

Quarterly Report as of 30 September 2019

Very good results after three quarters

Geberit AG, Rapperswil-Jona, 31 October 2019

The Geberit Group posted very good results in the first three quarters of 2019. Overall, sales increased slightly by 0.4% to CHF 2,381 million in the first nine months. Currency-adjusted sales climbed by 3.9%. Operating cashflow (EBITDA) increased by 4.8% to CHF 732 million; the EBITDA margin amounted to 30.8%. Net income increased by 4.1% to CHF 536 million, with a return on sales of 22.5%. For 2019 as a whole, Management expects to achieve currency-adjusted sales growth of 3-4% and an operating cashflow margin of around 29%.

Consolidated sales

In the first nine months of 2019, the Geberit Group's sales increased by 0.4% to CHF 2,381 million. This performance includes negative currency effects of CHF 81 million. In local currencies, the increase was 3.9%. This convincing currency-adjusted sales growth was achieved in a challenging but generally positive environment in the construction industry – above all thanks to successful market cultivation.

Sales in the third quarter reached CHF 754 million, which is equivalent to an increase of 1.8% in Swiss francs and a currency-adjusted rise of 5.5%.

Sales by market and product area

Currency-adjusted sales in Europe, the largest region, rose by 3.7%. The Benelux Countries (+9.0%), the United Kingdom/Ireland (+7.6%), Austria (+6.9%), the Iberian Peninsula (+5.0%), Germany (+4.0%) and Switzerland (+3.8%) made strong gains. The Nordic Countries (+2.3%), Eastern Europe (+1.4%) and France (+1.3%) also grew. However, there was a slight decline in Italy (-0.4%). Double-digit sales growth was posted in the Far East/Pacific region (+13.1%), while the Middle East/Africa region slightly grew (+2.0%) and America achieved its prior-year level (+0.1%).

In the product areas, sales in local currencies increased by 5.8% in Installation and Flushing Systems and 5.9% in Piping Systems. Sales in Bathroom Systems remained at their prior-year level (-0.1%).

Results

The results in 2019 are no longer impacted by one-off costs related to the Sanitec acquisition, which is why adjusted figures will no longer be shown as of the current year. Operating cashflow (EBITDA) increased by 4.8% to CHF 732 million, which corresponds to an EBITDA margin of 30.8% (previous year 29.5%). Operating profit (EBIT) increased by 3.2% to CHF 626 million, which corresponds to an EBIT margin of 26.3% (adjusted EBIT margin in 2018: 25.6%). The year-on-year increase in operating results was above all attributable to lower raw material prices, higher sales volumes, an improved product mix and price increases as well as to enhancements in efficiency and high cost discipline. In addition, a change to the IFRS accounting standard had a positive impact on EBITDA. Tariff-related increases in personnel expenses and currency developments had a negative impact. A slightly lower tax rate and an improved financial result compared with the previous year led to a rise of 4.1% in net income to CHF 536 million, with a return on sales of 22.5% (adjusted return on sales in 2018: 21.7%). Earnings per share grew by 5.5% to CHF 14.88.

The higher operating cashflow compared with the previous year and positive effects of the change in net working capital resulted in a significant increase of 19.7% in free cashflow to CHF 498 million.

Financial situation

The Geberit Group’s financial situation remains very solid. Thanks to the positive cashflow and despite the dividend payment and the ongoing share buyback programme, net debt (debt less liquid funds) fell slightly from CHF 555 million as at 31 December 2018 to CHF 553 million. The equity ratio decreased from 49.8% at the end of the previous year to 49.1%.

The share buyback programme was continued. By 30 September 2019, around 765,000 shares, or 2.1% of the share capital currently entered in the Commercial Register, had been acquired at a sum of CHF 323 million, CHF 47 million thereof in the first three quarters of 2019.

Outlook for the full year 2019

The forecasts for the construction industry in the current year have not changed significantly. The environment remains challenging due to an increase in volatility and the slowdown of construction activity in individual markets. However, the individual regions and sectors are performing differently. The assessment of construction activity in **Europe** remains positive as a whole. Despite healthy demand, growth potential in Germany remains limited due to the capacity constraints of installers. A favourable market environment can be seen in Austria and the Benelux Countries, although with weaker growth momentum. The market environment in Italy and France is flat. The construction sector in Switzerland remains at a high level. In the Nordic Countries, the situation for the individual countries looks mixed, with a stagnating market environment overall in the best case. The construction industry in the United Kingdom is declining. The Eastern European markets are performing differently, with a positive environment in Poland and weak underlying conditions in Russia and Turkey. In **North America**, the institutional construction industry, which is important to Geberit’s business in the USA, is performing weaker than expected. In the **Far East/Pacific** region, the Chinese residential construction sector continues to perform positively, while the construction industry in Australia is declining and the economic environment in India is challenging. The **Middle East/Africa** region is shaped by a weak market environment in the Gulf region and the construction market in South Africa is stagnating. Uncertainties related to the **raw material markets** remain high and make an outlook difficult. Following lower raw material prices in the third quarter, overall slightly higher prices are expected in the fourth quarter.

The objective for the Geberit Group in 2019 is to perform strongly across the entire product range and in all markets and, as in previous years, to gain market shares. For 2019 as a whole, Management expects to achieve currency-adjusted sales growth of 3-4% and an operating cashflow margin of around 29%.

For further information, please contact:

Geberit AG

Schachenstrasse 77, CH-8645 Jona

Christian Buhl, CEO

Tel. +41 (0)55 221 63 46

Roland Iff, 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. 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 29 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 sales of CHF 3.1 billion in 2018. 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 2019

Millions of CHF	1/1 – 30/09/2019	1/1 – 30/09/2018
Sales	2381	2371
Change in %	+0.4	+7.7
Change in %, currency-adjusted	+3.9	+3.1
Operating cashflow (EBITDA)	732	699
Change in %	+4.8	+7.0
Margin in % of sales	30.8	29.5
Operating profit (EBIT)	626	607 ¹⁾
Change in %	+3.2	+6.7
Margin in % of sales	26.3	25.6
Net income	536	515 ¹⁾
Change in %	+4.1	+5.9
Margin in % of sales	22.5	21.7
Earnings per share (CHF)	14.88	14.10 ¹⁾
Change in %	+5.5	+6.8
	30/09/2019	31/12/2018
Equity	1783	1745
Equity ratio in %	49.1	49.8
Net debt	553	555
Number of employees	11,690	11,630

1) For better comparability with 2019 figures: adjusted for costs in connection with the Sanitec acquisition and integration

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