

# Year End Report 2006

## Johan Molin President & CEO



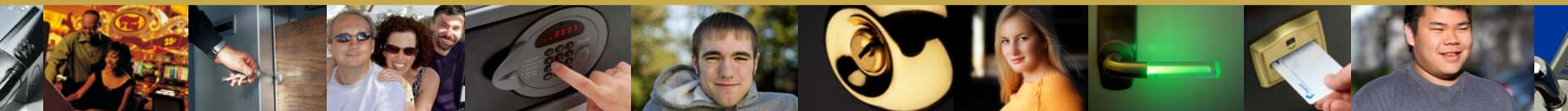
# ASSA ABLOY

The World's Leading Lock Group

# Financial Highlights Q4

- **Q4 Continued with high growth rates**
  - Record profitability in Global Technology and Entrance Systems
  - Continued recovery in Asia Pacific
- **Sales** **8 059 SEK M** **+ 7 %**  
+9 % organic, +5 % acquired growth, -7 % currency
- **EBIT\*** **1 274 SEK M** **+20 %**
- **EPS\*** **2.14 SEK** **+16 %**

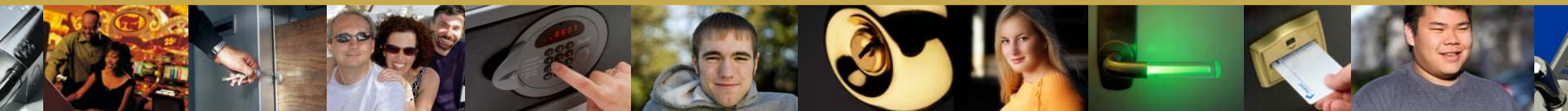
**\*Excluding restructuring cost of 517 SEK M**



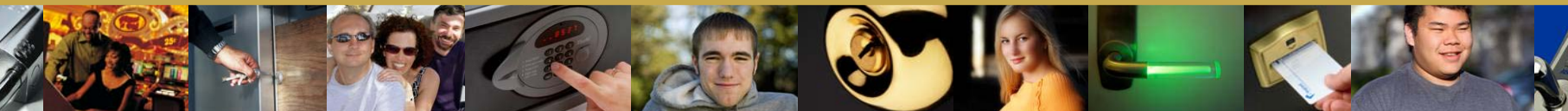
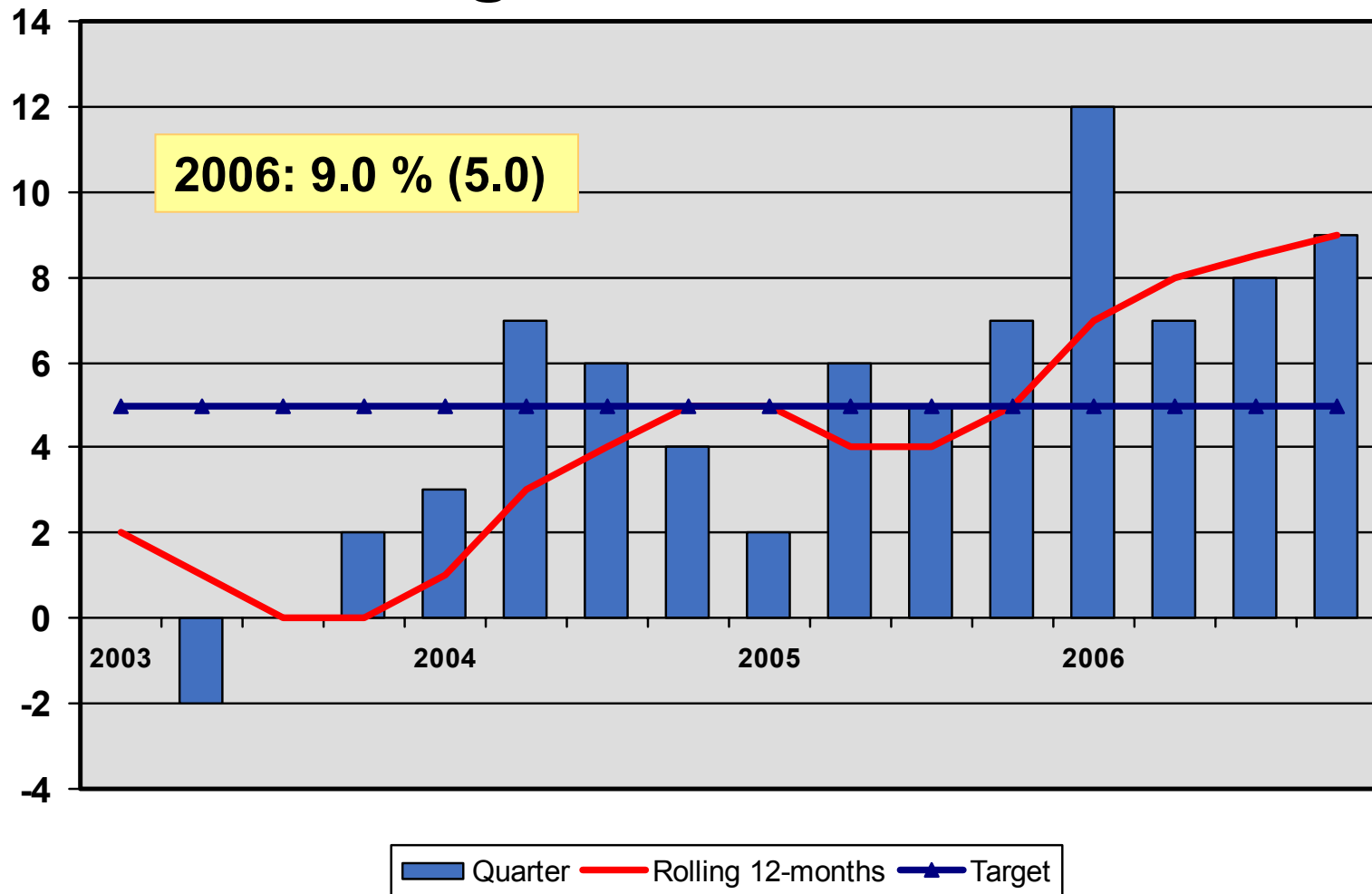
# Financial Highlights Full Year

- Strong performance in sales and EBIT
  - More than a year of strong growth
- **Sales** **31 137 SEK M** **+12 %**  
+9 % organic, +3 % acquired, 0 % currency
- **EBIT\*** **4 771 SEK M** **+17 %**
- **EPS\*** **7.99 SEK** **+15 %**

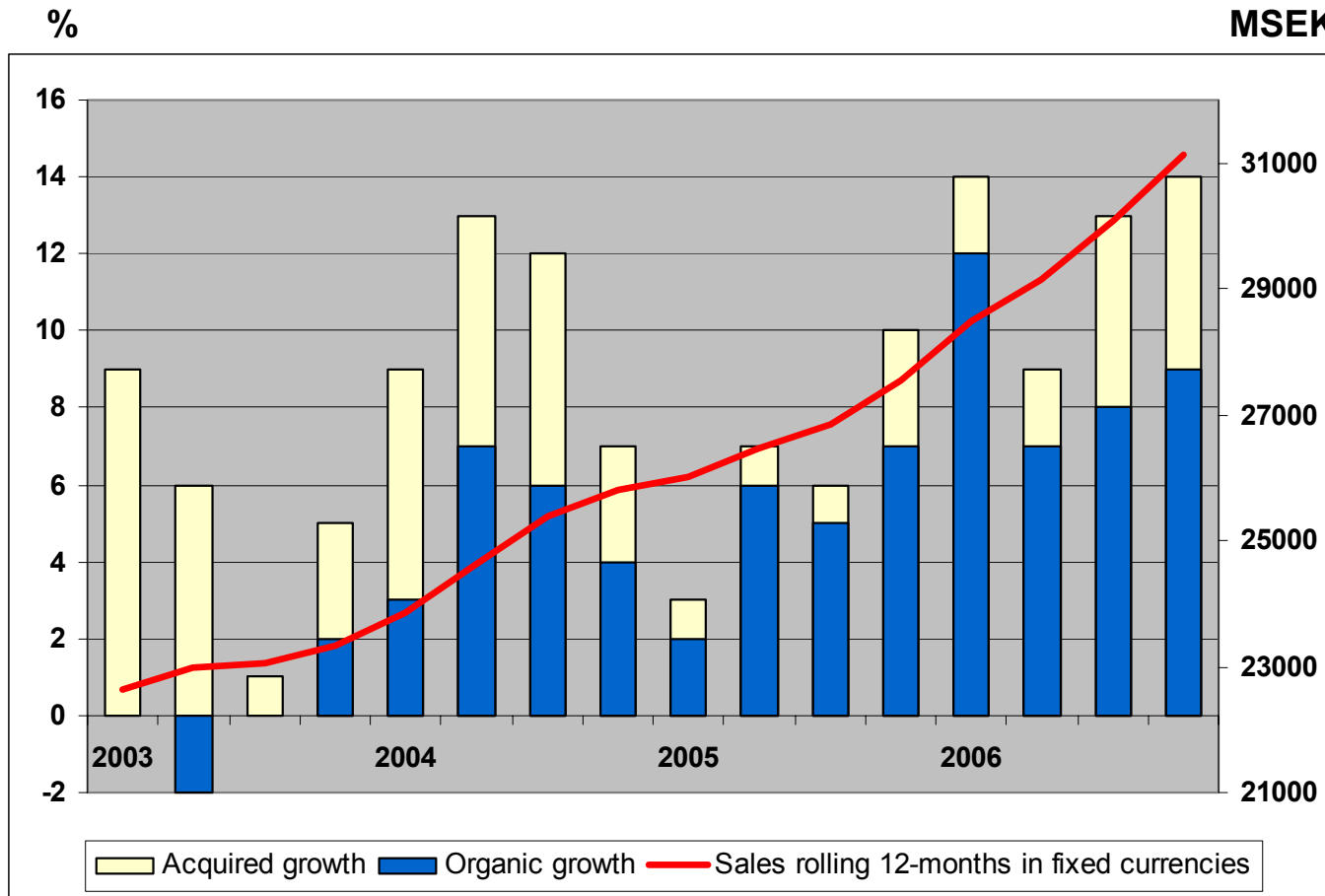
\* Excluding restructuring cost of 1 474 SEK M



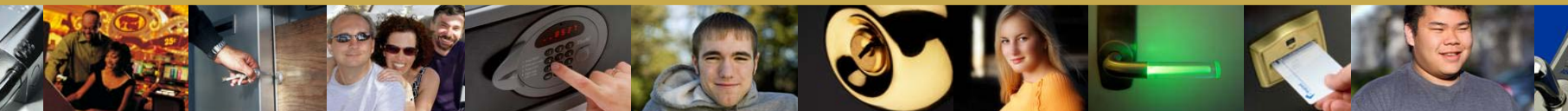
# Organic Growth %



# Sales Growth - Currency Adjusted

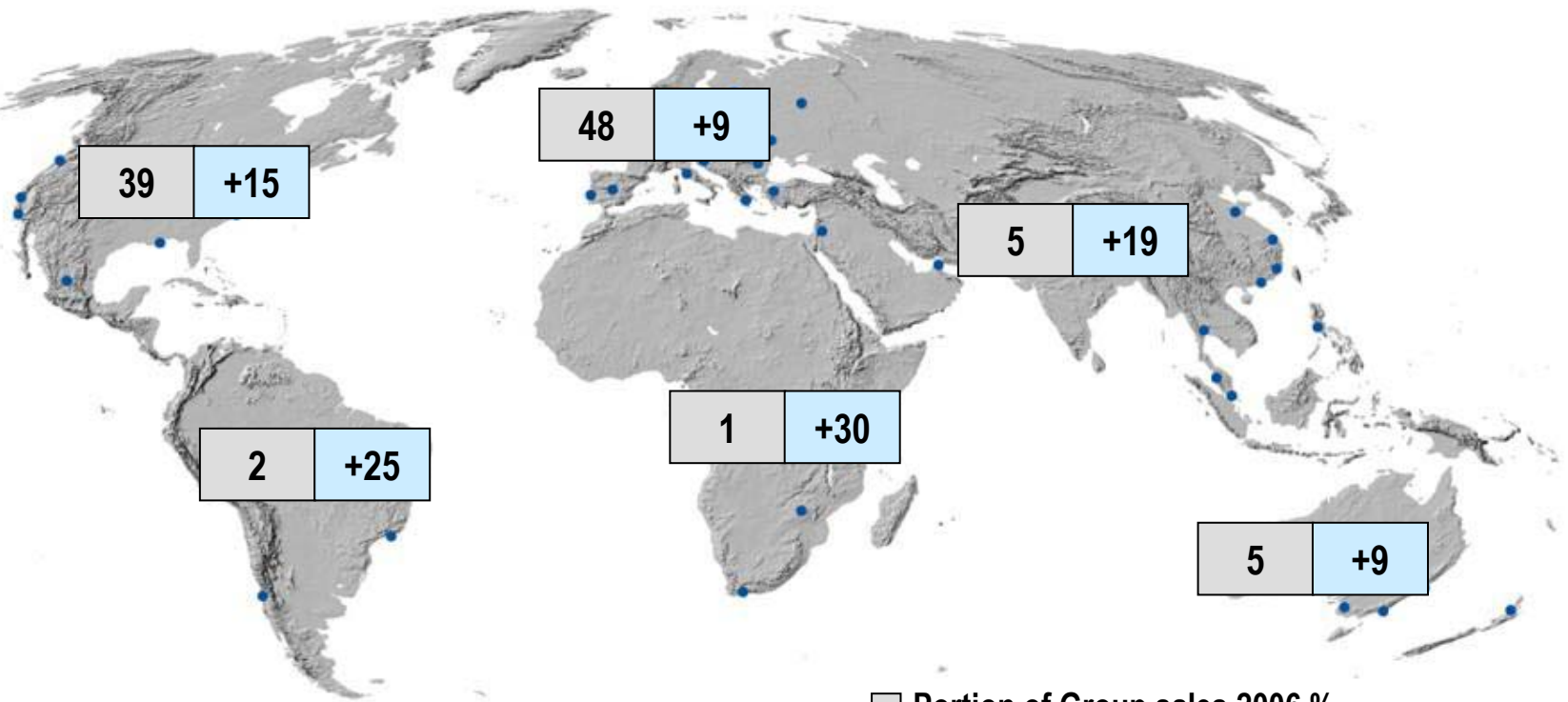


12 months growth  
run rate 12,0 %:  
organic 9,0 %  
acquired 3,0 %

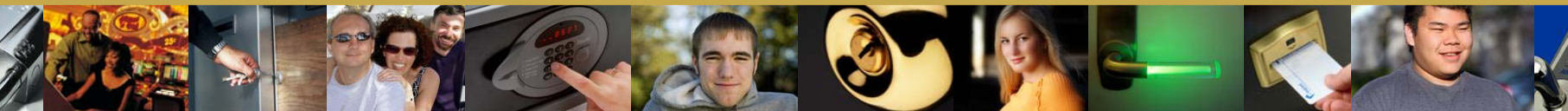




# Group Sales in Local Currencies Full Year 2006

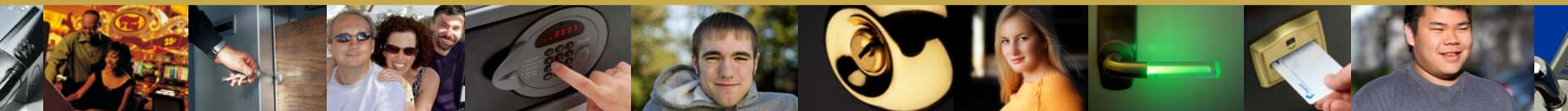
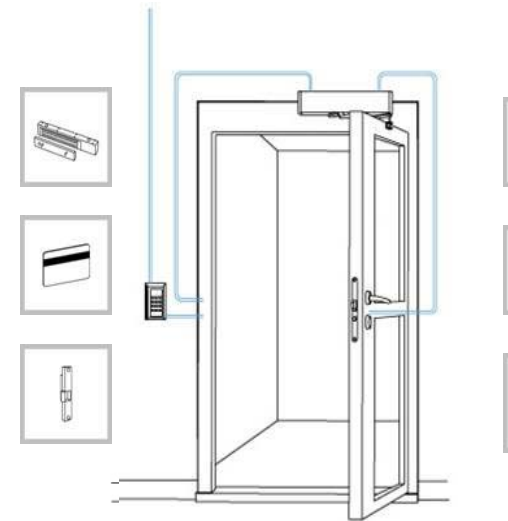


Portion of Group sales 2006 %  
 Year-to-date vs previous year %



# Growth Highlights

- **Continued rapid growth of *Intelligent Door Openings***
  - Elmech components and electronic cylinders
  - Access control
  - Automatic doors
- **Hospitality in strong growth backed by launch of new RFID locking solution**
  - Brings the hotel door online
- **Investment into specification market**
- **Increasing portion of sales in fast growing segments**



# Acquisitions

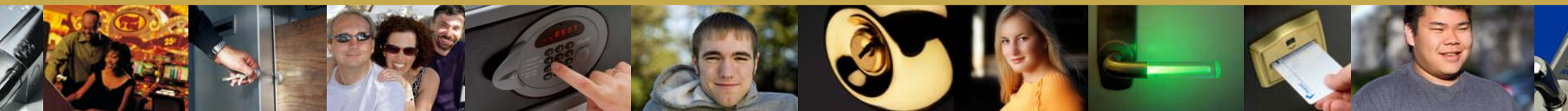
## ■ Pemko

- Leading North American producer of door components
- Complementary to existing product range
- Sales 55 USD M
- EPS accretive from date of acquisition



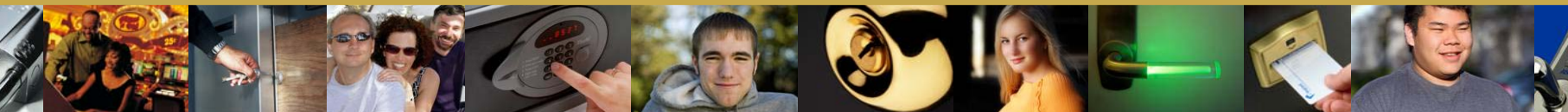
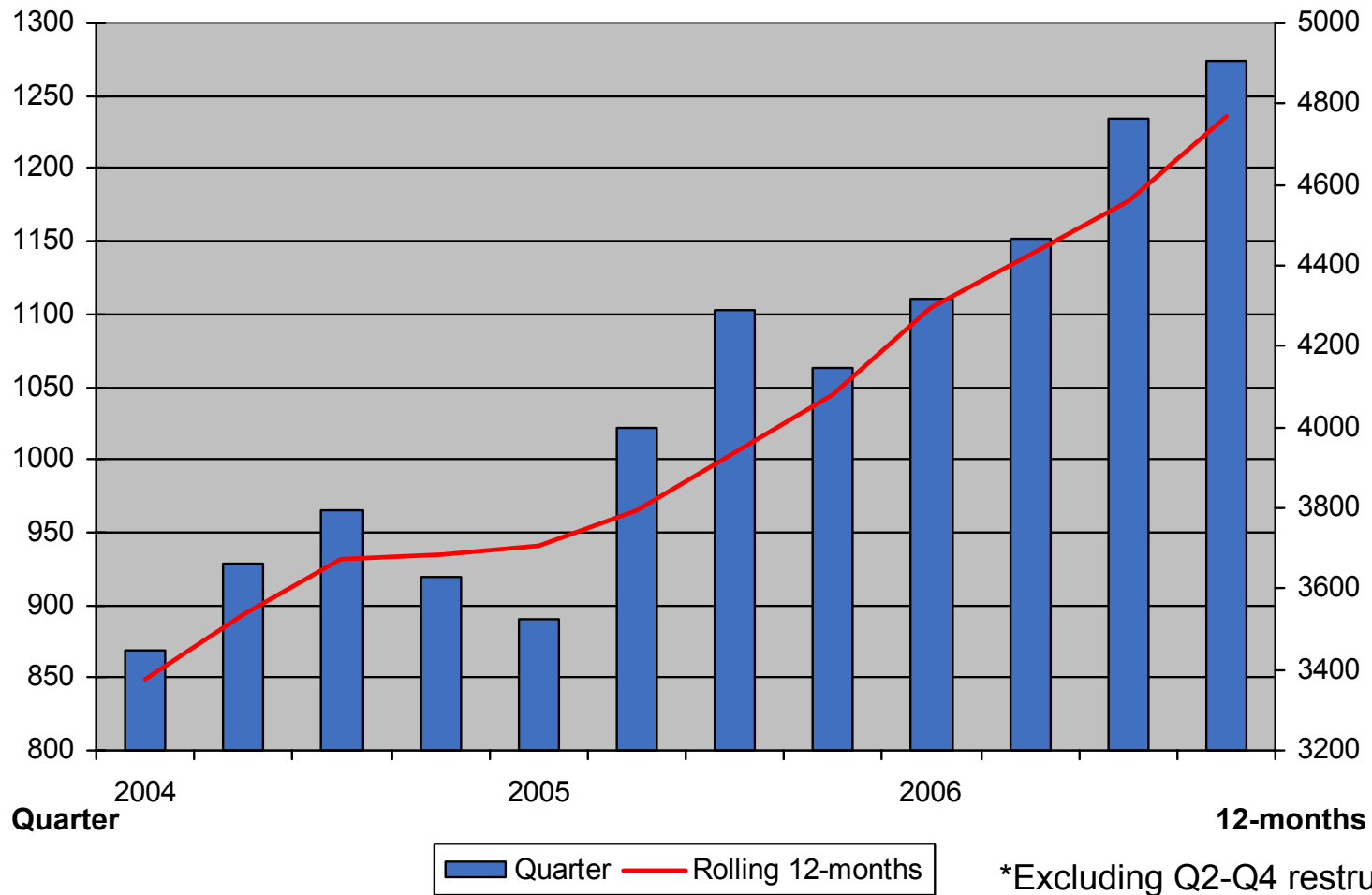
## ■ Pyropanel

- Australian market leader in fire rated doors
- Strengthens position in commercial segment
- Sales 19 AUD M
- EPS accretive from date of acquisition



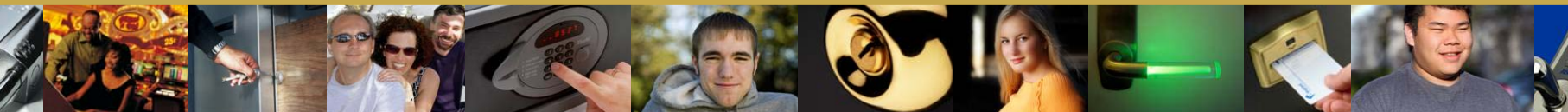


# Operating Income\* (EBIT) SEK M



# Margin Highlights

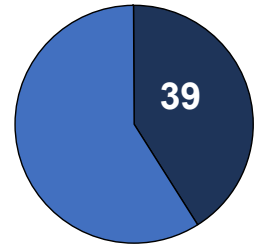
- Raw material price increase offset through customer price increases
  - Price increase +4% in Q4
  - Material prices declines on zinc and brass
  - Margin dilution expected to disappear in H1 2007
- Restructuring progressing well
  - Projects started in Q4 with costs of 517 SEK M, 1 474 SEK M full year
  - Reduction of 500 employees and accumulated savings 70 SEK M
  - Low cost sourcing increasing
  - Factory extension in Slovakia for lock cases
  - Annual savings 600 SEK M from 2009



# Division - EMEA

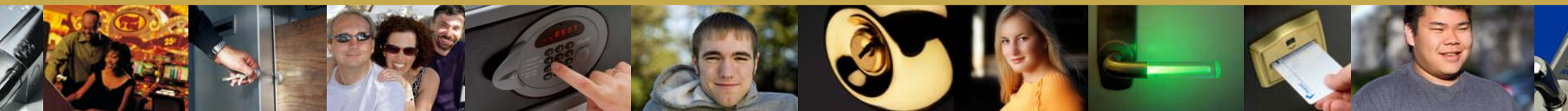
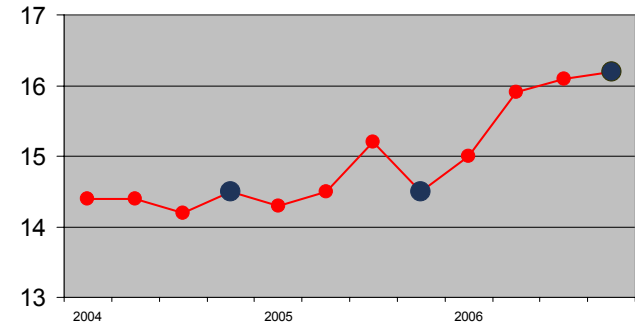
- Continued growth across all countries
- Especially strong sales growth in Nordic, Germany, Eastern Europe and Africa
- All restructuring programs in progress

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Volume
  - + Restructuring savings progressing well
  - = Price increase offset cost increase

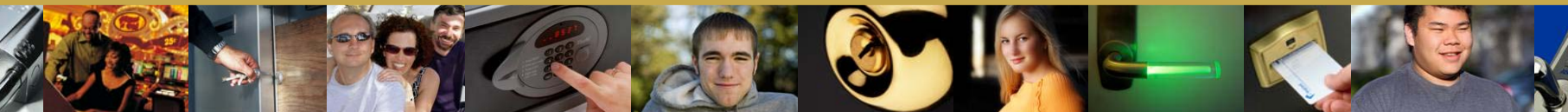
**EBIT %**



# EMEA Financial Review

EUR M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
Sales	359	330	+9%	1 351	1 255	+8%
Organic growth			+10%			+8%
Acquired growth			0%			0%
EBIT	58*	48	+21%	213*	184	+16%
EBIT-margin (%)	16.2*	14.5		15.8*	14.7	
RoCE (%)	20.7*	16.9		19.1*	16.6	
Operating cash flow before paid interest	71	86	-17%	206	205	0%

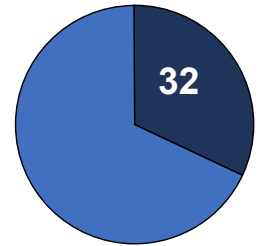
\*Excluding restructuring of EUR 35 M QTD, 114 M YTD



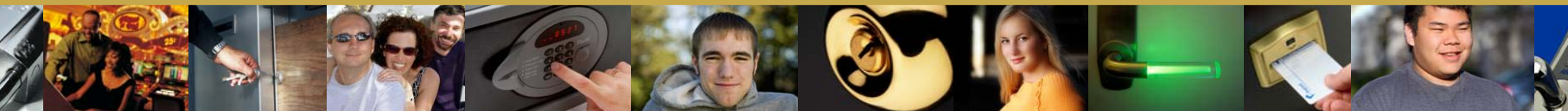
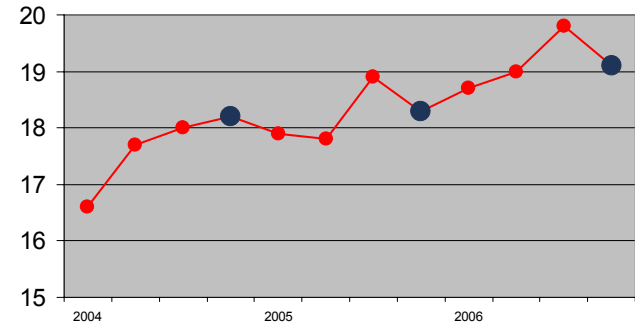
# Division - Americas

- Continued strong sales of electro-mechanical and the commercial segment
  - Residential growing at a lower pace
  - Mexico developing well
- 
- Operating margin (EBIT)  
+ Volume  
= Price increase offset cost increase

**SALES**  
share of  
Group total %



**EBIT %**

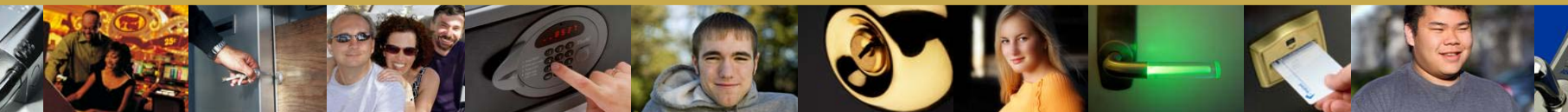




# Americas Financial Review

USD M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
Sales	339	293	+16%	1 374	1 182	+16%
Organic growth			+9%			+10%
Acquired growth			+7%			+6%
EBIT	65*	54	+20%	264*	217	+22%
EBIT-margin (%)	19.1*	18.3		19.2*	18.3	
RoCE (%)	20.9*	19.9		22.3*	19.6	
Operating cash flow before paid interest	69	71	-3%	234	236	-1%

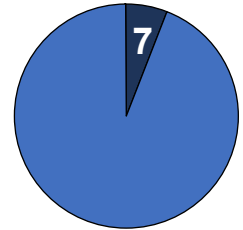
\*Excluding restructuring of USD 12 M QTD, 23 M YTD



# Division - Asia Pacific

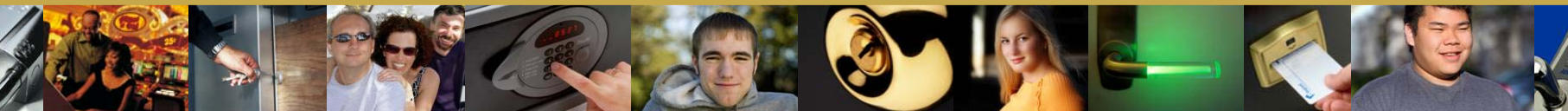
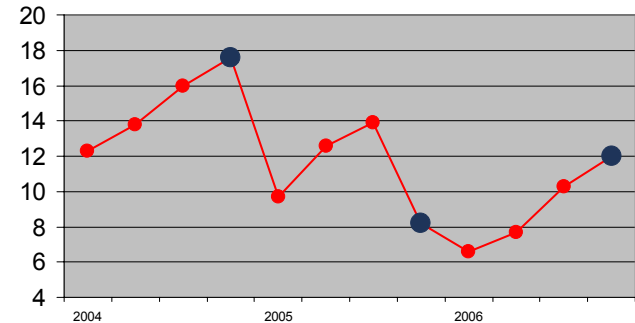
- Low growth in New Zealand and Australia
- Continued good development of China
- New organisation implemented

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Implemented price increases Q4 2006 and further to come in H1 2007
  - + Restructuring
  - Raw material increases

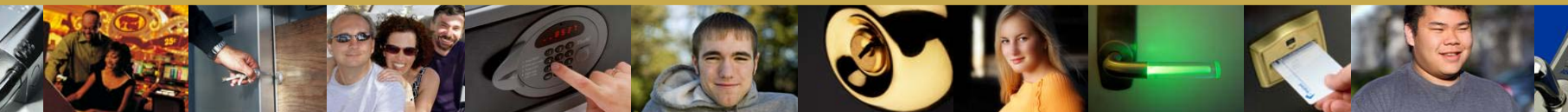
**EBIT %**



# Asia Pacific Financial Review

AUD M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
Sales	107	105	+2%	415	389	+7%
Organic growth			+2%			+4%
Acquired growth			+0%			+3%
EBIT	13*	8	+62%	38*	43	-12%
EBIT-margin (%)	12.0*	8.2		9.2*	11.1	
RoCE (%)	13.7*	9.7		10.8*	12.9	
Operating cash flow before paid interest	9	6	+50%	20	46	-57%

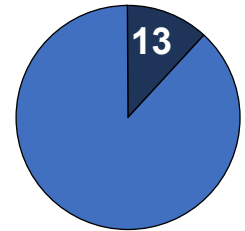
\*Excluding restructuring AUD 6 M QTD, 17 M YTD



# Division - Global Technologies

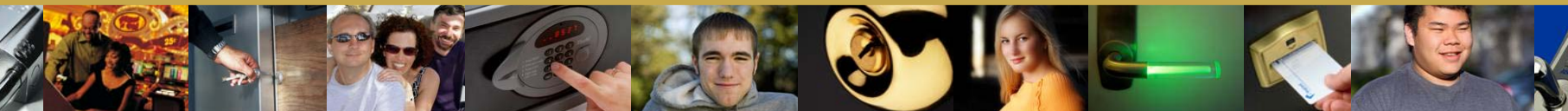
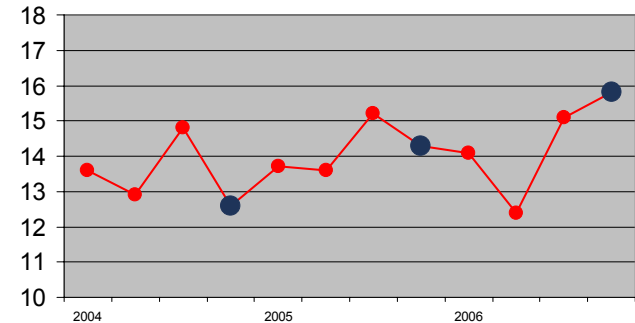
- Strong growth pace in all segments
  - Fargo new commercial organisation
  - ITG reorganized to customer segments
  - Asian sourcing and manufacturing growing fast
  - Hotel Safe production in Norway outsourced

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Volume
  - + Acquisition of Fargo

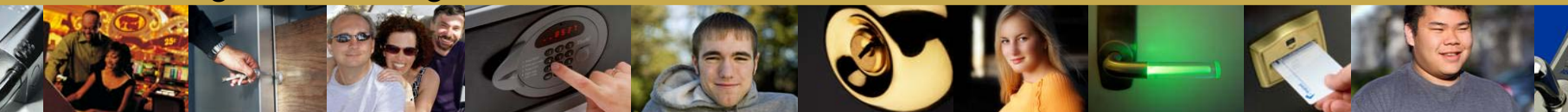
**EBIT %**



# Global Technologies Financial Review

SEK M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
Sales	1 227	938	+31%	4 220	3 387	+25%
Organic growth			+16%			+12%
Acquired growth			+24%			+12%
EBIT	194*	129	+50%	612*	476	+29%
EBIT-margin (%)	15.8*	13.8		14.5*	14.1	
RoCE (%)	15.2*	15.7		15.5*	17.3	
Operating cash flow before paid interest	195	95	+105%	426	341	+25%

\*Excluding restructuring SEK 73 M QTD, 152 M YTD

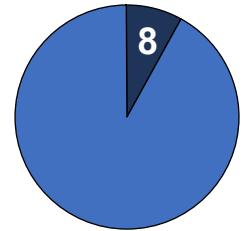




# Division - Entrance Systems

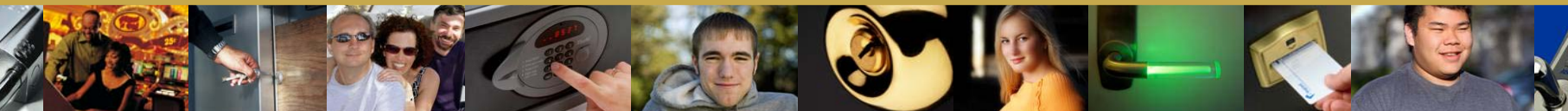
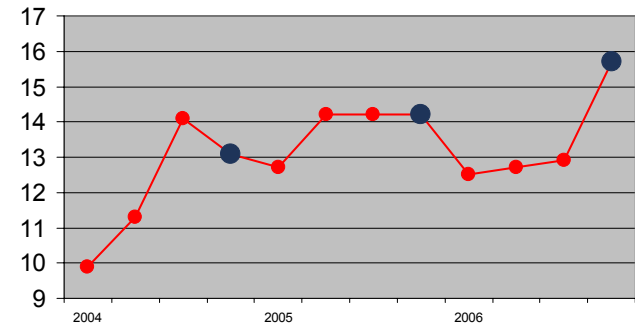
- Rapid growth in North America and Asia
- Solid development in Europe
- Good development within service

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Volume development
  - + Price increase implemented Q4

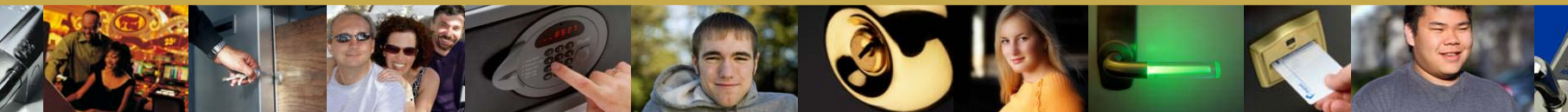
**EBIT %**



# Entrance systems Financial Review

SEK M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
Sales	765	701	+9%	2 715	2 373	+14%
Organic growth			+11%			+11%
Acquired growth			+2%			+3%
EBIT	120	105	+14%	368*	335	+10%
EBIT-margin (%)	15.7	15.0		13.6*	14.1	
RoCE (%)	15.3	15.0		11.5*	11.1	
Operating cash flow before paid interest	108	32	+238%	332	307	+8%

\*Excluding restructuring SEK 1 M YTD



# Year End Report 2006

## Tomas Eliasson CFO



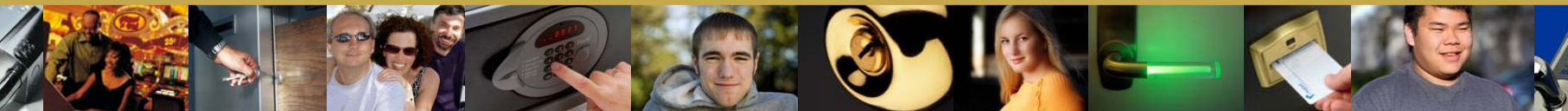
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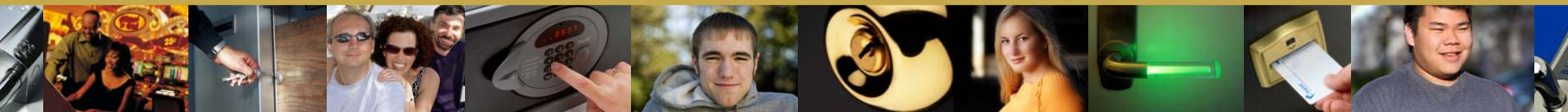
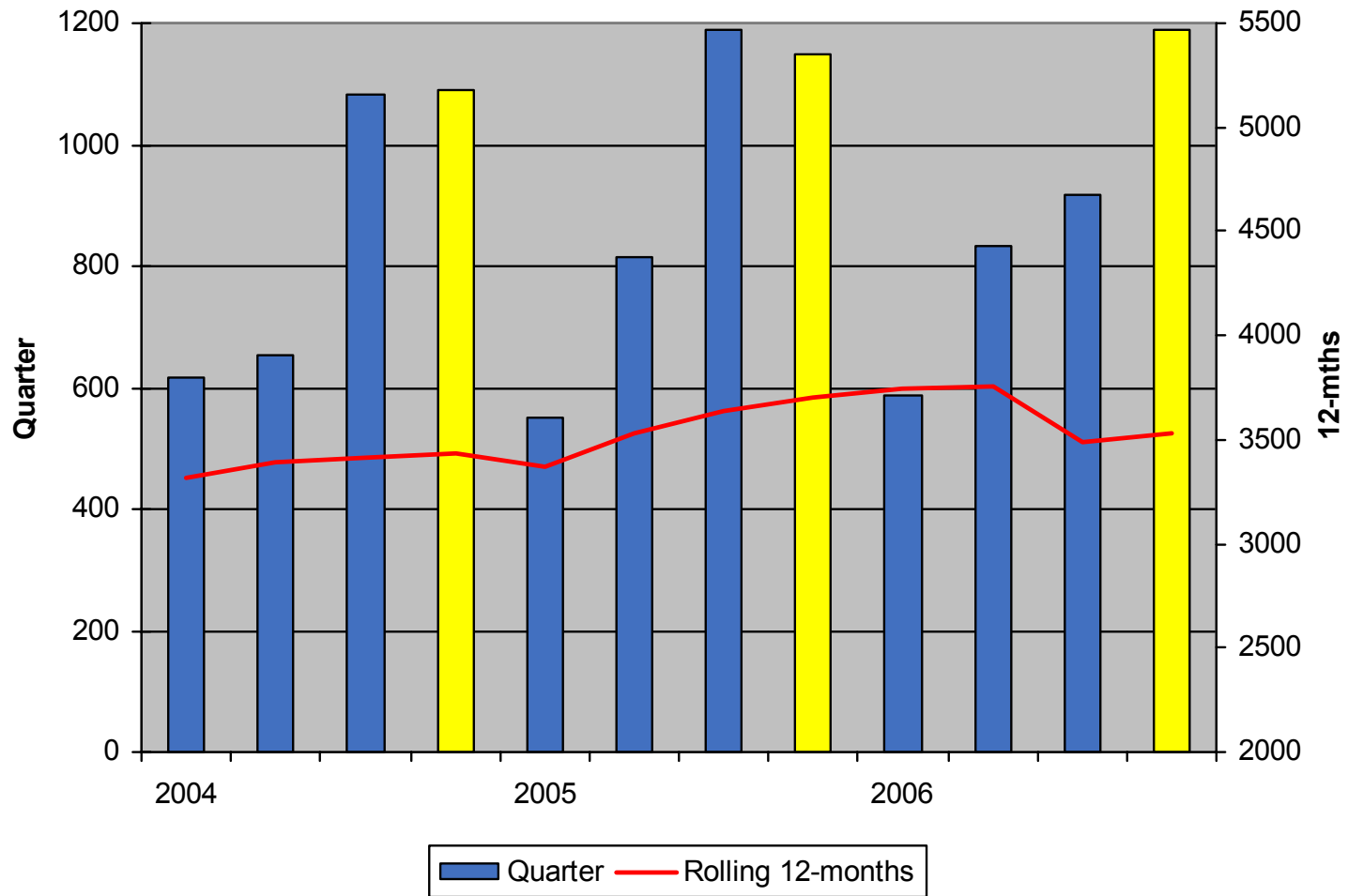
# Financial Highlights Q4 and Full Year 2006

SEK M	Fourth Quarter			Full Year		
	2006	2005	Change	2006	2005	Change
<b>Sales</b>	<b>8 059</b>	<b>7 530</b>	<b>+7%</b>	<b>31 137</b>	<b>27 802</b>	<b>+12%</b>
<i>Whereof</i>						
Organic growth			+9%			+9%
Acquired growth			+5%			+3%
FX-differences	-493		-7%	-109		+0%
<b>Operating income (EBIT)</b>	<b>1 274 *</b>	<b>1 063</b>	<b>+20%</b>	<b>4 771*</b>	<b>4 078</b>	<b>+17%</b>
EBIT-margin (%)	15.8 *	14.1		15.3*	14.7	
<b>Operating cash flow</b>	<b>1 189</b>	<b>1 150</b>	<b>+3%</b>	<b>3 528</b>	<b>3 702</b>	<b>-5%</b>
<b>EPS (SEK)</b>	<b>2.14 *</b>	<b>1.84</b>	<b>+16%</b>	<b>7.99*</b>	<b>6.97</b>	<b>+15%</b>

\*Excluding restructuring costs 517 SEK M QTD, 1 474 YTD

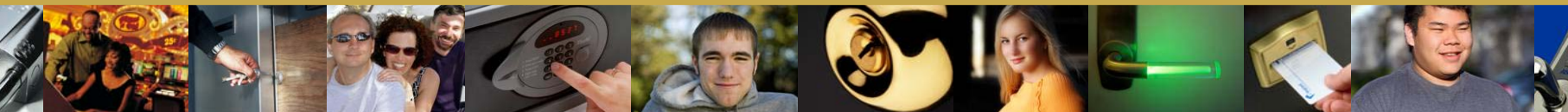
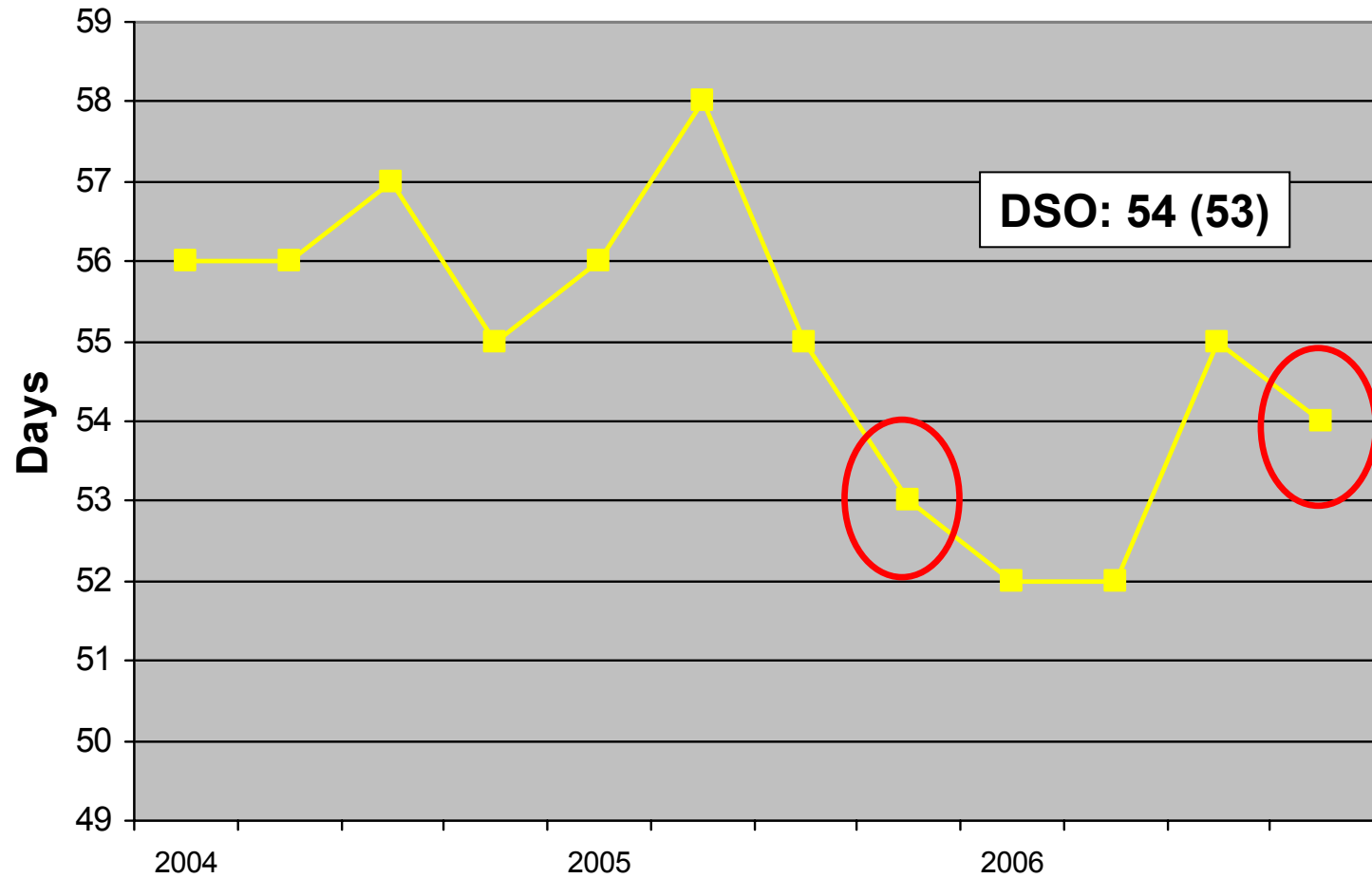


# Operating Cash Flow SEK M

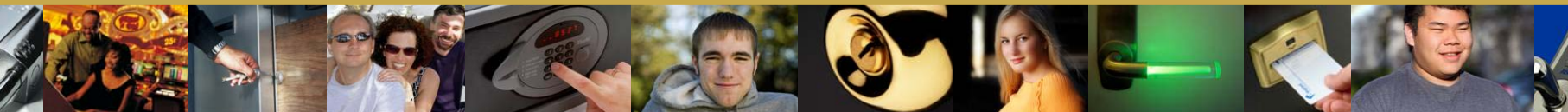
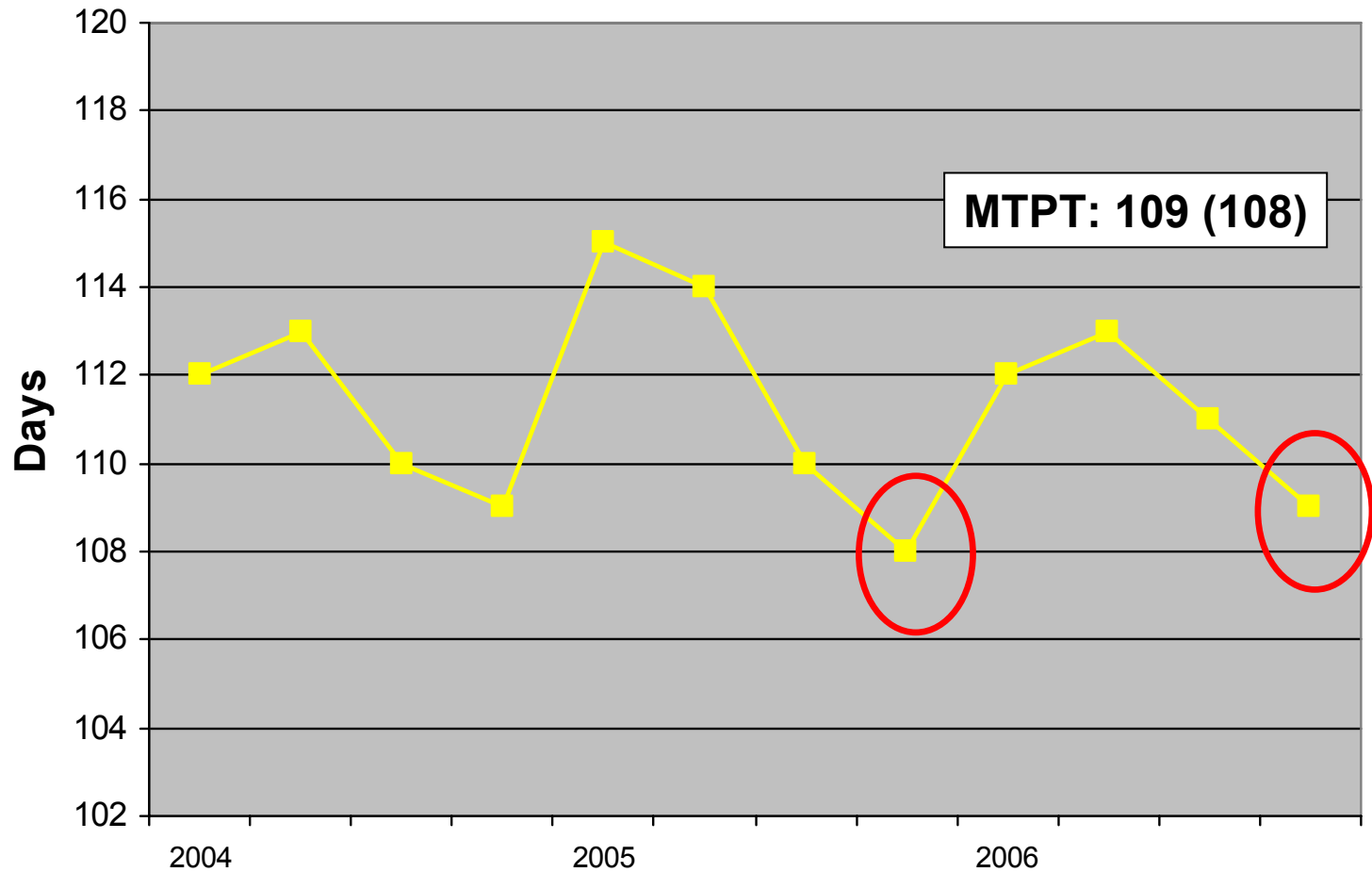




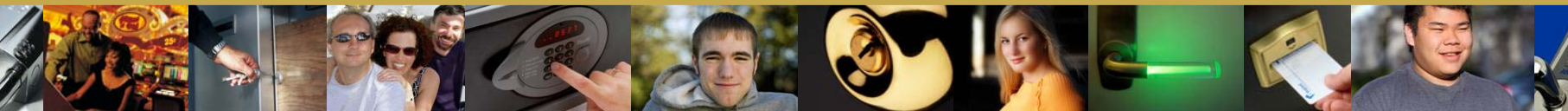
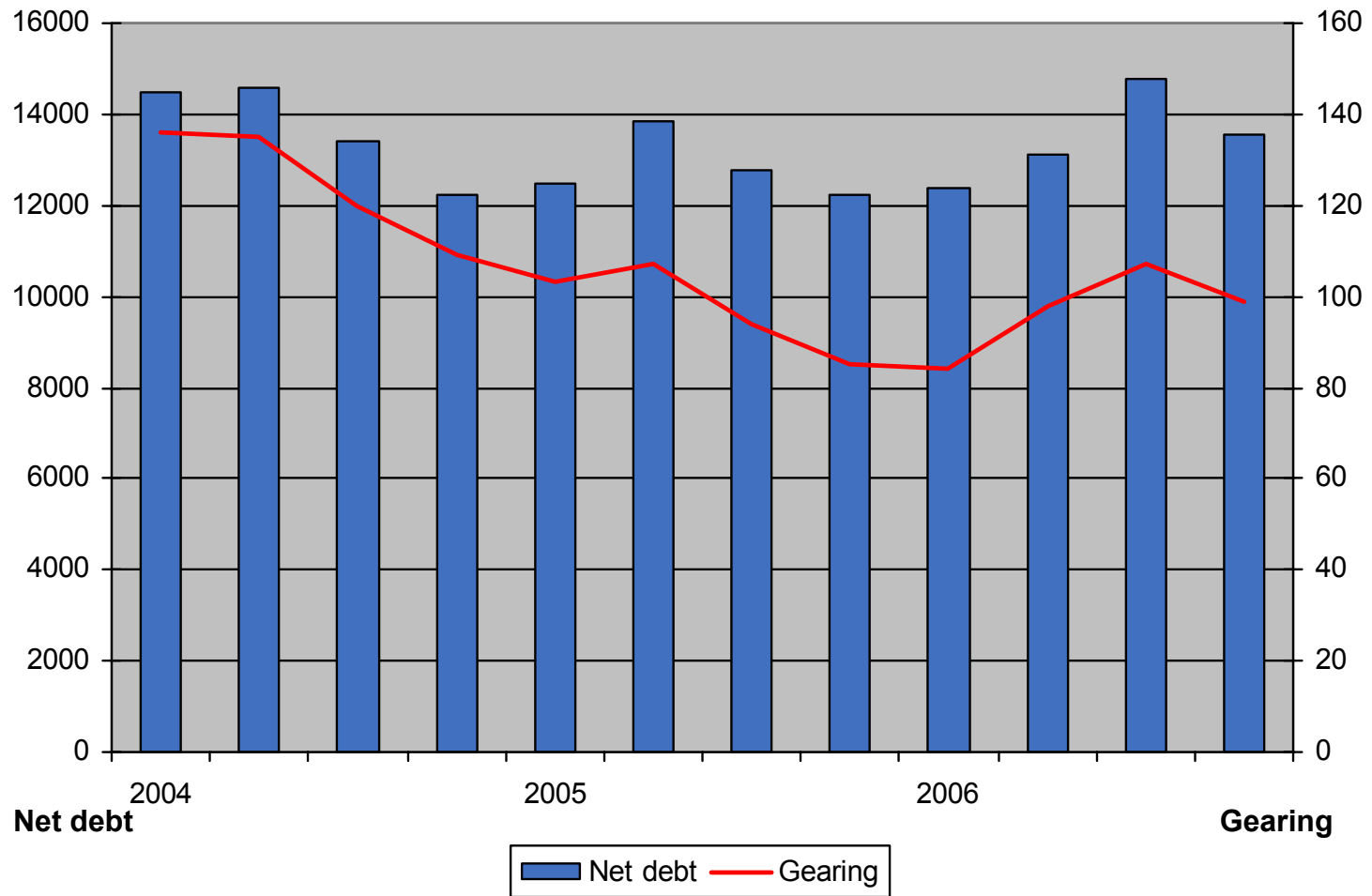
# Working Capital Receivables



# Working Capital Inventories

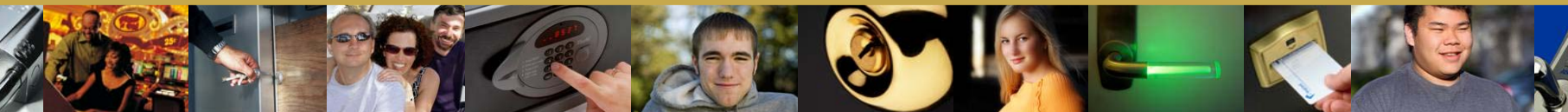


# Gearing % and Net Debt SEK M

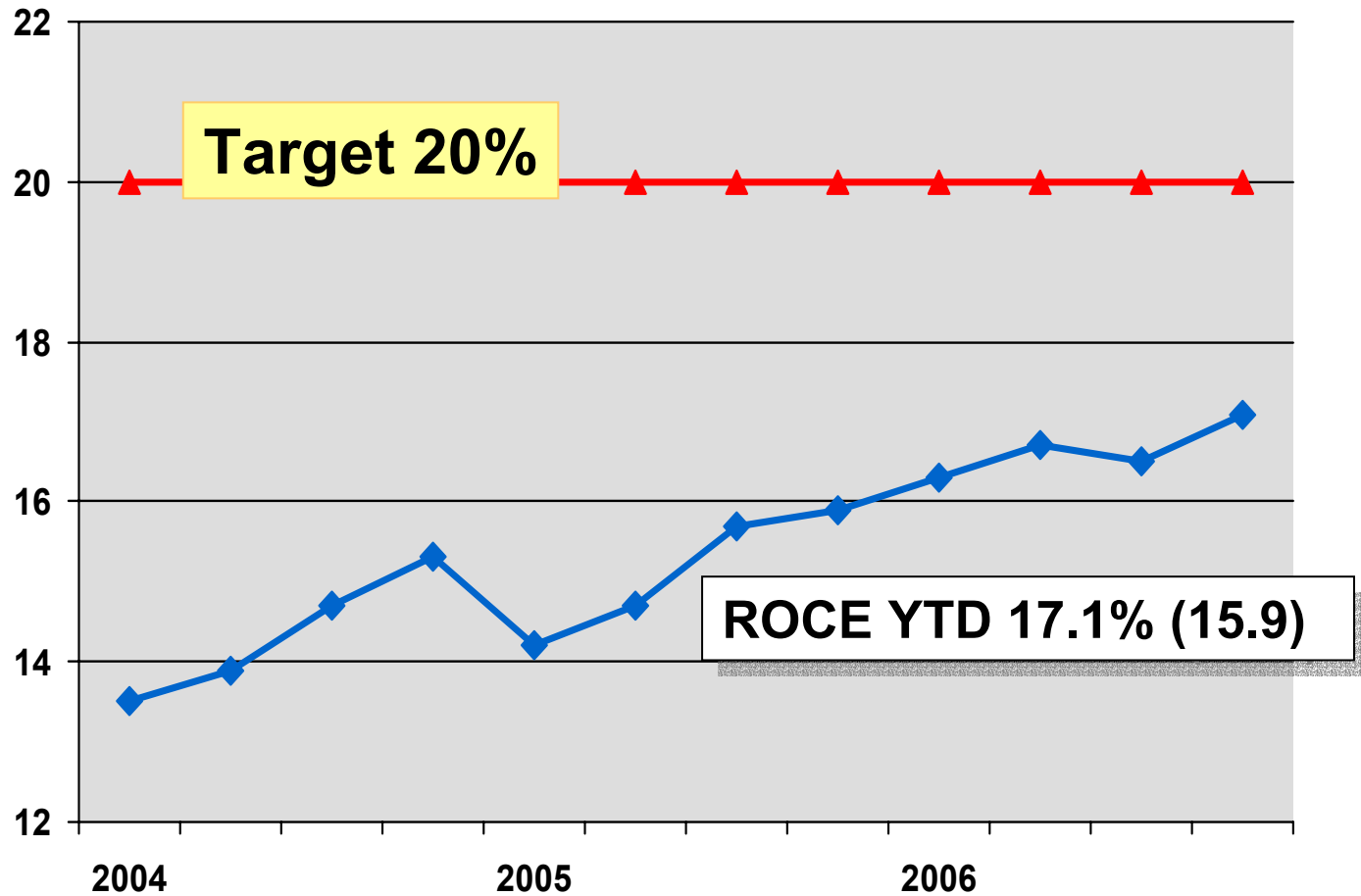


# Financing

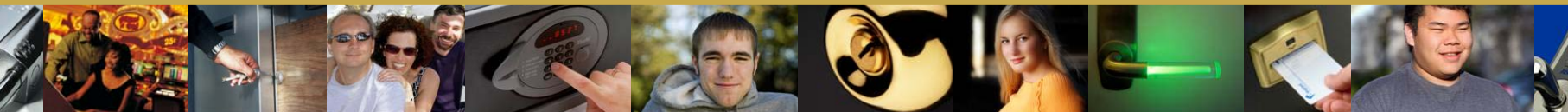
- Finalized previously announced re-financing from 30% long term to 60% long term debt
- Interest and capital maturities increased



# Return On Capital Employed\* %

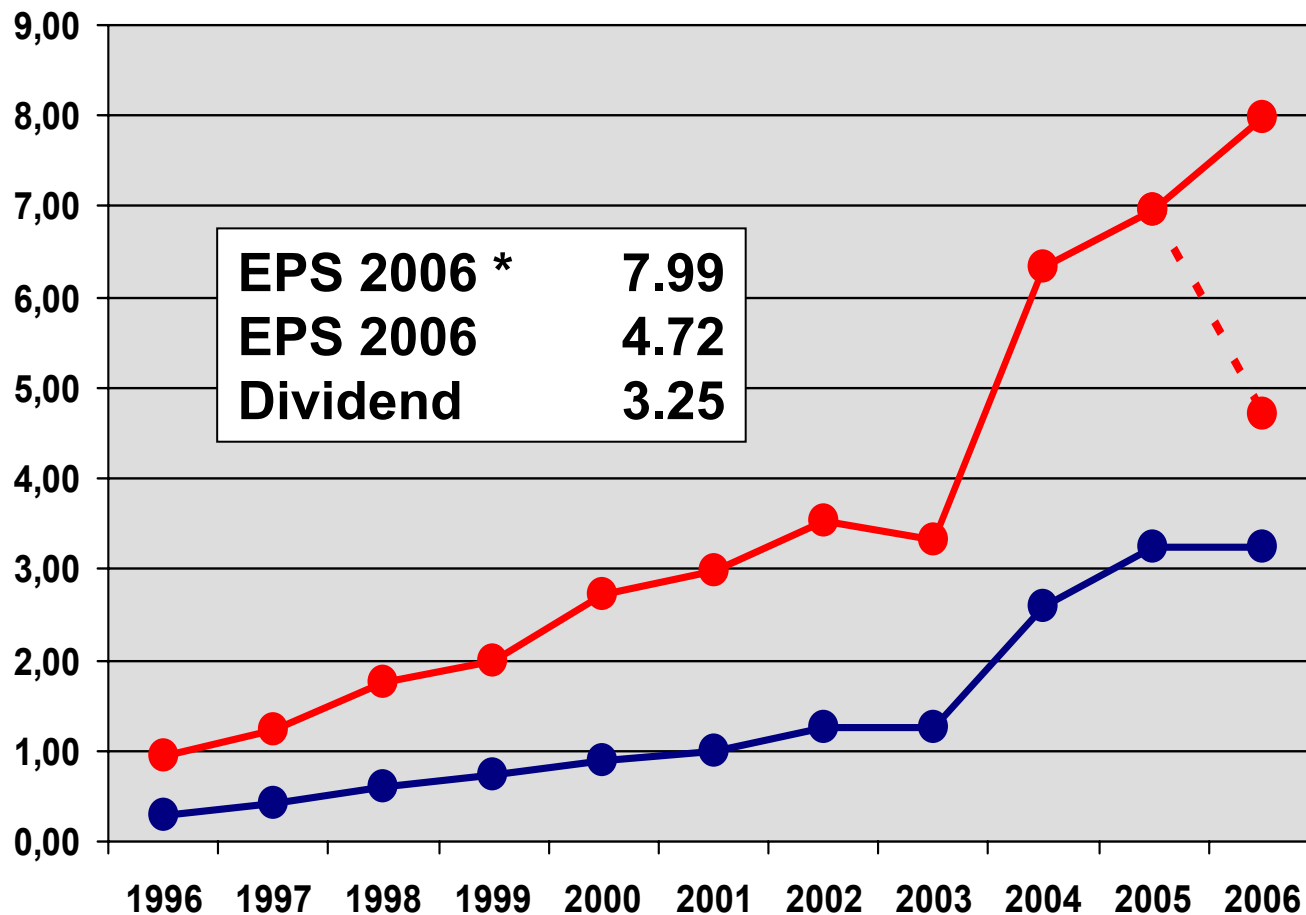


\*Excluding Q2-Q4 restructuring

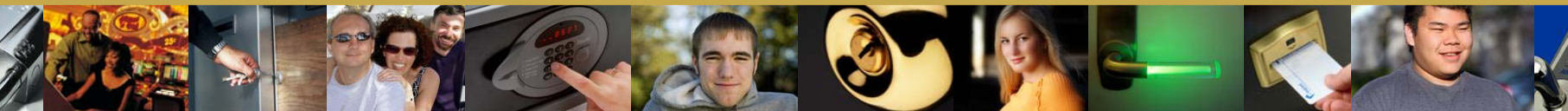




# Earnings per Share\* SEK



\*Excluding Q2-Q4 restructuring



# Year End Report 2006

## Johan Molin President & CEO

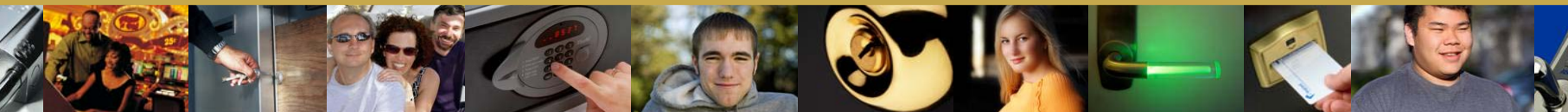


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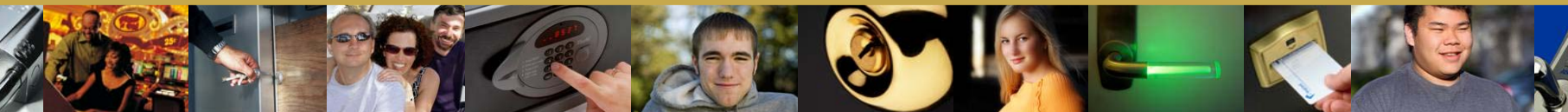
# Conclusion

- Strong organic growth +9%
- Acquisitions and new products adds growth
- Good improvement of the EBIT
- Restructuring ahead of plan



# Outlook 2007

- Organic sales growth is expected to continue at a good rate
- The operating margin (EBIT) and operating cash flow are expected to develop well





# Q&A



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