

ASSA ABLOY



Q2 Report 2008
Johan Molin, President & CEO

Financial Highlights Q2 2008

- **Good sales and profit development**

- Organic growth resumed in all divisions
- Strong development in emerging markets
- US holds up while Europe continued weak
- Gross margin improved on the back of efficiency gains

- **Sales** **8,526 MSEK** **+2%**

+5% organic, +3% acquired growth, -5% currency

- **EBIT** **1,378 MSEK** **+4%**

Currency effect -72 MSEK

- **EPS** **2.30 SEK** **+5%**

Sales Highlights Q2

- Strong growth in emerging markets, >20%, 15% (12) of total sales
- Continued success for RFID hotel locks
- Digital door locks launched in the Middle East
- First large bank order for secure identity and distributed issuance of credit cards
- Continued R&D investments, 2,5% +0,2%



Financial Highlights H1 2008

- **Stable and consistent performance**

- Total growth 6% in local currencies
- Improved gross margin and efficiency gains support profit

- **Sales** **16,728 MSEK** **+1%**

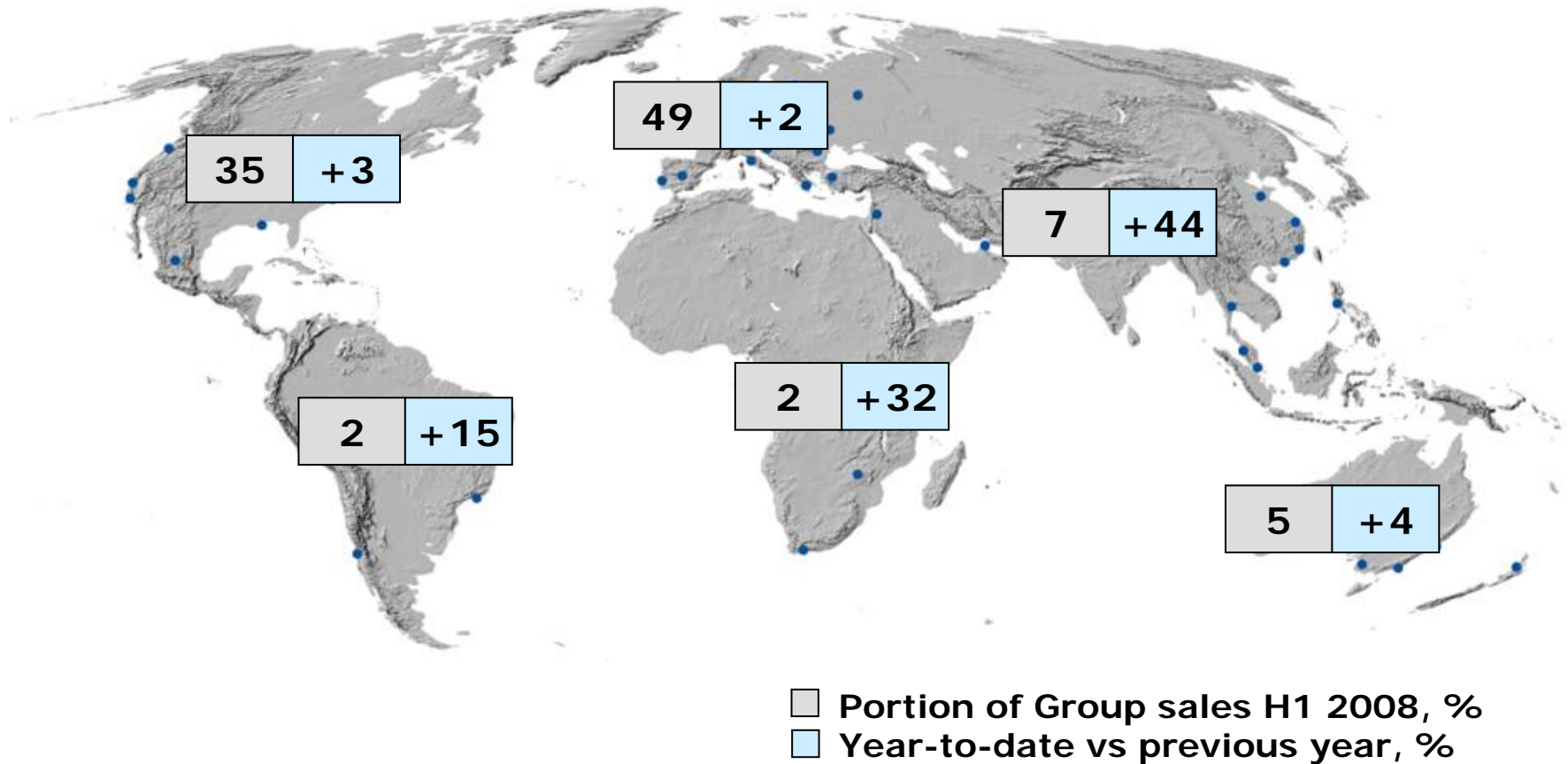
+3% organic, +3% acquired growth, -4% currency

- **EBIT** **2,621 MSEK** **+0%**

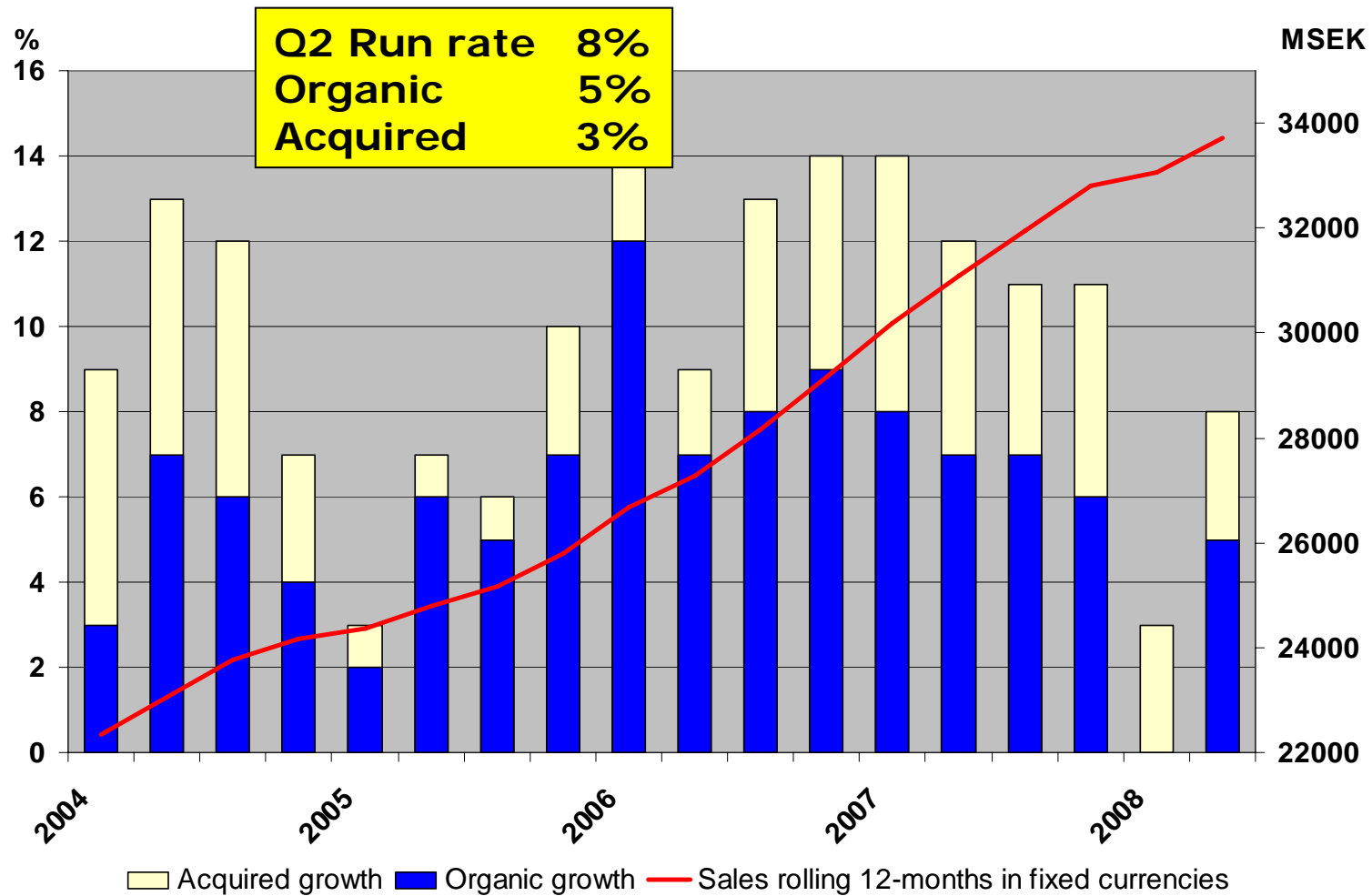
-Currency effect -124 MSEK

- **EPS** **4.38 SEK** **+1%**

Group Sales in Local Currencies H1 2008



Sales Growth - Currency Adjusted



Acquisitions 2008

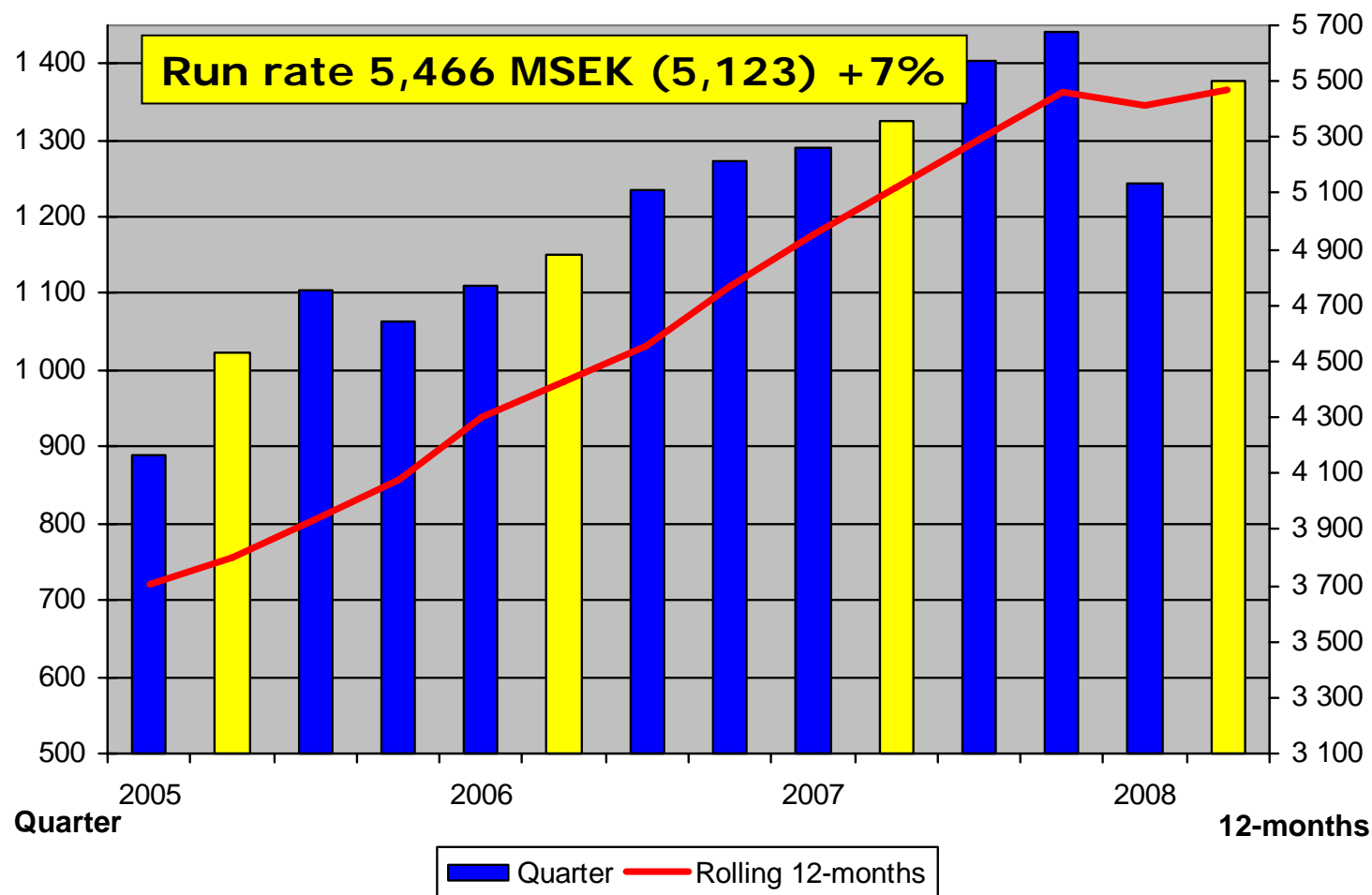
Finalized and approved:

- **Valli&Valli and Gardesa** (EMEA) 1/7
 - **Rockwood** (Americas) 1/7
 - **Beijing Tianming** (Asia Pacific) 1/7
 - **Cheil** (Entrance Systems) 1/8
 - **A number of smaller acquisitions**
(EMEA, Entrance Systems and Global Tech)
- **Adds 1,350 MSEK annualized sales** (+4.0% growth)

Pending approvals:

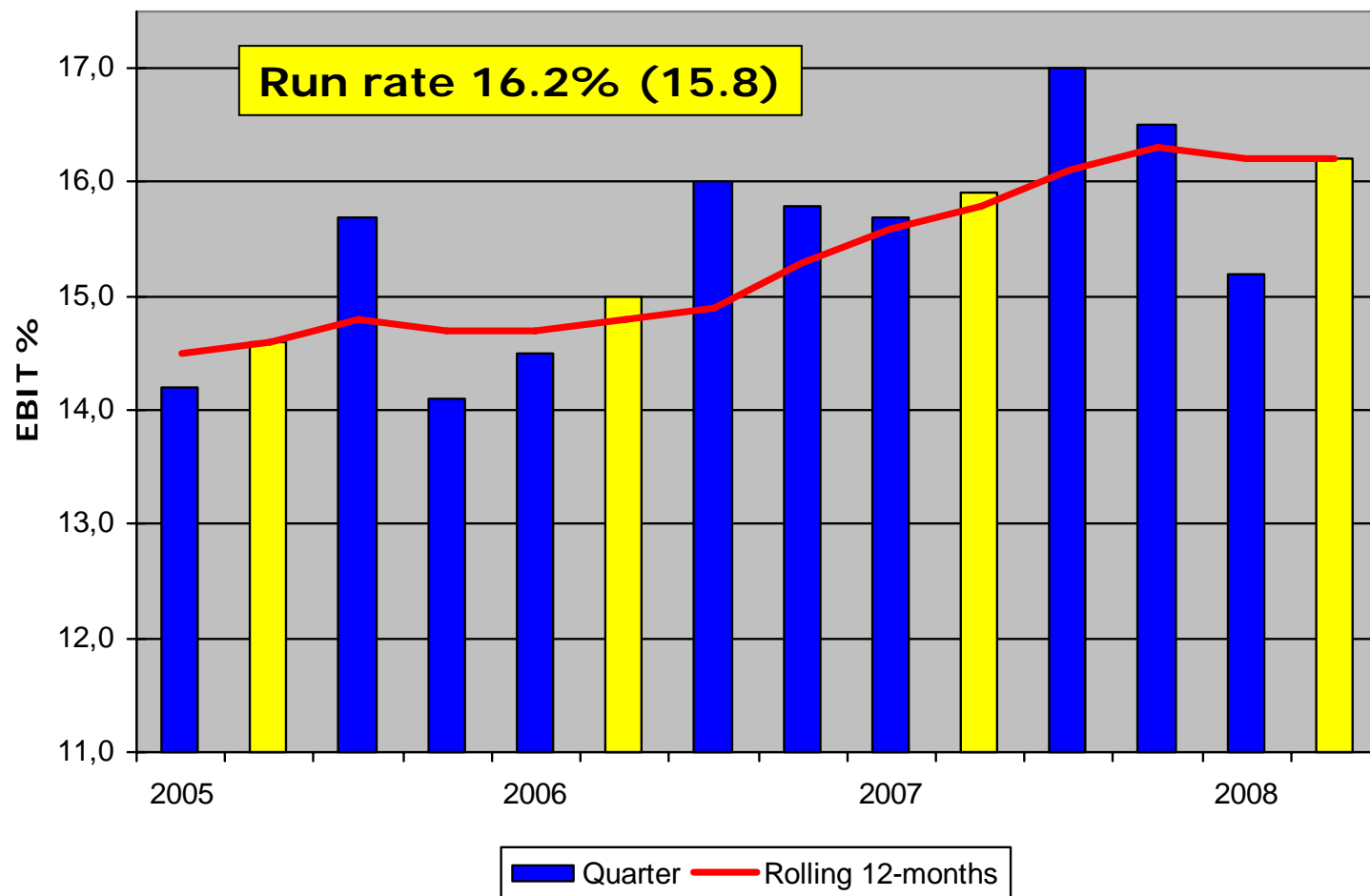
- **SimonsVoss** (Global Tech) and **Copiex** (EMEA), adds 600 MSEK when approved

Operating Income* (EBIT) MSEK



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

Operating Margin* (EBIT)



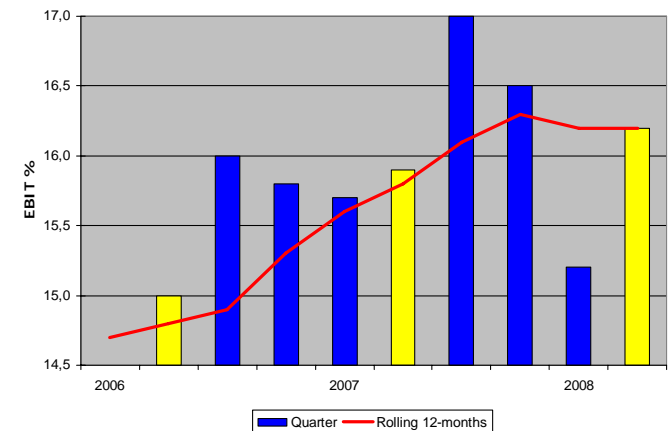
*Excluding 2006 restructuring costs of 1,474 MSEK

Margin Highlights Q2

- EBIT margin 16.2% (15.9%)
- Total growth 8% with organic growth of 5%
- Gross margin improved
 - Stable development of raw material
 - Restructuring supports the profit, 20 sites closed
 - o Total reduction of 1,702 employees
 - o Quarterly saving 50 MSEK (run rate 110 MSEK, 73% completed)
- Dilution from acquisitions by -0.3%
- Geographic mix and currency effect by -0.2%

Accelerating Manufacturing Footprint

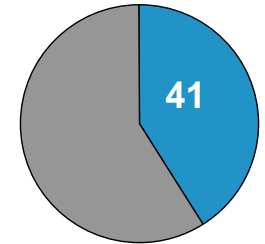
- Current footprint program a success
- Further acceleration of manufacturing footprint
- 30 new projects with possible closure of 15 sites
- Conversion to assembly in high cost countries
- Estimated cost 700-800 MSEK, 1,000 people
- Cost to be fully booked in 2008
- Payback 2-3 years



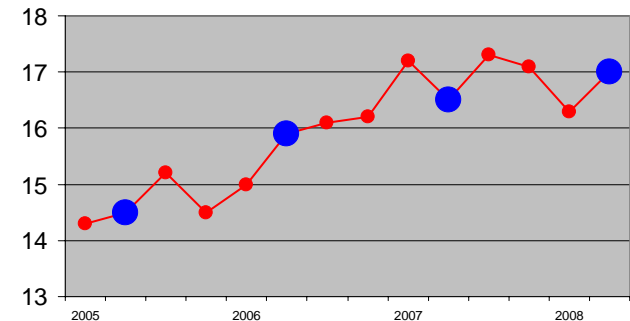
Division - EMEA

- Negative sales development in UK, Spain and the Baltics
- Stable sales on a low level in other core markets
- Continued strong sales development in Africa, Middle East and most of Eastern Europe
- Strong margin improvement from efficiency gains
- Closure of Yale Door & Window, UK
- Operating margin (EBIT)
 - + Volume
 - + Price increases
 - + Restructuring savings

SALES
share of
Group total %



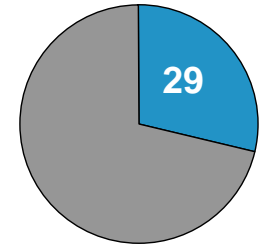
EBIT %



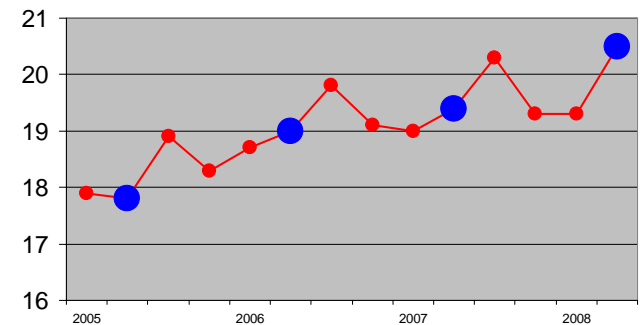
Division - Americas

- Stable development of the Commercial segment
- Negative sales development in Residential and Mexico
- South America in good progress
- Price management has offset rapid steel price increase
- Operating margin (EBIT)
 - + Volume
 - + Price management
 - + Restructuring savings

SALES
share of
Group total %



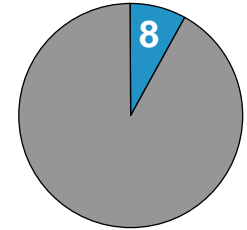
EBIT %



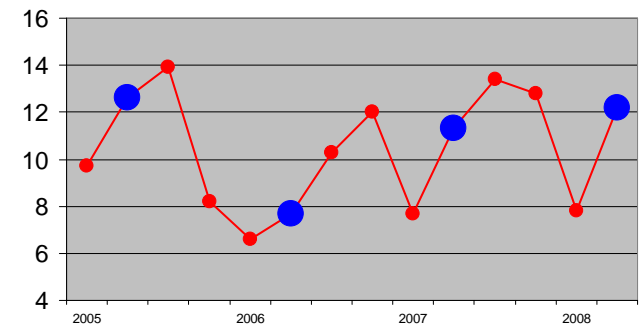
Division - Asia Pacific

- Strong growth in Asia and in particular China
 - Success for new DIN and ANSI locks
- Stable sales development in Australia and New Zealand
- Good development of Baodean and iRevo
- Improved profitability despite dilution
- Operating margin (EBIT)
 - + Volume growth
 - + Implemented price increases
 - = Raw material

SALES
share of
Group total %



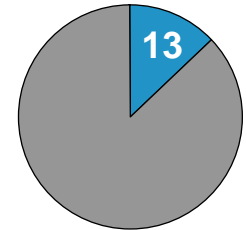
EBIT %



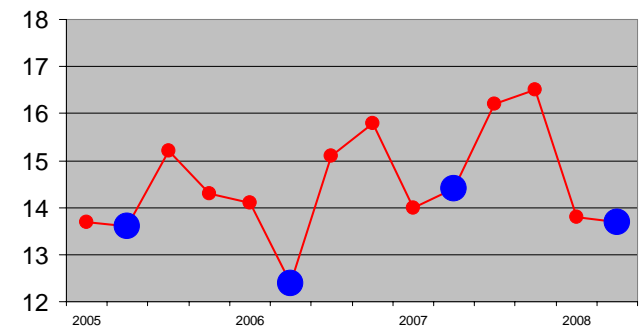
Division - Global Technologies

- Continued good performance from HID/Fargo
 - Secure identity, Crescendo and door controllers
- Hospitality in good growth through RFID
 - Affected by currency
- ITG continued negative sales development
 - Delay of larger orders
 - Exit from selected customers
- Operating margin (EBIT)
 - + Volume HID/Fargo
 - Currency effect Hospitality
 - = ITG remained weak

SALES
share of
Group total %



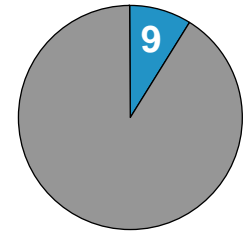
EBIT %



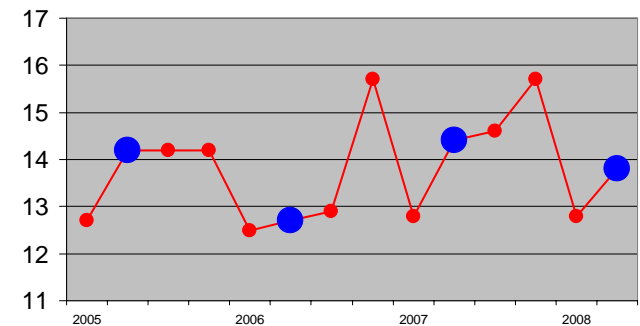
Division - Entrance Systems

- Continued good sales development of service
- Strong development of Asian sales
- Weak development of retail in the US and EMEA
- Price pressure on larger orders
- New factories in Czech and China ramping up
- Operating margin (EBIT)
 - + Volume
 - Price pressure & raw material
 - = Efficiency gains

SALES
share of
Group total %



EBIT %



Q2 Report 2008

Tomas Eliasson, CFO

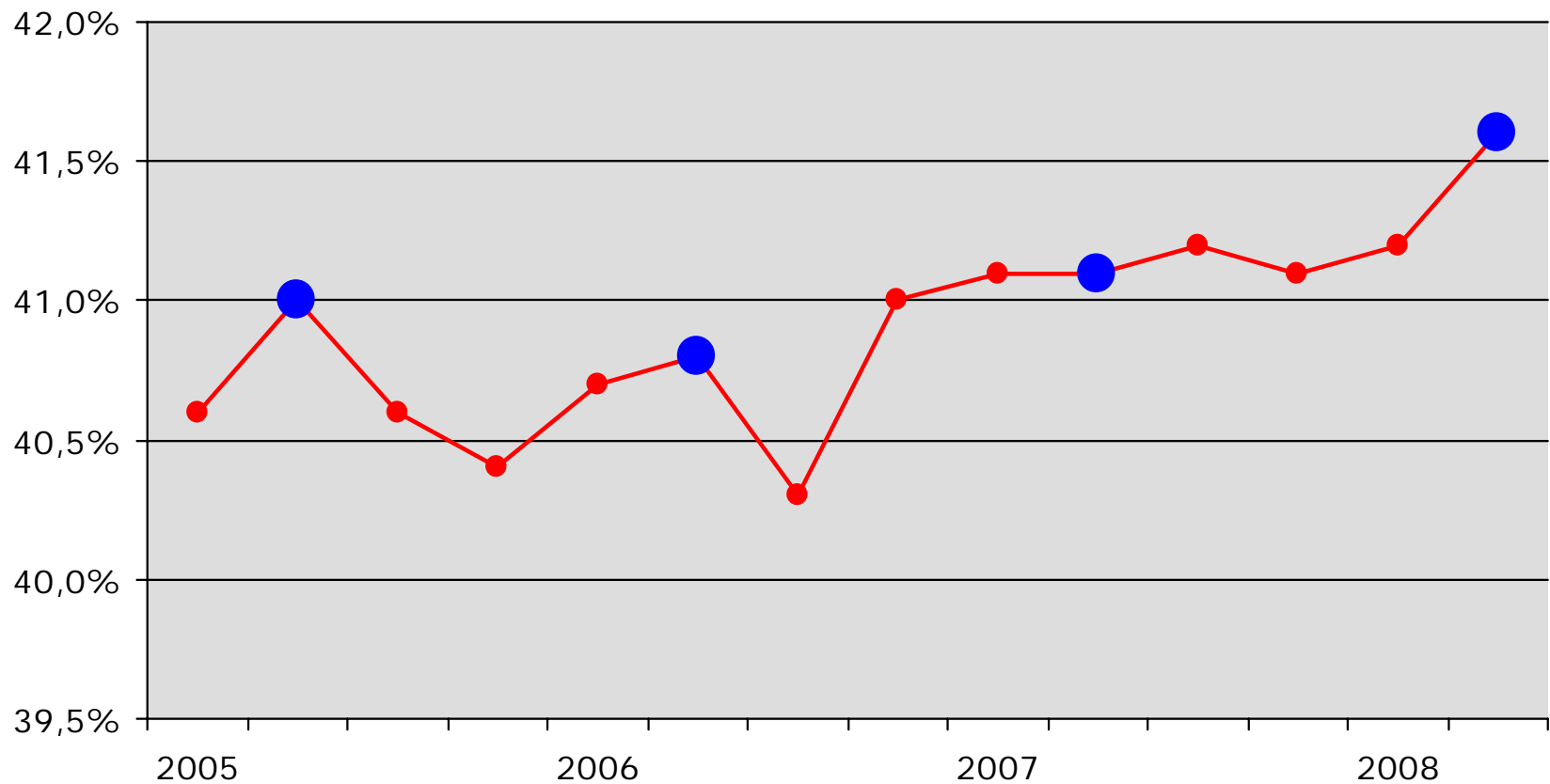


Financial Highlights Q2 2008

MSEK	Half Year			2nd Quarter		
	2007	2008	Change	2007	2008	Change
Sales	16,556	16,728	+1%	8,329	8,526	+2%
<i>Whereof</i>						
Organic growth			+3%			+5%
Acquired growth			+3%			+3%
FX-differences		-660	-4%		-386	-5%
Operating income (EBIT)	2,614	2,621	+0%	1,325	1,378	+4%
EBIT-margin (%)	15.8	15.7		15.9	16.2	
Operating cash flow	1,762	1,663	-6%	957	1,081	+13%
EPS (SEK)	4.36	4.38	+1%	2.20	2.30	+5%

P&L – Development

Gross Margin

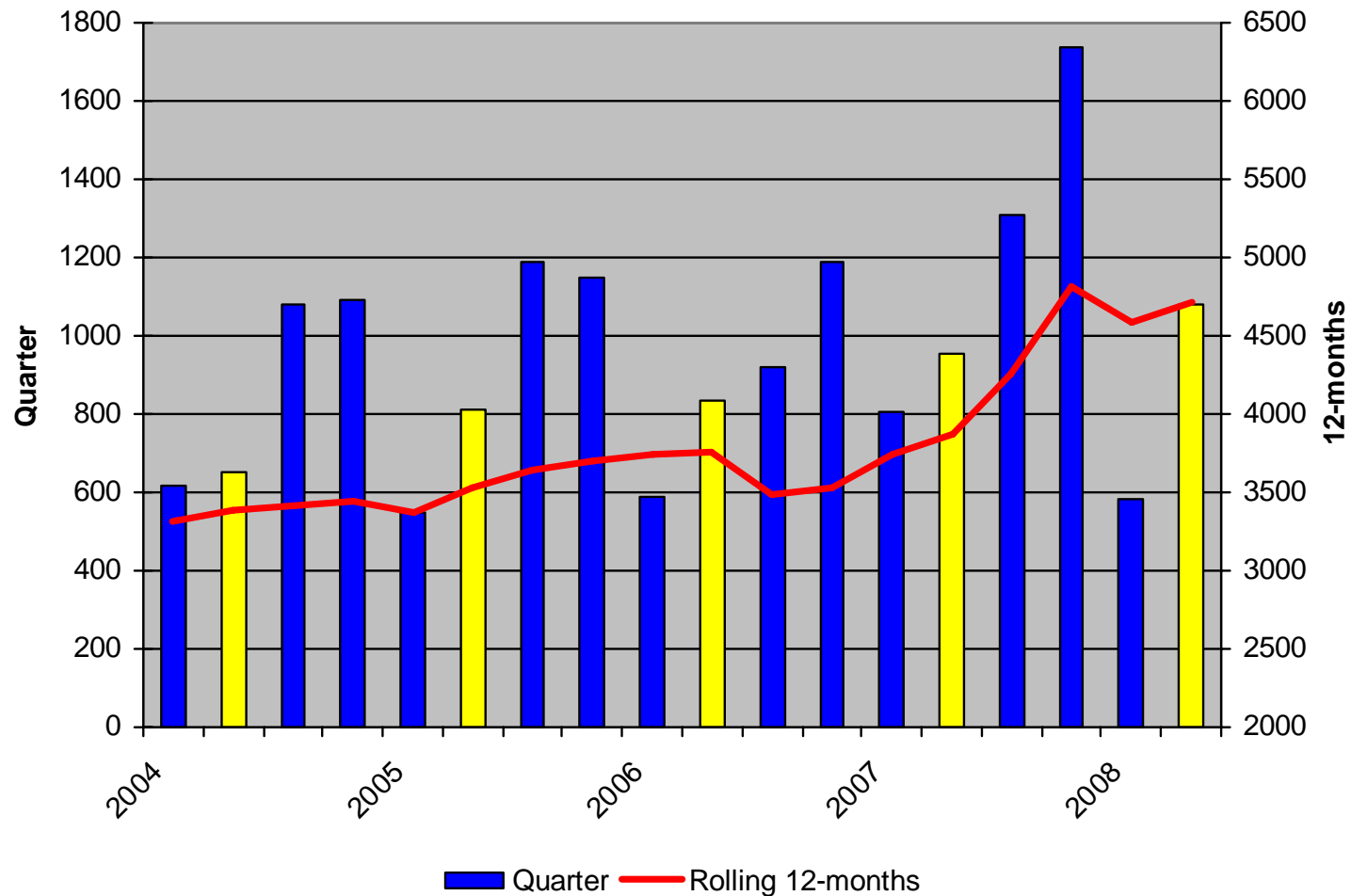


P&L – Components

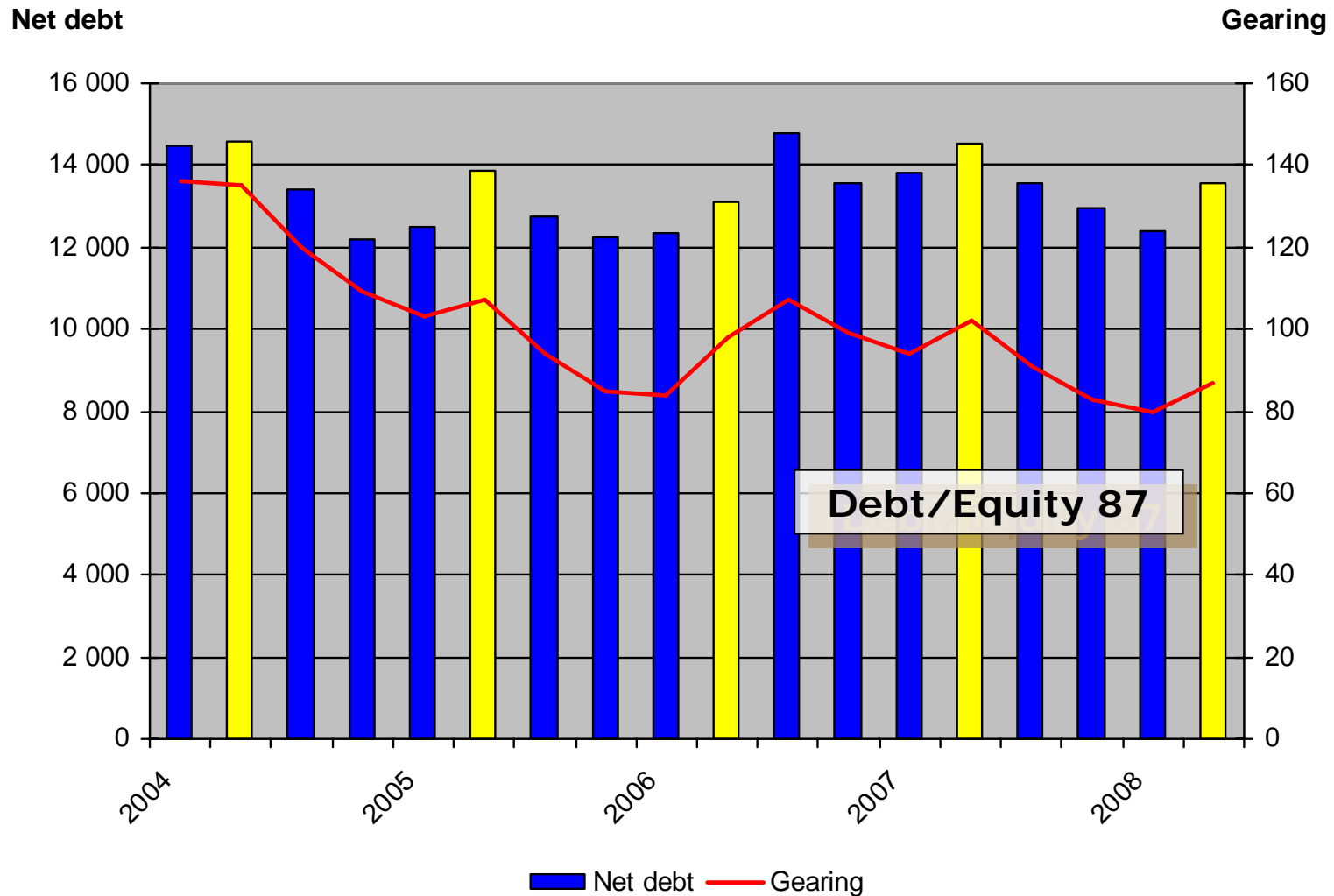
Q2 Year-on-Year

	2007	2008
▪ Direct material	31.6%	31.7%
▪ Conversion costs	<u>27.3%</u>	<u>26.7%</u>
▪ Gross Margin	41.1%	41.6%
▪ S, G & A	<u>25.2%</u>	<u>25.4%</u>
▪ EBIT	15.9%	16.2%

Operating Cash Flow, MSEK

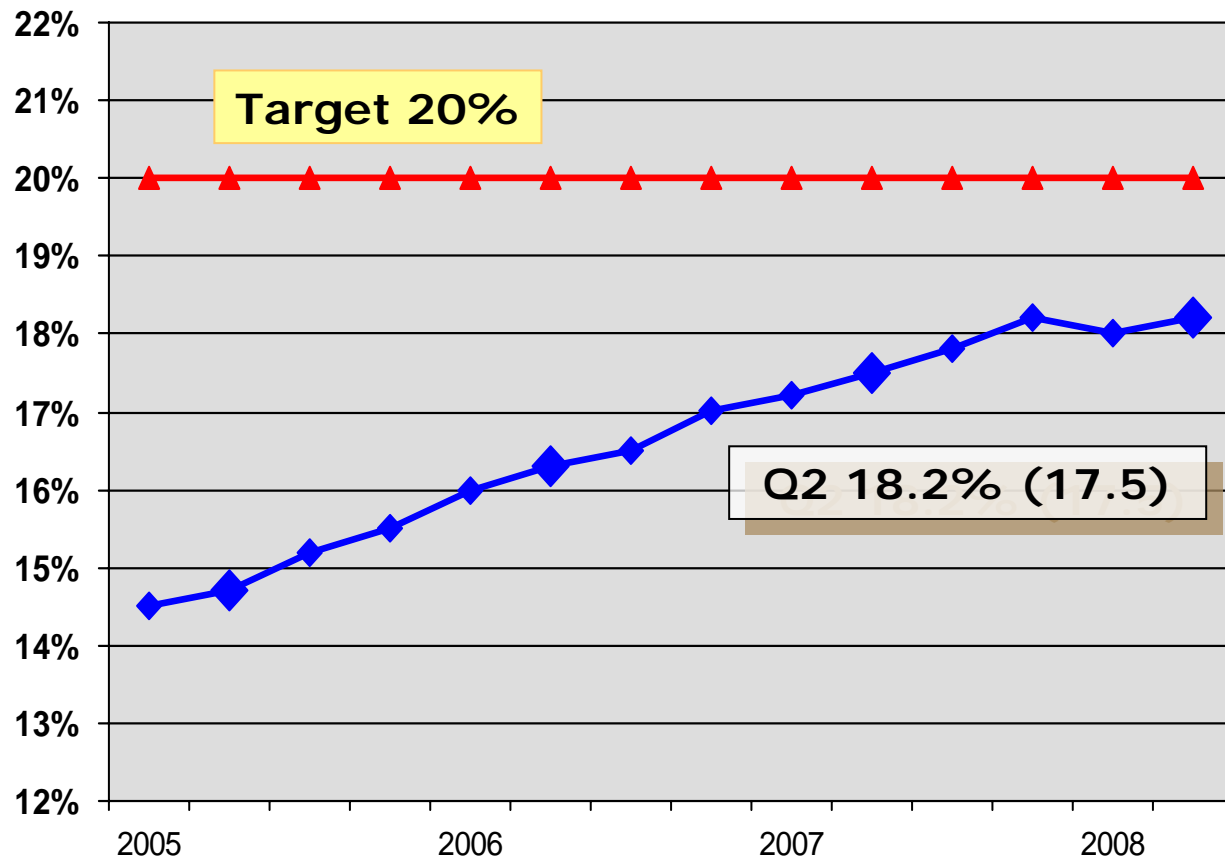


Gearing % and Net Debt MSEK



Return On Capital Employed* %

Rolling 12 Months



* 2006 excludes restructuring

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Conclusion Q2 2008

- 8% growth in local currencies
- Profit and margin in good development
- Fast growth in emerging markets
- Acquisitions in Q2 adds 4% to turnover
- Continued slow market development in Europe and Residential in the US

Long Term Outlook

- Organic sales growth is expected to continue at a good rate
- The operating margin (EBIT) and operating cash flow are expected to develop well
- For 2008 the organic growth is expected to be positive, but can be lower than 3% depending on the development of the business cycle (previous outlook 3-5%)

Q&A

