

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

— from ASSA ABLOY AB (publ) —

August 10, 2000
no. 14/00

INTERIM REPORT JANUARY-JUNE 2000

- Sales increased by 24% to SEK 6,079 M (4,920)
- Income before tax increased by 44% to SEK 610 M (423)
- Earnings per share increased by 21% to SEK 1.25 (1.03)
- Cash flow before tax amounted to SEK 695 M (459)
- Organic growth for comparable units amounted to 5%
- Acquisition of Yale Intruder Security proceeding according to plan
- Divestiture of Chubb safe business to Gunnebo AB, proceeds of GBP 57 M

SALES AND EARNINGS JANUARY-JUNE 2000

Sales for the period January to June 2000 amounted to SEK 6,079 M (4,920), an increase of 24%. In local currency the increase amounted to 23%, of which the organic growth for comparable units amounted to 5%, while acquired units account for 18% of the period's volume growth. Exchange rate effects have affected sales positively by SEK 29 M.

The Group's income before tax increased by 44% to SEK 610 M (423). Translation of the foreign subsidiaries' results has, due to exchange rate changes, affected this figure positively by SEK 2 M. All geographical areas including the newly acquired units have contributed to the improvement in income.

Earnings per share after tax and full conversion increased by 21% to SEK 1.25 (1.03). The increased tax burden and the full impact of last year's rights issue have affected the earnings per share.

Operating cash flow before tax and acquisitions amounted to SEK 695 M (459). Cash earnings per share after tax and full conversion (CEPS) amounted to SEK 2.47 (2.07).

DEVELOPMENT OF THE SUBSIDIARIES

The Finnish units have shown a strong increase during the first six months with an organic growth of 19%. Abloy's exports to Group companies, distributors and direct to professional end users are developing well with particularly good growth in the product groups electromechanics, door closers and industrial locking. The activity level on the domestic market is also high.

The Scandinavian units increased by 5%. Growth for the Swedish units is strong, partly thanks to generally high activity on the market. Norway also shows good growth but has been affected by the six-day-long national strike in May. Denmark is improving after a weaker start to the year and is showing particularly good growth in multi-point locking.

Growth for the German units amounts to 7%. All units are improving, with effeff in the lead. The market is showing a positive development although not as strong as at the beginning of the year. During the period effeff has launched a new electromechanical multi-point lock for higher and more effective security, which is expected to generate good growth. Also during this period, Ikon has launched a new electromechanical cylinder that can be integrated into various access control systems.

The French market weakened somewhat during the second quarter and the growth amounts to 1%. The integration work within the French units continues, not least in Fichet which is developing well and showing particularly good growth in the security doors area. Income for the French units continues to increase despite full implementation of a 35-hour week.

The North American units continue to show stable growth. The fact that the organic growth has weakened somewhat to 4% due mainly to the very strong second quarter last year. Sales of lock products are increasing faster, while growth in the security door area is not as strong for the first six months. Emtek, which sells lock products for the residential market direct to the customer, shows continued strong growth. Securitron, which manufactures door magnets and Scovill in Mexico also show strong growth.

In Australia, Lockwood has developed well during the first six months. Income is increasing faster than expected and growth increased by 6% in spite of an ongoing phase-out of non-profitable products. New products are being launched, including several from various Group companies. The company has clearly regained its market leadership.

New Markets continue to show good growth amounting to 10%. The increase is strong in Asia with an interesting business development in India. In Eastern Europe, Poland shows particularly good growth, while the Czech Republic is somewhat weaker at the moment.

Sales growth in the hotel segment increased by 2%. The trend from the first quarter is persisting with good growth in Europe and in the marine segment. Asia has begun to show signs of growth while the US market is weaker. Elsafe, which manufactures safes for hotel rooms, shows good growth on all markets.

MAIN EVENTS

The acquisition of Yale Intruder Security is proceeding according to plan. An agreement has been reached with Gunnebo AB regarding the sale to them of the safes business. This business has net assets of GBP 44 M, sales of approx. GBP 85 M. The agreed price is GBP 57 M. An additional GBP 5 M is to be paid if the company makes a EBIT of GBP 1.5 M for the entire year. Gunnebo, the European leader within bank and safe business, is expected to have greater opportunities to develop the business. The divestiture will enable ASSA ABLOY to focus its resources on other more attractive opportunities within the lock area. The sale will be completed when the Yale acquisition has been closed and necessary anti-trust approvals granted.

ASSA ABLOY has acquired the remaining 51% of the shares in Scovill and the company is consolidated as from July 1. The Mexican market shows good growth and Scovill has developed strongly during the last year and has sales of close to USD 25 M with high profitability.

FINANCING

The new rights issue in ASSA ABLOY AB had a subscription rate of 99.9% and generated funds of SEK 1,518 M. Through the rights issue the number of shares increased by 12,652,008, divided between 737,511 series A shares and 11,914,497 series B shares.

In addition to the rights issue mentioned above, ASSA ABLOY signed a new syndicated loan facility of EUR 1,200 M on June 27. The facility is a Multi-Currency Revolving Credit and split into two tranches: one 364-day tranche of EUR 420 M, with an option for ASSA ABLOY to extend, and a five-year tranche of EUR 780 M. The facility replaces the USD 500 M facility signed in June 1997.

Repurchased convertible debentures have been divested and the proceeds amount to SEK 524 M and generated a gain amounting to SEK 323 M. This gain has been offset by non-recurring finance costs incurred in connection with the acquisition of Yale Intruder Security. These costs relate to financing of the Group, SEK 125 M, and a premium, SEK 200 M, giving insurance coverage against increasing interest rates during the next three-year period.

OUTLOOK FOR 2000

The development potential for ASSA ABLOY continues to be considerable. The strong position, security-driven growth and potential for continued rationalisation as well as the on-going consolidation of the lock industry create opportunities for continued good volume growth and profit development. The Yale acquisition including the effects of the recent rights issues are expected to be EPS neutral for the remainder of 2000 and next year.

Stockholm, August 10, 2000

Carl-Henric Svanberg
President and CEO

Financial information

Financial information from ASSA ABLOY will be published as follows:

Interim report 3rd quarter:	November 13, 2000
Year-end report:	February 7, 2001
Annual Report 2000:	March 2001

The company auditor has reviewed this interim report.

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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 exceeding SEK 10 billion and had about 13,000 employees.

FINANCIAL INFORMATION

INCOME STATEMENT	Jan-June 2000 EUR M¹⁾	Jan-June 2000 SEK M	Jan-June 1999 SEK M
Sales	722.8	6,079.1	4,920.5
Cost of goods sold	-436.8	-3,673.3	-3,074.4
Gross Income	286.0	2,405.8	1,846.1
Selling and administrative expenses	-185.7	-1561.4	-1215.0
Operating income before goodwill amortization	100.3	844.4	631.1
Goodwill amortization	-15.4	-129.9	-84.5
Operating income	84.8	714.5	546.6
Financial items	-13.5	-113.8	-130.5
Share in earnings of associated companies	1.1	9.4	7.1
Income before tax	72.4	610.1	423.2
Tax	-23.2	-195.3	-118.5
Minority interests	-1.6	-13.5	-2.1
Net income	47.7	401.3	302.6
CASH FLOW STATEMENT	Jan-June 2000 EUR M¹⁾	Jan-June 2000 SEK M	Jan-June 1999 SEK M
Cash flow from operating activities	68.5	576.2	512.2
Cash flow from investing activities	-72.8	-612.4	-725.7
Cash flow from financing activities	20.6	173.2	275.1
Cash flow	16.3	137.0	61.6
BALANCE SHEET	30 June 2000 EUR M²⁾	30 June 2000 SEK M	31 Dec 1999 SEK M
Intangible fixed assets	542.0	4,568.8	3,388.1
Tangible fixed assets	396.9	3,345.7	2,955.4
Financial fixed assets	66.4	559.8	854.8
Inventories	215.6	1,817.5	1,564.7
Receivables	261.3	2,203.1	1,796.2
Other non-interest bearing current assets	48.2	406.0	283.0
Interest bearing current assets	52.5	442.9	447.2
Total assets	1,582.9	13,343.8	11,289.4
Shareholders' equity	836.9	7,055.1	5,337.0
Minority interests	47.0	396.2	266.8
Interest bearing provisions	78.0	657.6	606.6
Non interest bearing provisions	38.9	328.1	333.7
Interest bearing long term liabilities	101.9	858.9	2,597.5
Non interest bearing long term liabilities	0.4	3.5	2.8
Interest bearing current liabilities	132.4	1,116.2	77.9
Non interest bearing current liabilities	347.4	2,928.2	2,067.1
Total shareholders' equity and liabilities	1,582.9	13,343.8	11,289.4

¹⁾ Translated using an average rate during the year of 8.41

²⁾ Translated using a closing rate as at 30 June 2000 of 8.43

SALES PER ORGANIZATIONAL UNIT

		Jan-June 2000	Jan-June 1999	00/99 % ³⁾
Scandinavia	SEK M	945	896	5
Finland	FIM M	376	273	19
Germany	DEM M	121	67	7
France	FRF M	706	593	1
United Kingdom	GBP M	10.7	10.4	2
USA	USD M	235	219	4
Hotel locks, VingCard/Timelox	NOK M	467	440	2
Australia	AUD M	72	33	6
New markets	SEK M	403	166	10
Total	SEK M	6,079	4,920	5

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

OPERATING CASH FLOW

	Jan-June 2000 EUR M ¹⁾	Jan-June 2000 SEK M	Jan-June 1999 SEK M
Cash flow from operating activities	68.5	576.2	1,410.9
Net capital expenditure re.tangible fixed assets	-16.9	-142.3	-390.2
Adjustments for tax paid	31.0	261.0	197.8
Operating cash flow	82.6	694.9	1,218.5

CHANGE IN NET DEBT

Net debt as at January 1 ²⁾	356.4	2,997.7	4,237.3
Cash flow impact on net debt	-147.1	-1,236.9	-1,803.9
Net debt in acquired subsidiaries	48.9	411.3	514.9
Translation differences and other	7.7	64.4	49.4
Net debt as at June 30 ²⁾	265.9	2,236.5	2,997.7

KEY DATA	Jan-June 2000	Jan-June 1999	Jan-Dec 1999
Sales, SEK M	6,079	4,920	10,277
Organic growth, %	5	4	5
Gross margin (EBITDA), %	18.2	17.6	18.1
Operating margin before goodwill amortization (EBITA), %	13.9	12.8	13.5
Operating margin (EBIT), %	11.8	11.1	11.6
Income before tax, SEK M	610	423	981
Profit margin (EBT), %	10.0	8.6	9.5
Operating cash flow, SEK M	695	459	1,218
Operating cash flow / Income before tax	1.14	1.09	1.24
Net capital expenditure, SEK M	142	148	391
Depreciation and amortization, SEK M	394	317	667
Total assets, SEK M	13,344	11,019	11,289
Shareholders' equity, SEK M	7,055	4,965	5,337
Net debt, SEK M	2,236	3,255	2,998
Capital employed, SEK M	9,688	8,627	8,602
Equity ratio, %	55.8	47.3	49.6
Interest coverage ratio, times	6.1	4.1	5.3
Net debt/equity ratio, times	0.32	0.66	0.56
Return on shareholders' equity, %	13.9	15.8	16.1
Return on capital employed before goodwill amortization, %	32.4	25.5	28.5
Return on capital employed, %	16.0	14.2	15.5
Earnings per share after tax and full conversion, SEK*	1.25	1.03	2.22
Cash earnings per share after tax and full conversion, SEK*	2.47	2.07	4.32
Shareholders' equity per share after full conversion, SEK*	21.69	16.04	17.15
Number of shares, thousands	332,600	314,335	314,409
Number of shares after full conversion, thousands	336,900	324,200	324,200
Average number of employees	13,797	12,280	12,654
*Comparative figures are adjusted for the rights issue, with the adjustment factor 0.987			