



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 Third 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.

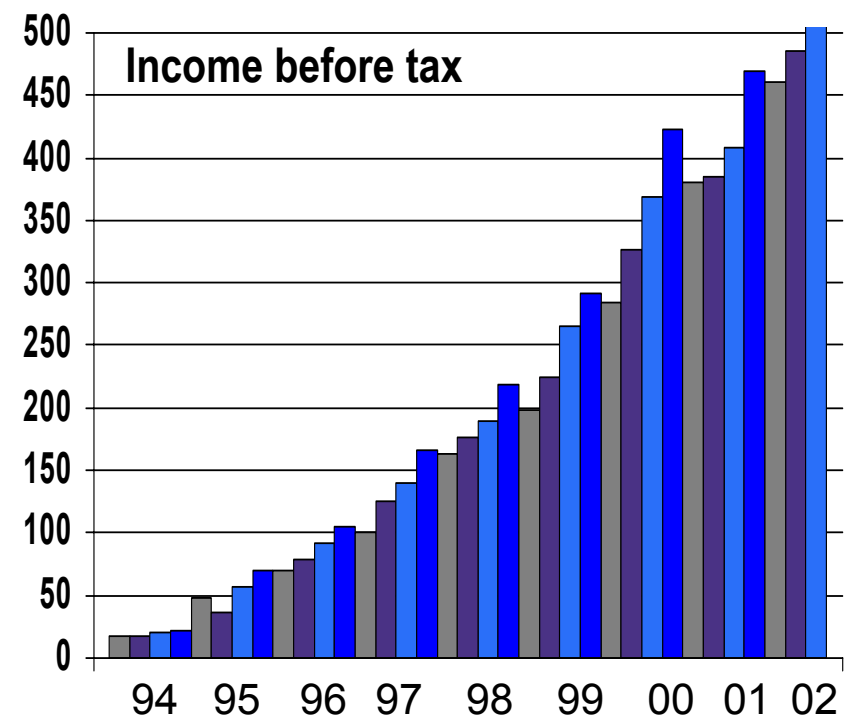
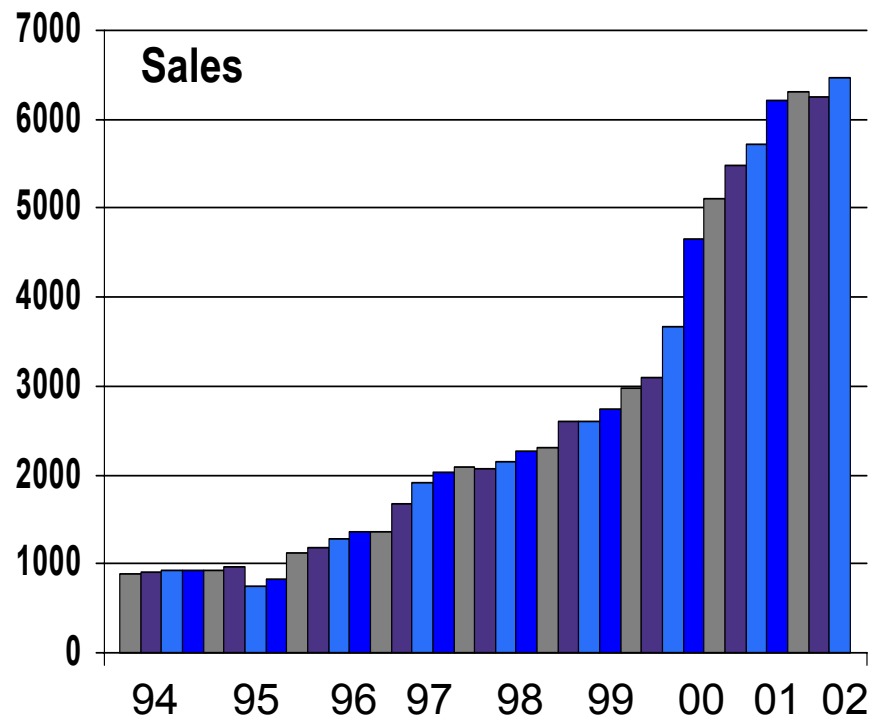
Third quarter highlights

- Pretax profit increased 28% to SEK 523 M in Q3
- Strong EBITA-margin improvement, increased 0,9% to 14,5 % over Q2
- 3% organic growth in Q3
 - US stable
 - slight upturn in Germany
 - strong growth, 12% in New Markets and 13% South Pacific
- Strong operating cash flow SEK 1,0 billion in Q3 191 % of income
- Encouraging Besam integration – obvious synergies and margin potential
- Acquisition of Poli, market leader in Chile, sales of USD 9 M

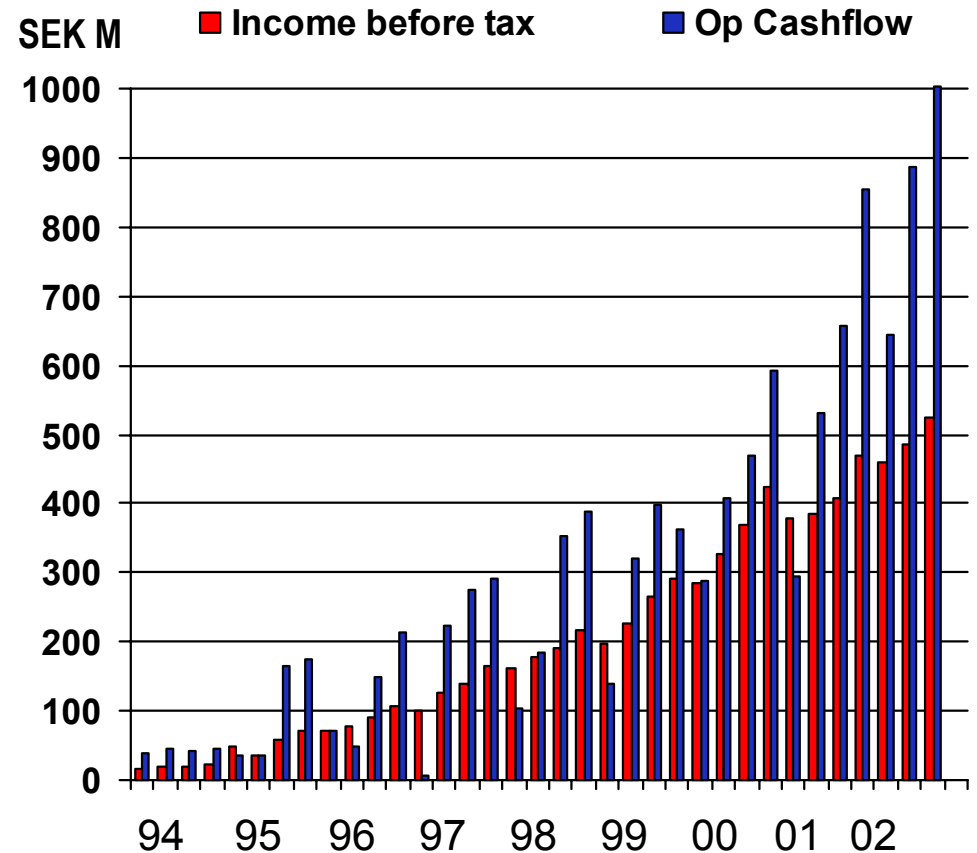
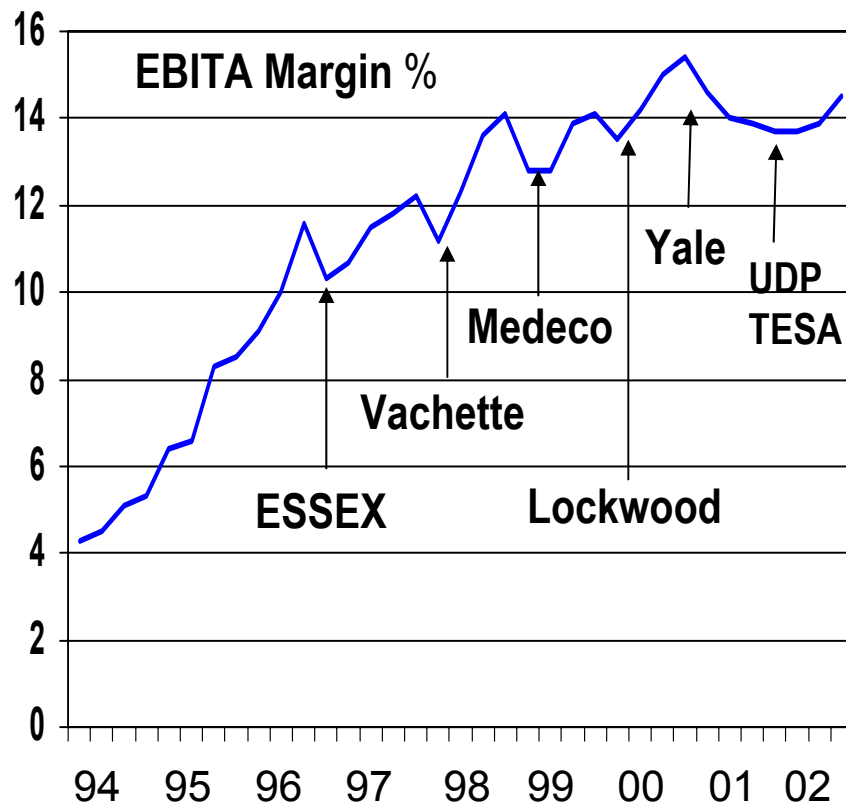
Financial highlights 2002

SEK M	Third Quarter			Year to date		
	2002	2001	02/01	2002	2001	02/01
Sales	6,459	5,717	13%	19,008	16,304	17%
→ Organic growth			3%			2%
→ Acquisitions			17%			17%
→ Exchange rate differences			-7%			-2%
EBITA - margin	14.5	13.9		14.0	14.2	
Income before taxes	523	408	28%	1,468	1,173	25%
→ Exchange rates			-35			-36
EPS (SEK)	0.88	0.71	24%	2.53	2.12	19%
EPS excl. goodwill, (SEK)	1.55	1.32	17%	4,48	3,88	15%
Operating cash flow	1,002	658	52%	2,530	1,483	71%

Development 1994 - 2002 per quarter (SEK M)



Development 1994-2002 per quarter



Business review

- **Scandinavia** (6% Q3, 4% ytd) – good development in Q3 - increasing margins – strong security driven growth in Norway – product launches in Sweden expected to accelerate growth
- **Finland** (0% Q3, 1% ytd) – growing export but domestic market still soft – new high security cylinder launched on export markets
- **Central Europe** (1% Q3, -1% ytd) – pick up in Q3 - German market still very soft - no signs of upturn - cost reduction program well underway - annual savings of €10 M – acquisition of lock accessory producer Melchert with sales €8 M of sales add strength in locksmith channel

Business review, cont'd

- **South Europe** (2% Q3, 2% ytd) – continued good development in France – Spanish TESA improving quickly from the loss of hotel components – stronger quarter in Italy while Belgium still slow
- **Great Britain** (0% Q3, 1% ytd) – at its turning point – new product launches with great potential – margin increases through successful re-engineering and best practice in “continuous improvements process”
- **North America** (3% Q3, 2% ytd) – strong business and process development throughout organization – margins accelerating – Emtek continues strongly – door frame production units being merged, 100 employees being reduced - strong development in Mexico and Canada

Business review, cont'd

- **South Pacific** (13% Q3, 9% ytd) – impressive business and margin development in Lockwood and Interlock – growing US and Asian exports
- **New markets** (12% Q3, 2% ytd) – strong growth pick up in the quarter – East Europe, South Africa and Brazil develops well – acquisition of Poli, market leader in Chile, sales of USD 9 M – Asia and Mul-T-Lock recovers
- **Hotel locks** (-6% Q3, -10% ytd) – closing in on last year – strong profit improvement despite falling sales – launch of ASSA ABLOY Hospitality
- **Identification** (9% Q3, 7% ytd) – good growth and steadily improving margins – launch of new Smartcard for biometrics with strong potential
- **Door Automatics** – encouraging integration progress - improving margins in slow market – sales synergies bigger than expected

Organic Growth per Area

Sales			Q3 2002	Q3 2001	Q2 / 01 %	YTD 2002	YTD 2001	Q2 / 01 %
Scandinavia	SEK M	Sweden, Norway, Denmark	461	444	6	1,454	1402	4
Finland	EUR M		29	30	0	93	93	1
Central Europe	EUR M	Germany, Holland, Switzerland	45	42	1	132	113	-1
South Europe	EUR M	France, Italy, Spain, Belgium	88	70	2	304	226	2
UK	GBP M		21	21	0	66	66	1
North America	USD M	US, Canada, Mexico	280	255	3	819	682	2
South Pacific	AUD M	Australia, New Zealand	58	39	13	158	110	9
New markets	SEK M	Asia, Africa, Eastern Europe, Middle East, Brazil, Latin America	506	509	12	1,453	1,499	2
Hotel locks	NOK M		187	213	-6	624	714	-10
Identification	USD M		34	22	9	98	76	7
Door automatics	SEK M		467	-	-	467	-	-
Total (SEK M)			6,459	5,717	3	19,008	16,304	2

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

ASSA ABLOY Income statement and cash flow

SEK M	Q3 2002	Q3 2001	YTD 2002	YTD 2001
Sales	6,459	5,717	19,008	16,304
Operating income before goodwill amortization (EBITA)	933	797	2,663	2,308
EBITA %	14.5	13.9	14.0	14.2
Goodwill amortization	-247	-218	-711	-629
Financial items	-165	-171	-490	-510
Income before taxes	523	408	1468	1173
Profit margin (EBT) %	8.1	7.1	7.7	7.2
Operating cash flow	1,002	658	2,530	1,483

ASSA ABLOY key data

SEK M	30 Sept 2002	31 Dec 2001
Capital employed	28,034	27,861
- whereof goodwill	16,956	16,371
Net debt	15,116	15,534
Equity	12,517	11,846
Equity ratio	36.9%	35.6%
Interest cover ratio	3.9	3.5
Net debt/equity	1.21	1.31
Operating return on capital employed	13.0%	13.3%
Return on capital employed	9.5%	9.7%
Return on shareholders' equity	9.3%	8.9%

ASSA ABLOY balance sheet

SEK M	30 Sept 2002	31 Dec. 2001
Intangible fixed assets	17,124	16,558
Tangible and other fixed assets	7,072	7,508
Current assets	10,797	10,603
Total assets	34,993	34,669
Equity	12,517	11,846
Interest bearing debt	16,813	17,278
Other liabilities	5,663	5,545
Total equity and liabilities	34,993	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

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

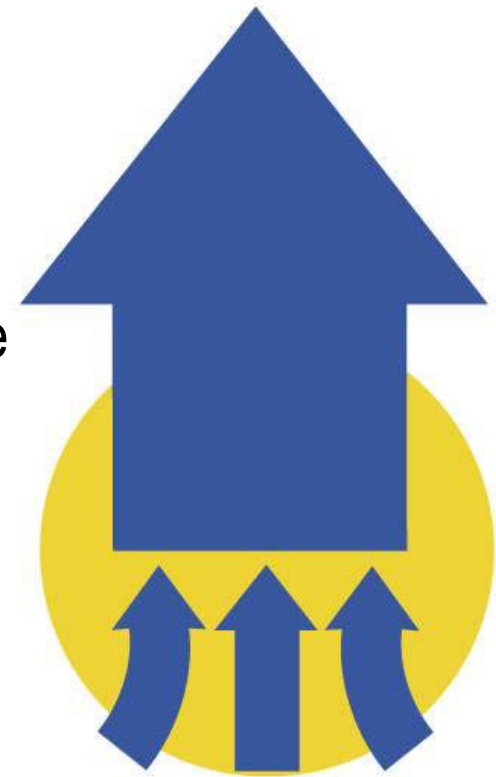
ASSA ABLOY's strategy

- **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



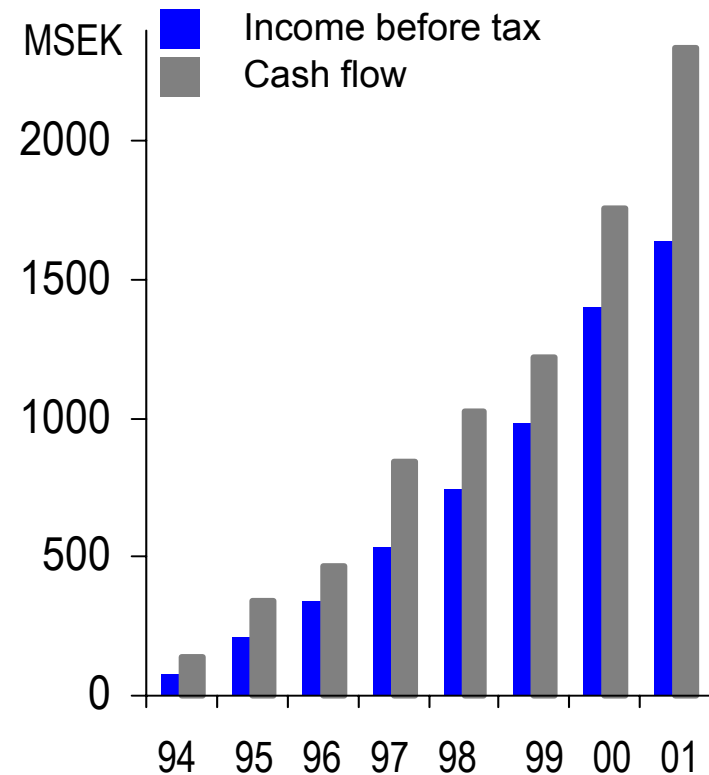
Our step by step Group development process

- Establish a global platform – local strength and pride
 - acquire strong local positions and brands - add areas of expertise
 - significant installed base with recurring revenue
 - develop operational excellence – benchmarking
- Leverage Group synergies – with maintained local initiative
 - develop corporate identity – endorsement branding
 - joint R&D for leading technology - platforms
 - take advantage of joint component manufacturing
- Accelerate organic growth – increased customer focus
 - utilize installed base - higher security - new technologies
 - complete offering through our world-wide sales network
 - market segmentation – distribution channel development



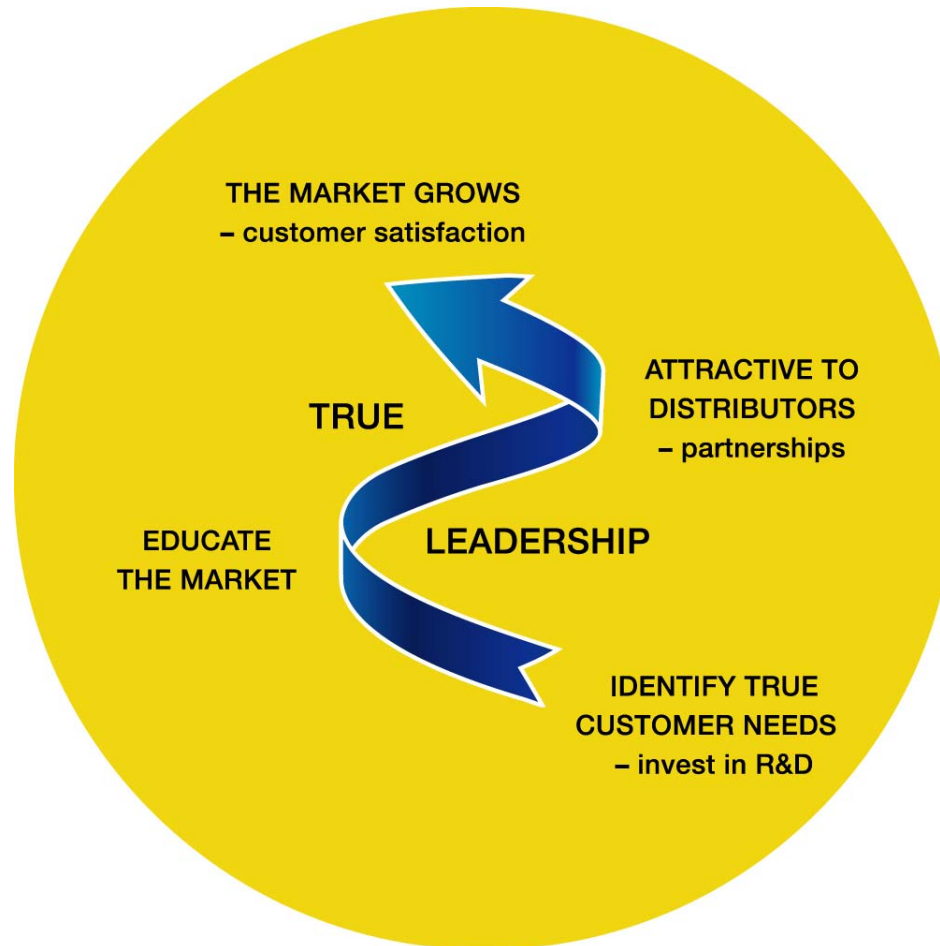
Our development since 1994 (MSEK)

Total sales 1994	3 500
45 acquisitions – 100 companies	+19 500
Organic growth	+4 000
Proforma sales 2002	<u>+27 000</u>



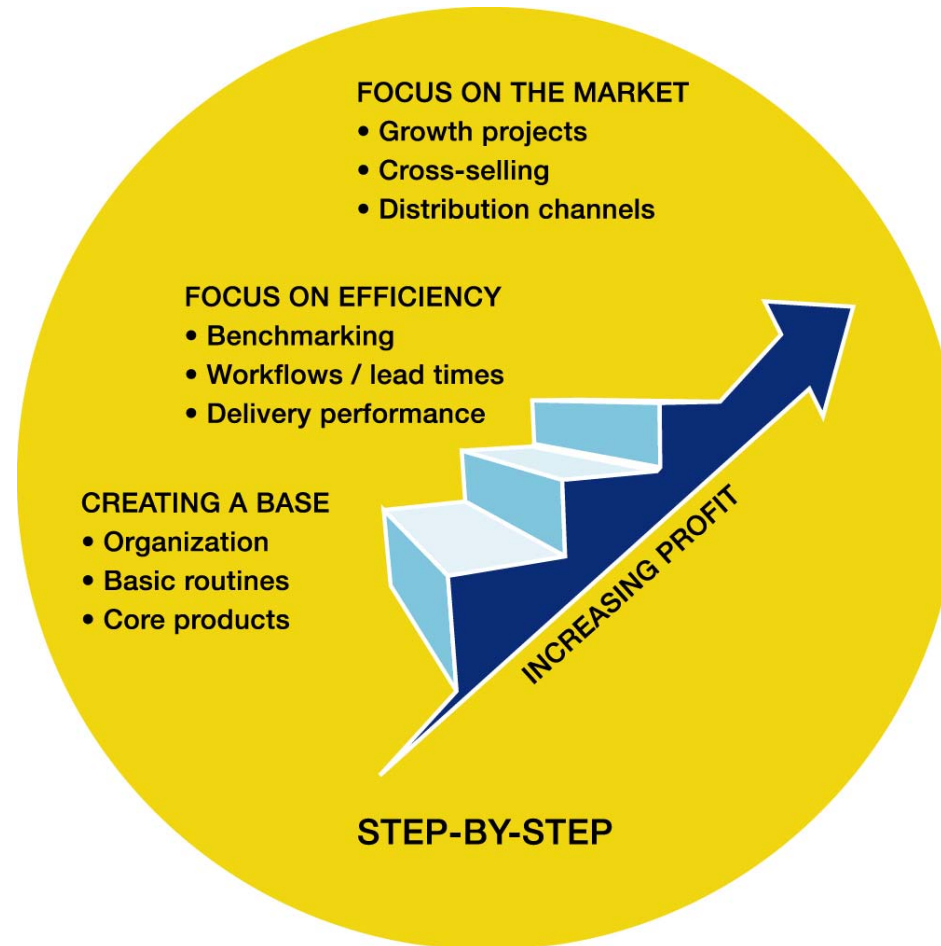
Our way of working

- Leading the trend towards higher security



Our way of working

– Developing our companies step-by-step



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