

Ad hoc announcement pursuant to Art. 53 LR

Quarterly report as of 31 March 2023

Earnings growth in local currencies despite volume decline

Geberit AG, Rapperswil-Jona, 2 May 2023

The Geberit Group posted convincing results in a very challenging environment in the first quarter of 2023. While volumes declined compared to the record levels in the previous year, profitability increased after last year's decline. Net sales decreased by 8.9% to CHF 893 million. Adjusted for currency effects, the decrease came to 4.3%. Operating cashflow (EBITDA) reached CHF 296 million, which corresponds to an increase in the EBITDA margin of 220 basis points to 33.1%. Earnings per share grew by 1.1% to CHF 6.36. In local currencies, this corresponded to strong growth of 8.6%.

In the first quarter of 2023, net sales for the Geberit Group decreased by 8.9% to CHF 893 million. Adjusted for negative currency effects of CHF 46 million, the decrease came to 4.3%. These figures were positively impacted by price increases of around 12%. The decline in volume was primarily due to the record-high figures in the same quarter in the previous year and, to a lesser extent, the now completed reduction of excess inventories at wholesalers and a slowdown in the renovation business. In some European countries, there was also a shift in demand from sanitary to heating solutions due to the energy crisis.

Regionally, currency-adjusted net sales in Europe fell by 6.0%, in the Far East/Pacific by 7.7% and in America by 1.3%. In contrast, the Middle East/Africa region saw growth of 37.4%. In the product areas, currency-adjusted net sales decreased by 2.0% in Piping Systems, 4.6% in Bathroom Systems and 5.8% in Installation and Flushing Systems.

The results for the first quarter were negatively impacted by lower volumes and unfavourable currency developments. Nonetheless, results in local currencies saw increases on all levels. The lower volumes, raw material prices which remained higher compared to the previous year and significant tariff-related increases in personnel expenses were offset by the increases in sales prices and lower energy prices. In total, operating cashflow (EBITDA) fell by 2.5% to CHF 296 million. However, after currency adjustments this corresponded to an increase of 3.9%. The EBITDA margin increased by 220 basis points to 33.1% compared to the same period in the previous year. Net income decreased by 2.3% to CHF 215 million, corresponding to a return on net sales of 24.1% (previous year 22.5%). In contrast, earnings per share saw an increase of 1.1% to CHF 6.36 (previous year CHF 6.29) due to the positive impact of the accelerated share buyback programme. In local currencies, there was a strong increase in earnings per share of 8.6%.

The forecasts for the current year have not changed significantly since the announcement of the full-year results for 2022 in March. All in all, a challenging environment is expected for the construction industry in 2023 as a whole. The specific challenges for the sanitary industry result from the following:

- Decline in construction activities in Europe as a result of inflation and higher interest rates.
- Pull-forward effects from the COVID-19-induced home improvement trend of recent years.
- 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.
- The structural trend towards higher sanitary standards.
- The positive market environment in several countries outside Europe, such as India or the Gulf Region.

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 potential in the medium term.

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.

Key financial figures as of 31 March 2023

CHF million	1/1 – 31/03/2023	1/1 – 31/03/2022
Net sales	893	980
Change in %	-8.9	+7.8
Change in %, currency-adjusted	-4.3	+13.0
Operating cashflow (EBITDA)	296	303
Change in %	-2.5	-3.7
Margin in % of net sales	33.1	30.9
Operating profit (EBIT)	259	263
Change in %	-1.4	-5.0
Margin in % of net sales	29.0	26.8
Net income	215	220
Change in %	-2.3	-5.3
Margin in % of net sales	24.1	22.5
Earnings per share (CHF)	6.36	6.29
Change in %	+1.1	-3.7
	31/03/2023	31/12/2022
Equity	1,598	1,497
Equity ratio in %	40.0	43.7
Net debt	1,032	824
Number of employees	11,309	11,514

Please visit our website www.geberit.com for additional information.