

## Press release

As an exception, Kaba has decided to issue this press release prior to the originally intended date. The detailed financial statements for financial 2002/03 will be published on 22 September 2003, and commented at the analysts and media conference as well as the telephone conference scheduled for the same date. Additionally, the Annual Report, the Financial Report, the Corporate Governance Brochure and the Investor's Handbook 2003/04 will be available starting 22 September 2003. All publications can be ordered by telephone by calling +41 1 818 90 61 or online via [www.kaba.com](http://www.kaba.com); they can also be downloaded from Kaba's site starting 22 September 2003.

Financial 2002/03 as at 30 June 2003:

## Kaba cuts net debt by CHF 94 million

**Rümlang, 10 September 2003 – In a difficult market environment, the Kaba Group ended financial 2002/03 as at 30 June 2003, with a 5.8% decline in sales to CHF 967.2 million and a 26.1% decline in consolidated net income to CHF 45.7 million. Expressed in local currencies, comparable sales increased slightly by +0.7%. The 11.6% decrease in EBIT to CHF 108.7 million was due largely to foreign currency translation (CHF 10 million). However, non-recurring restructuring charges of CHF 8 million depressed EBIT as well. These charges were incurred by the Door Systems Division and – as an indirect consequence of the 1999 acquisition of a French doors company – by the Access Systems Europe Division. Net income was also impacted by a higher tax expenditure. Net free cash flow increased by 47.9% to CHF 107.1 million, allowing a reduction of net debt by CHF 94 million to CHF 430.5 million.**

The unfriendly economic climate and generally hesitant capital spending in the marketplace put a damper on the Kaba Group's growth during its financial year 2002/03 which ended on 30 June 2003. Investment restraint on the part of customers caused the markets overall to stagnate. Expressed in Swiss francs, the Kaba Group's sales declined by 5.8% to CHF 967.2 million. At prior-year exchange rates and within a comparable scope of consolidation, sales increased by 0.7% from CHF 1,020.3 million to CHF 1,027.0 million.

About 70% (CHF 10 million) of the decline of EBIT by 11.6% or CHF 14.3 million to CHF 108.7 million is due to the appreciation of the Swiss franc, chiefly versus the US dollar. Additionally, EBIT was burdened by non-recurring restructuring costs amounting to CHF 8 million. Of this amount, CHF 5 million was absorbed by the Door Systems Division which during the year under review restructured its distribution channels, optimized processes, and streamlined product lines. The Access Systems Europe Division accounts for the remaining CHF 3 million; it is an indirect consequence of the acquisition of the British door companies in 1999 – their French subsidiary was integrated into a company which belonged to the Access Systems Europe Division.

### Higher tax rate depresses net income

Even though respectable local-currency growth rates were posted by the Access Systems divisions and the Data Collection Division and although further significant progress was made as regards operating profitability, reported net income at CHF 45.7 million falls 26.1% short of the previous-year result. This is due to an 11.7% tax liability increase to CHF 23.9 million. The increment reflects a rise of the tax rate from 26% to 34% due to overproportional earnings increases in America and at the same time concurrent losses in Europe (Door Systems Division, in France also the Access Systems Division) cannot be offset for the time being.



### **Operating profitability picks up yet again**

In spite of the challenging economic environment, adverse foreign-exchange relations, and extraordinary restructuring costs, EBIT relative to net operating assets (RONOA) climbed from 29.3% a year earlier to 30.3%. Operating cash flow again trended higher, closing at CHF 123.4 million which is 36% higher than a year ago. Net free cash flow advanced by 47.9% to CHF 107.1 million, allowing Kaba to cut debt by another CHF 94 million to CHF 430.5 million.

### **Door Systems Division results reflect restructuring**

In the year under review, the Door Systems Division posted sales of CHF 220.2 million (currency-adjusted -3.3%). Negative factors included mainly the weak trend in the British and German markets. Due to the non-recurring restructuring charges of CHF 5 million in Great Britain and Germany, EBIT fell from CHF 9.4 million in 2001/02 to CHF -1.3 million in the report year. The EBIT margin declined from 4% to -0.6%. Nonetheless, the Division was able to hold its share in the shrinking overall market. The restructuring measures implemented in 2002/03 as well as the shutdown of a production facility in Stockport (UK) are expected to have a positive impact on the development of the Door Systems Division in the near future. Jakob Gilgen, the former managing director of the Swiss door company – Kaba Gilgen AG in Schwarzenburg – assumed responsibility for the Door Systems Division on July 1, 2003. Changes in management staffing also took place in Great Britain and in the German distribution company.

The other five divisions of the Kaba Group were able to increase their local-currency sales by 1.8%. The comparable EBIT of the Kaba Group without the Door Systems Division increased by 7.1% to CHF 120.8 million at prior-year exchange rates. The consolidated EBIT margin declined by 0.8 percentage points to 11.2% but not including the Door Systems Division improved from 14.3% to 14.7%.

### **Unchanged dividend**

The Board of Directors proposes the payment of an unchanged dividend of CHF 3 per share with a par value of CHF 10. This dividend stability reflects the non-recurring nature of the high restructuring costs in the year under review and underscores our confidence that the earnings situation will improve again in response to the measures that have been initiated. In comparison with the prior year, this would increase the dividend pay-out from 17.3% to 23.4% of consolidated net income.

### **Enclosure**

Key figures of the Kaba Group as at the end of June

Further information will be circulated by mail on Monday morning, 22 September 2003, and published on [www.kaba.com](http://www.kaba.com). On the same day, Kaba will hold its analysts conference at 8:30 AM and its financial press conference at 10:45 AM in Zurich. The telephone conference for analysts and investors will begin at 4:30 PM (CET). As always, analysts, investors, and journalists will be personally invited well in advance to participate in these events.

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**Key figures of the Kaba Group as at the end of June**

	<b>2002/03</b> <b>(in CHF million)</b>	2001/02 <b>(in CHF million)</b>	<i>Change versus previous year</i>
Sales (net)	<b>967.2</b>	<b>1'027.0</b>	-5.8%
Operating revenues	<b>983.8</b>	<b>1'025.9</b>	-4.1%
Earnings before depreciation (EBITDA)	<b>145.0</b>	<b>165.6</b>	-12.4%
in % of operating revenues	<b>14.7%</b>	<b>16.2%</b>	
Operating profit (EBIT)	<b>108.7</b>	<b>123.0</b>	-11.6%
in % of operating revenues	<b>11.0%</b>	<b>12.1%</b>	
Consolidated net income	<b>45.7</b>	<b>61.8</b>	-26.1%
in % of operating revenues	<b>4.7%</b>	<b>6.1%</b>	
Net income (after tax) + depreciation	<b>82.0</b>	<b>104.4</b>	-21.5%
in % of operating revenues	<b>8.4%</b>	<b>10.2%</b>	
Non-recurring restructuring costs deducted in above results	<b>8.0</b>		
Net cash provided by operating activities	<b>123.4</b>	<b>90.7</b>	36.1%
Net cash used in investing activities	<b>-22.4</b>	<b>-24.4</b>	-8.2%
Divestments	<b>6.1</b>	<b>6.1</b>	
Free Cash flow (net)	<b>107.1</b>	<b>72.4</b>	47.9%
Total assets	<b>773.8</b>	<b>765.6</b>	1.1%
Equity capital	<b>-62.8</b>	<b>-94.5</b>	33.5%
in % of total assets	<b>-8.1%</b>	<b>-12.3%</b>	
Net operating assets	<b>359.0</b>	<b>420.1</b>	-14.5%
Return on net operating assets (RONOA)			
Earnings before income and tax (EBIT) in % of net operating assets	<b>30.3%</b>	<b>29.3%</b>	
Number of employees (average)	<b>6,185</b>	<b>6,402</b>	-3.4%

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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