First half of financial year 2019/20: Organic sales growth of 0.8% – EBITDA margin of 15.5%

- Consolidated net sales of CHF 1,385.7 million
- Organic sales growth of 0.8%
- EBITDA of CHF 214.1 million, impacted by one-off effects; EBITDA margin at 15.5%
- Net profit of CHF 119.4 million
- Management changes: new Chief Operating Officer AS AMER; Chief Manufacturing Officer role will be discontinued
- Covid-19 expected to have noticeable impact on full year 2019/20 performance - organic sales growth and EBITDA margin expected to be somewhat lower than in the previous year

Rümlang, 4 March 2020 – The macroeconomic and geopolitical environment continued to become more challenging during the first half of the 2019/20 financial year. dormakaba closed the first half year as of 31 December 2019 with consolidated net sales of CHF 1,385.7 million (previous year CHF 1,396.5 million; -0.8%). In addition to the demanding environment, the ongoing appreciation of the Swiss franc against major currencies negatively impacted results. Adjusted for the impact of currency translation (-2.1%) and acquisitions and divestments (0.5%), the organic sales growth rate is 0.8%, which is a slight improvement on the second half of financial year 2018/19 (0.4%).

Profitability and net profit
dormakaba recorded an EBITDA of CHF 214.1 million (previous year CHF 223.0 million), with an EBITDA margin of 15.5% (previous year 16.0%). This puts the margin slightly below the level of the second half of the 2018/19 financial year (15.8%). The lower EBITDA is mainly attributable to the continuation of external and internal factors that negatively impacted the second half of the previous financial year. In addition, extraordinary non-recurring costs impacted the period under review. These effects overcompensated improvements in operational efficiencies, final merger-related cost synergies, a positive M&A effect, and slightly lower raw material costs.

Profit before taxes for the period under review amounted to CHF 157.1 million (previous year CHF 170.1 million) and net profit came to CHF 119.4 million (previous year CHF 126.7 million).

Cash flow and balance sheet
Cash flow from operations amounted to CHF 192.1 million during the period under review, significantly up from the previous year (CHF 149.1 million). Cash flow from investing activities of CHF -191.8 million reflects the continued high level of investment of dormakaba for the further development of its portfolio. It includes CHF -141.4 million for acquisitions as well as investments of CHF -50.2 million (previous year CHF -45.2 million) in property, plant, equipment and intangible assets, which represent 3.6% of sales (previous year 3.2%).

As at 31 December 2019, dormakaba had total assets of CHF 1,878.2 million (31 December 2018: CHF 1,921.8 Mio.). Net financial debt increased because of growth, by CHF 71.4 million to CHF 836.1 million (31 December 2018: CHF 764.7 million).

Segment performance
Access Solutions AMER (North and South America)
AS AMER achieved total sales of CHF 416.3 million for the first half of the 2019/20 financial year. Segment EBITDA rose to CHF 87.2 million (previous year CHF 84.7 million), and the EBITDA margin was at 20.9% (previous year 21.1%).

Access Solutions APAC (Asia Pacific)
AS APAC achieved total sales of CHF 230.5 million. Segment EBITDA came to CHF 35.1 million, slightly lower than in the previous year (CHF 36.8 million), while the EBITDA margin was at 15.2% (previous year 15.6%).

Access Solutions DACH (Germany, Austria and Switzerland)
AS DACH generated segment sales of CHF 415.6 million. Segment EBITDA with CHF 70.3 Mio. was below previous year's level (CHF 78.5 million), as was the EBITDA margin of 16.9% (previous year 18.3%).

Access Solutions EMEA (Europe, Middle East and Africa)
AS EMEA generated sales of CHF 374.5 million and EBITDA amounted to CHF 30.4 million, an increase of 1.3% on the previous year. The EBITDA margin, at 8.1%, was higher than in the previous year (7.9%).

Key & Wall Solutions
Key & Wall Solutions generated sales of CHF 198.9 million. EBITDA rose by 2.8% compared with the previous year to CHF 29.8 million, while the EBITDA margin improved to 15.0% (previous year 14.7%).

Changes in the Executive Committee

In the period under review, dormakaba announced that Steve Bewick (53) will take over as Chief Operating Officer for the segment AS EMEA as of 1 January 2020.

Today, dormakaba is announcing that both Michael Kincaid (58), Chief Operating Officer AS AMER, and Jörg Lichtenberg (55), Chief Manufacturing Officer, will step down from their respective positions and as members of the Executive Committee as of 30 June 2020 at the latest. Michael Kincaid will continue to support dormakaba in a senior management role while Jörg Lichtenberg will take up a new professional challenge outside of dormakaba.
As successor of Michael Kincaid, the Board of Directors has appointed Alex Housten (39). He will be joining dormakaba as of 1 April 2020 and after an onboarding period will assume responsibility as COO AS AMER and joining the Executive Committee on 1 July 2020 at the latest.

Riet Cadonau, Chairman and CEO dormakaba: “On behalf of the Board of Directors and the Executive Committee, I would like to thank Michael Kincaid and Jörg Lichtenberg already today very much for their many years of dedication to our company. Both have contributed considerably to the positive development of our company in recent years and to the successful merger to dormakaba. I wish them all the best and continued success for their professional and private future. With Alex Housten we were able to attract a senior industrial executive with an outstanding track record at United Technologies UTC. We are looking forward to his contribution to drive profitable growth at dormakaba.”

With Jörg Lichtenberg intending to leave the company, it was decided to discontinue the Chief Manufacturing Officer role. Over four years after the merger, the company’s new operating model is well established which allows management to reassign the Chief Manufacturing Officer’s respective responsibilities within the organization.

With above changes dormakaba takes the next steps in corporate development and organizational setup, aiming to further improve 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.

Outlook

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

Covid-19 is expected to have a noticeable impact on the performance for full year 2019/20. While local demand in China is already affected, there is currently a lack of visibility on the impact on global supply chains as well as on economic growth.

In addition, dormakaba expects the macroeconomic slowdown, the political volatility and the trade conflicts to continue to affect its business in the second half of financial year 2019/20.

From today’s perspective the company therefore 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, the mid-term targets will be reviewed in the forthcoming months. dormakaba will continue to invest significantly in innovation and digital transformation, which the company considers as crucial for future competitiveness and for sustainable profitable growth.

dormakaba Group Key figures

CHF million	Half-year ended 31.12.2019	%	Half-year ended 31.12.2018	%
Net sales	1,385.7	100.0	1,396.5	100.0
Operating profit before depreciation and amortization (EBITDA)	214.1	15.5	223.0	16.0
Profit before taxes	157.1	11.3	170.1	12.2
Net profit	119.4	8.6	126.7	9.1

The comprehensive half-year report 2019/20 of dormakaba Holding AG is available online at report.dormakaba.com and the analysts' presentation at dk.world/publications.

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dormakaba Group
dormakaba makes access in life smart and secure. As one of the top three companies in the industry, dormakaba is the trusted partner for products, solutions and services for access to buildings and rooms from a single source. With strong brands such as Dorma, Kaba and Best in its portfolio, the company and its numerous cooperation partners are represented in over 130 countries worldwide.

dormakaba is listed at the SIX Swiss exchange, is headquartered in Rümlang (Zurich/Switzerland) and generated a turnover of over CHF 2.8 billion with around 16,000 employees in financial year 2018/19.

SIX Swiss Exchange: DOKA
Further information at www.dormakaba.com

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• delays in the integration of the mergers or acquisitions,
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• currency and raw material price fluctuations,
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• political risks in countries where the company operates,
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For definition of alternative performance measures, please refer to the half-year report 2019/20 of dormakaba.

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