



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

Q2 Report 2015

Johan Molin

President and CEO

Financial highlights Q2 2015

- **Strong development**

- Strong growth in Global Tech
- Good growth in Americas, EMEA and Entrance
- Negative in APAC due to weak Chinese market

▪ Sales	17,082 MSEK	+22%
4% organic, 3% acquired growth, 15% currency		

▪ EBIT	2,742 MSEK	+24%
Currency effect 302 MSEK		

▪ EPS	1.70 SEK	+23%
Underlying tax rate 26%		

Financial highlights Jan-Jun 2015

- **Strong first half of the year**

- Strong growth in Americas and Global Tech
- Good growth in EMEA and Entrance
- Weak in APAC

▪ Sales	32,334 MSEK	+23%
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4% organic, 3% acquired growth, 16% currency

▪ EBIT	5,071 MSEK	+24%
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Currency effect 551 MSEK

▪ EPS	3.15 SEK	+25%
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Underlying tax rate 26%

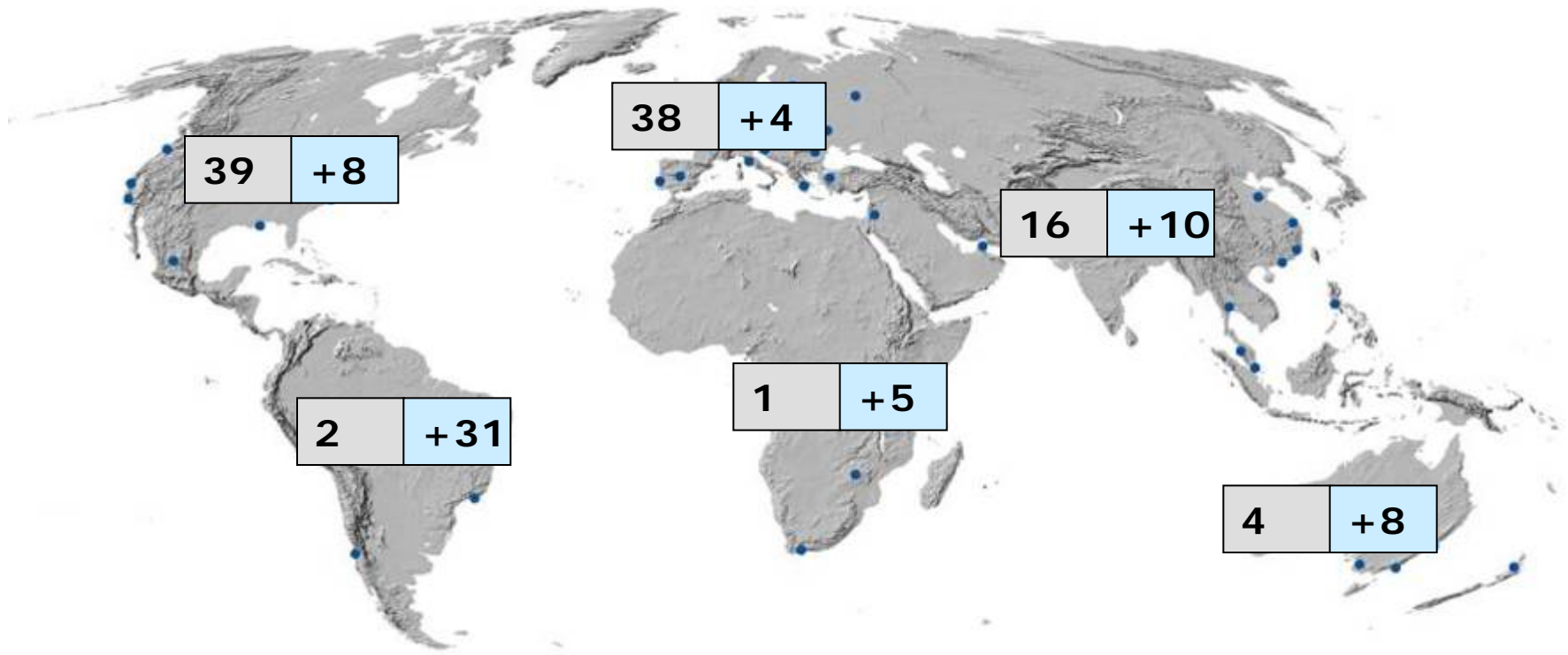
Market highlights

- Entrance - segmentation shows result
 - Large projects won combining pedestrian- industrial- and high performance door solutions
- Positive momentum for Identity Assurance
 - Product launches drive sales – real time cloud, threat analytics & several solutions for mobile & tablets
- Strong growth in Hospitality
 - High demand of Mobile Keys solution from hotels of all sizes
- Strong DDL sales driven by Home Automation
 - Successful integration partnerships in Asia, US & Europe



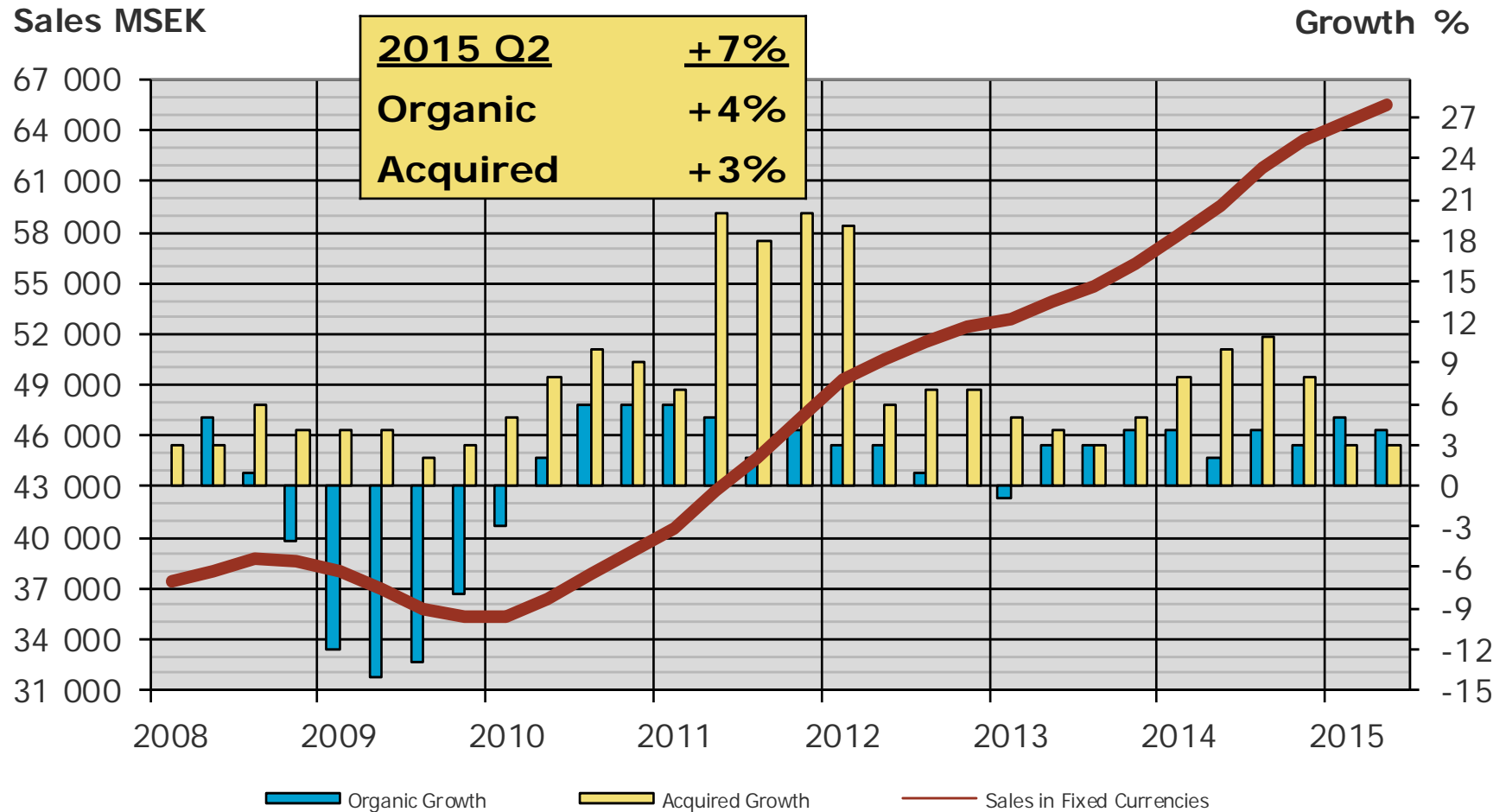
Group sales in local currencies Jan-Jun 2015

Emerging markets 25% (23) of sales

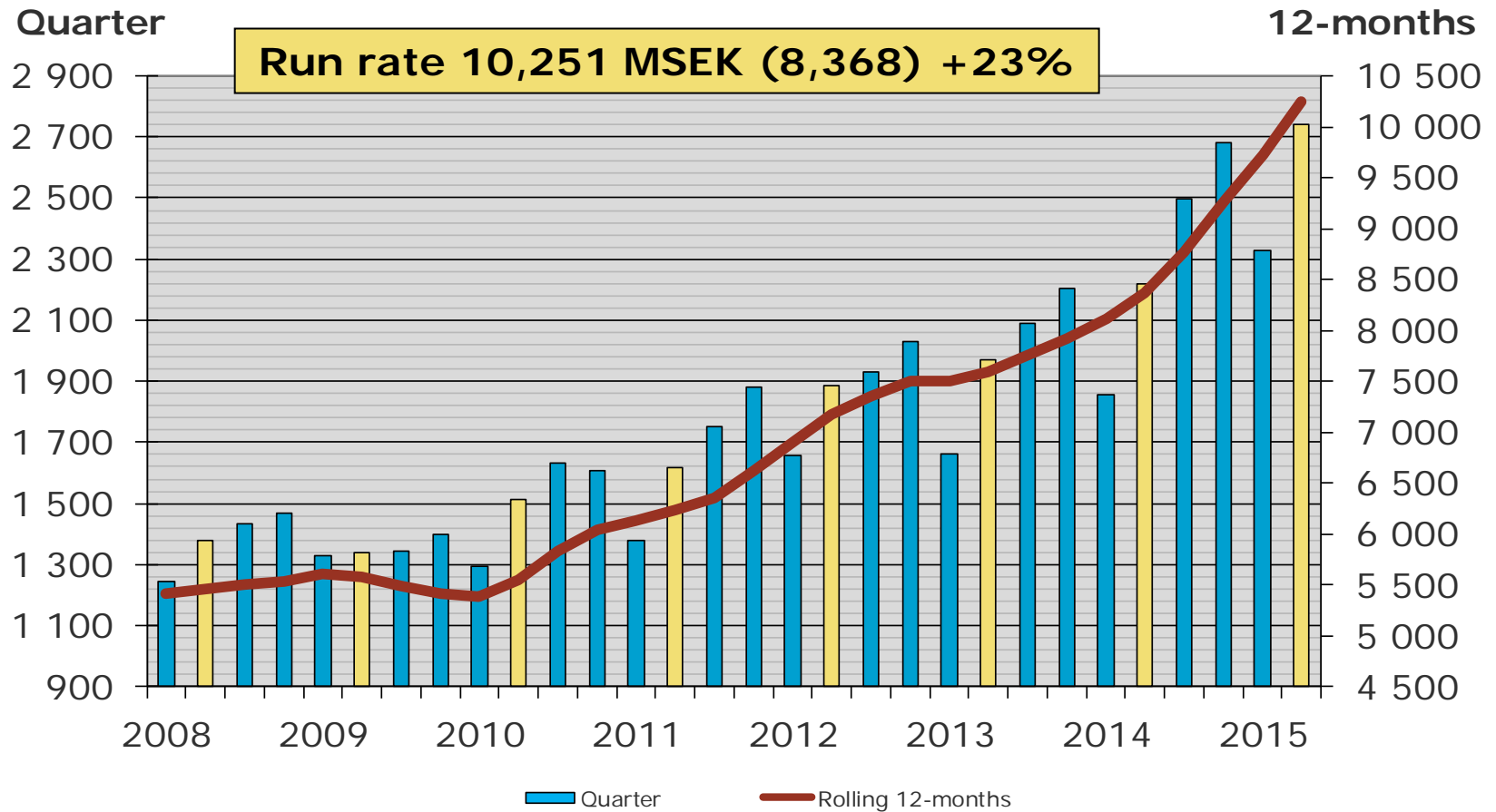


■ Share of Group sales 2015 YTD, %
■ Year-to-date vs previous year, %

Sales growth, currency adjusted

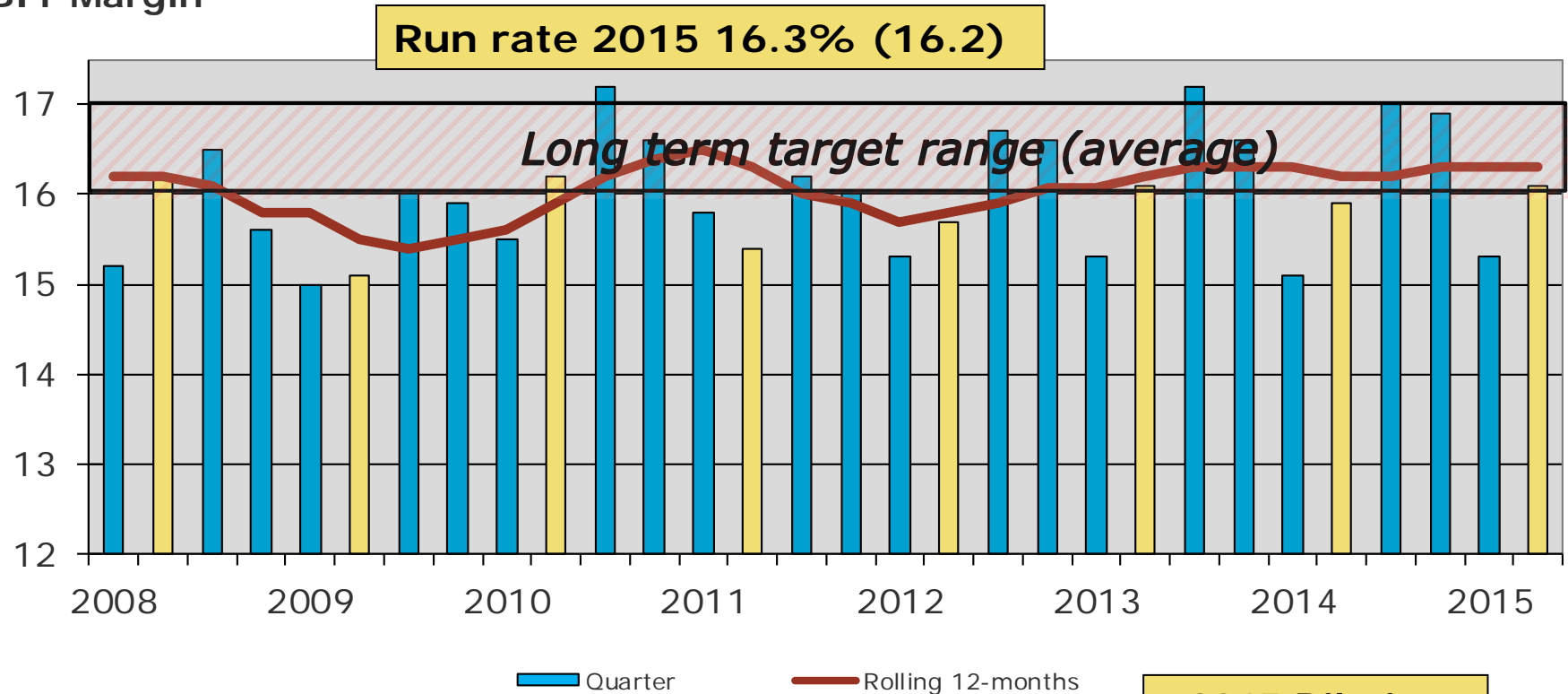


Operating income (EBIT), MSEK



Operating margin (EBIT), %

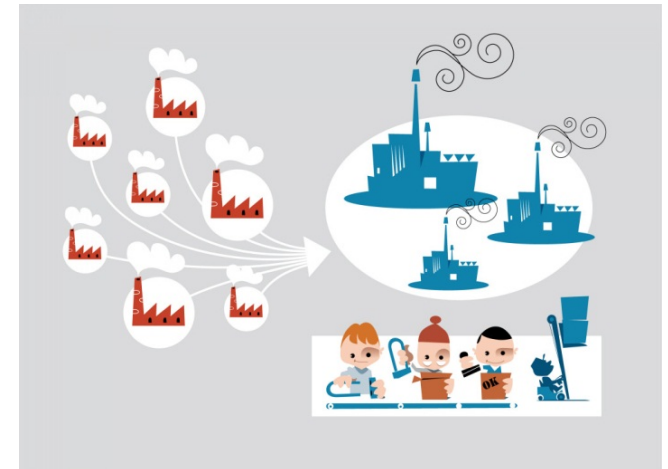
EBIT Margin



2015 Dilution	
Q2	-0.1%
2015	-0.1%

Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
 - 71 factories closed to date, 9 to go
 - 84 factories converted to assembly, 5 to go
 - 39 offices closed, 8 to go
- Personal reduction QTD 139p and total 9,759p
- 225p in further planned reductions



→ 776 MSEK of the provision remains for all programs

Margin highlights Q2 2015

EBIT margin 16.1% (15.9) +0.2%

+ Volume increase 2.5%, price 1.5%

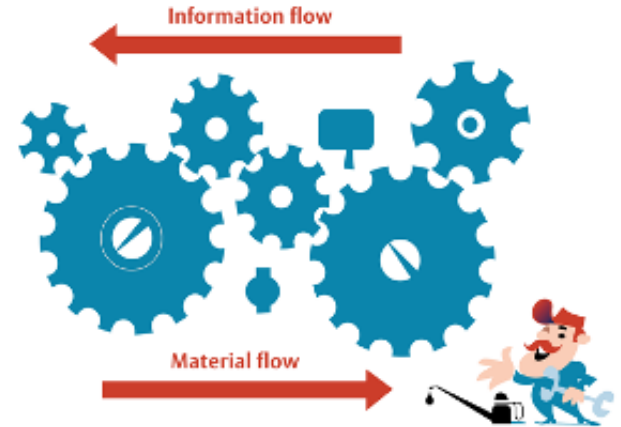
+ Margin increase +0.2%

- + Organic growth

- + Manufacturing footprint

- Currency -0.1%

- Acquisitions -0.1%



Acquisitions 2015

- Fully active pipeline
- 7 acquisitions done in 2015
- Annualized sales 1 400 MSEK
- Added sales 3.0%



Flexim Security



L-Door, Belgium

- Turnover of 175 MSEK with 120 employees
- Domestic market leader in sectional doors
- Strong service organisation
- Excellent market coverage
- Accretive to EPS



Flexim, Finland

- Turnover of 340 MSEK with 245 employees
- Leading security system provider and locksmith
- Good domestic sales coverage
- Expertise in project specification and services
- Accretive to EPS



Prometal, UAE and Saudi Arabia

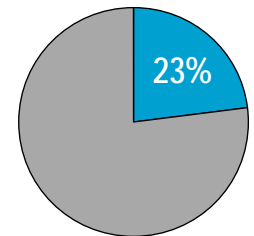
- Turnover of 225 MSEK with 420 employees
- Leading manufacturer of steel security doors
- Established and well reputed brand
- Reinforces the specification of total door opening solutions
- Accretive to EPS



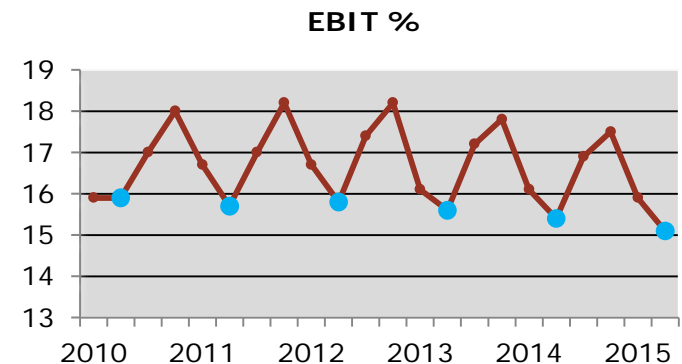
Division - EMEA

- Strong growth in Scandinavia, Finland, Eastern Europe and Africa
- Good growth in Germany and Iberia
- Flat in UK, Italy and Israel
- Negative in Benelux and France
- No inflation makes currency compensation difficult

SALES
share of
Group total %



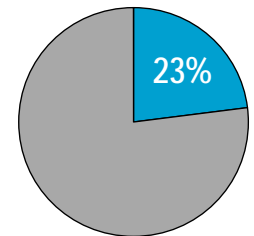
- Operating margin (EBIT)
 - + Organic +5%
 - + Savings
 - Dilution & Currency -0.6%



Division - Americas

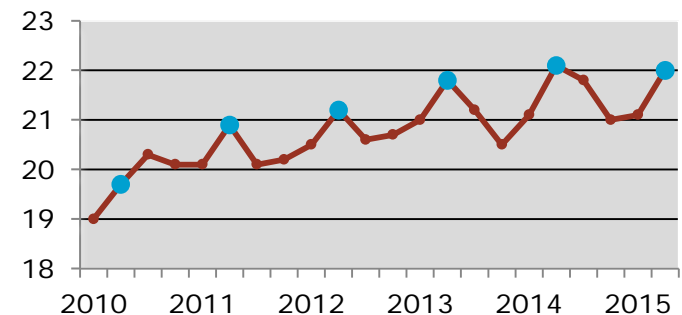
- Strong growth in AHW, Residential, Mexico and South America
- Growth in EI-mech, Doors and Canada
- Stable trend in High security
- Strong demand from Home Automation

SALES
share of
Group total %



- Operating margin (EBIT)
 - + Organic +5%
 - + Efficiency
 - Currency & Dilution -0.4%

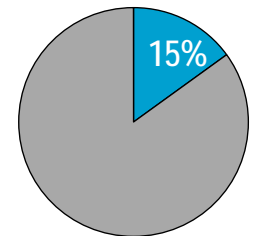
EBIT %



Division - Asia Pacific

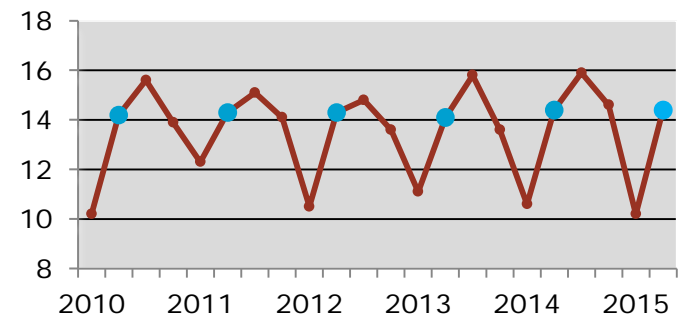
- Strong growth in Australia, South Asia and North Asia
- Growth in New Zealand
- Continued decline in China
 - Efficiency measures implemented in China

SALES
share of
Group total %



- Operating margin (EBIT)
 - Organic -2%
 - + Personnel reduction in China -9%,
 - + Positive sales mix
 - Currency & Dilution -0.4%

EBIT %

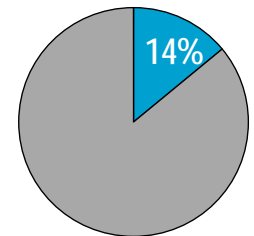


Division - Global Technologies

■ HID

- Strong growth in IAM (Identity and Access management), IDT (inlays) and Project sales
- Slight decline in Gov-Id
- Promising development of ID-Assurance
- Investment in R&D

SALES
share of
Group total %



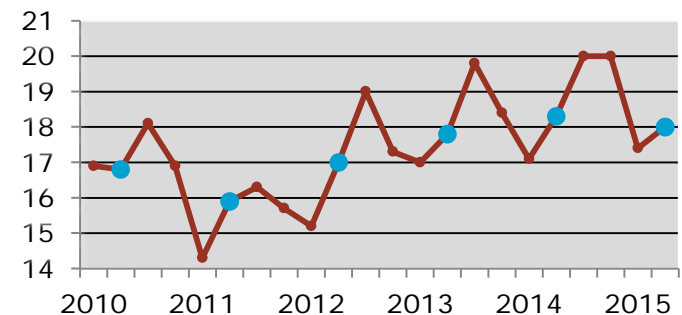
■ Hospitality

- Strong growth
- Strong profit

■ Operating margin (EBIT)

- + Organic +10%
- Negative mix
- Currency & Dilution -0.7%

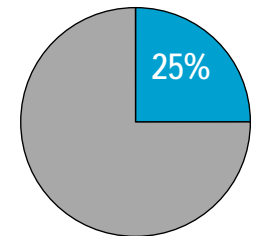
EBIT %



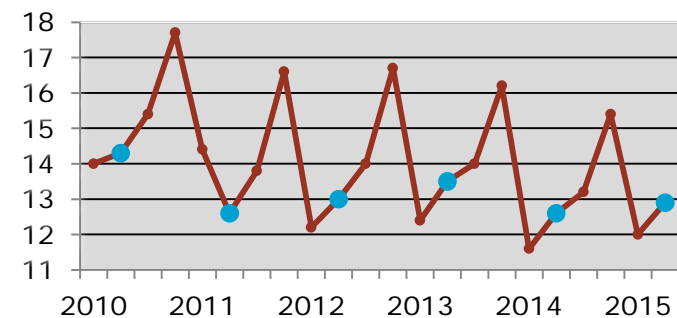
Division - Entrance Systems

- Strong growth in High Speed Doors, Flexiforce, Amarr and 4Front
- Good growth in Door Automatics
- Flat in Industrial EU and Ditec and decline in Residential EU
- Improving efficiency
- Operating margin (EBIT)
 - + Organic +5%
 - + Consolidation effects
 - Currency -0.4%

SALES
share of
Group total %



EBIT %



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Q2 Report 2015

Carolina Dybeck Happe
CFO

Financial highlights Q2 2015

MSEK	2nd Quarter			Six months		
	2014	2015	Change	2014	2015	Change
Sales	13,964	17,082	+22%	26,268	32,334	+23%
Whereof						
Organic growth			+4%			+4%
Acquired growth			+3%			+3%
FX-differences		+2,008	+15%		+3,900	+16%
Operating income (EBIT)	2,219	2,742	+24%	4,076	5,071	+24%
EBIT-margin (%))	15.9	16.1		15.5	15.7	
Operating cash flow	1,963	1,991	+1%	2,520	2,511	0%
EPS (SEK)	1.38	1.70	+23%	2.52	3.15	+25%

Bridge Analysis – Apr-Jun 2015

MSEK	2014 Apr-Jun	Organic	Currency	Acq/Div	2015 Apr-Jun
		4%	15%	3%	22%
Revenues	13,964	656	2,008	453	17,082
EBIT	2,219	170	302	51	2,742
%	15.9%	25.9%	15.1%	11.2%	16.1%

Dilution / Accretion

0.4%

-0.1%

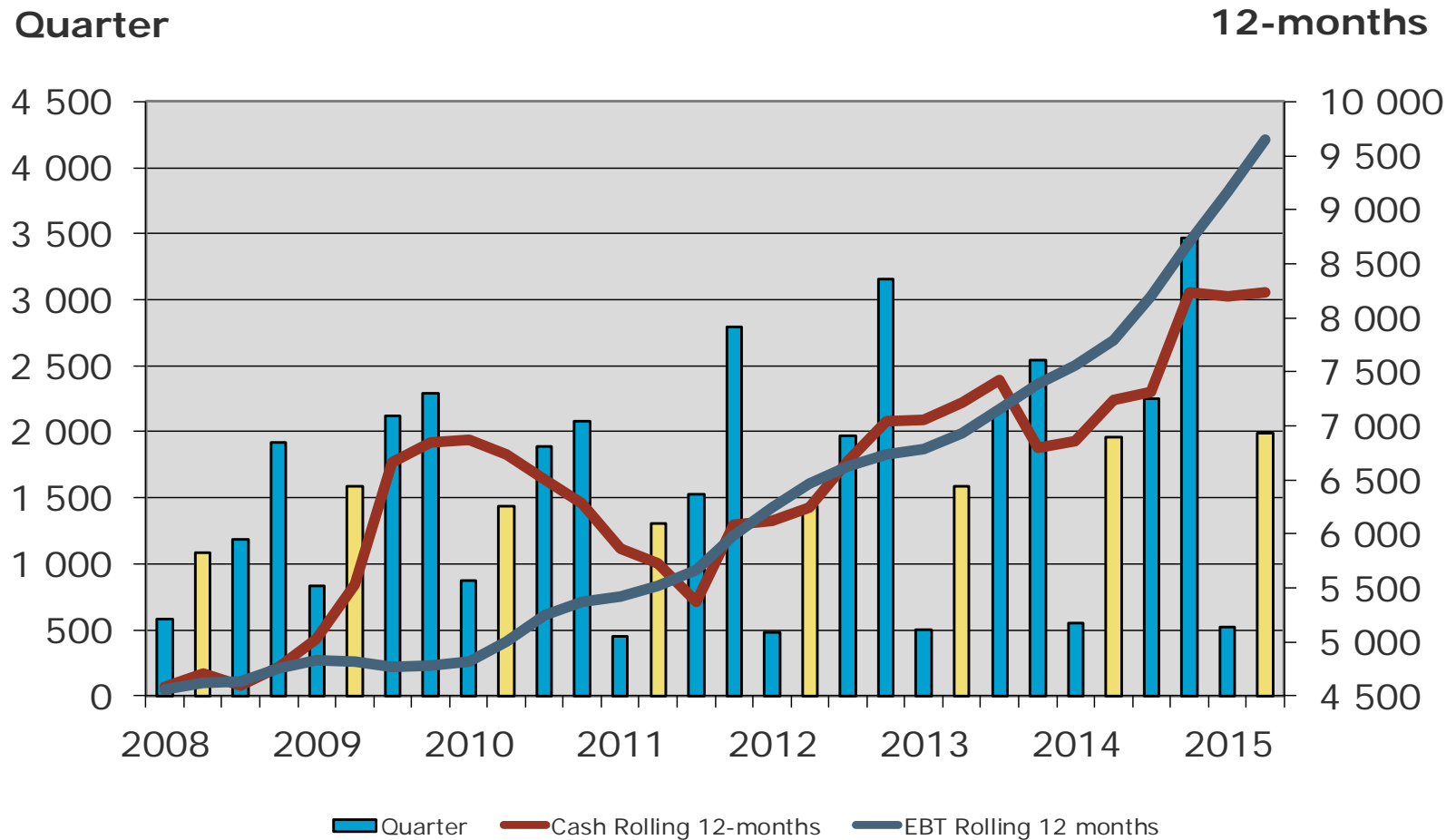
-0.1%

P&L Components as % of sales

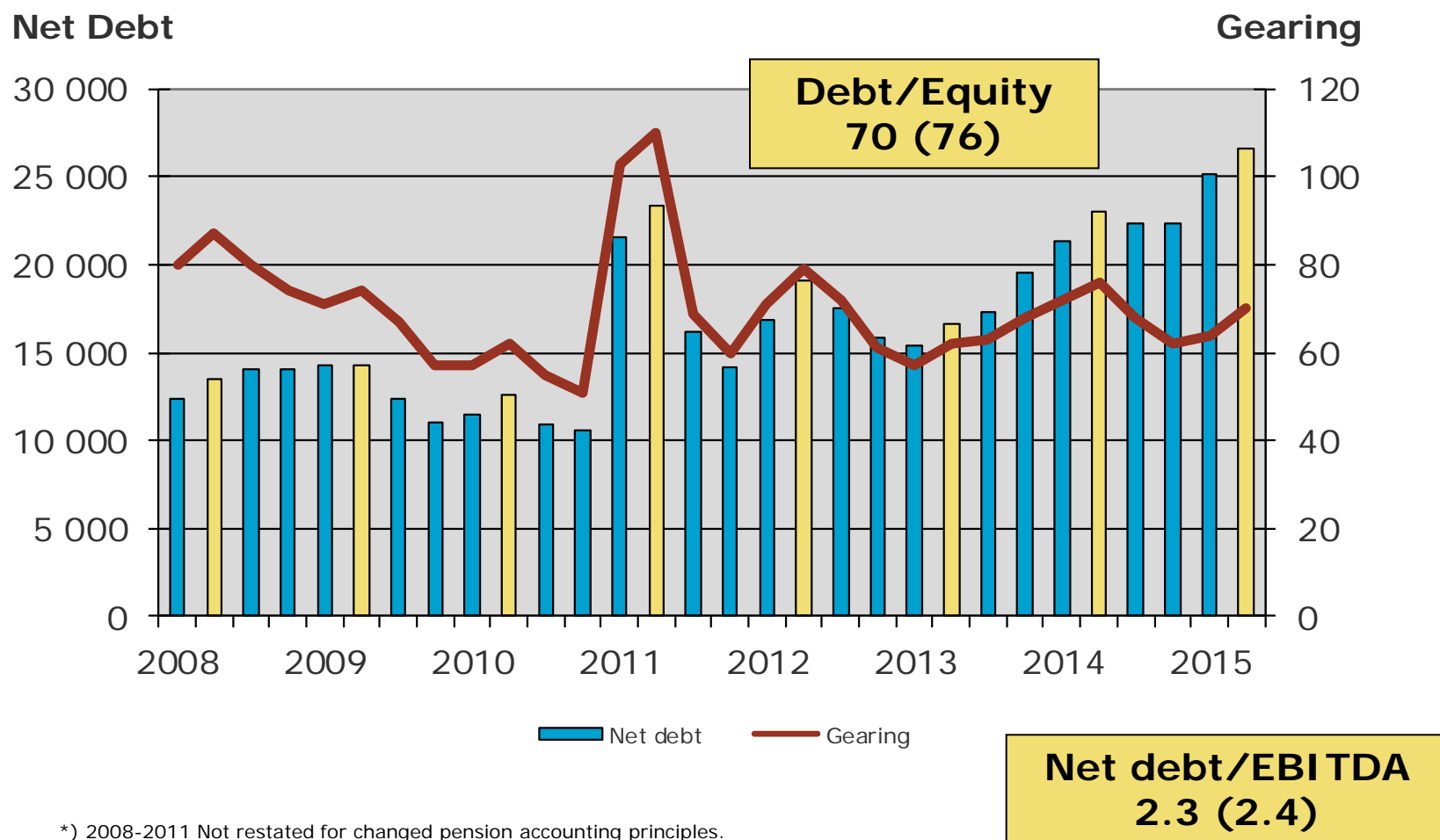
Apr – Jun 2015

	2014 Q2	2015 Q2 excl acquisitions	2015 Q2
Direct material	36.5%	36.8%	37.0%
Conversion costs	<u>25.1%</u>	<u>24.3%</u>	<u>24.2%</u>
Gross Margin	38.4%	38.9%	38.8%
S, G & A	<u>22.5%</u>	<u>22.7%</u>	<u>22.7%</u>
EBIT	15.9%	16.2%	16.1%

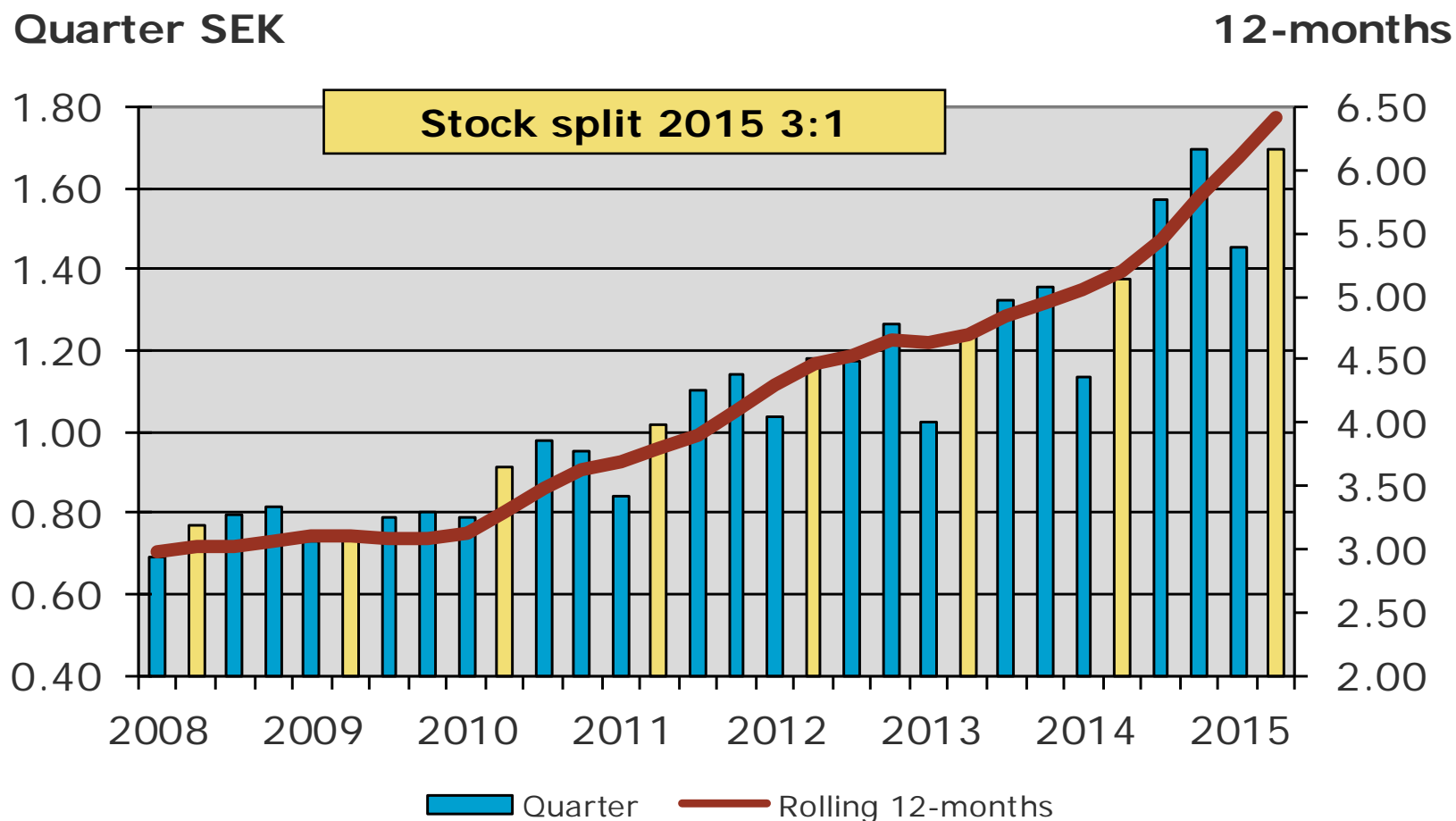
Operating cash flow, MSEK



Gearing % and net debt MSEK



Earnings per share, SEK



Restated for Stock split 3:1 2015.

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President and CEO

Conclusions Q2 2015

- Strong growth by 22% with 4% organic
- Emerging markets 25% (23)
- Strong EBIT improvement of 24%
- Strong EPS improvement by 23%

A wide-angle photograph of a modern office interior. The space is characterized by large, floor-to-ceiling windows that offer a view of a city skyline. The floor is highly reflective, mirroring the light from the windows and the silhouettes of people. Several figures are captured in motion, their forms blurred to convey a sense of activity and movement. The overall color palette is dominated by cool blues and greys, creating a professional and contemporary atmosphere.

Q&A

The global leader in door opening solutions

ASSA ABLOY

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