



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.

Interim report Second Quarter 2002

ASSA ABLOY's ambition is to provide the best locking solutions, making the world safer and more secure

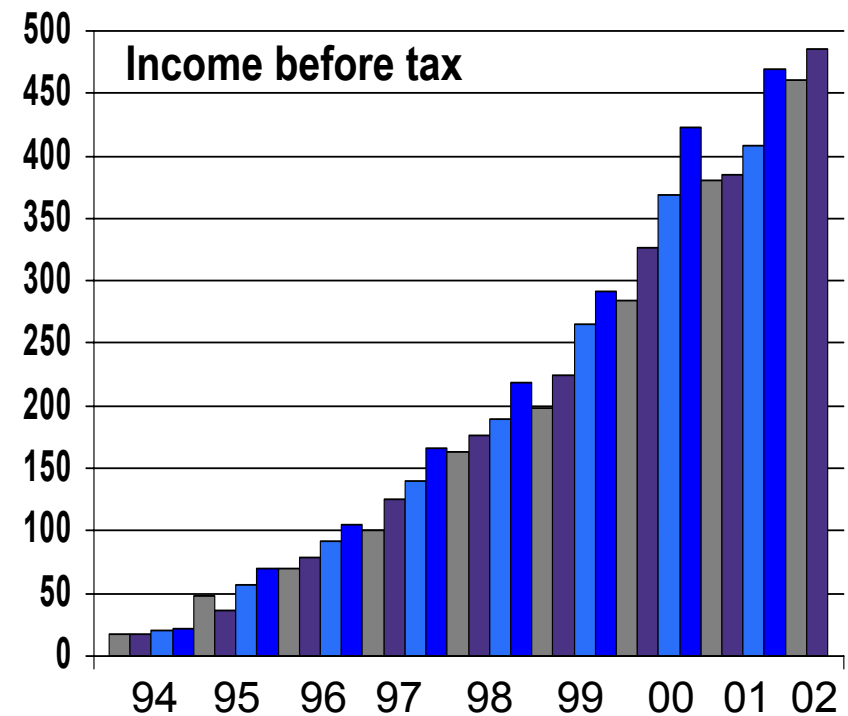
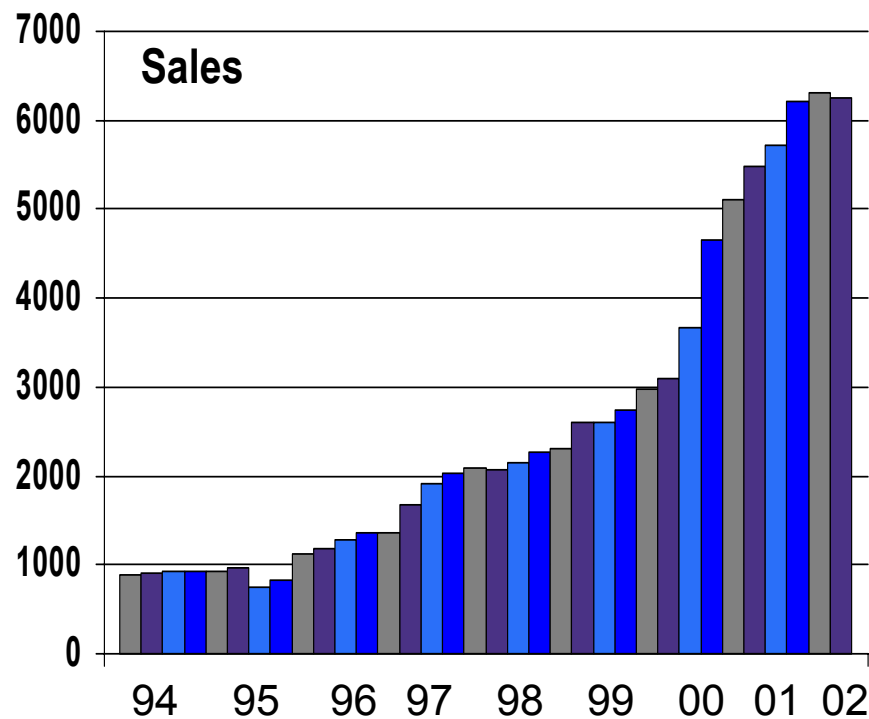


The ASSA ABLOY Group includes 50 of the world's top locking brands. We employ around 30,000 highly skilled men and women in more than 100 companies. And we are present in 130 countries. Our annual sales is approximately EUR 3 billion.

Financial highlights 2002

SEK M	Second Quarter			Year to date		
	2002	2001	02/01	2002	2001	02/01
Sales	6,245	5,483	14%	12,549	10,587	19%
→ <i>Organic growth</i>			4%			2%
→ <i>Acquisitions</i>			13%			16%
→ <i>Exchange rate differences</i>			-3%			1%
Income before taxes	484	385	26%	944	765	23%
EPS (SEK)	0.84	0.71	18%	1,65	1,41	17%
EPS excl. goodwill, (SEK)	1.48	1.29	15%	2,93	2,56	14%
Operating cash flow	886	532	67%	1,528	825	85%

Development 1994 - 2002 per quarter (SEK M)



Business review

- **Scandinavia** (7% Q2, 3% ytd) – good growth in Q2 – upturn in Sweden – increasing margins, particularly in Norwegian units – production move to Romania successfully completed – management change in Denmark
- **Finland** (4% Q2, 1% ytd) – domestic market still soft but starting to show signs of upturn – export continues to show good growth – sales to Russia growing again
- **Central Europe** (-3% Q2, -2% ytd) – German market weakens further – no signs of upturn – cost reductions to secure margin improvements – integration work in Lips and Keso proceeding according to plan

Business review, cont'd

- **South Europe** (5% Q2, 3% ytd) – good development in all French units – adjustment and integration of TESA continues with expected margin improvements – Belgium and Italian markets somewhat softer
- **Great Britain** (3% Q2, 2% ytd) – prison lock production moved to new more efficient premises – several product launches expected to strengthen growth – improving margins from ongoing reengineering
- **North America** (3% Q2, 2% ytd) – stable development – no clear signs of weakening – positive effects from new organization – Emtek's strong growth continues – security door sales flat as expected, synergies being realized – strong development in Mexico

Business review, cont'd

- **South Pacific** (9% Q2, 7% ytd) – security driven growth, particularly residential segment – Interlock's strong development continues – margin increases from efficiency improvements in all units
- **New markets** (1% Q2, -3% ytd) – sales increasing – Africa, Brazil, Eastern Europe continue strongly – Asian clean out of low end products continues, profit improves – Mul-T-Lock recovering
- **Hotel locks** (-15% Q2, -12% ytd) – stabilized market – improving profit despite falling sales after major restructuring and cost cutting
- **Identification** (6% Q2, 6% ytd) – continued good growth with impressive margins – South American sales hub established through acquisition of Codas, HID's distributor in the region

Acquisition of Swedish Besam completed

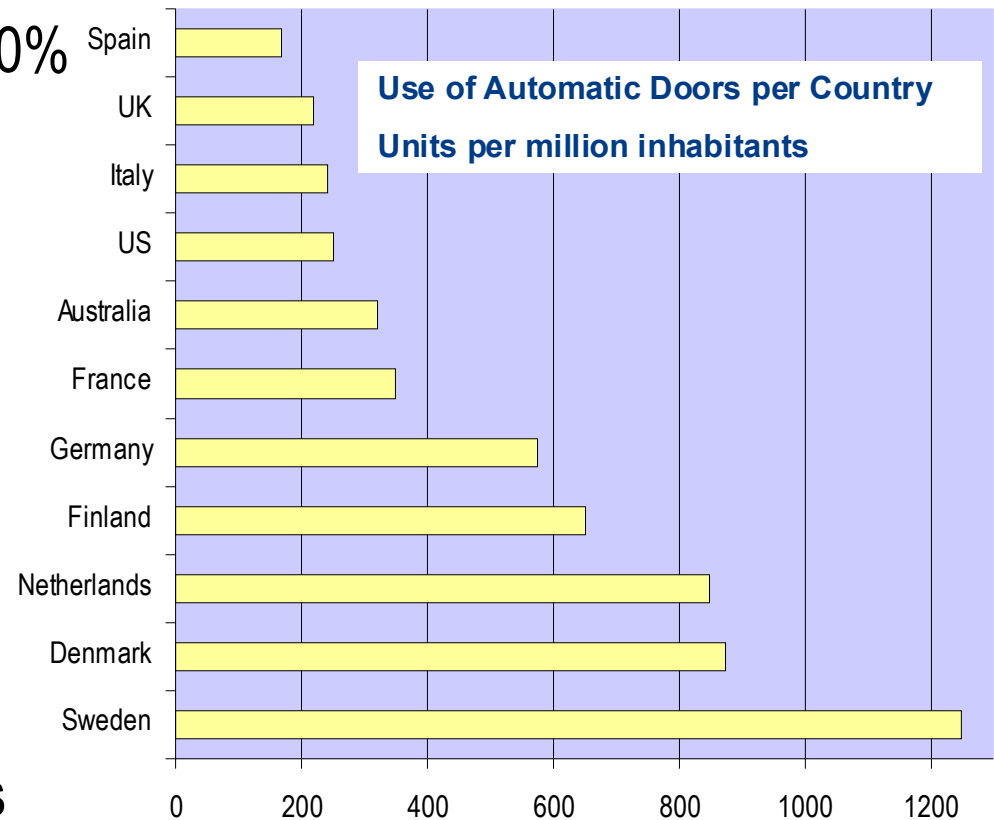
– world leader in door automatics

- Sales of SEK 2,100 M in 2001 – EBIT margin 10%
 - North America 35%, Nordic 12%, Europe 51%, ROW 2%
- The worlds leading brand – estimated market share of 15%
- Acquisition price of SEK 3,050 M paid 1 July
- Issue of 10 million shares completed – sufficient for the Besam deal
- Majority of goodwill of SEK 2,400 M tax deductible
- Besam is expected to
 - add to EPS from 2003 – cash flow positive from start
 - affect ASSA ABLOY's EBITA margin with 0,3% at consolidation

Acquisition of Besam

– the door automatic business and potentials

- World market SEK 10-12 billion
 - strong historic growth rate 7-10%
 - US somewhat behind
- Retail half the market
 - far from saturated
- Healthcare second
 - great potential
- Airports, hotels, public buildings other important segments
- After market one third of sales
 - strong growth and high profits



Background to acquisition of Besam

– locks and door automatics gradually merging

- Flow of people in larger buildings today controlled by door automatics
 - security – convenient access, also for disabled – energy saving
- Increasing large customer demands for 'total openings concepts'
 - interconnecting products – more cost efficient solutions
- Door automatics, 'the missing link' – Besam, the perfect fit
 - brings knowledge, leading brand and significant installed base
- Cross sales opportunities
 - standard door automatics through traditional 'lock channels'
 - locks and access products in Besam's system solutions
- Besam's service organization – also for intelligent locking solutions

Outlook 2002

The development potential for ASSA ABLOY is substantial

- the company's strong position
- the security-driven growth
- the increased demand for convenient locking solutions
- the potential for continued rationalization
- the ongoing consolidation of the industry

create opportunities for continued good volume and profit development

Organic Growth per Area

Sales			Q2 2002	Q2 2001	02 / 01 %	YTD 2002	YTD 2001	02 / 01 %
Scandinavia	SEK M	Sweden, Norway, Denmark	515	472	7	993	958	3
Finland	EUR M		34	32	4	64	63	1
Central Europe	EUR M	Germany, Holland, Switzerland	43	34	-3	87	71	-2
South Europe	EUR M	France, Italy, Spain, Belgium	108	77	5	216	156	3
UK	GBP M		22	22	3	45	45	2
North America	USD M	US, Canada, Mexico	273	223	3	539	427	2
South Pacific	AUD M	Australia, New Zealand	52	36	9	100	71	7
New markets	SEK M	Asia, Africa, Eastern Europe, Middle East, Brazil, Latin America	495	525	1	947	990	-3
Hotel locks	NOK M		215	256	-15	437	501	-12
Identification	USD M		32	25	6	64	54	6
Total (SEK M)			6245	5483	4	12,549	10,587	2

ASSA ABLOY Income statement and cash flow

SEK M	Q2 2002	Q2 2001	YTD 2002	YTD 2001
Sales	6,245	5,483	12,549	10,587
Operating income before goodwill amortization (EBITA)	867	768	1,729	1,511
EBITA %	13.9	14.0	13.8	14.3
Goodwill amortization	-232	-208	-464	-411
Financial items	-154	-177	-325	-339
Income before taxes	484	385	944	765
Profit margin (EBT) %	7.7	7.0	7.5	7.2
Operating cash flow	886	532	1,528	825

ASSA ABLOY key data

SEK M	30 June 2002	31 Dec 2001
Capital employed	25,209	27,861
- whereof goodwill	14,531	16,371
Net debt	12,640	15,534
Equity	12,180	11,846
Equity ratio	39.4%	35.6%
Interest cover ratio	3.6	3.5
Net debt/equity	1.04	1.31
Operating return on capital employed	13.4%	13.3%
Return on capital employed	9.8%	9.7%
Return on shareholders' equity	9.2%	8.9%

ASSA ABLOY balance sheet

SEK M	30 June 2002	31 Dec. 2001
Intangible fixed assets	14,709	16,558
Tangible and other fixed assets	6,834	7,508
Current assets	10,378	10,603
Total assets	31,921	34,669
Equity	12,180	11,846
Interest bearing debt	14,521	17,278
Other liabilities	5,220	5,545
Total equity and liabilities	31,921	34,669

Introduction to ASSA ABLOY

- The world's no 1 provider of locking solutions with annual sales approximately EUR 3 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 including acquisitions pro forma until Q2 2002 (SEK M)

Total sales 1994	3 500
45 acquisitions (95-01)	+21 000
3 divestitures	-1 000
Organic growth	+4 000
Proforma sales 2001	+27 500

How we see the locks business

- Mature business – strong local standards, leaders and brands
 - barriers of entry
- Majority of sales to existing buildings
 - creates stability and recurring revenue
- Trend towards higher security
 - increasing need to protect life and property
- Growing intelligent locking solutions – large and small customers
 - combines security – safety – convenience
- New construction and security driven growth in emerging markets

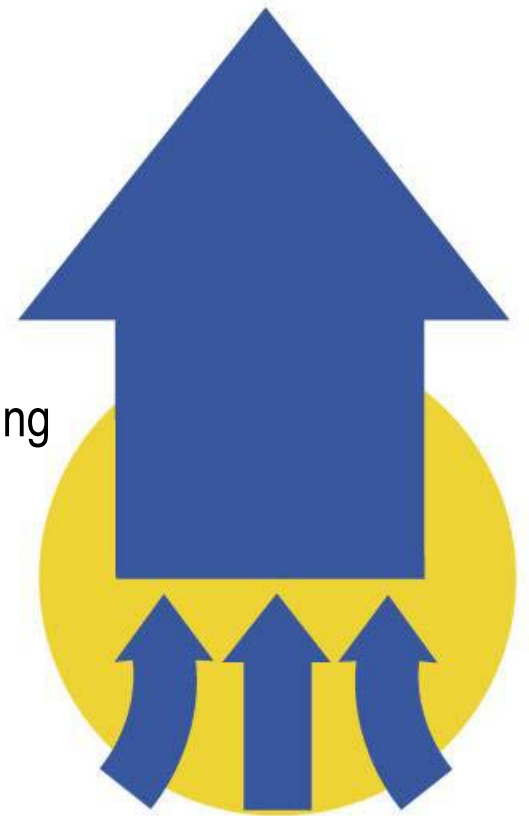
ASSA ABLOY's strategy

- **General**
 - focus on locking solutions
 - lead the trend towards higher security
 - focus on EPS and cash flow
- **Mature markets**
 - multidomestic/acquisitions/local brands
 - benchmarking/cross learning
 - synergies/cross selling
- **New markets**
 - local leadership - organic growth
 - low cost production opportunities
- **Electromechanics and Door Automatics**
 - joint technology in local standards
 - total openings concept - interacting products



Our step by step Group development process

- Establish a global platform
 - acquire strong local positions and brands
 - with significant installed base – recurring cash flow
 - add areas of expertise
- Develop Group strength
 - joint R&D – leading technology – platforms
 - operational excellence – best practice – shared manufacturing
 - endorsement branding – corporate identity
- Accelerate organic growth
 - utilize installed base – higher security – new technologies
 - complete offering through our world-wide sales network
 - increased focus on different customer segments



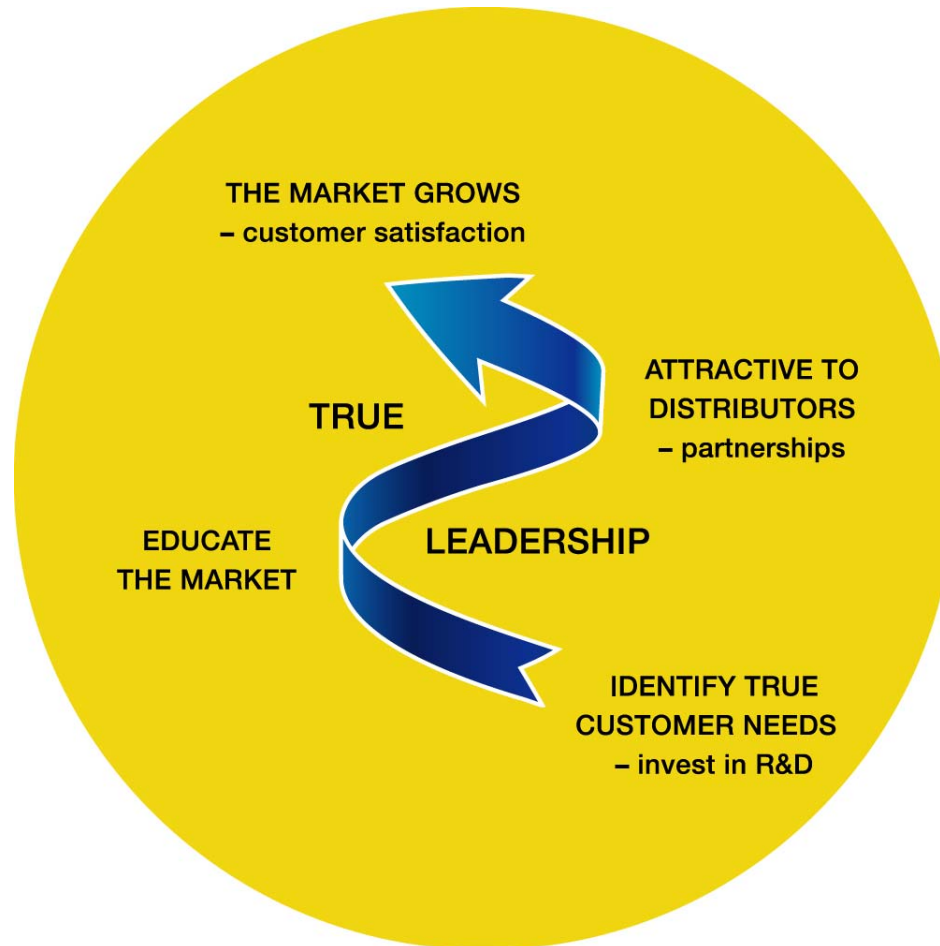
Our way of working

– Developing our companies step-by-step



Our way of working

- Leading the trend towards higher security



Our endorsement brand strategy

- global coverage with strong local brands



Financial goal for ASSA ABLOY

– a five year perspective (excl. new acquisitions)

20% return on capital employed (including goodwill and amortizations) through

- organic growth 2% above GDP over a business cycle
- 2-3% margin improvement
 - stand alone improvement through local operation excellence
 - Group efforts in R&D, purchasing and production
- capital rationalization – maintained absolute level for several years
 - inventory reductions through improved workflows
 - maintained Cap Ex level through synergies in production
- accumulated goodwill amortization of SEK 5billion