ASSA ABLOY

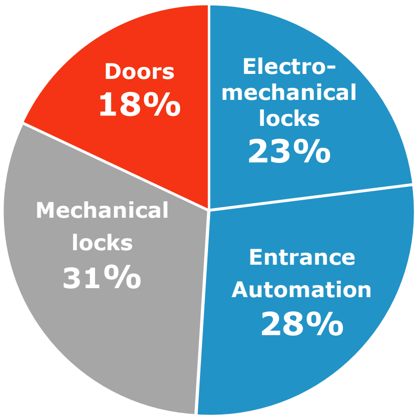
Q1 Report 2014

ASSA ABLOY overview Jan-Mar 2014

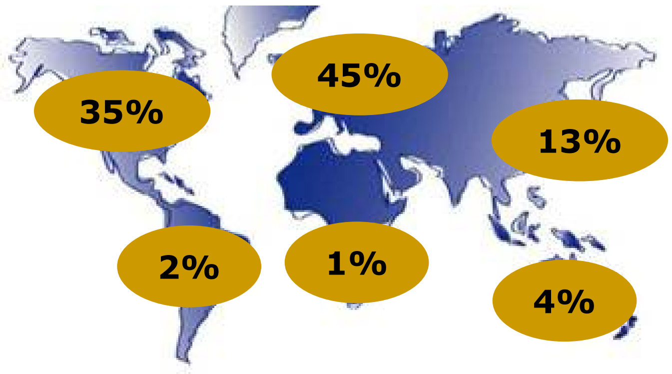
Financials (SEK bn)

Net sales	**12.3**
EBIT	**1.9**
Op cash flow	**0.6**
Net debt	**21.4**
Market cap	**120**

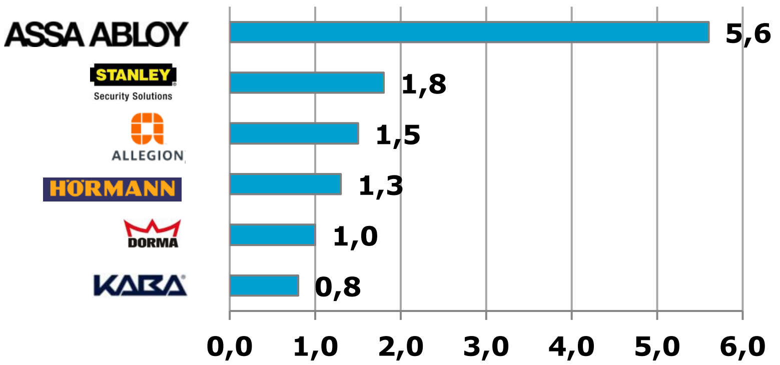
Sales by product group Mar 2014



Sales by region Mar 2013



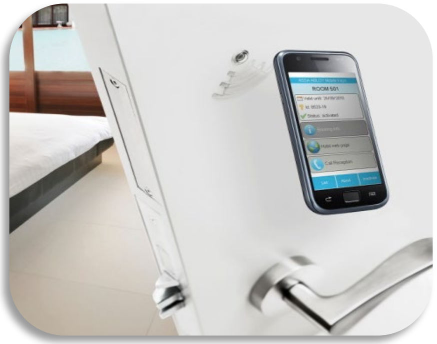
Leading market positions (EUR B)



Financial highlights Q1 2014

- **Continued good development**
  - Strong growth in EMEA and good growth in ESD
  - Growth in Americas, Global Tech and APAC
  - Continued gains of efficiency and savings
  - Easter effect in Europe and severe winter in the US
- **Sales** **12,305 MSEK** **+13%**
  4% organic, 8% acquired growth, 1% currency
- **EBIT** **1,857 MSEK** **+12%**
  Currency effect 13 MSEK
- **EPS** **3.41 SEK** **+11%**
  Underlying tax rate 26%

Market highlights

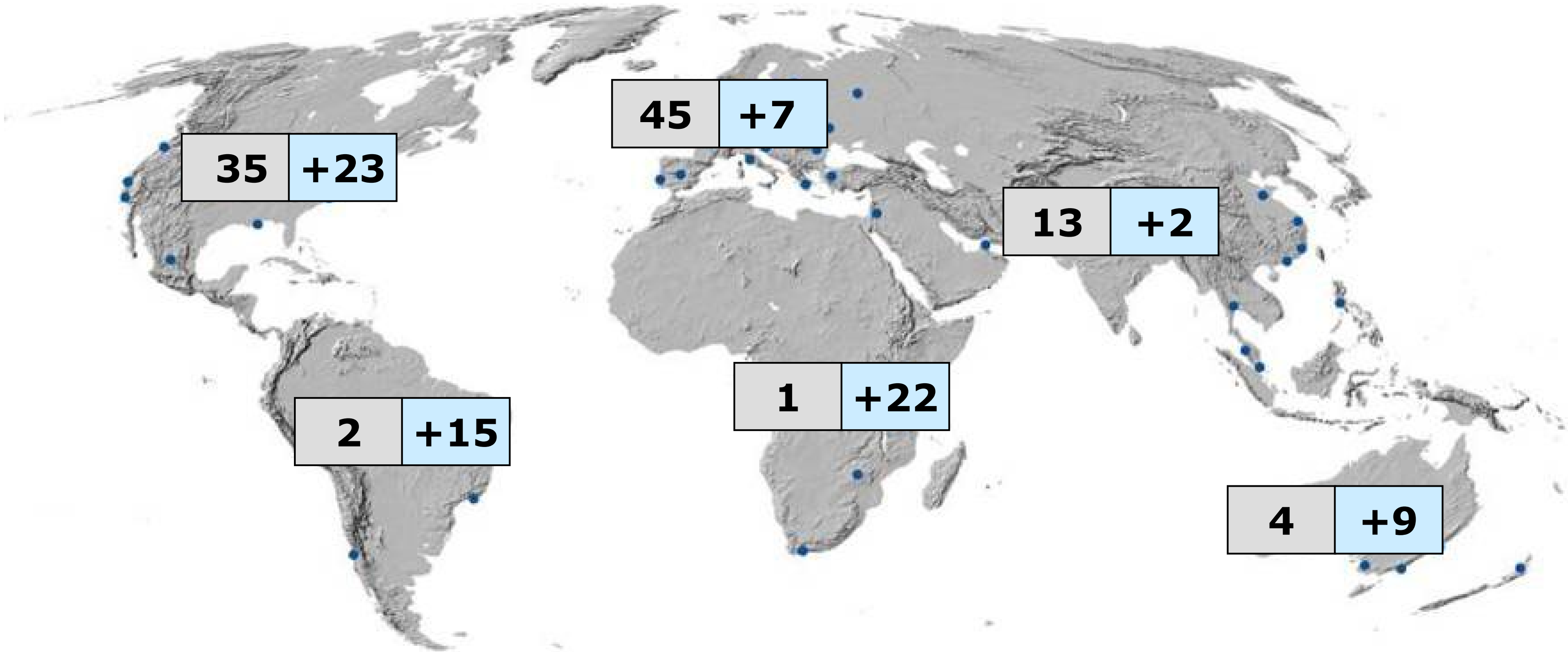


- Shift to e-cylinders for utilities and authorities
  - Cloud services, high reliability, key control and increased flexibility drives demand
- Shift of locking technology in hotel market
  - RFID locks with virtual keys increasingly popular
- Walmart service contract
  - 1,660 stores in 11 states, driving service & equip sales

- New Innovation awards at ISC west
  - Best in Locks/Safes/Hardware
  - Best in Access Control Products - Wireless

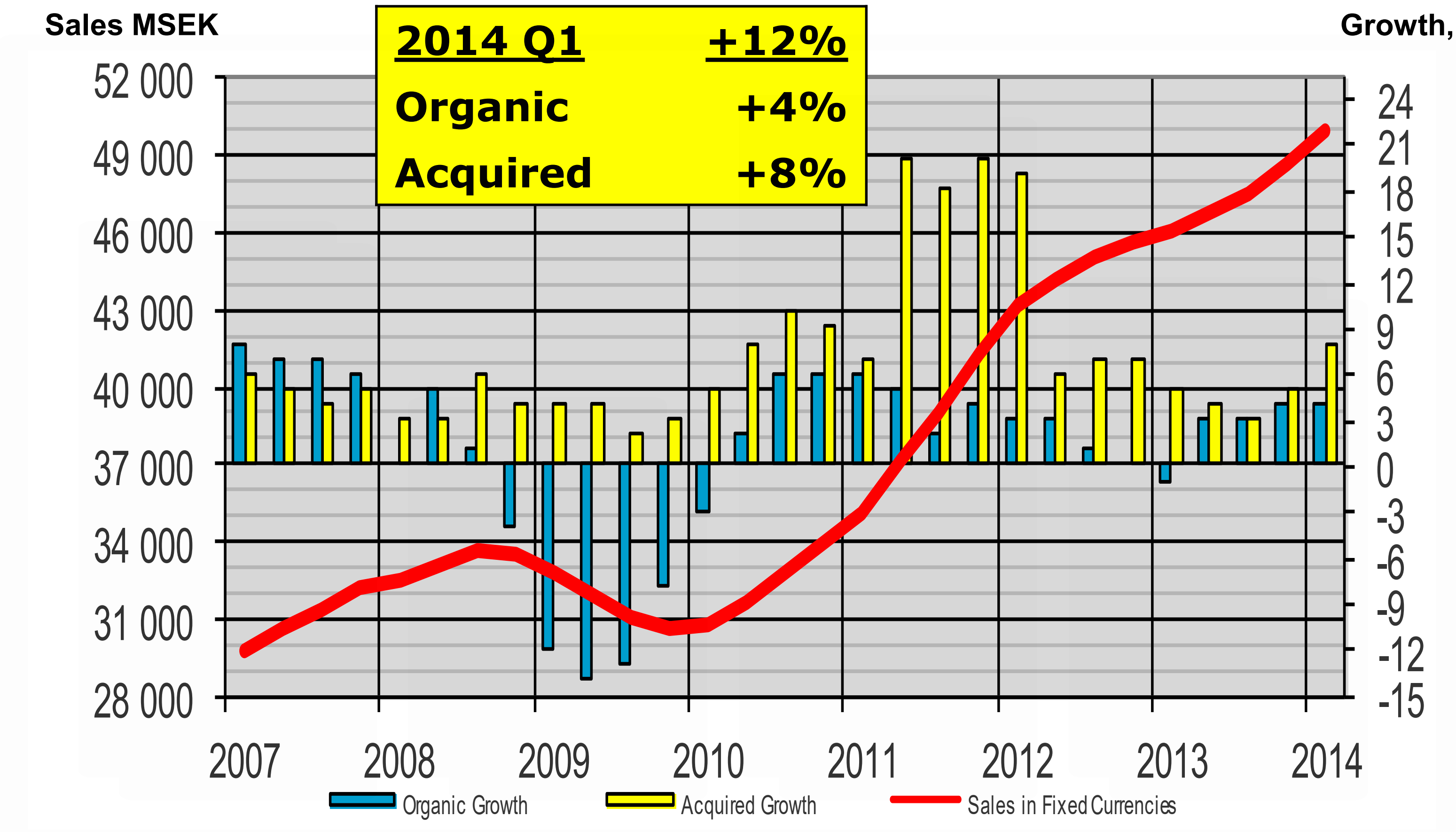
Group sales in local currencies Jan-Mar 2014

Emerging markets 22% of sales

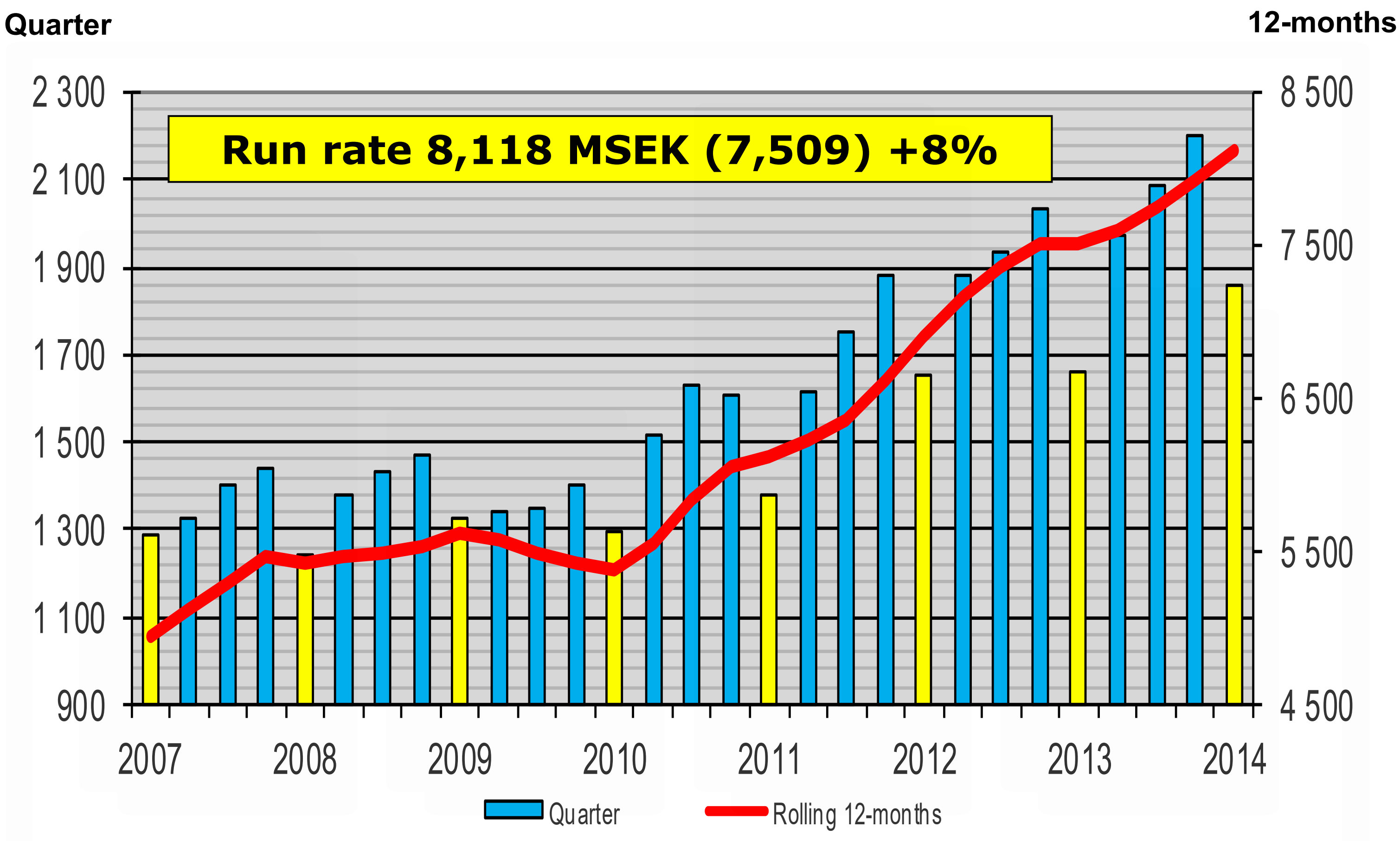


Share of Group sales 2014 YTD, %
Year-to-date vs previous year, %

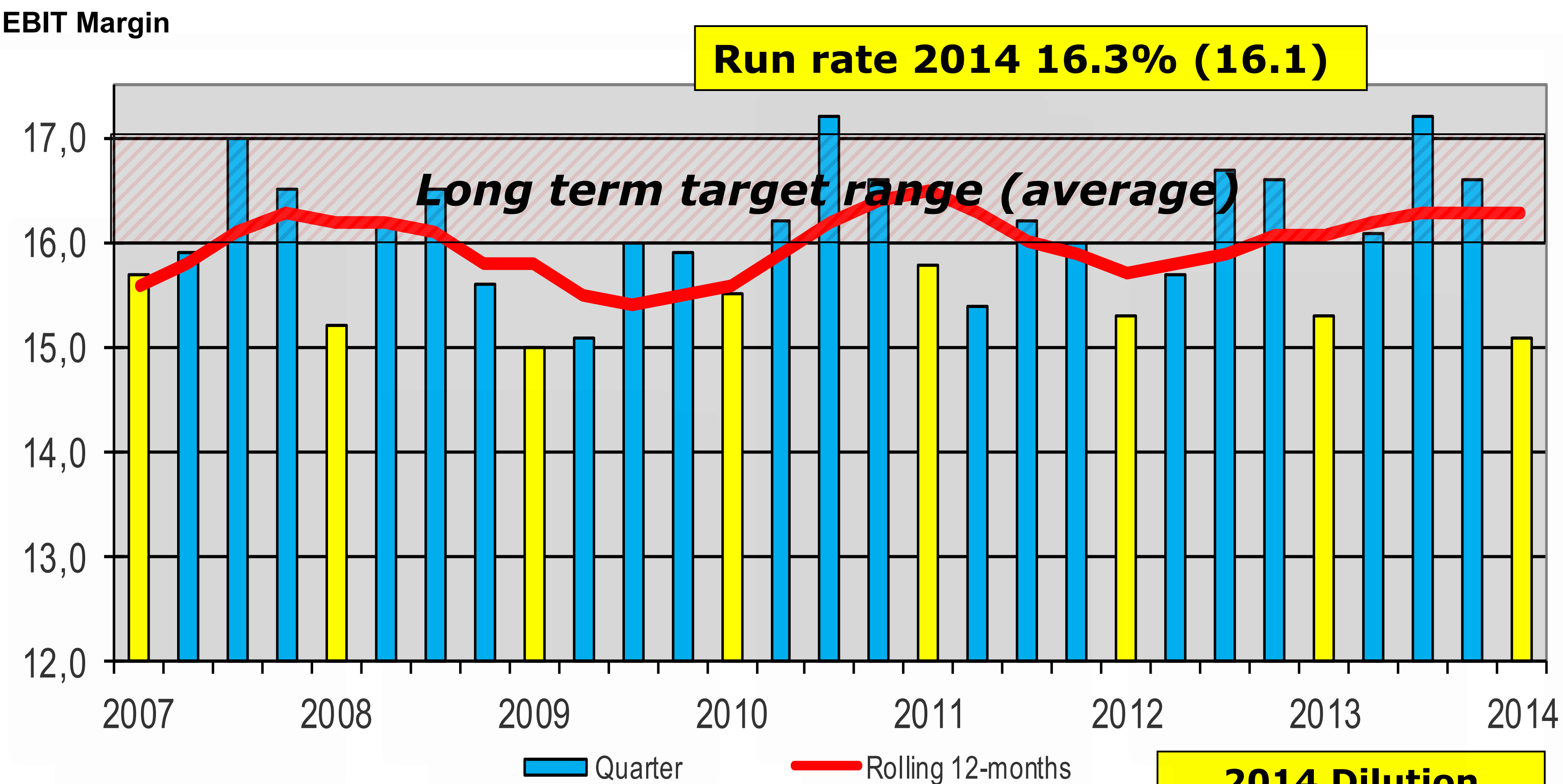
Sales growth, currency adjusted



Operating income (EBIT*), MSEK



Operating margin (EBIT), %

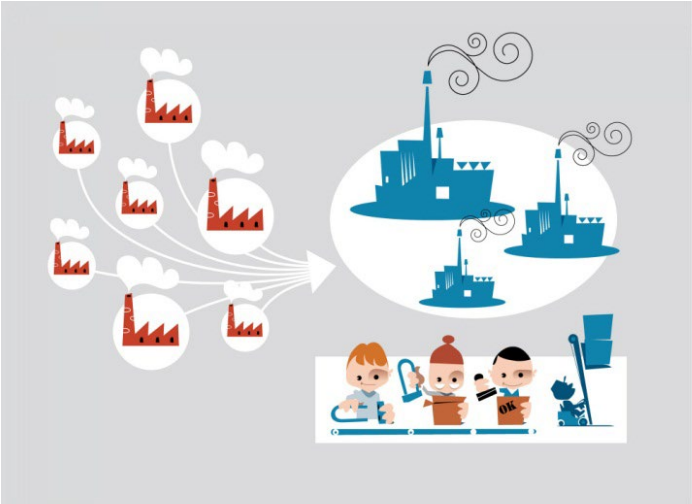


2014 Dilution

Q1	**-0.5%**
2014 FC	**-0.4%**

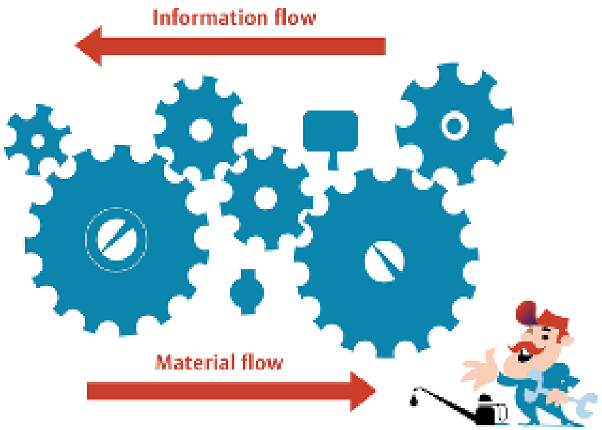
Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
  - 57 factories closed to date, 21 to go
  - 70 factories converted to assembly, 19 to go
  - 28 offices closed, 19 to go
- Personal reduction QTD 123p and total 8,481p
- 1,503p in further planned reductions



→ 1,279 MSEK of the provision remains for all programs

Margin highlights Q1 2014



EBIT margin 15.1% (15.3) -0.2%

+ Volume increase +3%, price +1%

+ Margin decrease -0.2%
  + Organic growth
  + Manufacturing footprint
  + Efficiency improvements
  - Acquisitions -0.5%

Acquisitions 2014

- **Fully active pipeline**
- **4 new acquisitions in 2014**
- **Annualized sales 400 MSEK**

- **Completed acquisitions 2014**
  - → Lumidigm
  - → Unilock
  - → Safeguard
  - → Traka

traka
intelligent access management

Lumidigm®

UNILOCK

Safeguard Group

Safeguard, Norway

- Turnover of 240 MSEK with 110 employees
- Strong presense in Oslo and oil industry
- Good fit with ASSA ABLOY locksmith chain
- Accretive to EPS

Unilock, Korea

- Turnover of 60 MSEK with 30 employees
- Adds product range of Digital Cabinet Locks
- Complements existing business in Korea and China
- Technology gives access to US and European markets
- Accretive to EPS

Lumidigm, USA

- Turnover of 160 MSEK with 33 employees
- Authentication based on advanced fingerprint biometrics
- Utilizes multispectral imaging technology
- Unique patented technology
- Neutral to EPS

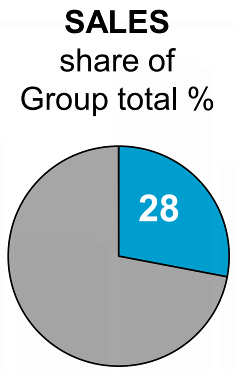
M-Series Desktop

V-Series Module

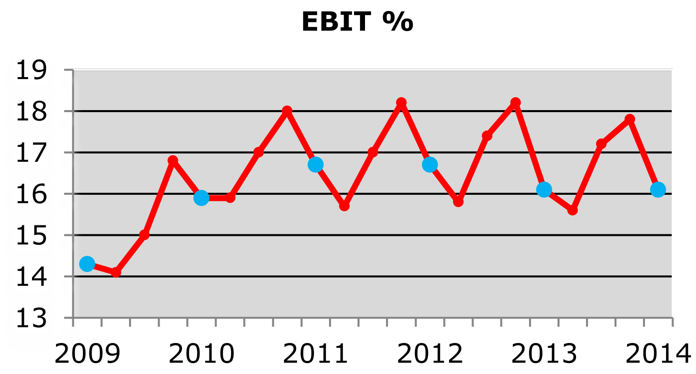
V-Series Desktop

Division - EMEA

- Strong growth in Scandinavia, Germany, Africa and Eastern Europe
- Good growth UK, Benelux, France and Iberia
- Flat in Italy and Finland and slight decline in Israel
- Investment in front-end and R&D
- Positive Easter effect



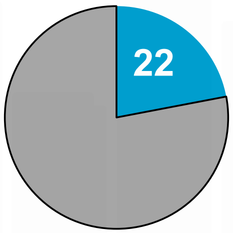
- Operating margin (EBIT)
  - \+ Organic 5%
  - \+ Footprint savings
  - \- Careful investments
  - \- Dilution (-0.3%)



Division - Americas

- Strong growth in Residential and Latin America
- Growth in Doors and Electromechanical
- Flat in AHW and decline in High security and Canada
- Good efficiency improvements
- Tough winter

SALES
share of
Group total %

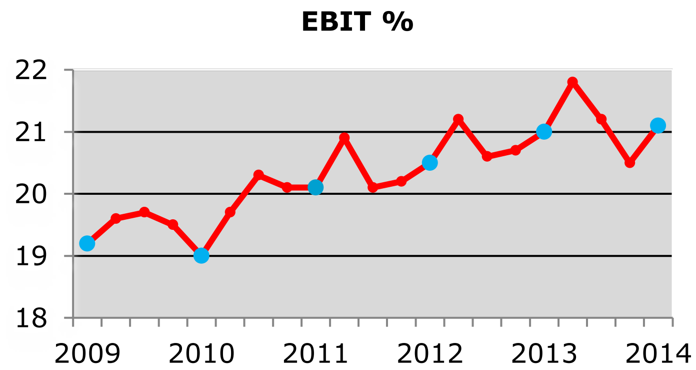


- Operating margin (EBIT)

  + Organic 2%

  + Efficiency improvements

  - Currency & dilution (-0.4%)



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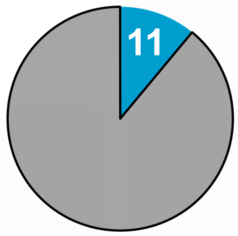
Division - Asia Pacific

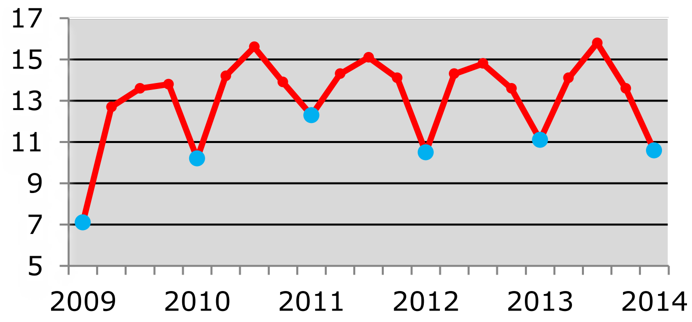
- Strong growth in Australia and New Zealand
- Growth in China and Korea
- Decline in South East Asia
- Strong impact from currencies (-0.9%)
- Continued outsourcing in China

SALES
share of
Group total %



- Operating margin (EBIT)
  - = Organic 3%
  - \+ Efficiency in China
  - \- Cost pressure in China
  - \- Currency (-0.9%)

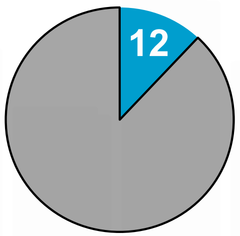
EBIT %



Division - Global Technologies

- HID
  - Good growth in IDT
  - Growth in IAM (Identity and access management)
  - Weak Gov ID and Project sales
  - Consolidation of North American operations to Austin
- Hospitality
  - Continued strong growth
  - Good profit development

SALES
share of
Group total %



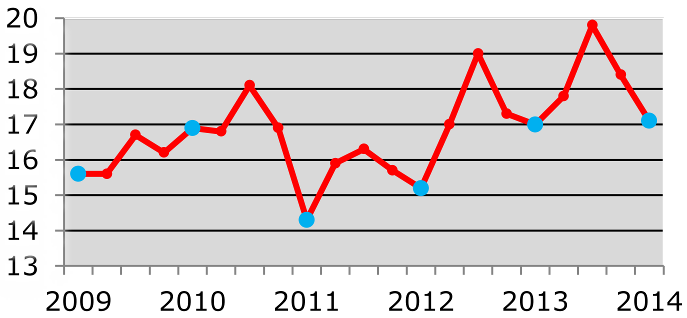
- Operating margin (EBIT)

  + Organic 3%

  + Currency gain (+0.6%)

  - Dilution (-0.4%)

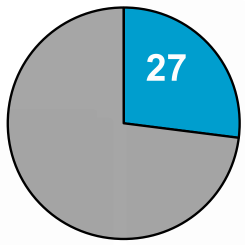
EBIT %



Division - Entrance Systems

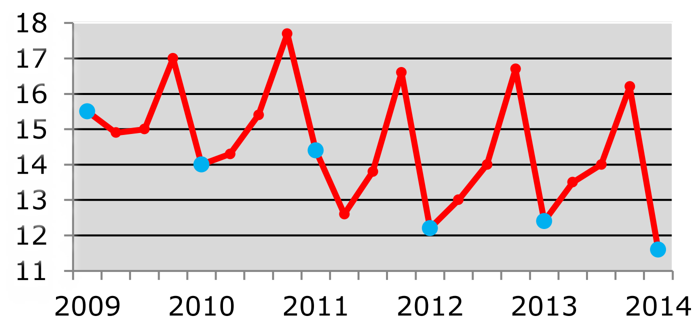
- Strong growth in Industrial Doors, High Speed Doors and Flexiforce
- Growth in Door automatics, US dockings and US industrial doors
- Slightly negative EU residential and Ditec
- Consolidation develops well
- Rapid growth +23%, EBIT +16%

SALES
share of
Group total %



- Operating margin (EBIT)
  - \+ Organic 4%
  - \+ Good efficiency improvements
  - \+ Currency (+0.3%)
  - \- Dilution (-1.4%)

EBIT %



Financial highlights Q1 2014

MSEK	1st Quarter 2013	1st Quarter 2014	Change	Twelve months 2012	Twelve months 2013	Change
Sales	**10,868**	**12,305**	**+13%**	**46,619**	**48,481**	**+4%**
Whereof						
Organic growth			+4%			+2%
Acquired growth			+8%			+4%
FX-differences		+109	+1%		-1,156	-2%
Operating income (EBIT)*	**1,662**	**1,857**	**+12%**	**7,501**	**7,923**	**+5%**
EBIT-margin (%))*	15.3	15.1		16.1	16.3	
Operating cash flow	**498**	**557**	**+12%**	**7,044**	**6,803**	**-3%**
EPS (SEK)*	**3.07**	**3.41**	**+11%**	**13.97**	**14.84**	**+6%**

*) Excluding restructuring items of 1,000 MSEK for the full year 2013.

Bridge Analysis – Jan-Mar 2014

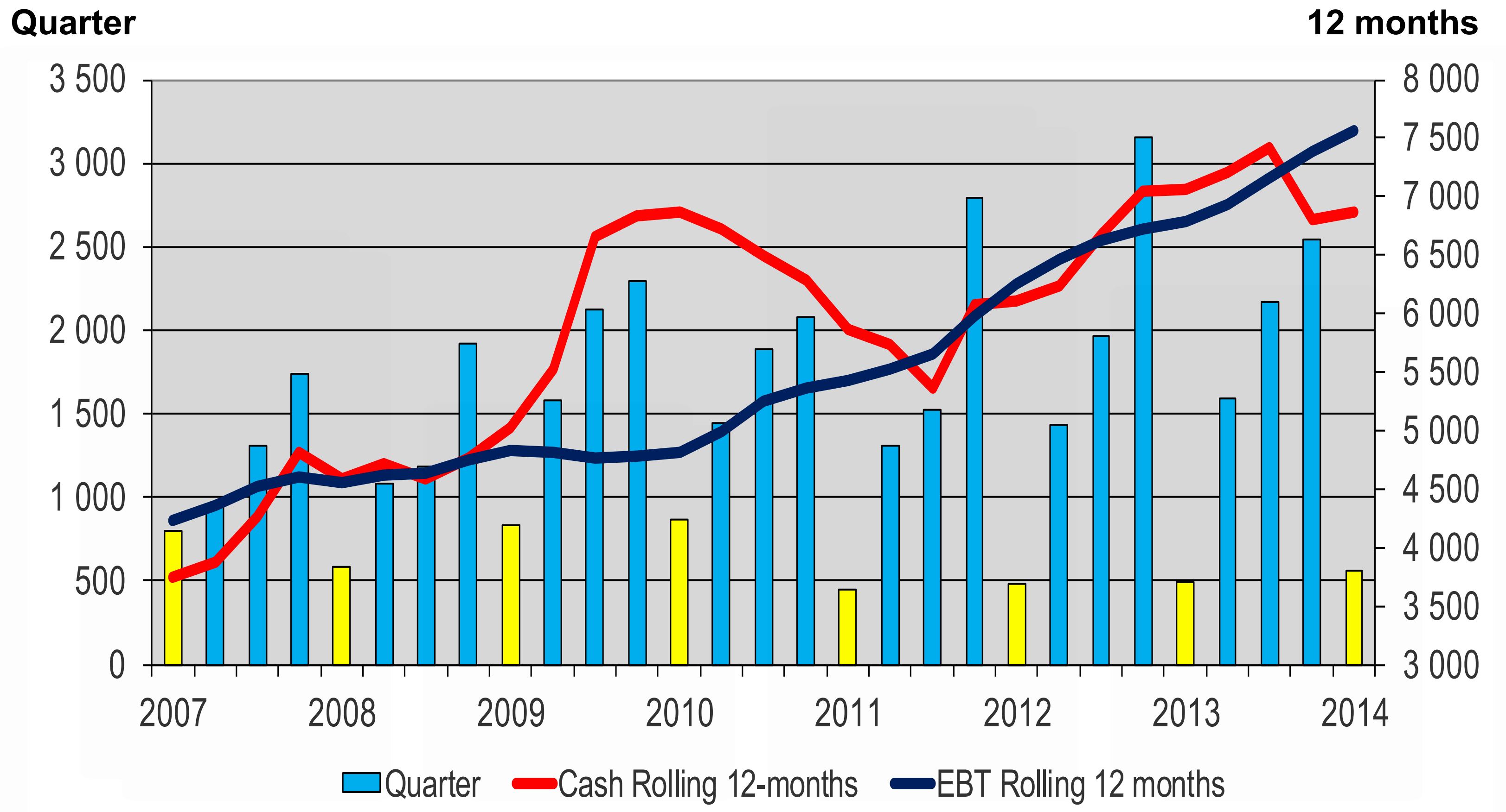
MSEK	2013 Jan-Mar	Organic	Currency	Acq/Div	2014 Jan-Mar
		4%	1%	8%	13%
Revenues	10,868	394	109	933	12,305
EBIT	1,662	97	13	84	1,857
%	15.3%	24.6%	12.2%	9.0%	15.1%

Dilution / Accretion		0.3%	0.0%	-0.5%	

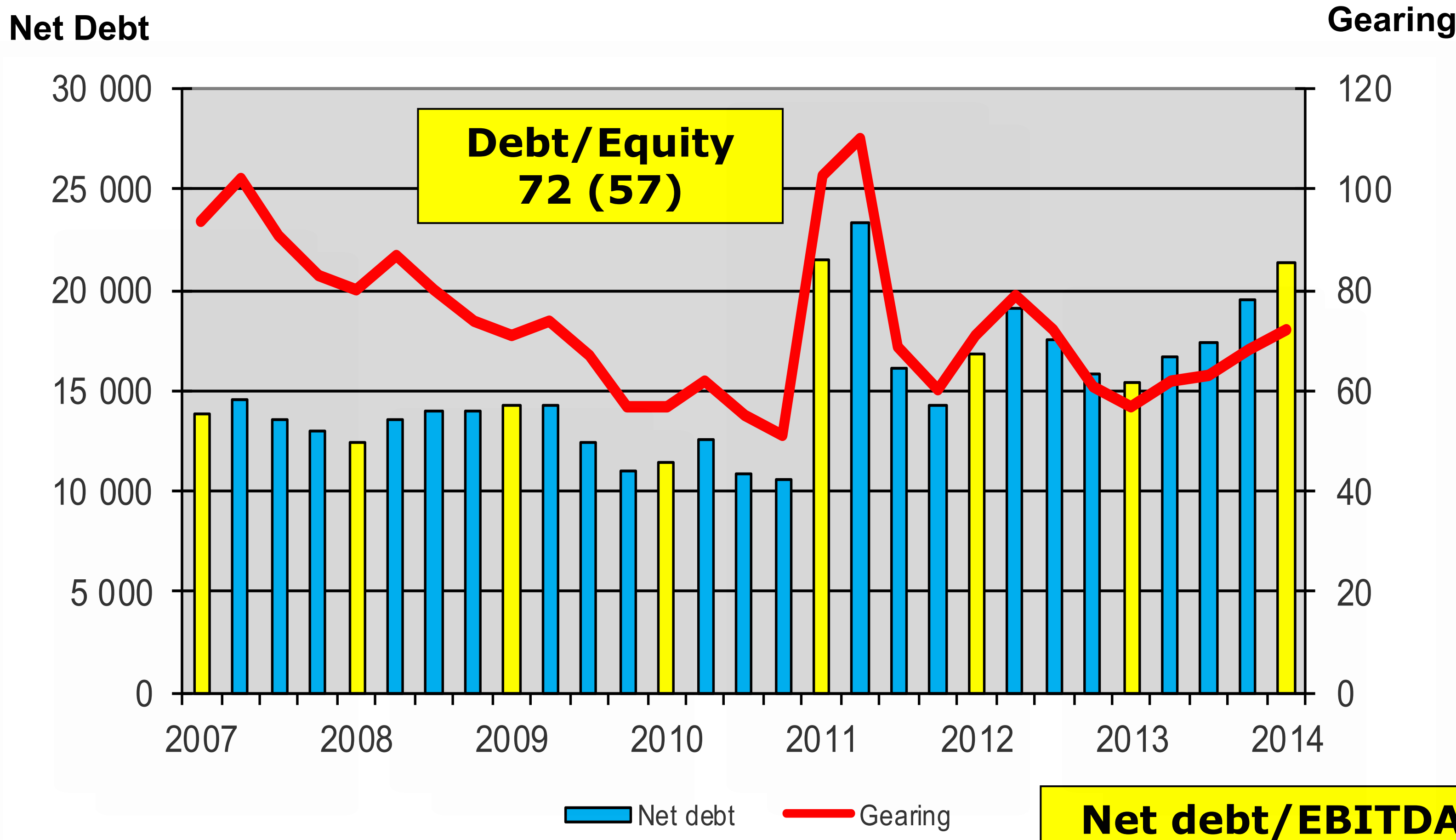
P&L – Components as % of sales
Jan – Mar 2014

	2013 Q1	2014 Q1 excluding acquisitions	2014 Q1
Direct material	32.8%	33.4%	34.6%
Conversion costs	27.1%	26.9%	26.5%
Gross Margin	40.1%	39.7%	38.9%
S, G & A	24.8%	24.1%	23.8%
EBIT	15.3%	15.6%	15.1%

Operating cash flow, MSEK



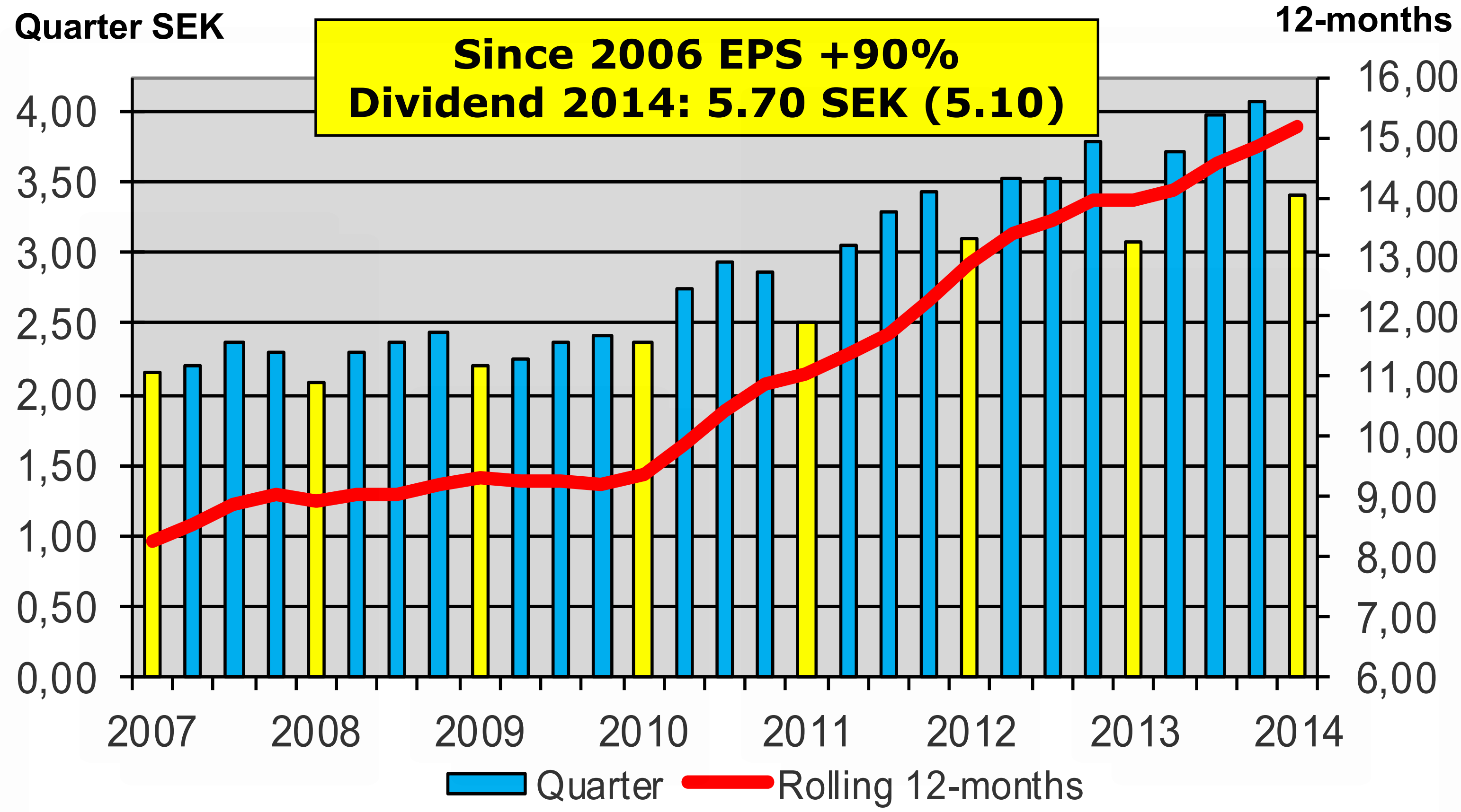
Gearing % and net debt MSEK



*) 2007-2011 Not restated for changed pension accounting principles.

Net debt/EBITDA
2.3 (1.8)

Earnings per share, SEK



*) Excluding restructuring costs of 1,000 MSEK in Q4 and full year 2013.
**) 2007-2011 Not restated for changed pension accounting principles.

Conclusions Q1 2014

- Sales growth by 13% with 4% organic
  - Europe with good growth
  - Weak North America
  - South America and Africa with strong growth
- Dilution from acquisitions (-0.5%)
- Efficiency improvements supports profit
- EBIT improvement of 12% to 1,857 MSEK

Q&A