

P R E S S R E L E A S E

— from ASSA ABLOY AB (publ) —

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INTERIM REPORT JANUARY – MARCH 2000

- Sales increased by 29% to SEK 2,976 M (2,310)
- The organic sales growth for comparable units amounted to 6%
- Income before taxes increased by 44% to SEK 284 M (197)
- Operating cash flow amounted to SEK 288 M (140)
- Effeff's alarm division with sales of DEM 140 M was sold for DEM 365 M
- Acquisition of Yale Intruder Security (annual sales GBP 520 M) at a price of GBP 825 M
- Rights issue to raise SEK 1.5 billion

SALES AND EARNINGS, JANUARY-MARCH 2000

Sales for the period January-March 2000 amounted to SEK 2,976 M (2,310), an increase of 29% over the corresponding period in 1999. In local currency, the increase amounted to 28% of which the organic growth for comparable units amounted to 6%. Acquired units account for 22% of the volume increase. Changed exchange rates have affected sales by SEK +19 M (47).

The Group's income before tax amounted to SEK 284 M (198), an increase of 44%. Changed exchange rates have only had a marginal effect on the result. All the geographical areas including the recently acquired units contributed to the improvement in income.

Earnings per share after full tax and conversion increased by 21% to SEK 0.58 (0.48). Earnings per share has been affected by an increase in the effective tax rate and full impact of last year's rights issue.

Operating cash flow before tax and acquisitions amounted to SEK 288 M (140). Cash earnings per share after full tax and conversion (CEPS) amounted to SEK 1.17 (0.97).

DEVELOPMENT OF THE SUBSIDIARIES

The Finnish units have begun the year well with a growth of 17%. All product areas are increasing. Electromechanical products, the majority of which are exported, show the strongest growth. Sales to Russia are beginning to increase.

The Scandinavian units are increasing by 8%. Sweden and Norway are showing a good growth rate while Denmark has had a somewhat slower start to the year. Multipoint locking and electromechanical products show particularly good growth.

In Germany, IKON has shown encouragingly good growth during the first quarter. Activities to improve efficiency and to shorten lead times have clearly contributed to strengthening IKON's

market position. Effeff, which produce electric strikes has shown strong growth and the divestiture of the company's alarm division will give management the opportunity to focus on the important global expansion of electromechanical locks. In total, sales for the German operations increased by 9%.

The integration work among the French units proceeds successfully with improving margins. Sales have grown by 3% and the acquisition of Fichet with its high security products, high profitability and good growth provides a strong addition.

The North American units continue to show good growth, 5%. Sales of lock products are increasing significantly, as are Securitron's sales of magnetic locks. The increase in the security door area has been weaker which is the normal pattern for the first quarter. Emttek, a company that as part of its business sells lock products direct to the end user via Internet notes particularly strong growth. Scovill in Mexico is developing strongly and the remaining 51% of the shares will be acquired during the second quarter.

In Australia, Lockwood continues to develop very well. The rationalisation work resulting in shorter lead times, the out-phasing of non-profitable products and lowered costs is proving successful. The company has clearly improved its service level and strengthened its market leadership. Several cross-selling projects are on-going including a new range of high security cylinders from the Group that was successfully launched in April.

The growth in new markets is strong and amounts to 14%. The increase is particularly strong in Eastern Europe with Poland in the lead. Also Asia shows good growth, for example through extensive deliveries of padlocks to India by Abloy. The remaining 50% of the shares in the Asian joint venture with Email have been acquired during the period according to the option agreement.

Sales to the hotel segment increased by 5%. Europe and the marine segment show continued good growth. Asia has begun to recover while USA remains at the same level as last year. VingCard's new Da Vinci series of locks for full service hotels and Elsafe's exclusive new Infinity series of safes have been launched during the first quarter. The newly acquired Timelox notes strong response in the market for its new generation of hotel lock based on smart card technology.

MAIN EVENTS

Divestiture of effeff's alarm division

Effeff's alarm division with sales of DEM 140 M has been sold. The price amounted was DEM 365 M and take over took place on 1 May. The goodwill arising from the acquisition of effeff has been reduced by a considerable amount. The remaining part of the company, also with sales of DEM 140 M and an operating margin exceeding 20%, is consolidated from 1 February.

Acquisition of Mul-T-Lock

The acquisition of Mul-T-Lock has been completed during the first quarter including the divestiture of the company's production of safety doors. The company is expected to achieve sales of USD 40 M and is consolidated as from 1 February.

Acquisition of Trimec

Trimec is Australia's leading manufacturer of electric strikes. The company has sales of AUD 5 M and shows high profitability and growth. The synergies with effect through the co-ordination of product ranges and technical development are considerable, and the acquisition will strengthen ASSA ABLOY's position in Asia in the area of electromechanical locking.

Acquisition of Williams's lock division Yale Intruder Security

ASSA ABLOY has reached an agreement to acquire Williams's lock division, Yale Intruder Security. Yale is a leading global manufacturer of locks with strong positions in England, the Netherlands, Spain, Italy, North America and South Africa. The company also has strategic positions in emerging markets such as China, India and South America. The acquisition provides a number of very strong brand names including Yale, probably the world's best-known lock brand. The Yale Group is also a leading manufacturer of safes through the well-known Chubb brand name.

The acquisition gives ASSA ABLOY access to a number of important markets and creates a clear world leader. There are considerable synergies in cross selling and product development, especially of electromechanical products.. The opportunities for successful growth in new markets and new distributions channels are strengthened, not least in the DIY segment. In total, sales for the division are expected to reach GBP 520 M this year with an operating margin of 13-14%. Profitability has historically been 2-3% higher. Through benchmarking and exploitation of various synergies it should over time be possible to reach that level again.

The acquisition price is GBP 825 million, on a cash and debt free basis and is being paid with GBP 618.75 million cash and 19,765,032 B shares in ASSA ABLOY.

The proposed acquisition will be strongly CEPS accretive immediately, is expected to be EPS neutral in 2001 and contribute thereafter.

The acquisition is conditional on approval by the regulatory authorities and by the shareholders of Williams, which is holding a General meeting on May 4 2000.

NEW RIGHTS ISSUE

The Board of Directors of ASSA ABLOY has decided on a new rights issue. The rights issue is to be approved by today's Annual General Meeting.

The subscription price for each share will be SEK 120. For every 25 old shares held, of Series A and Series B, respectively, the shareholders in the company will be entitled to subscribe to one new share of the same series.

The issue will raise approximately SEK 1.5 billion. The principal owners of ASSA ABLOY - Metra Oyj Abp, Investment AB Latour, SÄKI AB and Melker Schörling (together with associated companies), representing 35% of the shares in the company - will subscribe for the subscription rights they receive.

Financing

In addition to the above mentioned right's issue a new Multi-Currency Revolving Credit Facilities of EUR 1 billion will be arranged. ASSA ABLOY's relationship banks have

announced their intention to participate with the majority part of the facility. This facility will replace the existing facility of USD 500 Million.

OUTLOOK FOR 2000

The development potential for ASSA ABLOY continues to be considerable. The strong position, security driven growth, increased demand in new markets and potential for a continued rationalisation as well as the on-going consolidation of the lock industry create opportunities for a continued good growth and profit development.

Stockholm, May 3, 2000

Carl-Henric Svanberg
President & CEO

Financial information

Financial information from ASSA ABLOY will be published as follows:

Interim report, 2nd quarter: 10 August 2000

Interim report 3rd quarter: 13 November 2000

Year-end report: 7 February 2001

Annual Report 2000: March 2001

This interim report has not been reviewed by the company auditor.

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The ASSA ABLOY Group is the world's leading manufacturer and supplier of locks and associated products, dedicated to satisfying end-user needs for security, safety and convenience. In 1999 the Group reported sales of SEK 10, 277 million and has about 13,000 employees.

FINANCIAL INFORMATION

INCOME STATEMENT

	Jan-March 2000 EUR M ¹⁾	Jan-March 2000 SEK M	Jan-March 1999 SEK M
Sales	351.3	2,975.5	2,309.9
Cost of goods sold	-215.2	-1,822.6	-1,439.9
Gross Income	136.1	1,152.9	870.0
Selling and administrative expenses	-88.6	-750.2	-573.6
Operating income before goodwill amortization	47.5	402.7	296.4
Goodwill amortization	-7.1	-60.1	-37.6
Operating income	40.4	342.6	258.8
Financial items	-7.6	-64.6	-64.6
Share in earnings of associated companies	0.7	5.7	3.5
Income before tax	33.5	283.7	197.7
Tax	-10.7	-90.8	-55.3
Minority interests	-0.9	-7.7	1.4
Net income	21.9	185.2	143.8

SALES PER ORGANIZATIONAL UNIT

		Jan-March 1999	Jan-March 1998	00/99 % ³⁾
Scandinavia	SEK M	476	450	8
Finland	FIM M	173	127	17
Germany	DEM M	56	34	9
France	FRF M	359	294	3
United Kingdom	GBP M	6	5	1
USA	USD M	116	108	5
Hotel locks, VingCard/Timelox	NOK M	241	211	5
Australia	AUD M	34	-	-
New markets	SEK M	126	76	14
Total	SEK M	2,976	2,310	6

³⁾ Organic growth, calculated from comparable units after adjustment for acquisitions and currency effects

OPERATING CASH FLOW

	Jan-March 2000 EUR M ¹⁾	Jan-March 2000 SEK M	Jan-March 1999 SEK M
Cash flow from operating activities	37.2	315.1	1,410.9
Net capital expenditure re. tangible fixed assets	-9.9	-84.0	-390.2
Adjustments for tax paid	6.7	56.8	197.8
Operating cash flow	34.0	287.9	1,218.5

CHANGE IN NET DEBT

Net debt as at January 1 ²⁾	353.9	2,997.7	4,237.3
Cash flow impact on net debt	271.4	2,298.5	-1,803.9
Net debt in acquired subsidiaries	-158.2	-1,340.3	514.9
Translation differences and other	5.8	48.8	49.4
Net debt as at March 31²⁾	472.8	4,004.7	2,997.7

BALANCE SHEET	31 March 2000 EUR M ²⁾	31 March 2000 SEK M	31 Dec 1999 SEK M
Intangible fixed assets	527.3	4,365.8	3,388.1
Tangible fixed assets	399.7	3,309.6	2,955.4
Financial fixed assets	74.5	617.1	854.8
Inventories	212.0	1,755.8	1,564.7
Receivables	251.1	2,079.2	1,796.2
Other non-interest bearing current assets	76.0	629.0	283.0
Interest bearing current assets	53.5	443.0	447.2
Total assets	1,594.1	13,199.5	11,289.4
Shareholders' equity	662.6	5,486.0	5,337.0
Minority interests	54.4	450.8	266.8
Interest bearing provisions	77.2	639.3	606.6
Non interesting bearing provisions	40.1	332.2	333.7
Interest bearing long term liabilities	387.7	3,210.3	2,597.5
Non interest bearing long term liabilities	3.3	27.6	2.8
Interest bearing current liabilities	51.1	422.6	77.9
Non interest bearing current liabilities	317.7	2,630.7	2,067.1
Total shareholders' equity and liabilities	1,594.1	13,199.5	11,289.4

¹⁾ Translated using an average rate during the year of 8.47

²⁾ Translated using a closing rate as at 31 March 2000 of 8.28

CASH FLOW STATEMENT	Jan-March 2000 EUR M ¹⁾	Jan-March 2000 SEK M	Jan-March 1999 SEK M
Cash flow from operating activities	37.2	315.1	153.2
Cash flow from investing activities	-264.7	-2,242.4	-69.5
Cash flow from financing activities	224.9	1,905.1	-107.5
Cash flow	-2.6	-22.2	-23.8

KEY DATA	Jan-March 2000	Jan-March 1999	Jan-Dec 1999
Sales, SEK M	2,976	2,310	10,277
Organic growth, %	6	2	5
Gross margin (EBITDA), %	17.9	17.8	18.1
Operating margin before goodwill amortization (EBITA), %	13.5	12.8	13.5
Operating margin (EBIT), %	11.5	11.2	11.6
Income before tax, SEK M	284	198	981
Profit margin (EBT), %	9.5	8.6	9.5
Operating cash flow, SEK M	288	140	1,218
Operating cash flow / Income before tax	1.01	0.71	1.24
Net capital expenditure, SEK M	84	64	391
Depreciation and amortization, SEK M	191	153	667
Total assets, SEK M	13,199	9,207	11,289
Shareholders' equity, SEK M	5,486	3,011	5,337
Net debt, SEK M	4,005	4,076	2,998
Capital employed, SEK M	9,942	7,106	8,602
Equity ratio, %	45.0	32.9	49.6
Interest coverage ratio, times	6.2	4.3	5.3
Net debt/equity ratio, times	0.73	1.35	0.56
Return on shareholders' equity, %	13.3	18.4	16.1
Return on capital employed before goodwill amortization, %	28.8	26.1	28.5
Return on capital employed, %	14.6	14.7	15.5
Earnings per share after tax and full conversion, SEK	0.58	0.48	2.25
Cash earnings per share after tax and full conversion, SEK	1.17	0.97	4.38
Shareholders' equity per share after full conversion, SEK	17.78	10.99	17.38
Number of shares, thousands	316,685	71,260	314,409
Number of shares after full conversion, thousands	324,200	73,862	324,200
Average number of employees	13,413	11,242	12,654