

ANNUAL RESULTS

2013/2014

Kaba invests and grows well
RESULTS FINANCIAL YEAR 2013/2014

BEYOND SECURITY



Riet Cadonau, CEO

Beat Malacarne, CFO

DESIGN

COMFORT EFFICIENCY

Agenda

BEYOND SECURITY



- > **FY 2013/2014 at a glance**
- > FY 2013/2014 in review
- > Financial results FY 2013/2014
- > Switch to Swiss GAAP FER
- > Guidance FY 2014/2015
- > Summary and outlook

Riet Cadonau

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Beat Malacarne

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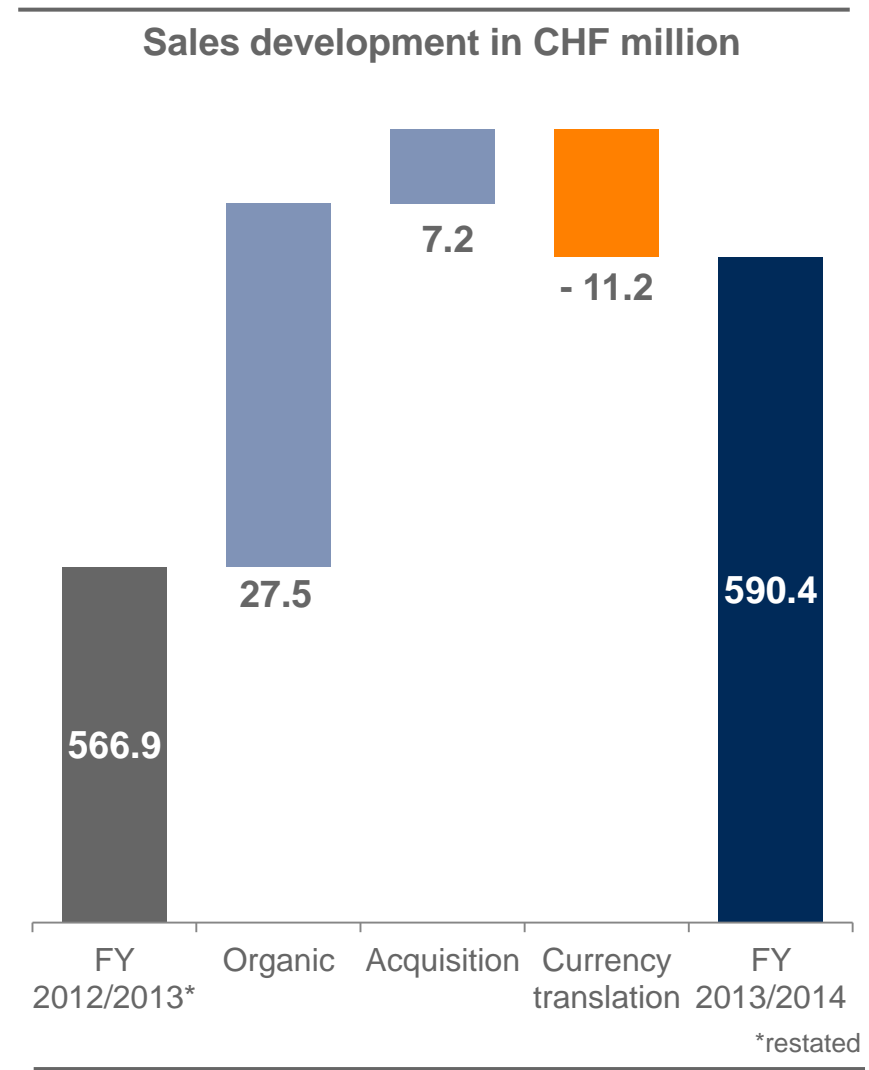
- > **Sales cross 1 billion mark:** CHF 1003.5 million
- > **Growth target exceeded:**
organic* growth 5.2% at Group level
- > **EBITDA margin of 15.5% within target range**
- > **Acquisitions in emerging markets:**
Probuck in China, Task in Brazil, Dorsët Kaba in India

*in local currency

- > Organic growth: 4.9%
- > Decline in profitability largely due to:
 - > Announced higher investment activity
 - > Additional infrastructure costs
- > Above-market growth in DACH region and Northern Europe
- > AP fails to meet expectations

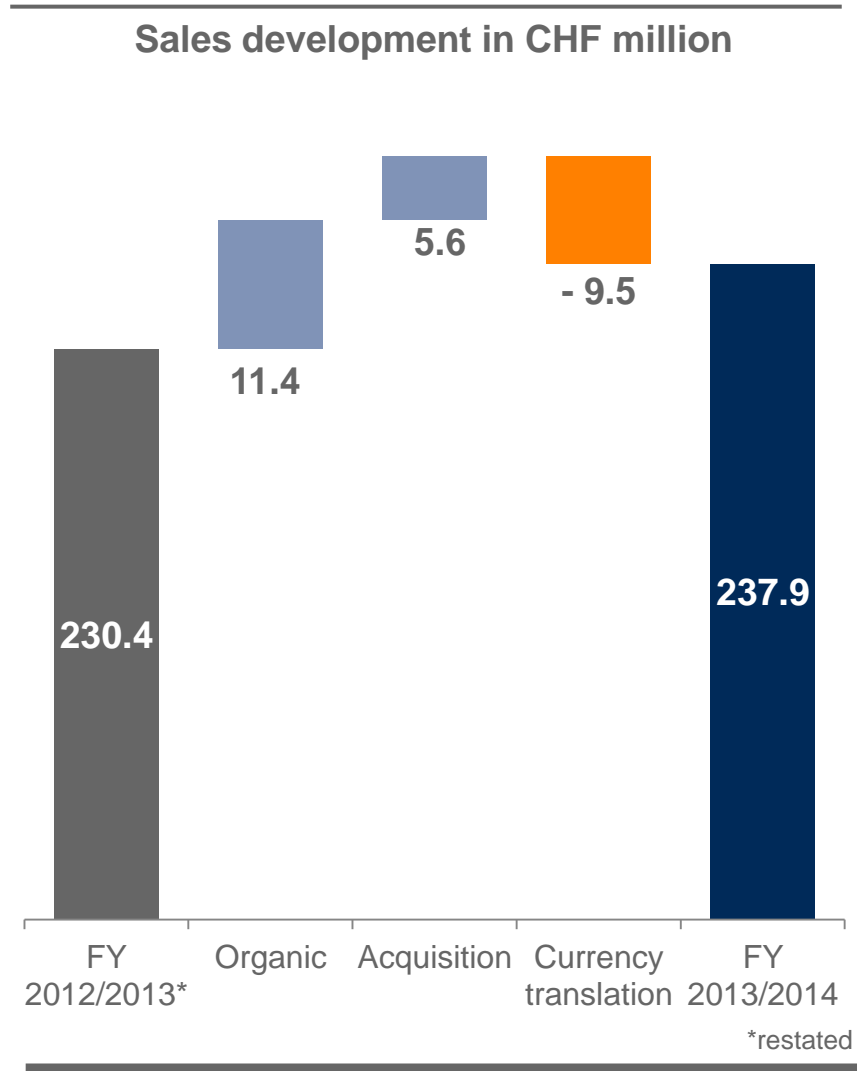
PROFITABILITY / FTE

	FY 13/14	FY 12/13 (restated)
Operating profit before depreciation (EBITDA)	79.5	80.4
EBITDA margin	13.5%	14.2%
Operating profit (EBIT)	60.3	61.6
EBIT margin	10.2%	10.9%
FTE	5,173	5,001



- > Organic growth: 5.2%
- > Profitability increased again, with strong EBITDA margin
- > Hospitality (hotel locks) performs particularly well
- > Business with U.S. Government good

Sales development in CHF million

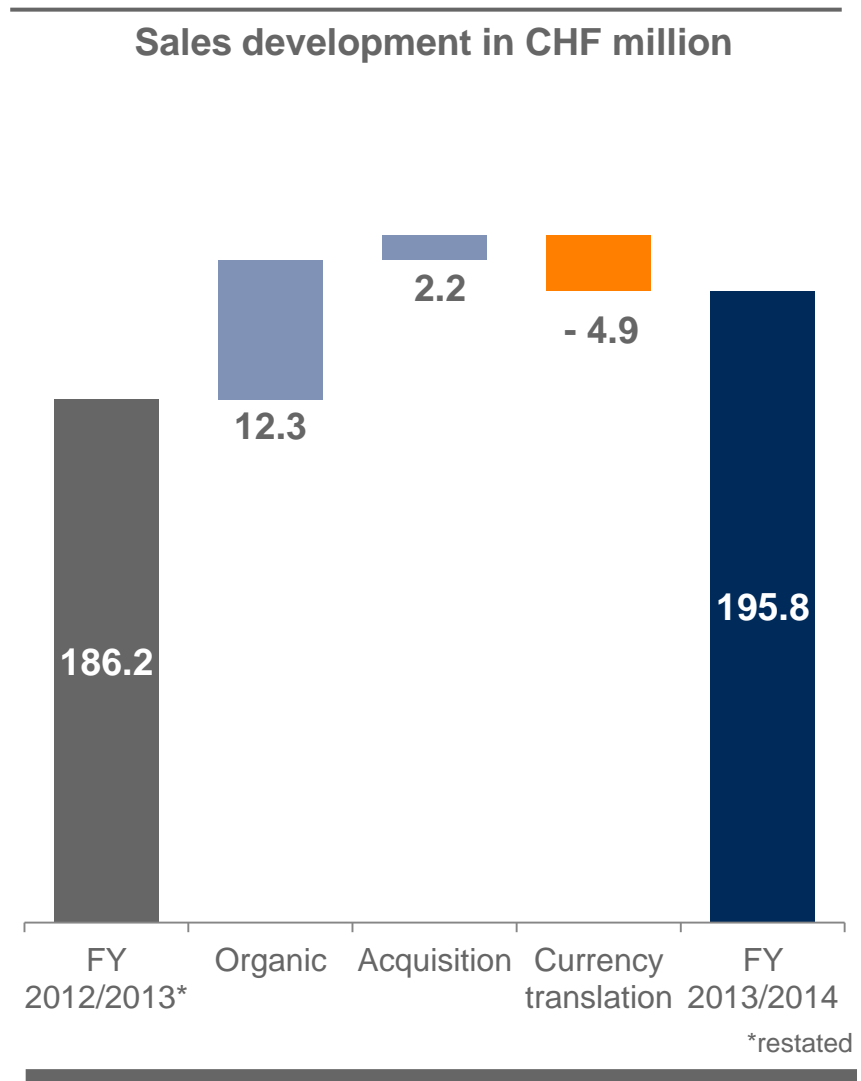


PROFITABILITY / FTE

	FY 13/14	FY 12/13 (restated)
Operating profit before depreciation (EBITDA)	70.5	66.8
EBITDA margin	29.6%	29.0%
Operating profit (EBIT)	66.0	62.1
EBIT margin	27.7%	27.0%
FTE	1,016	926

- > Organic growth: 6.8%
- > Profitability improved yet again
- > Strong market position expanded
 - > Increased market share in emerging markets of South America and Asia
 - > Market share held in mature markets

Sales development in CHF million



PROFITABILITY / FTE

	FY 13/14	FY 12/13 (restated)
Operating profit before depreciation (EBITDA)	31.8	29.7
EBITDA margin	16.3%	16.0%
Operating profit (EBIT)	27.1	25.0
EBIT margin	13.9%	13.4%
FTE	1,440	1,366

DESIGN TECHNOLOGY INNOVATION

FY 2013/2014 in review

BEYOND SECURITY



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PROFITABLE GROWTH

Growth

Organic growth

Investment in markets

Investment in innovations

Acquisitions

Criteria

Priorities

Operational efficiency

Process optimization/ Cost structure

Various programs

PROFITABLE GROWTH

Growth

Organic growth

Investment in markets

Investment in innovations

Acquisitions

Criteria

Priorities

- > Geographical expansion:
 - > ADS: build-up market presence in some emerging markets
 - > KS: market share gains in SAM and Asia
- > Global presence of ADS products:
 - > PAS expansion in North America
 - > Hospitality expansion to Europa

PROFITABLE GROWTH

Growth

Organic growth

Investment in markets

Investment in innovations

Acquisitions

Criteria

Priorities

- > Annual amount of R+D investment: above 5% of sales
- > Three classifications for innovation
 - > Sustaining
 - > Efficiency
 - > Disruptive
- > Some products using mobile devices presented

PROFITABLE GROWTH

Growth

Organic growth

Investment in markets

Investment in innovations

Acquisitions

Criteria

Priorities

- > Integration FlexonSilca, Probruck and Task on track
- > 31 July 2014: acquisition majority stake in Dorsët Kaba (India) (ADS) completed
- > Priorities for further acquisitions remain
 - > Emerging markets
 - > White spots in mature markets
 - > Rounding-offs

- > 31 July 2014, ADS EMEA/AP division
- > JV investment increased from 49% to 74%
- > Takeover of three additional businesses **adds three production sites** and **four regional offices**, with about 1,000 employees
- > **Established extensive distribution network** in India
- > Active in the Indian market in two product areas: builder hardware and security systems
 - > Builder hardware: lock sets, mortise locks, lever handles etc.
 - > Security systems: high security cylinders, physical access systems, tripod barriers etc.



PROFITABLE GROWTH

- > Procurement
 - > Cost savings effects
 - > Supplier Code of Conduct
- > Lean manufacturing
 - > KS: further improvements show in increased EBITDA margin
 - > ADS: programs running
- > Pricing
 - > First program successfully implemented, more to follow

Operational efficiency

Process optimization/
Cost structure

Various programs

CUSTOMER ORIENTATION

DESIGN

Financial results FY 2013/2014

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- > P+L reporting switched from “type of cost” to “functional cost”
- > Items affecting comparability no longer shown as a separate line item in P+L
- > First time adoption of IAS 19 revised

Figures of previous periods restated accordingly

> Net sales growth	4.1% (PY: 1.8%)
> Organic growth*	5.2% (PY: - 1.0%)
> Acquisition growth	1.6% (PY: 0.1%)
> Currency effect on sales	- 2.6% (PY: 2.7%)
> Currency effect on EBITDA	- 2.2 million (PY: 3.3 million)
> EBITDA margin	15.5% (PY: 15.9%)
> Net profit	CHF 84.6 million (PY: CHF 85.3 million)
> Earnings per share	CHF 22.3 (CHF 22.4)

*organic growth = growth in local currency, excl. acquisitions

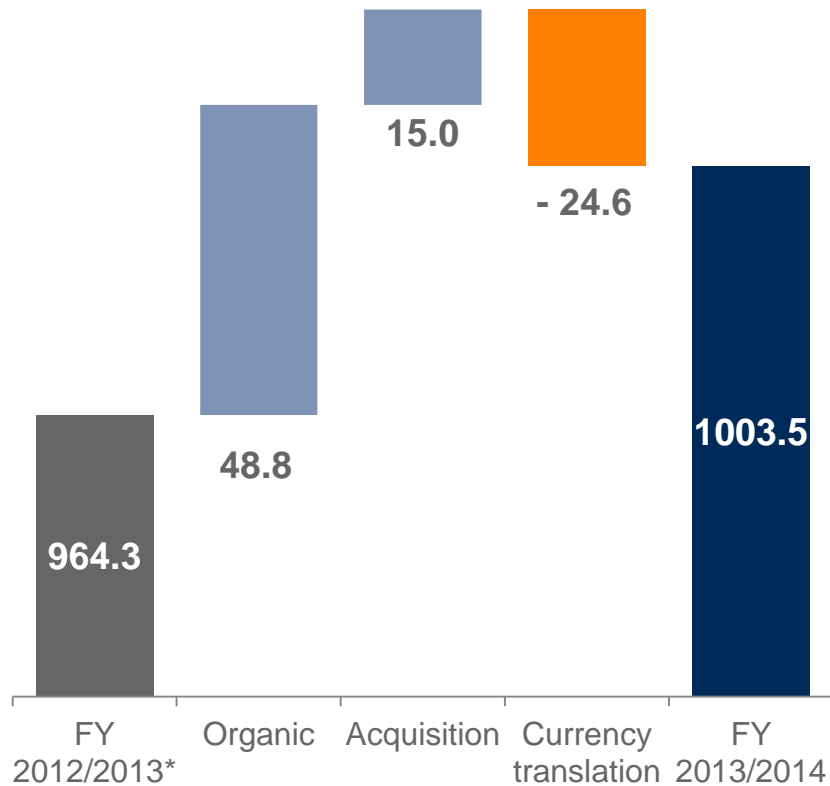
Consolidated income statement (1)



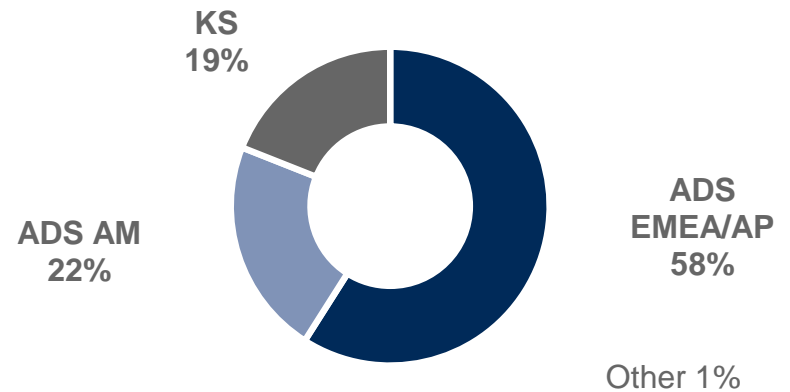
in CHF million	FY 2013/2014		FY 2012/2013 (restated)	
		%		%
Net sales	1,003.5	100.0	964.3	100.0
Cost of goods sold	- 556.7	- 55.5	- 538.9	- 55.9
Gross margin	446.8	44.5	425.4	44.1
Other operating income, net	7.9	0.7	11.0	1.1
Sales & marketing	- 178.0	- 17.7	- 170.2	- 17.6
General administration	- 100.5	- 10.0	- 96.0	- 10.0
Research & development	- 52.6	- 5.2	- 48.7	- 5.0
Operating profit (EBIT)	123.6	12.3	121.5	12.6
Financial result, net	- 6.7	- 0.6	- 7.0	- 0.7
Income taxes	- 32.7	- 3.3	- 31.0	- 3.2
Discontinued operations	0.0		1.5	
Net profit	84.6		85.3	
Operating profit before depreciation (EBITDA)	155.3	15.5	152.9	15.9
Earnings per share in CHF	22.3		22.4	

SALES DEVELOPMENT FY 2013/2014

Sales development in CHF million



Third-party sales by divisions



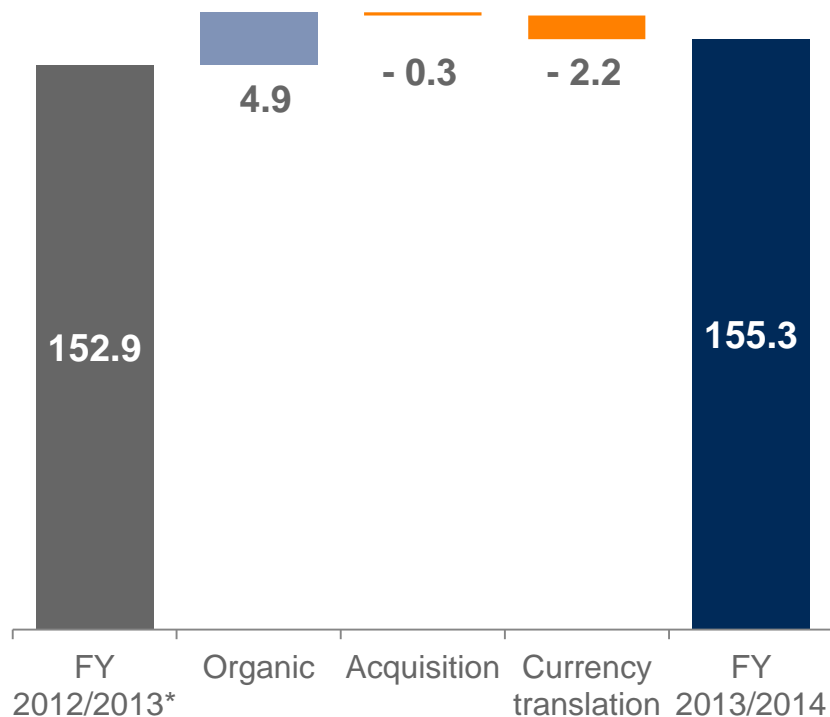
FX development (average rate)

	FY 2013/2014	FY 2012/2013	Change
EUR	1.23	1.23	+ 0.0%
USD	0.90	0.94	- 4.3%

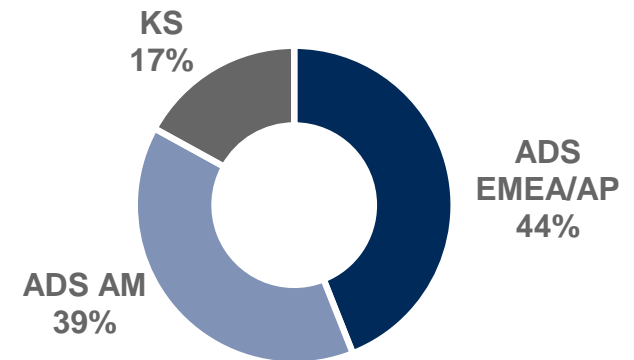
*restated

EBITDA DEVELOPMENT FY 2013/2014

EBITDA development in CHF million



EBITDA contributions by divisions



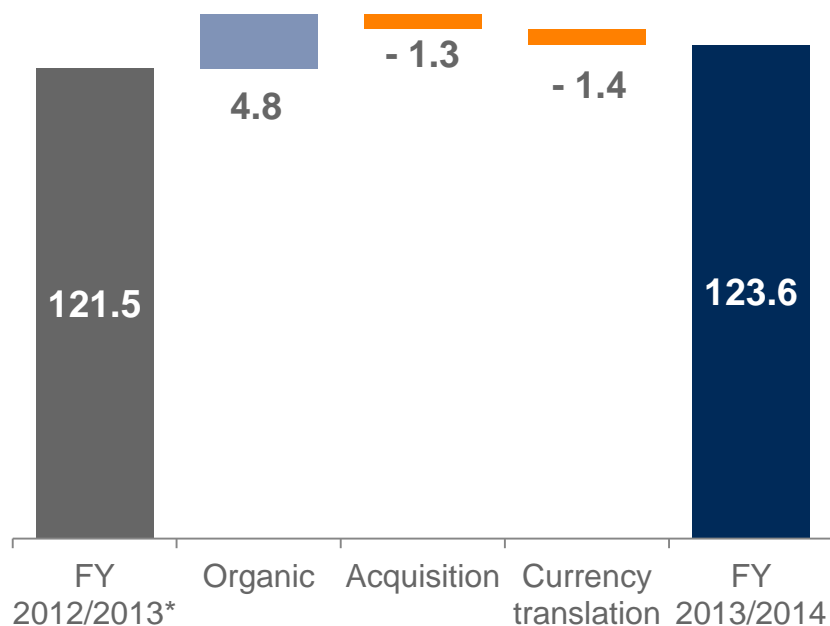
EBITDA margins

EBITDA in % sales	FY 13/14	FY 12/13*
ADS EMEA/AP	13.5	14.2
ADS AM	29.6	29.0
Key Systems (KS)	16.3	16.0
Kaba Group	15.5	15.9

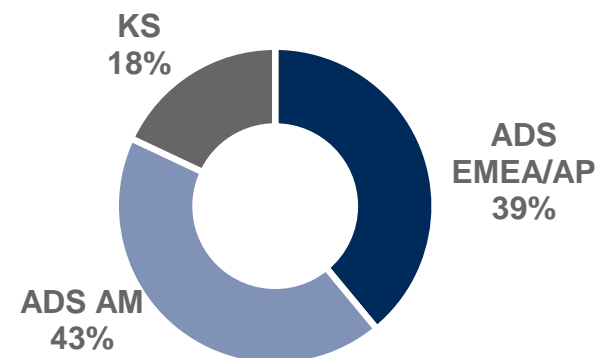
*restated

EBIT DEVELOPMENT FY 2013/2014

EBIT development in CHF million



EBIT contributions by divisions



EBIT margins

EBIT in % sales	FY 13/14	FY 12/13*
ADS EMEA/AP	10.2	10.9
ADS AM	27.7	27.0
Key Systems (KS)	13.9	13.4
Kaba Group	12.3	12.6

*restated

in CHF million	FY ended 30.06.2014	FY ended 30.06.2013 (restated)
Total current assets	445.3	495.8
Tangible assets	156.8	158.6
Intangible assets	314.5	280.7
Other non-current assets	30.1	29.1
Total assets	946.7	964.2
Current liabilities	259.8	296.8
Non-current liabilities	92.0	83.6
Total liabilities	351.8	380.4
Equity	594.9	583.8
Equity ratio	62.8%	60.5%

- > B/S further strengthened and deleveraged
- > Net liquidity reduced due to acquisitions and repayment of financial debts

in CHF million	FY ended 30.06.2014	FY ended 30.06.2013 (restated)
Net cash from operating activities	105.0	110.2
Net cash used in investing activities	- 69.0	- 29.7
Free cash flow	36.0	80.5
Net cash flows from financing activities	- 93.4	- 63.5
Increase (decrease) in cash	- 61.8	16.7
Cash at end of period	80.5	142.3
Operating cash flow margin*	10.5%	11.4%

- > Net cash from operating activities includes payments of tax liabilities relating to prior years mainly in Germany
- > Net cash used in investing activities includes the acquisition of Probruck (China) and Task (Brazil), as well as normal capex investments
- > Net cash flow from financing activities: impacted by a higher dividend payment and repayments of financial debts

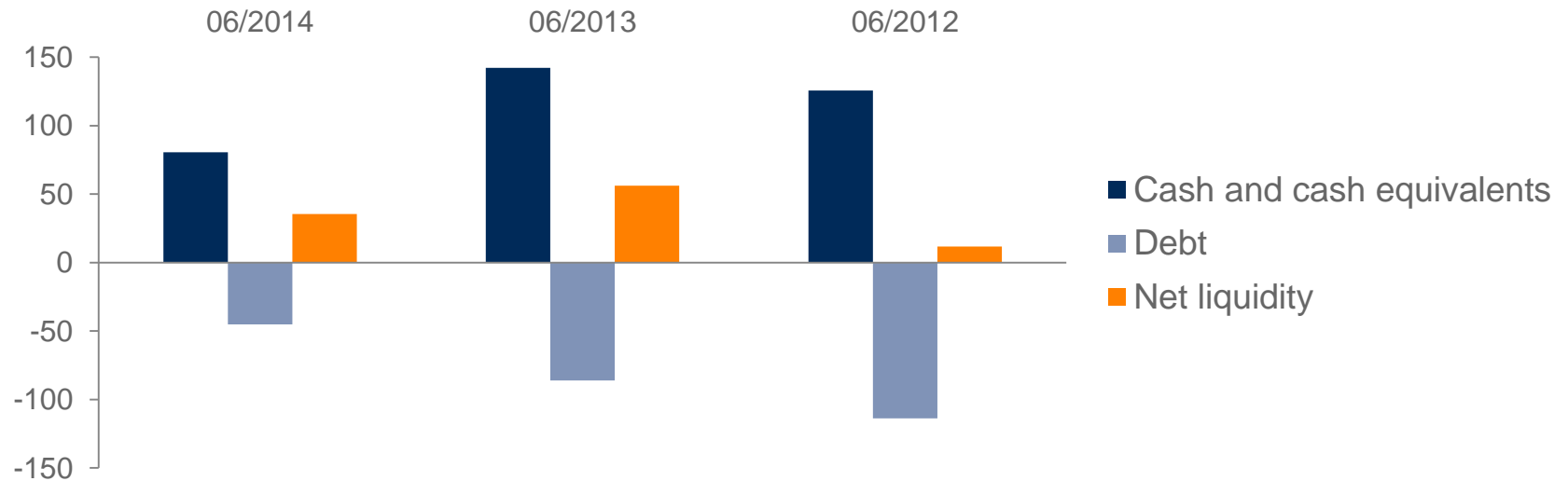
*net cash from operating activities/net sales

Net liquidity and gearing



in CHF million	FY ended 30.06.2014	FY ended 30.06.2013 (restated)	FY ended 30.06.2012
Net debt*	- 35.4	-56.1	- 11.7
EBITDA	155.3	152.9	151.2
Gearing	- 0.2	- 0.4	- 0.1

*-net debt = net liquidity



POLICY

- > 40% - 60% of consolidated net profit
- > Consolidated net profit CHF 84.6 million, pay-out CHF 42.0 million

	CHF per share	CHF million	in % of net profit
2010: regular pay-out	7.00	26.6	30.7%
2011: double pay-out (CHF 7.00 + 7.00) due to sale of Door Systems	14.00	53.2	24.1%
2012: pay-out incl. extra dividend CHF 2.00	9.00	34.2	41.2%
2013: regular pay-out	11.00	41.9	49.1%
2014: regular pay-out proposal	11.00	42.0	49.6%

Proposed dividend leads to the following yields: low 2.5% / high 3.1%

(based on share prices 2013/2014: low CHF 356 / high: CHF 447)

Pay-out from reserve from capital contribution

(balance today: CHF 433.5m)

INNOVATION

DESIGN

SUSTAINABILITY

Switch to Swiss GAAP FER

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Consolidated balance sheet – assets



in CHF million	IFRS Reporting period ended 30.06.2014	%	FER Reporting period ended 30.06.2014	%	Variance
Current assets					
Cash and cash equivalents	80.5	8.5	80.5	12.4	
Trade receivables	178.2	18.8	178.2	27.4	
Inventories	165.2	17.5	165.2	25.4	
Current income tax assets	4.0	0.4	4.0	0.6	
Other current assets	17.4	1.8	17.4	2.7	
Total current assets	445.3	47.0	445.3	68.5	
Non-current assets					
Property, plant and equipment	156.8	16.6	156.8	24.1	
Goodwill and other intangible assets	314.5	33.2	18.7	2.9	- 295.8
Investments in associates	3.2	0.3	3.2	0.5	
Non-current financial assets	17.7	1.9	17.2	2.6	- 0.5
Deferred income tax assets	9.2	1.0	9.1	1.4	- 0.1
Non-current assets	501.4	53.0	205.1	31.5	
Total assets	946.7	100.0	650.3	100.0	

Excel download at: www.kaba.com/key-figures

Consolidated balance sheet – liabilities



in CHF million	IFRS Reporting period ended 30.06.2014	%	FER Reporting period ended 30.06.2014	%	Variance
Current liabilities					
Current borrowings	40.0	4.2	40.0	6.2	
Trade payables	54.6	5.8	54.6	8.4	
Current income tax liabilities	11.8	1.2	11.8	1.8	
Accrued and other current liabilities	138.4	14.6	138.4	21.3	
Provisions	15.0	1.6	15.0	2.3	
Total current liabilities	259.8	27.4	259.8	40.0	
Non-current liabilities					
Non-current borrowings	5.1	0.5	5.1	0.8	
Accrued pension costs and benefits	57.6	6.1	41.7	6.4	- 15.9
Deferred income tax liabilities	29.0	3.1	16.4	2.5	- 12.6
Provisions (non-current)	0.0	0.0	-	0.0	
Other non-interest bearing liabilities	0.3	0.0	0.3	0.0	
Total non-current liabilities	92.0	9.7	63.5	9.8	
Total liabilities	351.8	37.2	323.3	49.7	
Total equity	594.9	62.8	327.0	50.3	- 267.9
Total liabilities and equity	946.7	100.0	650.3	100.0	

DESIGN

COMFORT EFFICIENCY

Guidance FY 2014/2015

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	Guidance as of 12 September 2014
Market development	Europe: moderate growth Americas: fair growth Asia Pacific: moderate growth
Net sales organic* growth	3.0% - 5.0%, provided stable economies
EBITDA margin	On level of 2013/2014 financial year, provided stable economies

*in local currency

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COMFORT EFFICIENCY

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- > **Summary and outlook** **Riet Cadonau**

- > **Organic* growth:** good on Group level (5.2%) and within all three divisions
 - > ADS EMEA/AP 4.9%
 - > ADS Americas 5.2%
 - > Key Systems 6.8%
- > **Profitability:** very good at ADS Americas and Key Systems, at ADS EMEA/AP impacted by investments
- > **Strong balance sheet**
- > **Guidance for FY 2014/2015 (provided stable economies):**
 - > Organic* growth of 3.0% to 5.0%
 - > EBITDA margin expected on level of FY 2013/2014

*in local currency

ON TRACK FOR SUSTAINABLE PROFITABLE GROWTH

We will continue to invest above-average in markets, product innovation and infrastructure in order to develop our market positions and to strengthen our long-term competitiveness.

We invite you to the

Capital Market Day 13 November 2014

at the production site of Kaba Switzerland
in Wetzikon.

Invitations to be sent out at beginning of October 2014

- > Annual General Meeting 28 October 2014
- > Capital Market Day 13 November 2014
- > CS Swiss Equity Midcap Conference 20 November 2014
- > Helvea Swiss Equities Conference 16 January 2015
- > Publication and presentation of half-year results 2014/2015 4 March 2015

ANNUAL RESULTS

2013/2014

Thank you for your attention!

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- > 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,
- > currency and raw material price fluctuations,
- > the Company’s ability to recruit and retain qualified employees,
- > political risks in countries where the Company operates,
- > changes in applicable law,
- > and other factors identified in this publication.

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