

## Business Report

# Editorial

| GRI 2-22 |



Dear shareholders,

Once again, an extremely challenging year is behind us. However, despite a strong decline in the building construction industry in Europe, we were able to increase sales and sales volumes. The major success of our recently launched products on the market was very pleasing in this regard. Operating margins were only slightly below the previous year's level. As a result, it was also possible to absorb most of the impacts of the continued high wage inflation and – compared to most currencies – a significantly stronger Swiss franc. Based on our strategic stability, we have carried out all important, larger investment projects as planned. All in all, this is reference to our structural and financial strength as well as the resilience of our business model. This enabled us to further expand and strengthen our market position as leading supplier of sanitary products.

## **Sales growth despite strong decline in market environment**

In 2024, the Geberit Group's net sales reached the previous year's level at CHF 3,085 million. Adjusted for negative currency effects of CHF 76 million, the increase was +2.5%, despite the strong decline seen in the building construction industry. The growth was driven entirely by higher volumes. In addition to a rebuilding of inventories at wholesalers in the first half of the year, this increase was primarily due to the expansion of the market position and the strong development of various new products.

## **Convincing operating results**

Our results in 2024 were impacted by the unfavourable currency situation. However, after currency adjustments, the operating results and earnings per share developed positively. While net income was negatively impacted by the higher tax rate due to the OECD minimum taxation law, it still reached the previous year's level in local currencies. Despite the extremely challenging market environment, operating margins were only slightly below the previous year's level. The higher sales volumes and lower direct material costs compared to the previous year had a positive impact. In contrast, the high levels of wage inflation in many countries had a negative impact. Furthermore, investments were made in various projects to strengthen the company's market



position. These included growth initiatives in selected developing markets, marketing expenses for the launch of new products and for celebrating the 150th anniversary of the Geberit Group, plus various digitalisation and IT projects.

Overall, operating cashflow (EBITDA) fell by 0.9% to CHF 913 million. However, after currency adjustments this corresponded to an increase of 2.7%. The EBITDA margin decreased by 30 basis points to 29.6%; after currency adjustments, it reached the level of the previous year. Net income decreased by 3.2% to CHF 597 million (currency-adjusted -0.2%), corresponding to a return on net sales of 19.4% (previous year 20.0%). The reason for the marked decline in net income compared to the operating results was the significantly higher tax rate, which was primarily driven by the OECD minimum taxation law in force since 2024. In terms of earnings per share, the positive effects of the share buyback programmes led to a smaller decline compared to the development of net income. Accordingly, earnings per share decreased slightly by 1.8% to CHF 18.06 (previous year CHF 18.39); in local currencies, this figure increased by 1.3%. Free cashflow decreased by 2.0% to CHF 613 million, mainly due to negative effects from the change in net working capital. The free cashflow margin reached 19.9% (previous year 20.3%).

## Diverse face-to-face and digital marketing and sales activities

The most important part of the diverse market cultivation activities is carried out by our employees in field service at the various local sales companies. They are in daily contact with wholesalers, plumbers, sanitary engineers, real estate investors and architects. Despite the challenging market environment, our sales organisation maintained the number of individual customer contacts at a high level. Additionally, around 50 customer events were held worldwide to mark Geberit's 150th anniversary, paying tribute to long-term collaborations and reinforcing future partnerships.

In the reporting year, we were able to provide around 70,000 professionals with face-to-face training on products, tools, software tools and installation skills at the 30 Geberit Information Centres in Europe and overseas. At the same time, counter days and local and digital events were organised in numerous markets – often together with wholesalers – to inform craftsmen about new products. More than 69,000 customers took part in such events. Web-based seminars and training courses now occupy a firm and important place in Geberit's training offer. 23,000 participants took part in the past year.

Geberit know-how for drinking water supply, roof and building drainage and for the construction of sanitary facilities is implemented in numerous major projects. The durable, space-saving and installation-friendly systems offer significant advantages in planning and design for project managers and craftsmen. Advantages also include expert technical support from Geberit's Technical Advisory Service on topics including sound insulation, fire protection, statics and hygiene. In residential construction, manufacturers of standardised solutions such as prefabricated bathrooms and prefabricated buildings are becoming increasingly important in individual markets. This is because industrial prefabrication allows for fast installation and higher economic efficiency. Customers in the prefabrication industry are looked after by our specialist sales team. We have been active in industrial prefabrication for years and produce prefabricated frame constructions for sanitary installations and completely furnished prefabricated bathrooms for new buildings and renovations at our sites in Lichtenstein (DE) and Matrei (AT).

Our professional customers are offered support in their daily work that meets their needs as much as possible with digital tools. Fifteen applications are now available for assisting professionals in the planning and calculation of sanitary installations or in the commissioning and maintenance of devices. End users can find inspiration for their bathroom design in nine applications, such as the newly launched WC Finder, Washplace Configurator or the established 3D bathroom planner. The different tools are now in use in 38 markets.

## New products for our markets worldwide

In 2024, we once again expanded our product range, launching numerous new products on the market. The launch of the new entry-level shower toilet AquaClean Alba, which addresses new customer segments thanks to its attractive price, and the Mapress Therm piping system for cooling and heating applications were both extremely successful. Moreover, further bathroom products for end users and a wide range of technical products for the trade were introduced.

Our innovative strength, which is above average for the sector, is founded on our own, wide-ranging research and development activities. In the reporting year, a total of CHF 74 million – or 2.4% of net sales – was invested in the development and improvement of products, processes and technologies. In order to protect our know-how, we applied for 33 patents in the reporting year – and a total of 163 patents over the past five years.

## Strategic stability despite difficult-to-predict market demand

Investments in property, plant and equipment and intangible assets amounted to CHF 182 million in 2024, which is CHF 15 million or 7.6% less than in the previous year. As a percentage of net sales, the investment ratio was 5.9% (previous year 6.4%). The lower investments were due to a planned reduction in the volume of strategic plant expansions compared to the previous year. However, based on our strategic stability, all important, larger investment projects were carried out as planned.

The global and regional supply chains largely normalised in the reporting year. There was good availability of raw materials and components, and we were able to supply customers with the entire product range at the usual high level thanks to efficient logistics processes.

In the production sites, we were able to increase productivity by 3%. This increase was achieved primarily through measures aimed at improving efficiency. As market demand was difficult to predict, a high degree of operational flexibility continued to be required. With this in mind, processes were further optimised at all plants and the energy and material efficiency increased, while investments were made in the future of the plants and their capacities for handling future growth as part of strategic stability measures. In the ceramic production network, the implementation of the specialisation strategy was continued and, at the same time, the further automation of individual production processes was promoted.

## Value-oriented management and ESG governance

The value- and future-oriented corporate governance strengthens the resilience of the Geberit business model and thus the long-term value creation of the company. We consider a sustainability-oriented business management philosophy as one of the strategic success factors. This includes the long-term planning of investment projects taking an internal CO<sub>2</sub> reference price into consideration, checking whether the defined measures have achieved their targets, and integrating the CO<sub>2</sub> reduction target as one of five equally weighted criteria in the calculation of the bonus for management and some of the employees.

## Eco-efficiency continuously improved

The absolute environmental impact of the Geberit Group increased by 2.4% in 2024 due to volume-related reasons. Currency-adjusted net sales increased by 2.5% in the same period. In contrast, the relative environmental impact (eco-efficiency; calculated from environmental impact in relation to currency-adjusted net sales) remained stable. Since the integration of the energy-intensive ceramics production in 2015, eco-efficiency has improved by 62.6%, corresponding to an average annual improvement of 10.3%. We therefore remain on course to achieve our long-term target of an average improvement of 5% per year.

Pivotal in the environmental strategy are measures for saving energy, increasing efficiency, heat recovery and procuring renewable energy in the production plants. We are implementing the corresponding measures using an energy master plan. Among other projects, a new tunnel kiln was put into operation in Carregado (PT) in 2024. This kiln is 120 metres long, can be loaded on two levels and replaces three existing kilns. The plant is then not only more energy efficient, but also recovers energy from the hot exhaust air in the cooling zone. This is then used for operating the dryers and ventilation units. By replacing the old kilns with the new system, energy savings of around 40% can be achieved. Furthermore, as part of the structural reduction approach at the ceramics plants, new, alternative technologies for firing the appliances are also regularly evaluated. In addition to technological innovations such as the aforementioned new tunnel kiln and the installation of a second high-pressure casting system at the ceramics plant in Koło (PL), the manufacturing processes are continually optimised. The goal is to constantly increase quality while simultaneously reducing scrap rates. Both of these aspects contribute to a reduction in energy consumption.

## Comprehensive reporting and controlling in the area of sustainability

The sustainability report as part of this annual report was compiled in accordance with Art. 964a ff. of the Swiss Code of Obligations and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate reporting. It also reflects the recommendations of the Sustainability Accounting Standards Board (SASB). Furthermore, the report also shows how we are contributing to the UN 2030 Agenda for Sustainable Development and to the Sustainable Development Goals (SDGs).

The Geberit sustainability strategy is based on the materiality analysis according to GRI standards. This analysis has been regularly updated since 2014. In the reporting year, we carried out a double materiality analysis according to the European Sustainability Reporting Standards of the Corporate Sustainability Reporting Directive (CSRD). The double materiality analysis process was carried out with the involvement of a large group of internal and external stakeholders, who were able to assess potentially material topics for Geberit with the aid of a structured survey. This list of material topics according to CSRD will form the basis for updating the sustainability strategy. This step will be carried out in 2025. We will be publishing both the new materiality analysis and the updated sustainability strategy in the Annual Report 2025.

## Again honoured with EcoVadis award

Once again, we as the Geberit Group have been recognised for our sustainability management by EcoVadis. With the Gold rating, we find ourselves in the top five percent of rated companies. EcoVadis is one of the world's largest providers of business sustainability ratings and has created a global network of over 150,000 companies in around 180 countries. The

comprehensive analysis takes into account 21 criteria in the areas Environment, Labour & Human Rights, Ethics and Sustainable Procurement, and contributes towards ensuring transparency in sustainability performance of the companies. The Gold rating shows both customers and suppliers that Geberit has a comprehensive, systematic sustainability management in place.

## Focus on water consumption

Careful, sparing use of water as a valuable resource is one of our core areas of focus. The consistent focus on reducing water consumption both in production and in the product use phase is our greatest lever for contributing to sustainable development.

In the reporting year, water consumption in production totalled 880,759 m<sup>3</sup> (previous year 850,178 m<sup>3</sup>). In comparison with 2015, the year of the integration of the ceramics business, water consumption fell by 24.7%. Geberit consistently applies measures to successively reduce water consumption. In particular, this includes measures such as reusing water in laboratories and the production process. Ceramic production accounts for the biggest share of water consumption at around 80%. In this area, water consumption increased by 7.5% compared to the previous year. However, savings of 25.3% have also been achieved here since 2015.

With eco-design, we check and improve the products with regard to water consumption. Our innovative sanitary products help to systematically optimise water consumption in buildings. Rimless ceramic appliances, the optimised TurboFlush technology installed in an increasing number of Geberit toilet models, water-saving taps and urinals as well as the flush valves type 208 and 212 help to handle water sparingly. According to a model calculation, water consumption for toilet flushing, for example, has decreased since 1952 by around 80% from 70 litres to 14 litres per person per day thanks to several innovations such as the flush-stop cisterns and Geberit dual flush.

## Circular economy and longevity

The aim of the circular economy is to operate an economic cycle in the most resource and environmentally friendly way possible. We see the development of durable products as making our largest contribution to saving resources and the circular economy. The longer a product can be used, the lower the resource input per use. Thanks to the use of high-quality materials and strict quality requirements, Geberit products can be used for decades. The service life often exceeds 50 years, for example in the case of plastic drainage pipes. The quality and longevity of products is also supported by a particularly long spare parts availability – 50 years for concealed cisterns and their mechanical components, and 25 years for a significant proportion of the rest of the product range. In addition, a large proportion of the ceramic products come with a lifetime guarantee.

Geberit products can be cleaned, maintained and repaired easily. They are also backwards-compatible, meaning newly launched products and innovations can be combined easily with older models or device components. This backwards compatibility – for example, in the case of actuator plates – also contributes to a longer service life of a previously installed product.

## Promotion of diversity and inclusion

At Geberit, we are committed to diversity and equal opportunity – irrespective of gender, ethnic origin, skin colour, age, religion, nationality or other possible grounds for discrimination. This is ensured worldwide as part of the annual review of the Geberit Code of Conduct and is an integral part of the corporate culture. We pursue a fair and non-discriminatory employment practice. Recruitment, training courses and promotions depend solely on individual experience, as well as skills and potential regarding the requirements of the position in question. In order to ensure equal pay, the proven Korn Ferry Hay method for job evaluation and salary benchmarking is used. In this way, gender-independent and fair salary structures are ensured. Structured, regular surveys at the local Geberit Group companies confirm that there are no differences between the basic salaries of women and men.

We implement targeted measures to increase the proportion of female employees in the workforce and in management. In order to increase the proportion of female employees in management, they are given preference if qualifications are equal. Moreover, qualified internal female candidates are actively encouraged to apply for management positions. At the same time, we make efforts to increase the pool of internal female candidates for management positions through systematic tracking of talented female employees. The internal development programmes GROW and LEAD are explicitly aimed at identifying talented men and women within the company, preparing them for their next career step and supporting them along their path to middle or senior management. Additionally, we are involved in various initiatives and collaborations with institutions and education programmes in order to recruit more women from the STEM areas (science, technology, engineering and mathematics). In addition to the goal of increasing the proportion of female employees in management positions, the general aim is to have heterogeneous teams reflecting a variety of perspectives, experiences and backgrounds. In order to improve the work-life balance across the entire company, support is given to employees who wish to work part time.

We see the integration of disadvantaged people in the labour market as part of the company's social commitment. An inclusive culture is cultivated in which jobs are created for people with disabilities. At the end of 2024, 255 (in FTE) of these inclusive jobs were located directly in the company, which corresponds to 2.3% of the total workforce. In addition, external workshops for



people with disabilities are contracted for various assembly and packaging jobs. In the reporting year, the volume of work contracted to external partners was equivalent to 358 FTEs. In total, 613 people with disabilities worked for Geberit, which corresponds to 5.3% of the entire workforce.

## Information technology and artificial intelligence

Our current operational focus in information technology (IT) is on increasing efficiency and creating added value for the customers. In view of the rapid development and great potential of self-learning technology, we started to establish a competence centre for artificial intelligence (AI) in the reporting year. In addition to the fundamental expansion of AI expertise, the team will analyse and implement transformative ideas across the Group with the goal of increasing efficiency and business success over the long term and maximising the Group-wide potential of this technology.

At Geberit, we are continually working to increase and further develop our information technology (IT security). This includes taking defensive measures against cyberthreats as well as detecting and dealing with any cyberattacks efficiently. Extensive measures have been established in the interests of business continuity. In terms of organisation, an IT security committee is responsible for all relevant aspects of IT security. The Group Executive Board receives intensive training on IT security twice a year, including simulations of hacker attacks. The IT security committee informs the Board of Directors at regular intervals on the progress made, maturity level and planned measures in the field of IT security. The company's IT systems undergo a comprehensive and detailed security check according to IT security standards – including the ongoing assessment of newly emerging risks – involving the input of external specialists on a regular basis. The latest checks confirmed a good level of security. Geberit also has a training programme on IT security in place for all new employees and for employees who have not acted appropriately during phishing tests. All in all, the Geberit Group is at least on par with industrial companies of a similar size and complexity in terms of IT security.

## Continued attractive distribution policy

As in previous years, we will maintain the attractive distribution policy. Therefore, we will propose to the General Meeting an increase in the dividend of 0.8% to CHF 12.80. The payout ratio of 72.5% of net income is just above the 50% to 70% corridor defined by the Board of Directors.

In 2024, we distributed CHF 419 million to shareholders as part of the dividend payment. As part of the concluded and of the ongoing share buyback programme, a total of 230,095 shares were acquired at a sum of CHF 121 million in the reporting year. As a result, we distributed CHF 540 million, or 88% of the free cashflow, to shareholders as part of the dividend payment and the share buyback programmes in 2024, which equates to 3.0% of Geberit's market capitalisation as of 31 December 2024. Over the last five years, around CHF 3.3 billion has been paid back to shareholders in the form of distributions or share buybacks, which corresponds to 100.6% of the free cashflow in this period.

## Sincere gratitude

Our customers again deserve special thanks for their trust and constructive collaboration. Taking into account the very challenging environment, we owe the convincing results in the reporting year to the high degree of motivation, commitment and flexibility of our employees. We wish to express our thanks and appreciation to them. Last but not least, we also wish to express our gratitude to you, esteemed shareholders, for your continued trust in our company.

## Outlook for the year 2025

Geopolitical risks and the associated macroeconomic uncertainties have increased further. At the same time, developments such as artificial intelligence will continue to accelerate technological change. Overall, the global economy will face considerable uncertainties in 2025. While Europe is facing subdued growth prospects, possible additional US tariffs could have a negative impact on economic development in the US and on the global economy. In particular, the central banks' forecasted interest rate cuts could come under pressure due to inflation fears. These geopolitical and macroeconomic risks are leading to corresponding uncertainties in the building construction industry.

Despite the uncertain environment, we expect demand in the building construction industry to stabilise overall during the course of 2025 after the sharp declines since mid-2022. In Europe, the number of building permits in the first nine months of last year was only slightly below the prior year level at -1%, although the picture at country level was mixed. Some countries, such as the Netherlands or the Iberian Peninsula, recorded double-digit growth in the number of building permits. However, as the number of building permits in Germany, the Nordic Countries and Austria – which are important for Geberit – still declined by 12% overall, the new construction market relevant for us is still expected to decline slightly in 2025. In contrast, we expect a stable to slightly positive development in the renovation market, which accounts for around 60% of our business.

Corresponding market indicators such as real estate transactions or real estate credit volumes are showing initial signs of a slight recovery in this area. In particular, the renovation market in Germany and the Nordic countries is expected to develop positively again for the first time after two weak years. In the markets outside Europe in which we are active, we expect a mixed

market environment for 2025. Demand in India and the Gulf Region should remain high. In contrast, declines are expected in China, for example – above all due to the weak development in new residential construction.

Regardless of the market environment, our focus will again be on implementing various strategic initiatives in 2025, including the following:

- the further expansion of the piping business with the newly launched products FlowFit, Mapress Therm and SuperTube,
- the shower toilet business, driven mainly by the entry-level model AquaClean Alba launched in 2024,
- the consistent advancement of dedicated growth initiatives outside Europe, and
- the optimisation of the ceramics plants through the specialisation strategy.

Both the Board of Directors and the Group Executive Board are convinced that the Geberit Group is very well equipped and positioned to meet current and upcoming opportunities and challenges. This assessment is based on the stable and long-term strategy, the proven business model with strong customer relationships and the industry-leading financial stability. The strong corporate culture practised by our experienced and highly motivated employees, a number of promising growth initiatives, the products that have been launched in recent years and the promising development pipeline, a lean and customer-oriented organisation, an established cooperation based on trust with the market partners in both commerce and trade, and the Group's continued very solid financial foundation are vital to our future success.

Yours sincerely,



Albert M. Baehny  
Chairman of the Board of Directors



Christian Buhl  
CEO