



Shareholder newsletter no. 15

Forecast for fiscal 2000/2001 as at 30 June 2001. Outlook for 2001/2002

Non-recurring costs affect Kaba profit expectations

The Kaba Group is anticipating a profit of some CHF 30 million (99/00: CHF 34.5 million) for the 2000/2001 financial year. The fall is due to extraordinary circumstances in the Door Systems and Access and Time Management Divisions. Ulrich Graf, Delegate of the Board of Kaba Holding AG, expects renewed strong profit growth in 2001/2002, when Unican, acquired in April 2001, will be consolidated for the entire reporting period for the first time.

Rümlang, 28 June 2001 – The integration of Unican, which has been consolidated into the Kaba Group since 1 April 2001, has begun successfully. With its Mechanical and Electromechanical Locks Division, Kaba is now the world's second-largest supplier of locks and keys and, combined with its other two divisions (Door Systems and Access and Time Management), the company is now number three in the global market for «Total Access» solutions. The eight meanwhile formed integration teams have confirmed that the anticipated synergies can be realised.

For the present financial year ending 30 June 2001, Kaba expects its Mechanical and Electromechanical Locks Division to post a 20% increase in sales and over-proportional profit growth. These positive figures are attributable to significant internal expansion in Japan and Europe. Furthermore, Unican will enable Kaba to lock into significant additional sales potential in the USA, Europe, South-East Asia and Australia.

The Door Systems and Access and Time Management Divisions have continued to strengthen their market positions. However, earnings in these divisions were hit by the special circumstances that began to emerge in June 2001 and have impacted negatively on the last two – otherwise strongly profitable – months of the financial year (ending 30 June). Kaba Doorsystems Ltd in the UK incurred high non-recurring costs from the handling of several orders which exceeded production capacity. These orders will be completed as of 30 June 2001 and will not encumber earnings in the future. At the German Kaba Systems GmbH, the labour-intensive completion of a major project resulted in unexpectedly high one-off expenses. In addition, the vigorous market expansion pursued by newly founded companies in Miami, Hong Kong and Australia led to unexpectedly high setup costs.

Taking the above factors into account, Kaba is forecasting consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of around CHF 80 million (previous year: CHF 70 million) for the 2000/2001 financial year ended 30 June 2001. Consolidated profit is expected to be around CHF 30 million (previous year: CHF 34.5 million). These results consolidate Unican for the last three months and also include the additional interest payable on new borrowings.

Through the merger with Unican, the Kaba Group has advanced to become one of the leading suppliers in the promising North American security market. Unican is the world's leading manufacturer of blank keys, key coding machinery and high-security locks, which are distributed under brand names such as Ilco, Silca and Mas-Hamilton.



Final results for the 2000/2001 reporting period and the outlook for the next financial year will be published on Monday, 24 September 2001 alongside the Annual Report and the new Investors' Handbook.

For further information
Kaba Holding AG
Hofwisenstrasse 24
CH-8153 Ruemlang, Switzerland

Ulrich Graf, President; Phone +41 (0)1 818 90 21; Fax +41 (0)1 818 90 52
Dr. Werner Stadelmann, CFO; Phone +41 (0)1 818 90 61; Fax +41 (0)1 818 90 52

FORWARD-LOOKING STATEMENTS

This Shareholder Letter contains certain forward-looking statements including statements using the words "believes", "assumes", "expects" or formulations of a similar kind. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the Company and those either expressed or implied by such statements. Such factors include, among other things: competition from other companies, the effects and risks of new technologies, the Company's continuing capital requirements, financing costs, delays in the integration of acquisitions, changes in the operating expenses, the Company's ability to recruit and retain qualified employees, unfavourable changes to the applicable tax laws, and other factors identified in this Shareholder Letter. In view of these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company accepts no obligation to continue to report or update such forward-looking statements or adjust them to future events or developments.