

# P R E S S   R E L E A S E

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## **ASSA ABLOY has closed the acquisition of HID**

In November 2000, ASSA ABLOY entered into an agreement to acquire HID (Hughes Identification Devices). The acquisition has now been closed and will be consolidated from 1 January.

HID has a strong reputation for innovation and for the development of leading-edge technology. The company has made significant investments in its R&D, in particular in Radio Frequency Identification Technology, RFID, much of which is protected by patents. 70% of all new access control systems sold in the world today are based on contact-less reading and HID's market share is 40%.

HID's sales reached almost USD 100 M in 2000. Compounded average growth rate over the last six years has been 50%. During this entire period, the company has shown strong profit and cash flow. The EBIT margin is well in line with the electromechanical companies that have recently been acquired by ASSA ABLOY. The electronic access control market is growing at 10-15% annually. HID has benefited from this growth and at the same time gained market share with its own technology. HID is expected to continue to show good growth driven by the growth in the access control market as well as by launching new products based on HID's RFID technology.

The company's headquarters is located in Irvine, California and the R&D Center in Denver, Colorado. There is also a production facility in North Haven, Connecticut and a number of sales companies overseas. The total number of employees is 350.

### **Pro forma effects**

The acquisition price for a debt free company amounts to USD 250 M. An additional earn-out of USD 30 M will be paid dependent on the profit improvement in 2001. The goodwill amounts to USD 215 M. The acquisition is expected to be cash positive from the start. It will be neutral or slightly EPS delutive in 2001, and will contribute from 2002.

The acquisition will be financed through the existing credit facility.

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*The ASSA ABLOY Group is the world's leading manufacturer and supplier of locks and associated products, dedicated to satisfying end-user needs for security, safety and convenience. Current sales for the Group are in excess of 18 billion SEK (approximately 2 billion USD) and the number of employees is approximately 20,000.*