

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

Q3 interim report 2022

Experience a safer and more open world

Very strong performance in the quarter

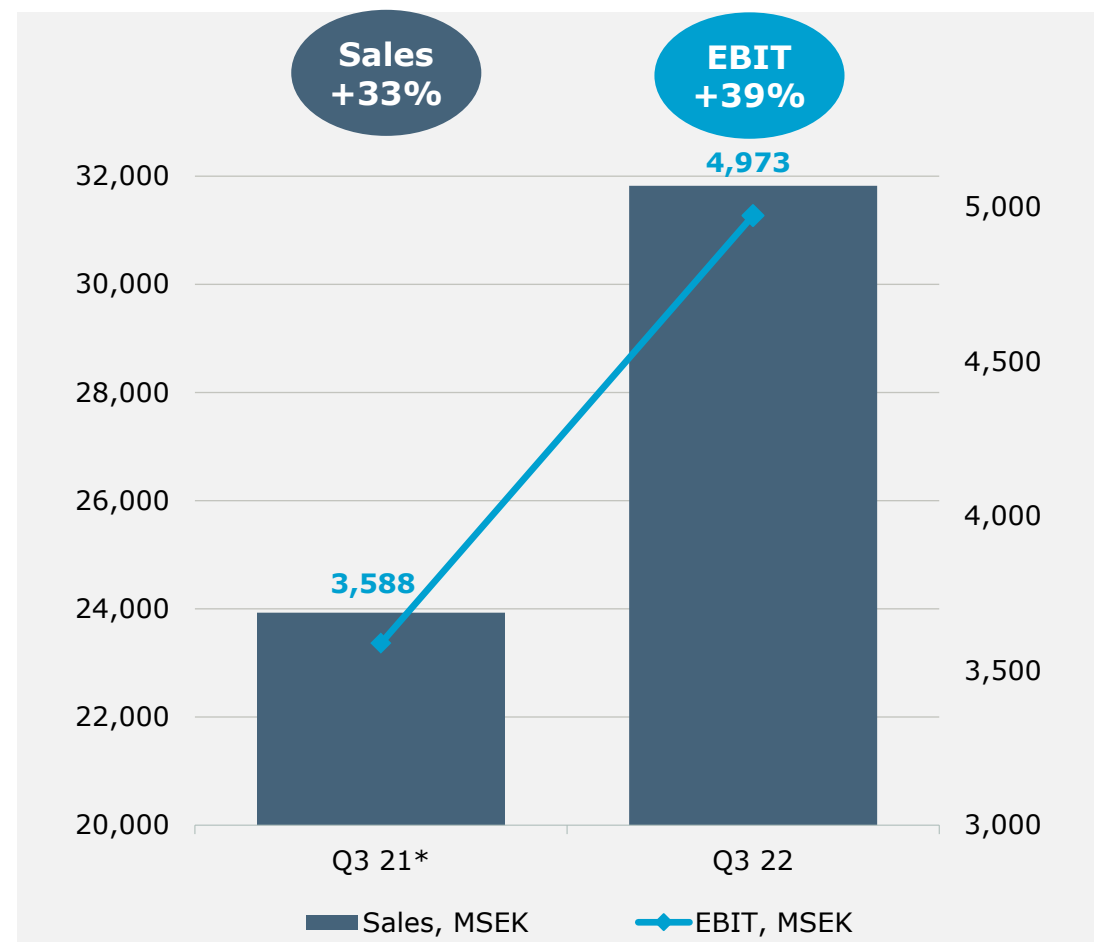
- **Organic sales development**
 - Very strong sales growth in Entrance Systems, Global Technologies and Americas
 - Good sales growth in EMEIA
 - Sales decline in APAC
- **Strong EBIT-margin improvement**
- **Six acquisitions signed in the quarter**
- **Continued cash flow improvement**



Q3 2022 figures in summary

- **Sales MSEK 31,820** **+33%**
 - +14% organic
 - + 3% acquired and divested
 - +16% currency
- **EBITA-margin 16.2% (15.6%*)**
- **EBIT-margin 15.6% (15.0%*)**
- **EBIT MSEK 4,973** **+39%***
- **EPS SEK 3.20** **+37%***

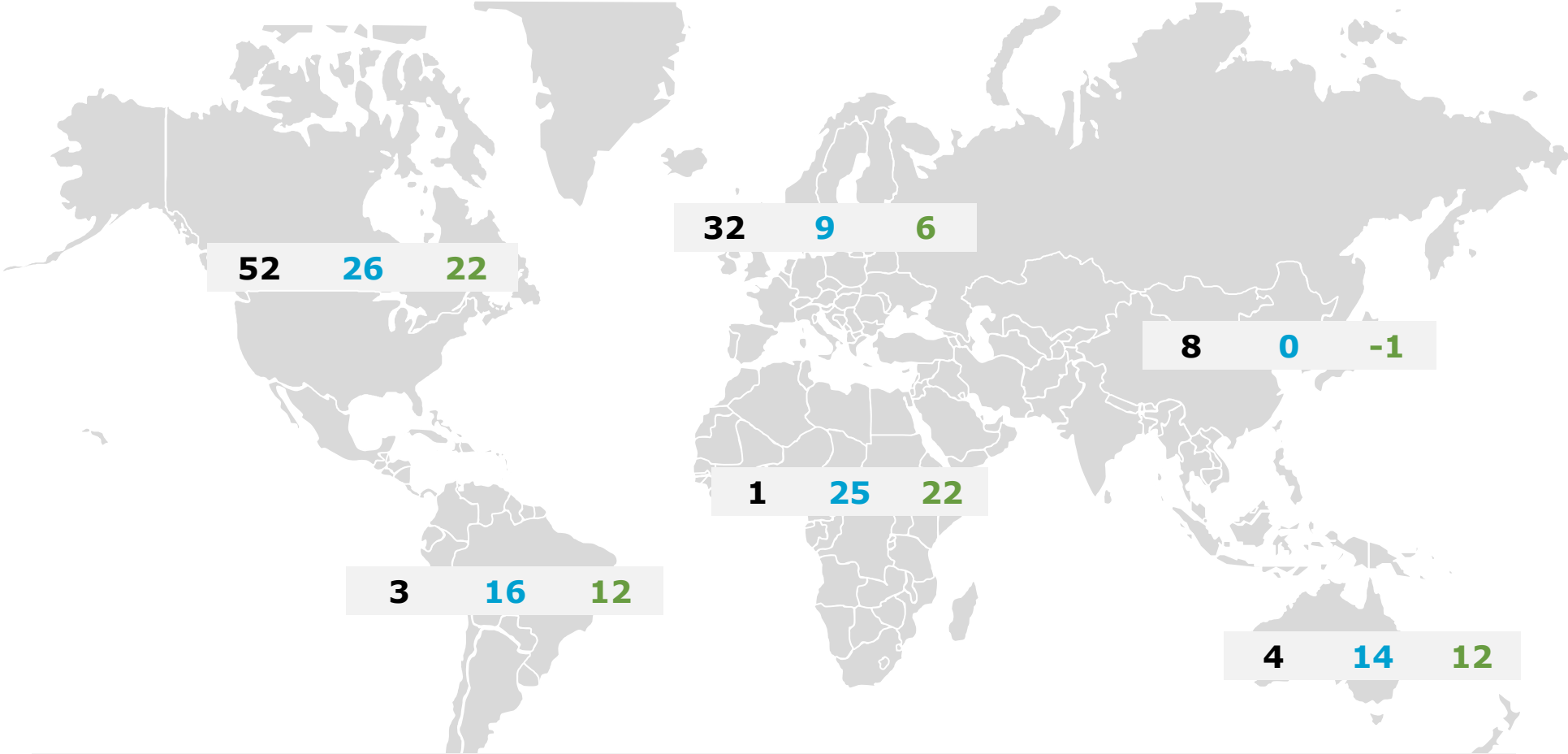
* Adjusted for a capital loss of MSEK 196 due to the divestment of CERTEGO in Q3 2021



Sales by region

Jul-Sep 2022

ASSA ABLOY	100	17	14
Emerging markets	14	10	7



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

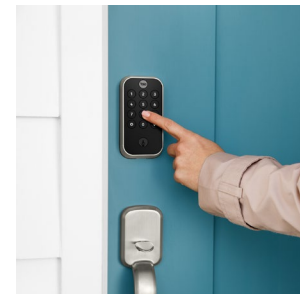
Q3 Market highlights

■ Project wins

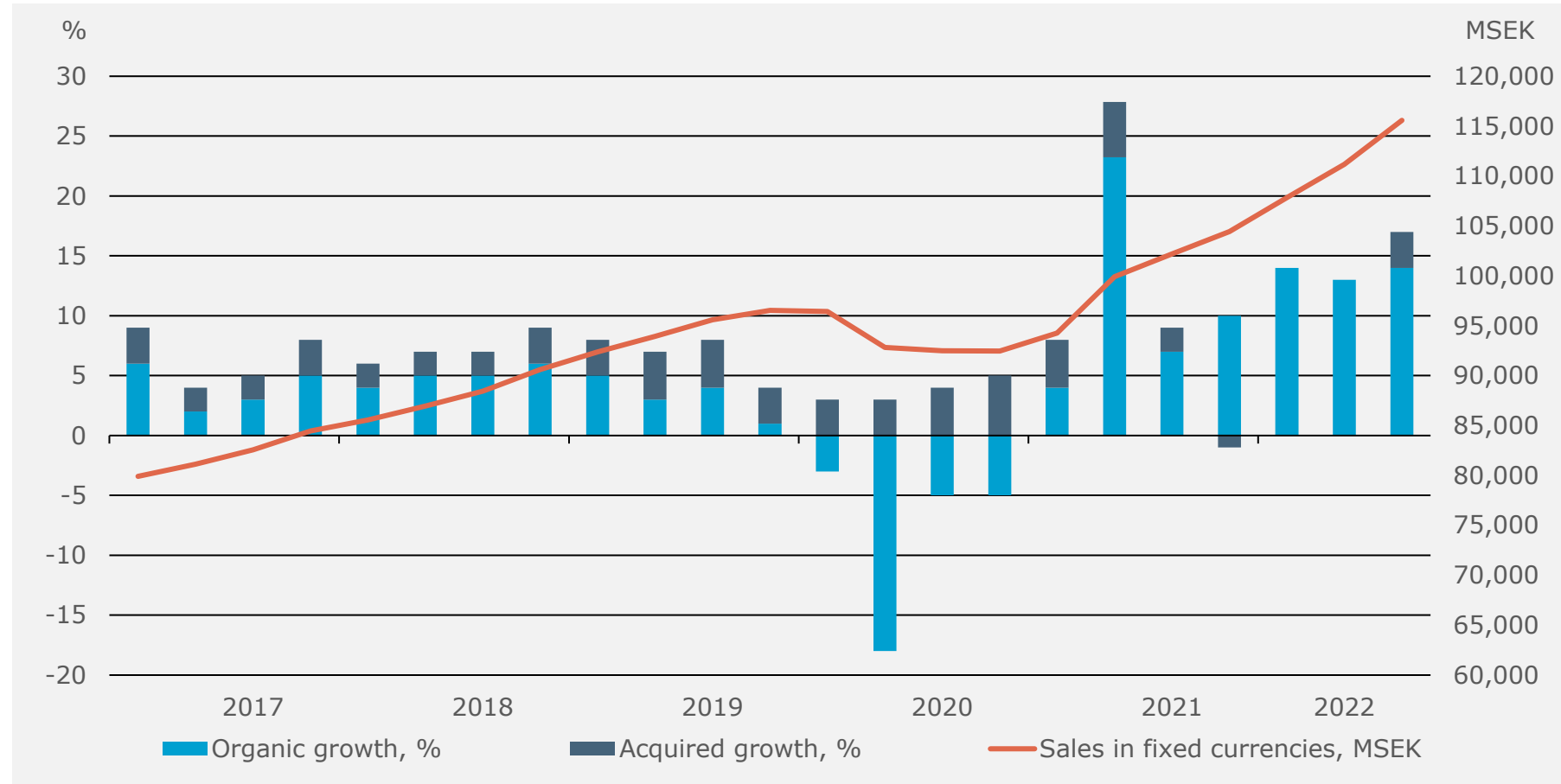
- Leading US retail chain to upgrade loading dock equipment at its 20 distribution centers
- Public transport ticketing system in Australia including 7.1 million contactless cards
- Delivery of 9,000 locksets, door closers and cylinders to a resort in South-Korea
- Senior care projects to supply RFID electronic locks and nurse call systems in North-America

■ Product launches

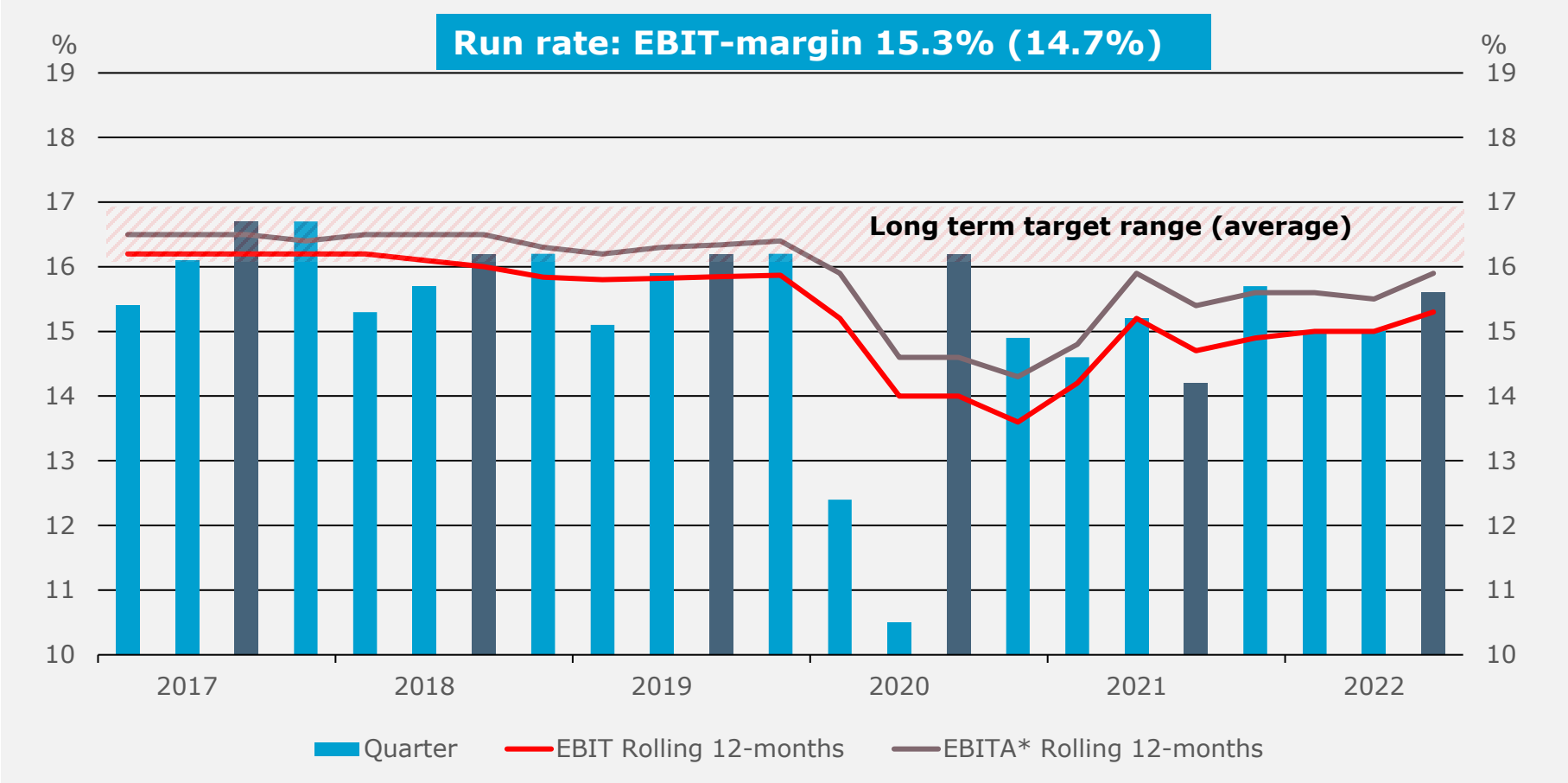
- Launch of Yale Assure Lock 2, the newest US flagship smart lock collection
- Yale in partnership with DHL eCommerce Nordic to facilitate in-home delivery in Sweden
- Launch of the new innovative SMARTair® i-minimal wireless electronic lock
- ABLOY BEAT: a new portal for smoother third-party integrations with our keyless solution for critical infrastructure



FX adjusted sales growth



Operating margin

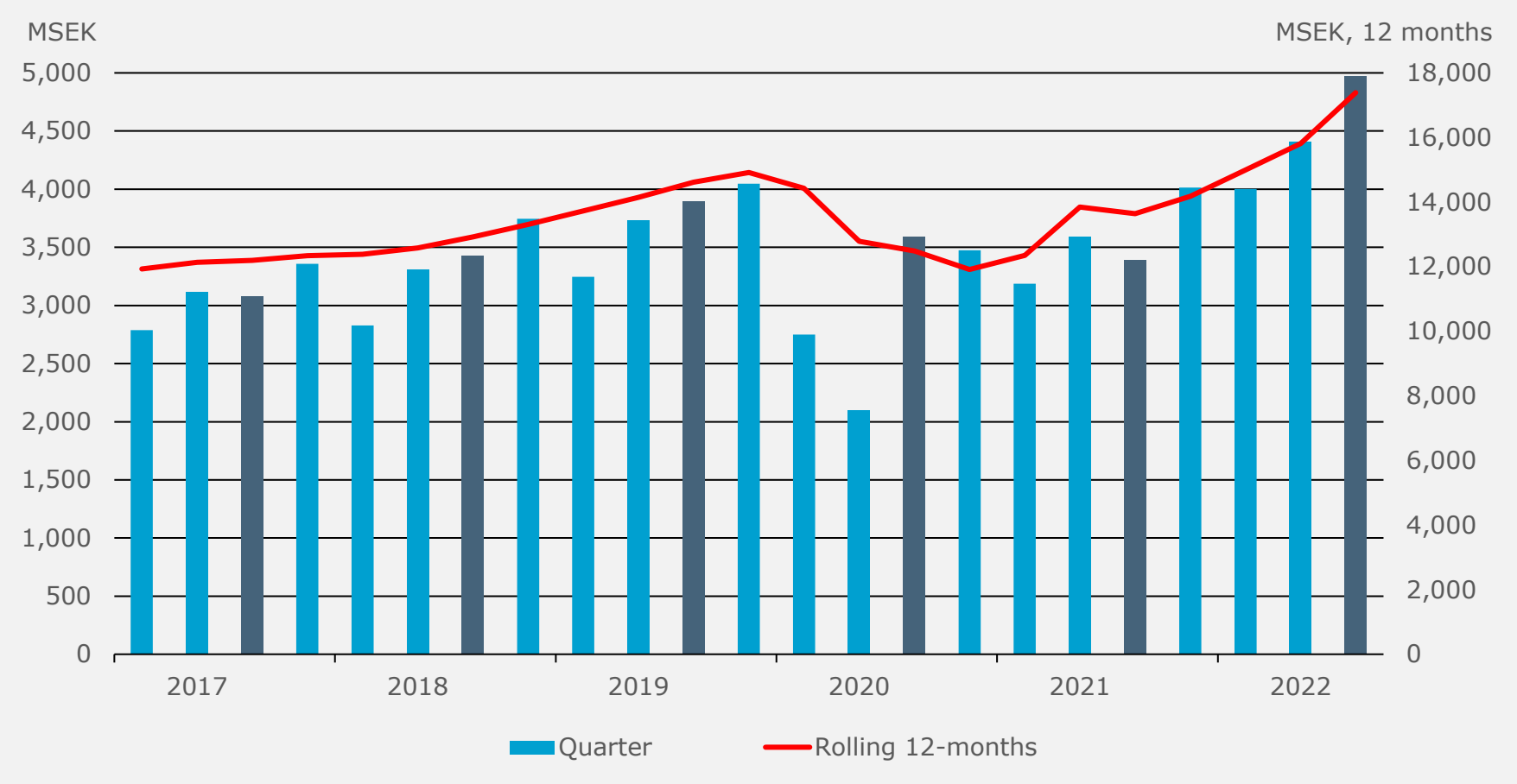


Excluding items affecting comparability.

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

Operating profit

Operating profit
+61%
compared to Q3
five years ago



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

Acquisitions

- **Active pipeline**
 - 6 acquisitions signed in Q3
 - 11 acquisitions closed in 2022
 - Acquired annualized sales of around MSEK 3,300
 - 4 additional acquisitions closed since September



DoorBird, Germany



- Manufacturer of high-quality IP door intercom
- Reinforces offering within IP door intercom
- Sales of MSEK 220 in 2021
- Accretive to EPS from the start



Control iD, Brazil

Control iD



- Developer of hardware and software for access control and time & attendance
- Reinforces current access control and biometric offerings
- Sales of MSEK 250 in 2021
- Accretive to EPS from the start



ASSA ABLOY has formally responded to the DOJ's complaint to block the HHI acquisition

- In September, DoJ announced that it will seek to block the acquisition of HHI
- ASSA ABLOY and Spectrum Brands are contesting the DoJ's position
- Sales process initiated
 - EMTEK
 - US and Canadian smart residential businesses
 - Combined sales of about MUSD 350 in 2021
- Divestitures are dependent on our successful outcome in court
- Strategic rationale for the acquisition of HHI still remains valid



Opening Solutions EMEIA

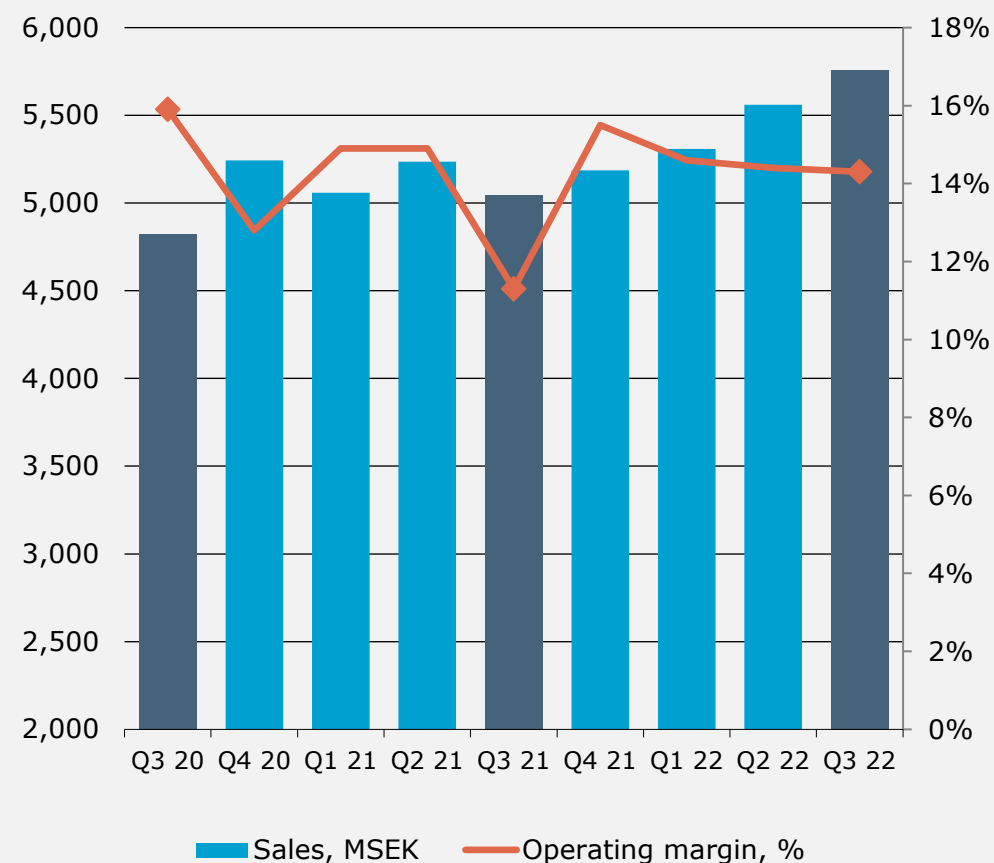
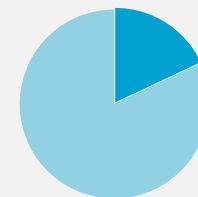
■ Organic sales +4%

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

■ Operating margin 14.3% (11.3%)

- Good operating leverage (40bps) despite significantly higher inflation (material, energy costs, ...)
- FX -110bps
 - Weak SEK
- M&A +370bps
 - Capital loss related to CERTEGO last year

18%
of Group
sales



Excluding MFP restructuring items.

Opening Solutions Americas

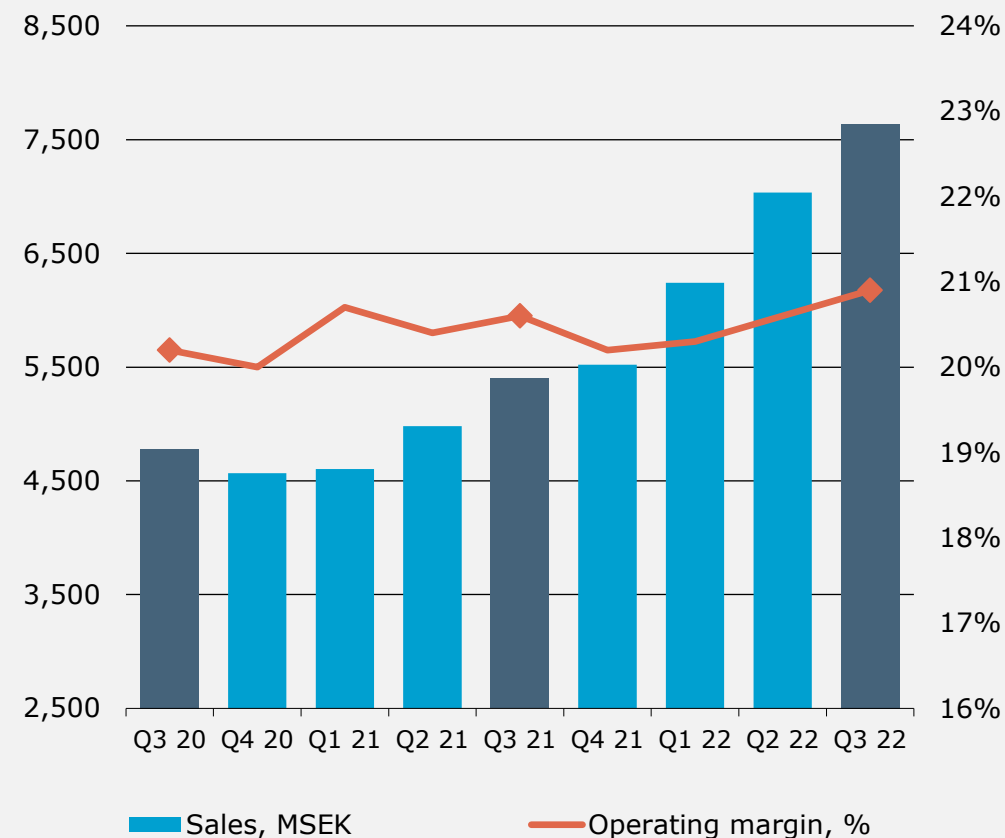
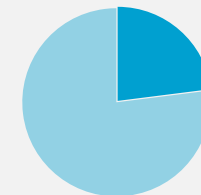
▪ Organic sales +17%

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

▪ Operating margin 20.9% (20.6%)

- Very strong operating leverage (170bps) despite significantly higher inflation
 - Excellent operational execution
 - Strong price realization
- FX -30bps
- M&A -110bps
 - Acquisition costs for HHI

24% of
Group
sales



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

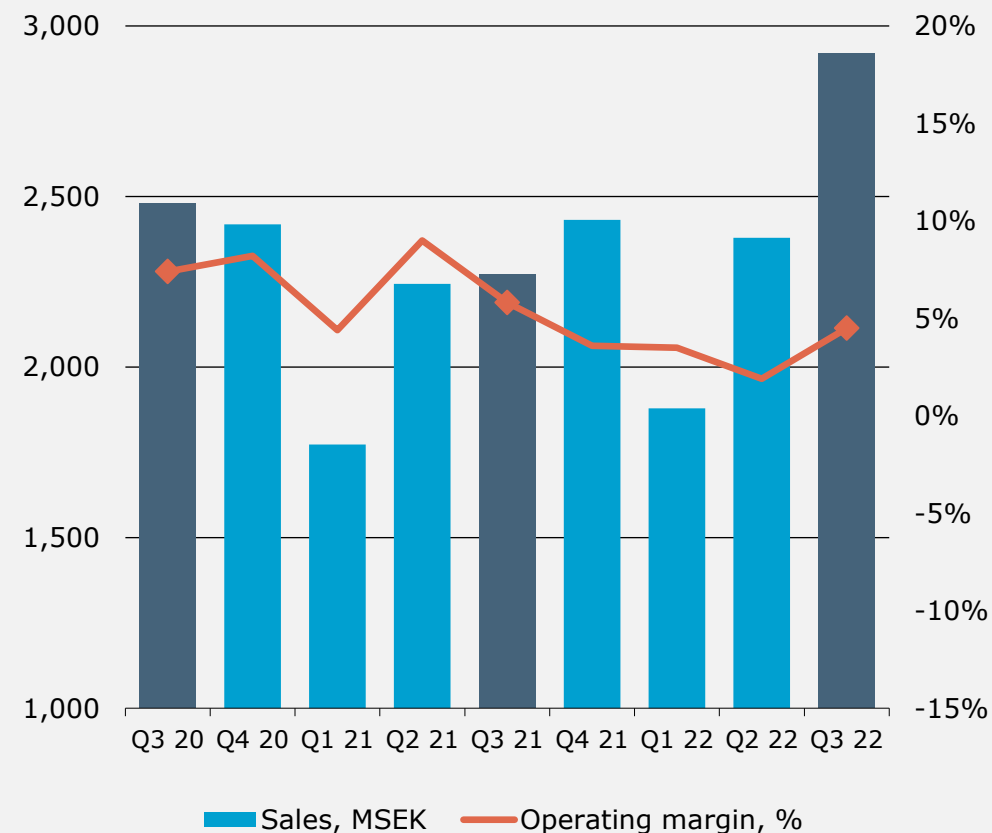
- **Organic sales -2%**

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

- **Operating margin 4.5% (5.8%)**

- Negative operating leverage (-200bps) due to weak market conditions in China
- Strong operating leverage outside China despite significantly higher inflation
- FX +60bps
- M&A +10bps
 - Consolidation of Caldwell

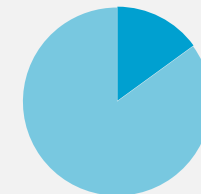
8%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

16%
of Group
sales

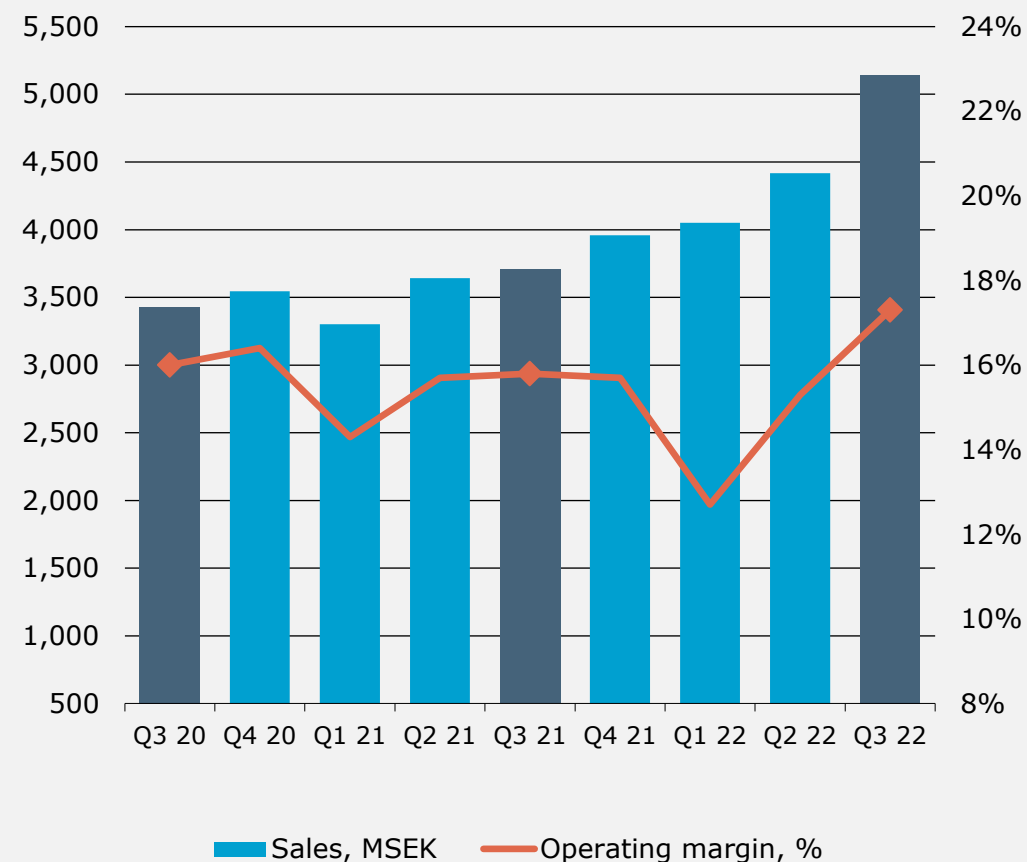


▪ Organic sales +19%

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

▪ Operating margin 17.3% (15.8%)

- Strong operating leverage (50bps) despite significantly higher inflation
 - Positive volume and mix
- FX +120bps
 - Stronger USD
- M&A -20bps



Excluding MFP restructuring items.

Entrance Systems

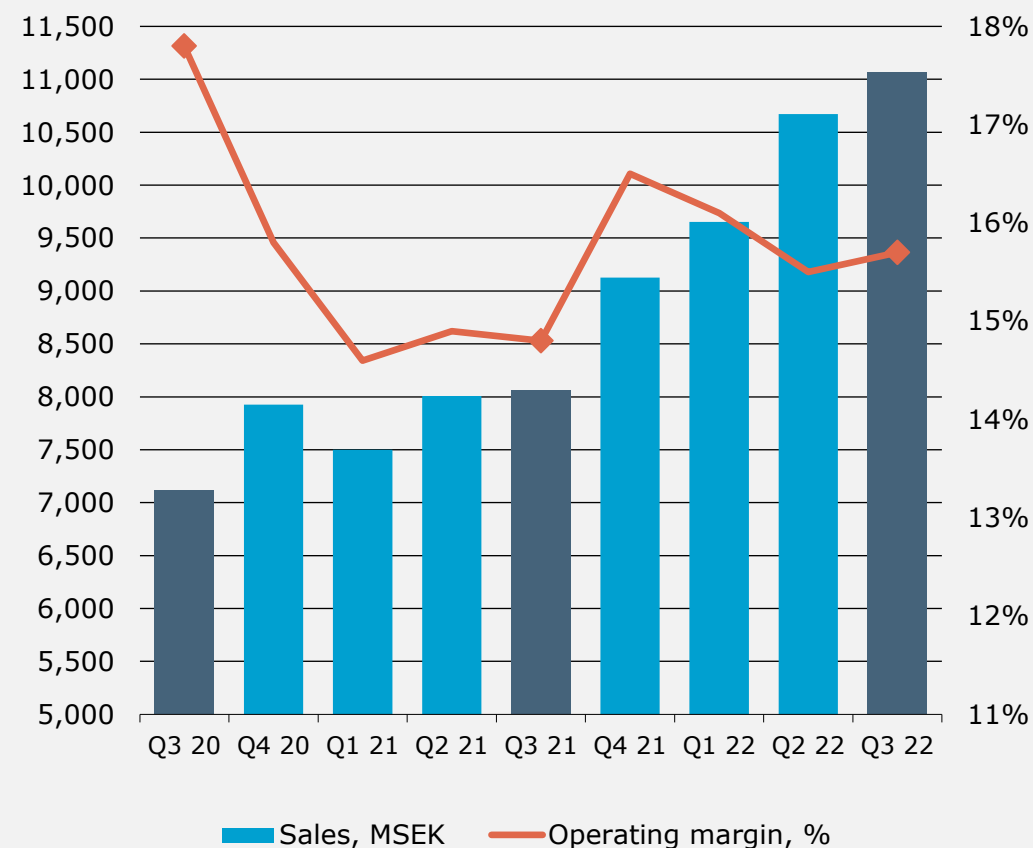
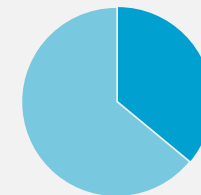
▪ Organic sales +20%

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

▪ Operating margin 15.7% (14.8%)

- Very strong operating leverage (110bps) despite significantly higher inflation
 - Strong operational execution
 - Positive volume and price realization
- FX neutral
- M&A -20bps

35%
of Group
sales



Excluding MFP restructuring items.

Financial summary

**FX & acquisition
'run-rate' effects in Q4 2022
(30 September 2022):**
SALES
FX: +17%
M&A: +3%

	July-September			January-September		
	2021	2022		2021	2022	
Sales	23,930	31,820	33%	69,384	87,878	27%
- Organic growth	1,576	3,741	14%	6,661	10,351	14%
- Acquired net growth	490	857	3%	2,211	790	1%
- FX-differences	-361	3,292	16%	-3,839	7,353	12%
Operating income (EBIT)	3,392	4,973	47%	10,168	13,380	32%
EBITA-margin	14.8%	16.2%	1.4 pts	15.3%	15.8%	0.5 pts
EBIT-margin	14.2%	15.6%	1.4 pts	14.7%	15.2%	0.5 pts
Income before tax	3,233	4,736	47%	9,719	12,756	31%
Net income	2,392	3,552	48%	7,858	9,567	22%
EPS, SEK	2.15	3.20	48%	7.07	8.61	22%
Operating cash flow	3,619	4,520	25%	9,881	9,219	-7%
ROCE (12 months)				14.6%	16.8%	2.2 pts

Bridge analysis – Q3 2022

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	8%	14%	16%	3%	33%
Sales	23,930	3,741	3,292	857	31,820
Operating profit	3,392	868	538	175	4,973
Operating margin, %	14.2%	23.2%	16.3%	20.4%	15.6%
Dilution/accretion		1.0 pts	0.3 pts	0.1 pts	

Sales increase driven by volume

- Price +6% and volume +8%

Margin drivers

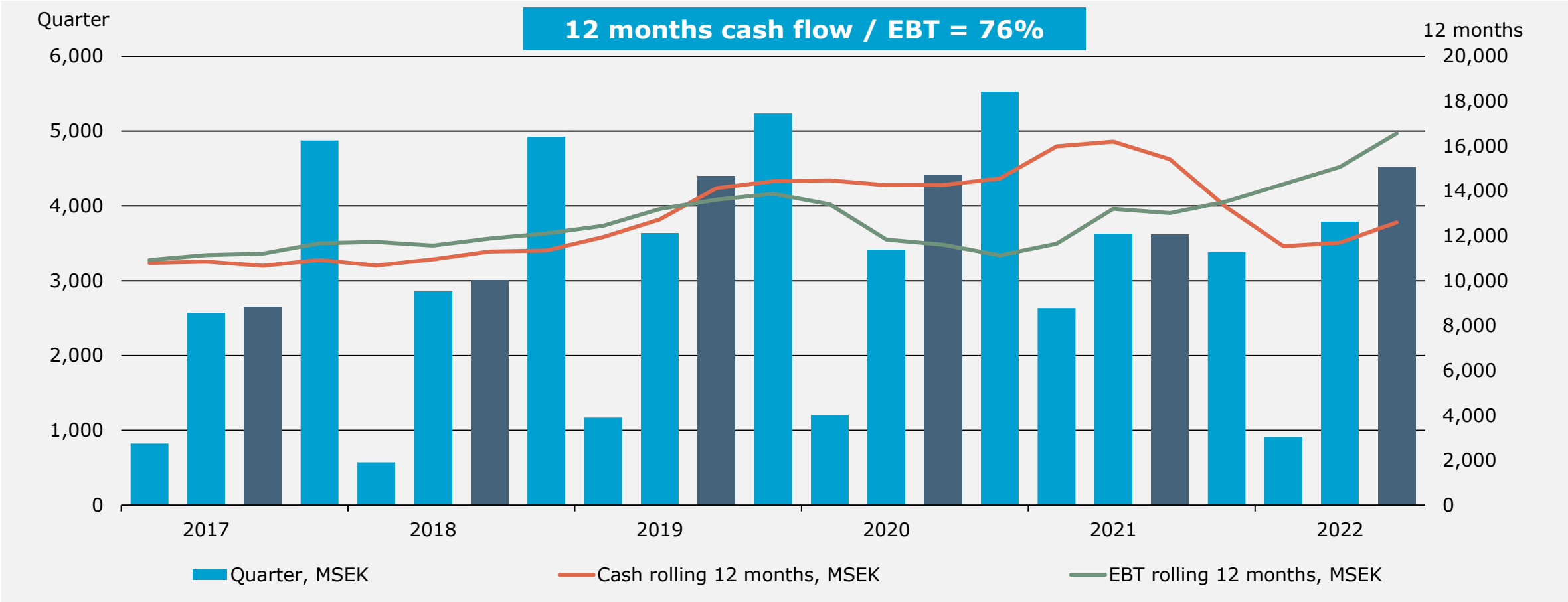
- Operating leverage – very strong organic leverage driven by strong price realization, volumes and efficiency measures
- Currency – positive margin effect from stronger USD
- M&A – positive effect from last year's capital loss in relation to the divestment of CERTEGO, partly offset by acquisition costs for HHI

Cost breakdown as % of sales – Q3 2022

%	QTD 2021	QTD 2022 excl. acq/div	Δ	QTD 2022
Direct material	-35.9%	-37.0%	-1.1 pts	-37.6%
Conversion cost	-24.3%	-22.8%	+1.5 pts	-22.7%
Gross margin	39.8%	40.2%	+0.4 pts	39.7%
S, G & A	-25.6%	-24.7%	+0.9 pts	-24.1%
EBIT	14.2%	15.5%	+1.3 pts	15.6%

- Direct material – negative mix effect (~70 bps) and higher material costs (~40 bps)
- Conversion cost – operating efficiencies (MFP and other cost measures) and volume
- S, G & A – operating leverage and efficiencies in sales & administration

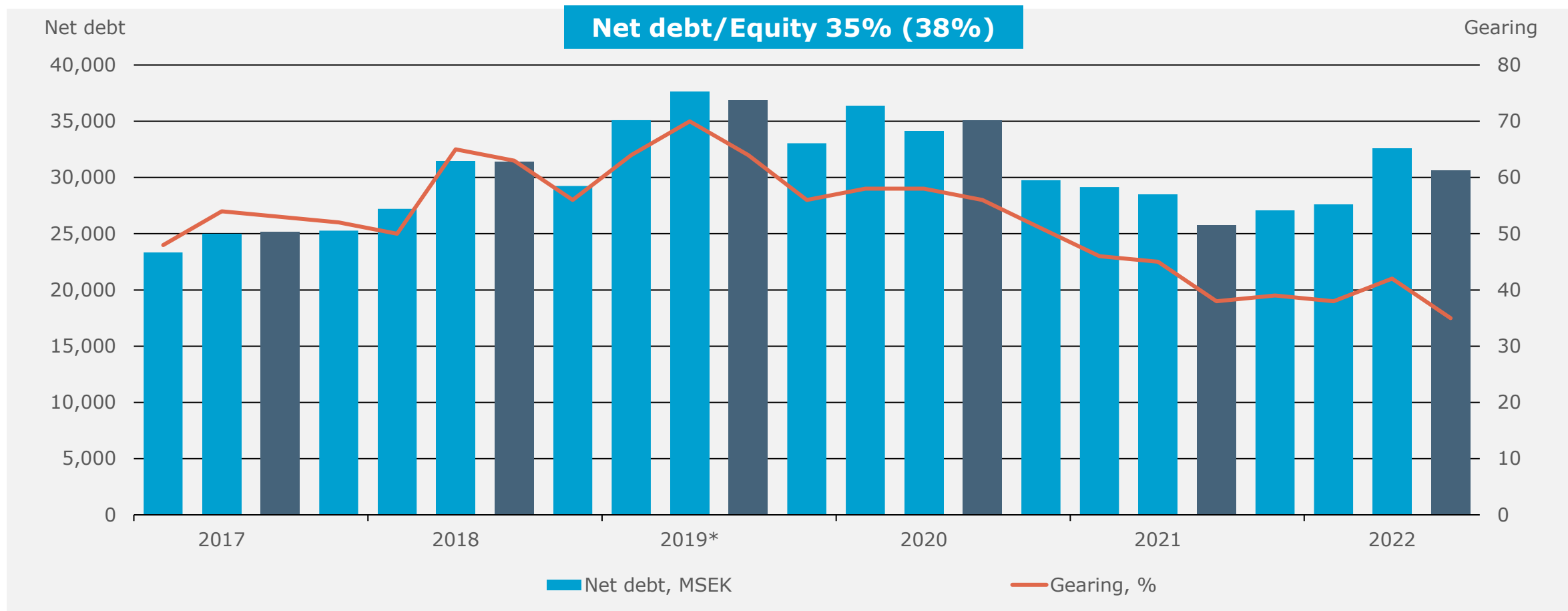
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

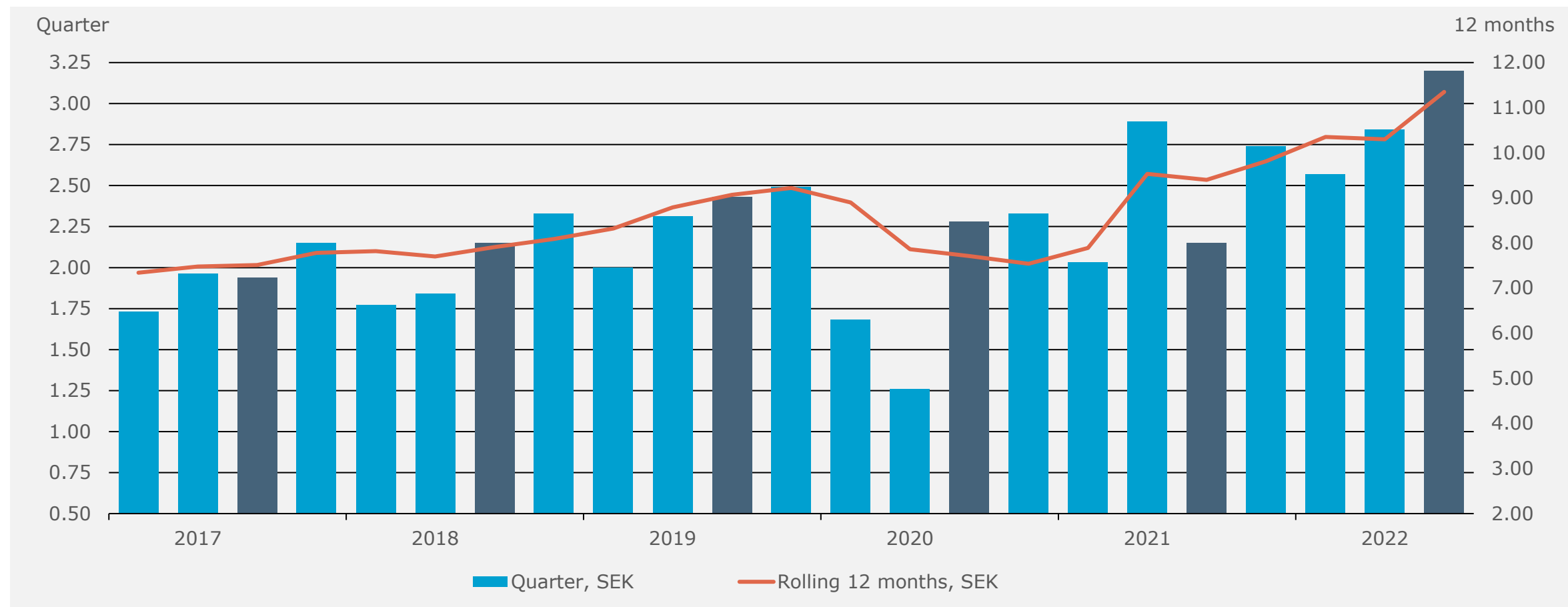
Net debt/EBITDA**
1.4 (1.5)



*) 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 14%
- **Strong EBIT-margin improvement**
 - Operating profit up 47% (comparable up 39%)
- **Strong cash flow**
- **Uncertain economic climate**
- **Capital Markets Day, 16 November in London**



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	YTD 2021	YTD 2022 excl. acquisitions	Δ	YTD 2022
Direct material	-35.9%	-37.0%	-1.1 pts	-37.6%	-35.1%	-36.9%	-1.8 pts	-37.2%
Conversion cost	-24.3%	-22.8%	+1.5 pts	-22.7%	-25.0%	-23.4%	+1.6 pts	-23.3%
Gross margin	39.8%	40.2%	+0.4 pts	39.7%	39.9%	39.7%	-0.2 pts	39.5%
S, G & A	-25.6%	-24.7%	+0.9 pts	-24.1%	-25.2%	-24.4%	0.8 pts	-24.3%
EBIT	14.2%	15.5%	+1.3 pts	15.6%	14.7%	15.3%	+0.6 pts	15.2%

Opening Solutions EMEIA's bridge

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	5%	4%	5%	5%	14%
Sales	5,044	181	272	261	5,758
Operating income	572	47	-32	238	825
Operating margin, %	11.3%	26.0%	-11.9%	91.2%	14.3%
Dilution/accretion		0.4 pts	-1.1 pts	3.7 pts	

12 months figures

Sales	20,579			21,814
EBIT	2,779			3,208
Operating cash flow before paid interest	3,316			2,600
Cash flow/EBIT	119%			81%

Opening Solutions Americas' bridge

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	13%	17%	24%	0%	41%
Sales	5,400	1,096	1,140	3	7,640
Operating income	1,112	339	234	-85	1,600
Operating margin, %	20.6%	30.9%	20.5%	-2,792%	20.9%
Dilution/accretion		1.7 pts	-0.3 pts	-1.1 pts	

12 months figures

Sales	19,552			26,438
EBIT	3,999			5,432
Operating cash flow before paid interest	4,714			4,196
Cash flow/EBIT	118%			77%

Opening Solutions Asia Pacific's bridge

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	-8%	-2%	15%	15%	28%
Sales	2,271	-46	302	390	2,918
Operating income	132	-61	41	20	132
Operating margin, %	5.8%	133.8%	13.6%	5.2%	4.5%
Dilution/accretion		-2.0 pts	0.6 pts	0.1 pts	

12 months figures

Sales	8,706			9,607
EBIT	611			332
Operating cash flow before paid interest	486			157
Cash flow/EBIT	80%			47%

Global Technologies' bridge

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	8%	19%	18%	2%	39%
Sales	3,705	805	562	70	5,142
Operating income	585	162	143	0	890
Operating margin, %	15.8%	20.1%	25.5%	-0.3%	17.3%
Dilution/accretion		0.5 pts	1.2 pts	-0.2 pts	

12 months figures

Sales	14,192			17,568
EBIT	2,212			2,706
Operating cash flow before paid interest	3,367			2,482
Cash flow/EBIT	152%			92%

Entrance Systems' bridge

MSEK	Q3 2021	Organic	Currency	Acq/Div	Q3 2022
Growth	13%	20%	16%	1%	37%
Sales	8,058	1,794	1,082	133	11,066
Operating income	1,191	383	160	1	1,735
Operating margin, %	14.8%	21.3%	14.8%	1.1%	15.7%
Dilution/accretion		1.1 pts	0.0 pts	-0.2 pts	

12 months figures

Sales	31,491			40,519
EBIT	4,734			6,446
Operating cash flow before paid interest	4,354			4,273
Cash flow/EBIT	92%			66%



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