

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.

A woman with long dark hair, wearing a purple dress, is kneeling on a blue carpeted floor, looking out a large glass window. A young child in a blue and white striped shirt is standing next to her, reaching out to touch the glass. The window reflects their faces. Outside the window is a lush green garden with various plants and flowers. The scene is bright and sunny.

ASSA ABLOY

Q3 interim report 2023

Experience a safer and more open world

Continued strong execution

- **Positive organic sales development**
 - Good sales growth in Global Technologies and Americas
 - Stable sales in Entrance Systems
 - Sales decline in EMEIA and APAC
- **Record strong underlying margin**
- **SEK 0.5bn in cost savings**
 - MFP and short-term measures
- **Record strong operating cash flow**
- **Very high pace on acquisitions**
 - 10 acquisitions signed in the quarter

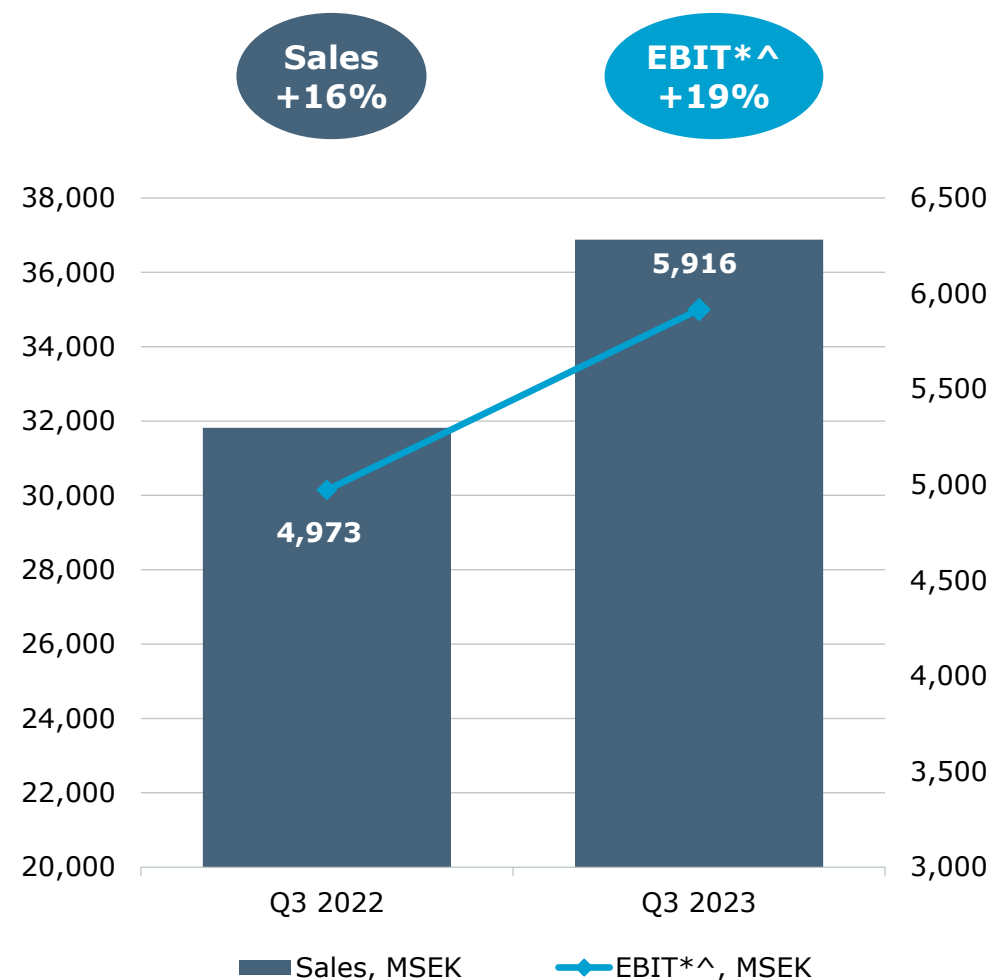


Q3 2023 figures in summary

- **Sales MSEK 36,881** **+16%**
 - +1% organic
 - +11% acquired and divested
 - +4% currency
- **EBITA-margin*^ 18.4% (16.2%)**
- **EBIT-margin*^ 17.4% (15.6%)**
- **EBIT*^ MSEK 5,916** **+19%**
- **EPS* SEK 3.31** **+3%**

*Adjusted for items affecting comparability.

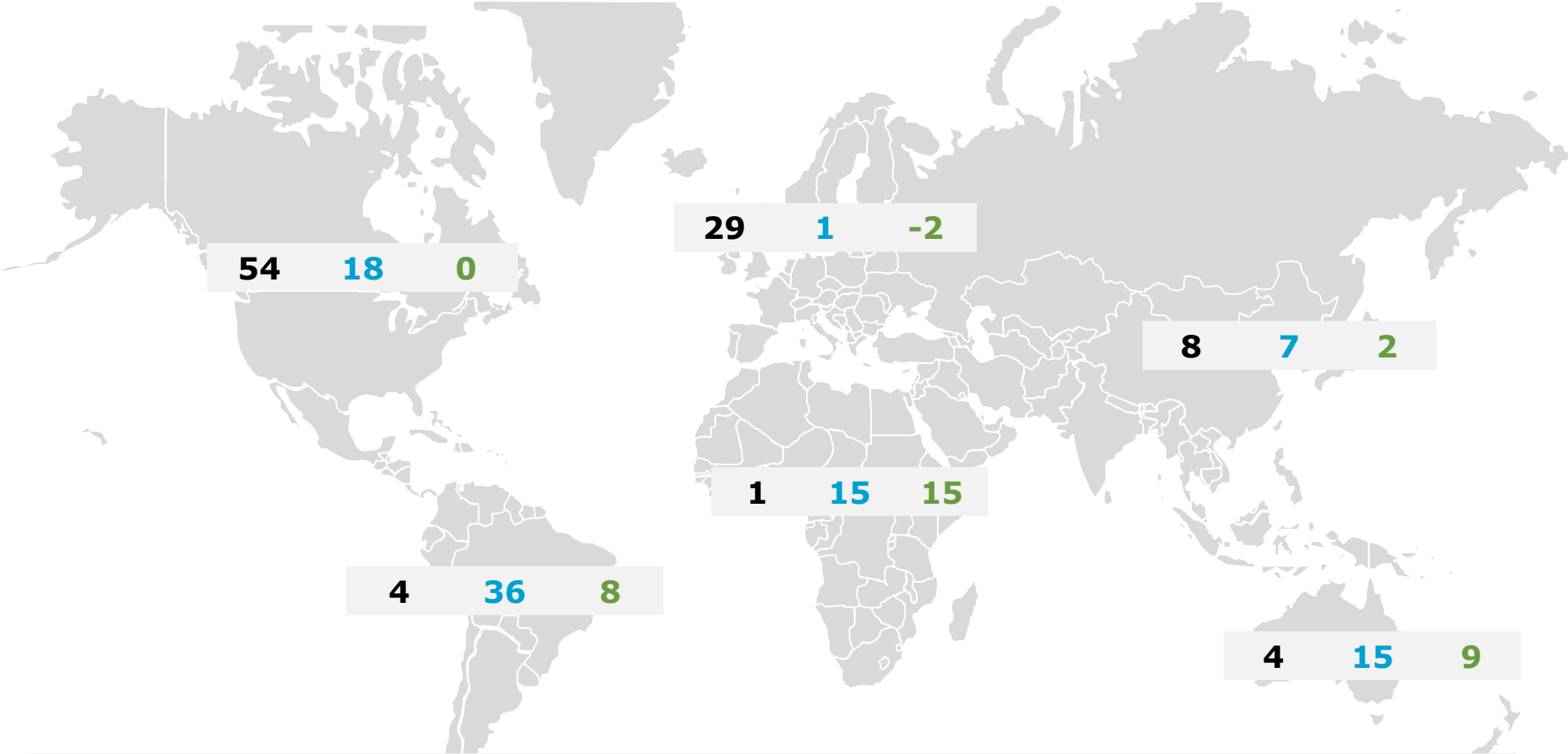
^Excluding the HHI transaction and divestment of Emtek and the Smart Residential business in the US and Canada.



Sales by region

Jul-Sep 2023

ASSA ABLOY	100	12	1
Emerging markets	14	11	1



Share of sales, %	Change in local currencies QTD 2023 vs. QTD 2022, %	Organic change QTD 2023 vs. QTD 2022, %
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Emerging markets follows IMF's definition as per 2018-12-31

Q3 2023 Market highlights

Project wins

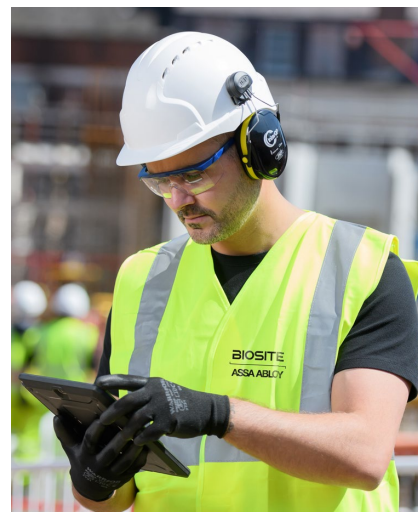
- Large automatic sliding doors package to a nation-wide retail chain in the US
- Digital access and workforce management solution to Europe's largest construction site in the UK for 16,000 workers
- Employee badges in Apple Wallet to an American multi-national pharmaceutical and biotechnology company

Product launches

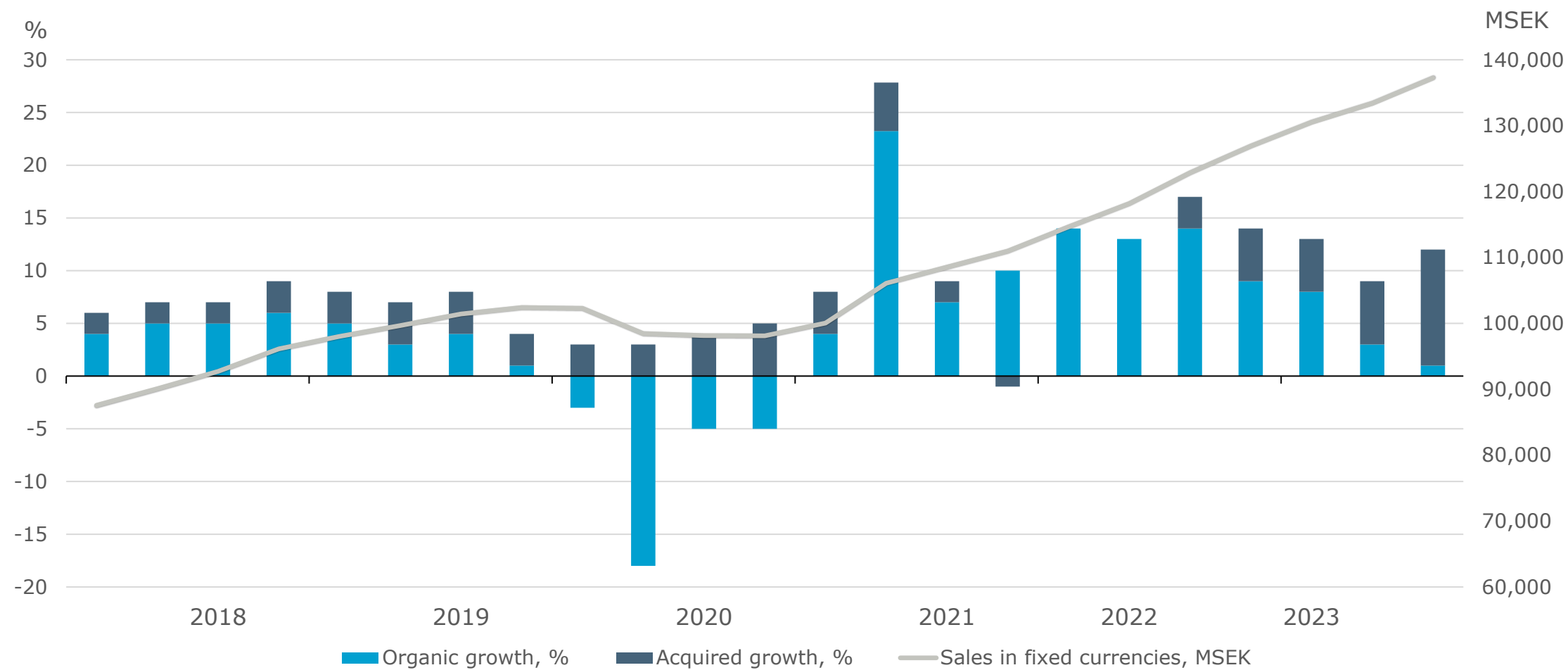
- Connected industrial door featuring groundbreaking "Dual Drive" technology for safer, smoother, and more reliable operations
- Finger protection solution for hinge side of doors
- Gateman smart door lock with fingerprint reader and voice guidance in South Korea

Awards

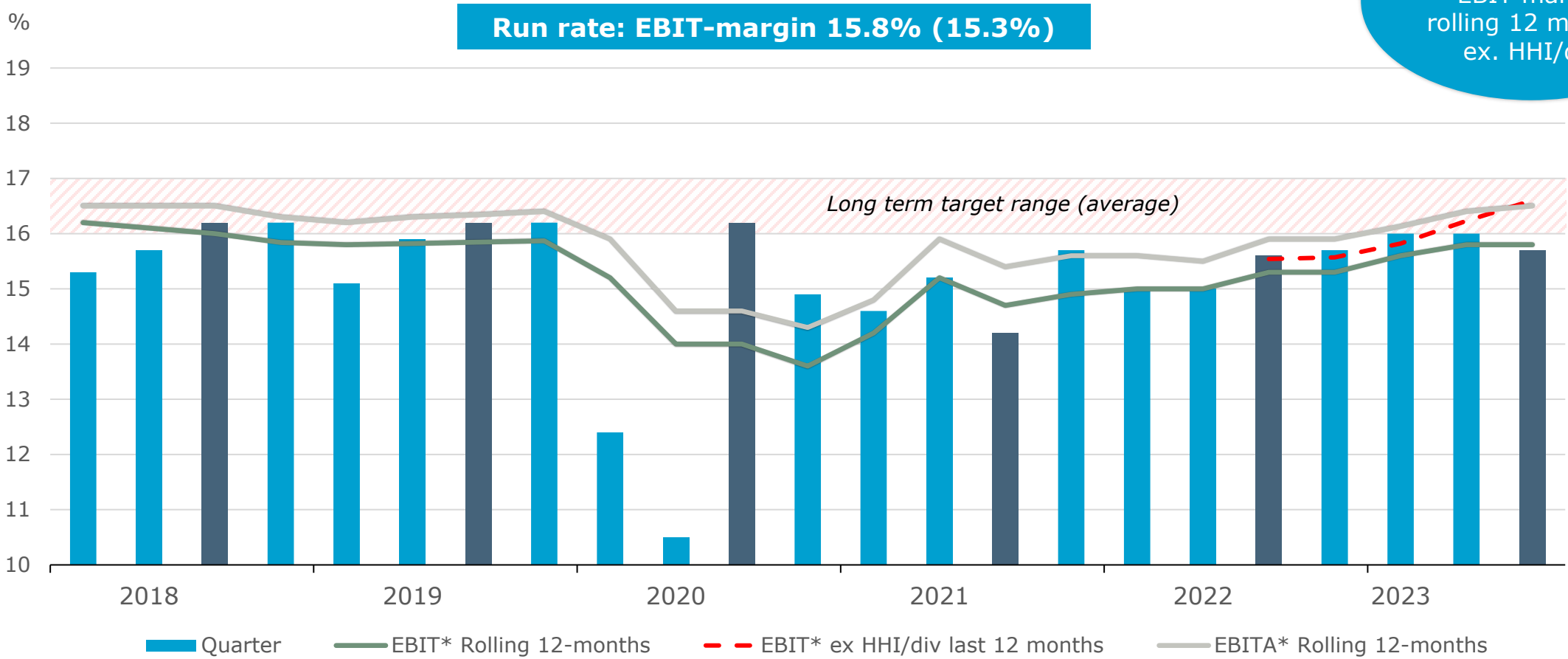
- eCLIQ electronic locking system won the *Plus X Award*: world's largest innovation award for technology, sports and lifestyle
- Sargent and Corbin Russwin won *Security Today's New Product of the Year Award* for their next generation exit devices



FX adjusted sales growth

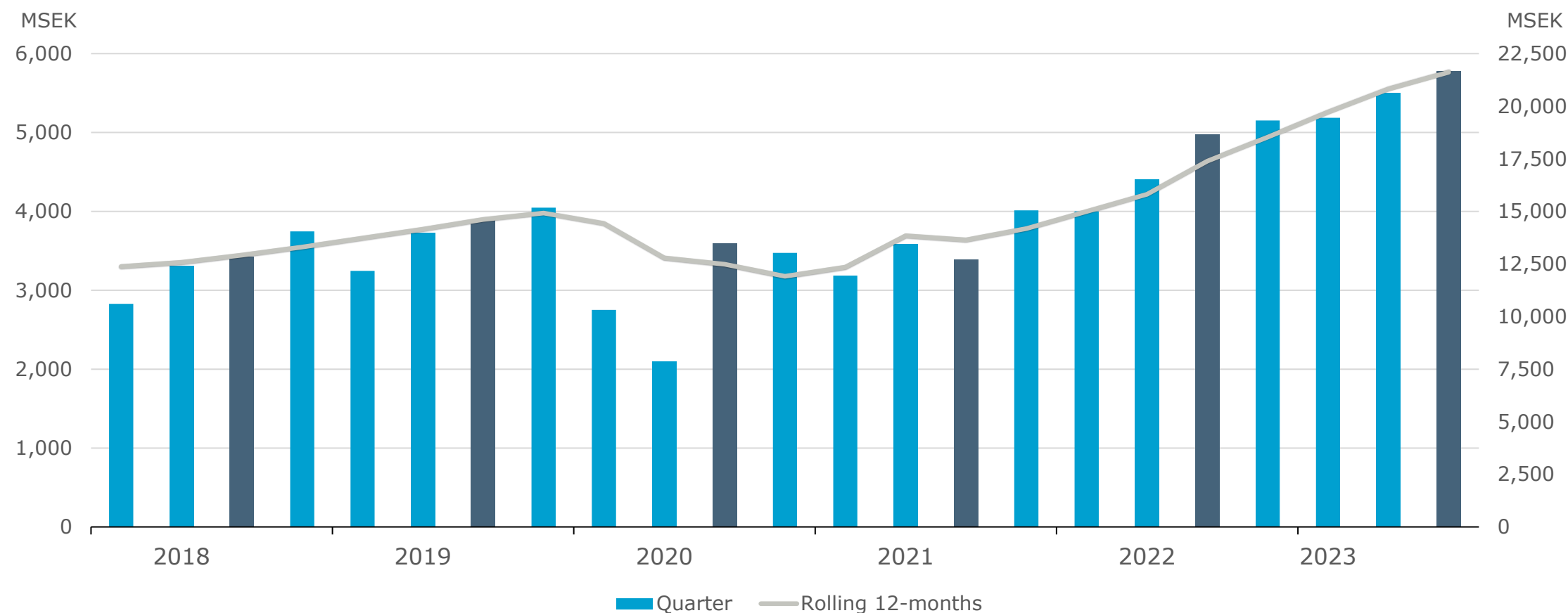


Operating margin



*) Operating margin before amortization of intangible assets recognized in business combinations.
Excluding items affecting comparability

Operating profit



Excluding items affecting comparability

Acquisitions

- **Active pipeline**

- 10 acquisitions signed in Q3
- 18 acquisitions signed as of September 2023
- Representing annualized sales of SEK 19 bn

- **HHI integration**

- Integration team in place
- Synergies starting to be realized
- Investment in the innovation team and new product developments underway



ALEXANDER & WILKS
Britain's Finest Ironmongery



Hardware & Home Improvement



- Leading manufacturer of ID card printers and consumables.
- Reinforcing our current offering within the secure issuance business
- Sales of MSEK 1,200 in 2022
- Accretive to EPS from the start

Forte, Peru



- Leading residential door locks and padlocks manufacturer
- Strengthening our position in emerging markets
- Sales of MSEK 200 in 2022
- Accretive to EPS from the start

Opening Solutions EMEIA

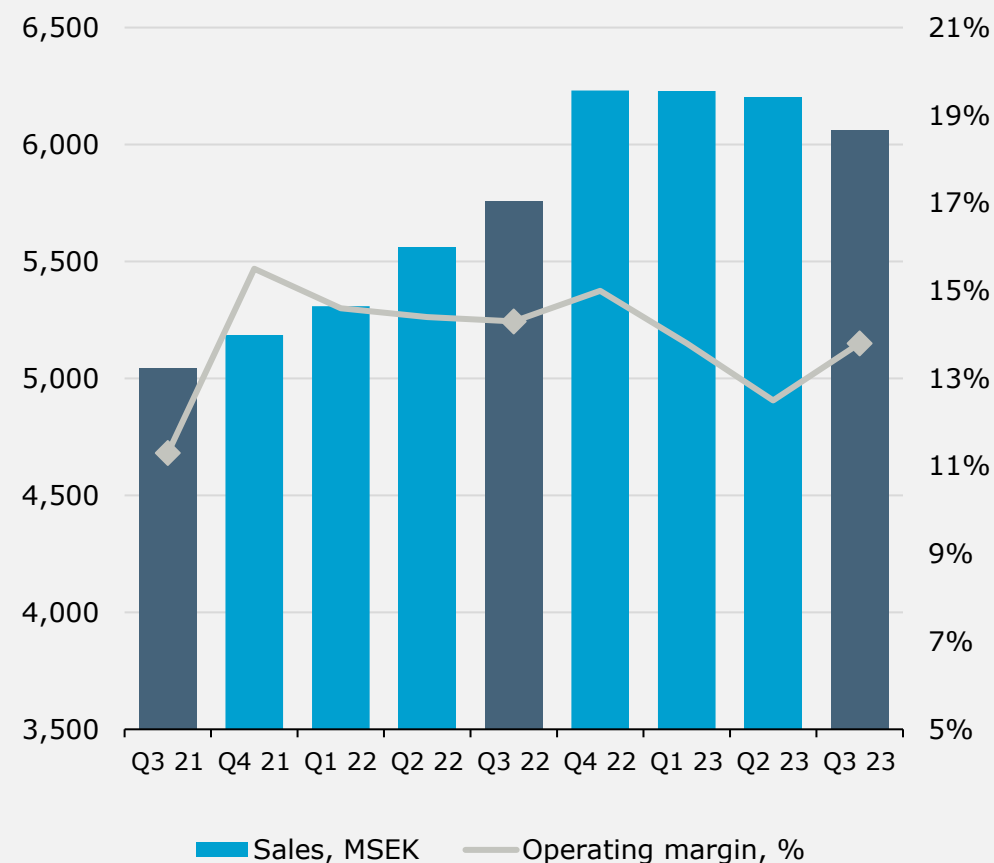
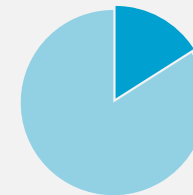
■ Organic sales -3%

- Strong growth in Middle East/India/Africa
- Stable growth in South Europe
- Sales decline in UK/Ireland, Central Europe and the Nordics

■ Operating margin 13.8% (14.3%)

- Operating dilution (-80bps) due to sales decline and negative mix partly offset by good cost control and operational efficiencies
- FX +30bps
 - Weaker CNY
- M&A flat

16%
of Group
sales



Excluding MFP restructuring items.

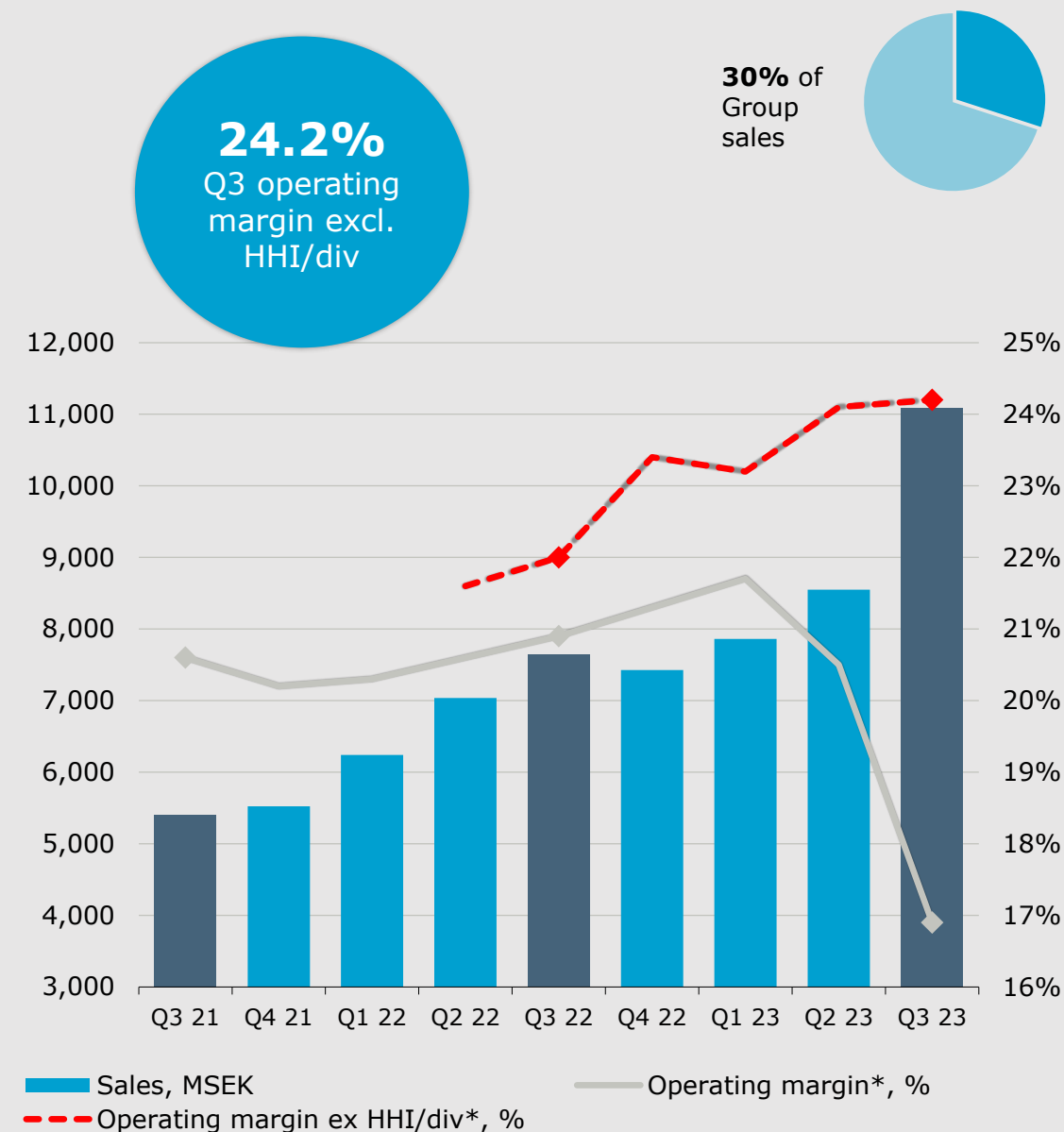
Opening Solutions Americas

▪ Organic sales +3%

- Good growth in North America Non-Residential
- Stable growth in Latin America
- Significant sales decline in US Residential

▪ Operating margin 16.9%* (20.9%)

- Very strong operating leverage driven by significantly lower material costs, price realization and operational efficiencies
- FX +80 bps
- M&A -640 bps
 - HHI (including closing and integration costs of MSEK 205)



* Excluding costs related to inventory valuation in HHI, amounting to MSEK 350 as well as gains and exit costs related to the divestment of Emtek and the Smart Residential business in the US and Canada.

Opening Solutions Asia Pacific

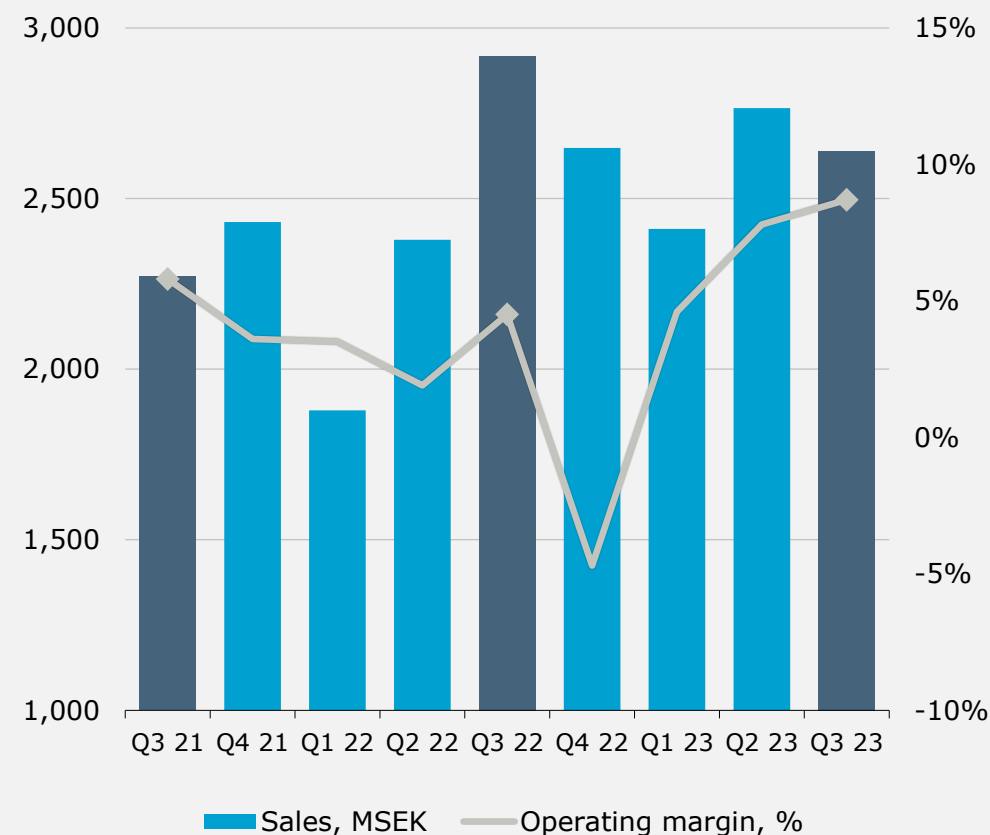
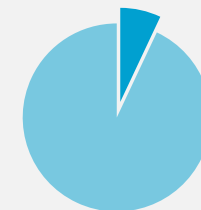
- **Organic sales -7%**

- Strong sales growth in South-East Asia
- Sales decline in China, South Korea and Pacific

- **Operating margin 8.7% (4.5%)**

- Very strong operating leverage due to lower material cost, cost efficiencies and no covid-19 related inefficiencies
- FX -10bps
- M&A +110bps
 - D&D Technologies

7%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

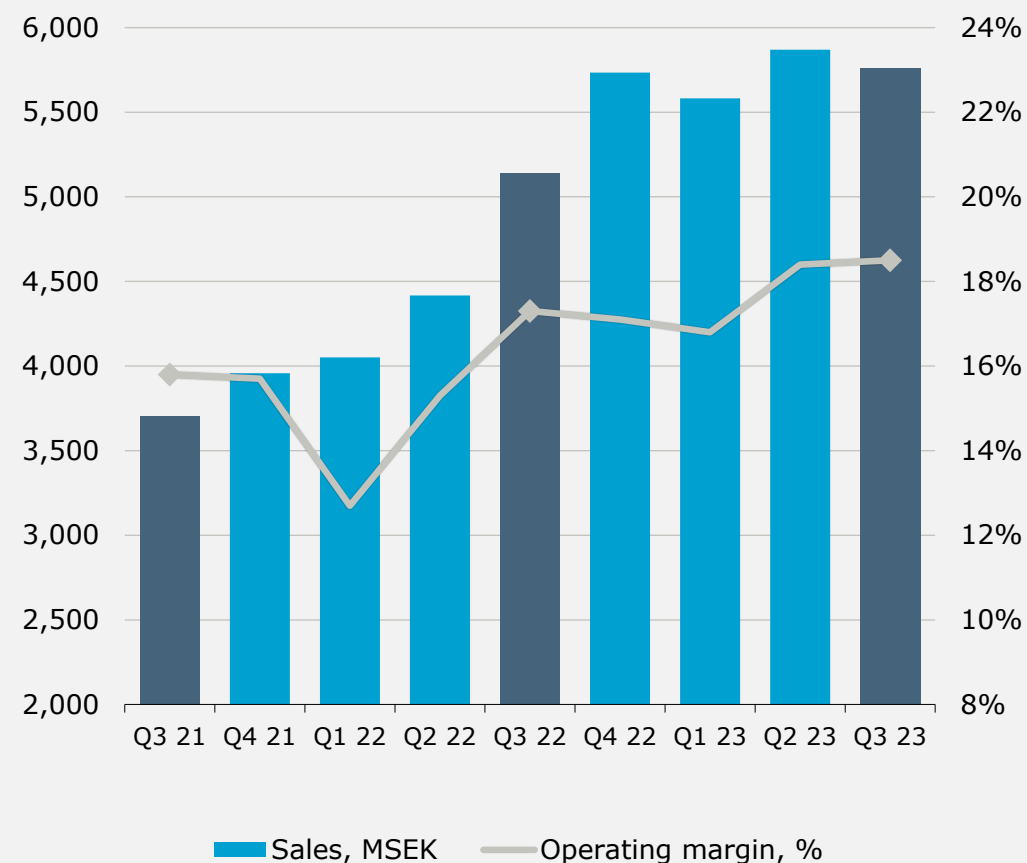
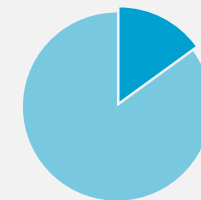
- **Organic sales +4%**

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

- **Operating margin 18.5% (17.3%)**

- Very strong operating leverage driven by lower material costs, positive product mix and price
- FX +40bps
- M&A -40bps

15%
of Group
sales



* Excluding MFP restructuring items and in Q2 2023 impairment of goodwill and intangible assets

Entrance Systems

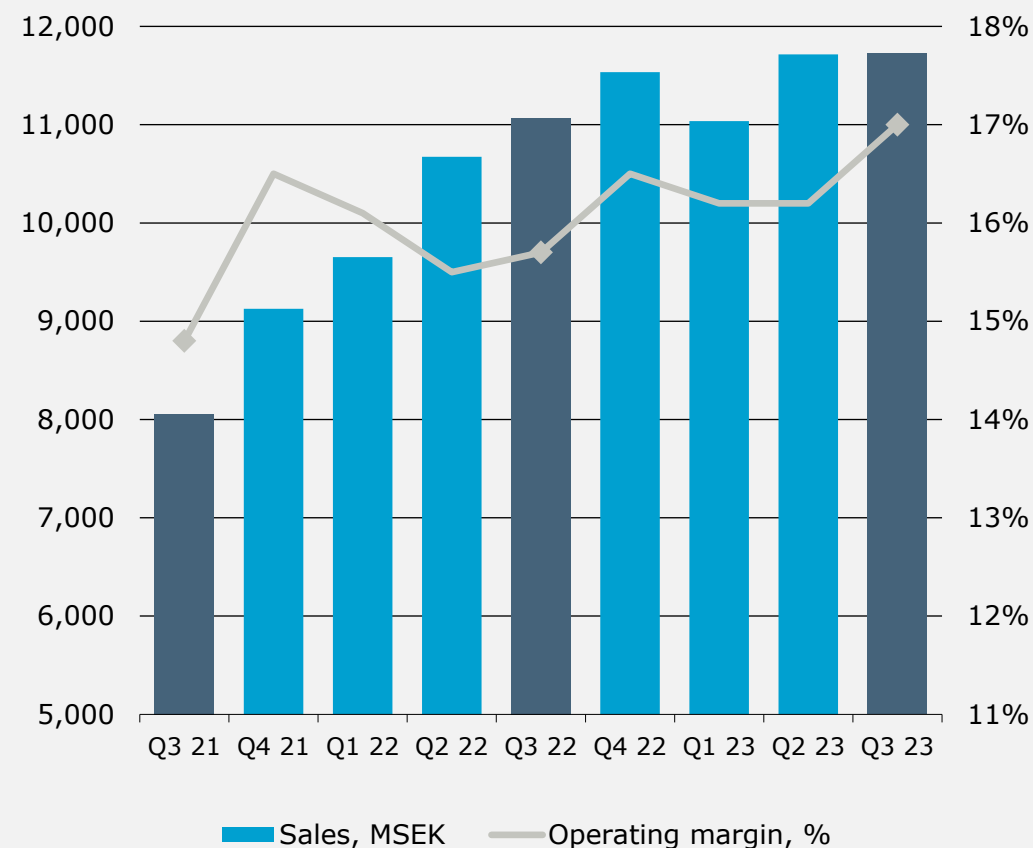
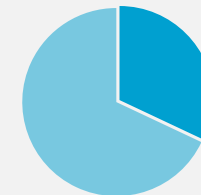
- **Stable organic sales**

- Strong sales growth in Industrial and Pedestrian
- Good growth in Perimeter Security
- Significant sales decline in Residential
- Strong growth in service

- **Operating margin 17.0% (15.7%)**

- Very strong operating leverage due to significantly lower material costs, operational efficiencies and positive mix
- FX -10bps
- M&A -10bps

32%
of Group
sales



Excluding MFP restructuring items.

Financial summary

**FX & acquisition
'run-rate' effects in Q4 2023
(30 September 2023):**
SALES
FX: 3%
M&A: 11%

	July-September*			January-September*		
	2022	2023		2022	2023	
Sales	31,820	36,881	16%	87,878	103,746	18%
- Organic growth	3,741	144	1%	10,351	3,259	4%
- Acquired net growth	857	3,733	11%	790	7,079	8%
- FX-differences	3,292	1,184	4%	7,353	5,530	6%
Operating income (EBIT)	4,973	5,777	16%	13,380	16,462	23%
EBITA-margin	16.2%	16.7%	+0.5 pts	15.8%	16.6%	+0.8 pts
EBIT-margin	15.6%	15.7%	+0.1 pts	15.2%	15.9%	+0.7 pts
Income before tax	4,736	4,876	3%	12,756	14,774	16%
Net income	3,552	3,656	3%	9,567	11,079	16%
EPS, SEK	3.20	3.31	3%	8.61	9.99	16%
Operating cash flow	4,520	7,177	59%	9,219	17,918	94%
ROCE (12 months)				16.8%	16.3%	-0.5 pts

*) Excluding items affecting comparability

Bridge analysis – Q3 2023

MSEK	Q3 2022	Organic	Currency	Acq/div	Q3 2023 ex HHI/div	HHI/div	Q3 2023
Growth	33%	1%	4%	3%	7%	9%	16%
Sales	31,820	144	1,184	850	33,998	2,883	36,881
Operating profit*	4,973	483	243	217	5,916	-139	5,777
Operating margin, %*	15.6%	336%	20.5%	25.5%	17.4%	-4.8%	15.7%
Dilution/accretion		1.3 pts	0.3 pts	0.2 pts		-1.8 pts	

*Excluding items affecting comparability

Sales drivers

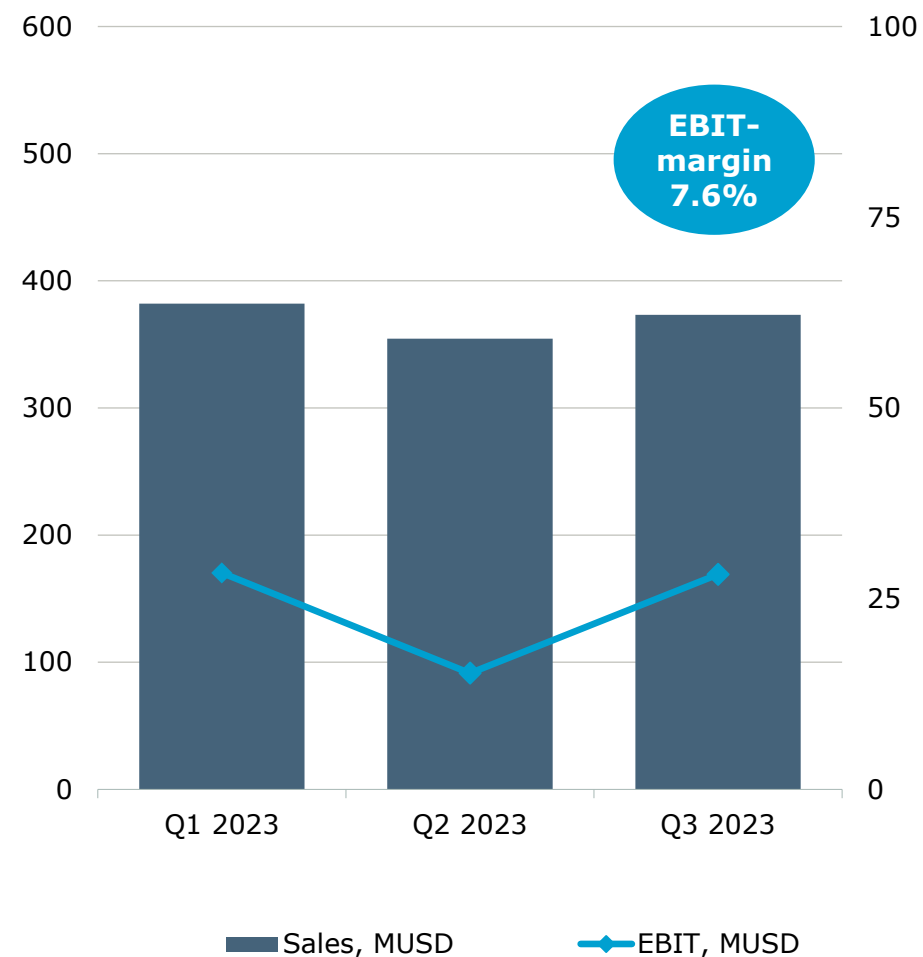
- Price +3% and volume -2%

Margin drivers

- Operating leverage – very strong organic leverage driven by lower material costs, price realization, MFP and short-term cost measures
- Currency – positive margin effect from stronger USD
- M&A – negative effect from integration costs and consolidation of HHI and divestments of Emtek/U.S. Smart Residential

HHI update

- HHI financial performance
 - Sales –16% vs Q3 last year
 - EBIT-margin at 7.6%, up 330bps versus Q2, excluding closing and integration costs in Q3 of MSEK 205
 - Increased pace of integration costs in H2 2023
 - PPA being assessed
- Q4 seasonally weaker
- Negative effect on EPS in 2023, accretive in 2024
- Low activity level in North Americas' residential market



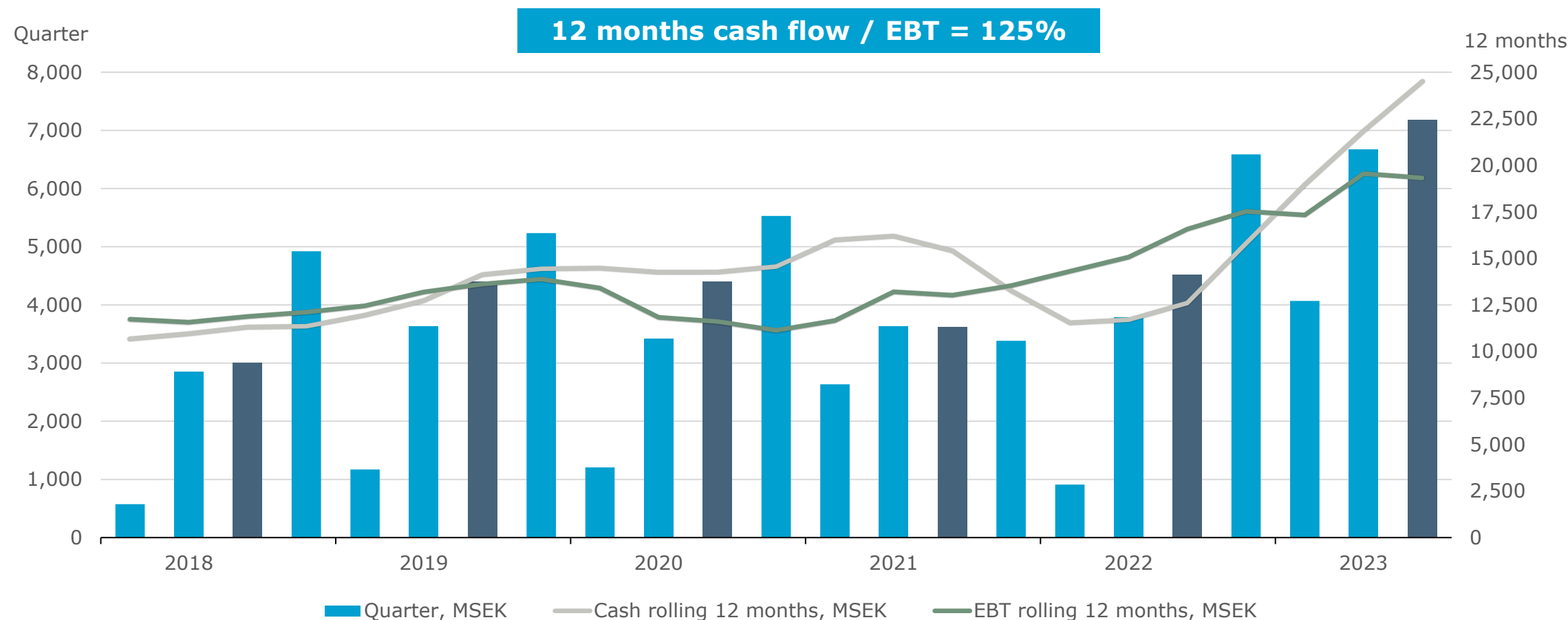
Cost breakdown as % of sales – Q3 2023

%	QTD 2022	QTD 2023 excl. acq/div	Δ	QTD 2023
Direct material	-37.6%	-34.8%	+2.8 pts	-35.9%
Conversion cost	-22.7%	-23.4%	-0.7 pts	-23.1%
Gross margin	39.7%	41.8%	+2.1 pts	41.0%
S, G & A	-24.1%	-24.6%	-0.5 pts	-25.3%
EBIT*	15.6%	17.2%	+1.6 pts	15.7%

*Excluding items affecting comparability.

- Direct material – significant positive mix effect (~120 bps), lower material and logistics costs
- Conversion cost – lower volumes and higher wage costs partly offset by operating efficiencies (MFP and other cost measures)
- S, G & A – inflation and R&D-investments partly offset by operating efficiencies

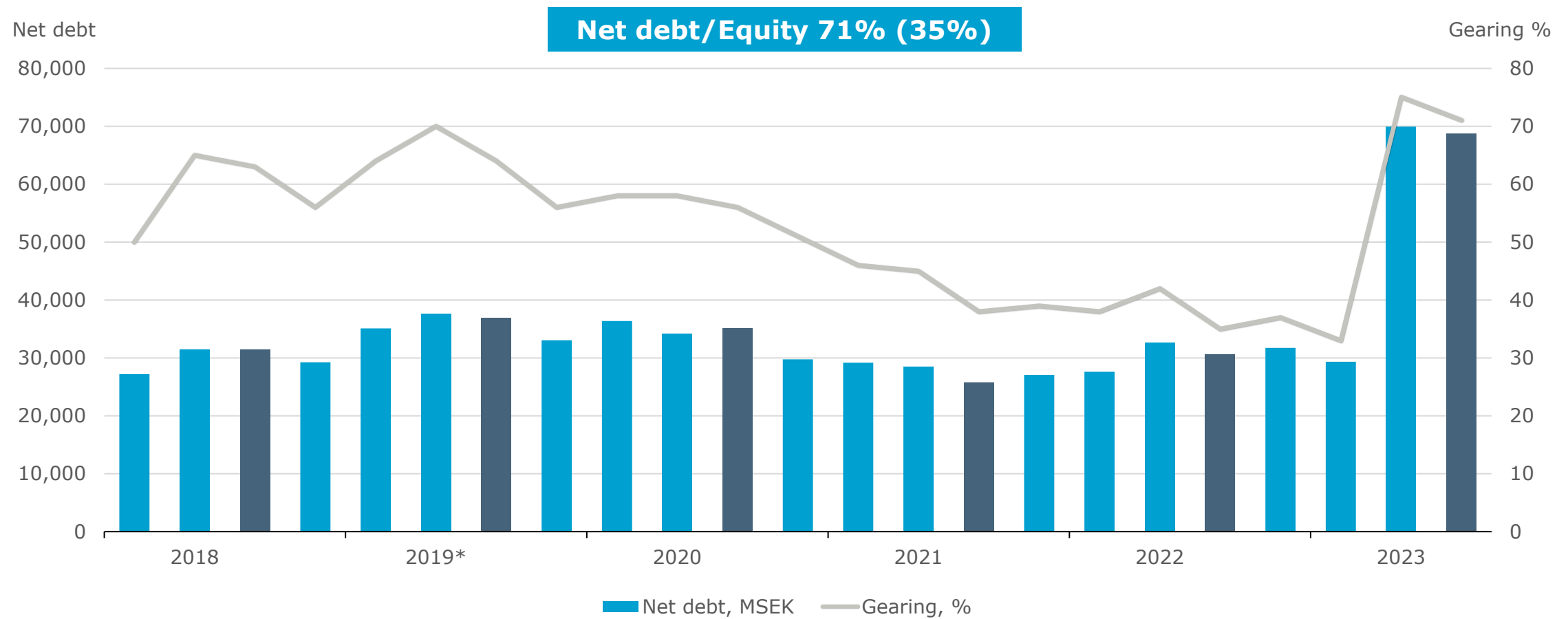
Operating cash flow, MSEK



Excluding items affecting comparability.

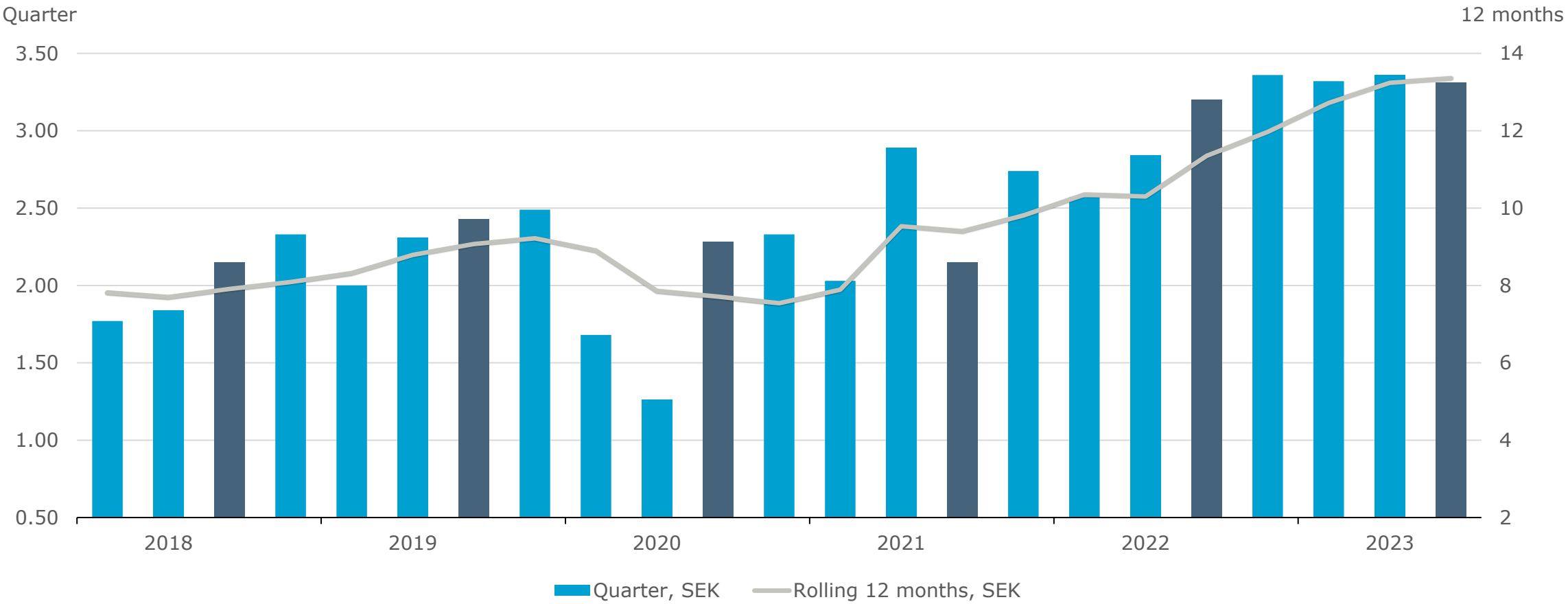
Gearing % and net debt, MSEK

Net debt/EBITDA**
2.6 (1.4)



*) IFRS 16 effect on net debt SEK 3.7 bn.
**) Excluding items affecting comparability.

Earnings per share, SEK



Excluding items affecting comparability



Conclusions

- **Positive organic sales development**
 - Organic sales up 1%
 - Net acquired growth of 11%
- **Record strong margin**
- **Record cash flow**
- **Integration of HHI – positive start**
- **Soft economic climate**
- **CMD 14-15 May 2024 in Prague/Rychnov**



Q&A

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Appendix



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ASSA ABLOY

Cost breakdown as % of sales

%	QTD 2022	QTD 2023 excl. acquisitions	Δ	QTD 2023	YTD 2022	YTD 2023 excl. acquisitions	Δ	YTD 2023
Direct material	-37.6%	-34.8%	+2.8 pts	-35.9%	-37.2%	-34.7%	+2.5 pts	-35.5%
Conversion cost	-22.7%	-23.4%	-0.7 pts	-23.1%	-23.3%	-23.6%	-0.3 pts	-23.3%
Gross margin	39.7%	41.8%	+2.1 pts	41.0%	39.5%	41.7%	+2.2 pts	41.2%
S, G & A	-24.1%	-24.6%	-0.5 pts	-25.3%	-24.3%	-24.9%	-0.6 pts	-25.3%
EBIT	15.6%	17.2%	+1.6 pts	15.7%	15.2%	16.8%	+1.6 pts	15.9%

Excluding MFP restructuring items, impairment of goodwill and intangible assets in Global Technologies as well as costs related to inventory valuation in HHI, amounting to MSEK 350 and divestment gains of Emtek and Smart Residential business in the US and Canada.

Opening Solutions EMEIA's bridge

MSEK	Q3 2022	Organic	Currency	Acq/Div	Q3 2023
Growth	14%	-3%	5%	3%	5%
Sales	5,758	-193	329	167	6,061
Operating income*	825	-75	65	24	838
Operating margin, %*	14.3%	39.1%	19.8%	14.2%	13.8%
Dilution/accretion		-0.8%	0.3%	0.0%	

12 months figures

Sales	21,814			24,723
EBIT*	3,208			3,406
Operating cash flow before paid interest	2,600			3,673
Cash flow/EBIT*	81%			108%

*) Excluding MFP restructuring items.

Opening Solutions Americas' bridge

MSEK	Q3 2022	Organic	Currency	Acq/Div	Q3 2023
Growth	41%	3%	4%	38%	45%
Sales	7,640	199	236	3,015	11,091
Operating income*	1,600	213	69	-12	1,870
Operating margin, %*	20.9%	107.0%	29.2%	-0.4%	16.9%
Dilution/accretion		1.6%	0.8%	-6.4%	

12 months figures

Sales	26,438			34,927
EBIT*	5,432			6,915
Operating cash flow before paid interest	4,195			7,971
Cash flow/EBIT*	77%			115%

* Excluding items affecting comparability

Opening Solutions Asia Pacific's bridge

MSEK	Q3 2022	Organic	Currency	Acq/Div	Q3 2023
Growth	28%	-7%	0%	-3%	-10%
Sales	2,918	-194	-2	-82	2,640
Operating income*	132	74	1	23	229
Operating margin, %*	4.5%	-38.0%	-50.2%	-27.7%	8.7%
Dilution/accretion		3.2%	-0.1%	1.1%	

12 months figures

Sales	9,607			10,465
EBIT*	331			430
Operating cash flow before paid interest	158			845
Cash flow/EBIT*	47%			196%

*) Excluding MFP restructuring items.

Global Technologies' bridge

MSEK	Q3 2022	Organic	Currency	Acq/Div	Q3 2023
Growth	39%	4%	4%	4%	12%
Sales	5,142	219	195	207	5,763
Operating income*	890	107	51	17	1,065
Operating margin, %*	17.3%	48.9%	25.9%	8.1%	18.5%
Dilution/accretion		1.2%	0.4%	-0.4%	

12 months figures

Sales	17,568			22,948
EBIT*	2,706			4,068
Operating cash flow before paid interest	2,481			4,328
Cash flow/EBIT*	92%			106%

*) Excluding MFP restructuring items and impairment of goodwill and intangible assets.

Entrance Systems' bridge

MSEK	Q3 2022	Organic	Currency	Acq/Div	Q3 2023
Growth	37%	0%	4%	2%	6%
Sales	11,066	2	443	214	11,725
Operating income*	1,735	174	59	27	1,995
Operating margin, %*	15.7%	10556%	13.3%	12.4%	17.0%
Dilution/accretion		1.5%	-0.1%	-0.1%	

12 months figures

Sales	40,519			46,012
EBIT*	6,446			7,587
Operating cash flow before paid interest	4,274			9,919
Cash flow/EBIT*	66%			131%

*) Excluding MFP restructuring items.



Thank you
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