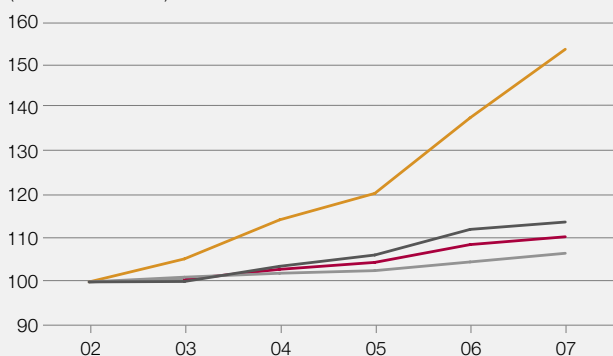


**Building construction activities and Geberit sales in Europe 2002–2007**  
(Index: 2002 = 100)



■ Geberit sales in Europe, organic  
■ Building construction  
■ Renovation  
■ New construction

(Source: Euroconstruct, Munich, November 2007, Geberit)

## Business and Financial Review

In 2007, the Geberit Group continued a sequence of successful years with a further record result. This success was supported by broad geographical growth in sales, high cost discipline and permanent process optimization. The company further strengthened and expanded 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. The cycle has now peaked in many regions.

According to estimates by Euroconstruct dated November 2007, the construction industry in **Europe** again grew, albeit with reduced dynamism. The renovation market, where Geberit traditionally generates about 70% of its sales, had a stabilizing effect. On the other hand, new residential construction declined. There was continued strong growth in the new commercial construction segment. 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 the **USA**, growth in gross domestic product (GDP) slowed from +3.3% in the prior year to +2.2%. Construction investments fell by 2.3% compared with the

prior year to USD 1,140 billion. The construction industry presented a mixed picture. While the private construction sector posted a very negative development (-20.1%), an increase of 15.7% was reported for commercial construction activities, an area of principal relevance to Geberit.

**Asia** experienced growth in gross domestic product of around 8% which was, as in prior years, mainly driven by China with its 11.4% GDP growth. According to estimates from within the industry, construction investments in China grew considerably faster than in prior years with an increase of 25%.