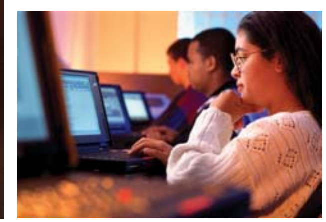
First quarter report 2005







ASSA ABLOY

The World's Leading Lock Group

Business Review Q1

- Sales, SEK 6,269 M (6,283)
  - +2% organic growth
  - +3% in local currencies
- Operating margin, (EBIT) 14.2% (13.8)
- Income before tax, SEK 764 M (751) +2%
- Operating cash flow, SEK 549 M (615)
  - 72% of Income before tax
- EPS, SEK 1.49 (1.50)

Leverage

- Redundancies
  - 950 employees of 1,400 has left
  - Negotiations regarding 1,150 employees have been completed
- Savings
  - SEK 450 M on annual basis by latter part of 2005
  - SEK 70 M realized in Q1

Our growth strategy

- Expansion within core business
  - Lead the specification markets
  - Develop channels to market
  - Develop Door and Window OEM
- Gradually moving the Group into high growth areas
  - Asia and China in particular
  - Electronic door solutions
  - Consumer

Higher pace of change in EMEA

- Reduce cost
  - Continue to move production to low-cost countries
  - Detailed planning for more specialised and consolidated productior
  - Accelerated supply management

- Increase sales
  - Improve sales organization, channel by channel
  - Strengthen partnership with major distributors and key accounts
  - Pan-European OEM organization initiated
  - Specification activities coordinated for best practice

Transition to IFRS

Income statement impact	2004 Q1	2004	2005 Q1	2005 (estimate)
Goodwill amortization, SEK M	+243	+978		
Acquisition related adjustments, SEK M	-22	-73		
EBITA/EBIT margin, %	-0.4	-0.3	-0.3	-0.3
Deferred tax expense, SEK M	-13	-51		
Effective tax charge, %	26	26	27	26-28

Financial highlights Q1 2005

SEK M	1st Quarter 2005	2004	Change	Full year 2004
Sales	**6,269**	**6,283**	**0%**	**25,526**
Whereof				
Organic growth			+2%	
Acquisitions			+1%	
FX-differences	-205		-3%	
EBIT-margin (%)	**14.2**	**13.8**		**14.4**
Income before taxes	764	751	+2%	3,199
Whereof				
FX-differences	-17		-2%	
Operating cash flow	**549**	**615**	**-11%**	**3,439**
EPS (SEK)	1.49	1.50	-1%	6.33

EMEA business review

EUR M	1st Quarter 2005	1st Quarter 2004	Change	Full year 2004
Sales	305	307	-1%	1,210
Organic growth			*-1%*	
EBIT	44	44	0%	174
EBIT-margin (%)	14.3	14.4		14.4
RoCE (%)	15.8	16.1		16.3
Operating cash flow before paid interest	25	31	-19%	201

EMEA business review Q1 2005

- Easter impact had a negative effect of more than 3%
- Good sales development in Scandinavia, Middle east and Eastern Europe
- France, Germany and Benelux show a weaker development
- UK and Italy continues at same level as during full year 2004
- Generated savings were set off by lower volumes and somewhat higher investments in strategic sales activities

Americas business review

USD M	1st Quarter 2005	2004	Change	Full year 2004
Sales	283	273	+4%	1,129
Organic growth			*+5%*	
EBIT	51	45	+13%	199
EBIT-margin (%)	17.9	16.6		17.6
RoCE (%)	18.4	16.4		18.2
Operating cash flow before paid interest	32	38	-16%	192

Americas business review Q1 2005

- The positive trend in Americas continues
- Architectural Hardware reports improved growth and margins
- Door Group, Residential Group and South America continues to show strong growth
- Sales and margins in Mexico were temporary affected by new tax legislation that drives distribution to lower inventory levels

Asia Pacific business review

AUD M	1st Quarter 2005	2004	Change	Full year 2004
Sales	81	72	+12%	343
Organic growth			*+0%*	
EBIT	8	9	-11%	52
EBIT-margin (%)	9.7	12.3		15.1
RoCE (%)	9.9	13.3		16.8
Operating cash flow before paid interest	15	8	+88%	51

Asia Pacific business review Q1 2005

- Asia Pacifics reported acquisition driven sales growth
- The organic growth continued to be negatively impacted by FX on exports from New Zealand to the USA and a further weakening of the residential market in Australia
- Growth in Asia recovered driven by sales to other Divisions
- Margins were down on lower than expected volumes and higher sales costs

Global Technologies business review

SEK M	1st Quarter 2005	2004	Change	Full year 2004
Sales	1,268	1,165	+9%	4,911
Organic growth			*+9%*	
EBIT	169	142	+19%	632
EBIT-margin (%)	13.4	12.2		12.9
RoCE (%)	12.4	10.4		11.8
Operating cash flow before paid interest	190	76	150%	652

Global Technologies business review Q1 2005

- Identification Technology
  - Strong organic growth and stable strong margins
- Door Automatics
  - Good organic growth and mix effects drives further margin expansion
- Hospitality Group
  - Strong organic growth strengthens divisional organic growth and margins
  - Intensified restructuring will temporarily increase cost level

Key data

SEK M	31 Mar 2005	31 Dec 2004
Capital employed	24,675	23,461
whereof goodwill	14,562	13,917
Net debt	12,499	12,208
Equity (excl. of minority interests)	12,147	11,226
Equity ratio	38.7%	37.4%
Interest cover ratio	7.1	7.6
Net debt/equity	1.03	1.09
Return on capital employed (RoCE)	14.2%	15.3%
Return on shareholder's equity	16.8%	20.0%

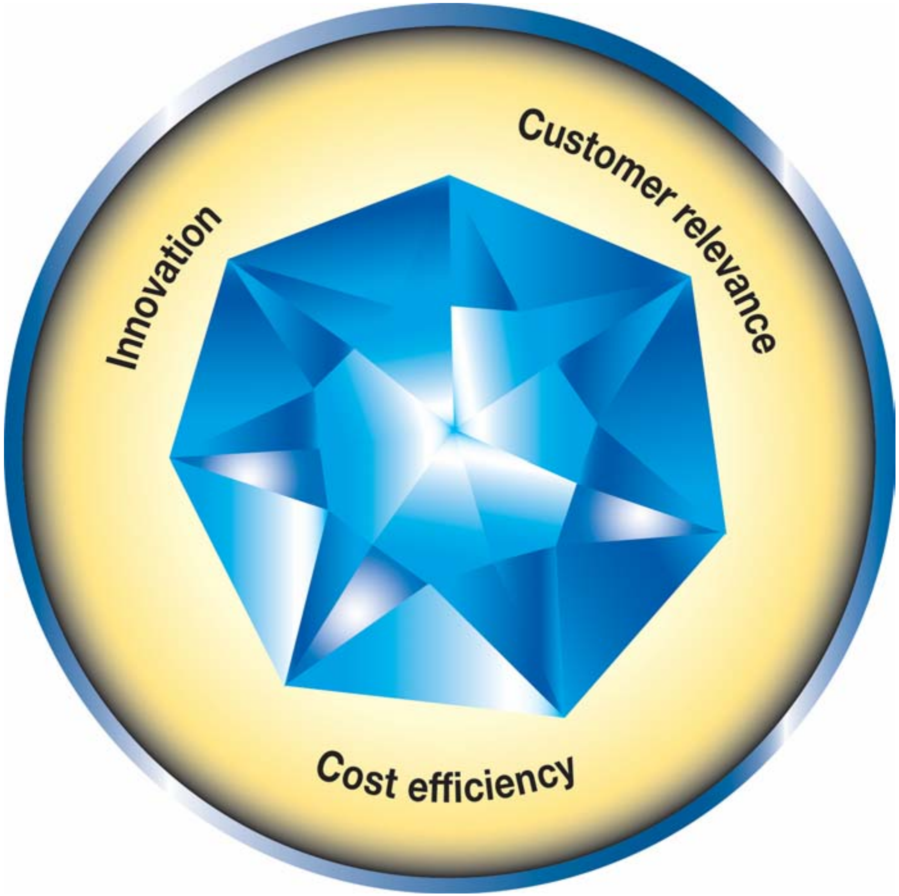
Outlook 2005

- Organic sales growth to continue at a good rate although affected by the weaker development in Europe
- The operating margin (EBIT) is expected to rise mainly due to savings resulting from the restructuring 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



ASSA ABLOY will be the most successful and innovative company in our markets by placing locks at the heart of security and providing safe and secure solutions that give true added value to our customers.