

Media Release

Half-year results as at 31 December 2008

Kaba achieves stable EBIT margin of 12.9%

Rümlang, 4 March 2009 – **Kaba Group has posted sales of CHF 609.8 million (-8.5%) for the first half of the 2008/2009 financial year. The decline was due mainly to exchange rate differences. Compared to the same period of the previous year, EBIT went down by 11.3% to CHF 78.8 million. The EBIT margin was maintained at a very healthy 12.9% (13.3%). Profit was down by 18.8% to CHF 41.6 million. Kaba expects sales and earnings to weaken in the second half. Nevertheless, due to the measures already taken, Kaba anticipates a double-digit EBIT margin for financial 2008/2009.**

Overall sales at the Kaba Group slipped 8.5% year-on-year to CHF 609.8 million in the first half of 2008/2009. The decline of CHF 56.7 million was due mainly to exchange rate fluctuations, which caused a reduction of CHF 41 million (-6.2%). In addition, the sale of Canadian company Capitol caused an expected CHF 8.7 million (-1.3%) decrease in sales. Organic sales were down by 1%, or CHF 7 million. "Once again, we benefited from the stabilizing effect of having a wide installed base of products around the world. The resulting replacement and upgrade business accounts for up to two-thirds of Group turnover," explains Rudolf Weber, CEO of Kaba Group.

EBIT declined by 11.3% to CHF 78.8 million. Acquisition- and currency-adjusted, the reduction was CHF 6.3 million, or 7.1%. The EBIT margin for the period under review was considerable 12.9% (previous year 13.3%). Profit was down by 18.8% to CHF 41.6 million.

Segments

Sales by the Door Systems Segment saw sales decrease by 7.1% to CHF 132.7 million, primarily because of exchange rate changes. Currency-adjusted, sales were down by 1.4%. EBIT reached CHF 10.8 million, which resulted in an EBIT margin of 8.1% (previous year 8.8%).

Sales by the Access + Data Systems Segment went down by 4.6% to CHF 363.1 million, though currency-adjusted, sales actually rose by 1.5%. EBIT declined by 3.7% to CHF 72.7 million. The EBIT margin increased slightly to an impressive 20% during the period under review. This segment performed especially well in Europe, where it outperformed the market with organic sales growth of 5.7% to CHF 201.1 million. Kaba continued to build on its technological leadership with systematic integration of digital components (CardLink). In America, the Access + Data Systems Segment posted overall sales growth of 1.8% and once again generated a significant increase in its already high EBIT margin. The hotel access systems business and the general commercial access business benefited from strong demand. In the Asia-Pacific region, sales were down by 4.5% currency-adjusted. As well as feeling the negative effects of currency fluctuations, the Wah Yuet production site found that its customers were becoming somewhat cautious.



The Key + Ident Systems Segment was already being affected by the recession in America and in Europe in the first quarter of the 2008/2009 financial year. During the period under review, sales fell 10.2% currency-adjusted. The EBIT margin halved year-on-year to 4.4%.

Outlook

Owing to the sharp downturn in numerous sectors of the economy, and to the unpredictability of the market, Kaba expects further uncertainty for the second half the financial year up to 30 June 2009. This is likely to have a negative effect on the Group's sales and earnings performance. The negative trend could be made worse still by a further weakening of the US dollar, the euro and other currencies. Nevertheless, Kaba still expects to post high free cash flow for the 2008/2009 financial year as well as a double-digit EBIT margin.

Key figures for the Kaba Group as at 31 December 2008

in million CHF	HY1 2008/2009	HY1 2007/2008
Consolidated net sales	609.8	666.5
Operating profit before depreciation (EBITDA)	99.6	110.3
in % of sales	16.3	16.5
Operating profit (EBIT)	78.8	88.8
in % of sales	12.9	13.3
Consolidated net profit	41.6	51.2
in % of sales	6.8	7.7
Earnings per share in CHF	11.0	13.5
Total assets	1'058.9	1,112.0
Net working capital	278.2	283.8
Net debt	422.8	462.4
Shareholders' equity	252.4	217.6
as % of total assets	23.8	19.6
Number of employees (average)	8'691	9,153

For further information:

Rudolf Weber, CEO; Phone +41 44 818 9041
Dr. Werner Stadelmann, CFO; Phone +41 44 818 9061
Jean-Luc Ferrazzini, CCO; Phone +41 44 818 9201 (Media)

Kaba Holding AG, 8153 Rümlang (Switzerland)

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