

Media release

Half-year results as at 31 December 2010

Kaba maintains its operating margin, increases consolidated net profit and sets the course for the future

Rümlang, 7 March 2011 – **In the first half of the 2010/2011 financial year, the Kaba Group achieved sales which were almost unchanged against the same period of the previous year at CHF 560 million (down 0.4%). Organic sales were up 4.4%. EBIT decreased by 4.4% to CHF 69.4 million, giving an operating margin of 12.4%. Consolidated net profit improved 3.9% to CHF 44.9 million. For the financial year as a whole, Kaba expects its positive performance to continue.**

In the first half of 2010/2011, the Kaba Group recorded sales of CHF 560 million, which was practically unchanged against the previous year's level. Organic sales, i.e. sales after adjusting for acquisition and currency effects, increased by a healthy 4.4%. Currency effects reduced the final sales figure by 5.7% or CHF 31.8 million.

EBIT was down 4.4% at CHF 69.4 million, equating to an operating margin of 12.4% which was below the previous year's (12.9%). After adjustment for currency effects, acquisitions and capacity changes, EBIT came to CHF 74 million, or 13.2% of sales (previous year 13.7%). Net profit posted a gratifying increase of 3.9% to CHF 44.9 million.

Business Segment performance

First-half sales in the Access + Data Systems Business Segment rose 0.4% on an organic basis against the first half of 2009/2010. However, the appreciation of the Swiss franc against the euro and US dollar in particular took 5.8% off the final sales figure, reducing it to CHF 287.4 million. EBIT, at CHF 43.2 million, equated to a margin of 15% (previous year 14.8%). Organic sales in Europe grew 2% to CHF 206.8 million. In America, organic sales slipped by a marginal 0.7% to CHF 68.3 million, whilst the distribution companies in the Asia Pacific region improved their organic sales by 1% to reach CHF 21.8 million.

The Industrial Locks Business Segment saw above-average organic growth of 17.4% in the period June to December 2010 with sales of CHF 87.9 million. EBIT was down slightly at CHF 22.2 million owing to currency effects; this equates to a consistently high margin of 25.3% (previous year 28.9%).

The Key Systems Business Segment continued on its dynamic growth trajectory, with a 6.9% improvement in organic sales to CHF 98 million. EBIT was increased to CHF 9.9 million and the EBIT margin was up at 10.1% (previous year 10%).

Finally, the Door Automation Business Segment achieved organic sales growth of 6.3% to reach CHF 96.5 million. Operating profit moved up to CHF 8.7 million, with an improvement in the margin to 9% from 8.4% the previous year.

Staff and strategy: setting the course for the future

As already announced, Kaba's Management Board is to become significantly younger. When the 2011/2012 financial year begins, Riet Cadonau (49) will take over from Rudolf Weber as CEO. Mr Cadonau has been on the Board of Directors since 2006 and is currently CEO of Ascom. Also on 1 July, Roberto Gaspari (52) will become COO for the EMEA/Asia Pacific region of the Access + Data Systems Business Segment, the Group's biggest segment for sales; Frank Belflower (57) carries out the same role for the Americas region. Furthermore, from the middle of 2011 Kaba will for the first time have a Chief Technology + Innovation Officer, with Group-wide responsibility, in the person of Andreas Häberli (43).

With regard to business strategy, Kaba announced in January that it would be selling its Door Automation business segment to the Japanese company Nabtesco Corporation. The aim of this divestment is to focus more closely on high-margin premium markets. Finally, with the acquisition of the Møller Undall Group in Norway, announced in January, Kaba will be significantly expanding its position as the second-largest provider of locking systems in Scandinavia.

Positive outlook

Kaba anticipates a continuation of its positive performance in the second half of the current financial year. This expectation is based both on a generally brighter business environment and on the fact that in the period under review the biggest business segment, Access + Data Systems, saw a promising inflow of new orders across all regions. For the medium term, Kaba is sticking with organic growth potential of 4% to 6% a year and further improvement in its EBIT margin.

Key figures for the Kaba Group as at 31 December 2010

in CHF million	HY1 2010/2011	HY1 2009/2010
Consolidated net sales	560.0	562.5
Operating profit before depreciation (EBITDA)	87.1	92.1
as a % of sales	15.6	14.6
Operating profit (EBIT)	69.4	72.6
as a % of sales	12.4	12.9
Consolidated net profit	44.9	43.2
as a % of sales	8.0	7.7
Earnings per share in CHF	11.8	11.4
Total assets	935.5	976.0
Net working capital	222.8	231.6
Net debt	241.4	306.5
Shareholders' equity	326.7	305.2
as a % of total assets	34.9	31.3
No. of employees (average)	8,096	7,671

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