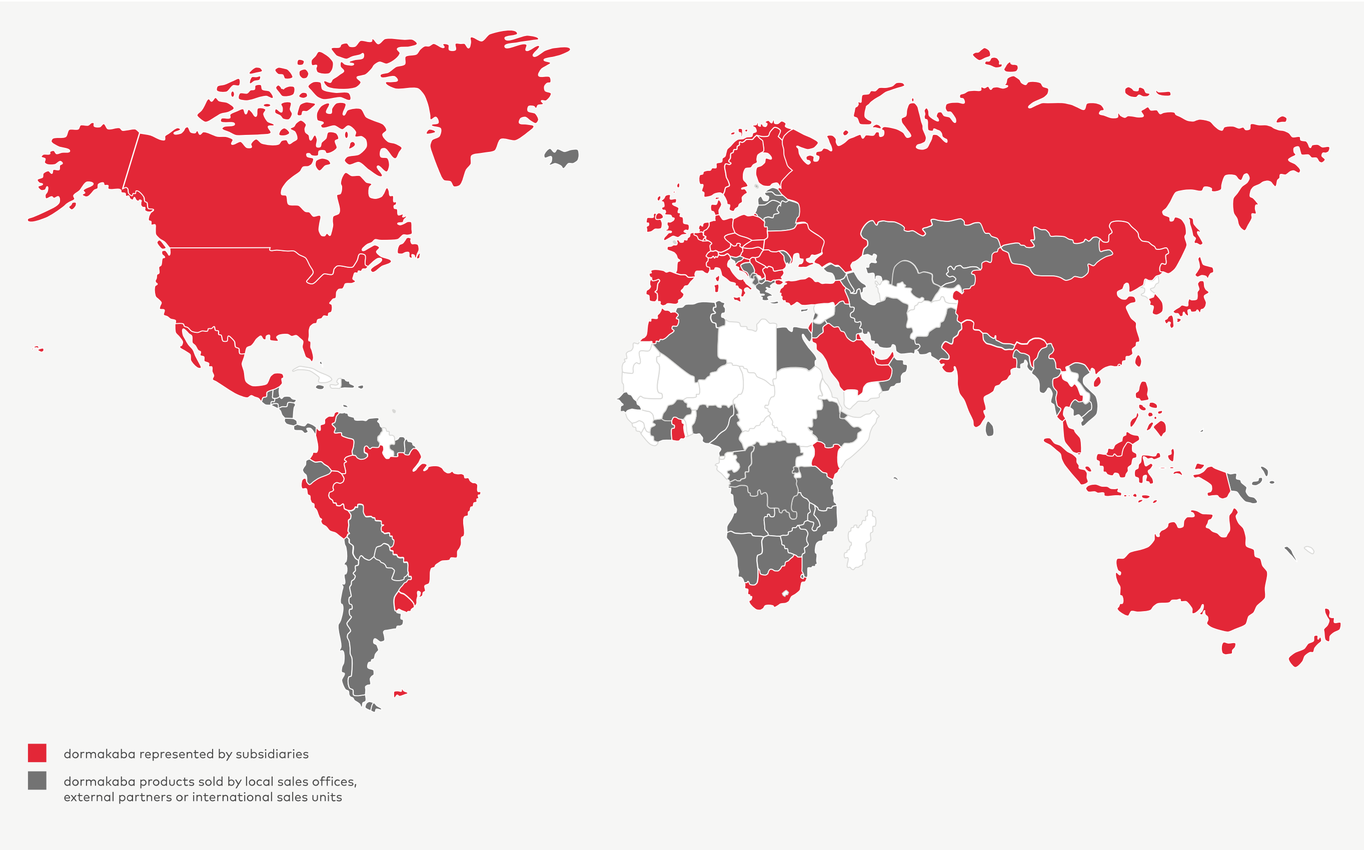
2017/18 in brief

- Sales increased by 12.7% to CHF 2,841.0 million, organic sales growth of 2.6%
- EBITDA increased by 11.3% to CHF 431.0 million, EBITDA margin 15.2% (previous year 15.4%)
- Net profit increased by 6.3% to CHF 238.7 million
- Dividend proposed to be increased to CHF 15.00 per share (previous year CHF 14.00)
- All acquisitions since the dormakaba merger have positively contributed to the results
- Post-merger integration process has largely been completed in most countries

dormakaba worldwide



Segment Access Solutions AMER

Flat growth, profitability below previous year

Operational performance

AS AMER generated total sales of CHF 828.4 million in the period under review. Organic sales growth was flat compared to the previous year. The segment reported an EBITDA of CHF 163.4 million, which is a 13.5% increase to prior year, and an EBITDA margin of 19.7% (previous year 21.0%). Positive EBITDA margin effects from the acquisitions of Best Access and Mesker could not compensate for merger-related Information Technology (IT) costs and the less favorable product mix caused by lower sales in the Safe Locks business and declining profitability in the Services business.

Market development

Sales growth in Canada and Latin America did not compensate lower sales growth in the US. Retrospectively, segment sales had a high comparable base in 2016/17 with organic growth of 9.1%. Growth in the US was negatively impacted by a deterioration of the weak environment for ATM locks (Safe Locks) which could not be compensated by good growth of Door Hardware. Lodging Systems reported continued good growth, which was driven by the success of the Mobile Access Solutions. Initially developed for the hotel business, this technology is now successfully leveraged in other commercial applications, where along with other new product introductions dormakaba experienced significant growth for electronic locks.

In the year under review, AS AMER was still impacted by the post-merger integration process of dormakaba and the Best Access and Mesker acquisitions. While good integration progress was made, the segment will finalize some of its merger and acquisition-related projects including IT only in 2018/19. The segment has gained several cross-selling contracts based on the new combined portfolio, including airport projects like Portland (Oregon), Austin (Texas), and DCA Reagan Washington. However, top-line synergies for the full portfolio of door hardware and access control solutions were below expectations, as the organization was more absorbed by integration efforts than expected. The business aims to increase top-line synergies by further training of the joint sales force and of specification writers for cross-selling on the combined portfolio.

The integration of Best Access and Mesker is on schedule and important milestones like the demerging of IT systems from the former parent company of Best Access were achieved ahead of schedule. Both acquired businesses have contributed positively to the segment's profitability.

Outlook

Based on a solid order book, AS AMER expects growth driven by lodging and multi-housing as well as by the continued good development of its acquired businesses.

However, the segment does not expect any major improvement in the Safe Lock business for ATMs; in addition, a potential reduction of certain non-core and less profitable parts of the US Services business could negatively impact growth for the segment overall.

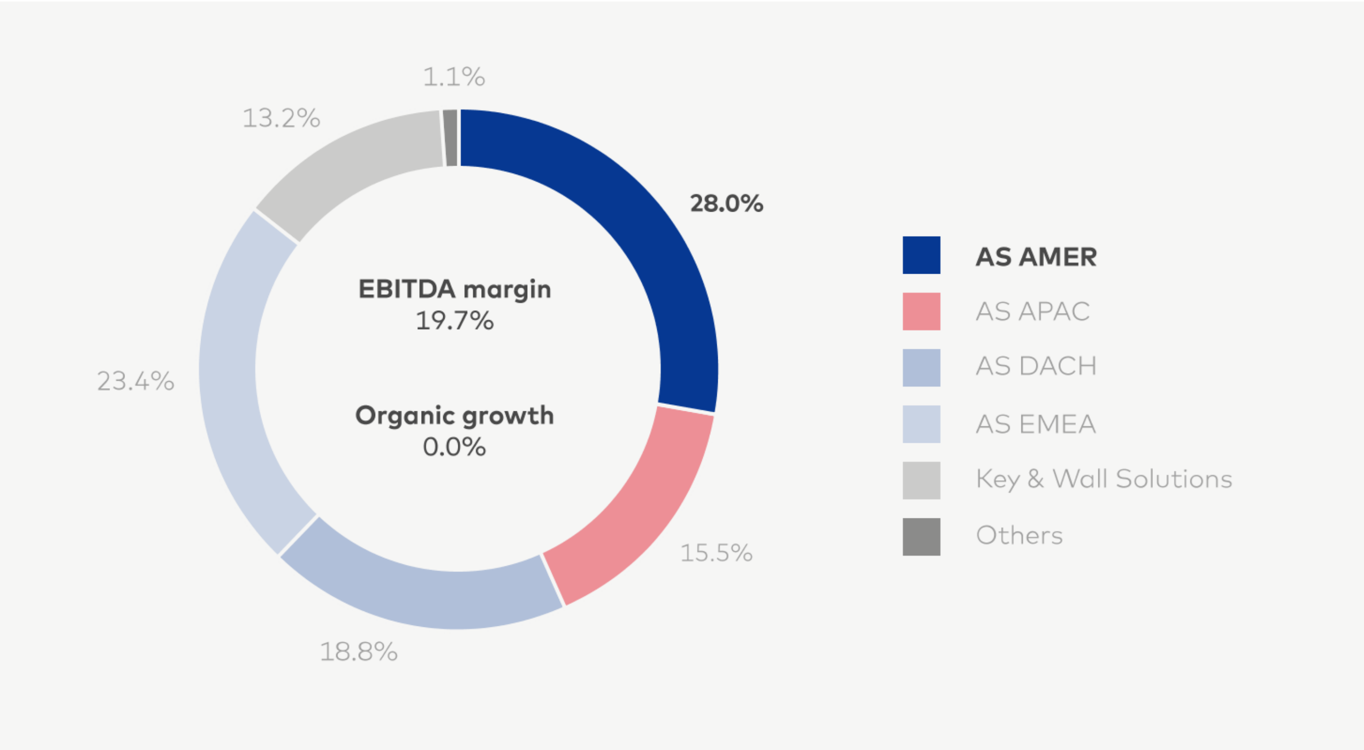
AS AMER expects to benefit from the Best Access and Mesker acquisitions, its broader product offering and its stronger position in important verticals like healthcare and education. As an example, the quality and performance of Best Access products for the education sector have been honored with the Platinum award for the product range shelter in the Lockdown and Physical Security category in the Secure Campus Awards 2018 (Campus Security & Life Safety, March 2018).

The segment will continue to develop innovative technologies and solutions, such as Ambiance, a lodging access management software solution which unifies different existing software platforms. Another example is the new Saflok Quantum Pixel lock for lodging. With its minimalistic and elegant design and its mobile access option it meets customer requirements particularly in the European and Asian markets.

AS AMER will monitor raw material prices in North America which may rise due to potential tariff policy escalations. To compensate, the segment will respond with identification of additional sourcing options and price adjustments.

The segment has launched initiatives to increase its profitability. These measures include a shared service center for finance, and investments in equipment and factory footprint to internalize external costs.

Third-party sales by segments



Key figures

in CHF million	Financial year ended 30.06.2018	in %	Financial year ended 30.06.2017	in %	Change on previous year in %
Net sales third parties	796.9		656.2		21.4
Intercompany sales	31.5		28.8		
Total segment sales	**828.4**		**685.0**		**20.9**
Change in segment sales	143.4	20.9	170.1	33.0	
Of which translation exchange differences	–11.3	–1.6	9.4	1.8	
Of which acquisition (disposal) impact	155.0	22.5	113.7	22.1	
Organic sales growth	**–0.3**	**0.0**	**47.0**	**9.1**	
Operating profit before depreciation and amortization (EBITDA)	**163.4**	**19.7**	**144.0**	**21.0**	**13.5**
Average number of full-time equivalent employees	3,078		2,506		

Segment Access Solutions APAC

Good organic sales growth with double-digit growth in China, higher profitability

Operational performance

AS APAC generated total sales of CHF 468.0 million in 2017/18. Organic sales growth was 4.5% compared to the previous year. The segment reported an EBITDA of CHF 65.8 million, which is 24.6% above previous year. The EBITDA margin increased to 14.1% (previous year 12.6%). This improvement was driven by higher volumes, strategic price adjustments and a favorable product mix which more than compensated the effects of higher raw material prices.

Market development

The segment generated good growth in most of its major regional markets. As in the previous year, there was double-digit sales growth in China, driven by the expansion of high end solutions and offerings, by the continued success of cost effective mid-market products and by the introduction of new products, such as the innovative F306+BLE door lock, the first BLE (blue-tooth low energy) electronic door lock by dormakaba for the Chinese market. There was very good organic growth as well in Australia and in India. South East Asia, however, was impacted by a somewhat weaker construction market and sales were below previous year. Additionally, there was a significant base effect as the segment finalized a major project in the second half of 2016/17 (Singapore, Changi Airport Terminal 4).

There was continued good demand for Door Hardware and Services and strong demand for Lodging Systems. The segment successfully increased its sales prices to compensate for higher raw material costs such as zinc alloy and copper.

The post-merger integration was successfully finalized in all countries except for India. However, the segment could finally kick-off its post-merger integration in India in April 2018 immediately after the Dorset Kaba joint venture was dissolved.

Chinese company GMT, which joined dormakaba as part of the Best Access acquisition, was sold on 29 September 2017. GMT is reported in the segment "Others" in order to improve comparability of segment results.

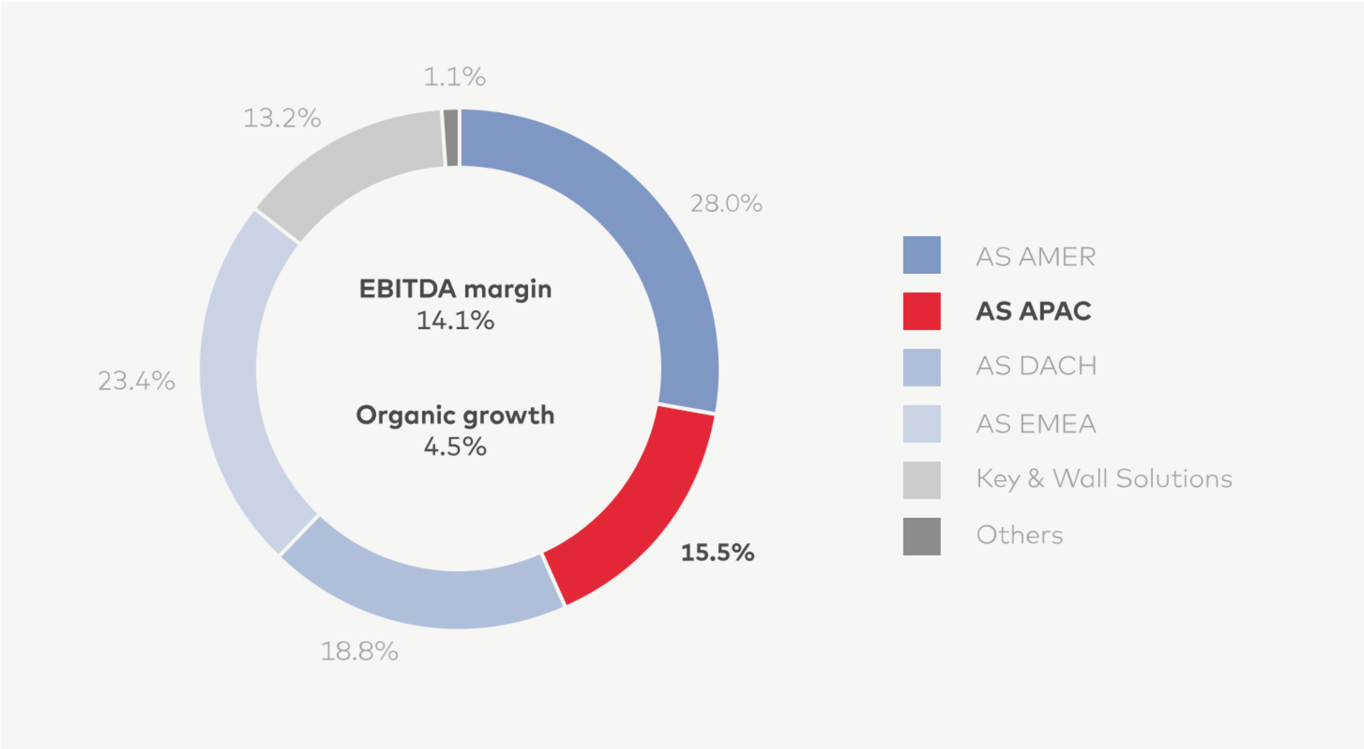
Outlook

AS APAC expects continued good growth in 2018/19 and will continue to execute its profitable growth strategy, which is leveraging the combined new product portfolio and improved cost structures. However, there is potential risk of further escalation of the trade conflicts between China and the US and of a further deterioration of the economic environment in South East Asia which might negatively impact growth expectations.

AS APAC gained contracts for several major new projects where products from multiple Product Clusters were specified like the ITPO (Indian Trade Promotion Organization) Exhibition and Convention Center in New Delhi or the International Convention Center developed by Reliance in India. The segment will continue to benefit from new innovative solutions like KTV Atrium Flex, cost-effective elegant full glass revolving doors with robust and quiet drives and easy maintenance which were launched in 2017/18.

The segment expects that it will continue to benefit from its acquired businesses. The TLHM business in Taiwan that was acquired as part of Best Access is expected to continue to contribute positively to sales growth and profitability. With the acquisition of Kilargo the segment gained market share in the door seal business in Australia. In April 2018, the segment completed the acquisition of the Commercial Building Physical Access Solutions business from Beijing-based Cambaum Group. With products including sensor or tripod barriers and different kinds of turnstiles, this business will strengthen the segment's position in the commercial smart buildings market in China.

Third-party sales by segments



Key figures

in CHF million	Financial year ended 30.06.2018	in %	Financial year ended 30.06.2017	in %	Change on previous year in %
Net sales third parties	441.1		398.7		10.6
Intercompany sales	26.9		22.2		
Total segment sales	**468.0**		**420.9**		**11.2**
Change in segment sales	47.1	11.2	44.8	11.9	
Of which translation exchange differences	0.9	0.2	6.0	1.6	
Of which acquisition (disposal) impact	27.4	6.5	9.7	2.6	
Organic sales growth	**18.8**	**4.5**	**29.1**	**7.7**	
Operating profit before depreciation and amortization (EBITDA)	**65.8**	**14.1**	**52.8**	**12.6**	**24.6**
Average number of full-time equivalent employees	3,836		4,039		

Segment Access Solutions DACH

Sales growth, profitability below previous year

Operational performance

AS DACH generated total sales of CHF 851.6 million in 2017/18. Organic sales growth was 2.0% compared to the previous year. The segment reported an EBITDA of CHF 147.4 million, which is 1.4% lower than previous year. The EBITDA margin decreased from 18.7% to 17.3% as an improvement in profitability achieved through higher volumes was not sufficient to offset the major negative effects such as an unfavorable product mix, merger-related IT costs and negative currency effects driven by the strong Euro.

Post-merger integration remains behind schedule in Germany. While the relocation of the production for standard door closers from Germany to Singapore and China was completed as planned, part of the efficiency gains will not materialize before fiscal year 2019/20. This is mainly due to the socially acceptable measures relating to job reductions in Germany agreed to with the social partners, as well as an adjustment of the timeline for some major IT projects.

In the second half-year 2017/18, some major price increases have been announced and executed to compensate for raw material inflation and to improve profitability.

Market development

Organic growth at AS DACH was mainly driven by higher sales in Austria. Switzerland also achieved good growth. Sales in Germany increased slightly compared to the prior-year period, driven by some modest improvement in the second half of 2017/18 but were still impacted by a weak Electronic Access & Data business. This business was below the level of prior year due to project delays in access control with several customers. In addition, a major software upgrade, which was required to upgrade the installed base, was launched only with a delay, but is available now for customers since early 2018/19.

Additionally, not all business opportunities were exploited in Germany, as the organization was more absorbed by the integration than expected.

Door Hardware – especially door closers – as well as Services and Entrance Systems contributed to growth driven by several new projects, like the equipment of a big cruise ship where several product clusters were contributing with their solutions.

Outlook

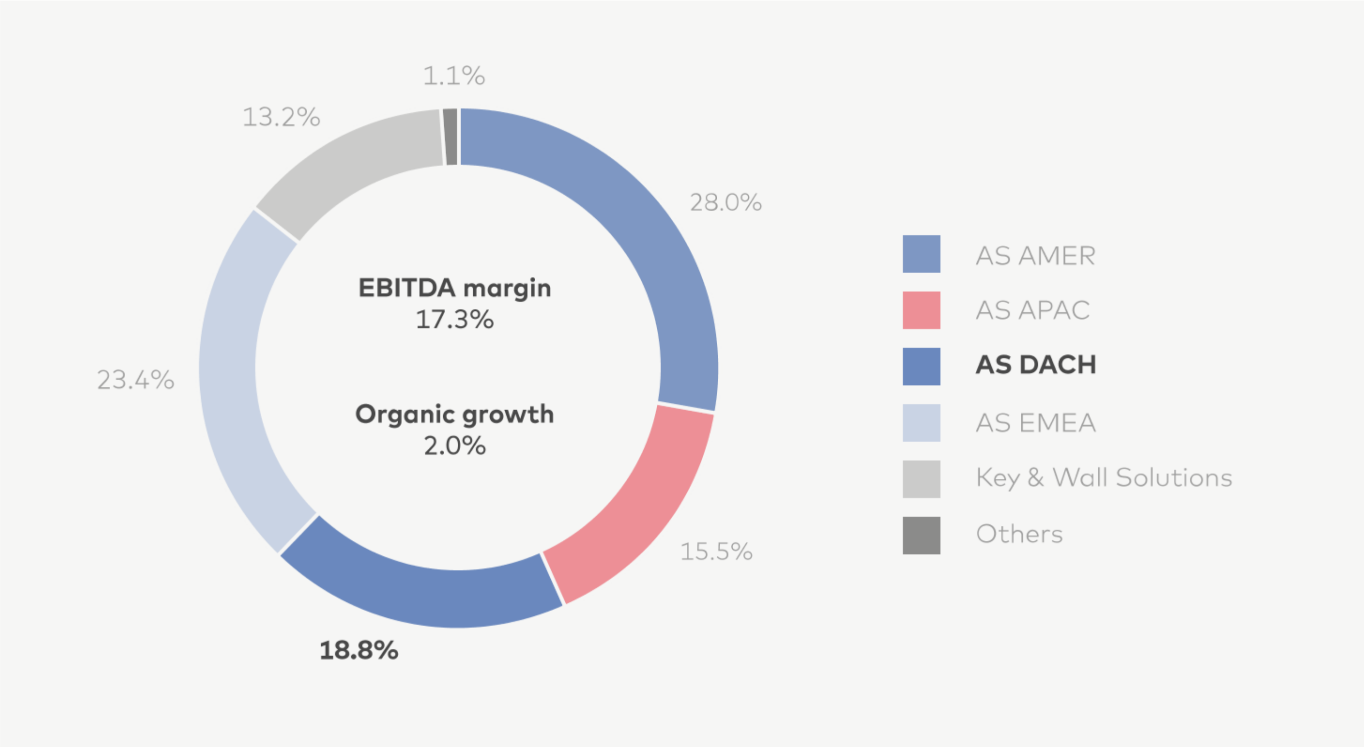
AS DACH expects accelerated growth in 2018/19 as the Electronic Access & Data business in Germany is expected to pick up and as major investments in the standardization of the IT infrastructure and digitization will enable an improvement in business processes and efficiencies.

Despite delays in the post-merger integration in Germany, AS DACH expects that profitability in 2018/19 will benefit from an improved cost base due to the relocation of the production for standard door closers from Germany to Singapore and China.

The business has started initiatives to improve profitability which includes measures to increase cost efficiency, optimized purchasing and the continuous focus on strategic pricing.

In addition, the segment intends to increase its competitiveness and sales with new and innovative products such as TS 98 XEA, a next generation door closer, which reduces complexity throughout the entire process from planning to installation, which was successfully launched in 2017/18. Another example are innovative half-height sensor barriers Argus (HSB), which are used to manage people flow in areas such as corporate entrances and lobbies. This new product family, which will be launched in 2018/19, combines an attractive design with a modular and configurable architecture. Additionally, it enables simple integration of biometric recognition devices and cost-efficient production.

Third-party sales by segments



Key figures

in CHF million	Financial year ended 30.06.2018	in %	Financial year ended 30.06.2017	in %	Change on previous year in %
Net sales third parties	530.8		496.4		6.9
Intercompany sales	320.8		304.6		
Total segment sales	**851.6**		**801.0**		**6.3**
Change in segment sales	50.6	6.3	11.0	1.4	
Of which translation exchange differences	42.8	5.3	–4.9	–0.6	
Of which acquisition (disposal) impact	–7.9	–1.0	–7.3	–0.9	
Organic sales growth	**15.7**	**2.0**	**23.2**	**2.9**	
Operating profit before depreciation and amortization (EBITDA)	**147.4**	**17.3**	**149.5**	**18.7**	**–1.4**
Average number of full-time equivalent employees	3,506		3,747		

Segment Access Solutions EMEA

Growth in Europe, higher profitability

Operational performance

AS EMEA generated total sales of CHF 781.9 million in 2017/18. Organic sales growth was 2.5% compared to the previous year. The segment reported an EBITDA of CHF 57.4 million (+16.2% vs. previous year), with an EBITDA margin of 7.3% which was above the level of the previous year (6.7%). Merger-related cost synergies were partly offset by additional investments in R&D as well as by merger-related costs for IT.

Market development

In the financial year under review, growth in AS EMEA accelerated towards the end of the period supported by major airport and stadium projects. Sales growth varied substantially between individual countries and regions. There was strong growth in Central and Eastern Europe where business was driven by all Product Clusters thanks to successful execution of cross-selling activities, strong Entrance Systems business and major stadium projects. Southern Europe experienced good growth with a strong improvement in the second half of 2017/18 driven by project business particularly for automated border controls at airports in Spain. This growth overcompensated a weaker business environment in France. The Benelux countries and the UK contributed to growth as well, whereas sales in Scandinavia were below previous year. Benefitting from some major projects like the Metro in Riyadh (Saudi Arabia) and the Abu Dhabi Airport in UAE, sales in the Middle East improved during the second half of 2017/18; however, overall sales in the Middle East for the financial year 2017/18 were still slightly below previous year's level.

Growth was driven by the three Product Clusters Services, Entrance Systems, and particularly Lodging Systems. The business won several major contracts for Mobile Access Solutions from European hotel chains which is another step in establishing this technology also in Europe.

Post-merger integration was proceeding according to plan, as reflected in successful cross-selling initiatives, improved cost structures as well as in the status of the roll-out of the joint IT platforms such as ERP and CRM in various countries. These applications are expected to strengthen local organizations by providing a seamless digital customer journey along the entire customer supply chain, thereby optimizing customer experience, business processes and increasing profitability.

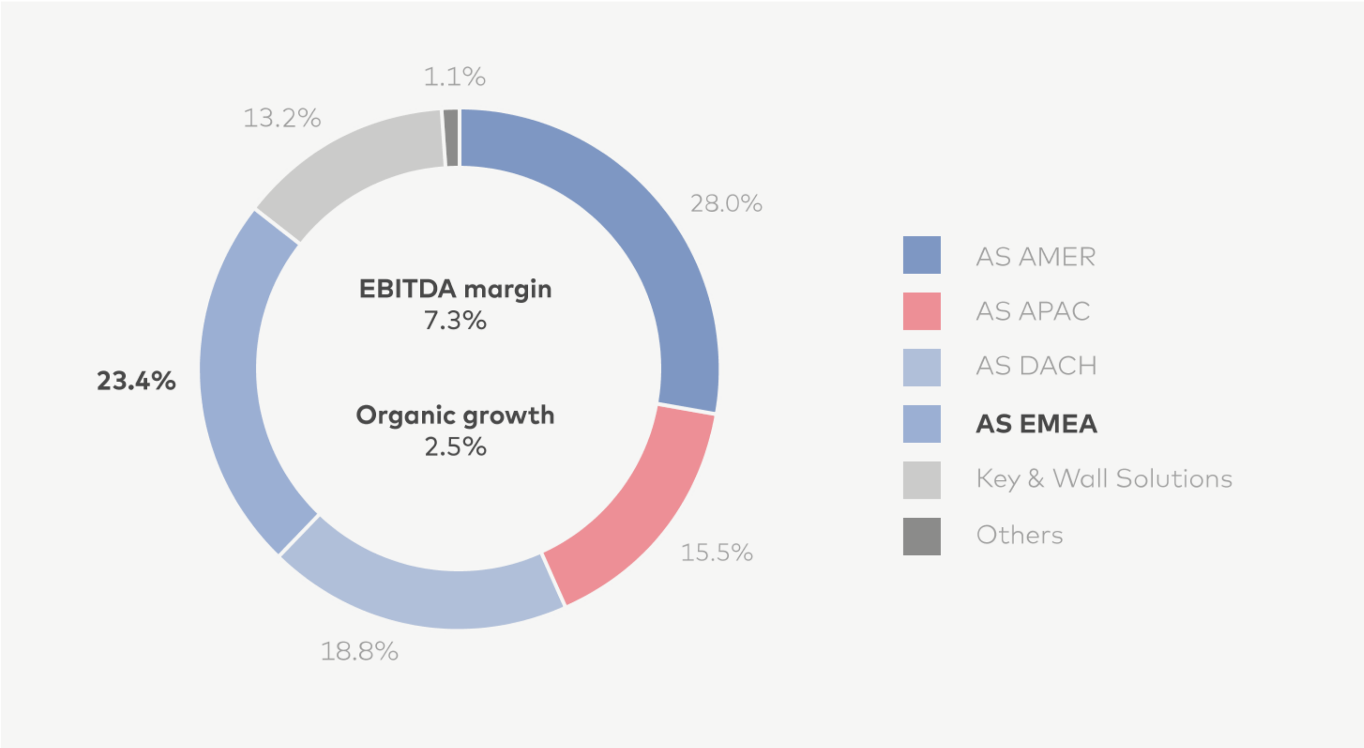
Outlook

AS EMEA overall expects no major changes in its business environment. Recently increased political and economic volatility, however, might negatively impact the overall market situation.

The segment expects growth in Europe driven by continued good demand in Central and Eastern Europe. In the Middle East, AS EMEA will re-direct its focus towards the project and solution business, where the outlook for growth is expected to be more promising.
In Scandinavia, ERP and CRM platforms are scheduled to go live in the second quarter of 2018/19 and are expected to contribute positively to the business performance in this fiscal year.

The segment will continue to focus on innovative, industry-specific access solutions to support customers in their business. For example, the segment gained a large order from a major European care provider for a customer-specific solution based on our TouchGo technology. TouchGo was developed for care and nursing homes. It utilizes the body's electrostatic energy to transmit access rights from an access medium which is placed in a pocket, belt or a wheelchair to the handle. User rights are then checked simply by touching the door handle.

Third-party sales by segments



Key figures

in CHF million	Financial year ended 30.06.2018	in %	Financial year ended 30.06.2017	in %	Change on previous year in %
Net sales third parties	666.2		619.8		7.5
Intercompany sales	115.7		113.1		
Total segment sales	**781.9**		**732.9**		**6.7**
Change in segment sales	49.0	6.7	–12.2	–1.6	
Of which translation exchange differences	29.8	4.1	–18.1	–2.4	
Of which acquisition (disposal) impact	1.2	0.2	–5.2	–0.7	
Organic sales growth	**18.0**	**2.5**	**11.1**	**1.5**	
Operating profit before depreciation and amortization (EBITDA)	**57.4**	**7.3**	**49.4**	**6.7**	**16.2**
Average number of full-time equivalent employees	3,378		3,501		

Segment Key & Wall Solutions

Strong growth and higher profitability

dormakaba combined its Key Systems and Movable Walls segments in November 2017 to form the Key & Wall Solutions segment.

Operational performance

Key & Wall Solutions reported total sales of CHF 387.5 million in 2017/18, representing year-on-year organic sales growth of 4.9%. EBITDA amounted to CHF 56.7 million, which is an increase of 19.6% over the year-back figure, while the EBITDA margin was higher at 14.6% (previous year 14.3%). This margin increase was due to the positive effect of the Skyfold acquisition and higher volumes, which more than offset a slightly negative product mix and raw material price increases.

Market development

Business Unit Key Systems increased its sales in 2017/18 with particular good growth in the second half of the financial year, driven by strong sales in Automotive Solutions, where a new product was successfully introduced in December 2017. Key Systems continued to experience increased demand in most of its markets, except for the key replacement business in North America which was slightly below previous year. Asia and South America reported double-digit sales growth, while Europe showed good sales growth – especially in Italy – with sustained demand across all product categories (key blanks, key cutting machines, automotive solutions).

Business Unit Movable Walls experienced double-digit organic sales growth with good demand in almost all regions. There was good growth in particular in the US, driven by strong underlying demand and realization of delayed customer projects from the previous year. While the sales growth of the business in Asia was much higher than the year before, the sales development in Europe was slightly below prior-year level. The Sykfold business that was acquired in July 2017 contributed very positively to EBITDA. On top, first top line synergies have been realized.

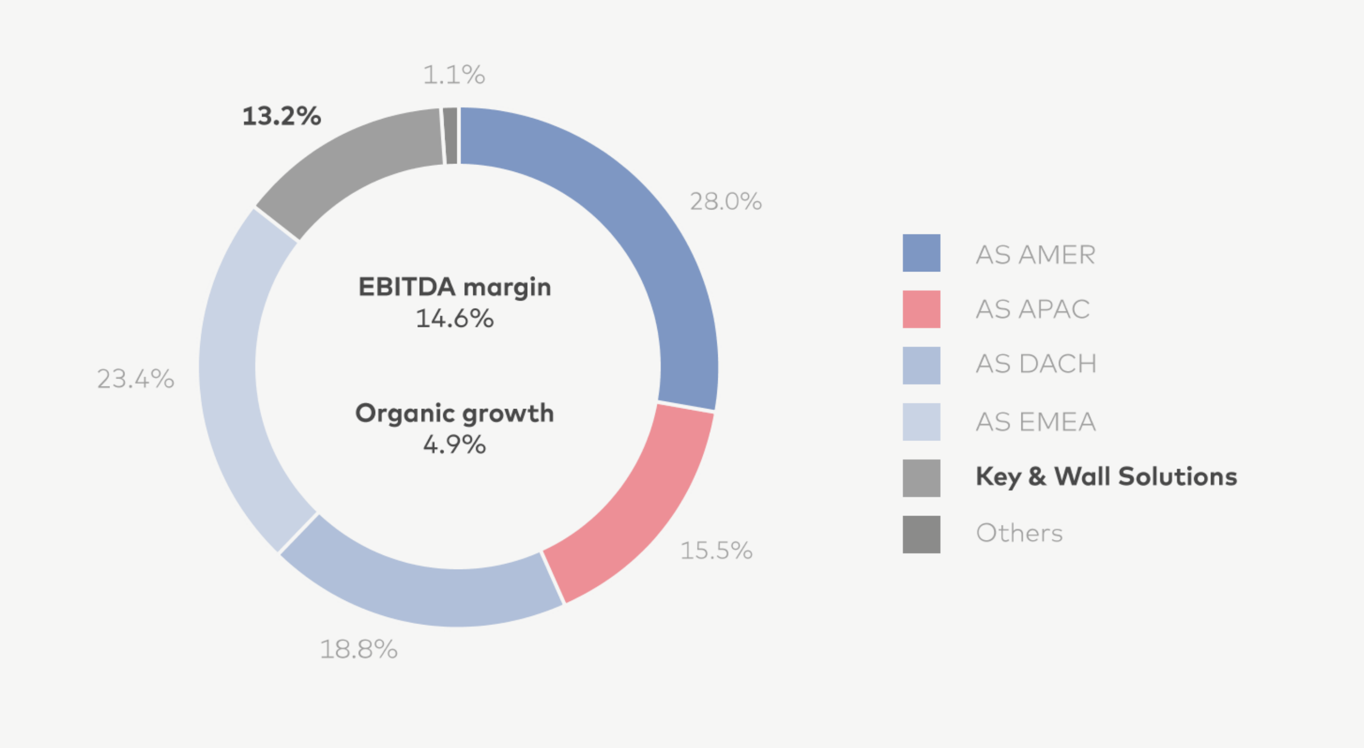
Outlook

No major changes in the business environment are expected within Key & Wall Solutions.

The expansion of its market presence is a key objective for Key Systems, especially in regions with high potential and emerging markets with additional focus on automotive solutions. An example for this strategy is the acquisition of Klaus Group, a market leader in several South American countries that produces and distributes key blanks as well as other brass products. This acquisition, which was completed in May 2018, strengthens Key Systems' presence and market position in South America. The entire business unit Key Systems will continue to improve its cost leadership through operational excellence along the entire value chain.

Business Unit Movable Walls will focus to continue to profitably grow its business in the US as well as Asia. In addition, the integration of Skyfold is expected to contribute positively to growth and profitability. In Germany the main focus will be on measures to increase the automatization of its main production site which are expected to be finalized in 2018/19 with the aim to sustainably improve the cost base and efficiency of the European business.

Third-party sales by segments



Key figures[1]

in CHF million	Financial year ended 30.06.2018	in %	Financial year ended 30.06.2017	in %	Change on previous year in %
Net sales third parties	374.2		321.4		16.4
Intercompany sales	13.3		10.4		
Total segment sales	**387.5**		**331.8**		**16.8**
Change in segment sales	55.7	16.8	9.5	2.9	
Of which translation exchange differences	7.2	2.2	0.0	0.0	
Of which acquisition (disposal) impact	32.4	9.8	0.0	0.0	
Organic sales growth	**16.1**	**4.9**	**9.5**	**2.9**	
Operating profit before depreciation and amortization (EBITDA)	**56.7**	**14.6**	**47.4**	**14.3**	**19.6**
Average number of full-time equivalent employees	2,139		2,056		

1) In the financial year ended 30.06.2018 the segments Key Systems and Movable Walls were combined into segment Key & Wall Solutions. In order to enable a comparison with current-year data, prior year data has also been consolidated.