

Media release

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dormakaba to acquire Mechanical Security businesses
from Stanley Black & Decker

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- **Transaction builds on successful dormakaba merger and recent Mesker acquisition, in line with stated strategy – adding substantial scale in North America**
- **Scope of transaction: Consolidated 2016E net sales of USD 276 million and EBITDA of USD 52 million**
- **Encompasses North America-focused Stanley Commercial Hardware as well as GMT in China**
- **Well-recognized industry brand “BEST” to considerably strengthen market position**
- **Large installed base to provide attractive and stable repeat business**
- **Established spec-writing capabilities to enhance opportunities in new construction**
- **Strong position in growing verticals such as education and healthcare to complement dormakaba’s established position in hospitality**
- **dormakaba to become a top-three player in North America, the most profitable market in the industry, noticeably enhancing prospects for further profitable growth**
- **Calls for analysts today at 6.45 CET and 14.00 CET; for media (in German) today at 9.00 CET**

Rümlang, 21 December 2016 - dormakaba today announced that it has signed an agreement to acquire certain Mechanical Security businesses from Stanley Black & Decker for a total consideration of USD 725 million in cash. The transaction encompasses Stanley Commercial Hardware spanning mainly across North America and including a production facility in Taiwan; as well as GMT in China. Sargent and Greenleaf, a safe lock provider that also forms part of Stanley Black & Decker’s Mechanical Security business, is not included in the transaction.

Riet Cadonau, CEO of dormakaba: “This transaction builds on the dormakaba merger, which boosted our global market position, and the recently completed Mesker acquisition, which will expand our North America

offering to cover all essential door components including manual doors. Now with this unique strategic opportunity to acquire Stanley Commercial Hardware, we will add substantial scale, becoming a top-three provider in the attractive North American market that can offer the full portfolio of door hardware and access control solutions to our customers.”

Subject to customary closing conditions, completion of the transaction is expected in the first quarter of 2017. Full operational integration is expected to take up to three years, starting with the carve-out process of the acquired business from Stanley Black & Decker and integration of the back-end functions into dormakaba. The dormakaba post-merger integration process in North America as well as in Asia is well advanced to allow to follow through with this important strategic acquisition.

Strategic acquisition of a large and scalable business in North America

Stanley Commercial Hardware employs around 1,000 staff and operates with three main brands, including the “BEST” brand, one of the most recognized and trusted security names in the market. Their broad range of mechanical products and security solutions as well as wireless and cloud-based electronic locks are installed in over 350,000 end-user sites across North America, providing dormakaba with an attractive and stable repeat business, amongst other benefits.

Stanley Commercial Hardware also has a strong track record in terms of new construction projects, which reflects in its established base of specification writers providing consultation on access and security solutions early in the building cycle. This will allow dormakaba to take part in additional construction bids and to compete in large new projects with a complete product offering.

In terms of vertical markets, Stanley Commercial Hardware has a strong position in growing verticals such as education and healthcare, which will complement dormakaba’s strong position in hospitality, multi-housing, and government.

Furthermore, the acquisition will provide selected portfolio improvements such as master key systems and hinges as well as ANSI-certified products manufactured in Stanley’s Taiwan production facility, which is part of the acquisition. With more product breadth and additional channel relationships with geographically-based contract hardware distributors and wholesalers, dormakaba will be able to exploit its new unique portfolio.

Michael Kincaid, COO Access Solutions Americas of dormakaba: “Thanks to Stanley Commercial Hardware’s large installed base and spec writing capabilities, we will also be able to exploit interesting cross-selling opportunities in the future. With the North American market still relying on mechanical solutions, dormakaba will be in an excellent position to meet evolving customer demands for electronic upgrades and cloud-based solutions including mobile credential technology.”

China-based GMT, which is also included in the acquisition, employs around 600 staff. It is an established provider of commercial hardware products primarily for the mid- and lower price point markets. GMT is a well-known brand for glass door floor hinges and door hardware in China.

Value enhancement and financing

The overall business to be acquired will post estimated net sales of approx. USD 276 million and adjusted EBITDA of approx. USD 52 million, resulting in an EBITDA margin of approx. 19% for 2016E. For the Commercial Hardware business, 2016E net sales are approx. USD 229 million, adjusted EBITDA is approx. USD 51 million. For GMT in China, 2016E net sales are approx. USD 48 million, adjusted EBITDA is approx. USD 2 million.

The transaction is expected to be neutral to EBITDA margin of dormakaba from closing, and accretive from full year 2019/2020 onwards. With regard to earnings per share, the transaction is expected to be EPS accretive from day one.

The acquisition implies a pre-synergies EV/EBITDA multiple of 13.8x on a 2016E basis (9x multiple post expected revenue and cost synergies to be achieved within four years, and tax benefits).

The acquisition will be fully debt financed by an increase in the existing syndicated bank credit facility.

Calls for analysts and media

A telephone conference for media will be held in German at 9:00 am CET, dial-in number: +41 58 262 07 11, access code: 432732.

Analysts telephone conferences will be held in English:

- at 6:45 am CET, dial-in number: +41 58 262 07 22, access code: 278804
- and at 14:00 pm CET, dial-in number: +41 58 262 07 22, access code: 612984

A digital playback will be available after the telephone conference for two weeks at www.dormakaba.com.

For further information:

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dormakaba Group is one of the top three companies in the global market for access and security solutions. With strong brands such as Dorma and Kaba in our portfolio, we are a single source for products, solutions, and services related to doors and secure access to buildings and rooms. With around 16,000 employees and numerous cooperation partners, we are active in over 130 countries. dormakaba Group is headquartered in Rümlang (Zurich / Switzerland) and generates an annual turnover of over CHF 2 billion.

SIX Swiss Exchange: DOKA (formerly: KABN / KABNE)
Further information at www.dormakaba.com

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- Political risks in countries where the company operates
- Changes to the relevant legislation
- Realization of synergies
- Other factors named in this communication

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