

Access Solutions

Since 1 July 2023, dormakaba operates in a simpler organizational structure that merges all Access Solutions commercial business into a single global unit under the leadership of the Chief Commercial Officer. To match this organizational structure, external reporting summarizes all three former Regions, as well as Operations and Product Development, as one unified business segment.

Initiatives under the Shape4Growth transformation program, announced on 3 July 2023, continue on track. Operational footprint optimization, efficiency, and procurement measures have already led to gross margin improvements. dormakaba has started to build up shared service centers in America, Europe, and Asia for Finance and HR Functions, as well as a dedicated Hub for Product Development in Europe.

This business segment achieved total net sales of CHF 1,167.1 million in the first half of the financial year 2023/24, compared to CHF 1,198.5 million in the previous year. Organic sales grew by 4.5%, driven by good price realization (3.4%) and volume growth (1.1%); negative currency translation effects had an impact of 6.8% due to a very strong Swiss franc.

Most markets and almost all product clusters contributed to increased sales, with double-digit growth in Access Hardware Solutions and Access Automation Solutions. Services and Access Control Solutions saw high single-digit growth. Sales for the Safe Lock and Lodging business were slightly lower than in the previous year.

One aspect of dormakaba's simplified organizational structure is its focus on five core markets: America/Canada, Germany, Australia/New Zealand, Switzerland, and United Kingdom/Ireland. Most of these markets showed organic sales growth in the first half of financial year 2023/24. High single-digit organic sales growth in Germany was driven mostly by volume increases. Sales growth in Switzerland (low single-digit), Australia/New Zealand (low single-digit) and United States/Canada (mid-single-digit) was predominately driven by pricing. UK/Ireland showed a single-digit decline in organic sales growth, mainly due to volume declines which reflected increased challenges in the competitive landscape that could not be offset by price increases.

The Rest of World Access Solutions market saw mid-single-digit organic growth, driven equally by price realization and volume. India recorded high single-digit organic sales growth, reflecting both increased price and volume. Organic sales in China declined due to a reduction in volume. Increased volumes were recorded in Iberia, Eastern Europe, and Asia, and good price realization in France, Austria, Scandinavia/Baltic, and the Netherlands. Middle East recorded a decline in sales.

Adjusted EBITDA increased to CHF 177.1 million (previous year: CHF 162.9 million), with an adjusted EBITDA margin of 15.2% (previous year: 13.6%). This significant margin improvement resulted mainly from a favorable product mix; it also reflects positive effects of the transformation program, such as increased operational efficiency and procurement savings, as well as good overall price realization. Access Solutions further benefited from lower raw material and freight expenses, which, together with operational efficiencies, offset cost increases for labor and semi-finished goods.

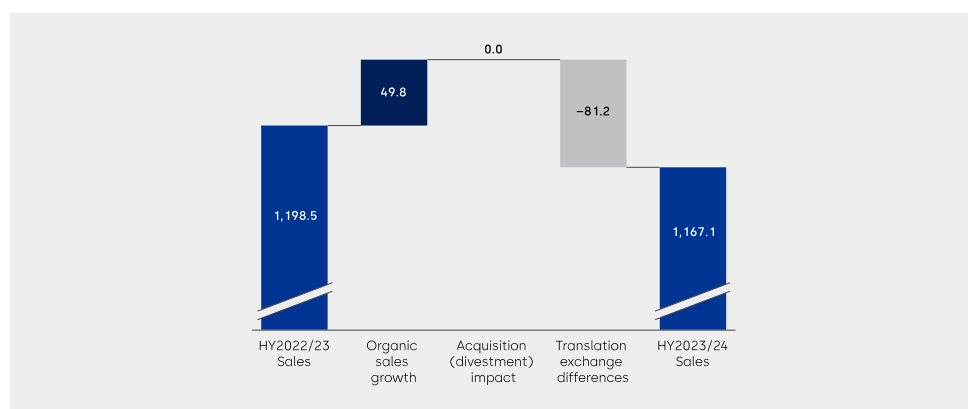
The second half of financial year 2023/24 does not anticipate any major change in demand for Access Solutions products. Organic growth will continue to be supported by innovative solutions such as dormakaba's Door Efficiency Calculator and Ambiance Cloud. There may be further price increases if costs for labor and intermediate goods remain elevated, but forward visibility continues to be limited.

Key figures – Access Solutions

CHF million, except where indicated	Reporting half-year ended 31.12.2023	%	Reporting half-year ended 31.12.2022	%	Change on previous year in %
Net sales third parties	1,164.1		1,195.9		-2.7
Intercompany sales	3.0		2.6		
Total segment sales	1,167.1		1,198.5		-2.6
Change in segment sales	-31.4	-2.6	55.1	4.8	
Of which translation exchange differences	-81.2	-6.8	-31.5	-2.8	
Of which acquisition impact	0.0	0.0	29.1	2.7	
Of which divestment impact	0.0	0.0	-28.0	-2.4	
Of which organic sales growth	49.8	4.5	85.5	7.9	
Adjusted EBITDA (Adjusted operating profit before depreciation and amortization)	177.1	15.2	162.9	13.6	8.7
Average number of full-time equivalent employees	11,636		11,785		

CHF million	Reporting half-year ended 31.12.2023	Reporting half-year ended 31.12.2022
Net sales third parties per geographical markets		
USA/Canada	343.4	358.3
Germany	154.9	147.0
Australia/New Zealand	100.1	109.9
Switzerland	104.5	103.3
UK/Ireland	52.6	56.0
Rest of the World Access Solutions	408.6	421.4
Total Access Solutions	1,164.1	1,195.9

Sales (CHF million) – Access Solutions



Key & Wall Solutions and OEM

As of 1 July 2023, the Key & Wall Solutions business segment has integrated dormakaba's OEM (Original Equipment Manufacturer) business, and now operates under the new name Key & Wall Solutions and OEM (KWO).

In the first half of the financial year 2023/24 the business segment generated total net sales of CHF 234.1 million (previous year: CHF 252.1 million). Total segment sales declined by 7.1%, mostly stemming from a negative currency translation effect of 6.6%. KWO also experienced a slight decline in organic sales growth of 0.6% (previous year: +9.0%). The main driver was a decline in the OEM and Key Systems businesses that was only partially offset by strong organic growth in the Movable Walls business.

Organic sales in the Key Systems business unit decreased due to weaker demand in all markets and strong competition in South America. Although the market for automotive solutions and keys remains relatively stable worldwide, there was continued lower demand for key cutting machines in major markets compared to the first half of financial year 2022/23.

The adjusted EBITDA margin for the Key Systems business unit declined: Good management of selling, general and administrative expenses could not make up for the significant decrease in top line and an unfavorable product mix.

The Movable Walls business unit retained its strong momentum and recorded double-digit organic sales growth. The business unit continued to further strengthen its leadership position in the US, supported by price realizations throughout all regions.

The adjusted EBITDA margin for the Movable Walls business unit continued its strong development due to the expansion of its leadership position in the profitable US market. The business unit was able to benefit from a changed competitive landscape, boosting adjusted EBITDA.

Despite top-line headwinds, adjusted EBITDA for Key & Wall Solutions and OEM reached a record level of CHF 44.1 million (+5.5%) for the first six months of the financial year, compared to CHF 41.8 million for the previous year. The adjusted EBITDA margin increased by 220 basis points to 18.8% (previous year: 16.6%) mainly due to the higher contribution of the business unit Movable Walls.

Despite some improvement at the end of the first half of the financial year 2023/24, the OEM business unit experienced a decline in sales due to lower demand from the Americas and from residential businesses. Despite these challenges, the business unit was able to safeguard profitability levels with tight cost management.

Key figures – Key & Wall Solutions and OEM

CHF million, except where indicated	Reporting half-year ended 31.12.2023		Reporting half-year ended 31.12.2022		Change on previous year in %
		%		%	
Net sales third parties	212.4		223.9		-5.1
Intercompany sales	21.7		28.2		
Total segment sales	234.1		252.1		-7.1
Change in segment sales	-18.0	-7.1	18.7	8.0	
Of which translation exchange differences	-16.6	-6.6	-2.2	-0.9	
Of which acquisition impact	0.0	0.0	0.0	0.0	
Of which divestment impact	0.0	0.0	0.0	0.0	
Of which organic sales growth	-1.4	-0.6	20.9	9.0	
Adjusted EBITDA (Adjusted operating profit before depreciation and amortization)	44.1	18.8	41.8	16.6	5.5
Average number of full-time equivalent employees	3,170		3,306		

Sales (CHF million) – Key & Wall Solutions and OEM

