

> Media release

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RÜMLANG 12 SEPTEMBER 2014 – ANNUAL RESULTS TO 30 JUNE 2014

## Kaba reaches 1 billion Swiss francs of sales

- > Sales up 4.1% to CHF 1,003.5 million
- > Organic growth of 5.2% well above target
- > Increased investment activity as planned – EBITDA margin of 15.5% within target range
- > Strong balance sheet with net cash position and very solid equity ratio
- > Proposed dividend of CHF 11.00 per share; distribution rate of 49.6%

Kaba Group has posted pleasing results for the 2013/2014 financial year. The company reached the major milestone of one billion Swiss francs of sales: consolidated sales rose 4.1% to CHF 1,003.5 million (prior year: CHF 964.3 million). In local currency, sales even went up by 5.2%. This outcome easily exceeded Kaba's target of 1.5% to 2.5% organic growth. All three divisions contributed to the result: in local currency, the ADS EMEA/AP division reported sales growth of 4.9%, while ADS Americas posted a 5.2% increase and Key Systems grew by 6.8%.

### **Profitability – EBITDA margin within target range**

Kaba achieved an EBITDA of CHF 155.3 million for the 2013/2014 financial year (prior year: CHF 152.9 million) and an EBITDA margin of 15.5% (prior year: 15.9%) – which is within the target range set for the year under review. The decline in the EBITDA margin is mainly due to the implementation of growth initiatives and investment in sustainable business development (markets, innovation, infrastructure) and to one-off positive effects in the prior year. EBIT for the 2013/2014 financial year came to CHF 123.6 million (prior year: CHF 121.5 million) giving an EBIT margin of 12.3% (prior year: 12.6%).

Negative currency effects reduced the sales figure by CHF -24.6 million, EBITDA by CHF -2.2 million and EBIT by CHF -1.4 million.

### **Net profit**

Kaba's consolidated profit for the year under review was CHF 84.6 million (prior year: CHF 85.3 million). This translated into earnings per share of CHF 22.3 (prior year: CHF 22.4). When comparing with the prior year, it should be noted that one-off effects (discontinued operations, items affecting comparability) had a positive impact on the consolidated profit in the 2012/2013 financial year.

### **Divisional performances**

#### **ADS EMEA/AP – pleasing organic growth**

ADS EMEA/AP posted mixed results for the year, with a wide regional variation in operational performance. While EMEA improved its profitability and especially sales, AP failed to meet expectations.

The division's consolidated sales rose to CHF 590.4 million (prior year: CHF 566.9 million). In local currency, sales increased by 4.9% (CHF 27.5 million, converted). The investment in market

development and innovation announced for the year under review had an effect on profitability, as did the additional costs from infrastructure investments (ERP Europe). Overall, EBITDA reached CHF 79.5 million (prior year: CHF 80.4 million), giving an EBITDA margin of 13.5% (prior year: 14.2%).

By the end of 2014 the ADS EMEA/AP division will have been split into two divisions: ADS EMEA and ADS AP. With the creation of the ADS AP division, Kaba is strengthening its focus on the Asian growth markets.

#### **ADS Americas – profitability up again**

ADS Americas posted very good results. Its Hospitality business (hotel locks) performed particularly well. Overall, the division achieved consolidated sales of CHF 237.9 million (prior year: CHF 230.4 million). Sales were up by 5.2% in local currency (CHF 11.4 million, converted). EBITDA reached CHF 70.5 million (prior year: CHF 66.8 million), giving an impressive EBITDA margin of 29.6% (prior year: 29.0%).

#### **Key Systems – very good results at high level**

Key Systems posted very good results and was able to further expand its already strong market position. Overall, the division's consolidated sales rose to CHF 195.8 million (prior year: CHF 186.2 million). In local currency, sales went up by 6.8% (CHF 12.3 million, converted). EBITDA increased to CHF 31.8 million (prior year: CHF 29.7 million), giving an impressive EBITDA margin of 16.3% (prior year: 16.0%).

#### **Balance sheet – solid net cash position and high equity ratio**

Kaba has a strong balance sheet structure. At year-end on 30 June 2014, Kaba had net cash position of CHF 35.4 million (30 June 2013: CHF 56.1 million), and an equity ratio of 62.8% (30 June 2013: 60.5%).

#### **Outlook**

In the 2014/2015 financial year, Kaba will continue to invest in markets, products and infrastructure in order to further develop its market positions and to strengthen its long-term competitiveness. Provided business conditions remain stable in 2014/2015, Kaba aims to achieve organic growth of between 3.0% and 5.0% this financial year. In terms of profitability Kaba expects the Group-level EBITDA margin to remain at around the prior-year level.

### **Proposals by the Board of Directors to the Annual General Meeting of 28 October 2014**

#### **Dividend payments**

The Board of Directors is proposing to the Annual General Meeting (AGM) that a dividend of CHF 11.00 be paid on each share, which is equivalent to a pay-out rate of 49.6% of consolidated net profit.

#### **Amendments to the Articles of Incorporation**

In order to implement the Minder Initiative, the Board of Directors is proposing to the AGM that it approve a series of amendments to the Articles of Incorporation. These are set out in detail at [www.kaba.com/agm](http://www.kaba.com/agm).

#### **Elections**

The AGM is being asked to re-elect eight members of the Board of Directors and to elect Ulrich Graf as Chairman of the Board of Directors for one year.

Heribert Allemann will leave the Board of Directors on 28 October 2014 on reaching the age limit. The Board of Directors would like to thank him for his appreciated, valuable work. No successor is being appointed for the time being. The Board of Directors is also proposing to the AGM that it elect Hans Hess to the Compensation Committee in place of Ulrich Graf.

### Appointment to the Executive Committee

Hans-Jürg Roth (60) takes over as Chief of Staff and joins the Executive Committee on 1 November 2014. He succeeds Patrick Grawehr, who leaves Kaba at his own request on 31 October 2014. Hans-Jürg Roth is a proven leader with many years of experience in a wide range of disciplines.

#### KEY FIGURES KABA GROUP

in CHF million	FY 2013/2014	FY 2012/2013 (restated)	FY 2012/2013 (as published)
<b>Net sales</b>	<b>1,003.5</b>	<b>964.3</b>	<b>964.3</b>
<b>Operating profit before depreciation (EBITDA)</b>	<b>155.3</b>	<b>152.9</b>	<b>149.9</b>
in % sales	15.5	15.9	15.6
<b>Operating profit (EBIT)</b>	<b>123.6</b>	<b>121.5</b>	<b>118.5</b>
in % sales	12.3	12.6	12.3
<b>Net profit</b>	<b>84.6</b>	<b>85.3</b>	<b>85.5</b>
Earnings per share in CHF	22.3	22.4	22.5

  

	FY ended 30.06.2014	FY ended 30.6.2013 (restated)	As at 01.07.2012 (restated)
Total assets	946.7	964.2	952.6
Cash and cash equivalents	80.5	142.3	125.6
Net cash position	35.4	56.1	11.7
Total equity	594.9	583.8	526.1
in % of assets	62.8	60.5	55.2
FTE (average)	7,738	7,398	-

#### KEY FIGURES DIVISIONS

in CHF million	ADS EMEA/AP		ADS AMERICAS		KEY SYSTEMS	
	FY 2013/2014	FY 2012/2013 (restated)	FY 2013/2014	FY 2012/2013 (restated)	FY 2013/2014	FY 2012/2013 (restated)
<b>Sales</b>	<b>590.4</b>	<b>566.9</b>	<b>237.9</b>	<b>230.4</b>	<b>195.8</b>	<b>186.2</b>
<b>EBITDA</b>	<b>79.5</b>	<b>80.4</b>	<b>70.5</b>	<b>66.8</b>	<b>31.8</b>	<b>29.7</b>
in % sales	13.5	14.2	29.6	29.0	16.3	16.0
<b>EBIT</b>	<b>60.3</b>	<b>61.6</b>	<b>66.0</b>	<b>62.1</b>	<b>27.1</b>	<b>25.0</b>
in % sales	10.2	10.9	27.7	27.0	13.9	13.4
FTE (average)	5,173	5,001	1,016	926	1,440	1,366

### Notes on accounting practices

During the period under review, preparation of the income statement was switched from the "nature of costs" to the "cost of sales" method. In addition, items affecting comparability are no longer shown separately in the income statement. The accounting practices used for pension plans have been adjusted in line with the revised IAS 19. Figures for the first half of the previous financial year have been restated accordingly.

From the 2014/2015 financial year onwards, Kaba will be using the Swiss GAAP FER accounting standard. As a result of this change, goodwill and other intangible assets from acquisitions will be charged directly against shareholders' equity, thus reducing the figure reported for total assets and shareholders' equity. After the adjustments required for under Swiss GAAP FER, the equity ratio based on the audited balance sheet of 30 June 2014 comes to around 50%.

You can find the full report on the 2013/2014 financial year and all other Kaba Group publications at [www.kaba.com/publications](http://www.kaba.com/publications)

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ABOUT KABA

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**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](http://www.kaba.com)

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- > The general economic situation
- > 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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