

## ASSA ABLOY to acquire Hardware and Home Improvement (“HHI”) division of Spectrum Brands

**ASSA ABLOY has signed a definitive agreement to acquire the Hardware and Home Improvement (“HHI”) division of Spectrum Brands (NYSE:SPB) for a purchase price of MUSD 4,300 on a cash and debt free basis.**

Spectrum Brands’ Hardware and Home Improvement (“HHI”) division is a leading provider of security, plumbing, and builders’ hardware products to the North American residential segment with a diversified product offering of locksets, faucets, and builders’ hardware.

HHI has a varied portfolio of innovative products, including patented SmartKey technology and electronic, smart and biometric locks. Key brands include Kwikset, Baldwin, Weiser, Pfister and National Hardware.

HHI has strong, established relationships with a variety of customers including large home improvement centers, wholesale distributors, homebuilders, online retail channels, and home automation providers.

For the fiscal year ending September 2020, HHI’s net sales were MUSD 1,342 with adjusted EBITDA margin of around 19%.

HHI is headquartered in Lake Forest, California with some 7,500 employees worldwide and has manufacturing facilities in the United States, Mexico, Taiwan, China, and the Philippines.

“HHI is an excellent addition to the ASSA ABLOY Group and constitutes an important strategic step in developing our residential business in North America. This acquisition advances our strategy to strengthen our position by adding complementary products to the core business and it will further accelerate the transformation from mechanical to digital solutions,” says Nico Delvaux, President and CEO of ASSA ABLOY. “I look forward to welcoming HHI and all of its employees into the ASSA ABLOY Group.”

“The acquisition of HHI brings strong, well-known brands and high-quality, innovative products to the residential portfolio for ASSA ABLOY in North America, complementing our current business with a passionate and experienced team,” says Lucas Boselli, Executive Vice President of ASSA ABLOY and Head of the Americas Division. “Our technology platform and innovation focus supplements HHI’s current offerings, and provides an exciting opportunity for us to deliver superior value to consumers.”

"After stewarding this asset for the past decade, the board of directors and I are confident that ASSA ABLOY is uniquely positioned to take our HHI business and team members to the next level of performance and achievement. I am personally excited to see the innovation and exciting new products that this transaction will unlock for future generations," says David M. Maura, Executive Chairman and Chief Executive Officer of Spectrum Brands Holdings Inc.

### **Background and reason for the acquisition**

ASSA ABLOY has tremendous respect for the achievements of HHI, which is a great company with a proven track record. HHI complements ASSA ABLOY in terms of both product offering and geographic scope, with well-known brands, a strong culture and values, high quality products, and skilled employees managed by a professional team.

HHI constitutes a strategically important step in developing ASSA ABLOY's residential business in North America, supplementing our strong reputation for innovation on the commercial side. HHI brings a deep knowledge of the residential business and adds complementary products, technology, and solutions.

HHI adds established consumer brands in North America, including Kwikset, Baldwin, Weiser, Pfister and National Hardware, to our brand portfolio. ASSA ABLOY can bring technological innovation to consumers using HHI's access to new retail channels, such as homebuilders and DIY retail. HHI's large installed base and great consumer reputation provides an excellent opportunity to grow our electromechanical and digital access solutions.

HHI has a long track record of innovation, especially within SmartKey technology, which will complement ASSA ABLOY's offering. ASSA ABLOY expects strong synergies, the largest components being our increased product offering, advances in technology, distribution, and procurement. The EBIT synergies are expected to reach around MUSD 100 in 2025.

HHI focuses on the residential space in North America, which is highly attractive: underpinned by favorable macro trends such as recent strong home sales, housing starts, an aging housing stock, and increased consumer focus on home repair and remodeling.

HHI will become part of the Opening Solutions Americas Division.

### **Financing of the acquisition**

The transaction will be fully funded by existing cash and new debt.

ASSA ABLOY maintains its commitment to a strong investment grade credit rating profile.

### **Financial terms and effects on ASSA ABLOY**

The total consideration for the acquisition of HHI amounts to MUSD 4,300 on a cash and debt free basis.

For the fiscal year ending September 2020, HHI's net sales were MUSD 1,342 with adjusted EBITDA margin of around 19%. Based on publicly available financial information for 2020 for both HHI and ASSA ABLOY, the acquisition of HHI will add around 14% to ASSA ABLOY's consolidated sales.

The operating margin effect for ASSA ABLOY is initially expected to be dilutive. The acquisition will be accretive to EPS from the start.

Total purchase price of MUSD 4,300 reflects a multiple of 14x expected fiscal year 2021 (30 September) adjusted EBITDA of the HHI segment. The purchase price net of the present value of tax benefits represents a multiple of approximately 10x adjusted EBITDA including synergies.

**Conditions for the transaction**

The transaction is conditional upon regulatory approval and customary closing conditions and is expected to close during the fourth quarter of 2021.

ASSA ABLOY has agreed to pay a termination fee of MUSD 350 in certain circumstances if the transaction agreement would be terminated and required regulatory approvals would not have been obtained.

**Advisors**

ASSA ABLOY is being advised by BofA Securities as exclusive financial advisor, and Linklaters LLP and Hogan Lovells as legal advisors.

**Conference call**

A conference call will be held at 08:00 am (CET), tomorrow Thursday September 9. During the conference call, ASSA ABLOY's President and CEO Nico Delvaux, CFO Erik Pieder and Head of the Americas Division Lucas Boselli will describe the acquisition and respond to questions related to this press release.

Dial-in numbers to the conference call: +46 8 505 583 53, +44 333 300 9030 or +1 646 722 4902

Webcast: <https://assa-abloy-webcast.creo.se/assaabloy>

**For more information, please contact:**

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This is information that ASSA ABLOY AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 18.00 CET on 8 September 2021.

**About ASSA ABLOY**

*The ASSA ABLOY Group is the global leader in access solutions. The Group operates worldwide with 48,000 employees and sales of SEK 88 billion. The Group has leading positions in areas such as efficient door openings, trusted identities and entrance automation. ASSA ABLOY's innovations enable safe, secure and convenient access to physical and digital places. Every day, we help billions of people experience a more open world.*