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Kaba aims to increase efficiency and harness innovation in order to make best use of market potential

- > Innovation leadership in Access + Data Systems and Safe Locks; cost leadership in Key Systems
- > Increased efficiency and sustainable cost reductions
- > Additional growth through targeted acquisitions
- > Mid-term target: 18% EBITDA margin in 2014/2015

Kaba's corporate strategy is focused on profitable growth, with an emphasis on innovation leadership in the Access Control sector (Access + Data Systems, Safe Locks) and on cost leadership in the Key Systems sector. Since 1 July 2011, the old Access + Data Systems segment structure has been split into two new segments: Access + Data Systems EMEA/Asia Pacific and Access + Data Systems Americas.

A total of CHF 18.1 million is being invested in improving operational performance and increasing efficiency, especially in the Access + Data Systems EMEA/Asia Pacific segment, with the aim of reducing the 2010/2011 level of costs by CHF 10 million from 2013/2014 onwards. In addition to its organic growth, Kaba is pursuing a targeted, value-oriented acquisition strategy. This is being implemented primarily in the two Access + Data Systems segments and in Safe Locks (part of the Industrial Locks segment) in the next two years.

Kaba's strategic focus is on four major market trends: ongoing urbanization around the world, the increasing prosperity of a growing middle class, a rising need for security, and rapid technological progress.

Kaba aims to achieve an EBITDA margin at Group level of 18% in 2014/2015, compared with 16% in 2010/2011. This is predicated on an expected economic downswing that would have its main impact on Kaba in 2012/13.

Access + Data Systems EMEA/Asia Pacific (ADS EMEA/AP)

In the ADS EMEA/AP segment, Kaba occupies a very solid market position in Europe, where it sells products and services including mechanical and electronic access controls, physical access systems and workforce management tools. In order to leverage the available market potential more effectively and gain market share, measures have been initiated to improve operational performance and increase efficiency. Activities in the growth markets of the Asia-Pacific region are also being intensified.

The aim in the ADS EMEA/AP segment is to generate total sales of CHF 500 to 530 million in 2014/2015 and achieve an EBITDA margin of 16% to 17% (2010/2011: CHF 466.5 million sales, 14.2% EBITDA margin).

Access + Data Systems Americas (ADS Americas)

With its ADS Americas segment, Kaba is one of North America's leading providers of locking systems for hotels as well as multihousing, public and commercial buildings. Kaba's strategic focus is on building up its hotel locking business globally.

Kaba wants to achieve total sales of CHF 130 to 140 million in this segment in the 2014/2015 financial year, and an EBITDA margin of 21% to 23% (2010/2011: CHF 132.9 million sales, 21.6% EBITDA margin).

Industrial Locks

In the Industrial Locks segment, Kaba, with its Safe Locks business, is the world's leading manufacturer of electronic high-security and safe locks. The Safe Locks unit is already well-known for being a leading innovator, and it should profit from an increasing demand for higher security standards, especially in the transport industry.

Kaba's target for the Industrial Locks segment is to generate total sales of CHF 170 to 180 million in 2014/2015, with an EBITDA margin of 28% to 30% (2010/2011: CHF 171.9 million sales, 28.9% EBITDA margin).

Key Systems

Kaba is aiming for cost leadership in the Key Systems segment in years to come. Further optimization of production processes and increased global sourcing should improve productivity, while distribution should be made more efficient in growth markets. Kaba's leading market position as a provider of key blanks and key cutting machines should be further reinforced through ongoing adjustment of the product portfolio. This will allow Kaba to exploit high growth in emerging markets to the full.

The Key Systems segment is aiming for total sales of CHF 200 to 210 million in 2014/2015, and an EBITDA margin of 13% to 14% (2010/2011: CHF 198.5 million sales, 13.6% EBITDA margin).

Cost reductions through targeted measures to increase efficiency

As part of the NOVA investment program, Kaba is investing a total of CHF 18.1 million over the next three years in order to achieve significantly greater efficiency, mainly in the ADS EMEA/AP segment. CHF 5.0 million of this total investment is being used for IT, and CHF 0.5 million for building up distribution capacities in the Asia-Pacific region. CHF 9.6 million is being devoted to the simplification and harmonization of overhead functions and processes in this segment, and CHF 3.0 million is for external project costs. These efficiency measures have already been initiated. In 2012/2013 Kaba expects to see a cost saving of CHF 5 million and from 2013/2014 onwards of CHF 10 million compared with 2010/2011.

Additional growth through acquisitions

Kaba aims to consolidate its expertise and leading market position in the two Access + Data Systems segments and in Safe Locks by making targeted, value-focused acquisitions. It also wants gradually to increase the Group's share of the worldwide Access Control market. The main priorities here are acquisitions in emerging and vertical markets.

Kaba is well placed financially and has a healthy balance sheet structure

Kaba is a financially healthy company. On 30 June 2011, Kaba's accounts showed total assets of CHF 865.7 million and an equity ratio of 52.8%. Its net debt was reduced to CHF 32.8 million in

2010/2011 (previous year: CHF 232.7 million). The Group also generates a consistently high operational cash flow.

Guidance at Group level for financial years 2011/2012 and 2014/2015

Despite general expectations of economic weakness this financial year, Kaba, as a relatively late-cycle company, estimates that it will achieve currency-adjusted growth of 5% in 2011/2012 (including the effects of the small acquisitions made in 2010/2011) and an EBITDA margin at the previous year's level.

It seems at the moment that the year after that will see a further cooling in the global economy, which would result in a moderate growth of around 0% to 1% in 2012/2013. The company will react after a delay to a gradual recovery in economic conditions, so Kaba is estimating organic growth of 3% to 4% in 2013/2014.

Assuming that the economic environment improves significantly from 2014, Kaba expects to see organic growth of around 6% for the 2014/2015 financial year. It also aims to achieve an EBITDA margin of 18% in 2014/2015, compared with 16% in 2010/2011.

SEGMENT RESULTS FOR ACCESS + DATA SYSTEMS

in CHF million	ADS EMEA/AP		ADS Americas		Consolidation		ADS	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Total sales	466.5	463.3	132.9	140.5	- 11.7	- 10.0	587.7	593.8
EBITDA	66.2	62.6	28.7	31.4	-	-	94.9	94.0
in % of sales	14.2%	13.5%	21.6%	22.3%	-	-	16.1%	15.8%
EBIT (before items affecting comparability)	53.9	52.8	25.5	25.5	-	-	79.4	78.3
in % of sales	11.6%	11.4%	19.2%	18.1%	-	-	13.5%	13.2%
Items affecting comparability	- 9.7	-	- 15.1	-	-	-	- 24.8	-
EBIT	44.2	52.8	10.4	25.5	-	-	54.6	78.3
in % of sales	9.5%	11.4%	7.8%	18.1%	-	-	9.3%	13.2%

KABA GROUP SEGMENT RESULTS

in CHF million	ADS		Industrial Locks		Key Systems		Consolidation		Total	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Total sales	587.7	593.8	171.9	169.0	198.5	201.1	- 12.9	- 11.8	945.2	952.1
EBITDA	94.9	94.0	49.7	54.3	26.9	32.5	- 20.6	- 21.7	150.9	159.1
in % of sales	16.1%	15.8%	28.9%	32.1%	13.6%	16.2%	n.a.	n.a.	16.0%	16.7%
EBIT (before items affecting comparability)	79.4	78.3	42.9	46.0	20.0	24.1	- 22.8	- 23.4	119.5	125.0
in % of sales	13.5%	13.2%	25.0%	27.2%	10.1%	12.0%	n.a.	n.a.	12.7%	13.1%
Items affecting comparability	- 24.8	-	-	-	- 3.5	-	- 2.5	-	- 30.8	-
EBIT	54.6	78.3	42.9	46.0	16.5	24.1	- 25.3	- 23.4	88.7	125.0
in % of sales	9.3%	13.2%	25.0%	27.2%	8.3%	12.0%	n.a.	n.a.	9.4%	13.1%

For further information:

Jean-Luc Ferrazzini
 Head of Corporate Communications
 Phone +41 44 818 92 01

ABOUT KABA

Kaba is a globally active, publicly traded security corporation. Kaba specializes in integrated solutions for security, organization and convenience at building and information access points. Kaba is also the world market's number one provider of key blanks, key cutting and coding machines, transponder keys, and high security locks. It is a leading provider of electronic access systems, locks, master key systems, hotel locking systems and security doors. For more information please visit www.kaba.com

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