

Quarterly Report

Q4 2019

ASSA ABLOY

Full-year summary 2019

6 February 2020

Experience a safer and more open world

Lower organic growth with strong profit and cash flow

Fourth quarter

- Net sales increased by 8% to SEK 24,946 M (23,167), with organic growth of 1% (6) and acquired net growth of 3% (3)
- Strong organic growth in Americas, good growth in Global Technologies and stable in EMEA and Entrance Systems, while sales declined in Asia Pacific
- Two acquisitions signed with expected combined annual sales of SEK 800 M
- Tax decision in Finland reconsidered to ASSA ABLOY's disadvantage. Estimated tax exposure of SEK 920 M, but no material effect on the Group's net income
- Operating income¹ (EBIT) increased by 8% and amounted to SEK 4,047 M (3,746), corresponding to an operating margin of 16.2% (16.2)
- Net income¹ amounted to SEK 2,767 M (2,588)
- Earnings per share¹ amounted to SEK 2.49 (2.33)
- Operating cash flow increased by 6% to SEK 5,235 M (4,923)
- The Board of Directors proposes a dividend of SEK 3,85 (3.50) per share for 2019

Organic growth

+1%

Operating income¹

+8%

Earnings per share¹

+7%

Sales and income

| | Fourth quarter | | | January-December | | |
|---|----------------|---------------|-----------|------------------|---------------|------------|
| | 2018 | 2019 | Δ | 2018 | 2019 | Δ |
| Sales, SEK M | 23,167 | 24,946 | 8% | 84,048 | 94,029 | 12% |
| Of which: | | | | | | |
| Organic growth | 1,281 | 147 | 1% | 3,901 | 2,652 | 3% |
| Acquisitions and divestments | 714 | 760 | 3% | 1,793 | 3,063 | 3% |
| Exchange-rate effects | 1,063 | 872 | 4% | 2,217 | 4,265 | 6% |
| Operating income (EBIT)^{1 2}, SEK M | 3,746 | 4,047 | 8% | 12,909 | 14,920 | 16% |
| Operating margin (EBITA) ^{1 2} , % | 16.7% | 16.8% | | 15.8% | 16.4% | |
| Operating margin (EBIT)^{1 2}, % | 16.2% | 16.2% | | 15.4% | 15.9% | |
| Income before tax ^{1 2} , SEK M | 3,515 | 3,779 | 8% | 12,110 | 13,883 | 15% |
| Net income ^{1 2} , SEK M | 2,588 | 2,767 | 7% | 8,984 | 10,243 | 14% |
| Operating cash flow, SEK M | 4,923 | 5,235 | 6% | 11,357 | 14,442 | 27% |
| Earnings per share^{1 2}, SEK | 2.33 | 2.49 | 7% | 8.09 | 9.22 | 14% |

¹ Excluding costs for a restructuring program launched in 2018, totaling SEK -312 M before tax in Q4 2019 and -1,218 M before tax in Q4 2018, corresponding to SEK -1,208 M after tax in total

² Excluding impairment of goodwill and other intangible assets in Q2 2018, totaling SEK -5,595 M before tax, corresponding to SEK -5,268 M after tax.

Comments by the President and CEO

Lower organic growth with strong profit and cash flow

In the fourth quarter, total sales grew by 8%, driven by organic growth of 1%, acquired net growth of 3% and positive currency effects of 4%. Organic growth was strong in Americas (5%) and good in Global Technologies (2%). EMEA (1%) and Entrance Systems (0%) reported stable growth, while organic sales growth in Asia Pacific was negative (-10%).

Operating income increased by 8% to SEK 4,047 M, which is the first time we have exceeded SEK 4bn in a single quarter. The operating margin was unchanged at 16.2%. The operating leverage was strong due to lower raw material costs, together with mix and efficiency improvements, but this was offset by higher acquisition and integration costs. Operating cash flow improved by 6% to a record high SEK 5,235 M, driven by the improved earnings and positive evolution from working capital. Our cash conversion in the quarter was strong at 139%.

For the full year 2019, total sales grew by 12%, driven by an organic growth of 3%, net acquisitions of 3% and positive currency effects of 6%. The operating income reached SEK 14,920 M with an improved operating margin of 15.9% (15.8³) excluding items affecting comparability. Operating cash flow was at a record high SEK 14,442 M.

Stable development in the fourth quarter

Market conditions continued to be mixed during the quarter. New construction indices have remained unchanged in several important markets and geopolitical challenges continue to be a concern.

Despite very tough comparable sales, the Americas division developed strongly, supported by good demand in the commercial and institutional markets. Markets conditions in Europe were mixed with good growth in Scandinavia and Germany, while the UK and Finland were weak. Asia Pacific's negative development was driven by lower intra group sales and a weak South Korea due to low domestic construction activity. The implementation of our new strategy in China with a more selective sales approach has also had a negative effect on our sales in the short term.

Global Technologies growth was lower due to delayed projects in HID, but Global Solutions performed strongly. Entrance Systems had good growth in service, while sales growth for equipment was slightly negative. During the quarter we announced our new organizational setup for Entrance Systems, which creates four business segments and will become effective in the first quarter.

Acquisitions to drive growth in 2020

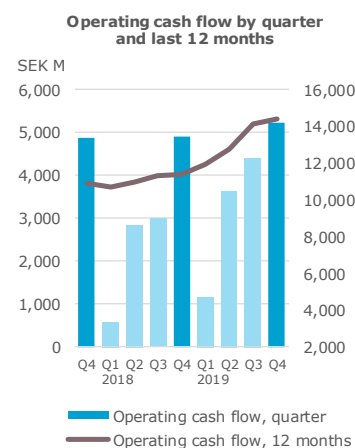
Looking into 2020, acquisitions will be a main growth driver once we have consolidated agta record and the AM Group. Because of these businesses current margin levels and their size, our Group operating margin will be diluted. However, as we integrate these highly complementary businesses, they will over time create significant value and margins will improve gradually.

Finally, I would like to thank you for your trust and look forward to a new decade with great opportunities for ASSA ABLOY.

Stockholm, 6 February 2020



Nico Delvaux
President and CEO



³ Excluding write-down of operating assets in China of SEK -400 M in Q2 2018.

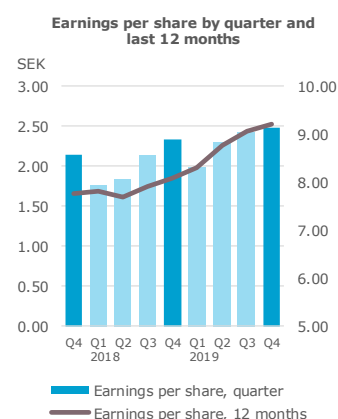
Fourth quarter

The Group's sales increased by 8% to SEK 24,946 M (23,167). Organic growth amounted to 1% (6). Growth from acquisitions and divestments was 3% (3), of which 3% (4) were acquisitions and 0% (-1) were divestments. Exchange-rates affected sales by 4% (6).

The Group's operating income⁴ (EBIT) amounted to SEK 4,047 M (3,746) an increase of 8%. The corresponding operating margin was 16.2% (16.2). Exchange-rates had an impact of SEK 137 M (190) on EBIT. Operating income before amortizations from acquisitions⁴ (EBITA) amounted to SEK 4,188 M (3,858). The corresponding EBITA margin was 16.8% (16.7).

Net financial items amounted to SEK -268 M (-230). The Group's income before tax⁴ was SEK 3,779 M (3,515), an increase of 8% compared with last year. Exchange-rates had an impact of SEK 126 M (187) on income before tax. The profit margin⁴ was 15.1% (15.2).

The effective tax rate⁴ was 26.2% (25.8) on an annual basis. Earnings per share⁴ amounted to SEK 2.49 (2.33), an increase of 7% compared with last year. Operating cash flow totaled SEK 5,235 M (4,923), an increase of 6% compared with last year.



Full year

The Group's sales for the full year 2019 totaled SEK 94,029 M (84,048), representing an increase of 12%. Organic growth was 3% (5). Acquisitions and divestments growth was 3% (2), of which 3% (4) were acquisitions and 0% (-2) were divestments. Exchange-rate effects affected sales by 6% (3).

The Group's operating income^{4 5} (EBIT) in 2019 amounted to SEK 14,920 M (12,909), an increase of 16% compared with last year. The corresponding operating margin was 15.9% (15.4). Operating income before amortizations from acquisitions^{4 5} (EBITA) in 2019 amounted to SEK 15,402 M (13,302). The corresponding EBITA margin was 16.4% (15.8).

Earnings per share^{4 5} in 2019 amounted to SEK 9.22 (8.09), an increase of 14% compared with last year. Operating cash flow totaled SEK 14,442 M (11,357), an increase of 27% compared with last year.

Restructuring measures

Payments related to all restructuring programs amounted to SEK 261 M (351) in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 646 people during the quarter and 16,729 people since the projects began in 2006. At the end of the quarter provisions of SEK 778 M remained in the balance sheet for carrying out the programs.

Additional restructuring costs of SEK -312 M were taken in the fourth quarter of 2019 for our seventh manufacturing footprint program, launched in 2018.

⁴ Excluding costs for a restructuring program launched in 2018, totaling SEK -312 M before tax in Q4 2019 and -1,218 M before tax in Q4 2018, corresponding to SEK -1,208 M after tax in total.

⁵ Excluding impairment of goodwill and other intangible assets in Q2 2018, totaling SEK -5,595 M before tax, corresponding to SEK -5,268 M after tax.

Organization

On October 22 it was announced that a new divisional structure will be formed in Entrance Systems division around four business segments: Pedestrian, Industrial, Residential and Perimeter Security. Perimeter Security is currently part of Opening Solutions Americas division and will be transferred to the Entrance Systems division to create new opportunities to scale up and potentially drive a global expansion. The business segments will be the highest responsible operational entities reporting to the division. This will increase the focus on operation and enable further synergies within each of the business segments.

Christopher Norby has been appointed Executive Vice President and Head of Entrance Systems division with effect from February 1, 2020. Christopher, previously Head of the Industrial Door Solutions business area within Entrance Systems, holds a Masters of Business Administration degree from the University of Miami, USA, and a Bachelor of Science degree from Southeastern Louisiana University, USA. The previous Head of Entrance Systems division, Mogens Jensen, remains in the organization as Head of two of the business segments and will continue as a member of the Executive Team. The changes are effective from February 1, 2020.

Björn Lidfeldt has been appointed Executive Vice President and Head of the HID Global business unit within Global Technologies division with effect from January 13, 2020. Björn previously held the position of Chief Commercial Officer at ASSA ABLOY Group, overseeing branding, communication, commercial development and strategy. Björn holds a Master of Science degree in Industrial Engineering and Management from the University of Linköping, Sweden. He succeeds Stefan Widing who has decided to leave ASSA ABLOY after nearly 14 years' service to take up a new position outside the company.

Tax matters

In 2015 the Finnish Tax Administration decided not to allow tax deductions for interest expenses in the Group's Finnish operations for the years 2008–2012. The decision was appealed to a higher court, and in 2017, the earlier decision was reconsidered to ASSA ABLOY's advantage. After an appeal made by the Finnish tax authority, this decision was recently reconsidered again by the Administrative Court to ASSA ABLOY's disadvantage. This last decision was further appealed by ASSA ABLOY in early 2020.

The estimated total tax exposure is around SEK 920 M, of which SEK 740 M was paid in December 2019 and the remainder in early 2020. The tax exposure and related payments have had no material effect on the Group's income tax expense for the year.

Comments by division

Opening Solutions EMEA

Sales for the quarter in EMEA totaled SEK 5,525 M (5,485), with organic growth of 1% (3). Growth was good in Scandinavia, Germany and South Europe. Sales growth was stable in France and in East Europe but negative in Middle East/Africa, Finland, the UK and Benelux. Acquired growth net was -2%. Operating income excluding restructuring costs totaled SEK 884 M (911), which represents an operating margin (EBIT) of 16.0% (16.6). Return on capital employed amounted to 18.0% (20.6). Operating cash flow before interest paid totaled SEK 1,729 M (1,323).

Opening Solutions Americas

Sales for the quarter in Americas totaled SEK 5,900 M (5,173), with organic growth of 5% (14). Sales growth was very strong for Electromechanical Solutions and Perimeter Security and strong in Canada and for Security Doors, Architectural Hardware and the Residential Group in the US. Sales growth was good in Latin America and for Access & High Security, but was negative in US Smart Residential. Acquired growth net was 4%. Operating income excluding restructuring costs totaled SEK 1,182 M (1,027), which represents an operating margin (EBIT) of 20.0% (19.9). Return on capital employed amounted to 23.6% (22.4). Operating cash flow before interest paid totaled SEK 1,612 M (1,214).

Opening Solutions Asia Pacific

Sales for the quarter in Asia Pacific totaled SEK 2,676 M (2,756), with organic growth of -10% (11). Sales growth was good in South Asia and in Pacific, but for China, India and South Korea growth was negative. Acquired growth net was 4%. Operating income excluding restructuring costs totaled SEK 220 M (264), which represents an operating margin (EBIT) of 8.2% (9.6). Return on capital employed amounted to 9.7% (13.5). Operating cash flow before interest paid totaled SEK 147 M (606).

Global Technologies

Sales for the quarter in Global Technologies totaled SEK 4,377 M (3,602), with organic growth of 2% (8). Sales growth was very strong for Extended Access and strong for Global Solutions and Physical Access Control. For Identity & Access Solutions sales were stable while sales declined for Secure Issuance, Citizen ID and Identification Technology. Acquired growth net was 14%. Operating income excluding restructuring costs totaled SEK 800 M (716), which represents an operating margin (EBIT) of 18.3% (19.9). Return on capital employed amounted to 14.1% (15.3). Operating cash flow before interest paid totaled SEK 1,084 M (947).

Entrance Systems

Sales for the quarter in Entrance Systems totaled SEK 6,893 M (6,616), with organic growth of 0% (2). Sales growth was strong for Pedestrian Doors, good for Logistics Solutions and stable for High Performance Doors. For Industrial Doors, EU Residential Doors, US Residential Doors and Door Components growth was negative. Acquired growth net was 0%. Operating income excluding restructuring costs totaled SEK 1,125 M (998), which represents an operating margin (EBIT) of 16.3% (15.1). Return on capital employed amounted to 18.6% (18.8). Operating cash flow before interest paid totaled SEK 1,086 M (1,224).

Acquisitions and divestments

A total of three acquisitions were consolidated during the quarter. The combined acquisition price for the businesses acquired during the year, including adjustments from prior year acquisitions, amounted to SEK 3,813 M. The acquisition price on a cash and debt free basis totaled SEK 4,551 M. Preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 3,026 M. Estimated deferred considerations amounted to SEK 249 M.

On November 15 it was announced that ASSA ABLOY has signed an agreement to acquire AM Group, an Australian industrial door company within entrance automation. The business group has about 425 employees with the head office located in Sydney, Australia. Expected sales for 2019 amount to around SEK 800 M. The acquisition is expected to close during the first quarter of 2020.

On 29 November, the acquisition of Lux-IDent was completed.

Sustainable development

In the USA, ASSA ABLOY's Division Entrance Systems has finalized the environmental conversion of a major production process started in 2017. The converted production line is estimated to reduce its emissions by 15,000 tons of CO₂ equivalents in 2020. The reduction of annual emissions of greenhouse gases from the factory's production processes amounts to 34,000 tons of CO₂ equivalents, compared to the emissions before the conversion started. This means the annual emissions of greenhouse gases in 2020 will be reduced with more than half for Entrance Systems compared with the level before the conversion started.

The Sustainability Report for 2019, with reviews of the Group's targets and other information about sustainable development, will be available from 16 March 2020 on the company's website, www.assaabloy.com.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 5,172 M (4,750) for the full year 2019. Operating income for the same period amounted to SEK 1,523 M (1,801). Investments in tangible and intangible assets totaled SEK 740 M (115). Liquidity is good and the equity ratio is 42.1% (41.6).

Dividend and Annual General meeting

The Board of Directors proposes a dividend of SEK 3.85 (3.50) per share for the 2019 financial year, an increase of 10%. The Annual General Meeting will be held on 29 April 2020. The Annual Report for 2019 will be available from 16 March 2020 on the company's website, www.assaabloy.com.

Accounting principles

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The same accounting and valuation principles as in the latest Annual Report have been applied, with the exception of new and changed standards and interpretations that came into force on 1 January 2019 and are described briefly on page 18. This Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Report for the Parent company was prepared in accordance with the Annual Accounts Act and RFR 2 'Reporting by a Legal Entity'.

From 1 January 2019 ASSA ABLOY is applying IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments'. The financial effects of applying these standards are described in more detail on page 18.

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 19 of this 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 2018 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 2018 Annual Report.

Review

The Company’s Auditors have not carried out any review of this Report for the fourth quarter of 2019.

M&A and FX guidance

ASSA ABLOY does not provide any market outlooks or business performance forecasts. However, below guidance relating to two key figures is provided to facilitate financial modelling.

Acquisitions and divestments

Completed acquisitions and divestments as per 31 December 2019 are estimated to have an effect of 2% on sales in the first quarter 2020 versus the same period last year, whereas the effect on the operating margin is estimated to be dilutive in the first quarter 2020.

Exchange-rate effects

On the basis of the currency rates as per 31 December 2019, the currency effects on sales in the first quarter 2020 versus the same period last year is estimated to be 1%, whereas the effect on the operating margin is estimated to be neutral to slightly negative in the first quarter 2020.

Stockholm, 6 February 2020



Nico Delvaux
President and CEO

Financial information

The Quarterly Report for the first quarter of 2020 will be published on 29 April 2020.

The Annual General Meeting will be held on 29 April 2020 at the Museum of Modern Art in Stockholm, Sweden.

A capital markets day will be held on 13 May 2020 in London, United Kingdom.

Further information can be obtained from:

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ASSA ABLOY is holding a **telephone and web conference at 09.30 on 6 February 2020**

which can 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 6 February 2020.

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No.01/2020

Financial information – Group

| CONDENSED INCOME STATEMENT | Q4 | | Q1-Q4 | |
|--|--------------|---------------|---------------|---------------|
| | 2018 | 2019 | 2018 | 2019 |
| SEK M | | | | |
| Sales | 23,167 | 24,946 | 84,048 | 94,029 |
| Cost of goods sold | -14,573 | -15,138 | -51,345 | -56,499 |
| Gross income | 8,594 | 9,809 | 32,703 | 37,530 |
| Selling, administrative and R&D costs | -6,101 | -6,117 | -21,178 | -23,069 |
| Impairment of goodwill and other intangible assets | - | - | -5,595 | - |
| Share of earnings in associates | 35 | 44 | 167 | 147 |
| Operating income | 2,528 | 3,735 | 6,096 | 14,608 |
| Finance net | -230 | -268 | -799 | -1,037 |
| Income before tax | 2,297 | 3,467 | 5,297 | 13,571 |
| Tax on income | -670 | -947 | -2,542 | -3,574 |
| Net income for the period | 1,627 | 2,520 | 2,755 | 9,997 |
| Net income for the period attributable to: | | | | |
| Parent company's shareholders | 1,627 | 2,517 | 2,753 | 9,993 |
| Non-controlling interests | 0 | 3 | 2 | 4 |
| Earnings per share | | | | |
| Before and after dilution, SEK | 1.46 | 2.27 | 2.48 | 9.00 |
| Before and after dilution and excluding items affecting comparability, SEK | 2.33 | 2.49 | 8.09 | 9.22 |
| CONDENSED STATEMENT OF COMPREHENSIVE INCOME | | | | |
| SEK M | | | | |
| Net income for the period | 1,627 | 2,520 | 2,755 | 9,997 |
| Other comprehensive income: | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Actuarial gain/loss on post-employment benefit obligations, net after tax | 0 | 221 | 6 | -281 |
| Total | 0 | 221 | 6 | -281 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Share of other comprehensive income of associates | 21 | -80 | 87 | 86 |
| Cashflow hedges and net investment hedges, net after tax | -6 | 18 | -14 | -10 |
| Exchange rate differences | 207 | -1,491 | 2,089 | 1,556 |
| Total | 222 | -1,553 | 2,163 | 1,632 |
| Total comprehensive income for the period | 1,848 | 1,189 | 4,923 | 11,348 |
| Total comprehensive income for the period attributable to: | | | | |
| Parent company's shareholders | 1,849 | 1,185 | 4,923 | 11,343 |
| Non-controlling interests | -1 | 3 | 1 | 5 |

Financial information – Group

| CONDENSED BALANCE SHEET | 31 Dec | | |
|--|--------------------------------------|----------------------------------|---------------------|
| | 2018 | 2019 | |
| SEK M | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 64,861 | 70,355 | |
| Property, plant and equipment | 8,070 | 8,498 | |
| Right-of-use assets | 119 | 3,731 | |
| Investments in associates | 2,434 | 2,595 | |
| Other financial assets | 152 | 104 | |
| Deferred tax assets | 1,354 | 1,205 | |
| Total non-current assets | 76,991 | 86,487 | |
| Current assets | | | |
| Inventories | 11,316 | 11,276 | |
| Trade receivables | 14,496 | 15,701 | |
| Other current receivables and investments | 3,227 | 4,144 | |
| Cash and cash equivalents | 538 | 442 | |
| Total current assets | 29,577 | 31,563 | |
| TOTAL ASSETS | 106,568 | 118,050 | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to Parent company's shareholders | 51,890 | 59,143 | |
| Non-controlling interests | 10 | 11 | |
| Total equity | 51,900 | 59,154 | |
| Non-current liabilities | | | |
| Long-term loans | 19,398 | 21,100 | |
| Non-current lease liabilities | 91 | 2,588 | |
| Deferred tax liabilities | 1,764 | 2,368 | |
| Other non-current liabilities and provisions | 5,030 | 5,071 | |
| Total non-current liabilities | 26,283 | 31,127 | |
| Current liabilities | | | |
| Short-term loans | 7,594 | 5,460 | |
| Current lease liabilities | - | 1,151 | |
| Trade payables | 7,893 | 7,908 | |
| Other current liabilities and provisions | 12,898 | 13,250 | |
| Total current liabilities | 28,385 | 27,769 | |
| TOTAL EQUITY AND LIABILITIES | 106,568 | 118,050 | |
| CHANGES IN EQUITY | Equity attributable to: | | |
| SEK M | Parent company's shareholders | Non-controlling interests | Total equity |
| Opening balance 1 January 2018 | 50,648 | 9 | 50,657 |
| Net income for the period | 2,753 | 2 | 2,755 |
| Other comprehensive income | 2,169 | -1 | 2,168 |
| Total comprehensive income | 4,923 | 1 | 4,923 |
| Dividend | -3,666 | - | -3,666 |
| Stock purchase plans | -15 | - | -15 |
| Total transactions with shareholders | -3,681 | - | -3,681 |
| Closing balance 31 December 2018 | 51,890 | 10 | 51,900 |
| Opening balance 1 January 2019 according to adopted Annual Report | 51,890 | 10 | 51,900 |
| Change in accounting policies | -234 | - | -234 |
| New opening balance 1 January 2019 | 51,656 | 10 | 51,666 |
| Net income for the period | 9,993 | 4 | 9,997 |
| Other comprehensive income | 1,350 | 1 | 1,351 |
| Total comprehensive income | 11,343 | 5 | 11,348 |
| Dividend | -3,888 | - | -3,888 |
| Stock purchase plans | 27 | - | 27 |
| Change in non-controlling interest | 5 | -4 | 1 |
| Total transactions with shareholders | -3,856 | -4 | -3,860 |
| Closing balance 31 December 2019 | 59,143 | 11 | 59,154 |

Financial information – Group

| CONDENSED STATEMENT OF CASH FLOWS SEK M | Q4 | | Q1-Q4 | |
|--|---------------|---------------|---------------|---------------|
| | 2018 | 2019 | 2018 | 2019 |
| OPERATING ACTIVITIES | | | | |
| Operating income | 2,528 | 3,735 | 6,096 | 14,608 |
| Depreciation and amortization | 510 | 922 | 1,963 | 3,387 |
| Impairment of goodwill and other intangible assets | - | - | 5,595 | - |
| Reversal of restructuring costs | 1,218 | 312 | 1,218 | 312 |
| Restructuring payments | -351 | -261 | -793 | -726 |
| Other non-cash items | -224 | -24 | -458 | -324 |
| Cash flow before interest and tax | 3,682 | 4,684 | 13,621 | 17,257 |
| Interest paid and received | -215 | -233 | -662 | -869 |
| Tax paid on income | -487 | -1,651 | -2,658 | -3,872 |
| Cash flow before changes in working capital | 2,979 | 2,801 | 10,302 | 12,516 |
| Changes in working capital | 1,229 | 1,364 | -1,076 | 148 |
| Cash flow from operating activities | 4,208 | 4,164 | 9,225 | 12,665 |
| INVESTING ACTIVITIES | | | | |
| Net investments in intangible assets and property, plant and equipment | -124 | -525 | -1,319 | -1,662 |
| Investments in subsidiaries | -1,609 | -924 | -5,503 | -3,903 |
| Disposals of subsidiaries | 13 | 9 | 395 | 84 |
| Investments in and disposals of associates | - | - | 0 | 16 |
| Other investments and disposals | 0 | 0 | 0 | 0 |
| Cash flow from investing activities | -1,719 | -1,440 | -6,427 | -5,464 |
| FINANCING ACTIVITIES | | | | |
| Dividends | - | - | -3,666 | -3,888 |
| Acquisition of non-controlling interests | - | - | -229 | -19 |
| Repayment of lease liabilities | -6 | -316 | -18 | -1,159 |
| Net cash effect of changes in borrowings | -2,502 | -2,418 | 1,185 | -2,235 |
| Cash flow from financing activities | -2,507 | -2,734 | -2,728 | -7,301 |
| CASH FLOW FOR THE PERIOD | -18 | -9 | 70 | -100 |
| CASH AND CASH EQUIVALENTS | | | | |
| Cash and cash equivalents at beginning of period | 559 | 459 | 459 | 538 |
| Cash flow for the period | -18 | -9 | 70 | -100 |
| Effect of exchange rate differences | -3 | -8 | 9 | 4 |
| Cash and cash equivalents at end of period | 538 | 442 | 538 | 442 |
| KEY RATIOS | | | Q1-Q4 | |
| | | | 2018 | 2019 |
| Return on capital employed, % | | | 7.6 | 16.6 |
| Return on capital employed excluding items affecting comparability, % | | | 16.2 | 17.0 |
| Return on shareholders' equity, % | | | 5.4 | 18.0 |
| Equity ratio, % | | | 48.7 | 50.1 |
| Interest coverage ratio, times | | | 8.0 | 14.9 |
| 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 | | | 48,353 | 48,992 |

Financial information – Parent company

CONDENSED INCOME STATEMENT

SEK M

| | Q1-Q4 | |
|--------------------------------------|-------|-------|
| | 2018 | 2019 |
| Operating income | 1,801 | 1,523 |
| Income before appropriations and tax | 3,951 | 4,962 |
| Net income for the period | 4,796 | 5,134 |

CONDENSED BALANCE SHEET

SEK M

| | 31 Dec | |
|-------------------------------------|---------------|---------------|
| | 2018 | 2019 |
| Non-current assets | 39,554 | 39,443 |
| Current assets | 17,195 | 19,722 |
| Total assets | 56,749 | 59,165 |
| Equity | 23,610 | 24,883 |
| Untaxed reserves | 678 | 911 |
| Non-current liabilities | 13,821 | 16,877 |
| Current liabilities | 18,641 | 16,494 |
| Total equity and liabilities | 56,749 | 59,165 |

Quarterly information – Group

| THE GROUP IN SUMMARY | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| SEK M | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Year 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Year 2019 |
| Sales | 18,550 | 21,140 | 21,191 | 23,167 | 84,048 | 21,505 | 23,544 | 24,034 | 24,946 | 94,029 |
| Organic growth | 4% | 5% | 5% | 6% | 5% | 5% | 3% | 4% | 1% | 3% |
| Gross income excluding items affecting comparability | 7,372 | 8,345 | 8,392 | 9,134 | 33,243 | 8,596 | 9,500 | 9,625 | 9,979 | 37,700 |
| Gross margin excluding items affecting comparability | 39.7% | 39.5% | 39.6% | 39.4% | 39.6% | 40.0% | 40.4% | 40.0% | 40.0% | 40.1% |
| Operating income before depr. & amort. (EBITDA) excluding items affecting comparability | 3,297 | 3,407 | 3,912 | 4,256 | 14,872 | 4,034 | 4,568 | 4,736 | 4,969 | 18,307 |
| Operating margin (EBITDA) | 17.8% | 16.1% | 18.5% | 18.4% | 17.7% | 18.8% | 19.4% | 19.7% | 19.9% | 19.5% |
| Depreciation and amortization excl. amortization attributable to business combinations | -376 | -400 | -396 | -397 | -1,570 | -682 | -716 | -726 | -781 | -2,905 |
| Operating income before amortization (EBITA) excluding items affecting comparability | 2,921 | 3,007 | 3,516 | 3,858 | 13,302 | 3,352 | 3,852 | 4,010 | 4,188 | 15,402 |
| Operating margin (EBITA) | 15.7% | 14.2% | 16.6% | 16.7% | 15.8% | 15.6% | 16.4% | 16.7% | 16.8% | 16.4% |
| Amortization attributable to business combinations | -92 | -97 | -91 | -113 | -393 | -106 | -120 | -115 | -141 | -482 |
| Operating income (EBIT) excluding items affecting comparability | 2,829 | 2,911 | 3,424 | 3,746 | 12,909 | 3,246 | 3,733 | 3,894 | 4,047 | 14,920 |
| Operating margin (EBIT) | 15.3% | 13.8% | 16.2% | 16.2% | 15.4% | 15.1% | 15.9% | 16.2% | 16.2% | 15.9% |
| Items affecting comparability ¹⁾ | - | -5,595 | - | -1,218 | -6,813 | - | - | - | -312 | -312 |
| Operating income (EBIT) | 2,829 | -2,685 | 3,424 | 2,528 | 6,096 | 3,246 | 3,733 | 3,894 | 3,735 | 14,608 |
| Operating margin (EBIT) | 15.3% | -12.7% | 16.2% | 10.9% | 7.3% | 15.1% | 15.9% | 16.2% | 15.0% | 15.5% |
| Net financial items | -175 | -191 | -203 | -230 | -799 | -248 | -271 | -250 | -268 | -1,037 |
| Income before tax (EBT) | 2,654 | -2,876 | 3,221 | 2,297 | 5,297 | 2,997 | 3,462 | 3,645 | 3,467 | 13,571 |
| Profit margin (EBT) | 14.3% | -13.6% | 15.2% | 9.9% | 6.3% | 13.9% | 14.7% | 15.2% | 13.9% | 14.4% |
| Tax on income | -690 | -344 | -838 | -670 | -2,542 | -779 | -900 | -948 | -947 | -3,574 |
| Net income for the period | 1,964 | -3,220 | 2,384 | 1,627 | 2,755 | 2,218 | 2,562 | 2,697 | 2,520 | 9,997 |
| Net income attributable to: | | | | | | | | | | |
| Parent company's shareholders | 1,964 | -3,222 | 2,384 | 1,627 | 2,753 | 2,219 | 2,561 | 2,696 | 2,517 | 9,993 |
| Non-controlling interests | 0 | 2 | 0 | 0 | 2 | -1 | 0 | 1 | 3 | 4 |
| OPERATING CASH FLOW | | | | | | | | | | |
| SEK M | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Year 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Year 2019 |
| Operating income (EBIT) | 2,829 | -2,685 | 3,424 | 2,528 | 6,096 | 3,246 | 3,733 | 3,894 | 3,735 | 14,608 |
| Restructuring costs | - | - | - | 1,218 | 1,218 | - | - | - | 312 | 312 |
| Impairment of goodwill and other intangible assets | - | 5,595 | - | - | 5,595 | - | - | - | - | - |
| Depreciation and amortization | 468 | 497 | 488 | 510 | 1,963 | 788 | 835 | 842 | 922 | 3,387 |
| Net capital expenditure | -356 | -411 | -429 | -124 | -1,319 | -321 | -406 | -410 | -525 | -1,662 |
| Change in working capital | -2,136 | 127 | -296 | 1,229 | -1,076 | -2,048 | 242 | 591 | 1,364 | 148 |
| Interest paid and received | -122 | -220 | -105 | -215 | -662 | -179 | -277 | -179 | -233 | -869 |
| Repayment of lease liabilities | - | - | - | - | - | -262 | -281 | -300 | -316 | -1,159 |
| Non-cash items | -107 | -49 | -78 | -224 | -458 | -53 | -210 | -37 | -24 | -324 |
| Operating cash flow | 575 | 2,855 | 3,004 | 4,923 | 11,357 | 1,171 | 3,636 | 4,401 | 5,235 | 14,442 |
| Operating Cash flow/Income before tax excluding items affecting comparability | 0.22 | 1.05 | 0.93 | 1.40 | 0.94 | 0.39 | 1.05 | 1.21 | 1.39 | 1.04 |
| CHANGE IN NET DEBT | | | | | | | | | | |
| SEK M | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Year 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Year 2019 |
| Net debt at beginning of period | 25,275 | 27,219 | 31,454 | 31,372 | 25,275 | 29,246 | 35,100 | 37,620 | 36,843 | 29,246 |
| Impact from transition to IFRS 16 | - | - | - | - | - | 3,711 | - | - | - | 3,711 |
| Operating cash flow | -575 | -2,855 | -3,004 | -4,923 | -11,357 | -1,171 | -3,636 | -4,401 | -5,235 | -14,442 |
| Restructuring payments | 173 | 166 | 103 | 351 | 793 | 161 | 123 | 181 | 261 | 726 |
| Tax paid on income | 609 | 986 | 576 | 487 | 2,658 | 703 | 942 | 577 | 1,651 | 3,872 |
| Acquisitions and divestments | 986 | 1,097 | 2,610 | 1,697 | 6,390 | 1,357 | 964 | 1,425 | 999 | 4,764 |
| Dividend | - | 3,666 | - | - | 3,666 | - | 3,888 | - | - | 3,888 |
| Actuarial gain/loss on post-employment benefit obligations | -35 | 20 | -21 | -3 | -39 | 179 | 210 | 289 | -316 | 362 |
| Change to lease liabilities | - | - | - | - | - | -127 | -111 | -51 | 47 | -242 |
| Exchange rate differences, etc. | 787 | 1,157 | -348 | 266 | 1,862 | 1,039 | 140 | 1,203 | -1,199 | 1,165 |
| Net debt at end of period | 27,219 | 31,454 | 31,372 | 29,246 | 29,246 | 35,100 | 37,620 | 36,843 | 33,050 | 33,050 |
| Net debt/Equity | 0.50 | 0.65 | 0.63 | 0.56 | 0.56 | 0.64 | 0.70 | 0.64 | 0.56 | 0.56 |
| NET DEBT | | | | | | | | | | |
| SEK M | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | | |
| Interest-bearing assets | -218 | -189 | -181 | -177 | -168 | -144 | -113 | -100 | | |
| Cash and cash equivalents | -551 | -496 | -559 | -538 | -414 | -355 | -459 | -442 | | |
| Derivative financial instruments, net | 32 | 40 | 8 | 0 | 43 | -127 | 8 | -53 | | |
| Pension provisions | 2,971 | 3,102 | 2,873 | 2,880 | 3,105 | 3,324 | 3,717 | 3,346 | | |
| Lease liabilities | 78 | 75 | 86 | 91 | 3,776 | 3,694 | 3,746 | 3,739 | | |
| Interest-bearing liabilities | 24,907 | 28,923 | 29,144 | 26,992 | 28,758 | 31,228 | 29,944 | 26,560 | | |
| Total | 27,219 | 31,454 | 31,372 | 29,246 | 35,100 | 37,620 | 36,843 | 33,050 | | |
| CAPITAL EMPLOYED AND FINANCING | | | | | | | | | | |
| SEK M | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | | |
| Capital employed | 81,139 | 79,733 | 81,412 | 81,146 | 90,227 | 91,334 | 94,796 | 92,204 | | |
| - of which goodwill | 51,956 | 50,590 | 52,169 | 53,413 | 55,731 | 56,179 | 59,134 | 57,662 | | |
| - of which other intangible assets and property, plant and equipment | 19,878 | 18,873 | 18,903 | 19,518 | 19,911 | 20,386 | 21,296 | 21,191 | | |
| - of which right-of-use assets | 141 | 139 | 149 | 119 | 3,805 | 3,705 | 3,746 | 3,731 | | |
| - of which investments in associates | 2,385 | 2,391 | 2,383 | 2,434 | 2,510 | 2,534 | 2,643 | 2,595 | | |
| Net debt | 27,219 | 31,454 | 31,372 | 29,246 | 35,100 | 37,620 | 36,843 | 33,050 | | |
| Non-controlling interests | 9 | 11 | 11 | 10 | 10 | 6 | 8 | 11 | | |
| Equity attributable to the Parent company's shareholders | 53,911 | 48,268 | 50,030 | 51,890 | 55,117 | 53,708 | 57,946 | 59,143 | | |
| DATA PER SHARE | | | | | | | | | | |
| SEK | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Year 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Year 2019 |
| Earnings per share before and after dilution | 1.77 | -2.90 | 2.15 | 1.46 | 2.48 | 2.00 | 2.31 | 2.43 | 2.27 | 9.00 |
| Earnings per share before and after dilution and excluding items affecting comparability | 1.77 | 1.84 | 2.15 | 2.33 | 8.09 | 2.00 | 2.31 | 2.43 | 2.49 | 9.22 |
| Shareholders' equity per share after dilution | 48.53 | 43.45 | 45.04 | 46.71 | 46.71 | 49.62 | 48.35 | 52.17 | 53.25 | 53.25 |

¹⁾ Items affecting comparability consist of restructuring costs and impairment of goodwill and other intangible assets in 2018.

Reporting by division

Q4 and 31 Dec

| SEK M | EMEA | | Americas | | Asia Pacific | | Global Technologies | | Entrance Systems | | Other | | Total | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|--------------|------------------|--------------|-------------|-------------|---------------|---------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| Sales, external | 5,409 | 5,404 | 5,151 | 5,877 | 2,438 | 2,449 | 3,579 | 4,349 | 6,590 | 6,866 | 0 | - | 23,167 | 24,946 |
| Sales, internal | 76 | 121 | 22 | 23 | 317 | 227 | 23 | 28 | 26 | 27 | -465 | -425 | - | - |
| Sales | 5,485 | 5,525 | 5,173 | 5,900 | 2,756 | 2,676 | 3,602 | 4,377 | 6,616 | 6,893 | -465 | -425 | 23,167 | 24,946 |
| Organic growth | 3% | 1% | 14% | 5% | 11% | -10% | 8% | 2% | 2% | 0% | - | - | 6% | 1% |
| Acquisitions and disposals | 5% | -2% | 0% | 4% | 0% | 4% | 11% | 14% | 1% | 0% | - | - | 3% | 3% |
| Exchange-rate effects | 5% | 2% | 8% | 5% | 4% | 3% | 8% | 6% | 6% | 4% | - | - | 6% | 4% |
| Share of earnings in associates | - | - | - | - | -2 | 2 | 3 | 5 | 33 | 37 | - | - | 35 | 44 |
| Operating income (EBIT) excl. items affecting comparability | 911 | 884 | 1,027 | 1,182 | 264 | 220 | 716 | 800 | 998 | 1,125 | -171 | -163 | 3,746 | 4,047 |
| Operating margin (EBIT) excl. items affecting comparability ¹⁾ | 16.6% | 16.0% | 19.9% | 20.0% | 9.6% | 8.2% | 19.9% | 18.3% | 15.1% | 16.3% | - | - | 16.2% | 16.2% |
| Restructuring costs | -438 | -185 | -225 | - | -130 | -6 | -218 | -4 | -108 | -116 | -100 | - | -1,218 | -312 |
| Operating income (EBIT) | 472 | 699 | 803 | 1,182 | 135 | 214 | 499 | 795 | 891 | 1,009 | -271 | -163 | 2,528 | 3,735 |
| Operating margin (EBIT) | 8.6% | 12.6% | 15.5% | 20.0% | 4.9% | 8.0% | 13.8% | 18.2% | 13.5% | 14.6% | - | - | 10.9% | 15.0% |
| Capital employed | 16,883 | 18,659 | 18,506 | 19,678 | 7,455 | 9,053 | 18,511 | 22,329 | 20,742 | 23,024 | -951 | -539 | 81,146 | 92,204 |
| - of which goodwill | 10,709 | 11,121 | 13,327 | 14,105 | 3,892 | 4,168 | 13,245 | 15,459 | 12,240 | 12,809 | - | - | 53,413 | 57,662 |
| - of which other intangible assets and property, plant and equipment | 3,971 | 4,092 | 3,813 | 4,423 | 2,340 | 2,469 | 4,866 | 5,632 | 4,378 | 4,451 | 151 | 124 | 19,518 | 21,191 |
| - of which right-of-use assets | 70 | 990 | - | 499 | 5 | 260 | - | 463 | 44 | 1,499 | - | 19 | 119 | 3,731 |
| - of which investments in associates | 9 | 1 | - | - | 587 | 637 | 19 | 23 | 1,819 | 1,935 | - | - | 2,434 | 2,595 |
| Return on capital employed excluding items affecting comparability | 20.6% | 18.0% | 22.4% | 23.6% | 13.5% | 9.7% | 15.3% | 14.1% | 18.8% | 18.6% | - | - | 18.1% | 17.1% |
| Operating income (EBIT) | 472 | 699 | 803 | 1,182 | 135 | 214 | 499 | 795 | 891 | 1,009 | -271 | -163 | 2,528 | 3,735 |
| Restructuring costs | 438 | 185 | 225 | - | 130 | 6 | 218 | 4 | 108 | 116 | 100 | - | 1,218 | 312 |
| Depreciation and amortization | 120 | 219 | 92 | 152 | 66 | 97 | 147 | 236 | 76 | 209 | 9 | 9 | 510 | 922 |
| Net capital expenditure | -139 | -145 | -88 | -87 | 150 | -73 | -67 | -130 | 33 | -113 | -13 | 22 | -124 | -525 |
| Repayment of lease liabilities | - | -76 | - | -43 | - | -27 | - | -36 | - | -129 | - | -3 | - | -316 |
| Change in working capital | 431 | 848 | 182 | 409 | 125 | -70 | 150 | 215 | 116 | -7 | 224 | -31 | 1,229 | 1,364 |
| Operating cash flow by division | 1,323 | 1,729 | 1,214 | 1,612 | 606 | 147 | 947 | 1,084 | 1,224 | 1,086 | 49 | -167 | 5,361 | 5,492 |
| Non-cash items | - | - | - | - | - | - | - | - | - | - | -224 | -24 | -224 | -24 |
| Interest paid and received | - | - | - | - | - | - | - | - | - | - | -215 | -233 | -215 | -233 |
| Operating cash flow | | | | | | | | | | | | | 4,923 | 5,235 |

Q1-Q4 and 31 Dec

| SEK M | EMEA | | Americas | | Asia Pacific | | Global Technologies | | Entrance Systems | | Other | | Total | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|------------------|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| Sales, external | 19,908 | 20,707 | 19,737 | 23,082 | 8,875 | 9,477 | 11,864 | 15,321 | 23,665 | 25,442 | 0 | - | 84,048 | 94,029 |
| Sales, internal | 293 | 438 | 79 | 90 | 1,074 | 1,213 | 87 | 102 | 97 | 110 | -1,631 | -1,953 | - | - |
| Sales | 20,201 | 21,144 | 19,817 | 23,172 | 9,949 | 10,689 | 11,951 | 15,423 | 23,762 | 25,553 | -1,630 | -1,953 | 84,048 | 94,029 |
| Organic growth | 2% | 2% | 9% | 7% | 4% | -1% | 8% | 5% | 4% | 2% | - | - | 5% | 3% |
| Acquisitions and disposals | 5% | 0% | 1% | 2% | 1% | 5% | 4% | 16% | 1% | 1% | - | - | 2% | 3% |
| Exchange-rate effects | 5% | 3% | 0% | 8% | 3% | 3% | 3% | 8% | 4% | 5% | - | - | 3% | 6% |
| Share of earnings in associates | - | - | - | - | 17 | 17 | 3 | 5 | 147 | 124 | - | - | 167 | 147 |
| Operating income (EBIT) excl. items affecting comparability | 3,256 | 3,396 | 3,941 | 4,673 | 492 | 879 | 2,387 | 2,890 | 3,358 | 3,652 | -525 | -570 | 12,909 | 14,920 |
| Operating margin (EBIT) excl. items affecting comparability ¹⁾ | 16.1% | 16.1% | 19.9% | 20.2% | 4.9% | 8.2% | 20.0% | 18.7% | 14.1% | 14.3% | - | 0 | 15.4% | 15.9% |
| Restructuring costs | -438 | -185 | -225 | - | -130 | -6 | -218 | -4 | -108 | -116 | -100 | - | -1,218 | -312 |
| Impairment of goodwill etc | - | - | - | - | -5,595 | - | - | - | - | - | - | - | -5,595 | - |
| Operating income (EBIT) | 2,818 | 3,211 | 3,716 | 4,673 | -5,233 | 873 | 2,170 | 2,885 | 3,250 | 3,535 | -625 | -570 | 6,096 | 14,608 |
| Operating margin (EBIT) | 13.9% | 15.2% | 18.8% | 20.2% | -52.6% | 8.2% | 18.2% | 18.7% | 13.7% | 13.8% | - | - | 7.3% | 15.5% |
| Capital employed | 16,883 | 18,659 | 18,506 | 19,678 | 7,455 | 9,053 | 18,511 | 22,329 | 20,742 | 23,024 | -951 | -539 | 81,146 | 92,204 |
| - of which goodwill | 10,709 | 11,121 | 13,327 | 14,105 | 3,892 | 4,168 | 13,245 | 15,459 | 12,240 | 12,809 | - | - | 53,413 | 57,662 |
| - of which other intangible assets and property, plant and equipment | 3,971 | 4,092 | 3,813 | 4,423 | 2,340 | 2,469 | 4,866 | 5,632 | 4,378 | 4,451 | 151 | 124 | 19,518 | 21,191 |
| - of which right-of-use assets | 70 | 990 | - | 499 | 5 | 260 | - | 463 | 44 | 1,499 | - | 19 | 119 | 3,731 |
| - of which investments in associates | 9 | 1 | - | - | 587 | 637 | 19 | 23 | 1,819 | 1,935 | - | - | 2,434 | 2,595 |
| Return on capital employed excluding items affecting comparability | 20.1% | 18.4% | 22.5% | 23.6% | 4.8% | 10.3% | 14.0% | 14.0% | 16.9% | 16.2% | - | - | 16.2% | 17.0% |
| Operating income (EBIT) | 2,818 | 3,211 | 3,716 | 4,673 | -5,233 | 873 | 2,170 | 2,885 | 3,250 | 3,535 | -625 | -570 | 6,096 | 14,608 |
| Restructuring costs | 438 | 185 | 225 | - | 130 | 6 | 218 | 4 | 108 | 116 | 100 | - | 1,218 | 312 |
| Impairment of intangible assets | - | - | - | - | 5,595 | - | - | - | - | - | - | - | 5,595 | - |
| Depreciation and amortization | 464 | 813 | 367 | 569 | 292 | 381 | 522 | 793 | 294 | 794 | 24 | 36 | 1,963 | 3,387 |
| Net capital expenditure | -500 | -454 | -327 | -348 | -6 | -220 | -281 | -366 | -170 | -276 | -36 | 3 | -1,319 | -1,662 |
| Repayment of lease liabilities | - | -295 | - | -149 | - | -100 | - | -129 | - | -477 | - | -9 | - | -1,159 |
| Change in working capital | -401 | 53 | -78 | 517 | 33 | -319 | -165 | -5 | -709 | -38 | 244 | -61 | -1,076 | 148 |
| Operating cash flow by division | 2,819 | 3,515 | 3,903 | 5,263 | 811 | 622 | 2,463 | 3,183 | 2,772 | 3,655 | -293 | -602 | 12,477 | 15,635 |
| Non-cash items | - | - | - | - | - | - | - | - | - | - | -458 | -324 | -458 | -324 |
| Interest paid and received | - | - | - | - | - | - | - | - | - | - | -662 | -869 | -662 | -869 |
| Operating cash flow | | | | | | | | | | | | | 11,357 | 14,442 |
| Average number of employees | 11,717 | 11,373 | 8,768 | 9,360 | 11,492 | 11,016 | 4,624 | 5,594 | 11,463 | 11,313 | 288 | 336 | 48,353 | 48,992 |

¹⁾ Items affecting comparability consist of impairment of goodwill and other intangible assets in 2018.

Financial information - Notes

NOTE 1 DISAGGREGATION OF REVENUE

Sales by continent Q4

| SEK M | Opening Solutions | | | | | | | | | | | | Global Technologies | | Entrance Systems | | Other | | Total | |
|----------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|---------------------|---------------|------------------|------|-------|--|-------|--|
| | EMEA | | Americas | | Asia Pacific | | | | | | | | | | | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | | | |
| Europe | 4,765 | 4,825 | 10 | 10 | 137 | 114 | 880 | 1,037 | 3,230 | 3,339 | -166 | -165 | 8,854 | 9,160 | | | | | | |
| North America | 166 | 155 | 4,718 | 5,416 | 288 | 221 | 1,689 | 2,098 | 2,831 | 3,019 | -234 | -167 | 9,458 | 10,742 | | | | | | |
| Central- and South America | 29 | 28 | 405 | 434 | 10 | 20 | 155 | 212 | 20 | 17 | -7 | -14 | 612 | 697 | | | | | | |
| Africa | 229 | 220 | 6 | 9 | 3 | 4 | 168 | 129 | 17 | 13 | -7 | -7 | 416 | 367 | | | | | | |
| Asia | 275 | 270 | 31 | 29 | 1,857 | 1,725 | 644 | 698 | 390 | 378 | -31 | -46 | 3,167 | 3,054 | | | | | | |
| Oceania | 21 | 26 | 3 | 2 | 460 | 592 | 66 | 203 | 128 | 128 | -19 | -25 | 660 | 926 | | | | | | |
| Total | 5,485 | 5,525 | 5,173 | 5,900 | 2,756 | 2,676 | 3,602 | 4,377 | 6,616 | 6,893 | -465 | -425 | 23,167 | 24,946 | | | | | | |

Sales by continent Q1-Q4

| SEK M | Opening Solutions | | | | | | | | | | | | Global Technologies | | Entrance Systems | | Other | | Total | |
|----------------------------|-------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|------------------|------|-------|--|-------|--|
| | EMEA | | Americas | | Asia Pacific | | | | | | | | | | | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | | | |
| Europe | 17,597 | 18,435 | 43 | 43 | 551 | 552 | 3,016 | 3,863 | 11,397 | 11,937 | -663 | -733 | 31,941 | 34,097 | | | | | | |
| North America | 606 | 593 | 18,071 | 21,358 | 923 | 1,082 | 5,718 | 7,657 | 10,405 | 11,650 | -688 | -850 | 35,036 | 41,490 | | | | | | |
| Central- and South America | 100 | 102 | 1,582 | 1,629 | 48 | 52 | 493 | 562 | 89 | 83 | -35 | -37 | 2,278 | 2,392 | | | | | | |
| Africa | 840 | 827 | 14 | 26 | 15 | 15 | 441 | 410 | 60 | 54 | -28 | -24 | 1,342 | 1,308 | | | | | | |
| Asia | 951 | 1,053 | 99 | 110 | 6,610 | 6,633 | 2,008 | 2,471 | 1,302 | 1,333 | -126 | -177 | 10,843 | 11,422 | | | | | | |
| Oceania | 106 | 134 | 8 | 7 | 1,802 | 2,355 | 275 | 459 | 508 | 495 | -91 | -132 | 2,608 | 3,319 | | | | | | |
| Total | 20,201 | 21,144 | 19,817 | 23,172 | 9,949 | 10,689 | 11,951 | 15,423 | 23,762 | 25,553 | -1,630 | -1,953 | 84,048 | 94,029 | | | | | | |

Sales by product group Q4

| SEK M | Opening Solutions | | | | | | | | | | | | Global Technologies | | Entrance Systems | | Other | | Total | |
|---|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|---------------------|---------------|------------------|------|-------|--|-------|--|
| | EMEA | | Americas | | Asia Pacific | | | | | | | | | | | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | | | |
| Mechanical locks, lock systems and fittings | 2,646 | 2,590 | 1,959 | 2,191 | 1,298 | 1,294 | 3 | 84 | 2 | 2 | -164 | -172 | 5,744 | 5,990 | | | | | | |
| Electromechanical and electronic locks | 1,855 | 1,813 | 1,195 | 1,414 | 705 | 586 | 3,599 | 4,240 | 225 | 199 | -258 | -199 | 7,321 | 8,053 | | | | | | |
| Security doors and hardware | 899 | 971 | 2,005 | 2,250 | 749 | 792 | 0 | 53 | - | - | -15 | -26 | 3,638 | 4,040 | | | | | | |
| Entrance automation | 85 | 151 | 13 | 45 | 3 | 4 | - | - | 6,390 | 6,692 | -27 | -28 | 6,464 | 6,864 | | | | | | |
| Total | 5,485 | 5,525 | 5,173 | 5,900 | 2,756 | 2,676 | 3,602 | 4,377 | 6,616 | 6,893 | -465 | -425 | 23,167 | 24,946 | | | | | | |

Sales by product group Q1-Q4

| SEK M | Opening Solutions | | | | | | | | | | | | Global Technologies | | Entrance Systems | | Other | | Total | |
|---|-------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|------------------|------|-------|--|-------|--|
| | EMEA | | Americas | | Asia Pacific | | | | | | | | | | | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | | | |
| Mechanical locks, lock systems and fittings | 10,076 | 10,232 | 7,650 | 8,734 | 4,978 | 5,035 | 11 | 186 | 9 | 8 | -678 | -710 | 22,046 | 23,486 | | | | | | |
| Electromechanical and electronic locks | 6,605 | 6,727 | 3,876 | 5,339 | 2,332 | 2,492 | 11,938 | 15,089 | 891 | 747 | -779 | -1,018 | 24,863 | 29,376 | | | | | | |
| Security doors and hardware | 3,155 | 3,678 | 8,220 | 8,985 | 2,627 | 3,143 | 2 | 147 | - | - | -70 | -104 | 13,933 | 15,849 | | | | | | |
| Entrance automation | 365 | 508 | 70 | 114 | 12 | 18 | - | - | 22,862 | 24,798 | -103 | -121 | 23,205 | 25,318 | | | | | | |
| Total | 20,201 | 21,144 | 19,817 | 23,172 | 9,949 | 10,689 | 11,951 | 15,423 | 23,762 | 25,553 | -1,630 | -1,953 | 84,048 | 94,029 | | | | | | |

NOTE 2 BUSINESS COMBINATIONS

| SEK M | Q4 | | Q1-Q4 | |
|--|--------------|--------------|--------------|--------------|
| | 2018 | 2019 | 2018 | 2019 |
| Purchase prices | | | | |
| Cash paid for acquisitions during the year | 1,601 | 944 | 5,602 | 3,564 |
| Holdbacks and deferred considerations for acquisitions during the year | 387 | 64 | 1,152 | 255 |
| Adjustment of purchase prices for acquisitions in prior years | 0 | -1 | -2 | -7 |
| Total | 1,987 | 1,008 | 6,752 | 3,813 |
| Acquired assets and liabilities at fair value | | | | |
| Intangible assets | 702 | 444 | 1,428 | 1,296 |
| Property, plant and equipment and right-of-use assets | 69 | 209 | 214 | 417 |
| Other non-current assets | 3 | 14 | 222 | 95 |
| Inventories | 92 | 56 | 555 | 208 |
| Current receivables and investments | 143 | 328 | 643 | 681 |
| Cash and cash equivalents | 72 | 58 | 437 | 120 |
| Non-current liabilities | 48 | -119 | -258 | -503 |
| Current liabilities | -132 | -246 | -1,521 | -1,186 |
| Total | 996 | 743 | 1,720 | 1,128 |
| Goodwill | 991 | 265 | 5,032 | 2,685 |
| Change in cash and cash equivalents due to acquisitions | | | | |
| Cash paid for acquisitions during the year | 1,601 | 944 | 5,602 | 3,564 |
| Cash and cash equivalents in acquired subsidiaries | -72 | -58 | -437 | -120 |
| Paid considerations for acquisitions in prior years | 79 | 37 | 339 | 459 |
| Total | 1,609 | 924 | 5,503 | 3,903 |

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

Financial information - Notes

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

31 December 2019

| SEK M | Carrying amount | Fair value | Financial instruments at fair value | | |
|---|-----------------|------------|-------------------------------------|---------|---------|
| | | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | |
| Financial assets at amortized cost | 16,296 | 16,296 | | | |
| Financial assets at fair value through profit and loss | 6 | 6 | | | |
| Derivatives - hedge accounting | 94 | 94 | | 94 | |
| Derivatives - held for trading | 108 | 108 | | 108 | |
| Financial liabilities | | | | | |
| Financial liabilities at amortized cost | 34,468 | 34,722 | | | |
| Financial liabilities at fair value through profit and loss | 1,366 | 1,366 | | | 1,366 |
| Lease liabilities | 3,739 | 3,739 | | | |
| Derivatives - hedge accounting | 6 | 6 | | 6 | |
| Derivatives - held for trading | 143 | 143 | | 143 | |

31 December 2018

| SEK M | Carrying amount | Fair value | Financial instruments at fair value | | |
|---|-----------------|------------|-------------------------------------|---------|---------|
| | | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | |
| Loans and other receivables | 15,248 | 15,248 | | | |
| Financial assets at fair value through profit and loss | 8 | 8 | | | |
| Available-for-sale financial assets | 68 | 68 | | 68 | |
| Derivative instruments - hedge accounting | 49 | 49 | | 49 | |
| Financial liabilities | | | | | |
| Financial liabilities at amortized cost | 34,885 | 34,915 | | | |
| Financial liabilities at fair value through profit and loss | 1,899 | 1,899 | | | 1,899 |
| Lease liabilities | 91 | 91 | | | |
| Derivatives - hedge accounting | 18 | 18 | | 18 | |
| Derivatives - held for trading | 99 | 99 | | 99 | |

New accounting standards

IFRS 16 Leases

Within the Group there are a large number of current lease contracts, mostly relating to offices, premises and vehicles. The Group reports a right-of-use asset and a lease liability representing the present value of future lease payments in the balance sheet on the day that the leased asset is made available for use. In calculating the present value, the Group's incremental borrowing rate by currency is used.

The right-of-use asset is depreciated on a straight-line basis over the lease term, or over the period of use of the underlying asset if the lease transfers ownership of the underlying asset to the Group by the end of the lease term. The depreciations are reported as costs within operating income while interest expenses relating to the lease liability are reported in finance net.

The Group has chosen not to report any right-of-use asset and lease liability concerning obligations for short-term leases and leases of low value. Lease payments relating to such leases are reported as operating expenses over the lease term.

Financial effects of the transition to IFRS 16

The Group applies IFRS 16 from 1 January 2019. For the transition to the new standard, the Group's liability arising from obligations for operating leases is SEK 3,718 M. Adjusted for advance lease payments, the liability is SEK 3,711 M. The Group's total lease liability at the beginning of 2019, including financial lease liability recognized in accordance with IAS 17, is SEK 3,802 M. The total value of the Group's right-of-use assets, including rights of use recognized in accordance with IAS 17, amounted to SEK 3,837 M on 1 January 2019.

The new standard thus results in an increase in the Group's capital employed and a corresponding increase in net debt. The standard also has a slight positive effect on operating income because part of the lease payments are reported as interest expenses in finance net. The new standard had no significant effect on net income in the quarter and is not expected to have any significant effect on the year's net income going forward.

In the statement of cash flows the lease payments are split between interest paid in cash flow from operating activities and repayment of lease liabilities in financing activities. This means that the standard has a positive effect on the Group's cash flow from operating activities.

In the operating cash flow, the Group has chosen to include repayment of lease liabilities as an operating component from 1 January 2019. The Group's operating cash flow will therefore continue to be comparable with earlier periods.

In the transition to IFRS 16, the Group has applied the cumulative catch-up approach as transition method and does not restate any comparative information. However, the Group has chosen to report right-of-use assets and lease liabilities on separate lines in the balance sheet from 2019. As a result of this, assets and liabilities relating to finance leases accounted for in accordance with IAS 17 are being reclassified to the new balance sheet lines in the comparison periods.

In ASSA ABLOY's Annual Report for 2018, under Note 6, there is a detailed explanation of how the lease liability on 1 January 2019 is derived from the Group's operating lease obligations on 31 December 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 explains how an entity should determine the method with which a transaction should be measured and recognized when there is uncertainty over income tax treatments. The Group applies the new guidance commencing on 1 January 2019. In conjunction with the application, the Group reassessed its uncertain tax positions based on the new guidance, which resulted in an increased provision for uncertain income taxes of SEK 234 M. The Group has chosen a modified retrospective approach for initial application of the interpretation, in which comparative figures are not restated. The effect of initial application is recognized as an adjustment to equity in 2019.

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 (EBITA)

Operating income before amortization of intangible assets recognized in business combinations, 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

Cash Flow from operating activities excluding restructuring payments and tax paid on income minus net capital expenditure and repayment of lease liabilities.

Net capital expenditure

Investments in, less disposals of, intangible assets and property, plant and equipment.

Depreciation and amortization

Depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets.

Net debt

Interest-bearing liabilities less interest-bearing assets. See the table on net debt for detailed information.

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 excluding restructuring reserves.

Earnings per share after tax and dilution

Net income excluding non-controlling interests divided by weighted average number of outstanding shares after any potential dilution.