

Press Release

23 October 2014
No. 14/14

Continued strong development by ASSA ABLOY

- Sales increased by 21%, with 4% organic growth, and totaled SEK 14,727 M (12,131).
- Strong growth in Americas and Entrance Systems and good growth in EMEA and Asia Pacific.
- Stable growth in Global Technologies.
- Operating income (EBIT) rose by 20% and totaled SEK 2,499 M (2,090). The operating margin was 17.0% (17.2).
- Net income amounted to SEK 1,749 M (1,474).
- Earnings per share rose by 19% to SEK 4.72 (3.98).
- Operating cash flow amounted to SEK 2,249 M (2,175).
- A contract has been signed for the acquisition of Jiawei (China), which has expected sales in 2015 of about SEK 500 M. In October ENOX (India) and Turvaykköset (Finland) were acquired.

SALES AND INCOME

	Third quarter			Jan-Sep		
	2013	2014	Change	2013	2014	Change
Sales, SEK M	12,131	14,727	+21%	35,239	40,996	+16%
of which,						
Organic growth			+4%			+3%
Acquisitions			+11%			+10%
Exchange-rate effects		+690	+6%		+1,009	+3%
Operating income, SEK M	2,090	2,499	+20%	5,722	6,575	+15%
Operating margin, %	17.2	17.0		16.2	16.0	
Income before tax, SEK M	1,966	2,364	+20%	5,331	6,145	+15%
Net income, SEK M	1,474	1,749	+19%	3,986	4,548	+14%
Operating cash flow, SEK M	2,175	2,249	+3%	4,262	4,769	+12%
Earnings per share (EPS), SEK	3.98	4.72	+19%	10.76	12.28	+14%

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COMMENTS BY THE PRESIDENT AND CEO

"The third quarter and the first nine months of the year continued to show a very good development for ASSA ABLOY. The first nine months sales increased a full 16% and a very satisfying improvement of 15% in operating income," says Johan Molin, President and CEO.

"In the third quarter organic growth returned to 4%, driven by a globally stable demand situation. The Americas and Entrance Systems divisions showed strong growth, driven by an improved demand situation in the USA, while EMEA and Asia Pacific showed good growth. Global Technologies had a stable development. The weakening of demand on the emerging markets in Asia, Africa and South America continued during the quarter. In spite of this, ASSA ABLOY showed continued good growth as a result of constant investments in increased market presence.

"During the quarter a further three acquisitions were made which add SEK 700 M in annual sales. The expansion of our presence in China continued with the strategic acquisition of Jiawei. Jiawei complements in a significant way our presence in the important lock segment in China.

"Operating income continued to improve, by a strong 20% for the quarter. In the quarter we achieved good savings and efficiency improvements, a strong profit contribution from the acquired companies and exchange-rate gains.

"Sales of new products continued to improve and reached a level of 29% of sales in the quarter. Especially pleasing was that electromechanical locks for the commercial sector and digital door-locks for the residential sector increased strongly.

"My judgment is that the global economic trend is moving sideways, with America showing a positive trend while Europe and the emerging markets are stable on a low level. Our strategy of expansion on the emerging markets remains unchanged, since in the long term they are expected to show 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 14,727 M (12,131), an increase of 21% compared with the third quarter of 2013. Organic growth for comparable units was 4% (3). Acquired units contributed 11% (3). Exchange-rate effects had a positive impact of SEK 690 M on sales, that is 6% (-1).

Operating income before depreciation, EBITDA, amounted to SEK 2,791 M (2,339). The corresponding EBITDA margin was 19.0% (19.3). The Group's operating income, EBIT, amounted to SEK 2,499 M (2,090), an increase of 20%. The operating margin was 17.0% (17.2).

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Net financial items amounted to SEK -136 M (-124). The Group's income before tax amounted to SEK 2,364 M (1,966), an improvement of 20% compared with the previous year. Exchange-rate effects had an impact of SEK 105 M on the Group's income before tax. The profit margin was 16.0% (16.2). The underlying effective tax rate on an annual basis is expected to amount to 26% (25). Earnings per share amounted to SEK 4.72 (3.98), an increase of 19%.

FIRST NINE MONTHS OF THE YEAR

The Group's sales for the part-year period totaled SEK 40,996 M (35,239), representing an increase of 16%. Organic growth was 3% (2). Acquired units contributed 10% (4). Exchange-rate effects had a positive impact of SEK 1,009 M on sales, that is 3% (-4), compared with the corresponding period of 2013.

Operating income before depreciation, EBITDA, for the part-year period amounted to SEK 7,430 M (6,477). The corresponding margin was 18.1% (18.4). The Group's operating income, EBIT, amounted to SEK 6,575 M (5,722), which was an increase of 15%. The corresponding EBIT operating margin was 16.0% (16.2).

Earnings per share for the part-year period amounted to SEK 12.28 (10.76), an increase of 14%. Operating cash flow totaled SEK 4,769 M (4,262).

RESTRUCTURING MEASURES

Payments related to all existing restructuring programs amounted to SEK 107 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 8,955 people since the projects began.

At the end of the quarter provisions of SEK 1,063 M remained in the balance sheet for carrying out the programs.

COMMENTS BY DIVISION

EMEA

Sales for the quarter in EMEA division totaled SEK 3,590 M (3,163), with organic growth of 3% (1). The markets in Scandinavia, Germany, Africa and eastern Europe showed strong growth. Finland and Britain showed good growth, while the sales trend was slightly positive in Spain and Israel. The sales trend was slightly negative in Benelux and France and negative in Italy. Acquired growth amounted to 5% (1). Operating income totaled SEK 607 M (545), which represented an operating margin (EBIT) of 16.9% (17.2). Return on capital employed amounted to 19.2% (20.0). Operating cash flow before interest paid totaled SEK 518 M (613).

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AMERICAS

Sales for the quarter in Americas division totaled SEK 3,205 M (2,590), with organic growth of 5% (7). The sales trends for the door segment, the residential market and in Mexico and South America were strong. Traditional lock products, electromechanical products and high-security products showed good growth. Canada had a continued slightly negative trend. Acquired growth amounted to 12% (0). Operating income totaled SEK 697 M (549) and the operating margin was 21.8% (21.2). Return on capital employed amounted to 25.3% (25.7). Operating cash flow before interest paid totaled SEK 877 M (673).

ASIA PACIFIC

Sales for the quarter in Asia Pacific division totaled SEK 2,439 M (2,095), with organic growth of 3% (6). Australia, New Zealand and South-East Asia showed strong growth while South Korea achieved good growth. China also showed continued growth, although somewhat weaker than in the previous quarter. Acquired growth amounted to 7% (2). Operating income totaled SEK 387 M (331), giving an operating margin (EBIT) of 15.9% (15.8). The quarter's return on capital employed amounted to 17.9% (20.8). Operating cash flow before interest paid totaled SEK 216 M (193).

GLOBAL TECHNOLOGIES

Sales for the quarter in Global Technologies division totaled SEK 1,889 M (1,645), with organic growth of 2% (7). Within HID, Government ID and biometry showed very strong growth. Access control, identification technology (IDT) and logical access showed slightly positive growth whereas the trend for project sales was strongly negative. Hospitality showed continued strong growth. Acquired growth amounted to 5% (0). The division's operating income amounted to SEK 378 M (326), with an operating margin (EBIT) of 20.0% (19.8). Return on capital employed amounted to 19.8% (21.1). Operating cash flow before interest paid totaled SEK 422 M (313).

ENTRANCE SYSTEMS

Sales for the quarter in Entrance Systems division totaled SEK 3,861 M (2,900), with organic growth of 5% (-1). Growth was especially strong for the division's American operations. The development was also strong in the door automation segment and for high-speed doors. European Industrial Doors and Entrance Automation (Ditec) had a slightly positive development while the sales development for doors for the residential market in Europe was negative. Acquired growth amounted to 22% (11). Operating income totaled SEK 508 M (405), giving an operating margin of 13.2% (14.0). Acquisition dilution was 1.1 percentage points. Return on capital employed was 12.5% (11.6). Operating cash flow before interest paid totaled SEK 398 M (487).

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ACQUISITIONS AND DIVESTMENTS

One minor acquisition was consolidated during the quarter. The combined acquisition price for the ten companies acquired during the part-year period amounted to SEK 1,708 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 1,533 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amount to SEK 555 M.

On 12 September it was announced that ASSA ABLOY had signed a contract concerning the acquisition of the Chinese company Jiawei. Jiawei is one of the leading suppliers of security locks in China. The company has about 920 employees and its sales in 2015 are expected to amount to SEK 500 M.

On 1 October it was announced that ASSA ABLOY had acquired the Finnish company Turvaykköset. Turvaykköset is the second-largest locksmith in Finland. The company has about 110 employees and its sales in 2015 are expected to amount to SEK 200 M.

SUSTAINABLE DEVELOPMENT

EMEA division has launched a completely new range of modular mechanical and electromechanical lock solutions under the name ASSA ABLOY One. During the designing of the new range, environmental evaluations were conducted at every stage of the development process with the aid of the SolidWorks modeling software for analysis and assessment of different design alternatives.

A prime focus during the development process has been to achieve as efficient an exploitation of resources as possible in every part of the product life cycle – from raw materials, manufacture, packaging and use to potential for recycling when the product is worn out. This has resulted in a range with reduced environmental impact, improved energy efficiency in use and lower manufacturing costs for the Group. To publicize products' environmental performance, a steadily increasing number of products from various product groups will be provided with environmental declarations.

PARENT COMPANY

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 1,855 M (1,401) for the part-year period. Income before tax amounted to SEK 1,550 M (1,926). Investments in tangible and intangible assets totaled SEK 5 M (81). Liquidity is good and the equity ratio was 43.2% (46.3).

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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'.

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.

AUDIT

The Company's Auditor has not carried out any review of this Interim 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 18 July 2014:*

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FINANCIAL INFORMATION

The End-of-Year Report and Quarterly Report for the fourth quarter will be published on 5 February 2015.

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.

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 23 October.

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Jul-Sep 2013	Jul-Sep 2014	Jan-Sep 2013	Jan-Sep 2014
Sales	12,131	14,727	35,239	40,996
Cost of goods sold	-7,293	-9,039	-21,256	-25,148
Gross income	4,839	5,689	13,983	15,847
Selling, administrative and RnD costs	-2,765	-3,212	-8,332	-9,372
Share of earnings in associates	16	23	71	100
Operating income	2,090	2,499	5,722	6,575
Financial items	-124	-136	-391	-430
Income before tax	1,966	2,364	5,331	6,145
Tax on income	-492	-614	-1,333	-1,598
Net income of disposal group classified as held for sale and discontinued operations	-	-	-11	-
Net income	1,474	1,749	3,986	4,548
Net income attributable to:				
Parent company's shareholders	1,474	1,749	3,984	4,548
Non-controlling interest	0	0	2	0
Earnings per share				
before dilution, SEK	3.98	4.72	10.76	12.28
after dilution, SEK	3.98	4.72	10.76	12.28

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jul-Sep 2013	Jul-Sep 2014	Jan-Sep 2013	Jan-Sep 2014
Net income	1,474	1,749	3,986	4,548
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post employment benefit obligations, net after tax	-54	-62	248	-178
Total	-54	-62	248	-178
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	-27	1	-41	52
Net investment and cashflow hedges	123	-119	42	-245
Exchange rate differences	-683	1,221	-324	2,183
Total	-587	1,104	-323	1,990
Total comprehensive income	833	2,791	3,912	6,359
Total comprehensive income attributable to:				
Parent company's shareholders	833	2,791	3,907	6,359
Non-controlling interest	0	0	4	0

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED BALANCE SHEET

SEK M	31 Dec 2013	30 Sep 2013	30 Sep 2014
ASSETS			
Non-current assets			
Intangible assets	38,280	34,362	42,387
Tangible assets	6,390	5,573	7,091
Investments in associates	1,675	1,613	1,790
Other financial assets	86	70	75
Deferred tax assets	1,677	1,483	1,617
Total non-current assets	48,109	43,101	52,960
Current assets			
Inventories	6,498	6,312	7,602
Trade receivables	8,531	7,920	9,939
Other current receivables and investments	2,263	2,336	2,721
Cash and cash equivalents	362	619	809
Total current assets	17,654	17,187	21,070
TOTAL ASSETS	65,763	60,288	74,030
EQUITY AND LIABILITIES			
Equity			
Parent company's shareholders	28,812	27,527	33,010
Non-controlling interest	0	0	0
Total equity	28,813	27,528	33,010
Non-current liabilities			
Long-term loans	13,329	11,045	14,272
Deferred tax liabilities	1,416	1,346	1,473
Other non-current liabilities and provisions	5,364	4,246	5,594
Total non-current liabilities	20,109	16,637	21,339
Current liabilities			
Short-term loans	4,875	5,285	6,430
Trade payables	4,393	3,703	4,725
Other current liabilities and provisions	7,574	7,136	8,526
Total current liabilities	16,842	16,124	19,681
TOTAL EQUITY AND LIABILITIES	65,763	60,288	74,030

CHANGES IN CONSOLIDATED EQUITY

SEK M	Equity attributable to:		
	Parent company's shareholders	Non- controlling interest	Total equity
Opening balance 1 January 2013	25,819	183	26,001
Net income	3,984	2	3,986
Other comprehensive income	-77	2	-75
Total comprehensive income	3,907	4	3,912
Dividend	-1,888	-155	-2,044
Stock purchase plans	-31	-	-31
Change in non-controlling interest	-280	-32	-311
Total transactions with parent company's shareholders	-2,199	-187	-2,386
Closing balance 30 September 2013	27,527	0	27,528
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
Change in non-controlling interest	-	0	0
Total transactions with parent company's shareholders	-2,162	0	-2,162
Closing balance 30 September 2014	33,010	0	33,010

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Jul-Sep 2013	Jul-Sep 2014	Jan-Sep 2013	Jan-Sep 2014
OPERATING ACTIVITIES				
Operating income	2,090	2,499	5,722	6,575
Depreciation	249	292	755	854
Restructuring payments	-118	-107	-417	-334
Other non-cash items	-63	39	-70	-14
Cash flow before interest and tax	2,158	2,723	5,990	7,081
Interest paid and received	-53	-101	-292	-354
Tax paid on income	-154	-437	-864	-1,852
Cash flow before changes in working capital	1,951	2,185	4,834	4,876
Changes in working capital	232	-93	-1,112	-1,367
Cash flow from operating activities	2,183	2,092	3,723	3,509
INVESTING ACTIVITIES				
Net investments in tangible and intangible assets	-280	-388	-741	-926
Investments in subsidiaries	-519	-109	-852	-1,241
Investments in associates	-104	0	-104	0
Disposals of subsidiaries	-	-	85	180
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-903	-497	-1,611	-1,987
FINANCING ACTIVITIES				
Dividends	-89	-	-1,978	-2,110
Acquisition of non-controlling interest	-1,922	-	-2,155	-
Net cash effect of changes in borrowings	438	-1,439	1,751	985
Cash flow from financing activities	-1,573	-1,439	-2,381	-1,125
CASH FLOW	-293	156	-270	397
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	940	615	907	362
Cash flow	-293	156	-270	397
Effect of exchange rate differences	-27	38	-18	50
Cash and cash equivalents at end of period	619	809	619	809

KEY RATIOS

	Jan-Dec 2013	Jan-Sep 2013	Jan-Sep 2014
Return on capital employed excluding items affecting comparability, %	17.1	17.3	16.5
Return on capital employed including items affecting comparability, %	14.9	17.3	16.5
Return on shareholders' equity, %	17.5	19.9	19.6
Equity ratio, %	43.8	45.7	44.6
Interest coverage ratio, times	13.5	14.7	16.0
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	42,358	43,927

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FINANCIAL INFORMATION - PARENT COMPANY

INCOME STATEMENT

	Jan-Dec 2013	Jan-Sep 2013	Jan-Sep 2014
SEK M			
Operating income	826	499	563
Income before tax	2,896	1,926	1,550
Net income	2,731	1,918	1,488

BALANCE SHEET

	31 Dec 2013	30 Sep 2013	30 Sep 2014
SEK M			
Non-current assets	32,781	32,185	32,467
Current assets	5,695	3,612	5,607
Total assets	38,476	35,797	38,073
Equity	17,365	16,570	16,439
Provisions	9	-	1
Non-current liabilities	5,973	5,311	7,156
Current liabilities	15,129	13,916	14,477
Total equity and liabilities	38,476	35,797	38,073

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Sep 2013	Full Year 2013	Q1 2014	Q2 2014	Q3 2014	Jan-Sep 2014	Last 12 months
Sales	10,868	12,239	12,131	13,242	35,239	48,481	12,305	13,964	14,727	40,996	54,238
Organic growth ²⁾	-1%	3%	3%	4%	2%	2%	4%	2%	4%	3%	
Gross income excluding items affecting comparability	4,358	4,786	4,839	5,176	13,983	19,159	4,791	5,368	5,689	15,847	21,024
Gross margin	40.1%	39.1%	39.9%	39.1%	39.7%	39.5%	38.9%	38.4%	38.6%	38.7%	38.8%
Operating income before depreciation (EBITDA) excluding items affecting comparability	1,911	2,226	2,339	2,440	6,477	8,917	2,135	2,504	2,791	7,430	9,869
Operating margin (EBITDA)	17.6%	18.2%	19.3%	18.4%	18.4%	18.4%	17.3%	17.9%	19.0%	18.1%	18.2%
Depreciation and amortization	-250	-256	-249	-238	-755	-993	-278	-285	-292	-854	-1,092
Operating income (EBIT) excluding items affecting comparability	1,662	1,970	2,090	2,202	5,722	7,923	1,857	2,219	2,499	6,575	8,777
Operating margin (EBIT)	15.3%	16.1%	17.2%	16.6%	16.2%	16.3%	15.1%	15.9%	17.0%	16.0%	16.2%
Items affecting comparability ³⁾	-	-	-	-1,000	-	-1,000	-	-	-	-	-1,000
Operating income (EBIT)	1,662	1,970	2,090	1,202	5,722	6,924	1,857	2,219	2,499	6,575	7,777
Operating margin (EBIT)	15.3%	16.1%	17.2%	9.1%	16.2%	14.3%	15.1%	15.9%	17.0%	16.0%	14.3%
Net financial items	-129	-138	-124	-152	-391	-542	-148	-146	-136	-430	-581
Income before tax	1,533	1,832	1,966	1,050	5,331	6,381	1,709	2,073	2,364	6,145	7,196
Profit margin (EBT)	14.1%	15.0%	16.2%	7.9%	15.1%	13.2%	13.9%	14.8%	16.0%	15.0%	13.3%
Tax on income	-383	-458	-492	-262	-1,333	-1,595	-444	-539	-614	-1,598	-1,860
Net income of disposal group classified as held for sale and discontinued operations	-11	-	-	-	-11	-11	-	-	-	-	-
Net income	1,138	1,374	1,474	788	3,986	4,775	1,264	1,534	1,749	4,548	5,336
Net income attributable to:											
Parent company's shareholders	1,138	1,372	1,474	788	3,984	4,772	1,264	1,534	1,749	4,548	5,336
Non-controlling interest	1	2	0	0	2	2	0	0	0	0	0

OPERATING CASH FLOW

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Sep 2013	Full Year 2013	Q1 2014	Q2 2014	Q3 2014	Jan-Sep 2014	Last 12 months
Operating income (EBIT)	1,662	1,970	2,090	1,202	5,722	6,924	1,857	2,219	2,499	6,575	7,777
Restructuring costs	-	-	-	1,000	-	1,000	-	-	-	-	1,000
Depreciation	250	256	249	238	755	993	278	285	292	854	1,092
Net capital expenditure	-228	-233	-280	-461	-741	-1,202	-266	-272	-388	-926	-1,387
Change in working capital	-1,110	-234	232	615	-1,112	-497	-1,268	-6	-93	-1,367	-752
Interest paid and received	-73	-165	-53	-139	-292	-431	-52	-201	-101	-354	-493
Non-cash items	-2	-6	-63	86	-70	17	8	-61	39	-14	72
Operating cash flow ⁴⁾	498	1,589	2,175	2,541	4,262	6,803	557	1,963	2,249	4,769	7,309
Operating cash flow / Income before tax ⁴⁾	0.33	0.87	1.11	1.24	0.80	0.92	0.33	0.95	0.95	0.78	0.89

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

CHANGE IN NET DEBT

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Sep 2013	Full Year 2013	Q1 2014	Q2 2014	Q3 2014	Jan-Sep 2014
Net debt at beginning of period	15,805	15,364	16,628	17,356	15,805	15,805	19,595	21,375	23,072	19,595
Operating cash flow	-498	-1,589	-2,175	-2,541	-4,262	-6,803	-557	-1,963	-2,249	-4,769
Restructuring payments	190	109	118	230	417	647	87	140	107	334
Tax paid	357	353	154	271	864	1,134	1,005	409	437	1,852
Impact on net debt from acquisitions and disposals	-104	385	2,545	3,957	2,826	6,784	952	180	109	1,241
Dividend	-	1,888	89	29	1,978	2,007	-	2,110	-	2,110
Actuarial gain/loss on post employment benefit obligations	-300	-148	80	7	-368	-361	97	71	73	240
Exchange rate differences and other	-86	265	-83	286	96	382	195	750	799	1,744
Net debt at end of period	15,364	16,628	17,356	19,595	17,356	19,595	21,375	23,072	22,348	22,348
Net debt/Equity ratio	0.57	0.62	0.63	0.68	0.63	0.68	0.72	0.76	0.68	0.68

NET DEBT

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Non-current interest-bearing receivables	-29	-24	-27	-27	-26	-28	-30
Short-term interest-bearing investments including derivatives	-375	-384	-339	-342	-148	-153	-247
Cash and cash equivalents	-870	-940	-619	-362	-498	-615	-809
Pension provisions	1,972	1,908	1,941	2,015	2,110	2,242	2,400
Other non-current interest-bearing liabilities	12,265	11,262	11,045	13,329	14,627	14,209	14,272
Current interest-bearing liabilities including derivatives	2,401	4,806	5,356	4,983	5,311	7,415	6,762
Total	15,364	16,628	17,356	19,595	21,375	23,072	22,348

CAPITAL EMPLOYED AND FINANCING

SEK M	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Capital employed	42,170	43,433	44,884	48,408	51,141	53,282	55,359
- of which goodwill	28,742	29,446	28,841	31,817	32,930	34,052	35,423
- of which other intangible and tangible assets	10,937	11,302	11,094	12,854	12,941	13,383	14,055
- of which investments in associates	1,466	1,532	1,613	1,675	1,696	1,805	1,790
Net debt	15,364	16,628	17,356	19,595	21,375	23,072	22,348
Non-controlling interest	68	0	0	0	0	0	0
Shareholders' equity	26,738	26,805	27,527	28,812	29,766	30,210	33,010

DATA PER SHARE

SEK	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Jan-Sep 2013	Full Year 2013	Q1 2014	Q2 2014	Q3 2014	Jan-Sep 2014
Earnings per share after tax and before dilution	3.07	3.71	3.98	2.13	10.76	12.89	3.41	4.14	4.72	12.28
Earnings per share after tax and dilution	3.07	3.71	3.98	2.13	10.76	12.89	3.41	4.14	4.72	12.28
Earnings per share after tax and dilution excluding items affecting comparability ³⁾	3.07	3.71	3.98	4.08	10.76	14.84	3.41	4.14	4.72	12.28
Shareholders' equity per share after dilution	72.21	72.39	74.35	77.83	74.35	77.83	80.39	81.59	89.15	89.15

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RESULTS BY DIVISION

Jul-Sep and 30 Sep

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	3,107	3,525	2,578	3,191	1,932	2,296	1,631	1,875	2,884	3,840	0	0	12,131	14,727
Sales, internal	56	65	13	13	163	143	14	14	16	21	-262	-256	-	-
Sales	3,163	3,590	2,590	3,205	2,095	2,439	1,645	1,889	2,900	3,861	-262	-256	12,131	14,727
Organic growth ²⁾	1%	3%	7%	5%	6%	3%	7%	2%	-1%	5%			3%	4%
Operating income (EBIT)	545	607	549	697	331	387	326	378	405	508	-66	-78	2,090	2,499
Operating margin (EBIT)	17.2%	16.9%	21.2%	21.8%	15.8%	15.9%	19.8%	20.0%	14.0%	13.2%			17.2%	17.0%
Capital employed	10,626	12,409	8,268	11,152	7,541	8,947	5,998	7,827	13,714	16,070	-1,263	-1,047	44,884	55,359
- of which goodwill	5,950	6,984	5,815	8,083	4,222	5,341	4,452	5,625	8,403	9,391	-	-	28,841	35,423
- of which other intangible and tangible assets	2,555	2,911	1,415	2,636	2,414	2,926	1,236	1,594	3,350	3,907	124	82	11,094	14,055
- of which investments in associates	8	8	-	-	388	411	-	-	1,217	1,371	-	-	1,613	1,790
Return on capital employed	20.0%	19.2%	25.7%	25.3%	20.8%	17.9%	21.1%	19.8%	11.6%	12.5%			18.7%	18.1%
Operating income (EBIT)	545	607	549	697	331	387	326	378	405	508	-66	-78	2,090	2,499
Depreciation and amortization	79	86	44	61	39	48	40	44	47	53	0	-1	249	292
Net capital expenditure	-65	-109	-45	-76	-34	-107	-109	-47	-27	-38	-2	-12	-280	-388
Change in working capital	53	-65	124	195	-143	-111	55	47	62	-126	81	-32	232	-93
Cash flow ⁴⁾	613	518	673	877	193	216	313	422	487	398	13	-122	2,291	2,310
Non-cash items											-63	39	-63	39
Interest paid and received											-53	-101	-53	-101
Operating cash flow ⁴⁾													2,175	2,249

Jan-Sep and 30 Sep

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	9,460	10,592	7,527	8,832	4,947	5,578	4,734	5,086	8,571	10,908	0	0	35,239 ¹⁾	40,996 ¹⁾
Sales, internal	159	182	36	41	407	431	48	45	51	60	-701	-760	-	-
Sales	9,619	10,774	7,564	8,873	5,354	6,010	4,782	5,131	8,622	10,968	-701	-760	35,239	40,996
Organic growth ²⁾	-1%	4%	7%	3%	4%	4%	4%	-1%	-2%	4%			2%	3%
Operating income (EBIT)	1,566	1,738	1,614	1,922	751	848	872	953	1,146	1,369	-227	-255	5,722	6,575
Operating margin (EBIT)	16.3%	16.1%	21.3%	21.7%	14.0%	14.1%	18.2%	18.6%	13.3%	12.5%			16.2%	16.0%
Capital employed	10,626	12,409	8,268	11,152	7,541	8,947	5,998	7,827	13,714	16,070	-1,263	-1,047	44,884	55,359
- of which goodwill	5,950	6,984	5,815	8,083	4,222	5,341	4,452	5,625	8,403	9,391	-	-	28,841	35,423
- of which other intangible and tangible assets	2,555	2,911	1,415	2,636	2,414	2,926	1,236	1,594	3,350	3,907	124	82	11,094	14,055
- of which investments in associates	8	8	-	-	388	411	-	-	1,217	1,371	-	-	1,613	1,790
Return on capital employed	19.5%	19.6%	25.7%	24.2%	15.6%	14.1%	19.6%	18.0%	11.1%	11.7%			17.3%	16.5%
Operating income (EBIT)	1,566	1,738	1,614	1,922	751	848	872	953	1,146	1,369	-227	-255	5,722	6,575
Depreciation and amortization	249	262	130	172	116	134	120	134	137	154	2	-2	755	854
Net capital expenditure	-224	-286	-126	-167	-89	-202	-244	-154	-56	-102	-2	-15	-741	-926
Change in working capital	-451	-437	-291	-84	-296	-401	-136	-205	-29	-219	91	-20	-1,112	-1,367
Cash flow ⁴⁾	1,139	1,277	1,327	1,843	482	378	613	729	1,198	1,202	-136	-292	4,624	5,136
Non-cash items											-70	-14	-70	-14
Interest paid and received											-292	-354	-292	-354
Operating cash flow ⁴⁾													4,262	4,769
Average number of employees	10,148	10,626	6,630	7,153	14,216	13,338	3,020	3,205	8,163	9,390	181	214	42,358	43,927

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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 ¹⁾	48,481 ¹⁾
Sales, internal	204	209	48	48	518	542	71	65	57	71	-898	-935	-	-
Sales	13,382	13,165	9,671	10,121	7,224	7,420	6,262	6,472	10,979	12,237	-898	-935	46,619	48,481
Organic growth ²⁾	1%	-1%	4%	6%	3%	4%	6%	6%	-2%	0%			2%	2%
Operating income (EBIT)	2,279	2,197	2,007	2,140	978	1,032	1,073	1,184	1,546	1,733	-382	-363	7,501	7,923
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 ³⁾	-	-300	-	-18	-	-183	-	-38	-	-313	-	-149	-	-1,000
Operating income (EBIT) incl. items affecting comparability	2,279	1,897	2,007	2,121	978	850	1,073	1,146	1,546	1,420	-382	-512	7,501	6,924
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
Cash flow⁴⁾	2,241	2,084	1,797	1,983	1,348	932	1,140	870	1,648	1,792	-272	-445	7,902	7,218
Non-cash items											-312	17	-312	17
Interest paid and received											-546	-431	-546	-431
Operating cash flow⁴⁾													7,044	6,803
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

¹⁾ Sales by Continent, SEK M.

	Jan-Dec 2012	Jan-Dec 2013	Jan-Sep 2013	Jan-Sep 2014
Europe	21,752	21,111	15,257	16,898
North America	13,503	15,483	11,376	14,763
Central and South America	911	957	698	834
Africa	645	663	451	523
Asia	7,619	8,189	5,883	5,599
Pacific	2,189	2,078	1,572	1,618

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	Jan-Dec 2013	Jul-Sep 2013	Jul-Sep 2014	Jan-Sep 2013	Jan-Sep 2014
Purchase prices					
Cash paid for acquisitions during the period	3,991	14	86	148	1,179
Holdbacks and deferred considerations for acquisitions during the period	607	0	48	79	555
Adjustment of purchase prices for acquisitions in prior years	0	0	-1	0	-29
Fair value of investments in associates held before the business combination	45	45	-	45	-
Sum	4,643	59	133	273	1,706
Acquired net assets at fair value					
Intangible assets	914	-	81	93	154
Tangible assets	579	0	-1	17	101
Financial assets	42	4	1	5	-26
Inventories	464	4	-7	23	93
Current receivables and investments	499	13	3	27	104
Cash and cash equivalents	53	2	5	36	98
Non-current liabilities	-280	-1	-31	-49	48
Current liabilities	-311	-11	-4	-42	-268
Sum	1,959	12	48	110	303
Goodwill	2,684	48	85	162	1,402
Change in cash and cash equivalents due to acquisitions					
Cash paid for acquisitions during the period	3,991	14	86	148	1,179
Cash and cash equivalents in acquired subsidiaries	-53	-2	-5	-36	-98
Paid holdbacks and deferred considerations for acquisitions in previous years	845	507	28	739	160
Sum	4,783	519	109	852	1,241

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
30 Sep 2014					
Financial assets					
Financial assets at fair value through profit and loss	118	118		118	
Available-for-sale financial assets	4	4			
Loans and other receivables	12,558	12,558			
Derivative instruments - hedge accounting	108	108		108	
Financial liabilities					
Financial liabilities at fair value through profit and loss	1,695	1,695		295	1,400
Financial liabilities at amortized cost	25,427	25,690			
Derivative instruments - hedge accounting	37	37		37	

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
31 December 2013					
Financial assets					
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	
Financial liabilities					
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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