Profitable growth in a demanding market environment

> 6.2 % growth in local currency
> EBITDA margin 16.0 %
> Very solid balance sheet, high equity ratio
> Growth target raised slightly for 2012/2013
> Medium-term objectives confirmed
> Proposed dividend of CHF 9.00

Dear Shareholders
Ladies and Gentlemen

Kaba can look back on a successful 2011/2012, having posted solid results for the year. In an increasingly demanding market environment the Group still managed to increase sales by 6.2 % in local currency, including acquisition effects. Kaba therefore exceeded its aim of 5.0 % sales growth during the year under review. The EBITDA margin reached 16.0 %, which is at the upper end of the 15.0 to 16.0 % range announced for 2011/2012.

Overall, markets in America, Asia and Central and Northern Europe were all in good health during the year under review. However, mainly in Southern Europe did the deepening recession dampen customers' willingness to invest. In this environment, the Access + Data Systems EMEA/AP and Access + Data Systems Americas divisions posted good sales growth in local currency, and in some areas managed to improve their already pleasant operating margins. Owing to the early-cycle character of the Key Systems division's business, its sales and earnings performance already reflected the significant economic downturn, especially in Southern Europe. Thanks to early cost reduction measures, operating margins in the Key Systems business increased again in the second half of the financial year. The Industrial Locks division also finished the year with solid results.

Of the 6.2 % increase in sales in local currency, 2.6 % was due to organic growth, while the prior year's acquisitions contributed 3.6 %. Even though the principal currencies (mainly US dollar and euro) stabilized against the Swiss franc, negative currency effects still reduced sales by −5.6 % (CHF −53.0 million, converted). Compared with the prior year, the average value of the euro dropped −7.7 %, from CHF 1.30 to CHF 1.20, while the US dollar fell −7.3 % from CHF 0.96 to CHF 0.89 against the Swiss franc. Overall, Kaba's sales were 0.2 % higher than the prior year at CHF 947.5 million (prior year CHF 945.2 million).

High operating margin

During the period under review, Kaba initiated and partially implemented the announced investment program aimed at improving operational performance. These investments are already beginning to bear fruit. With EBITDA of CHF 151.2 million, the company again achieved an EBITDA margin of 16.0 % (prior year EBITDA of CHF 150.9 million; EBITDA margin of 16.0 %).

Kaba Group achieved a net profit of CHF 85.5 million from continuing operations (prior year CHF 54.3 million). The Group closed the 2011/2012 financial year with a net profit of CHF 88.3 million (prior year CHF 221.6 million including an exceptional gain of CHF 167.3 million from the disposal of the Door Automation division).

Ulrich Graf, Chairman of the Board of Directors, and Riet Cadonau, CEO

Access + Data Systems (ADS) EMEA/AP – growth initiatives pay off

The ADS EMEA/AP division achieved good results in the year under review thanks to the swift initiation of growth initiatives, some of which have already been implemented. The division also profited from positive market developments in Central and Northern Europe. Particularly high growth was achieved in Scandinavia. The integration of the Møller Undall Group, acquired during the 2010/2011 financial year, was completed successfully. The division also reached its targets in the Asia Pacific growth region.

Overall, the division's sales rose by 5.1 % to CHF 490.3 million (prior year CHF 466.6 million). Including acquisition effects, the increase was even 10.3 % in local currency. Profitability also went up again. EBITDA increased to CHF 74.1 million (prior year CHF 66.2 million), while the EBITDA margin rose to 15.1 % (prior year 14.2 %).

Access + Data Systems (ADS) Americas – geographical market expansion shows success

During the year under review, the ADS Americas division concentrated on the globalization of the hospitality business and on geographical expansion. It achieved respectable results. At the same time it worked on the integration of e-DATA, the company it acquired in the prior financial year.

Overall, the division's sales rose by 3.4 % to CHF 132.4 million (prior year CHF 128.0 million). Including acquisition effects, the increase was 10.5 % in local currency. Profitability remained healthy, with an EBITDA at CHF 29.3 million (prior year CHF 28.8 million) and an EBITDA margin of 22.1 %, which is practically as high as in the prior year (22.5 %).

Industrial Locks – solid results

During the year under review, the Industrial Locks division successfully concentrated on sales growth in the transportation market. The Safe Locks business further consolidated its strong market position, while the Wah Yuet production site improved its operational efficiency thanks to process optimization.

Overall, the division's sales came to CHF 164.7 million (prior year CHF 171.9 million), though in local currency it achieved sales growth of 1.9 %. EBITDA was at CHF 45.7 million (prior year CHF 49.7 million) while the EBITDA margin reached 27.7 % (prior year 28.9 %). The decline in margins is due mainly to higher materials costs at Wah Yuet. Measures were initiated to counter this trend, and these began to have an effect in the second half of the year.

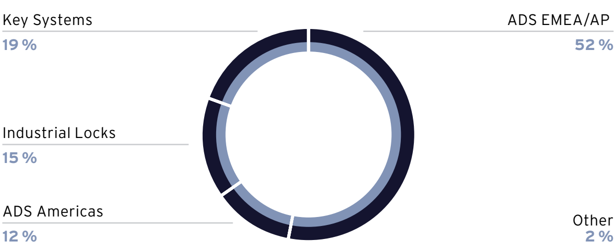
Key Systems – measures to increase efficiency have an effect

As expected, owing to the early-cycle character of the Key Systems division's business, it felt the effects of the economic downturn in Europe and the recession in Southern Europe. By contrast, North American markets posted growth.

Overall, the division achieved sales of CHF 181.0 million (prior year CHF 198.5 million). Compared with the prior year, including acquisition effects, sales fell by −1.4 % in local currency. Thanks to the action taken to reduce costs in the first half-year, profitability improved in the second. EBITDA reached CHF 22.3 million (prior year CHF 26.9 million) while the EBITDA margin came to 12.3 % (prior year 13.6 %).

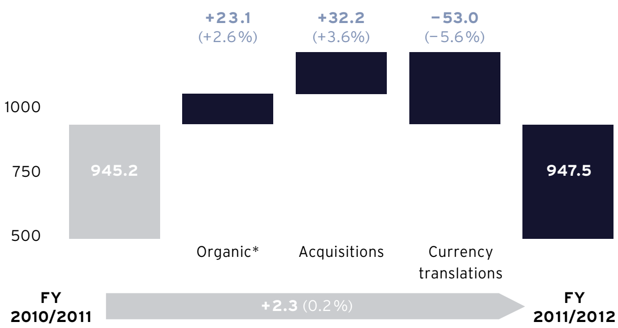
THIRD-PARTY SALES BY DIVISIONS

in %



SALES DEVELOPMENT FY 2011/2012

in CHF million



*organic growth = growth in local currency, excl. acquisitions.

OVERVIEW DIVISION RESULTS FY 2011/2012

	Access + Data Systems EMEA/AP		Access + Data Systems Americas		Industrial Locks		Key Systems	
in CHF million	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Total sales	**490.3**	**466.6**	**132.4**	**128.0**	**164.7**	**171.9**	**181.0**	**198.5**
Organic growth rate in %	4.3 %	4.0 %	6.7 %	4.3 %	1.9 %	12.9 %	− 1.9 %	4.9 %
Operating profit before depreciation and amortization (EBITDA)	**74.1**	**66.2**	**29.3**	**28.8**	**45.7**	**49.7**	**22.3**	**26.9**
in % of sales	15.1 %	14.2 %	22.1 %	22.5 %	27.7 %	28.9 %	12.3 %	13.6 %
Operating profit (EBIT)	**60.5**	**44.3**	**26.4**	**10.4**	**39.2**	**42.9**	**17.2**	**16.5**
in % of sales	12.3 %	9.5 %	19.9 %	8.1 %	23.8 %	25.0 %	9.5 %	8.3 %

Balance sheet structure – great financial flexibility
With net cash and cash equivalents of CHF 11.7 million on 30 June 2012 (30 June 2011: net debt of CHF 32.8 million), and an equity ratio of 57.8 % (30 June 2011: 52.8 %) high above the target range of 30.0 % to 40.0 %, Kaba Group's balance sheet structure is very solid. In June 2012, Kaba successfully negotiated a syndicated credit facility of CHF 500 million for five years on advantageous terms, meaning that it could terminate the four-year, CHF 575 million facility arranged in May 2009 prematurely. Kaba thus has a great deal of financial flexibility to make investments and successfully implement its growth strategy through targeted acquisitions in the years to come.
Thanks to a substantial reduction in inventories, operating cash flow rose to CHF 121.3 million during the year under review (prior year CHF 105.4 million). Cash flow from investment activity came to CHF –28.0 million (prior year CHF 137.5 million, incl. a net inflow of CHF 219.0 million from the disposal of Door Automation). Free cash flow came to CHF 93.3 million (prior year CHF 242.9 million, incl. a net inflow of CHF 219.0 million from the disposal of Door Automation and an outflow of CHF –48.4 million for acquisitions).

Lean, efficient organizational and management structure
In order to exploit the potential for synergies effectively, especially in the American market, Kaba adjusted its organizational and management structure on 1 July 2012. The Industrial Locks division, which comprised the two strategic business units Safe Locks and Wah Yuet (production facility in China), was disbanded and integrated into other divisions. Safe Locks was integrated into the ADS Americas division, and Wah Yuet into the ADS EMEA/Asia Pacific division. Since 1 July 2012, therefore, the Group structure has comprised the three divisions ADS EMEA/AP, ADS Americas, and Key Systems.

This streamlining of the organizational structure also brought changes to the management structure on 1 July 2012. The former Head of Industrial Locks, Carl Sideranko, is now responsible as COO for ADS Americas. Frank Belflower, who previously headed this division, remains COO Key Systems North America and will now also be responsible for the Group Business Development.

Outlook – medium-term objectives confirmed
Kaba Group's divisions react at different speeds to general economic trends. While the Key Systems division is an early-cycle business, the ADS EMEA/AP and ADS Americas divisions usually respond later in the cycle. Economic activity has slackened a little in both North America and Asia, but these markets continue to perform robustly. In Europe the key markets of Central and Northern Europe have proved relatively resistant so far to the continuing euro crisis.
Consequently, Kaba has slightly lifted its growth target for the 2012/2013 financial year, and intends to reach organic growth of between 1.0 % and 2.0 % (previously 0 % to 1.0 %) and an EBITDA margin of between 15.5 % and 16.5 %. Kaba believes that economic activity in the following financial year will be less strong than previously thought. The target for organic sales growth for 2013/2014 is thus being changed to 2.0 % to 3.0 % (down from 3.0 % to 4.0 %). In the medium term – i. e. for the 2014/2015 financial year – we expect a healthy economic environment again, and aim to secure organic growth of 5.0 % to 6.0 % with an EBITDA margin of 18.0 %. This confirms the medium-term targets announced in November 2011.

150 years of Kaba – 150 years of innovation

Kaba is celebrating its 150th anniversary in 2012. Ever since 1862 the company has impressed customers and partners in the access control market with its reliable and innovative products and services. Driven by curiosity and the desire to create genuine added value for our customers, Kaba has developed over the course of time into the globally successful Group we know today. In line with its traditions, Kaba will continue to invest substantially in innovative products in the years to come.

Motions proposed by the Board of Directors

The Board of Directors will recommend to the forthcoming Annual General Meeting that it pay a dividend of CHF 9.00 per share. In addition to an ordinary dividend of CHF 7.00, this also includes a special dividend of CHF 2.00 to mark Kaba Group's 150th anniversary. Last year, the exceptionally high, one-off annual result generated by the sale of the Door Automation division allowed a double distribution of CHF 14.00 per share.

The Annual General Meeting will be asked to re-elect serving Board member Heribert Allemann for a further three-year term. The Board of Directors also proposes that Hans Hess be elected as a new member of the Board. As the Chairman of Swissmem (Association of the Swiss engineering, electrical and metal industry and associated technology-oriented sectors) and a member of the boards of several major Swiss industrial companies, Hans Hess has wide experience with industrial companies. His excellent specialist knowledge makes him an ideal addition to Kaba's Board of Directors.

Kaba Group's reporting

All of Kaba Group's publications can be seen on our website, www.kaba.com, where they can be downloaded or ordered.

Thank you

We regard our 150 years of innovation as a responsibility and a motivation. We gladly take this opportunity to thank our customers and business partners for their trust and their allegiance to Kaba. And we would like to thank all of our associates for their outstanding dedication. We would particularly like to thank you, our valued shareholders. Your loyalty and your confidence spur us on to implement our corporate strategy purposefully, and to increase the value of your company sustainably by offering innovative products and first-class services.

Yours sincerely

Ulrich Graf
Chairman of the Board of Directors

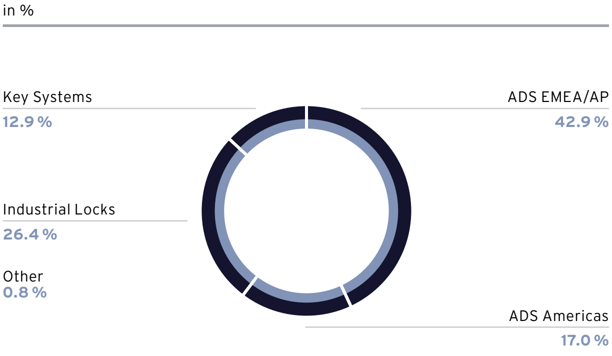
Riet Cadonau
CEO

Key figures 2011/2012

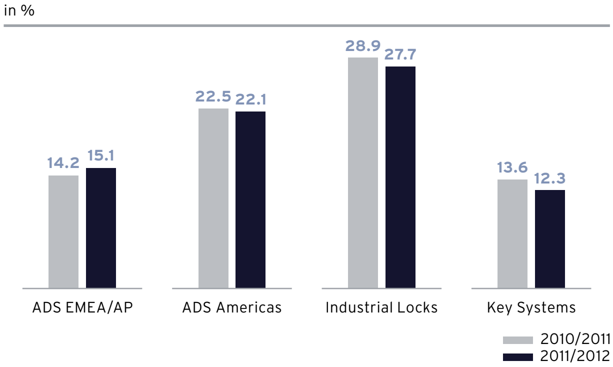
KEY FIGURES

in CHF million	Financial year ended 30.06.2012	%	Financial year ended 30.06.2011	%
Net sales	947.5	100.0	945.2	100.0
Operating profit before depreciation (EBITDA)	**151.2**	**16.0**	**150.9**	**16.0**
Operating profit (EBIT)	**123.3**	**13.0**	**88.7**	**9.4**
Profit from continuing operations before taxes	117.3	12.4	77.6	8.3
Profit from continuing operations	85.5	9.0	54.3	5.7
Discontinued operations	2.8		167.3	
Net profit	**88.3**	**9.3**	**221.6**	**23.4**
Free cash flow (net) before dividend	93.3		242.9	
Equity ratio	57.8		52.8	
Basic earnings per share (in CHF)	23.2		58.3	
Diluted earnings per share (in CHF)	23.2		58.3	
Market capitalization	1,368.5		1,393.3	
Net debt/EBITDA (Gearing)	−0.1		0.2	

EBITDA CONTRIBUTION BY DIVISIONS



EBITDA MARGIN BY DIVISIONS



IMPRINT

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Due to country-specific constraints or marketing considerations, some of the Kaba Group products and systems may not be available in every market.

Consolidated income statement and Statement of comprehensive income

Consolidated income statement

in CHF million, except per share amounts	Financial year ended 30.06.2012	in %	Financial year ended 30.06.2011	in %
Net sales	**947.5**	**100.0**	**945.2**	**100.0**
Changes in finished goods and work in progress	−4.9	−0.5	1.9	0.2
Other operating income	11.6	1.2	10.2	1.1
Material expenses	−305.5	−32.2	−309.7	−32.8
Personnel expenses	−356.1	−37.6	−354.9	−37.5
Other operating expenses	−141.4	−14.9	−141.8	−15.0
Operating profit before depreciation (EBITDA)	**151.2**	**16.0**	**150.9**	**16.0**
Depreciation and amortization	−31.1	−3.3	−31.4	−3.3
Operating profit (EBIT) before items affecting comparability	**120.1**	**12.7**	**119.5**	**12.7**
Items affecting comparability	3.2	0.3	−30.8	−3.3
Operating profit (EBIT)	**123.3**	**13.0**	**88.7**	**9.4**
Result from associates and joint ventures	0.1	0.0	0.1	0.0
Financial expenses	−6.8	−0.7	−11.7	−1.2
Financial income	0.7	0.1	0.5	0.1
Profit from continuing operations before taxes	**117.3**	**12.4**	**77.6**	**8.3**
Income taxes	−31.8	−3.4	−23.3	−2.6
Profit from continuing operations	**85.5**	**9.0**	**54.3**	**5.7**
Discontinued operations	2.8		167.3	
Net profit	**88.3**		**221.6**	
Net profit attributable to non-controlling interests	0.1		0.0	
Net profit attributable to owners of the parent	88.2		221.6	
Basic earnings per share from continuing operations (in CHF)	22.5		14.3	
Basic earnings per share from discontinued operations (in CHF)	0.7		44.0	
Diluted earnings per share from continuing operations (in CHF)	22.5		14.3	
Diluted earnings per share from discontinued operations (in CHF)	0.7		44.0	

Statement of comprehensive income

in CHF million	Financial year ended 30.06.2012	Financial year ended 30.06.2011
Net profit	**88.3**	**221.6**
Other comprehensive income		
Translation exchange differences	59.9	−114.7
Cumulated translation adjustments transferred to the income statement	0.0	1.9
Other comprehensive income, net of tax	**59.9**	**−112.8**
Total comprehensive income	**148.2**	**108.8**
Comprehensive income attributable to non-controlling interests	0.0	0.0
Comprehensive income attributable to owners of the parent	148.2	108.8

Consolidated balance sheet

Assets

in CHF million	Financial year ended 30.06.2012	in %	Financial year ended 30.06.2011	in %
Current assets				
Cash and cash equivalents	125.6	13.2	83.8	9.7
Trade receivables	165.2	17.3	156.9	18.1
Inventories	160.7	16.8	163.7	18.9
Current income tax assets	6.1	0.6	5.8	0.7
Other current assets	17.6	1.9	16.4	1.9
Total current assets	**475.2**	**49.8**	**426.6**	**49.3**
Non-current assets				
Property, plant and equipment	159.4	16.7	158.3	18.3
Goodwill and other intangible assets	285.6	29.9	255.0	29.4
Investments in associates	3.0	0.3	3.2	0.4
Non-current financial assets	24.1	2.5	14.7	1.7
Deferred income tax assets	7.4	0.8	7.9	0.9
Total non-current assets	**479.5**	**50.2**	**439.1**	**50.7**
Total assets	**954.7**	**100.0**	**865.7**	**100.0**

Liabilities and equity

in CHF million	Financial year ended 30.06.2012	in %	Financial year ended 30.06.2011	in %
Current liabilities				
Current borrowings	109.9	11.5	113.4	13.1
Trade payables	51.5	5.4	48.6	5.6
Current income tax liabilities	14.1	1.5	15.1	1.7
Accrued and other current liabilities	122.7	12.9	124.0	14.3
Provisions	24.8	2.6	36.2	4.2
Total current liabilities	**323.0**	**33.9**	**337.3**	**38.9**
Non-current liabilities				
Non-current borrowings	4.0	0.4	3.2	0.4
Accrued pension costs and benefits	37.6	3.9	34.6	4.0
Deferred income tax liabilities	33.1	3.5	28.1	3.2
Provisions (non-current)	3.4	0.4	4.5	0.6
Other non-interest bearing liabilities	0.5	0.1	0.5	0.1
Total non-current liabilities	**78.6**	**8.3**	**70.9**	**8.3**
Total liabilities	**401.6**	**42.2**	**408.2**	**47.2**
Equity				
Share capital	0.4	0.0	0.4	0.0
Additional paid-in capital	631.0	66.1	630.9	72.8
Retained earnings	5.1	0.5	−30.6	−3.5
Treasury stock	−4.4	−0.5	−4.2	−0.5
Translation exchange differences	−79.8	−8.4	−139.8	−16.1
Total equity owners of the parent	**552.3**	**57.7**	**456.7**	**52.7**
Non-controlling interests	0.8	0.1	0.8	0.1
Total equity	**553.1**	**57.8**	**457.5**	**52.8**
Total liabilities and equity	**954.7**	**100.0**	**865.7**	**100.0**

Consolidated cash flow statement

in CHF million	Financial year ended 30.06.2012	Financial year ended 30.06.2011
Net profit	**88.3**	**221.6**
Depreciation and amortization	31.1	31.4
Income tax expenses	31.8	25.3
Interest expenses	4.9	10.5
Interest income	−0.5	−0.4
(Gain) Loss on disposal of fixed assets, net	−0.1	0.5
Adjustment for non-cash items	−1.9	−0.5
Gain recognized on disposal of discontinued operations	−2.8	−165.7
Change in trade receivables	0.4	−7.1
Change in inventories	14.1	−17.2
Change in other current assets	−0.8	−6.3
Change in trade payables	0.4	3.3
Change in accrued pension cost	2.3	0.0
Change in accrued and other current liabilities	−11.3	50.5
Cash generated from operations	**155.9**	**148.9**
Income taxes paid	−30.1	−35.9
Interest paid	−5.0	−8.0
Interest received	0.5	0.4
Net cash from operating activities	**121.3**	**105.4**
Cash flows from investing activities		
Purchase of property, plant and equipment	−17.2	−30.6
Proceeds from sale of property, plant and equipment	0.5	0.5
Acquisition of subsidiaries, net of cash acquired	0.0	−48.4
Sale of subsidiaries, net of cash sold	−4.7	219.0
Purchases of other intangible assets	−2.4	−2.1
Increase in other non-current financial assets	−4.2	−0.9
Net cash used in investing activities	**−28.0**	**137.5**
Cash flows from financing activities		
Proceeds from (repayment of) current borrowings, net	−5.5	−96.5
Proceeds from non-current borrowings	1.4	0.0
Repayment of non-current borrowings	0.0	−106.2
Decrease in other non-current liabilities	−0.1	−0.1
(Purchase) Sale of treasury stock	−1.0	−3.3
New shares issued	0.1	2.7
Dividends paid to company's shareholders	−53.2	−26.6
Net cash flows from financing activities	**−58.3**	**−230.0**
Translation exchange differences	6.8	−11.5
Net increase (decrease) in cash and cash equivalents	**41.8**	**1.4**
Cash and cash equivalents at beginning of period	83.8	82.4
Cash and cash equivalents at end of period	125.6	83.8
Net increase (decrease) in cash and cash equivalents	**41.8**	**1.4**