Analyst Presentation on Q3 2000

Jona, 31.10.00

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Dr. Rudolf Huber (CFO)

Analyst Presentation October 31, 2000

Contents

■ **Fundamentals**	Unchanged strong position	Günter F. Kelm
■ **Financials**	Results on a high level	Dr. Rudolf Huber
■ **Strategy**	Straight forward and ambitious	Günter F. Kelm

Fundamentals

9M 2000: Slow Growth in Sales - Results on premium Level

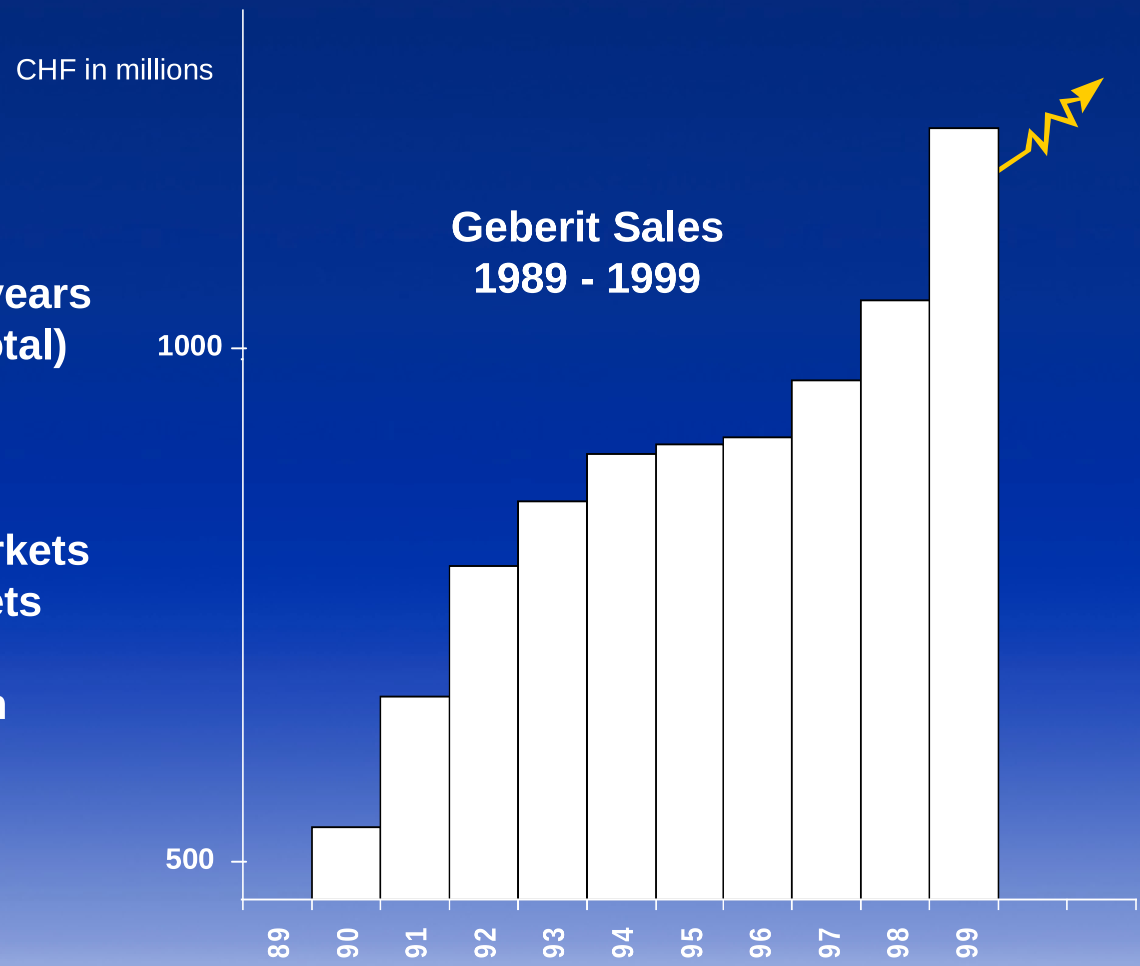
- **Adverse market situation, mainly in Germany since June**
- **Sharp decline of the Euro**
- **Strong H2 1999 exceeding expectations**
- **Sales on track outside Germany with + 8,7 % for 9M.**
- **9M group profits remain at premium level:**

  EBITDA: CHF 252 m (26.4 %), EBIT: CHF 170 m (17.9 %),
  Net income: CHF 94 m (9.9 %)

Fundamentals

Continuous Sales Growth during last Decade

- Growth mostly organic (10 years CAGR 8.9% organic, 9.6% total)
- Main growth drivers:
  - successful new products
  - penetration of existing markets
  - development of new markets
- Well positioned for mid term growth



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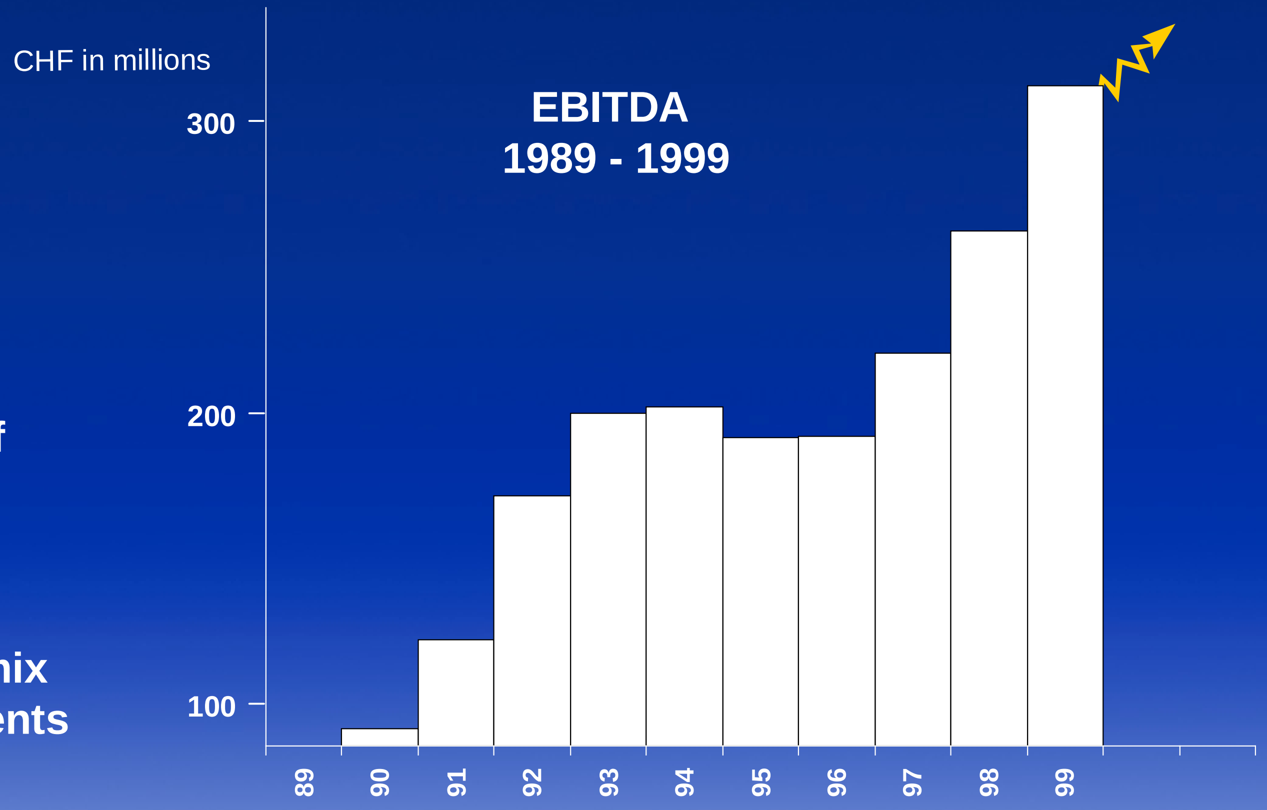
Fundamentals

Premium Operating Profits and Margins

- **10 years CAGR**
  Sales: 9.6 %
  EBITDA: 13.7 %

- **Substantial increase of margins from 1997 to 1999 due to:**

  - Volume increase
  - Favourable product mix
  - Efficiency improvements



Margin in %:	**17.6**	**16.5**	**17.9**	**21.3**	**23.1**	**22.1**	**20.8**	**20.7**	**22.5**	**24.8**	**25.5**

Fundamentals

Unchanged Fundamentals

- **Leading industry player**
- **Superior innovation power and cost leadership**
- **Unique marketing platform and strong brand loyalty**
- **High cash generation and solid financial structure**
- **Management committed to medium term goals on sales growth and margins**

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Financials

9M 2000: High level Results

- **Sales slowdown since June due to Germany, EURO, base effect**
- **Robust high level operating margins**
- **Growth of net income supplemented by non-recurring items in 1999**

CHF in millions	9M 1999	9M 2000	YoY
Sales	**926.7**	**952.1**	**+ 2.7%** [1)]
EBITDA	**255.0**	**251.6**	**- 1.3%**
Margin	27.5%	26.4%	
EBIT	**159.8**	**170.2**	**+ 6.5%**
Margin	17.2%	17.9%	
Net Income	**47.6**	**94.5**	**+98.5%**
Margin	5.1%	9.9%	

1) Currency adjusted: + 3.5 %

Financials

9M 2000: Sales Development by Markets

	Q3	YoY[1)]	9M	YoY[1)]
Germany	124.1	- 9.2 %	379.9	- 3.4 %
Italy	44.2	+ 6.3 %	148.7	+ 14.0 %
Switzerland	37.5	- 5.6 %	112.8	+ 0.9 %
Great Britain	18.9	+ 4.9 %	55.8	+ 19.8 %
Austria	16.5	+ 0.3 %	48.4	+ 5.3 %
Netherlands	12.2	+ 1.3 %	43.1	+ 5.4 %
France	9.5	- 8.8 %	34.7	+ 0.4 %
Belgium	9.5	+ 0.6 %	33.2	+ 6.3 %
Total Core Markets	272.4	- 4.2 %	856.6	+ 2.6 %
Rest of Western Europe	8.2	+ 45.4 %	24.7	+ 6.0 %[2)]
Eastern Europe	13.7	+ 9.6 %	37.5	+ 9.4 %
Total Europe	294.3	- 2.7 %	918.7	+ 2.9%
Rest of World	10.3	+ 8.5 %	33.4	+ 25.8 %
Total	304.7	- 2.4 %	952.1	+ 3.5 %
Total (in CHF)		- 4.8 %		+ 2.7 %

[1)] in local currency
[2)] organic (+ 39.6%)

Financials

9M 2000: Sales on track outside Germany

	9 Months	
	CHF	Loc. Curr
Geberit Group	+ 2.7 %	+ 3.5 %
Germany	- 5.1 %	- 3.4 %
Geberit Group (excl. Germany)	+ 8.7 %	+ 8.8 %

Financials

Germany: Strongly influenced by weak "Neue Bundesländer"

- **Moderate sales growth in West Germany, accelerated decline in East Germany.**
- **Declining portion of East Germany on German sales**
  - 1995: 23% = DEM 124 m
  - 2000: 14% = DEM 84 m
- **During last 5 years group sales grew faster than sales in Germany**

  - 1996: share Germany 50%
  - 2000: share Germany 40%

	Western Germany	Eastern Germany	Total Germany
1996	+0.9%	+0.8%	+0.9%
1997	+2.5%	-5.3%	+0.8%
1998	+6.8%	-11.1%	+3.0%
1999	+9.1%	-3.7%	+6.8%
09/00	-0.5%	-16.9%	-3.4%
CAGR	+3.7%	-7.4%	+1.6%

Financials

Robust Margins despite Material Price Increases

CHF in millions	9M 1999	%	9M 2000	%	YoY
Sales	926.7	100.0%	952.1	100.0%	+ 2.7%
Sales deductions	106.4	11.5%	113.9	12.0%	+ 7.0%
Net sales	820.3	88.5%	838.2	88.0%	+ 2.2%
Cost of materials	262.3	28.3%	280.9	29.5%	+ 7.1%
Personnel expenses	217.6	23.5%	220.0	23.1%	+ 1.1%
Depreciation	46.3	5.0%	49.7	5.2%	+ 7.3%
Amortisation	48.9	5.3%	31.7	3.3%	- 35.2%
Other operating expenses, net	85.4	9.2%	85.7	9.0%	+ 0.4%
Operating profit (EBIT)	159.8	17.2%	170.2	17.9%	+ 6.5%
Operating cashflow (EBITDA)	255.0	27.5%	251.6	26.4%	- 1.3%

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Financials

Significant Improvement of Net Income

CHF in millions	9M 1999	%	9M 2000	%	YoY
Operating profit (EBIT)	159.8	*17.2%*	170.2	*17.9%*	*+ 6.5%*
Financial expenses, net	32.8	*3.5%*	27.2	*2.9%*	*- 17.1%*
Debt extinguishment cost	35.9	*3.9%*			
Pre-tax profit	91.1	*9.8%*	142.8	*15.0%*	*+ 56.8%*
Income tax expense	43.2	*4.7%*	48.0	*5.0%*	*+ 11.1%*
Minority interest	0.3		0.3		
Net Income	47.6	*5.1%*	94.5	*9.9%*	*+ 98.5%*
EPS basic (CHF)	12.19		23.18		*+ 90.2%*
EPS adjusted (CHF)	27.36		30.46		*+ 11.3%*

Financials

Solid Capitalisation

CHF in millions	30.09.99	31.12.99	30.09.00
Total Debt	674.1	642.8	591.0
Cash and Cash Equivalents	112.6	126.3	59.7
Net Debt	561.5	516.5	531.3
Minority interest	6.5	6.4	7.0
Total Shareholders' Equity	488.9	492.2	483.0
Total Assets	1'592.5	1'546.2	1'465.8
Gearing Ratio	115%	105%	110%
Equity Ratio	30.7%	31.8%	33.0%
Interest Cover [1)]	8.3x	8.7x	13.4x

[1)] EBITDA/Interest Expense net

Financials

Revised Forecast 2000

Organic sales growth	*2 % - 3 %*
EBITDA margin	*24 % - 25%*
EBIT margin	*15 % - 16 %*
Capex	*Approx. CHF 70 m*
Net income	*Substantially increasing*

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Strategy

Basic Reassessment confirms mid term Goals

- **Company history supports the goals**
- **Pressure to perform has never been stronger**
- **Entire organisation oriented to achieve goals**
- **Market potential underpins target growth**
- **Geberit better positioned than ever**

Strategy

Ambitious mid-term Goals

- **Sales CAGR 10 %, incl. add on acquisitions**
- **Sales outside core markets: 15 - 20 %** (2000 = 10 %)
- **Operating margins on current high level**
- **EPS growth of 12 -15 % p.a.**

Strategy

Combination of powerful Growth Drivers

Intensify market development

Invest further in innovation

Optimise business processes

Sales

Margins

Intensify Market Development

Realise full Potential of Core Markets

- **Push & Pull strategy**
- **New generation products**
- **Growth in water supply systems**
- **UK market opportunities**

Intensify Market Development

Geographic Expansion: Growing Influence of non Core Markets

- **Key products launches in US**
- **Sustained momentum in Eastern Europe and Rest of Western Europe**
- **New sales office in Middle East**
- **Major international project wins**

Intensify Market Development

Pursue attractive Acquisition Opportunities

- **Worldwide search - focused approach:**
  - sanitary technology
  - Europe, USA
- **Taking advantage of fragmented industry**
- **Working on several opportunities**
- **Thorough evaluation and negotiations require patience**

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Optimise Business Processes

Efficient Operations sustain high Margins

- **Strong margin improvement 1997 - 1999**
  - Reengineering projects in major plants
  - Purchasing strategy
  - Further automation for high volume products
  - Leverage on SAP R/3 introduction

- **Resistance against margin pressure in 2000**
  - Reallocation of production
  - New logistic center
  - Ongoing productivity gains

- **Maintaining margins at current level in the future**
  - Volume increases
  - Ongoing reengineering in production
  - Efficiency programs for marketing and sales activities

Conclusion

Long term Value Drivers unaffected by 2000

- **Clear strategy for top line growth**
- **Consistent delivery of premium margins**
- **High innovation rate**
- **Significant barriers to entry**
- **Substantial free Cashflows**

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Innovative Sanitary Systems Solutions