An introduction to ASSA ABLOY

The global leader in door opening solutions
ASSA ABLOY in brief

ASSA ABLOY is the global leader in door opening solutions and a market leader in most of Europe, North America, China and Oceania. The Group has sales of SEK 68 billion and 46,000 employees.

ASSA ABLOY’s product offering satisfies end-user needs for security, safety and convenience.

Complete range and broad base

ASSA ABLOY has a complete range of door opening products, solutions and services for the institutional, commercial and consumer markets.

Innovations and sustainability

ASSA ABLOY has global product leadership through innovation and product development. Electromechanical products and entrance automation have increased from 27 percent of sales to over 50 percent in ten years.

Digital future

ASSA ABLOY is currently creating future digital and mobile security solutions on its own technology platforms, such as Seos.

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**Assa Abloy’s strategy for profitable growth.**

### Market presence
Increasing growth in the core business and expanding into new markets and segments.

### Product leadership
Continuously developing innovative products, offering enhanced customer value and lower product costs.

### Cost-efficiency
Reducing the cost base through improved processes, flexible final assembly close to the customer and production in low-cost countries.

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**Financials in brief**

**2015**

- **Sales**: Increased by 20 percent to SEK 68,099 M (56,843).
- **Earnings per share**: After full dilution increased to SEK 6.93 (5.79).
- **Operating income**: Amounted to SEK 11,079 M (9,257).
- **Operating cash flow**: Amounted to SEK 9,952 M (8,238).

### Investments
In product development continued at an accelerated rate and a number of new products were launched.

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**Share of Group sales by region 2015**

<table>
<thead>
<tr>
<th>Region</th>
<th>Share of Group Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>37%</td>
</tr>
<tr>
<td>Africa</td>
<td>1%</td>
</tr>
<tr>
<td>North America</td>
<td>39%</td>
</tr>
<tr>
<td>South America</td>
<td>2%</td>
</tr>
<tr>
<td>Asia</td>
<td>17%</td>
</tr>
<tr>
<td>Oceania</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Key data**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, SEK M</td>
<td>48,481</td>
<td>56,843</td>
<td>68,099</td>
<td>20%</td>
</tr>
<tr>
<td>of which: Organic growth, %</td>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>of which: Acquired growth, %</td>
<td></td>
<td>4</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>of which: Exchange rate effects, %</td>
<td></td>
<td>-2</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Operating income (EBIT), SEK M</td>
<td>7,923</td>
<td>9,257</td>
<td>11,079</td>
<td>20%</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>16.31</td>
<td>16.3</td>
<td>16.3</td>
<td></td>
</tr>
<tr>
<td>Income before tax (EBT), SEK M</td>
<td>7,381</td>
<td>8,698</td>
<td>10,382</td>
<td>19%</td>
</tr>
<tr>
<td>Operating cash flow, SEK M</td>
<td>6,803</td>
<td>8,238</td>
<td>9,952</td>
<td>21%</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>17.1</td>
<td>16.9</td>
<td>17.8</td>
<td></td>
</tr>
</tbody>
</table>

**Data per share**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share after tax and dilution (EPS), SEK/share</td>
<td>4.95¹</td>
<td>5.79⁴</td>
<td>6.93¹</td>
<td>20%</td>
</tr>
<tr>
<td>Equity per share after dilution, SEK/share</td>
<td>25.94¹</td>
<td>32.50⁴</td>
<td>37.43¹</td>
<td>15%</td>
</tr>
<tr>
<td>Dividend, SEK/share</td>
<td>1.90¹</td>
<td>2.37¹</td>
<td>2.65¹</td>
<td>22%</td>
</tr>
<tr>
<td>Weighted average number of shares after dilution, thousands</td>
<td>1,110,776¹</td>
<td>1,110,776²</td>
<td>1,110,776</td>
<td></td>
</tr>
</tbody>
</table>

¹ Excluding items affecting comparability.
² Excluding restructuring payments.
³ As proposed by the Board of Directors.
⁴ Key data has been restated due to the 3:1 share split in 2015.
Technological leadership strengthens our long-term profitable growth

2015 was once again a record year for ASSA ABLOY. Sales increased by 20 percent to SEK 68,099 M, while organic growth was 4 percent. Operating income increased by 20 percent to SEK 11,079 M. Our strategies are functioning well in a global market with uneven and relatively weak growth. We have gained leadership in the accelerating technology shift to electronics, digitization and mobile. This means that we are well positioned for continued long-term profitable growth.

ASSA ABLOY has a stable foundation thanks to having the world’s largest base of lock and door installations. We are the industry’s only truly global player, with sales worldwide and a turnover equivalent to the combined turnover of its four closest competitors. This provides breadth, stability and risk diversification, as well as resources for innovation and leadership in the technological revolution now taking place in our industry.

Growth in sales shows that we are strengthening our market presence. Over the past nine years this strategy has been dominated by the focus on emerging markets. These markets have increased their share of sales from 10 percent in 2006 to 26 percent in 2015. We are also strengthening market presence through selective and complementary acquisitions. We acquired 16 companies during the year, which contributed SEK 2,500 M in sales or 4 percent.

Product leadership is intimately associated with market presence. Over the past ten years ASSA ABLOY has invested heavily in faster and more efficient common processes, with the goal of doubling the innovation rate and radically reducing costs. The target is that products launched in the past three years should account for at least 25 percent of sales. Today this target has been achieved, with a share of 31 percent at Group level.

There is no doubt that digitization and mobile communications technology are now revolutionizing how we interact with technology to enter and exit buildings, how we identify ourselves to gain access to physical spaces, work places and public buildings. For several years ASSA ABLOY has been the leading force. One measure is that sales of electromechanical products have risen from SEK 3 billion in 2000 to SEK 35 billion in 2015, accounting for over half of sales. Mechanical products have reduced their share of sales from 70 percent in 2006 to just under one-third today.

The strategy to increase cost efficiency delivers good results. Our programs for rationalization of the production structure is an important framework for cost-efficiency initiatives. Between 2006 and year-end 2015, the Group closed 73 factories, converted 84 plants to assembly and closed 41 office units. Resources and costs have been transferred to a low-cost environment with more efficient and more sustainable production processes and from production to product development and marketing close to the customer. Complemented by professional sourcing, lean projects and Seamless Flow our cost initiatives contributed to a stable margin growth 2015 in line with the EBIT margin target of 16–17 percent over a business cycle.

I usually maintain very briefly that this is a good industry to be in. We also have a good culture for developing our company in the face of future challenges. I should therefore like to conclude by expressing my sincere thanks to all our employees whose major daily efforts ensure that ASSA ABLOY continues to be the most innovative and cost-efficient supplier of door opening solutions.

Stockholm, 5 February 2016

Johan Molin
President and CEO
Vision

- To be the global leading, most successful and innovative supplier of total door opening solutions.
- To lead in innovation and offer well-designed, convenient, safe and secure solutions that create added value for our customers.
- To be an attractive company for our employees.

Strategy and targets

Long-term and as an average over a business cycle

10% annual growth through a combination of organic and acquired growth

16–17% operating margin

Strategy for growth and profitability

The Group’s overall strategic direction is to spearhead the trend towards increased security with a product-driven offering centered on the customer. The strategic action plans are focused on three areas: market presence, product leadership and cost-efficiency.

Market presence

Increasing growth in the core business and expanding into new markets and segments.

Product leadership

Continuously developing innovative products offering enhanced customer value and lower product costs.

Cost-efficiency

Reducing the cost base through improved processes, flexible final assembly close to the customer and production in low-cost countries.

Employees

Continuing professional development, skills and values are the basis for the Group’s success.

Values

are based on accountability, equality principles and collaboration for a focused, results-driven company with high business ethics.

Sustainability

is integrated in all Group processes: innovation, product development, manufacturing, logistics and sales.
Global market presence

Strengthening ASSA ABLOY’s world-leading market presence through constantly increasing customer relevance is a cornerstone for creating profitable growth. Strategies focus on strengthening the master brand, creating customer value through segmentation, advice and close customer relations, expanding in emerging markets and in new technologies organically and through acquisitions.

The global market for door opening solutions is growing more rapidly than global GDP. ASSA ABLOY is the industry’s most global player and is represented in more than 70 countries, with sales worldwide. The mature markets in North America, Europe and Australia account for three-quarters of ASSA ABLOY’s sales. The Group has been focusing for several years on increased market presence in emerging markets, which have a considerably higher growth rate than mature markets. Their share of sales has increased from 10 to 26 percent in nine years.

The global market for door opening solutions is undergoing a technology shift from mechanical to electromechanical and electronic products. Electromechanical products have increased from 29 percent of Group sales in 2005 to 51 percent in 2015. Demand for mechanical products continues to increase, but is falling as a share of total sales. The Group is now leading development in a third technology phase of growth for digital and mobile security solutions. Entrance automation is also growing very rapidly and the Group has a global market-leading position.

Distribution is an important part of ASSA ABLOY’s value creation. Depending on customer needs, the product and solution, and national and local requirements and standards, the Group reaches its end-customers through a variety of distribution channels at various stages in the supply chain.

The number of customer-facing staff has increased substantially over a number of years. ASSA ABLOY has a competitive edge due to its well-developed cooperation with distribution players thanks to its specialist advisers, the specifiers. The aim is to increase knowledge and demand by offering competence and digital tools as early as possible in the planning, specification and design of door opening solutions.

ASSA ABLOY has considerable value in its well-known brands. ASSA ABLOY is the global master brand often combined with individual brands well established in local knowledge, regulations and security standards. The Group thus capitalizes on its large global installed base, while increasing the visibility of the ASSA ABLOY master brand, which unites the Group’s sales departments and represents innovation, leading technology and total door opening solutions. 70 percent of Group sales are under the ASSA ABLOY brand or a combination of the master brand and local brands.

Acquisitions are an important part of the strategy to increase market presence. The ambition is 5 percent acquired growth per year over a business cycle. Since 2006 the Group has made over 140 acquisitions, with a focus on expanding in emerging markets, complementing existing operations, and increasing technological breadth and depth. 2015 saw 16 acquisitions, which increased Group sales by SEK 2,500 M or 4 percent.
#1 Global leader in door opening solutions

×5 26 percent of sales are on emerging markets, a fivefold increase in nine years

51% Electromechanical solutions account for 51 percent of sales

ASSA ABLOY’s BRAND STRATEGY

The ASSA ABLOY master brand

ASSA ABLOY 70%

70 percent of Group sales are under the ASSA ABLOY brand or a combination of the master brand and local brands.

Examples of product brands

Well-known product brands benefit from the large installed base and are adapted to comply with local regulations and safety standards. The product brands are combined with the ASSA ABLOY master brand.

Examples of non-endorsed product brands

Global brands with a unique market position

Examples of non-endorsed product brands
Value creation strategy #2

Product leadership

Distribution channels for the security market

ASSA ABLOY creates considerable value for customers in the distribution process. The Group’s advisers, the specifiers, provide specialist advice on security solutions. Architects, building and security consultants can use ASSA ABLOY’s BIM technology to specify and test solutions in 3D on computer screen for 3D models of buildings and door openings, and order products online.

ASSA ABLOY distributes products through many different players depending on customer segment and stage in the supply chain: security systems integrators, locksmiths, security installers, building and lock wholesalers, retailers, DIY, hardware and security stores, OEMs, door and window manufacturers.

Building and lock wholesalers, security consultants and locksmiths have a key role in delivering and installing the products specified for various construction projects.

No. 1

The most innovative supplier of total door opening solutions

+22%

Electromechanical products and entrance automation have increased from 29 percent to 51 percent of total sales in ten years

31%

Products launched in the past three years account for 31 percent of total sales
Focus on innovation increases value of new products

A constant flow of new, innovative and sustainable products to the market is the single most important driver for achieving ASSA ABLOY’s target of 5 percent organic growth. The Group’s vision is to be the most innovative supplier of total door opening solutions. Products launched in the past three years now account for over 30 percent of sales, compared with 15 percent ten years ago.

Today ASSA ABLOY is well established as the global product leader in mechanical, electromechanical and electronic locks and door opening solutions. The Group is also leading development in the next major technological stage towards the digital and mobile world’s solutions comprising intelligent, networked and connected products. R&D investment has increased 230 percent since 2005, reaching a new record level of SEK 1,932 M in 2015, equivalent to 3 percent of sales. The Group-wide structured innovation process with common platforms, Shared Technologies and development centers in all divisions is driven by the ambition of doubling the innovation rate.

The main driver for innovation and product development is the development of digital technologies and fast-growing demand for electromechanical products and solutions. Since 2005 these have increased from 29 percent to 51 percent of ASSA ABLOY’s sales, equivalent to SEK 27 billion in growth. Mechanical products continue to increase, but electromechanical products are growing considerably faster.

More electromechanical products also mean an increase in the sales value per door, as well as in the recurring revenue from service and upgrades. The share of installed doors fitted with some form of electromechanical solution is estimated at around 5 percent and is forecast to reach 20 percent or more in the future, representing a strongly growing market for upgrades and new sales.

Another important driver for product development is the sharply rising demand for sustainable solutions. Investments in sustainable buildings are increasing worldwide, with requirements for energy savings, lower materials consumption, and renewable or recycled materials becoming increasingly important. Demand for Environmental Product Declarations (EPD) has shown a marked increase and is already a prerequisite for taking part in much of the market.

A prerequisite for ASSA ABLOY’s product leadership and sharply rising innovation rate is the focus on an increasingly effective Group-wide innovation process. It is driven by the Group target that products launched in the past three years should account for at least 25 percent of sales, which has already been achieved. Guiding principles are insight into customer needs, product management based on a long-term plan, active management of product portfolios, and a cost-efficient innovation process. Each new product and product solution should create as much customer value as possible through improved function and cost savings in the form of more efficient designs, better materials and component choices, and improved processes.
Cost-efficiency

Successful efficiency programs

ASSA ABLOY has a number of ongoing Group programs to increase cost-efficiency. The latest program will end in mid-2016 with significant cost reductions. Work continued successfully on professional sourcing, Lean production methods, major investments in product development for more efficient and sustainable production and products, and Seamless Flow, contributing to achieving the operating margin target of 16–17 percent.

Since 2006 ASSA ABLOY has consistently implemented multi-year programs to retain only product assembly in plants close to customers in mature markets. The more strategic components, such as cylinders, door closers and some electromechanical products, are concentrated to the Group’s own production plants in low-cost countries, while components are increasingly sourced from production partners. As a result, the number of employees in low-cost countries has doubled since 2006 to over 20,000, and the share has increased from 36 percent in 2006 to 45 percent in 2015.

The programs may be seen as ongoing activities, although they are basically structural, due to the Group’s acquisition strategy of around one acquisition per month. Cost savings have been significant since 2006. 73 production units have been closed, 84 converted into assembly plants, and 41 office units closed. The majority of the remaining production units in high-cost countries have switched to mainly final assembly and customization to achieve short lead times and a high service level. As a result of these changes, 10,750 employees have left the Group.

ASSA ABLOY’s professional sourcing should ensure maximum quality at minimum cost and is a prerequisite for increasingly efficient operations. Direct material sourcing has increased substantially over the past ten years from SEK 8 billion to over SEK 25 billion. The ambition is to have an increasingly limited number of large, high-quality suppliers, mainly in low-cost countries, as strategic partners. These should be a natural part of the production flow and also collaborate in product development.

ASSA ABLOY applies and develops a number of methods and processes to increase cost-efficiency. The overall Lean methodology includes all processes and provides increased added value for customers using fewer resources due to reduced materials consumption and on-demand production. Value Analysis and Value Engineering (VA/VE) involves in-depth analyses of products and production processes to identify cost savings in existing and new products.

Seamless Flow, has been a main activity for the Group for the past four years. The principal aim is to reallocate indirect personnel costs in order to invest instead in innovation and marketing to increase value creation for the customer. Seamless Flow originates in efforts to reduce administrative costs by means of digital technology, while increasing customer value and strengthening customer relationships.
Museum with unique security and aesthetic requirements

The Whitney Museum of American Art in New York required solutions that satisfy the art museum’s unique requirements, while offering maximum security without compromising the elegant interior.

■ CUSTOMER: The building was designed by the architect Renzo Piano and comprises over 4,500 square meters exhibition space indoors and 1,200 square meters outdoors, including terraces with a view of the High Line park. This highly regarded art museum, whose premises were reopened in May 2015, is centrally located in the Meatpacking District in Lower Manhattan.

■ CHALLENGE: Owing to the museum’s unique security and aesthetic requirements, it was important ASSA ABLOY could offer solutions that satisfy a number of different specific requirements, such as the means to make door openings larger when artworks are to be moved between different parts of the building.

■ SOLUTION: ASSA ABLOY took into account the unique requirements for each of the building’s 450 door openings. Traditional swing or glazed doors were used in some corridors, while special solutions were required in others, with several adjacent doors to obtain an extra-wide opening, when artworks are to be moved.

In addition, the project included a number of unique hardware solutions tailored to function with special or glazed doors.
Another requirement was doors with different security levels. In many cases the doors were fitted with electronic lock products to maintain security, in both galleries and staff areas. Sargent’s patented key system with several different authorization levels provides an extra security dimension.

ASSA ABLOY consistently chose aesthetically attractive hardware. A designer handle from Sargent was, for example, chosen for its ability to blend into the building’s design. It is an attractive, uniform, secure solution, which can be used for everything from electronic locks and mortise locks to access control products.

AN INTRODUCTION TO ASSA ABLOY
Over the past ten years, ASSA ABLOY has grown into the largest global supplier of door opening solutions. Simple, clear and consistent strategies have driven rapid growth, with good, increasing profitability and financial stability. Global market presence, technological leadership and cost-efficiency have delivered long-term increasing profits, which have created significant value for shareholders and other stakeholders.

The focus is long-term value creation expressed in two overall targets: 10 percent annual sales growth and a 16–17 percent operating margin over a business cycle. Target fulfilment is good, while the operating margin has remained fairly stable above the 16 percent floor except for the crisis years of 2009 and 2010. Since the 2009–2010 crisis organic growth has been a strong 21 percent.

Market presence and growth
Underlying the good growth rate of 140 percent since 2005 is an important repositioning of the market presence. The Group has had strong focus on emerging markets, which now account for 26 percent of total sales, compared with 10 percent ten years ago. ASSA ABLOY has become a market leader in the switch to electromechanical locks and lock solutions. Today electromechanical products account for 51 percent of Group sales and mechanical locks for 29 percent, compared with 29 and 53 percent respectively in 2005. Sales of electromechanical products have risen from SEK 8 M to SEK 35 billion.

The Group has made a breakthrough in the markets for entrance automation and industrial doors with a new division, Entrance Systems. This has grown very rapidly into the largest division with annual sales of SEK 17,957 M and a 26 percent share of Group sales. The growth rate has been very strong at nearly 650 percent since 2005.

Acquisitions are a strategic activity for strengthening geographical market coverage, complementing the product range and adding new technologies in expansive areas. Since 2005 ASSA ABLOY has acquired more than 140 companies, achieving its ambition of 5 percent annual acquired growth.

Product leadership and innovation
The Group’s good organic growth rate would not have been possible without the strategy of sharply increasing investments in innovation and product development. The target is 5 percent organic growth. The ambition has been to double the innovation rate so that products launched in the past three years account for 25 percent of the Group’s total sales. This target has been passed. Today the figure is 31 percent.

Cost-efficiency
ASSA ABLOY has fundamentally changed the production structure over the past ten years through several programs to concentrate assembly close to major customer markets and to relocate component production to low-cost countries. Sourcing has increased substantially and been concentrated to fewer, larger and better suppliers. Lean programs are conducted in all units, with professional teams and ongoing projects to streamline processes. VA/VE methods in product development have sharply reduced materials consumption. A major investment is also being made in Seamless Flow, i.e. more efficient processes for information flows to automate administrative processes.
Ultramodern access control in new Red Cross office

CUSTOMER: In collaboration with the architect Francisco Daroca Bruño, the Spanish Red Cross in Córdoba wanted to create a new office building, with a human-centered design, to reflect the organization’s humanitarian work.

CHALLENGE: The main challenge was to provide the highest possible security level for a large number of users. The Red Cross wanted to replace all the mechanical keys, enable security managers to grant access remotely, and manage several facilities from the same place. At the same time, they wanted high user security, and to manage the operation’s various users, including 3,000 volunteers, 100 employees, visitors and emergency service staff.

SOLUTION: ASSA ABLOY’s wireless access system SMARTair™ satisfies the Red Cross most important requirement: an effective system that can be configured and upgraded and satisfies all the users’ needs. The doors are now opened by programmable smart cards, eliminating the risk of lost keys. A single system gives property managers control over who enters and exits the building and when.

The wireless system enables security staff to monitor the building’s security status in real time. Events can be simply tracked, and the system can easily be expanded should the Red Cross want to integrate more facilities in the future.

The aesthetic factor was also decisive for the Red Cross choice. Glazed doors blend well into the open and transparent building. ASSA ABLOY also supplied panic hardware, door closers and sliding doors.
ASSA ABLOY’s divisions

ASSA ABLOY is divided into three regional and two global divisions.

Regional divisions

The regional divisions manufacture and sell mechanical and electromechanical locks, digital door locks, cylinders and security doors adapted to the local market’s standards and security requirements.

- **EMEA**
  - Share of sales: 24%
  - Share of operating income: 23%
  - Read about the division’s operations and performance on page 14

- **Americas**
  - Share of sales: 23%
  - Share of operating income: 29%
  - Read about the division’s operations and performance on page 15

- **Asia Pacific**
  - Share of sales: 14%
  - Share of operating income: 13%
  - Read about the division’s operations and performance on page 16

Global divisions

The global divisions manufacture and sell electronic access control, identification products and entrance automation on the global market.

- **Global Technologies**
  - Share of sales: 13%
  - Share of operating income: 14%
  - Read about the division’s operations and performance on page 17

- **Entrance Systems**
  - Share of sales: 26%
  - Share of operating income: 21%
  - Read about the division’s operations and performance on page 18

AN INTRODUCTION TO ASSA ABLOY
Demand continued to grow in 2015. Growth was strong in northern and Eastern Europe, relatively weak in the UK and Germany, and good in Africa and the Middle East. Spain returned to positive growth, while sales in Italy and France declined somewhat. Demand for electromechanical locks and solutions and for sustainable products grew strongly. New products accounted for 28 percent of sales. Intensive work on consolidation and efficiency programs contributed to a better result, despite a slightly lower operating margin due to negative exchange rate effects.

Market development
The long-term strategic focus on emerging markets generated positive results during the year, with high growth. These markets increased their share of total sales to 20 percent (19). Strong demand for electromechanical locks, which increased by around 10 percent, was also evident. Growth was particularly strong in the residential segment, where concepts such as home automation, smart homes and digital door locks are increasingly in demand. Another strong trend is customer interest in sustainability performance. EMEA has a very strong range of products with high sustainability performance and had over 40 EPDs (Environmental Product Declarations) at year-end. The demand trend in recent years from component sales and towards an increasing number of major projects for total door opening solutions continued.

Market presence
The division is undergoing a major shift towards an increased market and customer focus, with the support of digital technology. An increasing number of flows, processes and operations are being rationalized through modern digital technologies and tools, known as Seamless Flow, reducing the staff requirement in various support functions in favor of customer-facing staff. This category has increased from around 1,400 to over 1,700 over the past five years, while sales support has fallen from over 1,600 to around 1,300. The ambition is to achieve a ratio of one employee in indirect sales support to two employees in direct sales.

EMEA’s leading residential and consumer product brand, Yale, continued its strong growth in both mature and emerging markets due to product innovation, development of the professional sales channels and increased marketing support. Several large security projects continued and were delivered to global and European telecoms operators, hospitals and government agencies.

The year saw the acquisition of MSL, a market-leading Swiss manufacturer of high-quality mechanical and electromechanical locks. Other acquisitions included Flexim, Finland’s largest locksmith with nine regional offices, and Prometal (UAE), the second largest manufacturer in the Middle East of steel and wooden security and fire-rated doors.

Product leadership
Investments to increase the flow of new products continued at a high rate. Products launched in the past three years accounted for 28 percent of the division’s sales, which is more than a twofold increase in five years. Over 200 new products are in the pipeline for the coming years. The high product development rate mainly meets the sharply increasing demand for electromechanical products and indicates a continuing strong increase in the coming years. The division’s High Impact products (HIP) continued to be successful. The aim is to develop products that can be sold in large volumes in all EMEA’s market areas.

Product development, with 400 engineers, is increasingly evolving towards a modular approach. Ten years ago the division had 25 different cylinder platforms. Today, it has a small number of base platforms with integrated parts, patents and functions developed by the Group’s Product Council and EMEA’s development centers, creating added value for the customer.

Strong growth for electromechanical solutions
Americas

Strong sales growth generated good earnings trend

Sales continued to increase at a good rate in 2015, with 7 percent organic growth. Demand in the U.S. improved in all major business segments. Sales of electromechanical products rose, with the division’s wireless products enjoying success following several years of substantial investments in product development. Growth was also positive in Latin American countries, with the exception of recession-hit Brazil. Continuing efficiency initiatives contributed to an increase in operating income and an improvement in operating margin.

Market development
The division’s largest market, the U.S., continued to show positive growth. Despite a market slowdown in the commercial segment, the division continued to grow in this key area. The institutional market began to recover after several years of stagnation. These two segments account for over three-quarters of the division’s sales. The residential market showed good growth for the fifth consecutive year. Growth was weak in Canada and negative in Brazil, as a result of low oil and other commodity prices. The Mexican market began to recover after several years of residential crisis, with a strong improvement for the division.

Demand continues to grow rapidly for advanced electronic solutions for smart homes, and for institutional and commercial customers looking for efficient, energy-saving total door opening solutions with high sustainability performance. Sales of digital door locks are increasing rapidly in both North America and South America. The division has a very competitive offering of new products and certifications due to its high innovation rate. The Yale brand’s positioning, with a number of innovative, wireless, digital lock products, is a major success, with fast-accelerating sales over the past two years.

Market presence
For several years the main strategy for increasing market presence has been to expand in emerging markets, strengthen customer relationships through segmentation of solutions and specifications, build a stronger brand identity, and focus on innovation and product development to satisfy the increasingly strong demand for electronic products and solutions, as well as products with higher sustainability performance. Today the division is already the leader or one of the leaders on all major Latin American markets and continues its penetration through acquisitions and product leadership. Demand is advanced in several respects, with considerable interest in electromechanical products with high annual growth. The division’s specifiers and specialist teams play a key role in enhancing customer value.

Product leadership
Market leadership is based on a constant flow of new technologies, products and solutions that meet customer demand. The division has increased investments in innovation and product development by 140 percent since 2008, with products launched in the past three years accounting for 24 percent of total sales in 2015. Today, 177 new products are in the pipeline.

The flow of products with high sustainability performance has been particularly strong in recent years, as a whole new generation of products has been launched. These cover a broad spectrum of doors and locks, which help to manage and control building energy consumption from heating and cooling and air leakage through doors. Many of these door opening products and solutions also offer low emission levels, recycled materials and transparent product information.

FACTS ON AMERICAS

SALES AND OPERATING INCOME

<table>
<thead>
<tr>
<th>Sales SEK M</th>
<th>Operating income SEK M</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,000</td>
<td>3,500</td>
</tr>
<tr>
<td>14,000</td>
<td>3,000</td>
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<tr>
<td>12,000</td>
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<tr>
<td>10,000</td>
<td>2,000</td>
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<tr>
<td>8,000</td>
<td>1,500</td>
</tr>
<tr>
<td>6,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

1 Excluding items affecting comparability in 2011 and 2013.

SALES BY PRODUCT GROUP

- Mechanical locks, lock systems and fittings, 40%
- Electromechanical and electronic locks, 15%
- Security doors and hardware, 45%

Offering: Mechanical and electromechanical locks, digital door locks, cylinders, door fittings, security doors, door frames, and industrial high-security fencing and gates.

Markets: U.S. Canada, Mexico, Central America and South America. The majority of sales are in the U.S. and Canada, where ASSA ABLOY has an extensive sales organization and sells its products through distributors. Institutional and commercial customers are the largest end-customer segments. These segments account for 85 percent of sales, while the private residential segment accounts for 15 percent of sales. Sales in South America and Mexico take place mainly through distributors, wholesalers and DIY stores. Sales in these markets are more evenly distributed between the non-residential and residential segments.

Brands: Some of the leading brands are: Ameristar, Ceca, Corbin-Russwin, Curves, Emtek, Medeco, Odis, Papaiz, Phillips, SARGENT and La Fonte.

Acquisitions 2015: Papaiz, Vault and Udinese (Brazil).
Sales increased 22 percent despite a decline in organic growth to –3 percent, due to continued weak development in China during the year. Growth was good or very good in Southeast Asia, India, South Korea, Australia and New Zealand. Market presence continued to strengthen as a result of major investments in start-ups and distribution, as well as new products and launches. Costs are being adjusted to the lower demand in China through rationalizations and efficiency programs.

**Market development**

The strong slowdown in the Chinese market in late 2014 continued in 2015. An oversupply of new buildings is putting pressure on the construction market in both the commercial and residential segments. The Group’s leading position was strengthened by the largest ever order for fire doors for the country’s leading internet service provider. Most of the negative impact from the Chinese market was offset by continued strong demand in Southeast Asia and India. The advanced South Korean market showed good growth mainly in the residential segment. During the year the Group received its largest ever project order for 7,400 digital door installations. Last year’s Indian acquisition, Enox, has also strongly increased sales.

The fast-growing markets in the rest of Southeast Asia, including Vietnam, Indonesia and Thailand, showed very high sales growth, except for Malaysia which was hit by a political and economic crisis. The new market of Pakistan performed well. The mature markets of Australia and New Zealand also performed well, particularly in the residential segment.

**Market presence**

Market presence in China has grown very strongly since 2006. A combination of rapid organic growth and ten acquisitions has increased the number of employees from 3,800 to just over 12,000. China accounts for around 50 percent of the division’s total sales. ASSA ABLOY is the market leader with the broadest product offering and is present in all major growth centers. This leading position is strengthened by a long-term focus on product development for both the local market and export. With over ten years’ presence and a fast-growing installed base, the profitable aftermarket for upgrade and replacement is expected to increase in importance.

The Indian economy is growing faster than the Chinese economy. ASSA ABLOY is developing its market position with the goal of being the market leader in all regions and segments. The strategy of being the leading supplier in both high- and low-cost segments with a differentiated product offering is successful, and sales increased by around 35 percent during 2015. The division is investing heavily across the whole region to increase the number of employees in project specification.

2015 saw the acquisition of the Malaysian market leader Teamware, with its relatively broad product portfolio and good distribution channels. The company has sales of around SEK 240 M and 120 employees.

**Product leadership**

The division has clear product leadership in the region. Prioritized investments in innovation and product development over the past few years have increased the share of products launched in the past three years to 37 percent of sales, compared with the Group target of 25 percent. The volume of digital products exported mainly from China and South Korea continues to grow. Investments in product development remain at a high level in the light of the fast-growing demand in the region. Currently there are 15 development centers, and the number of development engineers increased further in 2015 to 320. During the year the businesses in Australia and New Zealand developed a new R&D center in China.
Global Technologies

Innovations drive market leadership

The division’s sales increased by 26 percent due to strong growth in identification technology, Quantum Secure and Hospitality, and good growth in other areas except Government ID and biometrics, which were negatively impacted by budget restrictions and postponed projects. The division received its largest ever order for the next generation of U.S. Green Cards. The launch of new products continued at a very high level. Operating income increased by 20 percent despite a slight reduction in operating margin.

HID GLOBAL

The underlying global demand for the division’s products remains strong, with constantly growing security needs and upgrades to modern electronic and mobile technology. North America performed strongly, particularly in the commercial segment. Institutional demand remained restrained, but HID Global received its largest ever order for a new national Green Card in the U.S. with advanced digital technology and new functions. Asian markets continued to grow strongly in most segments. Demand was also good in Latin America. Europe experienced a weak start to the year, but demand gradually improved to stable over the year.

Global Technologies is the global market leader in products and solutions for secure identification and physical and logical access control. Demand is growing rapidly and HID Global’s market strategy has prioritized emerging markets and market leadership in the communications technology shift to electronics, digitization and mobility. HID Global is moving from being solely a component supplier to offering integrated solutions and total systems with a large software and consultancy content. The acquisition of the U.S. company Quantum Secure at the start of the year made an important contribution to market presence. This software company develops advanced identity management systems for employees, visitors, customers and suppliers in businesses across multiple sites.

HID Global has a very high investment rate in new products and solutions in the light of rapid technical developments in the shift to electronic and digital solutions on mobile devices. Products launched in the past three years account for 40 percent of sales, compared with the Group average of 30 percent. HID Global’s products and solutions with their increased software content are updated more frequently and have an ever-shorter life in the very innovative stage that the technological revolution has now reached.

ASSA ABLOY HOSPITALITY

ASSA ABLOY Hospitality’s sales remained strong in 2015, with an improvement in operating income and a high operating margin. Several years of good growth in global market demand continued with the exception of China. Growth remained good in large parts of Asia and in Latin America. The North American market showed good growth, while Europe, the Middle East and Africa grew more moderately. Demand for renovations and upgrades remained high, as a result of strongly increased investments in advanced electro-mechanical technology. Market presence has gradually strengthened since the Group began its electromechanical technology shift in 2006, with the launch of RFID-based lock systems. The transition to new technology has been considerably faster than forecast. During the year, ASSA ABLOY Hospitality began its next global technology shift, with the launch of Mobile Access which has been an overwhelming success. Last year’s breakthrough contract with Starwood Hotels & Resorts Worldwide, Inc. was followed by orders for mobile lock solutions in the region of over 100,000 rooms. ASSA ABLOY Hospitality currently has orders from and is conducting concrete discussions with most of the world’s leading hotel groups. The Group’s common product development is a decisive factor in the ongoing technology shift, and the business unit’s investments in innovation and product development continue at a high level.

FACTS ON GLOBAL TECHNOLOGIES

<table>
<thead>
<tr>
<th>SALES AND OPERATING INCOME</th>
<th>Sales</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK M</td>
<td>SEK M</td>
</tr>
<tr>
<td>10,000</td>
<td></td>
<td>1,700</td>
</tr>
<tr>
<td>8,000</td>
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<td>2,000</td>
<td></td>
<td>900</td>
</tr>
<tr>
<td>1,000</td>
<td></td>
<td>700</td>
</tr>
</tbody>
</table>

1 Excluding items affecting comparability in 2011 and 2013.

<table>
<thead>
<tr>
<th>SALES BY PRODUCT GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access control, 45%</td>
</tr>
<tr>
<td>Identification technology, 32%</td>
</tr>
<tr>
<td>Hotel locks, 23%</td>
</tr>
</tbody>
</table>

Offering: HID Global is a global leader in secure identity solutions, primarily in identity and access management, and in contactless identification technology solutions. Customers comprise companies, healthcare, education, financial, government and state institutions. ASSA ABLOY Hospitality manufactures and sells electronic lock systems, safes, energy management systems and minibars for hotels and cruise ships under the VingCard and Elsafe product brands. It is the world’s best-known brands for lock systems and in-room safes, with products installed in over seven million hotel rooms in more than 42,000 hotels worldwide.

Markets: Customers are mainly in the institutional and commercial sectors worldwide.

Brands: HID Global and ASSA ABLOY.

Acquisitions 2015: Quantum Secure (USA) and IAI Industrial Systems (Netherlands).
Entrance Systems

Increased market presence and cost-efficiency strengthened margin

The positive organic growth in 2014 continued in 2015, with strong growth in North America and the Pacific area. The European market also grew at a good rate, with southern Europe returning to growth. Eastern Europe and other emerging markets remained successful resulting from several years of significant market investments. The Chinese market performed weakly with a decline in sales. Following several years of acquisition-driven growth, the division focused on consolidation and efficiencies, which led to good results and an improved operating margin.

Market development
The U.S. market performed strongly, with good sales growth in the residential, commercial, industrial and institutional markets. Customers’ investments increased, with new construction, upgrades and increasing demand for automatic, industrial and high-performance doors. In Europe, the slow increase in demand in industrial segments from a low level continued. The negative growth in the residential market turned weakly positive. Sales increased at a good rate in northern Europe. Southern Europe saw a slow upturn in demand from a low level following several years of stagnation. The decline in the Chinese market strengthened during the year resulting in a decline in sales, while the rest of Asia and Oceania continued to experience strong growth. Several new service concepts have been launched based on longterm agreements, e-maintenance, preventive service and modernizations. Customer response has been very positive and service sales increased the growth rate during the year.

Market presence
With sales of SEK 17,957 M, sales companies in 35 countries and distribution in a further 90 countries, Entrance Systems is the global market leader in entrance automation. Growth has more than trebled since 2010, mainly through a combination of organic growth and acquisitions in mature markets. Entrance Systems has a complete product and service offering and the total market is estimated at EUR20 billion, providing significant future growth potential. The consolidating growth in mature markets is complemented by a growth strategy in emerging markets, mainly through organic growth. During the year sales in emerging markets increased to 12 percent of sales, due to very strong growth in the Middle East, Africa and Southeast Asia. The target is 25 percent. The focus on emerging markets is currently being strengthened through investments in focused product development for regional and local markets, with increased R&D resources in China and Eastern Europe. In addition, local assembly plants are planned to increase competitiveness in some of the most important emerging regions.

Acquisitions constitute an important part of growth. The year saw five new acquisitions, including Nergeco and CEDES. The French company Nergeco is successful in high performance doors, giving the division a strong position on the French market. The Swiss company CEDES is a leader in sensor technology to the elevator and door industry.

Product leadership
The new product development organization established in recent years has substantially streamlined and increased the rate of new product development. The launch rate was very high during the year, with products launched in the past three years accounting for 35 percent of sales. During the year the division launched several new products including sliding, swing, revolving, overhead sectional and high-performance doors, as well as gate automation on newly developed product platforms, with focus on enhanced customer value and energy-efficient solutions. These platforms provide great flexibility for differentiating the product range using modular solutions, with increased functionality and at a faster rate. Significant efficiency gains arise when complexity is considerably reduced. The division’s innovation competence will be further strengthened and spread through the establishment of R&D capacity in Eastern Europe and China.

FACTS ON ENTRANCE SYSTEMS

SALES AND OPERATING INCOME

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK M</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
</tr>
<tr>
<td>13</td>
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<tr>
<td>14</td>
<td></td>
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<tr>
<td>15</td>
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</tbody>
</table>

Operating income

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK M</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
</tr>
<tr>
<td>13</td>
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</tr>
<tr>
<td>14</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

1 Excluding items affecting comparability in 2011 and 2013.

SALES BY PRODUCT GROUP

- Products, 72%
- Service, 28%

Offering: Entrance automation products, components and service. The product range includes automatic swing, sliding and revolving doors, gate automation, hardware for overhead sectional doors, garage doors, high-performance doors, docking solutions and hangar doors.

Markets: Entrance Systems is a global leader with sales worldwide. It has sales companies in 35 countries and distributors in 90 countries. Service operations account for nearly one-third of sales. The products are sold through three channels. In the direct channel, new equipment and comprehensive service are sold direct to end-customers under the ASSA ABLOY brand. The indirect channel mainly targets large and medium-sized distributors under the Entrmatic brand. The third channel, FlexiForce, sells components and hardware for overhead sectional doors in the industrial and residential segments.

Brands: Besam, Crawford, Albany, TKO, Megadoor, FlexiForce, Amarr, Kelley, Serco, Normoštahl, Dynaco, Ditec, and EM.

Acquisitions 2015: Nergeco (France), L-Door (Belgium), and CEDES (Switzerland).
ASSA ABLOY solutions

ASSA ABLOY is represented in all kinds of buildings, all over the world

The security business is one of the oldest industries in the world, and many of the Group’s companies have been around for more than 100 years. However, ASSA ABLOY is a relatively young organization, created in 1994.

Through a combination of organic growth and over 200 acquisitions, ASSA ABLOY has gone from being a regional mechanical lock company to the global leader in door opening solutions.

The product offering has grown from mechanical locks to intelligent door opening solutions and covers the total door opening with everything from locks to security doors, entrance automation and access control systems.

Our products are found in schools, hospitals, offices, private homes, arenas, airports, parliament buildings, hotels and businesses operating across many industries all over the world.

Project with focus on low life cycle costs and healthy materials

Nya Karolinska Solna (NKS), Stockholm has contracted ASSA ABLOY Entrance Systems to supply automatic doors with high energy efficiency and a long life thanks to an optimally designed service program.

**CHALLENGE:** The ultramodern Nya Karolinska Solna University Hospital is one of Europe’s largest construction projects. Energy efficiency plays an important role in this project, and the hospital is making high demands on the products and materials used in the building. PVC, for example, is a material that must be avoided at all costs. The whole life cycle has been taken into account when selecting products, and all suppliers have to satisfy the requirements to be approved.

**SOLUTION:** Good service was a basic requirement in supplying automatic entrance solutions for the hospital. Moreover, the doors had to be made of healthy materials. Thanks to an optimally designed service program, ASSA ABLOY Entrance Systems was able to offer products with high energy efficiency and strong reliability and endurance.

**RESULT:** It is important that service is carried out in the right way to maintain the doors’ energy-efficient characteristics, thereby ensuring continuous, secure operation of NKS. Collaboration with ASSA ABLOY Entrance Systems also results in a lower life cycle cost, as the products last longer if they are regularly serviced. ASSA ABLOY Entrance Systems carries out preventive maintenance at regular intervals through-out the life of the products, which means that parts are replaced before they fail. Upgrades are also available so that NKS does not need to replace the whole product when new functions become available.
Cruise ship focuses on innovation, security and convenience

ASSA ABLOY Hospitality has supplied a solution with innovative RFID wristbands, which provide an optimal user experience for passengers on board the cruise ship MS Anthem of the Seas.

CUSTOMER: Royal Caribbean’s Anthem of the Seas is the world’s third largest cruise ship and known for its exclusive hi-tech standards. The vessel has 2,090 cabins in various sizes and price ranges.

CHALLENGE: Royal Caribbean needed to replace its existing keycards with a more innovative solution, to live up to its vision of being a modern, luxury and hi-tech cruise ship and stand out as an attractive option for the younger customer segment. The challenge was to find a secure, smart solution that enhances the user experience of both passengers and crew.

SOLUTION: ASSA ABLOY Hospitality collaborated with Royal Caribbean to develop a modern, smart solution that can be used by passengers all over the vessel to pay for food and drink, enter their cabin, and go ashore and on board again at ports of call. RFID components are now found all over the vessel, fulfilling a number of different functions. RFID locks with encryption technology have been installed, for example, in all cabin doors, and wristbands with embedded RFID technology give users access to all RFID functions on the vessel.

ASSA ABLOY supplies hi-tech fire doors for China’s highest building

The Shanghai Tower, which is specially designed to withstand strong winds, was fitted with nearly 6,000 hi-tech fire doors.

CUSTOMER: Shanghai’s latest landmark, the Shanghai Tower, is the tallest skyscraper in China. The 632 meter high building with a twisted form has 127 floors and an area of 576,000 square meters. From above, the roof is reminiscent of a guitar plectrum.

A wind tunnel test showed that the building’s design reduces wind loads by 24 percent. This is an important factor in Shanghai, which is often hit by typhoons.

CHALLENGE: Nearly 6,000 fire doors were supplied for the Shanghai Tower. It was a complicated project – in view of both the building’s scale and the need for a large number of different types of hardware for doors in various parts of the building (e.g. data center, electrical plant room, risers, corridors and offices). The project required a number of suppliers with advanced manufacturing facilities and technologies.

SOLUTION: ASSA ABLOY Tianming put together a special project team with experts in areas such as product design, quality control and security. The goal was to create a good understanding of the customer’s needs, by means of data analyses and a survey of the characteristics of each individual door. In the end, around 100 different door types were installed, with some of the largest doors leading to further production and installation challenges. Apart from being fireproof, the doors also needed effective sound and heat insulation, and a high security level. Another requirement was a means of rapid evacuation in case of an emergency.
## Five years in summary

### Amounts in SEK M unless stated otherwise

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
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<td>46,619</td>
<td>48,481</td>
<td>56,843</td>
<td>68,099</td>
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<tr>
<td>Organic growth, %</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Acquired growth, %</td>
<td>17</td>
<td>9</td>
<td>4</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Operating income before depreciation/amortization (EBITDA)</td>
<td>7,646</td>
<td>8,536</td>
<td>8,917</td>
<td>10,419</td>
<td>12,512</td>
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<tr>
<td>Depreciation and amortization</td>
<td>-1,022</td>
<td>-1,034</td>
<td>-993</td>
<td>-1,163</td>
<td>-1,433</td>
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<tr>
<td>Operating income (EBIT)</td>
<td>6,624</td>
<td>7,501</td>
<td>7,923</td>
<td>9,257</td>
<td>11,079</td>
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<td>Income before tax (EBT)</td>
<td>4,359</td>
<td>6,784</td>
<td>6,381</td>
<td>8,698</td>
<td>10,382</td>
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<td>Net income</td>
<td>3,869</td>
<td>5,172</td>
<td>4,775</td>
<td>6,436</td>
<td>7,693</td>
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</table>

### Cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>5,347</td>
<td>5,990</td>
<td>6,224</td>
<td>6,679</td>
<td>8,572</td>
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<tr>
<td>Cash flow from investing activities</td>
<td>-7,357</td>
<td>-4,738</td>
<td>-6,030</td>
<td>-3,524</td>
<td>-4,412</td>
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<tr>
<td>Cash flow from financing activities</td>
<td>2,326</td>
<td>-1,564</td>
<td>-731</td>
<td>-2,908</td>
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<tr>
<td>Cash flow</td>
<td>316</td>
<td>-312</td>
<td>-537</td>
<td>247</td>
<td>-175</td>
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<tr>
<td>Operating cash flow</td>
<td>6,080</td>
<td>7,044</td>
<td>6,803</td>
<td>8,238</td>
<td>9,952</td>
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### Capital employed and financing

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed</td>
<td>37,942</td>
<td>41,422</td>
<td>48,408</td>
<td>58,425</td>
<td>63,848</td>
</tr>
<tr>
<td>- of which goodwill</td>
<td>27,014</td>
<td>28,932</td>
<td>31,817</td>
<td>39,778</td>
<td>42,777</td>
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<td>- of which other intangible assets and property, plant and equipment</td>
<td>10,126</td>
<td>11,093</td>
<td>12,854</td>
<td>14,990</td>
<td>16,649</td>
</tr>
<tr>
<td>- of which investments in associates</td>
<td>1,211</td>
<td>1,519</td>
<td>1,675</td>
<td>1,861</td>
<td>1,910</td>
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<tr>
<td>Assets and liabilities of disposal group classified as held for sale</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Net debt</td>
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<td>15,805</td>
<td>19,595</td>
<td>22,327</td>
<td>22,269</td>
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<tr>
<td>Non-controlling interest</td>
<td>208</td>
<td>183</td>
<td>0</td>
<td>2</td>
<td>4</td>
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<tr>
<td>Shareholders’ equity, excluding non-controlling interest</td>
<td>23,527</td>
<td>25,819</td>
<td>28,812</td>
<td>36,096</td>
<td>41,575</td>
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</table>

### Data per share, SEK

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<tr>
<th>Year</th>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share after tax and before dilution</td>
<td>3.48</td>
<td>4.66</td>
<td>4.30</td>
<td>5.79</td>
<td>6.93</td>
</tr>
<tr>
<td>Earnings per share after tax and dilution (EPS)</td>
<td>4.10</td>
<td>4.66</td>
<td>4.95</td>
<td>5.79</td>
<td>6.93</td>
</tr>
<tr>
<td>Shareholders’ equity per share after dilution</td>
<td>21.85</td>
<td>23.29</td>
<td>25.94</td>
<td>32.50</td>
<td>37.43</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>1.50</td>
<td>1.70</td>
<td>1.90</td>
<td>2.17</td>
<td>2.65</td>
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<tr>
<td>Price of Series B share at year-end</td>
<td>57.53</td>
<td>80.97</td>
<td>113.27</td>
<td>138.27</td>
<td>178.00</td>
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### Key ratios

<table>
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<tr>
<th>Year</th>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin (EBITDA), %</td>
<td>18.3</td>
<td>18.3</td>
<td>18.4</td>
<td>18.3</td>
<td>18.4</td>
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<tr>
<td>Operating margin (EBIT), %</td>
<td>15.9</td>
<td>16.1</td>
<td>16.3</td>
<td>16.3</td>
<td>16.3</td>
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<tr>
<td>Profit margin (EBT), %</td>
<td>10.9</td>
<td>14.6</td>
<td>13.2</td>
<td>15.3</td>
<td>15.2</td>
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<tr>
<td>Return on capital employed, %</td>
<td>13.6</td>
<td>18.1</td>
<td>14.9</td>
<td>16.9</td>
<td>17.8</td>
</tr>
<tr>
<td>Return on capital employed excluding items affecting comparability, %</td>
<td>17.4</td>
<td>18.1</td>
<td>17.1</td>
<td>16.9</td>
<td>17.8</td>
</tr>
<tr>
<td>Return on shareholders’ equity, %</td>
<td>16.7</td>
<td>20.9</td>
<td>17.5</td>
<td>19.8</td>
<td>19.8</td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>42.9</td>
<td>43.2</td>
<td>43.8</td>
<td>45.1</td>
<td>48.2</td>
</tr>
<tr>
<td>Net debt/equity ratio, times</td>
<td>0.60</td>
<td>0.61</td>
<td>0.68</td>
<td>0.62</td>
<td>0.54</td>
</tr>
<tr>
<td>Interest coverage ratio, times</td>
<td>8.8</td>
<td>11.1</td>
<td>13.5</td>
<td>17.4</td>
<td>16.7</td>
</tr>
<tr>
<td>Interest on convertible debentures net after tax</td>
<td>10.5</td>
<td>3.9</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Number of shares, thousands</td>
<td>1,104,750</td>
<td>1,112,576</td>
<td>1,112,576</td>
<td>1,112,576</td>
<td>1,112,576</td>
</tr>
<tr>
<td>Number of shares after dilution, thousands</td>
<td>1,113,639</td>
<td>1,112,576</td>
<td>1,112,576</td>
<td>1,112,576</td>
<td>1,112,576</td>
</tr>
<tr>
<td>Weighted average number of shares after dilution, thousands</td>
<td>1,177,881</td>
<td>1,110,776</td>
<td>1,110,776</td>
<td>1,110,776</td>
<td>1,110,776</td>
</tr>
<tr>
<td>Average number of employees</td>
<td>41,070</td>
<td>42,762</td>
<td>42,556</td>
<td>44,269</td>
<td>45,994</td>
</tr>
</tbody>
</table>

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The ASSA ABLOY share

SHARE PRICE TREND AND TURNOVER 2006–2015

DIVIDEND PER SHARE 2006–2015

MARKETS FOR THE SHARE

SHARE PRICE AND TURNOVER 2015

DATA PER SHARE

OWNERSHIP STRUCTURE (SHARE CAPITAL)

OWNERSHIP STRUCTURE (VOTES)

1 Comparatives have been recalculated for all historical periods reflecting the stock split (3:1) in 2015.


3 Dividend proposed by the Board of Directors.

4 Dividend as percentage of share price at year-end.

5 Dividend as percentage of earnings per share after tax and dilution, excluding items affecting comparability.

6 After full dilution.
Datawatch focuses on mobile access control in commercial buildings

**CUSTOMER**: Datawatch is an integrated supplier of access control systems with products installed in over 3,000 office buildings worldwide. The company offers solutions for new construction and renovation, and replacement and upgrade of existing security systems in commercial properties.

**CHALLENGE**: Datawatch remotely monitors over 60,000 doors, guaranteeing the security of everyone passing through them. The company helps property owners, property managers and tenants protect employees, residents and visitors. To date it has issued over one million code carriers and the number is constantly increasing as more and more global leading companies and organizations become customers. Datawatch is working actively on the development of new, innovative solutions and services to constantly expand its offering and differentiate itself from its competitors.

**SOLUTION**: In collaboration with HID Global, Datawatch fitted out a showroom at 555 12th Street N.W. in downtown Washington D.C., where prospective tenants were given an opportunity to look more closely at the concept of mobile access control and other advanced technical solutions. As a result of this successful initiative, Datawatch chose to purchase 15,000 mobile ID cards and over 1,000 iCLASS SE readers. Today the company uses mobile access control from HID Global for access to both common spaces and individual workspaces in nearly 20 commercial buildings in the U.S. Datawatch is installing iCLASS SE readers in all new buildings, so that property owners and property managers can enable tenants to open doors with smartphones and/or keycards.