

# dormakaba: solid organic growth and significant margin improvement

First Half of Financial Year 2023/24

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## Welcome & Introduction

**"One of the reasons to be here is the dedication and passion of our employees to make dormakaba a success."**



Visited key sites in Europe, USA and Asia



- Continue and accelerate the S4G transformation program
- Concentrate on go-to-market offerings in core markets to drive the second part of transformation
- Build the team





# Results Overview & Transformation Update



# dormakaba delivered solid organic growth and significant margin improvement

- Solid organic growth, predominantly driven by price (3.1%)
- Positive volume growth at Group level (0.8%)
- Currency translation negatively affected total net sales (6.7%)
- Adjusted EBITDA margin improved significantly (+160 bps) showing first impacts of S4G transformation program as planned
- Tight net working capital management led to increased cash generated from operations while net cash from operating activities decreased
- Net profit decreased mainly due to planned restructuring expenses (S4G transformation program)

**CHF 1,376.5 million**

Net sales  
(previous year CHF 1,419.8 million)

**3.9%**

Organic sales growth

**CHF 200.7 million**

adjusted EBITDA  
(previous year CHF 184.6 million)

**14.6%**

adjusted EBITDA margin  
(previous year 13.0%)

**CHF 48.5 million**

Net profit  
(previous year CHF 54.3 million)

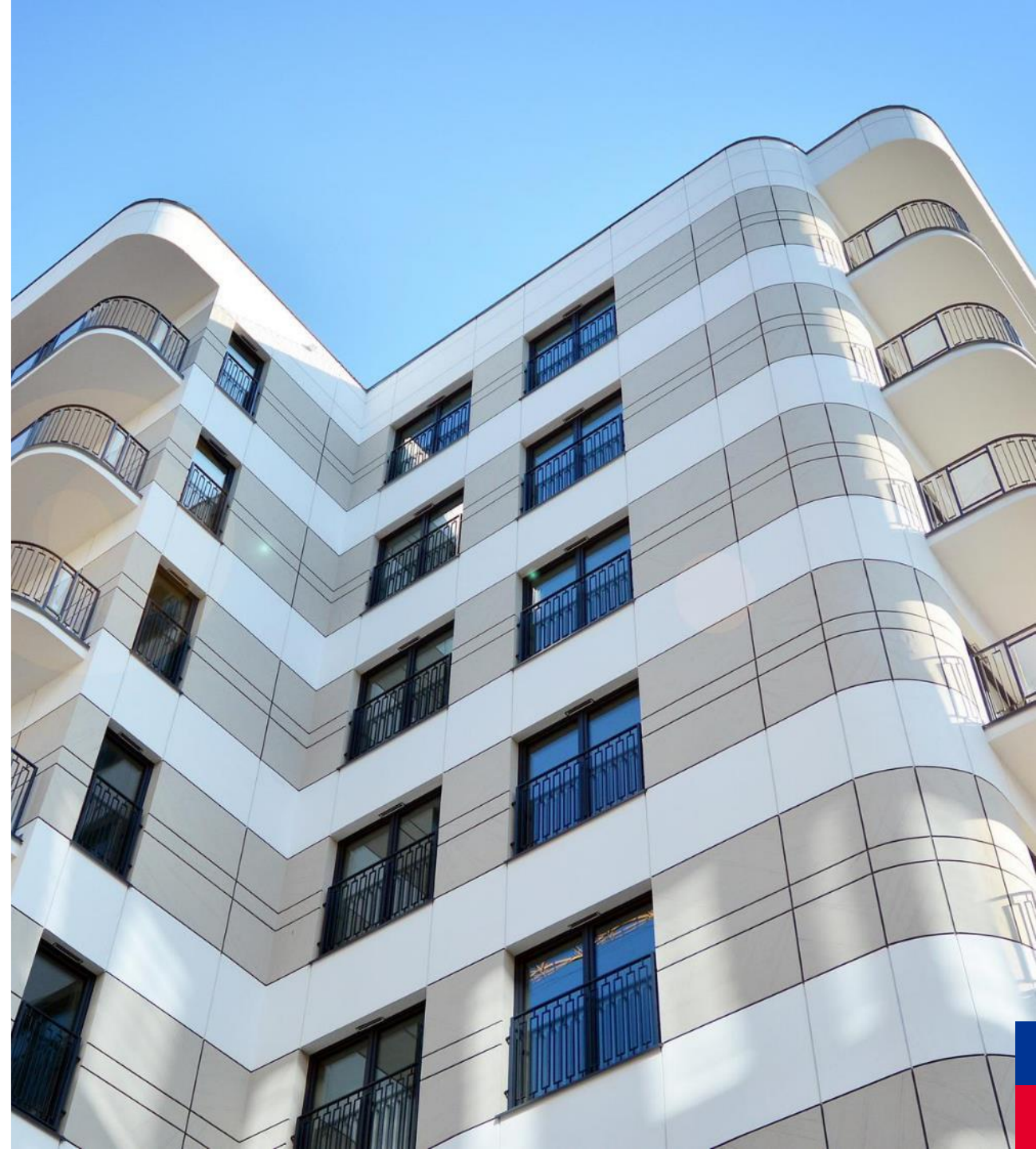
**6.5%**

Operating cash flow  
margin (previous year 7.3%)



# Transformation program progressing as planned

- Positive impact on gross margin which improved by 130 bps, mainly in the areas of procurement and operational efficiencies in the plants
- Operational footprint: discussions with social partners ongoing and partially finalized
- Build up of shared service centers for Finance and HR functions progressing as planned in all regions
- Increased spend transparency and build up of product development Hub in Sofia
- Restructuring expenses in line with plan



Half-year results 2023/24

# Innovation & Customer Success





# Adding value to the building lifecycle with cutting-edge innovation

## MotionIQ Technology

Motion detection to improve experience and buildings' energy performance for more sustainable places

## Door Efficiency Calculator

Transparency around thermal energy consumption and CO<sub>2</sub> emissions for different automatic doors using a smart calculating tool to improve building sustainability



EntriWorX Ecosystem  
Skyra Access Solution  
dKey Smart Access



# The partner of choice around the globe

## Core Countries



**Hirschvogel,  
Denklingen, DE**

Ensuring protection with door hardware, access automation, unified access control solutions– additionally, providing time tracking and escape route solutions



**The Spire,  
Canberra Hospital, AU**

Providing mechanical keys, access automation and hardware solutions to "The Spire", Canberra's healthcare arena.



**Cardiff Airport,  
Cardiff, UK**

Introducing boarding pass control gates and providing the UK's first Argus Air installation.



**Zoo Zürich,  
Zurich, CH**

Providing tailored access solutions for diverse conditions, ensuring secure, controlled entry for humans and animals alike.

## Other



**Bahia International  
Airport, Salvador, BR**

Enhancing security and energy efficiency at entrance doors



**Stade de France,  
Paris, FR**

Providing a streamlined access control system for the 2024 Olympic Games



**World of Volvo,  
Gothenburg, SE**

Featuring Skyfold walls at the new Volvo Experience building

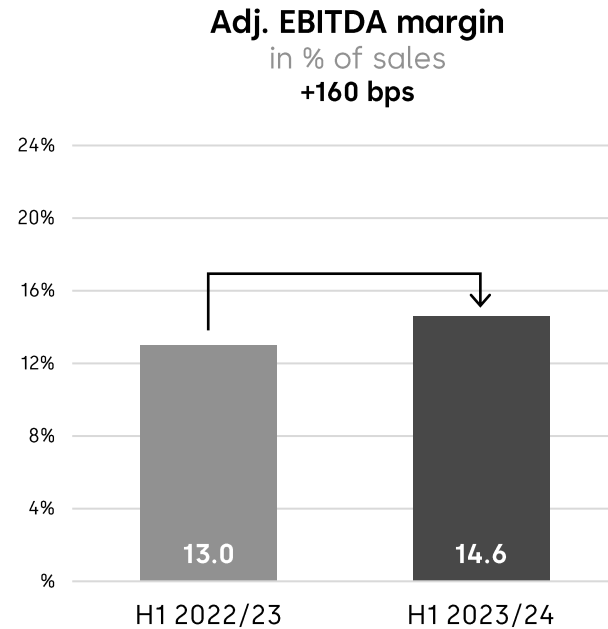
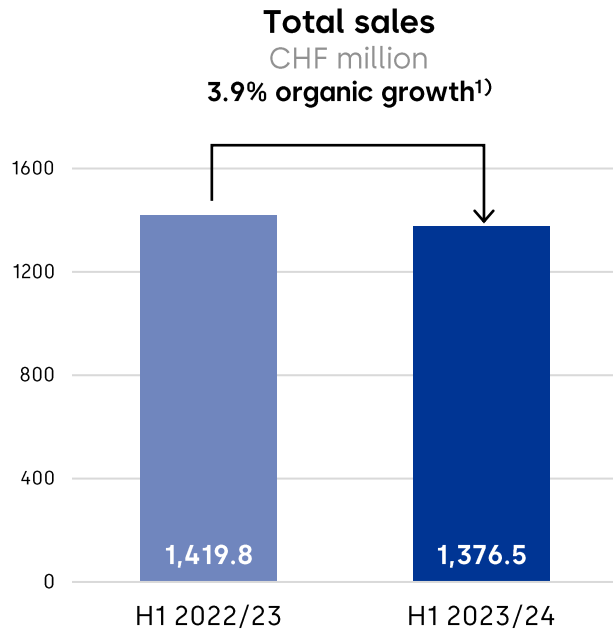
Half-year results 2023/24

# Business Performance





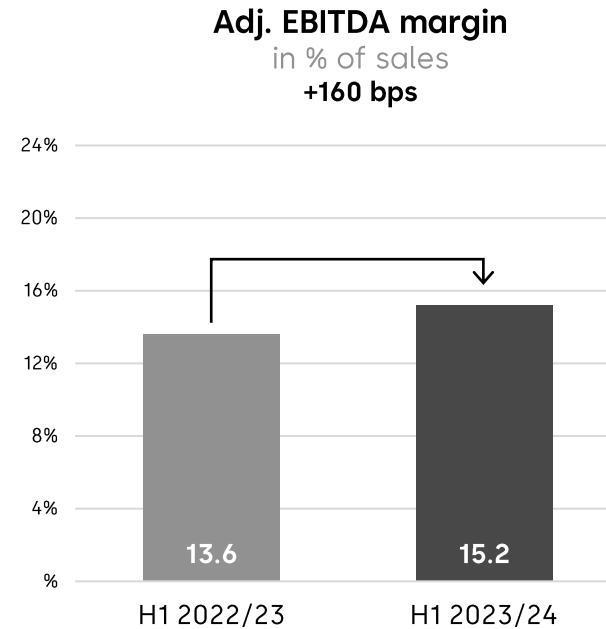
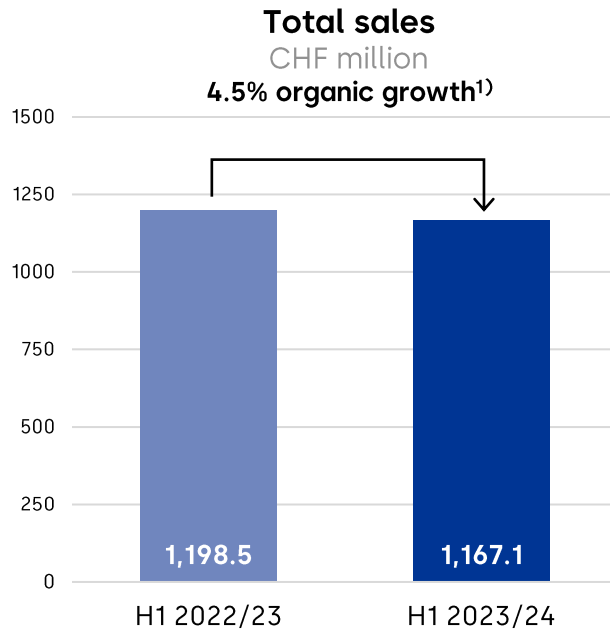
# Solid organic growth and significantly increased adjusted EBITDA margin benefiting from our transformation program



1) Excl. FX, M&A

- **Net sales** CHF 1,376.5 million (HY 22/23: CHF 1,419.8 million)
- **Sales** -3.0%
- **Organic sales growth** 3.9% (price: 3.1%, volume: 0.8%)
- **Currency translation effects** -6.7%
- **Adjusted EBITDA increased** by 8.7% to CHF 200.7 million (HY 22/23: CHF 184.6 million)
- **Adjusted EBITDA margin** 14.6% (HY 22/23: 13.0%); benefiting from our S4G transformation program with increased operational and procurement efficiencies, price realizations, normalizing supply chains and a favorable product mix
- **Items affecting comparability** CHF 46.6 million (HY 22/23: CHF 14.0 million) mainly related to reorganization and restructuring costs
- **Net profit** CHF 48.5 million (HY 22/23: CHF 54.3 million)

# Access Solutions: good organic growth, significantly increased adjusted EBITDA margin



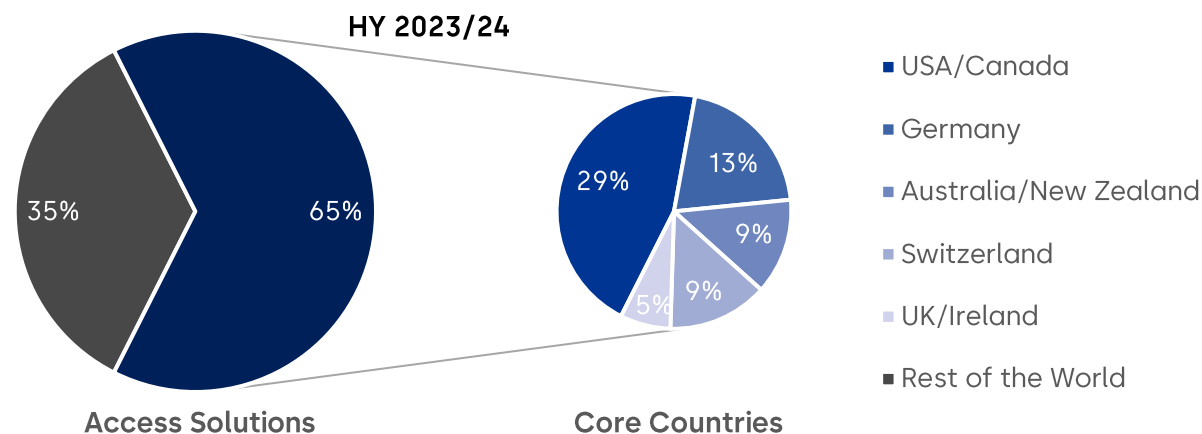
- **Net sales** CHF 1,167.1 million (HY 22/23: CHF 1,198.5 million)
- **Sales** -2.6%
- **Organic sales growth** 4.5% (volume: 1.1%, price: 3.4%)
- **Currency translation effects** -6.8%
- **Adjusted EBITDA increased** by 8.7% to CHF 177.1 million (HY 22/23: CHF 162.9 million)
- **Adjusted EBITDA margin** 15.2% (HY 22/23: 13.6%); first impacts from the transformation program (procurement and operational efficiencies), price realization, a favorable product mix and continued tight cost management

1) Excl. FX, M&A



# Access Solutions – Core Countries: organic growth offset by currency translation effect

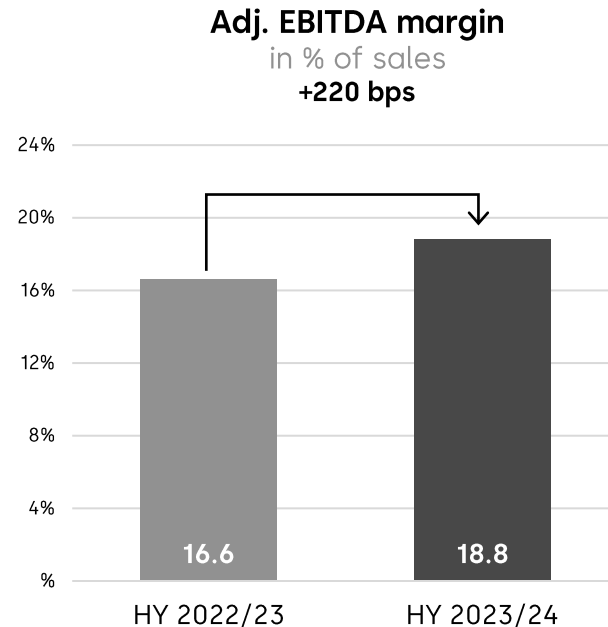
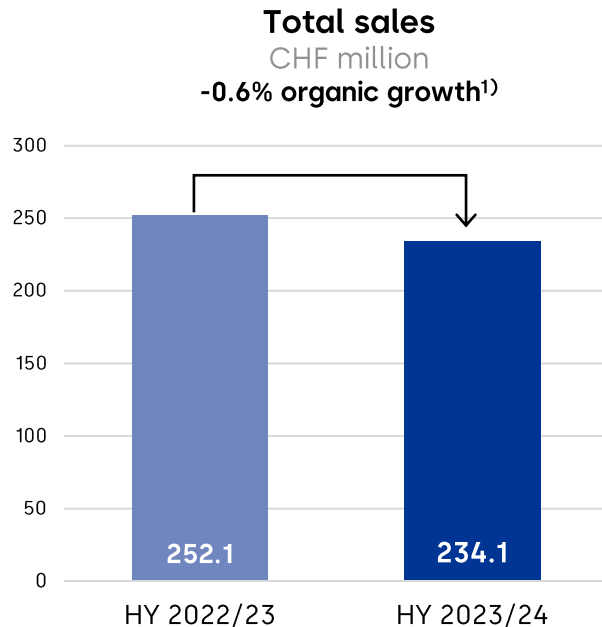
Net Sales 3rd party per Core Country



CHF million (except where indicated)	HY 2023/24	HY 2022/23	Organic sales growth
USA/Canada	343.4	358.3	4.9%
Germany	154.9	147.0	8.7%
Australia/New Zealand	100.1	109.9	2.2%
Switzerland	104.5	103.3	1.6%
UK/Ireland	52.6	56.0	-3.5%
<b>Total Core Countries</b>	<b>755.5</b>	<b>774.5</b>	<b>4.2%</b>
Rest of the World	408.6	421.4	4.8%
<b>Total Access Solutions*</b>	<b>1,167.1</b>	<b>1,198.5</b>	<b>4.5%</b>

- Good organic growth development in **Germany** mainly driven by volume increases
- **Switzerland, Australia/New Zealand** and **USA/Canada** showing single-digit organic growth, predominantly due to price increases
- **UK/Ireland** with single-digit decline in organic sales growth, mostly due to volume declines in the competitive landscape
- **Rest of the World** saw mid-single-digit organic growth, driven equally by price realization and volume
- All countries significantly impacted by negative currency translation effect due to strong Swiss franc
- Transactional impact limited due to dormakaba's good natural hedge

# KWO: strong EBITDA margin increase due to excellent margin expansion in Movable Walls



1) Excl. FX, M&A

- **Net sales** CHF 234.1 million (HY 22/23: CHF 252.1 million)
- **Sales** -7.1%
- **Organic sales growth** -0.6%; good organic growth of Movable Walls was offset by declining sales of Key Systems and OEM (volume: -2.0%, price: 1.4%)
- **Currency translation effects** -6.6%
- **Adjusted EBITDA increased** by 5.5% to CHF 44.1 million (HY 22/23: CHF 41.8 million)
- **Adjusted EBITDA margin increased** to 18.8% (HY 22/23: 16.6%); due to excellent margin improvement and good growth in Movable Walls and margin safeguarding in Key Systems and OEM business units



Half-year results 2023/24

# Financial Results

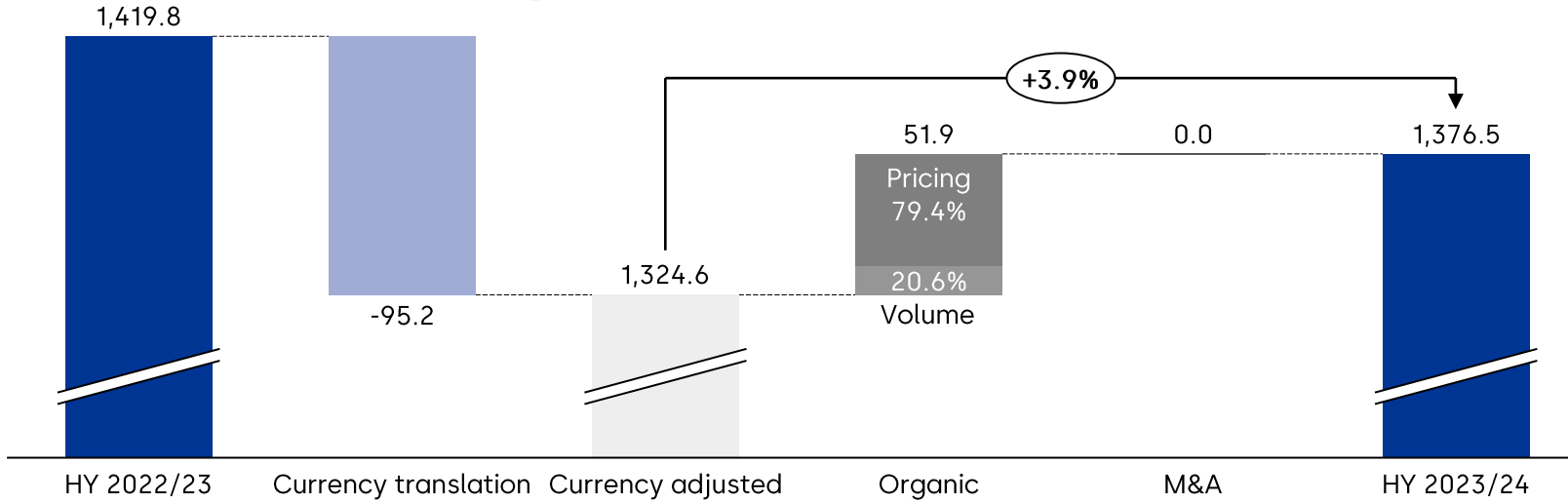


# Key figures

CHF million (except where indicated)	HY 2023/24	HY 2022/23	Variance
Net sales	1,376.5	1,419.8	-3.0%
- thereof: organic sales growth	3.9%	8.0%	
- thereof: acquisition impact	0.0%	2.2%	
- thereof: divestment impact	0.0%	-2.1%	
- thereof: currency effect on sales	-6.7%	-2.5%	
<b>Adjusted EBITDA</b>	<b>200.7</b>	<b>184.6</b>	<b>8.7%</b>
<b>Adjusted EBITDA margin</b>	<b>14.6%</b>	<b>13.0%</b>	<b>1.6 ppt</b>
Profit before taxes	76.2	84.1	-9.4%
Net profit	48.5	54.3	-10.7%
Net profit after minorities	24.9	28.3	-12.0%
<b>ROCE (Return on capital employed)</b>	<b>27.5%</b>	<b>23.3%</b>	

- Solid organic net sales growth of 3.9% positively supported by price increases (+3.1%), volume growth (+0.8%) impacted by weak demand in OEM business
- Adjusted EBITDA margin significantly above PY (+160 bps), driven by pricing, procurement and S4G transformation program
- Increased labor cost continues to be a major cost driver
- ROCE (adjusted) improved by 420 bps positively impacted by profitability and NWC reduction

# Sales development

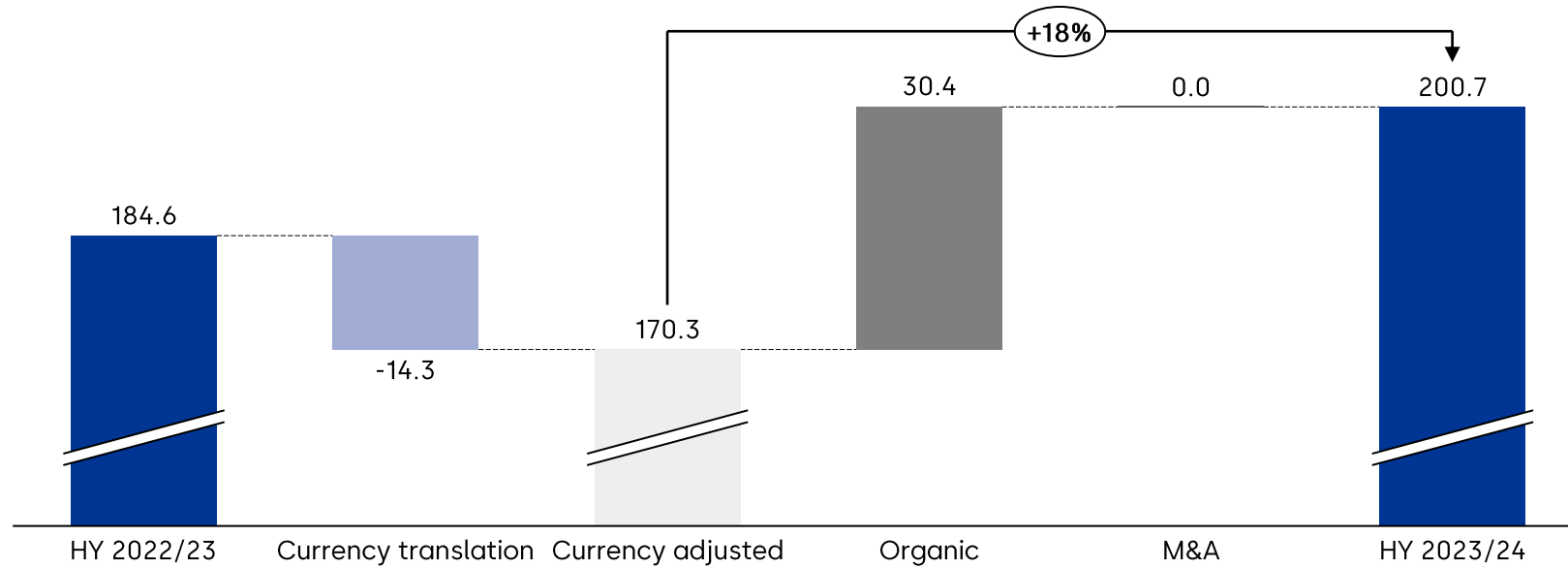


Countries / Segments	HY 2023/24	HY 2022/23	HY 2023/24
		Third-party sales contribution	Organic sales growth
USA/Canada	24.9%	25.2%	4.9%
Germany	11.3%	10.4%	8.7%
Switzerland	7.6%	7.3%	1.6%
Australia/New Zealand	7.3%	7.7%	2.2%
UK/Ireland	3.8%	3.9%	-3.5%
Rest of the World AS	29.7%	29.7%	4.8%
<b>Total Access Solutions</b>	<b>84.6%</b>	<b>84.2%</b>	<b>4.5%*</b>
<b>Key &amp; Wall Solutions and OEM</b>	<b>15.4%</b>	<b>15.8%</b>	<b>-0.6%*</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.9%</b>

- Overall negative currency translation impact of 6.7% due to a strong CHF against all major currencies
- Solid organic sales growth of 51.9mCHF (+3.9%) with positive impact from volume
- Good organic sales growth in AS core markets except UK
- Rest of the World: Good growth in India, robust sales growth in Austria, South Europe, Central and Eastern Europe and South-East Asia offset by lower demand in China, Scandinavia, France, Benelux and the Middle East
- Key & Wall Solutions and OEM: strong order backlog in Modernfold (MW) offset by further destocking (OEM) and lower demand in LATAM (KS)



# Adjusted EBITDA development



- Adjusted EBITDA increased by 16.1mCHF (+9%) despite negative currency translation impact due to strengthening of the CHF against all major currencies (-14.3mCHF)
- At stable currency adjusted EBITDA increased by 30.4mCHF (+18%).
- Adjusted EBITDA margin improvement of 160 bps are driven by efficiency measures, procurement savings, price and a favorable product mix
- Higher adjusted EBITDA margin (+160 bps) in Access Solutions driven by increased productivity and procurement savings, as well as operational efficiency improvements from the transformation program
- Key & Wall Solutions and OEM (+220 bps) benefited from improved product mix in OEM as well as strong EBITDA margin improvement in MW supported by all units

Segments	Adjusted EBITDA contribution		Adjusted EBITDA margin development	
	HY 2023/24	HY 2022/23	HY 2023/24	HY 2022/23
Access Solutions	80.1%	79.6%	15.2%	13.6%
Key & Wall Solutions and OEM	19.9%	20.4%	18.8%	16.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14.6%</b>	<b>13.0%</b>

# Income statement (condensed)

CHF million	HY 2023/24	%	HY 2022/23	%	Variance in %
Net sales	1,376.5	100.0	1,419.8	100.0	-3.0
Gross margin	560.7	40.7	559.4	39.4	0.2
Sales and marketing	-256.4	-18.7	-240.3	-16.9	6.7
General administration	-128.6	-9.3	-123.7	-8.7	4.0
Research and development	-69.3	-5.0	-66.4	-4.7	4.4
Other operating income	9.0	0.7	4.8	0.3	87.5
Other operating expenses	-27.4	-2.0	-32.0	-2.3	-14.4
EBIT	88.0	6.4	101.8	7.1	-13.6
Financial result, net	-11.8	-0.9	-17.7	-1.2	-33.3
Profit before taxes	76.2	5.5	84.1	5.9	-9.4
Income taxes	-27.7	-2.0	-29.8	-2.1	-7.0
Net profit	48.5	3.5	54.3	3.8	-10.7

## Reconciliation of operating figures

CHF million	HY ended 31.12.2023			HY ended 31.12.2022		
	Adjusted	IAC	Unadjusted	Adjusted	IAC	Unadjusted
EBITDA	200.7	-46.6	154.1	184.6	-14.0	170.6
D&A	-35.4	-30.7	-66.1	-38.2	-30.6	-68.8
EBIT	165.3	-77.3	88.0	146.4	-44.6	101.8

- Net sales strongly impacted by currency translation to CHF vs. PY
- Gross margin increased by 130 bps driven by improved plant productivity in AS operations, procurement savings, favorable product mix and pricing
- Expenses for the transformation program included
- Net financial result impacted by gain from sale of associates; partially offset by higher interest expenses from the bond and short-term debt
- Income tax rate is 36.4% (PY: 35.4%); adjusted for non-deductible goodwill amortization 27.4% (PY: 26.0%). This increase is mainly driven by S4G transformation cost which do not bring full tax benefit in 2023/24
- Items affecting comparability (IAC) includes 49.6mCHF related to the transformation program and 25mCHF goodwill amortization related to accounting policy choice for goodwill accounting within Swiss GAAP FER 30

# Cash flow

CHF million	HY 2023/24	HY 2022/23
Cash generated from operations	146.0	137.6
Net cash from operating activities	89.8	103.9
Net cash used in investing activities	-26.0	-53.8
- thereof: capital expenditure	-43.4	-39.4
- thereof: acquisition and divestment related	8.1	-12.8
Free cash flow	63.8	50.1
Operating cash flow margin <sup>1)</sup>	6.5%	7.3%
Free cash flow before acquisitions/divestments	55.7	62.9

<sup>1)</sup> Net cash from operating activities/net sales

- Cash generated from operations improved by 8.4mCHF as a result of further reduction of accounts receivables despite top line growth
- Net cash from operating activities declined due to tax and interest payments
- Cash flow from investing activities benefited from divestments of 3db (associates) and real estates (France and the USA)



# Net debt

CHF million	HY ended 31.12.2023	FY ended 30.06.2023	HY ended 31.12.2022
Adjusted EBITDA	200.7	384.8	184.6
Cash and cash equivalents	-114.4	-122.1	-120.3
Short-term bank loans and overdrafts	97.5	110.0	249.5
Bonds	594.5	594.5	594.4
Other liabilities	8.9	14.5	13.1
<b>Net debt</b>	<b>586.5</b>	<b>596.9</b>	<b>736.7</b>
Net debt / Adjusted EBITDA (leverage) – rolling 12 months	1.5x	1.6x	2.0x

- Net debt slightly declined by 10.4mCHF, impacted by the dividend payment of 72.9mCHF in HY
- Leverage ratio (net debt/adj. EBITDA) is at 1.5x
- Leverage ratio on reported EBITDA is at 1.9x, which is influenced by IAC accrued for the transformation program
- Comfortable long term with leverage reported EBITDA of up to 2.5x

# Outlook





## The market environment

# Highly attractive market to face short-term challenges

- The geopolitical and economical environment remains challenging with the impact of higher interest rates and several ongoing conflicts which might result in weakening regional growth in addition to still fairly high inflation rates
- Developed markets expected to slow down in 2024, while emerging markets will still hold growth opportunities
- Supply chains fairly normalized in 2023, but might face new challenges in 2024
- While raw material cost decline, inflation continues to drive high interest rates and labor cost
- 2024 is an election year in key markets, which usually sees a slowdown in public spending
- dormakaba benefits from a good business profile with a high share of refurbishment business and a low exposure in the residential market





# Guidance

Despite uncertainty and due to a good order pipeline and the continued focus on the company's Shape4Growth transformation execution, dormakaba confirms its guidance for the financial year 2023/24.

The company continues to expect organic growth to be in line with its 3-5% p.a. mid-term guidance and expects profitability to show sequential improvement above performance in the financial year 2022/23 (13.5%).



# Q&A





## Contact

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

### Half-year Report 2023/24

Read more about the financial results of dormakaba Group at [dk.world/HYR23\\_24](https://dk.world/HYR23_24)

### Sustainability Report 2022/23

Visit [report.dormakaba.com/2022\\_23/sustainability](https://report.dormakaba.com/2022_23/sustainability) to find out what we have achieved in this field during financial year 2022/23.

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# Thank you

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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).

