

# Strong Organic Growth and Margin Expansion

Full-year 2023/24

Shareholder Letters and Major Highlights



# Chairman Letter

## Dear Shareholders,

This financial year has seen dormakaba make good progress on the execution of its Shape4Growth strategy and related transformation program, leading to a strong financial performance in line with its mid-term targets. A new organizational setup has been put into place, with global management of our commercial organization and innovation. We have sharpened our focus on core strategic markets and launched key efficiency and cost initiatives in operations, procurement and corporate services.

## Strong 2023/24 performance driven by strategy execution

The strategy is delivering as expected: dormakaba has achieved strong organic net sales growth with substantial increases in both the adjusted EBITDA margin and ROCE. As we progress further in our strategy execution, our priorities are also evolving: these will include building on leadership positions to boost sustainable growth in core markets, leveraging key offerings beyond their home markets, reducing portfolio complexity to free resources for further investment in innovation, establishing continuous improvement programs throughout production and procurement, and fostering a high-performance, customer-centric culture. With this, we will ensure that our strategy continues to deliver sustainable improvements and growth.

## Fostering our strong ESG position

As a leading global player in the access and thus construction industry, we take our ESG responsibilities very seriously. That is why we have now further linked sustainability goals with our business goals, integrating ESG targets into our Long-Term Incentive plan for executive compensation.

dormakaba benefits from a strong foundation for its sustainability governance, with clear targets and ambitions. This has allowed us to delegate further oversight responsibility for sustainability measures to the Board of Directors and the Executive Committee. This year we are publishing our first Task Force on Climate-Related Financial Disclosures (TCFD) and extended EU Taxonomy reports. We are also in compliance with the non-financial reporting requirements of the Swiss Code of Obligations, and have completed the double materiality assessment under the EU Corporate Sustainability Reporting Directive. Most importantly, we have now introduced a binding vote on our Sustainability Report at the Annual General Meeting of Shareholders (AGM) on 10 October 2024.

## AGM 2024: continued progress in governance

At the upcoming AGM, the Board of Directors will propose a dividend CHF 8.00 which represents a payout ratio of 51.1%. This reflects our strong operational performance and the impact of one-off restructuring expenses for

our transformation on this financial year's net profit.

Till Reuter resigned from his seat on the Board of Directors in order to take up his responsibilities as CEO on 1 January 2024. In addition, John Y. Liu will retire from the Board effective 10 October. The Board of Directors proposes Marianne Janik and Ilias Läber for election to the two open seats.

Finally, the Board of Directors is opening the position of Auditor with an ongoing tender, with the resulting candidate to be proposed to the 2025 AGM.

We firmly believe that dormakaba is well positioned for the coming years, and we will continue to work to earn your trust and support every day. On behalf of the Board of Directors, I want to take this opportunity to thank you for your much valued trust during this time of transformation.

Sincerely,



Svein Richard Brandtzæg  
Chairman

# CEO Messages

## Dear Shareholders,

In the eight months since becoming CEO, I have had many fruitful conversations with dormakaba employees and customers around the world. I am grateful for their frank input and highly encouraged by their enthusiasm for what we as a company have to offer.

## Transformation program delivers tangible improvements

Our strategy execution is progressing well and delivering tangible, sustainable improvements, supported by the transformation program introduced in July 2023. In the past year, we have set up the three planned regional shared service centers, defined the optimization of

our operations network for implementation, improved plant productivity, consolidated our supplier base further, and established a global product development roadmap. We reached agreements with our social partners in Germany, Switzerland and Austria which enabled us to enter the execution phase of major transformation initiatives and to realize the corresponding cost savings. With major efficiency initiatives in execution, we are now advancing to establish further growth initiatives. This will include building on leadership positions to boost sustainable growth in core markets, leveraging key offerings beyond their home markets, and further reducing portfolio complexity to free resources for further investment in innovation.

## Key figures

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Organic sales growth

**+4.7%**

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Adjusted EBITDA margin

**14.7%**

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ROCE

**29.0%**

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Net sales

**CHF 2,837.1 m**

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Net profit

**CHF 82.2 m**

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Proposed dividend

**CHF 8.00 per share**

### **Strong 2023/24 performance both for organic growth and profitability**

The 2023/24 results show our progress: We achieved strong organic net sales growth of 4.7% in a demanding economic environment. We significantly expanded our adjusted EBITDA margin by 120bps to 14.7%, showing first payoffs from the transformation program. Both business segments, Access Solutions (AS) and Key & Wall Solutions and OEM (KWO), contributed to this strong performance: our AS core markets recorded positive organic net sales growth and KWO overall marked a record year in both growth and profitability. Return on capital employed (ROCE) increased substantially by 390 bps to 29.0%, profiting from improved average net working capital and adjusted EBIT. Finally, we achieved solid free cash flow and strengthened our debt profile.

### **Setting our team up to win**

Our success in key markets and market segments highlights that our strategic initiatives are well aligned with what our customers want. Our new organizational setup, with global management of our commercial activities and innovation, has brought us closer to our customers to serve them more efficiently as one global team. This has led to significant project wins around the world, such as the University of Oslo's ambitious Life Science Building project, where dormakaba was chosen to supply access solutions for what will

become Norway's largest research and education facility. We successfully implemented numerous airport projects around the world, expanding our regional production center in Chennai to meet growing demand. To maintain our innovation leadership in this sector, we are collaborating with leading technology companies like Rohde & Schwarz on new solutions for passenger screenings.

### **Merging innovation, sustainability and customer efficiency**

Our Motion IQ technology and Door Efficiency Calculator (DEC) tool are prime examples for how we are merging innovation, customer efficiency and sustainability by offering our customers solutions that help them meet their own sustainability goals. Starting with Germany and Switzerland in the past year, Motion IQ is now being roll-out throughout Europe and is continuously integrated in more product ranges such as automatic swing doors. The DEC tool is now introduced in 18 countries.

### **Recognized progress in our sustainability initiatives**

We have hit our ambitious CO<sub>2</sub> emissions targets for the third year in a row, and have again increased our share of self-generated solar energy. Further, we have taken a big leap in our health and safety management, resulting in a substantial reduction of our recordable injury rates. Our overall progress

in sustainability has been recognized by the media and the markets. dormakaba was named among TIME magazine's 500 World's Most Sustainable Companies for 2024, and one of Europe's Climate Leaders by the Financial Times. We kept our Prime Status in the ISS-ESG Corporate Rating and our AA rating from MSCI. We also received our third gold medal from EcoVadis, recognizing dormakaba as among the top five percent of over 130,000 organizations assessed for ESG criteria.

### **Outlook**

Looking ahead, we will continue to execute our strategy, supported by a strong order-book and new, innovative products. We are confident that we will continue to grow organically despite an ongoing, challenging environment. For 2024/25 we expect organic net sales growth in the range of 3–5% and an adjusted EBITDA of at least 15%.

Throughout this eventful year, I have been most grateful for the positive energy of our employees, whose drive to innovate and provide great service is at the heart of all we do – and for the inspiration of our customers, whose ever-evolving needs give us the chance to show our best. Together, we are on the right path to growth.

Sincerely,



Till Reuter  
CEO

# Access to a sustainable future

Three years after the launch of our sustainability framework with more than 30 ESG targets, we are proud to share what we have achieved and the focus of our future plans.

## Selected ESG Achievements:



Energy

**+550%**

in our on-site generated solar energy



Climate Transition

**12,500**

tCO<sub>2</sub>e saved since our baseline year



Occupational Health & Safety

**20.6%**

reduction in injury rate since financial year 22/23



Supplier Due Diligence

**164**

high-risk suppliers were assessed in our Supplier Sustainability Engagement Program



Product Transparency

**322**

sustainability-related product declarations / certifications are available



Gender Diversity

**28%**

of candidates for succession of senior management positions are women

More about our achievements





# Major Highlights

dormakaba achieved significant milestones in the past year, including key customer deals and strategic partnerships, and was recognized for its product innovations and environmental stewardship.



## Energy efficiency through smart doors

The Door Efficiency Calculator consulting tool compares different dormakaba automatic doors in terms of their impact on the building's energy consumption, costs and carbon footprint, thus helping customers to find the most energy-efficient solutions that also meet specific building and use requirements. The tool calculates how the various door types impact the air flow and the loss of heating/cooling of the building. The calculation result is summarized in a customer-specific report comparing the ecological and economic aspects of the proposed solutions.



## Innovation recognized

dormakaba's transformative technology continues to receive recognition from industry bodies. At the 2023 ICNIC AWARD: Innovative Architecture, both the innovative EntriWorX EcoSystem and the Argus V60 sensor interlock were winners in the Product-Building Technologies category, while the Axessor Apex IP safe lock was awarded by the Security Industry Association in April 2024. Further product lines received recognition for outstanding product design at the 2024 ICNIC AWARD.



## Unlocking breakthroughs

dormakaba is a partner to supply access solutions to the University of Oslo's ambitious Life Science Building project. The facility is set to become Norway's largest research and education building spanning across 97,000 m<sup>2</sup>. The state-of-the-art facility will serve as a focal point for interdisciplinary research and collaboration, bringing together academia, healthcare institutions, and industry partners. The scope includes door hardware, access control solutions, and project management services.



## Supplying access system for a global engineering group

dormakaba is entering a partnership for supplying access control systems to thyssenkrupp Dynamic Components, the global engineering company, covering 10 locations in seven countries ranging from Brazil to China. dormakaba's Exos access management system will be installed at thyssenkrupp's Ilsenburg headquarters, creating the potential for further hardware and software extensions.



## Self-scan convenience arrives at airports

Together with leading technology companies like Rohde & Schwarz, dormakaba has developed new solutions for passenger screening at airports. This self-screening is a new approach but is based on mature technologies, products, and solutions within the dormakaba portfolio and the portfolios of the other companies. This innovative approach gives passengers more autonomy during the security check. These new solutions will also be able to be used in areas such as critical infrastructure, IP protection, and prisons.



## United against child labor

Cobalt is a critical mineral for the modern economy. Any company sourcing electronic components cannot be sure that the cobalt in these components does not come from the Democratic Republic of Congo (DRC), where 70% of the cobalt mined worldwide originates and which is well-known for a high prevalence of child labor. dormakaba is the first company in Europe to support Save the Children Switzerland in a pioneering project to remediate child labor in the DRC. Over a period of ten years, dormakaba will invest around one million Swiss francs to support the project's objectives.

Read more stories at



# Key figures and other financial information of the dormakaba Group<sup>1</sup>

CHF million, except where indicated	Financial year ended 30.06.2024	Financial year ended 30.06.2023	Change in % except where indicated
Net sales	2,837.1	2,848.8	-0.4
<b>Organic sales growth in %</b>	<b>4.7</b>	<b>8.4</b>	<b>-</b>
Gross margin	1,141.7	1,137.2	+0.4
Adjusted EBITDA	416.9	384.8	+8.3
<b>Adjusted EBITDA in % of net sales</b>	<b>14.7</b>	<b>13.5</b>	<b>+120bps</b>
Net profit	82.2	88.5	-7.1
Net profit after minorities	42.2	45.7	-7.7
Dividend per share (in CHF) <sup>2</sup>	8.0	9.5	-15.8
Free cash flow	204.6	176.6	+15.9
Total assets	1,965.5	1,946.5	+1.0
Total liabilities	1,623.1	1,611.9	+0.7
Equity	342.4	334.6	+2.3
Net debt	454.8	596.9	-23.8
Net debt / adjusted EBITDA	1.1x	1.6x	-
<b>ROCE (Return on capital employed)</b>	<b>29.0</b>	<b>25.1</b>	<b>+390bps</b>
Average number of full-time equivalent employees	15,336	15,519	-1.2

<sup>1</sup> For definition of alternative performance measures, please refer to the chapter 5.2 of the notes to the consolidated financial statements of the Annual Report 2023/24 of dormakaba.

<sup>2</sup> Financial year ended 30.06.2024: proposal to the Annual General Meeting.

Read the full Annual Report 2023/24 at



[report.dormakaba.com/2023\\_24/](https://report.dormakaba.com/2023_24/)