Media Release

2018/19 financial results: Further increase in profitability, higher dividend proposed again

- Sales of CHF 2,818.3 million; due to divestments and currency effects slightly below previous year
- Organic sales growth of 1.3%
- EBITDA increased by 3.9% to CHF 448.0 million
- EBITDA margin improved to 15.9%; all segments with positive contribution to increased profitability
- Net profit up 5.8% to CHF 252.5 million
- Proposed dividend of CHF 16.00 per share; up from previous year's CHF 15.00
- Outlook for financial year 2019/20: volatile macroeconomic and geopolitical environment; nevertheless, aiming for EBITDA margin and organic sales growth above previous year

Rümlang, 12 September 2019 – The 2018/19 financial year was a satisfactory one for dormakaba. Profitability increased again, with all segments making a positive contribution to the increase in both EBITDA and the EBITDA margin. In particular, the AS APAC and Key & Wall Solutions segments made a relevant contribution to the improved profitability. At CHF 448.0 million, EBITDA was CHF 17.0 million (3.9%) higher than in the previous year, resulting in an EBITDA margin of 15.9% (previous year 15.2%).

Organic sales growth was lower than expected at 1.3%, mainly because of a slowdown in growth momentum in the second half of the financial year. Overall, dormakaba achieved sales of CHF 2,818.3 million (previous year CHF 2,841.0 million). This slight decline in sales is due to divestments and currency effects: while successfully completed divestments reduced sales by 1.0%, the appreciation of the Swiss franc had a negative effect of 1.1% on sales.

Riet Cadonau, Chairman and CEO of dormakaba: "Given the economic environment, we are satisfied with the results for the 2018/19 financial year. Our focus was on improving profitability. At the same time, we made substantial investments in digitization projects and product development with the aim of further strengthening the competitive position of our company. The industrial logic of the 2015 merger to dormakaba is undisputed. Today, we are a global full-range provider with sound opportunities for further profitable growth."

Profitability and net profit

During the period under review, dormakaba increased EBITDA to CHF 448.0 million (previous year CHF 431.0 million); this is despite the negative effects of portfolio adjustments (CHF -1.9 million) and currency translation (CHF -2.4 million). The improved EBITDA margin of 15.9% reflects overall efficiency gains as well as cost synergies from the dormakaba merger.

Operating profit went up to CHF 375.0 million (previous year CHF 364.3 million), and the EBIT margin improved to 13.3% (previous year: 12.8%).

Profit before taxes for the 2018/19 financial year increased to CHF 332.7 million (previous year CHF 315.7 million). Income taxes came to CHF 80.2 million, which represents an improved income tax rate of 24.1% (previous year 24.4%).

dormakaba finished the 2018/19 financial year with a net profit of CHF 252.5 million, up from CHF 238.7 million in the previous year. This increase of 5.8% is the result of an improved operating profit, a better financial result and a lower income tax rate.

Cash flow and balance sheet
Cash flow from operations rose to CHF 372.8 million (previous year CHF 367.2 million). Free cash flow improved significantly from CHF 37.1 million in the previous year to CHF 212.9 million in the year under review. This was mainly due to a higher operating cash flow and the proceeds from selling the minority stake in ISEO – whereas in the previous year the important acquisitions Skyfold and Kilargo were made. Cash flow from investment activities came to CHF 67.8 million, which is made up primarily of CHF 111.4 million of capital expenditures as well as CHF 40.9 million of proceeds from the sale of participations.

As at 30 June 2019, dormakaba had total assets of CHF 1,909.0 million. Net debt fell to CHF 651.4 million (previous year CHF 701.2 million). On the year-end date of 30 June 2019, equity came to CHF 258.5 million (previous year CHF 187.0 million), and the equity ratio to 13.5% (previous year 9.4%). This improvement results primarily from retained earnings from the better operating result.

Segment performances
Access Solutions AMER (North and South America)
Organic sales growth at the AS AMER segment amounted to -1.8%, with sales declining to CHF 816.7 million. At the same time profitability rose with an improvement in the EBITDA margin to 20.6% (previous year 19.7%).

Access Solutions APAC (Asia Pacific)
AS APAC recorded organic growth of 3.7%, with sales of CHF 462.3 million. The EBITDA margin improved to 14.9% (previous year 14.1%).

Access Solutions DACH (Germany, Austria and Switzerland)
AS DACH reported organic growth of 2.8%, with segment sales of CHF 863.0 million. The EBITDA margin improved to 17.8% (previous year 17.4%).

Access Solutions EMEA (Europe, Middle East and Africa)
AS EMEA posted organic sales growth of 1.9% and sales of CHF 777.8 million. The EBITDA margin improved to 7.3% (previous year 7.2%).

Key & Wall Solutions
Key & Wall Solutions achieved organic sales growth of 2.2% and sales of CHF 401.9 million. The EBITDA margin rose to 15.7% (previous year 14.6%).

Acquisitions and divestments
Focus during the last financial year was the effort to achieve further improvements in the existing business portfolio's profitability. Thus, there were only smaller acquisitions made while divestments were to a greater extent. In October 2018, the 40% minority stake in ISEO was sold. The AS AMER segment sold parts of its US Door Hardware Service business in December 2018, because this business activity did not meet the expectations for profitability.

In June 2019, dormakaba announced the acquisition of Alvarado Manufacturing in the USA. The transaction was already closed by 31 July 2019. The acquisition is expected to have a positive impact on the EBITDA margin and on earnings per share from day one.

Sustainability
dormakaba made further good progress on sustainability during the 2018/19 financial year. It improved its management system for recording CO_2 emissions, for example. In response to the Science Based Targets initiative, dormakaba also pledged to define science-based targets for CO_2 emission reduction by 2020. Detailed information about sustainability management at dormakaba can be found in the 2018/19 Sustainability Report, which is being published today along with the company's Annual Report.

Outlook
dormakaba expects that the macroeconomic and geopolitical environment will remain volatile. Various factors, such as trade conflicts, a potential hard Brexit and an intensification of various political crises could significantly impact the macroeconomic environment and lead to a downturn at the global level, or in major regions.

Nevertheless, dormakaba plans to continue investing just as strongly in innovation during the financial year 2019/20. It also plans to channel significant resources into digital transformation with the aim to further strengthen the company's competitive position over the coming years within an increasingly digitalized environment.

dormakaba will continue to concentrate on profitable growth, with a focus on improving profitability still further. For financial year 2019/20, the company expects its EBITDA margin and organic growth rate to be above the previous year figures. The medium-term financial targets remain unchanged.

Proposals to the Annual General Meeting of 22 October 2019
Dividend proposal
The Board of Directors is proposing to the Annual General Meeting to approve a dividend of CHF 16.00 per share for financial year 2018/19, to be paid from reserves from capital contributions. With 50.3%, the proposed pay-out ratio remains in line with the Board of Directors' dividend policy, which is to distribute at least 50% of net profit after minority interests. After the dividend for the 2015/16 financial year still stood at CHF 12.00 per share, an increase has been proposed every year since.

Elections to the Board of Directors
All serving Board members, as well as Riet Cadonau as Chairman of the Board of Directors, are putting themselves forward for re-election at the upcoming General Meeting. After 15 years of tenure on the dormakaba Board of Directors, Rolf Dörig has announced that he will only be available for one further term. If re-elected, Hans Hess is set to continue as Vice Chairman and Lead Independent Director. The Board of Directors also proposes the re-election of Rolf Dörig, Hans Gummert and Hans Hess as members of the Compensation Committee.

Key figures of the dormakaba Group

CHF million, except where indicated	Financial year ended 30.06.2019	in %	Financial year ended 30.06.2018	in %
Net Sales	2,818.3	100.0	2,841.0	100.0
Organic sales growth in %	1.3		2.6	
Acquisition (disposal) impact in %	-1.0		8.2	
Translation exchange differences in %	-1.1		1.9	
Operating profit before depreciation and amortization (EBITDA)	448.0	15.9	431.0	15.2
Operating profit (EBIT)	375.0	13.3	364.3	12.8
Profit before taxes	332.7	11.8	315.7	11.1
Net profit	252.5	9.0	238.7	8.4
- Net profit attributable to minority interests	120.7		114.9	
- Net profit attributable to the owners of the parent	131.8		123.8	
Dividend per share (in CHF)	16.0[1)]		15.0	
Other key figures				
Total assets	1,909.0		1,982.3	
Net debt	651.4		701.2	
Market capitalization	2,932.8		2,908.0	

1) Financial year ended 30.06.2019: proposal to the Annual General Meeting; in form of a distribution of reserves from capital contributions

The full annual report including consolidated financial statements as well as financial statements and the sustainability report for financial year 2018/19 of dormakaba Holding AG are available online at report.dormakaba.com. The analysts' presentation is available at dk.world/publications.

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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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