

# H1 2023 Results

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# Agenda

- **H1 2023**
- **Q2 2023**
- **Outlook 2023**



# Key figures H1 2023 – c.a. EPS growth despite strong volume decline

Net sales growth (in CHF)

**-14.1%**

Net sales growth (c.a.)

**-9.2%**

EBITDA margin

**31.7%**

+270 bps vs PY

EPS growth (c.a.)

**+2.2%**

CAPEX (in CHF)

**81 million**

+27 million vs PY

Share buyback H1 (in CHF)

**123 million**

247'000 shares




- Net sales decline due to record high comparison basis and declining market environment
- Strong negative currency development
- Improved profitability despite strong volume contraction
- Growth of EBITDA, EBIT and EPS in local currencies despite volume contraction
- Substantial increase of CAPEX due to strategic investments
- Continued share buyback program in H1 2023

# Net sales H1 2023 – By region

CHF million	Net sales	Variance to PY	
		% CHF	% c.a.
<b>Geberit Group</b>	<b>1'662</b>	<b>-14.1%</b>	<b>-9.2%</b>
Central Europe			
– Germany	485	-18.7%	-14.9%
– Switzerland	173	-3.4%	-3.4%
– Benelux	147	-9.6%	-5.4%
– Italy	139	-3.4%	+1.2%
– Austria	96	-21.8%	-18.1%
Western Europe <sup>1</sup>	171	-6.6%	-0.9%
Northern Europe	145	-17.2%	-9.3%
Eastern Europe	122	-31.7%	-27.2%
Middle East / Africa <sup>2</sup>	76	-1.0%	+16.0%
Far East / Pacific	55	-9.9%	-0.7%
America	53	-2.9%	+0.8%

- Record high volumes in previous year
- Net sales decline in local currencies
  - Volume/mix effect: around -20%
  - Price effect: around +11%
- Decline in Europe due to
  - Base effect and destocking effect in H1 2023
  - Declining building construction market
  - Shift from sanitary to heating
- Strong result in Middle East / Africa driven by Gulf and Turkey
- Decline in Far East / Pacific due to China and Australia, partially offset by growth in India

# Net sales H1 2023 – By product area

CHF million	Net sales	Variance to PY		
		% CHF	% c.a.	
<b>Installation &amp; Flushing Systems</b> 	627	<b>38%</b>	-15.7%	-10.9%
<b>Piping Systems</b> 	536	<b>32%</b>	-12.8%	-8.2%
<b>Bathroom Systems</b> 	500	<b>30%</b>	-13.3%	-8.2%

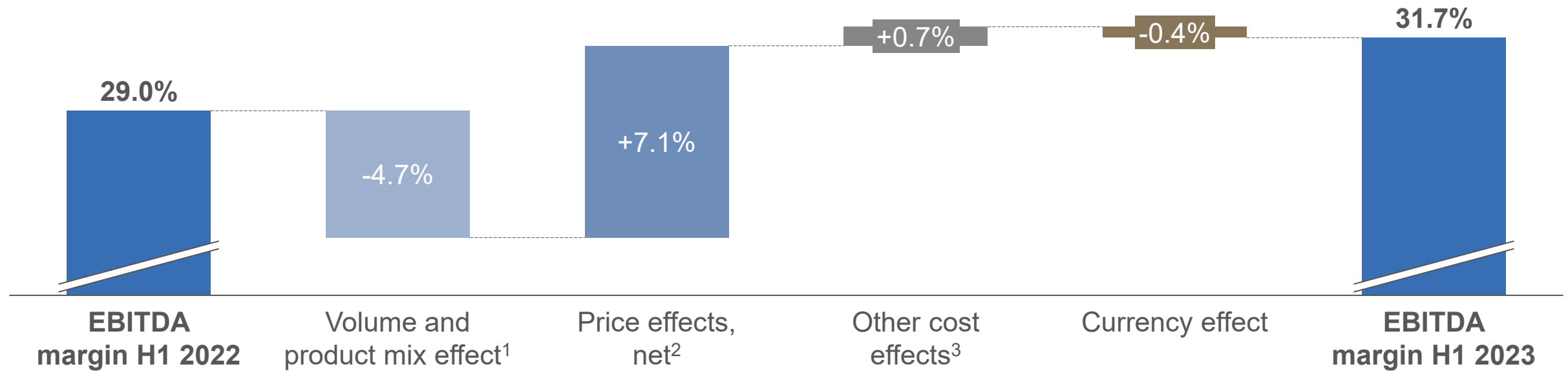
- Net sales decline across all product areas
- Stronger stocking effects at wholesalers for Installation & Flushing Systems

# Key figures H1 2023 – Growth of operating profits in local currencies

CHF million	H1 2023	H1 2022	Variance to PY	
			% CHF	% c.a.
<b>Net sales</b>	<b>1'662</b>	<b>1'934</b>	<b>-14.1%</b>	<b>-9.2%</b>
<b>EBITDA</b>	<b>526</b>	<b>561</b>	<b>-6.2%</b>	<b>+0.5%</b>
<i>Margin</i>	<i>31.7%</i>	<i>29.0%</i>		
<b>EBIT</b>	<b>453</b>	<b>483</b>	<b>-6.3%</b>	<b>+0.7%</b>
<i>Margin</i>	<i>27.2%</i>	<i>25.0%</i>		
<b>Net income</b>	<b>369</b>	<b>402</b>	<b>-8.4%</b>	<b>-1.0%</b>
<i>Margin</i>	<i>22.2%</i>	<i>20.8%</i>		
<b>EPS (CHF)</b>	<b>10.93</b>	<b>11.56</b>	<b>-5.4%</b>	<b>+2.2%</b>
<b>Free cashflow</b>	<b>186</b>	<b>191</b>	<b>-2.9%</b>	<b>n/a</b>
<i>Margin</i>	<i>11.2%</i>	<i>9.9%</i>		

- Strong negative currency development
  - Negative effect on all P/L items
  - Limited margin impact due to strong natural hedge
- Improved profitability despite volume decline due to
  - Consequent pricing management
  - High operational flexibility and cost discipline
  - Lower energy prices
- Growth of currency adjusted EBITDA and EBIT
- Disproportional growth of EPS due to accelerated share buyback in H2 2022

# EBITDA margin H1 2023 – Substantial margin increase despite volume decline

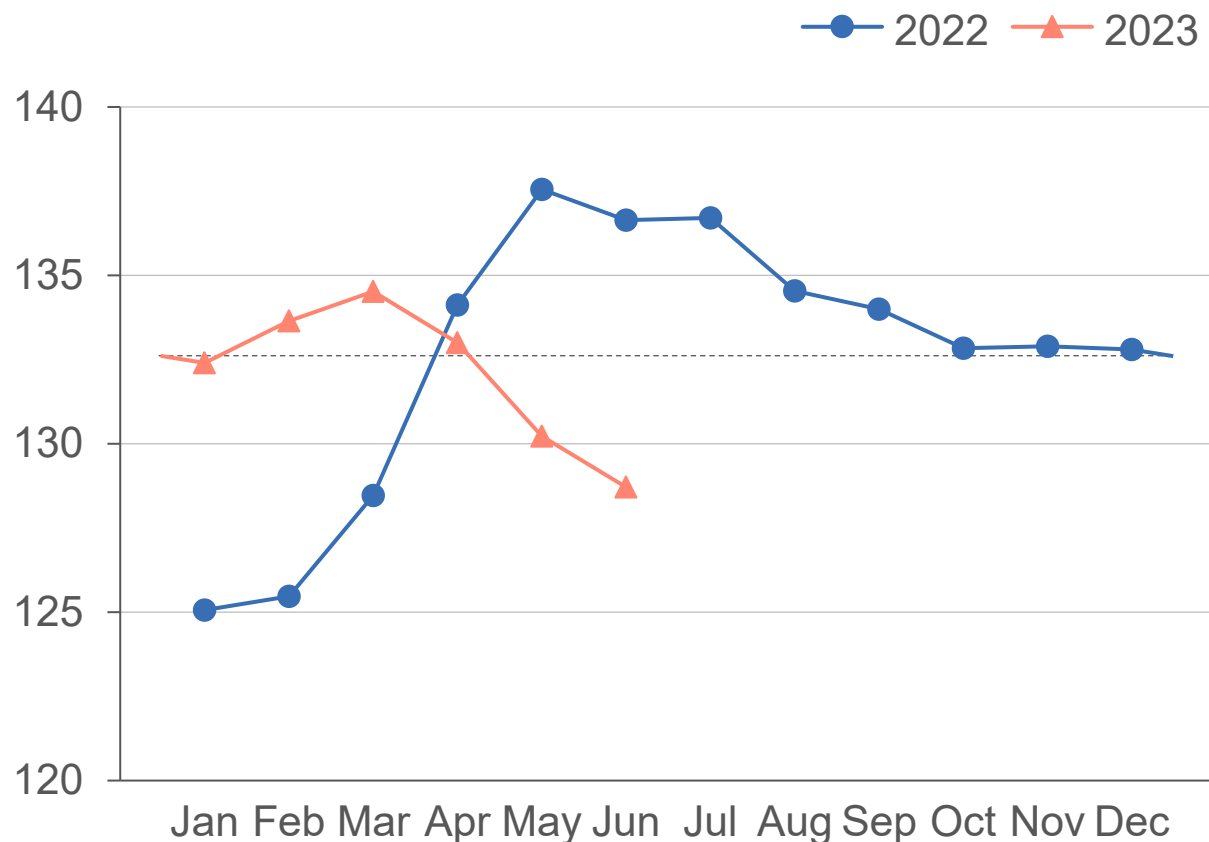


- Negative operating leverage from volume decline mitigated by high operational flexibility
- Sales price increases over-compensating raw material price inflation
- Positive other cost effect due to lower energy prices and positive one-time effect partly offset by wage inflation
- Natural hedge mitigating currency effect on EBITDA margin

# Raw material prices – Average H1 raw material prices on previous year's level

Geberit: Monthly raw material prices<sup>1</sup> (currency adj.)

Index: Jan 2021 = 100



- Raw material prices in H1 2023 +1% vs. H1 2022
- Decreasing raw material prices in Q2 2023
  - -2% vs. Q1 2023
  - -4% vs. Q2 2022
- Expected raw material prices in Q3 2023
  - slightly below Q2 2023
  - below Q3 2022



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- H1 2023
- **Q2 2023**
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# Net sales Q2 2023

CHF million	Net sales	Variance to PY	
		% CHF	% c.a.
<b>Geberit Group</b>	<b>769</b>	<b>-19.4%</b>	<b>-14.3%</b>
<b>By regions</b>			
Europe <sup>1</sup>	681	-20.2%	-16.1%
Middle East / Africa <sup>1</sup>	31	-21.6%	-4.3%
Far East / Pacific	30	-6.5%	+5.7%
America	27	-4.5%	+2.8%
<b>By product areas</b>			
Installation & Flushing Systems	280	-21.4%	-16.4%
Piping Systems	252	-18.8%	-14.2%
Bathroom Systems	237	-17.5%	-11.7%

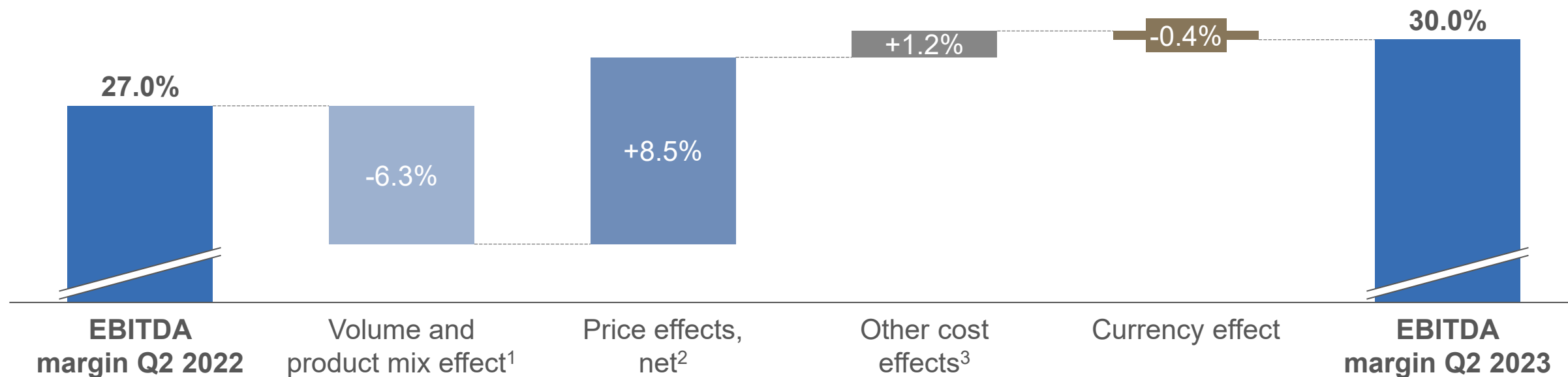
- Record high volume in previous year
- Net sales decline in local currencies:
  - Volume/mix effect: -25%
  - Price effect: +11%
- Decline in Europe driven by
  - Base effect due to stock build-up at wholesalers in previous year
  - Declining building construction market driven by residential sector
  - Stock reduction below normal levels at some wholesalers
- Decline in Middle East / Africa driven by base effect and strong Q1 2023

# Key figures Q2 2023

CHF million	Q2 2023	Q2 2022	Variance to PY	
			% CHF	% c.a.
<b>Net sales</b>	<b>769</b>	<b>954</b>	<b>-19.4%</b>	<b>-14.3%</b>
<b>EBITDA</b>	<b>231</b>	<b>258</b>	<b>-10.5%</b>	<b>-3.5%</b>
<i>Margin</i>	<i>30.0%</i>	<i>27.0%</i>		
<b>EBIT</b>	<b>194</b>	<b>220</b>	<b>-12.0%</b>	<b>-4.8%</b>
<i>Margin</i>	<i>25.2%</i>	<i>23.1%</i>		
<b>Net income</b>	<b>154</b>	<b>182</b>	<b>-15.7%</b>	<b>-8.1%</b>
<i>Margin</i>	<i>20.0%</i>	<i>19.1%</i>		
<b>EPS (CHF)</b>	<b>4.57</b>	<b>5.26</b>	<b>-13.1%</b>	<b>-5.3%</b>
<b>Free cashflow</b>	<b>235</b>	<b>236</b>	<b>-0.5%</b>	<b>n/a</b>
<i>Margin</i>	<i>30.5%</i>	<i>24.7%</i>		

- Strong negative currency development
  - Negative effect on all P/L items
  - Limited margin impact due to strong natural hedge
- Improved profitability despite volume decline due to
  - Consequent pricing management
  - High operational flexibility and cost discipline
  - Lower energy prices
- Disproportionate improvement of EPS versus net income due to share buyback program

# EBITDA margin Q2 2023 – Substantial margin increase despite volume decline



- Negative operating leverage from volume decline mitigated by high operational flexibility
- Sales price increases over-compensating raw material price inflation
- Positive other cost effect due to lower energy prices partly offset by wage inflation
- Natural hedge mitigating currency effect on EBITDA margin

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# Outlook 2023

## Market

- Overall declining building construction market and especially sanitary sector driven by
    - Building cost inflation
    - Increased interest rates
    - Pull-forward effects from COVID-19 induced home improvement trend
    - Shift from sanitary to heating related renovation in selected European countries
  - Increased volume uncertainties from
    - Macroeconomic and interest rate related risks
    - Inventory strategies of wholesalers in declining market environment
    - Regulatory uncertainties around energy transition in Europe
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## Geberit

- Mid-single digit net sales decline in local currencies for the full year
- Full year EBITDA margin of around 29%

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