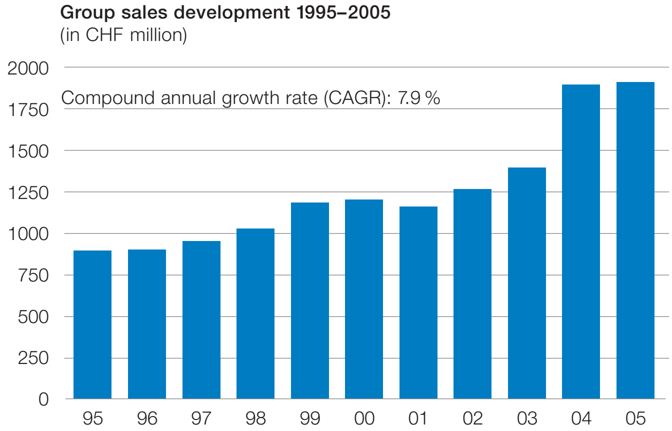
GEBERIT

Summary report

Financial year 2005 Geberit Group



To our Shareholders

In 2005, the Geberit Group again generated convincing results on a broad geographic basis. This was also supported by the improved economic environment in many markets. Geberit was able to further expand its excellent position in the global sanitary markets.

Key figures 2005

	MCHF
Sales	1922.9
Change in %	+0.8
Operating profit (EBIT)	366.9
Change in %	+20.1
Margin in %	19.1
Net income	262.5
Change in %	+35.0
Margin in %	13.7
Operating cashflow (EBITDA)	455.9
Change in %	+0.6
Margin in %	23.7

	CHF
Earnings per share	64.09
Earnings per share adjusted*	64.72

	MCHF
Equity	958.0
Equity ratio in %	49.2

*Adjusted by amortization of goodwill

Continued sales growth

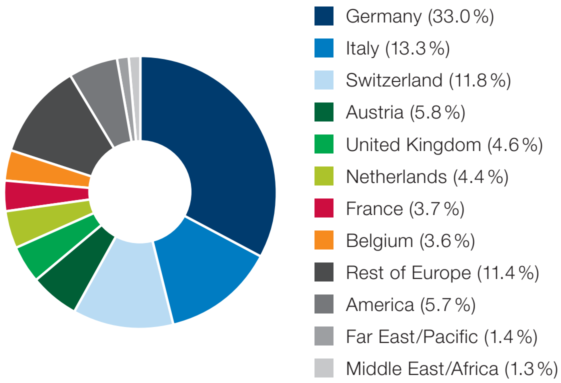
In 2005, the Geberit Group generated sales of CHF 1,922.9 million (prior year CHF 1,906.8 million). This corresponds to a growth rate of 0.8 % or 0.5 % after currency adjustments. The organic growth amounted to 5.4 % or 5.0 % in local currencies.

The achieved growth confirmed the continuously positive trend. The average growth rate over the last 10 years was 7.9 % and over the last five years even 9.7 %.

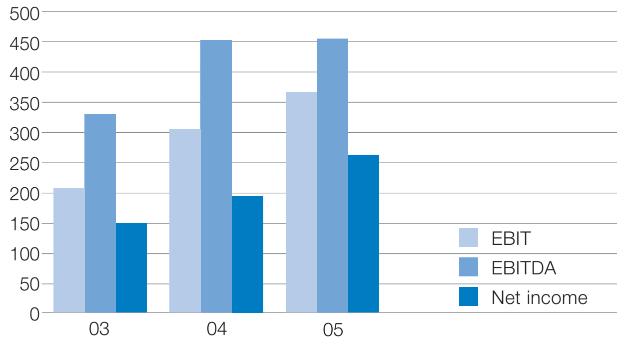
Satisfactory development of the markets

The following sales developments by geographic markets relate to organic changes in local currencies. With a 5.3 % growth, the development of the European markets continued to be remarkable. Two-digit growth rates were generated in the United Kingdom (+14.4 %), France (+11.4 %) and Austria (+10.1 %). Satisfactory sales growth was also recorded in Belgium (+9.4 %), Switzerland (+8.8 %), the Netherlands (+8.2 %) and Italy (+3.3 %). Germany (–1.0 %) competed remarkably well in a difficult market environment. The other European markets boasted a 15.3 % growth rate. Even more significant increases were recorded in the Middle East/ Africa (+20.0 %) and Far East/Pacific (+42.4 %) regions. Only America posted a disappointing 7.0 % decline. In all, the tendency towards higher growth outside the major European markets observed over several years continued in 2005.

2005 sales by markets



EBIT, EBITDA, Net income 2003–2005
(in CHF million)



Sales of CHF 1,056.6 million were generated in the Sanitary Systems product area in 2005. This corresponds to a 4.1% growth. The contribution of Sanitary Systems to total sales rose to 55.0 % (prior year 53.0 %). The Piping Systems product area was affected by the sale of Blücher Metal ApS (DK) and the disinvestment of the Underground Piping Systems business. Sales in the period under review amounted to CHF 866.3 million which corresponds to a 2.8 % decline. On the other hand, an organic growth of 7.3 % was posted. The contribution to Group sales amounted to 45.0 % (prior year 47.0 %).

Blücher Metal ApS (DK), which was sold in February 2005 with retroactive effect as of 1 January 2005, had contributed CHF 63.1 million to total sales in 2004. In connection with the disinvestment of the product line Underground Piping Systems, sales decreased by CHF 17.2 million during the year under review. Disinvestment activities were completed as planned as of the end of 2005. 2005 sales included CHF 39.9 million from disinvested operations.

Continuously convincing profitability

In 2005, the Geberit Group was able to repeat and, in some cases, even markedly outperform the good prior year results. This was due to a more broadly based sales growth, a stronger market and customer-orientation as well as a successful cost management. The operating cashflow (EBITDA) rose by 0.6 % against the prior year to CHF 455.9 million. This corresponds to an EBITDA margin of 23.7 % (prior year 23.8 %). Thus, during the last decade, the average EBITDA growth of 9.3 % markedly exceeded the corresponding rise in sales of 7.9 %. The operating profit (EBIT) grew by a significant 20.1 % to CHF 366.9 million, mainly due to the discontinuation of goodwill amortization. The EBIT margin was 19.1 % (prior year 16.0 %). Net income rose by 35.0 % to CHF 262.5 million. The return on sales thus amounted to 13.7 % (prior year 10.2 %). Earnings per share of CHF 64.09 (+35.4 % against the prior year) were generated. After adjustments for the discontinuation of goodwill amortization, the increase of the earnings per share against the prior year would have been 7.2 %.

Another rise in cashflow

The net cashflow of CHF 366.6 million exceeded the prior year figure by 4.2 %, primarily due to lower financial expenses in the year under review. This corresponds to a cashflow margin of 19.1 % (prior year 18.4 %). As a consequence of the rise in net cashflow and lower expenditures in property, plant and equipment, the free cashflow increased by another 6.1 % against the already high prior year figure to CHF 290.2 million.

Sound equity base and balance sheet structure

Thanks to the rise in free cashflow, the balance sheet structure of the Geberit Group was further strengthened at the end of 2005. Total assets at CHF 1,946.6 million (prior year CHF 1,937.1 million) remained practically unchanged. Net working capital was reduced further to CHF 120.8 million. Goodwill and intangible assets declined to CHF 812.4 million, property, plant and equipment to CHF 528.3 million. Debt was reduced by CHF 141.9 million to CHF 393.4 million. Consequently, net debt also posted a satisfactory decline by CHF 240.3 million to CHF 213.4 million.

As of the year-end 2005, the equity ratio amounted to a sound 49.2 % (prior year 42.2 %). In terms of average equity, the Group was able to increase its return on equity to 29.1% in the year under review (prior year 23.8 %). The gearing (net debt/equity) improved from 55.5 % in the previous year to 22.3 % as of 31 December 2005.

The Group's liquidity situation was comfortable. In addition to liquid funds in the amount of CHF 180.0 million, the Group had access to operating credit facilities of CHF 413.4 remaining undrawn as of 31 December 2005. As of 31 December 2005, the Geberit Group held 69,160 own shares in treasury, i.e. just under 3,000 more than in the previous year.

Level of investments continues to be high

In 2005, investments in property, plant and equipment and intangible assets amounted to CHF 79.5 million, a decline by CHF 8.3 million (9.5 %) against the prior year. As a percentage of sales, the investment ratio in the year under review was 4.1% and thus below the long-term average.

Efficient research and development

An amount of CHF 43.5 million was invested in the future of the product range, a historical high. Thus, as in the prior year, 2.3 % of sales were invested in research and development. After adjustments for disinvestments, the innovation rate was 30 % and thus exactly corresponded to the medium-term target. That means that just under one third of 2005 sales were generated by new or improved products launched in the market during the last three years.

Slight decline in the number of employees

At the end of 2005, the Geberit Group worldwide employed a staff of 5,162, a decrease against the prior year by 354 or 6.4 %. This decline was mainly due to the departure of about 260 employees in the first quarter 2005 as a result of the sale of Blücher Metal ApS (DK).

Increased shareholder distribution

In view of the continuously positive corporate development, it is intended to again increase the distribution to our shareholders. The Board of Directors will propose to the general meeting a dividend of CHF 25.00 per share, a 14% rise against the previous year.

Geberit thanks you

The convincing results of the year 2005 were owed to the commitment, high motivation and competence of the employees of the Group companies in approximately 40 countries. At this time, Geberit wishes to extend its sincere thanks to all of them for such exemplary performance. In the past year, once again, the constructive cooperation with the customers in the commercial and trade sectors was very much appreciated and gratefully acknowledged. Finally, Geberit would like to sincerely thank its esteemed shareholders for their continued strong commitment to Geberit.

Outlook 2006

Geberit is confident to successfully master the market challenges again in 2006. This belief is based on various framework conditions. The Company largely generates its sales and earnings in Germany, Northern Italy, Switzerland and Austria. From an overall economic point of view, these markets are expected to experience a moderately positive growth and, in particular, a satisfactory environment for the construction industry. In addition to these major markets, growth is increasingly driven by markets such as the United Kingdom, France, Scandinavia, Spain, Eastern Europe, the Middle East and Asia where the current market penetration and product range offer further growth potential. The slowdown of the US economy, forecast for the second half-year 2006, should only have a minor impact on the Company's development due to the limited direct correlation. With respect to cost of materials, the prices of raw materials relevant to the Company are expected to remain on a high level.

In summary, Geberit is convinced that it will be able to build on its past success in the current year 2006. The Company expects solid sales growth, operating results on the high level of previous years and a marked increase in earnings per share.

Günter F. Kelm
Chairman of the Board

Albert M. Baehny
Chief Executive Officer (CEO)

Geberit Group

Consolidated Balance Sheets

Assets	31.12.2005 MCHF	31.12.2004 MCHF
Cash and cash equivalents	180.0	81.6
Accounts receivable	153.0	158.5
Inventories	177.3	197.9
Total current assets	**510.3**	**438.0**
Property, plant and equipment	528.3	538.8
Deferred tax assets	62.4	55.8
Financial assets and other non-current assets	33.2	25.7
Goodwill and intangible assets	812.4	878.8
Total non-current assets	**1436.3**	**1499.1**
Total assets	**1946.6**	**1937.1**

Liabilities and Equity		
Short-term debt	49.4	3.6
Trade accounts payable	94.3	91.2
Tax liabilities and tax provisions	89.0	87.9
Other provisions and liabilities	115.2	134.3
Total current liabilities	**347.9**	**317.0**
Long-term debt	344.0	531.7
Accrued pension obligations	141.9	125.4
Deferred tax liabilities	98.3	98.3
Other provisions and liabilities	56.5	47.9
Total non-current liabilites	**640.7**	**803.3**
Total shareholders' equity	958.0	816.5
Minority interest	0.0	0.3
Total equity	**958.0**	**816.8**
Total liabilities and equity	**1946.6**	**1937.1**

Geberit Group

Consolidated Income Statements

	2005 MCHF	2004 MCHF
Sales	**1922.9**	**1906.8**
Sales deductions	282.7	253.4
Net sales	1640.2	1653.4
Cost of materials	580.3	570.9
Personnel expenses	418.5	441.5
Depreciation expense	75.8	84.5
Amortization of goodwill and intangibles	13.2	63.4
Other operating expenses, net	185.5	188.0
Total operating expenses, net	1273.3	1347.9
Operating profit (EBIT)	**366.9**	**305.5**
Finance costs, net	(17.2)	(30.0)
Profit before income tax expenses	349.7	275.5
Income tax expenses	89.7	81.1
Net income from continuing operations	260.0	194.4
Net income from discontinued operations	2.5	0.0
Net income	**262.5**	**194.4**
– Attributable to shareholders	262.5	193.7
– Attributable to minority interest	0.0	0.7

Other financial figures		
Earnings per share (CHF)	64.09	47.32
Earnings per share adjusted (CHF)*	64.72	60.37
Interest expenses, net	(17.0)	(25.0)
Operating cashflow (EBITDA)	455.9	453.4
Net cashflow	366.6	351.7
Free cashflow	290.2	273.4

*Adjusted by amortization of goodwill

Geberit Group

Consolidated Statements of Changes in Equity

	Ordinary shares	Total reserves	Cum. translation adjust-ments	Minority interest	**Total equity**
	MCHF	MCHF	MCHF	MCHF	MCHF
Balance 31 December 2003	**4.2**	**712.2**	**22.6**	**11.4**	**750.4**
Changes in accounting policy		(50.8)			(50.8)
Total net income 2004		181.9	3.2	0.7	185.8
Dividends		(69.6)			(69.6)
Changes in Group organization				(11.8)	(11.8)
(Purchase)/Sale of treasury shares		(1.7)			(1.7)
Convertible bond – equity component		18.3			18.3
Share participation and option plans		(3.8)			(3.8)
Balance at 31 December 2004	**4.2**	**786.5**	**25.8**	**0.3**	**816.8**
Total net income 2005		254.6	(13.4)		241.2
Dividends		(90.3)			(90.3)
Changes in Group organization				(0.3)	(0.3)
(Purchase)/Sale of treasury shares		(2.2)			(2.2)
Convertible bond – equity component					0.0
Share participation and option plans		(7.2)			(7.2)
Balance at 31 December 2005	**4.2**	**941.4**	**12.4**	**0.0**	**958.0**

Consolidated Statements of Cashflows

	2005	**2004**
	MCHF	MCHF
Net cash provided by operating activities	**388.9**	**398.4**
Acquisitions, net	69.9	(574.2)
Purchase of property, plant & equipment and intangible assets	(79.5)	(87.8)
Proceeds from sale of property, plant & equipment and intangible assets	6.3	9.2
Other, net	2.8	2.6
Net cash used in investing activities	**(0.5)**	**(650.2)**
Repayments of borrowings	356.0	940.3
Proceeds from borrowings	(525.0)	(670.7)
Dividends	(90.3)	(69.6)
(Purchase)/sale of treasury shares	(14.5)	(17.3)
Other, net	(18.6)	(28.6)
Net cash provided by/(used in) financing activities	**(292.4)**	**154.1**
Effects of exchange rates on cash	2.4	(2.0)
Net increase (decrease) in cash	**98.4**	**(99.7)**
Cash and cash equivalents at beginning of year	81.6	181.3
Cash and cash equivalents at end of year	**180.0**	**81.6**

Geberit AG

Balance Sheets

	31.12.2005	31.12.2004
	MCHF	MCHF
Cash and cash equivalents	0.1	0.5
Accounts receivable	121.8	27.0
Total current assets	**121.9**	**27.5**
Investments	832.0	878.5
Intangible assets	2.7	3.3
Total non-current assets	**834.7**	**881.8**
Total assets	**956.6**	**909.3**
Total liabilities	**172.8**	**172.5**
Capital stock	4.2	4.2
Legal reserves	53.8	44.0
Free reserves	578.9	568.7
Retained earnings	146.9	119.9
Total shareholders' equity	**783.8**	**736.8**
Total liabilities and shareholders' equity	**956.6**	**909.3**

Income Statements

	2005	2004
	MCHF	MCHF
Dividends	140.0	110.0
Financial income and other operating income	2.8	5.0
Total income	**142.8**	**115.0**
Administration expenses	2.0	3.1
Financial expenses	2.3	1.7
Total expenses	**4.3**	**4.8**
Net income	**138.5**	**110.2**

Appropriation of available earnings of Geberit AG

Proposal by the board of directors to the general meeting

	2005	2004
	CHF	CHF
Net income	138,491,182	110,234,185
Balance brought forward	8,396,445	9,682,260
Total available earnings	**146,887,627**	**119,916,445**
Transfer to free reserves	40,000,000	20,000,000
Proposed dividend (2005: CHF 25.00 per share)	104,000,000	91,520,000
Balance to be carried forward	2,887,627	8,396,445
Total appropriation of available earnings	**146,887,627**	**119,916,445**

Time schedule

	2006
Interim report first quarter	27 April
General meeting	28 April
Dividend payment	4 May
Half-year results	10 August
Interim report third quarter	31 October

	2007
First information on the year 2006	18 January
Media and analysts’ conference	15 March
Interim report first quarter	25 April
General meeting	26 April
Divident payment	2 May

(Subject to minor changes)

This summary report and the annual report 2005 are published in English and German. The German version is binding.

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

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