*ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience*

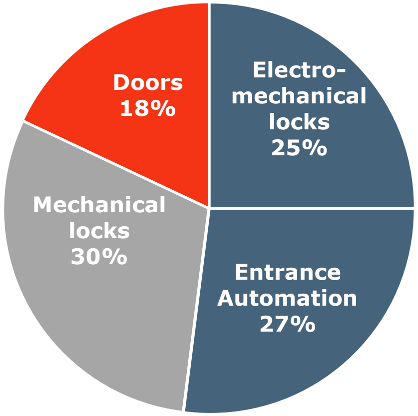
# Q1 Report 2015

# ASSA ABLOY overview Jan-Mar 2015

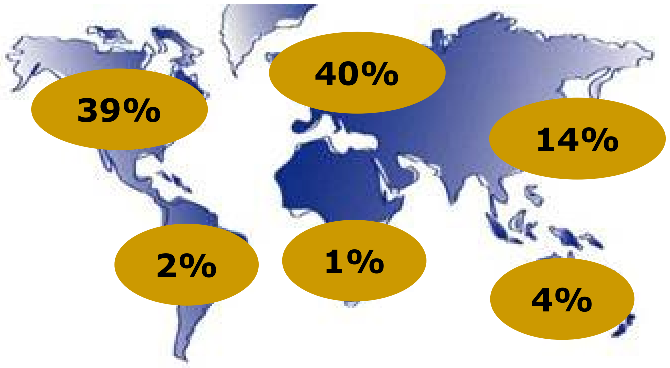
## Financials (SEK bn)

| | |
|---|---|
| Net sales | 15.3 |
| EBIT | 2.3 |
| Op cash flow | 0.5 |
| Net debt | 25.2 |
| Market cap | 190 |

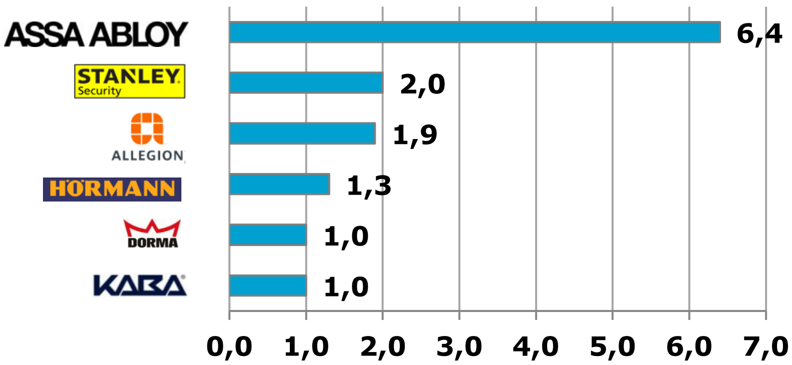
## Sales by product group Mar 2015




## Sales by region Mar 2015




## Leading market positions (EUR B)



# Financial highlights Q1 2015

- **Good start of the year**
  - Strong growth in Americas, Global Tech and ESD
  - Good growth in EMEA
  - Weak in APAC due to Chinese market and credit policy

| | | |
|---|---|---|
| **Sales** | **15,252 MSEK** | **+24%** |
| 5% organic, 3% acquired growth, 16% currency | | |
| **EBIT** | **2,329 MSEK** | **+25%** |
| Currency effect 249 MSEK | | |
| **EPS** | **4.36 SEK** | **+28%** |
| Underlying tax rate 26% | | |

# Market highlights


- Record awards at ISC West
  - Aperio R100, Aperio M100 & Ecopower power supply
  - Electrified latch & GL1 Electrified Gate Lock
  - HID Mobile Access & Active ID tap authentication


- Good development in consumer business
  - Yale drives growth in EMEA, Americas and APAC
  - Combination of digital and mechanical products

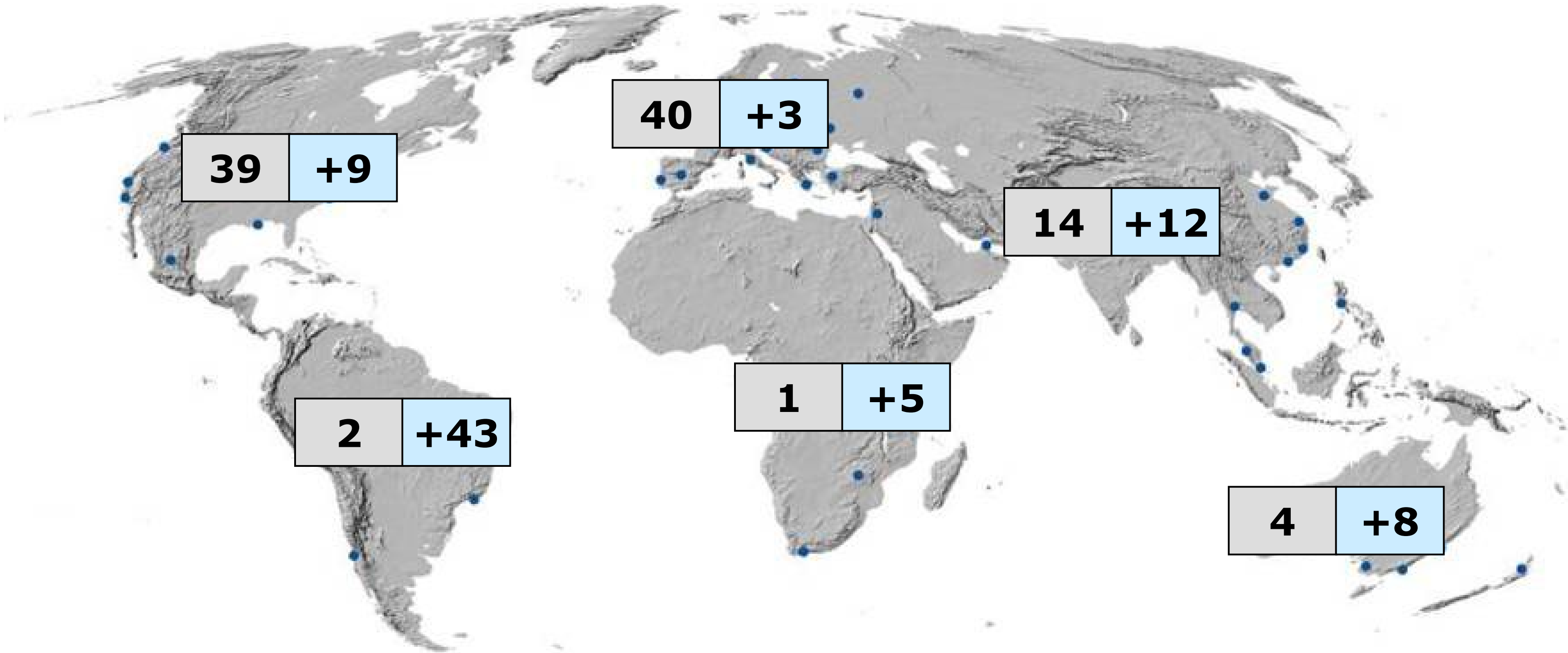
Silvana
METALIKA


- Strong growth in Latin America (+43%)
  - Regional warehouses and recent acquisitions

- Pedestrian Door Automatics
  - New range of swing door operators
  - Good growth in emerging markets

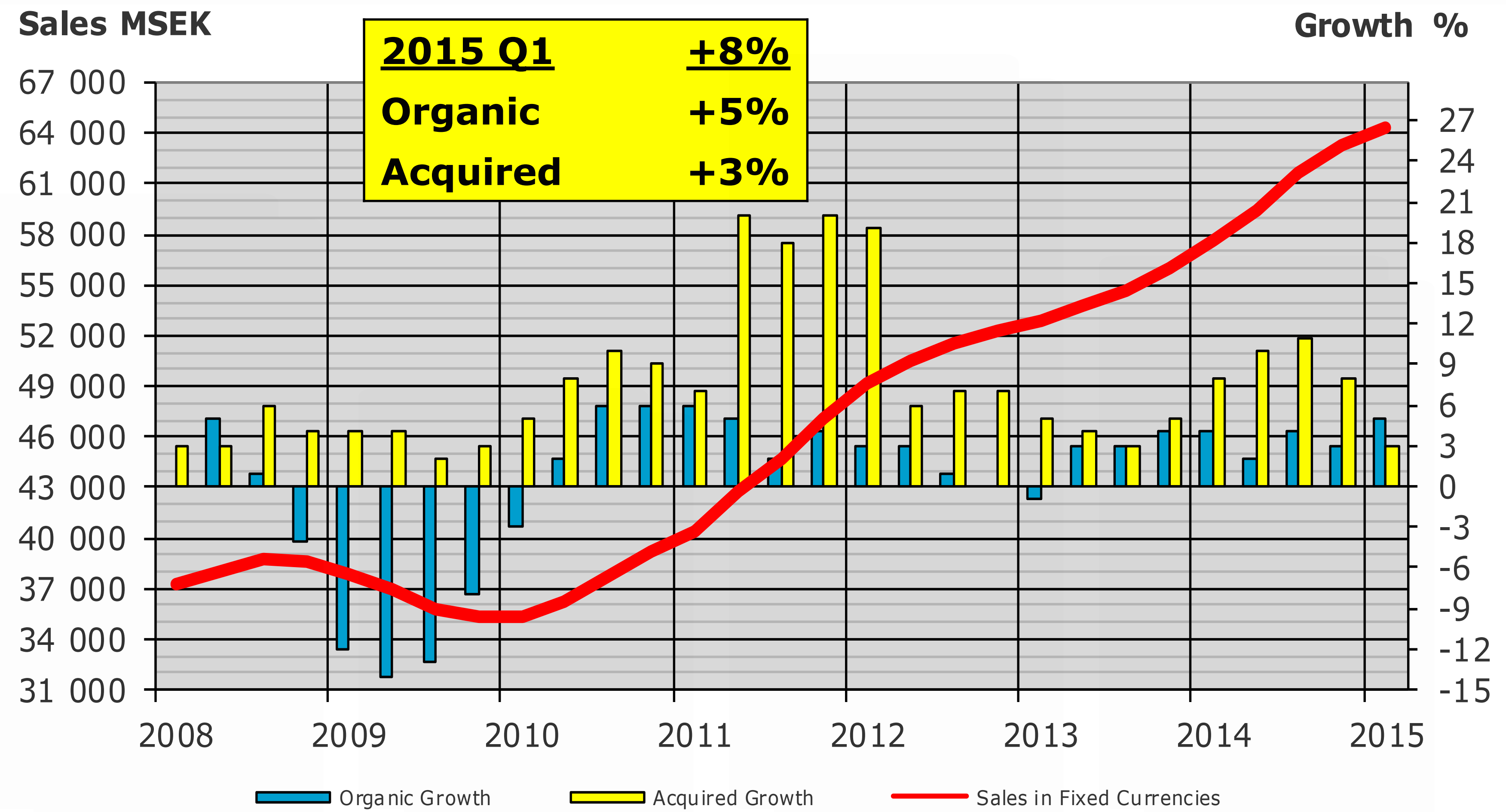
# Group sales in local currencies Jan-Mar 2015

**Emerging markets 23% (22) of sales**

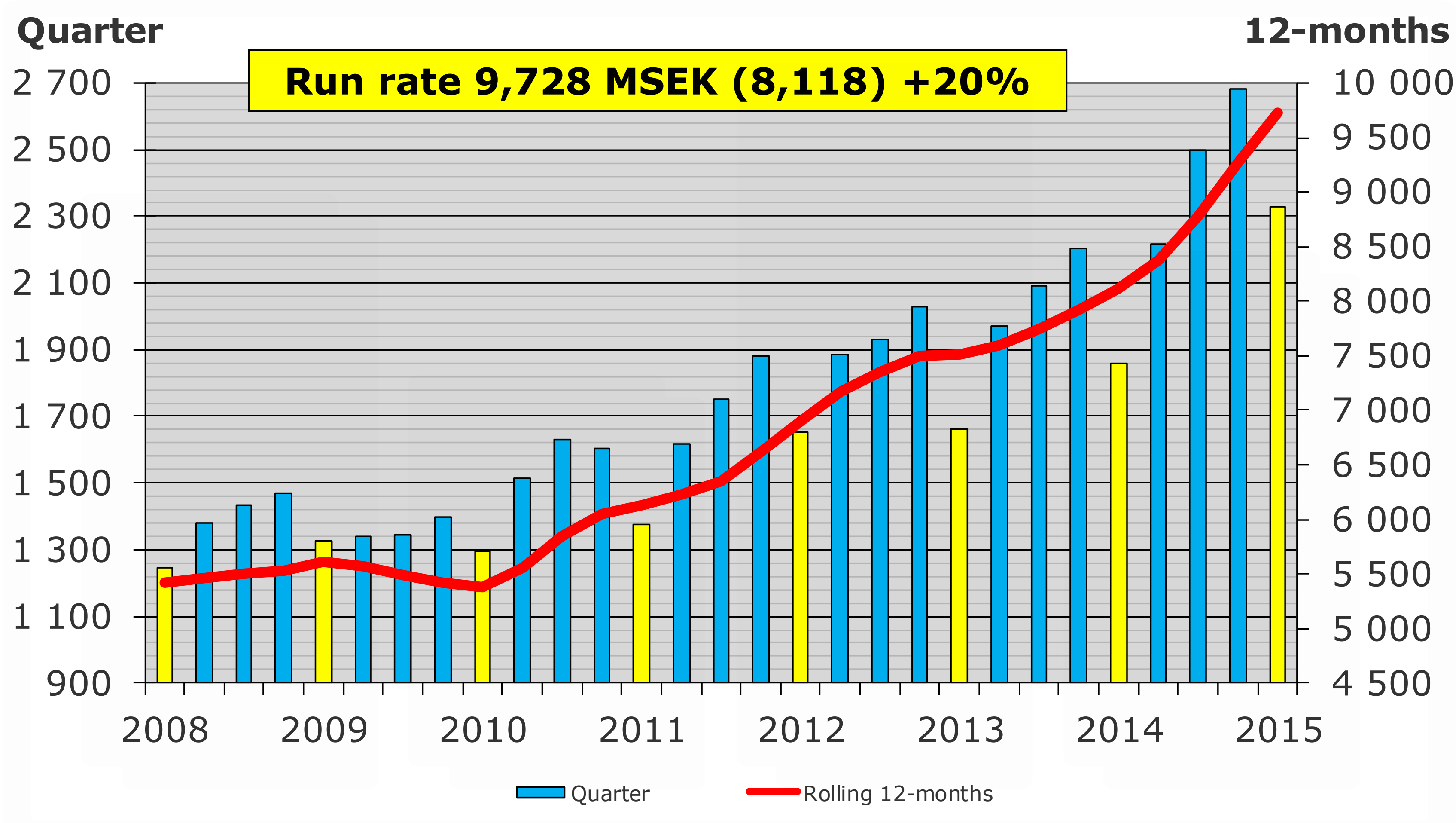



**Share of Group sales 2015 YTD, %**
**Year-to-date vs previous year, %**

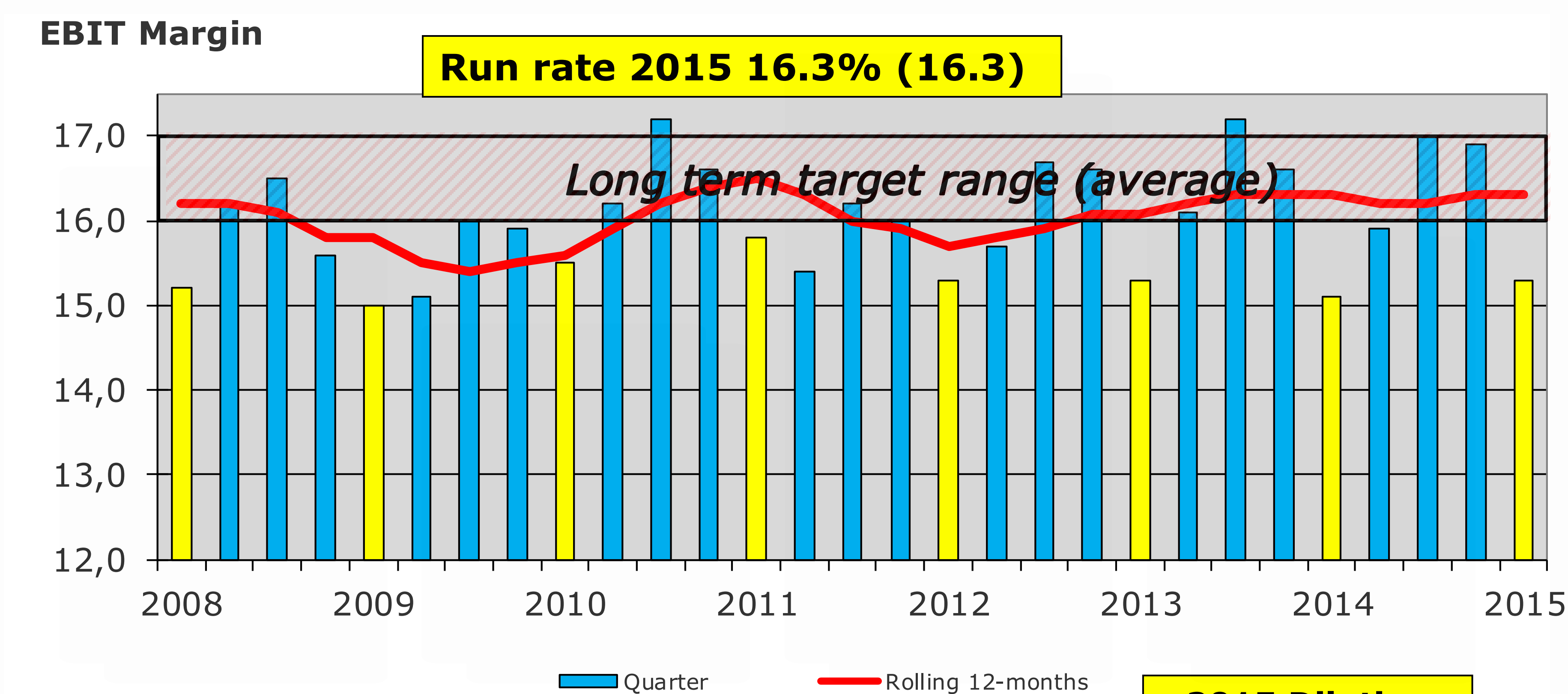
# Sales growth, currency adjusted



# Operating income (EBIT), MSEK



# Operating margin (EBIT), %

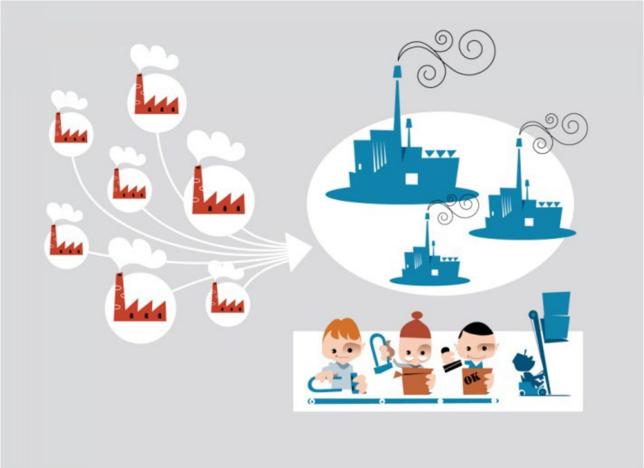



**2015 Dilution**

| | |
|---|---|
| **Q1** | **-0.1%** |
| **2015** | **-0.1%** |

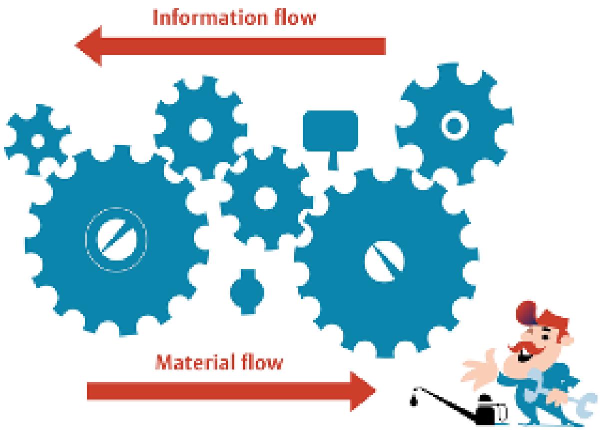
# Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
  - 69 factories closed to date, 11 to go
  - 84 factories converted to assembly, 5 to go
  - 38 offices closed, 9 to go
- Personal reduction QTD 206p and total 9,620p
- 364p in further planned reductions



→ 845 MSEK of the provision remains for all programs

# Margin highlights Q1 2015




**EBIT margin 15.3% (15.1) +0.2%**

+ Volume increase 4%, price 1%

+ Margin increase +0.2%
    + Organic growth
    + Manufacturing footprint
    - Currency -0.3%
    - Acquisitions -0.1%

**Good leverage from growth**

# Acquisitions 2015

- Fully active pipeline
- 4 acquisitions done in 2015
- Annualized sales 750 MSEK
- Added sales 1.5%

QUANTUMSECURE

TEAMWARE

MSL

DIS
SOLUCIONES EN SEGURIDAD

# Quantum Secure, USA

- Bookings of 400 MSEK with 175 employees
- Provider of advanced identity management systems
- Brings compliance in highly-regulated industries
- Management of identities across multiple sites
- Neutral to EPS

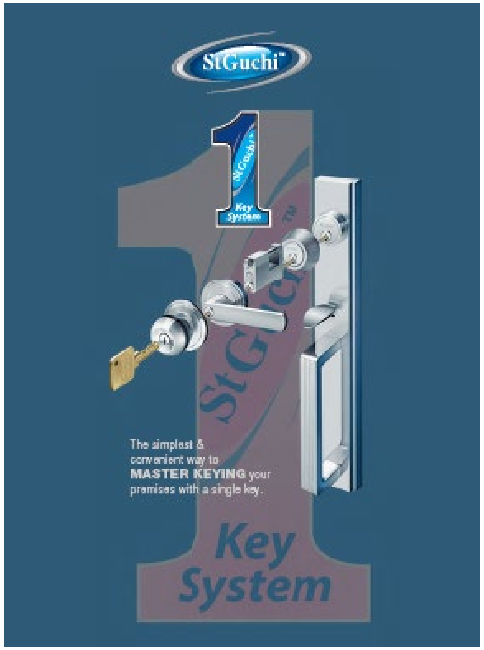
# MSL, Switzerland

- Turnover of 180 MSEK with 106 employees
- Leading supplier of Swiss mortice locks
- Complets Swiss total door opening solutions
- Adds important market coverage
- Accretive to EPS

# Teamware, Malaysia

TEAMWARE

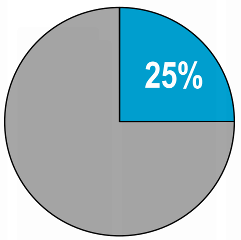
- Turnover of 240 MSEK with 120 employees
- Creates firm market leadership in fast growing Malaysia
- Complimentary channels and products
- Allows specification
- Accretive to EPS



# Division - EMEA

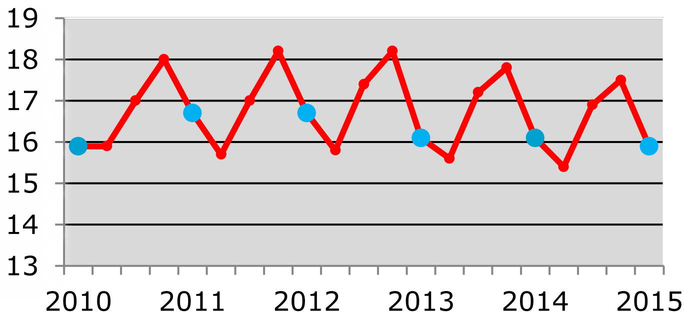
- Strong growth in Scandinavia, Finland, Eastern Europe and Africa
- Good growth in UK and Iberia
- Flat in Germany and Israel
- Negative in Benelux, France and Italy
- Strategic move in Switzerland

**SALES**
share of
Group total %



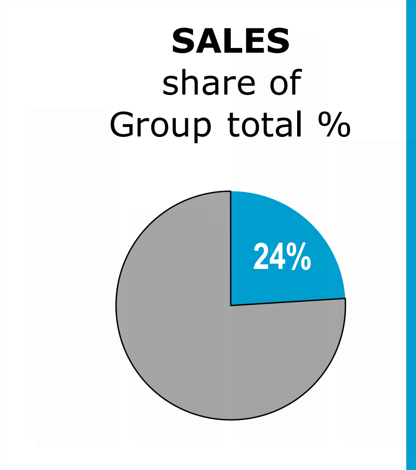

- Operating margin (EBIT)
  - \+ Organic 3%
  - \+ Leverage from savings +0.5%
  - \- Dilution & Currency -0.7%

**EBIT %**



# Division - Americas

- Strong growth in AHW, Doors, El-mech, Residential, Mexico and South America
- Stable trend in High security and Canada
- Important moves in South America
- Strong demand from Home Automation

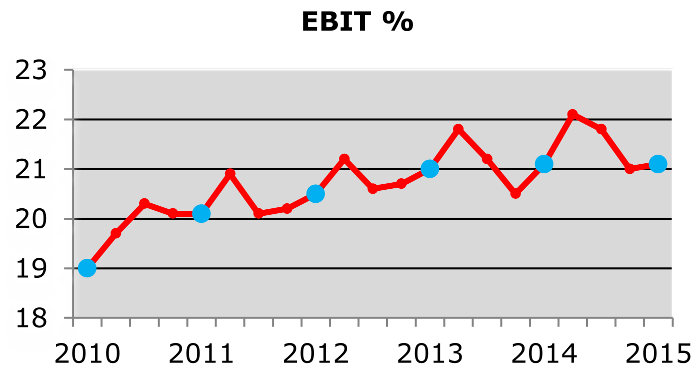



- Operating margin (EBIT)

  + Organic 8%

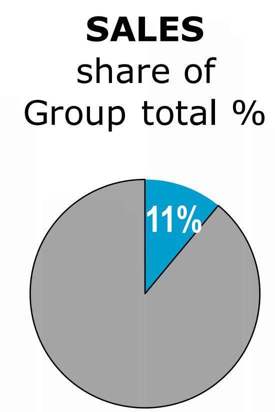
  + Good leverage from efficiency

  - Currency & Dilution -0.5%

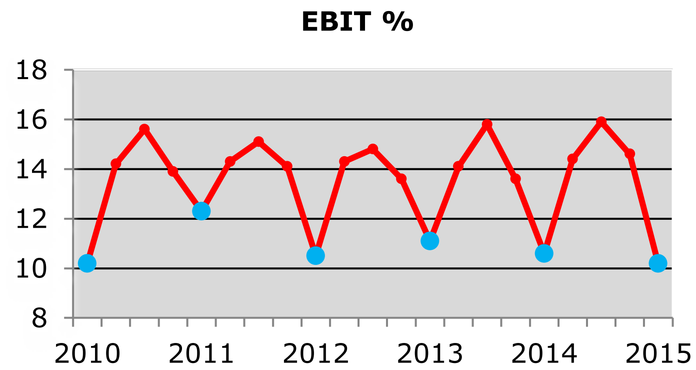


# Division - Asia Pacific

- Strong growth in Australia, South Asia and North Asia
- Good growth in New Zealand
- China
  - Strong decline due to weak market and credit policy
  - Government incentives for construction
  - Many companies for sale



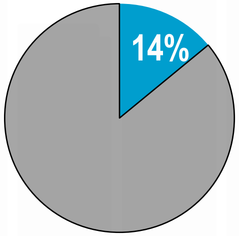

- Operating margin (EBIT)
  - \- Organic -3%
  - \+ Personnel reduction in China -8%
  - \+ Positive sales mix
  - \- Currency & Dilution -0.3%



# Division - Global Technologies

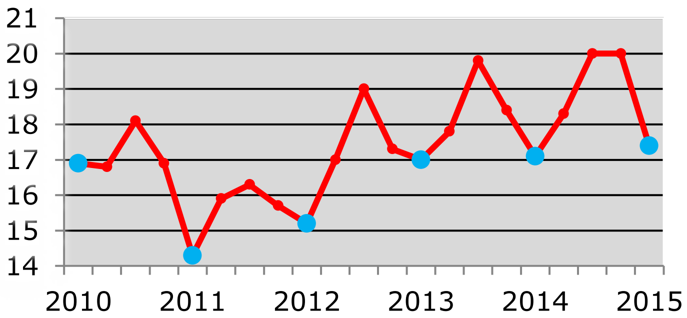
- HID
  - Strong growth in Gov-Id, IDT (inlays) and Project sales
  - Good growth in IAM (Identity and access management)
  - Austin move completed
- Hospitality
  - Strong growth
  - Strong profit

**SALES**
share of
Group total %



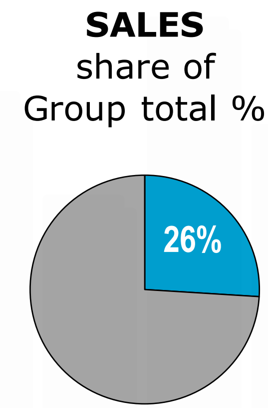

- Operating margin (EBIT)
  - \+ Organic 12%
  - \+ Leverage from growth
  - \- Currency & Dilution -0.3%

**EBIT %**

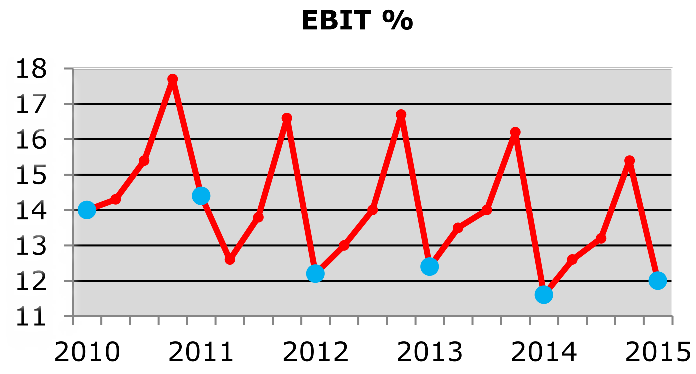


# Division - Entrance Systems

- Strong growth in Door Automatics, High Speed Doors, Flexiforce, Amarr and 4Front
- Flat in Industrial EU and decline in Residential EU and Ditec
- Europe is tough but improving with growing service




- Operating margin (EBIT)
  - + Organic 5%
  - + Efficiency improvement
  - - Negative mix (US growing)
  - - Currency -0.4%



# Financial highlights Q1 2015

| MSEK | 1st Quarter 2014 | 1st Quarter 2015 | Change | Twelve months 2013 | Twelve months 2014 | Change |
|---|---|---|---|---|---|---|
| **Sales** | **12,305** | **15,252** | **+24%** | **48,481** | **56,843** | **+17%** |
| *Whereof* | | | | | | |
| Organic growth | | | +5% | | | +3% |
| Acquired growth | | | +3% | | | +9% |
| FX-differences | | +1,892 | +16% | | +2,138 | +5% |
| **Operating income (EBIT)** | **1,857** | **2,329** | **+25%** | **7,923** | **9,257** | **+17%** |
| EBIT-margin (%) **)** | 15.1 | 15.3 | | 16.3 | 16.3 | |
| **Operating cash flow** | **557** | **520** | **-7%** | **6,803** | **8,238** | **+21%** |
| **EPS (SEK)** | **3.41** | **4.36** | **+28%** | **14.84** | **17.38** | **+17%** |

# Bridge Analysis – Jan-Mar 2015

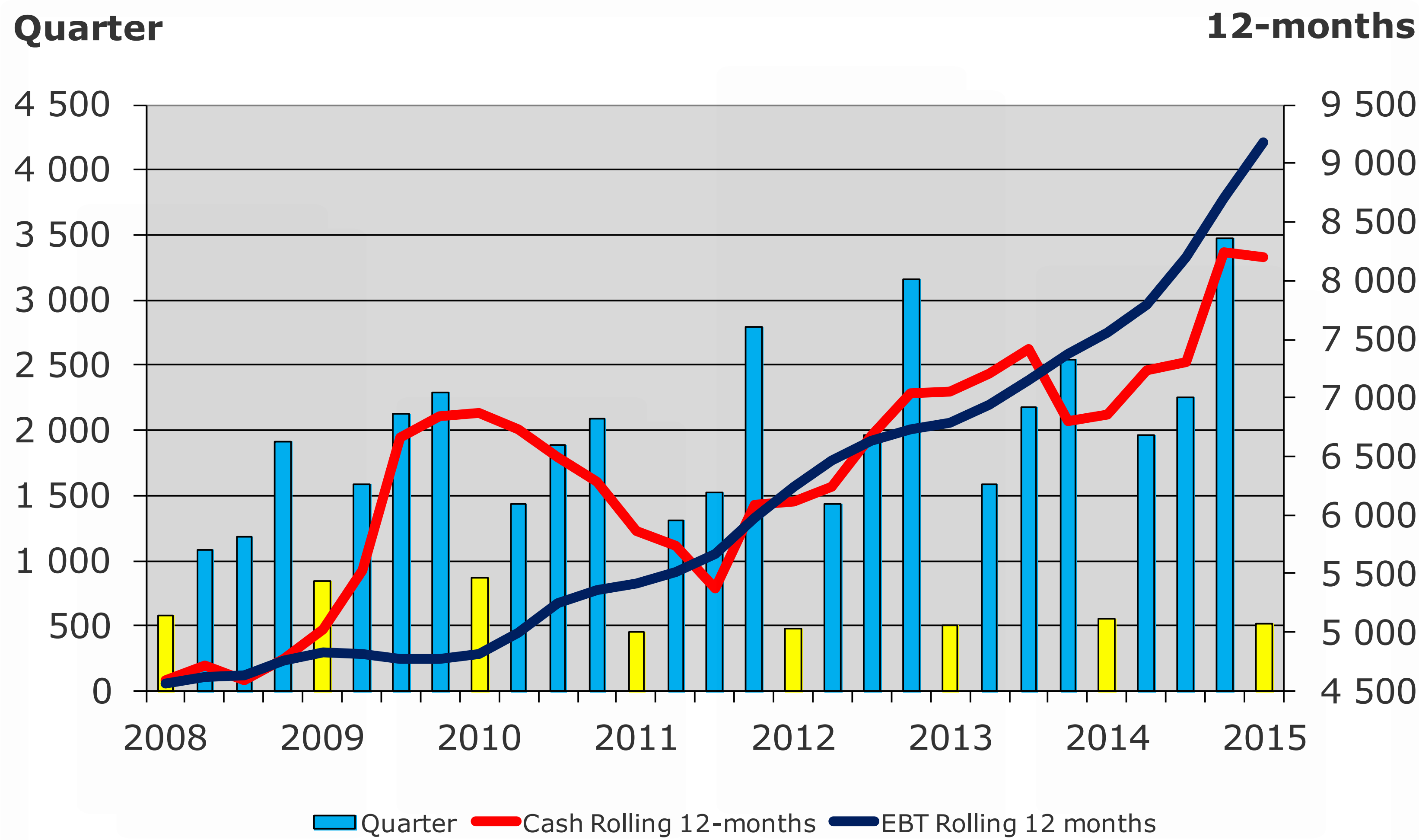
| MSEK | 2014 Jan-Mar | Organic | Currency | Acq/Div | 2015 Jan-Mar |
|---|---|---|---|---|---|
| | | 5% | 16% | 3% | 24% |
| Revenues | 12,305 | 680 | 1,892 | 376 | 15,252 |
| EBIT | 1,857 | 186 | 249 | 38 | 2,329 |
| % | 15.1% | 27.3% | 13.1% | 10.1% | 15.3% |

| | | | | |
|---|---|---|---|---|
| Dilution / Accretion | 0.6% | -0.3% | -0.1% | |

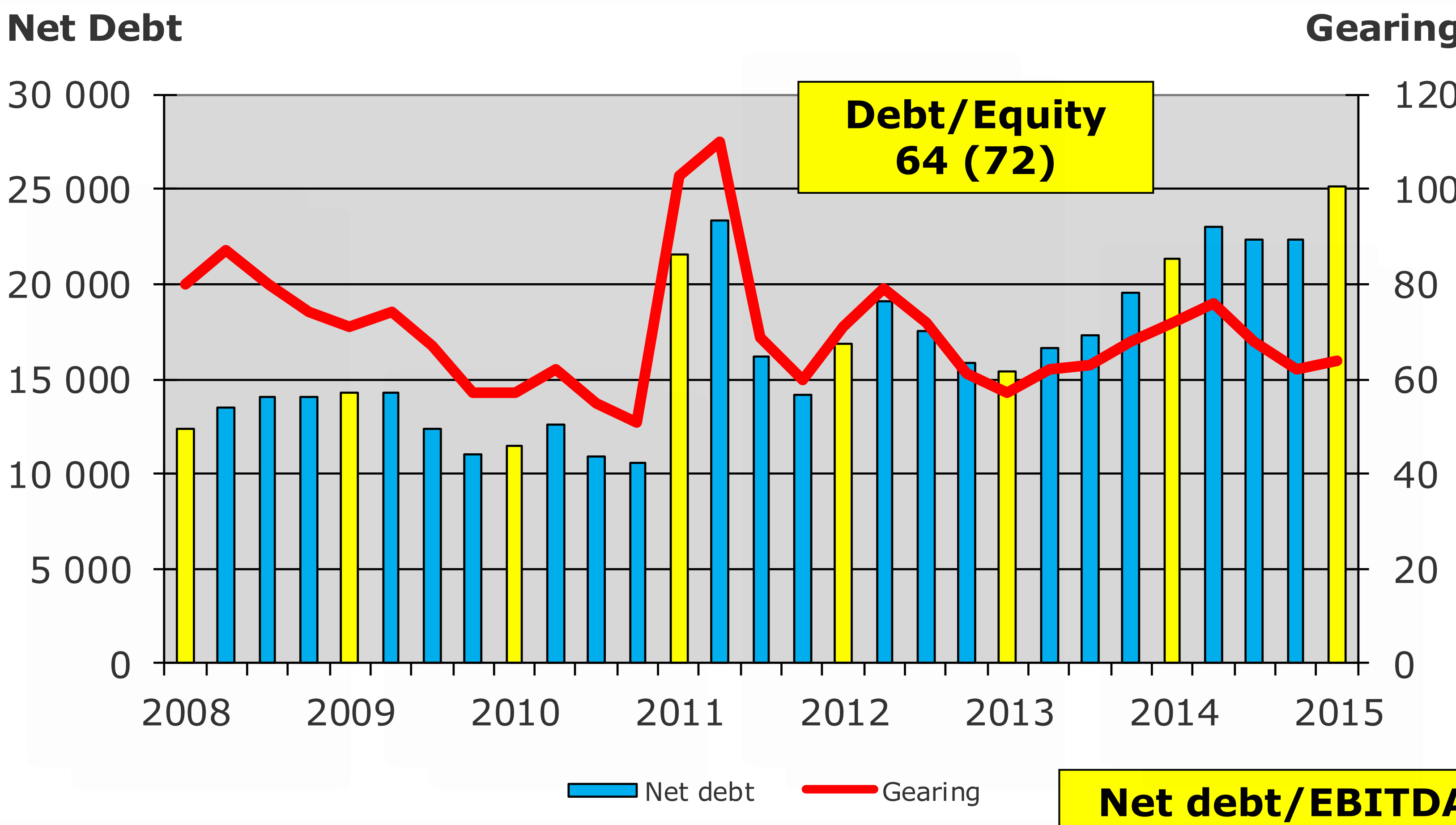
# P&L Components as % of sales
# Jan – Mar 2015

| | 2014 Q1 | 2015 YTD excluding acquisitions | 2015 Q1 |
|---|---|---|---|
| Direct material | 34.6% | 35.5% | 35.6% |
| Conversion costs | 26.5% | 25.4% | 25.3% |
| Gross Margin | 38.9% | 39.1% | 39.1% |
| S, G & A | 23.8% | 23.7% | 23.8% |
| EBIT | 15.1% | 15.4% | 15.3% |

# Operating cash flow, MSEK



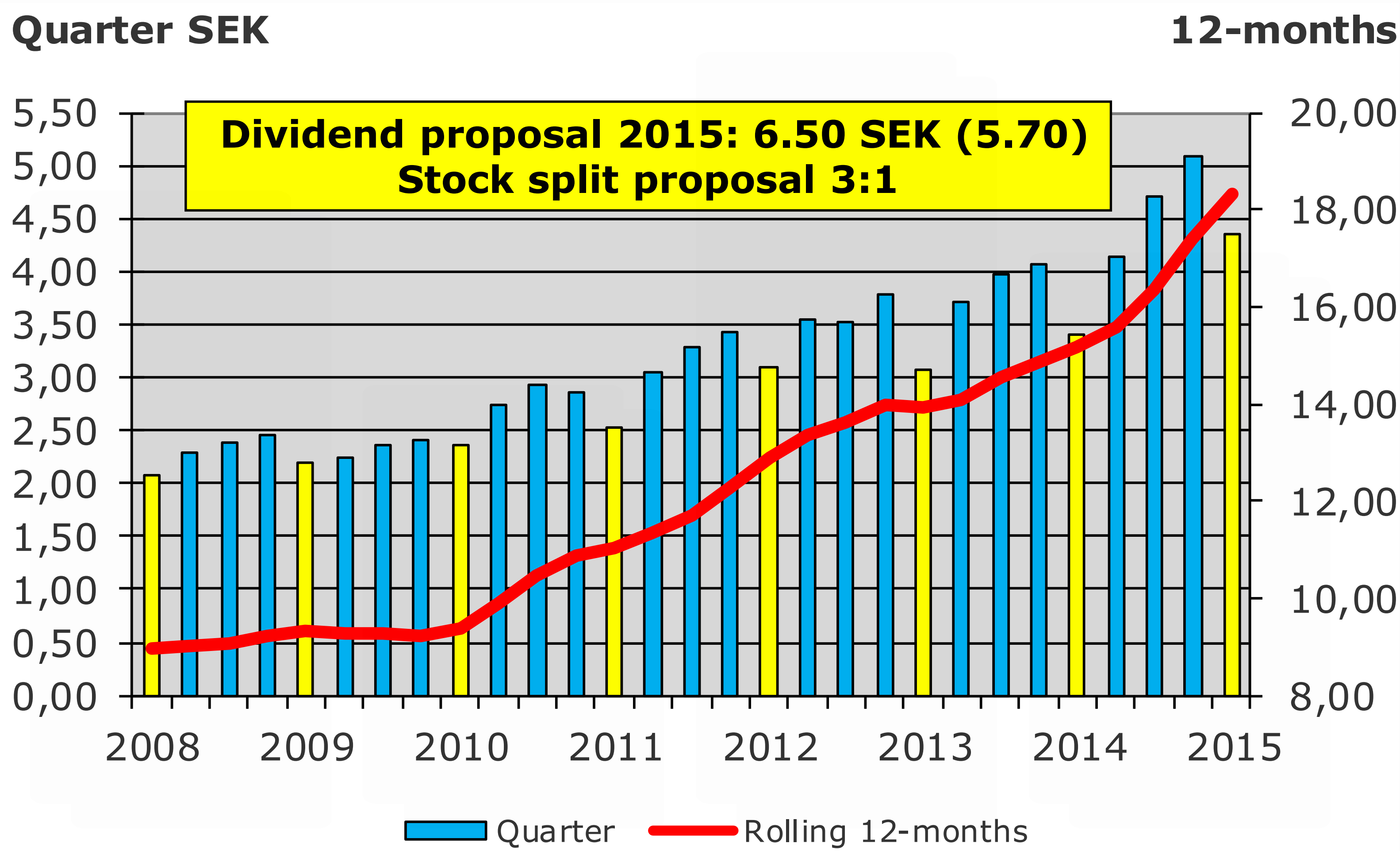
# Gearing % and net debt MSEK




**Net debt/EBITDA 2.3 (2.3)**

*) 2008-2011 Not restated for changed pension accounting principles.

# Earnings per share, SEK




Excluding restructuring costs of 1,000 MSEK in Q4 and full year 2013.
2008-2011 Not restated for changed pension accounting principles.

# Conclusions Q1 2015

- Strong growth by 24% with 5% organic
  - Strong growth in Americas, Global Tech and ESD
  - Good growth in EMEA
  - Decline in APAC
- Good acquisition pipeline
- Emerging markets 23% (22)
- Strong EBIT improvement of 25%
- Strong EPS improvement by 28%

# Q&A

ASSA ABLOY