

# Quarterly Report

## Q3 2020

21 October 2020

ASSA ABLOY

Experience a safer and more open world

## Strong recovery in the quarter

### Third quarter

- Net sales decreased by 8% to SEK 22,225 M (24,034), with organic growth of -5% (4) and acquired net growth of 4% (4)
- Entrance Systems reported organic sales growth, while EMEA reported stable organic sales development. Global Technologies, Asia Pacific and Americas reported negative organic sales growth. All divisions were strongly negatively affected by Covid-19
- Sales and income for agta record are fully consolidated into the Group from 31 August 2020
- Operating income (EBIT<sup>1</sup>) decreased by 8% to SEK 3,593 M (3,894), corresponding to an operating margin of 16.2% (16.2). This includes operating income of SEK 252 M from the divestment of certain agta record and ASSA ABLOY businesses
- Net income<sup>1</sup> amounted to SEK 2,528 M (2,697)
- Earnings per share<sup>1</sup> amounted to SEK 2.28 (2.43)
- Operating cash flow amounted to SEK 4,407 M (4,401)
- The Board of Directors proposes a second dividend for 2019 of SEK 1.85 per share, making the total dividend for the full year SEK 3.85 (3.50) per share.

Organic growth

-5%

Operating income<sup>1</sup>

-8%

Earnings per share<sup>1</sup>

-6%

## Sales and income

	Third quarter			January-September		
	2019	2020	Δ	2019	2020	Δ
<b>Sales, SEK M</b>	<b>24,034</b>	<b>22,225</b>	<b>-8%</b>	<b>69,082</b>	<b>64,351</b>	<b>-7%</b>
Of which:						
Organic growth	807	-1,043	-5%	2,505	-6,001	-9%
Acquisitions and divestments	825	816	4%	2,303	2,118	3%
Exchange-rate effects	1,211	-1,581	-7%	3,393	-849	-1%
<b>Operating income (EBIT)<sup>1</sup>, SEK M</b>	<b>3,894</b>	<b>3,593</b>	<b>-8%</b>	<b>10,873</b>	<b>8,441</b>	<b>-22%</b>
Operating margin (EBITA) <sup>1</sup> , %	16.7%	16.8%		16.2%	13.8%	
<b>Operating margin (EBIT)<sup>1</sup>, %</b>	<b>16.2%</b>	<b>16.2%</b>		<b>15.7%</b>	<b>13.1%</b>	
Income before tax <sup>1</sup> , SEK M	3,645	3,417	-6%	10,104	7,828	-23%
Net income <sup>1</sup> , SEK M	2,697	2,528	-6%	7,477	5,792	-23%
Operating cash flow, SEK M	4,401	4,407	0%	9,208	9,031	-2%
<b>Earnings per share<sup>1</sup>, SEK</b>	<b>2.43</b>	<b>2.28</b>	<b>-6%</b>	<b>6.73</b>	<b>5.21</b>	<b>-23%</b>

<sup>1</sup> Excluding non-cash operating income in Q3 2020 from revaluation at fair value of 39% ownership in agta record (a shareholding in associates), totaling SEK 1,910 M. The operating income has no tax impact.

## Comments by the President and CEO

### Strong recovery in the quarter

The outbreak of Covid-19 has impacted our lives and how we do business. I am pleased that all our efforts have resulted in a significantly improved result compared to the previous quarter. Compared to the same quarter last year, our organic growth declined by 5%, currency effects were negative at -7%, while acquired growth was positive at 4%. Total sales declined by 8%. But the quarter has seen a strong recovery in all divisions (especially in EMEA), with the slowest recovery in Global Technologies which continues to be affected by Covid-19 in its main customer segments.

Operating income, including divestment gains of SEK 252 M, was SEK 3,593 M and the corresponding margin recovered strongly in the quarter to 16.2%. Significant cost-saving measures have been implemented, partly offsetting the lower volumes. We continued to generate a very strong operating cash flow of SEK 4,407 M and the cash conversion in the quarter was at 129% (121). As a result of the improved financial performance, the Board of Directors has decided to propose a second dividend of SEK 1.85 making the total dividend SEK 3.85 as originally proposed at the beginning of the year before the outbreak of Covid-19.

### Strong performance in a difficult world

The quarter continued to be impacted by Covid-19, but most of our important markets showed good recovery. In particular, the markets in Europe recovered faster than in the US, as lockdowns were eased and distributors started to restock. In Asia, China continued to improve, but South Korea and South Asia remained weak. Some customer segments are still impacted by lower mobility and this has negatively affected several business areas in Global Technologies. Entrance Systems continued to improve its performance and reported positive organic growth while we also welcomed agta record into the ASSA ABLOY family.

We have continued to implement significant cost-saving measures with a focus on long-term cost reductions. This unfortunately means we had to reduce the number of employees in the Group and we are cutting costs in all areas except product development and strategic growth areas. In total, these actions have reduced our SG&A and conversion expenditures by around SEK 0.6 billion net during the quarter. In addition, we will be launching another restructuring program, MFP8, in the fourth quarter. The program will have a payback period of about two years, will include the closure of 9 factories and more than 30 offices and will generate annual savings of close to SEK 0.9 billion in 2023.

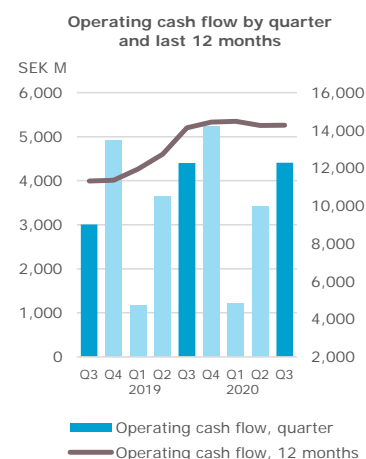
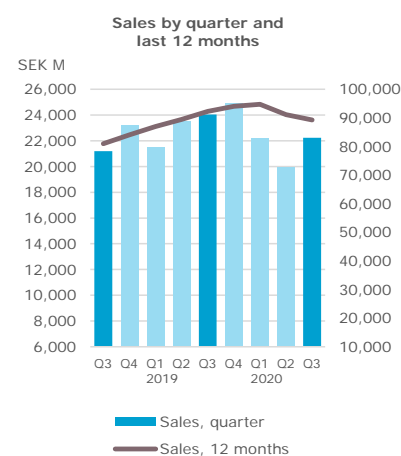
Covid-19 is continuing to impact our business negatively and we will therefore continue to focus on cost measures, while also investing in growth initiatives that can compensate for the sales declines caused by Covid-19.

Finally, I would like to announce that we are launching a new sustainability program with ambitious targets for 2025 and that we are committing to the science-based targets climate initiative, which aligns us with the Paris Agreement. This demonstrates our desire to lead our industry towards a more sustainable future, and will further improve our competitiveness through sustainable products, solutions and operations.

Stockholm, 21 October 2020



Nico Delvaux  
President and CEO



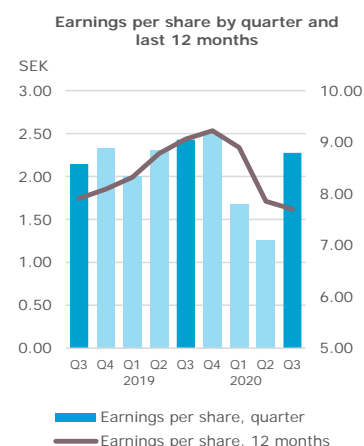
## Third quarter

The Group's sales decreased by 8% to SEK 22,225 M (24,034). Organic growth amounted to –5% (4). Growth from acquisitions and divestments was 4% (4), of which 4% (4) were acquisitions and 0% (0) divestments. Exchange-rates affected sales by –7% (5).

The Group's operating income (EBIT)<sup>2</sup> amounted to SEK 3,593 M (3,894), a decrease of 8%. The corresponding operating margin was 16.2% (16.2). Divestments of certain agta record and ASSA ABLOY businesses generated non-recurring operating income of SEK 252 M. Exchange-rates had an impact of SEK –264 M (192). Operating income before amortizations from acquisitions (EBITA)<sup>2</sup> amounted to SEK 3,734 M (4,010). The corresponding EBITA margin was 16.8% (16.7).

Net financial items amounted to SEK –176 M (–250). The Group's income before tax<sup>2</sup> was SEK 3,417 M (3,645), a decrease of 6% compared with last year. Exchange-rates had an impact of SEK –262 M (180) on income before tax<sup>2</sup>. The corresponding profit margin was 15.4% (15.2).

The estimated effective tax rate<sup>2</sup> on an annual basis was 26% (26). Earnings per share<sup>2</sup> amounted to SEK 2.28 (2.43), a decrease of 6% compared with last year. Operating cash flow amounted to SEK 4,407 M (4,401).



## First nine months of the year

The Group's sales for the first nine months of 2020 totaled SEK 64,351 M (69,082), representing a decrease of 7%. Organic growth was –9% (4). Acquisitions and divestments were 3% (4), of which 3% (4) were acquisitions and 0% (0) were divestments. Exchange-rate effects affected sales by –1% (5).

The Group's operating income (EBIT)<sup>2</sup> amounted to SEK 8,441 M (10,873), a decrease of 22% compared with last year. The corresponding operating margin was 13.1% (15.7). Operating income before amortizations from acquisitions (EBITA)<sup>2</sup> amounted to SEK 8,856 M (11,213). The corresponding EBITA margin was 13.8% (16.2).

Earnings per share<sup>2</sup> amounted to SEK 5.21 (6.73), a decrease of 23% compared with last year. Operating cash flow totaled SEK 9,031 M (9,208), a decrease of 2% compared with last year.

## Restructuring measures

A new manufacturing footprint program will be launched at year-end 2020. The closure of 9 factories and more than 30 offices are expected to take place over a period of two years. The estimated cost of the manufacturing footprint program is close to SEK 1,300 M, with an expected payback time (inclusive of investments) of around two years.

Payments related to all restructuring programs amounted to SEK 155 M (181) during the quarter. The restructuring programs proceeded according to plan and led to a personnel reduction of 460 Full-Time Equivalents for the quarter and

<sup>2</sup> Excluding non-cash operating income in Q3 2020 from revaluation at fair value of 39% ownership in agta record (a shareholding in associates), totaling SEK 1,910 M. The operating income has no tax impact.

1,427 for the year to date. At the end of the quarter provisions of SEK 363 M remained in the balance sheet for carrying out the programs.

## Comments by division

### Opening Solutions EMEA

Sales for the quarter in EMEA totaled SEK 4,824 M (5,120), with organic growth of –2% (3). Sales growth was good in the UK and was stable in Scandinavia and Germany. Sales declined in Benelux, Eastern Europe, France, Middle East/Africa and in South Europe. Acquired growth net was 0%. Operating income totaled SEK 765 M (822), which represents an operating margin (EBIT) of 15.9% (16.1). Return on capital employed amounted to 16.1% (15.9). Operating cash flow before non-cash items and interest paid totaled SEK 854 M (838).

### Opening Solutions Americas

Sales for the quarter in Americas totaled SEK 4,779 M (6,099), with organic growth of –5% (6). Sales growth was very strong in US Smart Residential and Latin America, and strong in US Residential. Sales declined for Architectural Hardware, Electromechanical Solutions and Security Doors, and declined significantly in Access & High Security. Acquired growth net was –9%. Operating income totaled SEK 966 M (1,249), which represents an operating margin (EBIT) of 20.2% (20.5). Return on capital employed amounted to 27.4% (24.1). Operating cash flow before non-cash items and interest paid totaled SEK 1,435 M (1,854).

### Opening Solutions Asia Pacific

Sales for the quarter in Asia Pacific totaled SEK 2,479 M (2,874), with organic growth of –8% (–1). Sales declined in Pacific and China, and were significantly down in all other regions. Acquired growth net was 0%. Operating income totaled SEK 183 M (274), which represents an operating margin (EBIT) of 7.4% (9.5). Return on capital employed amounted to 8.4% (11.6). Operating cash flow before non-cash items and interest paid totaled SEK 441 M (337).

### Global Technologies

Sales for the quarter in Global Technologies totaled SEK 3,428 M (3,991), with organic growth of –17% (6). Sales growth was stable in Secure Issuance, but declined in Identity and Access Management Solutions. Sales in all other business areas declined significantly, including Global Solutions. Acquired growth net was 9%. Operating income totaled SEK 550 M (810), which represents an operating margin (EBIT) of 16.0% (20.3). Return on capital employed amounted to 9.6% (14.7). Operating cash flow before non-cash items and interest paid totaled SEK 513 M (775).

### Entrance Systems

Sales for the quarter in Entrance Systems totaled SEK 7,116 M (6,427), with organic growth of 1% (3). Sales growth was good in Perimeter Security, showed growth in Residential and Industrial, but declined in Pedestrian. Acquired growth net was 17%. Operating income<sup>2</sup> totaled SEK 1,266 M (873), which represents an operating margin (EBIT) of 17.8% (13.6). Divestments of certain agta record and ASSA ABLOY businesses generated non-recurring operating income of SEK 252 M. Return on capital employed<sup>2</sup> amounted to 16.7% (14.3). Operating cash flow before non-cash items and interest paid totaled SEK 1,610 M (949).

## Acquisitions and divestments

Four 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 11,858 M. The acquisition price on a cash and debt free basis totaled SEK 10,330 M. In the purchase price is included SEK 3,752 M of a non-cash revaluation at fair value of previously held shares in associated companies. Preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amounted to SEK 8,410 M. Estimated deferred considerations for acquisitions during the year amounted to SEK 537 M.

### Acquisition of agta record

On August 20 2020, it was announced that ASSA ABLOY, previously a 39% shareholder in the Swiss company agta record, had completed the indirect acquisition of a 54% shareholding in agta record from the shareholders of Agta Finance. agta record is a well-established manufacturer and service organization for entrance automation. The main office is located in Fehraltorf, Switzerland. Sales in 2019, excluding divestments, amounted to around SEK 3,700 M.

ASSA ABLOY subsequently launched a public tender offer to purchase the remaining outstanding shares of agta record at a price of EUR 70.58 per agta record share. Following the closing of the tender offer on 30 September 2020, ASSA ABLOY holds 98% of the shares and votes in agta record. On October 9 the agta record shares were formally delisted from the Euronext Paris stock exchange.

agta record was fully consolidated into ASSA ABLOY on August 31, 2020.

### Other acquisitions

On October 2 2020, it was announced that ASSA ABLOY had acquired Olimpia Hardware, a leading brand in glass hardware and accessories in Latin America and the Caribbean. Sales in 2019 amounted to around SEK 125 M.

### Divestments

On September 1 2020, it was announced that ASSA ABLOY had closed the sale of certain agta record and ASSA ABLOY businesses to the Italy-based FAAC Group, as part of its commitments to address the competition concerns of the EU Commission in connection with the acquisition of agta record. The divested businesses included the agta record operations in the Netherlands, Austria, Hungary and Slovenia, as well as ASSA ABLOY's automatic pedestrian door businesses in France and the UK. Agta record's high-speed door business located mainly in France was also included. The divestiture was de-consolidated from ASSA ABLOY on August 31, 2020.

The divested business had sales in 2019 of approximately SEK 1,000 M. The selling price for the divestiture was approximately SEK 1,000 M in total and generated non-recurring operating income of SEK 252 M for ASSA ABLOY.

On September 7 2020, it was announced that ASSA ABLOY had signed an agreement to sell its sensor technology business CEDES in Switzerland to capiton AG. CEDES is a leading sensor technology company in the elevator and door industry. Sales in 2019 amounted to about SEK 525 M. The transaction will have a neutral effect on ASSA ABLOY's operating margin. The divestiture is subject to customary closing conditions and is expected to close during the fourth quarter of 2020.

## Sustainable development

ASSA ABLOY has committed to the science-based targets initiative to further substantially reduce greenhouse gas emissions across the entire value chain. The Group will set targets that are aligned with the Paris Agreement, will contribute to limiting global temperature rise to 1.5°C, by halving emissions by 2030 and reaching net-zero by 2050. Sustainability will be vital to economic and industrial development in the coming decades. Our long-term commitment to science-based targets demonstrates our desire to lead our industry towards a more sustainable future, and will further improve our competitiveness with sustainable products, solutions and operations.

The Group is also launching a new ambitious sustainability program with targets for 2025. The new program builds on the momentum and progress from ASSA ABLOY's successive 5-year sustainability programs since 2010. The program focuses on improving employees' health and safety, reducing energy, carbon and water consumption, increasing materials efficiency and reducing waste generated.

## Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 3,048 M (3,197) for the first nine months of the year. Operating income for the same period amounted to SEK 230 M (540). Investments in tangible and intangible assets totaled SEK 28 M (33). Liquidity is good and the equity ratio is 39.2% (36.0).

## Dividend and General meeting

The Board of Directors, as a precautionary measure due to the Covid-19 pandemic, proposed that a first dividend of SEK 2.00 per share for the financial year 2019 should be voted on at the Annual General Meeting in April 2020. The proposal was adopted by the General Meeting.

The Board has now assessed the market situation and the financial position of the Group and concluded that it allows for a second dividend of SEK 1.85 per share for the financial year 2019 to be voted on at an Extraordinary General Meeting on 24 November 2020.

## 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. 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'.

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 20 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 2019 appear on the company's website [www.assaabloy.com](http://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

ASSA ABLOY is an international Group with a wide geographical spread, involving exposure to various forms of strategic, operational and financial risks. Strategic risks refer to changes in the business environment with potentially significant effects on ASSA ABLOY's operations and business objectives. Operational risks comprise risks directly attributable to business operations, entailing a potential impact on the Group's financial position and performance. Financial risks mainly comprise financing risk, currency risk, interest rate risk, credit risk, and risks associated with the Group's pension obligations.

Risk-taking in itself provides opportunities for continued economic growth, but naturally the risks may also have a negative impact on business operations and company goals. It is therefore essential to have a systematic and efficient risk assessment process and an effective risk management program in general. The purpose of risk management at ASSA ABLOY is not to avoid risks, but to take a controlled approach to identifying, managing and minimizing the effects of these risks. This work is based on an assessment of the probability of the risks and their potential impact on the Group.

The Covid-19 pandemic has had a substantial business impact on ASSA ABLOY during 2020. The continued impact of the pandemic on the business is difficult to predict due to the uncertainty of market conditions but the health and safety of our employees remain our first priority.

For a more detailed description of particular risks and risk management, see the 2019 Annual Report.

## M&A and FX guidance

The guidance below relating to two key figures is provided to facilitate financial modelling but should not be viewed as market outlooks or business performance forecasts.

### **Acquisitions and divestments**

It is estimated that completed acquisitions and divestments, on a rolling 12-month basis as per 30 September 2020, will have an effect of 5% on sales in the fourth quarter of 2020 versus the same period last year, while the effect on the operating margin is estimated to be dilutive in the fourth quarter of 2020.

### **Exchange-rate effects**

On the basis of the currency rates on 30 September 2020, it is estimated that the weighted currency effects on sales in the fourth quarter of 2020 versus the same period last year will be –4%, while the effect on the operating margin is estimated to be neutral in the fourth quarter of 2020.



## Review

The Company's Auditors have not carried out any review of this Report for the third quarter of 2020.

Stockholm, 21 October 2020

A handwritten signature in black ink, appearing to read 'Nico Delvaux', written in a cursive style.

Nico Delvaux  
President and CEO

## Financial information

The Year-end Report and Quarterly Report for the fourth quarter will be published on 5 February 2021.

## Further information can be obtained from:

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Executive Vice President and CFO, tel.no: +46 8 506 485 72

ASSA ABLOY is holding a **telephone and web conference**  
**at 09.30 on 21 October 2020**  
which can be followed on the Internet at [www.assaabloy.com](http://www.assaabloy.com).

It is possible to submit questions by telephone on:  
+46 8–505 583 54, +44 333 300 9034 or +1 646 722 4957

*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 CEST on 21 October 2020.*

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No.26/2020

## Financial information – Group

CONDENSED INCOME STATEMENT SEK M	Q3		Q1-Q3	
	2019	2020	2019	2020
Sales	24,034	22,225	69,082	64,351
Cost of goods sold	-14,408	-13,199	-41,361	-38,703
<b>Gross income</b>	<b>9,625</b>	<b>9,026</b>	<b>27,721</b>	<b>25,647</b>
Selling, administrative and R&D costs	-5,774	-5,597	-16,951	-17,456
Share of earnings in associates	43	163	103	249
Revaluation previously owned shares in associates	-	1,910	-	1,910
<b>Operating income</b>	<b>3,894</b>	<b>5,502</b>	<b>10,873</b>	<b>10,350</b>
Finance net	-250	-176	-769	-613
<b>Income before tax</b>	<b>3,645</b>	<b>5,326</b>	<b>10,104</b>	<b>9,737</b>
Tax on income	-948	-888	-2,627	-2,035
<b>Net income for the period</b>	<b>2,697</b>	<b>4,438</b>	<b>7,477</b>	<b>7,702</b>
<b>Net income for the period attributable to:</b>				
Parent company's shareholders	2,696	4,437	7,476	7,700
Non-controlling interests	1	1	0	2
<b>Earnings per share</b>				
Before and after dilution, SEK	2.43	3.99	6.73	6.93
Before and after dilution and excluding items affecting comparability, SEK	2.43	2.28	6.73	5.21

CONDENSED STATEMENT OF COMPREHENSIVE INCOME SEK M	Q3		Q1-Q3	
	2019	2020	2019	2020
<b>Net income for the period</b>	<b>2,697</b>	<b>4,438</b>	<b>7,477</b>	<b>7,702</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gain/loss on post-employment benefit obligations, net after tax	-214	-81	-502	-484
<b>Total</b>	<b>-214</b>	<b>-81</b>	<b>-502</b>	<b>-484</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Share of other comprehensive income of associates	64	-51	166	-33
Cashflow hedges and net investment hedges, net after tax	-11	1	-28	-1
Reclassification exchange rate differences previously owned shares in associates	-	-246	-	-246
Exchange rate differences	1,686	-891	3,047	-1,712
<b>Total</b>	<b>1,739</b>	<b>-1,187</b>	<b>3,185</b>	<b>-1,992</b>
<b>Total comprehensive income for the period</b>	<b>4,222</b>	<b>3,170</b>	<b>10,160</b>	<b>5,225</b>
<b>Total comprehensive income for the period attributable to:</b>				
Parent company's shareholders	4,221	3,170	10,158	5,224
Non-controlling interests	1	0	2	2

## Financial information – Group

CONDENSED BALANCE SHEET SEK M	31 Dec	30 Sep	
	2019	2019	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	70,355	71,773	76,729
Property, plant and equipment	8,498	8,657	8,897
Right-of-use assets	3,731	3,746	3,779
Investments in associates	2,595	2,643	685
Other financial assets	104	104	105
Deferred tax assets	1,205	1,498	1,422
<b>Total non-current assets</b>	<b>86,487</b>	<b>88,421</b>	<b>91,617</b>
<b>Current assets</b>			
Inventories	11,276	12,592	11,485
Trade receivables	15,701	16,115	14,913
Other current receivables and investments	4,144	4,719	5,478
Cash and cash equivalents	442	459	4,906
<b>Total current assets</b>	<b>31,563</b>	<b>33,885</b>	<b>36,782</b>
<b>TOTAL ASSETS</b>	<b>118,050</b>	<b>122,306</b>	<b>128,399</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to Parent company's shareholders	59,143	57,946	62,161
Non-controlling interests	11	8	12
<b>Total equity</b>	<b>59,154</b>	<b>57,954</b>	<b>62,174</b>
<b>Non-current liabilities</b>			
Long-term loans	21,100	21,179	25,353
Non-current lease liabilities	2,588	2,732	2,722
Deferred tax liabilities	2,368	2,199	2,584
Other non-current liabilities and provisions	5,071	5,603	5,418
<b>Total non-current liabilities</b>	<b>31,127</b>	<b>31,713</b>	<b>36,078</b>
<b>Current liabilities</b>			
Short-term loans	5,460	8,764	7,026
Current lease liabilities	1,151	1,014	1,096
Trade payables	7,908	7,866	7,017
Other current liabilities and provisions	13,250	14,995	15,009
<b>Total current liabilities</b>	<b>27,769</b>	<b>32,639</b>	<b>30,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>118,050</b>	<b>122,306</b>	<b>128,399</b>
<b>CHANGES IN EQUITY</b>			
	<b>Equity attributable to:</b>		
	<b>Parent</b>	<b>Non-</b>	<b>Total</b>
<b>SEK M</b>	<b>company's</b>	<b>controlling</b>	<b>equity</b>
	<b>shareholders</b>	<b>interests</b>	
<b>Opening balance 1 January 2019 according to adopted Annual Report</b>	<b>51,890</b>	<b>10</b>	<b>51,900</b>
Change in accounting policies	-234	-	-234
<b>New opening balance 1 January 2019</b>	<b>51,656</b>	<b>10</b>	<b>51,666</b>
Net income for the period	7,476	0	7,477
Other comprehensive income	2,682	1	2,683
<b>Total comprehensive income</b>	<b>10,158</b>	<b>2</b>	<b>10,160</b>
Dividend	-3,888	-	-3,888
Stock purchase plans	15	-	15
Change in non-controlling interest	5	-4	1
<b>Total transactions with shareholders</b>	<b>-3,868</b>	<b>-4</b>	<b>-3,872</b>
<b>Closing balance 30 September 2019</b>	<b>57,946</b>	<b>8</b>	<b>57,954</b>
<b>Opening balance 1 January 2020</b>	<b>59,143</b>	<b>11</b>	<b>59,154</b>
Net income for the period	7,700	2	7,702
Other comprehensive income	-2,476	0	-2,477
<b>Total comprehensive income</b>	<b>5,224</b>	<b>2</b>	<b>5,225</b>
Dividend	-2,222	-1	-2,222
Stock purchase plans	16	-	16
<b>Total transactions with shareholders</b>	<b>-2,206</b>	<b>-1</b>	<b>-2,206</b>
<b>Closing balance 30 September 2020</b>	<b>62,161</b>	<b>12</b>	<b>62,174</b>

## Financial information – Group

CONDENSED STATEMENT OF CASH FLOWS	Q3		Q1-Q3	
	2019	2020	2019	2020
<b>SEK M</b>				
<b>OPERATING ACTIVITIES</b>				
Operating income	3,894	5,502	10,873	10,350
Depreciation and amortization	842	912	2,465	2,764
Revaluation previously owned shares in associates	-	-1,910	-	-1,910
Restructuring payments	-181	-155	-465	-411
Other non-cash items	-37	-219	-300	-273
<b>Cash flow before interest and tax</b>	<b>4,518</b>	<b>4,130</b>	<b>12,573</b>	<b>10,521</b>
Interest paid and received	-179	-90	-636	-506
Tax paid on income	-577	-1,104	-2,222	-2,456
<b>Cash flow before changes in working capital</b>	<b>3,761</b>	<b>2,937</b>	<b>9,716</b>	<b>7,560</b>
Changes in working capital	591	820	-1,215	795
<b>Cash flow from operating activities</b>	<b>4,353</b>	<b>3,756</b>	<b>8,500</b>	<b>8,355</b>
<b>INVESTING ACTIVITIES</b>				
Net investments in intangible assets and property, plant and equipment	-410	-301	-1,136	-1,234
Investments in subsidiaries	-1,049	-4,229	-2,979	-5,784
Divestments of subsidiaries	38	446	75	472
Investments in and disposals of associates	0	-	16	-
Other investments and disposals	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-1,421</b>	<b>-4,084</b>	<b>-4,025</b>	<b>-6,546</b>
<b>FINANCING ACTIVITIES</b>				
Dividends	-	-	-3,888	-2,222
Acquisition of non-controlling interests	-14	-	-19	-
Amortization of lease liabilities	-300	-308	-843	-956
Net cash effect of changes in borrowings	-2,521	1,828	183	5,855
<b>Cash flow from financing activities</b>	<b>-2,835</b>	<b>1,520</b>	<b>-4,567</b>	<b>2,677</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>97</b>	<b>1,192</b>	<b>-92</b>	<b>4,486</b>
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Cash and cash equivalents at beginning of period</b>	<b>355</b>	<b>3,726</b>	<b>538</b>	<b>442</b>
Cash flow for the period	97	1,192	-92	4,486
Effect of exchange rate differences	7	-12	13	-22
<b>Cash and cash equivalents at end of period</b>	<b>459</b>	<b>4,906</b>	<b>459</b>	<b>4,906</b>
<b>KEY RATIOS</b>				
		<b>Year</b>	<b>Q1-Q3</b>	
		<b>2019</b>	<b>2019</b>	<b>2020</b>
Return on capital employed, %		16.6	16.2	13.8
Return on capital employed excluding items affecting comparability, %		17.0	16.2	11.8
Return on shareholders' equity, %		18.0	18.2	15.9
Equity ratio, %		50.1	47.4	48.4
Interest coverage ratio, times		14.9	14.8	17.5
Total number of shares, thousands		1,112,576	1,112,576	1,112,576
Number of shares outstanding, thousands		1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares before and after dilution, thousands		1,110,776	1,110,776	1,110,776
Average number of employees		48,992	49,136	47,553

## Financial information – Parent company

### CONDENSED INCOME STATEMENT

	Year	Q1-Q3	
SEK M	2019	2019	2020
Operating income	1,523	540	230
Income before appropriations and tax	4,962	1,504	1,777
Net income for the period	5,134	1,479	1,777

### CONDENSED BALANCE SHEET

	31 Dec	30 Sep	
SEK M	2019	2019	2020
Non-current assets	39,443	39,785	38,143
Current assets	19,722	19,098	24,301
<b>Total assets</b>	<b>59,165</b>	<b>58,883</b>	<b>62,444</b>
Equity	24,883	21,215	24,455
Untaxed reserves	911	678	911
Non-current liabilities	16,877	16,083	17,252
Current liabilities	16,494	20,907	19,827
<b>Total equity and liabilities</b>	<b>59,165</b>	<b>58,883</b>	<b>62,444</b>

## Quarterly information – Group

THE GROUP IN SUMMARY											
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q3 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q1-Q3 2020	Last 12 months
Sales	21,505	23,544	24,034	24,946	69,082	94,029	22,173	19,953	22,225	64,351	89,297
Organic growth	5%	3%	4%	1%	4%	3%	-3%	-18%	-5%	-9%	
<b>Gross income excluding items affecting comparability</b>	<b>8,596</b>	<b>9,500</b>	<b>9,625</b>	<b>9,979</b>	<b>27,721</b>	<b>37,700</b>	<b>8,973</b>	<b>7,648</b>	<b>9,026</b>	<b>25,647</b>	<b>35,627</b>
Gross margin excluding items affecting comparability	40.0%	40.4%	40.0%	40.0%	40.1%	40.1%	40.5%	38.3%	40.6%	39.9%	39.9%
<b>Operating income before depr. &amp; amort. (EBITDA) excluding items affecting comparability</b>	<b>4,034</b>	<b>4,568</b>	<b>4,736</b>	<b>4,969</b>	<b>13,338</b>	<b>18,307</b>	<b>3,676</b>	<b>3,024</b>	<b>4,505</b>	<b>11,205</b>	<b>16,174</b>
Operating margin (EBITDA)	18.8%	19.4%	19.7%	19.9%	19.3%	19.5%	16.6%	15.2%	20.3%	17.4%	18.1%
Depreciation and amortization excl. amortization attributable to business combinations	-682	-716	-726	-781	-2,125	-2,905	-792	-787	-771	-2,349	-3,130
<b>Operating income before amortization (EBITA) excluding items affecting comparability</b>	<b>3,352</b>	<b>3,852</b>	<b>4,010</b>	<b>4,188</b>	<b>11,213</b>	<b>15,402</b>	<b>2,884</b>	<b>2,237</b>	<b>3,734</b>	<b>8,856</b>	<b>13,044</b>
Operating margin (EBITA)	15.6%	16.4%	16.7%	16.8%	16.2%	16.4%	13.0%	11.2%	16.8%	13.8%	14.6%
Amortization attributable to business combinations	-106	-120	-115	-141	-341	-482	-133	-141	-142	-415	-556
<b>Operating income (EBIT) excluding items affecting comparability</b>	<b>3,246</b>	<b>3,733</b>	<b>3,894</b>	<b>4,047</b>	<b>10,873</b>	<b>14,920</b>	<b>2,751</b>	<b>2,097</b>	<b>3,593</b>	<b>8,441</b>	<b>12,488</b>
Operating margin (EBIT)	15.1%	15.9%	16.2%	16.2%	15.7%	15.9%	12.4%	10.5%	16.2%	13.1%	14.0%
Items affecting comparability <sup>1)</sup>	-	-	-	-312	-	-312	-	-	1,910	1,910	1,598
<b>Operating income (EBIT)</b>	<b>3,246</b>	<b>3,733</b>	<b>3,894</b>	<b>3,735</b>	<b>10,873</b>	<b>14,608</b>	<b>2,751</b>	<b>2,097</b>	<b>5,502</b>	<b>10,350</b>	<b>14,086</b>
Operating margin (EBIT)	15.1%	15.9%	16.2%	15.0%	15.7%	15.5%	12.4%	10.5%	24.8%	16.1%	15.8%
Net financial items	-248	-271	-250	-268	-769	-1,037	-232	-205	-176	-613	-881
<b>Income before tax (EBT)</b>	<b>2,997</b>	<b>3,462</b>	<b>3,645</b>	<b>3,467</b>	<b>10,104</b>	<b>13,571</b>	<b>2,519</b>	<b>1,892</b>	<b>5,326</b>	<b>9,737</b>	<b>13,204</b>
Profit margin (EBT)	13.9%	14.7%	15.2%	13.9%	14.6%	14.4%	11.4%	9.5%	24.0%	15.1%	14.8%
Tax on income	-779	-900	-948	-947	-2,627	-3,574	-655	-492	-888	-2,035	-2,982
<b>Net income for the period</b>	<b>2,218</b>	<b>2,562</b>	<b>2,697</b>	<b>2,520</b>	<b>7,477</b>	<b>9,997</b>	<b>1,864</b>	<b>1,400</b>	<b>4,438</b>	<b>7,702</b>	<b>10,222</b>
<b>Net income attributable to:</b>											
Parent company's shareholders	2,219	2,561	2,696	2,517	7,476	9,993	1,864	1,399	4,437	7,700	10,217
Non-controlling interests	-1	0	1	3	0	4	1	1	1	2	5
<b>OPERATING CASH FLOW</b>											
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q3 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q1-Q3 2020	Last 12 months
Operating income (EBIT)	3,246	3,733	3,894	3,735	10,873	14,608	2,751	2,097	5,502	10,350	14,086
Restructuring costs	-	-	-	312	-	312	-	-	-	-	312
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-1,910	-1,910	-1,910
Depreciation and amortization	788	835	842	922	2,465	3,387	925	927	912	2,764	3,686
Net capital expenditure	-321	-406	-410	-525	-1,136	-1,662	-491	-442	-301	-1,234	-1,760
Change in working capital	-2,048	242	591	1,364	-1,215	148	-1,485	1,460	820	795	2,159
Interest paid and received	-179	-277	-179	-233	-636	-869	-172	-244	-90	-506	-739
Repayment of lease liabilities	-262	-281	-300	-316	-843	-1,159	-326	-322	-308	-956	-1,272
Non-cash items	-53	-210	-37	-24	-300	-324	4	-58	-219	-273	-297
<b>Operating cash flow</b>	<b>1,171</b>	<b>3,636</b>	<b>4,401</b>	<b>5,235</b>	<b>9,208</b>	<b>14,442</b>	<b>1,206</b>	<b>3,418</b>	<b>4,407</b>	<b>9,031</b>	<b>14,266</b>
Operating Cash flow/Income before tax excluding items affecting comparability	0.39	1.05	1.21	1.39	0.91	1.04	0.48	1.81	1.29	1.15	1.23
<b>CHANGE IN NET DEBT</b>											
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q3 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q1-Q3 2020	
Net debt at beginning of period	29,246	35,100	37,620	36,843	29,246	29,246	33,050	36,371	34,112	33,050	
Impact from transition to IFRS 16	3,711	-	-	-	3,711	3,711	-	-	-	-	
Operating cash flow	-1,171	-3,636	-4,401	-5,235	-9,208	-14,442	-1,206	-3,418	-4,407	-9,031	
Restructuring payments	161	123	181	261	465	726	83	173	155	411	
Tax paid on income	703	942	577	1,651	2,222	3,872	878	474	1,104	2,456	
Acquisitions and divestments	1,357	964	1,425	1,018	3,746	4,764	1,584	86	4,331	6,001	
Dividend	-	3,888	-	-	3,888	3,888	-	2,222	-	2,222	
Actuarial gain/loss on post-employment benefit obligations	179	210	289	-316	678	362	139	407	94	640	
Change to lease liabilities	-127	-111	-51	47	-288	-242	-1	-110	98	-14	
Exchange rate differences, etc.	1,039	140	1,203	-1,218	2,383	1,165	1,845	-2,093	-428	-676	
<b>Net debt at end of period</b>	<b>35,100</b>	<b>37,620</b>	<b>36,843</b>	<b>33,050</b>	<b>36,843</b>	<b>33,050</b>	<b>36,371</b>	<b>34,112</b>	<b>35,059</b>	<b>35,059</b>	
Net debt/Equity	0.64	0.70	0.64	0.56	0.64	0.56	0.58	0.58	0.56	0.56	
<b>NET DEBT</b>											
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020				
Interest-bearing assets	-168	-144	-113	-100	-108	-76	-47				
Cash and cash equivalents	-414	-355	-459	-442	-1,676	-3,726	-4,906				
Derivative financial instruments, net	43	-127	8	-53	-469	-441	-350				
Pension provisions	3,105	3,324	3,717	3,346	3,642	3,887	4,164				
Lease liabilities	3,776	3,694	3,746	3,739	3,924	3,614	3,818				
Interest-bearing liabilities	28,758	31,228	29,944	26,560	31,059	30,853	32,379				
<b>Total</b>	<b>35,100</b>	<b>37,620</b>	<b>36,843</b>	<b>33,050</b>	<b>36,371</b>	<b>34,112</b>	<b>35,059</b>				
<b>CAPITAL EMPLOYED AND FINANCING</b>											
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020				
Capital employed	90,227	91,334	94,796	92,204	99,428	93,103	97,232				
- of which goodwill	55,731	56,179	59,134	57,662	61,573	58,243	64,013				
- of which other intangible assets and PPE	19,911	20,386	21,296	21,191	22,189	21,064	21,613				
- of which right-of-use assets	3,805	3,705	3,746	3,731	3,909	3,592	3,779				
- of which investments in associates	2,510	2,534	2,643	2,595	2,772	2,665	685				
Net debt	35,100	37,620	36,843	33,050	36,371	34,112	35,059				
Non-controlling interests	10	6	8	11	13	12	12				
Equity attributable to the Parent company's shareholders	55,117	53,708	57,946	59,143	63,044	58,980	62,161				
<b>DATA PER SHARE</b>											
SEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q3 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q1-Q3 2020	
Earnings per share before and after dilution	2.00	2.31	2.43	2.27	6.73	9.00	1.68	1.26	3.99	6.93	
Earnings per share before and after dilution and excluding items affecting comparability	2.00	2.31	2.43	2.49	6.73	9.22	1.68	1.26	2.28	5.21	
Shareholders' equity per share after dilution	49.62	48.35	52.17	53.25	52.17	53.25	56.76	53.10	55.96	55.96	

<sup>1)</sup> Items affecting comparability consist of restructuring costs and revaluation of previously owned shares in associates.

## Reporting by division

## Q3 and 30 Sep

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	5,004	4,724	6,073	4,748	2,584	2,255	3,966	3,404	6,407	7,093	-	-	24,034	22,225
Sales, internal	117	99	26	31	289	223	25	24	20	23	-478	-401	-	-
<b>Sales</b>	<b>5,120</b>	<b>4,824</b>	<b>6,099</b>	<b>4,779</b>	<b>2,874</b>	<b>2,479</b>	<b>3,991</b>	<b>3,428</b>	<b>6,427</b>	<b>7,116</b>	<b>-478</b>	<b>-401</b>	<b>24,034</b>	<b>22,225</b>
Organic growth	3%	-2%	6%	-5%	-1%	-8%	6%	-17%	3%	1%	-	-	4%	-5%
Acquisitions and divestments	-1%	0%	2%	-9%	6%	0%	18%	9%	0%	17%	-	-	4%	4%
Exchange-rate effects	3%	-4%	9%	-8%	4%	-6%	9%	-6%	6%	-7%	-	-	5%	-7%
Share of earnings in associates	-	-	-	-	5	4	-	-	37	159	-	-	43	163
<b>Operating income (EBIT) excl. items affecting comparability</b>	<b>822</b>	<b>765</b>	<b>1,249</b>	<b>966</b>	<b>274</b>	<b>183</b>	<b>810</b>	<b>550</b>	<b>873</b>	<b>1,266</b>	<b>-134</b>	<b>-137</b>	<b>3,894</b>	<b>3,593</b>
Operating margin (EBIT) excl. items affecting comparability <sup>1)</sup>	16.1%	15.9%	20.5%	20.2%	9.5%	7.4%	20.3%	16.0%	13.6%	17.8%	-	-	16.2%	16.2%
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1,910	-	-	-	-1,910
<b>Operating income (EBIT)</b>	<b>822</b>	<b>765</b>	<b>1,249</b>	<b>966</b>	<b>274</b>	<b>183</b>	<b>810</b>	<b>550</b>	<b>873</b>	<b>3,175</b>	<b>-134</b>	<b>-137</b>	<b>3,894</b>	<b>5,502</b>
Operating margin (EBIT)	16.1%	15.9%	20.5%	20.2%	9.5%	7.4%	20.3%	16.0%	13.6%	44.6%	-	-	16.2%	24.8%
Capital employed	20,114	18,929	20,431	14,046	9,154	8,703	22,494	22,878	23,762	32,938	-1,159	-260	94,796	97,232
- of which goodwill	11,267	10,948	14,982	11,107	4,349	4,055	15,646	15,810	12,890	22,094	-	-	59,134	64,013
- of which other intangible assets and property, plant and equipment	4,163	3,876	4,441	2,981	2,473	2,567	5,566	5,530	4,499	6,599	154	60	21,296	21,613
- of which right-of-use assets	1,017	1,053	518	440	276	238	374	489	1,540	1,550	21	9	3,746	3,779
- of which investments in associates	0	1	-	-	672	641	19	23	1,952	21	-	-	2,643	685
Return on capital employed excluding items affecting comparability	15.9%	16.1%	24.1%	27.4%	11.6%	8.4%	14.7%	9.6%	14.3%	16.7%	-	-	16.5%	15.0%
Operating income (EBIT)	822	765	1,249	966	274	183	810	550	873	3,175	-134	-137	3,894	5,502
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1,910	-	-	-	-1,910
Depreciation and amortization	199	228	144	115	96	86	189	226	205	251	9	7	842	912
Net capital expenditure	-63	-72	-89	-27	-61	-40	-104	-99	-76	-63	-16	0	-410	-301
Amortization of lease liabilities	-74	-78	-40	-33	-25	-26	-32	-35	-125	-132	-3	-3	-300	-308
Change in working capital	-46	12	591	414	53	238	-88	-129	72	288	9	-4	591	820
<b>Operating cash flow by division</b>	<b>838</b>	<b>854</b>	<b>1,854</b>	<b>1,435</b>	<b>337</b>	<b>441</b>	<b>775</b>	<b>513</b>	<b>949</b>	<b>1,610</b>	<b>-135</b>	<b>-137</b>	<b>4,617</b>	<b>4,716</b>
Non-cash items	-	-	-	-	-	-	-	-	-	-	-37	-219	-37	-219
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-179	-90	-179	-90
<b>Operating cash flow</b>													<b>4,401</b>	<b>4,407</b>

## Q1-Q3 and 30 Sep

SEK M	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	15,303	13,404	17,205	14,376	7,027	5,717	10,971	10,539	18,576	20,315	-	-	69,082	64,351
Sales, internal	317	335	68	71	986	707	74	75	84	80	-1,528	-1,268	-	-
<b>Sales</b>	<b>15,620</b>	<b>13,739</b>	<b>17,272</b>	<b>14,447</b>	<b>8,013</b>	<b>6,424</b>	<b>11,045</b>	<b>10,614</b>	<b>18,660</b>	<b>20,395</b>	<b>-1,528</b>	<b>-1,268</b>	<b>69,082</b>	<b>64,351</b>
Organic growth	3%	-10%	7%	-7%	2%	-19%	7%	-14%	2%	-2%	-	-	4%	-9%
Acquisitions and divestments	1%	-1%	1%	-8%	5%	1%	17%	12%	1%	13%	-	-	4%	3%
Exchange-rate effects	2%	-1%	10%	-1%	4%	-2%	8%	-2%	6%	-2%	-	-	5%	-1%
Share of earnings in associates	-	-	-	-	15	14	-	-	88	236	-	-	103	249
<b>Operating income (EBIT) excl. items affecting comparability</b>	<b>2,513</b>	<b>1,593</b>	<b>3,491</b>	<b>2,783</b>	<b>659</b>	<b>197</b>	<b>2,090</b>	<b>1,441</b>	<b>2,526</b>	<b>2,832</b>	<b>-407</b>	<b>-405</b>	<b>10,873</b>	<b>8,441</b>
Operating margin (EBIT) excl. items affecting comparability <sup>1)</sup>	16.1%	11.6%	20.2%	19.3%	8.2%	3.1%	18.9%	13.6%	13.5%	13.9%	-	-	15.7%	13.1%
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1,910	-	-	-	-1,910
<b>Operating income (EBIT)</b>	<b>2,513</b>	<b>1,593</b>	<b>3,491</b>	<b>2,783</b>	<b>659</b>	<b>197</b>	<b>2,090</b>	<b>1,441</b>	<b>2,526</b>	<b>4,742</b>	<b>-407</b>	<b>-405</b>	<b>10,873</b>	<b>10,350</b>
Operating margin (EBIT)	16.1%	11.6%	20.2%	19.3%	8.2%	3.1%	18.9%	13.6%	13.5%	23.3%	-	-	15.7%	16.1%
Capital employed	20,114	18,929	20,431	14,046	9,154	8,703	22,494	22,878	23,762	32,938	-1,159	-260	94,796	97,232
- of which goodwill	11,267	10,948	14,982	11,107	4,349	4,055	15,646	15,810	12,890	22,094	-	-	59,134	64,013
- of which other intangible assets and property, plant and equipment	4,163	3,876	4,441	2,981	2,473	2,567	5,566	5,530	4,499	6,599	154	60	21,296	21,613
- of which right-of-use assets	1,017	1,053	518	440	276	238	374	489	1,540	1,550	21	9	3,746	3,779
- of which investments in associates	-	1	-	-	672	641	19	23	1,952	21	-	-	2,643	685
Return on capital employed excluding items affecting comparability	17.6%	11.1%	23.8%	21.5%	10.2%	2.9%	13.5%	8.5%	14.9%	13.4%	-	-	16.2%	11.8%
Operating income (EBIT)	2,513	1,593	3,491	2,783	659	197	2,090	1,441	2,526	4,742	-407	-405	10,873	10,350
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1,910	-	-	-	-1,910
Depreciation and amortization	594	690	418	361	285	269	557	679	585	744	27	21	2,465	2,764
Net capital expenditure	-309	-297	-261	-220	-147	-147	-237	-354	-164	-213	-19	-3	-1,136	-1,234
Amortization of lease liabilities	-218	-240	-106	-98	-73	-79	-92	-109	-348	-419	-5	-10	-843	-956
Change in working capital	-794	-174	109	433	-249	215	-219	-218	-31	680	-31	-141	-1,215	795
<b>Operating cash flow by division</b>	<b>1,786</b>	<b>1,571</b>	<b>3,651</b>	<b>3,258</b>	<b>475</b>	<b>455</b>	<b>2,099</b>	<b>1,440</b>	<b>2,569</b>	<b>3,624</b>	<b>-436</b>	<b>-539</b>	<b>10,143</b>	<b>9,809</b>
Non-cash items	-	-	-	-	-	-	-	-	-	-	-300	-273	-300	-273
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-636	-506	-636	-506
<b>Operating cash flow</b>													<b>9,208</b>	<b>9,031</b>
Average number of employees	11,594	10,665	9,255	8,701	11,064	9,726	5,421	6,443	11,477	11,763	325	255	49,136	47,553

<sup>1)</sup> Items affecting comparability consist of revaluation previously owned shares in associates.



## Reporting by division

Q1-Q4 and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
<b>SEK M</b>														
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	-	-
<b>Sales</b>	<b>20,201</b>	<b>21,144</b>	<b>19,817</b>	<b>23,172</b>	<b>9,949</b>	<b>10,689</b>	<b>11,951</b>	<b>15,423</b>	<b>23,762</b>	<b>25,553</b>	<b>-1,630</b>	<b>-1,953</b>	<b>84,048</b>	<b>94,029</b>
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
<b>Operating income (EBIT) excl. items affecting comparability</b>	<b>3,256</b>	<b>3,396</b>	<b>3,941</b>	<b>4,673</b>	<b>492</b>	<b>879</b>	<b>2,387</b>	<b>2,890</b>	<b>3,358</b>	<b>3,652</b>	<b>-525</b>	<b>-570</b>	<b>12,909</b>	<b>14,920</b>
Operating margin (EBIT) excl. items affecting comparability	16.1%	16.1%	19.9%	20.2%	4.9%	8.2%	20.0%	18.7%	14.1%	14.3%	-	-	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	-
<b>Operating income (EBIT)</b>	<b>2,818</b>	<b>3,211</b>	<b>3,716</b>	<b>4,673</b>	<b>-5,233</b>	<b>873</b>	<b>2,170</b>	<b>2,885</b>	<b>3,250</b>	<b>3,535</b>	<b>-625</b>	<b>-570</b>	<b>6,096</b>	<b>14,608</b>
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
Amortization 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
<b>Operating cash flow by division</b>	<b>2,819</b>	<b>3,515</b>	<b>3,903</b>	<b>5,263</b>	<b>811</b>	<b>622</b>	<b>2,463</b>	<b>3,183</b>	<b>2,772</b>	<b>3,655</b>	<b>-293</b>	<b>-602</b>	<b>12,477</b>	<b>15,635</b>
Non-cash items											-458	-324	-458	-324
Interest paid and received											-662	-869	-662	-869
<b>Operating cash flow</b>													<b>11,357</b>	<b>14,442</b>
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

## Financial information - Notes

### NOTE 1 DISAGGREGATION OF REVENUE

#### Sales by continent Q3

SEK M	Opening Solutions						Global Technologies		Entrance Systems		Other		Total	
	EMEA		Americas		Asia Pacific		2019	2020	2019	2020	2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020								
Europe	4,427	4,291	9	24	133	138	900	839	2,810	2,960	-177	-194	8,103	8,059
North America	150	105	5,641	4,269	260	186	2,070	1,672	3,096	3,653	-201	-134	11,015	9,752
Central- and South America	29	14	420	403	12	5	155	76	28	6	-8	-5	635	498
Africa	220	190	5	27	6	3	96	74	14	9	-7	-6	333	297
Asia	261	194	24	50	1,821	1,521	676	605	339	279	-51	-33	3,069	2,617
Oceania	34	29	2	5	642	626	95	163	139	209	-33	-30	879	1,001
<b>Total</b>	<b>5,120</b>	<b>4,824</b>	<b>6,099</b>	<b>4,779</b>	<b>2,874</b>	<b>2,479</b>	<b>3,991</b>	<b>3,428</b>	<b>6,427</b>	<b>7,116</b>	<b>-478</b>	<b>-401</b>	<b>24,034</b>	<b>22,225</b>

#### Sales by continent Q1-Q3

SEK M	Opening Solutions						Global Technologies		Entrance Systems		Other		Total	
	EMEA		Americas		Asia Pacific		2019	2020	2019	2020	2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020								
Europe	13,611	12,183	33	43	438	388	2,826	2,733	8,598	8,285	-568	-563	24,937	23,070
North America	437	329	15,941	13,242	861	584	5,559	5,137	8,632	10,683	-683	-453	30,748	29,524
Central- and South America	74	47	1,195	1,030	32	29	350	274	66	44	-23	-30	1,695	1,394
Africa	607	469	18	32	11	11	281	291	41	40	-16	-18	942	825
Asia	783	619	81	90	4,908	3,684	1,773	1,644	955	793	-131	-110	8,368	6,720
Oceania	108	93	4	8	1,763	1,727	256	535	368	549	-107	-94	2,393	2,818
<b>Total</b>	<b>15,620</b>	<b>13,739</b>	<b>17,272</b>	<b>14,447</b>	<b>8,013</b>	<b>6,424</b>	<b>11,045</b>	<b>10,614</b>	<b>18,660</b>	<b>20,395</b>	<b>-1,528</b>	<b>-1,268</b>	<b>69,082</b>	<b>64,351</b>

#### Sales by product group Q3

SEK M	Opening Solutions						Global Technologies		Entrance Systems		Other		Total	
	EMEA		Americas		Asia Pacific		2019	2020	2019	2020	2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020								
Mechanical locks, lock systems and fittings	2,483	2,300	2,307	1,966	1,329	1,171	66	71	2	3	-187	-157	6,000	5,353
Electromechanical and electronic locks	1,544	1,586	1,333	1,255	612	524	3,843	3,461	184	190	-241	-182	7,275	6,835
Security doors and hardware	942	812	2,425	1,546	925	762	82	-104	-	611	-26	-33	4,348	3,593
Entrance automation	152	126	34	12	7	22	-	-	6,242	6,313	-24	-29	6,411	6,444
<b>Total</b>	<b>5,120</b>	<b>4,824</b>	<b>6,099</b>	<b>4,779</b>	<b>2,874</b>	<b>2,479</b>	<b>3,991</b>	<b>3,428</b>	<b>6,427</b>	<b>7,116</b>	<b>-478</b>	<b>-401</b>	<b>24,034</b>	<b>22,225</b>

#### Sales by product group Q1-Q3

SEK M	Opening Solutions						Global Technologies		Entrance Systems		Other		Total	
	EMEA		Americas		Asia Pacific		2019	2020	2019	2020	2019	2020	2019	2020
	2019	2020	2019	2020	2019	2020								
Mechanical locks, lock systems and fittings	7,643	6,524	6,543	5,964	3,741	3,197	102	226	6	6	-538	-507	17,496	15,408
Electromechanical and electronic locks	4,913	4,568	3,925	3,660	1,906	1,336	10,850	10,373	548	542	-818	-589	21,324	19,890
Security doors and hardware	2,706	2,287	6,736	4,794	2,351	1,841	94	15	-	1,797	-79	-80	11,809	10,655
Entrance automation	358	361	69	29	14	50	-	-	18,106	18,050	-93	-93	18,454	18,398
<b>Total</b>	<b>15,620</b>	<b>13,739</b>	<b>17,272</b>	<b>14,447</b>	<b>8,013</b>	<b>6,424</b>	<b>11,045</b>	<b>10,614</b>	<b>18,660</b>	<b>20,395</b>	<b>-1,528</b>	<b>-1,268</b>	<b>69,082</b>	<b>64,351</b>

### NOTE 2 BUSINESS COMBINATIONS

SEK M	Q3		Q1-Q3	
	2019	2020	2019	2020
<b>Purchase prices</b>				
Cash paid for acquisitions during the year	1,083	6,275	2,620	7,543
Holdbacks and deferred considerations for acquisitions during the year	155	357	191	537
Fair value of previously owned shares in associates	-	3,752	-	3,752
Adjustment of purchase prices for acquisitions in prior years	-2	0	-6	27
<b>Total</b>	<b>1,237</b>	<b>10,384</b>	<b>2,805</b>	<b>11,858</b>
<b>Acquired assets and liabilities at fair value</b>				
Intangible assets	294	626	852	795
Property, plant and equipment and right-of-use assets	88	685	208	881
Other non-current assets	0	87	81	91
Inventories	38	594	152	675
Current receivables and investments	168	908	353	985
Cash and cash equivalents	67	2,137	62	2,173
Non-current liabilities	2	-701	-384	-833
Current liabilities	-523	-858	-940	-1,071
<b>Total</b>	<b>135</b>	<b>3,478</b>	<b>385</b>	<b>3,698</b>
<b>Goodwill</b>	<b>1,102</b>	<b>6,906</b>	<b>2,420</b>	<b>8,161</b>
<b>Change in cash and cash equivalents due to acquisitions</b>				
Cash paid for acquisitions during the year	1,083	6,275	2,620	7,543
Cash and cash equivalents in acquired subsidiaries	-67	-2,137	-62	-2,173
Paid considerations for acquisitions in prior years	32	91	422	414
<b>Total</b>	<b>1,049</b>	<b>4,229</b>	<b>2,979</b>	<b>5,784</b>

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

30 September 2020

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
Financial assets at amortized cost	19,918	19,918			
Financial assets at fair value through profit and loss	6	6			
Derivatives - hedge accounting	237	237		237	
Derivatives - held for trading	187	187		187	
<b>Financial liabilities</b>					
Financial liabilities at amortized cost	39,396	40,015			
Financial liabilities at fair value through profit and loss	1,378	1,378			1,378
Lease liabilities	3,818	3,818			
Derivatives - hedge accounting	0	0		0	
Derivatives - held for trading	74	74		74	

31 December 2019

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
Loans and other receivables	16,296	16,296			
Financial assets at fair value through profit and loss	6	6			
Available-for-sale financial assets	94	94		94	
Derivative instruments - hedge accounting	108	108		108	
<b>Financial liabilities</b>					
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	

## 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.