ASSA ABLOY

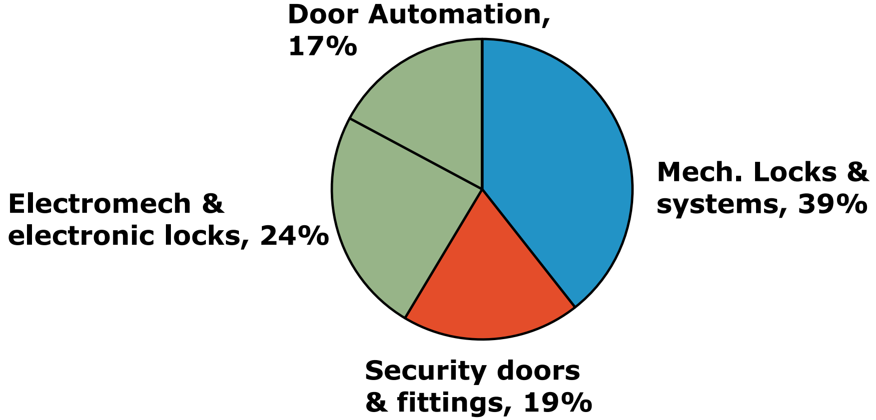
Q2 Report 2011

ASSA ABLOY overview

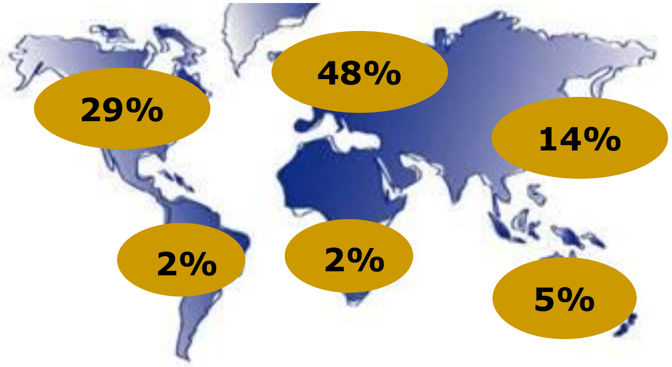
Financials (SEK bn)

Net sales	38.3
EBIT	6.2
Op cash flow	5.7
Net debt	23.4
Market cap	59

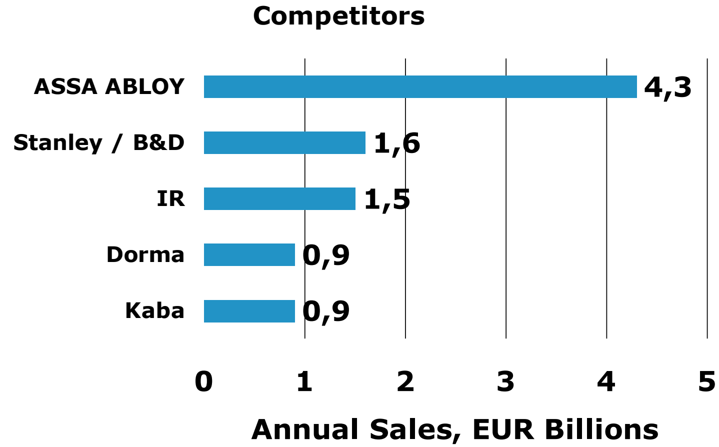
Sales by product group Jun 2011



Sales by region Jun 2011



Leading market positions



Financial highlights Q2 2011

- **Solid performance**
  - Continued strong growth in Asia and South America
  - Slower development in mature markets
  - Strong profit and cash flow
  - Sale of Cardo complete with good results
- **Sales** **10,502 MSEK** **+12%**

  +5% organic, +20% acquired growth, -13% currency
- **EBIT** **1,615 MSEK** **+7%**

  Currency effect -163 MSEK
- **EPS** **3.07 SEK** **+12%**

  Tax rate reduced to 22%

Financial highlights H1 2011

- **Strong first half despite weak mature markets**

- **Sales** **19,201 MSEK** **+8%**
  +5% organic, +14% acquired growth, -11% currency

- **EBIT** **2,992 MSEK** **+6%**
  Currency effect -276 MSEK

- **EPS** **5.60 SEK** **+10%**
  Reduced tax rate

Market highlights

- Cliq remote meets strong customer interest
  - Record order from utility sector
- Sustainable door products gets US certification
  - GREENGUARD
- Several large project wins in HID
- Hotel chains increasingly standardizing on RFID on-line lock solutions – NFC preparation
- ASSA ABLOY mobile keys up and running for NFC virtual key sales

Cliq Remote

Security Doors certified

Mobile keys

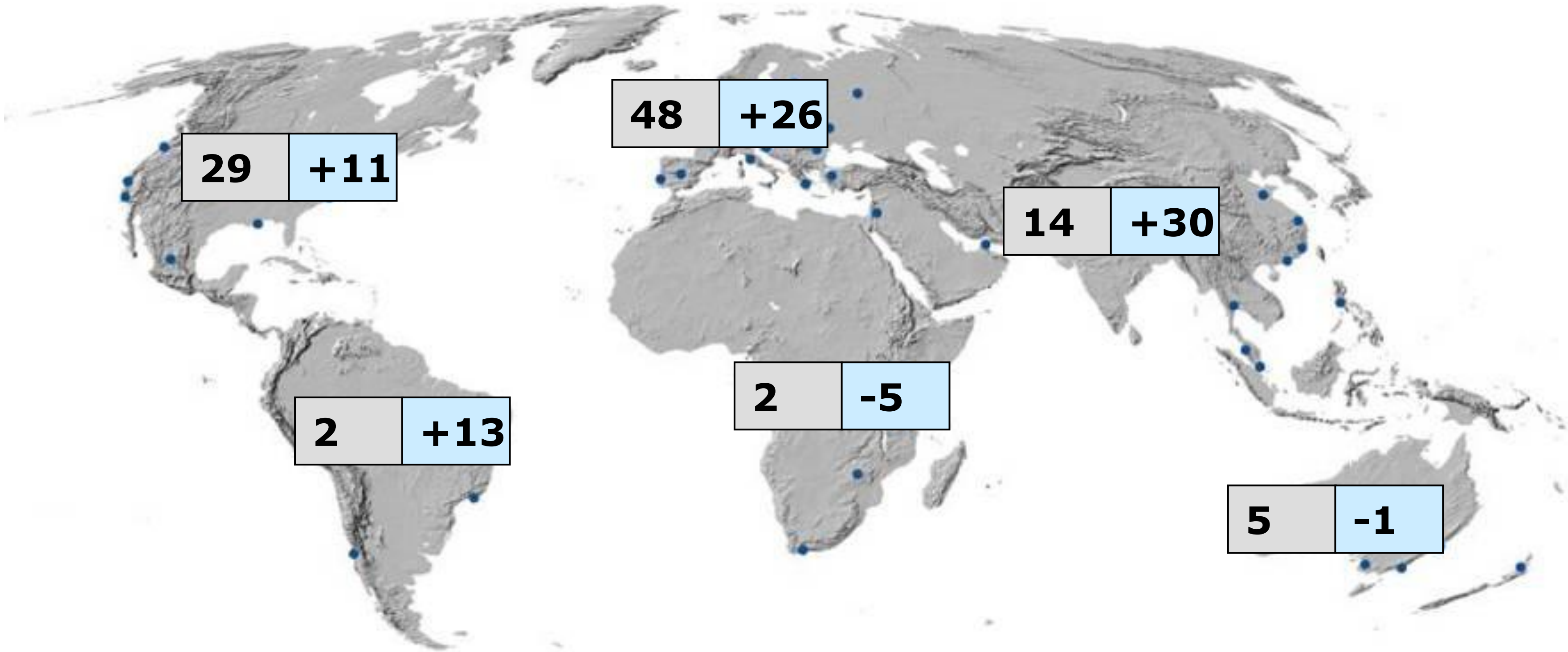
RFID on-line
NFC compatible

ASSA ABLOY
MOBILE KEYS

Global coverage and delivery of virtual keys

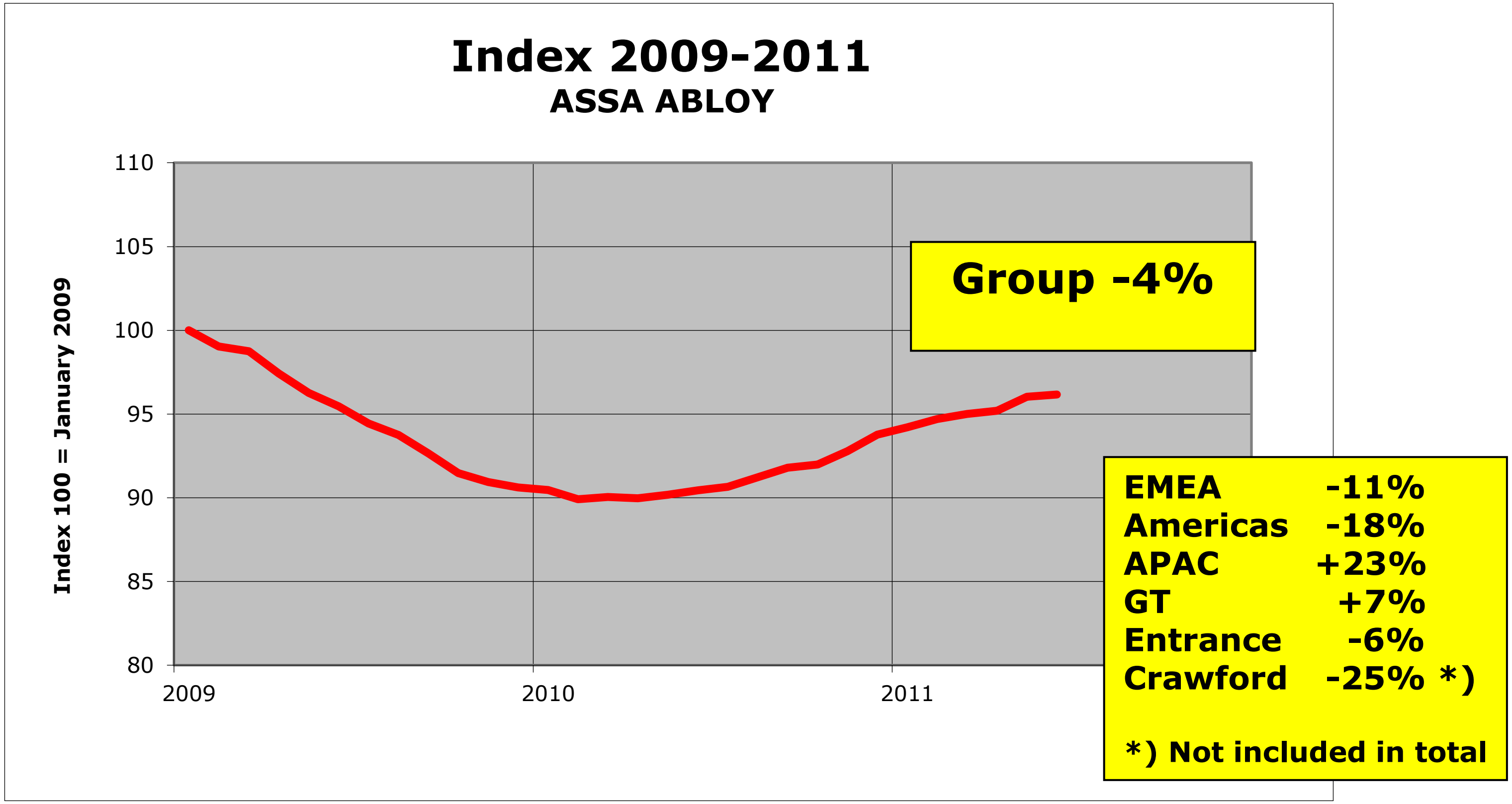
- Access control
- Commercial, hotels, fare collection etc
- Residential
- Banking

Group sales in local currencies Jan-Jun 2011

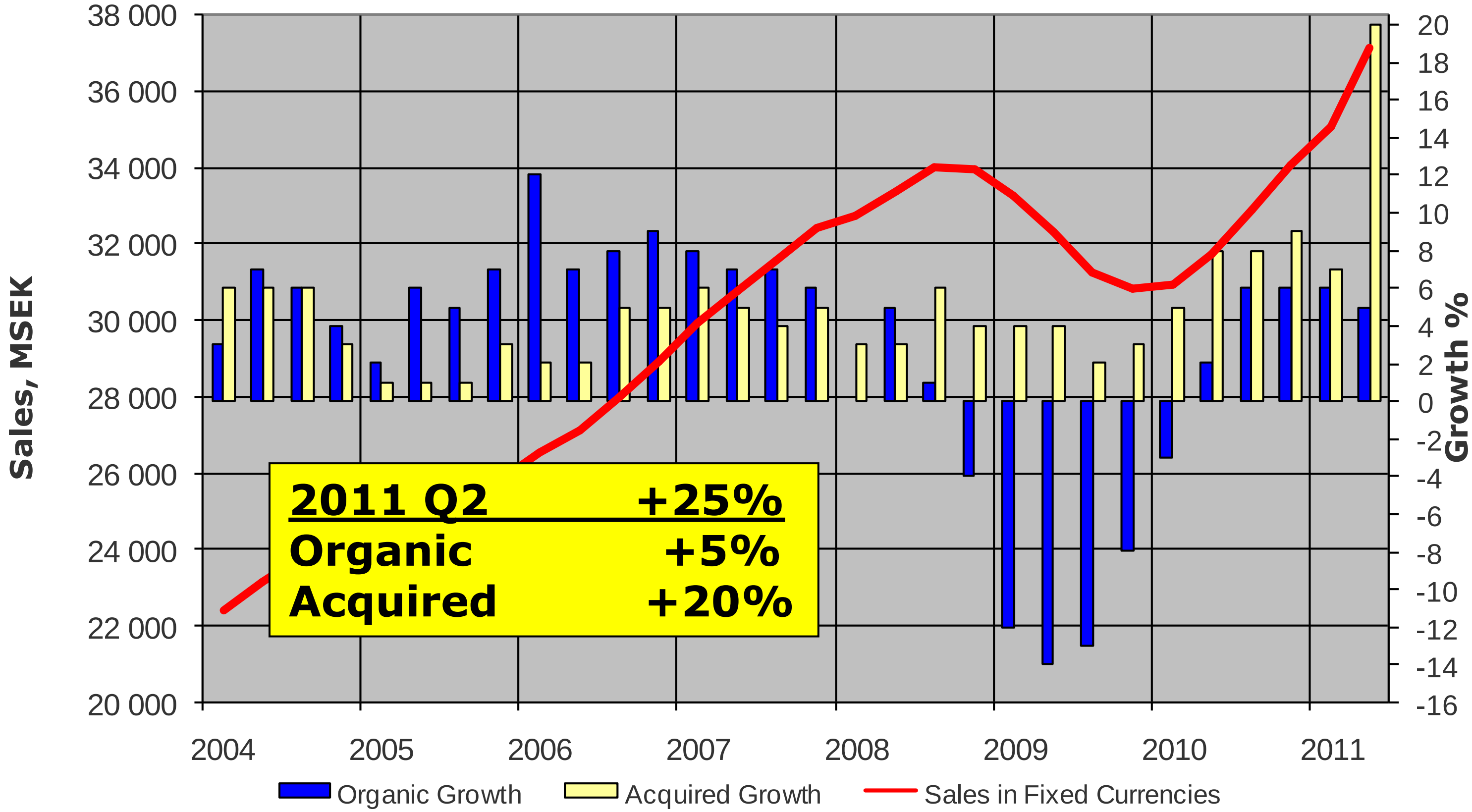


Share of Group sales 2011 YTD, %
Year-to-date vs previous year, %

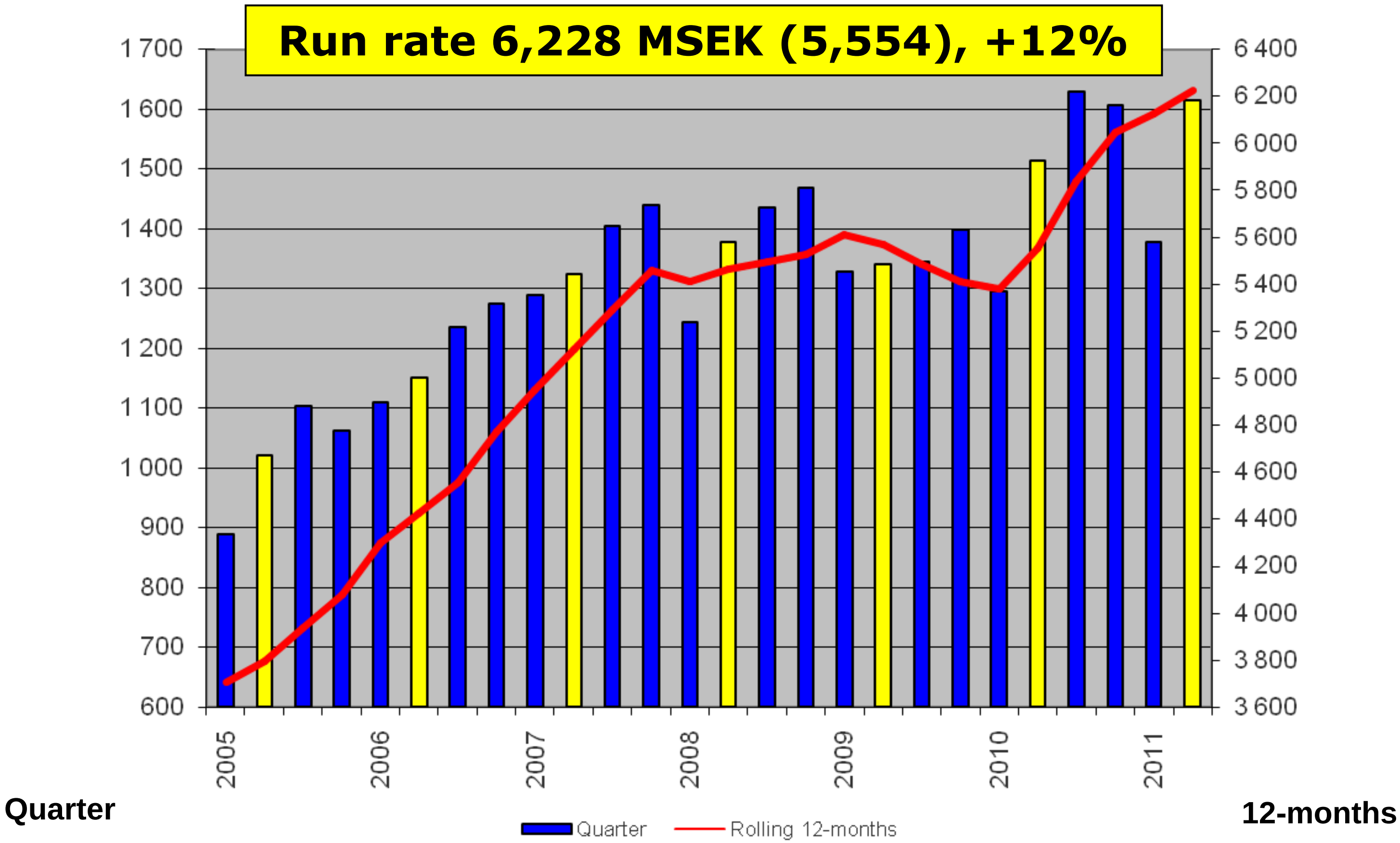
Organic growth index
Recovery from recession



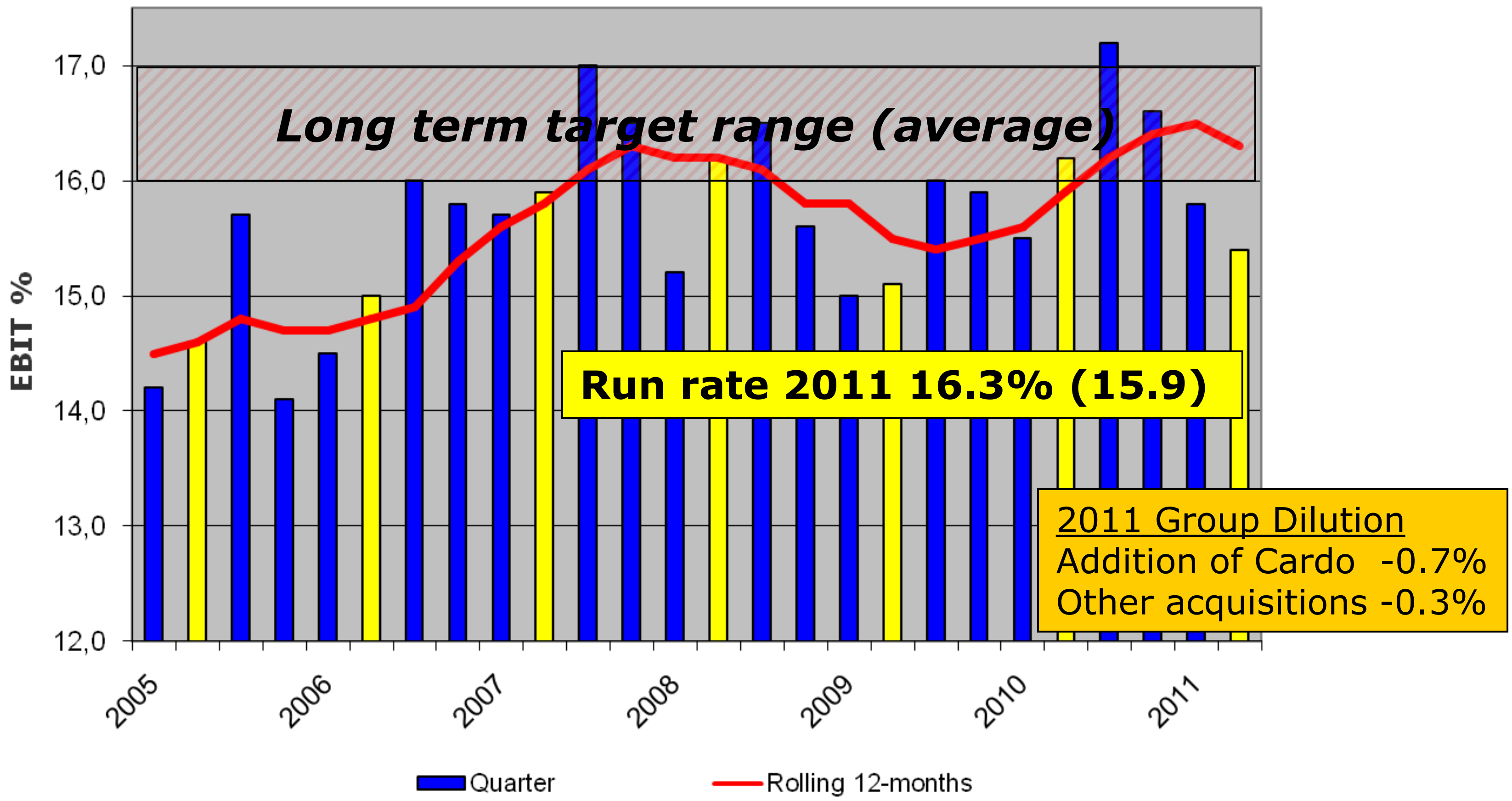
Sales growth Q2 2011 - Currency adjusted



Operating income (EBIT), MSEK



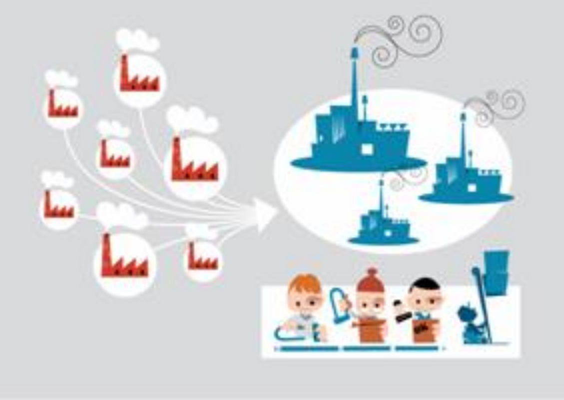
Operating margin (EBIT), %



ASSA ABLOY

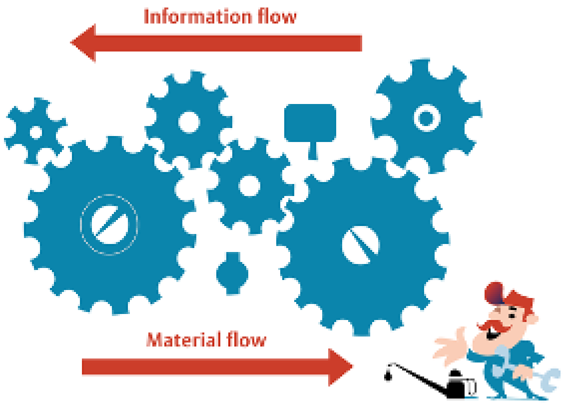
Manufacturing footprint

- Consolidation of core production to China and Eastern Europe
- Conversion to assembly or closures in high cost countries
  - 40 factories closed to date, 11 to go
  - 45 factories converted to assembly, 8 to go
  - 21 offices closed, 4 to go
- Personnel reduction 5,572p
- 816 in further planned reductions



→ 809 MSEK of the provision remains

Margin highlights Q2 2011



EBIT margin 15.4% (16.2)

+ Volume increase 3%, price 2%

→ Margin expansion 0.3%

  + Manufacturing footprint & efficiency improvements

  - Geographical mix

- Dilution from acquisitions by -1.0%
- Negative currency effect –0.1%

Acquisitions H1 2011

- **Fully active on acquisitions**
  - Good pipeline targeting 5% growth
- **10 acquisitions completed Jan-Jul 2011**

  → **Annualized >6,130 MSEK, +17%**

- **Major acquisitions Jan-Jul:**
  - → Cardo
  - → Swesafe
  - → Lasercard
  - → FlexiForce
  - → Portafeu

CARDO

flexiforce FF 30
1980-2010 innovations for overhead doors

SWESAFE

Portafeu
FERMETURES COUPE-FEU

LaserCard

Portafeu

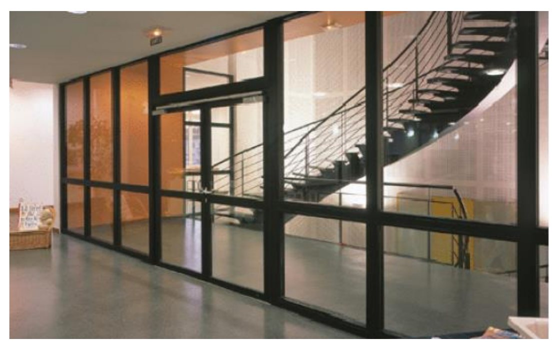
- Leader in manufacturing, installation and maintenance of tailor made fire-proof doors and special closures
- Sales 2011 300 MSEK with 245 employees
- Market leader with 20% of market
- Complete offering for specification
- Slightly accretive to EPS from start

Sliding metal door

Metal curtain

Folding metal door

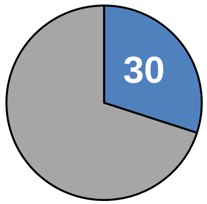
Biological metal doors



Division - EMEA

- Slow development in most EMEA markets
- Good growth in Sweden, Germany and Eastern Europe
- Very weak development in Italy, Spain and Northern Africa
- Margins maintained thanks to pricing and efficiency

SALES
share of
Group total %



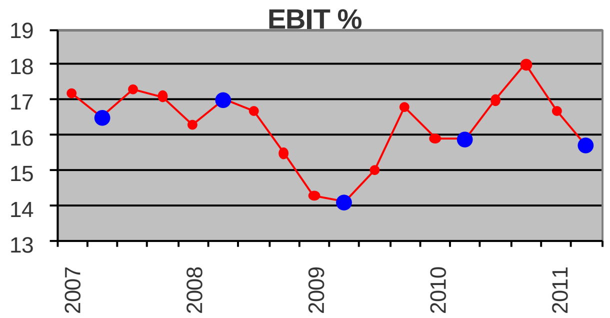
- Operating margin (EBIT)

  + Volume -3%

  + Price management

  + Manufacturing footprint

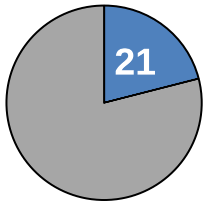
  = Raw materials compensated



Division - Americas

- Softness in institutional spend hampers growth
- Strong development of high security and electromechanical locks
- South America and Mexico tendencies of levelling
- Margin sustained in excess of 20%

SALES
share of
Group total %

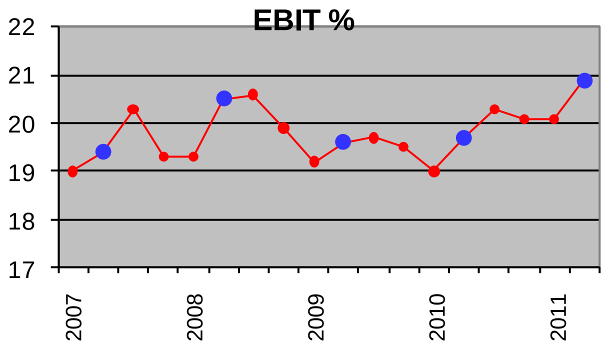


- Operating margin (EBIT)

  + Volume +2%

  + Price management and efficiency with
    reinforced investment in R&D

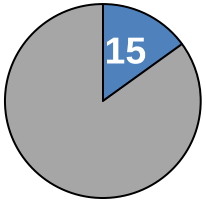
  = Raw materials compensated



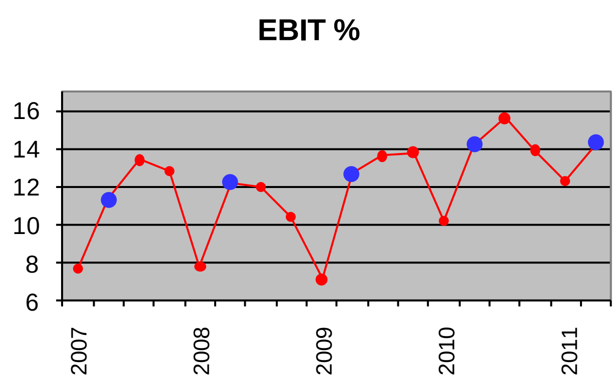
Division - Asia Pacific

- Strong growth in all parts of Asia
- China in solid development
- Australia and NZ declining due to end of stimulus and earth quake
- Margin kept despite growth in lower margin Asia

SALES
share of
Group total %



- Operating margin (EBIT)
  + Volume +12%
  + Currency gain in Australia/NZ
  = Raw materials compensated
  - Salary costs increasing in China

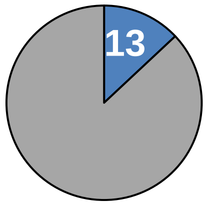


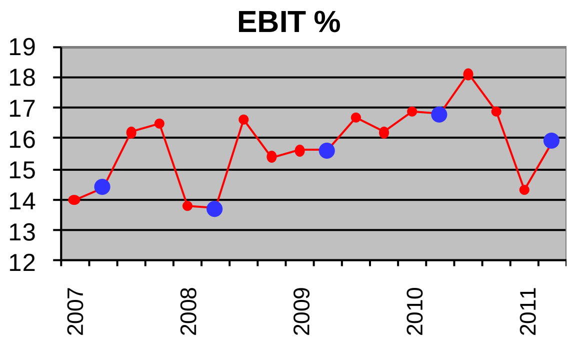
ASSA ABLOY

Division - Global Technologies

- HID growing strongly in all parts
  - Solid development within physical access
  - Strong growth of E-government and large project orders
  - ActivIdentity and LaserCard turned to positive EBIT
- Hospitality
  - Good development of RFID upgrades and aftermarket
  - New build declining in US and Europe
  - New sales units in Mexico and Brazil
- Operating margin (EBIT)
  - \+ Volume +17%
  - \+ Good underlying leverage
  - \- Dilution from acquisitions and currency by -2.0%
  - \- Several large project orders

SALES
share of
Group total %





Division - Entrance Systems

- Retail segment is growing while health care is slow
- Increasing number of large projects
- Cardo integration goes well, new structure and manufacturing footprint under development
- FlexiForce and Ditec good additions to indirect channel
- Dilution from Cardo by -2.4%
- Operating margin (EBIT)

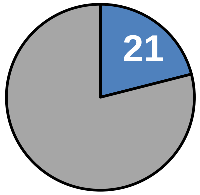
  \+ Volume +5%

  \+ Efficiency gains & Ditec improvement

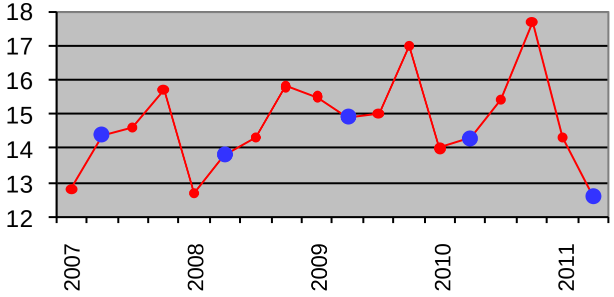
  \- Many large projects

  \- Dilution from Cardo

SALES
share of
Group total %



EBIT %



The new ASSA ABLOY Entrance Systems

ASSA ABLOY Entrance Systems

Sales SEK 9.3 B

EBIT 12.7%

- besam ASSA ABLOY — **Sales SEK 3.3 B**
- Crawford ASSA ABLOY — **Sales SEK 3.5 B**
- flexiforce — **Sales SEK 0.6 B**
- Normstahl ENTREMATIC — **Sales SEK 1.0 B**
- DITEC ENTREMATIC — **Sales SEK 0.9 B**

Direct sales 73%

Distribution sales 27%

In addition, 38% of Agta Record, Sales SEK 2.0 B

Cardo deal in summary

▪ Public offer Cardo Group	11.3 BSEK
▪ Net cash at acquisition	0.2 BSEK
▪ Sale of Flow to Sulzer	5.9 BSEK
▪ Sale of L&W to ABB	0.8 BSEK
▪ Headquarter building	0.1 BSEK
▪ → Net price for doors	4.3 BSEK *)

*) excl transaction costs 0.1 BSEK and restructuring charges of 300 MSEK

Financial highlights Q2 2011

MSEK	2nd Quarter 2010	2nd Quarter 2011	Change	Six months 2010	Six months 2011	Change
Sales	**9,356**	**10,502**	**+12%**	**17,701**	**19,201**	**+8%**
Whereof						
Organic growth			+5%			+5%
Acquired growth			+20%			+14%
FX-differences		-956	-13%		-1,623	-11%
Operating income (EBIT)	**1,515**	**1,615**	**+7%**	**2,810**	**2,992**	**+6%**
EBIT-margin (%)	16.2	15.4		15.9	15.6	
Operating cash flow	**1,440**	**1,311**	**-9%**	**2,310**	**1,758**	**-24%**
EPS (SEK)	**2.74**	**3.07**	**+12%**	**5.10**	**5.60**	**+10%**

Bridge Analysis – Apr-Jun 2011

MSEK	2010 Apr-Jun	Acq/Div	Currency	Organic	2011 Apr-Jun
		20%	-13%	5%	12%
Revenues	9,356	1,706	-956	397	10,502
EBIT	1,515	173	-163	90	1,615
%	16.2%	10.2%	17.0%	22.7%	15.4%

Dilution / Accretion		-100 bp	-10 bp	+30 bp	

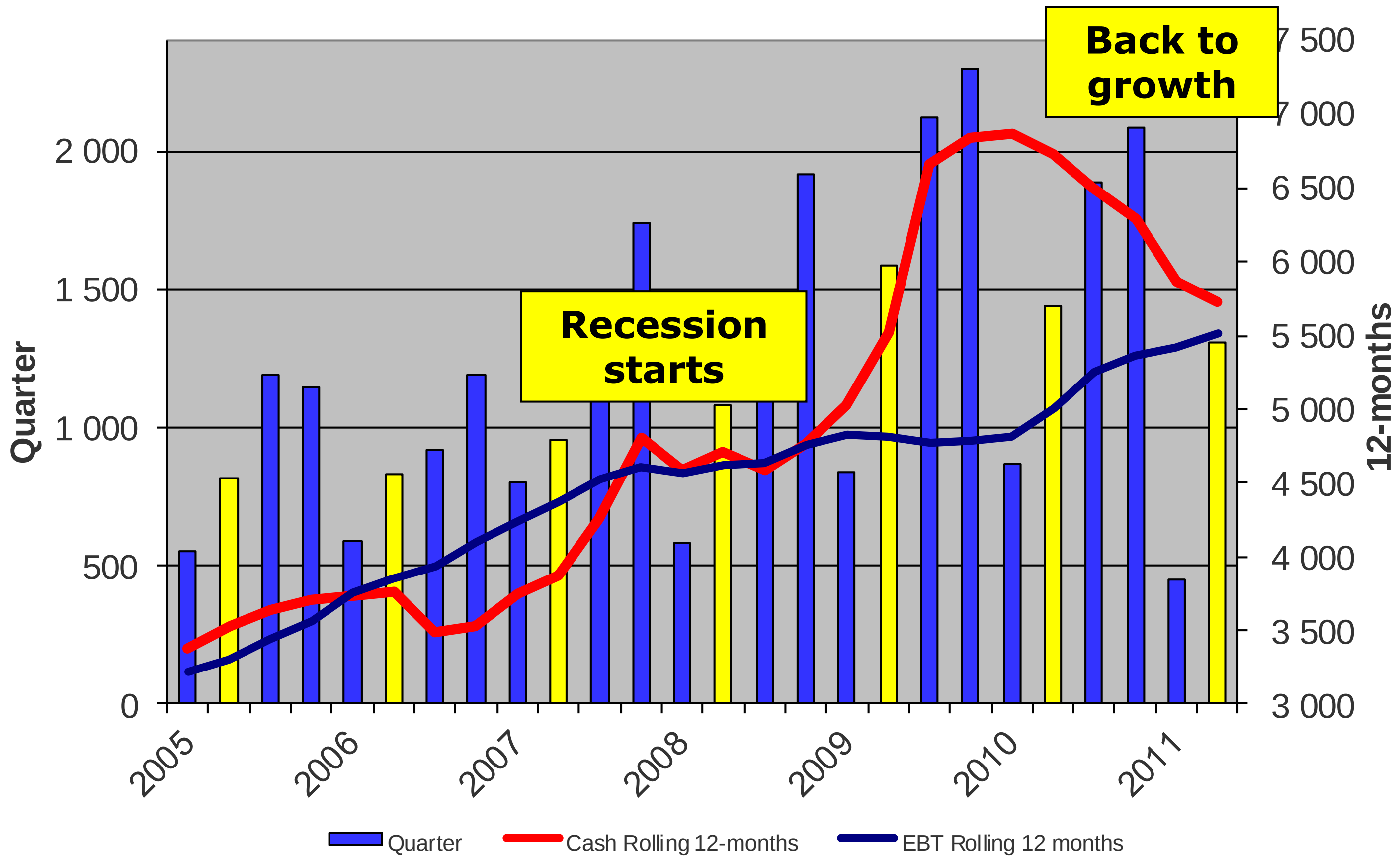
Bridge Analysis – Organic growth

EBIT margin Q2 2010	16.2%
Volume and price	+1.7
Cost and salary inflation	- 1.1
Material cost	- 0.9
MFP and other savings	+0.6
Net	+0.3
EBIT margin Q2 2011	16.5%

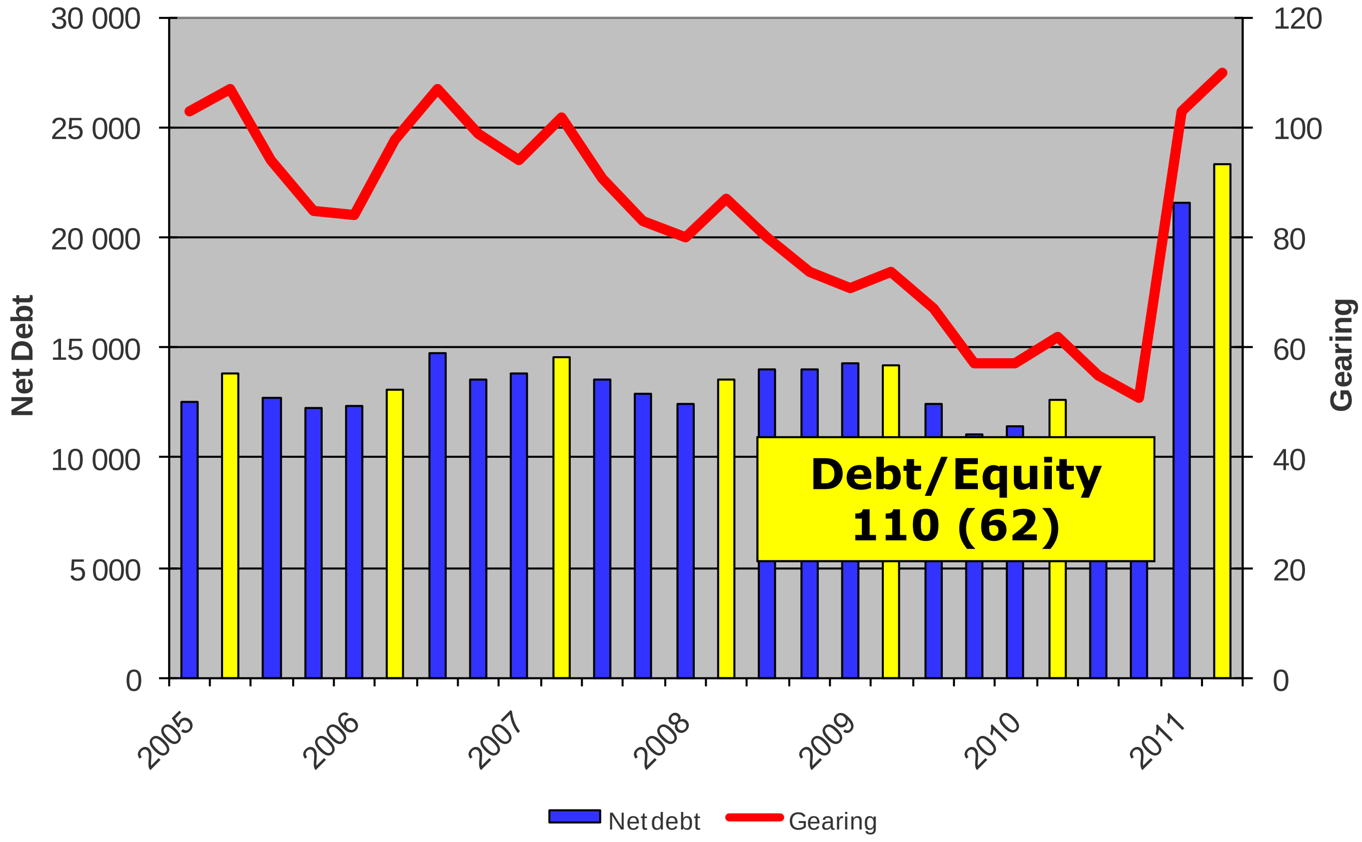
P&L – Components as % of sales

	2010 Q2	2011 Q2 Organic	2011 Q2
▪ Direct material	33.5%	34.9%	34.3%
▪ Conversion costs	26.3%	25.0%	27.1%
▪ Gross Margin	40.2%	40.1%	38.6%
▪ S, G & A	24.0%	23.6%	23.2%
▪ EBIT	16.2%	16.5%	15.4%

Operating cash flow, MSEK



Gearing % and net debt MSEK



Conclusions Q2 2011

- 25% nominal growth whereof 5% organic growth
- Strong growth in Asia and South America
- Slower development in mature markets
- Strong profit and cash flow
- Cardo deal concluding with good results
- Exciting acquired growth ahead

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