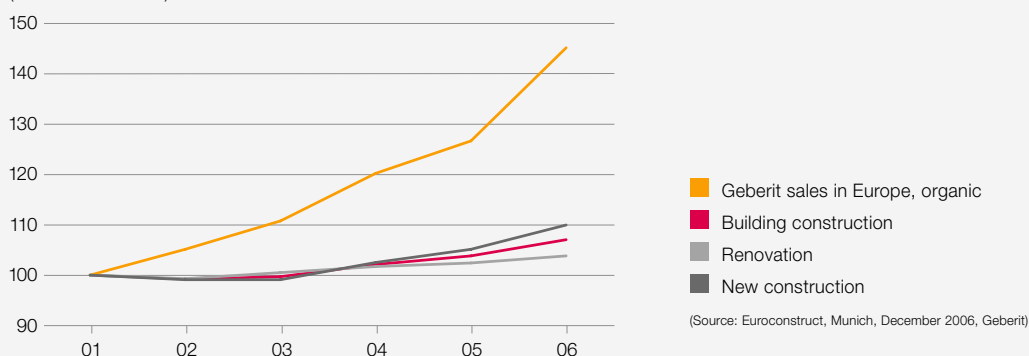


Building construction activities and Geberit sales in Europe 2001–2006
(Index: 2001 = 100)



Business and Financial Review

In 2006, the Geberit Group generated the best result in the Company's history and thus simultaneously continued a sequence of successful years. This success was supported by a broad geographic base, all Geberit markets made contributions to this positive development. The growth was substantially supported by the favorable economic framework conditions. Geberit was able to further strengthen its position as a leading manufacturer in the sanitary technology sector.

Positive economic framework conditions

Although not equally pronounced, the economic situation in the construction industry was a gratifying one throughout the world.

According to estimates by Euroconstruct dated December 2006, the construction industry in **Europe** recorded the fifth year of growth in a row in the period under review. This growth was driven by a strong demand in the area of new residential construction and, although less pronounced, in the new commercial construction segment. The renovation market, where Geberit generates about 70% of its sales, also grew. In particular the renovation business in the residential construction market reported a marked recovery against the prior year. A comparison of these index developments with the performance of Geberit sales in Europe shows that, as in previous years, the Company significantly outperformed the industry environment.

In 2006, the gross domestic product (GDP) in the **USA** continued to experience a positive development with a 3.3% growth rate. Construction investments, on the other hand, stagnated at USD 1,180 billion (+0.1% against the prior year). The construction industry presented a mixed picture. While the private construction sector posted a negative development (-11.0%), an increase of 14.7% was reported for commercial construction activities, an area of relevance to Geberit.

Asia experienced a strong growth in gross domestic product of 8.1% which was, as in prior years, mainly driven by China with its 10.7% GDP growth. Construction investments in China in the year 2006 were in a similar growth corridor and thus continued to be at a very high level.