



Q1 Report 2018

The global leader in door opening solutions

ASSA ABLOY

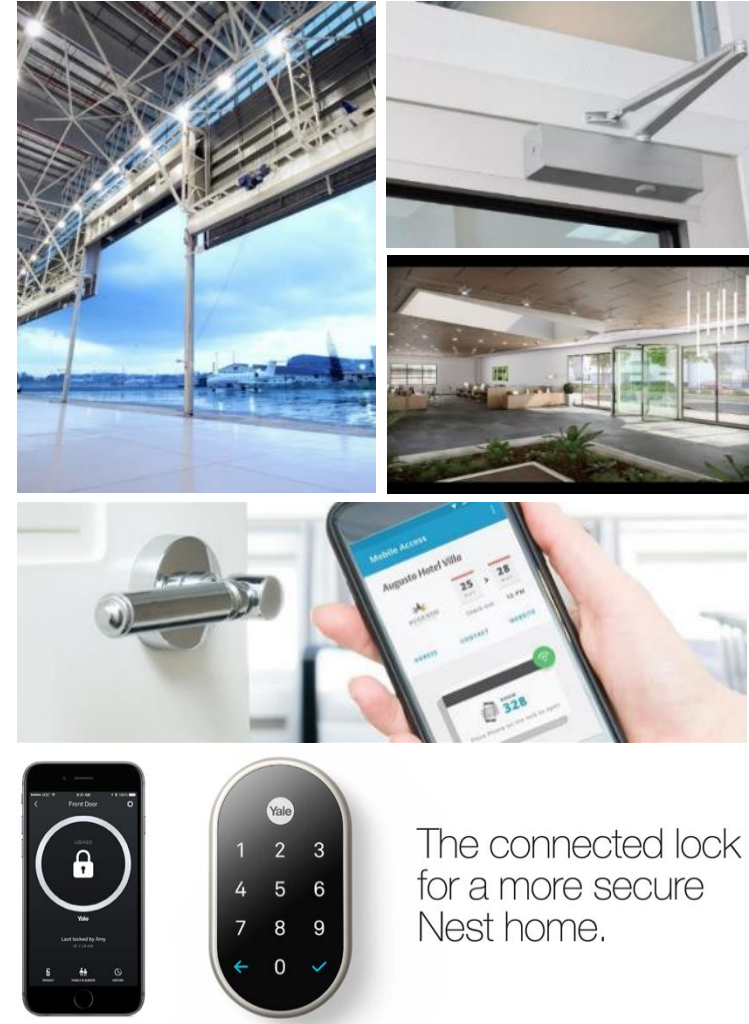
Nico Delvaux

- President and CEO since 15 March
- Belgian citizen, born in 1966
- M.Sc. in Engineering from Free University of Brussels and an MBA from Handelshogeschool, Antwerp, Belgium.
- Previously CEO for Metso Corporation, Finland
- 26 years in various positions at Atlas Copco. Most recently as President of Atlas Copco's Compressor Technique Business Area



Q1 2018 in brief

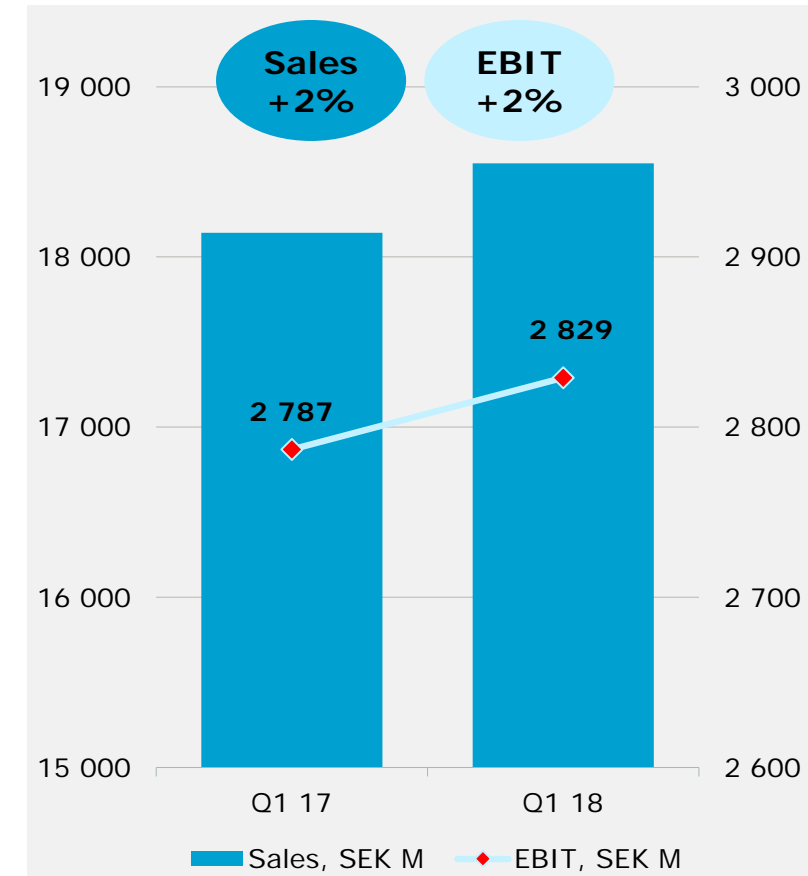
- **Good start of the year**
 - Strong growth in Global Tech and Entrance Systems
 - Good growth in EMEA, Americas and APAC
 - Strong development for smart door locks and electro-mechanical solutions
- **Good operating margin**
- **Negative Easter effect**



The connected lock for a more secure Nest home.

Q1 2018 figures in summary

- **Sales SEK 18,550 M** **+2%**
 - 4% organic
 - 2% acquired
 - -4% currency
- **EBIT SEK 2,829 M** **+2%**
 - Amortization of acquisition-related intangible assets SEK -92 M (-52)
 - Currency effect SEK -89 M
- **Operating margin 15.3% (15.4)**
 - EBITA-margin 15.7% (15.6)
- **EPS SEK 1.77** **+2%**



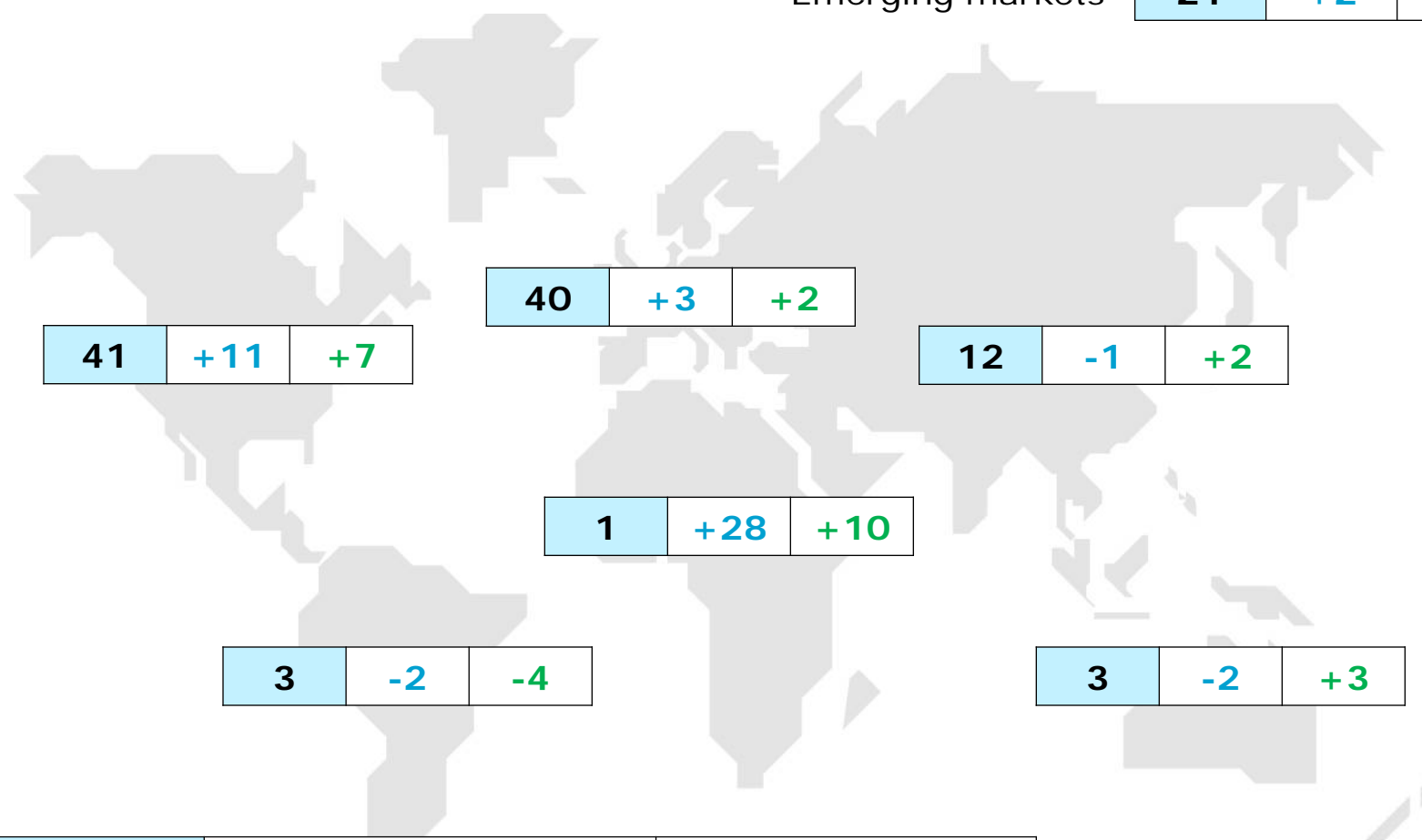
Sales by Region

Q1 2018

ASSA ABLOY

Emerging markets

100	+6	+4
21	+2	+2



Share of sales, %	Change excluding forex impact YTD 2018 vs. YTD 2017, %	Organic change YTD 2018 vs. YTD 2017, %
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Emerging markets comprise Africa, Asia (excl. Japan), the Middle East, Latin America and Eastern Europe.

Market highlights

- **Nest x Yale – first store shipments**
 - Retail presence expanding throughout the year
 - Yale brand in partnership with nest
- **Walmart chose ASSA ABLOY key management system**
 - Smart cylinders with intelligent audit trail system
 - Key management cabinets for time efficient and secure key distribution
 - Deliveries throughout 2018 and 2019
- **Customers praise New Door closer design**
 - New door closer launched at fensterbau/frontale exhibition in March
 - Will further enhance door closer growth in EMEA and globally



12 ISC West Awards for ASSA ABLOY



Medeco CLIQ Intelligent Key System



Securitron M680E EcoMag Magnalock



Adams Rite EX89 Pullman Rim Exit Device



IN220 Lock with PIV support



HID Global Channel Solution for pivCLASS Enablement



HID Global HID Safe Visitor Management Solution for Government



Yale NexTouch



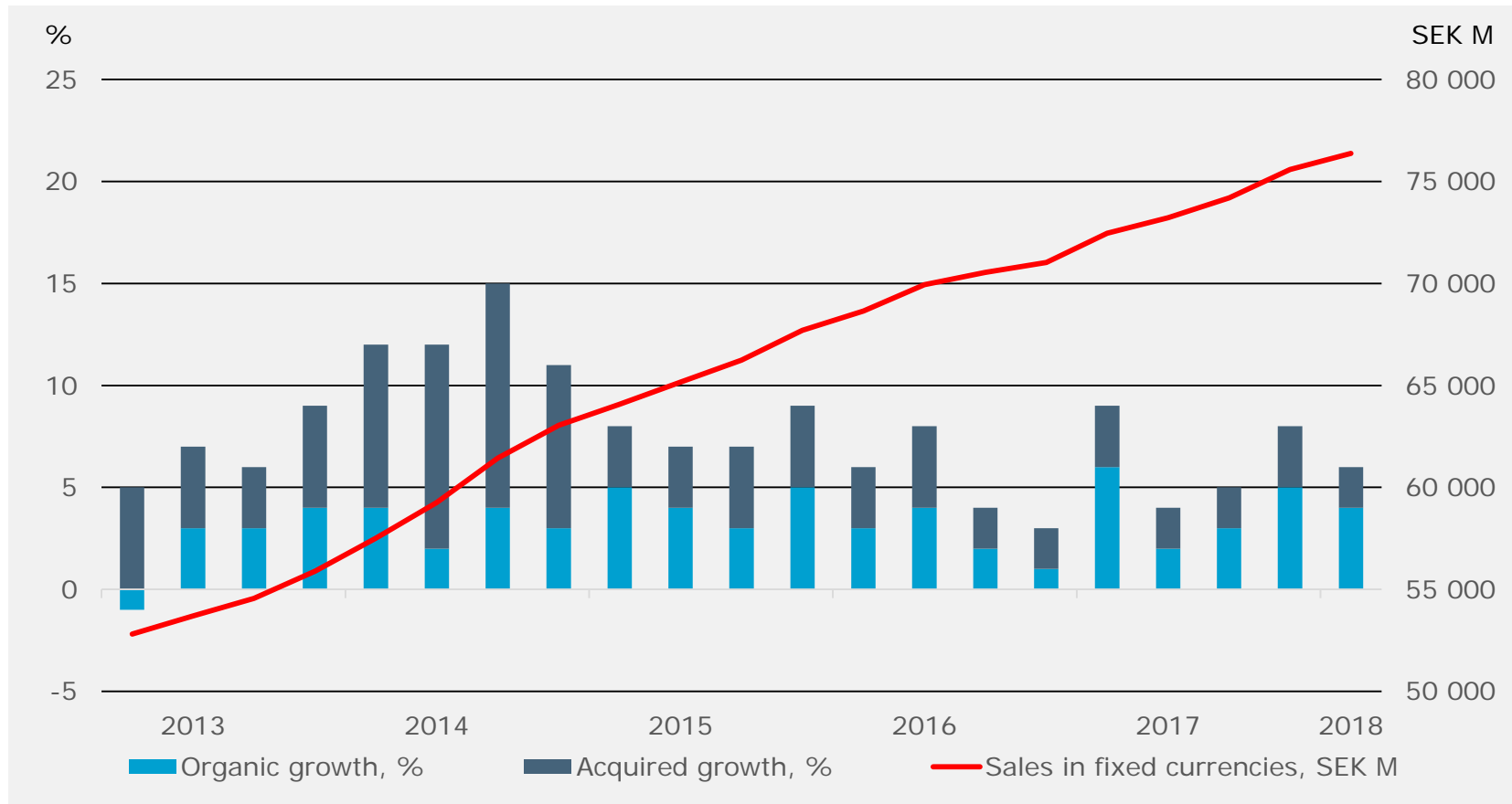
EcoFlex Electrified Exit Trim

Openings Studio™

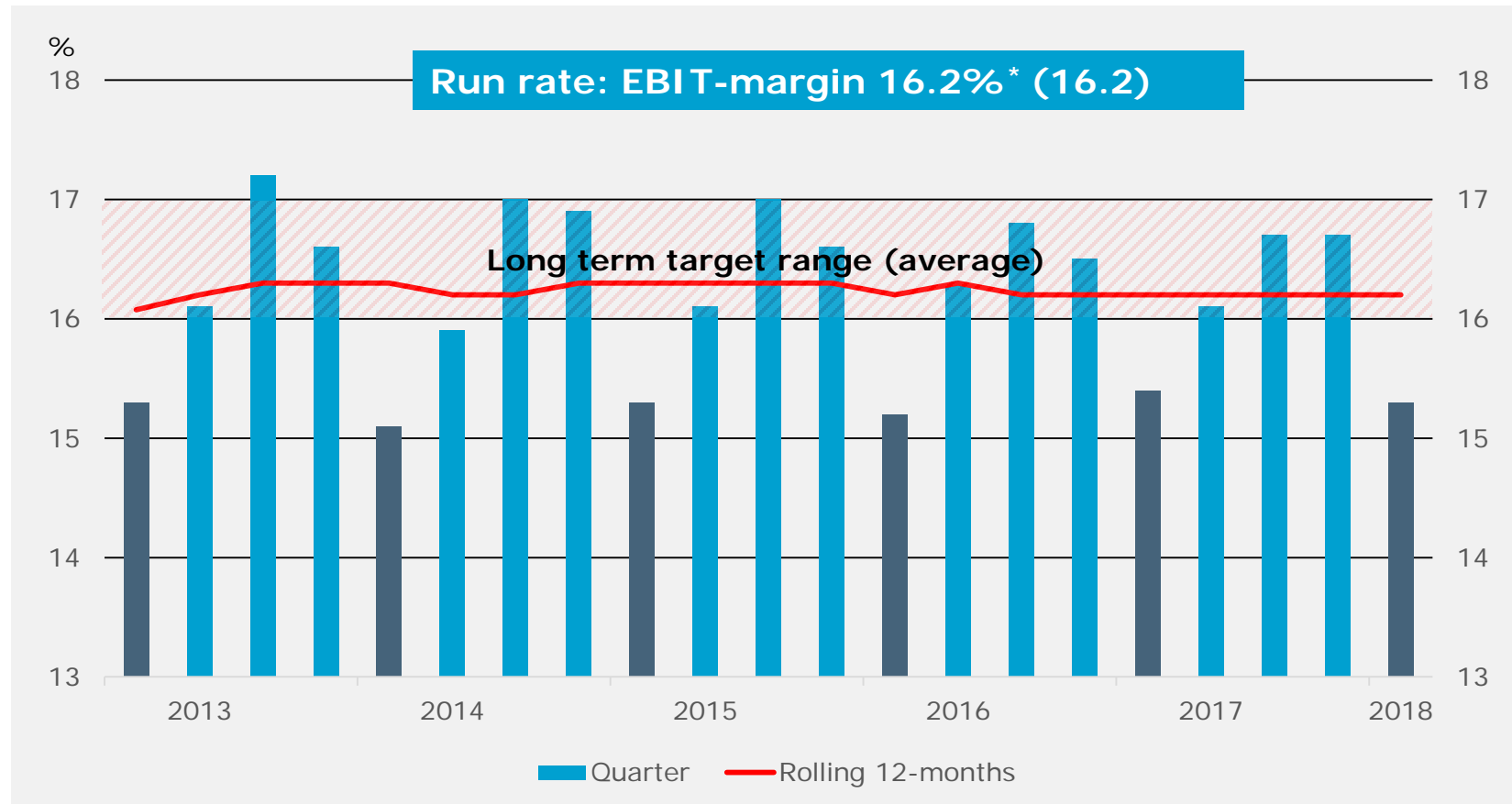


Access Control - ASSA ABLOY EcoFlex Exit Trim
Miscellaneous Security Products - HID Trusted Tag Services for Fire and Safety

Sales growth, currency adjusted



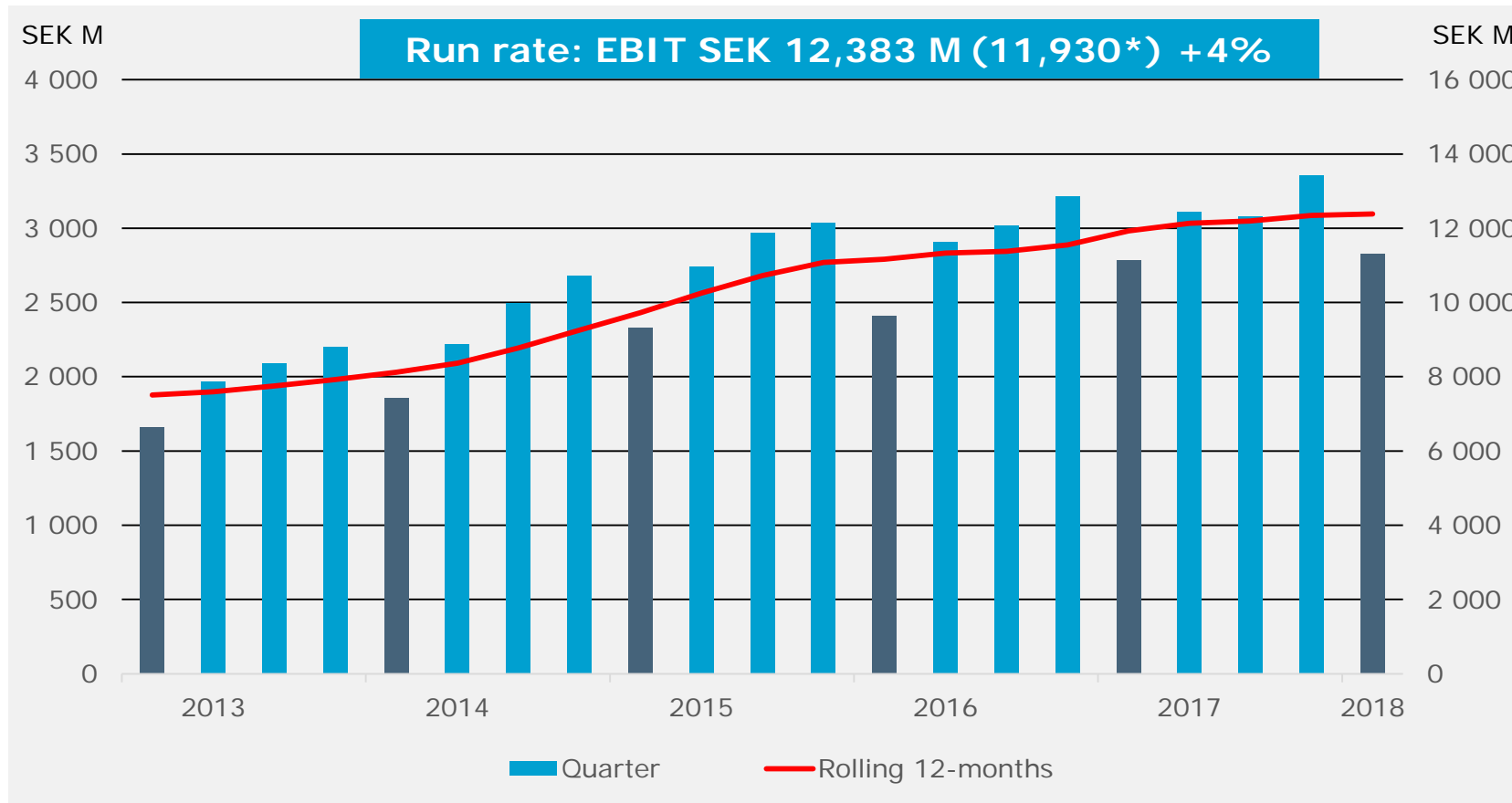
Operating margin, %



* Excluding China write down SEK 300 M and restructuring items.

Operating profit, SEK M

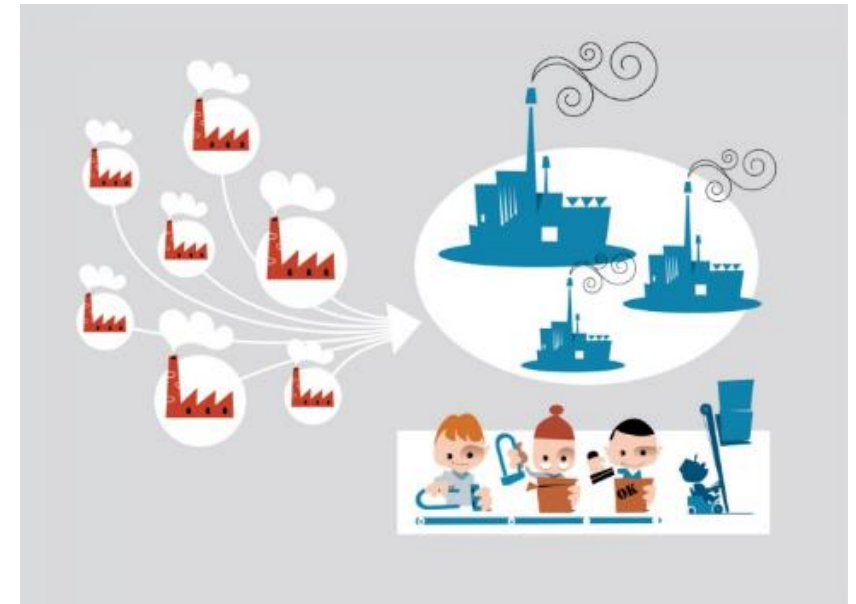
+65%
in
5 years



* Excluding China write down SEK 300 M and restructuring items.

Manufacturing footprint

- **Status of programs launched 2006-2016**
 - 78 factories closed to date, 10 to go
 - 129 factories converted to assembly, 25 to go
- **Total personnel reduction**
 - 14,072 FTE in total since 2006
 - 508 FTE in recent quarter
 - 987 FTE to go for all programs
- **SEK 795 M provisions remain for all programs**
- **Next program planned for end of 2018**



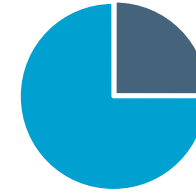
Acquisitions

- Fully active pipeline
- 4 acquisitions done
- Acquired annualized sales SEK 700 M



EMEA

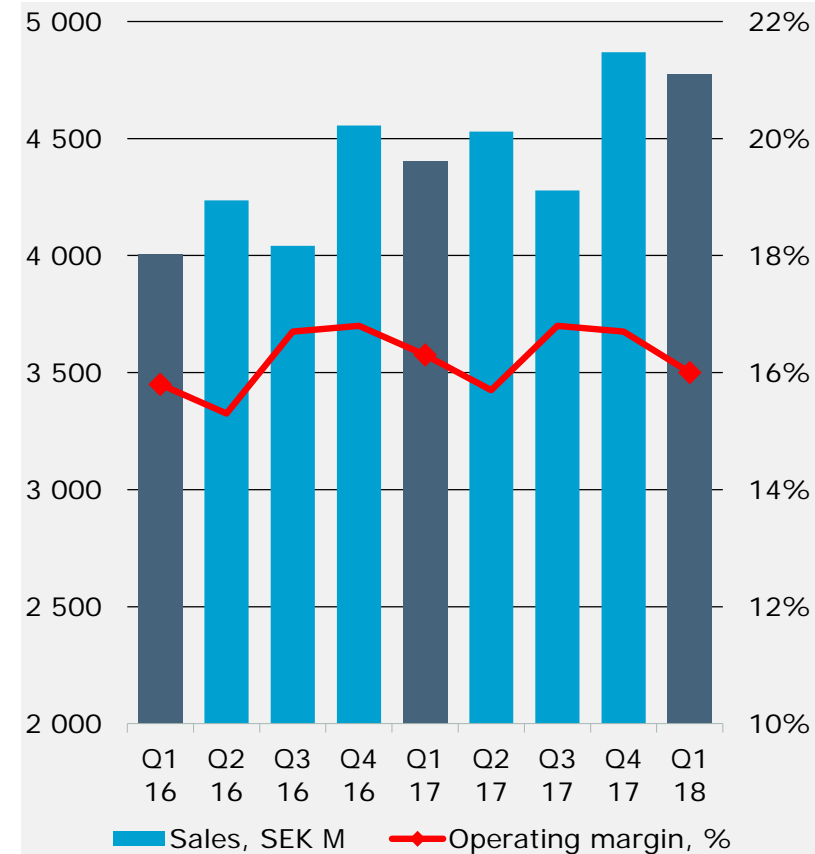
25%
of Group
sales



■ Organic growth of 3%

- Strong growth in UK, France and Eastern Europe
- Good growth in Scandinavia and Germany
- Growth in Finland, Southern Europe and Africa/ Middle East
- Negative growth in Benelux
- Strong growth for electromechanical products and smart door locks

■ Operating margin 16.0% (16.3)



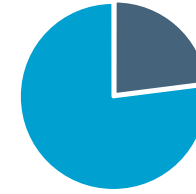
Excluding restructuring items.

EMEA Financial Review

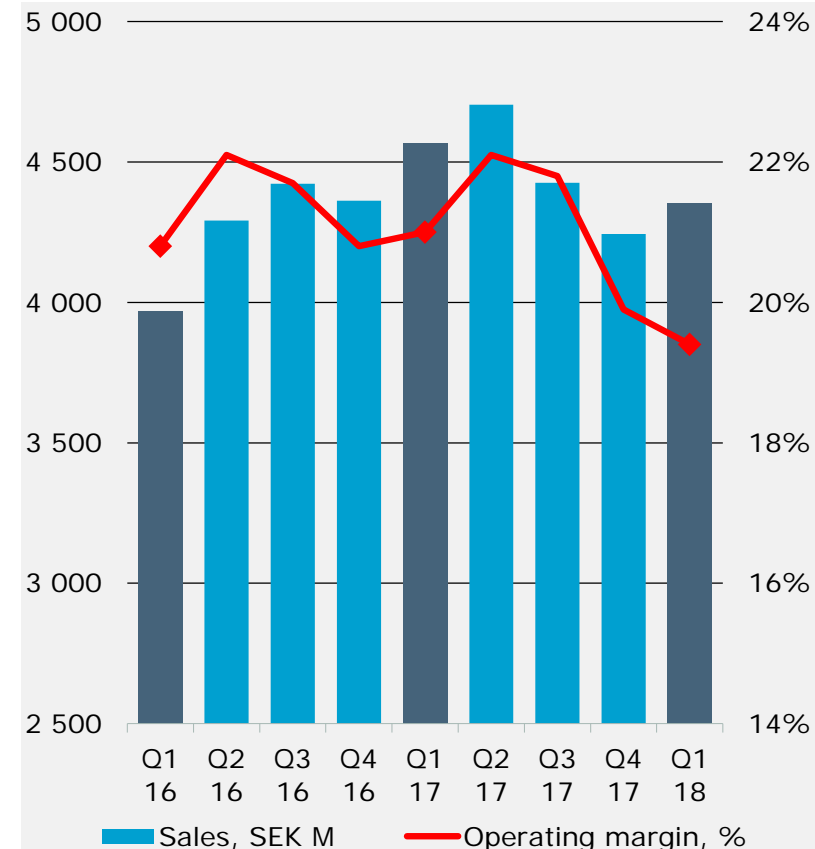
SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
Growth		3%	2%	3%	8%
Sales	4,404	133	96	142	4,775
Operating income*	718	38	23	-15	764
Operating margin, %*	16.3%	28.4%	23.6%	-10.3%	16.0%
Dilution/accretion		0.4%	0.1%	-0.8%	
12 months figures*					
Sales	17,237				18,451
EBIT	2,806				3,036
Operating cash flow before paid interest	2,776				2,911
Cash flow/EBIT	99%				96%

Americas

23%
of Group
sales



- **Organic growth of 3%**
 - Strong growth in Electromechanical & High Security, US Residential and in Canada
 - Good growth in Perimeter Protection, Mexico and in South America (excl. Brazil and Colombia)
 - Growth in Architectural Hardware
 - Negative growth in Brazil, Colombia and Security Doors
- **Operating margin 19.4% (21.0)**



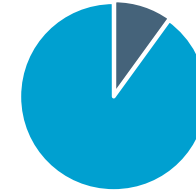
Excluding restructuring items.

Americas Financial Review

SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
Growth		3%	-9%	1%	-5%
Sales	4,566	120	-385	54	4,354
Operating profit*	961	22	-72	-65	845
Operating margin, %*	21.0%	18.2%	18.8%	-120.9%	19.4%
Dilution/accretion		0.0%	0.1%	-1.7%	
12 months figures*					
Sales	17,641				17,728
EBIT	3,777				3,699
Operating cash flow before paid interest	3,373				3,535
Cash flow/EBIT	89%				96%

Asia Pacific

10%
of Group
sales



- **Organic growth of 4%**
 - Strong growth in South Korea, Japan, and in China Architectural Hardware
 - Stable sales in Pacific and South Asia
 - Negative growth in China Doors
 - Strong growth in Smart Door Locks
- **Operating margin 7.9% (7.9)**



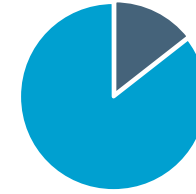
*Excluding write down in China in Q4 2016 and restructuring items.

Asia Pacific Financial Review

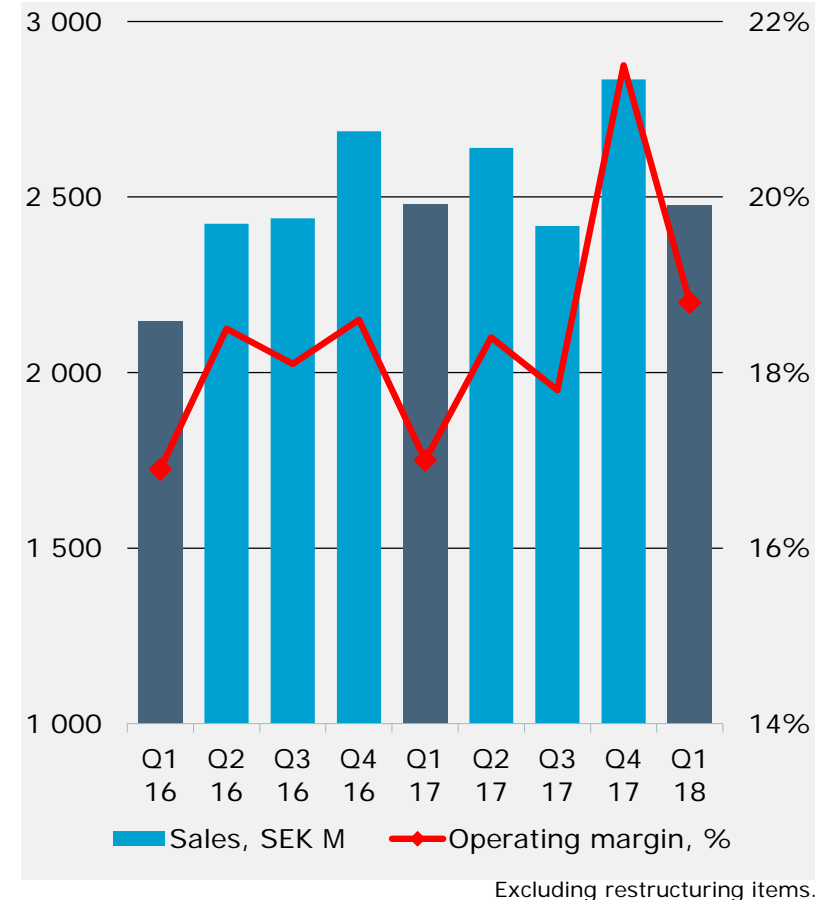
SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
Growth		4%	-3%	1%	2%
Sales	1,917	82	-56	16	1,959
Operating profit*	151	9	-15	9	154
Operating margin, %*	7.9%	11.5%	27.1%	56.6%	7.9%
Dilution/accretion		0.2%	-0.6%	0.4%	
12 months figures*					
Sales	9,348				9,253
EBIT	1,064				937
Operating cash flow before paid interest	1,631				855
Cash flow/EBIT	153%				91%

Global Technologies

13%
of Group
sales



- **Organic growth of 6%**
 - HID
 - Strong growth in Physical Access Control (Mobile keys) and Identification Technology
 - Stable sales in Secure Issuance
 - Negative growth in Citizen ID and Identity & Access management
 - Hospitality
 - Strong growth with Mobile key solutions
- **Operating margin 18.8% (17.0)**

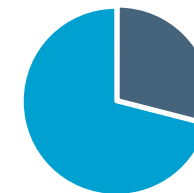


Global Technologies Financial Review

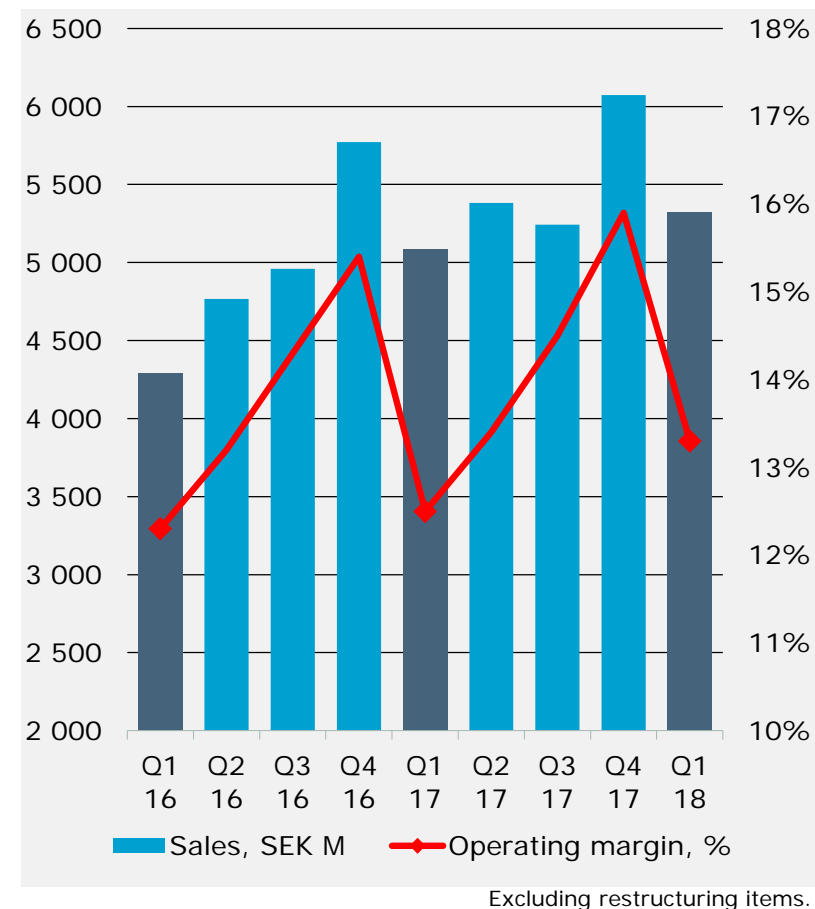
SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
Growth		6%	-5%	-1%	0%
Sales	2,481	142	-126	-20	2,477
Operating profit*	444	9	-12	47	466
Operating margin, %*	17.0%	6.5%	9.7%	-231.2%	18.8%
Dilution/accretion		-0.7%	0.5%	2.0%	
12 months figures*					
Sales	10,032				10,368
EBIT	1,811				1,991
Operating cash flow before paid interest	1,671				1,876
Cash flow/EBIT	92%				94%

Entrance Systems

29%
of Group
sales



- **Organic growth of 5%**
 - Strong growth in High Performance Doors, Door components, Logistic solutions and US Residential Doors
 - Good growth in Pedestrian Doors
 - Stable growth in Industrial Doors
 - Negative sales in EU Residential Doors
- **Operating margin 13.3% (12.5)**



Entrance Systems Financial Review

SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
Growth		5%	-2%	2%	5%
Sales	5,087	253	-95	77	5,322
Operating profit*	638	77	-11	6	710
Operating margin, %*	12.5%	30.3%	11.2%	7.9%	13.3%
Dilution/accretion		0.8%	0.1%	-0.1%	
12 months figures*					
Sales	20,585				22,016
EBIT	2,862				3,159
Operating cash flow before paid interest	2,970				2,784
Cash flow/EBIT	104%				88%

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

Carolina Dybeck Happe
CFO

Financial highlights Q1 2018

SEK M	January - March		Change
	2017	2018	
Sales	18,142	18,550	2%
- Organic growth*	1,022	705	4%
- Acquired growth	448	268	2%
- FX-differences*	780	-565	-4%
Operating income (EBIT)	2,787	2,829	2%
EBITA-margin	15.6%	15.7%	
EBIT-margin	15.4%	15.3%	
Income before tax	2,593	2,654	2%
Net income	1,918	1,964	2%
EPS, SEK	1.73	1.77	2%
Operating cash flow	824	575	-30%

Bridge Analysis – Q1 2018

SEK M	Q1 2017	Organic	Currency	Acq/Div	Q1 2018
		4%	-4%	2%	2%
	18,142	705	-565	268	18,550
Operating profit*	2,787	148	-89	-17	2,829
Operating margin, %*	15.4%	20.9%	15.7%	-6.4%	15.3%
Dilution/accretion		0.2%	0.0%	-0.3%	

- Price +1% and volume +3%
- Positive leverage from all divisions, except Global Technologies
- Accretion from acquisitions/divestments in Global Technologies
- Dilution from acquisitions in Americas and EMEA

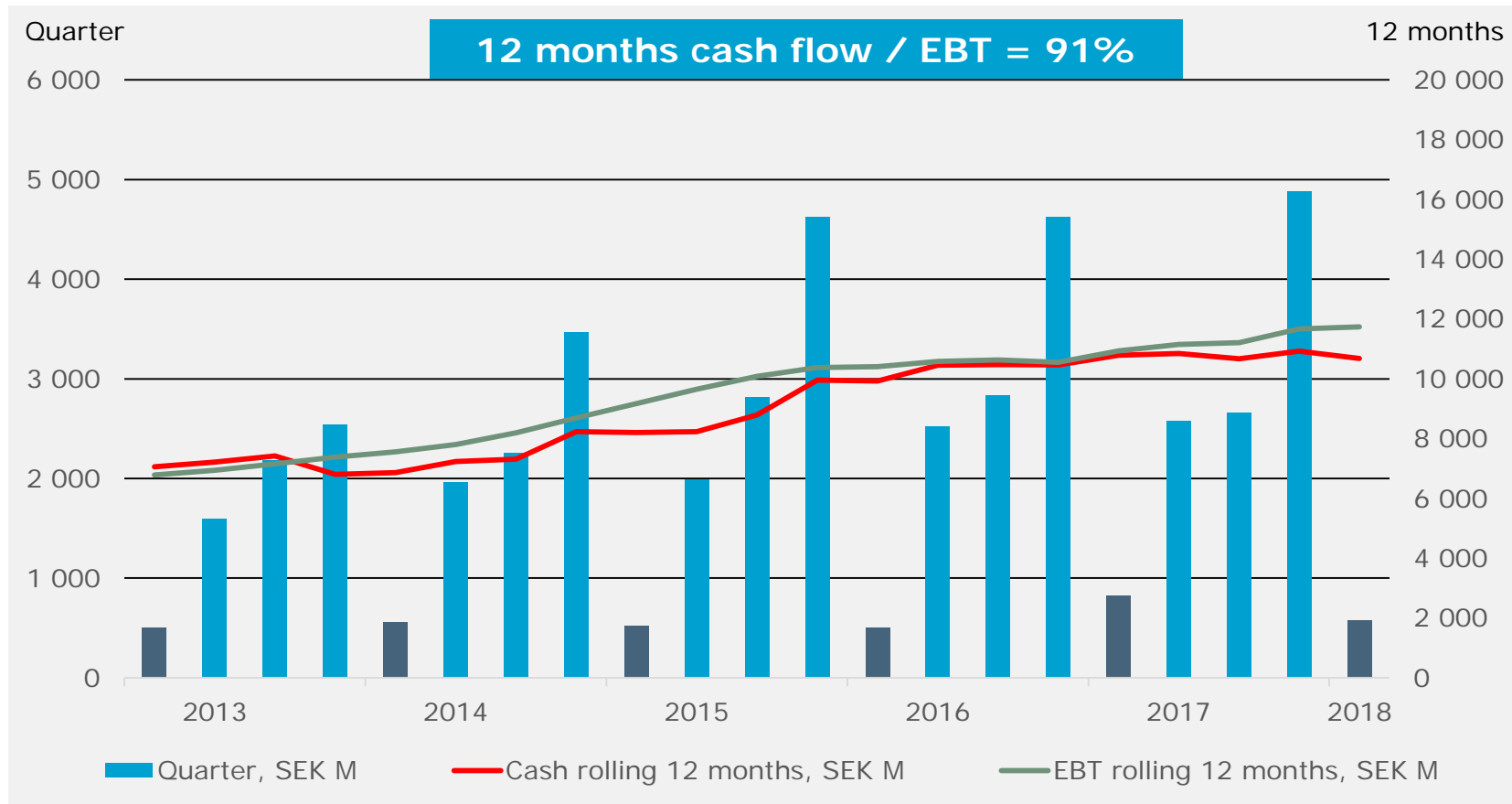
P&L components as % of sales

January - March 2018

%	YTD 2017	YTD 2018 excl. acquisitions	Δ	YTD 2018
Direct material	-35.2%	-35.7%	-0.5%	-34.9%
Conversion cost	-25.2%	-25.2%	0.0%	-25.4%
Gross margin	39.6%	39.1%	-0.5%	39.7%
S, G & A	-24.2%	-23.5%	+0.7%	-24.4%
EBIT*	15.4%	15.6%	+0.2%	15.3%

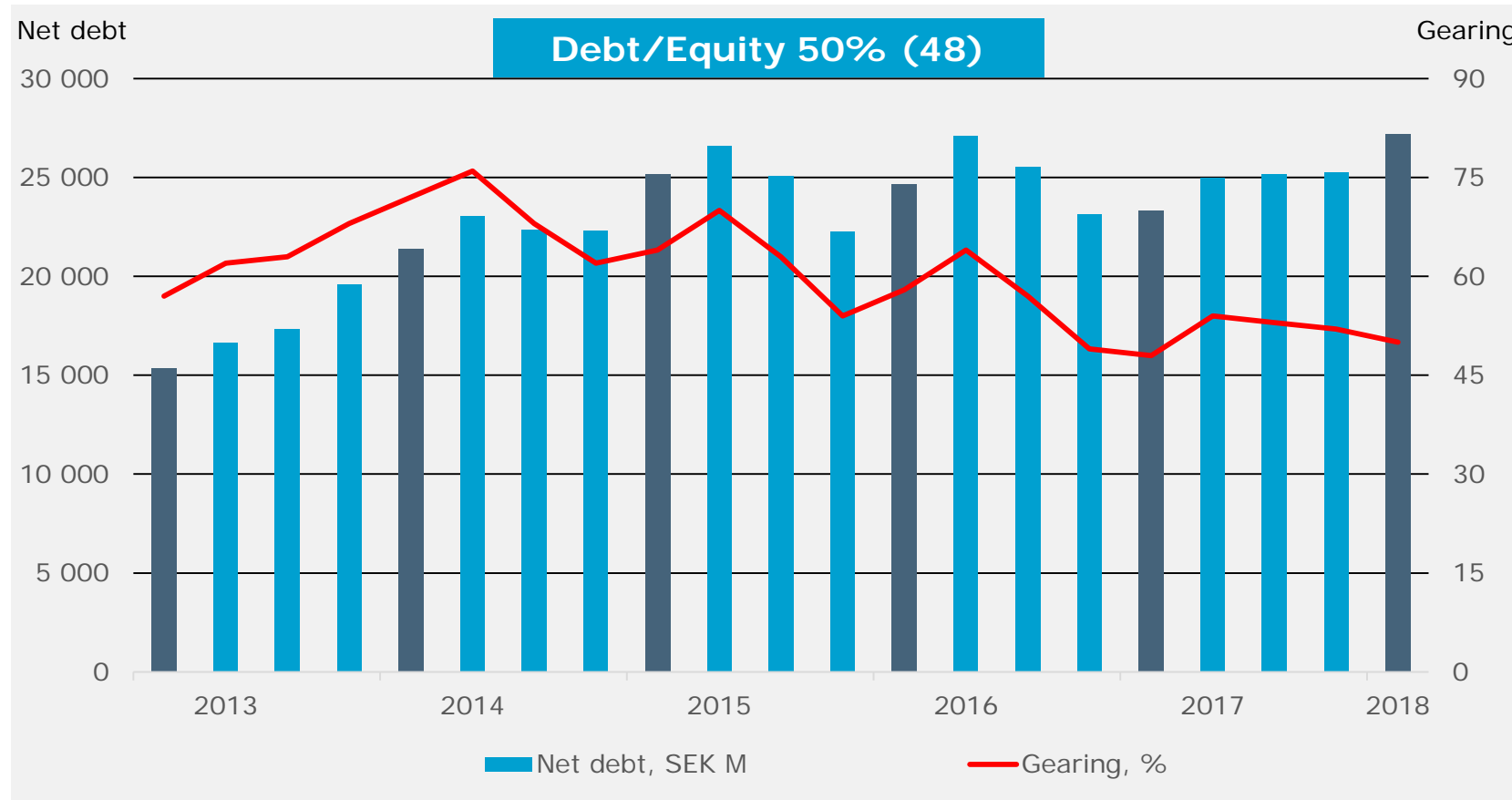
- Higher raw material cost and flat conversion cost
- Mix impact from project business and residential growth
- Organic growth leverage
 - S, G & A down 0.7% vs. previous year, despite investments in R&D and sales

Operating cash flow, SEK M



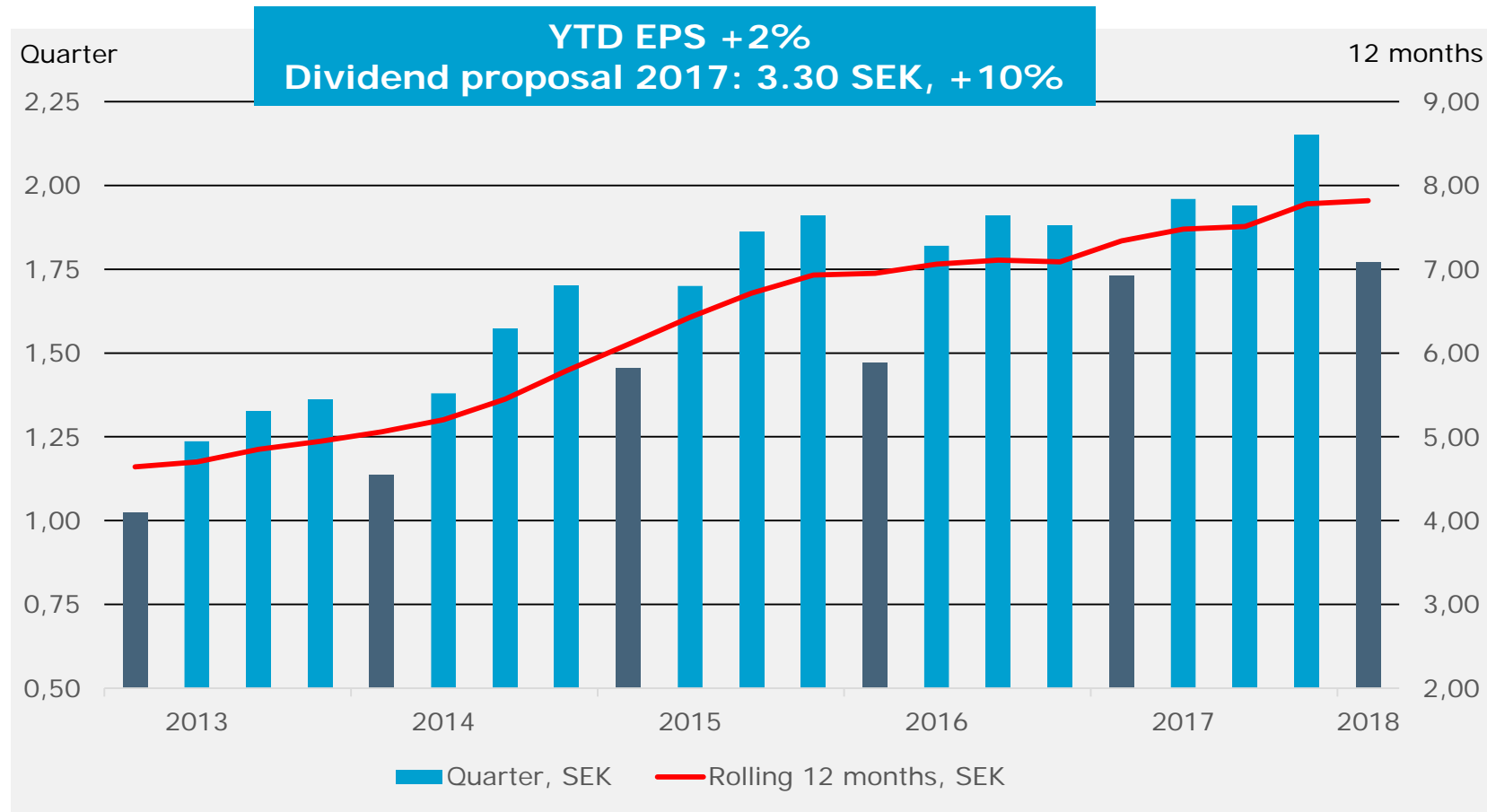
Gearing % and net debt, SEK M

Net debt/EBITDA
1.9 (1.8)



Earnings per share, SEK

+69%
in
5 years



* Excluding restructuring items in Q4 2016. Chart is restated for Stock split 3:1 2015 and excludes cost for restructuring programs in 2013 and 2016.



Nico Delvaux
President and CEO

The global leader in door opening solutions

ASSA ABLOY

Conclusions Q1 2018

- **Sales +6%, excluding currency**
 - Strong growth in Global Tech and Entrance Systems
 - Good growth in EMEA, Americas and APAC
 - Strong development for smart door locks and electro-mechanical solutions
- **Good operating margin 15.3%**







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