Second quarter report 2005





ASSA ABLOY

The World's Leading Lock Group

Business Review Q2

- Sales, SEK 6,984 M (6,533)
  - +6% organic growth
  - +7% in local currencies
- Operating margin, (EBIT) 14.6% (14.2)
- Income before tax, SEK 900 M (808) +11%
- Operating cash flow, SEK 813 M (652) +25%
- EPS, SEK 1.75 (1.61) +9%

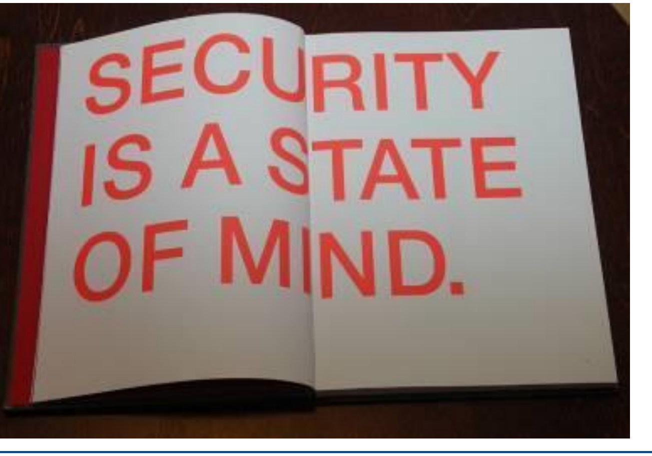
Leverage & Growth program

- Redundancies
  - 1,050 employees of 1,400 have left

- Savings
  - SEK 450 M on annual basis by latter part of 2005
  - SEK 85 M realized in Q2

Customer relevance

- Residential markets
  - Consumer
  - DIY
- Commercial markets
  - Electronic door solutions
  - Specification



Radically reduce our break-even cost

- Supply management
  - Further reduction of suppliers of direct material
  - Increased focus on indirect spend

- Productivity
  - Manufacturing footprint
  - All overhead structures are being reassessed in EMEA

Financial highlights Q2 and H1 2005

SEK M	2nd Quarter 2005	2004	Change	Half year 2005	2004	Change
Sales	**6,984**	**6,533**	**+7%**	**13,253**	**12,816**	**+3%**
Whereof						
Organic growth			+6%			+4%
Acquisitions			+1%			+1%
FX-differences	22		0%	-183		-1%
EBIT-margin (%)	**14.6**	**14.2**		**14.4**	**14.0**	
Income before taxes	900	808	+11%	1,664	1,559	+7%
Operating cash flow	**813**	**652**	**+25%**	**1,362**	**1,267**	**+7%**
EPS (SEK)	**1.75**	**1.61**	**+9%**	**3.24**	**3.11**	**+4%**

EMEA business review

EUR M	2nd Quarter 2005	2nd Quarter 2004	2nd Quarter Change	Half year 2005	Half year 2004	Half year Change
Sales	325	313	+4%	630	620	+2%
Organic growth			*+4%*			*+1%*
EBIT	47	45	+4%	91	89	+2%
EBIT-margin (%)	14.5	14.4		14.4	14.4	
RoCE (%)	16.4	15.6		16.0	16.2	
Operating cash flow before paid interest	35	33	+6%	60	64	-6%

EMEA business review Q2 2005

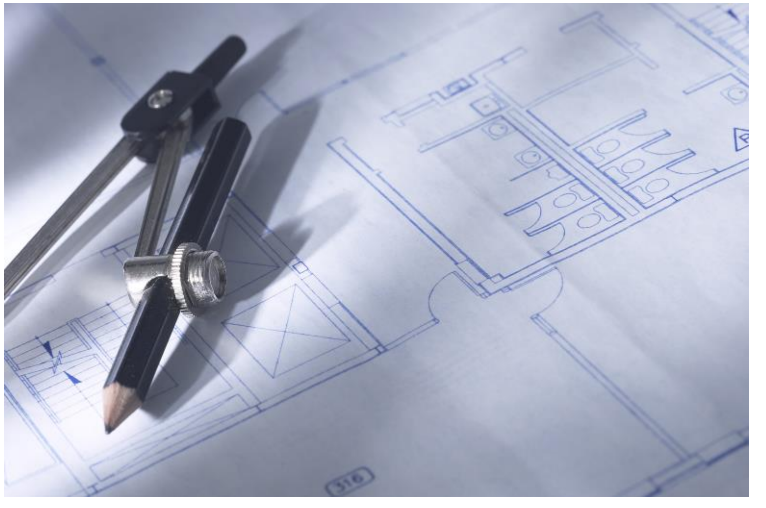
- Easter impact reversed
- Good sales development in Scandinavia, Middle East and Eastern Europe
- France and Italy show somewhat lower volumes
- UK improved in DIY-segment
- Generated restructuring savings were offset by higher sales costs

Americas business review

USD M	2nd Quarter 2005	2nd Quarter 2004	2nd Quarter Change	Half year 2005	Half year 2004	Half year Change
Sales	298	282	+6%	581	555	+5%
Organic growth			*+7%*			*+6%*
EBIT	53	50	+6%	104	95	+9%
EBIT-margin (%)	17.8	17.7		17.9	17.1	
RoCE (%)	19.5	18.2		18.9	17.3	
Operating cash flow before paid interest	53	40	+32%	85	78	+9%

Americas business review Q2 2005

- The overall positive trend in Americas continues
- Door Group and Residential Group continue to show strong growth
- Architectural Hardware reports further improved growth and very strong margins
- Mexico was weak whereas Canada and South America were stable in the quarter
- Increased activities in specification limits margin expansion temporarily



Asia Pacific business review

AUD M	2nd Quarter 2005	2nd Quarter 2004	2nd Quarter Change	Half year 2005	Half year 2004	Half year Change
Sales	95	87	+9%	176	159	+11%
Organic growth			*+2%*			*+1%*
EBIT	12	12	+0%	20	21	-5%
EBIT-margin (%)	12.6	13.8		11.1	13.1	
RoCE (%)	14.9	16.2		12.0	13.6	
Operating cash flow before paid interest	19	20	-5%	34	28	+21%

Asia Pacific business review Q2 2005

- Acquisition driven sales growth in China and South Korea
- The quarterly organic growth limited by very strong comparative
- Sales and margins continued to be negatively affected by weak residential markets in Australia and transaction exposure on export from New Zealand
- Growth improved in Asia, strong growth in China

Global Technologies business review

SEK M	2nd Quarter 2005	2nd Quarter 2004	Change	Half year 2005	Half year 2004	Change
Sales	1,418	1,224	+16%	2,686	2,389	+12%
Organic growth			*+11%*			*+10%*
EBIT	196	150	+31%	365	292	+25%
EBIT-margin (%)	13.8	12.3		13.6	12.2	
RoCE (%)	13.6	10.7		13.0	10.6	
Operating cash flow before paid interest	161	155	+4%	351	231	+52%

Global Technologies business review Q2 2005

- Strong sales growth in all US-entities
- Identification Technology
  - Good organic growth through successful product launches
- Door Automatics
  - Service business drives improved sales and margins in Europe and USA
- Hospitality Group
  - Sales trend remains high with rapid margin increase
  - Planned restructuring limits margin expansion

Key data

SEK M	30 Jun 2005	31 Dec 2004
Capital employed	26,759	23,461
whereof goodwill	15,631	13,917
Net debt	13,860	12,208
Equity (excl. of minority interests)	12,820	11,226
Equity ratio	37.9%	37.4%
Interest cover ratio	7.7	7.6
Net debt/equity	1.07	1.09
Return on capital employed (RoCE)	14.7%	15.3%
Return on shareholder’s equity	17.8%	20.0%

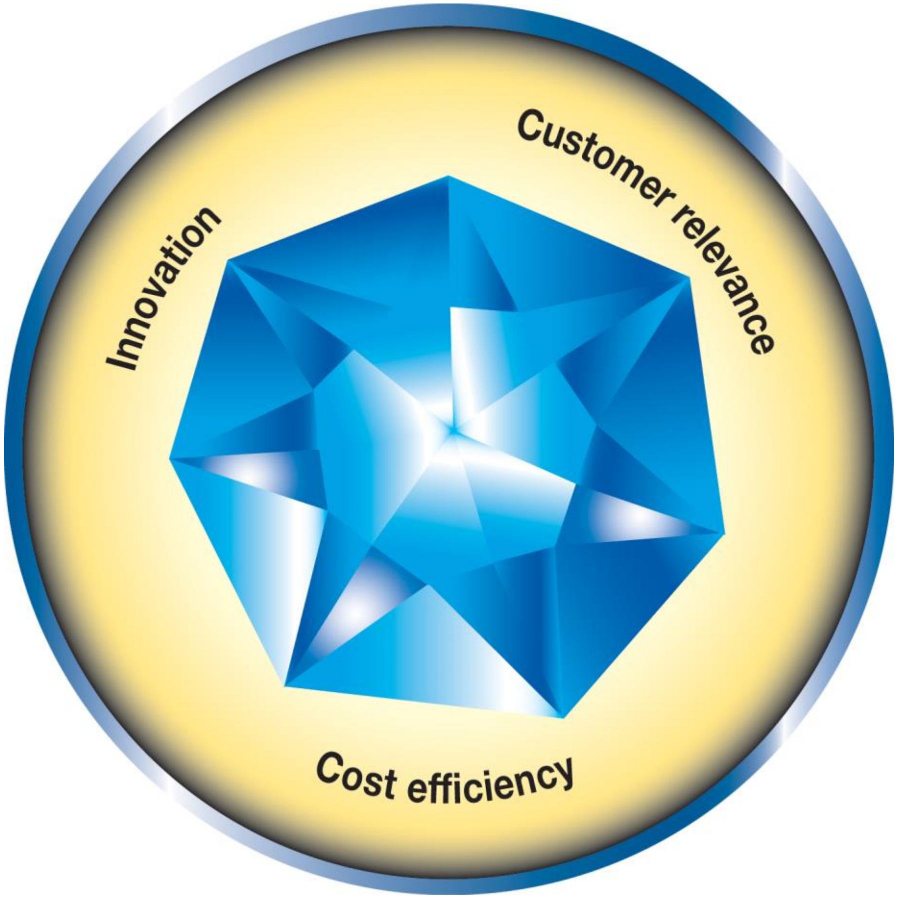
Outlook 2005

- 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.