



ASSA ABLOY

Interim Report January-March 2002

- Sales increased by 23% to SEK 6,303 M (5,104)
- Organic growth was 0% (3% adjusted for numbers of working day)
- Income before tax increased by 21% to SEK 460 M (380)
- Earnings per share (EPS) increased by 16% to SEK 0.81 (0.70)
- Earnings per share before goodwill amortization amounted to SEK 1.45 (1.27)
- Strong operating cash flow of SEK 643 M (293)
- Acquisition of Besam, world leader in door automation
- Acquisition of VEMA, Dutch distributor of electromechanical products

Interim Report

January-March 2002

Sales and earnings, January-March 2002

Sales for the period January to March 2002 amounted to SEK 6,303 M (5,104), which represents an increase of 23%. In local currencies the increase amounted to 19%. Since the start of the year the rate of organic growth has remained stable at around 3%, even with continued clean-out of unprofitable low-end products in the Yale companies and the downturn in the hotel segment. However, the quarter's figure for organic growth was 0% because Easter fell in March this year and the quarter therefore contained 3-4% fewer working days. Acquired units contributed by 19% to the increase in sales. Exchange-rate effects affected sales positively by SEK 240 M.

The Group's income before tax increased by 21% to SEK 460 M (380). Operating margin before goodwill amortization (EBITA) for the period was 13.7%, slightly above the fourth quarter pro forma. Previously the first quarter has always shown a lower margin than the last quarter, but positive effects from various integration and efficiency projects are starting to bring the expected results. Translation of foreign subsidiaries' earnings affected income positively by SEK 16 M due to exchange-rate variations.

Earnings per share after tax and full conversion increased by 16% to SEK 0.81 (0.70). Earnings per share after tax and full conversion but excluding goodwill amortization amounted to SEK 1.45 (1.27).

Operating cash flow before tax and acquisitions was strong and amounted to SEK 643 M (293). Cash earnings per share after tax and full conversion (CEPS) increased by 20% to SEK 2.15 (1.79).

Development of the subsidiaries

Sales for the Finnish companies were somewhat below last year's. The

Finnish home market is weak, partly because the rapid expansion of the telecoms industry and its demand for additional premises has ceased. This has affected Abloy's sales of locks and especially those of various sophisticated electromechanical solutions. Export sales have continued to develop well. The new program of investment in manufacturing is now complete and is showing results in the form of a reduction in working capital and increased efficiency.

Growth in Scandinavia was affected by the long Easter break in Norway, and sales were just below last year's level. Earnings by the Norwegian companies increased strongly after the completion of the cost-reduction program. The Swedish companies continued to develop well. A number of products have been launched including the CLIQ electromechanical cylinder. Development in Denmark remained weak.

The German companies were affected by weakening of the German economy. Various product launches were made and will strengthen the market position. In the Netherlands, Ambouw showed good growth, and Lips is also beginning to show growth in response to the restructuring work. The acquisition of VEMA, the leading electromechanical lock distributor in the Netherlands, will create a stronger platform for continuing growth. In Switzerland the integration of KESO is proceeding well and a number of cross-selling projects are underway. Overall, sales in Central Europe are running at a similar level to last year.

South Europe showed growth of 1%. The pace of growth was good at the start of the year, but the effect of Easter was quite strong, especially in France. As regards the new 35-hour week reform, people seem to prefer longer holidays rather than shorter working hours. Fichet's success in marketing high-security locks to private

individuals continues. The acquisition of INITIAL strengthens our position in the field of electromechanical locks. In Spain the integration of TESA has started well, including the continuing adjustments following the separation of the hotel business.

The British companies showed growth of 1%. A range of initiatives aimed at creating growth and improving profitability have been taken, including product launches, reorganization of production into smaller Profit Centers and development of the marketing organization. The negative sales trend of recent years has now been turned. The company is steadily consolidating its marketleading position and creating better conditions for strong future development.

The North American business reported growth of 1%. Also this region started the year well but was affected by the few number of working days in the quarter. The Yale integration has been successfully carried out. A new joint organization has been created with the aims of increasing cooperation and exploiting various synergies. Several new growth projects have begun. Emtek, which focuses on the residential market, continues to show very strong growth. The Mexican companies have begun the year strongly and the integration program is progressing according to plan.

Australia and New Zealand grew by 5%. Last year's many product launches, which included cylinders, padlocks and panic exit devices from different Group companies, are proving successful. The efficiency program is running well with steadily increasing margins. The integration of Interlock is progressing well and the company has started the year strongly.

In New Markets, South Africa continues to show strong sales and earnings growth, and products for higher security have been launched successfully. Brazil is developing well

and showing good growth. The addition of IMAB will strengthen our position, especially in the retail segment. The Asian market remained weak. At the same time the clean-out of unprofitable low-end products continued. In the past year this process has reduced sales by SEK 100 M while earnings have significantly improved. East Europe is developing steadily. However Mul-T-Lock has been hit by the serious situation in Israel. The company exports more than two-thirds of its production, but demand on the home market is currently very low.

The downturn in the hotel segment has slowed and the chances of a recovery towards the end of the year are increasing. The first quarter's sales were 9% down on the previous year. The sales drop is particularly marked in the USA. A successful cost-reduction program is underway and the company is showing increasing margins in spite of falling sales.

In the Identification segment the good growth continued, partly due to increased focus on security, reaching 6% for the first quarter. The integration of Indala is progressing well and the company has already reached the same margin as HID.

Significant events

Acquisition of Besam

ASSA ABLOY's strategy is based on creating security solutions that prevent unauthorized entry while permitting safe and fast exit in emergency situations, and also being simple and convenient to use. Door automation are a natural component of such solutions. Automatic products and systems are steadily growing in importance in society but up to now have formed only a limited part of ASSA ABLOY's product portfolio. In the task of developing tomorrow's locking solutions, it has become increasingly important to take a leading position in this segment too.

The world market for door automatics totals SEK 10-12 billion and has grown historically at 7-10% a year. The Swedish company Besam has annual sales of SEK 2,100 M and a profitability of more than 10%. Service and maintenance account for about one-third of sales and show very high profitability.

The acquisition price is SEK 3,050 M, most of the goodwill is tax-deductible and the acquisition is expected to contribute to earnings per share from 2003.

Acquisition of VEMA

ASSA ABLOY has signed an agreement to acquire VEMA, market leader in electro-mechanical locking solutions in the Netherlands. VEMA sells effeff's product range among others. The company has annual sales of EUR 9 M and shows high profitability. The acquisition will contribute to EPS from the outset.

Acquisition of IMAB

ASSA ABLOY has signed a letter of intent to acquire IMAB, one of the leading lock companies in Brazil. IMAB focuses primarily on the retail segment and has shown strong growth in recent years. IMAB has annual sales of BRL 15 M (SEK 80 M) and has 320 employees.

Acquisition of INITIAL

ASSA ABLOY has acquired the French company INITIAL, which has been Abloy's distributor for many years. The company has annual sales of EUR 3.3 M and specializes in electro-mechanical locking solutions.

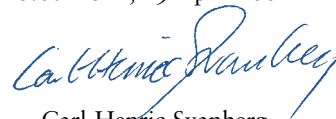
Accounting principles

The new recommendations of the Swedish Financial Accounting Standards Council, which came into force on 1 January 2002, have been adopted in this Report. This has not resulted in adjustment of figures for previously reported periods.

Outlook for 2002

ASSA ABLOY's development prospects are substantial. The Group's strong position and security-driven growth, the increased need for user-friendly locking solutions, the potential for continued rationalization and the consolidation of the lock industry create conditions for continued good profit development.

Stockholm, 29 April 2002



Carl-Henric Svanberg
President and CEO

People make the difference

At ASSA ABLOY we believe that people make the difference. With 30,000 employees in 40 countries, it is vital to weld the whole organization together in order to create, collectively, a profitable level of organic growth. We continually work to achieve this through a range of activities in different parts of the world. Management training and our participation in the Volvo Ocean Race are two examples.

Management training bonds tomorrow's managers in South Europe

The French management training program has been so successful that it is now being extended to include young talent in Belgium, Spain and Italy too.

"Management involves creating conditions where employees can use their abilities to the best advantage of the business," says Michel Brassié, Human Resources Manager for ASSA ABLOY South Europe.

"Even though these courses encroach on the 20 participants' weekends and claim much of their free time, the results from last year are extremely positive," Michel goes on. "The first course this year will be at MAB in Italy and later ones at JPM in France and TESA in Spain."



At ASSA ABLOY we believe that people make the difference. Our management philosophy is based on trust, positive thinking and respect for local conditions and cultures.



Employees gathered in Miami for the Volvo Ocean Race joined forces with the boat crew to build houses for a charitable project.

During the year issues such as ASSA ABLOY's organization and values, cross-selling, brand development, operational success, electromechanics and distribution will be discussed. The aim of the training is cross-learning through studying cases concerning different brands and finding solutions together.

ASSA ABLOY builds houses in Miami

During the Volvo Ocean Race we are using the stopovers for activities designed to unify our worldwide organization.

In Miami, employees and managers worked together with the crew of the boat on a local building project.

The project was initiated by Habitat for Humanity, which is a non-profit organization that helps people to become homeowners. Volunteers and sponsors build houses at an affordable cost under trained supervision. Since 1976, Habitat has built more than 100,000 houses in over 80 countries, including some 30,000 houses across the United States.

ASSA ABLOY companies and employees contributed voluntary work in Miami. In addition, all Habitat houses in North America for the next five years will be fitted with Yale locks.

FINANCIAL INFORMATION

INCOME STATEMENT

	Jan-Mar 2002 EUR M ¹⁾	Jan-Mar 2002 SEK M	Jan-Mar 2001 SEK M	Jan-Dec 2001 SEK M
Sales	688.9	6,303.3	5,104.1	22,510.0
Cost of goods sold	-425.8	-3,895.8	-3,116.3	-13,863.1
Gross income	263.1	2,407.5	1,987.8	8,646.9
Selling and administrative expenses	-168.8	-1,544.9	-1,243.9	-5,487.7
Operating income before goodwill amortization	94.3	862.6	743.9	3,159.2
Goodwill amortization	-25.4	-232.4	-202.3	-860.4
Non-recurring items	-	-	-	-166.0
Operating income	68.9	630.2	541.6	2,132.8
Financial items	-18.7	-171.1	-161.6	-664.4
Share in earnings of associated companies	0.2	1.4	-0.2	7.2
Income before tax	50.4	460.5	379.8	1,475.6
Tax	-17.8	-162.2	-132.9	-507.4
Minority interests	-1.5	-14.1	0.5	-19.6
Net income	31.1	284.2	247.4	948.6

EARNINGS PER SHARE

	Jan-Mar 2002 SEK	Jan-Mar 2001 SEK	Jan-Dec 2001 SEK
Earnings per share after tax and before conversion ³⁾	0.80	0.70	2.99 ⁴⁾
Earnings per share after tax and full conversion	0.81	0.70	2.98 ⁴⁾
Earnings per share after tax and full conversion excluding goodwill	1.45	1.27	5.39 ⁴⁾

CASH FLOW STATEMENT

	Jan-Mar 2002 EUR M ¹⁾	Jan-Mar 2002 SEK M	Jan-Mar 2001 SEK M	Jan-Dec 2001 SEK M
Cash flow from operating activities	69.4	635.2	324.2	2 631.2
Cash flow from investing activities	-33.1	-302.7	-2,413.9	-7,112.2
Cash flow from financing activities	-49.6	-454.1	1,350.6	4,259.4
Cash flow	-13.3	-121.6	-739.1	-221.6

BALANCE SHEET

	31 Mar 2002 EUR M ²⁾	31 Mar 2002 SEK M	31 Mar 2001 SEK M	31 Dec 2001 SEK M
Intangible fixed assets	1,762.3	15,930.9	15,412.2	16,557.8
Tangible fixed assets	739.6	6,686.2	5,078.1	6,941.5
Financial fixed assets	65.5	591.9	549.0	566.8
Inventories	406.0	3,670.3	3,147.1	3,812.0
Receivables	492.5	4,452.1	3,753.6	4,338.5
Other non-interest-bearing current assets	94.0	849.9	753.7	759.7
Interest-bearing current assets	149.4	1,350.7	1,175.3	1,692.7
Total assets	3,709.3	33,532.0	29,869.0	34,669.0
Shareholders' equity	1,312.1	11,861.4	11,468.4	11,845.6
Minority interests	48.3	436.6	390.8	481.7
Interest-bearing provisions	119.2	1,077.7	1,032.0	1,093.0
Non-interest-bearing provisions	34.7	313.7	292.5	358.3
Interest-bearing long-term liabilities	1,068.2	9,656.4	7,745.4	12,111.0
Non-interest-bearing long-term liabilities	1.4	13.0	13.8	16.3
Interest-bearing current liabilities	630.4	5,698.7	4,503.7	4,074.5
Non-interest-bearing current liabilities	495.0	4,474.5	4,422.4	4,688.6
Total shareholders' equity and liabilities	3,709.3	33,532.0	29,869.0	34,669.0

CHANGE IN SHAREHOLDERS' EQUITY

	31 Mar 2002 EUR M	31 Mar 2002 SEK M	31 Mar 2001 SEK M	31 Dec 2001 SEK M
Opening balance 1 January	1,272.4	11,845.6	10,659.0	10,659.0
Conversion to shares	0.6	5.2	0.6	58.2
Dividend	-	-	-	-317.8
Exchange difference for the year	8.0	-273.6	561.4	497.6
Net Income ¹⁾	31.1	284.2	247.4	948.6
Closing balance at end of period³⁾	1,312.1	11,861.4	11,468.4	11,845.6

KEY RATIOS

	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Return on capital employed, %	9.3	9.9	9.7 ⁴⁾
Return on capital employed before goodwill amortization, %	30.3	36.2	32.9 ⁴⁾
Operational return on capital employed, %	12.7	13.6	13.3 ⁴⁾
Return on shareholders' equity, %	9.0	8.8	8.9 ⁴⁾
Equity ratio, %	36.7	39.6	35.6
Interest coverage ratio, times	3.6	3.3	3.5 ⁴⁾
Interest on convertible debentures net after tax, SEK M	7.2	2.1	9.0
Number of shares, thousands	353,840	353,063	353,751
Number of shares after full conversion, thousands	361,730	356,712	361,730
Average number of employees	28,258	22,627	24,211

1) Translated using an average rate during the year of 9.15

2) Translated using a closing rate at 31 March 2002 of 9.04

3) Number of shares, thousands, used for the calculation amount to 353,799 for March 2002, 352,696 for March 2001 and 353,236 for December 2001.

4) Excluding non-recurring items.

QUARTERLY INFORMATION

THE GROUP IN SUMMARY

(All amounts in SEK M if not noted otherwise)

	Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Full Year 2001	Q 1 2002	12 month rolling
Sales	5,104.1	5,483.1	5,716.6	6,206.2	22,510.0	6,303.3	23,709.2
Organic growth	4%	4%	4%	0%	3%	0%	-
Gross income	1,987.8	2,115.7	2,164.2	2,379.2	8,646.9	2,407.5	9,066.6
Gross income / Sales	38.9%	38.6%	37.9%	38.3%	38.4%	38.2%	38.2%
Operating income before depreciation	922.1	991.1	1,024.5	1,082.2	4,019.9	1,104.3	4,202.1
Gross margin (EBITDA)	18.1%	18.1%	17.9%	17.4%	17.9%	17.5%	17.7%
Depreciation	-178.2	-223.6	-228.0	-230.9	-860.7	-241.7	-924.2
Operating income before goodwill amortization	743.9	767.5	796.5	851.3	3,159.2	862.6	3,277.9
Operating margin before goodwill amortization (EBITA)	14.6%	14.0%	13.9%	13.7%	14.0%	13.7%	13.8%
Goodwill amortization	-202.3	-208.3	-218.1	-231.7	-860.4	-232.4	-890.5
Non-recurring items	-	-	-	-166.0	-166.0	-	-166.0
Operating income	541.6	559.2	578.4	453.6	2,132.8	630.2	2,221.4
Operating margin (EBIT)	10.6%	10.2%	10.1%	10.0% ⁴⁾	10.2% ⁴⁾	10.0%	10.1% ⁴⁾
Financial items	-161.6	-177.4	-171.2	-154.2	-664.4	-171.1	-673.9
Income before tax	379.8	385.2	408.0	302.6	1,475.6	460.5	1,556.3
Profit margin (EBT)	7.4%	7.0%	7.1%	7.6% ⁴⁾	7.3% ⁴⁾	7.3%	7.3% ⁴⁾
Tax	-132.9	-134.8	-142.9	-96.8	-507.4	-162.2	-536.7
Minority interests	0.5	-0.7	-12.8	-6.6	-19.6	-14.1	-34.2
Net income	247.4	249.7	252.3	199.2	948.6	284.2	985.4

OPERATING CASH FLOW

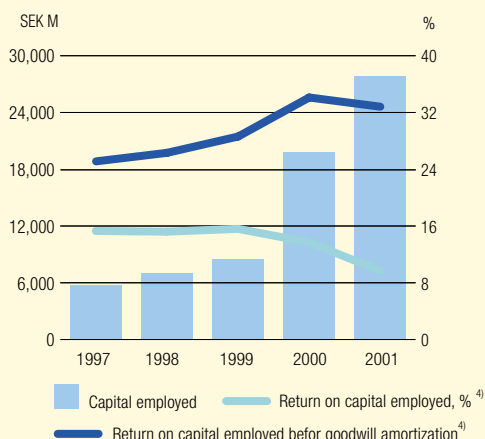
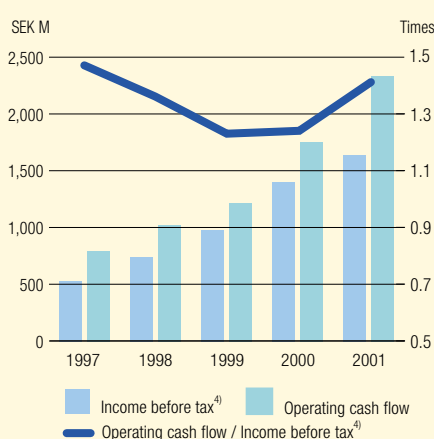
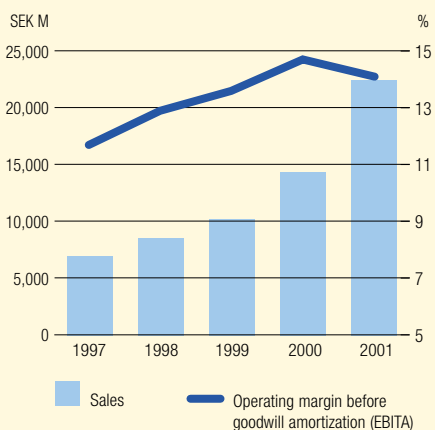
	Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Full Year 2001	Q 1 2002	12 month rolling
Operating income before goodwill amortization	743.9	767.5	796.5	851.3	3,159.2	862.6	3,277.9
Depreciation	178.2	223.6	228.0	230.9	860.7	241.7	924.2
Net capital expenditure	-129.0	-161.7	-281.9	-257.3	-829.9	-154.6	-855.5
Change in working capital	-270.0	-133.3	173.0	153.1	-77.2	-154.8	38.0
Paid and received interest	-238.9	-172.6	-259.9	-146.0	-817.4	-160.4	-738.9
Adjustment for non-cash items	9.0	8.2	2.7	23.1	43.0	8.3	42.3
Operating cash flow	293.2	531.7	658.4	855.1	2,338.4	642.8	2,688.0
Operating cash flow / Income before tax	0.77	1.38	1.61	1.82 ⁴⁾	1.42 ⁴⁾	1.40	1.56 ⁴⁾

CHANGE IN NET DEBT

	Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Full Year 2001	Q 1 2002
Net debt at beginning of period	8,559.9	12,084.7	14,026.4	13,983.1	8,559.9	15,534.2
Operating cash flow	-293.2	-531.7	-658.4	-855.1	-2,338.4	-642.8
Paid tax	98.0	121.2	135.3	182.6	537.1	162.1
Acquisitions	2,699.2	1,919.6	218.0	2,418.1	7,254.9	148.2
Dividend	-	317.8	-	-	317.8	-
Translation differences	1,020.8	114.8	261.8	-194.5	1,202.9	-214.5
Net debt at end of period	12,084.7	14,026.4	13,983.1	15,534.2	15,534.2	14,987.2
Net debt / Equity ratio, times	1.06	1.22	1.19	1.31	1.31	1.26

CAPITAL EMPLOYED AND FINANCING

	Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Q 1 2002
Capital employed	23,922.2	25,978.8	26,192.6	27,861.5	27,285.2
- of which goodwill	15,223.0	15,853.0	15,777.4	16,371.0	15,743.5
Net debt	12,084.7	14,026.4	13,983.1	15,534.2	14,987.2
Minority interests	390.8	436.4	469.8	481.7	436.6
Shareholders' equity	11,446.7	11,516.0	11,739.7	11,845.6	11,861.4



DATA PER SHARE

	Q 1 2001 SEK	Q 2 2001 SEK	Q 3 2001 SEK	Q 4 2001 SEK	Full Year 2001 SEK	Q 1 2002 SEK	12 month rolling SEK
Earnings per share after tax and before conversion ¹⁾	0.70	0.71	0.71	0.87 ⁴⁾	2.99 ⁴⁾	0.80	3.09 ⁴⁾
Earnings per share after tax and full conversion	0.70	0.71	0.71	0.86 ⁴⁾	2.98 ⁴⁾	0.81	3.09 ⁴⁾
Earnings per share after tax and full conversion excluding goodwill	1.27	1.29	1.32	1.51 ⁴⁾	5.39 ⁴⁾	1.45	5.57 ⁴⁾
Cash earnings per share after tax and full conversion	1.79	1.91	1.98	2.39 ⁴⁾	8.07 ⁴⁾	2.15	8.43 ⁴⁾
Shareholders' equity per share after full conversion	32.79	32.83	33.43	35.80	35.80	35.76	

SALES BY ORGANIZATIONAL UNIT

		Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Full Year 2001	Q 1 2002	02/01 % ⁸⁾
Scandinavia	SEK M	486	472	444	512	1,914	478	-1
Finland	EUR M	31	32	30	33	126	30	-2
Central Europe ⁶⁾	EUR M	37	34	42	42	155	44	-1
South Europe ⁷⁾	EUR M	79	77	70	88	314	108	1
United Kingdom	GBP M	23	22	21	20	86	23	1
North America	USD M	204	223	255	255	937	266	1
South Pacific	AUD M	35	36	39	48	158	48	5
New markets ⁸⁾	SEK M	465	525	509	530	2,029	452	-7
Hotel locks	NOK M	245	256	213	206	920	222	-9
Identification	USD M	29	25	22	30	106	32	6
Total	SEK M	5,104	5,483	5,717	6,206	22,510	6,303	0

1) Translated using an average rate during the year of 9.15.

2) Translated using a closing rate at 31 March 2002 of 9.04.

3) Number of shares, thousands, used for the calculation amount to 353,799 for March 2002, 352,696 for March 2001 and 353,236 for December 2001.

4) Key data for 2001 are exclusive non-recurring items.

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

6) Germany, Netherlands & Switzerland.

7) France, Belgium, Italy & Spain.

8) Africa, Asia, Israel, South America & Eastern Europe.

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. The Group has around 30.000 employees and annual sales of about EUR 3 billion.

Financial information from ASSA ABLOY will be published as follows:

Interim Report (1 January – 30 June): 9 August 2002

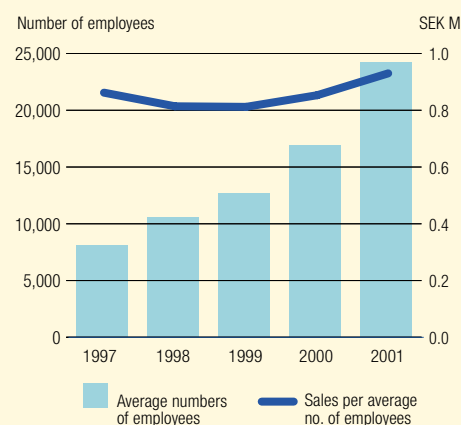
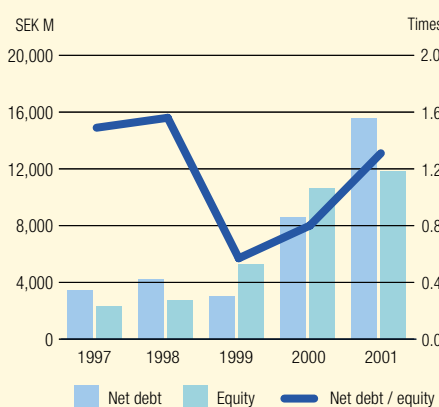
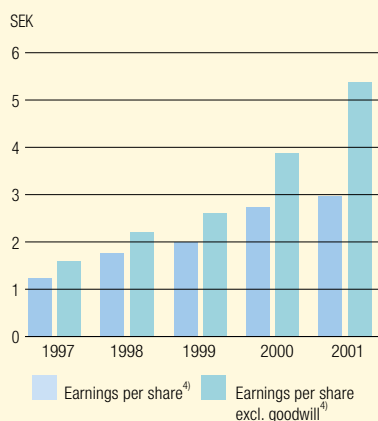
Interim Report (1 January – 30 September): 7 November 2002

Year-end Report for 2002: 6 February 2003

Annual Report for 2002: March 2003

Annual Reports and other Reports may be ordered from ASSA ABLOY AB.

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ASSA ABLOY: growth profile

Stable organic growth

- Trend towards higher security
- After-market sales more than half the volume
- Electromechanical products
 - cross sales – new markets

Increasing margins

- Improvements in each unit
 - benchmarking
 - transfer of know-how

Cash flow even stronger

- Work flow and balance sheet rationalization
- Goodwill amortization

Consolidation opportunities

– focus on earnings per share (EPS)

- Fragmented industry – harmonization and R&D requirements lead to consolidation
- Strong cash flow funds acquisitions

ASSA ABLOY

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