

# **Q3 Report 2007**

## **Johan Molin, President & CEO**

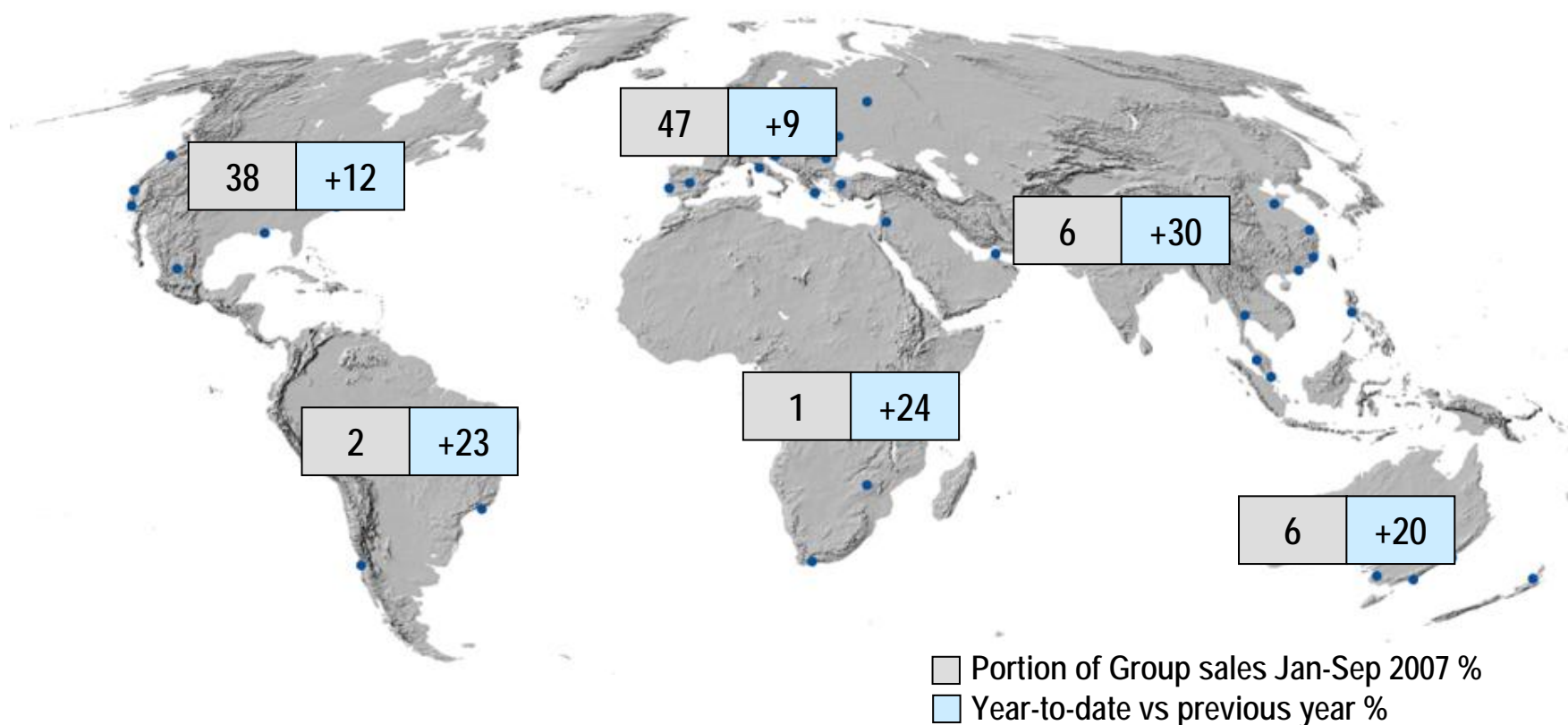
# Financial Highlights Q3

- **Q3 - Solid improvement**
  - Good continued growth in all areas
  - Raw material compensated & efficiency gains
  - Earnings improvements in all divisions
- **Sales** **8,274 MSEK** **+7%**  
+7% organic, +4% acquired growth, -3% currency
- **EBIT** **1,404 MSEK** **+14%**
- **Cash flow** **1,306 MSEK** **+42%**
- **EPS** **2.36 SEK** **+17%**

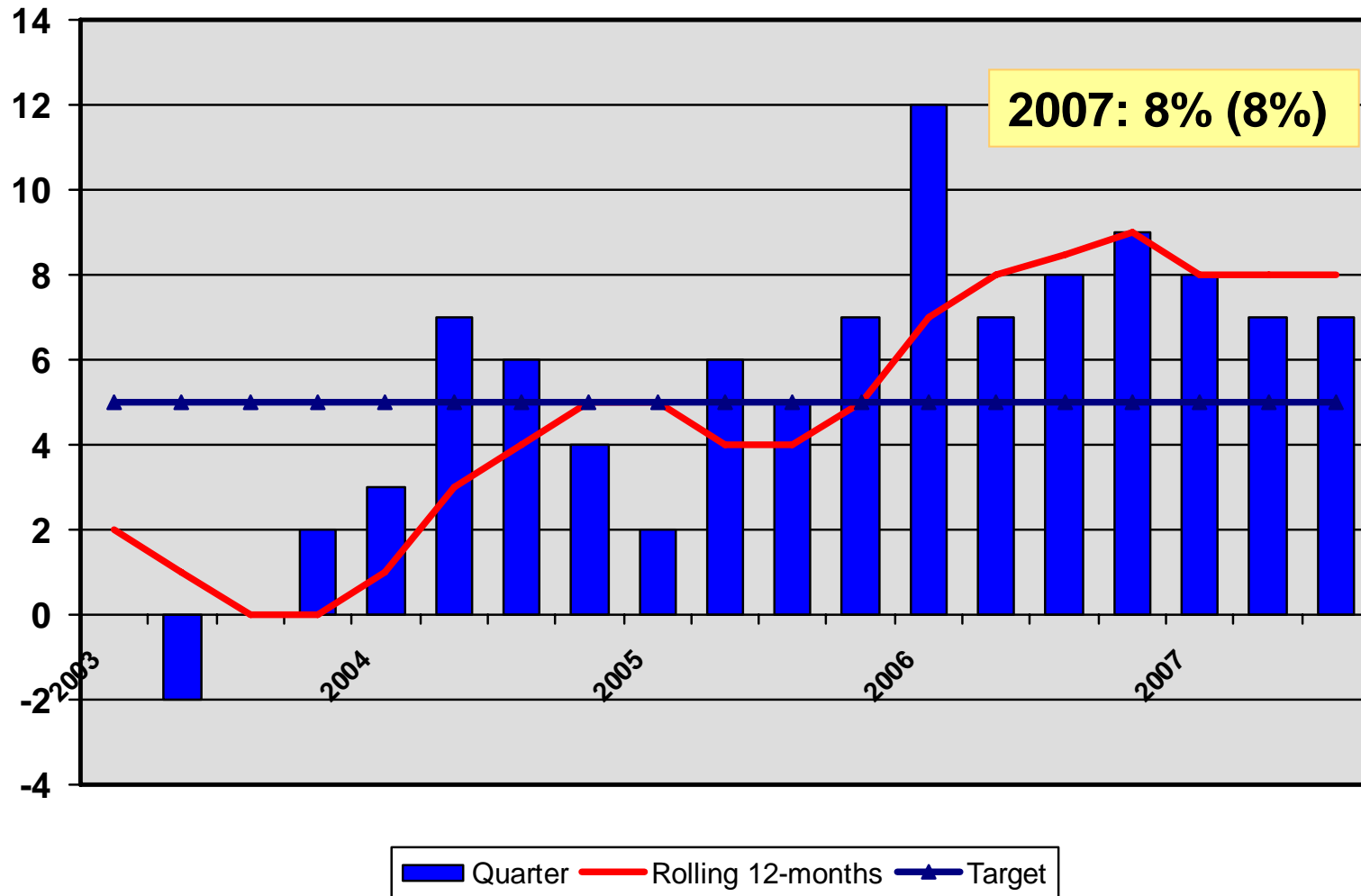
# Financial Highlights Jan-Sep

- **Sales**                      **24,830 MSEK**                      **+8%**  
+7% organic, +5% acquired growth, -4% currency
- **EBIT**                      **4,018 MSEK**                      **+15%**
- **Cash Flow**              **3,068 MSEK**                      **+31%**
- **EPS**                      **6.72 SEK**                      **+15%**

# Group Sales in Local Currencies Jan-Sep 2007



# Organic Growth %



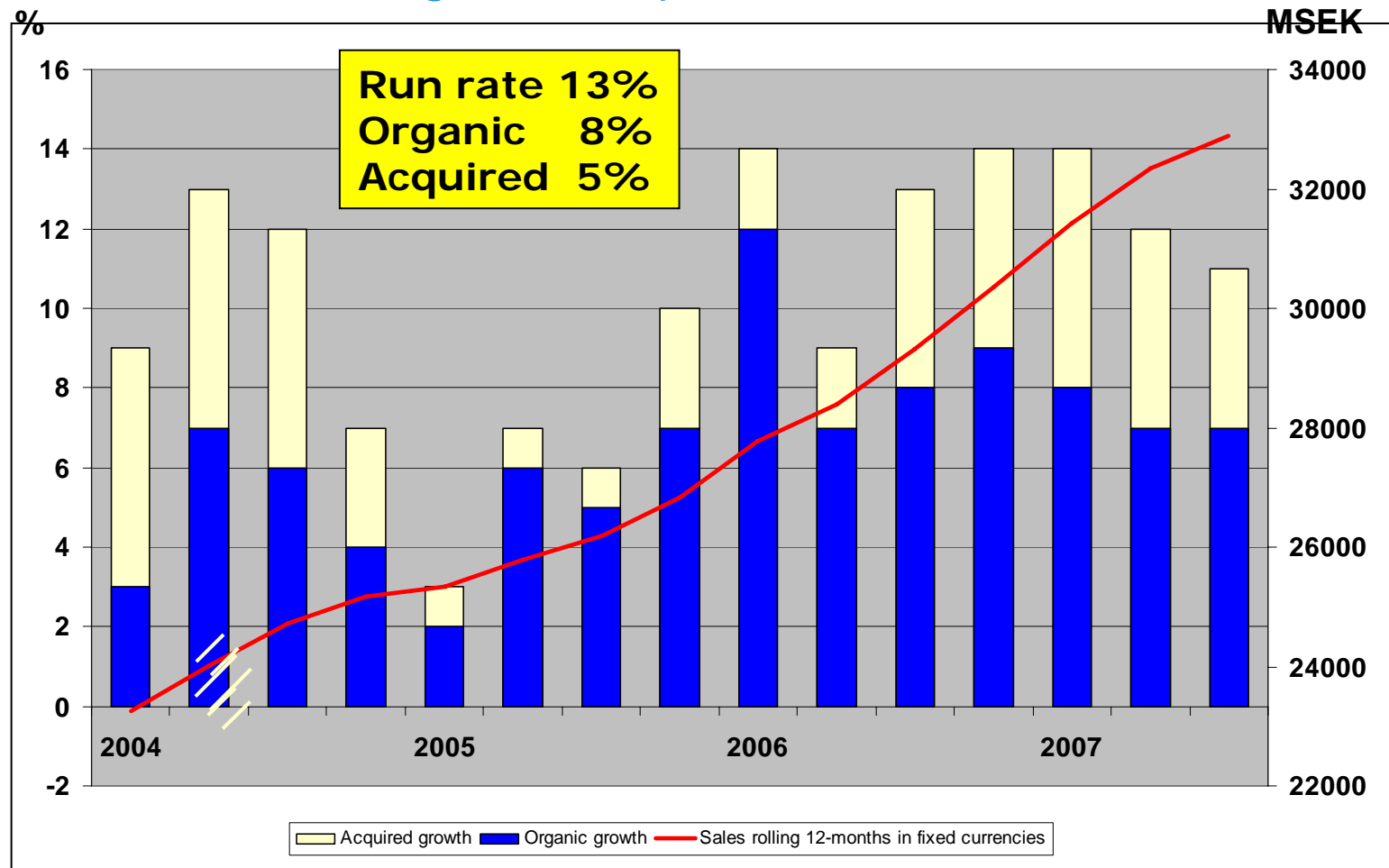
# Growth Highlights

- **Good general growth**
- **New markets & regions 11% of total sales in Q4**
  - Baodean & iRevo
- **Secure issuance growing**
  - Fargo very strong growth
- **Asian sales companies**
  - Successful launch of European and American lock series



# Sales Growth - Currency Adjusted

- Stable double digit development



# Acquisitions Q3 – iRevo and Baodean

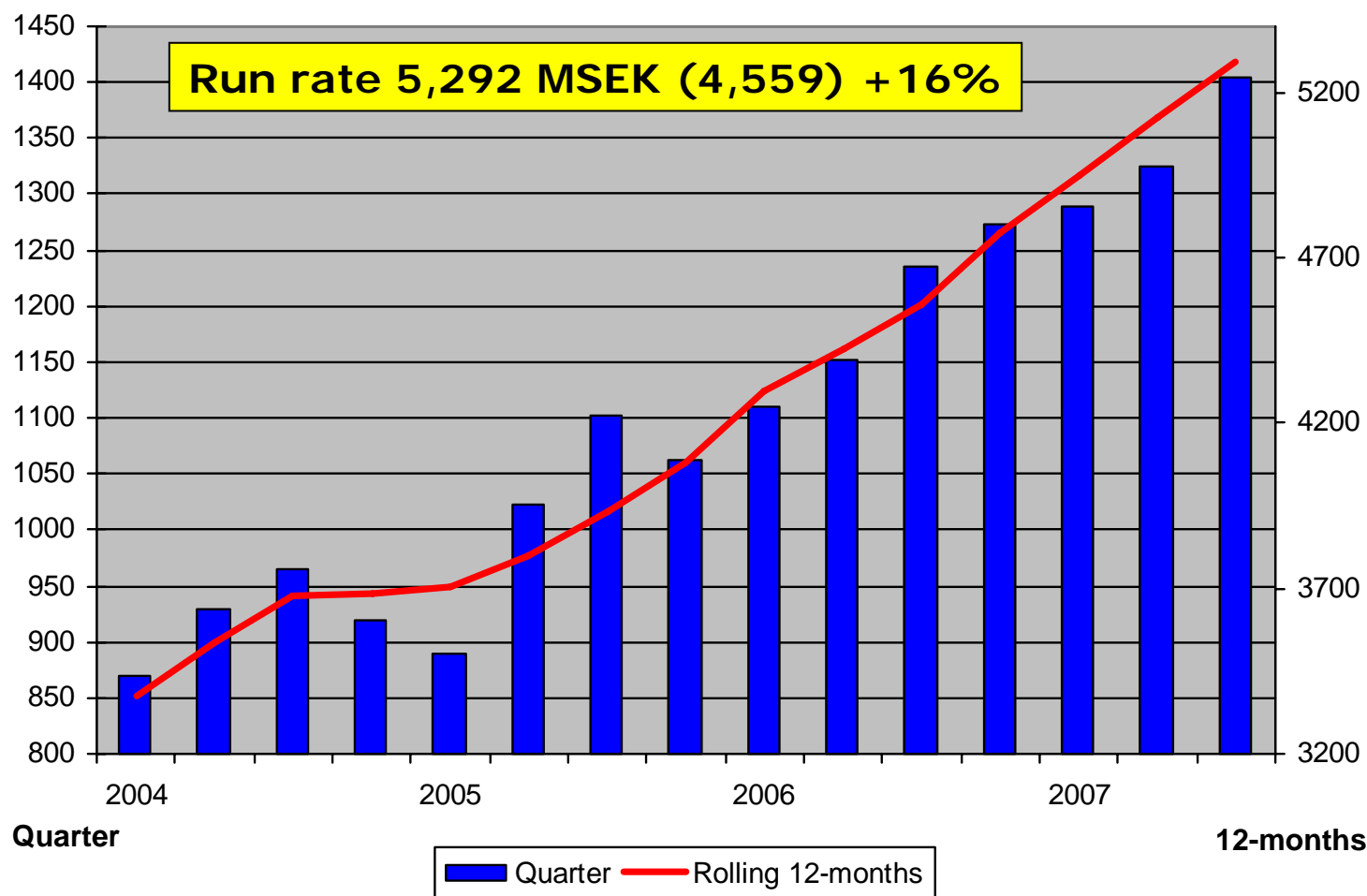


- Fully approved and consolidated from 1 October
- iRevo:
  - World largest supplier of electronic locks for the residential market
  - Sales of 400 MSEK in Korea and China
  - Dilutive in Q4
- Baodean:
  - China's leading high security lock maker



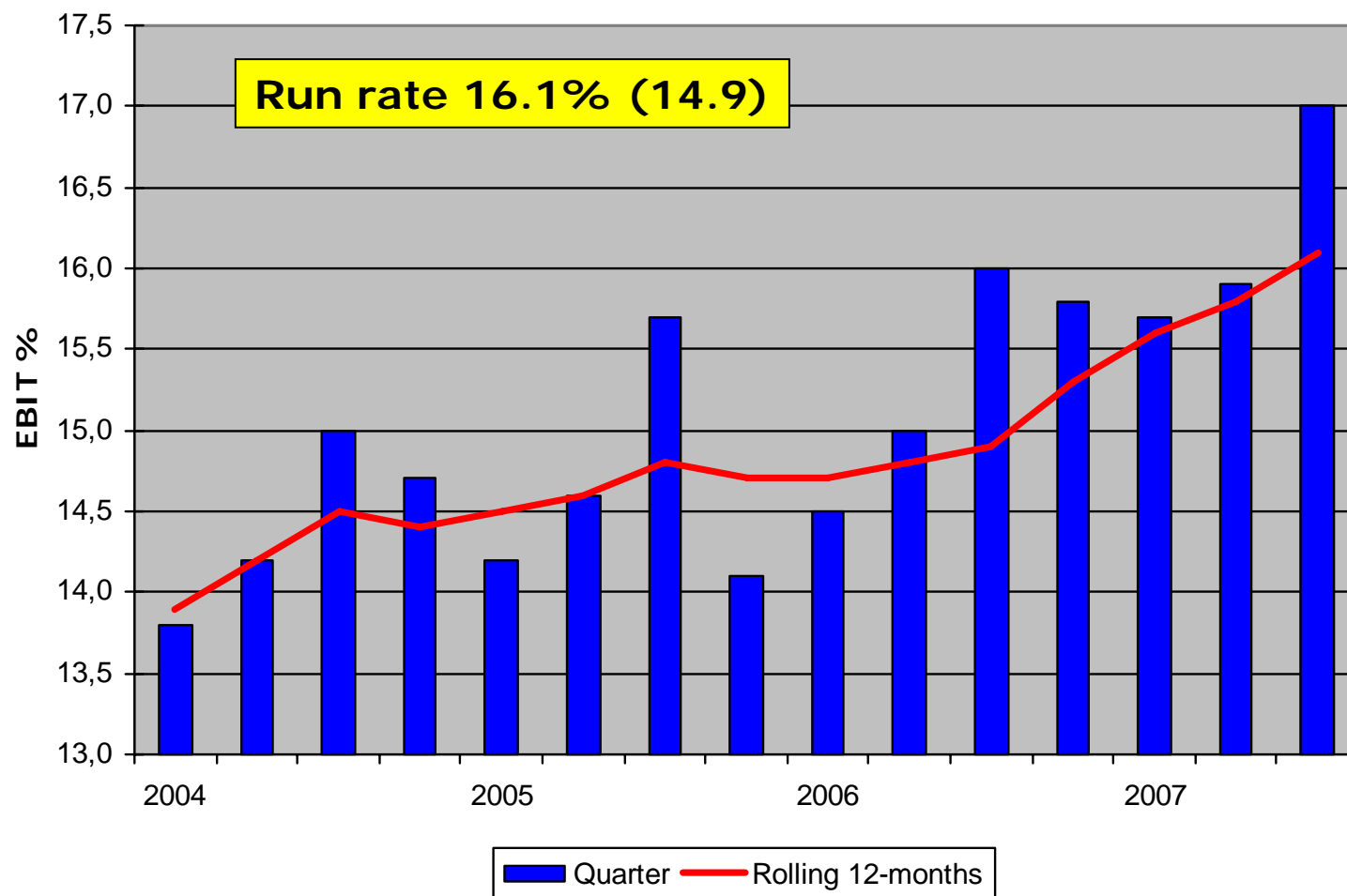


# Operating Income\* (EBIT) MSEK



\*Rolling 12-months excludes 2006 restructuring costs of 1 474 MSEK

# Operating Margin\* (EBIT)



\*Excluding 2006 restructuring costs of 1 474 MSEK

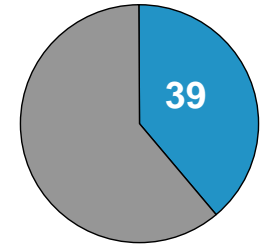
# Margin Highlights Q3

- Volume growth 4%
- Price increases have come through +3%
- Raw material compensated
- No dilution from acquisitions
- Restructuring slightly ahead of plan
  - Total reduction of 1035 employees
  - Quarterly savings 60 MSEK (85 from project start less 25 LY)
  - Run rate 57% of total savings
  - Total annual savings 600 MSEK from 2009

## Division - EMEA

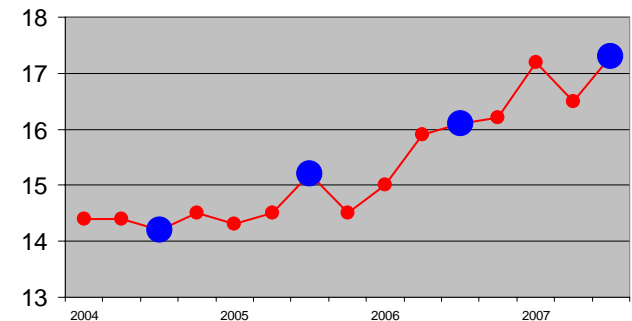
- Good general growth in most markets
- Somewhat slower in the UK, Spain and Germany
- Good leverage from growth
- Restructuring progressing well

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Volume
  - + Restructuring savings
  - = Material cost increase compensated

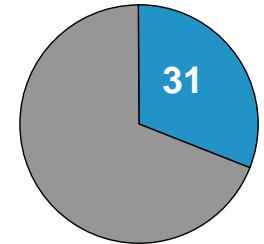
**EBIT %**



# Division - Americas

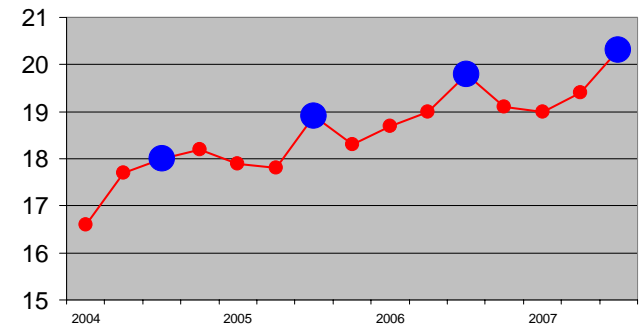
- Good general growth in all sectors except residential
- Residential affected by weakening demand
- Activity level is healthy
- Mexico stable growth

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Volume
  - = No dilution
  - = Material cost increase compensated

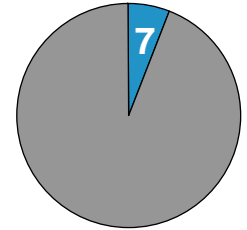
**EBIT %**



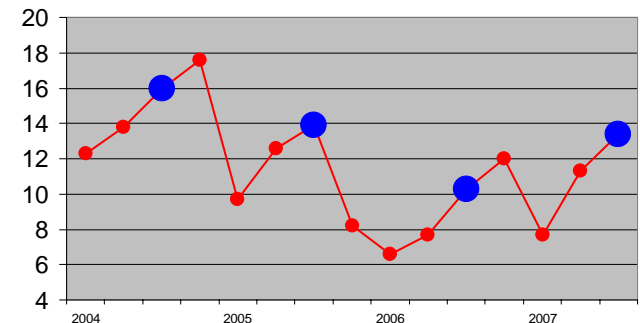
## Division - Asia Pacific

- Good growth in the Pacific
- Asian sales outside China picking up
- Strong development in China
  - Baodean consolidated from 1 October
- iRevo will dilute from 1 October with 1.0-1.5%
- Price increase in Q3 very effective
- Operating margin (EBIT)
  - + Volume growth
  - + Implemented price increases
  - = Raw material compensated

**SALES**  
share of  
Group total %



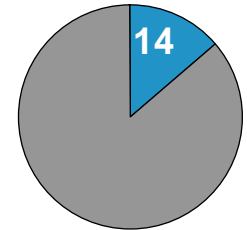
**EBIT %**



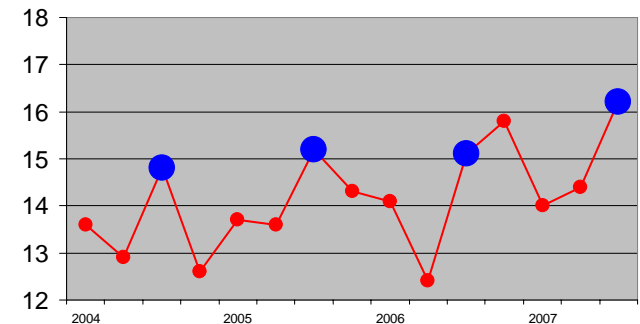
# Division - Global Technologies

- Good general development
- Record profit
- New organisation HID/Fargo/ITG coming together
  - Sales synergies and market convergence
- New factory in Malaysia running well
  - Ronneby factory closed
- Operating margin (EBIT)
  - + Volume
  - + Manufacturing and overhead savings
  - Continued market investments

**SALES**  
share of  
Group total %



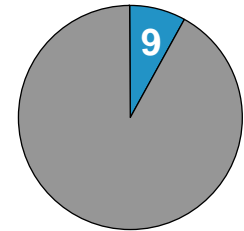
**EBIT %**



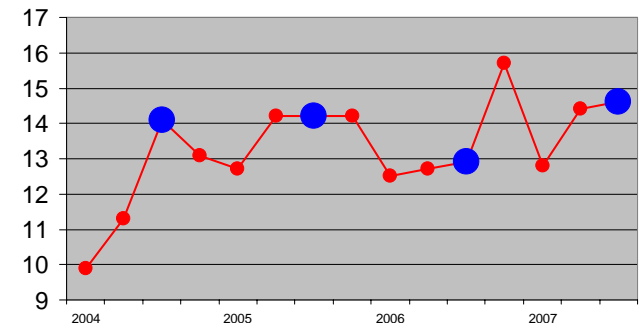
# Division - Entrance Systems

- Service developing at a good pace
- New door sales somewhat slower in the US and EMEA
- Accelerated growth from low level in Asia, primarily in China
- Decision to close Dieburg, Germany
- Operating margin (EBIT)
  - + Volume growth
  - + Price increases

**SALES**  
share of  
Group total %



**EBIT %**





# **Q3 Report 2007**

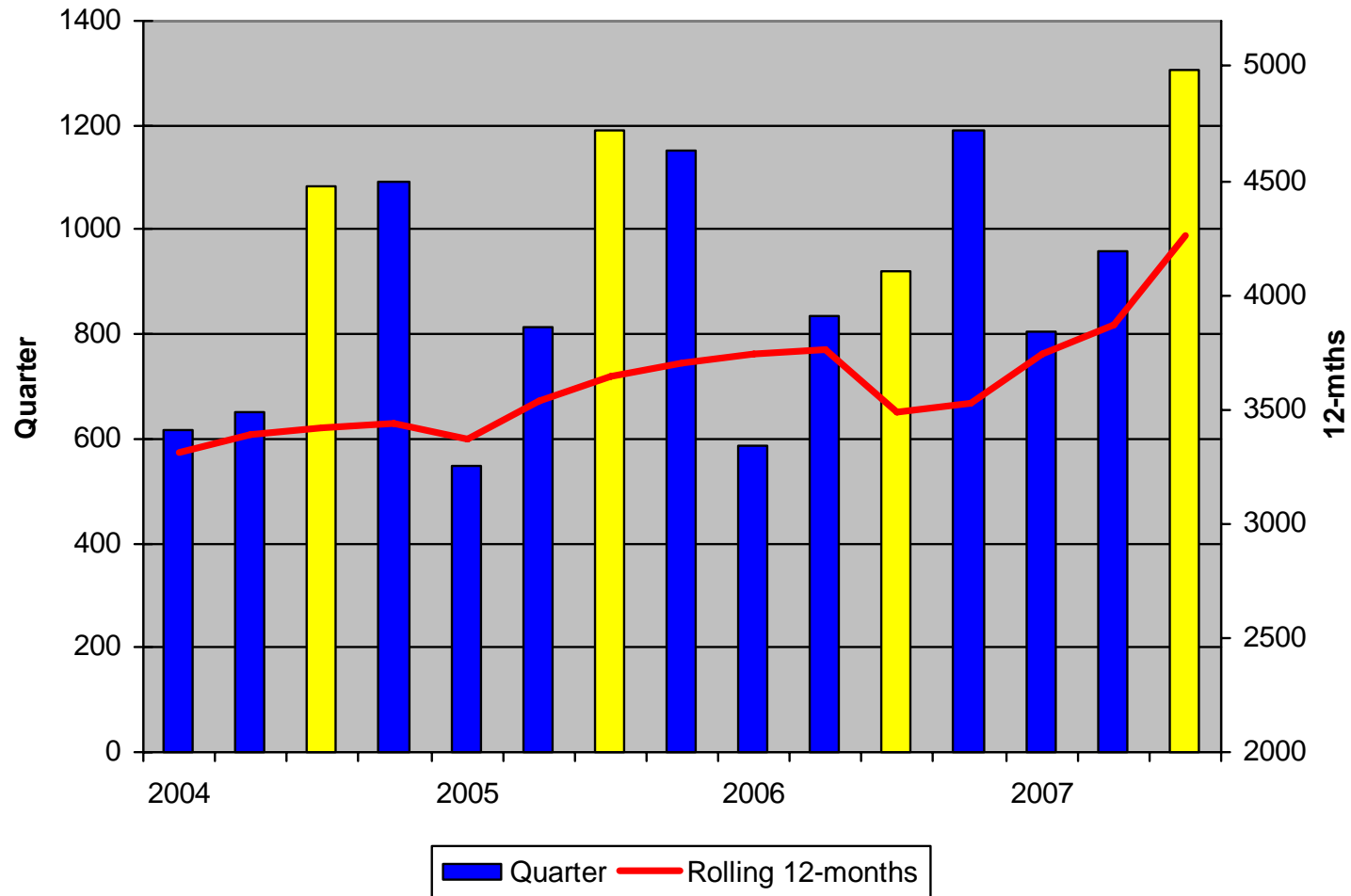
## **Tomas Eliasson, CFO**

# Financial Highlights Q3 and Jan-Sep 2007

MSEK	3rd Quarter			Jan-Sep		
	2007	2006	Change	2007	2006	Change
<b>Sales</b>	<b>8,274</b>	<b>7,736</b>	<b>+7%</b>	<b>24,830</b>	<b>23,078</b>	<b>+8%</b>
<i>Whereof</i>						
Organic growth			+7%			+7%
Acquired growth			+4%			+5%
FX-differences	-248		-3%	-943		-4%
<b>Operating income (EBIT)</b>	<b>1,404</b>	<b>1,235*</b>	<b>+14%</b>	<b>4,018</b>	<b>3,496*</b>	<b>+15%</b>
EBIT-margin (%)	17.0	16.0*		16.2	15.2*	
<b>Operating cash flow</b>	<b>1,306</b>	<b>919</b>	<b>+42%</b>	<b>3,068</b>	<b>2,339</b>	<b>+31%</b>
<b>EPS (SEK)</b>	<b>2.36</b>	<b>2.02*</b>	<b>+17%</b>	<b>6.72</b>	<b>5.85*</b>	<b>+15%</b>

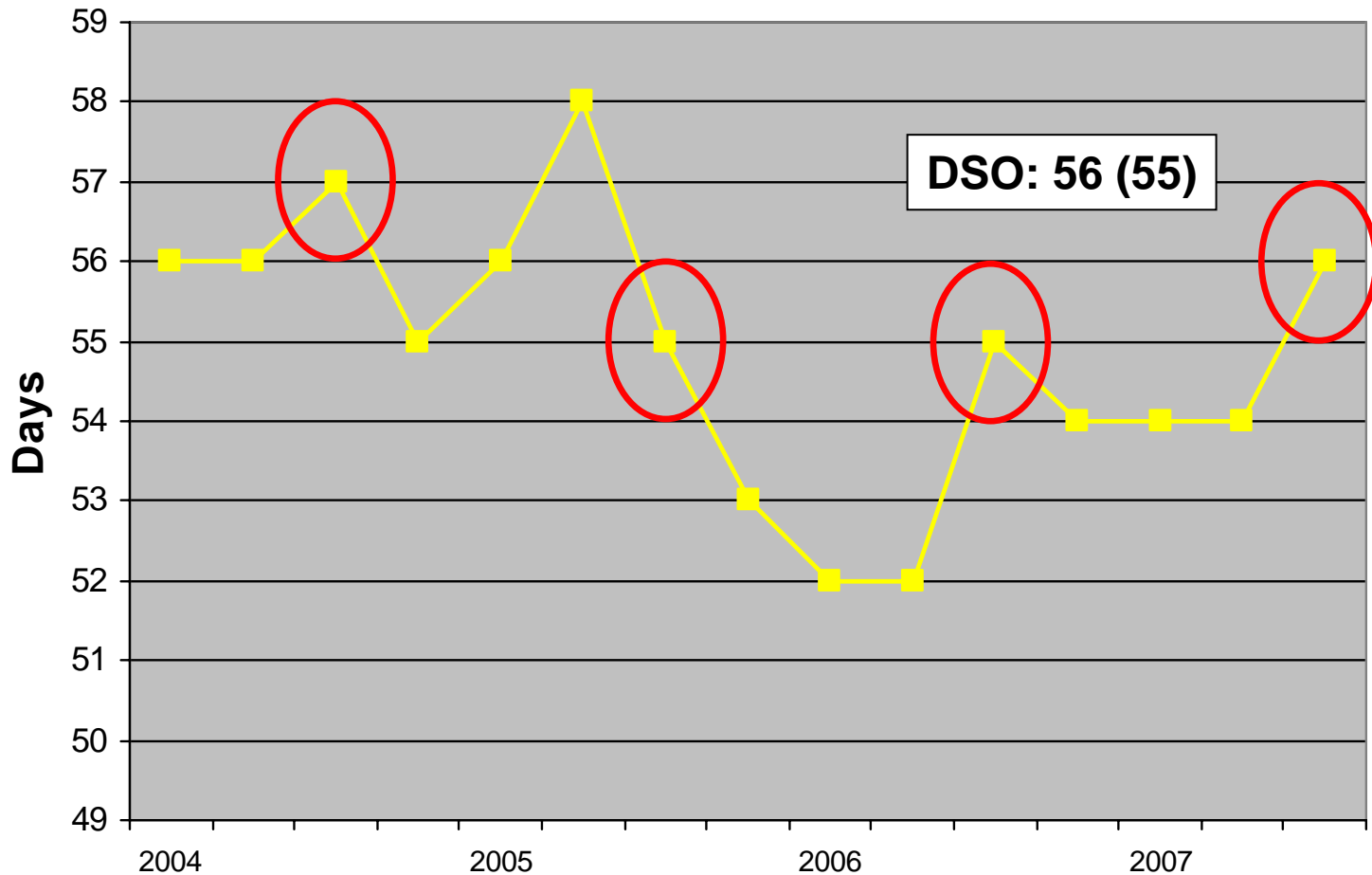
\*Excluding restructuring costs of 520 SEK M

# Operating Cash Flow MSEK

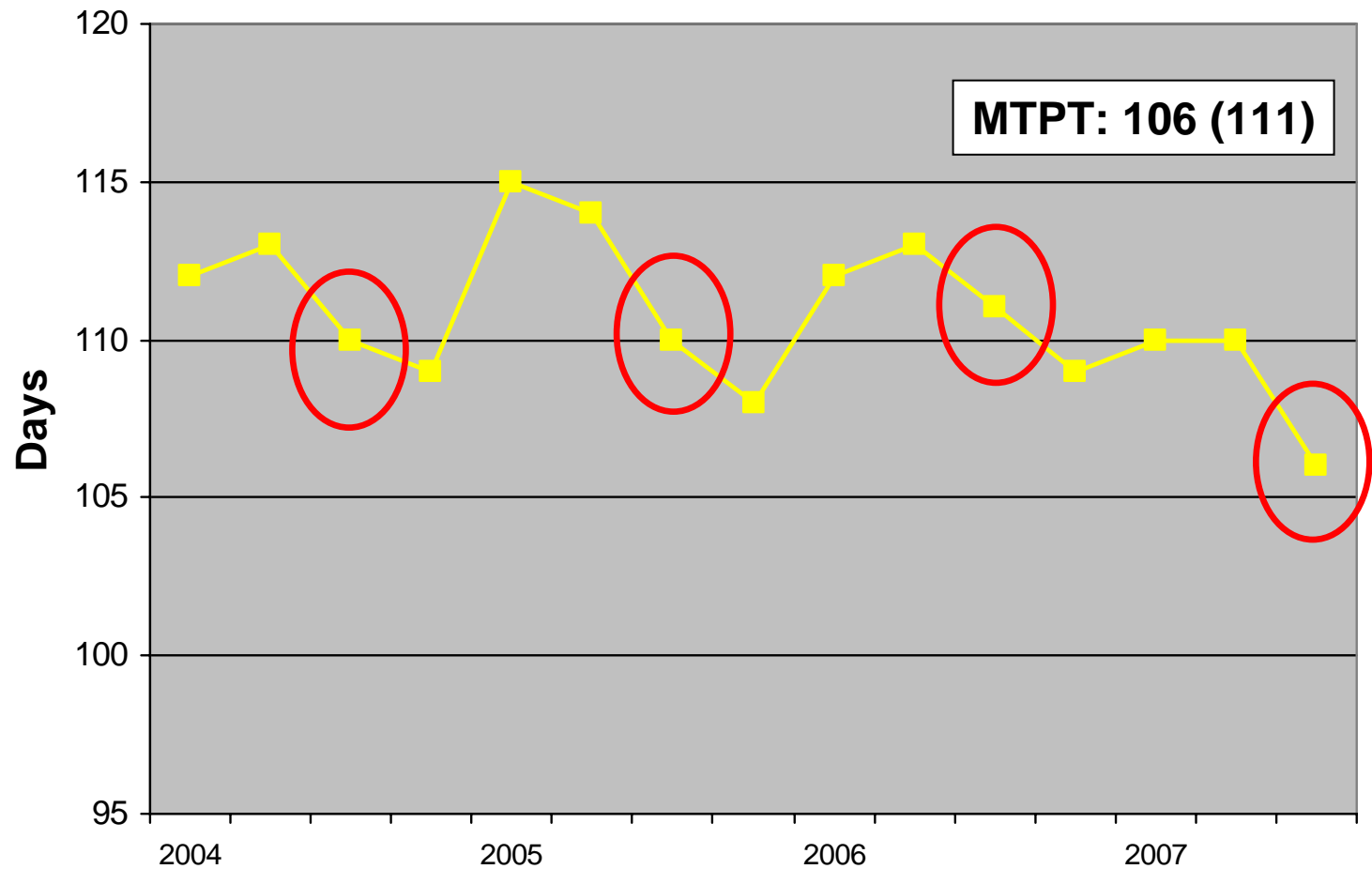


# Working Capital

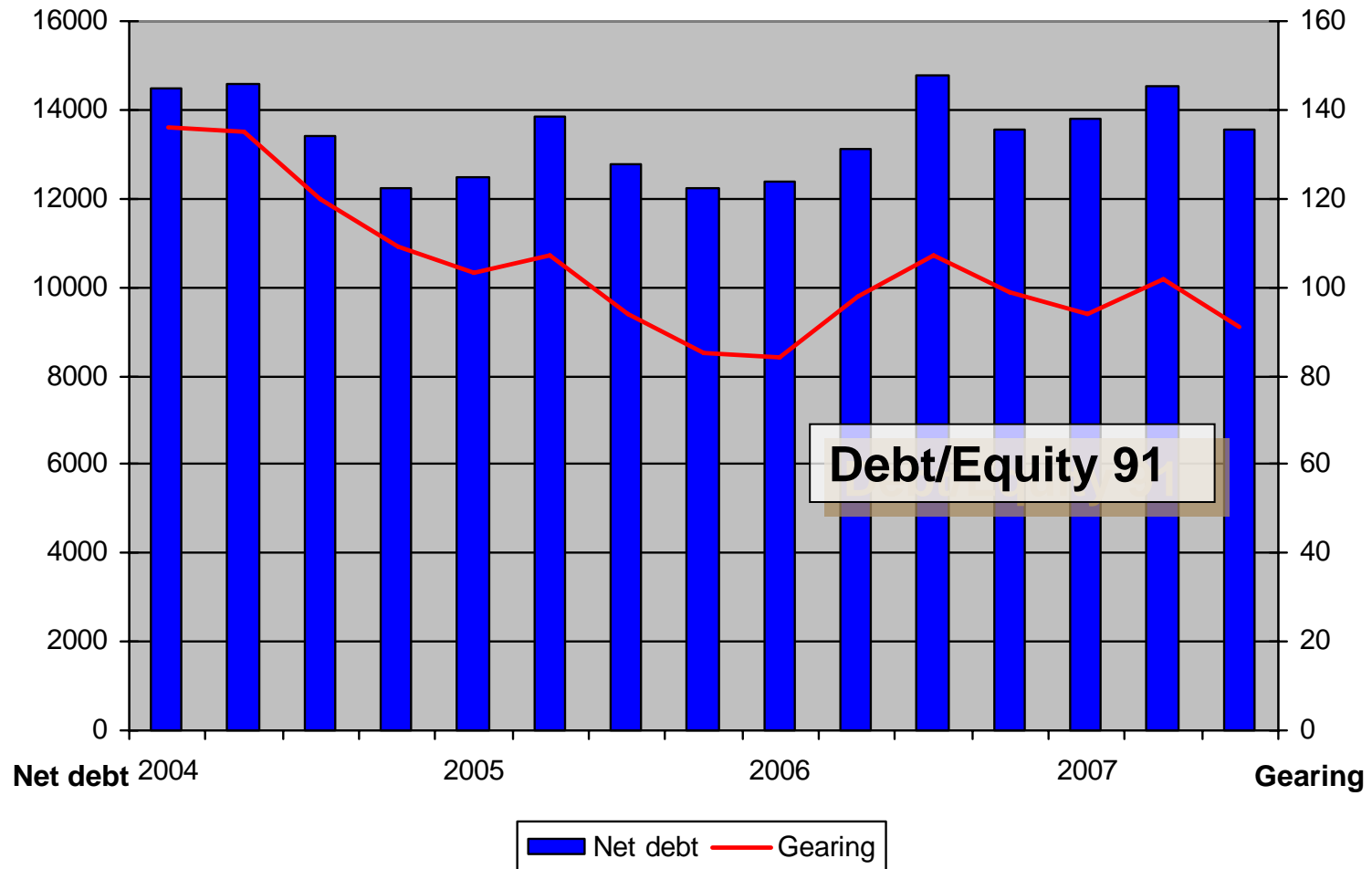
## Receivables



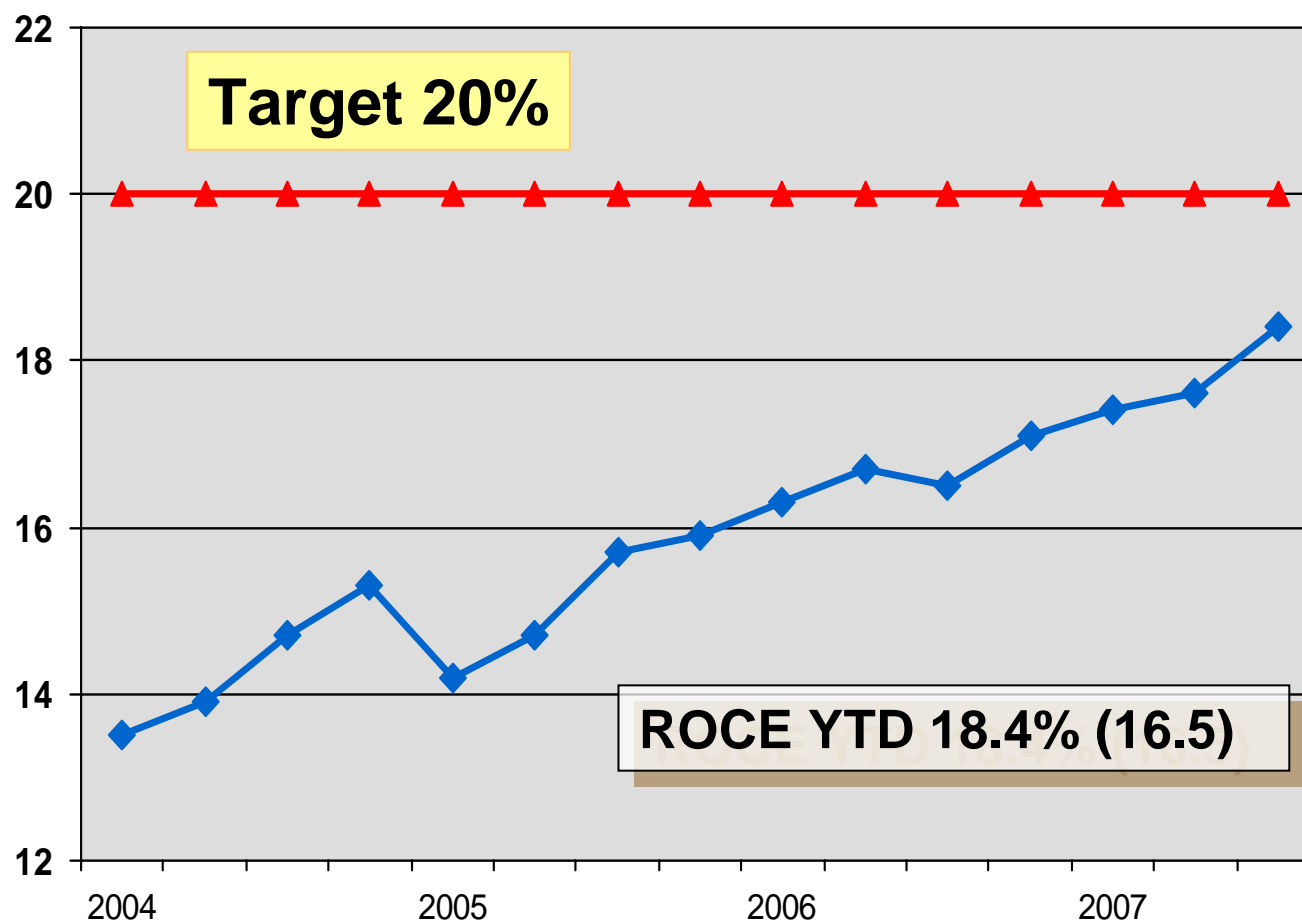
# Working Capital Inventories



# Gearing % and Net Debt MSEK



# Return On Capital Employed\* %



\*2006 excludes restructuring

# **Q3 Report 2007**

## **Johan Molin President & CEO**



## Conclusion Q3

- Strong total growth, +11%, driven by good general demand, market investments and acquisitions
- Emerging markets takes off
- Price management and efficiency programs adds to profit
- Restructuring ahead of plan, 57% concluded
- Solid improvement of EBIT in all divisions

# Outlook Going Forward

- 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