

# ASSA ABLOY



**Q4 Report 2008**  
**Johan Molin, President & CEO**

# Financial Highlights Q4 2008

- **Improved profit in a tough environment**

- Stable sales in local currencies
- Americas and Entrance systems holds up
- Construction in EMEA and Asia weakening
- Large efficiency gains supports profit

- **Sales** **9,468 MSEK** **+9%**

-4% organic, +4% acquired growth, +9% currency

- **EBIT\*** **1,469 MSEK** **+2%**

Currency effect +155 MSEK

- **EPS\*** **2,45 SEK** **+7%**

\*Excluding restructuring and one off cost of 1,010 MSEK

# ASSA ABLOY in 2008

- **Weakening demand in all parts of the world**
- **Growth in new product segments**
  - Electromechanical products, access control and automatic doors
- **Continued investment in R&D and market presence**
- **Industry consolidation continued**
  - ASSA ABLOY made 18 acquisitions

# Financial Highlights Jan-Dec 2008

- **Stable and consistent performance**

- Total growth 4% in local currencies
- Profit supported by improved gross margin & efficiency gains

- **Sales** **34,918 MSEK** **+4%**

+0% organic, +4% acquired growth, +0% currency

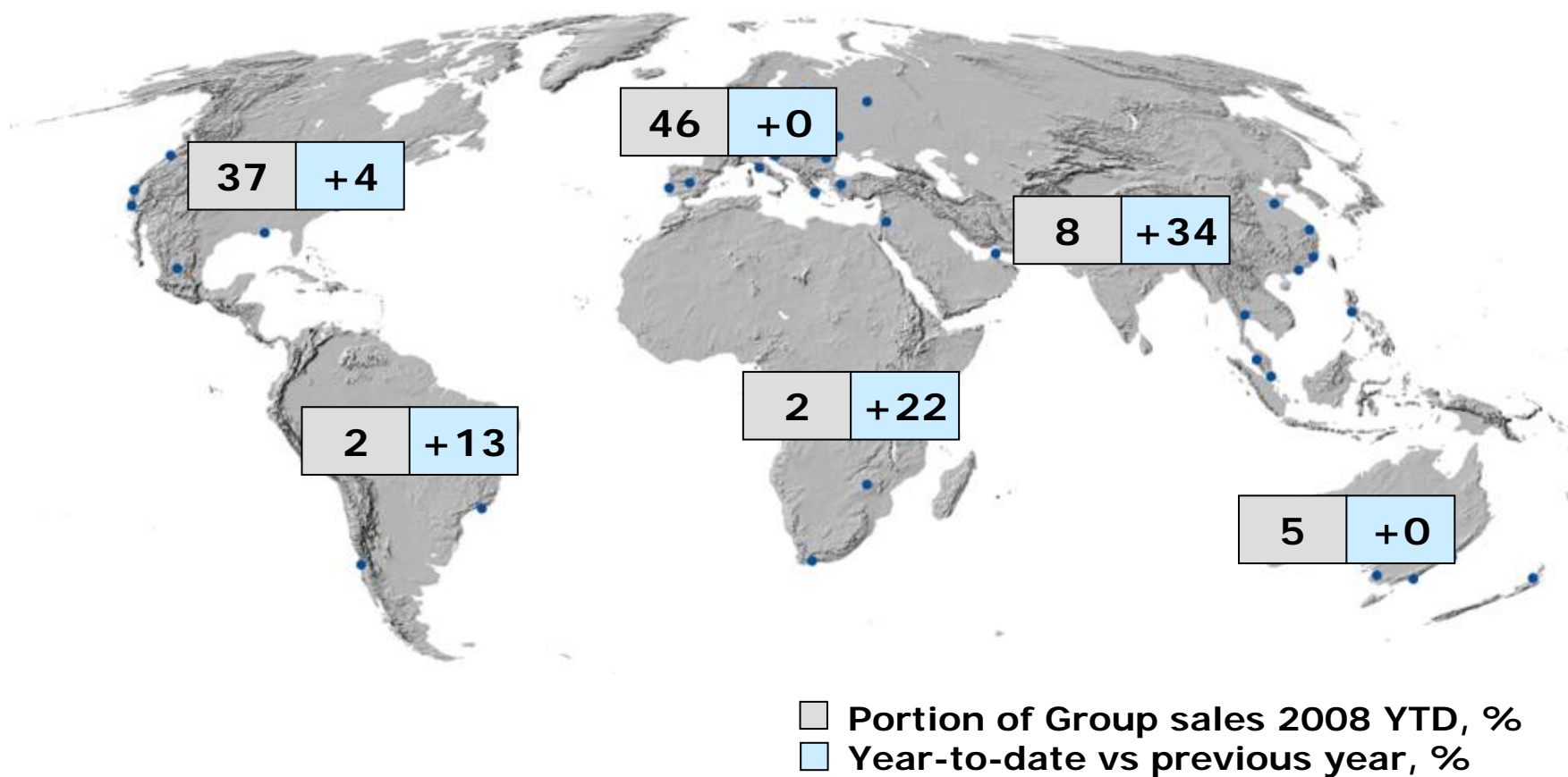
- **EBIT\*** **5,526 MSEK** **+1%**

Currency effect +5 MSEK

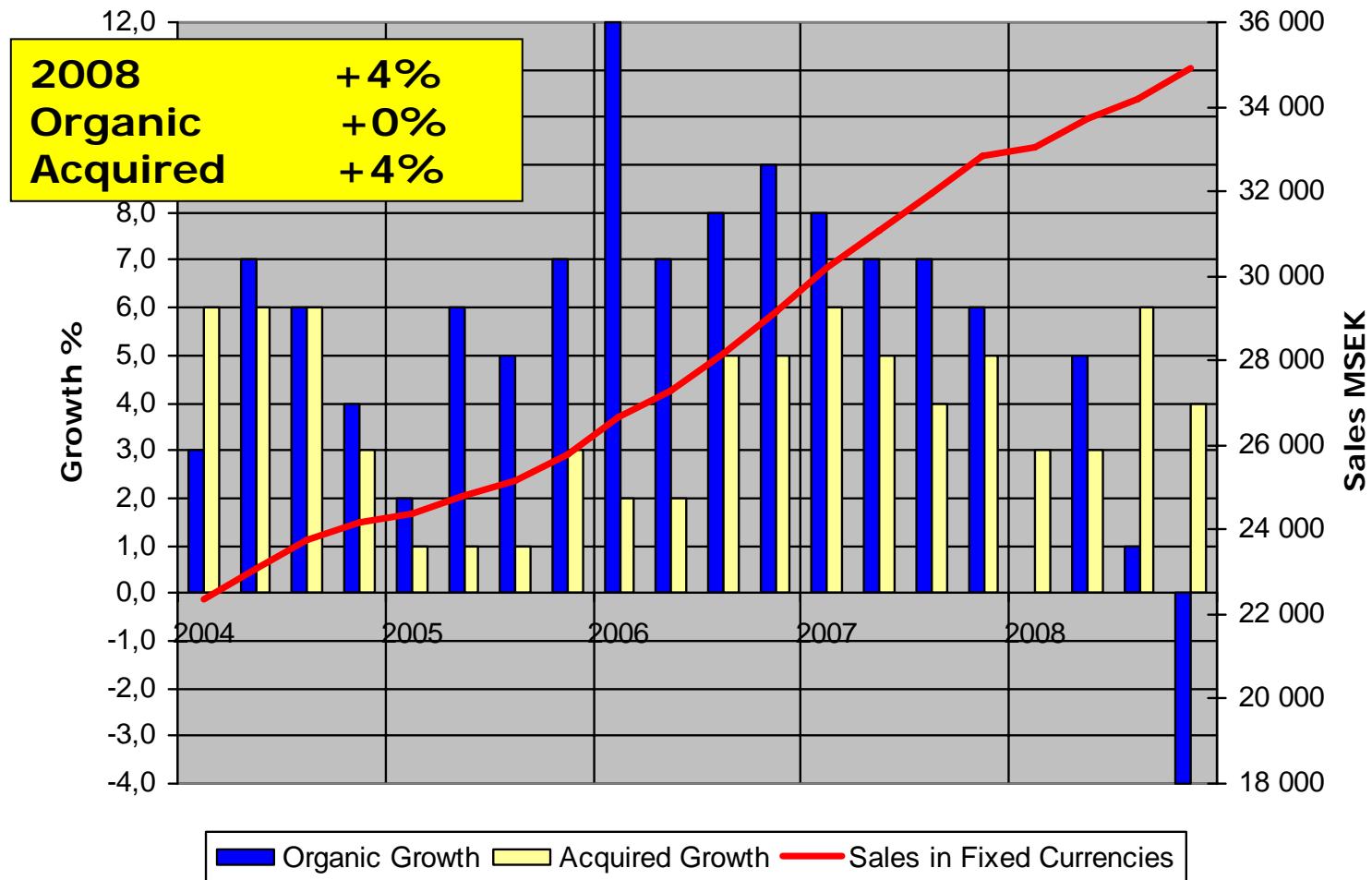
- **EPS\*** **9.21 SEK** **+2%**

\* Excluding restructuring and one off cost of 1,257 MSEK

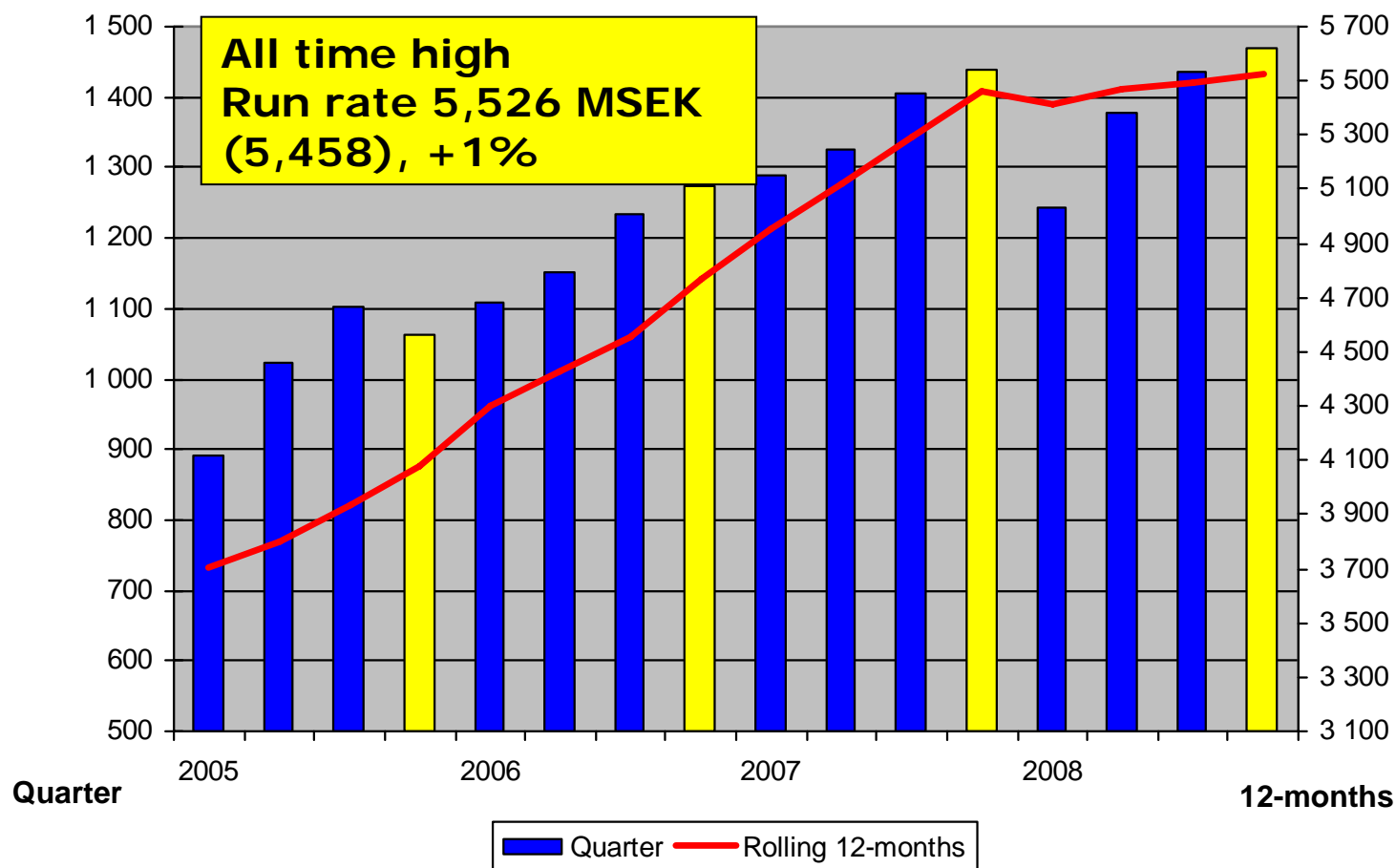
# Group Sales in Local Currencies 2008



# Sales Growth 2008 - Currency Adjusted

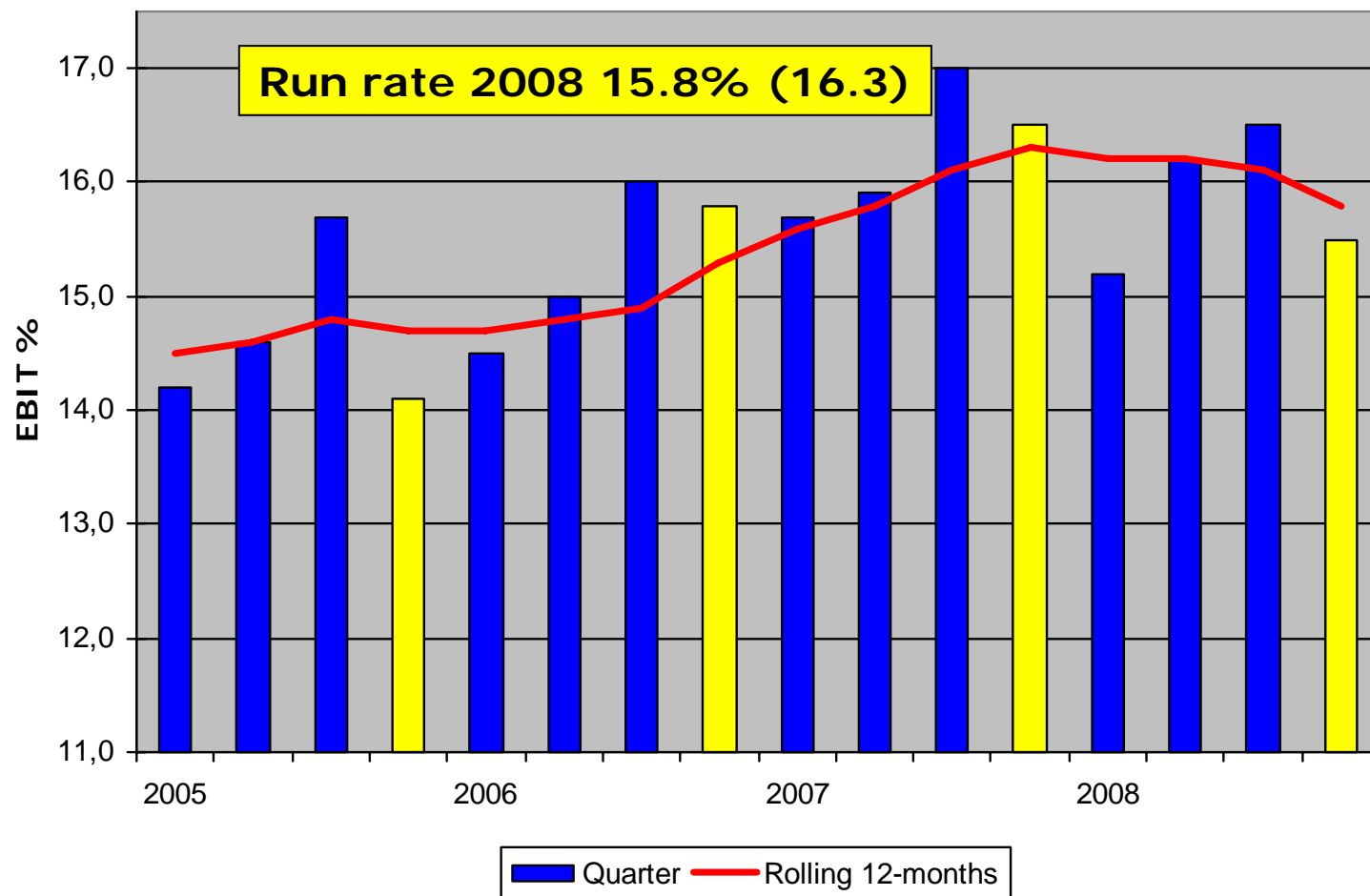


# Operating Income\* (EBIT) MSEK



\*Rolling 12-months excludes restructuring and one off costs 2006 of 1,474 MSEK and 2008 of 1,257 MSEK

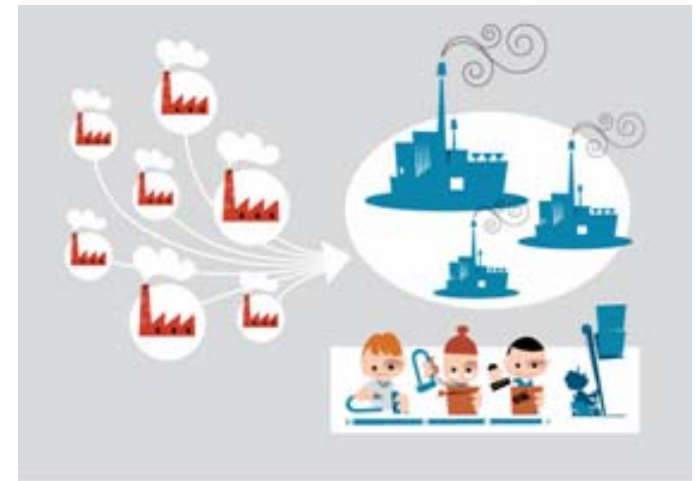
# Operating Margin\* (EBIT)



\*Rolling 12-months excludes restructuring and one off costs 2006 of 1,474 MSEK and 2008 of 1,257 MSEK

# Accelerating Manufacturing Footprint

- Current footprint program a success
- 40 new projects with planned closure of 15 sites
- Consolidation of support functions and administration
- Conversion to assembly in high cost countries
- Full cost, 1,180 MSEK taken
- Payback 2-3 years, 1,800 people

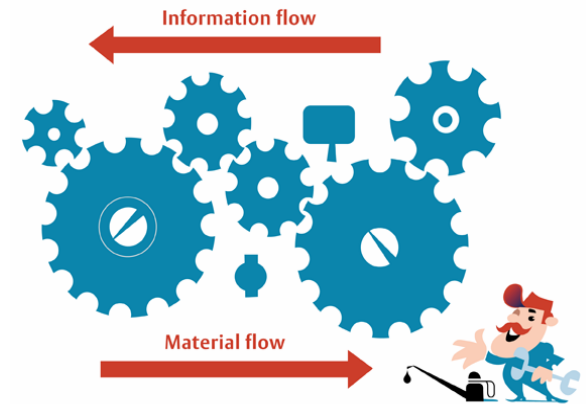


# Acquisitions 2008

- **Acquisitions on temporary hold**
- **18 acquisitions carried through during 2008**
  - Adds 1 900 MSEK annualized, +6%
- **Additions during fourth quarter**
  - 4 smaller acquisitions
  - Delisting of iRevo
- **SimonsVoss**
  - Court appeal pending

# Margin Highlights Q4 2008

- Total growth 9%, with organic -4%
- EBIT margin 15.5%\* (16.5%)
- Gross margin maintained
  - Manufacturing footprint, 24 sites closed
    - ✓ Total reduction of 2,143 employees
    - ✓ Quarterly saving 40 MSEK (run rate 130 MSEK, 87% completed)
  - Contingency plans released
  - Raw material flat

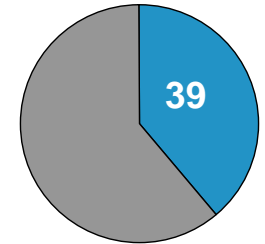


\* Excluding restructuring and one off cost of 1,010 MSEK

## Division - EMEA

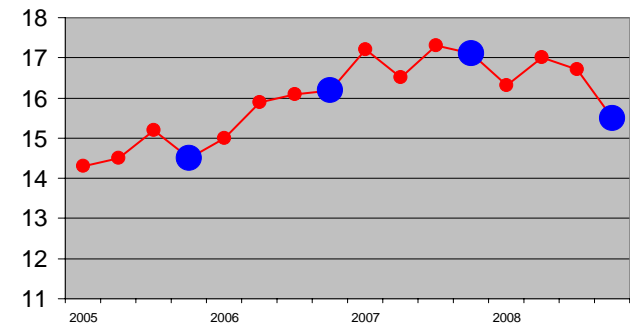
- General drop of construction throughout EMEA
- Severe downturn in UK, Spain and Italy
- Positive development in Central Europe
- Profit supported by footprint savings
- Important reduction of employees

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - Volume -9%
  - + Restructuring savings
  - Dilution from acquisitions -0,5%
  - =Raw material slightly positive

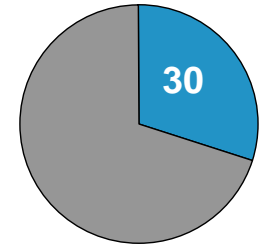
**EBIT %**



# Division - Americas

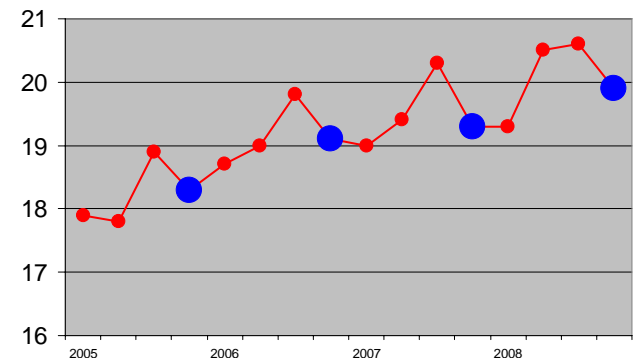
- Positive development on doors and hardware
- South America and Canada in good growth
- Residential continued down
- Profit reaches all time high

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - = Volume + 1%
  - + Strong efficiency improvement
  - = Raw materials

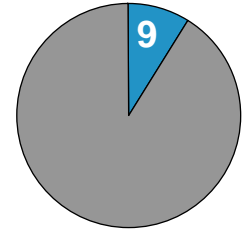
**EBIT %**



# Division - Asia Pacific

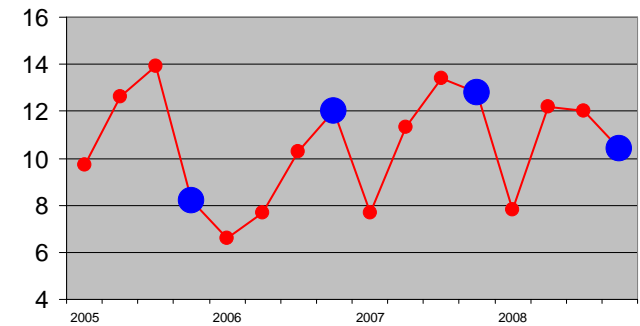
- Slowing construction in the whole region
- Negative demand within residential in the Pacific
- Production for Europe in sharp decline
- iRevo and China doors in good growth

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - Volume -8%
  - + Restructuring savings
  - = Raw material

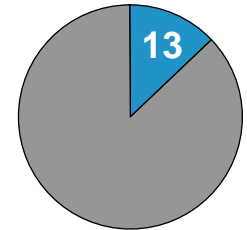
**EBIT %**



# Division - Global Technologies

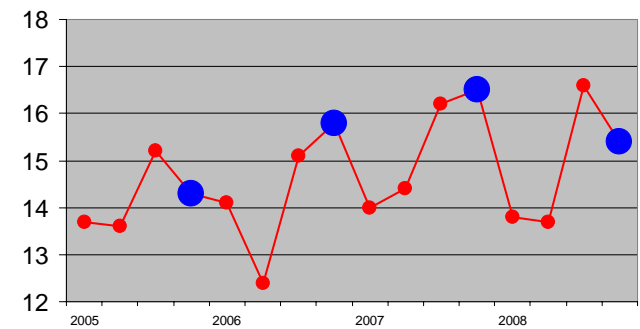
- Slight decline in HID and Fargo
  - Secure Issuance, Crescendo, Edge and RFID
- ITG continued negative
- Sales drop in Hospitality due to large projects
- Strong project pipeline in all parts but many delays
- Strong profit in HID/Fargo and weak in Hospitality and ITG

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - = Volume HID/Fargo
  - Hospitality large projects
  - Weak development of ITG

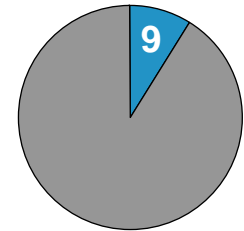
**EBIT %**



# Division - Entrance Systems

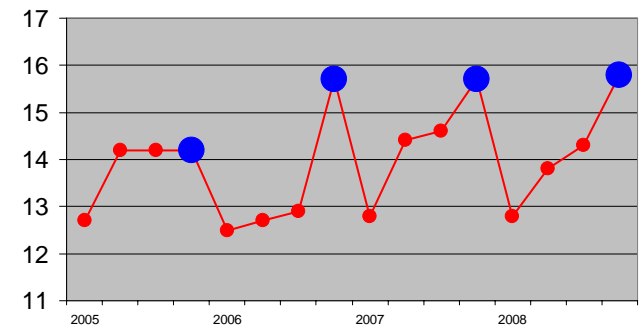
- Weak sales in retail worldwide
- Health care and institutions compensates
- Good development of service sales
- Solid development of Emerging markets
- Savings from China and Czech manufacturing

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - = Volume +3%
  - + China & Czech
  - = Raw material

**EBIT %**



# Q4 Report 2008

## Tomas Eliasson, CFO



# Financial Highlights Q4 2008

MSEK	Twelve months			4th Quarter		
	2007	2008	Change	2007	2008	Change
<b>Sales</b>	33,550	34,918	+4%	8,721	9,468	+9%
<i>Whereof</i>						
Organic growth			+0%			-4%
Acquired growth			+4%			+4%
FX-differences		+16	+0%		+810	+9%
<b>Operating income (EBIT)*</b>	5,458	5,526	+1%	1,440	1,469	+2%
EBIT-margin (%)*	16.3	15.8		16.5	15.5	
<b>Operating cash flow</b>	4,808	4,769	-1%	1,740	1,916	+10%
<b>EPS (SEK)*</b>	9.02	9.21	+2%	2.30	2.45	+7%

\*Excluding restructuring and one off charges of 1,010 MSEK in Q4 and 1,257 for the full year

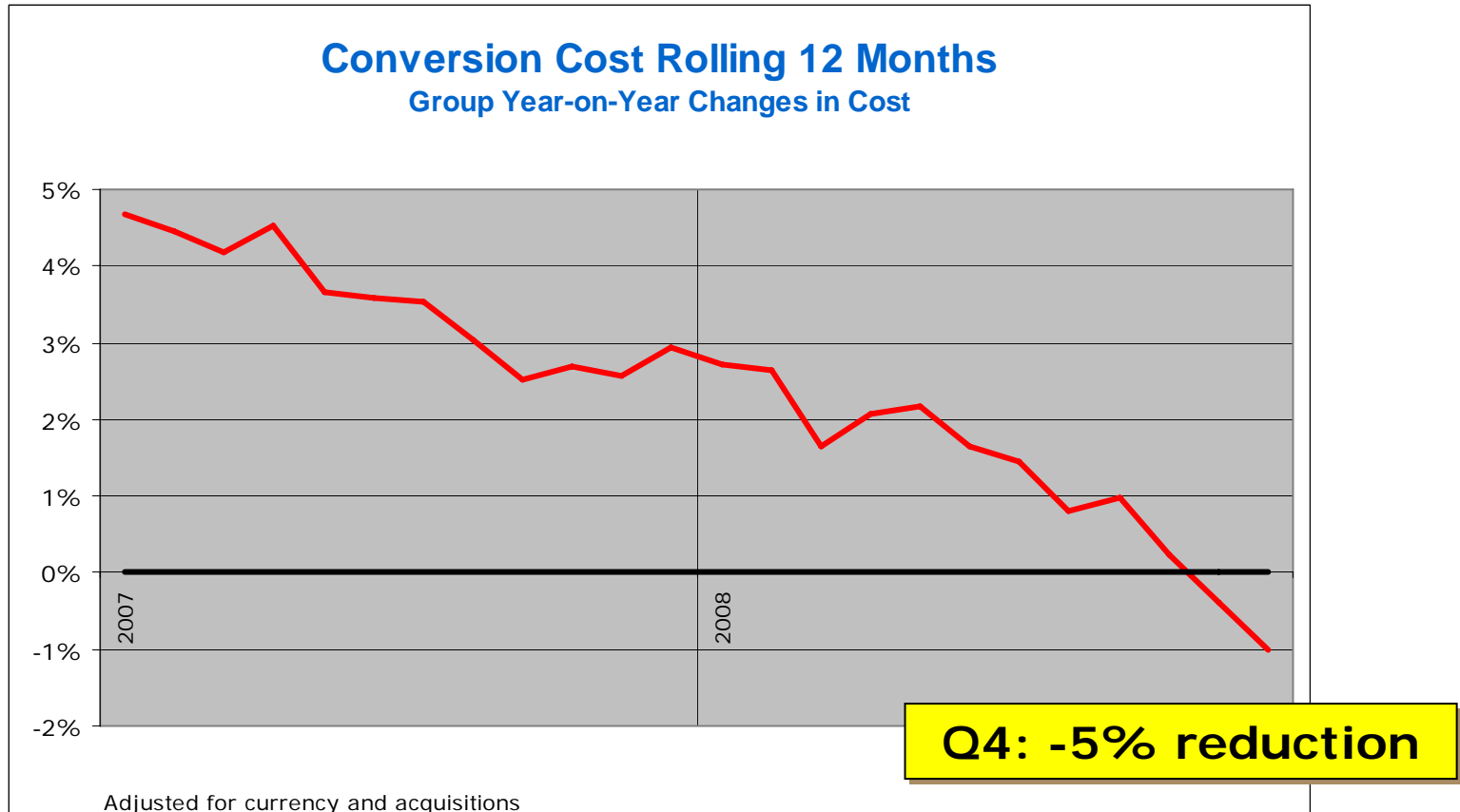
# P&L – Components as % of Sales

Q4 Year-on-Year

	2007	2008*
■ Direct material	33.0%	33.4%
■ Conversion costs	<u>25.9%</u>	<u>25.4%</u>
■ Gross Margin	41.1%	41.2%
■ S, G & A	<u>24.6%</u>	<u>25.7%</u>
■ EBIT	16.5%	15.5%

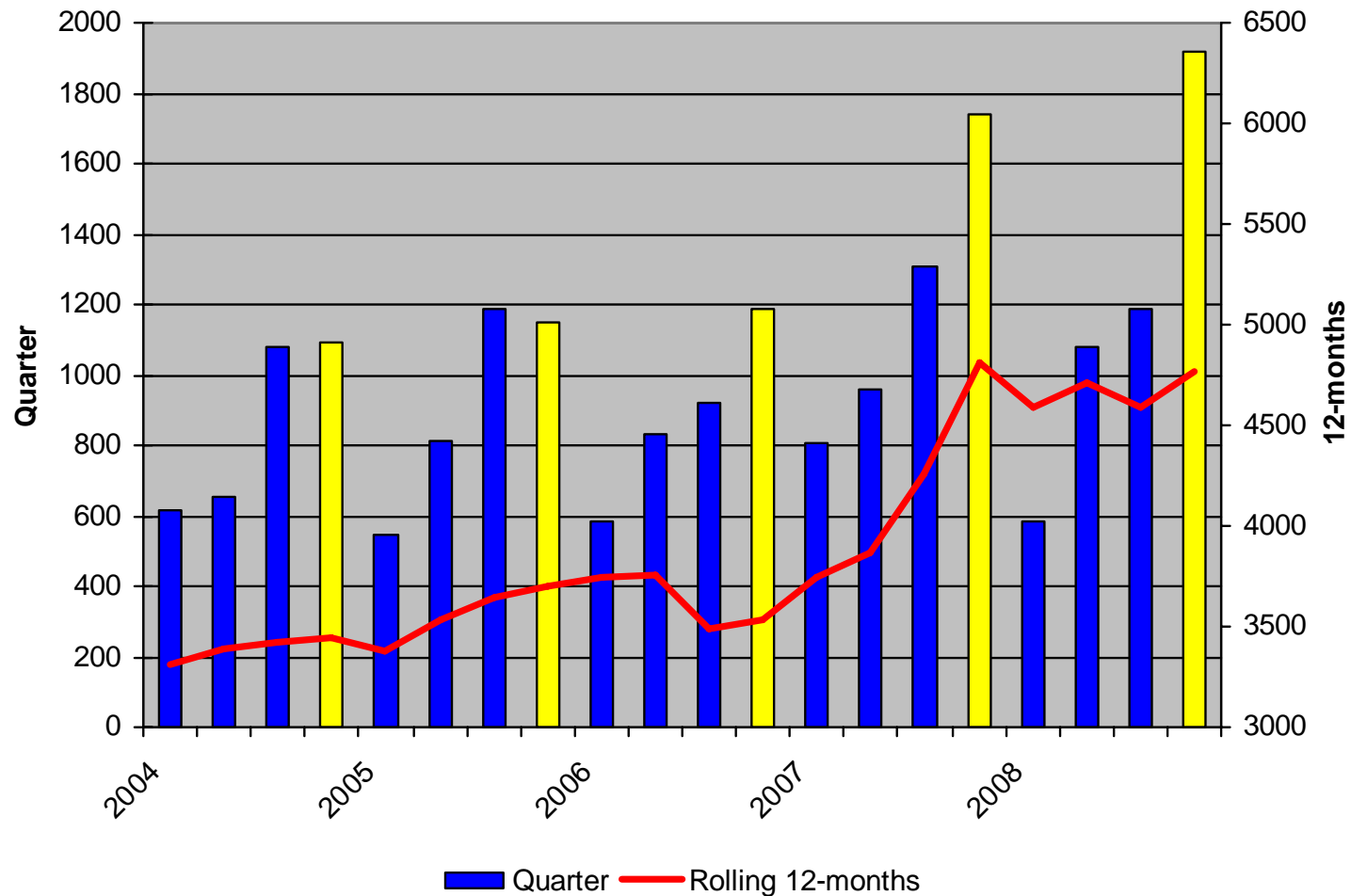
\* Excluding restructuring and one off cost of 1,010 MSEK

# Cost Development

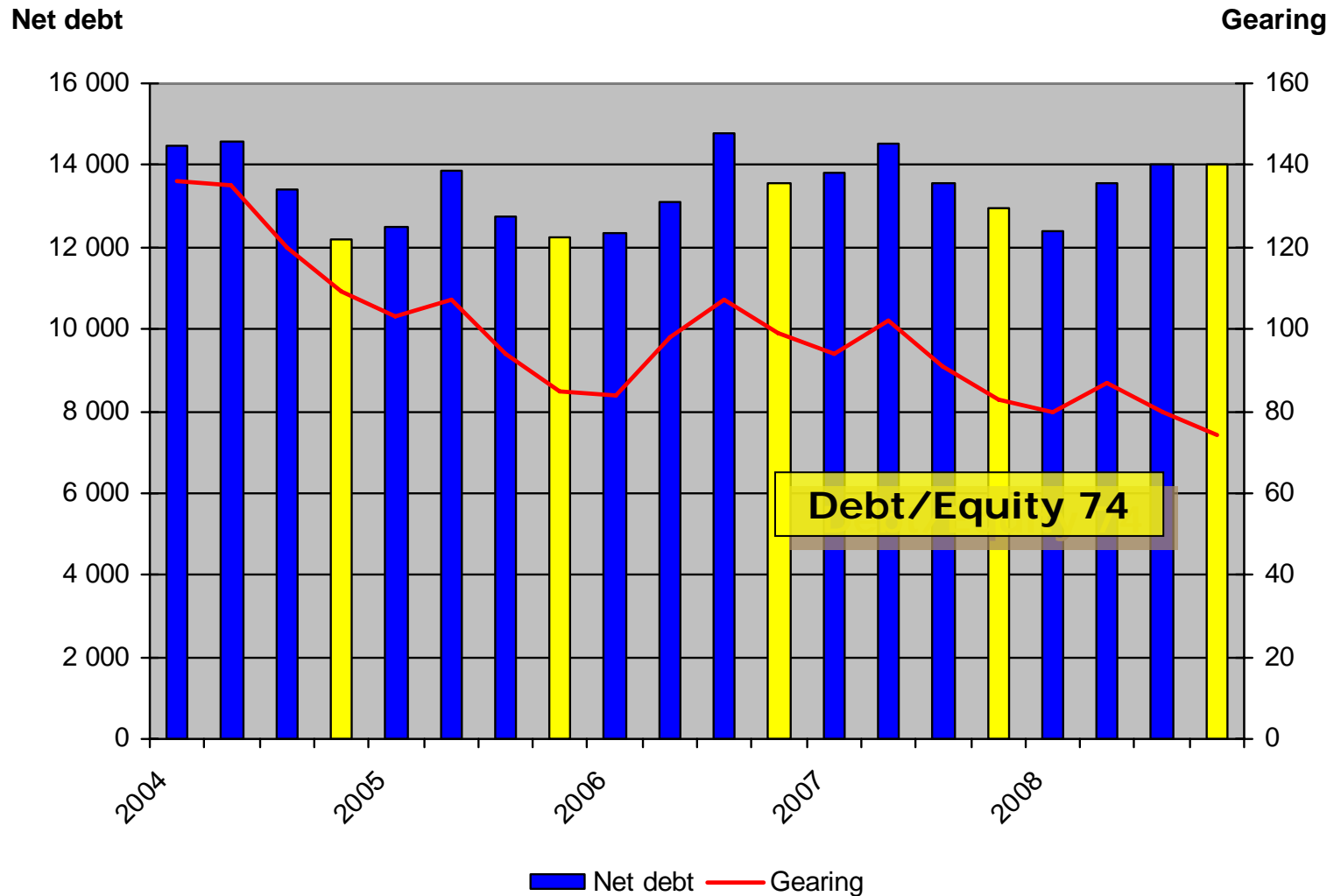


Conversion cost = all fixed and variable production costs excluding material

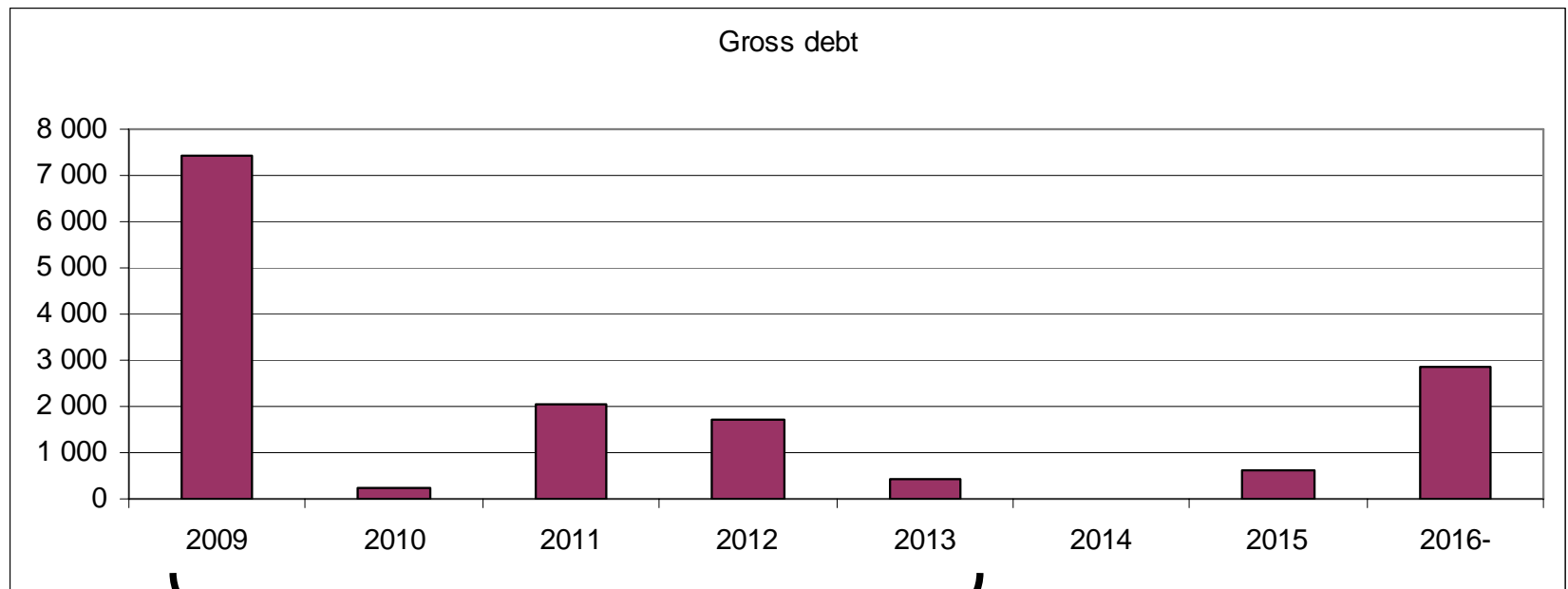
# Operating Cash Flow, MSEK



# Gearing % and Net Debt MSEK

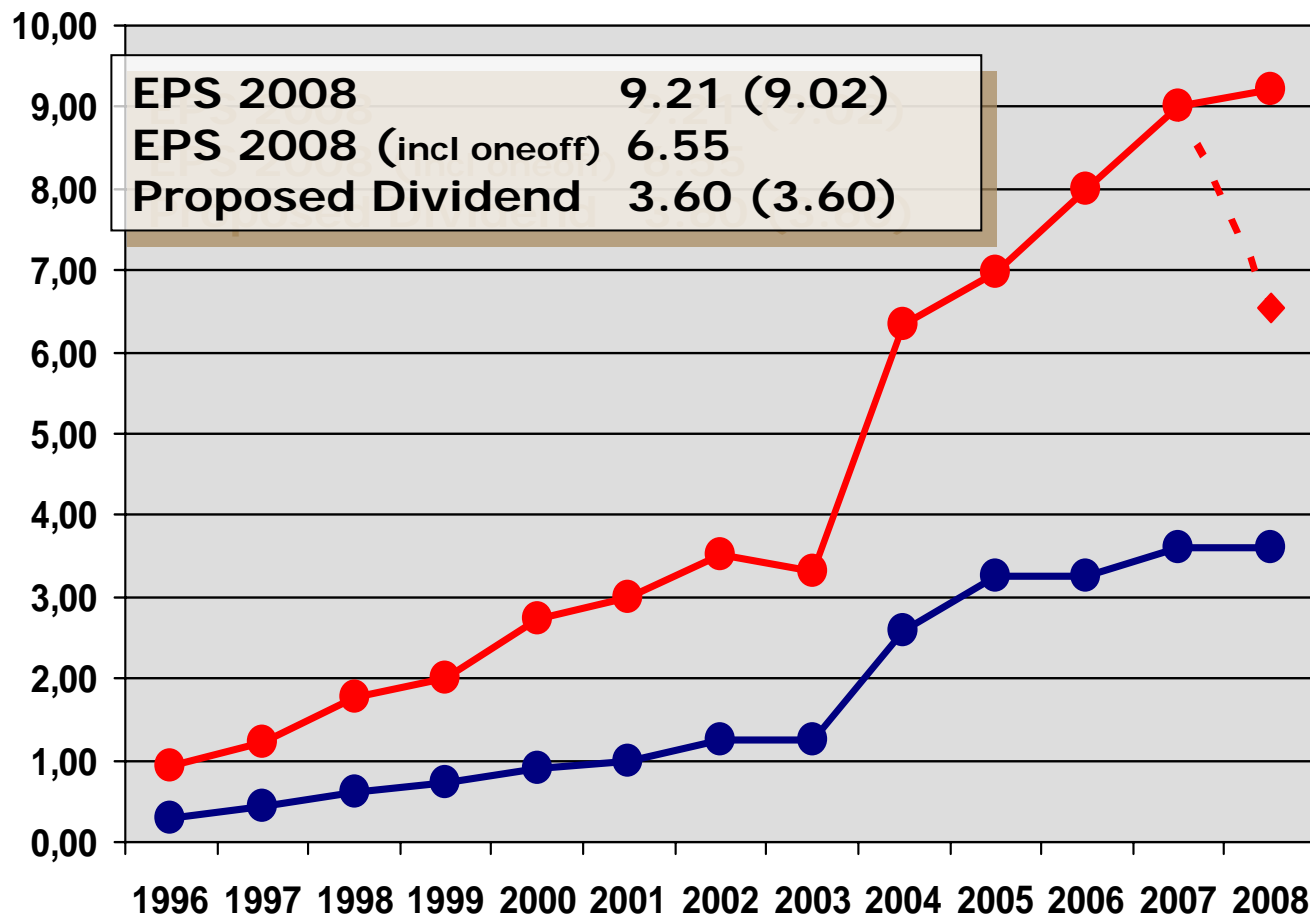


# Maturity Profile Gross Debt



**Covered by SEK 11 B back-up facility  
if necessary**

# Earnings per Share and Proposed Dividend, SEK



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**Johan Molin, President & CEO**



# Conclusion 2008

- 4% growth
- All time high profit despite economic headwind\*
- Continued investments in R&D and market presence
- 18 acquisitions
- Record strong operational cash flow

\*Excluding restructuring and one off cost of 1257 MSEK

# Short Term Actions 2009

- Stay close to customers
- Continue investments in new products
- Cost reductions
- Cash and margin focus
- Be ready to react fast on market opportunities

# ASSA ABLOY and the Economic Slowdown

- Significant construction slowdown in all parts of the world
- Raw material prices will reduce cost from Q1
- Manufacturing footprint in full motion
  - Going forward 16 site closures and >2 000 people
- Contingency plans released in Q4 in all divisions

# Outlook

## Long Term

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

## Outlook for 2009

- Significant construction slowdown in all parts of the world
- Negative organic growth is expected

# Q&A

