

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

Q4 interim report 2021

Experience a safer and more open world

ASSA ABLOY

Very strong sales growth and margin improvement

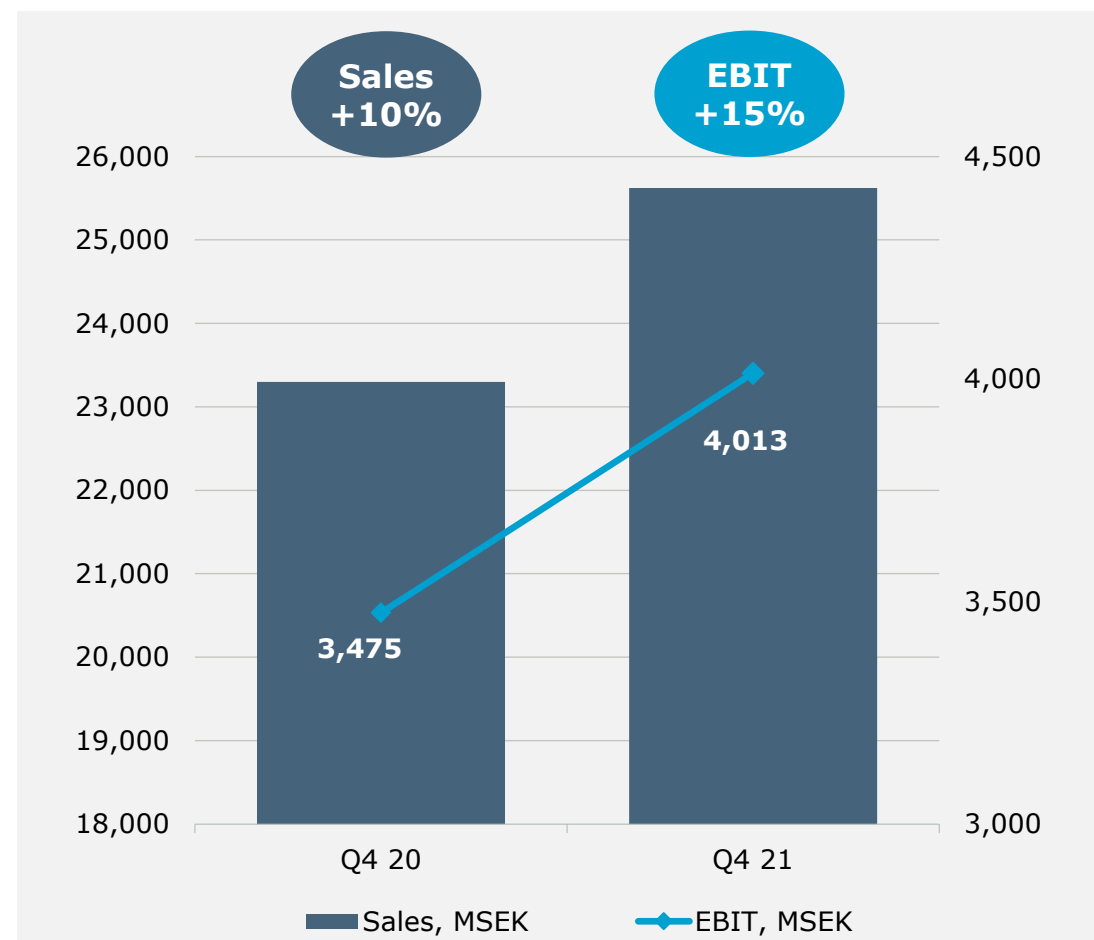
- **Organic sales development**
 - Very strong sales growth in Americas and Entrance Systems
 - Strong sales growth in EMEIA and Global Technologies
 - Stable sales growth in APAC
- **EBIT margin improvement**
 - Despite higher material and logistic costs and operational challenges
- **Four completed acquisitions**
- **Strong operating cash flow despite higher working capital**



Q4 2021 figures in summary

- **Sales MSEK 25,623** **+10%**
 - +10% organic
 - - 1% acquired and divested
 - +1% currency
- **EBITA-margin 16.2% (15.6%*)**
- **EBIT-margin 15.7% (14.9%*)**
- **EBIT MSEK 4,013** **+15%**
- **EPS SEK 2.74** **+18%**

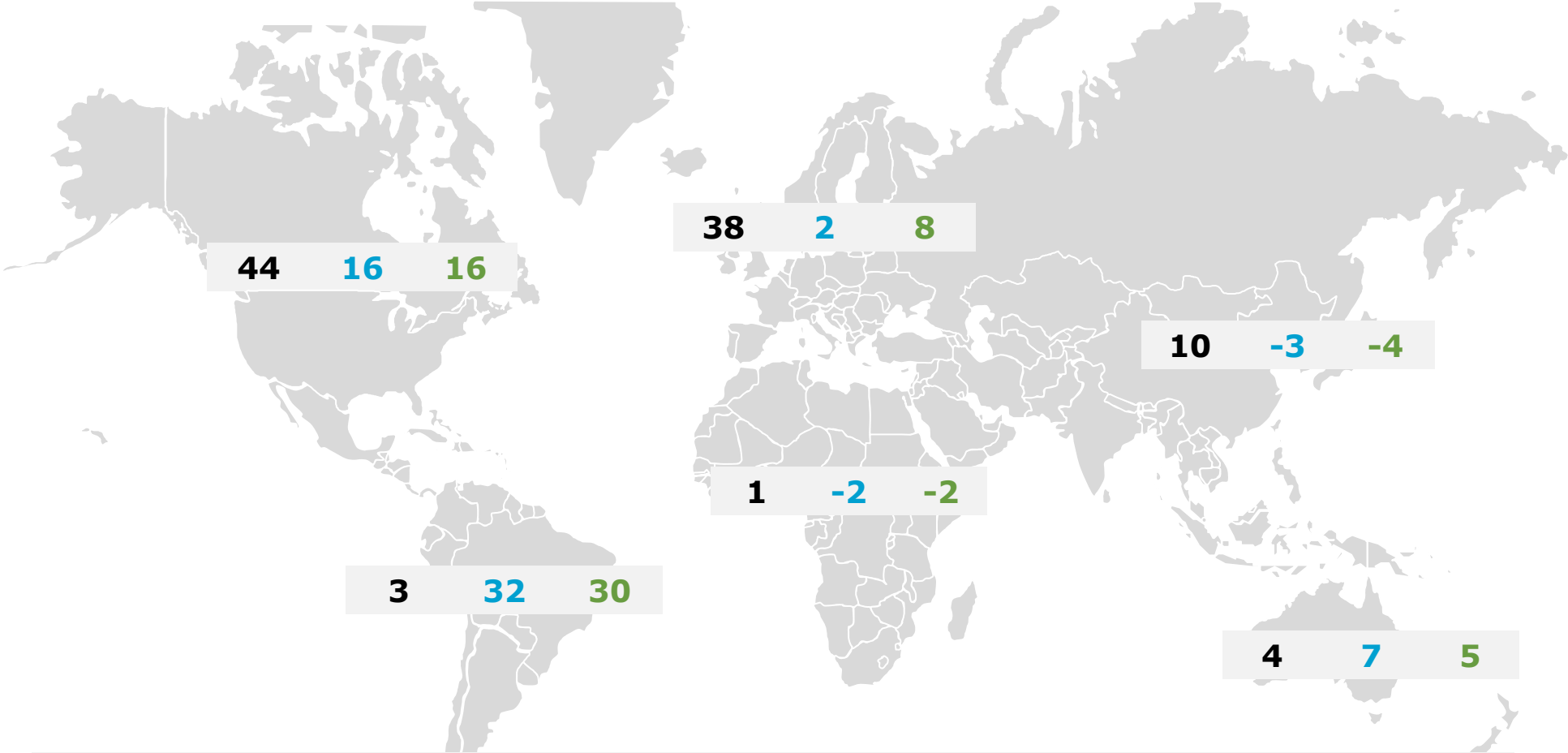
* Excluding restructuring items. Includes capital loss and other exit costs from the divestment of Gardesa MSEK -185.



Sales by region

Oct-Dec 2021

ASSA ABLOY	100	8	10
Emerging markets	16	8	7



Share of sales, %	Change in local currencies QTD 2021 vs. QTD 2020, %	Organic change QTD 2021 vs. QTD 2020, %
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Emerging markets comprise follows IMF's definition as per 2018-12-31

Market highlights

■ Project wins

- Large range of sustainable industrial door solutions for a US-based electric vehicle manufacturing plant
- Several projects wins in the marine cruise line industry
- Significant wins for Yale and Gateman smart locks in multi-residential developments in China and South Korea
- Largest electronic access control contract to date to secure facilities of a leading American university

■ Product launches and awards

- ASSA ABLOY collaborated with Hyatt to roll out room keys in Apple Wallet
- HID launched LinTRAK XS, its smallest, high-performance RFID tag for textile identification and tracking applications
- HID won several awards for identity and access solutions, including mobile-based and digital technologies



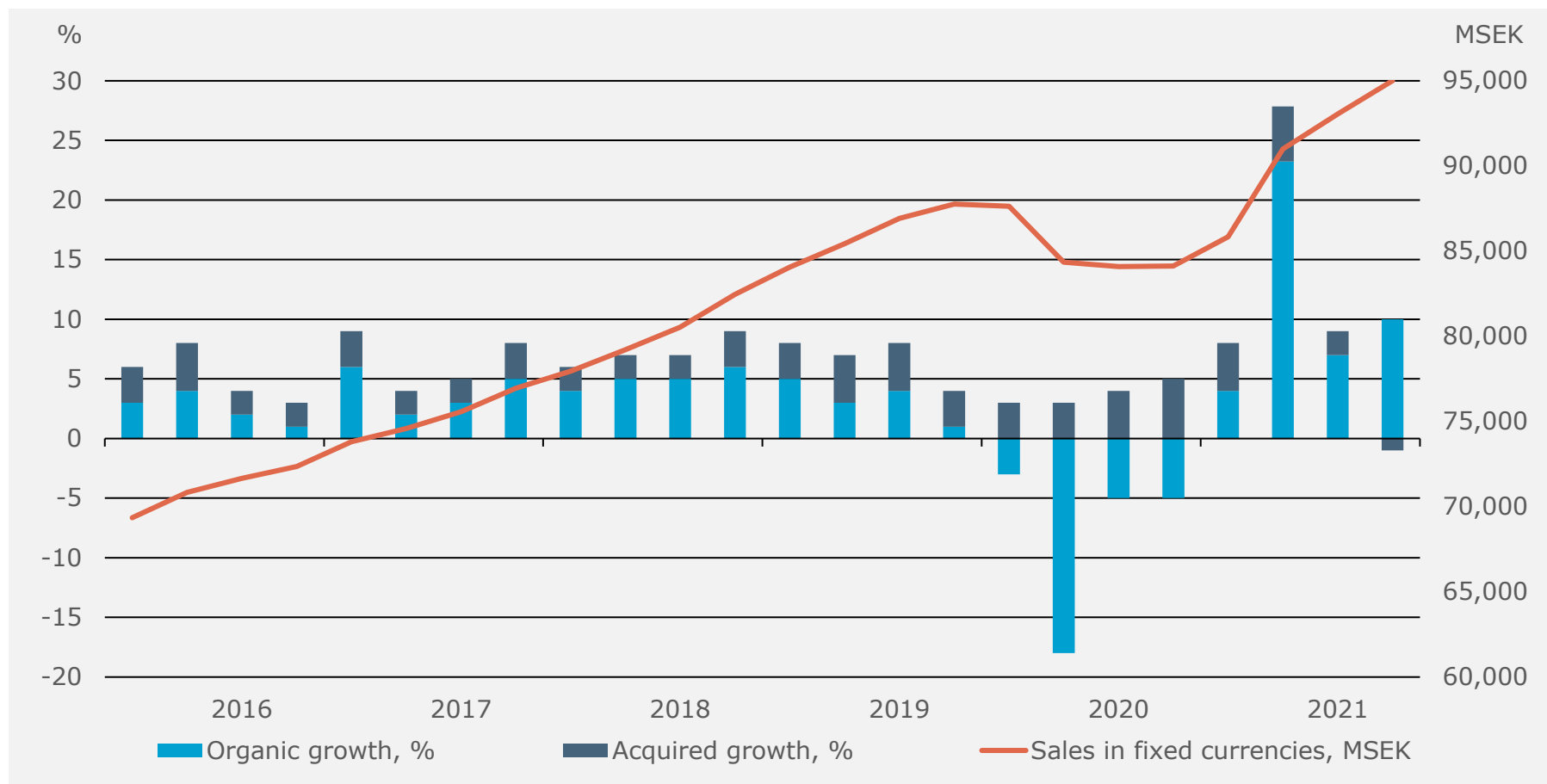
Photo credit: Hyatt



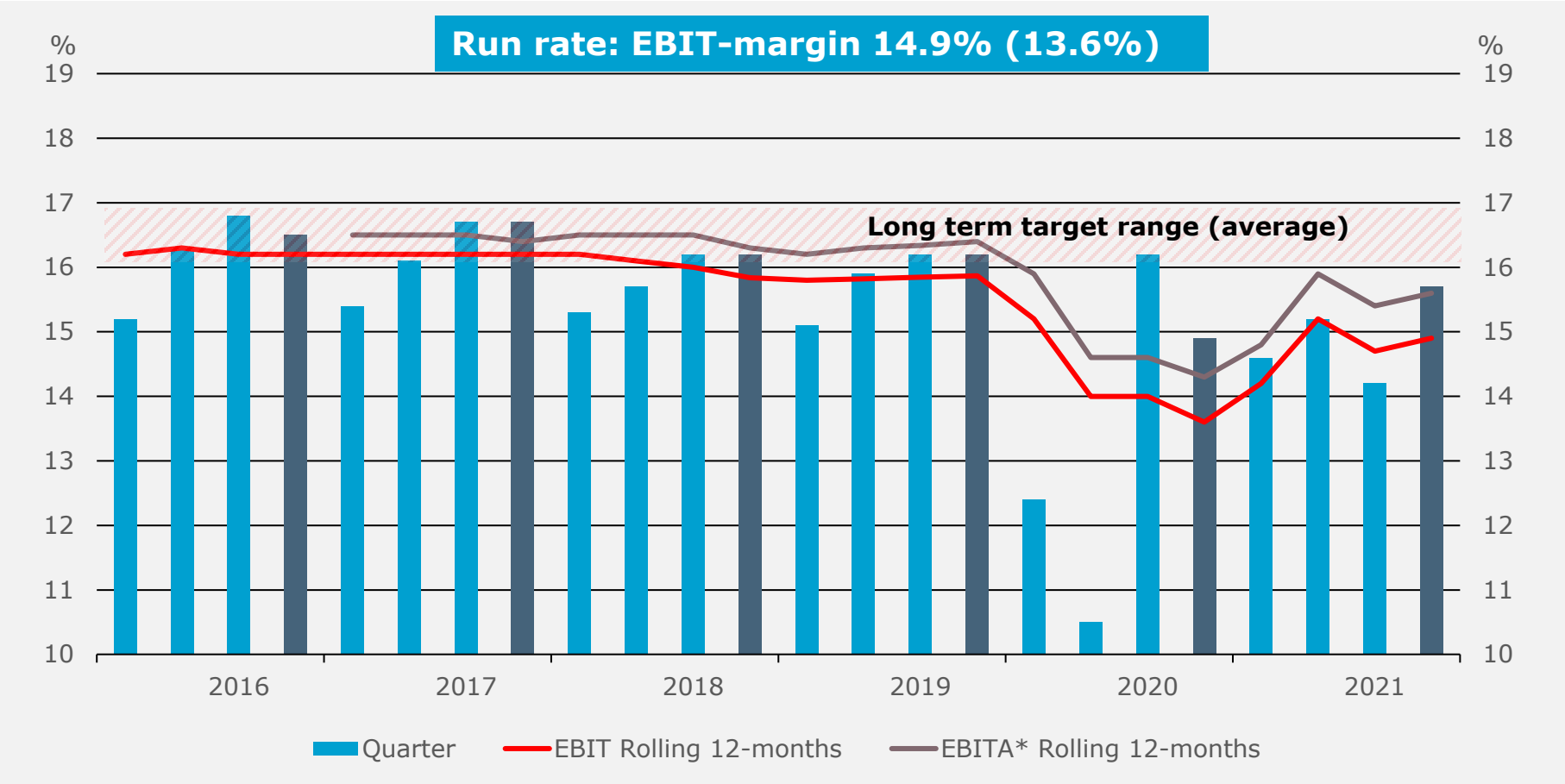
HID's LinTRAK XS RFID tag



FX adjusted sales growth



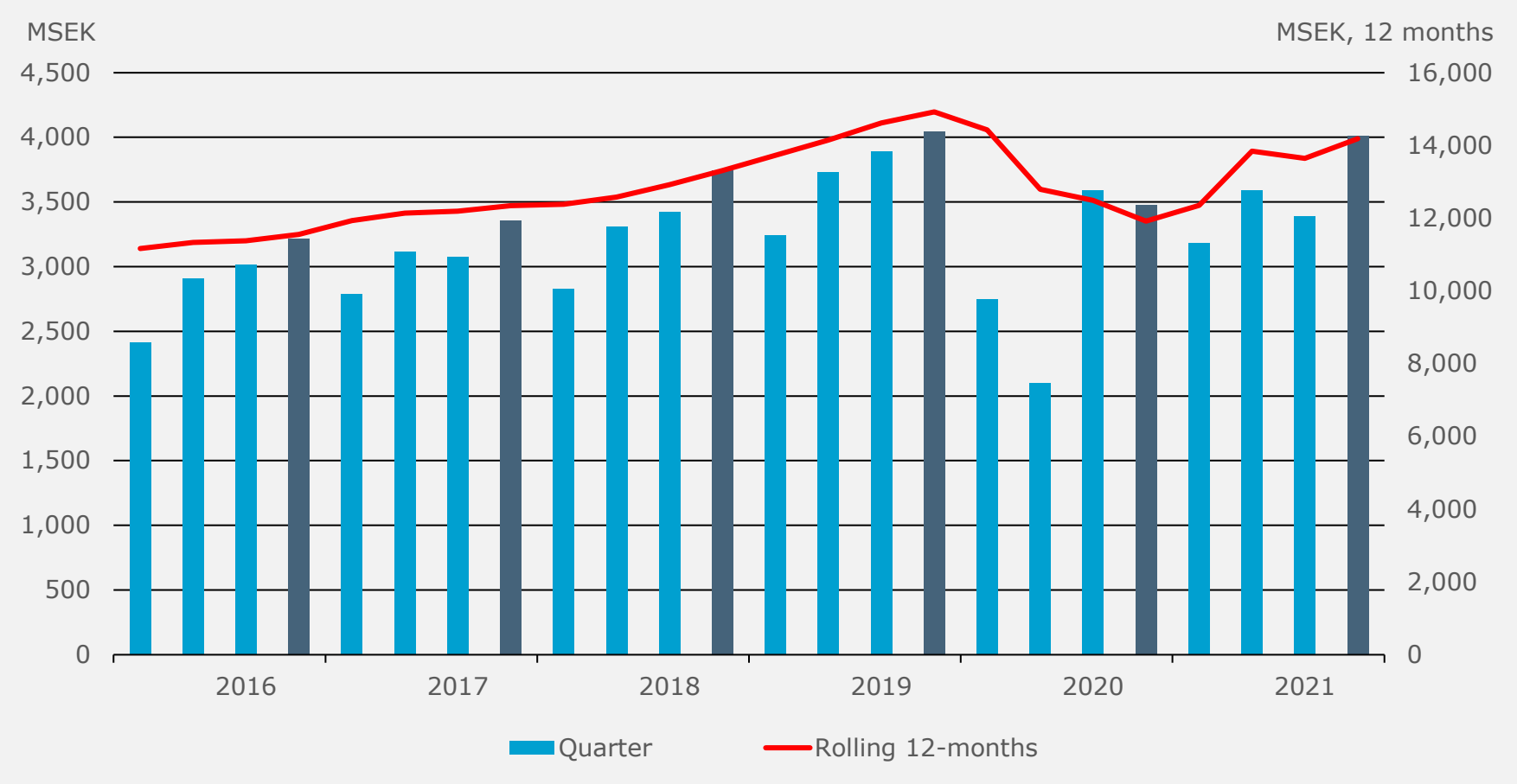
Operating margin



Excluding items affecting comparability.

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

Operating profit



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

Acquisitions

▪ Active pipeline

- 4 acquisitions completed in Q4
- 13 acquisitions completed in 2021
- Acquired annualized sales of MSEK 1,300

▪ Additional acquisitions to be closed

- Arran Isle
 - Sales of MSEK 1,200
 - Transaction expected to close in Q1
- HHI
 - Sales of MSEK 13,700*
 - Transaction expected to close in 2022

▪ Divestments

- CERTEGO, transaction closed in Q3
- Divested annualized sales of MSEK 1,500

* Fiscal year ending September 2021



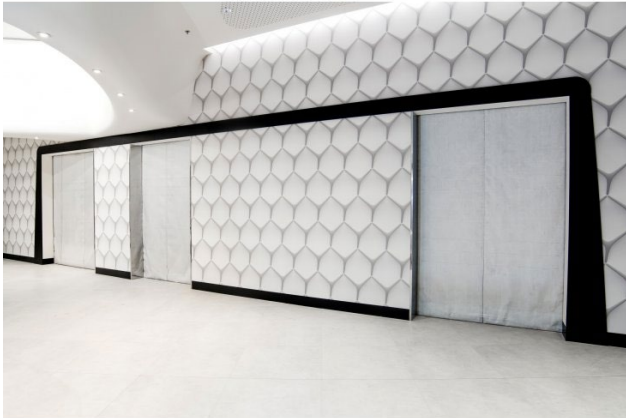
** Invengo Textile Services



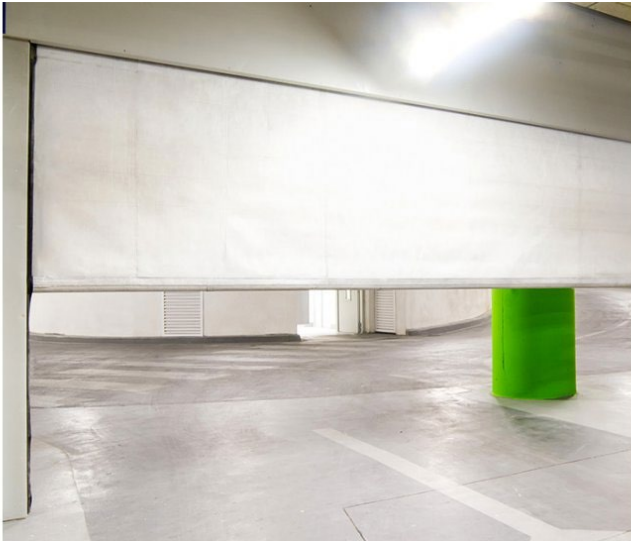
* Traka distributor in Iberia



Małkowski-Martech, Poland



- Complements commercial fire rated door product portfolio
- Sales of MSEK 110 in 2020
- Supplier of fire rated curtains and gates
- Accretive to EPS from the start



Perimeter security and access control products



Roadway safety and traffic management solutions



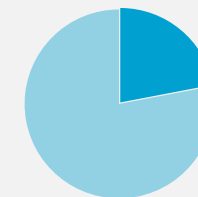
B&B Roadway and Security Solutions, USA



- Complements perimeter security product portfolio
- Sales of MSEK 120 in 2020
- Supplier of roadway safety, traffic control and perimeter security solutions
- Accretive to EPS from the start

Opening Solutions EMEIA

20%
of Group
sales

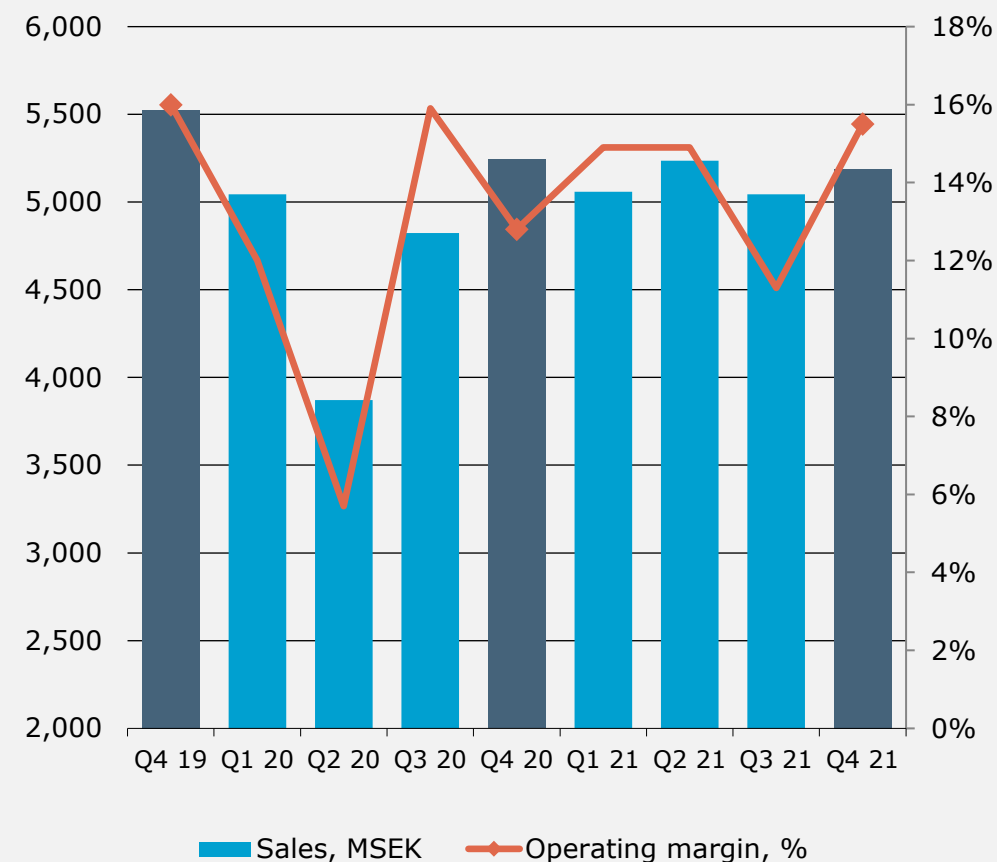


▪ Organic sales +6%

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

▪ Operating margin 15.5% (12.8%)

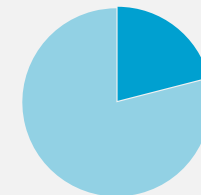
- Strong operating leverage of 60bps despite higher material and logistic costs and operational challenges linked to material shortages
- FX -10bps
- M&A +220bps
 - Capital loss of MSEK 185 last year due to Gardesa divestment
 - Divestment of CERTEGO
 - Acquisition costs for Arran Isle



Excluding MFP restructuring items.

Opening Solutions Americas

21% of
Group
sales

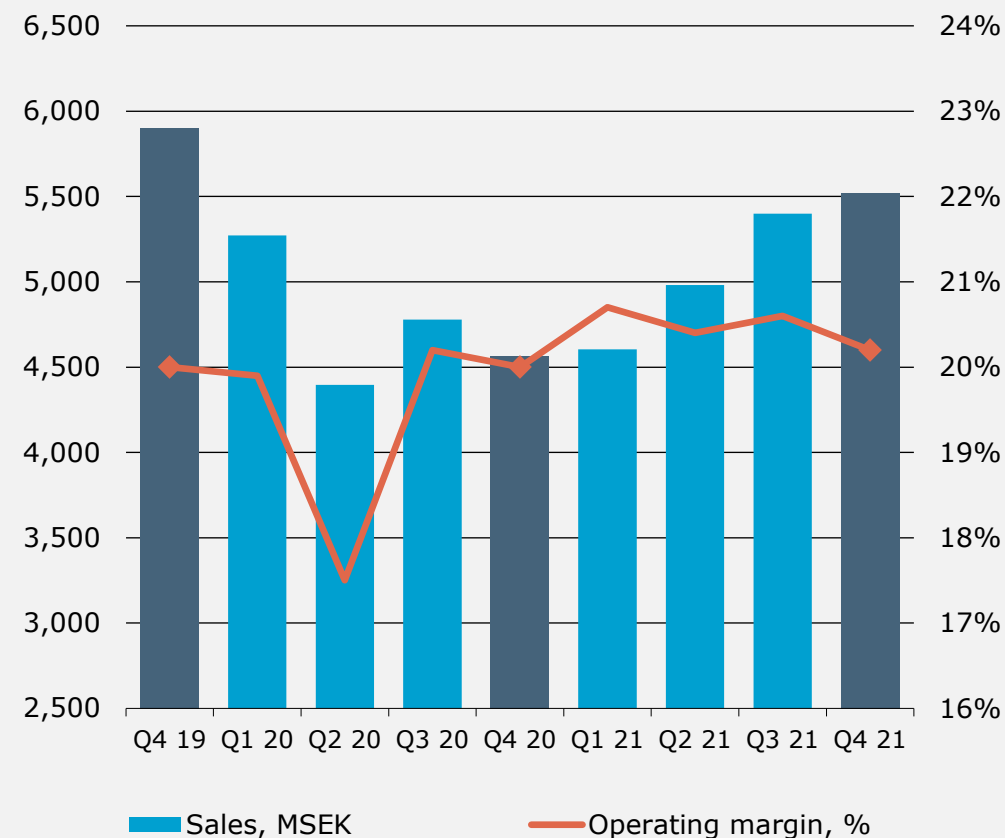


▪ Organic sales +17%

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

▪ Operating margin 20.2% (20.0%)

- Very strong operating leverage (180bps) driven by strong operational execution, mix and price management offsetting significantly higher raw material and logistic costs
- FX -30bps
- M&A -130bps
 - Acquisition costs for HHI and integration of completed acquisitions



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

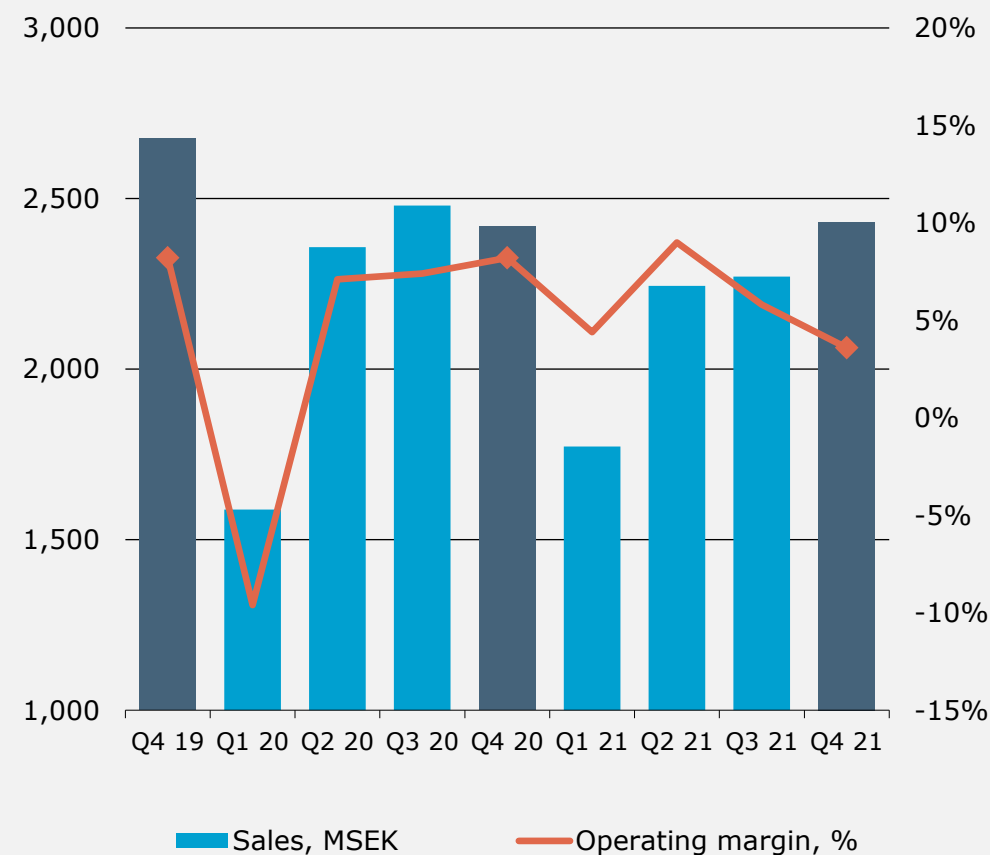
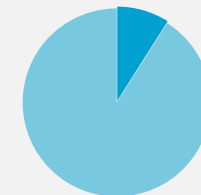
▪ Organic sales 0%

- Very strong sales growth in Pacific and South East Asia
- Stable sales growth in South Korea
- Significant sales decline in China

▪ Operating margin 3.6% (8.2%)

- Negative operating leverage (-530bps) due to bad debt provisions of MSEK 100 in China, raw material headwind and lockdowns.
- FX neutral
- M&A +70bps
 - Transfer of India to EMEIA

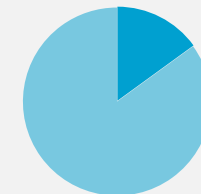
8%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

15%
of Group
sales

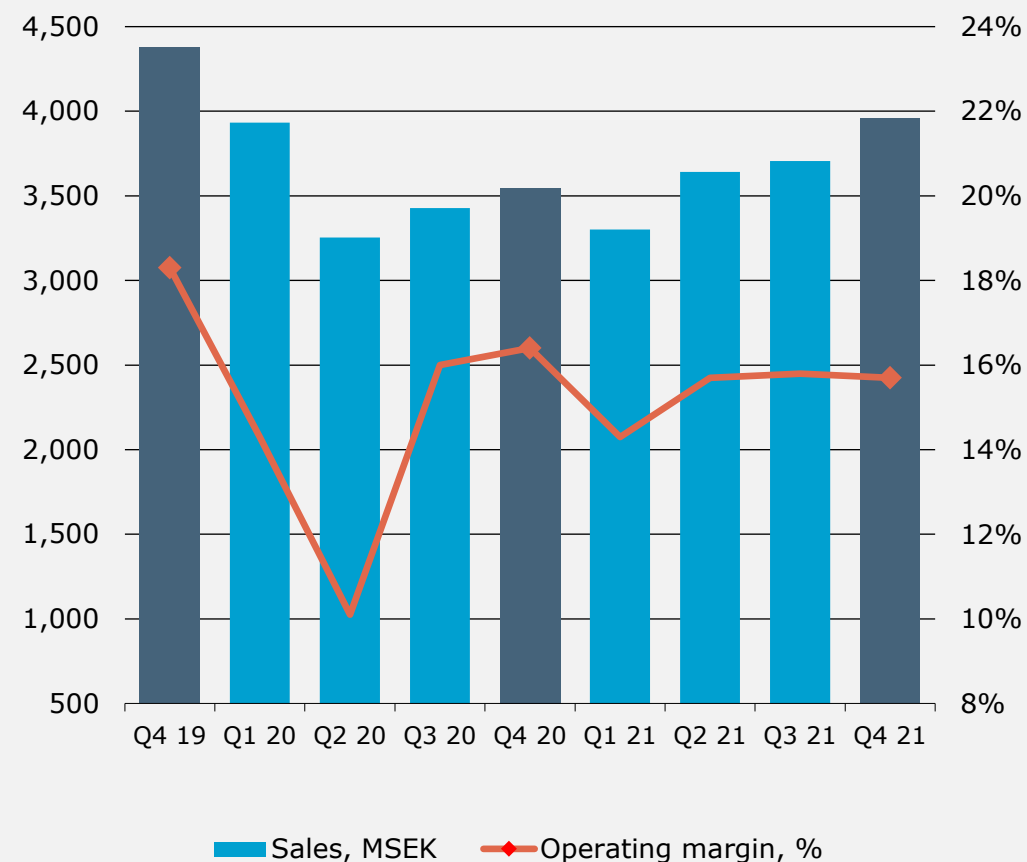


- **Organic sales +7%**

- Very strong sales growth in Extended Access, Identification Technology and Secure Issuance
- Significant sales decline in Physical Access Control, Identity & Access Solutions and Citizen ID
- Very strong sales growth in Global Solutions

- **Operating margin 15.7% (16.4%)**

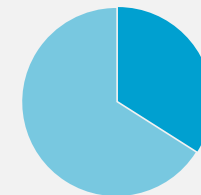
- Good operating leverage (30bps) driven by good cost control despite negative mix, higher material and logistic costs and component shortages
- FX -30bps
- M&A -70bps
 - Integration costs



Excluding MFP restructuring items.

Entrance Systems

35%
of Group
sales

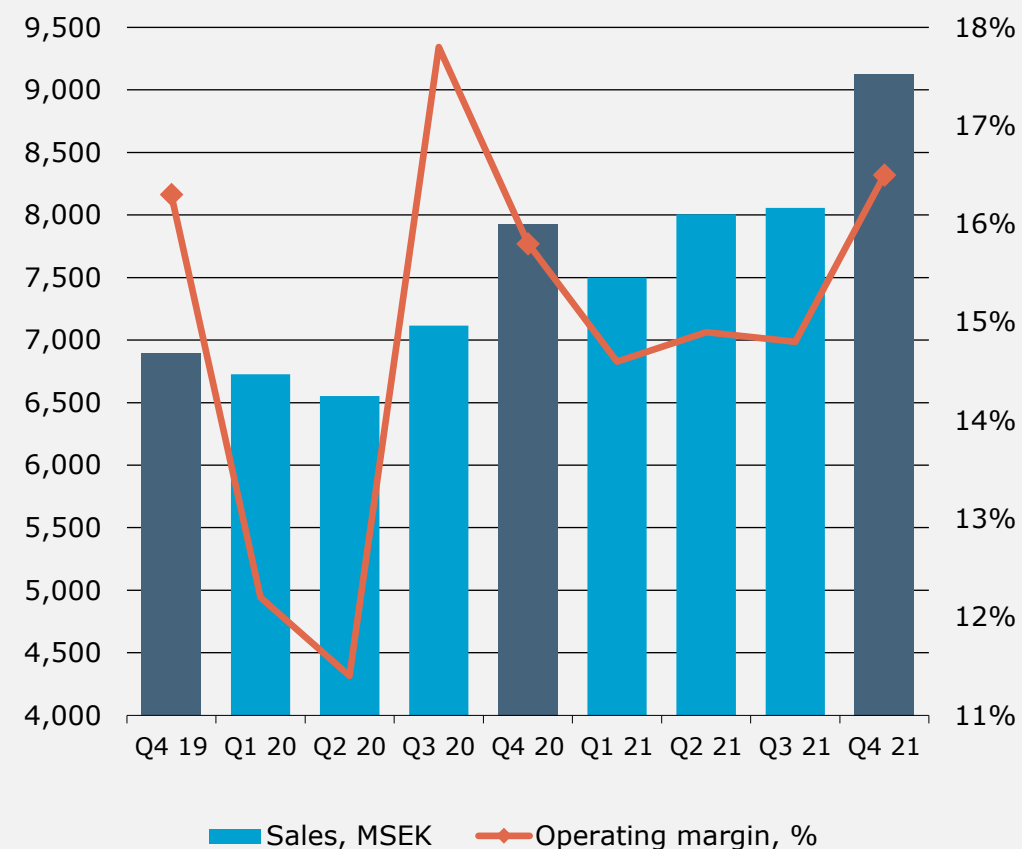


- **Organic sales +14%**

- Very strong sales growth in Perimeter Security, Residential and Industrial
- Stable sales growth in Pedestrian
- Good growth in service

- **Operating margin 16.5% (15.8%)**

- Very strong operating leverage (90bps) driven by good operational execution and price management, offsetting significantly higher material and logistic costs
- FX -20bps
- M&A neutral



Excluding MFP restructuring items.

Financial summary, Q4 2021

**FX & acquisition
'run-rate' effects in Q1 2022
(31 December 2021):**
SALES
 FX: +5%
 M&A: -1%

	October-December			January-December		
	2020	2021	Δ	2020	2021	Δ
Sales	23,298	25,623	10%	87,649	95,007	8%
- Organic growth	-1,150	2,239	+10%	-7,150	8,900	11%
- Acquired net growth	1,211	-236	-1%	3,328	1,975	2%
- FX-differences	-1,709	322	+1%	-2,558	-3,517	-5%
Operating income (EBIT)*	3,475	4,013	+15%	11,916	14,181	19%
EBITA-margin*	15.6%	16.2%	+0.6 pts	14.3%	15.6%	+1.3 pts
EBIT-margin*	14.9%	15.7%	+0.8 pts	13.6%	14.9%	+1.3 pts
Income before tax*	3,306	3,819	+16%	11,133	13,538	22%
Net income*	2,582	3,043	+18%	8,375	10,901	30%
EPS, SEK*	2.33	2.74	+18%	7.54	9.81	30%
Operating cash flow	5,529	3,384	-39%	14,560	13,265	-9%
ROCE (12 months)				13%	15%	+2 pts

*Includes a capital loss of MSEK 185 in Q4 2020.

Bridge analysis – Q4 2021

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		10%	1%	-1%	10%
Sales	23,298	2,239	322	-236	25,623
Operating profit	3,475	513	9	15	4,013
Operating margin, %	14.9%	22.9%	2.9%	-6.4%	15.7%
Dilution/accretion		0.7 pts	-0.1 pts	0.2 pts	

Sales increase driven by volume

- Price +5% and volume +5%

Margin drivers

- Operating leverage - strong organic leverage partly offset by higher material and logistic costs and operational challenges
- M&A – positive divestment effects of CERTEGO and Gardesa capital loss partly diluted by acquisition costs

Cost breakdown as % of sales

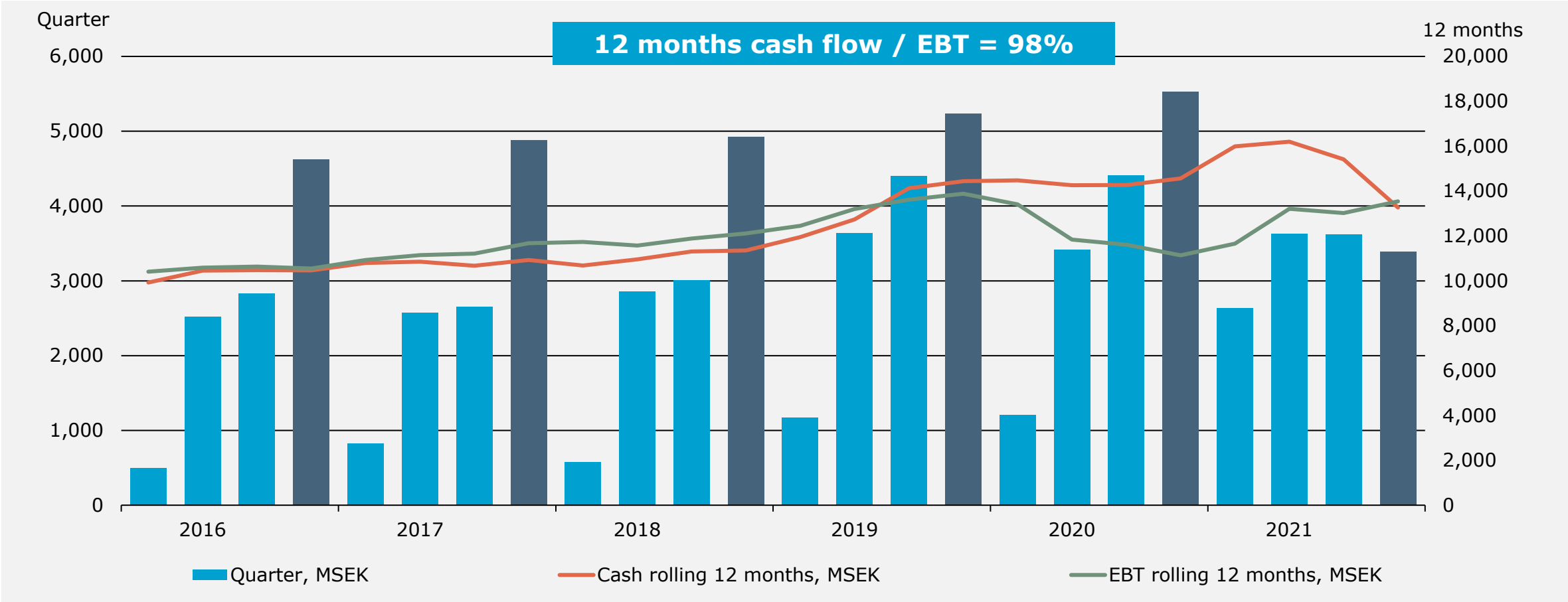
Oct-Dec

%	QTD 2020	QTD 2021 excl. acq/div	Δ	QTD 2021
Direct material	-35.6%	-37.1%	-1.5 pts	-37.1%
Conversion cost	-24.6%	-23.5%	+1.1 pts	-23.6%
Gross margin	39.8%	39.4%	-0.4 pts	39.3%
S, G & A	-24.9%	-23.9%	+1.0 pts	-23.6%
EBIT	14.9%*	15.5%	+0.6 pts	15.7%

*) Excluding restructuring items. Includes capital loss and other exit costs from divestment of Gardesa MSEK -185

- Direct Material – significant negative mix effect and higher raw material/component costs (~60bps).
- Conversion cost – higher logistic costs offset by operating efficiencies and volume
- SG&A – operating leverage and efficiencies in sales & administration

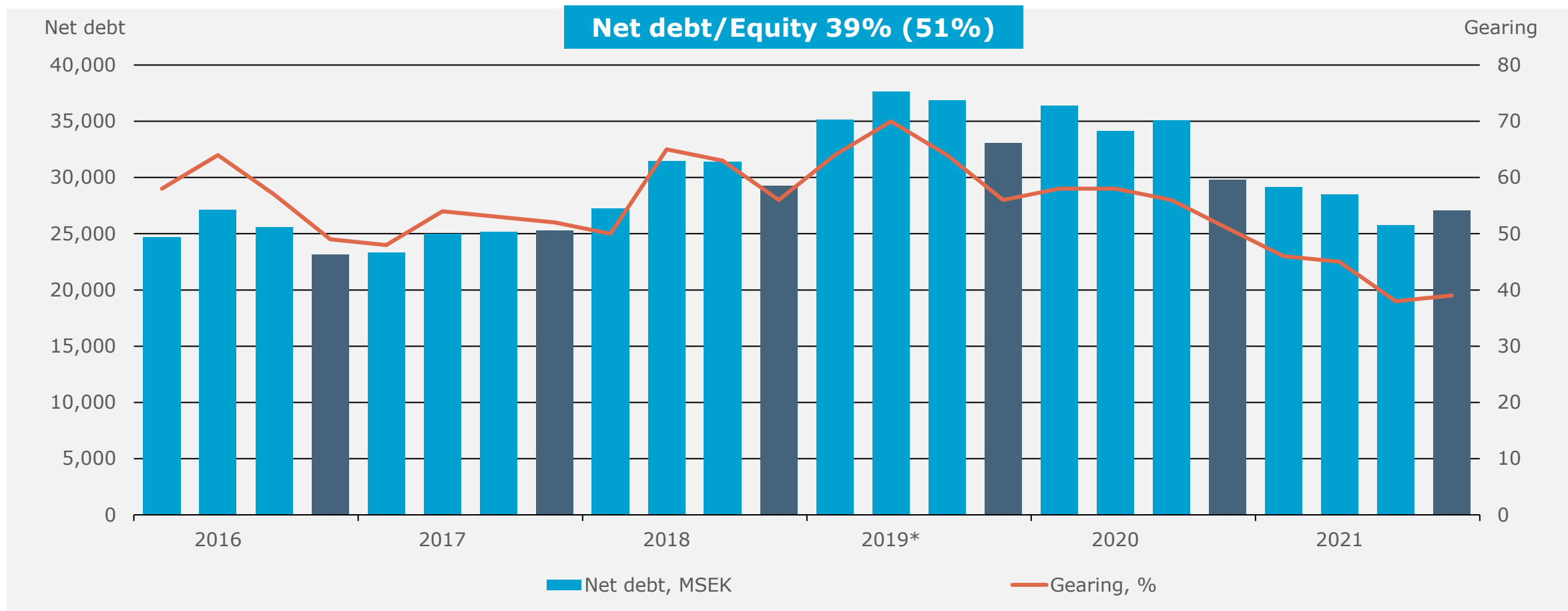
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

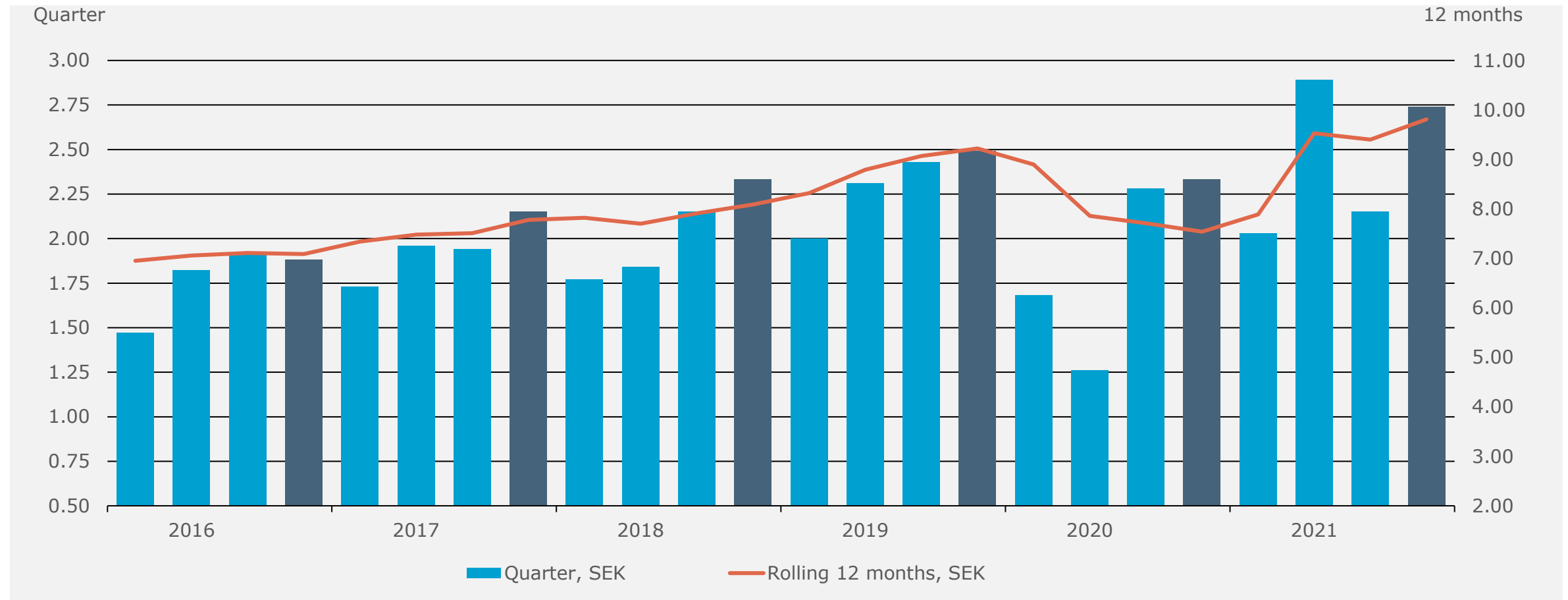
Net debt/EBITDA**
1.5 (1.9)



*) 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.



Conclusions

- **Strong profitable sales growth**
 - Organic sales up 10%
 - Operating profit up 15%
- **Strong operating cash flow despite higher working capital**
- **Continued challenging operating environment**
 - High material and logistic costs
 - Component shortages
 - Omicron impacting operating environment
- **The Board proposes a dividend of SEK 4.20 (3.90) per share, split between two equal tranches**



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 2020*	YTD 2021 excl. acquisitions	Δ	YTD 2021
Direct material	-35.6%	-37.1%	-1.5 pts	-37.1%	-35.2%	-35.8%	-0.6 pts	-35.7%
Conversion cost	-24.6%	-23.5%	+1.1 pts	-23.6%	-25.0%	-24.2%	+0.8 pts	-24.5%
Gross margin	39.8%	39.4%	-0.4 pts	39.3%	39.8%	40.0%	+0.2 pts	39.8%
S, G & A	-24.9%	-23.9%	+1.0 pts	-23.6%	-26.2%	-24.4%	+1.8 pts	-24.9%
EBIT	14.9%	15.5%	+0.6 pts	15.7%	13.6%	15.6%	+2.0 pts	14.9%

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

Opening Solutions EMEIA's bridge

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		6%	-1%	-6%	-1%
Sales	5,242	270	14	-340	5,186
Operating income	670	73	-8	71	806
Operating margin, %	12.8%	27.0%	-59.1%	-21.0%	15.5%
Dilution/accretion		0.6 pts	-0.1 pts	2.2 pts	

12 months figures

Sales	18,982			20,522
EBIT	2,263			2,916
Operating cash flow before paid interest	2,939			3,090
Cash flow/EBIT	130%			106%

Opening Solutions Americas' bridge

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		17%	3%	1%	21%
Sales	4,567	806	106	43	5,522
Operating income	915	247	14	-60	1,116
Operating margin, %	20.0%	30.6%	13.7%	-140%	20.2%
Dilution/accretion		1.8 pts	-0.3 pts	-1.3 pts	

12 months figures

Sales	19,013			20,507
EBIT	3,698			4,200
Operating cash flow before paid interest	4,837			3,722
Cash flow/EBIT	131%			89%

Opening Solutions Asia Pacific's bridge

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		0%	3%	-2%	1%
Sales	2,418	2	70	-59	2,431
Operating income	199	-130	3	16	88
Operating margin, %	8.2%	-5419%	4%	-27%	3.6%
Dilution/accretion		-5.3 pts	-0.0 pts	0.7 pts	

12 months figures

Sales	8,841			8,719
EBIT	396			499
Operating cash flow before paid interest	762			285
Cash flow/EBIT	192%			57%

Global Technologies' bridge

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		7%	2%	3%	12%
Sales	3,545	238	82	93	3,958
Operating income	582	48	5	-12	623
Operating margin, %	16.4%	20.3%	5.9%	-12.5%	15.7%
Dilution/accretion		0.3 pts	-0.3 pts	-0.7 pts	

12 months figures

Sales	14,158			14,604
EBIT	2,023			2,253
Operating cash flow before paid interest	2,509			3,179
Cash flow/EBIT	124%			141%

Entrance Systems' bridge

MSEK	Q4 2020	Organic	Currency	Acq/Div	Q4 2021
Growth		14%	1%	0%	15%
Sales	7,927	1,115	58	26	9,127
Operating income	1,251	258	-4	0	1,505
Operating margin, %	15.8%	23.2%	-7.0%	-0.5%	16.5%
Dilution/accretion		0.9 pts	-0.2 pts	0.0 pts	

12 months figures

Sales	28,323			32,690
EBIT	4,083			4,988
Operating cash flow before paid interest	4,974			3,971
Cash flow/EBIT	122%			80%



Thank you
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