

Ad hoc announcement pursuant to Art. 53 LR

Quarterly report as of 30 September 2024

Very convincing results in the first nine months of 2024

Geberit AG, Rapperswil-Jona, 31 October 2024

The Geberit Group posted very convincing results in an extremely challenging environment in the first three quarters of 2024. Despite the sharp decline in the building construction industry and unfavourable currency developments, it was possible to achieve volume growth and maintain operating profitability at a high level. In Swiss francs, net sales increased by 0.4% to CHF 2,400 million, or 3.1% in currency-adjusted terms. Operating cashflow (EBITDA) reached CHF 754 million. The EBITDA margin increased by 10 basis points to 31.4%. Earnings per share fell by 1.4% to CHF 15.13; in local currencies, however, there was an increase of 3.1% – despite a significantly higher tax rate due to the OECD minimum taxation law. For 2024 as a whole, Management expects growth of 1 to 2% in net sales in local currencies and an EBITDA margin of around 29.5%.

Net sales

In the first nine months of 2024, net sales for the Geberit Group increased by 0.4% to CHF 2,400 million. Adjusted for negative currency effects of CHF 62 million, the increase came to 3.1%. This development was positively influenced by a weak prior-year period, the rebuilding of inventories at wholesalers in the first half of the year and the strong development of various new products. However, demand and the corresponding sales volumes in the end markets continued to decline.

Net sales in the third quarter reached CHF 762 million, which is equivalent to an increase of 4.7% compared to the same quarter in the previous year. Adjusted for currency effects, this corresponded to a significant increase of 6.2%, driven by convincing development in most markets.

Net sales by markets and product areas

The European markets continued to suffer the most from the very challenging conditions for the sanitary industry. Nevertheless, currency-adjusted net sales in Europe increased by +2.2% in the first nine months of 2024. Above-average increases were achieved in Eastern Europe (+9.9%), Italy (+6.3%), Benelux (+3.5%) and Germany (+3.3%). Austria (+0.5%) also made slight gains. By contrast, net sales in Switzerland (-0.4%), Western Europe (-1.4%) and Northern Europe (-4.3%) were down on the previous year. Outside Europe, positive currency-adjusted increases were achieved in the Middle East/Africa (+19.1%), America (+3.3%) and the Far East/Pacific (+3.2%).

In the product areas, currency-adjusted net sales increased by 5.1% in Installation and Flushing Systems, 2.0% in Piping Systems and 1.7% in Bathroom Systems.

Results

The results for the first nine months of the year were negatively impacted by unfavourable currency developments. In currency-adjusted terms, however, positive development was recorded on all levels of the income statement. It was possible to achieve an increase in operating profitability compared to the previous year. Volumes were higher than the weak prior-year period, as declining market demand was overcompensated for by the rebuilding of inventories at wholesalers in the first half of the year, together with the strong development of various new products. The lower direct material costs compared to the previous year had a positive impact. In contrast, the high levels of wage inflation in many countries had a negative impact. Furthermore, investments were made in various projects to strengthen the company's market position. 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.

Overall, operating cashflow (EBITDA) increased by 0.7% to CHF 754 million. After currency adjustments, the increase was more pronounced at 4.6%. The EBITDA margin increased by 10 basis points to 31.4% compared to the same period in the previous year. After currency adjustments, this corresponded to an increase of 50 basis points. Operating profit (EBIT) increased by 1.5% to CHF 643 million (currency-adjusted +5.9%), corresponding to an EBIT margin of 26.8% (previous year 26.5%). Net income decreased by 3.1% to CHF 501 million (currency-adjusted +1.3%), corresponding to a return on net sales of 20.9% (previous year 21.6%). The reason for the decline in net income was the significantly higher tax rate, which was primarily driven by the OECD minimum taxation law in force since 2024. In terms of earnings per share, the positive effects of the share buyback programmes led to a smaller decline compared to the development of net income. Earnings per share decreased by 1.4% to CHF 15.13 (previous year CHF 15.35); in local currencies, this figure increased by 3.1%. Despite the very challenging environment, free cashflow increased by 1.2% to CHF 426 million. The positive operating results and lower capital expenditures compensated for the negative effects from the change in net working capital.

Financial situation

The Geberit Group's financial situation remains very solid. Net debt (debt less liquid funds) increased slightly by CHF 30 million to CHF 1,142 million compared with the figures after the first nine months of the previous year. The equity ratio decreased to 34.6% (previous year 37.6%).

The share buyback programme announced on 7 May 2024 was launched on 2 September 2024. Over a maximum period of two years, registered shares amounting to a maximum purchase value of CHF 300 million will be repurchased. The registered shares are repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction.

Outlook full year 2024

Due to the challenging conditions, the building construction industry is expected to decline overall in 2024 as a whole – 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 number of building permits in Europe continued to decline in the first half of 2024, but at a significantly reduced rate (-3%) to that seen last year. The sharpest decline this year is in Northern Europe, Germany and Austria. However, new building activities in Switzerland are developing more positively due to the lower inflation and lower interest rates. In contrast, a more robust development is apparent 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 development in the European building construction industry in 2024, the turnaround in interest rates in Europe 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 further strengthen the company's market position. 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 decline in market development without harming the medium-term potential.

For 2024 as a whole, Management expects growth of 1 to 2% in net sales in local currencies and an EBITDA margin of around 29.5%. The EBITDA margin in the fourth quarter of the year is always significantly lower than in the first three quarters due to seasonal factors.

Management is convinced that it will emerge stronger from this challenging and declining market environment. This assessment is based on the stable and long-term strategy, the proven business model with strong customer relationships and the industry-leading financial stability.

For further information, please contact:

Geberit AG

Schachenstrasse 77, CH-8645 Jona

Christian Buhl, CEO

Tel. +41 (0)55 221 63 46

Tobias Knechtle, CFO

Tel. +41 (0)55 221 66 39

Roman Sidler, Corporate Communications & IR

Tel. +41 (0)55 221 69 47

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 30 September 2024

Millions of CHF	1/1 – 30/09/2024	1/1 – 30/09/2023
Net sales	2,400	2,390
Change in %	+0.4	-12.3
Change in %, currency-adjusted	+3.1	-7.9
Operating cashflow (EBITDA)	754	749
Change in %	+0.7	-2.4
Margin in % of net sales	31.4	31.3
Operating profit (EBIT)	643	634
Change in %	+1.5	-2.9
Margin in % of net sales	26.8	26.5
Net income	501	516
Change in %	-3.1	-4.6
Margin in % of net sales	20.9	21.6
Earnings per share (CHF)	15.13	15.35
Change in %	-1.4	-1.7
	30/09/2024	30/09/2023
Equity	1,256	1,298
Equity ratio in %	34.6	37.6
Net debt	1,142	1,112
	30/09/2024	31/12/2023
Number of employees (FTE)	11,101	10,947

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