

PRESS RELEASE

from ASSA ABLOY AB (publ)

29 April 2003

No. 03/11

REPORT FOR THE FIRST QUARTER OF 2003

- Sales increased 9% in local currencies, flat organic growth
- Income before tax, SEK 468 M (461) – up 2% (13% currency adjusted)
- Operating margin, EBITA, improvement 0.1%-points
- Acquisition of Black & Decker's European Security Hardware Division
- New organization to increase flexibility, take advantage of synergies and respond to market opportunities more quickly

	First quarter		
	2003	2002	Change
Sales, SEK M	6,124	6,303	-3%
Organic growth, %	0	0	-
Operating margin, EBITA, %	13.8	13.7	-
Income before tax, SEK M	468	461	2%
FX-differences, SEK M	-53		-11%
Operating cash flow, SEK M	564	643	-12%
Earnings per share (EPS), SEK	0.82	0.81	1%
EPS excluding goodwill, SEK	1.48	1.45	2%

SALES AND EARNINGS

Sales for the Group amounted to SEK 6,124 M (6,303), which represents a decrease of 3%. In local currencies sales increased by 9%. This comprised organic growth of 0% for comparable units, while acquired units accounted for 9%. Exchange rates affected sales negatively by SEK 729 M compared with the first quarter last year.

Operating income before depreciation, EBITDA, amounted to SEK 1,078 M (1,104). Gross margin (EBITDA) was 17.6% (17.5). The Group's operating income before goodwill amortization amounted to SEK 846 M (863) after negative currency effects of SEK 98 M. Operating margin before goodwill amortization (EBITA) amounted to 13.8% (13.7). The dilution coming from the Besam acquisition lowered the margin with 0.3%-points. The quarter's result includes restructuring and integration costs of around SEK 30 M. Goodwill amortization amounted to SEK 244 M (232).

The Group's income before tax amounted to SEK 468 M (461). Exchange rate variations when translating foreign subsidiaries' earnings affected income negatively by SEK 53 M. Income before tax improved by 13% in local currencies. Profit margin amounted to 7.6% (7.3).

The Group's tax charge totaled SEK 165 M (162), corresponding to an effective tax rate of 35% (35) in relation to income before tax.

Earnings per share after tax and full conversion amounted to SEK 0.82 (0.81) for the quarter, an increase of 1%. The increase amounted to 12% excluding currency effects. Earnings per share after tax and full conversion but excluding goodwill amortization amounted to SEK 1.48. The increase amounted to 13% excluding currency effects.

In the first quarter, operating cash flow before tax and company acquisitions totaled SEK 564 M (643), which represents 121% of income before tax.

COMMENTS BY SEGMENT (new reporting format)

The segments reflect the Group's new organizational structure, with three geographical segments and one global technologies business that includes Door Automatics, Identification and ASSA ABLOY Hospitality. The new structure will be implemented immediately with the intention to increase flexibility, take advantage of synergies and respond to market opportunities more quickly.

EMEA

First-quarter sales in EMEA (Europe, Middle East and Africa) amounted to EUR 288 M (291) with flat organic growth compared to last year. Operating income before goodwill amortization amounted to EUR 40 M (40) while the EBITA margin improved to 14.0% (13.7). Return on capital employed before goodwill amortization strengthened to 29.4% (26.3). Operating cash flow before paid interest increased to EUR 26 M (22).

The Nordic countries showed encouraging organic growth in a slow market. Sweden in particular developed in a positive way mainly due to new product launches and the expansion of new sales channels. The CLIQ technology develops well in Europe and drives a market share gain in Germany. The restructuring in the Central European units are now starting to pay off with increasing margins. A number of projects have been started in order to move part of the manufacturing to eastern Europe to benefit from the lower cost level.

France shows encouraging development as a result of increased sales in the DIY channels which balance the de-stocking in the traditional distribution. In the UK a number of new products have been launched, many of them coming from other Group companies. The planned changes in distribution and relocated exports have affected sales negatively.

AMERICAS

First-quarter sales in the Americas amounted to USD 263 M (269) and the organic growth was -1%. Operating income before goodwill amortization amounted to USD 42 M (39). The EBITA margin improved to an impressive 15.8% (14.3). Return on capital employed before goodwill amortization increased to 38.1% (33.9). Operating cash flow before paid interest amounted to USD 36 M (41).

Margins continue to improve in spite of the flat top-line, driven by increased coordination to capture synergies. The market direction is still unclear in North America. Recent construction reports indicate that institutional construction has now stabilized, although increasing budget deficits may have a negative impact on public spending. The residential sector remains stable.

The door business is the most affected by the slow market in the North American organization. Increased cooperation between the main sales organizations provides a good base for coordinated growth. The Mexican operations continue to grow successfully and the

integration of Poli in Chile develops well.

ASIA PACIFIC

First-quarter sales in Asia Pacific amounted to AUD 72 M (66) and organic growth was 9% compared to last year. Operating income before goodwill amortization amounted to AUD 9 M (6). The EBITA margin improved to 12.2% (9.0). Return on capital employed before goodwill amortization improved to 24.1% (15.7). Operating cash flow before paid interest amounted to AUD 7 M (12).

Australia and New Zealand continued to show good organic growth. Many of the successful activities carried out in Australia are exploited as a role model for other Group companies. The whole region has generated impressive margin improvements as a result of increased customer value through higher security offerings.

GLOBAL TECHNOLOGIES

First-quarter sales in the Global Technologies segment amounted to SEK 1,005 M (603). Organic growth was 1% compared to last year. Operating income before goodwill amortization amounted to SEK 110 M (102). The EBITA margin declined to 10.9% (16.9). Return on capital employed before goodwill amortization was 39.7% (56.1). The reduction in EBITA margin and return on capital employed is caused by dilution resulting from the Besam acquisition and the start-up cost for ASSA ABLOY Hospitality. Operating cash flow before paid interest amounted to SEK 93 M (124).

Within Door Automatics the aftermarket sales is showing strong growth which compensates the weak new project sales. The cooperation with other ASSA ABLOY Group companies is working well and the introduction of a new distribution concept using the EntreMatic brand name is underway. Margins continue to develop well.

Identification continued to show profitable expansion. The integration of Interlock in Switzerland is underway but has lowered margins as the integration costs have been expensed during the period. ASSA ABLOY Hospitality, still shows positive margin despite the depressed market.

OTHER EVENTS

Acquisition of Black & Decker's European Security Hardware Division

ASSA ABLOY has signed an agreement to acquire Black & Decker's European Security Hardware Business including the well known brand names DOM, Nemef and Corbin. The acquisition strengthens the Group's position in Germany, Holland and Italy. In 2002, sales of the acquired business amounted to EUR 108 M. The purchase price, on a debt-free basis, amounts to USD 108 M. After the ongoing restructuring, the acquired business will be able to make a 10% EBIT margin. The acquisition will create goodwill amounting to approximately EUR 60 M, of which most is tax-deductible and EPS neutral during 2003 and EPS positive from 2004. The acquisition is currently undergoing regulatory investigation.

Acquisition of Interlock in Switzerland

ASSA ABLOY has acquired Interlock Holding, a custom card manufacturer in Switzerland. The company has annual sales of CHF 12.6 M.

Disputes

As mentioned in the Annual Report, VingCard had been sued by the company Ibertech in Texas. This case has now been settled. The cost has no significant impact on the income statement.

OUTLOOK FOR 2003

ASSA ABLOY anticipates stable volumes in a soft market with continued margin improvements and good cash generation. There is a strong confidence that security driven demand will increase. The Group intends to grow and increase profit by leverage on its strong position and increase focus on customer value.

Stockholm, 29 April 2003

Bo Dankis
President and CEO

This Interim Report has not been reviewed by the Group's Auditor.

Financial information

The next Quarterly Reports from ASSA ABLOY AB for 2003 will be published on 7 August and 7 November.

Further information can be obtained from
Bo Dankis, President and CEO, tel: +46 8 506 485 42
Göran Jansson, EVP and CFO, tel: +46 8 506 485 72
Martin Hamner, Director of Investor Relations and Group Controller, tel: + 46 8 506 485 79

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

Information about the analysts' meeting, web and telephone conference later today can be found on ASSA ABLOY's website, www.assaabloy.com

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 about 30,000 employees and annual sales of about EUR3 billion.

FINANCIAL INFORMATION

INCOME STATEMENT	Jan-Mar 2003 EUR M¹⁾	Jan-Mar 2003 SEK M	Jan-Mar 2002 SEK M	Jan-Dec 2002 SEK M
Sales	667.1	6,123.9	6,303.3	25,396.9
Cost of goods sold	-406.8	-3,734.4	-3,895.8	-15,525.9
Gross Income	260.3	2,389.5	2,407.5	9,871.0
Selling and administrative expenses	-168.1	-1,543.6	-1,544.9	-6,276.0
Operating income before goodwill amortization	92.2	845.9	862.6	3,595.0
Goodwill amortization	-26.5	-243.7	-232.4	-957.1
Operating income	65.7	602.2	630.2	2,637.9
Financial items	-14.7	-134.5	-171.1	-631.1
Share in earnings of associated companies	0.0	0.3	1.4	8.2
Income before tax	51.0	468.0	460.5	2,015.0
Tax	-18.0	-164.8	-162.2	-689.1
Minority interests	-0.4	-4.0	-14.1	-56.0
Net income	32.6	299.2	284.2	1269.9

EARNINGS PER SHARE	Jan-Mar 2003 SEK	Jan-Mar 2002 SEK	Jan-Dec 2002 SEK
Earnings per share after tax and before conversion ³⁾	0.82	0.80	3.53
Earnings per share after tax and full conversion ⁴⁾	0.82	0.81	3.53
Earnings per share after tax and full conversion excluding goodwill ⁴⁾	1.48	1.45	6.13

CASH FLOW STATEMENT	Jan-Mar 2003 EUR M¹⁾	Jan-Mar 2003 SEK M	Jan-Mar 2002 SEK M	Jan-Dec 2002 SEK M
Cash flow from operating activities	42.3	388.6	635.2	3,846.7
Cash flow from investing activities	-28.6	-262.8	-302.7	-4,268.0
Cash flow from financing activities	-53.6	-492.1	-454.1	567.6
Cash flow	-39.9	-366.3	-121.6	146.3

BALANCE SHEET	31 Mar 2003 EUR M²⁾	31 Mar 2003 SEK M	31 Mar 2002 SEK M	31 Dec 2002 SEK M
Intangible fixed assets	1,725.6	15,927.0	15,930.9	16,385.8
Tangible fixed assets	655.8	6,053.0	6,686.2	6,175.0
Financial fixed assets	68.0	628.1	591.9	668.0
Inventories	382.7	3,532.4	3,670.3	3,595.0
Receivables	480.2	4,432.4	4,452.1	4,241.5
Other non-interest-bearing current assets	80.2	739.8	849.9	703.4
Interest-bearing current assets	154.6	1,426.9	1,350.7	1,491.9
Total assets	3,547.1	32,739.6	33,532.0	33,260.6

Shareholders' equity	1,347.3	12,435.2	11,861.4	12,381.2
Minority interests	34.1	315.0	436.6	330.9
Interest-bearing provisions	111.7	1,030.6	1,077.7	1,023.3
Non-interest-bearing provisions	29.7	274.4	313.7	310.2
Interest-bearing long-term liabilities	1,016.6	9,383.0	9,656.4	9,349.2
Non-interest-bearing long-term liabilities	8.3	76.9	13.0	79.9
Interest-bearing current liabilities	517.9	4,780.2	5,698.7	5,172.0
Non-interest-bearing current liabilities	481.5	4,444.3	4,474.5	4,613.9
Total shareholders' equity and liabilities	3,547.1	32,739.6	33,532.0	33,260.6

CHANGE IN SHAREHOLDER'S EQUITY	31 Mar 2003 EUR M	31 Mar 2003 SEK M	31 Mar 2002 SEK M	31 Dec 2002 SEK M
Opening balance 1 January	1,351.7	12,381.2	11,845.6	11,845.6
Conversion to shares ²⁾	-	-	5.2	127.2
Repurchase convertible debentures	-	-	-	-108.3
New share issue ^{2, 5)}	-	-	-	1,243.7
Dividend ²⁾	-	-	-	-353.8
Exchange difference for the year	-37.0	-245.2	-273.6	-1,643.1
Net Income ¹⁾	32.6	299.2	284.2	1,269.9
Closing balance at end of period ²⁾	1,347.3	12,435.2	11,861.4	12,381.2

KEY RATIO	Jan-Mar 2003	Jan-Mar 2002	Jan-Dec 2002
Return on capital employed, %	9.5	9.3	9.9
Return on capital employed before goodwill amortization, %	33.0	30.3	33.3
Operational return on capital employed, %	13.2	12.7	13.4
Return on shareholders' equity, %	9.1	9.0	9.9
Equity ratio, %	38.9	36.7	38.2
Interest coverage ratio, times	3.9	3.6	3.9
Interest on convertible debentures net after tax, SEK M	7.2	7.2	27.2
Number of shares, thousands	365,918	353,840	365,918
Number of shares after full conversion, thousands	370,935	361,730	370,935
Average number of employees	29,339	28,258	28,754

¹⁾ Translated using an average rate during the year of 9.18

²⁾ Translated using a closing rate at 31 March 2003 of 9.23

³⁾ Number of shares, thousands, used for the calculation amount to 365,918 for March 2003, 353,799 for March 2002 and to 359,952 for December 2002.

⁴⁾ Number of shares, thousands, used for the calculation amount to 370,935 for March 2003, and 361,730 for March 2002 and to 366,716 for December 2002.

⁵⁾ The amount raised through the new share issue has been reduced by SEK 16.3 M corresponding to transaction costs after tax.

QUARTERLY INFORMATION

THE GROUP IN SUMMARY

(All amounts in SEK M if not noted otherwise)

	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Full Year 2002	Q 1 2003	12 month rolling
Sales	6,303.3	6,245.4	6,459.4	6,388.8	25,396.9	6,123.9	25,217.5
Organic growth ⁶⁾	0%	4%	3%	2%	2%	0%	-
Gross income	2,407.5	2,437.7	2,506.3	2,519.5	9,871.0	2,389.5	9,853.0
Gross income / Sales	38.2%	39.0%	38.8%	39.4%	38.9%	39.0%	39.1%
Operating income before depreciation	1,104.3	1,105.5	1,172.2	1,163.0	4,545.0	1,077.6	4,518.3
Gross margin (EBITDA)	17.5%	17.7%	18.1%	18.2%	17.9%	17.6%	17.9%
Depreciation	-241.7	-238.6	-238.8	-230.9	-950.0	-231.7	-940.0
Operating income before goodwill amortization	862.6	866.9	933.4	932.1	3,595.0	845.9	3,578.3
Operating margin before goodwill amortization (EBITA)	13.7%	13.9%	14.5%	14.6%	14.2%	13.8%	14.2%
Goodwill amortization	-232.4	-231.8	-247.1	-245.8	-957.1	-243.7	-968.4
Operating income	630.2	635.1	686.3	686.3	2,637.9	602.2	2,609.9
Operating margin (EBIT)	10.0%	10.2%	10.6%	10.7%	10.4%	9.8%	10.3%
Financial items	-171.1	-154.0	-164.9	-141.1	-631.1	-134.5	-594.5
Income before tax	460.5	483.7	523.4	547.4	2,015.0	468.0	2,022.5
Profit margin (EBT)	7.3%	7.7%	8.1%	8.6%	7.9%	7.6%	8.0%
Tax	-162.2	-170.2	-184.2	-172.5	-689.1	-164.8	-691.7
Minority interest	-14.1	-12.6	-17.2	-12.1	-56.0	-4.0	-45.9
Net income	284.2	300.9	322.0	362.8	1,269.9	299.2	1,284.9

OPERATING CASH FLOW

	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Full Year 2002	Q 1 2003	12 month rolling
Operating income before goodwill amortization	862.6	866.9	933.4	932.1	3,595.0	845.9	3,578.3
Depreciation	241.7	238.6	238.8	230.9	950.0	231.7	940.0
Net capital expenditure	-154.6	-211.7	-138.0	-334.6	-838.9	-157.1	-841.4
Change in working capital	-154.8	148.0	137.4	274.3	404.9	-297.9	261.8
Paid and recieved interest	-160.4	-168.5	-144.7	-107.0	-580.6	-87.6	-507.8
Adjustment for non-cash items	8.3	12.3	-25.0	-1.3	-5.7	29.4	15.4
Operating cash flow	642.8	885.6	1,001.9	994.4	3,524.7	564.4	3,446.3
Operating cash flow / Income before tax	1.40	1.83	1.91	1.82	1.75	1.21	1.70

CHANGE IN NET DEBT

	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Full Year 2002	Q 1 2003
Net debt at beginning of the period	15,534.2	14,987.2	12,639.9	15,115.8	15,534.2	13,988.9
Operating cash flow	-642.8	-885.6	-1,001.9	-994.4	-3,524.7	-564.4
Paid tax	162.1	216.1	101.0	37.7	516.9	332.9
Acquisitions	148.2	148.5	3,151.3	120.7	3,568.7	105.7
New share issue	-	-1,243.7 ⁵⁾	-	-	-1,243.7 ⁵⁾	-
Dividend	-	353.8	-	-	353.8	-
Translation differences	-214.5	-936.4	225.5	-290.9	-1,216.3	-161.5
Net debt at end of period	14,987.2	12,639.9	15,115.8	13,988.9	13,988.9	13,701.6
Net debt / Equity ratio, times	1.26	1.04	1.21	1.13	1.13	1.10

CAPITAL EMPLOYED AND FINANCING

	Q 1	Q 2	Q 3	Q 4	Q 1
	2002	2002	2002	2002	2003
Capital employed	27,285.2	25,209.3	28,034.5	26,701.0	26,451.8
- of which goodwill	15,743.5	14,530.6	16,955.5	16,213.5	15,755.0
Net debt	14,987.2	12,639.9	15,115.8	13,988.9	13,701.6
Minority interest	436.6	389.0	401.9	330.9	315.0
Shareholders' equity	11,861.4	12,180.4	12,516.7	12,381.2	12,435.2

DATA PER SHARE

	Q 1	Q 2	Q 3	Q 4	Full Year	Q 1	12 month
	2002	2002	2002	2002	2002	2003	rolling
	SEK	SEK	SEK	SEK	SEK	SEK	SEK
Earnings per share after tax and before conversion ³⁾	0.80	0.85	0.88	1.00	3.53	0.82	3.55
Earnings per share after tax and full conversion ⁴⁾	0.81	0.84	0.88	1.00	3.53	0.82	3.54
Earnings per share after tax and full conversion excluding goodwill ⁴⁾	1.45	1.48	1.55	1.65	6.13	1.48	6.16
Cash earnings per share after tax and full conversion	2.15	2.17	2.24	2.52	9.08	2.13	9.06
Shareholders' equity per share after full conversion	35.76	35.64	36.53	35.85	35.85	36.01	

³⁾ Number of shares, thousands, used for the calculation amount to 365,918 for March 2003, 353,799 for March 2002 and to 359,952 for December 2002.

⁴⁾ Number of shares, thousands, used for the calculation amount to 370,935 for March 2003, 361,730 for March 2002 and to 366,716 for December 2002.

⁵⁾ The amount raised through the new share issue has been reduced by SEK 16.3 M corresponding to transaction costs after tax.

⁶⁾ Organic growth concern comparable units after adjustment for acquisitions and currency effects.

SEGMENT REPORTING

Jan-Mar respective 31 March	EMEA ⁷⁾		Americas ⁸⁾		Asia Pacific ⁹⁾		Global technologies ¹⁰⁾		Other		Total	
	EUR M		USD M		AUD M		SEK M		SEK M		SEK M	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Sales, external	279	282	262	267	67	61	984	580			6,124	6,303
Sales, intragroup	9	9	1	2	5	5	21	23	-139	-161		
Sales	288	291	263	269	72	66	1,005	603	-139	-161	6,124	6,303
Organic growth ⁶⁾	0%	0%	-1%	3%	9%	1%	1%	-1%			0%	0%
Operating income before goodwill amortization	40	40	42	39	9	6	110	102	-33	-53	846	863
Operating margin before goodwill amortization	14.0%	13.7%	15.8%	14.3%	12.2%	9.0%	10.9%	16.9%			13.8%	13.7%
Goodwill amortization	-9	-9	-10	-10	-3	-3	-60	-33			-244	-232
Operating income	31	31	32	29	6	3	50	69	-33	-53	602	630
Operating margin	10.7%	10.6%	12.0%	10.6%	8.7%	5.1%	5.0%	11.4%			9.8%	10.0%
Capital employed	1,092	1,189	1,100	1,147	311	307	5,361	2,955	49	11	26,452	27,285
- of which goodwill	538	591	664	688	164	163	4,290	2,376			15,755	15,743
Return on capital employed	11.4%	10.3%	11.5%	10.4%	7.6%	3.7%	3.7%	9.1%			9.5%	9.3%
Return on capital employed before goodwill amortization	29.4%	26.3%	38.1%	33.9%	24.1%	15.7%	39.7%	56.1%			33.0%	30.3%
Operating income before goodwill amortization	40	40	42	39	9	6	110	102	-33	-53	846	863
Depreciation	14	14	8	8	3	3	18	13	1	1	232	242
Net capital expenditure	-8	-9	-4	-4	-4	-2	-22	-14	-1	-1	-157	-155
Change in working capital	-20	-23	-10	-2	-1	5	-13	23	-10	26	-298	-155
Cash flow	26	22	36	41	7	12	93	124			623	795
Adjustment for non-cash items									29	8	29	8
Paid and received interest									-88	-160	-88	-160
Operating cash flow											564	643
Average number of employees	12,911	12,895	10,260	10,535	3,636	3,793	2,480	987	52	48	29,339	28,258

Jan-Dec respective 31 Dec 2002	EMEA ⁷⁾		Americas ⁸⁾		Asia Pacific ⁹⁾		Global technologies ¹⁰⁾		Other		Total	
	EUR M		USD M		AUD M		SEK M		SEK M		SEK M	
	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002
Sales, external	1,112		1,086		283		3,194					25,397
Sales, intragroup	40		9		24		91		-665			
Sales	1,152		1,095		307		3,285		-665			25,397
Organic growth ⁶⁾	1%		2%		6%		0%					2%
Operating income before goodwill amortization	155		178		39		450		-206			3,595
Operating margin before goodwill amortization	13.4%		16.3%		12.8%		13.7%					14.2%
Goodwill amortization	-38		-39		-10		-186					-957
Operating income	117		139		29		264		-206			2,638
Operating margin	10.1%		12.8%		9.5%		8.0%					10.4%
Capital employed	1,099		1,109		320		5,519		-178			26,701
- of which goodwill	552		677		171		4,380					16,214
Return on capital employed	10.2%		12.2%		5.7%		6.1%					9.9%
Return on capital employed before goodwill amortization	27.0%		39.2%		17.3%		45.0%					33.3%
Operating income before goodwill amortization	155		178		39		450		-206			3,595
Depreciation	56		32		11		63		3			950
Net capital expenditure	-48		-29		-14		-49		1			-839
Movement in working capital	27		10		7		76		-52			405
Cash flow	190		191		43		540					4,111
Adjustment for non-cash items									-5			-5
Paid and received interest									-581			-581
Operating cash flow												3,525
Average number of employees	12,972		10,363		3,696		1,676		47			28,754

⁶⁾ Organic growth concern comparable units after adjustment for acquisitions and currency effects.

⁷⁾ Europe, Israel and Africa

⁸⁾ North and South America

⁹⁾ Asia, Australia och New Zealand

¹⁰⁾ Door Automatics, Hospitality och Identification