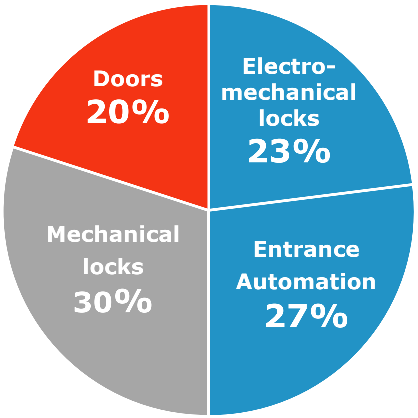
Q4 Report 2014

ASSA ABLOY overview Jan-Dec 2014

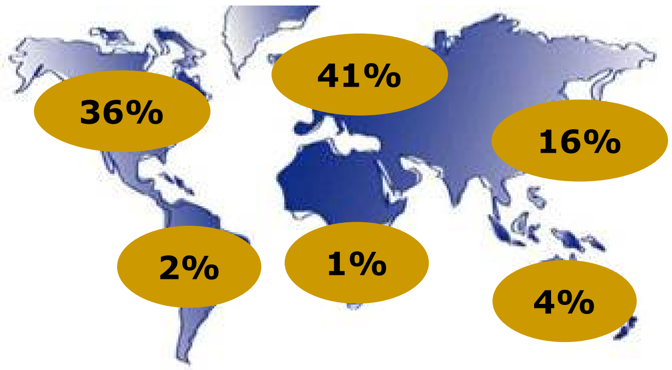
Financials (SEK bn)

Net sales	56.8
EBIT	9.3
Op cash flow	8.3
Net debt	22.3
Market cap	150

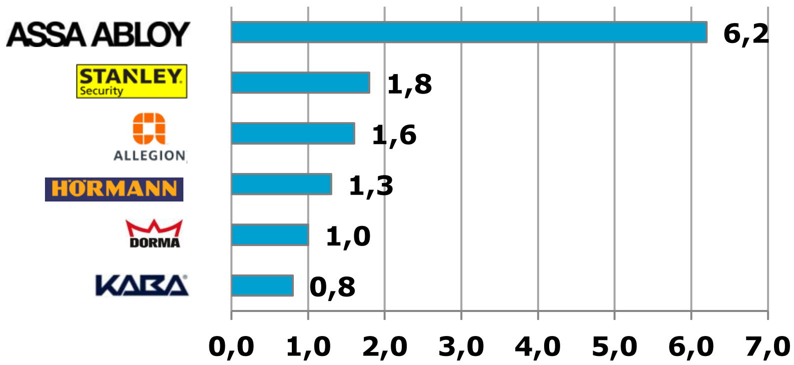
Sales by product group Dec 2014



Sales by region Dec 2014



Leading market positions (EUR B)



Financial highlights Q4 2014

- **Strong ending of the year**
  - Strong growth in Americas, Global Tech and ESD
  - Growth in EMEA
  - Decline in APAC due to strict credit policy and weak market in China
  - Strong cash flow

- **Sales** **15,847 MSEK** **+20%**
  3% organic, 8% acquired growth, 9% currency

- **EBIT** **2,681 MSEK** **+22%**
  Currency effect 209 MSEK

- **EPS** **5.10 SEK** **+25%**
  Underlying tax rate 26%

Financial highlights Jan-Dec 2014

- **A very solid year with strong continued progress**
  - US market turning strong
  - Europe divided
  - Emerging markets slowing, especially China in Q4
  - Big success from innovative products
  - Good contribution from acquisitions

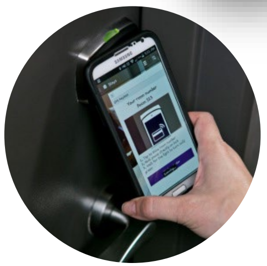
- **Sales** **56,843 MSEK** **+17%**
  3% organic, 9% acquired growth, 5% currency
- **EBIT** **9,257 MSEK** **+17%**
  Currency effect 349 MSEK
- **EPS** **17.38 SEK** **+17%**
  Underlying tax rate 26%

Market highlights

- **Strong progress of Government ID**
  - New orders; Ireland, Saudi Arabia, Angola
  - First National ID card in EU based on E-passport

- **Strong demand in the US for home automation**
  - Home automation drives Digital Door Lock sales

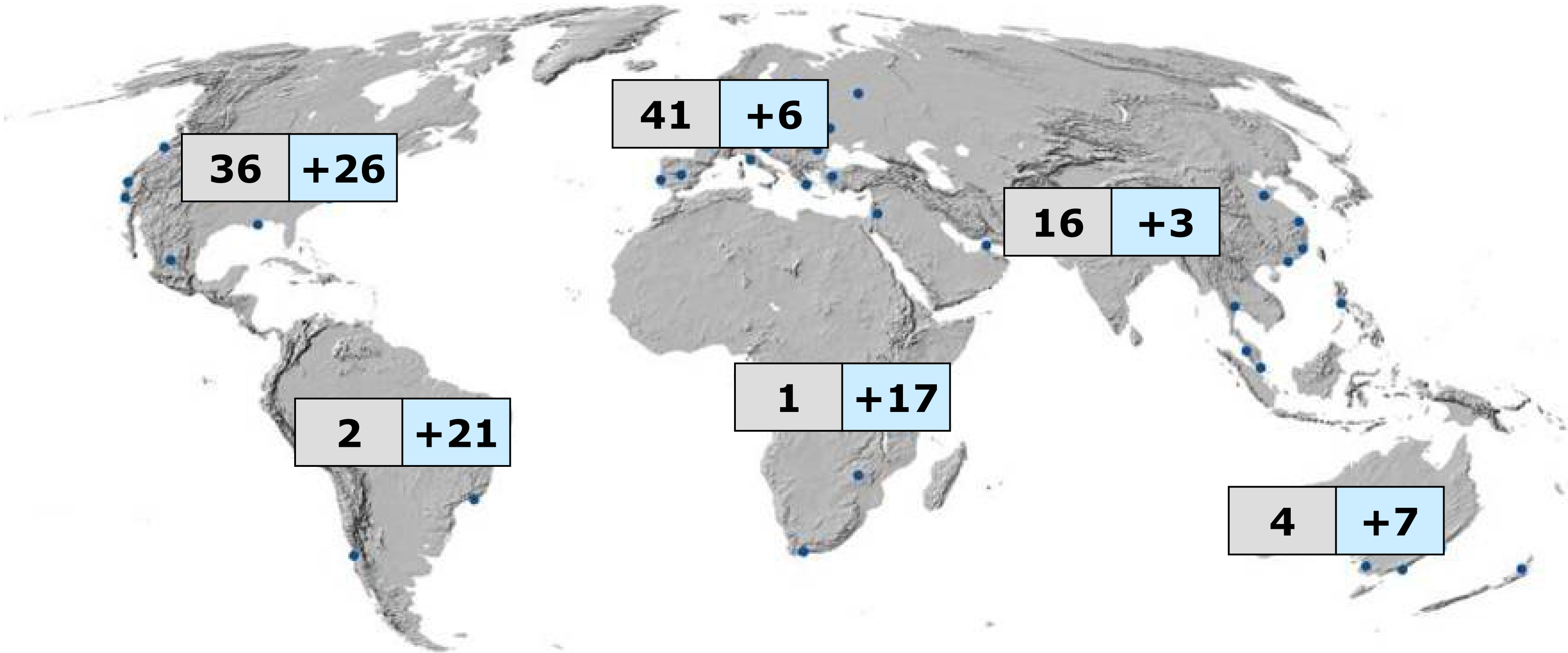
- **Starwood mobile keys show good progress**
  - 150 first hotels under installation



- **Sustainability in good progress**
  - New products create sustainable total door solutions
  - Good progress of KPIs in manufacturing

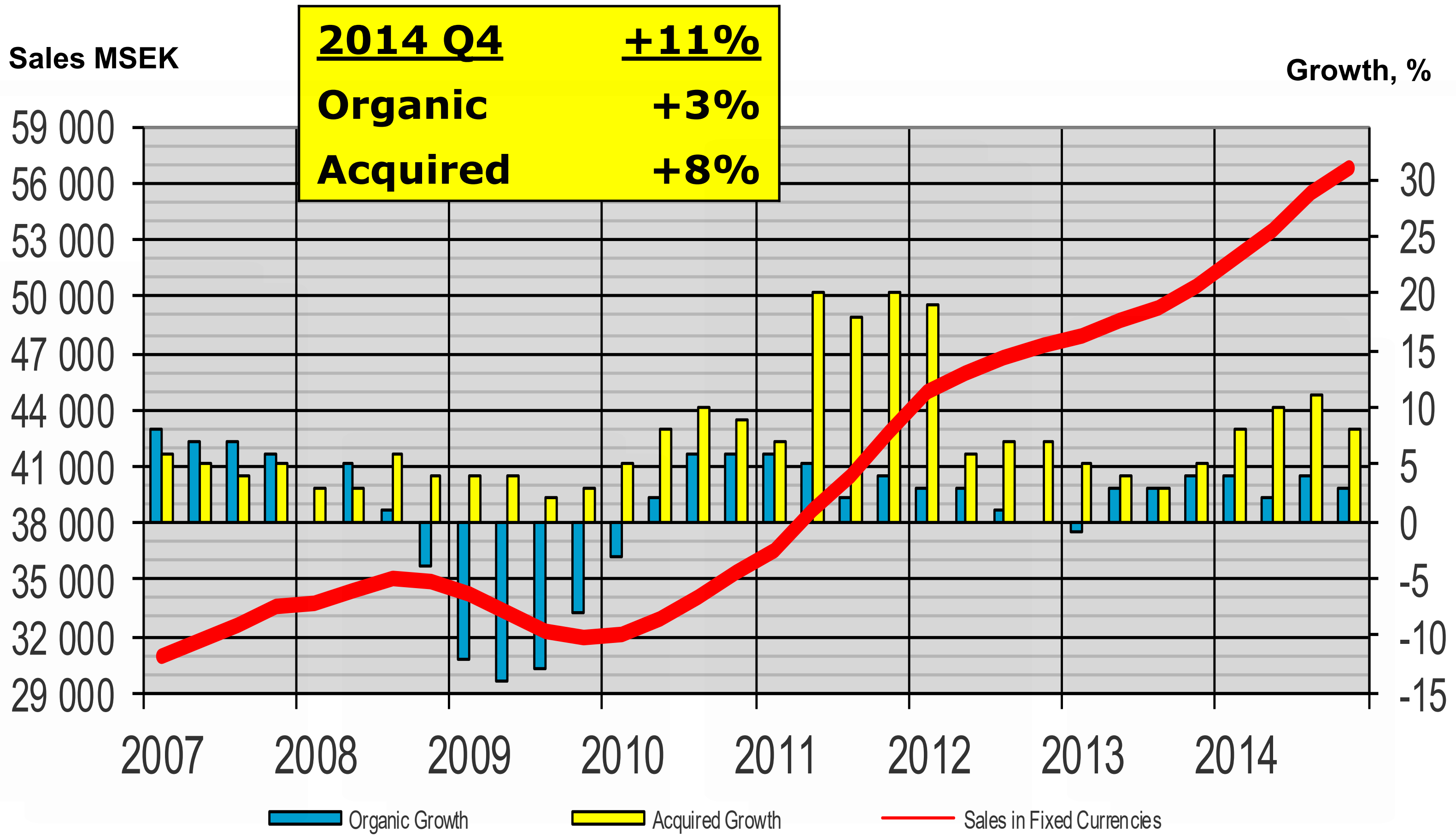
Group sales in local currencies Jan-Dec 2014

Emerging markets 25% of sales

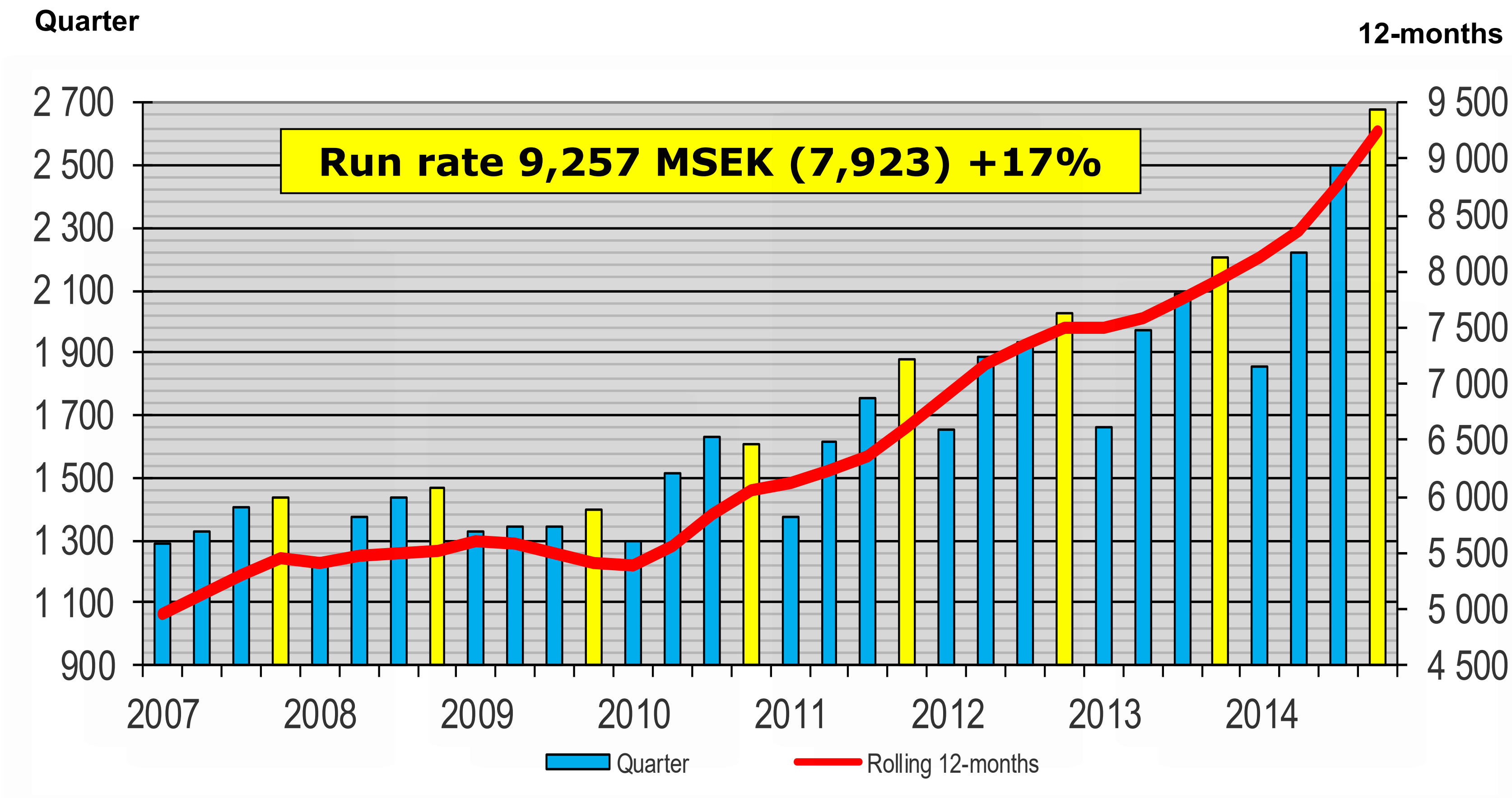


Share of Group sales 2014 YTD, %
Year-to-date vs previous year, %

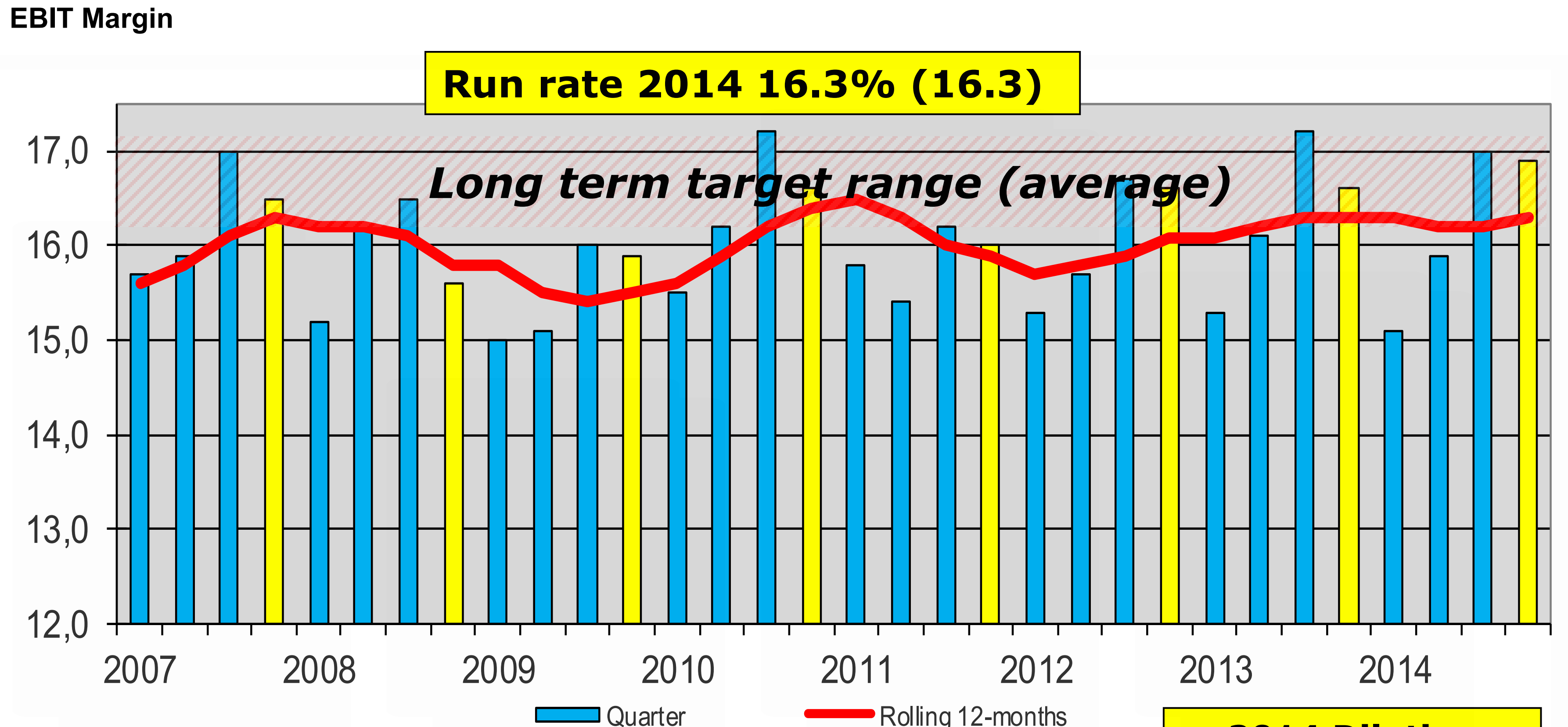
Sales growth, currency adjusted



Operating income (EBIT*), MSEK



Operating margin (EBIT), %

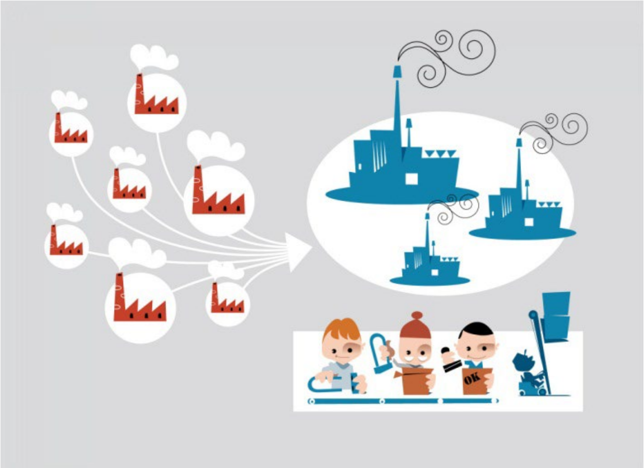


2014 Dilution

Q4	-0.2%
2014	-0.3%

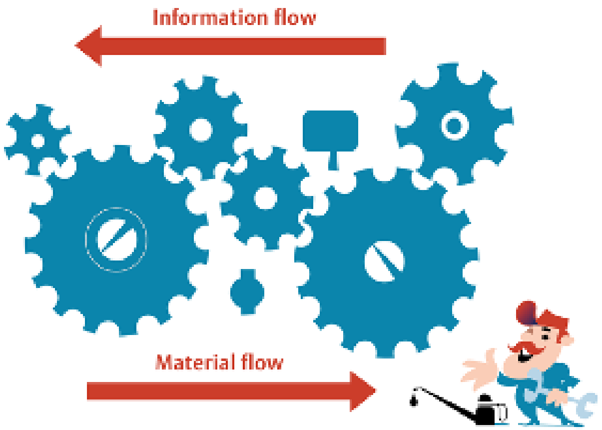
Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
  - 64 factories closed to date, 16 to go
  - 77 factories converted to assembly, 12 to go
  - 36 offices closed, 11 to go
- Personal reduction QTD 459p and total 9,414p
- 570p in further planned reductions



→ 941 MSEK of the provision remains for all programs

Margin highlights Q4 2014



EBIT margin 16.9% (16.6) +0.3%

+ Volume increase 2%, price 1%

+ Margin increase +0.3%
    + Organic growth
    + Manufacturing footprint
    + Currency +0.2%
    - Acquisitions -0.2%

Acquisitions 2014

- Fully active pipeline
- 20 acquisitions done in 2014
- Annualized sales 2,600 MSEK
- Added sales 5.4%

Digi Electronic Lock, China

- Turnover of 300 MSEK with 620 employees
- The leading digital door lock manufacturer in China
- Complete product range for the mid to low segments
- Complements our current product range
- Accretive to EPS



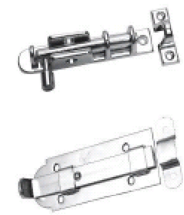
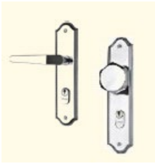
ODIS, Chile

SOLUCIONES EN SEGURIDAD

- Turnover of 120 MSEK with 240 employees
- Leading supplier of locks and padlocks in Chile
- Adds complementary market segments
- Enables total door opening solutions
- Accretive to EPS

Silvana and Metalika, Brazil

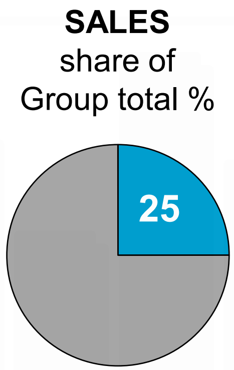
- Combined turnover of 250 MSEK with 410 employees
- Market leading companies for locks and fire doors in Brazil
- Complements existing business in Brazil
- Accretive to EPS

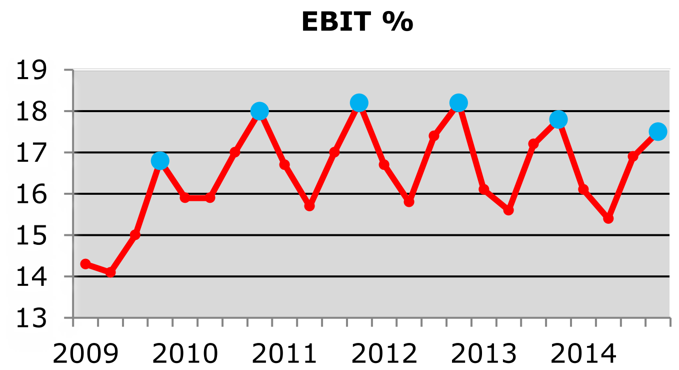


Division - EMEA

- Strong growth in Germany, Iberia, Eastern Europe and Africa
- Good growth in Scandinavia
- Flat in the UK, Italy and Israel
- Negative in Benelux, France and Finland
- Continued investment in sales and R&D



- Operating margin (EBIT)
  - \+ Organic 2%
  - \+ Slight leverage due to savings
  - \- Dilution & Currency -0.4%



Bridge Analysis – Oct-Dec 2014

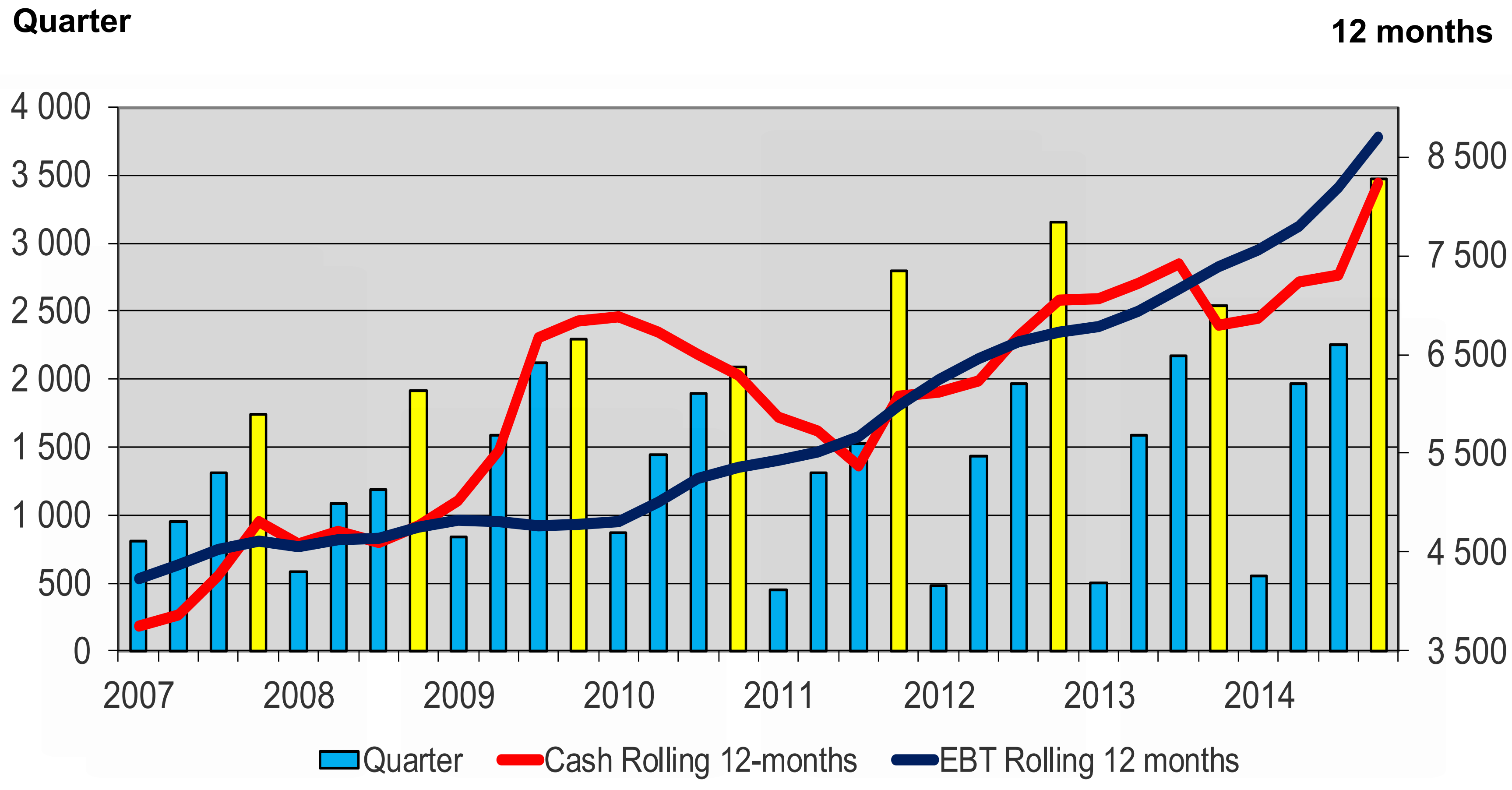
MSEK	2013 Oct-Dec	Organic	Currency	Acq/Div	2014 Oct-Dec
		3%	9%	8%	20%
Revenues	13,242	363	1,129	1,113	15,847
EBIT	2,202	113	209	157	2,681
%	16.6%	31.2%	18.6%	14.1%	16.9%

Dilution / Accretion	0.3%	0.2%	-0.2%

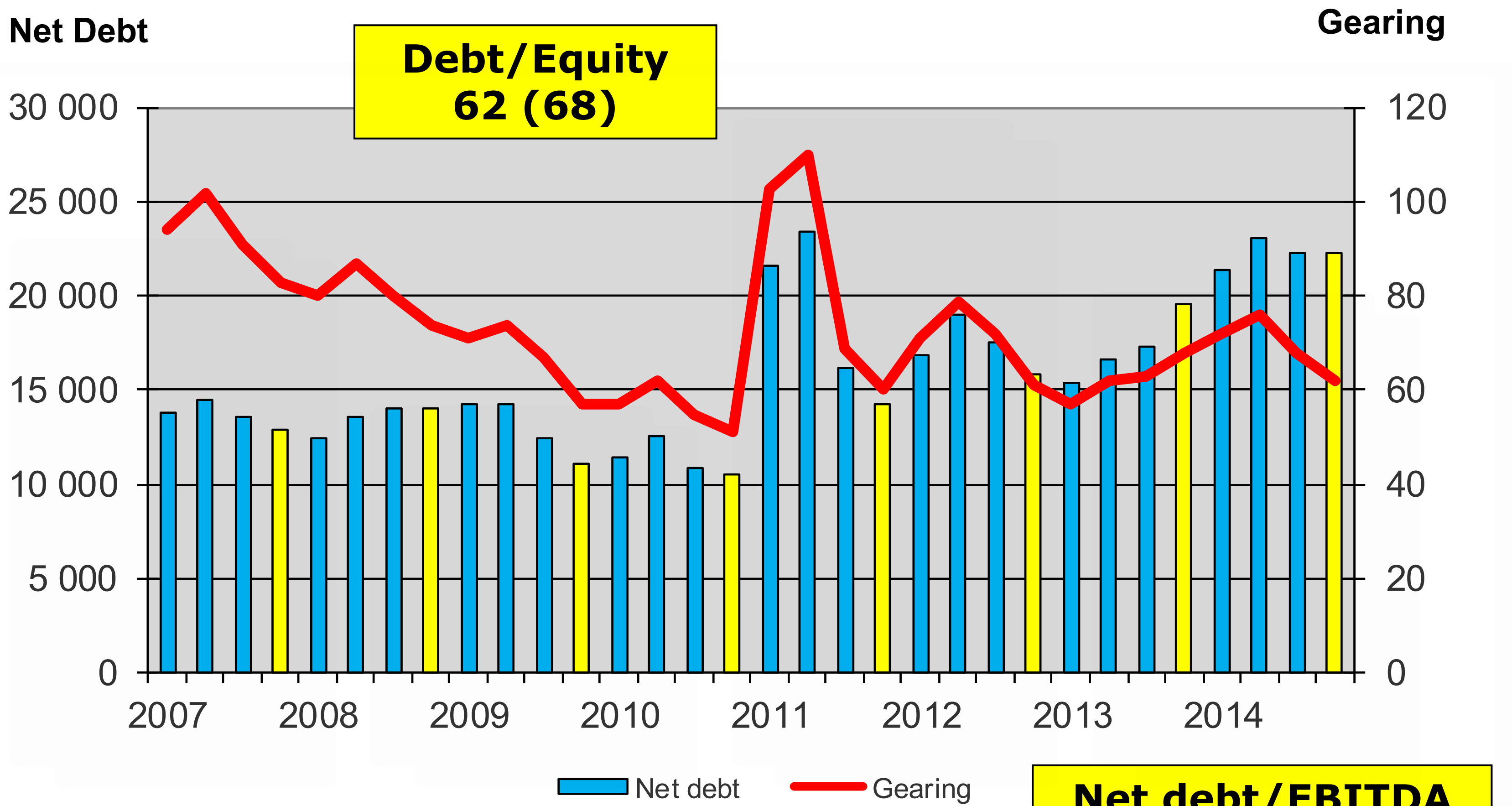
P&L Components as % of sales
Jan – Dec 2014

	2013 YTD	2014 YTD excluding acquisitions	2014 YTD
Direct material	35.0%	35.4%	36.5%
Conversion costs	25.5%	25.4%	24.9%
Gross Margin	39.5%	39.2%	38.6%
S, G & A	23.2%	22.6%	22.3%
EBIT	16.3%	16.6%	16.3%

Operating cash flow, MSEK



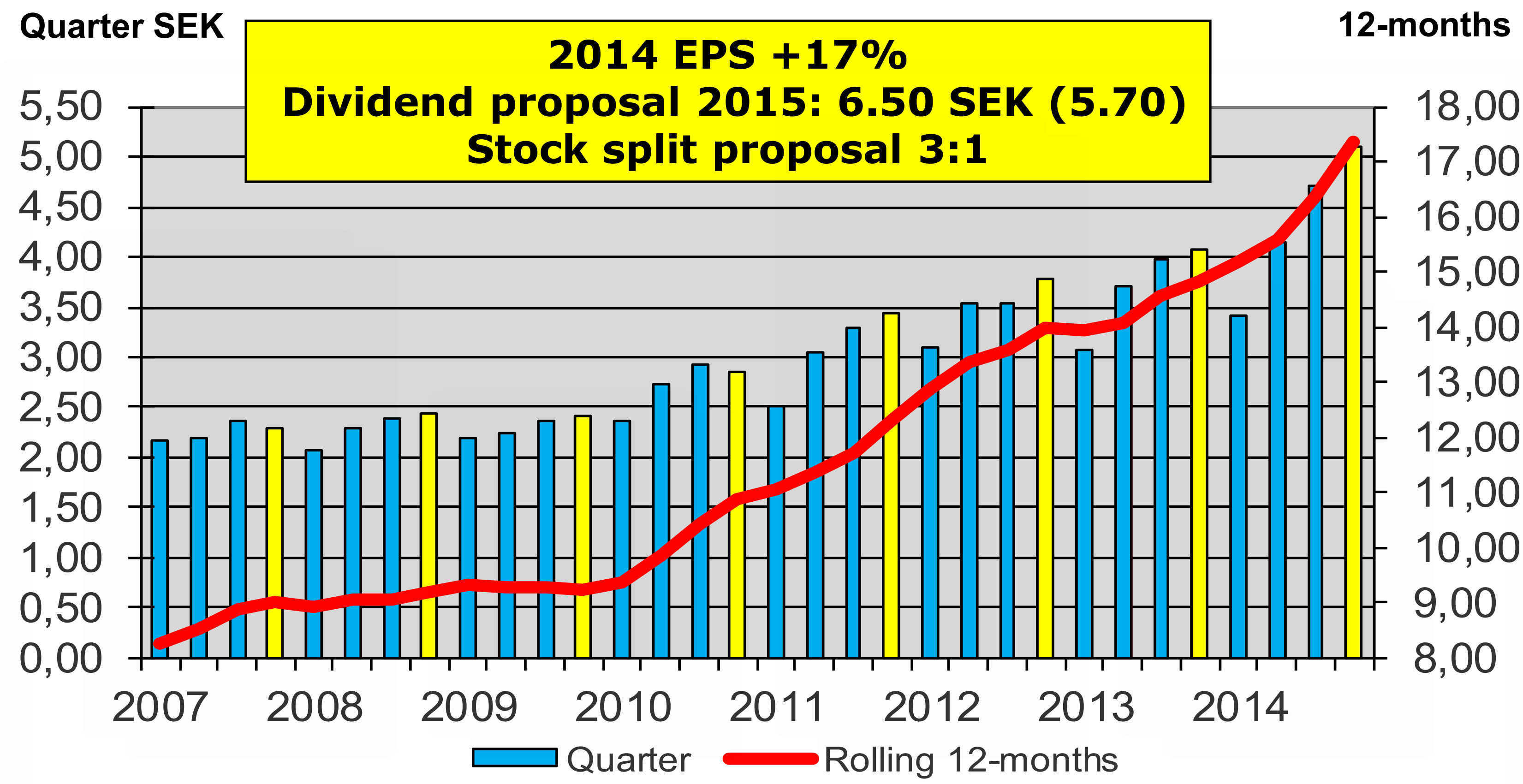
Gearing % and net debt MSEK



Net debt/EBITDA
2.1 (2.2)

*) 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 Q4 2014

- Strong growth by 20% with 3% organic
  - Strong in US
  - Europe divided
  - Emerging markets slowing, especially China
- New products very successful, 32% of sales
- Strong EBIT improvement of 22%
- Very strong cash flow +37%

Q&A