Ad hoc announcement pursuant to Art. 53 LR

Annual results 2022

Good business year under challenging conditions

Geberit AG, Rapperswil-Jona, 8 March 2023

A very challenging business year 2022 is behind the Geberit Group. The effects of the COVID-19-induced home improvement trend and the outbreak of war in Ukraine, as well as the sharp increase in inflation worldwide, led to strongly fluctuating volumes during the course of the year. In turn, this placed some very high demands in terms of flexibility on Purchasing, Production, Logistics and Sales. Following an unprecedented rise, the costs of raw materials and energy reached new records in the reporting year, which put margins under enormous pressure. Exchange rate developments also had an extremely negative impact on results. Taking into account these challenging conditions and the records set in the previous year, Geberit was nonetheless able to post good results in 2022. The comparison with pre-COVID results remains very positive, which is reference to the structural and financial strength as well as the prudent crisis management right from the start of the pandemic. This enabled the Geberit Group to further consolidate its position as leading supplier of sanitary products and gain market shares. In 2022, net sales for the Geberit Group decreased by 2.0% to CHF 3,392 million. Local currencies saw growth of 4.8%. Operating cashflow (EBITDA) decreased by 15.0% to CHF 909 million, which corresponds to an EBITDA margin of 26.8%. Compared to the operating results, net income decreased less than proportional by 6.5% to CHF 706 million. This corresponds to a return on net sales of 20.8%. The accelerated share buyback programme had a positive effect on earnings per share, which only decreased by 4.0% to CHF 20.48. In local currencies, earnings per share increased by 4.7%.

Currency-adjusted sales growth

As already announced on 19 January 2023, currency-adjusted net sales in 2022 increased by 4.8%. Net sales in Swiss francs decreased by 2.0% to CHF 3,392 million. This slight decrease was due to negative currency effects of CHF 234 million.

Despite a strong equivalent period in the previous year, the European markets recorded positive growth rates in all countries and regions in 2022. As a whole, these markets grew by +4.3% after currency adjustments. The Middle East/Africa region continued to grow very strongly at +21.4%. Growth was also achieved in America (+2.8%) as well as in the Far East/Pacific region (+6.5%). In the product areas, Piping Systems saw growth of +10.8% after currency adjustments, Installation and Flushing Systems grew by +2.0% and Bathroom Systems by +2.3%.

Operating margins negatively affected by significantly higher costs

The massive increase in costs as well as currency developments had an extremely negative impact on results on all levels in 2022. Operating cashflow (EBITDA) decreased by 15.0% to CHF 909 million, which corresponds to an EBITDA margin of 26.8% (previous year 30.9%).

In the reporting year, the currency-adjusted prices for raw materials and energy rose by 19% and 101%, respectively, compared to the previous year, which resulted in additional costs of CHF 244 million. Due to the multi-level distribution channel seen in the sanitary industry, adjustments to the sales price can only be implemented with a delay, meaning it was not yet possible to fully offset the higher raw material and energy prices in 2022. Tariff-related increases in personnel expenses, additional investments in digitalisation and unfavourable currency developments also had a negative impact on operating margins.

Operating profit (EBIT) fell by 16.3% to CHF 755 million, corresponding to an EBIT margin of 22.3% (previous year 26.1%). The decline in the operating result, a financial result practically in line with the level seen in the previous year and a significantly lower tax rate due to a positive one-off effect led to a less than proportional decrease in net income of 6.5% to CHF 706 million. This corresponds to a return on net sales of 20.8% (previous year 21.8%). The accelerated share buyback programme had a positive effect on earnings per share, which only decreased by 4.0% to CHF 20.48 (previous year CHF 21.34). In local currencies, earnings per share increased by 4.7%.

Lower free cashflow
Free cashflow decreased by 30.6% to CHF 562 million, which was primarily due to the lower operating cashflow, negative effects from the changes in net working capital and the extremely negative currency effect. Compared to the previous year, lower investments in property, plant and equipment and intangible assets had a positive effect. The free cashflow margin reached 16.6% (previous year 23.4%).

Continued strong financial foundation
The continued healthy free cashflow – despite the downturn seen in 2022 – and low levels of debt allowed the attractive dividend policy and the share buyback programme to be continued while also maintaining the very healthy financial foundation of the Group.

Total assets decreased among others from CHF 3,772 million to CHF 3,429 million, mainly as a result of currency effects. Liquid funds (including marketable securities and other short-term investments) decreased from CHF 511 million to CHF 206 million – not least due to the accelerated share buyback programme. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 722 million. Debt increased from CHF 784 million in the previous year to CHF 1,030 million. Overall, this resulted in an increase in net debt of CHF 551 million to CHF 824 million at the end of 2022. Net working capital increased by CHF 80 million year-on-year to CHF 237 million. Property, plant and equipment decreased from CHF 956 million to CHF 948 million, while goodwill and intangible assets fell from CHF 1,493 million to CHF 1,410 million. The ratio of net debt to equity (gearing) increased from 13.7% in the previous year to 55.0%. The equity ratio decreased to 43.7% (previous year 52.7%). The ratio of net debt to EBITDA increased to 0.9x (previous year 0.3x). Based on average equity, the return on equity (ROE) came to 42.7% (previous year 37.6%). The return on invested capital (ROIC) decreased slightly to 26.5% (previous year 27.1%).

The share buyback programme 2020–2022, started on 17 September 2020, was concluded on 16 June 2022. In total, 826,251 registered shares – equal to CHF 500 million and corresponding to 2.3% of the share capital entered in the Commercial Register at that time –

were repurchased. The share buyback was conducted via a second trading line set up for the purpose of a capital reduction. Following the conclusion of the share buyback programme 2020–2022, a new share buyback programme was launched on 20 June 2022. Over a period of two years, registered shares amounting to a maximum value of CHF 650 million will be repurchased. Based on the closing price of Geberit registered shares on 16 June 2022, this corresponds to around 1,400,000 registered shares. The registered shares will again be repurchased via a second trading line on the SIX Swiss Exchange for the purpose of a capital reduction. By 31 December 2022, 627,600 shares were acquired as part of the programme at a sum of CHF 286 million. The average purchase price per share was CHF 456. In the reporting year, 1,109,452 shares were acquired in total at a sum of CHF 570 million.

Environmental performance significantly improved again
The absolute environmental impact of the Geberit Group decreased in 2022 by 17.1%; this with an increase in currency-adjusted net sales in the same period of 4.8%. The environmental impact in relation to currency-adjusted net sales (eco-efficiency) therefore even decreased by 20.9%. Since the integration of the energy-intensive ceramics production in 2015, eco-efficiency has improved by 56.8%. As regards the long-term target, which is based on an average improvement of 5% per year, Geberit therefore remains very well on course.

Compared to the previous year, absolute CO_2 emissions fell substantially by 18.1% to 150,591 tonnes. In relation to currency-adjusted net sales, CO_2 emissions decreased by 21.9%. As a result, the medium-term target set as part of the CO_2 strategy of reducing CO_2 emissions by 5% per year was clearly exceeded. Since 2015, Geberit has been able to reduce CO_2 emissions in relation to currency-adjusted net sales (CO_2 intensity) by 56.4%. This substantial decrease results from the reduction of energy consumption, the increase in efficiency and the targeted purchase of high-quality renewable energy sources.

EcoVadis awarded the Geberit Group the platinum rating for its sustainability management for the third time running in 2022. It is the highest possible rating awarded following the annual evaluation. Geberit thus finds itself again in the top one percent of rated companies. EcoVadis is one of the world's largest providers of business sustainability ratings and has created a global network of over 100,000 companies in around 175 countries.

Lower investments
In 2022, investments in property, plant and equipment and intangible assets amounted to CHF 155 million – CHF 14 million or 8.4% less than in the previous year. As a percentage of net sales, the investment ratio was 4.6% (previous year 4.9%). 38% of the total investments went towards capacity expansion to cope with sales growth. 47% was invested in the modernisation of property, plant and equipment and, hence, in further enhancement in production efficiency. Furthermore, 6% was used for rationalisation measures relating to property, plant and equipment, while 9% was used to acquire tools and equipment for new product developments. All important, larger investment projects were carried out as planned.

Number of employees decreased
At the end of 2022, the Geberit Group employed 11,514 staff worldwide, equivalent to a decrease of 295 employees or 2.5% compared to the previous year. This decrease was due to – mainly temporary – capacity adjustments in production and logistics due to the decline in volume.

Innovation as the foundation for future growth
Geberit's innovative strength, which is above average for the sector, is founded on its own, wide-ranging research and development (R&D) activities. In the reporting year, a total of CHF 72 million (previous year CHF 78 million) – or 2.1% of net sales – was invested in the development and improvement of products, processes and technologies. Additionally, as part of the investments in property, plant and equipment and intangible assets, considerable sums were invested in tools and equipment for the production of newly developed products. In the reporting year, 27 patents were applied for, in the last five years a total of 180 patents.

Continued attractive distribution policy
The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 19 April 2023 an increase in the dividend of 0.8% to CHF 12.60. The payout ratio of 61.8% of net income is in the mid-range of the 50% to 70% corridor defined by the Board of Directors.

In the reporting year, CHF 1,003 million, or 178% of the free cashflow, was distributed to shareholders as part of the dividend payment and the share buyback programme, which equates to a good 6% of Geberit's market capitalisation as of 31 December 2022. Over the last five years, around CHF 3.1 billion has been paid out to shareholders in the form of distributions or share buybacks, which corresponds to 95.0% of the free cashflow in this period.

Chairman of the Board of Directors Albert M. Baehny makes himself available for a further term of office
The Board of Directors of Geberit AG proposes to the General Meeting on 19 April 2023 to increase the age limit for the members of the Board of Directors, its Chairman and the members of the Compensation Committee from 70 to 75 years. As a consequence of this change, Albert M. Baehny will stand for re-election to the Board of Directors and as Chairman of the Board of Directors for the coming year.

Outlook 2023
As a result of the ongoing geopolitical uncertainties and macroeconomic risks, it is very difficult to provide an outlook. All in all, a challenging environment is expected for the construction industry in 2023. The specific challenges for the sanitary industry result from the following:

- Potential aftereffects of pull-forward effects from the COVID-19-induced home improvement trend of recent years.
- Record-breaking inflation and higher interest rates.
- The temporary shift from sanitary to heating solutions – primarily heat pumps – in some European countries.

Positive influencing factors for the sanitary industry are as follows:

- The fundamental demand for renovations and new buildings in residential construction in various European markets, for example Germany.

- The structural trend towards higher sanitary standards.
- The positive market environment in several countries outside Europe, such as India or the Gulf Region, for example.

Given the extremely challenging market environment, Management has defined two guiding principles for 2023 – namely strategic stability and operational flexibility. The objective here is to overcome the uncertainties related to volume development without affecting the potential in the medium term. Short-term challenges in relation to volumes are primarily the result of the still remaining – but significantly reduced – excess inventories in warehouses at wholesalers. Regardless of the prevailing market environment, the primary objective in the coming year is again to perform strongly in all markets and, as in previous years, to gain further market shares. To this end, significant contributions will be made by new products introduced in recent years, the focus on markets in which Geberit products or technologies are still under-represented, and the further expansion of the shower toilet business. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes in order to be able to achieve continued high margins and a strong free cashflow also in 2023. Based on the strong foundation already built up over the past decades, the sustainability performance should continue to improve.

Both the Board of Directors and the Group Executive Board are convinced that the Geberit Group is very well equipped and positioned to meet current and upcoming opportunities and challenges. Management is convinced that it can continue to achieve its medium-term targets of average annual net sales growth in local currencies of 4% to 6% and an average EBITDA margin of 28% to 30% in future.

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About Geberit

The globally operating Geberit Group is a European leader in the field of sanitary products. Geberit operates with a strong local presence in most European countries, providing unique added value when it comes to sanitary technology and bathroom ceramics. The production network encompasses 26 production facilities, of which 4 are located overseas. The Group is headquartered in Rapperswil-Jona, Switzerland. With around 12,000 employees in approximately 50 countries, Geberit generated net sales of CHF 3.4 billion in 2022. The Geberit shares are listed on the SIX Swiss Exchange and have been included in the SMI (Swiss Market Index) since 2012.

GEBERIT

Key financial figures as of 31 December 2022

Millions of CHF	1.1. – 31.12.2022	1.1. – 31.12.2021
Net sales	3,392	3,460
Change in %	-2.0	+15.9
Change in %, currency-adjusted	+4.8	+14.7
Operating cashflow (EBITDA)	909	1,069
Change in %	-15.0	+15.6
Margin in % of net sales	26.8	30.9
Operating profit (EBIT)	755	902
Change in %	-16.3	+16.9
Margin in % of net sales	22.3	26.1
Net income	706	756
Change in %	-6.5	+17.7
Margin in % of net sales	20.8	21.8
Earnings per share (CHF)	20.48	21.34
Change in %	-4.0	+18.9

	31.12.2022	31.12.2021
Equity	1,497	1,988
Equity ratio in %	43.7	52.7
Net debt	824	273
Number of employees (FTE)	11,514	11,809

Please visit our website www.geberit.com as well as our online Annual Report on www.geberit.com/annualreport for additional information.