



ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience

Q3 Report 2015

Johan Molin

President and CEO

Financial highlights Q3 2015

- **Continued positive development**

- Strong growth in Americas, EMEA and Entrance
- Flat in Global tech
- Negative in APAC due to weak Chinese market

▪ Sales	17,465 MSEK	+19%
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3% organic, 4% acquired growth, 12% currency

▪ EBIT	2,970 MSEK	+19%
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Currency effect 238 MSEK

▪ EPS	1.86 SEK	+18%
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Underlying tax rate 26%

Financial highlights Jan-Sept 2015

- **A strong year**

- Strong growth in Americas, Global Tech and Entrance
- Good growth in EMEA
- Negative growth in APAC due to China

▪ Sales	49,799 MSEK	+21%
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4% organic, 3% acquired growth, 14% currency

▪ EBIT	8,041 MSEK	+22%
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Currency effect 789 MSEK

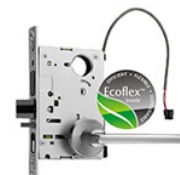
▪ EPS	5.02 SEK	+23%
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Underlying tax rate 26%

Market highlights

■ Multiple innovation awards at ASIS

- Quantum Secure Predictive security,
- Active ID Tap
- Aperio cabinet lock for data servers
- Ecopower supply, EcoFlex electrified mortise Lock



■ US Green Card program

- Contract of 88 MUSD over five-year period



■ Accentra, solution for multi family-housing

- Comprehensive cloud-based el-mech solution
- Access from anywhere and real-time trace and tracking



■ Google's NEST partners with Yale

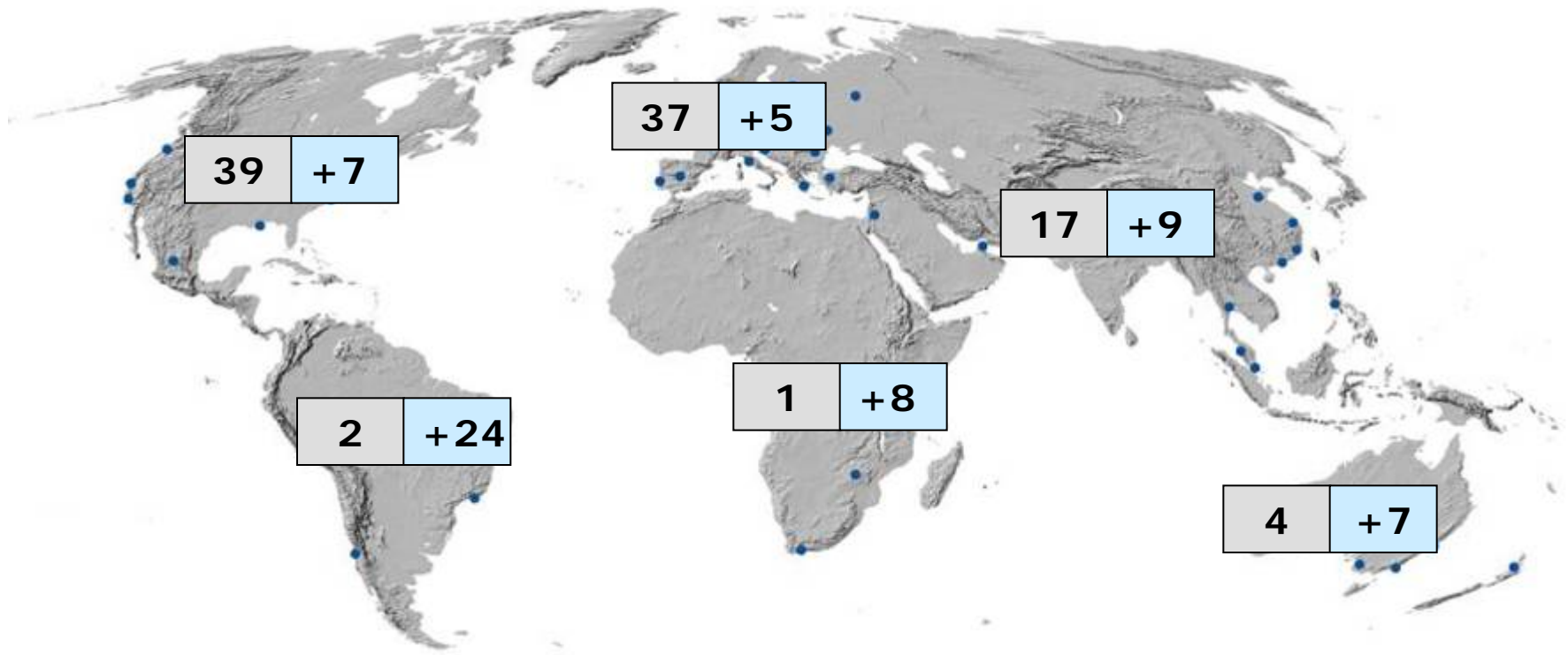
Google's NEST partners with Yale

- Seamlessly connected to Google's NEST
- Passcodes for family, friends & visitors
- Cloud based and managed through apps
- Real time track and trace



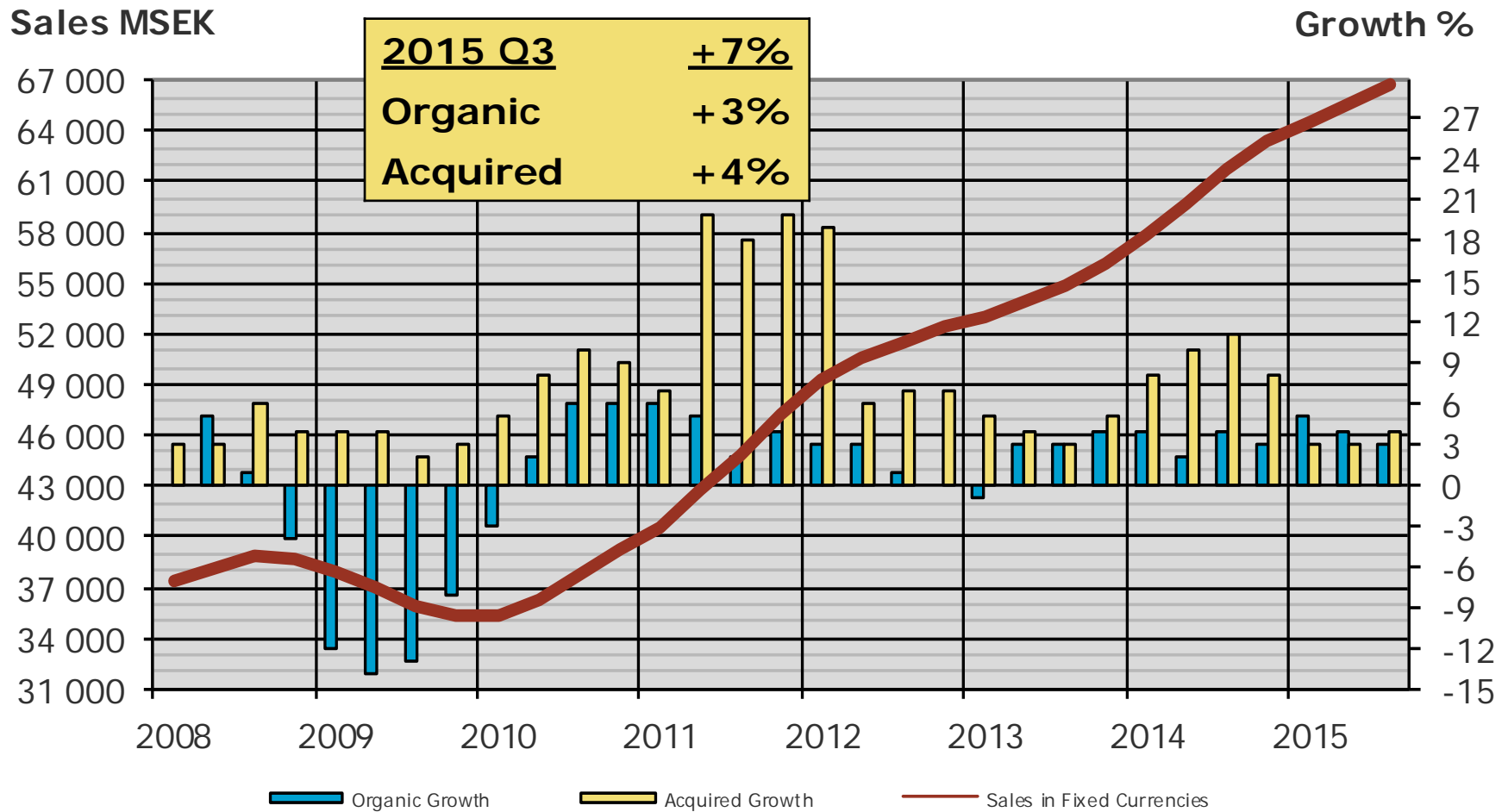
Group sales in local currencies Jan-Sep 2015

Emerging markets 25% (24) of sales

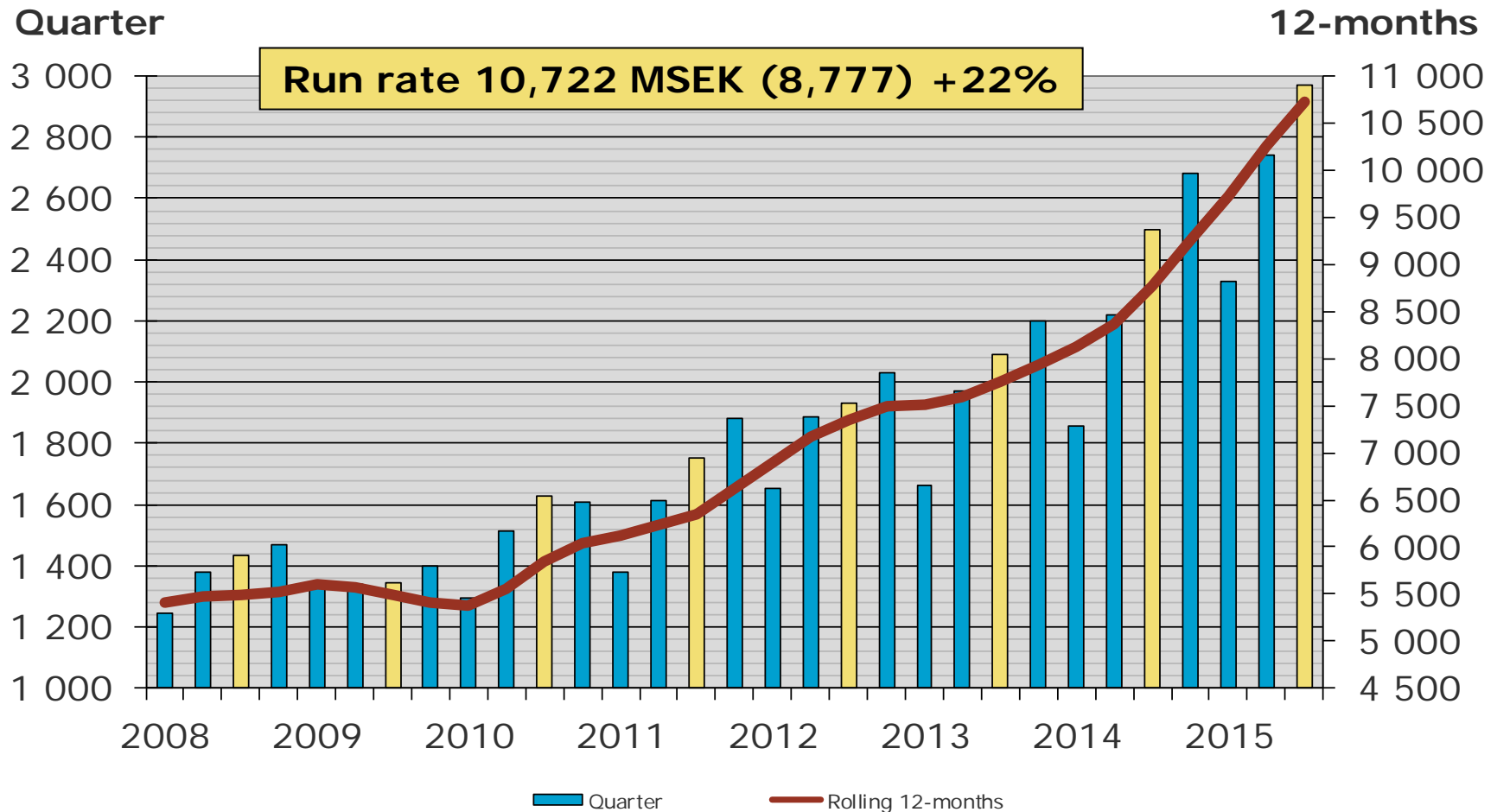


■ Share of Group sales 2015 YTD, %
■ Year-to-date vs previous year, %

Sales growth, currency adjusted

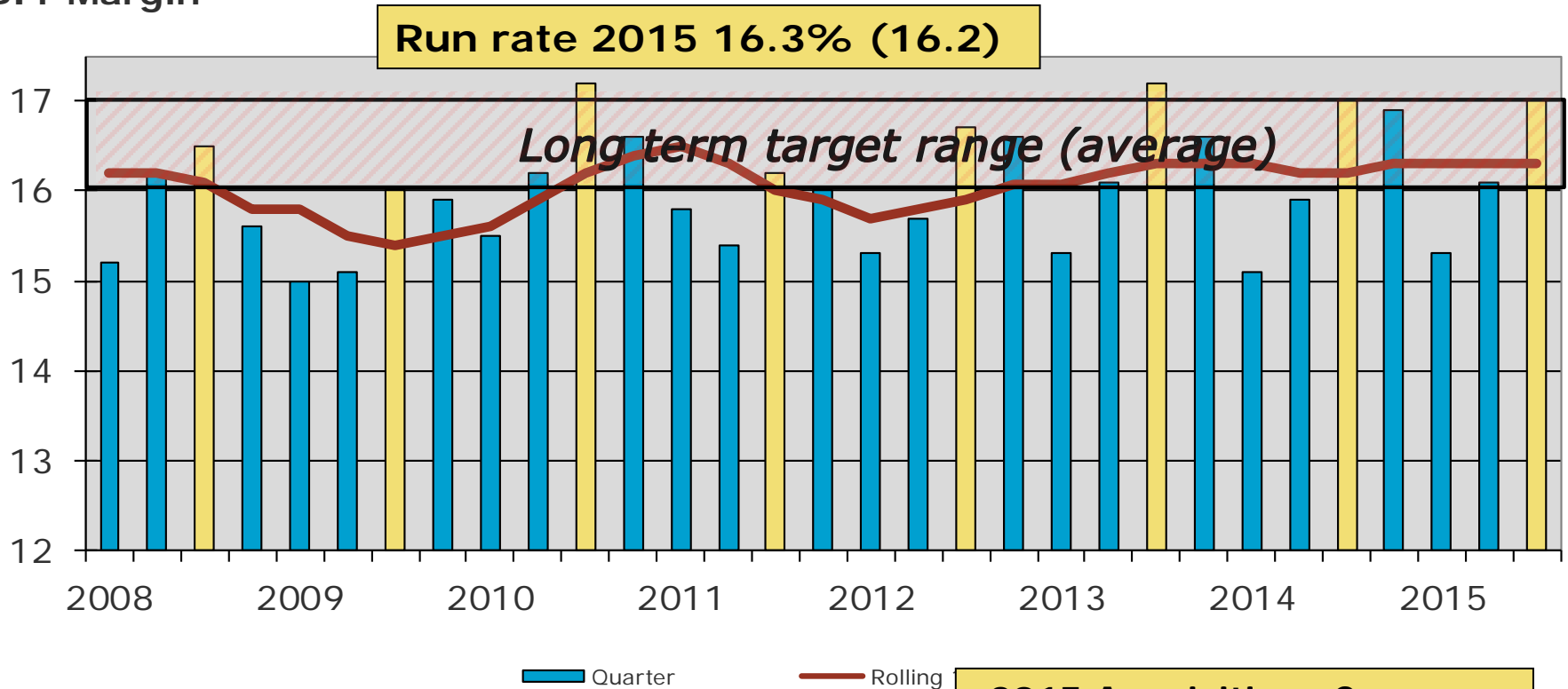


Operating income (EBIT), MSEK



Operating margin, %

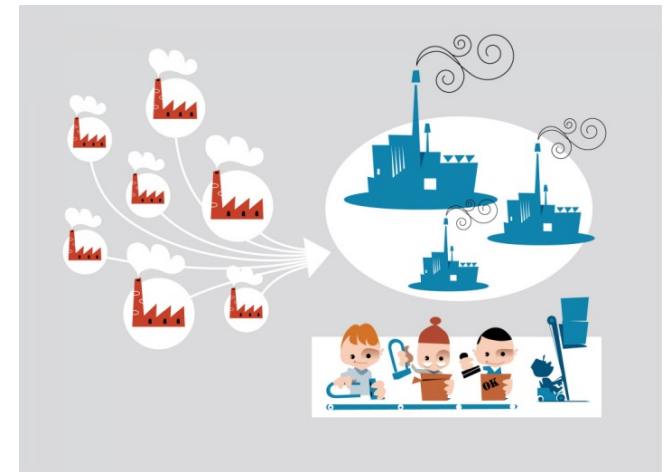
EBIT Margin



2015 Acquisitions Currency		
Q3	-0.1%	-0.3%
2015	-0.1%	-0.3%

Manufacturing footprint

- Status manufacturing footprint programs 2006-2013:
 - 72 factories closed to date, 6 to go
 - 84 factories converted to assembly, 25 to go
 - 39 offices closed, 10 to go
 - Total personnel reduction in Q3:
 - 510 FTE and total 10,269 FTE
 - 1,000 FTE to go for all programs
- 711 MSEK of the provision remains for all programs



Margin highlights Q3 2015

EBIT margin 17.0% (17.0) 0.0%

+ Volume increase 1.5%, price 1.5%

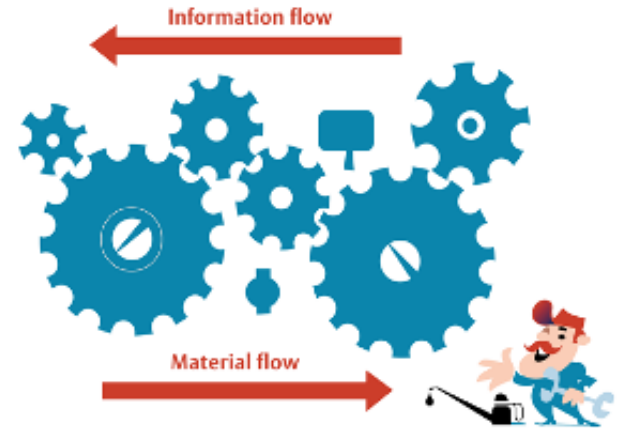
+ Margin flat +0.0%

- + Organic growth

- + Manufacturing footprint & other programs

- Currency -0.3%

- Acquisitions -0.1%



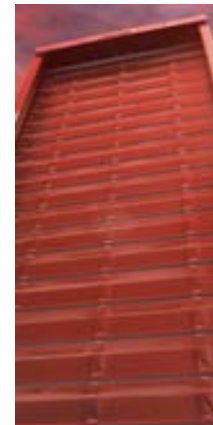
Acquisitions 2015

- Fully active pipeline
- 11 acquisitions done in 2015
- Annualized sales (1 850 MSEK)
- Added sales 3.3%



Nergeco, France

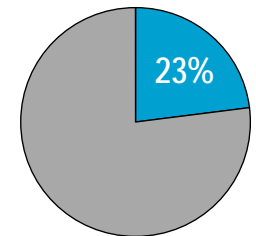
- Turnover of 350 MSEK with 150 employees
- High-speed door company, with complementary products
- Market leader in Southern Europe
- Strengthens service offering
- Accretive to EPS



Division – EMEA

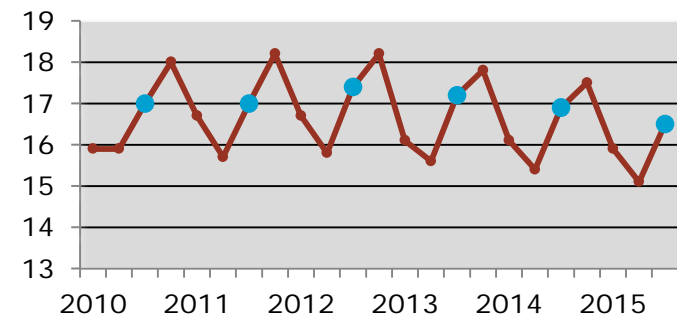
- Continues strong growth in Scandinavia, Finland and Eastern Europe
- Good growth in Africa, Italy, Iberia and Israel
- Growth in UK
- Negative in Benelux and France
- Price increases implemented

SALES
share of
Group total %



- Operating margin (EBIT)
 - + Organic +5%
 - + Savings & efficiency
 - Dilution from acq -0.3%

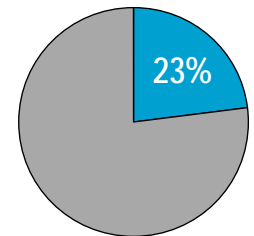
EBIT %



Division - Americas

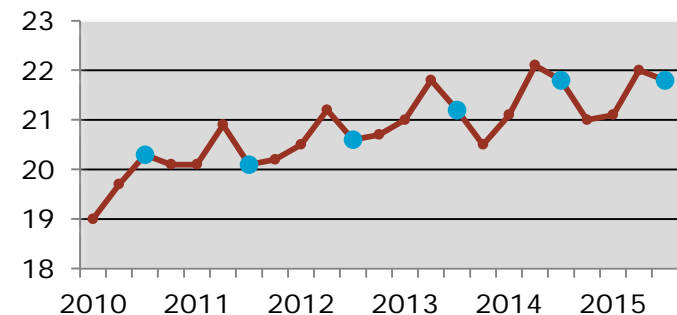
- Strong growth in AHW, Elmech, Canada, Mexico and South America
- Good growth in Residential
- Flat in Doors
- Slightly negative in High security

SALES
share of
Group total %



- Operating margin (EBIT)
 - + Organic +6%
 - + Efficiency
 - Dilution from acq -0.3%

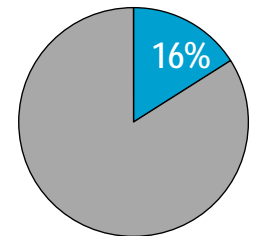
EBIT %



Division - Asia Pacific

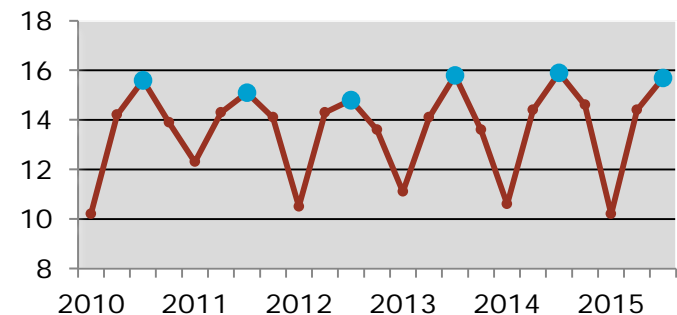
- Strong growth in New Zealand, South Asia and North Asia
- Growth in Australia
- Continued decline in China
 - Efficiency measures mitigate profit pressure

SALES
share of
Group total %



- Operating margin (EBIT)
 - Organic -3%
 - + Personnel reduction in China -9%
 - + Positive sales mix
 - + Currency and acq +0.2%

EBIT %



Division - Global Technologies

■ HID

- Strong growth in IDT (inlays) and Quantum secure
- Good growth in PACS, SI and IDA
- Flat in Project sales
- Strong decline in Gov-Id and BIO solutions

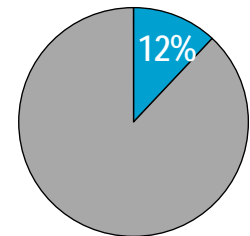
■ Hospitality

- Strong growth
- Strong profit

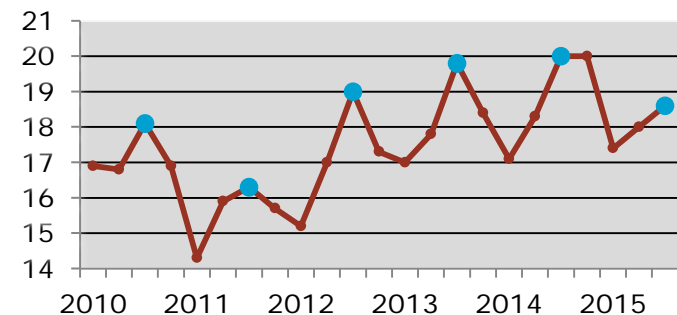
■ Operating margin (EBIT)

- Organic 0%
- Negative mix
- Dilution from acq -0.6%

SALES
share of
Group total %



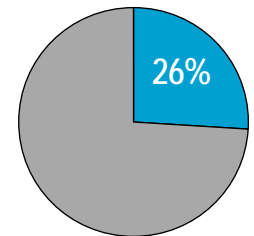
EBIT %



Division - Entrance Systems

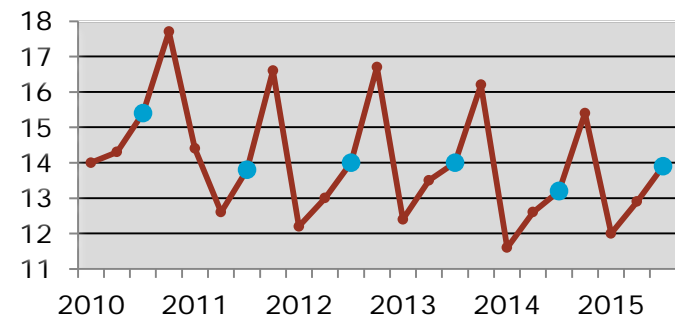
- Strong growth in Industrial EU, High Speed Doors and 4Front
- Good growth in Amarr
- Growth in Door automatics and Flexiforce
- Flat in Ditec and Residential EU
- Strongly improving efficiency

SALES
share of
Group total %



- Operating margin (EBIT)
 - + Organic +6%
 - + Consolidation effects
 - Dilution from acq -0.1%

EBIT %



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Q3 Report 2015

Carolina Dybeck Happe
CFO

Financial highlights Q3 2015

MSEK	3rd Quarter			Nine months		
	2014	2015	Change	2014	2015	Change
Sales	14,727	17,465	+19%	40,996	49,799	+21%
Whereof						
Organic growth			+3%			+4%
Acquired growth			+4%			+3%
FX-differences		+1,661	+12%		+5,561	+14%
Operating income (EBIT)	2,499	2,970	+19%	6,575	8,041	+22%
EBIT-margin (%)	17.0	17.0		16.0	16.1	
Operating cash flow	2,249	2,816	+25%	4,769	5,327	+12%
EPS (SEK)	1.57	1.86	+18%	4.09	5.02	+23%

Bridge Analysis – Jul-Sep 2015

MSEK	2014 Jul-Sep	Organic	Currency	Acq/Div	2015 Jul-Sep
		3%	12%	4%	19%
Sales	14,727	471	1,661	606	17,465
EBIT	2,499	152	238	81	2,970
%	17.0%	32.2%	14.3%	13.3%	17.0%

Dilution / Accretion

0.4%

-0.3%

-0.1%

P&L Components as % of sales

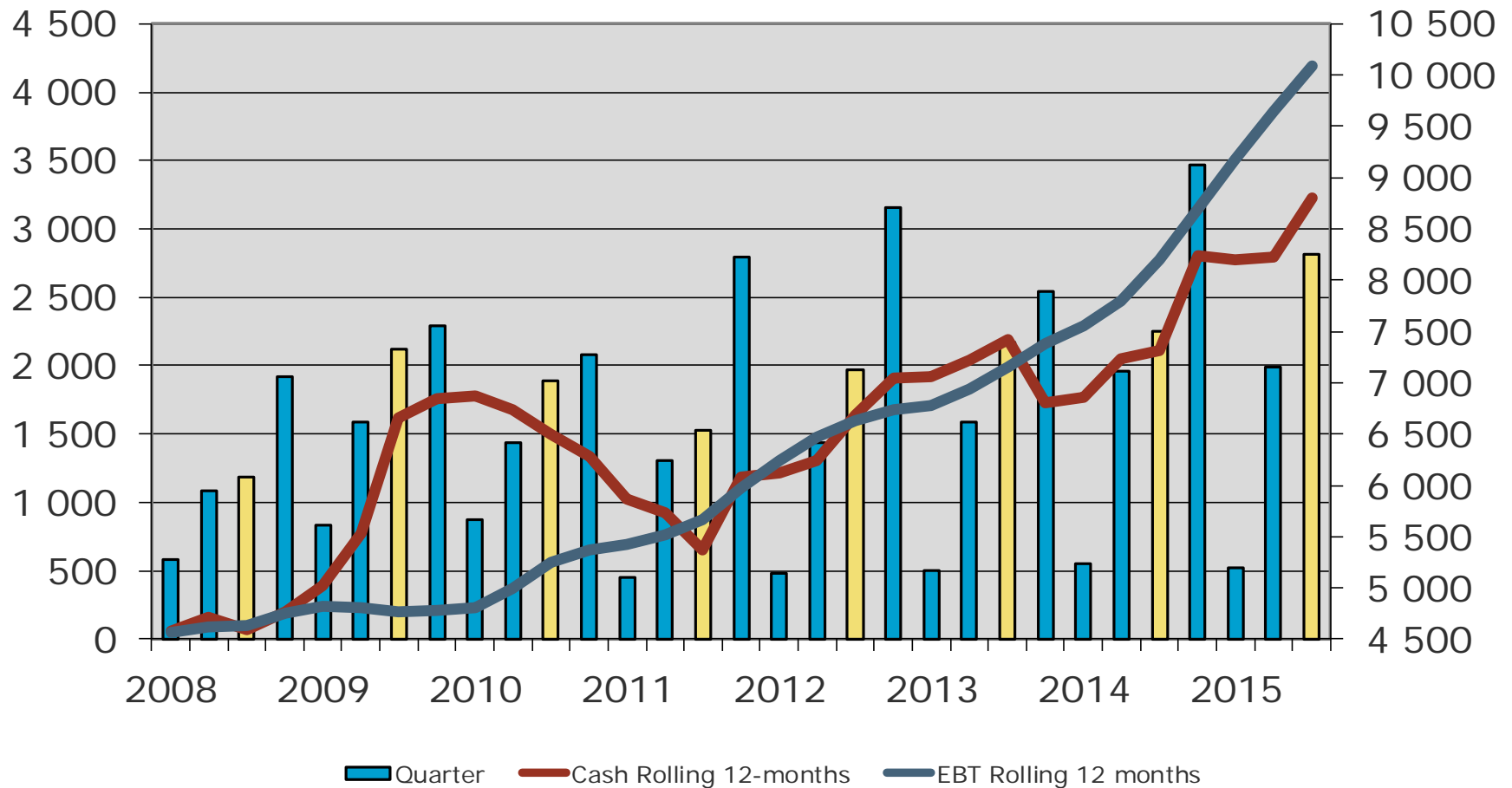
Jan – Sep 2015

	2014 YTD	2015 YTD excl acquisitions	2015 YTD
Direct material	36.1%	36.4%	36.6%
Conversion costs	<u>25.2%</u>	<u>24.6%</u>	<u>24.5%</u>
Gross Margin	38.7%	39.0%	38.9%
S, G & A	<u>22.7%</u>	<u>22.8%</u>	<u>22.8%</u>
EBIT	16.0%	16.2%	16.1%

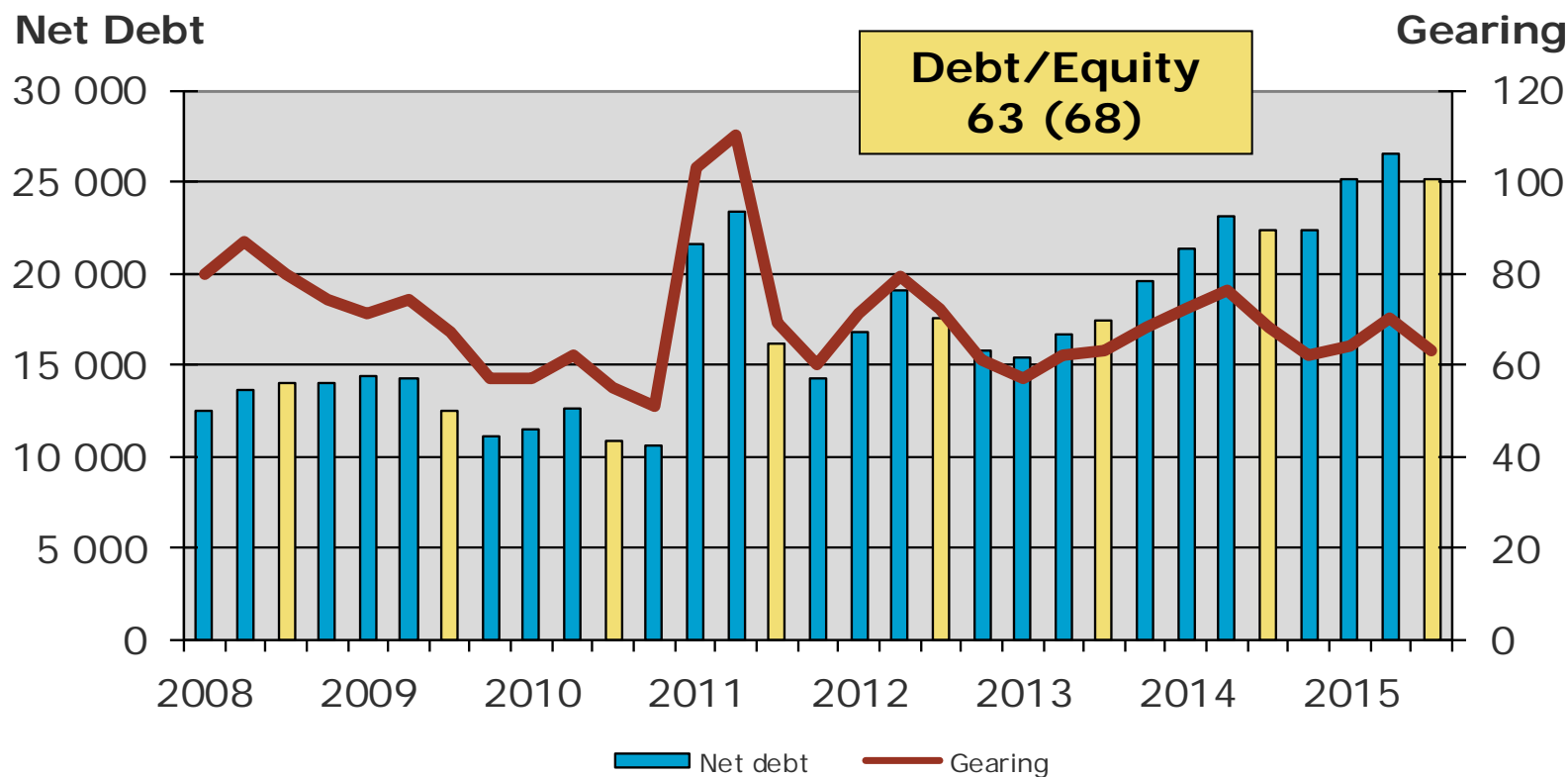
Operating cash flow, MSEK

Quarter

12-months



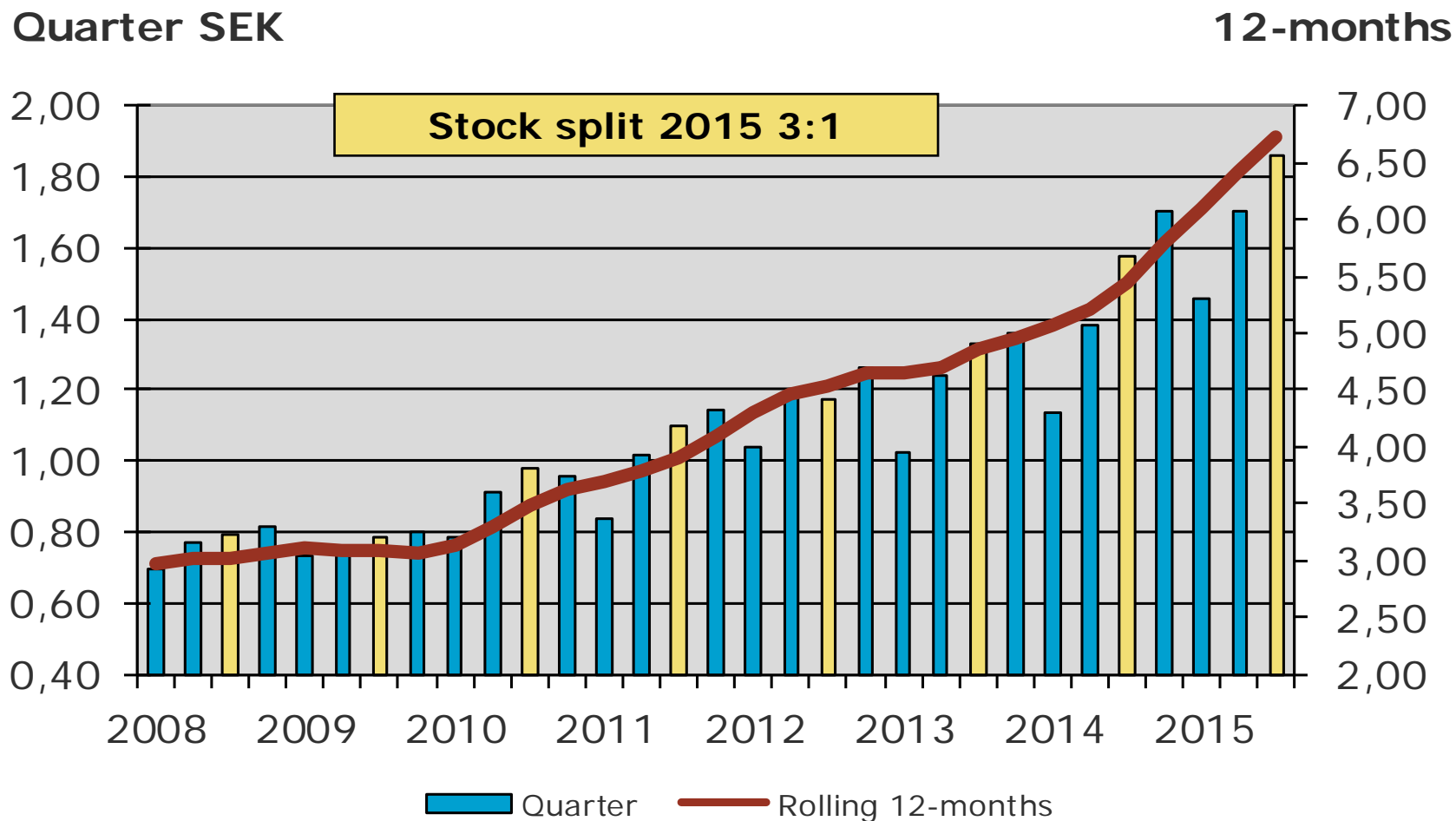
Gearing % and net debt MSEK



**Net debt/EBITDA
2.1 (2.3)**

*) 2008-2011 Not restated for changed pension accounting principles.

Earnings per share, SEK



Restated for Stock split 3:1 2015.



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Conclusions Q3 2015

- Strong growth by 19% with 3% organic
- Emerging markets 25% (24)
- Strong EBIT +19%
- Strong EPS +18%
- Strong Cash flow +25%



Q&A

The global leader in door opening solutions

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