

Interim Report Q1 2017

26 April 2017

ASSA ABLOY

The global leader in
door opening solutions

A strong start to 2017

First quarter

- Sales increased by 14% to SEK 18,142 M (15,891), with organic growth of 6% (3). Acquisitions contributed 3%
- Strong growth was shown by Global Technologies, Entrance Systems, Americas and EMEA, and good growth by Asia Pacific
- Contracts have been signed for the acquisition of seven companies with expected combined annual sales of about SEK 700 M
- Operating income (EBIT) increased by 16% and totaled SEK 2,787 M (2,411), which represents an operating margin of 15.4% (15.2)
- Net income amounted to SEK 1,918 M (1,638)
- Earnings per share amounted to SEK 1.73 (1.47)
- Operating cash flow amounted to SEK 824 M (498).

Organic growth

+6%

Operating income

+16%

Earnings per share

+17%

Sales and income

	First quarter		
	2016	2017	Δ
Sales, SEK M	15,891	18,142	14%
Of which:			
Organic growth ¹⁾	400	1,022	6%
Acquisitions and divestments	490	448	3%
Exchange rate effects ¹⁾	-251	780	5%
Operating income (EBIT), SEK M	2,411	2,787	16%
Operating margin (EBIT), %	15.2%	15.4%	
Income before tax, SEK M	2,209	2,593	17%
Net income, SEK M	1,638	1,918	17%
Operating cash flow, SEK M	498	824	65%
Earnings per share, SEK	1.47	1.73	17%

¹⁾ The sales components Organic growth and exchange rate effects has been restated for the first quarter 2016. No effect on sales numbers.

Comments by the President and CEO

"2017 started well for ASSA ABLOY with a strong organic growth of 6% and with growth in all divisions," says Johan Molin, President and CEO. The mature markets continued to achieve a good performance, with strong growth in many of our key markets such as the USA, Scandinavia, Britain and Germany. In China, where the trend has been very negative, we saw a stabilization of demand. In the Middle East and Brazil sales fell, however. It should be noted that the quarter had two extra days as a result of the late Easter, which contributed to the strong sales.

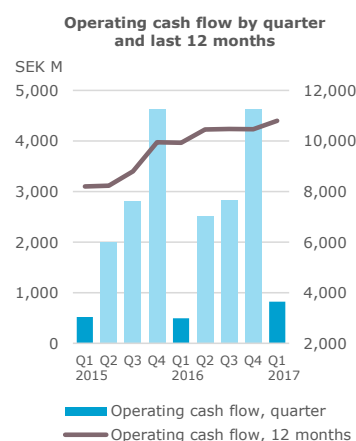
"We saw the strongest performance in Global Technologies with a full 9% organic growth. Sales growth for electromechanical lock solutions continues to be very good in all divisions and on nearly all markets, which is very much due to our technological leadership. We saw confirmation of this at ISC WEST, the USA's most important security exhibition, where ASSA ABLOY won no fewer than ten prizes for best innovations.

"The applications of virtual keys are continuing to develop rapidly – both on the private residential market through so-called Connected Home solutions using mobile apps and on the commercial market in hotel locks, access control, virtual identities and trusted transactions, for example.

"During the quarter contracts were signed for the acquisition of seven companies, including Jerith. The company complements and strengthens our market-leading position in Perimeter Control in the USA. Jerith is a leading supplier of aluminum fencing for residential, commercial and industrial applications.

"Operating income for the quarter increased by a full 16% and amounted to SEK 2,787 M, with an operating margin of 15.4% (15.2). The margin also moved upward in all divisions apart from Asia Pacific in spite of greatly increased material prices. Normal price adjustments have been made to compensate for these. Operating cash flow improved by 65%, although the first quarter is seasonally weak.

"My judgment is that the global economic trend has improved to some degree. On most markets in North and South America and in parts of Europe there is a positive trend, but on some markets, chiefly in Asia and the Middle East, the trend is weak. However, our strategy of expanding our market presence, even on the emerging markets, remains unchanged. We are also continuing our investments in new products, especially in the growth area of electromechanics."

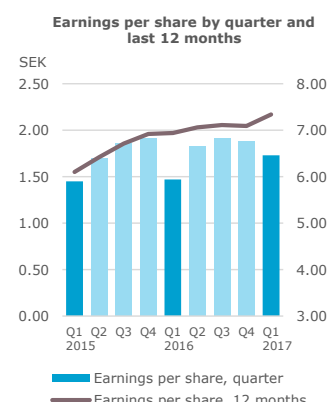


First quarter

The Group's sales increased by 14% to SEK 18,142 M (15,891). Organic growth for comparable units amounted to 6% (3). Acquisitions and divestments were 3%. Exchange-rate effects affected sales by 5%. Operating income before depreciation, EBITDA, amounted to SEK 3,208 M (2,787). The corresponding EBITDA margin was 17.7% (17.5).

The Group's operating income, EBIT, amounted to SEK 2,787 M (2,411), an increase of 16%. The operating margin was 15.4% (15.2).

Net financial items amounted to SEK -195 M (-201). The Group's income before tax was SEK 2,593 M (2,209), an increase of 17% compared with last year. Exchange-rate effects had an impact of SEK 126 M (-73) on income before tax. The profit margin was 14.3% (13.9). The underlying estimated effective tax rate on an annual basis was 26% (26). Earnings per share amounted to SEK 1.73 (1.47), an increase of 17% compared with last year.



Restructuring measures

Payments related to all restructuring programs amounted to SEK 84 M (95) in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 157 people during the quarter and 12,319 people since the projects began in 2006. At the end of the quarter provisions of SEK 1,484 M remained in the balance sheet for carrying out the programs.

Comments by division

EMEA

Sales for the quarter in EMEA division totaled SEK 4,404 M (4,004), with organic growth of 5% (3). Scandinavia, Finland, Britain, Germany and southern Europe showed strong growth. France and Eastern Europe had good growth while sales in Benelux were unchanged. As expected, the Middle East had continued negative sales development. The positive trend for electromechanical products continued. Acquired growth was 3%. Exchange-rate effects on sales were 2%. Operating income totaled SEK 718 M (634), which represents an operating margin (EBIT) of 16.3% (15.8). Return on capital employed amounted to 20.0% (18.6). Operating cash flow before interest paid totaled SEK 387 M (188).

Americas

Sales for the quarter in Americas division totaled SEK 4,566 M (3,969), with organic growth of 7% (6). Growth was strong for Security doors, Security fencing and the Private residential market in the USA, and in Mexico and South America apart from Brazil. Sales growth was good for Traditional lock products and High-security products in the USA and in Canada. Brazil continued to show a negative sales trend. The positive trend for electromechanical products continued. Acquired growth was 0%. Exchange-rate effects on sales were 8%. Operating income totaled SEK 961 M (824), which represents an operating margin (EBIT) of 21.0% (20.8). Return on capital employed amounted to 24.2% (23.0). Operating cash flow before interest paid totaled SEK 197 M (271).

Asia Pacific

Sales for the quarter in Asia Pacific division totaled SEK 1,917 M (1,758), with organic growth of 3% (-5). There was strong growth in Pacific, South Korea, South-East Asia and Japan and for digital door locks, while sales in China were unchanged. Acquired growth was 0%. Exchange-rate effects on sales were 6%. Operating income totaled SEK 151 M (174), which represents an operating margin (EBIT) of 7.9% (9.9). Return on capital employed amounted to 5.0% (5.7). Operating cash flow before interest paid totaled SEK -154 M (-221).

Global Technologies

Sales for the quarter in Global Technologies division totaled SEK 2,481 M (2,147), with organic growth of 9% (1). Access control, Logical access, Secure issuance and Government ID achieved strong growth within HID Global. Project business AdvanIDe grew while Identification technology had negative growth. Hospitality showed strong growth. Acquired growth amounted to 1%. Exchange-rate effects on sales were 6%. Operating income amounted to SEK 422 M (363), which represents an operating margin (EBIT) of 17.0% (16.9). Return on capital employed amounted to 14.6% (14.7). Operating cash flow before interest paid totaled SEK 57 M (110).

Entrance Systems

Sales for the quarter in Entrance Systems division totaled SEK 5,087 M (4,291), with organic growth of 7% (3). Door automation, High-speed doors, Door components and Industrial and garage doors in the USA showed strong growth. Industrial doors in Europe showed good growth. Acquired growth amounted to 7%. Exchange-rate effects on sales were 5%. Operating income totaled SEK 638 M (529), which represents an operating margin (EBIT) of 12.5% (12.3). Return on capital employed amounted to 13.3% (12.3). Operating cash flow before interest paid totaled SEK 660 M (403).

Acquisitions and divestments

A total of five acquisitions were consolidated during the quarter. The combined acquisition price for the companies acquired during the year amounted to SEK 400 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 317 M. The acquisition price is adjusted for acquired net debt and estimated deferred considerations. Estimated deferred considerations amount to SEK 103 M.

On 18 April it was announced that ASSA ABLOY had acquired Jerith in the USA, a leading American supplier of aluminum fencing. The company has 75 employees and its sales in 2017 are expected to amount to about SEK 200 M.

Sustainable development

ASSA ABLOY's Sustainability Report for 2016 was published on 22 March 2017. The Report shows that the Group's key indicators are continuing to move in a positive direction. During 2016 its energy efficiency was improved by 12%. The Group's total emissions of greenhouse gases fell by 24% as a result of the introduction of new production technology and the improvement activities carried out. The number of units covered by ISO 14001 certification or having other certifiable environmental management systems increased from 121 to 124. This means that 76% of the Group's factory workers now work in factories with environmental management systems, compared with 73% in 2015.

The frequency of accidents was reduced by 22% in 2016. A new Group-wide management system for Health and Safety was developed during the year, and the introduction of the new management system began in Q1 2017.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 498 M (401) for the first quarter. Operating income for the same period amounted to SEK -91 M (-116). Investments in tangible and intangible assets totaled SEK 5 M (2). Liquidity is good and the equity ratio was 45.8% (45.4).

Accounting principles

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. Significant accounting and valuation principles are detailed on pages 68-73 of the 2016 Annual Report. This Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Interim Report for the Parent company was prepared in accordance with the Annual Accounts Act and RFR 2 'Reporting by a Legal Entity'.

The new standards, IFRS 9 (Financial instruments) and IFRS 15 (Revenue from Contracts with Customers) are to be applied from the financial year beginning 1 January 2018, while IFRS 16 (Leases) takes effect on 1 January 2019. Earlier application is allowed for all standards. During 2016 a major project was initiated relating to the implementation of IFRS 15. Although the impact of the new standard as of 31 March 2017 has not yet been fully investigated, the Group's current assessment is that the standard will not have a material impact on the consolidated financial statements.

ASSA ABLOY makes use of a number of financial performance measures that are not defined in the reporting rules that the company uses – so-called 'alternative performance measures'. For definitions of financial performance measures, refer to Page 15 of this Quarterly Report and to the company's latest Annual Report. To check how the financial measurements have been calculated for current and earlier periods, refer to the tabulated figures in this Quarterly Report and to the company's Annual Report. The Annual Reports for the years 1994 to 2016 appear on the company's website www.assaabloy.com.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

Transactions with related parties

No transactions that significantly affected the company's position and income have taken place between ASSA ABLOY and related parties.

Risks and uncertainty factors

As an international Group with a wide geographic spread, ASSA ABLOY is exposed to a number of business, financial and tax-related risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit, raw materials and financial instruments. Risk management in ASSA ABLOY aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. For a more detailed description of particular risks and risk management, see the 2016 Annual Report.

Review

The Company's Auditors have not carried out any review of this Report for the first quarter of 2017.

Stockholm, 26 April 2017

Johan Molin
President and CEO

Financial information

The Interim Report for the second quarter of 2017 will be published on 19 July 2017.

The Interim Report for the third quarter of 2017 will be published on 20 October 2017.

A capital markets day will be held on 15 November 2017 in Stockholm, Sweden.

Further information can be obtained from:

Johan Molin,
President and CEO, Tel: +46 8 506 485 42

Carolina Dybeck Happe,
Chief Financial Officer, Tel: +46 8 506 485 72

ASSA ABLOY is holding an **analysts' meeting at 10.00 today**
at Operaterrassen in Stockholm, Sweden.

The analysts' meeting can also be followed on the Internet at www.assaabloy.com.

It is possible to submit questions by telephone on:
+46 8 5055 6476, +44 203 364 5371 or +1 877 679 2993

This information 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 08.00 CEST on 26 April 2017.

ASSA ABLOY AB (publ)
Box 703 40
107 23 Stockholm

Visiting address
Klarabergsviadukten 90, Stockholm,
Sweden

Tel +46 (0)8 506 485 00
Fax +46 (0)8 506 485 85
www.assaabloy.com

Corporate identity number: 556059-3575

No.07/2017

Financial information – Group

CONSOLIDATED INCOME STATEMENT

	Year	Q1	
SEK M	2016	2016	2017
Sales	71,293	15,891	18,142
Cost of goods sold	-44,319	-9,596	-10,951
Gross income	26,974	6,295	7,190
Selling, administrative and R&D costs	-17,444	-3,917	-4,431
Share of earnings in associates	127	33	28
Operating income	9,657	2,411	2,787
Finance net	-705	-201	-195
Income before tax	8,952	2,209	2,593
Tax on income	-2,328	-574	-674
Profit from discontinued operations	28	3	-
Net income for the period	6,653	1,638	1,918
Net income for the period attributable to:			
Parent company's shareholders	6,651	1,638	1,919
Non-controlling interest	1	0	0
Earnings per share			
before and after dilution, SEK	5.99	1.47	1.73
before and after dilution and excluding items affecting comparability, SEK	7.09	1.47	1.73

STATEMENT OF COMPREHENSIVE INCOME

	Year	Q1	
SEK M	2016	2016	2017
Net income for the period	6,653	1,638	1,918
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain/loss on post-employment benefit obligations, net after tax	-102	-149	23
Total	-102	-149	23
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates	126	33	39
Cashflow hedges, net investment hedges and other hedges	-5	5	-10
Exchange rate differences	1,955	-507	-165
Total	2,077	-469	-136
Total comprehensive income for the period	8,627	1,020	1,806
Total comprehensive income for the period attributable to:			
Parent company's shareholders	8,627	1,020	1,806
Non-controlling interest	1	0	0

Financial information – Group

CONSOLIDATED BALANCE SHEET SEK M	31 Dec	31 Mar	
	2016	2016	2017
ASSETS			
Non-current assets			
Intangible assets	57,096	52,054	57,001
Property, plant and equipment	8,066	7,657	8,031
Investments in associates	2,109	1,970	2,176
Other financial assets	86	80	88
Deferred tax assets	1,899	1,535	1,763
Total non-current assets	69,257	63,297	69,060
Current assets			
Inventories	9,565	8,731	10,009
Trade receivables	12,648	11,725	12,800
Other current receivables and investments	3,062	3,253	3,536
Cash and cash equivalents	750	578	697
Asset of disposal group classified as held for sale	-	218	-
Total current assets	26,025	24,504	27,043
TOTAL ASSETS	95,282	87,801	96,103
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent company's shareholders	47,220	42,551	48,989
Non-controlling interest	5	4	4
Total equity	47,224	42,554	48,994
Non-current liabilities			
Long-term loans	16,901	15,668	16,232
Deferred tax liabilities	2,344	2,036	2,261
Other non-current liabilities and provisions	6,701	6,001	6,357
Total non-current liabilities	25,945	23,705	24,850
Current liabilities			
Short-term loans	3,929	6,760	4,780
Trade payables	7,443	5,828	6,695
Other current liabilities and provisions	10,741	8,847	10,783
Liabilities of disposal group classified as held for sale	-	107	-
Total current liabilities	22,112	21,542	22,259
TOTAL EQUITY AND LIABILITIES	95,282	87,801	96,103

CHANGES IN CONSOLIDATED EQUITY SEK M	Equity attributable to:		
	Parent company's shareholders	Non- controlling interest	Total equity
Opening balance 1 January 2016	41,575	4	41,579
Net income for the period	1,638	0	1,638
Other comprehensive income	-618	0	-618
Total comprehensive income	1,020	0	1,020
Stock purchase plans	-44	-	-44
Total transactions with parent company's shareholders	-44	-	-44
Closing balance 31 March 2016	42,551	4	42,554
Opening balance 1 January 2017	47,220	5	47,224
Net income for the period	1,919	0	1,918
Other comprehensive income	-113	0	-113
Total comprehensive income	1,806	0	1,806
Stock purchase plans	-36	-	-36
Total transactions with parent company's shareholders	-36	-	-36
Closing balance 31 March 2017	48,989	4	48,994

Financial information – Group

CONSOLIDATED CASH FLOW STATEMENT

	Year	Q1	
	2016	2016	2017
SEK M			
OPERATING ACTIVITIES			
Operating income	9,657	2,411	2,787
Depreciation and amortization	1,580	376	421
Reversal of restructuring costs	1,597	-	-
Restructuring payments	-442	-95	-84
Other non-cash items	-354	-17	-36
Cash flow before interest and tax	12,037	2,674	3,089
Interest paid and received	-597	-94	-93
Tax paid on income	-2,928	-1,298	-629
Cash flow before changes in working capital	8,512	1,282	2,366
Changes in working capital	62	-1,836	-1,882
Cash flow from operating activities	8,575	-554	483
INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment	-1,478	-342	-373
Investments in subsidiaries	-2,640	-977	-445
Investments in associates	-1	-1	0
Disposals of subsidiaries	55	-	1
Other investments and disposals	0	-	0
Cash flow from investing activities	-4,063	-1,320	-817
FINANCING ACTIVITIES			
Dividends	-2,944	-	-
Acquisition of non-controlling interest	-40	-	-
Net cash effect of changes in borrowings	-1,287	1,958	282
Cash flow from financing activities	-4,271	1,958	282
CASH FLOW FOR THE PERIOD	240	85	-51
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	501	501	750
Cash flow for the period	240	85	-51
Effect of exchange rate differences	9	-8	-1
Cash and cash equivalents at end of period	750	578	697

KEY RATIOS

	Year	Q1	
	2016	2016	2017
Return on capital employed, %	14.1	14.5	15.1
Return on capital employed excluding items affecting comparability, %	16.5	14.5	15.1
Return on shareholders' equity, %	15.0	15.6	16.0
Equity ratio, %	49.6	48.5	51.0
Interest coverage ratio, times	14.1	13.5	16.8
Total number of shares, thousands	1,112,576	1,112,576	1,112,576
Number of shares outstanding, thousands	1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares before and after dilution, thousands	1,110,776	1,110,776	1,110,776
Average number of employees	46,928	46,796	46,769

Financial information – Parent company

INCOME STATEMENT

	Year	Q1	
SEK M	2016	2016	2017
Operating income	1,687	-116	-91
Income before appropriations and tax	2,952	-70	-64
Net income for the period	3,619	-35	133

BALANCE SHEET

	31 Dec	31 Mar	
SEK M	2016	2016	2017
Non-current assets	35,670	35,789	35,780
Current assets	10,548	9,288	10,732
Total assets	46,218	45,077	46,512
Equity	21,190	20,474	21,287
Non-current liabilities	8,894	8,266	8,384
Current liabilities	16,134	16,337	16,841
Total equity and liabilities	46,218	45,077	46,512

Quarterly information – Group

THE GROUP IN SUMMARY		Q1	Q2	Q3	Q4	Year	Q1	Last 12
SEK M		2016	2016	2016	2016	2016	2017	months
Sales		15,891	17,894	18,025	19,484	71,293	18,142	73,544
Organic growth		3%	4%	2%	1%	2%	6%	
Gross income excluding items affecting comparability		6,295	7,031	7,139	7,660	28,125	7,190	29,021
Gross margin excluding items affecting comparability		39.6%	39.3%	39.6%	39.3%	39.5%	39.6%	39.5%
Operating income before depr. & amort. (EBITDA) excluding items affecting comparability		2,787	3,305	3,425	3,316	12,833	3,208	13,255
Operating margin (EBITDA)		17.5%	18.5%	19.0%	17.0%	18.0%	17.7%	18.0%
Depreciation and amortization		-376	-395	-406	-403	-1,580	-421	-1,625
Operating income (EBIT) excluding items affecting comparability		2,411	2,910	3,020	2,913	11,254	2,787	11,630
Operating margin (EBIT)		15.2%	16.3%	16.8%	15.0%	15.8%	15.4%	15.8%
Items affecting comparability ¹⁾		-	-	-	-1,597	-1,597	-	-1,597
Operating income (EBIT)		2,411	2,910	3,020	1,316	9,657	2,787	10,033
Operating margin (EBIT)		15.2%	16.3%	16.8%	6.8%	13.5%	15.4%	13.6%
Net financial items		-201	-181	-175	-146	-705	-195	-698
Income before tax (EBT)		2,209	2,729	2,844	1,170	8,952	2,593	9,335
Profit margin (EBT)		13.9%	15.2%	15.8%	6.0%	12.6%	14.3%	12.7%
Tax on income		-574	-709	-739	-304	-2,328	-674	-2,427
Profit from discontinued operations		3	7	17	1	28	-	25
Net income for the period		1,638	2,026	2,122	867	6,653	1,918	6,934
Net income attributable to:								
Parent company's shareholders		1,638	2,026	2,122	866	6,651	1,919	6,932
Non-controlling interest		0	0	0	1	1	0	1
OPERATING CASH FLOW		Q1	Q2	Q3	Q4	Year	Q1	Last 12
SEK M		2016	2016	2016	2016	2016	2017	months
Operating income (EBIT)		2,411	2,910	3,020	1,316	9,657	2,787	10,033
Restructuring costs		-	-	-	1,597	1,597	-	1,597
Depreciation and amortization		376	395	406	403	1,580	421	1,625
Net capital expenditure		-342	-394	-331	-411	-1,478	-373	-1,509
Change in working capital		-1,836	-139	98	1,939	62	-1,882	16
Interest paid and received		-94	-228	-96	-179	-597	-93	-596
Non-cash items		-17	-26	-266	-45	-354	-36	-373
Operating Cash flow²⁾		498	2,519	2,830	4,620	10,467	824	10,793
Operating Cash flow/Income before tax excluding items affecting comparability ¹⁾		0.23	0.92	0.99	1.67	0.99	0.32	1.16
CHANGE IN NET DEBT		Q1	Q2	Q3	Q4	Year	Q1	
SEK M		2016	2016	2016	2016	2016	2017	
Net debt at beginning of period		22,269	24,681	27,122	25,571	22,269	23,127	
Operating cash flow		-498	-2,519	-2,830	-4,620	-10,467	-824	
Restructuring payments		95	50	61	235	442	84	
Tax paid		1,298	478	523	629	2,928	629	
Acquisitions and disposals		1,345	556	145	991	3,037	461	
Dividend		-	2,944	-	-	2,944	-	
Actuarial gain/loss on post-employment benefit obligation		221	186	105	-374	138	-34	
Net debt of disposal group classified as held for sale		0	0	0	-	-	-	
Exchange rate differences and other		-49	746	444	695	1,836	-104	
Net debt at end of period		24,681	27,122	25,571	23,127	23,127	23,339	
Net debt/Equity ratio		0.58	0.64	0.57	0.49	0.49	0.48	
NET DEBT		Q1	Q2	Q3	Q4		Q1	
SEK M		2016	2016	2016	2016		2017	
Non-current interest-bearing receivables		-34	-36	-41	-41		-41	
Current interest-bearing investments including derivatives		-270	-222	-168	-169		-113	
Cash and cash equivalents		-578	-564	-604	-750		-697	
Pension provisions		3,002	3,258	3,406	3,121		3,058	
Other non-current interest-bearing liabilities		15,668	15,805	16,205	16,901		16,232	
Current interest-bearing liabilities including derivatives		6,893	8,881	6,773	4,065		4,901	
Total		24,681	27,122	25,571	23,127		23,339	
CAPITAL EMPLOYED AND FINANCING		Q1	Q2	Q3	Q4		Q1	
SEK M		2016	2016	2016	2016		2017	
Capital employed		67,124	69,449	70,555	70,351		72,333	
- of which goodwill		43,098	44,387	45,077	47,544		47,438	
- of which other intangible assets and property, plant and equipment		16,613	17,036	17,264	17,618		17,595	
- of which investments in associates		1,970	2,037	2,095	2,109		2,176	
Assets and liabilities of disposal group classified as held for sale		111	126	-	-		-	
Net debt		24,681	27,122	25,571	23,127		23,339	
Non-controlling interest		4	3	4	5		4	
Shareholders' equity		42,551	42,449	44,981	47,220		48,989	
DATA PER SHARE		Q1	Q2	Q3	Q4	Year	Q1	
SEK		2016	2016	2016	2016	2016	2017	
Earnings per share before and after dilution		1.47	1.82	1.91	0.78	5.99	1.73	
Earnings per share before and after dilution and excluding items affecting comparability ¹⁾		1.47	1.82	1.91	1.88	7.09	1.73	
Shareholders' equity per share after dilution		38.31	38.22	40.50	42.51	42.51	44.10	

Reporting by division

Q1 and 31 Mar

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Sales, external	3,938	4,325	3,944	4,546	1,614	1,750	2,132	2,463	4,263	5,057	0	0	15,891	18,142
Sales, internal	66	80	25	20	143	167	15	18	28	29	-278	-314	-	-
Sales	4,004	4,404	3,969	4,566	1,758	1,917	2,147	2,481	4,291	5,087	-278	-314	15,891	18,142
Organic growth	3%	5%	6%	7%	-5%	3%	1%	9%	3%	7%	-	-	3%	6%
Share of earnings in associates	-	-	-	-	4	6	-	-	28	23	-	-	33	28
Operating income (EBIT)	634	718	824	961	174	151	363	422	529	638	-112	-103	2,411	2,787
Operating margin (EBIT)	15.8%	16.3%	20.8%	21.0%	9.9%	7.9%	16.9%	17.0%	12.3%	12.5%	-	-	15.2%	15.4%
Capital employed	13,122	13,507	14,304	16,165	12,145	12,106	9,964	11,502	17,204	18,473	385	580	67,124	72,333
- of which goodwill	7,756	8,361	9,830	10,862	7,580	7,929	7,282	8,557	10,649	11,728	-	-	43,098	47,438
- of which other intangible assets and property, plant and equipment	3,137	3,256	3,137	3,479	3,849	3,917	2,230	2,563	4,153	4,254	108	125	16,613	17,595
- of which investments in associates	8	9	-	-	477	545	-	-	1,485	1,623	-	-	1,970	2,176
Return on capital employed	18.6%	20.0%	23.0%	24.2%	5.7%	5.0%	14.7%	14.6%	12.3%	13.3%	-	-	14.5%	15.1%
Operating income (EBIT)	634	718	824	961	174	151	363	422	529	638	-112	-103	2,411	2,787
Depreciation and amortization	99	107	77	86	68	76	67	78	64	69	2	4	376	421
Net capital expenditure	-92	-71	-93	-96	-68	-85	-40	-70	-47	-45	-2	-6	-342	-373
Change in working capital	-453	-368	-538	-754	-394	-296	-280	-374	-142	-2	-29	-89	-1,836	-1,882
Cash flow²⁾	188	387	271	197	-221	-154	110	57	403	660	-142	-194	609	953
Non-cash items	-	-	-	-	-	-	-	-	-	-	-17	-36	-17	-36
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-94	-93	-94	-93
Operating cash flow²⁾													498	824
Average number of employees	10,840	10,913	8,960	8,898	12,856	11,508	3,800	4,083	10,103	11,101	237	266	46,796	46,769

Year and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Sales, external	16,220	16,535	15,588	16,963	9,401	8,491	9,031	9,619	17,858	19,685	0	0	68,099	71,293
Sales, internal	304	302	76	81	770	698	69	78	98	104	-1,317	-1,262	-	-
Sales	16,524	16,837	15,665	17,044	10,171	9,189	9,100	9,697	17,957	19,789	-1,317	-1,262	68,099	71,293
Organic growth	4%	3%	7%	5%	-3%	-9%	7%	3%	5%	4%	-	-	4%	2%
Share of earnings in associates	-	-	-	-	16	23	-	-	118	104	-	-	134	127
Operating income (EBIT) excl. items affecting comparability	2,620	2,722	3,363	3,640	1,436	787	1,647	1,752	2,436	2,753	-422	-401	11,079	11,254
Operating margin (EBIT) excl. items affecting comparability	15.9%	16.2%	21.5%	21.4%	14.1%	8.6%	18.1%	18.1%	13.6%	13.9%	-	-	16.3%	15.8%
Capital employed	12,916	13,275	13,908	15,749	11,689	11,803	9,815	11,331	16,030	18,291	-509	-98	63,848	70,351
- of which goodwill	7,857	8,348	9,903	11,012	7,690	7,920	7,437	8,784	9,891	11,480	-	-	42,777	47,544
- of which other intangible assets and property, plant and equipment	3,210	3,296	3,184	3,516	3,908	3,900	2,300	2,499	3,939	4,282	107	125	16,649	17,618
- of which investments in associates	8	9	0	-	452	496	-	-	1,450	1,605	-	-	1,910	2,109
Return on capital employed excl. items affecting comparability	20.4%	19.9%	24.1%	25.0%	12.6%	6.6%	18.8%	16.6%	14.9%	15.7%	-	-	17.8%	16.5%
Operating income (EBIT)	2,620	1,942	3,363	3,606	1,436	529	1,647	1,603	2,436	2,546	-422	-569	11,079	9,657
Depreciation and amortization	398	402	300	330	268	283	232	296	231	257	4	11	1,433	1,580
Net capital expenditure	-349	-472	-326	-372	-238	-211	-212	-238	-94	-157	-24	-28	-1,241	-1,478
Change in working capital	-47	-75	-120	-152	-231	705	-110	-86	63	-141	-57	-188	-502	62
Cash flow²⁾	2,622	2,577	3,217	3,447	1,235	1,564	1,557	1,724	2,637	2,713	-499	-607	10,770	11,418
Non-cash items	-	-	-	-	-	-	-	-	-	-	-269	-354	-269	-354
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-548	-597	-548	-597
Operating cash flow²⁾													9,952	10,467
Average number of employees	10,886	10,835	7,957	8,961	13,651	12,481	3,583	3,907	9,686	10,505	231	240	45,994	46,928

¹⁾ Items affecting comparability consist of restructuring costs.

²⁾ Excluding restructuring payments.

Financial information - Notes

NOTE 1 SALES BY CONTINENT

SEK M	Year	Q1	
	2016	2016	2017
Europe	26,869	6,256	7,041
North America	28,427	6,338	7,429
Central- and South America	2,012	441	547
Africa	923	191	229
Asia	10,573	2,118	2,255
Pacific	2,490	547	641
Total	71,293	15,891	18,142

NOTE 2 BUSINESS COMBINATIONS

SEK M	Year	Q1	
	2016	2016	2017
Purchase prices			
Cash paid for acquisitions during the year	2,388	844	305
Holdbacks and deferred considerations for acquisitions during the year	568	123	103
Adjustment of purchase prices for acquisitions in prior years	-91	-91	-
Total	2,866	877	408
Acquired assets and liabilities at fair value			
Intangible assets	69	1	121
Property, plant and equipment	355	240	10
Financial assets	83	57	2
Inventories	251	59	35
Current receivables and investments	291	58	102
Cash and cash equivalents	263	112	25
Non-current liabilities	-233	-239	-13
Current liabilities	-665	-248	-75
Total	415	39	208
Goodwill	2,451	838	201
Change in cash and cash equivalents due to acquisitions			
Cash paid for acquisitions during the year	2,388	844	305
Cash and cash equivalents in acquired subsidiaries	-263	-112	-25
Paid holdbacks and deferred considerations for acquisitions in previous years	515	246	166
Total	2,640	977	445

Fair value adjustments of acquired net assets from acquisitions made in previous periods are included in the above table.

NOTE 3 FAIR VALUE AND CARRYING AMOUNT ON FINANCIAL ASSETS AND LIABILITIES

31 March 2017

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at fair value through profit and loss	31	31		31	
Available-for-sale financial assets	11	11			
Loans and other receivables	13,576	13,576			
Derivative instruments - hedge accounting	80	80		80	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,226	2,226		102	2,125
Financial liabilities at amortized cost	27,708	27,784			
Derivative instruments - hedge accounting	19	19		19	

31 December 2016

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at fair value through profit and loss	78	78		78	
Available-for-sale financial assets	11	11			
Loans and other receivables	13,476	13,476			
Derivative instruments - hedge accounting	88	88		88	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,366	2,366		116	2,250
Financial liabilities at amortized cost	28,272	28,381			
Derivative instruments - hedge accounting	21	21		21	

Definitions of financial performance measures

Organic growth

Change in sales for comparable units after adjustments for acquisitions and exchange rate effects.

Operating margin (EBITDA)

Operating income before depreciation and amortization as a percentage of sales.

Operating margin (EBIT)

Operating income as a percentage of sales.

Profit margin (EBT)

Income before tax as a percentage of sales.

Operating cash flow

See the table on operating cash flow for detailed information. For relationship between operating cash flow and cash flow from operating activities see the company's last Annual Report.

Net capital expenditure

Investments in tangible and intangible assets less disposals of tangible and intangible assets.

Depreciation

Depreciation and amortization of intangible and tangible assets.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Capital employed

Total assets less interest-bearing assets and non-interest-bearing liabilities including deferred tax liability.

Equity ratio

Shareholders' equity as a percentage of total assets.

Interest coverage ratio

Income before tax plus net interest divided by net interest.

Return on shareholders' equity

Net income attributable to parent company's shareholders as a percentage of average parent company's shareholders equity.

Return on capital employed

Income before tax plus net interest as a percentage of average capital employed.