

# Balance Sheets

	31.12.2013 MCHF	31.12.2013 MCHF	31.12.2012 MCHF	31.12.2012 MCHF
<b>Assets</b>				
<b>Current assets</b>				
Treasury shares		0.0		197.6
Accounts receivable				
- Third parties		4.0		4.1
- Group companies		233.5		59.0
<b>Total current assets</b>		<b>237.5</b>		<b>260.7</b>
<b>Non-current assets</b>				
Investments		945.1		976.3
<b>Total non-current assets</b>		<b>945.1</b>		<b>976.3</b>
<b>Total assets</b>		<b>1,182.6</b>		<b>1,237.0</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
- Third parties		1.6		9.5
- Group companies		3.5		3.5
<b>Total current liabilities</b>		<b>5.1</b>		<b>13.0</b>
<b>Shareholders' equity</b>				
Capital stock		3.8		3.9
Legal reserves				
- General reserve, share premium		0.8		0.8
- Reserve for treasury shares		40.4		225.0
- Reserve from capital contributions				
- Share premium, reserves from capital contributions	25.7		128.1	
- Reserve for treasury shares from capital contributions	0.0	25.7	3.4	131.5
<b>Total legal reserves</b>		<b>66.9</b>		<b>357.3</b>
Free reserves				
- Other free reserve		698.2		561.1
<b>Total free reserves</b>		<b>698.2</b>		<b>561.1</b>
Retained earnings		408.6		301.7
<b>Total shareholders' equity</b>		<b>1,177.5</b>		<b>1,224.0</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,182.6</b>		<b>1,237.0</b>

# Income Statements

	2013 MCHF	2012 MCHF
<b>Income</b>		
Dividends from Group companies	400.0	300.0
Financial income	3.1	2.6
Other operating income	0.4	0.3
<b>Total income</b>	<b>403.5</b>	<b>302.9</b>
<b>Expenses</b>		
Administrative expenses	3.0	2.9
<b>Total expenses</b>	<b>3.0</b>	<b>2.9</b>
<b>Net income</b>	<b>400.5</b>	<b>300.0</b>

# Notes to the Financial Statements

## 1.1 Guarantees, assets pledged in favor of third parties

	31.12.2013	31.12.2012
	MCHF	MCHF
Guarantee Revolving Facility	150.0	150.0

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

## 1.2 Significant investments

	2013 Ownership in %	2013 capital stock	2012 Ownership in %	2012 capital stock
Geberit Holding AG, Rapperswil-Jona	100	TCHF 39 350	100	TCHF 39 350
Geberit Finance Ltd., Jersey <sup>1</sup>	82	TEUR 497	82	TEUR 522
Geberit Reinsurance Ltd., Guernsey	100	TEUR 2	100	TEUR 2

<sup>1</sup> The remaining 18.5% (PY 17.6%) are held by Geberit Companies.

## 1.3 Share capital

The share capital of Geberit AG consists of 37,798,427 ordinary shares with a par value of CHF 0.10 each.

	2013	2012
	pcs.	pcs.
<b>Number of shares issued</b>		
<b>January 1</b>	<b>38,821,005</b>	<b>39,847,005</b>
Capital reduction as at June 2013 / June 2012	-1,022,578	-1,026,000
<b>December 31</b>	<b>37,798,427</b>	<b>38,821,005</b>

## 1.4 Capital contribution reserves

From the total of MCHF 25.7 shown as at 31.12.2013 the amount of MCHF 4.2 was confirmed by the Swiss tax authorities and is therefore available for withholding tax free distribution.

## 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	Average	Low
		in CHF	in CHF	in CHF
<b>Balance at December 31, 2012</b>	<b>1,235,345</b>			
Cancellation share buyback program 2012	-1,022,578			
Other Purchases	124,789	269.51	237.57	217.76
Sales	-125,174	272.00	228.40	205.80
<b>Balance at December 31, 2013</b>	<b>212,382</b>			
Number of treasury shares held by Geberit AG	0			

The Board of Directors of Geberit AG decided to initiate a share buyback program for the years 2011 and 2012 and determined a maximum repurchasing volume of 5% of the share capital, in total 2,048,578 shares. The repurchased shares from 2011 were cancelled in 2012 with the decision from the General Meeting on April 4, 2012. The remaining 1,022,578 shares were repurchased in 2012. The General Meeting dated April 4, 2013 decided to reduce the capital by the volume of the shares repurchased. Therefore as at June 2013, these 1,022,578 shares were cancelled as well.

The legal reserves for treasury shares were recorded at cost.

## 1.6 Remuneration, loans and shareholdings of members of the board of directors and of the group executive board

	A. Baehny Chairman <sup>4</sup> CHF	R. Spoerry Vice Chairman CHF	H. Reuter CHF	F. Ehrat CHF	J. Song CHF	J. Tang- Jensen CHF	Total CHF
<b>2013</b>							
<b>Remuneration of the Board of Directors</b>							
Accrued remuneration <sup>1</sup>	-	320,000	222,500	150,000	170,000	200,000	1,062,500
Expenses	-	15,000	15,000	11,250	15,000	15,000	71,250
Contributions to social insurance	-	15,071	10,714	7,438	6,066	9,701	48,990
<b>Total</b>	<b>-</b>	<b>350,071</b>	<b>248,214</b>	<b>168,688</b>	<b>191,066</b>	<b>224,701</b>	<b>1,182,740</b>

	CHF						
<b>Remuneration of former members of the Board of Directors</b>							
Accrued remuneration	50,000						
Expenses	3,750						
Contributions to social insurance	2,469						
<b>Total</b>	<b>56,219</b>						

	A. Baehny Chairman <sup>4</sup> CHF	R. Spoerry Vice Chairman CHF	H. Reuter CHF	S. Ruoff CHF	J. Song CHF	J. Tang- Jensen CHF	Total CHF
<b>2012</b>							
<b>Remuneration of the Board of Directors</b>							
Remuneration							
- Fixed remuneration	-	210,000	140,000	130,000	82,500	97,500	660,000
- Variable remuneration	-	140,043	93,384	86,684	54,843	64,846	439,800
Total remuneration <sup>2</sup>	-	350,043	233,384	216,684	137,343	162,346	1,099,800
<i>thereof drawn in shares in 2013<sup>3</sup></i>		<i>333,621</i>	<i>222,183</i>	<i>206,230</i>	<i>103,346</i>	<i>122,305</i>	<i>987,685</i>
Expenses	-	10,000	10,000	10,000	7,500	7,500	45,000
Contributions to social insurance	-	16,422	11,201	10,454	6,799	7,893	52,769
<b>Total</b>	<b>-</b>	<b>376,465</b>	<b>254,585</b>	<b>237,138</b>	<b>151,642</b>	<b>177,739</b>	<b>1,197,569</b>

<sup>1</sup> Directors fee booked, but not yet paid as at December 31. Payment will be made in the first quarter of 2014 in the form of restricted shares. The blocking period is 4 years.

<sup>2</sup> The total remuneration for 2012 was calculated based on the fixed fee and the share discount of 40% granted under the Employee Share Plan 2013 in March 2013. The size of the Employee Share Plan discount is based on the performance of the previous year. For 2013, the compensation regulations of the board have been changed. From 2013, the compensation for the Board of Directors no longer includes a variable component.

<sup>3</sup> The remuneration is paid out in the form of registered shares in the company with a par value of CHF 0.10 each, 4-year blocking period, valued at fair value at grant date of CHF 231.20. The part not paid in shares is used for the payment of social charges and for Swiss withholding taxes for non Swiss board members.

<sup>4</sup> The remuneration of A. Baehny as Chairman of the Board is compensated with his total CEO remuneration.

	2013		2012	
	A. Baehny CEO <sup>10</sup> CHF	Total CHF	A. Baehny CEO CHF	Total CHF
<b>Remuneration of the Group Executive Board</b>				
<b>Salary</b>				
- Fixed salary	946,803	2,861,729	946,803	2,861,729
- Variable salary <sup>1</sup>	831,086	2,507,682	596,580	1,792,510
<i>thereof in shares in 2013</i> <sup>2</sup>			596,496	1,028,378
<b>Shares/options</b>				
- Call options MSOP 2012 A <sup>3</sup>	0	0	179,755	327,146
- Call options MSOP 2012 B <sup>4</sup>	0	0	163,093	296,822
- Call options MSOP 2013 <sup>5</sup>	548,526	1,110,585	0	0
- Call options MSPP	62,797 <sup>6</sup>	108,264 <sup>6</sup>	107,271 <sup>7</sup>	219,068 <sup>7</sup>
<b>Non-cash benefits</b>				
- Private share of company vehicle <sup>8</sup>	9,660	38,792	9,660	37,512
<b>Expenditure on pensions</b>				
- Pension plans and social insurance	196,283	752,034	352,076 <sup>11</sup>	956,121 <sup>11</sup>
- Contribution health/accident insurance	2,262	12,390	2,390	13,030
<b>Total</b> <sup>9</sup>	<b>2,597,417</b>	<b>7,391,476</b>	<b>2,357,628</b>	<b>6,503,938</b>

<sup>1</sup> The amounts to be paid respectively the amounts effectively paid are shown. The payment of the variable salary occurs in the following year. The member of the Group Executive Board are free to choose between a payment in shares or in cash.

<sup>2</sup> Registered shares of the company with a par value of CHF 0.10 each, 3-year blocking period, valued at fair market value at grant date of CHF 231.20 (PY CHF 192.85).

<sup>3</sup> 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 196.15; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 26.97 determined using the binomial method.

<sup>4</sup> 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 205.50; definitive acquisition of the option ("vesting") dependent on various conditions, 4-year blocking period, market value of CHF 24.47 determined using the binomial method.

<sup>5</sup> Call options 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 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 2-4-year blocking period (3 tranches at 33.3%), market value of CHF 24.34 determined using the binomial method. Effective January 1 2013, the MSOP program has been amended by implementing a performance-based vesting criteria (→ **Note 18 Participation plans** of the consolidated financial statements),

<sup>6</sup> 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) related to the payout of the variable salary for the year 2012 and 2011 respectively; 1 option entitles to purchase 1 registered share at an exercise price of CHF 231.20; definitive acquisition of the option ("vesting") dependent on various conditions, 1-4-year blocking period (4 tranches at 25%), market value of CHF 24.34 determined using the binomial method.

<sup>7</sup> 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 192.85; definitive acquisition of the option ("vesting") dependent on various conditions, 2-year blocking period, market value of CHF 31.43 determined using the binomial method.

<sup>8</sup> Valuation in accordance with the guidelines of the Swiss Federal Tax Administration FTA (0.8% of the purchase cost per month).

<sup>9</sup> 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.

<sup>10</sup> The remuneration of A. Baehny as Chairman of the Board of Directors is compensated with his total CEO remuneration.

<sup>11</sup> Including one-off compensation in pension provision due to pension scheme modifications (reduction of pension conversion rate).

The parameters taken into consideration in the option valuation model are set out in → **Note 18 Participation plans** of the consolidated financial statements.

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	F. Ehrat	J. Song	J. Tang- Jensen	Total
<b>2013</b>							
<b>Shareholdings Board of Directors</b>							
Shares	see Group Executive Board	6,355	5,584	200	448	749	13,336
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christensen	M. Reinhard	K. Spachmann	Total
<b>2013</b>								
<b>Shareholdings Group Executive Board</b>								
Shares			45,201	20,000	1,489	1,940	3,084	71,714
Percentage voting rights shares			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%
<b>Call options <sup>1</sup></b>								
Vesting period:								
Vested	2014–2016	217.60	1,792	957	0	1,017	1,038	4,804
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
2014–2017	2020	231.20	25,116	7,356	4,968	7,016	5,620	50,076
<b>Total options</b>			<b>47,107</b>	<b>14,907</b>	<b>8,788</b>	<b>14,152</b>	<b>11,090</b>	<b>96,044</b>
Percentage potential share of voting rights options			0.12%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.25%

<sup>1</sup> Purchase ratio 1 share for 1 option

	A. Baehny Chairman	R. Spoerry Vice Chairman	H. Reuter	S. Ruoff	J. Song	J. Tang-Jensen	Total
<b>2012</b>							
<b>Shareholdings Board of Directors</b>							
Shares	see Group Executive Board	4,912	4,623	2,595	1	220	12,351
Percentage voting rights shares		< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%

	Maturity	Average exercise price in CHF	A. Baehny CEO	R. Iff CFO	W. Christensen	M. Reinhard	K. Spachmann	Total
<b>2012</b>								
<b>Shareholdings Group Executive Board</b>								
Shares			49,684	21,823	6,086	2,206	3,084	82,883
Percentage voting rights shares			0.13%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.21%
<b>Call options <sup>1</sup></b>								
Vesting period:								
Vested	2013–2015	178.37	4,232	3,983	715	1,784	555	11,269
2013	2014–2016	179.05	8,137	4,691	2,242	3,578	1,708	20,356
2014	2015–2017	198.53	11,742	4,220	1,891	3,560	2,619	24,032
2015	2016	228.00	1,792	957	753	1,017	483	5,002
2016	2017	205.50	6,665	1,417	1,176	1,542	1,330	12,130
<b>Total options</b>			<b>32,568</b>	<b>15,268</b>	<b>6,777</b>	<b>11,481</b>	<b>6,695</b>	<b>72,789</b>
Percentage potential share of voting rights options			< 0.1%	< 0.1%	< 0.1%	< 0.1%	< 0.1%	0.19%

<sup>1</sup> Purchase ratio 1 share for 1 option

As at the balance sheet date there were no outstanding loans or credits between the company and the members of the Board of Directors or the member of the Group Executive Board.

## 1.7 Significant shareholders

According to the information available to the Board of Directors, the following shareholders have attained or exceeded the threshold of 3% of the share capital of Geberit AG:

	31.12.2013	31.12.2012
Capital Group Companies, Inc., Los Angeles	9.72%	9.72%
Black Rock, New York	3.23%	3.23%
MFS Investment Management, Boston	3.03%	< 3.00%
Nicolai Tangen, c/o AKO Capital, London	3.02%	< 3.00%
Geberit AG, Rapperswil-Jona	< 3.00%	3.18%
Marathon Asset Management, London	< 3.00%	3.00%

## 1.8 Risk management

Geberit AG is integrated into the group-wide risk management system of the Geberit Group.

A description of the risk management system of the Geberit Group can be seen in → **Note 4 "Risk assessment and management"** of the consolidated financial statements.

## 1.9 Additional information

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

## 2. Other Disclosures required by the law

### Proposal for the Appropriation of Available Earnings

Proposal by the Board of Directors to the General Meeting:

#### Appropriation available earnings

	2013 CHF	2012 CHF
<b>Available earnings</b>		
Net income	400,539,406	299,990,789
Balance brought forward	8,041,491	1,684,725
Withdrawal from legal capital contribution reserves	0	105,835,596
<b>Total available earnings</b>	<b>408,580,897</b>	<b>407,511,110</b>
Transfer to free reserves	110,000,000	150,000,000
Paid distribution out of capital contribution reserves	0	105,835,596
Proposed/paid dividend	283,488,203	143,634,023
Balance to be carried forward	15,092,694	8,041,491
<b>Total appropriation of available earnings</b>	<b>408,580,897</b>	<b>407,511,110</b>

### Distribution of capital contribution / dividend payments

The Board of Directors proposes a dividend of CHF 7.50 per share. In the previous year, a redemption of capital contribution of CHF 2.80 per share and a dividend of CHF 3.80 was paid out. The dividend payment is subject to withholding tax.

The number of shares with dividend rights will change if the number of shares held by Geberit AG changes. 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 Auditor



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Report of the Statutory Auditor  
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**, for the year ended December 31, 2013.

### 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, 2013 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 7, 2014