

Press Release

8 February 2016
No. 1/16

A strong end to the year for ASSA ABLOY

Fourth quarter

- Net sales increased by 15% in the quarter to SEK 18,301 M (15,847). Organic growth was 5% (3).
- Strong growth in Americas, Global Technologies, Entrance Systems and EMEA.
- Negative growth in Asia Pacific due to continued weak demand in China.
- Agreements have been signed for the acquisition of six companies, including CEDES in Switzerland, with combined expected annual sales of about SEK 1,100 M.
- Operating income (EBIT) for the quarter increased by 13% to SEK 3,038 M (2,681). The operating margin was 16.6% (16.9).
- Net income amounted to SEK 2,120 M (1,889).
- Earnings per share rose by 12% and amounted to SEK 1.91 (1.70).
- Operating cash flow increased by 33% to SEK 4,625 M (3,469).

Full year

- Net sales increased by 20% to SEK 68,099 M (56,843). Organic growth was 4% (3).
- 16 acquisitions with total annual sales of about SEK 2,500 M have been consolidated.
- Operating income (EBIT) increased by 20% to SEK 11,079 M (9,257). The operating margin was 16.3% (16.3).
- Net income amounted to SEK 7,693 M (6,436).
- Earnings per share rose by 20% to SEK 6.93 (5.79).
- Operating cash flow increased by 21% to SEK 9,952 M (8,238).
- The Board of Directors proposes a dividend of SEK 2.65 per share (2.17).

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SALES AND INCOME

	Fourth quarter			Full year		
	2014	2015	Change	2014	2015	Change
Sales, SEK M	15,847	18,301	+15%	56,843	68,099	+20%
of which,						
Organic growth			+5%			+4%
Acquisitions			+4%			+3%
Exchange-rate effects	+1,129	+983	+6%	+2,138	+6,544	+13%
Operating income (EBIT), SEK M	2,681	3,038	+13%	9,257	11,079	+20%
Operating margin (EBIT), %	16.9	16.6		16.3	16.3	
Income before tax, SEK M	2,552	2,851	+12%	8,698	10,382	+19%
Net income, SEK M	1,889	2,120	+12%	6,436	7,693	+20%
Operating cash flow, SEK M	3,469	4,625	+33%	8,238	9,952	+21%
Earnings per share (EPS), SEK¹⁾	1.70	1.91	+12%	5.79	6.93	+20%

1) Earnings per share has been recalculated for all historical periods reflecting the stock split (3:1) in 2015.

COMMENTS BY THE PRESIDENT AND CEO

"The final quarter of the year continued strongly for ASSA ABLOY, with a rise in sales of 15% for the quarter and totaling 20% for the year," says Johan Molin, President and CEO. "Operating income also grew very satisfactorily by a full 13% for the quarter and a total of 20% for the full year.

"Organic growth was strong, at a full 5% for the quarter. The strong sales trend in the USA, Europe and the Pacific region continued unchanged. The sales trend in the developing countries remained good except in China, where sales continued to fall. However, a weaker demand picture can be perceived in many developing markets, linked to a shortage of financing for major projects. This principally affected Global Technologies.

"The strong development of electromechanical products continued during the year as our customers are converting from mechanical locks to an ever-increasing extent. It is clear that ASSA ABLOY has established a leadership in this area for both commercial and residential applications. Particularly striking during the year was the strong demand for digital door-locks for so-called home automation in the USA, and for the Cliq system based on the new cloud technology.

"During the quarter CEDES was acquired – an interesting technology company that adds intelligence to connected doors, mainly in Entrance Systems. Another technology acquisition was made in HID through the purchase of IAI, which is a leader in advanced printers mainly for the Government sector and banks. Three acquisitions were also made in Brazil, where ASSA ABLOY has built a market-leading position over a short period.

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"Operating income increased by a full 13% during the quarter. The organic growth of 5% resulted in a good underlying growth in the operating margin, to which continued efficiency improvements contributed strongly. Operating margin remained on virtually the same level as in the fourth quarter of 2014 despite higher negative impacts from exchange-rate effects and dilution from acquisitions as a consequence of the many acquisitions made at the end of the year.

"My judgment is that the global economic trend remains weak. Although America is showing a positive trend, Europe and many of the Emerging Markets are stagnating. However, our strategy of expanding in the Emerging Markets remains unchanged, since they are expected to achieve very good economic growth long term. 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 18,301 M (15,847), an increase of 15% compared with the fourth quarter of 2014. Organic growth for comparable units was 5% (3). Acquired units contributed 4% (8). Positive exchange-rate effects had an impact of SEK 983 M (1,129) on sales, that is 6% (9).

Operating income before depreciation and amortization, EBITDA, amounted to SEK 3,406 M (2,990). The corresponding EBITDA margin was 18.6% (18.9). The Group's operating income, EBIT, amounted to SEK 3,038 M (2,681), an increase of 13%. The operating margin was 16.6% (16.9). Operating income was affected negatively by provisions made for feared credit losses of SEK 250 M in China. The generally weak demand in the Emerging Markets has also meant that SEK 245 M of performance-based deferred acquisition payments, so-called earn-outs, have been recognized as income because the payments are not expected to happen.

Net financial items amounted to SEK -187 M (-129). The Group's income before tax amounted to SEK 2,851 M (2,552), an improvement of 12% compared with the previous year. Exchange-rate effects had a positive impact of SEK 73 M (196) on the Group's income before tax. The profit margin was 15.6% (16.1). The effective tax rate on an annual basis amounted to 26% (26). Earnings per share increased by 12% to SEK 1.91 (1.70). Operating cash flow was SEK 4,625 M (3,469), an increase of 33%.

FULL YEAR

Net sales for the full year 2015 increased by 20% to SEK 68,099 M (56,863). Organic growth was 4% (3). Acquired units contributed 3% (9). Exchange-rate effects affected sales positively by SEK 6,544 M (2,138), representing 13% (5), compared with 2014.

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Operating income before depreciation and amortization, EBITDA, for the full year amounted to SEK 12,512 M (10,419) and the EBITDA margin to 18.4% (18.3). The Group's operating income, EBIT, increased by 20% to SEK 11,079 M (9,257). The corresponding operating margin was 16.3% (16.3). Earnings per share for the full year increased by 20% to SEK 6.93 (5.79). Operating cash flow totaled SEK 9,952 M (8,238), an increase of 21%.

RESTRUCTURING MEASURES

Payments related to all existing restructuring programs amounted to SEK 145 M in the quarter and SEK 375 M for the full year. The restructuring programs proceeded according to plan and led to a reduction in personnel of 481 people during the quarter and 10,750 people since the projects began.

At the end of the year, provisions of SEK 551 M remained on the balance sheet for carrying out the programs.

COMMENTS BY DIVISION

EMEA

Sales for the quarter in EMEA division totaled SEK 4,411 M (3,979), with organic growth of 5% (2). The markets in Scandinavia, Finland, Benelux, Iberia and central and eastern Europe showed strong growth. Britain, Germany and Israel produced good growth, while sales in Africa were stable. Growth was weakly negative in France and Italy. Acquired growth amounted to 5% (6). Operating income totaled SEK 705 M (694) and the corresponding operating margin (EBIT) was 16.0% (17.5). Return on capital employed amounted to 20.3% (22.2). Operating cash flow before interest paid totaled SEK 1,408 M (1,011).

AMERICAS

Sales for the quarter in Americas division totaled SEK 3,984 M (3,283), with organic growth of 8% (8). Growth was strong for traditional lock products, electromechanical products, and in Canada, Mexico and South America. The private residential market and the door segment had good growth. High-security products showed a stable sales trend. Acquired growth amounted to 1% (5). Operating income totaled SEK 838 M (690) and the corresponding operating margin (EBIT) was 21.0% (21.0). Return on capital employed amounted to 24.1% (23.0). Operating cash flow before interest paid totaled SEK 1,162 M (795).

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ASIA PACIFIC

Sales for the quarter in Asia Pacific division totaled SEK 2,580 M (2,327), with organic growth of -4% (-7). Australia and South-East Asia showed strong growth. New Zealand and South Korea showed a good sales trend. China continued to show a weak sales trend due to low domestic demand. Acquired growth amounted to 8% (8). Operating income totaled SEK 381 M (340), and the corresponding operating margin (EBIT) was 14.8% (14.6). Return on capital employed amounted to 12.3% (14.5). Operating cash flow before interest paid totaled SEK 869 M (553).

GLOBAL TECHNOLOGIES

Sales for the quarter in Global Technologies division totaled SEK 2,504 M (2,076), with organic growth of 8% (5). AdvanIDE, Identification Technology (IDT) and Quantum Secure showed strong growth. Sales were stable for Access Control and Logical Access (IAM), while Government ID and Biometrics showed negative growth. Hospitality showed continued strong growth and rising income driven by new innovative products. Acquired growth amounted to 2% (5). The division's operating income amounted to SEK 460 M (415), and the corresponding operating margin (EBIT) was 18.4% (20.0). Return on capital employed amounted to 18.5% (21.2). Operating cash flow before interest paid totaled SEK 706 M (554).

ENTRANCE SYSTEMS

Sales for the quarter in Entrance Systems division totaled SEK 5,097 M (4,440), with organic growth of 6% (4). Growth was strong for High-speed Doors, Ditec, Amarr and 4Front. The sales level was good for Door Automation and European industrial doors. Sales increased for Components and for the private residential market in Europe. Acquired growth amounted to 3% (12). Operating income totaled SEK 770 M (685) and the corresponding operating margin (EBIT) was 15.1% (15.4). Return on capital employed amounted to 18.5% (16.7). Operating cash flow before interest paid totaled SEK 981 M (805).

ACQUISITIONS

A total of eight acquisitions were consolidated during the quarter, including Nergeco (France) and Papaiz/Udinese (Brazil). The combined price for the 16 acquisition consolidated during the year amounted to SEK 3,844 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 3,098 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amount to SEK 1,155 M. During the year, complementary acquisitions of non-controlling interests were also made at a cost of SEK 990 M.

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On 21 December it was announced that ASSA ABLOY had signed an agreement for the acquisition of the Swiss company CEDES, a leader in sensor technology for the door, gate and lift industry. The company has about 340 employees and its sales in 2016 are expected to total SEK 510 M.

SUSTAINABLE DEVELOPMENT

The subsidiary Pan Pan in China has developed an environmentally friendly production process for foaming the insulation for the company's security doors. Previously, materials with high greenhouse effects were used, which have now been replaced by a water-based technology. The new production process has been introduced at one of the subsidiary's plants, and more production lines will be converted during 2016. The doors produced using the new environmentally friendly technology will also have customer benefits, such as better heat and sound insulation and greater strength and resistance to external impact. The new production technology will have great importance in reducing the subsidiary's emissions of greenhouse gases.

The Sustainability Report for 2015 will be available from 23 March 2016 on the company's website, www.assaabloy.com.

STOCK SPLIT

The total number of shares in the company at 31 December 2015 is 1,112,576,334, of which 57,525,969 are A-shares with ten votes each and 1,055,050,365 are B-shares with one vote each. The increase in the numbers of shares and votes during the year is the result of the stock split (3:1) that was decided upon at ASSA ABLOY AB's Annual General Meeting on 7 May 2015.

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

PARENT COMPANY

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 3,392 M (3,085) for the full year. Operating result amounted to SEK 1,351 M (1,298). Investments in tangible and intangible assets totaled SEK 41 M (11). Liquidity is good and the equity ratio was 46.1% (46.4).

DIVIDEND AND ANNUAL GENERAL MEETING

The Board of Directors proposes a dividend of SEK 2.65 (2.17) per share for the 2015 financial year, an increase of 22%. The Annual General Meeting will be held on 27 April 2016. The Annual Report for 2015 will be available from 23 March 2016 on the company's website, www.assaabloy.com.

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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 2014 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'.

The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total.

TRANSACTIONS WITH RELATED PARTIES

No transactions that significantly affected the company's position and income have taken place between ASSA ABLOY and related parties.

RISKS AND UNCERTAINTY FACTORS

As an international Group with a wide geographic spread, ASSA ABLOY is exposed to a number of business, financial and tax-related risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit, raw materials and financial instruments. Risk management in ASSA ABLOY aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. For a more detailed description of risks and risk management, see the 2014 Annual Report.

The Administrative courts in Sweden has decided not to allow tax relief for interest costs relating to one of the Group's subsidiaries for the years 2008-2012 on the grounds that the relief is wrongly allocated. The decision will be appealed to the Administrative court of appeal. The total exposure to tax amounts to just over SEK 800 M.

The Finnish Tax Administration has decided not to allow tax relief for interest costs in the Group's Finnish businesses for the years 2008-2012. The decision will be appealed to a superior court. The total exposure to tax amounts to about SEK 750 M.

ASSA ABLOY's judgment is that the decisions will not affect the Group's income.

AUDIT

The Company's Auditors have not carried out any review of the Report for the Fourth Quarter of 2015.

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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 20 October 2015:*

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Stockholm, 8 February 2016

Johan Molin

President and CEO

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FINANCIAL INFORMATION

The Interim Report for the first quarter will be published on 27 April 2016. The Annual General Meeting will be held on 27 April 2016 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 Operaterassen in Stockholm. The analysts' meeting can also be followed on the Internet at www.assaabloy.com. It is possible to submit questions by telephone on **+46 8 5055 6476, +44 203 364 5371 or +1 877 679 2993**.

ASSA ABLOY discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 CET on 8 February.

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Oct-Dec 2014	Oct-Dec 2015	Jan-Dec 2014	Jan-Dec 2015
Sales	15,847	18,301	56,843	68,099
Cost of goods sold	-9,773	-11,254	-34,921	-41,704
Gross income	6,074	7,046	21,922	26,395
Selling, administrative and RnD costs	-3,425	-4,036	-12,797	-15,449
Share of earnings in associates	32	28	132	134
Operating income	2,681	3,038	9,257	11,079
Financial items	-129	-187	-559	-697
Income before tax	2,552	2,851	8,698	10,382
Tax on income	-664	-731	-2,261	-2,689
Net income	1,889	2,120	6,436	7,693
Net income attributable to:				
Parent company's shareholders	1,889	2,120	6,436	7,693
Non-controlling interest	0	0	0	0
Earnings per share¹				
before dilution, SEK	1.70	1.91	5.79	6.93
after dilution, SEK	1.70	1.91	5.79	6.93

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2014	Oct-Dec 2015	Jan-Dec 2014	Jan-Dec 2015
Net income	1,889	2,120	6,436	7,693
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	-364	95	-543	117
Total	-364	95	-543	117
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	53	-49	105	-28
Net investment and cashflow hedges	-131	73	-376	96
Exchange rate differences	1,626	-623	3,810	75
Total	1,549	-599	3,539	143
Total comprehensive income	3,073	1,616	9,433	7,953
Total comprehensive income attributable to:				
Parent company's shareholders	3,073	1,616	9,432	7,953
Non-controlling interest	0	0	0	0

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

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED BALANCE SHEET

SEK M	31 Dec 2014	31 Dec 2015
ASSETS		
Non-current assets		
Intangible assets	47,056	51,863
Property, plant and equipment	7,712	7,562
Investments in associates	1,861	1,910
Other financial assets	76	77
Deferred tax assets	1,555	1,434
Total non-current assets	58,260	62,847
Current assets		
Inventories	7,845	8,348
Trade receivables	10,595	11,775
Other current receivables and investments	2,630	2,707
Cash and cash equivalents	667	501
Total current assets	21,738	23,330
TOTAL ASSETS	79,998	86,177
EQUITY AND LIABILITIES		
Equity		
Parent company's shareholders	36,096	41,575
Non-controlling interest	2	4
Total equity	36,098	41,579
Non-current liabilities		
Long-term loans	15,362	15,568
Deferred tax liabilities	1,462	2,031
Other non-current liabilities and provisions	7,693	6,567
Total non-current liabilities	24,517	24,166
Current liabilities		
Short-term loans	4,636	4,574
Trade payables	5,699	6,553
Other current liabilities and provisions	9,047	9,305
Total current liabilities	19,383	20,432
TOTAL EQUITY AND LIABILITIES	79,998	86,177

CHANGES IN CONSOLIDATED EQUITY

SEK M	Equity attributable to:		
	Parent company's shareholders	Non- controlling interest	Total equity
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
Opening balance 1 January 2015	36,096	2	36,098
Net income	7,693	0	7,693
Other comprehensive income	260	0	260
Total comprehensive income	7,953	0	7,953
Dividend	-2,407	-	-2,407
Stock purchase plans	-82	-	-82
Change in non-controlling interest	15	1	17
Total transactions with parent company's shareholders	-2,474	1	-2,472
Closing balance 31 December 2015	41,575	4	41,579

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FINANCIAL INFORMATION - GROUP

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Oct-Dec 2014	Oct-Dec 2015	Jan-Dec 2014	Jan-Dec 2015
OPERATING ACTIVITIES				
Operating income	2,681	3,038	9,257	11,079
Depreciation and amortization	309	368	1,163	1,433
Restructuring payments	-119	-145	-453	-375
Other non-cash items	-136	-221	-150	-269
Cash flow before interest and tax	2,735	3,041	9,816	11,869
Interest paid and received	-103	-195	-457	-548
Tax paid on income	-525	-948	-2,376	-2,247
Cash flow before changes in working capital	2,107	1,898	6,983	9,073
Changes in working capital	1,064	1,861	-303	-502
Cash flow from operating activities	3,171	3,760	6,679	8,572
INVESTING ACTIVITIES				
Net investments in intangible assets and property, plant and equipment	-345	-227	-1,271	-1,241
Investments in subsidiaries	-1,213	-943	-2,454	-3,171
Investments in associates	0	-1	-1	-1
Disposals of subsidiaries	21	-	201	-
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-1,537	-1,171	-3,524	-4,412
FINANCING ACTIVITIES				
Dividends	-	-	-2,110	-2,407
Acquisition of non-controlling interest	-	-15	-	-990
Net cash effect of changes in borrowings	-1,783	-2,712	-798	-938
Cash flow from financing activities	-1,783	-2,727	-2,908	-4,335
CASH FLOW	-150	-139	247	-175
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	809	648	362	667
Cash flow	-150	-139	247	-175
Effect of exchange rate differences	8	-8	58	9
Cash and cash equivalents at end of period	667	501	667	501

KEY RATIOS

	Jan-Dec 2014	Jan-Dec 2015
Return on capital employed, %	16.9	17.8
Return on shareholders' equity, %	19.8	19.8
Equity ratio, %	45.1	48.2
Interest coverage ratio, times	17.4	16.7
Total number of shares at the end of period, thousands	370,859	1,112,576
Number of shares outstanding at the end of period, thousands	370,259	1,110,776
Weighted average number of outstanding shares, thousands	370,259	1,110,776
Weighted average number of outstanding shares after dilution, thousands	370,259	1,110,776
Average number of employees	44,269	45,994

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FINANCIAL INFORMATION - PARENT COMPANY

INCOME STATEMENT

SEK M	Jan-Dec 2014	Jan-Dec 2015
Operating income	1,298	1,351
Income before appropriations and tax	4,914	2,193
Net income	5,201	2,725

BALANCE SHEET

SEK M	31 Dec 2014	31 Dec 2015
Non-current assets	35,684	35,138
Current assets	7,561	9,410
Total assets	43,245	44,548
Equity	20,044	20,553
Provisions	0	-
Non-current liabilities	7,659	8,153
Current liabilities	15,542	15,842
Total equity and liabilities	43,245	44,548

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 Jan-Dec 2014	Q4 Jan-Dec 2014	Q1 2015	Q2 2015	Q3 2015	Q4 Jan-Dec 2015	Q4 Jan-Dec 2015
Sales	12,305	13,964	14,727	15,847	56,843	15,252	17,082	17,465	18,301	68,099
Organic growth ²⁾	4%	2%	4%	3%	3%	5%	4%	3%	5%	4%
Gross income	4,791	5,368	5,689	6,074	21,922	5,969	6,623	6,758	7,046	26,395
Gross margin	38.9%	38.4%	38.6%	38.3%	38.6%	39.1%	38.8%	38.7%	38.5%	38.8%
Operating income before depreciation (EBITDA)	2,135	2,504	2,791	2,990	10,419	2,659	3,117	3,330	3,406	12,512
Operating margin (EBITDA)	17.3%	17.9%	19.0%	18.9%	18.3%	17.4%	18.2%	19.1%	18.6%	18.4%
Depreciation and amortization	-278	-285	-292	-309	-1 163	-331	-374	-360	-368	-1,433
Operating income (EBIT)	1,857	2,219	2,499	2,681	9,257	2,329	2,742	2,970	3,038	11,079
Operating margin (EBIT)	15.1%	15.9%	17.0%	16.9%	16.3%	15.3%	16.1%	17.0%	16.6%	16.3%
Net financial items	-148	-146	-136	-129	-559	-145	-191	-174	-187	-697
Income before tax (EBT)	1,709	2,073	2,364	2,552	8,698	2,184	2,551	2,796	2,851	10,382
Profit margin (EBT)	13.9%	14.8%	16.0%	16.1%	15.3%	14.3%	14.9%	16.0%	15.6%	15.2%
Tax on income	-444	-539	-614	-664	-2,261	-568	-663	-727	-731	-2,689
Net income	1,264	1,534	1,749	1,889	6,436	1,616	1,888	2,069	2,120	7,693
Net income attributable to:										
Parent company's shareholders	1,264	1,534	1,749	1,889	6,436	1,616	1,888	2,069	2,120	7,693
Non-controlling interest	0	0	0	0	0	0	0	0	0	0

OPERATING CASH FLOW

SEK M	Q1 2014	Q2 2014	Q3 2014	Q4 Jan-Dec 2014	Q4 Jan-Dec 2014	Q1 2015	Q2 2015	Q3 2015	Q4 Jan-Dec 2015	Q4 Jan-Dec 2015
Operating income (EBIT)	1,857	2,219	2,499	2,681	9,257	2,329	2,742	2,970	3,038	11,079
Depreciation and amortization	278	285	292	309	1 163	331	374	360	368	1,433
Net capital expenditure	-266	-272	-388	-345	-1 271	-344	-327	-344	-227	-1,241
Change in working capital	-1,268	-6	-93	1,064	-303	-1,722	-526	-115	1,861	-502
Interest paid and received	-52	-201	-101	-103	-457	-71	-200	-84	-195	-548
Non-cash items	8	-61	39	-136	-150	-2	-74	28	-221	-269
Operating cash flow ⁴⁾	557	1,963	2,249	3,469	8,238	520	1,991	2,816	4,625	9,952
Operating cash flow/Income before tax ⁴⁾	0.33	0.95	0.95	1.36	0.95	0.24	0.78	1.01	1.62	0.96

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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

CHANGE IN NET DEBT

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Jan-Dec 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Jan-Dec 2015
SEK M										
Net debt at beginning of period	19,595	21,375	23,072	22,348	19,595	22,327	25,184	26,579	25,131	22,327
Operating cash flow	-557	-1,963	-2,249	-3,469	-8,238	-520	-1,991	-2,816	-4,625	-9,952
Restructuring payments	87	140	107	119	453	90	60	80	145	375
Tax paid	1,005	409	437	525	2,376	711	371	217	948	2,247
Acquisitions and disposals	952	180	109	1,213	2,454	978	1,536	688	959	4,161
Dividend	-	2,110	-	-	2,110	-	2,407	-	-	2,407
Actuarial gain/loss on post-employment benefit obligations	97	71	73	455	695	206	-274	70	-152	-150
Exchange rate differences and other	195	750	799	1,136	2,880	1,392	-713	313	-136	855
Net debt at end of period	21,375	23,072	22,348	22,327	22,327	25,184	26,579	25,131	22,269	22,269
Net debt/Equity ratio	0.72	0.76	0.68	0.62	0.62	0.64	0.70	0.63	0.54	0.54

NET DEBT

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
SEK M								
Non-current interest-bearing receivables	-26	-28	-30	-28	-31	-29	-32	-30
Short-term interest-bearing investments including derivatives	-148	-153	-247	-174	-263	-217	-265	-182
Cash and cash equivalents	-498	-615	-809	-667	-515	-646	-648	-501
Pension provisions	2,110	2,242	2,400	2,946	3,260	2,984	2,954	2,761
Other non-current interest-bearing liabilities	14,627	14,209	14,272	15,362	16,497	16,495	17,453	15,568
Current interest-bearing liabilities including derivatives	5,311	7,415	6,762	4,887	6,235	7,992	5,669	4,653
Total	21,375	23,072	22,348	22,327	25,184	26,579	25,131	22,269

CAPITAL EMPLOYED AND FINANCING

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
SEK M								
Capital employed	51,141	53,282	55,359	58,425	64,699	64,689	65,070	63,848
- of which goodwill	32,930	34,052	35,423	39,778	43,092	41,818	42,404	42,777
- of which other intangible assets and property, plant and equipment	12,941	13,383	14,055	14,990	16,324	16,512	16,693	16,649
- of which investments in associates	1,696	1,805	1,790	1,861	1,890	1,901	1,934	1,910
Net debt	21,375	23,072	22,348	22,327	25,184	26,579	25,131	22,269
Non-controlling interest	0	0	0	2	2	4	4	4
Shareholders' equity	29,766	30,210	33,010	36,096	39,513	38,105	39,935	41,575

DATA PER SHARE

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Jan-Dec 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Jan-Dec 2015
SEK										
Earnings per share after tax and before dilution	1.14	1.38	1.57	1.70	5.79	1.45	1.70	1.86	1.91	6.93
Earnings per share after tax and dilution	1.14	1.38	1.57	1.70	5.79	1.45	1.70	1.86	1.91	6.93
Shareholders' equity per share after dilution	26.80	27.20	29.72	32.50	32.50	35.57	34.31	35.95	37.43	37.43

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RESULTS BY DIVISION

Oct-Dec and 31 Dec

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Sales, external	3,928	4,346	3,264	3,964	2,177	2,433	2,061	2,487	4,417	5,071	0	0	15,847	18,301
Sales, internal	52	66	19	20	150	146	14	18	23	26	-258	-276	-	-
Sales	3,979	4,411	3,283	3,984	2,327	2,580	2,076	2,504	4,440	5,097	-258	-276	15,847	18,301
Organic growth ²⁾	2%	5%	8%	8%	-7%	-4%	5%	8%	4%	6%			3%	5%
Operating income (EBIT)	694	705	690	838	340	381	415	460	685	770	-143	-115	2,681	3,038
Operating margin (EBIT)	17.5%	16.0%	21.0%	21.0%	14.6%	14.8%	20.0%	18.4%	15.4%	15.1%			16.9%	16.6%
Capital employed	12,299	12,916	12,909	13,908	9,810	11,689	8,239	9,815	16,245	16,030	-1,077	-509	58,425	63,848
- of which goodwill	7,247	7,857	9,000	9,903	7,931	7,690	5,984	7,437	9,615	9,891	-	-	39,778	42,777
- of which other intangible assets and property, plant and equipment	3,051	3,210	2,982	3,184	3,137	3,908	1,711	2,300	4,021	3,939	87	107	14,990	16,649
- of which investments in associates	9	8	-	0	414	452	-	-	1,438	1,450	-	-	1,861	1,910
Return on capital employed	22.2%	20.3%	23.0%	24.1%	14.5%	12.3%	21.2%	18.5%	16.7%	18.5%			18.5%	18.6%
Operating income (EBIT)	694	705	690	838	340	381	415	460	685	770	-143	-115	2,681	3,038
Depreciation and amortization	89	97	65	78	49	69	47	64	58	59	0	1	309	368
Net capital expenditure	-111	-4	-76	-104	-72	-46	-51	-42	-39	-26	4	-5	-345	-227
Change in working capital	338	611	115	351	237	466	142	224	102	177	130	33	1,064	1,861
Cash flow ⁴⁾	1,011	1,408	795	1,162	553	869	554	706	805	981	-10	-86	3,708	5,040
Non-cash items											-136	-221	-136	-221
Interest paid and received											-103	-195	-103	-195
Operating cash flow ⁴⁾													3,469	4,625

Jan-Dec and 31 Dec

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

¹⁾ Sales by Continent, SEK M.

	Jan-Dec 2014	Jan-Dec 2015
Europe	23,242	25,443
North America	20,468	26,331
Central and South America	1,150	1,524
Africa	783	846
Asia	8,980	11,484
Pacific	2,220	2,470

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

	Oct-Dec 2014	Oct-Dec 2015	Jan-Dec 2014	Jan-Dec 2015
SEK M				
Purchase prices				
Cash paid for acquisitions during the period	1,299	927	2,478	2,690
Holdbacks and deferred considerations for acquisitions during the period	1,636	107	2,191	1,155
Adjustment of purchase prices for acquisitions in prior years	-13	2	-42	-10
Total	2,921	1,036	4,627	3,835
Acquired assets and liabilities at fair value				
Intangible assets	2	48	156	1,305
Property, plant and equipment	188	95	289	229
Financial assets	12	7	-15	44
Inventories	172	200	266	385
Current receivables and investments	220	360	323	673
Cash and cash equivalents	106	62	204	155
Non-controlling interests	-2	0	-2	-3
Non-current liabilities	-23	-115	25	-543
Current liabilities	-359	-520	-627	-895
Total	316	138	619	1,350
Acquired negative goodwill - recognized as other operating income	-	-	6	-
Goodwill	2,611	898	4,013	2,485
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the period	1,299	927	2,478	2,690
Cash and cash equivalents in acquired subsidiaries	-106	-62	-204	-155
Paid holdbacks and deferred considerations for acquisitions in previous years	20	77	180	635
Total	1,213	943	2,454	3,171

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

31 December 2015

	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
SEK M					
Financial assets					
Financial assets at fair value through profit and loss	27	27		27	
Available-for-sale financial assets	11	11			
Loans and other receivables	14,219	14,219			
Derivative instruments - hedge accounting	121	121		121	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,695	2,695		55	2,640
Financial liabilities at amortized cost	26,695	26,890			
Derivative instruments - hedge accounting	25	25		25	

31 December 2014

	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
SEK M					
Financial assets					
Financial assets at fair value through profit and loss	23	23		23	
Available-for-sale financial assets	5	5			
Loans and other receivables	13,138	13,138			
Derivative instruments - hedge accounting	136	136		136	
Financial liabilities					
Financial liabilities at fair value through profit and loss	3,455	3,455		216	3,239
Financial liabilities at amortized cost	25,697	26,039			
Derivative instruments - hedge accounting	35	35		35	

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