

Ad hoc announcement pursuant to Art. 53 LR

Annual results 2021

**Very successful financial year 2021**

Geberit AG, Rapperswil-Jona, 9 March 2022

**The Geberit Group looks back on an extremely successful, but from an operational point of view very challenging financial year. In the last six quarters, net sales grew around three times faster than the long-term average. At the same time, this sudden strong growth represented an extremely challenging situation for the entire organisation. The further increase in results compared to the previous year was based on the structural and financial strength as well as the prudent crisis management right from the start of the COVID-19 pandemic. This enabled the company to further consolidate its position as leading supplier of sanitary products and gain market shares. In 2021, consolidated net sales rose by 15.9% to CHF 3,460 million – the strongest sales growth since going public in 1999. Operating profit (EBIT) grew by 16.9% to CHF 902 million, corresponding to an EBIT margin of 26.1% (previous year 25.8%). The increase in the operating result and an improvement in the financial result led to an increase in net income of 17.7% to CHF 756 million, corresponding to a return on net sales of 21.8% (previous year 21.5%). By comparison, earnings per share saw a disproportionate increase of 18.9% to CHF 21.34 due to the positive impact of the share buyback programme.**

**Record sales growth**

As already announced on [13 January 2022](#), consolidated net sales in 2021 increased by 15.9% to CHF 3,460 million. This development comprised an increase in local currencies of 14.7% and a positive foreign currency effect of 1.2%.

A very strong currency-adjusted growth in net sales of 14.3% was recorded in the European markets in the financial year 2021. Outside Europe, the Far East/Pacific (+28.8%) and Middle East/Africa (+25.7%) also saw double-digit growth. Growth in America was 5.1%. All three product areas generated very pleasing growth. Net sales increased by 18.0% in Installation and Flushing Systems, 15.3% in Piping Systems and 10.4% in Bathroom Systems.

**Operating margins at the high level seen in the previous year**

Results saw significant double-digit increases at all levels in 2021. Operating cashflow (EBITDA) increased by 15.6% to CHF 1,069 million, which corresponds to an EBITDA margin of 30.9% (previous year 31.0%). The significant increase was largely due to the exceptional volume growth. Raw material prices, which have risen massively since the end of 2020, and the markedly higher energy and freight costs had a negative impact on margins, although this was partially offset by both ordinary and extraordinary price increases. Results were also curtailed by the partial normalisation of marketing costs compared to the previous year. Currency effects had no significant impact on operating margins.

Operating profit (EBIT) grew by 16.9% to CHF 902 million, corresponding to an EBIT margin of 26.1% (previous year 25.8%). The increase in the operating result and an improvement in the financial result led to an increase in net income of 17.7% to CHF 756 million, corresponding to a return on net sales of 21.8% (previous year 21.5%). By comparison, earnings per share saw a disproportionate increase of 18.9% to CHF 21.34 due to the positive impact of the share buyback programme.

**Further increase in free cashflow**

The higher operating cashflow had a positive impact on free cashflow. In contrast, higher tax payments and a return to higher levels of investment in property, plant and equipment – following a decline as a result of COVID-19 in the previous year – had a negative impact. All in all, free cashflow increased by 12.8% to a new record high of CHF 809 million. The free cashflow margin reached 23.4% (previous year 24.0%). CHF 571 million, or 70.6% of the free cashflow, was distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programme.

**Continued strong financial foundation despite crisis**

The further increase in free cashflow (+12.8%) 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 increased from CHF 3,751 million to CHF 3,772 million. Liquid funds (including marketable securities and other short-term investments) grew from CHF 469 million to CHF 511 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 684 million. Debt increased from CHF 779 million in the previous year to CHF 784 million. Overall, this resulted in a decline in net debt of CHF 37 million to CHF 273 million at the end of 2021. Net working capital dropped by CHF 24 million year-on-year to CHF 157 million. Property, plant and equipment increased from CHF 934 million to CHF 956 million, while goodwill and intangible assets fell from CHF 1,577 million to CHF 1,493 million. The ratio of net debt to equity (gearing) contracted from 16.1% in the previous year to 13.7%. The equity ratio increased slightly to 52.7% (previous year 51.2%). At 0.3x, the ratio of net debt to EBITDA remained at the previous year's level. Based on average equity, the return on equity (ROE) came to 37.6% (previous year 34.8%). At 27.1%, the return on invested capital (ROIC) reached a new record high since the integration of the ceramics business in 2015 (previous year 23.2%).

The share buyback programme launched on 17 September 2020 was continued. By 31 December 2021, 344,399 shares were acquired as part of the programme at a sum of CHF 217 million. The average purchase price per share was CHF 631.17. In the reporting year, 249,699 shares were acquired at a sum of CHF 166 million.

**Higher investments**

In 2021, investments in property, plant and equipment and intangible assets amounted to CHF 169 million – CHF 19 million or 12.7% more than in the previous year. As a percentage of net sales, the investment ratio was 4.9% (previous year 5.0%). 45% of the total investments went towards capacity expansion to cope with sales growth. 39% was invested in the modernisation of property, plant and equipment and, hence, in further enhancement in production efficiency. Furthermore, 9% was used for rationalisation measures relating to property, plant and equipment, while 7% was used to acquire tools and equipment for new product developments. All important, larger investment projects were carried out as planned.

**Number of employees increased**

At the end of 2021, the Geberit Group employed 11,809 staff worldwide, equivalent to an increase of 240 employees or 2.1% compared to the previous year. This increase was due to mainly temporary capacity adjustments in production and logistics, which were necessary for handling the high demand, as well as – to a lesser extent – the expansion in research and development. The closure of three smaller production plants had a reducing effect.

**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 78 million (previous year CHF 75 million) – or 2.3% 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, 41 patents were applied for, which is above the long-term average. In the last five years, Geberit has applied for a total of 185 patents.

**Efficient production network**

The productivity of the production network increased in the reporting year by 5.9%. This increase is essentially due to four factors: the continued optimisation of organisation and process workflows, the automation of individual manufacturing steps, the reduction of scrap rates in ceramics production, and the less than proportional increase in the number of staff in non-manufacturing areas of the company.

**Further improvement of environmental performance at a high level**

The absolute environmental impact of the Geberit Group increased in 2021 by 4.0%; this was accompanied by an increase in the currency-adjusted net sales in the same period of 14.7%. In contrast, the environmental impact in relation to currency-adjusted net sales (eco-efficiency) decreased by 9.3%. Since the integration of the energy-intensive ceramics production in 2015, eco-efficiency has improved by 40.9%. As regards the long-term target, which is based on an average annual improvement of 5% per year, Geberit therefore remains very well on course.

Due to the strong volume growth, CO<sub>2</sub> emissions increased in comparison to 2020 by 5.1% to 217,009 tonnes. In relation to currency-adjusted net sales, however, emissions decreased by 8.4%. This means that the targets for reducing CO<sub>2</sub> emissions set within the CO<sub>2</sub> strategy were once again exceeded.

In the reporting year, water consumption in production totalled 925,230 m<sup>3</sup> (previous year 953,284 m<sup>3</sup>). In comparison with 2015, the year that saw the integration of the ceramics business, water consumption fell by 20.9%.

**Continued attractive distribution policy**

The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 13 April 2022 an increase in the dividend of 9.6% to CHF 12.50. The payout ratio of 59.0% of net income is in the mid-range of the 50% to 70% corridor defined by the Board of Directors.

CHF 571 million, or 70.6% of the free cashflow, was distributed to shareholders during the reporting year as part of the dividend payment and the share buyback programme. Over the last five years, around CHF 2.6 billion has been paid out to shareholders in the form of distributions or share buybacks, which corresponds to 80.7% of the free cashflow in this period.

**Outlook 2022**

As a result of the ongoing considerable uncertainties in relation to the COVID-19 pandemic and its further development, the unstable geopolitical situation as well as, generally, the lack of visibility, it remains very difficult to provide an outlook, which is why this has been dispensed here.

In the coming year, the objective 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 2022. Based on the strong foundation already built up over the past decades, the sustainability performance should also 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.

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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 3.5 billion in 2021. The Geberit shares are listed on the SIX Swiss Exchange and have been included in the SMI (Swiss Market Index) since 2012.

## Key financial figures as of 31 December 2021

Millions of CHF	1/1 – 31/12/2021	1/1 – 31/12/2020
Net sales	3460	2986
Change in %	+15.9	-3.1
Change in %, currency-adjusted	+14.7	+1.3
Operating cashflow (EBITDA)	1069	925
Change in %	+15.6	+2.4
Margin in % of net sales	30.9	31.0
Operating profit (EBIT)	902	772
Change in %	+16.9	+2.0
Margin in % of net sales	26.1	25.8
Net income	756	642
Change in %	+17.7	-0.7
Margin in % of net sales	21.8	21.5
Earnings per share (CHF)	21.34	17.95
Change in %	+18.9	-0.1
	<b>31/12/2021</b>	<b>31/12/2020</b>
Equity	1988	1922
Equity ratio in %	52.7	51.2
Net debt	273	310
Number of employees	11,809	11,569

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