

Quarterly report as of 31 March 2018

## **Successful first quarter with strong earnings growth**

Geberit AG, Rapperswil-Jona, 3 May 2018

**The Geberit Group has got off to a good start in 2018. Sales increased by 11.7% to CHF 823 million in the first quarter of 2018. Adjusted for currency effects, the increase came to 4.7%. Operating cashflow rose by 12.1% to CHF 245 million.**

In the first quarter of 2018, sales for the Geberit Group increased by 11.7% to CHF 823 million. This includes positive currency effects of CHF 51 million. The increase in local currencies was 4.7%. In the year-on-year comparison, a positive – although still mixed – environment in the construction industry as well as successful market cultivation by Geberit led to this positive sales growth.

In currency-adjusted terms, Europe grew by 4.2%, America by 3.1% and Middle East/Africa by 2.8%. The region Far East/Pacific posted double-digit growth of 30.1%. In the product areas, sales in local currencies increased by 6.5% in Installation and Flushing Systems, 4.0% in Piping Systems and 3.4% in Bathroom Systems.

In comparison with previous years, the operating cashflow (EBITDA) will no longer be impacted by one-off costs related to the Sanitec acquisition in 2018. For better comparability, adjusted figures will only be shown for operating profit and net income, as well as for earnings per share. EBITDA increased by 12.1% to CHF 245 million, which corresponds to an EBITDA margin of 29.8% (adjusted EBITDA margin in 2017: 29.7%). Adjusted operating profit (adj. EBIT) increased by 12.7% to CHF 215 million, which corresponds to an adjusted EBIT margin of 26.1% (previous year 25.9%). The increased year-on-year operating results were above all attributable to higher sales volumes and continuous enhancements in efficiency, while higher raw material prices as well as tariff- and capacity-related higher personnel expenses had a negative impact. In line with the increase in the operating results, the adjusted net income rose by 12.9% to CHF 183 million, with an adjusted return on net sales of 22.2% (previous year 22.0%). Adjusted earnings per share grew by 13.4% to CHF 5.00 (previous year CHF 4.41).

One-off costs arising from the Sanitec acquisition/integration amounted to CHF 9 million as regards EBIT and CHF 7 million as regards net income.

The forecasts for the current year have not changed significantly since the announcement of the full-year results for 2017 last March. The situation in the construction industry should be generally favourable in 2018. However, the individual regions/markets and construction sectors will perform differently. In Europe, the recovery should continue. However, despite healthy demand, in Germany the limited installation capacity might remain a bottleneck for growth. A favourable market environment is expected for Austria, France and the Benelux Countries. The construction industry in Switzerland should remain stable at a high level. In the Nordic Countries, the situation for the individual countries is expected to be mixed, with a simultaneous slackening of the growth dynamic. The Eastern European markets are also predicted to perform differently, with a positive environment expected in Poland and a stabilisation anticipated in Russia, for example. An easing of the market environment is expected in Italy, whereas a downward trend is foreseeable in the United Kingdom as a result of Brexit. In North America, a moderate recovery is predicted in the institutional construction industry – which is important to Geberit's business in the USA – along with growth in residential

construction. In the Far East/Pacific region, the Chinese residential construction sector has been performing better since the beginning of the second half of 2017. The construction industry in Australia is expected to stagnate and the business climate in India is likely to become more challenging. In terms of the Middle East/Africa region, the Gulf States should recover. However, the construction market in South Africa is likely to stagnate. Fluctuations in the Swiss francs compared to the other important currencies used by the Geberit Group will have virtually no impact on operating margins due to natural currency hedging. Raw material prices are set to continue to rise in the second quarter of 2018, which will lead to figures in the first half of 2018 as a whole exceeding those of the prior-year period. This will mainly be driven by higher prices for industrial metals and also for plastics.

In 2018, the objective of the Geberit Group is to perform strongly across the entire sanitary product business and in all markets and, as in previous years, to gain market shares.

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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 30 production facilities, of which 6 are located overseas. The Group is headquartered in Rapperswil-Jona, Switzerland. With around 12,000 employees in around 50 countries, Geberit generated sales of CHF 2.9 billion in 2017. 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 2018**

Millions of CHF	1/1 – 31/03/2018	1/1 – 31/03/2017
Sales	823.1	737.1
Change in %	+11.7	+2.6
Change in %, currency-adjusted	+4.7	+6.7
Operating cashflow (EBITDA)	245.4	218.9 <sup>1)</sup>
Change in %	+12.1	+4.6
Margin in % of sales	29.8	29.7
Adj. operating profit (EBIT) <sup>2)</sup>	215.0	190.8
Change in %	+12.7	+3.8
Margin in % of sales	26.1	25.9
Operating profit (EBIT)	205.8	180.2
Change in %	+14.2	+3.9
Adj. net income <sup>2)</sup>	183.1	162.2
Change in %	+12.9	+2.2
Margin in % of sales	22.2	22.0
Net income	175.7	153.4
Change in %	+14.5	+2.1
Adj. earnings per share (CHF) <sup>2)</sup>	5.00	4.41
Change in %	+13.4	+2.6
Earnings per share (CHF)	4.80	4.17
Change in %	+15.1	+2.2
	<b>31/03/2018</b>	<b>31/12/2017</b>
Equity	2013.2	1837.2
Equity ratio in %	51.8	49.1
Net debt	556.2	482.5
Number of employees	11,836	11,709

1) For better comparability with 2018 figures: adjusted for costs in connection with the Sanitec acquisition and integration

2) Adjusted for costs in connection with the Sanitec acquisition and integration

Please visit our website [www.geberit.com](http://www.geberit.com) for additional information.