ASSA ABLOY

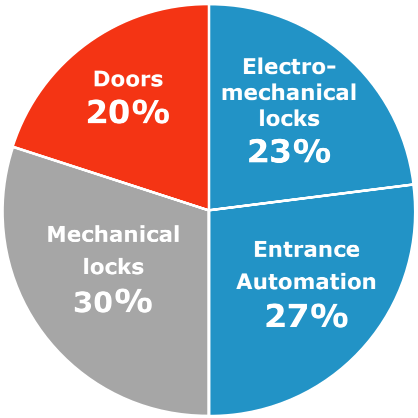
Q3 Report 2014

ASSA ABLOY overview Jan-Sep 2014

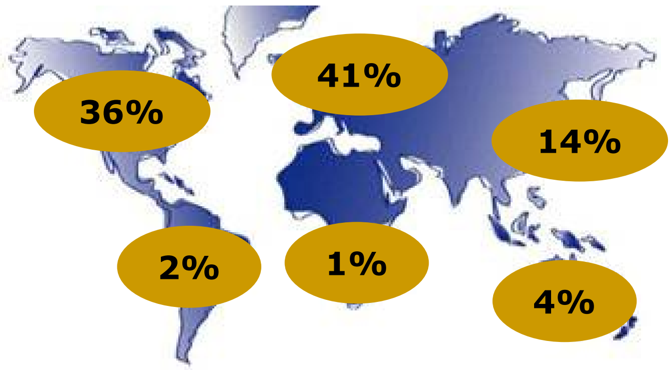
Financials (SEK bn)

Net sales	41.0
EBIT	6.6
Op cash flow	4.8
Net debt	22.3
Market cap	125

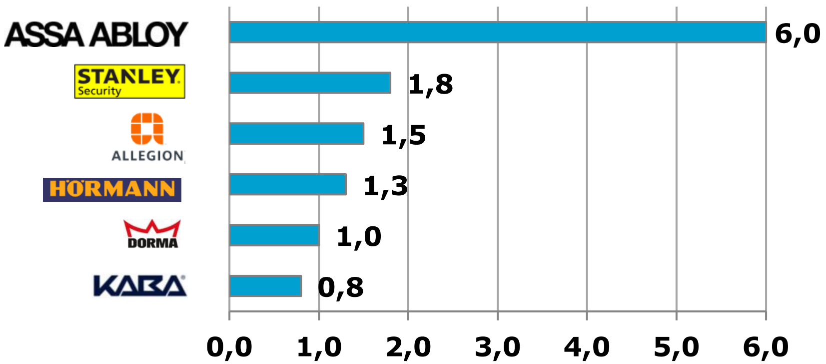
Sales by product group Sep 2014



Sales by region Sep 2014



Leading market positions (EUR B)



Financial highlights Q3 2014

- **Continued strong development**
  - Strong growth in Americas and ESD
  - Good growth in EMEA and APAC
  - Growth in Global Tech
  - Investments in front end and R&D
- **Sales** **14,727 MSEK** **+21%**
  4% organic, 11% acquired growth, 6% currency
- **EBIT** **2,499 MSEK** **+20%**
  Currency effect 112 MSEK
- **EPS** **4.72 SEK** **+19%**
  Underlying tax rate 26%

Financial highlights Jan-Sep 2014

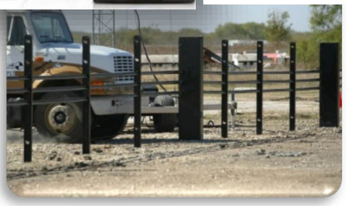
- **A strong first nine month**
  - US market improving
  - Europe divided and Emerging markets slowing
  - Good contribution from acquisitions
  - Efficiency improvements

- **Sales** **40,996 MSEK** **+16%**
  3% organic, 10% acquired growth, 3% currency
- **EBIT** **6,575 MSEK** **+15%**
  Currency effect 140 MSEK
- **EPS** **12.28 SEK** **+14%**
  Underlying tax rate 26%

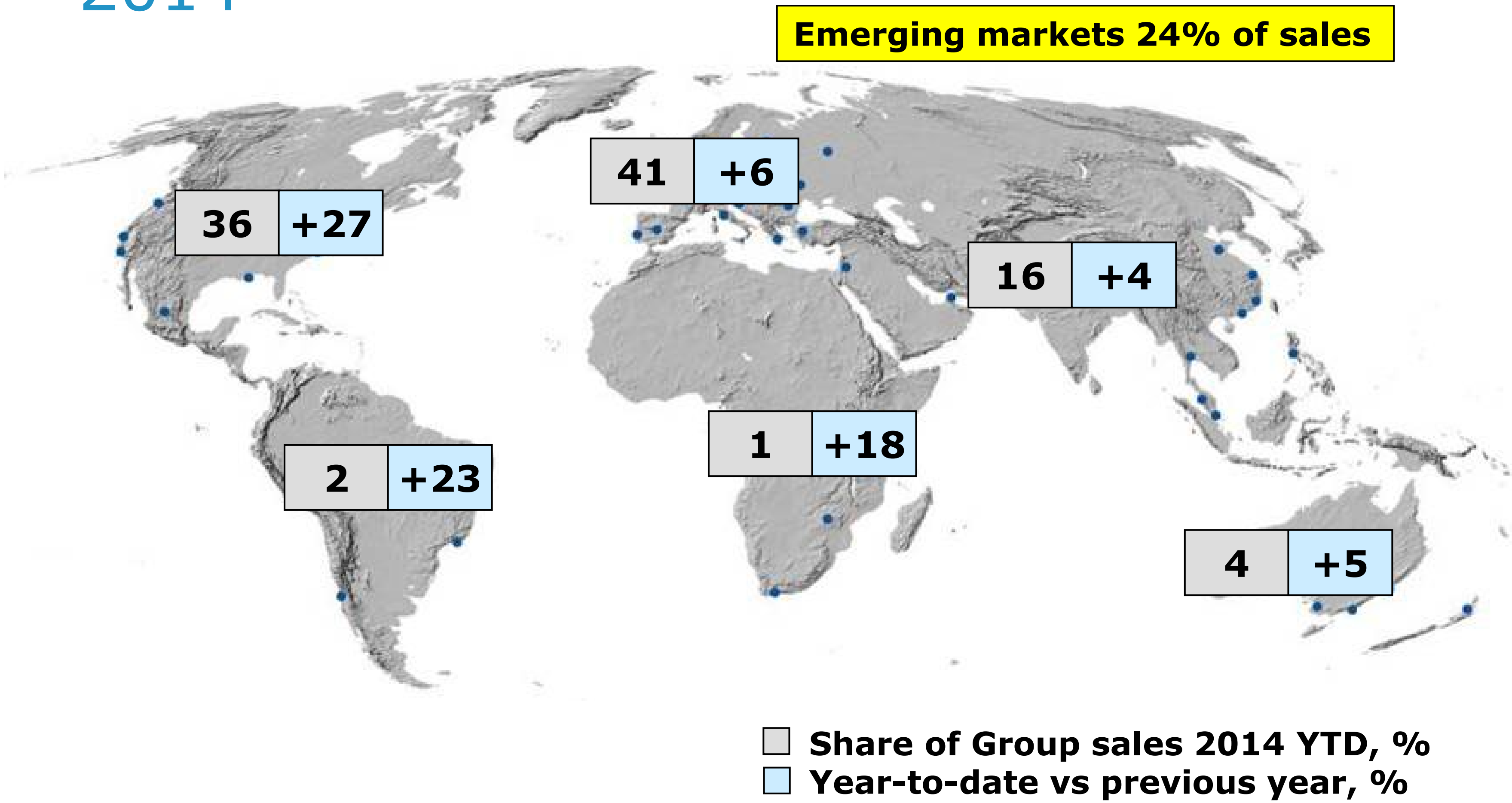
Market highlights

- Two no#1 product awards ASIS, USA
  - HID Mobile Access
  - Anti-Ram Perimeter Barrier
- New Digital lock for EU knob doors
  - BLE operated and virtual keys
- Green lock offering drives sales
  - Reduces power consumption by 97%
  - 55% of commercial buildings LEED equivalent by 2016
- Launch of HID Mobile Access
  - All smartphones compatible, BLE and NFC
  - All Group readers compatible
  - Based on Seos triple encryption
  - Complete Eco-system

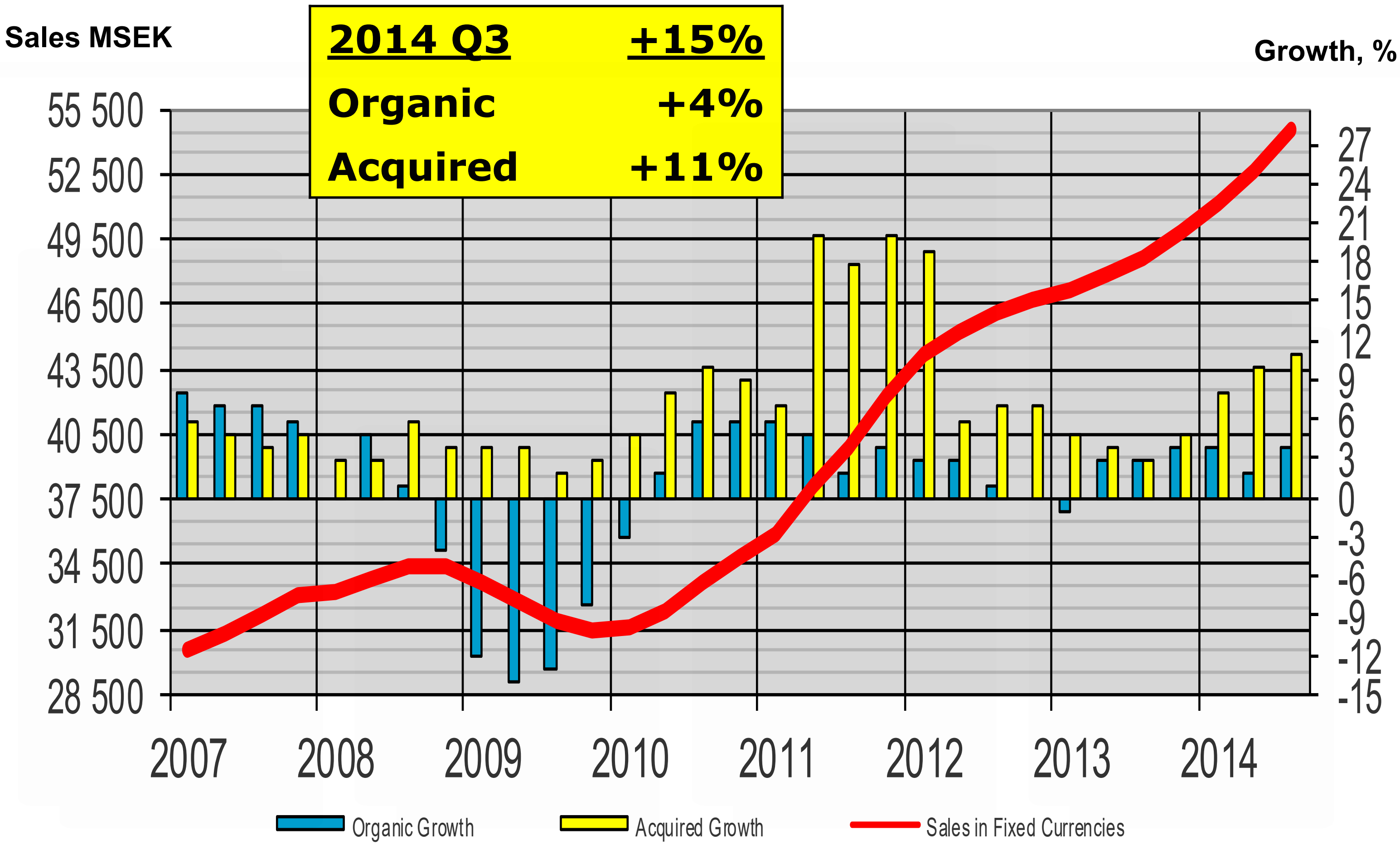
ASIS 14 accolades
Security's Best Winner



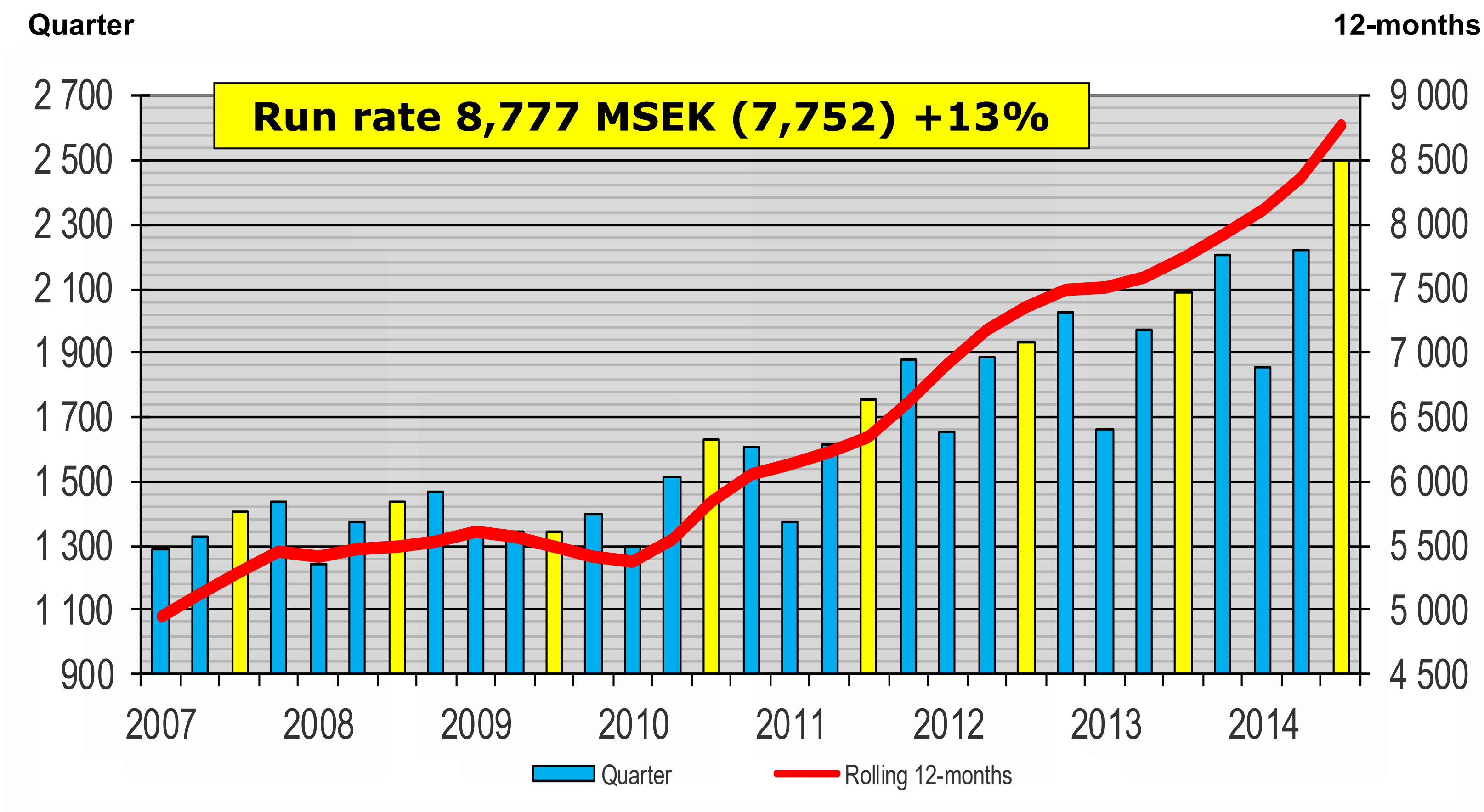
Group sales in local currencies Jan-Sep 2014



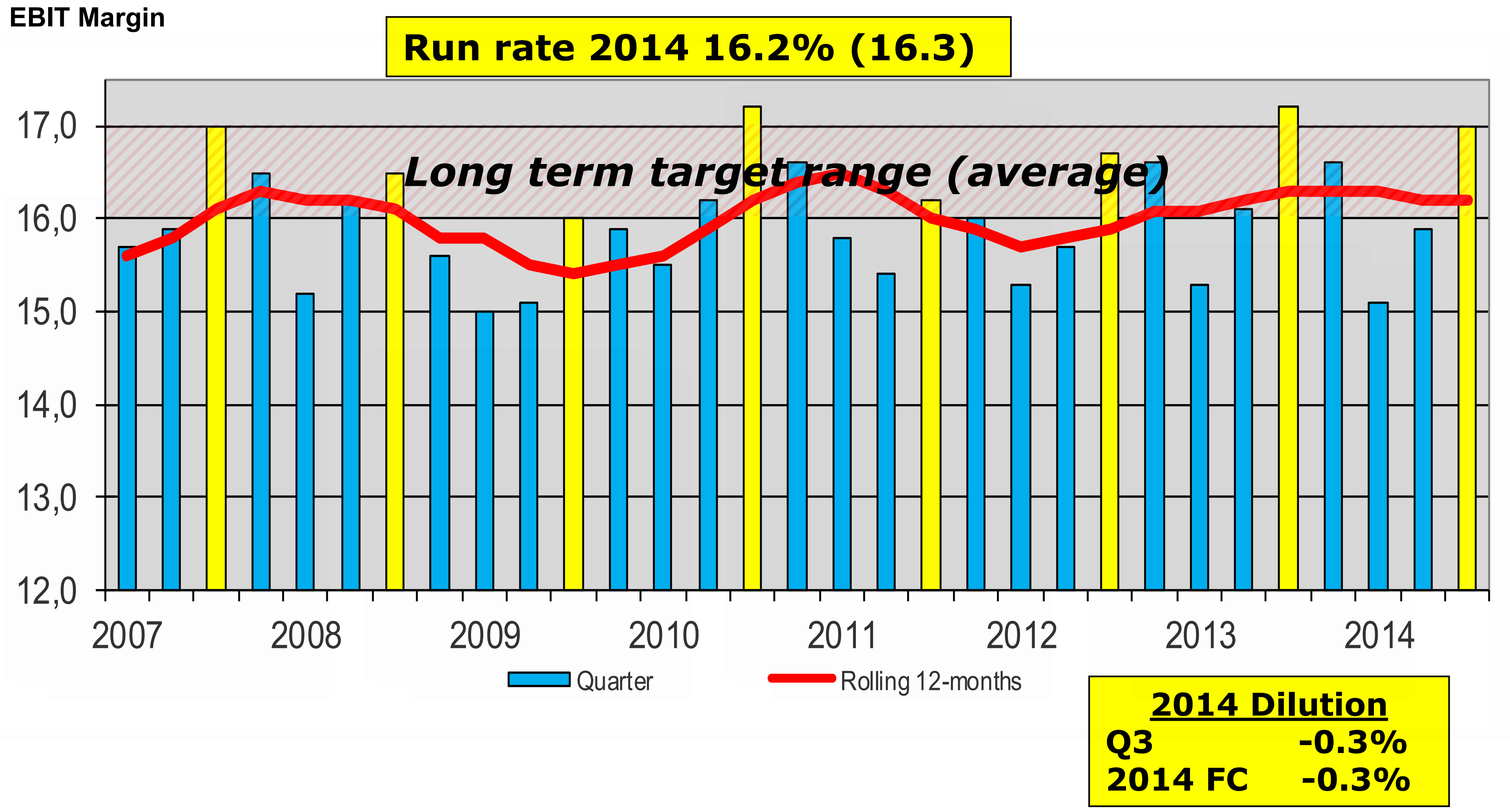
Sales growth, currency adjusted



Operating income (EBIT*), MSEK

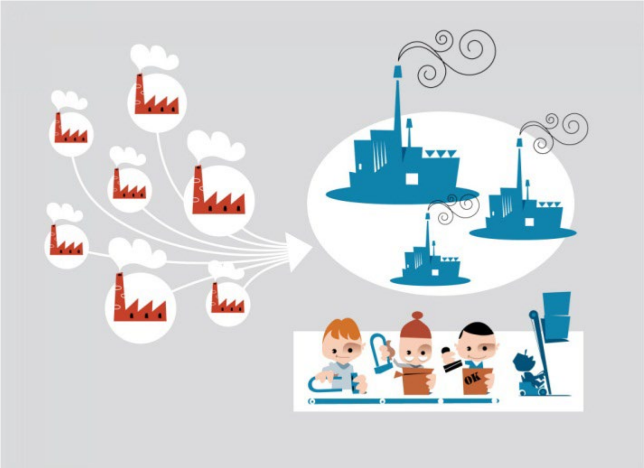


Operating margin (EBIT), %



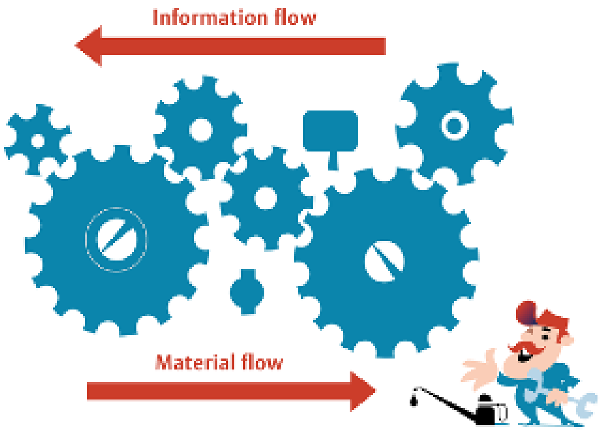
Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
  - 61 factories closed to date, 19 to go
  - 74 factories converted to assembly, 15 to go
  - 29 offices closed, 18 to go
- Personal reduction QTD 237p and total 8,955p
- 1,029p in further planned reductions



→ 1,063 MSEK of the provision remains for all programs

Margin highlights Q3 2014



EBIT margin 17.0% (17.2) -0.2%

+ Volume increase 3%, price 1%

+ Margin decrease -0.2%
    + Organic growth
    + Manufacturing footprint
    - Investments in front end and R&D
    - Acquisitions -0.3%

Acquisitions 2014

- **Fully active pipeline**
- **12 acquisitions done in 2014**
- **Annualized sales 1,700 MSEK**
- **Added sales 3,5%**

TURVAYKKÖSET
Takeena turvallisuus

佳 衛 JWL

Jiawei, China

- Turnover of 500 MSEK with 920 employees
- One of the leading security locks companies in China
- Broadens our presence in the OEM channel and gives access to distribution
- Accretive to EPS

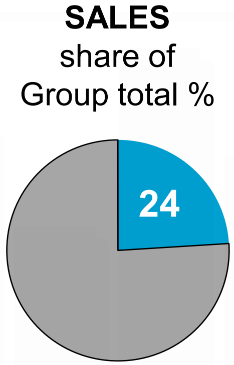
Turvaykköset, Finland

TURVAYKKÖSET
Takeena turvallisuus

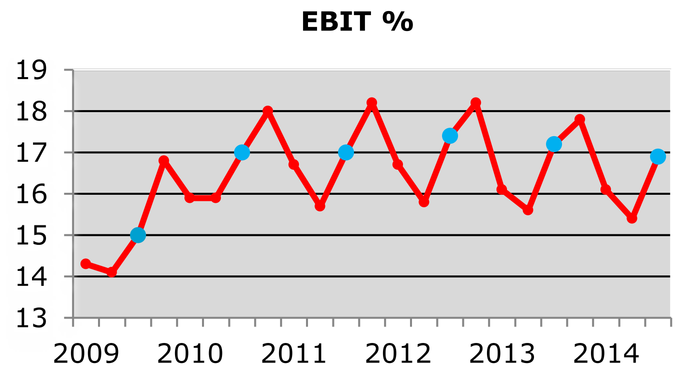
- Turnover of 200 MSEK with 110 employees
- The second largest locksmith in Finland
- Good geographical coverage
- Adds project and specification focus
- At arms length
- Dilutive to EPS

Division - EMEA

- Strong growth in Scandinavia, Germany, Africa and Eastern Europe
- Good growth in Finland, UK and growth in Iberia and Israel
- Slightly negative in Benelux, France and negative in Italy
- Investment in new sales people and R&D

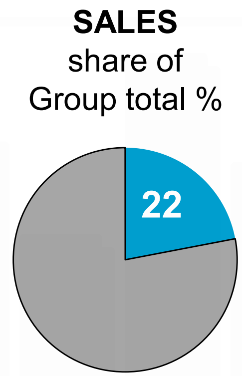


- Operating margin (EBIT)
  - \+ Organic 3%
  - = Savings offset by sales and R&D
  - \- Dilution & Currency (-0.4%)



Division - Americas

- Strong growth in Doors, Residential, Mexico and South America
- Growth in AHW, Elmech and High Security
- Continued slight decline in Canada
- Investment in R&D and spec salesmen
- Strong quoting activity

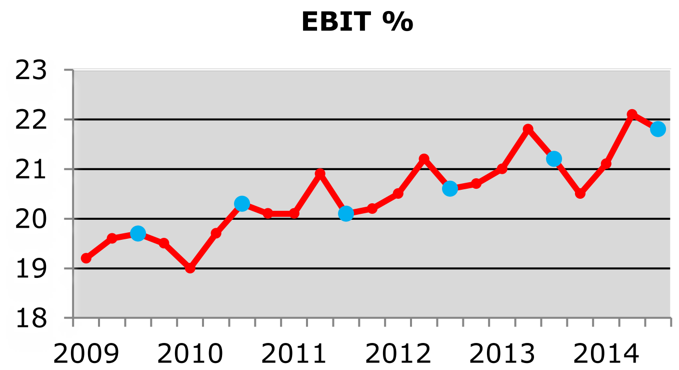


- Operating margin (EBIT)

  + Organic 5%

  + Strong leverage

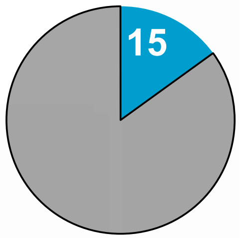
  + Currency & Accretion (0.2%)



Division - Asia Pacific

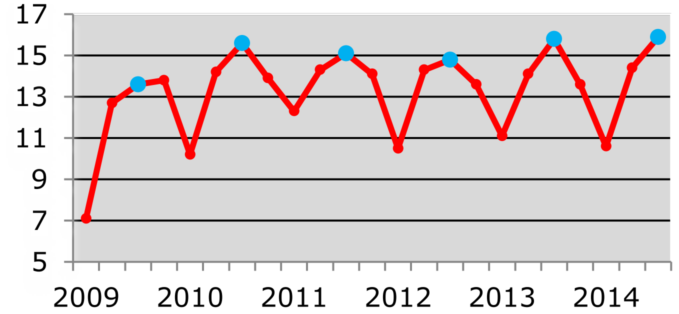
- Strong growth in Australia, New Zeeland and SEA
- Good growth in Korea
- Growth in China
- Cost inflation in China
- Intensified work on automation and efficiency in China

SALES
share of
Group total %



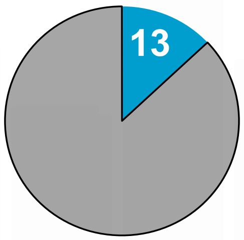
- Operating margin (EBIT)
  - \+ Organic 3%
  - \+ Efficiency in China
  - \- Cost pressure in China
  - \+ Currency & Dilution (0.2%)

EBIT %

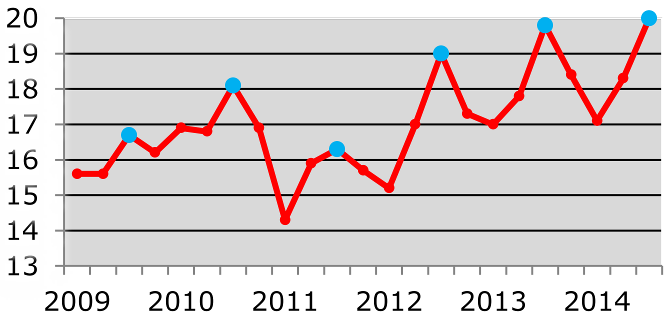


Division - Global Technologies

- HID
  - Strong growth in Gov-ID and Lumidigm
  - Growth in IAM (Identity and access management) and IDT (Inlay business)
  - Strong decline in Project sales
  - Consolidation of North American operations to Austin
- Hospitality
  - Strong growth
  - Strong profit development



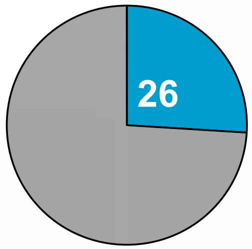
- Operating margin (EBIT)
  - \+ Organic 2%
  - \+ Positive sales mix
  - \- Currency & Dilution (-0.2%)



Division - Entrance Systems

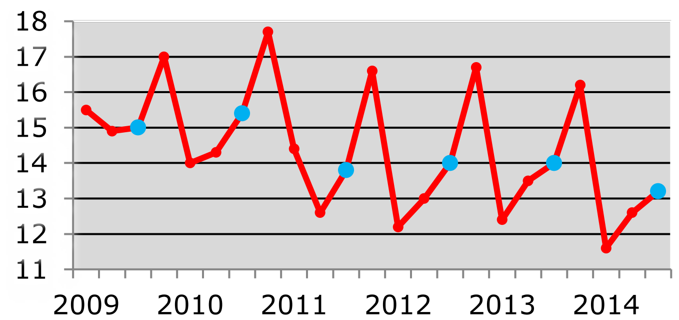
- Strong growth in Amarr, 4Front, Door Automatics, High Speed Doors and Flexiforce
- Good growth in Ditec and Growth in EU Industrial doors
- Negative in EU Residential doors
- High price pressure in EU on Industrial and Residential doors

SALES
share of
Group total %



- Operating margin (EBIT)
  - \+ Organic 5%
  - \+ Efficiency improvement
  - \- Price pressure in EU
  - \- Dilution (-1.1%)

EBIT %



Financial highlights Q3 2014

	3rd Quarter			Nine months		
MSEK	**2013**	**2014**	**Change**	**2013**	**2014**	**Change**
Sales	**12,131**	**14,727**	**+21%**	**35,239**	**40,996**	**+16%**
Whereof						
Organic growth			+4%			+3%
Acquired growth			+11%			+10%
FX-differences		+690	+6%		+1,009	+3%
Operating income (EBIT)	**2,090**	**2,499**	**+20%**	**5,722**	**6,575**	**+15%**
EBIT-margin (%) **)**	17.2	17.0		16.2	16.0	
Operating cash flow	**2,175**	**2,249**	**+3%**	**4,262**	**4,769**	**+12%**
EPS (SEK)	**3.98**	**4.72**	**+19%**	**10,76**	**12.28**	**+14%**

Bridge Analysis – Jul-Sep 2014

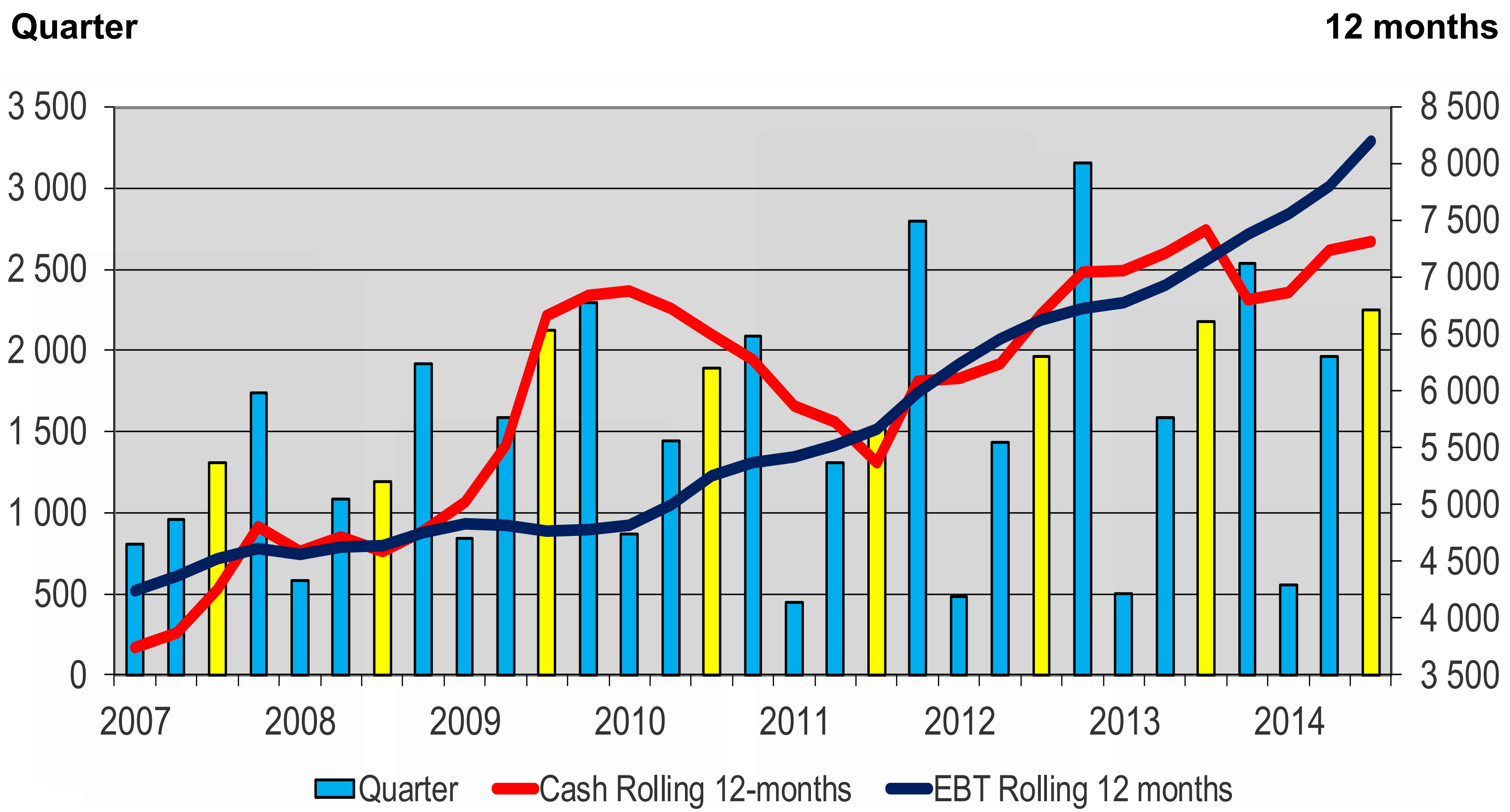
MSEK	2013 Jul-Sep	Organic	Currency	Acq/Div	2014 Jul-Sep
		4%	6%	11%	21%
Revenues	12,131	504	690	1,402	14,727
EBIT	2,090	106	112	192	2,499
%	17.2%	21.0%	16.2%	13.7%	17.0%

Dilution / Accretion	0.1%	0.0%	-0.3%

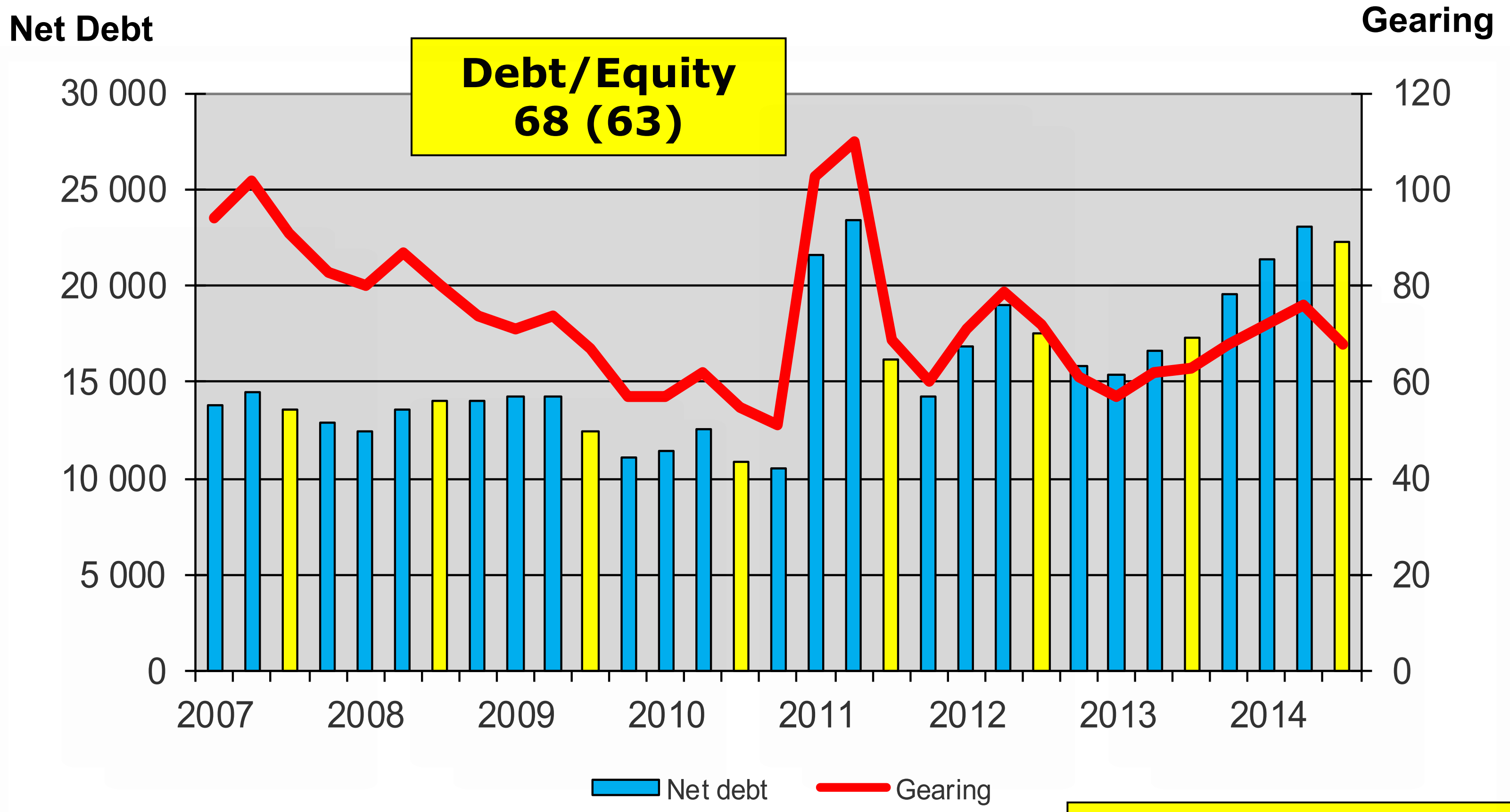
P&L Components as % of sales Jan – Sep 2014

	2013 YTD	2014 YTD excluding acquisitions	2014 YTD
Direct material	34.6%	34.9%	36.1%
Conversion costs	25.7%	25.7%	25.2%
Gross Margin	39.7%	39.4%	38.7%
S, G & A	23.5%	23.1%	22.7%
EBIT	16.2%	16.3%	16.0%

Operating cash flow, MSEK



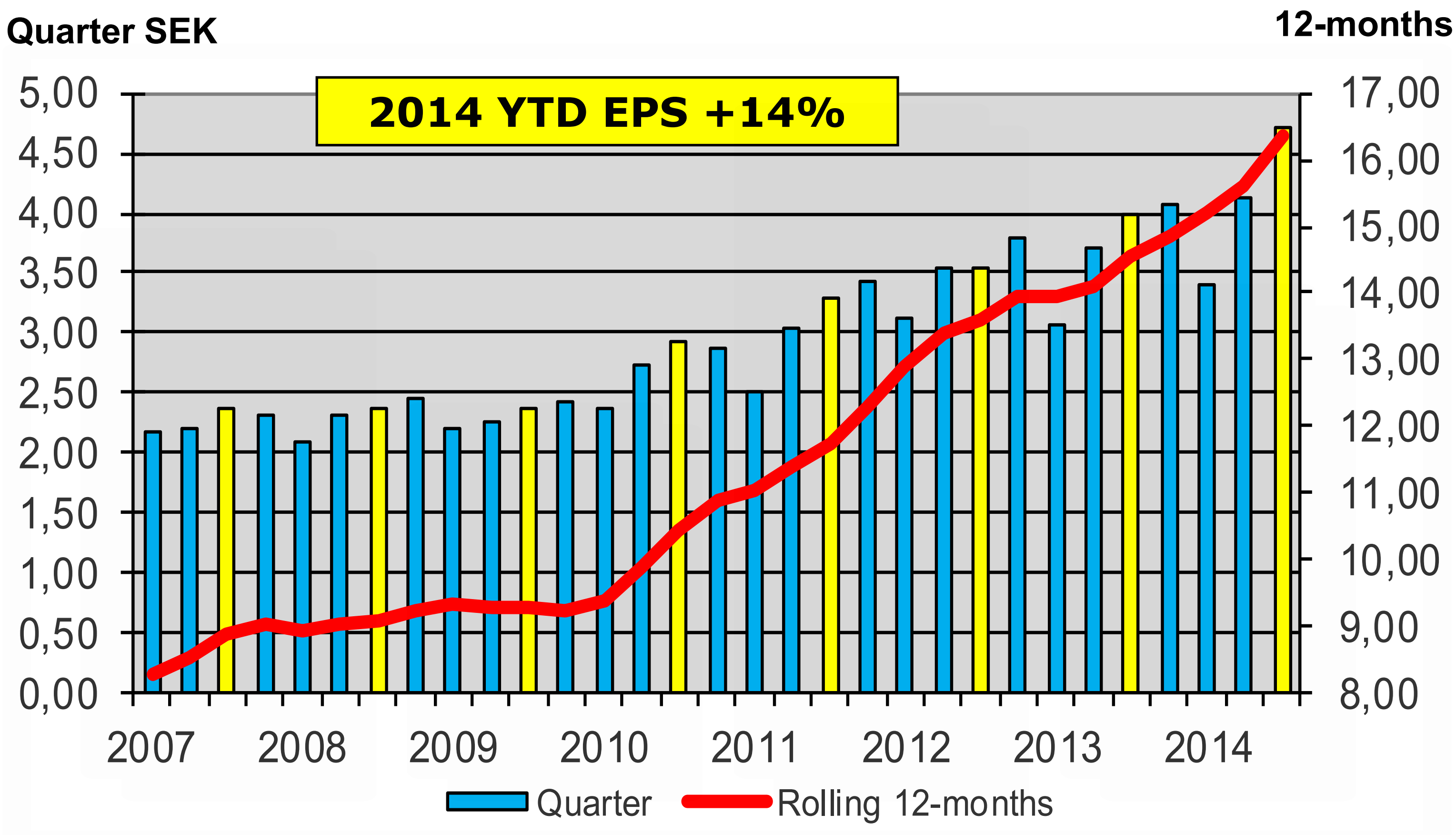
Gearing % and net debt MSEK



Net debt/EBITDA 2.3 (2.0)

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

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 Q3 2014

- Strong growth by 21% with 4% organic
  - US market improving
  - Europe divided
  - Emerging markets slowing
- Efficiency improvements supports profit
- Investments in front end and R&D
- Strong EBIT improvement of 20% to 2,499 MSEK

Q&A