

Press release

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Ad hoc announcement pursuant to Art. 53 LR

New strategy and mid-term targets announced

dormakaba to create value through focus and growth

- Strategy program “Shape4Growth” focusing on accelerating profitable growth
- Ambitious and achievable mid-term targets, creating stakeholder value: annual organic sales growth of 3% to 5% from 2021/22 onwards; adjusted EBITDA margin of 16% to 18% from 2023/24 onwards; ROCE above 30% as of 2023/24
- New operating model driving customer centricity and capturing synergies; AS DACH and AS EMEA merged into one segment
- Board of Directors supports plan to divest Mesker
- Appointments of Mathias Mörtl as Chief Operating Officer and Frederick Jeske-Schönhoven as Chief Strategy & Marketing Officer; CFO Bernd Brinker to leave the company
- Trading update: 7% organic sales growth achieved in Q1 2021/22; outlook for financial year 2021/22 increased regarding organic growth to 3% to 5%

Rümlang, 15 November 2021 – dormakaba CEO Sabrina Soussan will present the company’s new purpose, strategy, operating model, and mid-term targets during today’s Capital Markets Day.

Sabrina Soussan: “With an ambitious strategy and achievable targets, dormakaba will accelerate value creation for all its stakeholders through focus and growth. We will further differentiate from our competitors through digitalization and our contribution to sustainability.”

Shape4Growth: a strategy to accelerate profitable growth

dormakaba’s new strategy called “Shape4Growth” will accelerate profitable growth through focus: focus on the company’s core businesses in commercial access solutions, focus on core markets and focus on customer-centricity. At the same time, dormakaba will achieve differentiation through digitalization, domain know-how, as well as through its contribution to the sustainability of the building technology industry.

With implementation of Shape4Growth, the company expects to achieve annual organic sales growth of 3% to 5% from financial year 2021/22 onwards as well as an adjusted EBITDA margin of 16% to 18% from the year 2023/24 onwards. In addition, ROCE (Return on Capital Employed) is introduced as new financial key performance indicator to ensure efficient capital deployment. As of 2023/24, the company’s target is a ROCE above 30%.

At the core of the new strategy lies a clear portfolio segmentation. The company will focus on its global core businesses of Entrance Systems, Door Closers, Access Control Solutions and Services: while being highly resilient, this core has the highest growth and margin potential for dormakaba. Focus will additionally be put on those countries where dormakaba has established the strongest market position and where the global core businesses can expand most. dormakaba will increase customer intimacy and cross-selling with dedicated solutions for selected verticals and with a significant increase of its specification capabilities.

In addition, in North America, dormakaba aims to become a strong number three through an ambitious turnaround of the company's US business, as well as the planned divestment of its Mesker business.

Focus on operational excellence, notably in procurement, pricing, and IT, will provide a strong foundation for profitable growth. This will be further supported by effective capital deployment through improved R&D return, continued active portfolio management and targeted partnerships, such as with Latch, a leading US-based provider for building management solutions. By the planned combination of dormakaba's cloud-based access management system resivo with the LatchOS full building enterprise software-as-a-service (SaaS) platform, the intended partnership creates an attractive value proposition for managed residential buildings in Europe.

A new operating model to focus on customer centricity

Focus will be further anchored in the company through a change of the operating model to three customer-centric regions and sales organizations for Access Solutions – Americas, Asia-Pacific and Europe & Africa – which will be supported by global functions to capture synergies. Expected benefits are significant improvements in customer centricity, in scale and operational efficiency, as well as in transparency and accountability. All in all, the reporting segments will be reduced from five to four operating segments by combining AS DACH and AS EMEA. The Key & Wall Solutions segment will remain unchanged. The changes in the operating model will be implemented as of 1 January 2022.

Stringent execution

Execution of the strategy will be achieved through a customer-centric and performance-oriented culture, as well as stringent transformation management. Management incentives will be directly linked to the company's new financial key performance indicators, ensuring "pay for performance".

Differentiating through sustainability

As part of Shape4Growth, dormakaba has committed to an industry-leading framework for sustainability with ambitious ESG targets. In line with the targets approved by the Science-Based Target initiative (SBTi) earlier this year, dormakaba has committed, by 2030, to a reduction of 42% of its own carbon emissions and of 25% of carbon emissions from purchased goods and services, as well as from the use of sold products. Carbon-neutrality will be achieved by 2030.

Investments to enable growth

To enable growth and to reduce internal complexity, dormakaba will accelerate investments in IT to catch-up and close remaining gaps. The target is to finalize ERP harmonization and enable state of the art digital capabilities across the organization in a time frame of five years. This acceleration will lead to additional investments of around CHF 35 million per year.

Eliminating duplicative functions across regions and process harmonization as part of the future operating model will lead to a headcount reduction of around 300 positions. The company expects one-time costs of around CHF 25 million in financial year 2021/22, and yearly savings of more than CHF 30 million from financial year 2023/24.

All-in-all, Shape4Growth is a growth strategy. It will require new skills and capabilities and further investments in innovation, digitalization, specification and people development. Overall headcount is expected to increase in a purposeful way in line with dormakaba's business.

New Executive Committee structure and members

The new market-focused organization and a new Executive Committee structure (see separate organizational chart) will take effect on 1 January 2022. Two new Executive Committee members have been appointed by the Board of Directors: Mathias Mörtl as Chief Operations Officer and Frederick Jeske-Schönhoven as Chief Strategy & Marketing Officer. Mathias Mörtl joins dormakaba from Voith Turbo, where his roles included Chief Operating Officer and Chief Technology Officer, both on an Executive Vice President level. Frederick Jeske-Schönhoven joined dormakaba in April 2021 as Senior Vice President Strategy & Transformation; previously he was Senior Vice President Strategy & Business Development at Siemens Mobility.

Bernd Brinker will step down from his role as CFO as of 1 April 2022 to take on a new challenge outside of the company. Says Sabrina Soussan: "I would like to thank Bernd Brinker for his significant and valuable contribution to the development of our company, where he has served as our CFO since the merger in 2015. I wish him all the best and continued success for his professional and private future."

Trading update on financial year 2021/22

dormakaba experienced 7% organic sales growth for the first quarter of financial year 2021/22 (July to September). All Access Solutions segments showed good organic growth, including AS AMER. Growth was particularly strong in Asia-Pacific despite continued Covid-related impacts in countries such as Australia. Growth in the Key & Wall Solutions segment was driven by the business unit Key Systems, while Movable Walls was still impacted by a weaker project business.

Thanks to a proactive pricing policy, dormakaba expects to compensate raw material inflation in financial year 2021/22. While having been successfully managed so far, supply challenges, particularly for electronic components, continue to be an area of concern and high attention.

As a result of the business development in the first quarter, dormakaba is raising its guidance for the current financial year 2021/22 with regards to organic sales growth from previously moderate organic sales growth to 3% to 5%. In addition, the company confirms the previously given guidance for the adjusted EBITDA margin, expecting a slight year-on-year increase (adjusted EBITDA margin for financial year 2020/21: 14.2%).

Capital Markets Day 2021

Today's Capital Markets Day starting at 2:00 p.m. CET will be held in English and will be broadcast live on the dormakaba website www.dormakabagroup.com.

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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 in its portfolio, the company and its numerous cooperation partners are represented in over 130 countries worldwide.

dormakaba is listed on the SIX Swiss exchange, is headquartered in Rümlang (Zurich/Switzerland) and generated a turnover of CHF 2.5 billion with around 15,000 employees in financial year 2020/21.

SIX Swiss Exchange: DOKA

Further information about dormakaba Group on www.dormakabagroup.com/en

Insights and inspiration from the world of access on <https://blog.dormakaba.com>

News on financials, products and innovations of dormakaba Group on <https://newsroom.dormakaba.com>

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For definition of alternative performance measures, please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2020/21 of dormakaba and in the Capital Markets Day presentation.

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