

Kaba Holding AG
Shareholder Newsletter
Number 12
September 2000

Profit rises again by 25 %

One third of the sales increase of 34 % through internal growth –
Already 63 % of sales outside Switzerland

Dear Kaba Shareholders,
Dear Madam, Dear Sir

The “Total Access – Security and organisation around the door” strategy brought in a rich harvest in the year under review, too. At the same time, the financial year 1999/2000 was marked by a successfully

implemented acquisition policy. This led, among other things, to the consolidation for the first time of the door companies acquired in Great Britain with sales of CHF 76.9 million. The considerable additional sales abroad meant that the ratio of the Group sales earned outside of Switzerland rose from 53 % to 63 %.

As in the previous year, the consolidated net income increased by 25%, reaching CHF 34.5 million. Earnings per share since 1995/96, the year of going public, have thus grown by 22.5% annually, and this despite a ten percent subscription right increase in capital in 1997.

Key figures of the Kaba Group as at the end of June

| | 1999/2000 (in CHF million) | 1998/1999 (in CHF million) | Change over previous year |
|--|-------------------------------|-------------------------------|------------------------------|
| Total net sales | 526.5 | 394.1 | 33.6 % |
| Operating revenues | 546.8 | 408.1 | 34.0 % |
| Earnings before income and tax (EBIT) | 52.8 | 41.3 | 27.8 % |
| <i>in % Operating revenues</i> | 9.6 % | 10.1 % | |
| Net income | 34.5 | 27.7 | 24.5 % |
| <i>in % Operating earnings</i> | 6.3 % | 6.8 % | |
| Net income after tax + depreciation | 51.7 | 42.8 | 20.8 % |
| <i>in % Operating earnings</i> | 9.4 % | 10.5 % | |
| Investments in tangible and intangible assets | 21.2 | 17.0 | 24.7 % |
| <i>in % Net income after tax + depreciation</i> | 41.0 % | 39.7 % | |
| <i>Investment in holdings</i> | 11.3 | 25.4 | -55.5 % |
| Balance sheet total | 366.1 | 331.6 | 10.4 % |
| Shareholder Equity | 114.9 | 117.9 | -2.5 % |
| <i>in % Balance sheet total</i> | 31.4 % | 35.6 % | |
| Return on shareholder equity | | | |
| <i>Group profit in % Equity capital</i> | 30.0 % | 23.5 % | |
| Net operating assets | 191.7 | 184.5 | 3.9 % |
| Return on net operating assets (RONOA) | | | |
| <i>Earnings before income and tax (EBIT) in % Net operating assets</i> | 27.5 % | 22.4 % | |
| Number of employees (average) | 2'699 | 2'135 | 26.4 % |

Integration effects stimulate EBIT

The generally positive development of the Kaba Group and, in particular, the positive effects of the integration of the companies taken over, increased the EBIT, i.e. earnings before income and tax, by 27.8% to CHF 52.8 million.

The EBIT margin, i.e. the EBIT in % of the operating revenues, was reduced in the year under review by 10.1% to 9.6%. The drop was caused by the consolidation for the first time of the British door companies taken over on 1 July 1999. However, thanks to an improvement in the margin in the other Kaba companies, the EBIT margin receded less than had been forecast.

The EBIT in relation to the net operating assets (return on net operating assets; RONOA) increased from 22.4% in the previous year to 27.5%.

The operating revenues rose in 1999/2000 by 34.0% to CHF 546.8 million, while net sales increased by CHF 132.4 million or 33.6% to CHF 526.5 million. CHF 84.9 million of this is attributable to the companies consolidated for the first time, first and foremost the British door companies acquired on 1 July 1999 with

a sales volume of CHF 76.9 million. After adjustments for currency fluctuations, the internal growth in sales in the comparable scope of consolidation amounts to CHF 44.7 million or 11.3%.

The complete integration of the companies taken over in the year under review in Great Britain as well as in Austria and Australia on 30 June 2000 only made the balance sheet total rise by 10%. The own resources ratio in proportion to the balance sheet total was reduced as expected and now amounts to 31.4% compared with 35.6% in the previous year.

Secure basic business and powerfully growing high-tech solutions

“Total Access” is developing more and more into a strong combination of a secure basic business on the one hand and powerfully growing high-tech solutions on the other. The locking systems and the door systems form the stable basic business. This profits from the existing large base that has already been installed and makes our profit increase continuously without great fluctuations.

On the other hand, in the identification, time and enterprise data

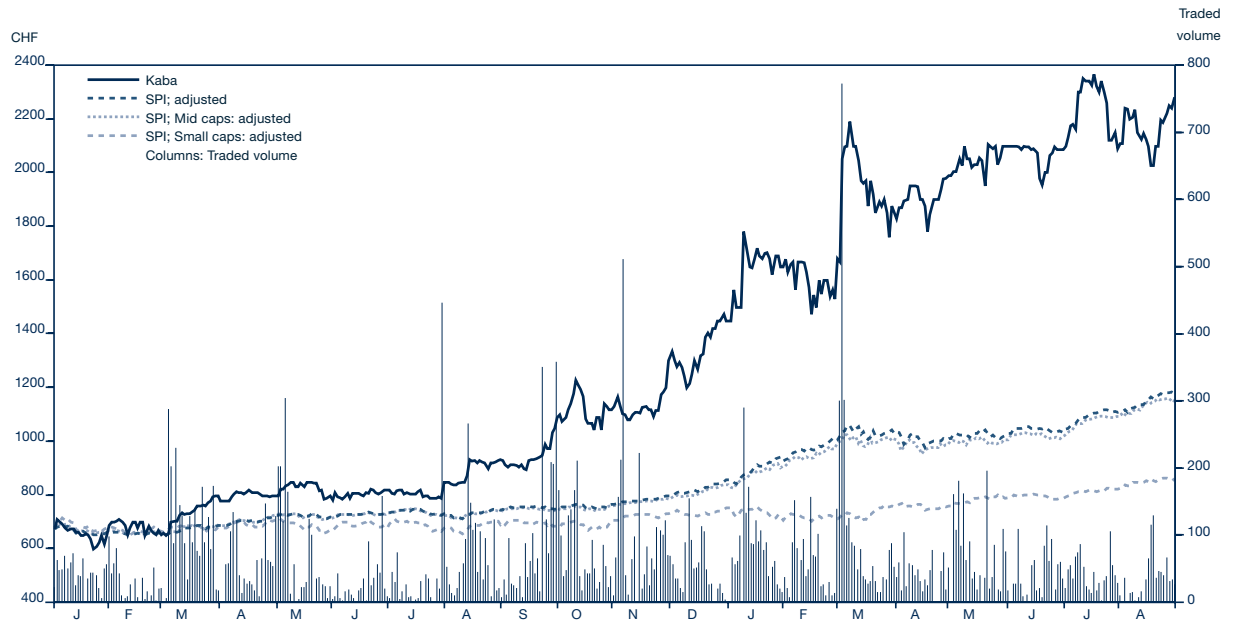
collection sector as well as in access systems and electronic ticketing we offer powerfully growing high-tech solutions.

Our high-tech identification chip Legic can be installed both in ISO standard cards, watches, key heads and in key fobs. It is thus possible to concentrate all the functions in a commercially utilised building in one single identification medium. Kaba here combines mechanical locking systems, electronic access control, time and enterprise data collection, as well as additional functions such as, for example, operating vending machines and canteen billing systems.

In addition, under the name “Kaba Common Identification” (Kaba com-ID), Kaba offers the possibility of uniting different identification media in one single hybrid identity card. In this way, the customer can continue to use his already existing reading terminals in combination with this modern technology.

Besides, Kaba in co-operation with Arthur Andersen and Bull offers even more comprehensive solutions, including data-processing security.

Evolution of share price (January 1999 – August 2000)



Optimistic profit forecast

In the financial year 2000/2001, Kaba will once again increase the operating earnings within the scope of internal growth. If one of the acquisition projects in the planning stage should be successfully completed, the target sales volume of CHF 650 million already announced for the financial year 2001/2002 can be achieved. The further expansion of the component business, the opening up of the new system-integration market, the growth opportunities in the data collection sector in co-operation with the German software manufacturer


SAP as well as the positive effects of the integration of the companies acquired will lead to a further increase in earnings in the financial year 2000/2001.

Much sought-after Kaba share, higher dividend

The stock market has rewarded Kaba's entrepreneurial successes, the step towards the unified share as well as the actively cultivated investor relations in 1999/2000 with a rise in the price of the Kaba registered share of 156%. A growing number of international investors has taken a liking to Kaba.

The encouraging development and the good prospects for the current financial year have caused the Board to propose to the General Meeting an increased dividend of CHF 15.60 (previous year: CHF 12.50) per share.

The Kaba Group wants to keep to its growth course, which the "Total Access" strategy has made possible, in future too. Kaba is outstandingly well equipped to profit from the convergence between electronics and mechanics, as well as from the growing importance of enterprise data collection. Kaba



wants to specifically make full use of the growth potentials that are beginning to emerge.

Thanks to a balanced combination of internal and external growth, Kaba has, in the financial year 1999/2000, exceeded the target announced already at the time of going public of consolidated sales of CHF 500 million at the turn of the millennium. The profit forecasts made at the time of going public have also been clearly exceeded.

**Invitation to the
General Meeting on**

*Tuesday, 24th October 2000,
3.00 p.m.*
(Swissôtel, Am Marktplatz,
Zurich-Oerlikon,
by Zurich-Oerlikon station)

For the General Meeting our shareholders will find the following items enclosed:

- Invitation with agenda and the motions proposed by the Board
- Reply form
- Reply envelope
- Financial Report 1999/2000
- Order card for the Investor Handbook

In order to attend our General Meeting, please complete the enclosed reply form and return it to us

as quickly as possible using the reply envelope. You will then receive an admission ticket and voting card, as well as a map of the location (for motorists) or timetable (for rail travellers). As there are only a limited number of parking spaces available, we recommend you to use public transport.

**Investor Handbook,
5th edition 2000 / 2001**

The Kaba Group's Investor Handbook has already become a valued source of information and useful working aid for many shareholders, analysts and business journalists. The publication comes up with a wealth of data and facts to help understand Kaba better. It is a matter of great importance for us to make available to the target groups all the information which allows both an appreciation of the past and as factual and comprehensive an appraisal of the future development as possible.

This year, the Swiss association "Pro Swiss Invest" has awarded Kaba 3rd place (in the previous years 2nd and 3rd place respectively) in the field of investor relations.

This once again leading position recognises at one and the same

time Kaba's high level of transparency and the constancy with which Kaba conducts professional investor relations.

Using the enclosed order card or via Internet (www.kaba.com) you can order the new Investor Handbook in German or English.


Information plan


Monday, 25th September 2000
Presentation for financial analysts
Balance-sheet media conference
Shareholder newsletter with the results of the financial year 1999/2000 of the Kaba Group and Kaba Holding AG (closing statement as on 30.6.2000) as well as the prospects for the financial year 2000/2001
Dispatch of the annual report
Invitation to the General Meeting

*Tuesday, 24th October 2000,
3.00 p.m.*
General Meeting of Kaba Holding AG

March 2001
Shareholder newsletter and media information on the half-year as on 31.12.2000

Monday, 24th September 2001
Presentation for financial analysts
Balance-sheet media conference





Shareholder newsletter with the results
of the financial year 2000/2001
Dispatch of the annual report
Invitation to the General Meeting

*Tuesday, 23rd October 2001,
3.00 p.m.*

General Meeting of General Meeting
of Kaba Holding AG

We are looking forward to the next
General Meeting which will give us
the opportunity to report in detail
on the financial year 1999/2000
and about our plans.

Yours sincerely
for Kaba Holding AG



Creed Kuenzle
President of the Board



Ulrich Graf
Delegate of the Board



“TOTAL ACCESS” MODULES ARE THE KABA GROUP’S KEY PERFORMERS



Kaba elologic Reader

The new Kaba elologic reader can be used as a stand-alone device covering all needs from a comfortable, contact-less key switch up to a small access control system. The reader was developed to offer a solution to the higher security needs at entrances or drive-ins of service or industry companies, medical practices or sport facilities. Kaba elologic readers fit into all standard in-wall electronic-wiring sockets. They are based on the contact-less legic technology. The identification media can thus be used for multi-purpose applications. The system ideally complements the motor drive cylinder unit Kaba drive.



Kaba drive for entrance doors

The newly developed Kaba drive unit for cylinder locks makes it possible to automatically lock doors at arbitrarily defined times. Kaba drive provides a substantial gain in security, especially for the entrances and exits of office buildings and residences. The motor is disengaged when idle, so no extra effort is needed to operate the doors equipped with Kaba drive. The motor drive unit attaches to conventional rotary knob cylinders. The modular device consists of an actuator, a separate control unit, and an optional programming unit. Kaba drive applications extend from stand-alone solutions to fully networked facilities tailored to customer needs.



Enterprise data collection by Internet

A performing enterprise data planning system relies on efficient data collection. With the new Terminal Bedanet 9540, Kaba Benzing presents a new Internet terminal to collect personnel, job or machinery data. The new terminal works under linux or windows and is programmed in Java. It features a built-in web-server and an ethernet interface. The new Bedanet terminal is fully compatible with the existing Bedas terminals 9540.

