

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

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YEAR-END REPORT 2000

- Sales increased by 40% to SEK 14,394 M (10,277)
- Income before tax increased by 43% to SEK 1,402 M (981)
- Earnings per share increased by 23% to SEK 2.73 (2.22)
- Operating cash flow amounted to SEK 1,756 M (1,218)
- Cash earnings per share (CEPS) increased by 34% to SEK 5.81 (4.32)
- Acquisition of Phillips, leading Mexican lock manufacturer
- Acquisition of remaining 40% of shares in Yale-Guli, China

SALES AND INCOME JANUARY-DECEMBER, 2000

Sales during the period January-December 2000 amounted to SEK 14,394 M (10,277), an increase of 40%. The increase amounts to 37% in local currencies. The organic growth for comparable units amounted to 5% (5%), while acquisitions account for 32% of sales growth during the year. Exchange rate effects have affected sales positively by SEK 327 M.

The Group's income before tax increased by 43% to SEK 1,402 M (981). Exchange rate changes have had a positive effect of SEK 21 M when translating the subsidiaries' income to SEK. Earnings per share after tax and full conversion increased by 23% to SEK 2.73 (2.22). An 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 1,756 M (1,218). Cash earnings per share after tax and full conversion (CEPS) increased by 34% to SEK 5.81 (4.32).

DEVELOPMENT OF THE SUBSIDIARIES

The Scandinavian units have shown generally good growth during the year, with organic growth of 6%. Development in Sweden has been strong while sales in Norway have been somewhat weaker. The move of the door hardware production to Romania is proceeding according to plan and will be completed by the end of the year. Sales are

affected by the phase-out of some non-core products related to this business. Growth in Denmark has picked up during the year after a slow start.

The Finnish units completed a successful year for all areas, with increased sales of 14%. Door closers and electromechanical products enjoyed the strongest growth, partly as a result of successful cross-sales activities. After several years of strong growth Abloy is undertaking a program of re-engineering, including investments in increased capacity. This should be completed by mid year.

The German units have shown stable development through the year with organic growth of 7%. The integration of effeff has clearly strengthened the Group's market position and a coordinated sales force has been established in Germany. effeff's international sales subsidiaries will be transferred to the respective country organizations.

Organic growth for the French units reached 3% after strong sales in the last quarter. Fichet is a valuable addition to the Group, contributing good growth in the areas of high-security cylinders and doors. Sales development is strong overall in the high-security segments but is offset by the phase-out of unprofitable low-end products. Margins are continuing to increase as a result of continuing successful restructuring.

The North American units showed an increase of 5% throughout the year and the outlook remains stable. Emtek, which manufactures locks and hardware for the residential segment with particular focus on security and design, recorded strong growth. Margins continue to increase throughout the North American group with particularly good improvements at Sargent, which manufactures locks for the non-residential market, and Curries, the security door company. Scovill continues to develop well in a growing Mexican market.

In Australia a clear downturn in the economy can be noted after the Olympic Games. However, the work of integration is proceeding successfully ahead of plan and margins will continue to increase. Market leadership has quickly been regained through a combination of improved delivery and new product introductions, several from cross-sales projects. A phase-out of non-core products is affecting sales negatively.

Growth in New Markets continues to be strong and amounts to 13%. Spain has had a particularly strong year. Asia and eastern Europe are developing well while the political problems troubling Israel's home market have offset Mul-T-Lock's strong export growth.

Sales in the hotel segment have shown good growth in Europe and the marine segment while the USA and Asia have continued stable. VingCard's margins have increased steadily during the year as a result of a project to improve workflow and increase production efficiency. Timelox continues to gain market share in the high-end segment. The hotel safe manufacturer Elsafe has shown strong development throughout the year.

IMPORTANT EVENTS

The integration of Yale Intruder Security

The organizations of ASSA ABLOY and Yale have been merged and the Sector level at Yale has been eliminated.

Clas Thelin	Group Vice President and responsible for ASSA ABLOY in North America has assumed responsibility for the new merged organization.
Geoff Norcott	Born in Birmingham, Group Vice President and successful Country Manager in Australia, will move to Britain and become Country Manager for the UK. He will also retain responsibility for Australia.
Bo Dankis	Group Vice President and Country Manager for France, has assumed the responsibility also for Italy and Spain.
Eero Leskinen	Group Vice President and Country Manager for Germany, has assumed the responsibility also for the Netherlands.
Åke Sund	Group Vice President, Market Development and Emerging Markets, has assumed the responsibility for South Africa and Brazil.
C.K Jeang	Former Yale Asian Sector Manager, has assumed the responsibility for the merged Asian organization.

Insufficient focus on Research and Development over several years has weakened the Yale companies market leading positions and shifted the focus towards low-end segments. The need for new products is obvious and many are to be found within the ASSA ABLOY Group. Strategies and priorities have now been agreed with local management teams. The need to focus on the trend towards higher security is now clear and forms a common denominator in all discussions.

The benchmarking and cross-learning processes are now proceeding at full speed at a multitude of meetings. The use of the Volvo Ocean Race as a tool to drive the implementation of our common strategic objectives, priorities and ways of working has started well.

The process of change requires patience and time. It has many similarities with the one recently completed, with very good results, in Australia. In the process unprofitable products, and products outside the core business, will be terminated, which will slow growth but improve the margin over time.

Discussions during the autumn with the Chinese government, our joint venture partner in Yale-Guli, has led to the acquisition of their 40% minority stake. The price for the shares is USD 23 M, equal to the company's equity. The full ownership is expected to improve the management's focus on business-related issues. Clear goals and responsibilities can be set and efficient benchmarking carried out.

The remaining adjustments needed for approval of the acquisition of Tesa are in hand. The acquisition is expected to be completed this summer.

In accordance with the acquisition agreement regarding Yale Intruder Security, the final purchase price has now been set at GBP 765 M, which is GBP 60 M less than originally announced. A corresponding adjustment has been agreed with Gunnebo AB regarding the

divestiture of the safes business, whereby the previously announced purchase price has been reduced by GBP 8 M.

The overall perspective regarding the acquisition of Yale Intruder Security is in line with our long-term expectations.

Acquisition of Phillips, Mexico

Phillips is a leading lock manufacturer with a full range of lock products primarily for the Mexican lock market. The company was founded in 1959 and has approximately 2,500 employees. Phillips has shown good growth and high profitability over a number of years. The company also has exports to other Latin American countries.

ASSA ABLOY first established itself in Mexico in 1998 through the acquisition of Scovill. Mexico has a population of around 100 million. The country is experiencing strong economic growth. The rate of new construction is high and the demand for security rising. Both Phillips and Scovill are well positioned to capitalize on this opportunity. The product portfolios of the two companies are highly complementary with almost no overlap. There are also obvious synergies in production and R&D from which both will benefit.

Phillips had sales of approximately SEK 600 M in 2000 with a high EBIT margin. The goodwill will amount to approximately SEK 140 M and will be amortized over 20 years. The acquisition will be EPS neutral during 2001 and positive from 2002.

The acquisition of Phillips is subject to approval by Mexican Antitrust Authorities. The acquisition is expected to be finalized during the second quarter of 2001.

Other acquisitions during the year

A number of significant acquisitions have been completed during 2000:

- effeff, the world leader in electric strikes, was consolidated from February. Excluding its alarm business, which was sold in the spring, the company achieved sales of DEM 150 M. effeff is contributing to creating a world-leading position for the Group in the area of electromechanical lock products.
- Mul-T-Lock, Israel's leading lock manufacturer and one of the worlds best known cylinder specialists, has sales of USD 40 M. The company has grown strongly in export markets over many years, especially in the USA, the UK and France.
- Trimec, an Australian producer of electric strikes, has sales of AUD 7 M.
- Scovill in Mexico: the Group exercised its option to acquire the remaining 51% of shares.
- HID, the world leader in identification by means of proximity cards and readers, has expected sales this year of USD 110 M and has shown strong profitable growth since it was formed in 1994. The company provides strategic knowledge for future development of intelligent locks.

EMPLOYEES

The number of employees at year end totalled more than 20,000 as a consequence of the various acquisitions.

DIVIDEND AND ANNUAL GENERAL MEETING

The Board proposes a dividend of SEK 0.90 (0.74) per share for the financial year 2000. The Annual General Meeting will be held on May 4 2001.

OUTLOOK

ASSA ABLOY is well prepared for the challenges ahead. The Group is in the process of taking advantage of its superior R&D capacity and global distribution network in a world with an increasing need for security. There are opportunities to improve margins in both old and recently acquired companies. In addition, the restructuring of the lock business will continue, creating opportunities for further acquisitions. We therefore look forward to continuing good development in both volume and profit in the years to come.

Sales for 2001 excluding TESA and Phillips are estimated to total approximately SEK 20 billion.

Stockholm, February 7 2001

Carl-Henric Svanberg
President and CEO

Quarterly interim reports from ASSA ABLOY AB will be published on May 4, August 10 and November 6, 2000 and the year-end report on February 7, 2002.

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Information concerning Investors' Meeting, Web and Telephone Conference can
be found at ASSA ABLOY's web site: **www.assaabloy.com**

*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.*

FINANCIAL INFORMATION

INCOME STATEMENT	Jan-Dec 2000 EUR M ¹⁾	Jan-Dec 2000 SEK M	Jan-Dec 1999 SEK M
Sales	1,695.4	14,394.1	10,277.2
Cost of goods sold	-1,009.1	-8,567.6	-6,282.5
Gross income	686.3	5,826.5	3,994.7
Selling and administrative expenses	-438.1	-3,719.3	-2,612.3
Operating income before goodwill amortization	248.2	2,107.2	1,382.4
Goodwill amortization	-45.6	-387.0	-189.0
Operating income	202.6	1,720.2	1,193.4
Financial items	-38.9	-330.6	-230.1
Share in earnings of associated companies	1.5	12.4	17.3
Income before tax	165.2	1,402.0	980.6
Tax	-53.4	-453.1	-279.6
Minority interests	-4.0	-33.8	-14.1
Net income	107.8	915.1	686.9

CASH FLOW STATEMENT	Jan-Dec 2000 EUR M ¹⁾	Jan-Dec 2000 SEK M	Jan-Dec 1999 SEK M
Cash flow from operating activities	211.9	1,799.4	1,410.9
Cash flow from investing activities	-611.2	-5,189.2	-1,414.0
Cash flow from financing activities	542.8	4,608.7	93.4
Cash flow	143.6	1,218.9	90.3

BALANCE SHEET	31 Dec 2000 EUR M ²⁾	31 Dec 2000 SEK M	31 Dec 1999 SEK M
Intangible fixed assets	1,382.1	12,259.0	3,388.1
Tangible fixed assets	542.4	4,811.0	2,955.4
Financial fixed assets	59.9	531.3	854.8
Inventories	316.6	2,808.4	1,564.7
Receivables	369.4	3,276.3	1,796.2
Other non-interest bearing current assets	74.3	659.1	283.0
Interest bearing current assets	197.5	1,752.1	447.2
Total assets	2,942.2	26,097.2	11,289.4
Shareholders' equity	1,209.4	10,727.3	5,337.0
Minority interests	63.1	559.8	266.8
Interest bearing provisions	109.2	969.0	606.6
Non interesting bearing provisions	31.7	281.3	333.7
Interest bearing long term liabilities	897.7	7,962.2	2,597.5
Non interest bearing long term liabilities	0.3	3.0	2.8
Interest bearing current liabilities	157.7	1,398.4	77.9
Non interest bearing current liabilities	473.1	4,196.2	2,067.1
Total shareholders' equity and liabilities	2,942.2	26,097.2	11,289.4

¹⁾ Translated using an average rate during the year of 8.49

²⁾ Translated using a closing rate as at 31 December 2000 of 8.87

SALES PER ORGANIZATIONAL UNIT		Jan-Dec 2000	Jan-Dec 1999	00/99 % ³⁾
Scandinavia	SEK M	1,889	1,777	6
Finland	FIM M	743	605	14
Germany & Netherlands	DEM M	268	138	7
France & Belgium	FRF M	1,377	1 170	3
United Kingdom	GBP M	48	20	5
North America	USD M	581	449	5
Hotel locks, VingCard/Timelox	NOK M	1 005	911	4
Australia & New Zealand	AUD M	142	111	0
Italy & Spain	MEUR	47	5	13
New Markets	SEK M	981	354	13
Total	SEK M	14,394	10,277	5

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

OPERATING CASH FLOW	Jan-Dec 2000 EUR M ¹⁾	Jan-Dec 2000 SEK M	Jan-Dec 1999 SEK M
Cash flow from operating activities	211.9	1,799.4	1,410.9
Net capital expenditure retangible fixed assets	-58.5	-496.9	-390.2
Adjustments for tax paid	53.4	453.2	197.8
Operating cash flow	206.8	1,755.7	1,218.5

CHANGE IN NET DEBT

Net debt as at January 1 ²⁾	353.1	2,997.7	4,237.3
Cash flow impact on net debt	249.3	2,116.3	-1,803.9
Net debt in acquired subsidiaries	134.6	1,142.8	514.9
Translation differences and other	-3.0	-25.7	49.4
Net debt as at December 31 ²⁾	1,008.2	8,559.9	2,997.7

KEY DATA	Jan-Dec 2000	Jan-Dec 1999
Sales, SEK M	14,394	10,277
Organic growth, %	5	5
Gross margin (EBITDA), %	18.8	18.1
Operating margin before goodwill amortization (EBITA), %	14.6	13.5
Operating margin (EBIT), %	12.0	11.6
Income before tax, SEK M	1,402	981
Profit margin (EBT), %	9.7	9.5
Operating cash flow, SEK M	1,756	1,218
Operating cash flow / Income before tax	1.25	1.24
Net capital expenditure, SEK M	497	391
Depreciation and amortization, SEK M	985	667
Total assets, SEK M	26,097	11,289
Shareholders' equity, SEK M	10,727	5,337
Net debt, SEK M	8,560	2,998
Capital employed, SEK M	19,847	8,602
Capital employed excl goodwill, SEK M	7,769	5,356
Equity ratio, %	43.3	49.6
Interest coverage ratio, times	5.5	5.3
Net debt/equity ratio, times	0.80	0.56
Return on shareholders' equity, %	13.1	16.1
Return on capital employed before goodwill amortization, %	33.8	28.5
Return on capital employed, %	13.6	15.5
Earnings per share after tax and full conversion, SEK*	2.73	2.22
Cash earnings per share after tax and full conversion, SEK*	5.81	4.32
Shareholders' equity per share after full conversion, SEK*	30.77	17.16
Number of shares, thousands	352,453	314,409
Number of shares after full conversion, thousands	356,712	324,200
Average number of employees	16,881	12,654

*Comparative figures are adjusted for the rights issue, with the adjustment factor 0.987