

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 2022

Experience a safer and more open world

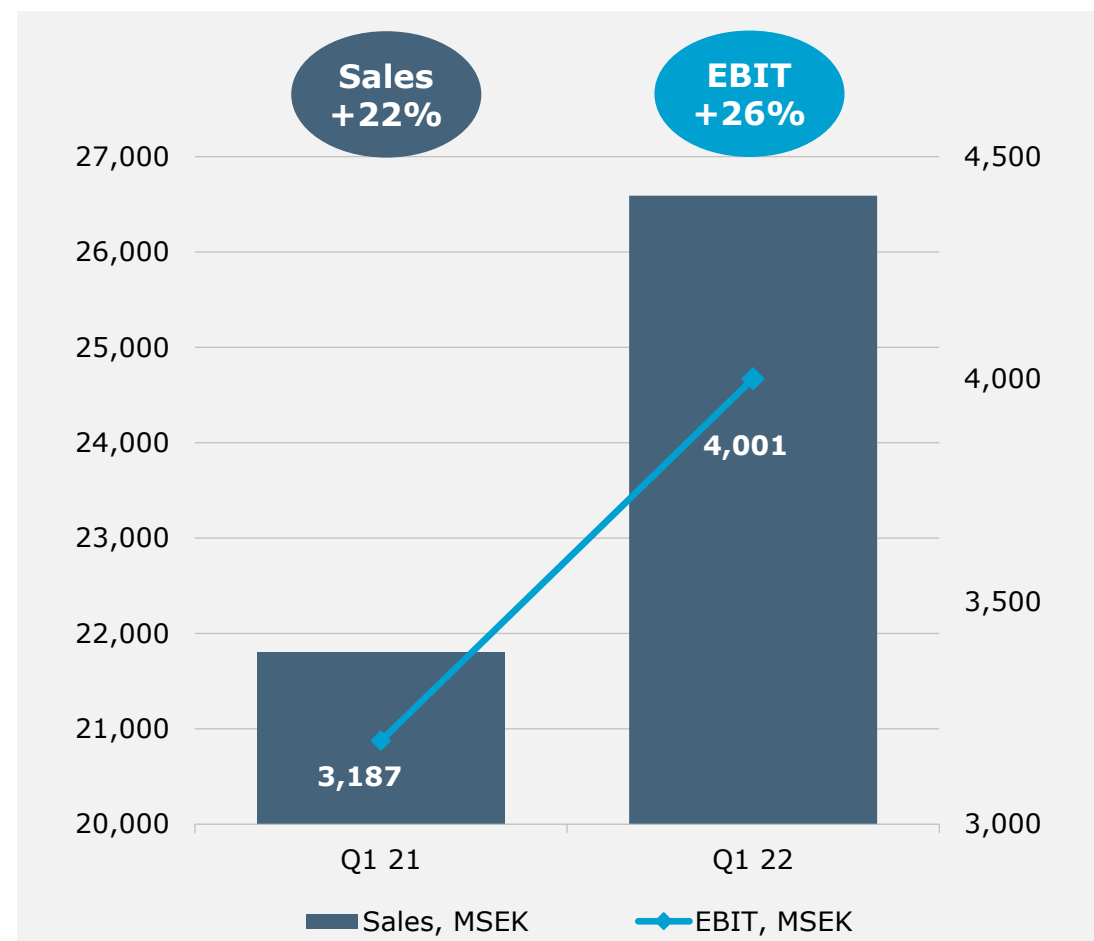
A strong start to the year

- **Organic sales development**
 - Very strong sales growth in Americas, Entrance Systems and Global Technologies
 - Strong sales growth in EMEIA
 - Sales decline in APAC
- **Very strong EBIT improvement**
 - Despite higher material and logistic costs, labor and component shortages
- **Three acquisitions signed**
- **Lower operating cash flow due to strong growth and build-up of working capital**



Q1 2022 figures in summary

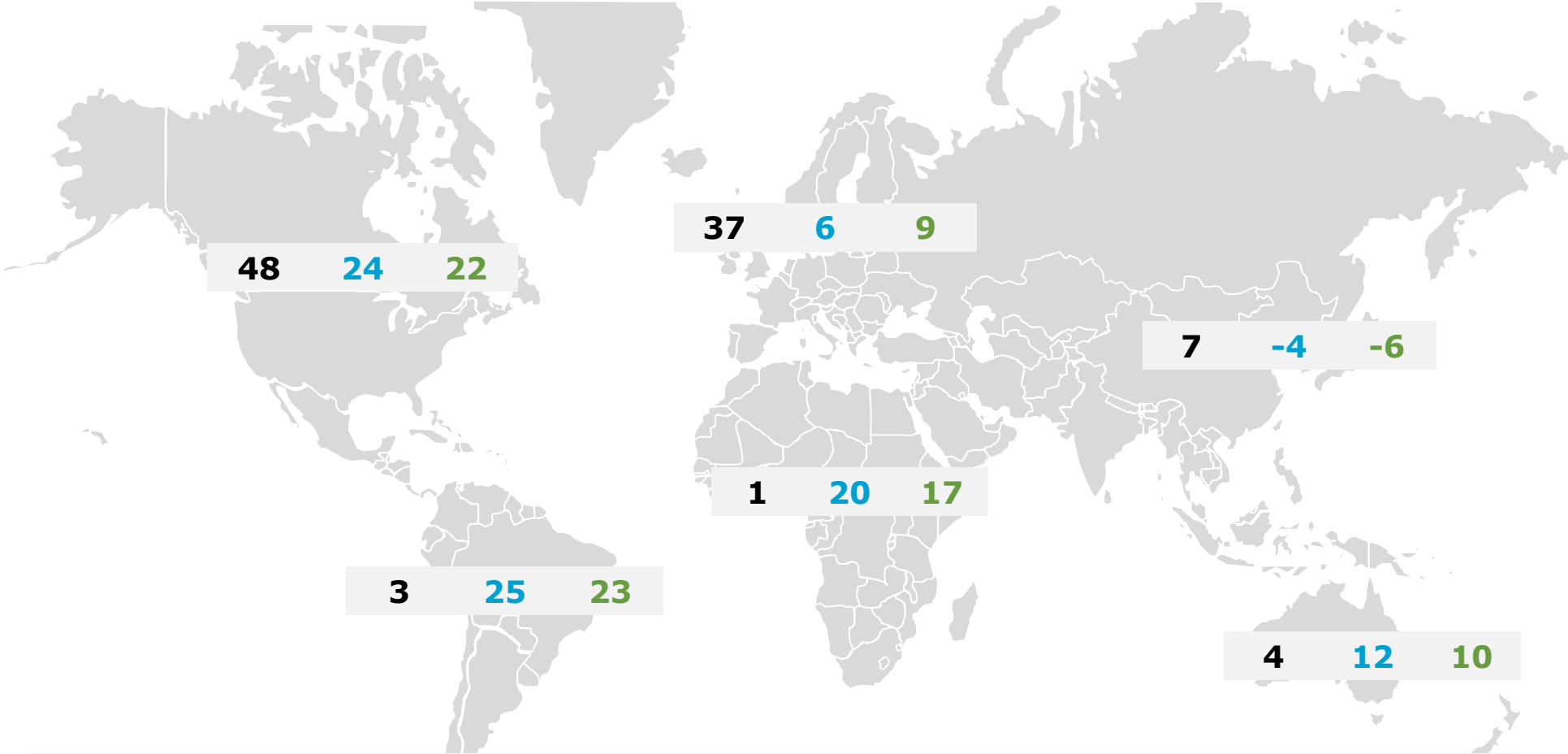
- **Sales MSEK 26,591** **+22%**
 - +14% organic
 - +0% acquired and divested
 - +8% currency
- **EBITA-margin 15.6% (15.3%)**
- **EBIT-margin 15.0% (14.6%)**
- **EBIT MSEK 4,001** **+26%**
- **EPS SEK 2.57** **+27%**



Sales by region

Jan-Mar 2022

| | | | |
|------------------|-----|----|----|
| ASSA ABLOY | 100 | 14 | 14 |
| Emerging markets | 13 | 9 | 8 |



| Share of sales, % | Change in local currencies QTD 2022 vs. QTD 2021, % | Organic change QTD 2022 vs. QTD 2021, % |
|-------------------|--|--|
|-------------------|--|--|

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

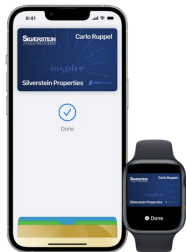
Market highlights

■ Project wins

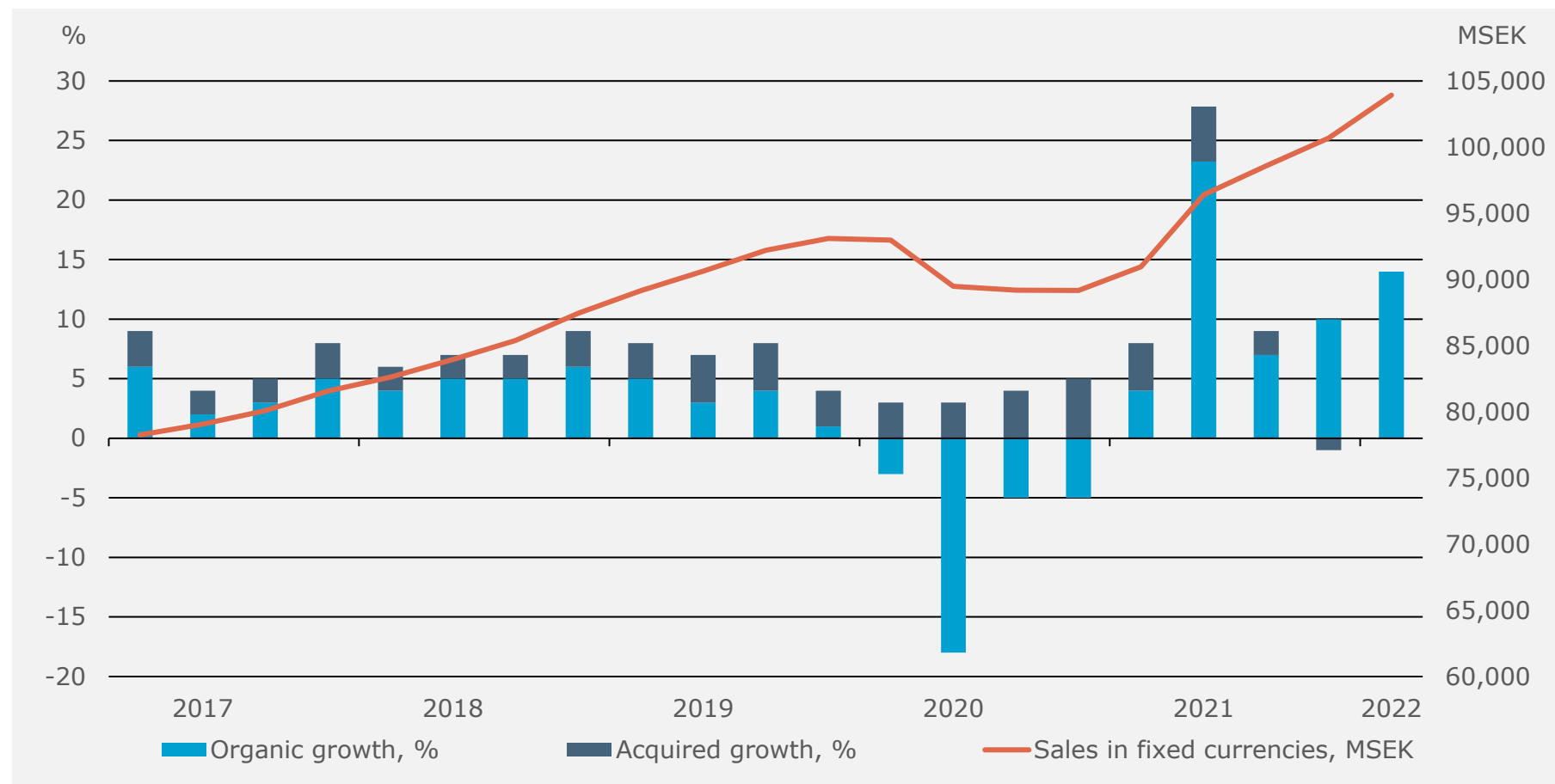
- Major critical infrastructure project for US water utility company in 24 states, including 8,000 locking points with recurring revenues
- HID to deliver E-Passport services to a large African country
- Launch of employee and tenant badges in Apple Wallet for 7 World Trade Center in New York
- Significant wins in the healthcare segment:
 - Key management systems for a large hospital network in Hong Kong
 - Fire rated security door solutions for an Australian hospital

■ Partnerships and awards

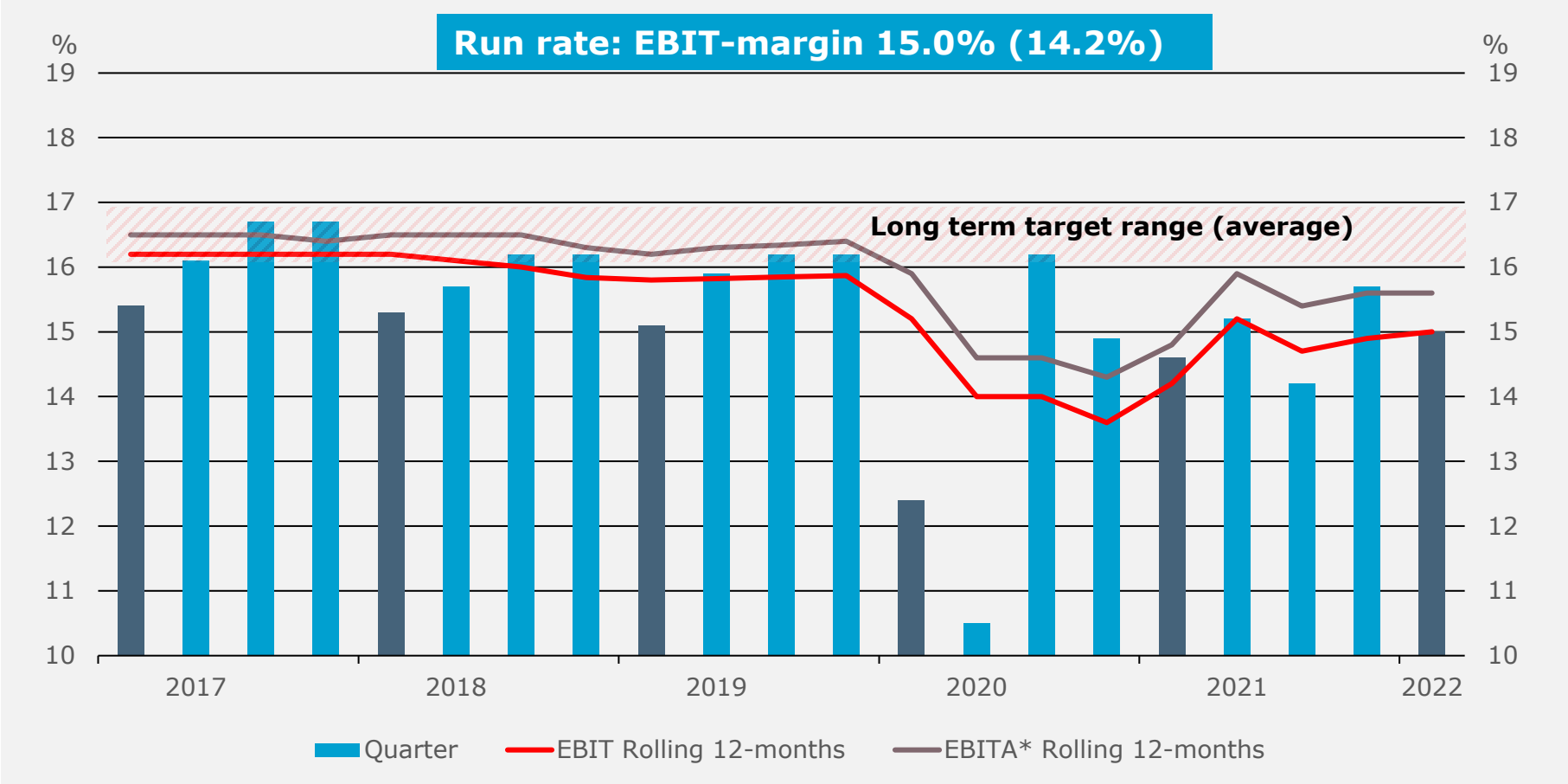
- Yale secure three new partnerships for its Smart Locks with Smart Reorders enabled by Alexa, Homey and Zipato
- ASSA ABLOY named Best Mobile Key Provider by HotelTechAwards for the third consecutive year



FX adjusted sales growth



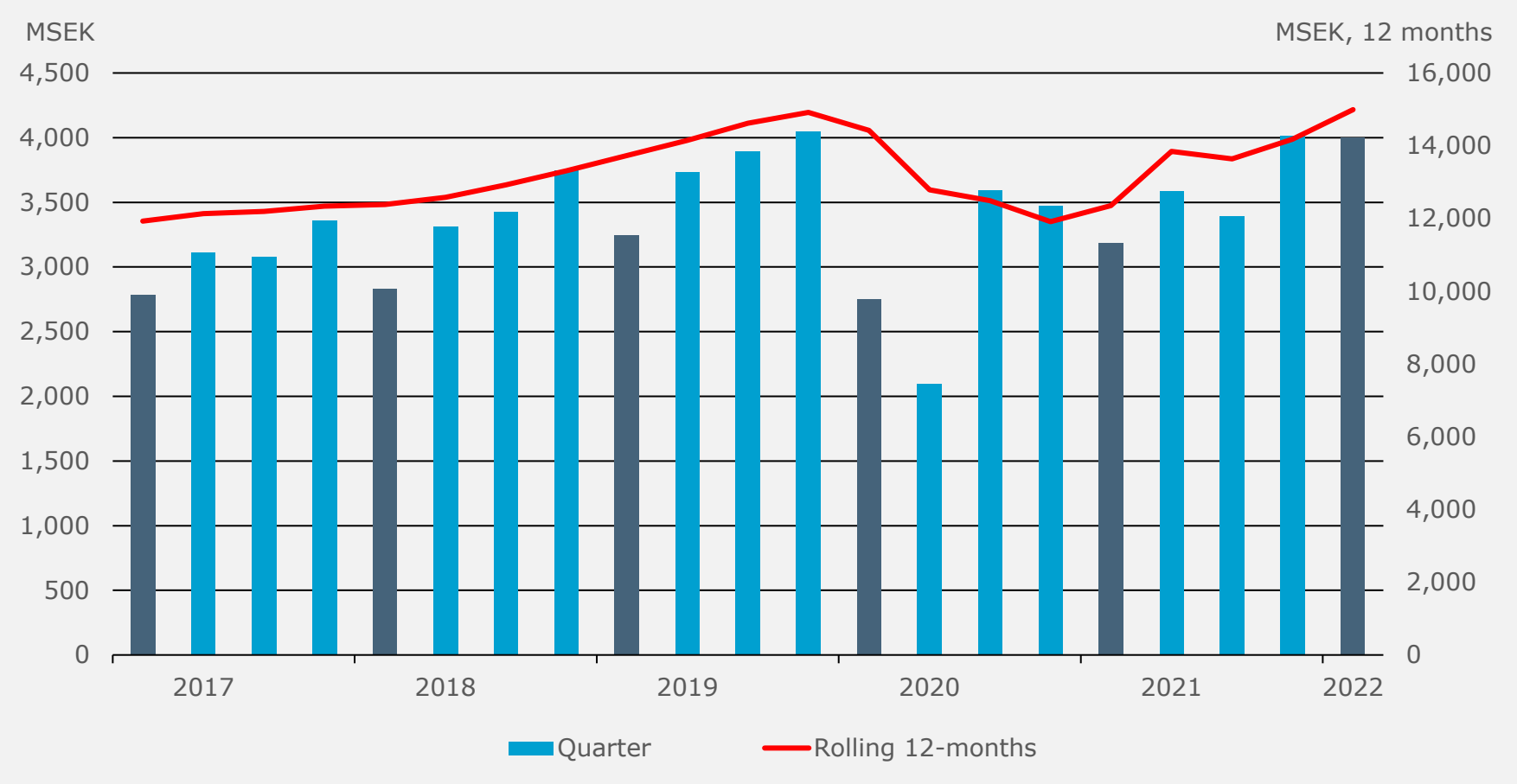
Operating margin



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

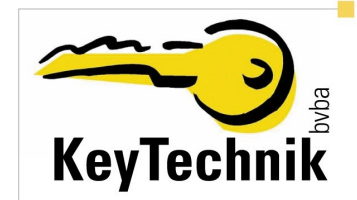
- **Active pipeline**

- 3 acquisitions signed in Q1
- Representing annualized sales of MSEK 250

- **Additional acquisitions in the pipeline**

- Arran Isle
 - Sales of MSEK 1,200
 - Transaction expected to close in Q2
- HHI
 - Sales of MSEK 13,700*
 - Transaction expected to close in 2022

* Fiscal year ending September 2021



Opening Solutions EMEIA

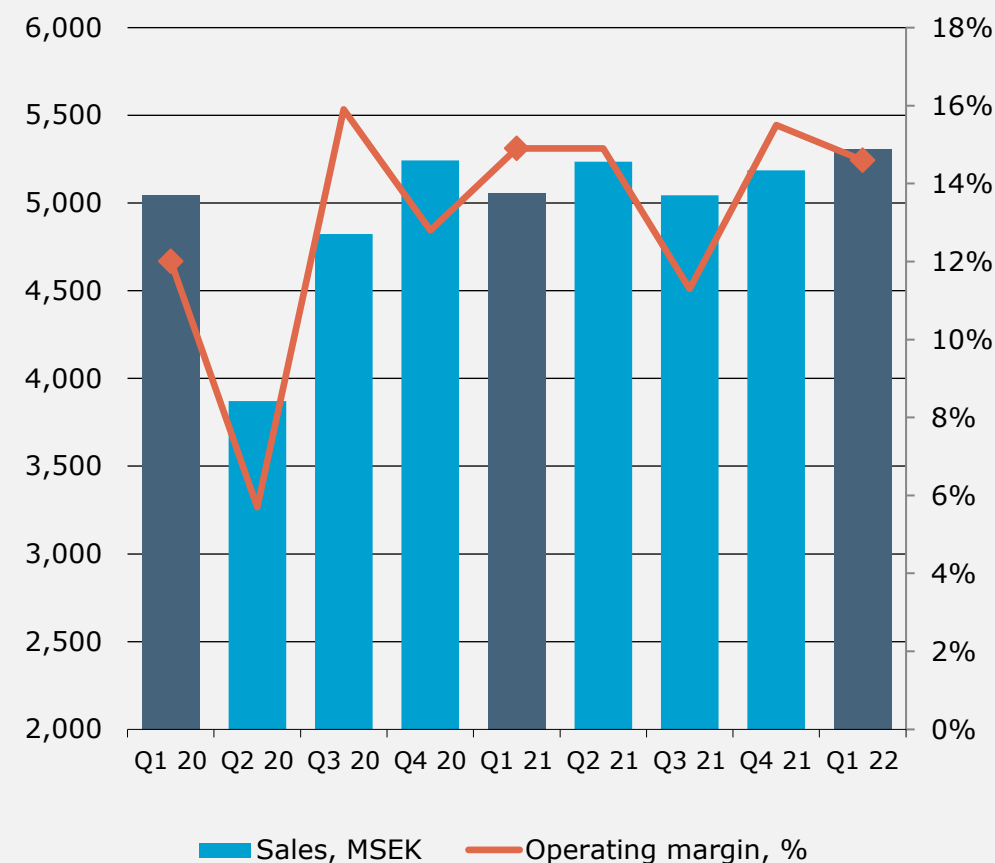
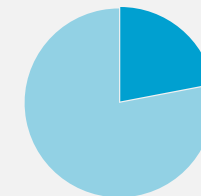
■ Organic sales +7%

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

■ Operating margin 14.6% (14.9%)

- Good operating leverage (10bps) despite high material/logistic costs, record-high energy costs and operational challenges linked to material shortages and Omicron-related labour shortages
- FX -70bps
- M&A +30bps
 - Divestment of CERTEGO
 - Acquisition costs for Arran Isle

19%
of Group
sales



Excluding MFP restructuring items.

Opening Solutions Americas

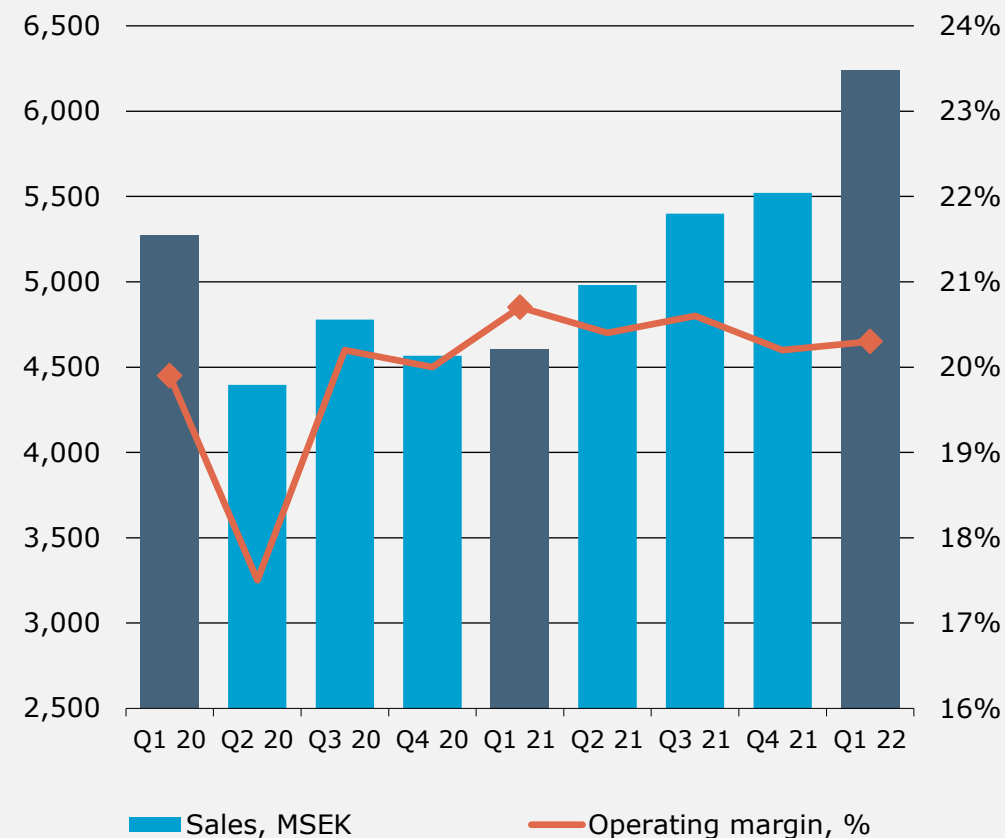
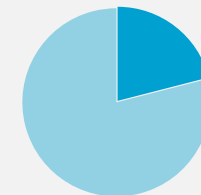
- **Organic sales +22%**

- Strong growth in Canada and very strong sales growth in all other product areas and regions

- **Operating margin 20.3% (20.7%)**

- Very good operating leverage (20bps)
 - Excellent operational execution despite high labor, material, logistic and energy costs as well as operational challenges linked to material and labour shortages
 - Positive mix and strong price management
- FX neutral
- M&A -60bps
 - Acquisition costs for HHI

23% of
Group
sales



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

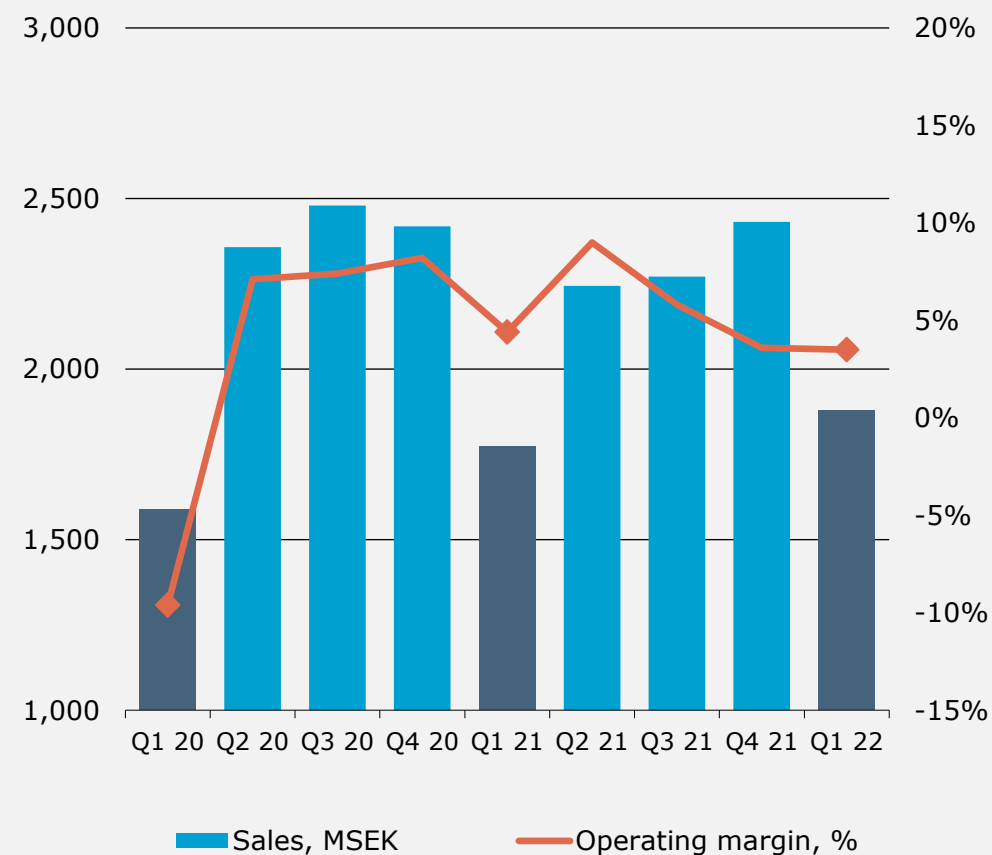
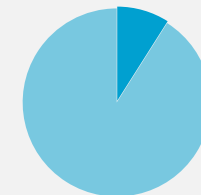
▪ Organic sales -2%

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

▪ Operating margin 3.5% (4.4%)

- Negative operating leverage (-10bps)
 - Negative sales growth
 - Difficult operating environment in China due to lockdowns and general market conditions.
 - Higher material costs and operational challenges
- FX -80bps
- M&A neutral

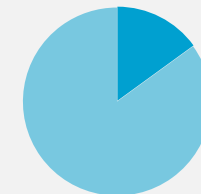
6%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

15%
of Group
sales

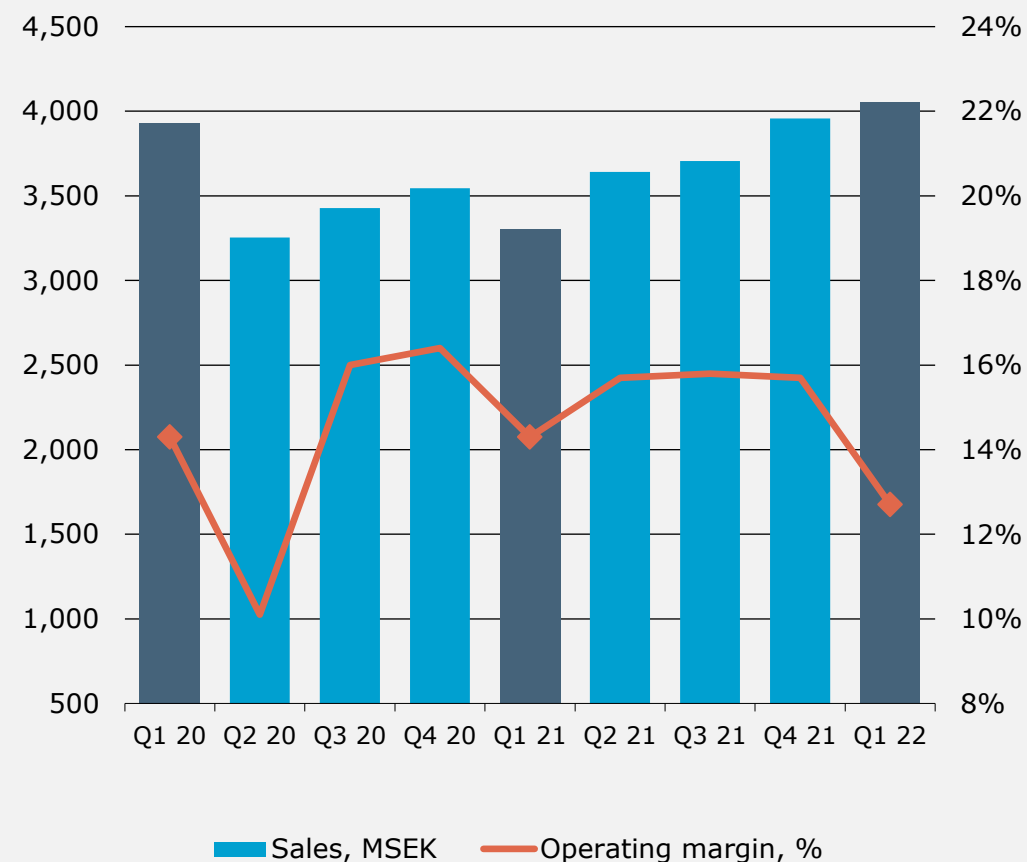


- **Organic sales +11%**

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

- **Operating margin 12.7% (14.3%)**

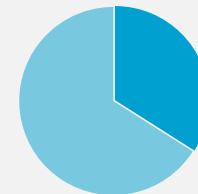
- Negative operating leverage (-140bps)
 - Negative mix
 - Component shortages
 - Higher labor, material and logistic costs
- FX +20bps
- M&A -40bps
 - Integration costs



Excluding MFP restructuring items.

Entrance Systems

36%
of Group
sales

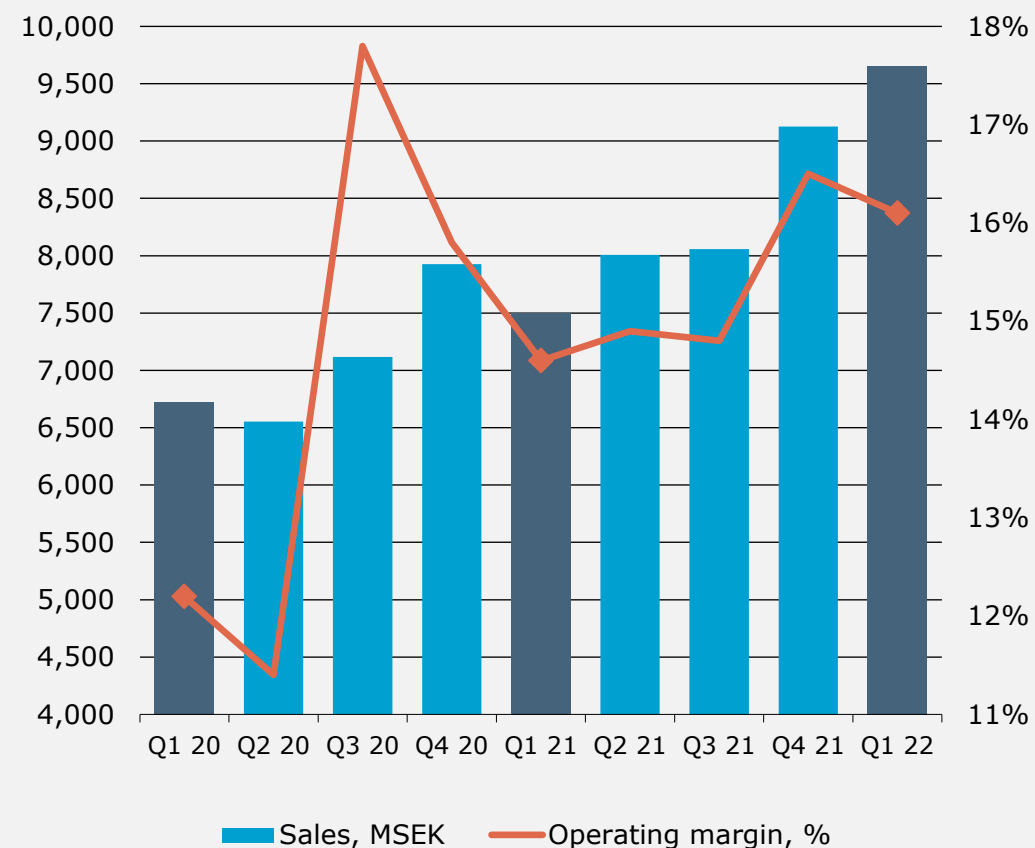


- **Organic sales +20%**

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

- **Operating margin 16.1% (14.6%)**

- Very strong operating leverage (140bps)
 - Excellent operational execution despite high labor, material, logistic and energy costs as well as operational challenges linked to material and labour shortages
 - Strong price management
- FX +10bps
- M&A neutral



Excluding MFP restructuring items.

Financial summary, Q1 2022

**FX & acquisition
'run-rate' effects in Q2 2022
(31 March 2022):**
SALES
 FX: +9%
 M&A: +0%

| | 2021 | January-March 2022 | |
|--------------------------------|---------------|-----------------------|-----------------|
| Sales | 21,805 | 26,591 | +22% |
| - Organic growth | 827 | 3,287 | +14% |
| - Acquired net growth | 866 | -52 | +0% |
| - FX-differences | -2,060 | 1,551 | +8% |
| Operating income (EBIT) | 3,187 | 4,001 | +26% |
| EBITA-margin | 15.3% | 15.6% | +0.3 pts |
| EBIT-margin | 14.6% | 15.0% | +0.4 pts |
| Income before tax | 3,045 | 3,811 | +25% |
| Net income | 2,253 | 2,859 | +27% |
| EPS, SEK | 2.03 | 2.57 | +27% |
| Operating cash flow | 2,636 | 912 | -65% |
| ROCE 12-months | 13.1% | 15.7% | +2.6 pts |

Bridge analysis – Q1 2022

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------------|---------|----------------|-----------------|-----------------|---------|
| Growth | -2% | 14% | 8% | 0% | 22% |
| Sales | 21,805 | 3,287 | 1,551 | -52 | 26,591 |
| Operating profit | 3,187 | 646 | 212 | -43 | 4,001 |
| Operating margin, % | 14.6% | 19.6% | 13.6% | 82.0% | 15.0% |
| Dilution/accretion | | 0.6 pts | -0.1 pts | -0.1 pts | |

Sales increase driven by volume

- Price +6% and volume +8%

Margin drivers

- Operating leverage - strong organic leverage partly offset by higher labor, material, logistic and energy costs and operational challenges including Omicron-related sick leave and component shortages
- M&A – positive divestment effects of CERTEGO offset by acquisition costs

Cost breakdown as % of sales

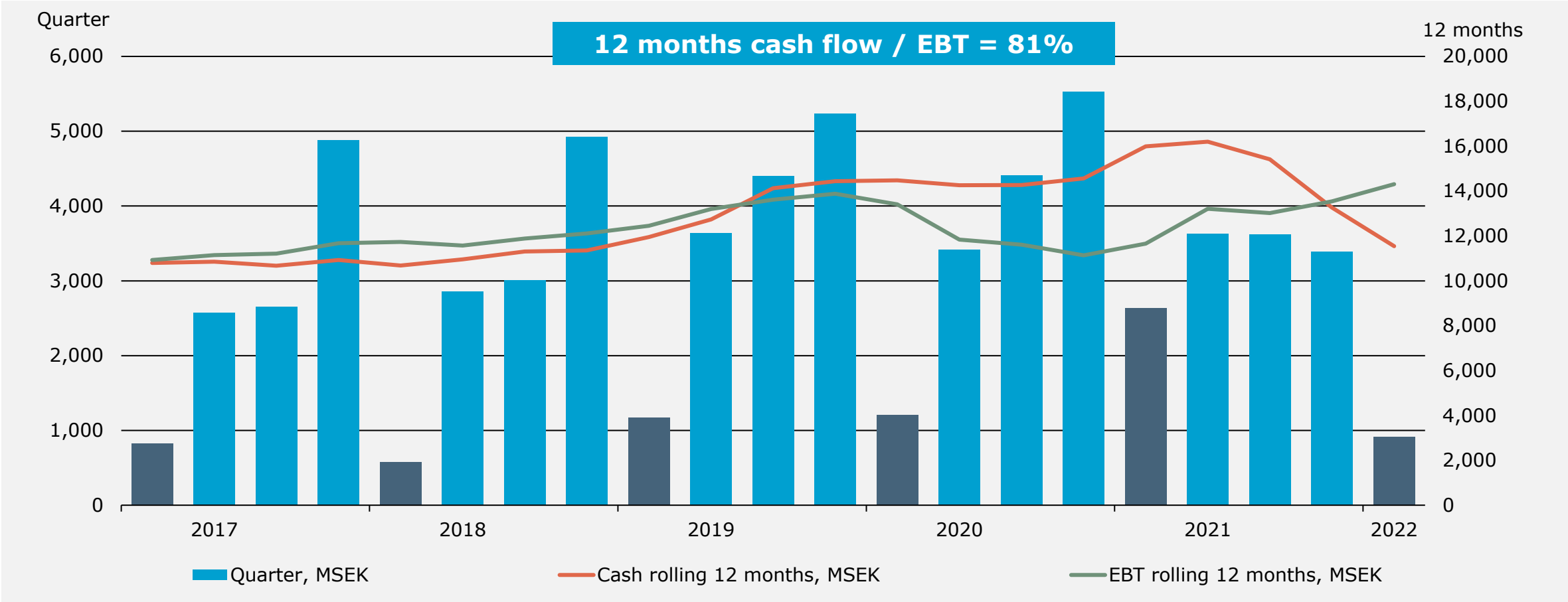
Jan-Mar

| % | QTD 2021 | QTD 2022 excl. acq/div | Δ | QTD 2022 |
|-----------------|----------|---------------------------|----------|----------|
| Direct material | -34.0% | -36.6% | -2.6 pts | -36.7% |
| Conversion cost | -26.0% | -24.0% | +2.0 pts | -23.9% |
| Gross margin | 40.0% | 39.4% | -0.6 pts | 39.4% |
| S, G & A | -25.4% | -24.2% | +1.2 pts | -24.4% |
| EBIT | 14.6% | 15.2% | +0.6 pts | 15.0% |

*) Excluding restructuring items.

- Direct Material – significant negative mix effect (~180 bps) and higher material costs (~80 bps)
- Conversion cost – operating efficiencies and volume
- S, G & A – operating leverage and efficiencies in sales & administration

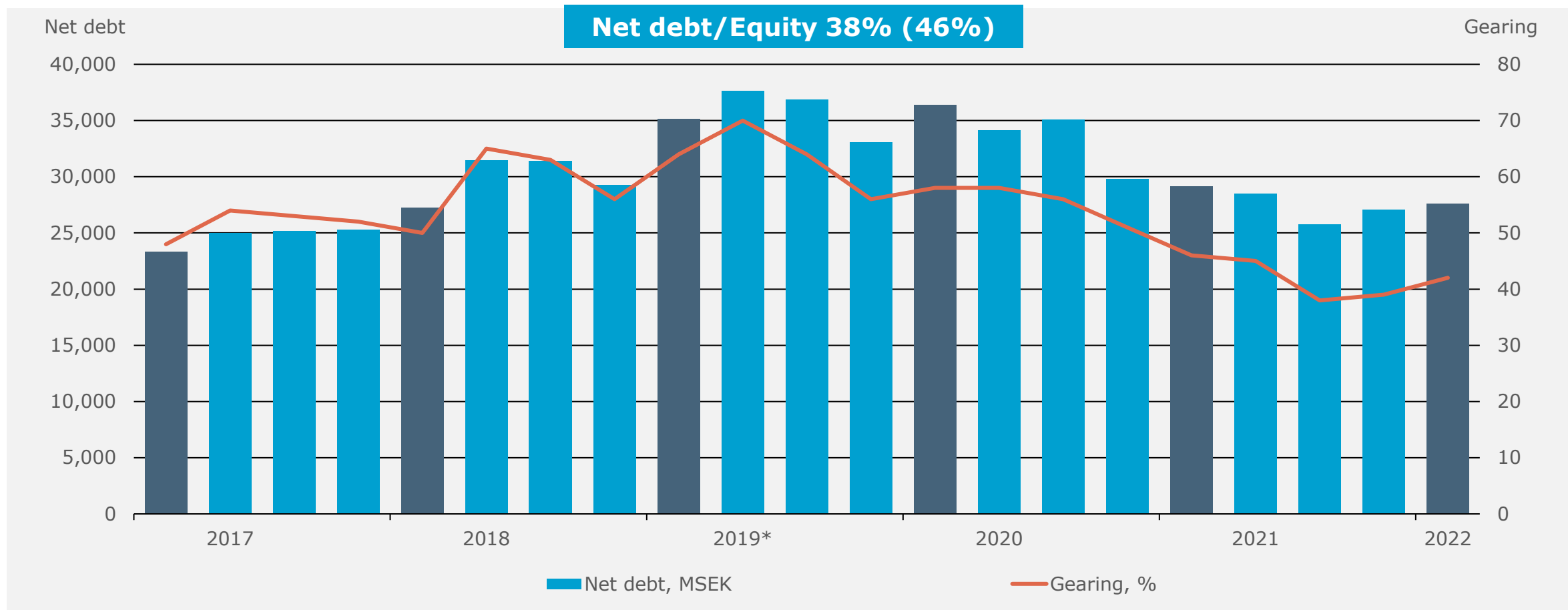
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

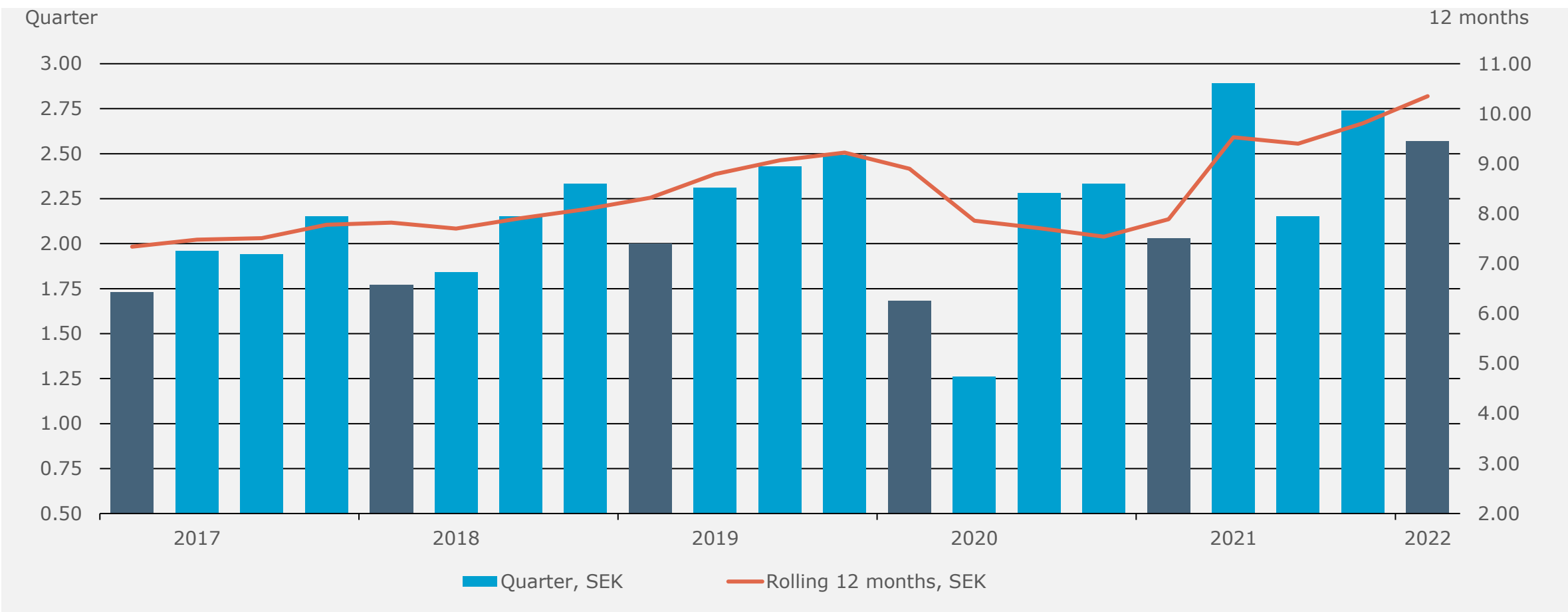
Net debt/EBITDA**
1.5 (1.8)



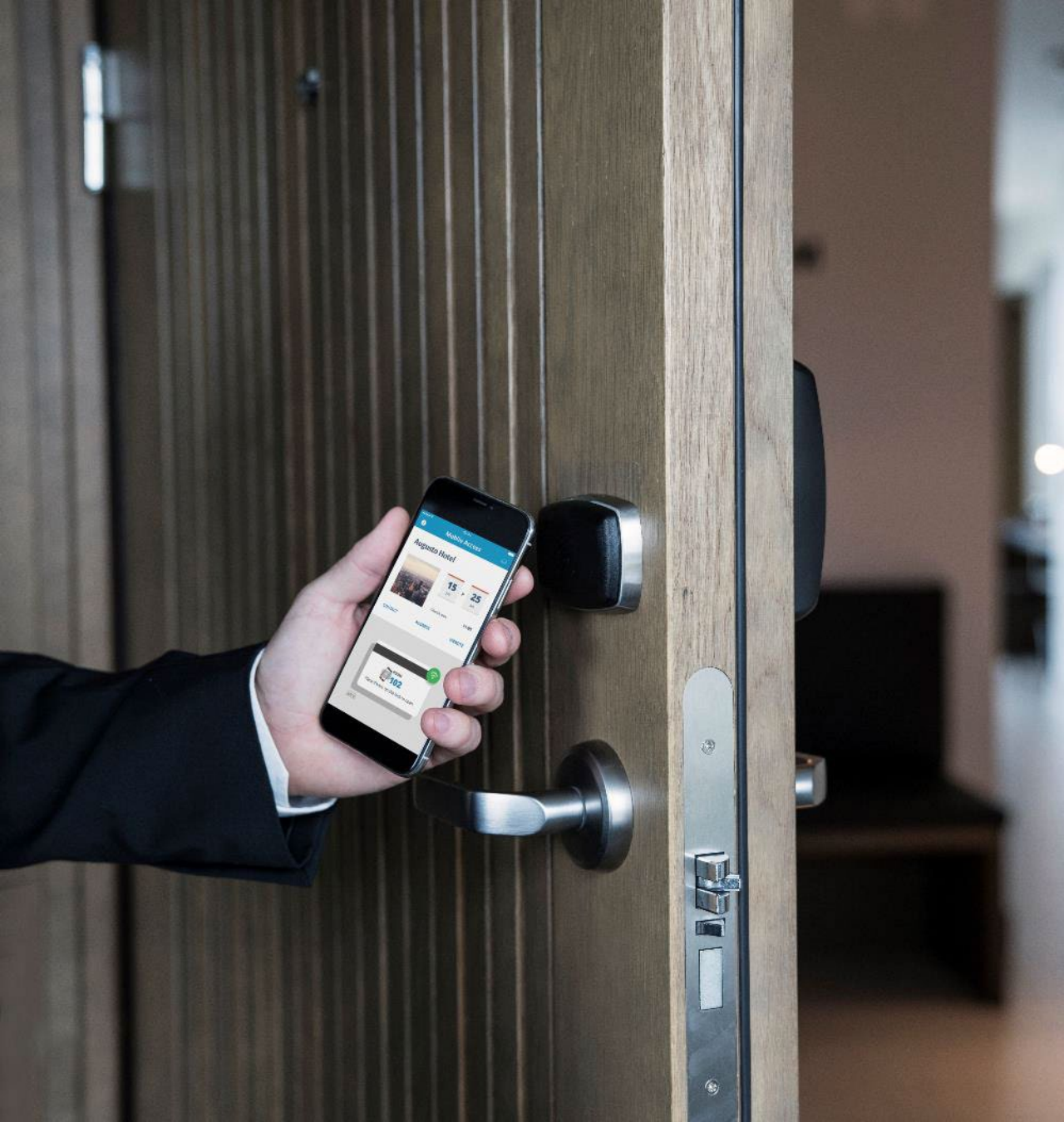
*) IFRS 16 effect on net debt SEK 3.7 bn.

**) 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 14%
- **Strong EBIT improvement**
 - Operating profit up 26%
- **Challenging operating environment**
 - High labor, material, logistic and energy costs
 - Component and labor shortages
 - Negative effects from the war in Ukraine



Q&A

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Appendix

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ASSA ABLOY

Cost breakdown as % of sales

| % | QTD 2021 | QTD 2022 excl. acquisitions | Δ | QTD 2022 |
|-----------------|-----------------|--|----------|-----------------|
| Direct material | -34.0% | -36.6% | -2.6 pts | -36.7% |
| Conversion cost | -26.0% | -24.0% | +2.0 pts | -23.9% |
| Gross margin | 40.0% | 39.4% | -0.6 pts | 39.4% |
| S, G & A | -25.4% | -24.2% | +1.2 pts | -24.4% |
| EBIT | 14.6% | 15.2% | +0.6 pts | 15.0% |

Opening Solutions EMEIA's bridge

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------|----------------|----------------|-----------------|----------------|----------------|
| Growth | 0% | 7% | 3% | -5% | 5% |
| Sales | 5,058 | 325 | 198 | -271 | 5,309 |
| Operating income | 755 | 51 | -10 | -21 | 776 |
| Operating margin, % | 14.9% | 15.7% | -4.9% | 7.7% | 14.6% |
| Dilution/accretion | | 0.1 pts | -0.7 pts | 0.3 pts | |

12 months figures

| | | | | |
|--|--------|--|--|--------|
| Sales | 18,995 | | | 20,774 |
| EBIT | 2,411 | | | 2,936 |
| Operating cash flow before paid interest | 3,394 | | | 2,526 |
| Cash flow/EBIT | 141% | | | 86% |

Opening Solutions Americas' bridge

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------|----------------|----------------|-----------------|----------------|----------------|
| Growth | -13% | 22% | 13% | 1% | 36% |
| Sales | 4,604 | 1,098 | 484 | 54 | 6,241 |
| Operating income | 955 | 235 | 103 | -28 | 1,265 |
| Operating margin, % | 20.7% | 21.4% | 21.3% | -52.6% | 20.3% |
| Dilution/accretion | | 0.2 pts | 0.0 pts | -0.6 pts | |

12 months figures

| | | | | |
|--|--------|--|--|--------|
| Sales | 18,346 | | | 22,144 |
| EBIT | 3,604 | | | 4,510 |
| Operating cash flow before paid interest | 4,984 | | | 3,547 |
| Cash flow/EBIT | 138% | | | 79% |

Opening Solutions Asia Pacific's bridge

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------|----------------|----------------|-----------------|----------------|----------------|
| Growth | 12% | -2% | 7% | 1% | 6% |
| Sales | 1,773 | -48 | 141 | 13 | 1,879 |
| Operating income | 78 | -4 | -8 | 1 | 67 |
| Operating margin, % | 4.4% | 7.7% | -5.8% | 4.7% | 3.5% |
| Dilution/accretion | | -0.1 pts | -0.8 pts | 0.0 pts | |

12 months figures

| | | | | |
|--|-------|--|--|-------|
| Sales | 9,026 | | | 8,826 |
| EBIT | 626 | | | 488 |
| Operating cash flow before paid interest | 961 | | | 153 |
| Cash flow/EBIT | 154% | | | 31% |

Global Technologies' bridge

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------|----------------|----------------|-----------------|----------------|----------------|
| Growth | -16% | 11% | 10% | 2% | 23% |
| Sales | 3,301 | 399 | 279 | 72 | 4,051 |
| Operating income | 472 | -2 | 54 | -8 | 516 |
| Operating margin, % | 14.3% | -0.5% | 19.5% | -11.7% | 12.7% |
| Dilution/accretion | | -1.4 pts | 0.2 pts | -0.4 pts | |

12 months figures

| | | | | |
|--|--------|--|--|--------|
| Sales | 13,527 | | | 15,354 |
| EBIT | 3,604 | | | 2,297 |
| Operating cash flow before paid interest | 2,777 | | | 2,903 |
| Cash flow/EBIT | 77% | | | 126% |

Entrance Systems' bridge

| MSEK | Q1 2021 | Organic | Currency | Acq/Div | Q1 2022 |
|---------------------|---------|---------|----------|---------|---------|
| Growth | 11% | 20% | 8% | 1% | 29% |
| Sales | 7,499 | 1,589 | 485 | 79 | 9,653 |
| Operating income | 1,096 | 372 | 73 | 14 | 1,555 |
| Operating margin, % | 14.6% | 23.4% | 15.0% | 18.0% | 16.1% |
| Dilution/accretion | | 1.4 pts | 0.1 pts | 0.0 pts | |

12 months figures

| | | | | |
|--|--------|--|--|--------|
| Sales | 29,095 | | | 34,844 |
| EBIT | 4,357 | | | 5,447 |
| Operating cash flow before paid interest | 5,177 | | | 2,903 |
| Cash flow/EBIT | 119% | | | 65% |



Thank you
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