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

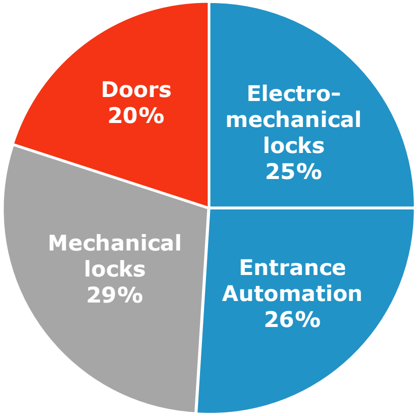
Q4 Report 2015

ASSA ABLOY overview Jan-Dec 2015

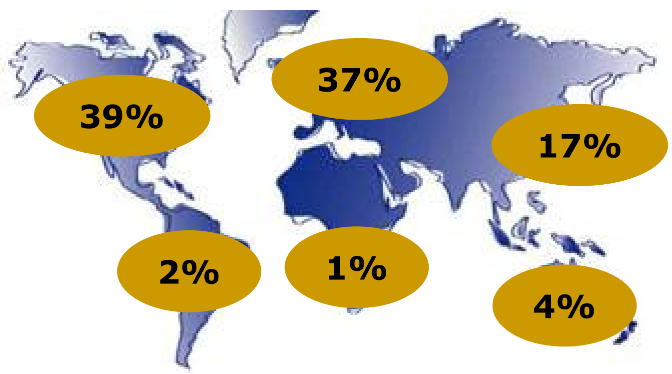
Financials (SEK bn)

Net sales	**68.1**
EBIT	**11.1**
Op cash flow	**9.6**
Net debt	**22.3**
Market cap	**195**

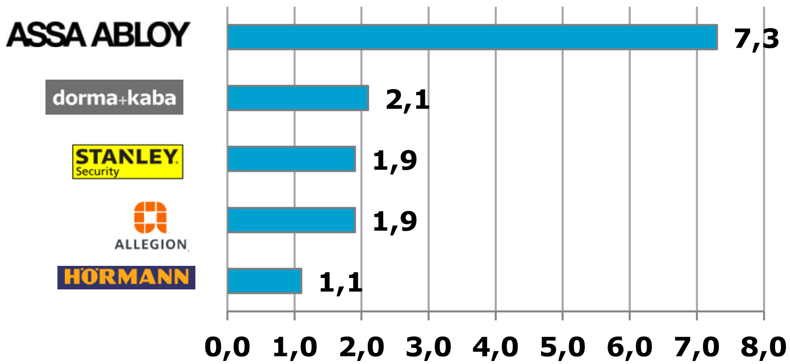
Sales by product group Dec 2015



Sales by region Dec 2015



Leading market positions (EUR B)



Financial highlights Q4 2015

- **Strong ending of the year**
  - Strong growth in EMEA, Americas, Global Tech and Entrance
  - Negative in APAC due to weak Chinese market
  - Provision for receivables and release of earn outs in China

- **Sales** **18,301 MSEK** **+15%**
  5% organic, 4% acquired growth, 6% currency
- **EBIT** **3,038 MSEK** **+13%**
  Currency effect 91 MSEK
- **EPS** **1.91 SEK** **+12%**
  Underlying tax rate 26%

Financial highlights Jan-Dec 2015

- **A strong year despite the difficult market**
  - Strong growth in Americas, Global Tech and Entrance
  - Good growth in EMEA
  - Negative growth in APAC due to China

- **Sales** **68,099 MSEK** **+20%**
  4% organic, 3% acquired growth, 13% currency
- **EBIT** **11,079 MSEK** **+20%**
  Currency effect 881 MSEK
- **EPS** **6.93 SEK** **+20%**
  Underlying tax rate 26%

Market highlights

- Strong specification sales in Entrance Systems
  - Segmentation model paying off

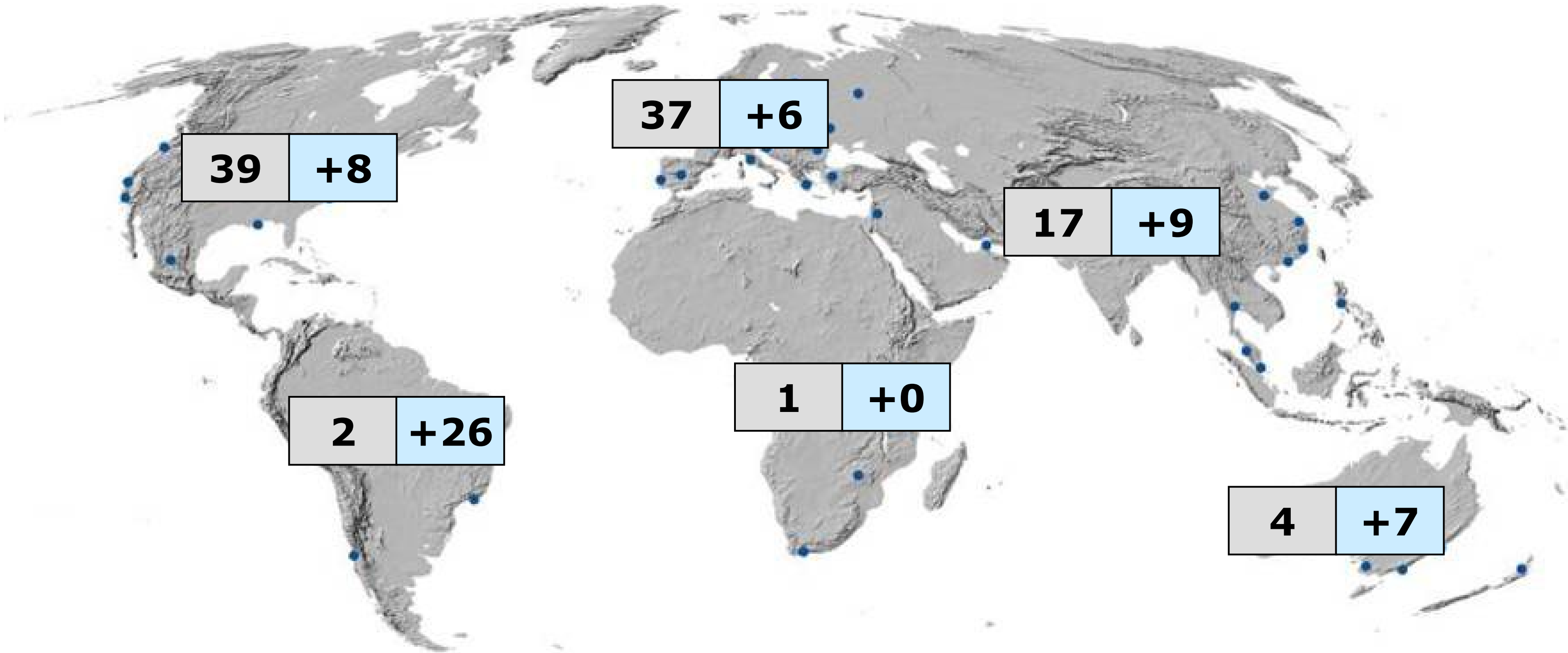
- Record order for cloud-based CLIQ
  - Secures base stations of large Telecom Operator

- Quick delivery “FLASHship” program
  - 24-hour delivery covering the US, strong progress

- First virtual ID program order
  - Smartphone-based Seos credential eGov program

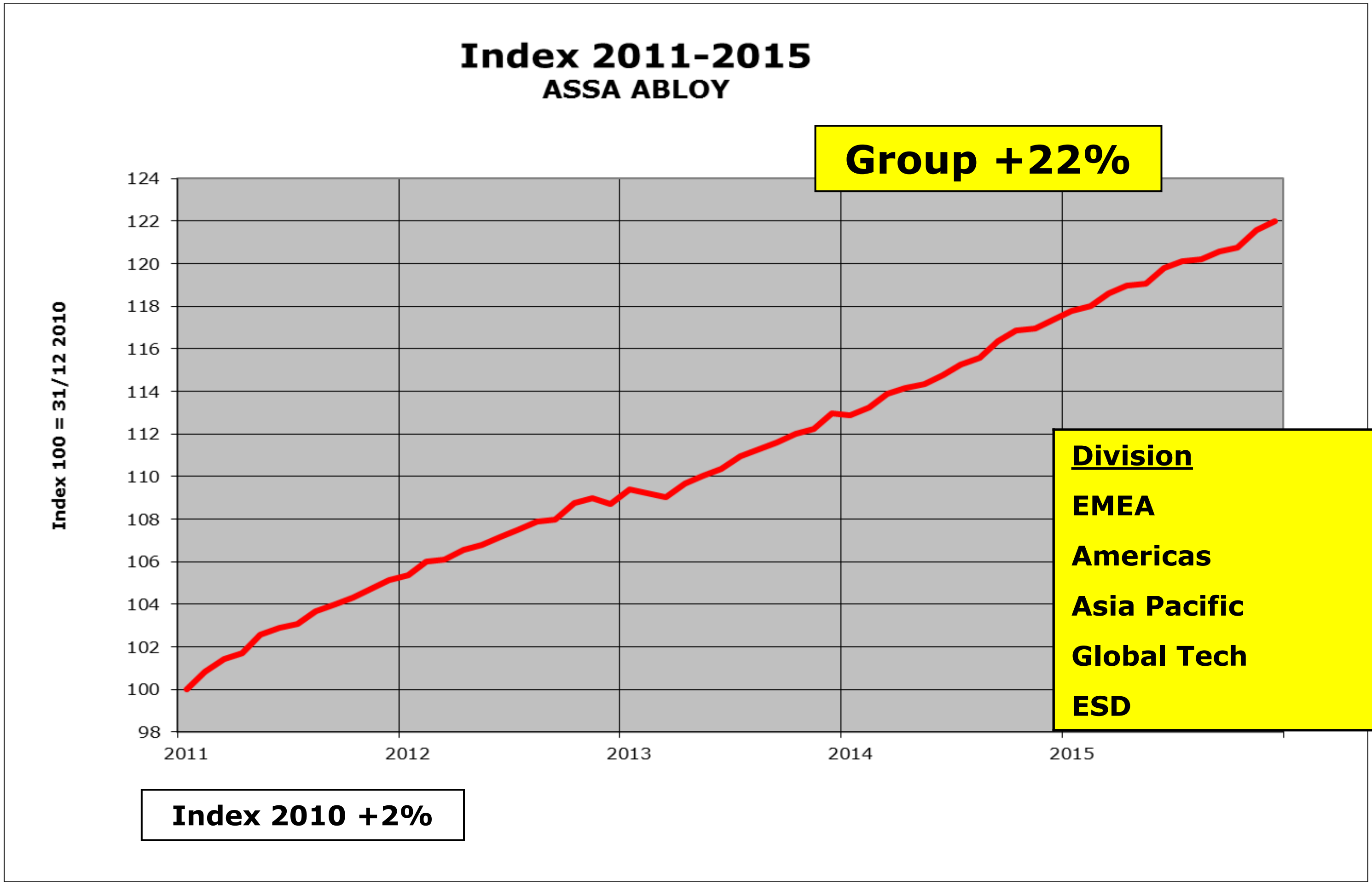
Group sales in local currencies Jan-Dec 2015

Emerging markets 26% (24) of sales



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

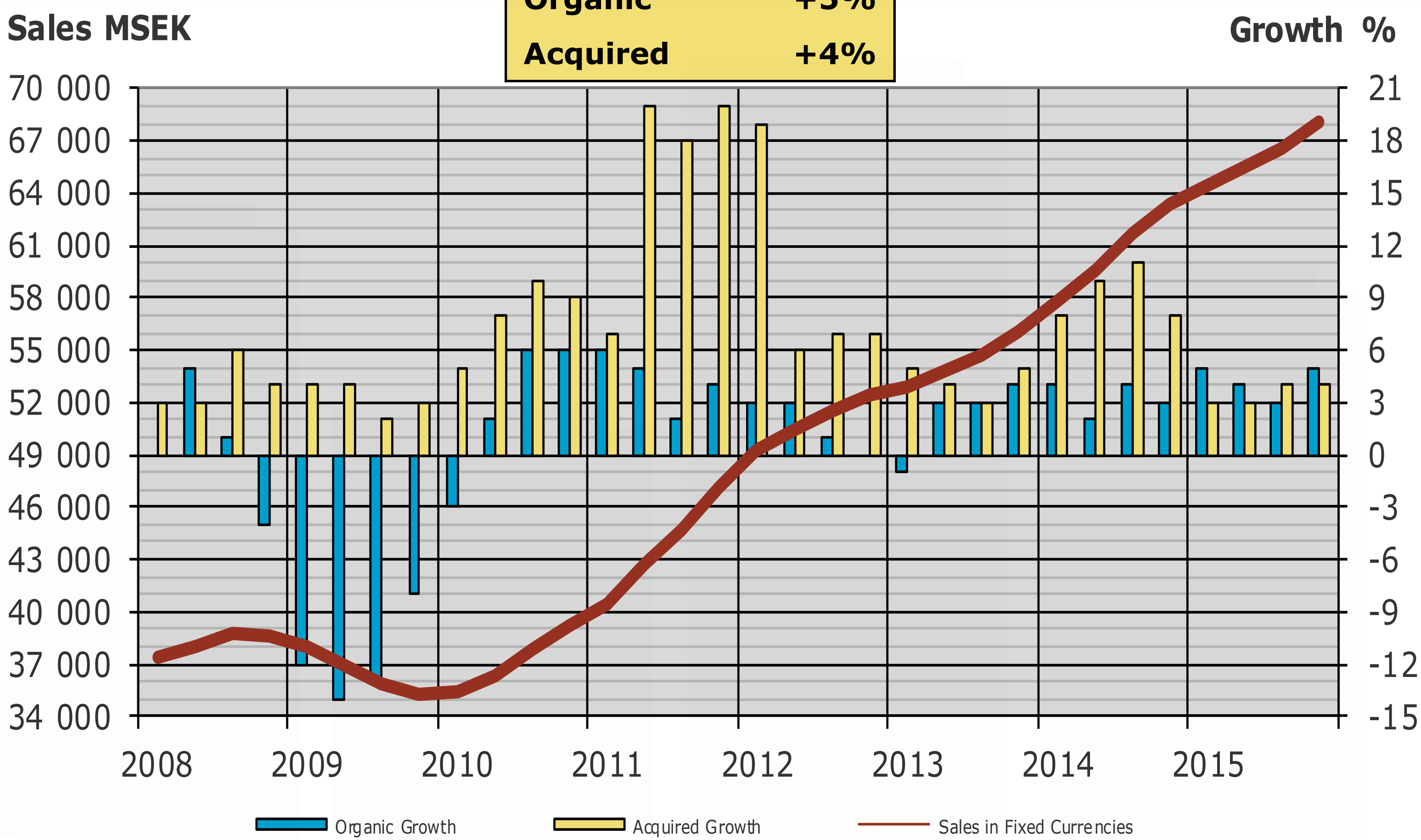
Organic growth index
Recovery from recession



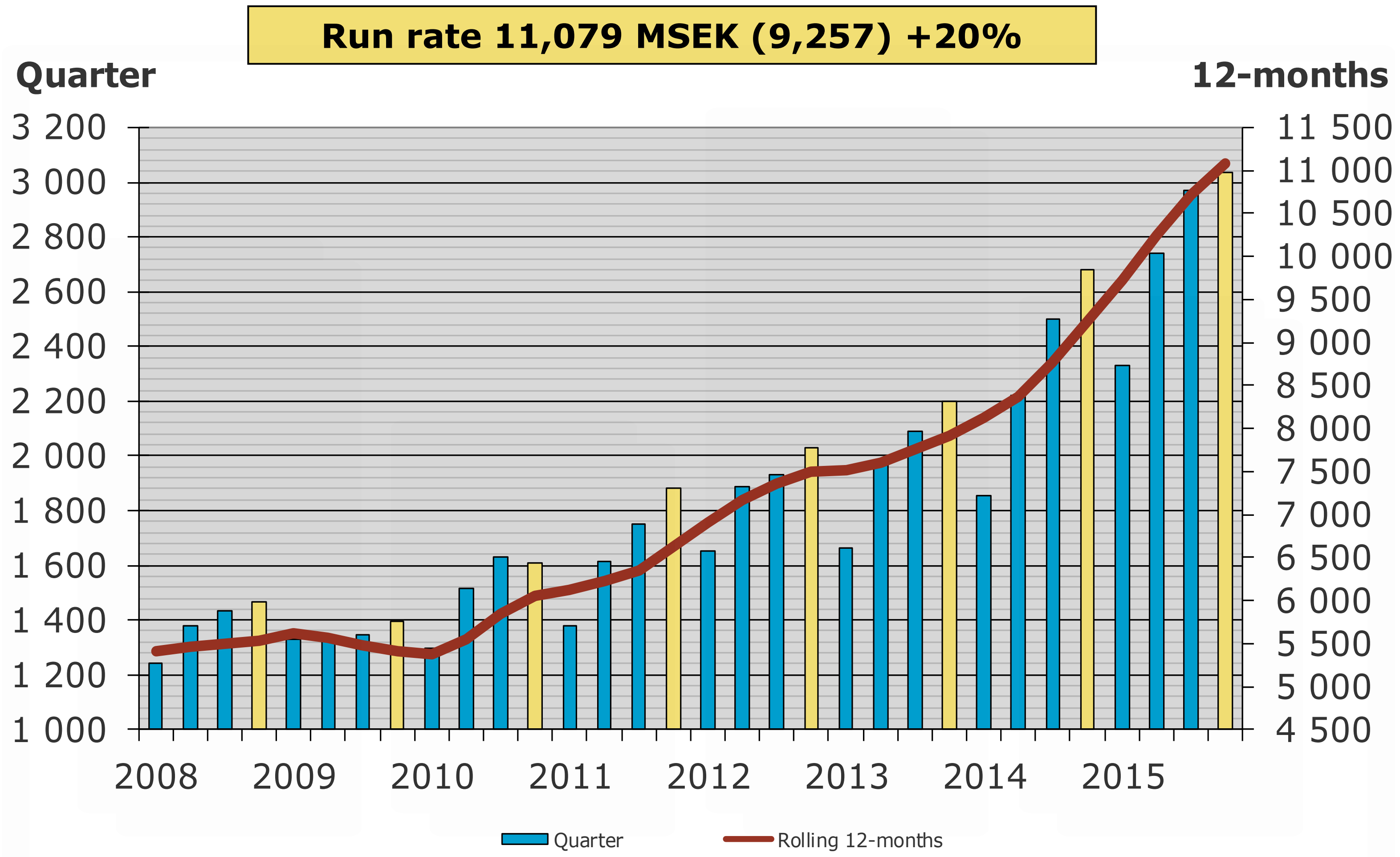
Division	Index
EMEA	+9%
Americas	+29%
Asia Pacific	+22%
Global Tech	+39%
ESD	+25%

Sales growth, currency adjusted

2015 Q4	+9%
Organic	+5%
Acquired	+4%

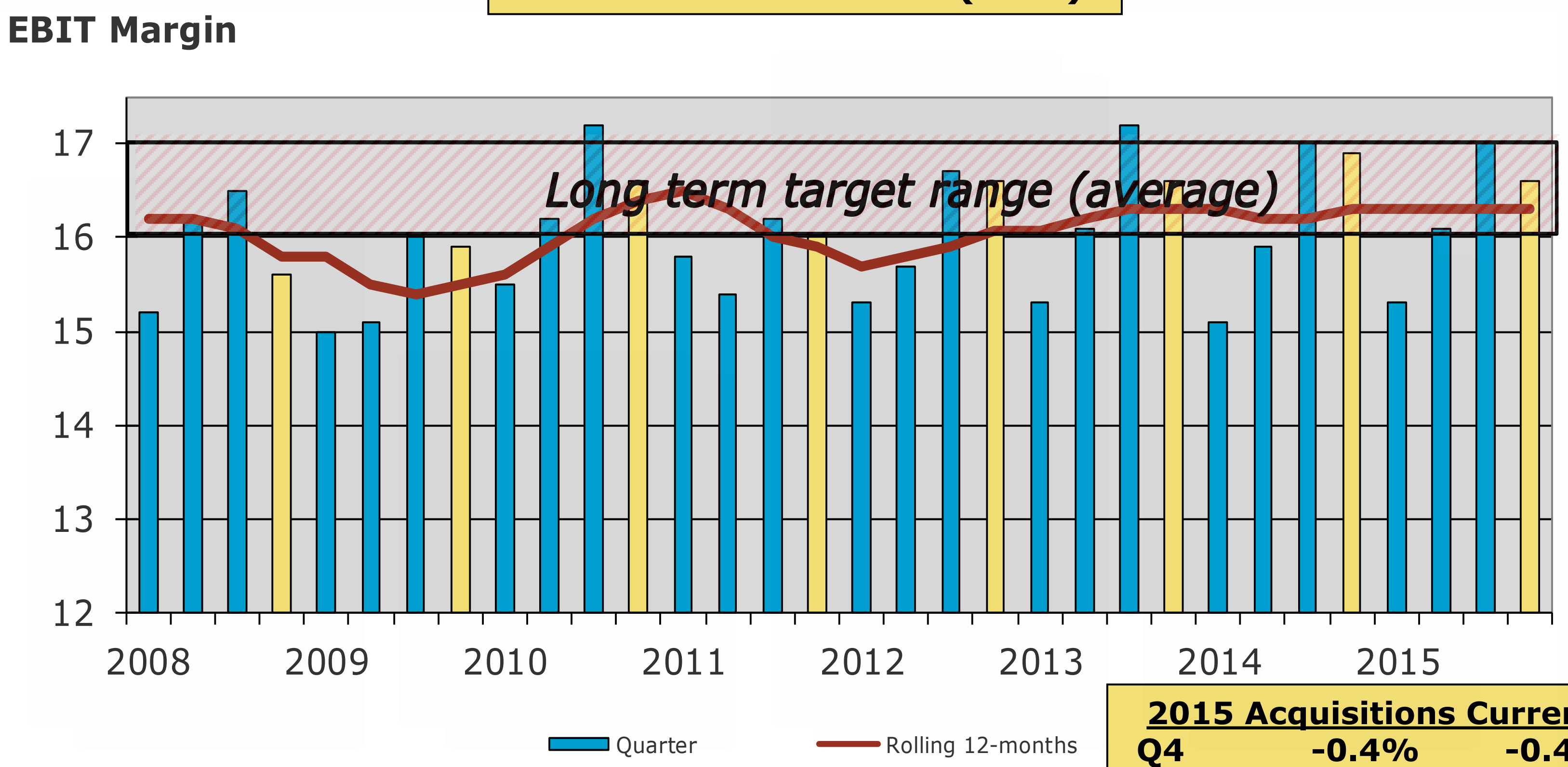


Operating income (EBIT), MSEK



Operating margin, %

Run rate 2015 16.3% (16.3)



2015	Acquisitions	Currency
Q4	-0.4%	-0.4%
2015	-0.2%	-0.3%

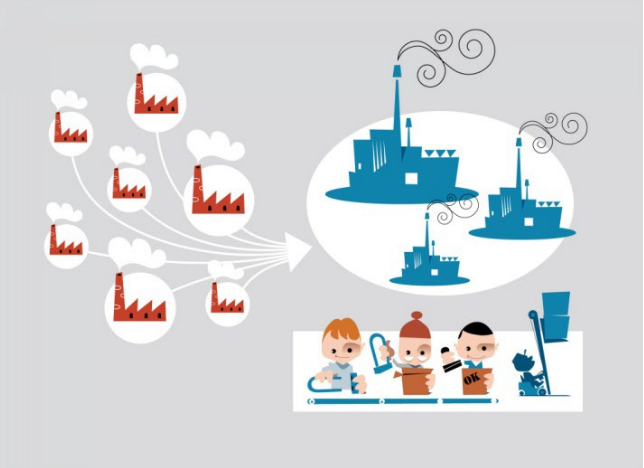
Manufacturing footprint

- Status of manufacturing footprint programs 2006-2013:
  - 73 factories closed to date, 5 to go
  - 84 factories converted to assembly, 25 to go
  - 41 offices closed, 8 to go

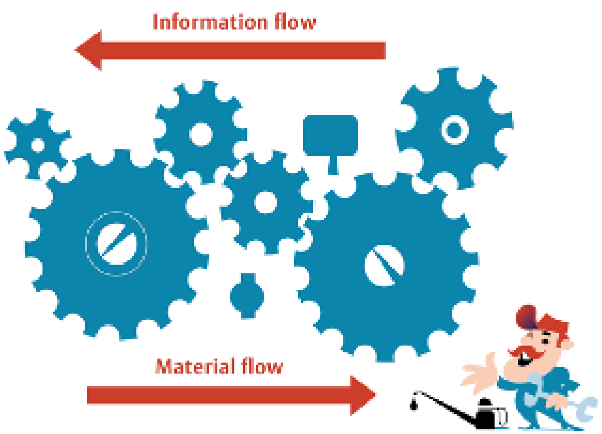
- Total personnel reduction in Q4:
  - 481 FTE and total 10,750 FTE

- 929 FTE to go for all programs

→ 551 MSEK of the provision remains for all programs



Margin highlights Q4 2015



EBIT margin 16.6% (16.9) -0.3%

+ Volume increase 3.5%, price 1.5%

Margin decline -0.3%

+ 0.5% Organic growth

+ Manufacturing footprint & pricing

- Currency -0.4 (+0.2)%

- Acquisitions -0.4 (-0.2)%

Acquisitions 2015

- Fully active pipeline
- 17 acquisitions done in 2015
- Annualized sales (3 000 MSEK)
- Added sales 4%

QUANTUMSECURE

PAPAIZ

UDINESE COMPONENTES PARA ESQUADRIAS

Pickersgill-Kaye Ltd

CEDES

iai industrial systems

ODIS SOLUCIONES EN SEGURIDAD

PROMETAL

MSL

NERGECO

Flexim Security

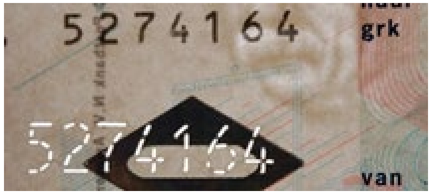
L-door SECTIONELE POORTEN PORTES SECTIONNELLES

TEAMWARE

IAI, Netherlands

iai industrial systems

- Turnover of 185 MSEK with 85 employees
- Security printing solutions for government ID and other security solutions
- Enhances position within government ID and secure issuance
- Slightly accretive to EPS

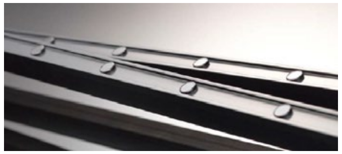


CEDES, Switzerland

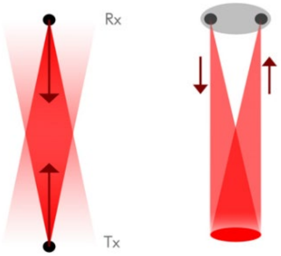
CEDES

- Turnover of 510 MSEK with 340 employees
- Leading company in sensor technology for door and elevator industry
- Adds intelligence within entrance automation
- Accretive to EPS

Products

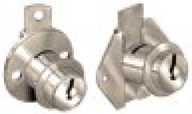


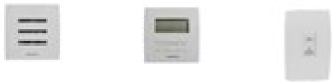
Technologies



Papaiz and Udinese, Brazil

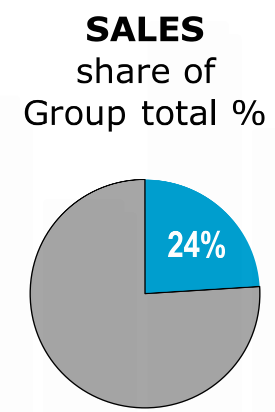
- Combined turnover of 450 MSEK with 1,300 employees
- Market-leading companies for locks and hardware for doors and windows
- Significantly increases the Group’s footprint in Brazil
- Slightly accretive to EPS



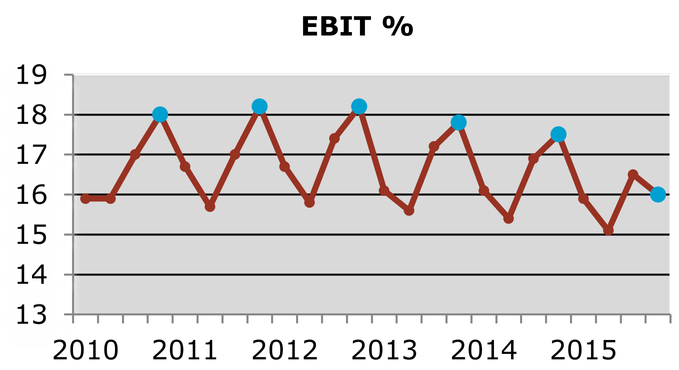


Division – EMEA

- Strong growth in Scandinavia, Finland, Benelux, Iberia and Eastern Europe
- Growth in UK, Germany and Israel
- Flat in Africa and slightly negative in France and Italy
- Provision for receivables in Russia

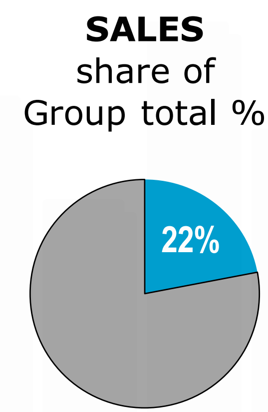


- Operating margin (EBIT)
  - \+ Organic +5%
  - \+ Savings & efficiency
  - \- Dilution from acq & currency -1.5%



Division - Americas

- Strong growth in AHW, Elmech, Canada, Mexico and South America
- Good growth in Doors, Residential
- Growth in High security
- High activity level in Home Automation

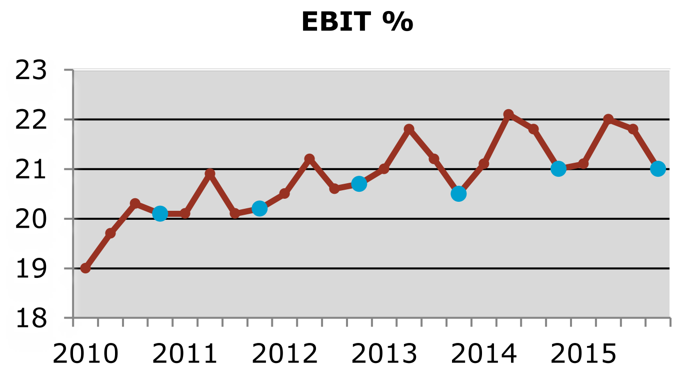


- Operating margin (EBIT)

  + Organic +8%

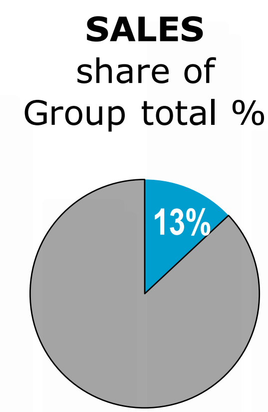
  + Efficiency

  - Currency and acq -1.3%



Division - Asia Pacific

- Strong growth in Australia and South Asia
- Good growth in New Zeeland and North Asia
- Continued decline in China
  – Efficiency measures to mitigate profit pressure
- Provision for receivables and release of earn outs in China

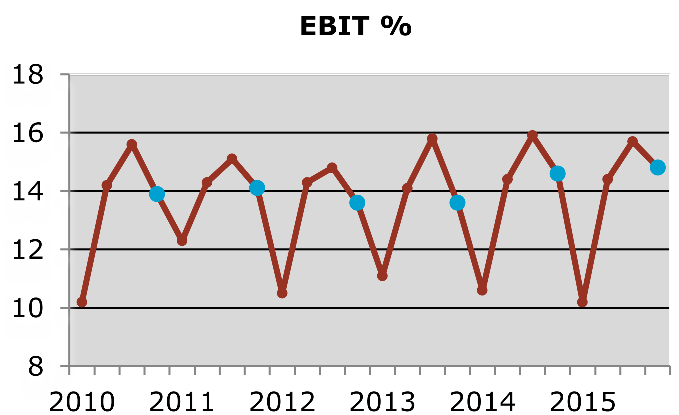


- Operating margin (EBIT)

  - Organic -4%

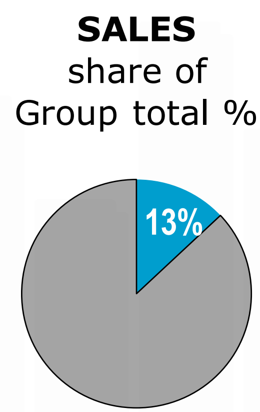
  + Personnel reduction in China -11%

  + Currency and acq +0.7%



Division - Global Technologies

- HID
  - Strong growth in Project sales (+54%), IDT (inlays) and Quantum secure
  - Flat in IAM (PACS, SI & IDA)
  - Strong decline in Gov-Id and BIO solutions
- Hospitality
  - Strong growth
  - Strong profit

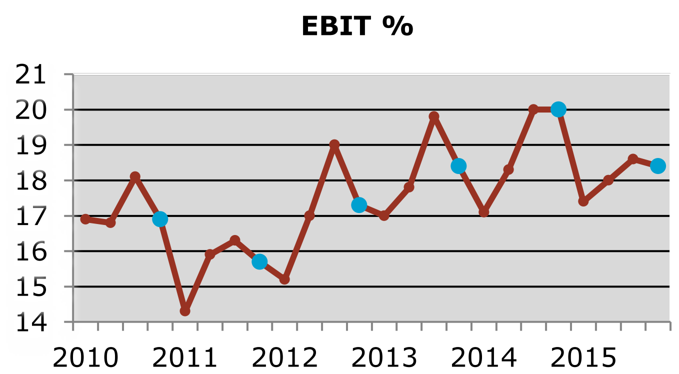


- Operating margin (EBIT)

+ Organic +8%

- Negative mix and R&D investments

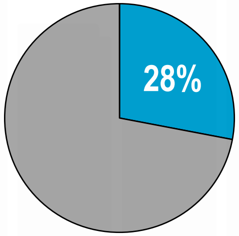
- Currency and acq -0.7%



Division - Entrance Systems

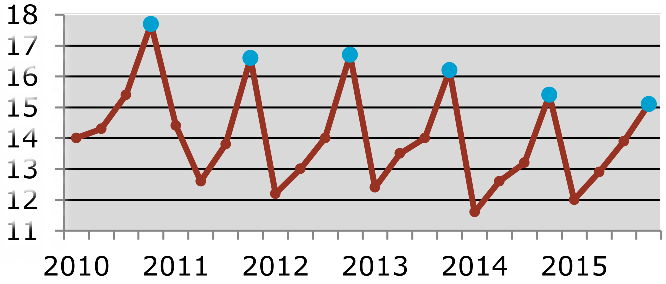
- Strong growth in High Speed Doors, Ditec, Amarr and 4Front
- Good growth in Industrial EU and Door Automatics
- Growth in EU residential and Flexiforce
- Consolidation delivers results

SALES
share of
Group total %



- Operating margin (EBIT)
  - \+ Organic +6%
  - \+ Consolidation effects
  - \- Dilution from acq and currency -0.8%

EBIT %



Financial highlights Q4 2015

	4th Quarter			Twelve months		
MSEK	**2014**	**2015**	**Change**	**2014**	**2015**	**Change**
Sales	**15,847**	**18,301**	**+15%**	**56,843**	**68,099**	**+20%**
Whereof						
Organic growth			+5%			+4%
Acquired growth			+4%			+3%
FX-differences		+983	+6%		+6,544	+13%
Operating income (EBIT)	**2,681**	**3,038**	**+13%**	**9,257**	**11,079**	**+20%**
EBIT-margin (%)	16.9	16.6		16.3	16.3	
Operating cash flow	**3,469**	**4,625**	**+33%**	**8,238**	**9,952**	**+21%**
EPS (SEK)	**1.70**	**1.91**	**+12%**	**5.79**	**6.93**	**+20%**

Bridge Analysis – Oct-Dec 2015

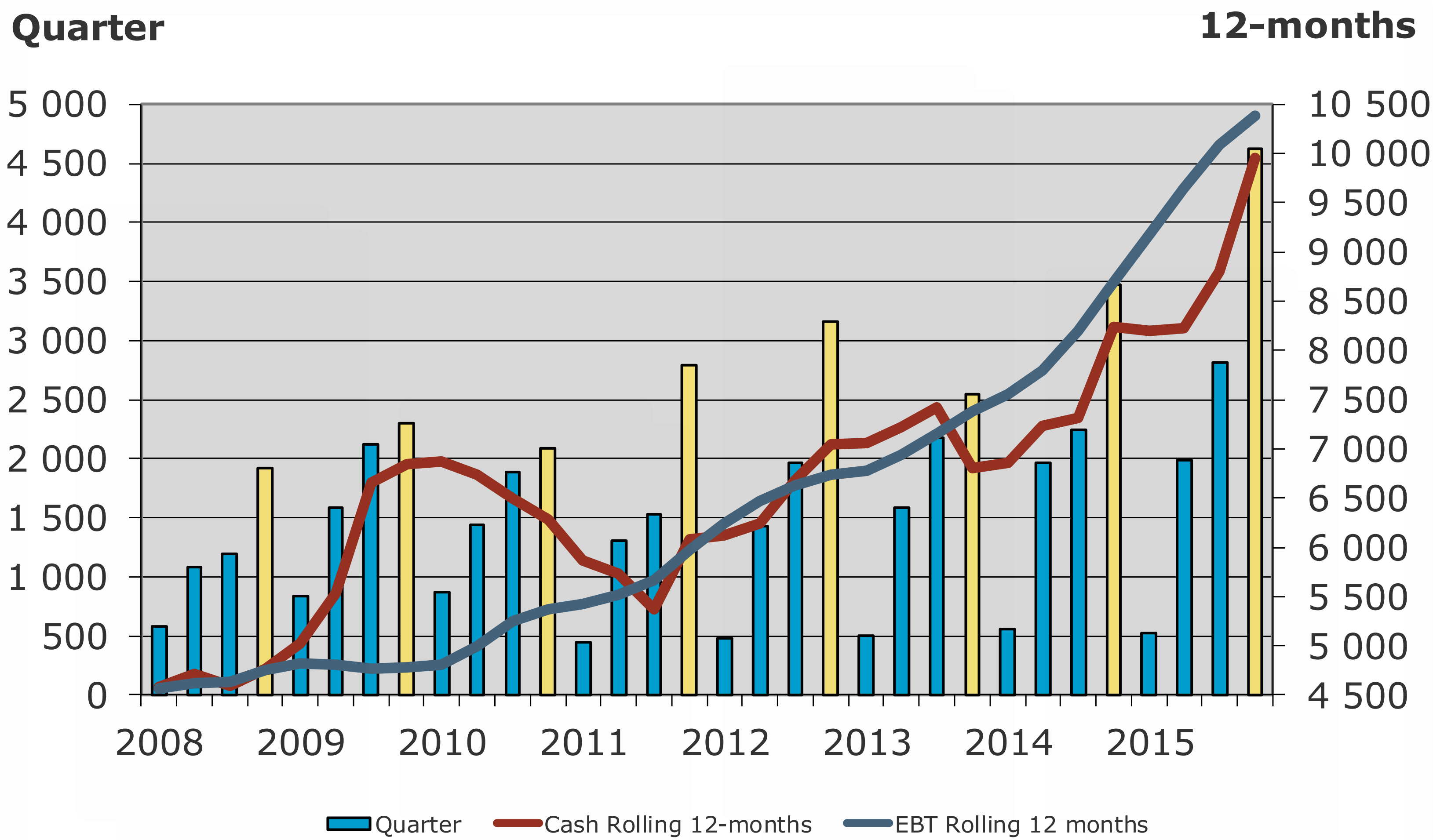
MSEK	2014 Oct-Dec	Organic	Currency	Acq/Div	2015 Oct-Dec
		5%	6%	4%	15%
Sales	15,847	827	983	643	18,301
EBIT	2,681	221	91	45	3,038
%	16.9%	26.7%	9.3%	6.9%	16.6%

Dilution / Accretion	0.5%	-0.4%	-0.4%

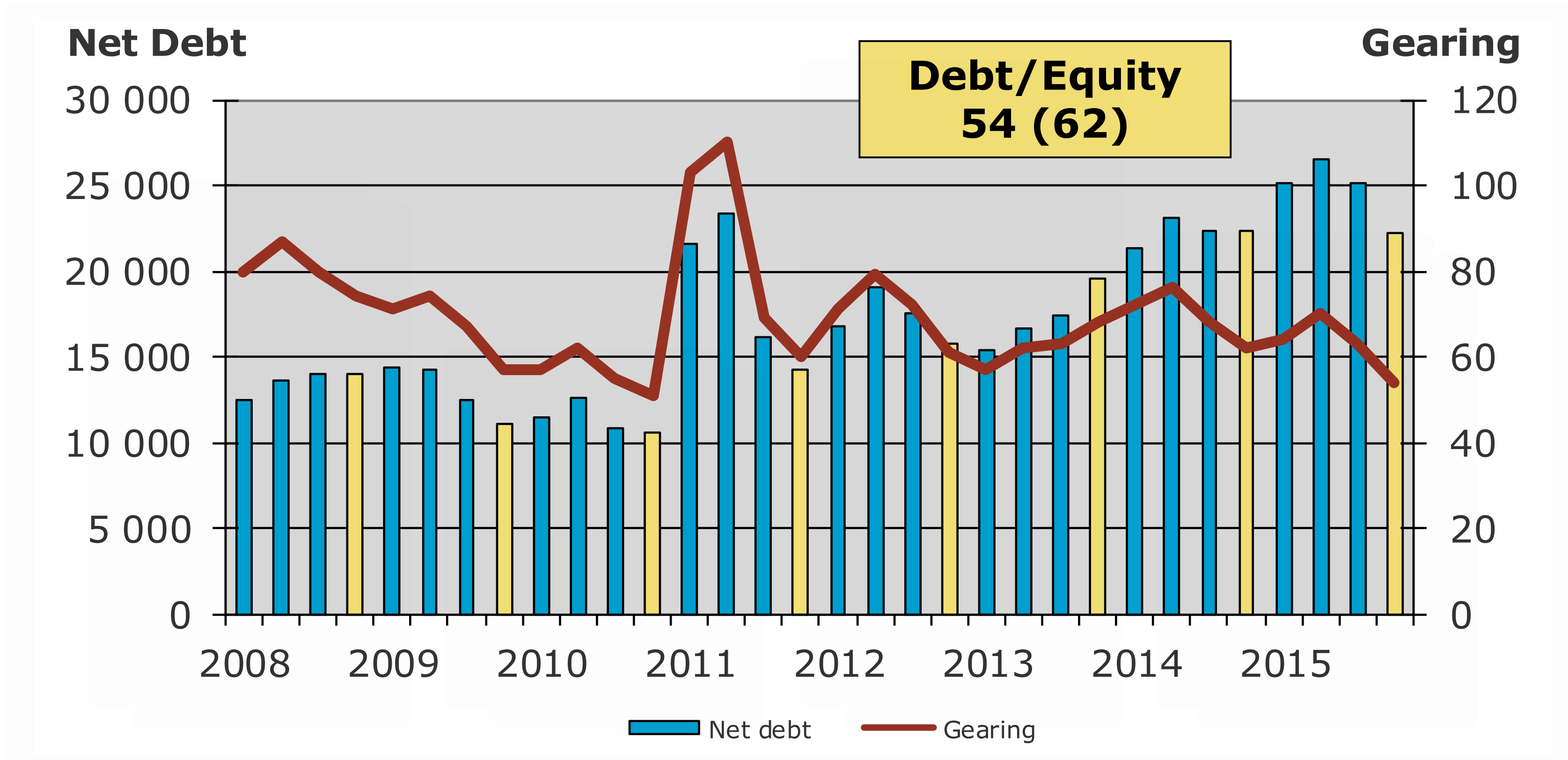
P&L Components as % of sales
Jan – Dec 2015

	2014 YTD	**2015 YTD excl acquisitions**	**2015 YTD**
Direct material	36.5%	36.8%	36.9%
Conversion costs	24.9%	24.3%	24.3%
Gross Margin	38.6%	38.9%	38.8%
S, G & A	22.3%	22.4%	22.5%
EBIT	16.3%	16.5%	16.3%

Operating cash flow, MSEK



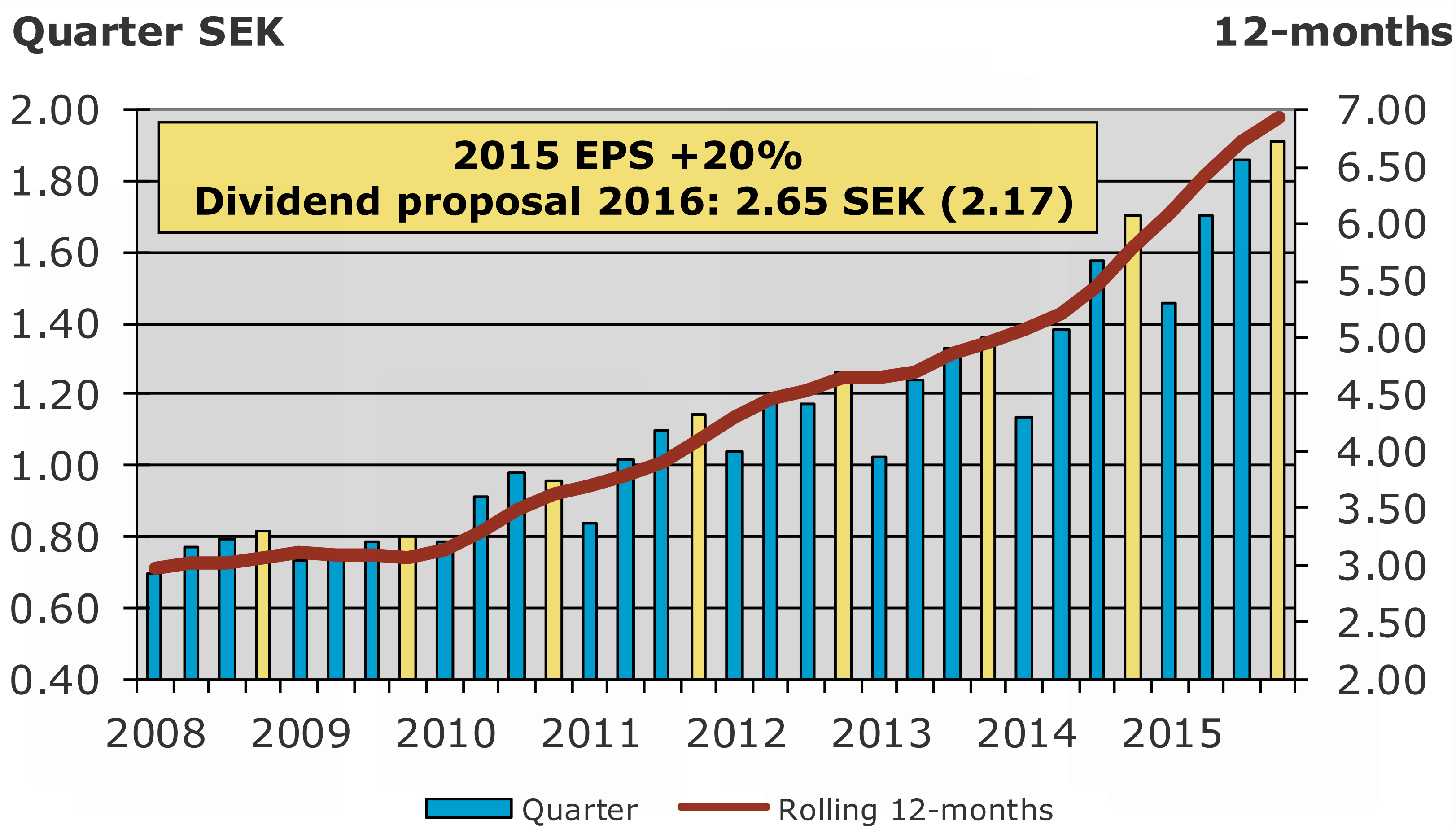
Gearing % and net debt, MSEK



Net debt/EBITDA
1.8 (2.1)

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

Earnings per share, SEK



Restated for Stock split 3:1 2015.

Conclusions Q4 2015

- Strong growth by 15% with 5% organic
- Emerging markets 26% (24)
- Strong EBIT +13%
- Strong EPS +12%
- Strong Cash flow +33%

ASSA ABLOY