

ASSA ABLOY

Leading the trend towards higher security

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.

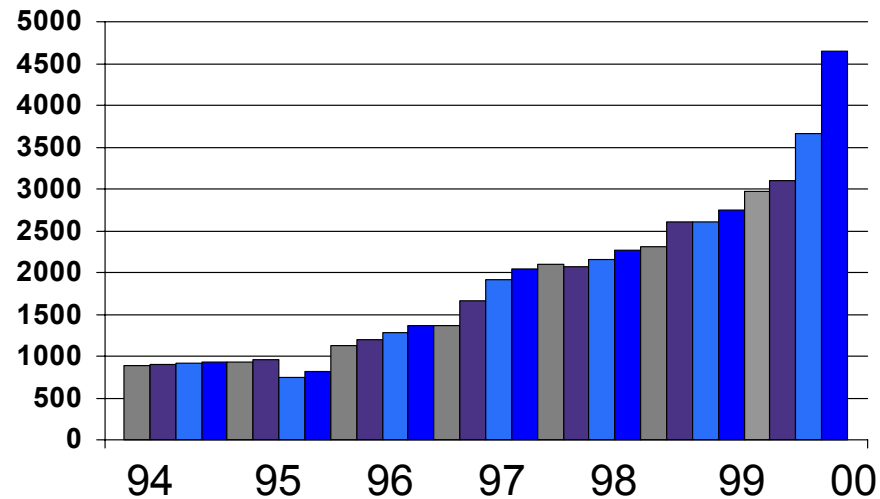
Year-end report 2000

2000 Financial highlights

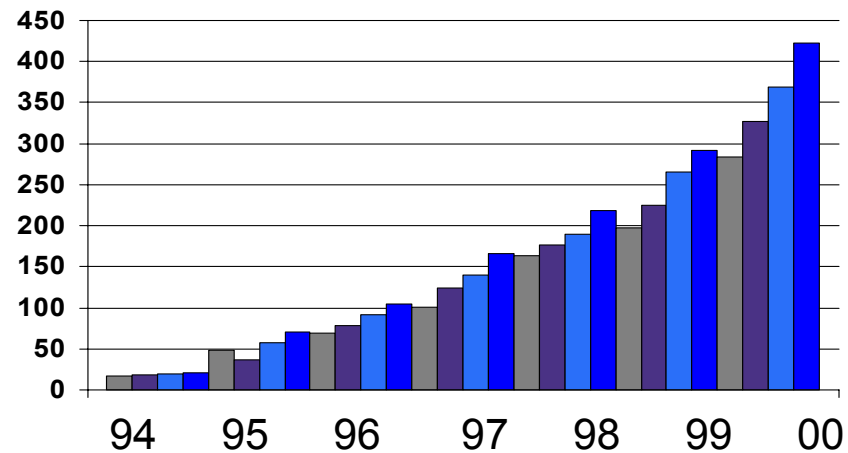
SEK M	2000	1999
Sales, + 40%	14,394	10,277
→ <i>Organic growth</i>	5%	5%
→ <i>Acquisitions</i>	32%	13%
→ <i>Exchange rate differences</i>	3%	2%
Income before taxes, + 43%	1,402	981
Earnings per share, + 23% (SEK)	2.73	2.22
Operating cash flow, + 44%	1,756	1,218
CEPS, + 34% (SEK)	5.81	4.32

Development 1994 - 2000 per quarter

Sales, SEK M

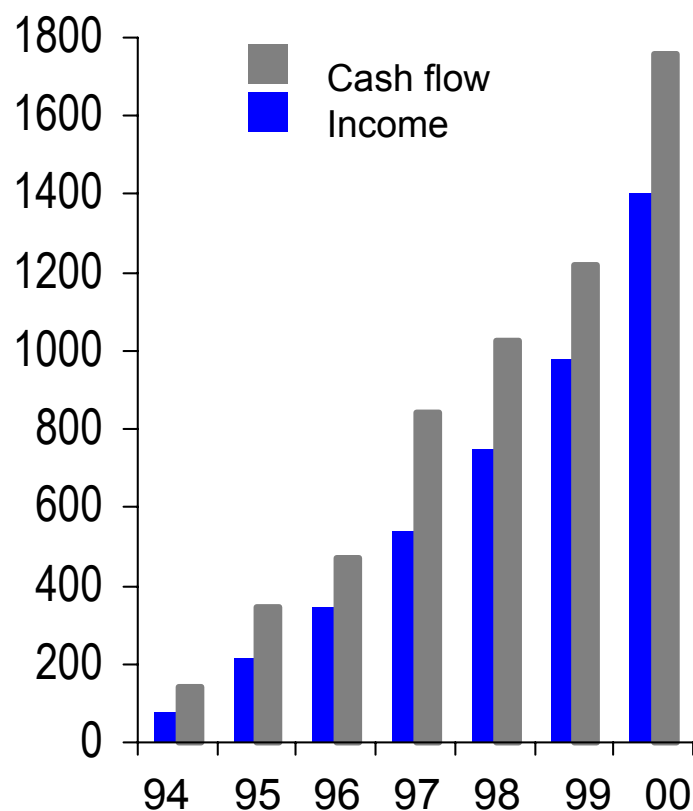


Income before tax, SEK M

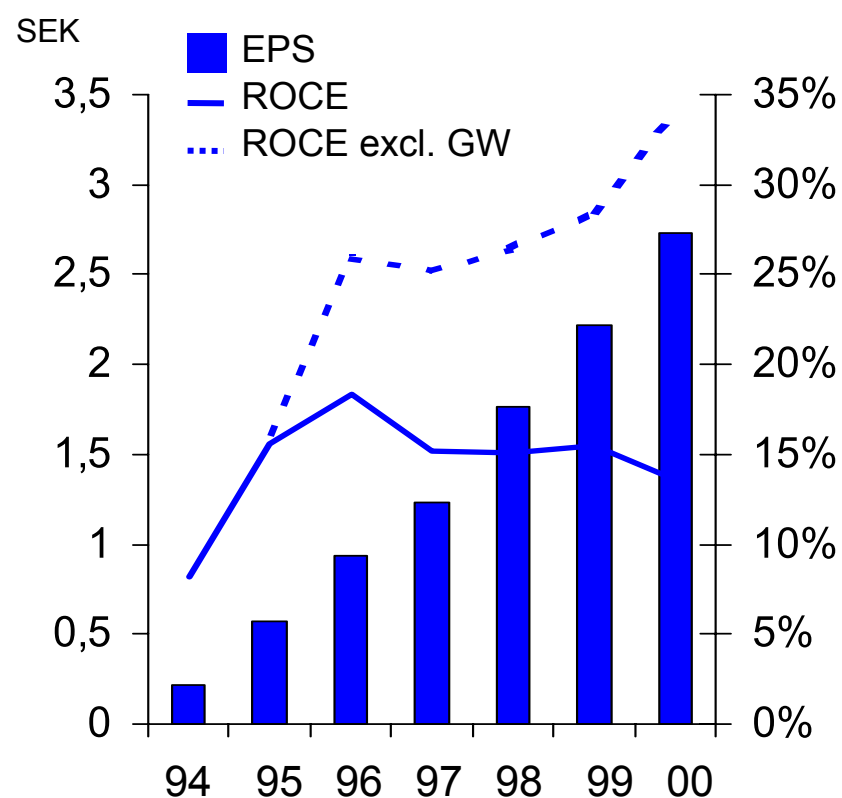


Important key data

Income before taxes and operating cash flow



Earnings per share and Return on capital employed



Business review

- **Scandinavia (6%)** - strong performance among Swedish units - Norway somewhat weaker, move of handle production to Romania on plan - Denmark picked up after a slow start
- **Finland (14%)** - completed a strong year - electromechanical and door closer products show strong growth driven by successful cross sales
- **Germany (7%)** - clearly strengthened market position - joint sales force established - product offering being strengthened
- **France (3%)** - strong sales in Q4 - increasing margins from continued efficiency improvements and phase out of low end products - Fichet adds strength in high security cylinders and doors

Business review, cont'd

- **North America (5%)** - stable growth in all areas with continued margin improvements - strong development in Sargent and Curries (steel doors) - Scovill continues to perform well in a growing Mexican market
- **Australia (0%)** - successful integration ahead of plan - high cross sales activity - phase out of non core products - clear downturn in the economy after Olympic Games
- **New markets (13%)** - strong development in Spain, good in Asia and Eastern Europe - Mul-T-Lock's strong export offset by domestic market
- **Hotel locks (4%)** - good growth in Europe and marine segment - US & Asia stable - increased margin from ongoing reengineering - great performance by Elsafe - Timelox gaining high end market share

Organic growth per area

Sales			2000	1999	00/99 %
Scandinavia	SEK M	Assa, Ruko, TrioVing	1,889	1,777	6
Finland	FIM M	Abloy	743	605	14
Germany & Holland	DEM M	IKON, effeff, Lips	268	138	7
France & Belgium	FRF M	Vachette, JPM, Litto	1,377	1,170	3
UK	GBP M	Union, Chubb, Yale, Assa	47,7	20	5
North America	USD M	Sargent, Curries, Yale, CR	581	449	5
Australia	AUD M	Lockwood	142	111	0
New markets	SEK M	East Europe, Asia, Mul-T-Lock	981	354	13
Hotel locks	NOK M	VingCard, Timelox	1,005	911	4
Total (SEK M)			14,394	10,277	5

The Yale Group - integration status

New organisation with focus on cross learning - Yale Sector level eliminated

- 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
- Bo Dankis Group Vice President and Country Manager for France has assumed responsibility also for Italy and Spain
- Eero Leskinen Group Vice President and Country Manager Germany has assumed responsibility also for the Netherlands
- Åke Sund Group Vice President, Market Development and Emerging Markets has assumed responsibility also for South Africa & Brazil
- C.K. Jeang Former Yale Asian Sector manager has assumed the responsibility for the merged Asian organization

The Yale Group

- integration status, cont'd

- Strategies and priorities agreed with local management teams
 - great enthusiasm and commitment to drive change
 - focus turning towards higher security
 - intense cross learning
- Lack of R&D and market leadership has driven focus towards the low end
 - need for new products - available within ASSA ABLOY - does take time
 - unprofitable sales in low end to be terminated - will slow growth but improve bottom line over time
- Volvo Ocean Race - a great tool to implement our strategic direction and way of working

The Yale Group

- integration status , cont'd

- Yale-Guli minority stake acquired from J.V. partner, Chinese government
 - price USD 23M - corresponds to equity
 - improves management focus with clear goals, responsibilities and efficient benchmarking
 - speeds up cross sales activities
- Deferred acquisition of Tesa expected to close during summer of 2001
- Final purchase price agreed - reduced by GBP 60 M to GBP 765 M
- Our overall perspective on the acquisition of Yale is in line with our long term expectations - EPS neutral in 2001

Acquisition of Phillips

- Leading Mexican lock manufacturer
- Sales of SEK 600M with high profitability
- Strong combination with Scovill - complementing product program and synergies in production
- Mexico is one of the worlds biggest economies - growing fast
- 100 Million people - 50% under 18 years - increasing demand for housing and security
- Strengthened platform for export to Latin American
- Price 800 MSEK - goodwill 140 MSEK - adding to EPS from 2002

Other acquisitions in 2000

- **effeff** - World leader in electric strikes - sales of DEM 150 M after divestiture of alarm division - margin over 20% - creates world leadership in growing electromechanical area
- **Mul-T-Lock** - Israel's leading lock manufacturer and one of the world's most recognised cylinder specialists with sales of USD 40 M
- **Trimec** - Australian manufacturer of electric strikes - sales AUD 7M
- **Scovill** - Exercised option to acquire remaining 51%
- **HID** - World leader in identification - proximity cards and readers - expected sales in 2001 of USD 110 M - strong profitable growth since the start in 1994 - provides strategic knowledge for future development of intelligent locks

Outlook

- We expect a continued good development in volume and profit for years to come
 - a growing need for protecting life and property
 - capitalising on leading R&D and global distribution network
 - room for continued margin expansion - in old and new companies
 - acquisition opportunities from ongoing industry consolidation
- Sales in 2001 expected to reach SEK 20 billion
 - excluding TESA and Phillips

ASSA ABLOY income statement and cash flow

SEK M	2000	1999
Sales	14,394	10,277
Operating income before goodwill	2,107	1,382
EBITA%	14,6%	13,5%
Goodwill	-387	-189
Financial items	-331	-230
Income before taxes	1,402	981
Profit margin	9.7%	9.5%
Operating cash flow	1,756	1,218

ASSA ABLOY key data

SEK M	2000	1999
Capital employed	19,847	8,602
- whereof goodwill	12,078	3,246
Net debt	8,560	2,998
Equity	10,727	5,337
Equity ratio	43.3%	49.6%
Interest cover ratio	5.5	5.3
Net debt/equity	0.80	0.56
Return on capital employed excl. goodwill	33.8%	28.5%
Return on capital employed	13.6%	15.5%
Return on equity after taxes	13.1%	16.1%

ASSA ABLOY balance sheet

SEK M	2000	1999
Intangible fixed assets	12,259	3,388
Tangible and other fixed assets	5,342	3,810
Current assets	8,496	4,091
Total assets	26,097	11,289
Equity	10,727	5,337
Interest bearing debt	10,330	3,282
Other liabilities	5,040	2,670
Total equity and liabilities	26,097	11,289