

---

## To our Shareholders

Ladies and gentlemen,

In 2005, we were able to smoothly continue the success story of the preceding years. The challenging task of generating further profitable growth on the prevailing high level was vigorously taken on and successfully performed.

Sales of the Geberit Group in the past year amounted to CHF 1,922.9 million. The 5.4% organic growth is in line with the medium-term target level. On the whole, we achieved a moderate growth despite disinvestments. The operating profit after adjustments for depreciation and amortization increased by 0.6% to CHF 455.9 million. Net income rose by 35.0% to CHF 262.5 million.

The Geberit Group has strong financial resources with a sound equity base and balance sheet structure. The equity ratio as of the year-end was 49%. Liquid funds of CHF 200 million will be used to implement a share buyback in 2006.

In the year under review, the Company continued to work on the expansion of its strong market position through a number of measures. In addition to the launch of promising products, numerous projects were successfully implemented. These included the opening of new sales offices in China, the reorganization of sales activities in several markets, the further globalization of procurement, the completion of the disinvestments of the product line Underground Piping Systems as well as the optimization of the production processes in the USA.

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.

At the beginning of 2005, a new, younger Group Executive Board took over responsibility for the Group's operations. The internationally experienced management team headed by Albert M. Baehny rapidly familiarized itself with the complex task and delivered a convincing performance. The withdrawal of Randolph Hanslin from the Group Executive Board in April 2006 will bring the generation change in the Company's executive management to its scheduled close. The Board of Directors has asked Randolph Hanslin to continue to make his valuable experience available to the Company as a member of



Günter F. Kelm (left)  
Albert M. Baehny

the Board of Directors. The Board of Directors is to be further strengthened by newly electing Hans Hess. Corresponding motions will be submitted to the general meeting 2006. Rudolf Maag will be stepping down from the Board of Directors. The Board of Directors regrets this very much and would like to express its thanks to Rudolf Maag for his commitment and valuable contribution to the success of the Geberit Group during the past six years.

The convincing results of the year 2005 were owed to the commitment, high motivation and competence of the employees of our Group companies in approximately 40 countries. Let us take this opportunity to express our thanks in recognition of their exemplary performance. We would again like to extend special thanks to our customers in the commercial and trade sectors for another year of constructive cooperation that was very much appreciated by us.

Not least we would also like to thank you, our esteemed shareholders, for your strong commitment to our Company.

We look forward to the year 2006 with optimism, but not euphorically. The geopolitical situation may bring some surprises. However, the business climate in Germany, our largest individual market, is better than at the beginning of 2005. The international markets promise further growth. Nevertheless, continued efforts will be required to realize our ambitious goals. High research and development expenditures, significant investments in innovation and market development as well as further training of our employees will again be necessary to steadily establish new foundations for a sustainable, positive corporate development.

Günter F. Kelm  
Chairman of the Board

Albert M. Baehny  
Chief Executive Officer (CEO)