

ASSA ABLOY

Q2 Report 2012

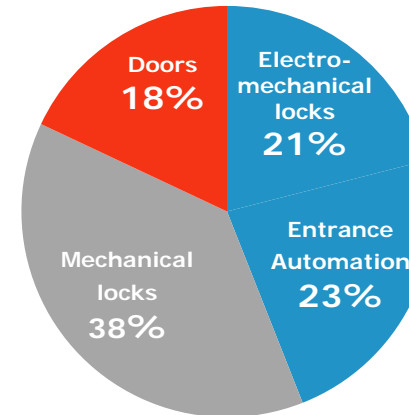


ASSA ABLOY overview

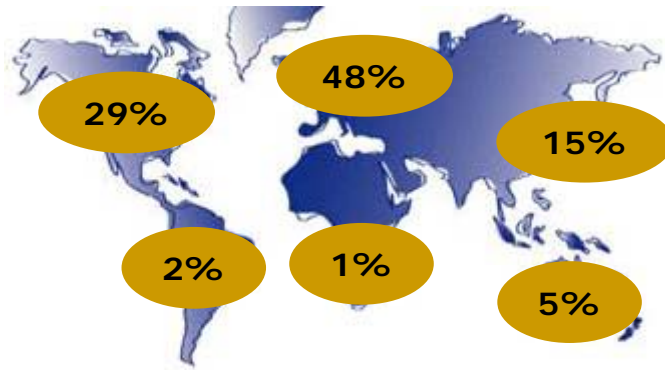
Financials (SEK bn)

Net sales	45.4
EBIT	7.2
Op cash flow	6.2
Net debt	18.0
Market cap	75

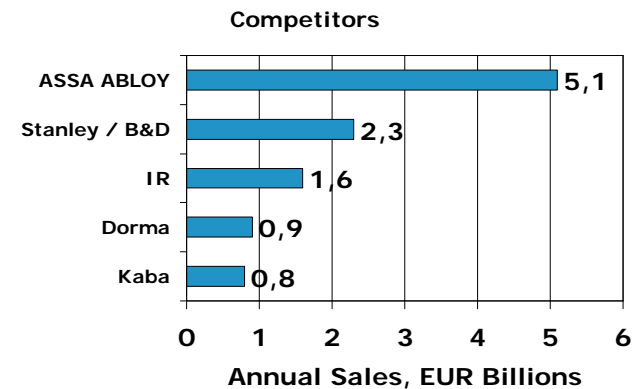
Sales by product group Jun 2012



Sales by region Jun 2012



Leading market positions



Financial highlights Q2 2012

- **Strong sales and profit development**
 - Accelerated growth in North America
 - Very positive development in Global tech
 - Good evolution of the project market
 - Flat but stable EMEA
 - Good overall leverage
- **Sales** **11,997 MSEK** **+14%**
+3% organic, +6% acquired growth, +5% currency
- **EBIT** **1,885 MSEK** **+17%**
Currency effect 74 MSEK
- **EPS** **3.51 SEK** **+15%**

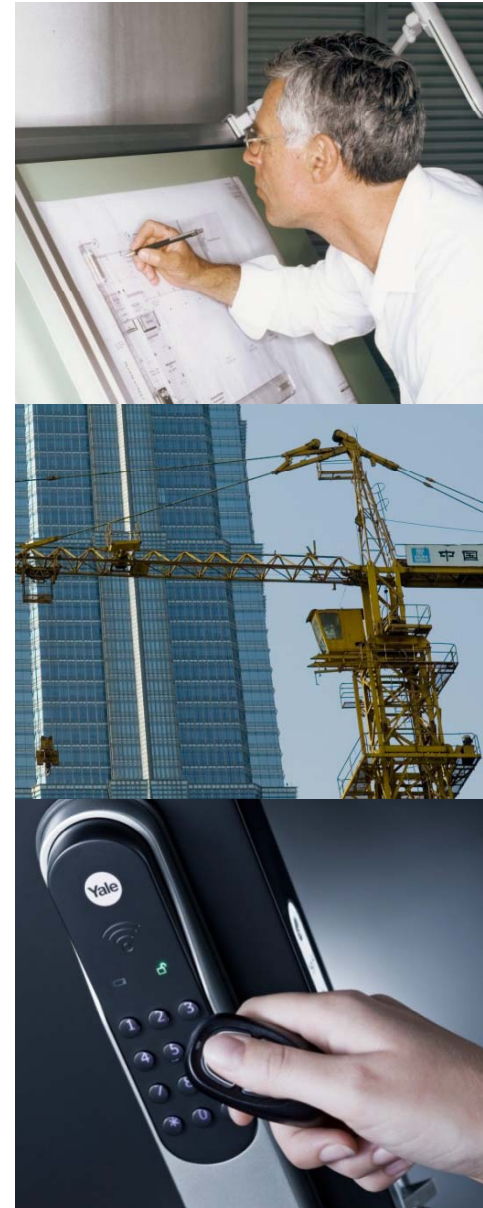
Financial highlights Jan-Jun 2012

- **Strong progress in a challenging market**

▪ Sales	22,835 MSEK	+19%
+3% organic, +12% acquired growth, +4% currency		
▪ EBIT	3,540 MSEK	+18%
Currency effect 93 MSEK		
▪ EPS	6.61 SEK	+19%

Market highlights

- Strong progress of specification
 - Increased number of specifiers in Americas
 - Total door solution & more specifiers in EMEA
 - Good specification development in Emerging markets
- Successful expansion in Emerging markets
 - Total organic growth +9%
 - EE +15%, Asia +8%, ME +10%, Africa +15%, South & Central America +6%
- Innovation pays off
 - 22% of all sales from products less than 3 years old



NexGen XT



Yale Real Living



Americas new products

Trio-E Energy
Efficient
Openings

EM Touch Lock



Aperio
Storefront
Lock





Paddle
Trim
Lock



Aperio
Cabinet
Lock



MicroShield Doors and Frames for
Healing Environments

Americas new products

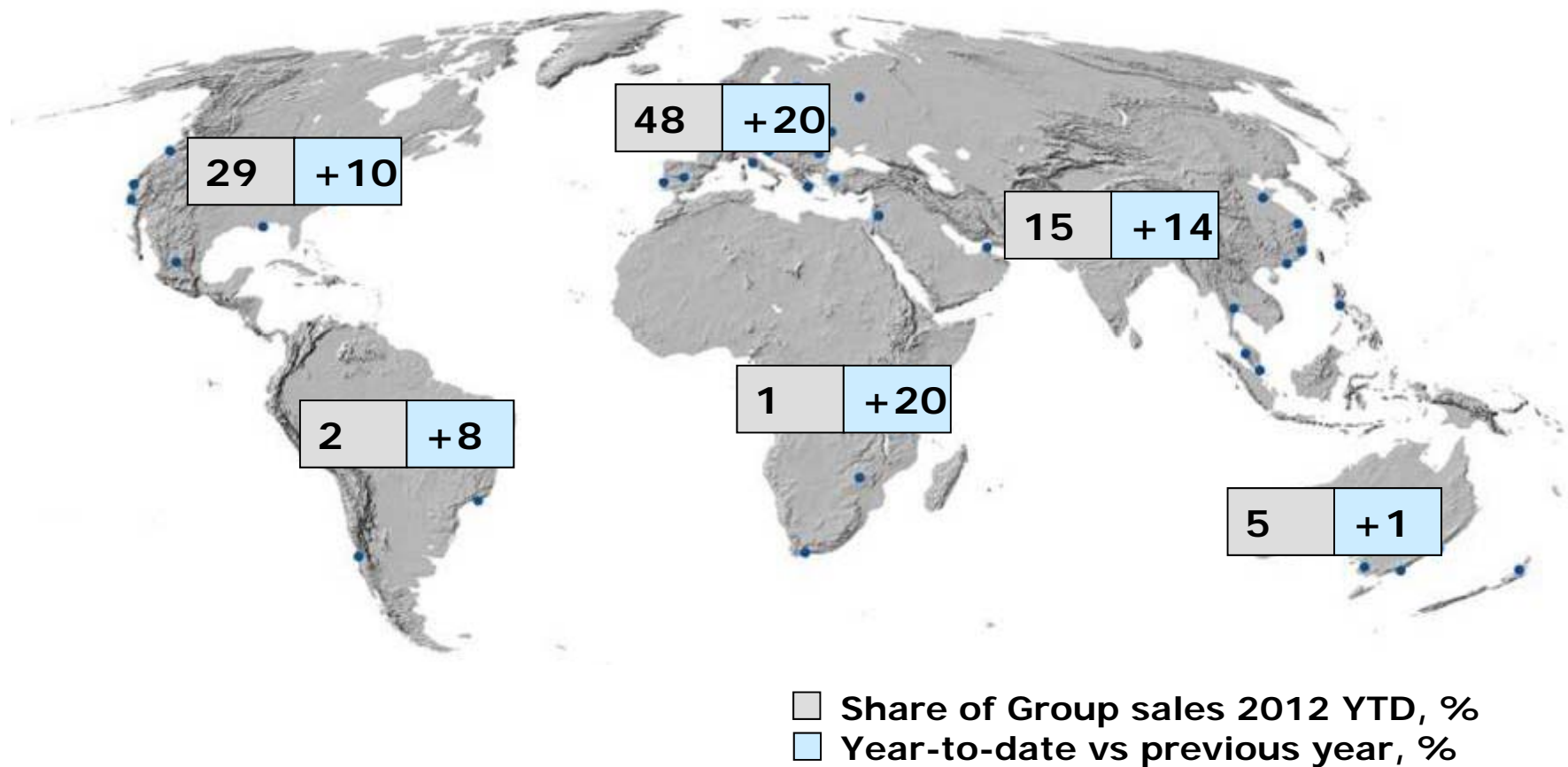


Enhanced SafeZone
Door Closer



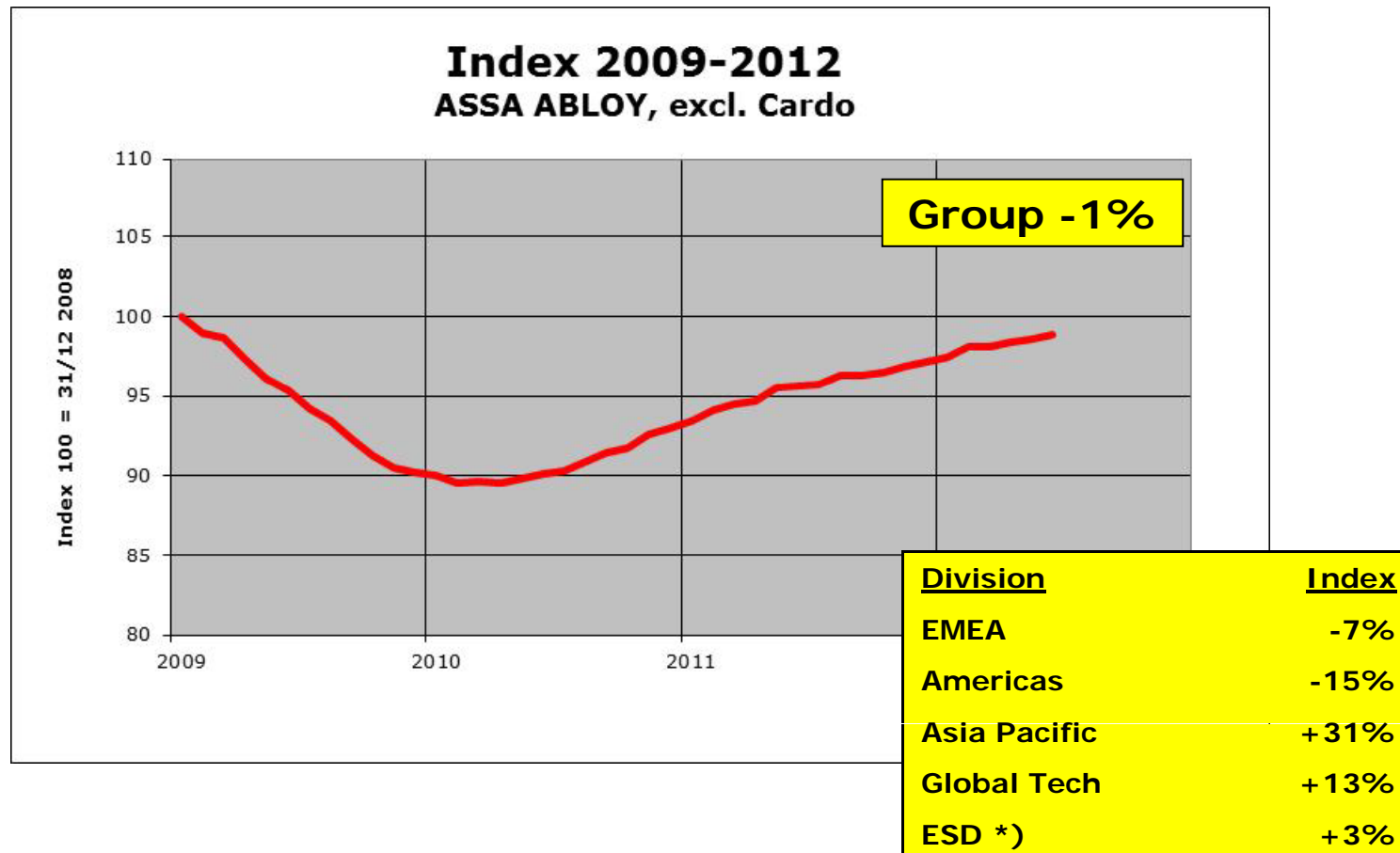
Wave
Behavioral
Lock

Group sales in local currencies Jan-Jun 2012



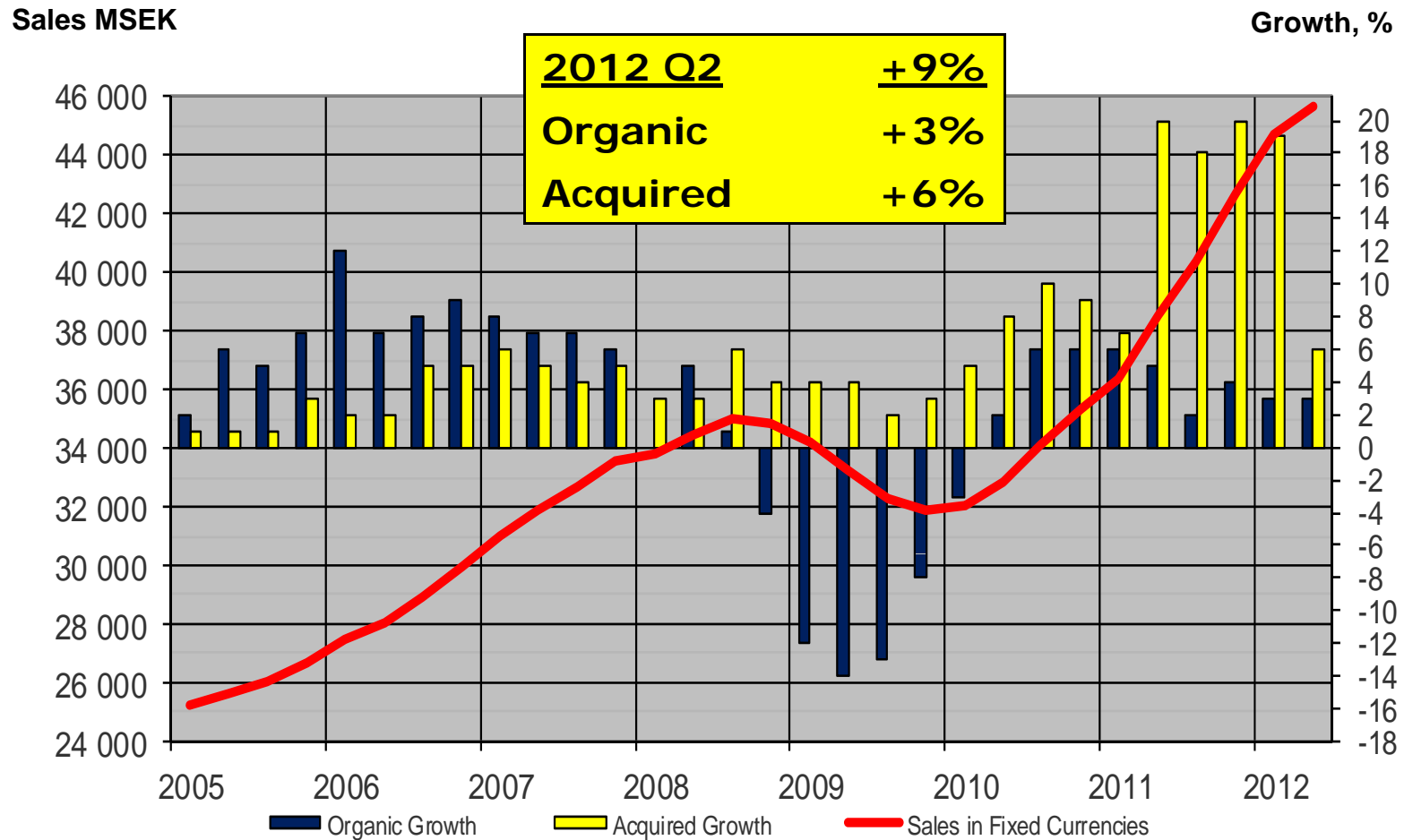
Organic growth index

Recovery from recession

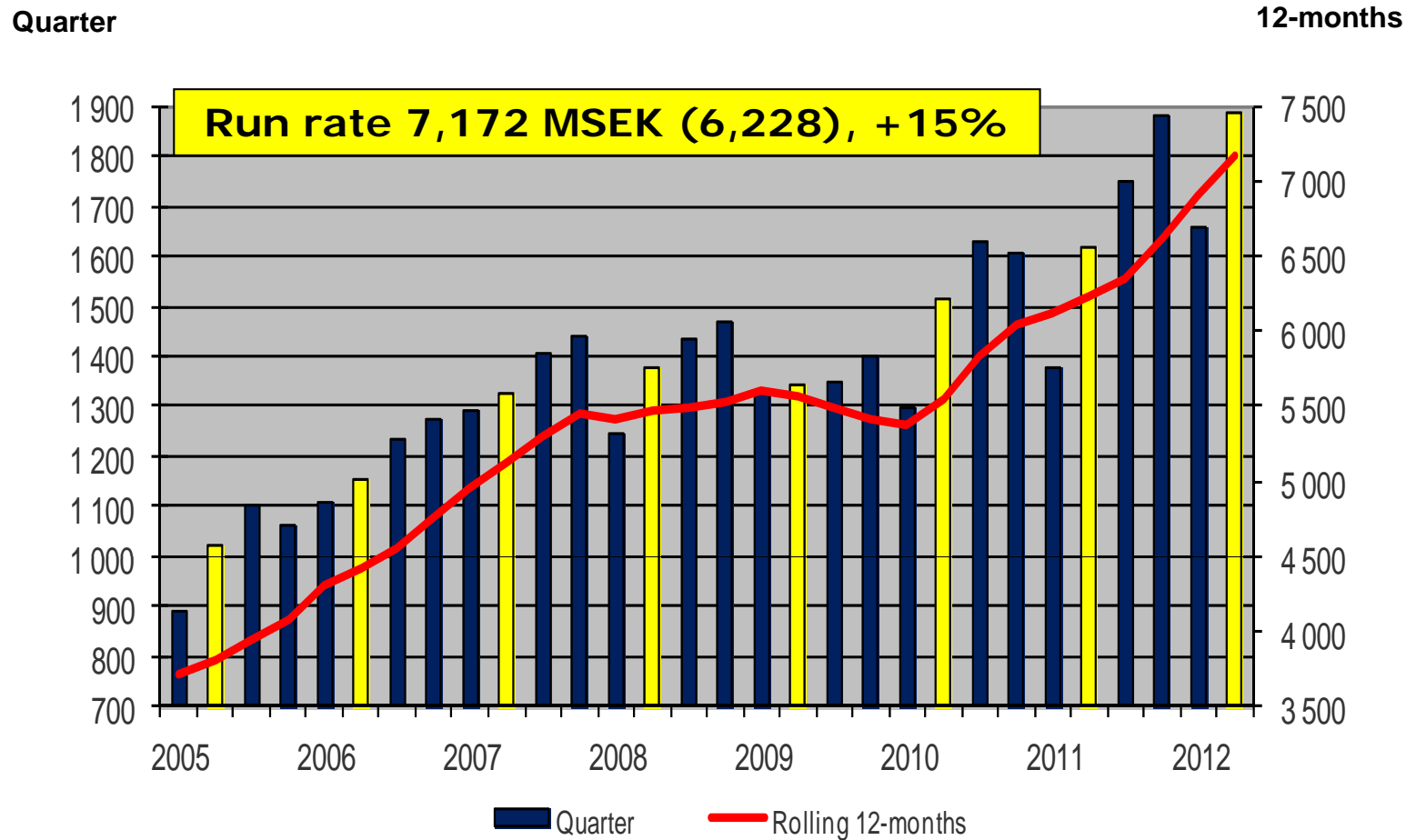


*) Entrance systems division including new acquired companies -9%

Sales growth, currency adjusted



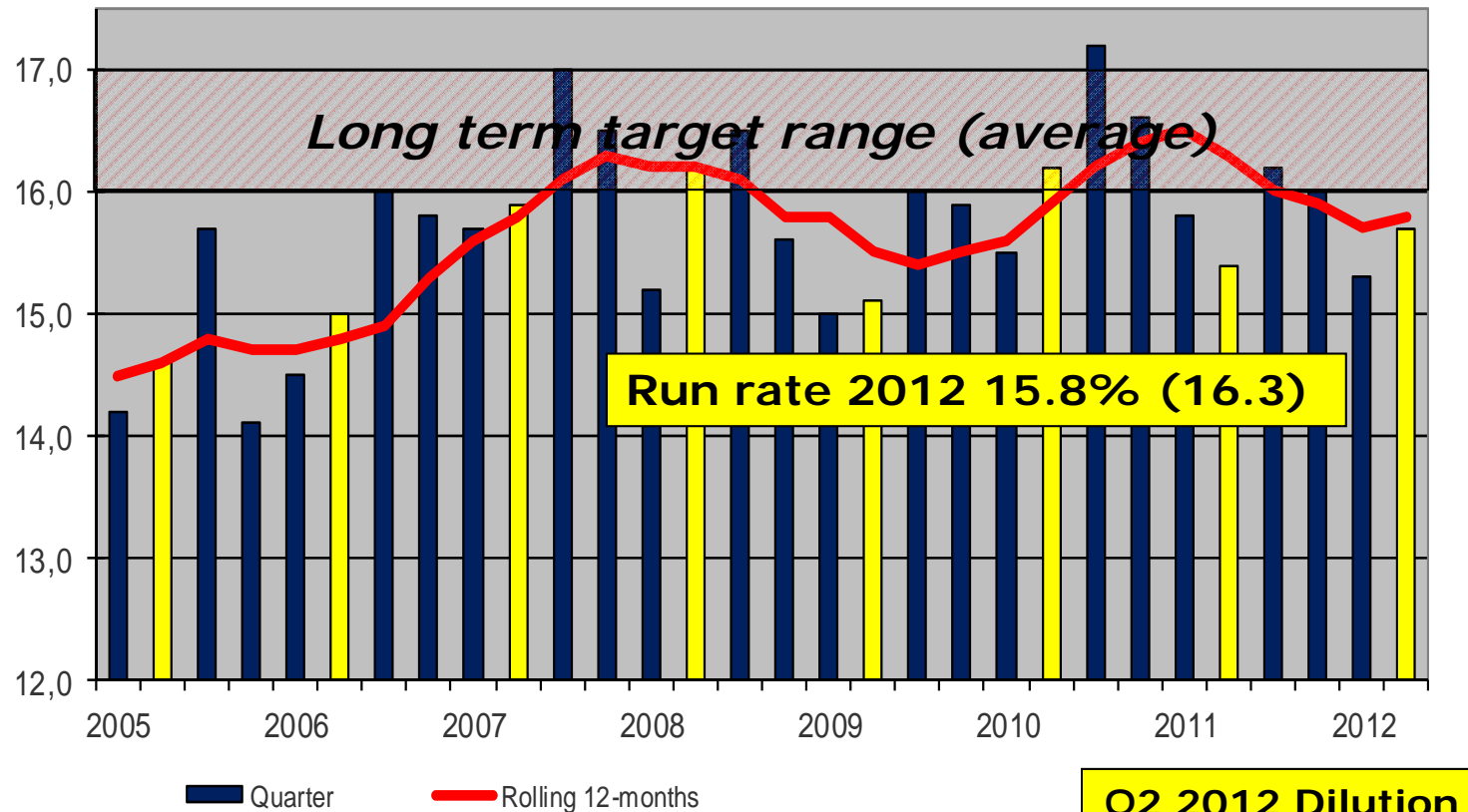
Operating income (EBIT), MSEK



*) Excluding restructuring costs.

Operating margin (EBIT)*, %

EBIT Margin

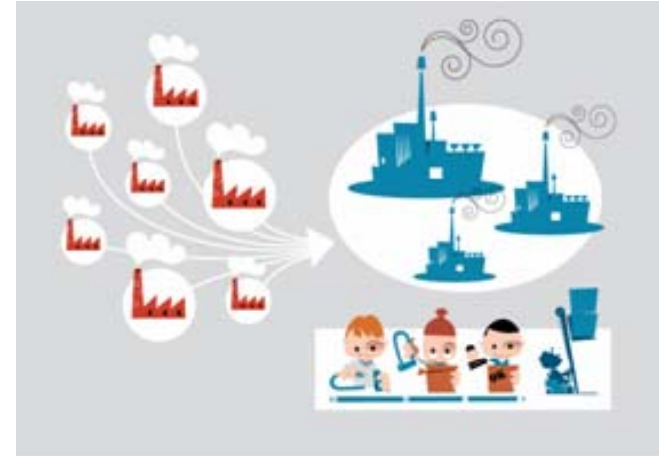


Q2 2012 Dilution
Group -0.1%

*) Excluding restructuring costs.

Manufacturing footprint

- Status manufacturing footprint programs 2006-2011:
 - 48 factories closed to date, 20 to go
 - 51 factories converted to assembly, 24 to go
 - 25 offices closed, 4 to go
- Personnel reduction QTD 93p and total 6,336p
- 1,199 in further planned reductions

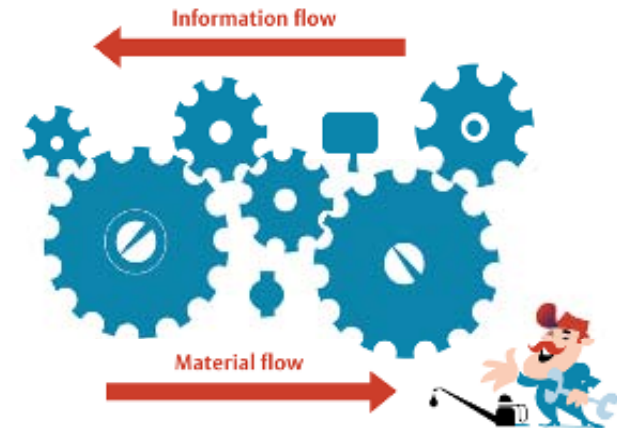


→ 1,449 MSEK of the provision remains for all programs

Margin highlights Q2 2012

EBIT margin 15.7% (15.4), +0.3%

- + Volume increase 2%, price 1%
- + Margin expansion 0.4%
 - + Manufacturing footprint & efficiency improvements
 - Slight dilution from growth in emerging markets
- Dilution from acquisitions by -0.1%



Acquisitions 2012

- Fully active pipeline
- 9 acquisitions done so far in 2012
- Annualized sales 3,400 MSEK, +8.2%



- Major acquisitions Jan-Jun 2012:

- Albany, US
- Dynaco, BE
- Securistyle, UK
- Sanhe Metal, China
- Helton, Canada
- Guoqiang, China



Helton, Canada/US

- Turnover of 400 MSEK with 235 employees
- First step on the US market for ESD
- Good presence in western Canada and US west coast
- Production and distribution of industrial and residential door hardware
- Direct sales and service of complete overhead doors, with 2nd brand
- Accretive to EPS



Guoqiang (Golking), China

- Turnover of 600 MSEK with 2,100 employees
- Leading producer of window hardware with 84% of sales in China
- 100 sales offices across China
- Sales to OEM and specification direct to developers
- Strong patent portfolio
- Accretive to EPS



Sanhe, China



- Turnover of 140 MSEK with 210 employees
- Market leader in east Guandong of fire rated & security doors
- Supply of total hardware package & installation
- Good synergies on products and market coverage
- Accretive to EPS



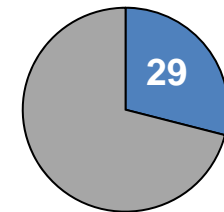
Fire rated
door

Stainless
steel door

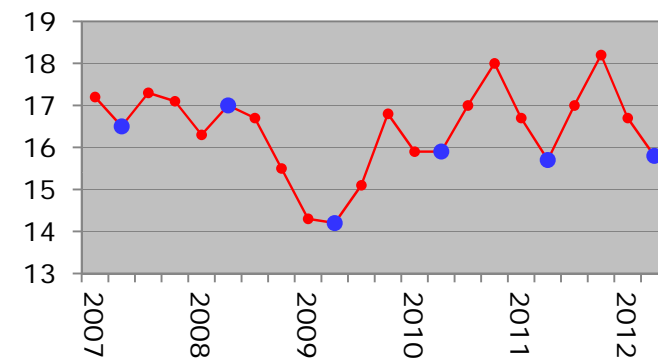
Division - EMEA

- Southern European weakness is spreading
- Growth in Scandinavia, Finland, UK, EE, Israel and Africa while Germany & Spain were flat
- Benelux, France and Italy declining
- Dilution from acquisitions by -0.3%
- Operating margin (EBIT)
 - Volume 0%
 - + Material cost
 - + Footprint savings
 - Dilution by 0.3%

SALES
share of
Group total %



EBIT %



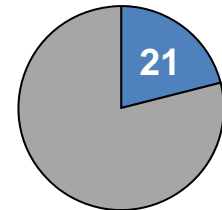
EMEA Financial Review

MSEK	2nd Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	3,253	3,379	+4%	6,352	6,810	+7%
<i>Organic growth</i>			+0%			+2%
<i>Acquired growth</i>			+4%			+5%
EBIT	510	533	+5%	1,028	1,107	+8%
EBIT-margin (%)	15.7	15.8		16.2	16.3	
RoCE (%)	20.6	20.6		20.7	21.7	
Operating cash flow before paid interest	429	430	0%	704	703	-0%

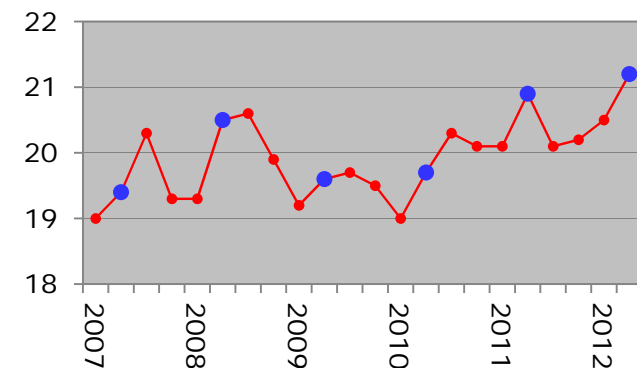
Division - Americas

- Growing sales in all areas
- Stable demand of mechanical locks and security doors
- Strong sales in residential, high security and electromechanical
- Sales in Canada, Mexico and South America turned positive
- Improved margin from volume and efficiency gains
- Operating margin (EBIT)
 - + Volume 5%
 - Material cost
 - + Efficiency improvement

SALES
share of
Group total %



EBIT %



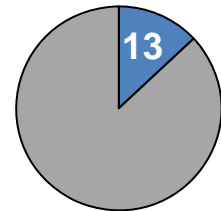
Americas Financial Review

MSEK	2nd Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	2,177	2,548	+17%	4,366	4,856	+11%
<i>Organic growth</i>			+5%			+4%
<i>Acquired growth</i>			+1%			+1%
EBIT	456	540	+18%	896	1,013	+13%
EBIT-margin (%)	20.9	21.2		20.5	20.9	
RoCE (%)	23.6	24.1		23.0	23.4	
Operating cash flow before paid interest	482	500	4%	713	720	1%

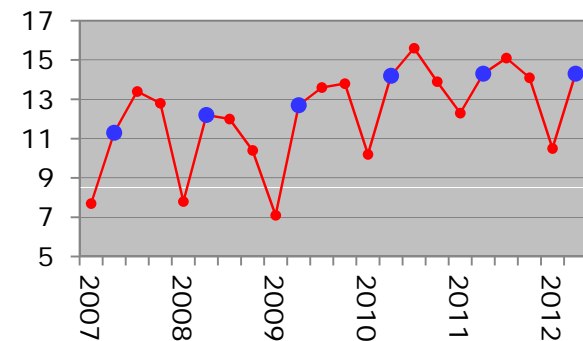
Division - Asia Pacific

- Strong growth in Korea and South East Asia with India weakening
- Growth in China and New Zealand
- Continued decline in Australia
- Manufacturing efficiency in China
- Wangli to be sold
- Operating margin (EBIT)
 - = Volume 5%
 - + Efficiency in China
 - + Material cost
 - Mix & cost pressure

SALES
share of
Group total %



EBIT %



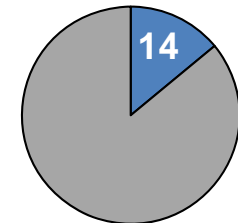
Asia Pacific Financial Review

MSEK	2nd Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	1,630	1,892	+16%	2,822	3,211	+14%
<i>Organic growth</i>			+5%			+4%
<i>Acquired growth</i>			+1%			+1%
EBIT	232	271	17%	379	410	+8%
EBIT-margin (%)	14.3	14.3		13.4	12.8	
RoCE (%)	22.4	20.8		18.6	16.9	
Operating cash flow before paid interest	199	373	87%	61	46	-25%

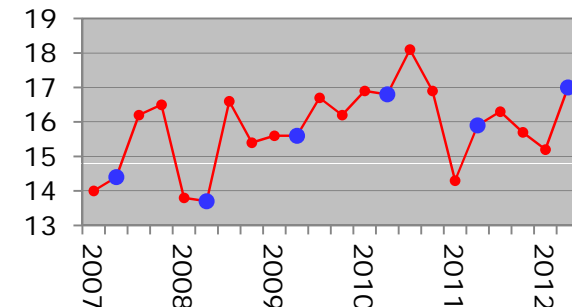
Division - Global Technologies

- **HID**
 - Strong growth of Access control, Secure Issuance and Identification technologies
 - First positive quarter for Logical access
 - Decline of Government ID
 - Strong project invoicing
- **Hospitality**
 - Good growth from aftermarket in all market regions
 - Strong improvement of profitability
- **Operating margin (EBIT)**
 - + Volume 11% (17)
 - + Leverage from core business growth
 - Dilution from large project orders

SALES
share of
Group total %



EBIT %



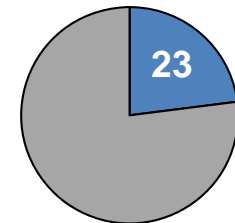
Global Technologies Financial Review

MSEK	2nd Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	1,416	1,701	+20%	2,722	3,179	+17%
<i>Organic growth</i>			+11%			+10%
<i>Acquired growth</i>			+1%			+2%
EBIT	224	289	+29%	412	513	+25%
EBIT-margin (%)	15.9	17.0		15.1	16.2	
RoCE (%)	15.0	17.5		13.8	15.5	
Operating cash flow before paid interest	270	273	+1%	218	375	+72%

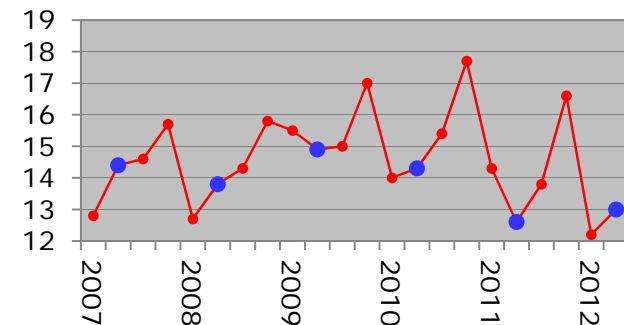
Division - Entrance Systems

- Hit by the European weakness
 - Small growth of Besam, Crawford and FlexiForce
 - Decline in Ditec and Residential doors
 - Dynaco and Albany growing and integrating well
 - Helton consolidated in the quarter
 - Sales +22% and EBIT +26%
-
- Operating margin (EBIT)
 - Volume -1%
 - + Raw material
 - + Efficiency gains from integration works

SALES
share of
Group total %



EBIT %



Entrance Systems Financial Review

MSEK	2st Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	2, 235	2,725	+22%	3,333	5,251	+58%
<i>Organic growth</i>			-1%			+0%
<i>Acquired growth</i>			+21%			+56%
EBIT	281	354	+26%	439	661	+51%
EBIT-margin (%)	12.6	13.0		13.2	12.6	
RoCE (%)	10.6	10.8		11.2	10.7	
Operating cash flow before paid interest	166	293	+77%	306	670	+119%

Financial highlights Q2 2012

MSEK	2nd Quarter			Six months		
	2011	2012	Change	2011	2012	Change
Sales	10,502	11,997	+14%	19,201	22,835	+19%
<i>Whereof</i>						
Organic growth			+3%			+3%
Acquired growth			+6%			+12%
FX-differences		+504	+5%		653	4%
Operating income (EBIT) *)	1,615	1,885	+17%	2,992	3,540	+18%
EBIT-margin (%)	15.4	15.7		15.6	15.5	
Operating cash flow	1,311	1,435	+9%	1,758	1,918	+9%
EPS (SEK) **)	3.05	3.51	+15%	5,57	6,61	+19%

Bridge Analysis – Apr-Jun 2012

MSEK	2011 Apr-Jun	Organic	Currency	Acq/Div	2012 Apr-Jun
		3%	5%	6%	14%
Revenues	10,502	326	504	665	11,997
EBIT	1,615	96	74	99	1,885
%	15.4%	29.6%	14.8%	14.9%	15.7%

Dilution / Accretion

0.4%

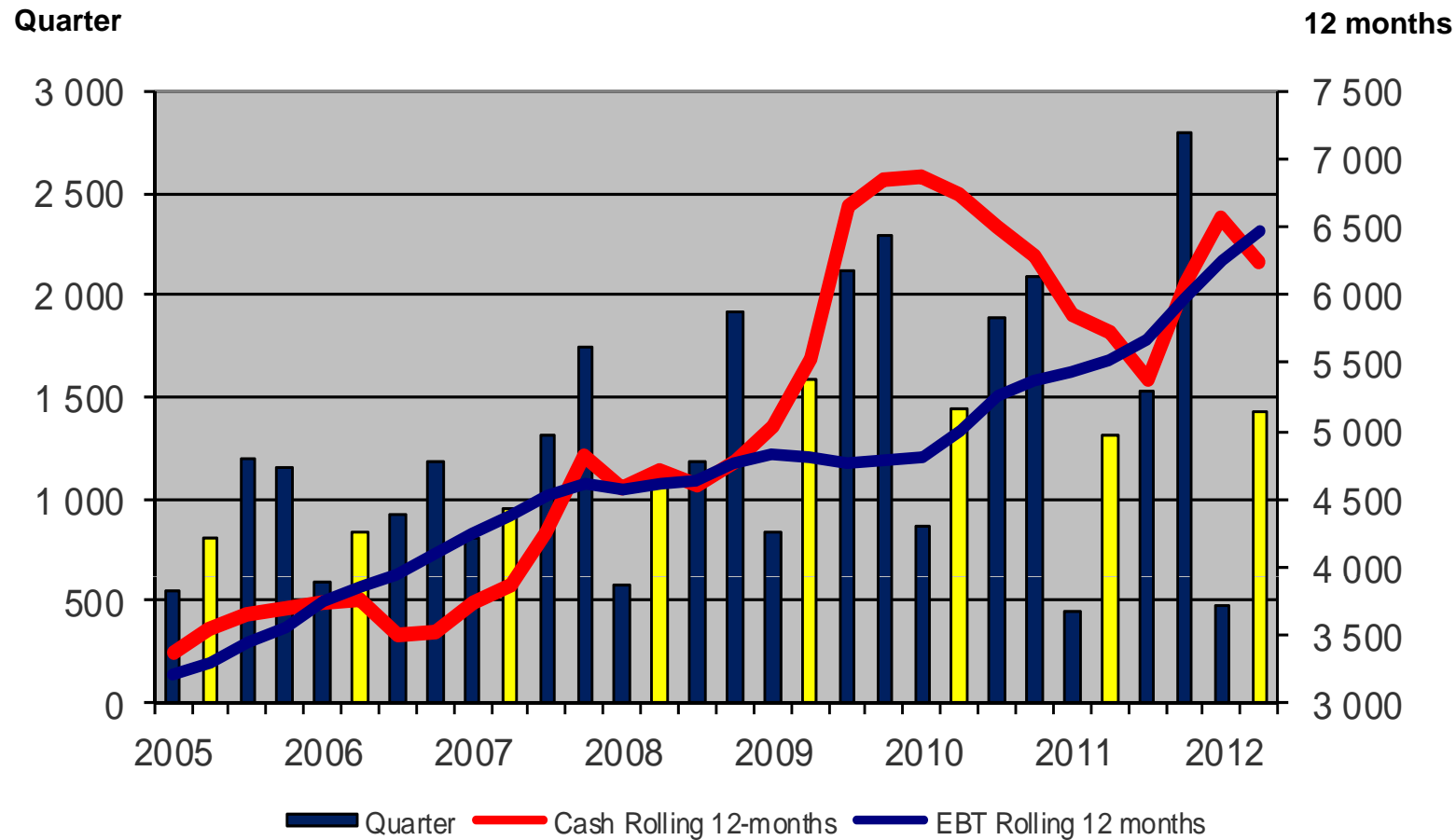
0.0%

-0.1%

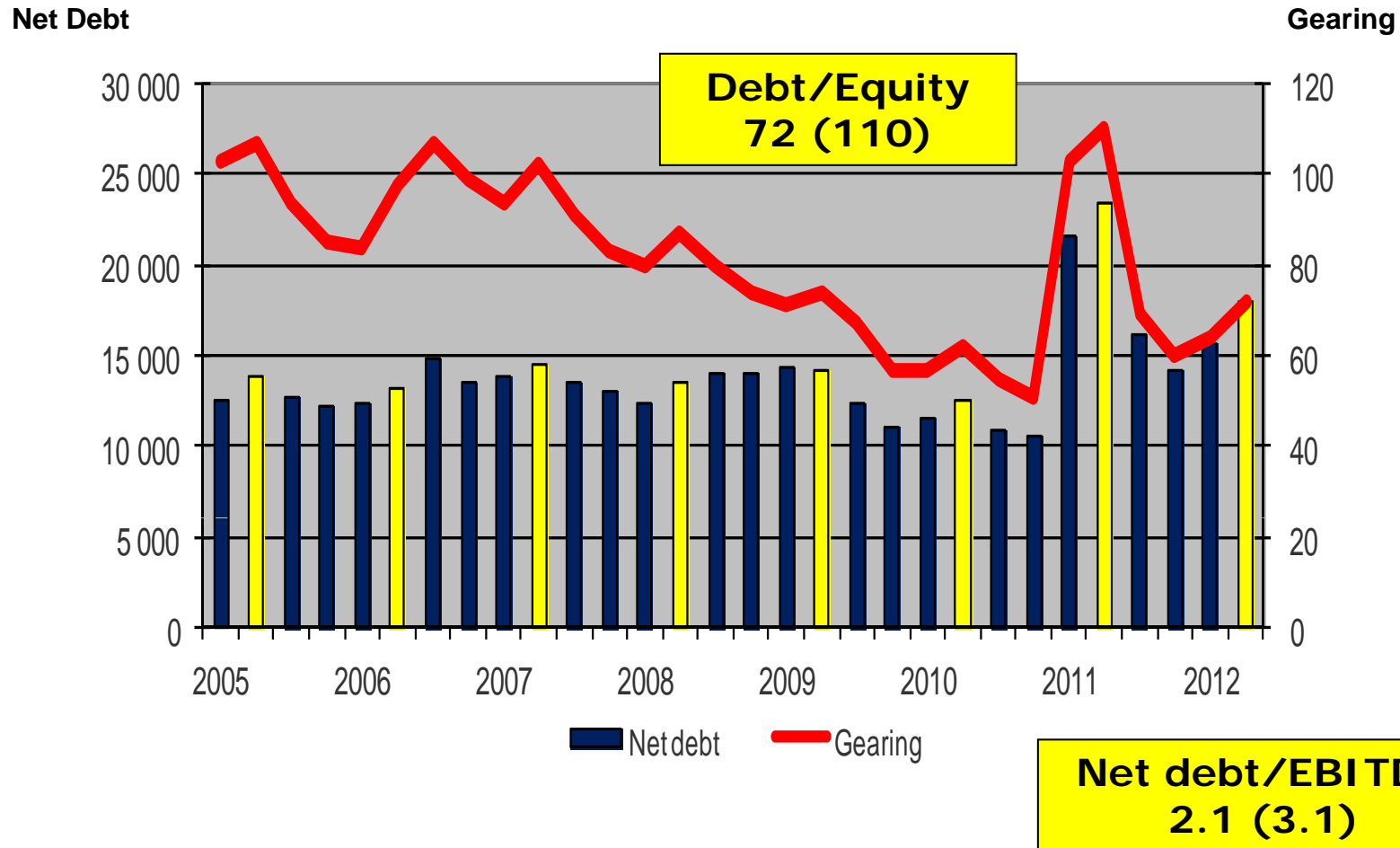
P&L – Components as % of sales

	2011 Q2	2012 Q2 excluding acquisitions	2012 Q2
▪ Direct material	34.3%	35.0%	35.0%
▪ Conversion costs	<u>27.1%</u>	<u>26.1%</u>	<u>25.9%</u>
▪ Gross Margin	38.6%	38.9%	39.1%
▪ S, G & A	<u>23.2%</u>	<u>23.1%</u>	<u>23.4%</u>
▪ EBIT	15.4%	15.8%	15.7%


Operating cash flow, MSEK



Gearing % and net debt MSEK



Conclusions Q2 2012

- Good total growth by 14% with 3% organic
 - Accelerated growth in North America
 - Strong organic growth in emerging markets
 - Many new products and projects wins
 - Footprint program gives good savings
 - Profit up 17% with strong cash flow
- 

ASSA ABLOY

Q&A

