

Overview

The 2018/19 financial year was satisfactory. The achieved business figures are all above the comparable results from the previous year. In particular, profitability increased further, which is reflected in an increase in all key earnings figures and operating sales margins. All segments contributed to this improvement by achieving both higher EBITDA and higher EBITDA margins. However, organic sales growth was lower than expected, in particular due to lower growth momentum in the second half of the financial year.

dormakaba generated consolidated net sales of CHF 2,818.3 million, which is slightly below the previous year's figure of CHF 2,841.0 million. Organic sales growth of 1.3% (CHF 35.9 million) could not compensate for negative currency translation and divestment effects. Currency translation had an impact on reported sales growth of -1.1% (CHF -29.6 million) and is due to the strengthening of the Swiss franc in the reporting period versus previous year. Portfolio adjustments reduced sales growth by -1.0% (CHF -29.0 million) as divestments carried out in the reporting period were significantly larger than the acquisitions made.

Profitability

dormakaba improved its profitability in the period under review. Its gross margin for the reporting period came to 42.1% (previous year 42.0%) and EBITDA increased by 3.9% to CHF 448.0 million compared to CHF 431.0 million in the previous year. This is despite portfolio adjustments which had a negative net impact on EBITDA as divestments carried out in the reporting period were significantly larger than the acquisitions made and amounted to CHF -1.9 million. EBITDA was also negatively impacted by currency translation by an amount of CHF 2.4 million.

The EBITDA margin rose to 15.9%, compared to 15.2% in the previous year, with all segments contributing higher EBITDA margins. The higher EBITDA margin reflects overall efficiency gains and the positive impact of cost synergies resulting from the dormakaba merger, as well as acquisition and divestment effects. These more than compensated for the significant investments made both in information technology to advance the company's digitization, and in adjusting the company's production footprint. EBIT increased by CHF 10.7 million to CHF 375.0 million (previous year CHF 364.3 million), and the EBIT margin improved to 13.3% compared to 12.8% in the previous year.

Financial result, profit before taxes and income taxes

The net financial result for the reporting period was CHF -42.3 million (previous year CHF -48.6 million). This was mainly attributable to lower interest expenses and the higher result from associates, which was driven by the divestment of the ISEO minority participation. Profit before taxes increased to CHF 332.7 million (previous year CHF 315.7 million). Income taxes for the reporting period amounted to CHF 80.2 million (previous year CHF 77.0 million). The weighted applicable income tax rate of 24.2% is lower than in the previous year (25.3%) mainly as a result of US tax reform (as the reduced US income tax rate now applies to the full reporting period). The effective income tax rate amounts to 24.1% (previous year 24.4%).

Net profit

dormakaba closed the 2018/19 financial year with a 5.8% higher net profit of CHF 252.5 million (previous year CHF 238.7 million). This positive development is mainly attributable to the improved operating performance and a better net financial result. Consequently, net profit after minority interests came to CHF 131.8 million, up from CHF 123.8 million in the previous year. The corresponding earnings per share increased by 6.8% to CHF 31.6 (previous year CHF 29.6).

+1.3%

organic sales growth

+3.9%

increase in EBITDA

+5.8%

increase in net profit

Cash flow and balance sheet

Cash flow from operations amounted to CHF 372.8 million, and free cash flow increased to CHF 212.9 million (previous year CHF 367.2 million and CHF 37.1 million, respectively). The positive free cash flow of CHF 212.9 million in the period under review resulted primarily from the strong operational cash flow and from the sale of the minority participation in ISEO; it was significantly higher compared to the previous year's free cash flow of 37.1 million, which included acquisitions in subsidiaries such as Skyfold and Kilargo.

Cash flow from investing activities of CHF 67.8 million includes mainly capital expenditures of CHF 111.4 million (previous year CHF 115.3 million) on property, plant and equipment, as well as intangible assets, which in total represents 4.0% of sales (previous year 4.1%). Moreover, it comprises proceeds from the sale of investments in associates and joint ventures in the amount of CHF 40.9 million (previous year CHF 0 million). Cash flow from financing activities came to CHF -223.9 million, which includes dividend payments to company shareholders of CHF 62.2 million, as well as to minority shareholders of CHF 54.9 million (in total CHF 117.1 million; previous year 113.3 million), and purchase of treasury shares in the amount of CHF 38.7 million (previous year CHF 1.9 million), which are intended to serve as long-term incentive (LTI).

The asset structure did not change significantly and largely reflected portfolio management. As at 30 June 2019, total assets were at CHF 1,909.0 million. Within current assets, cash and cash equivalents amounted to CHF 122.4 million, while inventories stood at CHF 454.7 million (23.8% of total assets; previous year 21.8%), and trade receivables at CHF 499.5 million (26.2% of total assets; previous year 25.3%). Non-current assets consisted mainly of property, plant and equipment worth CHF 465.4 million (24.4% of total assets; previous year 23.1%).

The capital structure developed similarly, but improved due to the positive financial performance in the year under review. Total liabilities were at CHF 1,650.5 million (86.5% of total assets; previous year 90.6%), of which CHF 680.5 million mainly reflect the two corporate bonds due in year 2021 and year 2025.

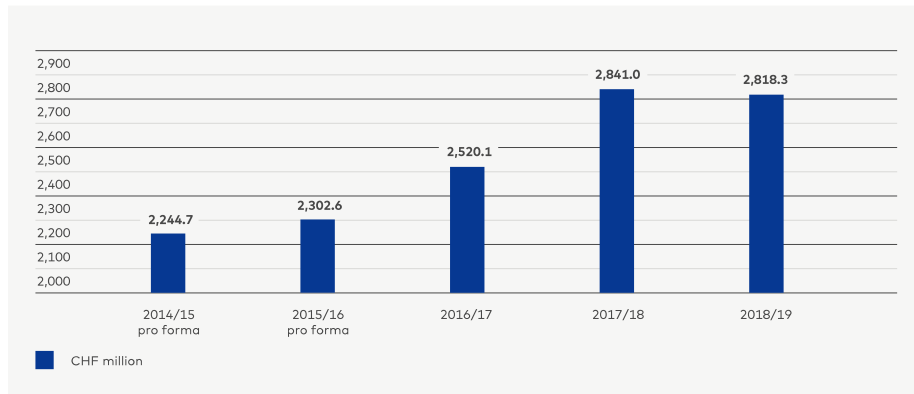
Net financial debt was reduced by CHF 49.8 million to CHF 651.4 million as at 30 June 2019 (30 June 2018: CHF 701.2 million). Financial leverage, which is net debt relative to EBITDA, slightly improved to 1.5 times (30 June 2018: 1.6 times) based on the improved operational profitability as well as the positive cash flow profile of the reporting period.

The company's equity stands at CHF 258.5 million as at 30 June 2019, which represents an equity ratio of 13.5% (CHF 187.0 million or 9.4% as at 30 June 2018). The change in equity is mainly due to higher retained earnings as a result of improved financial performance.

Currency translation effects

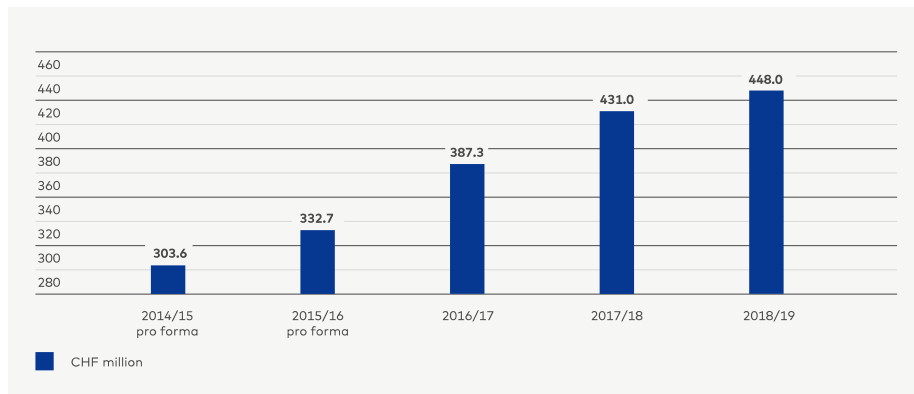
The Swiss franc strengthened by 2.0% year-on-year from CHF 1.1582 to CHF 1.1350 against the average Euro exchange rate, while it weakened by 2.5% from CHF 0.9709 to CHF 0.9949 against the average USD exchange rate. However, as the Swiss franc strengthened against most other major currencies (e.g. AUD, CAD, CNY, GBP, INR, NOK), currency translation had an overall negative impact of CHF 29.6 million on net sales and of CHF 2.4 million on EBITDA.

Sales



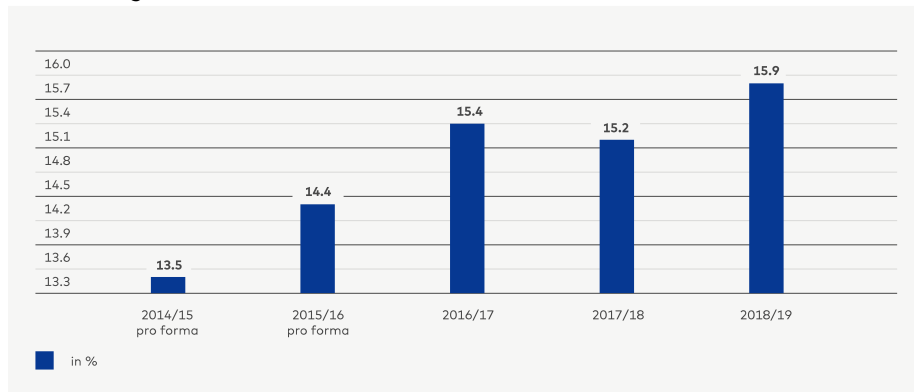
pro forma = former Dorma Group and former Kaba Group both 12 months

EBITDA

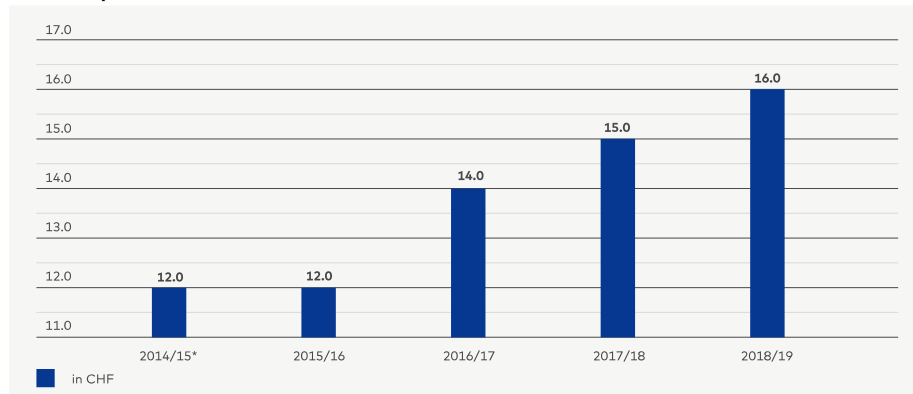


pro forma = former Dorma Group and former Kaba Group both 12 months

EBITDA margin



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

Dividend per share

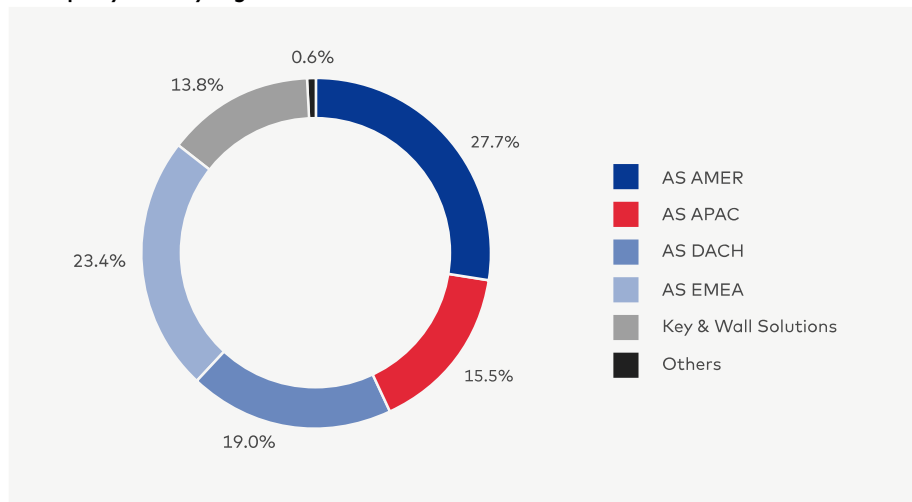
* After closing of dormakaba merger, pay-out of extra dividend of CHF 50.0

Key figures

CHF million, except where indicated	Financial year ended 30.06.2019		Financial year ended 30.06.2018	
		%		%
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
Dividend per share (in CHF) ¹⁾	16.0		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	
Average number of full-time equivalent employees	15,811		16,433	

¹⁾ Financial year ended 30.06.2019: 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 main segment EBITDA)

