

Quarterly report as of 30 September 2017

A good third quarter

Geberit AG, Rapperswil-Jona, 31 October 2017

The Geberit Group achieved solid results in the first nine months of 2017. Overall, net sales increased by 1.4% to CHF 2,202.3 million. Currency-adjusted net sales in organic terms rose by 3.0%. Adjusted operating profit fell by 1.0% to CHF 568.5 million, while adjusted net income declined by 1.1% to CHF 485.9 million. The drop in non-adjusted results was mainly caused by the one-off costs of closing two ceramics production plants in France, amounting to CHF 45 million. The Sanitec integration continues to proceed according to plan. Management expects currency-adjusted net sales in organic terms to grow by around 3% for 2017. The adjusted operating cashflow margin for the full year should reach around 28%.

Consolidated net sales

In the first nine months of 2017, the Geberit Group's net sales increased by 1.4% to CHF 2,202.3 million. This figure includes negative currency effects of CHF 4 million and the turnover-reducing sale of Koralle and Varicor. In local currencies and in organic* terms, net sales rose by 3.0%.

Net sales for the third quarter grew by 5.8% to CHF 733.0 million, an increase of 3.3% in currency-adjusted, organic terms. This development was negatively affected by a lower number of working days compared to the prior-year quarter as well as by a reduction in order backlogs in the shower toilet business in the previous year.

Net sales by market and product area

In organic terms and local currencies, Europe – the largest region – posted growth of 2.3% after nine months of the year. The Iberian Peninsula (+11.9%), Austria (+8.5%), Italy (+7.6%) and Central/Eastern Europe (+6.7%) made strong gains. France (+3.4%), the Benelux Countries (+3.3%), the Nordic Countries (+2.9%) as well as Germany and Switzerland (both +0.2%) also made gains. In Germany, capacity constraints of installers in the construction industry continued to inhibit growth. Net sales were down in the United Kingdom/Ireland (-7.8%). Double-digit growth was posted in the Far East/Pacific (+16.0%) and Middle East/Africa (+14.6%) regions. Net sales in America rose by +2.7%.

In the product areas, Sanitary Systems achieved currency-adjusted organic growth of 5.9%. Piping Systems also increased its net sales by 3.3%. Net sales in the product area Sanitary Ceramics dropped by 2.9%.

Results

As in previous years, one-off costs related to the Sanitec acquisition had an impact on the Geberit Group's results. Therefore, adjusted figures will be shown and commented on for comparability purposes. Adjusted operating cashflow (adj. EBITDA) increased by 0.2% to CHF 653.0 million, which corresponds to an adjusted EBITDA margin of 29.7% (previous year 30.0%). Adjusted operating profit (adj. EBIT) decreased by 1.0% to CHF 568.5 million, which corresponds to an adjusted EBIT margin of 25.8% (previous year 26.4%). The operating results were negatively affected primarily by higher

* Organic: adjusted for the net sales of the Koralle and Varicor units sold in mid-2016 and early 2017, respectively (CHF 30 million)

raw material prices, personnel expenses and depreciation. Increased sales volumes, a positive product mix effect and synergies from the Sanitec integration had positive effects. Adjusted net income decreased by 1.1% to CHF 485.9 million on account of a higher tax rate related to the closure of two ceramics production plants in France, with an adjusted return on net sales of 22.1% (previous year 22.6%). Adjusted earnings per share were down 1.0% to CHF 13.20 (previous year CHF 13.34). The share buyback programme launched at the beginning of June 2017 did not yet have any significant impact on this key figure.

Negative one-off effects as a result of the Sanitec acquisition/integration amounted to CHF 48 million as regards EBITDA, CHF 75 million as regards EBIT and CHF 69 million as regards net income. CHF 45 million in costs recorded in the second quarter in relation to the closure of two ceramics production plants in France had a significant impact on these figures.

Negative one-off effects explain the slightly lower net cashflow. Free cashflow fell by 11.5% to CHF 361.3 million due to a stronger year-on-year increase in net working capital.

Financial situation

The Geberit Group's financial situation remains very healthy. The equity ratio increased from 45.4% to 47.8%. Despite the positive cashflow, net debt (debt less liquid funds) increased as planned from CHF 461.2 million as at 31 December 2016 to CHF 550.0 million. This increase is mainly attributable to the dividend payment of CHF 368.4 million to shareholders and the share buyback programme launched in June 2017.

Status of Sanitec integration

The integration and the closure of two plants in France, the latter of which was announced in July 2017, continue to proceed according to plan. In 2017, one focus is on further consolidating the country organisations. We also continue to harmonise systems and processes, in addition to further developing the product range and making ongoing optimisations in ceramics manufacturing.

Outlook for the full year 2017

Overall, demand in the construction industry is positive in 2017. Individual regions/markets and construction sectors continue to perform very differently, however. A positive market environment is expected in the Nordic Countries, Switzerland, Austria, France, the Benelux Countries and the countries of Eastern Europe. Despite healthy demand, growth potential in Germany is severely limited due to capacity constraints of installers. A stable market environment is forecast for Italy, whereas the situation in the United Kingdom remains uncertain as a result of Brexit. In North America, the institutional construction industry – key to Geberit's business – is expected to stagnate, while residential construction is predicted to grow moderately. In the Far East/Pacific region, the Chinese residential construction sector has been developing positively since the start of the second half of 2017; the business climate in Australia and India is expected to be positive. The market environment in the Middle East/Africa region remains stable.

The results achieved by the Geberit Group in the first nine months give the company every reason to be confident of also being able to achieve solid results for the full year 2017. The effect of continually rising raw material prices will continue to present a challenge. Management expects currency-adjusted net sales in organic terms to grow by around 3% for 2017. The adjusted operating cashflow margin (adj. EBITDA margin) for the full year should reach 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 as an integrated group with a very strong local presence in most European countries, providing unique added value when it comes to sanitary technology and bathroom ceramics. The production network encompasses more than 30 production facilities, of which six are located overseas. The Group is headquartered in Rapperswil-Jona, Switzerland. With around 12,000 employees in around 50 countries, Geberit generated net sales of CHF 2.8 billion in 2016. The Geberit shares are listed on the SIX Swiss Exchange and since 2012, have been included in the SMI (Swiss Market Index).

Key financial figures as of 30 September 2017

Millions of CHF	1/1 – 30/09/2017	1/1 – 30/09/2016
Net sales	2202.3	2172.4
Change in %	+1.4	+10.1
Change in %, currency-adjusted/organic	+3.0	+6.5
Adj. operating cashflow (EBITDA)	653.0	651.8
Change in %	+0.2	+17.0
Margin in % of net sales	29.7	30.0
Operating cashflow (EBITDA)	605.0	649.9
Change in %	-6.9	+27.4
Adj. operating profit (EBIT)	568.5	574.5
Change in %	-1.0	+18.9
Margin in % of net sales	25.8	26.4
Operating profit (EBIT)	494.0	544.4
Change in %	-9.3	+31.5
Adj. net income	485.9	491.5
Change in %	-1.1	+23.6
Margin in % of net sales	22.1	22.6
Net income	416.7	469.1
Change in %	-11.2	+38.6
Adj. earnings per share (CHF)	13.20	13.34
Change in %	-1.0	+25.3
Earnings per share (CHF)	11.32	12.73
Change in %	-11.1	+40.5
	30/09/2017	31/12/2016
Equity	1750.0	1635.2
Equity ratio in %	47.8	45.4
Net debt	550.0	461.2
Number of employees	11,793	11,592

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