

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

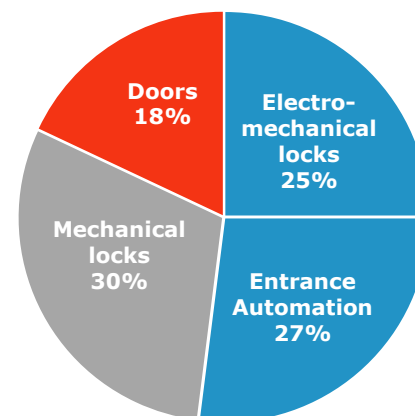
## Q1 Report 2016

# ASSA ABLOY overview Jan-Mar 2016

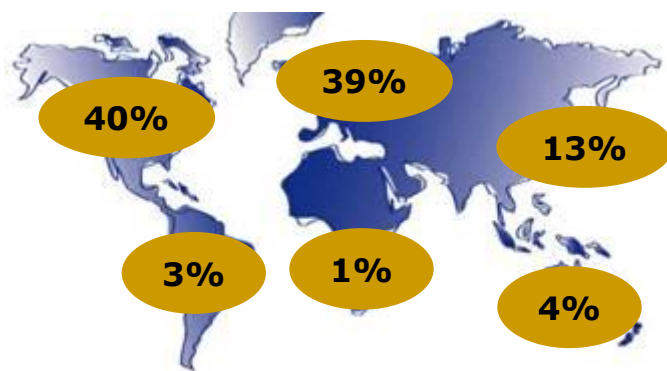
## Financials (SEK bn)

Net sales	15.9
EBIT	2.4
Op cash flow	0.5
Net debt	24.7
Market cap	185

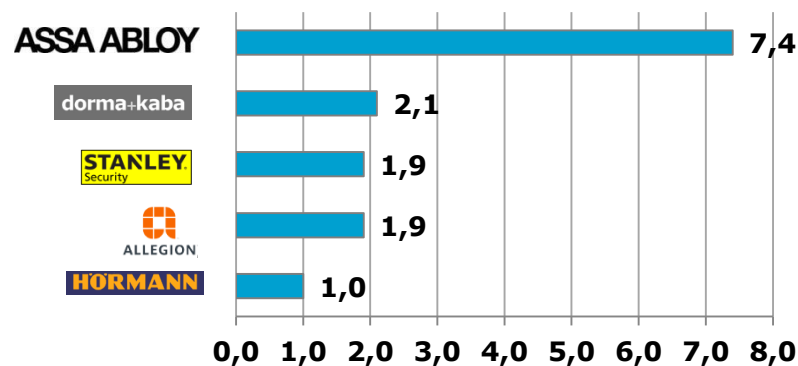
## Sales by product group Mar 2016



## Sales by region Mar 2016



## Leading market positions (EUR B)



# Financial highlights Q1, 2016

- **Good start of the year**

- Strong growth in Americas
- Good growth in EMEA and Entrance systems
- Growth in Global tech and negative in APAC due to weak Chinese market
- Short quarter due to Easter

▪ <b>Sales</b>	<b>15,891 MSEK</b>	<b>+4%</b>
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3% organic, 3% acquired growth, -2% currency

▪ <b>EBIT</b>	<b>2,411 MSEK</b>	<b>+4%</b>
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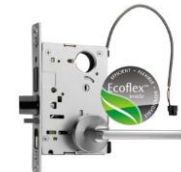
Currency effect -76 MSEK

▪ <b>EPS</b>	<b>1.47 SEK</b>	<b>+1%</b>
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Underlying tax rate 26%

# Market highlights

- 6 innovation awards at ISC West
  - Quantum Secure, SAFE Engine
  - goID, virtualized Identity Platform
  - KS200, Wired server cabinet lock
  - M380, Eco-Magnalock
  - EcoFlex, electronic mortise lock
- Strong door closer growth
  - New revolutionary super-silent door closer (Fensterbau)
  - New door operator with net-zero power consumption
- Strong growth in Pedestrian Door Automation
  - New slider range fuels growth
- Complete range of green eco hardware

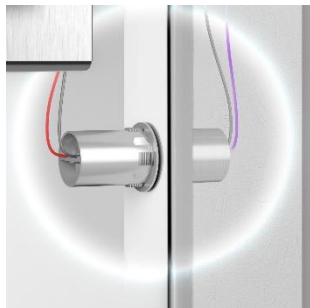


# Growth in Eco product line

## Energy harvesting



**Solar-powered lock**

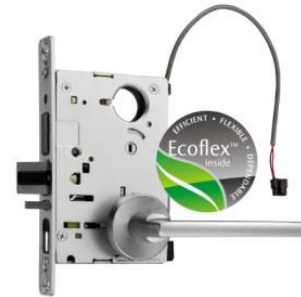


**Inductive power transfer**



**ADAEZ Power Operator**

## Low power



**EcoFlex™**



**EcoPower™**



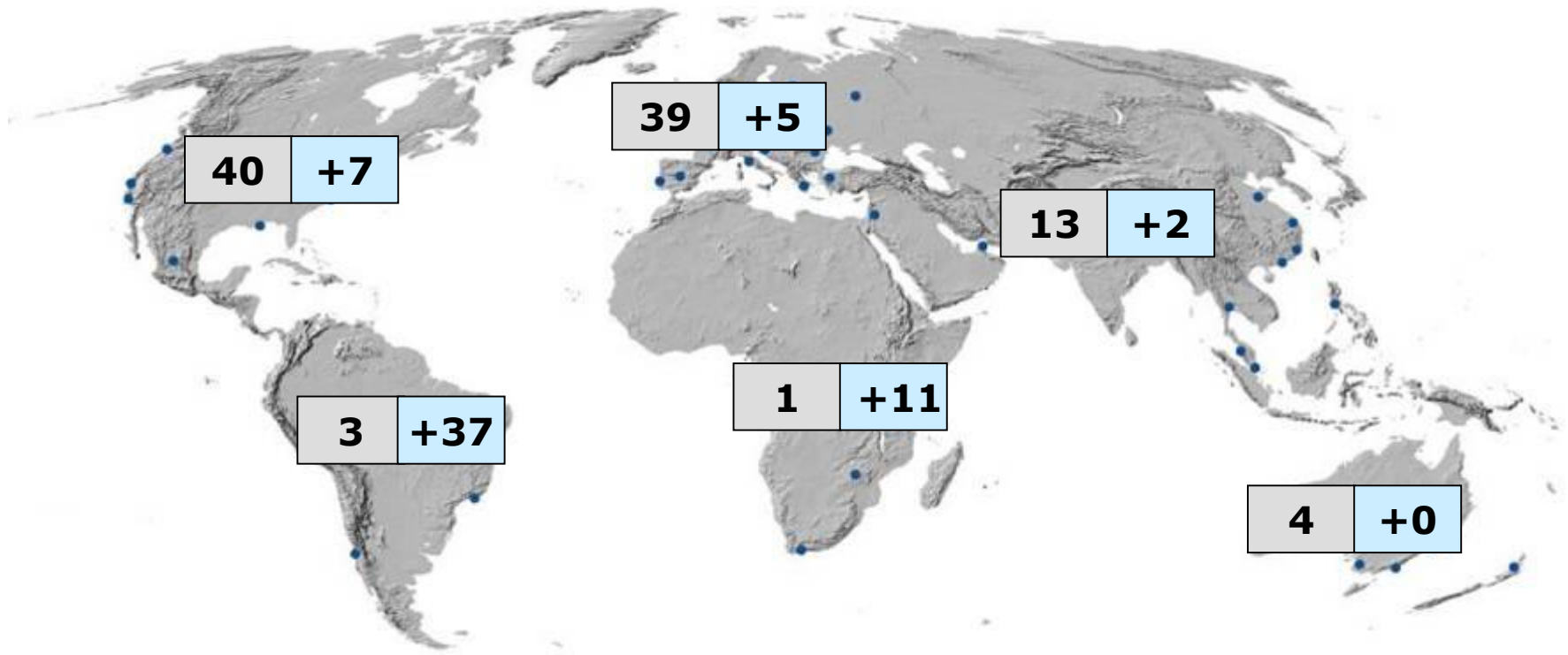
**EcoStrike™**



**EcoMag™**

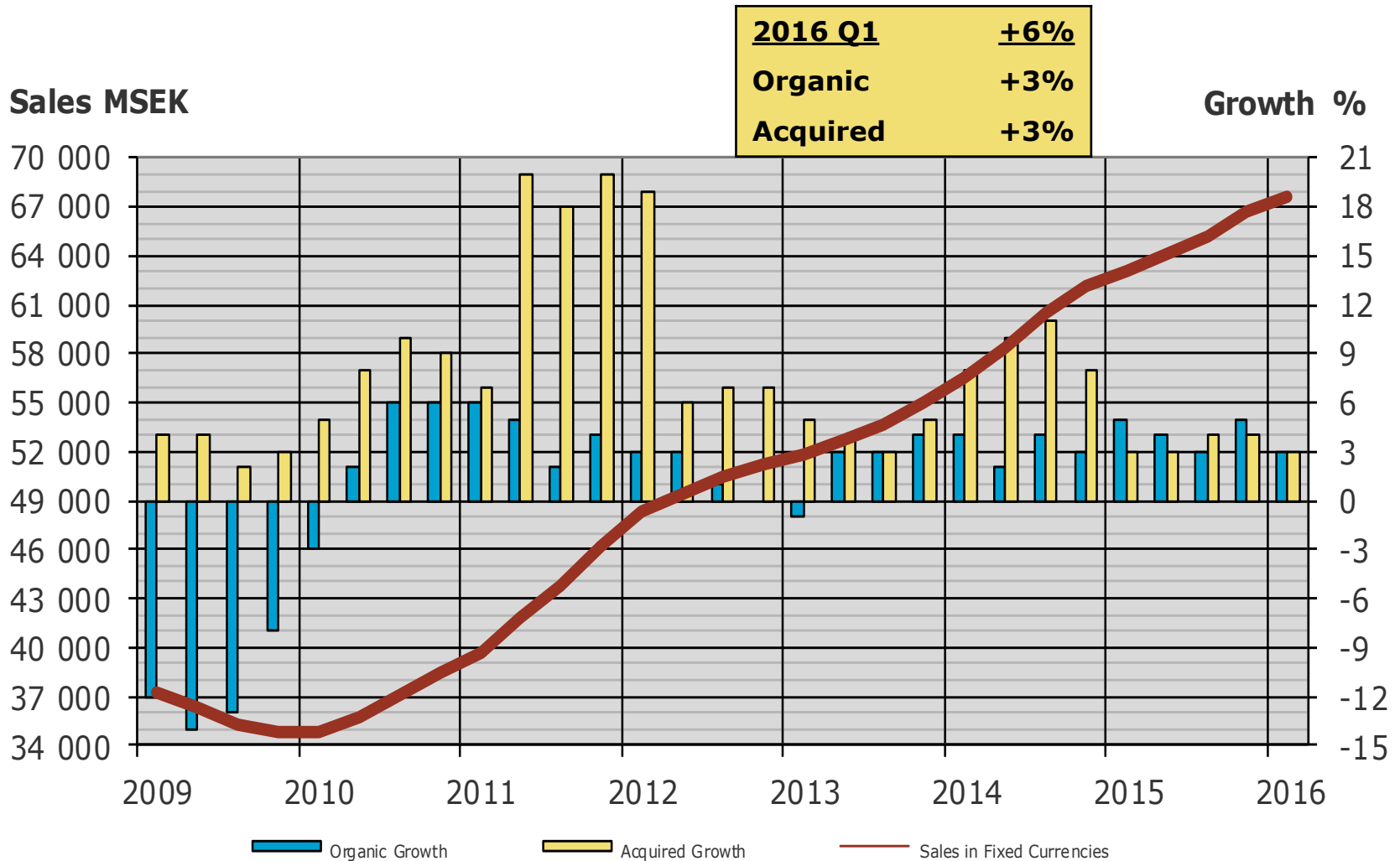
# Group sales in local currencies Jan-Mar 2016

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

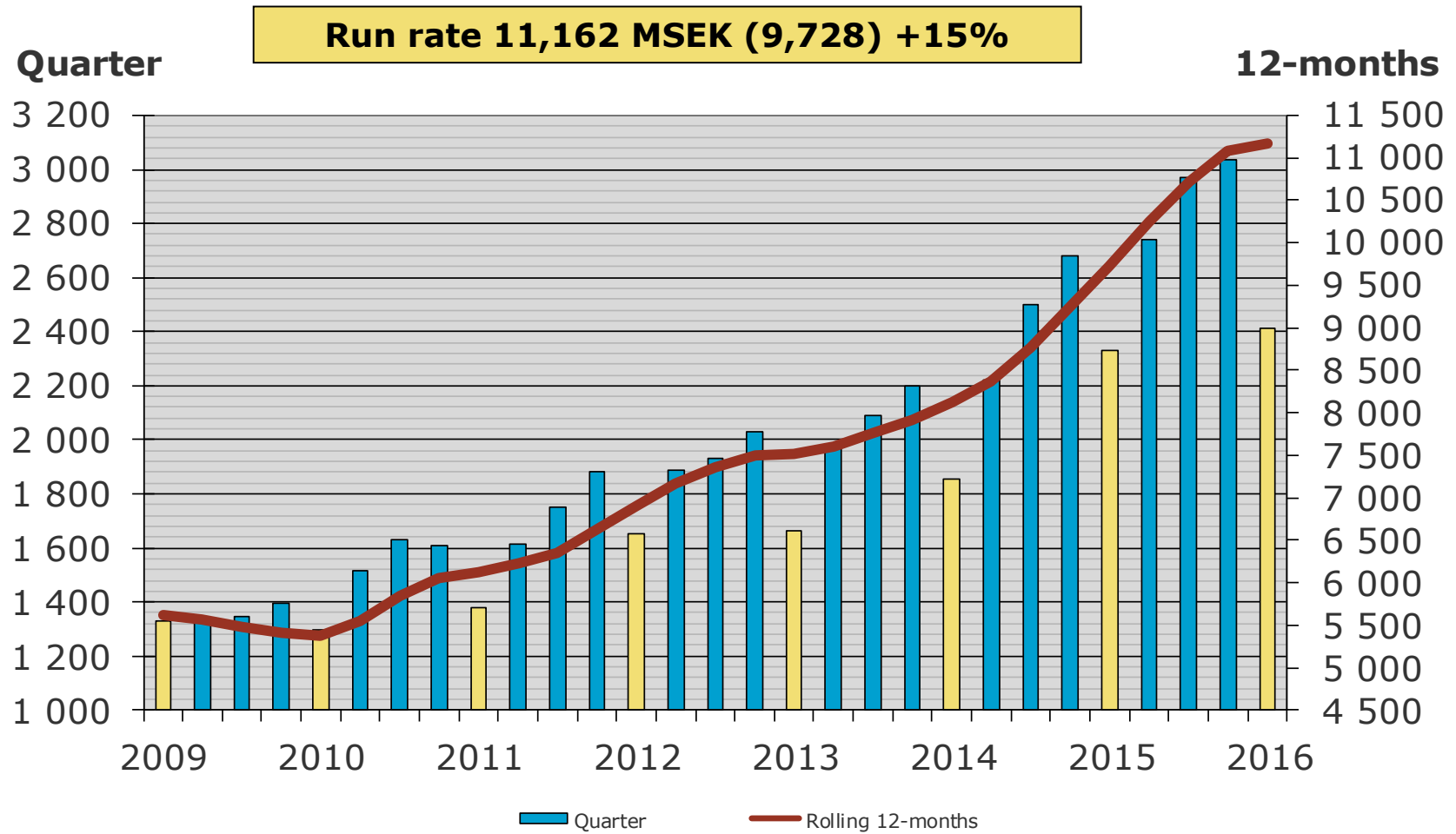


■ Share of Group sales 2016 YTD, %  
■ Year-to-date vs previous year, %

# Sales growth, currency adjusted



# Operating income (EBIT), MSEK

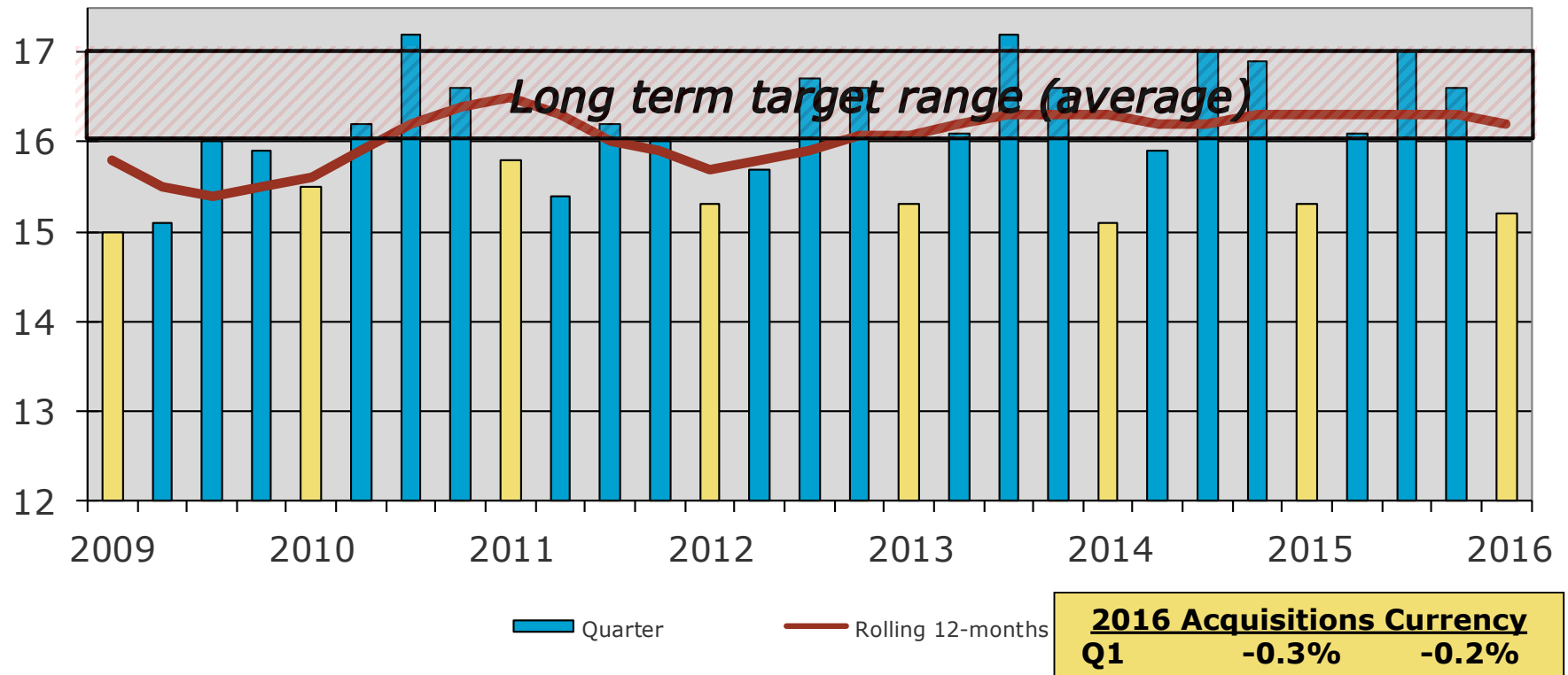




# Operating margin, %

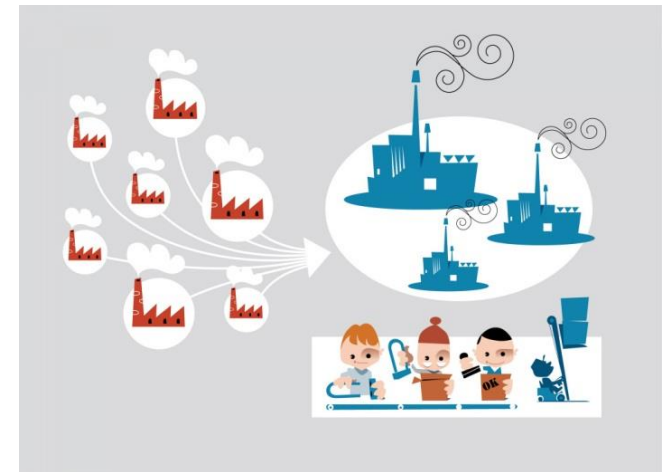
## EBIT Margin

**Run rate 2016 16.2% (16.3)**



# Manufacturing footprint

- Status of manufacturing footprint programs 2006-2013:
    - 75 factories closed to date, 3 to go
    - 94 factories converted to assembly, 21 to go
    - 42 offices closed, 7 to go
  - Total personnel reduction:
    - 457 FTE in quarter
    - 11,207 FTE in total
  - 644 FTE to go for all programs
- 457 MSEK of the provision remains for all programs



# Margin highlights Q1 2016

**EBIT margin 15.2% (15.3) -0.1%**

+ Volume increase 2%, price 1%

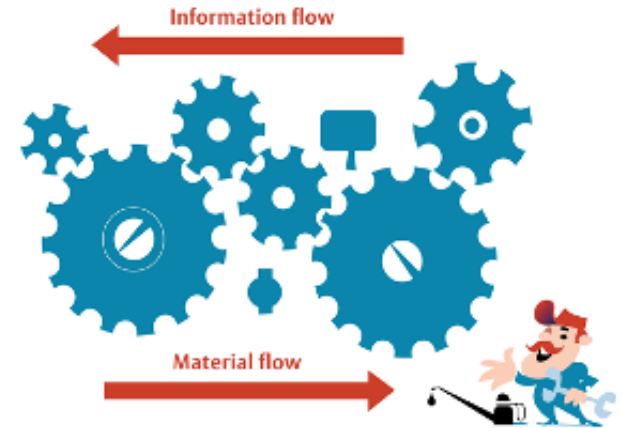
Margin decline -0.1%

+ 3% Organic growth

+ Manufacturing footprint & pricing

- Currency -0.2%

- Acquisitions -0.3%



# Acquisitions 2016

- Fully active pipeline
- 3 acquisitions done in 2016
- Divestment of Carlocks 550 MSEK
- Acquired annualized sales 750 MSEK
- Added sales 1%



# Lighthouse, USA

- Turnover of 350 MSEK with 150 employees
- Strategic move into the direct channel in North America
- A sectional door and docking distributor in North Carolina, USA
- Platform for expansion
- Accretive to EPS



# ADAEZ, USA



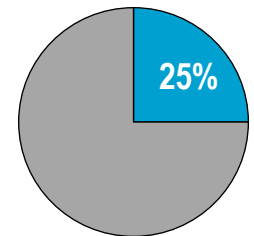
- Turnover of 30 MSEK
- Net-Zero power consumption door opener
- Complementary product line, with niche applications like elderly care
- Accretive to EPS



## Division – EMEA

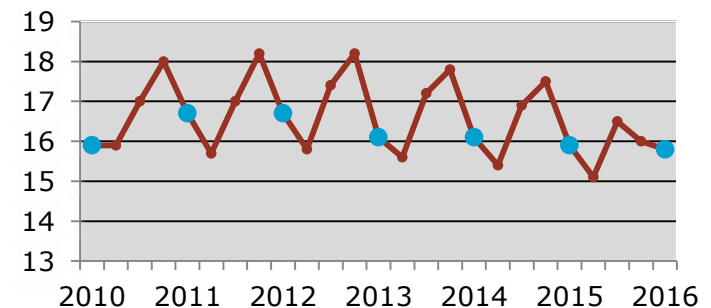
- Strong growth in Scandinavia and eastern Europe
- Good growth in Finland, Benelux, France and Italy
- Growth in Germany and Israel and flat in UK and Iberia
- Easter effect

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Organic +3%
  - = Direct Material
  - Investments in R&D
  - Dilution from acq & currency -0.1%

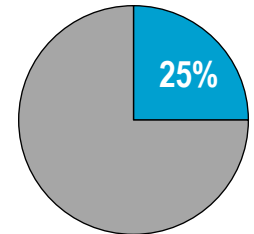
**EBIT %**



# Division - Americas

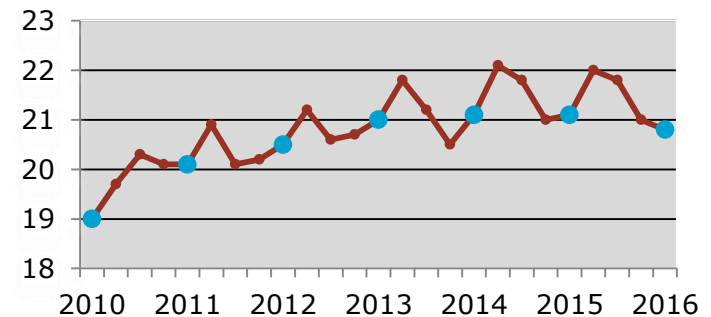
- Strong growth in AHW, Elmech, Residential, Canada, Mexico and South America
- Good growth in Doors
- Growth in High Security
- Good general activity level in the market

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Organic +6%
  - + Efficiency
  - Currency and acq -1.2%

**EBIT %**

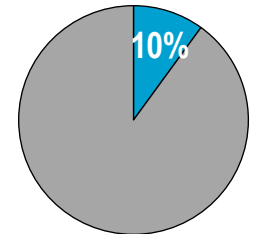




# Division - Asia Pacific

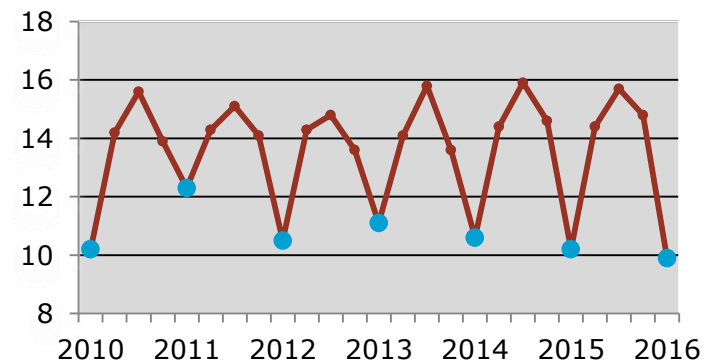
- Strong growth in New Zealand and South Asia
- Negative in Australia and North Asia
- Continued decline in China
  - Personnel reduction China –303 p

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - Organic -3%
  - + Savings mitigate sales decline
  - = Currency and acq 0%

**EBIT %**



# Division - Global Technologies

## ■ HID

- Strong growth in Project sales, IDT (inlays) and Quantum secure
- Growth in PACS (Access control)
- Decline in IAM (Identity) and Gov-Id

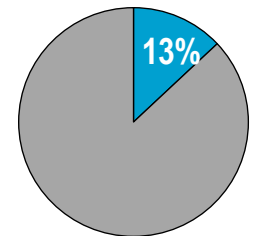
## ■ Hospitality

- Growth
- Strong profit

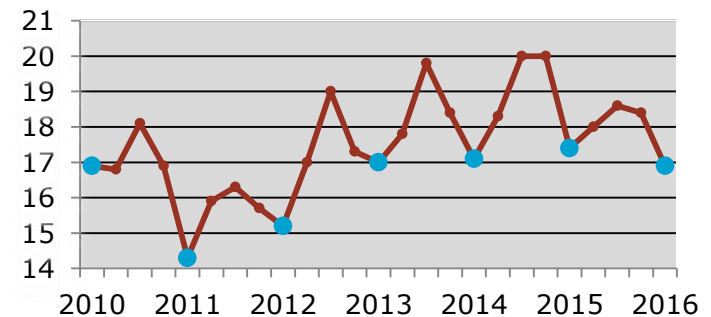
## ■ Operating margin (EBIT)

- = Organic +1%
- Negative mix and R&D investments
- Currency and acq -0.5%

**SALES**  
share of  
Group total %



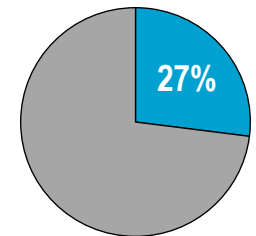
**EBIT %**



# Division - Entrance Systems

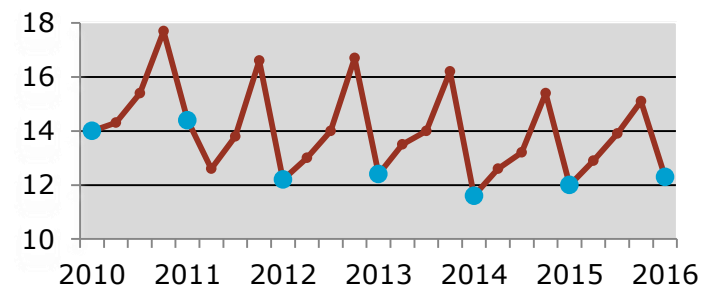
- Strong growth in 4Front, Amarr
- Good growth in High Speed Doors and Door Automatics
- Flat in EU Industrial and negative in EU Residential and Ditec
- Good leverage from consolidation

**SALES**  
share of  
Group total %



- Operating margin (EBIT)
  - + Organic +3%
  - + Consolidation effects
  - Dilution from acq and currency -0.6%

**EBIT %**



# Financial highlights Q1 2016

MSEK	1st Quarter			Twelve months		
	2015	2016	Change	2014	2015	Change
<b>Sales</b>	<b>15,252</b>	<b>15,891</b>	<b>+4%</b>	<b>56,843</b>	<b>68,099</b>	<b>+20%</b>
<i>Whereof</i>						
Organic growth	680	448	+3%	1,510	2,634	+4%
Acquired growth	376	490	+3%	4,714	2,078	+3%
FX-differences	1,892	-299	-2%	2,138	+6,544	+13%
<b>Operating income (EBIT)</b>	<b>2,329</b>	<b>2,411</b>	<b>+4%</b>	<b>9,257</b>	<b>11,079</b>	<b>+20%</b>
EBIT-margin (%)	15.3	15.2		16.3	16.3	
<b>Operating cash flow</b>	<b>520</b>	<b>498</b>	<b>-4%</b>	<b>8,238</b>	<b>9,952</b>	<b>+21%</b>
<b>EPS (SEK)</b>	<b>1.45</b>	<b>1.47</b>	<b>+1%</b>	<b>5.79</b>	<b>6.93</b>	<b>+20%</b>

# Bridge Analysis – Jan-Mar 2016

<b>MSEK</b>	<b>2015 Jan-Mar</b>	<b>Organic</b>	<b>Currency</b>	<b>Acq/Div</b>	<b>2016 Jan-Mar</b>
		3%	-2%	3%	4%
Sales	15,252	448	-299	490	15,891
EBIT	2,329	137	-76	22	2,411
%	15.3%	30.5%	25.6%	4.5%	15.2%

Dilution / Accretion

0.4%

-0.2%

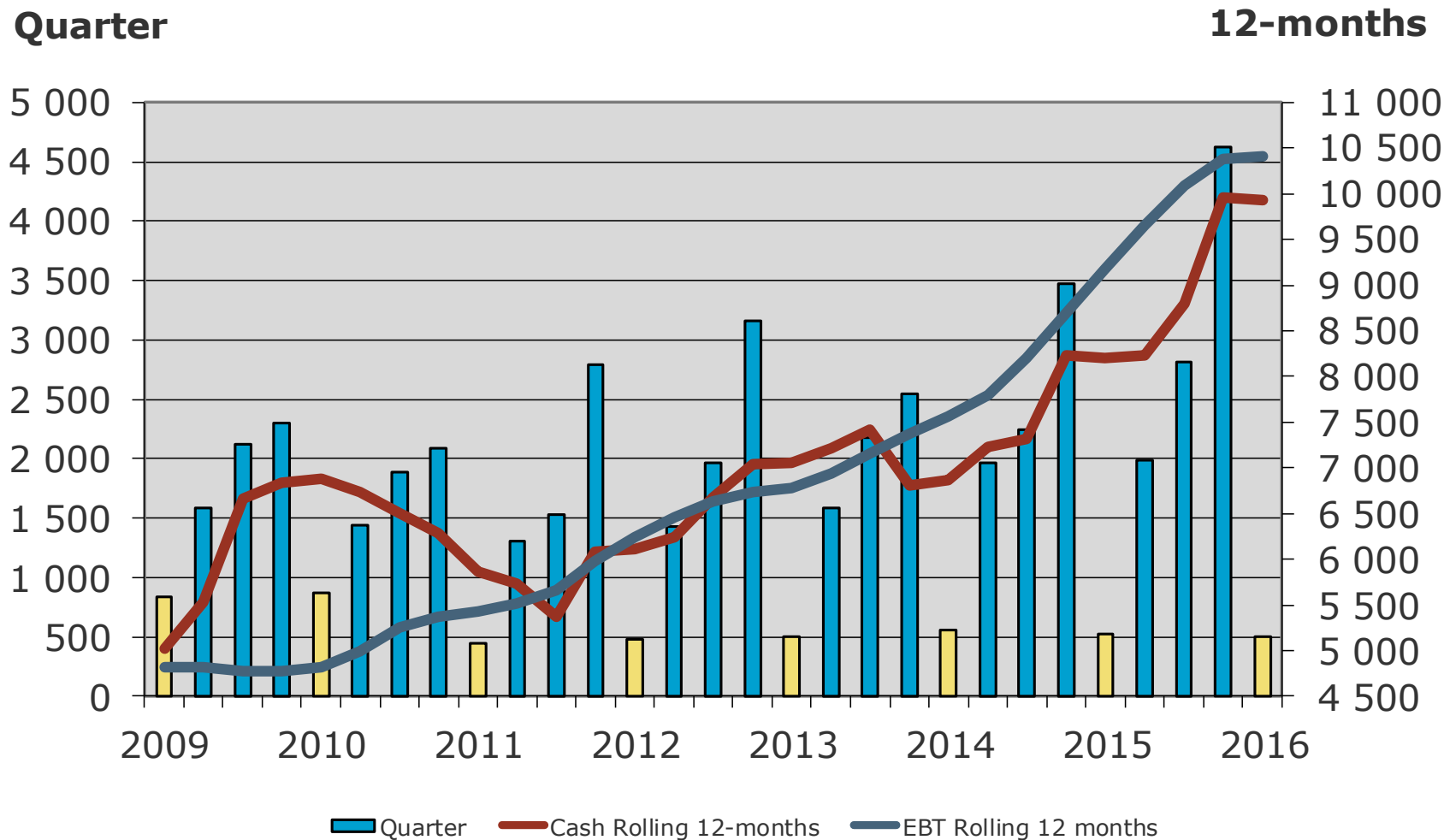
-0.3%

## P&L Components as % of sales

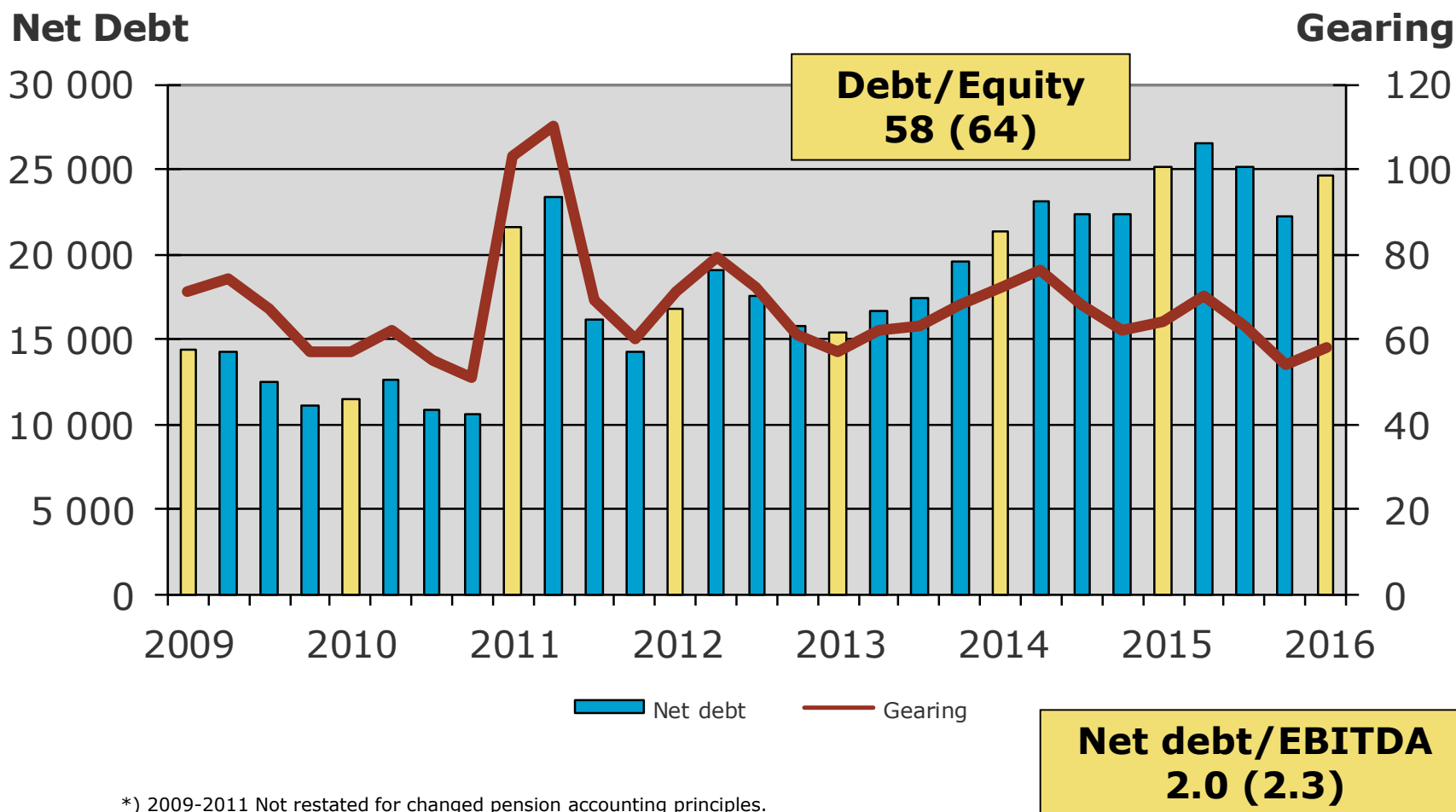
### Jan – Mar 2016

	<b>2015 Q1</b>	<b>2016 Q1 excl acquisitions</b>	<b>2016 Q1</b>
Direct material	35.6%	35.0%	34.5%
Conversion costs	<u>25.3%</u>	<u>25.4%</u>	<u>25.9%</u>
Gross Margin	39.1%	39.6%	39.6%
S, G & A	<u>23.8%</u>	<u>24.1%</u>	<u>24.4%</u>
EBIT	15.3%	15.5%	15.2%

# Operating cash flow, MSEK

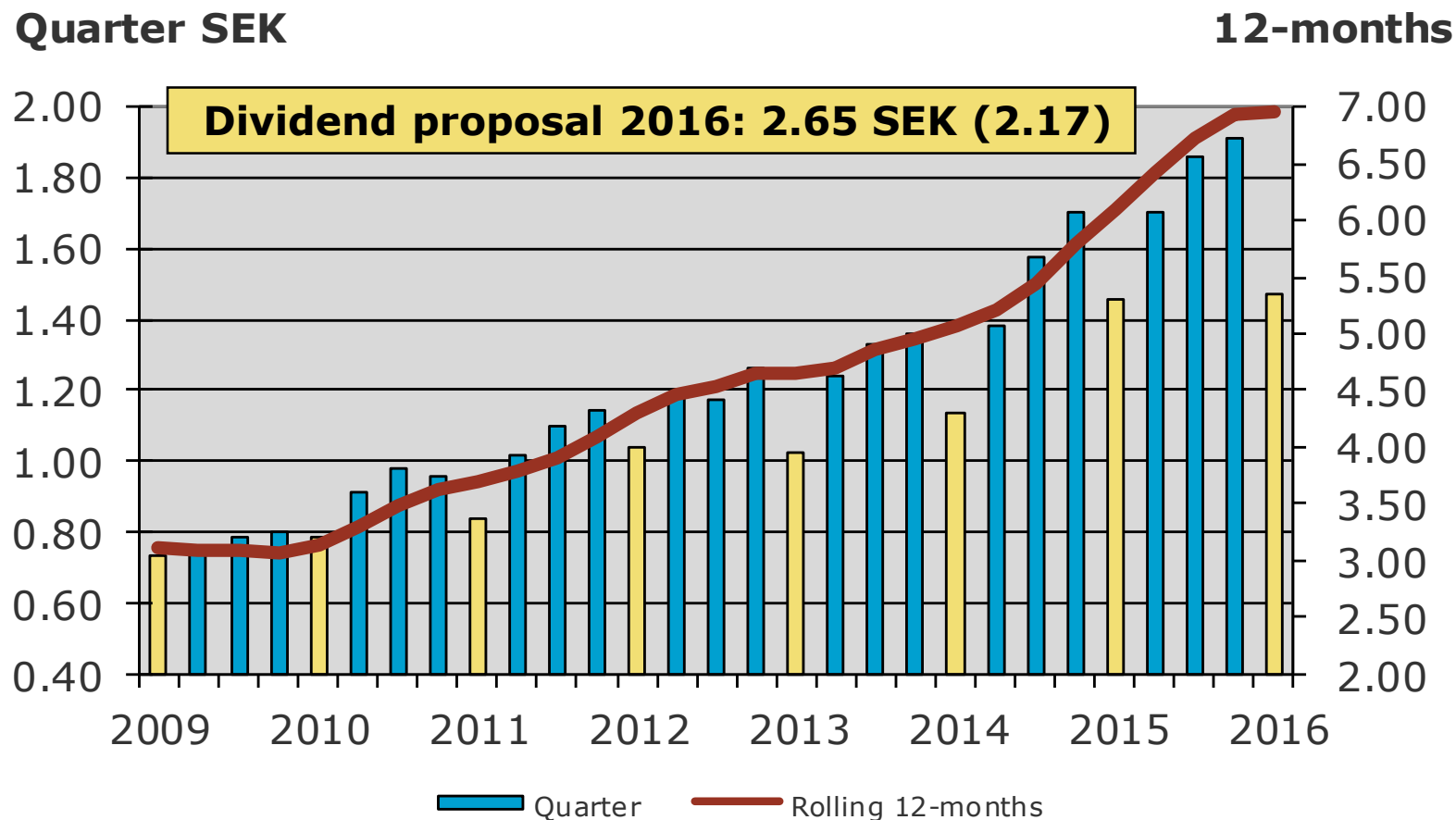


# Gearing % and net debt, MSEK



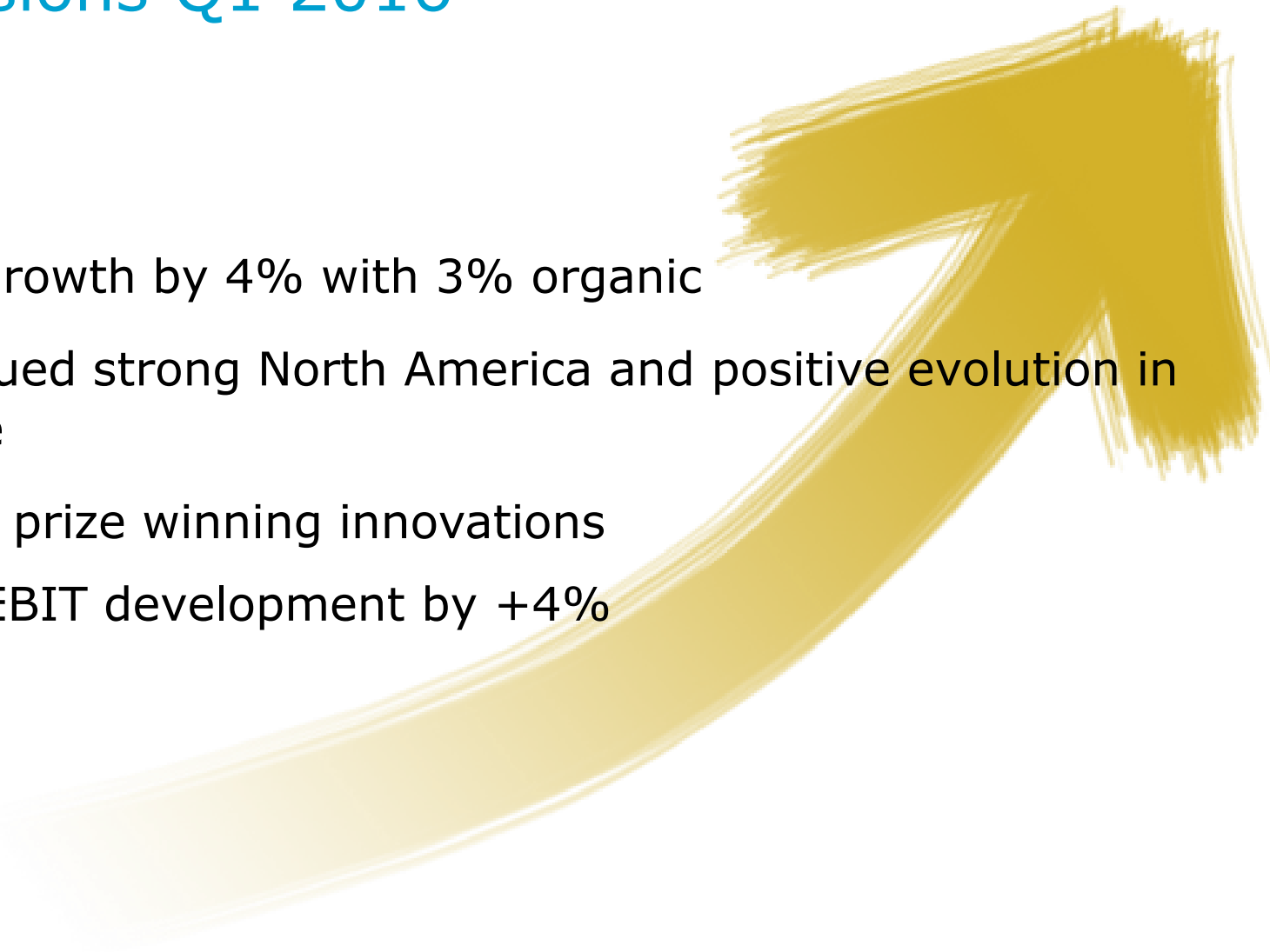


# Earnings per share, SEK



Restated for Stock split 3:1 2015.

# Conclusions Q1 2016

- Good growth by 4% with 3% organic
  - Continued strong North America and positive evolution in Europe
  - Strong prize winning innovations
  - Good EBIT development by +4%
- 

**ASSA ABLOY**