

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 2023

Experience a safer and more open world

Strong result in a challenging market

- **Positive organic sales development**
 - Strong sales growth in Americas
 - Good sales growth in Entrance Systems
 - Sales decline in APAC, EMEIA and Global Technologies
- **Strong underlying margin**
 - Strong operating leverage
- **Record strong operating cash flow**
- **Continued high acquisition pace**
 - 6 acquisitions signed in the quarter

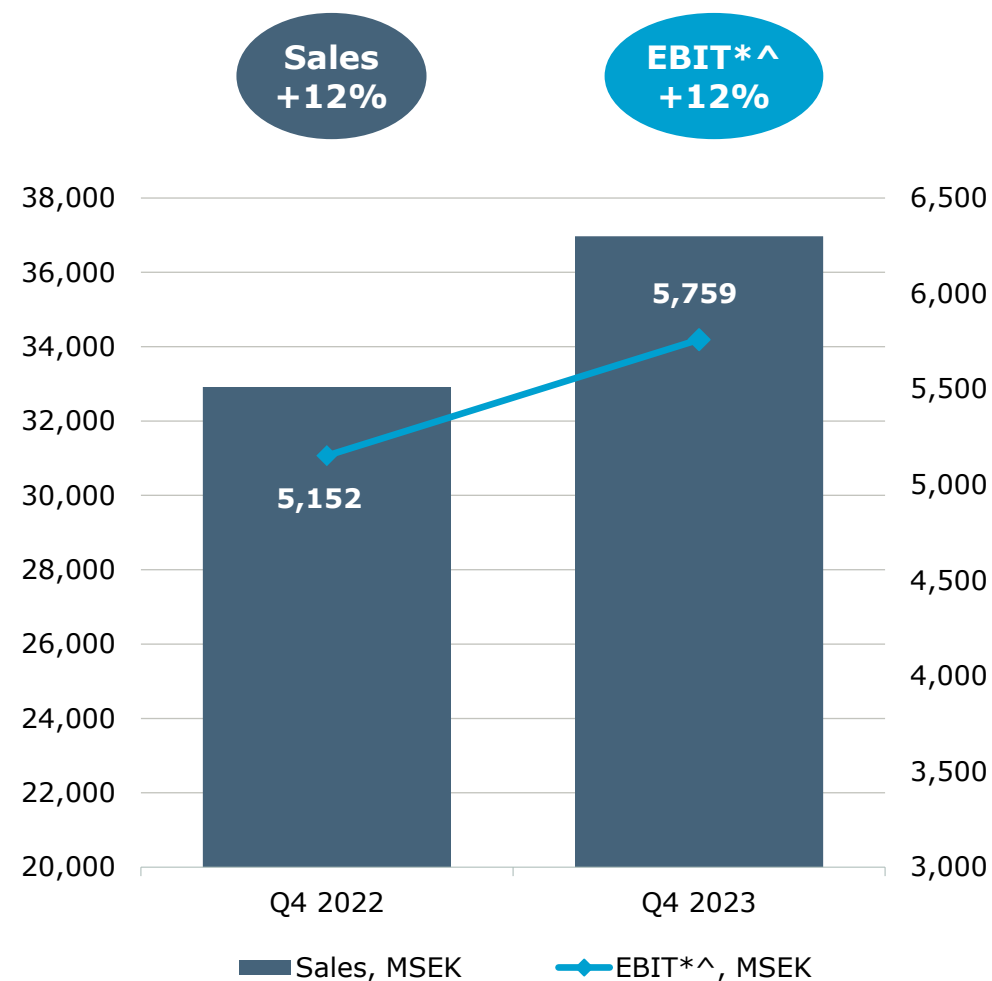


Q4 2023 figures in summary

- **Sales MSEK 36,970** **+12%**
 - +0% organic
 - +11% acquired and divested
 - +1% currency
- **EBITA-margin*^ 17.5% (16.2%)**
- **EBIT-margin*^ 16.8% (15.7%)**
- **EBIT*^ MSEK 5,759** **+12%**
- **EPS* SEK 3.56** **+6%**

*Adjusted for items affecting comparability.

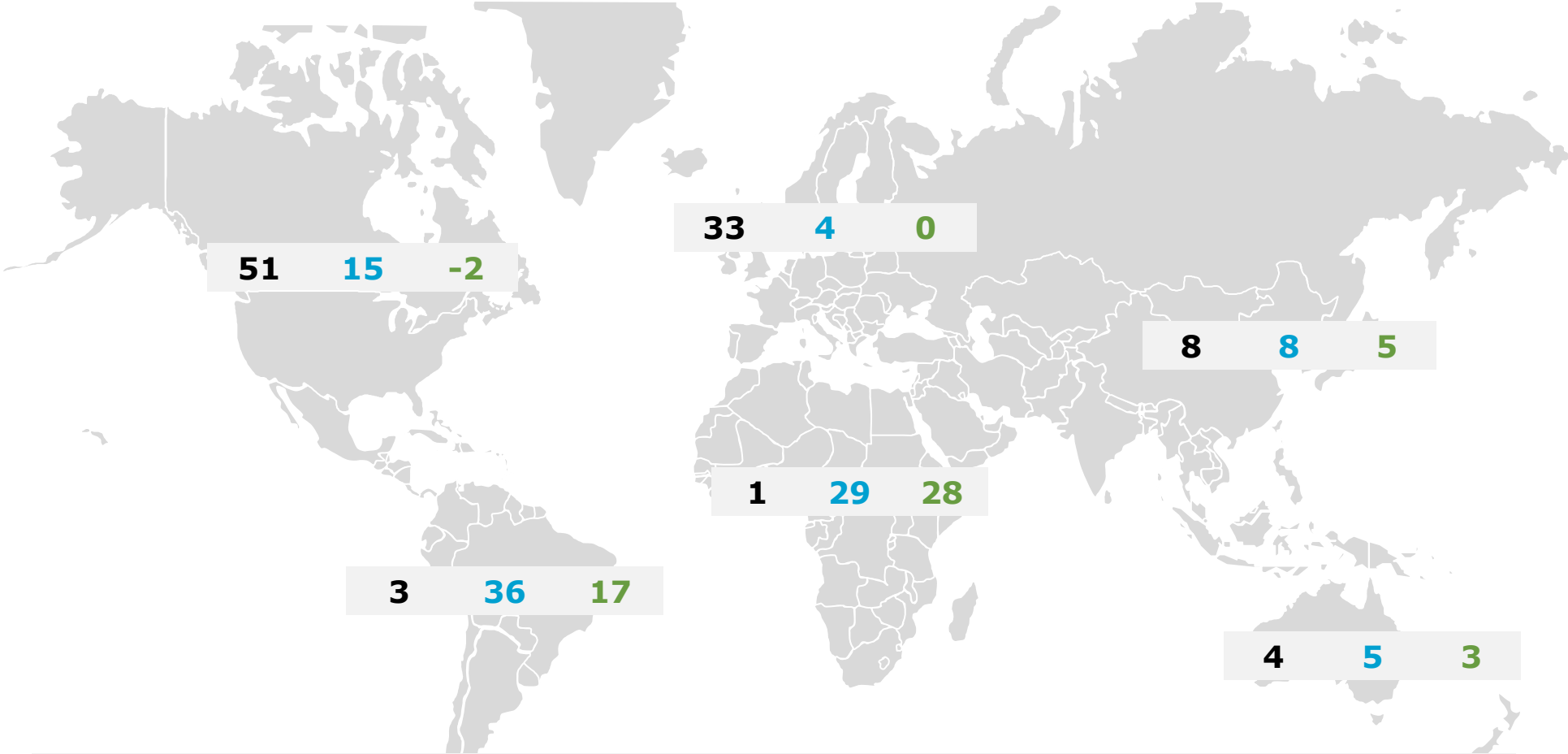
^Excluding the HHI transaction and divestment of Emtek and the Smart Residential business in the US and Canada.



Sales by region

Oct-Dec 2023

ASSA ABLOY	100	11	0
Emerging markets	14	16	10



Share of sales, %	Change in local currencies QTD 2023 vs. QTD 2022, %	Organic change QTD 2023 vs. QTD 2022, %
-------------------	--	--

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

Q4 2023 Market highlights

Project wins

- Modernization and replacement of master key systems for a German energy company with ~100,000 cylinders
- Docking solutions and high-speed doors delivered to two large electrical vehicle battery plants in the US
- HID has been awarded a contract to provide Finland with a new high-security driver's license cards and personalization services solution
- Securing 15 sites of mega water reservoirs with TESA SMARTair i-Gate solution in the Middle East

Product launches

- Expression Speedgate – seamless entrance gate with flexible design options and integrated identification technology from HID
- Electromagnetic door to secure highly classified data in military, government and diplomatic facilities was launched in Europe
- Smart door lock with finger vein reading, face recognition and digital door view capabilities was launched in Asia

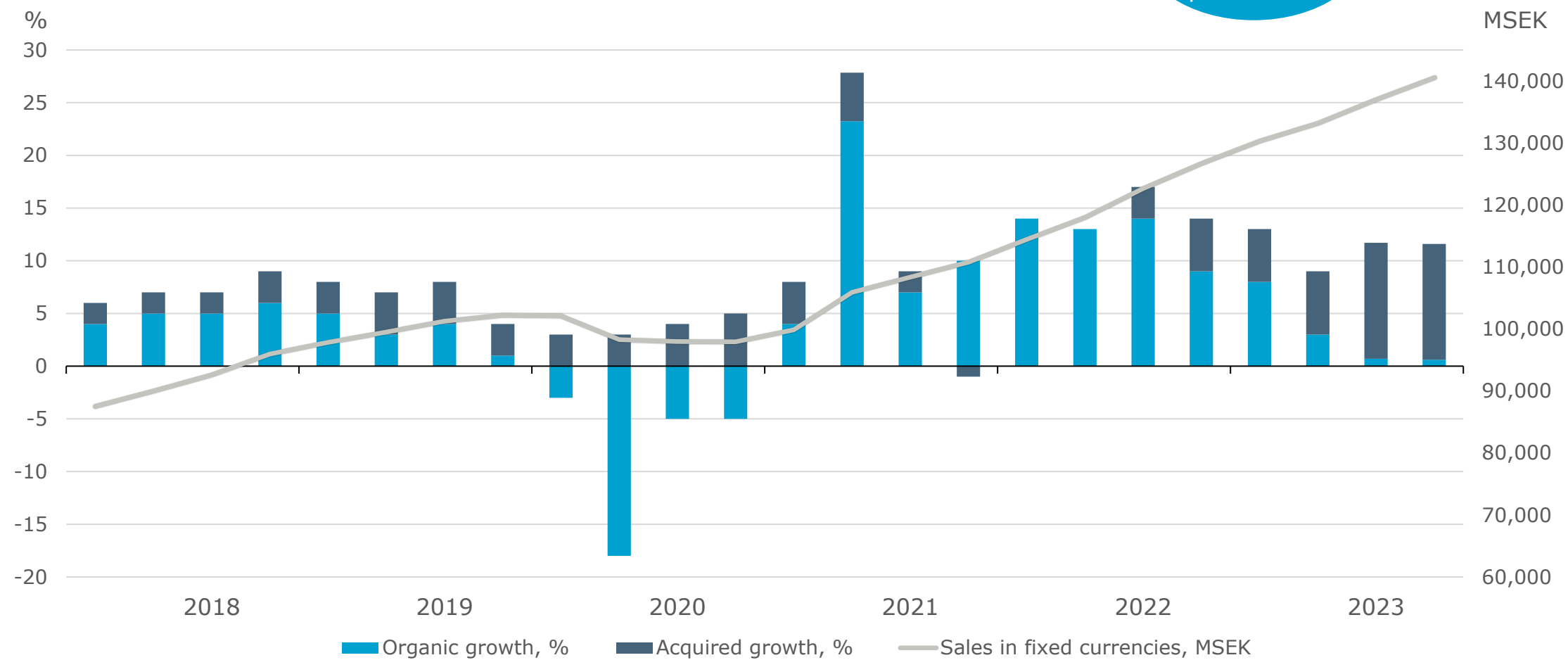
Sustainability

- ASSA ABLOY was named as a constituent of the Dow Jones Sustainability Index Europe for the third year in a row

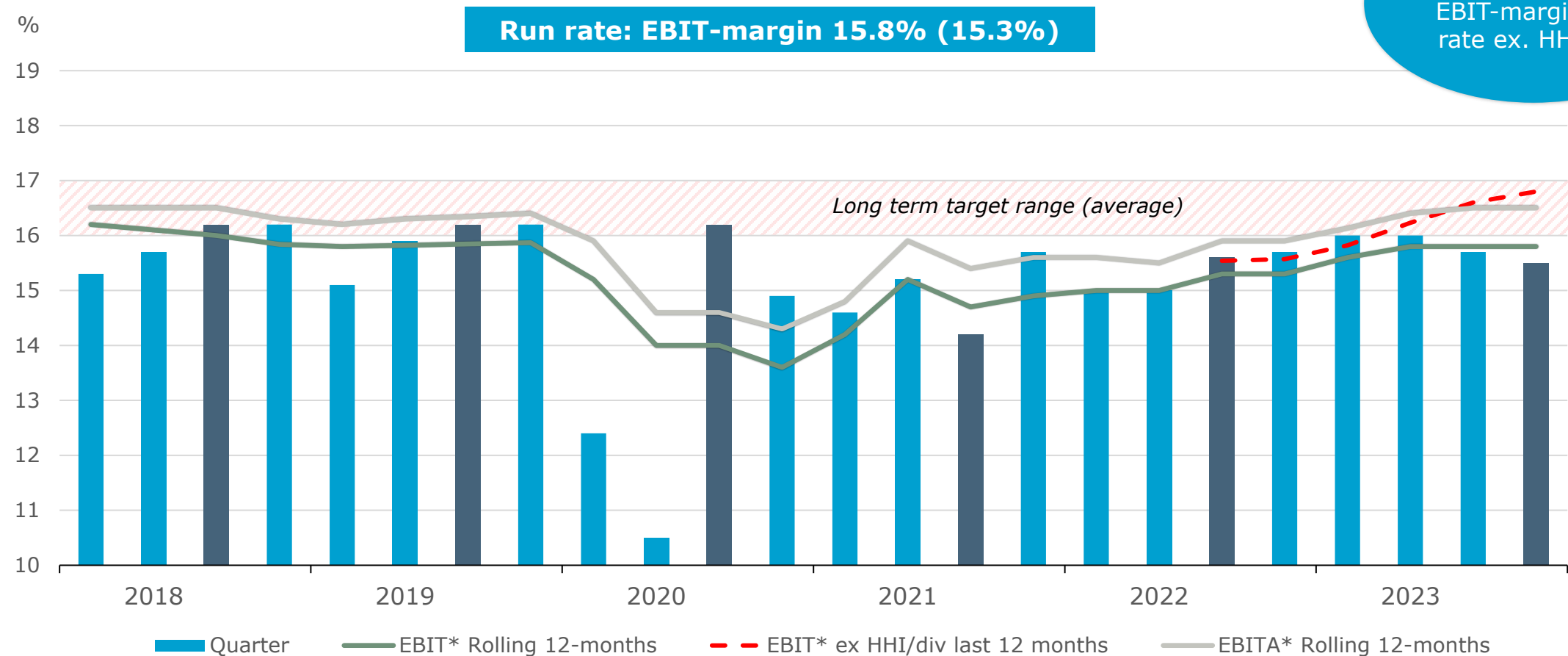


FX adjusted sales growth

12
consecutive
quarters with
positive OG

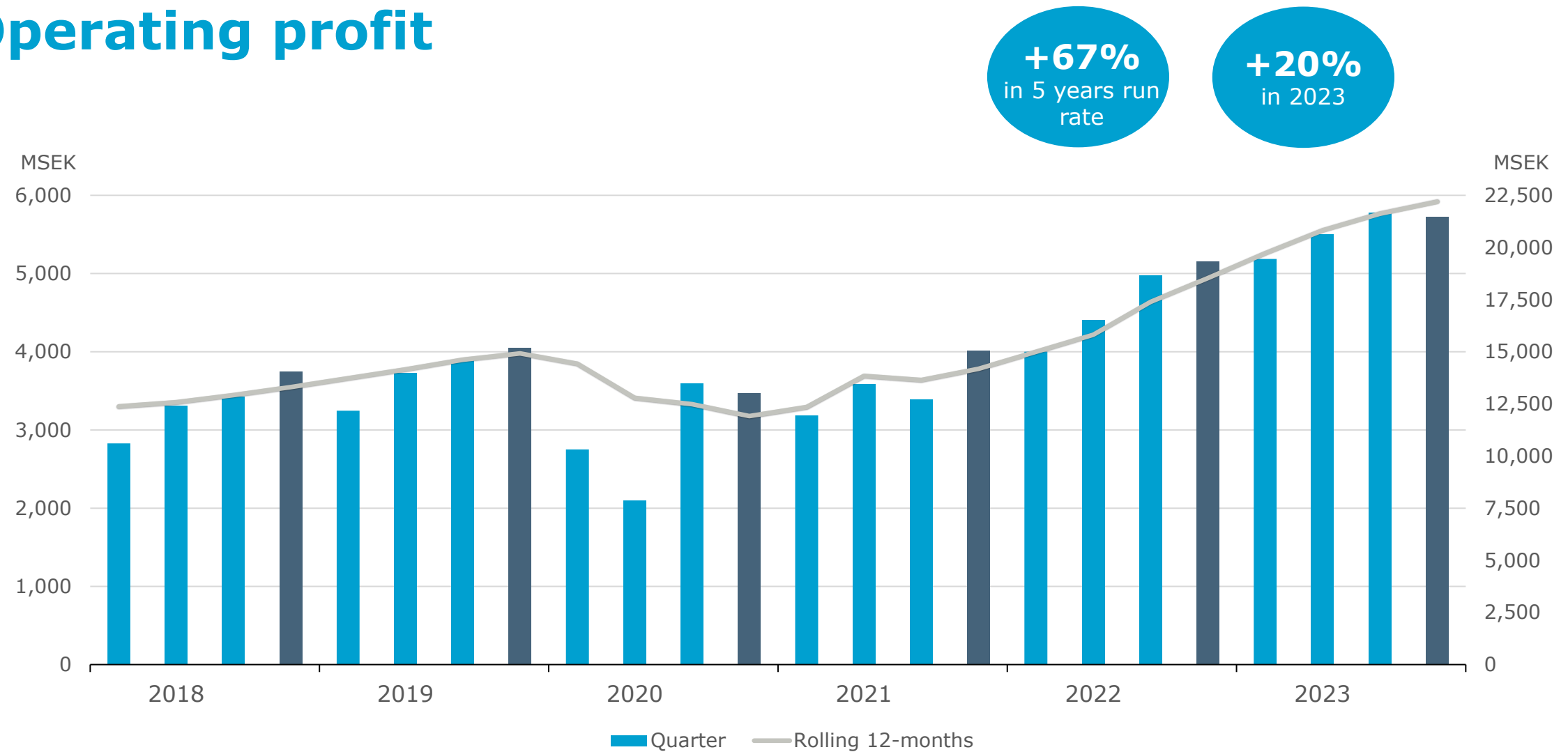


Operating margin



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

Operating profit



Excluding items affecting comparability

Acquisitions

- **Active pipeline**

- 6 acquisitions signed in Q4
- 24 acquisitions signed as of December 2023
- Representing annualized sales of SEK 20 bn

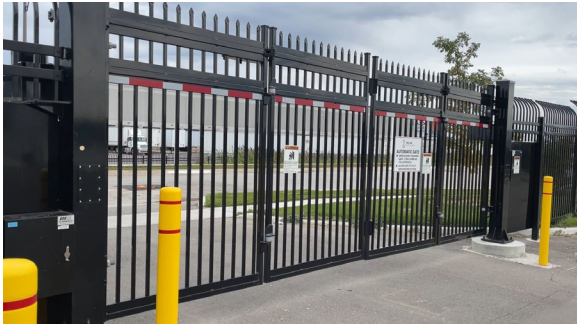


ALEXANDER & WILKS
Britain's Finest Ironmongery



Hardware & Home Improvement

Leone Fence, Canada



- Manufacturer of fencing products for commercial and residential applications
- Reinforcing our current offering within perimeter security in the Canadian market
- Sales of MSEK 300 in 2022
- Accretive to EPS from the start

Ghost Controls, USA



- Supplier of automated residential gate openers
- Sales of MSEK 300 in 2022
- Accretive to EPS from the start



Opening Solutions EMEIA

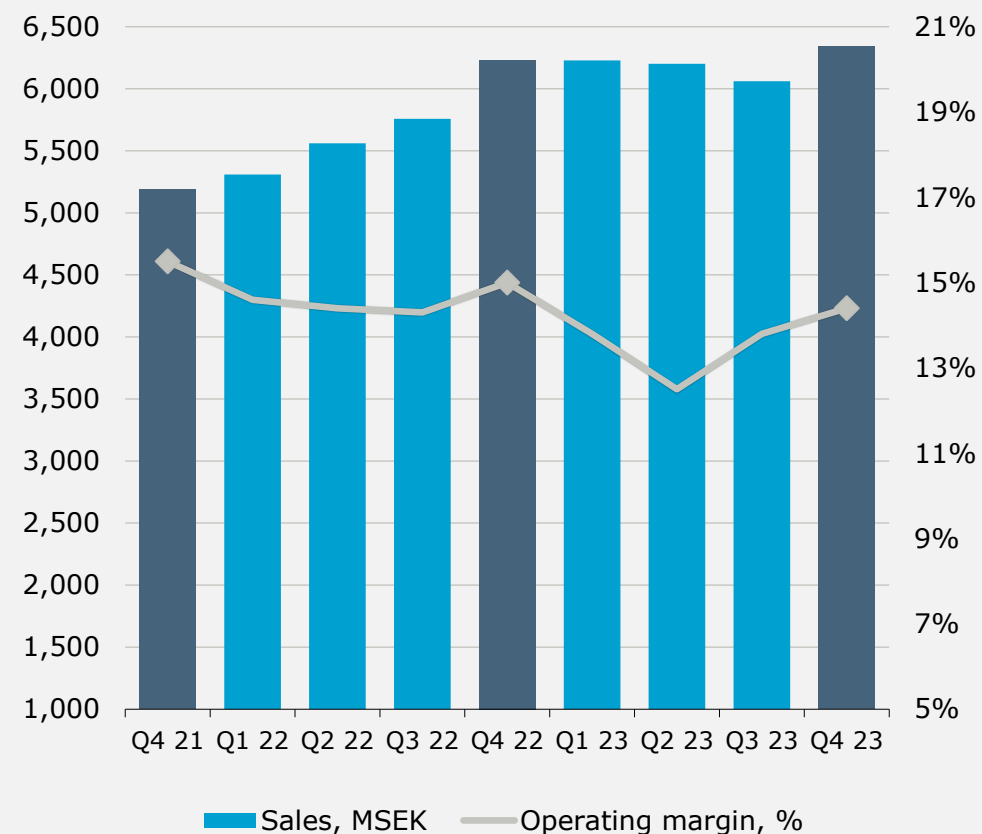
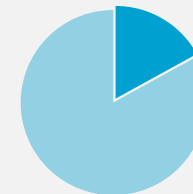
- **Organic sales -2%**

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

- **Operating margin 14.4% (15.0%)**

- Operating dilution (-50bps) due to sales decline and negative mix partly offset by pricing, lower material costs, good cost control and operational efficiencies
- FX -20bps
- M&A +10bps

17%
of Group
sales



Excluding MFP restructuring items.

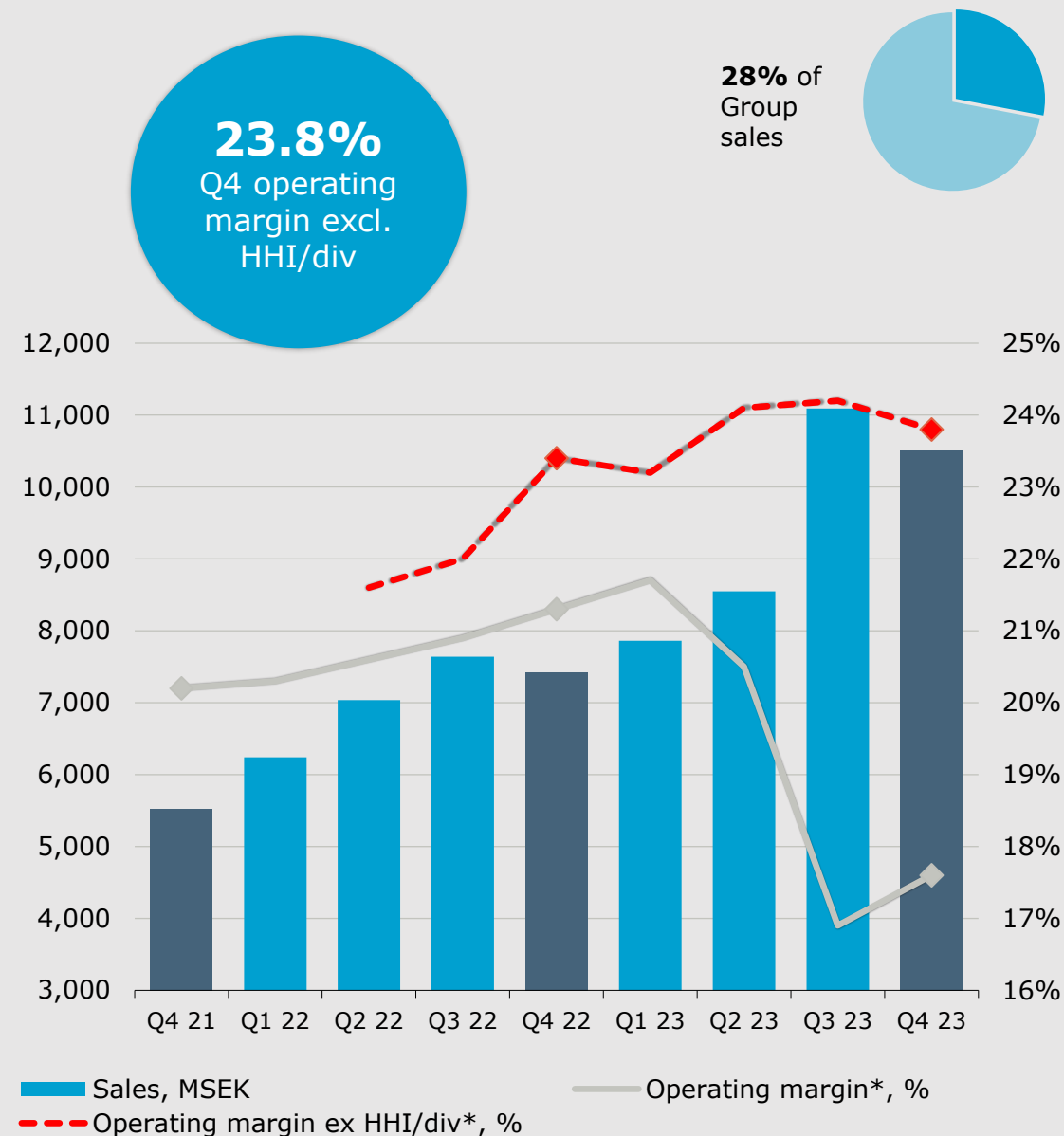
Opening Solutions Americas

▪ Organic sales +5%

- Good growth in North America Non-Residential and in Latin America
- Sales decline in US Residential

▪ Operating margin 17.6%* (21.3%)

- Very strong operating leverage (130bps) driven by lower material costs and operational efficiencies
- FX +30 bps
- M&A -530 bps
 - HHI (including closing and integration costs of MSEK 180 and reversal of PPAs of MSEK 60)



* Excluding costs related to inventory valuation in HHI, amounting to MSEK 350 in Q3 2023 and MSEK 116 in Q4 2023 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

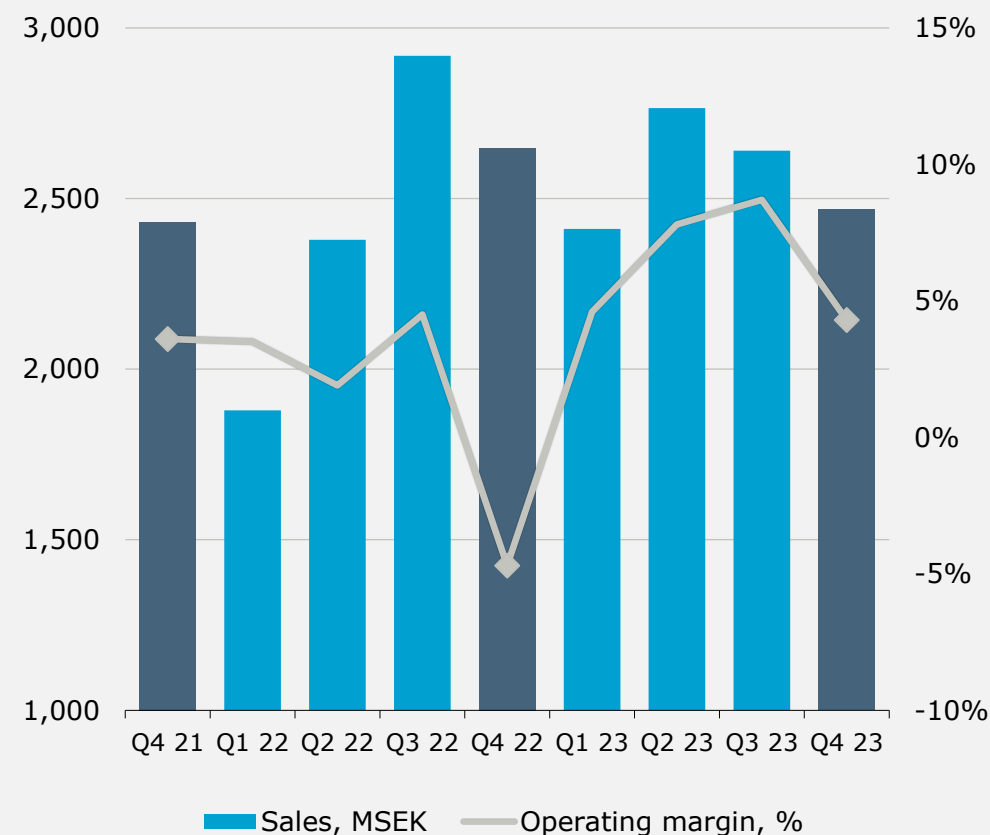
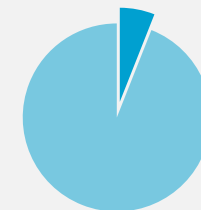
▪ Organic sales -1%

- Very strong sales growth in South-East Asia
- Stable sales growth in China
- Sales decline in South Korea and Pacific

▪ Operating margin 4.3% (-4.7%)

- Very strong operating leverage due to pricing, lower material cost, cost efficiencies and no covid-19 related inefficiencies
- FX -90bps
 - Weaker AUD
- M&A -40bps
 - Divestment of smart residential factory in Vietnam to Fortune Brands (HHI transaction)

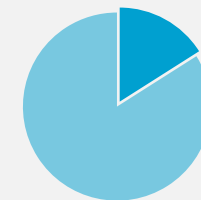
6%
of Group
sales



Excluding MFP restructuring items.

Global Technologies

16%
of Group
sales

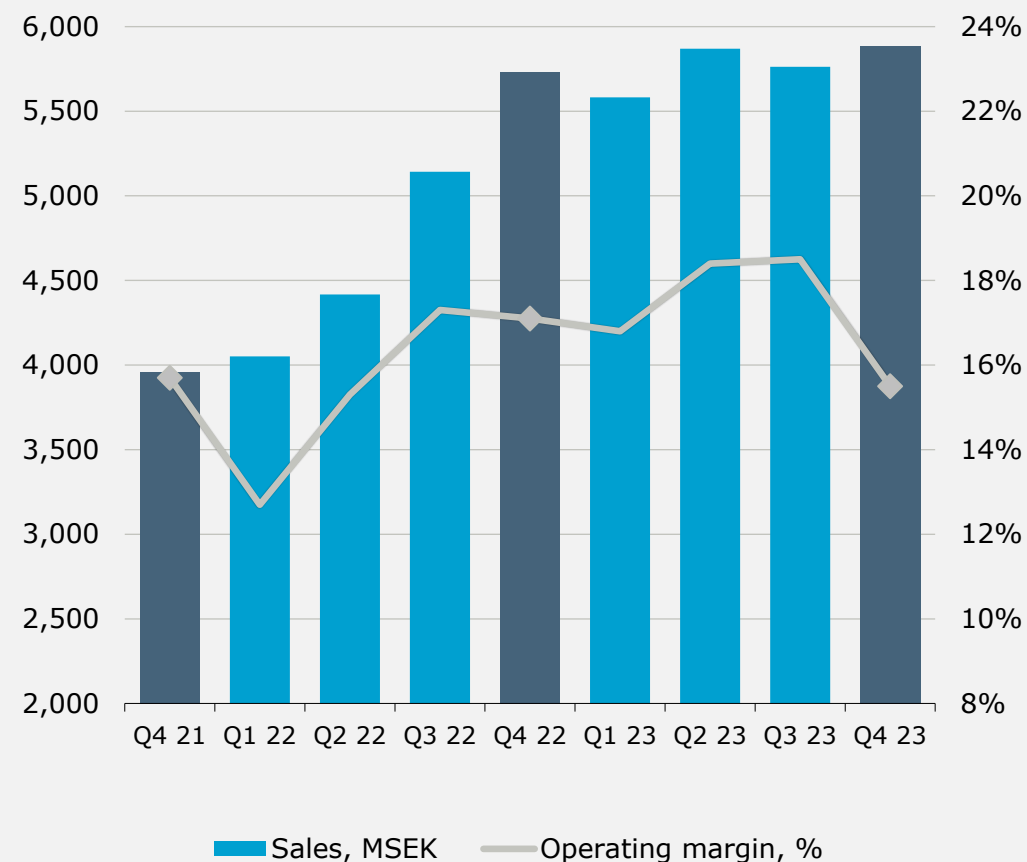


- **Organic sales -7%**

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

- **Operating margin 15.5% (17.1%)**

- Operating dilution (-40bps) due to sales decline and negative mix strongly offset by pricing and operational efficiencies
- FX flat
- M&A -120bps
 - Acquisition costs mainly related to Evolis



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

Entrance Systems

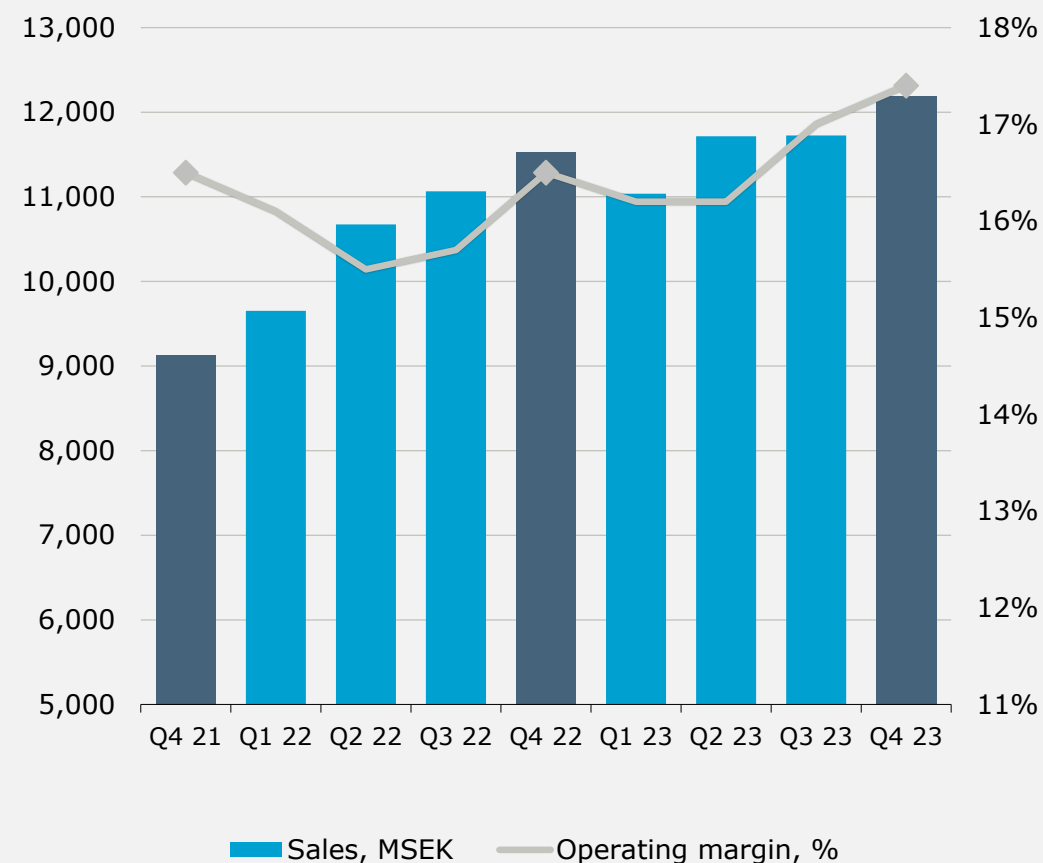
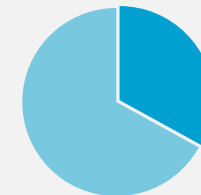
- **Organic sales +3%**

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

- **Operating margin 17.4% (16.5%)**

- Very strong operating leverage (130bps) driven by pricing, significantly lower material costs, operational efficiencies and positive mix
- FX -10bps
- M&A -30bps

33%
of Group
sales



Excluding MFP restructuring items.

Financial summary

**FX & acquisition
'run-rate' effects in Q1 2024
(31 December 2023):**
SALES
 FX: -3%
 M&A: 11%

	October-December*			January-December*		
	2022	2023		2022	2023	
Sales	32,915	36,970	12%	120,793	140,716	16%
- Organic growth	2,656	133	0%	13,007	3,393	3%
- Acquired net growth	1,336	3,572	11%	2,126	10,651	8%
- FX-differences	3,300	349	1%	10,653	5,879	5%
Operating income (EBIT)	5,152	5,722	11%	18,532	22,185	20%
EBITA-margin	16.2%	16.2%	+0.0 pts	15.9%	16.5%	+0.6 pts
EBIT-margin	15.7%	15.5%	-0.2 pts	15.3%	15.8%	+0.5 pts
Income before tax	4,766	4,879	2%	17,521	19,654	12%
Net income	3,729	3,969	6%	13,296	15,049	13%
EPS, SEK	3.36	3.56	6%	11.97	13.54	13%
Operating cash flow	6,588	7,315	11%	15,808	25,232	60%
ROCE (12 months)				16.9%	15.6%	-1.3 pts

*) Excluding items affecting comparability

Bridge analysis – Q4 2023

MSEK	Q4 2022	Organic	Currency	Acq/div	Q4 2023 ex HHI/div	HHI/div	Q4 2023
Growth	28%	0%	1%	3%	4%	8%	12%
Sales	32,915	133	349	920	34,318	2,651	36,970
Operating profit*	5,152	450	29	127	5,759	-37	5,722
Operating margin, %*	15.7%	337%	8.4%	13.8%	16.8%	-1.4%	15.5%
Dilution/accretion		1.2 pts	0.0 pts	0.0 pts		-1.3 pts	

*Excluding items affecting comparability

Sales drivers

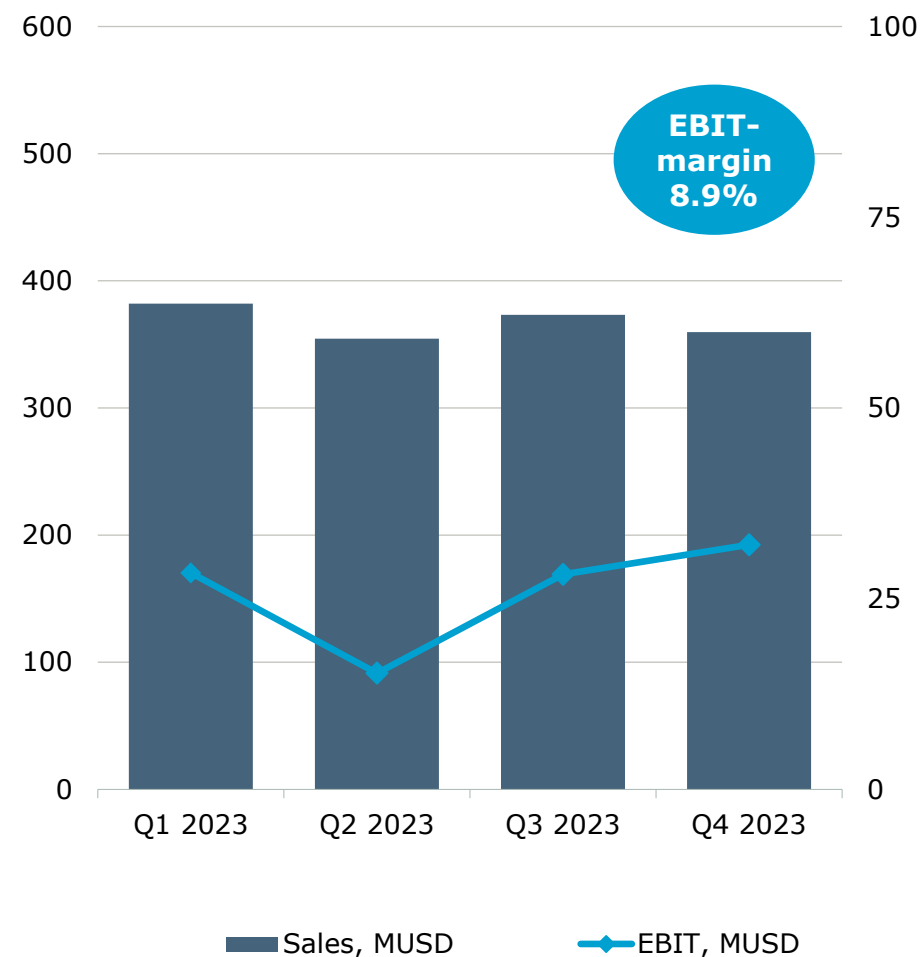
- Price +2% and volume -2%

Margin drivers

- Operating leverage – very strong organic leverage driven by pricing, lower material costs, MFP and short-term cost measures
- Currency – no material effects
- M&A – integration costs and consolidation of HHI, divestments of Emtek/U.S. Smart Residential and other acquisition costs

HHI: Positive margin trend

- HHI financial performance
 - Sales –1% vs Q4 last year
 - EBITDA-margin 14.9% vs 12.4% in Q4 last year
 - Adjusted EBIT-margin at 8.9%, up 130bps versus Q3, excluding closing and integration costs in Q4 of MSEK 180
 - PPA at MUS\$ 60 per annum
- Q4/Q1 seasonally weaker
- Negative effect on EPS in 2023, accretive in 2024
- Signs of stabilization in the North American residential market



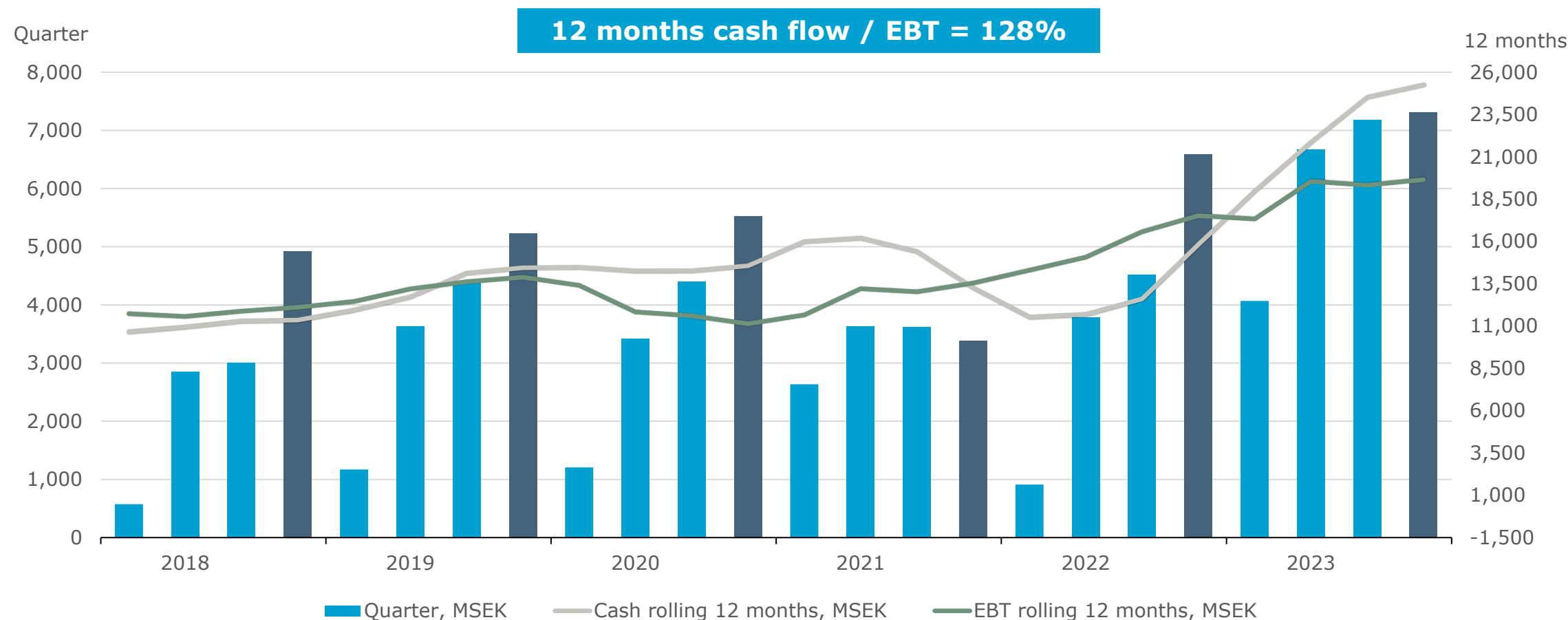
Cost breakdown as % of sales – Q4 2023

%	QTD 2022	QTD 2023 excl. acq/div	Δ	QTD 2023
Direct material	-37.0%	-34.6%	+2.4 pts	-35.5%
Conversion cost	-22.9%	-23.9%	-1.0 pts	-23.9%
Gross margin	40.1%	41.5%	+1.4 pts	40.6%
S, G & A	-24.4%	-24.6%	-0.2 pts	-25.1%
EBIT*	15.7%	16.9%	+1.2 pts	15.5%

*Excluding items affecting comparability.

- Direct material – positive mix effect, 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 almost offset by operating efficiencies

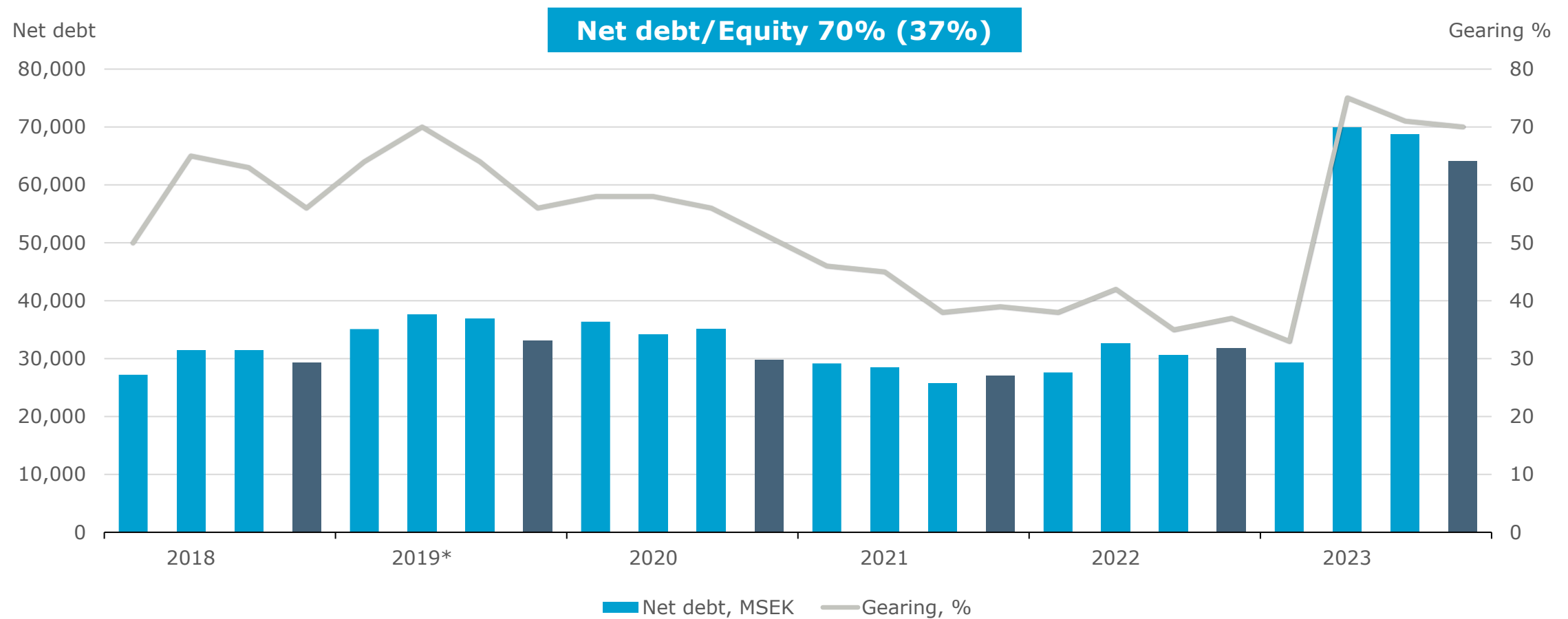
Operating cash flow, MSEK



Excluding items affecting comparability.

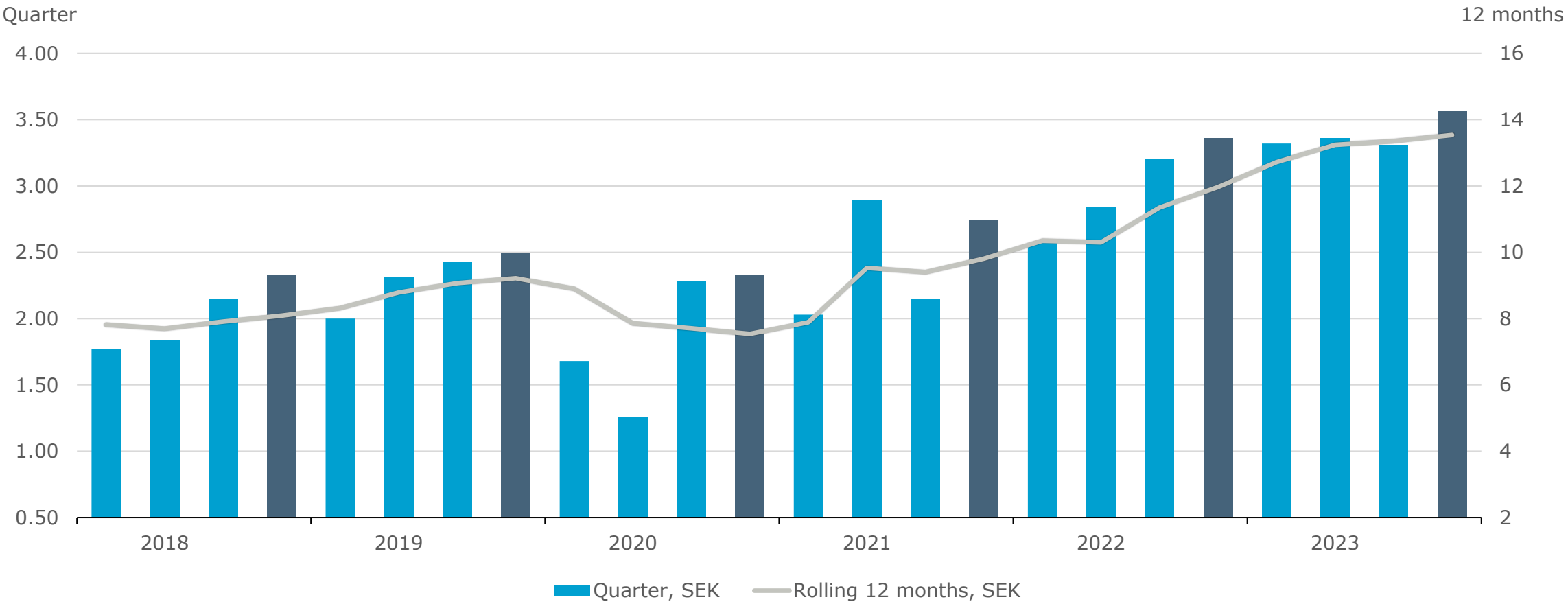
Gearing % and net debt, MSEK

Net debt/EBITDA**
2.3 (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**
 - Positive organic sales
 - Net acquired growth of 11%
- **Strong margin and cash flow**
- **Uncertain economic climate**
 - Take advantage of opportunities
 - Agility and efficiency
- **The Board proposes a dividend of SEK 5.40 (4.80) per share, split between two equal tranches**
- **CMD 14-15 May 2024 in Prague/Rychnov**
 - Register to the CMD [here](#)



Q&A

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.

Appendix



Experience a safer and more open world

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	-37.0%	-34.6%	+2.4 pts	-35.5%	-37.1%	-34.7%	+2.4 pts	-35.5%
Conversion cost	-22.9%	-23.9%	-1.0 pts	-23.9%	-23.2%	-23.6%	-0.4 pts	-23.4%
Gross margin	40.1%	41.5%	+1.4 pts	40.6%	39.7%	41.7%	+2.0 pts	41.1%
S, G & A	-24.4%	-24.6%	-0.2 pts	-25.1%	-24.4%	-24.9%	-0.5 pts	-25.3%
EBIT	15.7%	16.9%	+1.2 pts	15.5%	15.3%	16.8%	+1.5 pts	15.8%

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 466 in 2023 of which MSEK 116 in Q4 2023 and divestment gains of Emtex and Smart Residential business in the US and Canada.

Opening Solutions EMEIA's bridge

MSEK	Q4 2022	Organic	Currency	Acq/Div	Q4 2023
Growth	20%	-2%	2%	2%	2%
Sales	6,231	-153	158	103	6,339
Operating income*	933	-56	20	18	915
Operating margin, %*	15.0%	36.3%	12.5%	17.6%	14.4%
Dilution/accretion		-0.5%	-0.2%	0.1%	

12 months figures

Sales	22,858			24,831
EBIT*	3,335			3,388
Operating cash flow before paid interest	2,785			4,183
Cash flow/EBIT*	83%			123%

*) Excluding MFP restructuring items.

Opening Solutions Americas' bridge

MSEK	Q4 2022	Organic	Currency	Acq/Div	Q4 2023
Growth	35%	5%	-2%	38%	41%
Sales	7,427	290	3	2,788	10,508
Operating income*	1,583	183	5	82	1,854
Operating margin, %*	21.3%	63.1%	182.2%	2.9%	17.6%
Dilution/accretion		1.3%	0.3%	-5.3%	

12 months figures

Sales	28,344			38,009
EBIT*	5,899			7,186
Operating cash flow before paid interest	5,520			8,181
Cash flow/EBIT*	94%			114%

* Excluding items affecting comparability

Opening Solutions Asia Pacific's bridge

MSEK	Q4 2022	Organic	Currency	Acq/Div	Q4 2023
Growth	9%	-1%	0%	-6%	-7%
Sales	2,648	-29	-4	-148	2,468
Operating income*	-125	256	-9	-16	107
Operating margin, %*	-4.7%	-884.8%	231.9%	10.6%	4.3%
Dilution/accretion		10.3%	-0.9%	-0.4%	

12 months figures

Sales	9,824			10,284
EBIT*	119			662
Operating cash flow before paid interest	288			1,213
Cash flow/EBIT*	243%			183%

*) Excluding MFP restructuring items.

Global Technologies' bridge

MSEK	Q4 2022	Organic	Currency	Acq/Div	Q4 2023
Growth	45%	-7%	1%	9%	3%
Sales	5,734	-420	65	506	5,885
Operating income*	982	-93	5	16	910
Operating margin, %*	17.1%	22.1%	7.9%	3.1%	15.5%
Dilution/accretion		-0.4%	0.0%	-1.2%	

12 months figures

Sales	19,344			23,099
EBIT*	3,065			3,996
Operating cash flow before paid interest	2,974			4,145
Cash flow/EBIT*	97%			104%

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

Entrance Systems' bridge

MSEK	Q4 2022	Organic	Currency	Acq/Div	Q4 2023
Growth	26%	3%	2%	1%	6%
Sales	11,535	390	129	133	12,189
Operating income*	1,906	223	7	-10	2,126
Operating margin, %*	16.5%	57.1%	5.8%	-7.5%	17.4%
Dilution/accretion		1.3%	-0.1%	-0.3%	

12 months figures

Sales	42,928			46,665
EBIT*	6,847			7,807
Operating cash flow before paid interest	5,436			10,391
Cash flow/EBIT*	79%			133%

*) Excluding MFP restructuring items.



Thank you
assaabloy.com

Experience a safer and more open world

ASSA ABLOY