

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

from ASSA ABLOY AB (publ)

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INTERIM REPORT JANUARY - JUNE 2001

- Sales increased by 74% to SEK 10,587 M (6,079)
- Organic growth for comparable units was 4%
- Income before tax increased by 25% to SEK 765 M (610)
- Earnings per share (EPS) increased by 13% to SEK 1.41 (1.25)
- Earnings per share, excluding goodwill, increased by 55% to SEK 2.56 (1.65)
- Operating cash flow amounted to SEK 825 M (695)
- Acquisition of MAB in Italy and Viro in South Africa

SALES AND EARNINGS JANUARY - JUNE, 2001

Sales for the period January to June 2001 amounted to SEK 10,587 M (6,079), an increase of 74%. In local currencies the growth in sales volume amounted to 65%, of which organic growth for comparable units contributed 4% while acquired units accounted for 61%. Exchange-rate effects affected sales positively by SEK 577 M (29).

The Group's income before tax increased by 25% to SEK 765 M (610). Translation of the foreign subsidiaries' results affected this figure positively by SEK 29 M due to exchange-rate variations.

Earnings per share after tax and full conversion increased by 13% to SEK 1.41 (1.25). The tax burden increased due to the higher level of non-deductible goodwill, and a higher proportion of earnings in countries with high tax rates. Earnings per share, excluding goodwill, increased by 55% to SEK 2.56 (1.65).

Operating cash flow before tax and acquisitions amounted to SEK 825 M (695).

OVERALL DEVELOPMENT

The US market, where ASSA ABLOY is particularly strong in the institutional segment, remains stable with good sales growth in line with the first quarter. The European markets were somewhat weaker during the second quarter. Many distributors and retailers are cautious and are consequently adjusting inventories. New Markets continue to develop strongly.

The growing market for electronic access control has temporarily softened, affected by the dramatic slowdown of the Technology and Internet business sectors. Sales of electromechanical locking products for access control systems have been affected correspondingly.

The integration of the Yale companies is running well. Culturally, the merger has gone faster than expected, and goals and strategies are well accepted. The operational improvement process is proceeding step by step. Profits are expected to increase over the coming years in line with previous forecasts. The clean-out of non-core and loss-making products, being part of this process, will affect sales growth.

The results for the second quarter have been affected by:

- lower sales than expected in the Nordic markets. Costs are being adjusted and profits will be back on track during the second half of the year.
- the temporary slowdown in the electronic access control market, affecting sales of electromechanical locking products.
- the turnaround of Yale's two loss-making units, which will start to take effect during the fall.

DEVELOPMENT OF THE SUBSIDIARIES

Abloy in Finland increased by 1% during the first six months. The development in the second quarter was affected by a cautious market and inventory adjustments in distribution. The electromechanical area shows less growth than normal while other exports remain strong.

Scandinavia increased by 2%. Sweden shows good development. The Norwegian and Danish markets are softer and costs are being adjusted. The integration of Sloth & Co in Denmark is continuing according to plan with a merger of inventories. A joint sales force is being established, focusing on architects and specifiers.

Central Europe increased by 4%, which is rather encouraging considering the market conditions. The integration of Lips in the Netherlands is running according to plan. Efficiency is improving and margins will increase step by step. The acquisition of Keso in Switzerland will further strengthen the Group and gives access to a leading flat key concept that has been lacking.

South Europe grew by 5%. Italy is improving profits faster than expected. The acquisition of MAB, the Italian leader in floor-spring door closers, adds an important product and strengthens the total package. The businesses in Spain and Belgium continue to show the strongest growth. In France, JPM, ASSA ABLOY's European center of excellence in the area of panic devices, has completed the development of a new European range and has doubled intra-Group sales in this area. Fichet, the high-security specialist, notes particularly strong growth and profit development.

The Group's old units in Great Britain showed good growth of 8%. The integration of the Yale units is running according to plan. The repositioning of the brands has been launched and introduction of new products has commenced. The lean production process is being well received by the employees. The Stirchley plant is being closed and production will be moved to Yale's main production site. This process will result in a loss of some 50 jobs.

The old units in North America showed growth of 5%. The integration of Yale is running well and several of the companies are ahead of plan in the restructuring process. The turnaround of the loss-making company Folger Adam is continuing as planned. The UDP joint venture is in place and the work of realizing synergies has started. The Canadian operations show substantial development in a strengthening market, while the Mexican market is still weak, which is affecting sales.

The Australian market is very soft, but Lockwood's successful cross-selling projects are compensating and sales are on a level with last year. The market shows signs of recovery and a stronger fall is expected.

Growth in New Markets remains good and amounted to 20%. Mul-T-Lock in Israel continues its strong development. Yale South Africa also continues to show good development. The acquisition of Viro will clearly strengthen the position in Africa and brings considerable synergies. The merged Asian organization is in place. Guli is gradually strengthening its product program and position in China.

Sales in the hotel segment increased by 5%. Europe and the marine segment show strong growth. Asia has also started to grow, while the USA remains flat. Elsafe, which manufactures hotel-room safes, continues to develop very positively.

HID shows profit development well in line with plan. It has achieved good growth in overseas markets, although the slower access-control market has affected sales during the second quarter.

SIGNIFICANT EVENTS

Acquisition of MAB

MAB is the Italian market leader in floor-spring door closers. The company is expected to reach sales of EUR 18 M this year and operates with high profitability. The acquisition adds an important product line to ASSA ABLOY's product portfolio, especially in Southern Europe, and cross-sales opportunities are considerable throughout the Group.

Acquisition of Viro

Viro Locks is one of the leading lock companies in South Africa with sales of SEK 130 M. Viro, a family-owned company for many generations, ran into financial difficulties a couple of years ago. A restructuring program has been carried through and the company has started to show positive results.

ASSA ABLOY's existing business, Yale South Africa, has a turnover of SEK 150 M and is developing well with good growth and increasing profits. There are considerable synergies in merging the two companies. Viro also adds leading products such as padlocks, camlocks and cylinders.

OTHER INFORMATION

A joint venture with UDP, which includes ASSA ABLOY's security door division and has projected sales of USD 350 M, was completed on June 1. UDP is a leading manufacturer of security doors with sales of USD 180 M. ASSA ABLOY has management responsibility, an 80% shareholding and an option to acquire the outstanding shares after two years.

The acquisition of an additional 30% of KESO was completed on June 1. KESO is a leading Swiss cylinder manufacturer with sales of CHF 50 M. ASSA ABLOY has an option to acquire the outstanding 35% at the end of 2003.

Since 1999, ASSA ABLOY has regularly reported about a litigation between VingCard and a Texas R & D company concerning a terminated sub supply contract. Yesterday, the Texas Court

of Appeal ruled against VingCard and confirmed an obligation for VingCard to pay damages amounting to USD 12.5 M plus interest.

Advised by its US lawyers, VingCard will file an appeal against the above judgement to the Texas Supreme Court. As a result of the negative decision by the Texas Court of Appeal, ASSA ABLOY will however provide for the potential cost as a non-recurring item in the financial statements for 2001.

In connection with the acquisition of Mul-T-Lock in Israel, ASSA ABLOY agreed to sell some non-core activities to the former principal owner of Mul-T-Lock for USD 45 M. This former owner has now initiated legal proceedings claiming that Mul-T-Lock should be forced to retain this non-core business. ASSA ABLOY and its advisers cannot see any legal basis for such a claim, which is consequently rejected.

ACCOUNTING PRINCIPLES

The new Standard RR 9 'Income Taxes' issued by the Swedish Financial Accounting Standards Council has been adopted from January 1 2001, which represents a change in accounting principles. All other accounting principles remain unchanged.

OUTLOOK

The development potential for ASSA ABLOY is substantial. Continued good volume and result development is expected during the second half of 2001 and years to come.

Stockholm, August 10, 2001

Carl-Henric Svanberg
President and CEO

Review Report

I have carried out a review of this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants (FAR). A review is significantly limited in comparison with an audit. Nothing has come to my attention which would cause me to believe that the interim report does not meet the requirements of the Swedish Securities Exchange and Annual Accounts Acts.

Stockholm, August 10, 2001

Anders Lundin
Authorised Public Accountant
PricewaterhouseCoopers AB

Financial information

Interim Report (January 1 - September 30):
Year-end Report for 2001:
Annual Report for 2001:

November 6, 2001
February 7, 2002
March 2002

For further information, please contact
Carl-Henric Svanberg, President & CEO, tel: +46-8-506 485 52 or +46-70-510 0551,
or Göran Jansson, CFO, tel. +46-8-506 485 72 or +46-70-698 85 72

ASSA ABLOY AB (publ)
P.O. Box 70340, SE-107 23 Stockholm
Tel: +46-8-506 485 00, Fax: +46-8-506 485 85
Visiting address: Klarabergsviadukten 90

Information concerning Investors' Meeting, Web and Telephone Conference later today can be found at ASSA ABLOY's website: www.assaabloy.com
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*The ASSA ABLOY Group is the world's leading manufacturer and supplier of locking solutions,
dedicated to satisfying end-user needs for security, safety and convenience. Current sales for the Group are in excess of
SEK 20 billion (approximately USD 2 billion) and the number of employees is more than 20,000.*

FINANCIAL INFORMATION

INCOME STATEMENT

	Jan-June 2001 EUR M ¹⁾	Jan-June 2001 SEK M	Jan-June 2000 SEK M	April- June 2001 SEK M	April- June 2000 SEK M
Sales	1,171.2	10,587.2	6,079.1	5,483.1	3,103.6
Cost of goods sold	-717.2	-6,483.7	-3,673.3	-3,367.4	-1,850.7
Gross Income	454.0	4,103.5	2,405.8	2,115.7	1,252.9
Selling and administrative expenses	-286.7	-2,592.1	-1,561.4	-1,348.2	-811.2
Operating income before goodwill amortization	167.3	1,511.4	844.4	767.5	441.7
Goodwill amortization	-45.4	-410.6	-129.9	-208.3	-69.8
Operating income	121.9	1,100.8	714.5	559.2	371.9
Financial items	-37.5	-339.0	-113.8	-177.4	-49.2
Share in earnings of associated companies	0.4	3.2	9.4	3.4	3.7
Income before tax	84.8	765.0	610.1	385.2	326.4
Tax	-29.6	-267.7	-195.3	-134.8	-104.5
Minority interests	0.0	-0.2	-13.5	-0.7	-5.8
Net income	55.2	497.1	401.3	249.7	216.1
Earnings per share after tax and before conversion, SEK*		1.41	1.27	0.71	0.68
Earnings per share after tax and full conversion, SEK		1.41	1.25	0.71	0.68
Earnings per share after tax and full conversion excluding goodwill, SEK		2.56	1.65	1.29	0.90

CASH FLOW STATEMENT

	Jan-June 2001 EUR M ¹⁾	Jan-June 2001 SEK M	Jan-June 2000 SEK M
Cash flow from operating activities	99.2	896.4	576.2
Cash flow from investing activities	-439.9	-3,976.6	-612.4
Cash flow from financing activities	264.0	2,386.8	173.2
Cash flow	-76.7	-693.4	137.0

BALANCE SHEET	30 June 2001 EUR M²⁾	30 June 2001 SEK M	31 Dec 2000 SEK M
Intangible fixed assets	1,749.0	16,055.4	12,259.0
Tangible fixed assets	616.6	5,660.3	4,811.0
Financial fixed assets	57.3	525.8	441.3
Inventories	383.6	3,521.0	2,808.4
Receivables	461.9	4,240.2	3,276.3
Other non-interest-bearing current assets	81.3	746.6	659.1
Interest bearing current assets	165.7	1,522.0	1,752.1
Total assets	3,515.4	32,271.3	26,007.2
Shareholders' equity	1,254.5	11,516.0	10,637.3
Minority interests	47.5	436.4	559.8
Interest-bearing provisions	116.1	1,065.5	969.0
Non-interest-bearing provisions	34.1	313.0	281.3
Interest-bearing long term liabilities	819.7	7,524.4	7,962.2
Non-interest-bearing long term liabilities	2.2	20.5	3.0
Interest-bearing current liabilities	760.3	6,979.3	1,398.4
Non-interest-bearing current liabilities	481.0	4,416.2	4,196.2
Total shareholders' equity and liabilities	3,515.4	32,271.3	26,007.2

CHANGE IN SHAREHOLDER'S EQUITY

Opening balance at the beginning of the year	1,158.7	10,637.3	5,337.0
Effect from change of accounting principle	-	-	-90.0
Converted shares	6.1	55.6	48.6
New share issue	-	-	4,376.0
Dividend	-34.6	-317.8	-237.5
Exchange difference for the year	70.1	643.8	288.1
Net Income	54.2	497.1	915.1
Closing balance as at end of period	1,254.5	11,516.0	10,637.3

SALES BY ORGANIZATIONAL UNIT		Jan-June 2001	Jan-June 2000	01/00 % ³⁾
Scandinavia	SEK M	990	945	2
Finland	EUR M	63	63	1
Central Europe ⁴⁾	EUR M	71	62	4
South Europe ⁵⁾	EUR M	156	124	5
United Kingdom	GBP M	54	11	8
North America	USD M	427	235	5
Hotel locks	NOK M	501	467	5
Australia & New Zealand	AUD M	71	72	-1
HID	USD M	50	-	-
New markets ⁶⁾	SEK M	853	267	20
Total	SEK M	10,587	6,079	4

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

⁴⁾ Germany, Netherlands & Switzerland

⁵⁾ France, Belgium, Italy & Spain

⁶⁾ Africa, Asia, Israel, South America & Eastern Europe

OPERATING CASH FLOW	Jan-June 2001 EUR M ¹⁾	Jan-June 2001 SEK M	Jan-Dec 2000 SEK M
Cash flow from operating activities	99.2	896.4	1,799.4
Net capital expenditure re.tangible fixed assets	-32.2	-290.7	-496.9
Adjustments for tax paid	24.2	219.2	453.2
Operating cash flow	91.2	824.9	1,755.7

CHANGE IN NET DEBT

Net debt as at the beginning of the year ²⁾	946.9	8,560.0	2,997.7
Cash flow impact on net debt	375.9	3,398.0	2,116.3
Adjustment acquired liquid assets	2.5	22.9	2,328.8
Net debt in acquired subsidiaries	7.8	70.2	1,142.8
Translation differences and other	218.5	1,975.3	-25.7
Net debt at end of period ²⁾	1,551.6	14,026.4	8,559.9

KEY DATA**	Jan-June 2001	Jan-June 2000	Jan-Dec 2000
Sales, SEK M	10,587	6,079	14,394
Organic growth, %	4	5	5
Gross margin (EBITDA), %	18.1	18.2	18.8
Operating margin before goodwill amortization (EBITA), %	14.3	13.9	14.6
Operating margin (EBIT), %	10.4	11.8	12.0
Income before tax, SEK M	765	610	1,402
Profit margin (EBT), %	7.2	10.0	9.7
Operating cash flow, SEK M	825	695	1,756
Operating cash flow / Income before tax	1.08	1.14	1.25
Net capital expenditure, SEK M	291	142	497
Depreciation and amortization, SEK M	812	394	985
Total assets, SEK M	32,271	13,254	26,007
Shareholders' equity, SEK M	11,516	6,965	10,637
Net debt, SEK M	14,026	2,236	8,560
Capital employed, SEK M	25,979	9,598	19,757
Capital employed excl goodwill, SEK M	10,125	5,179	7,679
Equity ratio, %	37.0	55.5	43.1
Interest coverage ratio, times	3.2	6.1	5.5
Net debt/equity ratio, times	1.22	0.32	0.80
Return on shareholders' equity, %	8.8	14.1	13.3
Return on capital employed before goodwill amortization, %	34.1	33.0	34.3
Return on capital employed, %	9.7	16.1	13.7
Earnings per share after tax and full conversion, SEK	1.41	1.25	2.73
Interest on convertible debentures net after tax, SEK M	4.4	4.1	8.5
Cash earnings per share after tax and full conversion, SEK	3.70	2.47	5.81
Shareholders' equity per share after full conversion, SEK	32.83	21.42	30.52
Earnings per share after tax and full conversion excluding goodwill, SEK	2.56	1.65	3.88
Number of shares, thousands	353,453	332,600	352,453
Number of shares after full conversion, thousands	356,712	336,900	356,712
Average number of employees	22,943	13,797	16,881

* Number of shares, thousands, used for the calculation amount to 352,912 for year 2001, and 316,628 for year 2000.

** Key data has been adjusted due to change in accounting principle.

¹⁾ Translated using an average rate during the year of 9.04

²⁾ Translated using a closing rate as at 30 June 2001 of 9.18