

Interim Report

Q2 2016

19 July 2016

ASSA ABLOY

The global leader in
door opening solutions

Strong growth in mature markets

Second quarter

- Net sales increased by 5% to SEK 17,894 M (17,082), of which 4% (4) was organic growth and 4% (3) was acquired growth
- Strong growth in Americas, EMEA and Global Technologies and good growth in Entrance Systems
- Negative growth in Asia Pacific owing to weak demand in China
- Contracts have been signed for the acquisition of six companies with combined expected annual sales of about SEK 950 M
- Operating income (EBIT) increased by 6% to SEK 2,910 M (2,742). The operating margin was 16.3% (16.1)
- Net income amounted to SEK 2,026 M (1,888)
- Earnings per share rose by 7% and amounted to SEK 1.82 (1.70)
- The quarter's operating cash flow increased by 27% to SEK 2,519 M (1,991).

Organic growth

+4%

Operating income

+6%

Earnings per share

+7%

Sales and income

	Second quarter			First half-year		
	2015	2016	Δ	2015	2016	Δ
Sales, SEK M	17,082	17,894	5%	32,334	33,785	4%
Of which:						
Organic growth	656	650	4%	1,336	1,099	4%
Acquisitions	453	593	4%	829	1,083	3%
Exchange-rate effects	2,008	-431	-3%	3,900	-730	-3%
Operating income (EBIT), SEK M	2,742	2,910	6%	5,071	5,321	5%
Operating margin (EBIT), %	16.1%	16.3%		15.7%	15.7%	
Income before tax, SEK M	2,551	2,729	7%	4,735	4,938	4%
Net income, SEK M	1,888	2,026	7%	3,504	3,664	5%
Operating cash flow, SEK M	1,991	2,519	27%	2,511	3,017	20%
Earnings per share (EPS), SEK	1.70	1.82	7%	3.15	3.30	5%

Comments by the President and CEO

“The second quarter of the year showed strong demand for ASSA ABLOY,” says Johan Molin, President and CEO. “The mature markets in general produced strong growth, something we have not seen since the financial crisis, at the same time as the emerging markets continued their slowdown. Sales increased by 5% during the quarter, of which 4% was organic growth. Operating income outstripped sales growth and increased by 6%.

“Organic growth during the quarter was affected by a positive calendar effect of approximately one day. In Americas, EMEA and Global Technologies an encouraging sales growth continued, while Entrance Systems showed a rather weaker growth. The downturn in Asia Pacific continued because of a weak demand situation, especially in China. The emerging markets also remained weak, but with some bright points in eastern Europe and in Latin America apart from Brazil.

“ASSA ABLOY has once again been named as one of the world’s one hundred most innovative companies by Forbes magazine. It is pleasing to see that our innovative new products are growing strongly. During the quarter a so-called multi-family solution was launched, whereby ASSA ABLOY for the first time offers a total solution for multi-family buildings where all lock units are both electronic and connected. The electronic content is growing steadily on the market, and there is great potential for the future.

“A further six companies were acquired during the quarter. Consolidation of the market for entrance automation continued with the acquisition of Nassau, which is a regional leader primarily in Denmark. Another interesting acquisition was the company Mauer, the market leader in locks in Bulgaria. ASSA ABLOY has been building a market leadership in eastern Europe for a number of years, which Mauer complements very well.

“Operating income for the quarter increased by 6%. At the same time the operating margin rose to 16.3% in spite of negative effects from both acquisition dilution and exchange-rate effects. The improvement in the margin was mainly due to good organic growth of 4% and lower raw-material costs.

“My judgment is that the global economic trend remains weak, but with a positive trend in America and parts of Europe. Elsewhere, many of the emerging markets are stagnating. However, our strategy of expanding on the emerging markets remains unchanged, since in the long term they are expected to achieve very good economic growth. We are also continuing our investments in new products, especially in the growth area of electromechanics.”



Second quarter

The Group's sales totaled SEK 17,894 M (17,082). Organic growth for comparable units was 4% (4). Acquired units contributed 4% (3). Exchange-rate effects had an impact of SEK -431 M (2,008) on sales, that is -3% (15).

Operating income before depreciation and amortization, EBITDA, amounted to SEK 3,305 M (3,117). The corresponding EBITDA margin was 18.5% (18.2). The Group's operating income, EBIT, amounted to SEK 2,910 M (2,742). The operating margin was 16.3% (16.1).

Net financial items amounted to SEK -181 M (-191). The Group's income before tax was SEK 2,729 M (2,551), an improvement of 7% compared with last year. Exchange-rate effects had an impact of SEK -77 M (278) on income before tax. The profit margin was 15.2% (14.9). The estimated underlying effective tax rate on an annual basis was 26% (26). Earnings per share amounted to SEK 1.82 (1.70), an increase of 7% compared with last year.



First half-year

The Group's sales for the first half of 2016 totaled SEK 33,785 M (32,334), representing an increase of 4%. Organic growth was 4% (4). Acquired units contributed 3% (3). Exchange-rate effects had an impact of SEK -730 M (3,900) on sales, that is -3% (16), compared with the first half of 2015.

Operating income before depreciation and amortization, EBITDA, for the half-year amounted to SEK 6,092 M (5,776). The corresponding margin was 18.0% (17.9). The Group's operating income, EBIT, amounted to SEK 5,321 M (5,071), which was an increase of 5% compared with last year. The corresponding EBIT operating margin was 15.7% (15.7).

Earnings per share for the first half-year increased to SEK 3.30 (3.15), a rise of 5% compared with last year. Operating cash flow totaled SEK 3,017 M (2,511).

Restructuring measures

Payments related to all existing restructuring programs amounted to SEK 50 M in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 149 people during the quarter and 11,356 people since the projects began in 2006.

At the end of the second quarter provisions of SEK 395 M remained in the balance sheet for carrying out the programs.

Comments by division

EMEA

Sales for the quarter in EMEA division totaled SEK 4,234 M (4,068), with organic growth of 6% (5). The markets in Scandinavia, Finland, Africa, Germany, Iberia and eastern Europe showed strong growth. Britain, Benelux, France, Italy and Israel showed good growth. The positive trend for electromechanical products continued. Acquired growth amounted to 1% (2). Operating income totaled SEK 649 M (614), which represented an operating margin (EBIT) of 15.3% (15.1). Return on capital employed amounted to 18.4% (17.4). Operating cash flow before interest paid totaled SEK 581 M (355).

Americas

Sales for the quarter in Americas division totaled SEK 4,291 M (3,953), with organic growth of 8% (5). Growth was strong for Security doors, Electromechanical products, the Residential market, Mexico and South America, apart from Brazil which was negative. Traditional lock products, High-security products and Canada showed good growth. Acquired growth amounted to 3% (2). Operating income totaled SEK 949 M (870), which represented an operating margin (EBIT) of 22.1% (22.0). Return on capital employed amounted to 26.0% (24.5). Operating cash flow before interest paid totaled SEK 1,127 M (955).

Asia Pacific

Sales for the quarter in Asia Pacific division totaled SEK 2,518 M (2,793), with organic growth of -6% (-2). Sales in the Pacific showed strong growth, while the trend was good in South-East Asia and Korea. China continued to show a negative sales trend due to low domestic demand. Acquired growth amounted to 1% (9). Operating income totaled SEK 355 M (403), which represented an operating margin (EBIT) of 14.1% (14.4). Return on capital employed amounted to 11.5% (14.0). Operating cash flow before interest paid totaled SEK 362 M (261).

Global Technologies

Sales for the quarter in Global Technologies division totaled SEK 2,424 M (2,315), with organic growth of 5% (10). Access Control (PACS), Government ID and Quantum Secure showed strong growth within HID Global. Identification Technology (IDT) and AdvanIDe showed growth. IAM Solutions showed weakening sales. Hospitality showed stable performance. Acquired growth amounted to 2% (3). Operating income amounted to SEK 447 M (417), which represented an operating margin (EBIT) of 18.5% (18.0). Return on capital employed amounted to 17.4% (16.9). Operating cash flow before interest paid totaled SEK 320 M (155).

Entrance Systems

Sales for the quarter in Entrance Systems division totaled SEK 4,767 M (4,325), with organic growth of 4% (5). Sales for Door automation, High-speed doors and European industrial doors increased strongly while growth for 4Front, Amarr and Ditec was good. Sales weakened for the Residential market in Europe. Acquired growth amounted to 8% (0). Operating income totaled SEK 628 M (556), which represented an operating margin (EBIT) of 13.2% (12.9). Return on capital employed amounted to 13.7% (13.1). Operating cash flow before interest paid totaled SEK 632 M (603).

Acquisitions and disposals

A total of three minor acquisitions were consolidated during the quarter. The combined acquisition price for the companies acquired in the first half-year amounted to SEK 1,450 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 1,043 M. The acquisition price is adjusted for acquired net debt and estimated deferred considerations. Estimated deferred considerations amount to SEK 178 M.

The contract for the sale of the Group's Car Locks business was signed with the Japanese company Alpha Corporation in March. The transaction is expected to be completed in the third quarter of 2016 and is dependent on approval by the appropriate authorities. From 1 January the business has been reclassified under 'Assets held for sale' in accordance with IFRS 5. As a result, net sales for the half-year fell by SEK 287 M compared with the previous year.

Organization

Christophe Sut has been appointed Executive Vice President and Head of the Hospitality business unit within Global Technologies from 10 July 2016. He succeeds Tim Shea, who is retiring. Christophe Sut has worked in several different posts at ASSA ABLOY since 2001 and was most recently Head of Business Development and Technology in the Hospitality business unit. Christophe Sut has an M.Sc. in Marketing and Sales and a Bachelor's degree in Language and Mathematics.

Sustainable development

Reduced quantities of waste are an important part of ASSA ABLOY's long-term work to reduce the Group's total environmental impact. The Group's manufacturing plants are responsible for the greater part of the waste material. More and more plants are working with the principle that no waste should go to landfill. In the EMEA division, 15 plants have recently been certified by the Carbon Trust as achieving 'Zero Waste to Landfill'. The certification means that at least 95% of the total amount of waste is separated into a number of different fractions and recycled. Other ASSA ABLOY divisions are evaluating similar certification of their plants.

In parallel with a more effective sorting of waste, other activities to reduce amounts of waste are in hand, for example through the use of returnable

packaging for purchased components. The Group's target is to reduce the amount of waste relative to the size of the business by 20% by the end of 2020.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 1,963 M (1,518) for the first half-year. Operating income for the first half-year amounted to SEK 875 M (524). Investments in tangible and intangible assets totaled SEK 7 M (7). Liquidity is good and the equity ratio was 42.9% (41.4).

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 92-97 of the 2015 Annual Report. This Interim 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'.

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 18 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 2015 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 2015 Annual Report.

Certification

The Board of Directors and the President and CEO declare that this half-year report gives an accurate picture of the Parent Company's and the Group's operations, position and income and describes significant risks and uncertainty factors faced by the Parent Company and the companies making up the Group.

Stockholm, 18 July 2016

Lars Renström
Chairman

Carl Douglas
Vice Chairman

Ulf Ewaldsson
Board member

Eva Karlsson
Board member

Birgitta Klasén
Board member

Eva Lindqvist
Board member

Johan Molin
President and CEO

Jan Svensson
Board member

Ulrik Svensson
Board member

Bert Arleros
Employee representative

Mats Persson
Employee representative

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of ASSA ABLOY (publ.) as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 18 July 2016
PricewaterhouseCoopers

Bo Karlsson
Authorized Public Accountant
Auditor in charge

Linda Corneliusson
Authorized Public Accountant

Financial information

The Interim Report for the third quarter will be published on 21 October 2016.

A capital markets day will be held on 16 November 2016 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 19 July 2016.

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. 11/2016

Financial information – Group

CONSOLIDATED INCOME STATEMENT

SEK M	Q2		Q1-Q2	
	2015	2016	2015	2016
Sales	17,082	17,894	32,334	33,785
Cost of goods sold	-10,459	-10,863	-19,742	-20,459
Gross income	6,623	7,031	12,591	13,326
Selling, administrative and R&D costs	-3,933	-4,153	-7,596	-8,070
Share of earnings in associates	52	33	76	65
Operating income	2,742	2,910	5,071	5,321
Financial items	-191	-181	-336	-383
Income before tax	2,551	2,729	4,735	4,938
Tax on income	-663	-709	-1,231	-1,284
Net income of disposal group classified as held for sale	-	7	-	10
Net income for the period	1,888	2,026	3,504	3,664
Net income attributable to:				
Parent company's shareholders	1,888	2,026	3,504	3,664
Non-controlling interest	0	0	0	0
Earnings per share				
before dilution, SEK	1.70	1.82	3.15	3.30
after dilution, SEK	1.70	1.82	3.15	3.30

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q2		Q1-Q2	
	2015	2016	2015	2016
Net income	1,888	2,026	3,504	3,664
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	0	-126	-111	-275
Total	0	-126	-111	-275
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	-36	75	-27	109
Net investment and cashflow hedges	51	-10	66	-5
Exchange rate differences	-879	890	1,086	383
Total	-864	956	1,124	487
Total comprehensive income for the period	1,024	2,856	4,517	3,875
Total comprehensive income attributable to:				
Parent company's shareholders	1,024	2,856	4,517	3,876
Non-controlling interest	0	0	0	-1

Financial information – Group

CONSOLIDATED BALANCE SHEET SEK M	31 Dec	30 Jun	
	2015	2015	2016
ASSETS			
Non-current assets			
Intangible assets	51,863	50,811	53,539
Property, plant and equipment	7,562	7,520	7,884
Investments in associates	1,910	1,901	2,037
Other financial assets	77	73	87
Deferred tax assets	1,434	1,470	1,712
Total non-current assets	62,847	61,774	65,259
Current assets			
Inventories	8,348	8,735	8,907
Trade receivables	11,775	11,883	12,833
Other current receivables and investments	2,707	3,119	3,446
Cash and cash equivalents	501	646	564
Asset of disposal group classified as held for sale	-	-	235
Total current assets	23,330	24,382	25,984
TOTAL ASSETS	86,177	86,157	91,243
EQUITY AND LIABILITIES			
Equity			
Parent company's shareholders	41,575	38,105	42,449
Non-controlling interest	4	4	3
Total equity	41,579	38,110	42,452
Non-current liabilities			
Long-term loans	15,568	16,495	15,805
Deferred tax liabilities	2,031	1,751	2,050
Other non-current liabilities and provisions	6,567	7,881	6,239
Total non-current liabilities	24,166	26,127	24,094
Current liabilities			
Short-term loans	4,574	7,861	8,736
Trade payables	6,553	5,613	6,336
Other current liabilities and provisions	9,305	8,446	9,516
Liabilities of disposal group classified as held for sale	-	-	109
Total current liabilities	20,432	21,920	24,697
TOTAL EQUITY AND LIABILITIES	86,177	86,157	91,243

CHANGES IN CONSOLIDATED EQUITY SEK M	Equity attributable to:		
	Parent company's shareholders	Non-controlling interest	Total equity
Opening balance 1 January 2015	36,096	2	36,098
Net income	3,504	0	3,504
Other comprehensive income	1,014	0	1,013
Total comprehensive income	4,517	0	4,517
Dividend	-2,407	-	-2,407
Stock purchase plans	-102	-	-102
Change in non-controlling interest	1	2	3
Total transactions with parent company's shareholders	-2,508	2	-2,506
Closing balance 30 June 2015	38,105	4	38,110
Opening balance 1 January 2016	41,575	4	41,579
Net income	3,664	0	3,664
Other comprehensive income	212	0	212
Total comprehensive income	3,876	-1	3,875
Dividend	-2,944	-	-2,944
Stock purchase plans	-59	-	-59
Total transactions with parent company's shareholders	-3,002	-	-3,002
Closing balance 30 June 2016	42,449	3	42,452

Financial information – Group

CONSOLIDATED CASH FLOW STATEMENT SEK M	Q2		Q1-Q2	
	2015	2016	2015	2016
OPERATING ACTIVITIES				
Operating income	2,742	2,910	5,071	5,321
Depreciation and amortization	374	395	705	771
Restructuring payments	-60	-50	-150	-146
Other non-cash items	-74	-26	-76	-43
Cash flow before interest and tax	2,983	3,229	5,550	5,904
Interest paid and received	-200	-228	-270	-322
Tax paid on income	-371	-478	-1,082	-1,777
Cash flow before changes in working capital	2,412	2,523	4,197	3,805
Changes in working capital	-526	-139	-2,248	-1,975
Cash flow from operating activities	1,886	2,384	1,949	1,830
INVESTING ACTIVITIES				
Net investments in intangible assets and property, plant and equipment	-327	-394	-670	-736
Investments in subsidiaries	-780	-485	-1,758	-1,462
Investments in associates	-	-	-	-1
Disposals of subsidiaries	-	-50	-	-50
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-1,106	-927	-2,428	-2,248
FINANCING ACTIVITIES				
Dividends	-2,407	-2,944	-2,407	-2,944
Acquisition of non-controlling interest	-757	-27	-757	-27
Net cash effect of changes in borrowings	2,524	1,489	3,595	3,448
Cash flow from financing activities	-639	-1,481	432	477
CASH FLOW	141	-25	-47	60
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	515	578	667	501
Cash flow	141	-25	-47	60
Effect of exchange rate differences	-11	10	25	3
Cash and cash equivalents in disposal group held for sale	-	0	-	0
Cash and cash equivalents at end of period	646	564	646	564
KEY RATIOS				
		Year	Q1-Q2	
		2015	2015	2016
Return on capital employed, %		17.8	16.2	15.8
Return on shareholders' equity, %		19.8	18.9	17.4
Equity ratio, %		48.2	44.2	46.5
Interest coverage ratio, times		16.7	16.3	15.0
Total number of shares at the end of period, thousands		1,112,576	1,112,576	1,112,576
Number of shares outstanding at the end of period, thousands		1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares, thousands		1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares after dilution, thousands		1,110,776	1,110,776	1,110,776
Average number of employees		45,994	45,388	46,998

Financial information – Parent company

INCOME STATEMENT

	Year	Q1-Q2	
SEK M	2015	2015	2016
Operating income	1,351	524	875
Income before appropriations and tax	2,193	437	1,497
Net income	2,725	328	1,332

BALANCE SHEET

	31 Dec	30 Jun	
SEK M	2015	2015	2016
Non-current assets	35,138	35,487	35,694
Current assets	9,410	7,711	8,315
Total assets	44,548	43,198	44,009
Equity	20,553	17,897	18,883
Non-current liabilities	8,153	8,482	7,931
Current liabilities	15,842	16,819	17,195
Total equity and liabilities	44,548	43,198	44,009

Quarterly information – Group

THE GROUP IN SUMMARY	Q1	Q2	Q3	Q4	Q1-Q2	Year	Q1	Q2	Q1-Q2	Last 12
SEK M	2015	2015	2015	2015	2015	2015	2016	2016	2016	months
Sales	15,252	17,082	17,465	18,301	32,334	68,099	15,891	17,894	33,785	69,550
Organic growth	5%	4%	3%	5%	4%	4%	3%	4%	4%	
Gross income	5,969	6,623	6,758	7,046	12,591	26,395	6,295	7,031	13,326	27,129
Gross margin	39.1%	38.8%	38.7%	38.5%	38.9%	38.8%	39.6%	39.3%	39.4%	39.0%
Operating income before depr. & amort. (EBITDA)	2,659	3,117	3,330	3,406	5,776	12,512	2,787	3,305	6,092	12,829
Operating margin (EBITDA)	17.4%	18.2%	19.1%	18.6%	17.9%	18.4%	17.5%	18.5%	18.0%	18.4%
Depreciation and amortization	-331	-374	-360	-368	-705	-1,433	-376	-395	-771	-1,499
Operating income (EBIT)	2,329	2,742	2,970	3,038	5,071	11,079	2,411	2,910	5,321	11,329
Operating margin (EBIT)	15.3%	16.1%	17.0%	16.6%	15.7%	16.3%	15.2%	16.3%	15.7%	16.3%
Net financial items	-145	-191	-174	-187	-336	-697	-201	-181	-383	-744
Income before tax (EBT)	2,184	2,551	2,796	2,851	4,735	10,382	2,209	2,729	4,938	10,585
Profit margin (EBT)	14.3%	14.9%	16.0%	15.6%	14.6%	15.2%	13.9%	15.2%	14.6%	15.2%
Tax on income	-568	-663	-727	-731	-1,231	-2,689	-574	-709	-1,284	-2,742
Net income of disposal group classified as held for sale	-	-	-	-	-	-	3	7	10	10
Net income for the period	1,616	1,888	2,069	2,120	3,504	7,693	1,638	2,026	3,664	7,853
Net income attributable to:										
Parent company's shareholders	1,616	1,888	2,069	2,120	3,504	7,693	1,638	2,026	3,664	7,853
Non-controlling interest	0	0	0	0	0	0	0	0	0	0
OPERATING CASH FLOW	Q1	Q2	Q3	Q4	Q1-Q2	Year	Q1	Q2	Q1-Q2	Last 12
SEK M	2015	2015	2015	2015	2015	2015	2016	2016	2016	months
Operating income (EBIT)	2,329	2,742	2,970	3,038	5,071	11,079	2,411	2,910	5,321	11,329
Depreciation and amortization	331	374	360	368	705	1,433	376	395	771	1,499
Net capital expenditure	-344	-327	-344	-227	-670	-1,241	-342	-394	-736	-1,307
Change in working capital	-1,722	-526	-115	1,861	-2,248	-502	-1,836	-139	-1,975	-228
Interest paid and received	-71	-200	-84	-195	-270	-548	-94	-228	-322	-600
Non-cash items	-2	-74	28	-221	-76	-269	-17	-26	-43	-236
Operating Cash flow	520	1,991	2,816	4,625	2,511	9,952	498	2,519	3,017	10,457
Operating Cash flow/Income before tax	0.24	0.78	1.01	1.62	0.53	0.96	0.23	0.92	0.61	0.99
CHANGE IN NET DEBT	Q1	Q2	Q3	Q4	Q1-Q2	Year	Q1	Q2	Q1-Q2	
SEK M	2015	2015	2015	2015	2015	2015	2016	2016	2016	
Net debt at beginning of period	22,327	25,184	26,579	25,131	22,327	22,327	22,269	24,681	22,269	
Operating cash flow	-520	-1,991	-2,816	-4,625	-2,511	-9,952	-498	-2,519	-3,017	
Restructuring payments	90	60	80	145	150	375	95	50	146	
Tax paid	711	371	217	948	1,082	2,247	1,298	478	1,777	
Acquisitions and disposals	978	1,536	688	959	2,514	4,161	1,345	556	1,900	
Dividend	-	2,407	-	-	2,407	2,407	-	2,944	2,944	
Actuarial gain/loss on post-employment benefit obligations	206	-274	70	-152	-68	-150	221	186	407	
Net debt of disposal group classified as held for sale	-	-	-	-	-	-	0	0	0	
Exchange rate differences and other	1,392	-713	313	-136	678	855	-49	746	697	
Net debt at end of period	25,184	26,579	25,131	22,269	26,579	22,269	24,681	27,122	27,122	
Net debt/Equity ratio	0.64	0.70	0.63	0.54	0.70	0.54	0.58	0.64	0.64	
NET DEBT	Q1	Q2	Q3	Q4			Q1	Q2		
SEK M	2015	2015	2015	2015			2016	2016		
Non-current interest-bearing receivables	-31	-29	-32	-30			-34	-36		
Current interest-bearing investments including derivatives	-263	-217	-265	-182			-270	-222		
Cash and cash equivalents	-515	-646	-648	-501			-578	-564		
Pension provisions	3,260	2,984	2,954	2,761			3,002	3,258		
Other non-current interest-bearing liabilities	16,497	16,495	17,453	15,568			15,668	15,805		
Current interest-bearing liabilities including derivatives	6,235	7,992	5,669	4,653			6,893	8,881		
Total	25,184	26,579	25,131	22,269			24,681	27,122		
CAPITAL EMPLOYED AND FINANCING	Q1	Q2	Q3	Q4			Q1	Q2		
SEK M	2015	2015	2015	2015			2016	2016		
Capital employed	64,699	64,689	65,070	63,848			67,124	69,449		
- of which goodwill	43,092	41,818	42,404	42,777			43,098	44,387		
- of which other intangible assets and property, plant and equipment	16,324	16,512	16,693	16,649			16,613	17,036		
- of which investments in associates	1,890	1,901	1,934	1,910			1,970	2,037		
Assets and liabilities of disposal group classified as held for sale	-	-	-	-			111	126		
Net debt	25,184	26,579	25,131	22,269			24,681	27,122		
Non-controlling interest	2	4	4	4			4	3		
Shareholders' equity	39,513	38,105	39,935	41,575			42,551	42,449		
DATA PER SHARE	Q1	Q2	Q3	Q4	Q1-Q2	Year	Q1	Q2	Q1-Q2	
SEK	2015	2015	2015	2015	2015	2015	2016	2016	2016	
Earnings per share after tax and before dilution	1.45	1.70	1.86	1.91	3.15	6.93	1.47	1.82	3.30	
Earnings per share after tax and dilution	1.45	1.70	1.86	1.91	3.15	6.93	1.47	1.82	3.30	
Shareholders' equity per share after dilution	35.57	34.31	35.95	37.43	34.31	37.43	38.31	38.22	38.22	

Reporting by division

Q2 and 30 Jun

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Sales, external	3,981	4,152	3,934	4,268	2,570	2,332	2,296	2,402	4,301	4,740	0	0	17,082	17,894
Sales, internal	87	83	19	23	223	186	19	21	24	27	-373	-341	-	-
Sales	4,068	4,234	3,953	4,291	2,793	2,518	2,315	2,424	4,325	4,767	-373	-341	17,082	17,894
Organic growth	5%	6%	5%	8%	-2%	-6%	10%	5%	5%	4%	-	-	4%	4%
Share of earnings in associates	-	-	-	-	5	5	-	-	47	28	-	-	52	33
Operating income (EBIT)	614	649	870	949	403	355	417	447	556	628	-117	-118	2,742	2,910
Operating margin (EBIT)	15.1%	15.3%	22.0%	22.1%	14.4%	14.1%	18.0%	18.5%	12.9%	13.2%	-	-	16.1%	16.3%
Capital employed	13,929	14,053	13,931	14,900	11,732	12,434	9,791	10,483	16,592	17,640	-1,285	-61	64,689	69,449
- of which goodwill	7,687	7,953	9,413	10,300	7,780	7,683	7,317	7,545	9,621	10,905	-	-	41,818	44,387
- of which other intangible assets and property, plant and equipment	3,171	3,214	3,100	3,304	3,945	3,898	2,239	2,296	3,965	4,214	92	111	16,512	17,036
- of which investments in associates	8	8	-	-	438	495	-	-	1,455	1,533	-	-	1,901	2,037
Return on capital employed	17.4%	18.4%	24.5%	26.0%	14.0%	11.5%	16.9%	17.4%	13.1%	13.7%	-	-	16.6%	16.9%
Operating income (EBIT)	614	649	870	949	403	355	417	447	556	628	-117	-118	2,742	2,910
Depreciation and amortization	112	102	75	79	68	68	59	82	59	62	2	2	374	395
Net capital expenditure	-123	-104	-82	-103	-57	-59	-39	-67	-19	-55	-6	-5	-327	-394
Change in working capital	-247	-67	92	203	-152	-1	-281	-143	7	-4	55	-127	-526	-139
Cash flow	355	581	955	1,127	261	362	155	320	603	632	-65	-248	2,264	2,772
Non-cash items	-	-	-	-	-	-	-	-	-	-	-74	-26	-74	-26
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-200	-228	-200	-228
Operating cash flow¹⁾													1,991	2,519

Q1-Q2 and 30 Jun

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Sales, external	7,853	8,090	7,578	8,212	4,240	3,947	4,350	4,534	8,313	9,002	0	0	32,334	33,785
Sales, internal	159	149	39	49	399	329	37	36	54	56	-688	-619	-	-
Sales	8,012	8,238	7,617	8,260	4,640	4,276	4,386	4,570	8,366	9,058	-688	-618	32,334	33,785
Organic growth	4%	4%	6%	7%	-2%	-5%	10%	3%	5%	4%	-	-	4%	4%
Share of earnings in associates	-	-	-	-	11	9	-	-	65	56	-	-	76	65
Operating income (EBIT)	1,240	1,283	1,641	1,773	592	528	777	810	1,042	1,157	-220	-230	5,071	5,321
Operating margin (EBIT)	15.5%	15.6%	21.5%	21.5%	12.8%	12.4%	17.7%	17.7%	12.5%	12.8%	-	-	15.7%	15.7%
Capital employed	13,929	14,053	13,931	14,900	11,732	12,434	9,791	10,483	16,592	17,640	-1,285	-61	64,689	69,449
- of which goodwill	7,687	7,953	9,413	10,300	7,780	7,683	7,317	7,545	9,621	10,905	-	-	41,818	44,387
- of which other intangible assets and property, plant and equipment	3,171	3,214	3,100	3,304	3,945	3,898	2,239	2,296	3,965	4,214	92	111	16,512	17,036
- of which investments in associates	8	8	-	-	438	495	-	-	1,455	1,533	-	-	1,901	2,037
Return on capital employed	18.5%	18.7%	23.6%	24.8%	10.5%	8.7%	17.7%	16.0%	12.5%	13.3%	-	-	16.2%	15.8%
Operating income (EBIT)	1,240	1,283	1,641	1,773	592	528	777	810	1,042	1,157	-220	-230	5,071	5,321
Depreciation and amortization	204	201	148	156	133	136	105	150	113	126	2	3	705	771
Net capital expenditure	-247	-196	-141	-196	-114	-127	-122	-108	-38	-102	-7	-7	-670	-736
Change in working capital	-624	-520	-536	-335	-561	-396	-475	-422	-51	-146	0	-156	-2,248	-1,975
Cash flow¹⁾	573	768	1,111	1,397	49	142	285	430	1,066	1,034	-226	-390	2,857	3,381
Non-cash items	-	-	-	-	-	-	-	-	-	-	-76	-43	-76	-43
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-270	-322	-270	-322
Operating cash flow¹⁾													2,511	3,017
Average number of employees	10,727	10,921	7,777	8,953	13,780	12,753	3,440	3,823	9,431	10,315	231	234	45,388	46,998

¹⁾ Excluding restructuring payments.

Reporting by division

Year and 31 Dec

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Sales, external	14,519	16,220	12,096	15,588	7,755	9,401	7,147	9,031	15,325	17,858	0	0	56,843	68,099
Sales, internal	233	304	60	76	581	770	59	69	84	98	-1,017	-1,317	-	-
Sales	14,753	16,524	12,156	15,665	8,336	10,171	7,207	9,100	15,409	17,957	-1,017	-1,317	56,843	68,099
Organic growth	3%	4%	4%	7%	1%	-3%	1%	7%	4%	5%	-	-	3%	4%
Share of earnings in associates	-	-	-	-	23	16	-	-	109	118	-	-	132	134
Operating income (EBIT)	2,432	2,620	2,613	3,363	1,187	1,436	1,368	1,647	2,054	2,436	-398	-422	9,257	11,079
Operating margin (EBIT)	16.5%	15.9%	21.5%	21.5%	14.2%	14.1%	19.0%	18.1%	13.3%	13.6%	-	-	16.3%	16.3%
Capital employed	12,299	12,916	12,909	13,908	9,810	11,689	8,239	9,815	16,245	16,030	-1,077	-509	58,425	63,848
- of which goodwill	7,247	7,857	9,000	9,903	7,931	7,690	5,984	7,437	9,615	9,891	-	-	39,778	42,777
- of which other intangible and property, plant and equipment	3,051	3,210	2,982	3,184	3,137	3,908	1,711	2,300	4,021	3,939	87	107	14,990	16,649
- of which investments in associates	9	8	-	0	414	452	-	-	1,438	1,450	-	-	1,861	1,910
Return on capital employed	21.0%	20.4%	23.1%	24.1%	14.2%	12.6%	19.6%	18.8%	13.1%	14.9%	-	-	16.9%	17.8%
Operating income (EBIT)	2,432	2,620	2,613	3,363	1,187	1,436	1,368	1,647	2,054	2,436	-398	-422	9,257	11,079
Depreciation and amortization	351	398	237	300	183	268	182	232	212	231	-2	4	1,163	1,433
Net capital expenditure	-397	-349	-243	-326	-275	-238	-204	-212	-141	-94	-11	-24	-1,271	-1,241
Change in working capital	-98	-47	31	-120	-164	-231	-63	-110	-118	63	109	-57	-303	-502
Cash flow¹⁾	2,288	2,622	2,637	3,217	931	1,235	1,282	1,557	2,007	2,637	-302	-499	8,845	10,770
Non-cash items											-150	-269	-150	-269
Interest paid and received											-457	-548	-457	-548
Operating cash flow¹⁾													8,238	9,952
Average number of employees	10,678	10,886	7,193	7,957	13,439	13,651	3,331	3,583	9,420	9,686	208	231	44,269	45,994

¹⁾ Excluding restructuring payments.

Financial information - Notes

NOTE 1 SALES BY CONTINENT

SEK M	Q2		Q1-Q2	
	2015	2016	2015	2016
Europe	6,230	6,679	12,306	12,935
North America	6,623	7,016	12,516	13,354
Central- and South America	375	484	749	925
Africa	210	213	408	404
Asia	3,017	2,888	5,147	5,006
Pacific	627	613	1,208	1,160
Total	17,082	17,894	32,334	33,785

NOTE 2 BUSINESS COMBINATIONS

SEK M	Q2		Q1-Q2	
	2015	2016	2015	2016
Purchase prices				
Cash paid for acquisitions during the period	559	327	1,316	1,171
Holdbacks and deferred considerations for acquisitions during the period	0	55	727	178
Adjustment of purchase prices for acquisitions in prior years	-11	0	-11	-91
Total	548	382	2,032	1,259
Acquired assets and liabilities at fair value				
Intangible assets	608	2	1,119	2
Property, plant and equipment	110	40	114	280
Financial assets	10	14	16	71
Inventories	53	28	95	87
Current receivables and investments	109	58	171	116
Cash and cash equivalents	71	29	92	141
Non-controlling interests	-3	-	-3	-
Non-current liabilities	-283	55	-411	-184
Current liabilities	-54	-90	-132	-338
Total	621	136	1,061	175
Goodwill	-73	246	972	1,084
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the period	559	327	1,316	1,171
Cash and cash equivalents in acquired subsidiaries	-71	-29	-92	-141
Paid holdbacks and deferred considerations for acquisitions in previous years	292	186	534	432
Total	780	485	1,758	1,462

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

30 June 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	77	77		77	
Available-for-sale financial assets	11	11			
Loans and other receivables	15,435	15,435			
Derivative instruments - hedge accounting	142	142		142	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,303	2,303		124	2,179
Financial liabilities at amortized cost	30,877	31,224			
Derivative instruments - hedge accounting	21	21		21	

31 December 2015

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	27	27		27	
Available-for-sale financial assets	11	11			
Loans and other receivables	14,219	14,219			
Derivative instruments - hedge accounting	121	121		121	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,695	2,695		55	2,640
Financial liabilities at amortized cost	26,695	26,890			
Derivative instruments - hedge accounting	25	25		25	

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.