

Interim Report

Q4 2016

ASSA ABLOY

Full-year summary 2016

2 February 2017

The global leader in
door opening solutions

Solid underlying development in the fourth quarter

Fourth quarter

- Sales increased by 6% to SEK 19,484 M (18,301), with organic growth of 1% (5). Acquisitions and divestments were 2%, with 3% acquisitions and -1% divestments
- Good growth for Entrance Systems and EMEA and growth for Americas and Global Technologies
- Negative growth for Asia Pacific, mainly due to weak demand in China
- The previously announced restructuring program has been launched with an operating cost of SEK 1,597 M
- Operating income¹⁾ (EBIT) was SEK 2,913 M (3,038), corresponding to an operating margin of 15.0% (16.6)
 - Adjusted operating income excluding a write down in China of SEK 300 M, was SEK 3,213 M (3,038) corresponding to a margin of 16.5% (16.6).
- Net income¹⁾ amounted to SEK 2,088 M (2,120)
- Earnings per share¹⁾ amounted to SEK 1.88 (1.91)
- Operating cash flow remained strong and amounted to SEK 4,620 M (4,625)
- The Board of Directors proposes a dividend of SEK 3.00 per share for 2016.

Organic growth

1%

Operating income¹⁾

-4%

Earnings per share¹⁾

-2%

Sales and income

	Fourth quarter			January-December		
	2015	2016	Δ	2015	2016	Δ
Sales, SEK M	18,301	19,484	6%	68,099	71,293	5%
Of which:						
Organic growth	827	120	1%	2,634	1,428	2%
Acquisitions and divestments	643	455	2%	2,078	1,967	3%
Exchange-rate effects	983	609	3%	6,544	-201	0%
Operating income¹⁾ (EBIT), SEK M	3,038	2,913	-4%	11,079	11,254	2%
Operating margin ¹⁾ (EBIT), %	16.6%	15.0%		16.3%	15.8%	
Income before tax ¹⁾ , SEK M	2,851	2,767	-3%	10,382	10,549	2%
Net income ¹⁾ , SEK M	2,120	2,088	-2%	7,693	7,874	2%
Operating cash flow, SEK M	4,625	4,620	0%	9,952	10,467	5%
Earnings per share¹⁾, SEK	1.91	1.88	-2%	6.93	7.09	2%

¹⁾ Excluding costs for a new restructuring program for the fourth quarter and full year 2016, totaling SEK -1,597 M before tax, corresponding to SEK -1,221 M after tax. See also financial information on pages 9-16.

Comments by the President and CEO

“The fourth quarter of the year had, as expected, somewhat lower growth for ASSA ABLOY since sales in the previous year were very strong,” says Johan Molin, President and CEO. “In general, the mature markets had a good development, while many growth markets, especially China and the Middle East, had a weak demand.

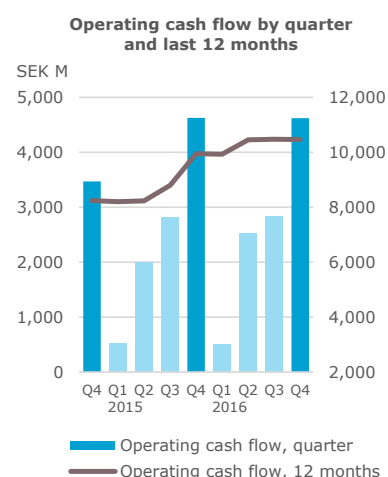
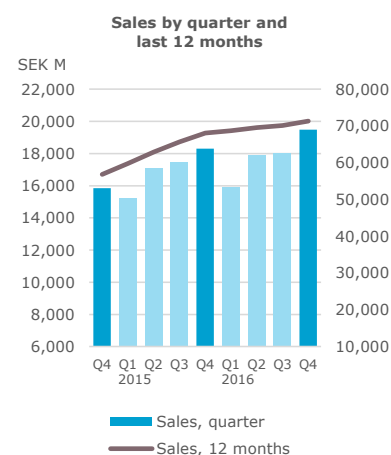
“It was very positive that Entrance Systems maintained its strong performance in both Europe and the USA, supported by a number of new products and service concepts that have been launched in recent years. It was pleasing that the demand for electromechanical lock solutions remained strong in EMEA and that sales in Americas continued at a high level. At Global Technologies interest in virtual keys remained strong and many customers are rolling out SEOS solutions. Also, sales of solutions using mobile keys to hotels continue to be successful. The demand remained weak in China, as expected.

“Acquisitions during the quarter included Bluvision, a leading supplier of location-tracking systems in buildings. Bluvision complements our range of access-control products well. The industrial-door company Construction Specialties, a leading distributor and service company for industrial doors in Mexico, was also acquired. Another important step was taken in eastern Europe through the acquisition of LOB, the market leader for locks in Poland.

“A new restructuring program was launched at year-end. The program aims to further rationalize our business and should be viewed against the background that the Group has acquired around fifty companies since the previous program. The restructuring cost amounts to SEK 1,597 M.

“Excluding the cost of the restructuring program, operating income for the quarter amounted to SEK 2,913 M, with an operating margin of 15.0%. The underlying operating margin, excluding a write-down of operating assets in China totaling SEK 300 M, remained very good and reached 16.5% (16.6). Operating cash flow was seasonally very strong.-

“My judgment is that the global economic trend remains weak. On most markets in North and South America and in parts of Europe there is a positive trend, but on many markets in Asia and the Middle East the trend is weak. However, our strategy of expanding our market presence, even on the emerging markets, remains unchanged. We are also continuing our investments in new products, especially in the growth area of electromechanics.”

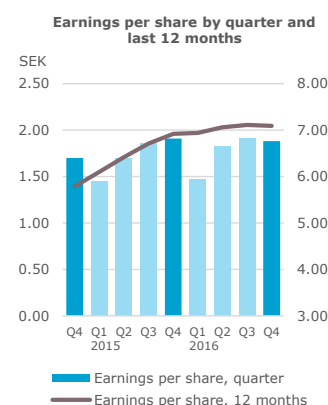


Fourth quarter

The Group's sales increased by 6% to SEK 19,484 M (18,301). Organic growth amounted to 1% (5). Acquisitions and divestments were 2%, with 3% acquisitions and -1% divestments. Exchange-rate effects affected sales by 3%. Operating income before depreciation, EBITDA, excluding restructuring costs of SEK 1,597 M (see below), amounted to SEK 3,316 M (3,406). The corresponding EBITDA margin, excluding restructuring costs, was 17.0% (18.6).

The Group's operating income, EBIT, excluding restructuring costs, amounted to SEK 2,913 M (3,038) a decline of 4%. The figure was affected negatively by the write-down of operating assets in China by SEK 300 M. The operating margin, excluding restructuring costs, was 15.0% (16.6).

Net financial items amounted to SEK -146 M (-187). The Group's income before tax, excluding restructuring costs, was SEK 2,767 M (2,851), a decrease of 3% compared with previous year. Exchange-rate effects had an impact of SEK 148 M (73) on income before tax. The profit margin, excluding restructuring costs, was 14.2% (15.6). The effective tax rate on an annual basis was 26% (26). Earnings per share, excluding restructuring costs, amounted to SEK 1.88 (1.91), a decline of 2% compared with previous year.



Full year

The Group's sales for the full year 2016 increased by 5% to SEK 71,293 M (68,099). Organic growth was 2% (4). Acquisitions and divestments contributed 3%, with 4% acquisitions and -1% divestments. Exchange-rate effects affected sales by 0%.

Operating income before depreciation, EBITDA, excluding restructuring costs, amounted to SEK 12,833 M (12,512). The corresponding margin, excluding restructuring costs, was 18.0% (18.4). The Group's operating income, EBIT, excluding restructuring costs, amounted to SEK 11,254 M (11,079), which was an increase of 2% compared with previous year. The corresponding EBIT operating margin was 15.8% (16.3).

Earnings per share, excluding restructuring costs, amounted to SEK 7.09 (6.93), an increase of 2% compared with previous year. Operating cash flow totaled SEK 10,467 M (9,952).

Restructuring measures

A new restructuring program was launched at year-end 2016. The closing of about fifty offices and factories is expected to take place over a period of three years. The cost of the restructuring is estimated to amount to SEK 1,597 M, with an estimated payback time (inclusive of investments) of less than three years.

Payments related to all restructuring programs amounted to SEK 235 M (145) in the quarter. The restructuring programs proceeded according to plan and led to a personnel reduction of 246 people in the quarter and 12,162 people since the projects began in 2006. At the end of the year provisions of SEK 1,572 M remained in the balance sheet for carrying out the programs, of which SEK 1,262 M relates to this year's restructuring program.

Comments by division

EMEA

Sales for the quarter in EMEA division totaled SEK 4,557 M (4,411), with organic growth of 3% (5). The markets in Scandinavia, United Kingdom, Benelux, Iberia and Eastern Europe showed strong growth. Germany showed good growth and Finland and Israel showed growth. Italy showed a stable sales level. France and Africa/Middle East had negative growth. The positive trend for electromechanical products continued. Acquired growth, net, was -1%, with 3% acquisitions and -4% divestments. Exchange-rate effects on sales were 1%. Operating income excluding restructuring costs totaled SEK 766 M (705), which represents an operating margin (EBIT) of 16.8% (16.0). Return on capital employed amounted to 21.2% (20.3). Operating cash flow before interest paid totaled SEK 1,407 M (1,408).

Americas

Sales for the quarter in Americas division totaled SEK 4,362 M (3,984), with organic growth of 1% (8). Growth was strong in Mexico and good for doors and security fencing and in South America, except in Brazil. High-security products, the private residential market and Canada showed growth, while the trend was negative for traditional lock products and in Brazil. Acquired growth amounted to 3%. Exchange-rate effects on sales were 6%. Operating income excluding restructuring costs totaled SEK 908 M (838), which represents an operating margin (EBIT) of 20.8% (21.0). Return on capital employed amounted to 23.3% (24.1). Operating cash flow before interest paid totaled SEK 1,031 M (1,162).

Asia Pacific

Sales for the quarter in Asia Pacific division totaled SEK 2,427 M (2,580), with organic growth of -8% (-4). There was strong growth for South Korea and Japan, while Pacific showed a stable trend. In China and South-East Asia demand was weak, with declining sales. Acquired growth amounted to 0%. Exchange-rate effects on sales were 2%. Operating income excluding restructuring costs totaled SEK -47 M (381), which represents an operating margin (EBIT) of -2.0% (14.8). Operating income was affected by a write-down of operating assets in China totaling SEK 300 M. Return on capital employed amounted to -1.8% (12.3). Operating cash flow before interest paid totaled SEK 769 M (869).

Global Technologies

Sales for the quarter in Global Technologies division totaled SEK 2,687 M (2,504), with organic growth of 1% (8). Logical access (IAM), Access control (PACS) and Identification technology (IDT) achieved strong growth within HID Global. Secure issuance showed good growth. AdvanIDE and Government ID showed negative growth. Hospitality showed strong growth. Acquired growth amounted to 3%. Exchange-rate effects on sales were 3%. Operating income excluding restructuring costs amounted to SEK 500 M (460), which represents an operating margin (EBIT) of 18.6% (18.4). Return on capital employed amounted to 18.0% (18.5). Operating cash flow before interest paid totaled SEK 778 M (706).

Entrance Systems

Sales for the quarter in Entrance Systems division totaled SEK 5,772 M (5,097), with organic growth of 4% (6). Door automation, US industrial and US residential doors showed strong growth. Industrial doors showed good growth, while high-speed doors and door components had somewhat lower sales. Acquired growth amounted to 5%. Exchange-rate effects on sales were 4%. Operating income excluding restructuring costs totaled SEK 888 M (770), which represents an operating margin (EBIT) of 15.4% (15.1). Return on capital employed amounted to 18.9% (18.5). Operating cash flow before interest paid totaled SEK 1,062 M (981).

Acquisitions and divestments

A total of five acquisitions were consolidated during the quarter. The combined acquisition price for the thirteen companies acquired during the year amounted to SEK 3,023 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 2,395 M. The acquisition price is adjusted for acquired net debt and estimated deferred considerations. Estimated deferred considerations amount to SEK 568 M.

On 1 December it was announced that ASSA ABLOY had acquired Bluvision in the USA, a leading American supplier of solutions in the market for the Internet of Things (IoT). The company has 21 employees and its sales in 2017 are expected to amount to about SEK 160 M.

Sustainable development

In January 2017 ASSA ABLOY became an official regional partner in the World Green Building Council's Europe Regional Network. The Network represents a confederation of 24 Green Building Councils, eight Regional Partners and over 5,000 company members who work together to promote the development of sustainability and innovation in the European building sector.

The Sustainability Report for 2016, with reviews of the Group's targets and other information about sustainable development, will be available from 22 March 2017 on the company's website, www.assaabloy.com.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 4,023 M (3,392) for the full year. Operating income for the same period amounted to SEK 1,687 M (1,351). Investments in tangible and intangible assets totaled SEK 224 M (41). Liquidity is good and the equity ratio was 45.8% (46.1).

Board, Dividend and Annual General meeting

Ulrik Svensson left his position as a Member of the Board of Directors of ASSA ABLOY AB at the end of 2016 in parallel with leaving his position as Managing Director of Melker Schörling AB at the same time.

The Board of Directors proposes a dividend of SEK 3.00 (2.65) per share for the 2016 financial year, an increase of 13%. The Annual General Meeting will be held on 26 April 2017. The Annual Report for 2016 will be available from 22 March 2017 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 92-97 of the 2015 Annual Report. This 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'.

ASSA ABLOY makes use of a number of financial performance measures that are not defined in the reporting rules that the company uses – so-called 'alternative performance measures'. For definitions of financial performance measures, refer to Page 16 of this Quarterly Report and to the company's latest Annual Report. To check how the financial measurements have been calculated for current and earlier periods, refer to the tabulated figures in this Quarterly Report and to the company's Annual Report. The Annual Reports for the years 1994 to 2015 appear on the company's website www.assaabloy.com.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

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 particular risks and risk management, see the 2015 Annual Report.

Review

The Company's Auditors have not carried out any review of this Report for the fourth quarter of 2016.

Stockholm, 2 February 2017

Johan Molin
President and CEO

Financial information

The Interim Report for the first quarter of 2017 will be published on 26 April 2017.

The Annual General meeting will be held on 26 April 2017 at the Museum of Modern Art in Stockholm, Sweden.

Further information can be obtained from:

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ASSA ABLOY is holding an **analysts' meeting at 10.00 today**
at Operaterrassen in Stockholm, Sweden.

The analysts' meeting can also be followed on the Internet at www.assaabloy.com.

It is possible to submit questions by telephone on:
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This information is information that ASSA ABLOY AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 2 February 2017.

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No.03/2017

Financial information – Group

CONSOLIDATED INCOME STATEMENT SEK M	Q4		Q1-Q4	
	2015	2016	2015	2016
Sales	18,301	19,484	68,099	71,293
Cost of goods sold	-11,254	-12,975	-41,704	-44,319
Gross income	7,046	6,509	26,395	26,974
Selling, administrative and R&D costs	-4,036	-5,223	-15,449	-17,444
Share of earnings in associates	28	30	134	127
Operating income	3,038	1,316	11,079	9,657
Finance net	-187	-146	-697	-705
Income before tax	2,851	1,170	10,382	8,952
Tax on income	-731	-304	-2,689	-2,328
Profit from discontinued operations	-	1	-	28
Net income for the period	2,120	867	7,693	6,653
Net income for the period attributable to:				
Parent company's shareholders	2,120	866	7,693	6,651
Non-controlling interest	0	1	0	1
Earnings per share				
before and after dilution, SEK	1.91	0.78	6.93	5.99
before and after dilution and excluding items affecting comparability, SEK	1.91	1.88	6.93	7.09
STATEMENT OF COMPREHENSIVE INCOME				
SEK M				
Net income for the period	2,120	867	7,693	6,653
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	95	243	117	-102
Total	95	243	117	-102
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	-49	-11	-28	126
Net investment and cashflow hedges	73	10	96	-5
Exchange rate differences	-623	1,121	75	1,955
Total	-599	1,119	143	2,077
Total comprehensive income for the period	1,616	2,230	7,953	8,627
Total comprehensive income for the period attributable to:				
Parent company's shareholders	1,616	2,229	7,953	8,627
Non-controlling interest	0	1	0	1

Financial information – Group

CONSOLIDATED BALANCE SHEET SEK M	31 Dec	
	2015	2016
ASSETS		
Non-current assets		
Intangible assets	51,863	57,096
Property, plant and equipment	7,562	8,066
Investments in associates	1,910	2,109
Other financial assets	77	86
Deferred tax assets	1,434	1,899
Total non-current assets	62,847	69,257
Current assets		
Inventories	8,348	9,565
Trade receivables	11,775	12,648
Other current receivables and investments	2,707	3,062
Cash and cash equivalents	501	750
Total current assets	23,330	26,025
TOTAL ASSETS	86,177	95,282
EQUITY AND LIABILITIES		
Equity		
Equity attributable to Parent company's shareholders	41,575	47,220
Non-controlling interest	4	5
Total equity	41,579	47,224
Non-current liabilities		
Long-term loans	15,568	16,901
Deferred tax liabilities	2,031	2,344
Other non-current liabilities and provisions	6,567	6,701
Total non-current liabilities	24,166	25,945
Current liabilities		
Short-term loans	4,574	3,929
Trade payables	6,553	7,443
Other current liabilities and provisions	9,305	10,741
Total current liabilities	20,432	22,112
TOTAL EQUITY AND LIABILITIES	86,177	95,282

CHANGES IN CONSOLIDATED EQUITY SEK M	Equity attributable to:		
	Parent company's shareholders	Non-controlling interest	Total equity
Opening balance 1 January 2015	36,096	2	36,098
Net income for the period	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
Opening balance 1 January 2016	41,575	4	41,579
Net income for the period	6,651	1	6,653
Other comprehensive income	1,975	0	1,975
Total comprehensive income	8,627	1	8,627
Dividend	-2,944	-	-2,944
Stock purchase plans	-39	-	-39
Change in non-controlling interest	-	-	-
Total transactions with parent company's shareholders	-2,982	-	-2,982
Closing balance 31 December 2016	47,220	5	47,224

Financial information – Group

CONSOLIDATED CASH FLOW STATEMENT SEK M	Q4		Q1-Q4	
	2015	2016	2015	2016
OPERATING ACTIVITIES				
Operating income	3,038	1,316	11,079	9,657
Depreciation and amortization	368	403	1,433	1,580
Reversal of restructuring costs	-	1,597	-	1,597
Restructuring payments	-145	-235	-375	-442
Other non-cash items	-221	-45	-269	-354
Cash flow before interest and tax	3,041	3,036	11,869	12,037
Interest paid and received	-195	-179	-548	-597
Tax paid on income	-948	-629	-2,247	-2,928
Cash flow before changes in working capital	1,898	2,228	9,073	8,512
Changes in working capital	1,861	1,939	-502	62
Cash flow from operating activities	3,760	4,167	8,572	8,575
INVESTING ACTIVITIES				
Net investments in intangible assets and property, plant and equipment	-227	-411	-1,241	-1,478
Investments in subsidiaries	-943	-901	-3,171	-2,640
Investments in associates	-1	-	-1	-1
Disposals of subsidiaries	-	2	-	55
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-1,171	-1,310	-4,412	-4,063
FINANCING ACTIVITIES				
Dividends	-	-	-2,407	-2,944
Acquisition of non-controlling interest	-15	-3	-990	-40
Net cash effect of changes in borrowings	-2,712	-2,706	-938	-1,287
Cash flow from financing activities	-2,727	-2,709	-4,335	-4,271
CASH FLOW FOR THE PERIOD	-139	149	-175	240
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	648	604	667	501
Cash flow for the period	-139	149	-175	240
Effect of exchange rate differences	-8	-3	9	9
Cash and cash equivalents at end of period	501	750	501	750
KEY RATIOS			Q1-Q4	
			2015	2016
Return on capital employed, %			17.8	14.1
Return on capital employed excluding items affecting comparability, %			17.8	16.5
Return on shareholders' equity, %			19.8	15.0
Equity ratio, %			48.2	49.6
Interest coverage ratio, times			16.7	14.1
Total number of shares, thousands			1,112,576	1,112,576
Number of shares outstanding, thousands			1,110,776	1,110,776
Weighted average number of outstanding shares before and after dilution, thousands			1,110,776	1,110,776
Average number of employees			45,994	46,928

Financial information – Parent company

INCOME STATEMENT

SEK M	Q1-Q4	
	2015	2016
Operating income	1,351	1,687
Income before appropriations and tax	2,193	2,952
Net income for the period	2,725	3,619

BALANCE SHEET

SEK M	31 Dec	
	2015	2016
Non-current assets	35,138	35,670
Current assets	9,410	10,548
Total assets	44,548	46,218
Equity	20,553	21,190
Non-current liabilities	8,153	8,894
Current liabilities	15,842	16,134
Total equity and liabilities	44,548	46,218

Quarterly information – Group

THE GROUP IN SUMMARY	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
SEK M	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
Sales	15,252	17,082	17,465	18,301	68,099	15,891	17,894	18,025	19,484	71,293
Organic growth	5%	4%	3%	5%	4%	3%	4%	2%	1%	2%
Gross income excluding items affecting comparability	5,969	6,623	6,758	7,046	26,395	6,295	7,031	7,139	7,660	28,125
Gross margin excluding items affecting comparability	39.1%	38.8%	38.7%	38.5%	38.8%	39.6%	39.3%	39.6%	39.3%	39.5%
Operating income before depr. & amort. (EBITDA) excluding items affecting comparability	2,659	3,117	3,330	3,406	12,512	2,787	3,305	3,425	3,316	12,833
Operating margin (EBITDA)	17.4%	18.2%	19.1%	18.6%	18.4%	17.5%	18.5%	19.0%	17.0%	18.0%
Depreciation and amortization	-331	-374	-360	-368	-1,433	-376	-395	-406	-403	-1,580
Operating income (EBIT) excluding items affecting comparability	2,329	2,742	2,970	3,038	11,079	2,411	2,910	3,020	2,913	11,254
Operating margin (EBIT)	15.3%	16.1%	17.0%	16.6%	16.3%	15.2%	16.3%	16.8%	15.0%	15.8%
Items affecting comparability ¹⁾	-	-	-	-	-	-	-	-	-1,597	-1,597
Operating income (EBIT)	2,329	2,742	2,970	3,038	11,079	2,411	2,910	3,020	1,316	9,657
Operating margin (EBIT)	15.3%	16.1%	17.0%	16.6%	16.3%	15.2%	16.3%	16.8%	6.8%	13.5%
Net financial items	-145	-191	-174	-187	-697	-201	-181	-175	-146	-705
Income before tax (EBT)	2,184	2,551	2,796	2,851	10,382	2,209	2,729	2,844	1,170	8,952
Profit margin (EBT)	14.3%	14.9%	16.0%	15.6%	15.2%	13.9%	15.2%	15.8%	6.0%	12.6%
Tax on income	-568	-663	-727	-731	-2,689	-574	-709	-739	-304	-2,328
Profit from discontinued operations	-	-	-	-	-	3	7	17	1	28
Net income for the period	1,616	1,888	2,069	2,120	7,693	1,638	2,026	2,122	867	6,653
Net income attributable to:										
Parent company's shareholders	1,616	1,888	2,069	2,120	7,693	1,638	2,026	2,122	866	6,651
Non-controlling interest	0	0	0	0	0	0	0	0	1	1
OPERATING CASH FLOW										
SEK M	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
Operating income (EBIT)	2,329	2,742	2,970	3,038	11,079	2,411	2,910	3,020	1,316	9,657
Restructuring costs	-	-	-	-	-	-	-	-	1,597	1,597
Depreciation and amortization	331	374	360	368	1,433	376	395	406	403	1,580
Net capital expenditure	-344	-327	-344	-227	-1,241	-342	-394	-331	-411	-1,478
Change in working capital	-1,722	-526	-115	1,861	-502	-1,836	-139	98	1,939	62
Interest paid and received	-71	-200	-84	-195	-548	-94	-228	-96	-179	-597
Non-cash items	-2	-74	28	-221	-269	-17	-26	-266	-45	-354
Operating Cash flow²⁾	520	1,991	2,816	4,625	9,952	498	2,519	2,830	4,620	10,467
Operating Cash flow/Income before tax excluding items affecting comparability ¹⁾	0.24	0.78	1.01	1.62	0.96	0.23	0.92	0.99	1.67	0.99
CHANGE IN NET DEBT										
SEK M	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
Net debt at beginning of period	22,327	25,184	26,579	25,131	22,327	22,269	24,681	27,122	25,571	22,269
Operating cash flow	-520	-1,991	-2,816	-4,625	-9,952	-498	-2,519	-2,830	-4,620	-10,467
Restructuring payments	90	60	80	145	375	95	50	61	235	442
Tax paid	711	371	217	948	2,247	1,298	478	523	629	2,928
Acquisitions and disposals	978	1,536	688	959	4,161	1,345	556	145	991	3,037
Dividend	-	2,407	-	-	2,407	-	2,944	-	-	2,944
Actuarial gain/loss on post-employment benefit obligation	206	-274	70	-152	-150	221	186	105	-374	138
Net debt of disposal group classified as held for sale	-	-	-	-	-	0	0	0	-	-
Exchange rate differences and other	1,392	-713	313	-136	855	-49	746	444	695	1,836
Net debt at end of period	25,184	26,579	25,131	22,269	22,269	24,681	27,122	25,571	23,127	23,127
Net debt/Equity ratio	0.64	0.70	0.63	0.54	0.54	0.58	0.64	0.57	0.49	0.49
NET DEBT										
SEK M	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
	2015	2015	2015	2015		2016	2016	2016	2016	
Non-current interest-bearing receivables	-31	-29	-32	-30		-34	-36	-41	-41	
Current interest-bearing investments including derivatives	-263	-217	-265	-182		-270	-222	-168	-169	
Cash and cash equivalents	-515	-646	-648	-501		-578	-564	-604	-750	
Pension provisions	3,260	2,984	2,954	2,761		3,002	3,258	3,406	3,121	
Other non-current interest-bearing liabilities	16,497	16,495	17,453	15,568		15,668	15,805	16,205	16,901	
Current interest-bearing liabilities including derivatives	6,235	7,992	5,669	4,653		6,893	8,881	6,773	4,065	
Total	25,184	26,579	25,131	22,269		24,681	27,122	25,571	23,127	
CAPITAL EMPLOYED AND FINANCING										
SEK M	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
	2015	2015	2015	2015		2016	2016	2016	2016	
Capital employed	64,699	64,689	65,070	63,848		67,124	69,449	70,555	70,351	
- of which goodwill	43,092	41,818	42,404	42,777		43,098	44,387	45,077	47,544	
- of which other intangible assets and property, plant and equipment	16,324	16,512	16,693	16,649		16,613	17,036	17,264	17,618	
- of which investments in associates	1,890	1,901	1,934	1,910		1,970	2,037	2,095	2,109	
Assets and liabilities of disposal group classified as held for sale	-	-	-	-		111	126	-	-	
Net debt	25,184	26,579	25,131	22,269		24,681	27,122	25,571	23,127	
Non-controlling interest	2	4	4	4		4	3	4	5	
Shareholders' equity	39,513	38,105	39,935	41,575		42,551	42,449	44,981	47,220	
DATA PER SHARE										
SEK	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
Earnings per share before and after dilution	1.45	1.70	1.86	1.91	6.93	1.47	1.82	1.91	0.78	5.99
Earnings per share before and after dilution and excluding items affecting comparability	1.45	1.70	1.86	1.91	6.93	1.47	1.82	1.91	1.88	7.09
Shareholders' equity per share after dilution	35.57	34.31	35.95	37.43	37.43	38.31	38.22	40.50	42.51	42.51

Reporting by division

Q4 and 31 Dec	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
SEK M														
Sales, external	4,346	4,479	3,964	4,347	2,433	2,240	2,487	2,671	5,071	5,747	0	0	18,301	19,484
Sales, internal	66	77	20	15	146	187	18	16	26	25	-276	-321	-	-
Sales	4,411	4,557	3,984	4,362	2,580	2,427	2,504	2,687	5,097	5,772	-276	-321	18,301	19,484
Organic growth	5%	3%	8%	1%	-4%	-8%	8%	1%	6%	4%	-	-	5%	1%
Share of earnings in associates	-	-	-	-	-1	9	-	-	29	21	-	-	28	30
Operating income (EBIT) excl. items affecting comparability	705	766	838	908	381	-47	460	500	770	888	-115	-102	3,038	2,913
Operating margin (EBIT) excl. items affecting comparability	16.0%	16.8%	21.0%	20.8%	14.8%	-2.0%	18.4%	18.6%	15.1%	15.4%	-	-	16.6%	15.0%
Items affecting comparability ¹⁾	-	-781	-	-34	-	-258	-	-148	-	-207	-	-168	-	-1,597
Operating income (EBIT)	705	-15	838	874	381	-306	460	352	770	681	-115	-269	3,038	1,316
Operating margin (EBIT)	16.0%	-0.3%	21.0%	20.0%	14.8%	-12.6%	18.4%	13.1%	15.1%	11.8%	-	-	16.6%	6.8%
Capital employed	12,916	13,275	13,908	15,749	11,689	11,803	9,815	11,331	16,030	18,291	-509	-98	63,848	70,351
- of which goodwill	7,857	8,348	9,903	11,012	7,690	7,920	7,437	8,784	9,891	11,480	-	-	42,777	47,544
- of which other intangible assets and property, plant and equipment	3,210	3,296	3,184	3,516	3,908	3,900	2,300	2,499	3,939	4,282	107	125	16,649	17,618
- of which investments in associates	8	9	0	-	452	496	-	-	1,450	1,605	-	-	1,910	2,109
Return on capital employed excl. items affecting comparability	20.3%	21.2%	24.1%	23.3%	12.3%	-1.8%	18.5%	18.0%	18.5%	18.9%	-	-	18.6%	16.4%
Operating income (EBIT)	705	-15	838	874	381	-306	460	352	770	681	-115	-269	3,038	1,316
Restructuring costs	-	-781	-	-34	-	-258	-	-148	-	-207	-	-168	-	-1,597
Depreciation and amortization	97	104	78	77	69	75	64	75	59	69	1	3	368	403
Net capital expenditure	-4	-169	-104	-89	-46	-37	-42	-65	-26	-25	-5	-25	-227	-411
Change in working capital	611	707	351	136	466	778	224	267	177	130	33	-79	1,861	1,939
Cash flow²⁾	1,408	1,407	1,162	1,031	869	769	706	778	981	1,062	-86	-202	5,040	4,844
Non-cash items	-	-	-	-	-	-	-	-	-	-	-221	-45	-221	-45
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-195	-179	-195	-179
Operating cash flow²⁾													4,625	4,620

Q1-Q4 and 31 Dec	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
SEK M														
Sales, external	16,220	16,535	15,588	16,963	9,401	8,491	9,031	9,619	17,858	19,685	0	0	68,099	71,293
Sales, internal	304	302	76	81	770	698	69	78	98	104	-1,317	-1,262	-	-
Sales	16,524	16,837	15,665	17,044	10,171	9,189	9,100	9,697	17,957	19,789	-1,317	-1,262	68,099	71,293
Organic growth	4%	3%	7%	5%	-3%	-9%	7%	3%	5%	4%	-	-	4%	2%
Share of earnings in associates	-	-	-	-	16	23	-	-	118	104	-	-	134	127
Operating income (EBIT) excl. items affecting comparability	2,620	2,722	3,363	3,640	1,436	787	1,647	1,752	2,436	2,753	-422	-401	11,079	11,254
Operating margin (EBIT) excl. items affecting comparability	15.9%	16.2%	21.5%	21.4%	14.1%	8.6%	18.1%	18.1%	13.6%	13.9%	-	-	16.3%	15.8%
Items affecting comparability ¹⁾	-	-781	-	-34	-	-258	-	-148	-	-207	-	-168	-	-1,597
Operating income (EBIT)	2,620	1,942	3,363	3,606	1,436	529	1,647	1,603	2,436	2,546	-422	-569	11,079	9,657
Operating margin (EBIT)	15.9%	11.5%	21.5%	21.2%	14.1%	5.8%	18.1%	16.5%	13.6%	12.9%	-	-	16.3%	13.5%
Capital employed	12,916	13,275	13,908	15,749	11,689	11,803	9,815	11,331	16,030	18,291	-509	-98	63,848	70,351
- of which goodwill	7,857	8,348	9,903	11,012	7,690	7,920	7,437	8,784	9,891	11,480	-	-	42,777	47,544
- of which other intangible assets and property, plant and equipment	3,210	3,296	3,184	3,516	3,908	3,900	2,300	2,499	3,939	4,282	107	125	16,649	17,618
- of which investments in associates	8	9	0	-	452	496	-	-	1,450	1,605	-	-	1,910	2,109
Return on capital employed excl. items affecting comparability	20.4%	19.9%	24.1%	25.0%	12.6%	6.6%	18.8%	16.6%	14.9%	15.7%	-	-	17.8%	16.5%
Operating income (EBIT)	2,620	1,942	3,363	3,606	1,436	529	1,647	1,603	2,436	2,546	-422	-569	11,079	9,657
Restructuring costs	-	-781	-	-34	-	-258	-	-148	-	-207	-	-168	-	-1,597
Depreciation and amortization	398	402	300	330	268	283	232	296	231	257	4	11	1,433	1,580
Net capital expenditure	-349	-472	-326	-372	-238	-211	-212	-238	-94	-157	-24	-28	-1,241	-1,478
Change in working capital	-47	-75	-120	-152	-231	705	-110	-86	63	-141	-57	-188	-502	62
Cash flow²⁾	2,622	2,577	3,217	3,447	1,235	1,564	1,557	1,724	2,637	2,713	-499	-607	10,770	11,418
Non-cash items	-	-	-	-	-	-	-	-	-	-	-269	-354	-269	-354
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-548	-597	-548	-597
Operating cash flow²⁾													9,952	10,467
Average number of employees	10,886	10,835	7,957	8,961	13,651	12,481	3,583	3,907	9,686	10,505	231	240	45,994	46,928

¹⁾ Items affecting comparability consist of restructuring costs.

²⁾ Excluding restructuring payments.

Financial information - Notes

NOTE 1 SALES BY CONTINENT

SEK M	Q4		Q1-Q4	
	2015	2016	2015	2016
Europe	6,978	7,537	25,443	26,869
North America	6,926	7,645	26,331	28,427
Central- and South America	398	558	1,524	2,012
Africa	219	272	846	923
Asia	3,146	2,816	11,484	10,573
Pacific	632	655	2,470	2,490
Total	18,301	19,484	68,099	71,293

NOTE 2 BUSINESS COMBINATIONS

SEK M	Q4		Q1-Q4	
	2015	2016	2015	2016
Purchase prices				
Cash paid for acquisitions during the year	927	1,001	2,690	2,388
Holdbacks and deferred considerations for acquisitions during the year	107	365	1,155	568
Adjustment of purchase prices for acquisitions in prior years	2	0	-10	-91
Total	1,036	1,365	3,835	2,866
Acquired assets and liabilities at fair value				
Intangible assets	48	0	1,305	69
Property, plant and equipment	95	76	229	355
Financial assets	7	12	44	83
Inventories	200	150	385	251
Current receivables and investments	360	155	673	291
Cash and cash equivalents	62	118	155	263
Non-controlling interests	0	-	-3	-
Non-current liabilities	-115	-48	-543	-233
Current liabilities	-520	-312	-895	-665
Total	138	151	1,350	415
Goodwill	898	1,214	2,485	2,451
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the year	927	1,001	2,690	2,388
Cash and cash equivalents in acquired subsidiaries	-62	-118	-155	-263
Paid holdbacks and deferred considerations for acquisitions in previous years	77	18	635	515
Total	943	901	3,171	2,640

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

NOTE 3 FAIR VALUE AND CARRYING AMOUNT ON FINANCIAL ASSETS AND LIABILITIES

31 December 2016

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at fair value through profit and loss	78	78		78	
Available-for-sale financial assets	11	11			
Loans and other receivables	13,476	13,476			
Derivative instruments - hedge accounting	88	88		88	
Financial liabilities					
Financial liabilities at fair value through profit and loss	2,366	2,366		116	2,250
Financial liabilities at amortized cost	28,272	28,381			
Derivative instruments - hedge accounting	21	21		21	

31 December 2015

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at fair value through profit and loss	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	

Definitions of financial performance measures

Organic growth

Change in sales for comparable units after adjustments for acquisitions and exchange rate effects.

Operating margin (EBITDA)

Operating income before depreciation and amortization as a percentage of sales.

Operating margin (EBIT)

Operating income as a percentage of sales.

Profit margin (EBT)

Income before tax as a percentage of sales.

Operating cash flow

See the table on operating cash flow for detailed information. For relationship between operating cash flow and cash flow from operating activities see the company's last Annual Report.

Net capital expenditure

Investments in tangible and intangible assets less disposals of tangible and intangible assets.

Depreciation

Depreciation and amortization of intangible and tangible assets.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Capital employed

Total assets less interest-bearing assets and non-interest-bearing liabilities including deferred tax liability.

Equity ratio

Shareholders' equity as a percentage of total assets.

Interest coverage ratio

Income before tax plus net interest divided by net interest.

Return on shareholders' equity

Net income attributable to parent company's shareholders as a percentage of average parent company's shareholders equity.

Return on capital employed

Income before tax plus net interest as a percentage of average capital employed.