

ASSA ABLOY to acquire majority stake in agta record

ASSA ABLOY has, as a 39 percent shareholder in the Swiss company agta record ag (“agta record” or the “Company”), signed an agreement with the shareholders of Agta Finance to indirectly acquire their 54 percent shareholding in agta record (the “Acquisition”). The purchase price for the Acquisition amounts to approximately EUR 502 million equivalent to a purchase price per agta record share of EUR 70.

After the completion of the Acquisition, which is conditional upon EU antitrust authorities approval in particular, ASSA ABLOY will own approximately 93 percent of the share capital and voting rights of the Company and will launch a public tender offer for the remaining outstanding shares at the same purchase price per agta record share as for the Acquisition, i.e., EUR 70 per agta record share, subject to the fairness opinion of the independent appraiser to be appointed by the Company and to the AMF’s clearance decision (French Financial Markets Authority – AMF – *Autorité des Marchés Financiers*). After the closing of the public tender offer, ASSA ABLOY intends to implement, in accordance with the provisions of the Swiss Merger Act, a procedure equivalent in its results to a squeeze-out via a merger governed by Swiss law, on the remaining outstanding shares of the Company. The contemplated Swiss merger will be subject to the approval of at least 90% of all voting rights of the shareholders meeting of agta record as the absorbed company. Under this procedure, agta record would be absorbed by a wholly-owned Swiss subsidiary of ASSA ABLOY.

Trading in the agta record shares is suspended today, March 6, 2019 and will resume tomorrow, i.e., on March 7, 2019.

agta record is a well-established manufacturer and service organisation dedicated to automatic pedestrian entrance systems. The Company is headquartered in Fehraltorf, Switzerland and has 2,600 employees. For 2018 agta record’s sales amounted to EUR 374.4 million. The Company’s extensive expertise covers the design, production, marketing, installation and maintenance of a large range of automatic doors.

agta record sells its products and services across the globe and is directly present with subsidiaries in 17 countries. agta record is listed on Euronext Paris, foreign stocks.

“I look forward to welcoming agta record and all of its employees into the ASSA ABLOY Group. I am convinced that ASSA ABLOY will be a very good home for agta record which is a strategic addition to the Group and adds important competence, products and services and thus enhances ASSA ABLOY’s position in a competitive entrance automation market, where our sales have grown from SEK 3 billion in 2008 to SEK 24 billion in 2018,” says Nico Delvaux, President and CEO of ASSA ABLOY.

"agta record will complement both our product offering as well as geographic coverage. agta record has with "record" a well-known brand, a strong culture, high quality products and a very strong workforce and management. Our intention is to keep the record brand and keep agta record as a separate Business area, in parallel to our pedestrian door activity, with headquarter in Fehraltorf, Switzerland," says Mogens Jensen, Executive Vice President of ASSA ABLOY and Head of Division Entrance Systems.

Background and reasons for the Acquisition

After the acquisition of the 39 percent holding back in 2011, ASSA ABLOY has entered into an agreement with the founding family and the other shareholders of Agta Finance to indirectly acquire their 54 percent holding in agta record. ASSA ABLOY and agta record will now be able, after the Acquisition, to capitalise on all of the potential of this new collaboration to the benefits of their respective customers, employees and shareholders.

ASSA ABLOY has always viewed agta record as a great company, supplementing ASSA ABLOY both in terms of product offering and geographic scope, with a well-known brand, strong culture, high quality products and solutions all managed by a professional team. Generating more than 40 percent of total revenues from service, agta record creates a strong base for recurring revenue and good profitability. Over recent years agta record has achieved good growth and profitability in its various markets. It has also delivered good results from its recent bolt-on acquisitions.

The biggest synergies are expected to be generated by cross selling of products as well as through procurement consolidation, but also from operational improvements and by further developing the service business.

The Acquisition

The purchase price for the Acquisition amounts to approximately EUR 502 million equivalent to a purchase price per agta record share of EUR 70, representing a premium of approximately 6 percent over agta record's volume-weighted average share price on Euronext Paris during the last three months up to and including March 5, 2019, of approximately 66.2 EUR.

ASSA ABLOY's holding in agta record

ASSA ABLOY invested in agta record in 2011 and the investment was made on the basis that ASSA ABLOY believes there is a strong strategic fit between ASSA ABLOY and agta record. ASSA ABLOY currently owns 39 percent of the shares in the Company.

Conditions to the Acquisition

The Acquisition is conditional upon regulatory approval and is expected to close during the fourth quarter of 2019.

Tender offer for non-controlling interest

Following the completion of the Acquisition, ASSA ABLOY is committed to launch a public tender offer (the "Offer") for the remaining outstanding shares in agta record representing approximately 7 percent of the shares in the Company at the same purchase price per agta record share as for the Acquisition, i.e., at a price of EUR 70 per agta record share, subject to the fairness opinion of the independent appraiser to be appointed by the Company and to the AMF's clearance decision (French Financial Markets Authority – AMF – *Autorité des Marchés Financiers*).

Procedure equivalent to a squeeze-out governed by Swiss law

After the closing of the Offer, ASSA ABLOY intends to implement, in accordance with the provisions of the Swiss Merger Act, a procedure equivalent in its results to a squeeze-out via a merger governed by Swiss law, on the remaining outstanding shares of the Company.

Financial effects for ASSA ABLOY

Assuming all the free float will be tendered to the Offer, the total amount paid for the Acquisition and the Offer amounts to approximately EUR 567 million.

Based on external financial information for 2018 for both agta record and ASSA ABLOY, the acquisition of agta record adds around 5 percent to ASSA ABLOY's consolidated revenue. The operating margin effect for ASSA ABLOY is initially expected to be slightly dilutive. The acquisition will be accretive to EPS from start.

As part of the transaction, the existing 39 percent ownership in agta record held by ASSA ABLOY, a shareholding in associates, will be revalued at fair value through the income statement at closing. The expected non-cash income in EBIT amounts to around SEK 2 billion.

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This is information that ASSA ABLOY AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 6 March 2019.

About ASSA ABLOY

ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end user needs for security, safety and convenience. Since its formation in 1994, ASSA ABLOY has grown from a regional company into an international group with about 48,500 employees, operations in more than 70 countries and sales of SEK 84 billion. In the fast-growing electromechanical security segment, the Group has a leading position in areas such as access control, identification technology, entrance automation and hotel security.

For more information visit www.assaabloy.com.