

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

from ASSA ABLOY AB (publ)

29 April 2002  
No. 04/02

## **ASSA ABLOY acquires Besam – world leader in door automatics**

- Besam is the leader in door automatics, with world-wide distribution
- Door automatics is important in the development of a secure and convenient door function
- Besam has annual sales of SEK 2,100 M with a profit margin exceeding 10%
- The company's share of the world market is about 15%
- The market for door automatics has shown sustained growth of 7-10% a year
- The acquisition price is SEK 3,050 M
- The acquisition is expected to add to EPS from 2003, with positive cash flow from the start

### **Background**

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. A parent pushing a baby carriage and trying to open a door; hospital staff transporting a patient through hospital corridors; a wheelchair-bound person trying to gain entry to a public building – these are typical cases where door automatics provides essential convenience and functionality.

In the task to develop tomorrow's locking solutions it has become increasingly important to take a leading position in this segment too. One alternative was to develop a position within the area, but would require major investment in both product and market development. Nor, except in the long term, would such a venture give us the profitable aftermarket business that a large installed base can provide. An increased integration of products surrounding the door also creates opportunities for inter-connected and more cost-effective solutions, which also becomes simpler to install and maintain. However, this requires more coordinated development resources, which are available only to the major players.

### **Besam**

Besam is the world leader in the field of door automatics. The company was founded in Landskrona, Sweden, in 1962 by Bertil Samuelsson. The product range consists of automatic door operators for swing doors, sliding doors and revolving doors. The company's market share in Western Europe and the USA for the different product groups varies between 15% and 30%.

Besam is the only global player in the door automatics market. The company is represented in more than 60 countries and has its own subsidiaries in 20 of them. Service and maintenance

form an important and highly profitable part of the business and account for 30% of sales. It is only in recent years that the company has started to focus on this side of the business. Growth is currently running at more than 10% and there is substantial potential for development.

Besam holds a unique position by virtue of its strong brand, its large installed base and its worldwide organization and aftermarket service. The head office and much of the production are located in Sweden. There are also manufacturing plants in Germany and the USA. There are about 1,400 employees, of which 310 are in Sweden.

In recent years a major project to increase efficiency throughout the business has been launched. Rationalization of production is underway, with increased use of standard components and simpler workflows. There is greater focus on specific customer segments and on profitability by product group and by market. Growth during this period has been weaker, but the increased understanding of the business and the initiatives taken has greatly increased future opportunities for good volume and profit development.

The market for door automatics has grown historically at 7-10% a year, of which new sales account for 5% while the aftermarket has been growing faster.

### **Financial effects**

ASSA ABLOY is acquiring Besam from AB Industrivärden, which has owned Besam for the past ten years. The purchase price is SEK 3,050 M for the debt-free company. The acquisition creates goodwill of about SEK 2,400 M, which to a large extent will be tax-deductible and amortized for 20 years. The acquisition is expected to contribute positively to earnings per share from 2003 and to generate positive cash flow from the outset.

It is intended that the acquisition of Besam will be financed through the issue of 20,000,000 shares and through existing loan arrangements. The proposal to approve a share issue will be put before an Extraordinary General Meeting, at which the Board of Directors is expected to be authorized to issue these shares between then and the next Annual General Meeting. It is planned to place the shares with a number of institutional investors at the current market price.

The acquisition is subject to regulatory approvals and is expected to close at mid-year.

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*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.*