

ASSA ABLOY

Leading the trend towards higher security

ASSA ABLOY-gruppen är världsledande tillverkare och leverantör av lås och tillhörande produkter, avsedda för säkerhet, utrymning och bekvämlighet.

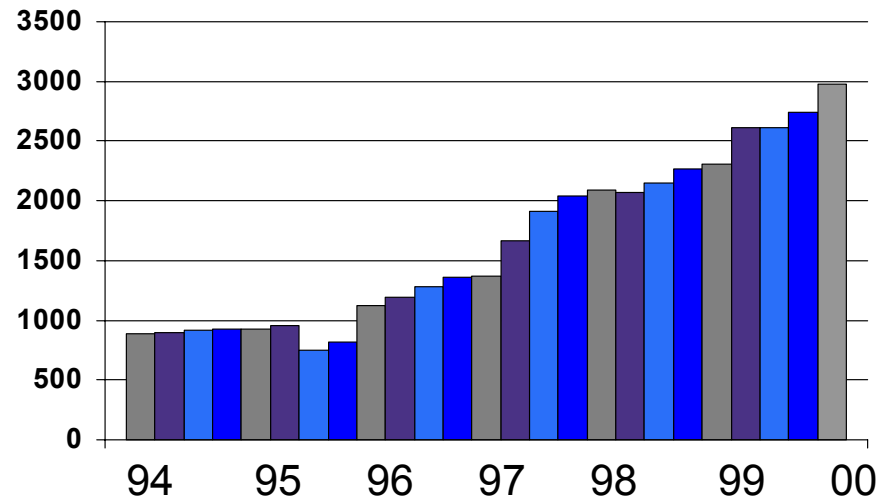
January-March 2000

First quarter 2000 in summary

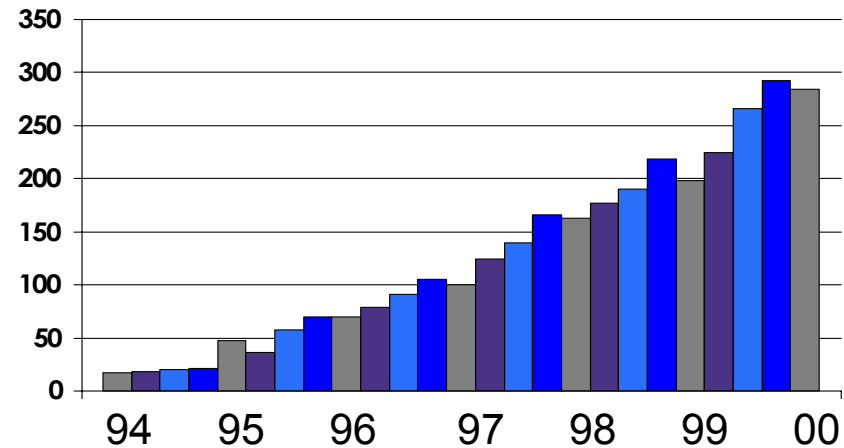
SEK M	2000	1999
Sales, + 29%	2,976	2,310
→ <i>Organic growth</i>	6%	2%
→ <i>Acquisitions</i>	22%	6%
→ <i>Exchange rates differences</i>	1%	2%
Income before taxes, +44%	284	198
Operating cash flow	288	140

Development 1994 - 2000 per quarter

Sales, SEK M



Income before tax, SEK M



Business review

- **Scandinavia** (8%) - good growth in Sweden and Norway, weaker in Denmark - multi point locking and electromechanical locking show strongest growth
- **Finland** (17%) - last year's strong ending continues - growing export of electromechanics and door closers
- **Germany** (9%) - IKON and effeff show good increase - good market response for the new group
- **France** (3%) - increasing result through successful integration - Fichet strong addition within high security

Business review, cont'd

- **North America (5%)** - stable market - locks and lock products show strongest growth - good development in Mexico
- **Australia (-)** - raising margins - clean out of non core and loss making products - launch of high security cylinders and panic bars from the Group
- **New markets (14%)** - good growth in Eastern Europe and Asia - ASSA Twin launched in The Czech Republic
- **Hotel locks (5%)** - Europe and cruise ships market remain strong - positive signs in Asia - US still flat - good market response for Timelox smartcard system

Increasing organic growth

Sales			2000 Q1	1999 Q1	00/99 %
Scandinavia	SEK M	Assa, Ruko, TrioVing	476	450	8
Finland	FIM M	Abloy	173	127	17
Germany	DEM M	IKON, effeff	56	34	9
France	FRF M	Vachette, JPM	359	294	3
UK	GBP M	Assa, Abloy	6	5	1
US	USD M	Sargent, Curries, Medeco	116	108	5
Australia	AUD M	Lockwood	34	-	-
New markets	SEK M	Eastern Europe, Asia, Israel	126	76	14
Hotel locks	NOK M	VingCard, Timelox	241	211	5
Total (SEK M)			2,976	2,310	6

Main events first quarter 2000

- Disposal of effeff's alarm division
 - Sales of DEM 140 M - price DEM 365 M
 - Remaining business DEM 140 M - margin over 20%
- Disposal of the door division in Mul-T-Lock - remaining locks and cylinder division expected to reach sales of USD 40 M
- Remaining 50% in the Asian joint venture with Email has been acquired
- Remaining 51% in Scovill will be acquired
- Acquisition of Williams' lock division

Williams' lock division

- Global player with strong brand names - Chubb, Tesa and Yale, probably the world's best known lock brand
- Well established in UK, Netherlands, Italy, Spain and North America
- Important positions in emerging markets
 - Yale Guli China - 25 million locks per year - 3,000 employees
 - Steelage India - 1,500 employees
 - La Fonte in Brazil - Yale and Chubb in South Africa
- Leading position in the safe area - Chubb - “the safe brand”
- Adds exposure to residential market - a segment with increasing security demands

Williams' lock division, cont'd

- Expected sales GBP 520 M
- 25 operating units with 14,000 employees
 - 39% of sales from locks US
 - 36% of sales from locks Europe
 - 7% of sales from locks throughout the rest of the world
 - 18% of sales from the safes business
- Expected margins 13-14% after a drop to 12% in 1999
 - Negative effects from the UK merger
 - Indonesian turmoil affecting the safe business

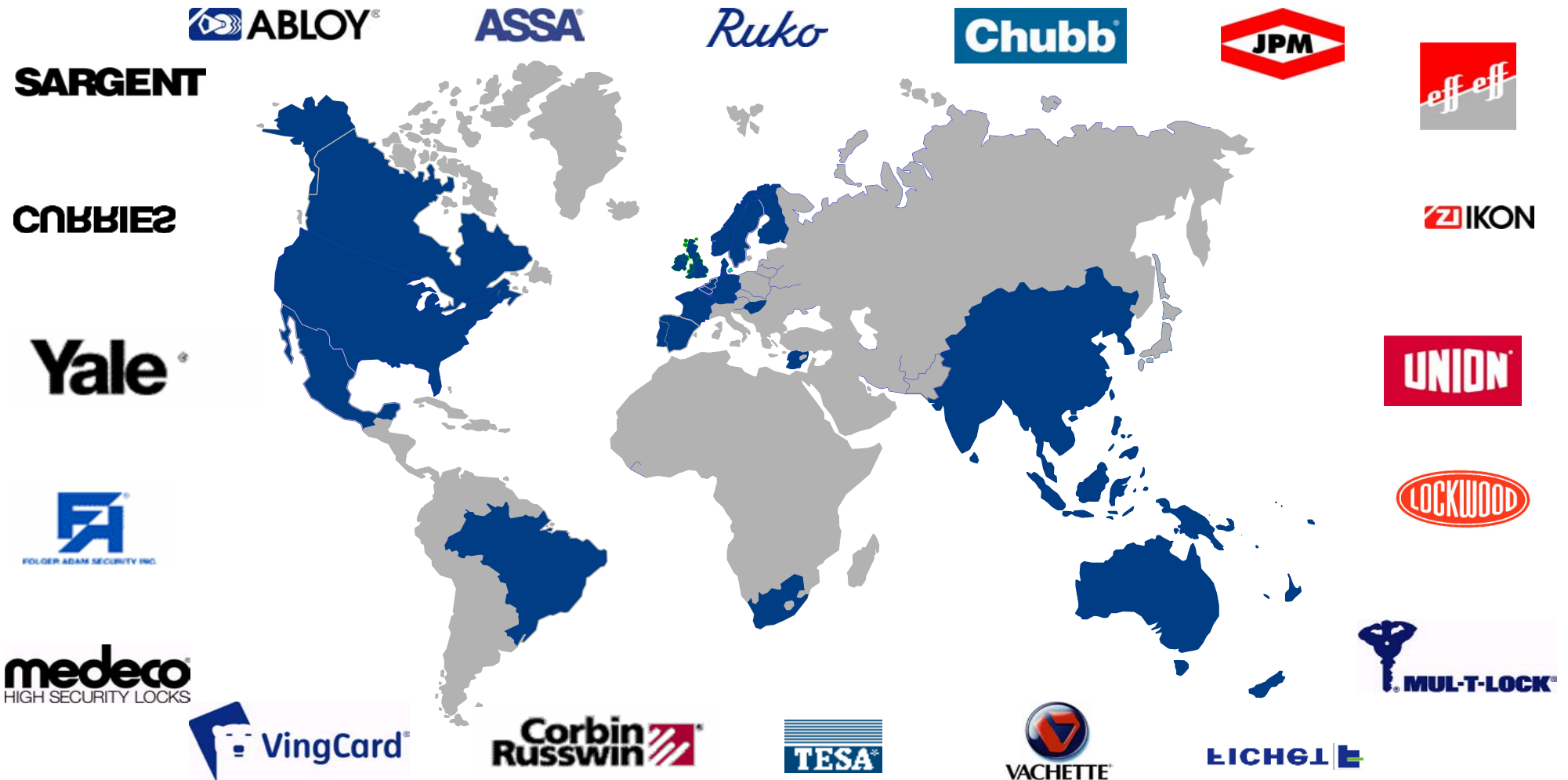
A world class combination

- Complementary geographical coverage
 - Truly global with almost no overlap
- Strategic positions in emerging markets
 - Leader and major manufacturer in China
 - Foothold in India / Africa / South America
- Global distribution network
- Unique opportunities for efficient production
- Increased strength in residential segment
 - Interesting opportunities in Europe and US - DIY segment

Further outlook for the Yale acquisition

- Increased capacity for joint and innovative R&D - especially electromechanical products
- Increased organic growth
 - New products and market education
 - Cross sales - potential for a 30 - 40% sales increase
- Regain lost margins
 - This year 13-14% - additional 2-3% over time
 - Synergies - benchmarking - cross learning
- The global lock market remains fragmented

Global coverage with leading quality brands



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ASSA ABLOY

Structure of the deal

- The price is GBP 825 M - cash and debt free
- GBP 618.75 M cash and 19.765 million new B shares in ASSA ABLOY
- Cash from new debt facility and SEK 1,500 M rights issue
- The take-over requires necessary regulatory approvals

Pro forma financials

- Combined sales of the group SEK 20 billion (GBP 1.5 billion)
- Goodwill up to GBP 600 M - amortised over 20 years
- Immediately CEPS accretive - cash positive post capital expenditure
- EPS neutral in 2001 - accretive thereafter
- Pro forma gearing 119% and equity ratio 38% at year end

ASSA ABLOY's profile for growth

Stable organic growth

- Trend towards higher security
- Security driven - retrofit sales more than half the volume
- Electromechanics - cross sales - new markets

Stable increasing margins

- Improvements in each unit - benchmarking/cross learning

Cash flow even stronger

- Work flow and balance sheet trimming
- Goodwill depreciation

Consolidation opportunities - focus on EPS

- Fragmented business - harmonisation and R&D capacity triggers deals
- Strong cash flow supports

Outlook for 2000

We expect a continued good volume and profit development

ASSA ABLOY income statement and cash flow

SEK M	Jan-Mar 2000	Jan-Mar 1999
Sales	2,976	2,310
Operating income before goodwill amortization	403	296
Goodwill amortization	-60	-38
Financial items	-65	-65
Income before tax	284	198
Profit margin	9.5	8.6
Operating cash flow	288	140

ASSA ABLOY key data

SEK M	Mar 2000	Mar 1999
Capital employed	9,942	7,106
- whereof goodwill	4,224	2,475
Net debt	4,005	4,076
Equity	5,486	3,011
Equity ratio	45.0%	32.9%
Interest cover ratio	6.2	4.3
Net debt/equity	0.73	1.35
Return on capital employed excl. goodwill	28.8%	26.1%
Return on capital employed	14.6%	14.7%
Return on equity after taxes	13.3%	18.4%

ASSA ABLOY balance sheet

SEK M	Mar 2000	Dec 1999
Intangible fixed assets	4,366	3,388
Tangible and other fixed assets	3,927	3,810
Current assets	4,907	4,091
Total assets	13,200	11,289
Equity	5,486	5,337
Interest bearing debt	4,272	3,282
Other liabilities	3,442	2,670
Total equity and liabilities	13,200	11,289