

Ad hoc announcement pursuant to Art. 53 LR

Quarterly report as of 31 March 2024

Good results in local currencies in a continued difficult market environment

Geberit AG, Rapperswil-Jona, 7 May 2024

The Geberit Group posted good results in a once again very challenging environment in the first quarter of 2024. A slight decline in volumes and an operating profitability that remained at a high level characterised the first three months of the year. Net sales decreased by 6.2% to CHF 837 million. Adjusted for currency effects, the decrease was 1.4%. Operating cashflow (EBITDA) reached CHF 275 million, which corresponds to a decrease in the EBITDA margin of 30 basis points to 32.8% compared to the previous year. Earnings per share fell by 9.9% to CHF 5.73.

Net sales

In the first quarter of 2024, net sales for the Geberit Group decreased by 6.2% to CHF 837 million. Adjusted for negative currency effects of CHF 43 million, the decrease came to just 1.4%. These figures were positively impacted by the rebuilding of inventories at wholesalers and a weak prior-year period. However, demand and the corresponding sales volumes in the end markets again saw a decline.

Regionally, currency-adjusted net sales in Europe fell by 2.0%. In contrast, growth was seen in the Far East/Pacific (+6.8%), America (+6.2%) and Middle East/Africa (+1.2%) regions. In the product areas, currency-adjusted net sales decreased by 1.2% in Bathroom Systems, 1.3% in Installation and Flushing Systems and 1.5% in Piping Systems.

Results

The results for the first quarter were negatively impacted on all levels to a significant extent by unfavourable currency developments. The volumes were only slightly below the weak prior-year period as the decline in market demand was partly offset by the rebuilding of inventories at wholesalers. The lower direct material costs compared to the previous year had a positive impact. In contrast, the high wage inflation in many countries and various initiatives to strengthen the market position had a negative impact on results; these included growth initiatives in selected developing markets, marketing expenses for the launch of new products and for celebrating the 150th anniversary of the Geberit Group, plus various digitalisation and IT projects. In total, operating cashflow (EBITDA) fell by 7.0% to CHF 275 million. However, after currency adjustments this corresponded to a decrease of just 0.5%. The EBITDA margin decreased by 30 basis points to 32.8% compared to the same period in the previous year. After currency adjustments, this corresponded to an increase of 30 basis points. Net income decreased by 11.4% to CHF 190 million, corresponding to a return on net sales of 22.7% (previous year 24.1%). The main reason for the sharper decrease in net income was the significantly higher tax rate, which was driven by the new OECD minimum taxation law, among other aspects. In terms of earnings per share, the positive effects of the share buyback programme led to a smaller decline of 9.9% to CHF 5.73 (previous year CHF 6.36) compared to the development in net income. In local currencies, earnings per share decreased by 3.6%.

Outlook

The forecasts for the current year have not changed significantly since the announcement of the full-year results for 2023 in March. Due to the challenging conditions, the building construction industry is expected to decline overall in 2024. In the past two years, increased construction costs and interest rates have significantly dampened demand in the European building construction industry – especially in the new building sector. Driven by the weak development in residential construction, the number of building permits in Europe decreased by around 15% in 2023, leading to a corresponding decline in new building activities in the current year. The most pronounced decline is expected in Northern Europe and in Germany. However, new building activities in Switzerland are expected to develop more positively due to the lower inflation and lower interest rates. In contrast, a more robust development is expected in the global renovations business, which accounts for around 60% of Geberit sales. This is primarily due to the following reasons:

- a fundamental need for renovations in several European countries, and
- no additional pressure caused by the shift in demand from sanitary to heating solutions, as seen in the previous year.

Despite the negative overall forecasts for the European building construction industry in 2024, the expected reduction in interest rates during the course of the year – some of which have already been implemented – and the structural trend towards higher sanitary standards should positively stimulate demand. In the markets outside Europe in which Geberit is active, a mixed picture is expected for this year, with strong demand in India, the Gulf Region and Egypt, for example, and with a decline in China.

Regardless of the challenging market environment, the objective for 2024 remains to gain further market shares. This should be achieved by the two guiding principles of 1) strategic stability and 2) operational flexibility. The objective is to overcome the challenges caused by the uncertain volume development without harming the medium-term potential.

Based on the healthy financial foundation of the Group, the Board of Directors has also decided to repurchase shares amounting to a maximum of CHF 300 million as part of a new share buyback programme running for a maximum period of two years. The new programme is planned to start in the third quarter once the ongoing programme has been concluded.

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About Geberit

The globally operating Geberit Group is a European leader in the field of sanitary products and is celebrating its 150th anniversary in 2024. 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 11,000 employees in approximately 50 countries, Geberit generated net sales of CHF 3.1 billion in 2023. 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 2024

Millions of CHF	1/1 – 31/03/2024	1/1 – 31/03/2023
Net sales	837	893
Change in %	-6.2	-8.9
Change in %, currency-adjusted	-1.4	-4.3
Operating cashflow (EBITDA)	275	296
Change in %	-7.0	-2.5
Margin in % of net sales	32.8	33.1
Operating profit (EBIT)	239	259
Change in %	-7.5	-1.4
Margin in % of net sales	28.6	29.0
Net income	190	215
Change in %	-11.4	-2.3
Margin in % of net sales	22.7	24.1
Earnings per share (CHF)	5.73	6.36
Change in %	-9.9	+1.1
	31/03/2024	31/12/2023
Equity	1,502	1,320
Equity ratio in %	40.0	37.1
Net debt	1,126	965
Number of employees	10,980	10,947

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