

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

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ASSA ABLOY acquires HID – world leader in identification technology for access control

- Electronic identification is a natural evolution of the mechanical key
- HID is the world leader in contact-less cards and readers for access control based on radio frequency identification – today's leading technology
- HID's world market share in this segment is approximately 40%
- HID's sales in 2000 is expected to reach USD 100 M with high profitability
- Access control grows 10-15% annually – HID's growth has been stronger
- The acquisition price amounts to USD 250 M with a limited performance based earn-out
- The acquisition adds necessary leading technology for the next generation of intelligent locks

Background

A traditional lock system is a mechanical access control system consisting of identification – the key, and the blocking mechanism – the lock. In an electronic access control system the identification is done through cards and readers and the blocking mechanism is the electromechanical lock.

The electronic identification has so far been a missing link in ASSA ABLOY's product portfolio of mechanical and electromechanical locks. It has become increasingly interesting and important to take a leading position also in this fast growing segment.

The progress being made within mobile communication technology and miniaturized electronics creates opportunities for the development of more intelligent locks, even remotely controlled. Radio frequency identification technology is core in such a development.

HID

In 1991, Hughes Identification Devices (HID) started as a subsidiary of Hughes Aircraft Company. HID was part of a management buy-out in 1995, backed by Citicorp Venture Capital and led by former executives from IBM and Hughes.

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 are expected to reach USD 100 M. Compounded average growth rate over the last six years is 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 next. The goodwill will amount to USD 215 M. The acquisition is expected to be cash positive from the start. It will be neutral or slightly EPS dilutive in 2001, and will contribute from 2002.

The acquisition will be financed through the existing credit facility.

The acquisition of HID will be subject to regulatory approvals.

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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.