

Press Release

5 February 2014
No. 1/15

A strong finish to the year

Fourth quarter

- Sales increased by 20% in the quarter, with 3% organic growth, and totaled SEK 15,847 M (13,242).
- Strong growth in Americas, Global Technologies and Entrance Systems.
- A stable development in EMEA and negative growth in Asia Pacific.
- Ten acquisitions made during the quarter, including Digi Electronic Lock (China) and Silvana (Brazil), with expected annual sales totaling SEK 1,400 M.
- Operating income (EBIT) amounted to SEK 2,681 M (2,202¹⁾), an increase of 22%. The operating margin was 16.9% (16.6¹⁾).
- Net income amounted to SEK 1,889 M (1,510²⁾).
- Earnings per share rose by 25% to SEK 5,10 (4.08²⁾).
- Operating cash flow increased by 37% to SEK 3,469 M (2,541).

Full year

- Sales increased by 17%, including 3% organic growth, and totaled SEK 56,843 M (48,481).
- 20 acquisitions made with expected annual sales totaling SEK 2,600 M.
- Operating income (EBIT) amounted to SEK 9,257 M (7,923¹⁾), representing an increase of 17%. The operating margin was 16.3% (16.3¹⁾).
- Net income amounted to SEK 6,436 M (5,496²⁾).
- Earnings per share rose by 17% and amounted to SEK 17.38 (14.84²⁾).
- Operating cash flow increased by 21% to SEK 8,238 M (6,803).
- The Board of Directors proposes a dividend of SEK 6.50 per share (5.70).
- The Board of Directors proposes a stock split of 3:1.

1) Excluding items affecting comparability in 2013 amounting to SEK -1,000 M for both the quarter and the full year.

2) Excluding items affecting comparability in 2013 amounting after tax to SEK -721 M for both the quarter and the full year.

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SALES AND INCOME

	Fourth quarter			Full year		
	2013	2014	Change	2013	2014	Change
Sales, SEK M	13,242	15,847	+20%	48,481	56,843	+17%
of which,						
Organic growth			+3%			+3%
Acquisitions			+8%			+9%
Exchange-rate effects	-134	+1,129	+9%	-1,156	+2,138	+5%
Operating income (EBIT), SEK M	2,202¹⁾	2,681	+22%	7,923¹⁾	9,257	+17%
Operating margin (EBIT), %	16.6 ¹⁾	16.9		16.3 ¹⁾	16.3	
Income before tax, SEK M	2,050 ¹⁾	2,552	+24% ¹⁾	7,381 ¹⁾	8,698	+18% ¹⁾
Net income, SEK M	1,510 ²⁾	1,889	+25% ²⁾	5,496 ²⁾	6,436	+17% ²⁾
Operating cash flow, SEK M	2,541	3,469	+37%	6,803	8,238	+21%
Earnings per share (EPS), SEK	4.08²⁾	5.10	+25%²⁾	14.84²⁾	17.38	+17%²⁾

1) Excluding items affecting comparability in 2013 amounting to SEK -1,000 M for both the quarter and the full year.

2) Excluding items affecting comparability in 2013 amounting after tax to SEK -721 M for both the quarter and the full year.

COMMENTS BY THE PRESIDENT AND CEO

"The fourth quarter gave ASSA ABLOY a strong finish to the year, with a rise in sales of a full 20% and a 22% improvement in operating income," says Johan Molin, President and CEO. "It is pleasing to see that growth in North America is continuing to accelerate, although the trend to weaker growth in the Emerging Markets is also continuing.

"Organic growth during the quarter was 3%, driven by a very strong performance in the USA. The Americas, Global Technologies and Entrance Systems divisions all showed strong growth, while EMEA maintained its stable but lower growth of 2%. All regions in Asia Pacific produced strong growth except China. The weak market in China, in combination with the enforcement of ASSA ABLOY's strict credit policy led to declining sales.

Once again I can report that sales of new products reached a new record and made up 32% of sales value. I note in particular that the Group has seen an extremely satisfactory advance in electromechanical products. Another area that made strong progress this year was e-government, where ASSA ABLOY received many new orders.

The pace of acquisitions intensified during the fourth quarter, with many acquisitions made in the Emerging Markets. Especially strategic for the Group are the digital lock manufacturer Digi Electronic Lock in China and three acquisitions in South America. A total of 20 companies were acquired during 2014, bringing added sales of around 5%.

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Operating income continued to improve in a very satisfactory manner this quarter, rising by a full 22%. Major contributory factors were good savings and efficiency gains in production and administration, strong contributions to income from the acquired companies, and also exchange-rate gains.

"My judgment is that the global economic trend is moving sideways, with America showing a positive trend while Europe and 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."

FOURTH QUARTER

The Group's net sales totaled SEK 15,847 M (13,242), an increase of 20% compared with the fourth quarter of 2013. Organic growth for comparable units was 3% (4). Acquired units contributed 8% (5). Exchange-rate effects had an impact of SEK 1,129 M (-134) on sales, that is 9% (-1).

Operating income before depreciation, EBITDA, amounted to SEK 2,990 M (2,440). The corresponding EBITDA margin was 18.9% (18.4). The Group's operating income, EBIT, excluding items affecting comparability, amounted to SEK 2,681 M (2,202), an increase of 22%. The operating margin excluding items affecting comparability was 16.9% (16.6).

Net financial items amounted to SEK -129 M (-152). The Group's income before tax, excluding items affecting comparability, amounted to SEK 2,552 M (2,050), an improvement of 24% compared with the previous year. Exchange-rate effects had an impact of SEK 196 M (-42) on the Group's income before tax. The profit margin, excluding items affecting comparability, was 16.1% (15.5). The effective tax rate on an annual basis amounted to 26% (25). Earnings per share, excluding items affecting comparability, amounted to SEK 5.10 (4.08), an increase of 25%. Operating cash flow was SEK 3,469 M (2,541).

FULL YEAR

Net sales for the full year 2014 totaled SEK 56,843 M (48,481), representing an increase of 17%. Organic growth was 3% (2). Acquired units contributed 9% (4). Exchange-rate effects affected sales by SEK 2,138 M (-1,156), representing 5% (-2), compared with 2013.

Operating income before depreciation, EBITDA, for the full year, excluding items affecting comparability, amounted to SEK 10,419 M (8,917). The corresponding margin was 18.3% (18.4). The Group's operating income, EBIT, excluding items affecting comparability, amounted to SEK 9,257 M (7,923), which was an increase of 17%. The corresponding operating margin was 16.3% (16.3).

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Earnings per share for the full year, excluding items affecting comparability, amounted to SEK 17.38 (14.84), an increase of 17%. Operating cash flow totaled SEK 8,238 M (6,803).

RESTRUCTURING MEASURES

Payments related to all existing restructuring programs amounted to SEK 119 M in the quarter and SEK 453 M for the full year. The restructuring programs proceeded according to plan and led to a reduction in personnel of 459 people during the quarter and 9,414 people since the projects began.

At the end of the year provisions of SEK 941 M remained in the balance sheet for carrying out the programs.

COMMENTS BY DIVISION

EMEA

Sales for the quarter in EMEA division totaled SEK 3,979 M (3,546), with organic growth of 2% (1). The markets in Germany, Spain, Africa and eastern Europe showed strong growth. Scandinavia produced good growth, while sales were stable in Britain, Italy and Israel. Sales growth was negative in Benelux, France and Finland. Acquired growth amounted to 6% (1). Operating income, excluding items affecting comparability, totaled SEK 694 M (631) and the corresponding operating margin was 17.5% (17.8). Return on capital employed amounted to 22.2% (22.9). Operating cash flow before interest paid totaled SEK 1,011 M (944).

AMERICAS

Sales for the quarter in Americas division totaled SEK 3,283 M (2,558), with organic growth of 8% (6). The sales trends for traditional lock products, the door segment, electromechanical products, the private residential market and South America were strong. High-security products, Canada and Mexico showed good growth. Acquired growth amounted to 5% (6). Operating income, excluding items affecting comparability, totaled SEK 690 M (525) and the corresponding operating margin was 21.0% (20.5). Return on capital employed amounted to 23.0% (22.3). Operating cash flow before interest paid totaled SEK 795 M (656).

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ASIA PACIFIC

Sales for the quarter in Asia Pacific division totaled SEK 2,327 M (2,066), with organic growth of -7% (4). Australia, New Zealand, South-East Asia and South Korea showed strong growth. China showed a strong negative trend due to weak domestic demand and ASSA ABLOY's enforcement of a strict credit policy in China. Acquired growth amounted to 8% (0). Operating income, excluding items affecting comparability, totaled SEK 340 M (281), and the corresponding operating margin was 14.6% (13.6). The quarter's return on capital employed amounted to 14.5% (14.8). Operating cash flow before interest paid totaled SEK 553 M (450).

GLOBAL TECHNOLOGIES

Sales for the quarter in Global Technologies division totaled SEK 2,076 M (1,690), with organic growth of 5% (13). At HID Global, Government ID, biometry and identification technology (IDT) had strong growth. Access control and logical access showed good growth while project sales were stable. Hospitality showed continued strong growth. Acquired growth amounted to 5% (0). The division's operating income, excluding items affecting comparability, amounted to SEK 415 M (312), and the corresponding operating margin was 20.0% (18.4). Return on capital employed amounted to 21.2% (20.3). Operating cash flow before interest paid totaled SEK 554 M (258).

ENTRANCE SYSTEMS

Sales for the quarter in Entrance Systems division totaled SEK 4,440 M (3,615), with organic growth of 4% (3). Growth was strong for the division's American operations and in the segments of door automation, door components and high-speed doors. European industrial doors, doors for the private residential market in Europe and Ditec had negative growth. Acquired growth amounted to 12% (15). Operating income, excluding items affecting comparability, totaled SEK 685 M (587) and the corresponding operating margin was 15.4% (16.2). Dilution due to acquisitions was 0.6 of a percentage point. Return on capital employed amounted to 16.7% (16.3). Operating cash flow before interest paid totaled SEK 805 M (594).

ACQUISITIONS

During the quarter ENOX (India), Jiawei (China), Digi Electronics (China) and another seven minor acquisitions were consolidated. The combined acquisition price for the 20 companies acquired during the whole year amounted to SEK 4,568 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 4,151 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amount to SEK 2,191 M.

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SUSTAINABLE DEVELOPMENT

Increasing the efficiency of energy use in the Group's manufacturing plants and sales companies is a prioritized area for achieving a reduced environmental impact and lower costs. The improvement work is pursued locally in the Group's units, often with support from the kaizen method for identifying and prioritizing different activities. Several different activities that together produce significant savings are often identified in a single project.

As an example, ASSA ABLOY's factory in Bucharest can be cited, where energy-measuring instruments at different sites in the plant indicated where further improvements could be achieved. Maintenance and start-up procedures for the factory's surface-treatment plant were subsequently optimized and the start-up process was automated, which minimized idle time when the plant was running. Equipment was installed to balance the factory's energy consumption more efficiently. Light-fittings were changed to modern energy-efficient solutions and efforts were made to use daylight for illumination as much as possible. The fixtures used to hold the products during the painting process were also modified to hold more products at the same time. These changes produced a 9% improvement in the factory's energy efficiency.

ASSA ABLOY's Sustainability Report for 2014 will be available from 27 March 2015 on the company's website, www.assaabloy.com.

PARENT COMPANY

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 3,085 M (2,261) for the full year. Income before tax amounted to SEK 5,553 M (2,896). Investments in tangible and intangible assets totaled SEK 11 M (992). Liquidity is good and the equity ratio was 46.4% (45.1).

DIVIDEND, STOCK SPLIT AND ANNUAL GENERAL MEETING

The Board of Directors proposes a dividend of SEK 6.50 (5.70) per share for the 2014 financial year. In addition, the Board of Directors proposes a stock split of 3:1. The Annual General Meeting will be held on 7 May 2015. The Annual Report for 2014 will be available from 27 March 2015 on the company's website, www.assaabloy.com.

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 Year-end Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Year-end 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 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 2013 Annual Report.

REVIEW

The Company's Auditors have not carried out any review of the Report for the fourth quarter of 2014.

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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 23 October 2014:*

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.

Stockholm, 5 February 2015

Johan Molin

President and CEO

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FINANCIAL INFORMATION

The Interim Report for the first quarter will be published on 28 April 2015. The Annual General Meeting will be held on 7 May 2015 at the Museum of Modern Art 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**.

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 5 February.

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Oct-Dec 2013	Oct-Dec 2014	Jan-Dec 2013	Jan-Dec 2014
Sales	13,242	15,847	48,481	56,843
Cost of goods sold	-8,826	-9,773	-30,082	-34,921
Gross income	4,416	6,074	18,399	21,922
Selling, administrative and RnD costs	-3,237	-3,425	-11,569	-12,797
Share of earnings in associates	23	32	94	132
Operating income	1,202	2,681	6,924	9,257
Financial items	-152	-129	-542	-559
Income before tax	1,050	2,552	6,381	8,698
Tax on income	-262	-664	-1,595	-2,261
Net income of disposal group classified as held for sale and discontinued operations	0	-	-11	-
Net income	788	1,889	4,775	6,436
Net income attributable to:				
Parent company's shareholders	788	1,889	4,772	6,436
Non-controlling interest	0	0	2	0
Earnings per share				
before dilution, SEK	2.13	5.10	12.89	17.38
after dilution, SEK	2.13	5.10	12.89	17.38

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2013	Oct-Dec 2014	Jan-Dec 2013	Jan-Dec 2014
Net income	788	1,889	4,775	6,436
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post employment benefit obligations, net after tax	-24	-364	225	-543
Total	-24	-364	225	-543
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	23	53	-18	105
Net investment and cashflow hedges	-33	-131	9	-376
Exchange rate differences	467	1,626	143	3,810
Total	457	1,549	134	3,539
Total comprehensive income	1,222	3,073	5,133	9,433
Total comprehensive income attributable to:				
Parent company's shareholders	1,222	3,073	5,129	9,432
Non-controlling interest	0	0	4	0

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED BALANCE SHEET

SEK M	31 Dec 2013	31 Dec 2014
ASSETS		
Non-current assets		
Intangible assets	38,280	47,056
Tangible assets	6,390	7,712
Investments in associates	1,675	1,861
Other financial assets	86	76
Deferred tax assets	1,677	1,555
Total non-current assets	48,109	58,260
Current assets		
Inventories	6,498	7,845
Trade receivables	8,531	10,595
Other current receivables and investments	2,263	2,630
Cash and cash equivalents	362	667
Total current assets	17,654	21,738
TOTAL ASSETS	65,763	79,998
EQUITY AND LIABILITIES		
Equity		
Parent company's shareholders	28,812	36,096
Non-controlling interest	0	2
Total equity	28,813	36,098
Non-current liabilities		
Long-term loans	13,329	15,362
Deferred tax liabilities	1,416	1,462
Other non-current liabilities and provisions	5,364	7,693
Total non-current liabilities	20,109	24,517
Current liabilities		
Short-term loans	4,875	4,636
Trade payables	4,393	5,699
Other current liabilities and provisions	7,574	9,047
Total current liabilities	16,842	19,383
TOTAL EQUITY AND LIABILITIES	65,763	79,998

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	4,772	2	4,775
Other comprehensive income	357	2	359
Total comprehensive income	5,129	4	5,133
Dividend	-1,888	-155	-2,044
Stock purchase plans	-18	-	-18
Change in non-controlling interest	-229	-32	-260
Total transactions with parent company's shareholders	-2,135	-187	-2,322
Closing balance 31 December 2013	28,812	0	28,813
Opening balance 1 January 2014	28,812	0	28,813
Net income	6,436	0	6,436
Other comprehensive income	2,996	0	2,996
Total comprehensive income	9,432	0	9,433
Dividend	-2,110	-	-2,110
Stock purchase plans	-38	-	-38
Change in non-controlling interest	-	2	2
Total transactions with parent company's shareholders	-2,149	2	-2,147
Closing balance 31 December 2014	36,096	2	36,098

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Oct-Dec 2013	Oct-Dec 2014	Jan-Dec 2013	Jan-Dec 2014
OPERATING ACTIVITIES				
Operating income	1,202	2,681	6,924	9,257
Depreciation	238	309	993	1,163
Reversal of restructuring costs	1,000	-	1,000	-
Restructuring payments	-230	-119	-647	-453
Other non-cash items	86	-136	17	-150
Cash flow before interest and tax	2,296	2,735	8,286	9,816
Interest paid and received	-139	-103	-431	-457
Tax paid on income	-271	-525	-1,134	-2,376
Cash flow before changes in working capital	1,886	2,107	6,721	6,983
Changes in working capital	615	1,064	-497	-303
Cash flow from operating activities	2,501	3,171	6,224	6,679
INVESTING ACTIVITIES				
Net investments in tangible and intangible assets	-461	-345	-1,202	-1,271
Investments in subsidiaries	-3,932	-1,213	-4,783	-2,454
Investments in associates	-27	0	-131	-1
Disposals of subsidiaries	-	21	85	201
Other investments and disposals	1	0	1	0
Cash flow from investing activities	-4,418	-1,537	-6,030	-3,524
FINANCING ACTIVITIES				
Dividends	-29	-	-2,007	-2,110
Acquisition of non-controlling interest	-	-	-2,155	-
Net cash effect of changes in borrowings	1,680	-1,783	3,431	-798
Cash flow from financing activities	1,650	-1,783	-731	-2,908
CASH FLOW	-267	-150	-537	247
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	619	809	907	362
Cash flow	-267	-150	-537	247
Effect of exchange rate differences	9	8	-9	58
Cash and cash equivalents at end of period	362	667	362	667

KEY RATIOS

	Jan-Dec 2013	Jan-Dec 2014
Return on capital employed excluding items affecting comparability, %	17.1	16.9
Return on capital employed including items affecting comparability, %	14.9	16.9
Return on shareholders' equity, %	17.5	19.8
Equity ratio, %	43.8	45.1
Interest coverage ratio, times	13.5	17.4
Number of shares outstanding at the end of period, thousands	370,859	370,859
Weighted average number of shares, thousands	370,259	370,259
Weighted average number of shares after dilution, thousands	370,259	370,259
Average number of employees	42,556	44,269

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FINANCIAL INFORMATION - PARENT COMPANY

INCOME STATEMENT

SEK M	Jan-Dec 2013	Jan-Dec 2014
Operating income	826	1,298
Income before tax	2,896	5,553
Net income	2,731	5,201

BALANCE SHEET

SEK M	31 Dec 2013	31 Dec 2014
Non-current assets	32,781	35,684
Current assets	5,695	7,561
Total assets	38,476	43,245
Equity	17,365	20,044
Provisions	9	0
Non-current liabilities	5,973	7,659
Current liabilities	15,129	15,542
Total equity and liabilities	38,476	43,245

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

SEK M	Q1	Q2	Q3	Q4 Jan-Dec		Q1	Q2	Q3	Q4 Jan-Dec	
	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014
Sales	10,868	12,239	12,131	13,242	48,481	12,305	13,964	14,727	15,847	56,843
Organic growth ²⁾	-1%	3%	3%	4%	2%	4%	2%	4%	3%	3%
Gross income excluding items affecting comparability	4,358	4,786	4,839	5,176	19,159	4,791	5,368	5,689	6,074	21,922
Gross margin	40.1%	39.1%	39.9%	39.1%	39.5%	38.9%	38.4%	38.6%	38.3%	38.6%
Operating income before depreciation (EBITDA) excluding items affecting comparability	1,911	2,226	2,339	2,440	8,917	2,135	2,504	2,791	2,990	10,419
Operating margin (EBITDA)	17.6%	18.2%	19.3%	18.4%	18.4%	17.3%	17.9%	19.0%	18.9%	18.3%
Depreciation and amortization	-250	-256	-249	-238	-993	-278	-285	-292	-309	-1,163
Operating income (EBIT) excluding items affecting comparability	1,662	1,970	2,090	2,202	7,923	1,857	2,219	2,499	2,681	9,257
Operating margin (EBIT)	15.3%	16.1%	17.2%	16.6%	16.3%	15.1%	15.9%	17.0%	16.9%	16.3%
Items affecting comparability ³⁾	-	-	-	-1,000	-1,000	-	-	-	-	-
Operating income (EBIT)	1,662	1,970	2,090	1,202	6,924	1,857	2,219	2,499	2,681	9,257
Operating margin (EBIT)	15.3%	16.1%	17.2%	9.1%	14.3%	15.1%	15.9%	17.0%	16.9%	16.3%
Net financial items	-129	-138	-124	-152	-542	-148	-146	-136	-129	-559
Income before tax	1,533	1,832	1,966	1,050	6,381	1,709	2,073	2,364	2,552	8,698
Profit margin (EBT)	14.1%	15.0%	16.2%	7.9%	13.2%	13.9%	14.8%	16.0%	16.1%	15.3%
Tax on income	-383	-458	-492	-262	-1,595	-444	-539	-614	-664	-2,261
Net income of disposal group classified as held for sale and discontinued operations	-11	-	-	-	-11	-	-	-	-	-
Net income	1,138	1,374	1,474	788	4,775	1,264	1,534	1,749	1,889	6,436
Net income attributable to:										
Parent company's shareholders	1,138	1,372	1,474	788	4,772	1,264	1,534	1,749	1,889	6,436
Non-controlling interest	1	2	0	0	2	0	0	0	0	0

OPERATING CASH FLOW

SEK M	Q1	Q2	Q3	Q4 Jan-Dec		Q1	Q2	Q3	Q4 Jan-Dec	
	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014
Operating income (EBIT)	1,662	1,970	2,090	1,202	6,924	1,857	2,219	2,499	2,681	9,257
Restructuring costs	-	-	-	1,000	1,000	-	-	-	-	-
Depreciation	250	256	249	238	993	278	285	292	309	1,163
Net capital expenditure	-228	-233	-280	-461	-1,202	-266	-272	-388	-345	-1,271
Change in working capital	-1,110	-234	232	615	-497	-1,268	-6	-93	1,064	-303
Interest paid and received	-73	-165	-53	-139	-431	-52	-201	-101	-103	-457
Non-cash items	-2	-6	-63	86	17	8	-61	39	-136	-150
Operating cash flow ⁴⁾	498	1,589	2,175	2,541	6,803	557	1,963	2,249	3,469	8,238
Operating cash flow / Income before tax ⁴⁾	0.33	0.87	1.11	1.24	0.92	0.33	0.95	0.95	1.36	0.95

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

CHANGE IN NET DEBT

SEK M	Q1	Q2	Q3	Q4	Jan-Dec	Q1	Q2	Q3	Q4	Jan-Dec
	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014
Net debt at beginning of period	15,805	15,364	16,628	17,356	15,805	19,595	21,375	23,072	22,348	19,595
Operating cash flow	-498	-1,589	-2,175	-2,541	-6,803	-557	-1,963	-2,249	-3,469	-8,238
Restructuring payments	190	109	118	230	647	87	140	107	119	453
Tax paid	357	353	154	271	1,134	1,005	409	437	525	2,376
Impact on net debt from acquisitions and disposals	-104	385	2,545	3,957	6,784	952	180	109	1,213	2,454
Dividend	-	1,888	89	29	2,007	-	2,110	-	-	2,110
Actuarial gain/loss on post employment benefit obligations	-300	-148	80	7	-361	97	71	73	455	695
Exchange rate differences and other	-86	265	-83	286	382	195	750	799	1,136	2,880
Net debt at end of period	15,364	16,628	17,356	19,595	19,595	21,375	23,072	22,348	22,327	22,327
Net debt/Equity ratio	0.57	0.62	0.63	0.68	0.68	0.72	0.76	0.68	0.62	0.62

NET DEBT

SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2013	2013	2013	2013	2014	2014	2014	2014
Non-current interest-bearing receivables	-29	-24	-27	-27	-26	-28	-30	-28
Short-term interest-bearing investments including derivatives	-375	-384	-339	-342	-148	-153	-247	-174
Cash and cash equivalents	-870	-940	-619	-362	-498	-615	-809	-667
Pension provisions	1,972	1,908	1,941	2,015	2,110	2,242	2,400	2,946
Other non-current interest-bearing liabilities	12,265	11,262	11,045	13,329	14,627	14,209	14,272	15,362
Current interest-bearing liabilities including derivatives	2,401	4,806	5,356	4,983	5,311	7,415	6,762	4,887
Total	15,364	16,628	17,356	19,595	21,375	23,072	22,348	22,327

CAPITAL EMPLOYED AND FINANCING

SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2013	2013	2013	2013	2014	2014	2014	2014
Capital employed	42,170	43,433	44,884	48,408	51,141	53,282	55,359	58,425
- of which goodwill	28,742	29,446	28,841	31,817	32,930	34,052	35,423	39,778
- of which other intangible and tangible assets	10,937	11,302	11,094	12,854	12,941	13,383	14,055	14,990
- of which investments in associates	1,466	1,532	1,613	1,675	1,696	1,805	1,790	1,861
Net debt	15,364	16,628	17,356	19,595	21,375	23,072	22,348	22,327
Non-controlling interest	68	0	0	0	0	0	0	2
Shareholders' equity	26,738	26,805	27,527	28,812	29,766	30,210	33,010	36,096

DATA PER SHARE

SEK	Q1	Q2	Q3	Q4	Jan-Dec	Q1	Q2	Q3	Q4	Jan-Dec
	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014
Earnings per share after tax and before dilution	3.07	3.71	3.98	2.13	12.89	3.41	4.14	4.72	5.10	17.38
Earnings per share after tax and dilution	3.07	3.71	3.98	2.13	12.89	3.41	4.14	4.72	5.10	17.38
Earnings per share after tax and dilution excluding items affecting comparability ³⁾	3.07	3.71	3.98	4.08	14.84	3.41	4.14	4.72	5.10	17.38
Shareholders' equity per share after dilution	72.21	72.39	74.35	77.83	77.83	80.39	81.59	89.15	97.49	97.49

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FINANCIAL INFORMATION - NOTES

NOTE 1 BUSINESS COMBINATIONS

SEK M	Oct-Dec 2013	Oct-Dec 2014	Jan-Dec 2013	Jan-Dec 2014
Purchase prices				
Cash paid for acquisitions during the period	3,843	1,299	3,991	2,478
Holdbacks and deferred considerations for acquisitions during the period	528	1,636	607	2,191
Adjustment of purchase prices for acquisitions in prior years	0	-13	0	-42
Fair value of investments in associates held before the business combination	0	-	45	-
Sum	4,371	2,921	4,643	4,627
Acquired net assets at fair value				
Intangible assets	822	2	914	156
Tangible assets	561	188	579	289
Financial assets	36	12	42	-15
Inventories	440	172	464	266
Current receivables and investments	472	220	499	323
Cash and cash equivalents	17	106	53	204
Non-controlling interests	-	-2	-	-2
Non-current liabilities	-231	-23	-280	25
Current liabilities	-269	-359	-311	-627
Sum	1,849	316	1,959	619
Acquired negative goodwill - recognized as other operating income	-	-	-	6
Goodwill	2,522	2,611	2,684	4,013
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the period	3,843	1,299	3,991	2,478
Cash and cash equivalents in acquired subsidiaries	-17	-106	-53	-204
Paid holdbacks and deferred considerations for acquisitions in previous years	106	20	845	180
Sum	3,932	1,213	4,783	2,454

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
31 December 2014					
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	
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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