

Press Release

20 October 2015
No. 16/15

Another strong quarter for ASSA ABLOY

- Sales increased by 19% and totaled SEK 17,465 M (14,727). Organic growth was 3% (4).
- Strong growth in Americas, Entrance Systems and EMEA and a flat development in Global Technologies.
- Negative growth in Asia Pacific due to weak demand in China.
- Nergeco in France and two other small businesses were acquired during the quarter, with expected annual sales in 2015 of about SEK 400 M.
- Operating income (EBIT) for the quarter increased by 19% to SEK 2,970 M (2,499). The operating margin was 17.0% (17.0).
- Net income for the quarter amounted to SEK 2,069 M (1,749).
- Earnings per share for the quarter rose by 18% and amounted to SEK 1.86 (1.57).
- Operating cash flow for the quarter was SEK 2,816 M (2,249).

SALES AND INCOME

	Third quarter			Jan-Sep		
	2014	2015	Change	2014	2015	Change
Sales, SEK M	14,727	17,465	+19%	40,996	49,799	+21%
of which,						
Organic growth			+3%			+4%
Acquisitions			+4%			+3%
Exchange-rate effects		+1,661	+12%		+5,561	+14%
Operating income (EBIT), SEK M	2,499	2,970	+19%	6,575	8,041	+22%
Operating margin (EBIT), %	17.0	17.0		16.0	16.1	
Income before tax, SEK M	2,364	2,796	+18%	6,145	7,531	+23%
Net income, SEK M	1,749	2,069	+18%	4,548	5,573	+23%
Operating cash flow, SEK M	2,249	2,816	+25%	4,769	5,327	+12%
Earnings per share (EPS), SEK¹⁾	1.57	1.86	+18%	4.09	5.02	+23%

1) Earnings per share has been recalculated for all historical periods as a result of the stock split (3:1) decided on in May 2015.

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COMMENTS BY THE PRESIDENT AND CEO

"The third quarter and the first nine months continued very strongly for ASSA ABLOY, with a rise in sales of 19% for the quarter and totaling 21% for the first nine months of the year," says Johan Molin, President and CEO. "Operating income grew very satisfactorily by a full 19% for the quarter and a total of 22% for the 9-month period.

"Organic growth for the quarter was 3%, with the mature markets in the USA, the Pacific and Europe continuing their strong growth. However, Global Technologies showed a weak development during the quarter because of delayed projects on the Government ID side and in Biometry. In Asia, the market downturn in China continued at the same time as other markets in the region showed strong growth.

"ASSA ABLOY's leadership in the field of innovation was recognized once again at ASIS, the USA's largest security exhibition, where four first prizes were won for innovation. The areas where ASSA ABLOY has been particularly successful include physical access and identity; energy-efficient locks; electromechanical locks; and on-line connected digital door locks for the private residential market. All these areas have great potential for the future, with energy-efficient solutions advancing especially strongly.

"Nergeco, which is the market leader in high-speed doors in the French market and with a strong position in southern Europe in general, was acquired during the quarter. Some further minor acquisitions were made during the quarter. One company acquired was Pickersgill Kaye in the UK, which complements the Group in the high-security lock segment.

"Operating income rose by a full 19% during the quarter. The organic growth of 3% resulted in a good underlying growth in the operating margin, to which continued efficiency improvements contributed especially strongly. However, the margin was unchanged this quarter, being affected by negative exchange-rate effects as well as the normal dilution due to acquisitions.

"My judgment is that the global economic trend remains weak. Although America is showing a positive trend, Europe and 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."

THIRD QUARTER

The Group's sales totaled SEK 17,465 M (14,727), an increase of 19% compared with the third quarter of 2014. Organic growth for comparable units was 3% (4). Acquired units contributed 4% (11). Exchange-rate effects had a positive impact of SEK 1,661 M on sales, equivalent to 12% (6).

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Operating income before depreciation and amortization, EBITDA, amounted to SEK 3,330 M (2,791). The corresponding EBITDA margin was 19.1% (19.0). The Group's operating income, EBIT, amounted to SEK 2,970 M (2,499) an increase of 19%. The operating margin was 17.0% (17.0).

Net financial items amounted to SEK -174 M (-136). The Group's income before tax was SEK 2,796 M (2,364), an improvement of 18% compared with the previous year. Exchange-rate effects had a positive impact of SEK 220 M on the Group's income before tax. The profit margin was 16.0% (16.0). The underlying effective tax rate on an annual basis is expected to be 26% (26). Earnings per share amounted to SEK 1.86 (1.57), an increase of 18%.

FIRST NINE MONTHS OF THE YEAR

Sales for the part-year period totaled SEK 49,799 M (40,996), representing an increase of 21%. Organic growth was 4% (3). Acquired units contributed 3% (10). Exchange-rate effects had a positive impact of SEK 5,561 M on sales, that is 14% (3), compared with the corresponding period of 2014. Operating income before depreciation and amortization, EBITDA, for the part-year period amounted to SEK 9,106 M (7,430). The corresponding margin was 18.3% (18.1). The Group's operating income, EBIT, amounted to SEK 8,041 M (6,575), which was an increase of 22%. The corresponding EBIT operating margin was 16.1% (16.0).

Earnings per share for the part-year period amounted to SEK 5.02 (4.09), a rise of 23%. Operating cash flow totaled SEK 5,327 M (4,769).

RESTRUCTURING MEASURES

Payments related to all existing restructuring programs amounted to SEK 80 M in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 510 people during the quarter and 10,269 people since the projects began.

At the end of the part-year, provisions of SEK 711 M remained on the balance sheet for carrying out the programs.

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COMMENTS BY DIVISION

EMEA

Sales for the quarter in EMEA division totaled SEK 4,100 M (3,590), with organic growth of 5% (3). The markets in Scandinavia, Finland and eastern Europe showed strong growth. Africa, Italy, Spain and Israel achieved good growth while sales were stable in Great Britain and central Europe. Growth was slightly negative in France and Benelux. Acquired growth amounted to 5% (5). Operating income totaled SEK 676 M (607), which represented an operating margin (EBIT) of 16.5% (16.9). Return on capital employed amounted to 18.3% (19.2). Operating cash flow before interest paid totaled SEK 642 M (518).

AMERICAS

Sales for the quarter in Americas division totaled SEK 4,064 M (3,205), with organic growth of 6% (5). The sales trends were strong for traditional lock products and Electromechanical products and for Canada, Mexico and South America. The private residential market achieved good growth. The door segment showed a stable trend while High-security products had weakly negative growth. Acquired growth amounted to 2% (12). Operating income totaled SEK 884 M (697), which represented an operating margin (EBIT) of 21.8% (21.8). Return on capital employed amounted to 25.5% (25.3). Operating cash flow before interest paid totaled SEK 944 M (877).

ASIA PACIFIC

Sales for the quarter in Asia Pacific division totaled SEK 2,951 M (2,439), with organic growth of -3% (3). New Zealand, South-East Asia and South Korea showed strong growth. Australia showed a stable trend. China showed a continued negative development due to weak domestic demand. Acquired growth amounted to 10% (7). Operating income totaled SEK 464 M (387), which represented an operating margin (EBIT) of 15.7% (15.9). Return on capital employed amounted to 15.1% (17.9). Operating cash flow before interest paid totaled SEK 317 M (216).

GLOBAL TECHNOLOGIES

Sales for the quarter in Global Technologies division totaled SEK 2,210 M (1,889), with organic growth of 0% (2). Identification technology (IDT) and Quantum Secure showed strong growth. Sales were stable for access control & logical access (IAM), while Government ID and Biometrics showed negative growth. Hospitality continued to show strong growth and income trends, driven by innovative new products. Acquired growth amounted to 0% (5). Operating income amounted to SEK 410 M (378), which represented an operating margin (EBIT) of 18.6% (20.0). Return on capital employed amounted to 16.3% (19.8). Operating cash flow before interest paid totaled SEK 566 M (422).

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ENTRANCE SYSTEMS

Sales for the quarter in Entrance Systems division totaled SEK 4,494 M (3,861), with organic growth of 6% (5). Growth was strong for the division's American operations as a whole and for High-speed doors. European industrial doors achieved good growth. Door automation and Components had weak positive growth. Sales levels were stable for Ditec and for the private residential market in Europe. Acquired growth amounted to 1% (22). Operating income totaled SEK 623 M (508), which represented an operating margin (EBIT) of 13.9% (13.2). Return on capital employed was 14.7% (12.5). Operating cash flow before interest paid totaled SEK 590 M (398).

ACQUISITIONS AND DIVESTMENTS

A total of four acquisitions were consolidated during the quarter: Teamware (Malaysia), L-Door (Belgium), Flexim (Finland) and one other minor acquisition. The combined acquisition price for the eight companies acquired this year amounted to SEK 2,820 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 2,225 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amount to SEK 1,048 M.

SUSTAINABLE DEVELOPMENT

A prioritized area for the Group's factories and sales companies is reduced energy consumption aimed at lessening environmental impact and reducing costs. The improvement project is driven locally in the Group's units, often using support from kaizen methodology to identify and prioritize different activities. Several units have introduced improved systems to measure and control the temperature of their buildings this year, including EMEA's Portobello Works in England. The methodology has produced significant savings and reduced energy consumption compared with the corresponding period of 2014. On an annual basis, it is estimated that the consumption of energy for heating will be reduced by at least 10%.

STOCK SPLIT

The total number of shares in the company at 30 September 2015 is 1,112,576,334, of which 57,525,969 are A-shares with ten votes each and 1,055,050,365 are B-shares with one vote each. The increase in the numbers of shares and votes during the year is the result of the stock split (3:1) that was decided upon at ASSA ABLOY AB's Annual General Meeting on 7 May 2015.

Share-based key indicators have been recalculated for all historical periods in this Report as a result of the stock split.

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PARENT COMPANY

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 1,980 M (1,855) for the part-year period. Income before tax amounted to SEK 617 M (1,550). Investments in tangible and intangible assets totaled SEK 18 M (5). Liquidity is good and the equity ratio was 41.6% (43.2).

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 90-95 of the 2014 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'.

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 and financial 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 risks and risk management, see the 2014 Annual Report.

REVIEW

The Company's Auditors have not carried out any review of this Report.

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OUTLOOK

Long-term outlook

Long term, ASSA ABLOY expects an increase in security-driven demand. Focus on end-user value and innovation as well as leverage on ASSA ABLOY's strong position will accelerate growth and increase profitability.

Organic sales growth is expected to continue at a good rate. The operating margin (EBIT) and operating cash flow are expected to develop well.

Outlook published on 17 July 2015:

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FINANCIAL INFORMATION

The End-of-Year Report and Quarterly Report for the fourth quarter will be published on 8 February 2016.

A capital markets day will be held on 18 November 2015 in Stockholm.

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.

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**.

ASSA ABLOY discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 8.00 CET on October 20.

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Jul-Sep 2014	Jul-Sep 2015	Jan-Sep 2014	Jan-Sep 2015
Sales	14,727	17,465	40,996	49,799
Cost of goods sold	-9,039	-10,707	-25,148	-30,449
Gross income	5,689	6,758	15,847	19,349
Selling, administrative and RnD costs	-3,212	-3,817	-9,372	-11,413
Share of earnings in associates	23	30	100	106
Operating income	2,499	2,970	6,575	8,041
Financial items	-136	-174	-430	-510
Income before tax	2,364	2,796	6,145	7,531
Tax on income	-614	-727	-1,598	-1,958
Net income	1,749	2,069	4,548	5,573
Net income attributable to:				
Parent company's shareholders	1,749	2,069	4,548	5,573
Non-controlling interest	0	0	0	0
Earnings per share¹				
before dilution, SEK	1.57	1.86	4.09	5.02
after dilution, SEK	1.57	1.86	4.09	5.02

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jul-Sep 2014	Jul-Sep 2015	Jan-Sep 2014	Jan-Sep 2015
Net income	1,749	2,069	4,548	5,573
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	-62	133	-178	22
Total	-62	133	-178	22
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	1	49	52	22
Net investment and cashflow hedges	-119	-42	-245	23
Exchange rate differences	1,221	-388	2,183	697
Total	1,104	-382	1,990	742
Total comprehensive income	2,791	1,820	6,359	6,337
Total comprehensive income attributable to:				
Parent company's shareholders	2,791	1,820	6,359	6,337
Non-controlling interest	0	0	0	0

¹⁾ Earnings per share have been restated for all periods presented reflecting the stock split (3:1) in May 2015.

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED BALANCE SHEET

SEK M	31 Dec 2014	30 Sep 2014	30 Sep 2015
ASSETS			
Non-current assets			
Intangible assets	47,056	42,387	51,581
Tangible assets	7,712	7,091	7,517
Investments in associates	1,861	1,790	1,934
Other financial assets	76	75	78
Deferred tax assets	1,555	1,617	1,447
Total non-current assets	58,260	52,960	62,557
Current assets			
Inventories	7,845	7,602	8,798
Trade receivables	10,595	9,939	12,204
Other current receivables and investments	2,630	2,721	3,295
Cash and cash equivalents	667	809	648
Total current assets	21,738	21,070	24,945
TOTAL ASSETS	79,998	74,030	87,502
EQUITY AND LIABILITIES			
Equity			
Parent company's shareholders	36,096	33,010	39,935
Non-controlling interest	2	0	4
Total equity	36,098	33,010	39,940
Non-current liabilities			
Long-term loans	15,362	14,272	17,453
Deferred tax liabilities	1,462	1,473	1,768
Other non-current liabilities and provisions	7,693	5,594	7,738
Total non-current liabilities	24,517	21,339	26,959
Current liabilities			
Short-term loans	4,636	6,430	5,484
Trade payables	5,699	4,725	5,749
Other current liabilities and provisions	9,047	8,526	9,370
Total current liabilities	19,383	19,681	20,603
TOTAL EQUITY AND LIABILITIES	79,998	74,030	87,502

CHANGES IN CONSOLIDATED EQUITY

SEK M	Equity attributable to:		Total equity
	Parent company's shareholders	Non- controlling interest	
Opening balance 1 January 2014	28,812	0	28,813
Net income	4,548	0	4,548
Other comprehensive income	1,812	0	1,812
Total comprehensive income	6,359	0	6,359
Dividend	-2,110	-	-2,110
Stock purchase plans	-51	-	-51
Total transactions with parent company's shareholders	-2,162	0	-2,162
Closing balance 30 September 2014	33,010	0	33,010
Opening balance 1 January 2015	36,096	2	36,098
Net income	5,573	0	5,573
Other comprehensive income	765	0	764
Total comprehensive income	6,337	0	6,337
Dividend	-2,407	-	-2,407
Stock purchase plans	-93	-	-93
Change in non-controlling interest	1	2	3
Total transactions with parent company's shareholders	-2,498	2	-2,496
Closing balance 30 September 2015	39,935	4	39,940

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Jul-Sep 2014	Jul-Sep 2015	Jan-Sep 2014	Jan-Sep 2015
OPERATING ACTIVITIES				
Operating income	2,499	2,970	6,575	8,041
Depreciation and amortization	292	360	854	1,065
Restructuring payments	-107	-80	-334	-230
Other non-cash items	39	28	-14	-48
Cash flow before interest and tax	2,723	3,278	7,081	8,828
Interest paid and received	-101	-84	-354	-354
Tax paid on income	-437	-217	-1,852	-1,299
Cash flow before changes in working capital	2,185	2,978	4,876	7,175
Changes in working capital	-93	-115	-1,367	-2,363
Cash flow from operating activities	2,092	2,863	3,509	4,812
INVESTING ACTIVITIES				
Net investments in tangible and intangible assets	-388	-344	-926	-1,014
Investments in subsidiaries	-109	-470	-1,241	-2,228
Investments in associates	0	-	0	-
Disposals of subsidiaries	-	-	180	-
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-497	-813	-1,987	-3,241
FINANCING ACTIVITIES				
Dividends	-	-	-2,110	-2,407
Acquisition of non-controlling interest	-	-218	-	-975
Net cash effect of changes in borrowings	-1,439	-1,821	985	1,774
Cash flow from financing activities	-1,439	-2,039	-1,125	-1,607
CASH FLOW	156	10	397	-36
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	615	646	362	667
Cash flow	156	10	397	-36
Effect of exchange rate differences	38	-8	50	18
Cash and cash equivalents at end of period	809	648	809	648

KEY RATIOS

	Jan-Dec 2014	Jan-Sep 2014	Jan-Sep 2015
Return on capital employed, %	16.9	16.5	17.1
Return on shareholders' equity, %	19.8	19.6	19.5
Equity ratio, %	45.1	44.6	45.6
Interest coverage ratio, times	17.4	16.0	16.7
Total number of shares at the end of period, thousands	370,859	370,859	1,112,576
Number of shares outstanding at the end of period, thousands	370,259	370,259	1,110,776
Weighted average number of outstanding shares, thousands	370,259	370,259	1,110,776
Weighted average number of outstanding shares after dilution, thousands	370,259	370,259	1,110,776
Average number of employees	44,269	43,927	45,925

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FINANCIAL INFORMATION - PARENT COMPANY

INCOME STATEMENT

SEK M	Jan-Dec 2014	Jan-Sep 2014	Jan-Sep 2015
Operating income	1,298	563	508
Income before tax	5,553	1,550	617
Net income	5,201	1,488	530

BALANCE SHEET

SEK M	31 Dec 2014	30 Sep 2014	30 Sep 2015
Non-current assets	35,684	32,467	35,168
Current assets	7,561	5,607	8,257
Total assets	43,245	38,073	43,425
Equity	20,044	16,439	18,077
Provisions	0	1	-
Non-current liabilities	7,659	7,156	9,257
Current liabilities	15,542	14,477	16,091
Total equity and liabilities	43,245	38,073	43,425

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Jan-Sep 2014	Year 2014	Q1 2015	Q2 2015	Q3 2015	Jan-Sep 2015	Last 12 months
Sales	12,305	13,964	14,727	15,847	40,996	56,843	15,252	17,082	17,465	49,799	65,646
Organic growth ²⁾	4%	2%	4%	3%	3%	3%	5%	4%	3%	4%	
Gross income	4,791	5,368	5,689	6,074	15,847	21,922	5,969	6,623	6,758	19,349	25,424
Gross margin	38.9%	38.4%	38.6%	38.3%	38.7%	38.6%	39.1%	38.8%	38.7%	38.9%	38.7%
Operating income before depreciation (EBITDA)	2,135	2,504	2,791	2,990	7,430	10,419	2,659	3,117	3,330	9,106	12,096
Operating margin (EBITDA)	17.3%	17.9%	19.0%	18.9%	18.1%	18.3%	17.4%	18.2%	19.1%	18.3%	18.4%
Depreciation and amortization	-278	-285	-292	-309	-854	-1,163	-331	-374	-360	-1,065	-1,373
Operating income (EBIT)	1,857	2,219	2,499	2,681	6,575	9,257	2,329	2,742	2,970	8,041	10,723
Operating margin (EBIT)	15.1%	15.9%	17.0%	16.9%	16.0%	16.3%	15.3%	16.1%	17.0%	16.1%	16.3%
Net financial items	-148	-146	-136	-129	-430	-559	-145	-191	-174	-510	-639
Income before tax (EBT)	1,709	2,073	2,364	2,552	6,145	8,698	2,184	2,551	2,796	7,531	10,083
Profit margin (EBT)	13.9%	14.8%	16.0%	16.1%	15.0%	15.3%	14.3%	14.9%	16.0%	15.1%	15.4%
Tax on income	-444	-539	-614	-664	-1,598	-2,261	-568	-663	-727	-1,958	-2,622
Net income	1,264	1,534	1,749	1,889	4,548	6,436	1,616	1,888	2,069	5,573	7,461
Net income attributable to:											
Parent company's shareholders	1,264	1,534	1,749	1,889	4,548	6,436	1,616	1,888	2,069	5,573	7,461
Non-controlling interest	0	0	0	0	0	0	0	0	0	0	0

OPERATING CASH FLOW

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Jan-Sep 2014	Year 2014	Q1 2015	Q2 2015	Q3 2015	Jan-Sep 2015	Last 12 months
Operating income (EBIT)	1,857	2,219	2,499	2,681	6,575	9,257	2,329	2,742	2,970	8,041	10,723
Depreciation and amortization	278	285	292	309	854	1,163	331	374	360	1,065	1,373
Net capital expenditure	-266	-272	-388	-345	-926	-1,271	-344	-327	-344	-1,014	-1,359
Change in working capital	-1,268	-6	-93	1,064	-1,367	-303	-1,722	-526	-115	-2,363	-1,299
Interest paid and received	-52	-201	-101	-103	-354	-457	-71	-200	-84	-354	-457
Non-cash items	8	-61	39	-136	-14	-150	-2	-74	28	-48	-184
Operating cash flow ⁴⁾	557	1,963	2,249	3,469	4,769	8,238	520	1,991	2,816	5,327	8,797
Operating cash flow/Income before tax ⁴⁾	0.33	0.95	0.95	1.36	0.78	0.95	0.24	0.78	1.01	0.71	0.87

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

CHANGE IN NET DEBT

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 Jan-Sep 2014	Year 2014	Q1 2015	Q2 2015	Q3 Jan-Sep 2015	2015
Net debt at beginning of period	19,595	21,375	23,072	22,348	19,595	22,327	25,184	26,579	22,327
Operating cash flow	-557	-1,963	-2,249	-3,469	-4,769	-8,238	-520	-1,991	-2,816
Restructuring payments	87	140	107	119	334	453	90	60	80
Tax paid	1,005	409	437	525	1,852	2,376	711	371	217
Acquisitions and disposals	952	180	109	1,213	1,241	2,454	978	1,536	688
Dividend	-	2,110	-	-	2,110	2,110	-	2,407	-
Actuarial gain/loss on post-employment benefit obligations	97	71	73	455	240	695	206	-274	70
Exchange rate differences and other	195	750	799	1,136	1,744	2,880	1,392	-713	313
Net debt at end of period	21,375	23,072	22,348	22,327	22,348	22,327	25,184	26,579	25,131
Net debt/Equity ratio	0.72	0.76	0.68	0.62	0.68	0.62	0.64	0.70	0.63

NET DEBT

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Non-current interest-bearing receivables	-26	-28	-30	-28	-31	-29	-32
Short-term interest-bearing investments including derivatives	-148	-153	-247	-174	-263	-217	-265
Cash and cash equivalents	-498	-615	-809	-667	-515	-646	-648
Pension provisions	2,110	2,242	2,400	2,946	3,260	2,984	2,954
Other non-current interest-bearing liabilities	14,627	14,209	14,272	15,362	16,497	16,495	17,453
Current interest-bearing liabilities including derivatives	5,311	7,415	6,762	4,887	6,235	7,992	5,669
Total	21,375	23,072	22,348	22,327	25,184	26,579	25,131

CAPITAL EMPLOYED AND FINANCING

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Capital employed	51,141	53,282	55,359	58,425	64,699	64,689	65,070
- of which goodwill	32,930	34,052	35,423	39,778	43,092	41,818	42,404
- of which other intangible and tangible assets	12,941	13,383	14,055	14,990	16,324	16,512	16,693
- of which investments in associates	1,696	1,805	1,790	1,861	1,890	1,901	1,934
Net debt	21,375	23,072	22,348	22,327	25,184	26,579	25,131
Non-controlling interest	0	0	0	2	2	4	4
Shareholders' equity	29,766	30,210	33,010	36,096	39,513	38,105	39,935

DATA PER SHARE

SEK	Q1 2014	Q2 2014	Q3 2014	Q4 Jan-Sep 2014	Year 2014	Q1 2015	Q2 2015	Q3 Jan-Sep 2015	2015
Earnings per share after tax and before dilution	1.14	1.38	1.57	1.70	4.09	5.79	1.45	1.70	1.86
Earnings per share after tax and dilution	1.14	1.38	1.57	1.70	4.09	5.79	1.45	1.70	1.86
Shareholders' equity per share after dilution	26.80	27.20	29.72	32.50	29.72	32.50	35.57	34.31	35.95

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RESULTS BY DIVISION

Jul-Sep and 30 Sep

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	3,525	4,021	3,191	4,047	2,296	2,727	1,875	2,195	3,840	4,475	0	0	14,727	17,465
Sales, internal	65	79	13	17	143	224	14	15	21	19	-256	-354	-	-
Sales	3,590	4,100	3,205	4,064	2,439	2,951	1,889	2,210	3,861	4,494	-256	-354	14,727	17,465
Organic growth ²⁾	3%	5%	5%	6%	3%	-3%	2%	0%	5%	6%			4%	3%
Operating income (EBIT)	607	676	697	884	387	464	378	410	508	623	-78	-87	2,499	2,970
Operating margin (EBIT)	16.9%	16.5%	21.8%	21.8%	15.9%	15.7%	20.0%	18.6%	13.2%	13.9%			17.0%	17.0%
Capital employed	12,409	14,237	11,152	13,239	8,947	12,016	7,827	9,902	16,070	16,715	-1,047	-1,039	55,359	65,070
- of which goodwill	6,984	7,949	8,083	9,447	5,341	7,847	5,625	7,395	9,391	9,767	-	-	35,423	42,404
- of which other intangible and tangible assets	2,911	3,243	2,636	3,112	2,926	3,995	1,594	2,253	3,907	3,987	82	103	14,055	16,693
- of which investments in associates	8	8	-	-	411	459	-	-	1,371	1,466	-	-	1,790	1,934
Return on capital employed	19.2%	18.3%	25.3%	25.5%	17.9%	15.1%	19.8%	16.3%	12.5%	14.7%			18.1%	18.1%
Operating income (EBIT)	607	676	697	884	387	464	378	410	508	623	-78	-87	2,499	2,970
Depreciation and amortization	86	97	61	74	48	66	44	62	53	60	-1	0	292	360
Net capital expenditure	-109	-98	-76	-80	-107	-77	-47	-48	-38	-30	-12	-11	-388	-344
Change in working capital	-65	-33	195	65	-111	-135	47	141	-126	-63	-32	-90	-93	-115
Cash flow ⁴⁾	518	642	877	944	216	317	422	566	398	590	-122	-187	2,310	2,872
Non-cash items											39	28	39	28
Interest paid and received											-101	-84	-101	-84
Operating cash flow ⁴⁾													2,249	2,816

Jan-Sep and 30 Sep

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	10,592	11,874	8,832	11,625	5,578	6,968	5,086	6,544	10,908	12,788	0	0	40,996 ¹⁾	49,799 ¹⁾
Sales, internal	182	238	41	56	431	623	45	51	60	72	-760	-1,042	-	-
Sales	10,774	12,112	8,873	11,681	6,010	7,591	5,131	6,596	10,968	12,860	-760	-1,042	40,996	49,799
Organic growth ²⁾	4%	4%	3%	6%	4%	-3%	-1%	7%	4%	5%			3%	4%
Operating income (EBIT)	1,738	1,915	1,922	2,525	848	1,055	953	1,187	1,369	1,665	-255	-307	6,575	8,041
Operating margin (EBIT)	16.1%	15.8%	21.7%	21.6%	14.1%	13.9%	18.6%	18.0%	12.5%	12.9%			16.0%	16.1%
Capital employed	12,409	14,237	11,152	13,239	8,947	12,016	7,827	9,902	16,070	16,715	-1,047	-1,039	55,359	65,070
- of which goodwill	6,984	7,949	8,083	9,447	5,341	7,847	5,625	7,395	9,391	9,767	-	-	35,423	42,404
- of which other intangible and tangible assets	2,911	3,243	2,636	3,112	2,926	3,995	1,594	2,253	3,907	3,987	82	103	14,055	16,693
- of which investments in associates	8	8	-	-	411	459	-	-	1,371	1,466	-	-	1,790	1,934
Return on capital employed	19.6%	19.0%	24.2%	24.7%	14.1%	12.3%	18.0%	17.5%	11.7%	13.3%			16.5%	17.1%
Operating income (EBIT)	1,738	1,915	1,922	2,525	848	1,055	953	1,187	1,369	1,665	-255	-307	6,575	8,041
Depreciation and amortization	262	301	172	222	134	199	134	168	154	173	-2	3	854	1,065
Net capital expenditure	-286	-345	-167	-221	-202	-191	-154	-170	-102	-68	-15	-18	-926	-1,014
Change in working capital	-437	-657	-84	-471	-401	-697	-205	-334	-219	-114	-20	-90	-1,367	-2,363
Cash flow ⁴⁾	1,277	1,214	1,843	2,055	378	366	729	851	1,202	1,656	-292	-412	5,136	5,729
Non-cash items											-14	-48	-14	-48
Interest paid and received											-354	-354	-354	-354
Operating cash flow ⁴⁾													4,769	5,327
Average number of employees	10,626	11,009	7,153	7,908	13,338	13,721	3,205	3,479	9,390	9,574	214	233	43,927	45,925

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RESULTS BY DIVISION

Jan-Dec and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Sales, external	12,957	14,519	10,074	12,096	6,879	7,755	6,406	7,147	12,166	15,325	0	0	48,481 ¹⁾	56,843 ¹⁾
Sales, internal	209	233	48	60	542	581	65	59	71	84	-935	-1,017	-	-
Sales	13,165	14,753	10,121	12,156	7,420	8,336	6,472	7,207	12,237	15,409	-935	-1,017	48,481	56,843
Organic growth ²⁾	-1%	3%	6%	4%	4%	1%	6%	1%	0%	4%	-	-	2%	3%
Operating income (EBIT)	2,197	2,432	2,140	2,613	1,032	1,187	1,184	1,368	1,733	2,054	-363	-398	7,923	9,257
Operating margin (EBIT)	16.7%	16.5%	21.1%	21.5%	13.9%	14.2%	18.3%	19.0%	14.2%	13.3%	-	-	16.3%	16.3%
Items affecting comparability ³⁾	-300	-	-18	-	-183	-	-38	-	-313	-	-149	-	-1,000	-
Operating income (EBIT) incl. items affecting comparability	1,897	2,432	2,121	2,613	850	1,187	1,146	1,368	1,420	2,054	-512	-398	6,924	9,257
Capital employed	10,499	12,299	10,475	12,909	7,436	9,810	6,114	8,239	14,592	16,245	-708	-1,077	48,408	58,425
- of which goodwill	6,395	7,247	7,319	9,000	4,311	7,931	4,511	5,984	9,282	9,615	-	-	31,817	39,778
- of which other intangible and tangible assets	2,703	3,051	2,384	2,982	2,481	3,137	1,338	1,711	3,850	4,021	97	87	12,854	14,990
- of which investments in associates	8	9	-	-	371	414	-	-	1,296	1,438	-	-	1,675	1,861
Return on capital employed	20.7%	21.0%	22.7%	23.1%	16.3%	14.2%	19.7%	19.6%	12.1%	13.1%	-	-	17.1%	16.9%
Operating income (EBIT)	1,897	2,432	2,121	2,613	850	1,187	1,146	1,368	1,420	2,054	-512	-398	6,924	9,257
Restructuring costs	300	-	18	-	183	-	38	-	313	-	149	-	1,000	-
Depreciation and amortization	328	351	179	237	157	183	159	182	168	212	2	-2	993	1,163
Net capital expenditure	-337	-397	-182	-243	-200	-275	-375	-204	-106	-141	-2	-11	-1,202	-1,271
Change in working capital	-104	-98	-154	31	-57	-164	-98	-63	-2	-118	-82	109	-497	-303
Cash flow ⁴⁾	2,084	2,288	1,983	2,637	932	931	870	1,282	1,792	2,007	-445	-302	7,218	8,845
Non-cash items	-	-	-	-	-	-	-	-	-	-	17	-150	17	-150
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-431	-457	-431	-457
Operating cash flow ⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-	6,803	8,238
Average number of employees	10,089	10,678	6,726	7,193	14,243	13,439	3,136	3,331	8,191	9,420	171	208	42,556	44,269

¹⁾ Sales by Continent, SEK M.

	Jan-Dec 2013	Jan-Dec 2014	Jan-Sep 2014	Jan-Sep 2015
Europe	21,111	23,242	16,898	18,465
North America	15,483	20,468	14,763	19,405
Central and South America	957	1,150	834	1,126
Africa	663	783	523	627
Asia	8,189	8,980	6,359	8,338
Pacific	2,078	2,220	1,618	1,838

²⁾ Organic growth concern comparable units after adjustment for acquisitions and currency effects.

³⁾ Items affecting comparability consist of restructuring costs.

⁴⁾ Excluding restructuring payments.

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FINANCIAL INFORMATION - NOTES

NOTE 1 BUSINESS COMBINATIONS

SEK M	Jul-Sep 2014	Jul-Sep 2015	Jan-Sep 2014	Jan-Sep 2015
Purchase prices				
Cash paid for acquisitions during the period	86	446	1,179	1,763
Holdbacks and deferred considerations for acquisitions during the period	48	322	555	1,048
Adjustment of purchase prices for acquisitions in prior years	-1	-1	-29	-12
Total	133	767	1,706	2,799
Acquired assets and liabilities at fair value				
Intangible assets	81	139	154	1,257
Tangible assets	-1	19	101	133
Financial assets	1	21	-26	37
Inventories	-7	90	93	185
Current receivables and investments	3	142	104	313
Cash and cash equivalents	5	1	98	93
Non-controlling interests	-	0	-	-3
Non-current liabilities	-31	-18	48	-429
Current liabilities	-4	-243	-268	-375
Total	48	151	303	1,212
Goodwill	85	616	1,402	1,587
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the period	86	446	1,179	1,763
Cash and cash equivalents in acquired subsidiaries	-5	-1	-98	-93
Paid holdbacks and deferred considerations for acquisitions in previous years	28	24	160	558
Total	109	470	1,241	2,228

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

NOTE 2 FAIR VALUE AND CARRYING AMOUNT ON FINANCIAL ASSETS AND LIABILITIES

30 September 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	138	138		138	
Available-for-sale financial assets	5	5			
Loans and other receivables	14,787	14,787			
Derivative instruments - hedge accounting	127	127		127	
Financial liabilities					
Financial liabilities at fair value through profit and loss	3,015	3,015		158	2,857
Financial liabilities at amortized cost	28,686	28,937			
Derivative instruments - hedge accounting	27	27		27	

31 December 2014

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	23	23		23	
Available-for-sale financial assets	5	5			
Loans and other receivables	13,138	13,138			
Derivative instruments - hedge accounting	136	136		136	
Financial liabilities					
Financial liabilities at fair value through profit and loss	3,455	3,455		216	3,239
Financial liabilities at amortized cost	25,697	26,039			
Derivative instruments - hedge accounting	35	35		35	

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