ASSA ABLOY

# Q1 Report 2010

Johan Molin
President & CEO

# Financial Highlights Q1 2010

- **Improved market condition and margin expansion**
  - All parts of the world improving
  - Aftermarket back in the USA, new construction weak
  - EMEA turned to growth and APAC strongly growing
  - Large efficiency gains supported strong EBIT

- **Sales** **8,345 MSEK** **-6%**

  -3% organic, +5% acquired growth, -8% currency

- **EBIT** **1,295 MSEK** **-2% ***

  Currency effect -98 MSEK

- **EPS** **2.36 SEK** **+7%**

  Reduced interest and tax rate

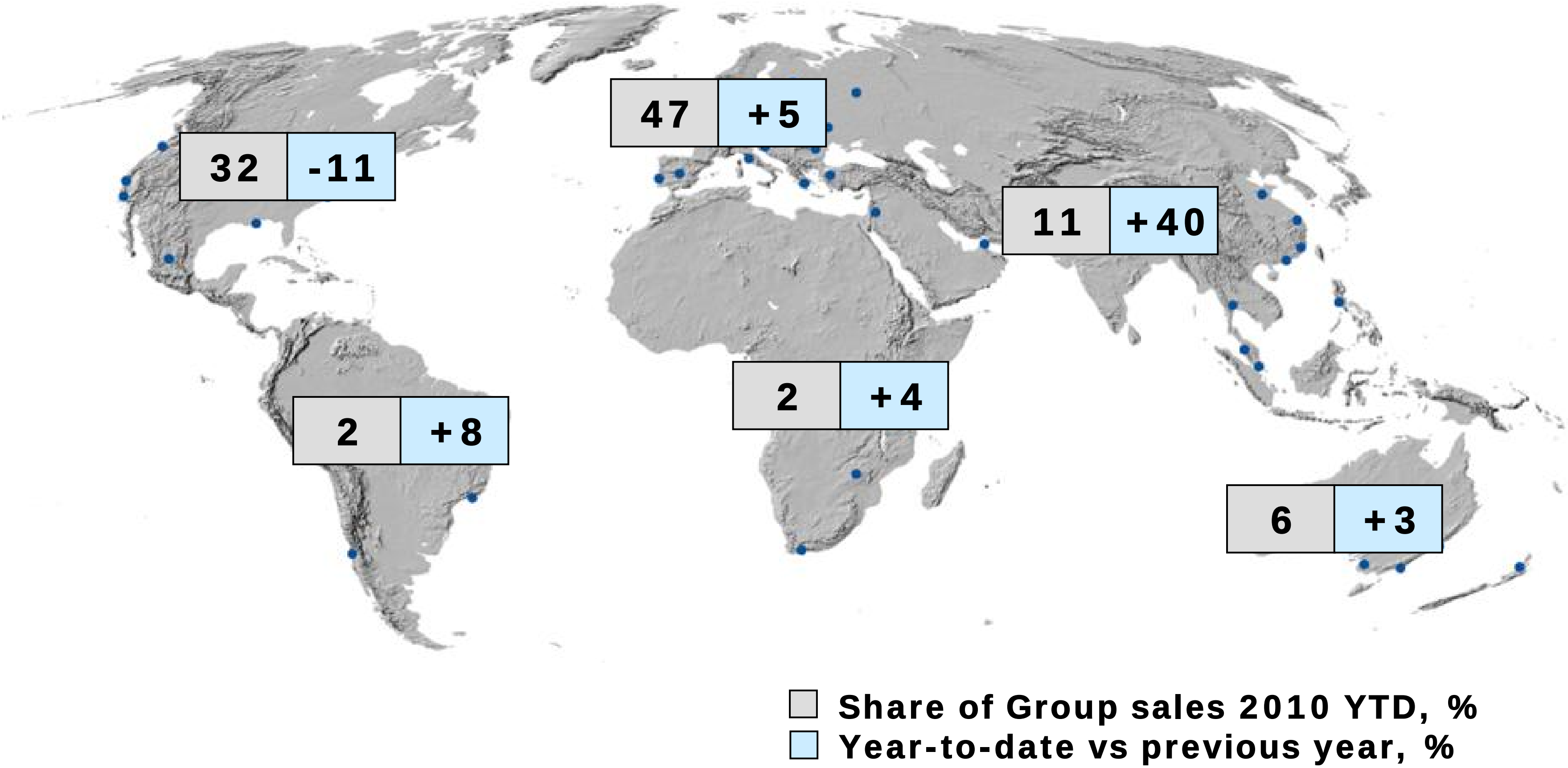
* Excluding restructuring charges in 2009 of MSEK 109

# Sales Highlights Q1

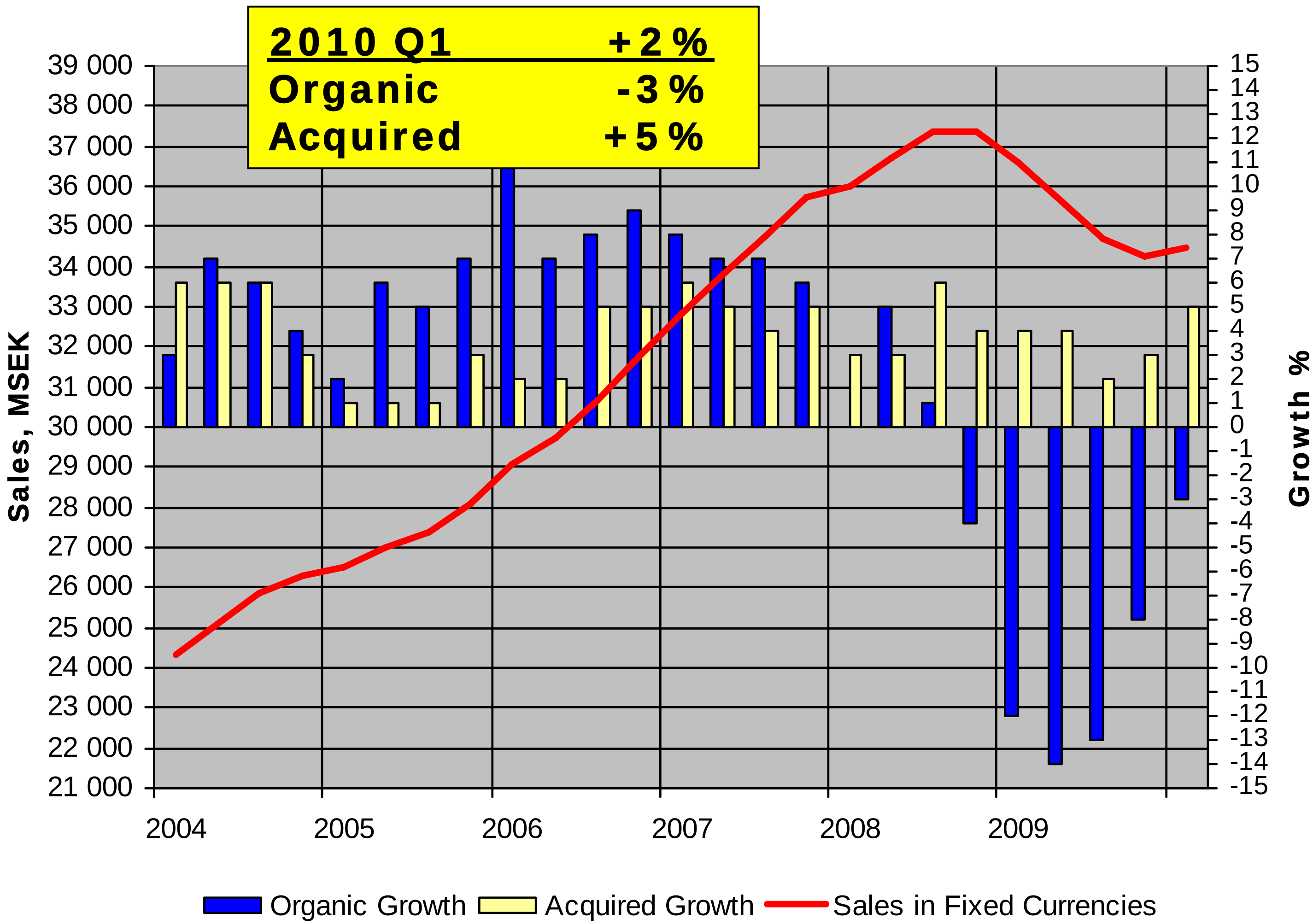
- **Orders are growing**
- **Resumed investment in sales force**
- **Large number of new products reinforces competitiveness**
  - Global platforms, broadening of market reach
- **Strong growth of electronic locking systems**
  - Signature online, Aperio, Smartair, Cliq+, Cliq remote, Logical access
- **New revolutionary printer range launched**
  - Neo platform
- **Good activity of acquisitions**


HID
Advanced Generation of FARGO®
Direct-to-Card Printers

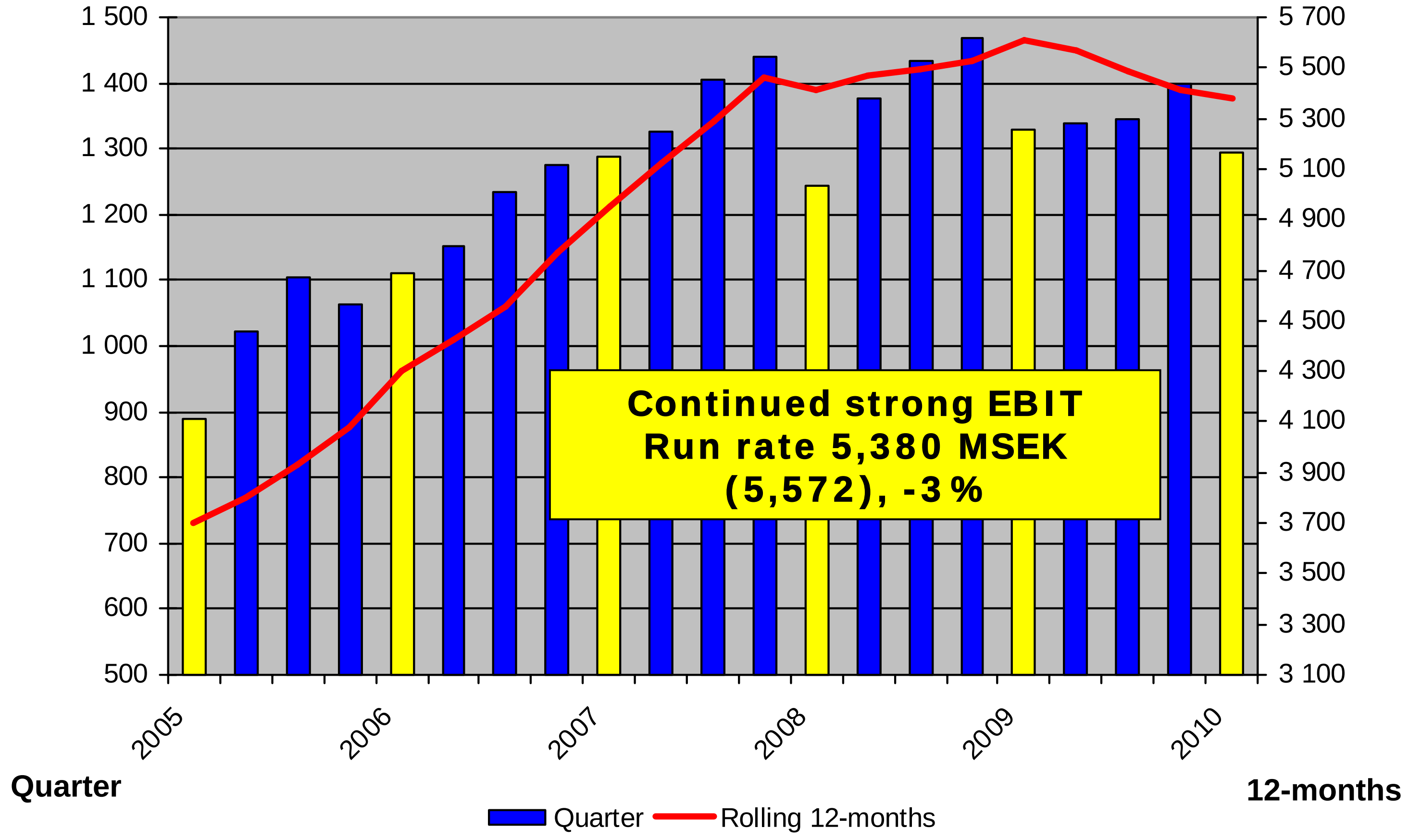
# Group Sales in Local Currencies Jan-Mar 2010



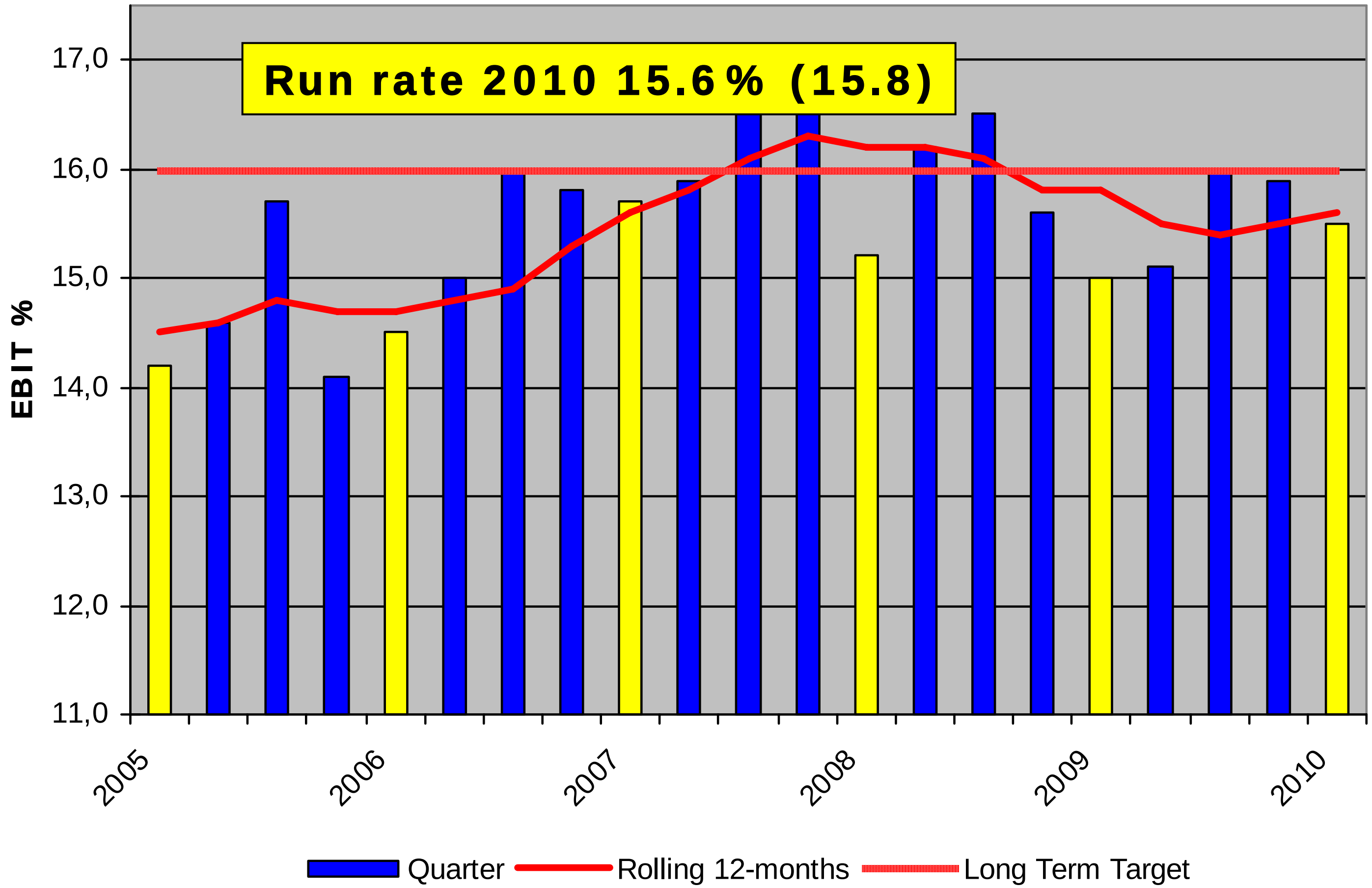
# Sales Growth Q1 2010 - Currency Adjusted



# Operating Income (EBIT) MSEK



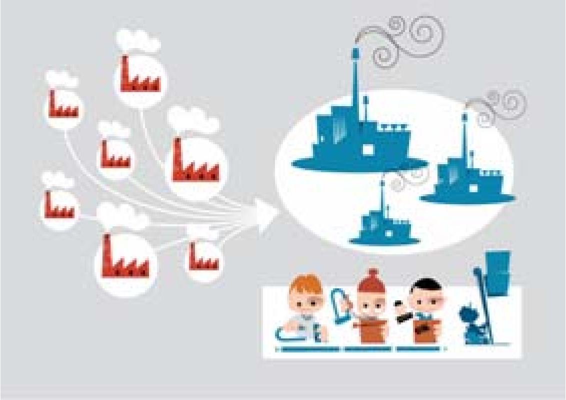
# Operating Margin (EBIT)



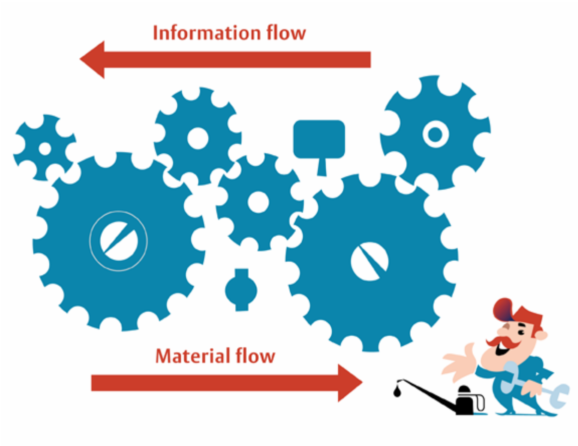
# Manufacturing Footprint

- Conversion to assembly or closures in high cost countries
  - 37 factories closed to date, 14 to go
  - 27 factories converted to assembly, 27 to go
  - 8 offices closed, 17 to go
- Consolidation of core production to China and Eastern Europe
- Personnel reduction 4,829p, +30% to plan
- 1,570p more to go

→ 1,406 MSEK remains at the end of the first quarter for all three programs



# Margin Highlights Q1 2010




**EBIT margin 15.5% (15.0)**

- Volume drop of 4%, Price +1%
- Acquisition dilution of -0.5%
- Negative mix effect due to growth in emerging markets -0.2%

\+ Manufacturing footprint gives good contribution

→ 4,829 people since project start

= S, G & A cost slightly declining, 24.8%

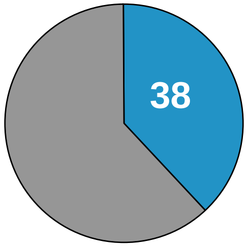
# Acquisitions 2010

- **Fully active on acquisitions**
  - Growing pipeline with target 5% growth
- **4 acquisitions completed in 2010**
  - Pan Pan, China
  - Aptus, Sweden
  - Peiser, Germany
  - Schaub, USA
  - Annualized 1,810 MSEK, +5.2%

# Division - EMEA

- Growth is back!!!
- Positive development in most parts
  - But low level of growth
- Eastern Europe, Italy and Spain negative
- Raw material and weak Euro compensated by pricing
- EBIT strongly improved on the back of savings

**SALES**
share of
Group total %




- Operating margin (EBIT)

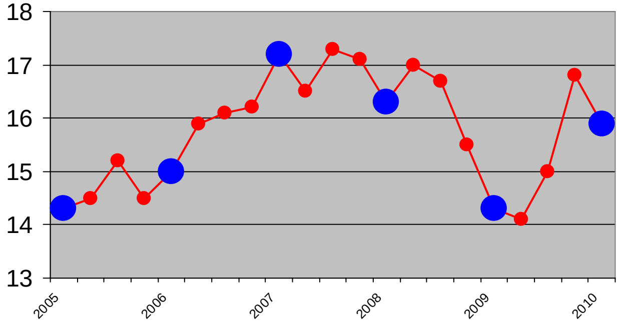
  \+ Volume 2%

  \+ Good response to new products

  \+ Restructuring savings

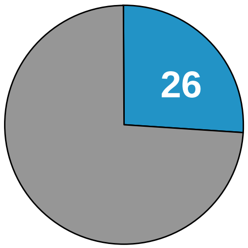
  \- Material costs increasing

**EBIT %**

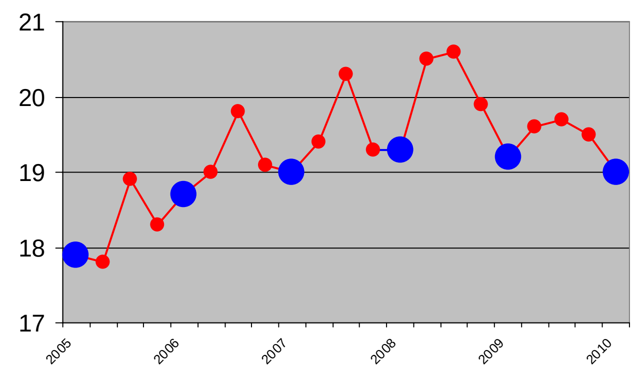


# Division - Americas

- Continued decline in the commercial and residential market
- Very good pickup of aftermarket, especially elmech
- South America and Mexico growing
- Door Group declined >20%
- Pricing and sourcing compensates material cost increase
- Strong EBIT margin through savings



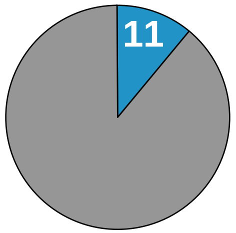

- Operating margin (EBIT)
  - \- Volume -11%
  - \+ Strong efficiency improvement
  - \- Raw materials increasing



# Division - Asia Pacific

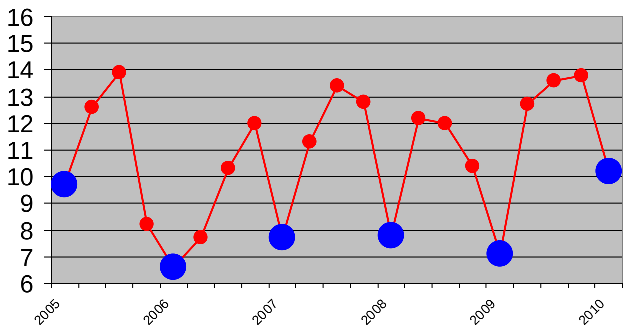
- Good growth in all units except Korea
- Strongly improved profit
- Capacity expansion in China
- Dilution from Pan Pan by 1%
- Raw materials a short term threat

**SALES**
share of
Group total %




- Operating margin (EBIT)
  - \+ Volume +11%
  - \+ Currency effects
  - \+ Restructuring savings
  - \- Raw material

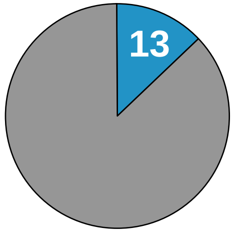
**EBIT %**



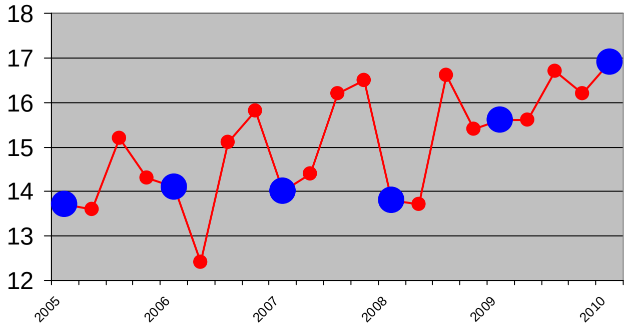
# Division - Global Technologies

- Orders intake for HID strongly up, >20%
  - Logical access in rapid growth
  - Access control and secure issuance, many projects were released
  - Identification Solutions very strong order situation
- Hospitality, strong decline in the quarter
  - Success with online locks gives good outlook
- Savings supports profit
- Operating margin (EBIT)
  - \- Volume -6%
  - \+ All business units profitable

**SALES**
share of
Group total %

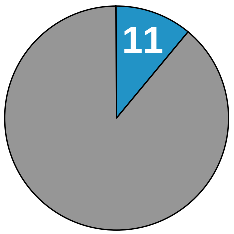



**EBIT %**

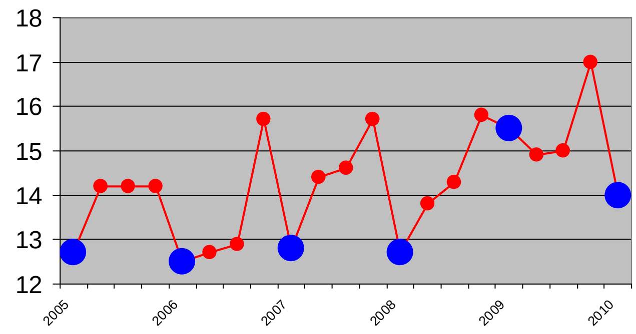


# Division - Entrance Systems

- Weak commercial business, especially in the US
- Ditec grew after 15 month of decline
- Service in good development
- Swedish manufacturing closing
- Ditec dilutes result by 2.8 %-unit




- Operating margin (EBIT)
  - \- Volume -3%
  - \+ Manufacturing footprint
  - \+ US setup
  - \- Dilution Ditec



ASSA ABLOY

# Q1 Report 2010

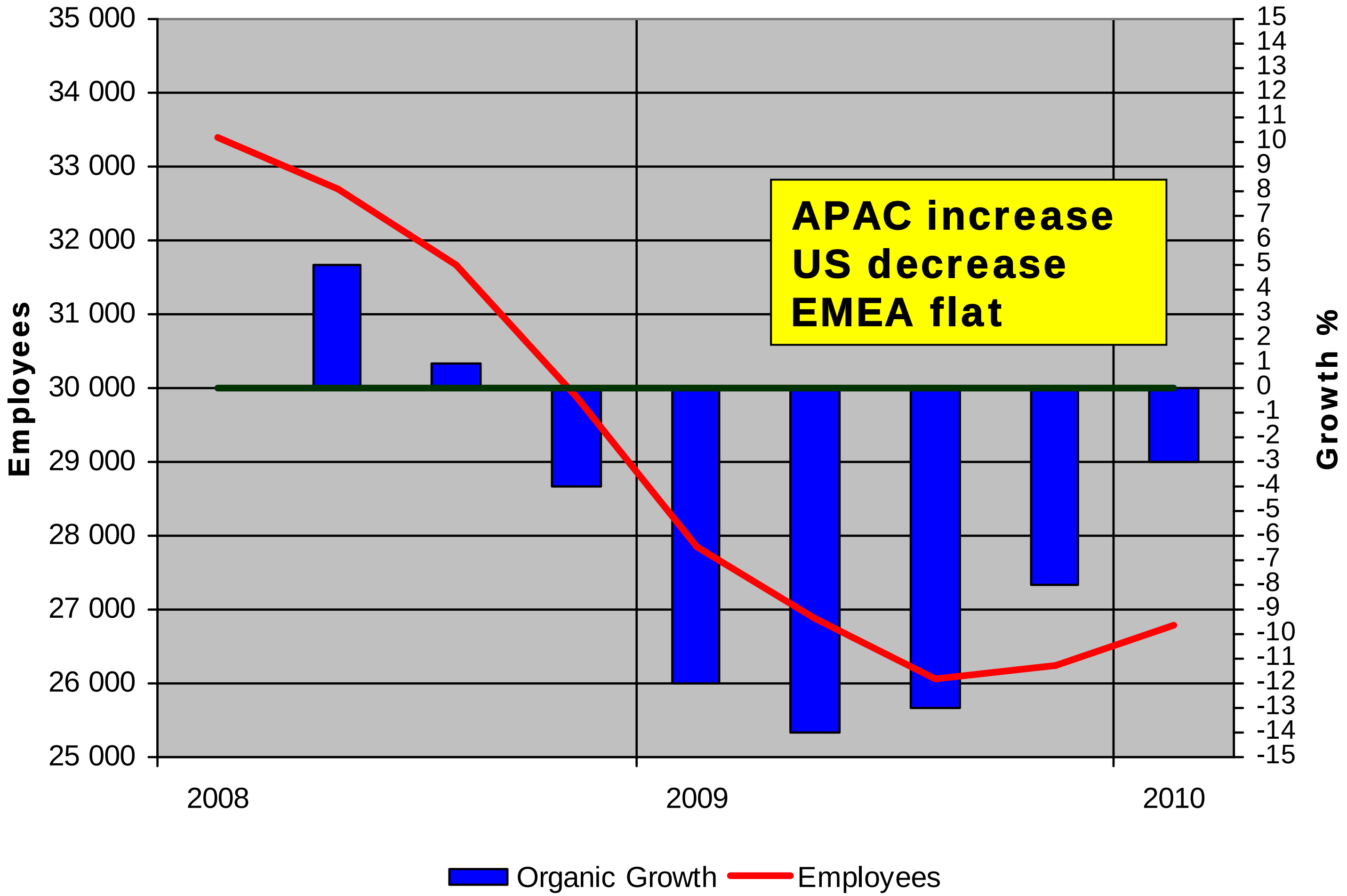
Tomas Eliasson
CFO

# Financial Highlights Q1 2010

| MSEK | 2009 | 2010 | Change | 2008 | 2009 | Change |
|---|---|---|---|---|---|---|
| | 1st Quarter | | | Twelve months | | |
| **Sales** | 8,859 | 8,345 | -6% | 34,829 | 34,963 | +0% |
| *Whereof* | | | | | | |
| Organic growth | | | -3% | | | -12% |
| Acquired growth | | | +5% | | | +3% |
| FX-differences | | -645 | -8% | | +3,491 | +9% |
| **Operating income (EBIT)*** | 1,328 | 1,295 | -2% | 5,526 | 5,413 | -2% |
| EBIT-margin (%)* | 15.0 | 15.5 | | 15.9 | 15.5 | |
| **Operating cash flow** | 838 | 870 | +4% | 4,769 | 6,843 | +43% |
| EPS (SEK)* | 2.20 | 2.36 | +7% | 9.21 | 9.22 | 0% |

*Excluding restructuring and one off charges of 0 MSEK (109) in Q1 and 1,039 MSEK (1,257) for the full year

# Organic Growth and Employees
## Excluding acquisitions 2008-2010



# P&L – Components as % of Sales

## Q1 Year-on-Year

| | 2009 | 2010 |
|---|---|---|
| ▪ Direct material | 31.5% | 32.3% |
| ▪ Conversion costs | 28.4% | 27.4% |
| ▪ Gross Margin | 40.1% | 40.3% |
| | | |
| ▪ S, G & A | 25.1% | 24.8% |
| ▪ EBIT | 15.0% | 15.5% |

# Bridge Analysis – Jan-Mar 2010

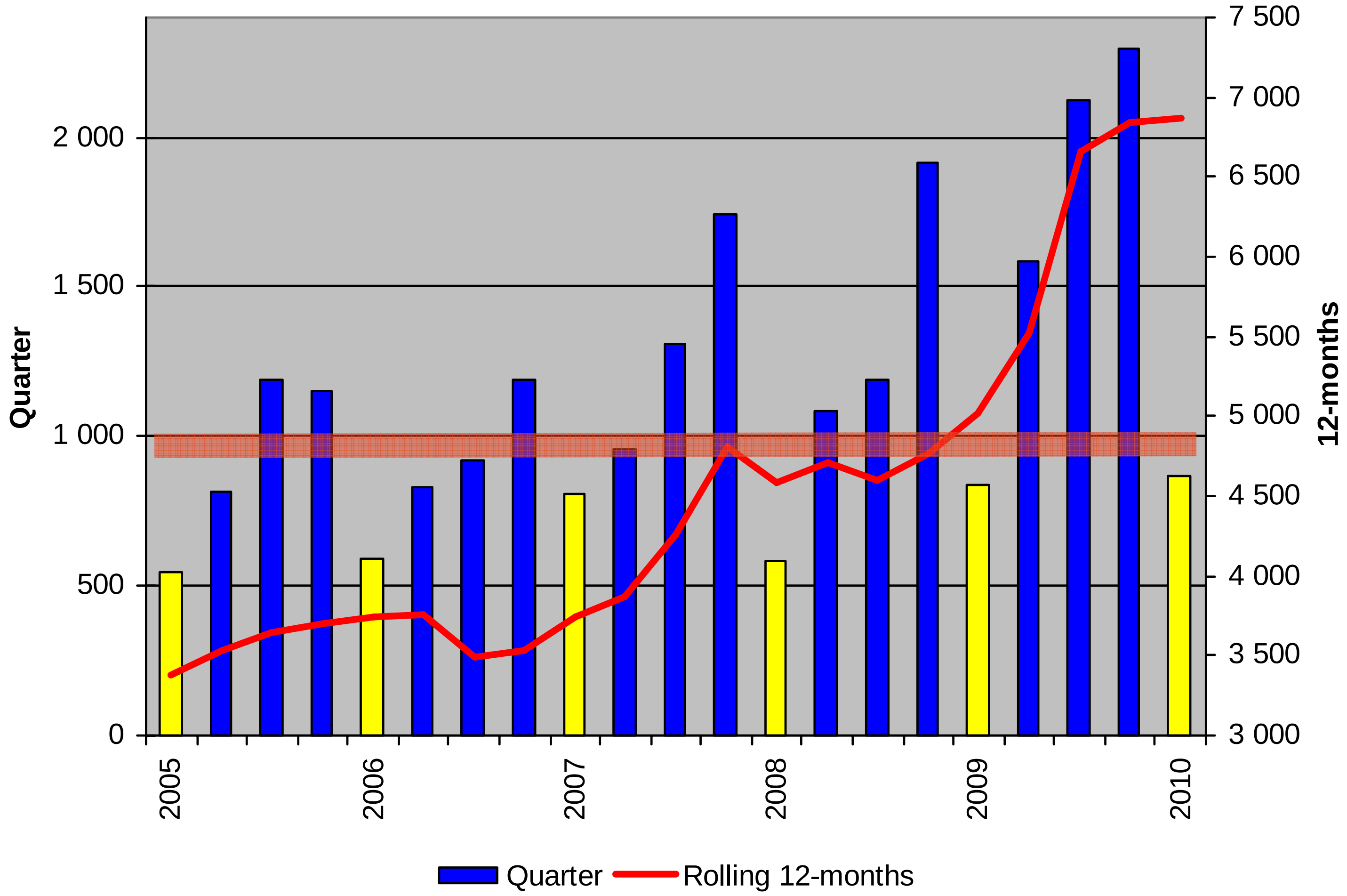
| MSEK | 2009 Jan-Mar | Acq/Div | Currency | Organic Growth | 2010 Jan-Mar |
|---|---|---|---|---|---|
| **ASSA ABLOY Group** | | 5% | -8% | -3% | -6% |
| Revenues | 8,859 | 387 | -645 | -256 | 8,345 |
| EBIT | 1,328 | 19 | -98 | 45 | 1,295 |
| % | 15.0% | 5.0% | 15.1% | -17.7% | 15.5% |

# Taxes

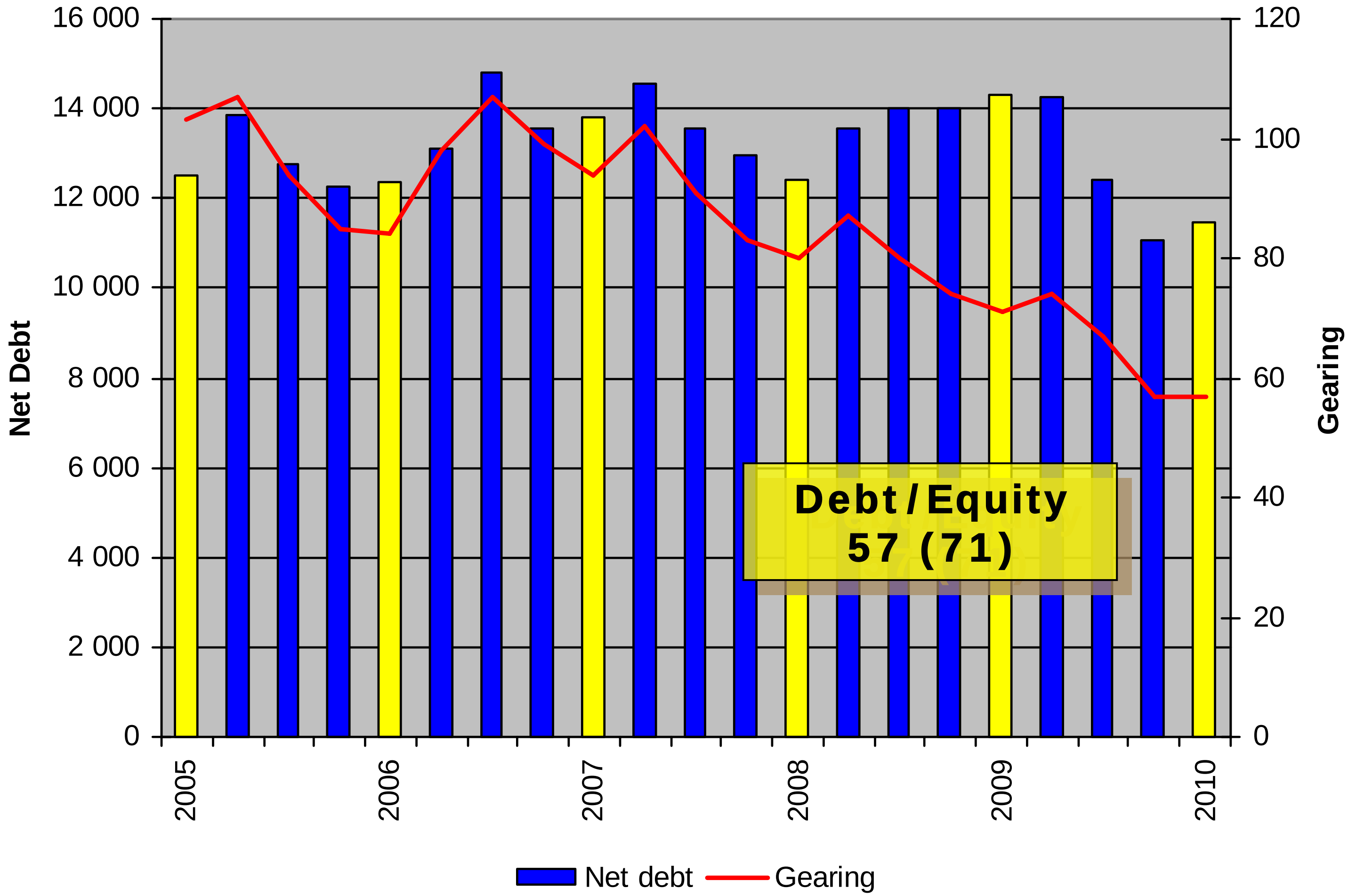
- Tax rate from 27% to 24%
  - Lower tax rates in some important countries
  - Less income in high tax countries

→ Favorable mix effect

# Operating Cash Flow, MSEK



# Gearing % and Net Debt MSEK



ASSA ABLOY

# Q1 Report 2010

Johan Molin
President & CEO

# Conclusion Q1 2010

- Improved market conditions and margin expansion
- Resumed investment in front end and maintained high R&D
- Strong cash flow
- Good activity of acquisitions
- Back to growth after 6 quarters, +2%!

# 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 2010

- Flat organic growth is expected

ASSA ABLOY

# Q&A