

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 2022

Experience a safer and more open world

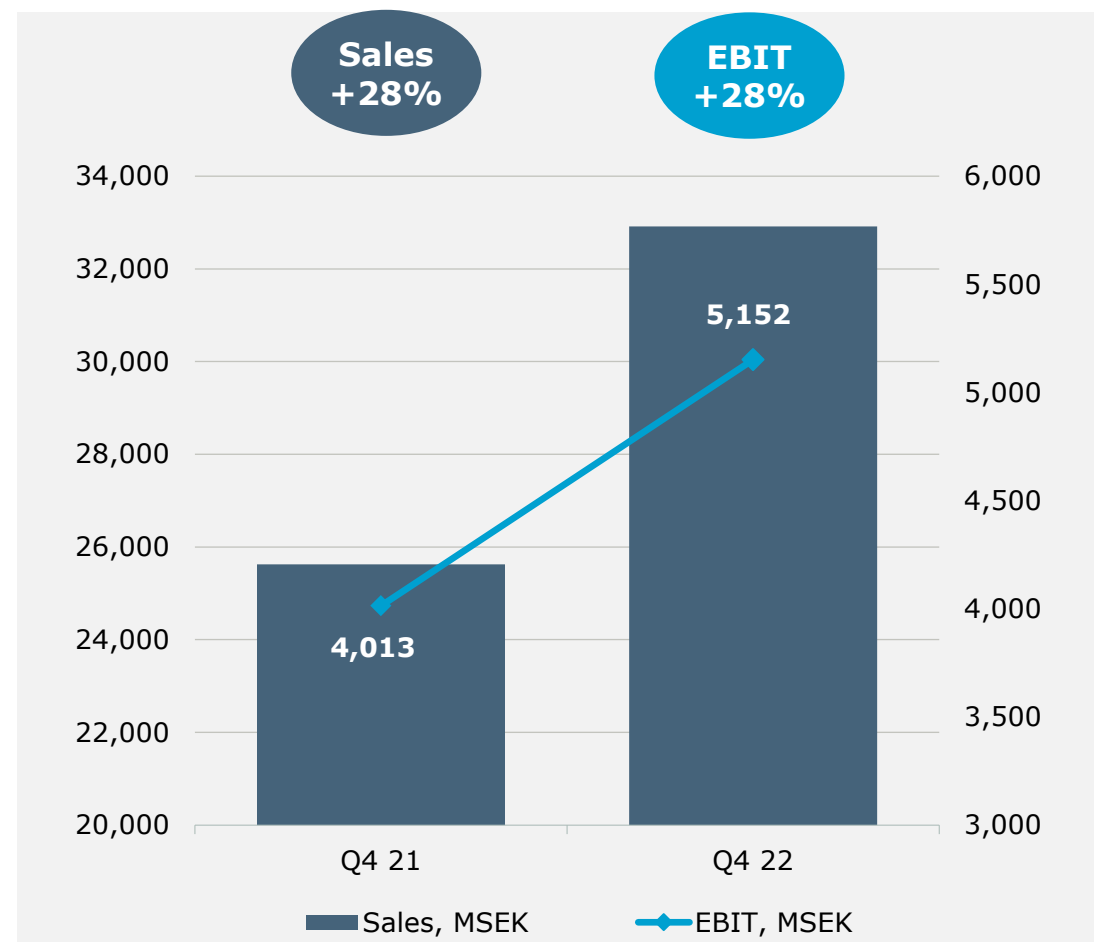
Record performance in the quarter

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



Q4 2022 figures in summary

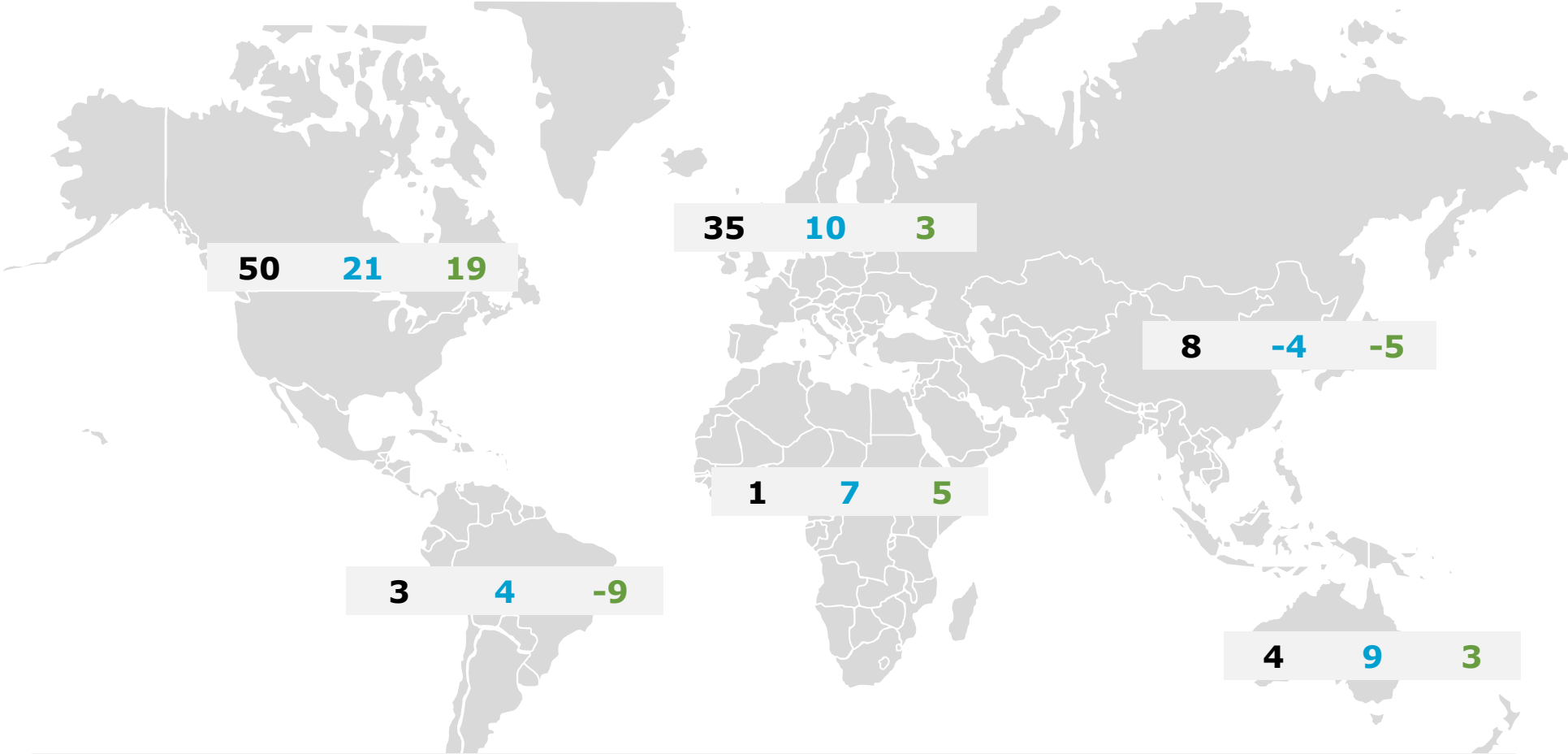
- **Sales MSEK 32,915** **+28%**
 - +9% organic
 - +5% acquired and divested
 - +14% currency
- **EBITA-margin 16.2% (16.2%)**
- **EBIT-margin 15.7% (15.7%)**
- **EBIT MSEK 5,152** **+28%**
- **EPS SEK 3.36** **+23%**



Sales by region

Oct-Dec 2022

ASSA ABLOY	100	14	9
Emerging markets	14	0	-5



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

Q4 Market highlights

■ Project wins

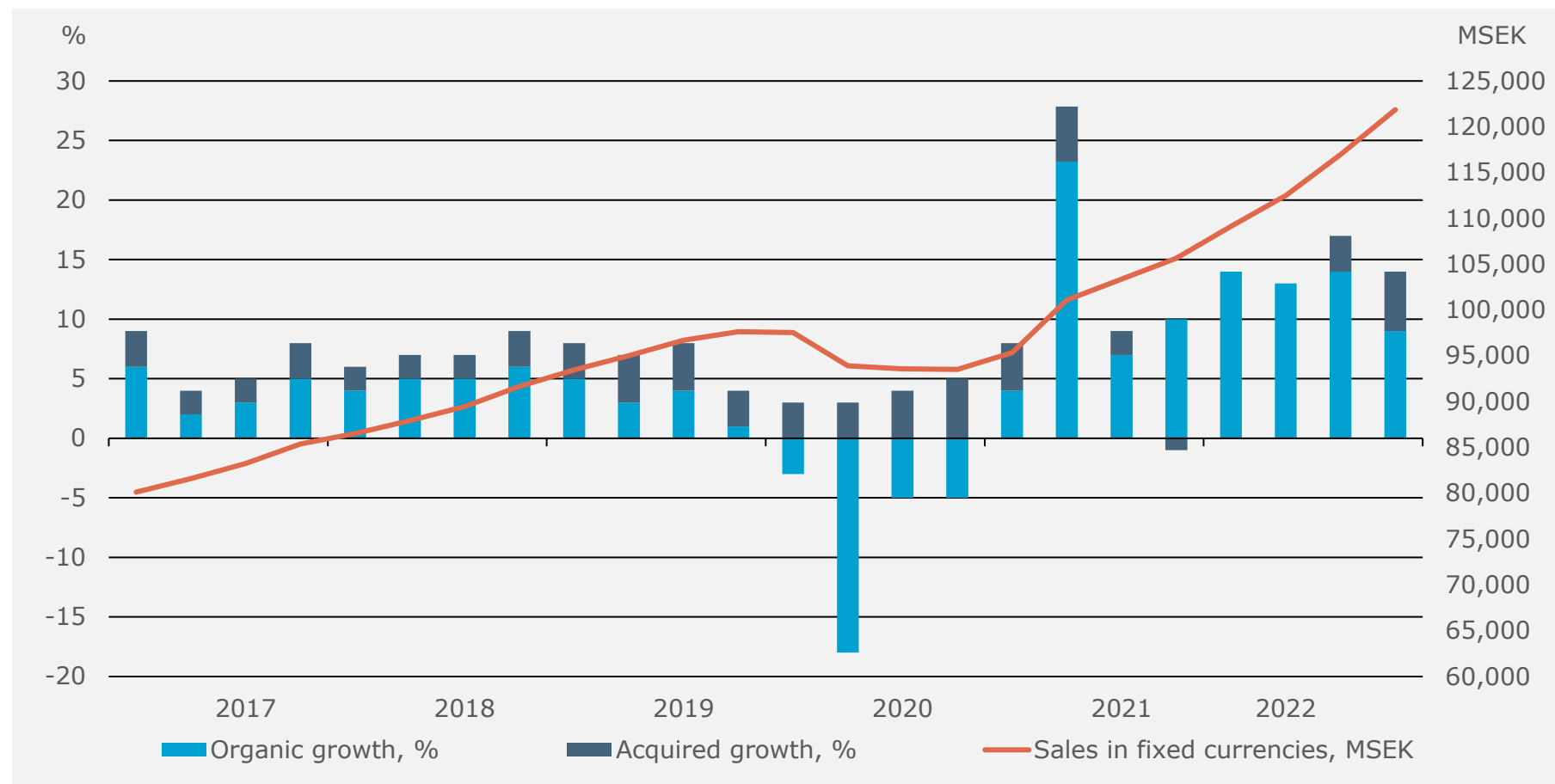
- HID was the Smart Ticket Producer for the FIFA World Cup
 - For the third consecutive time
 - 2 million paper tickets manufactured with unique security features, including a RFID inlay
- Important critical infrastructure win, providing electromechanical CLIQ solutions to a European gas network
- Entrance Systems delivered energy savings solution at Mexican manufacturing plant

■ Awards and product launches

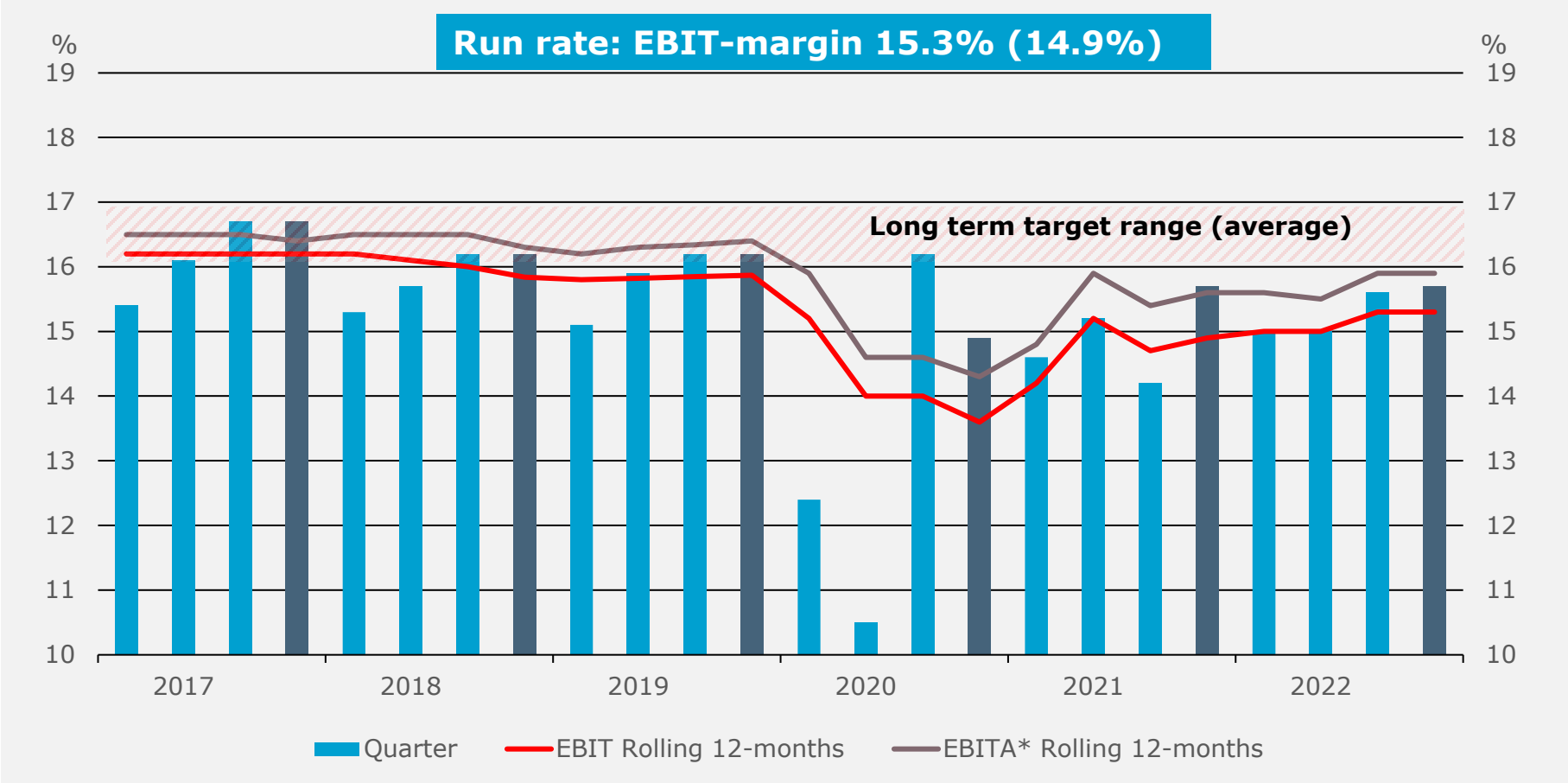
- Yale Unity Screen Door Lock winner of the Good Design Award in Australia
- ThermaGuard™ glass entrance system launch, increasing buildings' energy efficiency
- Incedo Cloud hardware portfolio extended with PULSE digital cylinders



FX adjusted sales growth



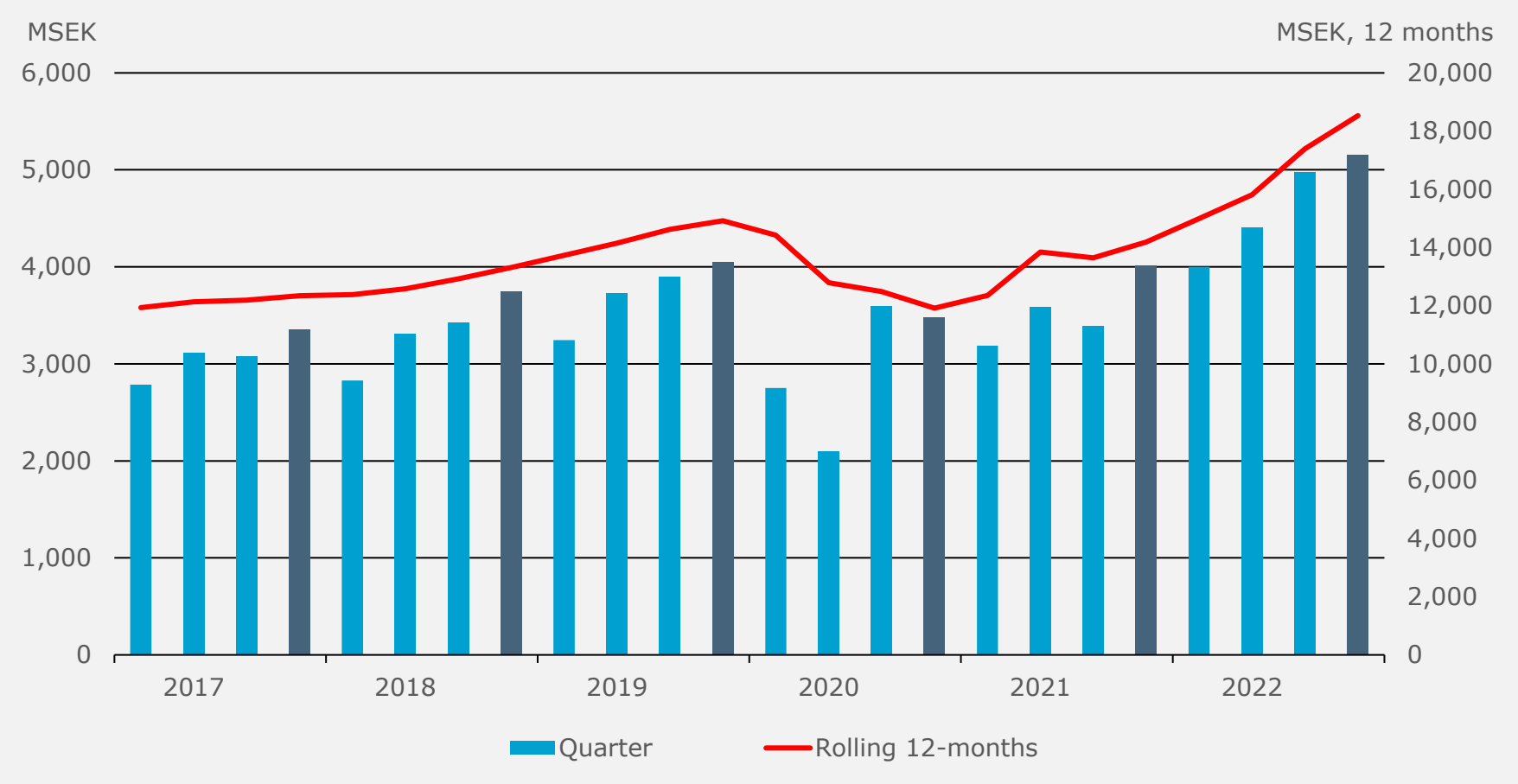
Operating margin



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

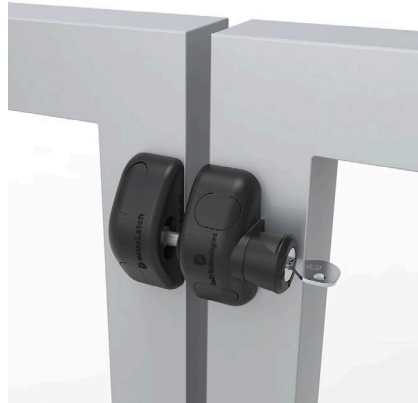
▪ Active pipeline

- 8 acquisitions signed globally in Q4
- 21 acquisitions completed globally in 2022
- Acquired annualized sales of more than SEK 7bn in 2022
- Acquisitions to strengthen the offering across all divisions and many product segments

▪ HHI update

- ASSA ABLOY has entered into agreements for the sale of Emtek and the Smart Residential business in the US and Canada
- Sales price of MUSD 800
- Conditional on the successful closing of the HHI transaction

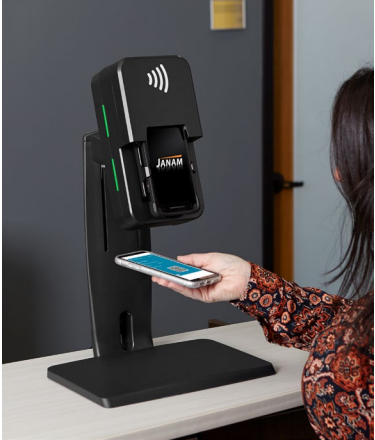




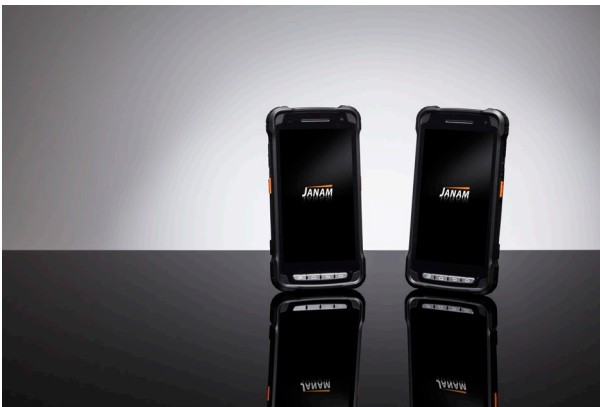
- Leading designer and manufacturer of premium gate hardware
- Reinforces offering within gate hardware
- Sales of MSEK 475 in 2021
- Accretive to EPS from the start



Janam, USA



- Leading provider of handheld mobile computers and readers
- Reinforces current RFID offering
- Sales of MSEK 200 in 2021
- Accretive to EPS from the start



Opening Solutions EMEIA

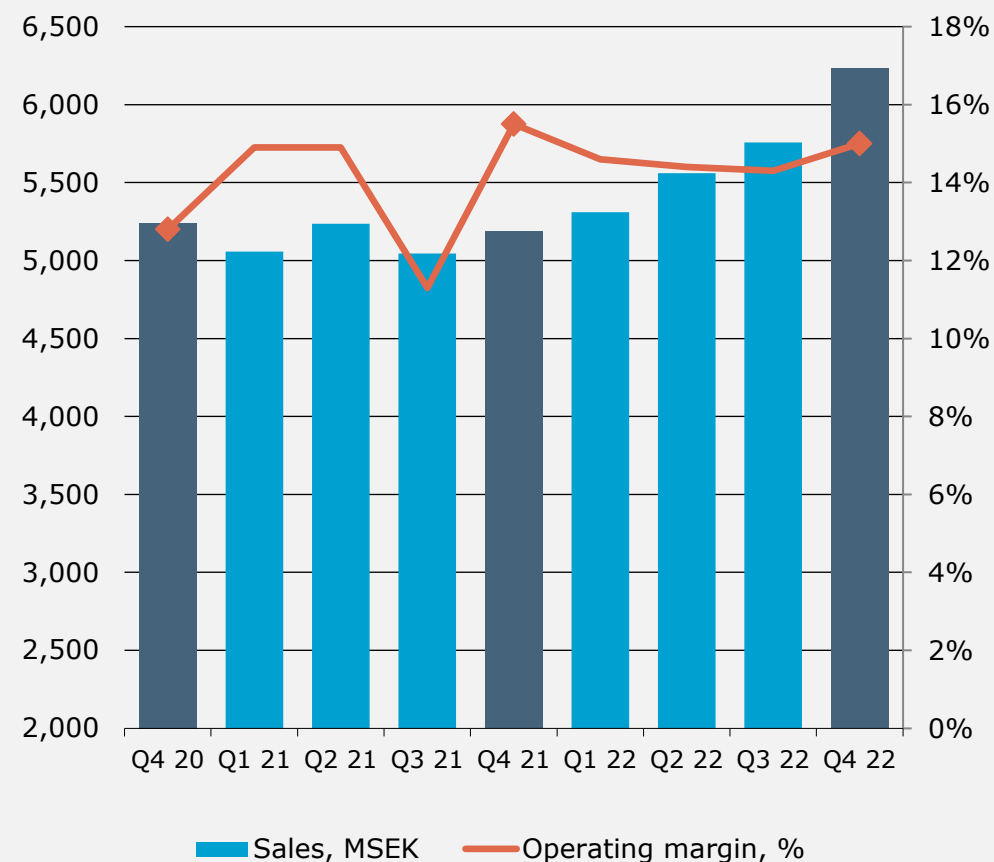
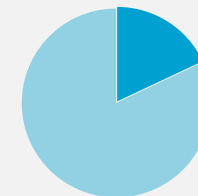
■ Organic sales +2%

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

■ Operating margin 15.0% (15.5%)

- Very strong operating leverage (120bps) driven by strong operational execution, price realization and mix
- FX -80bps
 - Weak SEK
- M&A -90bps
 - Acquisition/integration costs for Door Bird and Arran Isle

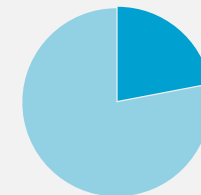
18%
of Group
sales



Excluding MFP restructuring items.

Opening Solutions Americas

22% of
Group
sales

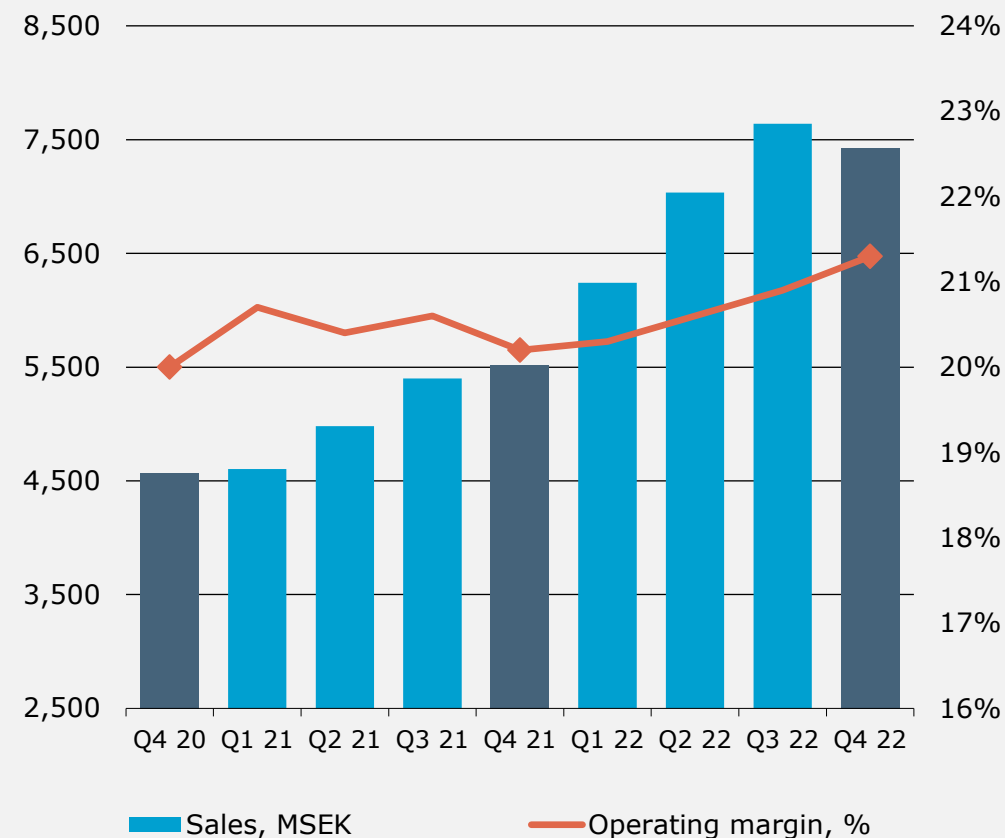


- **Organic sales +11%**

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

- **Operating margin 21.3% (20.2%)**

- Very strong operating leverage (200bps) driven by excellent operational execution, lower material costs and strong price realization
- FX neutral
- M&A -90bps
 - Acquisition costs for HHI



Excluding MFP restructuring items.

Opening Solutions Asia Pacific

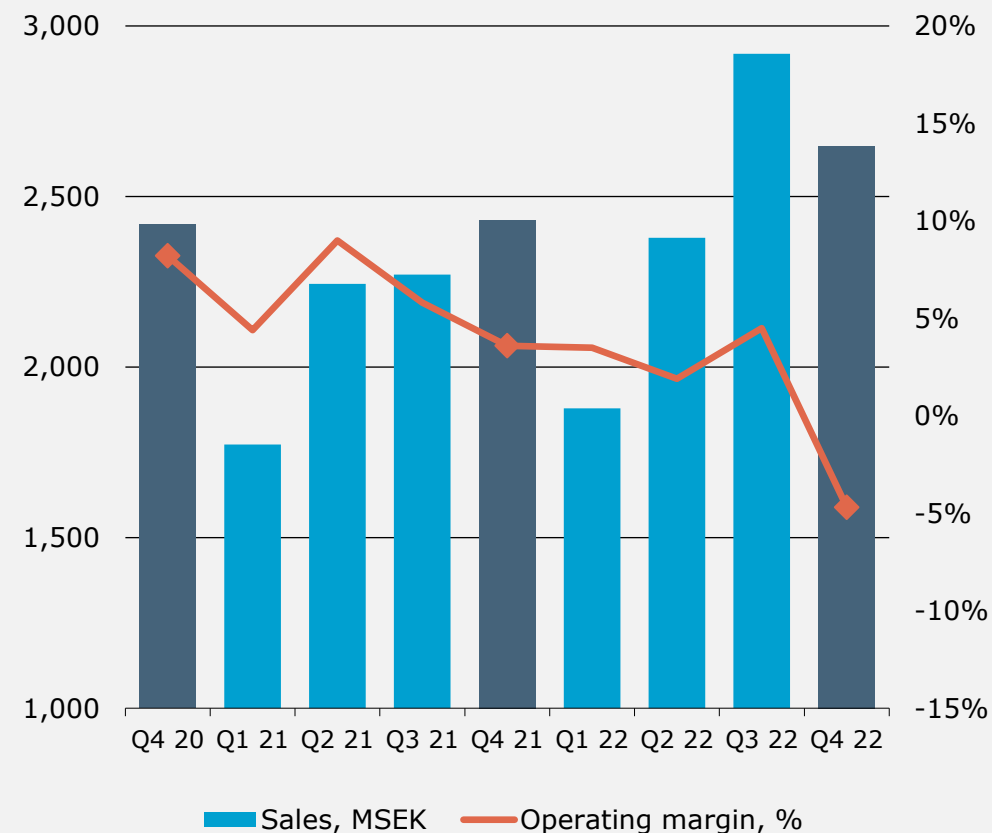
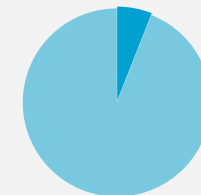
- **Organic sales -10%**

- Good growth in South Korea
- Sales decline in Pacific
- Significant sales decline in South-East Asia and China

- **Operating margin -4.7% (3.6%)**

- Negative operating leverage (-830bps) due to weak demand and Covid-19 related inefficiencies
- FX +40bps
- M&A -40bps
 - Acquisition and integration costs for Caldwell and D&D Technologies

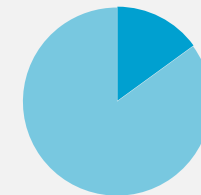
7%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

17%
of Group
sales

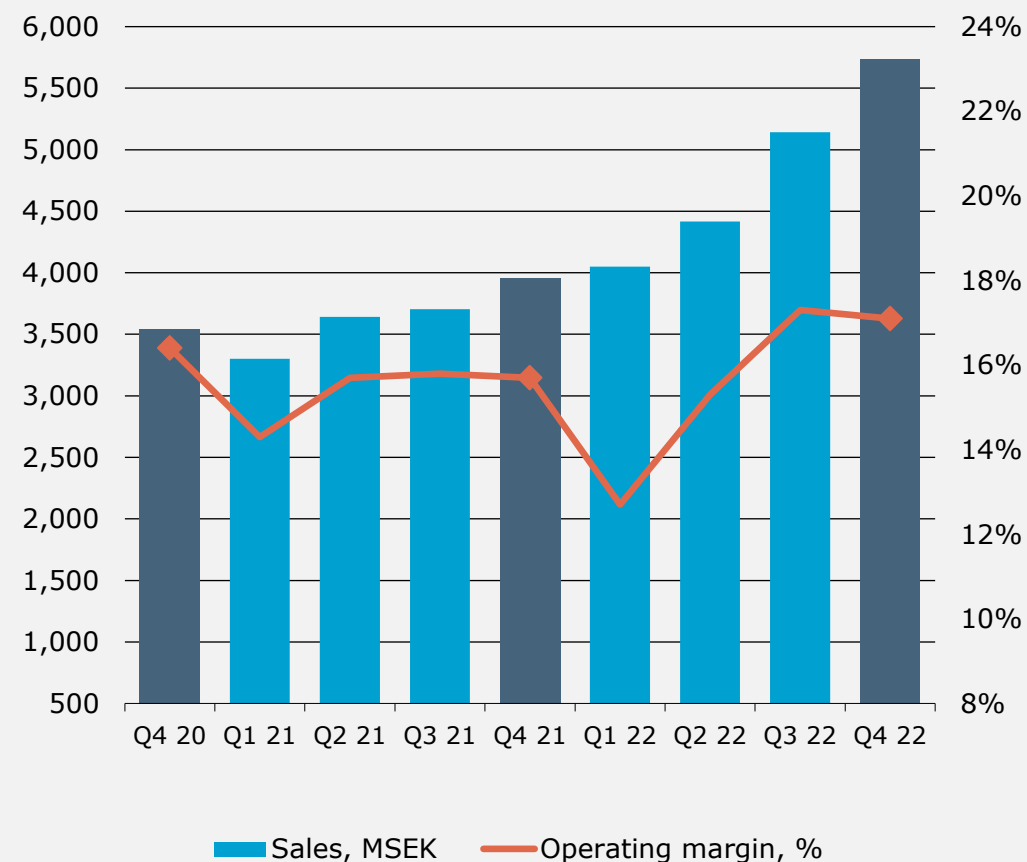


▪ Organic sales +24%

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

▪ Operating margin 17.1% (15.7%)

- Very strong operating leverage (140bps) driven by significantly higher volumes, price, lower material costs and positive product mix
- FX +50bps
 - Stronger USD
- M&A -50bps
 - Acquisition and integration costs



Excluding MFP restructuring items.

Entrance Systems

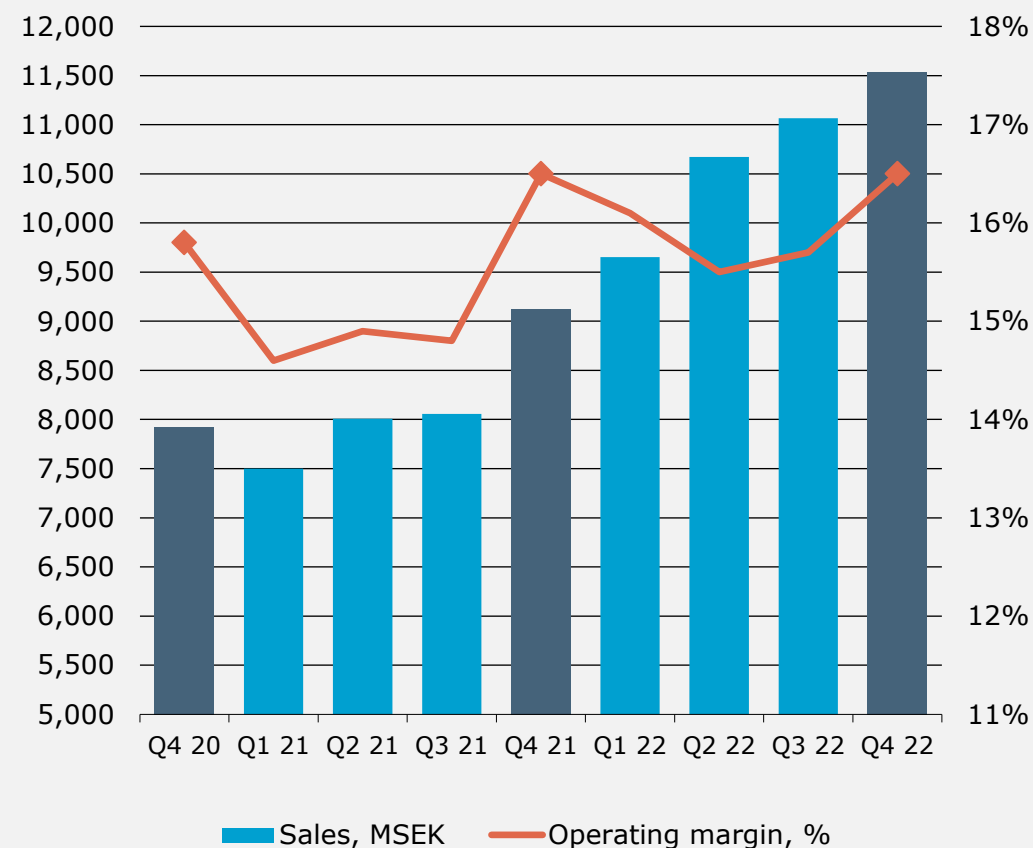
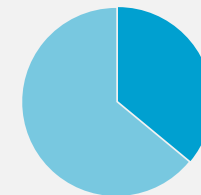
- **Organic sales +10%**

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

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

- Good operating leverage (30bps) driven by higher volumes and price realization
- FX +10bps
- M&A -40bps

35%
of Group
sales



Excluding MFP restructuring items.

Financial summary

**FX & acquisition
'run-rate' effects in Q1 2023
(31 December 2022):**
SALES
 FX: +10%
 M&A: +5%

	October-December			January-December		
	2021	2022		2021	2022	
Sales	25,623	32,915	28%	95,007	120,793	27%
- Organic growth	2,239	2,656	9%	8,900	13,007	12%
- Acquired net growth	-236	1,336	5%	1,975	2,126	2%
- FX-differences	322	3,300	14%	-3,517	10,653	13%
Operating income (EBIT)	4,013	5,152	28%	14,181	18,532	31%
EBITA-margin	16.2%	16.2%	0.0 pts	15.6%	15.9%	0.3 pts
EBIT-margin	15.7%	15.7%	0.0 pts	14.9%	15.3%	0.4 pts
Income before tax	3,819	4,766	25%	13,538	17,521	29%
Net income	3,043	3,729	23%	10,901	13,296	22%
EPS, SEK	2.74	3.36	23%	9.81	11.97	22%
Operating cash flow	3,384	6,588	95%	13,265	15,808	19%
ROCE (12 months)				15.2%	16.9%	1.7 pts

Bridge analysis – Q4 2022

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	10%	9%	14%	5%	28%
Sales	25,623	2,656	3,300	1,336	32,915
Operating profit	4,013	593	581	-35	5,152
Operating margin, %	15.7%	22.3%	17.6%	-2.6%	15.7%
Dilution/accretion		0.6 pts	0.2 pts	-0.8 pts	

Sales drivers

- Price +5% and volume +4%

Margin drivers

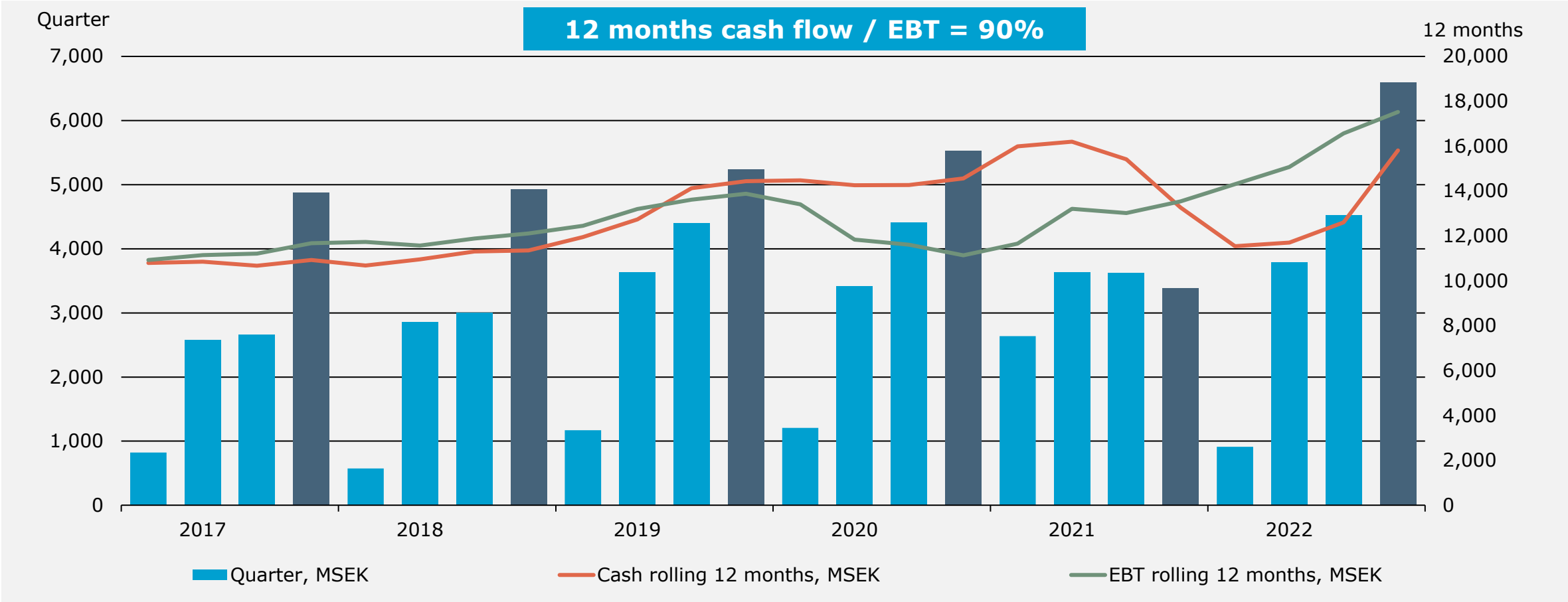
- Operating leverage – strong organic leverage driven by strong price realization, volumes and efficiency measures
- Currency – positive margin effect from stronger USD
- M&A – negative effect from acquisition costs for HHI as well as integration costs for several acquisitions

Cost breakdown as % of sales – Q4 2022

%	QTD 2021	QTD 2022 excl. acq/div	Δ	QTD 2022
Direct material	-37.1%	-36.7%	+0.4 pts	-37.0%
Conversion cost	-23.6%	-22.9%	+0.7 pts	-22.9%
Gross margin	39.3%	40.4%	+1.1 pts	40.1%
S, G & A	-23.6%	-24.0%	-0.4 pts	-24.4%
EBIT	15.7%	16.4%	+0.7 pts	15.7%

- Direct material – positive mix effect (~40 bps) and neutral material cost impact
- Conversion cost – higher volumes and operating efficiencies (MFP and other cost measures)
- S, G & A – higher inflation and R&D-investments partly offset by operating leverage and efficiencies in sales & administration

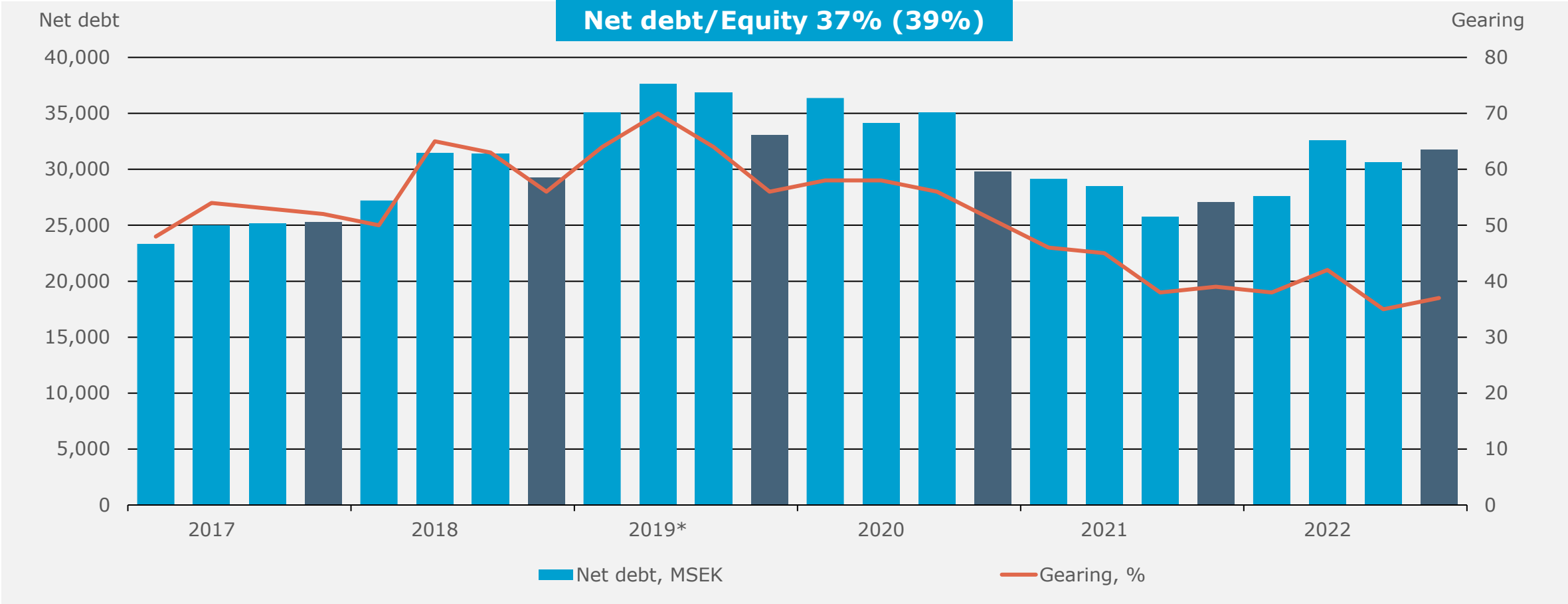
Operating cash flow, MSEK



Excluding MFP restructuring items.

Gearing % and net debt, MSEK

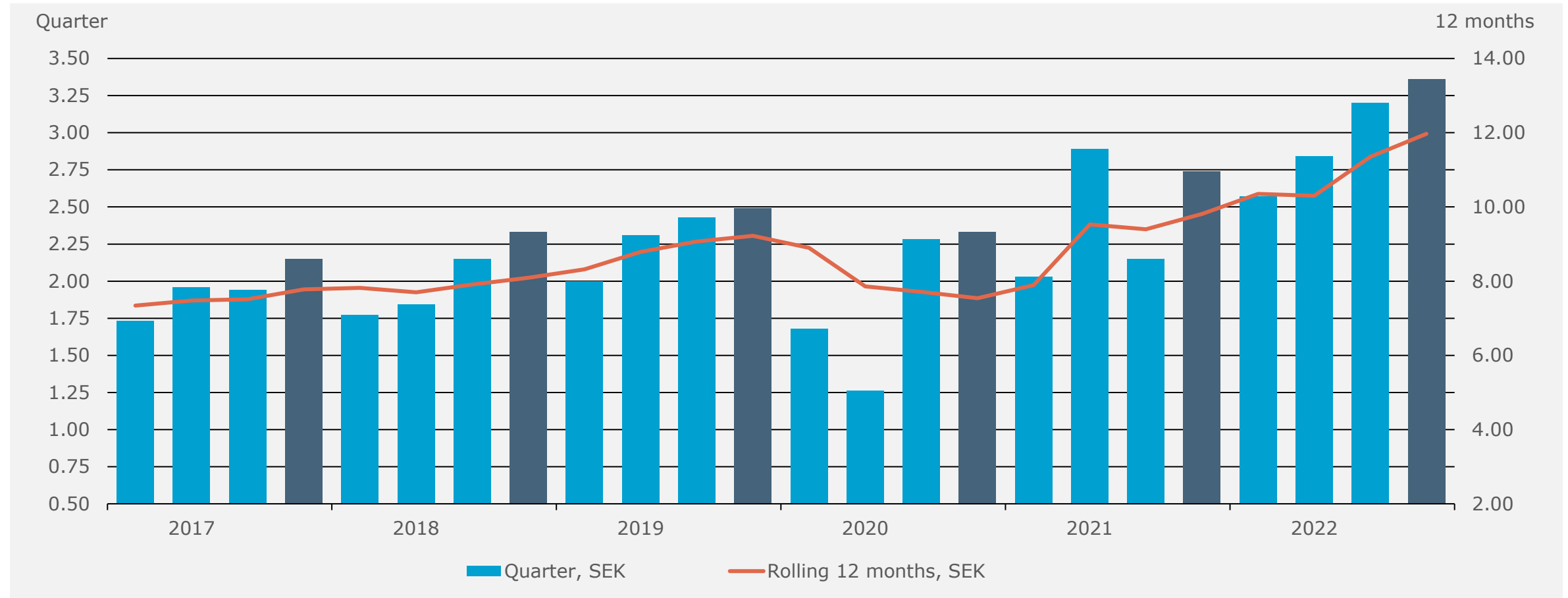
Net debt/EBITDA**
1.4 (1.5)



*) 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

- **Strong sales growth**
 - Organic sales up 9%
- **Strong EBIT-margin**
 - Operating profit up 28%
- **Record strong cash flow**
- **Uncertain economic climate**
- **The Board proposes a dividend of SEK 4.80 (4.20) per share, split between two equal tranches**



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	-37.1%	-36.7%	+0.4 pts	-37.0%	-35.7%	-36.8%	-1.1 pts	-37.1%
Conversion cost	-23.6%	-22.9%	+0.7 pts	-22.9%	-24.5%	-23.3%	+1.2 pts	-23.2%
Gross margin	39.3%	40.4%	+1.1 pts	40.1%	39.8%	39.9%	+0.1 pts	39.7%
S, G & A	-23.6%	-24.0%	-0.4 pts	-24.4%	-24.9%	-24.3%	+0.6 pts	-24.4%
EBIT	15.7%	16.4%	+0.7 pts	15.7%	14.9%	15.6%	+0.7 pts	15.3%

Opening Solutions EMEIA's bridge

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	-1%	2%	7%	11%	20%
Sales	5,186	110	342	592	6,231
Operating income	806	89	-2	40	933
Operating margin, %	15.5%	80.6%	-0.5%	6.7%	15.0%
Dilution/accretion		1.2 pts	-0.8 pts	-0.9 pts	

12 months figures

Sales	20,522			22,858
EBIT	2,916			3,335
Operating cash flow before paid interest	3,089			2,785
Cash flow/EBIT	106%			84%

Opening Solutions Americas' bridge

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	21%	11%	23%	1%	35%
Sales	5,522	736	1,089	80	7,427
Operating income	1,116	291	225	-49	1,583
Operating margin, %	20.2%	39.6%	20.6%	-60.5%	21.3%
Dilution/accretion		2.0 pts	0.0 pts	-0.9 pts	

12 months figures

Sales	20,507			28,344
EBIT	4,200			5,899
Operating cash flow before paid interest	3,722			5,520
Cash flow/EBIT	89%			94%

Opening Solutions Asia Pacific's bridge

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	1%	-10%	9%	10%	9%
Sales	2,431	-258	221	253	2,648
Operating income	88	-228	38	-22	-125
Operating margin, %	3.6%	88.4%	17.0%	-8.8%	-4.7%
Dilution/accretion		-8.3 pts	0.4 pts	-0.4 pts	

12 months figures

Sales	8,719			9,824
EBIT	499			119
Operating cash flow before paid interest	285			288
Cash flow/EBIT	57%			242%

Global Technologies' bridge

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	12%	24%	17%	4%	45%
Sales	3,958	1,069	533	174	5,734
Operating income	623	249	110	0	982
Operating margin, %	15.7%	23.3%	20.6%	-0.1%	17.1%
Dilution/accretion		1.4 pts	0.5 pts	-0.5 pts	

12 months figures

Sales	14,604			19,344
EBIT	2,253			3,065
Operating cash flow before paid interest	3,179			2,974
Cash flow/EBIT	141%			97%

Entrance Systems' bridge

MSEK	Q4 2021	Organic	Currency	Acq/Div	Q4 2022
Growth	15%	10%	14%	2%	26%
Sales	9,127	1,002	1,171	235	11,535
Operating income	1,505	195	210	-4	1,906
Operating margin, %	16.5%	19.4%	17.9%	-1.5%	16.5%
Dilution/accretion		0.3 pts	0.1 pts	-0.4 pts	

12 months figures

Sales	32,690			42,928
EBIT	4,988			6,847
Operating cash flow before paid interest	3,971			5,436
Cash flow/EBIT	80%			79%



Thank you
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