

P R E S S R E L E A S E

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YEAR-END REPORT JANUARY - DECEMBER 2001

- Sales increased by 56% to SEK 22,510 M (14,394)
- Organic growth for comparable units was 3%
- Income before tax increased by 17% to SEK 1,642 M* (1,402)
- Earnings per share (EPS) increased by 9% to SEK 2.98* (2.73)
- Earnings per share before goodwill amortization increased by 39% to SEK 5.39* (3.88)
- Operating cash flow amounted to SEK 2,338 M (1,756)
- Successful integration of 30 new companies with 12 000 employees

*) excluding provision for the Merrimac dispute, USD 12.5 M plus interest (SEK 166 M)

SALES AND EARNINGS JANUARY - DECEMBER 2001*

Sales for the year 2001 amounted to SEK 22,510 M (14,394) which represents an increase of 56%. In local currencies the increase amounted to 43%, of which organic growth for comparable units contributed 3%. The Yale companies, showing zero growth, are not included in the organic growth calculation. Acquired units accounted for 40%. Exchange-rate effects affected sales positively by SEK 1,297 M.

The Group's income before tax increased by 17% to SEK 1,642 M* (1,402). Translation of the foreign subsidiaries' results affected this figure positively by SEK 42 M due to exchange-rate variations.

Earnings per share after tax and full conversion increased by 9% to SEK 2.98* (2.73). The tax burden increased due to non-deductible goodwill and to a higher proportion of earnings in countries with high tax rates. Earnings per share before goodwill amortization increased by 39% to SEK 5.39* (3.88).

Operating cash flow before tax and acquisitions amounted to SEK 2,338 M (1,756).

INTEGRATION OF NEWLY ACQUIRED COMPANIES

2001 has been the Group's most challenging and interesting year so far. Sales increased by 56%, and the Group's participation in the Volvo Ocean Race has proven to be an extremely important and successful tool in the work of integrating 30 new companies and their 12,000 employees. The Race passes through almost all of ASSA ABLOY's important markets.

At each stopover local management meetings are being held to build networks and to make sure that everybody understands the Group's overall strategy and quickly adopts its way of working. The stopovers also provide an opportunity to meet and inform partners and customers about important future ideas, and to show people all round the world that behind each famous local brand there stands a strong global leader.

In total, approximately 1,000 employees are participating in these management meetings to create a deep-rooted commitment to the organization. Attitude surveys are being carried out regularly to assess progress. The results so far are significantly better than expected, and when the boat crosses the finish line at the beginning of June, the work of integration should have reached a stage that would otherwise have taken several more years.

DEVELOPMENT OF THE SUBSIDIARIES

Scandinavia showed growth of 2% during the fourth quarter and for the year as a whole. Growth for the Swedish operation has been good. Exports of the Scandinavian cylinder concept are increasing, and targeted efforts in the Do-It-Yourself segment with security-focused products are successful. Cost reductions in the Norwegian organization have been carried out as planned, with increasing margins in the latter part of the year. Growth in the Danish market weakened towards the end of the year.

Finnish exports are continuing to develop well, with especially gratifying successes in the door closer sector. The Finnish domestic market remains weak and overall organic growth for the year was 2%. After years of strong growth, an extensive investment program with focus on workflows has been carried out in order to increase capacity and efficiency. The program will have positive effects on earnings during the coming year.

Central Europe has been strengthened by the acquisition of KESO in Switzerland. The restructuring of Lips in the Netherlands is continuing according to plan. Costs are decreasing, order fill rate has improved significantly and the organization has been focused on the market and made more efficient. The German market remains weak, but the Group is progressively strengthening its position through increased customer focus and coordination of marketing activities. Overall growth for the region was 3%.

South Europe achieved organic growth of 4%. For a great part of the year sales showed a good growth rate, but the end of the year was weaker than expected, especially in France. Belgium and Spain showed strong growth. In Spain, TESA is an interesting acquisition, which strengthens the Group's position in the region. In Italy, Yale is increasing its focus on efficiency and the home market, and significantly better margins can be noted. The integration of MAB in Italy is proceeding according to plan.

In the United Kingdom the old units continued to show good growth. The restructuring of Yale is continuing according to plan. Reorganization of the company into clearly defined Profit Centers is increasing focus on products and productivity. Major efforts are being made to develop the product portfolio, and new products focusing on security are being launched at an increasing rate. The distribution strategy is being redeveloped at the same time, with more and more builder's merchants and major ironmongers buying directly from the company.

The Group's old units in North America continued to show a stable growth rate of 4% during the fourth quarter in spite of the general economic situation and September incidents. The Yale organization's operation to raise security and quality and eliminate its low-end products is proceeding. The measures taken are achieving the desired results of increasing margins but

have a negative effect on growth. Emtek, which manufactures locks and hardware for the residential market with emphasis on security and design, is continuing to show strong growth. The newly formed Door Group contains major synergies, which are given extra priority at a time when economic growth is weaker. In Mexico the work of integrating the newly acquired units Phillips and TESA has begun. The potential for growth in this large and fast-growing market is significant.

Sales growth in Australia amounted to 3% after a strong second half, which compensated for the weaker start. The Group has won market shares, and the companies are continuing to improve efficiency and margins. The acquisition of Interlock in New Zealand is a strong addition in the region. The company has a very competitive product range and employs state-of-the-art production technology.

New Markets continued to show strong growth of 18%. The South African operation is developing well, with the Yale company producing good sales and earnings growth and the integration with Viro achieving the results expected. Mul-T-Lock's strong export growth has slowed somewhat. It came in large part from Japan, where a temporary surge in demand has now weakened. The Asian market has softened during the fall but the integration work is proceeding well, with increasing margins.

Sales of Hotel Locks were hit hard by the reduced demand for hotel rooms following the incidents in the USA, and fell by 15% in the fourth quarter. To adapt the business to this downturn, significant cuts are currently being made which are expected to restore margins during 2002.

In contrast to Hotel Locks, the Identification sector has seen a marked increase in demand during the fourth quarter of the year. Focus on security has increased after the incidents during September, and questions of access are getting greater attention. In addition there are significant synergies between HID and the newly acquired Indala, which showed low margins at the time of acquisition, is expected to reach HID's high level relatively quickly.

ACQUISITIONS DURING THE YEAR

The acquisitions made during the year represent significant additions to the Group and add geographical and product strengths. The companies acquired during 2001 have a turnover, pro forma, of SEK 4,5 billion, whereof SEK 2,0 billion have been consolidated. Total acquisition price amounts to SEK 4,0 billion. Goodwill amount to SEK 2,0 billion, whereof SEK 1,4 billion will be tax deductible.

RIS, Czech Republic – annual sales CZK 58 M

RIS was Abloy's and VingCard's local distributor in the Czech Republic and Slovakia. The acquisition complements FAB well and strengthens the Group's position in the electromechanical sector.

Joint venture in North America with UDP – increases the Group's sales by USD 180 M

UDP manufactures security doors that are often sold with Yale's door products. A joint venture has been set up between UDP and the Group's door companies. ASSA ABLOY has management responsibility, an 80% shareholding and an option to acquire the outstanding shares after two years. There are significant production synergies and the acquisition has been EPS-positive from the start.

KESO, Switzerland – sales CHF 50 M

KESO is a leading Swiss cylinder manufacturer, with significant exports. KESO's unique cylinder concept strengthens the Group's product portfolio. The current shareholding is 65% and the outstanding shares will be acquired in 2003.

Phillips, Mexico – sales SEK 600 M

Phillips is Mexico's leading lock manufacturer, with good growth and profitability. Mexico, with its 100 million inhabitants is showing good economic growth and the demand for housing and security is rising. The acquisition is expected to contribute to EPS from 2002.

MAB, Italy – sales EUR 18 M

MAB is Italy's leading manufacturer of floor-mounted door closers. The acquisition strengthens the Group's product range, especially in South Europe, and creates significant opportunities for cross-selling.

Viro, South Africa – sales SEK 130 M

Viro is a leading South African lock manufacturer, strong in padlocks, industrial locks and cylinders. Significant synergies are being exploited when merging the company with Yale, South Africa.

Indala, USA – sales USD 25 M

Indala is a leading manufacturer of RFID (Radio-Frequency Identification) cards and card readers for access control, with an installed base of 60 million cards and one million readers. Current profitability is low but there are significant synergies with HID. The acquisition has contributed to EPS from the start.

Interlock, New Zealand – sales NZD 60 M

Interlock is New Zealand's leading lock manufacturer. The company has developed well over a period of many years. The acquisition strengthens the Group's position in the region and contributes to EPS from the start.

Acquisition of TESA completed – sales EUR 100 M

TESA is Spain's leading lock manufacturer and was part of the Yale group acquired in 2000. The company manufactures locks and lock products, security doors and advanced electromechanical products and has substantial exports to Latin America and the rest of Europe. Its growth and profitability have been good for many years.

Approval for the acquisition by the US regulators was first received at the end of 2001 after the manufacture of components for hotel locks was discontinued. The protracted approval process and the closedown of the hotel-locks-related production have impaired profitability, and necessary corrective measures have been taken. The acquisition will initially lead to a modest dilution of EPS but is expected to contribute from 2003.

OTHER INFORMATION

Ratings

Standard & Poor's has given ASSA ABLOY an 'A-minus' long-term and an 'A-2' short-term rating. The ratings are based on the Group's strong position in the stable lock market, its geographical spread, its strong cash flow and the company's financial profile.

Incentive program for employees

An incentive program for the group's employees has been introduced. The program, which is based on convertible bonds, has a total value of EUR 100 M. The program was heavily oversubscribed and over 4,500 employees are taking part.

EUR 600 M bond loan issued

An EMTM-based bond loan was issued during the fall with the object of diversifying the Group's borrowings and extending borrowing durations. The loan, which runs for five years, was 200% oversubscribed.

VingCard's appeal

The Texas Court of Appeal has confirmed the earlier judgment concerning VingCard's liability to pay damages of USD 12.5 M plus interest (SEK 166 M) to Merrimac, a development company in Texas, in connection with a terminated sub-supply contract. On the advice of VingCard's American lawyers, the judgment has been appealed to the court of next instance, the Texas Supreme Court, which has not yet heard the case. The potential cost has been provided for as a non-recurring item in the financial statements for 2001.

EMPLOYEES

The number of employees at year-end had increased to more than 24,000 as a result of the various acquisitions.

DIVIDEND AND ANNUAL GENERAL MEETING

The Board of Directors proposes a dividend of SEK 1.00 (0.90) per share for the 2001 financial year. The Annual General Meeting will be held on 29 April 2002.

OUTLOOK FOR 2002

The major acquisitions made in recent years have considerably strengthened the Group. The first and most critical part of the integration process has been completed successfully and the task of realizing synergies is now being intensified. The Group will be able to take advantage of its world-leading Research and Development and its global distribution strength to meet people's increasing needs for security. There are opportunities for higher margins in both old and newly acquired companies. In addition, the restructuring of the lock industry is continuing and creates opportunities for further acquisitions. All in all we therefore look forward to continued good sales and profit development.

Stockholm, 7 February 2002

Carl-Henric Svanberg
President and CEO

Quarterly Reports for 2002 from ASSA ABLOY will be published on 29 April, 9 August and 6 November 2002. The Year-End Report for 2002 will be published on 6 February 2003.

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Information about the analysts' meeting, web and telephone conference later today
can be found on ASSA ABLOY's website **www.assaabloy.com**

*The ASSA ABLOY Group is the world's leading manufacturer and supplier of locking solutions,
dedicated to satisfying end-user needs for security, safety and convenience.*

FINANCIAL INFORMATION

INCOME STATEMENT

	Jan-Dec 2001 EUR M ¹⁾	Jan-Dec 2001 SEK M	Jan-Dec 2000 SEK M	Sept-Dec 2001 SEK M	Sept-Dec 2000 SEK M
Sales	2,436.1	22,510.0	14,394.1	6,206.2	4,646.9
Cost of goods sold	-1,500.3	-13,863.1	-8,567.6	-3,827.0	-2,699.9
Gross Income	935.8	8,646.9	5,826.5	2,379.2	1,947.0
Selling and administrative expenses	-593.9	-5,487.7	-3,719.3	-1,527.9	-1,233.5
Operating income before goodwill amortization	341.9	3,159.2	2,107.2	851.3	713.5
Goodwill amortization	-93.1	-860.4	-387.0	-231.7	-156.6
Non-recurring items	-18.0	-166.0	-	-166.0	-
Operating income	230.8	2,132.8	1,720.2	453.6	556.9
Financial items	-71.9	-664.4	-330.6	-154.2	-136.6
Share in earnings of associated companies	0.8	7.2	12.4	3.2	2.2
Income before tax	159.7	1,475.6	1,402.0	302.6	422.5
Tax	-54.9	-507.4	-453.1	-96.8	-139.1
Minority interests	-2.1	-19.6	-33.8	-6.6	-13.3
Net income	102.7	948.6	915.1	199.2	270.1
Earnings per share after tax and before conversion, SEK* ³⁾		2.99	2.76	0.87	0.77
Earnings per share after tax and full conversion, SEK ³⁾		2.98	2.73	0.86	0.77
Earnings per share after tax and full conversion excluding goodwill, SEK **** ³⁾		5.39	3.88	1.51	1.22

CASH FLOW STATEMENT

	Jan-Dec 2001 EUR M ¹⁾	Jan-Dec 2001 SEK M	Jan-Dec 2000 SEK M
Cash flow from operating activities	284.8	2,631.2	1,799.4
Cash flow from investing activities	-769.7	-7,112.2	-5,189.2
Cash flow from financing activities	460.9	4,259.4	4,608.7
Cash flow	-24.0	-221.6	1,218.9

BALANCE SHEET	31 Dec 2001 EUR M²⁾	31 Dec 2001 SEK M	31 Dec 2000 SEK M
Intangible fixed assets	1,778.5	16,557.8	12,259.0
Tangible fixed assets	745.6	6,941.5	4,811.0
Financial fixed assets	60.9	566.8	463.0
Inventories	409.5	3,812.0	2,808.4
Accounts receivable	466.0	4,338.5	3,276.3
Other non-interest-bearing current assets	81.6	759.7	659.1
Interest bearing current assets	181.7	1,692.7	1,752.1
Total assets	3,723.8	34,669.0	26,028.9
Shareholders' equity	1,272.4	11,845.6	10,659.0
Minority interests	51.7	481.7	559.8
Interest-bearing provisions	117.4	1,093.0	969.0
Non-interest-bearing provisions	38.5	358.3	281.3
Interest-bearing long term liabilities	1,300.9	12,111.0	7,962.2
Non-interest-bearing long term liabilities	1.8	16.3	3.0
Interest-bearing current liabilities	437.5	4,074.5	1,398.4
Non-interest-bearing current liabilities	503.6	4,688.6	4,196.2
Total shareholders' equity and liabilities	3,723.8	34,669.0	26,028.9

CHANGE IN SHAREHOLDER'S EQUITY	2001 EUR M²⁾	2001 SEK M	2000 SEK M
Opening balance as at the beginning of the year	1,144.9	10,659.0	5,337.0
Effect from change of accounting principle	-	-	-68.3
Conversion to shares	6.3	58.2	48.6
New share issue	-	-	4,376.0
Dividend	-34.1	-317.8	-237.5
Translation difference for the year	52.6	497.6	288.1
Net Income	102.7	948.6	915.1
Closing balance as at end of period	1,272.4	11,845.6	10,659.0

SALES BY ORGANIZATIONAL UNIT

		Jan-Dec 2001	Jan-Dec 2000	01/00 % ⁴⁾
Scandinavia	SEK M	1,971	1,889	2
Finland	EUR M	126	125	2
Central Europe ⁵⁾	EUR M	155	121	3
South Europe ⁶⁾	EUR M	314	263	4
United Kingdom	GBP M	104	48	8
North America	USD M	937	589	4
Hotel locks	NOK M	920	1,005	-7
South Pacific	AUD M	158	145	3
HID	USD M	101	-	-
New markets ⁷⁾	SEK M	1,764	981	18
Total	SEK M	22,510	14,394	3

⁴⁾ Organic growth, calculated from comparable units after adjustment for acquisitions and currency effects

⁵⁾ Germany, Netherlands & Switzerland

⁶⁾ France, Belgium, Italy & Spain

⁷⁾ Africa, Asia, Israel, South America & Eastern Europe

OPERATING CASH FLOW

	Jan-Dec 2001 EUR M ¹⁾	Jan-Dec 2001 SEK M	Jan-Dec 2000 SEK M
Operating income before goodwill amortization	341.9	3,159.1	2,107.2
Depreciation	93.1	860.7	598.2
Net capital expenditure	-89.8	-830.0	-496.9
Change in working capital	-8.3	-77.1	-94.3
Interests paid and received	-88.5	-817.4	-356.9
Adjustment for non-cash items	4.7	43.0	-1.6
Operating cash flow	253.1	2,338.3	1,755.7

CHANGE IN NET DEBT

Net debt as at the beginning of the year ²⁾	919.4	8,559.9	2,997.7
Cash flow impact on net debt	519.3	4,798.7	2,116.3
Adjustment acquired liquid assets	5.5	50.7	2,328.8
Net debt in acquired subsidiaries	8.9	82.2	1,142.8
Translation differences and other	215.4	2,042.7	-25.7
Net debt as at end of period ²⁾	1,668.5	15,534.2	8,559.9

KEY DATA**	Jan-Dec 2001	Jan-Dec 2000
Sales, SEK M	22,510	14,394
Organic growth, %	3	5
Gross margin (EBITDA), %	17.9	18.8
Operating margin before goodwill amortization (EBITA), %	14.0	14.6
Operating margin (EBIT), % ³⁾	10.2	12.0
Income before tax, SEK M ³⁾	1 642	1,402
Profit margin (EBT), % ³⁾	7.3	9.7
Operating cash flow, SEK M	2,338	1,756
Operating cash flow / Income before tax ³⁾	1.42	1.25
Net capital expenditure, SEK M	830	497
Depreciation and amortization, SEK M	1 721	985
Total assets, SEK M	34,669	26,029
Shareholders' equity, SEK M	11,846	10,659
Net debt, SEK M	15,534	8,560
Capital employed, SEK M	27,861	19,779
Capital employed excl. goodwill, SEK M	11,490	7,701
Equity ratio, %	35.6	43.1
Interest coverage ratio, times ³⁾	3.5	5.5
Net debt/equity ratio, times	1.31	0.8
Return on shareholders' equity, % ³⁾	8.9	13.3
Return on capital employed before goodwill amortization, % ³⁾	32.9	34.2
Return on capital employed, % ³⁾	9.7	13.7
Operational return on capital employed, % *** ³⁾	13.3	16.7
Earnings per share after tax and full conversion, SEK ³⁾	2.98	2.73
Earnings per share after tax and full conversion exclusive goodwill, SEK ***** ³⁾	5.39	3.88
Interest on convertible debentures net after tax, SEK M	9.0	8.5
Cash earnings per share after tax and full conversion, SEK ³⁾	8.07	5.81
Shareholders' equity per share after full conversion, SEK	35.84	30.58
Number of shares, thousands	353,751	352,453
Number of shares after full conversion, thousands	361,730	356,712
Average number of employees	24,211	16,881

* Number of shares, thousands, used for the calculation amount to 353,236 for year 2001, and 331,813 for year 2000.

** Key data has been adjusted due to change in accounting principle.

*** Income before tax plus interest net and goodwill amortization in relation to average capital employed

**** Net income excluding goodwill amortization plus interest expenses after tax regarding convertible debenture loan in relation to weighted average number of shares after full conversion.

¹⁾ Translated using an average rate during the year of 9,24.

²⁾ Translated using a closing rate as at 31 December 2001 of 9.31.

³⁾ Key data 2001 are exclusive non-recurring items.