GEBERIT

GEBERIT GROUP

HALF-YEAR REPORT

2019

SALES

+3.1%

currency-adjusted growth

OPERATING CASHFLOW (EBITDA)

+3.3%

versus prior year

EARNINGS PER SHARE

+2.4%

versus prior year

FINANCIAL SITUATION

46.1%

Equity ratio

KEY FIGURES FIRST HALF OF 2019

MCHF	1.1.–30.6.2019
Sales	**1,627**
Change in %	-0.2
Operating cashflow (EBITDA)	**501**
Change in %	+3.3
Margin in % of sales	30.8
Operating profit (EBIT)	**431**
Change in % [1]	+1.7
Margin in % of sales	26.5
Net income	**365**
Change in % [1]	+0.9
Margin in % of sales	22.4
Earnings per share (CHF)	**10.14**
Change in % [1]	+2.4
Free cashflow	**257**
Change in % [2]	+35.4
	30.6.2019
Net debt	**773**
Equity	**1,685**
Equity ratio in %	46.1
Number of employees (FTE)	**11,633**

[1] 2018 adjusted for costs in connection with the Sanitec acquisition and integration; 2019 and beyond: no extra costs occur anymore

[2] Following internal reclassifications, the prior year figures were adjusted in the interests of comparability

THE HIGHLIGHTS
IN THE FIRST HALF OF 2019

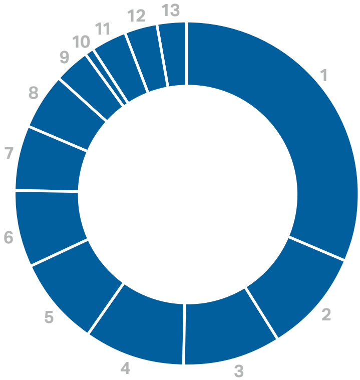
- Currency-adjusted sales increased
- Increase in operating results
- Increase in earnings per share
- Significant increase in free cashflow
- Shareholder-friendly distribution policy continued

OUTLOOK

- Challenging situation in the construction industry in individual markets
- Europe: assessment of construction activity remains positive as a whole
- Markets outside Europe expected to perform differently
- Expectations for the full year:
  - Currency-adjusted sales growth of 3 to 4%
  - Operating cashflow margin of 28 to 29%

AT A GLANCE

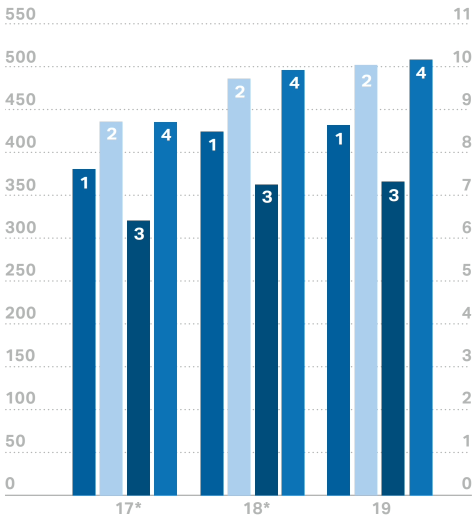
SALES BY MARKETS/REGIONS
FIRST HALF-YEAR 2019



1 Germany (31.5%)
2 Nordic Countries (9.7%)
3 Switzerland (9.2%)
4 Eastern Europe (9.4%)
5 Benelux (8.4%)
6 Italy (7.1%)
7 France (6.1%)
8 Austria (5.3%)
9 United Kingdom/ Ireland (3.5%)
10 Iberian Peninsula (0.8%)
11 America (3.2%)
12 Far East/Pacific (3.2%)
13 Middle East/ Africa (2.6%)

KEY FIGURES
FIRST HALF-YEAR 2017–2019

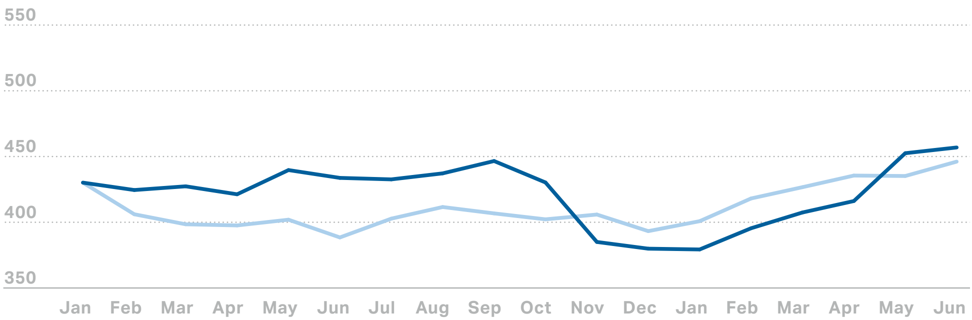
(in CHF million) (EPS: in CHF)



1 EBIT 2 EBITDA 3 Net income 4 EPS

* Adjusted for costs in connection with the Sanitec acquisition and integration (EBITDA 2018 not adjusted)

SHARE PRICE DEVELOPMENT 1 JANUARY 2018 UNTIL 30 JUNE 2019



Geberit share Swiss Market Index (SMI) indexed

Source: Thomson Reuters

TO OUR SHAREHOLDERS

The Geberit Group posted good results in the first half of 2019. Overall, sales decreased slightly by 0.2% to CHF 1,627 million in the first six months of the year. However, currency-adjusted sales improved by 3.1%. Operating cashflow increased by 3.3% to CHF 501 million, which corresponds to an improvement in the operating cashflow margin of 100 basis points. Net income rose by 0.9% to CHF 365 million – with an increase in return on sales of 20 basis points. For 2019 as a whole, Management expects to achieve currency-adjusted sales growth of 3 to 4% and an operating cashflow margin of 28 to 29%.

CONSOLIDATED SALES

In the first half of the year, the Geberit Group's sales decreased by 0.2% to CHF 1,627 million. This includes negative currency effects of CHF 54 million. In local currencies, there was an increase of 3.1%. In the year-on-year comparison, a challenging but positive environment in the construction industry led to this positive sales growth, with successful market cultivation by Geberit the main factor in this growth.

Sales for the second quarter decreased by 1.3% to CHF 797 million; however, an increase of 2.6% was posted in currency-adjusted terms.

SALES BY MARKET AND PRODUCT AREA

Currency-adjusted sales in Europe, the largest region, rose by 3.2% in the first half of the year. The United Kingdom/Ireland (+10.6%), the Iberian Peninsula (+6.6%), Austria (+5.3%), the Benelux Countries (+5.2%) and Germany (+4.9%) made strong gains, with Switzerland (+2.0%), the Nordic Countries (+1.5%) and France (+0.9%) also recording increases. However, sales were down in Italy (-1.2%) and in Eastern Europe (-0.3%). Double-digit sales growth was posted in the Far East/Pacific region (+11.5%), while America reached the previous year's level (+0.1%) and sales in the Middle East/Africa region were down on the previous year (-4.0%).

In the product areas, sales in local currencies increased by 4.6% in Installation and Flushing Systems and 6.7% in Piping Systems. At -1.7%, sales in Bathroom Systems declined slightly.

RESULTS

The results in 2019 are no longer impacted by one-off costs related to the Sanitec acquisition, which is why adjusted figures will no longer be shown as of the current year. Operating cashflow (EBITDA) increased by 3.3% to CHF 501 million, which corresponds to an EBITDA margin of 30.8% (previous year 29.8%). Operating profit (EBIT) increased by 1.7% to CHF 431 million, which corresponds to an EBIT margin of 26.5% (adjusted EBIT margin in 2018: 26.0%). The increased year-on-year operating results were above all attributable to price increases, higher sales volumes, an improved product mix and slightly lower raw material prices as well as to enhancements in efficiency and high cost discipline. In addition, a change to the IFRS accounting standard had a positive impact on the EBITDA development. Tariff-related increases in personnel expenses and the currency development had a negative impact. Compared with the operating results, net income rose disproportionately by 0.9% to CHF 365 million due to a higher tax rate – with a return on sales of 22.4% (adjusted return on sales in 2018: 22.2%). Earnings per share increased by 2.4% to CHF 10.14.

The higher year-on-year operating cashflow and positive effects from the change in net working capital led to a significant increase in free cashflow of 35.4% to CHF 257 million.

FINANCIAL SITUATION

The Geberit Group's financial situation remains very solid. In April 2019, two new CHF bonds of CHF 125 million each were issued. These bonds were used to refinance an expiring bond and optimise the debt maturity structure. Despite the positive cashflow and as a result of the dividend payment and the ongoing share buyback programme, net debt (debt less liquid funds) increased as planned from CHF 555 million as at 31 December 2018 to CHF 773 million. At 46.1%, the equity ratio increased slightly in comparison with the value after the first half of the previous year (45.9%).

The share buyback programme, launched on 6 June 2017, was continued. As part of this programme, shares to the value of up to CHF 450 million are to be repurchased, less withholding tax, over a maximum period of three years. The shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 30 June 2019, around 702,000 shares, or 1.9% of the share capital currently entered in the Commercial Register, had been acquired at a sum of CHF 296 million, thereof CHF 19 million in the first six months of 2019.

The General Meeting of 3 April 2019 approved a dividend of CHF 10.80, a 3.8% increase over that of 2018. The payout ratio of 62.7% of adjusted net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors, thus continuing the shareholder-friendly distribution policy.

NUMBER OF EMPLOYEES

At the end of June 2019, the number of people employed at the Geberit Group remained stable at 11,633 people worldwide (11,630 at the end of 2018). A reduction in production, which was primarily attributable to the termination of the remaining employment relationships as part of the closure of two ceramics plants in 2017, was offset by an increase in personnel in various sales companies.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

CHF 52 million (previous year CHF 55 million) was invested in property, plant and equipment in the first six months of 2019. This equates to 3.2% of sales (previous year 3.4%), with the bulk of this spending used for capacity expansions as well as to modernise and thus further increase production efficiency.

R&D EXPENDITURES

Research and development (R&D) expenditures amounted to CHF 39 million (previous year CHF 38 million), equalling 2.4% of sales (previous year 2.3%).

CHANGE IN THE BOARD OF DIRECTORS

At the General Meeting on 3 April 2019, Bernadette Koch was elected as a new member of the Board of Directors of Geberit AG in place of Jørgen Tang-Jensen, who did not stand for re-election.

OUTLOOK FOR THE FULL YEAR 2019

The forecasts for the current year for the construction industry have not changed significantly in the first six months of 2019. The environment will remain challenging due to an increase in volatility and the slowdown of construction activity in individual markets. However, the individual regions and sectors will perform differently. The assessment of construction activity in Europe remains positive as a whole. Despite healthy demand, growth potential in Germany is likely to remain limited due to capacity constraints of installers. A favourable market environment can be seen in Austria and the Benelux Countries, although with weaker growth momentum. A stagnating market environment is expected in Italy and in France.

The construction industry in Switzerland is set to decline slightly, but from a high level. In the Nordic Countries, the situation for the individual countries is expected to be mixed, with the market environment predicted to stagnate overall in the best case. A downward trend is expected in the United Kingdom. The Eastern European markets are also performing differently, with a positive environment in Poland and a weak environment in Russia and Turkey, for example. In North America, modest growth is predicted in the institutional construction industry – which is important to Geberit's business in the USA – along with a decrease in residential construction. In the Far East/Pacific region, the Chinese residential construction sector should continue to perform positively; the construction industry in Australia is expected to decline, while the situation in India is viewed positively. The Middle East/Africa region is characterised by a weak market environment in the Gulf and the construction market in South Africa is stagnating. Uncertainties related to raw material markets are still high and make an outlook difficult. After higher raw material prices in the second quarter, a stable raw material price level is expected overall in the third quarter.

The objective for the Geberit Group in 2019 is to perform strongly across the entire product range and in all markets and, as in previous years, to gain market shares. For 2019 as a whole, Management expects to achieve currency-adjusted sales growth of 3 to 4% and an operating cashflow margin of 28 to 29%.

15 August 2019

Albert M. Baehny
Chairman

Christian Buhl
CEO

CONSOLIDATED BALANCE SHEETS

MCHF	Note	30.6.2018	31.12.2018	30.6.2019
Assets				
Current assets				
Cash and cash equivalents		265.9	282.2	265.7
Trade accounts receivable		306.0	197.5	264.8
Other current assets and current financial assets		185.1	107.3	170.2
Inventories		318.4	304.9	307.6
Total current assets		**1,075.4**	**891.9**	**1,008.3**
Non-current assets				
Property, plant and equipment	**4/11**	800.9	828.9	882.4
Deferred tax assets		88.4	91.9	101.1
Other non-current assets and non-current financial assets		36.9	37.4	38.0
Goodwill and intangible assets		1,707.6	1,651.7	1,625.1
Total non-current assets		**2,633.8**	**2,609.9**	**2,646.6**
Total assets		**3,709.2**	**3,501.8**	**3,654.9**

MCHF	Note	30.6.2018	31.12.2018	30.6.2019
Liabilities and equity				
Current liabilities				
Short-term debt	**4**	2.7	154.3	20.1
Trade accounts payable		126.8	94.8	108.8
Tax liabilities and tax provisions		98.7	104.0	110.6
Other current liabilities	**4**	284.1	281.7	266.2
Current provisions		38.1	26.4	13.8
Total current liabilities		**550.4**	**661.2**	**519.5**
Non-current liabilities				
Long-term debt	**4**	1,045.9	683.1	1,018.7
Accrued pension obligation	**2**	290.7	291.5	308.0
Deferred tax liabilities		70.8	67.9	69.0
Other non-current liabilities		4.9	8.3	10.3
Non-current provisions		45.7	44.4	44.9
Total non-current liabilities		**1,458.0**	**1,095.2**	**1,450.9**
Shareholders' equity				
Capital stock		3.7	3.7	3.7
Reserves	**8**	2,081.0	2,163.7	2,121.7
Cumulative translation adjustments		-383.9	-422.0	-440.9
Total equity		**1,700.8**	**1,745.4**	**1,684.5**
Total liabilities and equity		**3,709.2**	**3,501.8**	**3,654.9**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

MCHF		Six months 1.1.–30.6.	
	Note	2018	2019
Net sales	**11**	**1,630.4**	**1,627.3**
Cost of materials		466.2	454.8
Personnel expenses		392.1	387.2
Depreciation	**4**	52.5	60.5
Amortisation of intangible assets		27.9	9.8
Other operating expenses, net	**9**	286.8	284.2
Total operating expenses, net		1,225.5	1,196.5
Operating profit (EBIT)		**404.9**	**430.8**
Financial expenses	**4**	-6.3	-5.9
Financial income		1.1	1.3
Foreign exchange loss (-)/gain		-1.2	-1.2
Financial result, net		-6.4	-5.8
Profit before income tax expenses		**398.5**	**425.0**
Income tax expenses		51.4	59.8
Net income		**347.1**	**365.2**
– Attributable to shareholders of Geberit AG		347.1	365.2
EPS (CHF)	**10**	9.49	10.14
EPS diluted (CHF)	**10**	9.48	10.13

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MCHF		Six months 1.1.–30.6.	
	Note	2018	2019
Net income according to the income statement		**347.1**	**365.2**
Cumulative translation adjustments		-22.8	-18.9
Income tax expenses		0.1	0.0
Cumulative translation adjustments, net of tax		**-22.7**	**-18.9**
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		**-22.7**	**-18.9**
Remeasurements of pension plans	**2**	21.7	-20.2
Income tax expenses		-3.8	5.1
Remeasurements of pension plans, net of tax		**17.9**	**-15.1**
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax		**17.9**	**-15.1**
Total other comprehensive income, net of tax		**-4.8**	**-34.0**
Total comprehensive income		**342.3**	**331.2**
– Attributable to shareholders of Geberit AG		342.3	331.2

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASHFLOWS

MCHF	Note	Six months 1.1.–30.6. 2018	2019
Cash provided by operating activities			
Net income		347.1	365.2
Depreciation and amortisation	**4**	80.4	70.3
Financial result, net	**4**	6.4	5.8
Income tax expenses		51.4	59.8
Other non-cash income and expenses		-4.4	6.7
Operating cashflow before changes in net working capital and income taxes		480.9	507.8
Income taxes paid		-61.7	-61.9
Changes in trade accounts receivable		-213.6	-189.5
Changes in inventories		-10.7	-6.6
Changes in trade accounts payable		2.9	15.2
Changes in other positions of net working capital		51.4	56.5
Net cash from/used (-) in operating activities		**249.2**	**321.5**
Cash from/used (-) in investing activities			
Purchase of property, plant & equipment and intangible assets		-55.0	-51.5
Proceeds from sale of property, plant & equipment and intangible assets		1.7	1.0
Interest received		0.0	1.2
Other, net		-0.8	-0.9
Net cash from/used (-) in investing activities		**-54.1**	**-50.2**

MCHF	Note	Six months 1.1.–30.6. 2018	2019
Cash from/used (-) in financing activities			
Proceeds from borrowings		390.1	635.2 [1]
Repayments of borrowings		-234.6	-499.0 [1]
Finance lease payments	4	0.0	-7.4
Interest paid	4	-5.1	-4.9
Distribution		-380.8	-389.0
Share buyback programme		-72.3	-23.1
Purchase (-)/sale of treasury shares		-37.2	2.2
Financing cost paid		-0.2	-0.9
Other, net		-0.7	-0.6
Net cash from/used (-) in financing activities		**-340.8**	**-287.5**
Effects of exchange rates on cash and cash equivalents		-1.1	-0.3
Net increase/decrease (-) in cash and cash equivalents		**-146.8**	**-16.5**
Cash and cash equivalents at beginning of year		412.7	282.2
Cash and cash equivalents at end of year		**265.9**	**265.7**

[1] A bond of MCHF 150 became due in April 2019. Two new bonds of MCHF 125 each were taken up for refinancing purposes in April 2019. Additionally, large repayments and drawings on the credit facility were also carried out.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

MCHF	Attributable to shareholders of Geberit AG					
	Ordinary shares	Reserves	Treasury shares	Pension plans	Cum. translation adjustments	Total equity
Balance at 31.12.2017	**3.7**	**2,506.2**	**-156.4**	**-155.1**	**-361.2**	**1,837.2**
Net income		347.1				347.1
Other comprehensive income				17.9	-22.7	-4.8
Distribution		-380.8				-380.8
Share buyback programme			-74.3			-74.3
Purchase (-)/sale of treasury shares		4.9	-22.7			-17.8
Management option plans		-5.8				-5.8
Balance at 30.6.2018	**3.7**	**2,471.6**	**-253.4**	**-137.2**	**-383.9**	**1,700.8**
Balance at 31.12.2018	**3.7**	**2,721.7**	**-417.7**	**-140.3**	**-422.0**	**1,745.4**
Net income		365.2				365.2
Other comprehensive income				-15.1	-18.9	-34.0
Distribution		-389.0				-389.0
Share buyback programme			-19.2			-19.2
Purchase (-)/sale of treasury shares		1.6	19.0			20.6
Management option plans		-4.5				-4.5
Balance at 30.6.2019	**3.7**	**2,695.0**	**-417.9**	**-155.4**	**-440.9**	**1,684.5**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE HALF-YEAR REPORT

1. GENERAL INFORMATION

The unaudited consolidated interim report for the first half-year 2019 was prepared according to IAS 34. With the exception of the accounting for leases (IFRS 16), the financial figures were determined in accordance with the same valuation principles as the audited financial statements as at 31 December 2018. The initial adoption of IFRS 16 is explained in Note 4. The consolidated interim report for the first half year does not include all disclosures as stated in the consolidated annual financial report and therefore this report should be read in connection with the consolidated annual financial report as at 31 December 2018.

At each balance sheet date, Geberit assesses if there are any indications for an impairment of assets. If there are any indications, an impairment test is carried out and the valuation of the asset is corrected if needed. Furthermore, goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. As at 30 June 2019, no indications exist which point to an impairment loss of goodwill and intangible assets.

2. RETIREMENT BENEFIT PLANS

The actuarial calculations at 31 December 2018, were extrapolated as per 30 June 2019. Thereby, the discount rate for Swiss pension plans was reduced from 0.8% to 0.25%, the discount rate for German pension plans from 1.7% to 1.0% and for the British pension plan from 2.95% to 2.45% compared to 31 December 2018. The other parameters remain unchanged. The resulting adjustment of the pension obligation is shown in the "Consolidated Statements of Comprehensive Income".

3. DISTRIBUTION

The General Meeting approved a dividend of CHF 10.80 per share for the year 2018. The distribution took place in April 2019.

4. LEASING

IFRS 16 (Leases) envisages a single accounting model for the lessee. This model results in all the lessee's assets and liabilities from leasing agreements being recorded in the balance sheet. Geberit has made use of its right of choice and not recognised leasing agreements with terms not exceeding 12 months as well as low-value assets with a replacement value of less than CHF 5,000. As before, the expenses from these agreements are directly recognised in other operating expenses, for short-term leases MCHF 2.8 (as of June 2019) and for low-value assets MCHF 0.5 (as of June 2019).

The Group applies the modified retrospective method. According to this method, assets and liabilities are only recognised according to the new standard as of 1 January 2019. The comparative information from the previous year has therefore not been adjusted and continues to be reported in accordance with IAS 17 and IFRIC 4.

According to IFRS 16, the lessee capitalises the right-of-use assets and recognises all future lease payments from the leasing agreement as financial liabilities. This amount corresponds to the present value of all future lease payments. The lessee defines the agreement term and the interest rate used to discount the payments. If this discount rate is specified in the leasing agreement, it is applied (implicit interest rate). If this is not the case, the incremental borrowing rate (IBR) is applied. The term generally corresponds to the irrevocable lease term taking into account any termination, renewal and purchasing options, as long as their exercising is sufficiently secure. The difference between the lease payments in accordance with Note 26 in the 2018 annual report and the lease liabilities recorded as of 1 January 2019 is largely explained by short-term and low-value leasing.

The material impact of the introduction of the new standard on the consolidated financial statements as of 30 June 2019 is illustrated in the following table:

MCHF	1.1.2019	Impact of IFRS 16	30.6.2019	Impact of IFRS 16	Description
Positions in the consolidated balance sheet					
Property, plant and equipment	903.7	74.8 [1]	882.4	66.8 [1]	Capitalisation of the right-of-use of property, plant and equipment
Other current liabilities	281.7		266.2	1.2	Accounts payable from finance leases
Short-term debt	168.5	14.2	20.1	15.9	Short-term portion of long-term finance lease liabilities
Long-term debt	743.7	60.6	1,018.7	51.5	Long-term finance lease liabilities

[1] As of 1 January 2019, the right-of-use of property, plant and equipment includes land/buildings at MCHF 67.8 (MCHF 60.7 as at 30 June 2019), machinery/equipment at MCHF 6.9 (MCHF 6.0 as at 30 June 2019) and office equipment at MCHF 0.1 (MCHF 0.1 as at 30 June 2019).

MCHF	1.1.–30.6.2019	Impact of IFRS 16	Description
Positions in the consolidated income statement			
Depreciation	60.5	8.4	Depreciation of the right-of-use of property, plant and equipment [2]
Other operating expenses, net	284.2	-9.5	Discontinuing operating leasing expenses
Financial expenses	5.9	1.0	Interest expenses on lease liabilities

[2] MCHF 8.4 includes land/buildings at MCHF 6.8 and machinery/equipment at MCHF 1.6.

MCHF	1.1.–30.6.2019	Impact of IFRS 16	Description
Positions in the consolidated statements of cashflows			
Net cash from/used (-) in operating activities	321.5	9.5	Discontinuing operating leasing expenses
Finance lease payments	-7.4	-7.4	Repayments of lease liabilities
Interest paid	-4.9	-1.0	Interest paid on lease liabilities

5. SWISS TAX REFORM

On 19 May 2019, the Swiss electorate passed the Federal Act on Tax Reform and AHV Financing (TRAF). With this vote, the new tax law in the Canton of St. Gallen also entered into force. This reform comprises the abolishment of tax regimes for holding companies, domiciliary companies and mixed companies, which are no longer accepted internationally. Also some Swiss Geberit companies are affected by this. In return, the cantons are cutting ordinary corporate taxes and planning internationally acceptable tax privileges. The ordinary tax rate for the Group companies domiciled in the Canton of St. Gallen will be reduced from 17.4% to 14.5% as of 1 January 2020. The deferred taxes of these companies were adjusted as of 30 June 2019. The adjustment had an immaterial impact on the consolidated financial statements as of 30 June 2019. The entire impact of the tax reform will be analysed and communicated as soon as the detailed implementation provisions of the new law are available.

6. CHANGES IN THE GROUP ORGANISATION

In the first half-year 2019 there were no material changes in Group organisation.

7. CONTINGENT LIABILITIES

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

The Group operates in many countries, most of which have sophisticated tax regimes. The nature of its operations and ongoing significant reorganisations result in complex legal structures for the Group and its subsidiaries. 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. The Group is not aware of any dispute that either individually or in the aggregate is likely to have a material impact on the Group's financial position or operating results.

8. TREASURY SHARES

The share capital of Geberit AG consists of 37,041,427 ordinary shares with a par value of CHF 0.10 each.

Geberit AG launched a share buyback programme on 6 June 2017. Shares in an aggregate amount of up to MCHF 450.0 will be repurchased, less withholding tax, over a maximum period of three years. Based on the closing price of Geberit registered shares on 30 June 2019 and taking into account the shares already repurchased by this date, this corresponds to around 1,050,000 registered shares or 2.8% of the share capital currently entered in the Commercial Register. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. As at 30 June 2019, 701,851 shares had been repurchased for a total value of MCHF 296.0.

The entire stock of treasury shares on 30 June 2019 amounted to 1,002,909 (30 June 2018: 604,786) with a carrying amount of MCHF 417.9 (30 June 2018: MCHF 253.4). Treasury shares are deducted from equity at historical cost.

pcs.	30.6.2018	30.6.2019
Stock of treasury shares		
From share buyback programmes	380,150	701,851
Other treasury shares	224,636	301,058
Total treasury shares as at 30 June	**604,786**	**1,002,909**

9. OTHER OPERATING EXPENSES, NET

MCHF		Six months 1.1.–30.6.	
	Note	2018	2019
Outbound freight costs and duties		58.5	57.9
Energy and maintenance expenses		67.7	66.6
Marketing expenses		54.5	58.1
Administration expenses		38.7	38.6
Other operating expenses	**4**	85.5	71.6
Other operating income		-18.1	-8.6
Total other operating expenses, net		**286.8**	**284.2**

In 2019 the position "Other operating expenses" does not include costs for operating leases anymore (see also Note 4). In 2018, the "Other operating expenses" position contains the costs of a claim that is almost exclusively covered by insurance. The corresponding income is included in the "Other operating income" position.

10. EARNINGS PER SHARE

Earnings per share are 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.

	Six months 1.1.–30.6.	
	2018	2019
Attributable net income according to income statement (MCHF)	347.1	365.2
Weighted average number of ordinary shares outstanding (thousands)	36,569	36,018
Total earnings per share (CHF)	**9.49**	**10.14**

For the diluted earnings per share, the weighted average number of ordinary shares issued is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has considered the share options granted to the management to calculate the potentially dilutive ordinary shares.

	Six months 1.1.–30.6.	
	2018	2019
Attributable net income according to income statement (MCHF)	347.1	365.2
Weighted average number of ordinary shares outstanding (thousands)	36,569	36,018
Adjustments for share options (thousands)	39	45
Weighted average number of ordinary shares outstanding (thousands)	36,608	36,063
Total diluted earnings per share (CHF)	**9.48**	**10.13**

11. SEGMENT REPORTING

The Geberit Group consists of one single business unit, the purpose of which is to develop, produce and distribute sanitary products and systems for the residential and commercial construction industry. The major part of the products is distributed through the wholesale channel in general to plumbers or retailers, who resell the products to the end users. Products are produced by plants that specialise in particular production processes. As a general rule, one specific article is produced at only one location. Distribution is carried out by country or regional distribution subsidiaries, which sell to wholesalers. A distribution subsidiary is always responsible for the distribution of the whole range of products in its sales area.
The main task of the distribution companies is local market development, which contains as a main focus the support of installers, sanitary planners, architects, retailers and wholesalers. Research and development of the whole range of products is carried out centrally by Geberit International AG. All corporate tasks are also centralised at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) and the management structure of the Geberit Group are organised by function (Overall Management, Sales Europe, Sales International, Marketing & Brands, Operations, Product Management & Innovation, Finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on net sales by markets and product areas and on the consolidated income statements, balance sheets and statements of cashflows.

Segment reporting is therefore prepared according to IFRS 8.31 et seq. (one single reportable segment), and the valuation is made according to the same principles as the consolidated financial statements. The basis for revenue recognition is the same for all markets and product areas. The geographical allocation of net sales is based on the domicile of the customers.

The information is as follows:

MCHF	Six months 1.1.–30.6.	
	2018	2019
Net sales by product areas		
Installation and Flushing Systems	613.6	620.1
Piping Systems	477.0	492.3
Bathroom Systems	539.8	514.9
Total net sales	**1,630.4**	**1,627.3**

MCHF	Six months 1.1.–30.6.	
	2018	2019
Net sales by markets		
Germany	504.6	510.7
Switzerland	146.1	149.0
Nordic Countries	162.8	157.2
Eastern Europe	162.2	153.4
Benelux	135.4	137.5
Italy	121.6	116.0
France	102.2	99.6
Austria	85.0	86.4
United Kingdom/Ireland	53.4	57.6
Iberian Peninsula	13.1	13.4
Other markets	144.0	146.5
Total net sales	**1,630.4**	**1,627.3**

MCHF	Six months 1.1.–30.6. 2018	Six months 1.1.–30.6. 2019
Share of net sales by customers		
Customers with more than 10% of net sales: customer A	255.8	268.6
Total > 10%	**255.8**	**268.6**
Remaining customers with less than 10% of net sales	1,374.6	1,358.7
Total net sales	**1,630.4**	**1,627.3**

MCHF	30.6.2018	30.6.2019
Property, plant and equipment by markets		
Germany	299.6	328.9
Switzerland	159.1	173.4
Nordic Countries	37.4	43.3
Eastern Europe	126.1	143.6
Benelux	6.2	6.5
Italy	55.7	56.9
France	9.9	13.6
Austria	40.2	41.6
United Kingdom/Ireland	2.4	8.6
Iberian Peninsula	12.8	12.5
Other markets	51.5	53.5
Total property, plant and equipment	**800.9**	**882.4**

12. NEW OR REVISED IFRS STANDARDS AND INTERPRETATIONS 2019 AND THEIR ADOPTION BY THE GROUP

Standard/ Interpretation	Enact- ment	Relevance for Geberit	Intro- duction
IFRS 16 – Leases	1.1.2019	The standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB included an optional exemption for certain short-term leases and leases of low-value assets. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The adoption of this standard has an impact on the consolidated financial statements. This is explained in Note 4.	1.1.2019
IFRIC 23 – Uncertainty over income tax treatments	1.1.2019	This IFRIC clarifies the accounting treatment when there is uncertainty over whether a tax treatment will be accepted by tax authorities and defines that it is in the scope of IAS 12 and not IAS 37. It is to be assumed that tax authorities will examine those treatments and have full knowledge of all related information. Both current and deferred income taxes are accounted based on the probabilities that certain treatments will be accepted, determined by the most likely amount method or the expected value method. The amendment has no material impact on the consolidated financial statements.	1.1.2019
Amendments to IFRS 9 – Financial instruments	1.1.2019	The amendment allows the measuring of particular pre-payable financial assets with so-called "negative compensation" (i.e. when, for example, a party terminating the contract may receive reasonable compensation for the early termination rather than having to make a payment) at amortised cost or at fair value through other comprehensive income (depending on the business model assessment) instead of at fair value through profit or loss. This amendment has no impact on the consolidated financial statements.	1.1.2019

Amendments to IAS 28 – Investments in associates and joint ventures	1.1.2019	The amendment clarifies that the requirements of IFRS 9 are applied for long-term interests in an associate or joint venture to which the equity method is not applied. These interests include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. This amendment has no impact on the consolidated financial statements.	1.1.2019
Amendments to IAS 19 – Employee Benefits	1.1.2019	The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan takes place, the updated assumptions from this remeasurement must be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. This will change the amounts that would otherwise have been charged to profit or loss in the period after the change, and may lead to a more frequent remeasurement of the net liability. This amendment has no material impact on the consolidated financial statements.	1.1.2019
Annual improvements of IFRS 2015–2017	various	The ordinary annual clarifications and minor amendments of various standards have no material impact on the consolidated financial statements.	various

13. EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

TIME SCHEDULE

	2019
Interim report 3rd quarter	31 October

	2020
First information on the year 2019	16 January
Results full year 2019	10 March
Annual General Meeting	1 April
Dividend payment	7 April
Interim report 1st quarter	30 April
Half-year report	18 August
Interim report 3rd quarter	29 October

(Subject to minor changes)

This half-year report is published in German and English. The German version is binding. Please find further information on half-year results 2019 at www.geberit.com.

The annual report 2018 is available online in German and English at www.geberit.com/annualreport.

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including, but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

Geberit AG
Schachenstrasse 77
CH-8645 Jona

T +41 (0) 55 221 63 00
F +41 (0) 55 221 67 47

corporate.communications@geberit.com
www.geberit.com
www.geberit.com/halfyearreport