

Annual Report 2009

■ GEBERIT

KNOW
HOW
INSTALLED

Financial Highlights

		2009	2008
Sales	MCHF	2,181.2	2,455.1
Change on previous year	%	-11.2	-1.3
Operating profit (EBIT)	MCHF	526.7	563.4
Margin	%	24.1	22.9
Net income	MCHF	397.5	466.3
Margin	%	18.2	19.0
Operating cashflow (EBITDA)	MCHF	611.0	649.1
Margin	%	28.0	26.4
Free cashflow	MCHF	349.7	407.9
Margin	%	16.0	16.6
Financial result, net	MCHF	-13.5	5.4
Research and development expenses	MCHF	41.8	46.0
In % of sales	%	1.9	1.9
Earnings per share	CHF	10.18	11.90
Capital expenditure	MCHF	106.4	152.5
Number of employees	31.12.	5,608	5,697
Annual average		5,634	5,684
Sales per employee	TCHF	387.1	431.9
		31.12. 2009	31.12. 2008
Total assets	MCHF	2,212.2	2,054.1
Liquid funds and marketable securities	MCHF	406.5	302.6
Net working capital	MCHF	180.9	156.5
Property, plant and equipment	MCHF	576.2	555.5
Goodwill and intangible assets	MCHF	753.1	756.2
Corporate debt	MCHF	110.9	152.3
Equity	MCHF	1,509.2	1,311.9
Equity ratio	%	68.2	63.9
Gearing	%	-19.6	-11.5

The essential in 2009

Market

- Very difficult market environment, construction industry hit hard by economic crisis

Company

- Sales decline by 11.2% to CHF 2,181.2 million in Swiss francs, -6.5% in local currencies
- Operating margins at record levels
- Cost structure adapted to sales development, no restructuring
- Net income encumbered by extraordinary items fell by 14.8%
- Financial base further strengthened
- Large investment plans implemented on schedule
- Takeover of Indian sales partner in early 2010
- Geberit stock increasingly important for sustainability-conscious investors
- Environmental impact reduced by 4.7%
- 77% of the top 200 suppliers have signed supplier Code of Conduct

Products



Extensive new product launches in the Piping Systems area



Shower toilet product range newly launched under the name Geberit AquaClean, targeted at end users

Outlook

- Outlook for 2010 not appropriate due to great uncertainty
- Geberit Group well equipped for future challenges



It all hinges on the packaging

The present Annual Report deals with Geberit product packaging, an important sideline. A functional, standard, attractive packaging design conveys a brand's quality approach and contributes to its image.

„Know-How Installed“ can also be found in the box, presented here in the entire production cycle, from the packaging engineering knowledge at development to the targeted recycling of all packaging materials.

The title page depicts the magic moment, when product and packaging are brought together in the production process.

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Günter F. Kelm (left)

Albert M. Baehny



To our Shareholders

Ladies and Gentlemen,

The Geberit Group again confirmed its prowess in the very demanding conditions of the past year. Sales came in at CHF 2,181.2 million. This corresponds to a fall of 11.2% in Swiss francs and of 6.5% in local currencies. The operating profit (EBIT) dropped by 6.5% to CHF 526.7 million. The EBIT margin reached a new high at 24.1%. Net income, encumbered with a one-off tax item, dropped 14.8% to CHF 397.5 million. Accordingly, earnings per share slipped by 14.5% to CHF 10.18. The high free cashflow level of CHF 349.7 million further strengthened the financial base of the Group.

The difficult economic conditions posed major challenges for Geberit. But the company mastered these expertly. Despite a dip in sales, the results were kept at a high level. The established markets had a stabilizing effect on sales, while emerging regions and markets saw, in part, a significant contraction. The pleasant performance of the results was based on a consequent cost management, lower material prices and successful product launches over the past years. Geberit is proud to have come through the past year without redundancies or restructuring. In addition, none of the major investment projects planned was dropped. These include the new central logistics center in Pfullendorf (DE) and the new Asia headquarters in Shanghai with state-of-the-art production, research and development as well as office infrastructure.

The Board of Directors would like the shareholders to participate in the positive business development. It has therefore decided to ask the 2010 General Meeting to, despite the lower company results, not only maintain the absolute amount of the prior-year dividend but also pay out a special dividend in the amount of CHF 1.00 to celebrate the company's tenth anniversary of becoming listed on the stock exchange. Overall, this amounts to a dividend of CHF 6.40, an increase of 18.5%.

At the General Meeting of April 30, 2010, the terms in office of the members of the Board of Directors Günter F. Kelm, Susanne Ruoff and Robert F. Spoerry will come to an end. They remain available for the Geberit Board of Directors.

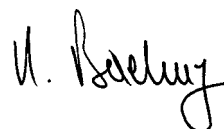
We credit the strong results in 2009 to the outstanding commitment, the high motivation and the skills of our employees in 40 countries. We owe them our gratitude and recognition for their exemplary performance. We would again like to extend special thanks to our customers in the commercial and trade sectors for their solidarity and the constructive collaboration. Last but not least, we also wish to express our gratitude, esteemed shareholders, for your continued confidence in our company.

The year 2010 will again pose huge challenges for us. The contraction in the construction markets will most probably continue. The Geberit Group is, however, well placed to come out of this difficult global economic

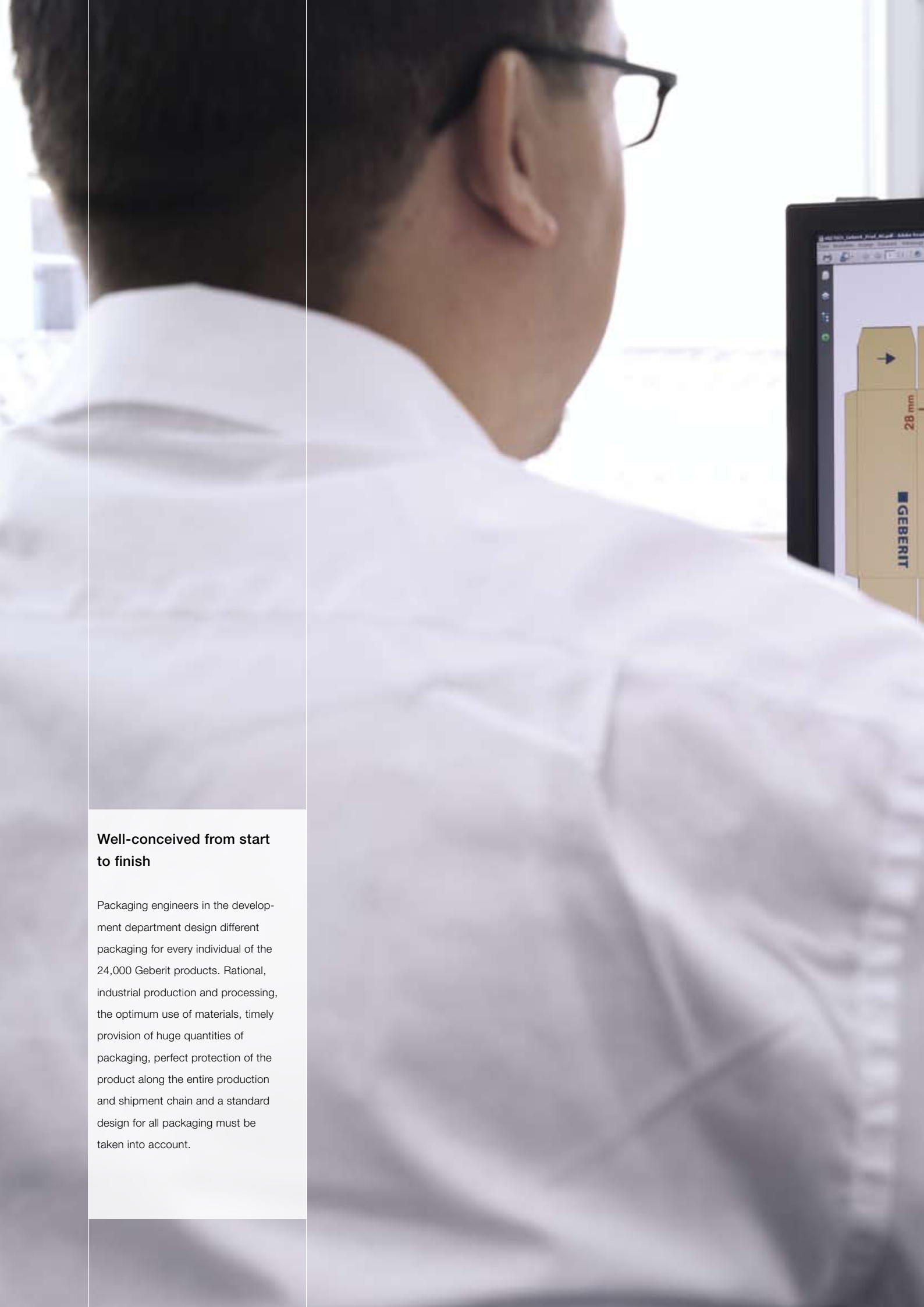
phase stronger. This assessment is based on the performance of our competent and motivated managers and employees, the success of our products which have either been launched recently or are to be launched shortly, our market-oriented organization as well as the continued trusting cooperation with our market partners.



Günter F. Kelm
Chairman of the Board

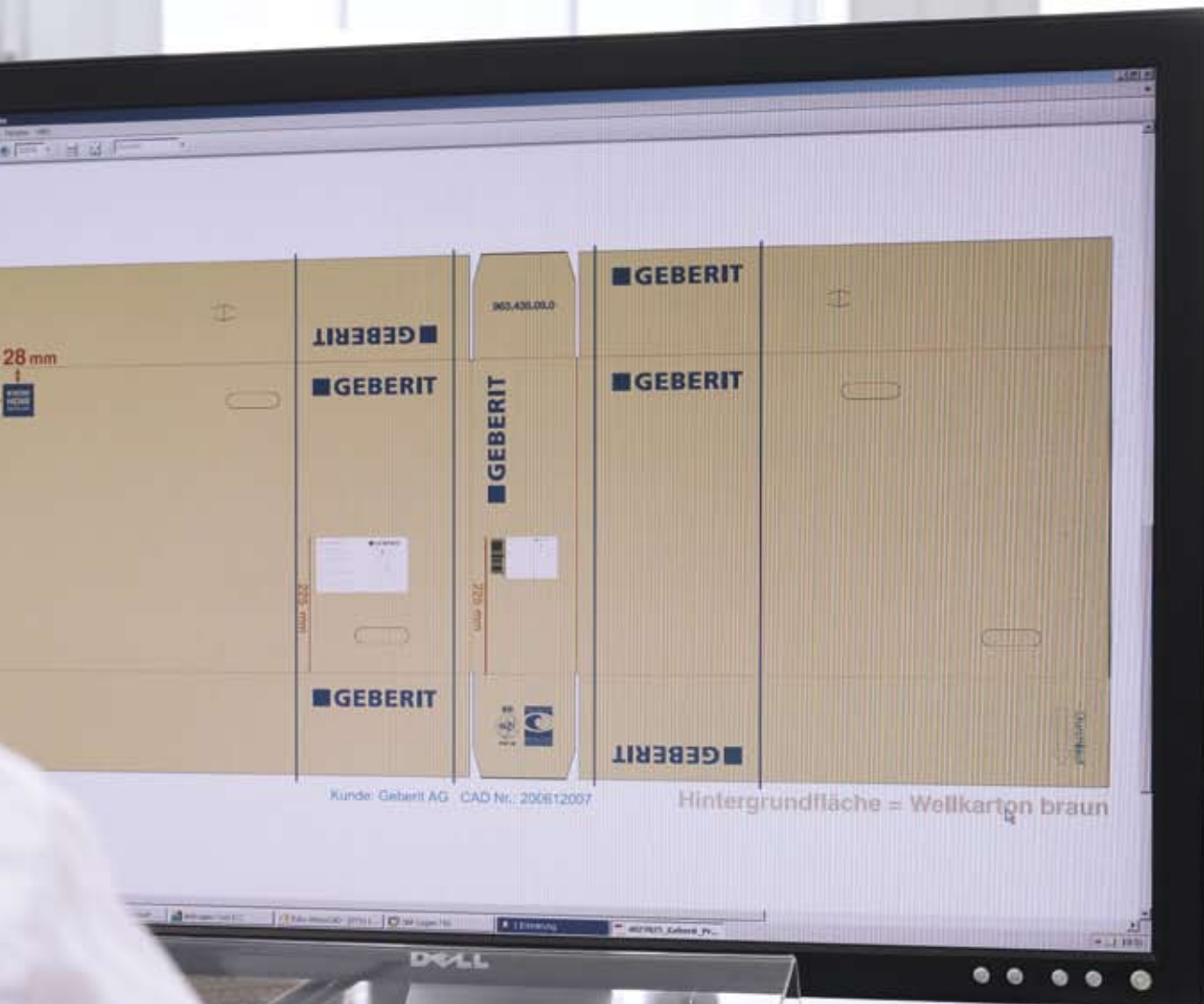


Albert M. Baehny
Chief Executive Officer (CEO)



**Well-conceived from start
to finish**

Packaging engineers in the development department design different packaging for every individual of the 24,000 Geberit products. Rational, industrial production and processing, the optimum use of materials, timely provision of huge quantities of packaging, perfect protection of the product along the entire production and shipment chain and a standard design for all packaging must be taken into account.



■ GEBERIT

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Customized for a comprehensive product range

In addition to the numerous types of packaging, the various dimensions, the materials used for the outside and inside packaging and the simple stacking must be coordinated for shipment.

Share price development January 1 until December 31, 2009



Investor Information

Share price performance in the year under review

The price of the Geberit share performed very positively during the trading year. The global economic crisis and the resulting uncertainty on the stock markets initially influenced the Geberit share in the first quarter as well. Starting from a price of CHF 113.10 at the beginning of the year, the stock climbed continuously, particularly in the second half of the year. The Geberit share closed significantly above the relevant indices, seeing growth of 62.2% to CHF 183.50. Primarily responsible for this was the operating business, which was positive despite difficult conditions. The Swiss Performance Index (SPI) rose 23.2% over the same period. Over the last five years, the average annual increase in the value of the Geberit share was 17.1% (SPI: +5.8%). The Geberit Group's market capitalization reached CHF 7,518 million at the end of 2009.

Geberit shares are listed on the SIX Swiss Exchange, Zurich, but may also be traded in the over-the-counter markets on the Frankfurt, Stuttgart and Berlin stock exchanges.

At the end of 2009, the free float as defined by SIX was 96.6%.

The share buyback program, which was started in January 2008, was completed early on September 25, 2008. Overall, and as originally envisaged, 2,080,090 registered shares were bought back for CHF 311,350,522, corresponding to 4.98% of the share

capital entered in the Commercial Register at that time. By resolution of the General Meeting of April 30, 2009, a capital reduction from CHF 4,300,385.20 to CHF 4,092,376.20 was conducted in connection with this buyback by destroying 2,080,090 shares with a nominal value of CHF 208,009.

Distribution

The Board of Directors of Geberit AG will propose a dividend of CHF 6.40 at the General Meeting on April 30, 2010, corresponding to an increase of 18.5%. This amount consists, on the one hand, of a normal dividend of CHF 5.40, which corresponds to a dividend rate of 53.3%. This value is thus above the 30%-50% range defined at the initial public offering (IPO). In addition, a special dividend of CHF 1.00 will be paid out to celebrate the 10th anniversary of the IPO. In this way, the extremely shareholder-friendly dividend policy is set to continue.

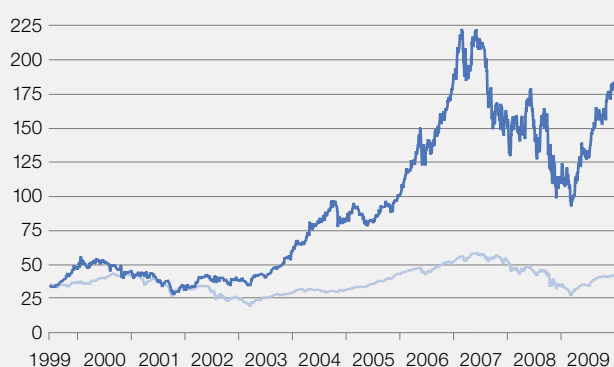
Distribution (CHF per share)*

	2009	2008	2007	2006	2005
Dividend	6.40	5.40	5.20	4.00	2.50
Total	6.40	5.40	5.20	4.00	2.50

* Based on the 1:10 stock split implemented on May 8, 2007

Subject to the shareholders' approval, the dividend will be paid on May 7, 2010.

Share price development June 22, 1999 (IPO), until December 31, 2009



— Geberit Share
— Swiss Performance Index (SPI)

(Source: Bloomberg)
Based on the 1:10 stock split implemented on May 8, 2007

Time schedule

2010	
Interim report first quarter	April 29
General meeting	April 30
Dividend payment	May 7
Half-year results	August 12
Interim report third quarter	November 4

2011	
First information 2010	January 13
Results full year 2010	March 10
General meeting	April 19
Dividend payment	April 27
Interim report first quarter	May 3

(Subject to minor changes)

Communication

Via the Internet (www.geberit.com), Geberit simultaneously publishes current and comprehensive information for all market participants and interested parties, including ad-hoc announcements. Among other things, the current version of the investor presentation is available on the Internet at any time. In addition, interested parties may add their names to a mailing list in order to receive the most recent information relating to the Company.

CEO Albert M. Baehny, CFO Roland Iff and Head Corporate Communications Roman Sidler are in charge of the ongoing communication with shareholders, the capital market and the general public. Contact details may also be found on the Internet in the relevant sections.

Information relating to Geberit is provided in the form of regular media information, media and analysts' conferences as well as financial presentations.

Contact may be established at any time under corporate.communications@geberit.com

Major data relating to the Geberit share (as of December 31, 2009)

Registered shareholders	18,616
Capital stock (CHF)	4,097,157
Number of registered shares of CHF 0.10 each	40,971,574
Registered shares	27,189,981
Treasury stock:	
– Treasury shares	438,992
– Share buyback program	1,391,000
Total treasury stock	1,829,992
Stock exchange	SIX Swiss Exchange Zurich
Swiss securities identification number	3017040
ISIN code	CH-0030170408
Telekurs	GEBN
Reuters	GEBN.VX

Key figures (CHF per share)	2009	2008
Net income	10.18	11.90
Net cashflow	12.17	14.67
Equity	38.65	33.47
Distribution	6.40	5.40

From left to right:

Hans Hess

Robert F. Spoerry

Hartmut Reuter

Günter F. Kelm

Susanne Ruoff

Randolf Hanslin

Dr Robert Heberlein



Board of Directors

Günter F. Kelm (1940), Chairman
Hartmut Reuter (1957), Vice Chairman
Randolf Hanslin (1942)
Dr Robert Heberlein (1941)
Hans Hess (1955)
Susanne Ruoff (1958)
Robert F. Spoerry (1955)

Günter F. Kelm, Susanne Ruoff and Robert F. Spoerry's terms of office will end with the General Meeting of April 30, 2010. Günter F. Kelm is offering his services for an additional year, as are Susanne Ruoff and Robert F. Spoerry for two and three years respectively.

The Board of Directors of Geberit AG consists of a maximum of seven members. The term of office for each member is a maximum of three years, and the statutory retirement age limit is 70 years. Reelection is on an individual basis and is staggered.

Personnel Committee

Hans Hess (Chairman), Dr Robert Heberlein,
Günter F. Kelm

Audit Committee

Hartmut Reuter (Chairman), Randolf Hanslin,
Günter F. Kelm

From left to right:

Roland Iff

William J. Christensen

Albert M. Baehny

Dr Michael Reinhard

Bernd Kuhlín



Group Executive Board

Albert M. Baehny (1952), Chief Executive Officer (CEO)
William J. Christensen (1973), Sales International
Roland Iff (1961), Finance (CFO)
Bernd Kuhlin (1959), Sales Europe
Dr Michael Reinhard (1956), Products

The Group Executive Board is responsible for the operational management of the company. The CEO and the members of the Group Executive Board are appointed by the Board of Directors and are responsible to it for the operational results of the Geberit Group.

Under the management of CEO Albert M. Baehny, responsibility for sales was split into the two new Group Divisions Sales Europe and Sales International at the beginning of 2009. William J. Christensen was appointed head of the new Group Division International Sales by the Board of Directors. Accordingly, since the start of the year, the top operating management level has consisted of five members and is structured as follows:

- CEO division
- Sales Europe
- Sales International
- Products
- Finance

As such, the responsibilities are clearly assigned, while the number of interfaces is minimized and increasing internationalization is taken into account. A strong, second management level supports the Group Executive Board.

You will find a graphic illustration of the management structure on pages 16/17 of this report.

Management Structure

January 1, 2010

Board of Directors

Chairman: Günter F. Kelm, **Vice Chairman:** Hartmut Reuter

Chief Executive Officer

Albert M. Baehny

Communications

R. Sidler

Marketing

Dr Ph. Bucher

Human Resources

R. Held

Strategic Planning

Dr Ch. Buhl

Environment/ Sustainability

R. Högger

Sales Europe

Bernd Kuhlin

Germany

Dr K. Spachmann

Italy

G. Castiglioni

Switzerland

Dr H. P. Tinner

Austria

Ch. Steinberg

Netherlands

M. Portengen

Belgium

P. Forier

Nordic countries

L. Risager

Expansion Markets Europe

F. Reimann

France

V. Deflandre

Great Britain

M. Larden

Poland

A. Dobrut

Czech Republic

V. Sedlacko

Slovakia

V. Sedlacko

Hungary

T. Rubóczky

Adriatic region

M. Medved

Spain

D. Mayolas

Portugal

J. Seabra

Sales International

William J. Christensen

North America

A. Nowak

Far East/Pacific

M. Schumacher

China

Ch. Kober

Singapore

E. Foo

Australia

Ch. Stauber

Middle East/Africa (GISA)

P. Waespi

Products

Dr Michael Reinhard

Quality

Dr J. Auge

Purchasing

A. 't Gilde

Logistics

G. Hailfinger

Technology / Innovation

Dr J. Keck

Products

Sanitary Systems

E. Renfordt-Sasse

Installation Systems

M. von Ballmoos

Cisterns & Mechanisms

T. Beck

Faucets & Flushing Systems

D. Raissle

Waste Fittings & Traps

Th. Kiffmeyer

Shower toilet

A. Gierer

Project Manager Pool

M. Heierli

Design and Application

Engineering

E. Schibig

Production

Sanitary Systems

H. Kirsch

Production Lichtenstein (DE)

Th. Schweikart / H. Müller

Production Weilheim (DE)

H. Kirsch

Production Ruše (SI)

M. Urbančič

Production Matrei (AT)

J. Rapp

Production Pfullendorf (DE)

R. Lernbecher / G. Hailfinger

Products

Piping Systems

M. Ziegler

Building Drainage Systems

S. à Porta

Supply Systems

M. Schüpbach

Project Manager Pool

M. Ziegler

Design and Application

Engineering

P. von Flüe

Production

Piping Systems

Dr F. Klaiber

Production

Rapperswil-Jona (CH)

B. Bünzli

Production Pottenbrunn (AT)

H. Schwarzl

Production Givisiez (CH)

M. Pittet

Production Villadose (IT)

R. Prügl

Production Langenfeld (DE)

U. Wagner

Production Plants China

Ch. Steiger

Production Plants USA

A. Nowak

Finance

Roland Iff

Controlling

B. Gresser

Treasury

Th. Wenger

Internal Audit

Dr M. Reiner

Information Technology

E. van den Berg

Legal Services

Dr A. Riebel

Service, Finance and Holding Companies

W. Frei / J. Haas

Easily bears up to automated processes

In order to ensure an economical production process, the boxes, which are delivered flat, are automatically erected in industrial production. But even in a modern industrial company individual packaging steps are still performed manually.





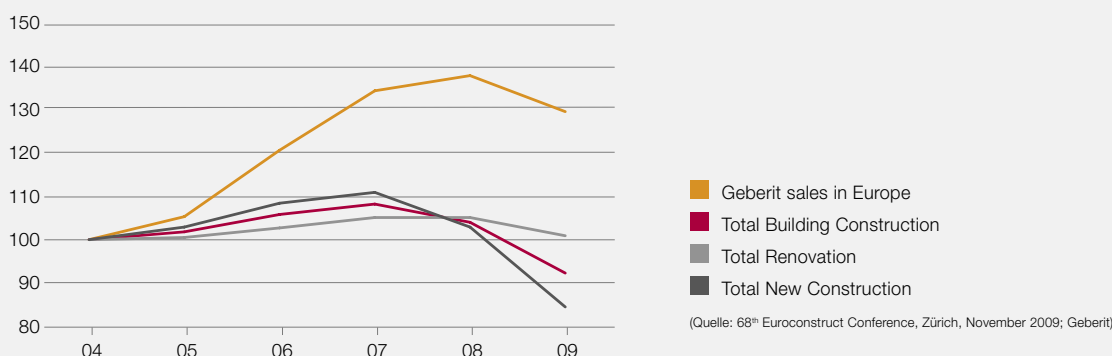
Protects the contents on the entire trip

In order to keep the precise and sometimes very complex contents free of damage at all times, different material thicknesses are used depending on application. The corrugation of the predominantly used corrugated cardboard optimally absorbs blows and pressure.





Construction output and Geberit sales in Europe 2004–2009
(Index: 2004 = 100)



Business and Financial Review

Under very difficult conditions, the Geberit Group posted strong results in 2009. Despite a drop in sales, the already high level of operating margins was again increased over the prior year. Strict cost management and lower raw materials prices, combined with the first impact of the successful launch of new products over the past three years, made these gratifying results possible. Although the competitive environment has become tougher, Geberit has managed to expand its position as the leading sanitary technology manufacturer and gain further market shares.

Continuing difficult economic environment

In the first six months, the economic crisis comprehensively affected all regions and markets relevant for Geberit. The construction industry was one of the sectors hit hardest, while Geberit's core markets in Western Europe were able to hold their own relatively well. In the second half of the year, Asian markets, in particular, rebounded slightly, often driven by government stimulus programs.

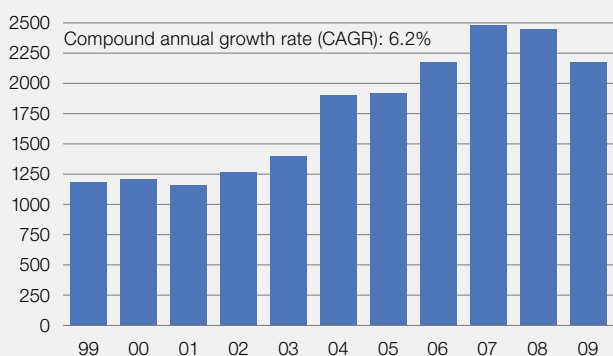
In **Europe**, the downturn in the construction industry became sharper compared to the prior year. This is also indicated by November 2009 estimates from Euroconstruct, which forecast a decrease of some 11% in building construction volume. This development was mainly driven by markedly lower levels in new construction. Only the slightly lower renovation business – in particu-

lar in residential construction – had a dampening effect. Geberit achieves some two-thirds of sales in the renovation area. Against this background, Geberit expects to have again outperformed the competition in the year under review.

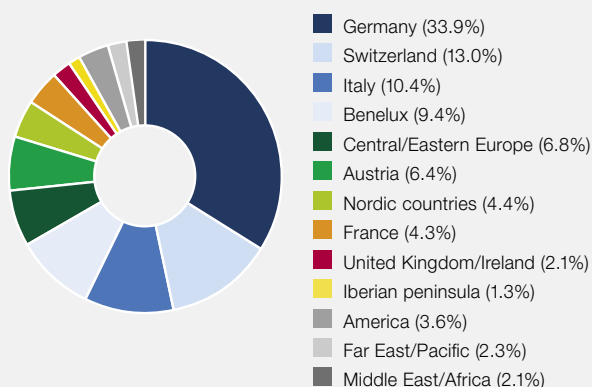
In the **US**, gross domestic product (GDP) fell by 2.5% after rising by 0.4% in the prior year. Construction investments decreased 9.9%. In 2009, the crisis affected the entire construction industry. In addition to continued negative residential construction (-10.3% in 2009), commercial construction, which is more relevant for Geberit in the US, saw a strong negative development of -20.0%.

The crisis, which was also felt strongly in **Asia** in the first half of the year, tipped most countries into recession. Driven by the government interventions involving economic stimulus programs – in particular in China – the market recovered from the third quarter onwards. The probability of a sustainable upturn is regarded as high. GDP grew by 5.6% in the year under review (excluding Japan). With a GDP performance of +8.7%, China remained the growth engine of the region. After a major slump in both residential and commercial construction, the construction industry showed a solid upturn in the second half of the year.

Group sales development 1999–2009
(in CHF million)



2009 sales by markets



Moderate currency-adjusted decrease in sales

The Geberit Group achieved sales of CHF 2,181.2 million in 2009 (prior year CHF 2,455.1 million). This represents a drop of 11.2% in terms of Swiss francs and of 6.5% after currency adjustments.

The decline in sales in Swiss francs included a negative foreign currency effect of 4.7%. The volume effect of -7.4% had greater impact, which was compensated only insignificantly by price effects of 0.9%.

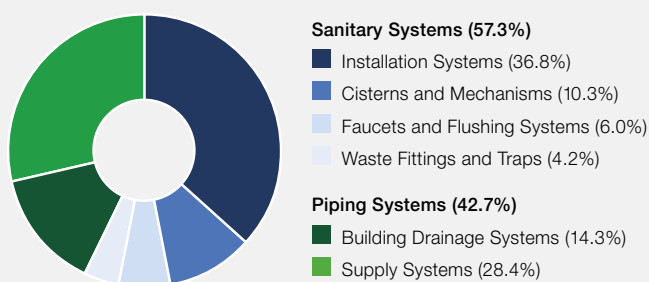
Despite slower sales growth in 2008 and 2009, the sales trend remains positive in the medium term. Average growth has been 6.2% annually over the past ten years.

Most regions/markets seeing declining sales

The following sales by countries and regions relate to changes in local currency.

In most regions and markets, the declines in sales tapered off in the course of the year. In Europe, sales dropped by a cumulative 6.0% compared to the prior year. The only major market with positive sales development in 2009 was France with a plus of 2.2%; Germany managed to maintain prior-year levels. Slight declines were seen in Benelux (-2.7%), Switzerland (-3.7%) and Austria (-5.0%). Double-digit drops were recorded for the core market of Italy (-14.2%) as well as the UK/Ireland (-11.8%), the Nordic countries (-13.6%), Central/Eastern Europe (-18.5%) and the Iberian peninsula (-25.7%). Conditions remained difficult in the regions of the Middle East/Africa (-13.8%) and America (-15.1%). The Far East/Pacific region, however, recovered beginning in the third quarter and in the end posted a drop of 4.7%.

2009 sales by product areas and product lines



Sanitary systems as a stabilizing element

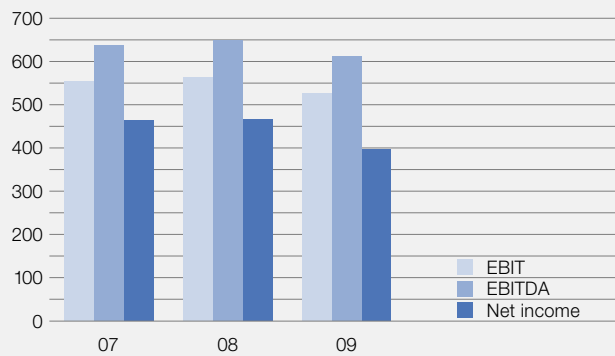
The **Sanitary Systems** product area saw a drop in sales of 9.1% in Swiss francs, or 4.3% in local currencies, to CHF 1,250.1 million. The proportion of sanitary systems in overall sales increased slightly from 56.0% to 57.3%.

Installation Systems, the most important product line contributing 36.8% to overall sales, achieved the lowest drop in sales of all product lines with -3.3% in local currencies. These figures were mainly driven by drywall elements and actuator plates, which remained virtually flat at prior-year levels. Solid wall elements, however, saw significant losses. The **Cisterns and Mechanisms** product line lost 5.8% in sales and contributed 10.3% to overall sales. The newly launched shower toilet Geberit AquaClean posted positive double-digit volume growth rates. Traditional exposed cisterns also had a stabilizing effect. As a result of weak OEM business in Asia, filling valves and flush valve systems, which managed to grow in the prior year, also suffered. **Faucets and Flushing Systems** suffered severely as a result of the weak US construction sector. This product line lost 7.7% and virtually maintained its contribution to Group sales at 6.0%. During the development of the Group, the **Waste Fittings and Traps** product line held up. Sales fell by a currency-adjusted 4.9%; the contribution to Group sales was 4.2% and approximately at prior-years level.

The **Piping Systems** product area saw a drop in sales of 13.8% to CHF 931.1 million. In local currencies, the reduction of 9.2% was also above average by Group comparison. The contribution to total sales therefore fell slightly from 44.0% to 42.7%.

The **Building Drainage Systems** product line lost 8.2% compared to the prior year. The contribution to total sales was 14.3%. The decrease was broadly distributed across the entire range. The decrease in sales in the **Supply Systems** product line was even clearer at 9.7%. Metal piping systems saw greater drops in sales than plastic multilayer piping systems. The drinking water plug-in systems launched in 2009 have not yet had any material impact on the sales of this product line. The contribution of this product line, which is the second largest measured by Group sales, fell to 28.4%.

EBIT, EBITDA, Net income 2007–2009
(in CHF million)



Markedly negative foreign currency influences in sales

As in the prior year, the Swiss franc proved to be very strong in comparison with all of the Group's other main currencies during the year under review. Clear negative currency effects were caused, in particular, by the Euro and the British Pound and also resulted from business in the Polish Zloty. Slightly positive foreign currency effects resulted from the regions in which invoices are issued in US-Dollars. The cumulative currency effects narrowed sales by 4.7%.

In 2009, Geberit generated 70% of its sales in the Eurozone. Five percent of all sales were invoiced in US-Dollars, while 2% each were invoiced in British Pounds and Polish Zloty. The currency risk is limited since sales are matched by corresponding expenses in the same currencies. The remaining currency risk of about CHF 305 million, thereof approximately CHF 165 million in Euro, is partially hedged. The increased risk in Euros compared to the prior year can be attributed to the conversion of transfer price processes.

Increased operating profitability

Despite declining sales, negative foreign currency effects and increased personnel costs, the Geberit Group again managed to increase operating profitability in a demanding environment in 2009. Strict cost management and lower raw materials prices, combined with the first impact of the successful launch of new products in 2007 to 2009, made this possible.

Operating cashflow (EBITDA) slipped compared to the prior year disproportionately less by 5.9% – disproportionately less compared to the prior year – to CHF 611.0 million. At 28.0%, the EBITDA margin again increased compared to the prior year's record value of 26.4%. The average EBITDA growth of 7.2% markedly exceeded the corresponding rise in sales (6.2%) over the last decade. The operating profit (EBIT) dropped by 6.5% to CHF 526.7 million. The EBIT margin reached 24.1% (prior year 22.9%).

Net income decreased by 14.8% to CHF 397.5 million. The return on sales therefore reached 18.2% after 19.0% in the prior year. Per share, this resulted in CHF 10.18, which corresponds to a drop of 14.5% compared to the prior year.

Consistent cost management

Customer bonuses and cash discounts decreased slightly less than sales, falling by 9.4% to CHF 250.2 million. The share of total sales therefore again increased slightly by 11.5% compared to 11.2% in the prior year.

Total operating expenses in 2009 hit CHF 1,404.3 million in 2009, 13.1% less than the CHF 1,615.6 million in the prior year. The proportion of sales fell from 65.8% to 64.4%. This drop reflects, above all, consistent cost management and lower raw materials prices. As in the prior year, all expense items benefited from positive foreign currency effects and thus offset a portion of the drop in sales caused by the negative currency development. The cost of materials was reduced by 22.2% to CHF 574.3 million; at 26.3% of sales, this figure was substantially lower than the prior year's level of 30.1%. This reduction was achieved even though prices for the material categories relevant for the Group have steadily increased since the beginning of 2009. The main reasons for this gratifying development were, in addition to a base effect from the prior year with high prices in the first half and steep declines in prices in the second half of the year, the Group's professional and efficient procurement processes. Despite rising salary costs personnel expenses were reduced by 3.0% to CHF 446.2 million due to capacity adjustments, in particular at production plants. This corresponds to 20.5% of sales compared to 18.7% in the prior year. Depreciation remained at the prior year's level of CHF 78.9 million,

due to the continued high investment volume. The amortization of intangible assets fell from CHF 7.2 million to CHF 5.4 million. Other operating expenses fell by 9.6% to CHF 299.5 million. Marketing activities, which remain high as a result of important product introductions in the year under review, were pitted against various cost-cutting measures initiated as a response to lower sales.

Net income encumbered by extraordinary effects

In the year under review, Geberit generated net income of CHF 397.5 million (prior year CHF 466.3 million). This equates to a decline of 14.8%.

The financial result revealed a clearly negative deviation compared to the prior year. This was caused by a poorer foreign currency result and smaller income from interest as a result of lower interest rates on the capital market.

Tax expenditure was encumbered by a one-time effect and hit CHF 115.7 million after CHF 102.5 million in the prior year. This resulted in a tax rate of 22.5% (prior year 18.0%). The one-time tax was a result of completed tax audits and Group-internal process adjustments. As of 2010, these procedures will result in a markedly reduced tax rate of approximately 15%.

Cashflow maintained at high level

Net cashflow for 2009 was 17.3% below the prior year and hit CHF 475.4 million due to lower operating cashflow (EBITDA), lower financial results and higher taxes. On the basis of this reduction, free cashflow fell by 14.3% to CHF 349.7 million despite significantly reduced investments and static effects from the change of net working capital compared to last year, but maintained at high level. Free cashflow was used to pay distributions to shareholders in the amount of CHF 210.9 million and repay debts in the amount of CHF 41.6 million.

Very sound financial base

Free cashflow, which remains high, allowed a further strengthening of the balance sheet structure as of the end of the year under review. Debt was reduced from CHF 152.3 million to CHF 110.9 million. The reduction can be attributed mainly to a partial repayment of the USD private placement in the amount of USD 35.0 million as well as the exercising of conversion rights in connection with the convertible bond. The liquidity situation was comfortable. In addition to liquid funds and marketable securities of CHF 406.5 million, the Group had access to undrawn operating credit facilities of CHF 300.3 million. At the end of 2009, the Group showed a positive net cash level of CHF 295.6 million (prior year CHF 150.3 million).

Debt

(in CHF million)

	12/09	12/08	12/07
Long-term debt	82.0	112.1	271.0
Total debt	110.9	152.3	273.9
Liquid funds and marketable securities	406.5	302.6	450.1
Net debt	-295.6	-150.3	-176.2

The equity ratio achieved a very solid 68.2% (prior year 63.9%). In terms of average equity, the return on equity for the year under review was 28.1%. Because of the lower net income and the higher annual average equity, this key figure was lower than the 34.9% level of the prior year. As a result of the net cash level mentioned, gearing (net debt/equity) was -19.6% (prior year -11.5%).

As of December 31, 2009, the Geberit Group held 1,829,992 own shares in treasury, of which 1,391,000 related to the share buyback program expired as of the end of January 2007. No decision has yet been taken concerning the utilization of the repurchased shares. The remaining number of treasury shares of approximately 439,000 is mainly earmarked for share participation plans. By resolution of the 2009 General Meeting, the 2,080,090 shares resulting from the share buyback program, which was completed earlier than planned in September 2008, were cancelled by means of a capital reduction.

Total assets increased from CHF 2,054.1 million to CHF 2,212.2 million. The higher cash level contributed to this in particular. In addition, net working capital rose by CHF 24.4 million to CHF 180.9 million, and property, plant and equipment rose from CHF 555.5 million in the prior year to CHF 576.2 million as a result of the high investment volume. At CHF 753.1 million, goodwill and intangible assets remained virtually at prior-year level (prior year CHF 756.2 million).

Invested operating capital, comprising net working capital, property, plant and equipment as well as goodwill and intangible assets, amounted to CHF 1,510.2 million at the end of 2009 (prior year CHF 1,468.2 million). The return on invested operating capital as the ratio of operating profit after tax (NOPAT) to average invested operating capital increased slightly from 28.2% to 28.5%.

Investments maintained at high level

In 2009, investments in property, plant and equipment and intangible assets amounted to CHF 106.4 million, which is CHF 46.1 million or 30.2% below the records of the prior year. As a percentage of sales, the investment ratio in the year under review was 4.9%. Despite the difficult environment, the Group maintained its commitments to the larger investment projects that had been planned.

Expenditures for property, plant and equipment (in CHF million)

	2009	2008	2007	2006	2005
	106.4	152.5	103.5	81.3	79.5
In % of sales	4.9	6.2	4.2	3.7	4.1

In 2009, the bulk of investments – 76% or CHF 80.3 million – was required for expanding the infrastructure. Some CHF 16 million of that total was used for the procurement of tools and equipment for newly developed products. 16% of total investments was used for the ongoing renewal of property, plant and equipment, 8% for rationalization investments regarding property, plant and equipment.

Significant amounts were invested, as in the prior year, in the expansion of the logistics center in Pfullendorf (DE). In addition, the new Asian headquarters in Shanghai, featuring a state-of-the-art production and logistics infrastructure, new office space, a training center and development and test laboratories, was completed, and the production and logistics premises in Lichtenstein (DE) expanded. A significant portion of the investment amount can be attributed, as usual, to the procurement of tools and molds for new products.

Sustainable foundations for growth

Living sustainability in all business areas

Geberit has been leading the sanitary sector for decades in terms of sustainability and proves that economic growth and business activities that are successful in the long term are compatible with environmentally friendly and social responsible actions. Sustainability is lived in all business areas. The company aims to be a role model and set standards for partners, customers and suppliers. This includes water-saving, sustainable products; safe, environmentally friendly and resource-efficient production using an increasing proportion of renewable energies; procurement and logistics with high environmental and ethical standards as well as good working conditions and a high level of training for the more than 5,600 employees worldwide. Corporate responsibility is also assumed when promoting select social-aid projects and in cooperations for innovative developments.

During the World Economic Forum in Davos, Switzerland, in January 2010, a jury selected the world's 100 most sustainable companies. Geberit was voted Switzerland's most sustainable company and came in tenth in the overall global ranking – a top position. The assessment was performed on the basis of eleven different criteria for sustainable business, such as transparency and CO₂ emissions.

The global trend towards sustainable construction ("green building") creates new challenges for investors, building owners, planners and sanitary specialists. Green building aims to achieve ecologically acceptable solutions which are economically viable and provide maximum quality of life for users. Geberit already offers water- and energy-saving, silent, durable products that enable a high level of flexibility and meet sustainable building standards. The aim is to be the leading system provider for intelligent sanitary solutions in sustainable construction. Appropriate products, planning systems and customer education represent a substantial contribution to ensuring more sustainable construction.

Sustainability is viewed as a strategic task. For this reason, objectives and measures are continuously being updated and integrated in all business areas. Comprehensive monitoring ensures that measurable progress is being made. This progress is presented annually in accordance with the guidelines of the Global Reporting Initiative (GRI) in the GRI Report. In conjunction with this Annual Report for the third time, a Sustainability Report is being published. The Sustainability Report 2010 and the GRI Report 2010 complement one another and jointly fulfill the requirements of the maximum transparency grade A set by GRI, which has been verified and confirmed by GRI. Geberit is committed to internationally recognized principles of sustainability and since 2008 has been a member of the United Nations

Global Compact, a global agreement between businesses and the UN designed to make globalization more socially and environmentally friendly. This convention obligates businesses to submit an annual progress report (Communication on Progress) regarding ten defined principles in the areas of human rights, labor practices, environmental protection and combating corruption. This progress report is integrated in the GRI Report. Geberit's report on the year 2008 is mentioned on the United Nations Global Compact website as exemplary (see: http://www.unglobalcompact.org/COP/notable_cops.html). The formal anchoring of the subject of sustainability is reinforced by the Geberit Code of Conduct and the Code of Conduct for Suppliers, compliance with which is ensured by continuously improved compliance processes. In addition, an extensive system for the control and management of all risks involved in entrepreneurial activities is in place throughout the Group (for details see Corporate Governance section, part 3, "Information and control instruments vis-à-vis the Group Executive Board").

The efforts in terms of sustainable business management are being rewarded on the capital market. At the end of 2009, fully 10% of Geberit stock was held by sustainability-conscious investors. Geberit is well represented in the consistently growing sector of sustainability stock indices and sustainability funds. Thus the Geberit share is listed in the Dow Jones Sustainability

Index (DJSISTOXX) and since 2007 on the FTSE4Good Index Series (Europe/Global). In addition, renowned sustainability funds hold Geberit securities in their portfolios. Geberit's objective is to continue to play a significant role in the constantly growing investment segments Sustainability and Water.

Product design awards for new products

The “commitment to innovation” is an important pillar of the Geberit strategy. The innovation strength, which is above-average when compared to the industry sector, helps to ensure the Group’s long-term success. Successful research and development (R&D) activities are the prerequisite for this. In the year under review, Geberit invested CHF 41.8 million or 1.9% of its sales in the future of its products. In comparison with prior year figures, expenditure decreased by 9.1% but remained at a high level. Significant preparatory efforts were made towards the introduction of a series of innovative new products in 2010, including shower drain elements and the Geberit Monolith (see below). Eighteen patents were applied for in 2009; in the last five years the figure was 90.

R&D expenditures (in CHF million)

	2009	2008	2007	2006	2005
	41.8	46.0	48.1	44.3	43.5
In % of sales	1.9	1.9	1.9	2.0	2.3

All new product developments at Geberit undergo a structured innovation and development process. This process ensures that the creative potential of ideas in the Group is used to the optimum and that development activities focus on the needs of the market. In order to support its internationalization efforts, the company maintains R&D competence centers of its own in China and the US. The focus of all new product developments is on the customer benefit and the system approach. In addition to high quality, longevity and easy installation, new products also stand for the economical use of water in combination with the highest level of hygiene and optimized acoustic attributes.

A series of new products was launched in 2009, predominantly in the Piping Systems area. The new plug-in system for drinking water and heating distributions offers the plumber everything he needs for simple, rapid and at the same time secure installation. More economical work sequences and visible safety will be made available to the craftsman thanks to the new generation of metal pressfittings. An acoustically optimized polypropylene plug-in connection system compatible with existing Geberit systems will now be offered in the area of waste water disposal. The expansion of the shower toilet range is increasingly oriented to end customers as the target group. Geberit is offering a complete shower toilet product range under the name of “Geberit AquaClean” – from an adaptable seat to a complete system, as a solution that is either exposed or concealed. As of 2010, a new law goes into effect in Cali-

fornia which limits the permissible lead content in faucets. In response to this, the company's US subsidiary Chicago Faucets was the first major manufacturer of commercial faucets to bring a product line with lead-free faucets to the market in North America. This means that in the US, too, Geberit will be living up to its reputation as not only the leading company with respect to technology, but also in terms of sustainability. The new introductions were rounded out by a comprehensive urinal product line with newly developed cover and actuator plates, controls, valves and urinal installation elements and by a markedly optimized fire protection sleeve for all of the Geberit waste water systems.

The year 2010 will again be dominated by the launch of various new products. The Geberit Monolith represents a new alternative to the traditional exposed cistern. Instead of using a traditional toilet with a visible cistern when replacing older toilet systems, the Geberit Monolith with its elegant and contemporary design can be installed to conceal the cistern behind glass. The Geberit Monolith suits every construction and nearly every drainage variant. The wall drain for floor-even showers represents another innovation. Geberit's proven system technology is now venturing into the shower area. Both the Monolith and the shower drain have already won the acclaim of international experts: The two new Geberit products won the iF product design award 2010. The prize is regarded as the seal of quality for good design. Also, a new series of electronic lavatory taps is being launched. These taps have been redesigned and feature

intelligent operating programs and controls as well as Geberit's accustomed high reliability. The Pluvia roof outlet can now be combined with all standard roof foils, making the installation even simpler and more flexible with the same high flow capacity. When changing residences, the Geberit AquaClean design cover allows the shower toilet to be removed and installed without interfering with the building structure. The on-wall supply pipes are concealed in a way which is visually pleasing. The new prefabricated modular bathroom uses the benefits of modular and lightweight construction and can be installed at any building site, in new construction or renovations. Also, the range of the drinking water plug-in system and the acoustically optimized polypropylene drainage plug-in system – both launched in 2009 – will be expanded.

Market cultivation further optimized

Geberit's focus is to grow sales organically. The aim is to ensure the Group's long-term success. A prerequisite for this is to increase market penetration in the existing markets and to develop new markets in a targeted manner. Against this background, great importance continues to be attached to the optimization of market cultivation. Around 500 technical advisers working in the field are in contact on a daily basis with plumbers, planners and architects, in particular. During the year under review, around 30,000 customers were provided with education and further training in Geberit systems and software tools in the 25 information centers in Europe and overseas. An additional element is formed by external events of the local sales companies at which training and education measures are held in a different environment in cooperation with partners. As a result of these measures, a further approximately 60,000 customers came into contact with Geberit know-how and products during the past year. In addition to this, the introduction of a series of important products in the piping systems area during the year under review offered an opportunity to improve customer contacts. In this context, the Swiss sales company held 18 events on the theme of "Not really NEW, but..." in various Swiss casinos, which had a technical part devoted to the new products and as well as a social aspect. Managing directors/decision makers of sanitary companies were defined as the target group. The events were a complete success: some 2,000 people responded to the invitation and were impressed by the new products and

the high level of professionalism of the Geberit presentation. New approaches to customer care were taken by the German sales company with their "Top Treffs 09". A total of 7,500 customers in three cities were welcomed and spirited away to an emotional presentation of the Geberit brand world with the purpose of further strengthening partnerships with customers. The enthusiastic feedback confirmed that this approach, which was unusual for the industry, was a good choice. In China, the penetration of the relevant market was driven forward in the year under review. In more than 100 customer events, over 8,000 architects and interior designers, building contractors, plumbers and community representatives were trained to use Geberit products and technologies. With the new Asian headquarters in Shanghai, completed at the end of 2009, these activities will be redoubled. As a novelty, a new flagship store was opened in Shanghai in September 2009 in order to raise Geberit brand awareness among end customers.

In addition, the trade exhibitions attended by Geberit in 2009 – albeit less intensively than in prior years – served as a platform for maintaining customer contacts and communicating innovation strength. The most important of these were the ISH in Frankfurt (DE), Europe's largest industry trade fair held biannually, the Batibouw in Brussels (BE), Wohnen & Interieur in Vienna (AT) and the Fiera Termoidraulica in Padova (IT).

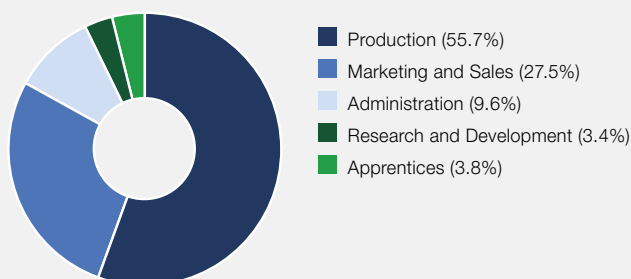
The activities of the Group focus on market and customer orientation as the central factor for success. The positive responses from the markets in the last year again confirm that the efforts for implementing the requirements and expectations of the customers in concrete product-market strategies were pursued successfully. In 2009, a global survey of wholesalers, planners and plumbers was conducted regarding drinking water supply systems. The results will in the future facilitate the development of products in this product line that are even better aligned with local requirements, thereby driving internationalization. The large number of contacts with market partners represents an important source of continuous innovation, a central Geberit brand value.

Great importance is attached to customer satisfaction in the respective regional markets. For instance, particularly great importance was placed on obtaining feedback from customers when launching the next-generation Geberit AquaClean shower toilet in Switzerland. Customers receive a questionnaire three months after purchase; the 2009 return rate of 30% was excellent. And more than 90% of respondents were very happy with the product. The consulting quality during the purchase was also considered to be very good by more than 90%. The number of those willing to recommend Geberit AquaClean also exceeded 90%. Customers were also able to suggest improvements. These suggestions were systematically recorded. Various proposals have been undertaken in this connection.

Geberit as an attractive employer

Geberit has a long tradition as an excellent company and product brand. The positioning as an employer brand is perceived to a lesser degree. This brand dimension is, however, also very important in a market which is becoming ever more competitive in the search for the right employees for Geberit on the one hand and for retaining them on the other. A concept was therefore formulated in 2008 for addressing the question of how the good prerequisites of the sustainable and innovative corporate culture can be better used for positioning the company as an attractive employer. Due to other priorities, the implementation of the set of measures developed and the more professional image approach in this area were suspended in the year under review. The implementation is now planned from 2010 onward.

Employees 2009 by business processes
(as of December 31)



Good framework conditions for employees

As of the end of 2009, the Geberit Group had a total of 5,608 employees worldwide. This was 89 persons or 1.6% less than in the prior year. The slight drop can be attributed mainly to the adjustment of personnel capacities at production plants as a result of lower sales volumes. Based on the average number of employees of 5,634, sales per employee amounted to TCHF 387.1, or 10.4% less than in the prior year.

Employees by countries
(as of December 31)

	2009	Share in %	2008	Share in %
Germany	2,277	40	2,232	39
Switzerland	1,103	20	1,034	18
China	714	13	722	13
Austria	429	8	456	8
USA	241	4	267	5
Slovenia	215	4	240	4
Italy	101	2	105	2
United Kingdom	68	1	77	1
Others	460	8	564	10
Total	5,608	100	5,697	100

There were no significant changes to the percentage distribution in the employee breakdown per business processes. Only the slightly higher proportion of apprentices throughout the Group – now 3.8% compared to 3.6% in the prior year – stands out. As of the end of the year under review, 55.7% of the workforce was employed in production, 27.5% in marketing and sales, 3.4% in research and development and 9.6% in administration.

Geberit offers its employees attractive working conditions. Salaries and social benefits amounted to a total of CHF 446.2 million in 2009 (prior year CHF 460.2 million). The entire workforce also has the opportunity of taking part in share participation plans at attractive conditions (see also Consolidated Financial Statements of the Geberit Group, Note 18 [Participation plans]). Equality of opportunity and equal pay for men and women are a matter of course. The proportion of female employees as of the end of 2009 was 28% (prior year 28%); in upper management this figure was 5% (prior year 6%). In addition, after the 2009 General Meeting, a woman joined the Board of Directors.

The well-being of the employees and health and safety in the workplace are very important in the company. The absenteeism rate was only 2.8% in 2009 (prior year 2.5%), 2.7% of which was due to sickness (prior year 2.4%); 0.1% was due to occupational accidents (prior year 0.1%). The low figures reflect the efforts at all plants with respect to safe working conditions in production

and various projects in health care. This is flanked by offerings, as for instance in Rapperswil-Jona (CH), of counseling in the event of problems, which can range from pressure on the job, partnership or in the family to debt issues, or the telephone help line established in the US to discuss matters on the job in all confidentiality.

In particular during economically challenging times such as the year under review, frank and clear internal communication takes on increased significance. This fact was taken into account in autumn 2009 with the introduction of a fully revised intranet. The internal electronic communications of the entire Group are to run via this central channel in the future. For the conceptual development of this new tool, particular importance was attached to interactive, real-time communication accessible to all employees. For production employees, special solutions were developed with newsletters and/or large screens which can be used by groups of people. CEO Albert M. Baehny also addresses all employees worldwide every quarter in a specially produced video with an assessment of the current framework conditions and the state of the company, as well as a look ahead.

The employees are Geberit's most important ambassadors. They influence Geberit's image and represent the company in day-to-day contact with customers and many other stakeholders. This task can only be performed by employees who are aware of what their company stands for and what its objectives are. Here, Geberit benefits from the Living Geberit project con-

ducted in 2007 and 2008, in which 3,000 employees discussed the central corporate and brand values in numerous workshops around the globe. The findings from the workshops were included in day-to-day operations at the local level in 2009. Systematic employee surveys at regular intervals supplement the measures taken. The survey planned for 2009 was postponed to 2010 due to other priorities.

The Code of Conduct also makes a crucial contribution to clear guidelines for internal interactions and dealing with customers and partners. It was published in 2007 in 14 different languages and specifies clearly how employees should behave and how the responsibility as an employer has to be perceived. It also applies to sensitive topics such as discrimination, workplace bullying and conflicts of interests, for which designated on-site contacts are available in all confidentiality. The implementation of the Code of Conduct is systematically verified and communicated in the annual GRI Report. The four short animatics on gray zones regarding sexual harassment, workplace bullying, bribery and IT misuse introduced in 2008 are used globally in training sessions and team meetings and have been part of the standard new employee orientation since 2009.

Training and further education are a central theme at the company. This applies not only to the 211 apprentices employed as of the end of 2009 (prior year 203). In the year under review, employees attended internal and external education and further training events as in the prior year for around 19 hours on average. Significant for the further training of employees and for the exchange of knowledge across sites is also the Job Flash, which boosts mutual understanding and allows new insights through short assignments in other departments. As of the end of 2009, some 250 employees had already availed themselves of this opportunity.

Geberit relies on its Potentials Management process to ensure the high quality of the management team and to find internal candidates for at least 50% of vacant management positions. For an employee to be eligible for participation, the potential for a career step within the next two to three years must be identified in the annual appraisal interview. This can be a step to upper management, middle management or to an initial supervisory, project manager or specialist function. The process includes individual development measures as well as collective modules, for instance from the areas of communication and conflict management or in the form of networking opportunities and company tours through to fireside chats with the Group Executive Board.

A focus of Human Resource Management in 2009 was the proactive approach to changing age structures, which will affect the company differently at its international sites. In countries such as China, for instance, the workforce is very young today, while there is already a clear peak in the middle age groups for instance in Germany today. Geberit has developed a package of solutions with which demographic development is to be mastered. As an example, in the future, the need for further training for employees older than 40 will be evaluated systematically, individual working hour models sought and flexible retirement solutions increasingly promoted. In order to stand an even better chance in the increasing competition for the best employees, individual working hour models will also be offered increasingly to maintain a better work-life balance.

Conclusive development in favor of the environment

For many years, Geberit has stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as the development of water-saving and sustainable products. Environmental criteria are considered in all decision-making processes. In addition, processes are continuously being optimized so that a proven high standard is achieved which often greatly exceeds legal requirements. Thanks to consistently sustainable action, measurable contributions are made towards the mitigation of the CO₂ problem and reduction of water shortages. The GRI Report specifies in detail, with the use of 30 environmental indicators, what improvements have been achieved.

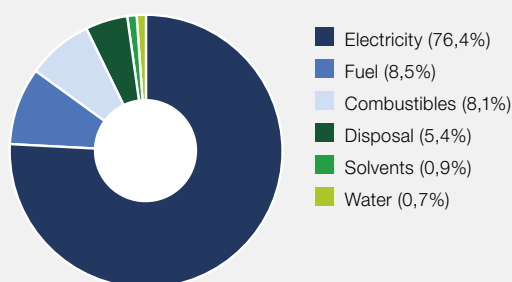
Thanks to leading research and development, Geberit products are characterized by high quality, longevity and easy installation and combine the economical use of water and energy with exemplary acoustic insulation. This meets the requirements for the global growth market of green building. The installation systems enable a high level of flexibility in the construction process. The supply systems contribute to the minimization of operating energy in buildings, by reducing the heat loss from hot water through optimum pipe layout, dimensioning and pipe-in-pipe hot-water circulation systems. The new Silent-PP drainage plug-in system extends the range for noise-insulated drainage and thereby sets standards for convenient acoustic insulation, which contributes to the well-being of building users. Geberit

products are also characterized by a high level of recyclability and superior environmental friendliness.

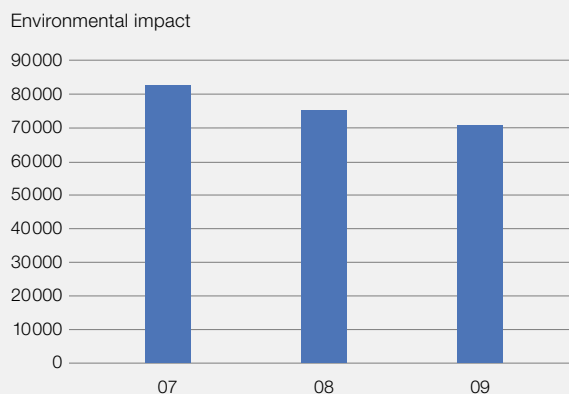
The greatest environmental performance of Geberit products is created by the day-to-day contribution to saving water around the globe, which is becoming increasingly important in Australia and the Asian markets, such as China and Singapore, in particular. As of 2009, the entire dual flush and flush stop “fleet of cisterns” from Geberit – produced since 1998 and still in operation today – has succeeded in saving over 8,800 million cubic meters of water compared with traditional flushing systems. That is two and a half times as much as all the households in Germany use in a year. New product developments supplement the water-saving product range effectively. The Impuls260 flush valve system range, which was newly launched in 2009, was developed as a complete, flexible system for global use with most ceramic cisterns. Thanks to the variably adjustable flushing volume, water consumption can be reduced significantly with cisterns that have been updated with the Impuls260.

The basis for sustainable products is a systematic innovation process, in which the environmentally friendliest materials and functional principles possible are chosen, risks are minimized and a high level of resource efficiency is targeted both for the production process and the product itself. Eco-Design workshops, in which different disciplines cooperate and ensure that every new product exceeds its predecessor in environmental aspects, are an integral part of the early development

Distribution environmental impact 2009



Development absolute environmental impact 2007–2009



phase. Specially created product life cycle assessments are important decision-making aids. It was thus possible, for instance, to ensure during the development of the Geberit AquaClean shower toilet that convenient hygiene functions were implemented in an environmentally friendly way. With the Geberit AquaClean 8000plus, the electricity consumption for heating the shower water is used very efficiently thanks to state-of-the-art control technology. In normal operation, Geberit AquaClean's environmental impact is therefore comparable to that of a traditional toilet.

All production sites and sales companies are subject to systematic, Group wide environmental management, which holds a combined Group Quality and Environment certificate in accordance with ISO 9001 and ISO 14001. In the meantime, all production sites have standard certification. Every year, a comprehensive corporate eco-balance is prepared to serve as the basis for the targeted implementing of improvements.

In the following key figures, there were isolated, insignificant deviations from the prior year's values as a result of optimized data collection. Throughout the Group, the absolute environmental impact fell by 4.8% (prior year: reduction of 8.3%). In comparison: sales after currency adjustments fell by 6.5% over the same period. Energy consumption in the form of electricity, combustibles and fuels represents the greatest environmental impact from Geberit production and sales, and resulted in 74,196 metric tons of CO₂ emissions in 2009 (prior year 77,445

metric tons). Geberit has reached its first milestone in the framework of its CO₂ strategy: Between 2007 and 2009, relative CO₂ emissions per value added were reduced by an average of 5% per year. This corresponds to the originally set target value. The basis for the continuous improvement is a three-phase action plan that comprises saving energy, increasing energy efficiency and expanding renewable energies. In the year under review a reduction (105.1 GWh, prior year 107.3 GWh) of power consumption was posted. Consumption of combustibles (46.7 GWh, prior year 45.7 GWh) and fuels (17.8 GWh, prior year 16.8 GWh), however, was slightly up. CO₂ emission levels were also improved by the use of green power: The Daishan site in China has been supplied with approximately 2 GWh of wind power since 2009 and supplements the annual procurement of 6 GWh of certified green power of the largest production site in Pfullendorf (DE). This means that Geberit is on course to increasing its share of renewable energies by 5% every three years.

There were also improvements for other environmental factors: The total amount of waste disposed of was reduced to 11,045 metric tons (prior year 11,580 metric tons), while 83% was sent to external recycling processes as in the prior year. In internal water consumption, Geberit has been acting as a role model year after year. This figure was further reduced (122,144 cubic meters, prior year 139,430 cubic meters). Targeted improvements, such as the optimization of fresh water test runs in development, contribute to improvements.

Geberit has identified that the personal CO₂ emissions of the more than 5,600 employees more or less correspond to the CO₂ emissions of all its production plants and thus represent a significant leverage. The CO₂ Monitor, which was launched in 2008, is a voluntary climate project for employees who want to monitor and reduce their CO₂ emissions in a simple way. The main tool, the www.co2-monitor.ch online platform, is available for every user to record his CO₂ profile, determine reduction targets and receive tips on cutting back. The project was announced in an internal campaign and its implementation has been supported with targeted activities. After one year, 8% of Geberit employees in the main countries are already participating in the project.

Prevention, training and monitoring strengthen compliance

Geberit sets high standards for ethical, environmentally and socially friendly operations. The Code of Conduct introduced in 2007 specified the framework for conduct with integrity in the corporate environment. Fair competition throughout the world is an important principle, for example. Price fixing, cartels and other competition-distorting activities are rejected. As an active member of the international organization Transparency, Geberit is committed to high standards in combating corruption. At Geberit, various departments cooperate on the topic of compliance in order to further optimize existing processes. The five topic areas – compliance with anti-trust legislation, prevention of corruption, employee rights, product liability and environmental protection – are the most important aspects from the standpoint of compliance. The implemented measures build on one another. For prevention, the guidelines were further developed and the employees comprehensively trained. Compliance with the guidelines is monitored as part of the binding reporting on the Code of Conduct. The internal verification is supplemented by audits on site. In the event of misconduct, corrective measures are taken. Geberit has reported on the results of the internal survey and audit since 2007. They are presented in detail in the GRI Report. Reporting on compliance was again expanded in the GRI Report 2010.

High standards in procurement and logistics

Geberit also expects high standards from its business partners, suppliers and transport companies, which make an important contribution to the value-added chain. Suppliers must commit to consistent environmental protection, socially appropriate working conditions and fair business practices. At the end of 2007, a Code of Conduct for Suppliers was introduced for the first time, which is aligned with, among other things, the principles of the United Nations Global Compact. As of the end of 2009, 363 suppliers (prior year 191 suppliers) have signed the Code of Conduct. They include 77% of the top 200 suppliers. This equates to 79% of the total procurement value (prior year 60% of procurement value). As part of risk management, suppliers' environmental and social risks are assessed and assigned to various risk categories. Before an agreement can be concluded, a multiple-stage risk analysis and assessment is carried out for every new supplier in the top risk category. In addition, audits of the suppliers are conducted in coordination with the Environmental/Sustainability and Quality Management departments.

The global distribution of products is an important part of the services provided to customers. In addition to profitability and punctuality, the environmental impact of transport services is becoming increasingly important. Geberit is taking on this challenge at several levels: With the new logistics center in Pfullendorf, which lies at the geographical heart of Geberit's European customers and is set to take up operations in 2010, logistics and

distribution processes are designed more efficiently.

For transporting itself, Geberit commissions select external companies. In 2009, it was to expand the own established eco-balance to the area of transportation, comparing environmental figures with freight forwarders and committing the partners to the most environmentally friendly transport methods possible and clear targets. This is to be underpinned with the introduction of an environmental logistics code in 2010.

Taking responsibility for social development

In accordance with its own vision, Geberit wants to contribute to the improvement of people's quality of life. With products and know-how relating to the topic of water, Geberit supports the implementation of the United Nations Millennium goal for global access to clean drinking water and basic sanitary facilities. In social areas, the focus is on projects relating to the topic of water and the core competence and culture of Geberit. As a rule, the commitment is not only financial in nature, but also involves goods in kind or aid on site. Where possible, Geberit apprentices from all professional areas and from various countries actively share in the work of the social-aid projects in accordance with their abilities and willingness. The long-term partnership launched in 2008 with Mike Horn, who has embarked on a four-year expedition around the world with his Pangaea project to raise awareness for environmental concerns, was continued in 2009. The www.respectingwater.com online platform provides an overview of the various Geberit activities. Donations and financial contributions, including product donations totaling CHF 3.2 million (prior year CHF 2.6 million), were made during the year under review. In addition, Geberit employees contributed 900 hours of charitable work as part of social projects. All donations and related commitments are neutral from a party political point of view. Geberit does not make donations to parties or politicians, issues no

political statements as a rule and does not involve itself in political lobbying. This is ensured globally as part of the annual audit of the Code of Conduct.

Takeover of the Indian sales partner in early 2010

Effective January 1, 2010, Geberit has taken over the former Indian sales partner based in Bangalore with additional sales offices in Mumbai and Delhi. The company was established in 2005 and currently has 45 employees. All major cities in India are serviced directly, the remainder through a network of more than 100 partners. Over the past years, the now acquired company has successfully built up the Indian market for concealed cisterns and established Geberit as the market leader in this sector. More than 70 five-star hotels are fitted with Geberit flushing systems. Current sales volume is in the single-digit millions range.

Ambitious medium-term goals

Geberit has set itself the target of establishing the standards in sanitary technology worldwide and supporting them in the long term through sustainable actions. This management approach is to be reflected among other things in sales growth above the industry average. Additional growth through acquisitions is not precluded. However, any potential acquisition will have to satisfy strict strategic and financial requirements. Generally speaking, future investments will increasingly be made in the form of long-term-oriented measures to improve the organic growth of individual markets/regions or products. Basically, Geberit is aiming at achieving its sales targets while at the same time maintaining its industry leadership in terms of profitability and the ability to generate high cashflows. In order to be able to embrace the anticipated growth, substantially higher amounts have been invested in property, plant and equipment in recent years. At approximately CHF 100 million, an amount in excess of the long-term average is again planned in 2010 for the development of the infrastructure, introduction of new products and investments in efficiency-boosting measures.

Clear strategy

The Geberit vision is to achieve a sustained improvement in the quality of people's lives with innovative solutions in sanitary technology. The proven and focused strategy for this is based on the four strategic pillars "Focus on sanitary technology", "Commitment to innovation", "Selective geographic expansion" and "Continuous business process optimization". It is practiced daily by the highly motivated and qualified employees.

Geberit will continue to focus on sanitary technology, relying on the traditional three-tier sales channel. The company's concentration is on those business areas in the sanitary industry where own profound know-how and core competencies are available. The activities focus on sanitary systems and technologies for the transport of water in buildings. Here, superior quality, integrated and water-saving sanitary technology are provided.

For Geberit, the ongoing optimization and supplementation of the product range are decisive for future success. Innovation strength is based on basic research in areas such as hydraulics, statics, fire protection, hygiene or acoustics. The insights gained are systematically implemented in the development of products and systems for the benefit of customers.

The accelerated penetration of markets such as France, the United Kingdom, the Iberian peninsula, Eastern Europe and the Nordic countries is an important factor for long-term success. Outside Europe Geberit concentrates on approaching the most promising markets, which are the following: North America, China, Singapore, Australia and the United Arab Emirates. In these regions, the company mainly operates in project business, except for North America. In this context, the existing high standards with respect to quality and profitability are always complied with.

Another focus relates to business processes. Through continuous process optimizations, Geberit intends to ensure a leading, competitive cost structure in the long term. This is achieved, on the one hand, via Group-wide projects and, on the other hand, employees are identifying potential improvements in everyday work and thus are able to make a major contribution towards a positive development.

Outlook 2010

The global economic crisis and the related uncertainty in forecasts for the near future make predictions for 2010 very difficult. The decline in the building industry will most likely continue. Construction volumes may decline further in most of the geographic markets that are important to Geberit; no recovery can be realistically expected before 2011. The new construction sector will be hit hardest by the crisis, in particular the non-residential construction sector. Also, no positive development is expected in renovation business, even though the potential need for renovations does exist.

Spain has been hit hard by the crisis with nearly 1.6 million unsold apartments and high levels of unemployment. Despite housing shortages, precarious conditions are also expected to continue in the UK construction market. Contractions will again be seen in Italy. While no improvement is in sight in Central and Eastern Europe, stabilization is expected for Germany, Switzerland, France and Poland. No signs of a recovery can yet be detected in North America – both in residential construction and on the commercial construction market.

The situation is considered to be positive on the whole in the Far East/Pacific region, with a recovery in Australia and the strongest growth in China and Southeast Asia. In China, public construction volumes have been scaled back as a result of the economy picking up.

In the Middle East region, no improvement of the current situation is expected. Construction will see yet another decline. Many construction projects – in particular in Dubai – have been suspended or terminated entirely.

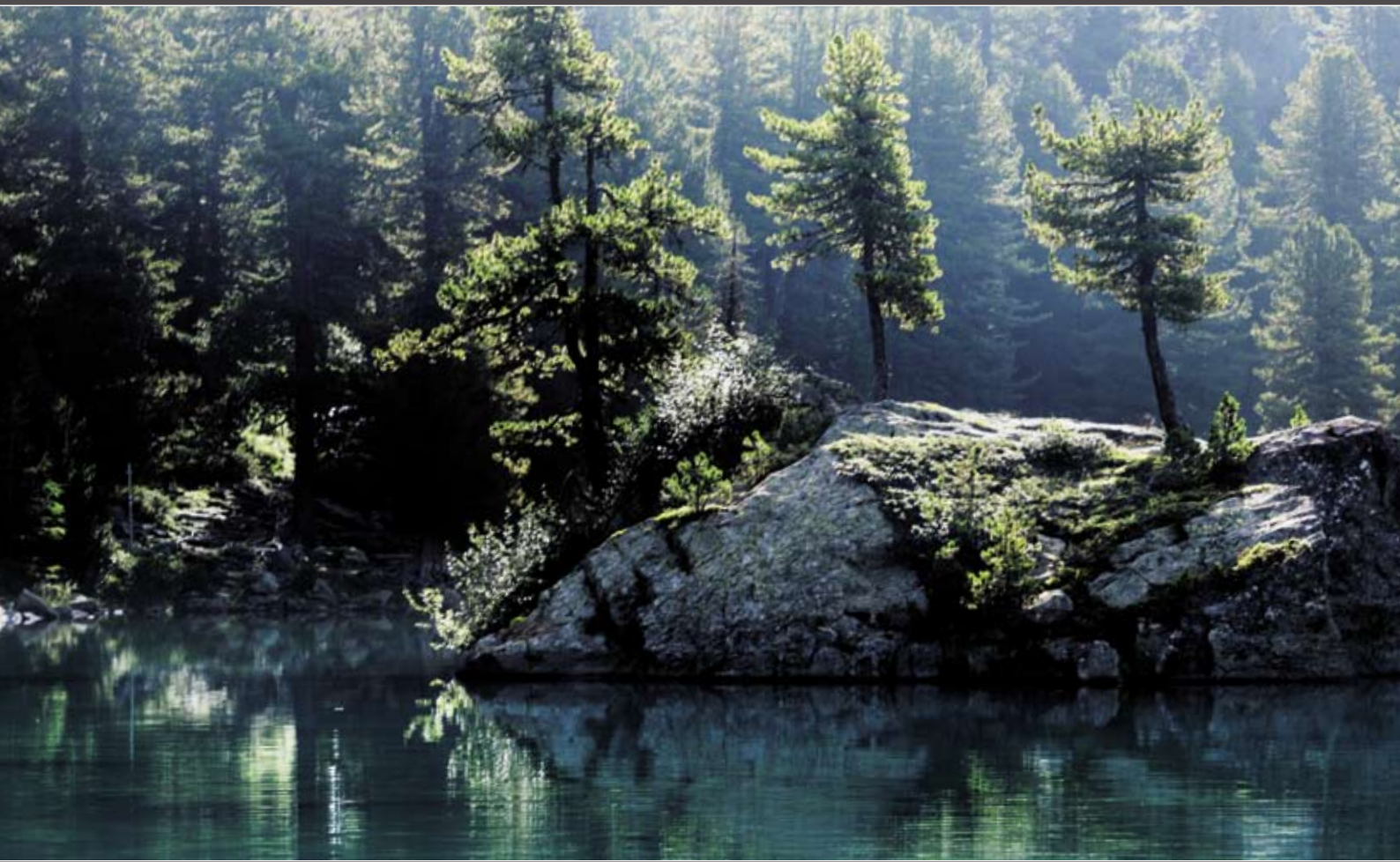
Raw materials prices have undergone very volatile developments in the past years, with the trend being generally upward. Continued fluctuations in price movement are anticipated in the coming year. At the same time, the high vulnerability to overall economic developments makes reliable predictions regarding raw material price developments very difficult.

Given the continued considerable uncertainty, it is currently not appropriate to issue quantitative prognoses for Geberit in 2010. Even in this demanding environment, Management is convinced that the Geberit Group is well equipped for the coming challenges and that it will emerge strengthened from this difficult global economic phase. With the experienced and highly motivated managers and employees; a series of promising new products, which have already been launched or are set to be launched shortly, and other product ideas for the more distant future; our effective, efficient and market-oriented organization; the established, faithful cooperation we have with the market partners in both commerce and trade; and the extremely sound financial base, we look to the future with confidence.

Geberit AquaClean

The toilet that cleans you with water





I love Water

Water is the elixir of life for people, animals and plants. It is valuable, natural and we use it everyday, in body care, for instance. But in one area its potential for use has not been recognized sufficiently: As part of daily hygiene after going to the toilet. For this reason, Geberit AquaClean, the toilet with an integrated shower function, was relaunched in 2009 for the German, Swiss and Austrian markets.



Cultural change on the toilet

When selecting contemporary sanitary products, our love of the natural cleaning power of water plays an increasingly large role. But this potential is still put to too little use when choosing toilets, although water has precisely the properties which are beneficial to our bodies: It is gentle, natural and highly effective. According to a well-being and hygiene study, the odor and the unclean feeling after going to the toilet are perceived as particularly unpleasant. A delicate topic, which people do not like to talk about – and when this is necessary, then only in hushed tones. We live in a culture of using paper and rubbing dry – at least until now, because the above-mentioned study also shows a willingness to make changes regarding habits

such as cleaning with paper after going to the toilet.

I love Water

This is exactly where Geberit's I love Water campaign comes in. It is designed to remove the taboo by discussing the natural properties and power of water and raising the issues of cleanliness and freshness. The core message therefore is: "I love Water." Together with the emblematic heart-shaped buttocks, the expression of love is complete – and is appearing everywhere as the campaign's core motif. This campaign is supported by celebrity ambassadors. In the middle of a remote Swiss mountain landscape, star photographer Michel Comte persuasively staged commercials and advertising photos with Barbara Becker and



Campaign key visual



Melanie Winiger enjoying refreshing water. While Barbara Becker expresses the calm, harmonious side of water, Melanie Winiger celebrates the primordial power of the valuable commodity.

Comprehensive end customer marketing

With ads, TV commercials (in Switzerland), mailings and POS activities, the end customer is being approached for the first time in Geberit history. The objective is not only to raise awareness of the Geberit AquaClean brand, but also raise the topic of cleaning with water, thereby carrying out the preliminary work for a change of behavior. The Internet is an important medium for the target group, which is why www.i-love-water.com provides both information and en-

tertainment. With detailed product information and interactive videos in a virtual showroom, Geberit is breaking the taboo and ensuring an informative and experience-oriented approach to the topic.

Next-generation toilet

Geberit has been developing products that address the spirit of time and people's demand for quality for more than 130 years. The Balena shower toilet thus became the Geberit AquaClean brand family with new products for various customer requirements. The attractiveness of the toilet in terms of technology and design has increased and the price structured revised. In close cooperation with the markets, a central project team is supervising the product's relaunch.



Inside the Geberit pavilion at the fair of the sanitary industry in Frankfurt/Germany.



Presenting the brand in the smallest of spaces.



The spectacular water curtain.

Persuasive sales concept

With «Geberit AquaClean», new ground is also being broken with dealers and plumbers. New, specialized Geberit AquaClean Partners are being developed, who are characterized by special product know-how, commitment and exhibition options and are trained specifically for selling Geberit AquaClean.

And in the middle of this, the new product, which was up for grabs as a raffle prize. Even on the first day, things were very busy in the pavilion. 20,000 people and some 100 journalists made a point to visit the experience in the pavilion over the course of the week and the response was positive all round; dealers were particularly enthusiastic.

Start at the ISH

Europe's leading fair of the sanitary industry ISH in Frankfurt was the starting point for the Geberit AquaClean campaign. In a specially designed pavilion, everything revolved around water. A water curtain was "hanging" in the entrance area, people chatted at the water bar, and a band was making music with "water instruments."

Corporate Governance

1. Group structure and shareholders

Group structure

The operational Group structure is shown in the diagram on pages 16/17 («Management Structure»).

Geberit AG, the parent company of the Geberit Group, has its headquarters in Rapperswil-Jona (CH). For the place of listing, market capitalization, Swiss securities identification number and ISIN code please refer to p. 10/11 («Investor Information»).

The Group's consolidated subsidiaries are listed in the Notes to the Consolidated Financial Statements, Note 34. The scope of consolidation does not include any listed companies.

Significant shareholders

Shareholders holding in excess of a certain percentage of the share capital must be disclosed under the Federal Act governing the Swiss Stock Exchange.

On July 20, 2009, Geberit AG announced the cancellation of 2,080,090 shares in accordance with a resolution of the General Meeting of April 30, 2009. As a result, it held treasury shares in the amount of 4.55% of voting rights.

Capital Group Companies, Inc. & Subsidiaries, Los Angeles, crossed the 10% threshold on August 17, 2009, with a 10.07% share of voting rights.

On August 20, MFS Investment Management & Subsidiaries, Boston, announced that it had reduced its share ownership in the share capital of Geberit AG to less than 3%, holding 2.97%. On August 27, 2009, this threshold was again exceeded with 3.01%. With effect of August 28, it reported a reduction of its share ownership to 2.94% and on September 1, 2009, another increase to 3.02%. On September 2, 2009, MFS Investment Management & Subsidiaries, Boston, announced that it had reduced its share ownership in the share capital of Geberit AG to 2.92%.

Cross-shareholdings

In terms of equity interests or voting rights, the Geberit Group has no cross-shareholdings with any other companies.

2. Capital structure

Capital

Ordinary capital:	MCHF 4.1
Conditional capital:	MCHF 0.2
Authorized capital:	–

For more details, please refer to the following sub-chapters.

Conditional and authorized capital details

For conditional capital details, please refer to the Financial Statements of Geberit AG, page 129, 1.6, as well as to the articles of incorporation Art. 3a. The General Meeting on April 22, 2004, approved the creation of a conditional capital amount of up to a maximum of CHF 200,000 regarding the exercise and/or conversion of option rights issued in connection with convertible bonds or other financial market instruments. Shareholder stock subscription rights relating to conditional capital as well as, subject to certain conditions, bonds or other financial market instruments with conversion and/or option rights can be excluded. On the occasion of their May 5, 2004, issue of convertible bonds, the Board of Directors agreed to exclude the shareholders' pre-emptive conversion right in accordance with the regulations in the articles of incorporation.

As of December 31, 2009, 1,451,664 shares had been issued from conditional capital.

As of December 31, 2009, the Geberit Group had no authorized capital.

Changes in capital

Geberit AG's changes in capital were as follows:

	31.12.2009	31.12.2008	31.12.2007
	MCHF	MCHF	MCHF
Share capital	4.1	4.3	4.2
Reserves	901.1	1,041.5	827.2
Available earnings	224.5	308.3	308.8

The share buyback program, which was started in January 2008, was completed early on September 25, 2008. Overall, and as originally envisaged, 2,080,090 registered shares were bought back for CHF 311,350,522, corresponding to 4.98% of the share capital entered in the Commercial Register at that time. By resolution of the General Meeting of April 30, 2009, a capital reduction from CHF 4,300,385.20 to CHF 4,092,376.20 was conducted in connection with this buyback by cancelling 2,080,090 shares with a nominal value of CHF 208,009.

For further details on changes in capital, reference is made to the Geberit Group's Consolidated Financial Statements in this Annual Report 2009 (consolidated statements of changes in equity and statements of comprehensive income and Note 22 [capital stock and treasury shares]), to the information in the Financial Statements of Geberit AG (pages 124-136) as well as to the 2007 figures in the 2008 Annual Report (Geberit Group's Consolidated Financial Statements: consolidated statements of changes in equity and statements of comprehensive income, Note 22 [equity]; Financial Statements of Geberit AG: pages 116-126).

Shares, participation and profit-sharing certificates

The share capital of Geberit AG is fully paid in and amounts to CHF 4,097,157. It is divided into 40,971,574 registered shares with a par value of CHF 0.10 each. Each share carries one vote at the General Meeting.

No participation and profit-sharing certificates of the Geberit Group are outstanding.

Limitations on transferability and nominee registrations

The Geberit Group has not imposed any limitations on the transferability of its shares.

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for

their own account. The articles of incorporation provide for the registration of a maximum of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholders with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

Convertible bonds and warrants/options

On June 14, 2004, Geberit AG issued convertible bonds in the amount of CHF 170 million with a 6-year maturity and a 1% interest rate. Further information is set forth in the Notes to the Consolidated Financial Statements of the Geberit Group (Note 15 [long-term debt]) and in the Notes to the Financial Statements of Geberit AG (pages 127-128).

No options were issued to any external parties. As regards options issued to employees, reference is made to Note 18 («participation plans») in the Consolidated Financial Statements of the Geberit Group.

3. Board of Directors

Members of the Board of Directors

On December 31, 2009, the Board of Directors was composed of seven members.

Günter F. Kelm (1940)



Chairman Board of Directors since 2005
Non-executive, independent member of the Board of Directors since 2005, elected until 2010
German citizen, resident in Kreuzlingen (CH)
Member of the Board of Directors, Metall Zug AG, Zug; member of the Board of Directors, V-Zug AG, Zug; Chairman of the Board of Directors, Belimed AG, Zug

Having passed the university entrance examination (Abitur) in Berlin, Günter F. Kelm studied business engineering at the local Technical University. From 1966, his career, via various positions and management functions (including Assistant to the Management Board, Head of Corporate Development, Managing Director, Board Member) with internationally operating industrial companies such as Deutsche Lufthansa, Dornier, Eckes and Sommer Allibert, led him to the Geberit Group. In 1986, he joined the Group as Chairman of the Management Board of Geberit GmbH Deutschland and member of the Group Executive Board. In 1991, he was appointed Chief Executive Officer (CEO) of the Geberit Group and held this position until December 2004. From 1997 to April 2005, Günter F. Kelm was simultaneously President of the Board of Directors. He has had no significant business relations with the Geberit Group in the past five years.

Randolf Hanslin (1942)



Non-executive member of the Board of Directors since 2006, elected until 2012
Swiss citizen
Resident in Rapperswil-Jona (CH)
Chairman of the Board of Directors, Maestrani AG, Flawil; member of the Board of Directors, Franke Holding AG, Aarburg

Randolf Hanslin graduated with a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) Zurich. He started his career in 1968 as an internationally active consulting engineer with Dr OHC Messner. In 1977, he joined the former Geberit AG as Head of Product Research and Development. Shortly afterwards he was appointed as a member of the Management Board of Geberit AG as well as of the Group. In addition, in 1988/89, he was Head of the Group Division Marketing and Sales. From 1991 to 1994, Randolf Hanslin was Chief Executive of Geberit AG. From 1995 to 2004, he was Head of a Group Division being responsible for sales and production companies in various countries as well as for the quality and environmental operations of the Group. Lastly, he was Head of the Group Division Products with global responsibility for research and development, purchasing, production and logistics. Randolf Hanslin retired in April 2006 from his operational activities within the Group Executive Board.

Dr Robert Heberlein (1941)



Non-executive, independent member of the Board of Directors since 2003, elected until 2012
Swiss citizen
Resident in Zumikon (CH)
Counsel in the law firm Lenz & Staehelin, Zurich
Member of the Board of Directors, Gurit Holding AG, Wattwil; member of the Board of Directors, Coltène Holding AG, Altstätten

Dr Robert Heberlein studied law at the University of Zurich and received his doctorate in law in 1969. He graduated from the University of Michigan, Ann Arbor, with a Master of Comparative Law (MCL) in 1970. After working in various law firms including in New York and Paris, he joined Staehelin & Giezendanner, now Lenz & Staehelin, in 1972. He was a partner of this office from 1977 to 2008; today he is Counsel there. He is principally involved in corporate law, tax law and succession planning. Lenz & Staehelin, a law firm with which Dr Robert Heberlein is affiliated as counsel (until the end of 2008 as a partner), has advised Geberit in some legal matters, although he was not involved in this capacity.

Hans Hess (1955)



Non-executive, independent member of the Board of Directors since 2006, elected until 2011
Swiss citizen
Resident in Auslikon (CH)
Chairman of the Board of Directors, Burckhardt Compression AG, Winterthur; Chairman of the Board of Directors, Comet AG, Flamatt; Chairman of the Board of Directors, Reichle & De-Massari, Wetzikon; member of the Board of Directors, Schaffner AG, Luterbach

Hans Hess graduated as a materials engineer from the Swiss Federal Institute of Technology (ETH) Zurich and holds an MBA degree from the University of Southern California. He started his career in 1981 in the research and development division of Sulzer. In 1983, he transferred to Huber & Suhner where he initially worked as a Production Manager until 1988 and subsequently headed a business unit. In 1996, seven years after joining the Leica Group, he became CEO and in 1999 President of the Board of Directors of Leica Geosystems AG, which went public in the year 2000 on the SWX Swiss Exchange. In the wake of the acquisition of Leica Geosystems AG by the Swedish Hexagon AB, Hans Hess retired from his duties at the end of 2005. Since then he has been a member of the Board of Directors of various public corporations. He has had no significant business relations with the Geberit Group in the past five years.

Hartmut Reuter (1957)



Vice Chairman Board of Directors since 2009
Non-executive, independent member
of the Board of Directors since 2008,
elected until 2011
German citizen
Resident in Nürensdorf (CH)

After graduating in industrial engineering from Darmstadt (DE) University of Technology, Hartmut Reuter joined the Bosch Group in Stuttgart in 1981. During more than 15 years with Bosch, he occupied management positions in various industrial business units. From 1997 to 2009, Hartmut Reuter was member of the Group Executive Board of the Rieter Group in Winterthur; for the last seven of those years he was CEO of the company. He has had no significant business relations with the Geberit Group in the past five years.

Susanne Ruoff (1958)



Non-executive, independent member
of the Board of Directors since 2009,
elected until 2010
Swiss citizen
Resident in Crans-Montana (CH)
CEO British Telecom Switzerland AG

In addition to her foundation studies in education, Susanne Ruoff obtained an MBA diploma at the University of Fribourg and attended a Client Executive Program at INSEAD in Fontainebleau. She started her career in 1989 at IBM Switzerland. In her 20-year affiliation with IBM, she held several management positions in the areas of Marketing, Sales and Services. As a member of the Management Board of IBM Switzerland, she was responsible from 2005 to 2009 for the area of Global Technology Services, which included the entire maintenance, outsourcing, and service project area. She was also a member of the Foundation Board as an employer representative of the IBM Pension Fund for six years. She took over the management of British Telecom, Switzerland, as its CEO on April 1, 2009. Susanne Ruoff has had no significant business relations with the Geberit Group in the past five years.

Robert F. Spoerry (1955)



Non-executive, independent member of the Board of Directors since 2009, elected until 2010
Swiss citizen
Resident in Herrliberg (CH)
Chairman of the Board of Directors of Mettler-Toledo International Inc., Greifensee (CH), Member of the Board of Directors of the publicly owned companies Holcim, Sonova, Conzzeta and Schaffner

Robert F. Spoerry holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich and an MBA diploma of the University of Chicago. He has been with Mettler-Toledo since 1983 and was its CEO from 1993 to 2007. He oversaw the separation from Ciba-Geigy in the year 1996 and the initial public offering of Mettler-Toledo on the New York Stock Exchange (NYSE) in 1997. In 1998, he became Chairman of the Board of Directors. Robert F. Spoerry has had no significant business relations with the Geberit Group in the past five years.

Elections and terms of office

The term of office for a member of the Board of Directors is three years and the statutory retirement age limit has been established at 70 years. Members of the Board of Directors are re-elected on a staggered and individual basis.

Günter F. Kelm, Susanne Ruoff and Robert F. Spoerry's terms of office will end with the General Meeting of April 30, 2010.

Günter F. Kelm is offering his services for an additional year, as are Susanne Ruoff and Robert F. Spoerry for two and three years respectively. Klaus Weisshaar retired from the Board of Directors having reached the age limit specified in the articles of incorporation at the 2009 General Meeting.

Internal organizational structure

The organization of the Board of Directors is based on the «Organization Regulations of the Board of Directors of Geberit AG» (see also pages 60 «Definition of areas of responsibilities»).

The Board of Directors is self-constituting. In the first meeting following the relevant ordinary General Meeting in which re-elections are held, the Board of Directors elects the Chairman and the Vice Chairman from among its members. Günter F. Kelm holds the position of Chairman, Hartmut Reuter that of Vice Chairman.

The Board of Directors meets whenever business so requires, usually six times every year for one day each (2009: 7 meetings). Meetings shall be chaired by the Chairman or, in the event of his incapacity, by the Vice Chairman. The Board of Directors shall appoint a Secretary, who need not be a member of the Board of Directors. The Chairman of the Board of Directors may invite members of the Group Executive Board to attend meetings of the Board of Directors.

The Board of Directors shall be quorate if a majority of its members are present. Attendance can also be effected via telephone or electronic media.

The regular meetings of the Board of Directors and committees are scheduled early, so that as a rule all members participate in person. In 2009, the participation rate was 100%.

The Board of Directors has formed two committees from among its members:

– Personnel Committee

The members of the Personnel Committee are Hans Hess (Chairman), Dr Robert Heberlein and Günter F. Kelm. The committee meets at least twice every year for a half day each (2009: three meetings, participation rate 100%). It develops proposals to be submitted to the entire Board of Directors, including, in particular, personnel decisions and the determination of compensation regulations and models

(salaries, bonus payments, share and option plans) for the entire Group management, as well as the annual determination of the compensation for the Board of Directors and Group Executive Board. Therefore, the tasks and responsibilities of a compensation and a nomination committee are combined in this committee. Detailed responsibilities are stipulated in the organization regulations of the Personnel Committee.

– Audit Committee

The Audit Committee is composed of Hartmut Reuter (Chairman), Randolph Hanslin and Günter F. Kelm. It meets at least twice every year for a half day each (2009: two meetings, participation rate 100%). It develops proposals to be submitted to the entire Board of Directors. The committee's responsibilities include, in particular, the supervision of the internal and external audit as well as the control of the financial reporting. It determines the coordinated scope and planning of the external and internal audit. For every meeting, the internal and external auditors provide an all-inclusive report about all audits carried out and the measures to be implemented. The Audit Committee monitors the implementation of the conclusions of the audit. The committee also assesses the functionality of the internal control system, including risk management (refer to the following «Information and control instruments vis-à-vis the Group Executive Board»). CEO and CFO as well as the internal and external auditors attend the meetings if necessary. Furthermore, the committee is entitled

to hold meetings exclusively with representatives of the external as well as the internal auditors. Both, the external and internal auditors, have access to the minutes of the meetings of the Board of Directors and Group Executive Board. The detailed responsibilities are stipulated in the organization regulations of the Audit Committee.

Definition of areas of responsibility

Pursuant to article 716a, subparagraph 1 of the Swiss Law of Obligations (Schweizerisches Obligationenrecht), the Board of Directors of Geberit AG has the following non-transferable and irrevocable responsibilities:

- supervision of the company and giving the instructions required
- determination of the organization
- design of the accounting, financial control as well as financial planning to the extent required for managing the Group
- appointment and dismissal of the persons responsible for management and representation; supervision of the persons responsible for management, in particular with respect to compliance with the laws, articles of incorporation, regulations and instructions
- establishment of the annual report and preparation of the General Meeting and the implementation of its resolutions
- notification of the judge in case of a debt overload

The Board of Directors determines the strategic objectives and the general funds for achieving these, and decides on major business transactions. To the extent legally permissible and in accordance with the Organization Regulations, the Board of Directors has assigned the operational management to the Chief Executive Officer.

The Group Executive Board is composed of the Chief Executive Officer and – since January 2009 – four other members. The members of the Group Executive Board are appointed by the Board of Directors based upon the proposal of the Personnel Committee.

The Organization Regulations of the Board of Directors regulate the duties and powers of the Board of Directors as a governing body, of the Chairman, the Vice Chairman and the committees. Thus it also defines the rights and duties of the Group Executive Board that are set forth in more detail in the Internal Regulations for the Group Executive Board. The Organization Regulations of the Board of Directors, the Personnel Committee and the Audit Committee can be viewed at www.geberit.com under Info Service/Downloads/Corporate Governance.

Information and control instruments vis-à-vis the Group Executive Board

At every meeting, the members of the Group Executive Board inform the Board of Directors of current business developments and major business transactions of the Group or Group companies, as the case may be. Between meetings, the Board of Directors is extensively informed in writing of current business developments and the company's financial situation on a monthly basis. Essentially, this report contains key statements on the Group and on the market development, information and key figures on the Group sales and profit development, statements about the course of business in the individual product lines and countries as well as an analysis on the share price development. The more extensive quarterly report additionally contains the expectations of the operational management on the development of results until the end of the financial year, information on the development of the workforce and on the investments made, an updated company valuation, the composition of the shareholders as well as market expectations in regard to the business development. In the past year, the Board of Directors held seven ordinary meetings. In addition, decisions were made using conference calls.

Furthermore, the Chairman of the Board of Directors and the Chief Executive Officer were in contact at regular intervals with respect to all major issues of corporate policy. Each member of the Board of Directors may individually demand information with respect to all matters of the Group or Group companies, as the case may be.

Based on the Organization Regulations of the Board of Directors, the Audit Committee has implemented an extensive system for monitoring and controlling the risks linked to the business activities. This process includes the risk identification, analysis, control and risk reporting. Operationally, the Group Executive Board is responsible for the controlling of the risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for the risk management and monitor their implementation. At regular intervals, the Group Executive Board issues a risk report to the attention of the Audit Committee. See Notes to the Consolidated Financial Statements (pages 89-92) on the management of financial risks.

4. Group Executive Board

Albert M. Baehny (1952)



Chief Executive Officer (CEO) since 2005
Member of the Group Executive Board
since 2003, with Geberit since 2003
Swiss citizen
Resident in Arlesheim (CH)

Albert M. Baehny graduated with a degree in biology from the University of Fribourg (CH). In 1979, he started his career in the research department of Serono-Hypolab. His further career comprised various marketing, sales, strategic planning and global management positions with Dow Chemicals Europe (1981-1993), Ciba-Geigy/Ciba SC (1994-2000), Vantico (2000-2001) and Wacker Chemie (2001-2002). For more than 20 years, Albert M. Baehny gathered relevant knowledge and expertise with global business responsibility. Before joining Geberit, he was Senior Vice President of Wacker Specialities. At Geberit, he was Head of Group Division Marketing and Sales Europe from 2003 to 2004. Albert M. Baehny has been Chief Executive Officer (CEO) since 2005, refer also to pages 16/17, Management Structure.

William J. Christensen (1973)



Member of the Group Executive Board
since 1.1.2009, with Geberit since 2004
United States citizen
Resident in Wilen near Wollerau (CH)
Head of Group Division Sales International

William J. Christensen graduated with a Bachelor of Arts (major: economics) from Rollins College (USA). In 1995, he started his career as a project manager in Switzerland for Rieter Automotive Systems. He held subsequent positions in finance, sales and general management with Rieter Automotive both in Switzerland and North America. He left Rieter in 2001 to pursue an MBA at the University of Chicago. Upon graduation in 2003, William J. Christensen joined J.P. Morgan Securities Inc., in New York, in the Mergers & Acquisitions department. In November, 2004 he returned to Switzerland joining Geberit as Head of Strategic Marketing. He relocated to Chicago in February, 2006 to become President & CEO of Geberit's North American business. 2007 he became Head Group Marketing. William J. Christensen is Head of the Group Division Sales International, effective 1 January 2009, refer also to pages 16/17, Management Structure.

Roland Iff (1961)



Member of the Group Executive Board since 2005, with Geberit since 1993
Swiss citizen
Resident in Herrliberg (CH)
Head of Group Division Finance (CFO)
Member of the Board of Directors, VZ Holding AG, Zurich

Roland Iff studied economics at the University of St. Gallen and graduated with the degree of lic.oec. (major: accounting and finance) in 1986. He started his professional career in 1987 as internal auditor with the American Mead Corporation in Zurich and at the company's headquarters in Dayton (US). Subsequently he worked on different market development projects in Brussels before he was appointed Chief Financial Officer of Mead's Italian subsidiary in Milan in 1990. In 1993, Roland Iff joined Geberit as Head of Corporate Development. In 1995, he became Head of Group Controlling. Beginning in October 1997, he served as Head of Group Treasury. Roland Iff has been Head of Group Division Finance (CFO) of the Geberit Group since 2005, refer also to pages 16/17, Management Structure.

Bernd Kuhlin (1959)



Member of the Group Executive Board from 2006, with Geberit since 2006
German citizen
Resident in Schindellegi (CH)
Head of Group Division Sales Europe

Bernd Kuhlin studied electrical engineering at Erlangen/ Nuremberg University (DE). For more than 20 years, he gained relevant experience with Siemens where he was entrusted with increasing responsibility in various management functions especially in international sales. Furthermore, he worked for several years in the division building services engineering. Before joining Geberit, he was a member of the Group Executive Board of Ascom, in charge of security solutions. At Geberit, Bernd Kuhlin has been Head of Group Division Sales since 2006, as from 2009: Head of Group Division Sales Europe, refer also to pages 16/17, Management Structure.

Dr Michael Reinhard (1956)



Member of the Group Executive Board
since 2005, with Geberit since 2004
German citizen
Resident in Uerikon (CH)
Head of Group Division Products

Dr Michael Reinhard studied mechanical engineering at the Technical University Darmstadt (DE) and was awarded a PhD in materials science from the Deutsche Kunststoffinstitut. He started his professional career in 1987 as a project manager with Automatik GmbH, Gross-Ostheim (DE). In 1990, he joined McKinsey & Company and was soon promoted to senior associate. In 1992, Dr Michael Reinhard joined Schott, Mainz (DE), where he was entrusted with various functions of increasing responsibility within international sales and marketing. In 1995, he became Vice President of Schott's Pharmaceutical Packaging Division and in 1998 Senior Vice President of the Tubing Division comprising 2,400 employees. At Geberit, Dr Michael Reinhard became Head of Group Division Sales since 2005. He has been Head of the Group Division Products since 2006, refer also to pages 16/17, Management Structure.

Management contracts

The Group has not entered into any management contracts with third parties.

5. Compensations, shareholdings and loans

Contents and method of determining compensation and participation plans

Upon recommendation of the Personnel Committee, the Board of Directors annually determines the remuneration of each member of the Board of Directors and of the individual members of the Group Executive Board. The proposal for Group Executive salaries is drawn up by the CEO and submitted to the Personnel Committee in advance.

The compensation of the Board of Directors is paid in the form of shares. The shares are subject to a blocking period of two years. The Board member is granted a discount on the share price. Such discount depends on the results of the Group and corresponds to the discount (between 10% and 50%) granted to employees under the employee participation plans (see Consolidated Financial Statements of the Geberit Group, Note 18 [participation plans]).

The compensation of the Group Executive Board is paid on the basis of a regulation adopted by the Board of Directors applicable also to the entire Group management of the Geberit Group (approx. 150 persons). The target salary (100%) is composed of a fixed salary (70%), a results-related salary (25%) as well as an individual performance component (5%). The results-related salary is calculated based on four company figures (sales and

margin development, return on operating assets, earnings per share) and can exceed the percentage included in the target salary. It reaches a maximum of 60%. The individual performance component is based on the achievement of pre-defined objectives and can be 10% maximum. The target salary is determined in line with market conditions and performance, and is subject to regular comparison with competitors.

The results-related salary and the individual performance component may be received, in whole or in part, in cash and/or in shares (without discount). In case of payment in shares, an additional incentive is granted in the form of one option per share. The shares and options are subject to a blocking period of three years and two years (with a total term of five years), respectively. The exercise price of the option corresponds to the share market price at the time of allotment. Each option entitles to subscribe for one share.

In addition to the salary, there is an annual option plan for the Group Executive Board and other management members (approx. 60 executives). The Board of Directors annually determines the scope of the options granted to management members. In the year under review, the market value of options granted as of the granting date corresponded to 10% of target salary. These options with a total term of five years are subject to a blocking period of two and four years, respectively. The exercise price of the option is 5% and 10%, respectively in excess of the share market price at the time

of allotment. Each option entitles to subscribe for one share.

There are special pension fund regulations for the Group Executive Board and other management members. The company pays for the entire contribution in regard to the part of the salary that exceeds a defined limit. In addition, each member of the Group Executive Board as well as other management members have company cars at their disposal. Additionally, no other significant payments of any similar kind are made. Details regarding compensation as well as share and option allotments and ownership can be found on pages 130-133.

6. Participatory rights of the shareholders

Voting rights and representation restrictions

Upon request and presentation of evidence of the transfer, acquirers of shares are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for their own account. The articles of incorporation provide for a maximum registration of 3% of the shares held by nominees, which may be permitted by the Board of Directors. The Board of Directors may register nominees as shareholder with voting rights in excess of such registration limitation, provided the nominees disclose detailed information and shareholdings of the persons for which they hold 0.5% or more of the share capital.

No exceptions to these rules were granted in the year under review.

The voting right may only be exercised if the shareholder is recorded as a voting shareholder in the share register of Geberit AG. Treasury shares do not entitle the holder to vote.

With respect to the participation in the General Meeting, there are no regulations in the articles of incorporation which deviate from the law.

Quorums required by the articles of incorporation

The rules relating to quorums set forth in the articles of incorporation correspond to the legal minimum requirements.

Convocation of the General Meeting of shareholders/agenda

The General Meeting is convened by the Board of Directors at the latest 20 days before the date of the meeting. No resolutions may be passed on any subject not announced in this context. Applications to convene an extraordinary General Meeting or for the performance of a special audit are exempt from this rule. Shareholders representing shares with a par value of TCHF 4 can demand inclusion of items on the agenda at least 45 days prior to the General Meeting.

Inscriptions into the share register

In the invitation to the General Meeting, the Board of Directors shall announce the cut-off date for inscription into the share register that is authoritative with respect to the right to participate and vote.

7. Changes of control and defense measures

There are no regulations in the articles of incorporation with respect to «opting-up» and «opting-out». Likewise, no agreements and plans exist in the event of a change of control.

8. Auditors

Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich, have been the auditors of the Geberit Group and Geberit AG since 1997. Lead auditor René Rausenberger has been in charge of the auditing mandate since 2008.

Auditing fees

In 2009, PricewaterhouseCoopers invoiced the Geberit Group TCHF 1,393 for services in connection with the audit of the financial statements of Group companies as well as the Consolidated Financial Statements of the Geberit Group.

Additional fees

For additional services PricewaterhouseCoopers invoiced TCHF 843 relating to tax consultancy and support as well as TCHF 245 for other services (above all business consulting). In addition to compensation for current tax consultancy services, the tax consultancy and support amount also included special expenses for consultancy fees relating to intragroup restructurings.

Supervisory and control instruments pertaining to the auditors

Prior to every meeting, the external auditor informs the Audit Committee in writing about relevant auditing activities and other important facts and figures related to the company. Representatives of the external and internal auditors attend the meeting of the Audit Committee for specific agenda items.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, remuneration and independence of the auditors and submits a proposal to the General Meeting for the appointment of the Group auditors. Every year, the Audit Committee determines the scope of the external and internal audit and its audit plans and discusses audit results with the external and internal auditors. For more details on the Audit Committee, see item 3.

9. Information policy

Geberit maintains open and regular communication with its shareholders, the capital market and the general public with the CEO, CFO and the Head Corporate Communications as direct contacts.

Shareholders receive summary annual reports as well as half-year reports. The Annual Report as well as a Sustainability Report published every three years are available in printed form and via Internet at www.geberit.com. Quarterly financial statements are published. Media and analysts' conferences are held at least once every year.

Contact may be established at any time at corporate. communications@geberit.com. Contact addresses for investors, media representatives and the interested public can be found on the Internet at www.geberit.com under the appropriate chapters.

Interested parties may add their names to a mailing list available at <http://www.geberit.com/Geberit/Inet/com/wcmscome.nsf/FormMailinglist>, for example in order to receive ad hoc announcements or further information relating to the company. All published media releases of the Geberit Group from recent years can be downloaded at <http://www.geberit.com/Geberit/Inet/com/wcmscome.nsf/pages/med-med-1>.

For further details on the Geberit Group's information policy including a time schedule, please refer to the «Investor Information» chapter on page 10 of this Annual Report.



Bahn 204



Bahn 203



Bahn 202



Bahn 201



Bahn 200



Designed for the organizing principle

When entire consignments containing widely varying products are palletized and prepared in shipment departments, every cubic millimeter counts. Extra shipment costs result from volume; this fact is taken into account when designing the packaging.





 **GEBERIT**

240.718.00.1
1x
Universal Fullventil


161.032.21.1
1x
Wilo Cx 1/2


152.804.06.1
1x
ø56/G1 1/2
granitgrau
granitgrau
grün
grün
grün


 **GEBERIT**

 **GEBERIT**



Substantial protection in a rough environment

On buildings sites around the world rougher conditions regarding cleanliness, climate, machines and materials prevail than in the production halls. Product packaging provides valuable services here too. It offers protection until assembly is actually completed and can be used as an underlay, for instance.

Consolidated Financial Statements

Geberit Group

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Consolidated Balance Sheets

	Note	31.12.2009 MCHF	31.12.2008 ¹ MCHF	1.1.2008 ¹ MCHF
Assets				
Current assets				
Cash and cash equivalents		300.6	197.4	450.1
Marketable securities	6	105.9	105.2	0.0
Trade accounts receivable	7	122.6	105.7	127.2
Other current assets and current financial assets	8	70.9	72.2 ¹	51.8 ¹
Inventories	9	187.6	207.1	226.3
Total current assets		787.6	687.6	855.4
Non-current assets				
Property, plant and equipment	10	576.2	555.5	529.3
Deferred tax assets	19	79.4	41.0	48.9
Other non-current assets and non-current financial assets	11	15.9	13.8 ¹	35.9 ¹
Goodwill and intangible assets	12	753.1	756.2	828.8
Total non-current assets		1,424.6	1,366.5	1,442.9
Total assets		2,212.2	2,054.1	2,298.3
Liabilities and equity				
Current liabilities				
Short-term debt	13/15	28.9	40.2	2.9
Trade accounts payable		69.8	84.4	93.3
Tax liabilities and tax provisions		85.3	88.6 ¹	88.6 ¹
Other current provisions and liabilities	14	130.0	140.9 ¹	143.5 ¹
Total current liabilities		314.0	354.1	328.3
Non-current liabilities				
Long-term debt	15	82.0	112.1	271.0
Accrued pension obligation	17	183.1	155.3	156.9
Deferred tax liabilities	19	56.0	59.6 ¹	70.3 ¹
Other non-current provisions and liabilities	20	67.9	61.1 ¹	67.4 ¹
Total non-current liabilities		389.0	388.1	565.6
Shareholders' equity				
Capital stock	22	4.1	4.3	4.2
Reserves		1,554.5	1,364.4	1,325.9
Cumulative translation adjustments		(49.4)	(56.8)	74.3
Total equity		1,509.2	1,311.9	1,404.4
Total liabilities and equity		2,212.2	2,054.1	2,298.3

¹ Restatement according to Note 1

The accompanying notes on pages 80 to 120 are an integral part of the consolidated financial statements.

Consolidated Income Statements

	Note	2009 MCHF	2008 MCHF
Sales		2,181.2	2,455.1
Cash discounts and customer bonuses	24	250.2	276.1
Revenue from sales		1,931.0	2,179.0
Cost of materials		574.3	738.5
Personnel expenses		446.2	460.2
Depreciation expense	10	78.9	78.5
Amortization of intangibles	12	5.4	7.2
Other operating expenses, net	25	299.5	331.2
Total operating expenses, net		1,404.3	1,615.6
Operating profit (EBIT)		526.7	563.4
Financial expenses	26	(13.9)	(15.1)
Financial income	26	4.9	10.4
Foreign exchange (loss)/gain, net	26	(4.5)	10.1
Financial result, net		(13.5)	5.4
Profit before income tax expenses		513.2	568.8
Income tax expenses	27	115.7	102.5
Net income		397.5	466.3
– Attributable to shareholders		397.5	466.3
EPS (CHF)	23	10.18	11.90
EPS diluted (CHF)	23	10.13	11.86

The accompanying notes on pages 80 to 120 are an integral part of the consolidated financial statements.

Statements of Comprehensive Income

	2009	2008
	MCHF	MCHF
Net income according to the income statement	397.5	466.3
a) Cumulative translation adjustments	7.4	(131.1)
Reclassification to the income statement	0.0	0.0
Total cumulative translation adjustments	7.4	(131.1)
b) Cashflow hedge accounting	(1.6)	0.2
Reclassification to the income statement	0.0	0.0
Taxes	0.4	(0.1)
Total cashflow hedge accounting, net of tax	(1.2)	0.1
c) Actuarial adjustments of pension plans	(20.8)	(39.4)
Taxes	4.8	4.8
Total actuarial adjustments of pension plans, net of tax	(16.0)	(34.6)
Total comprehensive income of the current year	387.7	300.7
– Attributable to shareholders	387.7	300.7

Consolidated Statements of Changes in Equity

	Attributable to shareholders							Minority interest	Total equity
	Ordinary shares	Share premium	Treasury shares	Retained earnings	Pension plans (IAS 19)	Hedge accounting	Cum. translation adjustments		
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Balance at 31.12.2007	4.2	369.2	(247.8)	1,275.8	(69.5)	(1.8)	74.3	0.0	1,404.4
Total comprehensive income 2008				466.3	(34.6)	0.1	(131.1)		300.7
Dividends				(206.9)					(206.9)
(Purchase)/Sale									
of treasury shares		4.6	(306.1)						(301.5)
Convertible Bond	0.1	103.7		14.3					118.1
Management option plans		(2.9)							(2.9)
Balance at 31.12.2008	4.3	474.6	(553.9)	1,549.5	(104.1)	(1.7)	(56.8)	0.0	1,311.9
Total comprehensive income 2009				397.5	(16.0)	(1.2)	7.4		387.7
Dividends				(210.9)					(210.9)
(Purchase)/Sale									
of treasury shares		0.8	14.8						15.6
Convertible Bond		(119.5)		124.2					4.7
Management option plans		0.2							0.2
Capital reduction	(0.2)	(311.2)	311.4						0.0
Balance at 31.12.2009	4.1	44.9	(227.7)	1,860.3	(120.1)	(2.9)	(49.4)	0.0	1,509.2

The accompanying notes on pages 80 to 120 are an integral part of the consolidated financial statements.

Consolidated Statements of Cashflows

	Note	2009 MCHF	2008 MCHF
Cash provided by operating activities			
Net income		397.5	466.3
Depreciation and amortization	10/12	84.3	85.7
Financial result, net	26	13.5	(5.4)
Income tax expenses	27	115.7	102.5
Other (incl. gain on disposals of subsidiaries and PP&E)		20.9	16.0
Operating cashflow before changes in net working capital and taxes		631.9	665.1
Income taxes paid		(161.4)	(100.1)
Changes in trade accounts receivable		(14.2)	6.1
Changes in inventories		19.9	(3.1)
Changes in trade accounts payable		(14.9)	(0.4)
Changes in other positions of net working capital		(2.1)	(12.6)
Net cash provided by operating activities		459.2	555.0
Cash from/(used in) investing activities			
Acquisitions of subsidiaries	2	(0.3)	(0.1)
Disposals of subsidiaries	2	0.0	3.5
Purchase of property, plant & equipment and intangible assets	10/12	(106.4)	(152.5)
Proceeds from sale of property, plant & equipment and intangible assets		2.9	5.7
Marketable securities, net		(1.1)	(112.1)
Interest received		2.1	9.9
Other, net		(1.7)	3.3
Net cash from/(used in) investing activities		(104.5)	(242.3)
Cash from/(used in) financing activities			
Proceeds from long-term borrowings		0.0	40.0
Repayments of long-term borrowings		(41.6)	(43.3)
Interest paid		(9.1)	(10.8)
Dividends		(210.9)	(206.9)
(Purchase)/Sale of treasury shares		11.3	(309.5)
Other, net		(3.3)	(1.2)
Net cash from/(used in) financing activities		(253.6)	(531.7)
Effects of exchange rates on cash		2.1	(33.7)
Net increase/(decrease) in cash		103.2	(252.7)
Cash and cash equivalents at beginning of year		197.4	450.1
Cash and cash equivalents at end of year		300.6	197.4

The accompanying notes on pages 80 to 120 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The Geberit Group is a leading supplier of sanitary plumbing systems for the residential and commercial new construction and renovation markets. The product range of the Group consists of the product area “sanitary systems” with the product lines installation systems, cisterns & mechanisms, faucets & flushing systems and waste fittings and traps on the one hand and the product area “piping systems” with the product lines building drainage systems and supply systems on the other hand. Worldwide all products are sold through the wholesaler channel. Geberit sells its products in 106 countries. In 40 countries, the Group is present with its own sales employees.

The consolidated financial statements include Geberit AG and the companies under its control (“the Group” or “Geberit”). When existing, minority interests are shown as a separate part of the consolidated equity. The Group eliminates all intra-group transactions as part of the Group consolidation process. Companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

The term “MCHF” in these consolidated financial statements refers to millions of Swiss francs, “MEUR” refers to millions of Euro, “MGBP” refers to millions of Great Britain pounds sterling and “MUSD” refers to millions of US dollars. The term “shareholders” refers to the shareholders of Geberit AG.

In 2009, the asset-side short-term derivative financial instruments (December 31, 2008: MCHF 5.2, January 1, 2008: MCHF 0.1) were reclassified from the position “Other non-current assets and non-current financial assets” to the position “Other current assets and current financial assets”. In addition, the liabilities-side short-term derivative financial instruments (December 31, 2008: MCHF 2.0, January 1, 2008: MCHF 0.3) were reclassified from the position “Other non-current provisions and liabilities” to the position “Other current provisions and liabilities”. All prior-year numbers were adjusted accordingly (see Notes 8, 11, 14, 20). The correction of this error has no impact on the consolidated income statement and is in accordance with IAS 8.

In the deferred tax liabilities, a provision for current tax liabilities of MCHF 9.8 was included by mistake. Therefore, the Group has reclassified this amount retrospectively from the position “Deferred tax liabilities” to the position “Tax liabilities and tax provisions” for all periods accordingly (see Note 19). This correction has no impact on the consolidated income statement and is in accordance with IAS 8.

Critical accounting estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from estimates. Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. If required by IFRS, these estimates and assumptions are disclosed in the related notes.

2. Changes in Group organization**2009:**

No major changes in Group organization took place.

2008:

The Geberit Group has sold its Büchler Werkzeugbau AG subsidiary to a member of the Büchler management. The de-consolidation took place at the end of August 2008. Büchler reported a high single millions sales figure for 2007, largely to customers outside the Geberit Group. The disposal has no material impact on the financial statements of the Group.

3. Summary of significant accounting policies

New or revised IFRS standards and interpretations 2009 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Introduction
IFRS 2 – Share-based Payment	1.1.2009	Clarification of the terms “vesting conditions” and “cancellation”. This amendment has no material impact on the consolidated financial statements.	1.1.2009
IFRS 3 – Business Combinations	1.7.2009	The amendment leads to several changes in adopting the purchase method. Subsequent adjustments of the purchase price, which are based on future events, now have to be charged to the income statement instead of adjusting the goodwill. In a step acquisition, the existing investment is measured at fair value through profit and loss. All transaction costs have to be charged to the income statement. At Geberit Group, this standard will be applied for future acquisitions. This amendment has no material impact on the consolidated financial statements.	1.1.2010
IFRS 7 – Financial Instruments: Disclosures	1.1.2009	The amendment requires additional information regarding items, which are measured at fair value – they have to be allocated to three different measurement classes. In addition, more information regarding liquidity risk has to be disclosed. The standard has no impact on the consolidated financial statements.	1.1.2009
IFRS 8 – Operating Segments	1.1.2009	The definition and disclosure of operating segments has to be based on the internal management reporting instead of the analysis of a segment’s risks and returns. In 2009, Geberit has adjusted its segment reporting accordingly and provides the disclosure on the basis of the internal management reporting. Geberit Group consists of one single reportable segment.	1.1.2009
IAS 1 – Presentation of Financial Statements	1.1.2009	The revised standard published in the 3 rd quarter 2007 requires a statement of comprehensive income. This standard has an impact on the presentation of the consolidated financial statements and has already been implemented for the financial statements 2008.	1.1.2008
IAS 23 – Borrowing Costs	1.1.2009	The capitalization of borrowing costs of qualified assets is mandatory if the costs are directly attributable. The previous alternative to capitalize borrowing costs ceased. Because of the current financing situation, this amendment has no material impact on the consolidated financial statements.	1.1.2009
IAS 27 – Consolidated and Separate Financial Statements	1.7.2009	IAS 27 offers now an option regarding the recognition of minorities at the date of the business combination at fair value (incl. goodwill) or at the pro rata value of the net assets (excl. goodwill). The amendment requires recording all movements of minorities within equity as long as there is no change in control. The standard also defines the accounting procedures for subsidiaries in case of the loss of control. The residual minorities are measured at fair value. A resulting gain or loss will be booked to the income statement. Because Geberit currently only owns 100% subsidiaries, this amendment has no impact to the current subsidiaries.	1.1.2010
IAS 32 – Financial Instruments: Presentation	1.1.2009	Amendments to cancellable financial instruments and obligations arising on liquidation. This amendment has no material impact on the consolidated financial statements.	1.1.2009
IAS 39 – Financial Instruments: Recognition and Measurement	1.7.2009	Clarification of hedge accounting issues in respect of inflation risk in a financial hedged item and a one-sided risk in a hedged item. The standard has no impact on the consolidated financial statements.	1.1.2010
Annual improvements of IFRS and interpretations (IFRICs)	various	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

New or revised IFRS standards and interpretations as from 2010 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Planned adoption
IFRS 2 – Share-based Payment	1.1.2010	Clarification of the accounting for specific cash-settled share-based payment transactions made by subsidiaries. This amendment has no material impact on the consolidated financial statements.	1.1.2010
IFRS 9 – Financial Instruments: Phase 1, Classification and Measurement	1.1.2013	New requirements for classification and measurement of financial assets. This represents the first step of the project to replace IAS 39. This amendment has no material impact on the consolidated financial statements.	1.1.2013
IAS 24 – Related Party Disclosures	1.1.2011	Simplification of disclosures for relation with a state. This amendment has no material impact on the consolidated financial statements.	1.1.2011
IAS 32– Financial Instruments: Pre-sentation	1.2.2010	Rights issues in all currencies have to be classified as equity. This amendment has no material impact on the consolidated financial statements.	1.1.2011
Annual improvements of IFRS and interpretations (IFRICs)	various	The ordinary yearly clarifications and minor amendments of various standards and interpretations have no material impact on the consolidated financial statements.	various

The Geberit Group does not plan an early adoption of any standard or interpretation (IFRIC).

Foreign currency translation

The functional currencies of the Group's subsidiaries are generally the currencies of the local jurisdiction. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the dates of the transaction, or at a rate that approximates the actual rate at the date of the transaction. At the end of the accounting period, receivables and liabilities in foreign currency are valued at the rate of exchange prevailing at the consolidated balance sheet date, with resulting exchange rate differences charged to income. Exchange rate differences related to loans which are part of the net investment in foreign entities are recorded as a separate component of equity within the cumulative translation adjustment. For the consolidation, assets and liabilities stated in functional currencies other than Swiss francs are translated at the rates of exchange prevailing at the consolidated balance sheet date. Income and expenses are translated at the average exchange rates for the period. Translation gains or losses are accumulated as a separate component of equity within cumulative translation adjustments.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term, highly liquid financial investments with maturities of three months or less as at their acquisition date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents approximates to their fair value due to the short-term maturities of these instruments.

Marketable securities

Marketable securities are principally traded in liquid markets. Marketable securities with a remaining time to maturity of 4–12 months or which are purchased with the intention of selling them in the near time have to be measured at their fair value through the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Both the purchase cost and the cost of production are determined using the weighted-average method. Net realizable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. An allowance is made for obsolete and slow-moving inventories.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Betterment that increases the useful lives of the assets, improves the quality of the output or enables a substantial reduction in operating costs is capitalized and depreciated over the remaining useful lives. Depreciation on property, plant and equipment is calculated using the straight-line method based on the following useful lives: buildings (15–50 years), production machinery and assembly lines (8–15 years), molds (4–6 years), equipment (4–20 years) and vehicles (5–10 years). Properties are not regularly depreciated. Repairs and maintenance related to investments in property, plant and equipment are charged to income as incurred.

Borrowing costs of all material qualified assets are capitalized during the production phase in accordance with IAS 23. A qualified asset is an asset for which an extensive period is required to transform it to its planned serviceable or marketable condition.

If there is any indication for impairment, the actual carrying amount of the asset is compared to its recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced correspondingly.

Non-current assets held for sale

Non-current assets held for sale and disposal groups are measured at the lower of carrying amount or fair value less costs to sell if the requirements of IFRS 5 are met.

Intangible assets and goodwill

The excess of the purchase price over the fair value of net assets of a company acquired is recorded as goodwill. If the purchase price is lower than the fair value of net assets, the difference is credited to the income statement. Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill and intangible assets with an indefinite useful life are not regularly amortized but tested for impairment on an annual basis. Since the Geberit trademark is a major element of the business model of the Geberit Group, it has been assigned an indefinite useful life. Impairments are expensed in the consolidated income statements when they occur and in case of goodwill not reversed in subsequent periods. The amortization of intangible assets with a definite useful life is calculated using the straight-line method based upon the following useful lives: patents and technology (10 years), trademarks (5 years) and software (4–6 years).

Valuation of intangible assets and goodwill

Intangible assets with an indefinite useful life and goodwill are tested for impairment at each reporting date. In this process, the actual carrying amount of the asset is compared with the recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced correspondingly. The Group records the difference between recoverable amount and carrying amount as expense. The valuation is based on single assets or, if such valuation is not possible, on the level of the group of assets for which separately identifiable cashflows exist.

For the impairment tests of intangibles with an indefinite useful life and goodwill, the Group applies the most recent business plans (period 4 years) and the assumptions therein concerning development of prices, markets and Group's market shares. To discount future cashflows, the Group applies market or country-specific discount rates. Management considers the discount rates, the growth rates and the development of the operating margins to be the crucial parameters for the calculation of the recoverable amount. More detailed information is disclosed in Note 12.

Associated companies and joint ventures

The Group's share of profits and losses of associated companies (voting rights between 20% and 50%) and joint ventures is included in the consolidated financial statements in accordance with the equity method of accounting. All other non-consolidated investments are stated at fair value. If the fair value cannot be determined, such investments are stated at cost, with adequate provision for permanent diminution in value. Investments in fully consolidated subsidiaries are measured at fair value through the income statement at the date when control is lost. A change in the parent's ownership interest without loss of control is dealt as equity transaction between shareholders.

Provisions

The Group recognizes provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the size of the obligation can be made. The Group warrants its products against defects and accrues for such warranties at the time of sale based upon estimated claims. Actual warranty costs are charged against the provision when incurred.

Revenue from sales

Revenue from sales is recognized when risks and rewards are transferred to the customer. This normally corresponds with the shipment of the goods. Revenue from sales includes the invoiced net amounts after deduction of rebates shown in the invoice. Subsequently granted customer bonuses and cash discounts are deducted accordingly.

Marketing expenses

All costs associated with advertising and promoting products are expensed in the financial period during which they are incurred.

Taxes

The consolidated financial statements include direct taxes that are based on the results of the Group companies and are calculated according to local tax rules. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated either using the current tax rate or the tax rate expected to be applicable in the period in which these differences reverse. If the realization of future tax savings related to tax loss carryforwards and other deferred tax assets is no longer probable, valuation allowances are recorded.

A liability for deferred taxes is recognized for non-refundable taxes at source and other earning distribution related taxes on only those available earnings of foreign subsidiaries which are intended to be remitted.

Research and development expenditures

Research and development expenditures are expensed as incurred. The amount in 2009 was MCHF 41.8 (PY: MCHF 46.0). The expenditures are not capitalized because the conditions for capitalization are not met. The costs are included in personnel expenses, depreciation expense and other operating expenses, net.

Retirement benefit plans

The Group companies have various defined benefit and defined contribution pension schemes which comply with applicable laws and customs in the respective countries in which the Group operates. For defined benefit plans, the projected benefit obligations are calculated annually by independent actuarial experts using the projected unit credit method based on the service life, projected development of salary and pension benefit and expected return on pension fund investments. Experience adjustments and the effects of changes in actuarial assumptions are charged or credited to equity as they occur. The Group recognizes the funded status of independently funded defined benefit plans in its consolidated balance sheets. In the case of a positive funded status, the surplus is determined and recognized according to IAS 19.58 and IFRIC 14.

Annual net pension costs in connection with defined benefit plans are charged to income in the period incurred. The corresponding costs for defined contribution plans are based on fixed percentages of participant salaries as defined in the respective plan documents and are also charged to income as incurred.

Participation plans

Rebates granted to employees and members of the Board of Directors when buying Geberit shares under share participation programs are charged to the income statement in the year the programs are offered.

The fair value of the options provided in share participation and option plans is determined at the grant date and recorded as personnel expenses over the vesting period. The values are determined using the binomial model, adjusted by the expected employee departure rate.

Earnings per share

The number of ordinary shares used for calculating earnings per share is determined on the basis of the weighted average of issued and outstanding ordinary shares. For the calculation of diluted earnings per share, potentially dilutive shares from option programs and from the Convertible Bond issued in 2004 are added to ordinary shares. Dilutive shares from option programs are determined using the intrinsic value of the options to calculate the number of ordinary shares that could have been bought at market price. The market price is the average annual Geberit share price. For the Convertible Bond, full conversion in ordinary shares is assumed.

Diluted earnings per share is the ratio of net income adjusted for interest and amortization expenses from the Convertible Bond, net of tax, and the adjusted number of ordinary shares.

Financial instruments

Trade accounts receivable and other current assets are carried at amortized cost less allowances for credit losses. Trade and other payables are carried at amortized cost. The carrying amount of such items basically corresponds to its fair value.

The recognition and measurement of marketable securities is described in the section "Marketable securities" on page 84 in this note.

Debt is initially recorded at fair value, net of transaction costs, and measured at amortized cost according to the effective interest rate method. The Group classifies debt as non-current when, prior to the balance sheet date, it has the unconditional right to defer settlement for at least 12 months after the balance sheet date.

The fair value of the liability component of a convertible bond is determined at issuance using a market interest rate for equivalent non-convertible debt instruments to discount the future cash outflows resulting from interest payments and the redemption. The difference to the nominal value is recognized as an equity component, net of income tax effects. Until converted or extinguished, the liability component is measured at an amortized cost basis using the effective interest rate method.

Derivatives are initially recorded at fair value and subsequently adjusted for fair value changes. The recognition of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution (see Note 16).

Hedge accounting

Geberit applies hedge accounting in accordance with IAS 39 to hedge balance sheet items and future cashflows, thus reducing income statement volatility. Changes in the value of instruments designated as fair value hedges are recorded in financial result, net, together with the change in fair value of the underlying item. The effective portion of instruments designated as cashflow hedges and instruments designated as hedges of net investments in foreign operations is recognized in equity. The ineffective portion is recorded in financial result, net.

4. Risk assessment and management

General

The Geberit Group runs a risk management system which has been approved by the Board of Directors. The policy defines a structured process according to which the business risks are systematically managed. In this process, risks are identified, analyzed concerning the likelihood of occurrence and magnitude, evaluated and risk control measurements are determined. Each member of the management is responsible for the implementation of the risk management measures in his area of responsibility. The Audit Committee and the Board of Directors are periodically informed about the major changes in the risk assessment and about risk management actions taken. The permanent observation and control of the risks is a management objective. For risks concerning the accounting and financial reporting, a specific risk assessment is performed. The Geberit internal control system framework for the financial reporting defines control measures, which reduce the related risks.

The financial risks are observed under the control of the chief financial officer by the central treasury department of the Geberit Group which acts in line with the directives of the treasury policy issued by the Group. Risk management concentrates on recognizing, analyzing and hedging foreign exchange rate, interest rate, liquidity and counterparty risks, with the aim of limiting their effect on cashflow and net income. The Group measures its risks with the value-at-risk method for foreign exchange rate risks and the cashflow-at-risk method for interest rate risks.

Management of counterparty risks from treasury activities

The counterparties for investments in financial instruments must have a rating of at least A+ (S&P) or A1 (Moody's) in principle. Considering the fact that in the current market environment, even very big financial institutions do not comply with the minimum rating requirements, the minimum rating was temporarily reduced to A (S&P) or A2 (Moody's). Management believes that the risk of loss from the existing contracts is remote.

Investments of cash generally mature within three months and the Group has not incurred any related losses. To avoid a risk concentration, deposits with one financial institution are limited to the amount of MCHF 70 in total. In addition, investments with the same financial institution may not exceed half of the Group's total deposits.

Management of foreign exchange rate risk

Receivables and liabilities as well as planned future cashflows in currencies other than the functional currency of a company bear a transaction risk for the period between the initial recognition and the realization of the position because of the uncertain development of foreign exchange rates. In order to manage such risks, the concept of currency cashflow matching is considered as the primary hedging strategy. Hereby, the foreign exchange rate risk of cash inflows in a certain currency is neutralized with cash outflows of the same currency.

Any remaining material transaction risk is measured with the value-at-risk (VaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the fair value of foreign currency positions and therefore on the financial result of the Group is evaluated. The risk is controlled with the key figure (VaR +/- unrealized gains/losses from foreign exchange positions)/equity. Based on internal limits, it is decided whether any hedging measures have to be taken. Normally, forward exchange contracts and foreign exchange options are used as hedging instruments. The key figure's limit is determined annually and amounts to 0.5% (PY: 0.5%) of equity for the reporting period.

The following parameters have been used for the calculation of the value-at-risk (VaR):

Model	Method	Confidence level	Holding period
J.P. Morgan	Variance-covariance approach	95%	30 days

Foreign exchange rate risk as of December, 31:

	2009 MCHF	2008 MCHF
Value-at-risk +/- unrealized gains/losses	6.7	8.5
Equity	1,509.2	1,311.9
(Value-at-risk +/- unrealized gains/losses)/equity	0.4%	0.6%

The exceeding of the limit in 2008 is a result of the rising volatilities at the FX markets.

Management of interest rate risk

Basically, there are two types of interest rate risks:

- the fair market value risk for financial positions bearing fixed interest rates
- the interest rate risk for financial positions bearing variable interest rates

The fair market value risk does not have a direct impact on the cashflows and results of the Group. Therefore it is not measured. The refinancing risk of positions with fixed interest rates is taken into account with the integration of financial positions bearing fixed interest rates with a maturity under 12 months in the measurement of the interest rate risk.

The interest rate risk is measured using the cashflow-at-risk (CfaR) method for the interest balance (including financial positions bearing fixed interest rates with a maturity under 12 months). By using statistical methods, the effect of probable interest rate changes on the cashflow of a financial position is evaluated. The calculation of the CfaR is based on the same model as the calculation of the value-at-risk regarding the foreign exchange rate risk.

The Group's risk is controlled with the key figure EBITDA/(financial result, net, for the coming 12 months + CfaR). Based on an internally determined limit, it is decided if hedging activities have to be taken. The limit is reviewed annually and amounts to a minimum of 20 for the reporting period (PY: 20).

Interest rate risk as of December, 31:

	2009	2008
	MCHF	MCHF
EBITDA	611.0	649.1
Financial result, net + CfaR	8.2	3.7
EBITDA/(Financial result, net + CfaR)	74x	175x

Combined foreign exchange rate and interest rate risk

The following table shows the combined foreign exchange rate and interest rate risk according to the calculation method of the value-at-risk model and includes all foreign exchange rate risk and interest rate risk positions and instruments described above. Foreign exchange rate risks and interest rate risks are monitored with the key figures as previously mentioned.

	2009	2008
	MCHF	MCHF
Combined foreign exchange rate and interest rate risk	12.7	17.7

Management of liquidity risk

Liquid funds (including the committed unused credit lines) must be available in order to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortization payments as well as capital expenditures and investments in net working capital. At the balance sheet date, the liquid funds including the committed unused credit lines exceeded the defined liquidity reserve by MCHF 465.6 (PY: MCHF 465.8).

Management of credit risk

The Group sells a broad range of products throughout the world, but primarily within continental Europe. Major credit risks mainly result from such selling transactions (debtor risk). Ongoing evaluations of customers' financial situation are performed and, generally, no further collateral is required. Concentrations of debtors' risk with respect to trade receivables are limited due to the large number of customers of the Group. The Group records allowances for potential credit losses. Such losses, in aggregate, have not exceeded management's expectations.

The maximum credit risk of receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance at year-end is not representative because of the low sales volume in December. The average balance of receivables is about twice the amount at year-end.

Management of commodity price risk

The Group is exposed to commodity price risks especially in connection with products whose manufacturing requires raw materials like plastics, nickel, copper, aluminium and steel. In order to reduce the volatility of the Group's net income, prices are generally fixed directly in the supplier's contracts for one quarter. If such a fixation is not possible, and in individual cases only, the Group uses financial hedging instruments (i.e. forward contracts, swaps, options) in order to limit the purchasing price risk on commodities. The accounting treatment of these financial instruments is explained in Note 3 "Summary of significant accounting policies".

As of December 31, 2009, there are no open positions of financial instruments for hedging the commodity price risk (see Note 16d).

Summary

The Group uses several instruments and procedures to manage and control the different financial risks. These instruments are regularly reviewed in order to make sure that they meet the requirements of financial markets, changes in the Group organization and regulatory obligations. Regarding the compliance with the defined limits, management is informed on a regular basis with key figures and reports. At the balance sheet date, the relevant risks, controlled with statistical and other methods, and the corresponding key figures are as follows:

		2009	2008
Type of risk	Key figure		
Foreign exchange rate risk	(VaR +/- unrealized gains/losses)/equity	0.4%	0.6%
Interest rate risk	EBITDA/(financial result, net + CfaR)	74x	175x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 465.6	MCHF 465.8

5. Management of capital

The objectives of the Group with regard to the management of the capital structure are the following:

- ensure sufficient liquidity to cover all liabilities
- guarantee an attractive return on equity (ROE) and return on invested capital (ROIC)
- ensure a sufficient debt capacity and credit rating

In order to maintain or change the capital structure, the following measures can be taken:

- share buyback programs
- capital increases
- adjustment of the dividend policy
- incur or repay debt

Further measures to guarantee an efficient usage of the invested capital and therefore also to achieve attractive returns are:

- active net working capital management
- demanding objectives regarding the profitability of investments
- clearly structured innovation process

The invested capital is composed of net working capital, property, plant & equipment, goodwill and intangible assets.

The periodic calculation and reporting of the key figures to the management ensures that the necessary measures can be taken in a timely manner. The relevant values as of December 31, 2009 and 2008 are outlined below:

	2009 MCHF	2008 MCHF
Gearing		
Debt	110.9	152.3
Liquid funds and marketable securities	406.5	302.6
Net debt	(295.6)	(150.3)
Equity	1,509.2	1,311.9
Net debt/equity	(19.6%)	(11.5%)
Return on equity (ROE)		
Equity (rolling)	1,415.8	1,335.6
Net income	397.5	466.3
ROE	28.1%	34.9%
Return on invested capital (ROIC)		
Invested capital (rolling)	1,571.3	1,575.3
Net operating profit after taxes (NOPAT)	448.5	444.8
ROIC	28.5%	28.2%

6. Marketable securities

In 2009 and 2008, the Group invested in several federal government bonds (mainly Germany) which all mature within a year. As of December 31, 2009, the fair value of the bonds amounted to MCHF 105.9 (PY: MCHF 105.2).

7. Trade accounts receivable

	2009 MCHF	2008 MCHF
Trade accounts receivable	129.9	113.6
Allowance	(7.3)	(7.9)
Total trade accounts receivable	122.6	105.7

Of trade accounts receivable, MCHF 4.5 was denominated in CHF (PY: MCHF 2.6), MCHF 73.7 in EUR (PY: MCHF 63.5), MCHF 14.4 in USD (PY: MCHF 16.6) and MCHF 3.8 in GBP (PY: MCHF 4.7).

The following table shows the movements of allowances for trade accounts receivable:

Allowances for trade accounts receivable	2009	2008
	MCHF	MCHF
January 1	7.9	7.7
Additions	2.4	4.9
Used	(1.5)	(1.3)
Reversed	(1.5)	(2.3)
Translation differences	0.0	(1.1)
December 31	7.3	7.9

Maturity analysis of trade accounts receivable	Carrying amount	Not due	Past due (in days)				
			< 30	< 60	< 90	< 120	> 120
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
As of December 31, 2009	122.6	93.7	20.6	4.0	0.8	0.7	2.8
As of December 31, 2008	105.7	78.2	18.1	3.1	1.7	0.7	3.9

8. Other current assets and current financial assets

	2009	2008	1.1.2008
	MCHF	MCHF	MCHF
Income tax refunds receivable	10.6	2.0	1.8
Other tax receivables	44.7	46.5	33.6
Short-term derivative financial instruments (see Note 33) ¹	0.4	5.2	0.1
Prepaid expenses and other current assets	15.2	18.5	16.3
Total other current assets and current financial assets	70.9	72.2	51.8

¹ Is not part of the calculation of net working capital

In 2009, the short-term derivative financial instruments were reclassified from the position "Other non-current assets and non-current financial assets" to the position "Other current assets and current financial assets". All previous year numbers were adjusted accordingly.

9. Inventories

	2009	2008
	MCHF	MCHF
Raw materials, supplies and other inventories	52.9	67.7
Work in progress	29.6	34.1
Finished goods	87.8	84.5
Merchandise	17.0	20.6
Prepayments to suppliers	0.3	0.2
Total inventories	187.6	207.1

As of December 31, 2009, inventories include allowances for slow-moving and obsolete items of MCHF 24.8 (PY: MCHF 27.0).

10. Property, plant and equipment

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr./ advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2009					
Cost at beginning of year	921.1	274.3	540.1	35.9	70.8
Additions	103.4	12.5	45.7	5.3	39.9
Disposals	(29.6)	(3.6)	(21.3)	(4.7)	
Transfers	0.0	14.6	49.8	0.9	(65.3)
Translation differences	(4.0)	(1.1)	(2.5)	(0.1)	(0.3)
Cost at end of year	990.9	296.7	611.8	37.3	45.1
Accumulated depreciation at beginning of year	365.6	66.8	281.5	17.3	0.0
Depreciation expense	78.9	9.5	61.8	7.6	
Disposals	(28.0)	(2.8)	(20.5)	(4.7)	
Transfers	0.0				
Translation differences	(1.8)	(0.3)	(1.4)	(0.1)	
Accumulated depreciation at end of year	414.7	73.2	321.4	20.1	0.0
Net carrying amounts at end of year	576.2	223.5	290.4	17.2	45.1
2008					
Cost at beginning of year	898.2	278.0	544.3	40.4	35.5
Changes in Group organization (see Note 2)	(13.3)		(12.4)	(0.4)	(0.5)
Additions	150.4	12.1	57.6	5.4	75.3
Disposals	(37.1)	(8.0)	(22.6)	(6.5)	
Transfers	0.0	12.2	22.0	1.3	(35.5)
Translation differences	(77.1)	(20.0)	(48.8)	(4.3)	(4.0)
Cost at end of year	921.1	274.3	540.1	35.9	70.8
Accumulated depreciation at beginning of year	368.9	67.9	281.6	19.4	0.0
Changes in Group organization (see Note 2)	(9.7)		(9.3)	(0.4)	
Depreciation expense	78.5	9.4	61.4	7.7	
Disposals	(32.8)	(4.3)	(22.0)	(6.5)	
Transfers	0.0				
Translation differences	(39.3)	(6.2)	(30.2)	(2.9)	
Accumulated depreciation at end of year	365.6	66.8	281.5	17.3	0.0
Net carrying amounts at end of year	555.5	207.5	258.6	18.6	70.8

As of December 31, 2009, buildings were insured at MCHF 495.9 (PY: MCHF 439.1) and equipment at MCHF 923.1 (PY: MCHF 888.1) against fire which amounts to a total fire insurance value for property, plant and equipment of MCHF 1,419.0 (PY: MCHF 1,327.2).

As of December 31, 2009, the Group has entered into firm commitments for capital expenditures of MCHF 6.2 (PY: MCHF 28.6).

11. Other non-current assets and non-current financial assets

	2009	2008	1.1.2008
	MCHF	MCHF	MCHF
Prepaid pension asset (see Note 17)	0.0	0.0	24.6
Reinsurance policies for pension obligations (see Note 17)	8.5	7.4	6.8
Long-term derivative financial instruments (see Note 33)	0.1	0.0	0.0
Other	7.3	6.4	4.5
Total other non-current assets and non-current financial assets	15.9	13.8	35.9

In 2009, the short-term derivative financial instruments were reclassified from the position "Other non-current assets and non-current financial assets" to the position "Other current assets and current financial assets". All previous years' numbers were adjusted accordingly.

12. Goodwill and intangible assets

	Total	Goodwill	Patents and technology	Trademarks and other intangible assets
	MCHF	MCHF	MCHF	MCHF
2009				
Cost at beginning of year	1,161.2	864.0	127.5	169.7
Additions	3.0			3.0
Disposals	(1.1)			(1.1)
Translation differences	(0.5)	(1.2)	(0.2)	0.9
Cost at end of year	1,162.6	862.8	127.3	172.5
Accumulated amortization at beginning of year	405.0	214.8	111.8	78.4
Amortization expense	5.4		3.1	2.3
Disposals	(1.1)			(1.1)
Translation differences	0.2	(0.5)	(0.1)	0.8
Accumulated amortization at end of year	409.5	214.3	114.8	80.4
Net carrying amounts at end of year	753.1	648.5	12.5	92.1
2008				
Cost at beginning of year	1,245.8	940.4	130.5	174.9
Changes in Group organization (see Note 2)	(0.2)			(0.2)
Additions	2.1			2.1
Disposals	(2.0)			(2.0)
Translation differences	(84.5)	(76.4)	(3.0)	(5.1)
Cost at end of year	1,161.2	864.0	127.5	169.7
Accumulated amortization at beginning of year	417.0	226.2	109.7	81.1
Changes in Group organization (see Note 2)	(0.2)			(0.2)
Amortization expense	7.2		3.4	3.8
Disposals	(2.0)			(2.0)
Translation differences	(17.0)	(11.4)	(1.3)	(4.3)
Accumulated amortization at end of year	405.0	214.8	111.8	78.4
Net carrying amounts at end of year	756.2	649.2	15.7	91.3

Goodwill and intangible assets with an indefinite useful life resulting from acquisitions are analyzed for impairment on an annual basis. As of December 31, 2009, there was no need for an impairment of these assets. The following table shows the carrying amount of positions which are material for the Group. Furthermore, the table shows the parameters used in the impairment analysis.

	Carrying amount 31.12.2009	Carrying amount 31.12.2008	Calculation of recoverable amount (PY numbers in brackets)			
			Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period	Discount rate pre-tax	Discount rate post-tax
	MCHF	MCHF		%	%	%
Goodwill from LBO Geberit	276.0	276.7	U	0.14 (2.95)	9.55 (8.41)	8.26 (7.67)
Goodwill from Mapress acquisition	351.0	351.0	U	0.06 (2.87)	11.95 (9.89)	8.41 (7.82)
Geberit trademarks	84.6	84.6	U	0.14 (2.95)	9.54 (8.40)	8.26 (7.67)
Total	711.6	712.3				

The growth rates beyond the planning period are based on Euroconstruct and on history-based internal assumptions about price and market share development. From today's perspective, management believes that a possible and reasonable change of one of the crucial parameters (see Note 3) used to calculate the recoverable amount would not lead to an impairment. The scenarios used to support this assumption are particularly based on decreases both in operating margins and the growth rate beyond the planning periods.

13. Short-term debt

The Group maintains credit lines of MCHF 50.3 (PY: MCHF 50.4) from various lenders which can be cancelled at short notice. The use of these credit lines is always short-term in nature and, accordingly, the respective drawings are included in short-term debt. At December 31, 2009 and 2008, the Group did not have any outstanding drawings on the above-mentioned credit lines.

14. Other current provisions and liabilities

	2009	2008	1.1.2008
	MCHF	MCHF	MCHF
Compensation-related liabilities	36.8	43.4	49.6
Accrued interest	0.6	1.7	1.6
Customer-related liabilities	44.2	49.1	50.8
Current provisions	5.2	4.9	7.1
Short-term derivative financial instruments (see Note 33) ¹	0.0	2.0	0.3
Value added tax payables	24.7	20.1	6.9
Other current liabilities	18.5	19.7	27.2
Total other current provisions and liabilities	130.0	140.9	143.5

¹ Is not part of the calculation of net working capital

In 2009, the short-term derivative financial instruments were reclassified from the position "Other non-current provisions and liabilities" to the position "Other current provisions and liabilities". All previous years' numbers were adjusted accordingly.

2009 and 2008 movements of current provisions are shown in the following table:

Current provisions

	2009 MCHF	2008 MCHF
January 1	4.9	7.1
Additions	2.9	3.0
Used	(1.4)	(2.1)
Reversed	(1.0)	(2.6)
Transfers	(0.2)	0.0
Translation differences	0.0	(0.5)
December 31	5.2	4.9

15. Long-term debt

	2009 MCHF	2008 MCHF
Private Placement	66.7	105.3
Revolving Facility	0.0	0.0
Convertible Bond	25.7	29.6
Other debt	18.5	17.4
Total debt	110.9	152.3
Short-term portion of debt	(28.9)	(40.2)
Total long-term debt	82.0	112.1

Private Placement

In December 2002, the Group raised MUS\$ 100.0 from various US insurance companies through privately placed debt ("Private Placement") issued by its US subsidiary The Chicago Faucet Company. The Private Placement is split into (i) a series A (MUS\$ 35.0), which carries a coupon of 5.0% and was due on December 19, 2009, and (ii) a series B (MUS\$ 65.0), which carries a coupon of 5.54% and is due on December 19, 2012. The series A (MUS\$ 35.0) was paid back on maturity (December 19, 2009).

The Private Placement is secured by guarantees from Geberit AG, Geberit Holding AG and Geberit Deutschland GmbH. The Group must comply with the following financial ratios. Both conditions were met on December 31, 2009.

– EBITDA/financial result, net:	min.	3.0x
– Net debt/EBITDA:	max.	3.5x

As of December 31, 2009, the fair value of the Private Placement amounted to MCHF 71.4 (PY: MCHF 112.5). It is calculated by discounting all future cashflows with the current interest rate (swap rate applicable for remaining time to maturity plus credit spread).

Revolving Facility

At the end of June, 2009, the Geberit Group has agreed with a banking syndicate a firmly committed credit line of MCHF 250. This credit agreement has a total term of four years and has replaced the existing credit line of MCHF 400. The Revolving Facility can be used to fund working capital requirements, investments in PP&E and acquisitions. This credit line is firmly available. At December 31, 2009, the Revolving Facility bears interest at LIBOR plus an annual interest margin of 1.1%. The interest margin depends on the net debt to EBITDA ratio. This ratio is verified on a quarterly basis. The interest is payable at the maturity date of the respective drawing used under the Revolving Facility. The drawings can have terms of one to six months. Furthermore, a commitment fee is paid equal to 35% of the applicable interest margin. Drawings under the Revolving Facility are secured by guarantees from Geberit AG, Geberit Holding AG, Geberit Deutschland GmbH and the Chicago Faucet Company and contain covenants and conditions typical for syndicated financing, among others the compliance with the following financial ratios:

– EBITDA/financial result, net:	min.	5.0x
– Net debt/EBITDA:	max.	3.0x
– Equity/total assets:	min.	25%

In 2009, no drawings of the Revolving Facility took place. The effective interest rate on the MCHF 400 Revolving Facility was 2.62% in 2008.

Convertible Bond

On June 14, 2004, the Group issued a Convertible Bond at a nominal value of MCHF 170.0. The Convertible Bond is split into 34,000 bond fractions at a par value of CHF 5,000 each.

The Convertible Bond falls due on June 14, 2010, at a nominal value of MCHF 170.0 or can be converted at any time into shares of Geberit AG. At the date of issue, the conversion price was CHF 99.30, i.e. a bond fraction could be converted into 50.35247 shares. According paragraph 6a. iv) of the conversion conditions ("extraordinary dividends"), the conversion price was reduced from CHF 98.91 to CHF 97.46 on May 6, 2009, and therefore the number of shares for each fraction was increased to 51.30310. The corresponding adjustment on May 6, 2008, amounted to CHF 98.91 and the number of shares for each fraction amounted to 50.55101. The fair values of the liability and the equity component were determined on issuance of the bond.

The liability recognized in the balance sheet as of December 31, 2009, was determined as follows:

	MCHF
Convertible Bond at nominal value on June 14, 2004	170.0
Equity component	(19.8)
Liability component on initial recognition on June 14, 2004	150.2
Transaction costs	(3.6)
Amortization expense 2004	2.1
Liability recognized as of December 31, 2004	148.7
Amortization expense 2005	3.5
Liability recognized as of December 31, 2005	152.2
Amortization expense 2006	3.8
Conversion in Geberit shares	(0.2)
Liability recognized as of December 31, 2006	155.8
Amortization expense 2007	3.6
Conversion in Geberit shares	(13.3)
Liability recognized as of December 31, 2007	146.1
Amortization expense 2008	1.6
Conversion in Geberit shares	(118.1)
Liability recognized as of December 31, 2008	29.6
Amortization expense 2009	0.8
Conversion in Geberit shares	(4.7)
Liability recognized as of December 31, 2009	25.7

Amortization expense includes the amortization of the equity component (interest discount) and of transaction costs. As of December 31, 2009, 28,811 fractions were converted into 1,451,664 shares. The effective interest rate of the Convertible Bond charged to the income statement was 3.57% (PY: 3.58%).

As of December 31, 2009, the fair value of the liability component amounted to MCHF 25.9 (PY: MCHF 30.0). It is calculated by discounting the future cashflows of all fractions not converted in Geberit shares at the balance sheet date with the current interest rate (swap rate applicable for remaining time to maturity plus credit spread).

Other debt

At December 31, 2009, the Group had MCHF 18.5 of other debt (PY: MCHF 17.4). This debt incurred an effective interest rate of 4.81% (PY: 5.24%).

Currency mix

Of the long-term debt outstanding as of December 31, 2009, MCHF 18.2 was denominated in EUR (PY: MCHF 17.1). MCHF 25.7 in CHF (PY: MCHF 29.5) and MCHF 67.0 in USD (PY: MCHF 105.7).

16. Derivative financial instruments

Where required by the treasury policy, the Group enters into derivative financial instruments to hedge its exposure to foreign currency exchange rate risks, interest rate risks and commodity price risks. This policy and the accounting policies for the Group's derivative financial instruments are disclosed in Notes 3 and 4. As at December 31, 2009 and 2008, the following derivative financial instruments were outstanding:

a) Cross currency interest rate hedges

The following instruments were used to hedge foreign exchange rate risks, arising from the internal financing of subsidiaries:

2009/2008	Maturity	Strike price	Contract amount Purchase	Contract amount (Sale)	Fair value 31.12.2009	Fair value 31.12.2008	USD Interest rate	EUR Interest rate	Calculation method
			MUSD	MEUR	MCHF	MCHF	%	%	
USD buy/EUR sell	19.12.2012	1.004	55.0	(54.8)	(28.7)	(25.9)	5.54	5.9775	DCF
2009	Maturity	Strike price	Contract amount Purchase	Contract amount (Sale)	Fair value 31.12.2009	Fair value 31.12.2008	CHF Interest rate	USD Interest rate	Calculation method
			MCHF	MUSD	MCHF	MCHF	%	%	
CHF buy/USD sell	16.12.2011	1.03345	31.0	(30.0)	0.1		0.37	1.20	DCF

b) Forward foreign exchange contracts and foreign exchange options

	Contract amount		Fair value 31.12.	Calculation method
	MEUR	MDKK	MCHF	
2009				
Foreign exchange options	(20)		0.4	Black-Scholes
Total	(20)	0	0.4	
2008				
Forward foreign exchange contracts	(40)	(27)	3.2	Mark-to-Market
Foreign exchange options	(20)		2.0	Black-Scholes
Total	(60)	(27)	5.2	

The change in fair value of the instruments is booked in financial result, net.

c) Interest rate hedges

As of December 31, 2009 and 2008, the Group had no outstanding interest rate hedges.

d) Commodity price hedging instruments

2009

As of December 31, 2009, there were no outstanding commodity price hedging instruments.

2008

	Contract volume	Fair value 31.12.	Calculation method
		MCHF	
Swap contract (nickel)	255 t	(2.0)	Mark-to-Market
Total		(2.0)	

The change in fair value of the instruments is booked to cost of materials.

17. Retirement benefit plans

The Group maintains defined benefit and defined contribution plans for its employees in Switzerland, Germany, Austria and the USA. These plans are either funded or unfunded. Funded plans are either funded by assets held independently of the Group's assets in separate trustee administered funds or by qualifying insurance policies. The net periodic pension costs of the defined benefit plans were as follows:

	2009		2008	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
	MCHF	MCHF	MCHF	MCHF
Service cost	17.7	4.4	14.6	5.4
Interest cost on projected benefit obligation	12.3	7.4	11.8	7.0
Expected return on plan assets	(14.0)		(16.6)	
Contributions of employees	(7.7)		(7.4)	
Net periodic pension cost	8.3	11.8	2.4	12.4

The following table sets forth the current status of the defined benefit pension plans and the amounts recognized in the Group's consolidated balance sheets:

	2009		2008	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
	MCHF	MCHF	MCHF	MCHF
Benefit obligation				
At beginning of year	340.8	121.4	308.1	149.3
Service cost	17.7	4.4	14.6	5.4
Interest cost on projected benefit obligation	12.3	7.4	11.8	7.0
Actuarial (gains)/losses	20.2	13.6	16.3	(16.5)
Translation differences	0.0	(0.5)	(0.7)	(15.1)
Benefits paid	(9.9)	(6.7)	(9.3)	(8.7)
Benefit obligation at end of year	381.1	139.6	340.8	121.4
Plan assets at fair value				
At beginning of year	314.3		368.8	
Expected return on plan assets	14.0		16.6	
Contributions of employees	7.7		7.4	
Contributions of employers	6.8		7.7	
Benefits paid	(9.6)		(9.1)	
Actuarial gains/(losses)	13.0		(76.5)	
Translation differences	(0.1)		(0.6)	
Plan assets at fair value at end of year	346.1		314.3	
Funded status at end of year	(35.0)	(139.6)	(26.5)	(121.4)
Adjustment according to IAS 19.58	0.0	0.0	0.0	0.0
Total pension asset/(obligation)	(35.0)	(139.6)	(26.5)	(121.4)

	2009		2008	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
	MCHF	MCHF	MCHF	MCHF
The pension asset/(obligation) is composed of:				
Prepaid pension asset (Note 11)	0.0		0.0	
Reinsurance policies for pension obligations (Note 11)	8.5		7.4	
Accrued pension obligations	(43.5)	(139.6)	(33.9)	(121.4)
Total pension asset/(obligation)	(35.0)	(139.6)	(26.5)	(121.4)

The plan assets of funded plans of MCHF 346.1 (PY: MCHF 314.3) are composed of assets of MCHF 337.6 (PY: MCHF 306.9) in two independent Swiss trustee pension funds and MCHF 8.5 (PY: MCHF 7.4) in qualifying insurance policies.

The legal situation relating to pension plans in Switzerland strictly limits the Group's control over the surplus in the Swiss pension funds. In the case of material underfundings, recapitalization measures have to be taken in which also beneficiaries can be obliged to participate. As of December 31, 2009, no such statutory underfundings existed for Swiss pension plans.

The benefit obligations, the plan assets, the funded status and the net actuarial gains and losses were as follows:

	2009	2008	2007	2006	2005
	MCHF	MCHF	MCHF	MCHF	MCHF
Benefit obligations	(520.7)	(462.2)	(457.4)	(458.4)	(418.6)
Plan assets	346.1	314.3	368.8	352.8	316.7
Funded status	(174.6)	(147.9)	(88.6)	(105.6)	(101.9)
Net actuarial (gains) and losses					
on benefit obligations	33.8	(0.2)	(28.4)	13.7	24.1
– of which from changes in actuarial assumptions	30.9	(6.5)	(34.6)	1.4	32.6
– of which from experience adjustments	2.9	6.3	6.2	12.3	(8.5)
Experience adjustments on plan assets	(13.0)	76.5	5.6	(12.0)	(15.9)
Total actuarial (gains) and losses in current year	20.8	76.3	(22.8)	1.7	8.2
Adjustment according to IAS 19.58, (gain)/losses	0.0	(36.9)	19.5	1.0	2.8
Recorded in equity, current year	20.8	39.4	(3.3)	2.7	11.0
Recorded in equity, accumulated	151.8	131.0	91.6	94.9	92.2

The plan assets of the Swiss pension fund is split into the following asset categories (in %):

	2009	2008
Shares	28.2	24.2
Bonds and other debt instruments	34.7	35.0
Real estate property	26.0	26.5
Other	11.1	14.3
Total	100.0	100.0

The expected return on plan assets is calculated based on long-term returns on the investments in the respective asset category. The investments per asset category follow the guidelines defined in the strategic asset allocation policy.

The actual return on these plan assets amounts to 9.5% in 2009 and -17.4% in 2008. As of December 31, 2009, plan assets include MCHF 1.5 (PY: MCHF 0.9) of equity instruments of Geberit AG and MCHF 10.1 (PY: MCHF 10.1) in real estate property used by the Group.

In 2010, the expected employers' contribution to the plan assets amounts to MCHF 6.8.

The following actuarial assumptions were used for the calculation of the defined benefit obligations and the expected return on plan assets (in %):

	2009			2008		
	CH	EU	USA	CH	EU	USA
Discount rate used in determining present values	3.25	5.25	6.0	3.5	6.25	6.0
Annual rate of increase in future compensation levels	2.0	2.5	3.0	2.0	2.5	3.2
Expected rate of future increases in pension benefits	1.0	0–2.0	0.0	1.0	0–2.0	0.0
Expected rate of return on plan assets	4.5			4.5		
		tables			tables	
Demography	BVG 2000	2005 G		EVK 2000	2005 G	

The development of medical costs has no influence on the benefit obligations of the Swiss pension plans and the pension plan in the USA. In Germany and Austria, medical costs indirectly influence the determination of benefit obligations through the employer contributions to the medical insurance for employees. However, the impact on the benefit obligations is not material.

The consolidated income statement also includes expenses for defined contribution plans of MCHF 1.8 in 2009 (PY: MCHF 2.2).

18. Participation plans

Share plans

In 2009, the employees could purchase a limited number of shares at a discount of 30% (PY: 50%) compared to the market price ("Employee share plan 2009"). The Geberit management was entitled to draw the previous year's results-related salary partly or entirely in shares valued at market price ("Management share plans 2009"). For each of these shares, the management participants received one option (see part 2: "Option plans"). As part of the "Directors program 2009", the members of the Board of Directors received their annual compensation in shares of Geberit AG at a discount of 30% (PY: 50%). All share plans are subject to blocking periods which are valid beyond the period of employment.

The share plans introduced in 2009 are summarized below:

	End of blocking period	Number of partici- pants	Number of shares issued	Issuing price CHF
Employee share plan 2009 (ESPP)	2011	1,122	36,368	96.50
Management share plans 2009 (MSPP)	2012	79	28,021	96.50
Directors program 2009 (DSPP)	2011	7	10,133	96.50

The 74,522 shares required for these plans were held by the Group as treasury shares.

As of December 31, 2009, the Board of Directors, the Geberit Executive Board and employees together owned 1,503,549 (PY: 1,490,876) shares, i.e. 3.7% (PY: 3.5%) of the share capital of Geberit AG.

Option plans

For each of the shares purchased in connection with the "Management share plans 2009", the Geberit management received one option to purchase an additional share at a 1:1 ratio. The exercise price of the options is equal to the price at which the underlying shares were allocated. The options can be exercised after blocking periods of two years. They lapse if not exercised after five years from the grant date.

In connection with an additional option plan ("Option plan 2009"), the managing directors and members of the Geberit Group Executive Board were entitled to additional options with a term to maturity of five years and a blocking period of two and four years, respectively.

The following is a summary of the options allocated in 2009:

	End of blocking period	Maturity	Number of partici- pants	Number of options allocated	Exercise price CHF
Management share plans 2009 (MSPP)	2011	2014	79	28,021	96.50
Option plan 2009 type A (MSOP)	2011	2014	62	49,114	116.05
Option plan 2009 type B (MSOP)	2013	2014	62	49,114	121.60
Total				126,249	

The fair value of the options granted in 2009 amounted to CHF 18.23 for MSOP type A (two-years-blocking period), CHF 16.79 for MSOP type B (four-years-blocking period) and CHF 15.59 for MSPP (two-years-blocking period) at the corresponding granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Reference share price ¹	Sur- charge	Exercise price	Expected volatility	Expected Ø dividend yield	Con- tractual period	Risk-free interest rate
	CHF	%	CHF	%	%	Years	%
Management share plans 2009 (MSPP)	96.50	0	96.50	28.72	5.60	5	1.286
Option plan 2009 type A (MSOP)	110.54	5	116.05	28.54	4.70	5	1.457
Option plan 2009 type B (MSOP)	110.54	10	121.60	28.54	4.70	5	1.457

¹ The reference share price corresponds to the average share price of the Geberit shares for the period from 13 to 26.1.2009 for MSOP and from 5 to 18.3.2009 for MSPP, respectively.

The following table summarizes all option plans in place as of December 31, 2009:

End of blocking period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Lapsed	2010–2012	88,410	147.18	51,510	107.25
2010	2011–2013	96,066	136.78	96,066	136.78
2011	2012–2014	93,315	128.45	77,135	108.95
2012	2013	35,407	148.80	35,407	148.80
2013	2014	49,114	121.60	49,114	121.60
Total		362,312	136.29	309,232	123.88

The following movements took place in 2009 and 2008:

	MSOP		MSPP		Total 2009		Total 2008	
	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF
Outstanding January 1	223,030	133.41	77,751	145.66	300,781	136.58	276,225	121.42
Granted options	98,228	118.83	28,021	96.50	126,249	113.87	108,403	145.73
Forfeited options	1,536	157.42	262	142.26	1,798	155.21	24,962	144.02
Exercised options	54,340	90.08	8,580	105.10	62,920	92.13	58,885	79.20
Lapsed options	0		0		0		0	
Outstanding December 31	265,382	136.75	96,930	135.05	362,312	136.29	300,781	136.58
Exercisable at December 31	32,250	106.88	19,260	107.88	51,510	107.25	41,590	81.65

The 362,312 options outstanding represent 0.9% of the share capital of Geberit AG.

The Group hedges this exposure with treasury shares.

The options outstanding at December 31, 2009, had an exercise price between CHF 89.75 and CHF 221.45 and an average remaining contractual life of 2.8 years.

Costs resulting from participation plans amounted to MCHF 1.5 in 2009 (PY: MCHF 3.6), those for option plans to MCHF 2.3 (PY: MCHF 2.4).

19. Deferred tax assets and liabilities

	2009 Total	Movements in 2009				2008 Total	
		(Charged)/ credited to income	Changes in Group organization (see Note 2)	(Charged)/ credited to equity	Translation differences		
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	
Deferred tax assets							
Loss carryforwards	9.5	(1.3)			0.4	10.4	
Accrued pension obligation	11.1	2.1		4.8	(0.1)	4.3	
Property, plant and equipment	2.0	0.1			(0.1)	2.0	
Goodwill and intangible assets	42.1	32.6				9.5	
Other	14.7	(1.0)		0.9		14.8	
Total deferred tax assets	79.4	32.5	0.0	5.7	0.2	41.0	
Deferred tax liabilities							
Inventories	(5.9)	(0.5)			0.1	(5.5)	
Property, plant and equipment	(34.9)	(0.7)			0.1	(34.3)	
Prepaid pension asset	0.0					0.0	
Intangible assets	(7.4)	4.0		0.1	(0.2)	(11.3)	
Other	(7.8)	0.2		0.5		(8.5)	
Total deferred tax liabilities	(56.0)	3.0	0.0	0.6	0.0	(59.6)	
	2008 Total	Movements in 2008				1.1.2008	2007 Total
		(Charged)/ credited to income	Changes in Group organization	(Charged)/ credited to equity	Translation differences	Resta- tement	
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets							
Loss carryforwards	10.4	2.7			(2.1)		9.8
Accrued pension obligation	4.3	(1.8)		(0.4)	(0.3)		6.8
Property, plant and equipment	2.0	(0.5)			(0.2)		2.7
Goodwill and intangible assets	9.5	(1.8)			(1.0)		12.3
Other	14.8	1.1		(2.8)	(0.8)		17.3
Total deferred tax assets	41.0	(0.3)	0.0	(3.2)	(4.4)	0.0	48.9
Deferred tax liabilities							
Inventories	(5.5)	(1.0)			0.1		(4.6)
Property, plant and equipment	(34.3)	0.6	0.6		2.0	9.8	(47.3)
Prepaid pension asset	0.0	(0.4)		4.9			(4.5)
Intangible assets	(11.3)	1.7			0.8		(13.8)
Other	(8.5)	0.7		0.4	0.3		(9.9)
Total deferred tax liabilities	(59.6)	1.6	0.6	5.3	3.2	9.8	(80.1)

In the deferred tax liabilities, a provision for current tax liabilities of MCHF 9.8 was included by mistake. Therefore, the Group has reclassified retrospectively this amount from the position "Deferred tax liabilities" to the position "Tax liabilities and tax provisions" for all periods accordingly.

Deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings which are planned to be remitted to the parent. As of December 31, 2009 and 2008, there were no such retained earnings in the subsidiaries.

The Group recognizes deferred tax assets from loss carryforwards if they comply with the requirements of IAS 12. The following loss carryforwards (listed by maturity) were used for the calculation of deferred tax assets:

Maturity	2009	No deferred tax asset	Deferred tax asset	2008	No deferred tax asset	Deferred tax asset
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
1 year	0.1		0.1	0.1	0.1	
2 years	0.0			0.1		0.1
3 years	0.6		0.6	1.1		1.1
4 years	2.4		2.4	1.4	0.1	1.3
5 years	0.3		0.3	0.3		0.3
6 years	1.5		1.5	10.0	0.3	9.7
> 6 years	27.1	0.5	26.6	24.5	2.7	21.8
Total	32.0	0.5	31.5	37.5	3.2	34.3

20. Other non-current provisions and liabilities

	2009	2008	1.1.2008
	MCHF	MCHF	MCHF
Provisions for operating risks	20.6	18.7	18.6
Accrued grant payments	1.7	0.4	0.4
Long-term derivative financial instruments (see Note 33)	28.7	25.9	31.4
Other non-current liabilities	16.9	16.1	17.0
Total other non-current provisions and liabilities	67.9	61.1	67.4

In 2009, the short-term derivative financial instruments were reclassified from the position “Other non-current provisions and liabilities” to the position “Other current provisions and liabilities”. All previous years’ numbers were adjusted accordingly. For details with respect to derivatives see Note 16. Provisions for operating risks mainly include provisions for warranties. 2009 and 2008 movements are shown in the following table.

Provisions for operating risks

	2009	2008
	MCHF	MCHF
January 1	18.7	18.6
Changes in Group organization (see Note 2)	0.0	(0.1)
Additions	7.9	4.9
Used	(4.8)	(2.2)
Reversed	(1.3)	(1.0)
Transfers	0.2	0.0
Translation differences	(0.1)	(1.5)
December 31	20.6	18.7

21. Contingencies

The Group is involved in various legal proceedings arising from the ordinary course of business. The Group believes that none of these proceedings either individually or in the aggregate are likely to have a material adverse impact on the Group's financial position or operating results. The Group has established insurance policies to cover product liabilities and it accrues for potential product warranty claims.

In connection with the antitrust case "Bathroom Fittings and Fixtures" from the European Community Commission which has been pending since 2004, Geberit was asked in December 2009 to submit certain sales information. From Geberit's point of view, the complaints raised against Geberit are not justified. Geberit still expects that the pending proceedings will not significantly influence the Group's financial situation or operating results. However, based on the currently available information, a reliable forecast as to the proceedings' outcome cannot be made. The Commission's decision is still pending. As at December 31, 2009, no provision for a possible fine out of this antitrust case was recognized.

The Group is also subject to various environmental laws and regulations in the jurisdictions in which it operates. In the ordinary course of business, the Group incurs capital and operating expenditures and other costs in complying with such laws and regulations. The Group currently does not anticipate any extraordinary material capital expenditures for environmental control technology. Some risk of environmental liability is inherent in the Group's business, and there can be no assurance that no additional environmental costs will arise in the future. However, the Group does not anticipate any material adverse effect for its operating results or financial position as a consequence of future costs of environmental compliance.

The Group operates in many countries, most of which have sophisticated tax regimes. The nature of its operations and ongoing significant reorganizations result in the Group's and its subsidiaries' legal structures being complex. The Group believes that it performs its business in accordance with the local tax laws. However, it is possible that there are areas where potential disputes with the various tax authorities could arise in the future. The Group is not aware of any disputes that either individually or in the aggregate are likely to have a material adverse effect on the Group's financial position or operating results.

22. Capital stock and treasury shares

The total number of issued Geberit shares at December 31, 2009, is 40,971,574.

In 2009, a total of 932 fractions of the Convertible Bond in a nominal value of MCHF 4.7 were converted into 47,812 shares.

The General Meeting on April 30, 2009, approved a capital reduction in the amount of the shares repurchased in the share buyback program 2008. Overall in this program, 2,080,090 registered shares, equal to MCHF 311.4, were repurchased. The average purchase price per share was CHF 149.68. As at July 20, 2009, the approved capital reduction was executed.

Issued shares

	2009 pcs.	2008 pcs.
January 1	43,003,852	41,747,731
Additional shares from Convertible Bond	47,812	1,256,121
Capital reduction as at July 20, 2009	(2,080,090)	
December 31	40,971,574	43,003,852

As of December 31, 2009, the Group held a total of 1,829,992 (PY: 4,044,940) treasury shares with a carrying amount of MCHF 227.7 (PY: MCHF 553.9). In 2009, the Group recorded a decrease in treasury shares of a net total of 2,214,948. Treasury shares are deducted at cost from equity.

Stock of treasury shares

	2009	2008
	pcs.	pcs.
From share buyback programs	1,391,000	3,471,090
Other treasury shares	438,992	573,850
Total treasury shares	1,829,992	4,044,940

For transactions in connection with the participation plans see Note 18.

23. Earnings per share

Earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares issued and outstanding during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

	2009	2008
Attributable net income according to income statement (MCHF)	397.5	466.3
Weighted average number of ordinary shares outstanding (thousands)	39,050	39,191
Total earnings per share (CHF)	10.18	11.90

For the diluted earnings per share, the weighted average number of issued ordinary shares is adjusted to assume conversion of all potentially dilutive ordinary shares (see Note 3). The Group has granted share options to the management and has issued a Convertible Bond which both are used to calculate the potentially dilutive ordinary shares.

	2009	2008
Attributable net income according to income statement (MCHF)	397.5	466.3
Interest and amortization expenses of Convertible Bond, net (MCHF)	1.0	2.2
Net income to determine diluted earnings per share (MCHF)	398.5	468.5
Weighted average number of ordinary shares outstanding (thousands)	39,050	39,191
Adjustments for share options (thousands)	7	13
Adjustment for Convertible Bond (thousands)	266	309
Weighted average number of ordinary shares outstanding (thousands)	39,323	39,513
Total diluted earnings per share (CHF)	10.13	11.86

24. Cash discounts and customer bonuses

	2009	2008
	MCHF	MCHF
Cash discounts	63.6	69.1
Customer bonuses	186.6	207.0
Total cash discounts and customer bonuses	250.2	276.1

25. Other operating expenses, net

	2009	2008
	MCHF	MCHF
Outbound freight costs and duties	66.3	75.8
Energy and maintenance expenses	73.3	81.3
Marketing expenses	59.9	66.5
Administration expenses	38.1	45.8
Other operating expenses	72.9	75.0
Other operating income	(11.0)	(13.2)
Total other operating expenses, net	299.5	331.2

Other operating income includes, among others, rental income, gains from sales of fixed assets and catering revenues.

In 2009, costs of MCHF 10.9 (PY: MCHF 16.0) were capitalized as property, plant and equipment, including in particular tools and assembly lines, which are part of the production process. The amount was deducted from personnel expenses, cost of materials and other operating expenses, net.

26. Financial result, net

	2009	2008
	MCHF	MCHF
Interest expenses	(10.8)	(12.3)
Amortization of deferred financing fees	(0.6)	(1.0)
Other financial expenses	(2.5)	(1.8)
Total financial expenses	(13.9)	(15.1)
Interest income	4.2	10.1
Other financial income	0.7	0.3
Total financial income	4.9	10.4
Foreign exchange (loss)/gain, net	(4.5)	10.1
Total financial result, net	(13.5)	5.4

27. Income tax expenses

	2009	2008
	MCHF	MCHF
Current taxes	151.2	103.8
Deferred taxes	(35.5)	(1.3)
Total income tax expenses	115.7	102.5

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 26.2% (PY: 19.0%) and the effective income tax expenses provided on earnings were as follows:

	2009	2008
	MCHF	MCHF
Income tax expenses, at applicable rate	134.5	108.0
Utilization of not capitalized loss carryforwards	0.0	(0.5)
Operating losses with no current tax benefit	0.1	1.5
Changes in future tax rates	1.4	(3.2)
Non-deductible expenses including goodwill amortization, net	(2.2)	1.7
Other	(18.1)	(5.0)
Total income tax expenses	115.7	102.5

The increase in the weighted average tax rate of 7.2% is a result of one-time tax charges due to completed tax audits and internal process adjustments. The position "Other" includes tax income from the reversal of provisions due to final tax audits.

In 2008, the amount in the position "Changes in future tax rates" mainly contains the reduction in deferred taxes as a result of the income tax rate reduction in the canton St. Gallen (Switzerland) that became effective in 2009.

28. Cashflow figures

Net cashflow is calculated as follows:

	2009	2008
	MCHF	MCHF
EBITDA ¹	611.0	649.1
Financial result, net	(13.5)	5.4
Income tax expenses	(115.7)	(102.5)
Deferred taxes charged/(credited) to net income (see Notes 19 and 27)	(35.5)	(1.3)
Changes in non-current provisions	28.7	28.2
Changes in other non-current assets and liabilities and other	0.4	(4.0)
Net cashflow	475.4	574.9

¹ EBIT + Depreciation + Amortization

"Changes in non-current provisions" mainly includes the changes in provisions for operating risks, accrued pension obligations and non-cash expenses resulting from share participation and option plans charged or credited to net income. "Changes in other non-current assets and liabilities and other" mainly includes the changes in prepaid pension assets and deferred financing fees charged or credited to net income.

Free cashflow is calculated as follows:

	2009	2008
	MCHF	MCHF
Net cashflow	475.4	574.9
Purchase of property, plant and equipment and intangible assets, net	(103.5)	(146.8)
Changes in net working capital	(11.3)	(10.0)
Payments charged to non-current provisions	(10.9)	(10.2)
Free cashflow	349.7	407.9

As per Group definition, the term “Free cashflow” does not include cashflows from divestments or acquisitions of subsidiaries, the purchase or sale of treasury shares and dividend payments.

“Changes in net working capital” comprises the changes in the aggregate of trade accounts receivable, inventories and other current assets, less the aggregate of trade accounts payable and other current provisions and liabilities charged or credited to net income.

“Payments charged to non-current provisions” mainly includes outflows resulting from pension obligations.

“Net cashflow” and “Free cashflow” are no substitute for figures shown in the consolidated income statements and the consolidated statement of cashflows but they may give an indication of the Group’s capability to generate cash, to pay back debt, to finance acquisitions, to buy back shares and to pay dividends.

29. Segment reporting

The Geberit Group consists of one single business unit with the purpose to develop, produce and distribute sanitary products and systems for the residential and industrial construction industry. All products are distributed using the same distribution channel – the wholesale – in general to the installers, who resell the products to the end customer. The products are produced by plants, which are specialized in particular production processes. As a general rule, one specific article is only produced at one location. The distribution is made by country or regional distribution companies, which sell to wholesalers. A distribution company is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is the local market development, which contains as a main focus the support of installers, sanitary planners and the wholesalers. Research and development of the whole range of products is made centrally by Geberit International AG. All corporate tasks are also centralized at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) as well as the management structure of the Geberit Group are organized by function (overall management, products, sales, finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on the sales by markets and product lines as well as the consolidated income statements, balance sheets and statement of cashflows.

The reporting is prepared according to IFRS 8.31 ff (one single reportable segment) and the valuation is made according to the same principles as the consolidated financial statements. The geographical allocation of sales is based on the domicile of the customers.

The information is as follows:

Information by product lines

	2009	2008
	MCHF	MCHF
Installation Systems	802.1	880.6
Cisterns and Mechanisms	223.9	248.5
Faucets and Flushing Systems	131.6	145.5
Waste Fittings and Traps	92.5	100.4
Sanitary Systems	1,250.1	1,375.0
Building Drainage Systems	312.7	354.9
Supply Systems	618.4	725.2
Piping Systems	931.1	1,080.1
Total	2,181.2	2,455.1

Information by markets

	2009	2008
	MCHF	MCHF
Germany	738.9	777.7
Switzerland	282.5	293.3
Italy	226.8	278.1
Other Europe	757.6	905.3
Other markets	175.4	200.7
Total	2,181.2	2,455.1

Share of sales by customers

	2009	2008
	MCHF	MCHF
Customers with more than 10% of sales: customer A	278.3	291.9
Total > 10%	278.3	291.9
Remaining customers with less than 10% of sales	1,902.9	2,163.2
Total	2,181.2	2,455.1

30. Related party transactions

In 2009 and 2008, total compensations paid to the Group Executive Board and to the Board of Directors were as follows:

	2009	2008
	MCHF	MCHF
Salary, results-related salary and other compensation	6.0	5.3
Granted options (33,104 in 2009 and 24,144 in 2008)	0.6	0.5
Total	6.6	5.8

2009 and 2008 amounts include all elements according to article 663b^{bis} and article 663c of the Swiss Code of Obligation. Further information regarding compensations and investments of the Group management are disclosed in the notes of the financial statements of Geberit AG.

In 2009 and 2008, there were no further material related party transactions.

31. Foreign exchange rates

The following exchange rates were used for the consolidated financial statements:

			2009		2008	
	Currency		Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.4862	1.5101	1.4913	1.5898
United Kingdom	GBP	1	1.6608	1.6971	1.5293	2.0214
USA	USD	1	1.0304	1.0858	1.0576	1.0808
Poland	PLN	100	36.0270	34.7610	35.7500	45.5490
China	CNY	100	15.0930	15.7070	15.4950	15.6530
Denmark	DKK	100	19.9710	20.2680	20.0100	21.3360
Australia	AUD	1	0.9274	0.8540	0.7319	0.9204
Czech Republic	CZK	100	5.6210	5.7060	5.6030	6.3830
Hungary	HUF	100	0.5450	0.5370	0.5580	0.6360
Norway	NOK	100	17.8720	17.3280	15.0650	19.3790
Sweden	SEK	100	14.4660	14.2480	13.6760	16.5900
Singapore	SGD	1	0.7354	0.7444	0.7344	0.7632
South Africa	ZAR	100	13.9690	12.9890	11.3650	13.2540

32. Subsequent events

On January 1, 2010, the Group purchased all shares of GEBIN Water Management Systems Pvt. Ltd., India, at a price of MEUR 0.7. GEBIN Water Management Systems Pvt. Ltd., a distributor in the area of sanitary technology, has been the exclusive importer for Geberit products in India. By reason of materiality, no additional disclosures are shown.

These financial statements were released by the Board of Directors on March 4, 2010.

33. Additional disclosures on financial instruments

Measurement of financial instruments by categories according to IAS 39

Based on the relevant balance sheet item of financial instruments, the following table shows the reconciliation from the carrying amounts in the balance sheet to the classification by categories according to IAS 39. In addition, a fair value measurement hierarchy was introduced for assets and liabilities which are measured at fair value. Level 1 contains all financial instruments with quoted prices in active markets. Level 2 contains all financial instruments with inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 contains all financial instruments with input for the asset and liability that are not based on observable market data.

	Carrying amount as of 31.12.09 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	300.6	300.6		
Marketable securities	105.9		105.9	Level 1
Trade accounts receivable	122.6	122.6		
Other current assets	70.5	70.5		
Other non-current assets	7.3	6.2	1.1	Level 2
Derivative financial instruments	0.5		0.5	Level 2
Total	607.4	499.9	107.5	
	Carrying amount as of 31.12.09 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.2	3.2		
Trade accounts payable	69.8	69.8		
Private Placement	66.7	66.7		
Convertible Bond	25.7	25.7		
Other financial liabilities	15.3	15.3		
Derivative financial instruments	28.7		28.7	Level 2
Total	209.4	180.7	28.7	

Fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

Level 3: input factors that are not based on observable market data

	Carrying amount as of 31.12.08 MCHF	Loans and receivables MCHF	Financial assets at fair value MCHF	Fair value measurement hierarchy
Financial assets				
Cash and cash equivalents	197.4	197.4		
Marketable securities	105.2		105.2	Level 1
Trade accounts receivable	105.7	105.7		
Other current assets	67.0	67.0		
Other non-current assets	6.4	4.9	1.5	Level 2
Derivative financial instruments	5.2		5.2	Level 2
Total	486.9	375.0	111.9	

	Carrying amount as of 31.12.08 MCHF	Financial liabilities at amortized cost MCHF	Financial liabilities at fair value MCHF	Fair value measurement hierarchy
Financial liabilities				
Short-term debt	3.1	3.1		
Trade accounts payable	84.4	84.4		
Private Placement	105.3	105.3		
Convertible Bond	29.6	29.6		
Other financial liabilities	14.3	14.3		
Derivative financial instruments	27.9		27.9	Level 2
Total	264.6	236.7	27.9	

Fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

Level 3: input factors that are not based on observable market data

Maturity analysis of financial instruments

The following table shows the carrying amount of all contractually defined future (not discounted) interest and amortization payments of derivative and non-derivative financial instruments as of the balance sheet date:

	Carrying amount 31.12.09 MCHF	Maturity				
		2010 MCHF	2011 MCHF	2012 MCHF	2013 MCHF	2014 and later MCHF
Short-term debt	3.2	3.4				
Trade accounts payable	69.8	69.8				
Private Placement	66.7	3.7	3.7	70.7		
Convertible Bond	25.7	26.2				
Other financial liabilities	15.3	0.8	2.8	2.4	2.1	10.0
Total non-derivative financial liabilities	180.7	103.9	6.5	73.1	2.1	10.0
Derivative financial liabilities	28.7	4.9	4.9	86.3		
Derivative financial assets	(0.5)	0.4	31.3			
Total derivative financial instruments	28.2	5.3	36.2	86.3	0.0	0.0
Total	208.9	109.2	42.7	159.4	2.1	10.0

	Carrying amount 31.12.08 MCHF	Maturity				
		2009 MCHF	2010 MCHF	2011 MCHF	2012 MCHF	2013 and later MCHF
Short-term debt	3.1	3.5				
Trade accounts payable	84.4	84.4				
Private Placement	105.3	42.7	3.8	3.8	72.6	
Convertible Bond	29.6	0.3	30.9			
Other financial liabilities	14.3	0.8	2.9	2.3	2.0	9.2
Total non-derivative financial liabilities	236.7	131.7	37.6	6.1	74.6	9.2
Derivative financial liabilities	27.9	6.6	4.9	4.9	86.6	
Derivative financial assets	(5.2)	65.1				
Total derivative financial instruments	22.7	71.7	4.9	4.9	86.6	0.0
Total	259.4	203.4	42.5	11.0	161.2	9.2

34. Group companies as of December 31, 2009

Switzerland	Owner- ship in %	Activity
Geberit AG, Rapperswil-Jona		○
Geberit Holding AG, Rapperswil-Jona	100	○
Geberit International AG, Rapperswil-Jona	100	○
Geberit International Sales AG, Rapperswil-Jona	100	△
Geberit Verwaltungs AG, Rapperswil-Jona	100	○
Geberit Vertriebs AG, Rapperswil-Jona	100	△
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	100	△
Geberit Produktions AG, Rapperswil-Jona	100	□
Geberit Fabrication SA, Givisiez	100	□
Australia		
Geberit Pty Ltd., North Ryde NSW	100	△
Austria		
Geberit Vertriebs GmbH & Co. KG, Pottenbrunn	100	△
Geberit Produktions GmbH & Co. KG, Pottenbrunn	100	□
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn	100	○
Geberit Huter GmbH, Matrei	100	□
Belgium		
Geberit N.V., Machelen	100	△
Channel Islands		
Geberit Finance Ltd., Jersey	100	○
Geberit Reinsurance Ltd., Guernsey	100	○
China		
Geberit Flushing Technology Co. Ltd., Daishan	100	□
Geberit Plumbing Technology Co. Ltd., Shanghai	100	□
Geberit Shanghai Trading Co. Ltd., Shanghai	100	△
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	100	○
Czech Republic		
Geberit spol. s.r.o., Brno	100	△
Denmark		
Geberit A/S, Lystrup	100	△
Finland		
Geberit OY, Espoo	100	△
France		
Geberit S.à.r.l., Antony	100	△
Germany		
Geberit Beteiligungs GmbH & Co. KG, Pfullendorf	100	○
Geberit Deutschland GmbH, Pfullendorf	100	○
Geberit Management GmbH, Pfullendorf	100	○
Geberit Vertriebs GmbH, Pfullendorf	100	△

Germany	Owner- ship in %	Activity
Geberit Produktions GmbH, Pfullendorf	100	□
Geberit Mapress GmbH, Langenfeld	100	□
Geberit Mapress Technik GmbH, Langenfeld	100	○
Geberit RLS Beteiligungs GmbH, Langenfeld	100	○
Geberit Lichtenstein GmbH, Lichtenstein	100	□
Geberit Weilheim GmbH, Weilheim	100	□
Hungary		
Geberit Kft, Budapest	100	△
Italy		
Geberit Produzione S.p.a., Villadose	100	□
Netherlands		
Geberit Holding B.V., Nieuwegein	100	○
Geberit B.V., Nieuwegein	100	△
Geberit Invest B.V., Nieuwegein	100	○
Geberit Management B.V., Nieuwegein	100	○
Geberit International B.V., Nieuwegein	100	○
Norway		
Geberit AS, Lysaker	100	△
Poland		
Geberit Sp.z.o.o., Warsaw	100	△
Portugal		
Geberit Tecnologia Sanitária S.A., Lisbon	100	△
Singapore		
Geberit South East Asia Pte. Ltd., Singapore	100	△
Slovakia		
Geberit Slovensko s.r.o., Bratislava	100	△
Slovenia		
Geberit Sanitarna tehnika d.o.o., Ruše	100	□
Geberit prodaja d.o.o., Ruše	100	△
South Africa		
Geberit Southern Africa (Pty.) Ltd., Sandton	100	△
Spain		
Geberit S.A., Barcelona	100	△
Sweden		
Geberit AB, Malmö	100	△
Turkey		
Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	100	△
United Kingdom		
Geberit Sales Ltd., Warwick	100	△
USA		
Duffin Manufacturing Co., Elyria	100	□/△
The Chicago Faucet Company, Des Plaines	100	□/△

○ Services, holding functions
△ Distribution
□ Production

Report of the statutory auditor
to the general meeting of
Geberit AG
Rapperswil-Jona

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Geberit AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 76 to 120), for the year ended December 31, 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



René Rausenberger
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, March 4, 2010

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Financial Statements

Geberit AG

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Financial Statements

Balance Sheets

	31.12.2009	31.12.2008
	MCHF	MCHF
Current assets		
Cash and cash equivalents	0.0	0.0
Treasury shares	157.3	392.6
Accounts receivable		
– Third parties	3.6	5.3
– Group companies	181.2	37.4
Total current assets	342.1	435.3
Non-current assets		
Investments	818.9	956.4
Intangible assets: deferred financing costs Convertible Bond	0.0	0.1
Total non-current assets	818.9	956.5
Total assets	1,161.0	1,391.8
Current liabilities		
– Third parties	1.6	2.2
– Group companies	3.8	4.9
– Convertible Bond	25.9	0.0
Total current liabilities	31.3	7.1
Non-current liability: Convertible Bond	0.0	30.6
Shareholders' equity		
Capital stock	4.1	4.3
Legal reserves		
– General reserve, share premium	5.5	125.1
– Reserve for treasury shares	227.7	553.9
Free reserves	667.9	362.5
Retained earnings	224.5	308.3
Total shareholders' equity	1,129.7	1,354.1
Total liabilities and shareholders' equity	1,161.0	1,391.8

Income Statements

	2009	2008
	MCHF	MCHF
Income		
Dividends from Group companies	220.0	400.0
Financial income	2.3	3.6
Other operating income	0.3	0.4
Total income	222.6	404.0
Expenses		
Administrative expenses	2.5	3.0
Financial expenses	0.4	3.8
Loss on treasury shares	0.0	97.9
Total expenses	2.9	104.7
Net income	219.7	299.3

Notes to the Financial Statements

1. Notes (in accordance with Articles 663b, 663b^{bis} and 663c of the Swiss Code of Obligations)

1.1 Guarantees, assets pledged in favor of third parties

	31.12.2009	31.12.2008
	MCHF	MCHF
Guarantee Revolving Facility	250.0	400.0
Guarantees in connection with Private Placement (2009: MUSD 65, 2008: MUSD 100)	67.0	105.8

The guarantees are limited to the distributable reserves of the company.

1.2 Convertible Bond

The terms of the CHF 170,000,000 1% Convertible Bond 2004–2010, issued on June 14, 2004, are as follows:

Coupon:	1.00% p.a., payable annually on June 14
Tenor:	6 years (2004–2010)
Early redemption at the option of the issuer:	At the principal amount plus accrued interest, if any, subject to a period of not less than 30 days' prior notice a) at any time, if 85% or more in aggregate of the principal amount of the Convertible Bond has been converted and/or purchased, or b) on or after June 14, 2008, if, within a period of 30 consecutive trading days, the closing price of the registered shares of Geberit AG on the SWX Europe for 20 trading days shall have been at least 130% of the conversion price deemed to be in effect on each of such trading days.
Early redemption at the option of holders:	At the principal amount plus accrued interest, if any, upon the occurrence of a change in the legal or economic structure of Geberit AG according to the terms of the Convertible Bond.
Redemption:	June 14, 2010, at the principal amount
Denomination:	CHF 5,000 or multiples thereof

Conversion right:	Bonds of CHF 5,000 each were convertible until May 5, 2009, into 50.55101 registered shares of Geberit AG. Since May 6, 2009, bonds of CHF 5,000 each are convertible into 51.30310 registered shares of Geberit AG at any time during the conversion period; fractions exceeding CHF 10 will be paid out in cash.
Conversion period:	The bonds are convertible from July 26, 2004, up to and including May 31, 2010, or five business days (i.e. the banks in Zurich are open all day) prior to an early redemption.
Conversion price:	Until May 5, 2009, CHF 98.91 per registered share of Geberit AG Since May 6, 2009, CHF 97.46 per registered share of Geberit AG
Dividend rights:	The shares issued upon conversion will have the same rights as the existing shares, in particular with respect to dividend rights.
Reserved share capital:	2,000,000 shares from the conditional capital
Total included share capital:	Up to a nominal amount of CHF 171,788
Conversions:	In 2009, 932 bonds (PY: 24,944) were converted into 47,812 shares (PY: 1,256,121). A total of 28,811 bonds were converted into 1,451,664 shares since the convertible bond was issued.

1.3 Significant investments

All Group companies are listed in the Consolidated Financial Statements of the Geberit Group (see Note 34).

1.4 Share capital

The share capital of Geberit AG consists of 40,971,574 ordinary shares with a par value of CHF 0.10 each.

Number of shares issued	2009	2008
Beginning Balance	43,003,852	41,747,731
Additional shares from Convertible Bond	47,812	1,256,121
Capital reduction as at July 20, 2009	(2,080,090)	
Ending Balance	40,971,574	43,003,852

1.5 Treasury shares

Treasury shares held by Geberit AG or by companies in which Geberit AG holds a majority interest:

	Number of registered shares	High in CHF	Average in CHF	Low in CHF
Balance at December 31, 2008	4,044,940			
Cancellation share buyback program 2008	(2,080,090)			
Purchases	2,934	131.20	131.20	131.20
Sales	(137,792)	182.50	116.87	96.50
Balance at December 31, 2009	1,829,992			
Number of treasury shares held by Geberit AG	1,391,000			

The Board of Directors of Geberit AG approved a share buyback program of up to MCHF 200.0 in January 2006. The buyback program was closed by January 31, 2007. Under this program, the company repurchased 1,391,000 shares for MCHF 179.1 at an average price of CHF 128.75. No decision has been taken yet concerning the utilization of the repurchased shares.

The Board of Directors of Geberit AG decided to initiate a second share buyback program in 2008 and determined a maximum repurchasing volume of 5% of the share capital recorded in the Commercial Register. Under this program, the company repurchased shares for MCHF 311.4 at an average price of CHF 149.68. The General Meeting on April 30, 2009 decided to reduce the capital in the volume of the shares repurchased. On July 20, 2009, therefore 2,080,090 shares were cancelled.

The legal reserves for treasury shares were recorded at cost.

1.6 Capital increases

	31.12.2009 MCHF	31.12.2008 MCHF
Conditional capital	0.2	0.2

The fifth ordinary general meeting, held on April 22, 2004, decided to create a new conditional capital of up to CHF 200,000 through the issue of a maximum of 2,000,000 new registered shares with a par value of CHF 0.10 each through the exercise of conversion or option rights, e.g. in connection with a Convertible Bond.

On June 14, 2004, a Convertible Bond was issued at the conditions according to section 1.2 in these notes to the financial statements. As of December 31, 2009, 1,451,664 shares have been issued in connection with this conditional capital increase. The usage of the conditional capital is not subject to any time limit.

1.7 Remuneration, loans and shareholdings of members of the Board of Directors and of the Group Executive Board

	G. F. Kelm Chairman	H. Reuter Vice Chairman	R. Hanslin	R. Heberlein	H. Hess	S. Ruoff	R. Spoerry	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
2009								
Remuneration of the Board of Directors								
Accrued remuneration ¹	40,000	81,666	20,000	23,333	21,667	66,667	66,667	320,000
Shares ²	243,527	84,268	122,150	118,113	179,297			747,355
Expenses	10,000	10,000	10,000	10,000	10,000	6,667	6,667	63,334
Expenditure on pensions								
– Contributions to social insurance	12,113	5,387	5,696	5,483				28,679
Total	305,640	181,321	157,846	156,929	210,964	73,334	73,334	1,159,368

CHF

Remuneration to former members of the Board of Directors

Accrued remuneration ¹								(100,001)
Shares ²								142,766
Contributions to social insurance								7,321
Withholding tax								27,536
Total								77,622

	G. F. Kelm Chairman	H. Hess Vice Chairman	R. Hanslin	R. Heberlein	H. Reuter	K. Weisshaar	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
2008							
Remuneration of the Board of Directors							
Accrued remuneration ¹		16,667		(13,333)	70,000	(13,333)	60,001
Shares ²	337,083	200,109	168,802	185,500		130,711	1,022,205
Expenses	10,000	10,000	10,000	10,000	6,667	10,000	56,667
Expenditure on pensions							
– Contributions to social insurance	18,184		9,284	10,167		9,374	47,009
– Withholding tax						44,720	44,720
Total	365,267	226,776	188,086	192,334	76,667	181,472	1,230,602

CHF

Remuneration to former members of the Board of Directors

Accrued remuneration ¹							(96,667)
Shares ²							252,551
Contributions to social insurance							13,713
Total							169,597

¹ Directors fee booked, but not yet paid as at December 31. Negative amounts result if the provision in the previous year was higher than the provision in the current year.

² Remuneration is in the form of registered shares in the company with a par value of CHF 0.10 each, 2-year blocking period, valued at CHF 85.90 (PY CHF 130.45), made up of CHF 96.50 (PY CHF 146.60) market value at grant date less CHF 10.60 (PY CHF 16.15) tax benefit for blocking period. The number of shares allocated is calculated on the base fee divided by the net price of CHF 67.55 (CHF 96.50 less 30% discount) (PY CHF 73.30 [CHF 146.60 less 50% discount]). The description of the program can be seen in Note 18 "Participation plans" of the Consolidated Financial Statements.

	2009		2008	
	A. Baehny CEO	Total	A. Baehny CEO	Total
	CHF	CHF	CHF	CHF
Remuneration of the Group Executive Board				
Cash/deposits				
– Fixed salary	836,810	2,669,043	736,801	2,027,207
– Variable salary ¹	(74,246)	544,197	(196,999)	38,620
Shares/options				
– Shares (instead of variable salary) ^{1, 2}	484,704	873,828	629,656	1,230,999
– Call options MSOP A ³	63,222	203,410	55,973	155,232
– Call options MSOP B ⁴	58,228	187,344	51,179	141,935
– Call options MSPP ⁵	93,291	168,185	128,796	251,800
Non-cash benefits				
– Private share of company vehicle ⁶	9,180	37,008	9,180	30,768
Expenditure on pensions				
– Pension plans and social insurance	165,600	632,622	158,334	545,712
– Contribution health/accident insurance	2,362	12,890	2,475	10,320
Total ^{7, 8}	1,639,151	5,328,527	1,575,395	4,432,593

¹ The variable salary which consists of shares and cash is not paid out in the current business year but in the following year. Therefore, the figures disclosed in the table follow the accrual principle which means that the figures disclosed represent the amount accrued and charged to the P&L in the current year for payment in the following year. In the table, this amount corresponds to the sum of the two line items "Variable salary" and "Shares (instead of variable salary)". The amount of the line "Shares (instead of variable salary)" is based on the number of shares granted in the current business year (which is equal to the whole or a part of the variable salary accrued in the previous year). As the total of the two lines represent the costs for the current business year correctly, the line "Variable salary" can show a negative amount if the overall variable salary component has decreased compared to previous year.

² Registered shares in the company with a par value of CHF 0.10 each, 3-year blocking period, valued at CHF 81.00 (PY CHF 123.10), made up of market value at grant date of CHF 96.50 (PY CHF 146.60) less CHF 15.50 (PY CHF 23.50) tax benefit for blocking period.

³ Call options A on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 116.05 (PY CHF 142.00); definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 18.23 (PY CHF 21.95) using the binomial method.

⁴ Call options B on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Stock Option Program (MSOP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 121.60 (PY CHF 148.80); definitive acquisition of the option ("vesting") dependent on various conditions, 4-year blocking period, market value of CHF 16.79 (PY CHF 20.07) using the binomial method.

⁵ Call options on registered shares of the company with a par value of CHF 0.10 each, issued within the scope of the Management Share Participation Program (MSPP); 1 option entitles to purchase 1 registered share at an exercise price of CHF 96.50 (PY CHF 146.60); definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 15.59 (PY CHF 25.18) using the binomial method.

⁶ Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).

⁷ Immaterial payments (below CHF 500) are not included in the total. Overall, these payments do not exceed CHF 2,000 per member of the Group Executive Board.

⁸ In 2009, W. Christensen was appointed to the Group Executive Board and the fixed salary part of the remuneration of the Group Executive Board was adjusted. Mainly due to the addition of a fifth member to the Group Executive Board, the total compensation amount increased.

The parameters taken into consideration in the option valuation model are set out in Note 18 "Participation plans" of the Consolidated Financial Statements.

	Maturity	Average exercise price in CHF	G. F. Kelm Chairman	H. Reuter Vice Chairman	R. Hanslin	R. Heberlein	H. Hess	S. Ruoff	R. Spoerry	Total
2009										
Shareholdings Board of Directors										
Shares			660,199	1,051	367,056	88,087	5,903	10	900	1,123,206
Share of voting rights			1.61%	< 0.1%	0.90%	0.21%	< 0.1%	< 0.1%	< 0.1%	2.74%
Call options¹										
End of blocking period:										
lapsed	2010-2011	103.05			10,090					10,090
2010	2011	122.00			2,400					2,400
Total options					12,490					12,490
Potential share of voting rights					< 0.1%					< 0.1%
¹ Purchase ratio 1 share for 1 option										

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christensen	B. Kuhlin	M. Reinhard	Total
2009								
Shareholdings Group Executive Board								
Shares			25,789	20,000	4,416	1,194	4,295	55,694
Share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.14%
Call options¹								
End of blocking period:								
lapsed	2010-2012	147.55	16,060	6,360	1,140	770	1,870	26,200
2010	2011-2013	136.87	10,315	5,949	2,556	2,008	4,590	25,418
2011	2012-2014	144.67	10,892	3,906	3,234	3,458	4,776	26,266
2012	2013	148.80	2,550	1,530	655	1,462	1,530	7,727
2013	2014	121.60	3,468	2,040	1,489	2,040	2,121	11,158
Total options			43,285	19,785	9,074	9,738	14,887	96,769
Potential share of voting rights			0.11%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.24%
¹ Purchase ratio 1 share for 1 option								

	Maturity	Average exercise price in CHF	G. F. Kelm Chairman	H. Hess Vice Chairman	R. Hanslin	R. Heberlein	H. Reuter	K. Weisshaar	Total
2008									
Shareholdings Board of Directors									
Shares		655,354	4,045	366,634	85,712	70	7,122	1,118,937	
Share of voting rights		1.52%	< 0.1%	0.85%	0.20%	< 0.1%	< 0.1%	2.60%	
Call options¹									
End of blocking period:									
lapsed	2009-2011	98.39	5,010		7,370				12,380
2009	2010	94.75			2,720				2,720
2010	2011	122.00			2,400				2,400
Total options		5,010		12,490				17,500	
Potential share of voting rights		< 0.1%		< 0.1%				< 0.1%	

¹ Purchase ratio 1 share for 1 option

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	B. Kuhlín	M. Reinhard	Total
2008							
Shareholdings Group Executive Board							
Shares			26,055	21,140	546	3,500	51,241
Share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.12%
Call options¹							
End of blocking period:							
lapsed	2010-2011	105.13	14,180	3,570		500	18,250
2009	2010-2012	167.48	7,880	4,570	770	3,650	16,870
2010	2011-2013	136.87	10,315	5,949	2,008	4,590	22,862
2011	2012	221.45	1,440	830	770	860	3,900
2012	2013	148.80	2,550	1,530	1,462	1,530	7,072
Total options			36,365	16,449	5,010	11,130	68,954
Potential share of voting rights			< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.16%

¹ Purchase ratio 1 share for 1 option

1.8 Significant shareholders

According to the information available to the Board of Directors, the following shareholders held shares entitling them to more than 3% of the total share capital:

	31.12.2009	31.12.2008
Capital Group Companies, Inc., Los Angeles	10.07%	5.05%
Geberit AG, Rapperswil-Jona	4.47%	9.41%
MFS Investment Management, Boston	< 3%	3.43%

1.9 Risk management

Geberit AG is integrated into the group-wide risk assessment process of the Geberit Group.

A description of the risk management system in the Geberit Group can be seen in Note 4 "Risk assessment and management" of the Consolidated Financial Statements.

2. Other disclosures required by the law

Proposal for the appropriation of available earnings

Proposal by the Board of Directors to the General Meeting

	2009 CHF	2008 CHF
Available earnings		
Net income	219,698,597	299,349,273
Balance brought forward	4,808,500	8,936,142
Withdrawal from free reserves	35,000,000	
Total available earnings	259,507,097	308,285,415
Transfer to free reserves		90,000,000
Proposed/paid dividend	253,315,674	213,476,915
Balance to be carried forward	6,191,423	4,808,500
Total appropriation of available earnings	259,507,097	308,285,415
Transfer of the share premium resulting from conversion to free reserves	4,638,838	124,243,687

Dividend payments

The Board of Directors proposes an ordinary dividend of CHF 5.40 per share (PY CHF 5.40 per share) and an additional special dividend of CHF 1.00 per share. In total, the Board of Directors proposes a dividend payment of CHF 6.40 per share. There was no special dividend paid out in the previous year.

The number of shares is subject to execution of conversion rights derived from the Convertible Bond (see section 1.2) and treasury shares held by Geberit AG. The Board of Directors may adapt the total amount of the proposed dividend to the number of shares with dividend rights at the General Meeting.

Report of the statutory auditors
to the general meeting of
Geberit AG
Rapperswil-Jona

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Geberit AG, which comprise the balance sheet, income statement and notes (pages 126 to 134), for the year ended December 31, 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



René Rausenberger
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, March 4, 2010

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A large pile of flattened cardboard boxes, showing the characteristic wavy, corrugated structure of the material. The boxes are stacked horizontally, creating a dense, layered texture. In the center of the pile, a single box is partially visible, featuring the brand name "GEBERIT" in blue capital letters. The box is flanked by two vertical blue lines. The overall color of the cardboard is a light brown or tan, with some darker areas due to the corrugation and the way the boxes are stacked.

GEBERIT



Perpetually in the cycle

The raw material for Geberit product packaging made of corrugated board already consists to 100% of recycled paper and can be channeled back into the usage cycle in a practical and resource-saving way. Nowadays, waste is preprepared for collection and disposal on modern building sites. This reduces costs and protects the environment.

Geberit Key Figures

		2009	2008
Sales	MCHF	2,181.2	2,455.1
Change on previous year	%	-11.2	-1.3
Operating profit (EBIT)	MCHF	526.7	563.4
Margin	%	24.1	22.9
Net income	MCHF	397.5	466.3
Margin	%	18.2	19.0
Operating cashflow (EBITDA)	MCHF	611.0	649.1
Margin	%	28.0	26.4
Free cashflow	MCHF	349.7	407.9
Margin	%	16.0	16.6
Financial results, net	MCHF	-13.5	5.4
Research and development expenses	MCHF	41.8	46.0
In % of sales	%	1.9	1.9
Earnings per share*	CHF	10.18	11.90
Earnings per share, adjusted**	CHF	10.18	11.90
Capital expenditure	MCHF	106.4	152.5
Number of employees	31.12.	5,608	5,697
Annual average		5,634	5,684
Sales per employee	TCHF	387.1	431.9
		31.12.2009	31.12.2008
Total assets	MCHF	2,212.2	2,054.1
Liquid funds and marketable securities	MCHF	406.5	302.6
Net working capital	MCHF	180.9	156.5
Property, plant and equipment	MCHF	576.2	555.5
Goodwill and intangible assets	MCHF	753.1	756.2
Corporate debt	MCHF	110.9	152.3
Equity	MCHF	1,509.2	1,311.9
Equity ratio	%	68.2	63.9
Gearing	%	-19.6	-11.5

* Based on the 1:10 stock split implemented on May 8, 2007

** Adjusted for amortization of goodwill

Text: Geberit AG, Rapperswil-Jona, sustainserv, Zurich and Boston; concept and design: S&W Werbeagentur AG bsw, Baden; picture editing: Köpfl & Partner AG, Neuenhof; Prepress/Press: Linkgroup, Zurich; photos Geberit Management: Katharina Wernli, Zurich; photos cover and pages 8/9, 20/21, 68/69, 70/71, 72/73, 138/139: Scanderbeg Sauer Photography, Zurich; photos pages 6/7, 18/19 were taken at Model AG, Weinfelden: Scanderberg Sauer Photography, Zurich; pages 48/49, 50/51: © Michel Comte; page 47: Studio Casa

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, statutory rulings, market conditions, the actions of competitors and other factors beyond the control of the company.

This annual report is published in German and English and is also available on the Internet as an online version. The printed German version is binding.

Geberit Products



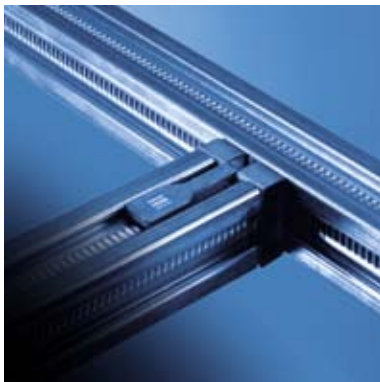
Actuator plate



Touch-free urinal flush control



Inliner circulation



Installation system



Bathtub drain PushControl



Drinking water push-fit connection system



Installation element for urinal



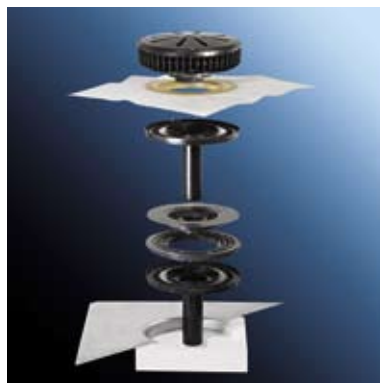
Geberit AquaClean



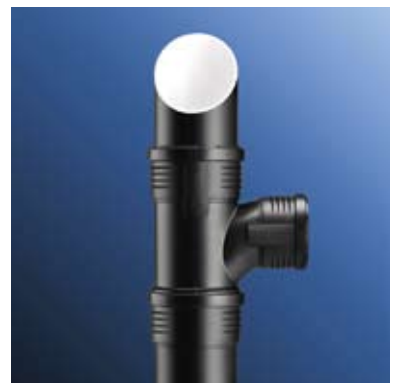
Pressfitting with pressing indicator



Filling valve



Roof drainage system



Acoustically optimised drainage system

A blurred industrial background featuring a cardboard box in the foreground. The box has a blue label that reads "KNOW HOW INSTALLED". A black mechanical component is visible in the lower-left corner. The right side of the image is a white vertical bar containing the company logo and contact information.

■ GEBERIT

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