

Ad hoc announcement pursuant to Art. 53 LR

Half-Year Report as of 30 June 2021

Exceptionally strong results in the first half of 2021

Geberit AG, Rapperswil-Jona, 19 August 2021

The Geberit Group posted exceptionally strong results in the first half of 2021. Overall, net sales increased by 24.9% to CHF 1833 million. Adjusted for currency effects, the increase was 22.6%. Operating cashflow increased by 35.5% to CHF 626 million, which corresponds to an increase in the operating cashflow margin of 270 basis points. Net income increased by 46.1% to CHF 460 million, with a return on net sales of 25.1%. For 2021 as a whole, Management expects a low double-digit growth in net sales in local currencies and an EBITDA margin at the upper end of the medium-term target range of 28% to 30%.

Consolidated net sales

In the first half of 2021, net sales for the Geberit Group increased by 24.9% to CHF 1833 million. This increase includes positive currency effects of CHF 33 million. In local currencies, this resulted in an increase of 22.6%. The exceptional sales growth was primarily down to the positive base effect due to the decline in sales as a result of COVID-19 in the previous year, the ongoing home improvement trend and the accumulation of stock by customers. When compared with the first half of 2019 – and thus with net sales before the COVID-19 pandemic – an exceptionally strong growth of 16.9% after currency adjustments was also seen.

This growth was achieved despite significant challenges on the raw material markets, and was due mainly to the outstanding performance and flexibility of the production plants and in logistics.

Net sales in the second quarter reached CHF 924 million, which is equivalent to an increase of 37.8% compared to the same quarter in the previous year. After currency adjustments, an increase of 34.1% was achieved. These figures also represent the largest quarterly increase since the IPO in 1999. Compared to the second quarter of 2019, a record growth of 20.4% after currency adjustments was also achieved.

Net sales by market and product area

The European markets posted exceptionally strong results for the first half of 2021 and grew by +21.8% as a whole after currency adjustments. Italy (+52.0%), United Kingdom/Ireland (+46.9%), the Iberian Peninsula (+31.7%) and France (+29.0%) – which were particularly affected by the COVID-19 pandemic in the previous year – saw above-average growth. However, all other markets and regions also saw double-digit growth – substantially in some cases: Austria posted increases of +43.8%, Eastern Europe +31.0%, Germany +15.6%, Switzerland +14.2%, the Benelux Countries +12.8% and the Nordic Countries +10.1%. The Middle East/Africa (+53.3%) and Far East/Pacific (+39.4%) regions also saw very strong growth. Double-digit growth was also achieved in America (+12.1%).

All three product areas developed positively in the first six months of the year. Net sales in local currencies increased by 23.9% in Installation and Flushing Systems, 22.4% in Piping Systems and 21.3% in Bathroom Systems.

Results

Results and margins saw significant double-digit increases at all levels in the first half of 2021 and saw disproportionate increases compared with net sales growth. Operating cashflow (EBITDA) increased by 35.5% to CHF 626 million, which corresponds to an EBITDA margin of 34.2% (previous year 31.5%). The significant increase in margins of 270 basis points was largely due to volume growth. Raw material prices, which have risen considerably since the end of 2020, had a significant impact on margins despite the price increases made. Personnel expenses increased at a lower rate than net sales growth. Currency effects had no significant impact on operating margins. Operating profit (EBIT) grew by 41.7% to CHF 546 million, corresponding to an EBIT margin of 29.8% (previous year 26.3%). The increase in the operating result and an improvement in the financial result led to an increase in net income of 46.1% to CHF 460 million, corresponding to a return on net sales of 25.1% (previous year 21.4%). By comparison, earnings per share saw a disproportionate increase of 47.5% to CHF 12.94 due to the positive impact of the share buyback programme.

The significant increase in free cashflow of 88.4% to CHF 328 million was down to the strong operating cashflow. The stronger increase in net working capital due to the good course of business and higher tax payments had a negative impact.

Financial situation

The Geberit Group's financial situation remains very solid. When compared with the figures after the first six months of the previous year, net debt (debt less liquid funds) decreased significantly from CHF 773 million to CHF 545 million. The equity ratio increased to 51.7% (previous year 44.6%).

The share buyback programme launched on 17 September 2020 was continued. Over a maximum period of two years, registered shares amounting to a maximum purchase value of CHF 500 million will be repurchased. By 30 June 2021, around 218,000 shares had been acquired at a sum of CHF 125 million, of which CHF 74 million were repurchased in 2021.

Number of employees

The Geberit Group employed 12,011 people worldwide at the end of June 2021 (11,569 at the end of 2020). This increase was due to – mainly temporary – capacity adjustments in production and logistics to cope with high demand.

Investments in property, plant and equipment

CHF 54 million (previous year CHF 55 million) was invested in property, plant and equipment in the first six months of 2021. This equates to 2.9% of net sales (previous year 3.7%), with the bulk of this spending used for capacity expansions, for modernisations – thus laying the foundations for further improvements in production efficiency – and for new products.

R&D expenses

Research and development (R&D) expenditures amounted to CHF 39 million (previous year CHF 38 million), corresponding to 2.1% of net sales (previous year 2.6%).

Outlook for the full year 2021

The unexpectedly strong performance seen in the first half of 2021 has highlighted how difficult it is to currently provide an outlook due to the ongoing uncertainties in connection with the COVID-19 pandemic and its economic impact. This also applies to availabilities and price developments seen on the raw material markets. Raw material prices relevant to Geberit are again expected to rise strongly in the third quarter compared to the second quarter at around 6%.

The exceptionally good results seen in the past twelve months show that Geberit is emerging stronger from the global economic crisis caused by the pandemic and has gained further market shares. For 2021 as a whole, Management thus expects a low double-digit growth in net sales in local currencies and an EBITDA margin at the upper end of the medium-term target range of 28% to 30%.

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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 approximately 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 30 June 2021

Millions of CHF	1/1 – 30/06/2021	1/1 – 30/06/2020
Net sales	1833	1468
Change in %	+24.9	-9.8
Change in %, currency-adjusted	+22.6	-4.5
Operating cashflow (EBITDA)	626	462
Change in %	+35.5	-7.8
Margin in % of net sales	34.2	31.5
Operating profit (EBIT)	546	386
Change in %	+41.7	-10.5
Margin in % of net sales	29.8	26.3
Net income	460	315
Change in %	+46.1	-13.9
Margin in % of net sales	25.1	21.4
Earnings per share (CHF)	12.94	8.77
Change in %	+47.5	-13.5
	30/06/2021	30/06/2020
Equity	1952	1659
Equity ratio in %	51.7	44.6
Net debt	545	773
	30/06/2021	31/12/2020
Number of employees	12,011	11,569

Please visit our website www.geberit.com as well as our half-year report on www.geberit.com/halfyearreport for additional information.