

For the 2018/19 financial year, dormakaba expects an EBITDA margin in the range of 16.0% to 16.5%. This improvement will be driven by cost synergies from the post-merger integration, additional improvements of the companies' cost base, and benefits from sales excellence measures. In addition, the company expects to see an organic sales growth rate in line with the previous year.

Thanks

On behalf of the Board of Directors and the Executive Committee we would like to thank all our customers and business partners for the confidence in our products, solutions and services. We would also like to thank our shareholders and bondholders for their trust in dormakaba. We value our regular and intensive exchange which allows us to continuously adapt and improve.

2017/18 was an intense year with a high workload for all our teams. Therefore, we would like to thank our associates for their strong contribution and dedication to further develop our company.

dormakaba is very well positioned in the market for access and security solutions. We want to take advantage of this position to achieve further profitable growth.

Yours sincerely,



Ulrich Graf
Chairman of the Board of Directors



Riet Cadonau
CEO

Farewell message from the Chairman

Dear shareholders,

Twelve years have passed since I took office as the Chairman of Kaba's Board of Directors back in 2006, after leading the company as its CEO and Delegate of the Board of Directors for many years.

I would like to take this opportunity to express my sincere thanks to you, our valued shareholders, for your ongoing support, trust and confidence you have given to me over the years at our company. It was a great honor for me to serve in various executive and non-executive roles for dormakaba and I am proud of what our company has become today.

With the beginning of the new financial year 2018/19 dormakaba's post-merger integration process has largely been completed, and now is the right time to lay the responsibility for the company into new hands at the forthcoming Annual General Meeting. I am convinced that my designated successor Riet Cadonau, with his comprehensive expertise and deep knowledge of the company, will prove to be an excellent Chairman of dormakaba's Board of Directors.

I wish dormakaba, all its shareholders, employees, and business partners and last but not least my colleagues in the Board of Directors and the entire management team all the best and continuing success for the future.

Yours sincerely,



Ulrich Graf

Letter to the shareholders

Dear shareholders,

The 2017/18 financial year was characterized by the final stage of the post-merger integration process to dormakaba. Since September 2015, we have established a new operating model for our company, with new processes, roles, and organizational structure. Furthermore, we have achieved more than 80% of the planned legal entity consolidation, have rolled out and strengthened our new master brand dormakaba and have managed the change process in our organization with activities such as some hundreds of workshops and townhall meetings.

With the final stage of the post-merger integration, we have strategically repositioned dormakaba to a globally trusted partner for products, solutions and services for access to buildings and rooms from a single source. The underlying industrial logic of our merger is confirmed in daily interactions with customers and partners, who benefit from our comprehensive product portfolio, our strengthened presence in all our relevant markets, but particularly in Asia Pacific and the Americas, as well as from our presence throughout the whole building construction cycle.

In 2017/18, the integration process has largely been completed in most countries as foreseen. However, business and performance in Germany and the US was impacted more than expected by the integration process. Part of the efficiency gains in Germany will only be achieved with a delay; this is mainly due to the socially acceptable measures relating to job reductions agreed to with the social partners. As of 30 June 2018, globally, about 80% of the targeted headcount reduction was achieved, and we reached about 70% of the envisaged post-merger integration cost synergies of CHF 70 million.

In light of the progress made with regards to integration, results for the 2017/18 financial year were solid but did not meet our expectations. Consolidated net sales increased by 12.7% to CHF 2'841.0 million (previous year CHF 2'520.1 million). The organic sales growth for the 2017/18 financial year amounted to 2.6%.

The contribution of the individual segments varied greatly. AS APAC once again performed very well, and the newly formed Key & Wall Solutions segment posted good business results. The improvement in results at AS EMEA, by contrast, was not as good as expected, while AS AMER and AS DACH performed distinctly below expectations. This was due to specific developments in certain regional markets, as well as to the fact that the organization was more absorbed by the integration than expected.

The EBITDA rose by 11.3% to CHF 431.0 million (previous year CHF 387.3 million), with an EBITDA margin of 15.2% (previous year 15.4%). All acquisitions since the dormakaba merger have positively contributed to these results, with a particularly positive impact on profitability.

dormakaba closed the financial year 2017/18 with a 6.3% increase in net profit to CHF 238.7 million (previous year CHF 224.6 million). Based on this result, the Board of Directors proposes to the Annual General Meeting a dividend payment of CHF 15.00 per registered share for the 2017/18 financial year, paid out from reserves from capital contributions. This represents an increase by CHF 1.00 per share compared to the previous year. The amount of the payout is in line with the Board of Directors' targeted pay-out ratio of a minimum of 50% of the consolidated net profit after minority interests.

In the year under review, our customers have again benefited from many newly developed products, solutions and services to make access in their life smart and secure. We have also made good progress on initiatives to further accelerate the digital transformation of our company. We invite you to read more on our highlights at our innovation webpage.

With technology as one of our growth drivers and innovation leadership as one of our strategic pillars, we continued to invest significantly in research and development in the year under review. Spending including investments increased by 12% to CHF 111 million (3.9% of sales).

Our capacity to innovate has received important outside recognition too. We are proud to be featured in a ranking published by Thomson Reuters in January 2018 as one of the Top 100 Global Tech leaders worldwide, being the only company

of our industry. The study, which has been conducted for the first time, offers a holistic assessment of today's leading tech companies. The high scores in the indicators examined in the study are an acknowledgement of our approach to develop our company sustainably – with a balanced focus on financial performance and innovation.

dormakaba defines sustainability as one of its key success factors. That is why sustainability has been anchored as one of the two foundations of our strategic pillars. We are committed to foster a sustainable development along our entire value chain in line with our economic, environmental, and social responsibilities toward current and future generations. In 2017/18, we have again made good progress in building our sustainability initiatives. We invite you to read more on how we contributed to sustainable development in our Sustainability Report 2017/18.

Portfolio management activities: acquisitions and divestments

In 2017/18, we further adjusted our business portfolio to strengthen our core business. In the year under review, we sold both Dorma Beschlagtechnik (Germany) and GMT (China). In addition, we reached an agreement with our Indian partner to dissolve the Dorset Kaba joint venture which will support us to further expand profitable growth in the attractive market in India. After the balance sheet date, in July 2018, we announced the agreement to sell our 40% minority shareholding in ISEO as a result of a re-assessment of the strategic position after the dormakaba merger.

At the same time, we acquired Kilargo (Australia), Skyfold (Canada), the Commercial Building Physical Access Solutions business from Cambaum Group (China) as well as Klaus Group (Peru), expanding our presence and offering in the respective markets.

Further development of management structure

As of 1 July 2018, the Executive Committee consists of nine members. In the year under review, Stefano Zocca, formerly Chief Operating Officer (COO) Key Systems, took over the leadership of the newly formed Key & Wall Solutions segment, a combination of our previously two smallest segments Key Systems and Movable Walls. Christoph Jacob, the former COO of Movable Walls, stepped down from the Executive Committee and left the company. Dieter Sichelschmidt, formerly COO of AS DACH, retired on 31 December 2017. As of 1 January 2018, Alwin Berninger started as his successor. With the post-merger integration process largely completed, our Chief Integration Officer (CIO) Beat Malacarne also left the company as of 30 June 2018. The Board of Directors and the Executive Committee would

like to thank Christoph Jacob, Dieter Sichelschmidt, and Beat Malacarne very much for their services and their great commitment to dormakaba over many years.

Annual General Meeting of 23 October 2018

At the upcoming Annual General Meeting, Ulrich Graf will not stand for re-election after having served as Chairman of the company for the past twelve years. The Board places great importance on a long-term solution for the succession and has decided unanimously that Riet Cadonau, CEO dormakaba Group, with his extensive industry knowledge and strong leadership qualities, is the ideal candidate to become the future Chairman of dormakaba. Therefore, the Board of Directors proposes to the Annual General Meeting to elect him as a member of the Board of Directors and as its new Chairman. Subject to his election, Riet Cadonau will continue his role as CEO of dormakaba Group for a period of two to a maximum of three years. Hans Hess, member of the Board of Directors, stands for re-election, and is to assume the roles of Lead Independent Director and Vice-Chairman. Following the announcement of Elton SK Chiu not to stand for re-election, the Board of Directors is proposing that Jens Birgersson be elected as new member of the Board of Directors. All other acting members of the Board of Directors will stand for re-election for a term of office of one year. Furthermore, Rolf Dörig, Hans Gummert and Hans Hess will stand for re-election as members of the Compensation Committee.

Outlook

The Board of Directors wants to further strengthen dormakaba with respect to innovation and digitalization through targeted investments, even if, in light of the results for the past financial year and the delay in integration particularly in Germany and the US, this means that dormakaba will achieve its medium-term financial targets only at a later point in time. In line with the long-term strategy, dormakaba will continue to invest significantly in innovation as well as allocate substantial additional funds to digital transformation in the coming years. Digitalization in today's times is a challenge for any company. dormakaba sees it primarily as an opportunity and is convinced that these investments are vital for a sustainable business development to the benefit of its shareholders, customers and employees.

As a result, dormakaba aims to achieve its targeted EBITDA margin of 18% at the latest by 2020/21 instead of the 2018/2019 financial year, provided the business environment is stable. Also by 2020/21, organic sales growth should be 200 basis points above the GDP growth in dormakaba's relevant markets.