

20 November 2024

Operations

Capital Markets Day 2024



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Chief Operations Officer

Trends affecting market and our industry – Scarcity is real



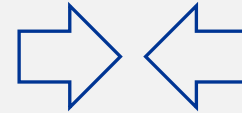
**Increased
frequency
of disruptions**



**Structural
energy issues**



**Salary increase /
Scarcity of skilled
workers**



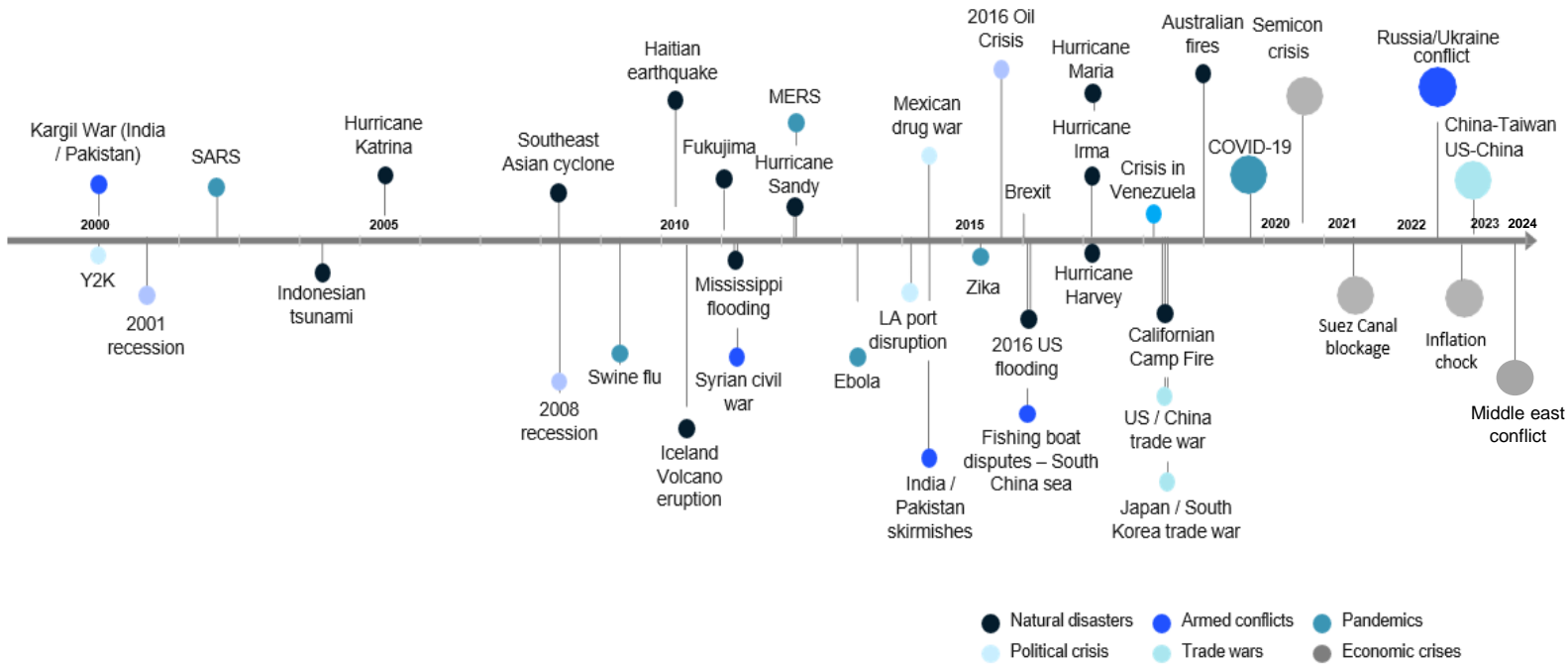
**Geopolitical
tensions**



**Sustainability
requirements**

Increased frequency of disruptions

Operations disruptions last two decades



Increased focus on **RESILIENCE** as reaction to given shocks is needed – with a structural approach.

The development of Operations is evolving in three phases



Strong local-for-local footprint...

	North America	Europe	Asia Pacific
AHS	Indianapolis	Ennepetal Wetzikon Herzogenburg / Eggenburg	Singapore
AAS	Alvarado Reamstown	Zusmarshausen Buehl	
ACS	Montreal	Villingen-Schwenningen / Velbert	Shenzhen
BCC	Nogales	Sofia	Melaka Suzhou
	<p>~95% local-for-local production</p> <p>~20% in best-cost country with production in Nogales, Mexico</p>	<p>~90% local-for-local production</p> <p><5% in best-cost country with production in Sofia, Bulgaria</p>	<p>~50% local-for-local production</p> <p>~40% in best-cost country with production in Suzhou, China & Melaka, Malaysia</p>

Unlocking potential of best-cost countries in Europe & North America

- Door closers
- Electronic access controls
- Lodging
- Entrance systems control
- Entrance systems automation
- Mechanical key systems

...with 3 regional hubs

North America



- **Strengthening plant in Nogales as Best-Cost location** within hub and go-to location for new product introductions
- Further optimization and automation in the factories
- Near-term projects **comprise relocations and insourcing**

Europe



- **Closure of Velbert** (for Access Solutions) & Eggenburg
- Right-size plant Bühl
- **Scale up Sofia** (best-cost country) as a multi-product factory
- Develop Ennepetal as multi-competence center

Asia Pacific



- Scaling-up automation in Singapore
- Leverage plant Suzhou as "China for China"
- Leverage Melaka as best-cost factory and further optimize high-cost/low-cost split in the region

North America: leveraging Nogales as a best-cost location



Successful product transfers:

- Push-button locks transferred from Winston-Salem
- Safe Locks transferred from Lexington
- Lodging & multi-housing products from Montreal to Nogales

2025: **nearshoring of mortise locks** from China to reduce lead-times by 2/3 and to strengthen supply chain resilience



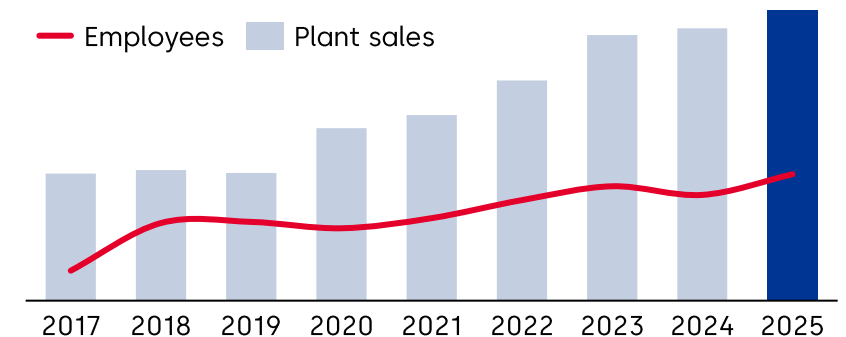
Production **expansion by ~23.000m²**, opening planned for 2026



Reduction of manufacturing cost by **>70% for transferred products** (labor arbitrage)



Plant sales and employees



Europe: gaining production efficiencies through increasing best-cost country share with a new plant in Sofia



Build new green-field plant in Sofia, Bulgaria, fully ready end of 2026

- 22.000m² / >300 employees
- Production start of transfers by end of 2024



Support the right-sizing of plant Buehl via transfer of selected products with lower complexity to Sofia

Product groups to be shifted to Sofia:

- 5 groups from plant Buehl (e.g., revolving doors, tripods, perimeter)
- Mortise locks from plant Eggenburg



Efficiency gains & reduction of manufacturing cost by **>15% until 2025/26**



Plant performance initiatives driving operational efficiency



North America

Key Initiatives

- Montreal consolidated into new facility, building-up a center of competence
- Ramp-up Alvarado for Gates to gain proximity to market



Europe

Key Initiatives

- Ennepetal: process-automation of electronics-production line
- Wetzikon: industry 4.0 standard



Asia Pacific

Key Initiatives

- Invest in proximity to market in India
- Investments in automation in Singapore for further efficiencies

Cost Reduction Initiatives (part of Shape4Growth, cumulative, in CHF m)



Procurement driving operational efficiency

1.4bn
Procurement Spend
 (CHF, FY 2023/24)

~13k
Suppliers
 Reduction >20% since 2022/23
 ~50% suppliers for direct materials
 ~60% suppliers with spend CHF <10k

Direct materials – Procurement spend, Split by category

~25%	~25%	~15%	~10%
Mechanical and engineering parts	Subcontracting and assembly	Electronics and electrical components	C-Parts (Production & packaging)
		~15%	~10%
		Raw materials	Consumables

Execution with clear targets

Deliver savings

Build resilient supplier base

Shift to best cost countries



3-5%
of total spend p.a.

<10k
target supplier base

>35%
sourcing from best cost countries



Offset inflation



Optimize working capital

Building a strong and sustainable foundation



Lean org. structures

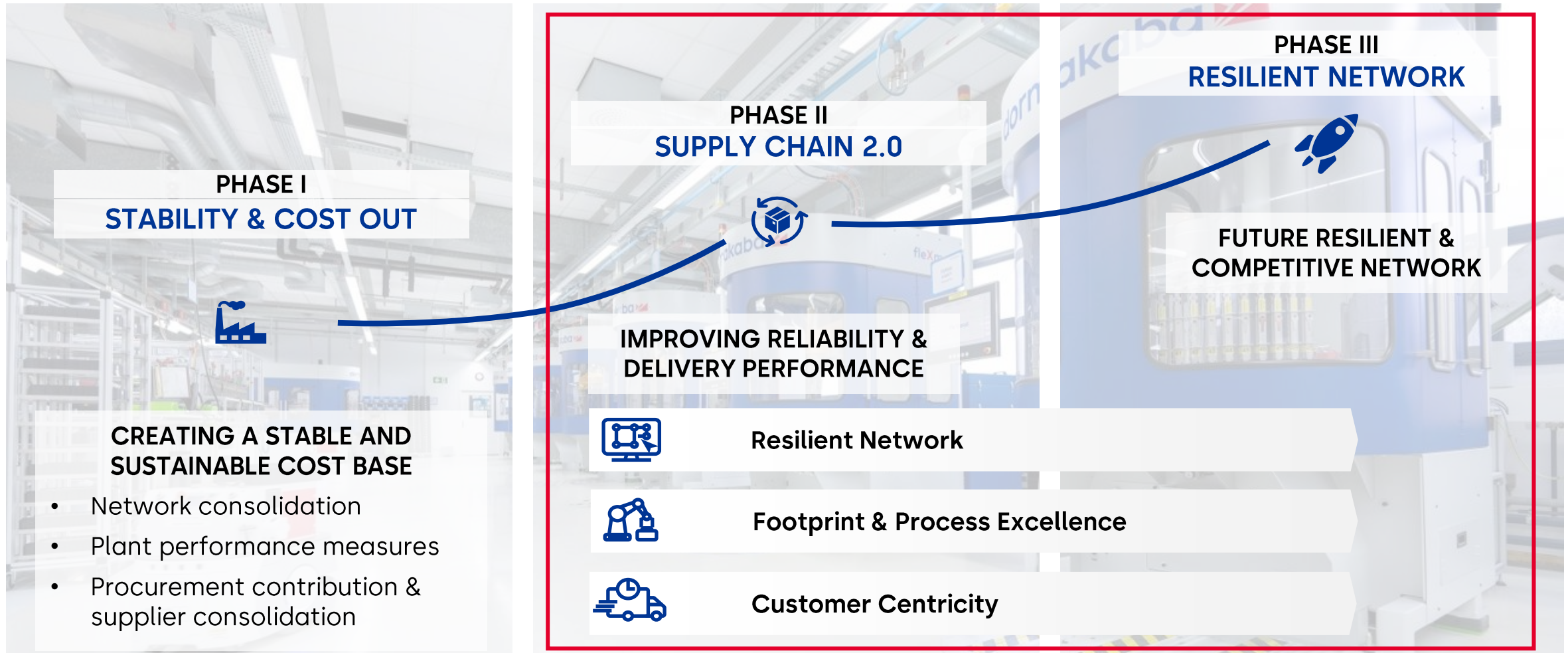


Quality & OTD supplier partnerships



Sustainability mindset

The development of Operations is evolving in three phases



Driving optimization in the full operational value chain

Optimized Manufacturing & Logistics Costs

Highest on-time deliveries

Competitive Lead Times

Highest Quality Standards



Resilient Network

- Value-based sourcing
- Supplier consolidation
- Value engineering
- Design to cost, assembly & automation



Footprint & Process Excellence

- Optimized, efficient & digitalized footprint
- Increase best-cost country share
- Optimization of vertical integration (make vs. buy)
- Standardization through 'dormakaba lean system'



Customer Centricity

- Customer-driven & integrated, end-to-end supply chain planning and execution
- S&OP process incl. demand planning and -sensing for MTO and MTS
- Enhanced quality processes

Thank you

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