



Media release

1. Half-year report as at 31 December 2002

Kaba increases currency-adjusted EBIT by 10% and the EBIT margin to 12.2%

Rümlang, 10 March 2003 – In an adverse market climate, Kaba posted a 5.3% decline in sales to CHF 490.1 million for the first six months of financial 2002/2003 but held EBIT at a solid level of CHF 60.0 million. The EBIT margin (operating income in percent of sales) rose from 11.5% to 12.2%. At constant exchange rates, EBIT would have picked up by 10% to CHF 64.2 million. In comparison with the same prior-year period, cash flow from operations nearly tripled, rising from CHF 23.2 million to CHF 65.3 million. This allowed Kaba to further reduce debt as at 31 December 2002, by CHF 45.5 million to CHF 478.5 million.

In the first half of financial 2002/2003, Kaba increased consolidated sales in local currencies by CHF 7.0 million or +1.4% versus the previous-year period. Thus, despite hostile economic baseline conditions, the Group is back on track as regards growth. On the downside, the appreciation of the Swiss franc cost Kaba CHF 29.9 million (5.8%) in currency translation at the net sales level.

Despite the considerable local-currency growth rates in certain operations as well as the perceptible progress made in terms of operating profitability, net income for the first six months, at CHF 26.8 million, fell 8.2% short of the prior-period result. This is due to an increase of the fiscal burden by CHF 4.0 million or 37% as a result of a tax rate hike from 27% to 35.6%. This tax reassessment was caused by over proportional income gains in America.

The Access Systems divisions encompass the regional mechanical and mechatronic locking systems as well as electronic access control businesses – by far Kaba's largest organizational unit. These divisions generated CHF 296.6 million in sales, 60% of consolidated sales. Sales growth expressed in local currencies was 2.9%, and the EBIT margin advanced from 13.5% to 15.2%. Absolute EBIT rose from CHF 42.1 million to CHF 45.1 million. At constant exchange rates, EBIT would have increased by 17.6% to CHF 49.5 million.

The Data Collection Division posted 11.0% growth in local currencies and boosted absolute EBIT by 50% to CHF 6.0 million. The EBIT margin rose from 12.2% to 17.1%.

In local currencies, the Key Systems Europe Division posted a 1.9% decline in sales but held the EBIT margin at a high level of 17.7%.



The Door Systems Division did not attain its financial targets. Sales in local currencies declined by 2.4%. The operating results reported by the companies in Great Britain and Germany were disappointing but also reflected restructuring charges. A number of remedial measures have been initiated or intensified.

The integration of Unican, acquired in April 2001, is still moving forward successfully.

At the present time, Kaba sees no reason to anticipate that the result of the second half of financial 2002/2003 will be better than that of the reporting period.

Enclosure: Shareholder Newsletter No. 19 dated 10 March 2003
<http://www.kaba.com/e/ak/ak19-mar2003-e.pdf>

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A telephone conference in English will take place on Monday, March 10, 2003, at 4:00 PM Central European Time (10:00 AM EDT; 07:00 AM PDT). Please log on until 03:00 PM at <http://www.kaba.com/pw/konferenz-e.html> to participate.