



Leading the trend towards higher security

The ASSA ABLOY Group is the world's leading manufacturer and supplier of locks and associated products, dedicated to satisfying end-user needs for security, safety and convenience.



Interim Report January-June 2000

Leading the trend towards higher security

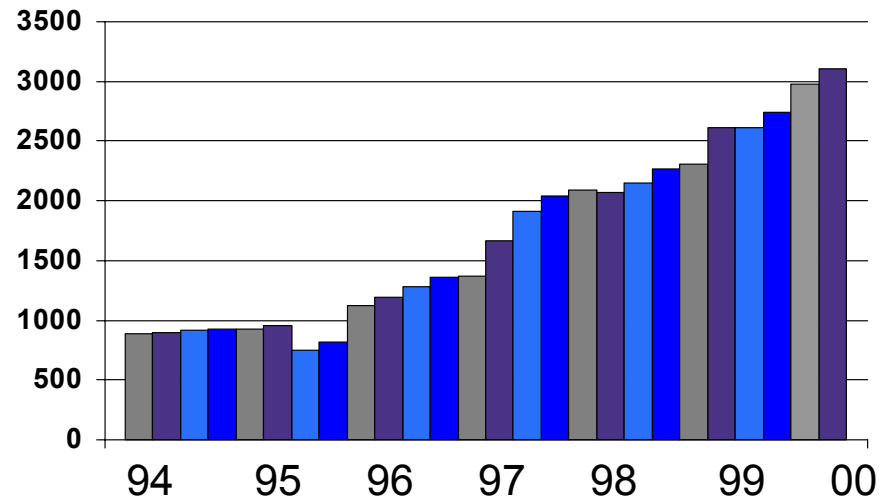
ASSA ABLOY

Six months report 2000 in summary

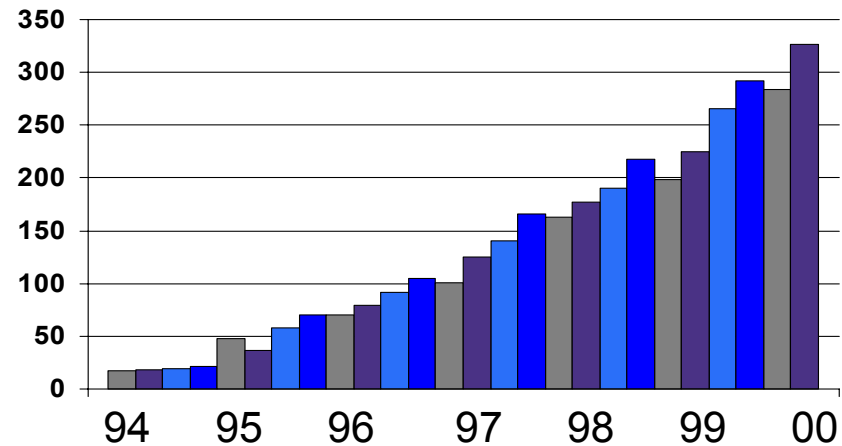
SEK M	2000	1999
Sales, + 24%	6,079	4,920
→ <i>Organic growth</i>	5%	4%
→ <i>Acquisitions</i>	18%	11%
→ <i>Exchange rates differences</i>	1%	3%
Income before taxes, + 44%	610	423
Operating cash flow	695	459

Development 1994 - 2000 per quarter

Sales, SEK M



Income before tax, SEK M



Business review

- **Scandinavia** (5%) - Sweden strong - Norway good growth but affected by strike - Denmark picking up - especially multi point locks
- **Finland** (19%) - All business areas show strong growth - domestic and export - interesting Indian business developing
- **Germany** (7%) - All units growing - effeff in the forefront - electro-mechanical cylinder launched by Ikon - electromechanical multi point lock launched by effeff
- **France** (1%) - Integration work continues with increasing margins - 35-hour week implemented - Fichet develops well, security doors show good growth

Business review, cont'd

- **US** (4%) - stable market growth - tough last year Q2 comparison - strong growth in locks and electromechanical products - softer in security doors - Scovill in Mexico shows good development
- **Australia** (6%) - successful integration with strong profit increase - several new products being introduced - regained leadership
- **New markets** (10%) - good growth in Asia, especially in India - strong growth in Poland - softer in the Czech republic
- **Hotel locks** (2%) - good growth in Europe and marine segment - slower in US - Asia starting to grow again - hotel safes show good growth

Increasing organic growth

Sales			Jan-Jun 2000	Jan-Jun 1999	00/99
Scandinavia	SEK M	Assa, Ruko, TrioVing	945	896	5%
Finland	FIM M	Abloy	376	273	19%
Germany	DEM M	IKON, effeff	121	67	7%
France	FRF M	Vachette, JPM	706	593	1%
UK	GBP M	Assa, Abloy	10,7	10,4	2%
US	USD M	Sargent, Curries, Medeco	235	219	4%
Australia	AUD M	Lockwood	72	33	6%
New markets	SEK M	Eastern Europe, Asia, Israel	403	166	10%
Hotel locks	NOK M	VingCard, Timelox	467	440	2%
Total (SEK M)			6,079	4,920	5%

Main events so far 2000

- The Yale acquisition proceeding according to plan
 - Clearance achieved in most markets
- The safe business sold to Gunnebo AB
 - Sales of GBP 85 M - net assets of GBP 44 M - losses as of June
 - Price GBP 57 M - additional GBP 5 M based on full year results
 - Closing directly after the Yale closing
 - Enables ASSA ABLOY to focus on more attractive lock opportunities
- Remaining 51% acquired in Mexican Scovill
 - Sales of close to USD 25 M - high profitability

Outlook for 2000

- The expectations of a continued good volume and profit development for 2000 remains
- The total effect of the Yale acquisition and new issue expected to be EPS neutral for the rest of the year and 2001

ASSA ABLOY's Vision

“To become the true leading lock company in the world”
Lead through development of people, products and markets



Next phase in creating a true world leader in locks

- **Following the acquisition of around 100 companies over six years we need to leverage on our size and together...**
 - synchronize our vision, values and way of working
 - develop world leadership in R&D, production and marketing
 - increase our focus on organic growth and cross sales
 - take leadership in all forms of distribution
 - strengthen the ASSA ABLOY corporate identity

Volvo Ocean Race a tool to support ASSA ABLOY's strive for global leadership

The race and our home markets - a perfect match

- England - Yale, Chubb, Union
- Australia - Lockwood
- North America - Sargent, Yale, Medeco
- The Nordic markets - Assa, Abloy
- South Africa - Yale, Chubb
- Brazil - La Fonte
- France - Vachette, Fichet
- Germany - Ikon, effeff

A scheduled plan for our integration work

- Local meetings with customers, management and staff
- Ensuring that our vision, values and way of working is understood, accepted and quickly implemented

Volvo Ocean Race a tool to support ASSA ABLOY's strive for global leadership

To strengthen ASSA ABLOY's corporate identity

- Our hundred year old local brands represent the continuity required in a security business
- ASSA ABLOY to guarantee professional management, edge technology and financial strength
- Make people around the world understand that behind each famous local brand there is a strong global leader

Volvo Ocean Race a tool to support ASSA ABLOY's strive for global leadership

- The investment represents around 1% of our marketing costs and will be absorbed within running budgets
- The project will run over three years - the race will start in September 2001

ASSA ABLOY income statement and cash flow

SEK M	Jan-Jun 2000	Jan-Jun 1999
Sales	6,079	4,921
Operating income before goodwill amortization	844	631
Goodwill amortization	-129	-84
Financial items	-114	-130
Income before tax	610	423
Profit margin	10,0%	8,6%
Operating cash flow	695	459

ASSA ABLOY key data

SEK M	Jun 2000	Jun 1999
Capital employed	9,688	8,627
- where of goodwill	4,419	3,116
Net debt	2,236	3,255
Equity	7,055	4,965
Equity ratio	55,8%	47,3%
Interest cover ratio	6,1	4,1
Net debt/equity	0,32	0,66
Return on capital employed excl. goodwill	32,4%	25,5%
Return on capital employed	16,0%	14,2%
Return on shareholders' equity	13,9%	15,8%

ASSA ABLOY balance sheet

SEK M	Jun 2000	Dec 1999
Intangible fixed assets	4,568	3,388
Tangible and other fixed assets	3,906	3,810
Current assets	4,869	4,091
Total assets	13,343	11,289
Equity	7,055	5,337
Interest bearing debt	2,632	3,282
Other liabilities	3,656	2,670
Total equity and liabilities	13,343	11,289