



Leading the trend towards higher security

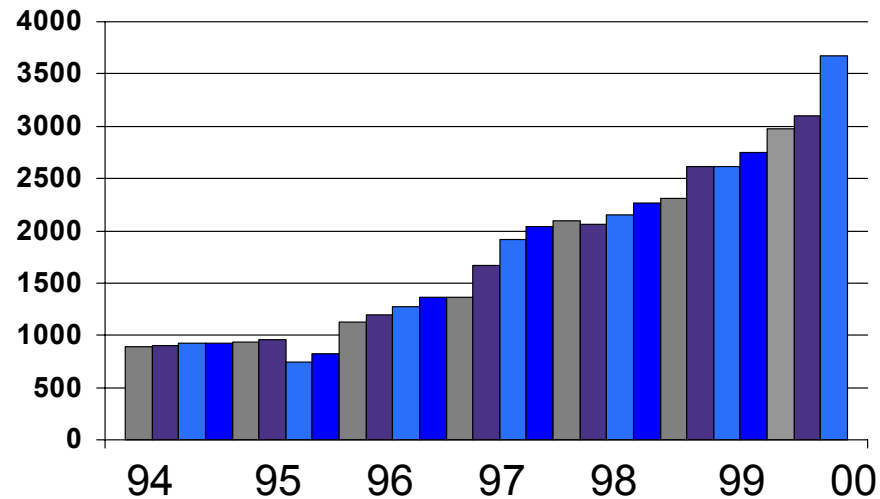
The ASSA ABLOY Group is the world's leading manufacturer and supplier of locks and associated products, dedicated to satisfying end-user needs for security, safety and convenience.

Nine months report 2000 in summary

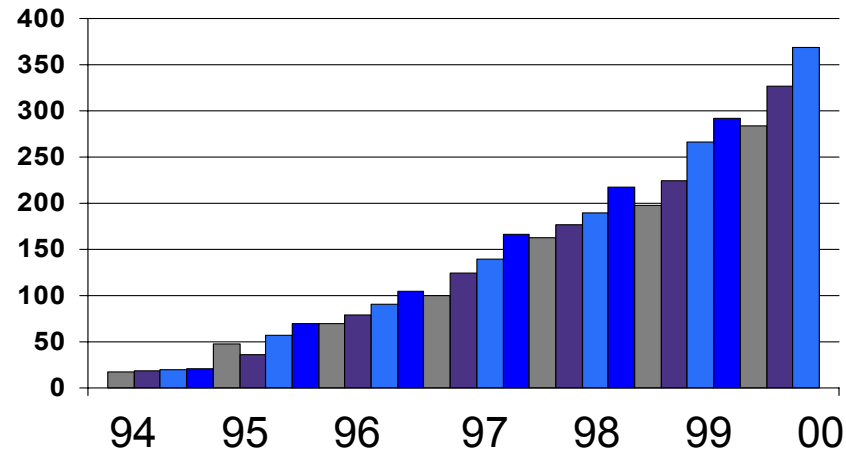
| SEK M | 2000 | 1999 |
|-------------------------------------|------|------|
| Sales, + 29% | 9747 | 7532 |
| → <i>Organic growth</i> | 5% | |
| → <i>Acquisitions</i> | 22% | |
| → <i>Exchange rates differences</i> | 2% | |
| Income before taxes, + 42% | 980 | 688 |
| Operating cash flow | 1164 | 856 |

Development 1994 - 2000 per quarter

Sales, SEK M



Income before tax, SEK M



Business review

- **Scandinavia** (5%) - Sweden strong - Norwegian window hardware production to Urbis Romania, affecting sales - Denmark steadily increasing
- **Finland** (17%) - Continued strong growth in all areas - pick-up in Russia - Abloy voted as most respected brand in Finland
- **Germany** (7%) - Clearly strengthened market recognition - good growth - differences between geographies and segments
- **France** (1%) - Good growth in higher security segments - focus on profitable products in the lowest segment - increasing margins from continued integration work

Business review, cont'd

- **US** (5%) - increased growth in Q3 - continued margin improvements in all units - still good outlook - Mexican market and Scovill develop well
- **Australia** (0%) - the successful integration continues - two weeks' sales lost due to Olympic Games
- **New markets** (13%) - increased growth in Asia - strong growth in Spain and Eastern Europe - Czech Republic still softer
- **Hotel locks** (4%) - good growth in Europe and marine - US & Asia improving - hotel safes show great performance

Sales and organic growth per unit

| Sales | | | Jan-Sept 2000 | Jan-Sept 1999 | 00/99 |
|----------------------|-------|--------------------------------|------------------|------------------|-----------|
| Scandinavia | SEK M | Assa, Ruko, TrioVing | 1.388 | 1.301 | 5% |
| Finland | FIM M | Abloy | 542 | 417 | 17% |
| Germany | DEM M | IKON, effeff | 189 | 104 | 7% |
| France | FRF M | Vachette, JPM | 1.012 | 904 | 1% |
| UK | GBP M | Assa, Abloy | 23,5 | 15,3 | 6% |
| US | USD M | Yale, Sargent, Curries, Medeco | 389 | 338 | 5% |
| Australia | AUD M | Lockwood | 106 | 72 | 0% |
| New markets | SEK M | Eastern Europe, Asia, Israel | 767 | 254 | 13% |
| Hotel locks | NOK M | VingCard, Timelox | 742 | 660 | 4% |
| Total (SEK M) | | | 9.747 | 7.532 | 5% |

The Yale Group

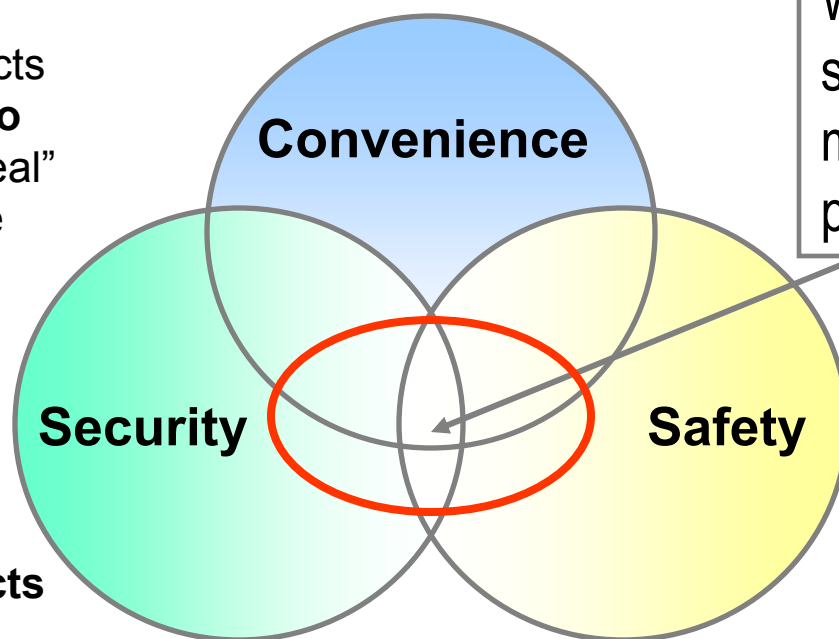
- integration status

- Acquisition closed 25 August - Tesa in step two - Safes sold to Gunnebo
- Adds pro forma 5 000 MSEK -Tesa will add another 700 MSEK
- Strategies and priorities agreed with 200 top managers
- Round tours with 60 managers to five major AA units
- Overall perspective in line with expectations - great enthusiasm
- Lack of R&D and market leadership - has driven focus towards the low end
- Obvious need for new products - available within ASSA ABLOY - always takes time to change such development
- Unprofitable sales in low end may be terminated

Our general priorities 2001 - 2002

- world leadership in electromechanical locks

- How can we provide products that are **easy to use** so that “real” security can be increased?



Winning product solutions - will require more electromechanical products

- How can we create **high security products** that are easy to use and do not jeopardize fast exit?

- How can we **provide fast exits** in emergency situations without decreasing security?

Background - electromechanical products

- Electronics and electromechanics create intelligent locks
- Mobil technology and miniaturised circuits speed up the development
- 5 percent of the lock market today - will grow considerably
 - hotel locks 300 to 2000 SEK per door - from 20 to 7 years life time
 - car locks 100 to 750 SEK per car - in almost every new car
 - convenience a strong driving factor
- In mechanical systems we provide identification and blocking -
in an electromechanical system we only provide blocking

Acquisition of HID

- World leader in cards and readers
- **Hughes Identification Devices** - started by Hughes Aircraft Industries
- Management Buy-Out in 1995 together with Citicorp
- Headquarter in Irvine, California - R&D center in Denver, Colorado
- Totally 350 employees including foreign subsidiaries
- HID sales of \$100 M - strong profitable growth since the start

HID's business areas

Core products (95% of sales 2000)

- Cards & Readers for Electronic Access Control
 - Proximity,
 - Wiegand
 - Biometrics

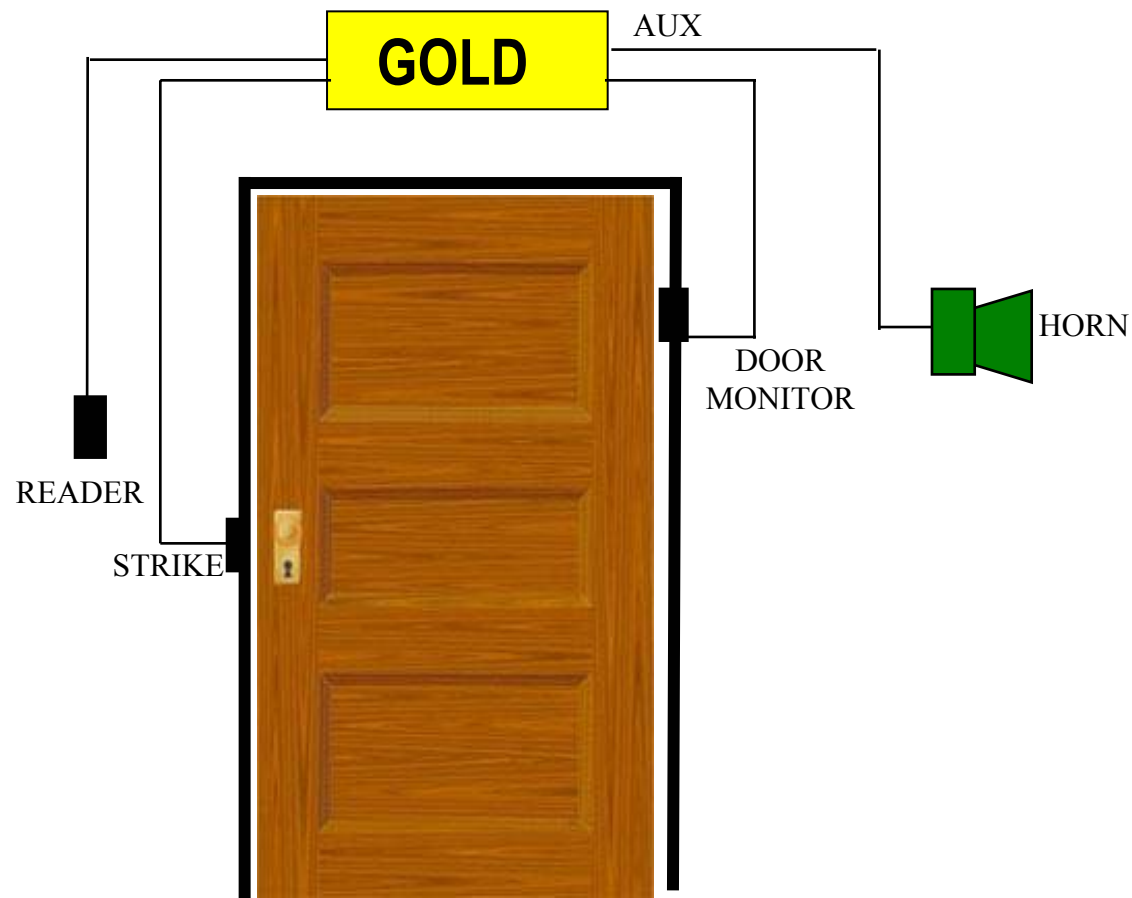
New products - being launched (5% of sales 2000)

- Information Security - Logical Access control
- Smart Cards - contact and contact less
- Smart locks
- “Gateway” products

- In Development

Network Gateway

TCP/IP



Leading the trend towards higher security

- Business Expansion

ASSA ABLOY

HID strength

- 70% of all cards and readers are contact less - proximity
- HID is the world market leader in proximity - market share 40%
- Leading knowledge in radio frequency transmission and electronics
- Proven ability to generate strong growth with high profit and cash-flow
- Superior Name Recognition - in access control industry
- Installed base - 75 million cards & 1 million readers
- Full control over issued cards - identical to master keying
 - corporate 1000 program with blue chip companies

Reasons for the acquisition

- Identification is a natural part of our business
- Electronic identification is a fast growing and profitable segment
- We become the world leading supplier of cards and readers
- Through Gateway we could become the leading supplier of all components to the Electronic Access Control industry
- Big potential for intelligent residential locks - HID provides critical knowledge

Financials

- HID's sales in 2000 is expected to reach USD 100 M with high profitability
- Access control grows 10-15% annually – HID's growth has been considerably stronger- through gained market share
- The acquisition price for a debt free company amounts to USD 250 M - earn-out of USD 30 M based on next years profit increase
- The goodwill will amount to USD 215 M
- The acquisition is expected to be cash positive from the start. It will be neutral or slightly EPS delutive in 2001, and will contribute from 2002
- The acquisition will be financed through the existing credit facility

Outlook for 2000

- The expectations of a continued good volume and profit development 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 key data

| SEK M | Sept 2000 | Sept 1999 |
|---|-----------|-----------|
| Capital employed | 20.301 | 8.665 |
| - where of goodwill | 12.496 | 2.634 |
| Net debt | 9.250 | 3.099 |
| Equity | 10.440 | 5.134 |
| Equity ratio % | 43,0 | 49,1 |
| Interest cover ratio | 6,4 | 4,5 |
| Net debt/equity | 0,89 | 0,60 |
| Return on capital employed excl. goodwill % | 31,9 | 25,5 |
| Return on capital employed % | 15,2 | 15,0 |
| Return on shareholders' equity % | 13,4 | 16,7 |

ASSA ABLOY balance sheet

| SEK M | Sep 2000 | Dec 1999 |
|-------------------------------------|---------------|---------------|
| Intangible fixed assets | 12,664 | 3,388 |
| Tangible and other fixed assets | 5,044 | 3,810 |
| Current assets | 7,982 | 4,091 |
| Total assets | 25,690 | 11,289 |
| Equity | 10,440 | 5,337 |
| Minority interest | 611 | 267 |
| Interest bearing debt | 10,389 | 3,282 |
| Other liabilities | 4,250 | 2,403 |
| Total equity and liabilities | 25,690 | 11,289 |