

# Press Release

18 July 2014  
No. 10/14

## Strong increase in sales and earnings

- Sales for the quarter increased by 14%, with 2% organic growth, and totaled SEK 13,964 M (12,239).
- Strong growth in Asia Pacific and good growth in EMEA, Entrance Systems and Americas.
- Negative growth in Global Technologies because of lower project orders.
- Operating income (EBIT) for the quarter rose by 13% and totaled SEK 2,219 M (1,970). The operating margin was 15.9% (16.1).
- Net income for the quarter amounted to SEK 1,534 M (1,374).
- Earnings per share for the quarter rose by 12% to SEK 4.14 (3.71).
- Cash flow for the quarter increased by 24% and amounted to SEK 1,963 M (1,589).

## SALES AND INCOME

	Second quarter			First half-year		
	2013	2014	Change	2013	2014	Change
<b>Sales, SEK M</b>	<b>12,239</b>	<b>13,964</b>	<b>+14%</b>	<b>23,108</b>	<b>26,268</b>	<b>+14%</b>
of which,						
Organic growth			+2%			+3%
Acquisitions			+10%			+9%
Exchange-rate effects	-509	+210	+2%	-888	+319	+2%
<b>Operating income (EBIT), SEK M</b>	<b>1,970</b>	<b>2,219</b>	<b>+13%</b>	<b>3,632</b>	<b>4,076</b>	<b>+12%</b>
Operating margin (EBIT), %	16.1	15.9		15.7	15.5	
Income before tax, SEK M	1,832	2,073	+13%	3,365	3,782	+12%
Net income, SEK M	1,374	1,534	+12%	2,512	2,798	+11%
Operating cash flow, SEK M	1,589	1,963	+24%	2,087	2,520	+21%
<b>Earnings per share (EPS), SEK</b>	<b>3.71</b>	<b>4.14</b>	<b>+12%</b>	<b>6.78</b>	<b>7.56</b>	<b>+12%</b>

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## **COMMENTS BY THE PRESIDENT AND CEO**

"The second quarter and the first six months of the year continued to show a very good performance for ASSA ABLOY, with a total increase in sales of 14% and a very satisfying improvement of a full 12% in operating income," says Johan Molin, President and CEO.

"At 2%, organic growth during the second quarter was a little lower than in the beginning of the year. However, the quarter had one fewer working day than the previous year as well as weaker project sales for Global Technologies. The EMEA, Americas and Entrance Systems divisions grew by a satisfactory 3%, while the emerging markets, for example in Asia, Africa and South America, continued to grow strongly.

"Acquisition activity continued to run at a high level, with six new acquisitions which add a further SEK 700 M to annual sales. It was especially pleasing that we were successful in acquiring the Indian company ENOX. This is our first major step in meeting the Group's ambition to build a market-leading position on the fast-growing Indian market.

"Operating income continued to improve, by a full 13% during the quarter. As well as valuable savings and efficiency gains from the restructuring programs, the acquired companies also contributed strongly to the improvement in income. Ameristar in particular has produced very good results, but Amarr and 4Front also contributed significantly.

"Continued strong growth came from our many new products. Sales of electromechanical lock solutions increased by over 10% in both Americas and EMEA. Home automation is another exciting development area where many leading companies have chosen ASSA ABLOY's advanced digital door locks.

"My judgment of the global economic trend is unchanged. The world economy is about to improve slowly. Our strategy therefore remains unchanged, to reduce our dependence on mature markets and to expand strongly in the emerging markets, which are expected to go on growing well. Another continuing priority is investments in new products, especially in the growth area of electromechanics."

## **SECOND QUARTER**

The Group's sales totaled SEK 13,964 M (12,239), an increase of 14% compared with the second quarter of 2013. Organic growth for comparable units was 2% (3). Acquired units contributed 10% (4). Exchange-rate effects had a positive impact of SEK 210 M on sales, that is 2% (-5).

Operating income before depreciation, EBITDA, amounted to SEK 2,504 M (2,226). The corresponding EBITDA margin was 17.9% (18.2). The Group's operating income, EBIT, amounted to SEK 2,219 M (1,970), an increase of 13%. The operating margin was 15.9% (16.1).

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Net financial items amounted to SEK -146 M (-138). The Group's income before tax amounted to SEK 2,073 M (1,832), an improvement of 13% compared with the previous year. Exchange-rate effects had an impact of SEK 12 M on the Group's income before tax.

The profit margin was 14.8% (15.0). The estimated underlying effective tax rate on an annual basis amounted to 26% (25). Earnings per share amounted to SEK 4.14 (3.71), an increase of 12%.

## **FIRST HALF-YEAR**

The Group's sales for the first half of 2014 totaled SEK 26,268 M (23,108), representing an increase of 14%. Organic growth was 3% (1). Acquired units contributed 9% (4). Exchange-rate effects had a positive impact of SEK 319 M on sales, that is 2% (-4) compared with the first half of 2013.

Operating income before depreciation, EBITDA, for the half-year amounted to SEK 4,639 M (4,138). The corresponding margin was 17.7% (17.9). The Group's operating income, EBIT, amounted to SEK 4,076 M (3,632), which was an increase of 12%. The corresponding EBIT operating margin was 15.5% (15.7).

Earnings per share for the first half-year increased to SEK 7.56 (6.78), a rise of 12%. Operating cash flow for the half-year totaled SEK 2,520 M (2,087).

## **RESTRUCTURING MEASURES**

Payments related to all existing restructuring programs amounted to SEK 140 M in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 237 people during the quarter and 8,718 people since the projects began.

At the end of the quarter provisions of SEK 1,154 M remained in the balance sheet for carrying out the programs.

## **COMMENTS BY DIVISION**

### **EMEA**

Sales for the quarter in EMEA division totaled SEK 3,672 M (3,285), with organic growth of 3% (0). The markets in Finland, Britain, Africa and eastern Europe showed strong growth. Scandinavia, Germany and Benelux showed good growth. Sales were stable in Iberia and France but the trend was negative in Italy and Israel. Acquired growth amounted to 4% (1). Operating income totaled SEK 566 M (511), which represented an operating margin (EBIT) of 15.4% (15.6). Return on capital employed amounted to 18.4% (18.9). Operating cash flow before interest paid totaled SEK 498 M (422).

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## **AMERICAS**

Sales for the quarter in Americas division totaled SEK 2,996 M (2,620), with organic growth of 3% (8). The sales trends for the private residential market and in South America were strong. High-security products, electromechanical products, security doors and traditional lock products showed good growth. However growth was slightly negative in Canada and Mexico. The newly acquired Ameristar showed good development. Acquired growth amounted to 12% (1). Operating income totaled SEK 662 M (571) and the operating margin was 22.1% (21.8). Return on capital employed amounted to 24.1% (25.5). Operating cash flow before interest paid totaled SEK 850 M (507).

## **ASIA PACIFIC**

Sales for the quarter in Asia Pacific division totaled SEK 2,151 M (1,904), with organic growth of 7% (3). The markets in Australia, South-East Asia and South Korea showed strong growth. China showed a good sales trend in traditional lock products, while fire and security doors grew strongly. New Zealand showed good growth. Acquired growth amounted to 6% (2). Operating income totaled SEK 310 M (269), giving an operating margin (EBIT) of 14.4% (14.1). The quarter's return on capital employed amounted to 15.0% (20.4). Operating cash flow before interest paid totaled SEK 300 M (349).

## **GLOBAL TECHNOLOGIES**

Sales for the quarter in Global Technologies division totaled SEK 1,722 M (1,711), with organic growth of -6% (6). HID had stable growth in access control, identification technology and logical access. Government ID and project orders showed a strongly negative development. Hospitality showed continued good growth, mainly from the important renovation market. The newly acquired Lumidigm made positive progress with very strong growth. Acquired growth amounted to 5% (0). The division's operating income amounted to SEK 315 M (304), with an operating margin (EBIT) of 18.3% (17.8). Return on capital employed amounted to 17.6% (19.8). Operating cash flow before interest paid totaled SEK 240 M (276).

## **ENTRANCE SYSTEMS**

Sales for the quarter in Entrance Systems division totaled SEK 3,703 M (2,960), with organic growth of 3% (-1). There was strong growth for the division's American operations and for door automation. The trend was also good for high-speed doors and for Flexiforce. Industrial doors showed a stable trend. Sales growth of doors for the private residential market and at Ditec were negative. Acquired growth amounted to 19% (14). Operating income totaled SEK 466 M (400), giving an operating margin of 12.6% (13.5). Acquisition dilution affected the operating margin by a net -0.9 of a percentage point (-0.2). Return on capital employed amounted to 11.9% (11.6). Operating cash flow before interest paid totaled SEK 401 M (293).

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## **ACQUISITIONS AND DIVESTMENTS**

During the quarter a total of three minor acquisitions were consolidated. The combined acquisition price for the nine companies acquired this year amounted to SEK 1,579 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 1,414 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amount to SEK 507 M.

On 30 June it was announced that ASSA ABLOY had signed a contract concerning the acquisition of the Indian company ENOX. ENOX is one of the leading companies on the Indian market for locks and glass hardware. The company has about 220 employees and its sales in 2014 are expected to amount to SEK 130 M.

## **SUSTAINABLE DEVELOPMENT**

HID Global's newly built Operations Center in Austin, Texas has recently been certified by the US Green Building Council and received the LEED Platinum classification. The building brings together the division's operations in North America and has been designed with great regard to various environmental considerations, which together with more than 3000 ASSA ABLOY products installed in the building has contributed to the classification.

The Group offers an ever-increasing number of products with EPDs (Environmental Product Declarations) with the purpose of showing the products' total environmental impact over their life cycle. HID Global's iCLASS SE RK40 readers are one of the first readers of their type in the world to carry declarations in this way.

## **PARENT COMPANY**

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 1,488 M (988) for the half-year. Income before tax amounted to SEK 1,394 M (1,201). Investments in tangible and intangible assets totaled SEK 4 M (80). Liquidity is good and the equity ratio was 41.8% (47.1).

## **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 2013 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'.

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## **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 risks and financial and tax 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. A more detailed description of the above risks and risk management can be found in the 2013 Annual 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 29 April 2014:*

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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.



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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, 17 July 2014

Lars Renström  
Chairman

Carl Douglas  
Vice Chairman

Birgitta Klasén  
Board member

Eva Lindqvist  
Board member

Johan Molin  
President and CEO

Sven-Christer Nilsson  
Board member

Jan Svensson  
Board member

Ulrik Svensson  
Board member

Kurt Hellström  
Employee representative

Mats Persson  
Employee representative



# Press Release

## **Report of Review of Interim Financial Information**

### **Introduction**

We have reviewed this report for the period 1 January 2014 to 30 June 2014 for ASSA ABLOY AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report 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, 17 July 2014

PricewaterhouseCoopers

Bo Karlsson

Linda Corneliusson

Authorised Public Accountant

Authorised Public Accountant

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**FINANCIAL INFORMATION**

The Interim Report for the third quarter will be published on 23 October 2014.

A Capital Market Day will be held on 18 November 2014 in New Haven, USA at the Head Office of Americas division.

**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 11.00 today**  
at Operaterrassen in Stockholm.

The analysts' meeting can also be followed on the Internet at [www.assaabloy.com](http://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 that which ASSA ABLOY is required to disclose under the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act.*

*The information is released for publication at 08.00 on 18 July.*

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## FINANCIAL INFORMATION - GROUP

### CONSOLIDATED INCOME STATEMENT

<b>SEK M</b>	<b>Apr-Jun 2013</b>	<b>Apr-Jun 2014</b>	<b>Jan-Jun 2013</b>	<b>Jan-Jun 2014</b>
Sales	12,239	13,964	23,108	26,268
Cost of goods sold	-7,454	-8,596	-13,964	-16,110
<b>Gross income</b>	<b>4,786</b>	<b>5,368</b>	<b>9,144</b>	<b>10,159</b>
Selling, administrative and RnD costs	-2,855	-3,208	-5,567	-6,160
Share of earnings in associates	39	60	54	77
<b>Operating income</b>	<b>1,970</b>	<b>2,219</b>	<b>3,632</b>	<b>4,076</b>
Financial items	-138	-146	-267	-294
<b>Income before tax</b>	<b>1,832</b>	<b>2,073</b>	<b>3,365</b>	<b>3,782</b>
Tax on income	-458	-539	-841	-984
Net income of disposal group classified as held for sale and discontinued operations	0	-	-11	-
<b>Net income</b>	<b>1,374</b>	<b>1,534</b>	<b>2,512</b>	<b>2,798</b>
<b>Net income attributable to:</b>				
Parent company's shareholders	1,372	1,534	2,510	2,798
Non-controlling interest	2	0	2	0
<b>Earnings per share</b>				
before dilution, SEK	3.71	4.14	6.78	7.56
after dilution, SEK	3.71	4.14	6.78	7.56

### STATEMENT OF COMPREHENSIVE INCOME

<b>SEK M</b>	<b>Apr-Jun 2013</b>	<b>Apr-Jun 2014</b>	<b>Jan-Jun 2013</b>	<b>Jan-Jun 2014</b>
<b>Net income</b>	<b>1,374</b>	<b>1,534</b>	<b>2,512</b>	<b>2,798</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gain/loss on post employment benefit obligations, net after tax	100	-49	302	-116
<b>Total</b>	<b>100</b>	<b>-49</b>	<b>302</b>	<b>-116</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Share of other comprehensive income of associates	53	51	-13	51
Net investment and cashflow hedges	-139	-123	-81	-127
Exchange rate differences	724	1,155	359	962
<b>Total</b>	<b>637</b>	<b>1,083</b>	<b>264</b>	<b>886</b>
<b>Total comprehensive income</b>	<b>2,111</b>	<b>2,567</b>	<b>3,079</b>	<b>3,568</b>
<b>Total comprehensive income attributable to:</b>				
Parent company's shareholders	2,107	2,567	3,074	3,568
Non-controlling interest	3	0	4	0

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## FINANCIAL INFORMATION - GROUP

### CONSOLIDATED BALANCE SHEET

SEK M	31 Dec 2013	30 Jun 2013	30 Jun 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	38,280	35,103	40,688
Tangible assets	6,390	5,645	6,747
Investments in associates	1,675	1,532	1,805
Other financial assets	86	68	72
Deferred tax assets	1,677	1,561	1,643
<b>Total non-current assets</b>	<b>48,109</b>	<b>43,910</b>	<b>50,955</b>
<b>Current assets</b>			
Inventories	6,498	6,395	7,265
Trade receivables	8,531	8,128	9,371
Other current receivables and investments	2,263	2,376	2,508
Cash and cash equivalents	362	940	615
<b>Total current assets</b>	<b>17,654</b>	<b>17,839</b>	<b>19,759</b>
<b>TOTAL ASSETS</b>	<b>65,763</b>	<b>61,749</b>	<b>70,714</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Parent company's shareholders	28,812	26,805	30,210
Non-controlling interest	0	0	0
<b>Total equity</b>	<b>28,813</b>	<b>26,805</b>	<b>30,211</b>
<b>Non-current liabilities</b>			
Long-term loans	13,329	11,262	14,209
Deferred tax liabilities	1,416	1,380	1,406
Other non-current liabilities and provisions	5,364	4,436	5,484
<b>Total non-current liabilities</b>	<b>20,109</b>	<b>17,077</b>	<b>21,099</b>
<b>Current liabilities</b>			
Short-term loans	4,875	4,660	7,250
Trade payables	4,393	3,916	4,515
Other current liabilities and provisions	7,574	9,290	7,639
<b>Total current liabilities</b>	<b>16,842</b>	<b>17,866</b>	<b>19,404</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,763</b>	<b>61,749</b>	<b>70,714</b>

### CHANGES IN CONSOLIDATED EQUITY

SEK M	Equity attributable to:		
	Parent company's shareholders	Non- controlling interest	Total equity
<b>Opening balance 1 January 2013</b>	<b>25,819</b>	<b>183</b>	<b>26,001</b>
Net income	2,510	2	2,512
Other comprehensive income	565	2	567
<b>Total comprehensive income</b>	<b>3,074</b>	<b>4</b>	<b>3,079</b>
Dividend	-1,888	-37	-1,925
Stock purchase plans	-39	-	-39
Change in non-controlling interest	-161	-150	-311
<b>Total transactions with parent company's shareholders</b>	<b>-2,088</b>	<b>-187</b>	<b>-2,275</b>
<b>Closing balance 30 June 2013</b>	<b>26,805</b>	<b>0</b>	<b>26,805</b>
<b>Opening balance 1 January 2014</b>	<b>28,812</b>	<b>0</b>	<b>28,813</b>
Net income	2,798	0	2,798
Other comprehensive income	770	0	770
<b>Total comprehensive income</b>	<b>3,568</b>	<b>0</b>	<b>3,568</b>
Dividend	-2,110	-	-2,110
Stock purchase plans	-60	-	-60
<b>Total transactions with parent company's shareholders</b>	<b>-2,171</b>	<b>-</b>	<b>-2,171</b>
<b>Closing balance 30 June 2014</b>	<b>30,210</b>	<b>0</b>	<b>30,211</b>

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## FINANCIAL INFORMATION - GROUP

### CONSOLIDATED CASH FLOW STATEMENT

SEK M	Apr-Jun 2013	Apr-Jun 2014	Jan-Jun 2013	Jan-Jun 2014
<b>OPERATING ACTIVITIES</b>				
Operating income	1,970	2,219	3,632	4,076
Depreciation	256	285	506	563
Restructuring payments	-109	-140	-299	-227
Other non-cash items	-6	-61	-7	-53
<b>Cash flow before interest and tax</b>	<b>2,112</b>	<b>2,303</b>	<b>3,831</b>	<b>4,358</b>
Interest paid and received	-165	-201	-239	-253
Tax paid on income	-353	-409	-710	-1,415
<b>Cash flow before changes in working capital</b>	<b>1,593</b>	<b>1,693</b>	<b>2,883</b>	<b>2,691</b>
Changes in working capital	-234	-6	-1,344	-1,274
<b>Cash flow from operating activities</b>	<b>1,360</b>	<b>1,687</b>	<b>1 539</b>	<b>1,417</b>
<b>INVESTING ACTIVITIES</b>				
Net investments in tangible and intangible assets	-233	-272	-461	-538
Investments in subsidiaries	-159	-180	-332	-1,132
Investments in associates	-	0	-	0
Disposals of subsidiaries	0	-	85	180
Other investments and disposals	6	0	0	0
<b>Cash flow from investing activities</b>	<b>-385</b>	<b>-453</b>	<b>-708</b>	<b>-1,490</b>
<b>FINANCING ACTIVITIES</b>				
Dividends	-1,888	-2,110	-1,888	-2,110
Acquisition of non-controlling interest	-233	-	-233	-
Net cash effect of changes in borrowings	1,195	974	1,313	2,424
<b>Cash flow from financing activities</b>	<b>-926</b>	<b>-1,136</b>	<b>-808</b>	<b>314</b>
<b>CASH FLOW</b>	<b>48</b>	<b>98</b>	<b>23</b>	<b>240</b>
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Cash and cash equivalents at beginning of period</b>	<b>870</b>	<b>498</b>	<b>907</b>	<b>362</b>
Cash flow	48	98	23	240
Effect of exchange rate differences	21	19	9	13
<b>Cash and cash equivalents at end of period</b>	<b>940</b>	<b>615</b>	<b>940</b>	<b>615</b>

### KEY RATIOS

	Jan-Dec 2013	Jan-Jun 2013	Jan-Jun 2014
Return on capital employed excluding items affecting comparability, %	17.1	16.7	15.5
Return on capital employed including items affecting comparability, %	14.9	16.7	15.5
Return on shareholders' equity, %	17.5	19.1	19.0
Equity ratio, %	43.8	43.4	42.7
Interest coverage ratio, times	13.5	14.2	15.2
Number of shares outstanding at the end of period, thousands	370,859	370,859	370,859
Weighted average number of shares, thousands	370,259	370,259	370,259
Weighted average number of shares after dilution, thousands	370,259	370,259	370,259
Average number of employees	42,556	42,571	43,923

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# Press Release

## FINANCIAL INFORMATION - PARENT COMPANY

### INCOME STATEMENT

<b>SEK M</b>	<b>Jan-Dec 2013</b>	<b>Jan-Jun 2013</b>	<b>Jan-Jun 2014</b>
Operating income	826	372	630
Income before tax	2,896	1,201	1,394
Net income	2,731	1,201	1,300

### BALANCE SHEET

<b>SEK M</b>	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>	<b>30 Jun 2014</b>
Non-current assets	32,781	30,520	33,777
Current assets	5,695	2,998	5,337
<b>Total assets</b>	<b>38,476</b>	<b>33,518</b>	<b>39,114</b>
Equity	17,365	15,787	16,368
Provisions	9	0	4
Non-current liabilities	5,973	5,352	7,408
Current liabilities	15,129	12,379	15,334
<b>Total equity and liabilities</b>	<b>38,476</b>	<b>33,518</b>	<b>39,114</b>

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## QUARTERLY INFORMATION - GROUP

### THE GROUP IN SUMMARY

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Jun 2013	Full Year 2013	Q1 2014	Q2 2014	Jan-Jun 2014	Last 12 months
Sales	10,868	12,239	12,131	13,242	23,108	48,481	12,305	13,964	26,268	51,642
Organic growth <sup>2)</sup>	-1%	3%	3%	4%	1%	2%	4%	2%	3%	
<b>Gross income excluding items affecting comparability</b>	<b>4,358</b>	<b>4,786</b>	<b>4,839</b>	<b>5,176</b>	<b>9,144</b>	<b>19,159</b>	<b>4,791</b>	<b>5,368</b>	<b>10,159</b>	<b>20,174</b>
Gross margin	40.1%	39.1%	39.9%	39.1%	39.6%	39.5%	38.9%	38.4%	38.7%	39.1%
<b>Operating income before depreciation (EBITDA) excluding items affecting comparability</b>	<b>1,911</b>	<b>2,226</b>	<b>2,339</b>	<b>2,440</b>	<b>4,138</b>	<b>8,917</b>	<b>2,135</b>	<b>2,504</b>	<b>4,639</b>	<b>9,418</b>
Operating margin (EBITDA)	17.6%	18.2%	19.3%	18.4%	17.9%	18.4%	17.3%	17.9%	17.7%	18.2%
Depreciation and amortization	-250	-256	-249	-238	-506	-993	-278	-285	-563	-1,050
<b>Operating income (EBIT) excluding items affecting comparability</b>	<b>1,662</b>	<b>1,970</b>	<b>2,090</b>	<b>2,202</b>	<b>3,632</b>	<b>7,923</b>	<b>1,857</b>	<b>2,219</b>	<b>4,076</b>	<b>8,368</b>
Operating margin (EBIT)	15.3%	16.1%	17.2%	16.6%	15.7%	16.3%	15.1%	15.9%	15.5%	16.2%
Items affecting comparability <sup>3)</sup>	-	-	-	-1,000	-	-1,000	-	-	-	-1,000
<b>Operating income (EBIT)</b>	<b>1,662</b>	<b>1,970</b>	<b>2,090</b>	<b>1,202</b>	<b>3,632</b>	<b>6,924</b>	<b>1,857</b>	<b>2,219</b>	<b>4,076</b>	<b>7,368</b>
Operating margin (EBIT)	15.3%	16.1%	17.2%	9.1%	15.7%	14.3%	15.1%	15.9%	15.5%	14.3%
Net financial items	-129	-138	-124	-152	-267	-542	-148	-146	-294	-569
<b>Income before tax</b>	<b>1,533</b>	<b>1,832</b>	<b>1,966</b>	<b>1,050</b>	<b>3,365</b>	<b>6,381</b>	<b>1,709</b>	<b>2,073</b>	<b>3,782</b>	<b>6,799</b>
Profit margin (EBT)	14.1%	15.0%	16.2%	7.9%	14.6%	13.2%	13.9%	14.8%	14.4%	13.2%
Tax on income	-383	-458	-492	-262	-841	-1,595	-444	-539	-984	-1,738
Net income of disposal group classified as held for sale and discontinued operations	-11	-	-	-	-11	-11	-	-	-	-
<b>Net income</b>	<b>1,138</b>	<b>1,374</b>	<b>1,474</b>	<b>788</b>	<b>2,512</b>	<b>4,775</b>	<b>1,264</b>	<b>1,534</b>	<b>2,798</b>	<b>5,061</b>
<b>Net income attributable to:</b>										
Parent company's shareholders	1,138	1,372	1,474	788	2,510	4,772	1,264	1,534	2,798	5,060
Non-controlling interest	1	2	0	0	2	2	0	0	0	0

### OPERATING CASH FLOW

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Jun 2013	Full Year 2013	Q1 2014	Q2 2014	Jan-Jun 2014	Last 12 months
Operating income (EBIT)	1,662	1,970	2,090	1,202	3,632	6,924	1,857	2,219	4,076	7,368
Restructuring costs	-	-	-	1,000	-	1,000	-	-	-	1,000
Depreciation	250	256	249	238	506	993	278	285	563	1,050
Net capital expenditure	-228	-233	-280	-461	-461	-1,202	-266	-272	-538	-1,279
Change in working capital	-1,110	-234	232	615	-1,344	-497	-1,268	-6	-1,274	-427
Interest paid and received	-73	-165	-53	-139	-239	-431	-52	-201	-253	-446
Non-cash items	-2	-6	-63	86	-7	17	8	-61	-53	-30
<b>Operating cash flow <sup>4)</sup></b>	<b>498</b>	<b>1,589</b>	<b>2,175</b>	<b>2,541</b>	<b>2,087</b>	<b>6,803</b>	<b>557</b>	<b>1,963</b>	<b>2,520</b>	<b>7,236</b>
Operating cash flow / Income before tax <sup>4)</sup>	0.33	0.87	1.11	1.24	0.62	0.92	0.33	0.95	0.67	0.93

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## QUARTERLY INFORMATION - GROUP

### THE GROUP IN SUMMARY

#### CHANGE IN NET DEBT

SEK M	Q1	Q2	Q3	Q4	Jan-Jun	Full Year	Q1	Q2	Jan-Jun
	2013	2013	2013	2013	2013	2013	2014	2014	2014
Net debt at beginning of period	15,805	15,364	16,628	17,356	15,805	15,805	19,595	21,375	19,595
Operating cash flow	-498	-1,589	-2,175	-2,541	-2,087	-6,803	-557	-1,963	-2,520
Restructuring payments	190	109	118	230	299	647	87	140	227
Tax paid	357	353	154	271	710	1,134	1,005	409	1,415
Impact on net debt from acquisitions and disposals	-104	385	2,545	3,957	281	6,784	952	180	1,132
Dividend	-	1,888	89	29	1,888	2,007	-	2,110	2,110
Actuarial gain/loss on post employment benefit obligations	-300	-148	80	7	-447	-361	97	71	167
Exchange rate differences and other	-86	265	-83	286	179	382	195	750	945
<b>Net debt at end of period</b>	<b>15,364</b>	<b>16,628</b>	<b>17,356</b>	<b>19,595</b>	<b>16,628</b>	<b>19,595</b>	<b>21,375</b>	<b>23,072</b>	<b>23,072</b>
Net debt/Equity ratio	0.57	0.62	0.63	0.68	0.62	0.68	0.72	0.76	0.76

#### NET DEBT

SEK M	Q1	Q2	Q3	Q4	Q1	Q2
	2013	2013	2013	2013	2014	2014
Non-current interest-bearing receivables	-29	-24	-27	-27	-26	-28
Short-term interest-bearing investments including derivatives	-375	-384	-339	-342	-148	-153
Cash and cash equivalents	-870	-940	-619	-362	-498	-615
Pension provisions	1,972	1,908	1,941	2,015	2,110	2,242
Other non-current interest-bearing liabilities	12,265	11,262	11,045	13,329	14,627	14,209
Current interest-bearing liabilities including derivatives	2,401	4,806	5,356	4,983	5,311	7,415
<b>Total</b>	<b>15,364</b>	<b>16,628</b>	<b>17,356</b>	<b>19,595</b>	<b>21,375</b>	<b>23,072</b>

#### CAPITAL EMPLOYED AND FINANCING

SEK M	Q1	Q2	Q3	Q4	Q1	Q2
	2013	2013	2013	2013	2014	2014
Capital employed	42,170	43,433	44,884	48,408	51,141	53,282
- of which goodwill	28,742	29,446	28,841	31,817	32,930	34,052
- of which other intangible and tangible assets	10,937	11,302	11,094	12,854	12,941	13,383
- of which investments in associates	1,466	1,532	1,613	1,675	1,696	1,805
Net debt	15,364	16,628	17,356	19,595	21,375	23,072
Non-controlling interest	68	0	0	0	0	0
Shareholders' equity	26,738	26,805	27,527	28,812	29,766	30,210

#### DATA PER SHARE

SEK	Q1	Q2	Q3	Q4	Jan-Jun	Full Year	Q1	Q2	Jan-Jun
	2013	2013	2013	2013	2012	2013	2014	2014	2014
Earnings per share after tax and before dilution	3.07	3.71	3.98	2.13	6.78	12.89	3.41	4.14	7.56
Earnings per share after tax and dilution	3.07	3.71	3.98	2.13	6.78	12.89	3.41	4.14	7.56
Earnings per share after tax and dilution excluding items affecting comparability <sup>3)</sup>	3.07	3.71	3.98	4.08	6.78	14.84	3.41	4.14	7.56
Shareholders' equity per share after dilution	72.21	72.39	74.35	77.83	72.39	77.83	80.39	81.59	81.59

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# Press Release

## RESULTS BY DIVISION

### Apr-Jun and 30 Jun

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Sales, external	3,230	3,608	2,606	2,981	1,765	1,985	1,695	1,706	2,944	3,683	-	0	12,239	13,964
Sales, internal	56	64	14	15	139	166	16	16	16	19	-242	-280	-	-
<b>Sales</b>	<b>3,285</b>	<b>3,672</b>	<b>2,620</b>	<b>2,996</b>	<b>1,904</b>	<b>2,151</b>	<b>1,711</b>	<b>1,722</b>	<b>2,960</b>	<b>3,703</b>	<b>-242</b>	<b>-280</b>	<b>12,239</b>	<b>13,964</b>
Organic growth <sup>2)</sup>	0%	3%	8%	3%	3%	7%	6%	-6%	-1%	3%			3%	2%
<b>Operating income (EBIT)</b>	<b>511</b>	<b>566</b>	<b>571</b>	<b>662</b>	<b>269</b>	<b>310</b>	<b>304</b>	<b>315</b>	<b>400</b>	<b>466</b>	<b>-85</b>	<b>-100</b>	<b>1,970</b>	<b>2,219</b>
Operating margin (EBIT)	15.6%	15.4%	21.8%	22.1%	14.1%	14.4%	17.8%	18.3%	13.5%	12.6%			16.1%	15.9%
Capital employed	10,138	11,969	8,909	10,864	5,298	8,371	6,173	7,250	13,820	15,670	-904	-842	43,433	53,282
- of which goodwill	5,934	6,936	6,073	7,551	4,371	5,011	4,617	5,257	8,452	9,298	-	-	29,446	34,052
- of which other intangible and tangible assets	2,581	2,876	1,478	2,453	2,495	2,693	1,215	1,409	3,434	3,872	99	79	11,302	13,383
- of which investments in associates	23	8	-	-	290	408	-	-	1,219	1,389	-	-	1,532	1,805
Return on capital employed	18.9%	18.4%	25.5%	24.1%	20.4%	15.0%	19.8%	17.6%	11.6%	11.9%			17.9%	16.6%
Operating income (EBIT)	511	566	571	662	269	310	304	315	400	466	-85	-100	1,970	2,219
Depreciation and amortization	85	89	44	56	39	45	40	45	46	50	2	-1	256	285
Net capital expenditure	-81	-99	-40	-45	-25	-47	-65	-47	-20	-30	-1	-4	-233	-272
Change in working capital	-92	-58	-68	177	66	-8	-3	-73	-134	-85	-2	41	-234	-6
<b>Cash flow <sup>4)</sup></b>	<b>422</b>	<b>498</b>	<b>507</b>	<b>850</b>	<b>349</b>	<b>300</b>	<b>276</b>	<b>240</b>	<b>293</b>	<b>401</b>	<b>-87</b>	<b>-64</b>	<b>1,760</b>	<b>2,225</b>
Non-cash items											-6	-61	-6	-61
Interest paid and received											-165	-201	-165	-201
<b>Operating cash flow <sup>4)</sup></b>													<b>1,589</b>	<b>1,963</b>

### Jan-Jun and 30 Jun

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Sales, external	6,353	7,067	4,950	5,641	3,014	3,282	3,103	3,211	5,688	7,068	-	0	23,108 <sup>1)</sup>	26,268 <sup>1)</sup>
Sales, internal	103	116	24	28	245	289	34	31	35	39	-440	-503	-	-
<b>Sales</b>	<b>6,456</b>	<b>7,183</b>	<b>4,973</b>	<b>5,668</b>	<b>3,259</b>	<b>3,571</b>	<b>3,137</b>	<b>3,241</b>	<b>5,722</b>	<b>7,108</b>	<b>-440</b>	<b>-503</b>	<b>23,108</b>	<b>26,268</b>
Organic growth <sup>2)</sup>	-3%	4%	6%	2%	2%	5%	3%	-2%	-2%	4%			1%	3%
<b>Operating income (EBIT)</b>	<b>1,020</b>	<b>1,131</b>	<b>1,065</b>	<b>1,225</b>	<b>420</b>	<b>461</b>	<b>546</b>	<b>575</b>	<b>741</b>	<b>860</b>	<b>-161</b>	<b>-176</b>	<b>3,632</b>	<b>4,076</b>
Operating margin (EBIT)	15.8%	15.8%	21.4%	21.6%	12.9%	12.9%	17.4%	17.7%	13.0%	12.1%			15.7%	15.5%
Capital employed	10,138	11,969	8,909	10,864	5,298	8,371	6,173	7,250	13,820	15,670	-904	-842	43,433	53,282
- of which goodwill	5,934	6,936	6,073	7,551	4,371	5,011	4,617	5,257	8,452	9,298	-	-	29,446	34,052
- of which other intangible and tangible assets	2,581	2,876	1,478	2,453	2,495	2,693	1,215	1,409	3,434	3,872	99	79	11,302	13,383
- of which investments in associates	23	8	-	-	290	408	-	-	1,219	1,389	-	-	1,532	1,805
Return on capital employed	19.3%	19.4%	25.0%	23.1%	16.3%	11.7%	18.1%	17.0%	10.7%	11.1%			16.7%	15.5%
Operating income (EBIT)	1,020	1,131	1,065	1,225	420	461	546	575	741	860	-161	-176	3,632	4,076
Depreciation and amortization	170	176	86	111	77	86	80	90	90	101	2	-2	506	563
Net capital expenditure	-159	-177	-81	-92	-55	-95	-135	-106	-30	-64	-1	-4	-461	-538
Change in working capital	-504	-371	-415	-278	-152	-290	-192	-252	-91	-94	11	11	-1,344	-1,274
<b>Cash flow <sup>4)</sup></b>	<b>527</b>	<b>759</b>	<b>655</b>	<b>966</b>	<b>290</b>	<b>162</b>	<b>300</b>	<b>306</b>	<b>712</b>	<b>804</b>	<b>-150</b>	<b>-170</b>	<b>2,333</b>	<b>2,826</b>
Non-cash items											-7	-53	-7	-53
Interest paid and received											-239	-253	-239	-253
<b>Operating cash flow <sup>4)</sup></b>													<b>2,087</b>	<b>2,520</b>
Average number of employees	10,154	10,605	6,638	7,050	14,461	13,465	3,045	3,200	8,103	9,405	170	198	42,571	43,923

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## RESULTS BY DIVISION

Jan-Dec and 31 Dec

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Sales, external	13,177	12,957	9,623	10,074	6,705	6,879	6,191	6,406	10,923	12,166			46,619 <sup>1)</sup>	48,481 <sup>1)</sup>
Sales, internal	204	209	48	48	518	542	71	65	57	71	-898	-935	-	-
<b>Sales</b>	<b>13,382</b>	<b>13,165</b>	<b>9,671</b>	<b>10,121</b>	<b>7,224</b>	<b>7,420</b>	<b>6,262</b>	<b>6,472</b>	<b>10,979</b>	<b>12,237</b>	<b>-898</b>	<b>-935</b>	<b>46,619</b>	<b>48,481</b>
Organic growth <sup>2)</sup>	1%	-1%	4%	6%	3%	4%	6%	6%	-2%	0%			2%	2%
<b>Operating income (EBIT)</b>	<b>2,279</b>	<b>2,197</b>	<b>2,007</b>	<b>2,140</b>	<b>978</b>	<b>1,032</b>	<b>1,073</b>	<b>1,184</b>	<b>1,546</b>	<b>1,733</b>	<b>-382</b>	<b>-363</b>	<b>7,501</b>	<b>7,923</b>
Operating margin (EBIT)	17.0%	16.7%	20.8%	21.1%	13.5%	13.9%	17.1%	18.3%	14.1%	14.2%			16.1%	16.3%
Items affecting comparability <sup>3)</sup>	-	-300	-	-18	-	-183	-	-38	-	-313	-	-149	-	-1,000
<b>Operating income (EBIT) incl. items affecting comparability</b>	<b>2,279</b>	<b>1,897</b>	<b>2,007</b>	<b>2,121</b>	<b>978</b>	<b>850</b>	<b>1,073</b>	<b>1,146</b>	<b>1,546</b>	<b>1,420</b>	<b>-382</b>	<b>-512</b>	<b>7,501</b>	<b>6,924</b>
Capital employed	9,217	10,499	8,301	10,475	5,168	7,436	5,717	6,114	13,189	14,592	-169	-708	41,422	48,408
- of which goodwill	5,846	6,395	5,913	7,319	4,326	4,311	4,524	4,511	8,323	9,282	-	-	28,932	31,817
- of which other intangible and tangible assets	2,556	2,703	1,442	2,384	2,488	2,481	1,133	1,338	3,377	3,850	97	97	11,093	12,854
- of which investments in associates	22	8	-	-	315	371	-	-	1,182	1,296	-	-	1,519	1,675
Return on capital employed	22.6%	20.7%	23.6%	22.7%	20.7%	16.3%	17.3%	19.7%	12.3%	12.1%			18.1%	17.1%
Operating income (EBIT)	2,279	1,897	2,007	2,121	978	850	1,073	1,146	1,546	1,420	-382	-512	7,501	6,924
Restructuring costs	-	300	-	18	-	183	-	38	-	313	-	149	-	1,000
Depreciation and amortization	353	328	176	179	162	157	172	159	164	168	6	2	1,034	993
Net capital expenditure	-313	-337	-202	-182	71	-200	-112	-375	-4	-106	2	-2	-557	-1,202
Change in working capital	-79	-104	-185	-154	135	-57	8	-98	-59	-2	102	-82	-77	-497
<b>Cash flow <sup>4)</sup></b>	<b>2,241</b>	<b>2,084</b>	<b>1,797</b>	<b>1,983</b>	<b>1,348</b>	<b>932</b>	<b>1,140</b>	<b>870</b>	<b>1,648</b>	<b>1,792</b>	<b>-272</b>	<b>-445</b>	<b>7,902</b>	<b>7,218</b>
Non-cash items											-312	17	-312	17
Interest paid and received											-546	-431	-546	-431
<b>Operating cash flow <sup>4)</sup></b>													<b>7,044</b>	<b>6,803</b>
Average number of employees	10,260	10,089	6,620	6,726	15,284	14,243	3,029	3,136	7,429	8,191	140	171	42,762	42,556

<sup>1)</sup> Sales by Continent, SEK M.

	Jan-Dec 2012	Jan-Dec 2013	Jan-Jun 2013	Jan-Jun 2014
Europe	21,752	21,111	10,223	11,282
North America	13,503	15,483	7,449	9,311
Central and South America	911	957	455	513
Africa	645	663	288	339
Asia	7,619	8,189	3,664	3,809
Pacific	2,189	2,078	1,029	1,015

<sup>2)</sup> Organic growth concern comparable units after adjustment for acquisitions and currency effects.

<sup>3)</sup> Items affecting comparability consist of restructuring costs.

<sup>4)</sup> Excluding restructuring payments.

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# Press Release

## FINANCIAL INFORMATION - NOTES

### NOTE 1 BUSINESS COMBINATIONS

SEK M	Jan-Dec 2013	Apr-Jun 2013	Apr-Jun 2014	Jan-Jun 2013	Jan-Jun 2014
<b>Purchase prices</b>					
Cash paid for acquisitions during the period	3,991	79	40	134	1,093
Holdbacks and deferred considerations for acquisitions during the period	607	26	21	79	507
Adjustment of purchase prices for acquisitions in prior years	0	-	-	-	-28
Fair value of investments in associates held before the business combination	45	-	-	-	-
<b>Sum</b>	<b>4,643</b>	<b>105</b>	<b>61</b>	<b>213</b>	<b>1,572</b>
<b>Acquired net assets at fair value</b>					
Intangible assets	914	93	0	93	73
Tangible assets	579	15	3	17	101
Financial assets	42	1	4	2	-27
Inventories	464	14	24	19	100
Current receivables and investments	499	2	20	14	100
Cash and cash equivalents	53	18	17	34	93
Non-current liabilities	-280	-48	0	-48	79
Current liabilities	-311	-19	-37	-31	-265
<b>Sum</b>	<b>1,959</b>	<b>75</b>	<b>31</b>	<b>98</b>	<b>255</b>
<b>Goodwill</b>	<b>2,684</b>	<b>30</b>	<b>30</b>	<b>115</b>	<b>1,317</b>
<b>Change in cash and cash equivalents due to acquisitions</b>					
Cash paid for acquisitions during the period	3,991	79	40	134	1,093
Cash and cash equivalents in acquired subsidiaries	-53	-18	-17	-34	-93
Paid holdbacks and deferred considerations for acquisitions in previous years	845	97	157	233	132
<b>Sum</b>	<b>4,783</b>	<b>159</b>	<b>180</b>	<b>332</b>	<b>1,132</b>

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

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
<b>30 June 2014</b>					
<b>Financial assets</b>					
Financial assets at fair value through profit and loss	36	36		36	
Available-for-sale financial assets	3	3			
Loans and other receivables	11,811	11,811			
Derivative instruments - hedge accounting	97	97		97	
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit and loss	1,428	1,428		127	1,301
Financial liabilities at amortized cost	25,974	26,209			
Derivative instruments - hedge accounting	38	38		38	
<b>31 December 2013</b>					
<b>Financial assets</b>					
Financial assets at fair value through profit and loss	77	77		77	
Available-for-sale financial assets	4	4			
Loans and other receivables	10,772	10,772			
Derivative instruments - hedge accounting	62	62		62	
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit and loss	995	995		58	937
Financial liabilities at amortized cost	22,597	22,759			
Derivative instruments - hedge accounting	50	50		50	

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