

FINANCIAL REPORT

GEBERIT GROUP
2020

CONSOLIDATED BALANCE SHEETS

	Note	31.12.2020 MCHF	31.12.2019 MCHF
Assets			
Current assets			
Cash and cash equivalents		468.6	408.1
Marketable securities and other short-term investments		0.0	20.0
Trade accounts receivable	6	195.0	193.4
Other current assets and current financial assets	7	104.9	117.2
Inventories	8	307.1	306.9
Total current assets		1,075.6	1,045.6
Non-current assets			
Property, plant and equipment	9	933.8	920.0
Deferred tax assets	18	126.0	124.8
Other non-current assets and non-current financial assets	10	38.7	38.2
Goodwill and intangible assets	11	1,576.9	1,596.7
Total non-current assets		2,675.4	2,679.7
Total assets		3,751.0	3,725.3
Liabilities and equity			
Current liabilities			
Short-term debt	12	17.3	26.2
Trade accounts payable		94.2	97.2
Tax liabilities		129.9	105.4
Other current liabilities	13	324.6	305.1
Current provisions	13	6.7	12.3
Total current liabilities		572.7	546.2
Non-current liabilities			
Long-term debt	14/15	761.5	810.7
Accrued pension obligations	16	346.7	331.3
Deferred tax liabilities	18	79.6	81.3
Other non-current liabilities	19	16.8	11.8
Non-current provisions	19	51.7	45.0
Total non-current liabilities		1,256.3	1,280.1
Equity			
Capital stock	21	3.7	3.7
Reserves		2,419.1	2,366.4
Cumulative translation adjustments		-500.8	-471.1
Total equity		1,922.0	1,899.0
Total liabilities and equity		3,751.0	3,725.3

The accompanying → Notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

1.1. – 31.12.

	Note	2020 MCHF	2019 MCHF
Net sales	28	2,986.1	3,082.9
Cost of materials		788.7	859.9
Personnel expenses		750.4	752.1
Depreciation	9	126.6	127.4
Amortisation of intangible assets	11	27.2	19.9
Other operating expenses, net	23	521.7	567.0
Total operating expenses, net		2,214.6	2,326.3
Operating profit (EBIT)		771.5	756.6
Financial expenses	24	-12.5	-12.5
Financial income	24	1.1	1.8
Foreign exchange loss (-)/gain	24	-5.8	-3.1
Financial result, net		-17.2	-13.8
Profit before income tax expenses		754.3	742.8
Income tax expenses	25	112.0	95.9
Net income		642.3	646.9
EPS (CHF)	22	17.95	17.97
EPS diluted (CHF)	22	17.88	17.93

The accompanying → **Notes** are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1.1. – 31.12.

	Note	2020 MCHF	2019 MCHF
Net income according to the income statement		642.3	646.9
Cumulative translation adjustments		-29.7	-49.1
Income tax expenses		0.0	0.0
Cumulative translation adjustments, net of tax		-29.7	-49.1
Total other comprehensive income to be reclassified to the income statement in subsequent periods, net of tax		-29.7	-49.1
Remeasurements of pension plans	16	3.0	-49.6
Income tax expenses		-0.6	11.1
Remeasurements of pension plans, net of tax		2.4	-38.5
Total other comprehensive income not to be reclassified to the income statement in subsequent periods, net of tax		2.4	-38.5
Total other comprehensive income, net of tax		-27.3	-87.6
Total comprehensive income		615.0	559.3

The accompanying → **Notes** are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Reserves	Treasury shares	Pension plans	Cum. translation adjustments	Total equity
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Balance at 31.12.2018	3.7	2,721.7	-417.7	-140.3	-422.0	1,745.4
Net income		646.9				646.9
Other comprehensive income				-38.5	-49.1	-87.6
Distribution ¹		-389.0				-389.0
Share buyback programme			-46.9			-46.9
Purchase (-)/sale of treasury shares		5.6	31.2			36.8
Management option plans		-6.6				-6.6
Balance at 31.12.2019	3.7	2,978.6	-433.4	-178.8	-471.1	1,899.0
Net income		642.3				642.3
Other comprehensive income				2.4	-29.7	-27.3
Distribution ¹		-404.0				-404.0
Share buyback programme			-167.9			-167.9
Purchase (-)/sale of treasury shares		6.7	-22.7			-16.0
Management option plans		-4.1				-4.1
Balance at 31.12.2020	3.7	3,219.5	-624.0	-176.4	-500.8	1,922.0

¹ The dividend (ex2019) was CHF 11.30 per share (PY: CHF 10.80).

The accompanying → **Notes** are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASHFLOWS

1.1. – 31.12.

	Note	2020 MCHF	2019 MCHF
Cash provided by operating activities			
Net income		642.3	646.9
Depreciation and amortisation	9/11	153.8	147.3
Financial result, net	24	17.2	13.8
Income tax expenses	25	112.0	95.9
Changes in provisions		28.7	-3.8
Other non-cash expenses and income		13.7	10.6
Operating cashflow before changes in net working capital and income taxes		967.7	910.7
Income taxes paid		-94.0	-89.3
Changes in trade accounts receivable		2.0	7.3
Changes in inventories		-6.7	-10.6
Changes in trade accounts payable		-0.9	4.7
Changes in other positions of net working capital		31.9	11.2
Net cash from/used in (-) operating activities		900.0	834.0
Cash from/used in (-) investing activities			
Purchase of property, plant & equipment and intangible assets	9/11	-149.7	-166.9
Sale of property, plant & equipment and intangible assets		2.9	3.3
Interest received		1.1	1.7
Purchase (-)/sale of marketable securities and other short-term investments		20.0	-20.0
Other, net		-2.1	-3.1
Net cash from/used in (-) investing activities		-127.8	-185.0
Cash from/used in (-) financing activities			
Proceeds from borrowings	14/15	450.2	634.7
Repayments of borrowings	14/15	-503.5	-695.6
Repayments of lease liabilities		-24.1	-16.2
Interest paid		-9.8	-7.8
Distribution		-404.0	-389.0
Share buyback programme	21	-162.1	-51.4
Purchase (-)/sale of treasury shares		-46.4	9.9
Other, net		-2.2	-2.4
Net cash from/used in (-) financing activities		-701.9	-517.8
Effects of exchange rates on cash and cash equivalents		-9.8	-5.3
Net increase/decrease (-) in cash and cash equivalents		60.5	125.9
Cash and cash equivalents at beginning of year		408.1	282.2
Cash and cash equivalents at end of year		468.6	408.1

The accompanying → Notes are an integral part of the consolidated financial statements.
For further cashflow figures see → Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION

The Geberit Group is an international company that focuses on the sanitary industry and, specifically, the areas of sanitary technology and bathroom ceramics. The Group's product range consists of the Installation and Flushing Systems, Piping Systems and Bathroom Systems product areas. Worldwide, the vast majority of its products are sold through the wholesale channel. Geberit sells its products in 119 countries. The Group is present in 50 countries with its own sales employees.

The consolidated financial statements include Geberit AG and all companies under its control ("the Group" or "Geberit"). The Group eliminates all intra-group transactions as part of the Group consolidation process. A company is consolidated for the first time or deconsolidated from the date on which the Group exercises or loses control over the company.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The term "MCHF" in these consolidated financial statements refers to millions of Swiss francs, "MEUR" refers to millions of euros, "MGBP" refers to millions of British pounds sterling and "MUSD" refers to millions of US dollars. The term "shareholders" refers to the shareholders of Geberit AG.

MAIN SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from estimates. Estimates and assumptions are continually reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

Important estimates (with the related uncertainties) were primarily made in the following areas:

- Assumptions underlying impairment testing of goodwill items and intangible assets with an indefinite useful life (→ **Note 11**)
- Assumptions underlying the capitalisation of development costs (→ **Note 26**)
- Assumptions underlying the recognition of defined benefit pension plans (→ **Note 16**)
- Assumptions underlying the valuation of deferred tax assets and liabilities (→ **Note 18**)
- Assumptions underlying valuation of provisions (→ **Note 13**, → **Note 19**)

2. CHANGES IN GROUP STRUCTURE

No significant changes in the Group structure took place in 2020 and 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IFRS STANDARDS

New or revised IFRS standards and interpretations 2020 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Adoption
Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework	1.1.2020	This amendment had no impact on the consolidated financial statements.	1.1.2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 1	1.1.2020	This amendment had no impact on the consolidated financial statements.	1.1.2020
Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions	1.6.2020	This amendment had no impact on the consolidated financial statements.	1.6.2020

New or revised IFRS standards and interpretations as from 2021 and their adoption by the Group

Standard/Interpretation	Enactment	Relevance for Geberit	Adoption
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2	1.1.2021	This amendment will not have a material impact on the consolidated financial statements.	1.1.2021
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use	1.1.2022	This amendment will not have a material impact on the consolidated financial statements.	1.1.2022
Amendments to IAS 37 Onerous Contracts – Cost of fulfilling a contract	1.1.2022	This amendment will not have a material impact on the consolidated financial statements.	1.1.2022
Annual improvements to IFRSs 2018–2020 Cycle	1.1.2022	This amendment will not have a material impact on the consolidated financial statements.	1.1.2022
Amendments to IAS 1 Presentation of financial statements – Classification of liabilities as current or non-current	1.1.2023	This amendment will not have a material impact on the consolidated financial statements.	1.1.2023

SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION RULES

FOREIGN CURRENCY TRANSLATION

The functional currencies of the Group's subsidiaries are generally the currencies of the local jurisdiction. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the dates of the transaction, or at a rate that approximates to the actual rate at the date of the transaction. At the end of the accounting period, receivables and liabilities in foreign currency are valued at the rate of exchange prevailing at the consolidated balance sheet date, with resulting exchange rate differences charged to the income statement. Exchange rate differences related to loans that are part of the net investment in foreign entities are recorded in → **"Other comprehensive income"** and disclosed as cumulative translation adjustments.

For the consolidation, assets and liabilities stated in functional currencies other than Swiss francs are translated at the rates of exchange prevailing at the consolidated balance sheet date. Income and expenses are translated at the average exchange rates (weighted sales) for the period. Translation gains or losses are recorded in → **"Other comprehensive income"** and disclosed as cumulative translation adjustments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances with banks and short-term, highly liquid financial investments with maturities of three months or less at their acquisition date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The carrying amount of cash and cash equivalents approximates to their fair value due to the short-term maturities of these instruments.

SECURITIES AND OTHER SHORT-TERM INVESTMENTS

Securities are marketable instruments that can be readily liquidated and have a remaining term of between 4 and 12 months. Other short-term investments primarily comprise fixed-term deposits and money-market investments with a remaining term of between 4 and 12 months. Both are either recognised at fair value through profit and loss or at amortised cost.

INVENTORIES

Inventories are stated at the lower of historical or manufacturing costs, or net realisable value. The manufacturing costs comprise all directly attributable costs of material and manufacture and other costs incurred in bringing the inventories to their present location and condition. Historical cost is determined using the weighted average cost formula, while the manufacturing cost is determined using the standard cost formula. Net realisable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. Allowances are made for obsolete and slow-moving inventories.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical or manufacturing costs less accumulated depreciation. Betterment that increases the useful lives of the assets, substantially improves the quality of the output, or enables a substantial reduction in operating costs is capitalised and depreciated over the remaining useful lives. Depreciation of property, plant and equipment is calculated using the straight-line method based on the following useful lives: buildings (15–50 years), production machinery and assembly lines (8–25 years), moulds (4–6 years), equipment and furnishings (4–25 years) and vehicles (5–10 years). Properties are not regularly depreciated. Repair and maintenance related to investments in property, plant and equipment are charged to the income statement as incurred.

Borrowing costs of all material qualifying assets are capitalised during the construction phase in accordance with IAS 23. A qualified asset is an asset for which an extensive period (generally more than a year) is required to transform it to its planned usable condition. If funds are specifically borrowed, the costs that can be capitalised are the actual costs incurred less any investment income earned on the temporary investment of these borrowings. If the borrowed funds are part of a general pool, the amount that can be capitalised must be determined by applying a capitalisation rate to the expenses related to this asset.

If there is any indication for impairment, the actual carrying amount of the asset is compared to its recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced accordingly and the difference is charged to the income statement.

GOODWILL AND INTANGIBLE ASSETS

The Group records goodwill as the difference between the purchase price and the net assets of the company acquired, both measured at fair value. If the value of net assets is higher than the purchase price, this gain is credited immediately to the income statement.

Goodwill and intangibles such as patents, trademarks and software acquired from third parties are initially stated and subsequently measured at cost. Goodwill, trademarks and other intangible assets with an indefinite useful life are not regularly amortised but tested for impairment on an annual basis. Impairments are recorded immediately as expenses in the consolidated income statements and, in the case of goodwill, not reversed in subsequent periods. The amortisation of intangible assets with a definite useful life is calculated using the straight-line method based on the following useful lives: patents and technology (4–10 years), trademarks (5–12 years), software (4–6 years) and capitalised development costs (6 years).

Intangible assets with an indefinite useful life and goodwill are tested for impairment at each reporting date, at least. In this process, the actual carrying amount of the asset is compared with the recoverable amount. If the carrying amount is higher than its estimated recoverable amount, the asset is reduced correspondingly. The Group records the difference between recoverable amount and carrying amount as expense. The valuation is based on single assets or, if such valuation is not possible, on the level of the group of assets for which separately identifiable cashflows exist.

For the impairment tests of intangible assets with an indefinite useful life and goodwill, the Group applies the most recent business plans (period of four years) and the assumptions therein concerning development of prices, markets and the Group's market shares. To discount future cashflows, the Group applies market or country-specific discount rates. Management considers the discount rates, the growth rates and the development of the operating margins to be the crucial parameters for the calculation of the recoverable amount. More detailed information is disclosed in → **Note 11**.

LEASING

Leases for property, plant and equipment mainly comprise buildings and vehicles.

Leases are reported as a right-of-use asset, while a corresponding liability is recognised on the date on which the leased asset becomes available for use by the Group. IFRS 16 (Leases) envisages a single accounting model for the lessee. Geberit makes use of the option to refrain from accounting for leases that have a term of no more than 12 months as well as minor-value assets with a value of less than CHF 5,000. The expenses from these agreements are directly recognised in other operating expenses.

According to IFRS 16, the lessee capitalises the right-of-use asset and recognises all future lease payments from the lease as a financial liability. This sum corresponds to the present value of all future lease payments. The lessee defines the agreement term and the interest rate used to discount the payments. If this discount rate is specified in the leasing agreement, this is applied (implicit interest rate). If this is not the case, the incremental borrowing rate (IBR) is applied. The term generally corresponds to the irrevocable lease term taking into account any termination, renewal and purchasing options, as long as their exercise is sufficiently secure. The leased asset is depreciated on the basis of the agreed term.

PROVISIONS

The Group recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events, and when a reasonable estimate of the amount of the obligation can be made. The Group warrants its products against defects and accrues provisions for such warranties at the time of sale based on estimated claims. Actual warranty costs are charged against the accrued provisions when incurred.

NET SALES

The Group focuses on sanitary technology and bathroom ceramics in the sanitary industry. The products are primarily sold through the wholesale channel. Net sales correspond to the amount of consideration to be expected from contracts with customers for the sale of products and do not include any amounts recovered on behalf of third parties.

Sales per transaction are recorded at a single point in time at which the customer obtains effective control over the products that have been delivered. This single point in time depends on the different terms of delivery.

Net sales include the invoiced amounts after deduction of rebates, cash discounts and customer bonuses. Customer bonuses are sales deductions linked to the achievement of predefined targets (e.g. level of sales). Payments to third parties for which Geberit receives no directly linked services are also deducted from sales.

MARKETING EXPENSES

All expenses associated with advertising and promoting products are recorded in the financial period during which they are incurred.

INCOME TAX EXPENSES

The consolidated financial statements include current income taxes based on the taxable earnings of the Group companies and are calculated according to national tax rules. Uncertain tax positions are determined on the basis of the most likely amount method. Deferred taxes are recorded on temporary differences between the tax base of assets and liabilities and their carrying amount using the "liability method". Deferred taxes are calculated either using the current tax rate or the tax rate expected to be applicable in the period in which these differences will reverse. If the realisation of future tax savings related to tax loss carryforwards and other deferred tax assets is not or no longer probable, the deferred tax assets are reduced accordingly.

A liability for deferred taxes for non-refundable taxes at source and other earning distribution-related taxes is recognised only for subsidiaries for which available earnings are intended to be remitted and of which the parent company controls the dividend policy (→ **Note 18**).

RESEARCH AND DEVELOPMENT COST (R&D)

The majority of the expenses are incurred in relation to basic research, product and product range management, customer software development and R&D support/overheads, and these are charged directly to the income statement. The residual expenses relate to development costs for new products. If these concern major development projects, they are reviewed at each balance sheet date in order to verify whether the capitalisation criteria of IAS 38.57 are fulfilled. In the case that all criteria are fulfilled, the expenses are capitalised and amortised over a period of six years (→ **Note 26**).

RETIREMENT BENEFIT PLANS

The Group manages different employee pension plans structured as both defined benefit and defined contribution plans. These pension funds are usually governed by the regulations of the countries in which the Group operates.

For defined benefit plans, the present value of the defined benefit obligation is calculated periodically by independent pension actuaries using the projected unit credit method on the basis of the service years and the expected salary and pension trends. Actuarial gains and losses are immediately recognised in other comprehensive income as "Remeasurements of pension plans". This item also includes the return on plan assets/reimbursement rights (excluding the interest based on the discount rate) and any effects of an asset ceiling adjustment. For defined benefit plans with an independent pension fund, the funded status of the pension fund is included in the consolidated balance sheet. Any surplus is capitalised in compliance with IAS 19.64 and IFRIC 14. The annual net periodic pension costs calculated for defined benefit plans are recognised in the income statement in the period in which they occur.

For defined contribution plans, the annual costs are calculated as a percentage of the pensionable salaries and are also charged to the income statement. Except for the contributions, the Group does not have any other future obligations.

PARTICIPATION PLANS

Rebates granted to employees when buying Geberit shares under share purchase plans are charged to the income statement in the year the programmes are offered.

The fair value of the options allocated as part of the management long-term incentive and the management share purchase plan is determined at the grant date and charged on a straight-line basis to personnel expenses over the vesting period. The values are determined using the binomial model.

EARNINGS PER SHARE

The number of ordinary shares for the calculation of the earnings per share is determined on the basis of the weighted average of the issued ordinary shares less the weighted average number of the treasury shares. For the calculation of diluted earnings per share, an adjusted number of shares is calculated as the sum of the total of the ordinary shares used to calculate the earnings per share and the potentially dilutive shares from option programmes. The dilution from option programmes is determined on the basis of the number of ordinary shares that could have been bought for the amount of the accumulated difference between the market price and exercise price of the options. The relevant market price used is the average Geberit share price for the financial year.

Earnings per share and diluted earnings per share are defined as the ratio of the attributable net income to the relevant number of ordinary shares.

FINANCIAL INSTRUMENTS

Financial assets are initially recorded at fair value plus transaction costs and subsequently remeasured at amortised cost less allowances for expected credit losses ("ECL"). It is not necessary for a loss event to occur before an impairment loss is recognised. Impairment is determined based on expected credit losses, which is the present value of the cash shortfalls over the expected life of the financial assets. Geberit incorporates forward-looking information into its historical customer default rates, grouping receivables by customer sector, rating and geography taking into account the existence of collateral, if any.

Debts are initially recorded at fair value, net of transaction costs, and subsequently measured at amortised cost according to the effective interest rate method. The Group classifies debts as non-current when, at the balance sheet date, it has the unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derivatives are initially recorded at fair value and subsequently adjusted for fair value changes. The recognition of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution. See → **Note 15** for an allocation of the balance sheet items to the classification by categories.

HEDGE ACCOUNTING

Geberit purchases derivative financial instruments for the purpose of economically hedging specific commitments (see → **Note 4** and → **Note 15**).

4. RISK ASSESSMENT AND MANAGEMENT

GENERAL

The Group runs a risk-management system approved by the Board of Directors.

The policy defines a structured process by which the business risks are systematically managed. In this process, risks are identified, analysed and evaluated concerning the likelihood of occurrence and magnitude, and risk-control measurements are determined. Each member of management is responsible for the implementation of the risk-management measures in his area of responsibility. The Board of Directors is periodically informed about the major changes in risk assessment and about risk-management actions taken. The permanent observation and control of the risks is a management objective. For risks concerning accounting and financial reporting, a special assessment is carried out as part of the risk control process. The Geberit internal control system for financial reporting defines in this regard control measures that reduce the related risks.

Financial risks are monitored by the treasury department of the Geberit Group, which acts in line with the directives of the treasury policy issued by the Group. Risk management focuses on recognising, analysing and hedging foreign exchange rate, interest rate, liquidity and counterparty risks, with the aim of limiting their effect on cashflow and net income. The Group measures the foreign exchange rate risks and interest rate risks with the cashflow-at-risk method.

MANAGEMENT OF COUNTERPARTY RISKS FROM TREASURY ACTIVITIES

Financial contracts are agreed only with third parties that have at least an A (S&P) or A2 (Moody's) rating or are considered as relevant to the financial system. Management believes that the risk of losses from the existing contracts is remote.

In general, liquid funds are invested for a period of less than three months. Part of the liquid funds may be invested in government bonds (maximum MCHF 70 per country and usually with terms of less than 12 months). The residual liquid funds are generally held at banks on a short-term basis. To avoid cluster risks, the value of an investment per third party may not exceed a certain limit that is determined on the basis of clearly defined creditworthiness criteria such as rating, system relevance and state guarantees (e.g. for Swiss cantonal banks). In addition, investments with the same counterparty may not exceed half of the Group's total deposits. The Group has not suffered any losses on such transactions to date.

MANAGEMENT OF FOREIGN EXCHANGE RATE RISK

The Group generates sales and costs in Switzerland and abroad in foreign currencies. Therefore, exchange rate changes have an impact on the consolidated results. To limit such risks, the concept of "natural hedging" is considered as the primary hedging strategy. Hereby, the foreign exchange rate risk of cash inflows in a certain currency is neutralised with cash outflows of the same currency. Therefore, currency fluctuations influence the profit margin of the Group only to a marginal extent; i.e. the Group is exposed to a relatively small transaction risk. However, the translation risk that results from the translation of profits generated abroad can still substantially influence the consolidated results depending on the financial position and the level of currency fluctuation, despite the effective "natural hedging". The Group does not hedge translation risks.

The currency risk over a period of 12 months is measured via the cashflow-at-risk (CfaR) method. By using statistical methods, the effect of probable changes in foreign exchange rates on the financial result of the Group is evaluated. As at 31 December 2020, the Group's CfaR amounted to MCHF 22.7 (PY: MCHF 24.2), hence there was a 95% likelihood that any loss resulting from currency risk would not exceed MCHF 22.7.

The following parameters have been used for the calculation of the cashflow-at-risk (CfaR):

Model	Method	Confidence level	Holding period
J. P. Morgan	Variance-covariance approach	95%	12 months

MANAGEMENT OF INTEREST RATE RISK

Basically, two types of interest rate risk exist:

- a) the fair market value risk for financial positions bearing fixed interest rates
- b) the interest rate risk for financial positions bearing variable interest rates

The fair market value risk does not have a direct impact on the cashflows and results of the Group. Therefore, it is not measured. The refinancing risk of positions with fixed interest rates is considered with the integration of financial positions bearing fixed interest rates with a maturity under 12 months in the measurement of the interest rate risk.

The interest rate risk is measured using the cashflow-at-risk (CfaR) method for the interest balance (including financial positions bearing fixed interest rates with a maturity under 12 months). By using statistical methods, the effect of probable interest rate changes on the cashflow of a financial position is evaluated.

The Group's risk is controlled with the key figure EBITDA/(financial result, net, for the coming 12 months + CfaR). Based on internal limits, it is decided whether any hedging measures have to be taken. The limit is reviewed annually and amounts to a minimum of 20 for the reporting period (PY: 20).

Interest rate risk as at 31 December:

	2020	2019
	MCHF	MCHF
EBITDA ¹	925.3	903.9
Financial result, net + CfaR	8.9	9.9
EBITDA/(Financial result, net + CfaR)	104x	91x

¹ EBITDA = operating profit (EBIT) before depreciation and amortisation

MANAGEMENT OF LIQUIDITY RISK

Liquid funds, including the committed unused credit lines, must be available to cover future cash drains in due time amounting to a certain liquidity reserve. This reserve considers interest and amortisation payments and capital expenditures and investments in net working capital. At the balance sheet date, the liquid funds including the committed unused credit lines exceeded the defined liquidity reserve by MCHF 692.3 (PY: MCHF 624.7).

MANAGEMENT OF CREDIT RISK

Major credit risks to the Group mainly result from the sale of its products (debtor risk). Products are sold throughout the world, but primarily within continental Europe. Ongoing evaluations of the customers' financial situation are performed and, generally, no further collateral is required. The Group records allowances for potential credit losses based on an expected credit loss (ECL) model in accordance with IFRS 9 (see → **Note 6**). Actual losses have not exceeded management's expectations in the past. The COVID-19 crisis also did not result in any exceptional bad debt losses in the past financial year.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset. The balance of trade receivables at year-end is not representative because of the low sales volume in December. In 2020, the average balance of trade receivables is about 141% (PY: 139%) of the amount at year-end.

SUMMARY

The Group uses several instruments and procedures to manage and control the different financial risks. These instruments are regularly reviewed to make sure that they meet the requirements of financial markets, changes in the Group organisation and regulatory obligations. Management is informed on a regular basis with key figures and reports about compliance with the defined limits. At the balance sheet date, the relevant risks, controlled with statistical and other methods, and the corresponding key figures are as follows:

Type of risk	Key figure	2020	2019
Foreign exchange rate risk	Cashflow-at-Risk (CfaR)	MCHF 22.7	MCHF 24.2
Interest rate risk	EBITDA/(financial result, net + CfaR)	104x	91x
Liquidity risk	(Deficit)/excess of liquidity reserve	MCHF 692.3	MCHF 624.7

IMPACT OF COVID-19

Since mid-March, the construction industry in Europe has been negatively impacted by the COVID-19 pandemic. In several countries (e.g. Italy, France, the United Kingdom, Spain, India and South Africa) most construction sites remained closed for extended periods. In other countries the restrictions enforced as a result of the pandemic led to a slowing of construction activities. Moreover, the majority of showrooms for sanitary products across Europe remained closed for around two months. Overall, these restrictions had a negative impact on the Geberit Group's sales development in the second quarter in particular, although this was partially offset in the second half of the year as a result of catch-up effects. Despite the restrictions enforced due to COVID-19, the supply chain at Geberit remained mostly intact throughout the entire year. In response to the sharp decline in sales in the second quarter, activities that were not time-critical were postponed, while targeted savings measures were implemented. In addition, the restrictions enforced due to COVID-19 led to further savings in marketing and travel expenses in particular. However, future-oriented projects (e.g. product development and IT projects) were continued as planned. Ultimately, the good sales development in the second half of the year combined with the unusually low cost base resulted in extraordinarily high profitability.

5. MANAGEMENT OF CAPITAL

The objectives of the Group regarding the management of the capital structure are as follows:

- ensure sufficient liquidity to cover all liabilities
- ensure an attractive return on equity (ROE) and return on invested capital (ROIC)
- ensure a sufficient debt capacity and credit rating
- ensure an attractive distribution policy

In order to maintain or change the capital structure, the following measures can be taken:

- adjustment of the distribution policy
- share buyback programmes
- capital increases
- raise or repay debt

Further measures to guarantee an efficient use of the invested capital and therefore also to achieve attractive returns are:

- active management of net working capital
- demanding objectives regarding the profitability of investments
- clearly structured innovation process

The invested capital is composed of net working capital, property, plant and equipment, goodwill, and intangible assets.

The periodic calculation and reporting of the following key figures to the management ensure the necessary measures in connection with the capital structure can be taken in a timely manner.

The relevant values as at 31 December are outlined below:

	2020	2019
	MCHF	MCHF
Gearing		
Debt	778.8	836.9
Liquid funds, marketable securities and other short-term investments	468.6	428.1
Net debt	310.2	408.8
Equity	1,922.0	1,899.0
Net debt/equity	16.1%	21.5%
Return on equity (ROE)		
Equity (rolling) ¹	1,843.4	1,806.8
Net income	642.3	646.9
ROE	34.8%	35.8%
Return on invested capital (ROIC)²		
Invested capital (rolling)	2,794.3	2,810.0
Net operating profit after taxes (NOPAT)	648.0	648.4
ROIC	23.2%	23.1%

¹ Rolling equity equals the average of the last 5 quarters

² ROIC = Return on invested capital (Net operating profit after taxes / invested capital). Net operating profit after taxes = EBIT less income taxes on EBIT. Invested capital = Net working capital + PPE + Goodwill and intangible assets. Invested capital corresponds with the rolling average of the underlying balance sheet items over the last 5 quarters.

6. TRADE ACCOUNTS RECEIVABLE

	2020	2019
	MCHF	MCHF
Trade accounts receivable	207.7	205.4
Allowances	-12.7	-12.0
Total trade accounts receivable	195.0	193.4
	2020	2019
	MCHF	MCHF
Total trade accounts receivable by currency		
CHF	9.7	8.1
EUR	59.8	65.8
USD	17.9	22.0
GBP	28.1	17.9
SEK	22.3	15.2
DKK	12.5	15.2
NOK	12.7	12.4
PLN	4.1	6.8
Other	27.9	30.0
Total trade accounts receivable	195.0	193.4

The following table shows the movements of allowances for trade accounts receivable:

	2020	2019
	MCHF	MCHF
Allowances for trade accounts receivable		
1 January	12.0	11.0
Additions	3.5	5.0
Used	-0.3	-2.9
Reversed	-2.1	-0.8
Translation differences	-0.4	-0.3
31 December	12.7	12.0

As at 31 December, allowances for trade accounts receivable include individual allowances of MCHF 5.2 (PY: MCHF 3.9) and allowances for expected credit losses (ECL) of MCHF 7.5 (PY: MCHF 8.1).

	2020	2019
	MCHF	MCHF
Maturity analysis of trade accounts receivable		
Not due	128.5	141.1
Past due < 30 days	54.1	45.1
Past due < 60 days	11.6	6.0
Past due < 90 days	2.3	1.9
Past due < 120 days	1.7	2.1
Past due > 120 days	9.5	9.2
Allowances	-12.7	-12.0
Total trade accounts receivable	195.0	193.4

The agreed payment terms range from 30 to 120 days.

7. OTHER CURRENT ASSETS AND CURRENT FINANCIAL ASSETS

	2020	2019
	MCHF	MCHF
Value added tax receivables	67.6	77.4
Income tax refunds receivable	13.9	12.8
Short-term derivative financial instruments ¹ (see → Note 15)	0.6	1.1
Prepaid expenses	10.7	11.8
Other current assets	12.1	14.1
Total other current assets and current financial assets	104.9	117.2

¹ Not part of the calculation of net working capital

As at 31 December 2020, the position "Other current assets" included other receivables from governments of MCHF 3.2 (PY: MCHF 3.0).

8. INVENTORIES

	2020	2019
	MCHF	MCHF
Raw materials, supplies and other inventories	103.0	97.2
Work in progress	51.7	52.2
Finished goods	124.2	130.7
Merchandise	28.2	26.7
Prepayments to suppliers	0.0	0.1
Total inventories	307.1	306.9

As at 31 December 2020, inventories included allowances for slow-moving and obsolete items of MCHF 47.2 (PY: MCHF 48.8).

9. PROPERTY, PLANT AND EQUIPMENT

The following statement of changes in assets includes the Group's own as well as leased property, plant and equipment:

	Total	Land and buildings	Machinery and equipment	Office equipment	Assets under constr./advance payments
	MCHF	MCHF	MCHF	MCHF	MCHF
2020					
Cost at beginning of year	2,380.5	748.6	1,442.8	68.0	121.1
Additions	158.9	21.3	52.6	9.5	75.5
Disposals	-63.4	-6.9	-49.3	-7.2	
Transfers	0.0	9.8	57.6	6.5	-73.9
Translation differences	-32.0	-12.8	-16.7	-1.6	-0.9
Cost at end of year	2,444.0	760.0	1,487.0	75.2	121.8
Accumulated depreciation at beginning of year	1,460.5	355.3	1,062.4	42.8	0.0
Depreciation	126.6	31.4	85.7	9.5	
Disposals	-61.9	-6.9	-47.9	-7.1	
Translation differences	-15.0	-3.9	-10.1	-1.0	
Accumulated depreciation at end of year	1,510.2	375.9	1,090.1	44.2	0.0
Carrying amounts at end of year	933.8	384.1	396.9	31.0	121.8
2019					
Cost at beginning of year	2,260.3	639.5	1,414.1	65.6	141.1
Adoption IFRS 16	86.7	76.2	10.4	0.1	
Additions	153.9	11.9	53.1	8.5	80.4
Disposals	-62.1	-6.3	-49.9	-5.9	
Transfers	-1.3	43.3	51.0	2.4	-98.0
Translation differences	-57.0	-16.0	-35.9	-2.7	-2.4
Cost at end of year	2,380.5	748.6	1,442.8	68.0	121.1
Accumulated depreciation at beginning of year	1,431.4	339.4	1,050.2	41.8	0.0
Depreciation	127.4	32.4	86.0	9.0	
Disposals	-60.9	-5.7	-49.3	-5.9	
Transfers	-1.3	-3.7	2.4		
Translation differences	-36.1	-7.1	-26.9	-2.1	
Accumulated depreciation at end of year	1,460.5	355.3	1,062.4	42.8	0.0
Carrying amounts at end of year	920.0	393.3	380.4	25.2	121.1

As at 31 December 2020, there were no qualified assets for which borrowing costs were capitalised during the construction phase. As at 31 December 2020, the Group had entered into firm commitments for capital expenditures of MCHF 13.4 (PY: MCHF 11.6).

The following table breaks down the carrying amount of property, plant and equipment by items that are owned by the Group and items that are leased:

	2020	2019
	MCHF	MCHF
Property, plant and equipment owned	874.1	851.8
Right-of-use of property, plant and equipment	59.7	68.2
Carrying amounts at end of year	933.8	920.0

RIGHT-OF-USE OF PROPERTY, PLANT AND EQUIPMENT

	Total	Land and buildings	Machinery and equipment	Office equipment
	MCHF	MCHF	MCHF	MCHF
2020				
Carrying amounts at beginning of year	68.2	61.3	6.9	0.0
Additions	18.2	14.0	3.7	0.5
Depreciation	-17.9	-13.9	-3.9	-0.1
Transfers	-6.9	-6.9		
Translation differences	-1.9	-1.6	-0.3	
Carrying amounts at end of year	59.7	52.9	6.4	0.4

	Total	Land and buildings	Machinery and equipment	Office equipment
	MCHF	MCHF	MCHF	MCHF
2019				
Initial recognition IFRS 16	74.8	67.8	6.9	0.1
Additions	11.9	8.4	3.5	0.0
Depreciation	-17.2	-13.7	-3.4	-0.1
Translation differences	-1.3	-1.2	-0.1	0.0
Carrying amounts at end of year	68.2	61.3	6.9	0.0

10. OTHER NON-CURRENT ASSETS AND NON-CURRENT FINANCIAL ASSETS

	2020	2019
	MCHF	MCHF
Reinsurance policies for pension obligations (see → Note 16)	26.3	25.1
Assets from defined benefit plans (see → Note 16)	0.2	0.8
Deposits	4.5	3.9
Capitalised financing costs	0.4	0.7
Other	7.3	7.7
Total other non-current assets and non-current financial assets	38.7	38.2

As at 31 December 2020 and 2019, the position "Other" mainly includes long-term receivables in connection with the sale of the Varicor Group which was executed in 2017.

11. GOODWILL AND INTANGIBLE ASSETS

	Total	Goodwill	Patents and technology	Trademarks	Other intangible assets ¹
	MCHF	MCHF	MCHF	MCHF	MCHF
2020					
Cost at beginning of year	2,065.1	1,468.6	84.2	375.6	136.7
Additions	9.0				9.0
Disposals	-6.1				-6.1
Translation differences	-2.7	-2.5		0.5	-0.7
Cost at end of year	2,065.3	1,466.1	84.2	376.1	138.9
Accumulated amortisation / impairment at beginning of year	468.4	213.3	84.1	77.9	93.1
Amortisation	20.0			8.1	11.9
Impairment loss	7.2			7.2	
Disposals	-6.1				-6.1
Translation differences	-1.1	-0.5			-0.6
Accumulated amortisation at end of year	488.4	212.8	84.1	93.2	98.3
Carrying amounts at end of year	1,576.9	1,253.3	0.1	282.9	40.6
2019					
Cost at beginning of year	2,285.6	1,517.1	266.5	379.4	122.6
Additions	13.0				13.0
Disposals	-182.7		-182.3		-0.4
Transfers	2.1				2.1
Translation differences	-52.9	-48.5		-3.8	-0.6
Cost at end of year	2,065.1	1,468.6	84.2	375.6	136.7
Accumulated amortisation / impairment at beginning of year	633.9	217.7	266.4	69.9	79.9
Amortisation	19.9			8.0	11.9
Disposals	-182.6		-182.3		-0.3
Transfer	2.1				2.1
Translation differences	-4.9	-4.4			-0.5
Accumulated amortisation at end of year	468.4	213.3	84.1	77.9	93.1
Carrying amounts at end of year	1,596.7	1,255.3	0.1	297.7	43.6

¹ Other intangible assets: mainly software and capitalised product development costs (see → Note 26)

Goodwill and intangible assets from acquisitions with an indefinite useful life are tested for impairment on an annual basis. The following table lists the carrying amounts and parameters of the items that are material for the Group.

	Carrying amount	Carrying amount	Calculation of recoverable amount (PY numbers in brackets)			
			31.12.2020	31.12.2019	Value in use (U) or fair value less cost to sell (F)	Growth rate beyond planning period
	MCHF	MCHF		%	%	%
Goodwill	1,253.3	1,255.3	U	2.0 (2.0)	6.8 (6.2)	5.9 (5.4)
Geberit trademark (indefinite useful life)	84.6	84.6	U	2.0 (2.0)	6.7 (6.1)	5.9 (5.4)
Various trademarks (indefinite useful life)	127.6	134.8	U	2.0 (1.9 - 2.0)	6.2 - 9.3 (5.6 - 6.4)	6.1 - 9.0 (5.5 - 6.2)
Various trademarks (definite useful life)	70.7	78.3				

GOODWILL

The discounted cashflow method is applied to test the goodwill for impairment. The Group bases the impairment test on the results from the current business plan (for a four-year period) and the assumptions in this plan regarding price, market and market share developments. Growth rates after the end of the planning period are based on Euroconstruct forecasts and the Group's own assumptions drawn from past experience regarding price and market share trends. A discount rate based on the Group's weighted cost of capital is used to calculate the discounted future cashflows. Management regards the discount rate, growth rates and development of the operating margin as the key factors in calculating the recoverable amount.

TRADEMARKS

The Geberit brand is an integral part of the Geberit business model and is assumed to have an indefinite useful life. Impairment is tested using the "relief from royalty" method. Impairment is tested against the Group's estimated net sales attributable to the trademark according to the current business plan (four-year period). Growth rates after the end of the planning period are based on Euroconstruct forecasts and the Group's own assumptions drawn from past experience regarding price and market share trends. A discount rate based on the Group's weighted cost of capital is used to discount future cashflows. The annual impairment test did not produce any evidence of impairment.

The item "Various trademarks (indefinite useful life)" includes the trademarks Ifö, Kolo, IDO, Twyford and these trademarks are assumed to have an indefinite useful life. The "relief from royalty" method is used as well to test these trademarks and the test is based on the current business plan and the growth rates are defined in the same way as for the Geberit brand. Discounted future cashflows are calculated using discount rates based on the Group's weighted cost of capital taking into account country- and currency-specific risks. The annual impairment tests did not produce evidence of any impairment with the exception of one brand, for which an impairment of MCHF 7.2 was recognised. The impairment was mainly due to lower sales expectations and an increased discount rate.

The item "Various trademarks (definite useful life)" includes the trademarks Keramag, Allia and Sphinx. These trademarks have been integrated within the Geberit brand in the last two years. For this reason, they are assumed to have a definite useful life. This means that each individual trademark is amortised over its remaining useful life. Total annual amortisation recognised on these trademarks amounts to MCHF 8.1.

SENSITIVITY ANALYSIS

The sensitivity analysis shows that changes to the key assumptions (discount rate +1.0 percentage points or growth rate -1.0 percentage points or operating margin -1.0 percentage points) that are realistically possible from today's perspective would not result in any need to impair the goodwill. Regarding three trademarks, this would lead to an impairment loss of around MCHF 11.0.

12. SHORT-TERM DEBT

	2020	2019
	MCHF	MCHF
Other short-term debt	5.8	5.0
Short-term portion of long-term lease liabilities	11.5	21.2
Short-term portion of long-term debt (excl. leases)	0.0	0.0
Total short-term debt	17.3	26.2

SHORT-TERM CREDIT LINES

The Group maintained credit lines of MCHF 83.1 (PY: MCHF 90.7) from various lenders, which can be cancelled at short notice. The use of these credit lines is always short-term in nature and, accordingly, any amounts drawn are included in short-term debt. As at 31 December 2020 and 2019, the Group did not have any outstanding drawings on the above-mentioned credit lines.

OTHER SHORT-TERM DEBT

As at 31 December 2020, the Group had MCHF 5.8 in other short-term debt (PY: MCHF 5.0). This debt incurred an effective interest rate of 5.5% (PY: 5.5%).

CURRENCY MIX

Of the total short-term debt outstanding as at 31 December 2020, MCHF 11.2 was denominated in EUR (PY: MCHF 11.0) and MCHF 1.0 in CHF (PY: MCHF 8.8).

13. OTHER CURRENT LIABILITIES AND PROVISIONS

	2020	2019
	MCHF	MCHF
Compensation-related liabilities	100.3	98.2
Customer-related liabilities	134.6	125.4
Value added tax payables	38.6	34.7
Short-term derivative financial instruments (see → Note 15)	0.2	0.1
Short-term interest payables	1.2	2.8
Other current liabilities	49.7	43.9
Total other current liabilities	324.6	305.1

The outstanding customer bonuses are offset against the outstanding trade accounts receivable (→ **Note 6**). If the balance of outstanding trade receivables as at 31 December is smaller than the outstanding customer bonuses, these are reported under "Customer-related liabilities". The position "Other current liabilities" mainly included accruals for services and deliveries not yet invoiced.

	2020	2019
	MCHF	MCHF
Other current provisions	5.2	7.6
Provisions for restructuring	1.5	4.7
Total current provisions	6.7	12.3

The movements of other current provisions for 2020 and 2019 are shown in the following table:

	2020	2019
	MCHF	MCHF
Other current provisions		
1 January	7.6	5.8
Additions	4.2	5.2
Transfers	-1.4	0.0
Used	-4.7	-3.1
Reversed	-0.4	-0.2
Translation differences	-0.1	-0.1
31 December	5.2	7.6

The movements of provisions for restructuring for 2020 and 2019 are shown in the following table:

	2020	2019
	MCHF	MCHF
Provisions for restructuring		
1 January	4.7	20.6
Additions	2.2	0.4
Transfers	-1.3	1.0
Used	-3.4	-13.9
Reversed	-0.6	-3.1
Translation differences	-0.1	-0.3
31 December	1.5	4.7

In 2017, ceramic production at the plant in Digoin (F) was discontinued and the plant in La Villeneuve-au-Chêne (F) was completely closed. As at 30 June 2017, a restructuring provision was recognised to cover the cost of these measures (MCHF 44.0). The cashout ("Used") from this provision in 2017 amounted to MCHF 12.5, in 2018 to MCHF 15.7, in 2019 to MCHF 10.6 and in 2020 to MCHF 3.2 (see also → **Note 19**).

14. LONG-TERM DEBT

	2020	2019
	MCHF	MCHF
Bonds	698.7	750.7
Credit facility	0.0	0.0
Lease liabilities	61.1	69.2
Other long-term debt	13.2	12.0
Total long-term debt before reclassification	773.0	831.9
Short-term portion of long-term debt	-11.5	-21.2
Total long-term debt	761.5	810.7

BONDS

A bond for MCHF 300 was issued in April 2020 to refinance the drawings on the existing credit facility. The bond for MEUR 325 was repaid in December 2020. In this connection, Geberit made use of its early-redemption right. The bond was originally due to expire in March 2021.

As at the end of 2020, the four outstanding bonds are as follows: A bond for MCHF 300 (fair value as at 31 December 2020: MCHF 304.1) with a term of 2.5 years and a coupon of 0.35% due 2022, a bond for MCHF 150 (fair value as at 31 December 2020: MCHF 152.0) with a term of eight years and a coupon of 0.3% due 2023, a bond for MCHF 125 (fair value as at 31 December 2020: MCHF 126.7) with a term of 5.5 years and a coupon of 0.1% due 2024, and a bond for MCHF 125 (fair value as at 31 December 2020: MCHF 130.8) with a term of 9.5 years and a coupon of 0.6% due 2028.

REVOLVING CREDIT FACILITY

A firmly committed credit line of MCHF 500 is available to the Group since November 2017. The credit line has a term of five years (due in 2022) as well as two renewal options of one additional year each. The interest rate is variable and based on the LIBOR plus a fixed margin. An additional fee is charged if this credit line is drawn down. The credit facility had not been drawn down by the end of 2020. A commitment fee – recorded as financial expenses – was charged in respect of the undrawn portion.

The credit facility of MCHF 500 is secured by a guarantee issued by Geberit AG. The credit facility contains conditions typical for syndicated financing.

OTHER LONG-TERM DEBT

As at 31 December 2020, the Group had MCHF 13.2 of other long-term debt (PY: MCHF 12.0). This debt incurred an effective interest rate of 5.9% (PY: 6.0%).

CURRENCY MIX

Of the total long-term debt outstanding as at 31 December 2020, MCHF 44.5 was denominated in EUR (PY: MCHF 397.2) and MCHF 699.9 in CHF (PY: MCHF 400.5).

15. FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

Where required, the Group hedges foreign currency exchange rate and interest rate risks using derivative financial instruments in accordance with the treasury policy. This policy and the corresponding accounting policies for the Group's derivative financial instruments are disclosed in → **Note 3** and → **Note 4**. As at 31 December 2020 and 2019, the following derivative financial instruments were outstanding:

FORWARD FOREIGN EXCHANGE CONTRACTS

	Contract values										Fair value 31.12.	Calculation method
2020	MCZK	MEUR	MDKK	MPLN	MNOK	MGBP	MHUF	MRON	MUSD		MCHF	
Foreign exchange contracts	-6.0	-74.8	-8.0	-50.0	-35.0	-4.0	0.0	0.0	-4.4		0.4	Mark-to-Market
2019	MCZK	MEUR	MDKK	MPLN	MNOK	MGBP	MHUF	MRON	MUSD		MCHF	
Foreign exchange contracts	-12.0	-102.5	-42.0	-68.0	-54.5	-0.7	-100.0	-2.0	-3.3		1.0	Mark-to-Market

The change in fair value of the instruments is booked in financial result, net.

HEDGE ACCOUNTING

No hedge accounting was applied in 2020 or 2019.

MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORIES IN ACCORDANCE WITH IFRS 9

Based on the relevant balance sheet item of financial instruments, the following table shows an allocation of the balance sheet items to the classification by categories in accordance with IFRS 9. In addition, a fair value measurement hierarchy was introduced for assets and liabilities that are measured at fair value in accordance with IFRS 13. Level 1 contains all financial instruments with quoted prices in active markets. Level 2 contains all financial instruments with inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 contains all financial instruments with inputs for determining the assets and liabilities that are not based on observable market data.

	Carrying amount as at 31.12.2020	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	468.6	468.6	0.0	
Trade accounts receivable	195.0	195.0	0.0	
Other current assets (see → Note 7)	104.3	104.3	0.0	
Other non-current assets	11.3	11.1	0.2	Level 2
Derivative financial instruments (see → Note 7)	0.6	0.0	0.6	Level 2
Total	779.8	779.0	0.8	

	Carrying amount as at 31.12.2020	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial liabilities				
Short-term debt	17.3	17.3	0.0	
Trade accounts payable	94.2	94.2	0.0	
Bonds	698.7	698.7	0.0	
Credit facility	0.0	0.0	0.0	
Long-term lease liabilities	49.6	49.6	0.0	
Other long-term debt	13.2	13.2	0.0	
Derivative financial instruments	0.2	0.0	0.2	Level 2
Total	873.2	873.0	0.2	

	Carrying amount as at 31.12.2019	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial assets				
Cash and cash equivalents	408.1	408.1	0.0	
Marketable securities and other short-term investments	20.0	20.0	0.0	
Trade accounts receivable	193.4	193.4	0.0	
Other current assets (see → Note 7)	116.1	116.1	0.0	
Other non-current assets	11.2	11.0	0.2	Level 2
Derivative financial instruments (see → Note 7)	1.1	0.0	1.1	Level 2
Total	749.9	748.6	1.3	

	Carrying amount as at 31.12.2019	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Fair value measurement hierarchy
	MCHF	MCHF	MCHF	
Financial liabilities				
Short-term debt	26.2	26.2	0.0	
Trade accounts payable	97.2	97.2	0.0	
Bonds	750.7	750.7	0.0	
Credit facility	0.0	0.0	0.0	
Long-term lease liabilities	48.0	48.0	0.0	
Other long-term debt	12.0	12.0	0.0	
Derivative financial instruments	0.1	0.0	0.1	Level 2
Total	934.2	934.1	0.1	

FAIR VALUE MEASUREMENT HIERARCHY:

Level 1: quoted prices in active markets for identical assets

Level 2: observable prices, either directly or indirectly

Level 3: input factors that are not based on observable market data

MATURITY ANALYSIS OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount of all contractually defined future (not discounted) interest and amortisation payments of derivative and non-derivative financial instruments as at the balance sheet date:

	Carrying amount	Maturity				
	31.12.2020	2021	2022	2023	2024	2025 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	17.3	17.9	0.0	0.0	0.0	0.0
Trade accounts payable	94.2	94.2	0.0	0.0	0.0	0.0
Bonds	698.7	2.4	302.4	151.3	125.9	128.0
Credit facility	0.0	0.0	0.0	0.0	0.0	0.0
Long-term lease liabilities	49.6	1.5	8.6	6.0	6.7	32.5
Other long-term debt	13.2	0.8	4.3	4.1	2.3	4.4
Total non-derivative financial liabilities	873.0	116.8	315.3	161.4	134.9	164.9
Derivative financial assets/liabilities, net	-0.4	106.5	0.0	0.0	0.0	0.0
Total derivative financial instruments	-0.4	106.5	0.0	0.0	0.0	0.0
Total	872.6	223.3	315.3	161.4	134.9	164.9

	Carrying amount	Maturity				
	31.12.2019	2020	2021	2022	2023	2024 and later
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Short-term debt	26.2	26.9	0.0	0.0	0.0	0.0
Trade accounts payable	97.2	97.2	0.0	0.0	0.0	0.0
Bonds	750.7	3.7	356.3	1.3	151.3	253.8
Credit facility	0.0	0.0	0.0	0.0	0.0	0.0
Long-term lease liabilities	48.0	1.8	11.4	9.0	6.4	30.3
Other long-term debt	12.0	0.7	4.7	3.6	2.6	2.6
Total non-derivative financial liabilities	934.1	130.3	372.4	13.9	160.3	286.7
Derivative financial assets/liabilities, net	-1.0	146.0	0.0	0.0	0.0	0.0
Total derivative financial instruments	-1.0	146.0	0.0	0.0	0.0	0.0
Total	933.1	276.3	372.4	13.9	160.3	286.7

ADDITIONAL INFORMATION TO THE CASHFLOW STATEMENT

The following table shows the reconciliation of the items for which cashflows were or in future will be generated and that are reported as net cash from financing activities in the consolidated statements of cashflows:

	2020	Cashflows	Non-cash movements		2019
	Total		Translation differences	Others	Total
	MCHF		MCHF	MCHF	MCHF
Long-term debt (excl. leases)	711.9	294.9	-4.6	-341.1	762.7
Short-term debt (excl. leases)	5.8	-348.2	0.0	349.0	5.0
Lease liabilities (incl. payables and prepayments)	60.9	-24.1	-1.9	17.5	69.4
Interest liabilities	1.2	-9.8	0.0	8.2	2.8
Total	779.8	-87.2	-6.5	33.6	839.9

In 2020, the position "Others" of short- and long-term debt mainly included the reclassification of the MEUR 325 bond which was repaid early, in December 2020, and of lease liabilities contained the non-cash addition of new lease contracts.

	2019	Cashflows	Non-cash movements		2018
	Total		Translation differences	Others	Total
	MCHF		MCHF	MCHF	MCHF
Long-term debt (excl. leases)	762.7	89.4	-15.2	5.4	683.1
Short-term debt (excl. leases)	5.0	-150.3	-0.1	1.1	154.3
Lease liabilities (incl. payables and prepayments)	69.4	-16.2	-1.1	86.7	0.0
Interest liabilities	2.8	-7.8	-0.1	8.2	2.5
Total	839.9	-84.9	-16.5	101.4	839.9

In 2019, the position "Others" of lease liabilities contained the non-cash addition of new lease contracts due to the application of IFRS 16.

16. RETIREMENT BENEFIT PLANS

The Group manages defined benefit plans for its employees in various countries. The most relevant defined benefit plans exist in Switzerland and in Germany and account together for 92% (PY: 92%) of the total benefit obligations.

The following table provides an overview of the current status of the benefit obligations, plan assets and reimbursement rights of reinsurance policies.

	2020	2019
	MCHF	MCHF
Switzerland		
Benefit obligation (for funded retirement benefit plans)	666.7	633.8
Plan assets at fair value	631.5	609.1
Funded status	-35.2	-24.7
Germany		
Benefit obligation (for unfunded retirement benefit plans)	273.1	269.9
Plan assets at fair value	0.0	0.0
Funded status	-273.1	-269.9
Reimbursement rights	19.1	17.4
Other plans		
Benefit obligation (for funded retirement benefit plans)	46.1	43.0
Benefit obligation (for unfunded retirement benefit plans)	35.7	35.6
Plan assets at fair value	43.6	42.7
Funded status	-38.2	-35.9
Reimbursement rights	7.2	7.7
Total		
Benefit obligation (for all retirement benefit plans)	1,021.6	982.3
Plan assets at fair value	675.1	651.8
Funded status	-346.5	-330.5
Reimbursement rights	26.3	25.1

SWISS RETIREMENT BENEFIT PLANS

The Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) governs occupational benefits in Switzerland. An employer with employees who must be insured is obliged to set up an independent pension fund entered in the register for occupational pension providers or affiliate with such a pension fund. The "Gemeinschaftsstiftung" of the Geberit Group is a foundation legally independent from the Geberit Group that insures all Geberit employees in Switzerland for compulsory and non-compulsory benefits. The Board of Trustees manages the Foundation and consists of employer and employee representatives in a parity ratio. The tasks of the Board of Trustees are set out in the BVG and the regulations based on the BVG adopted by the Board of Trustees.

The benefits provided by the pension plan exceed the minimum prescribed by law. They are funded by the employer and employee contributions, plus the interest paid on the savings assets of the insured party at an interest rate defined annually by the Board of Trustees in accordance with the legal provisions. If an insured party leaves the Geberit Group and/or the pension plan before reaching retirement age, the vested benefits accrued under the BVG are transferred to the new pension fund of the insured party. In addition to the funds brought into the pension plan by the insured party, these vested benefits consist of the employer and employee contributions, plus a supplement prescribed by law. The pension benefits comprise lifelong retirement pensions, disability benefits and death benefits for the surviving dependents. On retirement, a maximum of 50% of the retirement assets can be withdrawn in the form of a lump sum. The employer and employees pay an equal contribution to the pension fund, which is settled monthly. The contribution amount is determined by the employee's age and is calculated as a percentage of the pensionable salary.

If the pension fund is underfunded in accordance with the BVG, the Board of Trustees is obliged by law to initiate measures to rectify the situation, such as reducing the interest paid on retirement assets, reducing the benefit entitlement, or collecting remedial contributions. Legally accrued benefits may not be reduced. With remedial contributions, the risk is shared between the employer and employees and the employer is not legally obliged to pay more than 50% of the additional contributions. The technical funding ratio of this Foundation in accordance with the BVG was 117.6% as at 31 December 2020 (PY: 116.2%).

If a pension fund is overfunded as defined in IAS 19, the surplus funds are available to the company only to a very limited extent. The economic benefit for Geberit lies in future reductions in contributions and is calculated in accordance with IFRIC 14.

The Board of Trustees is responsible for deciding on a strategy for investment of the plan assets. The objective is to achieve medium-term and long-term congruence and sustainability between the plan assets and the pension obligations under the BVG. Taking into account the foundation's risk capacity, the investment strategy is defined as a targeted long-term investment structure.

Until 31 December 2019, the funded plans also included a supplementary insurance cover for Swiss managerial employees. As at 1 January 2020 it has been transferred into a 1e pension plan. It has therefore been reclassified as a defined-contribution plan as in a 1e plan beneficiaries participate directly in the performance of their investment and therefore carry also the investment risk.

GERMAN RETIREMENT BENEFIT PLANS

In Germany, there are capital account plans and annuity plans. The annuity plans are closed-end funds.

Capital account plans

The benefit plans and guidelines for payout are agreed in labour-management contracts. The employer can change the conditions by applying provisos. There can be special commitments based on the labour-management contracts or individual agreements, sometimes with annuity options. There is no minimum financing obligation.

Every year, a pension contribution is determined as a percentage of the pensionable salary or the employees can choose an amount of deferred compensation with or without employer contributions. This then serves as the age-dependent component on which a pension is accrued. The pension components accrued during the years of active service, including any resulting promises of fixed bonus payments and the initial credit from the transitional arrangement, are paid out in the form of a one-off lump sum or in instalments. Annuitisation is possible with the consent of the employer. The pension is not dependent on the employee's final salary.

The employer manages the retirement accounts, informs the employees of the balance of their retirement assets, manages the claims and makes payments, sometimes involving the services of external service providers. When paying a lifelong pension, the employer must monitor the statutory and contractual obligations to adjust the pension and makes adjustments when necessary.

If a lump-sum benefit is annuitised, the lifelong payment of the pension and possible subsequent widow's or widower's pension can trigger a longevity risk. Thanks to the contractual adjustment rules applying to annuitisation, the statutory obligation to make (and review) adjustments is not currently seen to harbour any inflation risk.

The deferred compensation with/without employer contributions and possible demographic contributions retained by the employer are paid into reinsurance policies where the employer is the beneficiary. This partly covers the pension obligations.

Annuity plans

Annuity plans are governed by labour-management contracts or individual employment contracts. § 16 of the Company Pensions Act imposes an obligation on the employer to review the adjustment of pension payments. The extent of the adjustment requirement is usually determined by the consumer price index. Some individual employment contracts impose a contractual adjustment obligation. There is no minimum financing obligation.

These are closed-end funds. Pension commitments as prescribed by the Essener Verband (Essen Association) have been made to some active employees. Fixed euro entitlements are maintained for departing employees with vested rights. Annuities are paid out to the beneficiaries in the form of lifelong monthly pension payments that include survivors' benefit entitlements.

The employer manages entitlements and claims and makes payments, sometimes involving the services of external service providers. It monitors the statutory and contractual obligations to adjust the pension and makes adjustments when necessary.

The lifelong payment of the pension and possible subsequent widow's or widower's pension can trigger a longevity risk. The statutory obligation to make (and review) adjustments can also harbour an inflation risk.

In respect of Geberit Keramik GmbH, Wesel, a benefit obligation arose from certain pension commitments made and there is also a benefit obligation with reinsurance assets.

The net periodic pension costs of all defined benefit plans of the Group were as follows:

	2020	2019
	MCHF	MCHF
Current service cost	40.3	35.9
Past service cost	0.1	-3.6
(Gain) / loss on settlement	0.0	-3.2
Contributions of employees	-11.2	-11.0
Net interest cost for retirement benefit plans	1.9	4.0
Net periodic pension cost	31.1	22.1

The current service cost for the Swiss retirement benefit plans was MCHF 25.7 in 2020 (PY: MCHF 23.1) and for the German retirement benefit plans MCHF 13.3 (PY: MCHF 11.4). The past service cost 2019 for the Swiss retirement benefit plan (Gemeinschaftsstiftung) was MCHF -3.6 which is a technical effect related to plan changes according to IAS 19 in 2019. The future pension benefits of the active members were reduced due to the steadily increasing life expectancy and low interest rates environment. The position "(Gain) / loss on settlement" mainly includes a non-recurring positive effect of MCHF -2.2 for the movement of the supplementary managerial plan to a 1e plan. The net interest cost for the Swiss retirement benefit plans was MCHF 0.0 in 2020 (PY: MCHF 0.0) and for the German retirement benefit plans MCHF 1.7 (PY: MCHF 3.7).

The following table shows the remeasurements for the defined benefit plans in other comprehensive income in the Consolidated Statements of Comprehensive Income:

	2020	2019
	MCHF	MCHF
Actuarial gains (-) / losses:	24.5	110.6
- of which from changes in demographic assumptions	-0.8	0.0
- of which from changes in financial assumptions	11.6	110.1
- of which from experience adjustments	13.7	0.5
Return on plan assets (excluding interest based on discount rate)	-27.5	-61.0
Return on reimbursement rights (excluding interest based on discount rate)	0.0	0.0
Asset ceiling adjustment	0.0	0.0
Total pre-tax remeasurements recognised in other comprehensive income	-3.0	49.6

The remeasurements recognised in other comprehensive income in the Consolidated Statements of Comprehensive Income in 2020 for the Swiss retirement benefit plans amounted to MCHF -2.6 (PY: MCHF 14.4) and for the German retirement benefit plans to MCHF -2.4 (PY: MCHF 30.0).

The following tables show the changes in benefit obligations, plan assets and reimbursement rights from 1 January to 31 December:

	2020	2019
	MCHF	MCHF
Benefit obligation		
At beginning of year	982.3	891.9
Current service cost	40.3	35.9
Past service cost	0.1	-3.6
(Gain) / loss on settlement	0.0	-27.6
Interest cost	4.4	10.4
Actuarial gains (-) / losses	24.5	110.6
New plans / plan adjustments	-0.2	-0.1
Benefits paid	-27.7	-25.1
Translation differences	-2.1	-10.1
Benefit obligation at end of year	1,021.6	982.3

	2020	2019
	MCHF	MCHF
Plan assets at fair value		
At beginning of year	651.8	602.1
Interest income (based on discount rate)	2.0	5.7
Return on plan assets (excluding interest based on discount rate)	27.5	61.0
Contributions of employees	10.5	10.4
Contributions of employers	2.6	10.8
(Gain) / loss on settlement	0.0	-24.4
New plans / plan adjustments	0.0	0.0
Benefits paid	-16.9	-14.6
Translation differences	-2.4	0.8
Plan assets at fair value at end of year	675.1	651.8
Funded status at end of year		
Asset ceiling adjustment	0.0	0.0
Assets from defined benefit plans (see → Note 10)	-0.2	-0.8
Net funded status at end of year	-346.7	-331.3
	2020	2019
	MCHF	MCHF
Fair value of reimbursement rights		
At beginning of year	25.1	23.8
Interest income (based on discount rate)	0.5	0.7
Return on reimbursement rights (excluding interest based on discount rate)	0.0	0.0
Contributions of employers	1.3	1.3
Contributions of employees	0.7	0.6
Benefits paid	-0.5	-0.4
Translation differences	-0.8	-0.9
Fair value of reimbursement rights at end of year	26.3	25.1

As at 31 December 2020, the fair value of the reinsurance policies for the German retirement benefit plans was MCHF 19.1 (PY: MCHF 17.4).

The following table provides an analysis of the fair value and composition of the plan assets.

	2020			2019		
	Listed on an active market	Other	Total	Listed on an active market	Other	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Equity instruments	237.9	16.0	253.9	222.7	16.0	238.7
Bonds and other debt instruments	132.3	47.5	179.8	119.3	46.6	165.9
Real estate property	54.8	132.2	187.0	46.0	133.3	179.3
Cash and cash equivalents	41.2	0.1	41.3	64.1	0.0	64.1
Other	4.2	8.9	13.1	3.4	0.4	3.8
Total	470.4	204.7	675.1	455.5	196.3	651.8

The plan assets of the Swiss retirement benefit plans were MCHF 631.5 as at 31 December 2020 and the effective income on the plan assets was +3.7% in 2020 and +10.7% in 2019. As at the end of 2020, the plan assets included MCHF 7.3 (PY: MCHF 7.2) in equity instruments of Geberit AG and no real estate (PY: MCHF 5.8) used by the Group any more.

The following table provides an analysis of the benefit obligations of the Swiss and German retirement benefit plans:

	2020				2019			
	Active members	Deferred members	Pensioners	Total	Active members	Deferred members	Pensioners	Total
Plan members (number)								
Swiss retirement benefit plans	1,304		581	1,885	1,303		544	1,847
German retirement benefit plans	5,308	819	335	6,462	5,220	766	330	6,316
Total plan members	6,612	819	916	8,347	6,523	766	874	8,163
Benefit obligation (in MCHF)								
Swiss retirement benefit plans	387.7		279.0	666.7	369.5		264.3	633.8
German retirement benefit plans	200.3	34.5	38.3	273.1	198.0	33.7	38.2	269.9
Total benefit obligation	588.0	34.5	317.3	939.8	567.5	33.7	302.5	903.7
Share in %	62.5	3.7	33.8	100.0	62.8	3.7	33.5	100.0

The weighted average duration of the benefit obligation for the Swiss retirement benefit plans is approx. 17 years (PY: approx. 17 years) and for the German retirement benefit plans approx. 12 years (PY: approx. 12 years).

In Switzerland there is an employer contribution reserve from which contribution payments of MCHF 8.4 were made in 2020. As at 31 December 2020, this reserve was valued at MCHF 11.1. Employer contributions for the Swiss retirement benefit plans of MCHF 10.4 are expected for the financial year 2021.

The calculation of the benefit obligations for the material retirement benefit plans was based on the following assumptions (in %):

	2020		2019	
	CH	DE	CH	DE
Discount rate	0.1	0.7	0.2	0.7
Salary increase rate	1.2	2.5	1.2	2 - 2.5
Pension increase rate	0.0	2.0	0.0	2.0
Mortality	BVG 2015 generations table	Heubeck 2018G	BVG 2015 generations table	Heubeck 2018G

The trend for sickness cost does not affect benefit obligations in Switzerland or Germany.

The following sensitivity analysis shows how the present value of the benefit obligation for the material retirement benefit plans (CH and DE) would change if a single reporting date assumption was changed. Every assumption change was analysed separately. Interdependencies were not taken into account.

	Swiss retirement benefit plans: increase (+)/reduction (-) in present value of benefit obligation	German retirement benefit plans: increase (+)/reduction (-) in present value of benefit obligation
Discount rate		
Increased by 50 basis points	-7.8%	-5.7%
Reduced by 50 basis points	+9.1%	+6.3%
Salaries		
Increased by 25 basis points	+0.4%	+0.0%
Reduced by 25 basis points	-0.4%	-0.0%

In addition, the Group's consolidated income statement for 2020 included expenses for defined contribution plans of MCHF 10.1 (PY: MCHF 9.2).

17. PARTICIPATION PLANS

SHARE PLANS

In 2020, employees were able to purchase a defined number of shares at a discount of 45% (PY: 35%) compared to the market price ("Employee share purchase plan"). Geberit management was entitled to draw the previous year's variable remuneration partly or entirely in shares valued at market price ("Management share purchase plan"). For each of these shares, management participants received 1.5 options (see part 2: "Option plans"). The members of the Board of Directors received a significant part of their compensation for 2019 in shares of Geberit AG (measured at current market value). All share plans are subject to blocking periods valid beyond the period of employment.

The share plans introduced in 2020 are summarised below:

	End of blocking period	Number of participants	Number of shares issued	Issuing price CHF
Employee share purchase plan (ESPP)	2022	3,012	21,230	248.30
Management share purchase plan (MSPP)	2023	93	12,806	451.50
Board of Directors compensation	2024	6	2,666	451.50
Total			36,702	

The 36,702 shares required for these plans were taken from the stock of treasury shares.

As at 31 December 2020, the Board of Directors, the Group Executive Board and the employees owned a combined total of 395,271 (PY: 372,600) shares, i.e. 1.1% (PY: 1.0%) of the share capital of Geberit AG under these plans.

OPTION PLANS

The management has the opportunity to invest part or all of their variable remuneration in shares of Geberit AG through the management share purchase plan (MSPP). They may define a fixed number of shares to purchase, or a certain amount or a percentage of their variable remuneration to be invested in shares. In order to encourage management to participate in the programme, 1.5 free options are provided for each share purchased through the programme. These options are subject to a vesting period of three years.

In connection with an additional option plan (MSOP), the members of the Group Executive Board and managing directors are entitled to additional options. The options are subject to a vesting period of three years.

The exercise price of the options corresponds to the fair market value of the Geberit shares at the time of granting. The options have a term of nine years (MSPP & MSOP). They can be exercised between the vesting date and the maturity date. The vesting of share options is subject to the achievement of a performance criterion – the average Return on Invested Capital (ROIC) – over the respective vesting period.

The following numbers of options out of the 2020 grant are expected to be allocated with final effect at the end of the vesting period¹:

	Vesting period	Maturity	Number of participants	Number of options expected to be allocated	Exercise price CHF
Management share purchase plan (MSPP)	2020 - 2023	2029	93	12,813	451.50
Option plan (MSOP)	2020 - 2023	2029	93	265,551	451.50
Total				278,364	

The fair value of the options granted in 2020 as at March 2020 amounted on average to CHF 16.58 (PY: CHF 39.39) for MSPP and CHF 16.58 (PY: CHF 39.39) for MSOP at the respective granting date. The fair value was determined using the binomial model for "American Style Call Options".

The calculation model was based on the following parameters:

	Exercise price ²	Expected \emptyset volatility	Expected \emptyset dividend yield	Contractual period	Riskfree \emptyset interest rate
	CHF	%	%	Years	%
Management share purchase plan (MSPP)	451.50	16.87	2.83	9	-0.53
Option plan (MSOP)	451.50	16.87	2.83	9	-0.53

¹ The number of options expected to be allocated with final effect at the end of the vesting period depends on target achievement (average ROIC) and has been calculated on the basis of expected target achievement.

² The exercise price corresponds to the average price of Geberit shares for the period from 3. – 16.3.2020.

The following table summarises all option plans in place as at 31 December 2020¹:

End of vesting period	Maturity	Number of options outstanding	Ø exercise price CHF	Number of options in the money	Ø exercise price CHF
Vested	2021 - 2027	124,007	363.19	124,007	363.19
2021	2024 - 2028	105,736	410.23	105,736	410.23
2022	2025 - 2028	183,520	416.58	183,520	416.58
2023	2028 - 2029	309,688	449.44	309,688	449.44
Total		722,951	420.57	722,951	420.57

This table also includes options under participation plans from earlier years that have different terms and vesting conditions.

The following movements took place in 2020 and 2019¹:

	MSOP		MSPP		Total 2020		Total 2019	
	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF	Number of options	Ø exercise price CHF
Outstanding 1 January	483,552	389.35	44,300	401.06	527,852	390.33	507,944	374.19
Granted options	265,551	451.50	12,813	451.50	278,364	451.50	124,713	406.75
Forfeited options	13,182	420.32	314	407.90	13,496	420.04	7,258	530.74
Expired options	0	0	0	0	0	0	0	0
Exercised options	61,200	307.12	8,569	373.74	69,769	315.31	97,547	325.25
Outstanding 31 December	674,721	420.66	48,230	419.28	722,951	420.57	527,852	390.33
Exercisable at 31 December	106,578	357.81	17,429	396.08	124,007	363.19	117,637	311.78

This table also includes options under participation plans from earlier years that have different terms and vesting conditions.

The 722,951 options outstanding represent 2.0% of the outstanding shares of Geberit AG. In principle, the Group hedges this exposure with treasury shares.

The options outstanding as at 31 December 2020 had an exercise price of between CHF 281.95 and CHF 451.50 and an average remaining contractual life of 6.7 years (PY: 6.4 years).

Costs resulting from share plans amounted to MCHF 4.8 in 2020 (PY: MCHF 2.9); those for option plans totalled MCHF 5.8 (PY: MCHF 4.7).

¹ The number of options expected to be allocated with final effect at the end of the vesting period depends on target achievement (average ROIC) and has been calculated on the basis of expected target achievement.

18. DEFERRED TAX ASSETS AND LIABILITIES

	2020		Movements 2020			2019
	Total	Charged (-) / credited to income	Through equity	Through OCI ¹	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets						
Loss carryforwards	20.5	-6.6	0.0	0.0	-0.2	27.3
Accrued pension obligations	38.2	2.0	0.0	-0.6	-0.6	37.4
Property, plant and equipment	8.7	2.7	0.0	0.0	-0.2	6.2
Short/long-term lease liabilities	7.3	-1.2	0.0	0.0	-0.2	8.7
Other short/long-term liabilities (excl. lease liabilities)	18.0	-0.6	0.0	0.0	0.0	18.6
Intangible assets	17.4	2.8	0.0	0.0	0.0	14.6
Other	15.9	1.7	2.6	0.0	-0.4	12.0
Total deferred tax assets	126.0	0.8	2.6	-0.6	-1.6	124.8
Deferred tax liabilities						
Inventories	-2.6	0.4	0.0	0.0	0.2	-3.2
Property, plant and equipment (excl. right-of-use assets)	-25.8	0.0	0.0	0.0	0.6	-26.4
Right-of-use assets	-7.7	1.4	0.0	0.0	0.3	-9.4
Intangible assets	-30.3	0.7	0.0	0.0	-0.5	-30.5
Assets from defined benefit plans	-0.5	0.1	0.0	0.0	0.0	-0.6
Other	-12.7	-1.5	0.0	0.0	0.0	-11.2
Total deferred tax liabilities	-79.6	1.1	0.0	0.0	0.6	-81.3

¹ Recorded in other comprehensive income

	2019		Movements 2019			2018
	Total	Charged (-) / credited to income	Through equity	Through OCI ¹	Translation differences	Total
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Deferred tax assets						
Loss carryforwards	27.3	3.7	0.0	0.0	-1.0	24.6
Accrued pension obligations	37.4	-0.5	0.0	11.1	-1.4	28.2
Property, plant and equipment	6.2	1.0	0.0	0.0	-0.3	5.5
Short/long-term lease liabilities	8.7	8.7	0.0	0.0	0.0	0.0
Other short/long-term liabilities (excl. lease liabilities)	18.6	1.5	0.2	0.0	-0.4	17.3
Intangible assets	14.6	6.7	0.0	0.0	0.0	7.9
Other	12.0	2.1	1.8	0.0	-0.3	8.4
Total deferred tax assets	124.8	23.2	2.0	11.1	-3.4	91.9
Deferred tax liabilities						
Inventories	-3.2	0.3	0.0	0.0	0.0	-3.5
Property, plant and equipment (excl. right-of-use assets)	-26.4	0.0	0.0	0.0	0.9	-27.3
Right-of-use assets	-9.4	-9.4	0.0	0.0	0.0	0.0
Intangible assets	-30.5	-1.4	0.0	0.0	0.8	-29.9
Assets from defined benefit plans	-0.6	0.2	0.0	0.0	0.0	-0.8
Other	-11.2	-4.9	0.0	0.0	0.1	-6.4
Total deferred tax liabilities	-81.3	-15.2	0.0	0.0	1.8	-67.9

¹ Recorded in other comprehensive income

In general, deferred tax liabilities are recorded for non-refundable withholding taxes or other taxes on unremitted earnings in Group companies if earnings are planned to be remitted. As at 31 December 2020 and 2019, there were no such earnings, except for the Chinese subsidiaries. On the unremitted earnings from China, no deferred tax liabilities were recorded, as no plan exists to remit these earnings. Such a transfer of earnings would lead to income taxes of MCHF 0.5 (PY: MCHF 0.4).

The Group recognises deferred tax assets from loss carryforwards if they comply with the requirements of IAS 12. The following loss carryforwards (listed by maturity) were used for the calculation of deferred tax assets:

	2020	Without deferred tax asset	With deferred tax asset	2019	Without deferred tax asset	With deferred tax asset
	MCHF	MCHF	MCHF	MCHF	MCHF	MCHF
Maturity						
1 year	0.1	0.0	0.1	2.2	0.0	2.2
2 years	1.7	0.0	1.7	1.9	0.0	1.9
3 years	4.3	0.0	4.3	20.8	18.1	2.7
4 years	15.0	3.3	11.7	8.0	0.0	8.0
5 years	8.8	2.2	6.6	19.4	0.7	18.7
6 years	0.8	0.1	0.7	0.0	0.0	0.0
> 6 years	157.6	111.5	46.1	159.1	91.5	67.6
Total loss carryforwards	188.3	117.1	71.2	211.4	110.3	101.1

19. OTHER NON-CURRENT LIABILITIES AND PROVISIONS

	2020	2019
	MCHF	MCHF
Accrued investment grants	1.6	1.7
Other non-current liabilities	15.2	10.1
Total other non-current liabilities	16.8	11.8
Provisions for operating risks	37.5	37.1
Other non-current provisions	14.2	7.9
Total non-current provisions	51.7	45.0
Total other non-current liabilities and provisions	68.5	56.8

Movements of the provisions for operating risks in 2020 and 2019 are shown in the following table.

	2020	2019
	MCHF	MCHF
Provisions for operating risks		
1 January	37.1	35.8
Additions	8.3	8.8
Transfers	0.0	-0.2
Used	-6.7	-6.1
Reversed	-0.6	-0.1
Translation differences	-0.6	-1.1
31 December	37.5	37.1

Provisions for operating risks mainly include provisions for warranties. The payments for the warranty claims delay on average 4.1 years (PY: 4.0 years).

	2020	2019
	MCHF	MCHF
Other non-current provisions		
1 January	7.9	8.6
Additions	6.5	1.0
Transfers	1.1	-0.1
Used	-0.7	-0.5
Reversed	-0.4	-0.8
Translation differences	-0.2	-0.3
31 December	14.2	7.9

In 2020, this position includes the non-current portion of the restructuring provision of MCHF 1.7 (PY: MCHF 0.5) for the French restructuring measures in 2017. For a detailed explanation, see → **Note 13**. The position increased mainly due to pending legal cases.

20. CONTINGENCIES

Guarantees and sureties are valued at MCHF 77.2 for 2020 (PY: MCHF 70.1). Guarantees and sureties are only recognised as a provision if an outflow of resources is likely.

The Group is involved in several legal proceedings arising from the ordinary course of business. The Group believes that none of these proceedings - either individually or as a whole - is likely to have a material impact on the Group's financial position or operating results. The Group has established insurance policies to cover product liabilities and it makes provisions for potential product warranty claims.

The Group operates in many countries, most of which have sophisticated tax regimes. The nature of its operations and ongoing significant reorganisations result in complex tax-related issues for the Group and its subsidiaries. The Group believes that it performs its business in accordance with the local tax laws. However, it is possible that there are areas where potential disputes with the various tax authorities could arise. The Group is not aware of any dispute that - either individually or as a whole - is likely to have a material impact on the Group's financial position or operating results.

21. CAPITAL STOCK AND TREASURY SHARES

The share capital of Geberit AG consists of 37,041,427 ordinary shares with a par value of CHF 0.10 each.

On 30 April 2020, Geberit AG concluded its share buyback programme started on 6 June 2017. By 30 April 2020, 1,026,094 shares had been repurchased for a total value of MCHF 439.8. This corresponds to 2.77% of the share capital currently entered in the Commercial Register. The shares were repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction.

On 17 September 2020, Geberit AG launched the share buyback programme that it had announced on 10 March 2020. Shares in an aggregate amount of up to MCHF 500.0 will be repurchased over a maximum period of two years. Based on the closing price of Geberit registered shares on 31 December 2020, this corresponds to around 900,000 registered shares or 2.4% of the share capital currently entered in the Commercial Register. The shares will be repurchased via a separate trading line on the SIX Swiss Exchange for the purpose of a capital reduction. As at 31 December 2020, 94,700 shares had been repurchased for a total value of MCHF 51.4.

It is planned to ask the General Meeting of 14 April 2021 to approve a capital reduction matching the number of shares bought back under both programmes up until the end of February 2021 and to subsequently cancel the shares.

	2020	2019
	pcs.	pcs.
Stock of treasury shares		
From share buyback programmes	1,120,794	764,551
Other treasury shares	295,040	269,572
Total treasury shares	1,415,834	1,034,123

The entire stock of treasury shares on 31 December 2020 amounted to 1,415,834 (PY: 1,034,123) with a carrying amount of MCHF 624.0 (PY: MCHF 433.4). Treasury shares are deducted from equity at historical cost.

For transactions in connection with the participation plans, see → **Note 17**.

22. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares issued and outstanding during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

	2020	2019
Attributable net income according to income statement (MCHF)	642.3	646.9
Weighted average number of ordinary shares (thousands)	35,791	36,008
Total earnings per share (CHF)	17.95	17.97

For diluted earnings per share, the weighted average number of ordinary shares issued is adjusted to assume conversion of all potentially dilutive ordinary shares (see → **Note 3**). The Group has considered the share options granted to the management to calculate the potentially dilutive ordinary shares.

	2020	2019
Attributable net income according to income statement (MCHF)	642.3	646.9
Weighted average number of ordinary shares (thousands)	35,791	36,008
Adjustments for share options (thousands)	138	71
Weighted average number of ordinary shares (thousands)	35,929	36,079
Total diluted earnings per share (CHF)	17.88	17.93

23. OTHER OPERATING EXPENSES, NET

	2020	2019
	MCHF	MCHF
Outbound freight cost and duties	100.5	111.3
Energy and maintenance expenses	125.0	130.5
Marketing expenses	95.2	118.2
Administration expenses	62.2	75.4
Other operating expenses ¹	151.4	149.5
Other operating income	-12.6	-17.9
Total other operating expenses, net	521.7	567.0

¹ In 2020, this item includes expenses for short-term leases of MCHF 3.6 (PY: MCHF 5.2) and expenses for leased minor-value assets of MCHF 0.7 (PY: MCHF 0.8).

“Other operating expenses” includes, among other items, commission expenses, expenses for short-term leases and leases for minor-value assets, consulting expenses as well as warranty cost. “Other operating income” includes, among other items, insurance benefits received, rental income, gains from sales of fixed assets and subsidiaries and catering revenues.

A major part of the cost reductions in nearly all positions of “Other operating expenses, net” resulted from negative currency effects on the one hand and from targeted saving measures in connection with COVID-19 on the other hand (mainly in “Marketing expenses” and “Administration expenses”).

In 2020, costs of MCHF 19.7 (PY: MCHF 17.5) were capitalised as property, plant and equipment or intangible assets. This includes tools, moulds and assembly lines that are part of the production process, as well as capitalised product development cost. The amount was deducted pro-rata from the positions “Personnel expenses”, “Cost of materials” and “Other operating expenses, net”.

24. FINANCIAL RESULT, NET

	2020	2019
	MCHF	MCHF
Interest expenses ¹	-9.7	-9.8
Amortisation of deferred financing fees	-0.9	-0.7
Other financial expenses	-1.9	-2.0
Total financial expenses	-12.5	-12.5
Interest income and other	1.1	1.8
Total financial income	1.1	1.8
Foreign exchange loss (-)/gain	-5.8	-3.1
Total financial result, net	-17.2	-13.8

¹ In 2020, this item includes interest expenses of MCHF 1.9 (PY: MCHF 2.0) on lease liabilities.

"Interest expenses" mainly includes the interest for the bonds and interest expense from lease liabilities.

25. INCOME TAX EXPENSES

	2020	2019
	MCHF	MCHF
Current taxes	113.9	103.9
Deferred taxes	-1.9	-8.0
Total income tax expenses	112.0	95.9

The differences between income tax expenses computed at the weighted-average applicable tax rate of the Group of 15.1% (PY: 15.1%) and the effective income tax expenses were as follows:

	2020	2019
	MCHF	MCHF
Income tax expenses, at applicable rate	114.1	112.1
Operating losses with no current tax benefit	1.3	0.0
Offsetting of current profits against loss carryforwards without tax assets	-1.5	-1.6
Changes in future tax rates	-1.5	-3.4
Non-deductible expenses and non-taxable income, net	1.8	2.5
Other	-2.2	-13.7
Total income tax expenses	112.0	95.9

The decrease of the position "Other" in 2020 is caused by the reversal of several tax provisions, which were no longer used, and capitalised loss carryforwards in the previous year.

SWISS TAX REFORM

On 19 May 2019, the Swiss electorate passed the Federal Act on Tax Reform and AHV Financing (TRAF). With this vote, the new tax law in the Canton of St. Gallen also entered into force. Under this reform, the tax regimes for holding companies, domiciliary companies and mixed companies, which are no longer accepted internationally, were abolished with effect from 1 January 2020. Some Swiss Geberit companies are also affected by this. In return, the cantons reduced the ordinary corporate tax rates and introduced internationally acceptable tax benefits, from which selected subsidiaries will also benefit. The ordinary tax rate for the Group companies domiciled in the Canton of St. Gallen was reduced from 17.4% to 14.5% as at 1 January 2020. The deferred taxes of these companies were adjusted accordingly as at 31 December 2019.

26. RESEARCH AND DEVELOPMENT COST

	2020	2019
	MCHF	MCHF
Research and development expenses	75.0	76.6
Capitalised development expenses	-4.2	-4.3
Amortisation of capitalised development expenses	5.2	5.0
Research and development cost	76.0	77.3

In 2020, research and development expenses totalling MCHF 75.0 (PY: MCHF 76.6) were included in the items "Personnel expenses", "Depreciation" and "Other operating expenses, net". This represents 2.5% of net sales (PY: 2.5%). For one major development project, the capitalisation criteria according to IAS 38.57 were met and expenses of MCHF 4.2 (PY: MCHF 4.3) were capitalised.

27. FREE CASHFLOW

Free cashflow is calculated as follows:

	2020	2019
	MCHF	MCHF
Net cash from/used in (-) operating activities ¹	900.0	834.0
Purchase of property, plant and equipment and intangible assets, net ¹	-146.8	-163.6
Repayments of lease liabilities ¹	-24.1	-16.2
Interest and other financing cost paid, net	-12.0	-10.2
Free cashflow	717.1	644.0

¹ See consolidated statements of cashflows

"Free cashflow" is no substitute for figures shown in the consolidated income statements and the consolidated statements of cashflows, but it may give an indication of the Group's capability to generate cash, to pay back debt, to finance acquisitions, to buy back shares and to pay dividends.

28. SEGMENT REPORTING

The Geberit Group consists of one single business unit, the purpose of which is to develop, produce and distribute sanitary products and systems for the residential and commercial construction industry. The major part of the products is generally distributed through the wholesale channel to plumbers, who resell the products to the end users. Products are manufactured by plants that specialise in particular production processes. As a general rule, one specific article is produced at only one location. Distribution is carried out by country or regional distribution subsidiaries, which sell to wholesalers. A distribution subsidiary is always responsible for the distribution of the whole range of products in its sales area. The main task of the distribution companies is local market development, which primarily focuses on the support of installers, sanitary planners, architects, wholesalers and other distributors. Research and development of the whole range of products is carried out centrally by Geberit International AG. All corporate tasks are also centralised at Geberit International AG.

Due to the unity and focus of the business, the top management (Group Executive Board) and the management structure of the Geberit Group are organised by function (Overall Management, Sales Europe, Sales International, Marketing & Brands, Products & Operations, Finance). The financial management of the Group by the Board of Directors and the Group Executive Board is based on net sales by markets and product areas and on the consolidated income statements, balance sheets and statements of cashflows.

Segment reporting is therefore prepared according to IFRS 8.31 et seq. (one single reportable segment), and the valuation is made in accordance with the same principles as the consolidated financial statements. The basis for revenue recognition is the same for all markets and product areas. The geographical allocation of net sales is based on the domicile of the customers.

The information is as follows:

	2020	2019
	MCHF	MCHF
Net sales by product areas		
Installation and Flushing Systems	1,115.4	1,144.6
Piping Systems	903.4	949.1
Bathroom Systems	967.3	989.2
Total net sales	2,986.1	3,082.9

	2020	2019
	MCHF	MCHF
Net sales by markets		
Germany	956.4	928.3
Nordic Countries	297.0	303.2
Switzerland	305.8	293.8
Eastern Europe	286.0	304.9
Benelux	251.0	261.2
Italy	186.5	210.9
France	161.1	179.6
Austria	175.5	172.8
United Kingdom/Ireland	91.8	114.2
Iberian Peninsula	21.2	24.7
Europe	2,732.3	2,793.6
Middle East/Africa	64.0	81.8
America	97.4	101.5
Far East/Pacific	92.4	106.0
Total net sales	2,986.1	3,082.9
	2020	2019
	MCHF	MCHF
Share of net sales by customers		
Customers with more than 10% of net sales: customer A	519.3	486.7
Total > 10%	519.3	486.7
Remaining customers with less than 10% of net sales	2,466.8	2,596.2
Total net sales	2,986.1	3,082.9
	2020	2019
	MCHF	MCHF
Property, plant and equipment¹ by markets		
Germany	350.4	336.4
Nordic Countries	44.9	44.5
Switzerland	197.7	183.7
Eastern Europe	135.0	147.8
Benelux	14.1	14.5
Italy	62.7	62.4
France	15.0	15.5
Austria	42.9	42.4
United Kingdom/Ireland	13.1	7.9
Iberian Peninsula	11.8	13.0
Europe	887.6	868.1
Middle East/Africa	1.7	3.0
America	12.6	15.0
Far East/Pacific	31.9	33.9
Total property, plant and equipment	933.8	920.0

¹ Includes the Group's own as well as leased property, plant and equipment

29. RELATED PARTY TRANSACTIONS

In 2020 and 2019, total booked compensation for the Group Executive Board and the Board of Directors was as follows:

	2020	2019
	MCHF	MCHF
Remuneration and salary fixed	5.5	5.5
Remuneration and salary variable	2.9	3.0
Options	2.5	2.6
Expenditure on pensions	1.1	1.3
Other	0.1	0.1
Total	12.1	12.5

Further information regarding compensation and investments of the Group Executive Board and the Board of Directors is disclosed in the Remuneration Report.

In 2020 and 2019, there were no further material related party transactions.

30. FOREIGN EXCHANGE RATES

The following exchange rates were used for the consolidated financial statements:

	Currency		2020		2019	
			Balance sheet	Income statement	Balance sheet	Income statement
European Currency Union	EUR	1	1.0839	1.0704	1.0847	1.1142
United Kingdom	GBP	1	1.2018	1.2046	1.2690	1.2686
USA	USD	1	0.8810	0.9373	0.9677	0.9938
Poland	PLN	100	23.4500	24.1000	25.5000	25.9050
China	CNY	100	13.4820	13.5540	13.8810	14.3830
Denmark	DKK	100	14.5640	14.3570	14.5150	14.9200
Australia	AUD	1	0.6790	0.6474	0.6783	0.6909
Czech Republic	CZK	100	4.1300	4.0740	4.2600	4.3360
Hungary	HUF	100	0.2967	0.3050	0.3274	0.3430
Norway	NOK	100	10.3200	10.0100	10.9700	11.3000
Sweden	SEK	100	10.7400	10.1930	10.3400	10.5130
Singapore	SGD	1	0.6665	0.6791	0.7185	0.7269
South Africa	ZAR	100	6.0400	5.7260	6.8600	6.8640
Turkey	TRY	100	11.9400	13.2270	16.2600	17.3850
Russia	RUB	100	1.1840	1.2800	1.5620	1.5380
Ukraine	UAH	100	3.1235	3.4440	4.1201	3.8720
India	INR	100	1.2060	1.2650	1.3570	1.4110
Nigeria	NGN	100	0.2230	0.2460	0.2670	0.2740
Romania	RON	100	22.2500	22.1120	22.6400	23.4160

31. SUBSEQUENT EVENTS

The consolidated financial statements are subject to approval by the General Meeting and were released for publication by the Board of Directors on 9 March 2021.

The Board of Directors will propose to the General Meeting to cancel 1,167,094 shares (see → **Note 21**).

32. GROUP COMPANIES AS OF 31 DECEMBER 2020

	Currency	Share capital ('000)	Ownership in %
Switzerland			
Geberit AG, Rapperswil-Jona	CHF	3,704	
Geberit Holding AG, Rapperswil-Jona	CHF	39,350	100
Geberit International AG, Rapperswil-Jona	CHF	1,000	100
Geberit International Sales AG, Rapperswil-Jona	CHF	1,000	100
Geberit Verwaltungs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Vertriebs AG, Rapperswil-Jona	CHF	1,000	100
Geberit Marketing e Distribuzione SA, Rapperswil-Jona	EUR	821	100
Geberit Produktions AG, Rapperswil-Jona	CHF	4,000	100
Geberit Apparate AG, Rapperswil-Jona	CHF	1,000	100
Geberit Fabrication SA, Givisiez	CHF	7,000	100
Geberit Finanz AG, Rapperswil-Jona	EUR	832	100
Australia			
Geberit Pty Ltd., Macquarie Park, NSW	AUD	2,060	100
Austria			
Geberit Vertriebs GmbH & Co KG, Pottenbrunn / St. Pölten	EUR	728	100
Geberit Produktions GmbH & Co KG, Pottenbrunn / St. Pölten	EUR	7,995	100
Geberit Beteiligungsverwaltung GmbH, Pottenbrunn / St. Pölten	EUR	35	100
Geberit Huter GmbH, Matri	EUR	37	100
Belgium			
Geberit N.V., Meise	EUR	62	100
Channel Islands			
Geberit Reinsurance Ltd., Guernsey	EUR	2	100
China			
Geberit Flushing Technology Co. Ltd., Daishan	CNY	63,376	100
Geberit Plumbing Technology Co. Ltd., Shanghai	CNY	268,386	100
Geberit Shanghai Trading Co. Ltd., Shanghai	CNY	5,000	100
Geberit Shanghai Investment Administration Co. Ltd., Shanghai	CNY	13,638	100
Czech Republic			
Geberit spol. s.r.o., Prague	CZK	6,000	100
Denmark			
Geberit A/S, Lystrup	DKK	10,000	100
Finland			
Geberit Oy, Helsinki	EUR	50	100
Geberit Service Oy, Tammisaari	EUR	3	100
Geberit Production Oy, Tammisaari	EUR	2,813	100
France			
Geberit S.a.r.l., Samoreau	EUR	1,686	100
Geberit Holding France S.A., Samoreau	EUR	10,388	100
Geberit Services S.A.S., Samoreau	EUR	1,931	100
Geberit Production S.A.S., Limoges	EUR	4,577	100

	Currency	Share capital ('000)	Ownership in %
Germany			
Geberit Verwaltungs GmbH, Pfullendorf	EUR	50	100
Geberit Service GmbH & Co. KG, Pfullendorf	EUR	50	100
Geberit Vertriebs GmbH, Pfullendorf	EUR	1,000	100
Geberit Produktions GmbH, Pfullendorf	EUR	7,500	100
Geberit Logistik GmbH, Pfullendorf	EUR	500	100
Geberit Mapress GmbH, Langenfeld	EUR	2,701	100
Geberit RLS Beteiligungs GmbH, Langenfeld	EUR	50	100
Geberit Lichtenstein GmbH, Lichtenstein	EUR	1,025	100
Allia Holding GmbH, Pfullendorf	EUR	65	100
Geberit Keramik Service GmbH & Co. KG, Pfullendorf	EUR	100	100
Geberit Keramik GmbH, Wesel	EUR	12,500	100
Ceraavid GmbH, Essen	EUR	26	100
Hungary			
Geberit Kft, Budapest	HUF	49,900	100
India			
Geberit Plumbing Technology India Pvt. Ltd., Bengaluru	INR	12,861	100
Geberit India Manufacturing Pvt. Ltd., Pune	INR	56,875	100
Italy			
Geberit Produzione S.p.a., Villadose	EUR	4,200	100
Geberit Service S.p.a., Milan	EUR	120	100
Geberit Ceramica S.p.a., Milan	EUR	10,000	100
Lithuania			
Geberit UAB, Vilnius	EUR	1,250	100
Netherlands			
Geberit B.V., Nieuwegein	EUR	18	100
Geberit International B.V., Nieuwegein	EUR	51	100
Nigeria			
Geberit Nigeria Ltd., Ikoyi, Lagos	NGN	10,000	100
Norway			
Geberit AS, Lorenskog	NOK	4,400	100
Geberit Service AS, Porsgrunn	NOK	282	100
Poland			
Geberit Sp. z o.o., Warsaw	PLN	10,638	100
Geberit Service Sp. z o.o., Lodz	PLN	1,800	100
Geberit Ozorków Sp.z o.o., Ozorkow	PLN	32,400	100
Geberit Produkcja Sp.z o.o., Kolo	PLN	100,000	100
Portugal			
Geberit Tecnologia Sanitária S.A., Lisbon	EUR	275	100
Geberit Produção S.A., Carregado	EUR	2,750	100
Romania			
Geberit SRL, Bucharest	RON	13,500	100
Russia			
Geberit RUS LLC, Moscow	RUB	150,010	100

	Currency	Share capital ('000)	Ownership in %
Singapore			
Geberit South East Asia Pte. Ltd., Singapore	SGD	100	100
Slovakia			
Geberit Slovensko s.r.o., Bratislava	EUR	200	100
Slovenia			
Geberit proizvodnja d.o.o., Ruše	EUR	104	100
Geberit prodaja d.o.o., Ruše	EUR	42	100
South Africa			
Geberit Southern Africa (Pty) Ltd., Johannesburg	ZAR	4	100
Spain			
Geberit S.A.U., Barcelona	EUR	3,823	100
Sweden			
Geberit AB, Bromölla	SEK	700	100
Geberit Service AB, Bromölla	SEK	50	100
Geberit Production AB, Bromölla	SEK	20,000	100
Turkey			
Geberit Tesisat Sistemleri Ticaret Ltd., Istanbul	TRY	26,422	100
Ukraine			
Slavuta Holding LLC, Kiev	UAH	65,655	100
Geberit Ceramic Production PrJSC, Slavuta	UAH	57,400	100
Geberit Plastics Production LLC, Kiev	UAH	16,860	100
Geberit Trading LLC, Kiev	UAH	9,000	100
United Kingdom			
Geberit Sales Ltd., Warwick	GBP	3,520	100
Geberit Service, Alsager	GBP	0.4	100
Twyford Ltd., Alsager	GBP	1,000	100
Twyfords Ltd., Alsager	GBP	2,528	100
USA			
Duffin Manufacturing Co., Elyria	USD	69	100
The Chicago Faucet Company, Des Plaines	USD	100	100

REPORT OF THE STATUTORY AUDITOR



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Report of the statutory auditor
to the General Meeting of Geberit AG
Rapperswil-Jona

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Geberit AG and its subsidiaries (the Group), which comprise the → **consolidated balance sheets** as at 31 December 2020 and the → **consolidated income statements**, → **consolidated statement of comprehensive income**, → **consolidated statement of changes in equity** and → **consolidated statement of cash flows** for the year then ended, and → **notes to the consolidated financial statements**, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

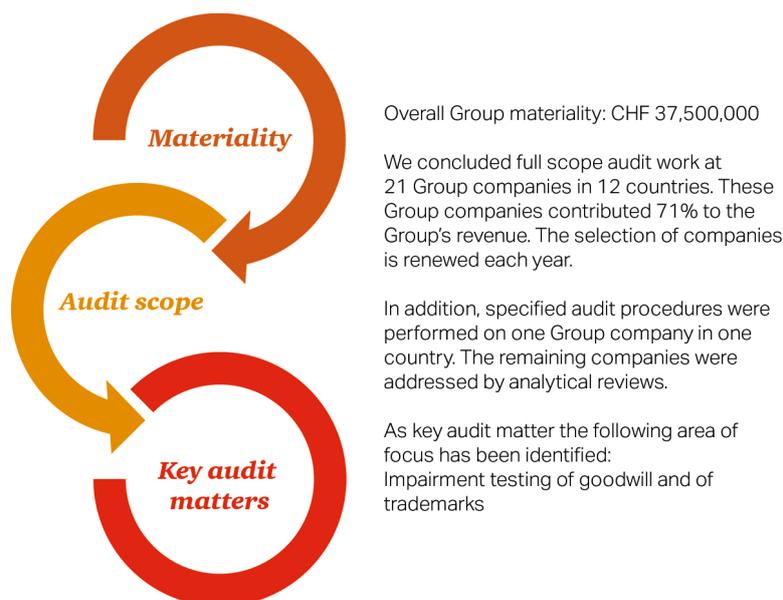
BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview



MATERIALITY

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 37,500,000
How we determined it	5% of profit before income tax expenses
Rationale for the materiality benchmark applied	We chose profit before income tax expenses as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 3,750,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The approach for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors in the PwC network. The Group auditor performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements. We were sufficiently involved in the audit to ensure sufficient appropriate audit evidence was obtained to provide a basis for our opinion on the consolidated financial statements. Our involvement comprised communicating the risks identified at Group level, evaluating the materiality limits, specifying the materiality thresholds, participating in closing meetings, examining the reporting and conducting conference calls with the component auditors during the interim audit and the year-end audit.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF GOODWILL AND OF TRADEMARKS

Key audit matter	How our audit addressed the key audit matter
<p>Impairment testing of goodwill and of trademarks was deemed a key audit matter for the following two reasons:</p> <p>Goodwill and trademarks represent a significant amount on the balance sheet (goodwill totalling CHF 1,253.3 million and trademarks totalling CHF 282.9 million). A useful life is defined for trademarks that are integrated progressively into the Geberit trademarks. Goodwill and trademarks with an indefinite useful life are not regularly amortised but tested for impairment at least annually. Further, in calculating the value-in-use for these tests, the Board of Directors and Management have significant scope for judgement in determining revenue and margin growth assumptions and the discount rates to be applied to the expected cash flows and in determining the cash-generating units (CGUs).</p> <p>With regard to the accounting policies and information on goodwill and trademarks, please refer to the notes to the consolidated financial statements: → 1. 'Basic information and principles of the report – Main sources of estimation uncertainty', → 3. 'Summary of significant accounting policies – Intangible assets and goodwill' and → 11. 'Goodwill and intangible assets' (tables).</p>	<p>Impairment testing of goodwill and trademarks with an indefinite useful life is based on a process defined by the Board of Directors. This process uses the business plans approved by the Board of Directors. As part of the process, Management estimates the cash flows for the cash-generating units concerned.</p> <p>We assessed the determination of the CGUs taking into account the IFRS accounting standards and our knowledge of the organisation, structure and governance of the Geberit Group.</p> <p>We compared the business results of the year under review with the forecasts prepared in the prior year in order to identify any assumptions that, with hindsight, appeared too optimistic regarding the cash flows. The business results of the year under review were in line with the budget.</p> <p>We compared Management's assumptions concerning long-term revenue growth and margin growth with industry growth figures and historical margin data, respectively. We compared the discount rate with the cost of capital of the Group and of analogous firms. In addition, we performed a plausibility check on the forecast change in net working capital.</p> <p>The assumptions used were consistent and in line with our expectations.</p> <p>We tested the sensitivity analyses of the key assumptions. These analyses enabled us to assess any potential impairment of goodwill or of trademarks.</p> <p>On the basis of the evidence obtained from our audit, we consider the valuation method and the assumptions used to be an appropriate and adequate basis for the impairment testing of goodwill and of trademarks.</p>

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Geberit AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Martin Knöpfel
Audit expert

Zurich, 9 March 2021