

ASSA ABLOY

The World's Leading Lock Group

First Quarter Report 2004

Business Review Q1 2004

- **Sales, SEK 6,283 M (6,124)**
 - 3% organic growth
 - SEK 388 M negative currency effects
- **Operating margin, (EBITA) 14.2% (13.8)**
 - Limited impact from raw material price increases
- **Income before tax ,SEK 530 M (468)**
 - SEK 36 M negative currency effects
- **Operating cash flow, SEK 615 M (564)**
- **EPS, 0.94 SEK (0.82)**

Growth

A few examples

- Innovations and new concepts
 - iClass
- Channel Management
 - Focus (DIY chain)
- Brand-building
 - Yale



Leverage

- Use resources more efficiently
 - US low performers
- Smarter ways of working
 - Consolidating supplier base
- Increase productivity
 - Scandinavia



Financial highlights Q1 2004

(excl. restructuring cost in Q4 2003)

SEK M	1st Quarter			FY
	2004	2003	Change	2003
Sales	6,283	6,124	+3%	24,080
<i>Whereof</i>				
Organic growth			+3%	0%
Acquisitions			+6%	+5%
FX-differences	-388		-6%	-10%
EBITA-margin (%)	14.2	13.8		13.9
Income before taxes	530	468	+13%	1,903
<i>Whereof</i>				
FX-differences	-36		-8%	-186
Operating cash flow	615	564	+9%	3,265
EPS (SEK)	0.94	0.82	+15%	3.31
EPS before GW (SEK)	1.60	1.48	+8%	5.89

EMEA business review

(excl. restructuring cost in Q4 2003)

EUR M	1 st Quarter			FY
	2004	2003	Change	2003
Sales	307	288	+7%	1,116
<i>Organic growth</i>			+2%	-1%
EBITA	46	40	+15%	149
EBITA-margin (%)	15.1	14.0		13.4
RoCE before goodwill amortization (%)	17.1	14.7		14.2
Operating cash flow before paid interest	31	26	+19%	172

EMEA business review Q1 2004

- France, UK, Germany and Benelux show positive organic growth trend and improved margins
- Stable performance in Nordic countries
- Continued double-digit organic growth in Eastern Europe
- Nemef (NL) and Corbin (IT) acquisition successfully completed in Jan. 2004

Americas business review

(excl restructuring cost in Q4 2003)

USD M	1st Quarter		Change	FY
	2004	2003		2003
Sales	273	263	+4%	1 073
<i>Organic growth</i>			+2%	-2%
EBITA	45	42	+7%	176
EBITA-margin (%)	16.6	15.8		16.5
RoCE before goodwill amortization (%)	16.9	15.1		16.2
Operating cash flow before paid interest	38	36	+6%	189

Americas business review Q1 2004

- Better performance in sales and margins
- Architectural Hardware stable sales and continue to improve margins
- US Door Group return to positive organic growth with stable margins
 - Limited impact in Q1 from steel price increases
- Residential Group continued strong growth +16% with improved margins

Asia Pacific business review

(excl. restructuring cost in Q4 2003)

AUD M	1st Quarter		Change	FY
	2004	2003		2003
Sales	72	72	0%	309
<i>Organic growth</i>			+7%	+5%
EBITA	9	9	+0%	46
EBITA-margin (%)	12.3	12.2		14.9
RoCE before goodwill amortization (%)	12.5	11.4		15.1
Operating cash flow before paid interest	8	7	+14%	42

Asia Pacific business review Q1 2004

- South Pacific reports continued good organic growth
- Domestic sales in China shows strong organic growth, although from a low level
- Margins affected negatively by
 - Growth in China
 - Strengthening of AUD and NZD
- Acquisition of Security Merchants (NZ and AUS)

Global Technologies business review

(excl. restructuring cost in Q4 2003)

SEK M	1 st Quarter			FY
	2004	2003	Change	2003
Sales	1,165	1,005	+16%	4,177
<i>Organic growth</i>			+6%	+6%
EBITA	142	110	+29%	542
EBITA-margin (%)	12.2	10.9		13.0
RoCE before goodwill amortization (%)	10.4	8.1		9.9
Operating cash flow before paid interest	76	93	-18%	549

Global Technologies business review

- **Identification – continued profitable expansion**
 - Integration of ITG Europe on plan
- **Door Automatics show stable sales and margin**
 - Good sales growth in Service
- **Flat sales and margin in Hospitality Group**
 - Hospitality industry continues at low level

Key data

(excl. restructuring cost in Q4 2003)

SEK M	31 Mar 2004	31 Dec 2003
Capital employed	24,966	22,984
whereof goodwill	15,432	14,766
Net debt	14,425	12,290
Equity	10,523	10,678
Equity ratio	32.9%	35.9%
Interest cover ratio	5.5	4.7
Net debt/equity	1.37	1.15
Return on capital employed (RoCE)	10.1%	9.6%
RoCE excl. goodwill amortization	14.0%	13.3%
Return on shareholder's equity	12.6%	9.9%

Outlook 2004

- The outlook remains unchanged except for currency translation effects.
- Organic growth in sales and growth from acquisitions is expected to be partly offset by negative translation effects and by discontinued volumes from low performers.
- The EBITA margin is expected to improve mainly due to the Leverage and Growth program.
- 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

Restructuring charge per business segment

SEK M	Total	Cash	Write off	No People
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