



## Media release

1. Half-year report as at 31.12.2004

### **Kaba posts strong earnings gain**

**Rümlang, March 7, 2005 – In the first six months of financial 2004/2005, reported by Kaba for the first time pursuant to IFRS, the Group's currency-adjusted sales increased by 4.9% versus the same prior-year period. Mostly due to the weaker US dollar, sales expressed in Swiss francs rose by a nominal 2.2% to CHF 492.5 million. Despite a currency translation loss of CHF 2.3 million, reported EBIT increased by 14.5% to CHF 65.6 million and thus fulfilled the Group's ambitious expectations. The EBIT margin improved from 11.9% to 13.3%. After deduction of non-recurring refinancing charges of CHF 7.9 million, income climbed to CHF 29.7 million, an increase of 35.6% versus the prior-year period (restated to IFRS) The Kaba Group's gross debt declined by CHF 85.6 million to CHF 387.3 million. Kaba expects significant income growth in the 2nd half of financial 2004/2005.**

For reasons of transparency, Kaba initiated the transition from Swiss GAAP FER to the International Financial Reporting Standards (IFRS) with the semi-annual statement as at 31.12.2004. The comparable figures for the prior six-month period as well as for financial 2003/2004 have also been restated according to IFRS conventions. In the first six months of financial 2004/2005, currency-adjusted sales increased by 4.9% versus the same period a year ago. Mostly due to the further depreciation of the US dollar, however, reported sales increased by a mere 2.2% to CHF 492.5 million.

Reported EBIT rose by 14.5% in the 1st half of 2003/2004, closing at CHF 65.6 million in the period under review. Currency-adjusted EBIT even grew by CHF 10.6 million or 18.5%. The EBIT margin (income from operations in % of operating revenues) improved from 11.9% to 13.3%. Thus, Kaba was able to generate the overproportional earnings increase forecast in September 2004. Despite extraordinary refinancing costs of CHF 7.9 million incurred in October 2004, the Group's income climbed by CHF 7.8 million or 35.6% versus the prior-year period (restated to IFRS) to close at CHF 29.7 million.

The Group's gross debt declined from CHF 472.9 million as at 30.6.2004 to CHF 387.3 million as at 31.12.04. Thus, Kaba cut debt by no less than CHF 85.6 million in the 1st half of financial 2004/2005.



## **Dynamic business segments**

Among the individual business segments, differentiated by products in compliance with IFRS, the increasing growth and earnings momentum of Door Systems as well as the above-average increase of currency-adjusted sales and EBIT of Access Systems in the Americas and Europe are noteworthy developments. In the Asia Pacific region, however, the Access Systems segment (generating about 3.5% of consolidated sales) experience a disappointing decline in sales as a result of the weak market demand. Key + Ident Systems (including Key Systems Americas) reported sales growth with an unchanged EBIT margin. The Data Collection segment grew slightly more than the Group average.

## **Further income gains expected in 2nd half of the year**

For the 2nd half of the year (to close on 30.6.2005), Kaba expects the EBIT trend to remain strong, although not quite as pronounced as in the first six months of financial 2004/2005. One reason is the seasonal weakness of the market for Access Systems in Europe and for Door Systems. Additionally, it will not easily be possible to offset the currency translation losses incurred as a result of the depreciation of the US dollar.

On the other hand, income from operations in the 2nd half of financial 2004/2005 will reflect the elimination of the extraordinary refinancing charge of CHF 7.9 million incurred in the 1st half of the year. The tax rate for the 2nd half of the year (on income before taxes) should amount to about 33%, as was the case for the first six months.

We again expect earnings growth in a double-digit magnitude in comparison with the IFRS figures of the prior year.

For further information:  
Kaba Holding AG  
CH-8153 Rümlang

Ulrich Graf, President and CEO; Tel +41 44 818 90 21  
Dr. Werner Stadelmann, CFO; Tel +41 44 818 90 61

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Kaba is a globally active, publicly traded security corporation. With its «Total Access» strategy, the Kaba Group is specialized in integrated solutions for security, organization, and convenience at building and information access points. Kaba is also the world market's No. 1 provider of key blanks, key cutting and coding machines, transponder keys, and high security locks. It is a leading provider of electronic access systems, locks, master key systems, hotel locking systems, security doors, and automatic doors. Further information is available at [www.kaba.com](http://www.kaba.com).

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