

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

Q2 interim report 2022

Experience a safer and more open world

Strong growth and profit in turbulent times

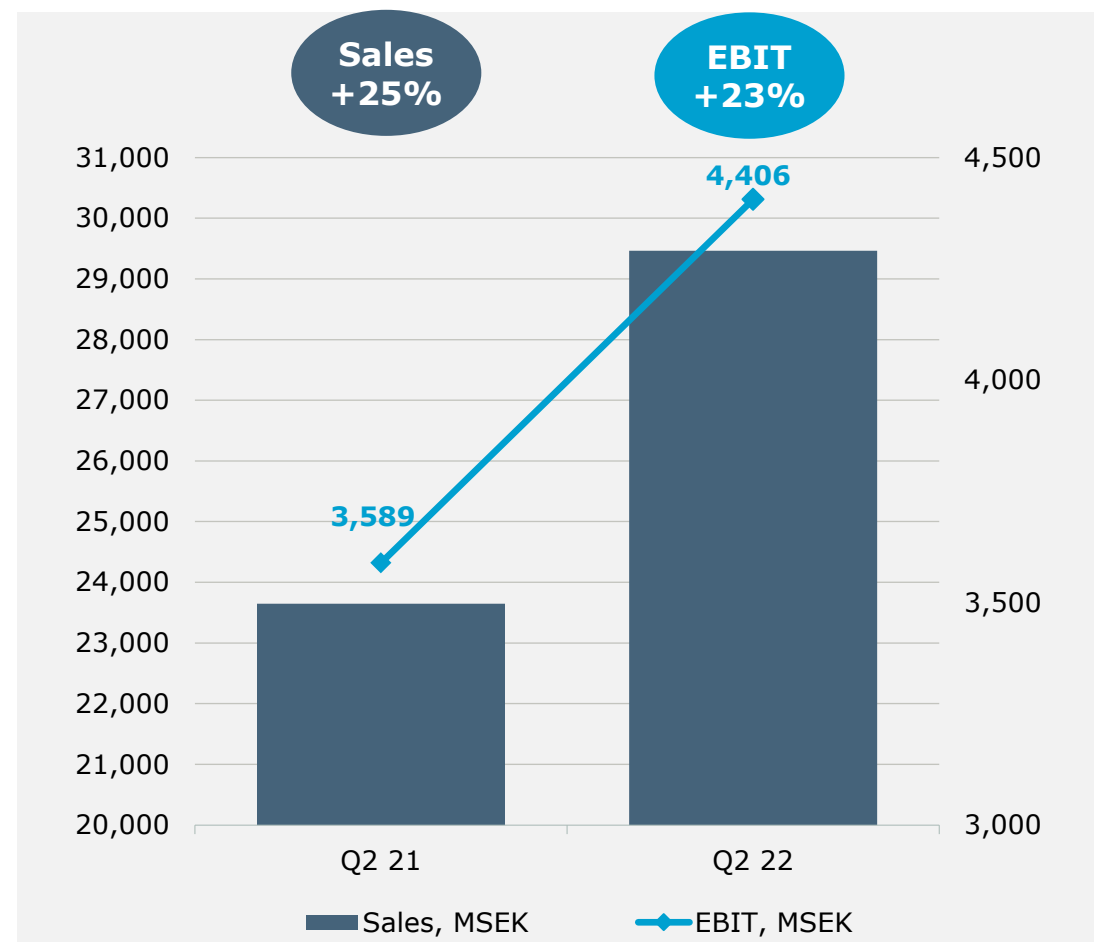
- **Organic sales development**
 - Very strong sales growth in Americas and Entrance Systems
 - Strong sales growth in EMEIA and Global Technologies
 - Sales decline in APAC
- **Good EBIT-margin**
 - Despite significant operational challenges
- **Six acquisitions completed in the quarter**
- **Strong cash flow**



Q2 2022 figures in summary

- **Sales MSEK 29,466** **+25%**
 - +13% organic
 - 0% acquired and divested
 - +12% currency
- **EBITA-margin 15.5% (15.8%)**
- **EBIT-margin 15.0% (15.2%)**
- **EBIT MSEK 4,406** **+23%**
- **EPS SEK 2.84** **-2%***

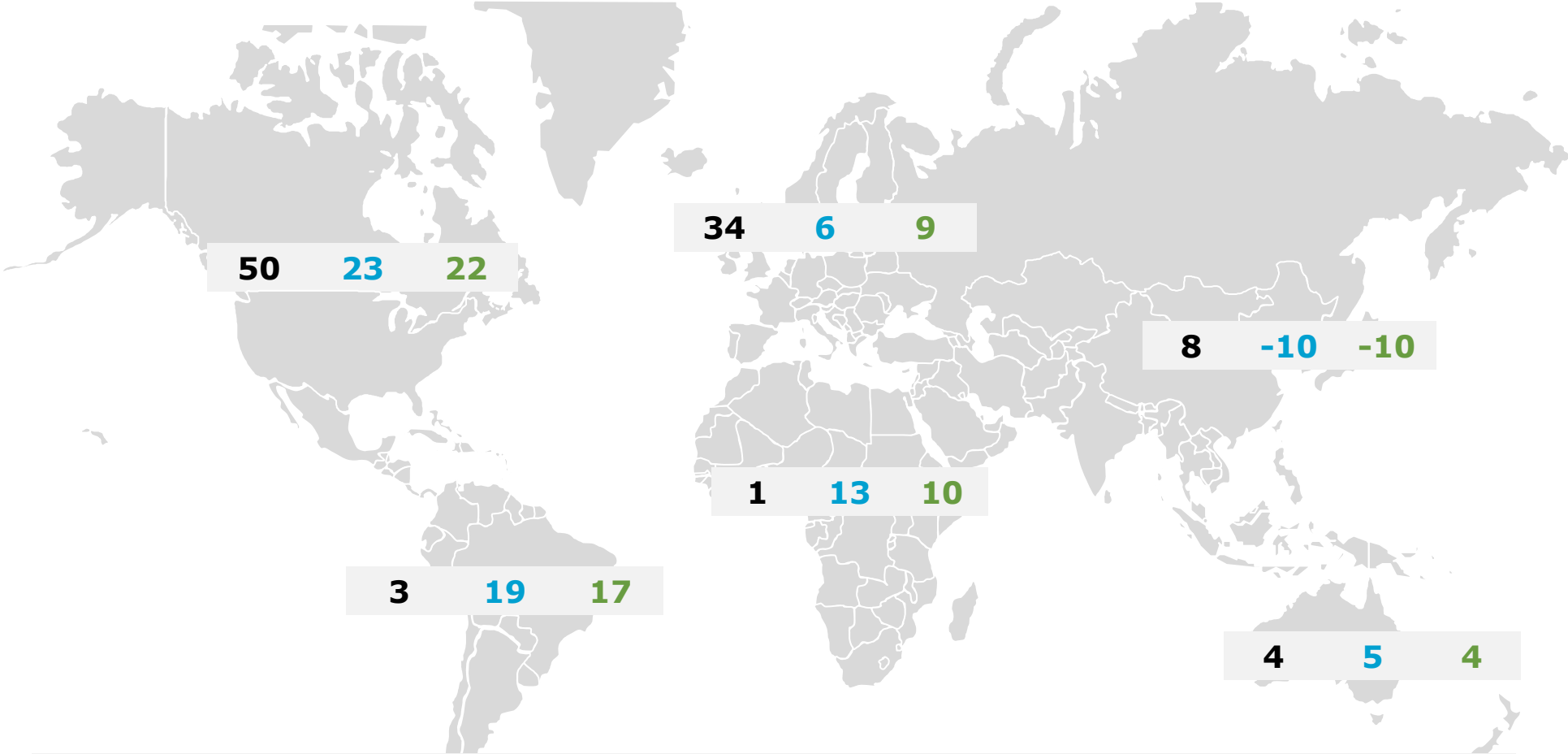
* Adjusted for positive one-time tax effects in Q2 last year EPS growth was 24%



Sales by region

Apr-Jun 2022

ASSA ABLOY	100	13	13
Emerging markets	14	5	4



Share of sales, %	Change in local currencies QTD 2022 vs. QTD 2021, %	Organic change QTD 2022 vs. QTD 2021, %
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Emerging markets follows IMF's definition as per 2018-12-31

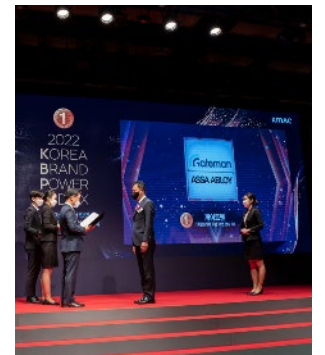
Market highlights

■ Project wins

- 1500 loading bays and doors to the largest logistics center in Europe
- Access control upgrade for one of Asia's largest airports
- Important residential wins in China for smart door locks, fire doors and security doors
- Several wins in the cruise and ferry markets to supply new vessels under construction

■ Awards and product launches

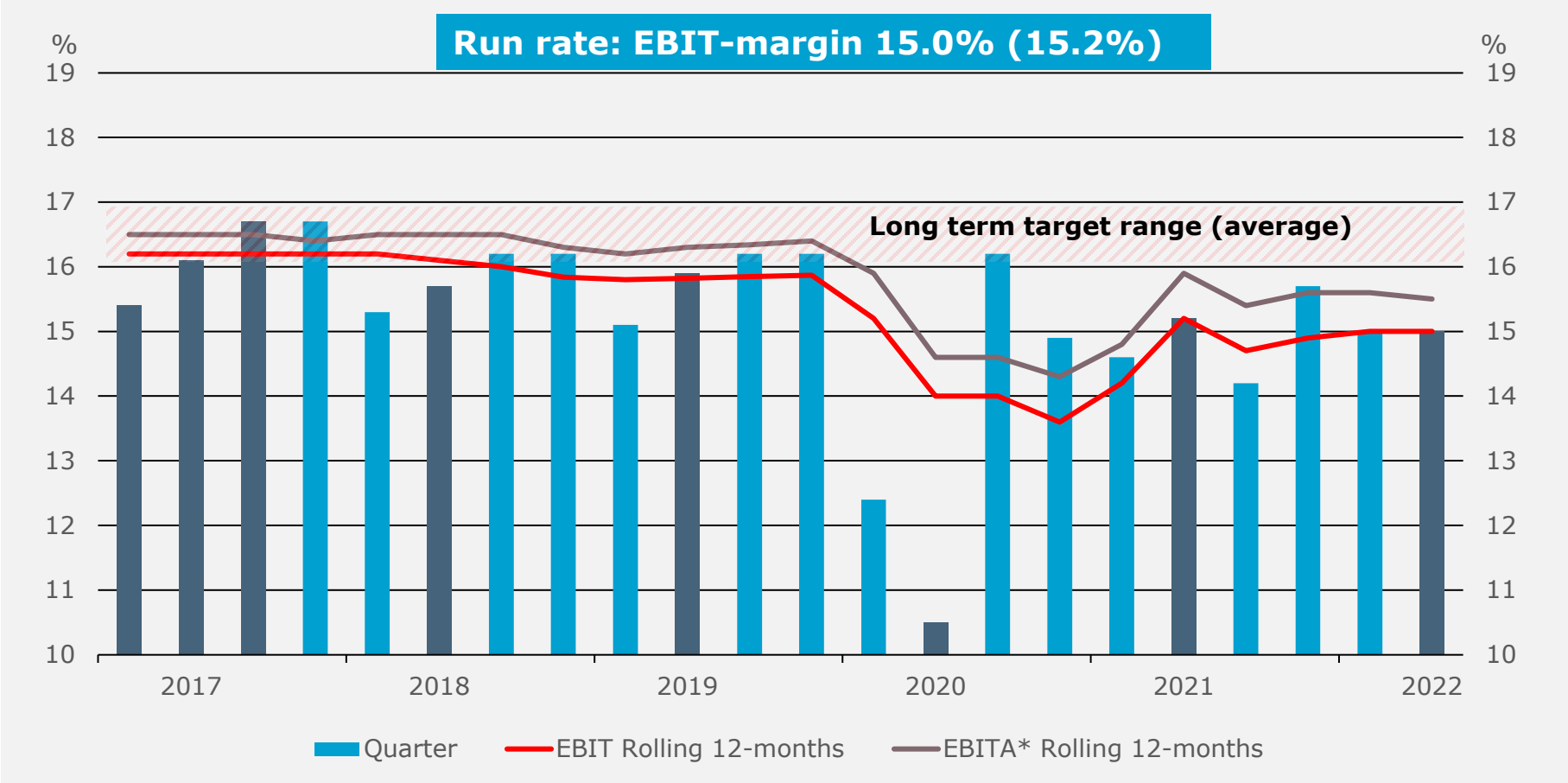
- Gateman in Korea recognized as number 1 digital door lock brand for the 17th year running
- ASSA ABLOY PULSE wins sustainability and innovation award at Denmark's largest construction fair
- Launch of ASSA ABLOY RP400 - the most advanced machine protection door to date offering a new level of protection
- Launch of CuVerro Shield™- new antimicrobial finish to avoid the spread of bacteria



FX adjusted sales growth



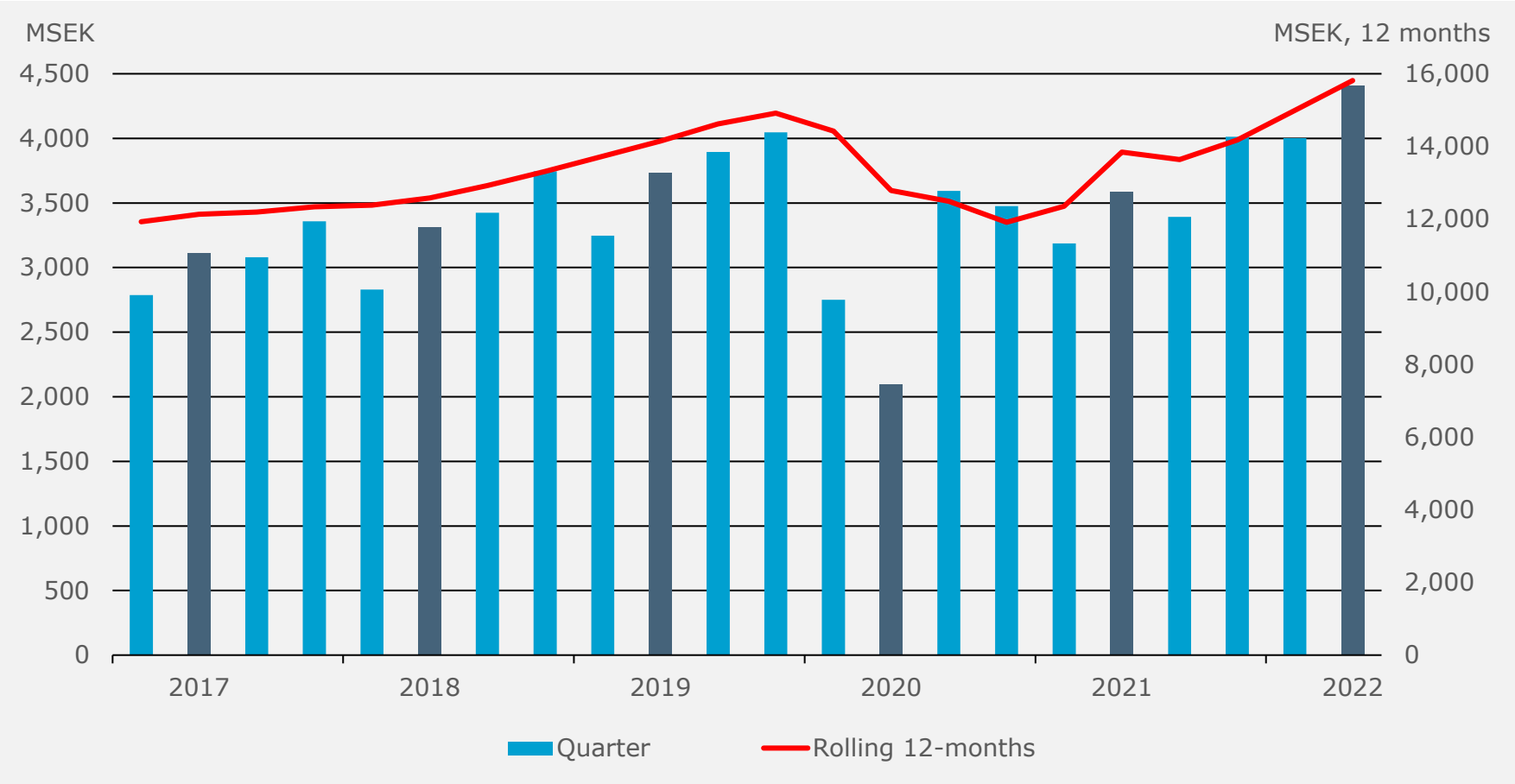
Operating margin



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**
 - 6 acquisitions completed in Q2
 - 7 acquisitions completed in 2022
 - Acquired annualized sales of MSEK 2,800





- Complements door and window hardware portfolio
- Sales of MSEK 1,450 in 2021
- Manufacturer and distributor of door and window hardware
- Accretive to EPS from the start





- Strengthens position with fenestration manufacturers
- Sales of MSEK 1,000 in 2021
- Manufacturer of fenestration hardware for window manufacturers
- Accretive to EPS from the start

Opening Solutions EMEIA

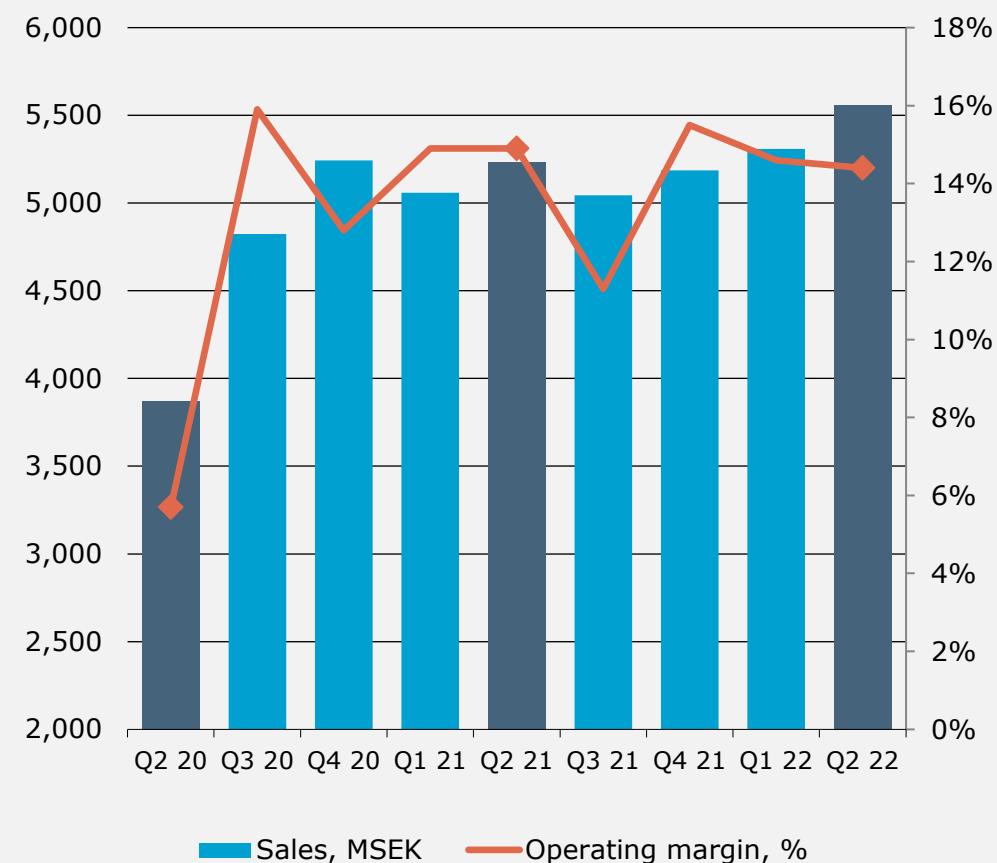
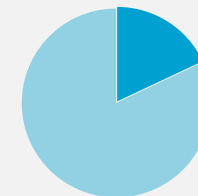
■ Organic sales +8%

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

■ Operating margin 14.4% (14.9%)

- Strong operating leverage (40bps) despite high material, logistics and energy costs and operational challenges linked to material shortages
- FX -110bps
- M&A +20bps
 - Divestment of CERTEGO
 - Acquisition costs for Arran Isle

18%
of Group
sales



Excluding MFP restructuring items.

Opening Solutions Americas

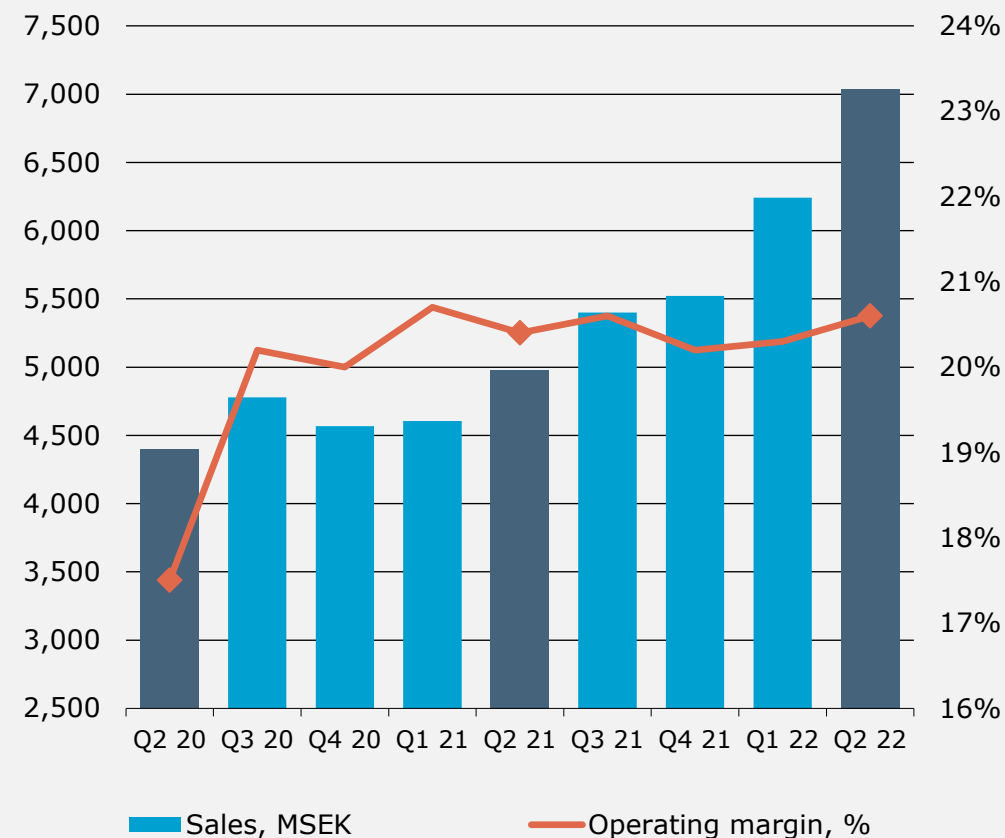
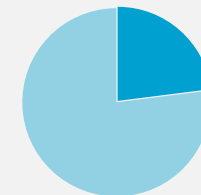
▪ Organic sales +20%

- Strong sales growth in Access & High Security and Latin America and very strong sales growth in all other product areas and regions

▪ Operating margin 20.6% (20.4%)

- Very good operating leverage (160bps)
 - Excellent operational execution despite higher labor, material, logistic costs as well as operational challenges linked to material shortages
 - Strong price realization
- FX -20bps
- M&A -120bps
 - Acquisition costs for HHI

24% of
Group
sales



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

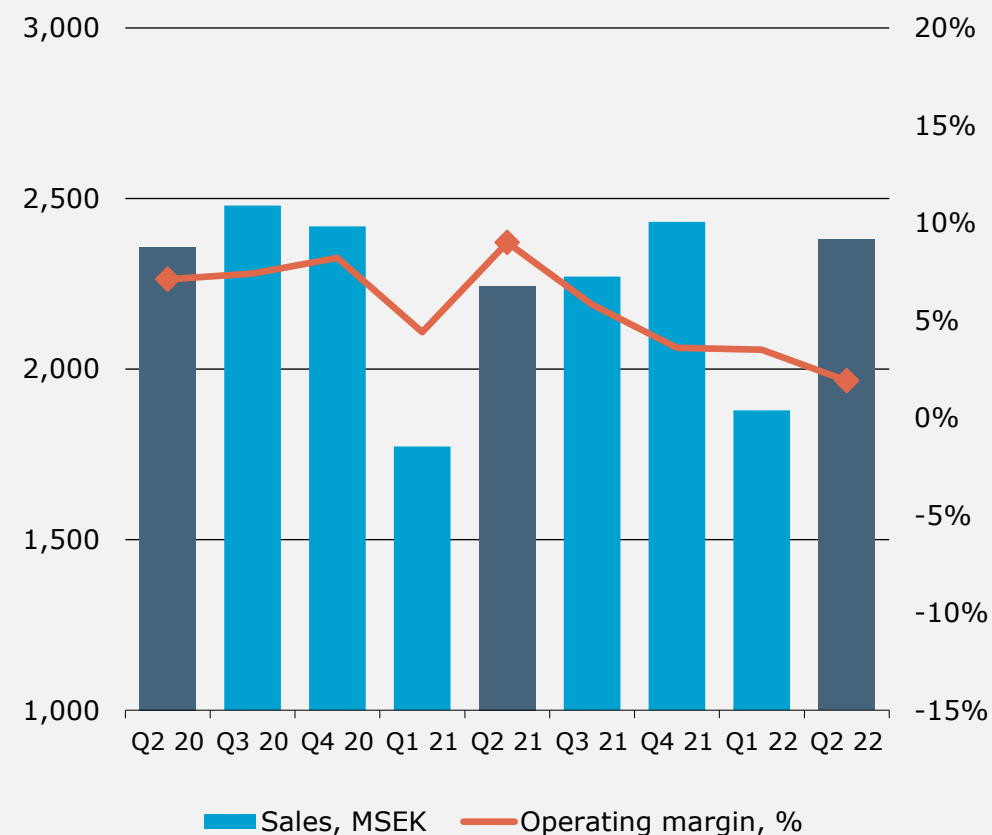
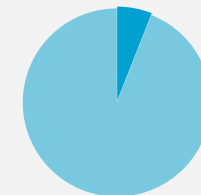
▪ Organic sales -5%

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

▪ Operating margin 1.9% (9.0%)

- Negative operating leverage (-640bps) due to low volume, lockdowns and general market conditions in China, and higher material costs
- FX +10bps
- M&A -80bps
 - Acquisition costs for Caldwell

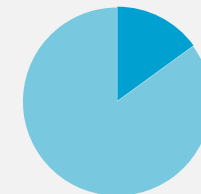
7%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

15%
of Group
sales

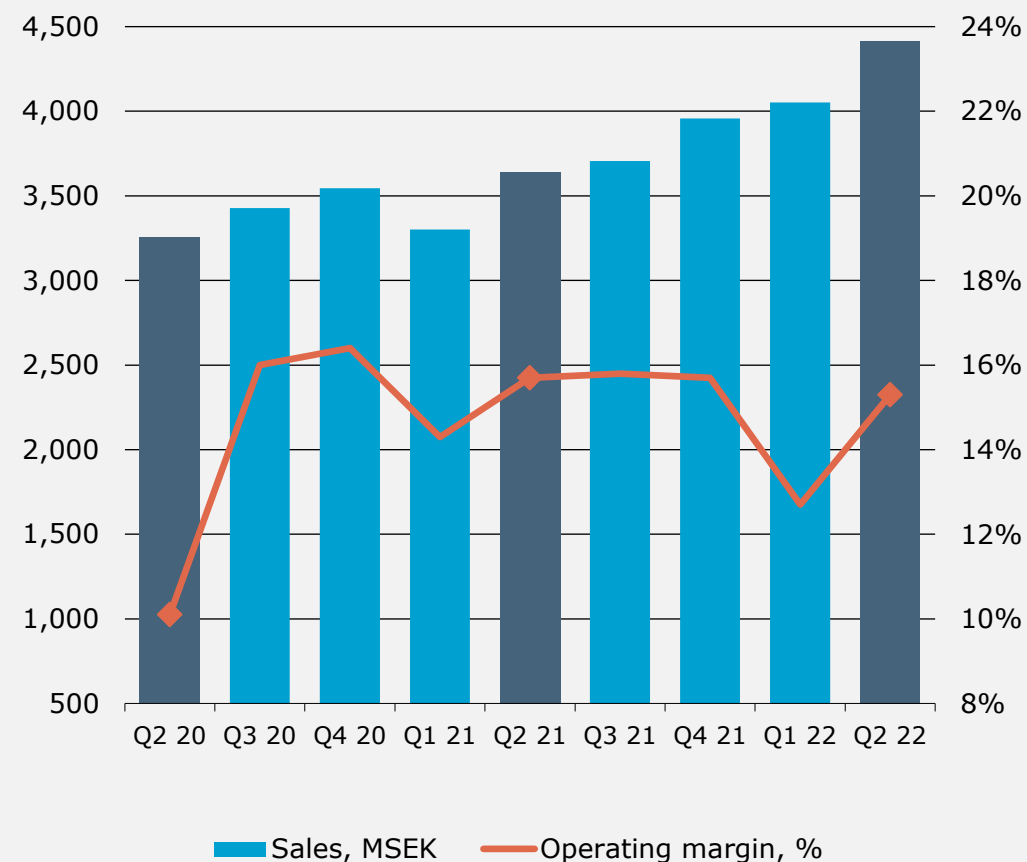


- **Organic sales +6%**

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

- **Operating margin 15.3% (15.7%)**

- Negative operating leverage (-90bps) due to negative mix, component shortages, lockdowns in China and higher material costs
- FX +80bps
- M&A -30bps



Excluding MFP restructuring items.

Entrance Systems

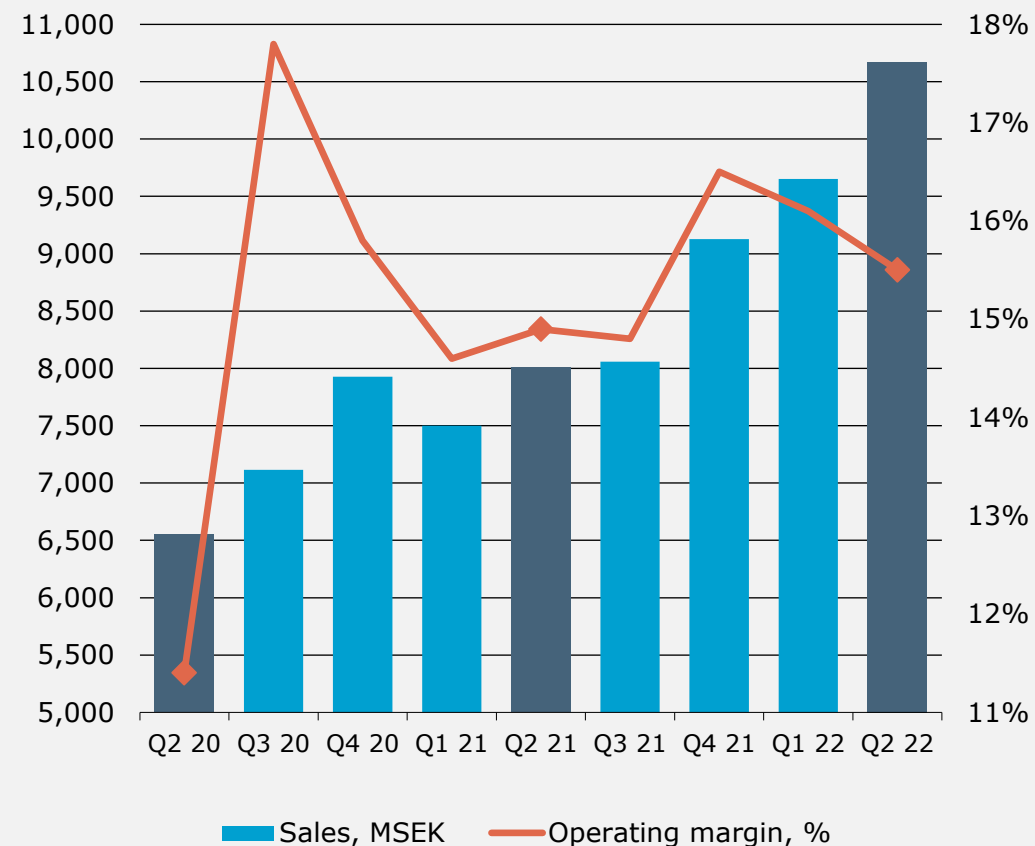
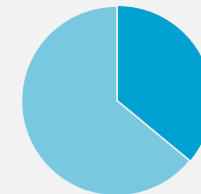
▪ Organic sales +19%

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

▪ Operating margin 15.5% (14.9%)

- Strong operating leverage (40bps)
 - Strong operational execution despite high labor, material, logistic and energy costs as well as operational challenges linked to material and labour shortages
 - Strong price realization
- FX +20bps
- M&A neutral

36%
of Group
sales



Excluding MFP restructuring items.

Financial summary

**FX & acquisition
'run-rate' effects in Q3 2022
(30 June 2022):**
SALES
 FX: +13%
 M&A: +3%

	April-June			January-June		
	2021	2022		2021	2022	
Sales	23,648	29,466	25%	45,454	56,057	23%
- Organic growth	4,258	3,324	13%	5,085	6,610	14%
- Acquired net growth	856	-16	0%	1,721	-68	0%
- FX-differences	-1,418	2,510	12%	-3,478	4,061	9%
Operating income (EBIT)	3,589	4,406	23%	6,776	8,407	24%
EBITA-margin	15.8%	15.5%	-0.3 pts	15.6%	15.5%	-0.1 pts
EBIT-margin	15.2%	15.0%	-0.2 pts	14.9%	15.0%	0.1 pts
Income before tax	3,441	4,208	22%	6,486	8,019	24%
Net income	3,212	3,156	-2%	5,465	6,015	10%
EPS, SEK	2.89	2.84	-2%	4.92	5.41	10%
Operating cash flow	3,627	3,787	4%	6,262	4,699	-25%
ROCE (12 months)				14.9%	16.0%	1.1 pts

Bridge analysis – Q2 2022

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	19%	13%	12%	0%	25%
Sales	23,648	3,324	2,510	-16	29,466
Operating profit	3,589	514	401	-98	4,406
Operating margin, %	15.2%	15.5%	16.0%	628.9%	15.0%
Dilution/accretion		0.1 pts	0.0 pts	-0.3 pts	

Sales increase driven by volume

- Price +6% and volume +7%

Margin drivers

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

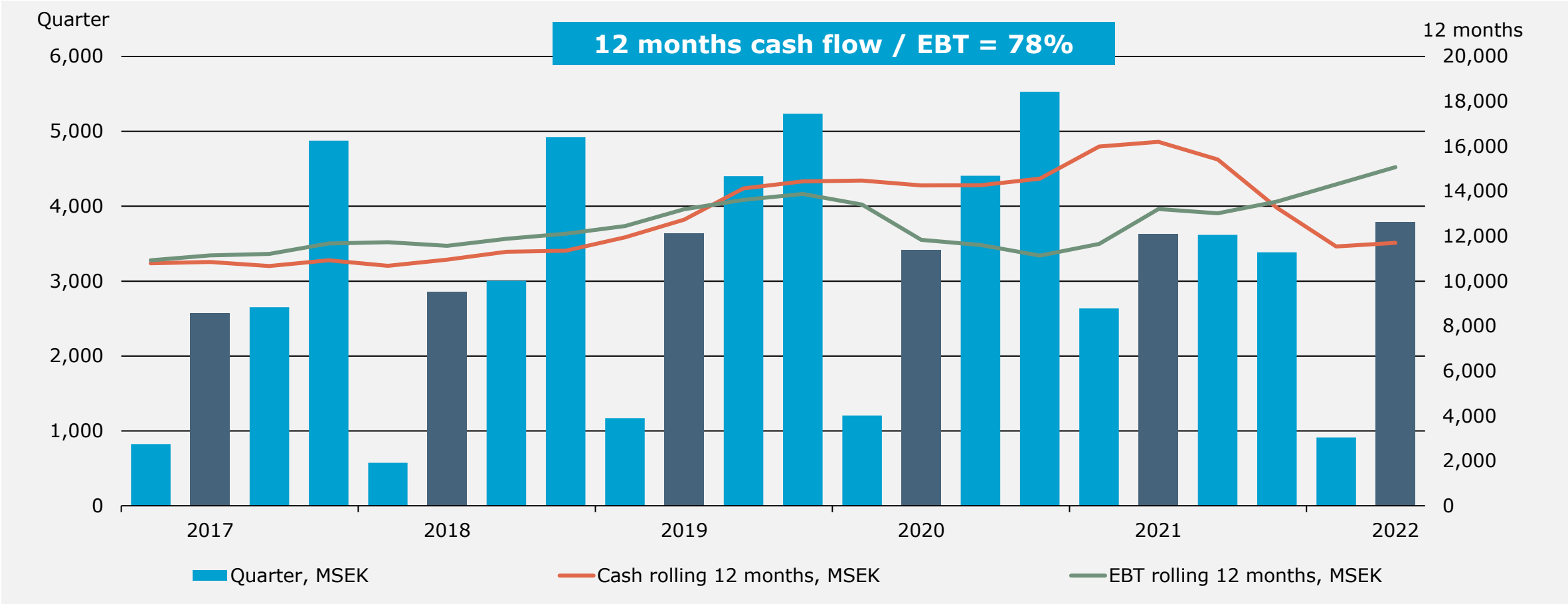
Cost breakdown as % of sales – Q2 2022

%	QTD 2021	QTD 2022 excl. acq/div	Δ	QTD 2022
Direct material	-35.3%	-37.1%	-1.8 pts	-37.2%
Conversion cost	-24.8%	-23.4%	+1.4 pts	-23.3%
Gross margin	39.9%	39.5%	-0.4 pts	39.5%
S, G & A	-24.7%	-24.2%	+0.5 pts	-24.5%
EBIT	15.2%	15.3%	+0.1 pts	15.0%

*) Excluding restructuring items.

- Direct material – significant negative mix effect (~100 bps) and higher material costs (~80 bps)
- Conversion cost – operating efficiencies (MFP and other cost measures) and volume
- S, G & A – operating leverage and efficiencies in sales & administration

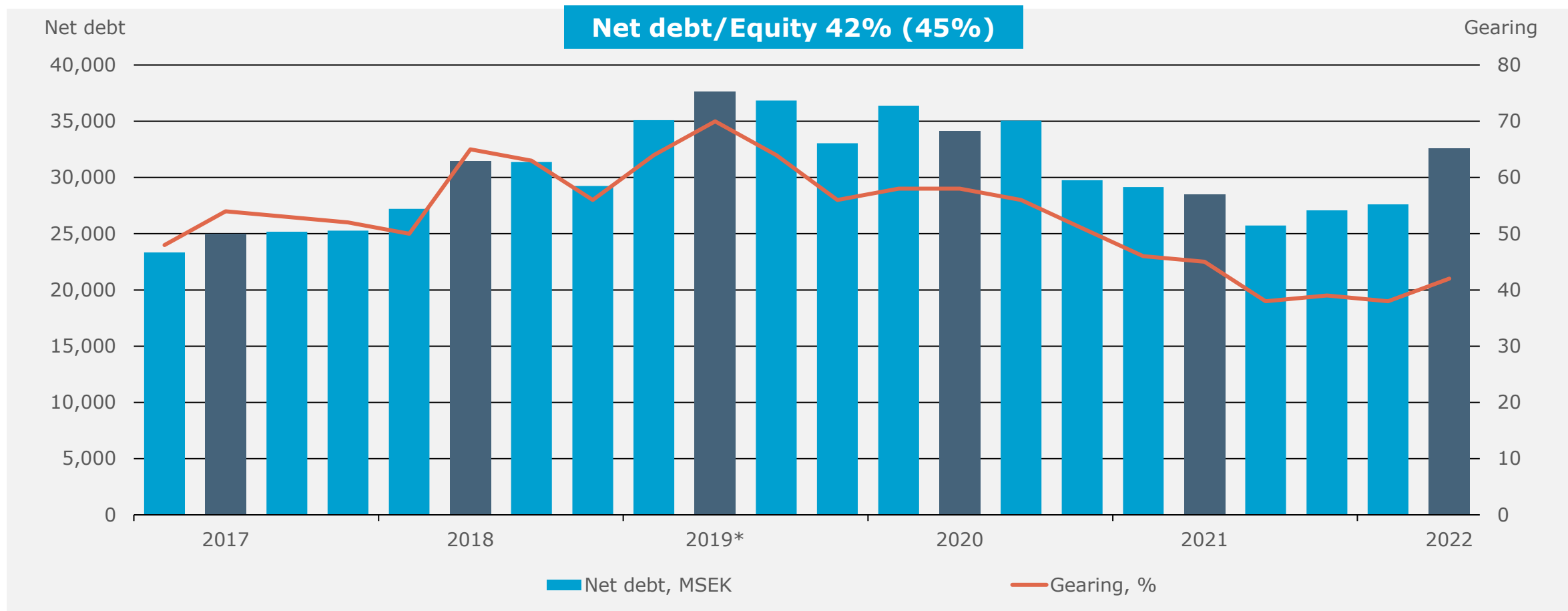
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

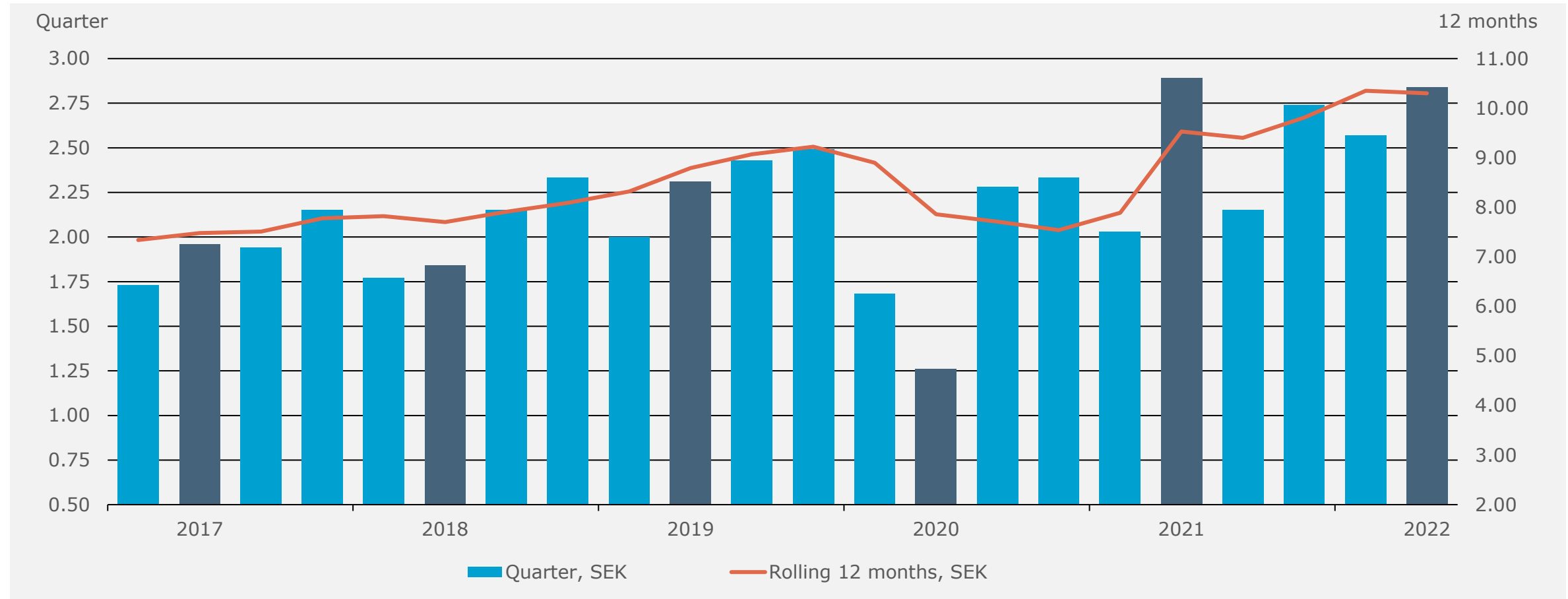
Net debt/EBITDA**
1.7 (1.6)



*) 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

- **Very strong sales growth**
 - Organic sales up 13%
- **Good EBIT-margin**
 - Operating profit up 23%
- **Challenging current operating environment, but demand remains solid**
 - Higher labor, logistics and energy costs
 - Component shortages remain
 - Uncertain general economic climate
- **Capital markets day, 16 November in London**



Q&A

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Appendix

The image is a composite of two architectural photographs. The left half is a blue-tinted image of a modern building with a grid-like facade. The right half is a grey-tinted image of a building with a series of large, angled, cantilevered concrete slabs that create a series of deep, triangular voids. The sky is clear and blue in both sections.

Cost breakdown as % of sales

%	QTD 2021	QTD 2022 excl. acquisitions	Δ	QTD 2022	YTD 2021	YTD 2022 excl. acquisitions	Δ	YTD 2022
Direct material	-35.3%	-37.1%	-180 pts	-37.2%	-34.7%	-36.9%	-2.2 pts	-36.9%
Conversion cost	-24.8%	-23.4%	+1.4 pts	-23.3%	-25.3%	-23.7%	+1.6 pts	-23.7%
Gross margin	39.9%	39.5%	-0.4 pts	39.5%	40.0%	39.4%	-0.6 pts	39.4%
S, G & A	-24.7%	-24.2%	+0.5 pts	-24.5%	-25.1%	-24.2%	0.9 pts	-24.4%
EBIT	15.2%	15.3%	+0.1 pts	15.0%	14.9%	15.2%	+0.3 pts	15.0%

Opening Solutions EMEIA's bridge

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	35%	8%	3%	-5%	6%
Sales	5,235	386	222	-282	5,561
Operating income	782	74	-25	-30	801
Operating margin, %	14.9%	19.2%	-11.1%	10.7%	14.4%
Dilution/accretion		0.4 pts	-1.1 pts	0.2 pts	

12 months figures

Sales	20,358			21,100
EBIT	2,973			2,956
Operating cash flow before paid interest	3,610			2,387
Cash flow/EBIT	121%			81%

Opening Solutions Americas' bridge

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	13%	20%	20%	1%	41%
Sales	4,981	1,185	830	40	7,036
Operating income	1,017	335	175	-76	1,451
Operating margin, %	20.4%	28.3%	21.1%	-188.8%	20.6%
Dilution/accretion		1.6 pts	-0.2 pts	-1.2 pts	

12 months figures

Sales	18,930			24,199
EBIT	3,852			4,944
Operating cash flow before paid interest	5,152			3,581
Cash flow/EBIT	134%			72%

Opening Solutions Asia Pacific's bridge

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	-5%	-5%	10%	1%	6%
Sales	2,244	-124	245	15	2,379
Operating income	202	-163	24	-18	45
Operating margin, %	9.0%	131.7%	9.9%	-122.3%	1.9%
Dilution/accretion		-6.4 pts	0.1 pts	-0.8 pts	

12 months figures

Sales	8,913			8,961
EBIT	661			331
Operating cash flow before paid interest	805			89
Cash flow/EBIT	122%			27%

Global Technologies' bridge

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	12%	6%	13%	2%	21%
Sales	3,641	258	430	89	4,417
Operating income	573	2	100	2	677
Operating margin, %	15.7%	0.6%	23.2%	2.4%	15.3%
Dilution/accretion		-0.9 pts	0.8 pts	-0.3 pts	

12 months figures

Sales	13,915			16,131
EBIT	2,177			2,401
Operating cash flow before paid interest	3,017			2,644
Cash flow/EBIT	139%			110%

Entrance Systems' bridge

MSEK	Q2 2021	Organic	Currency	Acq/Div	Q2 2022
Growth	22%	19%	13%	1%	33%
Sales	8,007	1,714	830	123	10,673
Operating income	1,196	304	127	24	1,651
Operating margin, %	14.9%	17.7%	15.3%	19.7%	15.5%
Dilution/accretion		0.4 pts	0.2 pts	0.0 pts	

12 months figures

Sales	30,550			37,511
EBIT	4,808			5,902
Operating cash flow before paid interest	4,941			3,872
Cash flow/EBIT	103%			66%



Thank you
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