

# CMD 2021

## Welcome





# CMD 2021



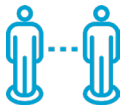




# Safety first



**Stay home if you have flu symptoms**



**Keep your distance**



**Wash/sanitize hands**



**Alarm**



**Assembly point**



**Emergency exit**



**Emergency number**



**First aid kit**



**Protective equipment**

# CMD 2021



Join Audio



Chat



Raise Hand



Q&A

Leave



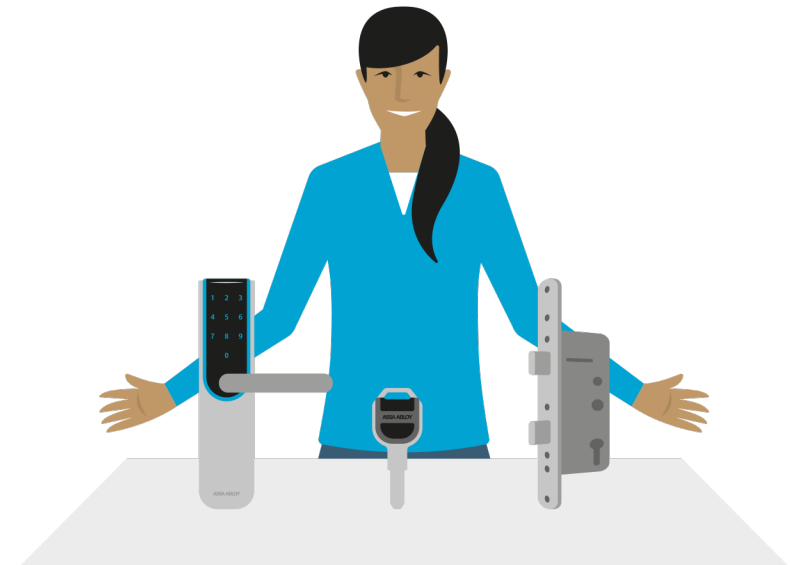
# Agenda

<b>14.00 – 14.50 Strategy overview including Q&amp;A</b>	<b>CEO/CFO</b>
<b>14.50 – 14.55 Break</b>	
<b>14.55 – 15.55 Strategy overview including Q&amp;A</b>	<b>CEO/CFO</b>
<b>15.55 – 16.05 Break</b>	
<b>16.05 – 16.35 Overview and strategy update of Entrance Systems</b>	<b>Christopher Norbye</b>
<b>16.35 – 16.50 Overview and strategy update of Global Solutions</b>	<b>Christophe Sut</b>
<b>16:50 – 16:55 Break</b>	
<b>16.55 – 17.20 Overview and strategy update of EMEIA</b>	<b>Neil Vann</b>
<b>17.20 – 17.50 Concluding Q&amp;A</b>	<b>All speakers</b>
<b>17:50 - Conclusion</b>	<b>CEO/CFO</b>



# Presentation outline

- 1 Intro and overview
- 2 Reflections on ASSA ABLOY's position
- 3 Strategic activities and enablers to reach our financial targets
- 4 Key take aways





# Our vision

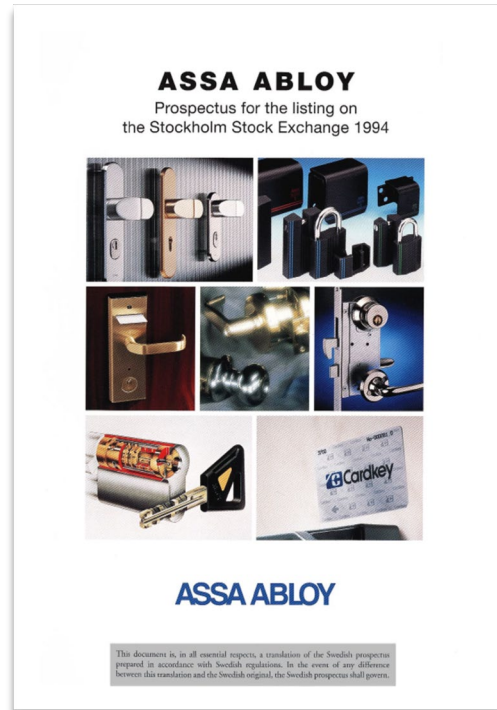
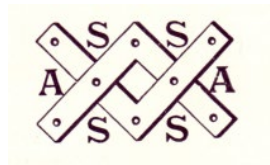
## Vision

To be the global leader in providing innovative access solutions that help people feel safe and secure so that they can experience a more open world





# ASSA ABLOY's journey began in 1994, but our business is more than 100 years old

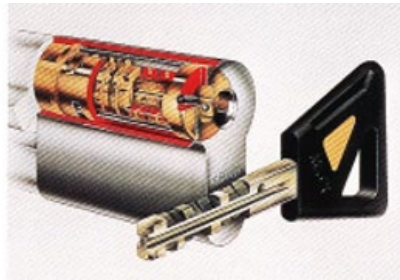


*"...an attractive perspective will open up in an industry where the potential for profits is good, where no major restructuring has as yet occurred, and in which there are only few international players."*

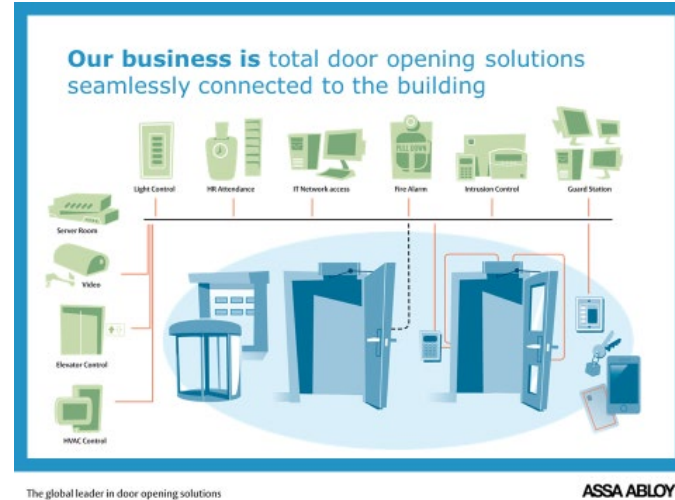
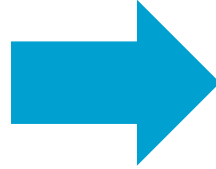




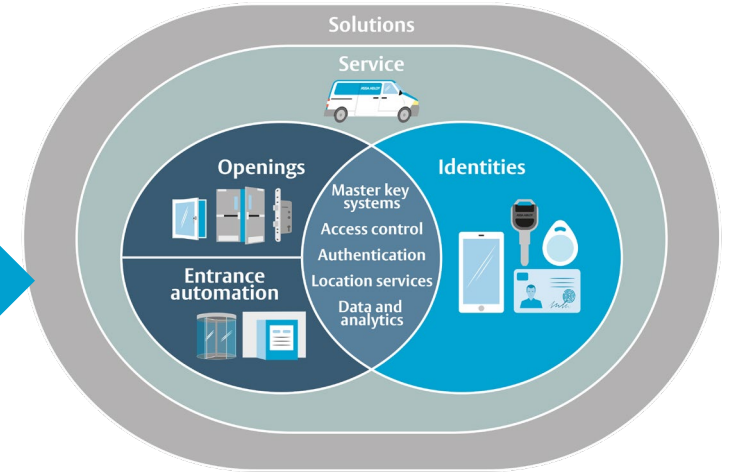
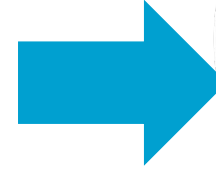
# ... and we have moved from a mechanical lock company to a global leader in access solutions



**1990's**  
– one of the world's  
leading lock companies



**2000's**  
– global leader in door  
opening solutions



**2020's**  
– global leader in  
access solutions



# We offer products that are part of your daily lives

Access control



Mechanical and digital locks & access control



Mobile key



Field service



Rotating pedestrian door systems



Portable locking, safes and alarms



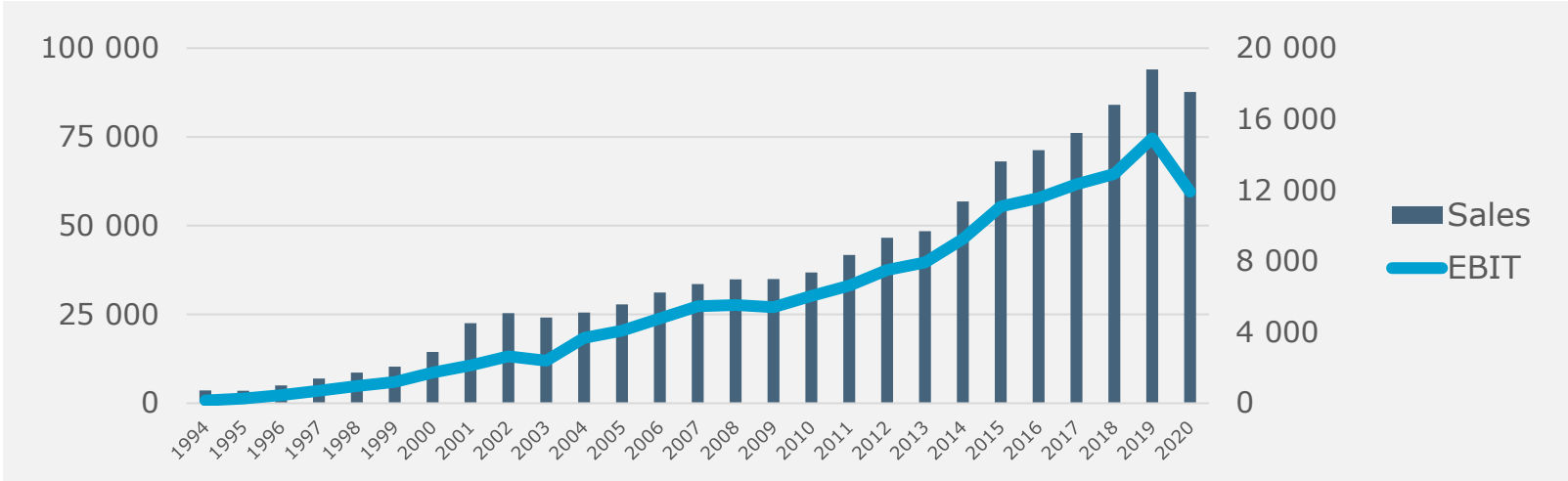
High security fences





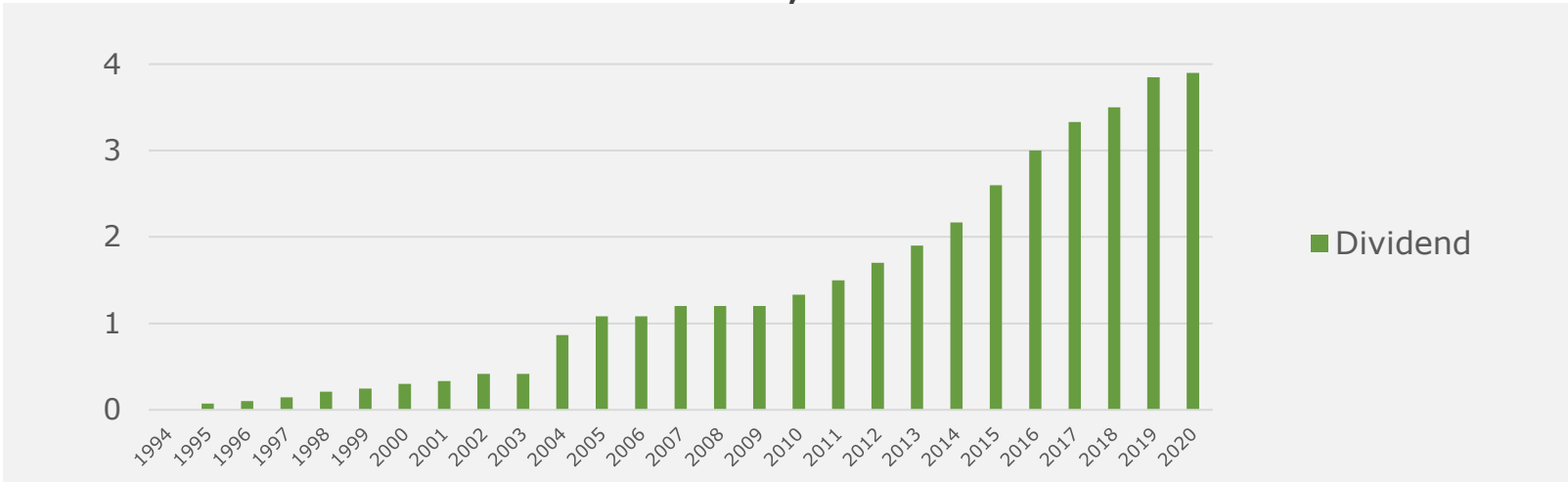
# We can now celebrate a 26 years successful journey!

Sales & EBIT\*, MSEK



\*) Excluding items affecting comparability

Dividend, SEK



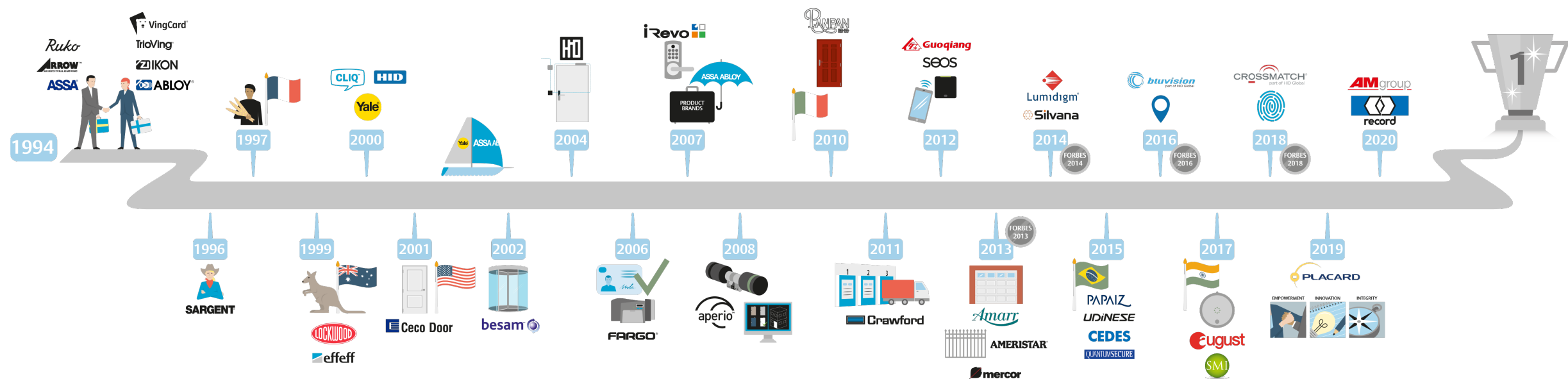
**Since 2010**  
Sales +138%  
EBIT +97%

**Total return\***  
+406% in the last  
10 years

**Dividend**  
+192% in the  
last 10 years

\* As per 10 May 2021

# Since our journey started, we have completed more than 300 acquisitions...





# Reflections on ASSA ABLOY's position

- Good industry
- Largest installed base & product offering
- Dynamic and decentralized organization
- Innovation focus
- Leading with sustainable products
- Synergies through divisional collaborations
- Proven strategy



# Reflections on ASSA ABLOY's position

- **Good industry**
- Largest installed base & product offering
- Dynamic and decentralized organization
- Innovation focus
- Leading with sustainable products
- Synergies through divisional collaborations
- Proven strategy

Increased demand for security



Urbanization & increased wealth



Shift to new technologies



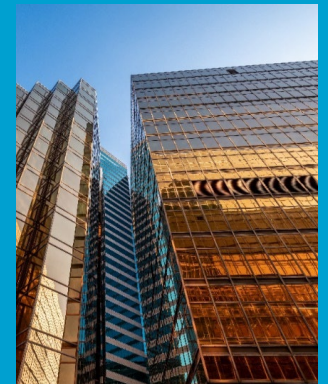
Sustainable buildings



Change of applications and codes



Strong local market regulations





# Reflections on ASSA ABLOY's position

- Good industry
- **Largest installed base & product offering**
  - **Strong brands and channel position**
- Dynamic and decentralized organization
- Innovation focus
- Leading with sustainable products
- Synergies through divisional collaborations
- Proven strategy



# Reflections on ASSA ABLOY's position

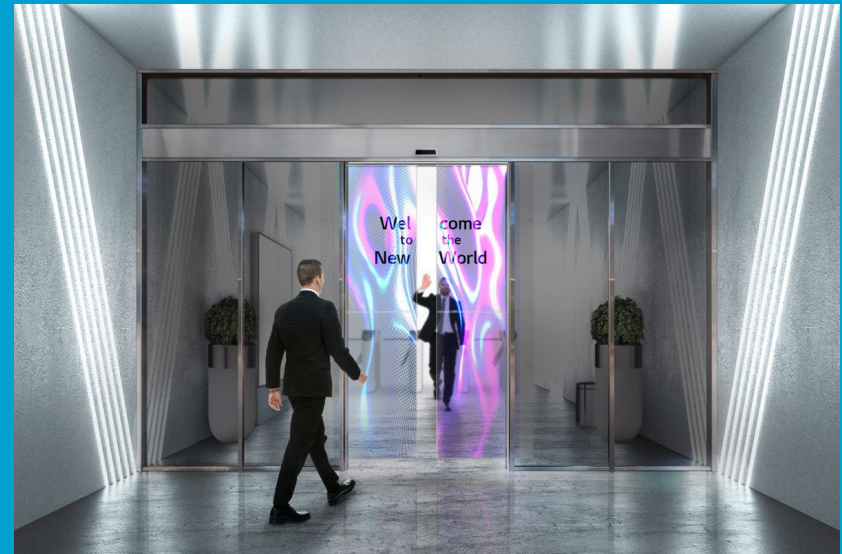
- Good industry
- Largest installed base & product offering
- **Dynamic and decentralized organization**
- Innovation focus
- Leading with sustainable products
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- Proven strategy





# Reflections on ASSA ABLOY's position

- Good industry
- Largest installed base & product offering
- Dynamic and decentralized organization
- **Innovation focus**
  - **Leading technology in the market**
- Leading with sustainable products
- Synergies through divisional collaborations
- Proven strategy



# Reflections on ASSA ABLOY's position

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- Proven strategy





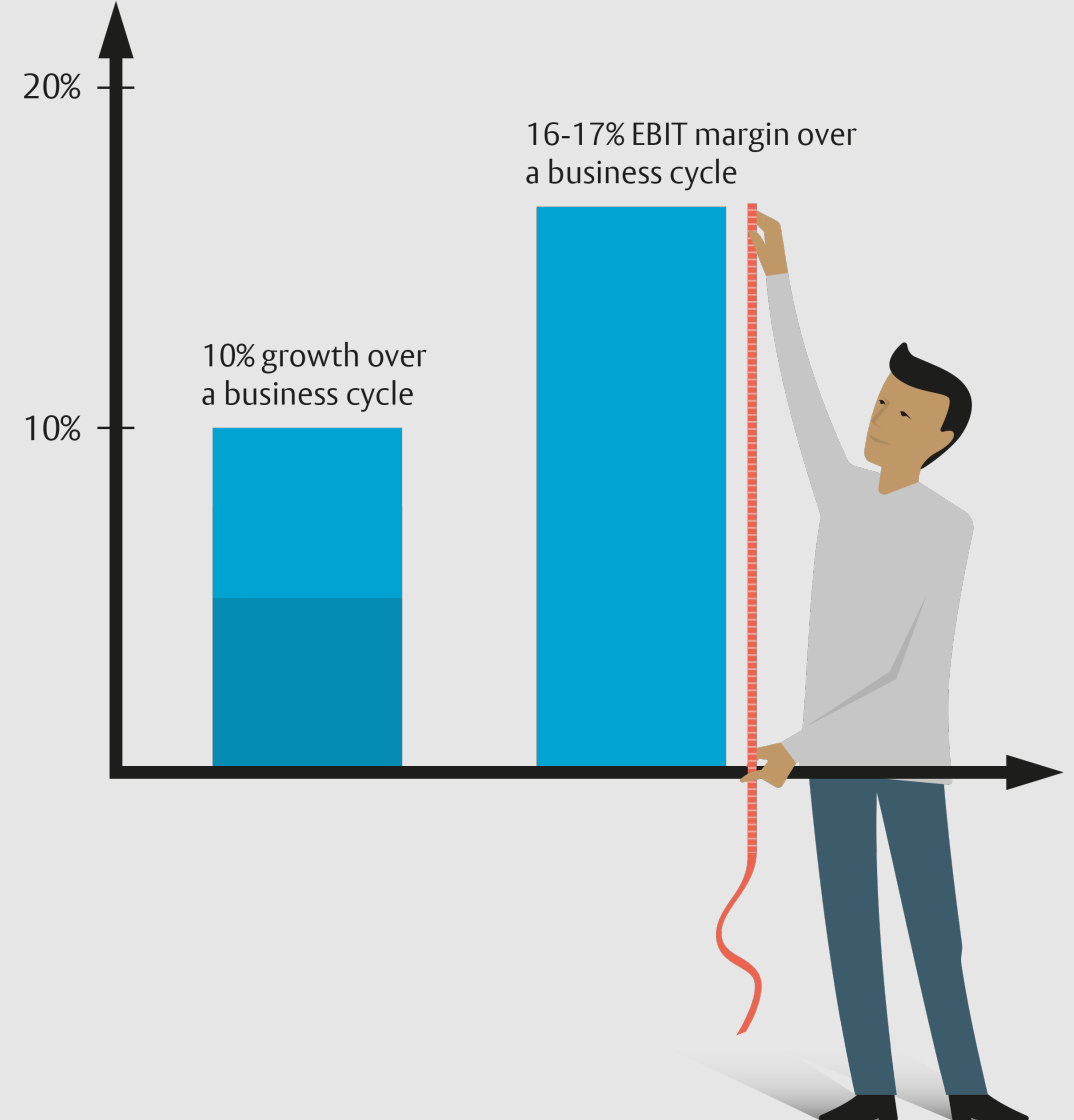
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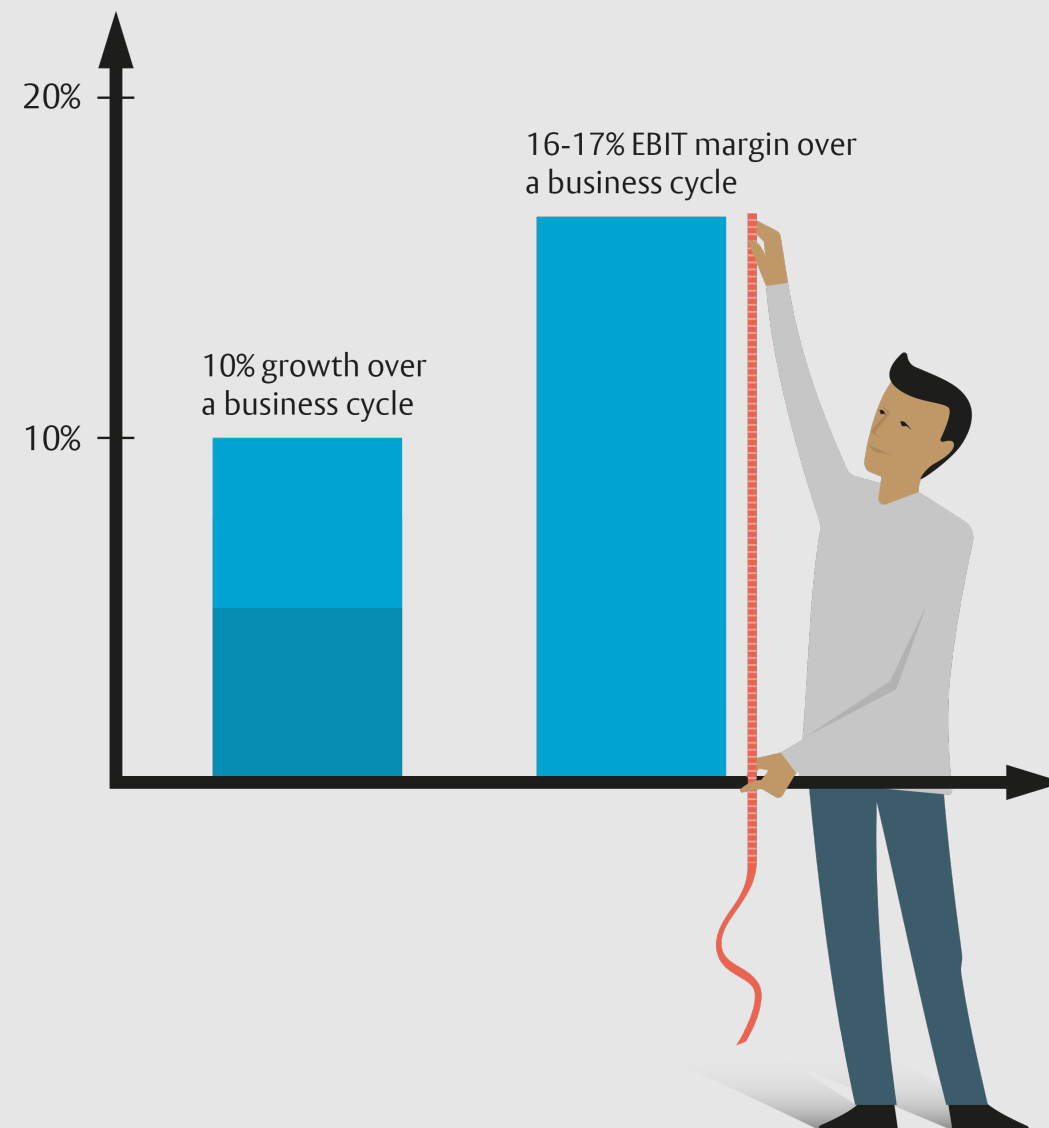
# Reflections on ASSA ABLOY's position

- Good industry
- Largest installed base & product offering
- Dynamic and decentralized organization
- Innovation focus
- Well positioned to offer 'green' products
- Cross divisional collaboration generates more synergies
- **Proven strategy**



# Reflections on ASSA ABLOY's position

- **Good industry**
- **Largest installed base & product offering**
- **Dynamic and decentralized organization**
- **Innovation focus**
- **Well positioned to offer 'green' products**
- **Cross divisional collaboration generates more synergies**
- **Proven strategy**
- **→ Accelerate profitable growth**





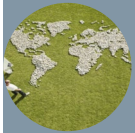
# Activities and enablers to accelerate profitable growth

## Accelerated growth



### Acquisitions

Continue with successful acquisitions



### Emerging markets

Accelerate growth in emerging markets



### Recurring revenue

Generate more recurring revenues



### Upgrade the installed base

With electromechanical access solutions



### Sustainable solutions

Create solutions for sustainable buildings

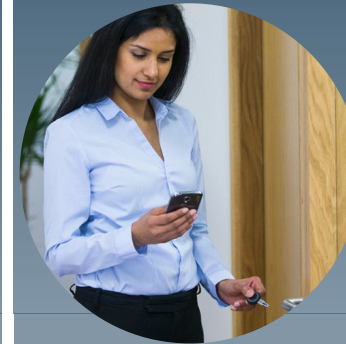
## Enablers

### Culture



Strengthen common culture to become a stronger Group

### R&D



Investments in product innovation

### Cost

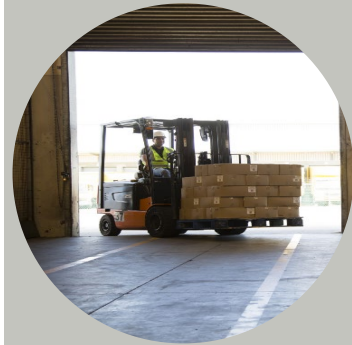


Reduce cost base

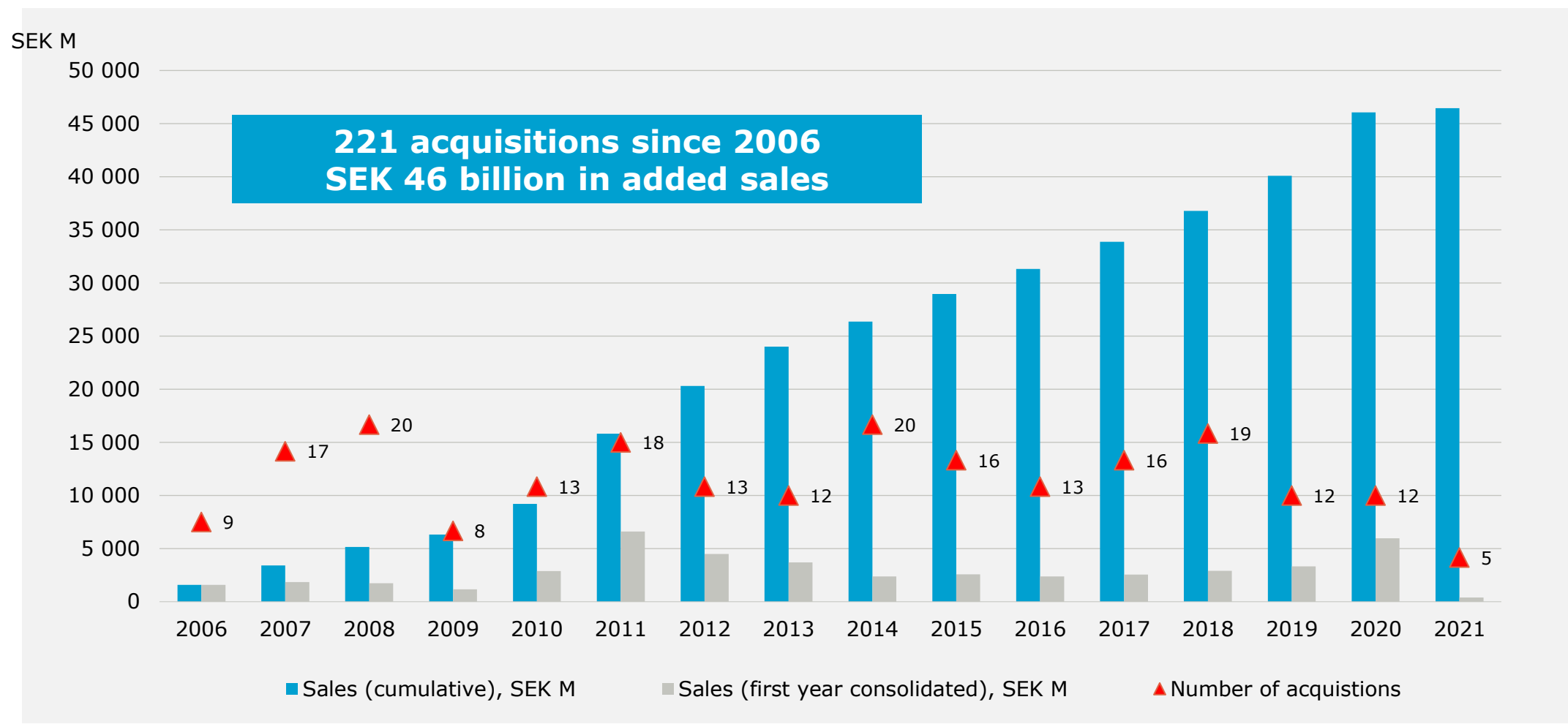
- MFP
- Sourcing
- Productivity
- Logistics
- Sustainability

# Continue with successful acquisitions

Accelerated growth	
	<b>Acquisitions</b> Continue with successful acquisitions
	<b>Emerging markets</b> Accelerate growth in emerging markets
	<b>Recurring revenue</b> Generate more recurring revenues
	<b>Upgrade the installed base</b> With electromechanical access solutions
	<b>Sustainable solutions</b> Create solutions for sustainable buildings

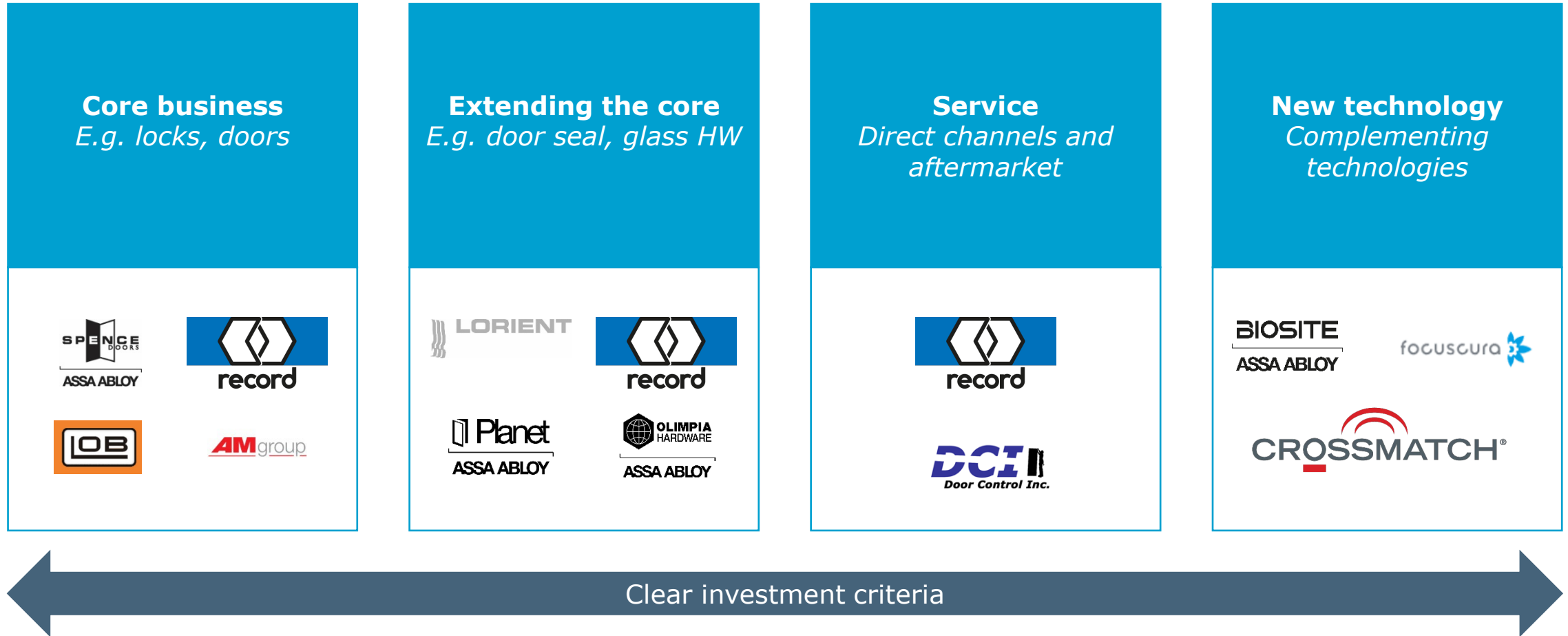
Enablers		
<b>Culture</b>  Strengthen common culture to become a stronger Group	<b>R&amp;D</b>  Investments in product innovation	<b>Cost</b>  Reduce cost base <ul style="list-style-type: none"><li>• MFP</li><li>• Sourcing</li><li>• Productivity</li><li>• Logistics</li><li>• Sustainability</li></ul>

# Acquisitions have been vital in our growth strategy





# We acquire four different types of businesses



# Many opportunities to continue our acquisition journey

Identified acquisition targets by our regional and global divisions



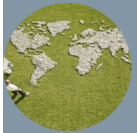
# Accelerate growth in growth in emerging

## Accelerated growth



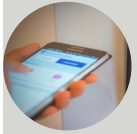
### Acquisitions

Continue with successful acquisitions



### Emerging markets

Accelerate growth in emerging markets



### Recurring revenue

Generate more recurring revenues



### Upgrade the installed base

With electromechanical access solutions



### Sustainable solutions

Create solutions for sustainable buildings

## Enablers

### Culture



Strengthen common culture to become a stronger Group

### R&D



Investments in product innovation

### Cost



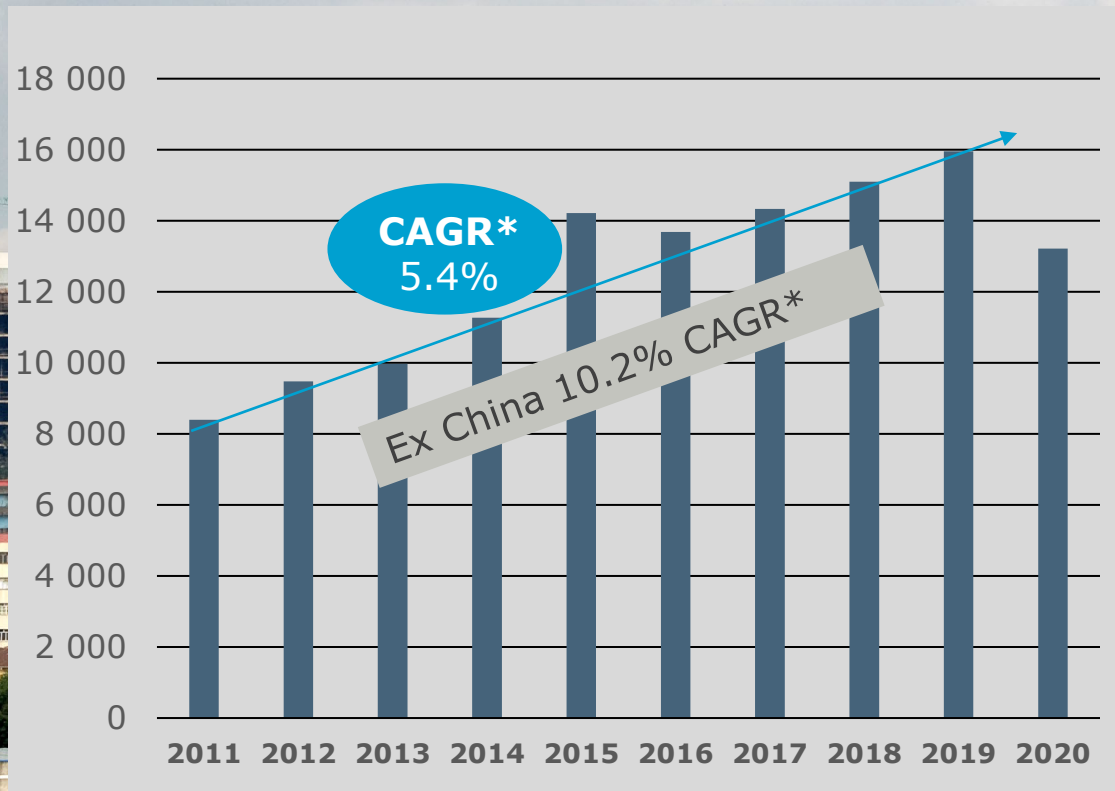
Reduce cost base

- MFP
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- Productivity
- Logistics
- Sustainability

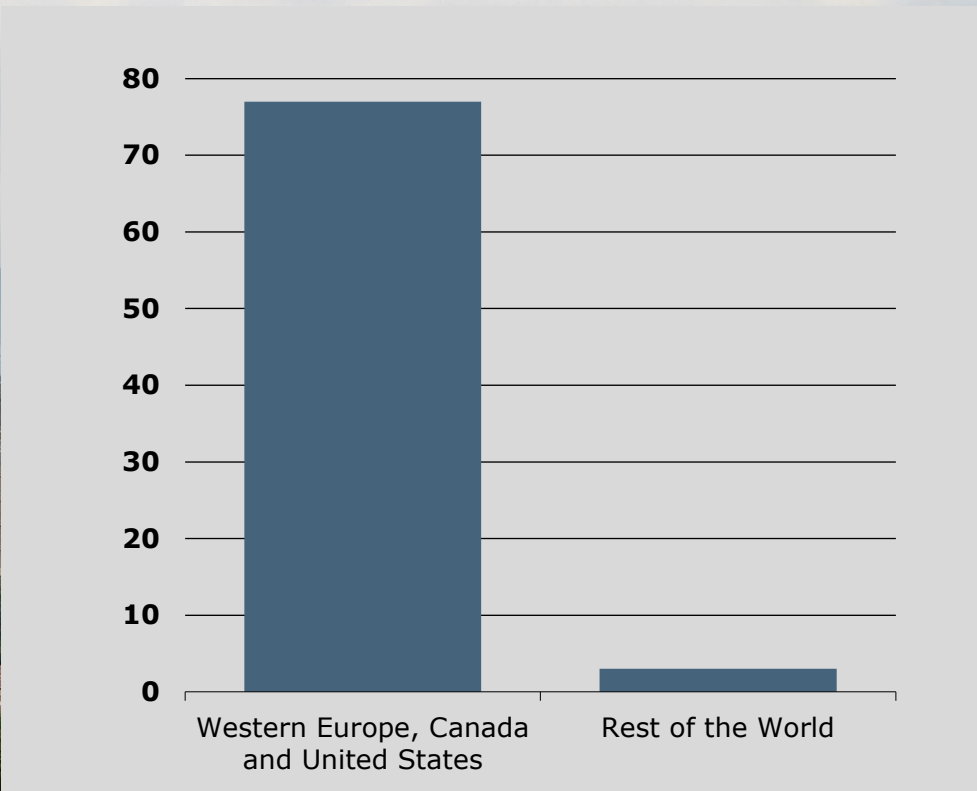


# Sales is growing, but still many untapped opportunities

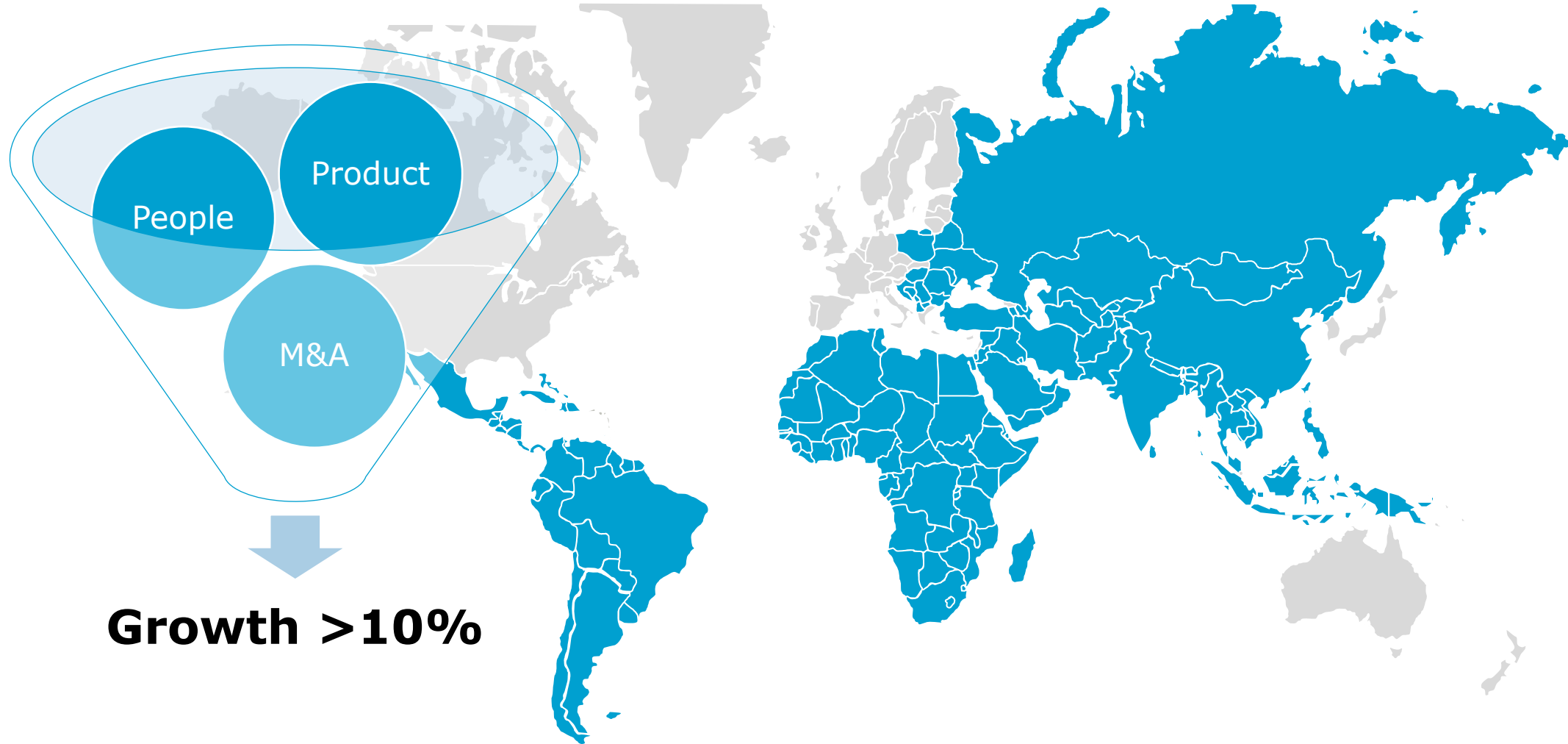
ASSA ABLOY sales in emerging markets (MSEK)



ASSA ABLOY sales per capita in 2020, SEK



# Focus on emerging markets





# Progress in our China strategy

## Strategy

Consolidation of

- brands
- sales organization
- factories
- R&D centres



## Status

**Stability → Profitability**

- Stable new organization
- Reduced number of factories
- Operating margin ~5%



## Targets

**Profitability → Growth**

- Increase sales in the commercial market
- Increase aftermarket sales
- Operating margin ~10%



# Generate more recurring revenues

**Accelerated growth**

**Acquisitions**  
Continue with successful acquisitions

**Emerging markets**  
Accelerate growth in emerging markets


**Recurring revenue**  
Generate more recurring revenues

**Upgrade the installed base**  
With electromechanical access solutions

**Sustainable solutions**  
Create solutions for sustainable buildings

**Enablers**

**Culture**  
  
Strengthen common culture to become a stronger Group

**R&D**  
  
Investments in product innovation

**Cost**  
  
Reduce cost base

- MFP
- Sourcing
- Productivity
- Logistics
- Sustainability

# Main growth drivers for recurring revenue



**Field service**

Entrance Systems 'breakout'



**Software as a Service (SaaS)**

# Strong growth opportunities in SaaS

## Opening Solutions

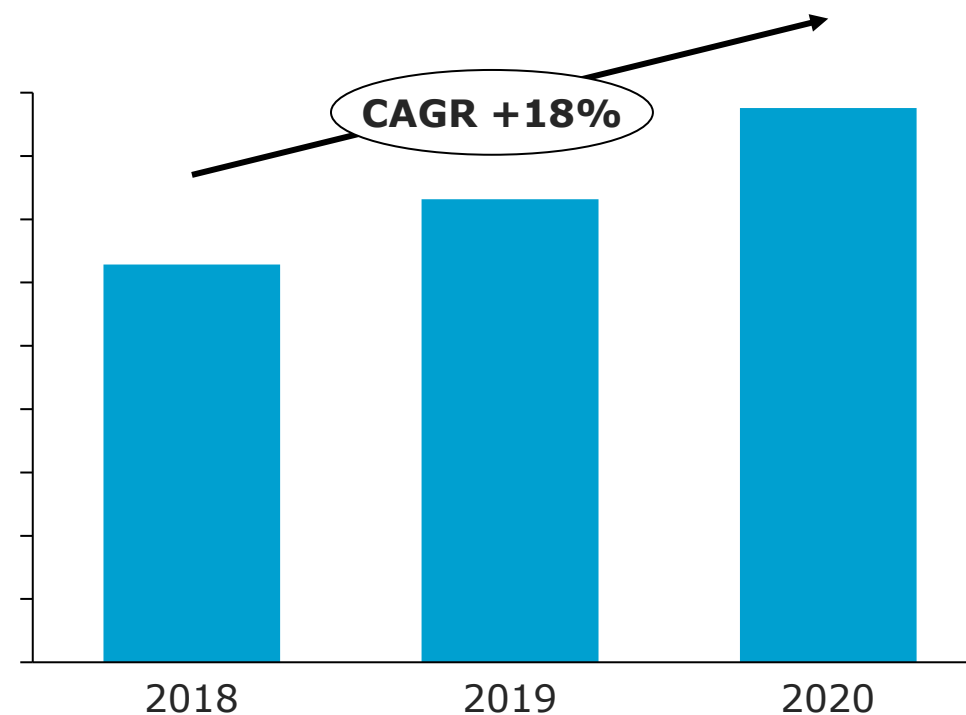
- Access control management
- In home services B2C

## Identity management

- Mobile keys & credentials
- Identity Access Management
- Data & cloud solutions
- Hosting solutions



**Total subscription sales**





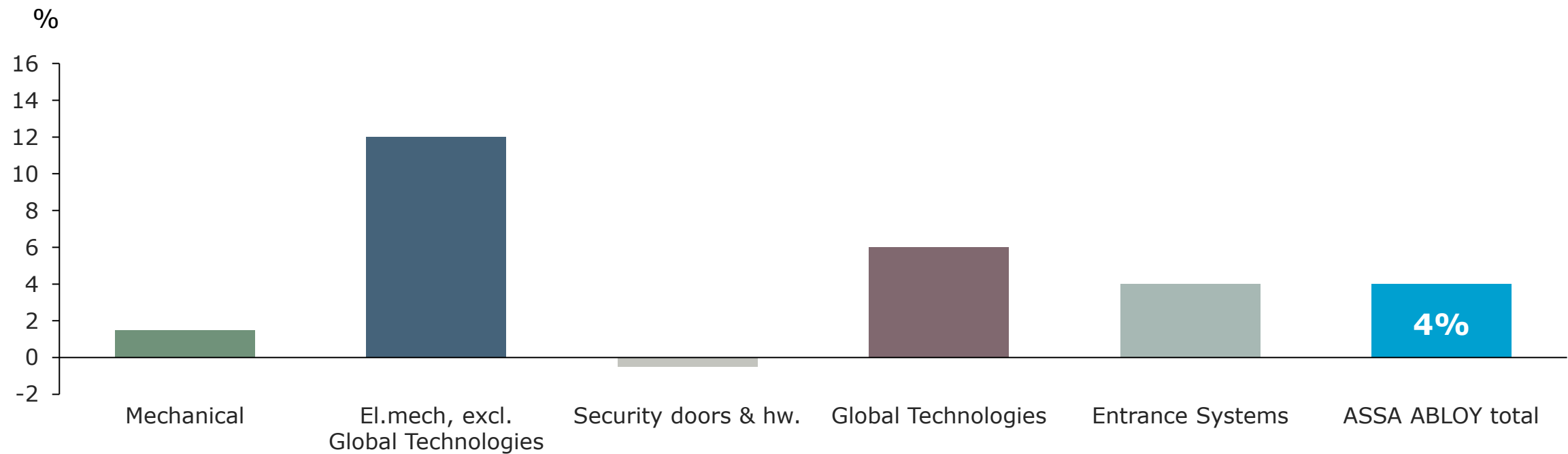
# Upgrade the installed base

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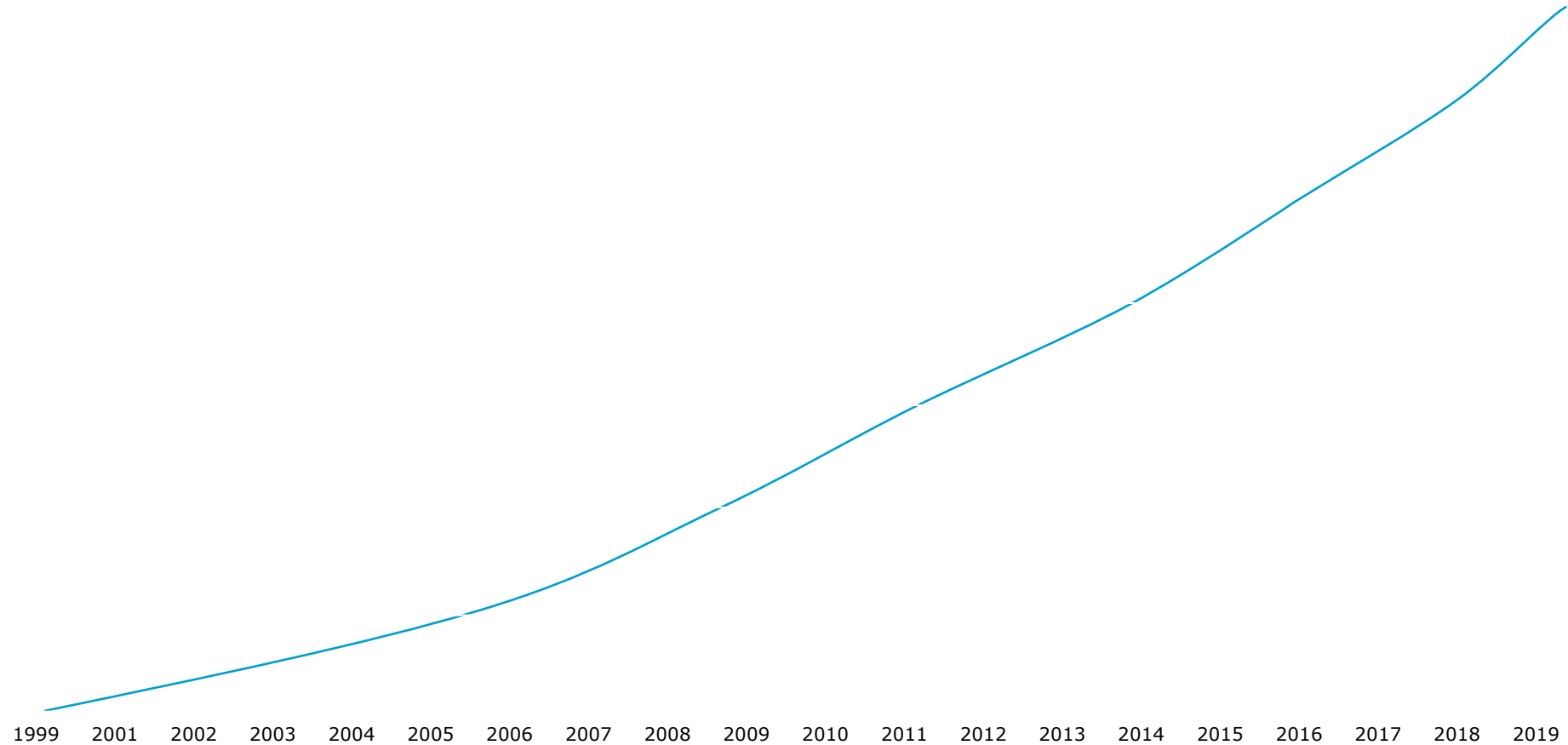
# Transition to electromechanical products underway

Average annual organic growth pre pandemic 2015-2019<sup>1</sup>



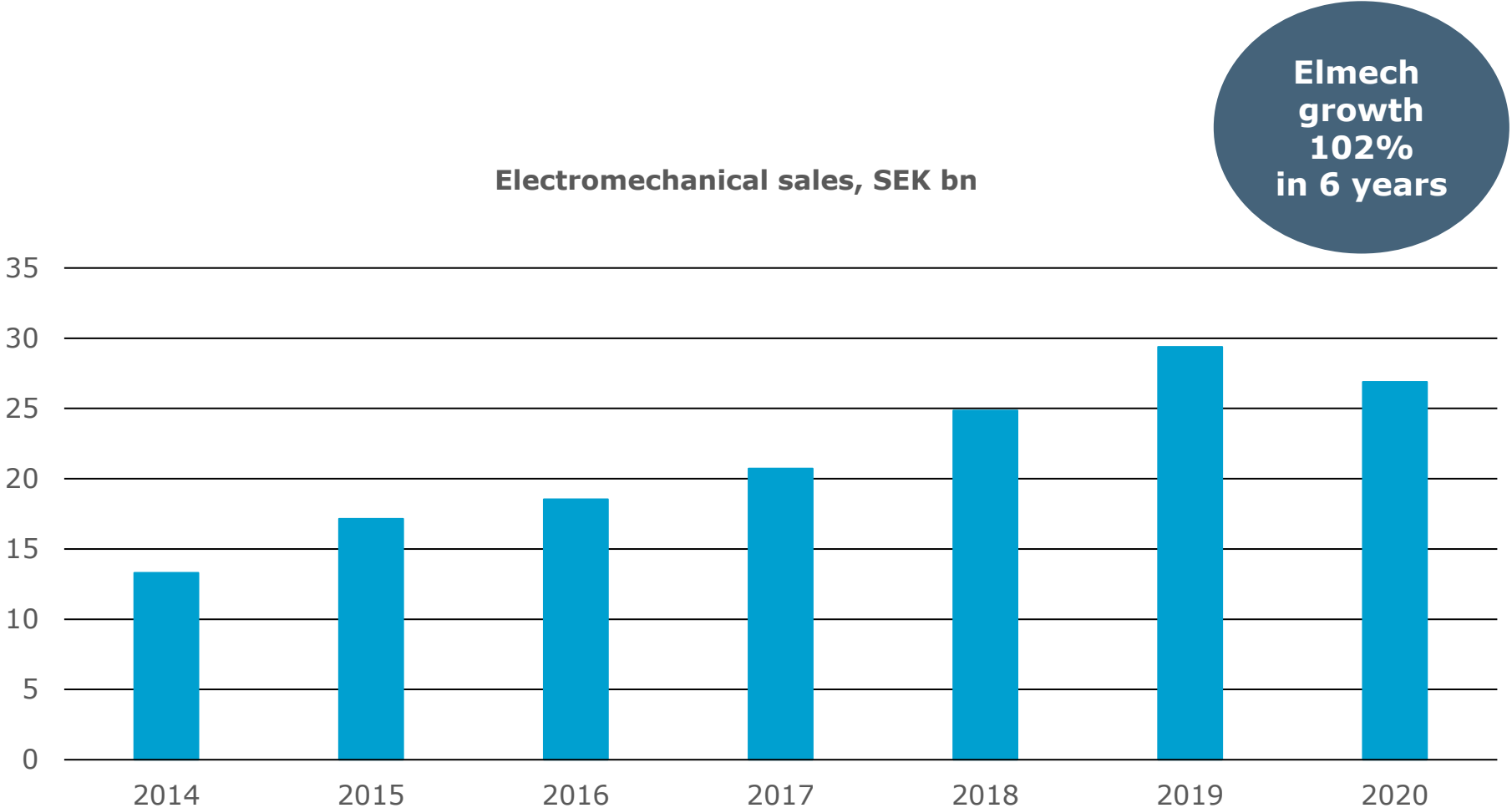
<sup>1</sup> Organic growth estimated for Mechanical, El.mech, excl. GT and Security doors.

# iRevo Gateman – Accumulated quantity in South Korea






# Transition to electromechanical products underway



# Create solutions for sustainable buildings

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# Sustainability is also a driver for growth

## Increasing demand from customers

- ~70% of consumers<sup>1</sup> search for 'green' products
- ~50%^ of new commercial constructions expected to be 'green'
- Customers committing to science-based targets



## Sustainability strengthens our competitiveness

- More attractive product offering
  - 348 environmental product declarations (EPD)
  - Preferred partner with external stakeholders
- Reduces operational and business risk
- Increased attractiveness as employer

<sup>1</sup> Source: UL, The Sustainable Edgec ^Dodge Data & Analysis, World Green Building Trend 2018

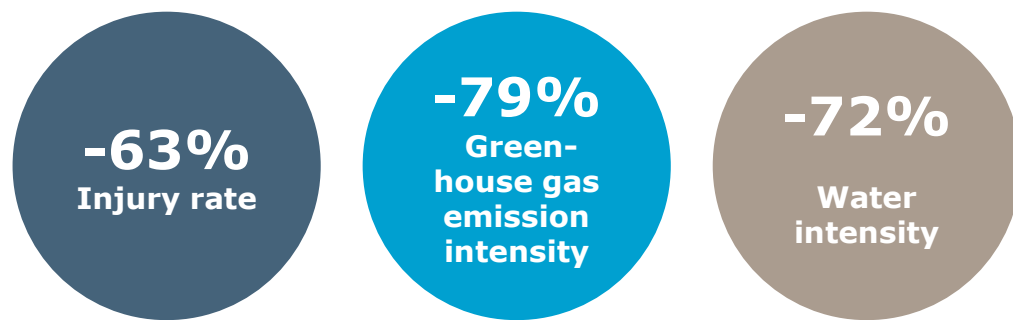
# Significant progress since 2010

## 1 First program launched in 2007

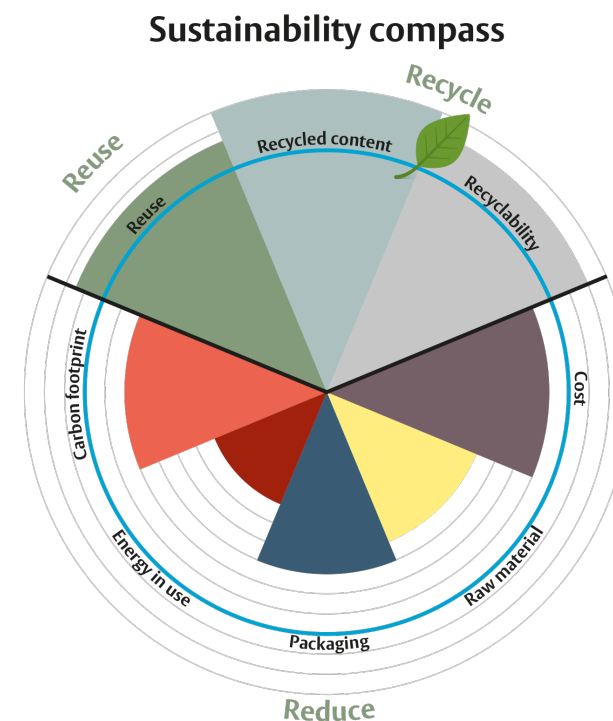
- Introduction of procedures and structures
- Drive sustainability performance in everyday operations

## 2 Measurable targets launched in 2010

- Key Sustainability metrics change 2010-2020:



## 3 Integration of sustainability into product development globally since 2017





# Sustainability targets 2019-2025

Sustainability targets 2025		2019	2025
Operations	Carbon, water intensity, waste and organic solvents		-25
	ISO 14001 sites certified		100%
Supply mgmt	Supplier audits		95%
People	Injury rates		33%
	Gender		>30%

## Commitment to science-based targets

2030

**-50%**  
absolute carbon  
emission reduction  
vs. 2019

2050

**Carbon  
Neutral**

# Q&A








# Break

# Strengthen common culture to become a stronger Group

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# People & culture

- People are our most important asset
- "Together we" campaign
- Internal recruitment and promotion
- Life long career

- 
- More shared products and solutions cross entities
  - More synergies from cross functional and cross regional collaboration

## Empowerment



We have trust  
in people

## Innovation



We have the courage  
to change

## Integrity

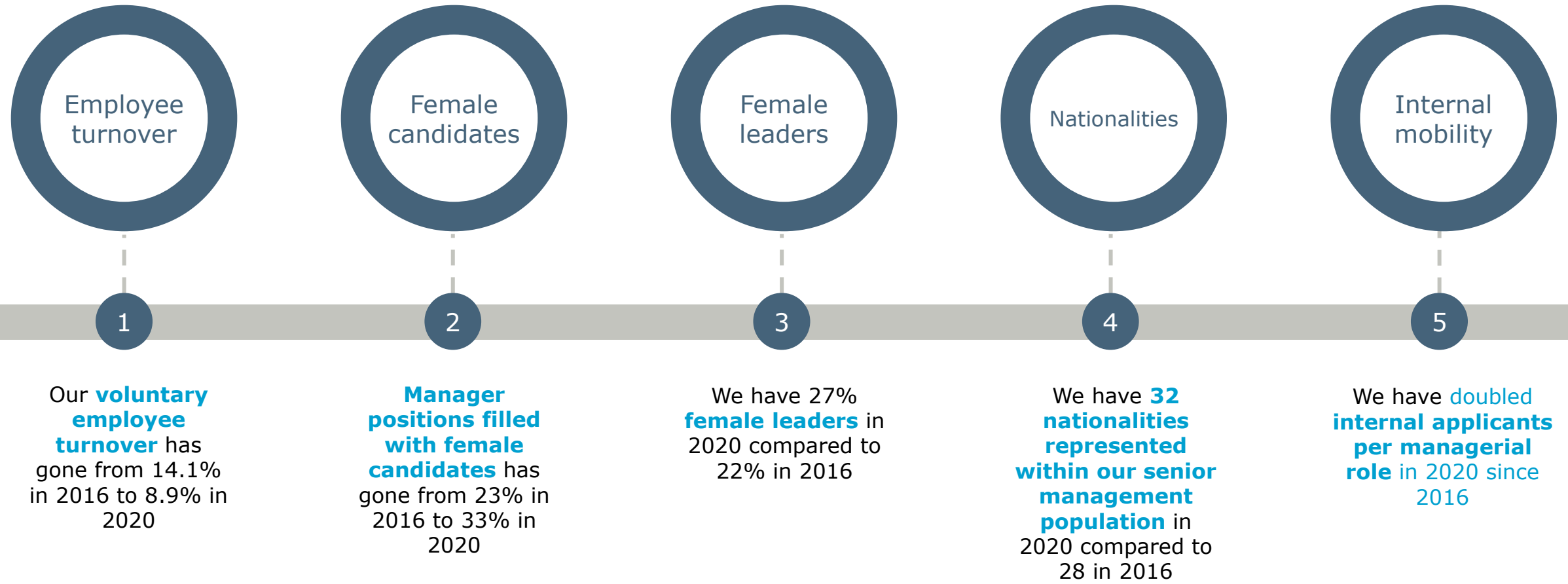


We stand up for  
what's right






Together we

# Measuring our progress

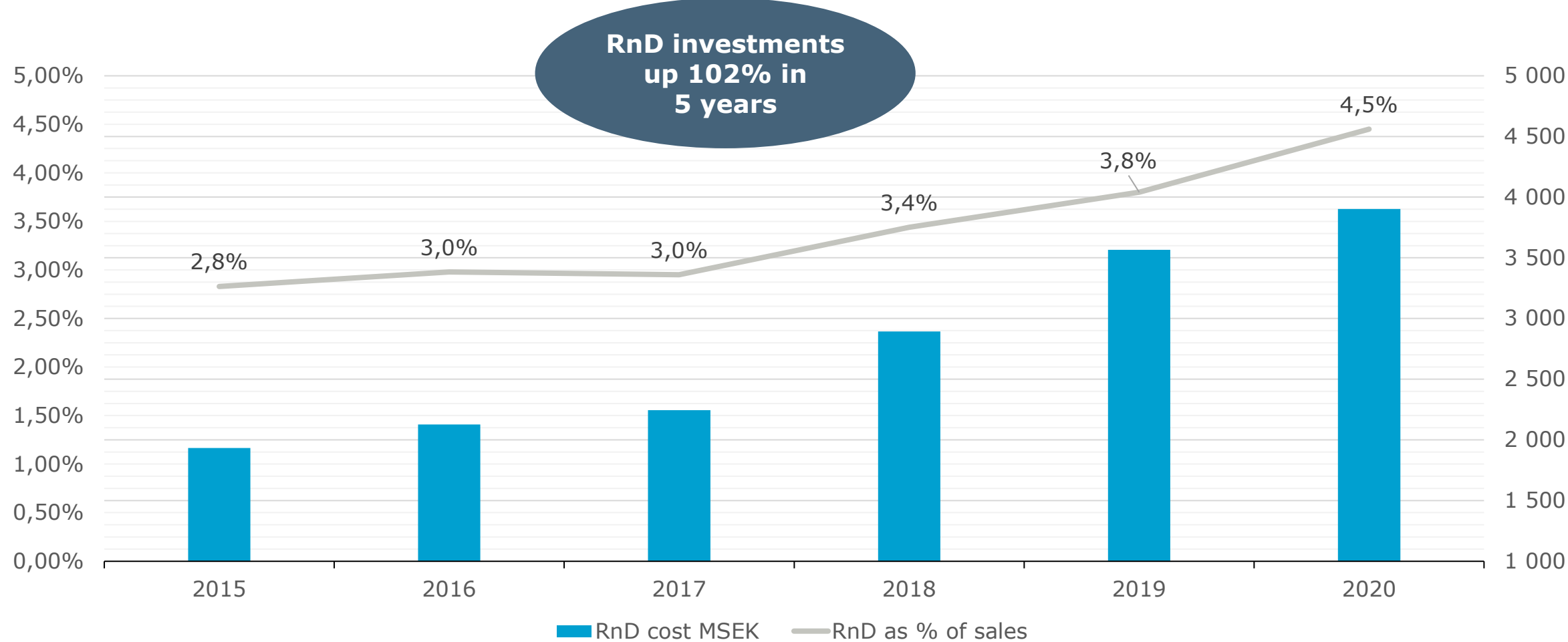


# Investments in product innovation

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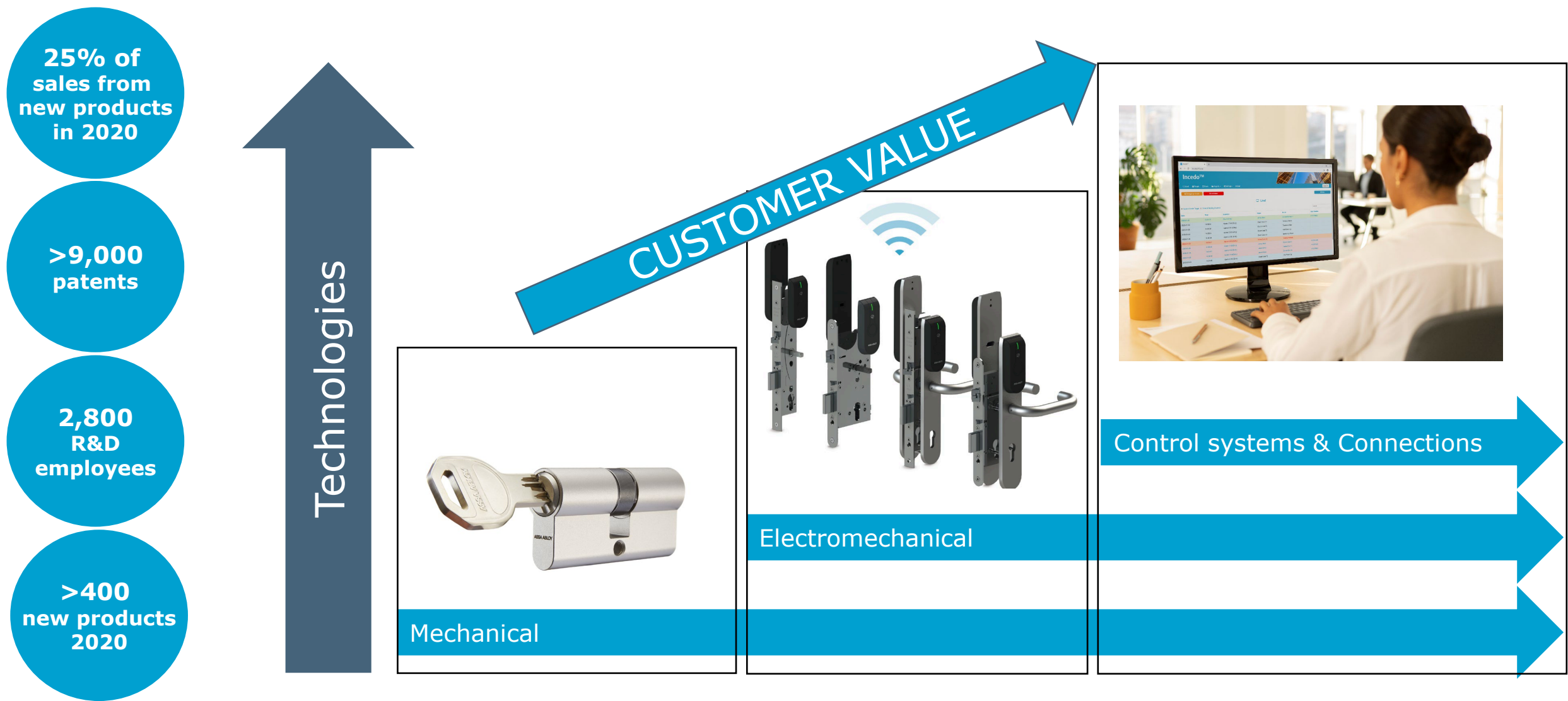
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# R&D investments for ASSA ABLOY Group





# R&D is an enabler for profitable growth



# Recent product launches

## Products and brands

- New smart locks launched
- SW60 interior door operator with mobile function
- Incedo access control eco system
- ABLOY - Bluetooth padlock with mobile app and digital key
- Yale - global launch of new padlocks range
- IOT solutions for connected doors in Entrance Systems

## Response to Covid-19

- Antibacterial keys and touchless door hardware
- HID location services for contact tracing

>400

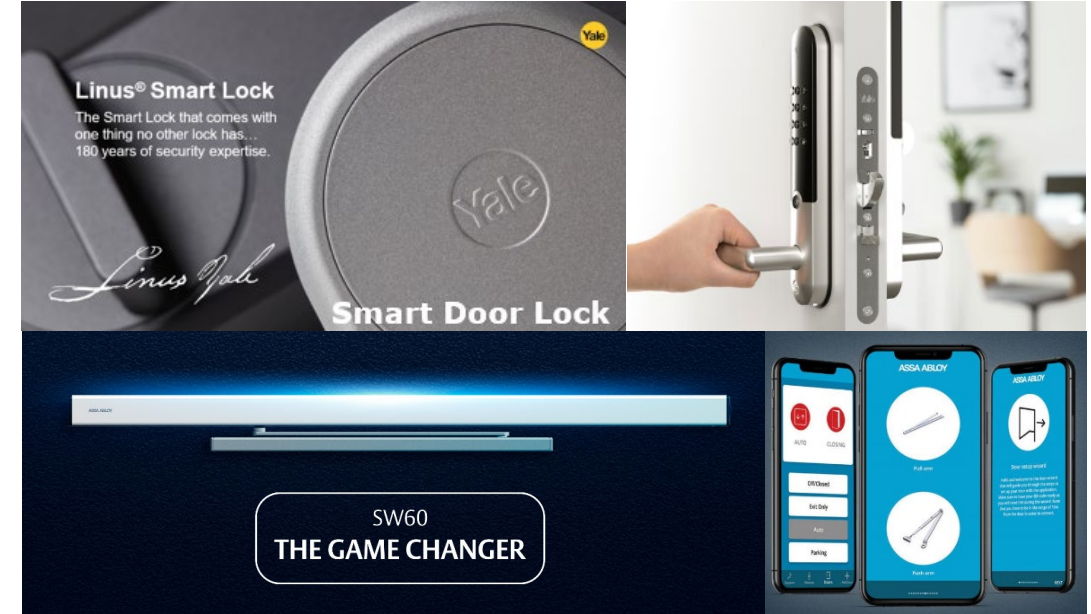
new products  
launched in  
2020

>500

new patents in  
the last 3 years

25%

of sales from  
new products  
launched last  
3 years



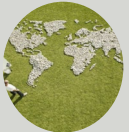
# Reduce our cost base

## Accelerated growth



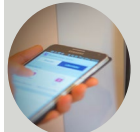
### Acquisitions

Continue with successful acquisitions



### Emerging markets

Accelerate growth in emerging markets



### Recurring revenue

Generate more recurring revenues



### Upgrade the installed base

With electromechanical access solutions



### Sustainable solutions

Create solutions for sustainable buildings

## Enablers

### Culture



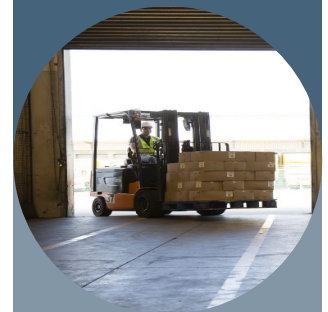
Strengthen common culture to become a stronger Group

### R&D



Investments in product innovation

### Cost



Reduce cost base

- MFP
- Sourcing
- Productivity
- Logistics
- Sustainability

# Cost efficiency in everything we do



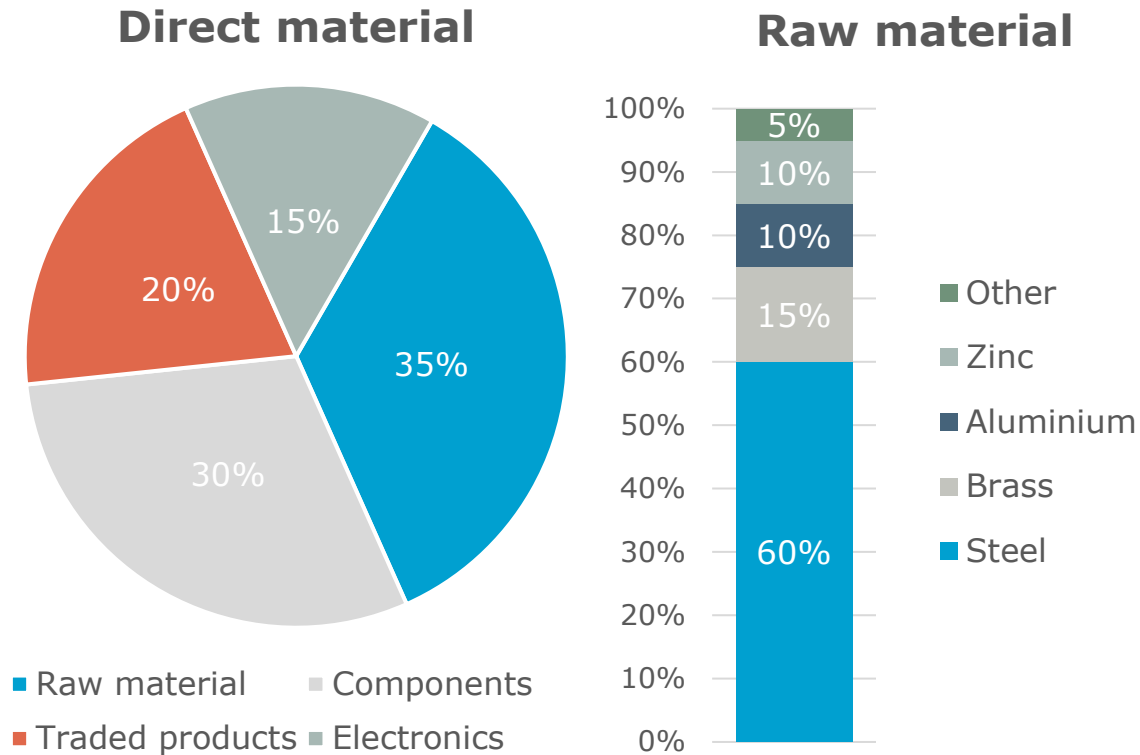


# Professional sourcing

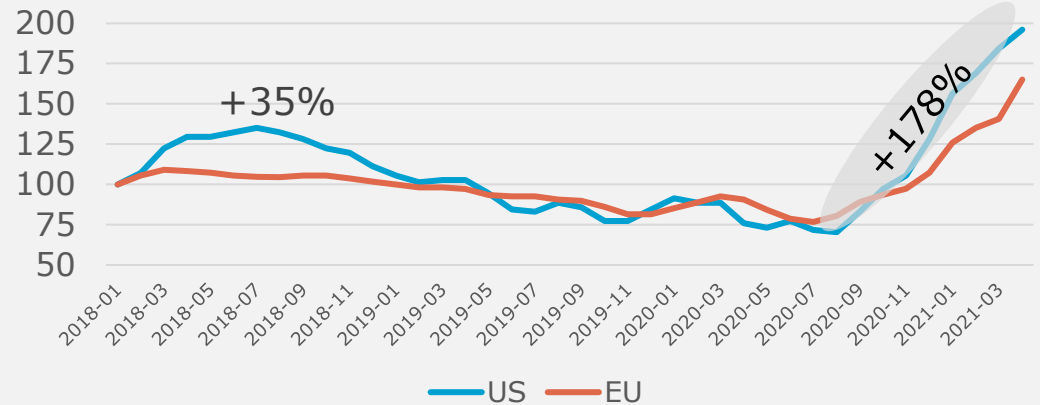
- **Strengthening sourcing teams by commodity**
- **Focus on larger suppliers for cost**
- **Cross divisional collaboration**
- **Focus on tail for customer satisfaction**



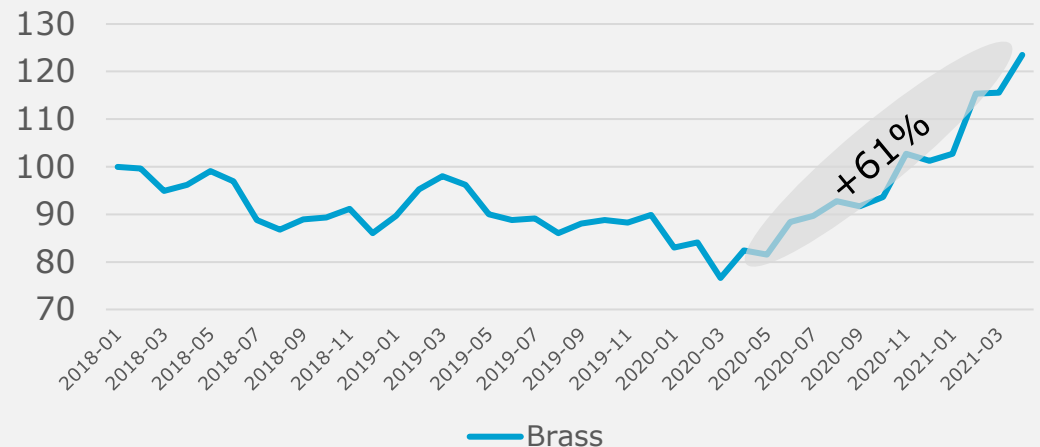
# Direct material 35% of sales



## Steel index

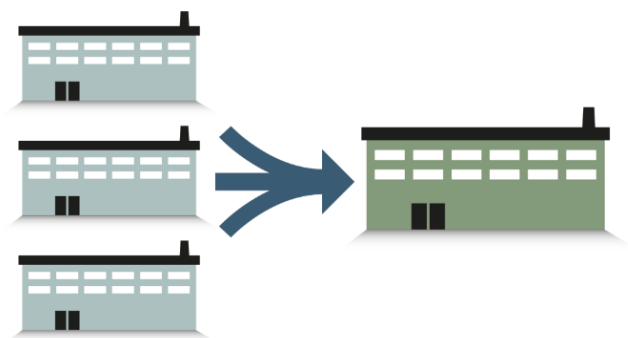


## Brass index



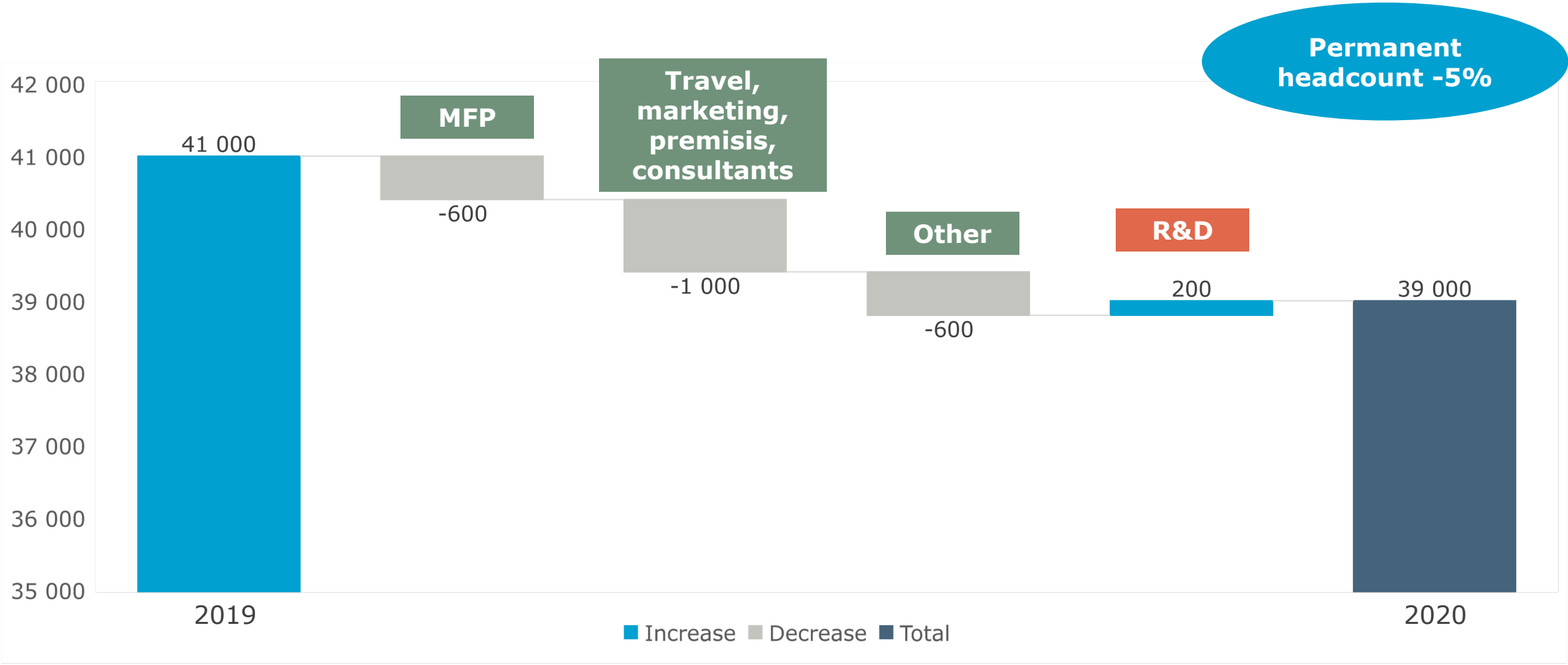
# Manufacturing footprint program

- **Realizing synergies in our operation**
- **Eight programs launched since 2006**
  - 97 factories closed
  - >80 offices closed
  - 18,864 FTE left the Group
- **Total annual savings SEK 5 bn**
- **MFP8 launched Q4 2020**



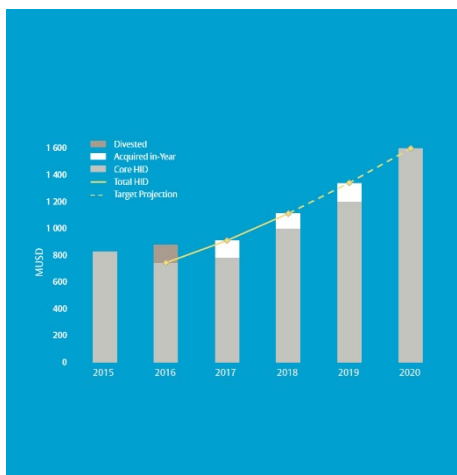
# 2020 net savings -5% of fixed costs

Fixed costs: Direct labour, Fixed production, RnD, Selling and Admin





# Ambitions in the short to medium-term



Double size of HID division, grow identity solutions

Double the size of Global Technologies through a combination of acquisitions and organic growth



Drive solution selling in key verticals through Global Solutions



Grow field service in Entrance Systems high single digit

Integration of agta record to reach Entrance Systems margin in 3 years



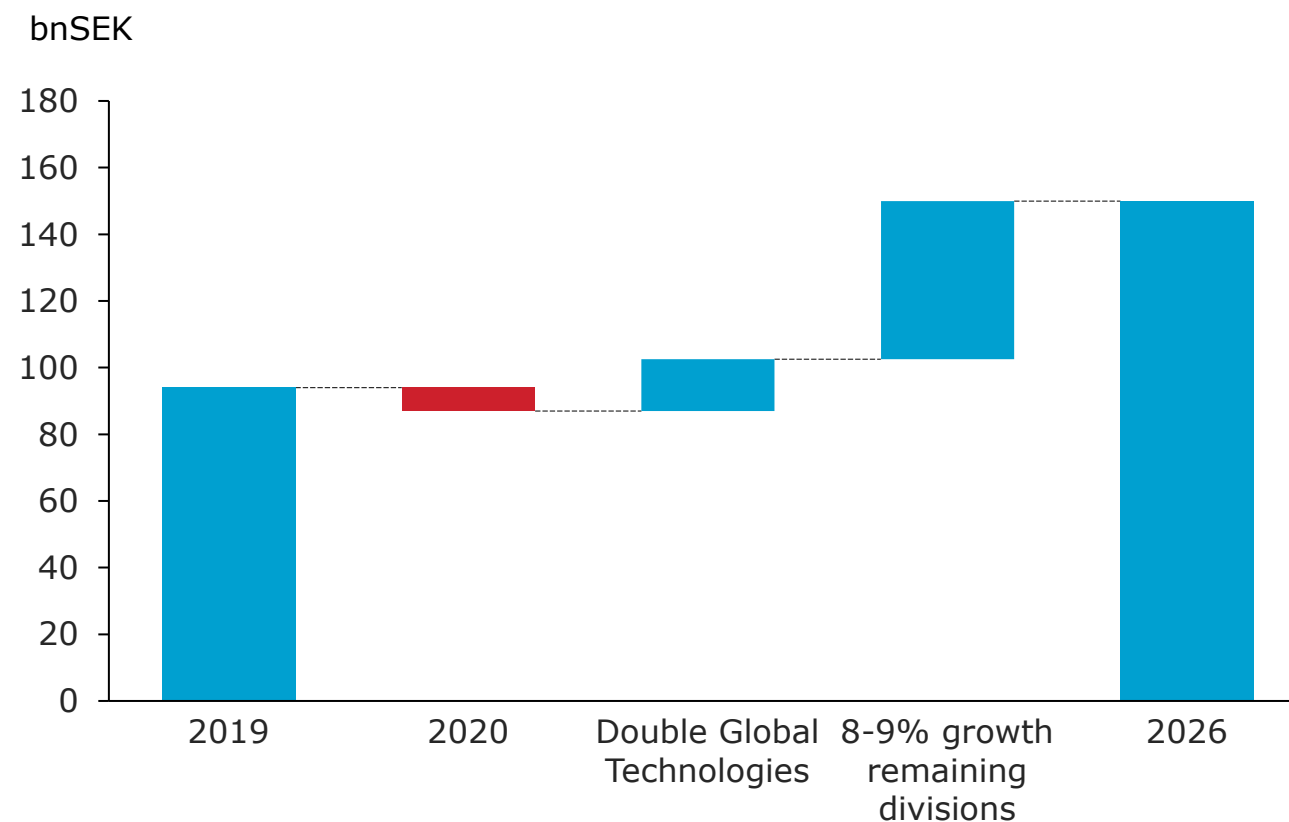
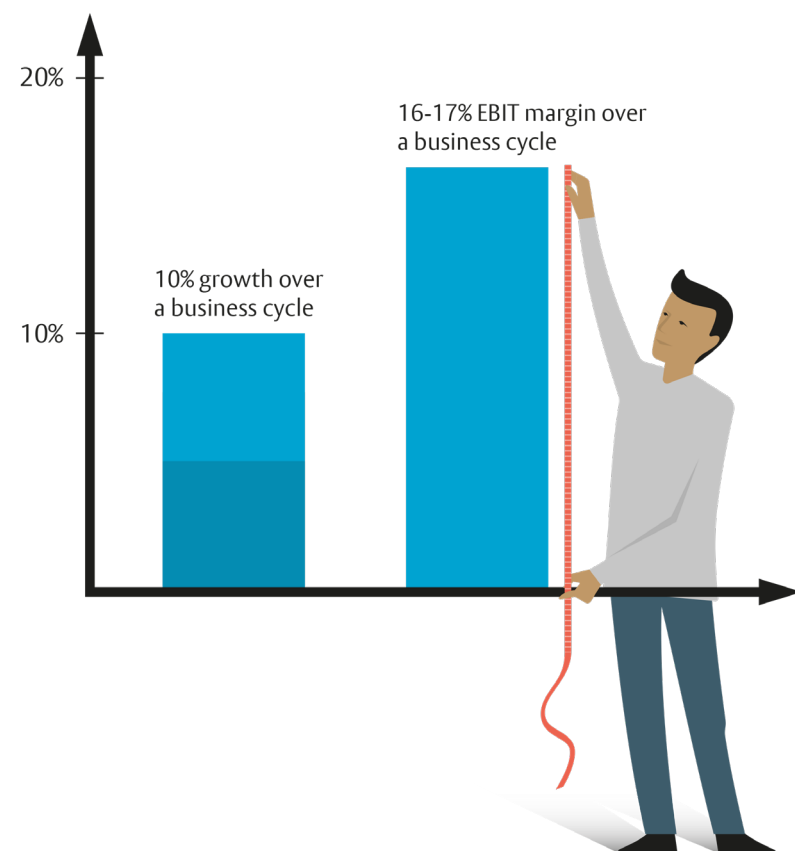
Turnaround China  
~10% margin in 3-5 years



Accelerate growth in the core through Elmech upgrade and Smart Residential

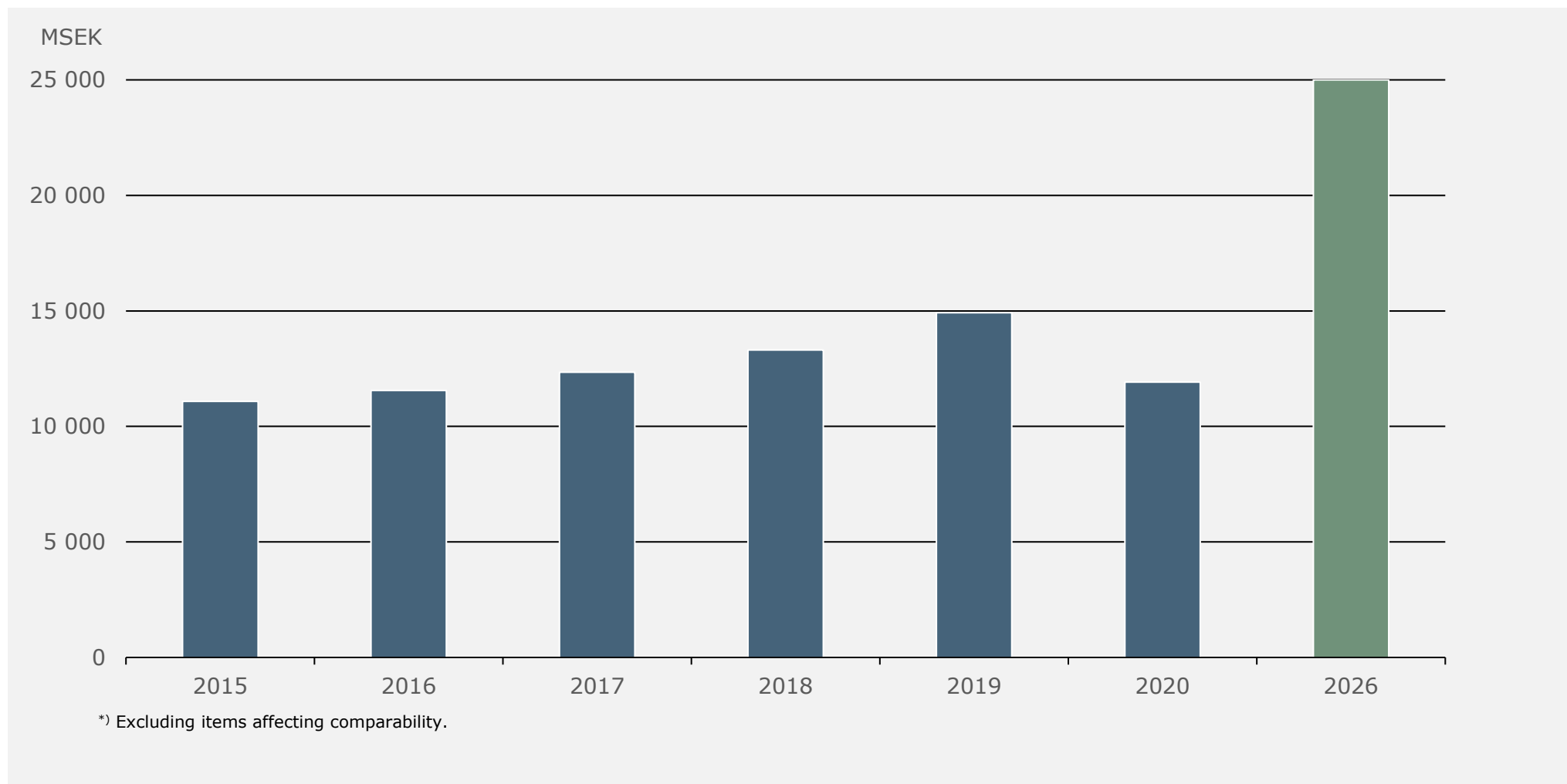
# We can reach SEK 150 bn in 2026

- assuming financial targets achieved



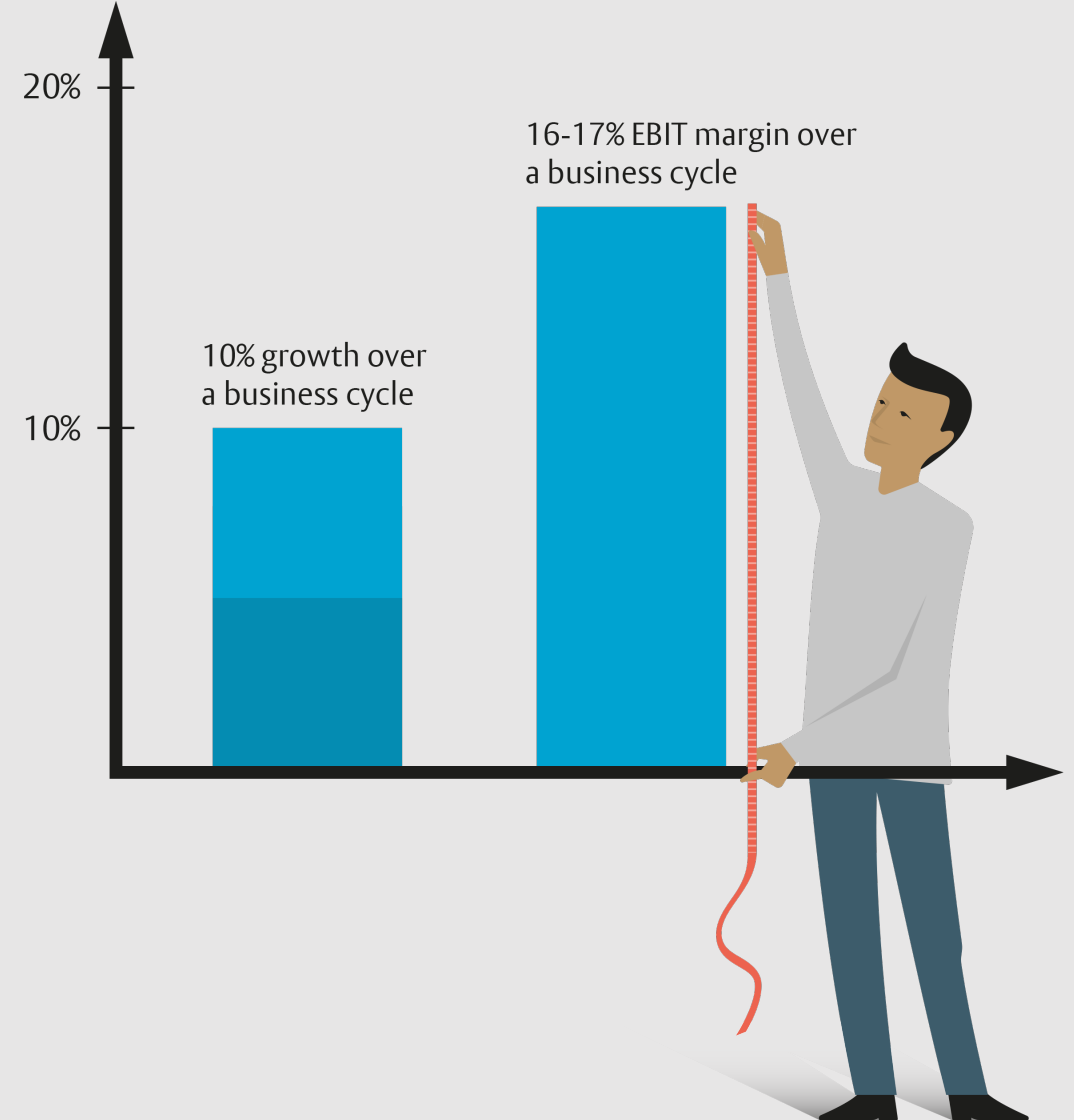
# Operating profit of SEK 25bn in 2026

- assuming financial targets achieved



# Key take aways

- **Strong industry fundamentals remain**
- **We are leading and well positioned**
- **Strategic activities and enablers to accelerate profitable growth**
- **Strong team with common culture and values**
- **Ambition of SEK 150bn in revenue and SEK 25 bn in operating profit by 2026**





# Q&A





# Break



# CMD 2021







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