BEYOND SECURITY KABA®

> Press release

RÜMLANG 4 MARCH 2015 – HALF-YEAR RESULTS AS AT 31 DECEMBER 2014

Kaba increases sales and profits

- Sales up 14.7% to CHF 551.4 million
- Strong organic growth at Group level: 9.2% – positive contribution from all divisions
- EBITDA margin of 15.5% is within guidance
- Solid balance sheet; equity ratio of 36.4% above the target of 20.0%
- Currency: Limited currency transaction risk since foreign currency income and costs occur largely in the same currency regions
- Guidance for full-year organic growth increased

Kaba Group saw its consolidated sales rise during the period under review, by 14.7% to CHF 551.4 million, with strong organic growth of 9.2%. All four divisions contributed to this excellent result.

Higher profitability and consolidated result
Kaba also improved its profitability during the period under review. EBITDA went up 15.2% to CHF 85.7 million (prior year: CHF 74.4 million). Because EBITDA rose at roughly the same rate as sales, the EBITDA margin remained the same as in the prior year at 15.5%. Kaba's consolidated profit for the period under review was CHF 50.2 million (prior year: CHF 44.0 million). Earnings per share increases by 12.9% to CHF 13.10 (prior year: CHF 11.60).

Market position strengthened by organic growth and acquisitions
In Europe, ADS EMEA grew faster than the market. The newly created ADS AP division was still unable to exploit its full market potential, though having taken a majority stake in Dorsët Kaba, it benefited from the satisfactory market environment in India. Driven by an excellent performance in the hotel locking systems sector, ADS Americas benefitted from the healthy state of the economy in North America to reinforce its market position. Key Systems profited from a very good performance in the fast growing markets of South America and Asia, as well as from an unexpected surge in demand from the automotive industry, though this is unlikely to be repeated in the second half of the financial year.

Kaba also successfully made three acquisitions during the period under review: the increase to a majority stake in the Dorsët Kaba (India) joint venture; the acquisition of Keyscan Inc. (Canada); as well as Advanced Diagnostics Ltd. (UK) and Advanced Diagnostics USA Inc. (USA).

Divisional performances

ADS EMEA
The ADS EMEA division posted good results for the period under review. Consolidated sales rose 7.5% to CHF 261.4 million (prior year: CHF 243.1 million). In local currency, sales increased by 9.1% (CHF 21.8 million, converted).

EBITDA increased 11.7% to CHF 47.0 million (prior year: CHF 42.1 million) and the EBITDA margin improved accordingly to 18.0% (prior year: 17.3%). ADS EMEA is on a growth path, and investments in market development, innovation and infrastructure are starting to pay off.

ADS AP
The newly created ADS AP division reported an unsatisfactory result for the period under review and failed to exploit its full market potential. Overall, its consolidated sales improved 33.9% to CHF 74.6 million (prior year: CHF 55.7 million). In local currency, sales went up by 8.0% (CHF 4.5 million, converted).

EBITDA reached CHF 1.3 million (prior year: CHF 2.8 million), giving an EBITDA margin of 1.7% (prior year: 4.9%). This low profitability is due to insufficient operational efficiency, but also to the targeted investments made in building up the division. Since November 2014, the new management team has prioritised implementation of plans to improve efficiency and foster growth.

ADS Americas
The ADS Americas division achieved a good result for the period under review. Overall, the division's consolidated sales rose by 17.0% to CHF 128.0 million (prior-year: CHF 109.4 million). In local currency, sales went up by 5.1% (CHF 5.7 million, converted).

EBITDA increased to CHF 34.7 million (prior year: CHF 31.2 million), while the EBITDA margin fell slightly to 27.1% (prior year: 28.5%). This fall can be attributed to changes in the product mix and to costs associated with the integration of recently acquired companies.

Key Systems
The Key Systems division achieved an excellent result in the period under review. Overall, its consolidated sales improved 19.2% to CHF 105.5 million (prior year: CHF 88.5 million). In local currency, sales went up by 16.3% (CHF 14.5 million, converted).

Profitability, which was already high, increased even more. EBITDA reached CHF 18.8 million (prior year: CHF 13.9 million), meaning that the EBITDA margin, which was already very good for a volume business, improved to 17.9% (prior year: 15.7%).

Balance sheet
Total assets came to CHF 682.6 million as at 31.12.2014 (31.12.2013: CHF 630.4 million*). Kaba Group reported net debt of CHF 93.0 million (prior year: net cash of CHF 6.8 million). This year-on-year change is mainly due to the financing of the three acquisitions made during the period under review. The equity ratio of 36.4% (31.12.2013: 46.0%*) remains well above the target range of 20.0%.

Impact of removal of minimum Swiss franc exchange rate
Thanks to its decentralized structure, with local production sites in each market and currency region, Kaba Group's currency transaction risks are limited; translation risks arise when foreign currencies are converted into the Group reporting currency, the Swiss franc.

Outlook for financial 2014/2015 as a whole
Economic conditions remain challenging, especially in Europe, and Key Systems does not expect to see a repeat of the boom in demand from the automotive industry. However, in view of the excellent sales growth so far, Kaba is raising its guidance from 3% to 5% and now expects to see organic growth of at least 5% for the 2014/2015 financial year as a whole. It is keeping to its target of matching the previous year's EBTIDA margin of 15.5%.

*Kaba has used the Swiss GAAP FER accounting standard since 1 July 2014. The figures from the annual financial statements and for previous half-year results have been adjusted to allow comparison. As a result of the change, goodwill and other intangible assets from acquisitions are charged directly against shareholders' equity. This reduces the figures for total assets and the equity ratio as at 30.6.2014 and 31.12.2013.

Kaba's 2014/2015 half-year report can be found at www.kaba.com/publications.

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KABA GROUP KEY FIGURES

in CHF million	HY1 2014/2015	FY 2013/2014 (restated)*	HY1 2013/2014 (restated)*
Net sales	551.4	1003.5	480.9
Operating profit before depreciation (EBITDA)	85.7	154.5	74.4
as % of sales	15.5	15.4	15.5
Operating profit (EBIT)	73.1	130.6	62.5
as % of sales	13.3	13.0	13.0
Net profit	50.2	91.3	44.0
as % of sales	9.2	9.1	9.1
Earnings per share in CHF	13.1	24.0	11.6

	HY1 at 31.12.2014	FY at 30.6.2014 (restated)*	HY1 at 31.12.2013 (restated)*
Market capitalization	1911.2	1665.5	1646.3
Total assets	682.6	650.9	630.4
Net working capital	190.2	152.7	158.1
Net debt	93.0	- 35.4	- 6.8
Equity	248.7	323.3	289.7
as % of total assets	36.4	49.7	46.0
Number of employees (average)	8837	7738	7486

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ABOUT KABA

Kaba – Beyond security

With its innovative products, systems and services, globally active technology group Kaba is a leading provider of high quality access management solutions, keys, cylinders, physical access systems, enterprise data and time recording, and hotel access systems. The group is also a global market leader for high security locks, key blanks, transponder keys and key manufacturing machines. The stock exchange-listed group has sales of around one billion Swiss francs and employs around 9,000 people in more than 60 countries. For more than 150 years Kaba has set trends in security and beyond – in terms of functionality, convenience and design, and always with a focus on optimum value to customers.

SIX Swiss Exchange: KABN
For more information please visit www.kaba.com

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- Competition with other companies
- The effects and risks of new technologies
- The company's ongoing capital requirements
- Financing costs
- Delays in the integration of acquisitions
- Changes in operating expenses
- Fluctuations in exchange rates and raw materials prices
- Attracting and retaining skilled employees
- Political risks in countries where the company operates
- Changes to the relevant legislation
- Other factors named in this communication

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