



Q3 Report 2018

The global leader in door opening solutions

ASSA ABLOY

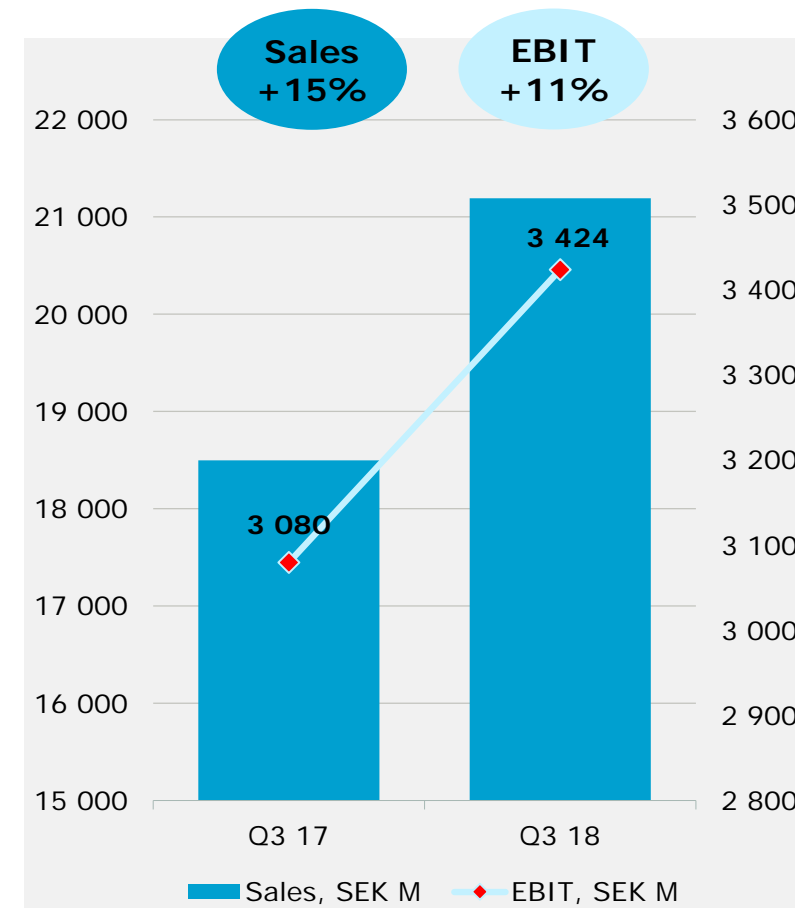
Q3 2018 in brief

- **Strong organic sales development**
 - Strong growth in Global Technologies and Americas
 - Good growth in Entrance Systems
 - Stable in EMEA and APAC
- **Electromechanical products up 25%**
 - All regions growing
- **Strong EBIT development**
 - Margin diluted by FX and raw material headwind
- **Strong cash flow**



Q3 2018 figures in summary

- **Sales SEK 21,191 M** **+15%**
 - 5% organic
 - 2% acquired
 - 8% currency
- **EBITA-margin* 16.6% (16.9%)**
- **EBIT-margin 16.2% (16.7%)**
- **EBIT SEK 3,424 M** **+11%**
 - Amortization of acquisition-related intangible assets SEK -91 M (-52)
- **EPS SEK 2.15** **+11%**



*) Operating margin before amortization of intangible assets recognized in business combinations.

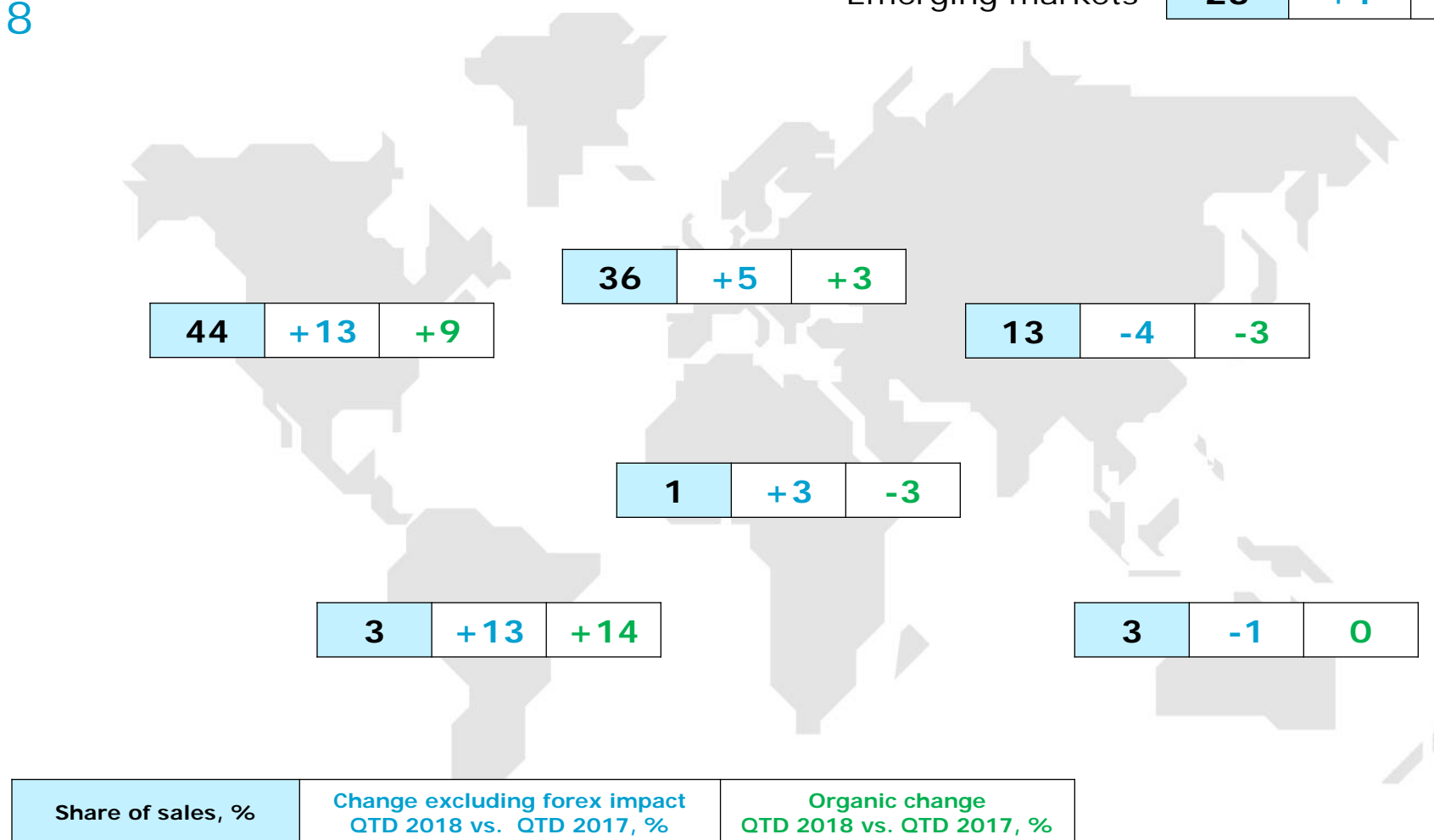
Sales by Region

Q3 2018

ASSA ABLOY

Emerging markets

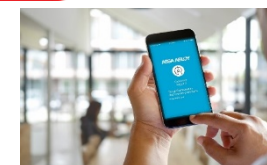
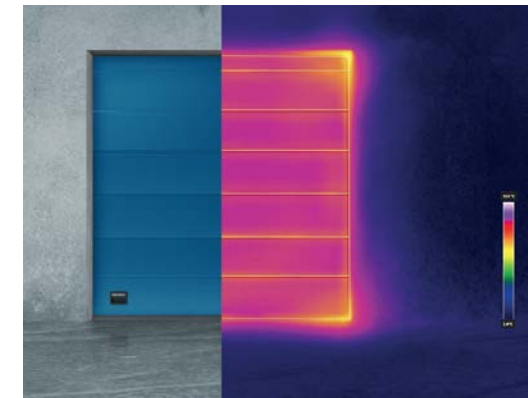
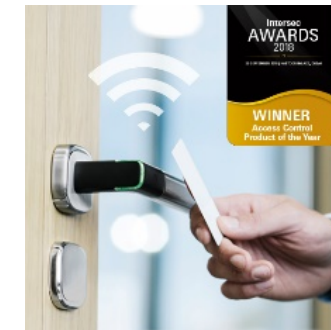
100	+7	+5
23	+1	-1



Emerging markets comprise Africa, Asia (excl. Japan), the Middle East, Latin America and Eastern Europe.

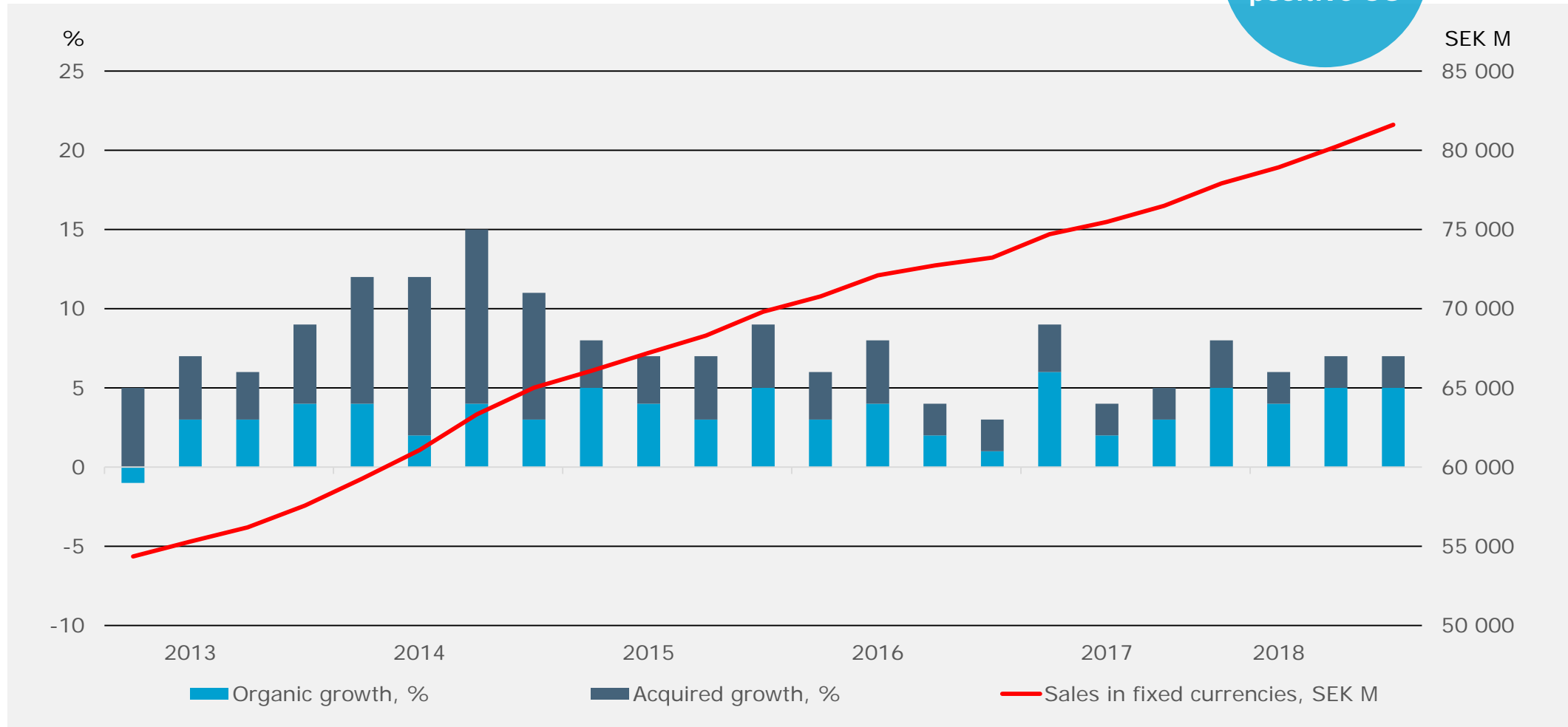
Market highlights

- **Strong progress in smart residential**
 - Yale locks on August cloud based software
 - John Lewis and Waitrose piloting in-home delivery in the UK
- **New generation of overhead sectional doors**
 - Improving energy efficiency more than 2x
- **Recognized for our innovations**
 - Aperio H100 wins price at Intersec Exhibition in Dubai
 - CLIQ wins GIT Security Award at Essen Exhibition
 - Medeco CLIQ Go - Security Product of the Year awards (security today)
 - Winning the iconic Design Award 2018 for new door closer range

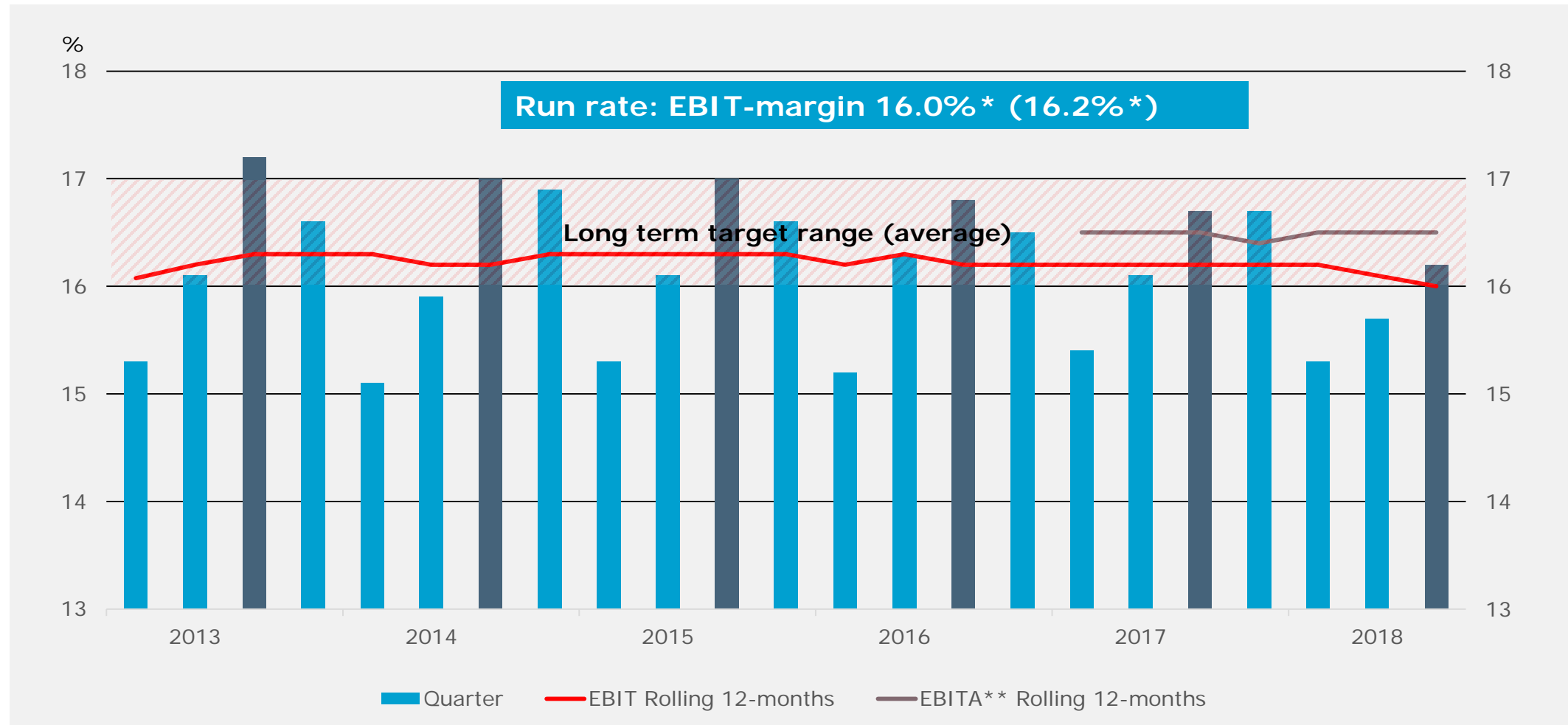


Sales growth, currency adjusted

22 Quarters
with
positive OG



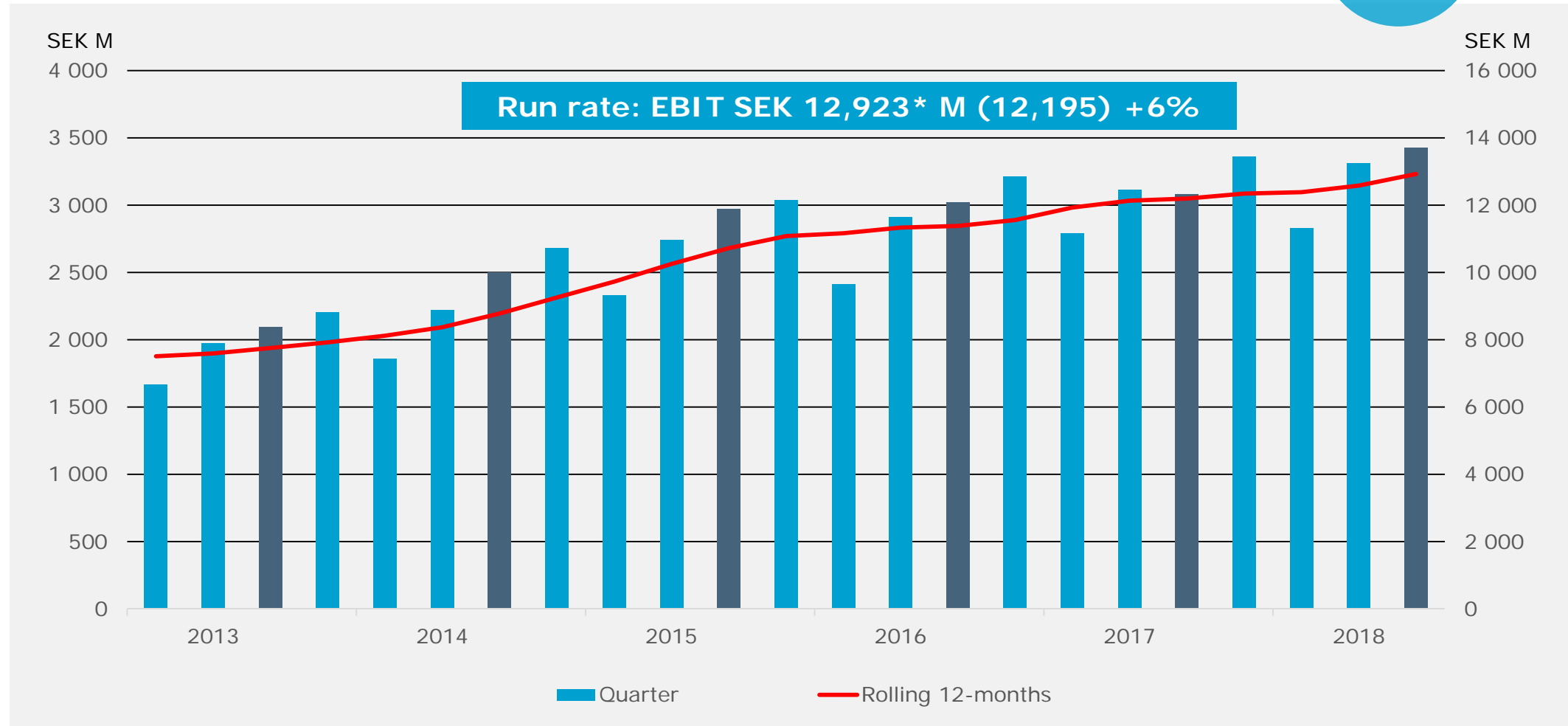
Operating margin, %



^{*)} Excluding China write-downs and restructuring items. ^{**)} Operating margin before amortization of intangible assets recognized in business combinations.

Operating profit, SEK M

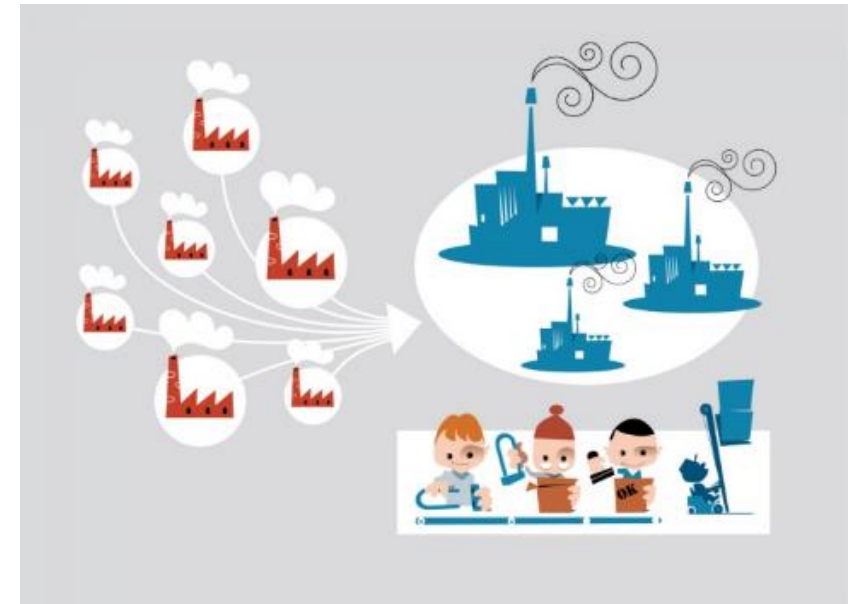
+67%
in
5 years



^{*)} Excluding China write-downs and restructuring items.

Manufacturing footprint

- **Status of programs launched 2006-2016**
 - 81 factories closed to date, 7 to go
 - 131 factories converted to assembly, 23 to go
- **Total personnel reduction**
 - 14,400 FTE in total since 2006
 - 165 FTE in recent quarter
 - 675 FTE to go for all programs
- **SEK 507 M provisions remain for all programs**
- **Next program planned for end of 2018**
 - Restructuring cost to affect 2018 and 2019



Acquisitions

- Fully active pipeline
- 14 acquisitions done in 2018
- Acquired annualized sales SEK 3,000 M
- Divestment of Wood Door business SEK 600 M



CROSSMATCH®

PIONEER

Door Systems

Planet^{swiss}®
Wir machen Türen dicht

Brüken®
ACCESORIOS PARA LA CONSTRUCCIÓN

CFE

HKC

LULEÅ LÅSKONSULT
med all säkerhet

LUKKO AITTA OY

LOB

phoniro

Dale
Hardware

excel
ARCHITECTURAL HARDWARE

KAD

Crossmatch, USA

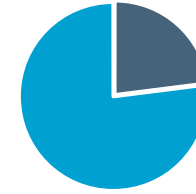


- Turnover of SEK 1,150 M with 270 employees
- A leader in biometric identity management
- Allows us to offer biometric identity in critical applications
- Complements our total solutions offering
- Accretive to EPS

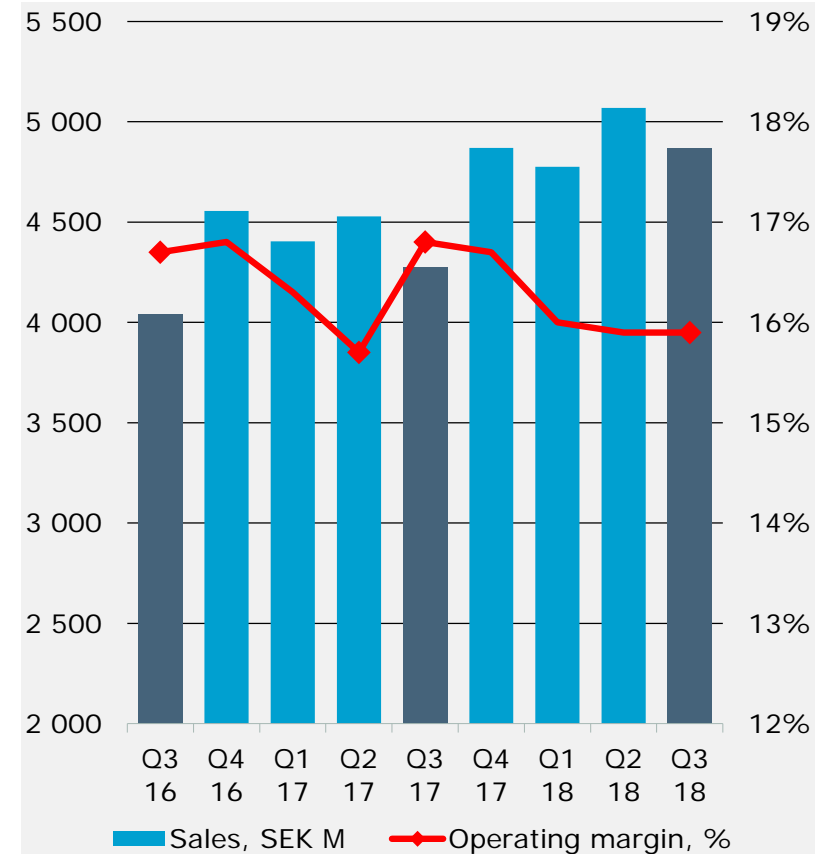


EMEA

23%
of Group
sales



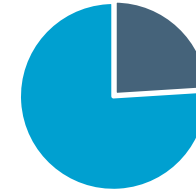
- **Organic growth of 2%**
 - Strong growth in Scandinavia and Finland
 - Good growth in Germany, Eastern Europe and South Europe
 - Stable in the UK and France
 - Negative growth in Benelux and Africa & Middle East
 - Strong growth for electromechanical products
- **Operating margin 15.9% (16.8%)**
 - Strong dilution by FX



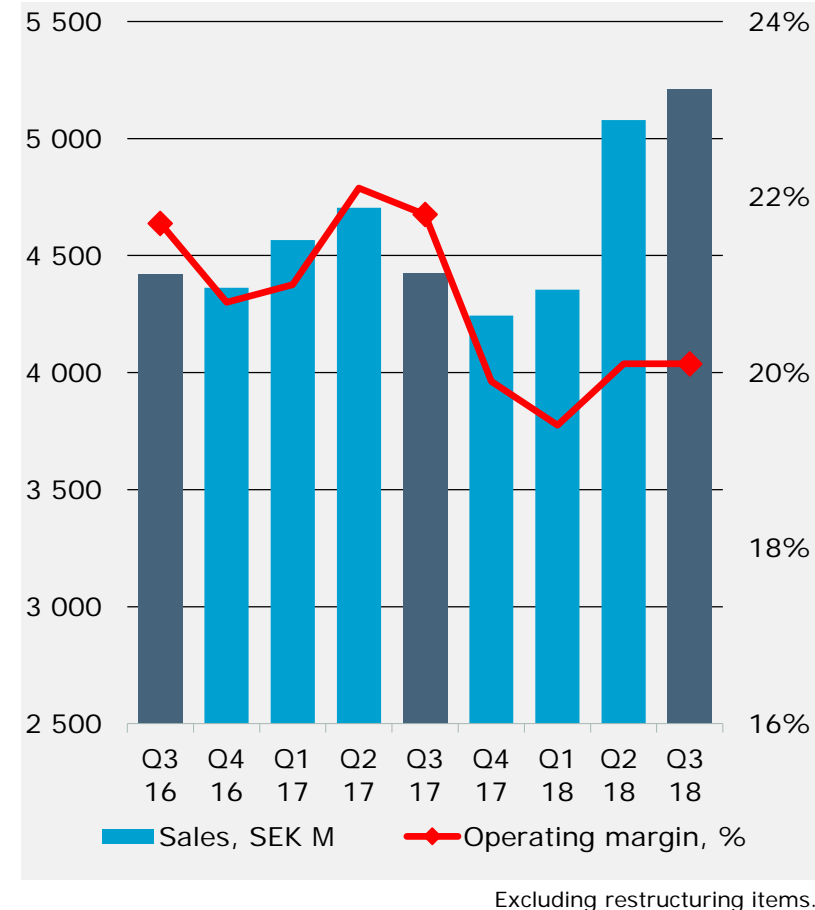
Excluding restructuring items.

Americas

24%
of Group
sales

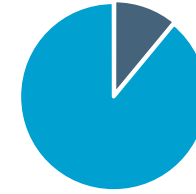


- **Organic growth of 10%**
 - Very strong growth in US Residential and Electromechanical & High Security
 - Strong growth in Canada, Brazil and in the US Perimeter Protection, Architectural Hardware and Security doors market
 - Good growth in Mexico
 - Negative growth in Colombia
 - Very strong Electromechanical growth
- **Operating margin 20.1% (21.8%)**
 - Dilution from raw material cost and residential
 - Dilution from acquisitions

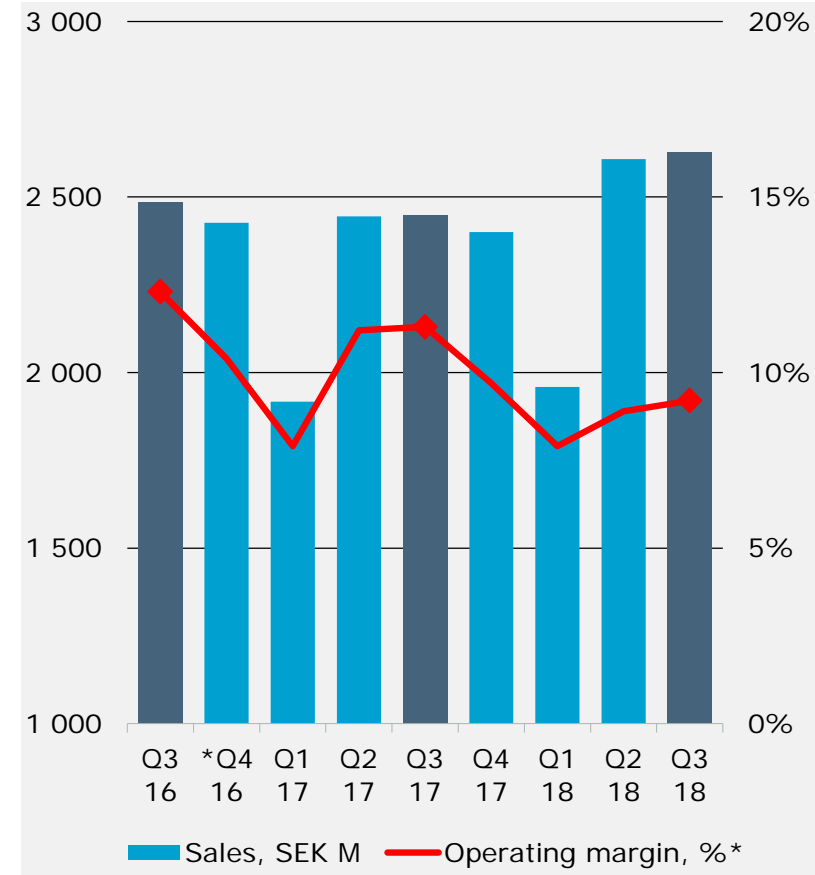


Asia Pacific

11%
of Group
sales



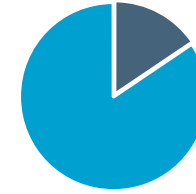
- **Organic growth of 1%**
 - Strong growth in South Korea and Japan
 - Stable in Pacific and South Asia
 - Negative growth in China
 - Implementation of new strategy and organization ongoing
- **Operating margin 9.2% (11.3%)**
 - Continued low operating margin in China
 - Dilution from raw material cost



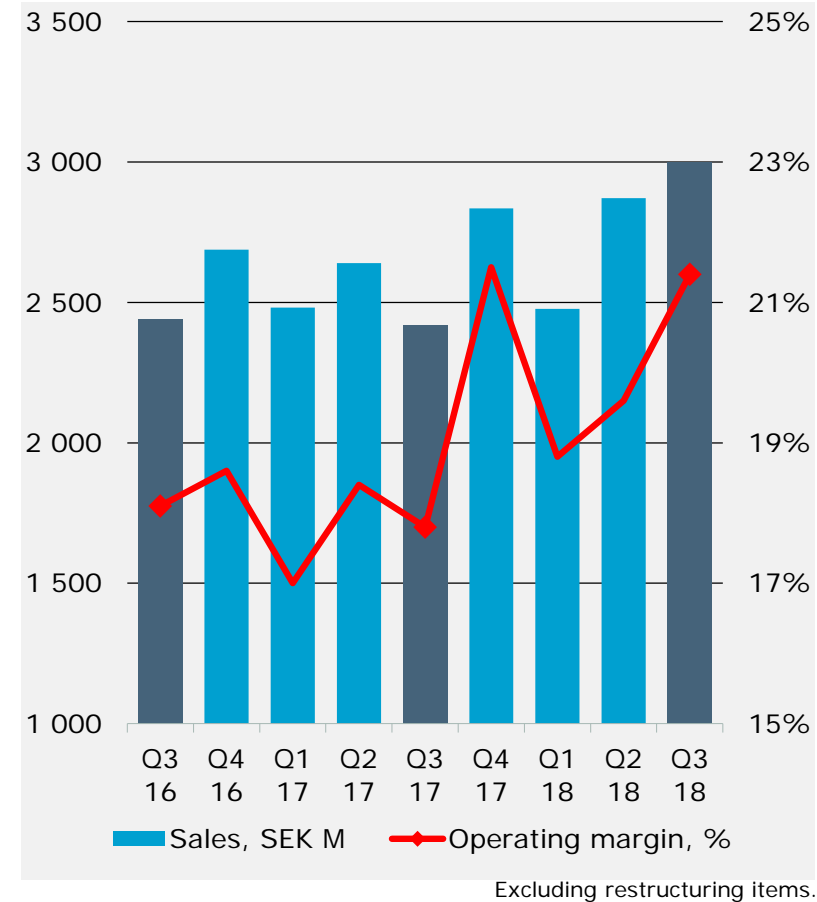
*) Excluding restructuring items and China write downs SEK 400 M in Q2 2018.

Global Technologies

14%
of Group
sales

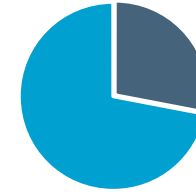


- **Organic growth of 12%**
 - HID
 - Very strong growth in Extended Access, Identification Technology, Identify & Access Solutions, Citizen ID and Physical Access Control
 - Negative growth in Secure Issuance
 - ASSA ABLOY Global Solutions growing very strongly
 - Expansion in new verticals
- **Operating margin 21.4% (17.8%)**

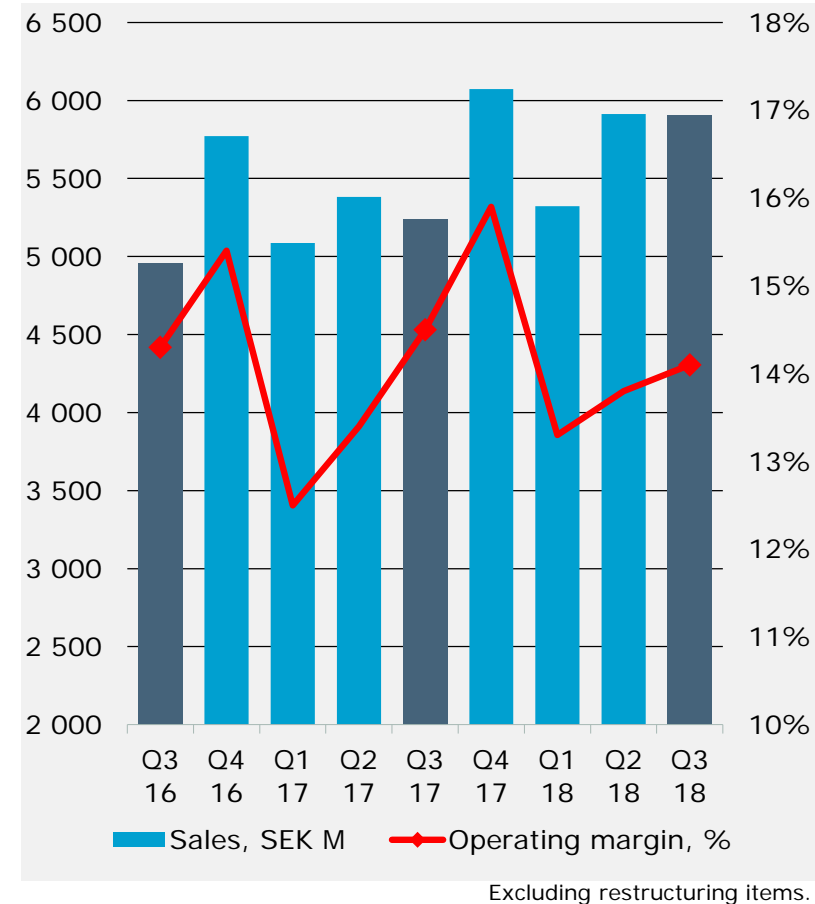


Entrance Systems

28%
of Group
sales



- **Organic growth of 4%**
 - Strong growth in US Residential Doors
 - Good growth in Industrial Doors
 - Stable in Pedestrian Doors and Door components
 - Negative sales in High Performance Doors and EU Residential Doors
- **Operating margin 14.1% (14.5%)**
 - Negative mix effect and dilution from acquisitions



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 2018

SEK M	July-September			January – September		
	2017	2018	Change	2017	2018	Change
Sales	18,499	21,191	15%	56,028	60,881	9%
- Organic growth	590	960	5%	1,956	2,620	5%
- Acquired growth	373	446	2%	1,273	1,079	2%
- FX-differences	-488	1,286	8%	990	1,154	2%
Operating income (EBIT)*	3,080	3,424	11%	8,982	9,564	6%
EBITA-margin*	16.9%	16.6%	-0.3 pts	16.3%	16.1%	-0.2 pts
EBIT-margin*	16.7%	16.2%	-0.5 pts	16.0%	15.7%	-0.3 pts
Income before tax**	2,910	3,221	11%	8,447	8,595	2%
Net income**	2,153	2,384	11%	6,250	6,396	2%
EPS**, SEK	1.94	2.15	11%	5.63	5.76	2%
Operating cash flow	2,654	3,004	13%	6,053	6,435	6%

*) Excluding China write down of SEK 400 M and impairments of SEK 5,595M in Q2 2018.

**) Excluding the impairment in China of goodwill and other intangible assets.

Bridge Analysis – Q3 2018

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
		5%	8%	2%	15%
	18,499	960	1,286	446	21,191
Operating profit	3,080	111	165	68	3,424
Operating margin, %	16.7%	11.5%	12.8%	15.2%	16.2%
Dilution/accretion		-0.2%	-0.3%	0.0%	

Sales

- Price +2% and volume +3%
- Positive development driven by Global Technologies, Americas and Entrance Systems

Margin

- Global Technology strong accretion and Entrance Systems flat
- EMEA and Americas small dilution
- APAC as expected dilution 20bps

**FX & acquisition
'run-rate' effects in Q4
(30 Sep 2018):**

SALES

FX: +5%
Acq: +3%

P&L components as % of sales

January – September 2018

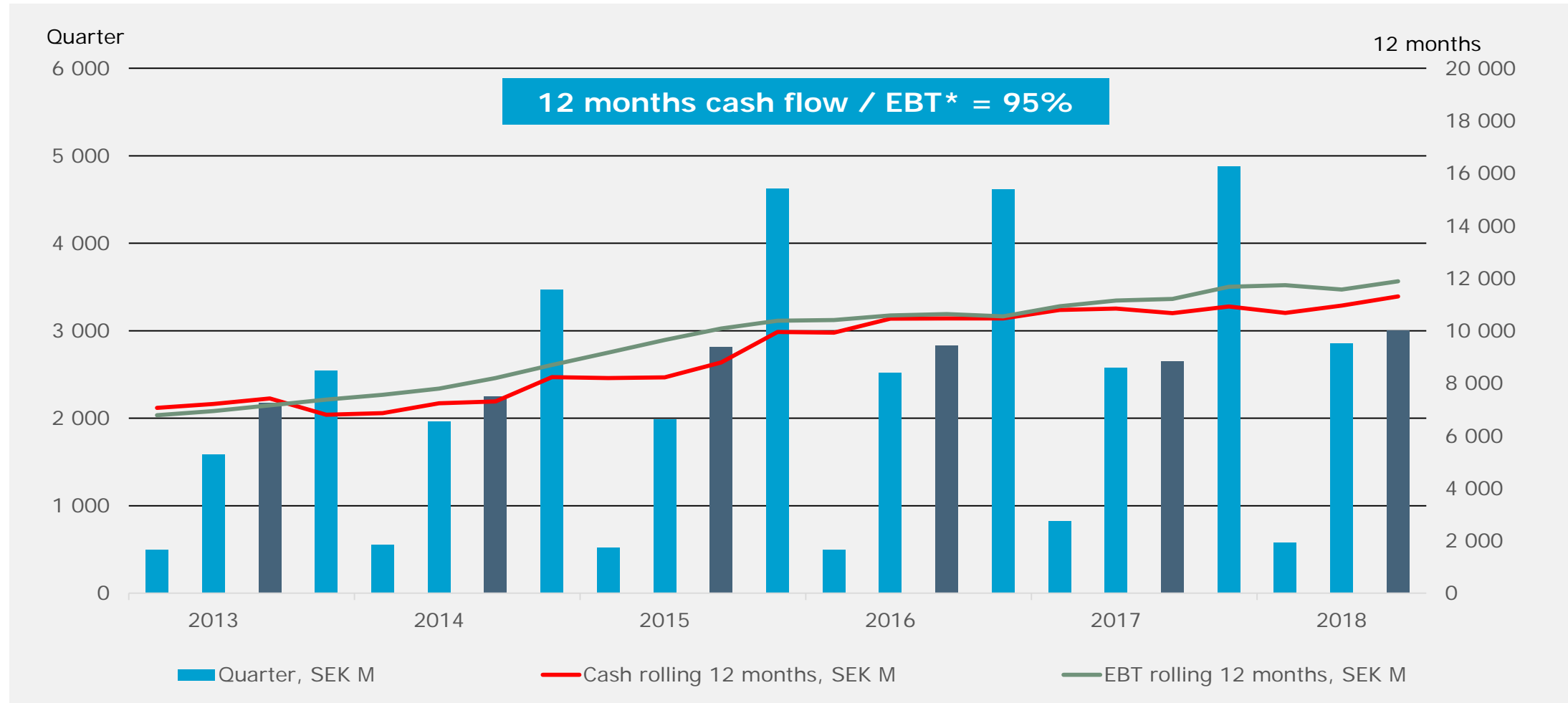
%	YTD 2017	YTD 2018 excl. acquisitions	Δ	YTD 2018
Direct material	-36.1%	-36.6%	-0.5%	-35.9%
Conversion cost	-24.5%	-24.5%	0.0%	-24.5%
Gross margin	39.4%	38.9%	-0.5%	39.6%
S, G & A*	-23.4%	-23.1%	0.3%	-23.9%
EBIT*	16.0%	15.8%	-0.2%	15.7%

- Direct Material - dilution due to raw material cost
- Conversion cost – good improvement in the quarter and flat YTD
- SG&A - leverage from strong organic sales as well as efficiency projects

^{*)} Excluding China write down of SEK 400 M in Q2 2018.

Actions initiated to decrease seasonality in cash flow

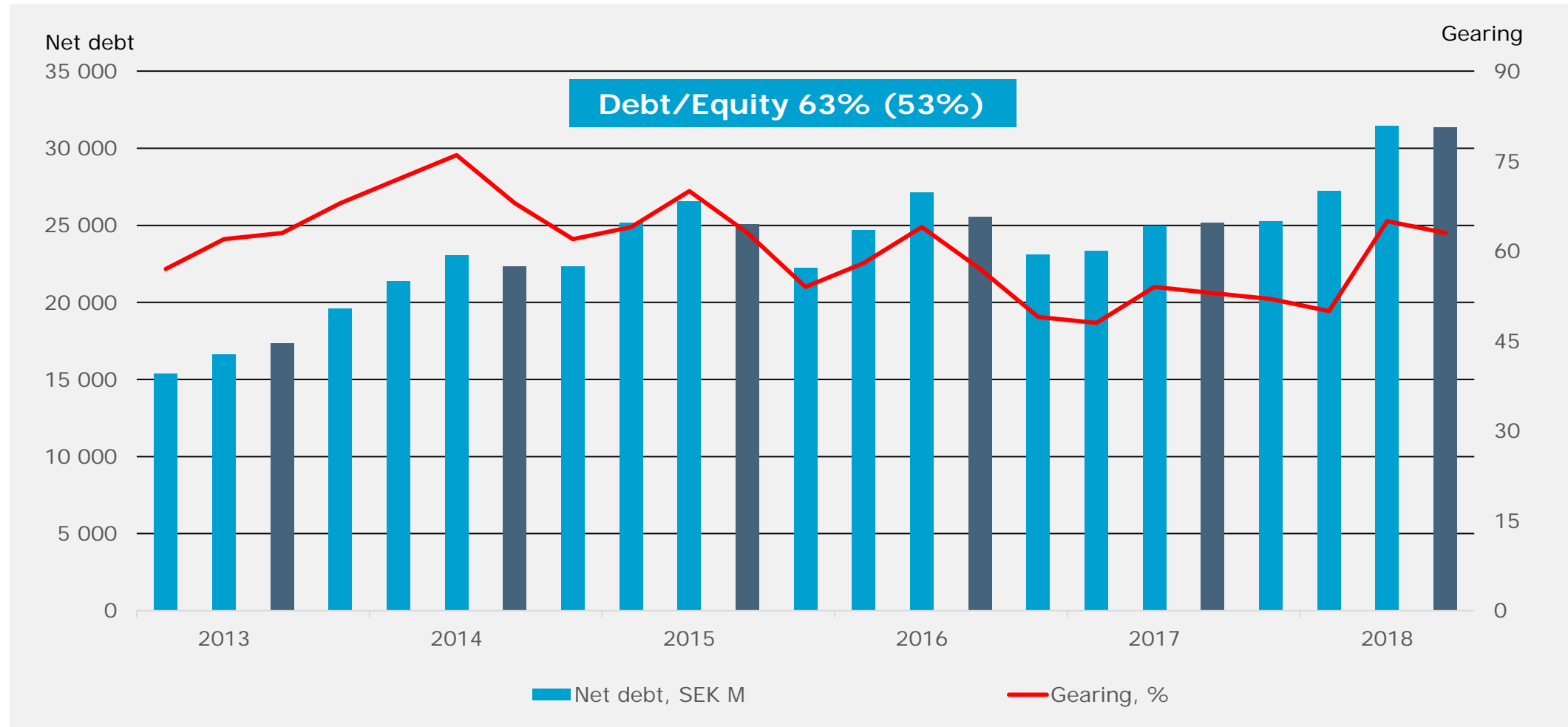
Operating cash flow, SEK M



*) Excluding the impairment in China of goodwill and other intangible assets.

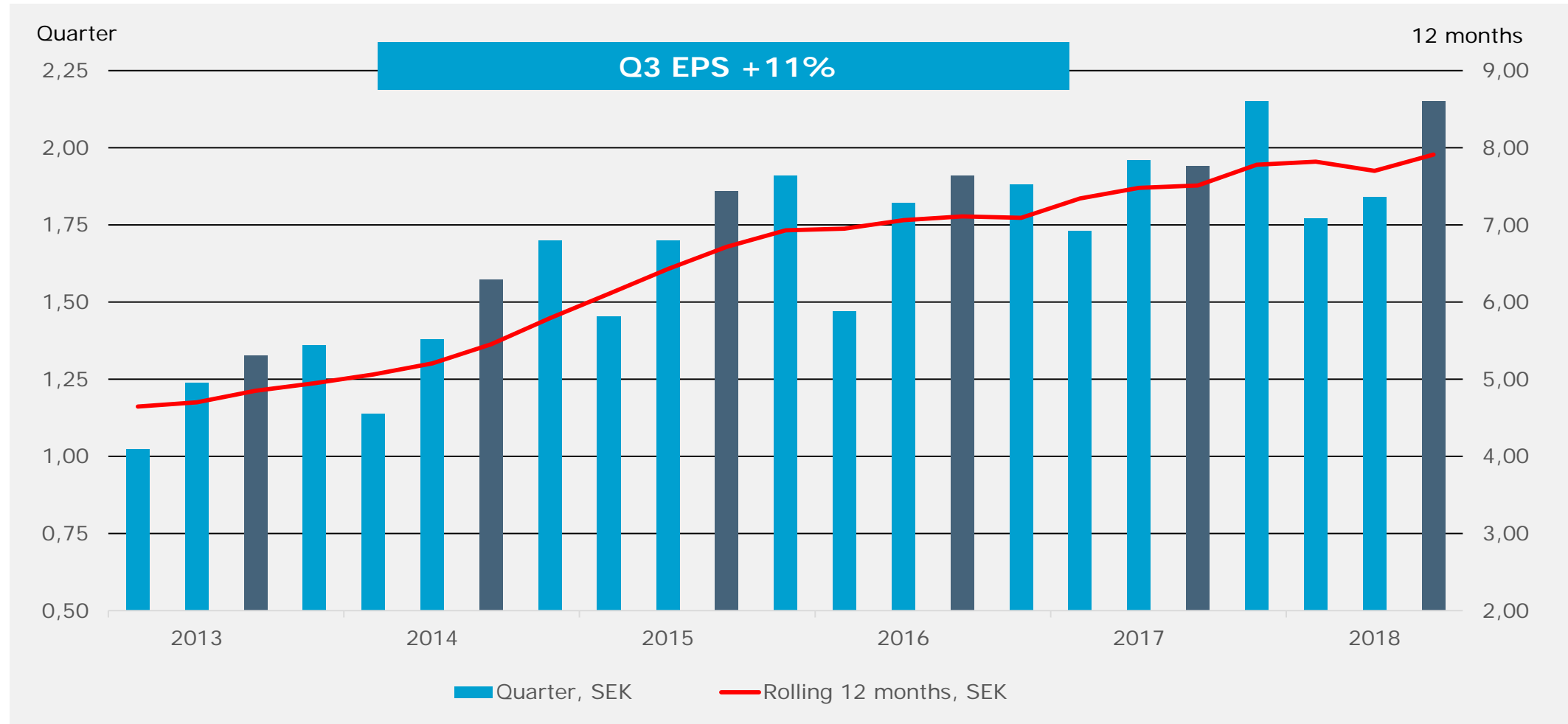
Gearing % and net debt, SEK M

Net debt/EBITDA*
2.1 (1.9)



*) Excluding China write down of SEK 400 M

Earnings per share, SEK



* Excluding restructuring items and impairment of intangible assets in China. Chart is restated for Stock split 3:1 2015.



Nico Delvaux
President and CEO

The global leader in door opening solutions

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Conclusions Q3 2018

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 - Stable in EMEA and APAC
- **Electromechanical products up 25%**
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- **Strong EBIT development**
 - Margin diluted by FX and raw material headwind
- **Strong cash flow**
- **Capital Markets Day, 14 November 2018**





Appendix

EMEA Financial Review

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
Growth		2%	7%	5%	14%
Sales	4,278	71	287	236	4,872
Operating income	717	0	14	43	774
Operating margin, %	16.8%	-0.5%	5.0%	18.3%	15.9%
Dilution/accretion		-0.2%	-0.8%	0.1%	
12 months figures					
Sales	17,769				19,585
EBIT	2,914				3,187
Operating cash flow before paid interest	2,895				2,985
Cash flow/EBIT	99%				94%

Americas Financial Review

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
Growth		10%	8%	0%	18%
Sales	4,426	446	318	21	5,211
Operating profit	966	75	73	-68	1,046
Operating margin, %	21.8%	16.7%	23.0%	-322.0%	20.1%
Dilution/accretion		-0.3%	0.0%	-1.4%	
12 months figures					
Sales	18,059				18,887
EBIT	3,877				3,760
Operating cash flow before paid interest	3,437				3,774
Cash flow/EBIT	89%				100%

Asia Pacific Financial Review

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
Growth		1%	6%	0%	7%
Sales	2,448	20	146	13	2,627
Operating profit	277	-41	7	0	242
Operating margin, %	11.3%	-208.6%	4.8%	0.2%	9.2%
Dilution/accretion		-1.7%	-0.4%	0.0%	
12 months figures*					
Sales	9,238				9,594
EBIT	954				860
Operating cash flow before paid interest	886				948
Cash flow/EBIT	93%				110%

*) Excluding China write down SEK 400 M in Q2 2018.

Global Technologies Financial Review

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
Growth		12%	8%	4%	24%
Sales	2,417	286	190	108	3,001
Operating profit	431	79	33	99	641
Operating margin, %	17.8%	27.6%	17.2%	91.9%	21.4%
Dilution/accretion		0.7%	0.3%	2.6%	
12 months figures					
Sales	10,225				11,183
EBIT	1,838				2,279
Operating cash flow before paid interest	1,719				2,308
Cash flow/EBIT	94%				101%

Entrance Systems Financial Review

SEK M	Q3 2017	Organic	Currency	Acq/Div	Q3 2018
Growth		4%	8%	1%	13%
Sales	5,242	232	367	68	5,909
Operating profit	762	32	43	-7	831
Operating margin, %	14.5%	13.6%	11.8%	-9.9%	14.1%
Dilution/accretion		0.0%	-0.1%	-0.3%	
12 months figures					
Sales	21,481				23,217
EBIT	3,009				3,326
Operating cash flow before paid interest	2,953				2,723
Cash flow/EBIT	98%				82%



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