

Kaba reports net profit up by 40%

Rümlang, 19.9.2005 – **In financial 2004/05, the Kaba Group posted a 40% gain in consolidated net profit from CHF 47.2 million to CHF 66.1 million. The Group reported currency-adjusted sales growth at 2.1% and a currency-adjusted EBIT advance of 5%. In comparison with the prior year, the EBIT margin picked up from 12.1% to 12.4%.**

Higher profit and improved balance-sheet

For the Kaba Group, 2004/05 was a successful financial year. Net consolidated income (restated to IFRS) rose by CHF 18.9 million to CHF 66.1 million, a gain of 40% despite the fact that in October 2004, Kaba incurred a one-time refinancing charge of CHF 7.9 million. The increase is due mainly to a higher operating profit, lower financial expenses, and a CHF 7.3 million reduction of the tax burden. Moreover, an IFRS-related adjustment had a positive effect: it relates to a reduction in conversion rates among Swiss pension plans to reflect higher actuarial life expectancies. During the same period, Kaba was able to cut gross debt by another CHF 103.4 million from CHF 454.9 million to CHF 351.5 million.

Disparate developments in the segments

The Door Systems segment boosted local-currency sales by 8.9%. Expressed in Swiss francs, sales rose by 8.5% to CHF 252.7 million and contributed 26% (PY: 24%) to consolidated sales. During the period, EBIT doubled to CHF 19.3 million, increasing the EBIT margin from 3.8% to 7.6%.

Local-currency sales growth at Access Systems was 0.5% and its EBIT picked up from 20% to 21%. At constant exchange rates, EBIT growth by 6.6% to CHF 88.4 million was brisker than sales growth. Access Systems was able to clearly gain market share in Europe. Sales in America closed at the same strong level as in the prior year and currency-adjusted EBIT advanced as well. The segment's development in Asia-Pacific was weaker.

The Key + Ident Systems segment, which now also includes Ilco's key cutting business in the Americas, held currency-adjusted sales at the previous-year level. At 11.7%, the EBIT margin closed slightly lower than the consolidated average of 12.4%. Measures to boost earnings have been intensified and expanded.

Data Collection reported currency-adjusted sales growth of 2% in spite of stagnating markets in Germany and the USA.

Board proposes 20% dividend increase

In view of the considerably higher consolidated net income generated in the year under review and as a token of its investor-friendly payout policy, the Board of Directors will propose to the Annual Meeting on 25 October 2005 a dividend of CHF 4.80 per share, up CHF 0.80 from the previous year. The payout is to be implemented in the form of a reduction of the par value per share from CHF 10 by CHF 4.80 to CHF 5.20. This approach allows many Kaba Holding AG shareholders to avoid the double taxation of dividends that is levied in Switzerland. Additionally, the General Meeting will be asked to approve an extension of the authorized capital of 350,000 shares until 2007 and to re-approve a conditional capital issue of 60,000 shares for employee participation plans.

The Board of Directors proposes the election of Klaus Schmidt as a further member. Schmidt (47) is a German citizen and has been Chairman of Dekra AG, a motor vehicle inspection

group, since 2003. Previously, he was managing director of Alcatel Air Navigation Systems GmbH. Current members Ulrich Graf and Gerhard Zeidler will be available for reelection.

Optimistic long-term outlook

Kaba assumes that the economic scenario will change only immaterially in the short term and therefore believes that the segments will continue to develop disparately in the near future. The repeatedly demonstrated ability of the Kaba Group to generate sustainably solid earnings even under mixed market conditions justifies a positive assessment of its perspectives.

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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.

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