



The World's Leading Lock Group

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

Introduction and Year-end report 2001

Introduction to ASSA ABLOY

- The world's no 1 locks manufacturer with annual sales exceeding SEK 25 billion
- Global market share around 10%
- Compounded average growth rate 1994-2001
 - Sales 30%
 - EPS 46%
- Management ownership and benchmarking process ensure strong focus on EPS growth

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

Total sales 1994	3 500
40 acquisitions (95-01)	+18 500
3 divestitures	-1 000
Organic growth	+4 000
Proforma sales 2001	<u>+25 000</u>

How we see the locks business

- 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
- 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



Our three step strategy

- Establish a global platform
 - acquire and develop companies with strong local positions and brands
 - create significant installed product base with recurring cash flow
 - expand our areas of expertise
- Develop Group strength
 - joint leading R&D - cross sales
 - shared component manufacturing and supply management
 - spread best practice
- Accelerate organic growth
 - drive the trend to higher security - new and more advanced technologies.
 - offer complete portfolios through our worldwide sales network
 - develop our offer - from products to concepts - involve distribution

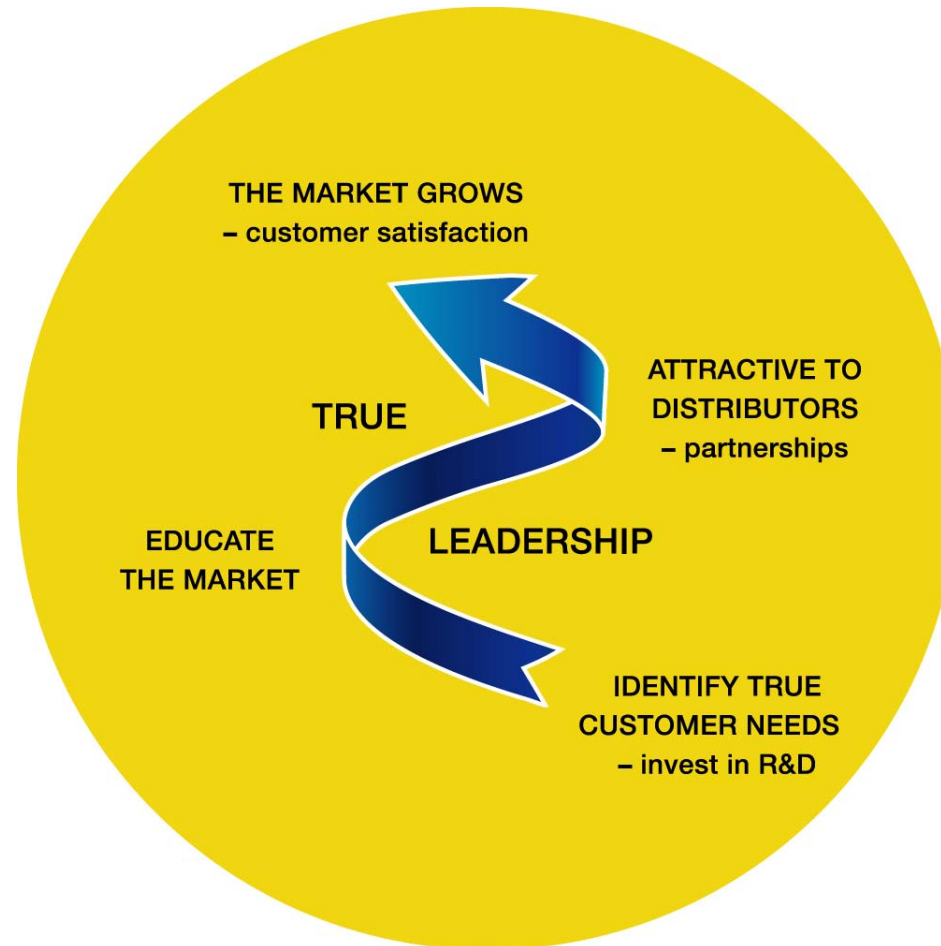
Our way of working

- Developing our companies step-by-step



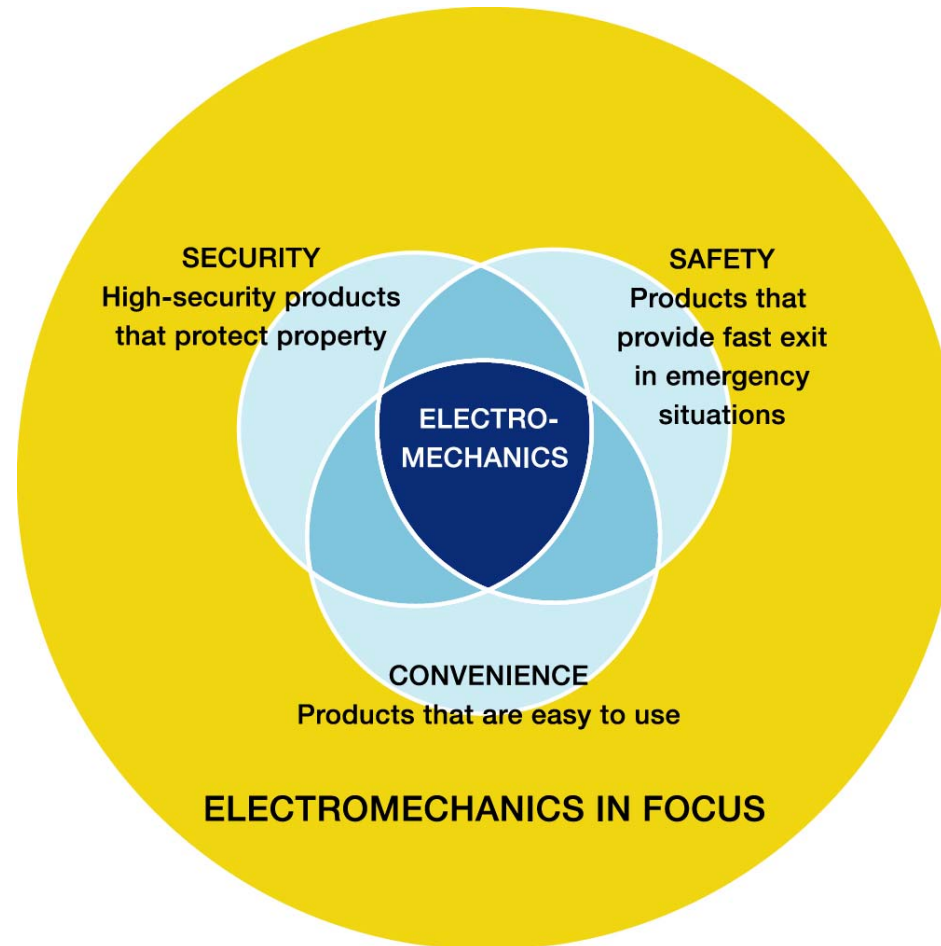
Our way of working

- Leading the trend towards higher security



Our way of working

- Electromechanics growing in importance



Global coverage with strong brands



Global coverage with strong brands

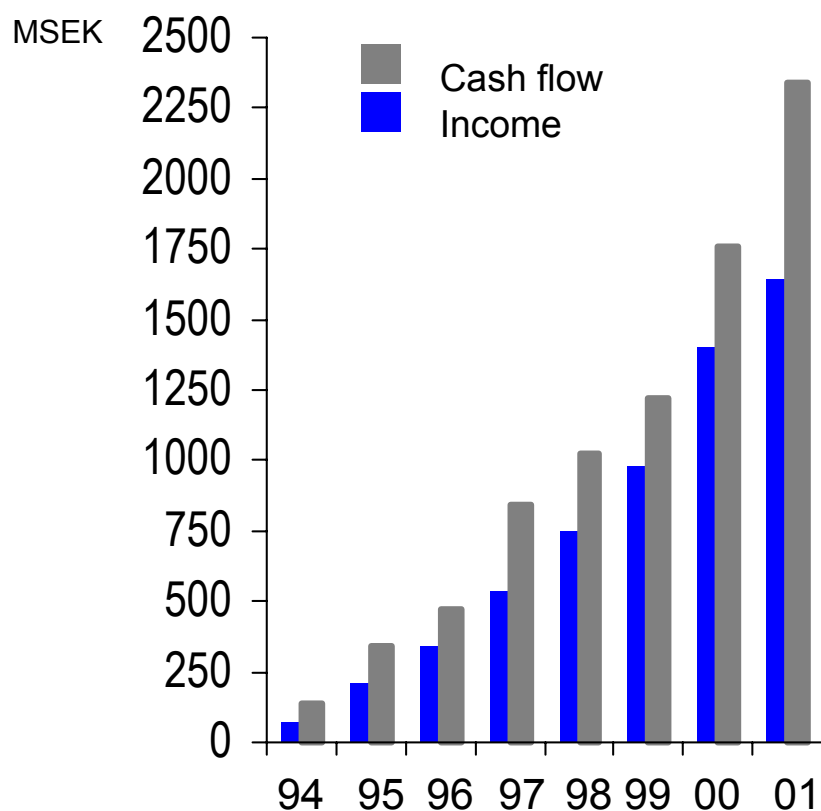


Financial highlights 2001

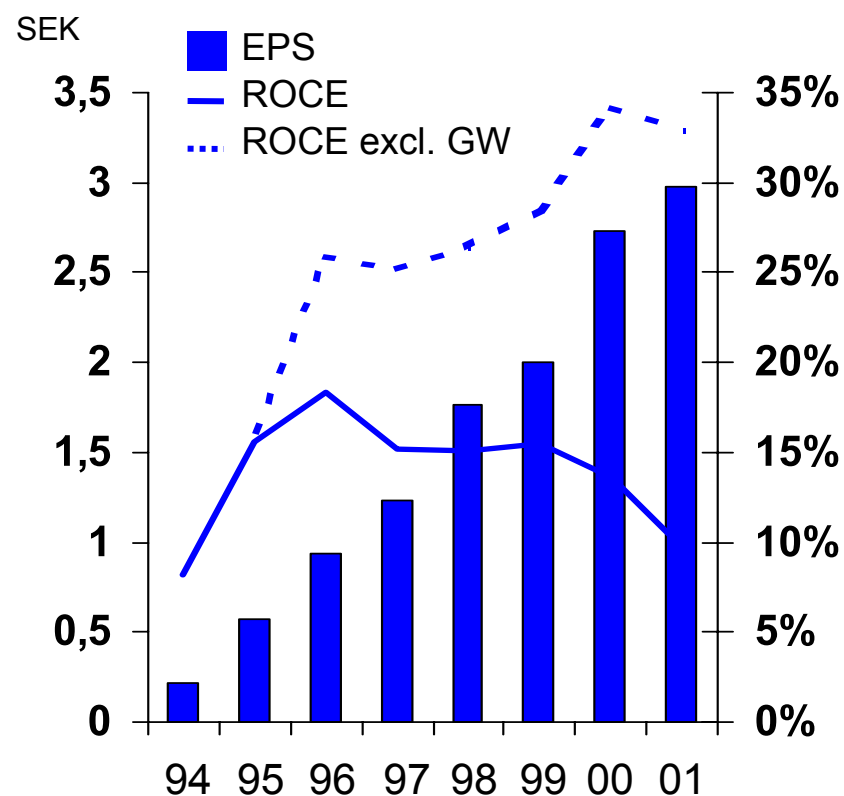
SEK M	2001	2000
Sales, + 56%	22,510	14,394
→ <i>Organic growth (excl. Yale)</i>	3%	5%
→ <i>Acquisitions</i>	44%	32%
→ <i>Exchange rate differences</i>	9%	3%
Income before taxes, + 17%*	1,642	1,402
EPS, + 9% (SEK)*	2.98	2.73
EPS excl. goodwill, + 39% (SEK)*	5.39	3.88
Operating cash flow	2,338	1,756
* Excl. Non-recurring items		

Important key data

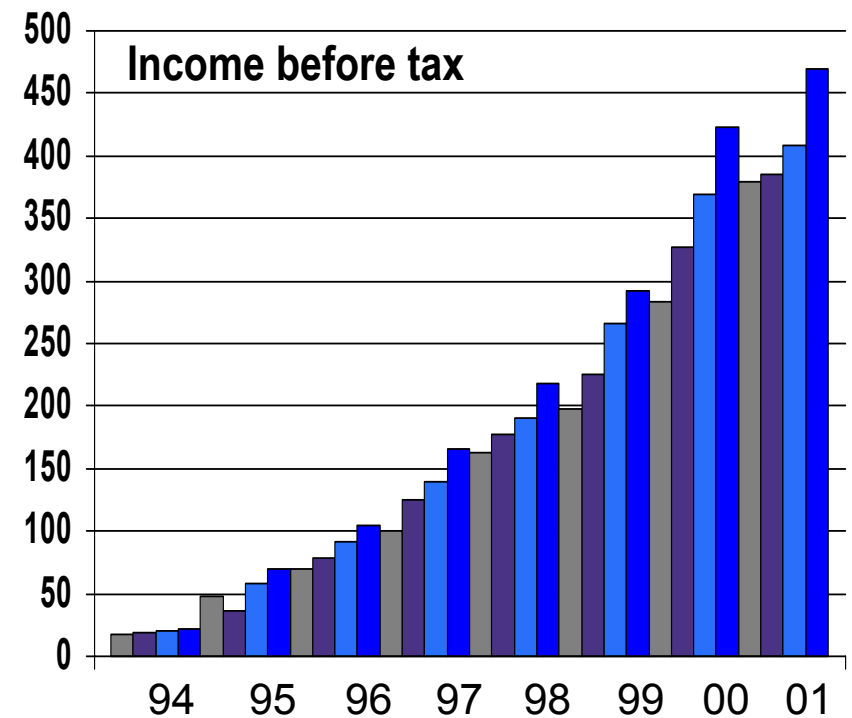
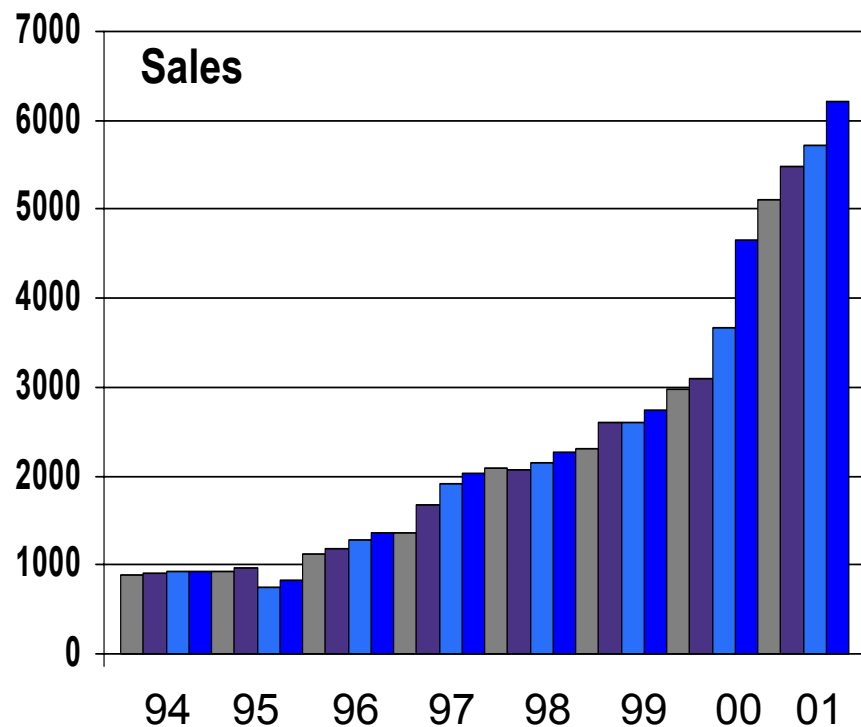
Income before taxes and operating cash flow



Earnings per share and Return on capital employed



Development 1994 - 2001 per quarter (SEK M)



A year of successful integration

30 new companies - 12,000 new employees

Volvo Ocean Race an important and successful tool

Reaching 1,000 key employees in local management meetings

Southampton (START) 23/9/2001

Göteborg 8/6/2002

Kiel (FINISH) ETA 9/6/2002

La Rochelle

25/5/2002

Cape Town 11/11/2001

Sydney 26/12/2001

Auckland 27/1/2002

Hobart

Rio de Janeiro 9/3/2002

Miami 14/4/2002

Baltimore/Annapolis 28/4/2002

Atlantic Ocean

Pacific Ocean

South Atlantic Ocean

Southern Ocean

“By following our boat around the world, in local management meetings, we build networks and *make sure our common way of working is understood, accepted and quickly implemented*”

“We get the opportunity to *inform our partners about our ideas for the future*”

“We get the opportunity to **inform our partners about our ideas for the future**”

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Business review

- **Scandinavia** (2%) - good growth in Sweden - security focused products for DIY segment successfully launched - margin improvement in Norway during autumn - Denmark still slow
- **Finland** (2%) - good export growth - especially door closers - domestic market softer - new factory layout and investments will give result in 2002
- **Central Europe** (3%) - Keso adds unique high security cylinder concept - increased market co-ordination strengthens position in slower German market - Lips integration running well with good profit potential

Business review, cont'd

- **South Europe (4%)** - continued strong growth in Belgium and Spain - TESA strong addition - slow finish in France - margins increasing in refocused Yale, Italy - integration of MAB on plan
- **Great Britain (8%)** - good growth in old units - Yale restructuring on plan - product portfolio upgrading continues - negative sales trend ended - restructured terms of trade
- **North America (4%)** - good growth in old units - Yale's new security and quality strategy increases margins but limits growth - Emtek continuous strongly - new door-group synergies in focus - integration of the new Mexican units started with good potential

Business review, cont'd

- **Australia** (3%) - strong recovery through the autumn with gained market share - increased efficiency and margins - Interlock, New Zealand, strong addition with state of the art production technology
- **New markets** (18%) - South Africa show strong performance - good results from Viro merge - Mul-T-Lock export growth to Japan flattens - Asian market slowing but margin improvements continues
- **Hotel locks** (-7%) - hospitality industry severely affected by terrorist attacks - sales in Q4 dropped 15% - cost adjustments will restore margins during latter part of 2002
- **Identification** - increased focus on access after September - strong sales pick up - positive effects from Indala integration in 2002

Acquisitions 2001

Nine acquisitions adding product and geographical strength

- Total sales of SEK 4,5 billion - whereof SEK 2,0 billion consolidated
- Total acquisition price SEK 4 billion
- Total goodwill of SEK 2 billion - whereof SEK 1,4 billion tax deductible

Acquisitions 2001

- **RIS, Czech Republic** - sales of CZK 58 M
 - compliments FAB - strengthens position in electromechanical area
- **MAB, Italy** - sales of EUR 18 M
 - market leader in floor-spring closers - cross sales opportunities
- **KESO, Switzerland** - sales of CHF 50 M
 - unique Swiss cylinder concept - strong brand and export
- **Viro, South Africa** - sales of SEK 130 M
 - leading lock manufacturer - padlocks, industrial locks and cylinders
 - company at breakeven but significant synergies with Yale

Acquisitions 2001, cont'd

- **JV in US with UDP** - sales of USD 180 M
 - manufactures security doors - often sold with Yale products
 - 80% ownership - option to buy remaining 20 %
 - management responsibility - significant synergies with Group companies
 - EPS positive from start
- **Phillips Mexico** - sales of USD 60 M
 - market leader in one of the worlds largest and growing economies
 - growing need for housing and security
 - EPS positive from 2002

Acquisitions 2001, cont'd

- **Indala, US** - sales of USD 25 M
 - leader in RFID area - 1 million readers, 60 million cards installed
 - low profit level but significant synergies - HID margins within reach
 - EPS positive from start
- **Interlock, New Zealand** - sales of NZD 60 M
 - market leader - good management and production technology
 - EPS positive from start
- **TESA, Spain** - sales of EUR 100 M (part of Yale Group)
 - market leader - strong electromechanical range - 50% export
 - strong historic earnings - long approval process effecting margins
 - minor initial EPS dilution - EPS positive 2003

Other Events 2001

- **Standard & Poor's rating**
 - A-minus long-term / A-2 short-term
- **Employee Incentive Program** - more than 100% over subscribed
 - Euro 100 M - convertible debenture - 4,500 employees signed up
- **5 years bond - EUR 600 M** - 200% oversubscribed
 - EMTM-based bond debenture issued during autumn of 2001
 - diversifies the groups financing
- **Vingcard's appeal** - the Merrimac case
 - appealed to Texas Supreme Court
 - Potential costs of USD 12.5 M plus interest (SEK 166 M) provided as non-recurring item in year-end 2001

Outlook 2002

- Last year's large acquisitions have considerably strengthened the Group - the first and critical part of the integration successfully concluded - the work to realize synergies can accelerate
- We expect a continued good development in volume and profit for years to come

Organic growth per area

Sales			2001	2000	01/00 %*
Scandinavia	SEK M	Sweden, Norway, Denmark	1,971	1,889	2
Finland	EUR M		126	125	2
Central Europe	EUR M	Germany, Holland, Switzerland	155	121	3
South Europe	EUR M	France, Italy, Spain, Belgium	314	263	4
UK	GBP M		104	48	8
North America	USD M	US, Canada, Mexico	937	589	4
South Pacific	AUD M	Australia, New Zealand	158	145	3
New markets	SEK M	Asia, Africa, Eastern Europe, Middle East, Brazil, Latin America	1,764	981	18
Hotel locks	NOK M		920	1,005	-7
Identification	USD M		101	-	-
Total (SEK M)			22,510	14,394	3

*Excluding Yale

ASSA ABLOY Income statement and cash flow

SEK M	2001	2000
Sales	22,510	14,394
Operating income before goodwill amortization (EBITA)	3,159	2,107
EBITA %	14.0	14.6
Goodwill amortization	-860	-387
Financial items	-664	-331
Income before taxes*	1,642	1,402
Profit margin (EBT) %*	7.3	9.7
Operating cash flow	2,338	1,756

* Excl. Non-recurring items

ASSA ABLOY key data

SEK M	31 Dec. 2001	31 Dec. 2000
Capital employed	27,861	19,779
- whereof goodwill	16,371	12,078
Net debt	15,534	8,560
Equity	11,846	10,659
Equity ratio	35.6%	43.1%
Interest cover ratio	3.5	5.5
Net debt/equity	1.31	0.80
Return on capital employed excl. goodwill	32.9%	34.2%
Return on capital employed	9.7%	13.7%
Return on shareholders' equity	8.9%	13.3%

ASSA ABLOY balance sheet

SEK M	31 Dec. 2001	31 Dec. 2000
Intangible fixed assets	16,558	12,259
Tangible and other fixed assets	7,508	5,274
Current assets	10,603	8,496
Total assets	34,669	26,029
Equity	11,846	10,659
Interest bearing debt	17,278	10,330
Other liabilities	5,545	5,040
Total equity and liabilities	34,669	26,029