

Interim Report 2015/2016

Financial
statements
half-year

2015/2016

Agenda, contact

5 April 2016, Tuesday

- Capital Market Day

7 September 2016, Wednesday

- Full-year results: presentation for media and financial community
- Publication of Annual Report and Executive Report

18 October 2016, Tuesday

- Annual General Meeting

Communication devices



Executive Report



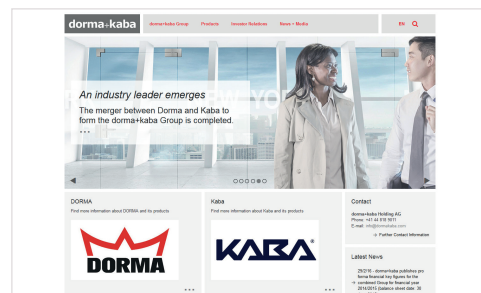
Financial Statements, Governance and Compensation



Sustainability Report



Security Update, customer magazine



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Consolidated income statement

in CHF million except per share amounts	Reporting half-year ended 31.12.2015		Financial year ended 30.06.2015		Reporting half-year ended 31.12.2014	
		in %		in %		in %
Net sales	947.6	100.0	1,085.2	100.0	551.4	100.0
Cost of goods sold	-540.1	-57.0	-608.3	-56.1	-308.1	-55.9
Gross margin	407.5	43.0	476.9	43.9	243.3	44.1
Other operating income, net	9.1	1.0	6.1	0.6	3.4	0.6
Sales and marketing	-158.4	-16.7	-178.8	-16.5	-90.6	-16.4
General administration	-100.2	-10.6	-106.0	-9.8	-56.4	-10.2
Research and development	-36.8	-3.9	-53.2	-4.9	-26.6	-4.8
Operating profit (EBIT)	121.2	12.8	145.0	13.3	73.1	13.3
Result from associates	1.0	0.1	0.0	0.0	0.0	0.0
Financial expenses	-11.3	-1.2	-7.9	-0.7	-5.1	-0.9
Financial income	2.5	0.3	0.6	0.1	0.9	0.2
Ordinary result	113.4	12.0	137.7	12.7	68.9	12.6
Extraordinary result	-34.7	-3.7	0.0	0.0	0.0	0.0
Profit before taxes	78.7	8.3	137.7	12.7	68.9	12.6
Income taxes	-21.3	-2.2	-38.8	-3.6	-18.7	-3.4
Net profit	57.4	6.1	98.9	9.1	50.2	9.2
Operating profit before depreciation (EBITDA)	144.6	15.3	170.2	15.7	85.7	15.5
Net profit attributable to minority interests	26.8		0.5		0.3	
Net profit attributable to the owners of the parent	30.6		98.4		49.9	
Basic earnings per share (in CHF)	7.3		25.6		13.1	
Diluted earnings per share (in CHF)	7.3		25.6		13.1	

Consolidated balance sheet

Assets

in CHF million	Reporting half-year ended 31.12.2015	in %	Financial year ended 30.06.2015	in %	Reporting half-year ended 31.12.2014	in %
Current assets						
Cash and cash equivalents	178.5	11.8	142.5	19.4	55.2	8.1
Trade receivables	376.3	24.8	185.4	25.2	182.5	26.7
Inventories	375.5	24.7	175.8	23.9	196.9	28.8
Current income tax assets	51.7	3.4	6.3	0.9	10.6	1.6
Other current assets	50.5	3.3	22.3	3.1	20.6	3.0
Total current assets	1,032.5	68.0	532.3	72.5	465.8	68.2
Non-current assets						
Property, plant and equipment	324.2	21.4	155.0	21.1	165.8	24.3
Intangible assets	35.2	2.3	26.0	3.5	23.5	3.4
Investments in associates	33.2	2.2	0.0	0.0	0.0	0.0
Non-current financial assets	35.3	2.3	14.9	2.1	18.7	2.7
Deferred income tax assets	58.0	3.8	6.1	0.8	8.8	1.4
Total non-current assets	485.9	32.0	202.0	27.5	216.8	31.8
Total assets	1,518.4	100.0	734.3	100.0	682.6	100.0

Consolidated balance sheet

Liabilities and equity

in CHF million	Reporting half-year ended 31.12.2015	in %	Financial year ended 30.06.2015	in %	Reporting half-year ended 31.12.2014	in %
Current liabilities						
Current borrowings	145.5	9.6	19.7	2.7	145.5	21.3
Trade payables	107.8	7.1	58.2	7.9	58.4	8.6
Current income tax liabilities	59.6	3.9	13.3	1.8	13.2	1.9
Accrued and other current liabilities	231.2	15.1	137.8	18.8	136.5	20.0
Provisions	60.1	3.9	9.6	1.3	14.9	2.2
Total current liabilities	604.2	39.6	238.6	32.5	368.5	54.0
Non-current liabilities						
Non-current borrowings	1.7	0.1	1.6	0.2	2.7	0.4
Accrued pension costs and benefits	268.8	17.7	38.7	5.3	46.3	6.8
Deferred income tax liabilities	21.4	1.4	13.3	1.8	16.1	2.4
Other non-interest bearing liabilities	0.7	0.0	0.0	0.0	0.3	0.0
Total non-current liabilities	292.6	19.2	53.6	7.3	65.4	9.6
Total liabilities	896.8	58.8	292.2	39.8	433.9	63.6
Equity						
Share capital	0.4	0.0	0.4	0.1	0.4	0.1
Additional paid-in capital	807.6	53.2	807.6	110.0	631.0	92.4
Retained earnings	-374.7	-24.6	-330.6	-45.0	-378.8	-55.5
Treasury stock	-1.9	-0.1	-4.3	-0.6	-4.6	-0.7
Translation exchange differences	-19.8	-1.3	-33.7	-4.6	-2.1	-0.3
Total equity owners of the parent	411.6	27.2	439.4	59.9	245.9	36.0
Minority interests	210.0	14.0	2.7	0.3	2.8	0.4
Total equity	621.6	41.2	442.1	60.2	248.7	36.4
Total liabilities and equity	1,518.4	100.0	734.3	100.0	682.6	100.0

Consolidated cash flow statement

in CHF million	Reporting half-year ended 31.12.2015	Financial year ended 30.06.2015	Reporting half-year ended 31.12.2014
Net profit	57.4	98.9	50.2
Depreciation and amortization	23.4	25.2	12.6
Income tax expenses	21.3	38.8	18.7
Interest expenses	5.3	6.1	2.0
Interest income	-0.2	-0.4	-0.5
(Gain) Loss on disposal of fixed assets, net	-0.1	-0.2	0.0
Adjustment for non-cash items	14.2	5.5	3.5
Change in trade receivables	24.2	-12.4	8.1
Change in inventories	-5.9	-14.7	-19.3
Change in other current assets	3.6	-1.3	-2.9
Change in trade payables	-7.8	1.9	-3.2
Change in accrued pension cost	2.6	-1.2	-1.5
Change in accrued and other current liabilities	2.7	2.9	-10.9
Cash generated from operations	140.7	149.1	56.8
Income taxes paid	-31.7	-39.0	-22.4
Interest paid	-5.3	-6.2	-1.9
Interest received	0.2	0.4	0.5
Net cash from operating activities	103.9	104.3	33.0
Cash flows from investing activities			
Purchase of property, plant and equipment	-20.8	-26.8	-15.2
Proceeds from sale of property, plant and equipment	2.1	0.5	0.1
Acquisition of subsidiaries, net of cash acquired	64.1	-100.0	-96.8
Purchase of intangible assets	-6.2	-12.0	-5.5
Decrease in other non-current financial assets	4.9	0.9	0.5
Change in other non-current financial assets and prepaid transaction costs	4.5	-5.1	-0.6
Net cash used in investing activities	48.6	-142.5	-117.5
Cash flows from financing activities			
Other proceeds from (repayment of) current borrowings, net	114.4	-22.1	104.6
Proceeds from non-current borrowings	0.7	0.5	0.9
Repayment of non-current borrowings	-0.6	-1.9	-3.7
Change in other non-current liabilities	0.0	0.1	0.3
Decrease in other non-current liabilities	-0.1	0.0	0.0
New shares issued	0.0	176.6	0.0
Dividends paid to company's shareholders	-240.7	-41.8	-41.8
Net cash flows from financing activities	-126.3	111.4	60.3
Translation exchange differences	9.8	-11.2	-1.1
Net increase (decrease) in cash and cash equivalents	36.0	62.0	-25.3
Cash and cash equivalents at beginning of period	142.5	80.5	80.5
Cash and cash equivalents at end of period	178.5	142.5	55.2
Net increase (decrease) in cash and cash equivalents	36.0	62.0	-25.3

Consolidated statement of changes in equity

in CHF million	Share capital	Additional paid-in capital	Retained earnings	Treasury stock	Cumul. translation adjustm.	Minority interests	Total equity
Prior half-year ended 31.12.2014							
Balance at 30.06.2014	0.4	631.0	-290.9	-6.4	-11.7	0.9	323.3
Net profit for the reporting period			49.9			0.3	50.2
Goodwill on acquisitions			-99.0				-99.0
Currency translation adjustments					9.6	0.1	9.7
Dividend paid			-41.8				-41.8
Minority interest on acquisition of subsidiary						1.5	1.5
Shares awarded			3.0	1.8			4.8
Balance at 31.12.2014	0.4	631.0	-378.8	-4.6	-2.1	2.8	248.7
Financial half-year ended 31.12.2015							
Balance at 30.06.2015	0.4	807.6	-330.6	-4.3	-33.7	2.7	442.1
Net profit for the reporting period			30.6			26.8	57.4
Goodwill on acquisitions			-984.2				-984.2
Fair value of Kaba business transferred			1,158.8				1,158.8
Currency translation adjustments					13.9	6.6	20.5
Dividend paid			-240.7				-240.7
Minority interest on acquisition of subsidiary			-9.3			173.9	164.6
Shares awarded			0.6	2.4			3.0
Balance at 31.12.2015	0.4	807.6	-374.7	-1.9	-19.8	210.0	621.6

Notes to the consolidated financial statements for reporting half-year 2015/2016

The consolidated financial statements of dorma + kaba Group include the operations of dorma + kaba Holding AG and all direct and indirect subsidiaries in which dorma + kaba Group controls more than 50% of votes or otherwise has the power to govern the financial and operating policies. Investments in associates where dorma + kaba Group exercises significant influence, but does not have control (normally with an interest between 20% and 50%), and in joint ventures, are accounted for using the equity method of accounting.

The unaudited consolidated interim financial statements cover the period from 1 July 2015 until 31 December 2015 and are prepared in accordance with the rules of the Swiss GAAP FER 31 (“Complementary Recommendation for Listed Public Companies”) relating to interim financial reporting (Generally Accepted Accounting Principles / FER = Fachempfehlung zur Rechnungslegung). The consolidated financial statements are prepared in accordance with Swiss GAAP FER. Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Stock Exchange and with Swiss company law.

The business development for the period from 1 July 2015 until 31 December 2015 is described in the “Executive Report on the first half-year 2015/2016”. This report should be read in conjunction with the consolidated interim financial statements report.

dorma + kaba Group’s business is not affected by significant seasonal or cyclical fluctuations, but shows a tendency to weaker results in the second half of the financial year. Income tax expense is recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year. The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the date of the consolidated interim financial statements. If in future such estimates and assumptions, which are based on management’s best judgment at the date of the consolidated interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the reporting period in which the circumstances change.

The extraordinary result includes only cost-related to the business combination between Dorma and Kaba, namely restructuring cost, impairment losses, and the cost of combining the brands into the dorma + kaba master brand. Restructuring cost are those necessarily entailed by the restructuring, and not associated with the ongoing activities of the entity, such as severance cost, early termination cost, and restructuring-related advisory cost. There will be additional extraordinary expenses related to this transaction in the second half-year 2015/2016.

The Group treats transactions with minority interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and minority interests to reflect their relative interests in the subsidiary.

Business combinations

Business combination with Dorma

On 1 September 2015, Dorma and Kaba executed the business combination announced in April 2015.

The following table summarizes the transaction. The identifiable assets and liabilities reflect the fair value at the date of the business combination.

The value of the Kaba businesses was calculated based on the average price of the Kaba share at the SIX Swiss Stock Exchange during the last five trading days before closing of the transaction.

in CHF million	As at the acquisition date
Consideration at 1 September 2015	
Cash paid	0.6
Acquisition-related costs	6.7
Total cash outflow	7.3
Fair value of Kaba business transferred	1,158.8
Total consideration	1,166.1
Identifiable assets and liabilities	
Cash and cash equivalents	72.7
Trade receivables	209.6
Inventories	188.0
Current income tax assets	33.8
Other current assets	37.7
Property, plant and equipment	169.5
Intangible assets	11.6
Investments in associates	32.1
Non-current financial assets	24.2
Deferred income tax assets	45.2
Current borrowings	-4.0
Trade payables	-61.2
Current income tax liabilities	-41.5
Accrued and other current liabilities	-104.3
Provisions	-34.6
Non-current borrowings	-1.5
Accrued pension costs and benefits	-225.5
Deferred income tax liabilities	-4.5
Other non-interest bearing liabilities	-0.8
Total identifiable net assets	346.5
Minority interests on net assets	-164.6
Goodwill	984.2
Total consideration	1,166.1

The Group has yet to finalize the valuation of the net identifiable assets acquired. Adjustments of the fair value and the purchase price may be required.

Additional acquisition-related cash payments

CHF 0.9 million were paid for Shenzhen Probruck Technologies Co. Ltd. (acquired on 28 October 2013) and CHF 0.1 million were paid for Flexon Llaves S.A. (acquired on 28 February 2013).

Total acquisition-related cash payments were CHF 8.3 million.

Events after the reporting period

None.

Segment reporting

	Access Solutions AMER		Access Solutions APAC		Access Solutions DACH	
	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014
in CHF million						
Net sales third parties	202.4	118.4	139.3	66.2	218.5	144.7
Intercompany sales	15.8	9.7	8.7	8.4	91.6	9.7
Total sales	218.2	128.0	148.0	74.6	310.0	154.3
Operating profit before depreciation and amortization (EBITDA)	49.7	34.7	12.5	1.3	56.7	25.1
in % of sales	22.8%	27.1%	8.4%	1.7%	18.3%	16.3%
Operating profit (EBIT)	47.2	33.4	10.1	-0.1	52.4	24.3
in % of sales	21.6%	26.1%	6.8%	-0.1%	16.9%	15.8%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Capital expenditure	4.1	2.1	2.9	2.4	8.0	1.4
Depreciation and amortization	2.5	1.3	2.4	1.4	4.3	0.8

	Key Systems		Movable Walls		Other	
	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014
in CHF million						
Net sales third parties	97.8	104.6	34.9	0.0	5.7	5.3
Intercompany sales	1.5	0.8	3.7	0.0	0.9	0.3
Total sales	99.3	105.5	38.5	0.0	6.6	5.7
Operating profit before depreciation and amortization (EBITDA)	15.9	18.8	4.6	0.0	-0.3	0.5
in % of sales	16.1%	17.9%	12.0%		-3.9%	9.3%
Operating profit (EBIT)	13.3	16.2	4.2	0.0	-1.3	0.4
in % of sales	13.4%	15.4%	11.0%		-19.3%	7.6%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Capital expenditure	3.0	3.2	0.4	0.0	3.2	2.4
Depreciation and amortization	2.6	2.6	0.4	0.0	1.0	0.1

EBITDA = EBIT + Depreciation and amortization

Access Solutions EMEA		Eliminations		Access Solutions TOTAL		
Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	in CHF million
249.0	112.2	0.0	0.0	809.2	441.5	Net sales third parties
49.7	50.7	-163.5	-76.1	2.3	2.3	Intercompany sales
298.8	162.9	-163.5	-76.1	811.5	443.8	Total sales
27.8	21.8	0.0	0.0	146.6	83.0	Operating profit before depreciation and amortization (EBITDA)
9.3%	13.4%	0.0%	0.0%	18.1%	18.7%	in % of sales
20.5	16.8	0.0	0.0	130.2	74.4	Operating profit (EBIT)
6.9%	10.3%	0.0%	0.0%	16.0%	16.8%	in % of sales
						Result from associates
						Financial expenses
						Financial income
						Ordinary result
						Extraordinary result
						Profit before taxes
4.3	8.9	0.0	0.0	19.4	14.8	Capital expenditure
7.3	5.1	0.0	0.0	16.5	8.6	Depreciation and amortization

Corporate		Eliminations		Group		
Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	Reporting half-year ended 31.12.2015	Reporting half-year ended 31.12.2014	in CHF million
0.0	0.0	0.0	0.0	947.6	551.4	Net sales third parties
0.0	0.0	-8.3	-3.5	0.0	0.0	Intercompany sales
0.0	0.0	-8.3	-3.5	947.6	551.4	Total sales
-22.4	-16.7	0.0	0.0	144.6	85.7	Operating profit before depreciation and amortization (EBITDA)
0.0%	0.0%	0.0%	0.0%	15.3%	15.5%	in % of sales
-25.3	-17.9	0.0	0.0	121.2	73.1	Operating profit (EBIT)
0.0%	0.0%	0.0%	0.0%	12.8%	13.3%	in % of sales
				1.0	0.0	Result from associates
				-11.3	-5.1	Financial expenses
				2.5	0.9	Financial income
				113.4	68.9	Ordinary result
				-34.7	0.0	Extraordinary result
				78.7	68.9	Profit before taxes
2.9	0.4	0.0	0.0	28.7	20.7	Capital expenditure
2.9	1.2	0.0	0.0	23.4	12.6	Depreciation and amortization

Imprint

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- Financing costs
- Delays in the integration process of the merger or 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
- Realization of synergies
- Other factors named in this communication

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