

The ASSA ABLOY Group is the global leader in access solutions. Every day we help people feel safe, secure and experience a more open world.

ASSA ABLOY

Q1 interim report 2021

Experience a safer and more open world

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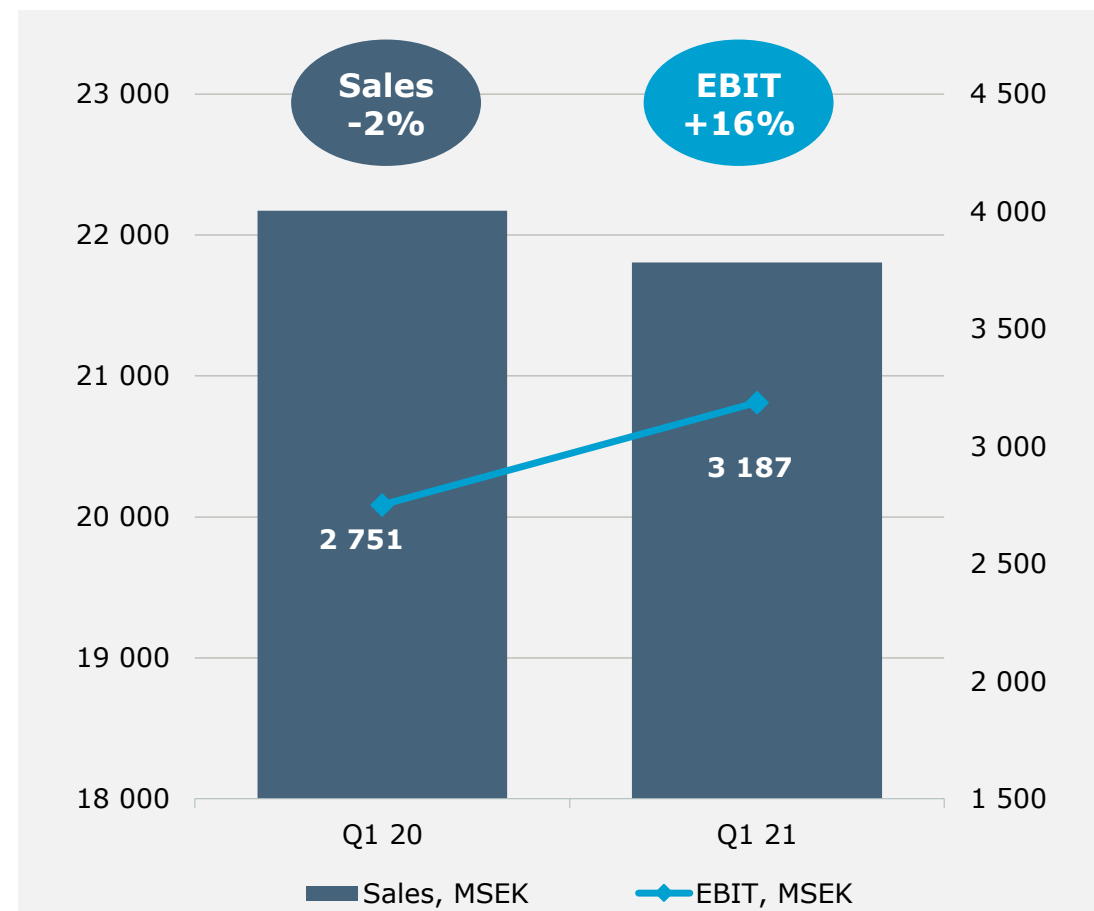
Back to good organic growth

- **Good organic sales development**
 - Significant sales growth in APAC
 - Very strong sales growth in Entrance Systems
 - Strong sales growth in EMEIA
 - Stable sales in Americas
 - Sales declined in Global Technologies
- **Strong improvement of EBIT-margin**
 - Very strong volume leverage in all divisions
- **Very strong cash flow, up 118% vs last year**



Q1 2021 figures in summary

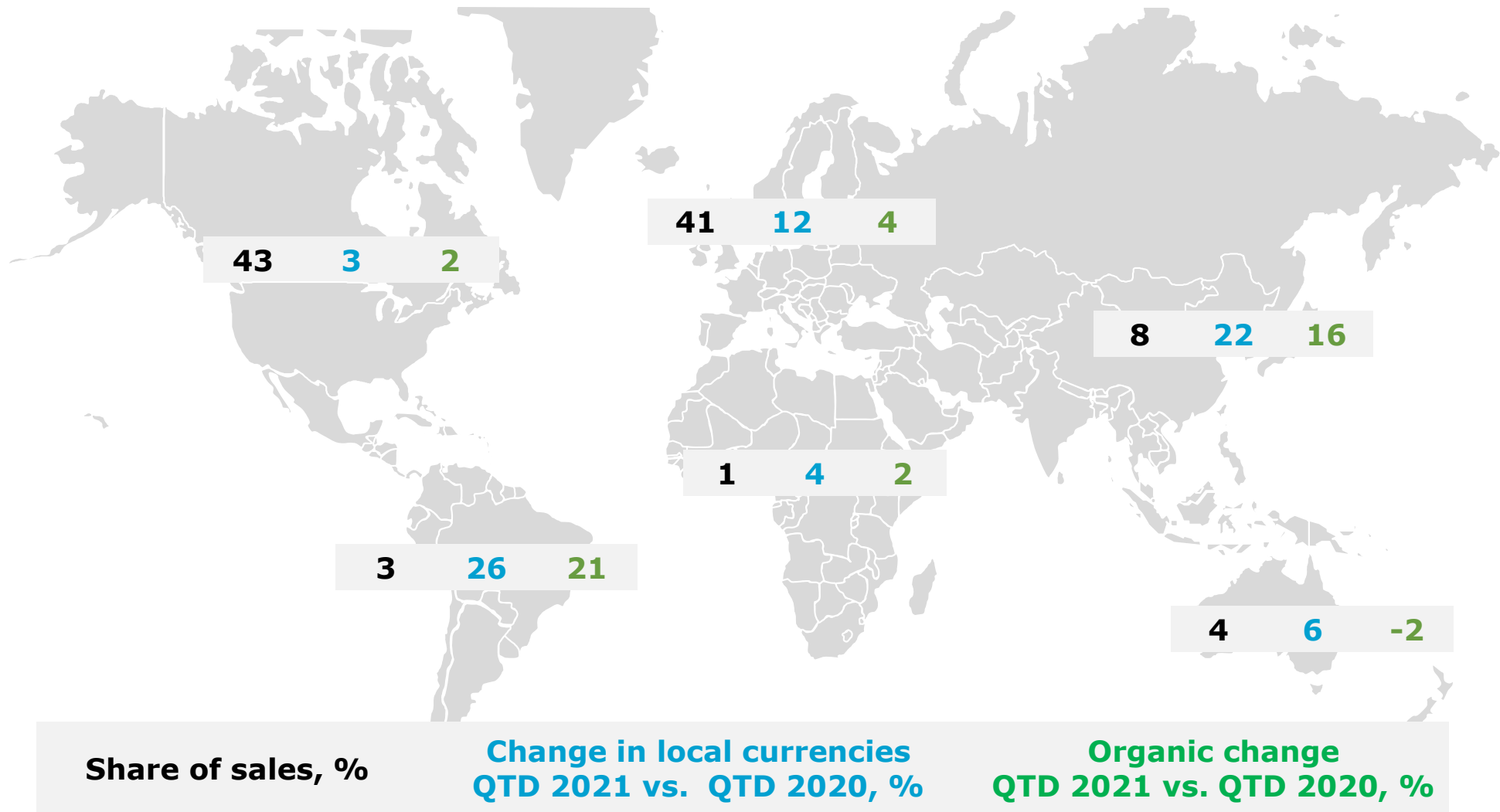
- **Sales MSEK 21,805** **-2%**
 - +4% organic
 - +4% acquired and divested
 - - 10% currency
- **EBITA-margin 15.3% (13.0%)**
- **EBIT-margin 14.6% (12.4%)**
- **EBIT MSEK 3,187** **+16%**
- **EPS SEK 2.03** **+21%**



Sales by region

Jan-Mar 2021

ASSA ABLOY	100	8	4
Emerging markets	13	15	10



Emerging markets comprise follows IMF’s definition as per 2018-12-31

Market highlights

■ Project wins

- Several larger distribution centers in Europe and North America
- Locks and architectural hardware for metro station in China
- Major electricity vertical contracts in Middle East for critical infrastructure

■ Product launches

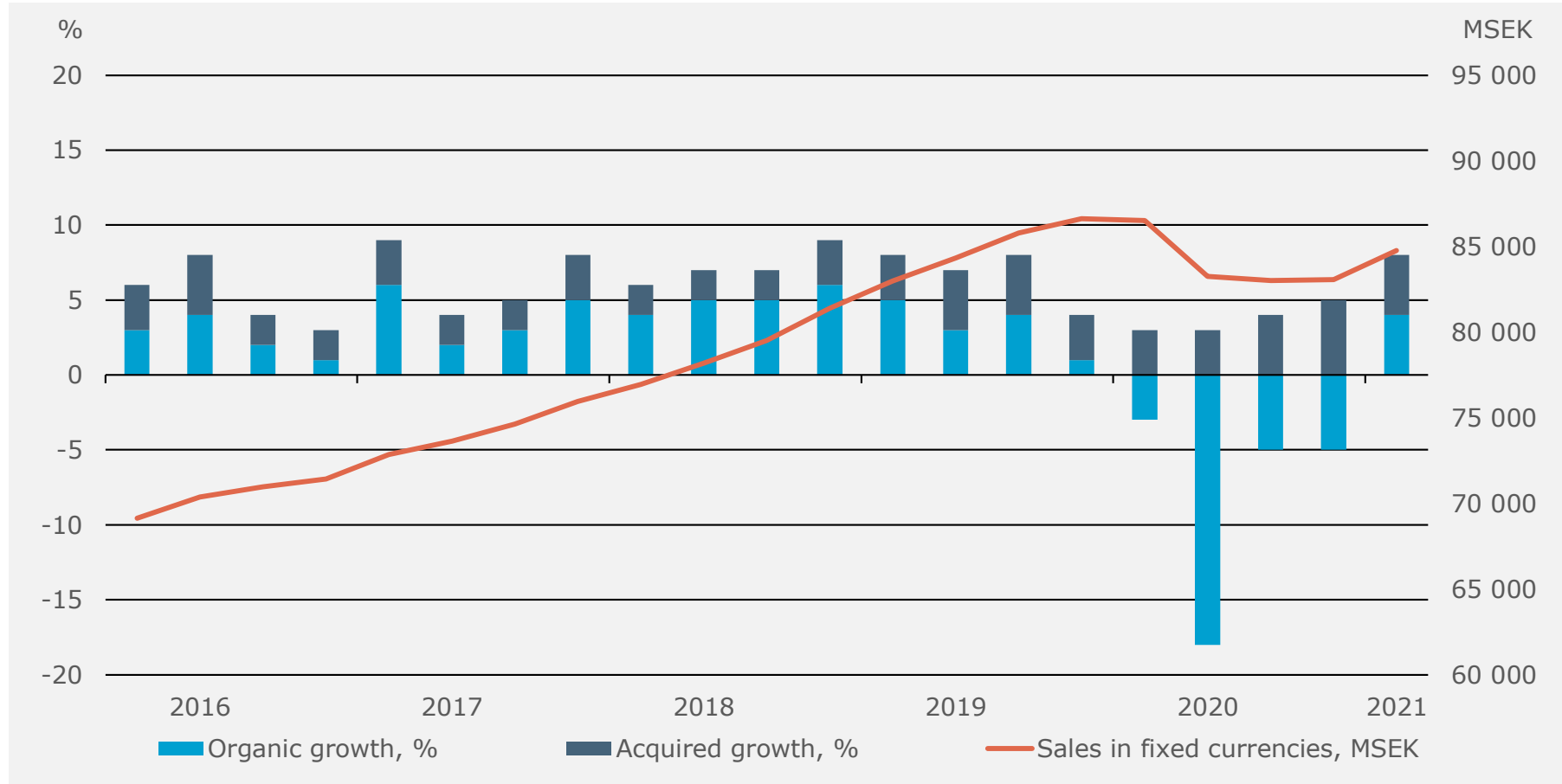
- Facial recognition solution for construction sites
- New “design for customization” product range in Emtek
- Single-application credential - HID Seos Essential

■ Awards

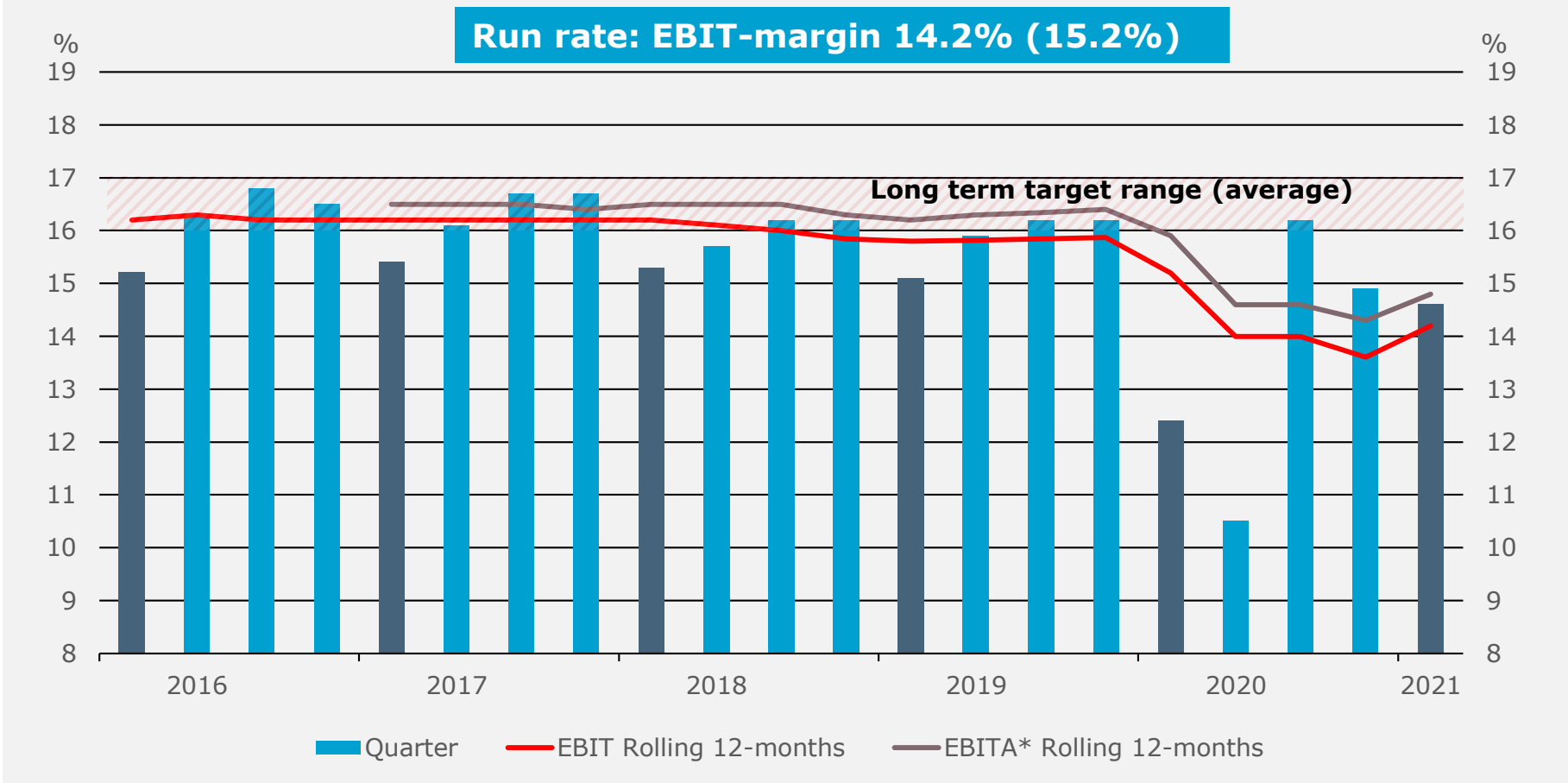
- Red dot award for SW 60 interior door operator
- Leader in 2021 Gartner Magic quadrant for HID indoor location services



FX adjusted sales growth



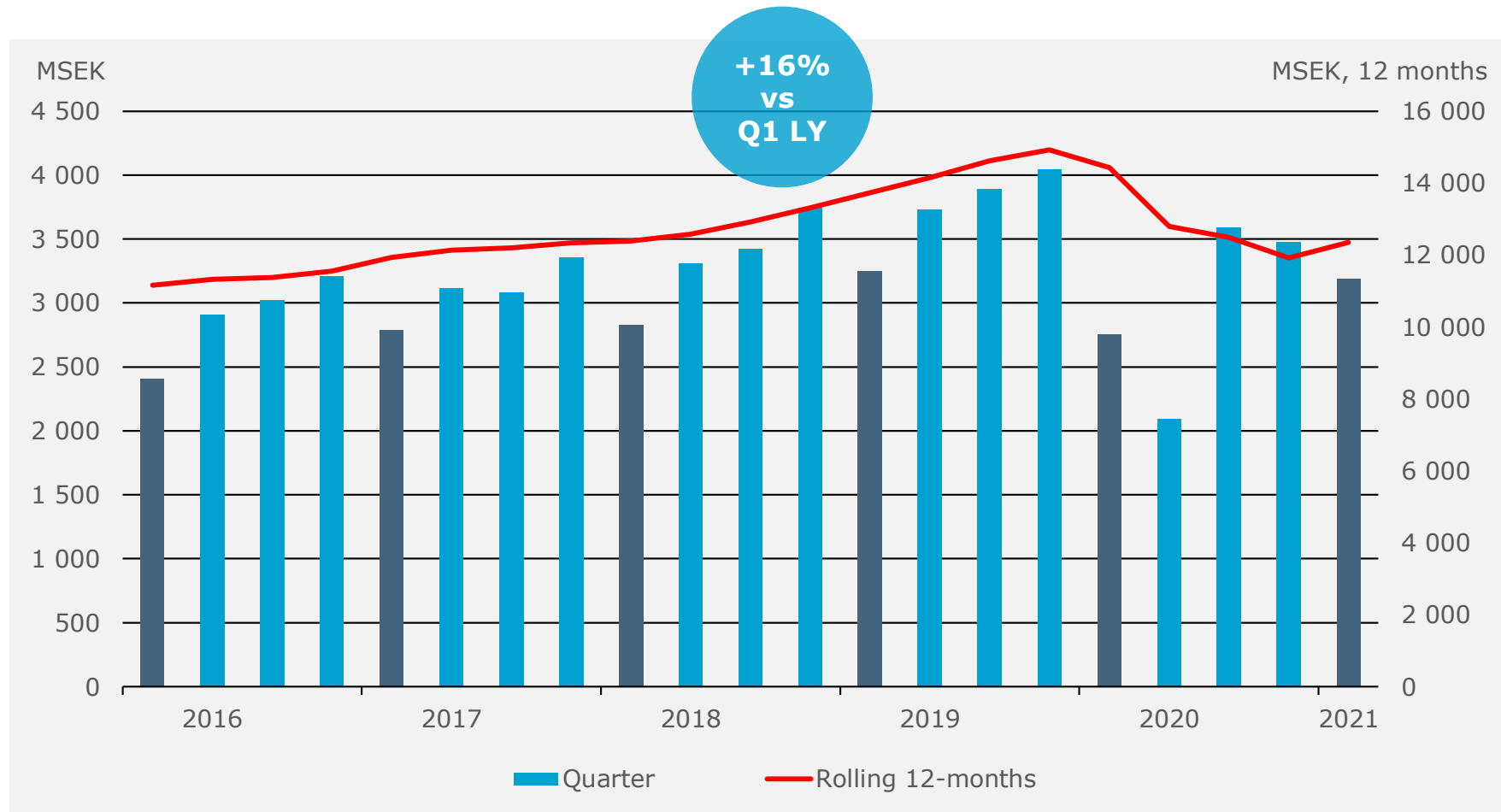
Operating margin



Excluding items affecting comparability.

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

Operating profit



*) Excluding China write-downs, restructuring items and a positive revaluation of agta record

Acquisitions

- **Active pipeline**

- 3 acquisitions completed in Q1
- Acquired annualized sales of MSEK 200



* Traka distributor in Iberia



** Invengo Textile Services



- Reinforces current RFID offering
- Sales of MSEK 30 in 2020
- Global provider of RFID handheld readers
- Accretive to EPS from start

Opening Solutions EMEIA

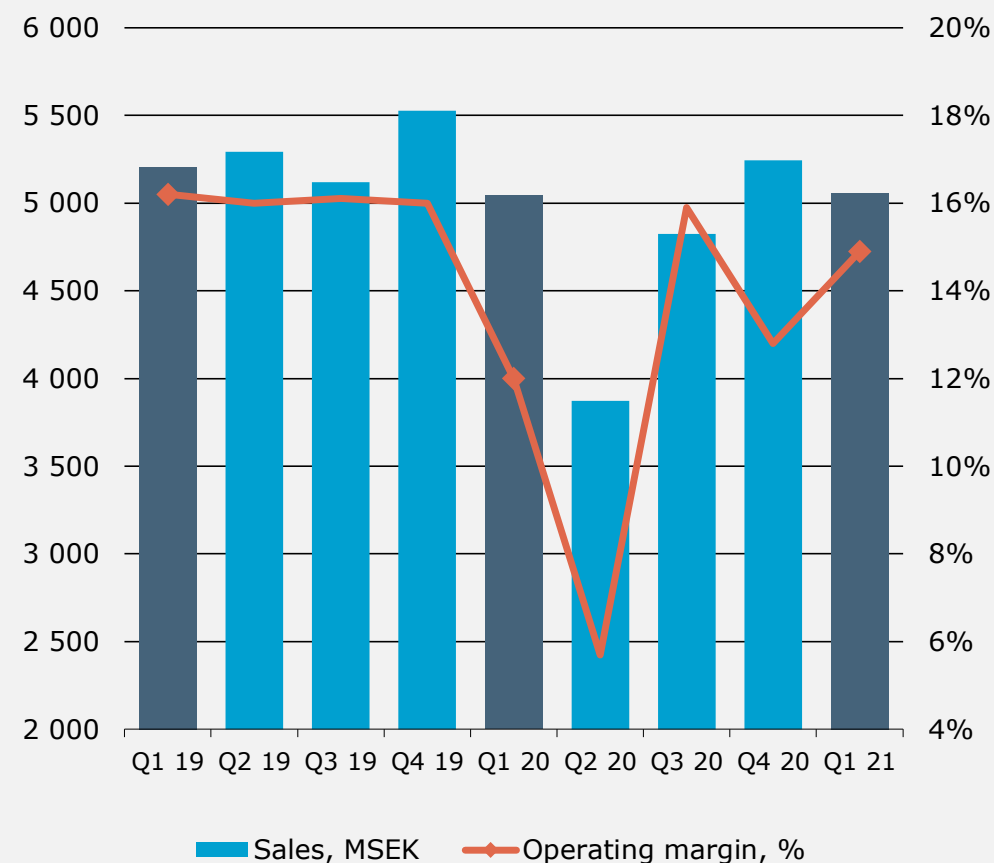
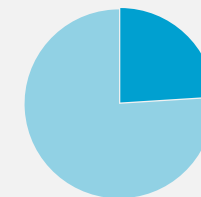
▪ Organic sales +5%

- Very strong sales growth in the UK, France, Eastern Europe, Middle East/Africa/India
- Good sales growth in Finland and South Europe
- Stable sales in Germany and Benelux
- Sales declined in Scandinavia

▪ Operating margin 14.9% (12.0%)

- Very strong volume leverage (220 bps) despite negative mix and material headwind
 - Continued savings and efficiency improvements
- FX +80 bps
- M&A -10 bps

24%
of Group
sales



Excluding MFP restructuring items.

Opening Solutions Americas

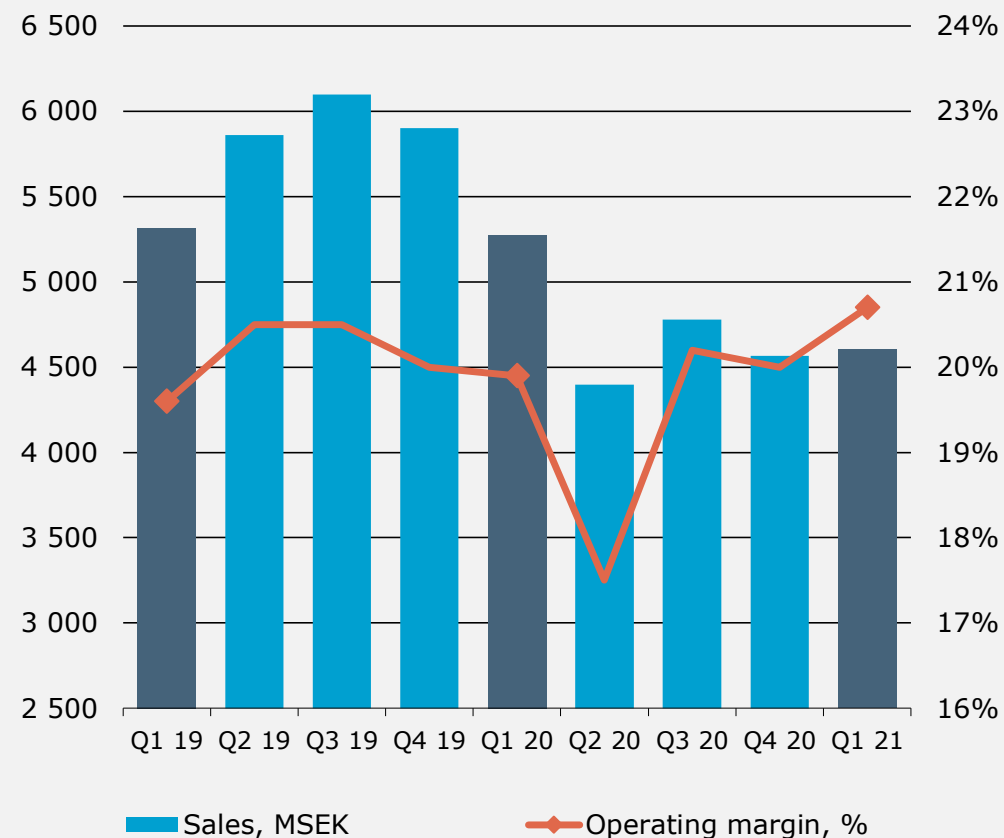
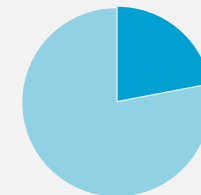
■ Organic sales 0%

- Very strong sales growth in US Smart Residential, US Residential and Latin America
- Stable sales in Electromechanical Solutions and Canada
- Sales declined in Security Doors and Architectural Hardware
- Sales declined significantly in Access & High Security

■ Operating margin 20.7% (19.9%)

- Strong volume leverage (80 bps), due to good cost control and savings, despite negative mix and material headwind
- FX +10 bps
- M&A -10 bps

22% of
Group
sales



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

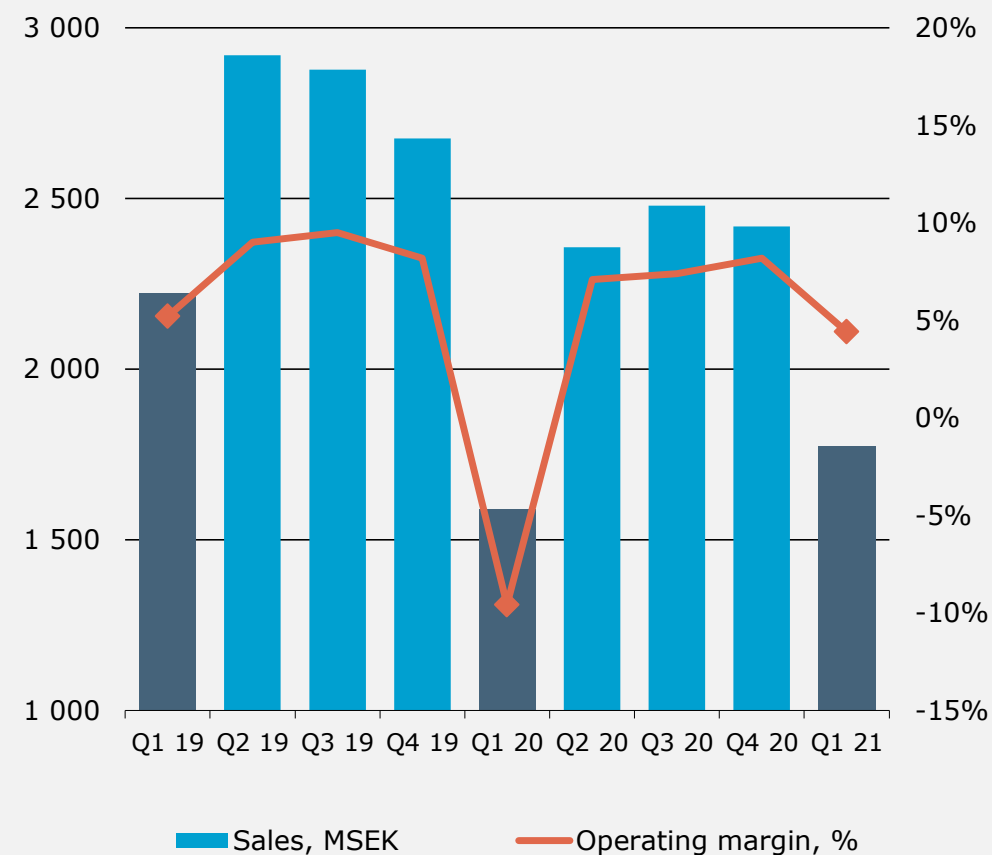
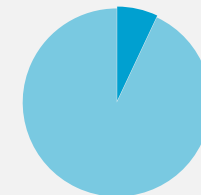
- **Organic sales +23%**

- Very strong sales growth in China, South Korea and South East Asia
- Sales declined in Pacific

- **Operating margin 4.4% (-9.6%)**

- Very strong leverage (1330 bps) despite negative mix
 - Recovery in China
- FX +30 bps
- M&A +40 bps

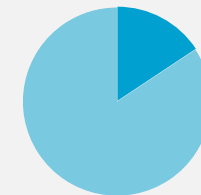
7%
of Group
sales



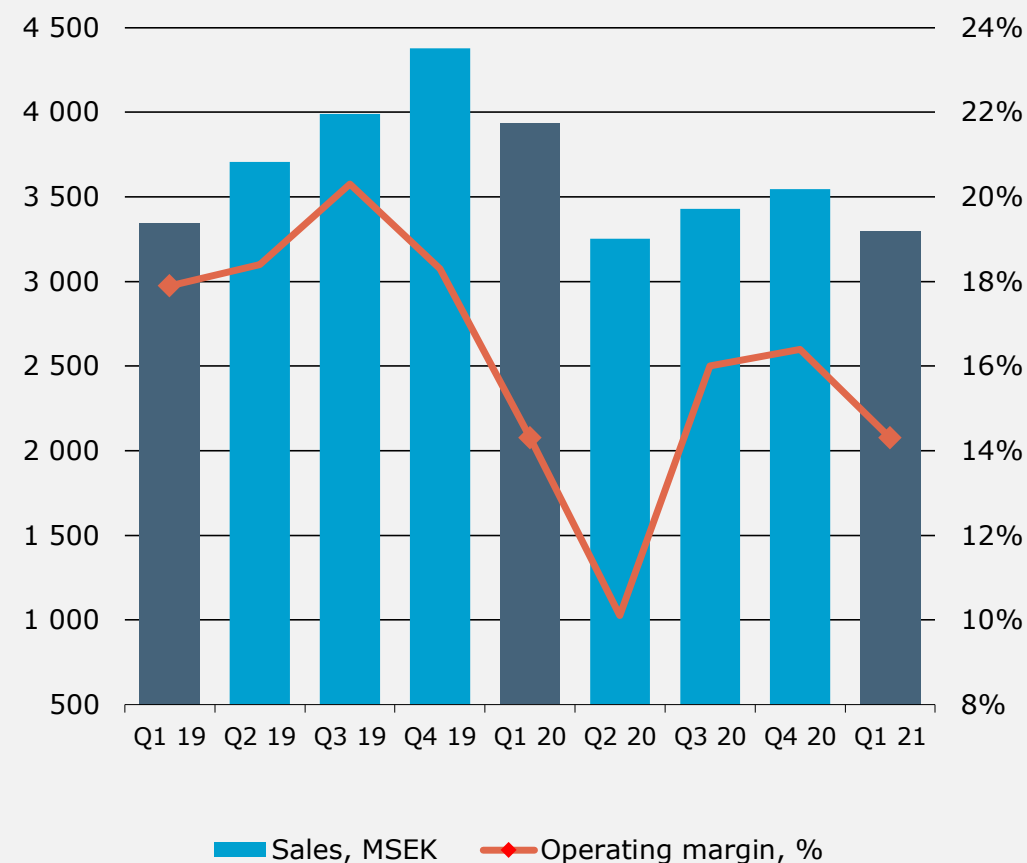
Excluding MFP restructuring items.

Global Technologies

16%
of Group
sales



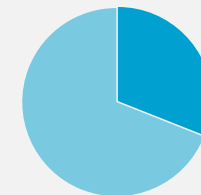
- **Organic sales declined –9%**
 - Good sales growth in Secure Issuance
 - Sales declined in PACS and Identification Technology
 - Significant sales decline in all other business areas
- Significant sales decline in Global Solutions
- **Operating margin 14.3% (14.3%)**
 - Strong volume leverage (90 bps)
 - Continued strong impact from Covid-19
 - Weak Citizen ID and Hospitality/ Marine
 - Stronger decline in aftermarket business
 - Continued R&D investments
 - FX -70 bps
 - M&A -20 bps



Excluding MFP restructuring items.

Entrance Systems

31%
of Group
sales

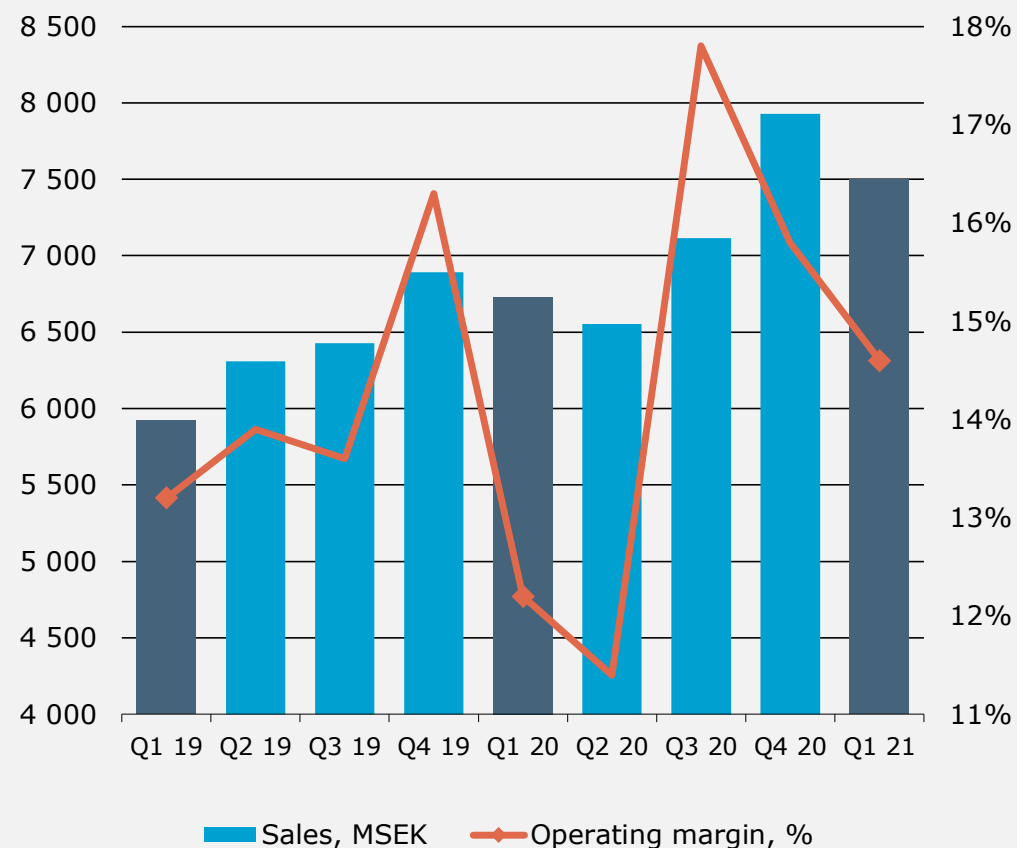


- **Organic sales +11%**

- Very strong growth in Perimeter Security and Residential
- Strong sales growth in Industrial and Pedestrian
- Strong sales growth in service

- **Operating margin 14.6% (12.2%)**

- Very strong volume leverage (320 bps)
 - Good cost control and savings
- FX +50 bps
- M&A -130 bps



Excluding MFP restructuring items.

Financial summary, Q1 2021

**FX & acquisition
'run-rate' effects in Q2 2021
(31 March 2021):**
SALES
 FX: -7%
 M&A: +4%

	2020	January-March 2021	
Sales	22,173	21,805	-2%
- Organic growth	-759	827	+4%
- Acquired net growth	648	866	+4%
- FX-differences	780	-2,060	- 10%
Operating income (EBIT)	2,751	3,187	+16%
EBITA-margin	13.0%	15.3%	+2.3 pts
EBIT-margin	12.4%	14.6%	+2.2 pts
Income before tax	2,519	3,045	+21%
Net income	1,864	2,253	+21%
EPS, SEK	1.68	2.03	+21%
Operating cash flow	1,206	2,636	118%
ROCE 12-months	15%	13%	-2 pts

Bridge analysis – Q1 2021

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		4%	-10%	4%	-2%
Sales	22,173	827	-2,060	866	21,805
Operating profit*	2,751	657	-261	40	3,187
Operating margin, %*	12.4%	79.5%	12.7%	4.6%	14.6%
Dilution/accretion		2.6 pts	0.0 pts	-0.4 pts	

Sales decreased MSEK -368 due to FX

- Price +1% and volume +3%

Margin drivers

- Strong operational leverage driven by good organic growth, particularly in APAC and Entrance Systems
- Continued cost measures
- Still negative Covid-19 effects for all divisions, especially Global Technologies
- Dilution from agta record (-50bps)

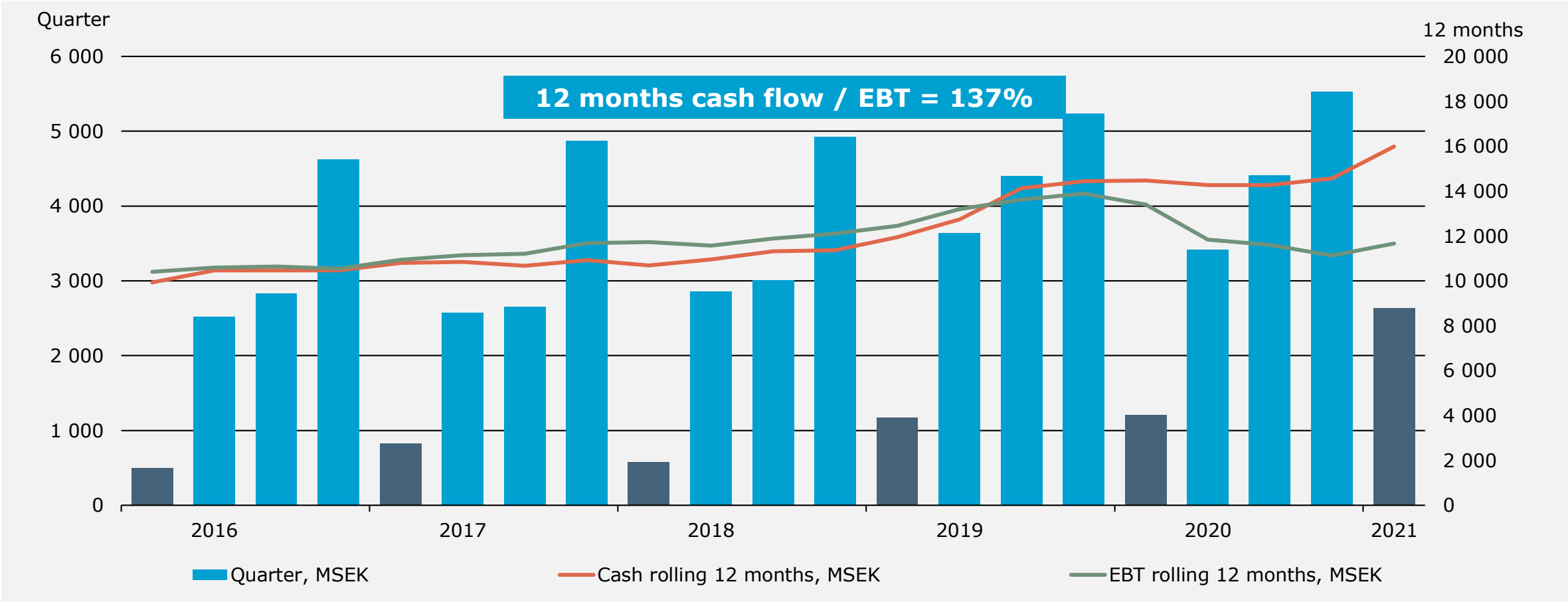
Cost breakdown as % of sales

January - March

%	QTD 2020	QTD 2021 excl. acq/div	Δ	QTD 2021
Direct material	-33.9%	-34.4%	-0.5 pts	-34.0%
Conversion cost	-25.6%	-25.3%	+0.3 pts	-26.0%
Gross margin	40.5%	40.3%	-0.2 pts	40.0%
S, G & A	-28.1%	-25.3%	+2.8 pts	-25.4%
EBIT*	12.4%	15.0%	+2.6 pts	14.6%

- Operating margin excluding acquisitions and divestments 15.0%
- Direct Material
 - Price increases almost completely offset higher raw material costs
 - Negative divisional, regional and product mix
- Conversion cost – efficiency and savings in production sites despite Covid-19 restrictions
- SG&A – continued investments in R&D, with strong savings in sales and admin

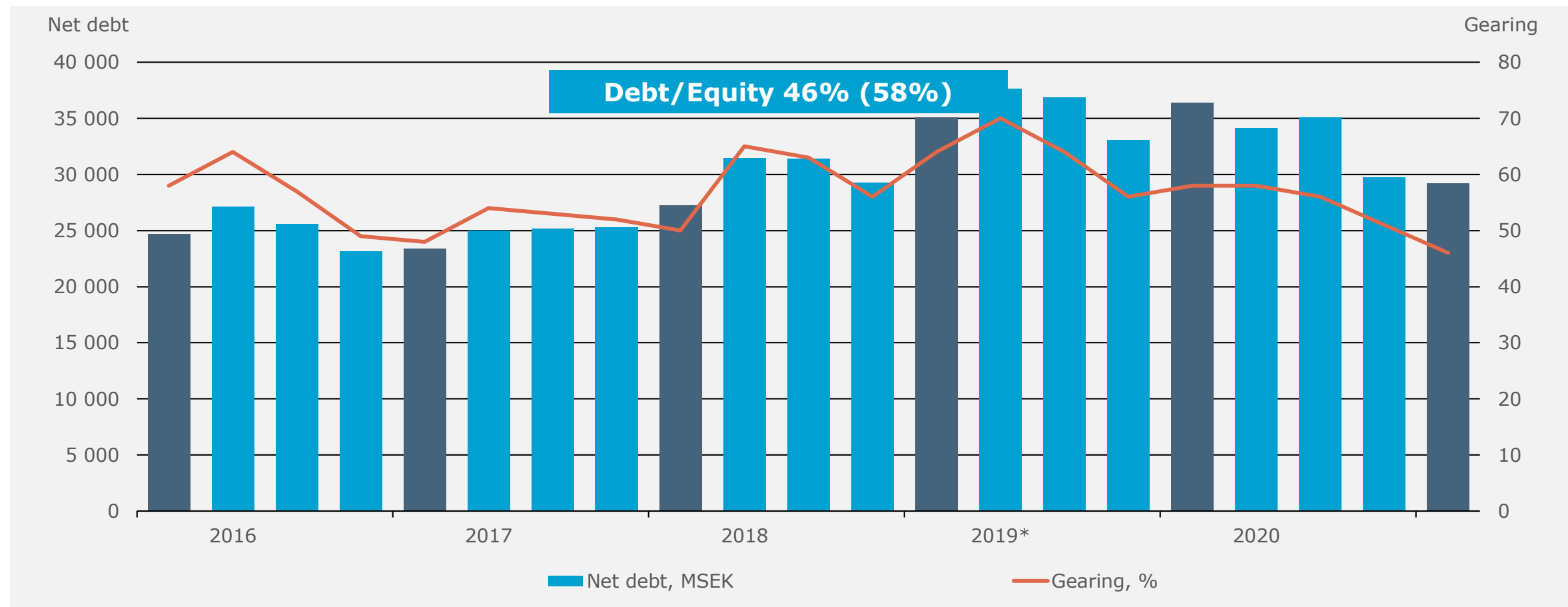
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

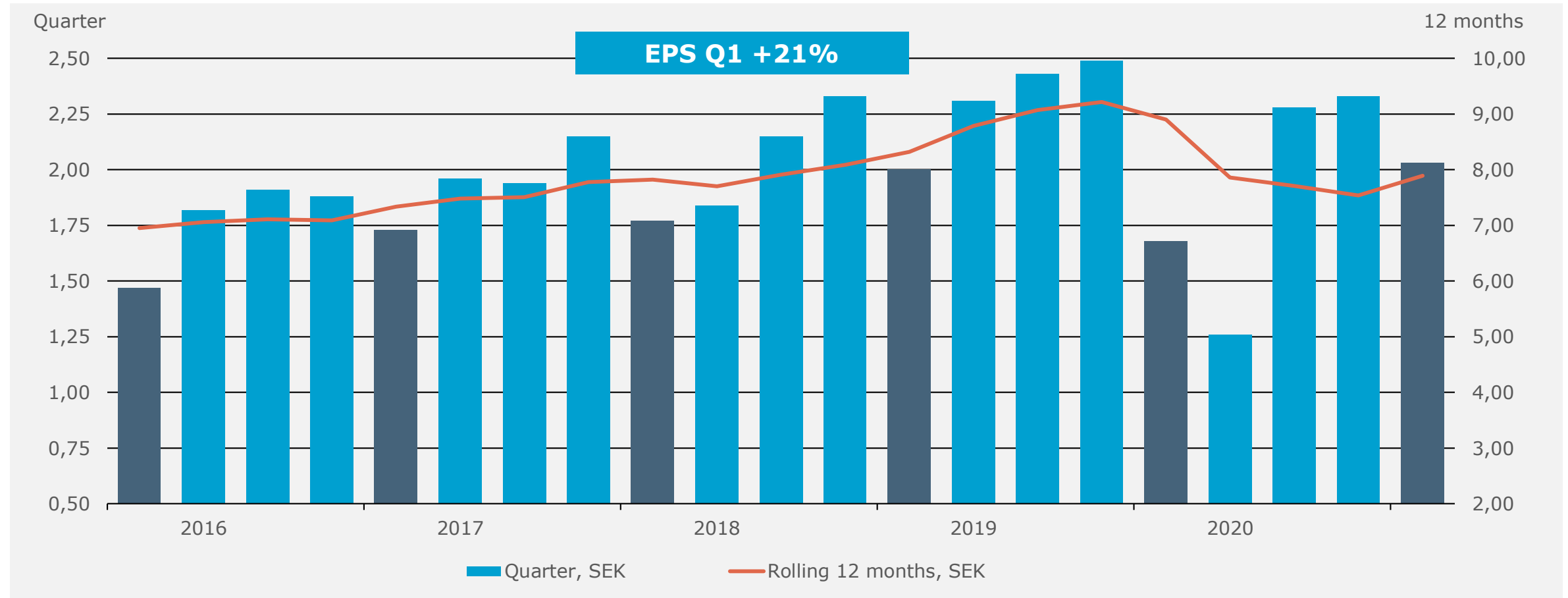
Net debt/EBITDA**
1.8 (2.0)



*) IFRS 16 effect on net debt SEK 3.7 bn.

**) Excluding MFP restructuring items.

Earnings per share, SEK



Excluding restructuring items, impairment of intangible assets in China and a positive revaluation of fair assets in agta record associates. Chart is restated for Stock split 3:1 2015.



Conclusions

- **Good organic sales growth**
 - Organic sales up 4%
- **Operating margin at 15%, excluding M&A**
- **Very strong cash flow up 118% vs. LY**
- **Re-accelerate profitable growth**
- **Virtual Capital Markets Day 26 May**



Q&A

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Appendix

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Cost breakdown as % of sales

%	QTD 2020	QTD 2021 excl. acquisitions	Δ	QTD 2021	YTD 2019	YTD 2020 excl. acquisitions	Δ	YTD 2020*
Direct material	-33.9%	-34.4%	-0.5 pts	-34.0%	-36.0%	-35.1%	+0.9 pts	-35.2%
Conversion cost	-25.6%	-25.3%	+0.3 pts	-26.0%	-23.9%	-24.6%	-0.7 pts	-25.0%
Gross margin	40.5%	40.3%	-0.2 pts	40.0%	40.1%	40.3%	+0.2 pts	39.8%
S, G & A	-28.1%	-25.3%	+2.8 pts	-25.4%	-24.2%	-26.3%	-2.1 pts	-26.2%
EBIT	12.4%	15.0%	+2.6 pts	14.6%	15.9%	14.0%	-1.9 pts	13.6%

* Excludes a non-cash income from revaluation in associates of MSEK 1,910 and restructuring items.

Opening Solutions EMEIA's bridge

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		5%	-6%	1%	0%
Sales	5,044	243	-277	47	5,058
Operating income	607	144	1	3	755
Operating margin, %	12.0%	59.1%	-0.3%	7.3%	14.9%
Dilution/accretion		2.2 pts	0.8 pts	-0.1 pts	

12 months figures

Sales	20,980			18,995
EBIT	3,162			2,411
Operating cash flow before paid interest	3,358			3,394
Cash flow/EBIT	106%			141%

Opening Solutions Americas' bridge

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		0%	-14%	1%	-13%
Sales	5,271	12	-707	28	4,604
Operating income	1,048	40	-135	1	955
Operating margin, %	19.9%	330.5%	19.1%	3.1%	20.7%
Dilution/accretion		0.8 pts	0.1 pts	-0.1 pts	

12 months figures

Sales	23,131			18,346
EBIT	4,682			3,604
Operating cash flow before paid interest	5,583			4,984
Cash flow/EBIT	119%			138%

Opening Solutions Asia Pacific's bridge

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		23%	-7%	-4%	12%
Sales	1,588	332	-84	-62	1,773
Operating income	-152	207	18	5	78
Operating margin, %	-9.6%	62.4%	-21.4%	-8.3%	4.4%
Dilution/accretion		13.3 pts	0.3 pts	0.4 pts	

12 months figures

Sales	10,057			9,026
EBIT	612			626
Operating cash flow before paid interest	451			961
Cash flow/EBIT	74%			154%

Global Technologies' bridge

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		-9%	-10%	3%	-16%
Sales	3,933	-320	-408	97	3,301
Operating income	563	-12	-85	7	472
Operating margin, %	14.3%	3.7%	20.9%	6.9%	14.3%
Dilution/accretion		0.9 pts	-0.7 pts	-0.2 pts	

12 months figures

Sales	16,007			13,527
EBIT	2,854			3,604
Operating cash flow before paid interest	3,200			2,777
Cash flow/EBIT	112%			77%

Entrance Systems' bridge

MSEK	Q1 2020	Organic	Currency	Acq/Div	Q1 2021
Growth		11%	-12%	12%	11%
Sales	6,727	624	-608	756	7,499
Operating income	821	311	-61	24	1,096
Operating margin, %	12.2%	49.9%	10.0%	3.1%	14.6%
Dilution/accretion		3.2 pts	0.5 pts	-1.3 pts	

12 months figures

Sales	26,357			29,095
EBIT	3,694			4,357
Operating cash flow before paid interest	3,615			5,177
Cash flow/EBIT	98%			119%



Thank you
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