

ASSA ABLOY

The World's Leading Lock Group

Fourth Quarter and Year-end Report 2003

Business Review Q4

(excl. restructuring charge)

- Sales SEK 6,096 M (6,389)
 - SEK 627 M negative currency effects
 - 2% organic growth
- Operating margin (EBITA) 15.0% (14.6)
- Income before tax SEK 562 M (547)
 - SEK 44 M negative currency effects
- All time high Operating cash flow, SEK 1,069 M (994)
- EPS 0.97 SEK (1.00)

Business Review 2003

(excl. restructuring charge)

- Sales SEK 24,080 M (25,397)
 - SEK 2,660 M negative currency effects
 - 0% organic growth
- Operating margin (EBITA) 13.9% (14.2)
- Income before tax SEK 1,903 M (2,015)
 - SEK 186 M negative currency effects
- Operating cash flow, SEK 3,265 M (3,525)
- EPS 3.31 SEK (3.53)
- Dividend 1.25 SEK (1.25)

2003 in brief



Actions for leverage and growth

Growth

- Innovations and new concepts
- Channel Management
- Brand-building

Leverage

- Use resources more efficiently
- Smarter ways of working
- Increase productivity



Restructuring charge per business segment

SEK M	Total	Cash	Write off	Employees
EMEA	860	760	100	1,100
Americas	230	50	180	100
Asia Pacific	120	40	80	–
Global Tech	110	85	25	200
Total	1,320	935	385	1,400

Annual savings 450 MSEK – roughly half will impact 2004

Restructuring charge per business segment

■ EMEA

- Main focus on productivity through streamline production

■ Americas

- Main focus on remaining low performers

■ Asia Pacific

- Consolidation of production facilities

■ Global Tech

- Capturing synergies in ITG Europe

Financial highlights Q4 2003

(excl. restructuring cost)

SEK M	4 th Quarter			FY		
	2003	2002	03/02	2003	2002	03/02
Sales	6,096	6,389	-5%	24,080	25,397	-5%
<i>Whereof</i>						
Organic growth			+2%			0%
Acquisitions			+3%			+5%
FX-differences	-627		-10%	-2,660		-10%
EBITA-margin (%)	15.0	14.6		13.9	14.2	
Income before taxes	562	547	+3%	1,903	2,015	-6%
<i>Whereof</i>						
FX-differences	-44		-8%	-186		-9%
Operating cash flow	1,069	994	+7%	3,265	3,525	-7%
EPS (SEK)	0.97	1.00	-3%	3.31	3.53	-6%
EPS before GW (SEK)	1.61	1.65	-2%	5.89	6.13	-4%

EMEA business review

(excl. restructuring cost)

EUR M	4 th Quarter			FY		
	2003	2002	03/02	2003	2002	03/02
Sales	291	293	-1%	1,116	1,152	-3%
<i>Organic growth</i>			+3%			-1%
EBITA	41	37	+11%	149	155	-4%
EBITA-margin (%)	14.1	12.6		13.4	13.4	
RoCE before goodwill (%)	31.0	26.7		29.0	27.0	
Operating cash flow before paid interest	63	59	+7%	172	190	-9%

EMEA business review Q4

- Benelux, Finland and Eastern Europe shows strongest organic growth
- Continental Europe ends the year with a positive trend
- Italian decline slows down

Americas business review

(excl restructuring cost)

USD M	4 th Quarter			FY		
	2003	2002	03/02	2003	2002	03/02
Sales	262	263	0%	1,073	1,095	-2%
<i>Organic growth</i>			-1%			-2%
EBITA	46	47	-2%	176	178	-1%
EBITA-margin (%)	17.6	17.9		16.5	16.3	
RoCE before goodwill (%)	40.4	36.5		43.8	39.2	
Operating cash flow before paid interest	55	54	+2%	189	191	-1%

Americas business review Q4

- Architectural Hardware stable sales and continue to improve margins
- US Door Group still soft although margins are keeping up well
- Residential Group continued strong growth +21% with improved margins

Asia Pacific business review

(excl. restructuring cost)

AUD M	4 th Quarter			FY		
	2003	2002	03/02	2003	2002	03/02
Sales	84	84	0%	309	307	1%
<i>Organic growth</i>			8%			5%
EBITA	15	12	+25%	46	39	+18%
EBITA-margin (%)	17.9	14.3		14.9	12.8	
RoCE before goodwill (%)	43.4	32.9		32.3	17.3	
Operating cash flow before paid interest	16	11	+45%	42	43	-2%

Asia Pacific business review Q4

- South Pacific reports continued strong organic growth
- Recovery in South East Asia

Global Technologies business review

(excl. restructuring cost)

SEK M	4 th Quarter			FY		
	2003	2002	03/02	2003	2002	03/02
Sales	1,186	1,089	9%	4,177	3,285	27%
<i>Organic growth</i>			8%			6%
EBITA	160	143	+12%	542	450	+20%
EBITA-margin (%)	13.5	13.1		13.0	13.7	
RoCE before goodwill (%)	73.6	56.2		46.5	45.0	
Operating cash flow before paid interest	163	171	-5%	549	540	+2%

Global Technologies business review

- Door Automatics improved growth and margins in Europe, US remains soft
- Identification – continued profitable expansion
 - A number of integration projects initiated in ITG Europe
- Hospitality Group – good organic growth

Key data

(excl. restructuring cost)

SEK M	31 Dec 2003	31 Dec 2002
Capital employed	22,984	26,701
whereof goodwill	14,766	16,213
Net debt	12,290	13,989
Equity	10,678	12,381
Equity ratio	35.9%	38.2%
Interest cover ratio	4.7	3.9
Net debt/equity	1.15	1.13
Operating return on capital employed	13.3%	13.4%
Return on capital employed	9.6%	9.9%
Return on shareholder's equity	9.9%	9.9%

Outlook 2004

- Stable sales in SEK and slightly improved margins
- Continued good cash generation excluding restructuring payments

Long term Outlook

- Increase in security driven demand
- Focus on end-user value and innovations
- Leverage on ASSA ABLOY's strong positions

Accelerated growth and increased profitability

A close-up photograph of a person's eye, looking directly at the camera. The eye is light-colored, and the surrounding skin is fair. A blue grid pattern is overlaid on the entire image, creating a technical or digital aesthetic. The text is positioned on the left side of the image, over the blue grid.

**We are here to provide
the best locking solutions
making the world safer
and more secure**

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