

Press release from ASSA ABLOY AB (publ)

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ASSA ABLOY acquires German effeff Fritz Fuss KGaA – the world's leading manufacturer of electric strikes

- ASSA ABLOY takes the lead in the expanding segment of electromechanical locking
- effeff's sales 1999 is expected to exceed DEM 250 million with a pre tax margin over 20%
- ASSA ABLOY will acquire the principal owner's shares on Feb 1, 2000
- A public offer will be made at DEM 53 per share on the listed shares representing 30% of the capital
- The public offer represents a premium of 20% over the last paid price
- An important step for ASSA ABLOY in the ongoing consolidation of the fragmented German lock market

BACKGROUND

Electromechanical locking is the fastest growing segment in the lock business. Through electronics and electromechanics, features can be added to traditional locks in order to provide higher security, increased user friendliness and safety. The area of electromechanical locking is therefor an area of priority for ASSA ABLOY and the acquisition of eff eff will considerably strengthen ASSA ABLOY's position as the world leader in mechanical and electromechanical locks.

All types of electronic access control systems require an electromechanical locking device at each door. There are three principal types: electric strikes, motor locks and magnetic locks. Electric strikes are the most common and are based on a releasing mechanism controlled by inductive magnetism. effeff has built a world leading position in this field over 25 years and the company's sales have grown steadily 10 percent per year, from 10 to 250 million DEM.

“effeff has built a strong position in its field over the years. It will, however, be difficult to maintain and further develop this position without access to a broader product package and locally well established distribution channels throughout the world. In ASSA ABLOY effeff has found the best possible partner to continue its strong development”, says Dr Merkel, CEO of effeff.

“Further strengthen our position in the area of electromechanics as well as in Germany has been a main priority for us. To team up with effeff is a great step and something that has been a wish within ASSA ABLOY since our group was formed”, says Carl-Henric Svanberg, CEO of ASSA ABLOY.

THE COMPANY effeff

effeff is located in Albstadt near Stuttgart and has a total of 1130 employees, of which 760 are employed in Germany. The company was founded in 1936 by Fritz Fuss and was listed in 1995 on the stock exchanges in Frankfurt and Stuttgart. effeff has three subsidiaries and two production units in Romania and China with 200 and 80 employees respectively. effeff France, a sales company with sales of DEM 12 million was established in 1986. Nuova Feb in Bologna, Italy with sales of DEM 27 million and Hanchett Entry systems in Phoenix, USA with sales of DEM 9 million were acquired in 1998.

OPPORTUNITIES FOR effeff IN THE ASSA ABLOY GROUP

With the acquisition of effeff, ASSA ABLOY will reach a world leading position in all kinds of electromechanical locking. This will create a strong platform for ASSA ABLOY to realise its goals within this area. ASSA ABLOY's focus is to offer the market electromechanical locking products that can satisfy all customer demands combining high security, user friendliness and fast emergency exit.

R&D investments in the electromechanical area are much higher than in the area of traditional lock products and size is therefore a significant success factor. Through the acquisition of effeff ASSA ABLOY will add unique R&D resources and create a world leading team with access to ASSA ABLOY's powerful distribution network.

In the short-term perspective there are significant cross-selling opportunities for effeff. The electric strike is an attractive addition to all ASSA ABLOY companies.

The acquisition of effeff will also give ASSA ABLOY a stronger position in the fragmented German lock market. There is a considerable overlap between the two group's sales networks, which will be used to increase the joint sales efficiency.

FINANCIAL EFFECTS

The principal owner's participation in the company will be taken over on Feb 1 year 2000, the date from which the company will be consolidated. On request by the seller the price to be paid for this part is not disclosed at this stage. Following this announcement a public offer of 53 DEM per share will be made on the listed shares. The main part of the goodwill will be tax deductible and the yearly amortisation cost after tax will be DEM 11 million based on a 20-year amortisation period. effeff's sales for 1999 is expected to reach DEM 250 million with an pre tax margin over 20%. The acquisition will contribute to EPS from the date of consolidation.

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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. In 1999 the Group will report sales exceeding SEK 10 billions and has about 12 000 employees.