ASSA ABLOY

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.

Second quarter report 2004

Business Review Q2 2004

- Sales, SEK 6,533 M (5,930)
  - 7% organic growth
  - SEK 174 M negative currency effects
- Operating margin, (EBITA) 14.3% (13.0)
  - Positive volume impact
- Income before tax, SEK 571 M (407)
- Operating cash flow, SEK 652 M (578)
- EPS, SEK 1.01 (0.71)

Current growth engines

- France
- US Door Group
- Asia Pacific
- Besam – Door Automatics

Leverage

- Low performers
  - Delivering on turnarounds
  - Less negative volume impact than anticipated
- Redundancies in EMEA
  - UK – agreed
  - Germany & Scandinavia – completed
- Savings pushed back
  - SEK 450 M on annual basis by latter part of 2005
  - 25% to be realized in 2004

Financial highlights Q2 and H1 2004

	2nd Quarter			First half		
SEK M	**2004**	**2003**	**Change**	**2004**	**2003**	**Change**
Sales	**6,533**	**5,930**	**+10%**	**12,816**	**12,054**	**+6%**
Whereof						
Organic growth			+7%			+5%
Acquisitions			+6%			+6%
FX-differences	-174		-3%	-562		-5%
EBITA-margin (%)	**14.3**	**13.0**		**14.3**	**13.4**	
Income before taxes	571	407	+40%	1,101	875	+26%
Whereof						
FX-differences	-8		-2%	-44		-5%
Operating cash flow	**652**	**578**	**+13%**	**1,267**	**1,142**	**+11%**
EPS (SEK)	1.01	0.71	+42%	1.95	1.53	+27%
EPS before GW (SEK)	1.67	1.34	+25%	3.27	2.82	+16%

EMEA business review

	2nd Quarter			First half		
EUR M	**2004**	**2003**	**Change**	**2004**	**2003**	**Change**
Sales	313	277	+13%	620	565	+10%
Organic growth			*+6%*			*+5%*
EBITA	46	35	+31%	92	75	+23%
EBITA-margin (%)	14.7	12.6		14.9	13.2	
RoCE before goodwill amortization (%)	16.7	12.7		17.7	13.7	
Operating cash flow before paid interest	33	33	0%	64	59	+8%

EMEA business review Q2 2004

- Positive organic growth in all market regions
- France and Scandinavia growing at 10%
- Eastern Europe continues to show strong growth
- Better margin due to higher volumes and restructuring
- Nemef successfully integrated and showing good results

Americas business review

USD M	2nd Quarter 2004	2003	Change	First half 2004	2003	Change
Sales	282	268	+5%	555	531	+5%
Organic growth			*+6%*			*+4%*
EBITA	49	41	+22%	95	83	+14%
EBITA-margin (%)	17.6	15.3		17.1	15.5	
RoCE before goodwill amortization (%)	18.2	15.1		17.7	15.1	
Operating cash flow before paid interest	40	41	-2%	78	77	+1%

Americas business review Q2 2004

- Better performance in sales and margins led by Door Group and Residential Group
- Restructuring measures had positive margin effect
- Architectural Hardware stable sales and margins with improved order intake
- Door Group report better margin in spite of higher material costs

Asia Pacific business review

AUD M	2nd Quarter 2004	2003	Change	First half 2004	2003	Change
Sales	87	72	+21%	159	144	+10%
Organic growth			*+15%*			*+11%*
EBITA	12	9	+33%	21	18	+17%
EBITA-margin (%)	13.7	12.5		13.1	12.6	
RoCE before goodwill amortization (%)	16.0	11.8		13.8	11.6	
Operating cash flow before paid interest	20	12	+67%	28	19	+47%

Asia Pacific business review Q2 2004

- Record-high organic growth in the quarter: 15%
- China reported strong sales improvement – margins below average
- Interlock, New Zealand export business had good improvement in both sales and margins
- Security Merchants consolidated as of Q2, contributed positively to the margin

Global Technologies business review

SEK M	2nd Quarter 2004	2003	Change	First half 2004	2003	Change
Sales	1,224	986	+24%	2,389	1,991	+20%
Organic growth			*+5%*			*+6%*
EBITA	150	133	+13%	292	243	+20%
EBITA-margin (%)	12.3	13.5		12.2	12.2	
RoCE before goodwill amortization (%)	10.9	10.0		10.8	9.0	
Operating cash flow before paid interest	155	137	+13%	231	230	0%

Global Technologies business review Q2 2004

- Identification Technology
  - Slower organic growth in the quarter
  - Margin remain at high level
- Door Automatics
  - Improved organic sales growth mainly in Europe
  - US business start to show signs of recovery
- Hospitality Group
  - Negative organic growth with poor margin
  - New management – accelerated restructuring

Key data
(excl. restructuring cost in Q4 2003)

SEK M	30 Jun 2004	31 Dec 2003
Capital employed	24,934	22,984
whereof goodwill	15,210	14,766
Net debt	14,514	12,290
Equity	10,400	10,678
Equity ratio	32.4%	35.9%
Interest cover ratio	5.6	4.7
Net debt/equity	1.40	1.15
Return on capital employed (RoCE)	10.4%	9.6%
RoCE excl. goodwill amortization	14.3%	13.3%
Return on shareholder's equity	12.6%	9.9%

Outlook 2004: Sales revised upwards

- Organic sales growth for the second half of the year is expected to be slightly lower than for the first six months given the stronger comparative
- The EBITA margin is expected to improve although certain savings from the restructuring program have been pushed back in time
- 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