

Ad hoc announcement pursuant to Art. 53 LR

Half-Year Report as of 30 June 2022

Good results in the first half of 2022

Geberit AG, Rapperswil-Jona, 18 August 2022

The Geberit Group posted good results in a continued challenging environment in the first half of 2022. Net sales increased by 5.5% to CHF 1,934 million. Adjusted for highly negative currency effects, the increase was even 11.3%. Operating cashflow decreased by 10.4% to CHF 561 million, which corresponds to an operating cashflow margin of 29.0%. Net income decreased by 12.5% to CHF 402 million, with a return on net sales of 20.8%. For 2022 as a whole, Management expects high single-digit growth in net sales in local currencies and an EBITDA margin of around 28%.

Consolidated net sales

In the first half of 2022, net sales for the Geberit Group increased by 5.5% to CHF 1,934 million. This increase was strongly affected by negative currency effects of CHF 106 million. As a result, local currencies saw double-digit growth of 11.3%, which means that the pace of growth was maintained at a high level compared to the second half of the previous year despite the strong basis for comparison. This growth is again significantly above normal levels, and was due to sales price increases – which contributed to around 60% of the sales growth – and positive volume effects. These positive volume effects are down to pull-forward effects in view of price increases and a continuing healthy demand in the construction industry. Despite the considerable challenges along the supply chains, the Group was again able to safeguard product availability in the first half of 2022.

Net sales in the second quarter reached CHF 954 million, which is equivalent to an increase of 3.2% compared to the same quarter in the previous year. After currency adjustments, an increase of 9.6% was achieved, mainly due to the positive impact of price increases.

Net sales by market and product area

Despite a strong equivalent period in the previous year, the *European markets* posted convincing results for the first half of 2022, with positive growth rates in all countries and regions. As a whole, these markets grew by +11.4% after currency adjustments. Double-digit growth was posted in Eastern Europe (+25.9%), the Iberian Peninsula (+25.2%), Italy (+18.5%), the Benelux Countries (+14.7%), United Kingdom/Ireland (+14.3%) and France (+11.2%). The Nordic Countries (+8.7%), Austria (+8.3%), Germany (+7.4%) and Switzerland (+4.7%) also experienced pleasing growth rates. The *Middle East/Africa* region posted very strong growth of +21.5%. Growth was also achieved in *America* (+5.0%) and the *Far East/Pacific* region (+5.7%), which was negatively impacted by the lockdown in China in the second quarter.

In the product areas, Piping Systems (+15.3%) and Installation and Flushing Systems (+12.8%) both saw significant double-digit growth. In Bathroom Systems, the increase in currency-adjusted net sales was slightly lower at +5.5% due to base effects and lower price increases.

Results

The last three months have seen a further significant rise in inflationary pressure compared to the first quarter of 2022. There were massive price increases for raw materials (+25% in currency-adjusted terms compared to the same period of the previous year), energy (+104%) and transport (+13%). 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 compensate the higher raw material and energy prices in the reporting period. Together with tariff-related increases in personnel expenses and negative currency effects, this had a corresponding negative effect on operating margins on the whole. Operating cashflow (EBITDA) decreased by 10.4% to CHF 561 million, which corresponds to an EBITDA margin of 29.0% (previous year 34.2%). Adjusted for negative foreign currency effects, the drop in EBITDA was 4.6%. Operating profit (EBIT) fell by 11.6% to CHF 483 million, corresponding to an EBIT margin of 25.0% (previous year 29.8%). However, in local currencies the operating results were only slightly below those from the previous year. Financial results that were slightly down on the previous year and a higher tax rate led to a decrease in net income of 12.5% to CHF 402 million, corresponding to a return on net sales of 20.8% (previous year 25.1%). By comparison, earnings per share saw a less than proportional decrease of 10.7% to CHF 11.56 due to the positive impact of the share buyback programme. In local currencies, earnings per share were only slightly down on the previous year at -3.8%.

Free cashflow decreased by 41.7% to CHF 191 million, which was primarily due to the lower operating cashflow and negative effects from the changes in net working capital. Investments were at the same level as in the same period of the previous year.

Financial situation

The Geberit Group's financial situation remains very solid. The lower free cashflow and increased speed of the share buyback programme led to a planned increase in net debt (debt less liquid funds) by CHF 362 million to CHF 907 million compared with the figures after the first six months of the previous year. The equity ratio decreased accordingly to 42.4% (previous year 51.7%).

The share buyback programme started in September 2020 was concluded on 16 June 2022. In total, 826,251 registered shares in the amount of CHF 500 million – corresponding to 2.3% of the share capital currently entered in the Commercial Register – were repurchased. The share buyback was conducted via a second trading line set up for the purpose of a capital reduction. The submission of a proposal for the cancellation of the remaining repurchased shares is planned for the next General Meeting. Following the successful 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.

Number of employees

The Geberit Group employed 11,938 people worldwide at the end of June 2022 (11,809 at the end of 2021). This slight increase was due to – mainly temporary – capacity adjustments in production and logistics to cope with volume growth.

Investments in property, plant and equipment

CHF 54 million (previous year CHF 54 million) was invested in property, plant and equipment in the first six months of 2022. This equates to 2.8% of net sales (previous year 2.9%), with the bulk of this spending used for capacity expansions and for modernisations, thus laying the foundations for further improvements in production efficiency.

R&D expenses

Research and development (R&D) expenses amounted to CHF 37 million (previous year CHF 39 million), corresponding to 1.9% of net sales (previous year 2.1%).

Outlook for the full year 2022

Activities in the European construction industry currently remain in a healthy state thanks to ongoing projects and open orders – both in residential and commercial construction and in new buildings and renovations. However, as a result of the ongoing geopolitical risks and uncertainties in relation to the COVID-19 pandemic, it remains very difficult to provide an outlook. Macroeconomic risks have increased due to record-breaking inflation and higher interest rates, not to mention uncertainties relating to possible reductions in inventories at wholesalers in connection with an economic slowdown. The situation in the supply chains in terms of availability remains challenging, while raw material prices are showing some signs of easing. In the third quarter, raw material prices relevant to Geberit are expected to develop sideways at the very high level seen in the second quarter. The unprecedented cost inflation will again lead to selective increases in sales prices in certain countries at the end of the third quarter.

Management remains convinced that Geberit is very well equipped and positioned to meet current challenges. In the past, Geberit has repeatedly demonstrated that as a company it is able to emerge stronger from crises and environments of high uncertainty and risk. For 2022 as a whole, Management expects high single-digit growth in net sales in local currencies and an EBITDA margin of around 28%.

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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 30 June 2022

Millions of CHF	1/1 – 30/06/2022	1/1 – 30/06/2021
Net sales	1,934	1,833
Change in %	+5.5	+24.9
Change in %, currency-adjusted	+11.3	+22.6
Operating cashflow (EBITDA)	561	626
Change in %	-10.4	+35.5
Margin in % of net sales	29.0	34.2
Operating profit (EBIT)	483	546
Change in %	-11.6	+41.7
Margin in % of net sales	25.0	29.8
Net income	402	460
Change in %	-12.5	+46.1
Margin in % of net sales	20.8	25.1
Earnings per share (CHF)	11.56	12.94
Change in %	-10.7	+47.5
	30/06/2022	30/06/2021
Equity	1,499	1,952
Equity ratio in %	42.4	51.7
Net debt	907	545
	30/06/2022	31/12/2021
Number of employees	11,938	11,809

Please visit our website www.geberit.com as well as our half-year report on www.geberit.com/halfyearreport for additional information.