dormakaba

dormakaba: strong organic growth

First Half of Financial Year 2022/23

Jim-Heng Lee, CEO
Christina Johansson, CFO

Agenda

Results Overview

Growing above expectation

- Strong organic sales growth, mainly driven by pricing
- All segments with good growth, particularly Key & Wall Solutions and Americas; underlying demand was resilient while order backlog and intake provide a solid basis
- Adjusted EBITDA decreased by 4.6%
- Lower adjusted EBITDA margin. Reasons include a negative product mix, an increase in functional costs and slower volume growth due to destocking activities by customers
- Net cash from operating activities doubled
- Net profit decreased due to a lower EBITDA contribution and higher financial expenses

CHF 1,419.8 million
Net sales
(previous year CHF 1,349.6 million)

8.0%
Organic sales growth

CHF 184.6 million
adjusted EBITDA
(previous year CHF 193.5 million)

13.0%
adjusted EBITDA margin
(previous year 14.3%)

CHF 84.9 million
Net profit
(previous year CHF 100.6 million)

7.3%
Operating cash flow margin (previous year 3.7%)

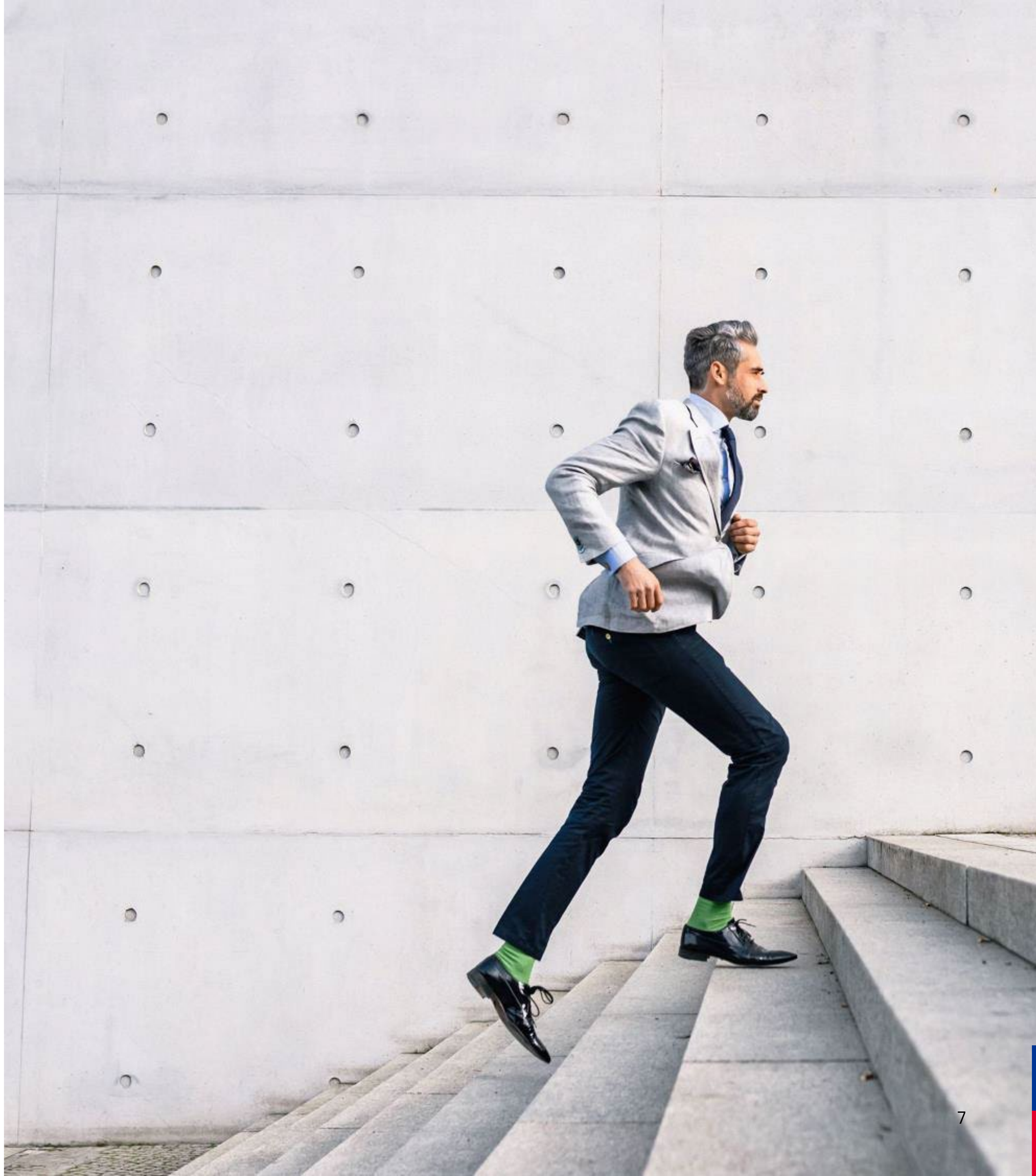
Market Environment and Strategy Update

Low visibility and some uncertainties

- Challenging and fluid macroeconomic environment
- Geopolitical instability that could affect global economic growth (e.g., war in Ukraine)
- Inflation, rising interest rates, higher material and labor costs and a decline in economic activity have unfavorable impact
- Impact of Covid-related restrictions can increase risk of project delays
- Destocking of customers' inventories has impact on performance
- Supply chain shortages ease

Focus areas Shape4Growth

- Reducing complexity and increasing efficiency: e.g., reducing 300 FTEs globally – savings ahead for current financial year
- Transformation of Region Americas by improving organizational set-up and performance in line with S4G operating model; e.g., sales organization in the US (investment in spec-getters and spec-writers)
- Achieving higher levels of operational excellence, such as streamlining global product roadmap with focus on advanced offering
- Focus on core product clusters and countries; e.g., core products cluster with 200 bps outperformance in organic growth compared to group.
- Focusing technology development on digitally connected platform solutions
- Effectively using capital; driving a cost-efficiency program across the organization



Sharpening the portfolio and market strategy in line with our vision for dormakaba's future offering

1. Connectivity

2. Value across the building lifecycle

3. Integration & Ecosystem Play

4. Service

5. Sustainability

Showcasing Lyazon and EntriWorX® (28-31 March 2023)

Launching skyra and showcasing EntriWorX® (17–22 April 2023)

Providing excellence in smart access solutions around the globe

Kempinski Hotels, Dubai, UAE

Becoming an official global supplier of Lodging Systems covering all hotels owned or managed by Kempinski, as well as new projects and external business units.

DJI Sky City, Shenzhen, CN

Contributing to a new part of the skyline of Shenzhen by equipping the customer with over 5,000 single products, ranging from Door Closers to Access Hardware Solutions and Entrance Systems Automatics.

Makkah Clock Tower, Makkah, KSA

Accommodating sophisticated lodging systems in the hospitality sector for one of our customer`s leading properties. The project involved direct consulting in IT matters for a swift solution.

Ticketmaster, Super Bowl, US

Alvarado becoming the entry partner of choice for swift and safe access hardware solutions for the implementation of a 100% mobile ticketing experience and a seamless game day – with the partnership continuing for future events.

Hyatt Regency Jaipur, IND

Providing the facility with sliding door operators, door access solutions, and a high-performing Variflex partitioning system. Adding an ES 200 operator, enabling barrier-free, easy access for all.

Administrative City, Lille, FR

Contributing to five interconnected buildings dedicated to civil operations, with Argus 40 range access control corridors as well as door closers – fostering synergies with two major architectural agencies.

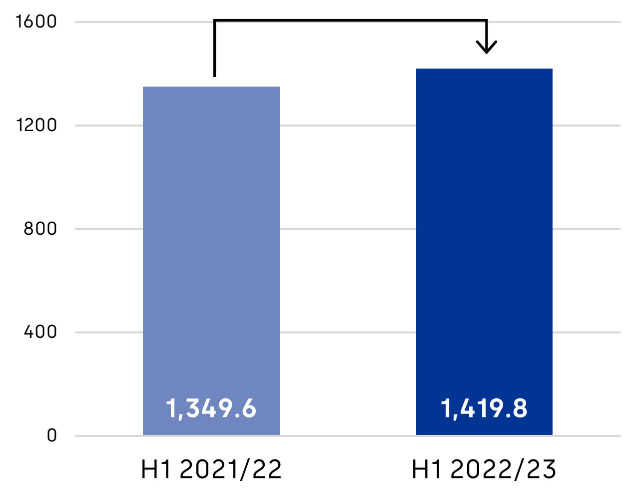
Prestigious recognitions for our sustainability efforts

	Achievement	What is it about?	Rating Company
GOLD 2023 ecovadis Sustainability Rating	Gold Medal	• Top 5% of more than 100,000 companies • Top 2% for labor and human rights in industry comparison • Top 6% in sustainable procurement	• EcoVadis is the world's largest and most trusted provider of business sustainability ratings
Corporate ESG Performance Prime RATED BY ISS ESG	Prime Status	• After evaluating more than 100 industry-specific ESG factors, dormakaba performs extremely well and is awarded Prime Status • dormakaba shares are now eligible for responsible investment by over 3,000 institutional investors and clients of ISS	• Leading ESG rating institute. • It provides data, analysis and insights into corporate performance to build long-term and sustainable growth
CDP DISCLOSURE INSIGHT ACTION	Upgrade to Leadership-Level A-	• Far above the global average of more than 18,700 companies • dormakaba is known for implementing the latest best practices in dealing with climate issues	• CDP runs the global disclosure system to manage environmental impacts. • The world's economy looks to CDP as the gold standard of environmental reporting

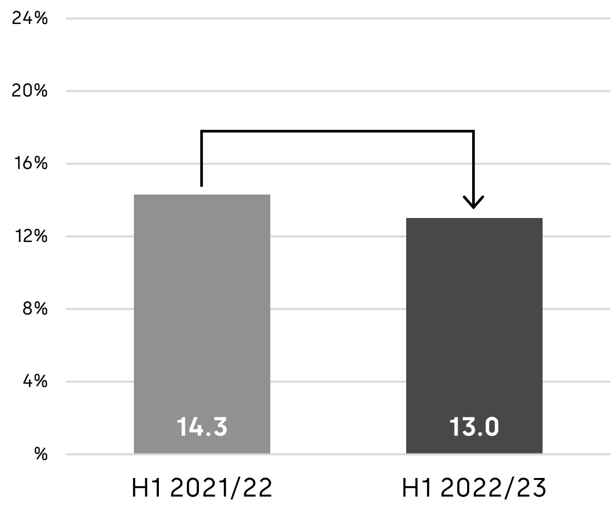
Business Performance HY 2022/23

Strong organic growth, lower adjusted EBITDA margin

Total sales
CHF million
8.0% organic growth[1)]



Adj. EBITDA margin
in % of sales
-130 bps

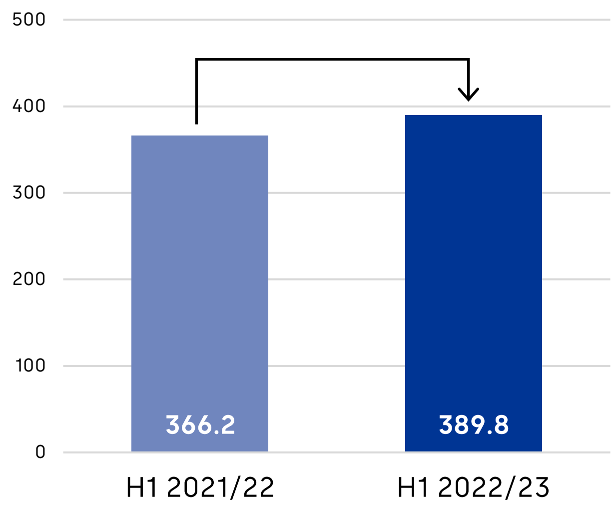


1) Excl. FX, M&A

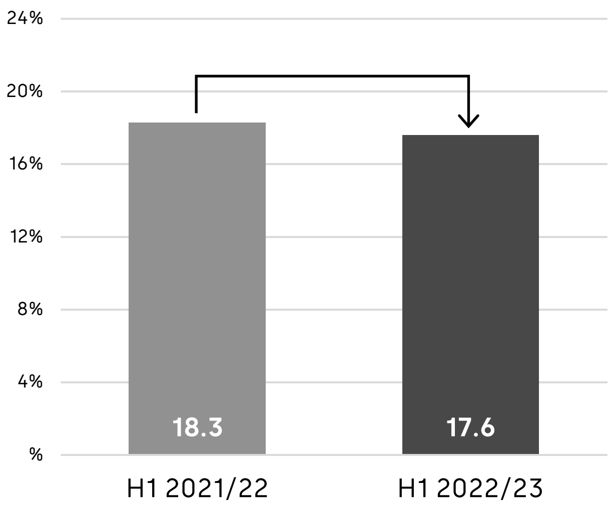
- **Net sales** CHF 1,419.8 million (H1 21/22: CHF 1,349.6 million)
- **Sales growth** 5.2%
- **Organic sales growth** 8.0%
- **Acquisition and divestment effects** 0.2%
- **Currency translation effects** -2.5%
- **Adjusted EBITDA decreased by** 4.6% to CHF 184.6 million (H1 22/23: CHF 193.5 million)
- **Adjusted EBITDA margin 13.0%** (H1 21/22: 14.3%); strong price realizations and further improvement in operational efficiency. Margins under pressure due to a negative product mix, investments in growth initiatives and slower volume growth due to customers destocking inventory
- **Items affecting comparability** CHF 14.0 million (H1 21/22: CHF 12.4 million) mainly related to reorganization and restructuring costs
- **Net profit CHF 84.9 million** (H1 21/22: CHF 100.6 million)

Strong growth driven by recovery in the US commercial construction market

Total sales
CHF million
8.2% organic growth[1)]



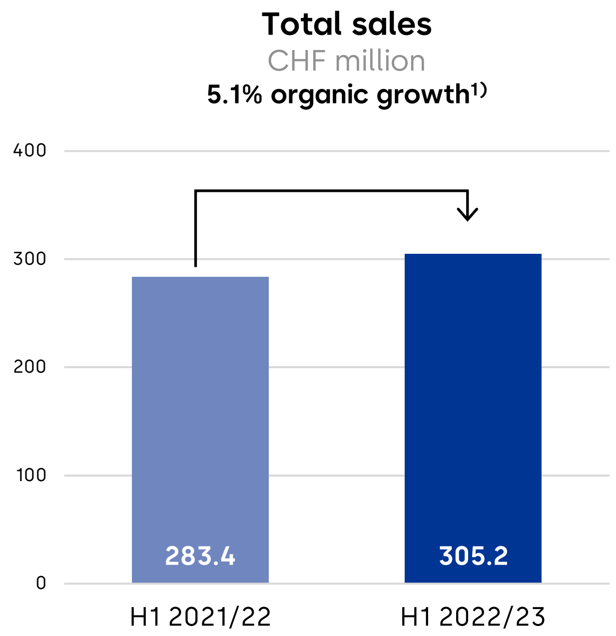
Adj. EBITDA margin
in % of sales
-70 bps



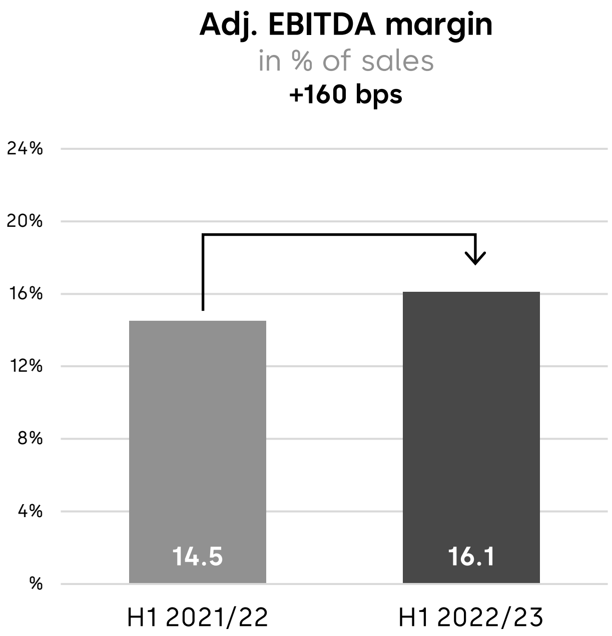
1) Excl. FX, M&A.

- Almost **all markets** and all **product clusters** contributed to increased sales, with double-digit growth in Services, Access Control Solutions, and Access Automation Solutions
- US **commercial construction** activity and **multi-housing** demand as well as **growth in Latin America** was favorable
- **Adjusted EBITDA margin** decreased by **70 bps to 17.6%** which was mainly due to an **unfavorable product mix**, along with **higher raw materials** and **freight costs** that have not yet been fully compensated by price increases
- **Significant expansion of** the **specification writing** team, lifting specification output accordingly

Sales growth driven by volume and price, margin increase due to efficiency

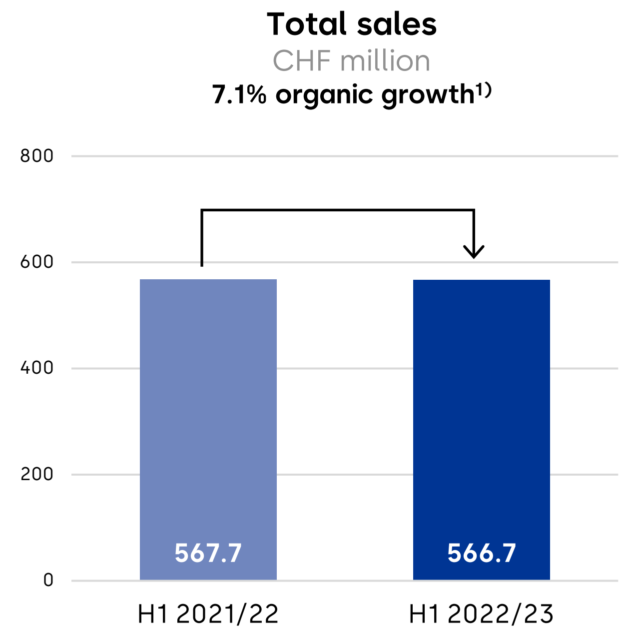


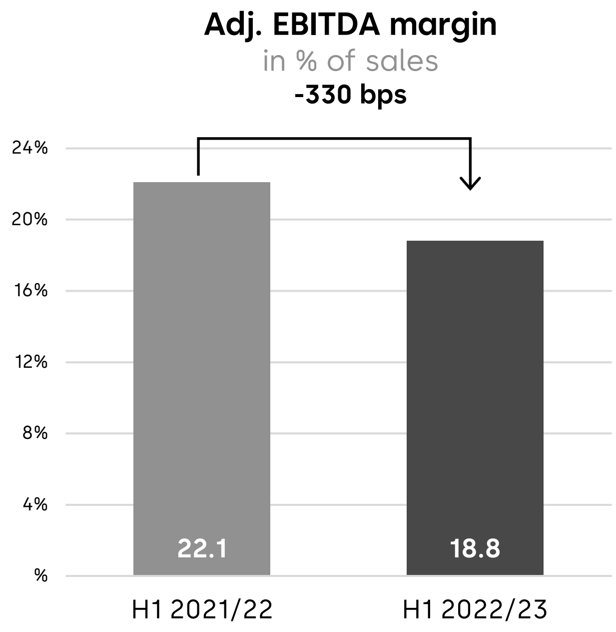
1) Excl. FX, M&A



- **Single-digit organic sales growth** despite the challenging environment in China from continuing Covid-19 restrictions
- **Strong growth in Australia** was supported by the good performance of the Reliance Doors and Best Doors Australia Group (RELBDA), acquired in late 2021
- **All global core products performed well**, including door closers and entrance systems
- **Adjusted EBITDA margin increased** by 160 bps supported by price developments, cost management, and efficiency improvements. These largely **offset negative product mix** effects in some markets and the impact **of higher raw material, freight, and labor costs**

Good organic growth, EBITDA margin under pressure due to inflation



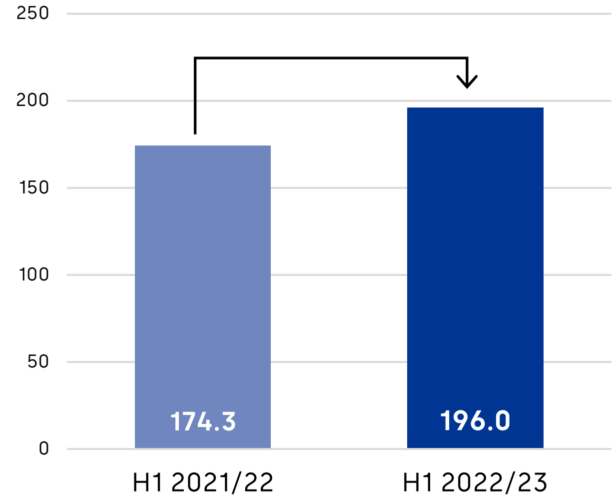


- **Almost all markets experienced solid sales increases** with Germany delivering double-digit growth due to strong project activity and price realizations
- All product clusters showed solid sales growth, led by **double-digit growth for Electronic Access & Data** and **automatic doors**
- Adjusted **EBITDA margin was at 18.8%,** affected by **inflation**, **continued investments** in operational improvements and **lower sales for access door hardware products**
- **Organic growth** was supported by the **latest acquisitions** with a strong focus on Services portfolios, as with Fermatic in France and Alldoorco in the Netherlands
- **Negative currency impact of 7.0%**

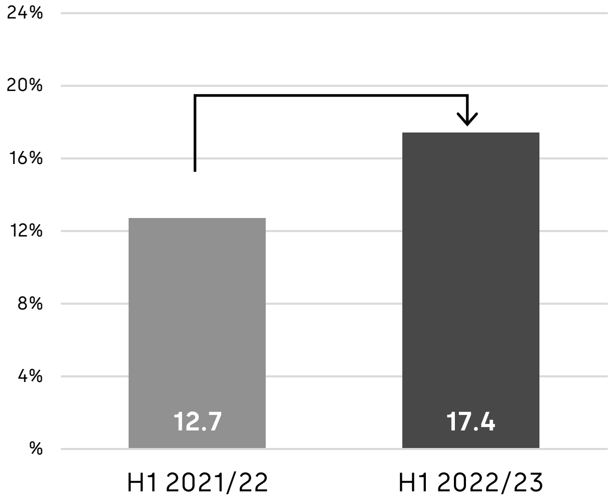
1) Excl. FX, M&A

Strong organic growth and improved margin due to pricing and market share

Total sales
CHF million
14.3% organic growth[1]



Adj. EBITDA margin
in % of sales
+470 bps



1) Excl. FX, M&A

- **Business Unit Key Systems:**
  6.8% organic sales growth with each of its three business lines (Keys, Key Cutting Machines, and Automotive Solutions) and **all geographies contributing**
- **Business Unit Movable Walls:**
  Organic growth of 25.3% as the business continued to convert part of its Covid-related project backlog into sales. Benefits emerged from **market share gains** and an increased market presence
- **Adj. EBITDA margin increased by 470 bps to 17.4%.**
  This increase was largely driven by **improved profitability in the Movable Walls business unit**. Higher sales prices and volumes further compensated for cost inflationary impacts

Financial Results HY 2022/23

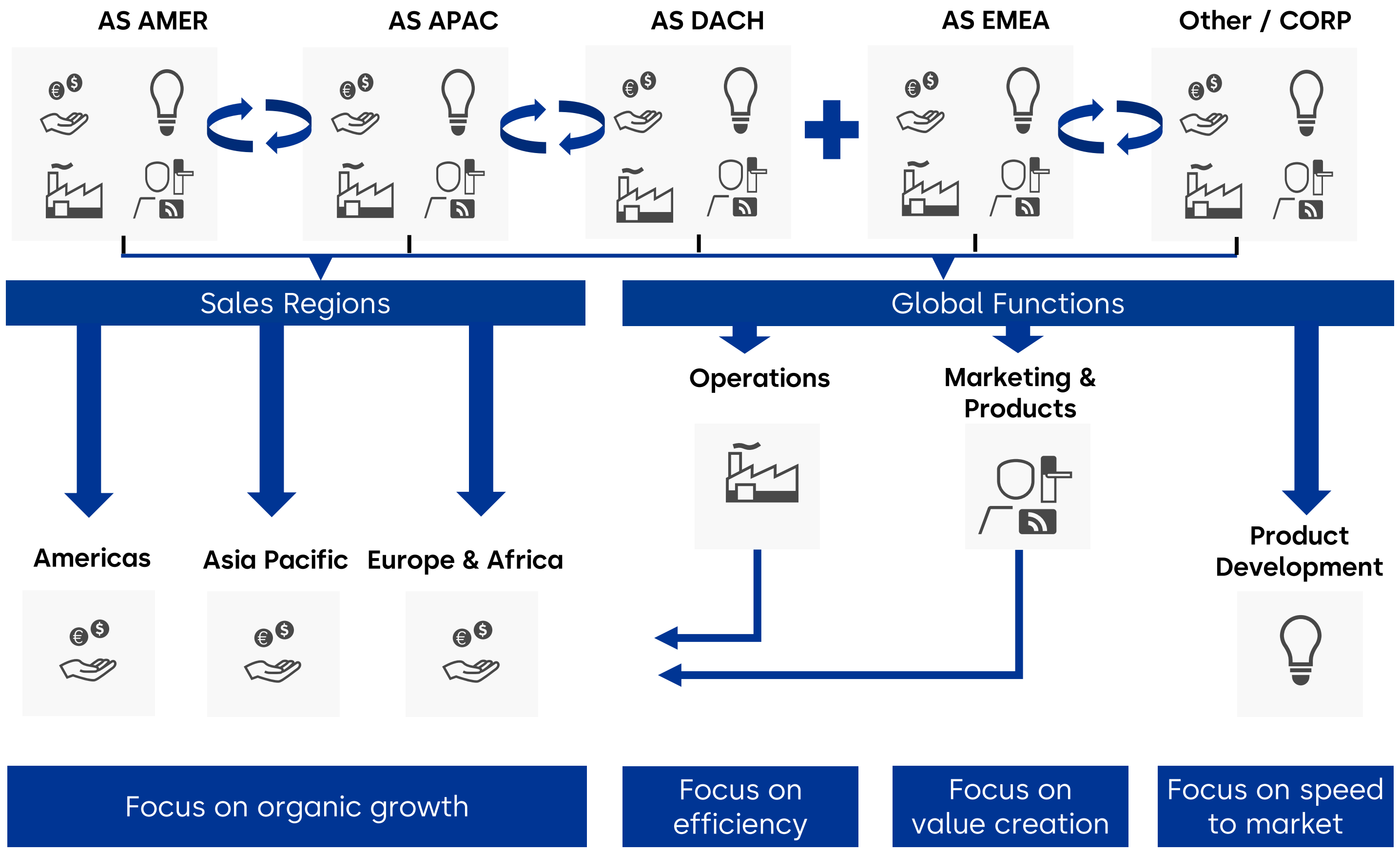
New operating model changes segment reporting

Step 1: Organizational changes

Step 2: Build Sales Regions and Global Function

Step 3: Reallocate based on full value concept

→ **Clear responsibility & transparency**
→ **Customer-centricity**
→ **Performance and value creation**

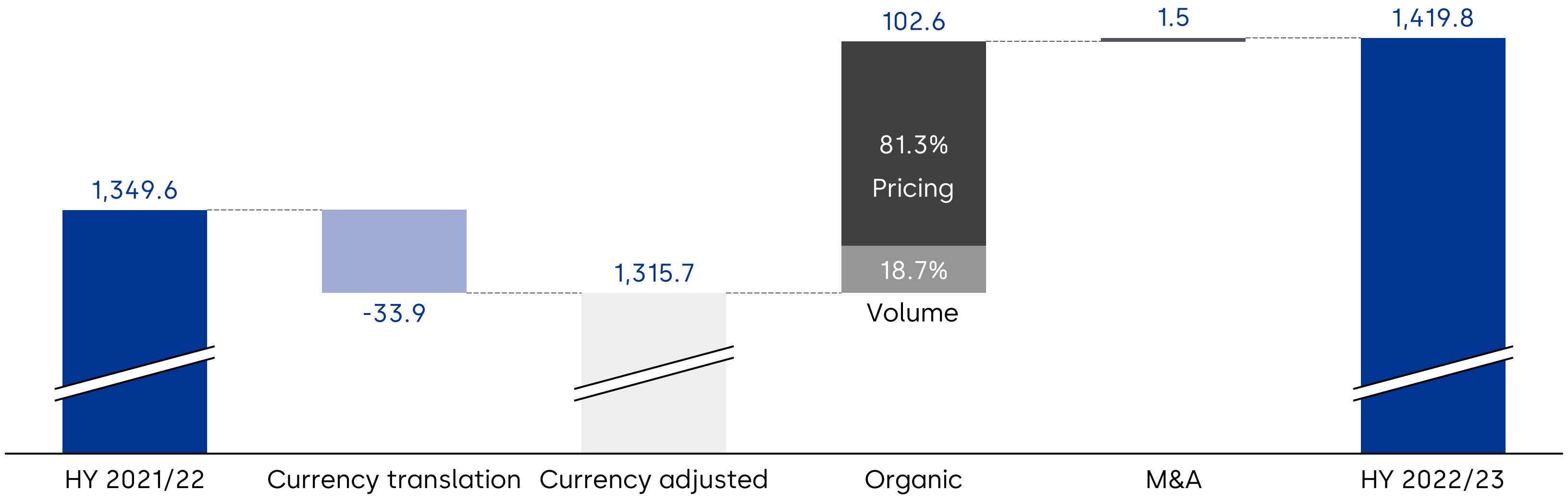


Key figures

- Organic top line growth of 8.0% positively supported by price increases of 6.5%
- Strong organic sales growth seen particularly in BU Movable Walls
- Adjusted EBITDA declined by 4.6% due to volume shortfall in Access Hardware solution and S4G related investments into R&D and S&M
- Adjusted EBITDA margin 130 bps below PY
- ROCE 250 bps below PY

CHF million (except where indicated)	HY 2022/23	HY 2021/22	Variance
Net sales	1,419.8	1,349.6	5.2%
- thereof: organic sales growth	8.0%	6.5%	
- thereof: acquisition impact	2.2%	2.9%	
- thereof: divestment impact	-2.1%	-0.4%	
- thereof: currency effect on sales	-2.5%	0.9%	
Adjusted EBITDA	184.6	193.5	-4.6%
Adjusted EBITDA margin	13.0%	14.3%	-1.3 ppt
Profit before taxes	114.7	130.6	-12.2%
Net profit	84.9	100.6	-15.6%
Net profit after minorities	44.3	52.4	-15.5%
ROCE (Return on capital employed)	23.3%	25.8%	

Sales development

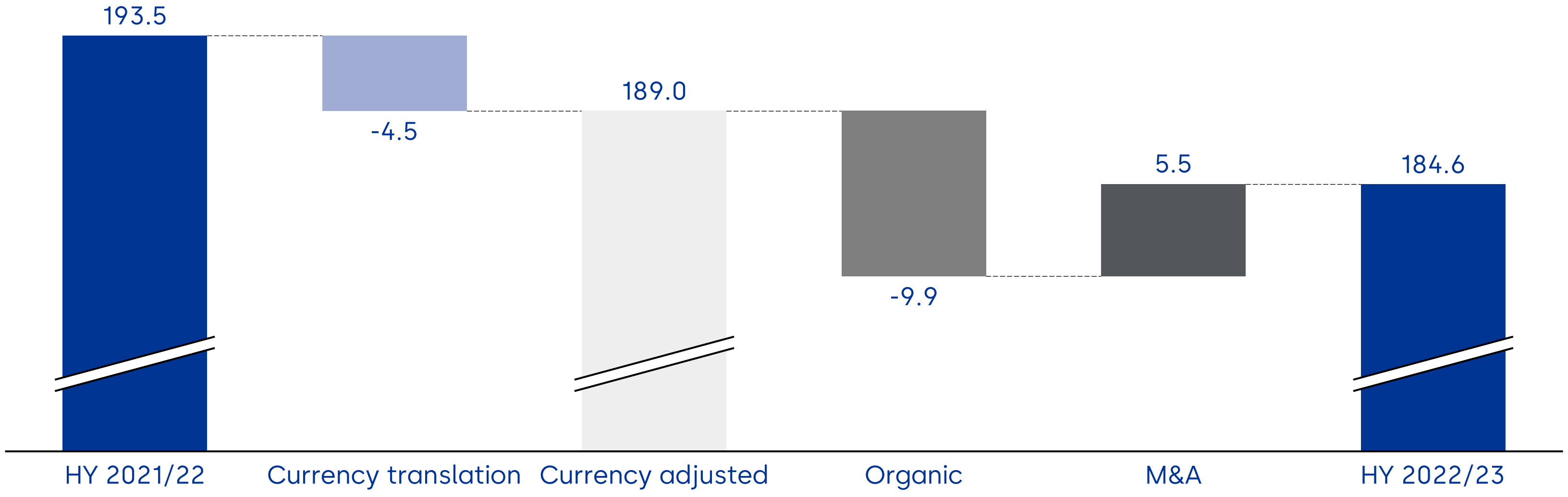


- Strong organic sales growth of CHF 102.6 million (+8.0%)
- All regions contributed to the sales growth; sales growth supported by strong pricing measures.
- Positive volume growth by all Regions with +2% Europe & Africa and Asia Pacific and +1% for Region America and KWS
- Neutral impact from acquisitions as the positive impact of 21/22 acquisitions were offset by divestments of Mesker and interior glass business
- Negative FX impact of 2.5%; weakening of the EUR, GBP, CNY and AUD only partially offset by the positive impact from the USD strengthening

Third-party sales contribution and organic sales growth by reporting segments

	Third-party sales contribution		Organic sales growth	
Reporting segments	**HY 2022/23**	**HY 2021/22**	**HY 2022/23**	**HY 2021/22**
Region Americas	27.1%	26.5%	8.2%	5.7%
Region Asia Pacific	20.3%	19.9%	5.1%	18.6%
Region Europe & Africa	39.4%	41.2%	7.1%	6.1%
Sales Region Total	86.8%	87.6%	7.1%	15.8%
Key & Wall Solutions	13.2%	12.4%	14.3%	2.5%
Total	**100.0%**	**100.0%**	**8.0%**	**6.5%**

Adjusted EBITDA development



Adjusted EBITDA contribution and adjusted EBITDA margin development by reporting segments

	Adjusted EBITDA contribution		Adjusted EBITDA margin development	
Reporting segments	**HY 2022/23**	**HY 2021/22**	**HY 2022/23**	**HY 2021/22**
Region Americas	26.6%	26.2%	17.6%	18.3%
Region Asia Pacific	19.0%	16.1%	16.1%	14.5%
Region Europe & Africa	41.2%	49.0%	18.8%	22.1%
Sales Region Total	86.8%	91.3%	18.1%	19.6%
Key & Wall Solutions	13.2%	8.7%	17.4%	12.7%
Total	**100.0%**	**100.0%**	**13.0%**	**14.3%**

- Adjusted EBITDA declined by CHF 8.9 million (-4.6%)
- Negative currency translation mainly due to weaker EUR (-CHF 4.5 million)
- Organic EBITDA declined by CHF 9.9 million
- Pricing measures resulted in a positive squeeze of 2% which was offset by negative volume deviation in Access Hardware Solution and Safe Locks, and S4G related investments into Research & Development and sales acceleration
- Positive M&A impact of CHF 5.5 million mainly due to Mesker divestment while benefit of the other acquisitions in 21/22 were offset by the divestment of the interior glass business in 21/22

Income statement (condensed)

CHF million	HY 2022/23	%	HY 2021/22	%	Variance in %
Net sales	1,419.8	100.0	1,349.6	100.0	5.2
Gross margin	559.4	39.4	539.3	40.0	3.7
Other operating income, net	3.4	0.2	8.0	0.6	-57.5
Sales and marketing	-240.3	-16.9	-220.2	-16.3	9.1
General administration	-123.7	-8.7	-126.9	-9.4	-2.5
Research and Development	-66.4	-4.7	-57.8	-4.3	14.9
EBIT	132.4	9.3	142.4	10.6	-7.0
Financial result, net	-17.7	-1.2	-11.8	-0.9	50.0
Profit before taxes	114.7	8.1	130.6	9.7	-12.2
Income taxes	-29.8	-2.1	-30.0	-2.2	-0.7
Net profit	84.9	6.0	100.6	7.5	-15.6

- Strong growth in net sales
- Gross margin 60 bps below PY; Decline versus PY mainly driven due to volume decline in Access Hardware solutions (destocking along the whole supply chain) and Safe Locks
- Higher Research and Development and Sales/Marketing spend in line with S4G strategy
- Net financial result increased due to higher net debt and increased interest rates.
- Income tax rate increased to 26% due to one-time benefits last year
- Items affecting comparability (IAC) above PY

Reconciliation operating figures

	HY ended 31.12.2022			HY ended 31.12.2021		
CHF million	Adjusted	IAC	Unadjusted	Adjusted	IAC	Unadjusted
EBITDA	184.6	-14.0	170.6	193.5	-9.2	184.3
D&A	-38.2	0.0	-38.2	-38.7	-3.2	-41.9
EBIT	146.4	-14.0	132.4	154.8	-12.4	142.4

Cash flow

CHF million	HY 2022/23	HY 2021/2022
Cash generated from operations	137.6	87.7
Net cash from operating activities	103.9	49.3
Net cash used in investing activities	-53.8	-103.2
- thereof: capital expenditure	-39.4	-36.2
- thereof: acquisition and divestment related	-12.8	-69.7
Free cash flow	50.1	-53.9
Operating cash flow margin[1)]	7.3%	3.7%
Free cash flow before acquisitions/divestments	62.9	15.8

[1)] Net cash from operating activities/net sales

- Operating cash flow margin improved by 3.6%
- Despite ongoing inflationary pressure inventory increase slowed down to CHF 28 million compared to CHF 72 million in HY 21/22
- Accounts receivables only slightly increased versus Jun 2022 despite 8% organic growth
- Cash flow from investing activities benefited from lower M&A volume versus PY (Relbda, Fermatic)

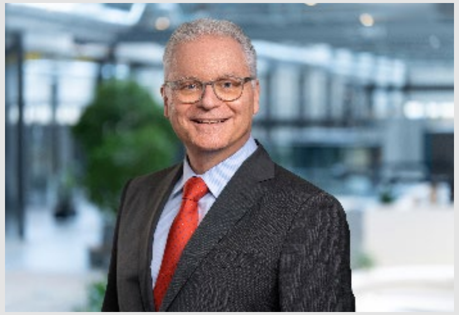
Net debt

CHF million	HY ended 31.12.2022	FY ended 30.06.2022	HY ended 31.12.2021
Cash and cash equivalents	-120.3	-104.5	-98.2
Short-term bank loans and overdrafts	249.5	473.4	463.9
Bonds	594.4	320.2	320.2
Other liabilities	13.1	19.0	22.4
Net debt	**736.7**	**708.1**	**708.3**
Net debt / Adjusted EBITDA (leverage) – rolling 12 months	2.0x	1.9x	1.9x

- Higher net debt driven by inventory build-up (-CHF 28.4 million) and dividend payments for FY 2021/22
- As of October 2022, converted short-term bank loans into a new 5 years corporate bond of CHF 275 million, coupon 3.75%
- Leverage (net debt/adj. EBITDA) at 2.0x, while leverage ratio reported EBITDA at 2.3x
- Comfortable long term with leverage reported EBITDA of up to 2.5x (short term even higher)

Outlook

Svein Richard Brandtzaeg to take over as Chairman of the Board as of 1 May 2023

Riet Cadonau	Svein Richard Brandtzaeg	Thomas Aebischer
		
Riet will step down as Chairman and member of the Board as of 30 April 2023.	Svein is Lead Independent Director and Vice-Chairman of the Board of Directors since October 2022. He will take over as Chairman as of 1 May 2023.	Thomas is Chairman of the Audit Committee of dormakaba and will additionally be assuming the role as Vice-Chairman of the Board as of 1 May 2023.

Guidance & Business Outlook

Basis for Outlook	The global macroeconomic and geopolitical situation is characterized by limited visibility and uncertainty. Our customers in the commercial property and construction industries remain exposed to the twin pressures of price inflation and higher interest rates as well as supply chain disruptions.
Outlook for FY 2022/23	With these caveats, dormakaba expects a sequential improvement to a slightly higher adjusted EBITDA margin for the full year and continued organic growth above its mid-term target range of 3–5%.

Q&A

If you want to find out more visit our websites and channels

Half-year Report 2022/23
Read more about the financial results of dormakaba Group at dk.world/HYR22_23

Sustainability Report 2021/22
Visit report.dormakaba.com/2021_22/sustainability to find out what we have achieved in this field during financial year 2021/22.

dormakaba Newsroom
Find the latest news about dormakaba in our newsroom at newsroom.dormakaba.com.

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Latest insights and inspirations from the world of access in our blog on blog.dormakaba.com.

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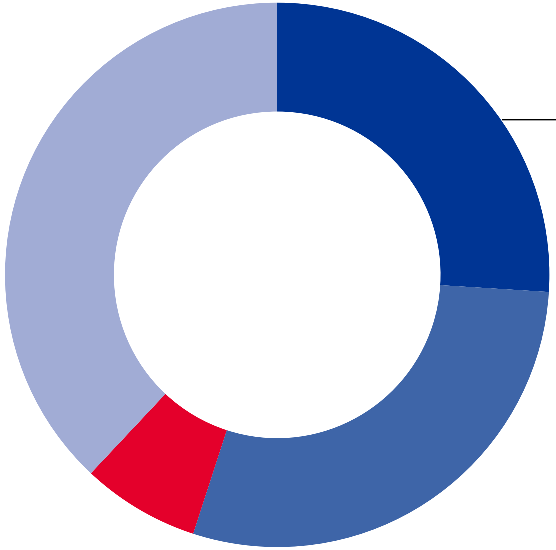
Annex

Currency exposure

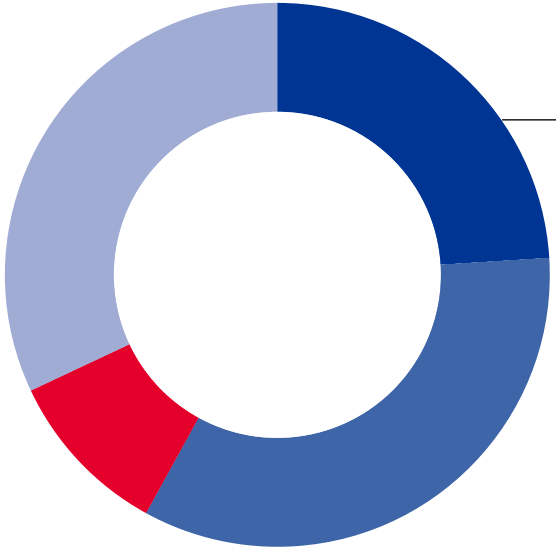
As every globally active group, dormakaba is exposed to currency risks.

The currency profile of dormakaba shows a broad balance between sales and cost per region (= natural hedge).



Sales per currency regions

USD	30%
EUR	27%
CHF	7%
Other	36%



Cost per currency regions

USD	26%
EUR	33%
CHF	6%
Other	35%

Key & Wall Solutions: split by business units

Business Units			Key Systems					Movable Walls		
CHF million	H1 2022/23	%	H1 2021/22	%	Change on previous year in %	H1 2022/23	%	H1 2022/23	%	Change on previous year in %
Net sales third parties	106.6		101.4		5.1%	81.3		66.4		22.4%
Intercompany sales	1.9		2.3			6.2		4.2		
Total business unit sales	**108.5**		103.7		**4.6%**	**87.5**		70.6		**23.9%**
Change in business unit sales	4.8	4.6	9.1	9.6		16.9	23.9	-3.9	-5.2	
Of which translation exchange differences	-2.1	-2.1	-0.2	-0.3		-0.7	-1.0	1.1	1.5	
Of which acquisition (disposal) impact	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	
Of which organic sales growth	**6.9**	**6.8**	9.3	9.9		**17.6**	**25.3**	-5.0	-6.6	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**17.8**	**16.4**	15.0	14.5	**18.7%**	**16.4**	**18.7**	7.2	10.2	**127.8%**
Average number of full-time equivalent employees	1,199		1,201			702		722		