

ASSA ABLOY ACQUIRES US LOCK GROUP ESSEX HOLDINGS AND ASSUMES GLOBAL LEADING ROLE

- Through the acquisition, ASSA ABLOY strengthens its position as the leading lock group in the world
- After the acquisition ASSA ABLOY sales will amount to over 5 000 MSEK
- ESSEX sales for 1995 are approx 250 MUSD, and ESSEX will, together with ASSA ABLOY, achieve a leading position in the US
- The purchase price for the ESSEX shares amounts to 170 MUSD
- Rights issue to existing shareholders in the range of 300 MSEK
- The acquisition is not expected to affect the growth in earnings per share in 1996. From 1997 and onwards, the acquisition is expected to have a positive effect on the earnings per share

The acquisition

ASSA ABLOY has today signed an agreement to acquire the shares of ESSEX Holdings for a purchase price of 170 MUSD. The acquired group has interest-bearing debts of approx 65 MUSD, which will be refinanced by ASSA ABLOY in connection with the acquisition. The acquisition of ESSEX is subject to regulatory approval in the US.

ESSEX consists of three units; Sargent, being the third largest lock company in the US, McKinney, mainly manufacturing hinges, and Curries/Graham, manufacturing security doors, mainly of steel. All products are marketed and sold under their respective brand names via a common sales organization, ESSEX Industries, covering the whole of the US and Canada.

Sargent, McKinney, Curries and Graham are strong and well established brand names in the US market. Sargent and McKinney were founded as early as in the 19th century, and Curries in the 1950's. Through the acquisition, ASSA ABLOY obtains a leading position in the US market and strengthens its position as the leading lock company in the world.

The acquisition is expected to result in increased sales in North America for ASSA ABLOY's products, especially high security cylinders, door closers and electromechanical products. The European trend towards increased security is

noticeable also in the US, where ASSA ABLOY can add a great deal through its existing product program.

The acquisition also provides opportunities for increased sales of several ESSEX products in Europe through ASSA ABLOY's distribution channels, especially exit devices from Sargent.

With strong operations both in Europe and North America and with access to the standards in these markets, ASSA ABLOY also improves its potential for organic growth in the rest of the world, e.g. in Asia, where European or American standards are often dominant.

Before the acquisition, ASSA ABLOY is present on the US market via the lock business in Arrow (previously part of the ESSEX Group), the sales of the ASSA and Abloy product ranges in the US and through the hotel locks business in VingCard. As a result of the divestiture of Cardkey in the US in the summer of 1995, ASSA ABLOY has the necessary management resources for the business now acquired in the US.

Financing partly through a rights issue

The acquisition is to be financed partly through a rights issue to ASSA ABLOY's shareholders, partly through an increase in ASSA ABLOY's existing Multi-Currency Revolving Credit. The Board of ASSA ABLOY has thus decided to propose an issue of new shares to the existing ASSA ABLOY shareholders in the range of 300 MSEK, where five old shares would carry rights to subscribe for one new at approx 28 SEK.

The subscription price and other conditions will be decided and published around 22nd January, 1996. The Board intends to convene an extraordinary shareholders' meeting to be held in February, 1996. The rights issue is fully guaranteed by three of ASSA ABLOY's major shareholders: Metra Oy, Investment AB Latour, and Melker Schörling.

Financial effects pro forma

The purchase price for the shares in ESSEX amounts to 170 MUSD.

ESSEX' sales for 1995 amount to approx 250 MUSD with a result after financial net pro forma of approx 16 MUSD. ASSA ABLOY's sales will increase through the acquisition, from 3 600 MSEK to over 5 000 MSEK.

The total assets of ASSA ABLOY will increase by approx 2 000 MSEK to approx 4 500 MSEK. Goodwill related to the acquisition is estimated to amount to approx 800 MSEK and will be depreciated over 20 years. After the rights issue, the equity ratio is estimated at approx 27 per cent.

ASSA ABLOY estimates that rationalization and synergistic opportunities will lead to considerable profit improvements for the Group. Net operating losses from previous years in ESSEX and in ASSA ABLOY's US business will result in very low tax costs in the USA in the next few years.

In all, the acquisition is not expected to affect the growth in the earnings per share for 1996. From 1997 and onwards, however, the acquisition is expected to have a positive effect on the earnings per share.

"After having carried out the merger process of ASSA ABLOY successfully, and at the same time having turned IKON around and divested Cardkey, we are now ready to grow also through acquisitions", says Carl-Henric Svanberg, President and CEO of ASSA ABLOY. "The acquisition of ESSEX provides a unique opportunity for us to achieve a leading position in the US. The competence and ambitions of the ESSEX employees are promising for the future. Combined with our other operations this gives us better opportunities to grow also outside Europe and North America."

"I consider ASSA ABLOY to be the best acquirer of ESSEX. We have known each other well since the divestiture of Arrow", says Robert Haversat, President and CEO of ESSEX. "The considerable industrial knowhow that both our Groups possess is a solid base for further success in terms of product development, manufacturing improvements and sales growth in the US market."

Further information may be obtained from Messrs Carl-Henric Svanberg, President and CEO, or Johan Fant, CFO, tel.+46 8 698 85 70

Facts about ESSEX

ESSEX consists of three parts; Sargent being the third largest lock company in the US, McKinney mainly manufacturing hinges and Curries/Graham manufacturing security doors mainly of steel. In the US, sales of locks and security doors to the non-residential market takes place through the same distributors where lock and door are seen as one and the same unit.

ESSEX' sales for 1995 are expected to amount to approx 250 MUSD with a result after financial net pro forma of 16 MUSD.

Sales per unit	Approx 1995F	Share, approx
Sargent, locks and exit devices	120 MUSD	48 %
McKinney, hinges	30 MUSD	12 %
Curries/Graham, security doors	100 MUSD	40 %

Sargent

Founded: 1880's
 Manufacture: New Haven, Connecticut
 Products: Cylindrical locks, lockcases, exit devices
 Sales: 120 MUSD
 Profitability: Good, potential for improvements

McKinney

Founded: 1865
 Manufacture: Scranton, Pennsylvania
 Products: Hinges (60 %), washroom accessories (40 %)
 Sales: 30 MUSD
 Profitability: Low, potential for improvements

Curries/Graham

Founded: 1958 and 1968 respectively
 Manufacture: Mason City, Iowa
 Products: Steel doors and steel frames (80 %), wood doors (20 %)
 Sales: 100 MUSD
 Profitability: Good, potential for improvements

Facts about ASSA ABLOY

ASSA ABLOY is the largest lock group in Europe. The Nordic countries form the base for the Group with leading positions in Sweden, Finland, Denmark and Norway. The Group is also one of the market leaders in Germany, and it also has strong positions in England and the US.

ASSA ABLOY is active in the segments construction locking, industrial locking, door hardware and other accessories, electromechanical locks, and hotel locks.

In the US, ASSA ABLOY operates through Arrow Lock Manufacturing Co Inc, which was acquired 1991. Arrow manufactures and markets lock products of traditional US standards; cylindrical locks, lockcases and cylinders. ASSA's high security cylinders complement the product range and are sold through ASSA Inc. Abloy Security Inc is responsible for marketing industrial locks for the entire Group in the US market. Also in hotel locks, ASSA ABLOY has considerable operations in the US, through VingCard Systems Inc in Dallas, Texas.

In 1995, sales for the ASSA ABLOY Group are estimated to amount to over 3 500 MSEK with income before taxes of almost 200 MSEK.

ASSA ABLOY AB is listed on the official list at the Stockholm Stock Exchange.

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