme	-37.4	-159.8
Purchase (-)/Sale of treasury shares	-4.5	-44.5
Financing cost paid	0.0	-14.5
Other, net	-8.9	-1.2
Net cash from/used (-) in financing activities	-337.0	417.7
Effects of exchange rates on cash and cash equivalents	-0.6	5.3
Net increase/decrease (-) in cash and cash equivalents	211.6	-290.1
Cash and cash equivalents at beginning of year	538.1	749.7
Cash and cash equivalents at end of year	749.7	459.6

Statements of Changes in Equity

	Attributable to shareholders of Geberit AG						Total equity
	Ordinary shares	Re-serves	Treasury shares	Pension plans	Hedge accounting	Cum. transl. adjustments	
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	
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 programme			-37.4				-37.4
Purchase (-)/Sale of treasury shares		8.8	-0.4				8.4
Management option plans		-3.4					-3.4
Balance at 31.12.2014	3.8	2,235.0	-78.3	-151.4	-61.3	-230.7	1,717.1
Net income		422.4					422.4
Other comprehensive income				-12.1	61.3	-203.4	-154.2
Distribution		-310.7					-310.7
Share buyback programme			-167.6				-167.6
Purchase (-)/Sale of treasury shares		7.6	-30.6				-23.0
Management option plans		-1.8					-1.8
Balance at 31.12.2015	3.8	2,352.5	-276.5	-163.5	0.0	-434.1	1,482.2

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Balance Sheets Geberit AG

	31.12.2014	31.12.2015
	MCHF	MCHF
Assets		
Current assets		
Cash	0.2	5.7
Accounts receivable	241.6	63.0
Prepaid expenses	1.4	3.6
Total current assets	243.2	72.3
Non-current assets		
Loan to group companies	0	300.0
Investments	920.8	920.8
Total non-current assets	920.8	1,220.8
Total assets	1,164.0	1,293.1
Liabilities		
Current liabilities	6.1	14.2
Total current liabilities	6.1	14.2
Shareholders' equity		
Capital stock	3.8	3.8
Legal reserves	104.8	98.0
Free reserves	770.3	777.1
Treasury shares	-37.4	-205.0
Retained earnings	316.4	305.0
Total shareholders' equity	1,157.9	978.9
Total liabilities and shareholders' equity	1,164.0	1,293.1

Income Statements Geberit AG

	2014	2015
	MCHF	MCHF
Income		
Dividends from Group companies	300.0	300.0
Financial income and other operating income	4.3	8.0
Total income	304.3	308.0
Expenses		
Administrative expenses	2.6	3.8
Financial expenses	0.2	3.2
Direct tax expenses	0.1	0.1
Total expenses	2.9	7.1
Net income	301.4	300.9

Appropriation of available earnings of Geberit AG

Proposal by the Board of Directors to the General Meeting:

	2014	2015
	CHF	CHF
Available earnings		
Net income	301,351,042	300,924,316
Withdrawal from free reserves	0	10,000,000
Balance brought forward	15,092,694	4,036,493
Total available earnings	316,443,736	314,960,809
Proposed/paid dividend	312,407,243	312,176,147
Balance to be carried forward	4,036,493	2,784,662
Total appropriation of available earnings	316,443,736	314,960,809

Time schedule

2016

Ordinary General Meeting	6 April
Dividend payment	12 April
Interim report first quarter	28 April
Half-year results	16 August
Interim report third quarter	28 October

2017

First information on the year 2016	17 January
Results full year 2016	14 March
Ordinary General Meeting	5 April
Dividend payment	11 April
Interim report first quarter	2 May

Subject to minor changes

This summary report and the online annual report 2015 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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