

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

Q1 Report 2017

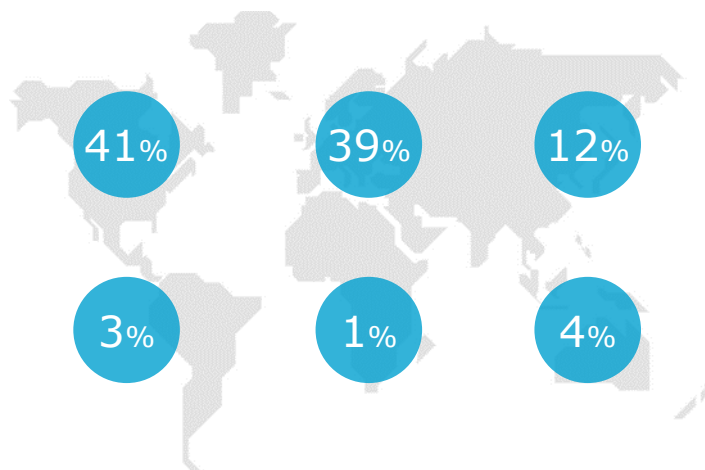
ASSA ABLOY overview Jan-Mar 2017

Financials (SEK bn)

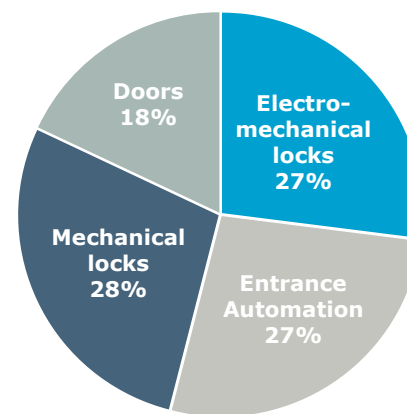
Net sales	18.1
EBIT	2.8
Op cash flow	0.8
Net debt	23.3
Market cap*	216

* April 25, 2017

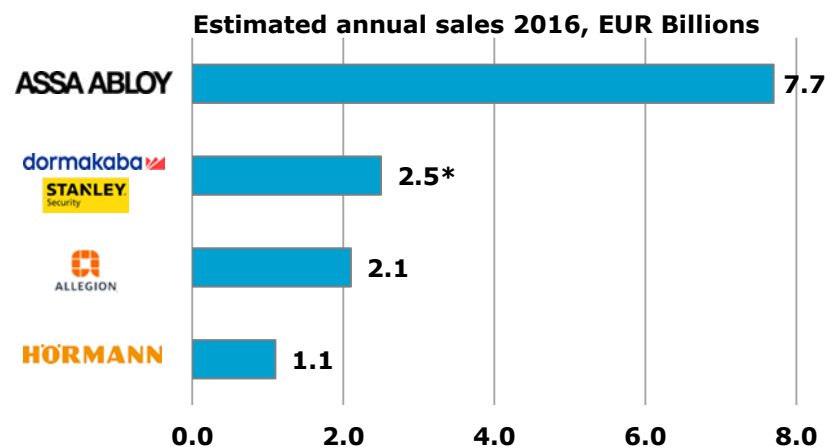
Sales by region Mar 2017



Sales by product group Mar 2017



Leading market position



* Dormakaba, including Stanley Mechanical Security, pro forma

Q1 2017 in brief

■ Strong start of 2017

- Organic growth in all divisions
- Strong growth in electro-mechanical solutions
- Good development in many mature markets, with strong growth in key markets like USA, Scandinavia, UK and Germany
- Stabilization of demand in China
- Positive Easter effect



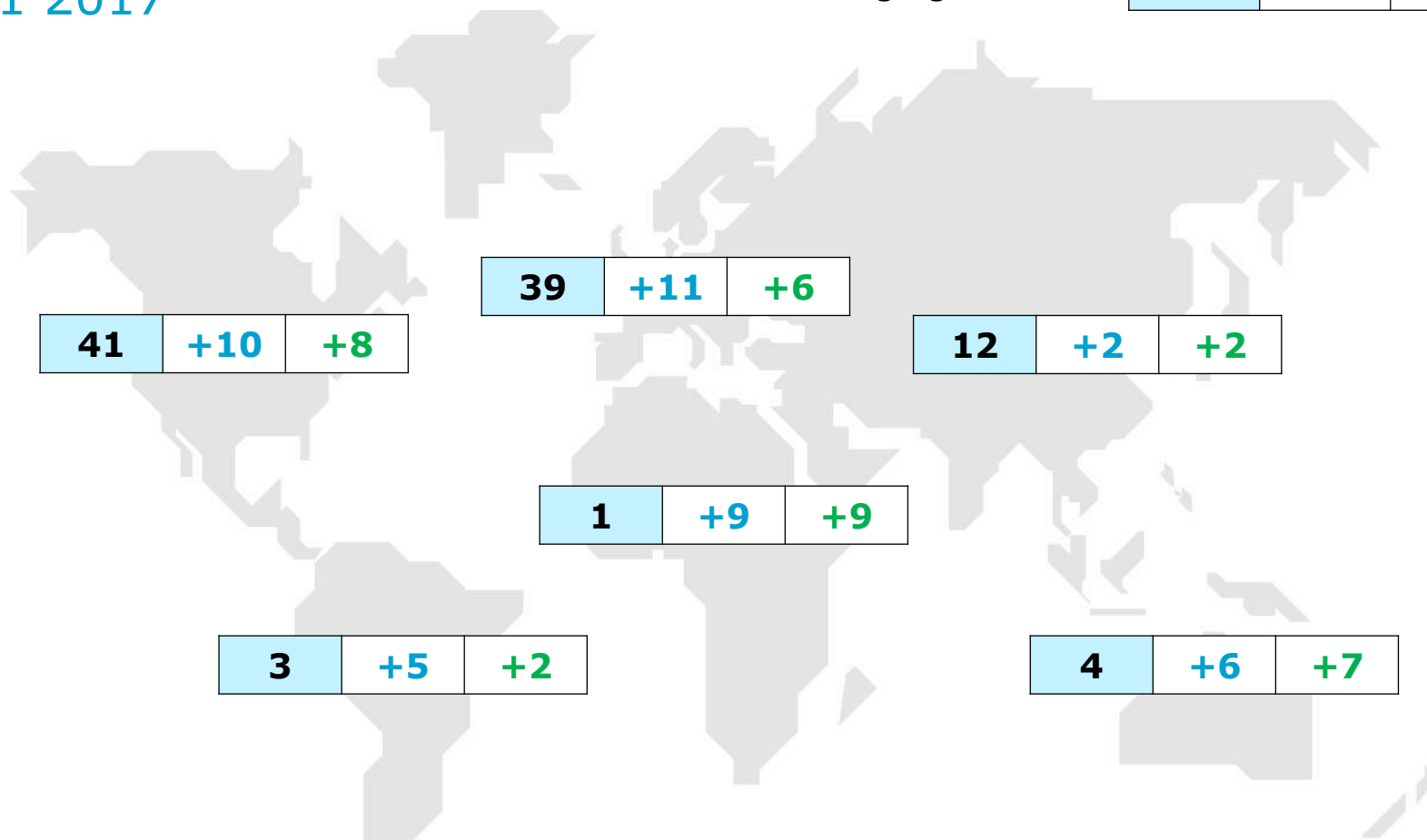
Sales in local currency

Q1 2017

ASSA ABLOY

Emerging markets

100	+9	+6
22	+7	+5



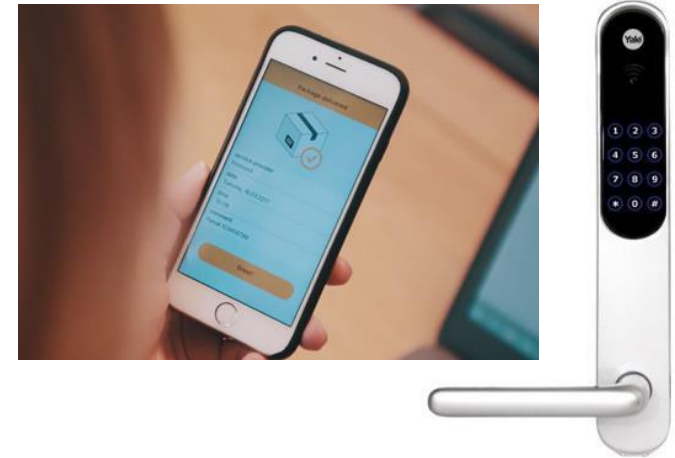
Share of sales, %	Change in local currencies Q1 2017 vs. Q1 2016, %	Organic change Q1 2017 vs. Q1 2016, %
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Emerging markets comprise Africa, Asia (excl. Japan), the Middle East, Latin America and Eastern Europe.

Market highlights

- **Strong growth of digital door locks**

- Several pilot projects for home deliveries
- Locks are a major part of home automation



- **New products and design guideline in Entrance Systems**

- Uniform design drives synergies and unity
- New revolving door range



- **Innovation leadership confirmed, 10 awards at ISC West**

- HID Global, Personal Identity Verification
- HID Location Services



10 ISC West Awards for ASSA ABLOY



Adams Rite 8800 Series Narrow Stile
Rim Exit Device



HID PIV Enterprise
and HID PIV Express



IN220 Power over Ethernet Lock



Medeco XT Dual-Tech Cylinder



HES 1500/1600



HES 1500/1600



IN220 Lock



Medeco XT Slim Line B Key with XT Air App



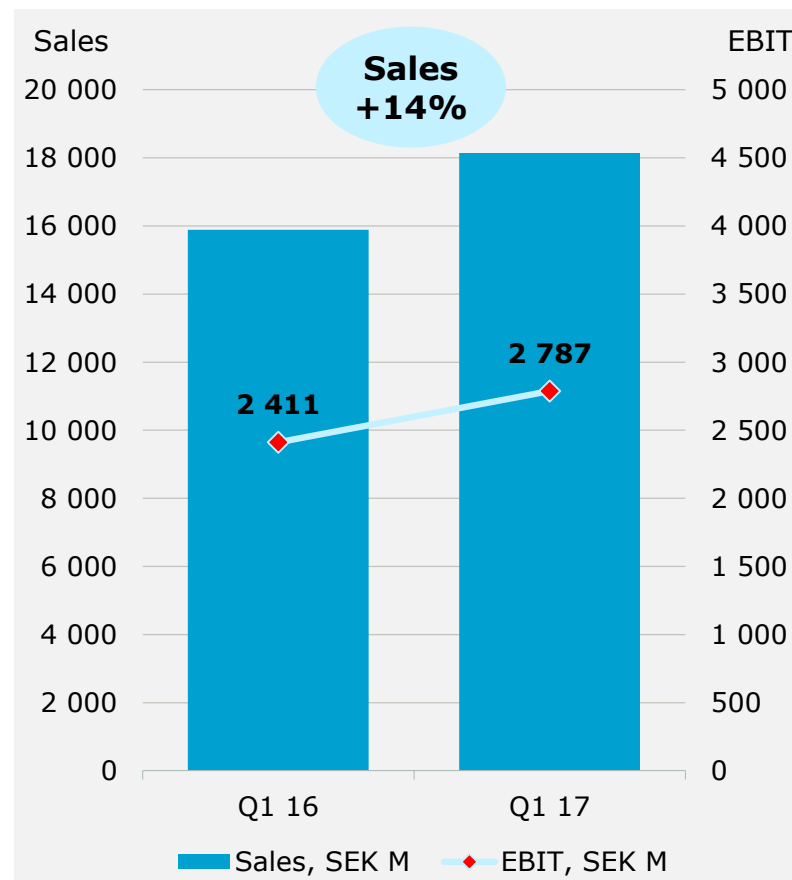
Attack Resistant Door Opening



HID Location
Services

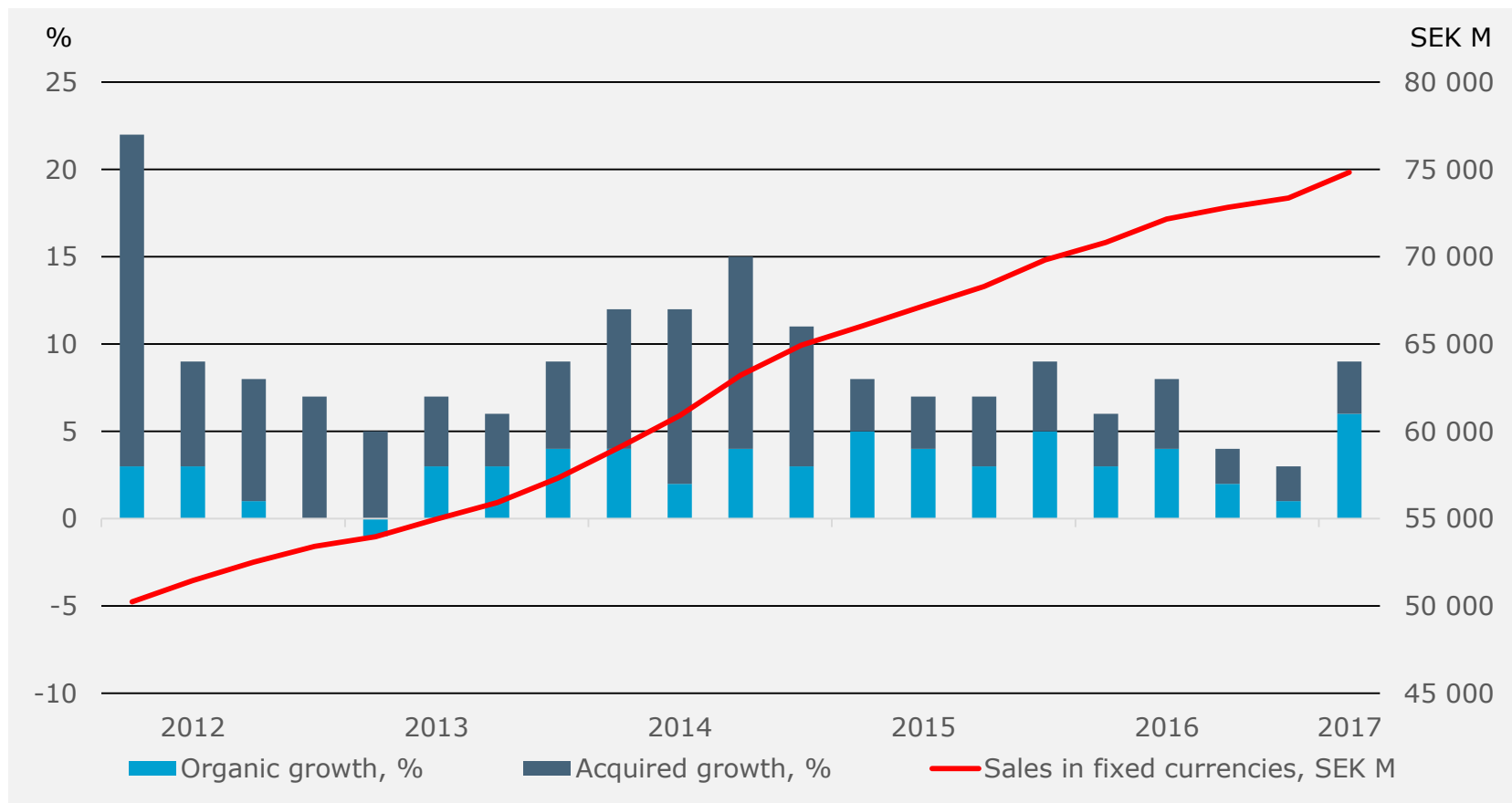
Q1 2017 figures in summary

- **Sales SEK 18,142 M +14%**
 - 6% organic (2% price, 4% volume)
 - 3% acquired, 5% currency
- **EBIT SEK 2,787 M +16%**
 - Currency effect SEK 133 M
- **Margin 15.4% (15.2)**
- **EPS SEK 1.73 +17%**



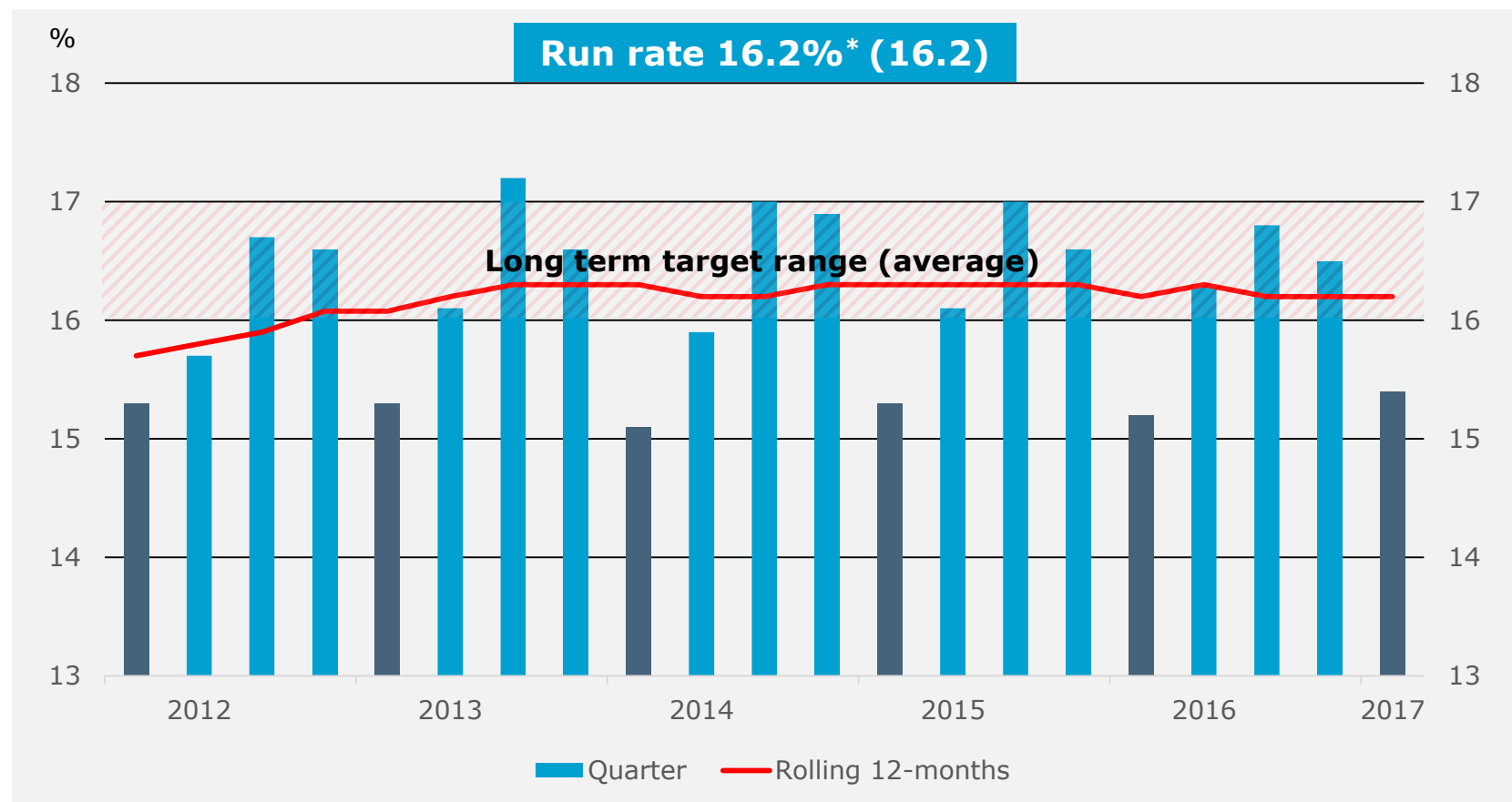
Sales growth, currency adjusted

2017	QTD
Organic	+6%
Acquired	+3%
	+9%



Operating margin, %

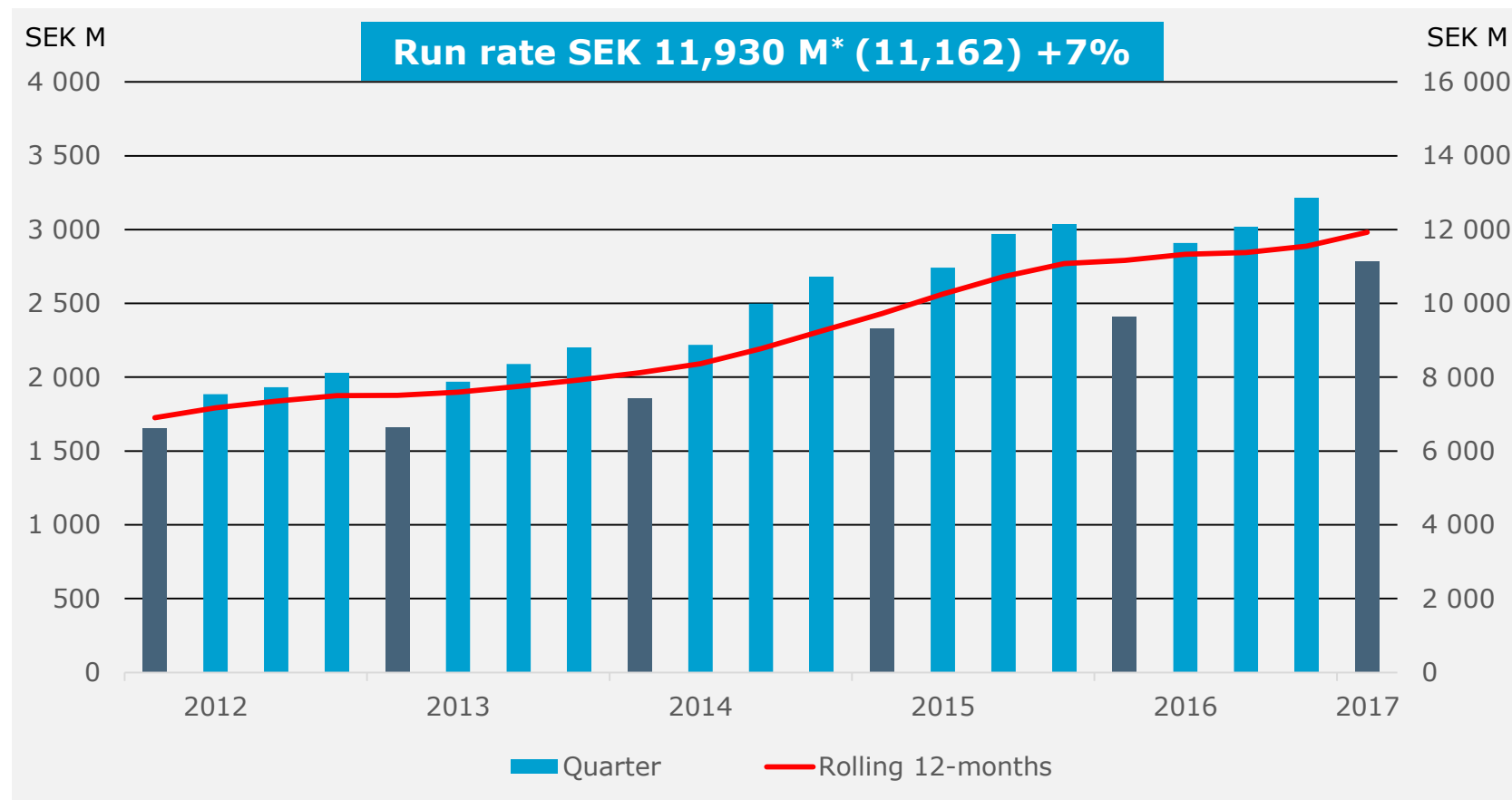
2017 Q1	Dilution from acquisitions	currency
	-0.2%	0.1%



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

Operating profit, SEK M

+73%
in
5 years



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

Manufacturing footprint

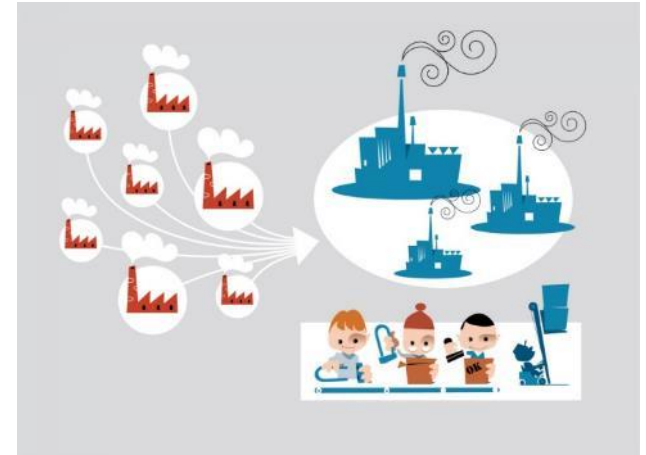
- **Status of programs launched 2006-2016**

- 76 factories closed to date, 12 to go
- 111 factories converted to assembly, 35 to go

- **Total personnel reduction**

- 12,319 FTE in total since 2006
- 157 FTE in recent quarter
- 1,965 FTE to go for all programs

→ SEK 1,484 M provisions remain for all programs



Acquisitions

- Fully active pipeline
- 15 acquisitions consolidated last 12 months
- 7 acquisitions in 2017
- Acquired annualized sales in 2017 SEK 700 M, +1%



Jerithi

 **RECO PORT**

 **SOUTHEASTERN
DOCK & DOOR**

 **DIMENSION
ENGINEERING**

 **LOB**

VC@Japan Produce Hotel Security & Ecology

Jerith, USA

Jerith

- Turnover of SEK 200 M with 75 employees
- Leading supplier of aluminum fencing in the US
- Complementary to the perimeter security business
- Accretive to EPS



Reco Port, Sweden

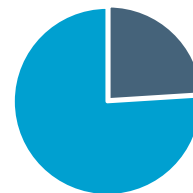


- Turnover of SEK 90 M with 40 employees
- Develops, manufactures and installs folding doors and sectional overhead doors
- Strong position within the folding door segment in Sweden
- Accretive to EPS



Division – EMEA

24%
of Group
sales

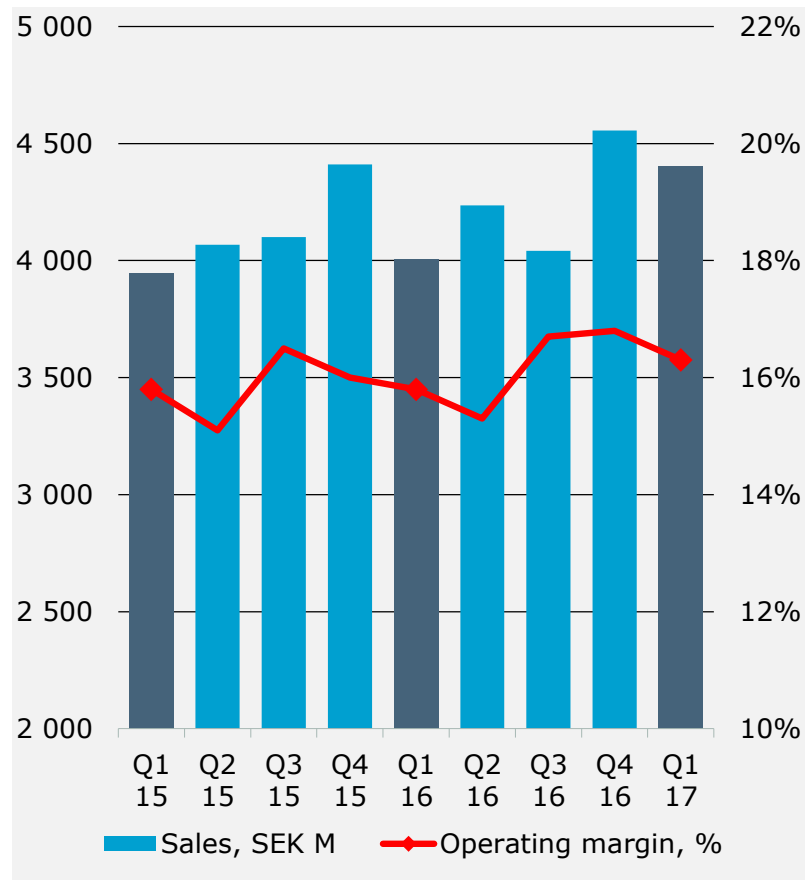


■ Organic growth of 5%

- Strong growth in Scandinavia, Finland, UK, Germany, and Southern Europe
- Good growth in France and Eastern Europe
- Flat in Benelux and negative in the Middle East
- Electromechanical products lead the growth

■ Operating margin 16.3% (15.8)

- Organic growth leverage +0.3%
 - + Leverage
 - Material cost
 - + Footprint savings
- Acquisitions +0.1% and currency +0.1%



Excluding restructuring items.

EMEA Financial Review

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
Growth		5%	2%	3%	10%
Sales	4,004	195	85	120	4,404
Operating income (EBIT)	634	44	18	23	718
Operating margin, %	15.8%	22.4%	21.2%	18.9%	16.3%
Dilution/accretion		0.3%	0.1%	0.1%	

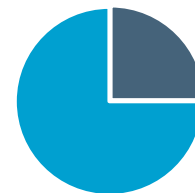
12 months figures*

EBIT	2,628				2,806
Operating cash flow before paid interest	2,593				2,776
Cash flow/EBIT	99%				99%

* Excluding restructuring items.

Americas

25%
of Group
sales

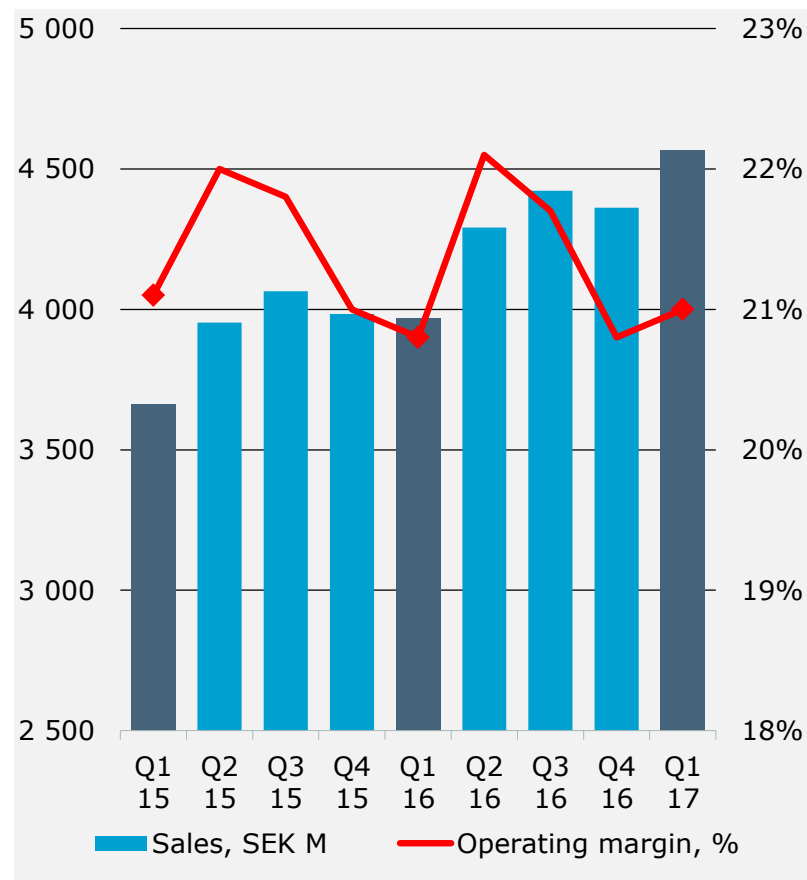


■ Organic growth of 7%

- Strong growth in Electromechanical, Security doors, Perimeter protection, Residential, Mexico and South America (ex Brazil).
- Good growth in Architectural Hardware, High security and Canada
- Negative in Brazil

■ Operating margin 21.0% (20.8)

- Organic growth leverage +0.3%
 - + Good leverage
 - Material cost
 - Brazil
- Currency -0.1%



Excluding restructuring items.

Americas Financial Review

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
Growth		7%	8%	0%	15%
Sales	3,969	282	313	2	4,566
Operating profit	824	74	62	0	961
Operating margin, %	20.8%	26.3%	19.8%	16.0%	21.0%
Dilution/accretion		0.3%	-0.1%	0.0%	

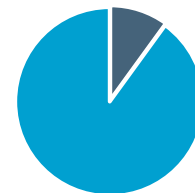
12 months figures*

EBIT	3,415				3,777
Operating cash flow before paid interest	3,332				3,373
Cash flow/EBIT	98%				89%

* Excluding restructuring items.

Asia Pacific

10%
of Group
sales

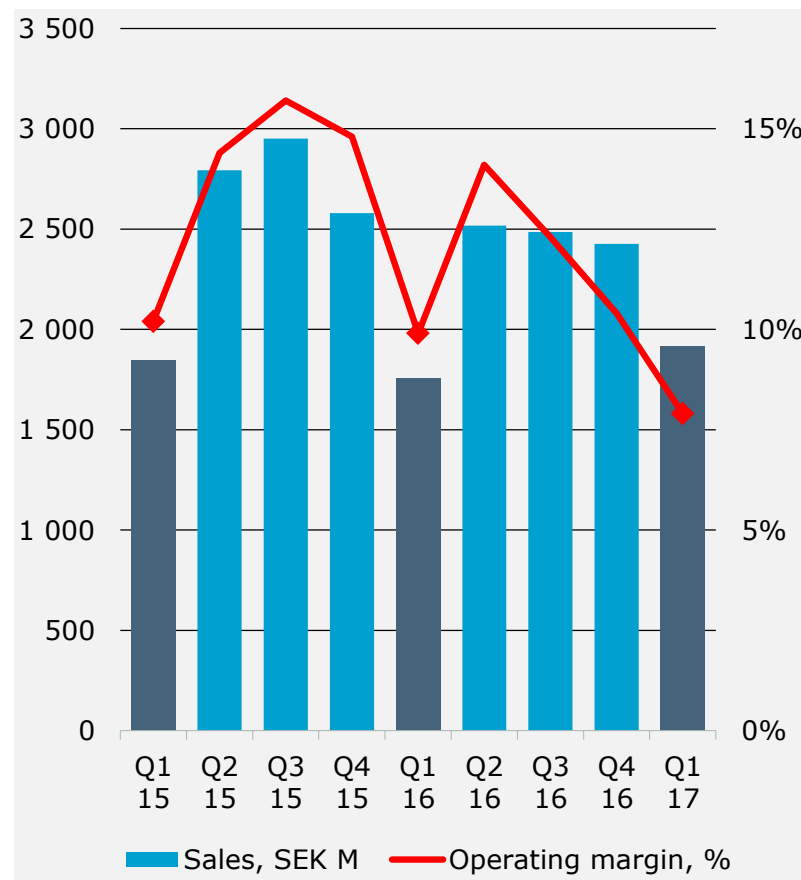


■ Organic growth of 3%

- Strong growth in Pacific, South Korea, South Asia and Japan
- Strong growth in Digital Door Locks
- Flat sales in China
- Personnel adjustment in China YoY -12%

■ Operating margin 7.9% (9.9)

- Organic growth leverage -2.0%
 - Material cost
 - Redundancy cost
 - + Savings
- Currency +/- 0



Excluding write down in China in Q4 2016 and restructuring items.

Asia Pacific Financial Review

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
Growth		3%	6%	0%	9%
Sales	1,758	63	100	-3	1,917
Operating profit	174	-32	10	0	151
Operating margin, %	9.9%	-50.5%	9.6%	14.7%	7.9%
Dilution/accretion		-2.0%	0.0%	0.0%	

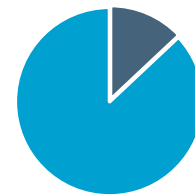
12 months figures*

EBIT	1,421				1,064
Operating cash flow before paid interest	1,226				1,631
Cash flow/EBIT	86%				153%

* Excluding write down in China in Q4 2016 and restructuring items.

Global Technologies

13%
of Group
sales

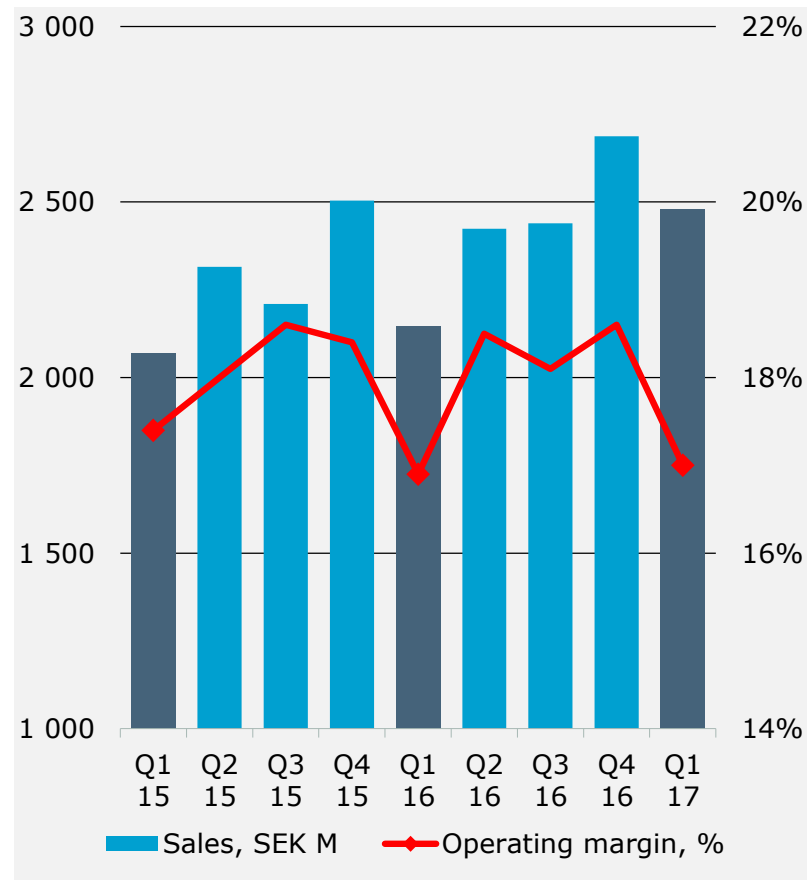


■ Organic growth of 9%

- HID
 - Strong growth in Access Control, Identity and Access Management, Secure Issuance and GovID
 - Growth in Project business
 - Negative in ID Technology
- Hospitality
 - Strong growth
 - Mobile keys increasingly popular

■ Operating margin 17.0% (16.9)

- Organic growth leverage +0.2%
 - Investments in R&D and sales
- Acquisitions -0.5% and currency +0.4%



Excluding restructuring items.

Global Technologies Financial Review

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
Growth		9%	6%	1%	16%
Sales	2,147	213	100	22	2,481
Operating profit	363	41	27	-8	422
Operating margin, %	16.9%	19.2%	27.0%	-39.2%	17.0%
Dilution/accretion		0.2%	0.4%	-0.5%	

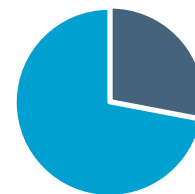
12 months figures*

EBIT	1,650				1,811
Operating cash flow before paid interest	1,537				1,671
Cash flow/EBIT	93%				92%

* Excluding restructuring items.

Entrance Systems

28%
of Group
sales

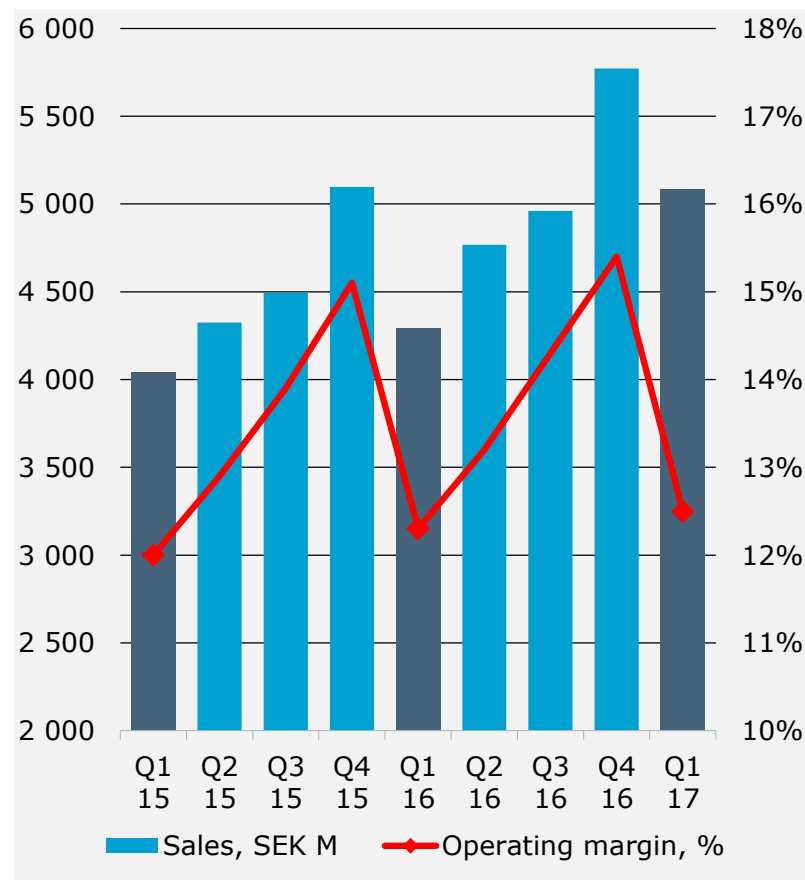


- **Organic growth of 7%**

- Strong growth in Door automatics, High speed doors, Door components, US Industrial and US Residential
- Good growth in EU industrial doors

- **Operating margin 12.5% (12.3)**

- Organic growth leverage +0.8%
 - + Good leverage from growth and consolidation
 - Direct material
- Acquisitions -0.5% and currency -0.1%



Excluding restructuring items.

Entrance Systems Financial Review

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
Growth		7%	5%	7%	19%
Sales	4,291	296	192	308	5,087
Operating profit	529	76	17	17	638
Operating margin, %	12.3%	25.8%	8.7%	5.4%	12.5%
Dilution/accretion		0.8%	-0.1%	-0.5%	

12 months figures*

EBIT	2,479				2,862
Operating cash flow before paid interest	2,578				2,970
Cash flow/EBIT	104%				104%

* Excluding restructuring items.

Financial highlights Q1 2017

SEK M	January - March		Change
	2016	2017	
Sales	15,891	18,142	14%
- Organic growth*	400	1,022	6%
- Acquired growth	490	448	3%
- FX-differences*	-251	780	5%
Operating income (EBIT)	2,411	2,787	16%
EBIT-margin	15.2%	15.4%	
Income before tax	2,209	2,593	17%
Net income	1,638	1,918	17%
EPS, SEK	1.47	1.73	17%
Operating cash flow	498	824	65%

* The sales components Organic growth and FX-differences has been restated for the first quarter 2016. No effect on sales numbers.

Bridge Analysis – Q1 2017

SEK M	Q1 2016	Organic	Currency	Acq/Div	Q1 2017
		6%	5%	3%	14%
Sales	15,891	1,022	780	448	18,142
Operating profit	2,411	213	133	31	2,787
Operating margin, %	15.2%	20.8%	17.1%	6.8%	15.4%
Dilution/accretion		0.3%	0.1%	-0.2%	

- Good leverage, except APAC
- Small positive currency effect
- Dilution from acquisitions in Entrance Systems

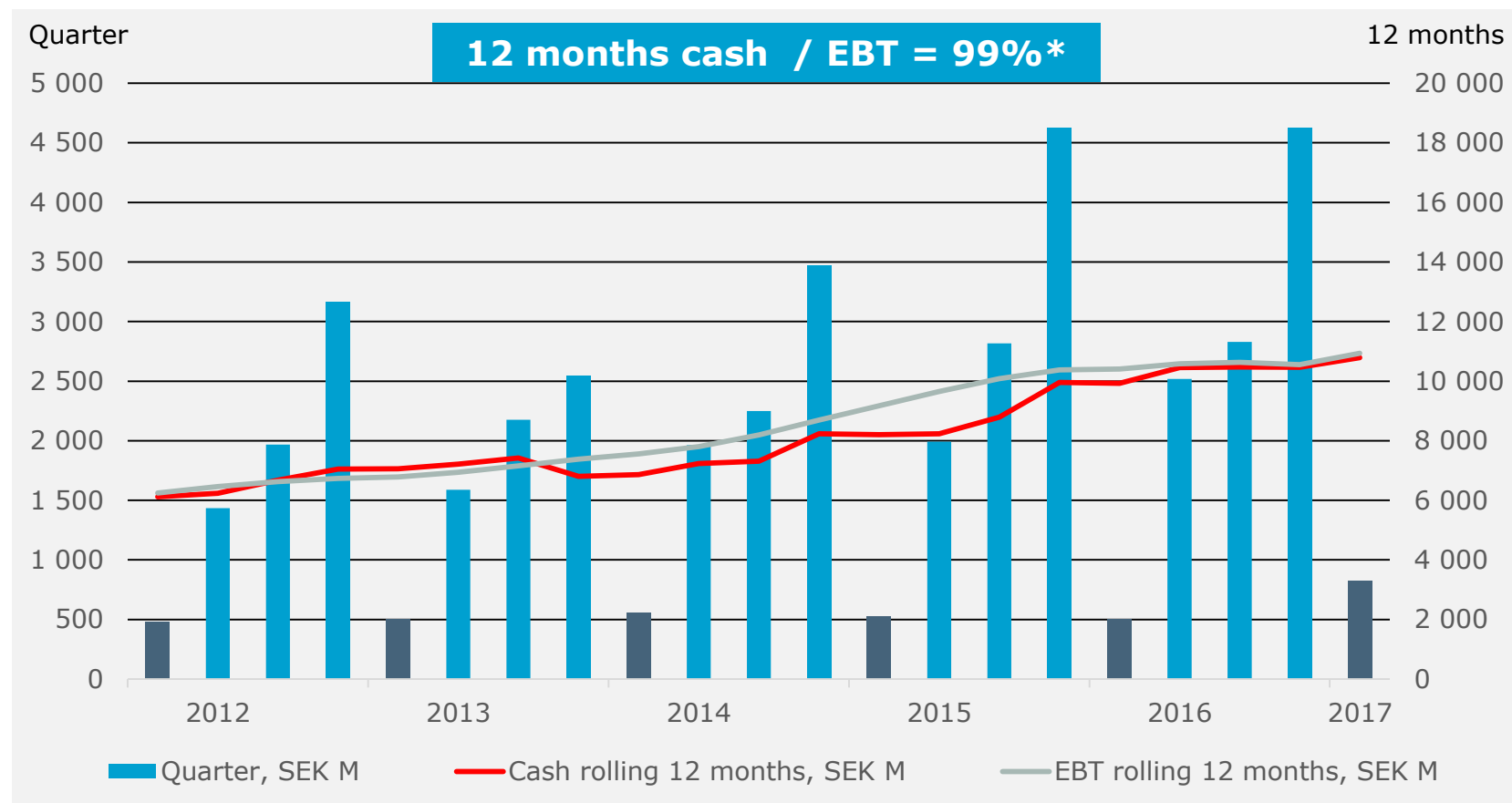
P&L components as % of sales

Q1 2017

%	Q1 2016	Q1 2017 excl. acquisitions	Δ	Q1 2017
Direct material	34.5%	35.1%	+0.6%	35.2%
Conversion costs	25.9%	25.0%	-0.9%	25.2%
Gross margin	39.6%	39.9%	+0.3%	39.6%
S, G & A	24.4%	24.3%	-0.1%	24.2%
EBIT	15.2%	15.6%	+0.4%	15.4%

- Higher material cost
- Organic growth leverage
 - Conversion costs -0.9%, also improved by manufacturing footprint
 - Lower S, G & A with 0.1% vs. previous year, affected by investments in R&D and sales

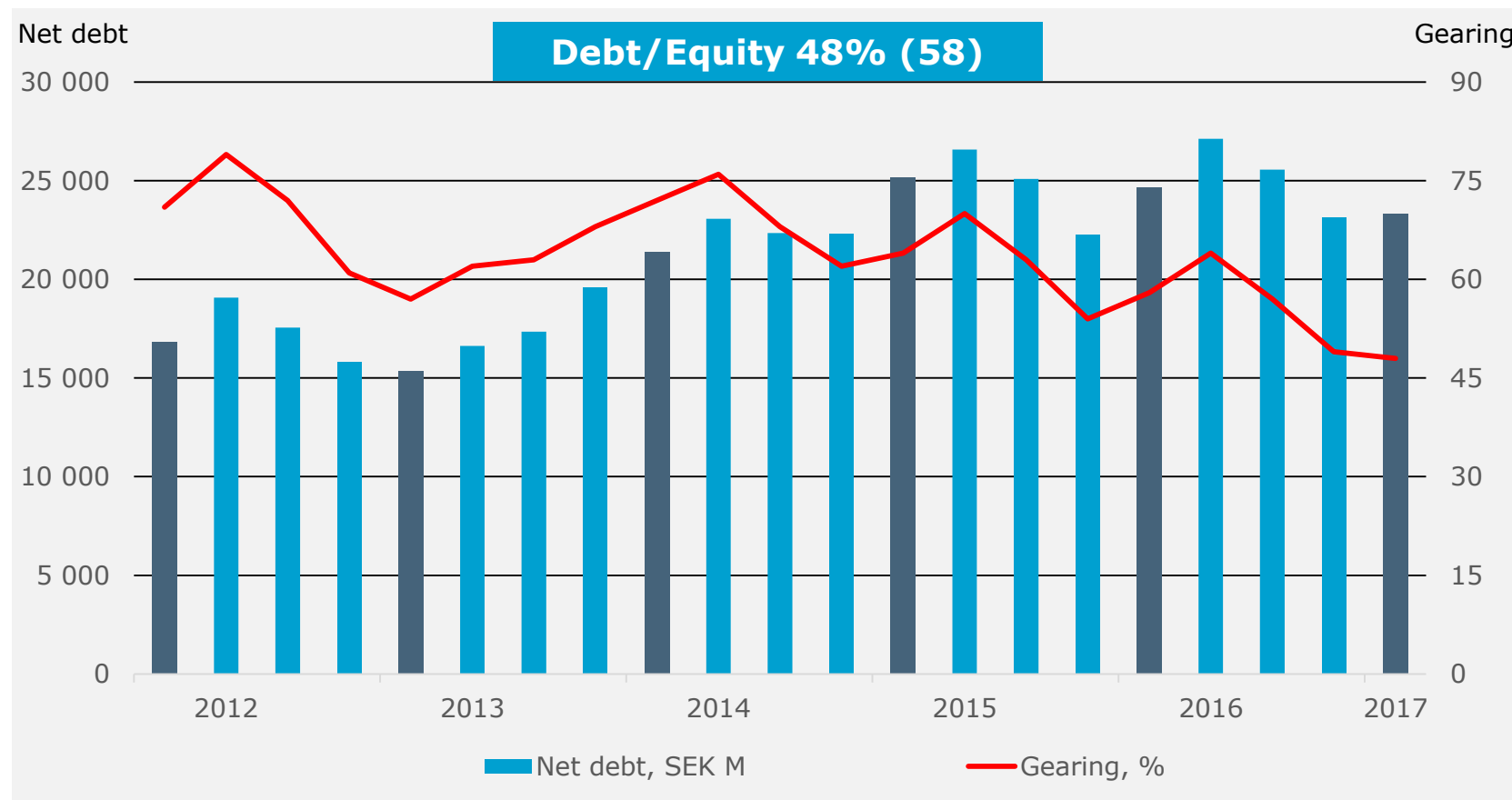
Operating cash flow, SEK M



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

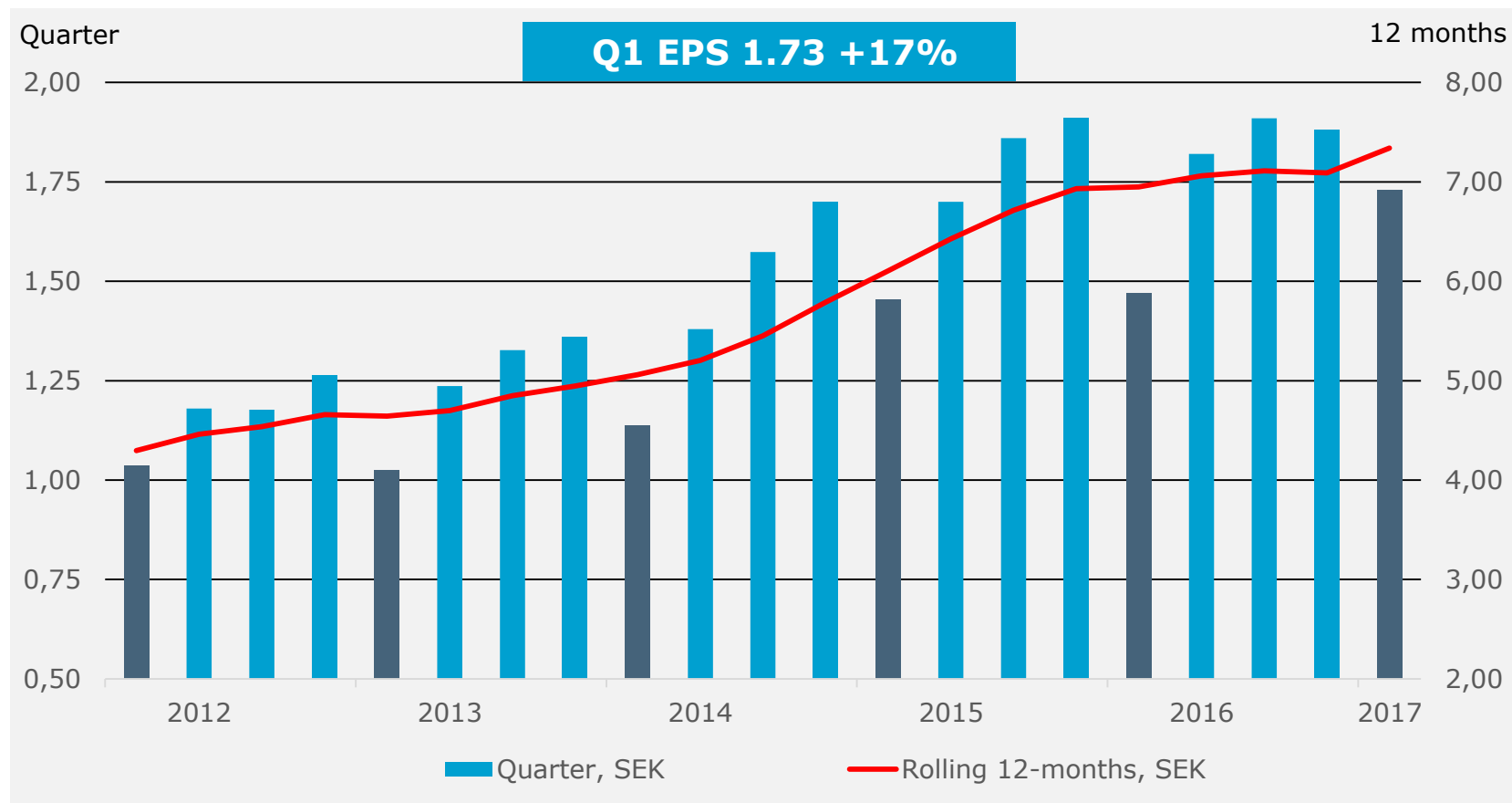
Gearing % and net debt, SEK M

Net debt/EBITDA
1.8 (2.0)



Earnings per share, SEK

+71%
in
5 years



*) 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 2013 and 2016.

Conclusions Q1 2017

- +14% sales growth, whereof 9% excluding currency
- Strong growth in all divisions, but APAC
- Growth in APAC
- Technology leadership
- EBIT +16% and EPS +17%





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