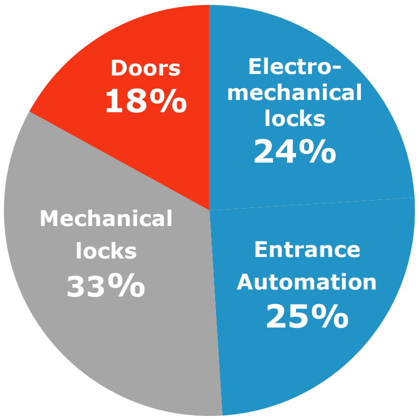
Q3 Report 2013

ASSA ABLOY overview Jan-Sep 2013

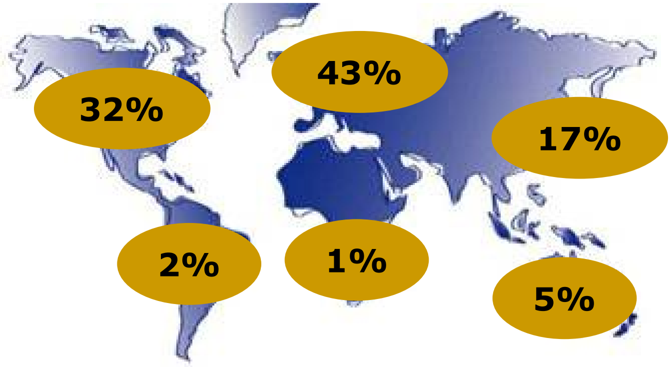
Financials (SEK bn)

Net sales	35.2
EBIT	5.7
Op cash flow	4.3
Net debt	17.4
Market cap	110

Sales by product group Sep 2013



Sales by region Sep 2013



Leading market positions

Financial highlights Q3 2013

- **Good Growth in all parts except Europe**
  - Strong growth in Americas, APAC and Global Tech
  - EMEA bottoming
  - ESD slightly negative
  - Important gains of efficiency and savings
  - Preparation for new Manufacturing footprint
- **Sales** **12,131 MSEK** **+5%**

  +3% organic, +3% acquired growth, -1% currency
- **EBIT** **2,090 MSEK** **+8%**

  Currency effect -56 MSEK
- **EPS** **3.98 SEK** **+13%**

  Forecasted tax rate 25%

Financial highlights Jan-Sep 2013

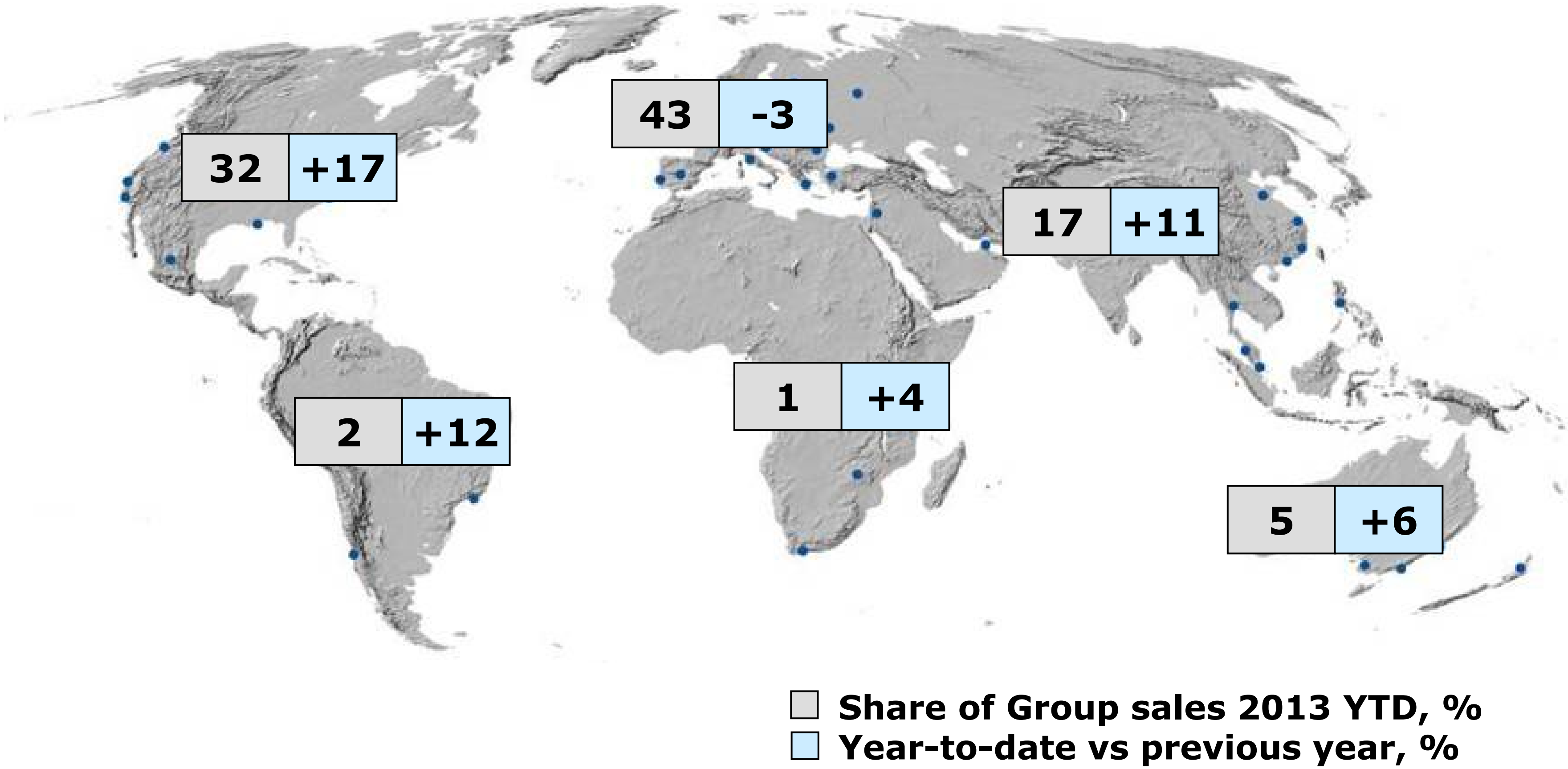
- **Good performance in a tough market**

- **Sales** **35,239 MSEK** **+2%**
  +2% organic, +4% acquired growth, -4% currency
- **EBIT** **5,722 MSEK** **+5%**
  Currency effect -215 MSEK
- **EPS** **10.76 SEK** **+6%**
  Forecasted tax rate 25%

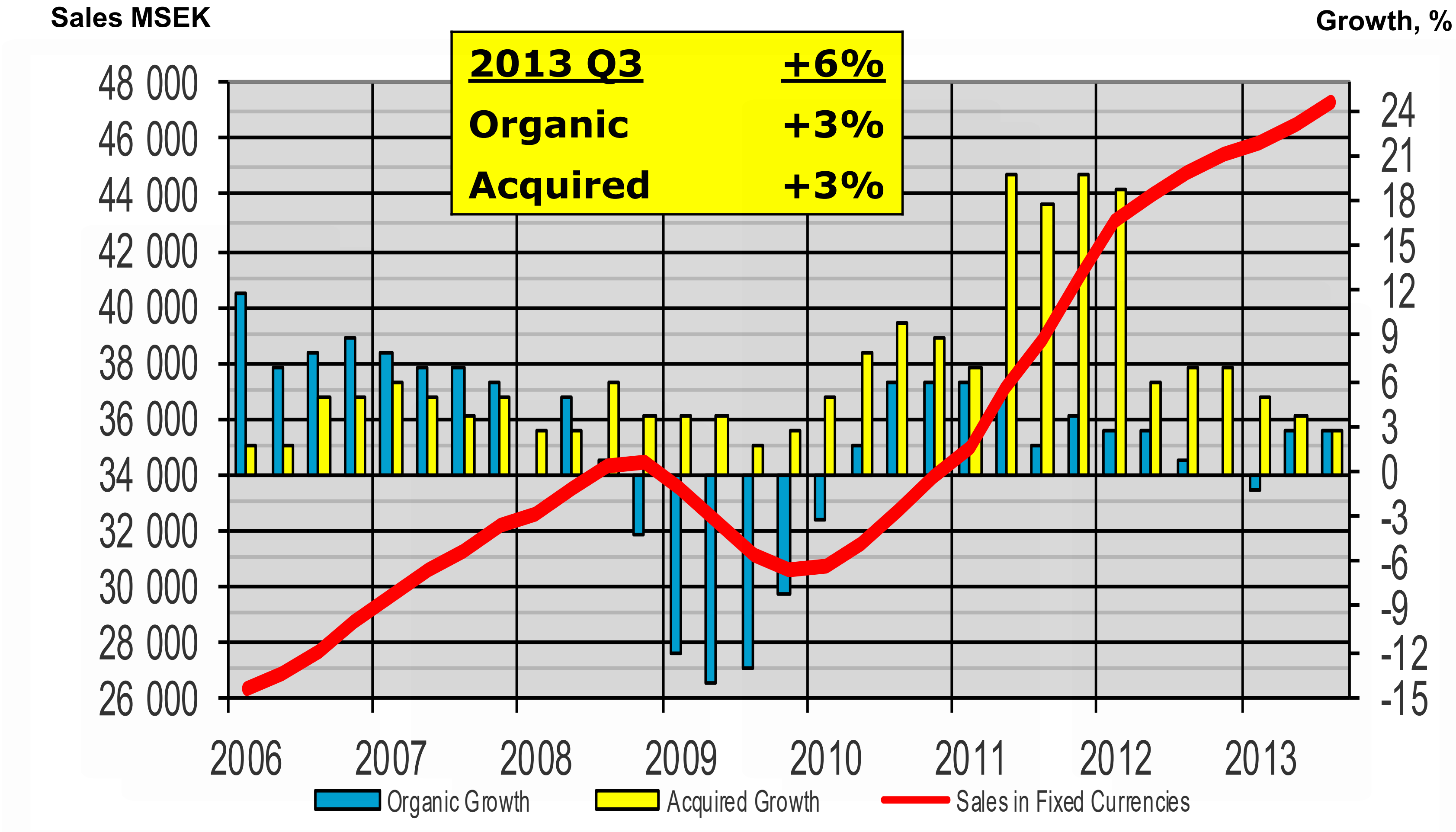
Market highlights

- Strong sales of new SE-reader
  - Multi technology, virtual keys, speed of reading
- Most innovative product awards ASIS, USA
  - 4 out of 10 first prices out of 600 exhibitors
- Success for Nexgen e-cylinder technology
  - Several large orders for vending and parking
- Yale DDL chosen for home automation
  - Broad European launch with Verisure

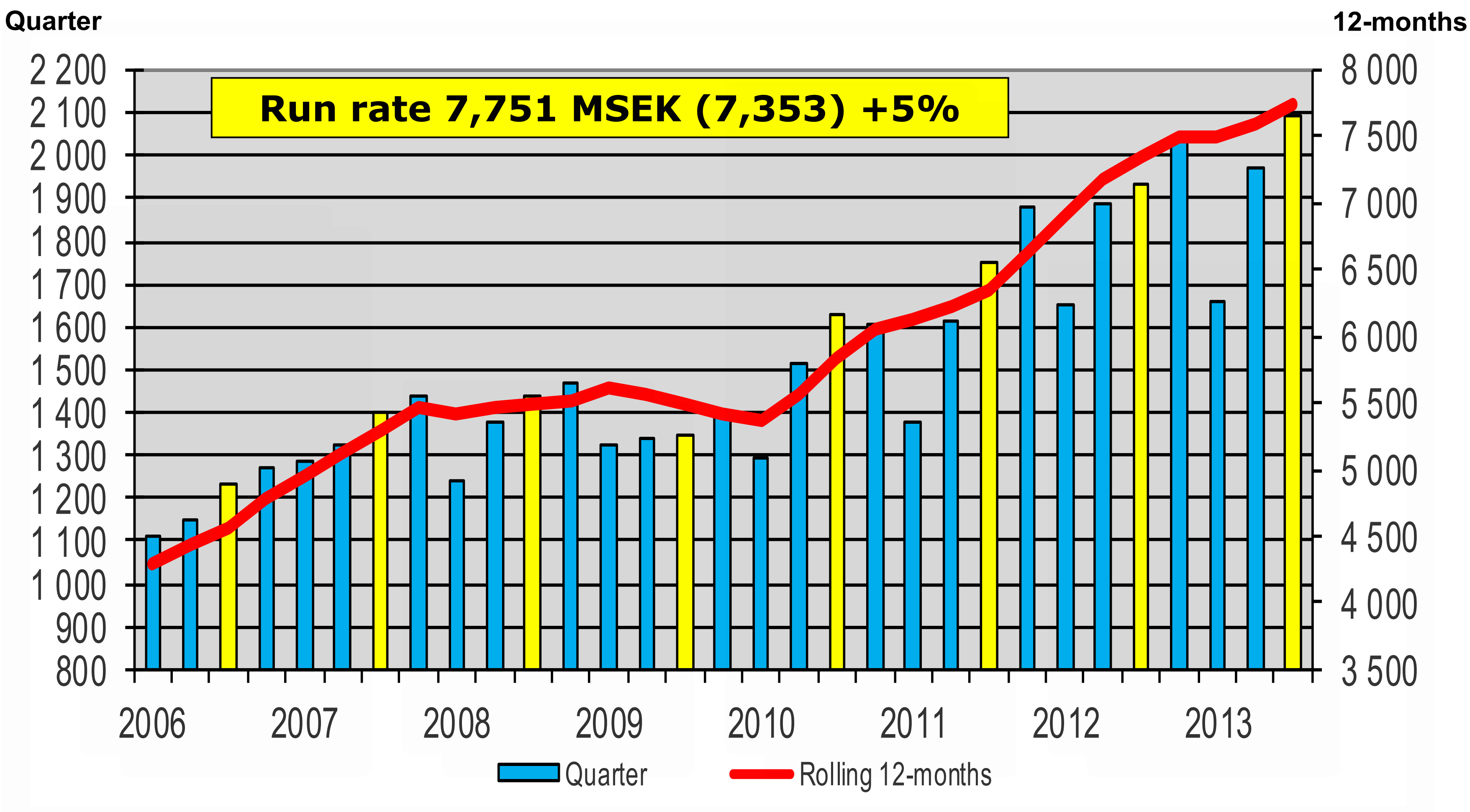
Group sales in local currencies Jan-Sep 2013



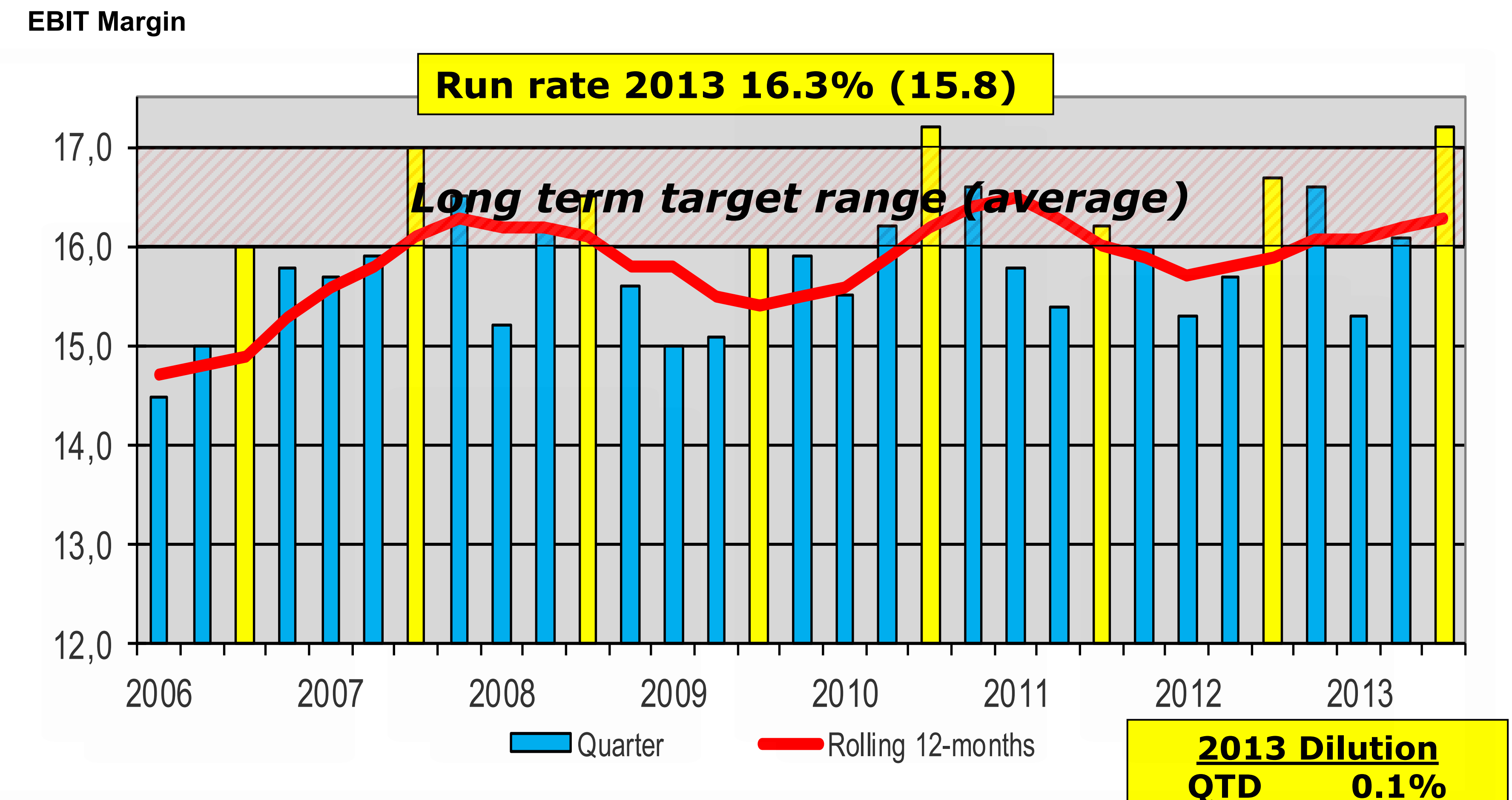
Sales growth, currency adjusted



Operating income (EBIT), MSEK



Operating margin (EBIT)*, %

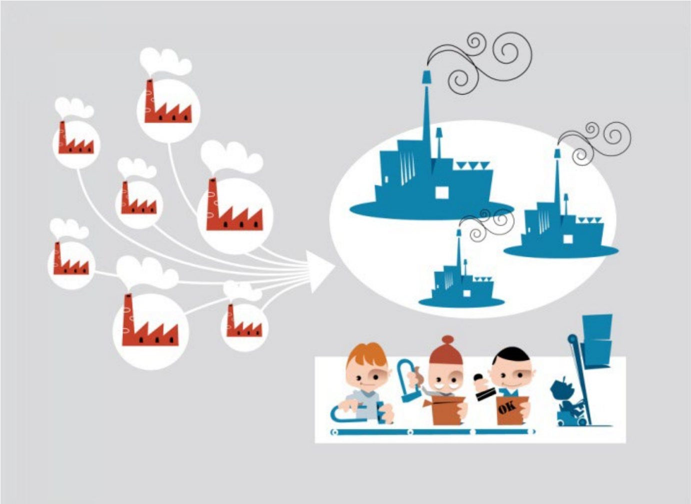


2013 Dilution
QTD 0.1%
YTD 0.0%

*) Excluding restructuring costs.

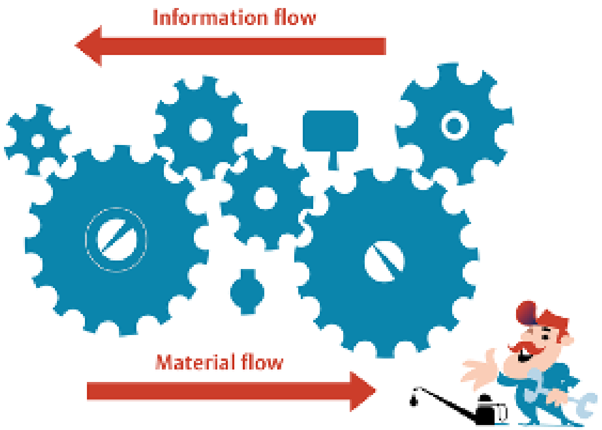
Manufacturing footprint

- Status manufacturing footprint programs 2006-2011:
  - 56 factories closed to date, 12 to go
  - 68 factories converted to assembly, 7 to go
  - 28 offices closed, 1 to go
- Personal reduction 7,084p and 451p remains



- New MFP program planned in Q4
  - Closure of 30 entities
  - Payback of approx. 3 years
  - Cost estimate 1,000 MSEK

Margin highlights Q3 2013



EBIT margin 17.2% (16.7) 0.5%

+ Volume increase +2%, price +1%

+ Margin expansion 0.5%
    = Organic growth
    + Manufacturing footprint
    + Capacity adjustments
    - Dilution from Currency -0.2%
    + Acquisitions +0.1%

Acquisitions 2013

- **Fully active pipeline**
- **10 acquisitions done in 2013**
- **Annualized sales 2,300 MSEK**
- **Added sales 5%**

AMERISTAR® FENCE PRODUCTS

鑫锚 XINMAO-DOOR

mercor®

HUASHENG

Ameristar, USA

- Turnover of 1,100 MSEK with 650 employees
- The leading US manufacturer of perimeter security solutions
- Complements the ASSA ABLOY offering of security solutions in the American market
- Reinforces the market leadership in North America
- Accretive to EPS

Mercor, Poland

- Turnover of 370 MSEK with 550 employees
- Leading Polish manufacturer of security and fire doors
- Offers complete door opening solutions
- Will significantly reinforce the market position in Eastern Europe
- Accretive to EPS




Xinmao, China

- Turnover of 190 MSEK with 360 employees
- Market leader in Heilongjiang of fire rated & security doors
- Supply of total hardware package & installation
- Good synergies on products and market coverage
- Accretive to EPS

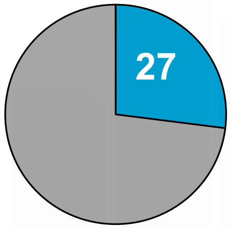
Huasheng, China

- Turnover of 210 MSEK with 460 employees
- Market leader in Shandong of fire rated & security doors
- Supply of total hardware package & installation
- Good synergies on products and market coverage
- Accretive to EPS

Division - EMEA

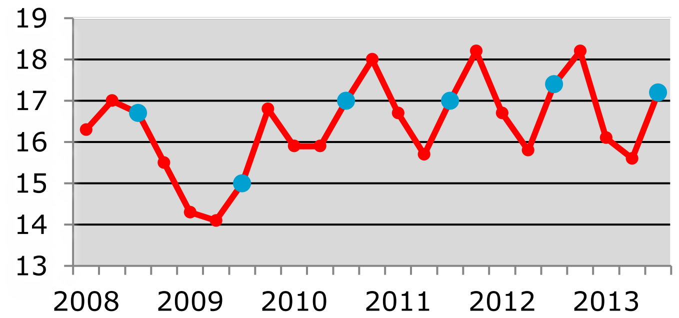
- Bottoming with slight growth
- Growth in Scandinavia, Finland, Germany, Italy, Africa and Eastern Europe
- Stable in the UK
- Decline in France, Holland, Iberia and Israel
- JPM factory France closed

SALES
share of
Group total %



- Operating margin (EBIT)
  - = Organic 1%
  - \- Material cost
  - \+ Footprint savings
  - = SG&A

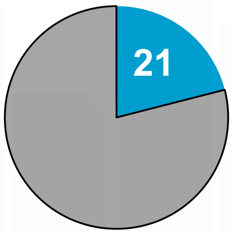
EBIT %



Division - Americas

- Strong growth in AHW, Electromechanical, Residential and South America
- Growth in Doors and High security
- Slightly negative in Mexico and Canada
- Continued investments in R&D and front end

SALES
share of
Group total %



- Operating margin (EBIT)

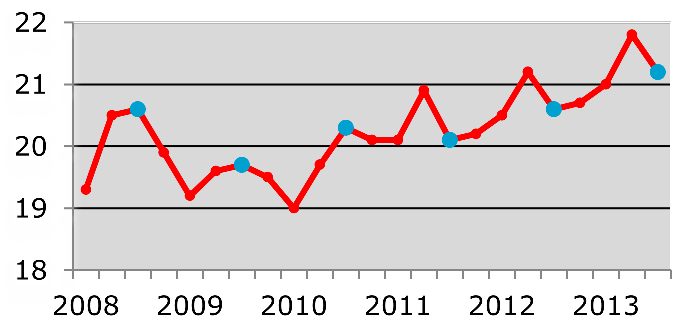
  + Organic +7%

  + Material cost

  + Efficiency improvement

  - R&D and front end

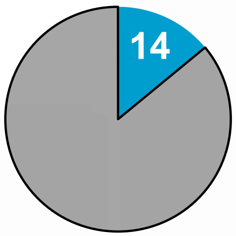
EBIT %



Division - Asia Pacific

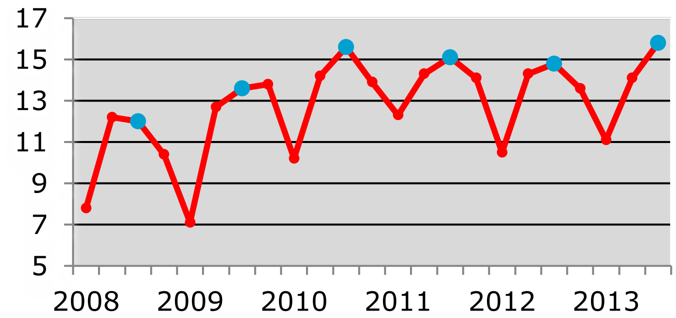
- Strong growth in Australia, New Zealand and Korea
- Good growth in China
- Decline in South East Asia
- Profit improvement coming from overall volume growth and cost control in China

SALES
share of
Group total %



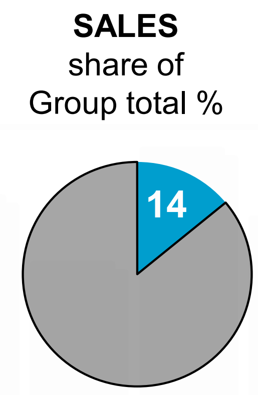
- Operating margin (EBIT)
  - = Organic +6%
  - \+ Material cost
  - \+ Efficiency in China
  - \- Mix & cost pressure

EBIT %



Division - Global Technologies

- HID
  - Good growth of Access control and Secure Issuance
  - Strong growth in Project sales
  - Negative in Government ID and stable in IDT
  - Strong profit improvement
- Hospitality
  - Good growth from the renovation market
  - Solid profit development

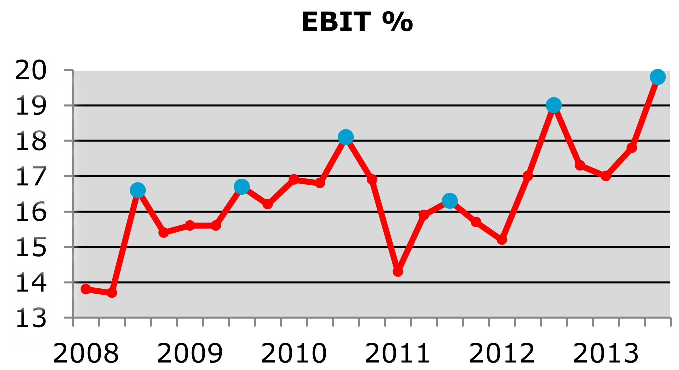


- Operating margin (EBIT)

+ Organic +7%

+ Good cost control

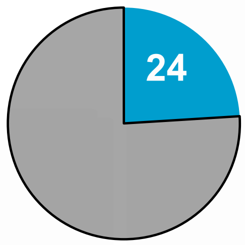
+ All parts doing well on margin



Division - Entrance Systems

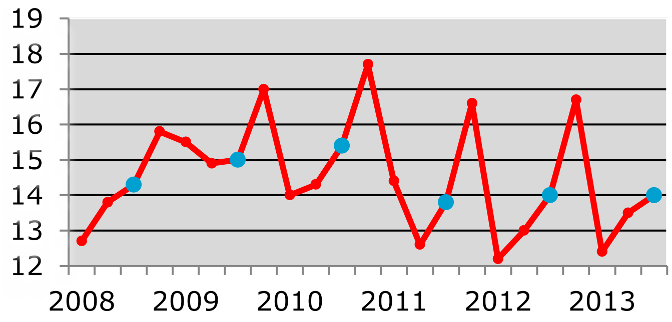
- Europe weak while Americas & Asia are growing
- Stable sales in Door automatics and Industrial doors
- Negative sales of High speed doors and dockings
- Continued decline in Ditec due to weak southern Europe
- Sales +9% and EBIT +10%

SALES
share of
Group total %



- Operating margin (EBIT)
  - Organic -1%
  - Dilution & currency -0.4%
  - Good product cost reductions
  - Strong efficiency improvements

EBIT %



Financial highlights Q3 2013

MSEK	3rd Quarter 2012	3rd Quarter 2013	Change	Nine months 2012	Nine months 2013	Change
Sales	**11,545**	**12,131**	**5%**	**34,380**	**35,239**	**+2%**
Whereof						
Organic growth			+3%			+2%
Acquired growth			+3%			+4%
FX-differences		-133	-1%		-1,021	-4%
Operating income (EBIT)	**1,932**	**2,090**	**+8%**	**5,471**	**5,722**	**+5%**
EBIT-margin (%)	16.7	17.2		15.9	16.2	
Operating cash flow	**1,967**	**2,175**	**+11%**	**3,885**	**4,262**	**+10%**
EPS (SEK)*	**3.53**	**3.98**	**+13%**	**10.18**	**10.76**	**+6%**

*) excluding non comparable items

Bridge Analysis – Jul-Sep 2013

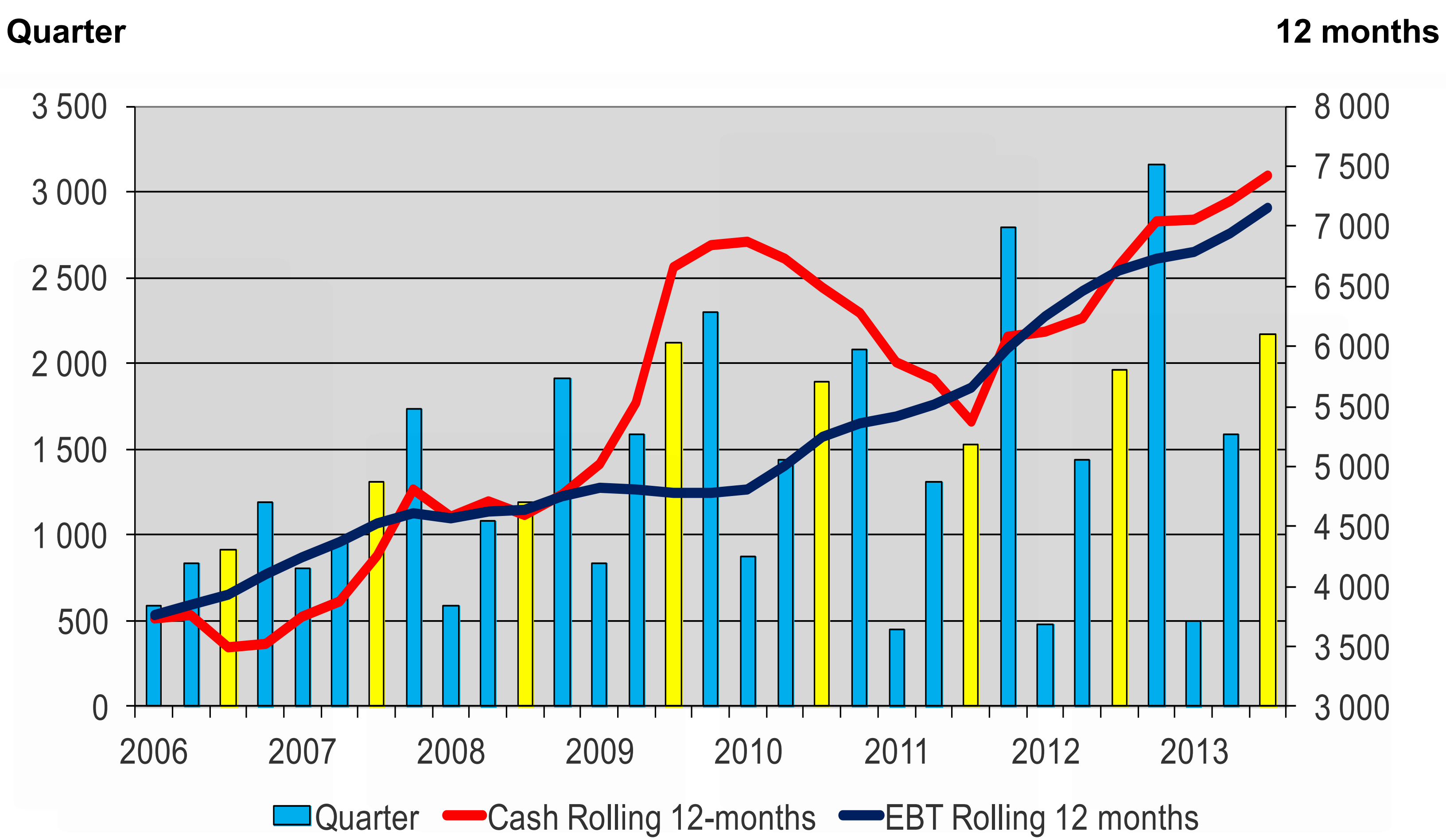
MSEK	2012 Jul-Sep	Organic	Currency	Acq/Div	2013 Jul-Sep
		3%	-1%	3%	5%
Revenues	11,545	362	-133	358	12,131
EBIT	1,932	136	-56	78	2,090
%	16.7%	37.5%	41.9%	21.8%	17.2%

Dilution / Accretion	0.6%	-0.2%	0.1%	

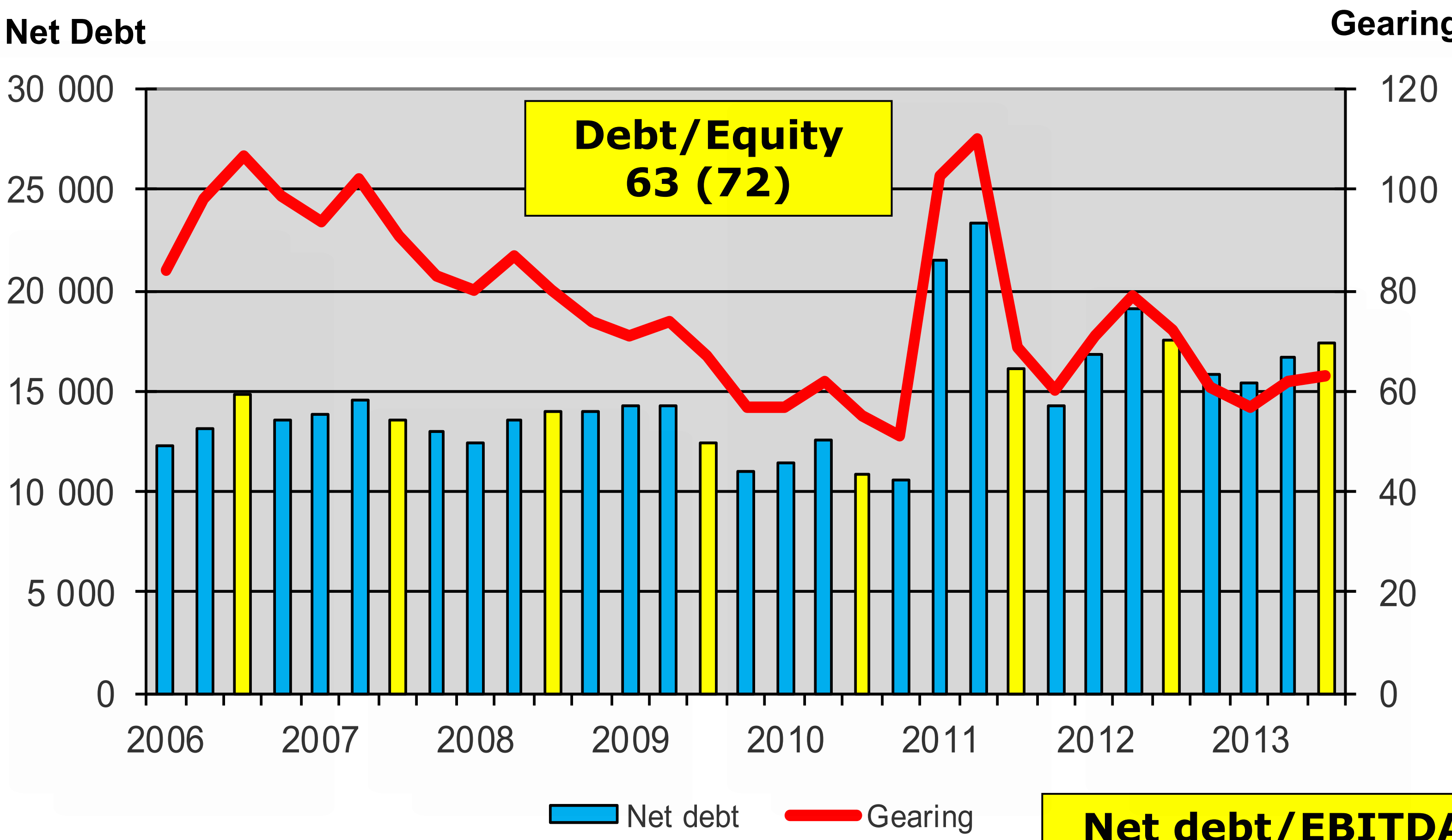
P&L – Components as % of sales

	2012 Q3	2013 Q3 excluding acquisitions	2013 Q3
Direct material	35.1%	34.9%	35.2%
Conversion costs	25.0%	25.0%	24.9%
Gross Margin	39.9%	40.1%	39.9%
S, G & A	23.2%	23.0%	22.7%
EBIT	16.7%	17.1%	17.2%

Operating cash flow, MSEK



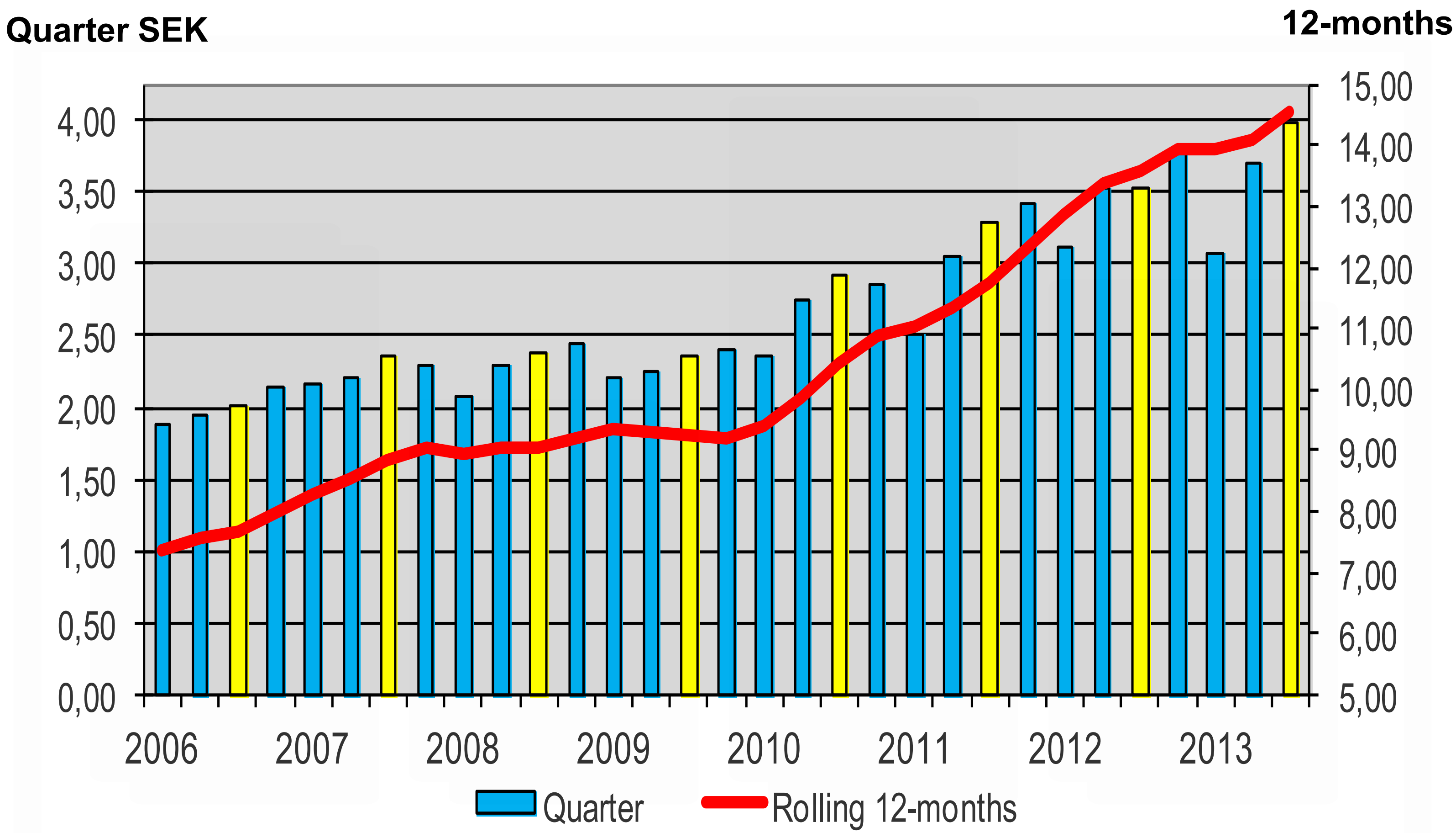
Gearing % and net debt MSEK



Net debt/EBITDA 2.0 (2.1)

*) 2006-2011 Not restated for changed pension accounting principles.

Earnings per share, SEK



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Conclusions Q3 2013

- Good growth in all parts except Europe
- Strong growth in Americas, APAC and Global Tech
- EMEA bottoming and ESD slightly negative
- Strong efficiency improvements supports profit
- Preparation for new Manufacturing Footprint
- Strong cash flow and record EBIT of 2,090 MSEK +8%


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Q&A