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ASSA ABLOY EXPANDS FURTHER IN NORTH AMERICA

- Acquires MEDECO, leading manufacturer of high security cylinders in US
 - Increases ASSA ABLOY's focus on the trend towards higher security
 - Strengthens the position in the important after market
 - Provides access to Medeco's large installed base
- Acquires 49% of CERRAJERAS SCOVILL, one of Mexico's leading lock manufacturers
 - Mexican market shows rapid growth after recent recession
 - Export platform to Latin America - cost competitive unit close to USA
 - Option to acquire the remaining 51%

ASSA ABLOY's US operations acquire MEDECO, a leading manufacturer of mechanical high security cylinders for doors as well as industrial applications such as pay phones, vending and gaming machines, parking meters etc the USA. The company also has a significant position in the developing and manufacturing of electromechanical high security locking systems. MEDECO has been a leading company in the high security segment for over twenty years and has therefore a large installed base generating more than half the sales. MEDECO's strategy is, just as ASSA ABLOY's, to work with developing and upgrading the market towards higher security.

ASSA ABLOY has a leading position in the American lock and hardware business. Through the acquisition of MEDECO, ASSA ABLOY will get access to a leading cylinder brand in US and thereby strengthen the package offered to new construction. Furthermore MEDECO's installed base will enhance ASSA ABLOY's position in the after market and open opportunities for additional sales of lock products through the strong relationship MEDECO has built up with locksmiths over the years.

MEDECO is located in Salem, Virginia and has approximately 500 employees. The manufacturing process is highly automated and the company operates with a good profit level. The sales are estimated to reach 55 MUSD this year.

ASSA ABLOY has through the acquisition of 49% of CERRAJERAS SCOVILL, one of the leading lock manufacturers in Mexico taken a first step into the expanding Mexican market. Mexico is a market with a population close to a 100 million and is recovering from the recent recession. The country shows strong economic growth and the demand for housing is considerable. SCOVILL is well positioned to capitalise from this opportunity.

The company has a strong management and a high quality, up to date product program. In addition to SCOVILL's position in the Mexican market, the company's efforts in the export markets have been successful and they are now established in a number of Latin American countries.

In SCOVILL, ASSA ABLOY not only acquires a significant position in the Mexican market but also an efficient and cost competitive production unit within NAFTA, close to the USA, one of the Group's main markets.

SCOVILL is located in Mexico City and has approximately 500 employees. The company has shown growth exceeding 30% with high profitability over the last couple of years and is estimated to reach sales of \$25 million during 1998.

ASSA ABLOY has an option to acquire the remaining 51% of the shares in SCOVILL according to a performance based formula.

The preliminary acquisitions price for the shares in the two companies amounts to approximately 70 MUSD and creates goodwill of approximately 50 MUSD. The goodwill will be tax deductible. The companies will have interest bearing debts of approximately 15 MUSD. The acquisitions are expected to have a positive effect on the earnings per share from 1999. There will be no effect on the earnings per share in 1998.

The acquisition of MEDECO will be subject to approval from the American Antitrust Authorities.

ASSA ABLOY is the world's leading lock group with sales exceeding 8 000 MSEK. The number of employees is approx. 9 500. ASSA ABLOY develops, manufactures and markets mechanical, industrial, electromechanical and electronic locks and hotel locks. The group has market leading positions in Sweden, Finland, Norway, Denmark, Germany, France, Belgium, the Czech Republic and in the United States as well as within the segment for hotel security world-wide.

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