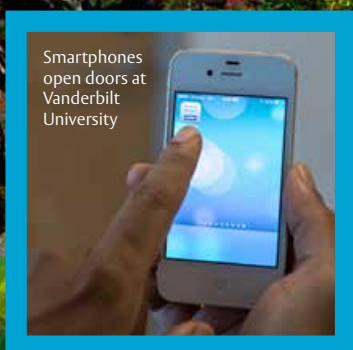


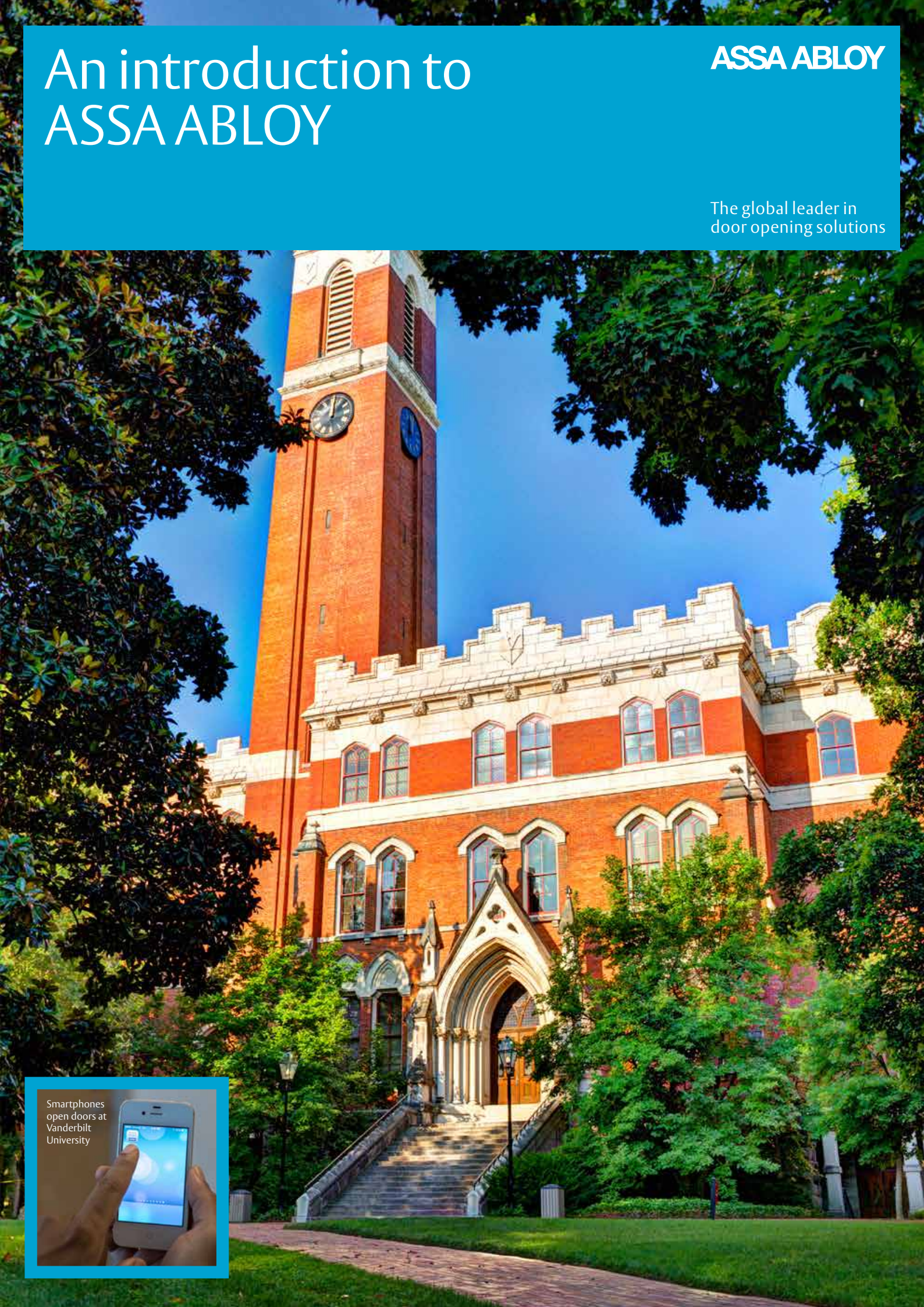
An introduction to ASSA ABLOY

ASSA ABLOY

The global leader in
door opening solutions



Smartphones
open doors at
Vanderbilt
University



ASSA ABLOY is the global leader in door opening solutions

ASSA ABLOY is represented on both mature and emerging markets world-wide, with leading positions in much of Europe, North America and Asia Pacific.

ASSA ABLOY offers a complete range of door opening solutions.

Since its formation in 1994, ASSA ABLOY has grown from a regional company into an international Group with around 44,000 employees and sales of close to SEK 57 billion.

In the fast-growing electromechanical security segment, the Group has a leading position in areas such as access control, identification technology, entrance automation and hotel security.

ASSA ABLOY's product offering satisfies end-user needs for security, safety and convenience.



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ASSA ABLOY's strategy for profitable growth.

Market presence

Increasing growth in the core business and expanding into new markets and segments.

Product leadership

Continuously developing innovative products, offering enhanced customer value and lower product costs.

Cost-efficiency

Reducing the cost base through improved processes, flexible final assembly close to the customer and production in low-cost countries.

ASSA ABLOY
FINANCIALS IN BRIEF 2014

17% Sales increased by 17 percent to SEK 56,843 M (48,481).

SEK 17.38 Earnings per share after full dilution increased to SEK 17.38 (14.84).

SEK 9,257 M Operating income amounted to SEK 9,257 M (7,923).

SEK 8,238 M Operating cash flow amounted to SEK 8,238 M (6,803).

Investments in product development continued at an accelerated rate and a number of new products were launched.

Share of Group sales by region 2014

EUROPE	41%
AFRICA	1%
NORTH AMERICA	36%
SOUTH AMERICA	2%
ASIA	16%
OCEANIA	4%



Key data	2012	2013	2014	Change
Sales, SEK M	46,619	48,481	56,843	17%
of which: Organic growth, %	2	2	3	
of which: Acquired growth, %	9	4	9	
of which: Exchange rate effects, %	1	-2	5	
Operating income (EBIT), SEK M	7,501	7,923 ¹	9,257	17%
Operating margin (EBIT), %	16.1	16.3 ¹	16.3	
Income before tax (EBT), SEK M	6,784	7,381 ¹	8,698	18%
Operating cash flow, SEK M ³	7,044	6,803	8,238	21%
Return on capital employed, %	18.1	17.1 ¹	16.9	

Data per share	2012	2013	2014	Change
Earnings per share after tax and dilution (EPS), SEK/share	13.97	14.84 ¹	17.38	17%
Equity per share after dilution, SEK/share	69.86	77.83	97.49	25%
Dividend, SEK/share	5.10	5.70	6.50 ²	14%
Weighted average number of shares after dilution, thousands	369,592	370,259	370,259	

¹ Excluding items affecting comparability.

² As proposed by the Board of Directors.

³ Excluding restructuring payments.

High innovation rate creates value in a weak market



High innovation rate creates value in a weak market

2014 was a record year for ASSA ABLOY. Sales increased 17 percent to SEK 56,843 M with 3 percent organic growth. Operating income increased by 17 percent to SEK 9,257 M. The Group could look back on its first 20 years, with sales growth of 1,500 percent and an increase in operating income of 5,800 percent, an exceptional achievement in modern Swedish industrial history. With successful strategies for increased market presence, product leadership and cost-efficiency, the Group is well positioned for continued long-term profitable growth driven by the major economic trends of our times: urbanization, rapid technological development and increased security requirements.

2014 20th anniversary

Today the Group is 15 times larger than in 1994. ASSA ABLOY has successfully expanded through a combination of organic growth and over 200 acquisitions. During this impressive journey we have grown from a traditional lock company into a global leader in door opening solutions. ASSA ABLOY is again ranked on Forbes' list of the world's 100 most innovative companies.

A stable foundation

ASSA ABLOY has grown very rapidly over 20 years into the global market leader in door opening solutions. The Group's employees have shown a constant ability to see and interpret the major drivers in urbanization, the increasing rate of technology shift to electromechanical solutions, changes in applications and codes, and the rising demand for increasingly sustainable solutions. These are trends rooted in the global growth in prosperity, driving good, very long-term demand for the Group's products and solutions. Since 2006 market positioning has also focused on emerging markets. Sales in these markets have risen fourfold in eight years from a 10 percent share of total sales to 25 percent today.

Strengthening market presence

ASSA ABLOY's leading market presence is based on the industry's largest and most valuable brand portfolio, the large installed lock base, a strong position in all distribution channels. Security is increasingly becoming an integrated concept in which technological development is driving new smart electronic and effective solutions in whole systems, increasing complexity. Market positioning is supported by an active acquisition strategy, which has contributed around 5 percent per year. The Group has made over 120 acquisitions since 2006.

Innovation for product leadership

Innovation is the single most important driver of organic growth. Over the past nine years, investments in product development have increased by nearly 160 percent and the number of development engineers has risen sharply, particularly employees with electronics expertise. The ambition is to double the innovation rate, radically reduce the costs of each new product, and for products launched in the past three years to account for 25 percent of total sales. Demand for electromechanical products and solutions is increasing sharply. Since 2004 Group sales of electromechanical products have risen by SEK 22 billion, an increase from 27 to 50 percent of total sales.

Increased cost-efficiency

ASSA ABLOY's program to radically reduce break-even costs through increased efficiency in all production and process stages continues to deliver good results. For several years the Group has had stable margin growth in line with the EBIT margin target of 16–17 percent over a business cycle.

Clear long-term strategy

ASSA ABLOY's strategies have proved able to manage macroeconomic challenges during the crisis years since 2008, while maintaining profitable growth. The course is clear with a shift in emphasis in market presence to fast-growing countries. In addition, our product leadership positions us as a winner in the increasingly rapid technological development.

Stockholm, 4 February 2015

Johan Molin
President and CEO

INCREASE IN SALES 1994–2014

+1,500%

INCREASE IN OPERATING INCOME 1994–2014

+5,800%

Value creation strategy

Vision

- To be the true world leader, the most successful and innovative provider of total door opening solutions.
- To lead in innovation and provide well-designed, convenient, safe and secure solutions that give true added value to our customers.
- To offer an attractive company to our employees.

Strategy and targets

Long-term and as an average over a business cycle

10%

annual growth through a combination of organic and acquired growth

16–17%

operating margin

Strategy for growth and profitability

The Group's overall strategic direction is to spearhead the trend towards increased security with a product-driven offering centered on the customer. The strategic action plans are focused on three areas: market presence, product leadership and cost-efficiency.

Market presence

Increasing growth in the core business and expanding into new markets and segments.

Product leadership

Continuously developing innovative products offering enhanced customer value and lower product costs.

Cost-efficiency

Reducing the cost base through improved processes, flexible final assembly close to the customer and production in low-cost countries.

Employees

Continuing professional development, skills and values are the basis for the Group's success.

Values

are based on accountability, equality principles and collaboration for a focused, results-driven company with high business ethics.

Sustainability

is integrated in all Group processes: innovation, product development, manufacturing, logistics and sales.

1 Market presence



#1

Global leader
in door opening
solutions

■ Global market presence

A world-leading market presence is achieved by increasing customer value and expanding into new markets and segments through organic growth and acquisitions. Customer value is supported by efficient segmentation of sales channels and the strength of the brand portfolio, which includes many of the industry's strongest brands and the global ASSA ABLOY master brand.

x4

25 percent of sales
are on emerging
markets, a fourfold
increase in eight
years

ASSA ABLOY has a unique global market position and the world's largest installed base of door opening solutions, two-thirds of ASSA ABLOY's sales are to the aftermarket, which is more stable than new construction. The aftermarket is increasing in importance as the electronics content of our products increases. Digital and mobile door opening and access control technologies offer major future potential. ASSA ABLOY's software platforms for flexible solutions enable customers to constantly upgrade their security with more and new functions, such as advanced digital, virtual keys.

The global market for door opening solutions is growing more rapidly than global GDP. ASSA ABLOY is the industry's most global player and is represented in more than 70 countries, with sales worldwide. The Group has been focusing on increased market presence in emerging markets, which have a considerably higher growth rate than mature markets. Their share of sales has increased from 10 to 25 percent in eight years.

The mature markets of North America, Europe and Australia account for three-quarters of ASSA ABLOY's sales, with demand growth around or just over GDP growth. Demand is now shifting rapidly from mechanical to electromechanical solutions with higher value content. Among emerging markets, China remains an important expansion area. As a result of organic growth and more than ten acquisitions, the Group is the country's largest manufacturer and supplier of lock solutions. Africa has high growth and considerable potential. The Group is concentrating its market presence to the 40 largest cities, which account for 90 percent of the continent's GDP. Eastern Europe is also an interesting market in the longer term. Emerging markets have increased their share of Group sales from 10 percent eight years ago to 25 percent in 2014.



50%

Electromechanical solutions account for 50 percent of sales



New Beijing landmark secured by ASSA ABLOY

■ **CUSTOMER:** Funded by leading steel-making company POSCO, the Beijing POSCO Center is designed to be an iconic commercial structure in a new business district in Beijing. It consists of two towers of 31 and 26 floors and houses offices, meeting facilities, shops and restaurants.

■ **CHALLENGE:** As a landmark commercial building, the Beijing POSCO Center has high standards in terms of functionality and aesthetics. All fire doors and interior doors should fit the usage of designated areas, while being soundproof, airtight and pleasing to the eye. In addition, the sizes of glass partitions need to be tailored to different office areas, and should have appearances to match the environment. All the doors and partitions should reflect the POSCO building's status as a modern multi-functional business center.

■ **SOLUTION:** ASSA ABLOY Fire Doors in China formed a special project team with members from R&D, sales and specification departments to look into the needs of the customer.

The team improved the soundproof and heat-resistance performance of existing fire doors, and used environmentally-sound raw materials and green manufacturing processes.

To determine the most suitable sizes and locations of glass partitions, ASSA ABLOY conducted site visits and took measurements to make sure they fit different office areas. Steel interior doors were specified for high quality and durability. Folding-and-lifting shutters were specified for shops and other commercial premises.



2 Product leadership



50%

Electromechanical products and entrance automation have **increased from 27 percent to 50 percent of total sales in 10 years**

■ Focus on innovation increases value of new products

ASSA ABLOY's vision is to be the most innovative supplier of total door opening solutions in order to deliver trouble-free, secure and well-designed security solutions that provide real added value to customers. A constant flow of new, innovative and sustainable products to the market is the single most important driver for the Group's target of 5 percent organic growth.

Product leadership is achieved through innovation and continuous product development to enhance customer value and reduce product costs. Customer benefits are developed in close cooperation with end-users in a constant process with many small steps. The main objective is to meet or exceed customer expectations.

ASSA ABLOY is well established as the global product leader. R&D investment has increased by 160 percent since 2005, reaching a new record level in 2014. The share of products launched in the past three years has accelerated from 16 percent in 2010 to 30 percent of Group sales in 2014. The Group-wide structured innovation process is under constant development with the ambition of doubling the innovation rate.

The overall objective is to meet or exceed customer expectations. Each new product should considerably increase customer value. Identifying and defining cus-

tomers value as early as possible increases value creation in the development process.

The focus on product leadership has been consistent. The number of product development engineers has increased by more than 70 percent to over 1,400 employees in eight years, of whom a growing share have an electronics focus. Sales of products launched in the past three years have increased to 30 percent, exceeding the Group's target of 25 percent. This is a well-considered target in view of the Group's average product life cycle of 10 to 15 years. ASSA ABLOY's innovation strength has been noted for the second consecutive year by the U.S. business magazine Forbes, which ranked the company as one of the world's 100 most innovative companies.

No. 1

The most innovative supplier of total door opening solutions



30%

Products launched in the past three years account for 30 percent of total sales

Guest experience enhanced at Starwood Hotels & Resorts Worldwide, Inc. with Mobile Access Solution

■ **CUSTOMER:** Starwood Hotels & Resorts Worldwide, Inc. based in the US, is one of the world's largest hospitality companies. It owns, manages or franchises over 1,200 properties worldwide.

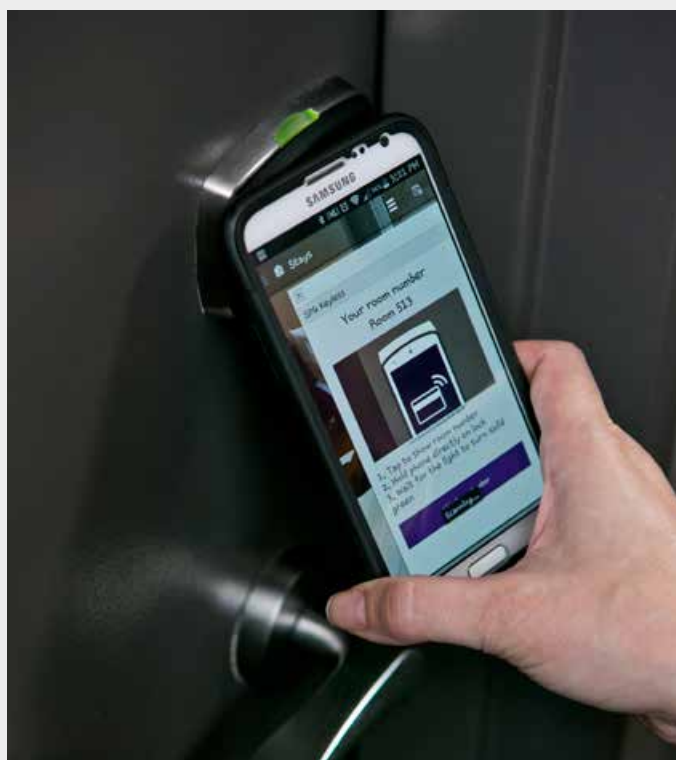
■ **CHALLENGE:** Starwood wanted to introduce an entry system using the broadest possible range of smartphones and smart devices as a key for guests to access their hotel rooms.

■ **SOLUTION:** Starwood installed ASSA ABLOY Mobile Access enabled locks from ASSA ABLOY Hospitality and, in partnership with ASSA ABLOY, designed functionality for seamless customer interaction.

ASSA ABLOY Mobile Access uses standard mobile device technologies to create a solution that is universally accessible, easy to deploy, and simple to manage. It can be used with iOS and Android-based smartphones and other smart devices and has been showcased working the Apple Watch.

Starwood Preferred Guest (SPG) members with Bluetooth Smart-enabled smartphones who have opted-in to the service receive a guest room Seos Mobile ID with their room number via the SPG app before arriving at the hotel – allowing them to proceed straight to their room, where available, and gain access by presenting the smartphone to the reader on the hotel room door.

Starwood is rapidly rolling out this system and is targeting 30,000 doors in 150 hotels in 2015.



3 Cost-efficiency



Price management for
price leadership



■ Successful efficiency programs

ASSA ABLOY is striving to radically reduce the breakeven point through a number of Group programs to increase cost-efficiency. These cover the global production structure, professional sourcing, Lean production methods, constant product cost review, and Seamless Flow, i.e. streamlining and automation of administrative flows. These programs contribute significant cost reductions each year, to achieve the operating margin target of 16–17 percent and are a condition for the Group being a price leader and contributing to sustainable development.



Production restructuring program providing significant results

ASSA ABLOY is continuously streamlining and simplifying the production structure and implementing rationalization programs with the aim of closing factories and offices and switching to assembly. Meanwhile productivity is increasing considerably, with reduced environmental impact. The restructuring programs reflect the Group's active global acquisition strategy. Since 2006 ASSA ABLOY has made over 120 acquisitions and implemented a number of programs to rationalize operations and raise productivity. The production structure has switched from manufacturing everything itself to concentrating efficient assembly plants close to customers, transferring production to low-cost countries, and sourcing more non-critical components.

Production processes and sustainable development have been improved through investment in modern,

efficient production equipment, while local presence on end-customer markets in both high- and low-cost countries has been strengthened to ensure fast delivery and efficient assembly of customized products.

ASSA ABLOY applies and develops a number of methods and processes to increase cost-efficiency. The overall Lean methodology includes all processes and results in increased customer value using less resources at all stages. Value Analysis and Value Engineering (VA/VE) involve in-depth analyses of products and production processes to identify cost savings in existing and new products. A significant focus is now on Seamless Flow. This involves streamlining and automation of the Group's administrative flows, which account for 45 percent of the Group's total personnel costs.



-27%

Number of suppliers
reduced by 27 percent
since 2006



SEAMLESS FLOW – AUTOMATION OF ADMINISTRATIVE FLOW

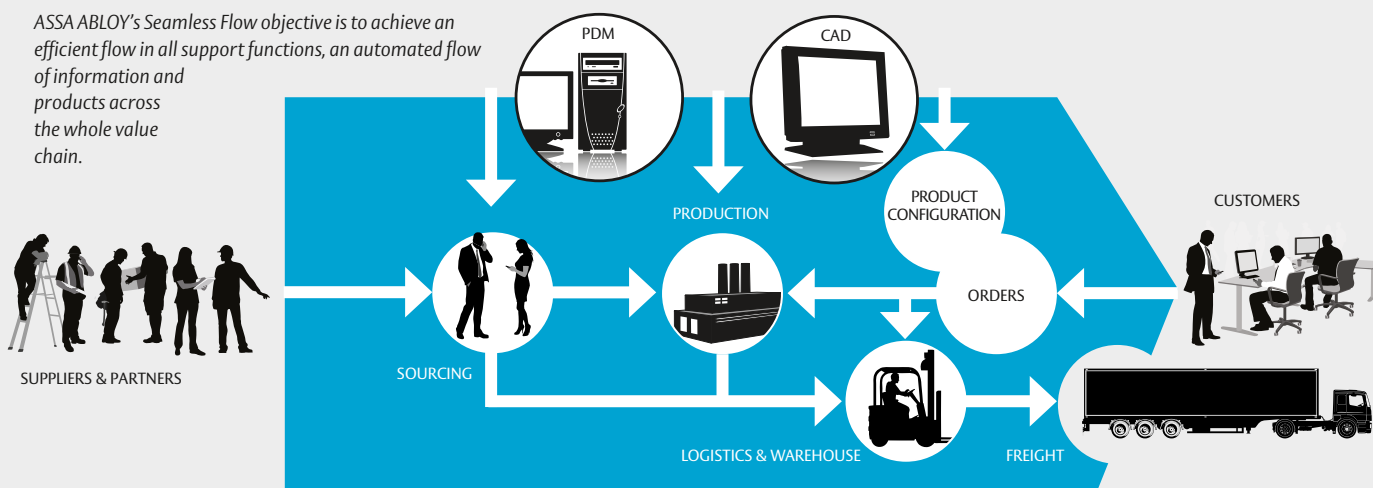
Seamless Flow concerns automation of all the information intended to control the value-creating processes from the customer's order to completed delivery and payment. Today these processes involve a very large number of paper-based or digital information flows, with a considerable potential for rationalization. ASSA ABLOY's Seamless Flow program aims to radically accelerate value creation by standardizing flows and processes, which are managed automatically, in real time and with improved

quality. The program is striving towards an advanced vision of the future in which customers place their orders on an e-commerce site or are connected to ASSA ABLOY's ERP system, with its modules for handling orders and inventories, ledgers, production planning, project planning, resource planning, sourcing, time recording etc. The information can then flow automatically on to the inventory function and the purchasing organization with information on what should be sourced from whom

and when, to the production process, which receives an automatic instruction on what should be produced, how, where and when, and on to transportation and delivery.

This vision includes manufacturing using intelligent machinery and robots with reading capacity and sensors for processing and movement of materials. Order management, invoices and payments, recording of revenue and costs, and more advanced bookkeeping will then be handled automatically.

ASSA ABLOY's Seamless Flow objective is to achieve an efficient flow in all support functions, an automated flow of information and products across the whole value chain.



4 Growth and profitability

1994



■ 20 years of rapid growth and increased profitability

Over the past 20 years ASSA ABLOY has grown from a regional lock company in the Northern Europe into by far the largest global supplier of door opening solutions. Simple, clear and consistent strategies have driven rapid growth, with good profitability and financial stability. Value creation has been very successful. High growth is surpassed by an even better earnings trend, which has created significant value for shareholders and other stakeholders.

1,500%

Sales growth since 1994

Group sales have risen 1,500 percent from just over SEK 3 billion to SEK 57 billion in 20 years. From a mainly Scandinavian player with 4,700 employees, today the Group has operations in 70 countries and 44,000 employees. The strategic focus is long-term value creation expressed in two overall targets, which since 2006 have been 10 percent annual growth, half organic and half acquired growth, and an operating margin of 16–17 percent. Since the start in 1994 ASSA ABLOY has grown by 1,500 percent, while operating income has increased by 5,800 percent.

in a strongly fragmented industry. A new growth phase began in 2006, with the focus on expansion in emerging markets in Asia, eastern Europe, South America, the Middle East and Africa. Around 120 acquisitions and major investments in marketing led to global leadership. A new growth area arose through rapid growth in entrance automation in the Entrance Systems division.

5,800%

Increase in operating income since 1994

Product leadership and innovation

With its product leadership strategy combined with acquisitions of technically leading companies, ASSA ABLOY has become the industry's global technological leader. The first 10 years were dominated by investments in the development of mechanical door opening solutions. Since 2005 investments, R&D and innovation have increased at a high rate each year, with development of competence and processes to achieve considerably faster product development. The ambition

8,300%

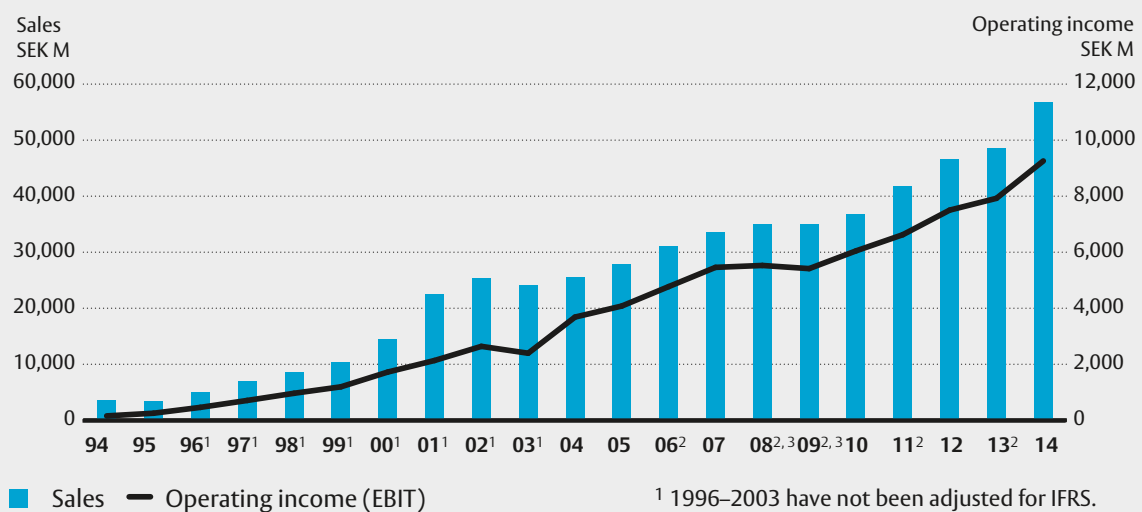
Earnings per share has increased in 20 years

Market leadership and growth

Market leadership, has been achieved in several stages. Up to 2005 the Group was internationalized through acquisitions mainly on mature markets in Europe and the U.S., with integration and development of a common culture. ASSA ABLOY was the main consolidating force



SALES AND OPERATING INCOME (EBIT)



¹ 1996–2003 have not been adjusted for IFRS.

² Excluding items affecting comparability.

³ Reclassification has been made.

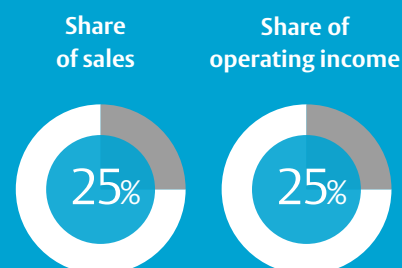
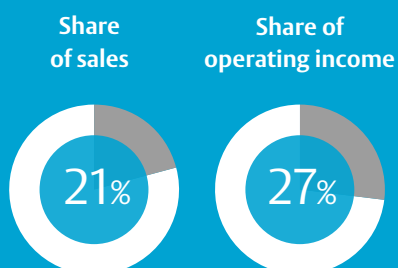
has been to double the innovation rate, with the target that products launched in the past three years should account for 25 percent of the Group's total sales. The share has accelerated from 16 percent in 2010 to 30 percent 2014. One explanation is the investments in

new electronic and digital technologies in the electro-mechanical product segment. These products, including entrance automation, have increased their share of the Group's total sales from 27 percent to 50 percent in 10 years.

Three regional divisions

Regional divisions

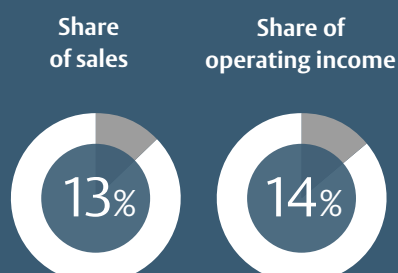
The regional divisions manufacture and sell mechanical and electromechanical locks, digital door locks, cylinders and security doors adapted to the local market's standards and security requirements.



Global divisions

The global divisions manufacture and sell electronic access control, identification products and entrance automation on the global market.

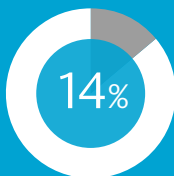
Global Technologies



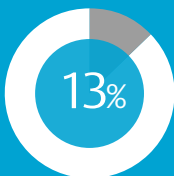
And two global divisions



Share
of sales



Share of
operating income



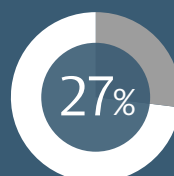
25%

ASSA ABLOY is represented on both mature and emerging markets worldwide. Emerging markets have increased their share of Group sales from 10 percent eight years ago to 25 percent in 2014.

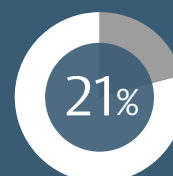


Entrance Systems

Share
of sales



Share of
operating income



Good results in a challenging market



Market development

The demand growth rate showed clear differences between the division's various geographical markets. Demand was strong in Scandinavia, Germany and emerging markets in eastern Europe and Africa, and was good in Finland and the UK. Demand showed an upturn from low levels in the Spanish and Israeli markets, while remaining negative in the Benelux countries, France and Italy. The demand trend in recent years away from component sales and towards an increasing number of major projects for total door opening solutions strengthened. During the year sales of digital door locks to the residential market under the Yale brand saw major successes. Marketing investments in recent years in eastern Europe, the Middle East, Turkey and Africa have resulted in significant sales increases. The share of sales to emerging markets is now 19 percent. Demand for electromechanical products was particularly strong.

Market presence

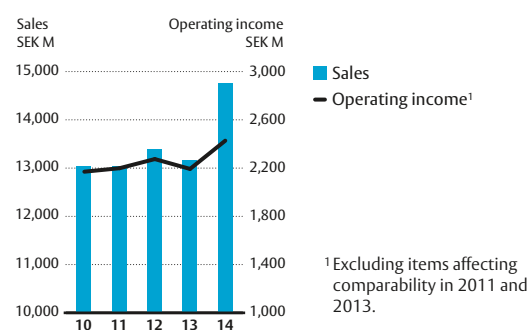
EMEA's market presence is based on a good knowledge of local building and lock standards and long-term relationships with distributors. The division's markets are very diverse, with major differences in product demand. The aftermarket accounts for a significant proportion of sales, providing stable demand. ASSA ABLOY has the largest installed lock base compared with its competitors.

The year saw the acquisition of Turvaykköset, the second largest locksmith in Finland. The acquisition is a strategic step into an important distribution channel in the Nordic region, which strengthens a more projectoriented offering in hi-tech solutions and advanced service concepts.

Product leadership

In recent years EMEA has sharply increased investments in innovation and product development, strengthening organic growth and contributing to cost reductions. Products launched in the past three years accounted for 29 percent of total sales, which is more than a twofold increase in four years. Over 200 new products are in the pipeline for the coming years. The high product development rate meets the sharply increasing demand for electromechanical products. These increased their share of total sales from 26 percent to 28 percent during the year. The trend indicates a continuing strong increase in electromechanical products in the coming years.

SALES AND OPERATING INCOME



FACTS ON EMEA

Offering: Mechanical and electromechanical locks, digital door locks, security doors and hardware fittings.

Markets: EMEA is the leader in its product areas in Europe, the Middle East and Africa. The commercial segment accounts for around 60 percent of sales and the residential segment for 40 percent. EMEA comprises a large number of group companies with a good knowledge of their local and in many respects diverse markets. Products are sold primarily through a number of distribution channels, but also directly to end-users.

Brands: ABLOY, ASSA, ASSA ABLOY, IKON, Mul-T-Lock, TESA, UNION, Vachette and Yale.

Acquisitions 2014: Turvaykköset (Finland).

Increased marketing initiatives strengthen sales and earnings



Sales rose during the year, with 4 percent organic growth. Due to substantial investments in innovation in recent years, the division has a leading position in the very fast-growing markets for wireless electronic door opening solutions. Demand on the important commercial and institutional market improved during the second half of the year, following several years of weak growth. The U.S. residential market continued to show high demand. Sales growth was also positive in Latin American markets, where several important acquisitions were made during the year. Continuing rationalization and efficiency programs contributed to an increase in operating income and an improvement in the operating margin.

Market development

Sales growth in the U.S. was positive during the year, despite a weak start in the wake of a hard winter. The recovery in the residential segment in the U.S. continued for the fourth consecutive year, with good sales growth. ASSA ABLOY's important commercial and institutional market accelerated in both the industrial and office segments, which will positively impact demand next year. Demand continues to grow for advanced electronic solutions for smart homes, and for institutional and commercial customers looking for efficient, energy-saving total door opening solutions. Sales of digital door locks are rising very rapidly in both North America and South America. The trend toward more wireless and mobile lock solutions and increased sustainability through energy savings promises to be a growing area and an important feature of future demand growth. Sales in Latin America increased, despite the ongoing residential crisis in Mexico and more subdued demand in Brazil.

Market presence

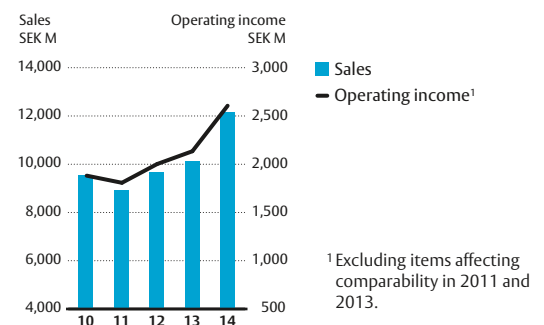
For several years, a main trend in strengthening market presence has been the focus on segmentation of solutions and specification, initiatives to strengthen brand identity, and new product offerings in the electromechanical segment in all the division's markets. A key role is played by the division's specifiers and specialist teams, who collaborate with the leading architectural firms, integrators and end-customers. They provide training and introduce new products and solutions in their role as the end-customer's door opening solutions experts.

The acquisition of Metalika and Silvana strengthened ASSA ABLOY's position in the large Brazilian market, with market-leading fire doors and doors and frames. The acquisition of ODIS in Chile doubles ASSA ABLOY's market presence in the country, with a leading brand in locks, padlocks and steel doors.

Product leadership

Market leadership is based on a constant flow of new technologies, products and solutions that meet customer demand. The division has increased investments in innovation and product development by nearly 200 percent since 2008, with products launched in the past three years accounting to 27 percent of total sales in 2014. Today about 190 new products are in the pipeline. At the 2014 ASIS trade show, the division launched 75 new products, several of which won industry awards for innovation in the strongly expanding wireless and mobile solutions segment.

SALES AND OPERATING INCOME



FACTS ON AMERICAS

Offering: Mechanical and electromechanical locks, digital door locks, cylinders, door fittings, security doors, door frames, and industrial high-security fencing and gates.

Markets: U.S., Canada, Mexico, Central America and South America. The majority of sales are in the U.S. and Canada, where ASSA ABLOY has an extensive sales organization and sells its products through distributors. Institutional and commercial customers are the largest end-customer segments. These segments account for 85 percent of sales, while the private residential segment accounts for 15 percent of sales. Sales in South America and Mexico take place mainly through distributors, wholesalers and DIY stores. Sales in these markets are more evenly distributed between the non-residential and residential segments.

Brands: Some of the leading brands are: Ameristar, Ceco, Corbin Russwin, Curries, Emtek, Medeco, Phillips, SARGENT and La Fonte.

Acquisitions 2014: Metalika and Silvana (Brazil), and ODIS (Chile).

Continuing expansion with increased sales and earnings



Market expansion continued, with 12 percent sales growth. The high growth rate in China slowed, turning negative at the end of the year. The Australian market recovered strongly following a long downturn. South Korea continued to show good growth and demand increased strongly on Southeast Asian markets including India. The division continued to invest in increased market presence, with strategic acquisitions in India and China.

Market development

The previous high growth rate in China slowed, turning negative at the end of the year. Despite a weaker market, the division won several large project orders for infrastructure expansion. The underlying growth factors in China, with its strong urbanization, industrialization and large demand for better housing, indicate continued increasing prosperity and good long-term growth in demand for the division's products.

Marketing and sales investments continued at a high level in Southeast Asian populous countries such as Vietnam, Indonesia and the Philippines with high growth potential. Pakistan was a new market during the year. The Indian market developed well with increased distribution networks and new product launches. Demand increased strongly in Australia following several years of weak growth, despite a continued downturn in the large mining sector. New Zealand saw strong growth during the year. The South Korean market in which the division has a high market share continued to grow.

Market presence

Market presence in China is gradually being strengthened through expanding marketing investments and acquisitions. ASSA ABLOY is the market leader, but faces tough competition from a very large number of small local companies. Consolidation is in progress in the wake of cost inflation and increased investment requirements in many areas, benefiting a global player like ASSA ABLOY.

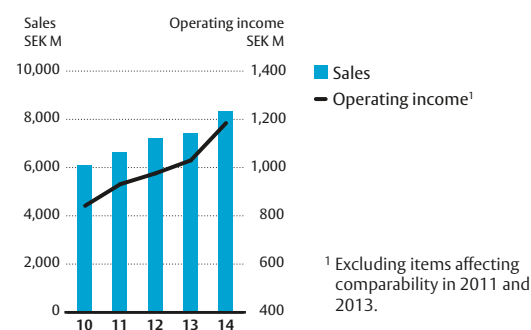
The year saw the acquisition of Jiawei, one of China's largest security lock producers. The acquisition increases the division's distribution capacity and strengthens its presence in relation to important door manufacturers and on the growing aftermarket. Digi Electronic Lock, the leading Chinese digital door lock manufacturer, was acquired at the end of the year. The company's Keylock brand is the leader in digital door locks in China, with an extensive product range in the low to mid segments, providing a good complement to the division's premium products.

ASSA ABLOY also took its first major step in the fast-growing Indian market through its acquisition of ENOX, a lock and lock component company with headquarters in Mumbai.

Product leadership

The regional demand trend for electromechanical and electronic solutions is strong. Digital lock sales are rising by double-digit percentages each year in China and Southeast Asia. The number of digital door lock distributors is also increasing sharply. ASSA ABLOY has clear product leadership with a hi-tech profile, and products launched in the past three years rose to 35 percent of total sales during the year. Investments in product development continue to increase and there are now 15 development centers with nearly 300 development engineers. Another growth trend is the increasing demand for sustainable or green products, and the division will strengthen its product leadership with a number of product launches in the coming years.

SALES AND OPERATING INCOME



FACTS ON ASIA PACIFIC

Offering: Mechanical and electromechanical locks, digital door locks, high-security- and fire doors and hardware.

Markets: China accounts for 50 percent of sales, South Korea and the rest of Asia for 20 percent, Australia and New Zealand for 20 percent, and exports to the rest of the world for 10 percent. The Asian countries are emerging markets without established security standards. New construction accounts for around three-quarters of sales. In China, the same types of lock, handle and hardware are often used in both homes and workplaces. The production units in China also supply ASSA ABLOY's other divisions. Australia and New Zealand are mature markets with established lock standards. Renovations and upgrades account for the majority of sales.

Brands: In China: Baodean, Guli, Pan Pan, Liyi (Shenfei), Door-max, Tianming, Guoqiang, Sahne, Longdian, Keylock, Xinmao and Huasheng. In South Korea: Gateman, Angel, King, the global Yale brand and ASSA ABLOY. In Australia and New Zealand, the largest brands are Lockwood and Interlock.

Acquisitions 2014: Jiawei (China), Enox (India), Unilock (South Korea), and Digi Electronic Lock (China).

Key product launches create growth and profitability



The division launched several key products in interesting growth areas such as mobile keys, biometrics and secure identification, creating platforms for future growth. Sales were strong for HID's secure identity solutions for institutional customers and biometric solutions, positive for identity and access management, but negative for project orders. With strong sales growth in Hospitality, together with efficiencies and a cost focus, the division's good earnings and margin trend once again improved.

HID GLOBAL

Sales continued to increase sharply in emerging markets such as China, Africa and Latin America and accelerated strongly in North America in the second half of the year after a sluggish start in the first half of the year. The European market was divided, with relatively strong demand in northern Europe, while southern Europe was considerably weaker. Following a very strong year for major project orders, demand fell back sharply in 2014. Demand from institutional customers in mature markets remains restrained in the light of ongoing budget restrictions, while secure identity sales to governments and institutional customers in Africa, Latin America and parts of Europe were strong. HID Global's solutions are now found in a large number of national programs for various types of ID cards, passports, driving licenses and vehicle registration. In addition, HID Global reader technology is used by the world's five largest electronic document reader suppliers in the government market.

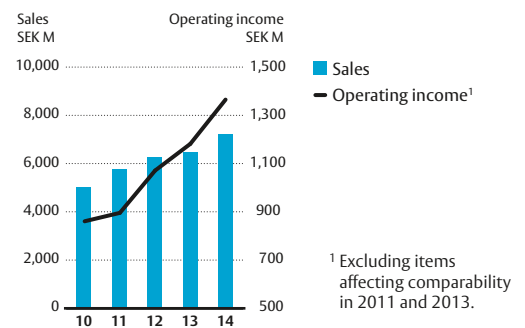
HID Global's investments in emerging markets are clearly yielding positive results, with many institutional customers investing in advanced hi-tech secure identity solutions, including biometric solutions. At the same time HID Global is experiencing strong demand for a number of new products and solutions, as a result of innovative product launches in areas such as mobile access and identity solutions, more efficient card printers, and new technology in access solutions combining physical access control with logical access control and other integrated solutions.

ASSA ABLOY HOSPITALITY

ASSA ABLOY Hospitality's sales growth continued in 2014, with improvements in profit and operating margins from a good level. Demand was high in the renovation and upgrade market, with considerable interest in more advanced technical solutions. Customer behavior is a clear example of the rapid market trend towards increasingly advanced electromechanical technology. For several years ASSA ABLOY Hospitality's marketing initiatives have focused on promoting the replacement or upgrade of installed lock systems based on magnetic stripe cards, where online wireless technologies are gaining ground.

RFID (Radio Frequency Identification) locks increased during the year to nearly 90 percent of total deliveries. ASSA ABLOY Hospitality is the industry's global market leader. The technology provides an enhanced customer experience and improved security. Mobile access control solutions launched during the year further strengthen user-friendliness.

SALES AND OPERATING INCOME



FACTS ON GLOBAL TECHNOLOGIES

Global Technologies division consists of two business units: HID Global and ASSA ABLOY Hospitality.

Offering: HID Global is a global leader in secure identity solutions, primarily in identity and access management, and in contactless identification technology solutions. HID Global supplies solutions for secure identity creation and management to companies, healthcare, educational and financial institutions as well as government and state institutions. HID Global's open technology platforms provide significant customer benefits.

ASSA ABLOY Hospitality manufactures and sells electronic lock systems, safes, energy management systems and minibars for hotels and cruise ships under the VingCard Elsafe brand. It is the world's best-known brand for lock systems and in-room safes, with products installed in over seven million hotel rooms in more than 42,000 hotels worldwide.

Markets: Customers are mainly in the institutional and commercial sectors worldwide.

Brands: HID Global and VingCard.

Acquisitions 2014: Lumidigm and IdenTrust (U.S.).

Market focus and product development strengthen growth



Organic growth was 4 percent with particularly strong growth on the U.S. market, while Europe remained weak but with signs of an incipient upturn on several markets. Australia and emerging markets in eastern Europe and Southeast Asia showed good sales growth. Demand slowed from a high level in China. Global industrial demand was strong for overhead sectional doors and high-performance doors with increased sales in Europe and North America, while the European residential segment showed negative growth. Following several years of high growth and a large number of acquisitions, 2014 saw a focus on consolidation, internal efficiency initiatives and a continued high innovation rate.

Market development

The U.S. market developed strongly during the year, with very good sales growth in the residential, commercial, industrial and institutional markets. Market investments increased, with new construction and upgrades and rising demand for automatic, industrial and high-performance doors and loading dock solutions. Europe saw weakly increasing demand in industrial segments from a low level, while the residential market continued to show negative growth. Europe remains divided with strong growth in eastern Europe except Russia, a growing market in German-speaking countries, the UK and Scandinavia, and stable but continued weak demand in southern Europe. The Chinese market slowed slightly following several years of strong growth. South-east Asia continued to grow strongly, while growth accelerated in Australia following a few weak years.

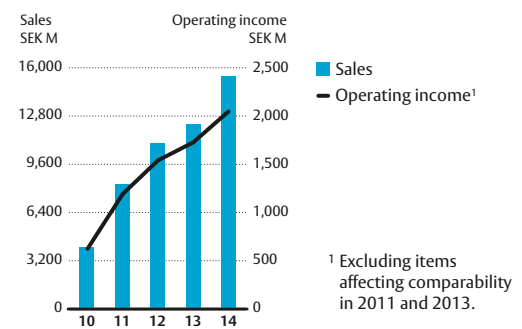
Market presence

The division has grown very strongly over the past few years, mainly through acquisitions. Sales have more than tripled since 2010. As a result, ASSA ABLOY has achieved a world-leading market position in entrance automation. The division is now geographically and technologically positioned for continued rapid global growth. Work continued during the year to integrate the acquisitions and consolidate the organization and the brand structure, to achieve a more market-oriented differentiation and specialization of the customer offering based on three marketing channels.

Product leadership

The new product development organization established in recent years in the various business areas has substantially streamlined and increased the rate of new product development. The 2014 launch rate resulted in the division now exceeding the Group target for products launched in the past three years to account for 25 percent of sales. During the year the division launched several new product generations of sliding, swing, revolving, overhead sectional and high-performance doors on newly developed product platforms. These platforms provide great flexibility for differentiating the product range using modular solutions, with increased functionality and at a much more rapid rate. New product platform launches also result in less complexity and shorter lead times, reducing costs.

SALES AND OPERATING INCOME



FACTS ON ENTRANCE SYSTEMS

Offering: Entrance automation products, components and service. The product range includes automatic swing, sliding and revolving doors, gate automation, hardware for overhead sectional doors, garage doors, high-performance doors, industrial doors, docking solutions and hangar doors.

Markets: Entrance Systems is a global leader with sales worldwide. It has sales companies in over 30 countries and distributors in 90 countries. Service operations account for nearly one-third of sales. The products are sold through three channels. In the direct channel, new equipment and comprehensive service are sold direct to end-customers under the ASSA ABLOY brand. The indirect channel caters mainly to large and medium-sized distributors under the Entrematic brand. FlexiForce sells components and hardware for overhead sectional doors in the industrial and residential segments.

Brands: Besam, Crawford, TKO, Megadoor, Albany, FlexiForce, Amarr Kelley, Serco, Normstahl, Dynaco, Ditec, and EM.

Acquisitions 2014: A number of smaller acquisitions were made during the year to strengthen market presence.

ASSA ABLOY is represented in all kinds of buildings, all over the world

Since 1994, ASSA ABLOY has been providing security all around the world. But many of the Group's brands started to provide security solutions hundreds of years ago. ASSA ABLOY's solutions are used everyday in countries around the world. They are found in schools, offices, private homes, arenas, airports, parliament buildings, hotels and businesses operating across many industries. No matter where you are in the world, the chance of coming in contact with our solutions is quite big.

eCLIQ is the clear choice for German hospital

■ **CUSTOMER:** With its 32 clinics and 20 research institutes, University Hospital Frankfurt is the largest hospital in Hesse, Germany. More than 4,500 employees treat around 270,000 patients per year. Extensive new construction, expansion, and renovation in multi-phase construction stages have been in progress since 2001.

■ **CHALLENGE:** HOST GmbH Hospital Service and Technology and its staff of 150 employees are responsible for all technologies in the University Hospital. When it comes to security technology, HOST relies on the expertise of ASSA ABLOY. A CLIQ locking system has already provided several years of faultless operation. Therefore, it was an obvious choice for HOST to install CLIQ in a recently completed new building.

■ **SOLUTION:** Thanks to the high level of modularity and simple operation, the decision was quickly made to install an eCLIQ locking system. This system comprises 1,100 cylinders with an equal number of keys, and a specific web system. There are also five wall-mounted programmers, four of which are provided with anti-vandalism protection.

Facility management experts at HOST are so impressed with the new eCLIQ system that various buildings will be equipped with eCLIQ in the final construction stage of the large hospital project.



Entrance solutions from ASSA ABLOY in Canadian innovation center

■ **CUSTOMER:** MaRS is an innovation center for medical research and development. Since they first opened in 2005, they have built on a rich legacy to create one of world's largest innovation hubs, a 1.5-million-square-foot complex located in the heart of Canada's largest research cluster in downtown Toronto.

■ **CHALLENGE:** MaRS & B&H Architects were challenged to design and construct a LEED Canada-CS Gold Certified, state of the art technology 20 story facility that would house multiple tenants focused on work & learning, health and energy.

■ **SOLUTION:** ASSA ABLOY collaborated with B&H Architects and Trillium Architectural Hardware to identify the best solutions to meet the everyday sustainability, clean room and accessibility needs of the various tenants. ASSA ABLOY Entrance Systems provided a range of pedestrian automatic door solutions as part of a sustainable state-of-the-art construction for MaRS Phase 2. Architectural hardware, electromechanical and access control hardware solutions were provided by Group brands Sargent, McKinney, HES, Securitron and Medeco.

Five years in summary

Amounts in SEK M unless stated otherwise	2010	2011	2012	2013	2014
Sales and income					
Sales	36,823	41,786	46,619	48,481	56,843
Organic growth, %	3	4	2	2	3
Acquired growth, %	8	17	9	4	9
Operating income before depreciation/amortization (EBITDA)	7,041	7,646 ¹	8,536	8,917 ¹	10,419
Depreciation and amortization	-995	-1,022	-1,034	-993	-1,163
Operating income (EBIT)	6,046	6,624 ¹	7,501	7,923 ¹	9,257
Income before tax (EBT)	5,366	4,559	6,784 ⁴	6,381	8,698
Net income	4,080	3,869	5,172 ⁴	4,775	6,436
Cash flow					
Cash flow from operating activities	5,729	5,347	5,990	6,224	6,679
Cash flow from investing activities	-4,027	-7,357	-4,738	-6,030	-3,524
Cash flow from financing activities	-2,597	2,326	-1,564	-731	-2,908
Cash flow	-895	316	-312	-537	247
Operating cash flow ³	6,285	6,080	7,044	6,803	8,238
Capital employed and financing					
Capital employed	31,385	37,942	41,422 ⁴	48,408	58,425
– of which goodwill	22,279	27,014	28,932	31,817	39,778
– of which other intangible and tangible assets	8,336	10,126	11,093	12,854	14,990
– of which investments in associates	37	1,211	1,519	1,675	1,861
Assets and liabilities of disposal group classified as held for sale	–	–	385	–	–
Net debt	10,564	14,207	15,805 ⁴	19,595	22,327
Non-controlling interest	169	208	183	0	2
Shareholders' equity, excluding non-controlling interest	20,652	23,527	25,819 ⁴	28,812	36,096
Data per share, SEK					
Earnings per share after tax and before dilution	11.07	10.45	13.97 ⁴	12.89	17.38
Earnings per share after tax and dilution (EPS)	10.89	12.30 ¹	13.97 ⁴	14.84 ¹	17.38
Shareholders' equity per share after dilution	58.64	65.54	69.86 ⁴	77.83	97.49
Dividend per share	4.00	4.50	5.10	5.70	6.50 ²
Price of Series B share at year-end	189.50	172.60	242.90	339.80	414.80
Key ratios					
Operating margin (EBITDA), %	19.1	18.3 ¹	18.3	18.4 ¹	18.3
Operating margin (EBIT), %	16.4	15.9 ¹	16.1	16.3 ¹	16.3
Profit margin (EBT), %	14.6	10.9	14.6 ⁴	13.2	15.3
Return on capital employed, %	18.5	13.6	18.1 ⁴	14.9	16.9
Return on capital employed excluding items affecting comparability, %	18.5	17.4	18.1 ⁴	17.1	16.9
Return on shareholders' equity, %	19.1	16.7	20.9 ⁴	17.5	19.8
Equity ratio, %	45.9	42.9	43.2 ⁴	43.8	45.1
Net debt/equity ratio, times	0.51	0.60	0.61 ⁴	0.68	0.62
Interest coverage ratio, times	10.1	8.8	11.1 ⁴	13.5	17.4
Interest on convertible debentures net after tax	9.9	10.5	3.9	–	–
Number of shares, thousands	366,177	368,250	370,859	370,859	370,859
Number of shares after dilution, thousands	372,736	371,213	370,859	370,859	370,859
Average number of employees	37,279	41,070	42,762	42,556	44,269

¹ Excluding items affecting comparability in 2011 and 2013.

² Dividend proposed by the Board of Directors.

³ Excluding restructuring payments.

⁴ 2012 has been adjusted due to a change in accounting principles for defined benefit pension plans.

DEVELOPMENT KEY FIGURES

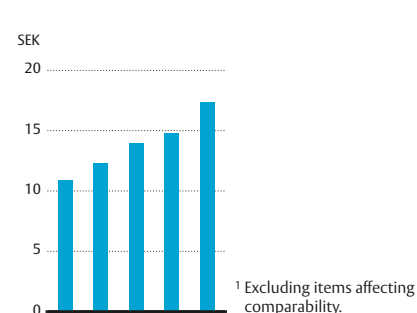
SALES AND OPERATING INCOME



INCOME BEFORE TAX AND OPERATING CASH FLOW

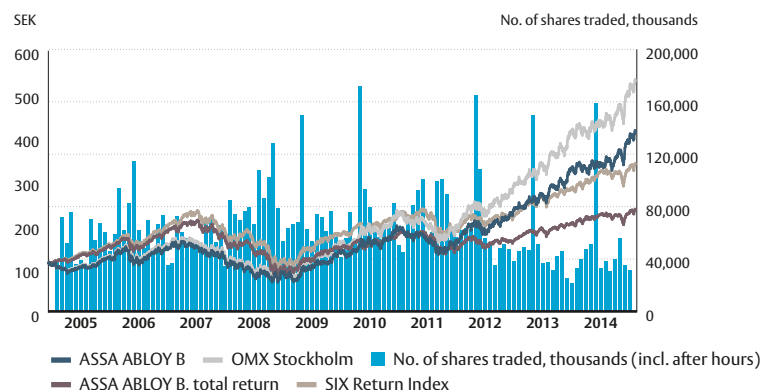


EARNINGS PER SHARE¹

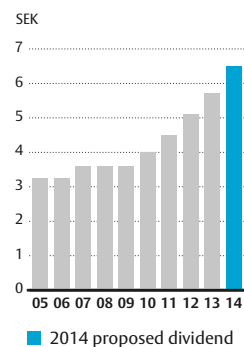


The ASSA ABLOY share

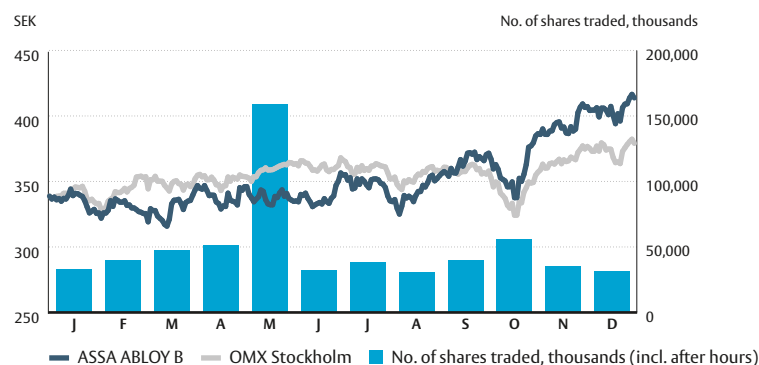
SHARE PRICE TREND AND TURNOVER 2005–2014



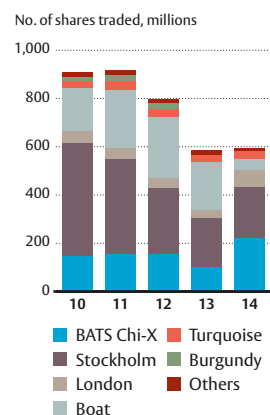
DIVIDEND PER SHARE 2005–2014



SHARE PRICE AND TURNOVER 2014



MARKETS FOR THE SHARE



Data per share

SEK/share ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Earnings after tax and dilution	6.97	7.99 ²	9.02	9.21 ²	9.22 ²	10.89	12.30 ²	13.97	14.84 ²	17.38
Dividend	3.25	3.25	3.60	3.60	3.60	4.00	4.50	5.10	5.70	6.50 ³
Dividend yield, % ⁴	2.6	2.2	2.8	4.1	2.6	2.1	2.6	2.1	1.7	1.6
Dividend, % ⁵	47.6	64.0	40.5	52.3	47.8	37.0	36.6	36.5	38.4	37.4
Share price at year-end	125.00	149.00	129.75	88.50	137.80	189.50	172.60	242.90	339.80	414.80
Highest share price	126.00	151.00	164.00	126.00	142.50	199.20	194.90	244.80	342.20	417.50
Lowest share price	89.25	109.00	124.50	69.75	71.50	126.60	133.50	171.70	238.00	316.90
Equity	42.85	39.13	46.76	55.91	54.76	58.64	65.54	69.86	77.83	97.49
Number of shares, thousands ⁶	378,718	376,033	380,713	380,713	372,931	372,736	371,213	370,859	370,859	370,859

¹ Adjustments made for new issues.

² Excluding items affecting comparability 2006, 2008, 2009, 2011 and 2013.

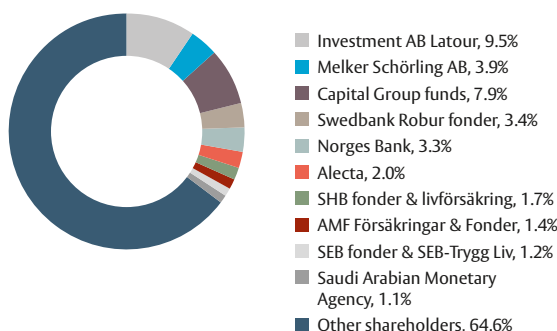
³ Dividend proposed by the Board of Directors.

⁴ Dividend as percentage of share price at year-end.

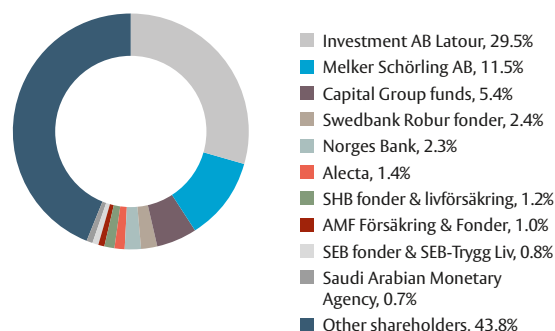
⁵ Dividend as percentage of earnings per share after tax and dilution, excluding items affecting comparability.

⁶ After full dilution.

OWNERSHIP STRUCTURE (SHARE CAPITAL)



OWNERSHIP STRUCTURE (VOTES)



ASSA ABLOY is the global leader in door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience

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Smartphones open doors at Vanderbilt University

■ **CUSTOMER:** Customer: Vanderbilt University, Nashville, US, has earned many distinctions, including Princeton Review's top ranking for colleges with the happiest students.

■ **CHALLENGE:** Administrators at Vanderbilt University wanted to understand and assess the value of mobile credentials in the university environment, and experience the process of issuing, managing and revoking mobile IDs to smartphones.

The university was interested in the benefits of HID Mobile Access, but also needed to be sure that the solution was easy to use and manage. Plus, while administrators wanted an innovative alternative to existing access cards, it was also important that the solution supported legacy cards and new smart card technology as well as the new mobile IDs.

■ **SOLUTION:** The HID Mobile Access solution that Vanderbilt piloted supports Bluetooth Smart and includes Mobile IDs, Mobile Apps, mobile-enabled iCLASS SE readers powered by Seos, and the HID Secure Identity Services portal for provisioning and revoking Mobile IDs to a variety of Apple and Android mobile devices.

Mobile-enabled iCLASS SE readers were deployed at 16 entry points, and the university was also able to use existing iCLASS smart cards with them. Pilot participants were able to open doors with a "tap" to the reader, or use their Bluetooth connection and HID Global's patented "Twist and Go" gesture technology to open doors as well as gates from a distance.