

Overview

dormakaba generated solid results in the financial year 2017/18. Consolidated net sales grew by 12.7% (CHF 320.9 million), and reached CHF 2,841.0 million compared to CHF 2,520.1 million in the previous year. Acquisitions and divestments contributed 8.2% (CHF 207.5 million) to growth, while organic sales growth accounted for 2.6% (CHF 65.5 million). The foreign exchanges rates had a positive impact on reported sales growth of 1.9% (CHF 47.9 million), mainly due to the weaker Swiss Franc against the Euro.

Profitability

EBITDA for the reporting period increased by 11.3% (CHF 43.7 million) and came to CHF 431.0 million compared to CHF 387.3 million in the previous year.

The EBITDA margin reached 15.2%, which was slightly below the previous year level of 15.4%. Acquisitions and divestments had a positive net impact on EBITDA in an amount of CHF 52.1 million. EBITDA was also positively impacted by currency translation in an amount of CHF 9.7 million. Within the organic business EBITDA came in lower than previous year due to weaker business performance especially in the US and Germany (CHF -18.1 million). The positive impacts on the Group's EBITDA margin from the contributions of higher volumes, acquisitions, and merger-related cost savings were more than offset by integration-related IT costs, unfavorable product mix effects, and a delay in efficiency gains in Germany. EBIT increased by 11.4% to CHF 364.3 million (previous year CHF 327.0 million) and the EBIT margin was at 12.8% (previous year 13.0%).

Financial result, profit before taxes and income taxes

The net financial result was CHF -48.6 million in the financial year 2017/18. Key driver was the full-year effect of the interest charges arising from the financing of the acquisitions executed in the reporting period and the year before. In the previous year acquisition-related interest charges started to occur only as a result of the acquisitions of Mesker (December 2016) and Best Access (February 2017). Profit before taxes came to CHF 315.7 million (previous year CHF 295.2 million). Income tax amounted to CHF 77.0 million, resulting in an income tax rate of 24.4%. As expected, the US tax reforms that came into force at the start of 2018 had and will continue to have a positive impact on the weighted applicable tax rate, which was further reinforced by some other one-off tax factors. Previous year's effective tax rate was significantly lowered by positive merger-related one-off tax effects. Consequently, the effective tax rate for financial year 2017/18 was only slightly higher than the previous year's 23.9%.

Net profit

dormakaba closed the financial year 2017/18 with a higher net profit of CHF 238.7 million (previous year CHF 224.6 million). This increase of 6.3% is mainly attributable to earnings growth through acquisitions; profit margins remained relatively stable. Consequently, net profit after minority interests rose by 6.4% to CHF 123.8 million from CHF 116.4 million in the previous year, and earnings per share (diluted) came to CHF 29.5 (previous year CHF 27.7).

Cash flow and balance sheet

Cash flow from operations amounted to CHF 367.2 million, and free cash flow increased to CHF 37.1 million (previous year CHF 354.7 million and CHF -699.2 million, respectively, due to acquisitions). This higher operational cash flow resulted primarily from the contribution from acquired businesses, but was partly compensated by significant expenses for merger-related restructuring. Cash flow from investing activities includes CHF 115.3 million for capital expenditures, as well as CHF 141.5 million for acquisitions. Cash flow from financing activities includes the refinancing of previous short-term financial debt through the placement of two bonds in a total value of CHF 680 million in October 2017. As a result, on the balance sheet date of 30 June 2018, net financial debt stood at CHF 701.2 million (previous year as at 30 June 2017: net debt of CHF 627.6 million). The net debt ratio to EBITDA remained stable at 1.6 times.

+12.7%

increase in consolidated net sales

+6.3%

increase in net profit

+11.3%

increase in EBITDA

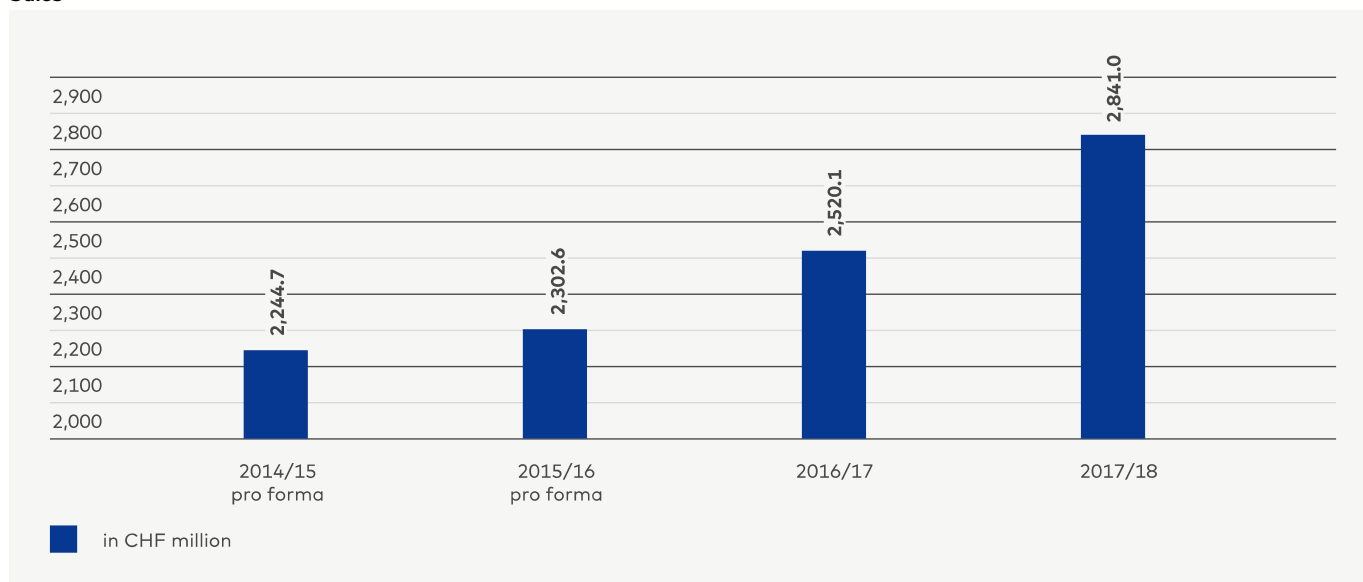
As at 30 June 2018, total assets were at CHF 1,982.3 million. Within current assets, cash and cash equivalents amounted to CHF 145.3 million; inventories stood at CHF 432.3 million (21.8% of total assets; previous year 21.5%), and trade receivables at CHF 502.1 million (25.3% of total assets; previous year 24.2%). Non-current assets consisted mainly of property, plant and equipment worth CHF 458.6 million (23.1% of total assets; previous year 21.6%). Total liabilities were at CHF 1,795.3 million (90.6% of total assets; previous year 90.4%), of which CHF 680.5 million reflects the two bonds due in 2021 and 2025.

In the financial year 2017/18, the company's equity increased from CHF 183.1 million to CHF 187.0 million, with an equity ratio of 9.4% (9.6% as at 30 June 2017). The change in equity is mainly due to goodwill from acquisitions executed during financial year 2017/18 in the amount of CHF 145.0 million, which was fully and directly offset against equity, dividend payments to shareholders in an amount of CHF 113.3 million, and the net profit contribution of CHF 238.7 million.

Currency effects

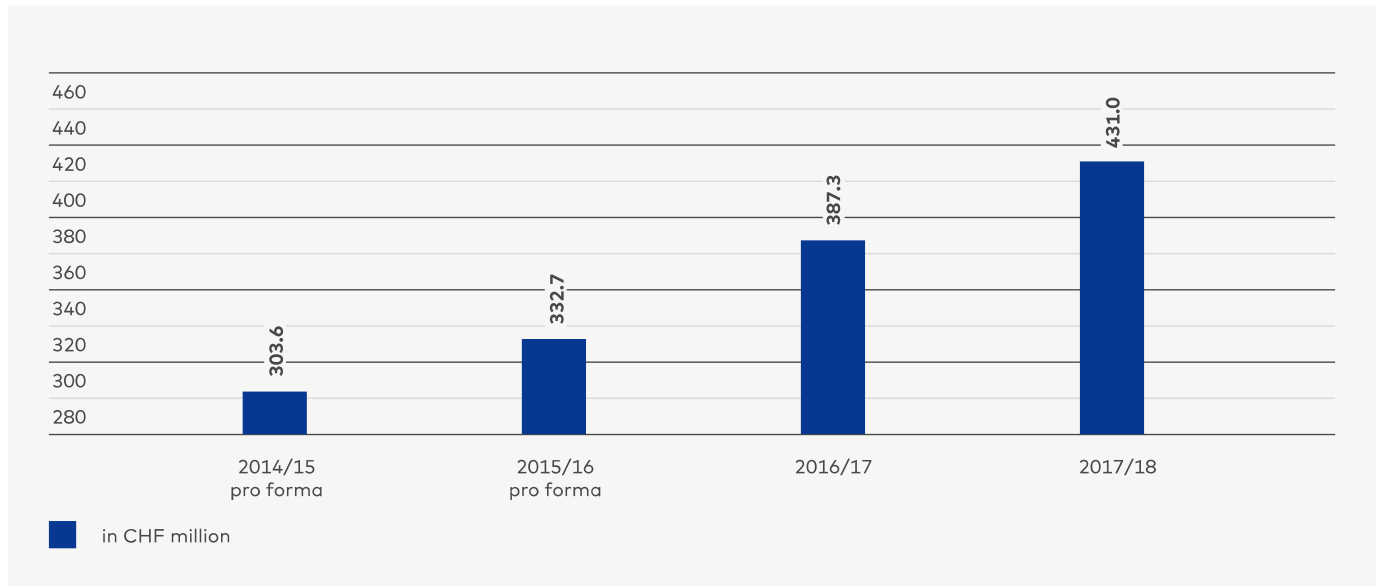
In summary, currency translation had a positive effect on sales, profitability, cash flows, and equity in financial year 2017/18. This was driven by the Euro against the Swiss Franc compared to the previous year, which strengthened by 7.2% from CHF 1.080 to CHF 1.158. Slightly compensating was the stronger Swiss Franc against the US Dollar, where the average exchange rate of the US dollar fell by 2.1% from CHF 0.991 to CHF 0.971.

Sales



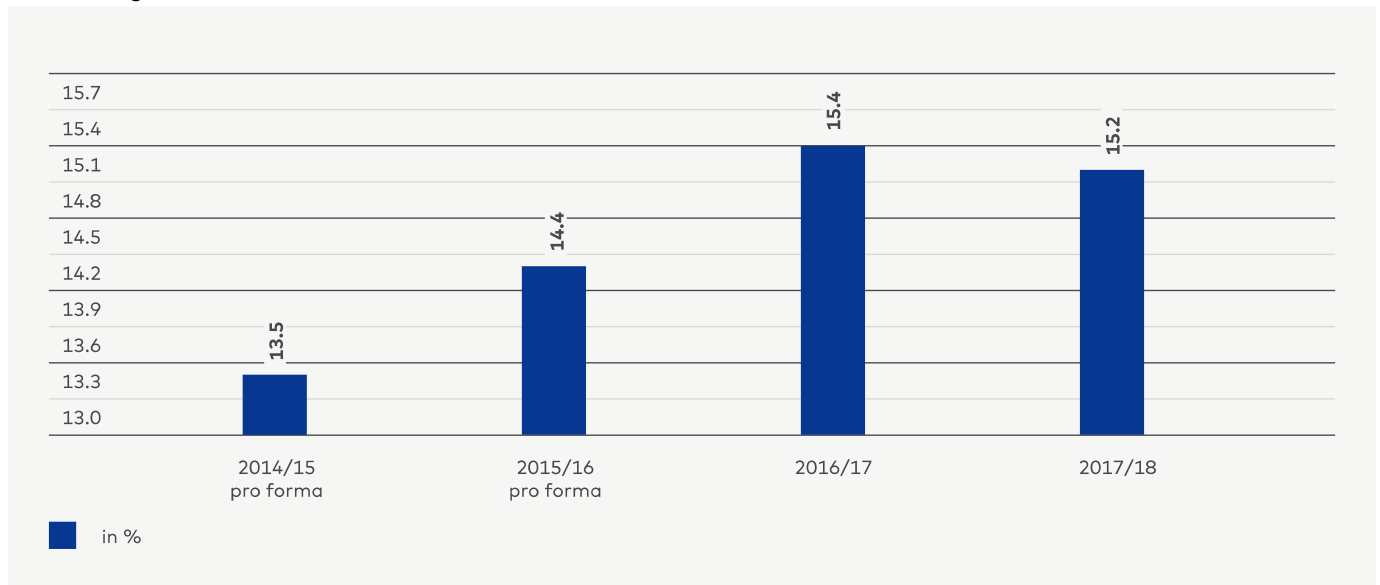
pro forma = former Dorma Group and former Kaba Group both 12 months

EBITDA



pro forma = former Dorma Group and former Kaba Group both 12 months

EBITDA margin



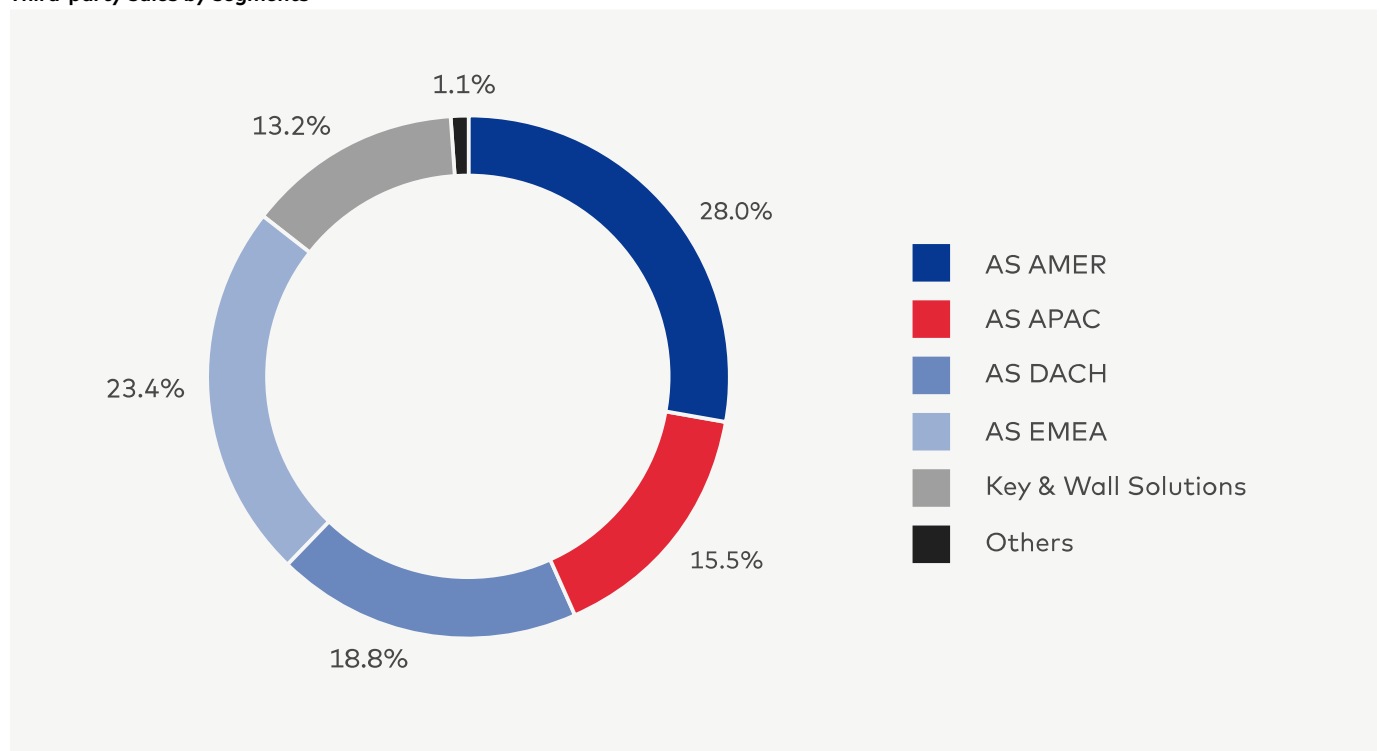
pro forma = former Dorma Group and former Kaba Group both 12 months

Key figures

in CHF million	Financial year ended 30.06.2018		Financial year ended 30.06.2017	
		in %		in %
Net sales	2,841.0	100.0	2,520.1	100.0
Organic sales growth in %	2.6		4.3	
Operating profit before depreciation and amortization (EBITDA)	431.0	15.2	387.3	15.4
Operating profit (EBIT)	364.3	12.8	327.0	13.0
Profit before tax	315.7	11.1	295.2	11.7
Dividend per share (in CHF) ¹⁾	15.0		14.0	
Other key figures				
Total assets	1,982.3		1,909.0	
Net debt	701.2		627.6	
Market capitalization	2,908.0		3,479.9	
Average number of full-time equivalent employees	16,432		16,250	

¹⁾ Financial year ended 30.06.2018: proposal to the Annual General Meeting; in the form of a distribution of capital reserves.

Third-party sales by segments



EBITDA contribution by segments (in % of total segment EBITDA)

