





# ASSA ABLOY

Annual Report 2000






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The Annual General Meeting of ASSA ABLOY AB will be held at 'Cirkus', Djurgårdsslätten, Djurgården, Stockholm at 2 p.m. on Friday May 4 2001.

**Notice of attendance at the Annual General Meeting**

Shareholders wishing to attend the Meeting must:

- be recorded in the register of shareholders kept by Värdepapperscentralen VPC AB (Swedish Central Securities Depository and Clearing Organization), no later than April 24 and:
- give notice of attendance to ASSA ABLOY AB, P.O. Box 70340, SE-107 23 Stockholm, tel. +46 8 506 485 00, fax: +46 8 506 485 85 or on [www.assaabloy.com](http://www.assaabloy.com) by 4 p.m. on April 27 2001. Notification must include the shareholder's name and personal identity number as well as information regarding the number of shares held.

Any shareholder whose shares are nominee-registered must also, in order to be entitled to take part in the Meeting, request a temporary entry in the register of shareholders kept by VPC. Shareholders must notify the nominee about this well before April 24 2001, when this entry must have been effected.

Financial information from ASSA ABLOY will be published as follows:

**Interim reports:**

January 1 - March 31: May 4 2001  
January 1 - June 30: August 13 2001  
January 1 - September 30: November 6 2001

**Year-end report for 2001:**

February 7 2002

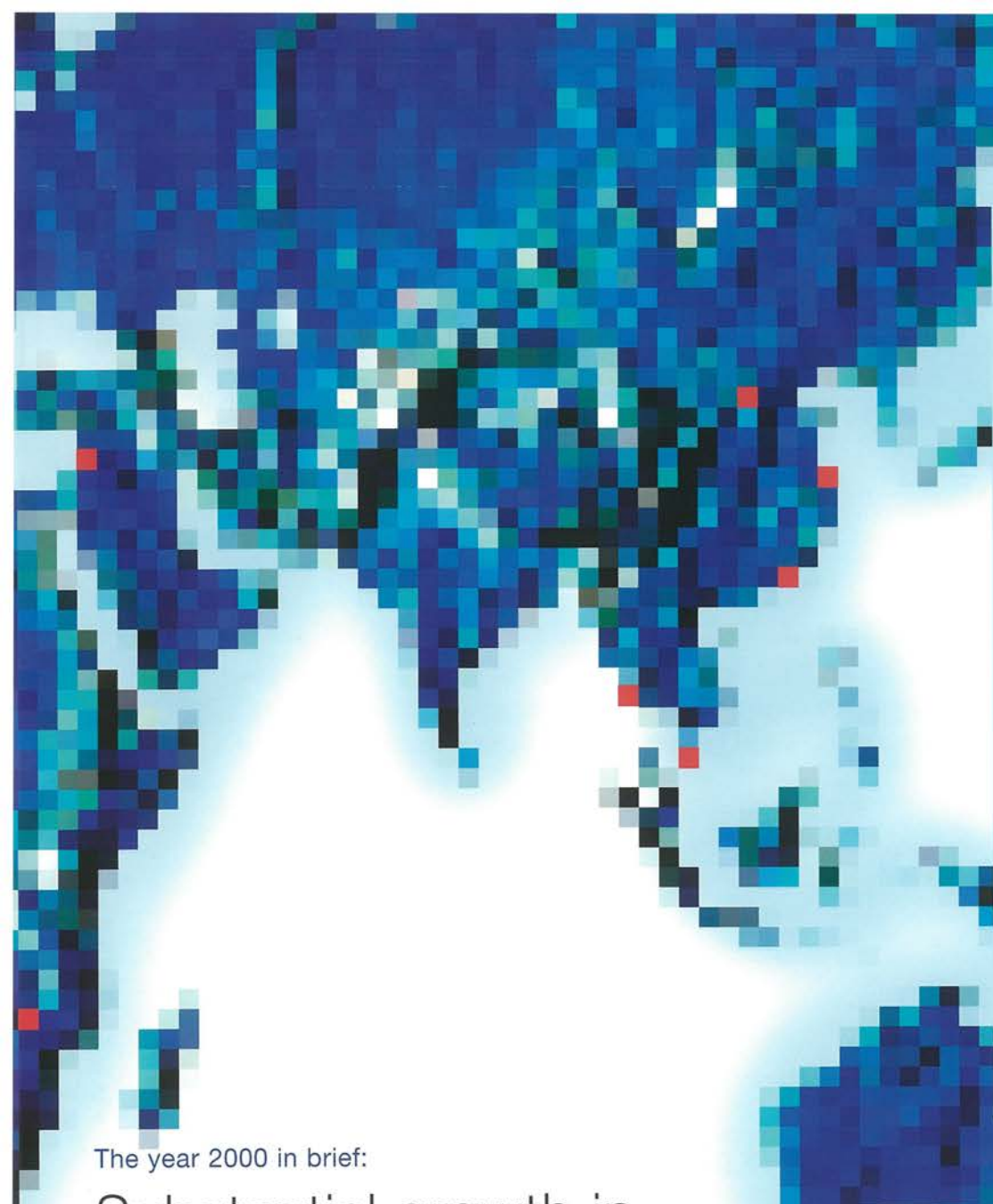
**Annual report for 2001:**

March 2002

Annual reports and other reports may

be ordered from:  
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SE-107 23 Stockholm  
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## ASSA ABLOY: growth profile

### Stable organic growth

- Trend towards higher security
- Aftermarket sales more than half the volume
- Electromechanical products – cross sales – new markets

### Increasing margins

- Improvements in each unit
  - benchmarking
  - transfer of know-how

### Cash flow even stronger

- Work flow and balance sheet rationalization
- Goodwill amortization

### Consolidation opportunities – focus on earnings per share (EPS)

- Fragmented industry – harmonization and R&D requirements lead to consolidation
- Strong cash flow funds acquisitions

The year 2000 in brief:

## Substantial growth in sales and earnings

- Sales amounted to SEK 14,394 M (10,277), an increase of 40 percent.
- Organic growth in comparable units in local currency amounted to 5 percent (5).
- Income before tax increased by 43 percent to SEK 1,402 M (981).
- Earnings per share increased by 23 percent to SEK 2.73 (2.22).
- Operating cash flow amounted to SEK 1,756 M (1,218).
- Cash earnings per share (CEPS) increased by 34 percent to SEK 5.81 (4.32).
- Continuous benchmarking between the various units has continued to produce results in the form of higher productivity and further margin improvements. During the year greater focus has been placed on growth by cross-selling of products on new markets where the Group is represented.

### ■ Major acquisitions made during 2000

– *Yale Intruder Security*. On August 25 2000 ASSA ABLOY AB acquired Yale Intruder Security, the lock division of Williams plc. The two groups have complementary strengths and there is little geographical overlap. There are considerable organic growth opportunities through cross-selling within the new Group.

– *HID Corporation*. This us company holds a world-leading position in contactless cards and readers for access control based on Radio-Frequency Identification technology (RFID). HID is consolidated from January 2001.

### ■ Share issues

– As part of the funding of the acquisition of Yale Intruder Security, ASSA ABLOY completed a rights issue in May. This raised SEK 1.5 billion, with a subscription rate of 99.9 percent. In addition, 19.8 million Series B shares were used as part payment to Williams plc.



“We are now the world’s leading lock group.  
And we will continue our growth strategy”

2000 was another year of strong performance for the ASSA ABLOY Group. Income before tax increased by 43 percent to SEK 1,402 M, operating cash flow after capital expenditure was even stronger at SEK 1,756 M, and earnings per share increased by 23 percent to SEK 2.73. Through a combination of acquisitions and organic growth our sales grew to SEK 14,394 M (10,277) and on a pro forma basis our sales are now approaching SEK 20,000 M.

Through the acquisition of the global lock group Yale Intruder Security we became the world leaders in locks. By acquiring HID, the world leader in identification products for access control, we have added a logical and fast growing business area and important know-how for the development of future intelligent locks.

### We will continue to focus on the lock segment

Through focusing closely on the lock segment, everything we do is of interest to everyone within our Group. The intensity in every discussion is striking and the benefits of benchmarking are obvious. We can develop our companies towards excellence more quickly and can integrate acquired companies faster. There is great potential for continued growth in both mature and emerging markets. When we expand our business focus, as we have done in acquiring HID, we will do it carefully and step by step to ensure that we can maintain momentum.

Focus is also important in our striving for true leadership. True leadership for us means not just being the biggest but also leading in ‘thought’, i.e. in the development of products, concepts and marketing ideas. We live in a world where the need for security and safety is steadily increasing. We believe that every individual is prepared to invest more money in a better lock – a more secure lock. We therefore spend a

considerable amount of time with our customers and partners and with police and fire services and other authorities to understand today’s risks and problems in order to develop the locks for tomorrow and market them once they are ready.

### We see a business opportunity in the growing need for convenience

In addition to the increasing need for security and safety we note a rapidly growing demand for convenience – i.e. for products that are easy to use. The development of remotely controlled car locks illustrates how much people appreciate and are prepared to pay for convenience combined with security. In less than ten years such locks have become standard in every new car. We believe that there is a similar opportunity for easy-to-use locks in buildings and are determined to lead development in this field.

Electromechanics are essential to the development of such locks. In this fast-growing segment we do all develop-

ment work jointly, although the products are then adapted to the local Standards and needs of each market. The main drivers in this work are Abloy in Finland, the world leader in motor locks, and effeff (Germany) and Securitron (USA), world leaders in electric strikes and door magnets.

### The acquisitions of Yale and HID were significant steps in our development

During the year we have made several significant acquisitions. Yale was a perfect fit, and brought us market-leading positions in a number of countries where we were not present or where our position was relatively weak. These include South Africa, Brazil and in particular China, where Yale-Guli is the market leader with 3,000 employees. We also acquired the Yale brand, the world’s strongest lock brand. The potential for combining the development of market-leading products with this truly global network gives us an interesting platform to build upon and opens up tremendous







opportunities. The integration process has started well and the excitement in both the old ASSA ABLOY companies and the Yale companies is encouraging.

HID in America was another strategic acquisition. The company is the world leader in non-contact identification products for access control: products that serve the same function in principle as a traditional key but use radio-frequency identification technology for communication between cards and readers. However the technology is highly interesting for a number of other lock applications also. The company has shown strong, profitable growth over many years, driven by both market growth and expansion of its market share.

### **Our companies continued to show increasingly strong performance**

Organic growth was good throughout the year. We are proud to be a supplier to the Pentagon, Ford, Indian Oil, Ericsson, the US Senate, IBM and many other major purchasers. Among interesting highlights, Abloy in Finland showed impressively strong organic growth of 14 percent. The company has a strong track record of bringing innovative products to the market and is involved in a number of cross-selling projects in the Group. Abloy was also elected 'the most respected brand overall' in Finland in a major market research survey, an impressive achievement and a good example of the strength of lock brands.

Among recent acquisitions, effeff in Germany is doing particularly well and has strengthened our German position considerably. effeff and IKON are jointly building a solid market-leading position. In Australia, Lockwood is also developing

well and is ahead of the integration plan. Coming from a similar situation to some of the Yale companies, with a lack of new products and initiatives, Lockwood is setting an interesting benchmark for how to quickly regain an active market-leading position. During the year new cylinders, padlocks, panic bars and electro-mechanical locks have all been successfully introduced to the market as a result of effective cooperation with sister companies.

To summarize our other units, Scandinavia did well, with Sweden showing the strongest profit and volume growth. The French units continued to show encouraging profit improvements. Organic growth was stronger in more security-focused segments, while we are gradually phasing out non-profitable low-end products.

Our North American operations had another solid year with improving performance. Growth was particularly strong in the lock and cylinder segments. The addition of the Yale companies will further strengthen our market position. It has added to our Group the strong door-closer manufacturers Norton and Rixson, classic lock companies such as Corbin Russwin, and Folger Adam, a leading manufacturer of detention locks.

Mexico is another market of increasing importance for the Group. The country is growing strongly and the demand for new housing as well as increasing security is obvious. Scovill is now well integrated into our Group, and through the acquisition of Phillips in January 2001 we are creating a strong platform to grow from.

In New Markets our activities showed steady progress, with growth of 13 percent. Development in Asia

was particularly strong, and together with the market-leading position and manufacturing capacity provided by Yale in China, the outlook is excellent. Eastern Europe is also doing well, including demand from Russia now growing again. Mul-T-Lock in Israel is a major new addition to the Group. The company has an impressive track record of strong and profitable growth driven by steadily increasing exports. However, this was offset in 2000 by falling demand in a troubled home market.

VingCard finally took advantage of a year with less market growth and successfully focused on necessary efficiency projects. After years of strong growth, many processes were not streamlined, but the company is now much better positioned. The Elsafe subsidiary, which manufactures hotel safes, showed another year of strong growth.

### **New Group initiatives and projects to take advantage of our size**

Cross-sales form an important growth area. Each company is encouraged to add new products to its portfolio from other Group companies. Almost every company has gaps to fill, and all products are available within the Group after local adaptation. If every Group company had a complete product portfolio the Group's sales would be 20-25 percent higher. To support this effort of cross-selling we are creating the world's largest database for lock products, which will include a wide range of products from the Group. By using standard IT tools, the time needed to produce local literature including photographs and data sheets will be considerably shortened.

Another important initiative is the joint development of a new electronic



lock technology that will be launched internationally this year, with adaptation to different local Standards and installed systems. This is the first time we have put all our best engineers together in an advanced R&D project designed to put us a clear step ahead.

### The Volvo Ocean Race – a vehicle for global integration

Over the past seven years, we have acquired close to one hundred separate companies. Integrating the Yale group, comprising thirty companies, is our biggest challenge so far. A few weeks after the takeover, we summoned our 200 top managers to a conference. At this, we agreed on goals and visions, strategies and priorities. Naturally, we have a lot to do and a lot to learn from each another, but it was exciting to experience the enthusiasm among all the participants and their eagerness to get started.

It became obvious, however, that we could benefit from a positive and efficient tool that could quickly reach out further to both old and new employees. We wish to synchronize our values and ways of working as fast as possible and create a deeper understanding of our strategies and priorities throughout the organization. This is the background to our decision to participate in the Volvo Ocean Race.

The Race has a perfect geographic match to our operations, since it will pass all our major markets. It provides an ideal framework for our integration project. At each stopover we will invite our customers to come and discuss the lock market, their needs, and our strategy for supporting them. This is very exciting but requires a lot of

work, not least to establish a clear market positioning for the Group.

### We expect continued good development

Our Group is now well prepared for the challenges ahead. We are in the process of taking advantage of our superior R&D capacity and global distribution network in a world with an increasing need for security. This includes response to the growing need for more intelligent locks, a trend we are determined to lead. There are also interesting opportunities to improve margins in both old and more recently acquired companies. Finally, the lock industry is still in the middle of a restructuring process, which will continue to create a good climate for further acquisition. We therefore look forward to continued good profit and volume growth in future years.

Stockholm, February 2001



Carl-Henric Svanberg  
President & CEO



## Group development:

### Statements of income

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
Sales	1,695	14,394	10,277	8,582
Cost of goods sold	-1,009	-8,568	-6,282	-5,463
<b>Gross income</b>	<b>686</b>	<b>5,827</b>	<b>3,995</b>	<b>3,119</b>
Selling and administrative expenses	-438	-3,719	-2,612	-2,018
<b>Operating income before goodwill amortization</b>	<b>248</b>	<b>2,107</b>	<b>1,383</b>	<b>1,101</b>
Goodwill amortization	-45	-387	-189	-138
<b>Operating income</b>	<b>203</b>	<b>1,720</b>	<b>1,194</b>	<b>963</b>
Net financial items	-39	-331	-230	-228
Share in earnings of associated companies	1	12	17	13
<b>Income before tax</b>	<b>165</b>	<b>1,402</b>	<b>981</b>	<b>748</b>
Tax	-53	-453	-280	-212
Minority interests	-4	-34	-14	-10
<b>Net income</b>	<b>108</b>	<b>915</b>	<b>687</b>	<b>526</b>

### Sales by organizational unit <sup>3)</sup>

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
Scandinavia	222	1,889	1,777	1,701
Finland	125	1,060	898	811
Germany & Netherlands	137	1,162	621	583
France & Belgium	210	1,781	1,576	1,504
United Kingdom	78	665	270	266
North America	628	5,335	3,721	2,916
Hotel locks, VingCard/Timelox	124	1,052	965	952
Australia & New Zealand	89	754	590	—
Italy & Spain	47	396	44	—
New Markets	115	981	354	186
Elimination for internal sales	-80	-681	-539	-337
<b>Total</b>	<b>1,695</b>	<b>14,394</b>	<b>10,277</b>	<b>8,582</b>

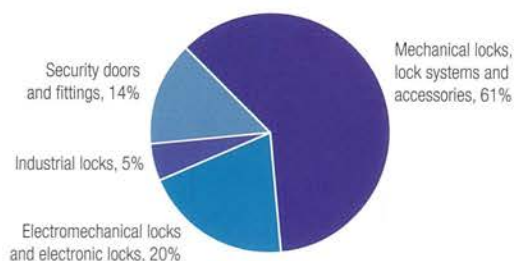
### Capital employed and financing

	2000 EUR M <sup>2)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
Capital employed	2,237	19,847	8,602	6,984
— of which goodwill	1,362	12,078	3,246	2,524
Net debt	965	8,560	2,998	4,237
Minority interests	63	560	267	32
Shareholders' equity	1,209	10,727	5,337	2,715

### Sales by country <sup>4)</sup>

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
United States	638	5,418	3,835	3,198
France	194	1,647	1,419	1,309
Sweden	99	839	741	658
Germany	92	780	528	528
United Kingdom	90	763	340	316
Australia	85	724	563	30
Finland	71	606	540	505
Norway	59	500	476	489
Canada	44	373	267	171
Denmark	43	365	329	308
Italy	25	214	68	52
Middle East	24	201	40	38
Asia (excl. China and Japan)	23	198	113	63
Spain	21	178	100	48
Belgium	20	171	147	134
The Netherlands	20	167	89	80
Czech Republic	19	165	159	155
China	15	125	62	78
Africa	13	110	40	58
Switzerland	7	57	36	35
Poland	6	55	43	26
Japan	6	50	25	13
Baltic countries	5	43	34	36
Russia	3	28	15	31
Other countries	73	617	268	223
<b>Total</b>	<b>1,695</b>	<b>14,394</b>	<b>10,277</b>	<b>8,582</b>

The ASSA ABLOY product portfolio



1) 1 EUR = 8.49 SEK

2) 1 EUR = 8.87 SEK

3) Including exports from each market.

4) Sales to customers in each country.



## Key data

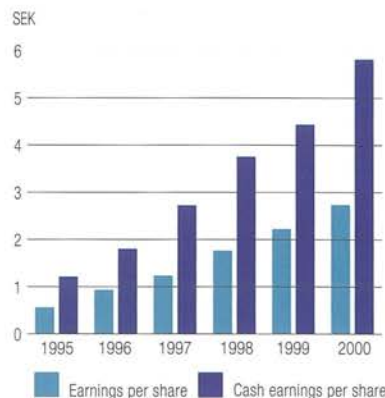
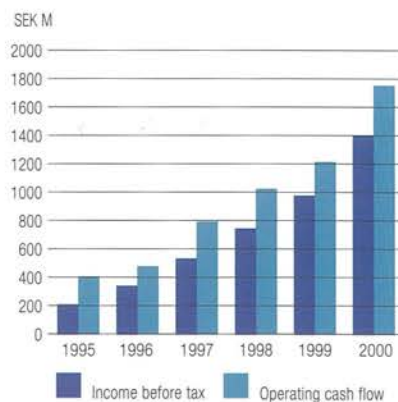
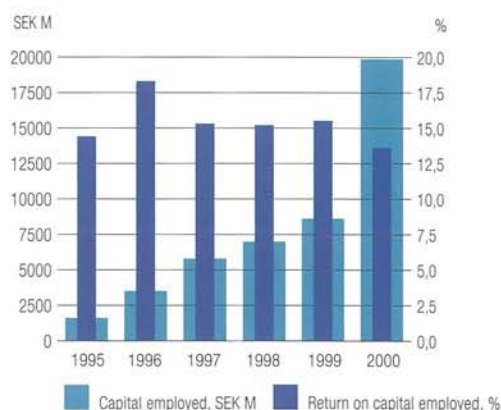
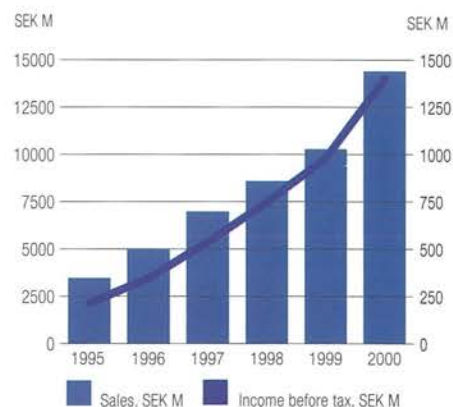
	2000	1999	1998	1997	1996
Sales, SEK M	14,394	10,277	8,582	6,968	4,958
Organic growth, %	5	5	6	8	8
Gross margin (EBITDA), %	18.8	18.1	18.5	16.8	14.6
Operating margin before goodwill amortization (EBITA), %	14.6	13.5	12.8	11.6	10.4
Operating margin (EBIT), %	12.0	11.6	11.2	10.1	9.3
Income before tax, SEK M	1,402	981	748	537	345
Profit margin (EBT), %	9.7	9.5	8.7	7.7	7.0
Operating cash flow, SEK M	1,756	1,218	1,028	796	481
Operating cash flow / Income before tax	1.25	1.24	1.37	1.48	1.39
Net capital expenditure, SEK M	497	391	316	260	163
Depreciation and amortization, SEK M	985	667	623	461	265
Total assets, SEK M	26,097	11,289	9,219	7,692	4,684
Shareholders' equity, SEK M	10,727	5,337	2,715	2,317	1,408
Net debt, SEK M	8,560	2,998	4,237	3,442	2,085
Capital employed, SEK M	19,847	8,602	6,984	5,783	3,503
Capital employed excl. goodwill, SEK M	7,769	5,356	4,460	3,948	2,524
Equity ratio, %	43.3	49.6	29.8	30.4	30.3
Interest coverage ratio, times	5.5	5.3	4.4	4.1	3.8
Net debt / equity ratio, times	0.80	0.56	1.56	1.49	1.48
Return on shareholders' equity, %	13.1	16.1	19.0	17.2	20.2
Return on capital employed before goodwill amortization, %	33.8	28.5	26.4	25.2	25.9
Return on capital employed, %	13.6	15.5	15.2	15.3	18.3
Earnings per share after tax and full conversion, SEK <sup>1)</sup>	2.73	2.22	1.76	1.23	0.93
Cash earnings per share after tax and full conversion, SEK <sup>1)</sup>	5.81	4.32	3.75	2.72	1.80
Shareholder's equity per share after full conversion, SEK <sup>1)</sup>	30.77	17.16	9.93	8.64	5.40
Number of shares, thousands	352,453	314,409	284,304	282,928	257,244
Number of shares after full conversion, thousands	356,712	324,200	295,448	295,448	265,396
Average number of employees	16,881	12,654	10,545	8,088	6,317

1) Comparative figures are adjusted for dilution related to new rights issue, with the adjustment factor 0.987.

## Definitions

- **Organic growth:** Change in sales for comparable units in local currency and adjusted for acquisitions.
- **Gross margin:** Operating income before depreciation and amortization as a percentage of sales.
- **Operating margin before goodwill amortization:** Operating income before goodwill amortization as a percentage of sales.
- **Operating margin:** Operating income as a percentage of sales.
- **Profit margin:** Income before tax as a percentage of sales.
- **Operating cash flow:** Based on the consolidated cash flow statement.
- **Net capital expenditure:** Purchase of tangible fixed assets reduced by sale of tangible fixed assets.
- **Depreciation and amortization:** Depreciation / amortization of tangible and intangible fixed assets.
- **Net debt:** Interest-bearing liabilities less interest-bearing assets.
- **Capital employed:** Total assets reduced by interest-bearing assets and non-interest-bearing liabilities including deferred tax liability.
- **Capital employed excl. goodwill:** Total assets reduced by interest-bearing assets, non-interest-bearing liabilities including deferred tax liability, and goodwill.
- **Equity ratio:** Shareholders' equity including minority interests as a percentage of total assets.

- **Interest coverage ratio:** Income before tax plus interest net in relation to interest net.
- **Return on shareholders' equity:** Net income plus interest expense after tax regarding convertible debenture loan in relation to average shareholders' equity after full conversion.
- **Return on capital employed before goodwill amortization:** Income before tax plus interest net and goodwill amortization in relation to average capital employed excluding goodwill.
- **Return on capital employed:** Income before tax plus interest net in relation to average capital employed.
- **Earnings per share after tax and full conversion:** Net income plus interest expenses after tax regarding convertible debenture loan in relation to weighted average number of shares after full conversion.
- **Cash earnings per share after tax and full conversion:** Net income plus interest expenses after tax regarding convertible debenture loan, plus depreciation, amortization and minority interests, minus share in earnings of associated companies and adjusted for change in deferred tax in relation to weighted average number of shares after full conversion.
- **Shareholders' equity per share after full conversion:** Shareholders' equity plus convertible debenture loan in relation to number of shares after full conversion.



## The ASSA ABLOY share:

ASSA ABLOY AB has been listed on the Stockholm Stock Exchange since November 8 1994. In October 1995, the share was moved to the A list. The price of the ASSA ABLOY share rose by 54 percent in 2000. During the same period, the Stockholm Stock Exchange's general index fell by 12.3 percent. The closing price at year-end was SEK 184.5, corresponding to a market capitalization of SEK 65,028 M. Including all shares due for conversion, the market capitalization is calculated to be SEK 65,813 M. The number of shareholders at year-end was approximately 17,700. Institutional investors, excluding the main shareholders, represent about 50 percent of the capital.

Investors outside Sweden, including Wärtsilä Corporation, account for 63 percent of the capital.

During the year a total of 139 million shares were traded, which is an average of approximately 553,693 shares per trading day and represents about 40 percent of the issued shares.

### Share capital

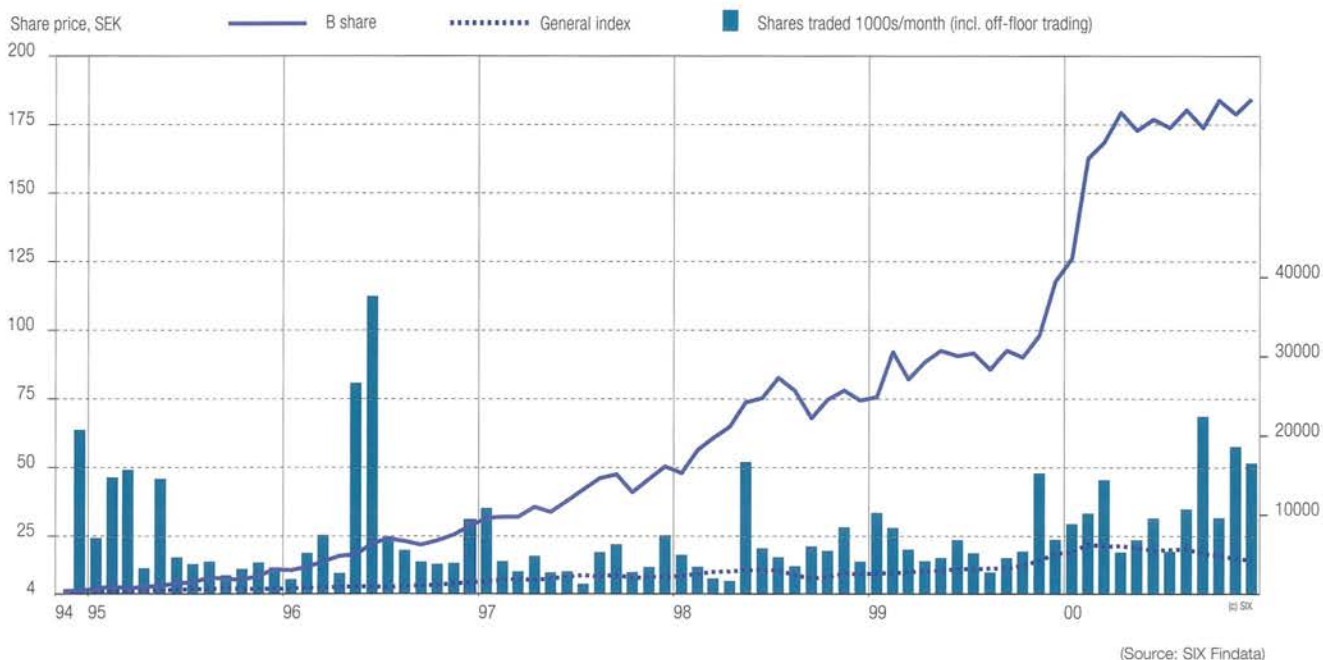
ASSA ABLOY's share capital at year-end amounted to SEK 352,453,235, distributed among 19,175,323 Series A shares and 333,277,912 Series B shares. All shares have a par value of SEK 1.00 and provide the holders with equal rights to the Company's assets and earnings. Each Series A share

carries 10 votes and each Series B share one vote.

### Convertible debentures for personnel

The ASSA ABLOY Group has issued convertible debentures to employees in the Group. About 400 employees participated in the first issue in 1995. The debenture amounted to SEK 75,004,375 and ran from June 29 1995 to June 30 2000. Conversion to Series B shares took place in the period from July 1 1998 to June 15 2000. The number of shares has increased by 5,627,533 during the year as a result of this convertible debenture.

## ASSA ABLOY AB's share trend





The second debenture was issued in 1997. A total of 1,400 employees participated in this issue. This debenture amounts to SEK 250,000,000 and runs from December 8 1997 to December 2 2002. Conversion to Series B shares may be exercised from December 1 2000 to November 15 2002. On full conversion at a conversion price of SEK 58.70, an additional 4,258,944 shares would be created. In 2000, applications for conversion of debt instruments with a par value of SEK 17,252,790 were submitted. Up to the end of the year the Swedish Patent and Registration Office had not registered any of these shares.

### Dividend and dividend policy

The Board of Directors and President propose that SEK 0.90 per share be paid as a dividend to shareholders for the 2000 financial year, corresponding to a direct return of 0.5 percent on the Series B share price of SEK 184.5 on December 31 2000. The aim is that, in the long term, the dividend should correspond to approximately one-third of ASSA ABLOY's average earnings after standard tax, but always taking into account ASSA ABLOY's long-term financial requirements.

### Data per share <sup>1)</sup>

SEK/Share	2000	1999	1998	1997	1996	1995
Earnings after 28% standard tax	2.91	2.27	1.79	1.36	0.95	0.60
Earnings after full tax method	2.73	2.22	1.76	1.23	0.93	0.56
Dividend	0.90 <sup>2)</sup>	0.74	0.60	0.43	0.30	0.22
Dividend, % <sup>3)</sup>	30.9	32.6	33.5	31.6	31.6	36.7
Direct yield, % <sup>4)</sup>	0.5	0.6	0.8	0.8	1.0	1.6
Share price at end of period	184.50	119.50	75.65	51.24	29.28	13.24
Highest share price	206.70	140.00	92.73	52.95	28.97	15.16
Lowest share price	110.50	73.21	48.07	28.69	12.38	5.23
Shareholders' equity	30.77	17.16	9.93	8.64	5.40	4.47
Number of shares (1,000s) <sup>5)</sup>	356,712	324,200	295,448	295,448	265,396	221,684

1) Adjusted for new issues. 2) Proposed dividend. 3) Dividend as percentage of earnings per share after 28% standard tax. 4) Dividend as percentage of the share price at the end of the period. 5) After full conversion.

### Share capital

Year	Transaction	A shares	C shares	B shares	Share capital *SEK
1989			20,000		2,000,000
1994	100:1 split			2,000,000	2,000,000
1994	Bonus issue				
1994	Non-cash issue	1,746,005	1,428,550	50,417,555	53,592,110
1996	New share issue	2,095,206	1,714,260	60,501,066	64,310,532
1996	Conversion of C shares into A shares	3,809,466		60,501,066	64,310,532
1997	New share issue	4,190,412		66,541,706	70,732,118
1998	Converted debentures			343,865	71,075,983
1999	Converted debentures before split			293,991	71,369,974
1999	Bonus issue				
1999	4:1 split	16,761,648		268,718,248	285,479,896
1999	New share issue	18,437,812		295,564,487	314,002,299
1999	Converted debentures after split and new issues			406,343	314,408,642
2000	Converted debentures			5,627,553	320,036,195
2000	New share issue	19,175,323		313,512,880	332,688,203
2000	Issue in kind with disapplication of the shareholders' preferential rights			333,277,912	352,453,235
2002	Unconverted debentures			4,258,944	356,712,179

\* SEK 1 per share – balanced number of shares

### Ownership structure (listed by voting rights)

Data based on the share register as of December 30, 2000

Owner	A shares	B shares	Capital %	Voting rights %
Wärtsilä Corporation	10,546,425	47,270,350	16.4	29.1
Säki	7,118,818	966,400	2.3	13.7
Janus Capital Corp.		27,854,047	7.9	5.3
Melker Schörling + family and companies	1,510,080	11,099,930	3.6	5.0
Investment AB Latour		24,309,582	6.9	4.6
SPP		10,450,556	3.0	2.0
Chubb plc		9,882,516	2.8	1.9
SEB unit trusts		7,772,519	2.2	1.5
Nordea unit trusts		7,718,260	2.2	1.5
Capital Group unit trusts		6,274,700	1.8	1.2
Other shareholders with more than 50,000 shares		160,376,700	45.5	30.5
Shareholders with 501-50,000 shares		17,451,074	5.0	3.3
Shareholders with up to 500 shares		1,851,278	0.5	0.4
<b>Total number</b>	<b>19,175,323</b>	<b>333,277,912</b>	<b>100.0</b>	<b>100.0</b>



## The largest company in an industry that remains fragmented

ASSA ABLOY is the world's largest lock company with total Group sales approaching SEK 20 billion. ASSA ABLOY's share of this highly fragmented world market is around 10 percent. The Group has its origins in the Nordic countries where it enjoys leading market positions. Thanks to organic growth and an ambitious acquisition strategy, notably the recent acquisition of Yale Intruder Security, the Group now enjoys leading market positions in France, the Netherlands, the UK, North America, Brazil, South Africa and China. ASSA ABLOY is also the leading player in Australia and South East Asia through the 1999 purchase of Lockwood – the leading lock company in Australasia.

In the fast-growing area of electromechanical locks, the Group leads the world in product development and market share, and continues to hold the leading world position in hotel security through its subsidiaries VingCard, Elsafe and Timelox.

### Market

Despite a greater degree of consolidation in recent years there are only a

handful of multinational lock companies, and their share of sales to a total market estimated at approximately SEK 200 billion is quite small. The global lock market is still dominated by many small and medium-sized companies. In Europe and North America, these companies enjoy strong local market positions and high brand loyalty. Their products have long life cycles and the large number of installed locks makes for a highly stable market. In other parts of the world established lock Standards and strong brands are far less common.

In general, present market conditions and distribution patterns remain stable. E-commerce is opening up new and exciting opportunities particularly for business-to-business trade. Direct e-commerce sales to residential customers will continue to develop, although at a somewhat slower pace due to security and insurance considerations and the need for skilled installation.

### Growth factors

- Trend toward higher security

There is a growing need to protect information and property throughout modern society. Today's high-tech society is more vulnerable to breakdowns, and people's personal safety must be safeguarded in a society where criminality is perceived as a substantial and growing threat. These factors have led to a steady and growing demand for better lock solutions for homes, institutional and residential buildings, offices, industrial plants and hotels for the protection of highly valuable intellectual property. ASSA ABLOY leads in the development and marketing of technologically advanced products to meet these growing needs.

- Electromechanical locks

The growing demand for more sophisticated lock functionality has given rise to advances in electromechanical locking solutions that promise to revolutionize the commercial and residential lock markets.

In the borderland between access control and lock systems there are many growing electromechanical opportunities. Several of them are available through the cross-fertilization between the recently acquired company HID's radio-frequency identification technology and the ASSA ABLOY mechanical locks and cylinders.

Electromechanical locks offer end-users higher security combined with better safety, greater flexibility and optimal convenience.

- New markets

A rising standard of living in many new markets in Asia, eastern Europe, the Middle East and Latin America has led to increased demands for security and safety. In these and many other parts of the world ASSA ABLOY is playing a leading role in developing higher security standards.

### Competition

Despite the Group's growing size, ASSA ABLOY continues to face competition from leading companies such as Ingersoll Rand, a diverse US-based corporation with well-known brands like Schlage and Von Duprin. Their lock division has annual sales roughly half those of ASSA ABLOY. Other major players include KABA of Switzerland and Black & Decker (USA) whose locks division includes the Kwikset brand in the USA and Dom in Germany.





# A winning partnership

ASSA ABLOY has grown to become the world's leading lock manufacturer through a combination of organic growth and an ambitious and highly successful acquisition strategy based on open lines of communication and a genuine sensitivity for different corporate cultures. A case in point is the 1999 acquisition of Lockwood of Australia. Lockwood President Geoff Norcott explains how the merger met with both companies' satisfaction, and the mutual benefit it created from the start.

"ASSA ABLOY senior management demonstrated early on in the process that they were committed to establishing good lines of communication. Key members of the headquarters management team came to see us. They presented the Group's philosophy to all Lockwood employees and arranged a familiarization tour of ASSA ABLOY locations in Europe and the USA for our executives.

"The management team of both new and old members with ambitions that were in tune with the ASSA ABLOY philosophy meant there was no 'baggage' (no desire to protect previous practices) and we could move quickly to learn from other Group companies. We found them cooperative without being dominant. Overall, I think that perhaps the most impressive thing about ASSA ABLOY was the positive nature of all discussion – even if people didn't agree!

"In the spring of 1999, a few months after joining the Group, we formed a joint venture to develop a new high-security cylinder. We found a good partner in Assa in Sweden, whose engineering technology fitted our own very well. We swapped engineering skills and subsequently established video links with Sweden to enable us to



Geoff Norcott, Group Vice President and Country Manager for Australia, New Zealand and the UK, believes the merger has proved mutually beneficial for both companies and created a win-win situation.

collaborate on development, manufacturing and marketing of what became the Lockwood Twin.

"By working together we were able to produce an all-new high-security cylinder far quicker than we could have managed on our own. The Lockwood Twin was launched successfully in Melbourne in spring 2000, a year after we'd started. Working together resulted in significant cost savings and

substantially reduced our Time to Market. Now Lockwood and other Group companies enjoy a rich and active cooperation on benchmarking and cross-selling at many levels. It's really a win-win situation for all concerned", concludes Mr Norcott.



# Expansion by growth, acquisition and technical leadership within our own industry

## OUR PRODUCTS AND MARKETS

### Focus on the lock segment

As the world's leading lock manufacturer, ASSA ABLOY is dedicated to the development of locks and lock-related products. These range from conventional mechanical locks and door hardware through high-security masterkey systems to state-of-the-art electromechanical locks, electronic ID readers and key cards which contribute to new standards of security throughout the world. Because the lock business is ASSA ABLOY's only business, all companies within the Group can benefit from a rich transfer of know-how and from extensive benchmarking activities designed to spread best practices and promote excellence.

### Promoting the trend to higher security

ASSA ABLOY's product development activities are carried out in close cooperation with insurance companies, police and fire officials, end-user organizations and other important decision-making bodies. Group companies also

engage actively in information and training initiatives which target retailers, architects and security officers with facts about our latest products and security solutions. The growth in Do-It-Yourself (DIY) distribution to the residential segment gives Group companies an opportunity to present their security solutions to an increasing number of end-users.

## OUR MANAGEMENT MODEL

### Multi-domestic

ASSA ABLOY's success as a global leader in the lock industry is based on the close relationship individual Group companies enjoy with their customers at the local and regional level. Their understanding of and responsiveness to local needs, business arrangements and distribution requirements remain paramount to success in the lock industry. For this reason, we continue to run a decentralized organization giving full business responsibility to Country Managers.

Major Country Managers are members of Group Management, which meets regularly. Group Vice Presidents have regional responsibility for a number of countries and ensure that Group methods are applied consistently.

Group companies serving the hotel lock market, and the newly acquired electronic reader division, are organized separately from the Group's national lock companies in order to respond more effectively to the opportunities of these specialized international markets.

### Building on Group strengths

The Group's global size and unmatched knowledge base offer many opportunities of synergy through benchmarking, cross-learning and cross-selling, which together greatly contribute to earnings

improvement. Group purchasing activities have already resulted in substantial cost savings on raw materials and components, and a joint supplier database has been established to enhance this process.

### Wider ownership participation

ASSA ABLOY wants employees and executives to participate in the company to the greatest possible extent. Approximately 1,600 of the Group's 20,000 employees hold shares and convertible debentures amounting to approximately seven percent of the shares when fully diluted. Group executives have substantial holdings.

ASSA ABLOY aims to present employees with a new convertible debenture program in summer 2001.

### Group information

The Group's rapid expansion calls for a regular flow of information to keep everyone in the picture. The Group inhouse magazine, ASSA ABLOY News, is published four times a year in twelve languages. It contains articles on new products, new initiatives and new acquisitions and communicates Group strategy and development plans. In 2000 the Group website was restructured and greatly expanded to serve customers and staff as well as investors and the media. It will be complemented with a Group intranet in 2001.

## EXPANSION STRATEGY

### Organic growth

Organic growth remains vital to the Group's long-term success, and is achieved by intensive development efforts in both mature and new markets. In markets where ASSA ABLOY is well established, organic growth depends largely on increasing sales to





# Sargent proves less is more

existing customers. Cross-selling among Group companies to expand and enhance product portfolios contributes significantly to our organic growth potential. In new markets where there are no strong local players, new Group companies are established. ASSA ABLOY's wide product range, ownership of strong, internationally respected brands and new, more efficient forms of distribution are all key to steady organic growth.

## Acquisitions

A fast and highly effective way to enter mature markets is through the strategic acquisition of a leading company. Acquisitions are also made to gain market share in a new and promising product sector. ASSA ABLOY's recent purchase of HID of the USA, a leading manufacturer of contactless electronic reading devices, illustrates this approach.

## FINANCIAL OBJECTIVES

The strategy described above is designed to continue the achievement of a satisfactory earnings trend, with a focus on earnings per share.

ASSA ABLOY's financial goal is to achieve a return of more than 20 percent on capital employed. This goal was set when the Group was formed in 1994. The goal is increasing automatically because of the goodwill added through the acquisitions made. The return in 2000 was 13.6 percent. Most of the improvement required is expected to be achieved through higher margins, although there are possibilities of further reductions in the capital employed in the business.

An equity ratio of 25 percent is considered sufficient, taking into account the relative stability of the lock market and the Group's strong cash flow. A goal of 20 percent on capital employed is achievable in a five year perspective.

In 1995, Sargent of the USA recognized it was necessary to restructure its organization to respond more quickly and effectively to a number of new market demands. These included demands for mass customization, greater cost sensitivity, higher quality, faster delivery and richer product variety over shorter cycles.

To meet these demands, Sargent needed to improve operational efficiency at many levels. The company initiated Demand Flow Technology routines which eliminated batch production in favor of cellular manufacturing. 'Just In Time' (JIT) and 'Produce to Customer Order' became the overriding philosophies.

In 1996, with a solid foundation laid, additional improvements were realized through a 'flat', more accountable organization. Dedicated profit centers focused on specific product families were established. By thinning out layers of responsibility, it was now possible to 'see' the customer from all corners of the Sargent organization.

By 1997, workflows had been simplified and integrated into a Cellular / Demand Flow production system. After 1998, with a completely streamlined organization in place, the company's focus turned to the market. Customer partnerships were strengthened, new products were delivered more rapidly and continued improvements were instituted for all added-value services beyond the products being offered.

During this extensive period of major and rapid change, communication activities to all Sargent employees were greatly intensified. Change is really all about People. It was vital to measure and benchmark each step of the process so that everyone felt they were part of it and clearly understood

each improvement or shortcoming.

Five years after initiating these substantial changes, Sargent is reaping the benefits. Sargent President Thanasis Molokotos explains: "We have catapulted ourselves to the forefront of the industry in terms of delivery accuracy and short lead-times. We have dramatically improved both our profitability and the time taken to develop and launch new products."



"Just In Time (JIT) delivery and 'Produce to Customer Order' became the overriding philosophies" says Thanasis Molokotos, President of Sargent Manufacturing Company, USA.



## People make the difference

At ASSA ABLOY we believe that people make the difference. This is why our management approach is based on trust, positive thinking and respect for local conditions and cultures. Good management is about creating an atmosphere that encourages employees to make the most of their individual skills for the benefit of the whole company. To achieve the optimal working environment for everyone, our management philosophy is based on four cornerstones: Realism, Vision, Courage and Ethics.

Realism means everyone must excel at their job. Managers must fully understand the business, the market, the products, the competition and all business processes. Management must have a broad perspective but remember that answers are often found in the details.

Our Vision is to be the true world leader in locks. Not just in size but in terms of setting standards of excellence for others to follow.

Courage is about spearheading change. This means not only living with change but leading through creative innovation based on solid know-how and experience.



Ethics are central to trust, creativity and commitment and to success in the international security marketplace. High ethical standards attract the best people and motivate them to be the best they can be.

### Management training program

Our continued success and growth depend on the skills and commitment of every employee and every manager. For this reason, skill enhancement, job rotation and training programs are conducted continuously at all levels within the Group. Our sharp focus on the lock market and active benchmarking establish a good framework for a valuable exchange of ideas and experiences among ASSA ABLOY employees from all over the world. As part of this activity, the Group conducts an annual

'ASSA ABLOY Management Program' in which some 25 employees chosen from throughout the Group have the opportunity to hone their leadership skills. The entire program is carried out by Group Management and is based on real-life case studies from ASSA ABLOY. To date more than 125 managers have participated in this program.

### 200 Meeting

Every second year ASSA ABLOY arranges a '200 Meeting'. The last meeting held in September 2000 gathered the most senior executives together to exchange experience and ideas and review and agree the Group's vision, objectives and strategies as well as set the priorities for the coming two years.





# The more open the better

ASSA ABLOY's management approach in France shows how it is possible to unify a diverse group of competing companies while boosting overall performance and esprit de corps. Bo Dankis, President of ASSA ABLOY S.A. France and Country Manager for France, explains:

"ASSA ABLOY France comprises seven companies including the French holding company. Some of our units are in direct competition with each other and even share the same distribution network.

"The first time the management of the different entities met was on an airplane in summer 1997. That was the year we acquired our first French companies, which have since grown in number. At that time we initiated a post-acquisition practice of flying the new managers around Europe to meet their counterparts at other company sites. This first experience was so highly appreciated that we decided to hold regular management team meetings. It was a bit tense at first. But once the ice was broken, a spirit of openness grew. People started feeling involved and began sharing experiences.

"Subsequent benchmarking of performance between the French units and the rest of the ASSA ABLOY world proved most interesting. For the first time our French management could compare its performance with that of other companies in other countries making the same types of products. While our French group performed well in comparisons on its own market, some of its new sister companies had come further in developing their operational performance. This new insight inspired the French companies to work even harder. New benchmarking targets were set. Now it was possible to



ASSA ABLOY France has succeeded in introducing a more open and accountable management approach. Some members of the French management team: Michel Brassié, Bezault, Yvan Haddad, Mul-T-Lock, Frédéric Chanel, Fichet, Gérald Bauza, Vachette, Jouni Pitko, JPM and Robert Fidanza, Laperche.

see each month what needed to improve to join the other top-ranking performers in the Group.

"Once this common vision was established, a more profit-oriented organization was created. We flattened the hierarchy, cut delivery times, and introduced new, cash-saving operational routines. Monthly management team meetings are now held between the general managers and at local company level. And we maintain transparency thanks to a growing exchange of information among all the French companies. The introduction of profit centers has added career opportunities and increased accountability throughout our organization.

"Management development has become a new priority. Each unit is

actively engaged in succession planning at lower and middle management levels.

"It is very rewarding to see how our international benchmarking activities and other exchanges among Group companies have motivated our people and given them valuable new perspectives.

"Each company has been given the opportunity to formulate its own operational and strategic targets. Today the French companies are performing well in line with the best in the Group. Moreover, we have succeeded in introducing a more open and accountable management approach together with cross-border benchmarking that does not conflict with French cultural practices", says Bo Dankis.



## Good environmental policies also give valuable cost savings

### Environmental management

Environmental concerns in ASSA ABLOY began long before 1996 when the Group decided formally that all its companies should aim to achieve the ISO 14000 Environmental Management Standard. But the decision emphasized the importance placed by the Group on care for the environment as a matter of social responsibility, and has increased the urgency with which individual companies address environmental issues.

The first companies to apply for certification were amazed to find that many of the changes they made to comply with the Standard also contributed to lower costs and more efficient production flows. Now that this is recognized, it is no surprise that more and more companies are eager to embark on the process. Seven major Group companies have already achieved ISO 14000 certification and six companies are expected to qualify in the near future.

It would be possible to cite hundreds of examples from the last 12-18 months of how Group companies have made significant environmental improvements – often beating the legal requirements by good margins – and at the same time have saved costs for themselves. Instead, the three examples here, from major companies in the USA, Germany and Sweden, describe specific environmental programs in more detail.

### Quality assurance

Quality assurance and environmental management are intimately linked. The ISO 9000 Quality Assurance Standard covers every aspect of a company's activities, which include environmental management as well as all manufactu-

ring and commercial procedures. Like the Environmental Standard, ISO 9000 imposes valuable disciplines on a company. Many ASSA ABLOY companies were early to use the tools offered by ISO 9000 and have since refined their implementations over time. Quality assurance is also one of the main criteria for internal benchmarking by which companies learn from each other.

The majority of the ASSA ABLOY companies hold ISO 9001 or ISO 9002 quality certification.

Seven companies hold ISO 14001 environmental certification:

Ruko A/S  
Abloy Oy  
IKON AG  
FIX AB  
Assa AB  
Assa Industri AB  
AB FAS Låsfabrik

and six companies are in the process of achieving it:  
Yale Security Products UK Ltd.  
FAB a.s  
Vachette S.A.  
Medeco Security Locks, Inc.  
TrioVing a.s  
Solid AB

### USA:

#### Wastewater treatment pays for itself in nine months

As part of an initiative to achieve ISO 14000 certification, Medeco Security Locks, Inc. in the USA recently installed a new wastewater treatment system at a purchase price of USD 22,000. The resulting cost saving will be USD 32,000 annually, giving a payback time of between eight and nine months.

Previously, most of the potentially hazardous wastewater collected from floor moppings, vibratory machines and rinse waters was boiled away in an evaporator and released into the atmosphere as steam from an exhaust stack. 500,000 liters a year were treated in this way, while the remaining 60,000 liters a year were shipped off site for treatment. The new system treats all the wastewater on site and sends a much smaller volume, 21,000 liters a year, to the local sewage treatment plant from where, after further treatment, it is ultimately released into the Roanoke river. The cost for shipping the wastewater off site will be reduced from USD 80,000 to USD 48,000 annually.

Other aspects of Medeco's environmental initiative involve the recycling of a wide range of materials including metal cutting chips, cutting oils, cardboard, pallets, fluorescent tubes, plastic drums and office paper.



## SWEDEN: 64 trees a year left standing

### GERMANY: Continuing improvements year on year

IKON AG in Germany was one of the first ASSA ABLOY companies to obtain ISO 14000 certification for its environmental management system back in 1997, and has achieved further improvements every year since.

Gradual conversion from liquid paints to more environmentally friendly powder paints has been one of the most significant changes on the production line. The proportion rose from 10 percent powder in 1998 to 30 percent powder in 1999, saving DEM 13,000 in direct paint costs. Further savings arose from the reduced need for cold paint-stripping agents, reduced production of paint sludge, reduced disposal costs for both, and reduced need for solvent extraction equipment. Over the last three years too, cyanide-containing chemicals have been almost totally eliminated from surface treatment processes.

Following the introduction of a revised quality management system that allows quicker intervention when deviations in the production process occur, the amount of brass and other metal scrap generated during the manufacture of lock cylinders fell by 10.5 percent (nearly 40 metric tons) between 1996 and 1999, giving an annual saving of DEM 200,000. All metal scrap is returned to suppliers for recycling. Another major source of savings is reduced consumption of oil for process and space heating, achieved by progressive improvement of control switchgear and instrumentation.



Thanks to Marianne Björklund and her colleagues in the Quality and Environment Department at Assa AB in Sweden, 64 mature trees that would have been felled are still standing and the company will save around SEK 200,000.

A concerted drive to avoid unnecessary use of paper at Assa AB in Sweden is expected to reduce the company's annual consumption by more than 4.5 metric tons by the end of 2001. Each year, 64 mature trees that would have been felled will still be standing in the forest, and the company will save around SEK 200,000.

Major savings in the main lock production unit come from the replacement of 75 percent of all work order cards with work orders entered in computers once a week. Orders are transmitted to the rolling plant automatically and executed at the times required. The only work cards still needed are transport cards for identification. This

method of working will be progressively extended to Assa's other plants.

New computer networks allow increased use of e-mail and paperless fax for internal and external communications. By avoiding unnecessary printing, consumption of plain A4 paper will fall by an estimated 30 percent, from 7,200 to 5,000 kg. Faxing of orders and order confirmations direct to computer memory will save another 800 kg of paper, and similar savings will come from halving the volume of paper needed for computer printouts. Users are being trained to lay out listings better and to read them on screen whenever hard copy is not essential.



## Security must be combined with safety and convenience

Throughout the world people are demanding higher levels of security. But security does not mean the same thing in every country: there are many different trends towards higher security. Economic conditions, history, cultural differences and the influence of religion on morals and development all affect how different nationalities view security. People's expectations, people's fears and people's care for their own protection differ widely.

Nor can security be considered on its own. Security must be combined with safety, with reasonable convenience in use and if possible with attractive design and appearance.

### More to protect – and more important to protect it!

The weight given to these different considerations varies between continents and countries. There may even be significant regional differences within a country. But the basic trend towards higher security is universal. In historically poor countries more people are becoming richer and have more possessions. The same countries are industrializing rapidly, led by local entrepreneurs, governments and multi-

national companies. Security needs are growing from next to nothing to what could be considered a Western world standard – or sometimes higher. Any rise in private or corporate prosperity means there will be something to protect and a need for more and better security.

In more developed regions with a longer tradition of security the need to modernize old security installations is increasingly obvious. Vulnerable 'just-in-time' industries need the protection of the latest mechanical and electro-mechanical technologies. Individuals want to protect their home and family against the increase in crime and violence resulting from poverty, drug misuse and other modern ills.

Consider some concrete examples of what the trend towards higher security means in different environments. In India, installing ABLOY padlocks to protect a stock of oil. In a new building in Shanghai, installing a mechanical high-security masterkey system. In a residential building in Sweden, replacing the old five-pin lock system with a dual mechanical system like the Twin Combi. In the World Trade Center in New York, installing the ASSA Twin high-security lock system following a terrorist attack with explosives. In vending machines, replacing a mechanical with an electromechanical lock to keep track of the personnel having access to the machines. In a government building in Berlin, installing motorized locks in the perimeter doors to ensure they are securely locked every evening and never forgotten. And in a department store in France, replacing mechanical panic exits with monitored and time-delayed electromechanical counterparts to prevent shoplifters from misusing the exits.

The list is endless, and every case is different. But the trend is very clear throughout the world.

### The growing importance of safety

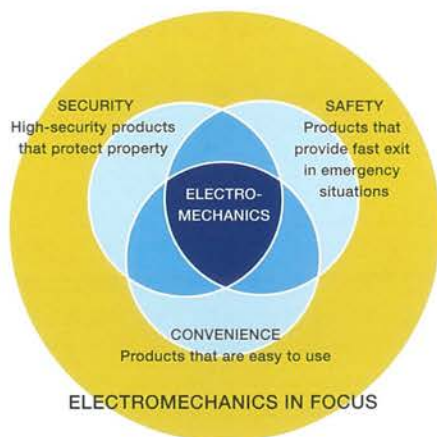
Security and safety requirements often conflict. Very high security may make it more difficult to get out as well as more difficult to get in. And fast exit is vital in case of fire, a chemical escape or evacuation in response to a bomb threat.

The value put upon human life also varies around the globe, and this affects the approach to safety relative to security. The USA has financial driving forces due to the high legal penalties for not taking sufficient safety precautions. Central and southern Europe focus on the human aspect following a serious accident at a discotheque in Geneva some years ago. In Scandinavia the insurance approach to security dominates because of the very high value put on possessions. But, regardless of culture, there is now a general trend towards valuing human life more highly throughout the world civilization.

In response, the trend towards higher safety now follows close behind the trend towards higher security. The need to combine the two is leading to the use of more intelligent solutions, many based on electronics and electro-mechanical products.

### Convenience also in demand

A third factor that has to be balanced against higher safety and particularly higher security is the increasing demand for convenience. A more secure environment can very easily become a more inconvenient environment, especially if based on traditional





# HID's proximity readers add convenience to high security

mechanical products alone.

Access control systems are installed with the aim of providing sufficient security with reasonable convenience, so you can pass the security barrier quickly if you are authorized. They may be combined with door automatics for passage through locked doors. Some use a proximity device or in sensitive high-security applications a fingerprint reader.

In this field the automotive industry has led the way. Ten years ago only the most luxurious cars had central locking and a remote opening device. Today they are standard on most new cars. When will we see remote openers and central locking for the private house or apartment? This is naturally a little more complex, but it is certainly achievable with today's technology – and convenience is a strong driving force.

## Opportunities for ASSA ABLOY

The increasing demand for high security in markets all round the globe provides many new opportunities for ASSA ABLOY's existing mechanical products. At the same time the conflicting requirements of security and safety are leading to more complex products that can meet both requirements. Such products are already installed in some of ASSA ABLOY's most developed markets. When the demand for convenience is added, it not only drives increased use of existing electromechanical locks but leads to development of totally new products with significantly higher added value.

From a stone in front of a cave to wooden locks, lever locks, cylinder locks, code locks, card readers, and finally to proximity card readers – this has been the chain of developing technology providing increasingly secure locks with ever greater convenience.

HID Corporation, the US company acquired by ASSA ABLOY in late 2000, focuses on breakthrough products in convenient locking: proximity cards and readers.

Many of the biggest suppliers of modern access control, and smaller firms too, already use HID readers and cards.

The proximity card reader is based on the advanced use of RF (radio-frequency) technology to transfer energy to passive proximity cards and to decode the card identity. Each card contains an electronic chip and an antenna to receive energy and send back its unique code.

Proximity technology is continually finding new fields of application. Not only to control access to doors, but also to provide secure log-on to computers and networks, for identification and tracking of valuable equipment, and for controlling access to restricted databases. For example, in the health care environment, controlling access to patient records has become increasingly important.

RF technology enables a greater level of convenience and security in both new and traditional security fields. The advanced technology that HID offers to the ASSA ABLOY Group companies opens new perspectives for future security locks and cylinders and their applications. The chain of higher security and ever increasing convenience has not ended yet.



HID, the US company acquired by ASSA ABLOY in late 2000, focuses on breakthrough products in convenient locking: proximity cards and readers.



## Benchmarking and cross-learning speed the development of new technology

ASSA ABLOY is built on strong local management in each country. The country forms a natural entity with a consistent security philosophy. Within each country, long-life products designed to suit the local building technology and climate give each local lock industry an exceptionally stable base.

Nevertheless, all Group companies do very much the same things, manufacturing locks and door and window hardware. Products are not identical, but they are similar, which gives the companies a lot to learn from each other. Benchmarking lies at the heart of the Group's management philosophy. And benchmarking covers much more than just comparing figures for efficiency, costs and financial performance. It encompasses the whole lock business – how different companies do things in manufacturing, in planning, in distribution and in all other areas of the business.

### Common development of technology

The new area of electromechanics allows even more synergy between

different markets. Because the whole technology is new, no country is bound by tradition. Different dimensional standards may mean that the products would not suit the different markets if they were identical – but the technology inside may well be. This gives scope for many cooperation projects within the Group, designed to develop new lock technologies that can be used 'multi-domestically'.

Development of common technologies calls for effective cross-learning between Group companies. It requires an open environment in which companies can get closer to each other's businesses and build deep mutual understanding of different markets' conditions and standards. To facilitate the exchange of experience ASSA ABLOY has standardized on English as the Group language and for computer-aided presentations.

The sharing of experience and collaboration in joint projects is still in its infancy, but has already produced clear improvements in terms of faster technical development, cost cutting of individual processes and market impact.

### Cross-selling opportunities

As globalization gradually advances, exploitation of the many opportunities for cross-selling is also contributing to the organic growth of the Group. We have learnt how to do it and how to do it well. The objective is to create new markets for products that are already successful in their home market. A lot of preparatory homework is required to build on the local strengths of different companies by adding products from elsewhere. And because the pace and relative importance of security and safety trends differ significantly

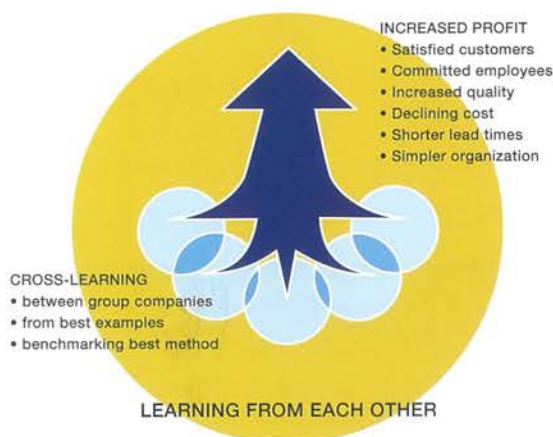
between markets, some adaptation of products may be needed.

Today security products from the Nordic countries, Germany and France are finding their way to the USA, Australia, the Far East and eastern Europe. Sales of safety products from central Europe are increasing in the Nordic countries. And electromechanical products are spreading all over the world from areas that have pioneered the introduction of this technology, including Scandinavia, Finland, Germany and the USA.

### A sincere interest in the lock business

ASSA ABLOY's acquisition strategy means that new companies are constantly entering the Group. They find a special atmosphere of commitment to our common business based on sincere and deep interest in lock products. Many find their first impressions overwhelming. But they soon discover that the Group's open, positive attitude to sharing experiences at all levels encourages everyone to learn from each other without fear or false pride. Every new acquisition brings a fresh injection of expertise in one or more areas of the industry. Each newcomer has something to give to others as well as much to learn.

This two-way exchange gives the new companies self-confidence as they find good ways to improve their own business. And for new and old companies alike it has contributed to more active market development, better positioning of the companies and better organization of the business in general.





## An environment of continuous development

ASSA ABLOY aims to provide an environment of constant development. New markets, new products and new companies all serve to stimulate and feed this process. So far it has been easy for new companies to find their identity in the Group – and exceed expectations. Following the largest acquisition yet, the Yale Intruder Security group and ASSA ABLOY are already a good way through this exciting process of learning from each other so as to achieve True Leadership in the lock business.



## New standards for safer exits

As the world's leading lock manufacturer ASSA ABLOY has an important role to play in the development of lock technologies that meet the highest possible security and safety standards. To this end the Exit Devices Group within ASSA ABLOY's Product Council saw an opportunity to showcase their specialist knowledge and expertise when new European Standards for exit devices were recently announced.

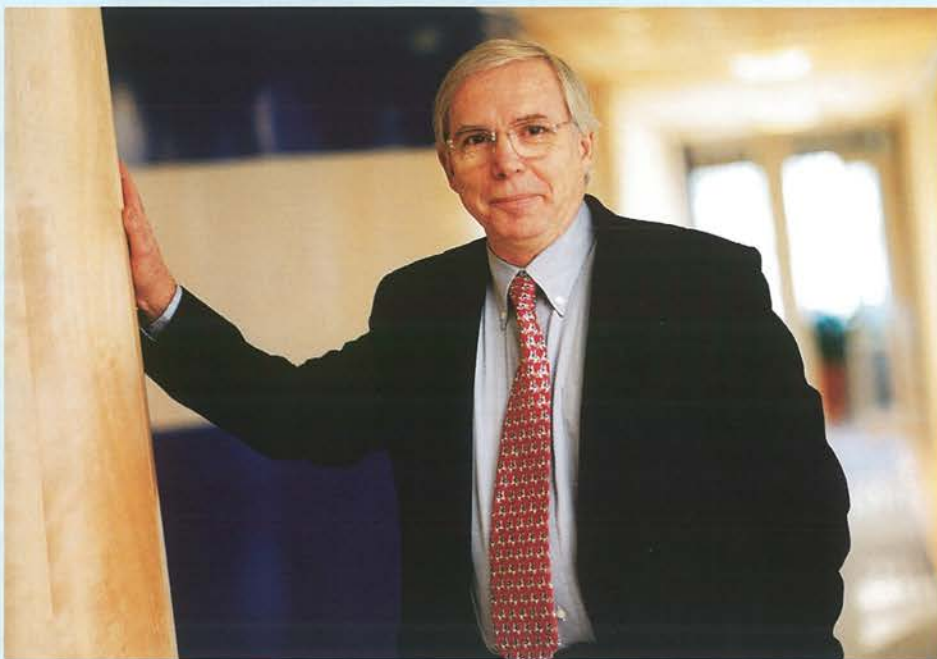
This ASSA ABLOY initiative has resulted in the production of a comprehensive generic guide on exit devices entitled 'Saving Life and Property'. The guide spells out the formal regulations regarding exit devices used on an escape route.

Alain Varenne, who is Strategic Development Director at ASSA ABLOY France and also Chairman of the CEN task group responsible for developing

the new Standards, says: "This advisory document is designed to increase knowledge about the new common European Standards as they pertain to safety in general while highlighting the kinds of solutions we at ASSA ABLOY are able to offer. But there is no mention of our products or our companies in the guide."

The Exit Devices group made the guide as universal as possible since it will be distributed in 17 countries and translated into nine languages. ASSA ABLOY companies will use this advisory document in their own language as an introduction to the new European Standards.

The guide is addressed to architects, specifiers, safety managers, government officials, insurance adjusters, police and fire officials as well as security consultants.

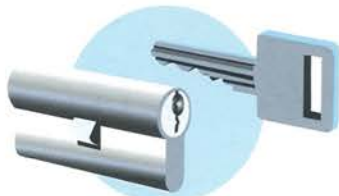


An initiative from ASSA ABLOY's Product Council and Alain Varenne, Strategic Development Director at ASSA ABLOY France, has resulted in the production of a comprehensive generic guide on exit devices entitled 'Saving Life and Property'.



## New actuation and identification devices added to a core of mechanical knowledge

Innovative new products are of great importance for a true market leader in a business as technical as the lock industry. ASSA ABLOY applies for patents in all its product areas, the largest number relating to mechanical locks, followed by fittings, security doors and – increasingly – electro-mechanical products. Patents are used both in the traditional way to protect our innovations from direct competition, and also to protect the security of customers' keys used in masterkey systems.



### Mechanical locks

This product group covers masterkey cylinders, lock cylinders, lock cases, lever locks and accessories. There is a growing need for these traditional products in most markets, especially in new and developing markets where no locks were used before or where old simpler products are now being replaced by modern high-security locks.

Mechanical locks form the 'core of the core' of the ASSA ABLOY product range. They provide the two essential components of any security device: identification (the key) and door holding/locking (the lock). In many markets they lead the way to selling a complete package for doors and windows. Mechanical lock technology also remains at the heart of newer electro-mechanical products, providing the basic strength of the lock, to which are added a range of new identification devices and actuation/locking devices. These more sophisticated locks enable

demands for safety and convenience to be combined with those for security.



### Fittings and security doors

In most markets ASSA ABLOY simply delivers fittings for the door and window industry. But in some markets like the USA and France, the industries have 'grown together' in some segments and ASSA ABLOY has become a major supplier of complete doors. The US companies Curries and Graham supply doors to the contract hardware and professional end-user markets, while in France Fichet distributes tailor-made doors for the private market through its own network of 'Point Fort' locksmiths.



### Electromechanical products

In today's lock business, the electro-mechanical product group shows the strongest growth, the highest invoicing per item and the largest number of innovations from both ASSA ABLOY and established and new competitors. Many different ASSA ABLOY products now employ motorized and solenoid locks, electric strikes, and magnets for door locking. Electromechanical solutions are often integrated into access control applications, including panic exit devices. They provide delay and remote control functions where a

combination of security and safety is required.

New identification techniques like proximity cards and keyfobs have already got a strong foothold, and smart cards, increasingly combined with proximity techniques, are beginning to grow. In November 2000, ASSA ABLOY agreed to acquire HID Corporation, the world leader in contactless cards and readers using radio-frequency identification technology.

All around the world attempts to create reliable biometric identification systems based on fingerprint and other biometric scanners are in hand. Some have found their first commercial application in computer protection. The door application is exceptionally demanding on reliability and will follow when the technology has reached sufficient maturity.

Electromechanical products give rise to a new need for compatibility. The products need to communicate. And the locks as well as the communication devices must be secure and easy to install. Future doors will be a little security system composed of intelligent components and often connected via a communication bus to access control and building control systems. Such solutions are of course in the test laboratories of many companies.

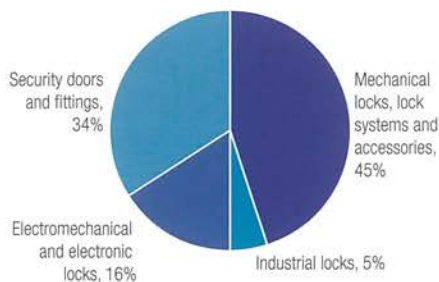


### Industrial locks

Industrial locks, also called camlocks, form a product group with a separate market of OEM and professional end-users. These are locks integrated into



Patents by product group



another product, such as a vending machine, a parking meter, a payphone or a locker for public or industrial use, often combined into a coin lock. ASSA ABLOY may supply a lock cylinder or sometimes a special lock or bolt design. Industrial locks are increasingly incorporating electronics to provide new, secure functionality. Electronics typically provide time control and tracking functions to route and monitor the personnel servicing the machines.



### Hotel locks

The hotel lock business has changed totally during the last twenty years, since VingCard invented the first card-operated hotel lock back in the 1970s. Traditional mechanical locks suffered from compromised security whenever keys were lost. Now the hotel business has turned to electromechanical locks, addressing the problem of lost keys. The lock is automatically reprogrammed for each new guest to provide safety and security.

The key card is more and more often used to open in-room safes, to give access to recreation areas, for energy control and as a chargecard. The introduction of smart cards offers further opportunities to develop hotel services.

## Intra-Group database to spark organic growth

The dynamic growth of the ASSA ABLOY Group over the past few years has created a truly global company with operations on all five continents.

To make the most of the many potential cross-selling and buying opportunities within the Group a Product Information Database (PID) has been developed. The PID makes it possible for the ASSA ABLOY companies to showcase products with cross-sales potential with the aim of increasing organic growth.

Access to the PID is gained via the web through a secured server. All participating companies provide detailed information about given products as well as high-resolution graphic images where applicable. The PID consists of two parts – the main database and a glossary containing readily recognizable key words used to describe the various products. In each instance the ASSA ABLOY preferred word appears in English along with a list of alternatives to account for regional distinctions, followed by a short description of the product. The key words can then be accessed in nine languages.

The PID program is scheduled to become operative at the beginning of 2001.

### Something for everybody

The PID initiative enables individual Group companies to reach a world market by promoting their best products via sister companies within the Group. In addition to the potential for greater cross-selling and buying leading to higher Group sales, there are also substantial savings to be achieved by sharing development costs and avoiding product duplication.



To make the most of the many potential cross-selling and buying opportunities within the Group a Product Information Database (PID) has been developed. Aira Tikka, Project Manager at ASSA ABLOY AB, and Olivier Schuester, Export Director at JPM, are involved in the project.

ASSA ABLOY

Leading the trend towards higher security

PRODUCT CATALOG GLOSSARY LOG

**GLOSSARY**

Keyword

Search in

Translate to

Enter Cancel

Contain ☐ Begin ☐

Search in: Keyword ☐ Alte ☐



## Instant communication opens up direct distribution routes

In past times, communication with customers and the physical distribution of goods operated at similar speed. Both were limited to the pace of horses on land and sailing ships at sea. Today's instantaneous communications – telephone, fax, e-mail and the Internet – have altered the balance, and distribution systems established in a slower-moving age are under increasing pressure from customers to adapt and modernize.

Ultimately, it is always the customer who shapes the distribution system and the supplier who must respond. Products will find their shortest and most cost-efficient way to the customer. The lock industry, traditionally, has offered a wide range of different products requiring specialized skills to select and install. The distribution structures set up have tended to be based round wholesalers selling on to relatively small skilled installers such as locksmiths serving a local area.

In this world the most successful suppliers were those with efficient distribution systems who could also add value to their offering in the form of availability (quantity, assortment and geography), know-how, installation skills, and complementary products that made up a complete application package.

Instant communications and IT-controlled production and distribution processes are now short-circuiting these established structures. In particular, not only distributors but end-users have immediate access to manufacturers, making for increased transparency and more effective competition. A customer order can be passed directly to the factory floor the same second the order is booked. A product's location during manufacture or delivery is available to

everyone instantly at any time.

In the extreme case, bringing the customer closer to the distributor and the distributor closer to the factory may sometimes make the intermediary obsolete. Distributors will survive only where they continue to serve a useful function.

### Locksmiths

Locksmiths are professional installers of security products with strong local presence, proven know-how and high levels of trust. They often originate new technology in lock products as well as introducing it to their customers. Increasingly, locksmiths are given direct 'information highways' to ASSA ABLOY's factories by which they can exchange ideas with product specialists and place orders instantly.

### Building trade suppliers

Many locksmith businesses are now incorporated in more general trade suppliers providing a wider range of mechanical products for the building industry. The availability of leading-brand locks and masterkey systems is important in driving sales of complete packages. Like independent locksmiths, these suppliers need direct links to the factory to ensure fast delivery and the latest technical know-how.

### Wholesalers

In some countries direct links have become so strong that wholesalers have lost their role. In others, wholesalers still serve an important intermediary function, providing both a wide assortment of products and supporting financial strength to small local locksmiths and carpenters who install locks.

### Contract hardware dealers

In the USA in particular, contract hardware businesses now account for a substantial part of total lock sales. In a way analogous to electrical installers, they handle the assembly, engineering





## Production efficiency the key to fast delivery

and installation of all the mechanical products that go into a construction project. This role is gradually changing as manufacturers supply complete product packages that reduce the field engineering work. But the trend towards more sophisticated products offering high security, safety and convenience is continually extending the required range of skills into new electromechanical areas.

### DIY

As basic lock products become easier to install and many householders grow more confident in taking on such tasks, the DIY business is strengthening all over the world. It is also becoming more international, as the major DIY chains consolidate through mergers and acquisitions and establish new branches across borders, for example in eastern Europe. The DIY business is essentially a new market, serving new types of customers, and is thus a genuine addition to existing distribution channels. Of course it also has some influence on the buying patterns of existing installers, especially through its long opening hours.

For a Group like ASSA ABLOY with a wide product range and cross-border selling abilities, DIY represents a major opportunity for increased sales. In particular it will serve to increase the speed of renewal for the installed base of lock products.

By scheduling production runs on a daily rather than weekly basis, Curries Company of Iowa, USA, which manufactures hollow steel doors and door frames, has been able to reduce the average lead-time from order to shipment from 5-6 weeks to only 3-4 weeks.

Driven by customer demands for shorter lead-times, Curries took the opportunity to examine all its order flow, production scheduling, manufacturing and shipping processes with the aim of eliminating bottlenecks and streamlining operations. "The notion of daily production runs was first discussed after touring a manufacturing facility that produces and delivers custom-made freezers and coolers within five days or less", says Jerry Currie, President of Curries.

A cross-functional team started to assess the impact of daily production runs on each department of the company in April 1998, and their resulting implementation plan was fully under-

way by mid August. Curries has cut lead-times for most products by nearly 50 percent while maintaining 95 percent or better on-time shipping – among the best and most consistent figures in its industry. The project has also reduced work-in-progress inventories by 10 percent.

Switching to daily production runs has required improved communication with customers. In addition to customer-written order forms that are then converted into Curries production codes, the company now offers its customers estimating, order writing and shop drawing services through various software solutions.

Summing up the project, Jerry Currie says: "We have learned that to maintain our leadership role we must be willing to adapt to a constantly changing marketplace. This attitude needs to permeate the organization and can only be achieved by involving all employees in the process."



Dick Ebeling, Distributor Communication Manager, and Jerry Currie, President, schedule production runs on a daily rather than weekly basis at Curries Company of Iowa, USA. Curries has been able to reduce the average lead-time from order to shipment from 5-6 weeks to only 3-4 weeks.





This is the multidomestic  
world of ASSA ABLOY

We are the world leader in the lock business, but within each country proximity to our customers and local experience remain the prerequisites for our success. At the same time we must exploit the strengths of our global resources. We call this combination 'multi-domestic'.

Here follows a presentation of  
our operations:

- Scandinavia
- Finland
- France and Belgium
- Germany and the Netherlands
- United Kingdom
- Spain, Portugal and Italy
- North America
- Australia and New Zealand
- New Markets
- Hotel locks



## Stable growth strongest in Sweden

### Market and market trends

Scandinavian operations continue to show stable growth. This is due primarily to a well established local product mix which is supported by increased cross-selling in Scandinavia of products from other Group companies such as Mul-T-Lock in Israel and JPM in France. A new range of products for the DIY market segment was launched during the year as a collaborative project by the Scandinavian companies, with individual local profiling in each country.

During 2000 Sweden has displayed stronger growth than Norway and Denmark, particularly in new construction. However, an upswing in both the Norwegian and Danish markets is expected in 2001.

### SWEDEN

Sales by companies in Sweden amounted to SEK 1,071 M (958). Export sales to Group companies in other countries amounted to SEK 162 M and other exports totaled SEK 142 M.

ASSA ABLOY's organization in Sweden comprises Assa AB, Assa Industri AB, FIX AB, AB FAS Låsfabrik, Solid AB, and the locksmith's wholesaler AKI Låsgrossisten AB acquired in late 1999.

Assa Industri and FIX manufacture and market products for OEM customers, with Scandinavia the main market. Assa Industri manufactures hinges, lock cases and industrial cylinder locks, while FIX produces multipoint locks and door and window hardware. AB FAS Låsfabrik manufactures and markets lever locks and other locks for private homes and safes.

Assa and Solid are active in the areas of commercial and residential construction. Assa manufactures and



The new 'smart homes' at Värmdö outside Stockholm make use of the Smart Security concept from Assa and Solid. The system's flexible electronics mean that residents need only a single key for locking and unlocking all doors, while the secure and well-proven mechanics guarantee physical security.

markets security systems based on a complete range of mechanical and electromechanical lock products, including locks and fittings for doors and windows. To support sales of complete packages, new tools have been integrated into the 'ASM' specification software. Solid's product range focuses on access control and access-related products.

Individual locksmiths form the main distribution channel for products by Assa and Solid. This channel is

currently undergoing dynamic development due to the increased importance of electromechanical products and the resulting change in the overall product mix. In 2000 Assa and Solid focused on strengthening relationships and developing sales with locksmiths.

In 2000 the Swedish market has shown a slow increase in building activity, focused on the big cities and especially on the south of Sweden as a result of the new bridge between Sweden and Denmark.





Located right on the waterfront, Fisketorvet, the first 'American style' shopping mall in Copenhagen, recently opened its doors to the public with more than 100 shops, 15 restaurants and 10 cinemas – and the high-security Combi Plus masterkey system from Ruko.

New products launched during the year include the Twin Exclusive series of high-security cylinders developed primarily for export to East Europe, an extended range of panic exit devices developed jointly with JPM in France, and a new range of hinges for the Danish market which are expected to achieve extensive sales in 2001.

#### NORWAY

Sales by companies in Norway amounted to SEK 507 M (521). Export sales to Group companies in other

countries amounted to SEK 41 M and other exports totaled SEK 18 M.

ASSA ABLOY's organization in Norway consists of TrioVing a.s. and Låsgruppen a.s.

TrioVing is Norway's leading lock manufacturer, selling to the construction industry, OEM and retrofit markets. In 2000 TrioVing sales continued to grow, helped by the company's ongoing good working relationship with the Norwegian Locksmith Association and its various security centers. TrioVing also continued to strengthen

its market position by upgrading its product portfolio, with increased focus on electromechanical products and other high-security locking systems.

TrioVing has also manufactured and marketed the complete range of Grorud door hardware since the merger of the companies in 1999. An operation to move the manufacture of Grorud products to Urbis in Romania started during 2000 to boost Group operating efficiency, and this had negative impact on the year's income.

Låsgruppen is a group of five lock-



smith retailers which, together with other leading locksmiths, make up the TrioVing Security Centers group. These centers play a leading role in developing the market for high-security products and in encouraging skilled installation and high quality standards of after-service. In 2000 Låsgruppen's electric strike business developed well beyond expectations and shows good promise for the future.

## DENMARK

Sales by companies in Denmark amounted to SEK 312 M (298). Export sales to Group companies in other countries amounted to SEK 42 M and other exports totaled SEK 6 M.

ASSA ABLOY's organization in Denmark consists of the lock manufacturer Ruko A/s and its subsidiaries Ruko Service A/s, FIX A/s and M. Sloth & Co A/s.

Ruko is the leading total supplier to the lock and security market in Denmark. Its core business centers on mechanical masterkey systems based on the Combi high-security cylinder, which meets the highest security classification of the Danish Standard. Ruko also leads the trend toward higher security across Denmark with products such as electromechanical locks and electronic access control systems, which are steadily growing in importance. Complementary services include new software to help calculate masterkey systems and key control systems. Through its growing chain of service centers Ruko also markets products made by Group companies in ASSA ABLOY.

Ruko Service is responsible for after-sales services and FIX A/s handles all sales of Group products to the Danish door and window industry. M. Sloth & Co, acquired late in 1999, is the largest

wholesaler of locks in Denmark.

The Danish market in 2000 was characterized by changing market conditions and structures, increased competition, and rising demand for products of high quality and high security, backed by high standards of service. Ruko has aimed to accommodate these changes through continued strong co-operation with professional distributors. This was aided by the acquisition of M. Sloth & Co, which boosted nationwide distribution capability.

Ruko has also increased its presence on the Internet, which functions as a service tool for professionals as well as individuals, and has intensified internal and external efforts to provide customer service, on-time delivery and flexible production. Focus on human resource management and the creation of a healthy, sustainable working environment has resulted in Ruko being categorized in the highest class by the National Working Environment Authority.

Ruko's export sales increased during 2000. A large proportion of exports go to Group companies, helped by the international design appeal of products such as the company's FUNXION door furniture and high-security padlocks.

## Scandinavia:

Consolidated sales by companies in the Scandinavian countries in 2000 amounted to SEK 1,889 M (1,777), representing organic growth of 6 percent.

GROUP VICE PRESIDENT ASSA ABLOY:  
HANS JOHANSSON

SWEDEN:  
COUNTRY MANAGER: HANS JOHANSSON

### Assa AB

Manufactures and markets mechanical and electromechanical lock products.  
President: Hans Johansson

### Assa Industri AB

Manufactures and markets lock cases, hinges and cabinet locks for industrial customers.  
President: Hans Johansson

### AB FAS Låsfabrik

Market leader in mortise deadlocks.  
President: Ulf Petersson

### FIX AB

Manufactures and markets multifunction solutions for windows, window-doors and security doors.  
President: Stellan Svensson

### Solid AB

Develops and markets access control products.  
President: Hans Johansson

### AKI Låsgrossisten AB \*

One of Sweden's leading locksmith's wholesalers.  
President: Harry Grabinsky

Another company in the Swedish organization is Assa Portuguesa LDA.

NORWAY:  
COUNTRY MANAGER: HANS JOHANSSON

### Låsgruppen a.s.

Markets and sells locks and fittings.  
President: Bjørn Haugsvaer

### TrioVing a.s.

Total supplier of locks and security products for the Norwegian market.  
President: Tor-Arne Jensen

DENMARK:  
COUNTRY MANAGER: CARL TROCK

### Ruko A/S

Total supplier of locks and security products for the Danish market.  
President: Carl Trock

### FIX A/S

Sells ASSA ABLOY products to the Danish door and window industry.  
President: Keld Madsen

### Ruko Service A/S

Supplier of after-sales service for lock systems.  
President: Peter Gram-Nielsen

### M. Sloth & Co. A/S \*\*

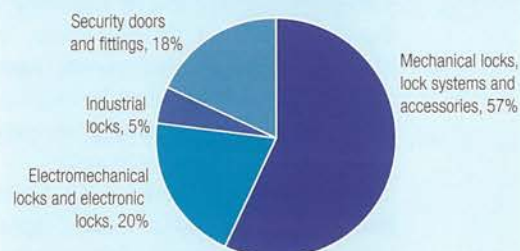
One of Denmark's leading locksmith's wholesalers.  
President: Poul Sloth

\* Consolidated from April 1 2000  
\*\* Consolidated from July 1 2000

## Trends

SEK M	2000	1999	1998	1997	1996
Sales	1,889	1,777	1,701	1,660	1,364
Average no. of employees	1,726	1,651	1,657	1,702	1,352

## Sales by product group







Finland:

## United brand consolidates sales strengths

Operations of ASSA ABLOY in Finland consist of Abloy Oy and Björkboda Lås Oy Ab. Abloy manufactures and markets mechanical and electro-mechanical locks, cylinders, door closers, fire-door closing systems, handles and fittings. Björkboda Lås produces lock cases for interior doors, cylinder lock cases and high-security lever locks.

### Market and market trends

On the domestic market Abloy achieved a strong increase in sales by maintaining its market share in all segments while also finding some major new customers. The home market for architectural hardware recovered after the previous year's decline. Despite tightened competition from copied and low-cost products, the company maintained its market share.

In an annual survey carried out by the Finnish market research company Taloustutkimus Oy, ABLOY was ranked the most valued brand name in Finland. 1400 Finnish people aged from 15 to 74 were asked to evaluate 300 domestic and foreign brands covering every field of commerce.

Exports by all ABLOY business units increased strongly, by an overall figure of 23 percent. All major market areas

in Europe, North America and Asia Pacific showed growth. Exports of door closers grew fastest, due to increased sales in the USA. The door closer plant increased sales by 45 percent compared to 1999 and improved its profitability. Sales in Russia have started to recover from the period of recession.

Björkboda Lås increased its exports to the Baltic countries and Poland and started to develop new markets elsewhere in eastern Europe. Growth of sales in Russia was also promising. In Ukraine, Abloy opened a new representative office in Kiev to develop the local ABLOY sales and service network.

### The trend towards higher security

The trend towards electromechanical locking solutions is strengthening rapidly in mature markets and developing in new market areas, which supports the sales of ABLOY electro-mechanical lock cases worldwide. Abloy has pioneered the development of electromechanical locks since the late 1970s, and today has a leading range of such locks for different applications and different market Standards.

In cooperation with other Group companies Abloy developed a range of

emergency exit products in Finland designed to conform with the new European (CEN) Standard. This new range, launched in autumn 2000, supports cross-selling within the Group: the exit handles are supplied by JPM in France and the lock cases by Björkboda Lås.

On the domestic market, the trend towards higher security is illustrated by the continuously growing demand for ABLOY EXEC and the electro-mechanical ABLOY EXEC ID cylinders in locking systems for buildings.

### New products and initiatives

The ABLOY trademark is well known among professionals in the security business worldwide. From the beginning of 2001, therefore, the Finnish Group companies have decided to start using ABLOY as a universal trademark in export markets for all door hardware products manufactured by Abloy and Björkboda Lås. These include lock cases (previously branded BODA) and architectural hardware (previously PRIMO). Having a complete ABLOY range will help our foreign customers to identify and choose complete product packages to obtain reliable high-security and high-quality locking solutions for the whole door environ-





The Ice Palace in St. Petersburg is furnished with ABLOY DISKLOCK PRO cylinders and ABLOY mechanical and electromechanical lock cases, architectural hardware and door closers. High security, key control, good reputation and the availability of a complete product package were the reasons for choosing ABLOY for this project.

ment. On the domestic market PRIMO will continue to be used beside ABLOY because of the brand's strong foothold in Finland.

The ABLOY project-hardware sales concept, centered on the professional high-security ABLOY DISKLOCK PRO cylinders, was renewed and launched in export markets. This also utilizes the benefits of one single trademark for the complete range of ABLOY door hardware.

Björkboda Lås extended its range of fire-rated products and locks for exterior doors for central and eastern Europe.

Cross-selling of padlocks was started with Lockwood, Australia. The Lockwood padlock range is complemented by steel padlocks from Abloy.

### People make the difference

Continued success depends on the skills and commitment of every employee. Abloy pays constant attention to staff motivation, and has been able to set development targets and achieve clear improvement in service functions by engaging employees in the planning and development of their work. Before making changes, the management coordinates feedback from various sources, including an

annual questionnaire to all personnel. Measures taken are then evaluated for their effects on profitability, lead times and customer service as well as improved working conditions.

At Björkboda Lås, the whole workforce is actively involved in a continuous improvement program which focuses on developing internal functions and teamwork and improving working methods and the working environment.

In 2000 Abloy ran a schooling program in customer relations management, where the complete domestic sales force analyzed different aspects of their relations with customers and colleagues and took part in setting development targets. Both employees and managers found the program helpful in finding new operation models with the emphasis on the customer and in strengthening cooperation between factory personnel and sales units at different locations in Finland.

### Finland:

Sales by companies in the Finnish organization in 2000 amounted to SEK 1,060 M (898). Organic growth was 14 percent. Export sales to Group companies in other countries amounted to SEK 334 M and other exports totaled SEK 138 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
MATTI VIRTALA

#### Abloy Oy

Manufactures and markets lock cylinders, mechanical and electromechanical locks and architectural hardware.  
President: Matti Virtala

#### Abloy Oy's business areas

Construction Locks,	Manager: Kari Mononen.
Industrial Locks	Manager: Juha Pikkarainen.
Electromechanical Locks	Manager: Matti Ahola.
Architectural Hardware	Manager: Kyösti Sormunen.
Door Closers	Manager: Markku Kuivalainen.
Exports	Manager: Jari Toivanen.
Domestic Market	Manager: Kari Mononen.

#### Abloy Oy Eesti Filiaal

Markets and sells ABLOY products in the Baltic countries.  
Manager: Ahti Ovaskainen

#### Abloy Oy Representative Office Russia

Markets and sells ABLOY products in Russia.  
Manager: Lauri Honka

#### Abloy Oy Representative Office Ukraine

Markets and sells ABLOY products in Ukraine.  
Manager: Volodymyr Livinsky

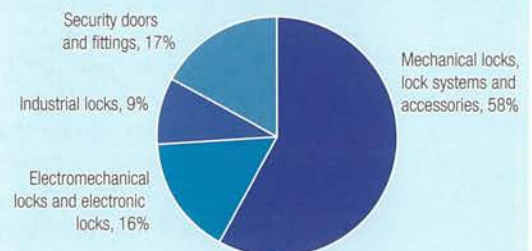
#### Björkboda Lås Oy Ab

Manufactures and markets lock cases.  
President: Henry Engblom

### Trends

SEK M	2000	1999	1998	1997	1996
Sales	1,060	898	811	744	620
Average no. of employees	1,123	1,020	970	905	849

### Sales by product group





## Good high-end performance in a more polarized market

The operations of ASSA ABLOY France consist of six French companies – the lock manufacturers Vachette, JPM, Laperche and Stremmer, the high-security locking specialist Fichet Serrurier Bâtiment (acquired in December 1999) and the fittings manufacturer Bezault – as well as the Belgian lock manufacturer Litto.

### Market and market trends

ASSA ABLOY France sustained its volume growth in the first quarter, with a good domestic market and brisk export sales. A temporary slowdown followed at the end of the second quarter, and the summer months of June and July were slower than expected. Volumes then improved considerably after the holidays, and significant growth in the last quarter brought total sales growth for 2000 back in line with last year.

The Belgian market performed better and Litto achieved very strong growth on its domestic market and some export markets.

The French market is becoming more polarized. Demand for higher-added-value products is increasing, and the trend towards higher security is starting to become important in the selection of locks by the door industry. The important high-end segments, represented in France by masterkey systems, multipoint locks, exit devices, electromechanical locks and high-security metal doors, showed good growth this year. The electromechanical area is fragmented in France and ASSA ABLOY as a whole is one of the larger operators. In 2000 the market responded enthusiastically to launches of new generations of motorized multipoint locks from the company's market-leading electromechanical operations at Laperche/ICB.

The gap to entry-level products is widening. Cheaper import alternatives at the very low end of the product range have had some penetration into distributors that put less emphasis on security and quality deliveries. Following a decision by ASSA ABLOY France to avoid low-added-value operations, the increased pressure on prices at this end of the product range slowed overall volume development.

### The trend towards higher security

In 2000 the ASSA ABLOY France organization took several steps to increase awareness of the need for higher security combined with high safety and functionality. The integration of Fichet Serrurerie Bâtiment (FSB) added not only a wealth of expertise and experience but also an extremely well established high-security image. FSB now sells most of its lock systems with A2P certification from the French CNPP authority.

In order to promote greater awareness about lock technology among both professionals and the general public, ASSA ABLOY France created a new watchdog organization, l'Observatoire de la Sécurité, during the year. Its first initiative was a survey of the security habits and opinions of the French people. The French media and public proved to be very interested in the results of the survey – results that are now well integrated into the different companies' sales and product development activities.

In Belgium Litto developed the first Belgian infraction-tested cylinder locksets with security certification. The i3 label resembles the French A2P and the Dutch SKG classifications and will definitely promote the trend towards higher security.



The gradual penetration of common European (CEN) Standards for exit devices will add positive and welcome recognition to JPM's and Vachette's strong product portfolios.

### New products and initiatives

All product launches during 2000 added value, function and security to existing ranges. Laperche and Litto jointly developed a range of multipoint locks for the Benelux market which have achieved good volumes in a short time. Vachette extended its VIP technology to cover larger masterkey systems. FSB added a new product line to its fast-growing range of high-security metal doors. Sales are developing very strongly and new production capacity is being added.





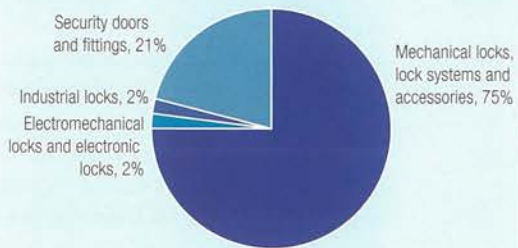
**France and Belgium:**  
 Sales by companies in the French and Belgian organization in 2000 amounted to SEK 1,781 M (1,576). Organic growth for comparable units was 3 percent. Export sales to Group companies amounted to SEK 19 M and exports outside the Group totaled SEK 254 M.

- GROUP VICE PRESIDENT ASSA ABLOY:  
 BO DANKIS
- FRANCE
- ASSA ABLOY S.A. France**  
 Parent company for ASSA ABLOY's operations in France.  
 President: Bo Dankis
- Bezault S.A.**  
 Manufactures and sells door and window fittings.  
 President: Michel Brassié
- Fichet Serrurerie Bâtiment**  
 Manufactures and sells high-security cylinders, high-security locks and security doors.  
 President: Frédéric Chanel
- JPM S.A.**  
 Manufactures and sells locks, cylinders, panic bars and escape fittings.  
 President: Jouni Pitko
- Laperche S.A./ICB.**  
 Manufactures and sells locks, multipoint locks, cylinders and electromechanical locks.  
 President: Robert Fidanza
- Stremier S.A.**  
 Manufactures and sells locks and fittings for glass and aluminum-frame doors.  
 President: Robert Fidanza
- Vachette S.A.**  
 Manufactures and sells a comprehensive range of products including locks, multipoint locks, high-security cylinders, panic bars and escape fittings.  
 President: Bo Dankis
- BELGIUM
- Litto n.v.**  
 Manufactures and sells locks and cylinders with an emphasis on high security.  
 President: Fernand Clapdorp

**Trends**

SEK M	2000	1999	1998	1997	1996
Sales	1,781	1,576	1,504	844	—
Average no. of employees	2,369	2,084	1,989	1,180	—

**Sales by product group**



SNCF, the French national railway organization, is renowned for its high technical standards. Thousands of doors at its stations, offices and workshops use locks from ASSA ABLOY's French companies, including electromechanical fittings from Laperche/ICB, masterkeyed cylinders from Vachette and Laperche and mortise and rim locks from JPM and Vachette.

The year saw a very strong increase in cross-sales among the French companies, but even more so between France and sister companies around the world. JPM confirmed its leadership in exit devices, and through Group companies opened up new markets in Australia, Israel, Finland, Denmark, Poland and Spain and strengthened its position in the UK, Sweden and Belgium. Stremier's locks for glass and aluminum-framed doors are unique in the Group; the company initiated export sales via sister companies in Germany and China.

Vachette found a valuable partner in the fast-developing Chinese market:

a local security door manufacturer that now includes the company's multipoint locks in its top-of-the-range doors. Vachette has also opened up significant markets in Spain, Romania and Belgium via the ASSA ABLOY network.

The integration of FSB's affiliates in Spain and Belgium into their respective country organizations is proceeding well, creating good bases for development of the company's high-security products.



## Successful rationalization following major acquisitions

ASSA ABLOY's operations in Germany and the Netherlands comprise the effeff group acquired in February 2000, the established IKON group, Lips Locks Netherlands B.V. acquired as part of Yale Intruder Security in August 2000, and a number of sales companies.

The effeff group concentrates on the fast-growing electromechanical segment. The main company is effeff GmbH & Co. KGaA in Germany, and there are four other manufacturing units: Trimec in Australia, HES in the USA, effeff China and effeff France. All these companies produce a variety of electric strikes, electromechanical locks, escape door systems and stand-alone access control systems. The effeff group is the world's leading supplier of electromechanical bolting products.

The IKON group has three manufacturing units in Germany: IKON AG producing high-security cylinders and locks, BAB-IKON GmbH producing standard lock cylinders, and Wilhelm Dörrenhaus GmbH producing lock cases. The German operation also includes the sales companies Dupéray S.A. in Belgium, IKON Switzerland S.A., ASSA-Ruko GmbH in Germany and effeff France srl. These companies sell German products together with products from other ASSA ABLOY companies in order to create packages for individual customers and generate more organic growth.

In the Netherlands Lips Locks is the leading company in a fragmented market and the only local manufacturer with a complete product range of mortise locks and cylinders for commercial, financial and residential markets. The company's strong installed product base and close support from the Dutch sales company Ambouw B.V. put it in a

strong position to increase sales and influence market trends in the Netherlands.

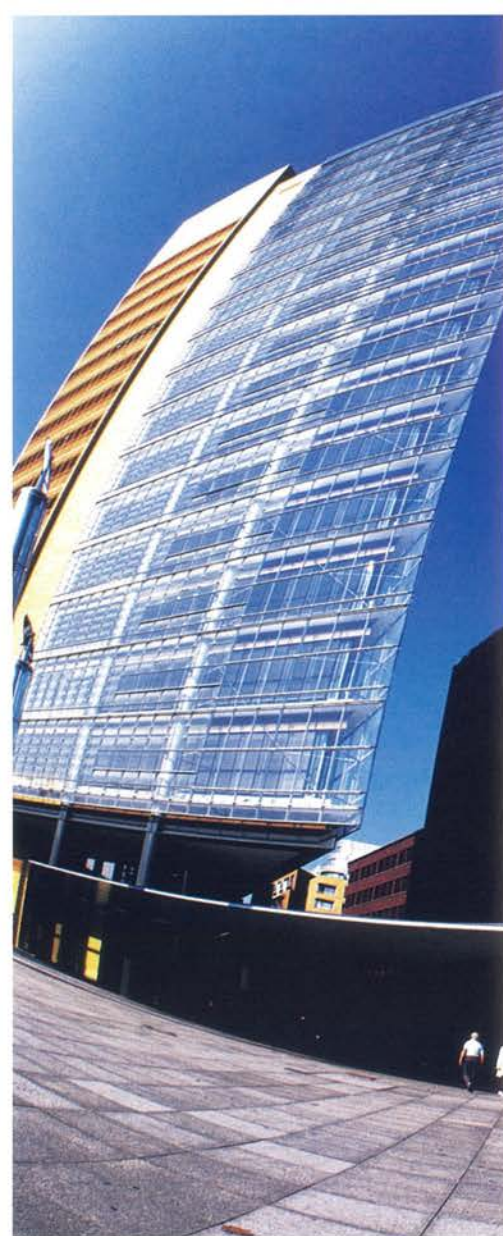
### Integration and rationalization

The integration of effeff into ASSA ABLOY and the divestment according to plan of the effeff Alarm business (which was about half the company) to Caradon have been the main events in Germany. The integration process began in 1999 and is progressing well. To strengthen its electric strike product portfolio and market presence in Australia, effeff bought both Trimec, Australia's leading manufacturer of electromechanical bolting products, and the Padde sales organization during 2000. Another acquisition was Rofu, the leading supplier of electric strikes in Switzerland, which will be integrated into the German and Swiss operations. The Italian electric strike company Nuova F.E.B. has been transferred to ASSA ABLOY's Italian operation. The general restructuring of the effeff Group is moving faster than expected.

### Market and market trends

Germany is the biggest high-security market in Europe, but is fragmented among many family-owned small and medium-sized companies. ASSA ABLOY is playing an active role in bringing about structural changes with the aim of attaining the leading position on the German market.

Development of the lock and hardware market is unbalanced because the market in the old East Germany has fallen while some West German areas still have very high activity levels. The prognosis for next year indicates an increase in construction activities after many years of stagnation. Investments



in the public sector and also in private housing have been decreasing because of the financial situation, but commercial investments have remained stable.

ASSA ABLOY's focus will continue to be on product development and marketing, supported by short and flexible delivery times and good customer service. Demand for electronic and electromechanical security products is increasing faster than for mechanical products. As the market leader for electromechanical components in Germany, Europe and throughout the world, ASSA ABLOY is well placed to upgrade all types of existing installation.

The IKON group achieved a stronger position in the German market in 2000, increasing its market share in the cylinder and lock business. The sales units also showed growth in sales of both German and other Group products.





Berlin's Potsdamer Platz was the busiest traffic hub in Europe in the 1920s, and has regained a central place in the united city with the building of a new business, cultural and residential quarter. effeff has supplied lock components for many of the new buildings, notably electric security strikes for fire-rated doors.

## The trend towards higher security

Crime is increasing in the central European area, and with it the need to protect real and intellectual property. In order to guide end-users towards higher-security products that are also safer, the authorities in both Germany and the Netherlands have introduced new and more stringent Standards. Especially in private and commercial applications, the need to combine higher security with safety and convenience features creates new possibilities for integrating electrical, electronic, electromechanical and mechanical security.

With their very large installed base of locks and systems and a long tradition of developing new security products and solutions in cooperation with architects, security specialists and authorities, ASSA ABLOY's German and

Dutch companies are in a unique position to influence future security developments.

## New products and initiatives

During 2000 the ASSA ABLOY companies have launched electromechanical multi-point locks, high-security cylinders and new exit door systems to support the trend to higher security. A range of new electromechanical products and systems for different market segments is currently under development.

## Germany and the Netherlands:

Sales by companies in the German and Dutch organization in 2000 amounted to SEK 1,162 M (621), representing organic growth of 7 percent. Export sales to Group companies in other countries amounted to SEK 27 M and other exports totaled SEK 436 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
EERO LESKINEN

### GERMANY

#### ASSA-Ruko Sicherheitssysteme GmbH

Markets and sells the ASSA and Ruko lock ranges on the German market.  
President: Svend Molgaard Petersen

#### BAB-IKON GmbH Schliesstechnik

Manufactures and sells small lock systems and standard lock products.  
President: Eero Leskinen

#### Dupéray S.A.

Markets and sells a complete range of lock products and fittings on the Belgian market, mainly supplied by IKON and other ASSA ABLOY companies.  
President: Frans Quix

#### effeff Fritz Fuss GmbH & Co. \*

Manufactures and sells electronic and electromechanical security systems.  
Presidents: Eero Leskinen and Martin Brandt

#### - HES, Inc.

Manufactures and sells electronic and electromechanical security systems.  
President: Michael Webb

#### - effeff China

Manufactures and sells electronic and electromechanical security systems.  
President: Martin Brandt

#### - effeff France

Manufactures and sells electronic and electromechanical security systems.  
President: Jean-Claude Paris

#### - Rofu \*\*

Swiss manufacturer of electric strikes and door magnets with sales in Switzerland and Germany.  
Presidents: Manuel Bucher and Beat Waldvogel

#### IKON AG Präzisionstechnik

Mainly manufactures and sells high-security cylinders and advanced lock systems.  
President: Gerhardt Ernst

#### Wilhelm Dörrenhaus GmbH

Manufactures and sells standard and special lockcases, mainly for wooden doors.  
President: Holger Ritz

### THE NETHERLANDS

#### Ambouw B.V.

Markets and sells locks and building hardware on the Netherlands market, mainly supplied by IKON and other ASSA ABLOY companies.  
President: Gert Lubbersen.

#### Lips Locks Netherlands B.V. \*\*\*

Offers an extensive range of electromechanical, mechanical and electronic products, including after-sales service and maintenance.  
President: Jaap Wind

### SWITZERLAND

#### IKON Switzerland S.A.

Markets and sells IKON, BAB-IKON and ABLOY products on the Swiss market.  
President: Ugo Zanolari

\* Consolidated from February 1 2000

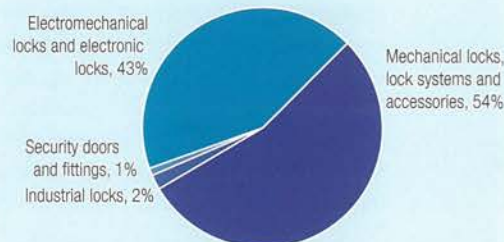
\*\* Consolidated from January 1 2000

\*\*\* Consolidated from August 25 2000

## Trends

SEK M	2000	1999	1998	1997	1996
Sales	1,162	621	583	533	501
Average no. of employees	1,238	774	771	697	717

## Sales by product group





## A market-leading position resulting from the Yale merger

ASSA ABLOY UK, created in August 2000 following the acquisition of Yale Intruder Security by the ASSA ABLOY Group, now offers its customers an unequalled range of the best known and best respected brands in the lock and security industry, including Yale, Chubb, Union, ASSA, ABLOY, Gorud and C E Marshall.

Products span the whole range from high-quality standard locks to advanced electromechanical locking and access control systems. They are marketed through DIY outlets, builders' merchants, architectural ironmongers, locksmiths, distributors, technical centers and specialized security system dealers, and also sold direct to OEM customers. End-user applications range from private housing through schools, universities, hospitals and government buildings to secure industrial and military establishments.

The Yale acquisition has quadrupled the size of ASSA ABLOY's UK operation and given it manufacturing capability for the first time. Yale Security Products UK Ltd manufactures and markets security products for the residential and commercial sectors under the Yale, Union and Chubb brands. The range includes mortise locks, rim locks, masterkey systems and padlocks. Yale is the brand leader in security and hardware products for the residential market, and also supplies locks to OEM businesses, for example for BT's payphones. Union is the leader in sales through architectural ironmongers to architects, security specifiers, contractors and local authorities. Chubb is the leading name in high-security products for architects, security specifiers, locksmiths and consumers. C E Marshall manufactures column locks, door handles and latches for the

automotive industry and is a major supplier to Ford's UK and European plants.

There is almost no direct product overlap between the Yale companies and ASSA ABLOY's established UK sales businesses Abloy Security Ltd, ASSA Ltd and Gorud Industries, which market locks and door and window fittings from the Group's factories in Scandinavia and Finland.

### Market trends

Continued economic development and growing per capita income in the UK, coupled with a high perceived rate of crime, are reflected in customers' rising demand for quality security locks and other security products that will provide peace of mind.

The trend for repair, maintenance and improvement on private housing is expected to increase steadily for the next three to six years. Private housing expenditure rose from GBP 8.1 billion in 1995 to GBP 9.9 billion in 1999, an increase of 22 percent. Continuation of this trend will be reflected in continued increases in DIY sales, which have been growing steadily.

### The trend towards higher security

Customers' demands are not just for higher levels of security but for convenience and esthetics too. User requirements are continually assessed through customer work groups and developed into improved or new products.

In future, consumers will benefit from new products being brought to market quicker through the sharing of engineering knowledge and designs from sister companies in the ASSA ABLOY Group. International marketing and engineering staff work together to

develop new high-end, user-friendly products while avoiding duplication of projects and investments. Recent investments in product development have substantially increased the flow of new higher-security products, and this trend will continue to accelerate as consumers accept the latest CEN Standards as a basis for replacement of older products.

### New products and initiatives

The acquisition of Timelox by the Group has enabled ASSA Ltd to extend its access control range. Timelox card readers complement existing SOLID products, increasing the variety and complexity of requirements that can now be met.

Gorud Industries has upgraded the Asgard range of multipoint locks. These locks now meet the requirements of the PVC replacement door market and also open up a market for new timber doors, allowing the Group to gain a stronger position in the public and private residential sectors.

Yale Security Products UK Ltd is introducing several new product ranges complying with CEN Standards, including high-security mortise locks, a new range of door closers, new escape hardware products and higher-rated padlock designs.

C E Marshall has invested in development of high-technology magnesium diecasting. Due to its light weight, use of magnesium in vehicles is forecast to increase dramatically in the next few years. The company will be providing products for the new Ford Mondeo and the new 'baby' Jaguar.

The UK operation's focused market approach, designed to recognize the individual needs of each market while accelerating the development of new



higher-security products, will be continued and expanded. In both mechanical and electromechanical access control areas, this will allow the company to meet demands for higher security and

convenience and lead the trend to high security while maximizing internal resources and capital investments.

Oxford Brookes University has a refurbishment program running over a number of years. Yale Security Products UK was selected to supply Pro-key patented masterkey systems, stand-alone electromechanical door security systems, door furniture and door closers.

## United Kingdom:

Sales by companies in the UK organization in 2000 amounted to SEK 665 M (270). Export to Group companies in other countries amounted to SEK 10 M, and other exports totaled SEK 53 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
GEOFF NORCOTT

### Abloy Security Ltd.

Primarily markets ABLOY electromechanical locks, padlocks and industrial locks.  
Managing Director: Robin Rice

### ASSA Ltd.

Markets a complete range of ASSA, Ruko and Solid lock products.  
Managing Director: Duncan Horton

### C E Marshall (Wolverhampton) Ltd. \*

Manufactures and supplies high-security locks and door handles as original equipment items to the automotive industry.  
Managing Director: Raymond Dovey

### Chubb Locks Custodial Services Limited \*

Provides custodial locking products and systems to correctional facilities worldwide.  
Managing Director: Steve Wood

### Gorud Industries Ltd.

Manufactures and markets door and window fittings.  
Managing Director: Bjørn Mønster

### Yale Security Products UK Ltd. \*

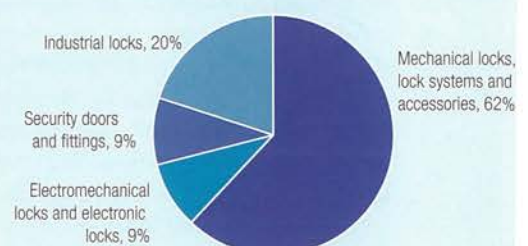
Manufactures and markets a complete range of door locks, padlocks and architectural hardware under the Yale, Chubb and Union brands.  
Managing Director: Michael Rayner

\* Consolidated from August 25 2000

## Trends

SEK M	2000	1999	1998	1997	1996
Sales	665	270	266	236	168
Average no. of employees	704	128	132	147	131

## Sales by product group





## Encouraging prospects in two fast-growing markets

### SPAIN AND PORTUGAL

#### Continued growth led by hotel, telecommunications and trade sectors

ASSA ABLOY Ibérica is the holding company for the Group's operations in Spain and Portugal. AZBE B. ZUBIA S.A. is a major Spanish manufacturer of locks, high-security cylinders, multi-point locks, rim locks and electromechanical cylinders. VingCard Systems España S.A., established to serve the hotel and resort market, supplies the complete range of VingCard hotel locks. A dedicated sales force sells the ABLOY electromechanical product range to the telecommunications and industrial sectors.

#### Market and market trends

The Group companies in Spain and Portugal are currently achieving over 20 percent growth year on year and this trend is expected to continue into 2001. VingCard hotel and resort access systems and Abloy industrial and electromechanical locks for high-security applications were notably successful. The trade sector provided AZBE with continued strong expansion through its traditional distribution channels.

Helped by EU investment in the nation's infrastructure, total growth of the Spanish lock market has exceeded 10 percent a year for several years. Sales are mainly driven by new construction. Although the Spanish building market may be weakening slightly, growth is expected to continue, aided by new products, the development of new distribution channels in a highly fragmented market, and new opportunities in the OEM door segment.

The demand for higher security in Spain continues to increase, specifically

in the electromechanical and industrial lock markets where ASSA ABLOY Ibérica plans to introduce more new products.

#### New products and initiatives

Products introduced in 2000 included new ranges of anti-panic exit products and high-security cylinders. In the hotel sector, new product synergies between AZBE and VingCard Systems allowed complete product ranges to be offered.

#### Planned acquisition of Tesa

ASSA ABLOY had planned to acquire the Spanish company Tesa as part of the Yale Intruder Security acquisition in August. Tesa is the clear market leader in the Spanish lock industry with manufacturing operations in Spain and Mexico and strong export markets in France and Russia.

However, the acquisition of Tesa has been delayed by a request from the US Federal Trade Commission. Tesa currently manufactures some important components for the hotel-lock company Tesa Entry Systems which is to be retained by Chubb plc, and time must be allowed to find an alternative supplier. Chubb plc and ASSA ABLOY expect this process to be completed during the summer of 2001, when a new submission to the FTC will be made. ASSA ABLOY Ibérica's position should be significantly enhanced by the acquisition of Tesa in 2001.

### ITALY

#### Encouraging opportunities in a new market for the Group

Recent acquisitions have given ASSA ABLOY a significant presence in Italy for the first time. Operations now include

Yale Security Products s.p.a. in Aprilia, Yale Corni Sistemi di Sicurezza s.p.a. in Modena and Nuova F.E.B. s.r.l. (formerly a subsidiary of effeff) in Bologna.

Together the companies offer complete ranges of mortise locks, padlocks, cylinders, panic exit devices, multi-point locks and electromechanical products. The Yale and Yale Corni brands serve the residential and commercial markets, while Nuova F.E.B. supplies electric strikes and multipoint locking, mainly for the commercial sector.

#### Market and market trends

2000 saw 5 percent growth for the Yale companies and an increase of 7 percent for Nuova F.E.B. The recovery in demand seen in all market sectors in 2000 is expected to continue into 2001, sustained by economic growth and higher security Standards. New laws in Italy have created the requirement for certified products, thus raising awareness of higher-security products and generating demand for them.

The Italian lock industry remains highly fragmented with many small local manufacturers. Distribution is similarly fragmented among a large number of local locksmiths and hardware stores. The lock industry is currently going through a rationalization process which will reinforce the trend towards higher security and integration between mechanical and electromechanical products, benefiting both the industry and its customers.

Around 60 percent of sales for the Yale companies are generated from export markets, particularly the Middle East and Central America. Continued growth in both areas is expected, assisted by increased oil revenues in the Middle East and deve-



# BANCO DI NAPOLI

## Spain and Portugal:

Sales by companies in the Spanish and Portuguese organization in 2000 amounted to SEK 157 M (44).

## Italy:

Sales by companies in Italy in 2000 amounted to SEK 239 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
BO DANKIS

### SPAIN

#### ASSA ABLOY IBÉRICA, S.L.

Parent company for ASSA ABLOY's operations in Spain.  
President: Jorge García Martínez

#### AZBE B. ZUBIA, S.A.

Manufactures and markets a complete portfolio, through four Business Units.  
President: Jorge García Martínez

*Aretxa Business Unit:* offers a comprehensive range of products, including locks, cylinders, multipoint locks, high-security cylinders, rim locks, door closers and exit devices

*Abloy Business Unit:* electromechanical and industrial locks

*Fichet Business Unit:* high-security locks and cylinders and security locks

*VingCard Business Unit:* hotel locks

### ITALY

#### Nuova F.E.B. S.r.l. \*

Specializes in the production of locks, electric strikes, panic exit devices and electrical supplies.  
Managing Director: Gilberto Allievi

#### Yale Corni Sistemi di Sicurezza S.p.A. \*\*

Panic devices, aluminum/fire locks and electromechanical/electronic closing systems.  
Managing Director: Roberto Renzi

#### Yale Security Products S.p.A. \*\*

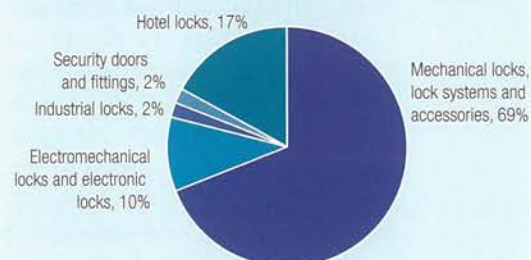
Cylinders, mechanical and electric rim/mortise locks, cabinet locks, safes and padlocks, sold in both Italian and international markets.  
Managing Director: Roberto Renzi

\* Consolidated from February 1 2000  
\*\* Consolidated from August 25 2000

## Trends

SEK M	2000	1999	1998	1997	1996
Sales	396	44	—	—	—
Average no. of employees	351	82	—	—	—

## Sales by product group



For the emergency exits of 140 of its branches all over Italy, Banco di Napoli chose panic exit devices manufactured by Yale Corni. This branch is in the Parioli quarter of Rome, one of the most exclusive residential areas of the Italian capital.

lopment of local industrial infrastructure and tourism in Central America.

80 percent of Nuova F.E.B.'s business comes from the commercial sector in Italy, i.e. non-residential buildings such as offices, schools, factories, banks, hospitals and supermarkets. The rest comes from exports to eastern Europe and Mediterranean countries.

The distinct yet complementary positions of Yale and Nuova F.E.B. provide the Group with a strong presence and new opportunities on the domestic Italian market. Further gains on export markets are expected as a result of the companies' strong distribution channels and the extension of product ranges with products from selected sister companies.

## New products and initiatives

New product launches in 2000 focused on high-end products including panic exit devices and electronic bolt locks. New fire-door locks for the commercial sector and new padlocks and rim locks for the residential market were also introduced.



## Positive development further strengthened by the Yale acquisition

The North American operation continued to develop positively in a somewhat softer market environment. As part of ASSA ABLOY's acquisition of Yale Intruder Security, eight operating units were added with strong product portfolios and some of the market's best-known brand names such as Yale, Corbin Russwin, Norton, Rixson and Folger Adam.

Today the North American Group consists of 24 operating units in the USA, Canada and Mexico with pro forma sales for 2000 in excess of USD 800 M and around 5,000 employees. The US units are Abloy Security, Arrow, ASSA, Corbin Russwin, Curries, Emtek, ESSEX, Folger Adam, Graham, McKinney, Medeco, NEL Corporation, Norton, Sargent, Securitron, Yale Commercial, Yale Residential and Yale Security USA. In Canada four main units represent all Group companies – ASSA ABLOY Canada, Abloy Canada, Medeco Canada and Yale Corbin Canada. In Mexico, Scovill became a fully owned Group subsidiary in July.

The Yale Intruder Security acquisition has strengthened the group considerably. Yale Residential has added strength on the residential side, reinforcing the very strong progress achieved by Emtek's latest more decorative line of high-end locks and hardware. Yale's name and reputation also added strength on the commercial and OEM markets. In the institutional segment, Corbin Russwin, with one of the USA's prime complete lines of lock and door hardware, has expanded the market coverage previously achieved by Sargent.

With the acquired companies Norton and Rixson complementing Sargent's strong door-closer range, the ASSA ABLOY Group now has a market leading position in door closers and

door control in North America. The acquisition of Folger Adam has also given the Group a leading position in the high-security detention market as well as the leading brand for electric strikes.

### Some highlights of the year

The move of ASSA Inc's high-security cylinder operation from Brooklyn to New Haven was successful and resulted in significant improvement in performance. Combined with a more proactive market approach, it generated a considerable strengthening in sales during the second half of the year.

Abloy Security was negatively affected by the drop in the payphone business, but succeeded in replacing this volume in other industrial locking and OEM segments, such as transport applications and military applications for padlocks.

The Arrow Lock operation in Brooklyn, New York has developed according to plan. Restructuring is well under way and the operation has taken significant steps towards modern manufacturing methodologies and improved production flows.

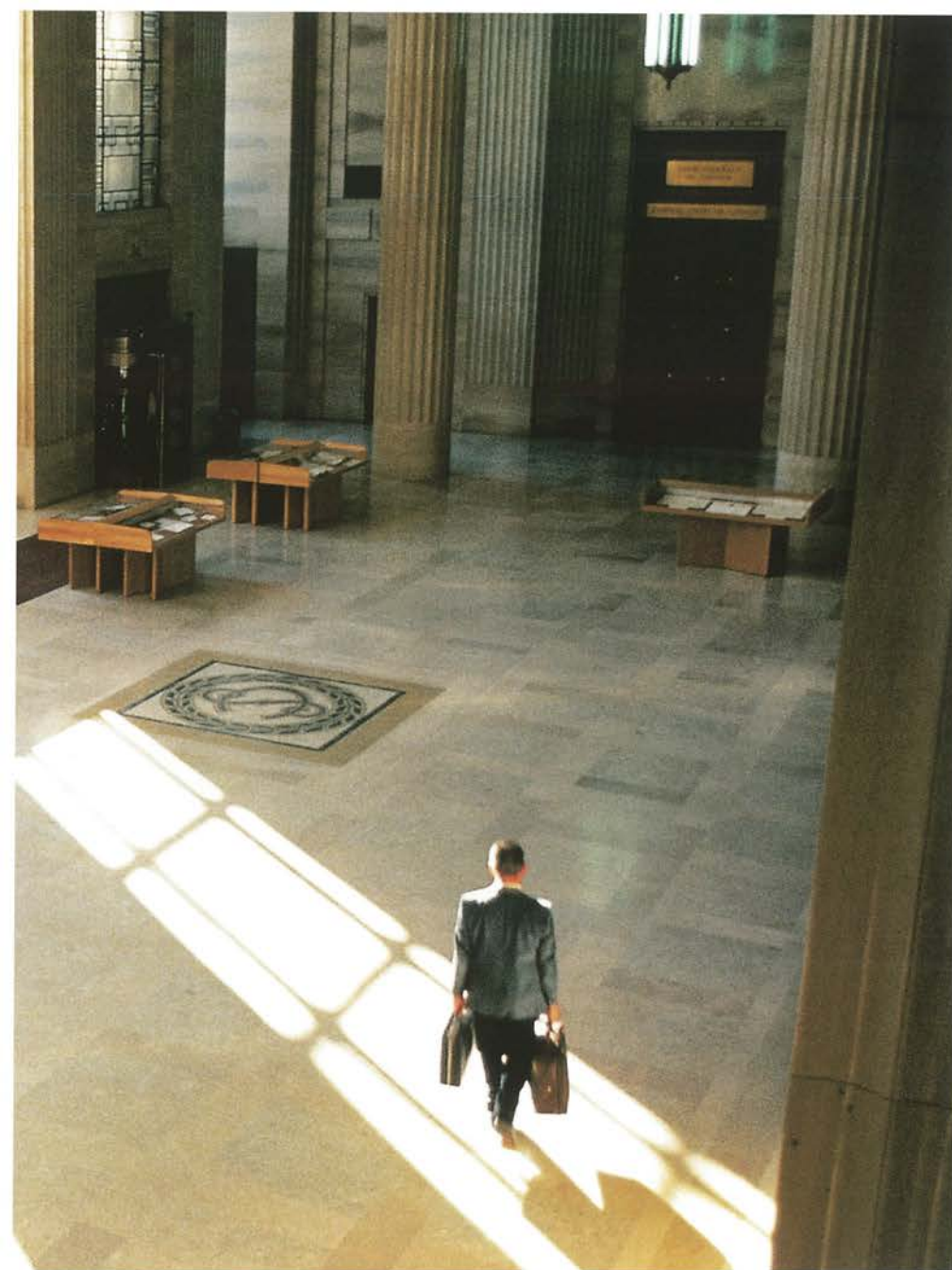
Emtek Products showed very strong organic growth in excess of 50 percent for the year. The company successfully implemented a complete new concept for providing homeowners and builders with high-end innovative decorative locks and hardware. In less than five days from order Emtek can deliver any combination of its products anywhere in the country, without keeping any finished goods in the factory or at distributors and dealers. A constant expansion of the product range and an extremely short development cycle accomplished through a network of partnerships will ensure continued strong growth.



Medeco, the market leader in high-security cylinder and locking products, showed a considerable improvement on the door security and industrial OEM sides of the business, with substantial increases in both sales volume and operating income. However, performance was slightly hampered by the lack of major orders on the 'route management' side – the electronic recording and optimizing of service visits to vending/coin-collection machines. This is expected to pick up significantly next year as a result of initiatives started during 2000 and new product launches planned for 2001.

Curries, a major manufacturer of hollow metal doors and frames, has successfully continued to focus on efficiency and expanding its range of products and services. The company's





The year 2000 saw a continuation of the trend towards higher security, particularly in the us government sector. After extensive research by security consultants, the Office of the United States Senate selected Medeco Security Locks as the sole source for providing locksets and cylinders to replace its existing conventional key system in the nation's capital.

state-of-the-art manufacturing facilities were further enhanced, and a fully automatic roll-forming line for frames started production during the year, positioning the company well for the future.

Increased efficiency was also one of the main focuses for Graham's manufacturing of architectural wood doors. The fine tuning of the ERP (Enterprise Resource Planning) system introduced in 1999 took slightly longer than expected but was completed during the year and, coupled with investments in machinery, has resulted in improved efficiency and a more flexible workflow.

McKinney's manufacture of architectural-grade hinges in Scranton also

made substantial progress, and the earlier implementation of the profit center organization started to show a positive impact on performance. McKinney is currently in the middle of a major capital expenditure program focused on both efficiency and new products, which is expected to have a significant impact on the company's growth over the next couple of years.

Sargent in New Haven, Connecticut continued its strong development and achieved substantial and stable growth during the year. Workflows and organizational structures were further refined with the powerful 'continuous improvement' approach. Together with the utilization of additional

## North America:

Total sales for the North American Group in 2000 were SEK 5,335 M (3,721). The organic growth for comparable units was 5 percent. Export sales to Group companies amounted to SEK 36 M and exports outside the Group totaled SEK 314 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
CLAS THELIN

### USA

#### **ASSA ABLOY North America Inc.**

Parent company for ASSA ABLOY's operations in the United States.  
President: Clas Thelin

#### **Abloy Security Inc.**

Active in the market for industrial locks.  
President: Scot T Hooper

#### **Arrow Lock Manufacturing Company**

Mechanical locks, door hardware and lock cylinders, with an emphasis on the aftermarket and the north-eastern USA.  
President: Charles E. Armstrong

#### **ASSA Inc.**

Occupies a leading position in the high-security segment of the market.  
National Sales Manager: Thomas Demont

#### **Curries Company**

Manufactures hollow metal doors and frames.  
President: Jerry N Currie

#### **Emtek Products Inc.**

Decorative locks and hardware for the residential market.  
President: Thomas Millar

#### **ESSEX Industries, Inc.**

Joint sales operation for Curries, Graham, McKinney, Sargent and Securitron.  
Vice President, Sales and Marketing: Joseph J Hynds, Jr

#### **Graham Manufacturing Corporation**

Manufacturer of architectural flush wood doors.  
President: Jerry N Currie

#### **McKinney Products Company**

Manufactures a broad, complete line of hinges.  
President: Thanasis Molokotos

#### **Medeco Security Locks Inc.**

Market leader in high-security locks and lock systems for doors and industrial applications.  
President: Bernd-Dieter Wempen

#### **NEL Corporation**

Primarily focuses on marketing and sales of exterior security rim locks under the SEGAL brand.  
Director: Joseph Kingma

#### **Sargent Manufacturing Company**

Manufacturer of a complete line of locks and door hardware with a wide range of cylindrical locks, mortise locks, exit devices, door closers, electromechanical products and cylinder systems.  
President: Thanasis Molokotos

#### **Securitron Magnalock Corp.**

Market leader in magnetic locks and other electromechanical lock products.  
President: Robert Cook





capital improvements, this resulted in even stronger performance, and the company is now used as a role model worldwide to exemplify the step-by-step improvement process in the Group.

In line with the rest of the electronic access control industry, Securitron picked up pace after a soft period in the middle of the year. The company shows strong double-digit growth for the full year, with continued improved operational performance.

In Canada the units continued to show substantial growth, although the pace was somewhat slower than last year. Additional emphasis was put on coordination of efforts under a common country management. The product range was further expanded with the addition of electromechanical products from Securitron and HES.

In Mexico the acquisition of the remaining 51 percent of Scovill Locks was completed according to plan during the year. With a continued strong and stable home market as a base, the company has shown steady double-digit growth and maintained good profitability. After a successful and uneventful presidential election in the country, indications are now that the growth pattern will continue and maybe even strengthen further.

### Market and market trends

Even though market growth has been somewhat lower than during the previous year the activity level is still very high. At this stage no general contraction has been experienced, but rather flattening out at a very high level. Somewhat lower activity is expected during the coming year but there are no indications that the important institutional sector of the market will show any softening. The educational market in particular is expected to continue to show strong growth, while the commercial segment will probably show a moderate decline.

Strong growth was exhibited this year in some particular areas of the market, notably electromechanical products such as magnetic locks, electric strikes and electromechanical keypad locks. In addition Sargent's aftermarket business grew substantially and shows great future promise. Another area displaying substantial growth is the expanded range of aluminum door closers sourced from Abloy in Finland. The inroads into the residential market were also successful and Emtex's growth exceeded 50 percent.

### The trend towards higher security

Following incidents at schools and workplaces, a number of initiatives

were taken to support the underlying trend towards higher security. Partnerships have been established in order to address the issues on a broader basis. The 'Building Security' initiative taken by ESSEX Sales and Marketing focuses on the security and safety needs of buildings over their whole life. Increased coordination between the Group's high-security companies was also initiated in both the USA and Canada. The ambition is to expand the market and increase security awareness in general and show how products and services provided by the different ASSA ABLOY companies can satisfy this need.

Other initiatives to address these issues were taken with local law enforcement authorities, with insurance companies both centrally and locally, and with non-profit organizations such as the National Crime Prevention Council.

### New products and initiatives

The ESSEX Sales and Marketing organization, which represents Curries, Graham, McKinney, Sargent, Securitron and HES on the construction market, was further strengthened during the year. Additional resources were added, primarily on the specification writing side, and new specification writing tools were developed. The





The new Cook County Hospital in Chicago is the largest new construction endeavor in the last 100 years in this major metropolitan marketplace. The new 1.2 million square foot facility will be anchored by Curries hollow metal doors and frames and Sargent hardware throughout its mammoth structure, totaling over 5,000 openings in all.

Openings Source – an Internet-based tool for product selection and specification – was enhanced through added functionality. A function for central support of these efforts and development of the architectural promotional program was also added, with a strong emphasis on the institutional market.

Focused implementation and follow-up of a number of well defined growth projects and cross-selling opportunities have been helpful tools in the continued growth of the Group. Initiatives include expansion of the ESSEX offerings through magnetic locks from Securiton and electric strikes from HES; continued penetration of hinges from McKinney into the Canadian market; sourcing of tubular locks for the US market from Scovill in Mexico; further development of National Accounts; and increased focus on OEM customers.

A number of e-commerce initiatives have materialized during the year, focusing primarily on Business-to-Business sales. The main areas addressed relate to access to updated information and efficiency tools for the ASSA ABLOY companies, their trading partners and others who influence the market such as architects, specifiers etc. Benchmarking

and development of best practices are also used in this area, together with a more structured approach aimed at coordinating the development of an overall e-commerce strategy.

The rapid development of new products over the last couple of years, especially at Sargent, Emtek and Securiton, is starting to pay off, as can be seen in the organic growth of these companies. Emtek is constantly expanding its product portfolio with new designs and complementary products, and the response from the market has been instant and very positive.

The overall focus of product development this year was on enhancements and improvements, but some major launches are planned for 2001. These include a completely new state-of-the-art cylindrical lock to be launched at the start of the year. The unique design of this lock will add durability, features and functionality to Sargent's established cylindrical lock line.

#### Yale Security Group \*

Joint administration, sales, marketing and distribution center operations for Yale Commercial Locks and Hardware, Corbin Russwin Architectural Hardware, Norton Door Controls, Rixson Specialty Door Controls and Folger Adam Electric Door Controls.  
President: Clas Thelin

##### - Yale Commercial Locks and Hardware

Manufacturer of a comprehensive line of door hardware and locks, including an extensive range of mortise and cylindrical locks, exit devices, door closers, electromechanical products and cylindrical systems.  
General Manager: Dick Krajewski

##### - Corbin Russwin Architectural Hardware

Manufacturer of a comprehensive line of door hardware and locks, including an extensive range of mortise and cylindrical locks, exit devices, door closers, electromechanical products and cylindrical systems.  
General Manager: Dan Daino

##### - Norton Door Controls

Manufacturer of a broad line of light commercial and architectural door controls.  
General Manager: Douglas Millikan

##### - Rixson Specialty Door Controls

Manufacturer of concealed closers and pivots.  
General Manager: Eric Tannhauser

##### - Folger Adam Electric Door Controls

Manufacturer of electric strikes and supplier of security locking magnets, power supplies and door controls.  
General Manager: Eric Tannhauser

#### Folger Adam Security Inc. \*

Supplier of locks and hardware to the highest-security markets, such as detention and correctional facilities.  
President: Bruce Lucier

#### Yale Residential Security Products, Inc. \*

Provides residential locksets for both new construction and retail aftermarket applications.  
President: Craig Dorsher

#### CANADA

##### ASSA ABLOY of Canada Ltd.

Markets and sells Sargent, McKinney, Arrow, Securiton and HES products in Canada. Responsible for the overall market coordination in Canada including also Abloy and Medeco.  
President: Greg M Erwin

##### Abloy Canada Inc.

Markets and sells ABLOY products in Canada.  
President: Stephen Timmons

##### Medeco of Canada

Markets and sells Medeco products in Canada.  
Director: Alan Heaney

##### Yale-Corbin Canada Limited \*

Canadian distribution company for Yale Security Group.  
President: Bill McLean

#### MEXICO

##### Scovill Locks, S.A. de C.V. \*\*

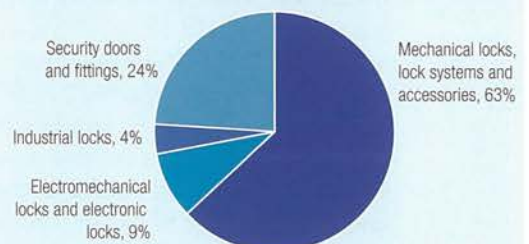
Market leader in Mexico in cylindrical and tubular locks.  
President: Roberto Lebrija Castilla

\* Consolidated from August 25 2000  
\*\* Consolidated from July 1 2000

#### Trends

SEK M	2000	1999	1998	1997	1996
Sales	5,335	3,721	2,916	2,402	1,872
Average no. of employees	4,216	3,305	2,715	2,406	2,450

#### Sales by product group





## Product-related investment restores market leadership

Lockwood Security Products Pty Limited conducts most of ASSA ABLOY's business in Australia and New Zealand. The company, which was a 50/50 joint venture with Australian manufacturer Email Limited through-out 2000, became a fully owned ASSA ABLOY Group company on January 31 2001 when ASSA ABLOY acquired the outstanding shares.

Under the arrangement Lockwood is already fully integrated into the ASSA ABLOY management structure, taking full benefit of relationships with other Group companies. During its first full year in the Group, Lockwood has rationalized its operations to focus on particular products and market segments. Abloy Security covers the industrial locking market, Lockwood Residential Products manufactures in Brisbane, and Lockwood Commercial Products manufactures in Melbourne. Lockwood Arrow Ltd. manufactures door closers and markets Australian-made products in New Zealand.

In March 2000, ASSA ABLOY acquired Trimec Technology Pty Ltd of Sydney, strengthening its position in the important electromechanical market. Trimec designs and manufactures innovative electric strikes for international markets.

### Market and market trends

The Australian market for construction hardware experienced a turbulent year following the imposition of a Goods and Services Tax (GST) of 10 percent on July 1. In the residential sector, as predicted last year, this created pull-ahead demand in the first half and a severe downturn in the second half. The commercial market trended down all year, but the second half was accentuated by the effect of the GST. In the industrial market Abloy achieved

growth of 8 percent despite the generally flat trading conditions, helped by new products and improved response times.

While New Zealand was not subjected to any taxation changes it showed some general softening in the second half. In major export markets there was some offsetting strengthening, particularly in Asia, which presents good future opportunities.

### Profitability has continued to grow despite the market conditions.

Overall, the year gave Lockwood the opportunity to develop a superior range of products which not only enabled it to maintain sales at higher margins, substantially minimizing the impact of the GST on the Australian businesses, but has strengthened market position for the next general upturn expected in 2002.

### The trend towards higher security

The refocusing of strategy, initiated in 1999, from productivity-related investment to product-related investment, has shown impressive results in 2000 and re-established Lockwood as the industry leader. Lockwood is synonymous with high-quality door and window hardware in the region, with a 65 percent unaided brand recall in Australia, 52 percent ahead of the second most recognized brand, Yale. Together with the ongoing support given to community, institutional, government and semi-government bodies, this position will increasingly be used to influence the regulation, standardization and general professionalism of the industry, which by European standards remains at a low level. The establishment of



Standards in Australia, New Zealand and Asia is supported by Group input on European and US Standards.

The launch of the Lockwood Twin security keying system, developed in conjunction with Assa (Sweden), was used as a platform to redevelop the company's alliance with the locksmithing industry. Product launches and industry conferences allowed concurrent promotion of the concepts of 'The Positive Spiral' and 'Leading the Trend towards Higher Security', which were received enthusiastically by many influential industry participants. A Lockwood Security Council was formed as a forum for direct and regular contact between the major locksmiths and the company.

### New products and initiatives

In the commercial market, as well as the Lockwood Twin, Lockwood launched the 9000-series panic exits manufactured by JPM (France), a range of cylinders from Medeco (USA), and a





**Australia and New Zealand:**  
 Sales by companies in the Australian organization in 2000 amounted to SEK 754 M (590). Organic growth for comparable units was 0 percent. Export sales to Group companies in other countries amounted to SEK 4 M and other exports totaled SEK 18 M.

GROUP VICE PRESIDENT ASSA ABLOY:  
 GEOFF NORCOTT

**AUSTRALIA**

**Lockwood Security Products Pty Limited**  
 Manufactures and markets lock products such as door and window hardware, mortise locks, rim locks and door closers for the Australian residential and commercial markets.  
 President: Geoff Norcott.

**Abloy Security Pty Ltd.**  
 Markets and sells the full range of ABLOY products.  
 Managing Director: Joe Lahoud.

**Trimec Technology Pty Ltd. \***  
 Manufactures electric strikes and related products for Australian and international markets.  
 Managing Director: Roy Bowyer.

**NEW ZEALAND**

**Lockwood Arrow Ltd.**  
 Manufactures door closers and markets Lockwood products on the New Zealand market.  
 Manager: Bruce Pollard.

\* Consolidated from July 1 2000

The Sydney Showground, the baseball venue at the 2000 Olympic Games, covers 30 hectares in the heart of Sydney Olympic Park. Door hardware from Lockwood is installed on approximately 2,500 doors and includes Synergy mortise locks, Artefact door furniture and a complete range of door closers.

complete new range of padlocks, including Maximum Security Padlocks, from Abloy (Finland). The launch of the padlock range was coordinated with the introduction of planogramming (a food-retailing merchandizing tool) to DIY customers. This tool will be of mutual benefit, optimizing the use of shelf space to maximize sales.

A new electromechanical product package for the regional market includes a cardkey system jointly developed by Timelox (Sweden) and Lockwood, and locally made Trimec electric strikes.

On the residential side the most significant launch was a new range of locks and handles for patio sliding doors, which replaced a 30-year-old design and significantly upgraded both security and style. The new Lockwood Twin system can be used to masterkey this product for light commercial and hotel applications. Another development is an innovative privacy adaptor

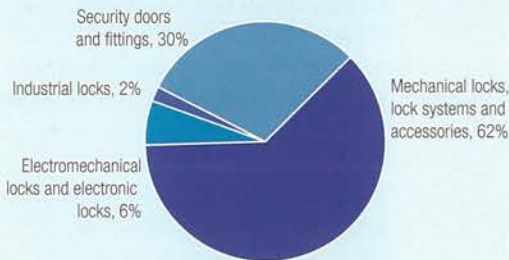
for internal lever furniture. This is typically used in nursing home applications where some privacy is required but emergency access (via a clutch override) must be possible. A new Security Combination Residential Front Door Suite combines the safety and security features of the innovative 001 Rimlock with the style of Lockwood's Daintree furniture.

The speed of local product development and the introduction and integration of Group products have made an exciting impact on the market and provide a base for significant future growth.

**Trends**

SEK M	2000	1999	1998	1997	1996
Sales	754	590	-	-	-
Average no. of employees	1,003	1,111	-	-	-

**Sales by product group**





## Expanded worldwide opportunities through acquisitions and growth

### CENTRAL AND EASTERN EUROPE

In the Baltic countries Abloy is represented by the subsidiary Abloy Oy Eesti Filiaal in Estonia and representative offices in Latvia and Lithuania. Assa's Estonian subsidiary ASSABalt AS markets the products of the Group's Swedish companies in all three Baltic countries.

In 2000 the market began to recover from the effects of the Russian crises. Organic growth was particularly good in Latvia and Lithuania. ASSA ABLOY kept its market leadership, aided by an improved distribution network, but the market still has great potential for 2001 and beyond. Both Abloy and Assa launched new products to meet growing demands for high security.

Notable projects included the SAS Radisson Hotel in Tallinn, Estonia and the head office of the Latvian Mobile Telephone company in Riga, Latvia.

In the Czech Republic and Slovakia, ASSA ABLOY's organization consists of FAB A.S., FAB Projekt s.r.o. and FAB Slovakia s.r.o. FAB is the Czech Republic's largest lock company, manufacturing and marketing construction locks, industrial locks, padlocks, cable locks and car locks. FAB Projekt is a sales company formed during 2000 to penetrate the high-end specification market for projects such as international business complexes and shopping centers. FAB Slovakia manufactures lock cases and markets other FAB products in Slovakia.

After a long recession there were signs of slow recovery and increased construction activity. Sales were generally stronger, especially in the second half, but revenues from car locks fell after a model change at Skoda. Demand for more sophisticated and

higher-security products is growing, and the DIY business is developing fast with the major European retail chains investing in the market. FAB launched a new high-security cylinder on the Czech and Slovak markets in 2000 and is the only company offering a Czech patented key.

In Hungary, a new sales company, ASSA ABLOY Hungary Kft, started operation in mid-year. The country's economic development has been very positive in recent years and the Group's aim is to secure penetration of a growing market for a wider and more sophisticated range of products.

In Poland the Group's sales are handled by ASSA ABLOY Poland Sp. z o.o. As the largest and fastest-growing market lined up for EU membership, Poland is attracting much international attention. The major European retail chains are investing heavily in the DIY sector and the number of outlets is increasing very rapidly.

Strong market development in 2000 is expected to continue next year, although the extremely high new-construction activity may level out.

The Polish sales organization was heavily reinforced and all business segments grew, particularly the industrial segments. The new Warsaw Stock Exchange was a notable project. Awareness of sophisticated high-security products is increasing, and launches during 2000 included multipoint locks and panic exit devices.

In Romania the Group is represented by ASSA ABLOY Romania S.r.l., which markets high-security products from Group companies including Assa and VingCard, and by the largest local lock manufacturer Urbis Security S.r.l.

Despite a weak economy and a difficult market, ASSA ABLOY Romania

achieved good organic growth. The product range was extended and the sales organization developed. Sales of VingCard's hotel products grew.

Urbis, which holds a leading share of the Romanian lock market, maintained domestic sales at 1999 levels and established two new distribution centers to improve efficiency and service. Production technology was upgraded by major investment in a new surface treatment facility and by the relocation of manufacturing machinery from Grorud in Norway. This allowed Urbis to make a successful start to production of door hardware for the Group's Scandinavian companies.

### ISRAEL

In January 2000, ASSA ABLOY acquired Mul-T-Lock Ltd, Israel's leading lock company and a world leader in the development, manufacture and distribution of high-security cylinders, padlocks, multipoint locks, keys, key blanks and digital safes. With subsidiaries in the USA, Canada, the UK and France and distributors in 70 countries, Mul-T-Lock's growth is driven mainly by exports, which account for 70 per cent of sales. The subsidiary Mul-T-Lock Machinery Ltd manufactures key-cutting machines and assembly machinery for the lock industry.

In Israel, the recession continued for a fourth year. The company name was changed to Mul-T-Lock (in Hebrew), with advertising and PR campaigns to strengthen the new name. Contacts with the Israeli Locksmith Association and with manufacturers of steel doors were strengthened, and complementary products from Group companies such as JPM in France were introduced.



The most important export markets are North America, Europe and Asia. New products were launched by all four subsidiaries to meet the specific needs of regional markets. The 700 lock, a multipoint rim lock for entrance doors designed for the French market, also sold well elsewhere. Mul-T-Lock (UK) developed the Elite single-door electromechanical access control device, which was sold during 2000 in the UK only. The dealer network in new territories was expanded and new branches were opened. A major initiative to

penetrate the Japanese market was spearheaded by twelve new high-security cylinders developed to meet Japanese Standards.

A gradual transition to higher-security and patent-protected products was backed by continuous R&D activity to expand and upgrade the product range. A new production line to manufacture personalized key-blanks was installed, and hundreds of thousands of these attractive metal blanks and keys with customer details coined on them were sold in 2000.

Mul-T-Lock has supplied all the high-security products such as cylinders, padlocks and masterkey systems in the seaport of Ashdod in Israel. Mul-T-Lock is the leading high-security locking company in Israel.

## New Markets:

Consolidated sales in New Markets in 2000 amounted to SEK 981 M (354).

GROUP VICE PRESIDENT ASSA ABLOY:  
ÅKE SUND

## Central and eastern Europe:

Sales for the central and eastern European countries amounted to SEK 291 M (274).

## Israel:

Sales by the Israeli company Mul-T-Lock amounted to SEK 354 M. Exports to Group companies in other countries amounted to SEK 0 M and other exports totaled SEK 227 M.

## South America:

Sales by the Brazilian company Yale La Fonte amounted to SEK 58 M.

## Asia:

Sales by companies in the Asian organization amounted to SEK 275 M (93).

## Southern Africa:

Sales by the South African and Zimbabwean companies amounted to SEK 49 M.

### THE BALTIC COUNTRIES

#### ASSABalt AS

Markets and sells ASSA products in the Baltic countries.  
President: Tarmo Talvet

#### Abloy Oy Eesti Filiaal

Markets and sells ABLOY products in the Baltic countries.  
Manager: Ahti Ovaskainen

### CZECH REPUBLIC

#### FAB a.s.

Manufactures and markets construction locks, industrial locks, padlocks, cable locks and car locks.  
President: Vladimír Bayer

#### FAB Slovakia s.r.o.

Manufactures lock cases; markets and sells other FAB products. President: Jaroslav Holzer

#### FAB Projekt s.r.o.

Sales company formed during 2000 to penetrate the high-end specification market for projects.  
President: Martin Svoboda

### HUNGARY

#### ASSA ABLOY Hungary Kft.

Markets and sells ASSA ABLOY products in Hungary.  
Managing Director: Géza Póka

### POLAND

#### ASSA ABLOY Poland Sp. z o.o.

Markets and sells products from other Group companies on the Polish market.  
President: Jakub Gawęcki

### ROMANIA

#### ASSA ABLOY Romania S.r.l.

Markets and sells high-security products from other Group companies.  
President: Attila Sylvester

#### Urbis Security S.r.l.

Manufactures and markets locks and fittings.  
President: Attila Sylvester

### ISRAEL

#### Mul-T-Lock \*

Produces high-security cylinders and locks for institutional, commercial, industrial and residential applications.  
President: Tzachi Wiesenfeld

\* Consolidated from February 1 2000





## New Markets:

### SOUTH AMERICA

The acquisition of Yale Intruder Security in August 2000 gave ASSA ABLOY a significant presence in South America for the first time. Yale La Fonte Sistemas de Seguranca Ltda manufactures and markets mortise lock sets, exit devices and hinges for commercial, industrial and residential applications in Brazil. It also exports to other South American countries, notably Argentina and Chile.

The South American lock segment is fragmented into many small companies and has high development potential. ASSA ABLOY and Dorma are the only international companies manufacturing in Brazil. The country's unique mortise lock, with no standard dimensions, makes it hard for foreign players to break into the market.

Since most products commercialized in Brazil are very simple, the constant launch of new lever models, trimware and finishes is an important factor in leading local architectural trends. During 2000, Yale La Fonte also supplied lever handles to sister companies in the USA, and plans to develop new handles for the Group in 2001.

The launch of the Inova line of locksets in late 2000 aims to satisfy the security need of the medium-end market, and the launch of a higher-security cylinder and a multipoint lock have been studied for 2001.

Higher-security products currently have an insignificant share in South America. In order to introduce high-security products already available within the Group, Yale La Fonte will continue to develop its locksmith/retail stores (owned or franchised) in Brazil and to open offices and showrooms in Peru, Chile and Bolivia.

In 2001 Brazil is expected to show



Guli is the leading lock brand in China. In addition to supply through traditional hardware channels, Guli locks are sold in the growing number of international retail outlets such as the B&Q store in Shanghai.

4 percent growth in GDP and around 3 to 3.5 percent for the construction market. With increasing affluence, the low-end market is showing exponential growth. A shortage of residences and the high concentration of urban population are fueling new construction.

### ASIA

Following the acquisition of Yale Intruder Security in August 2000, ASSA ABLOY's Asian organization consists of sales companies in China, Hong Kong, Malaysia, Singapore and Thailand and the manufacturing company Yale-Guli Security Products (Guangdong) Ltd in China.

ASSA ABLOY Asia markets a broad spectrum of products from Group companies while Yale (Hong Kong) markets Yale-brand products across

Asia. Yale-Guli is China's largest lock company, manufacturing locksets, rim locks, mortise locks and door closers for domestic and export markets and marketing Yale products in China.

Led by Singapore, which showed sustained economic growth, Asian markets saw some recovery during 2000, although construction activity in most countries was held back by over-supply of both commercial office space and housing. Despite the negative impact of price deflation, China maintained positive economic growth and Hong Kong is recovering. Political uncertainties and economic problems continue to hold back the Philippines and especially Indonesia. Economic indicators such as lower interest rates now encourage belief in a sustained recovery in the region.



ASSA ABLOY's Asian sales are mainly to the construction industry, retail distributors, hotels, professional end-users and OEM purchasers. The ABLOY, SARGENT, Vachette, ASSA, Lockwood and Yale brands all increased market share significantly. In China, focus on the project sector produced contracts for the Beijing International Finance Center and the Bank of China headquarters among others. Prestige projects elsewhere included St Theresa's Hospital in Hong Kong, the Slim River Hospital in Malaysia, Singapore Cable Vision, several new prestige hotels in Bangkok, and many office, housing and government projects in Hong Kong, Singapore, Malaysia and Thailand. In Malaysia a new fire door Standard was developed and established in close cooperation with ASSA ABLOY.

In China, Yale-Guli maintained its domestic leadership despite downward price pressure and strong competition. It is now a major supplier to international retailers opening up in China such as Wal-Mart, Carrefour and B&Q. Opportunities for low-cost manufacture for other Group companies were assisted by a sustained program of upgrading product quality. Sales to North America and Europe of a new door closer line were good, and new high-security rim locks and mortise locks were launched.

## SOUTHERN AFRICA

The acquisition of Yale Intruder Security in August 2000 gave ASSA ABLOY a leading position in the fragmented southern African market. Yale-Union Security South Africa manufactures the country's most comprehensive range of physical security hardware for architectural,

DIY and OEM applications. Chubb Locks Union Zimbabwe markets a full range of security products to the Zimbabwean and selected regional markets.

The South African lock industry is closely linked to the building sector, which has been in recession for two years. Although the high interest rates following the Asian crisis have now softened, the political situation in neighboring states has caused cash concerns in the entire region. The building industry is expected to improve in the second half of 2001.

In the replacement/DIY market, Yale-Union enjoyed good growth and expects this to continue. The South African market is one of the most security-conscious in the world, with an increasingly affluent middle class.

Through benchmarking, employee education and new investments, Yale-Union has dramatically improved quality and service, extended its brand and product leadership and met British Standard specifications for its security lever locks. New commercial and higher-security products will allow continued growth when the economy revives.

## SOUTH AMERICA

**Yale la Fonte Sistemas de Seguranca Ltda. \***  
Manufactures a wide range of security products including locksets, exit devices and hinges for commercial, industrial and residential applications.  
President: Ricardo Bargieri

## ASIA

**ASSA ABLOY Asia Limited**  
Acts as holding company for the Asia region, marketing and selling Group products primarily for commercial, institutional, residential and industrial applications across Asia. Subsidiary companies and sales offices are located in Singapore, China, Hong Kong, Malaysia and Thailand.  
President: C.K. Jeang

**Yale-Guli Security Products (Guangdong) Ltd. \***  
Manufactures primarily residential locks for China and for export world-wide.  
President: C.K. Jeang

## SOUTHERN AFRICA

**Yale-Union Security South Africa \***  
Offers the most comprehensive range of architectural, DIY and OEM ranges of physical security hardware.  
Managing Director: John Middleton

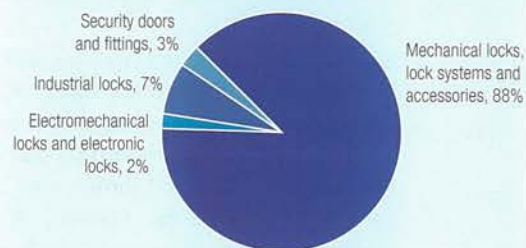
**Chubb Locks Union Zimbabwe \***  
Markets a complete range of security products.  
Managing Director: Rory Vahey

\* Consolidated from August 25 2000

## Trends

SEK M	2000	1999	1998	1997	1996
Sales	981	354	186	68	—
Average no. of employees	3,296	1,774	1,936	385	—

## Sales by product group





## Consistently growing markets for hotel door-locks and safes

ASSA ABLOY's global marketing of specialized security systems to the international hospitality industry is conducted through two different organizations: The VingCard Group, with headquarters in Norway, and Timelox, based in Sweden, which the Group acquired in late 2000.

### VINGCARD

VingCard's business concept is based on card locks that accept key cards with magnetic stripes and are quickly recoded for each new hotel guest or cruise ship passenger. Integrated systems are becoming increasingly important, where the key card is also used to open in-room safes, to give access to recreation areas, for energy control and as a chargecard in adjoining shops and restaurants.

VingCard's subsidiary Elsafe International offers in-room hotel safes, also recodable, accessed via a personal digital code, key card or credit card.

### Market and market trends

Out of about 13 million hotel rooms worldwide, there are currently some 6 million card locks installed. As the international hotel business continues to consolidate into fewer and larger hotel chains, VingCard, primarily a solution provider, has focused on building strong relationships with the major hotel groups. The combination of new hotel construction, upgrading of older systems during major renovation, and penetration of the concept to smaller hotels offers good potential for continued growth. Aftermarket sales, and service and support contracts, will be another increasingly important growth area.

VingCard sales in Europe, the Middle East and Africa continued to

grow substantially in 2000. VingCard's growth exceeded general market growth, allowing its market share to increase in many markets. The Asian region is showing signs of recovery after years of recession. Projects put 'on hold' are now advancing again. The US market is at the same level as last year but is expected to see future growth thanks to the need to upgrade the large number of electronic locks sold in the early 1990s.

The cruise ship market is growing. VingCard's marine division had another good year and future demand is strong.

VingCard's Persona product group, based in the USA, caters to residential facilities on university and college campuses. With its need for intelligent and convenient security solutions, this market is expected to grow substantially.

Elsafe International had another generally successful year, achieving its forecast increase of approximately 20 percent in the number of safes sold. The North American division produced particularly good results, and it was pleasing to see growth in the key Asian region sustained for two years, indicating that the Elsafe brand name has weathered the recession. As well as the established market for electronic in-room safes at larger resort properties, rapid growth is expected as more city hotels install room safes as a standard security and convenience feature.

### The trend towards higher security

General security awareness among hotel guests is constantly increasing. VingCard therefore focuses strongly on identifying customers' needs and developing innovative, tailor-made products to satisfy them. The partnership concept, based on exchange of

ideas and experience, has led to many great inventions. Being part of ASSA ABLOY also enables VingCard to meet any security requirements a customer might have.

### New products and initiatives

Together with major customers, VingCard is now looking at 'the hotel room of the future', where technology will be crucial in providing convenience with high security and safety. Modern security products must be easy to use and understand for both hotel staff and guests.

Design is also becoming more significant. Locks are an integral part of the hotel's furniture, environment and atmosphere. The new DA VINCI lock – first installed in Copenhagen's Hotel Admiral – is an outstanding example, combining contemporary design, modularity and smart-card technology.

Elsafe's Infinity Collection of in-room safes, launched last year, has established itself as the new state-of-the-art product among most international hotel chains. It uses the same Lock-SafeLink system as VingCard's DA VINCI locks, enabling customers to benefit from VingCard/Elsafe synergies.

### TIMELOX

Timelox is the world market leader in Dual-Card technology – the use of magnetic cards for guests and smart cards for staff – which it introduced to the hospitality industry two years ago. Sales are mostly to larger hotels looking to integrate their various systems. The Dual-Card is fully interfaced to all property systems including property management, point-of-sale, time attendance, security cameras, energy management and casino slot





The prestigious Renaissance Riverside Saigon Hotel is one of many properties throughout the world secured with VingCard locks.

player tracking. Installations include some of the world's largest and most prestigious hotels, such as the Venetian and the Aladdin in Las Vegas.

### Market and market trends

The specialized Timelox worldwide distribution network continues to grow, with excellent customer service and support as its main focus. In its first year within the ASSA ABLOY Group Timelox has already found new channels for its access products to the non-hotel market

### The trend towards higher security

With its Dual-Card solutions Timelox has taken door lock technology into the future. By assigning employee cards to specific doors – unlike older systems that allowed assignment to a range of rooms – the smart-card technology offers significantly better security. All

information is now recorded on a smart chip, allowing the card to be interrogated to read which doors were entered and at what time.

Timelox's Energy Management and Infrared communication systems offer cost-effective technology for communicating with a central system that monitors each room in a hotel.

### New products and initiatives

To keep its market-leading position, Timelox is continuing to develop security systems that are efficient, safe, and easy to use. In 2000, the Group company Lockwood in Australia integrated Timelox technology into a new door-unit designed for the local market. Timelox plans to develop links with other Group members, providing electronic locking features to enhance mechanical locking

### Hotel locks:

Sales for the hotel locks operations within ASSA ABLOY in 2000 amounted to SEK 1,052 M (965) representing organic growth of 4 percent. Export sales to Group companies in other countries totaled SEK 62 M.

#### VingCard a.s

World-leading solution provider of card locks and safes to the hospitality industry.  
President of the VingCard Group:  
Dag Schjerven

#### Elsafe International a.s

World leader in digital safes for hotel rooms.  
President: Alvin Berg

#### VingCard subsidiaries:

Brazil President: Erik Petersen  
Canada President: Larry Cechet  
France President: Christian Henon  
Germany President: Ansgar Frische  
Hong Kong President: Tommy Leung  
Singapore President: Fred Johansson  
Thailand President: Phonavit Manchakra  
UK President: Howard Witt  
USA President: Mats Gustafsson

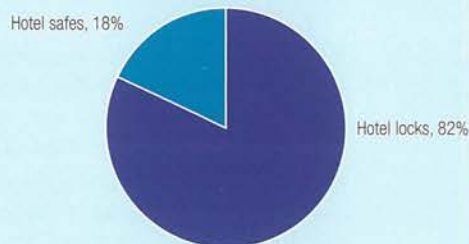
#### Timelox AB

Timelox AB develops, manufactures and markets high-technology security and access control systems. Customers are hotels, institutions and companies. Timelox AB has distribution and support channels worldwide.  
President: Jan Wabréus

### Trends

SEK M	2000	1999	1998	1997	1996
Sales	1,052	965	952	794	681
Average no. of employees	710	669	605	623	558

### Sales by product group





# Report of the Board of Directors

The Annual Report of ASSA ABLOY AB (publ.) [Corporate Organization number 556059-3575] contains the Group's accounts for the financial year January 1 – December 31 2000.

## Ownership

ASSA ABLOY's principal shareholders are Wärsilä Corporation (16.4 percent of the capital and 29.1 percent of the votes), Investment AB Latour/Säkl (9.2 percent of the capital and 18.4 percent of the votes) and Melker Schörling (3.6 percent of the capital and 5.0 percent of the votes). They are represented on the Board of Directors by, respectively, Georg Ehrnrooth and Göran Ehrnrooth; Gustaf Douglas; and Melker Schörling.

## Management

The Board determines the Group's overall strategy and the acquisition of companies and real estate. In other respects, the Board is responsible for the organization and administration of the Group in accordance with the Swedish Companies Act. New working procedures in compliance with the Act were established in 1998.

The Board consists of seven members, two employee representatives and two deputy employee representatives. The Board meets on not less than four occasions a year, of which one is a meeting combined with a visit and an in-depth review of a country in which the company has operations. During 2000, eleven Board meetings were held.

ASSA ABLOY's auditor participates in the Board's annual year-end meeting and, as a result, no special auditing committee is appointed.

Group Management consists of 18 people. Geographical responsibilities are allocated within Group Management to ensure rapid and short decision-making paths. The Group endeavors to achieve a non-hierarchical and simple organizational structure, and hence considerable emphasis is

placed on decentralization of the decision-making process.

In the annual budget process, the Board and Group Management establish business frameworks based on improvements on previous years, which also lay the basis for a high degree of decentralization of the Group's operations. The common financial and accounting policy establishes the financial control and monitoring framework.

## Important events

*Group coordination.* Continuous benchmarking between the various units has continued to produce results in the form of higher productivity and further margin improvements. Continued focus on increasing growth by cross-selling of products on new markets where the Group is represented has characterized the year. Coordination among the various units within the Group progressed.

*Acquisitions.* The acquisitions of Yale Intruder Security and HID undertaken during the year represent important additions to the Group and contribute strength both geographically and in terms of products. Sales increased by about SEK 2,700 M during 2000 as a result of the acquisitions carried out, and the Group's goodwill has increased by about SEK 8,400 M. Most of this will be amortized over 20 years. Only minor provisions have been made for restructuring costs in connection with acquisitions.

## Acquisitions made in 1999 that are consolidated in 2000

*Acquisition of effeff.* The acquisition of effeff, which manufactures electro-mechanical strikes, is contributing to creating a world-leading position for the Group in electromechanical locking. The principal shareholder's holding was taken over on February 1 2000, giving ASSA ABLOY control of 94 percent of the company. effeff's alarm

division, which has a leading position in Germany in developing, producing and marketing alarm systems for intrusion and fire security, was sold in spring 2000, since this is an area of less strategic value for ASSA ABLOY. The selling price was DEM 365 M. After the divestiture effeff will have sales of approximately DEM 150 M with a maintained high margin exceeding 20 percent.

*Acquisition of Mul-T-Lock.* Mul-T-Lock is Israel's leading manufacturer of locks and lock cylinders, with a significant export business. The company has available a modern production plant and has a range of products that can work in many markets. After divestiture of the company's production of safety doors at the time of the takeover, Mul-T-Lock has sales of USD 40 M. The company is consolidated from February 1 2000. ASSA ABLOY controls 89 percent of the company.

*Acquisition of AKI Låsgrossisten.* The acquisition strengthens Assa's distribution capacity in Sweden. The company is consolidated from April 1 2000.

*Acquisition of M. Sloth & Co.* ASSA ABLOY's Danish subsidiary Ruko has strengthened its distribution capacity in Denmark as a result of the acquisition and can offer improved service to customers. The company is consolidated from July 1 2000.

## Acquisitions made during 2000

*Acquisition of Yale Intruder Security.* ASSA ABLOY AB signed an agreement with Williams plc to acquire its lock division Yale Intruder Security on March 24 2000. Subsequently an agreement was reached with Gunnebo AB regarding the sale to them of the bank-product and safes business. The divestiture will enable ASSA ABLOY to focus its resources on other more attractive opportunities within the lock area. The sale is being completed, company by company, when necessary





anti-trust approvals are granted.

Discussions with US regulatory officials have postponed the acquisition of the Spanish company Tesa SA and its subsidiaries, which have sales of approximately SEK 700 M. The acquisition is expected to be able to proceed in summer 2001.

The acquisition of Yale Intruder Security adds 45 percent to the Group's total sales. Following the divestiture of the safes business, ASSA ABLOY expects the division, including Tesa SA, to achieve sales of approximately SEK 5,600 M this year.

The two groups have complementary strengths and there is little geographical overlap. There are considerable opportunities for organic growth available through cross-selling within the new Group. In emerging markets there is an increasing demand for better locks and higher security. ASSA ABLOY has a strong presence through its sales companies in eastern Europe and South East Asia, while the Yale Intruder Security division has a strong presence in China, South Africa and South America. In electromechanical products ASSA ABLOY will be able to benefit from shared R&D activities and the accelerated introduction of more innovative products. Yale Intruder Security is consolidated from August 25 2000.

In accordance with the acquisition agreement regarding Yale Intruder Security, including Tesa SA, the final purchase price has now been set at GBP 765 M, which is GBP 60 M less than originally announced. A corresponding adjustment has been agreed with Gunnebo AB regarding the divestiture of the safes business, whereby the previously announced purchase price has been reduced by GBP 8 M.

The total consideration, excluding Tesa SA, amounted to GBP 680 M, of which GBP 205 M was paid by new ASSA ABLOY shares. The goodwill arising from the acquisition amounts to about GBP 520 M. The acquisition of Yale Intruder Security has been cash positive

from the start. The Yale acquisition including the effects of this year's rights issues is expected to be EPS neutral during 2001 and to contribute to earnings per share thereafter.

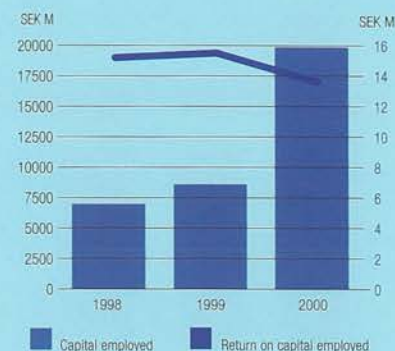
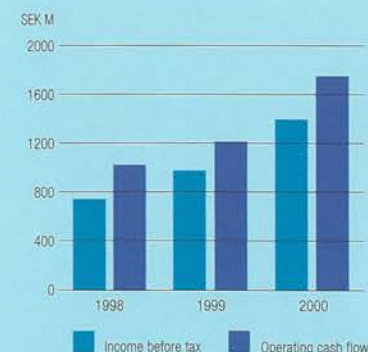
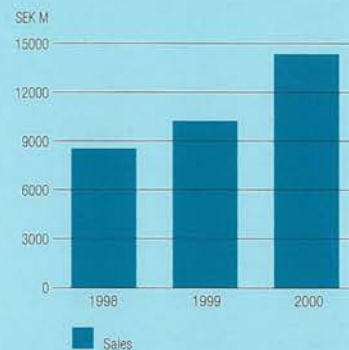
*Acquisition of Trimec.* Trimec is the leading manufacturer of electric strikes in Australia, with sales of AUD 5 M. The company's innovative range of products is an ideal fit with ASSA ABLOY's existing range. This acquisition strengthens ASSA ABLOY's position on the Australian market as well as on the fast-growing global market for electromechanical lock products. The company is consolidated from June 1.

*Acquisition of Scovill.* The option to acquire the remaining 51 percent of the shares in Scovill in Mexico has been exercised and the company is consolidated from July 1 2000. The Mexican market is showing good growth and Scovill has developed strongly during the last year, achieving sales of close to USD 25 M with high profitability.

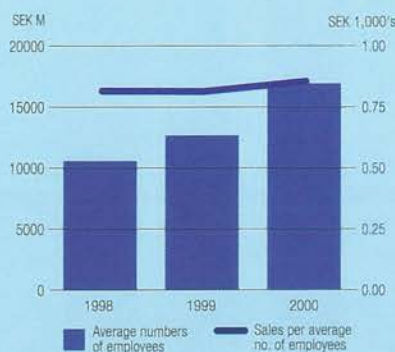
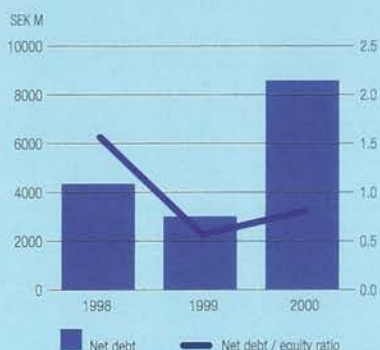
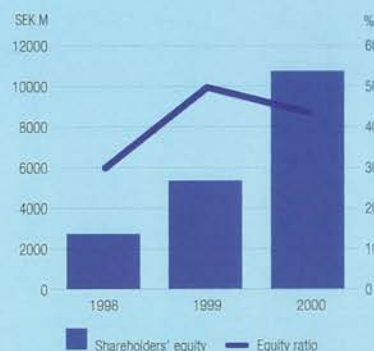
*Acquisition of HID.* A traditional lock system is a mechanical access control system consisting of identification – the key – and the blocking mechanism – the lock. In an electronic access control system the identification is done through cards and readers and the blocking mechanism is the electromechanical lock.

The electronic identification has so far been a missing link in ASSA ABLOY's product portfolio of mechanical and electromechanical locks. It has become increasingly interesting and important to take a leading position in this fast-growing segment too.

The progress being made in mobile communication technology and miniaturized electronics creates opportunities for the development of more intelligent locks, including remotely controlled locks. Radio-Frequency Identification technology (RFID) lies at the core of any such development. HID has a world-leading position in







contactless cards and readers for access control, based on RFID. 70 percent of all new access control systems sold in the world today are based on contactless reading, and HID's market share is 40 percent.

HID's sales in 2001 are expected to reach USD 110 M. The company has maintained impressively strong and profitable growth for a number of years. The EBIT margin is well in line with the electromechanical companies acquired recently by ASSA ABLOY. The electronic access control market is growing at 10–15 percent annually. HID has benefited from this growth and at the same time steadily gained market share with its own technology. HID is expected to continue to show good growth from both existing and new products based on the company's RFID technology.

The acquisition price amounts to USD 250 M. An additional payment of up to USD 30 M will be made dependent on the profit improvement during 2001. The goodwill arising from the acquisition has been calculated at USD 215 M.

HID is consolidated from January 1 2001. The acquisition is cash-flow positive from the start. It is expected to be neutral or slightly EPS dilutive in 2001 and then to contribute from 2002.

**Acquisition of Rofu.** Rofu is a Swiss manufacturer of electric strikes and door magnets with sales in Switzerland and Germany. Sales for 2000 amount to CHF 2 M. The company is consolidated from January 1 2001.

## Acquisitions made in 2001

**Acquisition of Grupo Industrial Phillips S.A. de C.V.** Phillips is a Mexican company producing a full range of lock products primarily for the Mexican lock market. The company also has exports to other Latin American countries. Its main product is the rim lock – the most common type of lock used in Mexico. The

product portfolios of Phillips and Scovill are highly complementary with almost no overlap.

Phillips is located in Mexico City and has an extensive distribution network. The company was founded in 1959 and has approximately 2,500 employees. Phillips has shown good growth and high profitability over a number of years. As Scovill is also located in Mexico City there are synergies and growth opportunities that will benefit both companies.

The acquisition of Phillips is subject to approval by Mexican Antitrust Authorities. The acquisition is expected to be finalized during the second quarter of 2001.

ASSA ABLOY first established itself in Mexico in 1998 through the acquisition of Scovill. Mexico has a population of around 100 million. The country is politically stable and is experiencing strong economic growth. The demands for new construction and security are considerable and Phillips is well-positioned to capitalize on this opportunity. Phillips had sales of approximately SEK 600 M in 2000 with a high EBIT margin. The goodwill will amount to approximately SEK 140 M and will be amortized over 20 years. The acquisition is expected to have a neutral effect on earnings per share during 2001 and contribute to earnings per share from 2002.

**Acquisition of minority share in Yale-Guli.** Discussions during the autumn with the Chinese government, our joint venture partner in Yale-Guli, have led to the acquisition of their 40 percent minority stake. The price for the shares is USD 23 M, equal to the company's equity. The full ownership is expected to improve the management's focus on business-related issues. Clear goals and responsibilities can be set and efficient benchmarking carried out.



## Integration of acquired companies

ASSA ABLOY has decided to enter its own boat in the Volvo Ocean Race with the aims of supporting the work of integration currently in progress among the 100 or so member companies of the Group and of strengthening and developing the Group's brands throughout the world. It is estimated that the project will cost USD 12 M.

## Financing of acquisitions

*New issue of shares (1:25 rights issue).* As part of the financing of company acquisitions, the Board of Directors proposed a new issue of shares, which was approved at the Annual General Meeting on May 3 2000. The new shares were issued at a subscription price of SEK 120 per share. Twenty-five existing Series A shares carried rights to subscribe for one new Series A share and twenty-five existing Series B shares carried rights to subscribe for one new Series B share. The subscription period ran from May 15 2000 to June 5 2000. The subscription rate was 99.9 percent and the issue raised SEK 1,518 M.

*Issue in kind with disapplication of the shareholders' preferential rights.* The Annual General Meeting also decided to increase the company's share capital by not more than SEK 19,765,032 through an issue of not more than 19,765,032 new shares of Series B, each share with a nominal value of SEK 1. The reason for the issue in kind and the disapplication of the shareholders' preferential rights was that the purchase price for ASSA ABLOY AB's acquisition of Williams' lock division, Yale Intruder Security, was paid in part by the issue of new shares of series B in ASSA ABLOY AB. The number of shares was based on a price of SEK 145 per share, which was the average closing price during the weeks prior to announcement of the Letter of Intent.

In addition to the issues mentioned above, ASSA ABLOY signed a new syndicated loan facility of EUR 1,200 M on June 27 2000. The facility is a Multi-Currency Revolving Credit and split

into two tranches: one 364-day tranche of EUR 420 M, with an option for ASSA ABLOY to extend, and a five-year tranche of EUR 780 M. The facility replaces the previous USD 500 M facility.

Repurchased convertible debentures 95/00 have been divested and the proceeds amount to SEK 524 M and generated a financial gain amounting to SEK 323 M. This gain has been offset by non-recurring finance costs incurred in connection with the acquisition of Yale Intruder Security. These costs relate to new financing of the Group, SEK 125 M, and a premium, SEK 200 M, giving insurance coverage against increasing interest rates during the next three-year period. All convertible debentures 1995/2000 have now been converted into shares.

## Comments on the income statement

Group sales totaled SEK 14,394.1 M (10,277.2). This is an increase of 40 percent compared with 1999. In local currencies the increase amounted to 37 percent, comprising organic growth of 5 percent (5) for comparable units, while acquired units accounted for 32 percent of the increase in volume.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to SEK 2,705.4 M (1,860.7). This was an increase of 45 percent compared with 1999. The increase is primarily due to improvements in operational units and to acquisitions. The gross margin, defined as EBITDA in relation to sales, was 18.8 percent (18.1).

Operating income before goodwill amortization amounted to SEK 2,107.2 M (1,382.4), an increase of 52 percent. The operating margin before goodwill amortization was 14.6 percent (13.5).

Goodwill amortization amounted to SEK 387.0 M (189.0). The increase is attributable to acquisitions during 1999 and 2000.

Consolidated income before tax amounted to SEK 1,402.0 M (980.6). This represents an increase of 43

percent compared with the preceding year. Share in earnings of associated companies relates mainly to the holdings in Scovill during the first half year. In translating the income statements of subsidiaries, foreign exchange effects had a positive impact of SEK 21 M (34) on income before tax. Profit margin, defined as income before tax in relation to sales, was 9.7 percent (9.5).

The Group's tax charge totaled SEK 453.1 M (279.6), corresponding to an effective tax rate of 32.3 percent (28.5) in relation to income before tax.

The Parent Company's income before tax amounted to SEK 130.0 M (261.2).

## Comments on the cash flow analysis

The consolidated operating cash flow amounted to SEK 1,755.6 M (1,218.5), equivalent to 125 percent (124) of income before tax. Cash flow from operating activities before interest and tax totaled SEK 2,703.8 M (1,862.6), an increase of 45 percent over the previous year.

Capital expenditure on tangible fixed assets, less sales of tangible fixed assets, amounted to SEK 496.9 M (390.2), which corresponded to 83 percent (86) of depreciation of tangible fixed assets applicable to the financial year.

Total purchase price for investments in subsidiaries amounted to SEK 10,780.6 M (716.8).

Acquired net debt totaled SEK 1,142.7 M (514.9). The acquisitions carried out in 2000 were to a large extent financed by borrowings.

The dividend to shareholders for the 1999 financial year was SEK 237.5 M (178.2), which represents about SEK 0.74 per share.

The Parent Company's cash flow amounted to SEK 0.6 M (78.5).





## Comments on the balance sheet

Accounts receivable amounted to SEK 3,276.3 M (1,796.2), corresponding to 22.8 percent (17.5) of sales. The increase was chiefly due to acquired accounts receivable.

Inventories amounted to SEK 2,808.4 M (1,564.7), which corresponds to 19.5 percent (15.2) of sales. This increase likewise is attributable primarily to acquired inventories.

Intangible fixed assets amounted to SEK 12,259.0 M (3,388.1). The increase includes acquired goodwill of SEK 8,414.1 M.

Tangible fixed assets amounted to SEK 4,811.0 M (2,955.4). Direct net investments in tangible fixed assets totaled SEK 496.9 M (432.2).

Capital employed in the Group – defined as total assets less interest-bearing assets and non-interest-bearing short-term and long-term liabilities, including deferred tax liabilities – amounted to SEK 19,847 M (8,602). The increase is mainly due to the acquisition of Yale Intruder Security. The return on capital employed was 13.6 percent (15.5).

The Parent Company has invested further in shares in subsidiaries, including Mul-T-Lock in Israel, Yale Security in the UK and Yale Security Products in Italy. The largest single investment, corresponding to SEK 6,000 M, represents a capital contribution to ASSA ABLOY Financial Services AB.

## Financing

Cash and cash equivalents amounted to SEK 1,479.5 M (196.2). Cash and cash equivalents are invested in banks with high credit ratings. Net debt amounted to SEK 8,559.9 M (2,997.7), of which SEK 969.0 M (606.6) consisted of pension liabilities. Net debt increased due to the acquisitions but the effect was reduced by the new issue and the strong operating cash flow.

The Group's long-term loan financing consists mainly of the Multi-Currency Revolving Credit agreement for a maximum of EUR 1,200 M. EUR 780 M of the facility runs over five

years and EUR 420 M runs for one year with an option to extend. At year-end EUR 775 M had been utilized. The interest-coverage ratio, defined as income before taxes increased by net interest divided by net interest, was 5.5 (5.3).

Fixed-interest-rate periods for borrowings are generally short, averaging less than one year. This is partly because Group revenues largely follow the trends in each country, and partly due to the strong cash flow.

Shareholders' equity totaled SEK 10,727.3 M (5,337.0). The equity ratio was 43.3 percent (49.6). The net debt / equity ratio, defined as net debt divided by shareholders' equity, was 0.80 (0.56).

## Personnel

The average number of employees was 16,881 (12,654). The increase was mainly due to the acquisition of Yale Intruder Security.

The Group's total wage, salary and other remuneration payments, including holiday pay but excluding social welfare costs, amounted to SEK 3,539.6 M (2,784.3).

The average number of employees in the Parent Company was 31 (21).

## Environmental impact

Four of the ASSA ABLOY Group's subsidiaries in Sweden carry out permitted business activities in accordance with environmental regulations. The Group's permitted and registered activities affect the external environment chiefly through the subsidiaries ASSA AB, ASSA Industri AB, AB FAS Låsfabrik and FIX AB. The companies operate machine shops and foundries and associated surface-coating plants which have an impact on the external environment through the discharge of water and air.

The subsidiaries ASSA AB, ASSA Industri AB, AB FAS Låsfabrik and FIX AB are actively addressing environmental questions, and are certified in accordance with SS-EN-ISO 14001.

## Outstanding legal disputes

ASSA ABLOY was informed on November 17 1999 of the verdict of a jury at a court in Dallas, Texas, which means that VingCard could be required to pay damages of around USD 12.5 M on the grounds of an alleged wrongful notice of termination of a subcontractor's contract.

The judge in the case formally confirmed the jury's verdict and VingCard has appealed to the court of next instance, the Texas Court of Appeals.

VingCard and its American lawyers expect a significantly better outcome in the Texas Court of Appeals when judgment is given, which is expected in the next few months.

ASSA ABLOY has not been able to make a final judgment about this situation and the potential final cost for the Group. Accordingly, no provision has been created in the Group balance sheet.

## Outlook for 2001

ASSA ABLOY is well prepared for the challenges ahead. The Group is in the process of taking advantage of its superior R&D capacity and global distribution network in a world with an increasing need for security. There are opportunities to improve margins in both old and recently acquired companies. In addition, the restructuring of the lock business will continue, creating opportunities for further acquisitions. We therefore look forward to continuing good development in both volume and profit in the years to come.

Sales for 2001 excluding Tesa and Phillips are estimated to total approximately SEK 20 billion.



### Proposed disposition of earnings

As shown in the consolidated balance sheet, the Group's unrestricted equity amounts to SEK 1,796.7 M (1,871.6).

No transfer to the Group's restricted equity is required.

The following unappropriated earnings are available for disposition by the shareholders at the Annual General Meeting:

Net income for the year: SEK 138.4 M

Unappropriated earnings brought forward: SEK 3,587.2 M

Total: SEK 3,725.6 M

The Board of Directors and the President propose that a dividend of SEK 0.90 per share, a maximum total of SEK 321.0 M, be distributed to shareholders and that the remainder be carried forward to the new financial year.

Stockholm, February 7 2001

Georg Ernrooth  
Chairman

Melker Schörling  
Vice Chairman

Gustaf Douglas

Per-Olof Eriksson

Göran Ehrnrooth

Gerhard Wendt

Carl-Henric Svanberg  
President

Mats Persson  
Employee representative

Gösta Johnsson  
Employee representative

My audit report was issued on February 9 2001

Anders Lundin  
Authorized Public Accountant  
PricewaterhouseCoopers AB





# Consolidated income statement and cash flow statement

## Consolidated income statement

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
Sales (Note 1)	1,695.4	14,394.1	10,277.2	8,581.7
Cost of goods sold	-1,009.1	-8,567.6	-6,282.5	-5,463.0
<b>Gross income</b>	<b>686.3</b>	<b>5,826.5</b>	<b>3,994.7</b>	<b>3,118.7</b>
Selling expenses	-294.0	-2,496.1	-1,664.5	-1,368.1
Administrative expenses (Note 5)	-111.4	-946.1	-744.2	-513.1
Research and development costs	-27.5	-233.3	-151.7	-95.1
Other operating income	12.4	105.4	98.5	86.4
Other operating expenses	-17.6	-149.2	-150.4	-127.5
<b>Operating income before goodwill amortization (Note 2)</b>	<b>248.2</b>	<b>2,107.2</b>	<b>1,382.4</b>	<b>1,101.3</b>
Goodwill amortization (Note 4)	-45.6	-387.0	-189.0	-138.5
<b>Operating income</b>	<b>202.6</b>	<b>1,720.2</b>	<b>1,193.4</b>	<b>962.8</b>
Financial items (Note 7)	-39.0	-330.6	-230.1	-227.8
Share in earnings of associated companies	1.5	12.4	17.3	13.4
<b>Income before tax</b>	<b>165.1</b>	<b>1,402.0</b>	<b>980.6</b>	<b>748.4</b>
Tax on profit for the year (Note 8)	-52.3	-443.8	-278.3	-211.6
Other taxes	-1.0	-9.3	-1.3	-0.4
Minority interests	-4.0	-33.8	-14.1	-10.4
<b>Net income</b>	<b>107.8</b>	<b>915.1</b>	<b>686.9</b>	<b>526.0</b>

## Consolidated cash flow statement

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M	1998 SEK M
<b>OPERATING ACTIVITIES</b>				
Operating income	202.6	1,720.2	1,193.4	962.8
Depreciation and amortization (Note 4)	116.0	985.2	667.3	622.9
Adjustment for non-cash items (Note 24)	-0.1	-1.6	1.9	45.6
<b>Cash flow before interest and tax</b>	<b>318.5</b>	<b>2,703.8</b>	<b>1,862.6</b>	<b>1,631.3</b>
Paid and received interest (Note 24)	-42.0	-356.9	-226.8	-199.3
Paid income tax	-53.4	-453.2	-197.8	-292.7
<b>Cash flow before changes in working capital</b>	<b>223.1</b>	<b>1,893.7</b>	<b>1,438.0</b>	<b>1,139.3</b>
Changes in working capital (Note 24)	-11.1	-94.3	-27.1	-87.5
<b>Cash flow from operating activities</b>	<b>212.0</b>	<b>1,799.4</b>	<b>1,410.9</b>	<b>1,051.8</b>
<b>INVESTING ACTIVITIES</b>				
Purchase and sale of tangible fixed assets (Note 24)	-58.5	-496.9	-390.2	-316.2
Investment in subsidiaries	-550.3	-4,672.4	-621.5	-825.5
Investment in associates	—	—	-3.9	-109.9
Other investments (Note 24)	-2.4	-19.9	-398.4	-162.2
<b>Cash flow from investing activities</b>	<b>-611.2</b>	<b>-5,189.2</b>	<b>-1,414.0</b>	<b>-1,413.8</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital	177.8	1,509.9	1,985.2	—
Dividends paid	-28.0	-237.5	-178.2	-123.8
Net cash effects from changes in borrowings	393.0	3,336.3	-1,713.6	480.8
<b>Cash flow from financing activities</b>	<b>542.8</b>	<b>4,608.7</b>	<b>93.4</b>	<b>357.0</b>
<b>CASH FLOW (Note 24)</b>	<b>143.6</b>	<b>1,218.9</b>	<b>90.3</b>	<b>-5.0</b>
<b>CHANGE IN NET DEBT</b>				
<b>Net debt as at January 1<sup>2)</sup></b>	<b>338.0</b>	<b>2,997.7</b>	<b>4,237.3</b>	<b>3,442.0</b>
Cash flow impact on net debt	249.3	2,116.3	-1,803.9	485.8
Adjustment for acquired cash & cash equivalents	274.3	2,328.8	—	—
Net debt in acquired subsidiaries	134.6	1,142.8	514.9	214.5
Translation differences and other	-31.2	-25.7	49.4	95.0
<b>Net debt as at December 31<sup>2)</sup></b>	<b>965.0</b>	<b>8,559.9</b>	<b>2,997.7</b>	<b>4,237.3</b>
<b>OPERATING CASH FLOW</b>				
Cash flow from operating activities	211.9	1,799.4	1,410.9	1,051.8
Purchase and sale of tangible fixed assets (Note 24)	-58.5	-496.9	-390.2	-316.2
Adjustment for paid income tax	53.4	453.2	197.8	292.7
<b>Operating cash flow</b>	<b>206.8</b>	<b>1,755.6</b>	<b>1,218.5</b>	<b>1,028.3</b>

1) 1 EUR = 8.49 SEK.

2) 1 EUR = 8.87 SEK.



# Consolidated balance sheet

## Assets

	Dec. 31 2000 EUR M <sup>2)</sup>	Dec. 31 2000 SEK M	Dec. 31 1999 SEK M	Dec. 31 1998 SEK M
<b>Fixed assets</b>				
<b>Intangible fixed assets</b>				
Goodwill (Note 9)	1,361.7	12,077.9	3,245.8	2,524.3
Intangible rights (Note 10)	20.4	181.1	142.3	143.7
<b>Total intangible fixed assets</b>	<b>1,382.1</b>	<b>12,259.0</b>	<b>3,388.1</b>	<b>2,668.0</b>
<b>Tangible fixed assets (Note 11)</b>				
Buildings	182.5	1,618.3	1,077.7	1,020.1
Land and land improvements	59.3	525.9	356.0	327.8
Construction in progress	26.7	237.2	136.5	108.6
Machinery	215.8	1,914.3	1,088.3	1,050.5
Equipment	58.1	515.3	296.9	270.8
<b>Total tangible fixed assets</b>	<b>542.4</b>	<b>4,811.0</b>	<b>2,955.4</b>	<b>2,777.8</b>
<b>Financial fixed assets</b>				
Shares in associated companies	6.7	59.8	169.0	152.9
Other shares and participations	0.8	7.3	330.2	3.2
Long-term receivables	5.0	44.2	29.0	171.9
Deferred tax receivables	47.4	420.0	326.6	319.8
<b>Total financial assets</b>	<b>59.9</b>	<b>531.3</b>	<b>854.8</b>	<b>647.8</b>
<b>Total fixed assets</b>	<b>1,984.4</b>	<b>17,601.3</b>	<b>7,198.3</b>	<b>6,093.6</b>
<b>Current assets</b>				
Inventories and work in progress (Note 13)	316.6	2,808.4	1,564.7	1,339.1
Accounts receivable	369.4	3,276.3	1,796.2	1,426.8
Prepaid expenses and accrued income	21.6	191.4	98.2	70.4
Other receivables	52.7	467.7	184.8	151.1
Short-term investments	115.0	1,020.0	252.1	16.4
Cash and bank balances	82.5	732.1	195.1	121.4
<b>Total current assets</b>	<b>957.8</b>	<b>8,495.9</b>	<b>4,091.1</b>	<b>3,125.2</b>
<b>TOTAL ASSETS</b>	<b>2,942.2</b>	<b>26,097.2</b>	<b>11,289.4</b>	<b>9,218.8</b>
<b>ASSETS PLEDGED (Note 20)</b>				
Real estate mortgages	0.2	2.0	24.0	143.3
Chattel mortgages	0.2	1.8	2.1	3.1

## Equity and liabilities

	Dec. 31 2000 EUR M <sup>2)</sup>	Dec. 31 2000 SEK M	Dec. 31 1999 SEK M	Dec. 31 1998 SEK M
<b>Shareholders' equity (Note 14)</b>				
<b>Restricted equity</b>				
Share capital	39.7	352.5	314.4	71.1
Restricted reserves	967.1	8,578.1	3,151.0	2,006.2
<b>Total restricted equity</b>	<b>1,006.8</b>	<b>8,930.6</b>	<b>3,465.4</b>	<b>2,077.3</b>
<b>Unrestricted equity</b>				
Unrestricted reserves	94.8	881.6	1,184.7	111.9
Net income	107.8	915.1	686.9	526.0
<b>Total unrestricted equity</b>	<b>202.6</b>	<b>1,796.7</b>	<b>1,871.6</b>	<b>637.9</b>
<b>Total equity</b>	<b>1,209.4</b>	<b>10,727.3</b>	<b>5,337.0</b>	<b>2,715.2</b>
<b>Minority interests</b>	<b>63.1</b>	<b>559.8</b>	<b>266.8</b>	<b>32.1</b>
<b>Provisions</b>				
Provisions for PRI pensions	6.6	58.9	55.8	52.9
Provisions for other pensions	102.7	910.1	550.8	584.2
Deferred tax liabilities	31.7	281.3	333.7	407.7
<b>Total provisions</b>	<b>141.0</b>	<b>1,250.3</b>	<b>940.3</b>	<b>1,044.8</b>
<b>Long-term liabilities (Note 16)</b>				
Long-term loans	869.5	7,712.2	2,298.9	3,296.0
Convertible debenture loans (Note 18)	28.2	250.0	298.6	312.7
Other long-term non-interest-bearing liabilities	0.3	3.0	2.8	83.7
<b>Total long-term liabilities</b>	<b>898.0</b>	<b>7,965.2</b>	<b>2,600.3</b>	<b>3,692.4</b>
<b>Current liabilities</b>				
Short-term loans	157.6	1,398.4	77.9	132.5
Income tax liability	24.2	214.7	163.5	80.9
Accounts payable	158.7	1,407.3	646.7	532.0
Accrued expenses and prepaid income (Note 19)	200.5	1,779.0	886.9	791.4
Other current liabilities	89.7	795.2	370.0	197.5
<b>Total current liabilities</b>	<b>630.7</b>	<b>5,594.6</b>	<b>2,145.0</b>	<b>1,734.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,942.2</b>	<b>26,097.2</b>	<b>11,289.4</b>	<b>9,218.8</b>
<b>CONTINGENT LIABILITIES (Note 21)</b>				
Guarantees	52.2	462.9	165.8	124.8
Other	—	—	112.7	5.3

2) 1 EUR = 8.87 SEK





# Parent Company income statement and cash flow statement

## Parent Company income statement

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M
Administrative expenses (Note 3)	-19.8	-168.7	-109.9
Other operating income	12.7	108.0	31.4
<b>Operating income (Note 2)</b>	<b>-7.1</b>	<b>-60.7</b>	<b>-78.5</b>
Income from financial investments:			
Income from shares and participations in subsidiaries (Note 6)	42.9	363.9	426.5
Financial items (Note 7)	-20.4	-173.1	-86.8
<b>Income before tax</b>	<b>15.4</b>	<b>130.1</b>	<b>261.2</b>
Appropriations	1.0	8.4	—
Tax attributable to prior year (Note 8)	0.0	-0.1	—
Tax on profit for the year	—	—	3.3
<b>Net income</b>	<b>16.4</b>	<b>138.4</b>	<b>264.5</b>

## Parent Company cash flow statement

	2000 EUR M <sup>1)</sup>	2000 SEK M	1999 SEK M
Net income	16.4	138.4	264.5
Depreciation (Note 4)	0.4	3.9	3.4
Sale of shares (Note 6)	—	—	0.3
Reversal of appropriations	-1.0	-8.4	—
<b>Cash flow before change in working capital</b>	<b>15.8</b>	<b>133.9</b>	<b>268.2</b>
Current receivables increase/decrease (-/+)	-26.4	-223.9	7.5
Current operating liabilities increase/decrease (+/-)	10.8	91.2	-501.5
<b>Change in working capital</b>	<b>-15.6</b>	<b>-132.7</b>	<b>-494.0</b>
<b>Cash flow from operating activities</b>	<b>0.2</b>	<b>1.2</b>	<b>-225.8</b>
<b>INVESTING ACTIVITIES</b>			
Investments in equipment	-0.7	-5.8	-4.8
Investments in subsidiaries	-1,031.6	-8,758.6	-2,153.2
Sale of shares in subsidiaries	—	—	192.1
Change in receivables / liabilities in subsidiaries	—	—	1,899.4
Investments in associated companies	—	—	—
Other investments	—	—	-115.7
<b>Cash flow from investments</b>	<b>-1,032.3</b>	<b>-8,764.4</b>	<b>-182.2</b>
<b>FINANCING ACTIVITIES</b>			
New share issue	178.8	1,518.2	1,996.6
Dividend	-28.0	-237.5	-178.1
Net cash effect from changes in borrowings	881.4	7,483.1	-1,332.0
<b>Cash flow from financing activities</b>	<b>1,032.2</b>	<b>8,763.8</b>	<b>486.5</b>
<b>CASH FLOW</b>	<b>0.1</b>	<b>0.6</b>	<b>78.5</b>
<b>CASH AND CASH EQUIVALENTS (Note 23)</b>			
Cash and cash equivalents as of January 1 <sup>2)</sup>	8.8	78.5	0.0
Cash flow	0.1	0.6	78.5
<b>Cash and cash equivalents as of December 31<sup>2)</sup></b>	<b>8.9</b>	<b>79.2</b>	<b>78.5</b>

1) 1 EUR = 8.49 SEK.

2) 1 EUR = 8.87 SEK.





# Parent Company balance sheet

## Assets

	Dec. 31 2000 EUR M <sup>2)</sup>	Dec. 31 2000 SEK M	Dec. 31 1999 SEK M
<b>Fixed assets</b>			
<b>Tangible fixed assets (Note 11)</b>			
Equipment	1.5	13.4	11.6
<b>Total tangible fixed assets</b>	<b>1.5</b>	<b>13.4</b>	<b>11.6</b>
<b>Financial fixed assets (Note 12)</b>			
Shares in subsidiaries	2,235.1	19,825.5	7,812.5
Shares in associated companies	—	—	104.2
Receivables due from subsidiaries	41.6	368.7	1.8
Other long-term receivables	4.8	42.2	2.9
<b>Total financial fixed assets</b>	<b>2,281.5</b>	<b>20,236.4</b>	<b>7,921.4</b>
<b>Total fixed assets</b>	<b>2,283.0</b>	<b>20,249.8</b>	<b>7,933.0</b>
<b>Current assets</b>			
Receivables due from subsidiaries	1,381.5	12,254.0	2,240.5
Other receivables	5.5	48.5	2.3
Prepaid expenses and accrued income	21.1	187.3	6.9
Other short-term investments	55.3	490.6	246.0
Cash and bank balances	8.9	79.2	78.5
<b>Total current assets</b>	<b>1,472.3</b>	<b>13,059.6</b>	<b>2,574.2</b>
<b>TOTAL ASSETS</b>	<b>3,755.3</b>	<b>33,309.4</b>	<b>10,507.2</b>
<b>ASSETS PLEDGED</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Equity and liabilities

	Dec. 31 2000 EUR M <sup>2)</sup>	Dec. 31 2000 SEK M	Dec. 31 1999 SEK M
<b>Shareholders' equity (Note 14)</b>			
<b>Restricted equity</b>			
Share capital	39.7	352.5	314.4
Share premium reserve	767.7	6,809.6	2,415.0
Statutory reserve	72.8	645.4	645.4
<b>Total restricted equity</b>	<b>880.2</b>	<b>7,807.5</b>	<b>3,374.8</b>
<b>Unrestricted equity</b>			
Retained earnings	403.6	3,587.2	3,236.7
Net income	16.4	138.4	264.5
<b>Total unrestricted equity</b>	<b>420.0</b>	<b>3,725.6</b>	<b>3,501.2</b>
<b>Total shareholders' equity</b>	<b>1,300.2</b>	<b>11,533.1</b>	<b>6,876.0</b>
<b>Untaxed reserves (Note 15)</b>	<b>2.1</b>	<b>18.4</b>	<b>26.8</b>
<b>Long-term liabilities</b>			
Long-term loans	767.2	6,805.0	1,682.1
Long-term loans due to subsidiaries	0.0	0.3	—
Convertible debenture loan (Note 18)	28.2	250.0	298.6
Corporate credit line (Note 17)	110.9	983.7	831.8
<b>Total long-term liabilities</b>	<b>906.3</b>	<b>8,039.0</b>	<b>2,812.5</b>
<b>Current liabilities</b>			
Short-term loans	19.4	171.8	57.3
Accounts payable	3.1	27.4	5.7
Liabilities to subsidiaries	1,506.7	13,364.8	689.0
Accrued expenses and prepaid income (Note 19)	17.5	154.9	39.9
<b>Total current liabilities</b>	<b>1,546.7</b>	<b>13,718.9</b>	<b>791.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,755.3</b>	<b>33,309.4</b>	<b>10,507.2</b>
<b>CONTINGENT LIABILITIES (Note 21)</b>			
Guarantees	32.8	290.6	111.2

2) 1 EUR = 8.87 SEK.





# Accounting and valuation principles

The Group's accounting and valuation principles comply with Sweden's Annual Accounts Act and the standards of the Swedish Financial Accounting Standards Council, in accordance with the listing contract of the Stockholm Stock Exchange.

The accounting principles are unchanged compared with the preceding year.

## Consolidated accounts

The consolidated financial statements include the Parent Company and companies in which the Parent Company held more than 50 percent of the votes at year-end, as well as companies in which the Parent Company exercises control by some other means.

The consolidated income statement includes companies acquired during the year, with values as from the date of acquisition. The consolidated financial statements are prepared in accordance with the purchase method, which means that the acquisition value of shares in subsidiaries is eliminated against their shareholders' equity at the time of acquisition. In this context, shareholders' equity in subsidiaries is determined on the basis of the fair value of assets, liabilities and provisions at the date of acquisition. If required in accordance with the purchase method, an allocation is made to a restructuring provision. In the case of untaxed reserves in acquired subsidiaries, the estimated tax liability is reported as provision in accordance with the tax rate in each country. If the acquisition value of shares in a subsidiary exceeds the acquired shareholders' equity as computed above, the difference is reported as goodwill, which is amortized according to plan. If the acquisition value of shares in subsidiaries is less than the acquired shareholders' equity, a provision for negative goodwill is made, which is dissolved in accordance with a defined plan.

## Minority interests

Minority interests in the year's income statement and shareholders' equity are based on subsidiaries' accounts prepared in accordance with the Group's accounting principles.

## Associated companies

Associated companies are defined as companies which are not subsidiaries but companies in which the Parent Company has shareholdings which, directly or indirectly, represent at least 20 percent of all participations. Participations in associated companies are reported in accordance with the equity method. The consolidated income statement includes shares in the income before tax of associated companies. In cases in which the acquisition value of shares in associated companies was higher than the shareholders' equity in the acquired company at the acquisition date, the difference is amortized on the same basis as consolidated goodwill, following an analysis of the character of the surplus value, and is charged against share in earnings of associated companies. Participation in the income tax of subsidiaries is included in the Group's tax expense. In the consolidated balance sheet, shareholdings in associated companies are reported at the acquisition value, adjusted for dividends and participation in income after the date of acquisition. In determining the equity share, untaxed reserves are attributed to shareholders' equity after deduction for estimated tax.

## Translation of foreign subsidiaries

The Group applies the so-called current method for translating the accounts of all foreign subsidiaries that are considered to operate with a high degree of independence. The current method has been applied so that all balance sheet items except net income are translated at the closing-day rate. Net income is translated at

the average rate and the difference arising thereby is taken directly to unrestricted reserves. Subsidiaries' income statements are translated at the average rate for the financial year.

Subsidiaries operating in high-inflation countries, e.g. Romania, are translated using the so-called monetary method.

The Group hedges to a certain extent its investment in foreign net assets. Hedging is implemented through loans and forward exchange contracts. These are valued at the exchange rate prevailing at year-end. Exchange rate differences on hedging operations, as well as differences that arise when foreign net assets are translated, are carried directly to shareholders' equity in the balance sheet.

Interest differentials on forward contracts are annualized and reported in the income statement.

## Exchange rates

The rates for currencies used in the Group were as follows (average for the year and rate at year-end):

		Average rate	Year-end rate
Austria	ATS	0.62	0.64
Australia	AUD	5.33	5.28
Belgium	BEF	0.21	0.22
Bermuda	BMD	9.28	9.69
Brazil	BRL	5.01	4.89
Canada	CAD	6.19	6.36
Switzerland	CHF	5.44	5.82
China	CNY	1.12	1.15
Czech Republic	CZK	0.24	0.25
Germany	DEM	4.34	4.53
Denmark	DKK	1.14	1.19
Estonia	EEK	0.54	0.57
Spain	ESP	0.051	0.053
Euroland	EUR	8.49	8.87
Finland	FIM	1.43	1.49
France	FRF	1.29	1.35
Great Britain	GBP	13.94	14.23
Hong Kong	HKD	1.18	1.22
Hungary	HUF	0.033	0.033
Indonesia	IDR	0.0011	0.0010
Ireland	IEP	10.68	11.25
Israel	ILS	2.31	2.36
India	INR	0.21	0.20
Iran	IRR	0.0053	0.0055
Italy	ITL	0.0044	0.0046
Japan	JPY	0.085	0.083



		Average	Year-end
		rate	rate
Mauritius	MUR	0.35	0.34
Mexico	MXN	0.97	1.00
Malaysia	MYR	2.42	2.51
Nigeria	NGN	0.088	0.086
Netherlands	NLG	3.85	4.02
Norway	NOK	1.05	1.07
New Zealand	NZD	4.19	4.20
Poland	PLN	2.12	2.30
Portugal	PTE	0.042	0.044
Romania	ROL	0.00043	0.00037
Russia	RUR	0.33	0.33
Singapore	SGD	5.33	5.50
Slovakia	SKK	0.20	0.20
Thailand	THB	0.23	0.22
USA	USD	9.19	9.54
South Africa	ZAR	1.33	1.26
Zimbabwe	ZWD	0.21	0.17

## Revenue recognition

Revenue recognition of sales of goods is reported at the time of delivery to the customer. All sales are reported less VAT, discounts, returns and freight.

## Intra-Group sales

Pricing of deliveries between Group companies is in accordance with business principles and at market prices. Internal profits arising from intra-Group sales have been eliminated.

## Leasing

Only operational leasing occurs in the Group. Reporting is in accordance with the standard RR6 of the Swedish Financial Accounting Standards Council.

## Research and development

Research and development costs are expensed as they are incurred.

## Depreciation according to plan

Depreciation according to plan is based on the historical cost of assets, with due consideration of the estimated economic life of the asset. A depreciation period of five years has been

applied for intangible rights. Group goodwill is amortized over 10-20 years, depending on the type of company concerned. Goodwill in well-established companies with independent and well-known trademarks is amortized over 10 years. Goodwill in companies that, in addition, constitute a strategic acquisition in terms of products or markets is amortized over 20 years. The depreciation period for office buildings is 50 years, and 25 years for industrial buildings. A depreciation period of 7-10 years is applied to machinery and other technical facilities. Equipment and tools are depreciated over 3-6 years.

## Taxation

All taxes that are expected to apply to the income reported are accounted for in the income statement. These taxes have been estimated in accordance with the tax regulations in each country and are reported as current year tax. Costs and revenue that affect both the financial statements and income taxation but in different financial years are reported as deferred tax.

Deferred tax related to untaxed reserves in accordance with tax legislation rules in certain countries has been reflected using applicable local tax rates. Deferred tax has been assessed in the opening balance of acquired companies. Deferred tax assets are recognized for the carryforward of the tax losses that can be utilized against future taxable income.

## Cash flow statement

The cash flow statement has been prepared according to the indirect method. The reported cash flow includes only transactions involving cash payments.

As well as cash and bank balances, cash and cash equivalents are taken to include short-term investments that are exposed to only small risks of change in value and have a maturity

date less than three months from the date of acquisition.

## Intangible and tangible assets

Intangible and tangible assets are reported at acquisition value after deduction for accumulated depreciation according to plan.

## Inventories

Inventories are valued at the lower of cost and net realizable value in accordance with the FIFO method. Provisions have been made for obsolescence. Deductions are made for internal profits arising from deliveries between Group companies. Work in progress and finished goods include both direct costs incurred and an allocation of indirect manufacturing costs.

## Receivables

Receivables have been valued in the amounts expected to be received.

## Receivables, liabilities and provisions in foreign currency

Receivables, liabilities and provisions in foreign currency in individual companies' accounts have been translated at the year-end rate. The forward rate has been used when exchange rates have been hedged by means of forward contracts.

## Provisions

Provisions have been made for all obligations attributable to the fiscal year or prior fiscal years which, on the closing date, were likely to be incurred, but which were uncertain as to amount or date of payment. In making provisions for pensions, companies follow their country's local rules.





# Financial risk management

ASSA ABLOY is exposed to a variety of financial risks through its international business operations.

## Organization and activities

ASSA ABLOY's financial policy, which is reviewed annually by the Board of Directors, constitutes a framework of guidelines and regulations for the management of financial risks and financial activities in general.

ASSA ABLOY's financial activities are coordinated centrally within the subsidiary ASSA ABLOY Treasury S.A. in Switzerland, which functions as the Group's internal bank. External financial transactions are conducted by the internal bank, which also handles transactions involving foreign currencies and interest rates. The internal bank achieves several economies of scale, for example concerning pricing of various interest rates.

## Financing and liquidity risks

Financing and liquidity risks are defined as the risks of being unable to meet payment obligations as a result of inadequate liquidity or difficulties in obtaining credit from external sources. The internal bank is responsible for external borrowing and external investments. ASSA ABLOY strives to have access, on every occasion, to both short-term and long-term loan facilities appropriate to its anticipated needs for the year ahead, apart from larger acquisitions.

## Counterparty risks

Financial risk management exposes ASSA ABLOY to certain counterparty risks. This exposure arises, for instance, from the placement of surplus cash and through the use of derivative instruments. Group financial policy prescribes detailed rules for handling counterparty risks.

## Interest-rate risk

Interest-rate fluctuations have a direct impact on ASSA ABLOY's net interests, but there is also an indirect effect on the Group's operating income as a result of the impact of interest rates on the economy as a whole. The internal bank is responsible for identifying and managing the Group's interest-rate exposure. Interest duration in the Group is generally short, with an average duration of less than a year. At year-end, the average interest duration was around five months.

## Currency risk

Currency risks affect ASSA ABLOY mainly through translation of capital employed and net debt, through translation of income in foreign subsidiaries, and through flow of goods between countries ('transaction exposure').

**Translation exposure.** The effect arising on translation of capital employed is limited by the fact that financing is largely in local currency. The currency exposure and gearing per currency in the Group should generally reflect the overall exposure and gearing for the whole Group. This limits the effect from movements in individual currencies on the gearing for the Group.

**Exposure of Group earnings.** A general strengthening of the Swedish krona by one percent has a negative impact of about SEK 175 M on Group sales and SEK 5 M on Group earnings.

**Transaction exposure.** Currency risks in the form of transaction exposure, or the relative values of exports and imports of goods, is limited in the Group. The exposure that does exist relates in particular to VingCard's exports from Norway, chiefly to the USA, and to Abloy's exports from Finland to the USA. ASSA ABLOY's policy is to keep transaction exposure within a specified framework.

## Cash management

Cash management in subsidiaries focuses on minimizing operating capital employed. The internal bank manages a Group-wide netting system to minimize the number of payment transactions and related costs. In countries with several operating companies, surpluses and deficits are matched in the local subsidiaries at country level through cash pool solutions. The internal bank manages the investment or financing of these cash pools.

## Financial derivative instruments

Financial derivative instruments such as currency and interest-rate forwards are used to the extent necessary. The object of using derivative instruments is solely to reduce exposure to financial risks. Financial derivative instruments are not used with speculative intent.





## Notes:

### Note 1. Sales by organizational unit<sup>1)</sup>

	2000 SEK M	1999 SEK M	1998 SEK M
Scandinavia	1,889	1,777	1,701
Finland	1,060	898	811
Germany & Netherlands	1,162	621	583
France & Belgium	1,781	1,576	1,504
United Kingdom	665	270	266
North America	5,335	3,721	2,916
Hotel locks, VingCard/Timelox	1,052	965	952
Australia & New Zealand	754	590	–
Italy & Spain	396	44	–
New Markets	981	354	186
Eliminations for internal sales	-681	-539	-337
<b>Total</b>	<b>14,394</b>	<b>10,277</b>	<b>8,582</b>

1) Including exports from each market.

### Note 2. Salaries and wages, other remuneration and social costs

Salaries and wages, other remuneration (of which bonus)

Group	2000 SEK M	1999 SEK M	1998 SEK M
Sweden	233.5 (2.2)	205.2 (1.5)	184.9 (1.3)
Finland	249.8 (0.8)	206.5 (0.5)	190.9 (0.2)
Norway	225.2 (0.4)	235.2 (0.6)	239.8 (0.8)
Denmark	89.3 (0.3)	90.4 (0.2)	89.0 (0.7)
Germany	319.4 (0.4)	212.2 (-)	209.4 (0.2)
United Kingdom	192.6 (1.7)	50.3 (0.1)	46.3 (0.7)
Belgium	30.7 (0.2)	27.9 (0.1)	26.4 (0.1)
France	460.5 (2.0)	406.9 (1.0)	357.9 (1.0)
The Netherlands	30.8 (0.3)	7.7 (-)	6.3 (-)
Czech Republic	29.9 (0.1)	29.7 (0.5)	28.8 (0.1)
Canada	32.6 (0.5)	20.7 (-)	14.7 (0.1)
Australia	190.0 (0.1)	209.1 (-)	3.7 (0.1)
United States	1,197.1 (8.8)	998.9 (4.0)	803.9 (4.7)
China	40.6 (0.1)	7.5 (0.3)	6.0 (-)
Singapore	17.0 (0.2)	10.9 (-)	9.6 (0.2)
Romania	8.7 (-)	8.1 (-)	7.0 (-)
Israel	44.5 (-)	–	–
Italy	35.5 (0.2)	–	–
South Africa	7.8 (-)	–	–
Mexico	25.8 (0.3)	–	–
Other	78.3 (1.9)	57.1 (0.3)	24.2 (0.2)
<b>Total</b>	<b>3,539.6 (20.5)</b>	<b>2,784.3 (9.1)</b>	<b>2,248.8 (10.4)</b>
<b>Parent Company</b>			
Sweden	29.7 (1.2)	21.7 (0.8)	15.7 (0.8)
<b>Social costs (of which pensions)</b>			
Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Total</b>	<b>1,077.8 (209.9)</b>	<b>792.2 (155.4)</b>	<b>763.5 (147.5)</b>
<b>Parent Company</b>			
Sweden	12.2 (2.4)	11.8 (3.7)	6.5 (1.6)

#### Senior executives' remuneration

A fee of SEK 180,000 (180,000) was paid during the year to the Chairman of the Board. This was determined by the Board within the framework for fee amounts set by the Annual General Meeting, which total SEK 810,000 (810,000). The President was paid a salary and other remuneration of SEK 4,734,000 (3,896,000) during the year, to which was added a bonus of SEK 1,200,000 (800,000).

#### Other remuneration

There is no pension agreement for the Chairman of the Board. The President has pension benefits in accordance with the applicable ITP plan. For the other members of Group Management, the same benefits apply as for the President. There is no severance pay agreement for the Chairman of the Board. For the President, an agreement sets severance pay at 100 percent of salary for 24 months. Severance pay applies only when termination is by the Company. For the other members of Group Management, severance pay is set at 100 percent of salary for a maximum of 12 months.

### Note 3. Fees paid to audit firms

	Group		Parent Company	
	2000 SEK M	1999 SEK M	2000 SEK M	1999 SEK M
<b>Audit</b>				
PricewaterhouseCoopers	13.7	10.6	1.2	1.0
Others	2.6	1.1	–	–
<b>Other assignments</b>				
PricewaterhouseCoopers	10.6	7.5	2.2	2.7
Others	3.7	2.9	–	–
<b>Total</b>	<b>30.6</b>	<b>22.1</b>	<b>3.4</b>	<b>3.7</b>

### Note 4. Depreciation and amortization

	Group			Parent Company	
	2000 SEK M	1999 SEK M	1998 SEK M	2000 SEK M	1999 SEK M
Goodwill	387.0	189.0	138.5	–	–
Intangible rights	28.5	23.0	41.3	–	–
Machinery	359.1	275.5	306.8	–	–
Equipment	146.4	108.0	81.9	3.9	3.4
Buildings	64.2	71.8	54.4	–	–
<b>Total</b>	<b>985.2</b>	<b>667.3</b>	<b>622.9</b>	<b>3.9</b>	<b>3.4</b>

### Note 5. Operational leasing agreements

	Group	Parent Company
	2000 SEK M	2000 SEK M
<b>Leasing fees paid during the year</b>	<b>64.9</b>	<b>4.8</b>
<b>Nominal value of agreed future leasing fees</b>		
Due for payment 2001	74.9	4.6
Due for payment 2002	70.5	5.5
Due for payment 2003	57.1	5.5
Due for payment 2004	50.9	5.5
Due for payment 2005	43.8	5.5
Due for payment 2006 or later	103.4	5.7
<b>Total</b>	<b>400.6</b>	<b>32.3</b>





## Note 6. Income from participations in Group companies

Parent Company	2000 SEK M	1999 SEK M
Dividends	363.9	426.8
Capital gain from sales	—	-0.3
<b>Total</b>	<b>363.9</b>	<b>426.5</b>

## Note 7. Financial items

	Group			Parent Company	
	2000 SEK M	1999 SEK M	1998 SEK M	2000 SEK M	1999 SEK M
Interest income, long-term investments	2.9	1.4	1.2	—	—
Dividends	—	—	—	—	—
Exchange rate differences, long-term investments	-6.3	-3.3	0.5	—	—
Interest income, other	27.0	12.7	12.9	13.8	4.2
Exchange rate differences, receivables	1,145.2	130.7	-322.8	—	0.8
Interest income from Group companies	—	—	—	388.3	160.2
Exchange rate differences from Group companies, receivables	—	—	—	331.1	-199.6
Interest expense	-345.1	-242.6	-236.9	-235.6	-148.9
Exchange rate differences, liabilities	-1,153.2	-129.0	317.3	-164.8	93.6
Interest expense from Group companies	—	—	—	-281.5	-60.4
Exchange rate differences from Group companies, liabilities	—	—	—	-99.4	63.3
Other financial income	323.7	—	—	—	—
Other financial costs	-324.8	—	—	-125.0	—
<b>Total</b>	<b>-330.6</b>	<b>-230.1</b>	<b>-227.8</b>	<b>-173.1</b>	<b>-86.8</b>

## Note 8. Tax

	Group			Parent Company	
	2000 SEK M	1999 SEK M	1998 SEK M	2000 SEK M	1999 SEK M
Tax paid	-426.4	-287.6	-228.8	—	—
Tax attributable to prior years	15.7	1.2	6.7	-0.1	3.3
Change in deferred tax for the year	-33.1	8.1	10.5	—	—
<b>Total</b>	<b>-443.8</b>	<b>-278.3</b>	<b>-211.6</b>	<b>-0.1</b>	<b>3.3</b>

## Note 9. Goodwill

Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>3,943.9</b>	<b>3,045.8</b>	<b>2,212.7</b>
Purchases/acquisitions	8,978.8	838.2	728.3
Sales/disposals	—	—	-14.4
Reclassifications	—	14.9	—
Translation differences	360.9	45.0	119.2
<b>Accumulated acquisition cost, Dec. 31</b>	<b>13,283.6</b>	<b>3,943.9</b>	<b>3,045.8</b>
<b>Amortization, Jan. 1</b>	<b>-698.1</b>	<b>-521.5</b>	<b>-377.9</b>
Purchases/acquisitions	-30.8	—	—
Sales/disposals	—	—	6.1
Amortization for the year	-387.0	-189.0	-138.5
Translation differences	-89.8	12.4	-11.2
<b>Accumulated amortization, Dec. 31</b>	<b>-1,205.7</b>	<b>-698.1</b>	<b>-521.5</b>
<b>Net book value, Dec. 31</b>	<b>12,077.9</b>	<b>3,245.8</b>	<b>2,524.3</b>

## Note 10. Intangible rights

Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>295.8</b>	<b>277.6</b>	<b>221.4</b>
Purchases/acquisitions	88.4	23.2	47.7
Sales/disposals	-10.6	—	-1.1
Translation differences	19.7	-5.0	9.6
<b>Accumulated acquisition cost, Dec. 31</b>	<b>393.3</b>	<b>295.8</b>	<b>277.6</b>
<b>Amortization, Jan. 1</b>	<b>-153.5</b>	<b>-133.9</b>	<b>-87.3</b>
Purchases/acquisitions	-30.9	-1.6	-0.3
Sales/disposals	9.5	—	1.1
Amortization for the year	-28.5	-23.0	-41.3
Translation differences	-8.8	5.0	-6.1
<b>Accumulated amortization, Dec. 31</b>	<b>-212.2</b>	<b>-153.5</b>	<b>-133.9</b>
<b>Net book value, Dec. 31</b>	<b>181.1</b>	<b>142.3</b>	<b>143.7</b>



## Note 11. Tangible fixed assets

### – buildings

Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>1,635.6</b>	<b>1,529.3</b>	<b>1,371.0</b>
Purchases/acquisitions	736.4	156.4	87.9
Sales/disposals	-17.3	-1.2	-10.9
Reclassifications	–	31.8	0.6
Translation differences	75.0	-80.7	80.7
<b>Accumulated acquisition cost, Dec. 31</b>	<b>2,429.7</b>	<b>1,635.6</b>	<b>1,529.3</b>
<b>Depreciation, Jan. 1</b>	<b>-557.9</b>	<b>-509.2</b>	<b>-421.6</b>
Purchases/acquisitions	-153.6	-6.3	-6.0
Sales/disposals	7.9	0.9	1.5
Depreciation for the year	-64.2	-71.8	-54.4
Translation differences	-43.6	28.5	-28.7
<b>Accumulated depreciation, Dec. 31</b>	<b>-811.4</b>	<b>-557.9</b>	<b>-509.2</b>
<b>Net book value, Dec 31</b>	<b>1,618.3</b>	<b>1,077.7</b>	<b>1,020.1</b>

The taxable value of the Group's Swedish buildings amounted to SEK 53.0 M.

### – land

Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>357.9</b>	<b>329.6</b>	<b>292.5</b>
Purchases/acquisitions	163.3	48.1	19.7
Sales/disposals	–	–	-0.9
Reclassifications	–	1.1	–
Translation differences	11.7	-20.9	18.3
<b>Accumulated acquisition cost, Dec. 31</b>	<b>532.9</b>	<b>357.9</b>	<b>329.6</b>
<b>Depreciation, Jan. 1</b>	<b>-1.9</b>	<b>-1.8</b>	<b>-1.8</b>
Sales/disposals	-4.7	-0.2	–
Depreciation for the year	-0.3	–	–
Reclassifications	-0.1	0.1	–
<b>Accumulated depreciation, Dec. 31</b>	<b>-7.0</b>	<b>-1.9</b>	<b>-1.8</b>
<b>Net book value, Dec 31</b>	<b>525.9</b>	<b>356.0</b>	<b>327.8</b>

The taxable value of the Group's Swedish land amounted to SEK 11.9 M.

### – machinery

Group	2000 SEK M	1999 SEK M	1998 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>3,379.5</b>	<b>3,116.1</b>	<b>2,629.3</b>
Purchases/acquisitions	1,834.0	430.3	333.4
Sales/disposals	-68.3	-36.7	-25.2
Reclassifications	–	–	18.6
Translation differences	208.0	-130.2	160.0
<b>Accumulated acquisition cost, Dec. 31</b>	<b>5,353.2</b>	<b>3,379.5</b>	<b>3,116.1</b>
<b>Depreciation, Jan. 1</b>	<b>-2,291.2</b>	<b>-2,065.6</b>	<b>-1,653.3</b>
Purchases/acquisitions	-769.0	-63.2	-16.1
Sales/disposals	59.6	22.4	22.5
Reclassifications	–	–	-6.4
Depreciation for the year	-359.1	-275.5	-306.8
Translation differences	-79.2	90.7	-105.5
<b>Accumulated depreciation, Dec. 31</b>	<b>-3,438.9</b>	<b>-2,291.2</b>	<b>-2,065.6</b>
<b>Net book value, Dec 31</b>	<b>1,914.3</b>	<b>1,088.3</b>	<b>1,050.5</b>

### – equipment

	Group			Parent Company	
	2000 SEK M	1999 SEK M	1998 SEK M	2000 SEK M	1999 SEK M
<b>Acquisition cost, Jan. 1</b>	<b>899.3</b>	<b>802.2</b>	<b>730.8</b>	<b>19.6</b>	<b>17.0</b>
Purchases/acquisitions	850.7	155.6	104.5	6.4	6.1
Sales/disposals	-209.1	-40.8	-59.2	-2.0	-3.5
Reclassifications	–	4.2	-9.4	–	–
Translation differences	41.9	-21.9	35.5	–	–
<b>Accumulated acquisition cost, Dec. 31</b>	<b>1,582.8</b>	<b>899.3</b>	<b>802.2</b>	<b>24.0</b>	<b>19.6</b>
<b>Depreciation, Jan. 1</b>	<b>-602.4</b>	<b>-531.4</b>	<b>-478.8</b>	<b>-8.0</b>	<b>-6.9</b>
Purchases/acquisitions	-457.4	-15.8	-8.9	–	–
Sales/disposals	163.9	36.1	54.2	1.3	2.3
Reclassifications	–	-1.8	9.2	–	–
Depreciation for the year	-146.4	-108.0	-81.9	-3.9	-3.4
Translation differences	-25.2	18.5	-25.2	–	–
<b>Accumulated depreciation, Dec. 31</b>	<b>-1,067.5</b>	<b>-602.4</b>	<b>-531.4</b>	<b>-10.6</b>	<b>-8.0</b>
<b>Net book value, Dec 31</b>	<b>515.3</b>	<b>296.9</b>	<b>270.8</b>	<b>13.4</b>	<b>11.6</b>





## Note 12. Financial fixed assets

### Share holdings in subsidiaries

Amounts in millions

	Org. number, reg. Office	Number of shares	Share capital %	Book value
Assa Abloy Sverige AB	556061-8455 Eskilstuna	70	100	14.0
Timelox AB	556214-7735 Landskrona	15,000	100	40.0
ASSA ABLOY OY	699.757 Joensuu	800,000	100	631.0
ASSA ABLOY Norge a.s.	979207476 Moss	150,000	100	154.8
Assa Abloy Danmark A/S	CVR 10050316 Herlev	500	100	0.6
Ruko A/S	CVR 63989010 Herlev	5,000	100	191.8
ASSA ABLOY Deutschland GmbH	HR B 66227 Berlin	2	100	700.8
ASSA ABLOY France S.A.	412140907 R.C.S. Nanterre	2,000,000	100	262.1
ASSA ABLOY Ltd, UK	2096505 Croydon	1,330,000	100	25.8
C.E. Marshall (Wolverhampton) Ltd	1233859 Willenhall	526,000	100	164.5
Yale Security Products UK Ltd	1403050 Willenhall	51,880,715	100	2,683.4
Yale Security Products SpA	79370 Aprilia, Latina	2,001	100	291.3
Mul-T-Lock Ltd	520036583 Yavne	15,393,225	89	1,004.1
Josiah Parkes and Sons SA Ltd	05736293/07 Robertsham	200,000	100	155.8
Trathfix Properties Proprietary Ltd	05/30556/06 Robertsham	120	100	5.5
ASSA ABLOY Inc	39347-83 Salem, Oregon	100	100	1,654.7
Abloy Holdings Ltd	1148165260 St Laurent, Can	1	100	12.6
Assa Abloy Australia Pacific Pty Ltd	ACN 095354582 Oakleigh, Victoria	1	100	0.0
Lockwood Security Products Pty Ltd	ACN 086451907 Oakleigh, Victoria	4,000	50	208.0
Assa Abloy Asia Pte Ltd	199804395K Singapore	100,000	100	28.4
Industrial Cerrajera Scovill, SA de C.V.	ICS961204HR7 Mexico D.F.	84,558,936	100	224.7
Locktrade B.V.	8015687 Hoevelaken	6,300	100	0.4
Lips Technology BV	33274584 Amsterdam	400	100	0.2
VingCard AB	556192-3201 Eskilstuna	2,500	100	0.3
ASSA ABLOY Financial Services AB	556283-0264 Stockholm	10	100	6,000.9
ASSA ABLOY Treasury S.A.	1198-192123 Geneva	72,300,000	100	5,352.5
Assa Abloy Reinsurance S.A.	CH-660-1690000-9 Geneva	300,000	100	17.3
Assa Abloy (UK) Pension Trustees Ltd	4007863 Willenhall	1	100	0.0
<b>Total</b>				<b>SEK 19,825.5</b>

## Note 13. Inventory

Group	Dec. 31 2000 SEK M	Dec. 31 1999 SEK M	Dec. 31 1998 SEK M
Materials and inventory items	650.2	419.3	384.3
Work in progress	1,125.9	574.0	493.0
Finished goods	1,012.3	559.9	456.0
Paid in advance	20.0	11.5	5.8
<b>Total</b>	<b>2,808.4</b>	<b>1,564.7</b>	<b>1,339.1</b>





## Note 14. Shareholder's equity

Dec. 31 2000 Group, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance, Jan. 1	314.4	3,151.0	1,871.6	5,337.0
New share issue	32.4	4,343.6 *	–	4,376.0
Converted shares	5.7	42.9	–	48.6
Dividend	–	–	-237.5	-237.5
Shift between unrestricted and restricted reserves	–	1,040.6	-1,040.6	–
Exchange difference for the year	–	–	288.1	288.1
Net income	–	–	915.1	915.1
Closing balance, Dec. 31	352.5	8,578.1	1,796.7	10,727.3

\*The amount raised through the new share issue has been reduced by SEK 8.1 M corresponding to transaction costs after tax.

Dec. 31 2000 Parent Company, SEK M	Share capital	Premium reserve	Restricted reserves	Retained earnings	Total
Opening balance, Jan. 1	314.4	2,415.0	645.4	3,501.2	6,876.0
New share issue	32.4	4,351.7	–	323.5	4,707.6
Converted shares	5.7	42.9	–	–	48.6
Dividend	–	–	–	-237.5	-237.5
Net income	–	–	–	138.4	138.4
Closing balance, Dec. 31	352.5	6,809.6	645.4	3,725.6	11,533.1

Number of shares	Voting rights	Number of shares
Series A shares	191,753,230	19,175,323
Series B shares	333,277,912	333,277,912
<b>Total</b>	<b>525,031,142</b>	<b>352,453,235</b>

## Note 15. Untaxed reserves

### Parent Company

SEK M	Dec. 31 2000	Dec. 31 1999
Difference between book depreciation and planned depreciation	3.2	3.2
Profit equalization reserve, 1994	–	8.4
Profit equalization reserve, 1995	11.4	11.4
Profit equalization reserve, 1996	3.8	3.8
<b>Total</b>	<b>18.4</b>	<b>26.8</b>

## Note 16. Long-term liabilities falling due for payment later than five years after the financial year

### Group

SEK M	Dec. 31 2000	Dec. 31 1999	Dec. 31 1998
Liabilities to credit institutions	18.8	7.2	42.8
Other liabilities	0.9	0.9	1.3
<b>Total</b>	<b>19.7</b>	<b>8.1</b>	<b>44.1</b>





## Note 17. Corporate credit line

Check credits granted in the amount of SEK 636.3 M (370.8), of which SEK 149.4 M (59.1) is utilized.

## Note 18. Convertible debenture loans

SEK M	Dec. 31 2000	Dec. 31 1999	Dec. 31 1998
	250.0	298.6	312.7

The convertible debenture loan 97/02 has variable interest rate corresponding to 12 month STIBOR less 0.25 percent. The loan terms are from December 8 1997 to December 2 2002.

For convertible debenture loan 97/02 conversion can be made to series B shares during the period from December 1 2000 through November 15 2002. At full conversion for convertible debenture loan 97/02, at a SEK 58.70 conversion rate, 4,258,944 shares would arise.

## Note 19. Accrued expenses and prepaid income

SEK M	Group	Dec. 31 1999	Dec. 31 1998	Parent Company	Dec. 31 1999
	Dec. 31 2000			Dec. 31 2000	
Accrued expenses, personnel	493.6	417.3	333.5	11.6	6.9
Other	1,285.4	469.6	457.9	143.3	33.0
<b>Total</b>	<b>1,779.0</b>	<b>886.9</b>	<b>791.4</b>	<b>154.9</b>	<b>39.9</b>

## Note 20. Assets pledged

Group

SEK M	Dec. 31 2000	Dec. 31 1999	Dec. 31 1998
Pertains to long-term liabilities to credit institutions:			
Real estate mortgages	2.0	24.0	143.3
Chattel mortgages	1.8	2.1	3.1
<b>Total</b>	<b>3.8</b>	<b>26.1</b>	<b>146.4</b>

## Note 21. Contingent liabilities

SEK M	Group	Dec. 31 1999	Dec. 31 1998	Parent Company	Dec. 31 1999
	Dec. 31 2000			Dec. 31 2000	
Guarantees	88.6	90.6	57.5	3.1	3.0
Guarantees on behalf of subsidiaries	374.3	75.2	67.3	287.5	108.2
Other	—	112.7	5.3	—	—
<b>Total</b>	<b>462.9</b>	<b>278.5</b>	<b>130.1</b>	<b>290.6</b>	<b>111.2</b>



**Note 22. Personnel by country, distribution by men and women (average numbers)**

	Women			Men			Total		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Sweden	409	370	366	570	520	477	979	890	843
Finland	435	390	373	673	615	575	1,108	1,005	948
Norway	298	289	275	602	586	616	900	875	891
Denmark	132	129	137	159	149	163	291	278	300
Germany	424	351	362	604	368	373	1,028	719	735
United Kingdom	404	52	54	452	97	91	856	149	145
Belgium	56	47	46	77	70	68	133	117	114
France	893	755	704	1,415	1,255	1,211	2,308	2,010	1,915
The Netherlands	35	8	7	83	20	19	118	28	26
Czech Republic	442	413	469	354	355	373	796	768	842
Canada	32	27	15	62	42	20	94	69	35
Australia	392	460	2	567	603	13	959	1,063	15
United States	1,331	1,036	851	2,784	2,364	2,000	4,115	3,400	2,851
China	557	7	8	416	18	20	973	25	28
Singapore	22	21	15	40	37	30	62	58	45
Romania	404	459	356	362	399	290	766	858	646
Israel	78	–	–	185	–	–	263	–	–
Italy	86	–	–	103	–	–	189	–	–
South Africa	47	–	–	63	–	–	110	–	–
Mexico	121	–	–	143	–	–	264	–	–
Other	197	128	68	372	214	98	569	342	169
<b>Total</b>	<b>6,795</b>	<b>4,942</b>	<b>4,108</b>	<b>10,086</b>	<b>7,712</b>	<b>6,437</b>	<b>16,881</b>	<b>12,654</b>	<b>10,545</b>
<b>Parent Company</b>									
Sweden	14	9	6	17	12	9	31	21	15

**Note 23. Cash and cash equivalents**

SEK M	Group			Parent Company	
	2000	1999	1998	2000	1999
Cash and bank balances	732.1	195.1	121.4	79.2	78.5
Short-term investments	747.4	1.1	–	337.7	–
<b>Cash and cash equivalents</b>	<b>1,479.5</b>	<b>196.2</b>	<b>121.4</b>	<b>416.9</b>	<b>78.5</b>

Short-term investments in the Group balance sheet amounted to SEK 1,020.0 M (252.1) at year-end, of which SEK 272.4 M (251.0) comprised receivables with a maturity date more than three months ahead and other investments. These items are not classified as cash and cash equivalents and are not included in the list above.

Short-term investments in the Parent Company balance sheet amounted to SEK 896.6 M (246.0).





## Note 24. Cash flow

Group

<b>Adjustment for non-cash items</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Sale of fixed assets	-2.0	-0.9	-1.0
Change in provisions for pensions	0.4	2.8	46.6
<b>Adjustment for non-cash items</b>	<b>-1.6</b>	<b>1.9</b>	<b>45.6</b>
<b>Paid and received interest</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Paid interest	-387.3	-230.0	-212.8
Received interest	30.4	3.3	13.5
<b>Paid and received interest</b>	<b>-356.9</b>	<b>-226.8</b>	<b>-199.3</b>
<b>Change in working capital</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Inventories increase/decrease (-/+)	-41.0	-3.7	-23.4
Accounts receivable increase/decrease (-/+)	14.1	-111.3	-19.1
Other receivables increase/decrease (-/+)	-56.3	-17.1	0.2
Trade and other payables increase/decrease (+/-)	-11.1	105.0	-45.2
<b>Change in working capital</b>	<b>-94.3</b>	<b>-27.1</b>	<b>-87.5</b>
<b>Purchase of tangible fixed assets</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Purchase of tangible fixed assets	-604.3	-432.2	-367.3
Sale of tangible fixed assets	107.4	42.0	51.1
<b>Purchase of tangible fixed assets</b>	<b>-496.9</b>	<b>-390.2</b>	<b>-316.2</b>
<b>Investments in subsidiaries</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Acquired capital employed	12,172.6	1,440.4	1,073.6
Whereof goodwill	8,414.1	838.2	717.5
Less acquired net debt	-1,142.7	-514.9	-214.5
Less minority interests acquired	-249.3	-208.6	-
<b>Total purchase price</b>	<b>10,780.6</b>	<b>716.8</b>	<b>859.1</b>
Less acquired cash	-2,328.9	-60.5	-33.6
Less purchase price not yet paid	-107.8	-34.8	-
Less paid with own shares	-2,865.9	-	-
Less reclassification from shares in associated companies	-114.0	-	-
Less reclassification from other shares	-330.4	-	-
Less paid purchase price for sold companies	-396.0	-	-
Additional paid purchase price referring to prior year acquisition	34.8	-	-
<b>Investments in subsidiaries</b>	<b>4,672.4</b>	<b>621.5</b>	<b>825.5</b>
<b>Investments in associated companies</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Investments in associated companies	-	-3.9	109.9
<b>Investments in associated companies</b>	<b>0.0</b>	<b>-3.9</b>	<b>109.9</b>
<b>Other investments</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
Investment in other shares and participations	-	-338.8	-
Investment and sale of other financial assets	-19.9	-59.5	-162.2
<b>Other investments</b>	<b>-19.9</b>	<b>-398.3</b>	<b>-162.2</b>
<b>Cash and cash equivalents</b>	<b>SEK M 2000</b>	<b>SEK M 1999</b>	<b>SEK M 1998</b>
<b>Cash and cash equivalents as at January 1</b>	<b>196.2</b>	<b>121.4</b>	<b>120.4</b>
Cash flow	1,218.9	90.3	-5.0
Effect of exchange rate changes	64.4	-15.5	6.0
<b>Cash and cash equivalents as at December 31 (Note 23)</b>	<b>1,479.5</b>	<b>196.2</b>	<b>121.4</b>



## Audit report:

To the General Meeting of the shareholders  
of ASSA ABLOY AB (publ.)  
Corporate identity number 556059-3575

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of ASSA ABLOY AB (publ.) for the financial year 2000. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the President. I also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

I recommend to the General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm February 9 2001

Anders Lundin  
Authorized Public Accountant  
PricewaterhouseCoopers AB





## ASSA ABLOY's Board of Directors



**Georg Ehrnrooth**

Chairman  
Born 1940.  
Master of Science (Engineering).  
Board Chairman: Sanitec Oyj Abp and Varma-Sampo Mutual Pension Insurance Co.  
Board Member: Wärtsilä Corporation, Nokia Oyj Abp, Sampo Oyj Abp, Sandvik AB and Oyj Karl Fazer Abp, member of the board of administration of Rautaruukki Oyj and MeritaBank Abp.  
Member of the ASSA ABLOY Board since 1994.  
Holdings through company: 251,680 Series B shares.



**Melker Schörling**

Vice Chairman  
Born 1947.  
Master of Business Administration.  
Board Chairman: Securitas AB, Hexagon AB and TeleLarm Care AB.  
Board Member: Cardo AB, Hennes & Mauritz AB, Skandia AB and the Federation of Swedish Industries.  
Member of the ASSA ABLOY Board since 1994.  
Holdings privately and through company: 1,510,080 Series B shares and convertibles corresponding to 11,169,804 Series B shares.



**Gustaf Douglas**

Born 1938.  
Harvard Business School.  
Owner of Förvaltnings AB Wasatornet (principal owner of Investment AB Latour and Saki).  
Board Chairman: Investment AB Latour, Fagerhult, Stockholm Chamber of Commerce and Saki.  
Vice Chairman: Securitas AB. Board Member: TeleLarm Care AB and Stiftelsen Svenska Dagbladet.  
Member of the ASSA ABLOY Board since 1994.  
Holdings through Investment AB Latour: 21,900,000 Series B shares. Through Saki AB: 7,118,818 Series A shares and 966,400 Series B shares.



**Per-Olof Eriksson**

Born 1938.  
Master of Engineering, Honorary Doctor of Technology.  
Board Chairman: Svenska Kraftnät, Thermia AB and Odlander, Fredriksson & Co.  
Board Member: Sandvik AB, AB Custos, Svenska Handelsbanken, SSAB Svenskt Stål AB, Preem Petroleum AB, Skanska AB, (Stattum) and AB Volvo.  
Member of the Royal Swedish Academy of Engineering Sciences.  
Member of the ASSA ABLOY Board since 1995.  
Holdings directly and through company: 4,567 Series B shares and convertibles corresponding to 6,513 Series B shares.



**Göran J. Ehrnrooth**

Born 1934.  
Master of Science, Economics.  
Board Chairman: Fiskars Oyj Abp.  
Board Member: Wärtsilä Corporation.  
Member of the ASSA ABLOY Board since 1999.  
Holdings: nil.



**Gerhard Wendt**

Born 1934.  
Doctor of Philosophy.  
Board Chairman: Oy Algol Ab, Instrumentarium Oy and Outokumpu Oy.  
Board Member: Kone Oy, A. Ahlström Osakeyhtiö, Vaisala Oy, Kyro Oy and a member of Lagerqvist International Advisory Board.  
Member of the ASSA ABLOY Board since 1995.  
Holdings: convertibles corresponding to 6,513 Series B shares.





**Carl-Henric Svanberg**

President & CEO

Born 1952.

Master of Science, Bachelor of Economics.

President & CEO of the ASSA ABLOY Group since the Group was formed.

Board Member: Hexagon AB.

Member of the ASSA ABLOY Board since 1995.

Holdings through company:

3,906,471 Series B shares and convertibles

corresponding to 6,513 Series B shares.

**Mats Persson**

Born 1955.

Union trustee at Assa AB, employee representative, Swedish Metal Workers Union.

Member of the ASSA ABLOY Board since 1994.

Holdings: nil.

**Gösta Johnsson**

Born 1942.

Union trustee at Assa AB, employee representative,

Federation of Salaried Employees in Industry and Services.

Chairman of EWC within ASSA ABLOY since 1996.

Member of the ASSA ABLOY Board since 1997.

Holdings: convertibles corresponding to 6,513 Series B shares.

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**Deputy members****Lisbeth Staaf**

Born 1955.

Controller.

Union trustee at FIX AB.

Board Member: Medichus AB.

Member of the ASSA ABLOY Board since 1999.

Holdings: nil.

**Per-Edvin Nyström**

Born 1955.

Union trustee at Assa Industri AB, employee representative, Swedish Metal Workers Union.

Member of the ASSA ABLOY Board since 1994.

Holdings: 1,207 Series B shares and convertibles corresponding to 6,513 Series B shares.

**Auditor****Anders Lundin**

Born 1956.

Authorized Public Accountant, Pricewaterhouse Coopers AB

Auditor for the Assa Group since 1988 and for ASSA ABLOY since 1994.





## ASSA ABLOY's Group Management

### Executive Management and Group Vice Presidents

#### Carl-Henric Svanberg

Born 1952.  
Master of Science, Bachelor of Economics.  
President & CEO of the ASSA ABLOY Group since the Group was formed.  
Board Member: Hexagon AB.  
Member of the ASSA ABLOY Board since 1995.  
Holdings: 3,906,471 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Bo Dankis

Born 1954.  
Master of Science.  
President of ASSA ABLOY France and Country Manager for France, Belgium, Spain, Portugal and Italy.  
Group Vice President of ASSA ABLOY.  
Employed since 1997.  
Holdings: 86,000 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Otto Hansen

Born 1937.  
Graduate Diploma in Business Administration.  
Chairman of Operations in Germany.  
Group Vice President of ASSA ABLOY.  
Employed since the Group was formed.  
Holdings: 500,000 Series B shares.

#### Göran Jansson

Born 1958.  
Graduate Diploma in Business Administration.  
Chief Financial Officer.  
Employed since 1997.  
Holdings: 341,600 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Hans Johansson

Born 1955.  
Master of Science.  
President of Assa AB, Assa Industri AB and Solid AB and Country Manager for Sweden and Norway.  
Group Vice President of ASSA ABLOY.  
Employed since the Group was formed.  
Holdings: 678,301 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Eero Leskinen

Born 1956.  
Master of Science.  
President of ASSA ABLOY Germany and Country Manager for Germany and the Netherlands.  
Group Vice President of ASSA ABLOY.  
Employed since the Group was formed.  
Holdings through company: 820,000 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Åke Sund

Born 1957.  
Graduate Diploma in Marketing. Group Vice President of ASSA ABLOY, Market Development and Emerging Markets.  
Employed since the Group was formed.  
Holdings: 356,231 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Matti Virtaala

Born 1951.  
Bachelor of Science (Engineering).  
President of Abloy Oy and Country Manager for Finland.  
Group Vice President of ASSA ABLOY.  
Employed since the Group was formed.  
Board Member: Tulkivi Oy, Tunturi Oy Ltd and GWS Systems Oy.  
Holdings: 814,864 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Clas Thelin

Born 1954.  
Master of Science.  
President of ASSA ABLOY North America Inc. and Country Manager for the USA.  
Group Vice President of ASSA ABLOY.  
Employed since the Group was formed.  
Holdings: 216,272 Series B shares and convertibles corresponding to 6,513 Series B shares.

#### Ulf Södergren

Born 1953.  
Master of Science, Bachelor of Economics.  
Group Vice President of ASSA ABLOY, Operations.  
Employed since May 2000.  
Holdings: options corresponding to 80,000 Series B shares.

#### Geoff Norcott

Born 1947.  
Bachelor of Engineering (Industrial).  
Country Manager for Australia, New Zealand and the UK.  
Group Vice President of ASSA ABLOY.  
Employed since August 2000.  
Holdings: options corresponding to 82,069 Series B shares.

#### Anna Bernstein

Born 1961.  
Master of Science.  
Vice President of ASSA ABLOY, Corporate Communications.  
Employed since October 2000.  
Holdings: 665 Series B shares.



### Other members of Group Management



#### Carl Trock

Born 1954.  
Master of Business Administration.  
President of Ruko A/S and Country Manager for Denmark.  
Employed since 1996.  
Holdings: options corresponding to 80,000 Series B shares and convertibles corresponding to 6,513 Series B shares.



#### Dag Schjerven

Born 1954.  
Master of Business Administration.  
President of VingCard a.s. and head of the VingCard Group.  
Employed since October 1999.  
Holdings: options corresponding to 80,000 Series B shares.



#### C.K. Jeang

Born 1955.  
Master of Business Administration and Engineering.  
President and CEO for ASSA ABLOY Asia Limited and Managing Director of Yale-Guli China.  
Employed since August 2000.  
Holdings: nil



From left: Bo Dankis, Hans Johansson, Clas Thelin, Anna Bernstein, Åke Sund, Eero Leskinen, Carl-Henric Svanberg, Otto Hansen, Matti Virtaala, Göran Jansson, Ulf Södergren.  
Not in photo: Geoff Norcott (see page 10).



**Thanasis Molokotos**

Born 1958.  
Master of Science  
(Mech, Engineering).  
President of Sargent  
Manufacturing Co. and  
McKinney Products Co.  
Employed since 1996  
Holdings: 30,000 series B shares  
and options corresponding to  
40,000 series B shares.



**Tzachi Wiesenfeld**

Born 1958.  
Master of Business Administration  
(Engineering).  
President and CEO of Mul-T-Lock  
in Israel.  
Employed since 1999.  
Holdings: nil



**Lennart Robertsson**

Born 1959.  
Master of Science. President of  
ASSA ABLOY Asia Pte Ltd.  
Employed since 1995.  
Holdings: 2,904 Series B shares  
and convertibles corresponding  
to 6,513 Series B shares.





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