

**ASSA ABLOY**

Q3 Report 2012

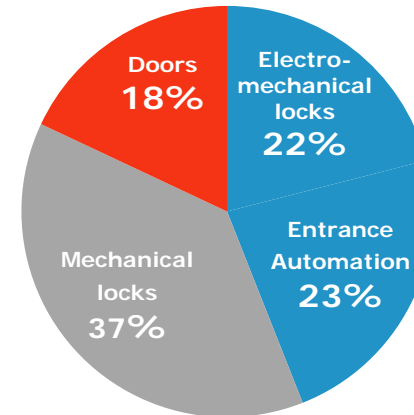


# ASSA ABLOY overview

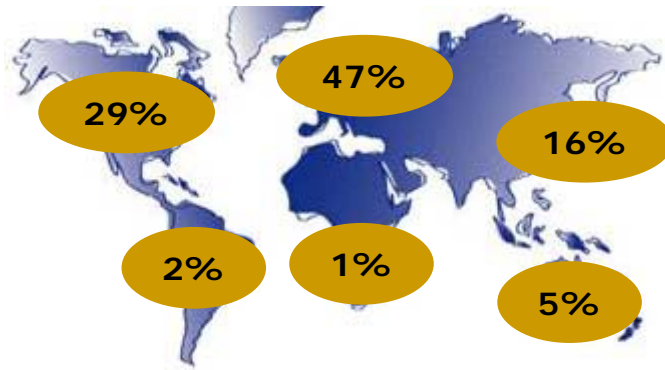
## Financials (SEK bn)

Net sales	46.1
EBIT	7.4
Op cash flow	6.7
Net debt	16.5
Market cap	80

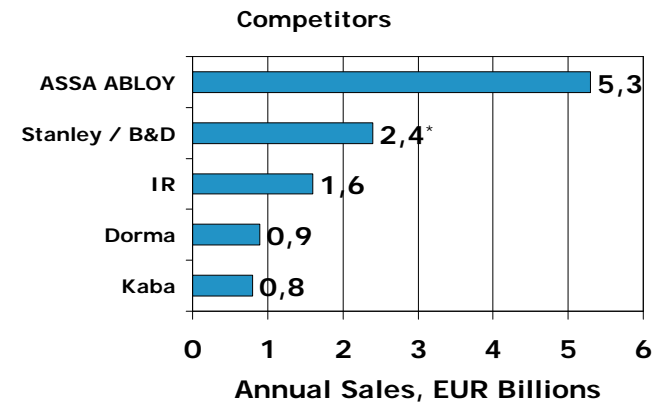
## Sales by product group Sep 2012



## Sales by region Sep 2012



## Leading market positions



\* Including Niscayah

## Financial highlights Q3 2012

- **Continued good development for ASSA ABLOY**
  - Good growth in Asia, Africa and South America
  - Stable development in Americas, EMEA, APAC and Global tech
  - ESD suffering from southern Europe
  - Strong profit and cash development
- **Sales** **11,545 MSEK** **+6%**  
+1% organic, +7% acquired growth, -2% currency
- **EBIT** **1,932 MSEK** **+10%**  
Currency effect -15 MSEK
- **EPS** **3.49 SEK** **+6%**  
Tax forecast 24%

# Financial highlights Jan-Sep 2012

- **Strong progress in a challenging market**

- **Sales** **34,380 MSEK** **+14%**  
+2% organic, +10% acquired growth, +2% currency
- **EBIT** **5,471 MSEK** **+15%**  
Currency effect 79 MSEK
- **EPS** **10.10 SEK** **+14%**  
Tax forecast 24%

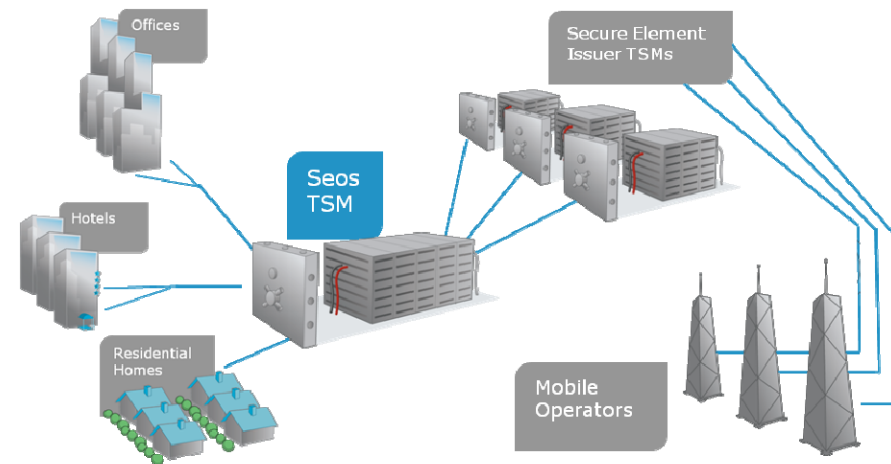
# Market highlights

- Growth from new products 24%
- Aperio fully launched in the USA
  - Most comprehensive wireless lock offering in the North American market
  - ASIS 2012 award winner; best new access control product
  - First large order landed
- Essence - new designer hotel locks
  - All lock components, including the reader, inside the door
  - Compatible with Near Field Communication (NFC) standards
  - Online/offline RFID



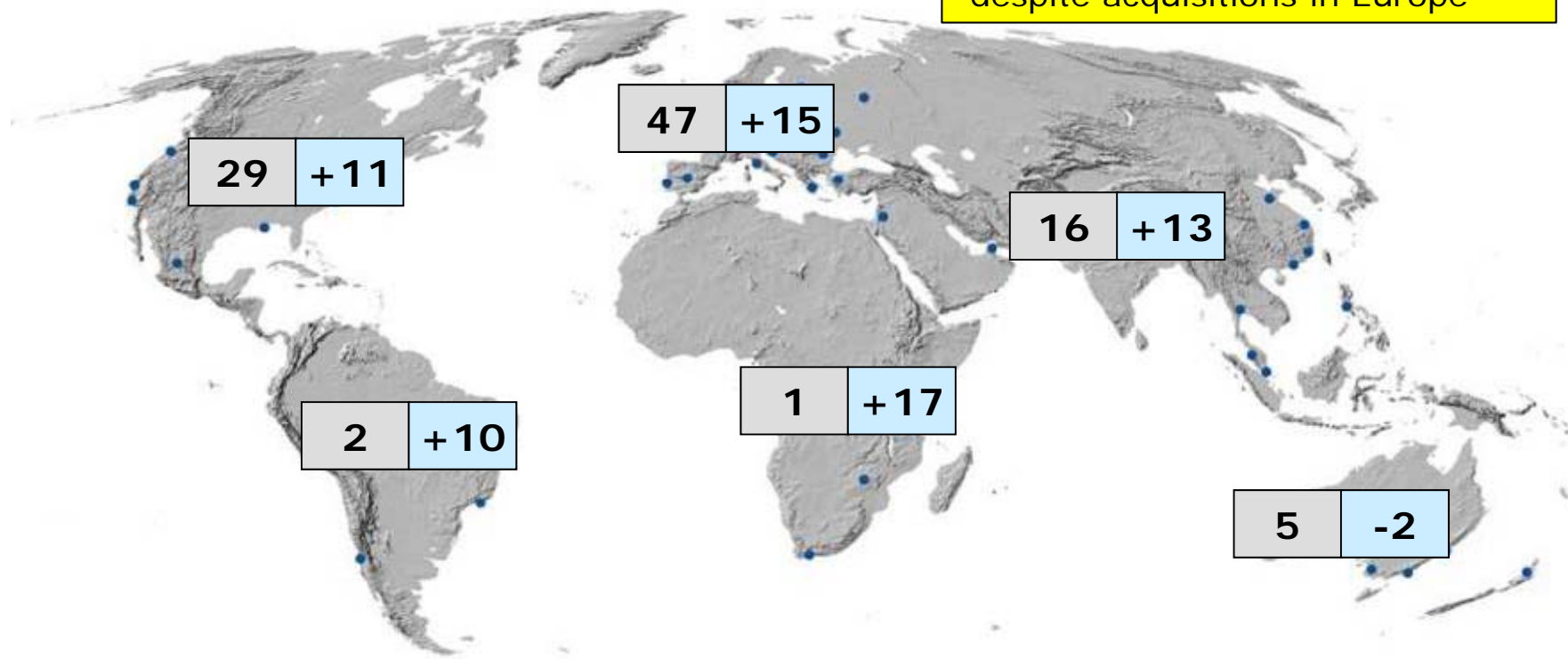
# Market highlights

- Seos launched
  - Complete ecosystem for mobile keys
  - Focus on security, privacy and customer experience for mobile phones
  - Single point of entry to multiple global communication networks
  - ASIS 2012 Security's Best Winner – most innovative product



# Group sales in local currencies Jan-Sep 2012

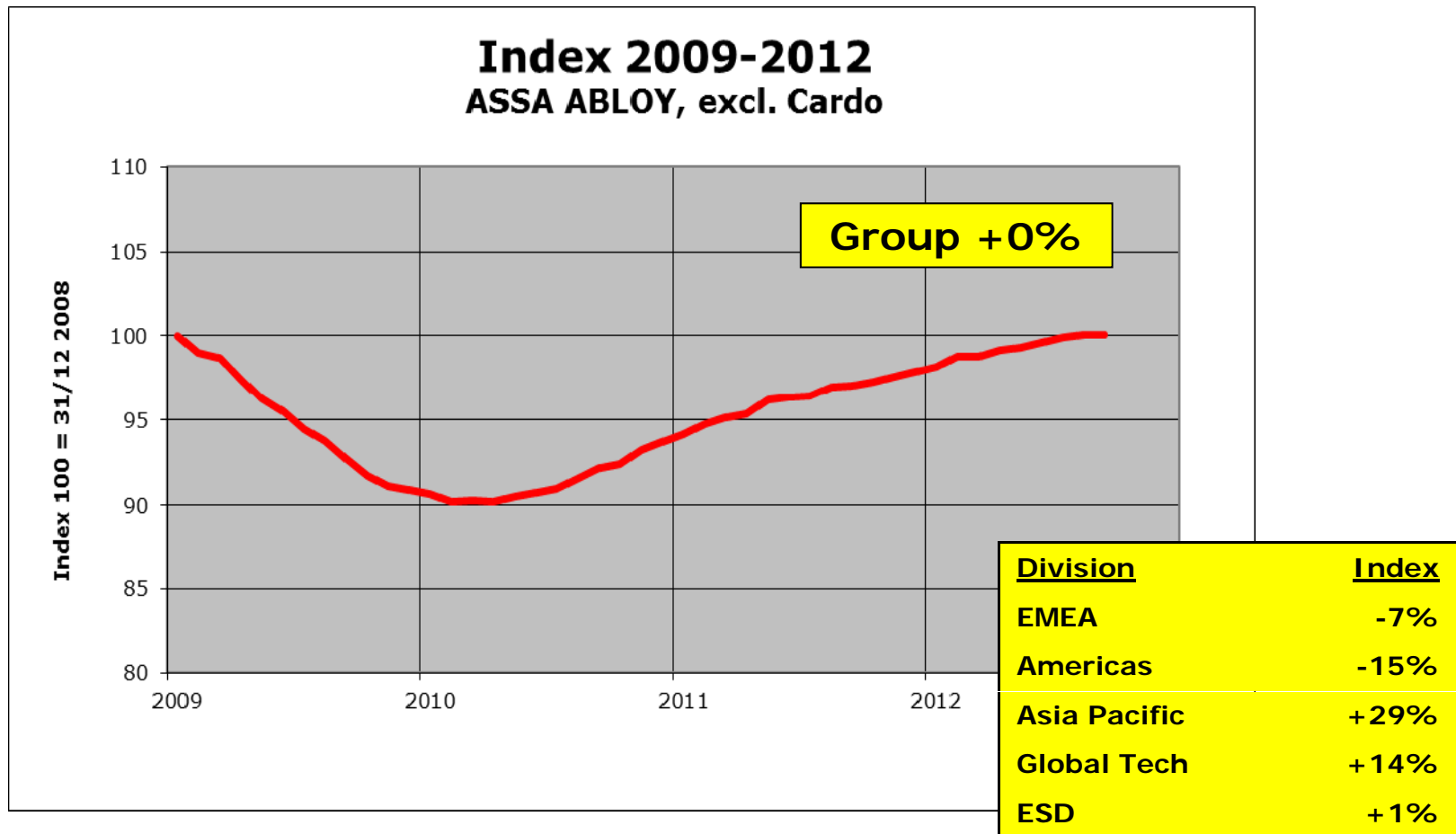
Emerging markets 25% of sales despite acquisitions in Europe



■ Share of Group sales 2012 YTD, %  
■ Year-to-date vs previous year, %

# Organic growth index

Recovery from recession

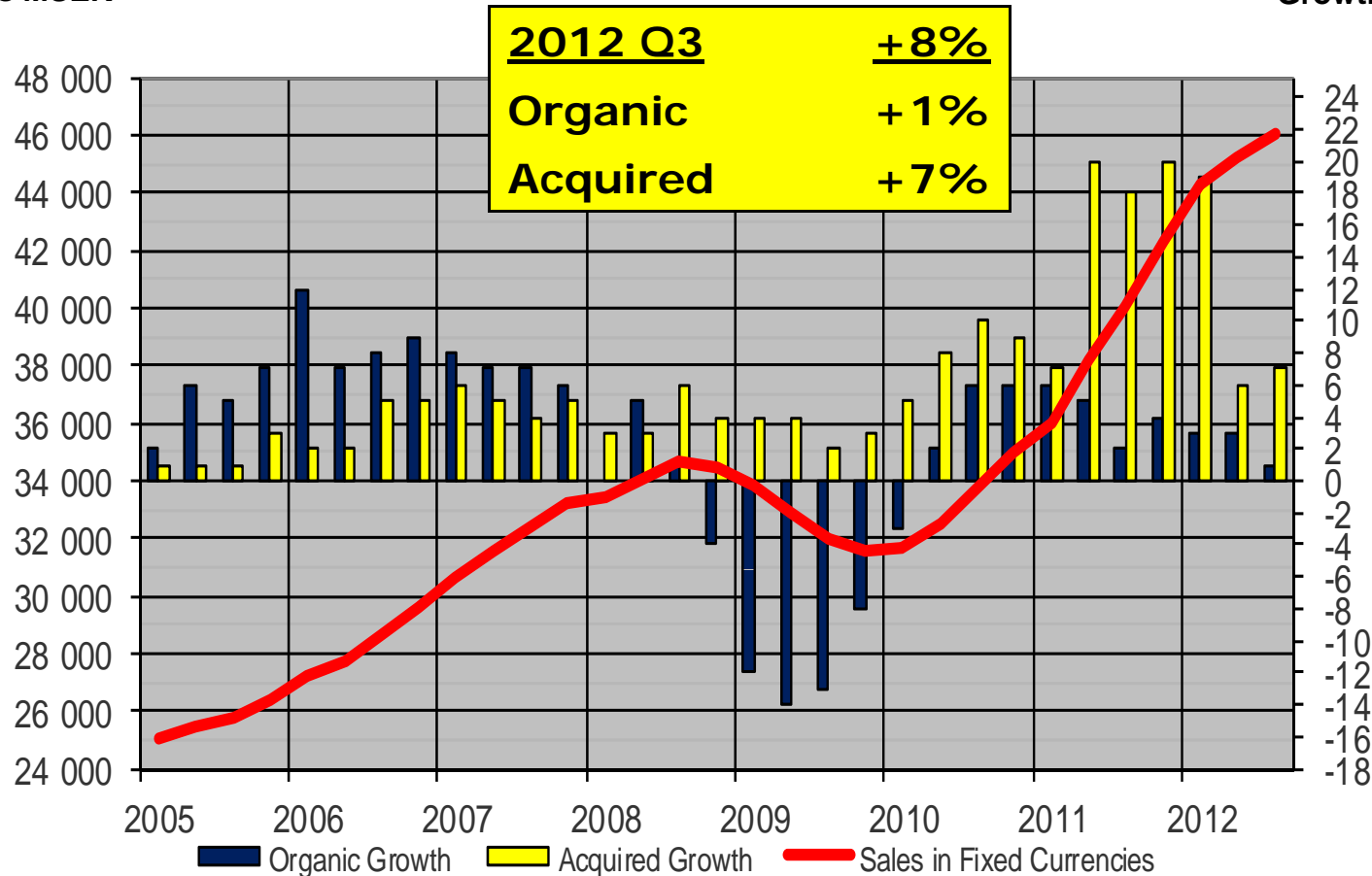




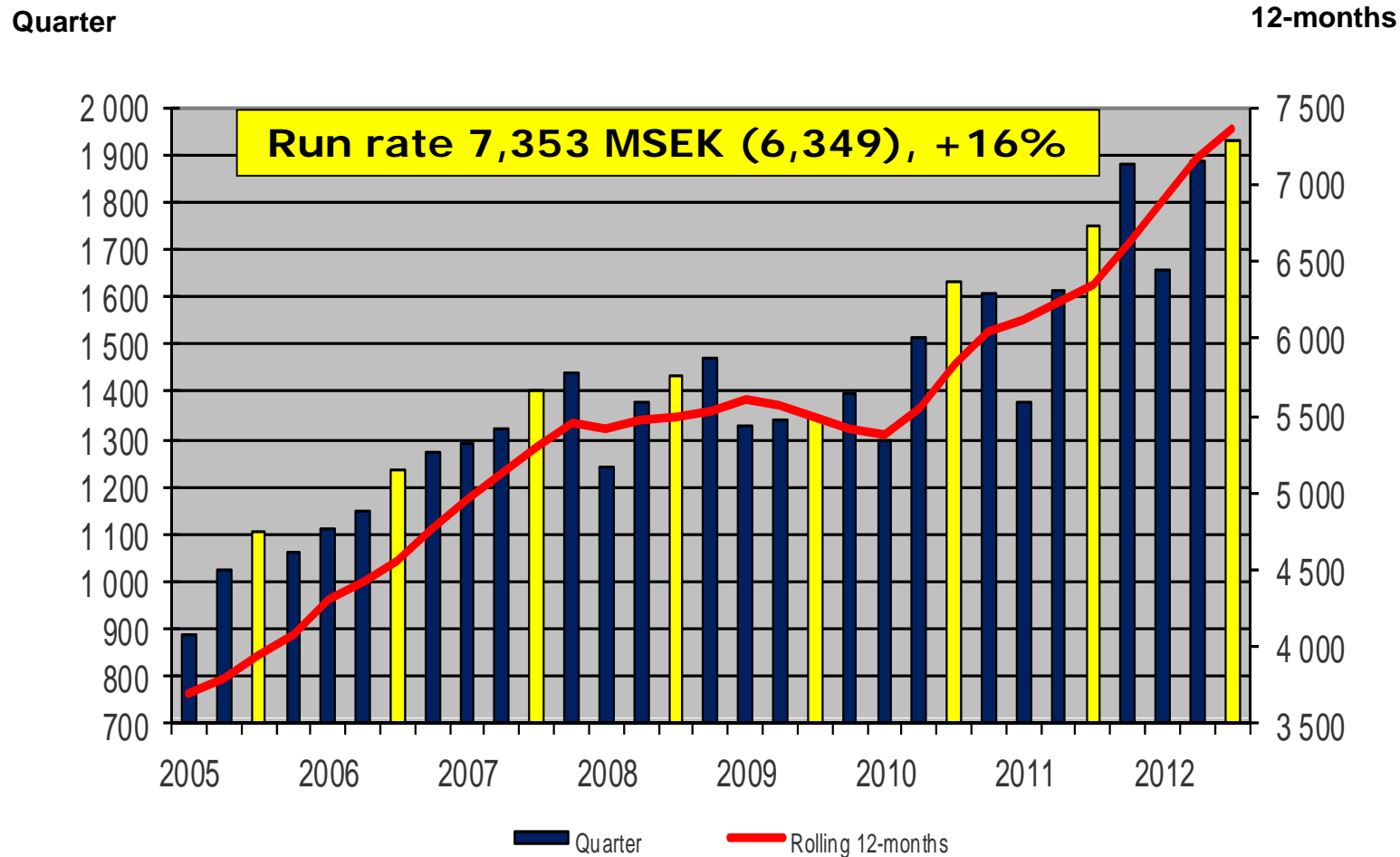
# Sales growth, currency adjusted

Sales MSEK

Growth, %



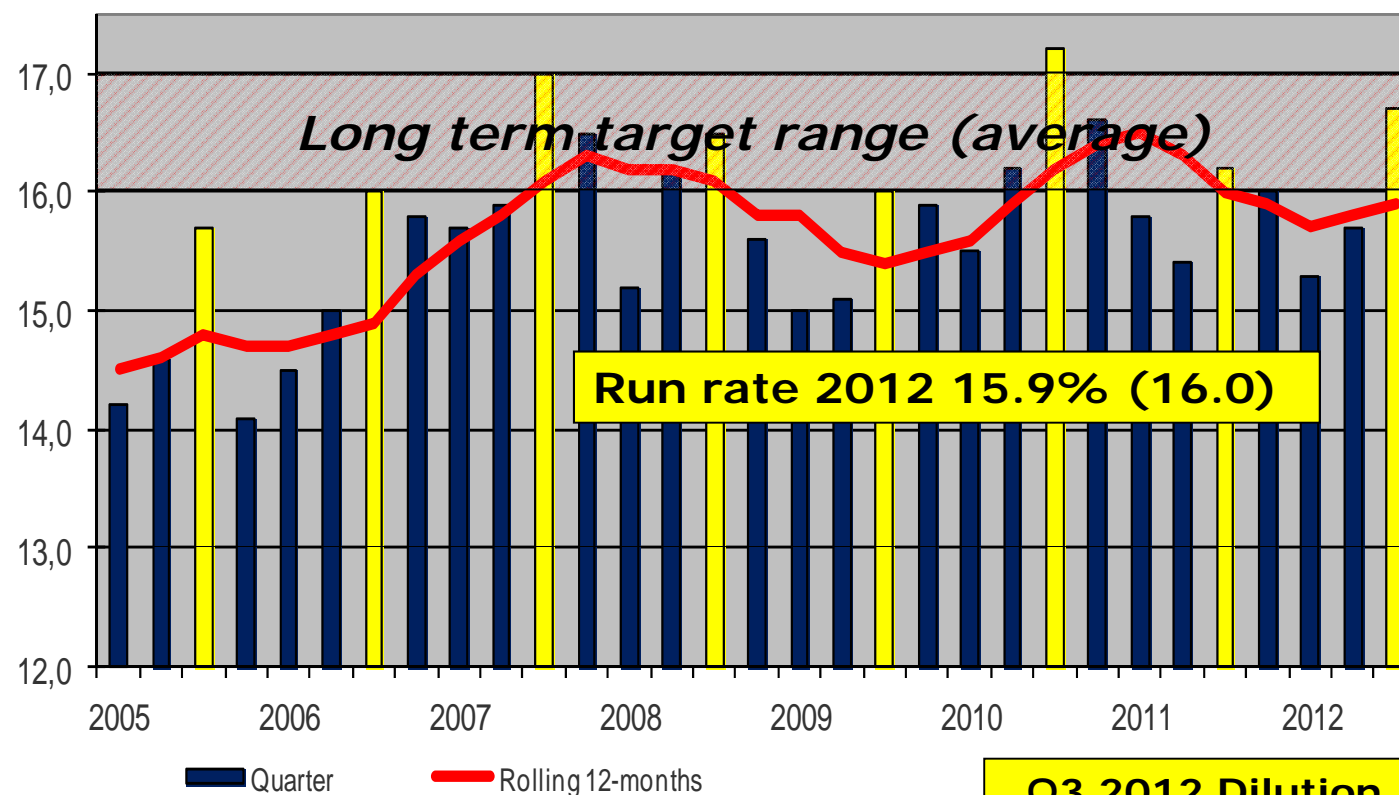
# Operating income (EBIT), MSEK



\*) Excluding restructuring costs.

# Operating margin (EBIT)\*, %

EBIT Margin

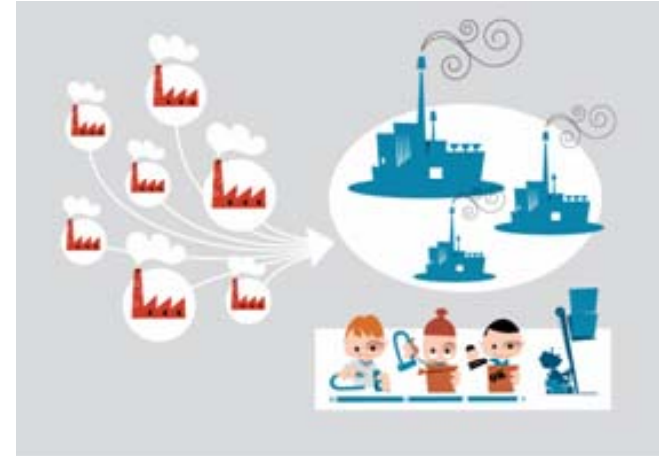


Q3 2012 Dilution	
QTD	+0.0%
YTD	-0.3%

\*) Excluding restructuring costs.

# Manufacturing footprint

- Status manufacturing footprint programs 2006-2011:
  - 49 factories closed to date, 19 to go
  - 52 factories converted to assembly, 23 to go
  - 28 offices closed, 1 to go
- Personnel reduction QTD 128p and total 6,464p
- 1,071 in further planned reductions



→ 1,272 MSEK of the provision remains for all programs

## Margin highlights Q3 2012

**EBIT margin 16.7% (16.2), +0.5%**

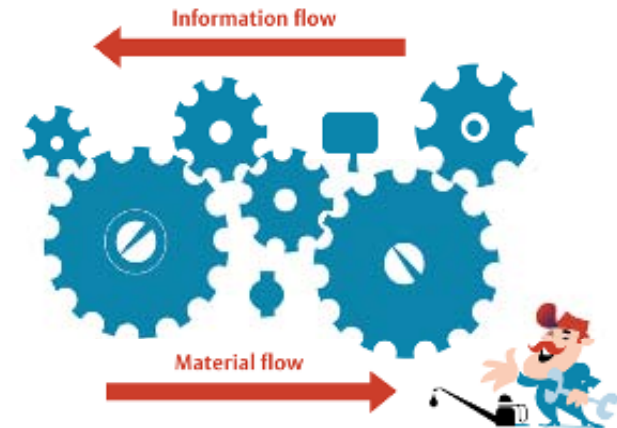
+ Volume increase 0%, price 1%

+ Margin expansion 0.5%

+ Manufacturing footprint & efficiency improvements

+ Material cost development

= Dilution from acquisitions by +0.0%



# Acquisitions 2012

- Fully active pipeline
- 11 acquisitions done so far in 2012
- Annualized sales 3,450 MSEK, +8.3%



- Major acquisitions Jan-Oct 2012:

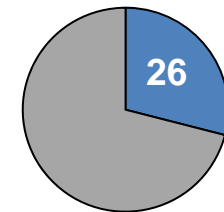
- Albany, US
- Dynaco, BE
- Securistyle, UK
- Sanhe Metal, China
- Helton, Canada
- Guoqiang, China



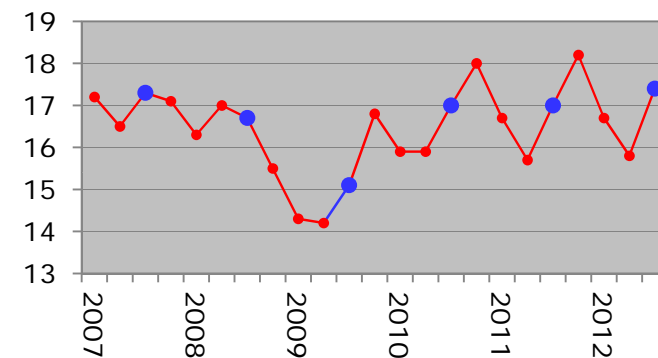
## Division - EMEA

- Southern European weakness is spreading
  - Good growth in UK, Africa, EE and Israel
  - Stable situation in Scandinavia, Finland, Germany and France
  - Negative sales in Italy, Iberia and Benelux
  - Continued strong footprint savings
- 
- Operating margin (EBIT)
    - Organic 1%
    - + Material cost
    - + Footprint savings
    - Dilution by -0.1%

**SALES**  
share of  
Group total %



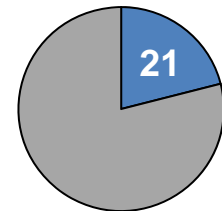
**EBIT %**



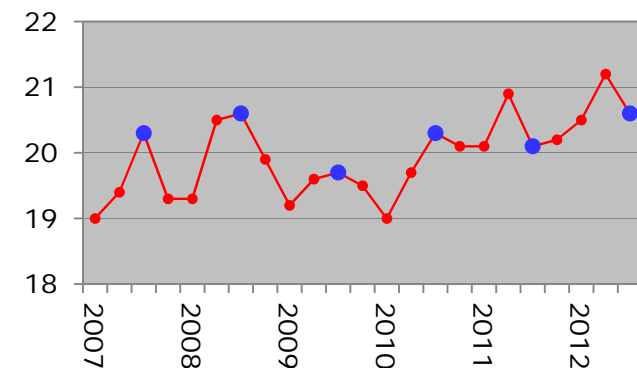
## Division - Americas

- Strong growth in Residential, Mexico and South America
- Growth in Electromechanical while stable in AHW, Doors and High security
- Slight decline in Canada
- Improved margin from volume and efficiency gains
- Operating margin (EBIT)
  - + Organic +3%
  - Material cost
  - + Efficiency improvement

**SALES**  
share of  
Group total %



**EBIT %**

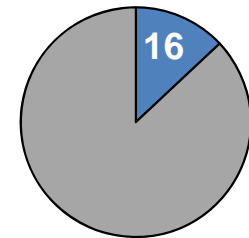




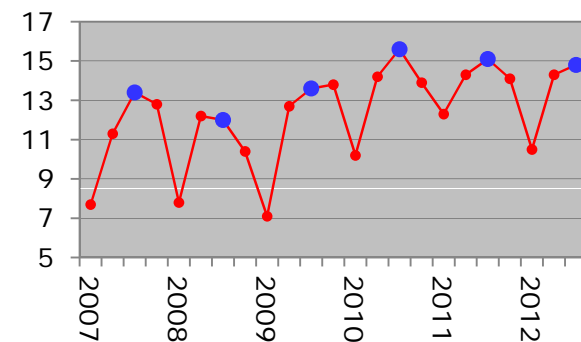
## Division - Asia Pacific

- Strong growth in Korea and South East Asia despite India in decline
- Good growth in China
- Strong decline in Australia and stable in New Zealand
- Focus on manufacturing efficiency in China
- Agreement signed on sale of Wangli
- Operating margin (EBIT)
  - Organic +3%
  - + Efficiency in China
  - + Material cost
  - Mix & cost pressure

**SALES**  
share of  
Group total %



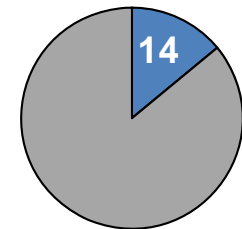
**EBIT %**



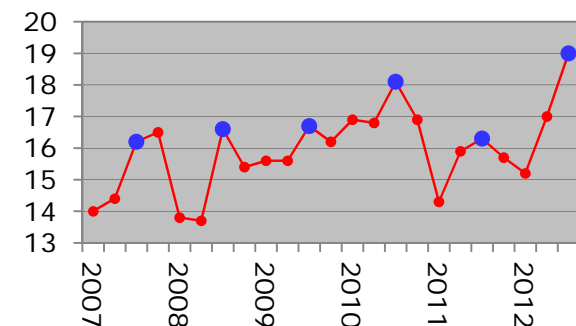
## Division - Global Technologies

- **HID**
  - Strong growth in IDT
  - Good growth of Access control, Logical access and Secure Issuance
  - Decline in Government and project invoicing
  - Strong profit improvement
- **Hospitality**
  - Continued good growth from renovation market
  - Strong profit improvement
- **Operating margin (EBIT)**
  - + Organic +3%
  - + Leverage from core business growth
  - + Less large project orders

**SALES**  
share of  
Group total %



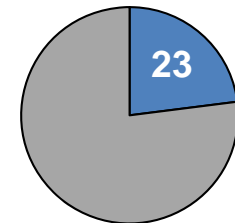
**EBIT %**



## Division - Entrance Systems

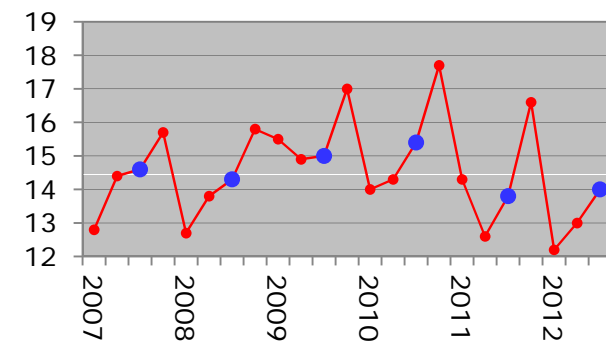
- Heavy decline in Southern Europe
- Good growth of Crawford, Albany and FlexiForce
- Continued decline of Ditec and Residential doors
- New door program launched for Residential doors
- Integration of new companies develops well
- Sales +18% and EBIT +20%

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - Organic -2%
  - + Raw material
  - + Efficiency gains from integration works

**EBIT %**



# Financial highlights Q3 2012

MSEK	3rd Quarter			Nine months		
	2011	2012	Change	2011	2012	Change
<b>Sales</b>	<b>10,841</b>	<b>11,545</b>	<b>+6%</b>	<b>30,042</b>	<b>34,380</b>	<b>+14%</b>
<i>Whereof</i>						
Organic growth			+1%			+2%
Acquired growth			+7%			+10%
FX-differences		-151	-2%		502	2%
<b>Operating income (EBIT)</b>	<b>1,751</b>	<b>1,932</b>	<b>+10%</b>	<b>4,743</b>	<b>5,471</b>	<b>+15%</b>
EBIT-margin (%)	16.2	16.7		15.8	15.9	
<b>Operating cash flow</b>	<b>1,528</b>	<b>1,967</b>	<b>+29%</b>	<b>3,286</b>	<b>3,885</b>	<b>+18%</b>
<b>EPS (SEK)*</b>	<b>3.30</b>	<b>3.49</b>	<b>+6%</b>	<b>8.86</b>	<b>10.10</b>	<b>+14%</b>

\*excluding non comparable items

## Bridge Analysis – Jul-Sep 2012

MSEK	2011 Jul-Sep	Organic	Currency	Acq/Div	2012 Jul-Sep
		1%	-2%	7%	6%
Revenues	10,841	129	-151	726	11,545
EBIT	1,751	74	-15	121	1,932
%	16.2%	57.5%	9.8%	16.7%	16.7%

Dilution / Accretion

0.5%

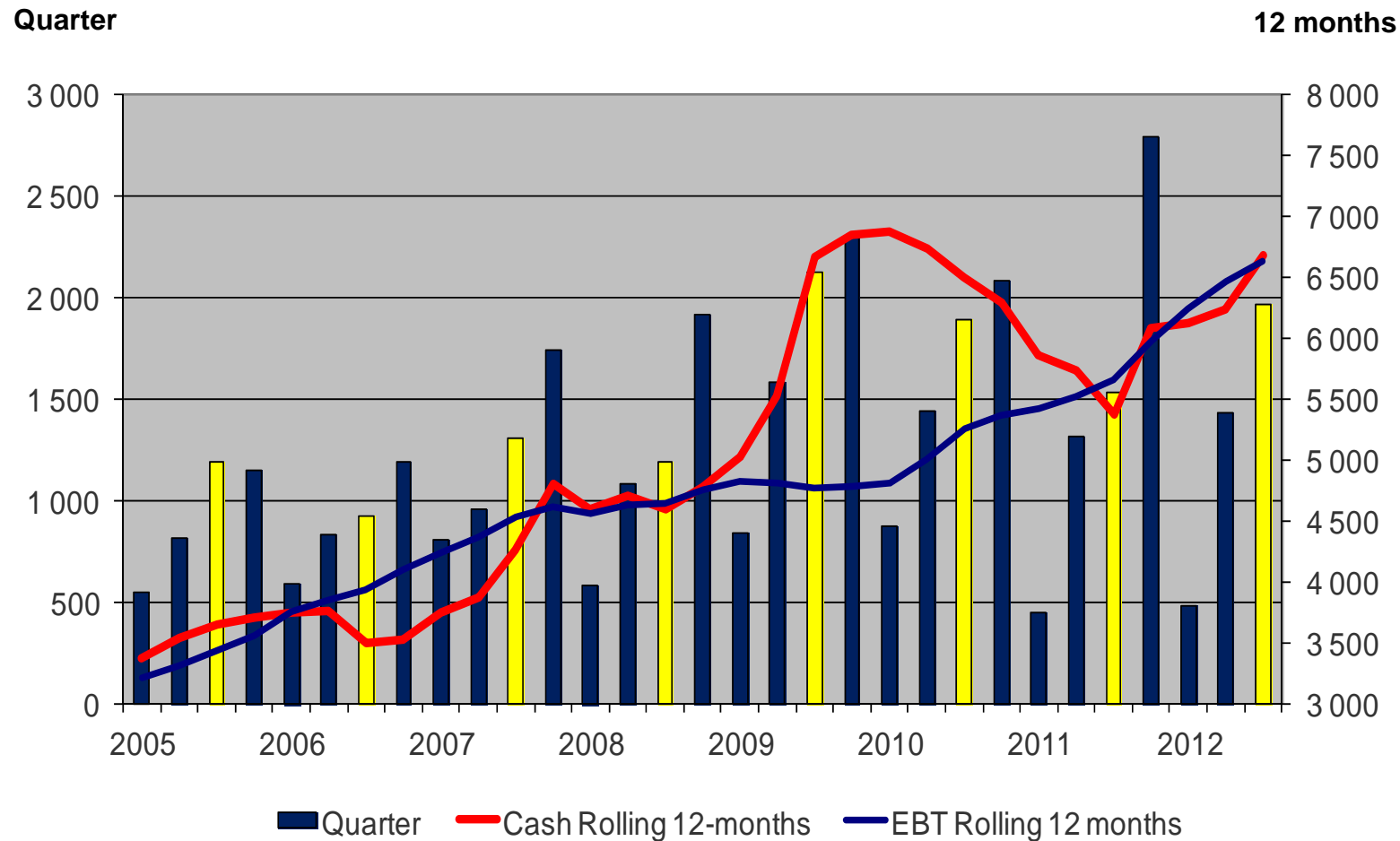
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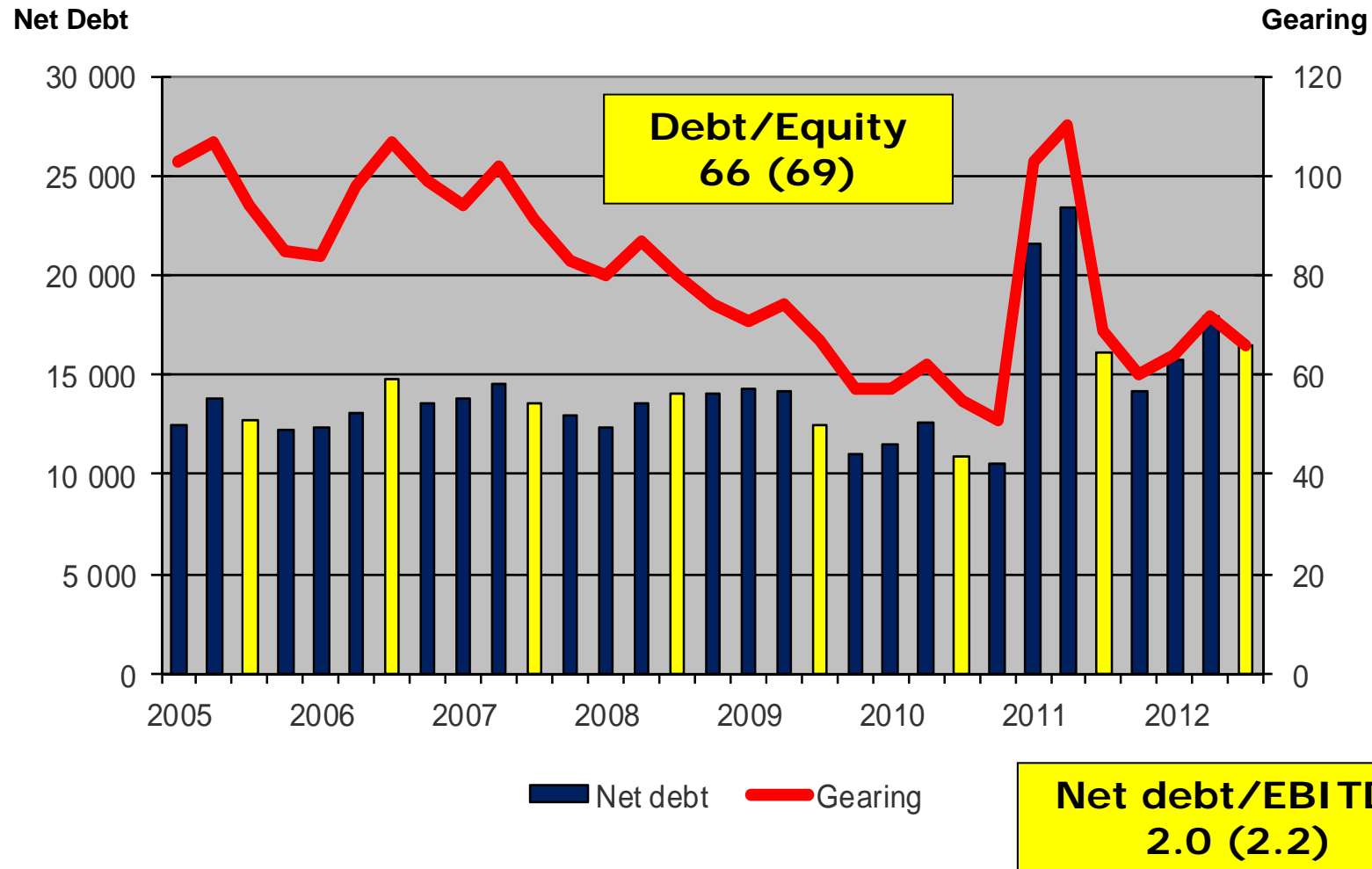
## P&L – Components as % of sales

	<b>2011</b> Q3	<b>2012</b> Q3 excluding acquisitions	<b>2012</b> Q3
▪ Direct material	35.8%	35.1%	35.1%
▪ Conversion costs	<u>25.4%</u>	<u>25.0%</u>	<u>25.0%</u>
▪ Gross Margin	38.8%	39.9%	39.9%
▪ S, G & A	<u>22.6%</u>	<u>23.2%</u>	<u>23.2%</u>
▪ EBIT	16.2%	16.7%	16.7%

# Operating cash flow, MSEK




# Gearing % and net debt MSEK





## Conclusions Q3 2012

- Total growth by 6% with 1% organic
  - Stable development in Americas, EMEA, APAC and Global tech
  - Good growth in Asia, Africa and South America
  - Efficiency improvements and raw material supports profit
  - Strong EBIT improvement with 10%
  - Very good cash flow
- 

ASSA ABLOY

Q&A

