

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

from ASSA ABLOY AB (publ)

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## INTERIM REPORT JANUARY-MARCH 2002

- Sales increased by 23% to SEK 6,303 M (5,104)
- Organic growth was 0% (3% per 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 automatics
- Acquisition of VEMA, Dutch distributor of electromechanical products

## 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 contribute by 19% to the increase of 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 since 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 to 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 adjustments following the separation of the hotel business are continuing.

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 market-leading 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 less 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 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 successfully been launched. Brazil is developing well and show 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 strong 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 automatics is 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. For more information regarding the acquisition of Besam, see separate press release sent earlier today.

### **Acquisition of VEMA**

ASSA ABLOY has signed an agreement to acquire VEMA, market leader in electromechanical 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 electromechanical 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

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

## Financial information

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

Further information can be obtained from  
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Information about the analysts' meeting, web and telephone conference later today  
can be found on ASSA ABLOY's website, [www.assaabloy.com](http://www.assaabloy.com)

*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. The Group has around 30,000 employees and annual sales of approx EUR 3 billion.*

## FINANCIAL INFORMATION

INCOME STATEMENT	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Dec
	2002	2002	2001	2001
	EUR M <sup>1)</sup>	SEK M	SEK M	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
<b>Gross Income</b>	<b>263.1</b>	<b>2,407.5</b>	<b>1,987.8</b>	<b>8,646.9</b>
Selling and administrative expenses	-168.8	-1,544.9	-1,243.9	-5,487.7
<b>Operating income before goodwill amortization</b>	<b>94.3</b>	<b>862.6</b>	<b>743.9</b>	<b>3,159.2</b>
Goodwill amortization	-25.4	-232.4	-202.3	-860.4
Non-recurring items	-	-	-	-166.0
<b>Operating income</b>	<b>68.9</b>	<b>630.2</b>	<b>541.6</b>	<b>2,132.8</b>
Financial items	-18.7	-171.1	-161.6	-664.4
Share in earnings of associated companies	0.2	1.4	-0.2	7.2
<b>Income before tax</b>	<b>50.4</b>	<b>460.5</b>	<b>379.8</b>	<b>1,475.6</b>
Tax	-17.8	-162.2	-132.9	-507.4
Minority interests	-1.5	-14.1	0.5	-19.6
<b>Net income</b>	<b>31.1</b>	<b>284.2</b>	<b>247.4</b>	<b>948.6</b>
<b>EARNINGS PER SHARE</b>				
		Jan-Mar	Jan-Mar	Jan-Dec
		2002	2001	2001
		SEK	SEK	SEK
Earnings per share after tax and before conversion <sup>3)</sup>		0.80	0.70	2.99 <sup>4)</sup>
Earnings per share after tax and full conversion		0.81	0.70	2.98 <sup>4)</sup>
Earnings per share after tax and full conversion excluding goodwill		1.45	1.27	5.39 <sup>4)</sup>
<b>CASH FLOW STATEMENT</b>				
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Dec
	2002	2002	2001	2001
	EUR M <sup>1)</sup>	SEK M	SEK M	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
<b>Cash flow</b>	<b>-13.3</b>	<b>-121.6</b>	<b>-739.1</b>	<b>-221.6</b>

<b>BALANCE SHEET</b>	<b>31 Mar 2002 EUR M<sup>2)</sup></b>	<b>31 Mar 2002 SEK M</b>	<b>31 Mar 2001 SEK M</b>	<b>31 Dec 2001 SEK M</b>
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
<b>Total assets</b>	<b>3,709.3</b>	<b>33,532.0</b>	<b>29,869.0</b>	<b>34,669.0</b>

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
<b>Total shareholders' equity and liabilities</b>	<b>3,709.3</b>	<b>33,532.0</b>	<b>29,869.0</b>	<b>34,669.0</b>

<b>CHANGE IN SHAREHOLDER'S EQUITY</b>	<b>31 Mar 2002 EUR M</b>	<b>31 Mar 2002 SEK M</b>	<b>31 Mar 2001 SEK M</b>	<b>31 Dec 2001 SEK M</b>
<b>Opening balance 1 January</b>	<b>1,272.4</b>	<b>11,845.6</b>	<b>10,659.0</b>	<b>10,659.0</b>
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 <sup>1)</sup>	31.1	284.2	247.4	948.6
<b>Closing balance at end of period <sup>2)</sup></b>	<b>1,312.1</b>	<b>11,861.4</b>	<b>11,468.4</b>	<b>11,845.6</b>

<b>KEY RATIO</b>	<b>Jan-Mar 2002</b>	<b>Jan-Mar 2001</b>	<b>Jan-Dec 2001</b>
Return on capital employed, %	9.3	9.9	9.7 <sup>4)</sup>
Return on capital employed before goodwill amortization, %	30.3	36.2	32.9 <sup>4)</sup>
Operational return on capital employed, %	12.7	13.6	13.3 <sup>4)</sup>
Return on shareholders' equity, %	9.0	8.8	8.9 <sup>4)</sup>
Equity ratio, %	36.7	39.6	35.6
Interest coverage ratio, times	3.6	3.3	3.5 <sup>4)</sup>
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

<sup>1)</sup> Translated using an average rate during the year of 9.15

<sup>2)</sup> Translated using a closing rate at 31 March 2002 of 9.04

<sup>3)</sup> 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.

<sup>4)</sup> 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%	-
<b>Gross income</b>	<b>1,987.8</b>	<b>2,115.7</b>	<b>2,164.2</b>	<b>2,379.2</b>	<b>8,646.9</b>	<b>2,407.5</b>	<b>9,066.6</b>
Gross income / Sales	38.9%	38.6%	37.9%	38.3%	38.4%	38.2%	38.2%
<b>Operating income before depreciation</b>	<b>922.1</b>	<b>991.1</b>	<b>1,024.5</b>	<b>1,082.2</b>	<b>4,019.9</b>	<b>1,104.3</b>	<b>4,202.1</b>
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
<b>Operating income before goodwill amortization</b>	<b>743.9</b>	<b>767.5</b>	<b>796.5</b>	<b>851.3</b>	<b>3,159.2</b>	<b>862.6</b>	<b>3,277.9</b>
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
<b>Operating income</b>	<b>541.6</b>	<b>559.2</b>	<b>578.4</b>	<b>453.6</b>	<b>2,132.8</b>	<b>630.2</b>	<b>2,221.4</b>
Operating margin (EBIT)	10.6%	10.2%	10.1%	10.0% <sup>4)</sup>	10.2% <sup>4)</sup>	10.0%	10.1% <sup>4)</sup>
Financial items	-161.6	-177.4	-171.2	-154.2	-664.4	-171.1	-673.9
<b>Income before tax</b>	<b>379.8</b>	<b>385.2</b>	<b>408.0</b>	<b>302.6</b>	<b>1,475.6</b>	<b>460.5</b>	<b>1,556.3</b>
Profit margin (EBT)	7.4%	7.0%	7.1%	7.6% <sup>4)</sup>	7.3% <sup>4)</sup>	7.3%	7.3% <sup>4)</sup>
Tax	-132.9	-134.8	-142.9	-96.8	-507.4	-162.2	-536.7
Minority interest	0.5	-0.7	-12.8	-6.6	-19.6	-14.1	-34.2
<b>Net income</b>	<b>247.4</b>	<b>249.7</b>	<b>252.3</b>	<b>199.2</b>	<b>948.6</b>	<b>284.2</b>	<b>985.4</b>

### 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
<b>Operating cash flow</b>	<b>293.2</b>	<b>531.7</b>	<b>658.4</b>	<b>855.1</b>	<b>2,338.4</b>	<b>642.8</b>	<b>2,688.0</b>
Operating cash flow / Income before tax	0.77	1.38	1.61	1.82 <sup>4)</sup>	1.42 <sup>4)</sup>	1.40	1.56 <sup>4)</sup>

**CHANGE IN NET DEBT**

	Q 1	Q 2	Q 3	Q 4	Full Year	Q 1
	2001	2001	2001	2001	2001	2002
Net debt at beginning of the 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	6,840.6	148.2
Dividend	-	317.8	-	-	317.8	-
Translation differences	1,020.8	114.8	261.8	-194.5	1,617.2	-214.5
<b>Net debt at end of period</b>	<b>12,084.7</b>	<b>14,026.4</b>	<b>13,983.1</b>	<b>15,534.2</b>	<b>15,534.2</b>	<b>14,987.2</b>
Net debt / Equity ratio, times	1.06	1.22	1.19	1.31	1.31	1.26

**CAPITAL EMPLOYED AND FINANCING**

	Q 1	Q 2	Q 3	Q 4		Q 1
	2001	2001	2001	2001		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 interest	390.8	436.4	469.8	481.7		436.6
<b>Shareholders' equity</b>	<b>11,446.7</b>	<b>11,516.0</b>	<b>11,739.7</b>	<b>11,845.6</b>		<b>11,861.4</b>

**DATA PER SHARE**

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

**SALES BY ORGANIZATIONAL UNIT**

		Q 1	Q 2	Q 3	Q 4	Full Year	Q 1	02/01
		2001	2001	2001	2001	2001	2002	% <sup>5)</sup>
Scandinavia	SEK M	486	472	444	512	1,914	478	-1
Finland	EUR M	31	32	30	33	126	30	-2
Central Europe <sup>6)</sup>	EUR M	37	34	42	42	155	44	-1
South Europe <sup>7)</sup>	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 <sup>8)</sup>	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
<b>Total</b>	<b>SEK M</b>	<b>5,104</b>	<b>5,483</b>	<b>5,717</b>	<b>6,206</b>	<b>22,510</b>	<b>6,303</b>	<b>0</b>

<sup>1)</sup> Translated using an average rate during the year of 9.15.

<sup>2)</sup> Translated using a closing rate at 31 March 2002 of 9.04.

<sup>3)</sup> 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.

<sup>4)</sup> Excluding non-recurring items.

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

<sup>6)</sup> Germany, Netherlands & Switzerland.

<sup>7)</sup> France, Belgium, Italy & Spain.

<sup>8)</sup> Africa, Asia, Israel, South America & Eastern Europe.