



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.

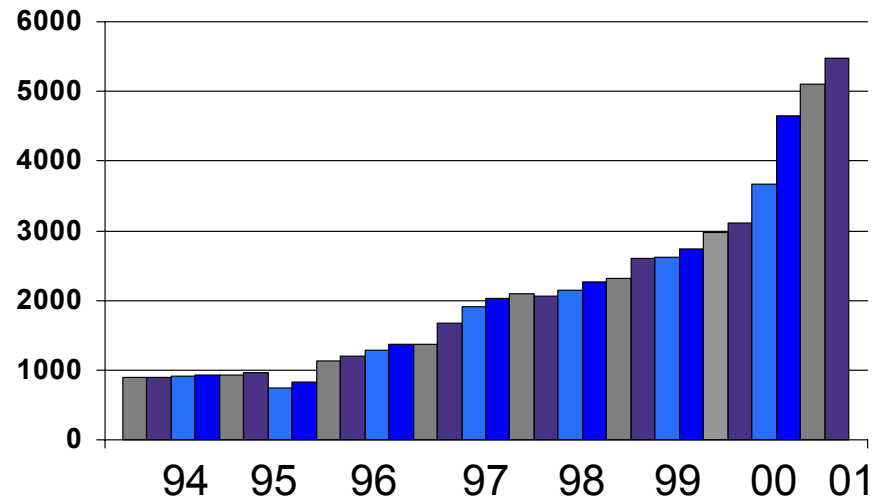
Interim report January - June 2001

Six months Financial highlights 2001

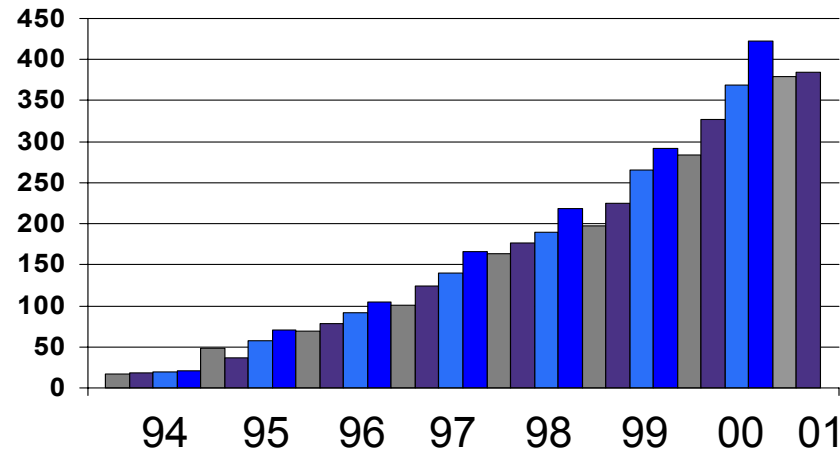
SEK M	2001	2000
Sales, + 74%	10,587	6,079
→ <i>Organic growth</i>	4%	5%
→ <i>Acquisitions</i>	61%	18%
→ <i>Exchange rate differences</i>	9%	1%
Income before taxes, + 25%	765	610
EPS, + 13% (SEK)	1.41	1.25
EPS excl. goodwill, + 55% (SEK)	2.56	1.65
Operating cash flow	825	695

Development 1994 - 2001 per Quarter

Sales, SEK M



Income before tax, SEK M



General Development

- Continued good development in US - institutional segment remains stable
- Uncertainty in European markets - distributors adjust inventories
- Continued strong development in new markets
- Down-turn in technology and IT industries has led to temporary slowdown in the electronic access control market
- The profit in second quarter was affected by
 - lower sales in Nordic markets - costs being adjusted accordingly
 - slower electromechanical growth due to access control slowdown
 - turnaround of Yale loss-makers - positive effect in second half of the year

Business review

- **Scandinavia** (2%) - good development in Sweden - softer markets in Norway and Denmark - costs being adjusted - integration of Sloth&Co in Denmark proceeds - merge of inventories - joint sales force being established
- **Finland** (1%) - cautious domestic market - inventory adjustments in distribution - slower electromechanical sales - other export continues strongly
- **Central Europe** (4%) - effeff develops well but affected by slower access control market - the restructuring of Lips proceeds and will start to give effect during the autumn - Keso adds strength to the portfolio

Business review, cont'd

- **South Europe** (5%) - Yale Italy improving profits above expectations - MAB a strong addition - Spain and Belgium growing faster - JPM doubles panic device cross-sales
- **Great Britain** (8%) - strong increase in old units - Yale integration proceeds according to plan - new brand strategy launched - product introductions commenced - lean production process well received - Stirchley plant closed - net reduction of 50 positions
- **North America** (5%) - continued good development in old units - integration of Yale running well - several companies ahead of plan - UDP joint venture in place - realizing of synergies started - strong development in Canada - Mexico softer

Business review, cont'd

- **Australia** (-1%) - cross-sales compensating for weak market - signs of market recovery - stronger autumn expected
- **New markets** (20%) - strong growth continues - Mul-T-Lock in the lead - encouraging development in South Africa - acquisition of Viro brings synergies and re-enforces our leading position - Guli strengthening its product program and position step-by-step in China
- **Hotel locks** (5%) - Europe, Asia and the marine business develops well - US remains flat - Elsafe's strong development continues
- **Identification (HID)** - profit develops ahead of plan - good growth in overseas markets but sales overall affected by access control slow-down

Six months Organic growth per area

Sales			2001	2000	01/00 %
Scandinavia	SEK M	Assa, Ruko, TrioVing	990	945	2
Finland	EUR M	Abloy	63	63	1
Central Europe	EUR M	IKON, effeff, Lips, Keso	71	62	4
South Europe	EUR M	Vachette, JPM, Litto, Yale	156	124	5
UK	GBP M	Union, Chubb, Yale, Assa	54	11	8
North America	USD M	Sargent, Curries, Yale, CR	427	235	5
Australia	AUD M	Lockwood	71	72	-1
New markets	SEK M	Mul-T-Lock, Guli, FAB, Yale	853	267	20
Hotel locks	NOK M	VingCard, Timelox	501	467	5
Identification	USD M	HID	50	-	-
Total (SEK M)			10,587	6,079	4

Main events Q2 2001

- **Acquisition of MAB - sales of Euro 18 M**
 - Italian market leader in floor spring door closers - high profitability
 - Strengthens the Italian product package and position
 - Considerable cross-sales opportunities
- **Acquisition of Viro Locks - sales of SEK 130 M**
 - Leading South African lock company - previous internal problems
 - Positive results after restructuring program
 - Merged with Yale will create strong leader - obvious synergies

Main events Q2 2001 cont'd

- **Acquisition of KESO completed June 01**
 - Leading Swiss cylinder manufacturer - sales of CHF 50 M
 - Flat key concept - cross sales opportunities
- **UDP joint venture completed June 01**
 - UDP is a leading security door manufacturer with sales of USD 180 M and good profitability
 - JV will have sales of USD 350 M
 - ASSA ABLOY has 80% ownership, management responsibility and call option for remaining shares

Outlook

We expect a continued good development in volume and profit for the remaining part of 2001 and years to come

ASSA ABLOY

Six months income statement and cash flow

SEK M	2001	2000
Sales	10,587	6,079
Operating income before goodwill amortization (EBITA)	1,511	844
EBITA %	14.3	13.9
Goodwill amortization	-411	-130
Financial items	-339	-114
Income before taxes	765	610
Profit margin (EBT) %	7.2	10.0
Operating cash flow	825	695

ASSA ABLOY key data

SEK M	30 June 2001	31 Dec. 2000
Capital employed	25,979	19,757
- whereof goodwill	15,853	12,078
Net debt	14,026	8,560
Equity	11,516	10,637
Equity ratio	37.0%	43.1%
Interest cover ratio	3.2	5.5
Net debt/equity	1.22	0.80
Return on capital employed excl. goodwill	34.1%	34.3%
Return on capital employed	9.7%	13.7%
Return on shareholders' equity	8.8%	13.3%

ASSA ABLOY balance sheet

SEK M	30 June 2001	31 Dec. 2000
Intangible fixed assets	16,055	12,259
Tangible and other fixed assets	6,186	5,252
Current assets	10,030	8,496
Total assets	32,271	26,007
Equity	11,516	10,637
Interest bearing debt	15,569	10,330
Other liabilities	5,186	5,040
Total equity and liabilities	32,271	26,007

Introduction to ASSA ABLOY

- The world's no 1 locks manufacturer with sales over SEK 23 billion
- Global market share around 10%
- Compounded average growth rate 1994-2000
 - Sales 26%
 - EPS 53%
- Management ownership and benchmarking process ensure strong focus on EPS growth

The locks market characteristics

- Local market leaders - large installed base
 - Local differences and standards
- Stable organic growth - 2-3% over GDP
 - Trend towards higher security
 - Retrofit more than half the sales (counter cyclical)
- Electromechanics growing in importance - adds intelligence
 - Security, safety and convenience - driving factors
 - Electronic identification - a fast growing segment
- Opportunities in emerging markets
 - Economic growth increases security needs
 - High new construction activity
- Consolidating industry - significant scope for acquisitions

ASSA ABLOY's strategy

- General
 - Focus on the lock business
 - Lead the trend towards higher security
 - Focus on EPS - employees shareholders
- Mature markets
 - Multidomestic/acquisitions/local brands
 - Benchmarking/cross learning
 - Synergies/cross selling
- Emerging markets
 - Joint efforts/organic growth/low cost units
- Electromechanics
 - Economies of scale in R&D and production
 - Global technology in local standards

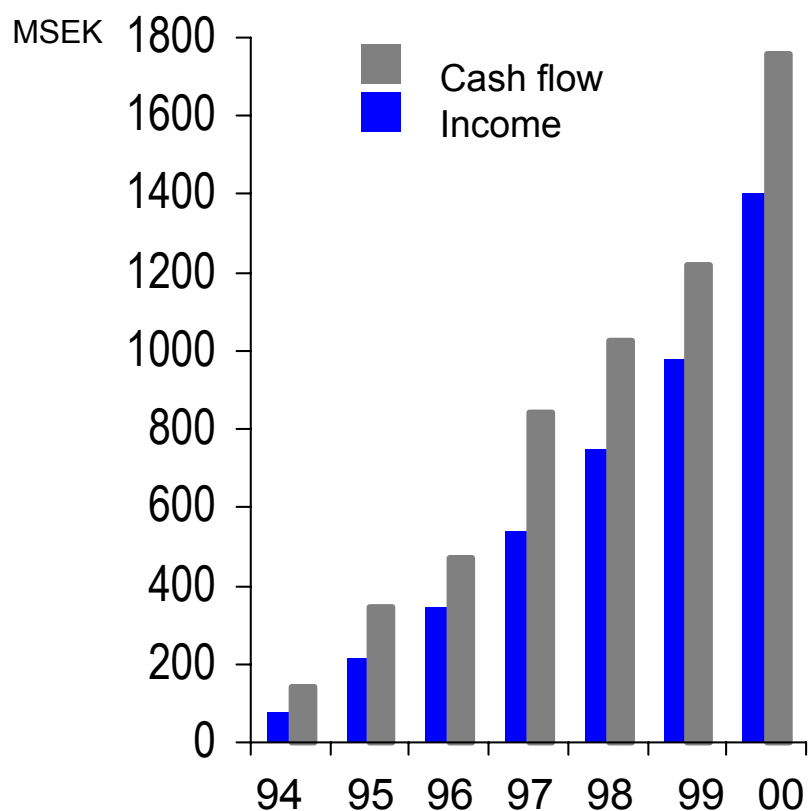


The development of the ASSA ABLOY Group 1994 -2001 (SEK M)

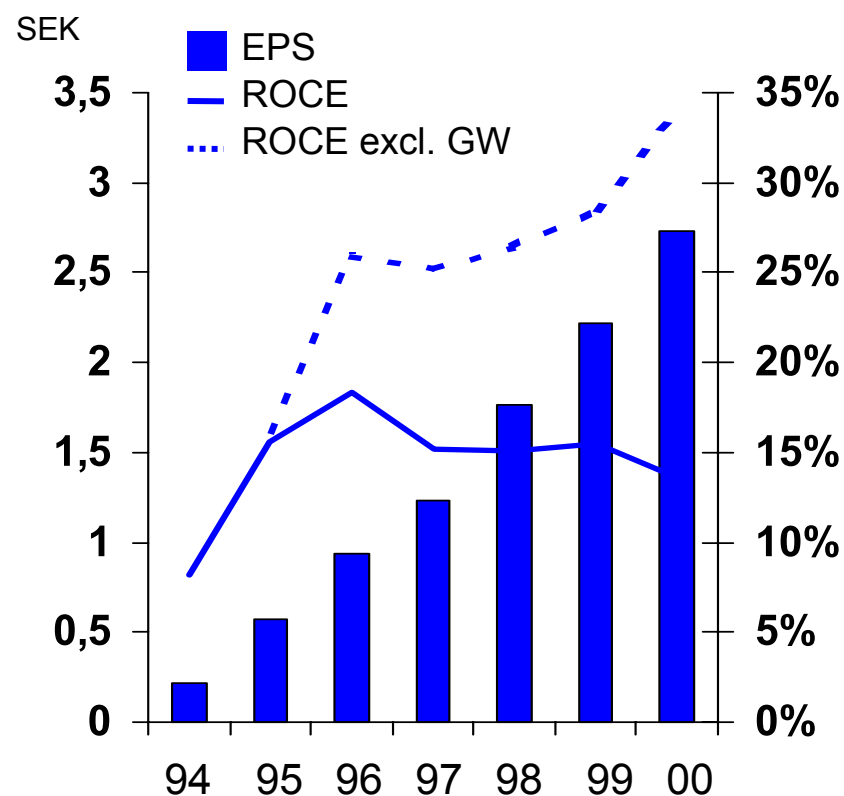
Total sales 1994	3 500
35 acquisitions (94-01)	+17 000
3 divestitures	-1 000
Organic growth	+3 500
Proforma sales 2001	+23 000

Important key data

Income before taxes and
operating cash flow



Earnings per share and
Return on capital employed



Global coverage with strong brands



The World's Leading Lock Group

ASSA ABLOY

Our way of working

Developing our companies step by step



Electromechanics growing in importance



Leading the trend towards higher security

