

## Press release from ASSA ABLOY AB (publ)

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### **ASSA ABLOY's SUBSIDIARY VINGCARD STRENGTHENS ITS POSITION WITHIN HOTEL SECURITY THROUGH THE ACQUISITION OF ELSAFE**

- Through the acquisition, VingCard strengthens its position as the world's leading hotel security supplier
- Elsafe is the world's leading supplier of electronic hotel safes with a total market share of over 60 per cent
- Elsafe's sales for 1997 are expected to amount to approx. MNOK 140 with a result before tax exceeding MNOK 17
- The purchase price for the shares in Elsafe amounts to approx. MNOK 107
- After the acquisition, VingCard's sales will amount to proforma approx. MNOK 800

VingCard's strategy is based on the continued growth of lock and security products for the global hotel market. VingCard and Elsafe are both market leaders with complementing products, card locks and electronic safes, within the hotel market. VingCard's objective is to be able to provide its customers with complete security solutions in which card locks and electronic safes are natural parts.

One of the most important success factors for both companies is a well functioning local service and sales network. There are considerable synergies between the two companies' networks on the US market, where Elsafe is active through two subsidiaries.

The Elsafe Group's production and Head Office is located in Leksvik outside Trondheim. The total number of employees is 120. A sales office in Oslo is responsible for sales outside the US. The total export to 75 countries is organised through a network of 50 distributors. Since 1979, approx. 500,000 hotel safes have been installed at an increasing pace.

Sales are divided equally between the US, Asia and Europe/Middle East/Africa. Elsafe's share of the world market for electronic safes exceeds 60 per cent. The company has shown a good and stable profitability through the years.

VingCard estimates that rationalisation and synergies will lead to positive profit improvements within a few years. The production in the new factory located in Leksvik is partly automatised and has a good capacity for continued growth.

Elsafe's sales for 1997 are expected to amount to MNOK 140 with a result before tax exceeding MNOK 17. Goodwill related to the acquisition amounting to MNOK 84 will be depreciated over 20 years. The acquisition is expected to have a positive effect on ASSA ABLOY's earnings per share already in 1997.

“VingCard has grown considerably during the last few years and the positive profitability development is expected to continue. Elsafe’s electronic safes complement VingCard’s card locks, and both product solutions support our business idea of providing peace of mind when people sleep away from home”, says Åke Sund, VingCard’s President. “The timing of the acquisition is right, especially when taking into account that safes for guest rooms will be the next security trend. I consider Elsafe to be a very professional company within hotel security and to have an organisation with high competence as well as a well developed sales and service network. Elsafe will strengthen VingCard’s world leading position within hotel security even further”.

“Hotel room safes are a relatively young product in a market with large potential and high demands on the market leader”, says Elsafe’s President, Alvin Berg. “With VingCard as a professional actor in the same market and as a new owner, both companies are able to strengthen their positions and together become dominating suppliers within hotel security”.

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ASSA ABLOY is the world’s leading lock group with sales exceeding 7 000 MSEK. The number of employees is approximately 8 000. 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 and in the United States.

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