



Riet Cadonau, Chairman & CEO
Bernd Brinker, CFO
Zurich/Switzerland, 4 March 2020

Half-year results 2019/20

(1 July – 31 December 2019)

dormakaba 

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Half-year results 2019/20 at a glance

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Riet Cadonau

Financial results and outlook

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Bernd Brinker

Half-year results 2019/20 in brief

- Sales of CHF 1,385.7 million
- Impact from currency translation -2.1% and from M&A +0.5%
- Organic sales growth of 0.8%
- EBITDA at CHF 214.1 million, affected by extraordinary non-recurring costs
- EBITDA margin 15.5%
- Net profit at CHF 119.4 million

AS AMER: Organic sales growth, slightly lower profitability

CHF million	HY 2019/20	HY 2018/19	Variance
Total segment sales	416.3	402.1	+3.5%
Third-party sales	399.7	388.1	+3.0%
EBITDA	87.2	84.7	+3.0%
EBITDA margin	20.9%	21.1%	-0.2 ppt
Organic sales growth	+1.4%	-1.8%	

- Growth was driven by Door Hardware, Safe Locks, Interior Glass Systems and by the Lodging Systems business in North America
- Technical system issues at Mesker have been resolved. However, performance still affected until the end of FY 2019/20
- The segment's overall profitability benefited from the acquisition of Alvarado Manufacturing
- AS AMER has closed eight production sites and will continue to optimize its production footprint, which will lead to higher efficiency.
- The segment expects further organic growth in the second half of FY 2019/20

AS APAC: Stagnating organic sales, profitability slightly lower

CHF million	HY 2019/20	HY 2018/19	Variance
Total segment sales	230.5	236.5	-2.5%
Third-party sales	217.2	222.6	-2.4%
EBITDA	35.1	36.8	-4.6%
EBITDA margin	15.2%	15.6%	-0.4 ppt
Organic sales growth	-0.3%	+5.5%	

- Growth mainly in Product Clusters Safe Locks, Electronic Access & Data, Services and Entrance Systems
- Continued strong growth in China with double-digit organic growth rates despite a slowdown in Hong Kong
- Wah Yuet's OEM business for the US market still negatively affected by the trade conflict between China and the US; countermeasures initiated
- Sales in the Pacific region above previous year's level, South East Asia still negatively impacted by a weaker construction market. Growth in India impacted by delays in project business, which are expected to be executed in the second half of FY 2019/20
- In principle, the business expected a better growth dynamic for the second half of FY 2019/20 due to a relatively low comparable base, project execution in India and measures to counteract the effects from the trade conflict at Wah Yuet
- However, good business opportunities overshadowed by the impact of Covid-19

AS DACH: Moderate organic sales growth, lower profitability

CHF million	HY 2019/20	HY 2018/19	Variance
Total segment sales	415.6	430.0	-3.3%
Third-party sales	252.7	266.5	-5.2%
EBITDA	70.3	78.5	-10.4%
EBITDA margin	16.9%	18.3%	-1.4 ppt
Organic sales growth	+0.7%	+2.6%	

- Good growth in Austria and particularly in Switzerland. Growth in Germany was slightly negative, mainly due to delays in the project business
- EBITDA was below previous year as lower volumes and labor cost inflation impacted profitability in some of the German and Asian production plants
- Measures have been already initiated to further improve profitability, including a new program, which in particular covers the site in Ennepetal (Germany). A further reduction of around 100 jobs will be implemented in FY 2020/21
- Development of the EBITDA margin in the second half of FY 2019/20 is expected to be supported by the realization of the remaining post-merger synergies in Germany

AS EMEA: Organic sales growth, higher profitability

CHF million	HY 2019/20	HY 2018/19	Variance
Total segment sales	374.5	381.1	-1.7%
Third-party sales	317.6	322.1	-1.4%
EBITDA	30.4	30.0	+1.3%
EBITDA margin	8.1%	7.9%	+0.2 ppt
Organic sales growth	+1.4%	+3.1%	

- High single-digit growth rates in Central and Eastern Europe where the business gained several new projects and market demand was strong
- The Product Clusters Entrance Systems, Services and Mechanical Key Systems contributed most to growth
- Positive growth contribution from the UK and the Benelux as well as Southern Europe with sales in France above previous year. Sales in the Middle East and Africa below previous year due to challenging economic environment
- Scandinavian sales and profitability still impacted by weak performance in Norway. The business has addressed its structural issues

Key & Wall Solutions: Organic sales growth, higher profitability

CHF million	HY 2019/20	HY 2018/19	Variance
Total segment sales	198.9	197.3	+0.8%
Third-party sales	191.5	190.1	+0.7%
EBITDA	29.8	29.0	+2.8%
EBITDA margin	15.0%	14.7%	+0.3 ppt
Organic sales growth	+2.8%	+3.8%	

Segment:

- Good organic growth and margin improvement
- Performance driven by Movable Walls, which experienced very good growth, and overcompensated negative deviation by Key Systems

Business Unit Key Systems:

- Key Systems experienced lower sales in all regions
- Sales impacted by lower demand for key cutting machines and OEM automotive keys business globally. Key replacement and automotive solutions business in the US was also weaker.
- The business has initiated mitigation measures for its US business

Business Unit Movable Walls:

- Strong double-digit sales growth, with the North American business being particularly strong
- Continuous positive contribution from increased automatization at the plant in Ocholt (Germany). Key objective is a sustainable improvement of the cost base and efficiency of the European business

Changes in the Executive Committee

- **Steve Bewick** (53) has taken over as **COO AS EMEA** as of 1 January 2020.
- **Michael Kincaid** (58), **Chief Executive Officer (COO) AS AMER**, and **Jörg Lichtenberg** (55), **Chief Manufacturing Officer (CMO)**, will step down from their respective positions and as members of the Executive Committee as of 30 June 2020 at the latest.
- The Board of Directors has appointed **Alex Houston** (39) as **new COO AS AMER**. With Alex Houston, we were able to attract a senior industrial executive with excellent track record at United Technologies UTC.
- With Jörg Lichtenberg intending to leave the company, it was decided to discontinue the CMO role and to reassign the respective responsibilities within the organization.
- The above changes enable dormakaba to take the next steps in corporate development and organizational setup, further improving its efficiency and effectiveness while at the same time renewing and further streamlining the Executive Committee. Since the merger, the number of Executive Committee members was reduced from eleven to eight.

BEST Switch™ Core - The first small format interchangeable core for mobile access

1) Wake Core



2) Activate via Mobile



3) Turn Core Knob



- Expands applications and verticals for affordable electronic access
- Access rights are updated wirelessly via mobile phone
- Simple & affordable retrofit to mechanical key/locks (installs in minutes)
- Mobile credentials instead of mechanical keys to significantly reduce the risk of key / core replacement
- Large addressable market with very large installed base of small format cores in the USA
- Tracks door access activity
- Please find a video of BEST Switch Core here: <https://youtu.be/z1JzrTwZt2c>

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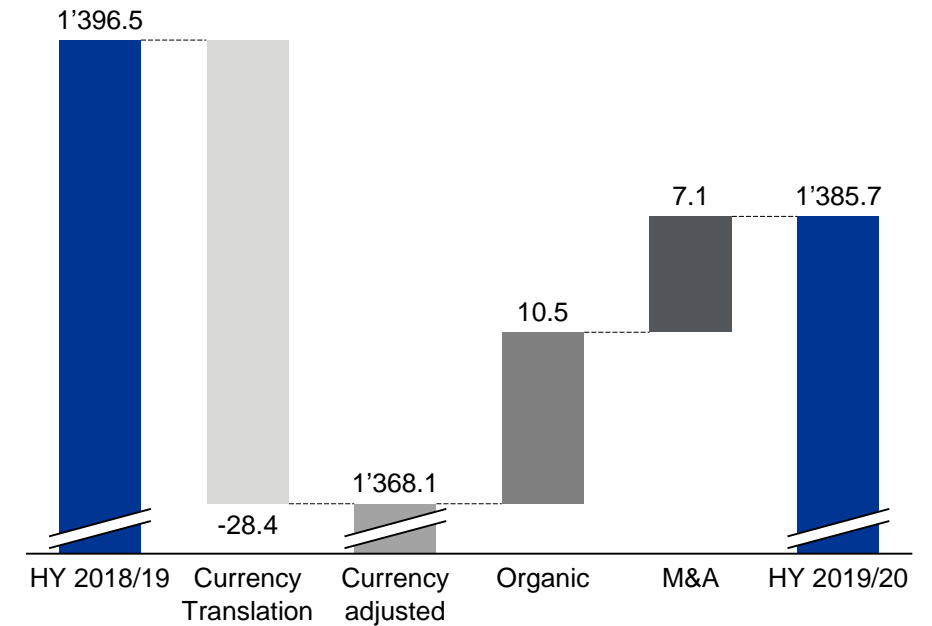
Key figures

CHF million, except where indicated	HY 2019/20	HY 2018/19	Variance
Net sales	1,385.7	1,396.5	-0.8%
- thereof: organic sales growth	0.8%	2.1%	
- thereof: acquisition sales growth	0.5%	-1.4%	
- thereof: currency effect on sales	-2.1%	-1.0%	
EBITDA	214.1	223.0	-4.0%
EBITDA margin	15.5%	16.0%	-0.5 ppt
Profit before taxes	157.1	170.1	-7.6%
Net profit	119.4	126.7	-5.8%
Net profit after minorities	61.3	66.1	-7.3%

- Organic sales growth of 0.8%
- Negative currency translation impact on net sales of 2.1% due to stronger CHF
- Positive M&A impact on net sales of 0.5%
- In total, net sales decreased by 0.8%
- EBITDA decreased by CHF 8.9 million (-4.0%) due to external and internal effects already experienced in H2 of FY 2018/19 and extraordinary non-recurring costs
- As a result, EBITDA margin declined to 15.5% (-50 bps)
- Decline of profit before tax by CHF 13 million (-7.6%) due to lower operational performance and lower financial result
- Decline of net profit by CHF 7.3 million (-5.8%)

Sales development

- Negative impact on net sales from currency translation (-2.1%) due to stronger CHF against most other major currencies
- Organic growth of 0.8%, strongest contribution by Key & Wall Solutions, AS AMER and AS EMEA
- Organic growth higher than in HY2 of FY 2018/19, although main negative drivers (external as well as internal) continued to play a role; in addition, Hong Kong business performed weaker
- Positive impact of 0.5% on net sales from M&A (acquisition of Alvarado, divestment of US Door Hardware Service Business)



Third-party sales and organic growth by segment

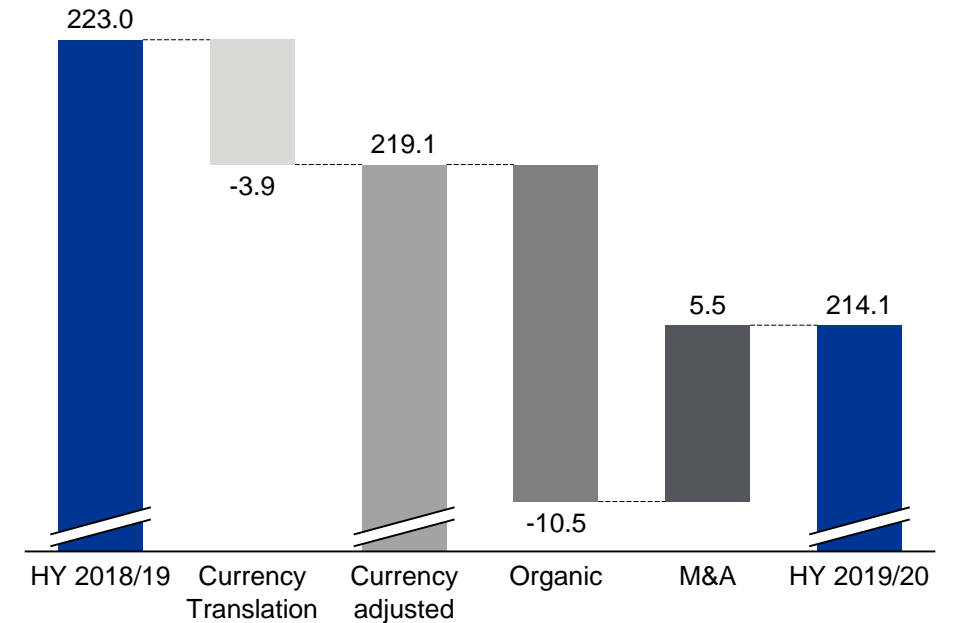
Segments	Third party sales in % of total sales		Organic Sales Growth	
	HY 2019/20	HY 2018/19	HY 2019/20	HY 2018/19
AS AMER	28.9%	27.8%	1.4%	-1.8%
AS APAC	15.7%	15.9%	-0.3%	5.5%
AS DACH	18.2%	19.1%	0.7%	2.6%
AS EMEA	22.9%	23.1%	1.4%	3.1%
AS total	85.7%	85.9%	0.6%	2.1%
Key & Wall Solutions	13.8%	13.6%	2.8%	3.8%
Others	0.5%	0.5%	8.9%	-1.5%
Total	100.0%	100.0%	0.8%	2.1%

FX development against CHF (average rate)

	Dec 2019	Dec 2018	Change
USD	0.9880	0.9900	-0.2%
EUR	1.0961	1.1405	-3.9%
CAD	0.7482	0.7539	-0.8%
AUD	0.6761	0.7174	-5.8%
GBP	1.2440	1.2822	-3.0%
CNY	0.1405	0.1443	-2.6%
INR	0.0140	0.0139	0.2%
NOK	0.1100	0.1187	-7.4%

EBITDA development

- EBITDA decreased by CHF 8.9 million vs PY (-4.0%)
 - Main negative drivers of H2 FY 2018/19 (external as well as internal) continued to play a role
 - Lower volume impacted AS DACH performance
 - In addition, extraordinary non-recurring costs impacted the reporting period (50 bps EBITDA margin)
 - These effects overcompensated efficiency improvements and remaining merger related cost synergies
- M&A activities (net acquisitions) of HY 2019/20 contributed positively to EBITDA by CHF 5.5 million
- EBITDA margin declined to 15.5% (PY: 16.0%)



EBITDA contribution and EBITDA margin development by segment

Segments	EBITDA contribution		EBITDA margin development	
	HY 2019/20	HY 2018/19	HY 2019/20	HY 2018/19
AS AMER	34.5%	32.7%	20.9%	21.1%
AS APAC	13.9%	14.2%	15.2%	15.6%
AS DACH	27.8%	30.3%	16.9%	18.3%
AS EMEA	12.0%	11.6%	8.1%	7.9%
AS total	88.2%	88.8%	18.6%	19.0%
Key & Wall Solutions	11.8%	11.2%	15.0%	14.7%
Total	100.0%	100.0%	15.5%	16.0%

Income Statement (condensed)

CHF million	HY 2019/20	%	HY 2018/19	%	Variance in %
Net sales	1,385.7	100.0	1,396.5	100.0	-0.8
Gross margin	589.0	42.5	594.6	42.6	-0.9
Other operating income, net	5.0	0.4	10.6	0.8	-52.8
Sales and marketing	-224.3	-16.2	-218.0	-15.6	2.9
General administration	-140.3	-10.1	-146.6	-10.5	-4.3
R&D	-51.3	-3.7	-52.5	-3.8	-2.3
EBIT	178.1	12.9	188.1	13.5	-5.3
Financial result, net	-21.0	-1.6	-18.0	-1.3	16.7
Profit before taxes	157.1	11.3	170.1	12.2	-7.6
Income taxes	-37.7	-2.7	-43.4	-3.1	-13.1
Net profit	119.4	8.6	126.7	9.1	-5.8

- Gross margin basically unchanged
- Higher S&M reflecting growth investments in markets, while lower G&A indicating further optimization of the groups cost base
- High level of R&D, basically unchanged at 3.7% of sales; capitalized projects account for CHF 4.3 million (PY: CHF 1.9 million), which leads to R&D ratio of 4.0% (PY: 3.9%)
- Higher net financial expenses due to previous year's book gain from divestment of ISEO participation
- Improved income tax rate for HY 2019/20 of 24.0% (PY: 25.5%)
- Decline of net profit by 5.8% driven by lower operational performance

Cash Flow

CHF million	HY 2019/20	HY 2018/19
Cash generated from operations	192.1	149.1
Net cash from operating activities	139.1	104.5
Net cash used in investing activities	-191.8	-4.8
Free cash flow	-52.7	99.7
Operating cash flow margin ¹⁾	10.0%	7.5%

1) Net cash from operating activities / net sales

- Significantly higher cash generated from operations and net cash from operating activities, driven by improved working capital management
- Net cash used in investing activities includes capex of CHF 50.2 million and M&A of CHF 141.4 million; previous year included proceeds from divestment of ISEO participation
- As a result, operating cash flow margin improved significantly vs. PY from 7.5% to 10.0%

Net debt

CHF million	HY ended 31.12.2019	FY ended 30.06.2019	HY ended 31.12.2018
Cash and cash equivalents	100.2	122.4	133.9
Short term debt	250.0	86.3	209.3
Bond (long term)	680.4	680.5	680.5
Other long term debt	5.9	7.0	8.8
Net Debt	836.1	651.4	764.7
Net debt / EBITDA (leverage)	2.0x*	1.5x	1.7x*

- Higher net debt by CHF 71.4 million as a result of dividend payments for FY 2018/19 and M&A, which exceeded operating cash flow of the reporting period
- Almost entire gross financial debt is used to finance USD assets (acquisitions since year 2017), therefore swapped from CHF and EUR into USD
- Current leverage (net debt/EBITDA) at 2.0x, which represents a solid financial profile; comfortable with leverage of up to 2.5x (short term even higher)

* Calculation: Net debt / (half-year EBITDA x2)

Guidance and business outlook for financial year 2019/20

Market Environment

Since the beginning of financial year 2019/20, the macroeconomic and geopolitical environment has continued to become more challenging.

- **Americas:** Good growth in North America (subject to potential impact from Covid-19), demanding environment in Latin America
- **EMEA:** Largely moderate growth in Europe (subject to potential impact from Covid-19), demanding environment in Middle East and Africa
- **Asia Pacific:** Moderate growth (subject to impact from Covid-19), with some weakness in Australia and South East Asia

Covid-19 is expected to have a noticeable impact on markets and on our performance. There is a lack of visibility on the impact on global supply chains as well as on economic growth.

We expect the macroeconomic slowdown, the political volatility and the trade conflicts to continue to affect our business in the second half of financial year 2019/20.

Outlook

From today's perspective the company expects organic sales growth and EBITDA margin for full financial year 2019/20 to be no longer higher but somewhat lower than in the previous year.

Considering the challenging environment, we will review our mid-term targets in the forthcoming months.

Thank you for your attention - Q&A

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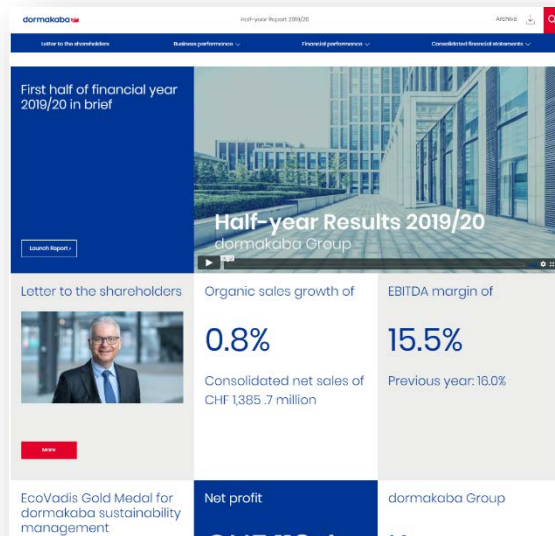
IR Agenda 2020

- Kepler Cheuvreux's 21th Swiss Seminar 27 March 2020
- MainFirst Swiss Equity Conference, Interlaken 10 June 2020
- Publication and presentation of FY results 2019/20, Zurich 03 September 2020
- Annual General Meeting, Regensdorf 20 October 2020
- Credit Suisse Swiss Small & Mid Cap Conference 13 November 2020

Now online: Half-year Report as well as dormakaba newsroom and blog

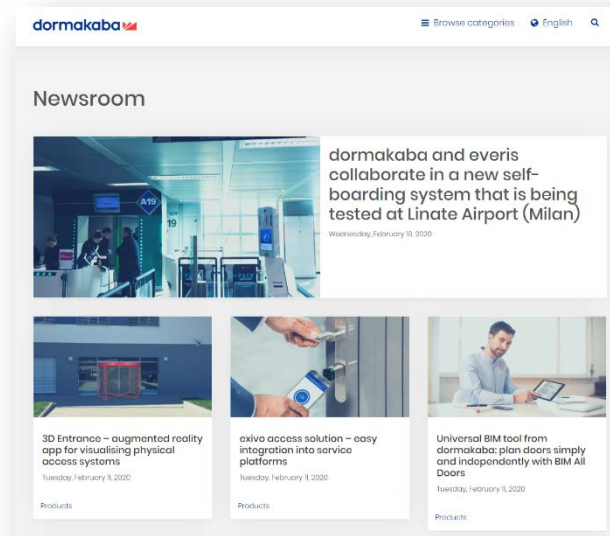
Half-year Report 2019/20

Read more online about the results of the first half of financial year 2019/20 on report.dormakaba.com.



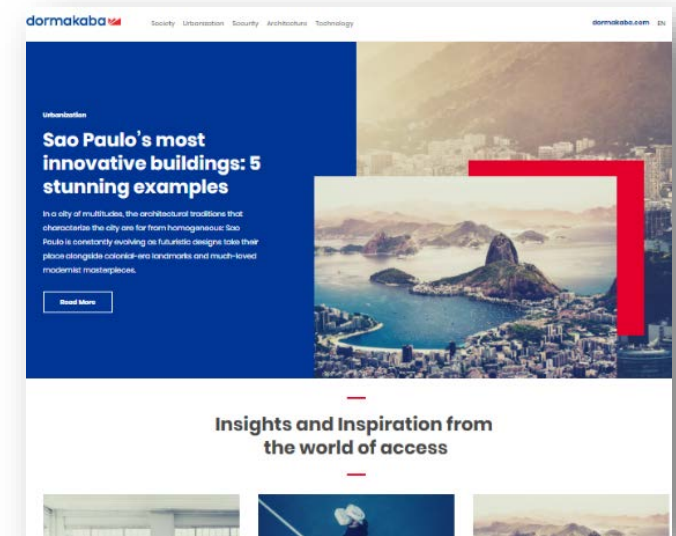
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News from around the world about our business, products and innovation on one single platform on newsroom.dormakaba.com.



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Find insights and inspiration from the world of access on our blog on blog.dormakaba.com.



Appendix

Appendix

- dormakaba in a nutshell
- Segment Split – Key & Wall Solutions
- Currency exposure

We make access in life **smart and secure**



Our Offering

- Door Hardware
- Entrance Systems
- Electronic Access & Data
- Interior Glass Systems
- Mechanical Key Systems
- Lodging Systems
- Safe Locks
- Key Systems
- Movable Walls
- Services

+

- Consulting
- Planning
- Realization
- Operation
- Maintenance

Our Focused Industries



Our Values

Customer first

We always focus what we do on the needs of our customers, partners and users.

Curiosity

We constantly scout for trends as the inspiration for future-focused solutions.

Performance

We go the extra mile to ensure customer satisfaction and set the bar high in terms of security, quality and reliability.

Courage

We are committed to continuously developing solutions that generate genuine added value for our customers and users.

Trust

Our core corporate value is at the heart of everything we do, so customers can rest assured that they are in good hands.

Our Company

More than
150
years of

16.000
employees

130
countries



More than
2.000
patents

ISO 9001
Certificate



Sustainability Report
GRI Standards



stock-listed at
SIX Swiss Exchange (DOKA)

We call it **trusted access**

Segment Split – Key & Wall Solutions

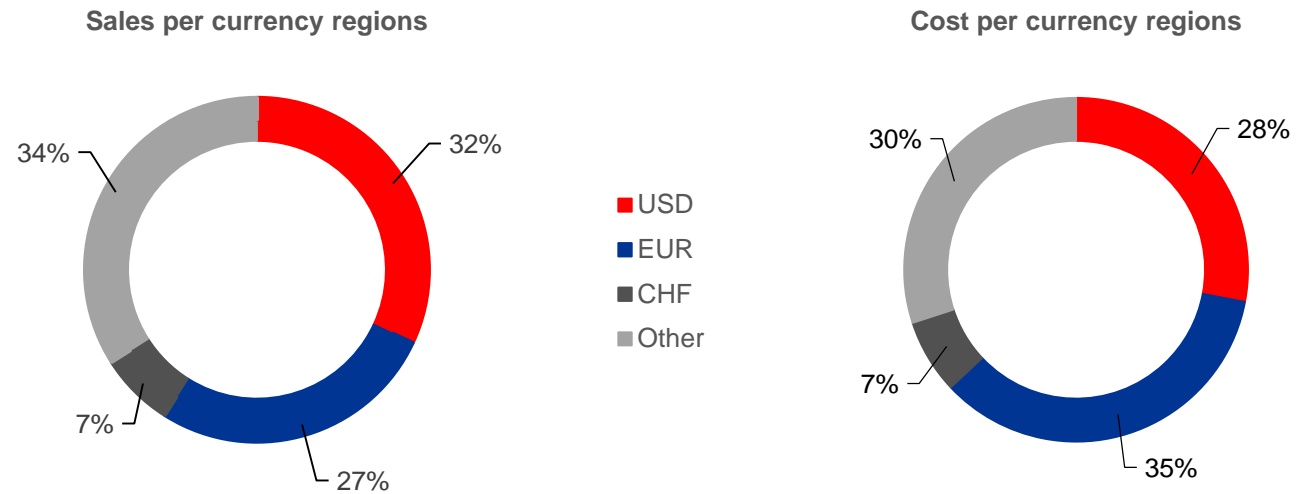
Business Units	Key Systems					Movable Walls					
	CHF million	HY 2019/20	%	HY 2018/19 ¹⁾	%	Change on previous year in %	HY 2019/20	%	HY 2018/19 ¹⁾	%	Change on previous year in %
Net sales third parties		105.5		113.8		-7.3%	86.0		76.3		12.7%
Intercompany sales		2.2		2.0			5.2		5.2		
Total business unit sales		107.7		115.8		-7.0%	91.2		81.5		11.9%
Change in business unit sales		-8.1	-7.1%	8.2	7.7%		9.7	12.0%	3.4	4.3%	
Of which translation exchange differences		-2.4	-2.1%	-0.4	-0.4%		-1.5	-1.8%	-0.2	-0.4%	
Of which acquisition (disposal) impact		0.0	0.0%	5.1	4.8%		0.0	0.0%	0.0	0.0%	
Organic sales growth		-5.7	-5.0%	3.5	3.3%		11.2	13.8%	3.6	4.7%	
Operating profit before depreciation and amortization (EBITDA)		14.6	13.6%	17.5	15.1%	-16.6%	15.2	16.7%	11.5	14.1%	32.2%
Average number of full-time equivalent employees		1'435		1'508			820		780		

1) In order to enable a fair comparison with current-year data, certain segment costs have been reclassified within “Key Systems” and “Movable Walls”.

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)



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