



Press Release

1st Half-Year Report as at December 31, 2005

Kaba increases profit by 19%

Rümlang, March 6, 2006 – **In the first half of financial 2005/2006, the Kaba Group increased net income by 19% to CHF 35.2 million. Sales picked up by 3.3% to close at CHF 508.9 million. However, compared with the prior-year period, the operating result (EBIT) decreased by 6.1% to CHF 61.5 million and the EBIT margin declined from 13.3% to 12.2%. Free cash flow (net, before dividends) has more than tripled, rising to CHF 41.6 million. For the current half year, Kaba expects operations to develop within the scope of the same previous-year period.**

For the first half of financial 2005/2006, the Kaba Group can report a year-over-year increase in currency-adjusted sales by CHF 16.4 million or 3.3% to CHF 508.9 million. For the first time since Unican was acquired in 2001, foreign-currency translation into Swiss francs had a positive impact. Thus, sales growth expressed in local currencies amounted to CHF 4.0 million or 0.8% – while the weaker Swiss franc accounts for CHF 12.3 million or 2.5%.

At CHF 61.5 million, the operating result (EBIT) falls 6.1% short of the CHF 65.5 million reported for the first half of financial 2004/2005. The EBIT margin declined from 13.3% to 12.2%. This decrease is due largely to the exceptionally high prior-year EBIT resulting from a major one-time order in the USA. In comparison with the prior-year period, net income grew by 19% to CHF 35.2 million.

Free cash flow (net, before dividends) advanced from CHF 13.3 million to CHF 41.6 million, more than tripling. In the period under review, current assets (at constant exchange rates) remained stable. Net debt was further reduced.

Business segment trends

The Door Systems segment further developed favorable and increased the EBIT margin from 7.6% to 9.1%. The trend in new business was reassuring as well, as evidenced by new orders worth more than CHF 12 million for platform screen doors in Shanghai as well as for tripod barriers and coin-for-voucher systems at 250 German motorway rest stops.

The Data Collection segment succeeded in boosting EBIT by 8.1%, increasing the EBIT margin from 12.6% to 14.6%. However, sales did not match the very high prior-year level and declined by 6.7%.

The Access Systems segment posted growth in Europe; it increased local-currency EBIT by 7.1% to CHF 132.9 million and gained market share in most regions. In the Americas, sales receded by 3.1%. In this context, it must be mentioned that the prior-year figure included a very significant order for high-security locks.

The currency-adjusted sales of the Key + Ident Systems segment closed in the magnitude of the prior-year period. The EBIT margin fell from 11.5% to 8.5%.

Outlook

Experience shows that in the second 6-month period, the performance of the Access Systems Europe, Data Collection, and Door Systems segments is slightly weaker than in the first half of the year. Kaba expects operations in the current period to develop within the scope of the second half of the previous year (excluding one-time effects). As communicated some time ago, the non-recurring charge of CHF 3 million for the streamlining of distribution structures in Europe will be expensed to the second half of 2005/06.

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

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.

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