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

Q4 Report 2016

Johan Molin
President and CEO

Financial highlights Q4 2016

- **Solid underlying development in the fourth quarter**
  - Good growth in Entrance systems and EMEA
  - Growth in Americas and Global Tech
  - Negative growth in APAC, mainly due to China

- **Sales SEK 19,484 M 6%**

  1% organic, 3% acquired, -1% divested, 3% currency

- **EBIT SEK 2,913 M *) -4%**

  Including China write-down of -300 MSEK (excl. EBIT +6%)

  Currency effect 148 MSEK

- **EPS SEK 1.88 *) -2%**

  Underlying tax rate 26%

*) Excluding restructuring items of SEK 1,597 M pre-tax.

Financial highlights 2016

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

- **Sales SEK 71,293 M 5%**

  2% organic, 4% acquired, -1% divested, 0% currency

- **EBIT SEK 11,254 M*) 2%**

  Including China write-down of -300 MSEK (excl. EBIT +4%)

  Currency effect -12 MSEK

- **EPS SEK 7.09*) 2%**

  Underlying tax rate 26%

*) Excluding restructuring items of SEK 1,597 M pre-tax.

Market highlights

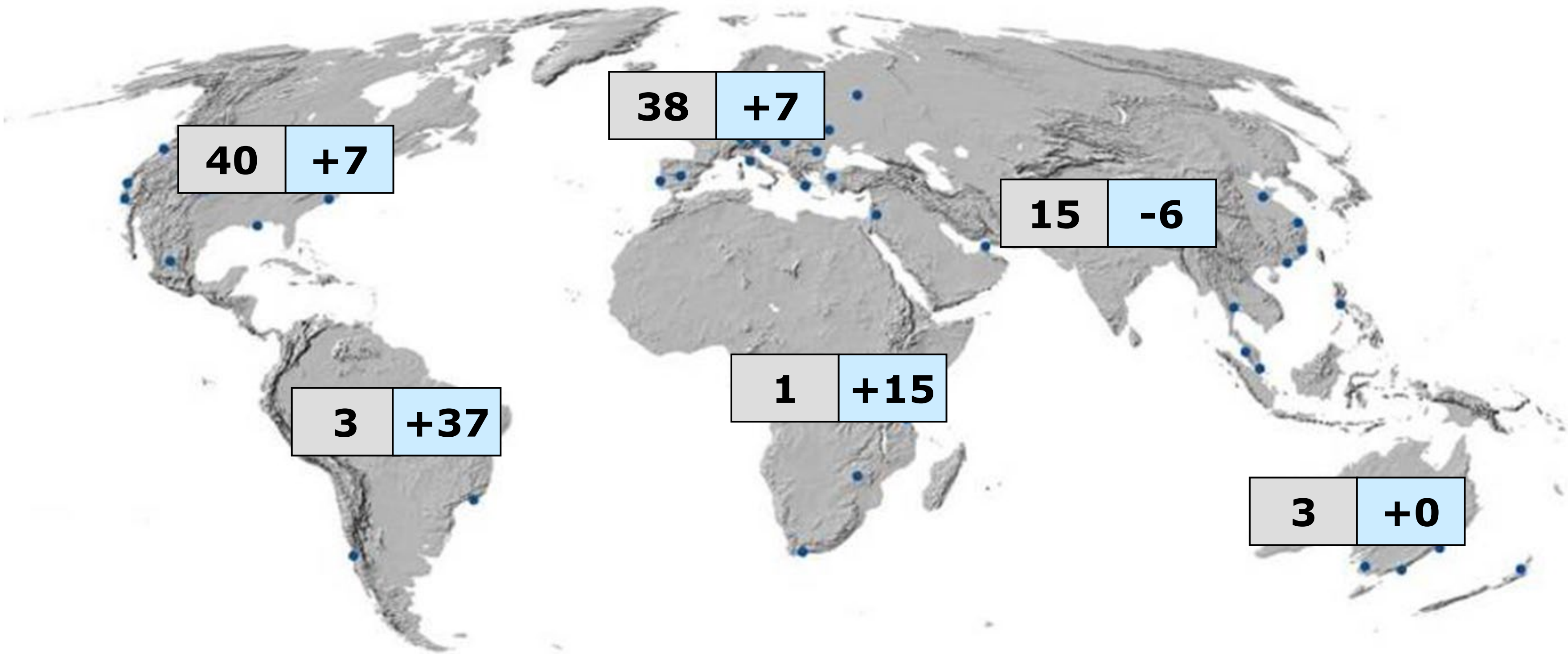
- **Strong digital products growth in Europe**
  - All categories in strong growth
  - Innovation pipeline bodes well for future growth

- **System integrators adopting Seos virtual keys**
  - Good level of on-boarding activities
  - Honeywell's Vector application enables occupant controls

- **Strong growth of service and maintenance**
  - Over 1 million contracts in ESD
  - Service products and e-maintenance,
  - Conversion kits for all main brands

Group sales in local currencies Jan-Dec 2016

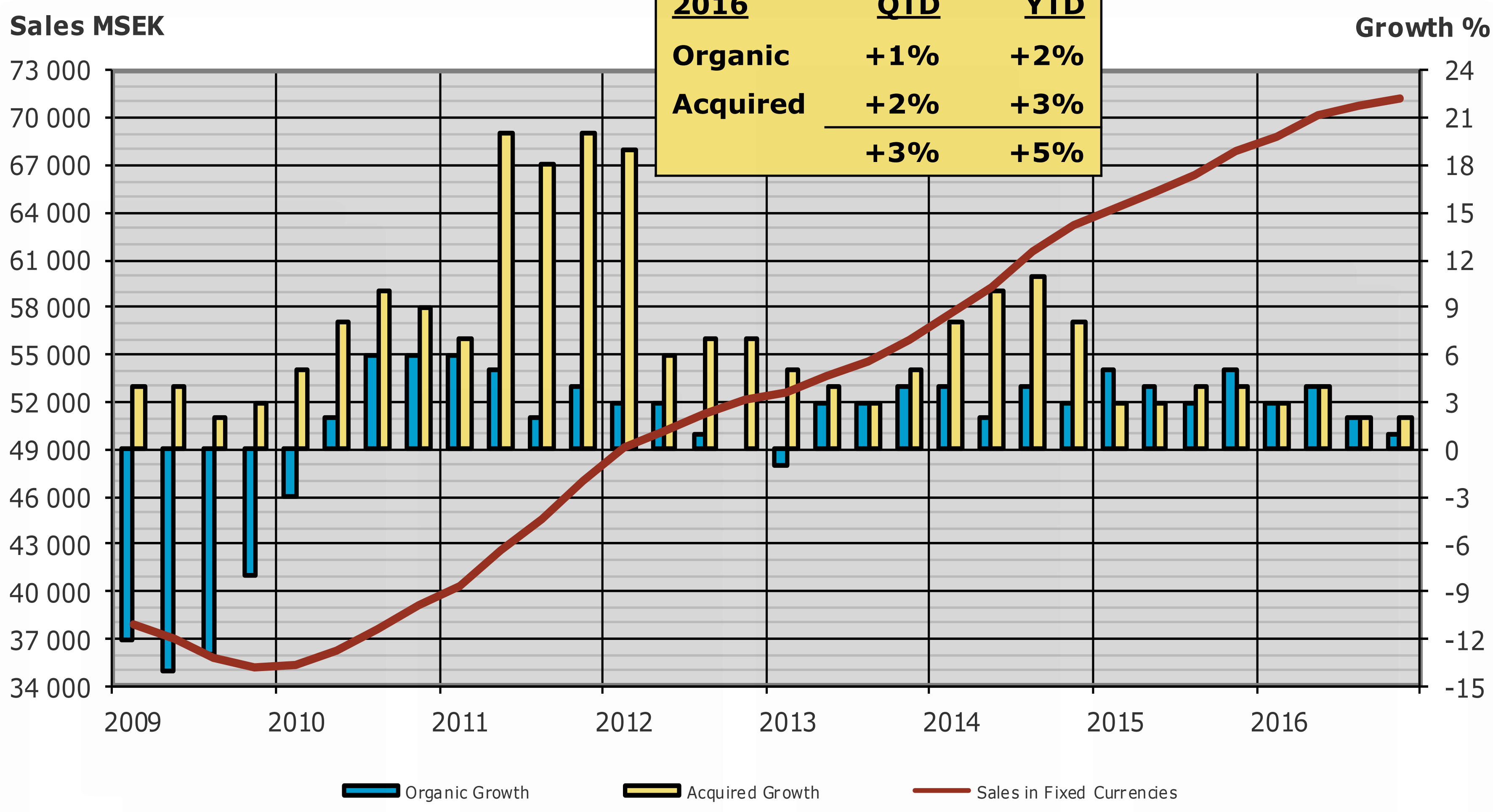
Emerging markets 24% (26) of sales



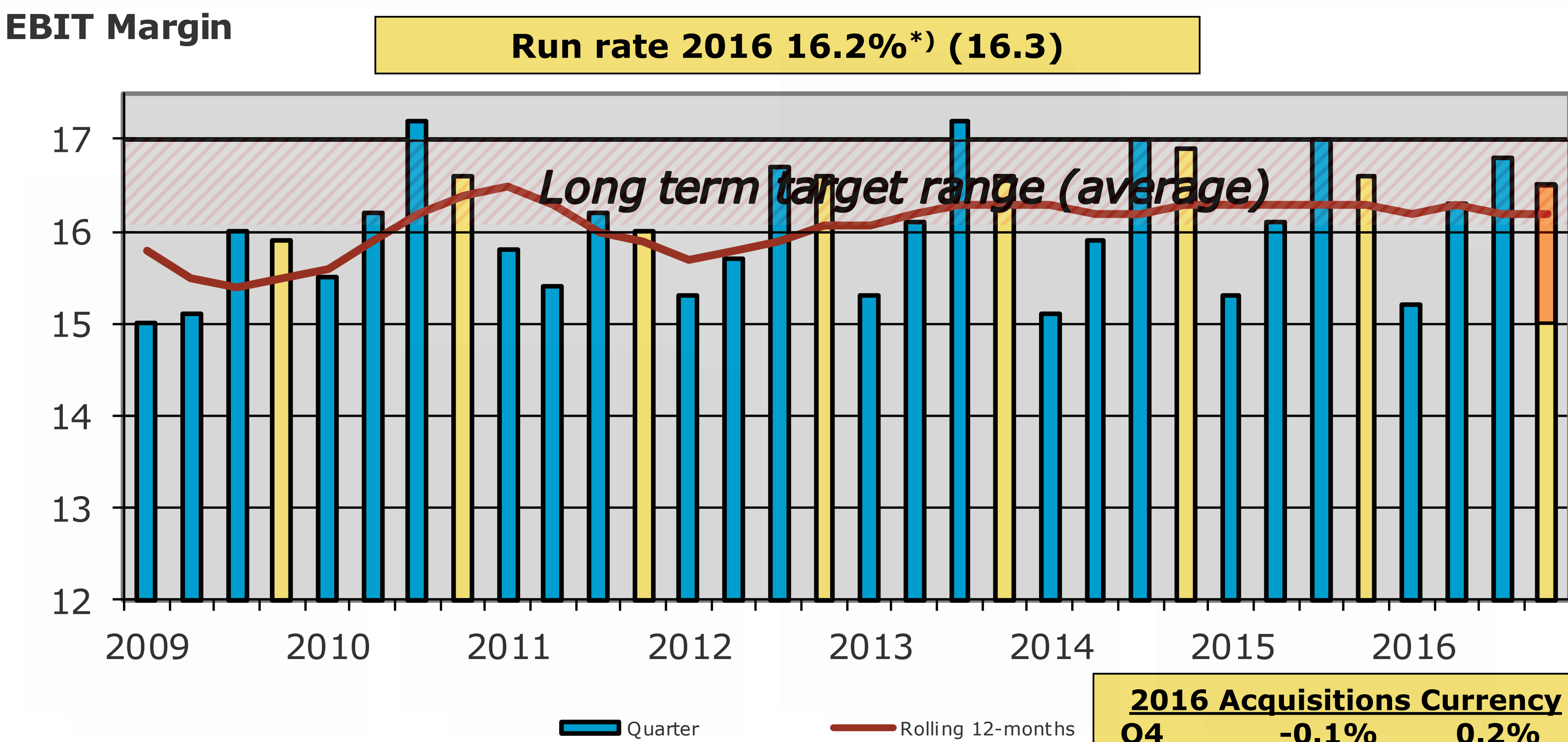
Share of Group sales 2016 YTD, %
Year-to-date vs previous year, %

Sales growth, currency adjusted

2016	QTD	YTD
Organic	+1%	+2%
Acquired	+2%	+3%
	+3%	+5%



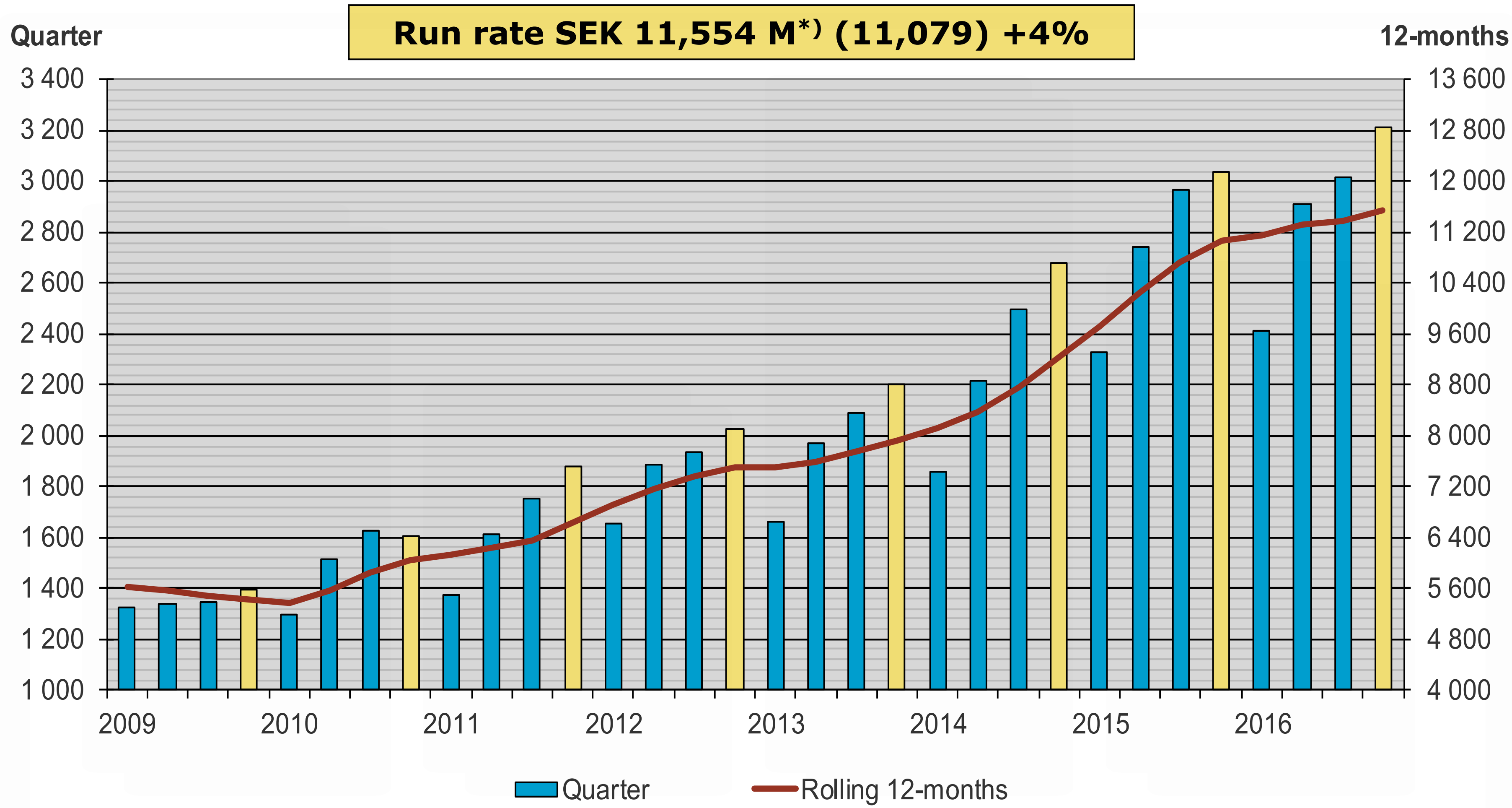
Operating margin, %



2016	Acquisitions	Currency
Q4	-0.1%	0.2%
YTD	-0.2%	0.0%

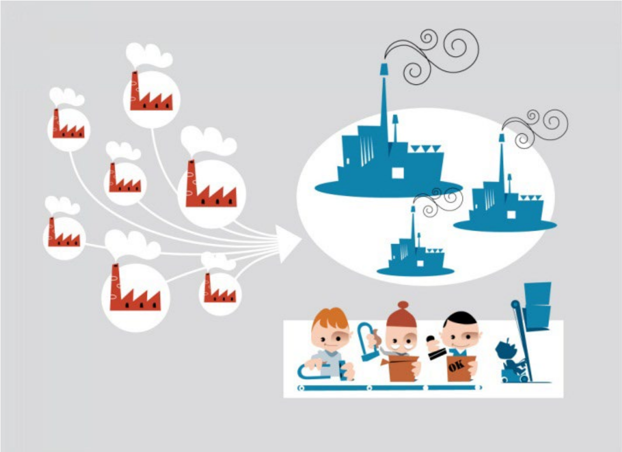
*) Excluding China write down SEK 300 M and restructuring items of SEK 1,597 M in Q4 and full year 2016.

Operating income (EBIT), SEK M



*) Excluding China write down SEK 300 M and restructuring items of SEK 1,597 M in Q4 and full year 2016.

Manufacturing footprint

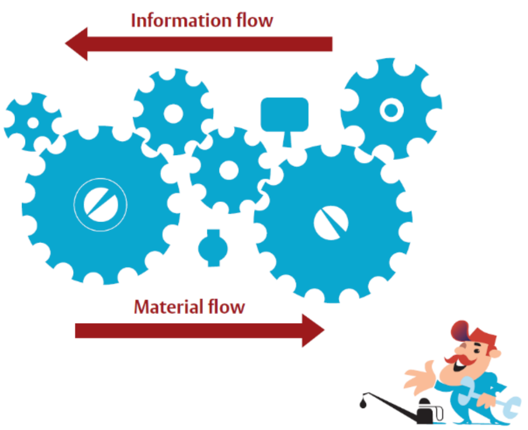


- **New program launched in Q4**
  - Closure of 10 factories and 40 offices
  - Personnel reduction 2,538 FTE
  - Restructuring cost SEK 1,597 M
  - Annual savings of approx. SEK 700 M by 2019

- **Manufacturing footprint programs 2006-2013**
  - 76 factories closed to date, 2 to go
  - 104 factories converted to assembly, 11 to go

→ SEK 1,572 M provisions remains for all programs

Margin highlights Q4 2016



- **EBIT margin 16.5% (16.6)**
  - excluding China write-down

- + Price increase 1%, volume flat 0%

Margin development

+ Good leverage except APAC

+ Currency 0.2%

- Acquisitions -0.1%

Acquisitions

- Fully active pipeline
- 13 acquisitions in 2016 + 2 in 2017
- Acquired annualized sales SEK 2,700 M
- Added sales 4%
- Divestment of Car Locks SEK 570 M

LOB

Southeastern Dock & Door

CS

TROJAN

Lighthouse GARAGE DOORS

demoteller

bluvision

NASSAU

MAUER® LOCKING SYSTEMS

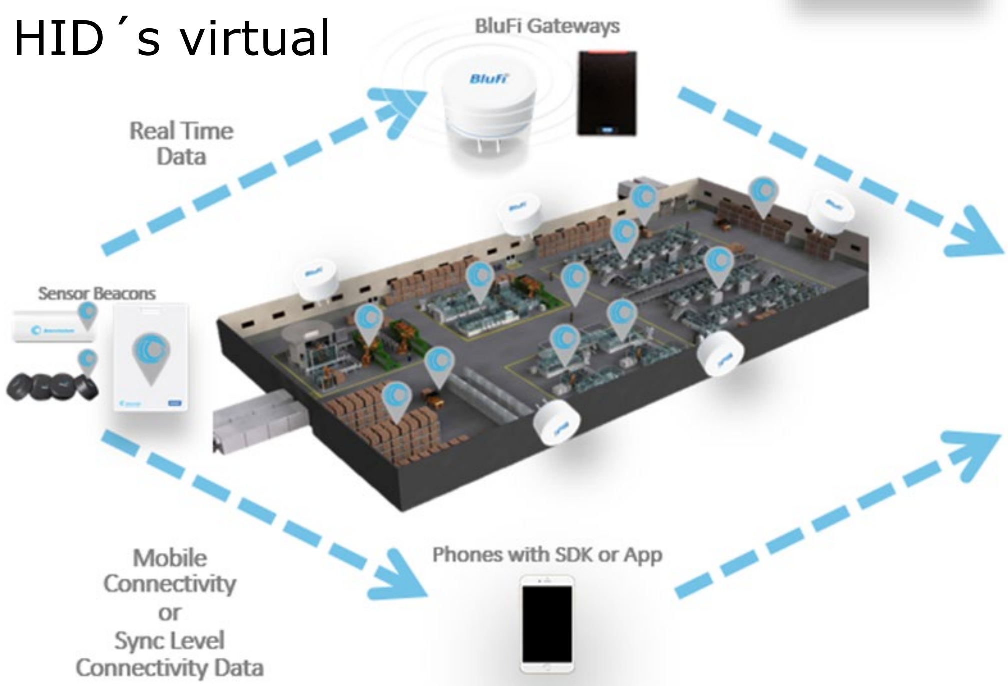
ada ez® WIRE FREE DOOR OPENER

Construction Specialties, Mexico

- Turnover of SEK 300 M with 140 employees
- Leading distributor with sales and service of sectional doors and docking products
- Strategic move into the direct sales channel in Mexico
- Accretive to EPS

Bluvision, USA

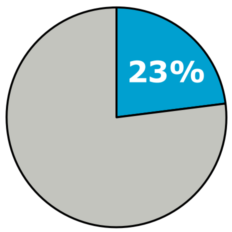
- Turnover of SEK 160 M with 21 employees
- A leading Bluetooth provider in the enterprise Internet of Things (IoT) market
- Strongly complementary to HID´s virtual offering
- People flow enabler
- Neutral to EPS



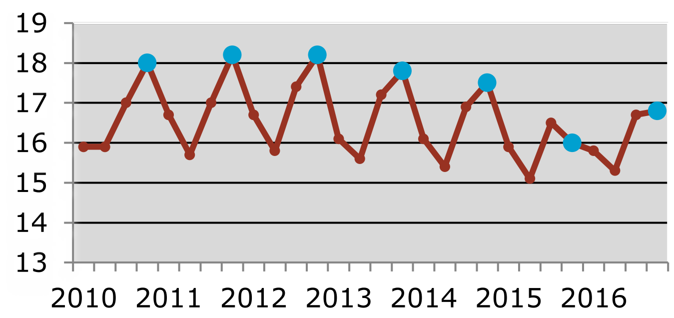
LOB, Poland

- Turnover of SEK 210 M with 440 employees
- Market leader for mechanical locks in Poland
- Highly complementary to ASSA ABLOY’s electromechanical solutions
- Accretive to EPS

Division – EMEA



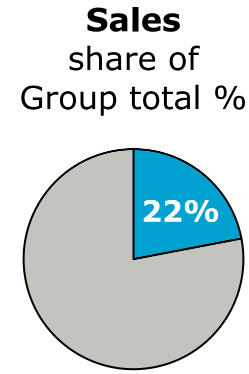
- Good demand situation across Europe driven by electromechanical products
- Strong growth in Scandinavia, UK, Benelux, Iberia and Eastern Europe
- Good growth in Germany and growth in Finland and Israel
- Flat in Italy and negative in France and the Middle East



- Operating margin (EBIT)
  - + Organic 3%
  - = Material cost
  - + Footprint savings
  - + Acquisitions +0.5%

Division - Americas

- Strong growth in Mexico
- Good growth in Doors, Perimeter protection and South America (ex Brazil)
- Growth in High security, Residential and Canada
- Negative in Architectural Hardware and Brazil



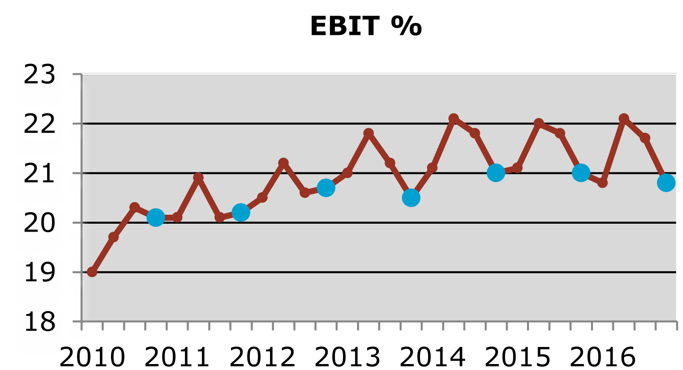
- Operating margin (EBIT)

  + Organic 1%

  + Good leverage

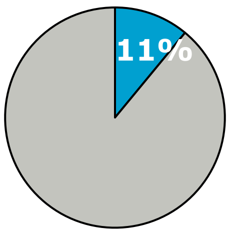
  = Material cost

  - Acquisitions -0.6%



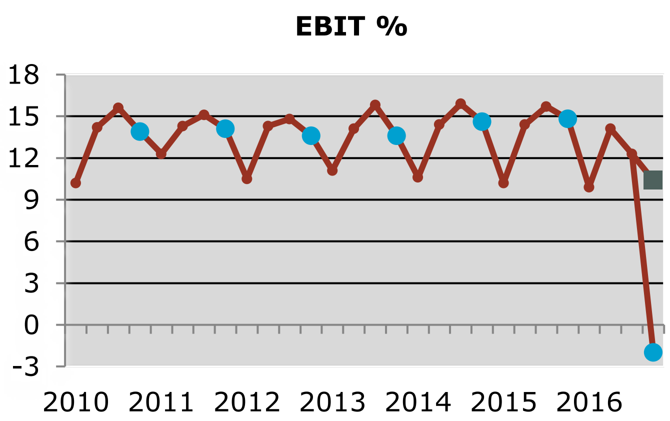
Division - Asia Pacific

Sales share of Group total %



- Strong growth in Korea and Japan
- Flat in Pacific
- Negative in China and South Asia
- Underlying EBIT 10.4%
  – Personnel adjustment in China 2016, -12%

- Operating margin (EBIT)
  - Organic -4%*)
  + Savings and personnel reduction
  - Material cost
  - Redundancy cost



*) Comparable period restated due to adjusted China reporting

Division - Global Technologies

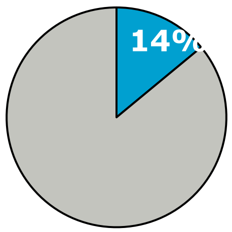
- HID
  - Strong growth in PACS, IAM and IDT (inlays)
  - Good growth in Secure issuance
  - Negative in Gov-ID and project sales
- Hospitality
  - Strong sales
  - Good adoption of mobile keys
- Operating margin (EBIT)

  \+ Organic 1%

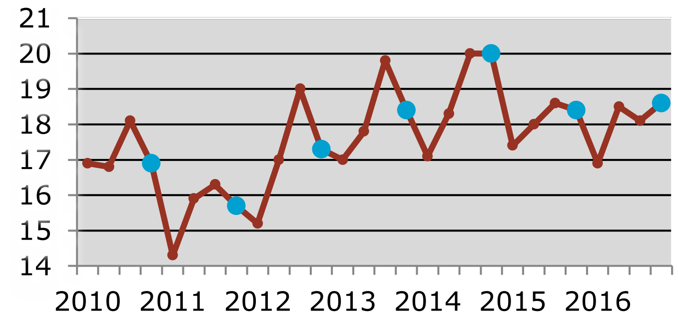
  \- Investments in R&D

  \- Acquisitions and currency -0.3%

Sales share of Group total %

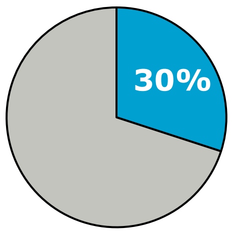


EBIT %



Division - Entrance Systems

Sales
share of
Group total %



- Strong growth in Door automatics, US Industrial and US Residential doors
- Good growth in EU Industrial
- Slightly negative in High performance doors and door components
- Good leverage from consolidation

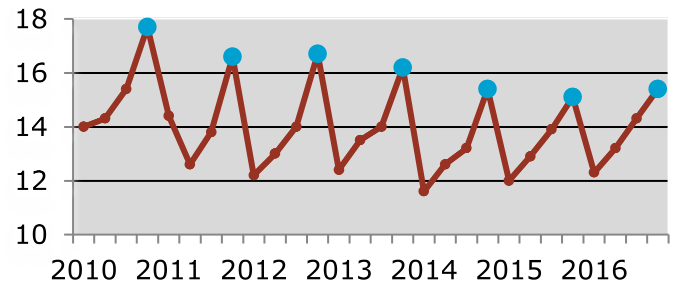
- Operating margin (EBIT)

  + Organic 4%

  = Direct material

  - Acquisitions -0.3%

EBIT %



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Q4 Report 2016

Carolina Dybeck Happe
CFO

Financial highlights Q4 2016

SEK M	4th Quarter 2015	4th Quarter 2016	Change	Twelve months 2015	Twelve months 2016	Change
Sales	**18,301**	**19,484**	**6%**	**68,099**	**71,293**	**5%**
Whereof						
organic growth	827	120	1%	2,634	1,428	2%
acquired growth	643	455	2%	2,078	1,967	3%
FX-differences	983	609	3%	6,544	-201	0%
Operating income (EBIT)*	**3,038**	**2,913**	**-4%**	**11,079**	**11,254**	**2%**
EBIT-margin (%) *	16.6	15.0		16.3	15.8	
Operating cash flow	**4,625**	**4,620**	**0%**	**9,952**	**10,467**	**5%**
EPS (SEK) *	**1.91**	**1.88**	**-2%**	**6.93**	**7.09**	**2%**

*) Excluding restructuring items of SEK 1,597 M for the fourth quarter and the full year of 2016.

Bridge Analysis – Oct-Dec 2016

SEK M	2015 Oct-Dec	Organic	APAC Write down	Currency	Acq/Div	2016 Oct-Dec
		1%		3%	2%	6%
Sales	18,301	120		609	455	19,484
EBIT	3,038	-17	-300	148	44	2,913
%	16.6%	-13.9%		24.3%	9.7%	15.0%

Dilution / Accretion	-0.2%	-1.5%	0.2%	-0.1%

Asia Pacific and China comment

- Overstated sales in 2015 – Organic growth effect
  - Q4 / 2016 reported -8%, underlying -4% (SEK 100 M)
  - FY / 2016 reported -9%, underlying -5% (SEK 380 M)

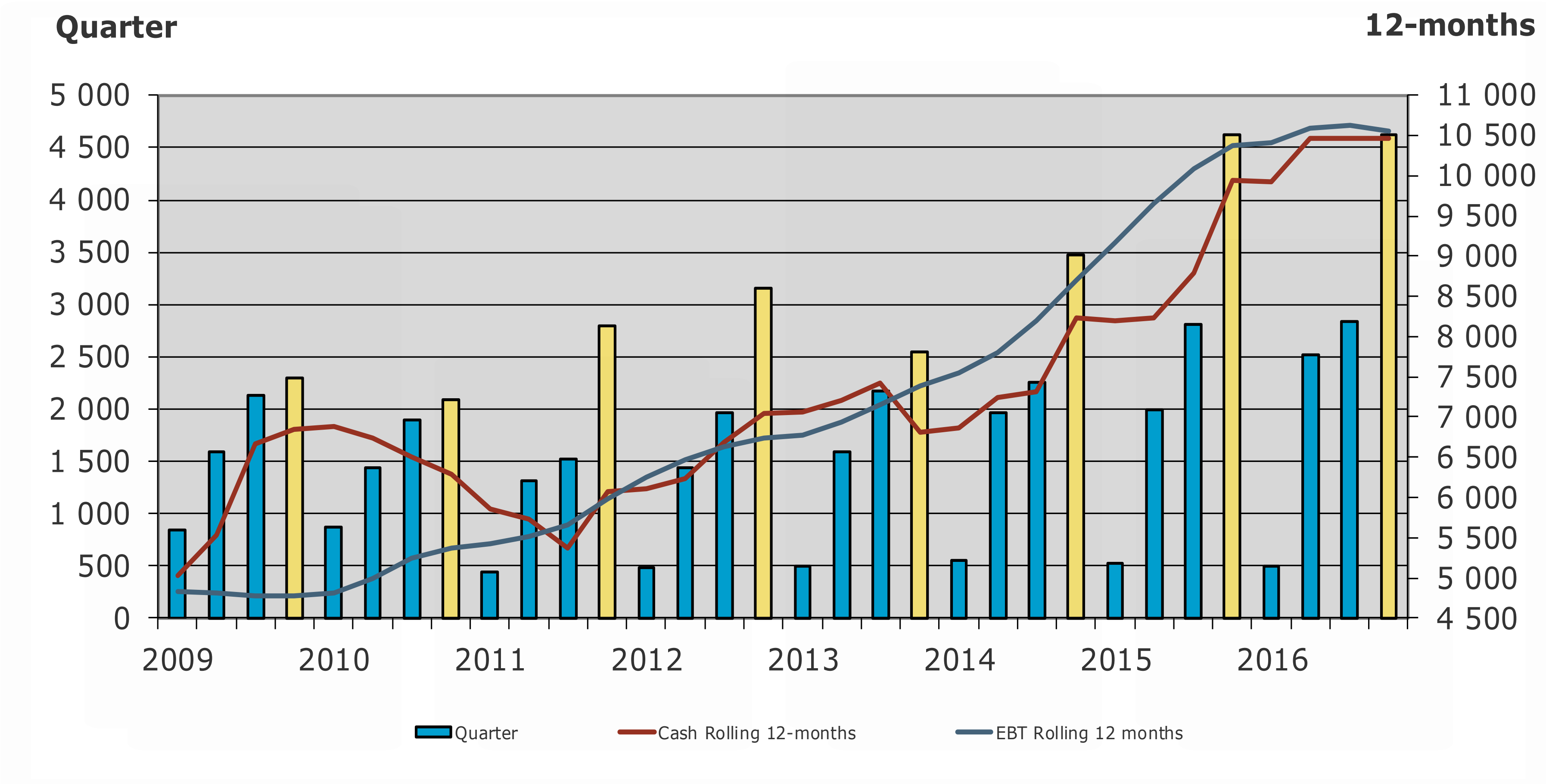
- China
  - Write-down of working capital SEK 300 M in Q4, mainly inventory

P&L components as % of sales
Jan – Dec 2016

	2015 YTD	2016 YTD excl acquisitions	2016 YTD
Direct material	36.9%	36.2%	35.9%
Conversion costs	24.3%	24.4%	24.6%
Gross Margin	38.8%	39.4%	39.5%
S, G & A	22.5%	23.0%	23.3%
EBIT*	16.3%	16.4%	16.2%

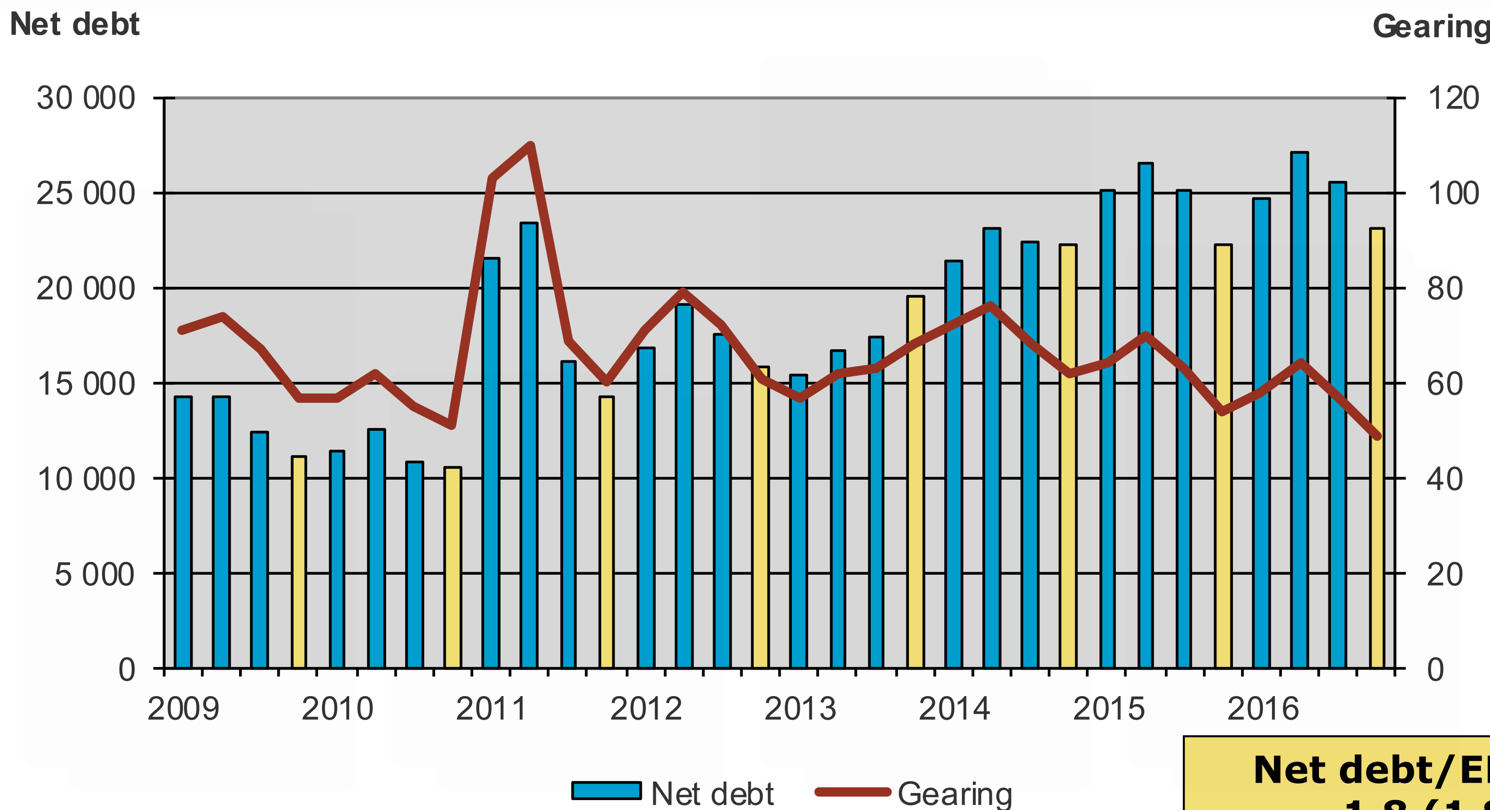
*) Excluding China write down SEK 300 M and restructuring items of SEK 1,597 M in Q4 and full year 2016.

Operating cash flow, SEK M



Gearing % and net debt, SEK M

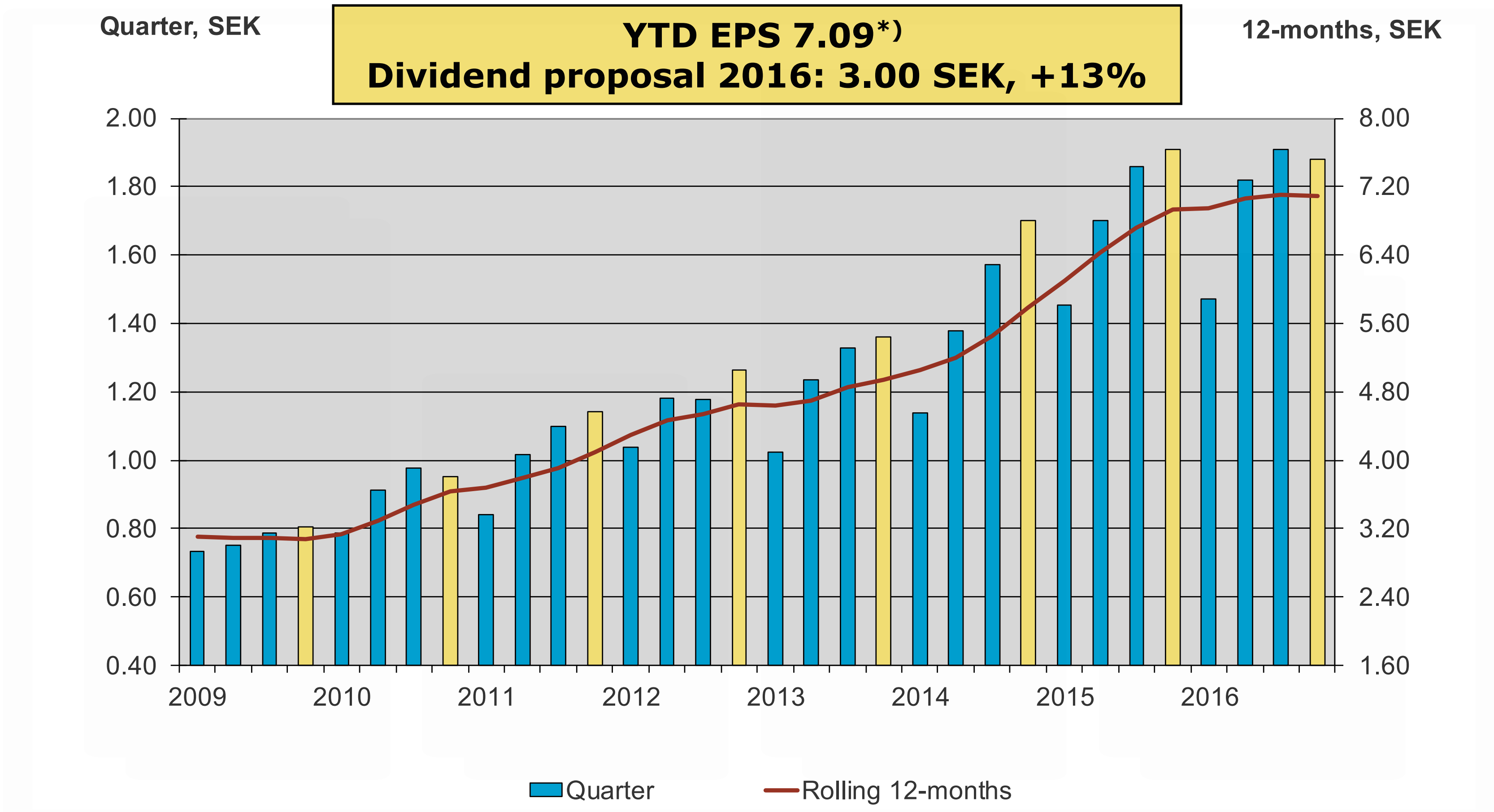
Debt/Equity 49% (54)



Net debt/EBITDA 1.8 (1.8)

2009-2011 – not restated for changed pension accounting principles

Earnings per share, SEK



*) Excluding restructuring items of SEK 1,597 M for Q4 and full year 2016.
Chart is restated for Stock split 3:1 2015 and excludes cost for restructuring programs in 2009, 2011, 2013 and 2016.

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Q4 Report 2016

Johan Molin
President and CEO

Conclusions Q4 2016

- 6% growth whereof 3% nominal growth
- Good growth in Entrance Systems and EMEA
- Decline in China continued
- Stable underlying EBIT development
- Strong cash flow
- Increased dividend by 13%

Q&A

ASSA ABLOY