

ASSA ABLOY

Q4 Report 2013

Johan Molin
President & CEO



Financial highlights Q4 2013

- **Strong ending of the year**

- Strong growth in Global Tech and Americas
- Good growth in APAC and ESD
- EMEA bottoming
- Important gains of efficiency and savings
- New Manufacturing footprint program

▪ Sales	13,242 MSEK	+8%
+4% organic, +5% acquired growth, -1% currency		
▪ EBIT	2,202 MSEK *)	+8%
Currency effect -46 MSEK		
▪ EPS	4.08 SEK *)	+8%
Underlying tax rate 25%		

*) Excluding restructuring items of 1,000 MSEK.

Financial highlights Jan-Dec 2013

- **Good year for ASSA ABLOY despite the tough market**
 - Improved market presence
 - Innovation moved forward
 - Reduced footprint and professional sourcing

▪ Sales	48,481 MSEK	+4%
+2% organic, +4% acquired growth, -2% currency		
▪ EBIT	7,923 MSEK *)	+6%
Currency effect -261 MSEK		
▪ EPS	14.84 SEK *)	+6%
Underlying tax rate 25%		

*) Excluding restructuring items of 1,000 MSEK.

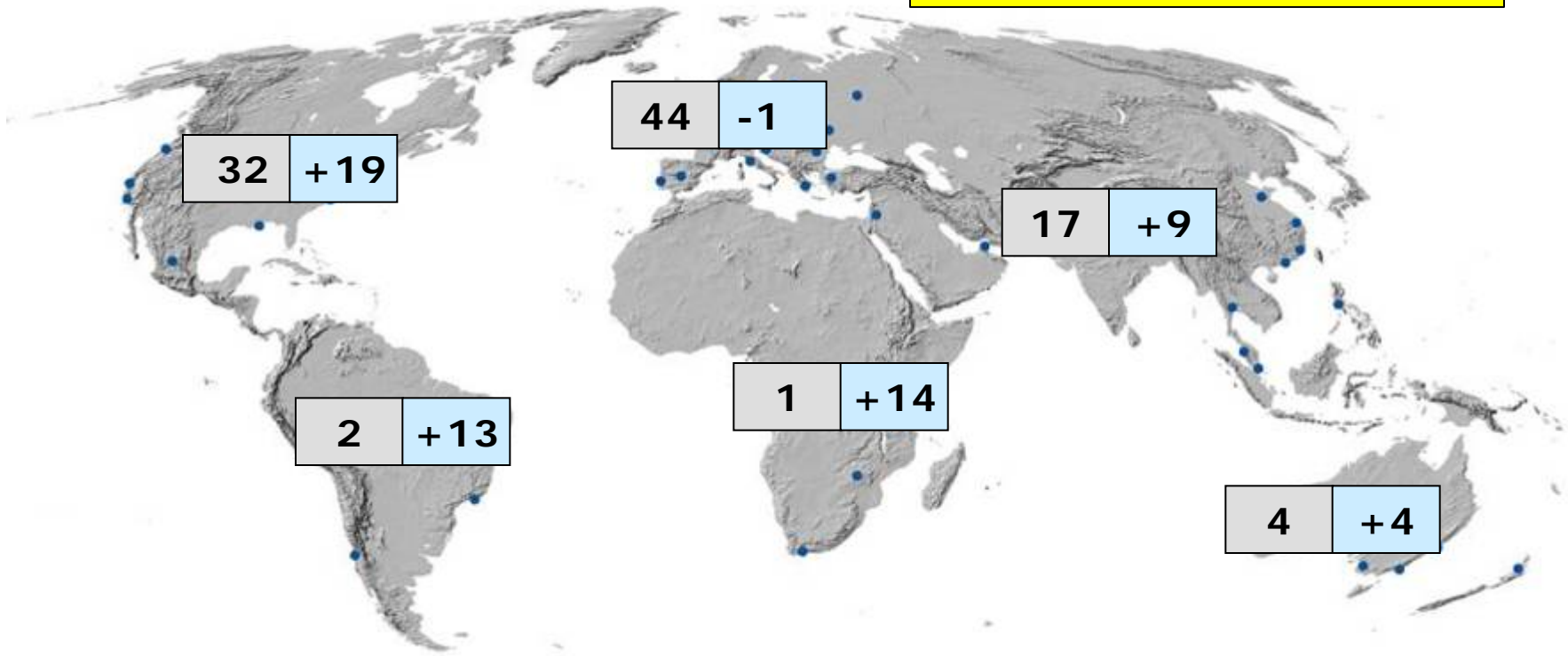
Market highlights

- New Overhead Sectional Door generation
 - Lower running costs & increased energy saving
- Record sales of CLIQ Remote
 - Cloud based functionality added
- Strong growth for ASSA ABLOY door closers
 - In all regions: EMEA, Americas and APAC
- Seos innovative Bluetooth Smart solution
 - Patented solution for opening doors with mobile phone



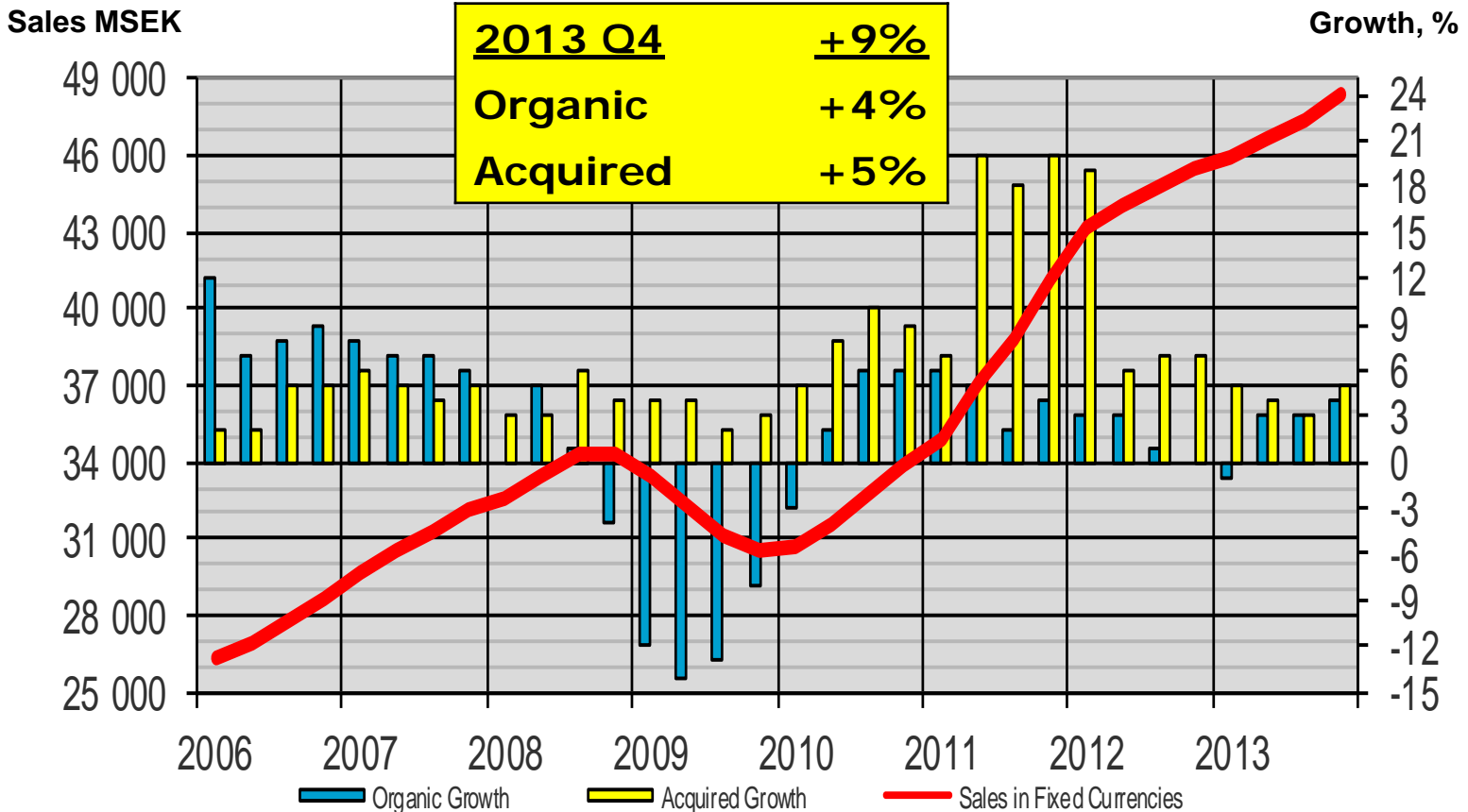
Group sales in local currencies Jan-Dec 2013

Emerging markets 25% of sales

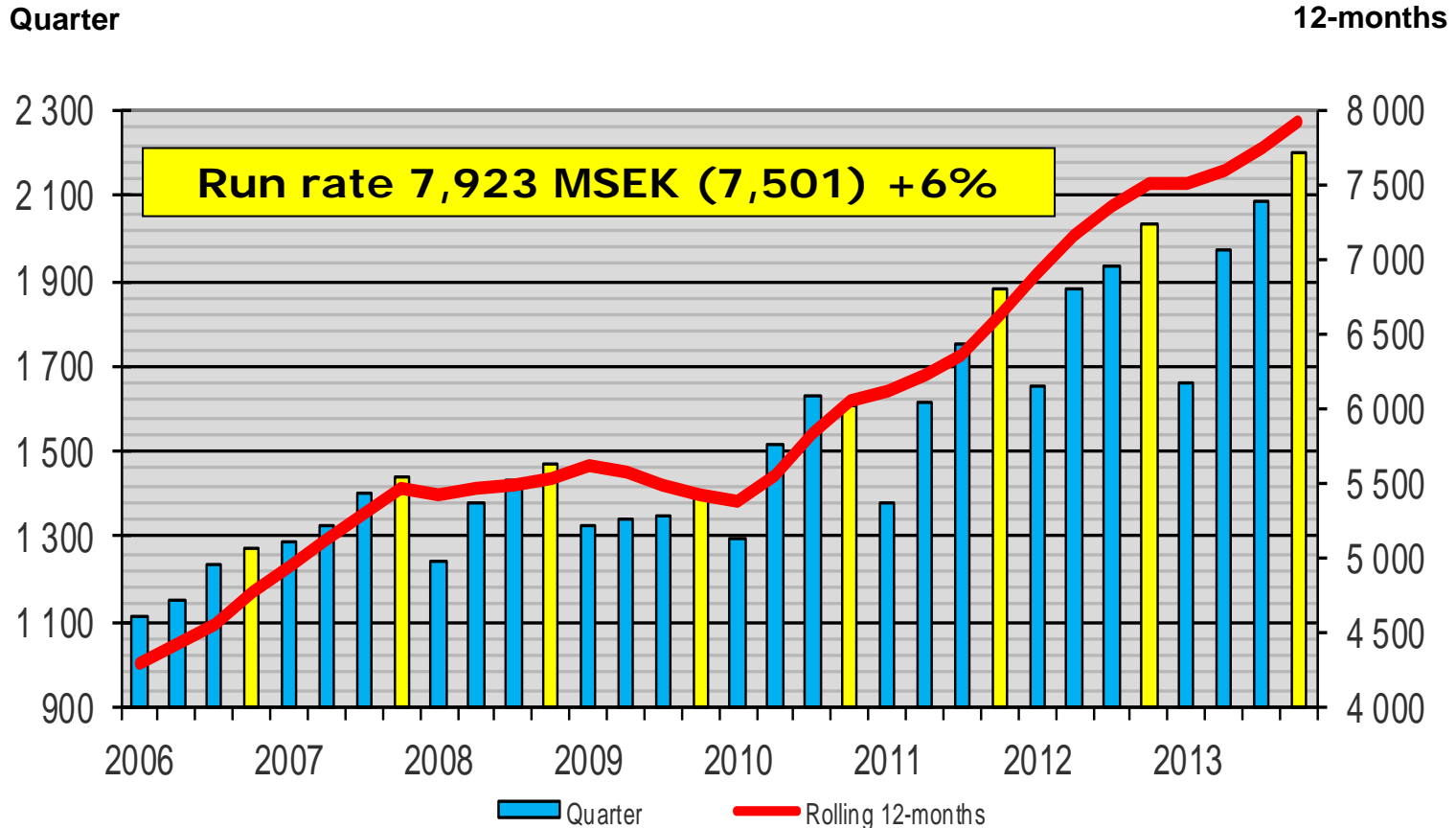


■ Share of Group sales 2013 YTD, %
■ Year-to-date vs previous year, %

Sales growth, currency adjusted



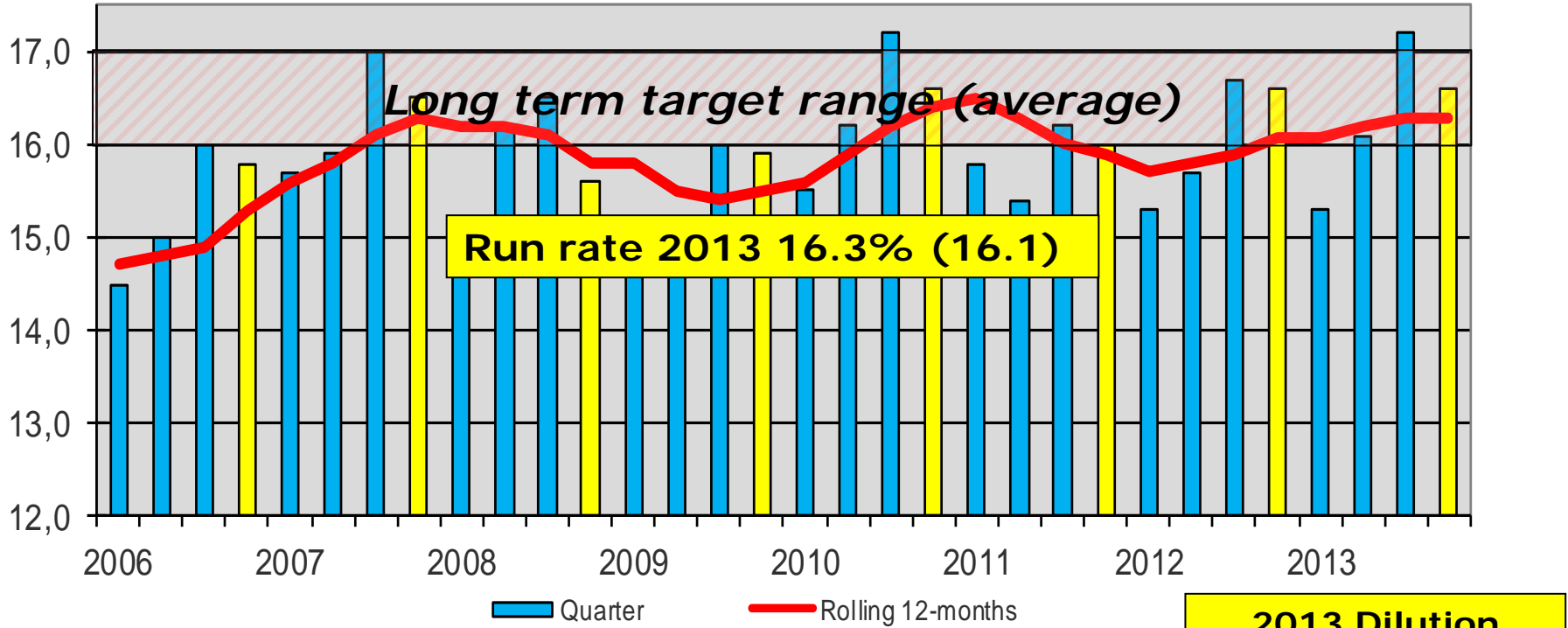
Operating income (EBIT*), MSEK



*) Excluding restructuring items of 1,000 MSEK in Q4 and full year 2013.

Operating margin (EBIT)*, %

EBIT Margin

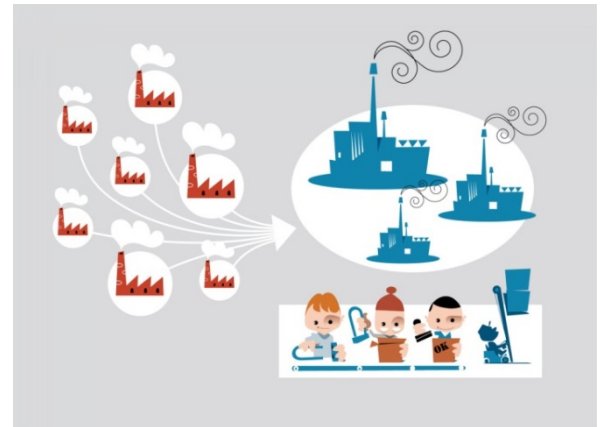


2013 Dilution	
QTD	-0.6%
YTD	-0.1%
2014 Dilution	
Full Year	-0.3 %

*) Excluding restructuring items of 1,000 MSEK in Q4 and full year 2013.

Manufacturing footprint

- New program launched in Q4
 - Closure of 10 factories and 17 offices
 - Personnel reduction 2,449p
 - Payback 3.4 years
 - Restructuring cost 1,000 MSEK
- Status all programs 2006-2013:
 - 57 factories closed
 - 21 closures to go
- Q4 Personnel reduction of 1,274p - 1,626p remains
- Provision of 1,369 MSEK



Margin highlights Q4 2013

EBIT margin 16.6% (16.6) 0.0%

+ Volume increase +3%, price +1%

+ Margin expansion 0.0%

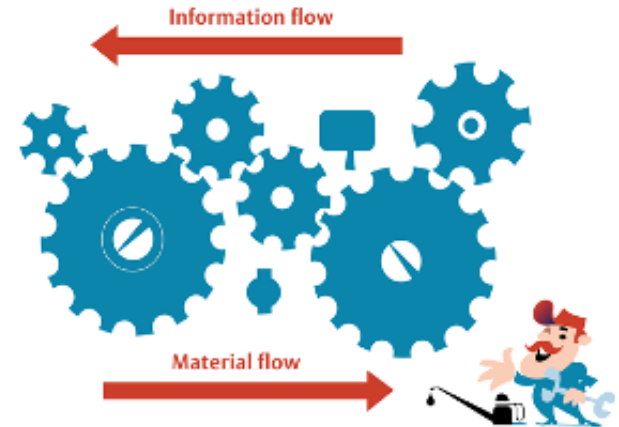
- + Organic growth

- + Manufacturing footprint

- + Capacity adjustments

- Dilution from Currency -0.2%

- Acquisitions -0.6%



Acquisitions 2013

- Fully active pipeline
- 12 acquisitions done in 2013
- Annualized sales 4,200 MSEK
- Added sales 9%



Amarr, USA



- Turnover of 2,100 MSEK with 1,200 employees
- Major player in the North American sectional door market
- Attractive market position with 77 service centers
- Base for further expansion and good synergies
- Accretive to EPS



IdenTrust, USA

- Turnover of 90 MSEK with 63 employees
- A leading provider of digital authentication solutions
- Complements ActiveIdentity
- Creates leadership in secure identity and issuance
- Dilutive to EPS

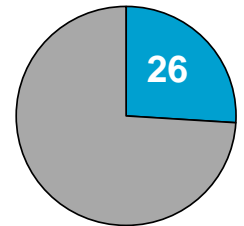
IdenTrust[™]
IDENTITY ASSURED



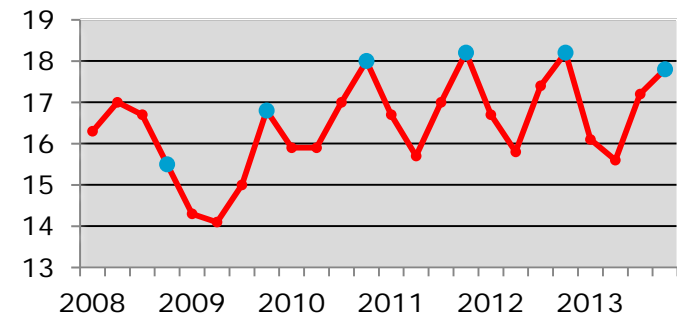
Division - EMEA

- Bottoming with slight growth
- Strong growth in Scandinavia (warm winter), Africa and Eastern Europe
- Growth in the UK and flat in Germany
- Decline in Finland, France, Holland, Italy, Iberia and Israel
- Focus on efficiency and manning
- Operating margin (EBIT)
 - = Organic 1%
 - + Footprint savings
 - Material cost
 - Dilution & Currency (-0.6)

SALES
share of
Group total %



EBIT %



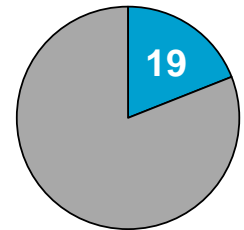
Division - Americas

- Strong growth in AHW, Electromechanical, Residential and South America
- Growth in Doors and High security
- Stable in Mexico and Canada
- Continued investments in R&D and front end

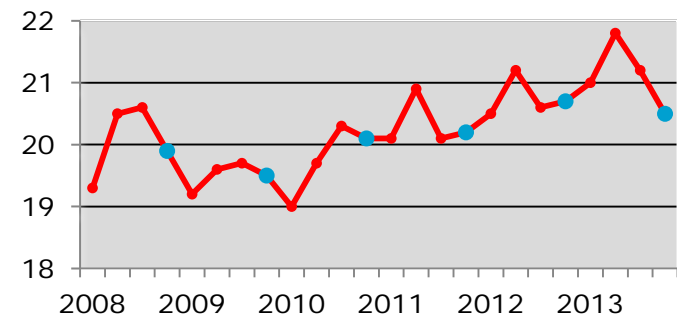
- Operating margin (EBIT)

- + Organic +6%
- + Efficiency improvement
- Material cost
- Dilution from acquisition (-0.9%)

SALES
share of
Group total %



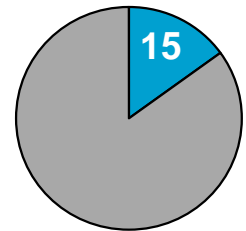
EBIT %



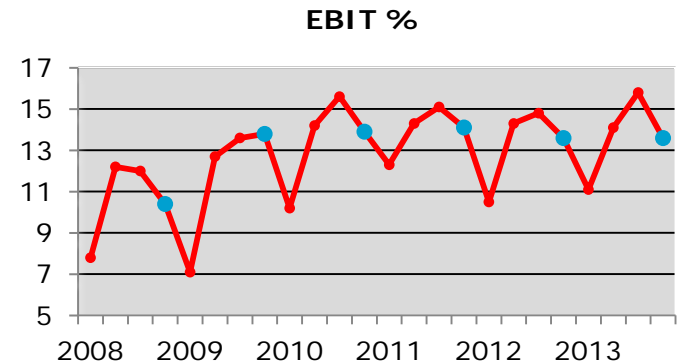
Division - Asia Pacific

- Strong growth in Korea, China Fire Doors, South East Asia and New Zealand
- Good growth in AHG China
- Slight decline in China Security Doors and Australia
- Positive leverage offset by negative impact from Pacific currencies
- Reduction of personnel in China by 800

SALES
share of
Group total %



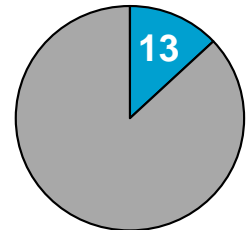
- Operating margin (EBIT)
 - = Organic +4%
 - + Material cost
 - + Efficiency in China
 - Mix & cost pressure



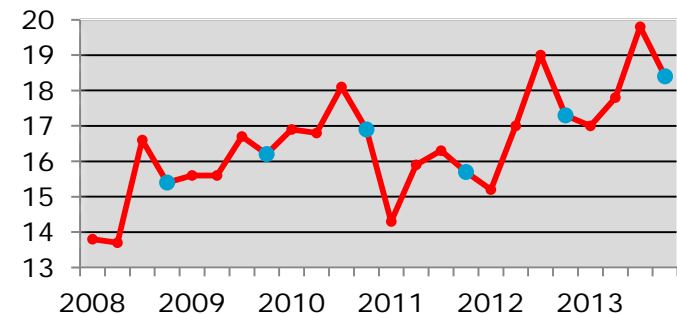
Division - Global Technologies

- **HID**
 - Strong growth IAM, Government ID, IDT and in Project sales
 - Continued strong profit improvement
 - Consolidation of the US operations to Austin, Texas
- **Hospitality**
 - Strong growth mainly from the renovation market
 - Good profit development
- **Operating margin (EBIT)**
 - + Organic +13%
 - + Good leverage from volume
 - Dilution from Project sales

SALES
share of
Group total %



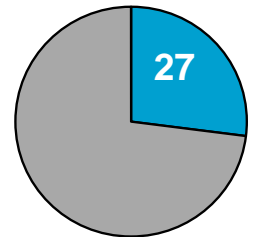
EBIT %



Division - Entrance Systems

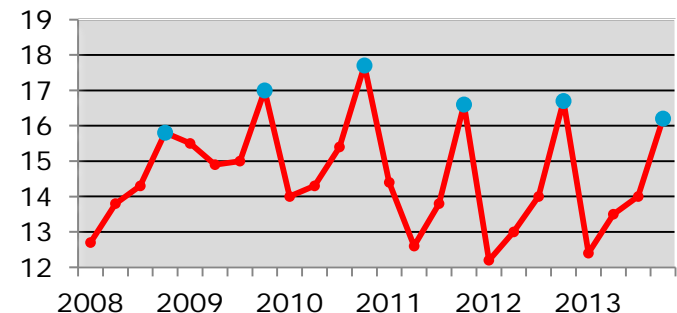
- Europe improving while Americas & Asia are growing
- Growth in Industrial Doors and High Speed Doors
- Stable sales in Door automatics and Docking stations
- Strong leverage from footprint improvements
- Rapid growth +17%, EBIT +14%

SALES
share of
Group total %



- Operating margin (EBIT)
 - + Organic +3%
 - + Strong leverage +1.1%
 - + Strong efficiency improvements
 - Dilution from acquisitions -1.6%

EBIT %



ASSA ABLOY

Q4 Report 2013

Carolina Dybeck Happe
CFO



Financial highlights Q4 2013

MSEK	4th Quarter			Twelve months		
	2012	2013	Change	2012	2013	Change
Sales	12,239	13,242	+8%	46,619	48,481	+4%
<i>Whereof</i>						
Organic growth			+4%			+2%
Acquired growth			+5%			+4%
FX-differences		-134	-1%		-1,156	-2%
Operating income (EBIT)*	2,030	2,202	+8%	7,501	7,923	+5%
EBIT-margin (%)*)*	16.6	16.6		16.1	16.3	
Operating cash flow	3,160	2,541	-20%	7,044	6,803	-3%
EPS (SEK)*	3.79	4.08	+8%	13.97	14.84	+6%

*) Excluding restructuring items of 1,000 MSEK for Q4 and full year 2013.

Bridge Analysis – Oct-Dec 2013

MSEK	2012 Oct-Dec	Organic	Currency	Acq/Div	2013 Oct-Dec
		4%	-1%	5%	8%
Revenues	12,239	486	-134	652	13,242
EBIT	2,030	186	-46	32	2,202
%	16.6%	38.4%	34.4%	4.9%	16.6%

Dilution / Accretion

0.8%

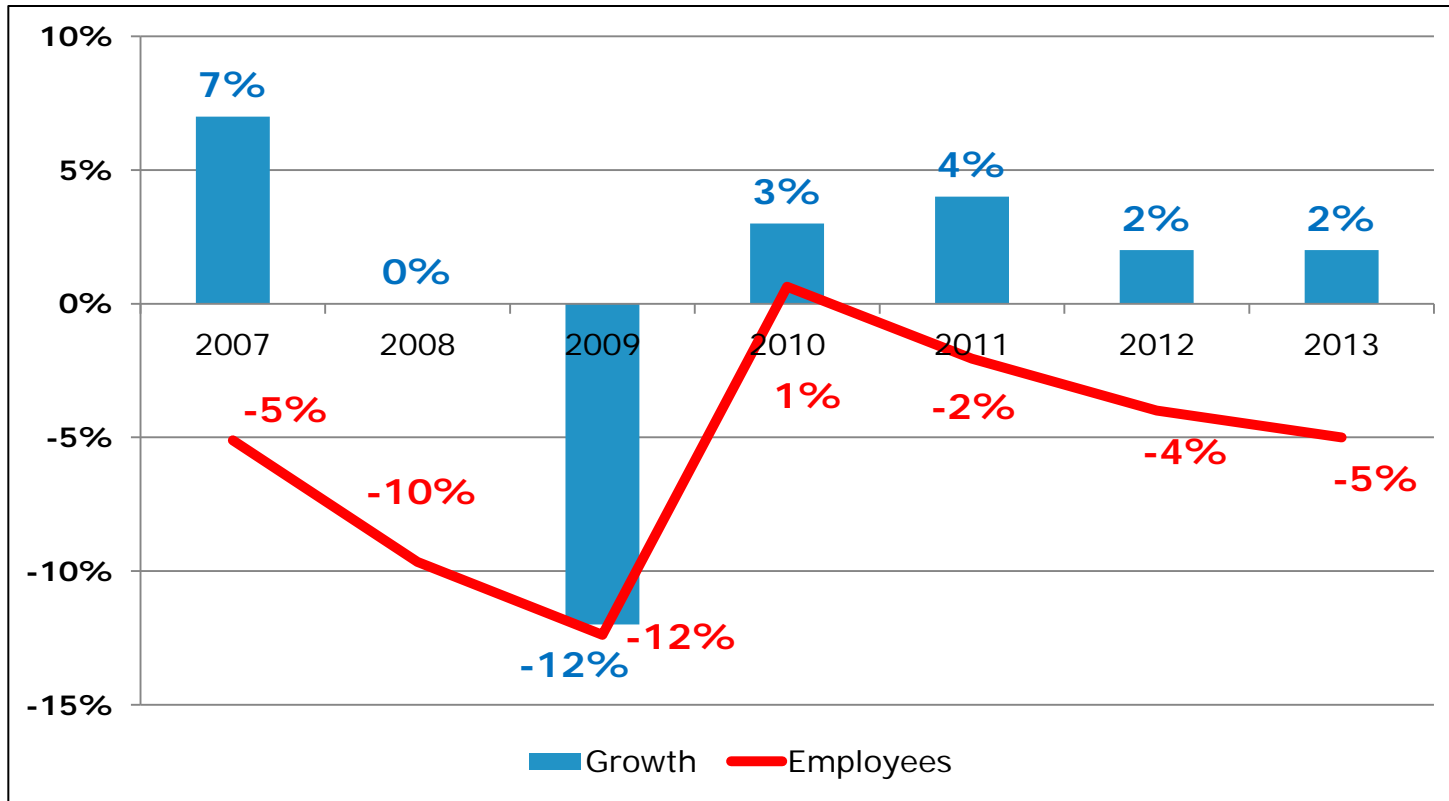
-0.2%

-0.6%

P&L – Components as % of sales Jan – Dec 2013

	2012 YTD	2013 YTD excluding acquisitions	2013 YTD
▪ Direct material	34.6%	34.7%	35.0%
▪ Conversion costs	<u>25.9%</u>	<u>25.5%</u>	<u>25.5%</u>
▪ Gross Margin	39.5%	39.8%	39.5%
▪ S, G & A	<u>23.4%</u>	<u>23.4%</u>	<u>23.2%</u>
▪ EBIT	16.1%	16.4%	16.3%

Organic growth vs. employee change *)

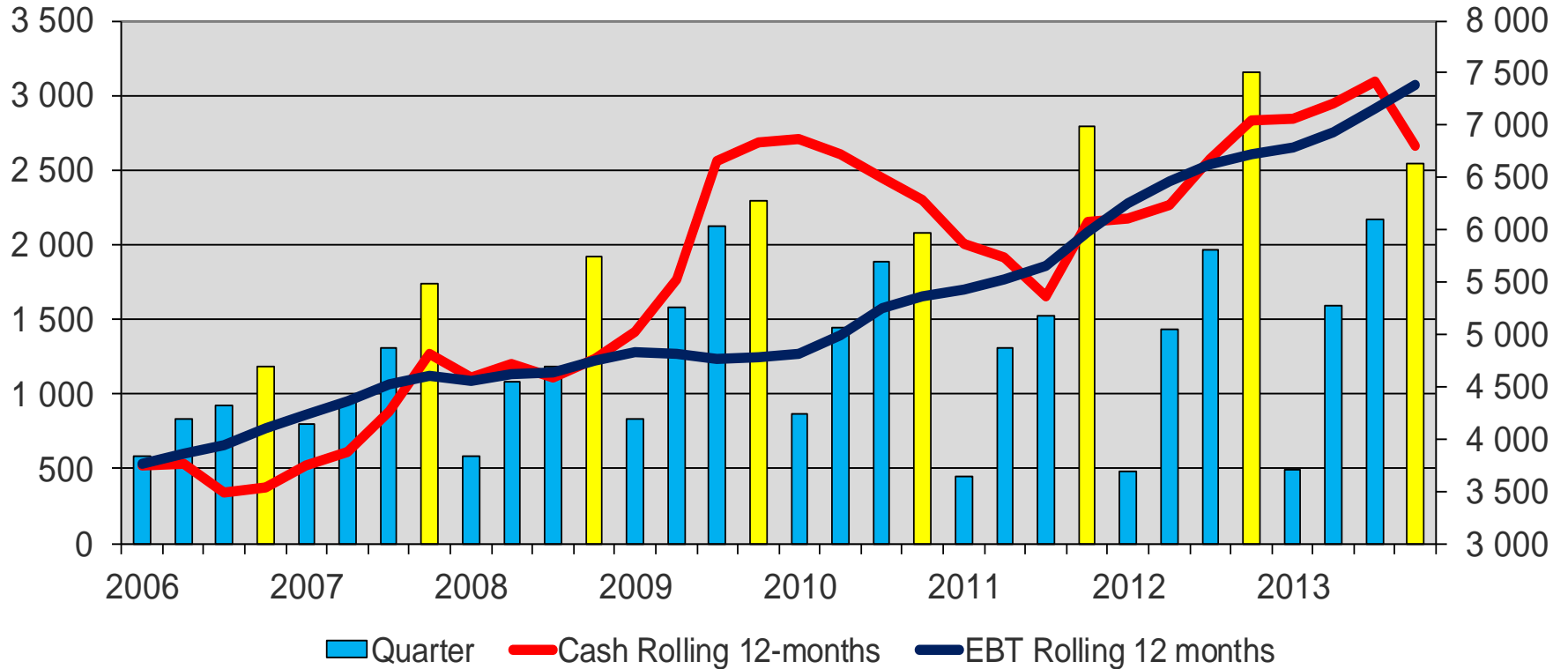


*) Organic growth each year, i.e. excluding acquisitions younger than 12 months, and the corresponding change in total number of employees for the same units.

Operating cash flow, MSEK

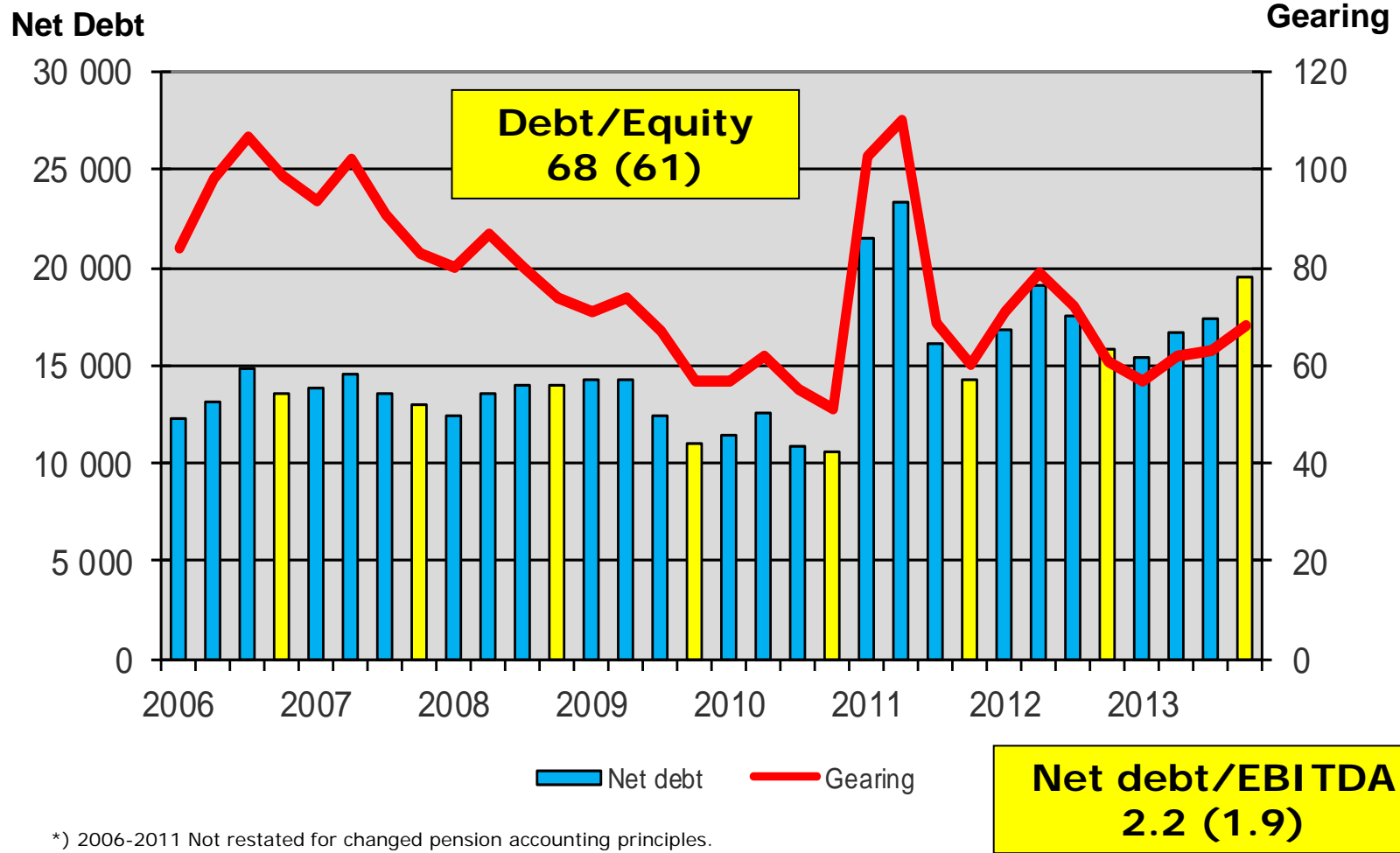
Quarter

12 months

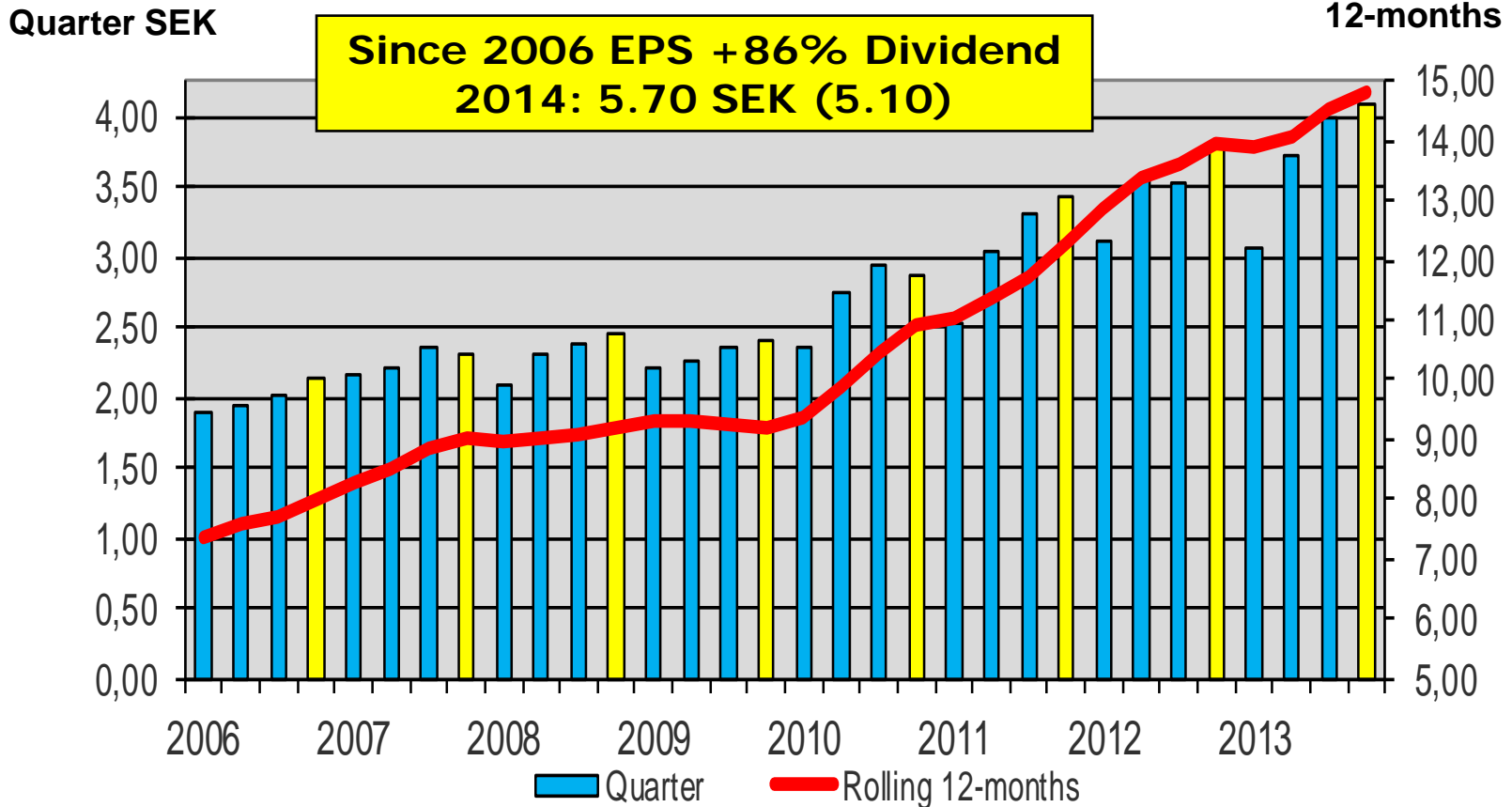


Net Invest in buildings (-500M) and good sales in Dec (-200M)

Gearing % and net debt MSEK



Earnings per share, SEK



*) Excluding restructuring costs of 1,000 MSEK in Q4 and full year 2013.

***) 2006-2011 Not restated for changed pension accounting principles.


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President & CEO



Conclusions Q4 2013

- Bottoming Europe
 - Strong growth in Global Tech and Americas
 - Good growth in APAC and ESD
 - Strong efficiency improvements supports profit
 - New Manufacturing Footprint launched
 - Strong cash flow of 2,541 MSEK
 - Record strong EBIT of 2,202 MSEK
- 



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Q&A

