Segment Access Solutions AMER

Organic sales and profitability below previous year

Operational performance

AS AMER achieved total sales of CHF 339.7 million in the first half of financial year 2020/21. Organic sales grew by 6.6 percentage points compared to the second half of financial year 2019/20 but were 10.8% below previous year's level as sales were still impacted by the Covid-19 pandemic.

EBITDA reached CHF 58.5 million (previous year CHF 87.2 million). The EBITDA margin was at 17.2% (previous year 20.9%) and was impacted by volume contraction, increasing cost of commodities, higher freight, employee medical expenses, and investments into strategic growth initiatives which will position the segment well for post-pandemic recovery. The incremental cost drivers were partially offset by lower discretionary spending and reduced personnel costs.

As part of the Group-wide cost savings and restructuring programs to address the ongoing pandemic-related volume contraction, AS AMER implemented specific measures in the previous year to adjust capacities and costs, which included headcount reduction of around 160 full-time equivalents. Most of the measures were successfully executed by the end of the first half of 2020/21 and contributed with savings to the EBITDA performance.

AS AMER is in the course to implement strategic pricing initiatives to offset higher raw material prices, with effects beginning in March 2021.

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Market development

Despite the sequential improvement of the market environment, the segment's performance in North and Latin America is still negatively impacted by the pandemic and subject to uncertainty. Volatile factory absenteeism due to the pandemic, along with construction project delays, continue to have a negative impact. However, the segment started to implement growth initiatives which are expected to improve the results over time.

The performance of the hollow metal door business (Mesker) improved sequentially during the first half of 2020/21, as the business steadily but slowly regained customer trust due to improved delivery and quality performance.

Electronic Access & Data products performed with organic growth due to market demand for integrated electronic security systems. Sales of access control software, credentials, card readers, and electronic locks grew sequentially in the period, boosted by key new product offerings. Electronic Access & Data product revenue to the data center vertical was notably strong.

The Entrance Systems business experienced lower sales of revolving and sliding automatic doors to support the segment's traditionally strong premium projects in urban city centers. However, the segment saw a positive development in the deployment of touchless Entrance Systems products to commercial and public sector facilities, as building operators seek to rebuild occupant confidence with visible entrance upgrades that reduce the spread of disease.

Strong performance of Alvarado, acquired in 2019, continues, supported by its diverse Entrance Systems product offering. Alvarado's sports and entertainment access products grew strongly as these venues prepare to reopen from pandemic restrictions. Sales for Safe Locks, the architectural Door Hardware products and the Services business were negatively impacted by the pandemic. This impact was more pronounced for the Services business as maintenance and repair activity decreased due to low traffic levels in commercial offices and public infrastructure, such as airports. In addition, new products installations were limited by the continued urban worksite and travel restrictions.

The Lodging Systems business has experienced the most notable decline due to its high proportion of customers in the highly impacted hospitality industry. However, the segment's innovative Lodging product portfolio also includes smart, connected locking devices, mobile key credential services, property access management software, and touchless entry solutions aimed at the multi-family and vacation rental housing sectors. These sectors of the Lodging business experienced continued growth, boosted by the multi-family housing market strength in the US.

Outlook

Going forward, there is limited visibility on the progression of the pandemic in all regions as well as on the yet unknown impact by the new US administration and potential economic stimulus programs. As such, the segment will continue to control costs while prioritizing investment in growth drivers. AS AMER expects a sequential and a year-on-year improvement in the second half of financial year 2020/21 based on a low comparable base particularly in the fourth quarter of 2020/21. The segment will likely benefit from certain market verticals such as K-12 education and healthcare, which are well positioned to benefit from government stimulus, as well as the trend to deploy touchless entrances.

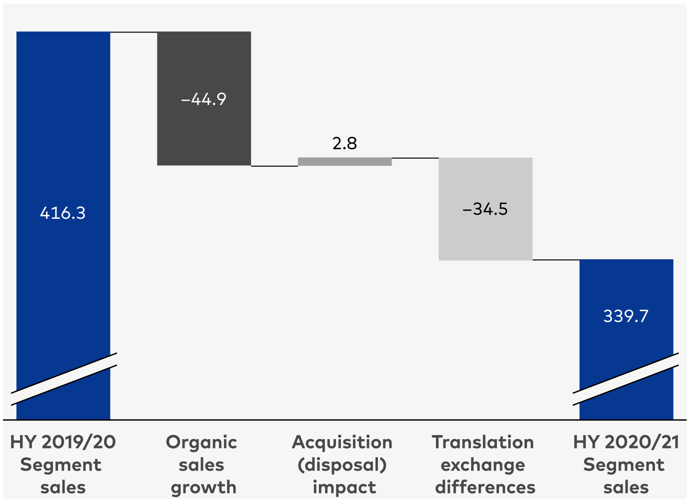
Strategic investments in the segment will support further performance progress over time. These efforts include a dedicated Sales Excellence initiative, which is designed to drive performance through better adaptation of selling efforts to geographic and market opportunities. Growth will be driven as well by new and innovative solutions in the Electronic Access & Data, Entrance Systems, and Safe Lock product clusters.

Switch Tech, the durable smart device that replaces a traditional mechanical lock cylinder, extends electronic access control and mobile credentials to the traditional mechanical doorway at an efficient installed cost point. As an alternative to traditional wired access points, Switch Tech enables integrators and end users to economically deploy more controlled access points to a project. The segment's new Entrance Systems product Crane Motion Assist, a revolving door control platform, creates a new and attractive low-touch revolving door product category which deploys advanced motor control technology to detect force applied by a pedestrian and precisely control rotating motion accordingly. The dormakaba LA GARD 700 smart Safe Lock was also released in the reporting period and is gaining market acceptance due its new user interface, an integrated software platform and the introduction of Bluetooth wireless communication capabilities to improve secure usability and traceability.

Key figures – segment AS AMER

CHF million, except where indicated	Reporting half-year ended 31.12.2020	%	Reporting half-year ended 31.12.2019	%	Change on previous year in %
Net sales third parties	326.8		399.7		–18.2
Intercompany sales	12.9		16.6		
Total segment sales	**339.7**		**416.3**		**–18.4**
Change in segment sales	–76.6	–18.4	14.2	3.5	
Of which translation exchange differences	–34.5	–8.3	–1.5	–0.4	
Of which acquisition (disposal) impact	2.8	0.7	10.2	2.5	
Of which organic sales growth	**–44.9**	**–10.8**	**5.5**	**1.4**	
Operating profit before depreciation and amortization (EBITDA)	**58.5**	**17.2**	**87.2**	**20.9**	**–32.9**
Average number of full-time equivalent employees	2,622		2,793		

Segment sales (CHF million) – AS AMER



Segment Access Solutions APAC

Lower sales, but EBITDA margin close to previous year's level

Operational performance

AS APAC achieved total sales of CHF 195.0 million in the first half of financial year 2020/21, which was still affected by the Covid-19 pandemic.

Organic sales grew by 6.5 percentage points compared to the second half of financial year 2019/20 but declined by 10.5% compared to the previous year.

EBITDA reached CHF 28.5 million (previous year CHF 35.1 million). The EBITDA margin was at 14.6% and thus close to previous year's level of 15.2%. The solid EBITDA margin was due to effective cost management, reduction of personnel expenses, procurement savings, efficiency improvements, and a favorable product mix.

In the second half of the financial year 2019/20, AS APAC initiated specific measures to adjust capacities and costs as part of a Group-wide cost savings and restructuring program to address the ongoing pandemic-related substantial volume contraction. The program included a headcount reduction of around 500 full-time equivalents. Most of the initiated measures are already executed and thus contributed with noteworthy savings to the EBITDA performance.

Market development

Sales in the first half of the financial year 2020/21 improved compared to the second half of 2019/20 but were still impacted by the pandemic and its aftermath. In China, the segment experienced strong, sequentially increasing business activities during the first half of 2020/21. However, sales were still below previous year due to Covid-19-related project delays in the commercial sector particularly for projects with international customers and those funded by the private sector. In the Pacific region, organic growth was negatively impacted by regional lockdowns. The decline in sales was partly compensated by growth in the Kilargo business, a door seals business in Australia which was acquired in July 2017. In South East Asia all major markets such as Singapore, Philippines, Malaysia, Indonesia, and Thailand were still impacted by the pandemic, as most construction sites were opening slowly with many restrictions and specific protection concepts. On top, labor shortage due to worker travels and movement restrictions impacted the finalization of construction projects. Sales in South Asia experienced a strong improvement compared to the last quarter of previous financial year. Growth in India was still impacted by delays in the project business; however, sales improved gradually after relaxation in lockdown restrictions. The Wah Yuet business experienced strong growth due to improved sales to the OEM business for the US market; in addition, the segment has successfully started to shift capacity to Chinese domestic customers.

Outlook

Barring new additional waves of Covid-19 outbreaks, AS APAC expects a strong improvement in most of its regions in the second half of financial year 2020/21 based on sequentially improved order intake and good backlog of orders. Moreover, the business gained several major projects, for example for touchless entrance solutions in China, a Singapore Power project, the Jinan airport expansion project in China, and several airport and hospital projects in Australia.

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Growth will also be driven by new and innovative products for touchless solutions. A recent example is dormakaba 9160, a new face recognition terminal, which can be easily integrated with automatic doors or physical access systems thus enabling touchless access to buildings and rooms. This terminal was launched in China in the first half of the financial year 2020/21; further markets will follow in the second half of 2020/21.

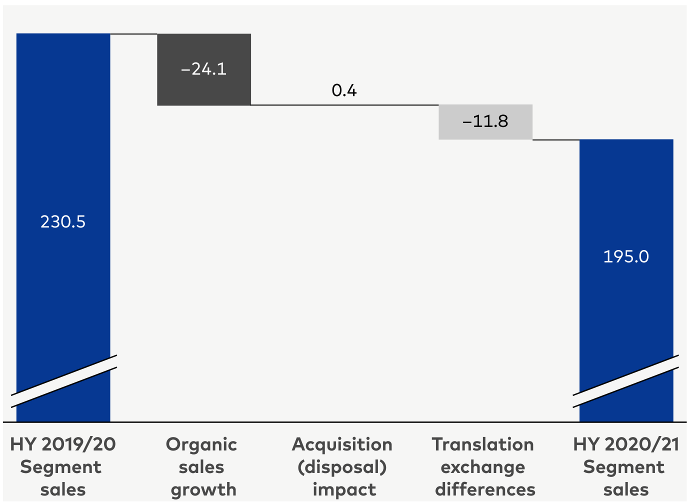
The segment expects that major markets like China and India will return to organic growth in the second half of 2020/21 as well as for the full year 2020/21.

As the recovery is faster than anticipated in parts of AS APAC, in particular in the Wah Yuet business, the segment has started to selectively build up workforce.

Key figures – segment AS APAC

CHF million, except where indicated	Reporting half-year ended 31.12.2020	%	Reporting half-year ended 31.12.2019	%	Change on previous year in %
Net sales third parties	184.0		217.2		–15.3
Intercompany sales	11.0		13.3		
Total segment sales	**195.0**		**230.5**		**–15.4**
Change in segment sales	–35.5	–15.4	–6.0	–2.5	
Of which translation exchange differences	–11.8	–5.1	–5.2	–2.2	
Of which acquisition (disposal) impact	0.4	0.2	0.0	0.0	
Of which organic sales growth	**–24.1**	**–10.5**	**–0.8**	**–0.3**	
Operating profit before depreciation and amortization (EBITDA)	**28.5**	**14.6**	**35.1**	**15.2**	**–18.8**
Average number of full-time equivalent employees	3,099		3,329		

Segment sales (CHF million) – AS APAC



Segment Access Solutions DACH

Organic sales growth in third-party sales in all regional markets and improved EBITDA margin, lower intercompany sales

Operational performance

AS DACH generated total sales of CHF 396.2 million in the first half of financial year 2020/21. Organic sales grew by 4.7 percentage points compared to the second half of financial year 2019/20 and were 2.9% below previous year's level.

EBITDA stood at CHF 67.5 million, down by 4.0% compared to the previous year. The EBITDA margin was at 17.0%, thus slightly higher than previous year's level (16.9%) as the segment was able to completely offset the negative intercompany volume impact by benefiting from its effective cost management, lower discretionary spending, efficiency improvements, and procurement savings. In addition, there was a positive contribution from the finalization of the performance-based program started in financial year 2018/19. This program led to a headcount reduction of around 100 full-time equivalents and an improved operating efficiency by the enhancement of the supply chain, further modernization and automatization of production as well as flexibilization in all areas.

As part of the Group-wide cost savings and restructuring program to address the ongoing pandemic-related substantial volume contraction, AS DACH initiated specific measures in the previous year to adjust capacities and costs, which includes an additional headcount reduction of around 100 full-time equivalents predominately until end of financial year 2021/22. The program, which includes the rightsizing of the German production facilities in Bad Salzuflen and Buehl to address lower volumes and price pressures in the market, is on track; 50 full-time equivalents have already been reduced by the end of the first half of financial year 2020/21.

Market development

The business performance in the first half of financial year 2020/21 was still impacted by the pandemic. However, there was a sequential improvement in demand month by month; as a result, organic third-party sales in Germany, Switzerland, and Austria in the first half of 2020/21 were more than 6% above the same period of previous year.

Sales growth in the DACH countries was driven by the Product Clusters Entrance Systems, Services, Interior Glass Systems, and Electronic Access & Data (EAD), the latter with double-digit growth.

As in the second half of 2019/20, the segments' plants still suffered from the global shortfall of intercompany demand due to the pandemic, particularly at the beginning of the first half of 2020/21.

The segment has successfully developed new and innovative products such as the new self-boarding gate dormakaba ARGUS AIR. This product combines dormakaba's latest design-oriented sensor barriers (Argus) with biometric control allowing for touchless access. The solution has been successfully tested with Lufthansa at Frankfurt Airport (Germany) and was launched at the FTE APEX Virtual Expo 2020 in December 2020.

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Outlook

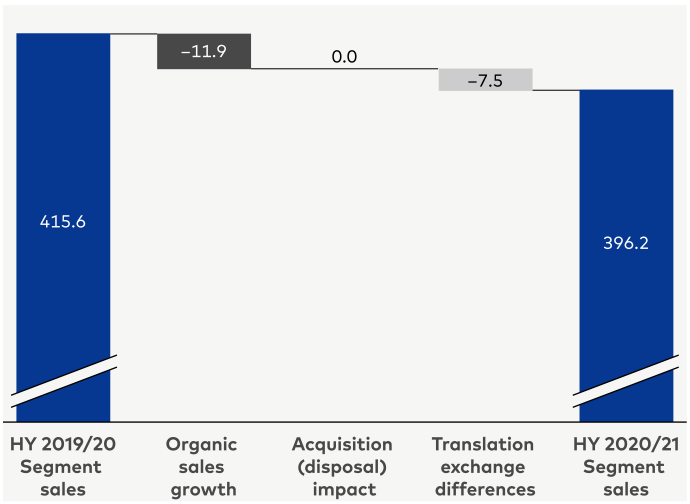
The business expects to return to organic growth in the second half of financial year 2020/21 despite anticipating a continued negative impact of Covid-19 due to lower global intercompany demand for its main product clusters. Growth will be supported by a good order backlog, a low comparable base, by continued good growth in Product Clusters like EAD and by several project gains like a contract for the largest Austrian hospital, where several product clusters will contribute products and solutions including touchless access.

The segment will continue to explore new growth opportunities in multi-housing. One of the latest examples in this vertical is a cooperation with the Artisa Group for 1000 micro apartments in Switzerland ("City Pop" apartments). The cooperation includes a platform for mobile access integrating dormakaba's exivo platform (a cloud-based solution), door hardware as well as Services. In addition, the segment strives to further improve its performance with new products including our new sliding door operator ES PROLINE which gained the German Innovation Award in December 2020. This new generation of own developed gearless direct drives stands out for its improved dynamic load performance and certified longer life cycle. Combined with our new sliding door ST PRO GREEN and RC2, it offers a twofold advantage as it allows to operate larger dimensioned doors with higher thermal insulation and security degrees using less energy and thus contributing to reduction of CO_2 emissions.

Key figures – segment AS DACH

CHF million, except where indicated	Reporting half-year ended 31.12.2020	%	Reporting half-year ended 31.12.2019	%	Change on previous year in %
Net sales third parties	265.5		252.7		5.1
Intercompany sales	130.7		162.9		
Total segment sales	**396.2**		**415.6**		**–4.7**
Change in segment sales	–19.4	–4.7	–14.4	–3.4	
Of which translation exchange differences	–7.5	–1.8	–12.3	–2.9	
Of which acquisition (disposal) impact	0.0	0.0	–5.1	–1.2	
Of which organic sales growth	**–11.9**	**–2.9**	**3.0**	**0.7**	
Operating profit before depreciation and amortization (EBITDA)	**67.5**	**17.0**	**70.3**	**16.9**	**–4.0**
Average number of full-time equivalent employees	3,341		3,464		

Segment sales (CHF million) – AS DACH



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Segment Access Solutions EMEA

Lower sales, but higher EBITDA and EBITDA margin

Operational performance

AS EMEA achieved total sales of CHF 342.9 million in the first half of financial year 2020/21, which was still affected by the Covid-19 pandemic.

Organic sales grew by 9.6 percentage points compared to the second half of financial year 2019/20 and was 3.0% below prior year's level. EBITDA increased by CHF 1.7 million to CHF 32.1 million compared to the previous-year period. The EBITDA margin rose by 1.3 percentage points to 9.4% thanks to a strong focus on cost reductions, lower personnel expenses, the divestment of the project installation business in Norway, as well as a favorable product mix and price increases. In addition, factory output was higher than in the previous year with strong sales especially to the German market.

As part of the Group-wide cost savings and restructuring program to prepare for a pandemic-related volume contraction, AS EMEA initiated specific measures to adjust capacities and costs, which included headcount reductions of up to 150 full-time equivalents. Corresponding adjustments to capacity utilization contributed to the EBITDA performance through cost savings in personnel expenses.

Market development

Business performance continued to be impacted by the pandemic with most countries faced by a second wave, albeit less severe than the first Covid-19 wave. Demand continued to be negatively impacted by postponed project commencements, restricted access to building sites, as well as lower stock replenishment among distributors. However, demand benefited from the completion of earlier project delays caused by the various lockdowns during the second half of 2019/20 business period.

Countries such as Turkey, Denmark, and the Netherlands continued to deliver solid growth together with Norway following the divestment of the project installation business, whereas most other countries narrowed the gap versus the previous year as the first half of 2020/21 progressed. Central and Eastern Europe faced a second wave of lockdowns in most markets. However, business activities returned to previous-year levels towards the end of 2020. Middle East and Africa, which is mainly shaped by project business, showed a decline due to delayed projects and lack of major projects such as Dubai EXPO and Qatar football world cup which contributed to sales growth in previous years. The Scanbalt region saw a slow return of business activities following the extended summer break but was back on pre-Covid-19 levels during the last months of the first half of financial year 2020/21. The region also benefited from the divestment of the project installation business in Norway as of 1 September 2020. Southern Europe was the region mostly impacted by the pandemic but benefited from the completion of previously delayed projects as well as strong product sales in France. Part of the decline in demand in Italy was compensated by sales to the Rome Airport, whereas Spain was negatively impacted by Covid-19 and the timing of several airport projects, despite the Mallorca airport extension. UK and the Benelux showed increased service activity, which in the UK is on an all-time high level. There was good sales growth in the Netherlands benefiting from an airport project and by the expansion of the Services business.

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Outlook

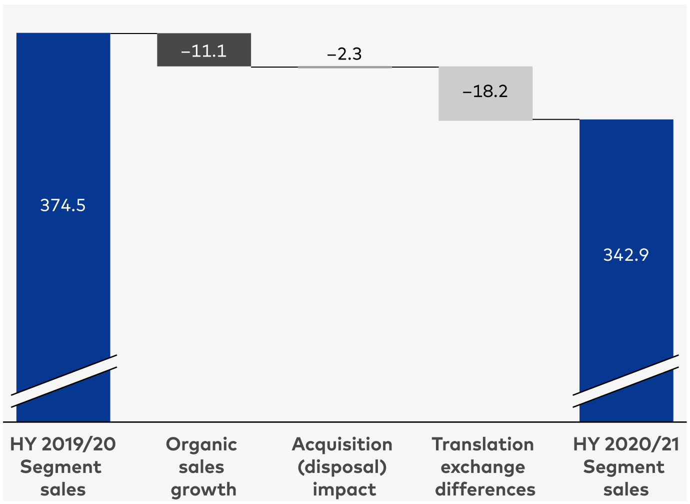
Business activities in most regions are back on pre-Covid-19 level and the project pipeline is solid, amongst others the segment gained a major contract for several data centers of a leading global e-commerce and technology corporation. The second half of the financial year 2020/21 is expected to outperform both the first half of 2020/21 as well as the second half of 2019/20, subject to no further serious lockdowns. The increase in demand is expected from the continued pick-up in product sales, higher service levels, as well as the launch of larger projects such as Sita Riyadh airport, or the Shapoorji King Abdullah Financial District in Saudi Arabia.

The segment will continue to benefit from new and innovative solutions, such as an automatic door system that uses biometric and telemetry imaging to manage people flow especially in stores following the Covid-19 distancing requirements. This innovative solution was developed in only two months and launched in June 2020 and rolled out successfully across various markets.

Key figures – segment AS EMEA

CHF million, except where indicated	Reporting half-year ended 31.12.2020	%	Reporting half-year ended 31.12.2019	%	Change on previous year in %
Net sales third parties	283.3		317.6		–10.8
Intercompany sales	59.6		56.9		
Total segment sales	**342.9**		**374.5**		**–8.4**
Change in segment sales	–31.6	–8.4	–6.6	–1.7	
Of which translation exchange differences	–18.2	–4.8	–12.2	–3.2	
Of which acquisition (disposal) impact	–2.3	–0.6	0.2	0.1	
Of which organic sales growth	**–11.1**	**–3.0**	**5.4**	**1.4**	
Operating profit before depreciation and amortization (EBITDA)	**32.1**	**9.4**	**30.4**	**8.1**	**5.6**
Average number of full-time equivalent employees	3,364		3,456		

Segment sales (CHF million) – AS EMEA



Segment Key & Wall Solutions

Lower sales, but EBITDA margin above previous year's level

Operational performance

The segment Key & Wall Solutions generated total sales of CHF 169.1 million in the first half of financial year 2020/21. Organic sales grew by 11.0 percentage points compared to the second half of financial year 2019/20 but declined by 9.2% compared to the previous year as sales were still impacted by the Covid-19 pandemic.

EBITDA stood at CHF 26.6 million, down by 10.7% compared to the previous year. The EBITDA margin increased to 15.7% (previous year 15.0%) due to successful mitigation measures to protect margins including continued tight cost management, lower discretionary spending, and the reduction of personnel expenses. On top, procurement savings and a favorable product mix enabled an improvement in the EBITDA margin for both business units, Key Systems as well as Movable Walls.

As part of the Group-wide cost savings and restructuring program to address the ongoing pandemic-related substantial volume contraction, Key & Wall Solutions initiated specific measures in the previous year to adjust capacities and costs, which includes a headcount reduction of around 350 full-time equivalents. Most of the measures, including rightsizing of its North American Key Systems business and further headcount reductions in Latin America, in India, in Malaysia, and in Germany, were successfully executed by the end of the first half of financial year 2020/21 and contributed with significant savings to the financial performance.

Thanks to the better performance of the business compared to the scenario the restructuring program was built upon, the segment has selectively started to build up workforce on a temporary basis.

Business Units Key Systems as well as Movable Walls will implement strategic pricing initiatives at the beginning of the second half of 2020/21 to compensate for higher raw material prices.

Market development

The Key Systems Business Unit sales improved sequentially compared to the second half of 2019/20, although sales were still below previous year's level as for example key shops were closed due to regional lockdowns. There was a more pronounced negative impact of the Covid-19 pandemic at the beginning of the first half of 2020/21 in North America and India. In Italy, France, and Spain there was also not a linear improvement as sales in the individual countries were impacted by several regional lockdowns during the first half of 2020/21. Underlying demand improved sequentially in most regions. There was a particular good recovery in demand by the global automotive industry, which is an important customer group for the Business Unit, at the end of the first half of 2020/21.

Sales in the Movable Walls Business Unit were impacted by delays in the finalization of existing projects, by postponed construction projects as well as by regional lockdowns. The latter impacted particularly the sizeable business in Asia-Pacific. In addition, there was still the effect of travel restrictions and unplanned absenteeism of employees due to Covid-19 at dormakaba's facilities as well as key distributors. However, sales improved month by month during the first half of 2020/21, and the EBITDA margin could be improved in the first half of 2020/21 despite the double-digit negative volume impact.

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Outlook

Assuming no further disruptions related to the pandemic, the business expects a continued sequential improvement and an increase in organic sales growth in the second half of 2020/21. Growth will be driven by both a good order backlog in Movable Walls and a further sequential improvement for Key Systems in major regions and markets such as the automotive industry.

The business has gained several major contracts that will support the sequential improvement. Amongst others there are two customized product solutions for key cutting machines supplying approximately 500 US dealers of a major Japanese car manufacturer and several major projects for Movable Walls like the "The Circle" convention center at Zurich Airport and the expansion of the Las Vegas Convention Center.

Sales will be driven by new innovative products like the Unocode F Series, a new platform of five models of high-end electronic key cutting machines, which will be launched in the second half of 2020/21. This new generation of machines enables faster operations, more automation, easier machine setup, enhanced connectivity, and easy machine updating. For the Movable Walls Business Unit, growth potential is expected from new cost-effective automated movable walls which have been successfully launched in autumn 2020.

Key figures – segment Key & Wall Solutions

CHF million, except where indicated	**Reporting half-year ended 31.12.2020**	**%**	**Reporting half-year ended 31.12.2019**	**%**	**Change on previous year in %**
Net sales third parties	162.0		191.5		–15.4
Intercompany sales	7.1		7.4		
Total segment sales	**169.1**		**198.9**		**–15.0**
Change in segment sales	–29.8	–15.0	1.6	0.8	
Of which translation exchange differences	–11.5	–5.8	–3.9	–2.0	
Of which acquisition (disposal) impact	0.0	0.0	0.0	0.0	
Of which organic sales growth	**–18.3**	**–9.2**	**5.5**	**2.8**	
Operating profit before depreciation and amortization (EBITDA)	**26.6**	**15.7**	**29.8**	**15.0**	**–10.7**
Average number of full-time equivalent employees	2,024		2,255		

Segment sales (CHF million) – Key & Wall Solutions