

Media release

Half-year results as at 31.12.2009

Kaba maintains EBIT margin at 12.9%, increases profit by 3.8%

Rümlang, 8 March 2010 – **Kaba Group generated net sales of CHF 562.5 million (-7.8%) for the first half of the 2009/2010 financial year. Acquisition- and currency-adjusted, sales went down 4.6%. EBIT was down 7.9% to CHF 72.6 million. The EBIT margin was exactly the same as a year before at 12.9%. Profit went up 3.8% to CHF 43.2 million. Kaba expects to post a double-digit EBIT margin for the 2009/2010 financial year as a whole, while maintaining free cash flow at a high level.**

In the first-half of financial 2009/2010, Kaba Group saw sales decrease 7.8% to CHF 562.5 million. Organic sales, i.e. after adjusting for the effect of acquisitions and currency movements, were down by CHF 27.7 million, or 4.6%. Currency influences, especially the weakness of the US dollar and the euro, reduced the sales figure by 3.3%, or CHF 20 million.

EBIT was down 7.9% to CHF 72.6 million. After excluding exchange rate influences, a small acquisition effect and exceptional costs for capacity adjustments, EBIT declined by only CHF 1.7 million, or 2.2%, i.e. much less than sales. The EBIT margin of 12.9% was the same as for the equivalent period of the previous financial year.

At CHF 43.2 million, Kaba's profit was 3.8% higher than for the first six months of the previous financial year. This gain was partly due to lower financing costs and the projected reduction in the tax rate (28% rather than 29.5% of pre-tax profit). "The results show that determined implementation of measures including capacity adjustments, stricter stock management and further improvements in financial management have had a positive effect on the Group's earning position," says Rudolf Weber, CEO of the Kaba Group.

Performance of the business segments

Since the beginning of this reporting period, the Kaba Group has had a new management structure implemented. This now consists of four centrally managed, worldwide business segments: Access + Data Systems, Industrial Locks, Key Systems and Door Automation. Prior-year figures can be compared.

Sales by the Access + Data Systems Business Segment decreased 6.7% (3.8% organic) to CHF 305.1 million. After deducting restructuring, EBIT declined 16% to CHF 45.1 million. The EBIT margin went down from 16.4% to 14.8%. The organic sales figure in Europe fell by only 3.3% to CHF 220.7 million. Workforce Management business (formerly Operational Data Recording) suffered most from customers' cautious approach to investment. In America, increasingly weak demand for hotel locking systems depressed sales. The organic fall in sales compared with the very good year-back figure was 11.3% to CHF 70.5 million.

The Industrial Locks Business Segment saw a 15.5% organic reduction in sales to CHF 78.1 million, but its EBIT margin went up from 22.7% to 28.9%. The Key Systems Business Segment posted sales of CHF 94.7 million – an organic year-on-year reduction of 3.3%. Its EBIT margin rose from 6.4% to 10.0%, thus returning to its pre-crisis level. The Door Automation Business Segment grew by an organic 1.3% to CHF 92.6 million, while strengthening its EBIT margin before restructuring costs from 8% to 9.5%.

Outlook

The economic crisis may well persist into 2011 and continue to cause a downward sales trend in coming months. Kaba believes it is still too early to interpret the organic increase in sales at the end of the reporting period as a sustainable reversal of the trend. For manufacturing companies like Kaba visibility might remain low. Kaba expects to post another double-digit EBIT margin and maintain a high free cash flow for the full 2009/2010 financial year to 30 June 2009.

Key figures for the Kaba Group as at 31 December 2009

in million CHF	HY1 2009/2010	HY1 2008/2009
Consolidated net sales	562.5	609.8
Operating profit before depreciation (EBITDA)	92.1	99.6
in % of sales	16.4	16.3
Operating profit (EBIT)	72.6	78.8
in % of sales	12.9	12.9
Consolidated net profit	43.2	41.6
in % of sales	7.7	6.8
Earnings per share in CHF	11.4	11.0
Total assets	976.0	1,058.6
Net working capital	231.6	277.8
Net debt	306.5	422.8
Shareholders' equity	305.2	252.1
as % of total assets	31.3	23.8
Number of employees (average)	7,671	8,691

For further information:

Rudolf Weber, CEO, Phone +41 44 818 90 41
Dr. Werner Stadelmann, CFO, Phone +41 44 818 90 61
Jean-Luc Ferrazzini, CCO; Phone +41 44 818 92 01

Kaba Holding AG, 8153 Rümlang (Switzerland)

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