



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.

Fourth Quarter and Full Year Report 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 are approximately EUR 3 billion.

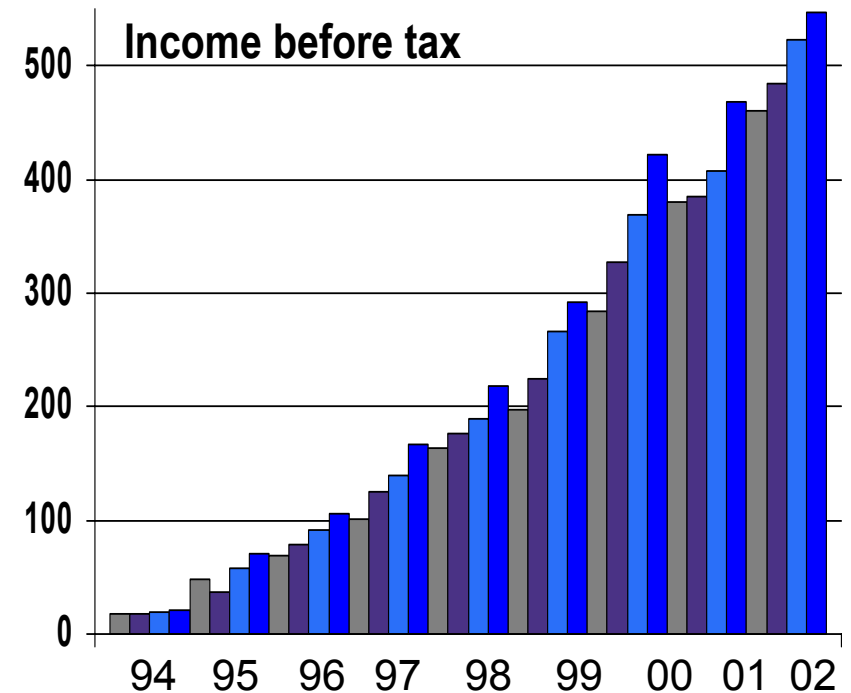
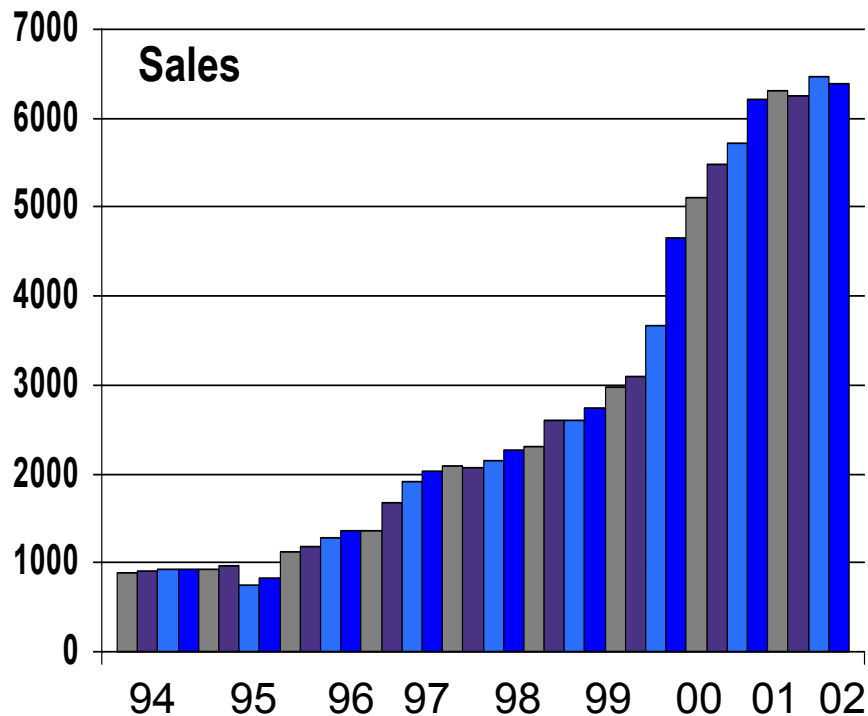
Fourth Quarter Highlights

- Pretax profit, Q4 - up 17% to SEK 547 M
- Pretax profit, full year - up 23% to SEK 2015M
- Continued EBITA-margin improvement, 14.6 % in Q4
- Operating cash flow SEK 1.0 billion in Q4 - full year SEK 3.5 billion
- Encouraging Besam integration - several “total openings” concepts started
- New CEO Bo Dankis, former Group Vice President South Europe

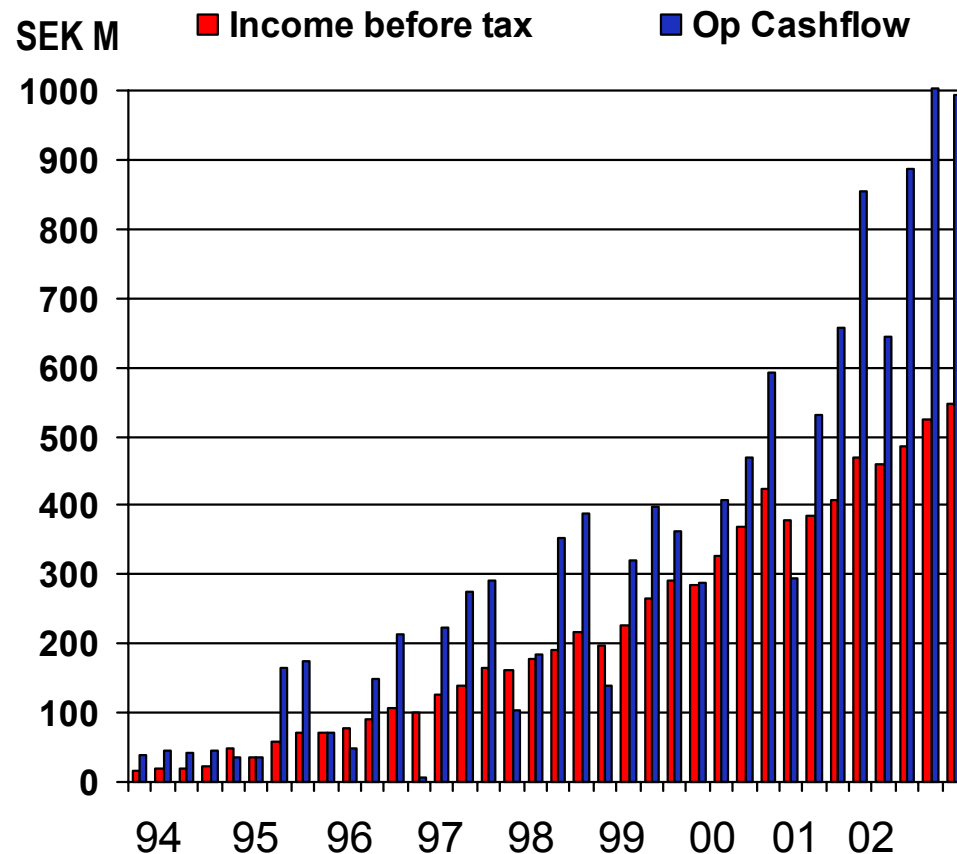
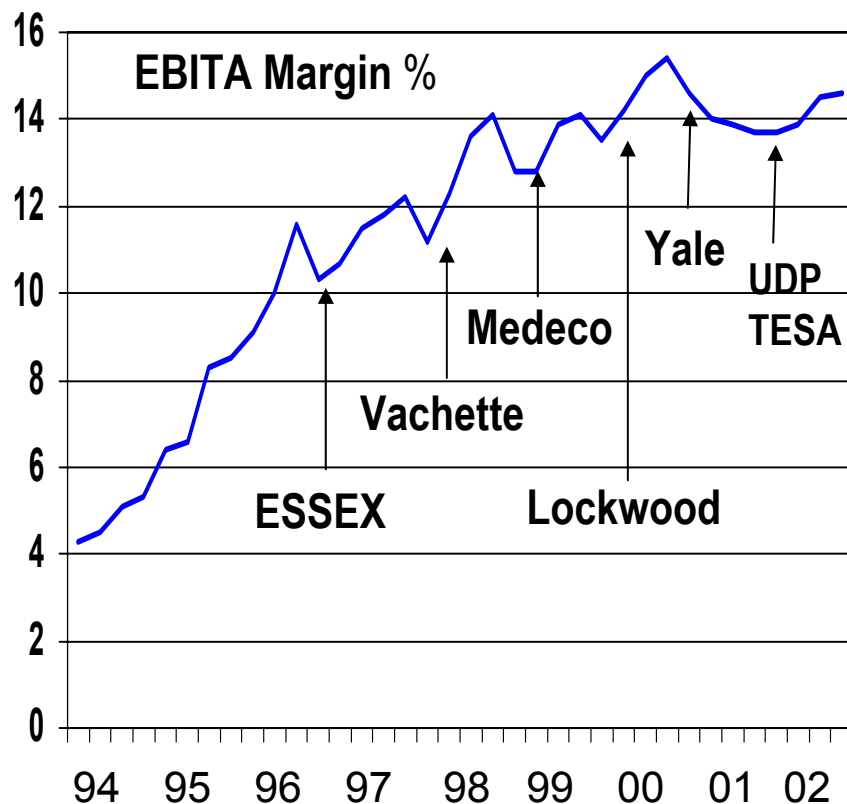
Financial highlights 2002

SEK M	Fourth Quarter			Year to date		
	2002	2001	02/01	2002	2001	02/01
Sales	6,389	6,206	3%	25,397	22,510	13%
→ <i>Organic growth</i>			2%			2%
→ <i>Acquisitions</i>			10%			15%
→ <i>Exchange rate differences</i>			-9%			-4%
EBITA - margin	14.6	13.7		14.2	14.0	
Income before taxes	547	469	17%	2,015	1,642	23%
→ <i>Exchange rates</i>			-52			-88
EPS (SEK)	1.00	0.86	16%	3.53	2.98	18%
EPS excl. goodwill, (SEK)	1.65	1.51	9%	6.13	5.39	14%
Operating cash flow	994	855	16%	3,525	2,338	51%

Development 1994 - 2002 per quarter (SEK M)



Development 1994-2002 per quarter



Business review

- **Scandinavia** (1% Q4, 3% ytd) – somewhat slower sales towards end of year – continued encouraging margin development – promising product launches including CLIQ
- **Finland** (1% Q4, 1% ytd) – stable sales and margins – joint large customer sales organization established with Besam with total openings concept
- **Central Europe** (0% Q4, -1% ytd) – stable situation but market remains soft - restructuring program continues, €3 M extra costs in Q4
 - Melchert integration continues according to plan

Business review, cont'd

- **South Europe** (-2% Q4, 1% ytd) – slower sales towards end of year – increasing sales and margins in French units – successful TESA integration, merge with Azbe – Italian refocus on domestic sales, moving away from non-profitable export
- **Great Britain** (1% Q4, 1% ytd) – new marketing organization in place – Union-Design Center established for total door solutions - production of car locks moved to Czech republic
- **North America** (2% Q4, 2% ytd) – good growth in electromechanics, high security and residential - no further commercial weakening – some softening in institutional new construction offset by increased security focus – door frame production merged - margins continue to increase

Business review, cont'd

- **South Pacific** (13% Q4, 10% ytd) – continued impressive business and margin development in Lockwood and Interlock – residential and export sales growing
- **New markets** (10% Q4, 4% ytd) – strong growth especially in East Europe, South Africa and Brazil – Mul-T-Lock recovers through increased Asian sales
- **Hotel locks** (-10% Q4, -10% ytd) – market softening due to war threat – strong profit improvement – ASSA ABLOY Hospitality launched
- **Identification** (19% Q4, 10% ytd) – continued good growth from increased demand for access control – margins improving
- **Door Automatics** – integration progress running well - margins improves in slow market – sales synergies potential higher than expected

Organic Growth per Area

Sales			Q4 2002	Q4 2001	02 / 01 %	YTD 2002	YTD 2001	02 / 01 %
Scandinavia	SEK M	Sweden, Norway, Denmark	516	512	1	1,970	1,914	3
Finland	EUR M		33	33	1	126	126	1
Central Europe	EUR M	Germany, Holland, Switzerland	43	42	0	175	155	-1
South Europe	EUR M	France, Italy, Spain, Belgium	103	88	-2	407	314	1
UK	GBP M		20	20	1	86	86	1
North America	USD M	US, Canada, Mexico	259	255	2	1,078	937	2
South Pacific	AUD M	Australia, New Zealand	58	48	13	216	158	10
New markets	SEK M	Asia, Africa, Eastern Europe, Middle East, Brazil, Latin America	499	530	10	1,952	2,029	4
Hotel locks	NOK M		192	206	-10	816	920	-10
Identification	USD M		34	30	19	132	106	10
Door automatics	SEK M		548	-	-	1015	-	-
Total (SEK M)			6,389	6,206	2	25,397	22,510	2

Change of CEO

- Carl-Henric Svanberg takes over as CEO and President of Ericsson
- Bo Dankis takes over as CEO and President from the General Shareholder Meeting, March 26
- The Board has appointed Göran Jansson, CFO and Clas Thelin Group Vice President North America as Executive Vice Presidents
- The overall strategy is well anchored in the Management Team and remains unchanged

Who is Bo Dankis?

- Joined the ASSA ABLOY Group in 1997 as country manager France
 - Group Vice President in 1998
 - Responsible for ASSA ABLOY South Europe in 2000
- Expanded sales from €165 M to €420 M
 - Overall strong margin increase
 - Dramatically improved work flows, lead times and inventories
 - Increased focus on product development
- Has held various international management positions, including country manager for ABB Japan
- Bo Dankis (b.1954) has a Master of Science degree

Outlook 2003

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	Q4 2002	Q4 2001	YTD 2002	YTD 2001
Sales	6,389	6,206	25,397	22,510
Operating income before goodwill amortization (EBITA)	932	851	3,595	3,159
EBITA %	14.6	13.7	14.2	14.0
Goodwill amortization	-246	-232	-957	-860
Financial items	-141	-154	-631	-664
Income before taxes	547	469	2,015	1,642
Profit margin (EBT) %	8.6	7.6	7.9	7.3
Operating cash flow	994	855	3,525	2,338

ASSA ABLOY key data

SEK M	31 Dec 2002	31 Dec 2001
Capital employed	26,701	27,861
- whereof goodwill	16,213	16,371
Net debt	13,989	15,534
Equity	12,381	11,846
Equity ratio	38.2%	35.6%
Interest cover ratio	3.9	3.5
Net debt/equity	1.13	1.31
Operating return on capital employed	13.4%	13.3%
Return on capital employed	9.9%	9.7%
Return on shareholders' equity	9.9%	8.9%

ASSA ABLOY balance sheet

SEK M	31 Dec 2002	31 Dec. 2001
Intangible fixed assets	16,386	16,558
Tangible and other fixed assets	6,843	7,508
Current assets	10,032	10,603
Total assets	33,261	34,669
Equity	12,381	11,846
Interest bearing debt	15,545	17,278
Other liabilities	5,335	5,545
Total equity and liabilities	33,261	34,669

ASSA ABLOY 1994 - 2002

The creation of a global leader

- Sales from SEK 3 billion to SEK 25 billion, 30% per year
- Pre-tax profit from SEK 70 M to SEK 2 015 M, 50% per year
- Operating cash flow from SEK 100 M to SEK 3 525 M
- EBITA margin increased from 4% to 14%
- EPS twenty fold – average up 45% per year
- 100 companies acquired - restructured the lock industry

How we see the locks business

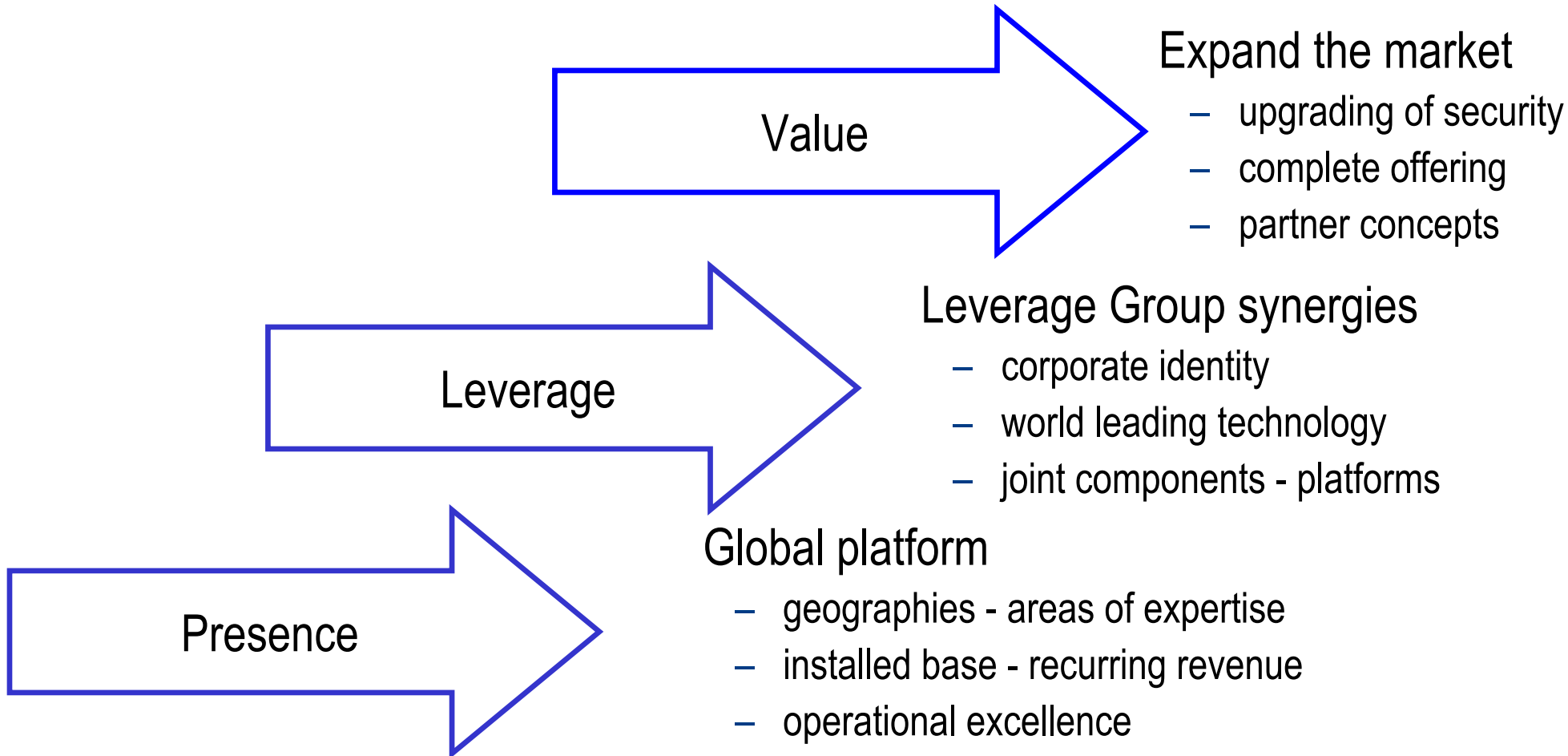
- Mature business – strong local standards, leaders and brands
 - barriers to entry
- Majority of sales to existing buildings
 - creates stability and recurring revenue
- Trend towards higher security
 - increasing need to protect life and property
- Growing intelligent locking solutions – large and 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

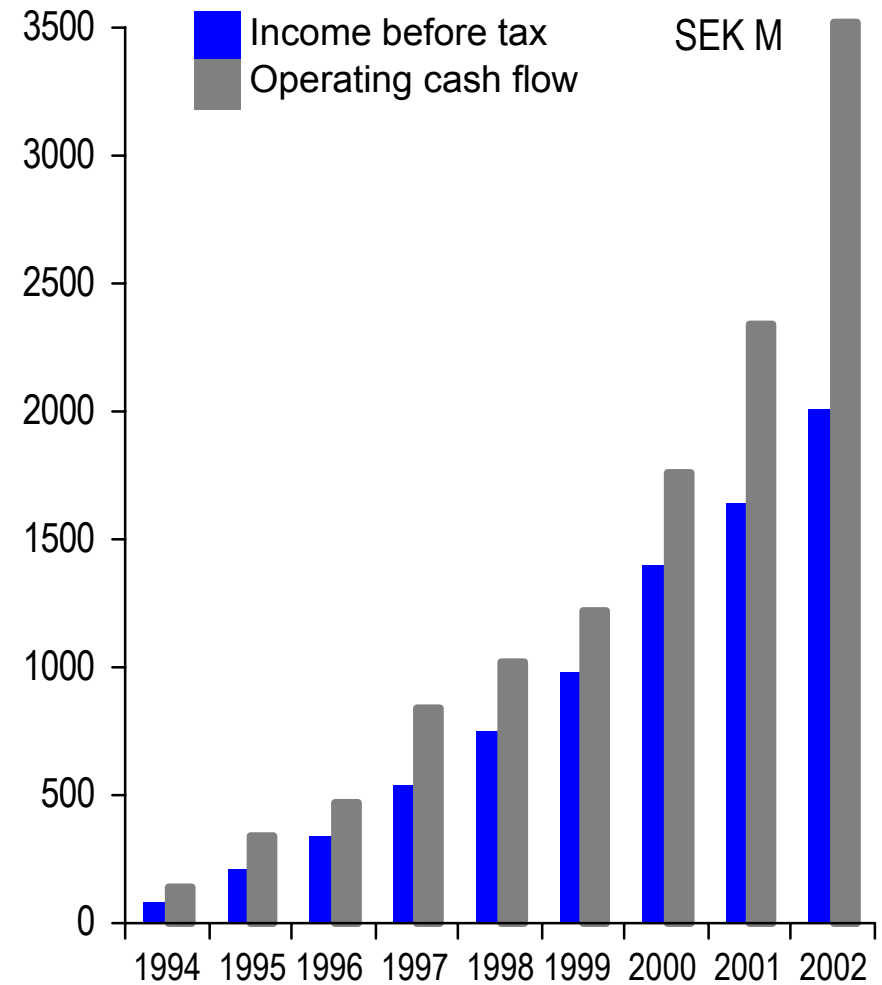
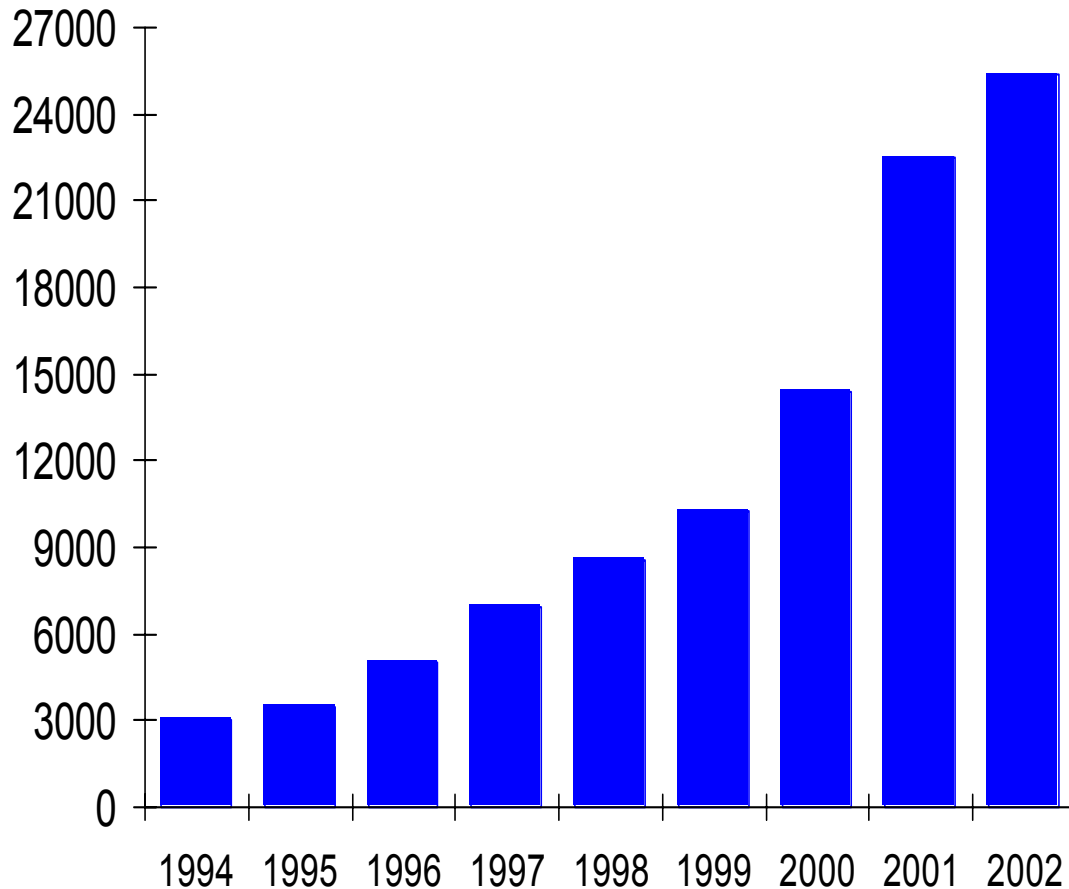


Our step by step Group development strategy



Our development since 1994 (SEK M)

Sales, MSEK

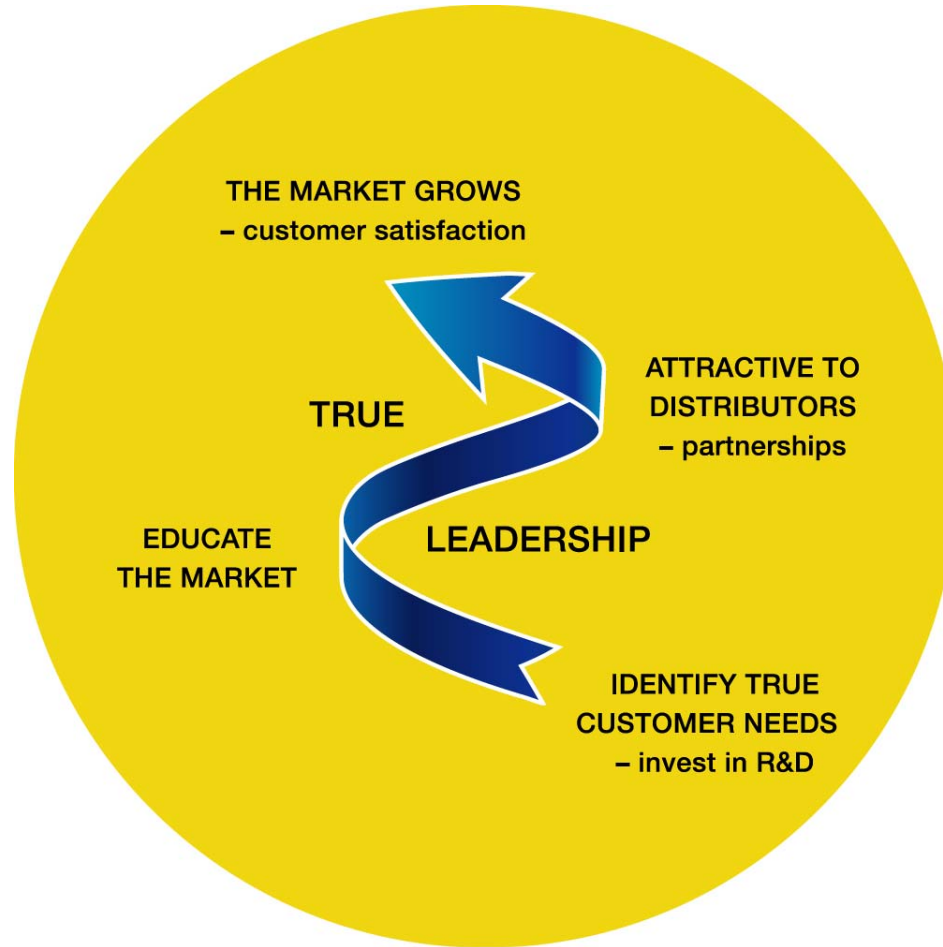


The World's Leading Lock Group

ASSA ABLOY

Our way of working

Leading the trend towards higher security



Our way of working

Developing our companies step-by-step



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