Overview

dormakaba finished the 2020/21 financial year with good business results that marked an improvement on the previous year. The company recorded organic sales growth of 1.3% and an EBITDA margin of 14.1% (previous year 12.8%). In addition, cash flow from operations remained high at CHF 384.5 million (previous year CHF 407.9 million). Overall, the results did not yet reach pre-Covid level.

There was a strong recovery of the European and Asian businesses in 2020/21, while the performance of the Access Solutions business in the Americas was below previous year. Several countries and regions which are important for dormakaba were still impacted by the Covid-19 pandemic. dormakaba benefited from the cost-savings and restructuring program it introduced in the previous financial year, which led to a headcount reduction of around 1,230 employees throughout the entire program lifetime and net savings of CHF 34.7 million for financial year 2020/21.

1.3%
organic sales growth

14.1%
EBITDA margin

CHF 12.50
dividend per share

Sales

Organic growth was unevenly distributed across the financial year. While organic sales in the first six months were still down at –6.0%, the second half of the financial year saw double-digit organic sales growth of 10.0% with a strong fourth quarter. Growth in the second half was not only supported by the lower comparable base, but also by a sequential improvement of the business in the second half of 2020/21. Overall year-on-year organic sales growth came to 1.3%. Currency translation had a negative impact on sales of 3.0% (CHF 76.6 million) due to the strengthening of the Swiss franc against major currencies compared to the previous year. Acquisitions and divestments had a 0.1% positive effect (previous year 0.7%). Overall, consolidated net sales amounted to CHF 2,499.7 million (previous year CHF 2,539.8 million), a decline of 1.6% (CHF 40.1 million).

Profitability

The recovery in organic growth and the associated higher volumes were also reflected in a higher gross margin and a higher EBITDA margin compared with the previous year. The gross margin for the reporting period was at 41.8% (previous year 41.1%).

Group EBITDA increased by 8.6% and amounted to CHF 353.1 million (previous year CHF 325.0 million). EBITDA includes a negative currency translation effect of CHF 11.1 million due to the strong Swiss franc, which was partly compensated by a positive effect from acquisitions and divestments of CHF 4.8 million.

The EBITDA margin increased to 14.1%, compared to 12.8% in the previous year. The increase in profitability was driven by higher volume, improvements in operational efficiency and effective cost management such as in procurement, which more than compensated for the effect of higher raw material and freight costs. The EBITDA margin progression was also supported by the aforementioned cost-savings and restructuring program, which was designed to address the negative impact of the pandemic. Further improvement was held back by weak results in AS AMER. The net effect of exceptional items on the EBITDA margin in the period under review was –0.1 percentage points (adjusted EBITDA margin of 14.2% for financial year 2020/21); however, these exceptional items were unequally distributed on a semiannual basis, with a positive effect on the EBITDA margin of 0.7 percentage points in the first half of 2020/21 (adjusted EBITDA margin of 14.1%) and a negative effect of 0.8 percentage points in the second half (adjusted EBITDA margin of 14.3%).

EBIT increased by CHF 21.1 million to CHF 274.3 million (previous year CHF 253.2 million), and the EBIT margin was at 11.0% compared to 10.0% in the previous year.

The business performance of all segments showed an improvement compared to the previous financial year, except for AS AMER.
Organic sales increased by 1.6% in AS AMER in the second half of 2020/21 compared to previous year but declined by 5.2% for the full year. The performance of AS AMER was impacted by the lagging demand of the US commercial market, the continued weak lodging business, and ongoing issues at the Mesker business (hollow metal doors), with Mesker alone negatively impacting the segment's EBITDA margin by 240 basis points. All other segments experienced good to strong growth and an improved EBITDA margin with AS EMEA and Key & Wall Solutions already at or above pre-Covid levels. There was good growth in AS EMEA with 13.0% organic sales growth in the second half of 2020/21 and 4.4% organic sales growth for the full year, driven particularly by Southern Europe, the UK, and Benelux. AS DACH achieved 8.6% organic sales growth in the second half of 2020/21 compared to previous-year period and 2.6% organic sales growth for the full year; total third party sales growth in the German, Austrian, and Swiss markets was 6.3% above previous year, and thus significantly stronger than overall segment growth, which was held back by weak intercompany sales, particularly in the first half-year. AS APAC experienced a particularly good recovery in China and India in the second half of 2020/21 with a 24.0% organic sales growth for the segment. Although the first half of 2020/21 was still impacted by the pandemic, AS APAC achieved 4.3% year-on-year organic sales growth overall. Key & Wall Solutions experienced a strong recovery with 16.0% organic sales growth in the second half of 2020/21 driven by Business Unit Key Systems which resulted in 1.8% organic sales growth for financial year 2020/21.

Financial result, profit before taxes, and income taxes

The net financial result for the reporting period improved to CHF –24.7 million (previous year CHF –42.0 million). This was due to a more favorable interest rate environment and the pandemic-related crisis management focus on "cash is king", including comprehensive credit and collection management as well as reduced investment spending, which enabled consistent deleveraging.

Profit before taxes increased to CHF 249.6 million (previous year CHF 211.2 million). Income taxes for the reporting period amounted to CHF 56.3 million (previous year CHF 47.1 million). The effective income tax rate amounts to 22.6% and was basically in line with the previous year (22.3%).

Net profit

dormakaba closed the 2020/21 financial year with a net profit of CHF 193.3 million (previous year CHF 164.1 million), an increase of 17.8%. This is attributable to the recovery in the operating performance and to the better net financial result. Net profit after minority interests increased to CHF 100.8 million (previous year CHF 84.6 million). The corresponding basic earnings per share amounted to CHF 24.2 (previous year CHF 20.4).

Based on an unchanged dividend policy of maintaining a minimum payout ratio of 50% of consolidated net profit after minority interests, the Board of Directors proposes that CHF 12.50 per share be paid out for financial year 2020/21, up from the CHF 10.50 per share paid for the previous year. This corresponds to a payout ratio of 52.2%.

Cash flow and balance sheet

Cash flow from operations was kept at a high level of CHF 384.5 million (previous year CHF 407.9 million). The slight decrease compared to the previous year is due to the increase in net working capital, which was linked to the economic recovery and strong growth in the fourth quarter of 2020/21. Net cash from operating activities stood at CHF 313.5 million (previous year CHF 328.1 million), representing a relatively high operating cash flow margin of 12.5% (previous year 12.9%).

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Five-year performance overview

Cash flow from investing activities of CHF –95.5 million was driven by the pandemic-related "cash is king" principle which led to lower capital expenditures of CHF 76.1 million (previous year CHF 94.9 million) on property, plant, and equipment and intangible assets. This represents 3.0% of sales (previous year 3.7%). Some smaller acquisitions were made during the year under review (CHF 18.6 million), whereas last year's cash flow included a major acquisition (Alvarado) as well as some smaller ones, totaling to CHF 147.2 million.

As a result, the free cash flow figure of CHF 218.0 million was significantly above the previous year's (CHF 95.7 million).

Cash flow from financing activities amounted to CHF -231.9 million (previous year CHF -65.8 million). This includes dividend payments to company shareholders of CHF 43.7 million as well as to minority shareholders of CHF 39.7 million (in total CHF 83.4 million, previous year CHF 125.5 million).

The asset structure did not change significantly. As of 30 June 2021, total assets stand at CHF 1,869.8 million. Within current assets, cash and cash equivalents amount to CHF 169.1 million, while inventories stand at CHF 450.6 million (24.1% of total assets; previous year 24.6%); trade receivables increased to CHF 424.5 million (22.7% of total assets; previous year 21.4%). Non-current assets consist mainly of property, plant, and equipment worth CHF 435.9 million (23.2% of total assets; previous year 24.5%).

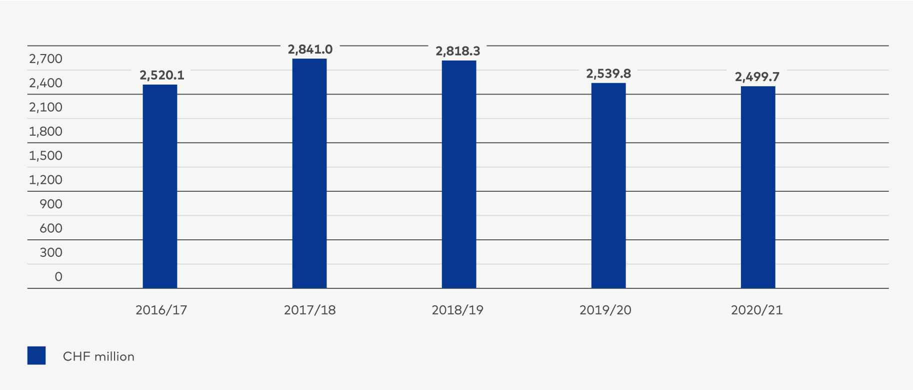
Total liabilities come to CHF 1,604.9 million (85.8% of total assets; previous year 92.2%), of which CHF 320.3 million is accounted by the corporate bond due in October 2025. Current borrowings increased compared to last year because a corporate bond with a net value of CHF 340.0 million was reclassified from non-current liabilities to current liabilities due to its upcoming maturity in October 2021. Net financial debt decreased by CHF 158.9 million to CHF 508.8 million as of 30 June 2021 (previous year CHF 667.7 million). Financial leverage, which is net debt relative to EBITDA, is at 1.4x and has substantially decreased (30 June 2020: 2.1x net debt/EBITDA). Furthermore, in the period under review dormakaba has secured a new five-year CHF 525 million syndicated credit facility with favorable and improved terms and conditions, which is a strong indicator of financial flexibility and stability. The loan agreement includes interest rate-relevant sustainability objectives, reinforcing dormakaba's strategic goals and commitment to fulfil important ESG criteria.

The company's equity stands at CHF 264.9 million as of 30 June 2021, which represents an equity ratio of 14.2% (previous year CHF 141.3 million or 7.8%).

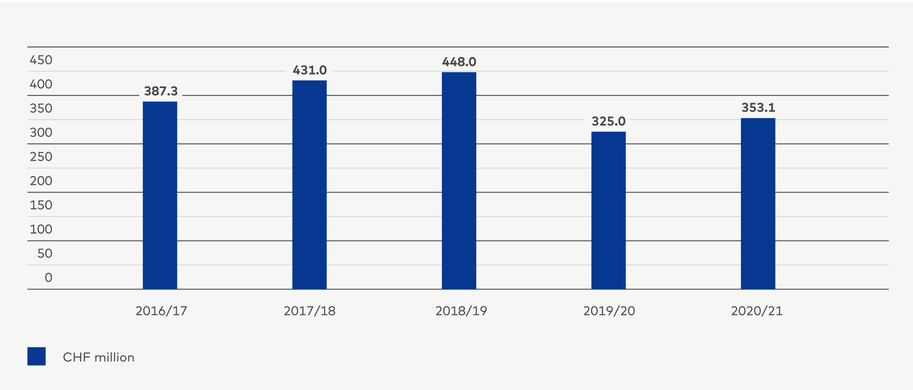
Currency translation effects

The average euro exchange rate against the Swiss franc rose by 0.5% year-on-year from 1.080 to 1.085. The average exchange rate of the US dollar decreased by 6.8% from 0.977 to 0.910. Compared to previous years, most other major currencies depreciated against the Swiss franc, such as the Canadian dollar by 2.6%, the British pound by 0.5% and the Chinese renminbi by 1.1%. Currency translation had an overall negative impact of CHF 76.6 million on net sales and of CHF 11.1 million on EBITDA.

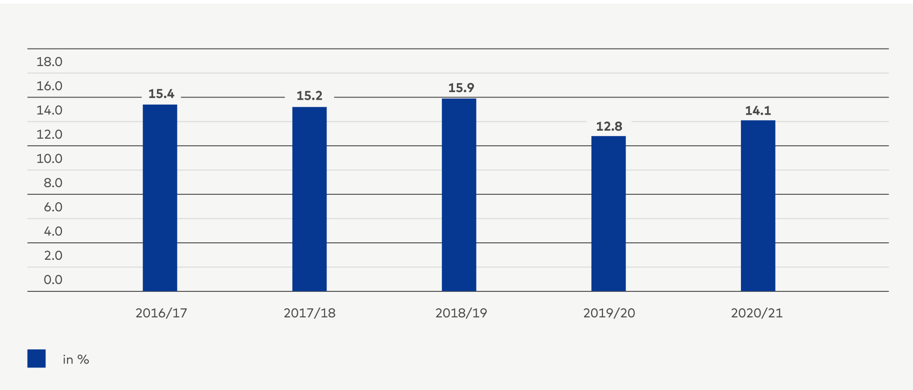
Sales



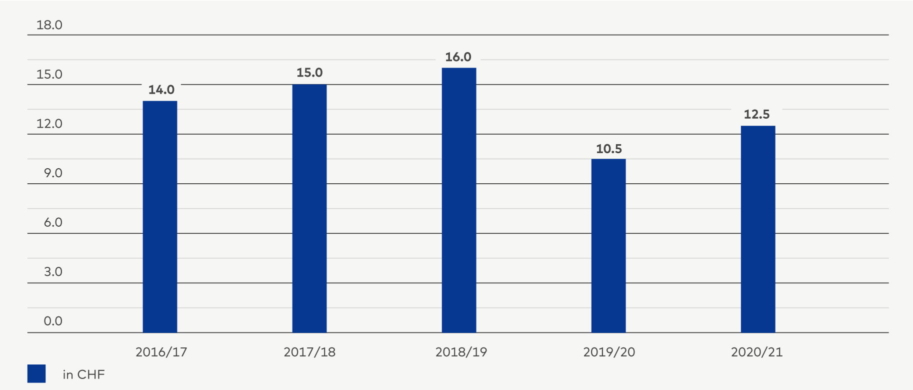
EBITDA



EBITDA margin



Dividend per share

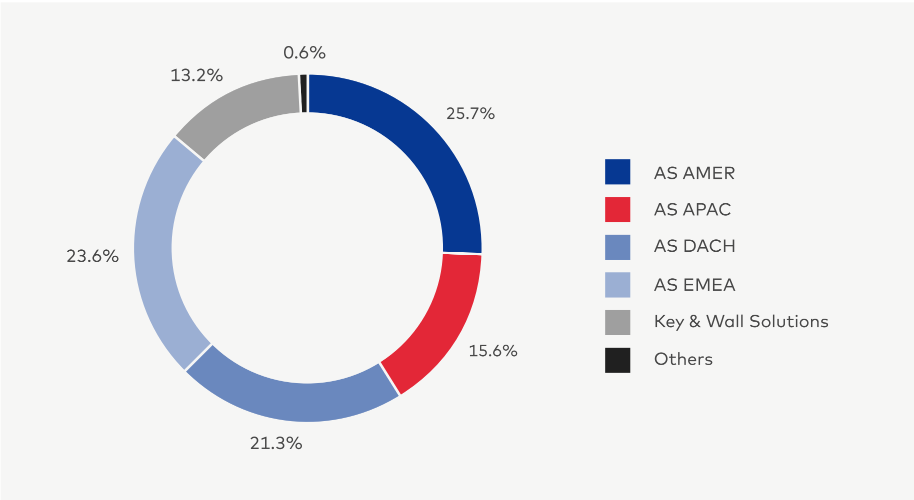


Key figures

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Net sales	2,499.7		2,539.8	
Change in sales	–40.1	–1.6	–278.5	–9.9
Of which translation exchange difference	–76.6	–3.0	–104.3	–3.7
Of which acquisition (disposal) impact	3.6	0.1	19.0	0.7
Of which organic sales growth	**32.9**	**1.3**	**–193.2**	**–6.9**
Operating profit before depreciation and amortization (EBITDA)	**353.1**	**14.1**	**325.0**	**12.8**
Operating profit (EBIT)	**274.3**	**11.0**	**253.2**	**10.0**
Profit before taxes	249.6	10.0	211.2	8.4
Net profit	193.3	7.7	164.1	6.5
Dividend per share (in CHF) [1]	12.5		10.5	
Other key figures				
Total assets	1,869.8		1,808.6	
Net debt	508.8		667.7	
Market capitalization	2,628.4		2,147.2	
Average number of full-time equivalent employees	14,989		15,676	

1) Financial year ended 30.06.2021: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.

Third-party sales by segments



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