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

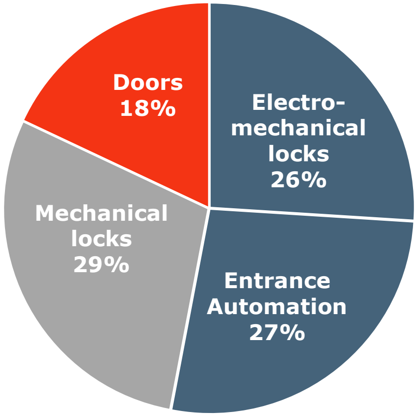
Q2 Report 2016

ASSA ABLOY overview Jan-Jun 2016

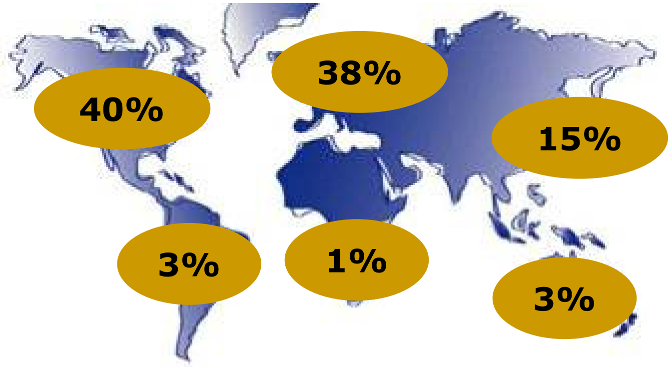
Financials (SEK bn)

Net sales	33.8
EBIT	5.3
Op cash flow	3.0
Net debt	27.1
Market cap	185

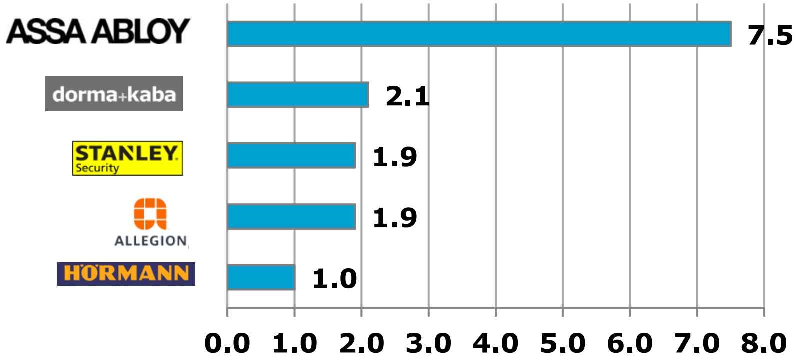
Sales by product group Jun 2016



Sales by region Jun 2016



Leading market positions (EUR B)



Financial highlights Q2, 2016

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

- **Sales** **17,894 MSEK** **+5%**
  4% organic, 4% acquired growth, -3% currency
- **EBIT** **2,910 MSEK** **+6%**
  Currency effect -81 MSEK
- **EPS** **1.82 SEK** **+7%**
  Underlying tax rate 26%

Financial highlights Jan-Jun 2016

- **Strong development despite a challenging market**
  - Strong growth in Americas
  - Good growth in Entrance Systems, EMEA and Global Tech
  - Negative growth in APAC due to China

- **Sales** **33,785 MSEK** **+4%**
  4% organic, 3% acquired growth, -3% currency
- **EBIT** **5,321 MSEK** **+5%**
  Currency effect -158 MSEK
- **EPS** **3.30 SEK** **+5%**
  Underlying tax rate 26%

Market highlights

- **ASSA ABLOY in Forbes 100 most innovative companies**

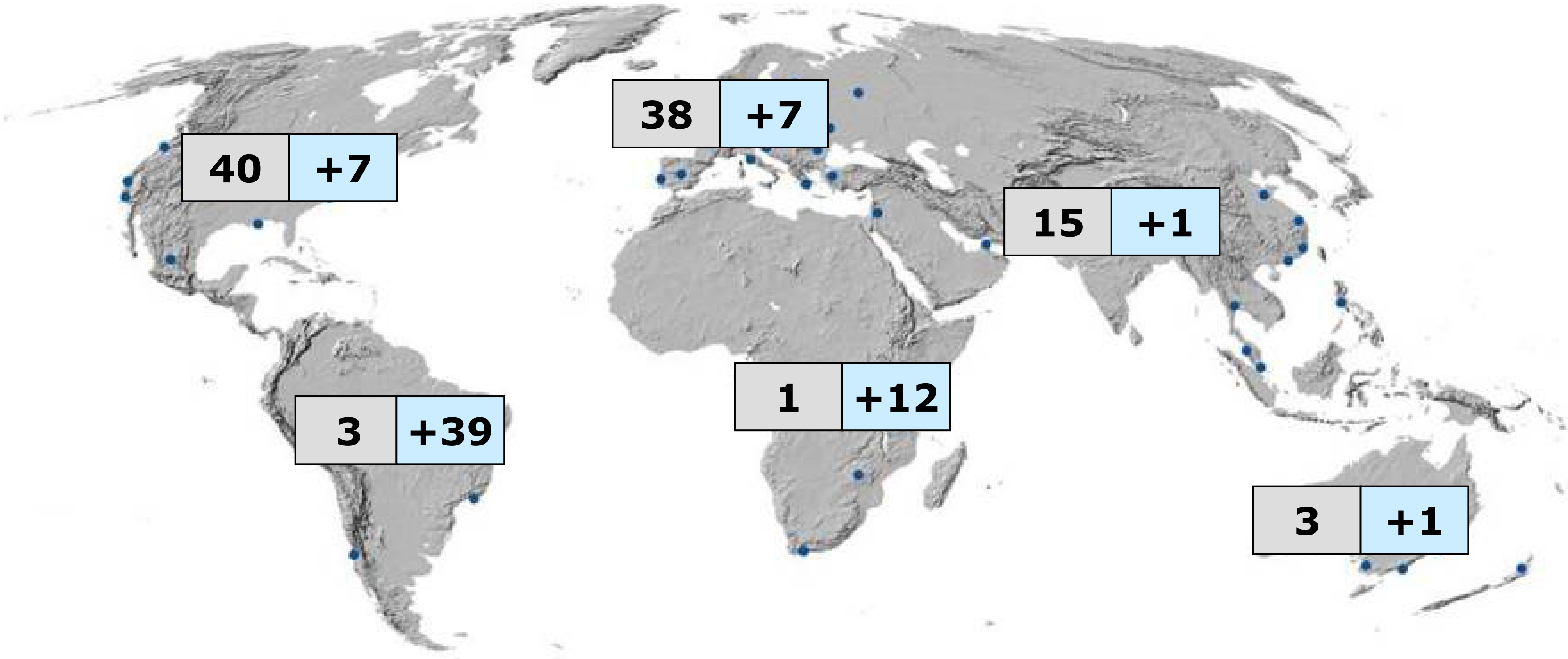
- **Strong development in EMEA digital product sales**
  – Driven by APERIO and smart door locks

- **Successful roll out of Service centers in USA**
  – Incremental growth through local service and quick deliveries

- **Japanese profile CLIQ-cylinder**
  – Orders and quick pipeline build

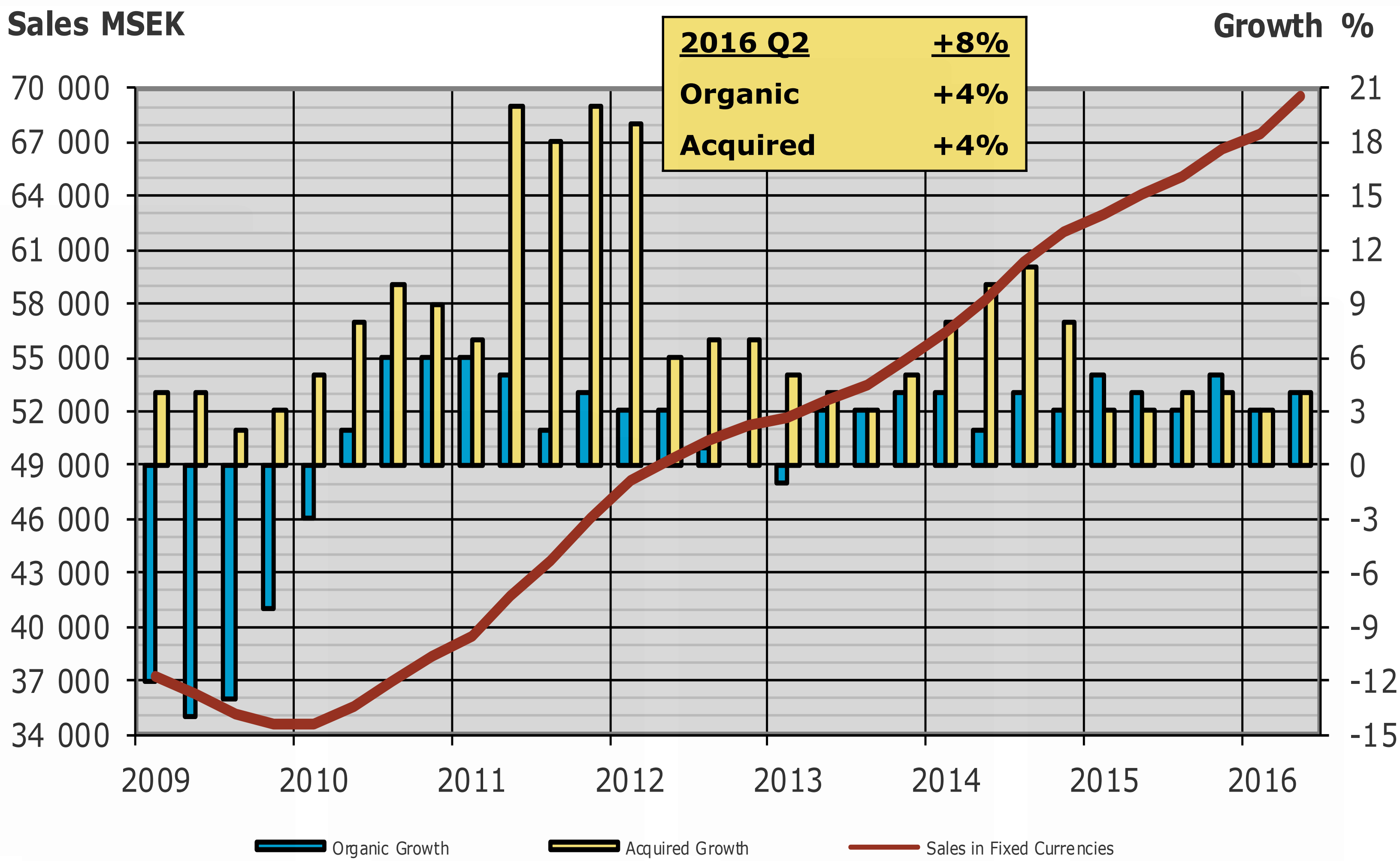
Group sales in local currencies Jan-Jun 2016

Emerging markets 23% (25) of sales

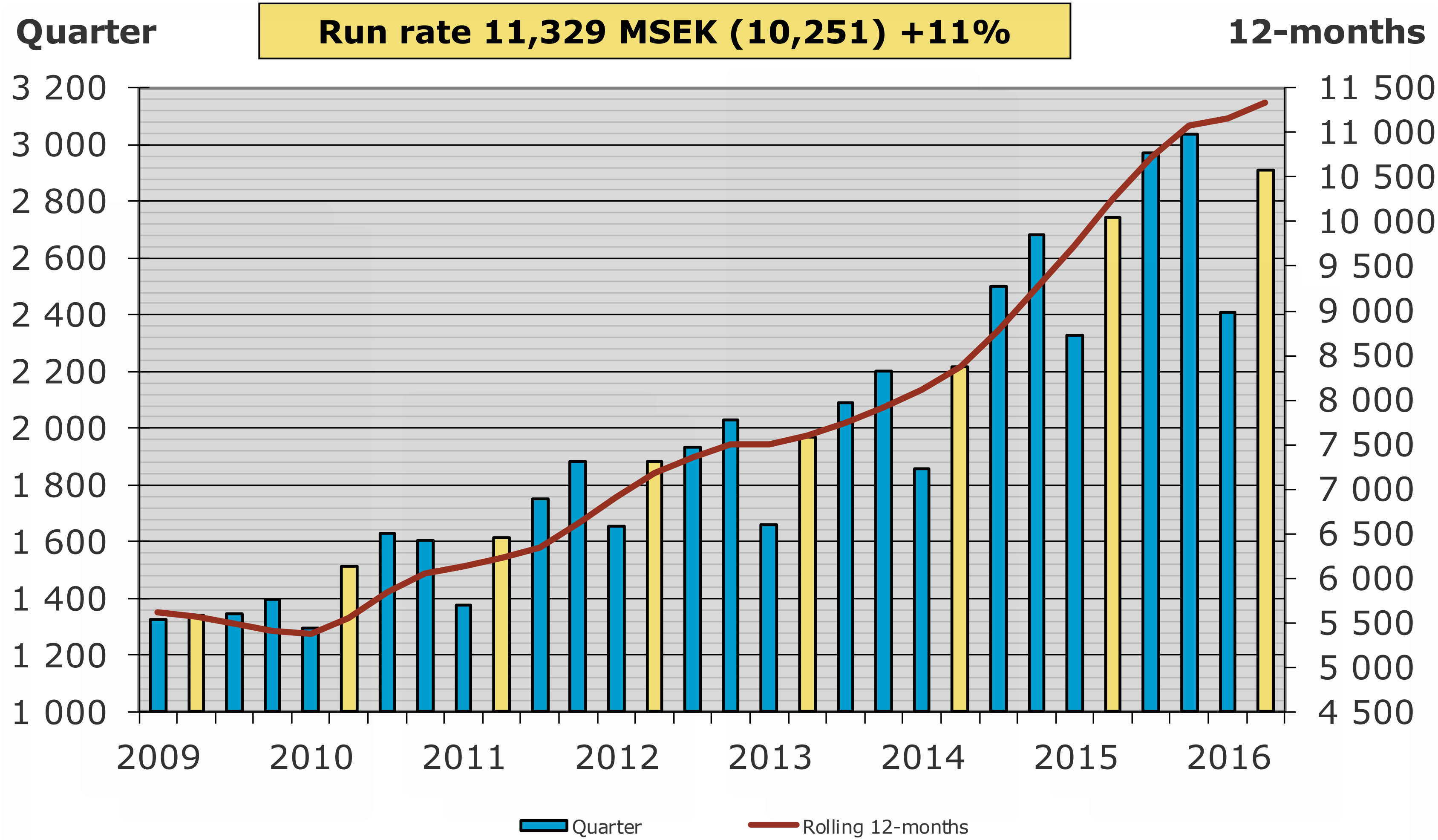


Share of Group sales 2016 YTD, %
Year-to-date vs previous year, %

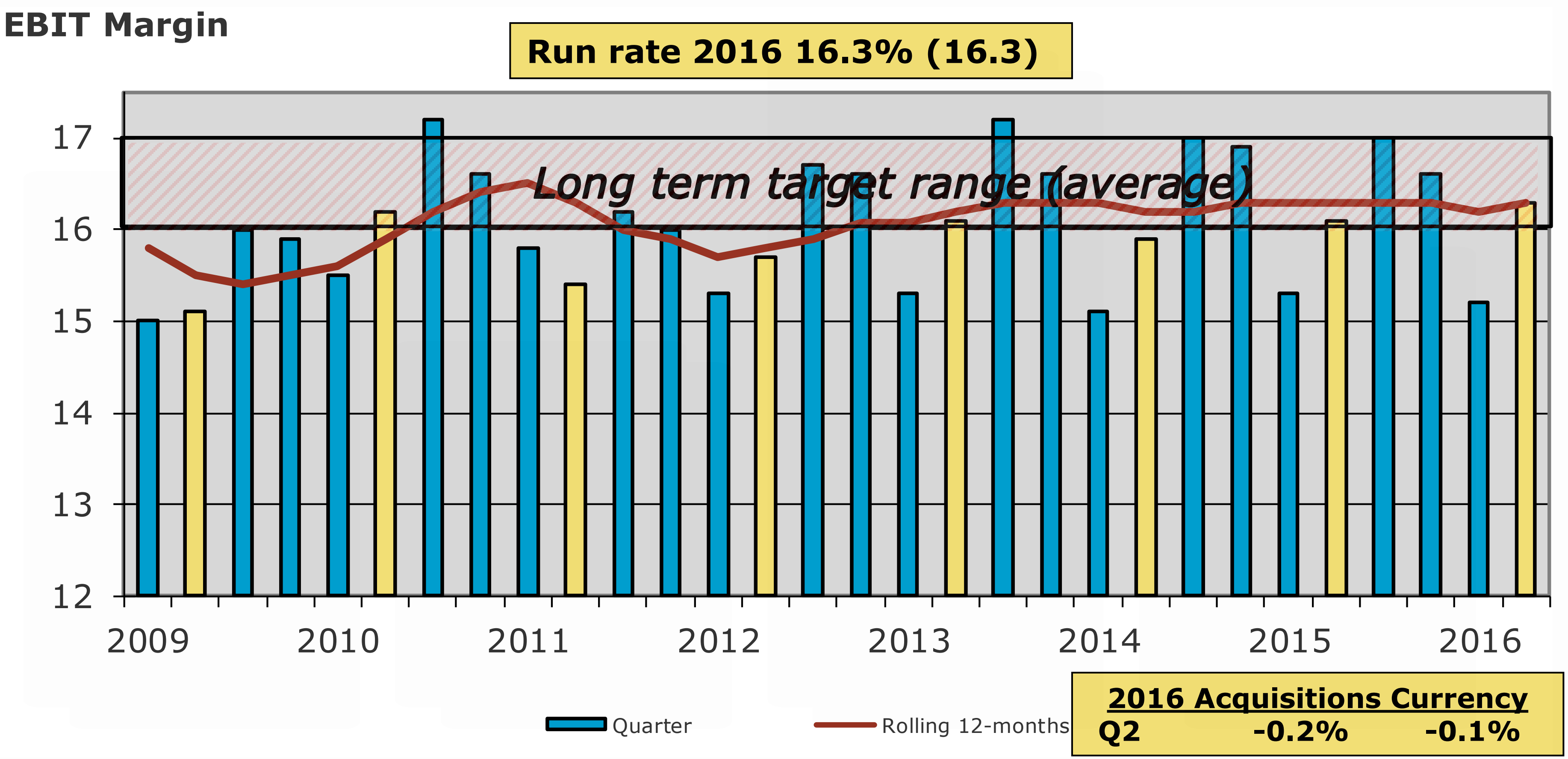
Sales growth, currency adjusted



Operating income (EBIT), MSEK



Operating margin, %



2016	Acquisitions	Currency
Q2	-0.2%	-0.1%

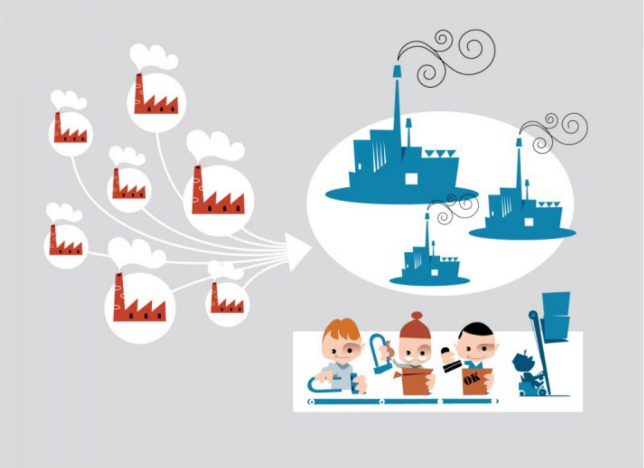
Manufacturing footprint

- Status of manufacturing footprint programs 2006-2013:
  - 76 factories closed to date, 2 to go
  - 99 factories converted to assembly, 16 to go

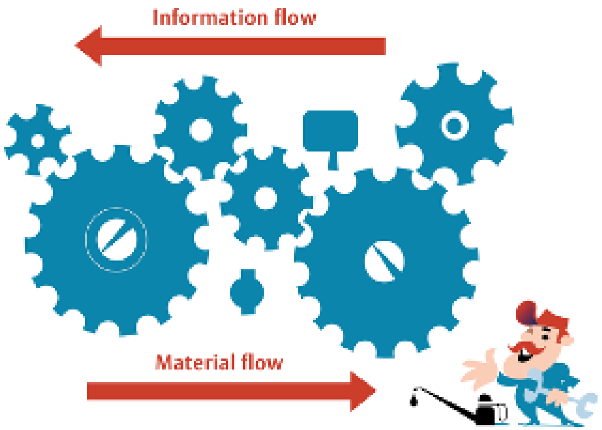
- Total personnel reduction:
  - 11,356 FTE in total

- 493 FTE to go for all programs
- New MFP in progress

→ 395 MSEK of the provision remains for all programs



Margin highlights Q2 2016



EBIT margin 16.3% (16.1) +0.2%

+ Volume increase 3%, price 1%

Margin improvement

+ 4% Organic growth
+ Manufacturing footprint & pricing
- Currency -0.1%
- Acquisitions -0.2%

Acquisitions 2016

- Fully active pipeline
- 9 acquisitions done in 2016
- Divestment of Carlocks 550 MSEK
- Acquired annualized sales 1,700 MSEK
- Added sales 2.5%

MAUER® LOCKING SYSTEMS

Lighthouse GARAGE DOORS

demoteller

NASSAU

ada ez® WIRE FREE DOOR OPENER

Nassau, Denmark

- Turnover of 540 MSEK with 360 employees
- Important European supplier of industrial doors
- Adds additional coverage in industrial doors and service
- Neutral to EPS

Demoteller, USA

- Turnover of 85 MSEK with 32 employees
- Solutions for the financial card instance issuance market
- Enhances position within secure issuance
- Accretive to EPS

Trism (Fii Software)

Mauer, Bulgaria

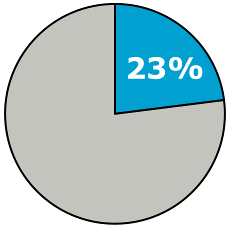
MAUER®
LOCKING SYSTEMS

- Turnover of 100 MSEK with 200 employees
- Manufacturer of cylinders and locks
- Market Leader of locking products in Bulgaria
- Accretive to EPS

Division – EMEA

- Strong growth in Scandinavia, Finland, Germany, Iberia, Eastern Europe and Africa
- Good growth in UK, Benelux, France, Italy and Israel
- Strong progress of elmech solutions
- Positive calendar effect

Sales share of Group total %



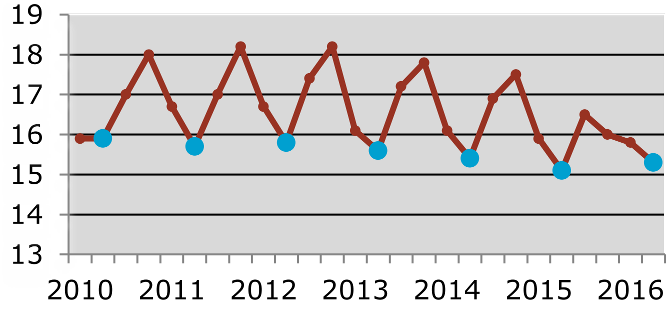
- Operating margin (EBIT)

  \+ Organic +6%

  = Direct material

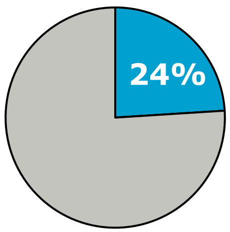
  \- Acquisitions & currency -0.2%

EBIT %



Division - Americas

Sales
share of
Group total %



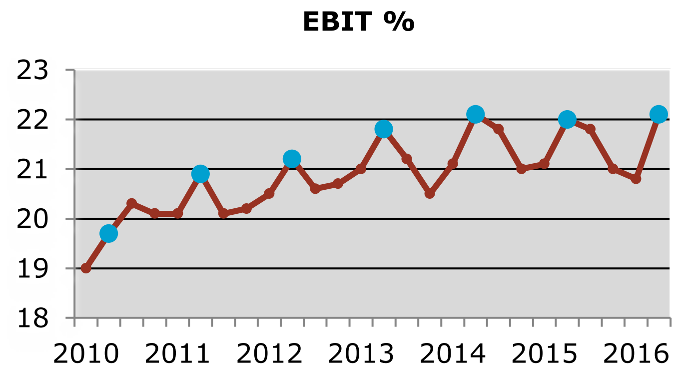
- Strong growth in Door group, Elmech, Residential, Mexico and South America (ex Brazil)
- Good growth in AHW, High security and Canada
- Negative in Brazil
- Quotation levels continue to develop positive

- Operating margin (EBIT)

  + Organic +8%

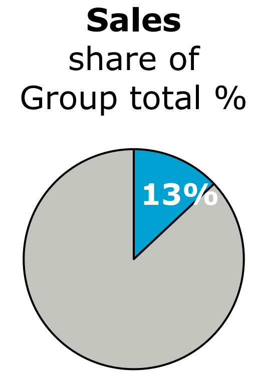
  + Direct Material

  - Acquisitions and currency -0.7%

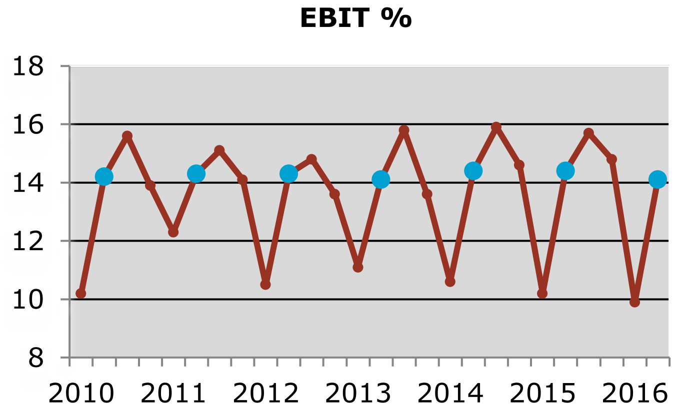


Division - Asia Pacific

- Strong growth in Pacific
- Good growth in South Asia and Korea
- Continued decline in China
  – Personnel reduction China YTD–586 p
- Exciting orders for elmech in Japan



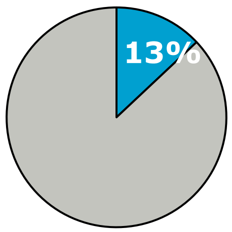
- Operating margin (EBIT)
  - Organic -6%
  + Savings mitigate sales decline
  = Acquisitions and currency 0.2%



Division - Global Technologies

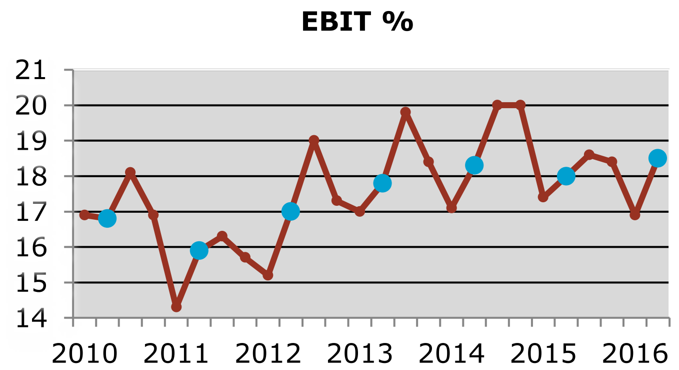
- HID
  - Strong growth in PACS, Gov ID, IDT (inlays) and Quantum secure
  - Flat in IAM (Identity) and project sales
- Hospitality
  - Growth
  - Strong profit

Sales
share of
Group total %



- Operating margin (EBIT)

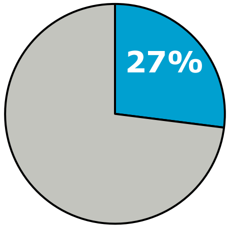
  + Organic +5%
  - R&D investments
  - Acquisitions and currency -0.1%



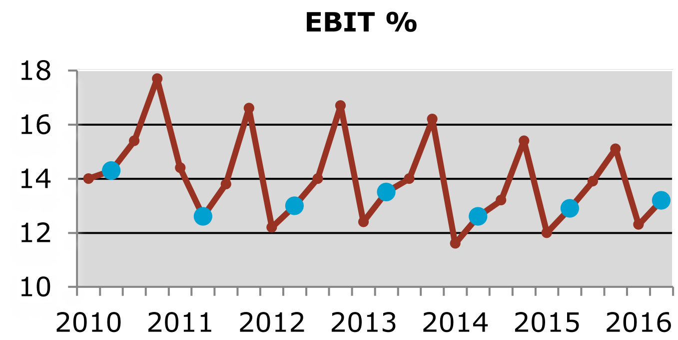
Division - Entrance Systems

- Strong growth in Door automatics, EU Industrial, High speed doors
- Good growth in Amarr and 4Front and Ditec
- Negative in EU Residential
- Continued good leverage

Sales share of Group total %



- Operating margin (EBIT)
  + Organic +4%
  + Direct Material and consolidation effects
  - Acquisitions and currency -0.3%



Financial highlights Q2 2016

MSEK	2nd Quarter 2015	2nd Quarter 2016	Change	Six months 2015	Six months 2016	Change
Sales	**17,082**	**17,894**	**+5%**	**32,334**	**33,785**	**+4%**
Whereof						
Organic growth	656	650	+4%	1,336	1,099	+4%
Acquired growth	453	593	+4%	829	1,083	+3%
FX-differences	2,008	-431	-3%	3,900	-730	-3%
Operating income (EBIT)	**2,742**	**2,910**	**+6%**	**5,071**	**5,321**	**+5%**
EBIT-margin (%)	16.1	16.3		15.7	15.7	
Operating cash flow	**1,991**	**2,519**	**+27%**	**2,511**	**3,017**	**+20%**
EPS (SEK)	**1.70**	**1.82**	**+7%**	**3.15**	**3.30**	**+5%**

Bridge Analysis – Apr-Jun 2016

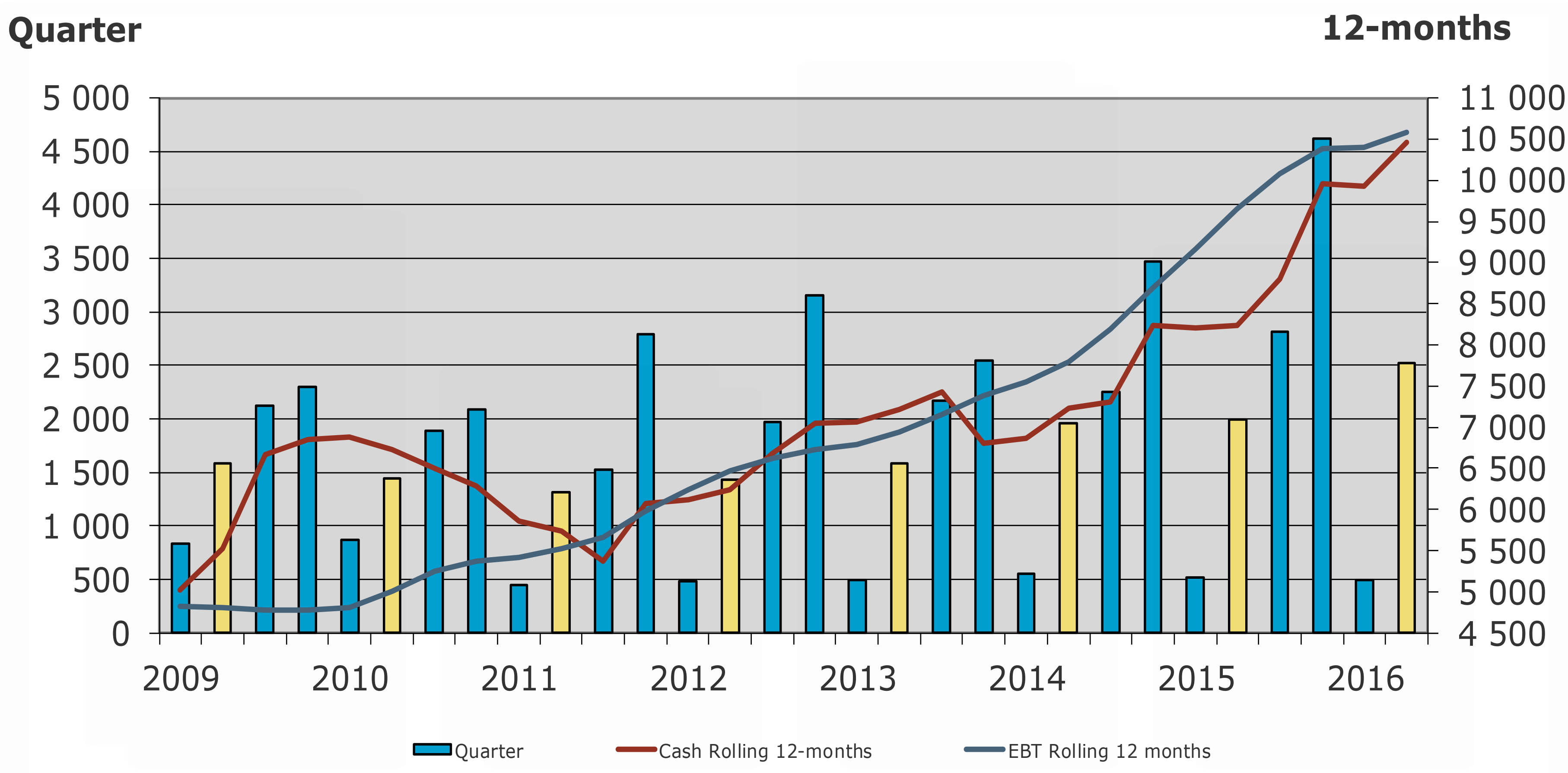
MSEK	**2015 Apr-Jun**	**Organic**	**Currency**	**Acq/Div**	**2016 Apr-Jun**
		4%	-3%	4%	5%
Sales	17,082	650	-431	593	17,894
EBIT	2,742	195	-81	54	2,910
%	16.1%	29.9%	18.8%	9.1%	16.3%

Dilution / Accretion	0.5%	-0.1%	-0.2%

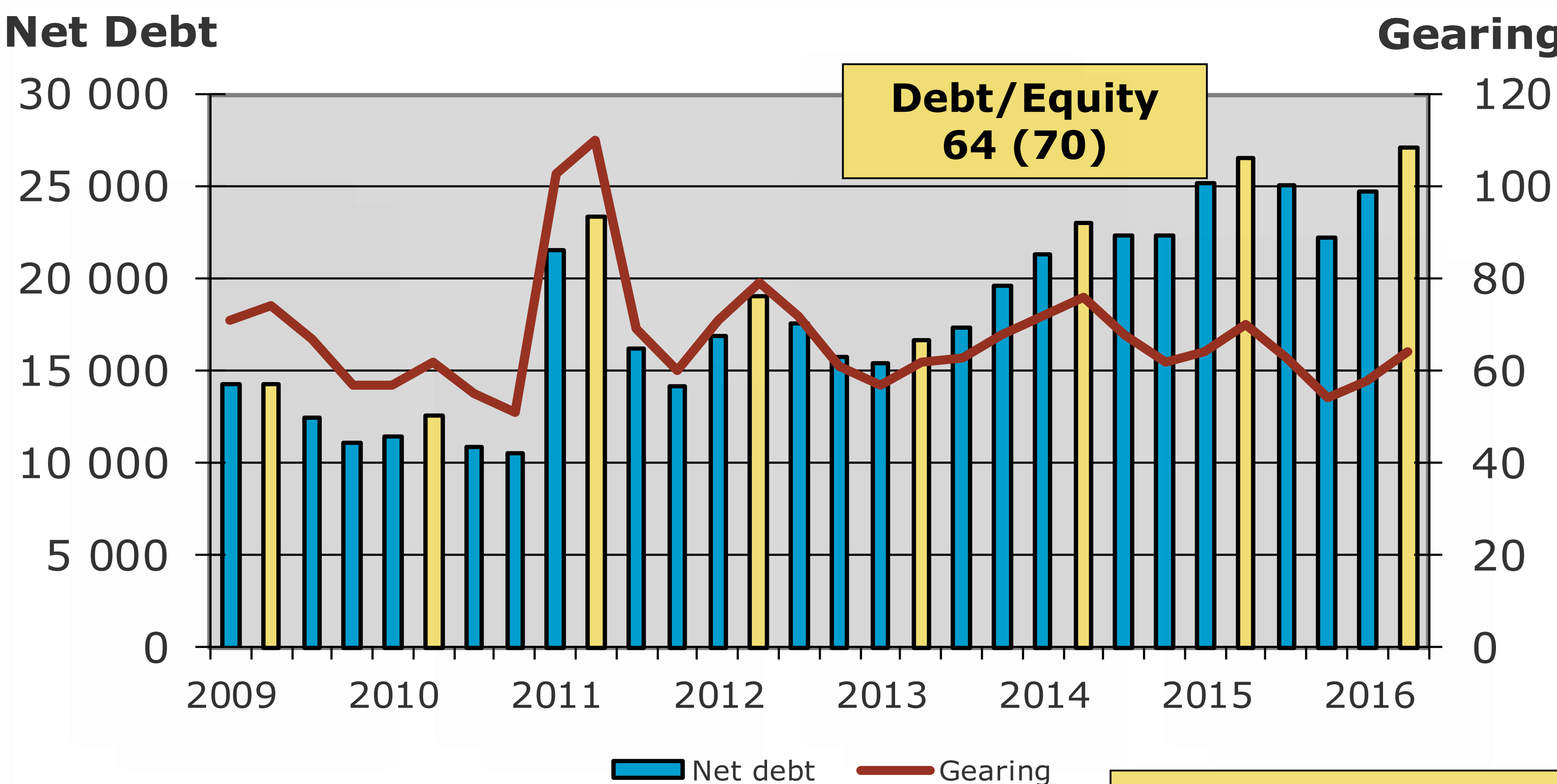
P&L Components as % of sales Jan – Jun 2016

	2015 YTD	2016 YTD excl acquisitions	2016 YTD
Direct material	36.3%	35.6%	35.3%
Conversion costs	24.8%	24.9%	25.3%
Gross Margin	38.9%	39.5%	39.4%
S, G & A	23.2%	23.5%	23.7%
EBIT	15.7%	16.0%	15.7%

Operating cash flow, MSEK



Gearing % and net debt, MSEK

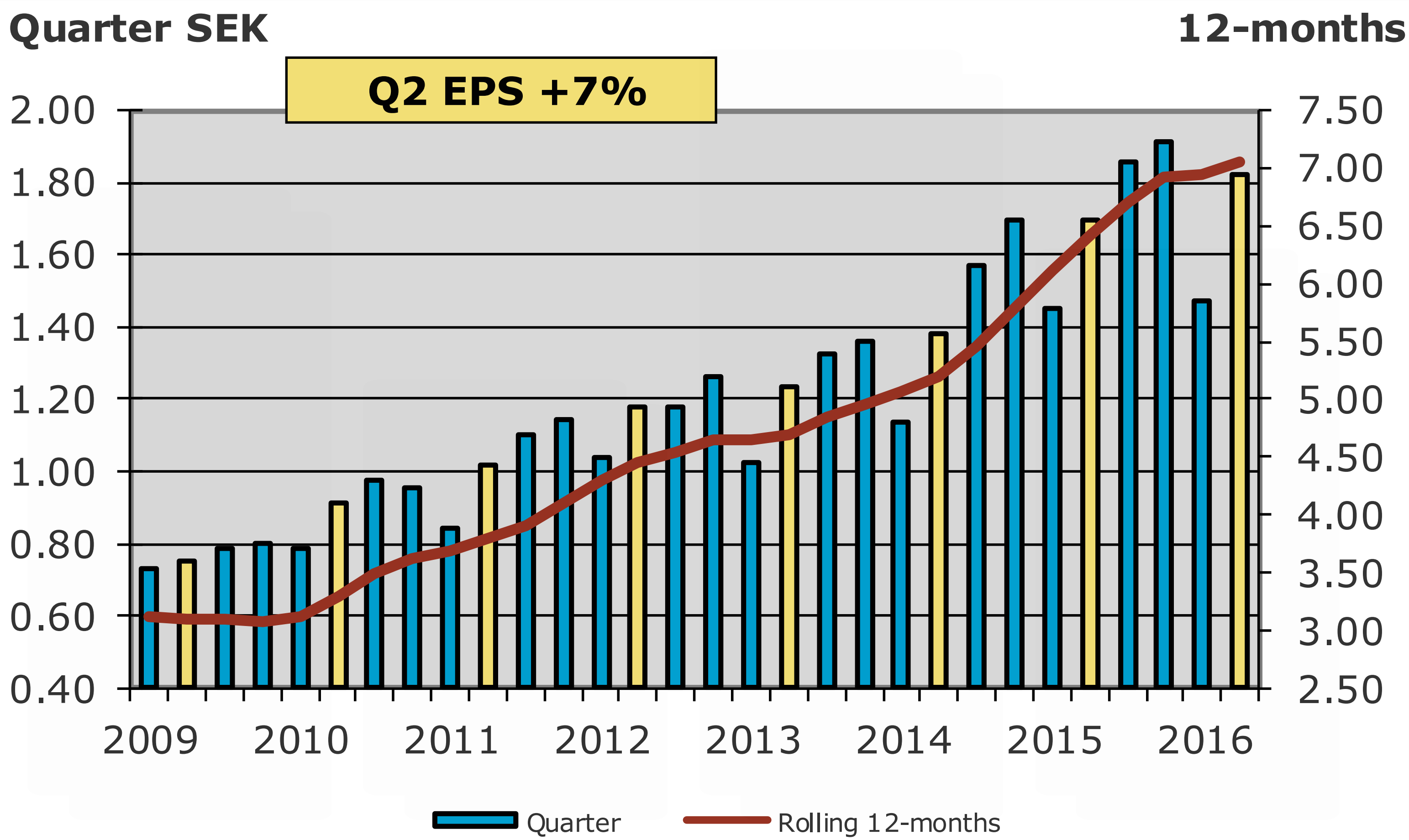


Debt/Equity
64 (70)

Net debt/EBITDA
2.1 (2.3)

*) 2009-2011 Not restated for changed pension accounting principles.

Earnings per share, SEK



Restated for Stock split 3:1 2015.

Conclusions Q2 2016

- Good growth by 5% with 4% organic and 4% acquired
- Strong growth in mature markets
- Chosen by Forbes as 100 most innovative company
- Good EBIT development +6%
- Strong cash flow +27%

Q&A

ASSA ABLOY