Annual results 2020

**Very good results despite crisis**

Geberit AG, Rapperswil-Jona, 10 March 2021

**Geberit looks back on a very good business and financial year – despite the COVID-19 crisis. The currency-adjusted sales growth was due to the strong market position, successful crisis management, the conscious decision to not furlough employees in order to also maintain the levels of contact with customers during the lockdown periods, and a rapid transition to a digital customer service approach. Thanks to further improved, high profitability, Geberit succeeded in further consolidating the position as leading supplier of sanitary products and gained further market shares. Consolidated net sales in 2020 decreased by 3.1% to CHF 2986 million. This decline comprised growth in local currencies of 1.3% and a negative foreign currency effect of 4.4%. Operating profit (EBIT) rose by 2.0% to CHF 772 million, and the EBIT margin reached 25.8% (previous year 24.5%). Net income decreased by 0.7% to CHF 642 million, which led to a return on net sales of 21.5% (previous year 21.0%). Earnings per share were slightly below previous year at CHF 17.95 (previous year CHF 17.97). Free cashflow increased by 11.4% to CHF 717 million despite negative currency effects. A distribution of CHF 11.40 will be proposed to the General Meeting, an increase of 0.9% compared to the prior year.**

**Currency-adjusted net sales growth despite crisis**
As already announced in January 2020, consolidated net sales in 2020 decreased by 3.1% to CHF 2986 million. This development comprised an increase in local currencies of 1.3% and a negative foreign currency effect of 4.4%.

In 2020 as a whole, currency-adjusted net sales in Europe rose by +2.0%. The development in individual countries and markets varied greatly depending on the extent and length of the lockdown seen in the construction industry in spring. In Germany (+7.3%), Austria (+5.0%), Switzerland (+4.1%), Eastern Europe (+3.2%) and the Nordic Countries (+2.9%), construction sites saw only limited restrictions and pleasing growth in currency-adjusted net sales was achieved across the year as a whole. Due to more restricted construction activities in Belgium, the Benelux Countries remained at the previous year’s level. In contrast, the markets most seriously affected by the building site closures – the United Kingdom/Ireland (-15.7%), the Iberian Peninsula (-10.9%), Italy (-8.3%) and France (-6.9%) – still saw a significant drop in currency-adjusted net sales after twelve months. The negative impacts of the COVID-19 pandemic continued to be felt in regions outside Europe – in the Middle East/Africa (-14.1%) and Far East/Pacific (-7.2%). Net sales in America rose by +1.7%.

In the product areas, currency-adjusted net sales increased by 2.3% in Bathroom Systems and by 2.1% in Installation and Flushing Systems, with a slight fall of 0.8% in Piping Systems due to weaker new construction and project business.

**High profitability further improved – above all as a result of COVID-19**
The results were impacted by negative currency developments. However, results in local currencies increased on all levels despite the sales decrease as a result of COVID-19. Operating cashflow (EBITDA) rose by 2.4% to CHF 925 million. The EBITDA margin increased by 170 basis points to 31.0% (previous year 29.3%). This increase in the margin was mainly due to the COVID-19-related cost savings (particularly marketing and travel expenses), the high levels of flexibility in production and logistics, lower raw material prices, the natural currency hedging, and price increases. Thanks to these measures, it was also possible to compensate for the significant tariff-related increases in personnel expenses and additional investments in digitalisation initiatives.

Despite higher amortisation, operating profit (EBIT) increased by 2.0% to CHF 772 million. The EBIT margin reached 25.8%, which was also significantly higher than the previous year (24.5%). Net income dropped slightly by 0.7% to CHF 642 million due to a higher tax rate and a lower financial result, with a return on net sales of 21.5% (previous year 21.0%). Despite the negative currency development, earnings per share of CHF 17.95 remained practically at the previous year's level (CHF 17.97).

**Further increase in free cashflow**
The higher operating cashflow, successful management of net working capital during the crisis and lower investments in property, plant and equipment due to COVID-19 had a positive impact on cashflow. All in all, free cashflow increased by 11.4% to a new record high of CHF 717 million despite negative currency effects. The free cashflow margin reached 24.0% (previous year 20.9%).

**Continued strong financial foundation**
The further increase in free cashflow allowed the attractive dividend policy and the share buyback programme to be continued while also maintaining the very healthy financial foundation of the Group. Total assets increased from CHF 3725 million to CHF 3751 million. Liquid funds (including marketable securities and other short-term investments) grew from CHF 428 million to CHF 469 million. In addition, the Group had access to undrawn operating credit lines for the operating business of CHF 583 million. Debt decreased from CHF 837 million in the previous year to CHF 779 million. Overall, this resulted in a decline in net debt of CHF 99 million to CHF 310 million at the end of 2020. Net working capital dropped by CHF 21 million year-on-year to CHF 181 million. The equity ratio remained at a very solid 51.2% (previous year 51.0%). The ratio of net debt to EBITDA dropped to 0.3x (previous year 0.5x). Based on average equity, the return on equity (ROE) came to 34.8% (previous year 35.8%). The return on invested capital (ROIC) was 23.2%, slightly above the previous year's level (23.1%).

**Further improvement of environmental performance at a high level**
The absolute environmental impact of the Geberit Group decreased by 8.9% in 2020, even though currency-adjusted net sales increased by 1.3% in the same period. The environmental impact in relation to currency-adjusted net sales (eco-efficiency) decreased by 10.1%. $CO_2$ emissions were reduced in 2020 by 7.2% to 206,553 tonnes. In relation to currency-adjusted net sales, emissions decreased by 8.4%. Since the integration of the energy-intensive ceramics production in 2015, $CO_2$ emissions in relation to net sales have fallen by 32.6%. This enabled the targets set out in the long-term $CO_2$ strategy for reducing $CO_2$ emissions to be met. In addition to relative targets, this strategy also includes long-term absolute targets.

**Continued attractive distribution policy**
The Board of Directors will propose to the ordinary General Meeting of Geberit AG on 14 April 2021 an increase in the dividend of 0.9% to CHF 11.40. The payout ratio of 63.8% of net income is in the upper range of the 50% to 70% corridor defined by the Board of Directors.

During the reporting year, CHF 571 million, or 79.6% of the free cashflow, was therefore distributed to shareholders as part of the dividend payment and the share buyback programmes. Over the last five years, around CHF 2.4 billion has been paid out to shareholders in the form of distributions or share buybacks, which corresponds to 80.4% of the free cashflow in this period.

**Outlook 2021**
As a result of the ongoing uncertainties in relation to the COVID-19 pandemic and the lack of visibility, it remains very difficult – if not impossible – to provide an outlook, which is why this has been dispensed here. In the coming year, the objective is again to perform strongly in all markets and, as in previous years, to gain further market shares. To this end, a particular focus is to be placed on new products that have been introduced in recent years, on markets in which Geberit products or technologies are still under-represented, as well as on the further expansion of the shower toilet business making all together an important contribution to this. In line with the Geberit strategy, these measures shall be accompanied by efforts to continuously optimise business processes in order to be able to achieve continued high margins and a strong free cashflow also in 2021. Based on the strong foundation already built up over the past decades, the sustainability performance should also continue to improve.

Both the Board of Directors and Group Executive Board are convinced that the Geberit Group is very well equipped and positioned to meet current and upcoming opportunities and challenges in order to emerge stronger from the global economic crisis caused by the COVID-19 pandemic

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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 29 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 net sales of CHF 3.0 billion in 2020. 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 December 2020

| **Millions of CHF** | **1/1 – 31/12/2020** | **1/1 – 31/12/2019** |
|---|---|---|
| Net sales | 2986 | 3083 |
| Change in % | -3.1 | +0.1 |
| Change in %, currency-adjusted | +1.3 | +3.4 |
| Operating cashflow (EBITDA) | 925 | 904 |
| Change in % | +2.4 | +4.2 |
| Margin in % of net sales | 31.0 | 29.3 |
| Operating profit (EBIT) | 772 | 757 |
| Change in % | +2.0 | +1.7 |
| Margin in % of net sales | 25.8 | 24.5 |
| Net income | 642 | 647 |
| Change in % | -0.7 | +3.3 |
| Margin in % of net sales | 21.5 | 21.0 |
| Earnings per share (CHF) | 17.95 | 17.97 |
| Change in % | -0.1 | +4.4 |
| | **31/12/2020** | **31/12/2019** |
| Equity | 1922 | 1899 |
| Equity ratio in % | 51.2 | 51.0 |
| Net debt | 310 | 409 |
| Number of employees | 11,569 | 11,619 |

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