

ANNUAL REPORT 1994

# ASSA ABLOY



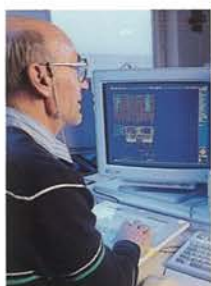


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# THIS IS ASSA ABLOY

## Background

ASSA ABLOY is one of the world's largest lock groups. The Nordic region comprises the Group's base, with market-leading positions in Sweden, Finland, Denmark and Norway. The Group has also a leading market position in Germany and significant positions in Great Britain and in the United States. ASSA ABLOY is active in the product segments construction locks, industrial locks, fittings and other accessories, electro-mechanical locks, access control and hotel locks. The Group was established on November 8, 1994 through a merger of the lock operations of Securitas AB and Metra Oy Ab.

## Market

The lock market is an international market with many small and medium-sized companies, many of which have very strong positions locally. There are only a few multinational companies, with relatively small shares in the world market. The lock market is estimated to be worth about SEK 100 billion. A market characteristic is that a high proportion of sales, approx. 50 percent is attributable to the after market sales, which limits the dependence on the cyclic building sector. Strong trademarks, local standards, closeness to national distributors and customers and various customer group's brand loyalty also contribute to stability. There are a number of very strong trademarks in the Group: ASSA – Sweden, ABLOY – Finland, TrioVing – Norway, RUKO – Denmark, IKON – Germany, VingCard – hotel locks, and Cardkey – access control. Due to the general trend toward increased security awareness, the lock market is growing at a few percentage points above GNP. Electromechanical and electronic locks are steadily gaining increasing importance in the overall lock market. These products are not replacing the traditional mechanical locks but are instead adding supplementary functions in the various high-security segments. Accordingly, increased electronic features contribute to market growth.

## Competitive situation

In line with increased harmonization, competition – which to date has been local – is expected to intensify and become increasingly internationalized. A restructuring of the industry has begun in recent years, with a certain tendency towards concentration into larger corporate groups. Cardkey, in the area of access control, and VingCard, in the hotel locks segments, have leading positions in their niche markets, in which standards and products are similar in many countries. The market is fragmented in the area of access control. In hotel locks, VingCard is the leading player with approximately 50 percent of the global market, with a number of competitors with relatively smaller market shares.

## OUR STRATEGY

ASSA ABLOY's strategy for the next two to three years to ensure a favorable trend in earnings can be summarized in three stages.

Create profitability in IKON and Cardkey, parallel with consolidation, continued organic growth and development of the Group units,

capitalize on synergies in the Nordic area and – when favorable, sustained profitability is attained

utilize the Group's size and strength to grow and expand through acquisitions primarily in existing markets in Europe and the U.S., as well as in other countries.

## Favorable earnings trend

### Financial targets

The financial target is to achieve a return on capital employed of more than 20 percent. An equity/assets ratio of about 25 percent is regarded as sufficient, considering the market's relative stability.



## Key data in brief<sup>1)</sup>

	1994	1993
Sales, SEK M	3,582	3,372
of which non-Swedish, %	83.9	84.0
Income after financial income and expense, SEK M	76	117
Cash flow, SEK M	139	62
Earnings per share, SEK	1.00	1.53
Shareholders' equity, SEK M	776	676
Return on capital employed, %	8.2	10.9
Average number of employees	4,703	4,639

1) Pro forma data

## Principles underlying the preparation of the annual report

ASSA ABLOY AB's annual report contains both pro forma financial statements for the Group for the entire 1994 financial year and the legal consolidated financial statements for the financial year July 1 to December 31, 1994. The legal financial statements include Securitas AB's lock operations for the financial year July 1 to December 31, 1994 as well as Metra Oy Ab's lock operations as of the date of acquisition, November 8, 1994. As a result, the financial statements have only a limited analytical value. Consequently, in preparing the financial statements, pro forma financial statements for the entire 1994 financial year have constituted the basis for the presentation of the ASSA ABLOY Group. Legal financial statements are presented, in addition to the Parent Company in the administration report, balance sheet, statement of income, cash analysis and notes to the financial statements.

## SIGNIFICANT EVENTS DURING THE YEAR

- Income after financial income and expense for the full financial year, pro forma, amounted to SEK 76 M (117).
- Sales for the full financial year, pro forma, totaled SEK 3,582 M (3,372). The Group noted substantial sales increases in the Nordic units, Great Britain and in VingCard.
- Cash flow amounted to SEK 139 M.
- The merger process has proceeded smoothly and was facilitated by the establishment of a joint management, corporate culture and financial control system. A new legal structure was introduced. This structure complies well with the Group's operational organization. Coordination of manufacturing of Nordic products has commenced.



Abu Garcia	+0.3	19	18.5	19	19
Active A	-0.2	4.4	4.4	4.58	4.4
Active B	-0.2	4.6	4.55	4.65	4.8
Assa Abloy	-0.2	29.7	29	29.9	30
Assidoman	-0.5	162	162	162.5	165
Assa	+0.1	33.2	33	33.2	33

- ASSA ABLOY AB's B-shares were listed on the O-list of the Stockholm Stock Exchange on November 8, 1994, as scheduled.

- A multi currency revolving credit agreement for USD 100 M was signed in November 1994, with a small group of international banks. The credit facility has a three-year maturity.
- The production unit for lock cases in Björkboda was divested, effective January 1, 1995, in accordance with a decision made in consultation with the Swedish Competition Authority. The buyer was a Finnish consortium consisting of the company's management and a group of Finnish companies.

Statement by the President

## The merger process has been smooth



*President and Chief Executive Officer  
Carl-Henric Svanberg*

**1994 was, to say the least, an eventful year for all of us in the newly established ASSA ABLOY Group. During the financial year, we conducted a major merger, refinanced the company and gained a listing on the Stockholm Stock Exchange.**

The success is due to the motivated efforts of all our employees. The development potential offered by an international, independent lock company is obvious. The possibility to participate in the creation of a lead-

ing lock group has inspired everybody and made the merger process easier than anticipated.

The market response to the share listing in September was favorable. Our focus on a core-business has been appreciated. The underlying stable growth in the industry is another positive factor. An important objective for ASSA ABLOY is to build further on the foundation of Swedish and international institutional owners which we gained through the share issue from Securitas AB.

In consultation with the Swedish Competition Authority, the lock case production unit in Björkboda, Finland, was divested. The company has gained new professional owners, which include the company's management. Even if we would rather have retained the company as part of the Group, we feel that we



have reached a reasonable solution and wish the company every success in the future.

Uniting the Group's various cultures has proceeded more smoothly than expected and I feel that any risks that may have existed in this respect have been eliminated. Accordingly, efforts can now be focused on developing our various operations and utilizing all of our new potential. There is a great deal of consensus and support for our objectives, the "benchmarking" is in full swing and the desire to learn from each other is evident. We expect to finalize the coordination of manufacturing operations for Nordic products during 1995.

Work in our new organization is proceeding well. The new legal structure is essentially in line with the operational organization.

#### **Growing demand**

Following several weak years with substantial rationalization, we can now enjoy growing demand in all markets. The retrofit sector is expanding noticeably, not least in Scandinavia. The trend towards higher security requirements in the market also favors our strong product program.

However, new construction is not yet showing any sign of recovery. Combined, these factors mean, among other things, that the Nordic units, ASSA, Ruko, Abloy and TrioVing, are displaying larger volumes and higher profitability.

VingCard, which makes mechanical and electromechanical hotel locks, continues to display a highly satisfactory growth. About one million hotel rooms in 2,800 cities worldwide now have VingCard locks. Thanks to VingCard's strong organization, with facilities and distributors in more than 60 countries – for more than a decade in many cases – we are strengthening our market leadership step-by-step. During the past few years, the U.S. market has expanded rapidly due to the focus on hotel security in that country. We also note substantial growth in the markets in Europe and the Far East during the past year.

#### **Restructuring of Cardkey and IKON**

The restructuring of the German company IKON is proceeding in line with plans. Measures have been taken to reduce the product program, delegate responsibility in the organization, simplify flows and, in particular, to reduce costs. Delivery times have begun to decrease, which is probably one of the reasons for an increase in order bookings.

Cardkey has closed down its inhouse manufacturing, which is now conducted by a more cost-efficient subcontractor. Accordingly, efforts can now focus on systems development, and sales via the company's own sales organization and through dealers. A down-sizing of the headquarters is now in progress to bring it more into line with the focused strategy. However, we are still running high costs as part of our efforts to further develop the product program.

#### **Proposal for employee participation**

Work is currently under way to prepare an offer to employees concerning ownership participation in the form of convertible debentures. The proposal will be completed in time for the Annual General Meeting and, in my opinion, will represent an attractive factor in motivating employees and ensuring their interest in the Group's long-term development.

In brief, we look optimistically to the future. During the autumn we were strengthened in our opinion of the industry's profitability and growth – and of our potential to lead its development. We regard our objective of attaining a 20-percent return on the Group's capital employed as very realistic, and in 1995 we should be able to report a significant improvement in earnings.



# Financial summary, pro forma

## Statements of income

SEK M	1994	1993	1992
Sales	3,581.6	3,371.5	3,090.1
Operating costs	-3,227.4	-2,984.3	-2,786.9
Operating income before depreciation	354.2	387.2	303.2
Depreciation	-198.5	-189.9	-179.6
Net financial items	-79.3	-80.0	-74.6
<b>Operating income after financial income and expense</b>	<b>76.4</b>	<b>117.3</b>	<b>49.0</b>
Group contribution	-	-72.9	28.1
Taxes	-30.8	-28.1	-19.7
<b>Net income for the year</b>	<b>45.6</b>	<b>16.0</b>	<b>57.4</b>

## Sales per company<sup>1</sup>

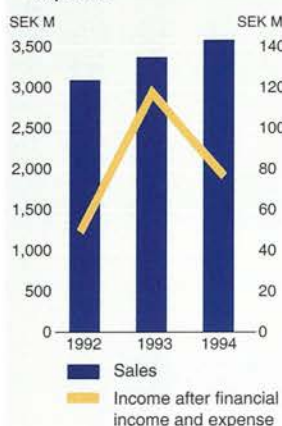
SEK M	1994	1993	1992
Sweden, ASSA/Abloy/Solid/Fix	709	657	635
Finland, Abloy	655	542	536
Norway, TrioVing	234	204	195
Denmark, Ruko	252	222	205
Germany, IKON, BAB	606	594	631
Great Britain, ASSA, Abloy	147	128	104
United States, Arrow, ASSA, Abloy	289	280	268
Access control, Cardkey	530	599	453
Hotels locks, VingCard	446	272	220
Elimination for internal sales	-286	-126	-157
<b>Total</b>	<b>3,582</b>	<b>3,372</b>	<b>3,090</b>

<sup>1</sup>) Including exports from each market

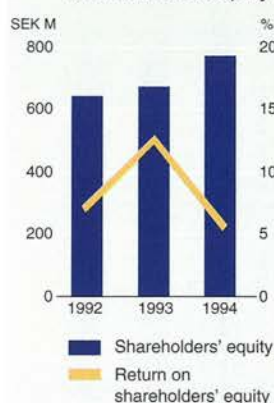
## Balance sheets

SEK M	1994	1993	1992
Liquid assets	199.9	145.6	222.6
Accounts receivables	583.0	523.5	467.1
Inventories	628.8	668.1	657.4
Other noninterest-bearing current assets	127.1	171.5	172.2
Goodwill	79.6	110.2	128.9
Other fixed assets	1,231.2	1,282.8	1,214.0
<b>Total assets</b>	<b>2,849.6</b>	<b>2,901.7</b>	<b>2,862.2</b>
Interest-bearing current liabilities	87.5	215.5	71.4
Other noninterest-bearing current liabilities	710.6	793.1	637.2
Interest-bearing long-term liabilities	1,167.2	1,081.5	1,367.0
Other noninterest-bearing long-term liabilities	95.3	120.2	124.8
Minority interests	13.2	15.2	15.8
Shareholders' equity	775.8	676.2	646.0
<b>Total liabilities and shareholders' equity</b>	<b>2,849.6</b>	<b>2,901.7</b>	<b>2,862.2</b>

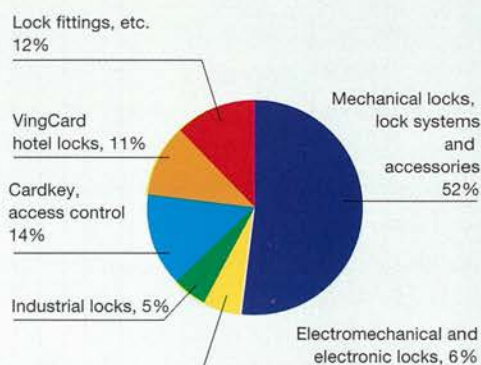
Sales and income after financial income and expense



Shareholders' equity and return on shareholders' equity



Sales by product group  
Total 3,582 SEK M





## Sales by country<sup>1</sup>

SEK M	1994	1993
United States	889	864
Sweden	576	538
Germany	539	487
Finland	421	406
Norway	251	232
Denmark	243	215
Great Britain	232	217
BeNeLux-countries	85	83
Asia, exkl. China, Hong Kong and Japan	42	41
Canada	34	33
China and Hong Kong	30	29
France	30	28
Australia	27	25
Portugal and Spain	20	19
Russia and other CIS states	19	18
Italy	18	17
Central America	14	13
Japan	12	12
Middle East	10	10
Other countries	90	85
<b>Total</b>	<b>3,582</b>	<b>3,372</b>

1) Sales to customers in each country with elimination's for internal sales

## Key figures

SEK M	1994	1993	1992
Cash flow, SEK M	139	-62	-32
Gross margin, %	9,9	11,5	9,8
Profit margin, %	2,1	3,5	1,6
Net investments, SEK M	139	189	190
Shareholders' equity, MSEK	776	676	646
Net indebtedness, SEK M	1,055	1,151	1,216
Capital employed, SEK M	2,047	1,990	2,100
Equity/assets ratio, %	27,2	23,3	22,6
Interest coverage, times	4,0	3,6	2,6
Debt ratio, times	1,4	1,7	1,9
Return on capital employed, %	8,2	10,9	7,9
Return on shareholders' equity, after tax, %	7,4	12,4	5,3
Earnings per share after tax, SEK	1,00	-	-
Shareholders' equity per share	14,48	-	-
Average number of employees	4,703	4,639	4,858

### Definitions

**Cash flow:** Based on the cash flow analysis, see page 28

**Gross margin:** Operating income before depreciation as a percentage of sales.

**Profit margin:** Income after net financial items as a percentage of sales.

**Net indebtedness:** Interest-bearing liabilities less interest-bearing investments.

**Capital employed:** Total assets reduced by noninterest-bearing current liabilities including deferred tax liability.

**Equity/assets ratio:** Shareholders' equity as a percentage of total assets.

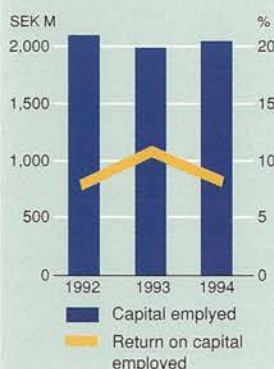
**Interest coverage:** Operating income before depreciation in relation to interest expense.

**Return on capital employed:** Income after net financial items, including interest expenses, in relation to average capital employed.

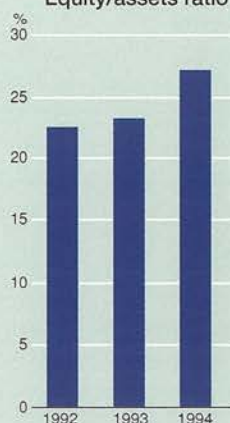
**Return on shareholders equity:** Income after net financial items, less 30 percent standard tax, in relation to average shareholders' equity.

**Earnings per share:** Income after net financial items, less 30 percent standard tax, divided by the number of shares.

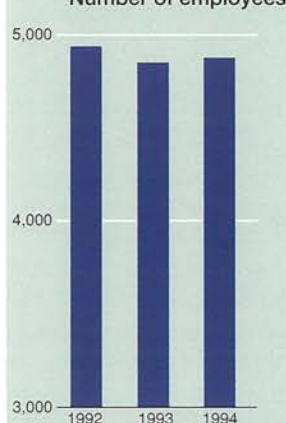
Capital employed and return on capital employed



Equity/assets ratio



Number of employees



# The ASSA ABLOY share

## The ASSA ABLOY Share

ASSA ABLOY AB has been listed on the Stockholm Stock Exchange since November 8, 1994. The B shares are currently listed on the O-list. The share price at year-end was SEK 25.50, corresponding to a stock market value of SEK 1,367 M. The share price on March 1, 1995 was SEK 32.50, corresponding to a stock market value of SEK 1,742 M. The number of shareholders at year-end amounted to about 3,100. During the period from November 8, 1994 to March 1, 1995, 12.1 million shares were traded, which corresponds to an average trading volume per trading day of about 151,000 shares. The total trading corresponds to 23 percent of the shares outstanding.

The Board of Directors plans to apply for an A-listing of the B shares on the Stockholm Stock Exchange during the year. However, approval requires, among other things, that an increase in the number of shareholders holding at least 500 shares can be achieved. As part of Metra Oy Ab's agreed reduction in its shareholding, at the beginning of March 1995, the sale of its holding in lots of 500 shares commenced. Thereby, an additional 1,000 shareholders with at least 500 shares were gained.

## Stock Exchange listing

The listing of ASSA ABLOY AB on the Stockholm Stock Exchange was a prerequisite for the creation of the ASSA ABLOY Group, since it permitted the technique of issuing Securitas Lock Group AB to existing shareholders in Securitas AB. As a result, these shareholders were able to decide whether or not they wished to retain their holdings in ASSA ABLOY AB. The B share was listed as scheduled on November 8, 1994, whereby the share price was set by the market at SEK 26.00, corresponding to a stock market value of SEK 1,393 M. Through the issue procedure, about 6,500 shareholders were gained from the start, many of whom were major Swedish and international institutional owners. In conjunction with the stock exchange listing, ASSA ABLOY AB was presented in a separate listing prospectus and via information meetings. Immediately after the issue and listing of the ASSA ABLOY AB share, the share was subjected to heavy trading when a certain restructuring and concentration of the ownership base was confirmed – certain shareholders elected to retain or increase their holdings in ASSA ABLOY AB, while others chose to sell the shares they had received.

## Share capital

The share capital amounts to SEK 53.6 M, distributed among 1,746,005 A-shares, 1,428,550 C-shares and 50,417,555 B-shares. All shares have a par value of SEK 1 and provide the holders with equal rights to the company's assets and earnings. Each A and C share entitles the holders to ten voting rights, while B shares provide 1 voting right.

During the past six years, the share capital has changed as shown in the table at the bottom of this page.

## Dividend

The dividend policy is that in the long-term, the dividend should represent approximately one-third of ASSA ABLOY's average earnings after net financial items and standard tax based always, however, on ASSA ABLOY's long-term financing requirements.

Due to the short financial year in 1994, the Board of Directors proposes not to pay a dividend for this year.

## Data per share

SEK/share	1994	1993 <sup>1)</sup>	1992 <sup>1)</sup>
Earnings after standard tax	1.00	1.53	0.64
Dividend	0:00	–	–
Share price, Dec. 31, 1994	25:50	–	–
Share price, March 1, 1995	32:50	–	–
Highest share price	34:00	–	–
Lowest share price	21:00	–	–
Shareholders' equity	14:48	–	–
Number of shares (1,000s)	53,592	–	–

<sup>1)</sup> 1993 and 1992 have been calculated for comparative purposes by means of pro forma accounts and the number of shares in 1994.

## Ownership structure

In conjunction with the merger, Metra Oy Ab initially received a 55 percent shareholding in ASSA ABLOY AB. In accordance with the shareholders' agreement concluded between ASSA ABLOY AB's principle owners at the time of the merger, Metra Oy Ab shall reduce its shareholding to a maximum of 40 percent of the total number of shares. This has already been largely completed.

## Proposal for convertible debentures for personnel

At the Annual General Meeting, the Board of Directors intends to propose an issue of convertible debentures to the employees of the ASSA ABLOY Group, as presented in the prospectus for the stock exchange listing in 1994.

## Share capital

Year	Transaction	A-shares	C-shares	B-shares	Aktiekapital SEK
1989			20 000		2,000,000
1994 <sup>1)</sup>	100:1 split			2,000,000	2,000,000
1994 <sup>1)</sup>	Bonus issue		1,428,550	22,687,900	24,116,450
1994 <sup>2)</sup>	Non-cash issue	1,746,005	1,428,550	50,417,555	53,592,110

<sup>1)</sup> The split and bonus issue were conducted in September 1994 prior to the distribution of the shares to shareholders in Securitas AB.

<sup>2)</sup> The non-cash issue was conducted in November 1994 in conjunction with the acquisition of Abloy Security Group from Metra Oy Ab.



## Ownership structure

Data are based on the share register as of December 31, 1994 and subsequent changes known to the company

Owner	A-shares	C-shares	B-shares	Capital %	Voting rights %
Metra Oy Ab	1,746,005		19,799,120	40.2%	45.3%
Investment AB Latour		825,000	6,775,000	14.2%	18.3%
Melker Schörling + family and companies		175,000	2,178,975	4.4%	4.8%
Group 4 Securitas		428,550	483,000	1.7%	5.8%
Morgan Grenfell Asset Management			2,751,172	5.1%	3.3%
G.T. Management PLC			2,002,565	3.8%	2.5%
Fidelity Investments			1,657,334	3.1%	2.0%
Investment AB Öresund			1,520,500	2.8%	1.9%
Janus Capital Corporation			1,155,742	2.2%	1.4%
Carl-Henric Svanberg			1,090,000	2.0%	1.3%
Other shareholders with more than 50,000 shares			7,851,510	14.7%	9.6%
Shareholders with 5,001 – 50,000 shares			1,840,066	3.4%	2.2%
Shareholders with 501 – 5,000 shares			434,417	0.8%	0.5%
Shareholders with up to 500 shares			878,154	1.6%	1.1%
Total number	1,746,005	1,428,550	50,417,555	100.0%	100.0%

## ASSA ABLOY's share trend



(c) Findata

# History

## ASSA ABLOY

### ASSA

**1994**  
ASSA ABLOY – one of the world's leading lock groups – is formed and listed on the O-List of the Stockholm Stock Exchange in November

### ABLOY

**1991**

Securitas shares are listed on the Stockholm Stock Exchange. Arrow, an American lock manufacturer based in New York, is acquired.

**1990**

Solid AB and AB FAS Låsfabrik, both in Sweden, are acquired by Securitas AB. ASSA AB is split into ASSA AB and ASSA Industri AB.

**1988**

ASSA is acquired by Securitas AB from Schatulle AB (a subsidiary of Investment AB Latour) and D. Carnegie & Co. AB, which two years earlier had purchased the company from GKN. The Locks Business Area was formed within Securitas.

**1984**

ASSA and Ruko start their own operations in Germany through ASSA-Ruko Sicherheitssysteme GmbH.

**1983**

ASSA starts its own operations in the United States via ASSA Inc. in Chicago.

**1977-1979**

Production of screws within ASSA is sold to Gunnebo in Sweden. Production of door closers is sold to DORMA in Germany. Operations are concentrated on locks, with emphasis on security and hinges.

**1951**

ASSA acquires A/S Ruko, Denmark's leading lock manufacturer.

**1930**

A/S Ruko is formed in Denmark and develops during the 1940s and 1950s to become Denmark's leading lock manufacturer. Guest Keen & Nettlefold Ltd. (GKN), an English group, buys ASSA AB from its Swedish owners.

**1881**

ASSA AB is founded in Eskilstuna, Sweden, by August Stenman, a locksmith.

**1848**

AB FAS Låsfabrik begins operations in Eskilstuna.

**1991**

IKON purchases BAB, the leading lock manufacturer in the former German Democratic Republic. Abloy acquires Fixfabriken AB

**1990**

Abloy Security is established in corporate form within the Wärtsilä Group.

**1989**

IKON, a German company that was formerly a part of Carl Zeiss, and U.S. based Cardkey, are acquired by Wärtsilä and integrated with the Group's other lock companies. Wärtsilä and Lohja announced their intention to merge and form Metra.

**1988**

Wärtsilä purchases Primo.

**1983**

TrioVing is acquired by Wärtsilä.

**1974**

Wärtsilä buys AVA and, three years later, Björkboda.

**1971**

Trio and Ving merger, forming Norway's leading lock manufacturer, TrioVing.

**1968**

The Joensuu plant begins operations.

**1950**

Two Norwegian lock and fittings manufacturers merge to form Ving.

**1936**

Wärtsilä purchases AB Lukko Oy.

**1907**

Emil Henriksson invents the disk cylinder and in 1919 AB Lukko Oy, Abloy's predecessor, is formed.

**1904**

Three Norwegian lock and fittings companies merge to form Trio.

**1732**

Michael Hising, a citizen of Stockholm, founded a bar-iron forge and hearth in Björkboda, Finland. Lock production begun in 1887.



# The ASSA ABLOY Organization

The basis for success in the lock industry is closeness to customers, awareness of local requirements, and business and distribution patterns. Consequently, responsibility is clearly decentralized to one manager per country which is a natural corner stone in the Group's organization. VingCard and Cardkey are organized separately since their particular operations, from several viewpoints, offer other possibilities and threats to manage strategically, compared with the other lock companies in the Group. Country managers and managers of VingCard

and Cardkey are part of Group management.

In line with the decentralized organization in which all business is conducted by the local companies, the Parent Company, with 10 employees, primarily performs a developing, managing and coordinating function. The legal structure deviates somewhat from the operational structure as described in the chart below. Among other things, the German company is owned by A/S Ruko. All companies in the U.S. belong to a jointly owned sub-Group.

## ASSA ABLOY



<sup>1)</sup> Abloy Security Ltd UK and Abloy Security Ltd IRL are operationally included in Finland's organization as Abloy Oy's sales companies but are reported in this annual report as part of Great Britain.

# Products

The group develops, manufactures and markets a comprehensive range of locks and lock products. The selection of products shown here illustrates the focus of the product range.



## SWEDEN

1. The industrial cylinder ASSA DESMO is based on new patented lock technology
2. The ASSA Twin combi
3. The "Epok" door handle
4. The Twintronic electronic cylinder with electronically coded key
5. The SOLICARD access control system from Solid AB



## DENMARK

1. Ruko's padlocks in consumer packaging
2. The RUKO DIN cylinder program for various European markets
3. The RUKO Combi offers two levels of security



## FINLAND

1. The ABLOY EXEC high security cylinder
2. Padlocks based on the European standard
3. The ORIGO handle
4. Motor lock
5. The ABLOY DISKLOCK PRO cylinder



## NORWAY

1. The TRIOVING ACCESS access control system
2. The TrioVing's dual-function 5596 cylinder. The outer part of the lock can be removed when one is away
3. Same lock mounted in a door





### Mechanical locks, lock systems and accessories

This group primarily includes the lock cylinder in a large number of versions. All cylinders are designed to be included in various lock systems with different levels of security, which permit advanced system solutions with high flexibility. The product group also includes lock cases, padlocks, strike plates and accessories.

#### Lock fittings, etc.

Lock fittings include primarily handles, hinges and espagnolets – a special type of lock mechanism for windows, French doors and certain types of exterior doors. Products such as door closers and automatic door mechanisms are also included.

### Industrial locks

Industrial locks are included in the products of other companies' – OEM products. These include locks for pay phones, parking meters, gasoline pumps, vehicles ranging from cars to bicycles, and coin-operated locks for storage lockers and containers.

### Electromechanical and electronic locks

This product group includes, for example, motor locks in which the lock pin is activated by a motor, locks with electrically controlled blocking and release elements and electric strike plates. Another growth area is code locks and card locks.

### Access control systems

The main function of access control systems is, combined with mechanical locks, to control and record entry and to increase both the security and convenience of access.

#### Hotel locks

Special systems with card locks for hotels and cruise ships. The locks are used with punched card keys, optical keys or cards with magnetic tape, a so-called magstripe.

1



### GERMANY

1. Electronic keys for IKON's IKOTRON cylinder
2. The IKOTRON, electronic high-security cylinder (above)
3. The SK 6 high-security cylinder with side code
4. IKON's striking plate in solid steel with gold plating

3



2



### VINGCARD

VingCard hotel security system based on the magnetic card principle

1. VingCard 3000 for large hotels
2. VingCard 2100 for small and medium-sized hotels

2



1



### USA

1. Arrow doorcloser
2. Handles with various surface finishings
3. Arrow's construction lock for interior doors based on the U.S. standard, with a lock cylinder integrated into the handle.

1



2



3



2



### CARDKEY

1. The PEGASYS 1000 access control system
2. Cardkey is a strong brand name in access control

1



# Sweden



**Sales by the Swedish ASSA ABLOY companies amounted to SEK 709 M during the year. Exports to Group companies outside Sweden totaled SEK 77 M, other exports amounting to SEK 70 M.**

## Companies and products

All ASSA ABLOY companies in Sweden are active in the market for locks and security products. This provides good conditions for a joint focus on products for a more demanding security market.

ASSA AB markets and manufactures a comprehensive program of security products, primarily for doors. The program encompasses security cylinders with a combination of electronics and mechanics, so-called mechatronics, at the highest level of security as well as a complete range of fittings and handles to suit various types of design. ASSA markets products to the trade and consumers through a network of wholesalers and dealers. A skilled group of locksmiths provides a close and competent marketing. Operations are established in several locations in Sweden, with manufacturing operations concentrated in Eskilstuna.

ASSA Industri AB focuses on industrial customers, primarily door and cabinet markets. The range includes lock cases, hinges and cabinet locks. The range of cabinet locks covers the entire requirement for both bank deposit boxes and basic wardrobes. During the year a unique patented environmental cylinder (DESMO) was launched and attracted much interest in the market.

ASSA Industri markets its products through a network of industrial distributors and, also, has a substantial volume (40%) which is sold via Group companies in and outside Sweden.

The manufacturing units are located in Eskilstuna and Lycksele.

AB FAS Låsfabrik is the market leader for lever locks. The range offers complete security solutions as well as a basic program of supplementary locks. During 1994, FAS successfully launched a lock for the safe market, which is a natural develop-

ment of the program for weapon cabinets. Distribution is conducted through wholesalers and dealers.

Effective January 1, 1995, Fix Abloy AB's operations were divided up into Fix AB, based in Gothenburg, and Abloy AB, based in Stockholm.

Fix manufactures and markets espagnoletts and fittings primarily for the windows market. In addition, Fix conducts contract-based plastics manufacturing operations.

Abloy AB is a sales company and represents primarily the range manufactured by Abloy Oy in Finland. The main products are construction locks, industrial cylinders, padlocks, door closers and lock cases. Operations were restructured during 1994 to form a streamlined sales organization concentrating on the ABLOY trademark.

Solid AB is a leading supplier of access control systems and is also a market leader in electric strike plates. A strong expansion in 1994, in both the Swedish and exports markets, primarily in Norway and Great Britain, meant that the organization has been strengthened primarily in terms of technical support.

VingCard AB is a recently established company which concentrates on VingCard's products with resettable locks mainly for the hotel sector. Following a number of years with low activity in the hotel sector, there are favorable signs with increasing occupancy rates and, accordingly, a greater need to upgrade guest security. VingCard is located in Gothenburg and during 1985 cooperation will be developed, primarily with ASSA AB, to achieve an improved and a uniform marketing.

## Market trend

Generally speaking, market conditions improved during 1994 compared with 1993. This can be attributed to increased activity in the retrofit segment.

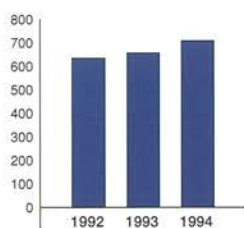
The low activity in new construction during 1994 is expected to weaken further in 1995. Despite this, there is a definite volume increase related to the growing demand for higher security products in both the retrofit sector and in new construction.

## Outlook

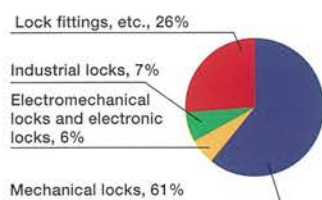
For the next five years, a slow recovery in new construction activities is expected to provide favorable conditions for growth.



### Sales by market



### Shares of sales



### ASSA AB

President: Hans Johansson

MSEK	1994	1993	1992
Sales	310	285	278
Number of employees	351	346	437

### ASSA Industri AB

President: Hans Johansson

MSEK	1994	1993	1992
Sales	142	120	105
Number of employees	162	176	162

### Fix-Abloy AB<sup>1)</sup>

President: Stellan Svensson

MSEK	1994	1993	1992
Sales	217	192	191
Number of employees	251	213	228

### Solid AB

President: Christer Peterson

MSEK	1994	1993	1992
Sales	64	55	45
Number of employees	28	23	21

### AB FAS Låsfabrik

President: Jerry Pull

MSEK	1994	1993	1992
Sales	38	39	35
Number of employees	64	68	71

<sup>1)</sup> Effective January 1, 1995, Fix AB with Stellan Svensson, President, and Abloy AB with Lars Andersson, President.



A Computerized Numerical Control machine center for the production of cylinder cores.

# Finland



**Sales by the Finnish ASSA ABLOY companies amounted to SEK 655 M during the year. Exports to Group companies in other countries were SEK 137 M, with other exports totaling SEK 96 M.**

## Company and products

Abloy Oy sells locks, lock systems and fittings in the Finnish market. The company is also a market leader in electromechanical locks and industrial locks in Europe.

Manufacturing is conducted at the ABLOY factory in Joensuu and at the PRIMO factory in Tampere.

Industrial locks are marketed under the ABLOY and AVA brand names; fittings are marketed under the PRIMO brand name.

## Divestment of Boda

In accordance with an agreement with the Swedish Competition Authority, the lock case manufacturing in Björkboda was divested with effect from January 1, 1995. Following the divestment, a cooperation agreement covering development and marketing questions was concluded between Abloy Oy and Boda's new owners.

## Market

The Finnish locks and fittings market amounts to about SEK 450 M. The Group's share of the market is almost 90 percent. Exports account for about 40 percent of sales (primarily industrial locks and electromechanical locks).

Abloy Oy has a nationwide sales and service network in Finland, with more than 130 authorized locksmiths who account for more than 50 percent of sales. Many of them have participated in extensive quality programs involving ISO 9002 certification. Lock fittings are, however, also sold through wholesalers. Manufacturers and OEM customers account for almost one-third of sales, primarily of industrial locks, lock cases and fittings.

## Product development

During 1994, Abloy Oy devoted resources to a number of new projects. A particularly important project was the launch of the ABLOY EXEC cylinder, a newly developed high-security cylinder which is marketed for construction and industrial locking, primarily in Finland. The ABLOY DISKLOCK PRO is another newly developed high-security cylinder designed for markets outside Finland.

Other new products launched during the year included a new series of door closers, motor locks with new potential applications, and the EXEC/PALETTE fittings.

## Significant events during the year

Export sales included large deliveries of industrial locks and padlocks to the Canadian government building, the British Defense Ministry, Swedish Rail Track Company and Telia (Swedish Telecom) in Sweden and the Malaysia Telecom.

The order from the Swedish Rail Track Company for DISKLOCK PRO products was particularly gratifying.

Operations in Russia continued to develop during 1994. An extensive training program for Russian locksmiths commenced during 1994, as well as a program for the distribution network.

## Investments

Investments were conducted to increase production capacity to cope with increasing volumes. Capacity for DISKLOCK PRO cylinders and brass fittings is to be doubled.

## Sales trend

The general economic trend in Finland continued to be weak during 1994. New construction has stabilized at a low level compared with the period before the recession. However, Abloy Oy is working actively with programs in industrial locks and the retrofit sector and, consequently, is less affected by the low activity in new construction.

Industrial sales and OEM customers are a historically important area of operations for Abloy Oy, and consist primarily of cylinder-based products. Operations involve a large share of exports. The demand for high quality industrial locks suitable for OEM applications has increased steadily over a period of years.

## Outlook

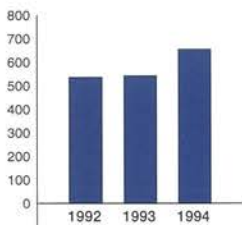
New construction is now beginning to increase slowly from a very low level, resulting in a positive impact on the lock market. In addition, the merger is expected to contribute to improvements in earnings. The PRIMO factory will gain the possibility to become the main supplier of fittings and door handles to the other Group companies. To date these products have been purchased from external suppliers. ASSA's products will serve as a complement to Abloy's in the Finnish market, which may also result in increased sales.



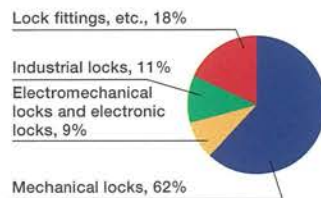


Surface finishing of padlocks in the ABLOY plant.

#### Sales by market



#### Share of sales



#### Abloy Oy

President: Matti Virtaala

MSEK	1994	1993	1992
Sales	618	518	516
Number of employees	971	936	992

#### ASSA Oy

President: Mikael Enari

MSEK	1994	1993	1992
Sales	12	9	7
Number of employees	4	5	5

# Norway



Sales by the Norwegian ASSA ABLOY companies amounted to SEK 234 M (excluding VingCard). Exports to Group companies in other countries amounted to SEK 8 M, with other exports totaling SEK 6 M.

## Company

Operations in Norway consist mainly of TrioVing a.s, with sales of locks and security products, as well as a manufacturing unit. TrioVing became part of ASSA ABLOY via Abloy's operations. As in the past, ASSA's product range is sold by ASSA A/S, which is now a subsidiary of TrioVing.

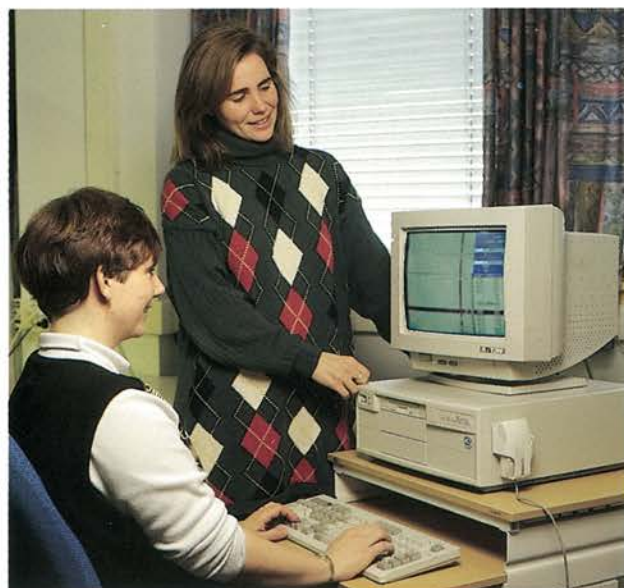
The most important product is the lock cylinder, which accounts for about 40% of sales. Other important products are electronic card lock systems for industry and offices. TrioVing also sells Cardkey's access control systems as well as a supplementary range of local products from Boda, PRIMO, ABLOY and Fix AB. In addition, lock cases and accessories are manufactured for the Norwegian market. Manufacturing is conducted in the company's own facilities in Moss, with a workforce of 500. This plant also manufactures VingCard's products.

## Market

The market for the Group's products in Norway amounts to about SEK 250 M, of which TrioVing accounts for about 85 percent.

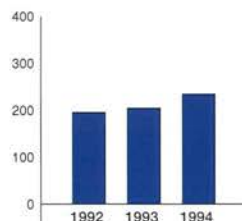
In the area of lock cylinders, TrioVing has a 90-percent share of the Norwegian market.

Of total sales, 60 percent consists of locks, lock cylinders and lock systems for professional end users. OEM products account for about 25 percent and the consumer market for 10 percent. Exports make up the remaining share.

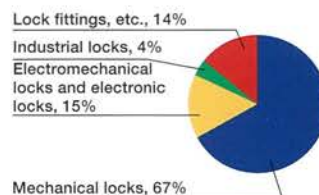


Setting up a customized lock system at TrioVing.

## Sales by market



## Share of sales



## TrioVing a.s

President: Ari Hakkarainen

MSEK	1994	1993	1992/1993
Sales	658	459	375
– excl. VingCard	212	187	169
Number of employees	713	605	585
– excl. VingCard	264	302	305

## ASSA A/S

President: Jan-Petter Moen

MSEK	1994	1993	1992
Sales	22	16	13
Number of employees	7	7	5

## Market trend

For the first time in many years, a certain increase was noted in the building industry, for both commercial and residential properties, with positive effects on the lock market. This contributed to TrioVing's and ASSA's volume growth of about 12 percent.

## Significant events during the year

TrioVing strengthened its position by establishing a chain of TrioVing Security Centers. There are now 32 independent cooperation partners throughout Norway which are responsible for installation and service of TrioVing's products. These cooperation partners have special competence in overall security and specification of lock systems.

TrioVing's electronic card system has developed well in Norway and Denmark. The product family has also been launched in the U.S., Great Britain and Eastern Europe.

A key system with complementary window locks for single-family dwellings has been launched. This has strengthened TrioVing's position as a supplier of complete high-security solutions for all customer categories.

Total quality in form of delivery reliability, short delivery times and technical quality has been one of TrioVing's most important development areas. As part of the quality development, in spring 1994 TrioVing received ISO 9001 certification and commenced continual measurement of customer satisfaction.

## Outlook

The positive trend is expected to continue in 1995. The fact that Norway decided to remain outside the EU is not regarded to have any effect on TrioVing's operations.



# Denmark



**Sales by the Danish ASSA ABLOY companies amounted to SEK 252 M. Exports to Group companies in other countries amounted to SEK 23 M, with other exports totaling SEK 4 M.**

## Companies and products

Operations in Denmark are based primarily on the subsidiary A/S Ruko. The company manufactures and sells cylinder programs equivalent to ASSA's in Sweden. This program accounts for 60 percent of sales and includes cylinders based on European standards. Ruko also manufactures padlocks, handles and fittings exclusively for the Danish market. Padlocks account for 9 percent of sales and are exported mainly to Sweden. Most of the products are manufactured in the company's own plant with 215 employees in Herlev, outside Copenhagen.

The subsidiary Ruko Service A/S is a service company focusing on the after-sales market, with four offices offering nationwide service.

ABLOY Security A/S previously sold the ABLOY range in Denmark, particularly high-security cylinders, fittings, lock cases and espagnolettets. Effective 1995, the company is a subsidiary of A/S Ruko. This also applies to Fix A/S, which markets FIX products in Denmark.

ASSA-Ruko Sicherheitssysteme GmbH markets lock cylinders in the DIN profile mainly for the locksmith segment in Germany.

## Market

The market for the Group's products in Denmark is estimated to amount to SEK 225 M. The Group has about 80 percent of this market.

Sales to new construction projects are conducted through wholesalers as well as hardware stores and the retail trade. A minor share of total sales is conducted through locksmiths who purchase directly from Ruko or from a wholesaler. A nationwide sales and service network of authorized locksmiths exists.

Exports account for 15 percent of sales. The German market consumes 50 percent of this amount, while other markets absorb 10 percent, with Group companies taking up the remainder.

## Significant events during the year

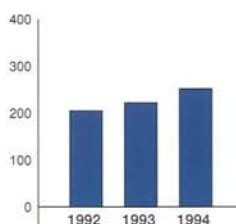
In the Danish market, the establishment of ASSA ABLOY entailed a restructuring of operations. The changes introduced have streamlined the roles of the various companies in the market.

During the year, A/S Ruko consciously focused on the high-security products in the range, thereby increasing their share of sales.

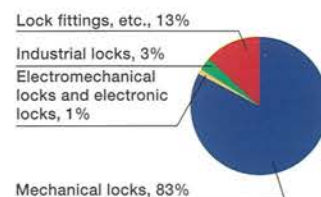
## Sales trend

During 1994, A/S Ruko experienced its largest sales increase in many years, not least because of increased activity in the economy as a whole, which has also impacted positively on the

## Sales by market



## Share of sales



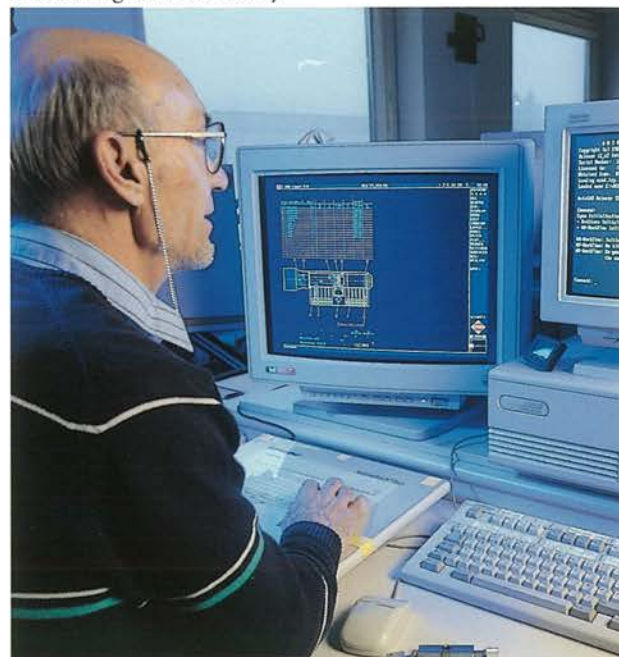
demand for lock products. The Parent Company reported an increase in net sales of 16.2 percent, while the increase in the subsidiary RUKO Service A/S was 10.5 percent.

The positive trend in ASSA-Ruko Sicherheitssysteme GmbH continued and net sales increased by 14 percent.

During 1994, Abloy Security A/S, which is now part of the RUKO Group, reported static sales, but has considerable potential to increase sales in the future, primarily through greater marketing efforts in cooperation with Ruko.

## Outlook

The positive development has continued during the beginning of 1995 and demand is expected to remain at a high level throughout the year – although there are signs of a certain overheating in the economy.



Lock design using autocad at Ruko.

## A/S Ruko

President: Otto Hansen

MSEK	1994	1993	1992
Sales	222	187	156
Number of employees	283	277	276

## Abloy Security A/S

President: Otto Hansen

MSEK	1994	1993	1992
Sales	17	20	19
Number of employees	9	9	10



# Germany



Sales by the German ASSA ABLOY companies amounted to SEK 606 M. Exports to Group companies in other countries amounted to SEK 54 M, with other exports totaling SEK 57 M.

## Companies and products

Operations in Germany are conducted through the subsidiaries IKON AG, BAB IKON GmbH and ASSA-Ruko GmbH. IKON is Germany's leading manufacturer of lock cylinders. In addition, the company sells lock cases, accessories and fittings as well as certain electromechanical products. However, the majority of sales comprise in masterkey systems.

The subsidiary, BAB IKON, previously the leading lock producer in East Germany, was acquired in 1991. The production has been rationalized and the workforce reduced. The former West Germany accounts for 50 percent of sales.

Manufacturing is conducted in IKON's plants in Berlin, with about 650 employees and in BAB IKON's Potsdam plant, which has 170 employees.



CNC-automatic machine for manufacturing of cylinder cores.

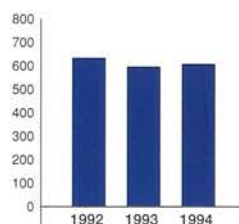
## Market

The German market for lock cylinders is estimated to amount to slightly more than SEK 3 billion. IKON focuses primarily on sales of larger systems and has limited sales to the consumer market. In system sales, six manufacturers account for 90 percent of the market.

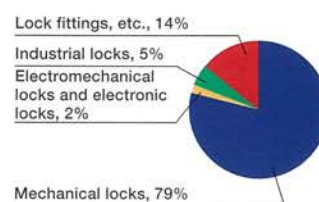
## Market trend

The market for cylinder systems was influenced by an increase in the building activity, primarily in the new German states. However, 1994, was a weak year in the German consumer market as a whole, which has also affected the market for standard products in the lock area.

## Sales by market



## Share of sales



## IKON AG Präzisionstechnik

President: Eero Leskinen

MSEK	1994	1993	1992/1993
Sales	501	509	544
Number of employees	776	852	933

## BAB IKON GmbH Schliesstechnik

President: Bernd-Dieter Wempen

MSEK	1994	1993	1992/1993
Sales	74	61	54
Number of employees	167	166	176

## Dupéray SA (Belgien)

President: Frans Quix

MSEK	1994	1993	1992
Sales	53	50	52
Number of employees	23	23	23

## ASSA-Ruko Sicherheitssysteme GmbH

President: Otto Hansen

MSEK	1994	1993	1992
Sales	22	18	10
Number of employees	13	10	12

## Significant events during the year

The company reduced its workforce and simplified its organizational structure and routines. These measures have decreased costs and improved customer service, leading to shorter delivery times and other benefits. The new organization will permit continuing efficiency enhancement during 1995.

Die casting operations at the Schelklingen plant have been divested.

During 1994, the company ceased the production of "old generation" cylinders. The product range was complemented by a new cylinder (SK-6), which was introduced at the Cologne Fair in 1995.

It was gratifying to note large orders from the European Parliament in Brussels, the Dutch Post Office and the Rudolf Virchow Hospital in Berlin.

## Development in IKON

In terms of financial results, 1994 was a difficult year for IKON. Earnings were also charged with extraordinary expenses relating to the restructuring program as well as personnel reductions and other costs.

Nevertheless, IKON has managed to maintain its market position in Germany, while exports have decreased, due to the company's concentration on the home market and other factors.

## Outlook.

Structural changes are progressing as scheduled and sales are now expected to increase, resulting in improved profitability. The company is expected to report positive earnings in 1996.



# Great Britain



**Sales of the ASSA ABLOY Group in the U.K. market during 1994 amounted to nearly SEK 149 M. Exports amounted to SEK 1 M.**

## Companies and products

In the U.K. market, ASSA ABLOY AB's operations are conducted using both the ASSA and the ABLOY name. The reason is that the two brands have different focuses in terms of markets and products, and both names are well established.

The U.K. operations are conducted by the subsidiaries ASSA Ltd and Abloy Security Ltd.

ASSA Ltd adapts and assembles components purchased from other Group companies. Mechanical locks and lock systems with accessories account for most of ASSA Ltd's sales, of which high-security cylinders comprise a large and increasing proportion. Electromechanical and electronic locks account for 20 percent of sales.

The ASSA products are mainly sold through architectural iron mongers (approx 60 percent) and through locksmiths and OEM-manufacturers (approx 20 percent each).

The company is one of the leading suppliers to public institutions and other customers with stringent security requirements. Abloy Security Ltd has the same focus, but also holds a leading position in the market for electromechanical locks for such customers as the financial sector and data processing companies.

ASSA Ltd has established a network of Electronic Security Centers, whose personnel are trained in the company's products and routines.

Several new products were launched during the year, including the Solicode code lock, Locktronic motor locks and Solicard readers and access control systems.

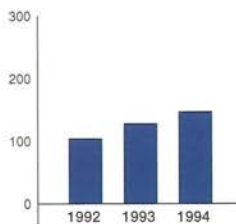
The company continued to be successful with the important larger customers, such as hospitals, universities and other public buildings. A particularly notable project involved installation of locks and handles in the Edinburgh Sheriff Court.

Assa Ltd's sales rose by 15 percent during 1994, which was the third successive year of double-digit growth. Since 1991, the company's sales have increased from GBP 3.3 M to GBP 6.5 M.

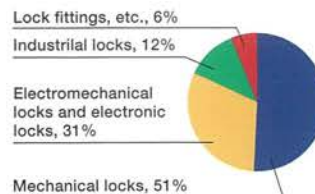
Abloy Security Ltd markets mainly Abloy Oy's product range in Great Britain and Ireland. Half the total sales consists of mechanical lock products such as padlocks, industrial locks, lockcases and the DISKLOCK PRO high security cylinder. Electromechanical locks and access control products account for the remainder of the sales.

The company's sales of mechanical lock products are conducted mostly through 140 Abloy Locksmith Centres and OEM customers. Electromechanical locks are distributed through cooperation with 55 independent business partners and other companies involved in installation of access control and alarm systems. This gives the company a leading position

## Sales by market



## Share of sales



in the market for electromechanical locks particularly for customers in the financial and data processing sectors.

Abloy Security Ltd has substantially increased its network of affiliated locksmiths during the year partly to strengthen the launch of DISKLOCK PRO.

In July 1994 Abloy Security Ltd was certified in accordance with ISO 9002 Registered Firm.

The company has finalised a number of reference projects such as British Civil Aviation Authority, Sky Television and the British Museum. Electromechanical locks have been sold to Midland Bank, Royal Mail and British Telecom. A large contract for the supply of padlocks to the British Defense Ministry was also concluded.

Abloy Security Ltd increased its sales of ABLOY products by 15 percent but total sales increase stopped at 8 percent, due to the less favourable trend for other products.

## Market trend

The U.K. lock market showed signs of recovery in 1994, with an estimated growth of 6 percent – although from a low initial level. ASSA ABLOY has participated in a number of new construction projects, in addition to the retrofit activities which have constituted the main business during the recession.

Another significant factor has been the restructuring of the wholesale market for building supplies, involving the major dealer, the Newman Tonks Group, and the independent wholesalers. Through a number of acquisitions, Newman Tonks has achieved a strong position in this market.



Market manager at Abloy Security, Roger Perkins (right) in discussion with Peter Hogger, Managing director of Universal Security Group.

## ASSA Ltd

President: Duncan Horton

MSEK	1994	1993	1992
Sales	76	65	47
Number of employees	52	46	36

## Abloy Security Ltd<sup>1)</sup>

President: Robin Rice

MSEK	1994	1993	1992
Sales	70	62	55
Number of employees	52	47	49

<sup>1)</sup> Includes sales and employees for Abloy Security Ltd, Ireland.



# United States



**Sales by the U.S. ASSA ABLOY (excl. Card-key and VingCard) companies amounted to nearly SEK 289 M. Exports amounted to SEK 8 M.**

## Companies and products

Arrow Lock Manufacturing Co Inc in the United States was acquired in 1991. Arrow manufactures and markets locks and lock products of the traditional American type, such as knob locks, lock cases and lock cylinders.

The range is supplemented by ASSA's high-security cylinders. The products are sold via ASSA Inc, which following the merger assumed responsibility for the sale of the entire high-security cylinder range, including Abloy's DISKLOCK PRO Cylinder.

Formerly, Abloy Security Inc marketed primarily Abloy's industrial locks. However, following the merger, this company was assigned responsibility for the sale of the entire Group's industrial locks in the U.S. market.

## Market

The lock market for commercial properties in the U.S. is estimated to total about SEK 6 billion, of which the high-security segment accounts for slightly less than 10 percent.

Arrow holds a strong position, particularly in New York and northeastern U.S. The company has focused primarily on the retrofit market for commercial properties, but is now increasing its sales to major new construction projects. Arrow's main competitor is the market leader, Schlage, which covers the whole country and has sales that are almost ten times the size of Arrow's.

ASSA Inc, which concentrates on sales of high-security cylinders for major companies and institutions, conducts sales throughout the country. The main competitor throughout the high-security segment is the market leader, Medeco.

Abloy Security Inc holds only a minor share of the market for industrial locks, but holds a strong position in the high-security segment and is one of the leading suppliers of locks for pay telephones. Medeco is the market leader in the high security industrial locks segment.

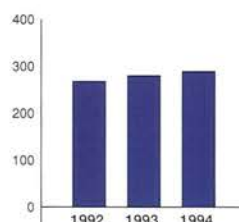
## Significant events during the year

Arrow's major efforts to increase market penetration have proven successful, generating a nearly 10-percent sales increase in the New York area.

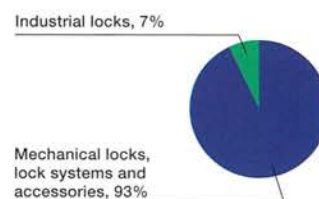
The product range has been strengthened through the addition of a modified deadlock program and a new U.S.-manufactured door closer.

ASSA Inc's strong performance in the market for high-security cylinders continued and it is now a well-established supplier to the U.S. market, with customers including Coca-Cola, INTEL, Stanford University, Grand Casinos and Prudential Life Insurance (NY).

## Sales by market



## Share of sales



A complete cylinder program will be launched during 1995, with the aim of being able to provide solutions at all available levels of security, based on cylinders from Arrow, ASSA and Abloy.

During 1994, Abloy Security Inc mainly devoted its efforts to industrial lock operations, although the launch of DISKLOCK PRO Cylinder was also assigned considerable attention. Abloy is now one of the leading suppliers to the nonregulated pay-telephone industry and foresees attractive potential in a number of other parts of the market.

## Sales trend

Because of a strong performance during the second half of the year Arrow's sales rose by approximately 5 percent.

Assa Inc's sales rose by 9 percent compared with 1993.

Abloy Security Inc showed a favorable trend during 1994, with sales up 4 percent on the preceding year.

## Outlook

Arrow's main development potential lies in an increase in sales outside northeastern U.S. The basis for success in these efforts has been laid, through such measures as a substantial increase in service levels. The new cylinder program should also add to both Arrow's and ASSA's total sales to the construction market during the years immediately ahead.

With the help of increased focus on industrial locks and



access to the entire Group's product range, Abloy Security Inc should also have considerable potential to increase its volumes.

Cylinder production at Arrow.

## Arrow Lock Manufacturing Co Inc

President: Clas Thelin

MSEK	1994	1993	1992
Sales	232	223	194
Number of employees	284	297	333

## ASSA Inc

President: Wayne Wilkerson

MSEK	1994	1993	1992
Sales	32	23	21
Number of employees	20	15	14

## Abloy Security Inc

President: Charles E Armstrong

MSEK	1994	1993	1992/1993
Sales	25	24	23
Number of employees	15	14	15



# Cardkey

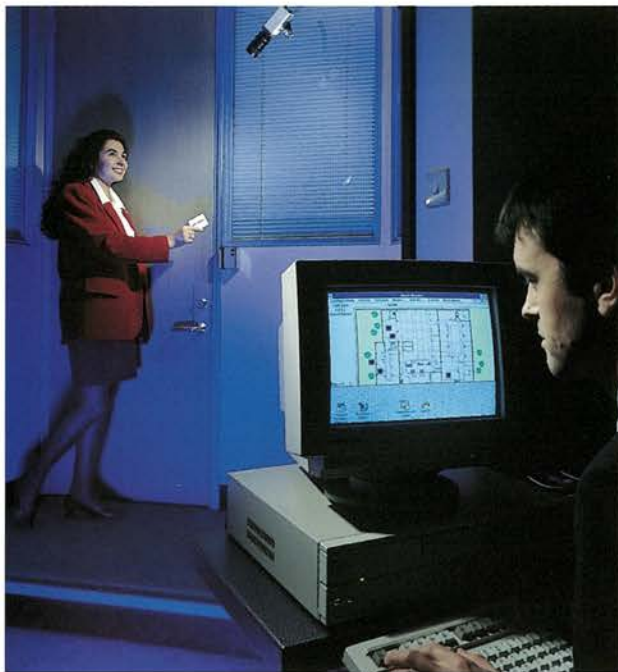


## Companies and products

Cardkey Systems Inc, in the United States, develops and markets electronic access control and alarm monitoring systems and related services. Access control accounts for 75 percent of sales. Sales to the European market are undertaken by Cardkey Systems Ltd in the United Kingdom.

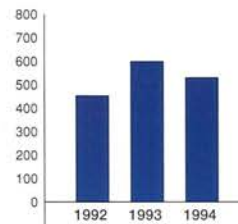
## Market

The market for access control systems is estimated to total slightly more than SEK 2 billion in Europe and the United States. In the other countries where Cardkey is active, the market is estimated to be worth around SEK 500 M.

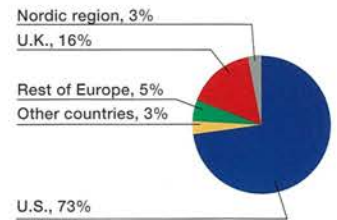


The PEGASYS 500 access control system.

## Sales by market



## Share of sales



## Cardkey Systems Inc

President: Clas Thelin

MSEK	1994	1993	1992/1993
Sales	408	480	344
Number of employees	289	321	310

## Cardkey Systems Ltd

President: Spencer Hall

MSEK	1994	1993	1992/1993
Sales	114	119	108
Number of employees	131	161	176

The market consists of more than 100 suppliers in both the United States and Europe. Cardkey is regarded as the largest supplier in the U.S., with a market share of around 10 percent. Cardkey's share of the European market is significantly smaller.

## Significant events during the year

To resolve its profitability problems, Cardkey implemented a number of measures during the second half of the year, with the purpose to reduce costs and strengthen control and management functions. Manufacturing operations in the U.S. were discontinued and replaced by out-sourcing. Product development measures have been intensified.

Version 3 of the PEGASYS 1000 system was launched successfully during the year. Cardkey now provides a state-of-the-art UNIX-based PC product which satisfies the highest market demands.

The British market strengthened during the year. Cardkey's successes included being appointed sole access control supplier to Glaxo Group Research for an initial period of seven years, and installations have already been completed at two of the customer's major facilities. Manufacturing operations in the U.K. were discontinued.

## Sales trend

Cardkey Systems Inc's total revenues during 1994 were approximately 15 percent down on the preceding year. The gross margin also declined. Operating expenses increased compared with 1993, mainly due to investments in research and development and restructuring costs.

Cardkey Ltd's sales in Europe were approximately 3 percent down on 1993 and its margins were slightly lower.

## Outlook

As a result of a gradual renewal of the product range, a slimmer head office and a focus on increased professionalism in direct sales, it is expected that Cardkey will have profitability within reach during 1996.

# VingCard

## Companies and products

VingCard develops, manufactures and sells security systems for hotels. The company is the world leader in hotel security, with more than a million card locks installed in over 100 countries. Accordingly, VingCard currently holds a 50 percent share of the market for card locks for hotels – one in every ten hotel rooms worldwide has a VingCard lock.

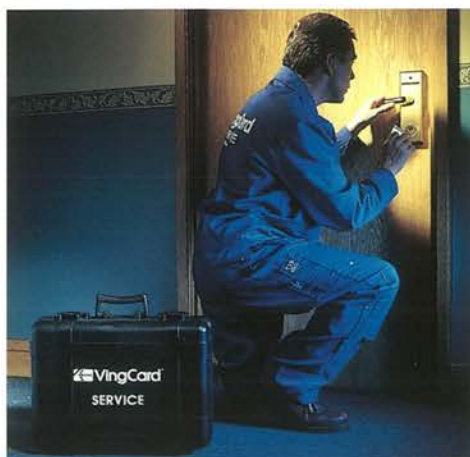
The products consist of the classic VingCard 1050 mechanical lock, with a key of the punched card type, and the VingCard 1090 optical lock, whereby each guest has a unique

key card. These systems account for 75 percent of VingCard's installed base. The company also offers VingCard 2100/3000, a state-of-the-art magstripe system, with information stored on the card's magnetic strip. VingCard 2100 is intended for smaller hotels with limited service, and VingCard 3000 for larger hotels. These systems account for about 70 percent of current sales.

Product development and all components' production are carried out in Moss, Norway. The microelectronic cards, with a program and memory – the "brain" of the locking system – are manufactured externally. The development and quality control of the microelectronic cards are performed by VingCard. Assembly, sales, installation and service activities for the American market are conducted in Dallas.

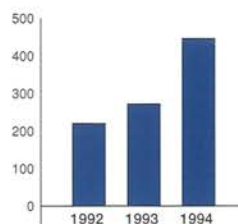
## Market

During 1995, the global market for hotel locks is expected to amount to about SEK 1 billion. Demand from luxury or large hotels for newly installed systems will gradually decline due to saturation. It is expected to be replaced by an increase in the demand for upgrades to the new magstripe system and for integrated solutions, in which the cards are used for automatic checking-in, bonus systems, etc. In addition, the demand from more basic so-called budget hotels is increasing.

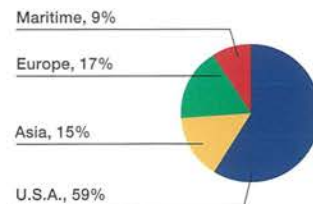


*Fast and high quality service is a corner stone in the VingCard concept.*

## Sales by market



## Share of sales



## VingCard

Business Area President: Åke Sund

MSEK	1994	1993	1992/1993
Sales	446	272	220
Number of employees	449	303	280

VingCard is focusing heavily on magstripe products, systems for upgrades to magstripe and more sophisticated integrated solutions.

## Market trend

The market is expanding strongly, in pace with demands for increased hotel security. The United States are at the fore of this development, closely followed by Europe and Asia.

All regions are growing. VingCard's volumes in Asia were more than doubled in 1994. Sales in the U.S., Canada and South America rose by nearly 90 percent, and in Europe by more than 40 percent. Sales to the maritime market rose by 18 percent.

## Significant events during the year

The VingCard 2100 system for smaller hotels was launched outside the U.S. market and more than 80,000 units were sold in 36 countries. VingCard 3000 locks for large hotels were installed in 60,000 rooms in 43 countries.

VingCard's magstripe locks, the VingCard 2100 and 3000 locks, are currently the most sold card locks in the world. New versions for exterior doors and difficult climates were introduced during the year.

In November 1994, the VingCard 1050 Upgrade was launched. This enables a simple upgrade of mechanical VingCard 1050 locks to the magstripe system. More than half a million VingCard 1050s have been installed, mainly in the U.S., which means that the market potential for this type of upgrade is substantial.

Notable orders during the year included installations at a government building in Moscow (2,100 locks), the Cubanacan Hotel chain in Cuba and the first magstripe order from the Forte chain of hotels in the U.K.

## Sales trend

More than 200,000 VingCard locks were sold in 1994, which is 40,000 more than in 1993. The VingCard 2100 and 3000 magstripe systems accounted for nearly 70 percent of volume.

## Outlook

VingCard will continue to develop products for the hotel and maritime market that are designed to satisfy the increased demand for guest security. The company will also devote efforts to the highly expansive budget hotel segment. An increased demand is expected in all regions.

Upgrade solutions and service are important areas of operation for VingCard.



# Administration Report

## Principles underlying the preparation of the annual report

ASSA ABLOY AB's annual report contains both pro forma consolidated financial statements for the entire 1994, 1993 and 1992 financial years and consolidated financial statements for the financial year July 1 to December 31, 1994. The legal financial accounts include the operations of Securitas Lock Group companies for the financial year July 1 to December 31, 1994, as well as the Abloy Security companies from the date of acquisition, November 8, 1994. Accordingly, these legal financial statements have a limited analytical value. In preparing the annual report, pro forma financial statements for the entire financial year January 1 to December 31, 1994 have provided the basis for the presentation of ASSA ABLOY's operations. This means that the Group is presented pro forma in the administration report, consolidated balance sheet, consolidated statement of income and consolidated cash flow analysis and in the notes to the financial statements. The consolidated legal financial statements are presented before the financial statements for the parent company in the administration report, the financial statements and the notes to the financial statements.

In conjunction with the preparation of the consolidated financial statements in accordance with the purchase method, a final purchase analysis has been determined. In this context, assets and liabilities in Abloy Security have been reviewed and valued. Among other things, this has meant that inventories and real estate values have been adjusted. In connection with the acquisition, Abloy Security was valued at SEK 450 M. The purchase analysis has taken into account the planned, at the time of the acquisition, divestment of the Boda operation. For this purpose, SEK 65 M has been reported as a short-term receivable, which was paid during March 1995. In the purchase analysis, provisions have been made for structural costs totaling SEK 85 M. IKON's financial statements have been charged with provisions for planned personnel reductions in the amount of SEK 24 M. A corresponding dissolution of the Group's structural reserve has been made. This leaves SEK 61 M in provisions for future structural costs.

A reconciliation of the value of Cardkey will be conducted not later than December 31, 1997, which, as a result of a better-than-expected earnings trend and other factors, could lead to an additional payment of a maximum amount of SEK 40 M to Metra Oy Ab, which is not entered as a liability.

## Focus of operations

ASSA ABLOY AB is one of the world's leading corporate groups in the lock industry. The Nordic region comprises the base, with leading market positions in Sweden, Finland, Den-

mark and Norway. The Group also has a significant market position in Germany, the UK and the U.S. ASSA ABLOY AB is active in the product segments of construction locks, industrial locks, fittings and other accessories, electromechanical locks, access control and hotel locks. The group was established on November 8, 1994 through a merger of Securitas Lock Group AB and Abloy Security Ltd Oy. After a period of consolidation and the development of synergistic potential, ASSA ABLOY AB intends to participate actively in, and lead the restructuring that has commenced in the lock industry.

## Significant events

### Merger

Securitas AB and the Finnish company, Metra Oy Ab, signed an agreement in June 1994 to merge their respective operations in the lock area and establish a new lock group, ASSA ABLOY AB. The establishment of ASSA ABLOY AB was executed by Securitas AB issuing shares in Securitas Lock Group AB to its shareholders. The decision was approved, on October 28, 1994, at the Annual General Shareholders' meeting in Securitas AB. Subsequently, by means of a restricted share issue, Securitas Lock Group acquired all the shares in Abloy Security Ltd Oy. Securitas Lock Group AB changed its name at an Extraordinary Shareholders' Meeting of shareholders on October 31 1994 to ASSA ABLOY AB. Metra Oy Ab's ownership and the ownership interests of the Securitas AB's shareholders initially amounted to 55 and 45 percent, respectively. Metra Oy Ab pledged in the agreement to reduce its shareholding to 40 percent, which the company has already done.

Efforts have been facilitated by the fact that the two groups complement each other, in terms of products and geographical markets. The merger has proceeded on schedule and operations have developed favorably. A new joint legal structure has been introduced. This matches favorably with the Group's operating areas of responsibility. Coordination of the manufacturing of Nordic market products has commenced.

### Negotiations with the Swedish Competition Authority

The establishment of ASSA ABLOY AB depended on the approval of the Swedish Competition Authority. This approval was received in October 1994 and was qualified with the provision that ASSA ABLOY AB would sell Abloy's operations in Björkboda in Finland, which is primarily the base for the manufacture of lock cases for the Swedish and Finnish markets. These operations have sales of about SEK 80 M, with 130 employees. The condition involving the divestment of operations in Björkboda before April 10, 1995 was subject to a fine. Lock case operations in Björkboda were divested effective January 1, 1995. The purchaser was a consortium of Finnish



companies and the company's management. The Group's future income is not expected to be significantly affected by the sale. The divestment has been approved by the Swedish Competition Authority.

#### **Stock Exchange listing**

The ASSA ABLOY AB shares were listed as scheduled on the O-list of the Stockholm Stock Exchange on November 8, 1994. The listing was an important condition for the formation of ASSA ABLOY AB, since both Securitas AB's principal shareholders and Metra Oy Ab saw the possibility of creating a combined, strong and independent corporate group and wished to continue to develop their respective ownership interests. An issue of listed shares to Securitas AB's shareholders gave each shareholder the possibility to remain a shareholder or sell the shares. In addition, at the time of the listing, ASSA ABLOY AB gained the spread of shares which Securitas AB had. In conjunction with the stock exchange listing, a number of presentations inside and outside Sweden of the ASSA ABLOY Group were conducted in an effort to provide the market with accurate information about the newly listed company. One of the long-term results of the listing is that ASSA ABLOY AB will gain public attention and direct access to the capital markets. ASSA ABLOY AB plans to apply for a listing on the A-list of the Stockholm Stock Exchange during 1995.

#### **Long-term financing**

In November 1994, ASSA ABLOY AB signed a three-year agreement covering a multi-currency revolving credit for a total of USD 100 M, with a consortium of international banks. The financing was arranged by Enskilda Corporate. The credit means that ASSA ABLOY AB has ensured flexible three-year financing. The credit was used to a certain extent to replace all existing loans with Metra Oy Ab and Securitas AB. It is also intended to use the credit to replace other external loans in subsidiaries as they mature, in addition to acting as a liquidity reserve.

#### **Sales and income**

Group sales amounted to SEK 3,581.6 (3,371.5) M. Adjusted in the amount of approximately SEK 42 M for operations divested in Finland during 1993, the increase is 7.6 percent for comparable units. The increase relates primarily to volume increases in VingCard and the Nordic units. Cardkey reported reduced volumes.

Group income after financial income and expense amounted to SEK 76.4 (117.3) M compared with the forecast of SEK 70 M in the prospectus. This entails a decrease of 34.9 percent compared with the preceding year. The decrease in income is attributable primarily to Cardkey and IKON, which have also been subject to considerable restructuring.

The Group's legal financial accounts show a pre tax income of SEK 72.9 (48.2) M, with an income after tax of SEK 57.8 (33.7) M.

The parent company's result after financial income and

expense amounted to SEK 14.2 (5.1) M. The increased costs in the parent company are attributable to the merger, stock exchange listing and the successive establishment of an operating parent company.

Foreign exchange differences had only a marginal impact on the Group's sales and result.

#### **Cash flow**

The Group's cash flow amounted to SEK 139.0 (61.6) M, corresponding to 3.9 percent of sales. Group working capital decreased by SEK 57.6 M (increase of SEK 26.2 M). The Group's net indebtedness decreased by SEK 96.7 M (decrease of SEK 64.4 M).

#### **Capital employed**

Accounts receivables amounted to SEK 583.0 (523.5) M, corresponding to 16.3 percent (15.5) of sales. The increase is attributable primarily to the sharp growth in VingCard.

Inventories amounted to SEK 628.8 (668.1) M, corresponding to 17.6 percent (19.8) of sales. The decrease is primarily attributable to the restructuring work in CardKey and IKON.

Capital employed in the Group, calculated as total assets less non interest-bearing short-term and long-term liabilities, including deferred tax liability, totaled SEK 2,043.7 (1,988.4) M, corresponding to 57.1 percent (59.0) of sales.

Goodwill amounted to SEK 79.6 (110.2) M. The acquisition of Abloy Security Ltd Oy gave rise to goodwill amounting to SEK 23.5 M.

Group holdings of buildings and land amounted to SEK 585.1 (597.7) M.

Investments in property, plant and equipment amounted to SEK 138.7 (188.8) M. Total depreciation amounted to SEK 198.4 (189.9) M, of which amortization of goodwill consists of 16.9 M (21.4).

The return on capital employed amounted to 8.2 percent (10.9).

#### **Financing**

Liquid assets amounted to 199.9 M (145.6). Liquid assets are deposited in banks with a high credit rating.

Net indebtedness totaled SEK 1,054.7 (1,151.4) M, of which SEK 401.7 (455.7) M consisted of pension liabilities.

Shareholders' equity amounted to SEK 778.8 (676.2) M. The equity/assets ratio was 27.2 percent (23.3). The debt ratio, calculated as net indebtedness divided by shareholders' equity, amounted to 1.36 (1.70).

Interest coverage, estimated as operating income before depreciation, divided by interest expense, amounted to 4.01 (3.65).

The Group's long-term loan financing was assured for a three-year period through an agreement on a multi currency revolving credit in a maximum amount of USD 100 M, which



was signed in November 1994. Other overdraft facilities amounted to SEK 107.1 M. The total unutilized share of other credit facilities amounted to SEK 11.5 M.

The interest rates are basically short-term, with maturities of less than one year, partly because the Group's revenues essentially move in line with the trend in each country, and partly because of the strong cash flow.

Since the company is active in a number of countries and foreign exchange transactions are conducted in several currencies, measures are taken to limit the foreign exchange exposure.

Foreign exchange risks are in the form of translation exposure, i.e. the risk that changes in exchange rates impact on the SEK value of the Group's net assets in foreign subsidiaries is limited by the fact that the subsidiaries borrow only in local currency. In addition, loans and forward contracts in foreign currencies are used to ensure a certain minimum equity/assets ratio and that the Group's accumulated resources are not adversely affected by the trend in any particular country.

Foreign exchange risks in the form of transaction exposure are limited and comprise of certain exports from a number of countries in various currencies. Substantial USD exposure exists in the case of VingCard's exports from Norway to the markets in the U.S. and Asia. The exposure relating to future payment flows in foreign currencies is minimized through the subsidiaries using forward contracts to cover expected foreign currency flows, primarily via the Group's internal bank in the parent company. The internal bank is subsequently responsible for minimizing the Group's net foreign exchange exposure.

Financial operations in ASSA ABLOY AB are coordinated via the parent company's internal bank function, which focuses on supporting day-to-day operations by identifying, quantifying and minimizing any financial risks that emerge. The responsibility for identifying and hedging transaction exposure lies with the various operating units. By concentrating the internal and external financial operations to the Group's own internal bank, economies of scale are attained, such as in the pricing of deposits and lending and opportunities to match the local deficits and surpluses among the various companies and operating countries.

## Taxes

The Group's total tax cost amounted to SEK 30.8 M, corresponding to 40.3 percent of income before tax.

The Group's paid taxes amounted to SEK 54.2 M, corresponding to 70.9 percent of pre tax income. The high tax burden is due to the uneven distribution of income within the Group and to the fact that the merger of Securitas Lock Group AB and Abloy Security Ltd Oy was conducted at the end of 1994. The new legal structure introduced in January 1, 1995, combined with increased income in units with loss carry-forwards will, effective 1995, result in lower tax burden in line with or somewhat lower than the average of the tax rates in those countries in which the Group operates. The structure as

shown in note 4 "Shares in subsidiaries" means that a number of Group companies are now owned indirectly via wholly owned subsidiaries.

## Personnel

The average number of employees amounted to 4,703 (4,639). The increase is due to the expansion of VingCard.

The Group's total wages and remuneration, including holiday pay but excluding social insurance costs, amounted to SEK 1,065.3 (991.2) M.

The average number of employees in the parent company amounted to 3 (0).

## Proposed disposition of distributable equity

According to the consolidated balance sheet, the Group's unrestricted shareholders' equity amounts to SEK 313.6 M. An allocation to restricted shareholders' equity is not required in the Group.

The following distributable equity are at the disposal of the Annual General Meeting:

Net income for the year	SEK 49,267,217
Retained earnings	SEK 218,173,980
<b>TOTAL</b>	<b>SEK 267,441,197</b>

Taking into consideration the short 1994 financial year, the Board of Directors and President propose that no dividend be paid and that the distributable equity as above be transferred in their entirety to a new account.

Stockholm, March 28, 1995

Georg Ehrnrooth Chairman	Melker Schörling Deputy Chairman
Gustaf Douglas	Ole Johansson
Mats Persson (ER)	Lars Liberg (ER)

Carl-Henric Svanberg  
President and Chief Executive Officer

(ER) Employee Representative

Our audit report was submitted on March 31, 1995

Öhrlings Reveko AB	
Nils Brehmer Authorized Public Accountant	Anders Lundin Authorized Public Accountant

Sixten Nyman  
Accountant  
KPMG Wideri Oy Ab

## Consolidated statement of income and cash flow analysis, pro forma

SEK M	1994	1993	1992
Invoiced sales	3,581.6	3,371.5	3,090.1
Operating costs	-3,227.4	-2,984.3	-2,786.9
<b>Operating income before depreciation</b>	<b>354.2</b>	<b>387.2</b>	<b>303.2</b>
Depreciation (note 1)	-198.4	-189.9	-179.6
<b>Operating income after depreciation</b>	<b>155.7</b>	<b>197.3</b>	<b>123.6</b>
Financial income and expenses			
Dividends	0.3	-	-
Interest income	11.2	23.6	29.5
Interest expense	-88.3	-109.0	-117.5
Other financial items	-3.0	2.9	13.8
Total financial income and expense	-79.8	-82.5	-74.2
Share in earnings of associated companies	0.5	2.5	-0.4
<b>Result after financial income and expense</b>	<b>76.4</b>	<b>117.3</b>	<b>49.0</b>
Group contribution (note 2)	-	-72.9	28.4
Taxes	-54.2	-28.1	-19.7
Change in deferred tax liability	23.4	-	-
Minority interests	-	-0.3	-0.3
<b>Net income for the year</b>	<b>45.6</b>	<b>16.0</b>	<b>57.4</b>

SEK M	1994	1993
Sales	3,581.6	3,371.5
Operating costs	-3,227.4	-2,984.3
Financial items	-79.8	-82.5
Taxes	-54.2	-28.1
<b>Cash flow before change in working capital</b>	<b>220.2</b>	<b>276.6</b>
Change in working capital		
Acc. Rec., increase/decrease (-/+)	-59.5	-56.4
Inventories, increase/decrease (-/+)	39.3	-10.7
Short-term receivables, increase/decrease (-/+)	30.1	14.4
Short-term operating liabilities, increase/decrease (+/-)	47.7	26.5
<b>Cash flow before investments</b>	<b>277.8</b>	<b>250.4</b>
Investment in operating assets	-138.7	-188.8
<b>Cash flow</b>	<b>139.1</b>	<b>61.6</b>
Other	-42.4	2.8
<b>Change in net indebtedness, increase/decrease (-/+)</b>	<b>96.7</b>	<b>64.4</b>

### COMPOSITION OF NET INDEBTEDNESS

Short-term loans	87.5	215.5
Long-term loans	1,167.1	1,081.5
Cash and bank	-145.3	-98.7
Short-term investments	-54.6	-46.9
<b>Net indebtedness</b>	<b>1,054.7</b>	<b>1,151.4</b>



## Consolidated balance sheet, pro forma

ASSETS, SEK M	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992
<b>Current assets</b>			
Cash and bank	145.3	98.7	142.3
Short-term investments	54.6	46.9	80.3
Accounts receivable	583.0	523.5	467.1
Prepaid expenses and accrued revenue	37.4	36.6	32.4
Other receivables	89.6	134.9	139.8
Inventories and work in progress	628.8	668.1	657.4
<b>Total current assets</b>	<b>1,538.7</b>	<b>1,508.7</b>	<b>1,519.3</b>
<b>Fixed assets</b>			
Shares in associated companies (note 4)	37.7	50.0	47.1
Other shares and participations		10.8	10.4
Long-term receivables	10.8	6.1	6.1
Intangible assets (note 5)	41.8	50.7	43.2
Goodwill (note 6)	79.6	110.2	128.9
Machinery and equipment (note 7)	547.2	543.8	502.7
Plant in progress	8.7	23.8	51.6
Buildings (note 8)	363.1	382.5	384.1
Land and land improvements (note 9)	222.0	215.1	168.8
<b>Total fixed assets</b>	<b>1,310.9</b>	<b>1,393.0</b>	<b>1,342.9</b>
<b>TOTAL ASSETS</b>	<b>2,849.6</b>	<b>2,901.7</b>	<b>2,862.2</b>
<b>ASSETS PLEDGED</b>			
Real estate mortgages	137.8	232.9	232.1
Chattel mortgages	10.6	15.1	17.1
Other			0.6

LIABILITIES AND SHAREHOLDERS' EQUITY, SEK M	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992
<b>Current liabilities</b>			
Accounts payable	240.3	239.0	158.9
Tax liability	20.1	—	2.2
Accrued costs and prepaid revenue	333.7	280.0	279.8
Short-term loans	87.5	215.5	71.4
Other current liabilities	116.5	274.1	196.3
<b>Total current liabilities</b>	<b>798.1</b>	<b>1,008.6</b>	<b>708.6</b>
<b>Long-term liabilities</b>			
Long-term loans	765.4	625.8	798
Other long-term liabilities	3.1	1.5	0.2
Pension provision, PRI	38.5	37.5	81.2
Other pension provision (note 10)	363.2	418.2	487.8
Long-term tax liabilities	92.3	118.7	124.6
<b>Total long-term liabilities</b>	<b>1,262.5</b>	<b>1,201.7</b>	<b>1,491.8</b>
<b>Minority interests</b>	<b>13.2</b>	<b>15.2</b>	<b>15.8</b>
<b>Shareholders' equity (note 11)</b>			
<i>Restricted shareholders' equity</i>			
Share capital	53.6	53.6	53.6
Restricted reserves	408.6	377.7	339.9
Total restricted shareholders' equity	462.2	431.3	393.5
<i>Unrestricted shareholders' equity</i>			
Unrestricted reserves	255.8	230.9	152.5
Net income for the year	57.8	14	100
Total unrestricted equity	313.6	244.9	252.5
<b>Total shareholders' equity</b>	<b>775.8</b>	<b>676.2</b>	<b>646.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,849.6</b>	<b>2,901.7</b>	<b>2,862.2</b>
<b>CONTINGENT LIABILITIES</b>		None	None
Guarantees	57.4	43.9	52.1
Other	—	1.1	3.1

## Consolidated statement of income and cash flow analysis, legal

SEK M	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Invoiced sales	998.3	506.6
Operating costs	-850.8	-418.1
<b>Operating income before depreciation</b>	<b>147.5</b>	<b>88.5</b>
Depreciation (note 1)	-51.7	-27.4
<b>Operating income after depreciation</b>	<b>95.9</b>	<b>61.1</b>
Financial income and expense		
Dividends	0.3	-
Interest income	0.0	1.7
Interest expense	-22.1	-13.3
Other financial items	-1.7	-1.3
Total financial income and expense	-23.5	-12.9
Share in earnings of associated companies	0.5	-
<b>Result after financial income and expense</b>	<b>72.9</b>	<b>48.2</b>
Taxes	-39.7	-15.0
Change in deferred tax liability	24.6	0.5
<b>Net income for the year</b>	<b>57.8</b>	<b>33.7</b>

SEK M	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Sales	998.3	506.6
Operating costs	-850.8	-418.1
Financial items	-23.5	-12.9
Taxes	-39.7	-15.0
<b>Cash flow before change in working capital</b>	<b>84.3</b>	<b>60.6</b>
Change in working capital		
Acc. Rec., increase/decrease (-/+)	5.5	-
Inventories, increase/decrease (-/+)	12.9	0.2
Short-term receivables, increase/decrease (-/+)	-8.7	-30.0
Short-term operating liabilities, increase/decrease (+/-)	32.2	18.8
<b>Cash flow before investments</b>	<b>126.4</b>	<b>49.6</b>
Investment in operating assets	-42.6	-18.6
<b>Cash flow</b>	<b>83.8</b>	<b>31.0</b>
Indirect investments through acquisitions	1,243.4	-
New share issue	385.1	-
Shareholders' contribution received	-	199.5
Other	-12.7	-212.8
<b>Change in net indebtedness, increase/decrease (-/+)</b>	<b>-761.9</b>	<b>17.7</b>

### COMPOSITION OF NET INDEBTEDNESS

Short-term loans	87.5	108.0
Long-term loans	1,167.1	206.8
Cash and bank	-145.3	-16.8
Short-term investments	-54.6	-5.2
<b>Net indebtedness</b>	<b>1,054.7</b>	<b>292.8</b>



# Consolidated balance sheet, legal

ASSETS, SEK M	Dec. 31, 1994	June 30, 1994
<b>Current assets</b>		
Cash and bank	145.3	17.0
Short-term investments	54.6	–
Due from Group companies	–	0.7
Due from parent company	–	35.1
Accounts receivable	583.0	147.9
Prepaid expenses and accrued revenue	37.4	6.7
Other receivables	89.6	4.5
Inventories and work in progress	628.8	250.4
<b>Total current assets</b>	<b>1,538.7</b>	<b>462.3</b>
<b>Fixed assets</b>		
Shares in associated companies (note 4)	37.7	–
Long-term receivables	10.8	1.2
Intangible assets (note 5)	41.8	19.3
Goodwill (note 6)	79.6	42.3
Machinery and equipment (note 7)	547.2	219.4
Plant in progress	8.7	–
Buildings (note 8)	363.1	90.0
Land and land improvements (note 9)	222.0	11.9
<b>Total fixed assets</b>	<b>1,310.9</b>	<b>384.1</b>
<b>TOTAL ASSETS</b>	<b>2,849.6</b>	<b>846.4</b>
<b>ASSETS PLEDGED</b>		
Real estate mortgages	137.8	
Chattel mortgages	10.6	2.0

LIABILITIES AND SHAREHOLDERS' EQUITY, SEK M	Dec. 31, 1994	June 30, 1994
<b>Current liabilities</b>		
Due to Group companies	–	117.7
Due to parent company	–	0.1
Accounts payable	240.3	40.4
Tax liability	20.1	0.2
Accrued costs and prepaid revenue	333.7	54.3
Short-term loans	87.5	2.9
Other current liabilities	116.5	43.1
<b>Total current liabilities</b>	<b>798.1</b>	<b>258.7</b>
<b>Long-term liabilities</b>		
Long-term liabilities to Group companies	–	146.6
Long-term loans	765.4	–
Other long-term liabilities	3.1	2.9
Pension provision, PRI	38.5	36.8
Other pension provision (note 10)	363.2	23.3
Long-term tax liabilities	92.3	39.3
<b>Total long-term liabilities</b>	<b>1,262.5</b>	<b>248.9</b>
<b>Minority interests</b>	<b>13.2</b>	<b>–</b>
<b>Shareholders' equity (note 11)</b>		
<i>Restricted shareholders' equity</i>		
Share capital	53.6	2.0
Restricted reserves	408.6	54.1
<b>Total restricted shareholders' equity</b>	<b>462.2</b>	<b>56.1</b>
<i>Unrestricted shareholders' equity</i>		
Unrestricted reserves	255.8	249.0
Net income for the year	57.8	33.7
<b>Total unrestricted shareholders' equity</b>	<b>313.6</b>	<b>282.7</b>
<b>Total shareholders' equity</b>	<b>775.8</b>	<b>338.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,849.6</b>	<b>846.4</b>
<b>CONTINGENT LIABILITIES</b>		
Guarantees	57.4	4.4
Other	–	0.6

## Parent company statement of income and cash flow analysis

SEK M	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Administrative contributions and other revenues	10.3	9.2
Operating costs	-14.7	-9.8
<b>Operating income before depreciation</b>	<b>-4.4</b>	<b>-0.6</b>
Depreciation (note 1)	-0.2	0
<b>Operating income after depreciation</b>	<b>-4.6</b>	<b>-0.6</b>
Financial income and expense		
Anticipated dividends on shares in subsidiaries	26.9	14.7
Interest income	4.5	1.8
Interest expense	-10.5	-7.1
Other financial items	-2.1	-3.7
Total financial income and expense	18.8	5.7
<b>Result after financial income and expense</b>	<b>14.2</b>	<b>5.1</b>
Appropriations		
Allocation to tax deferral reserve	-8.4	-0.1
Allocation to exchange rate reserve	-1.3	-
Excess allocations	-0.8	-
Group contribution received (note 2)	52.6	4.5
Total appropriations	42.1	4.4
Result before taxes	56.3	9.5
Taxes	-7.1	-
<b>Net income for the year</b>	<b>49.2</b>	<b>9.5</b>

SEK M	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Administrative contributions and other revenues	10.3	9.2
Operating costs	-14.7	-9.8
Financial items	18.8	5.7
Taxes	-7.1	-
<b>Cash flow before change in working capital</b>	<b>7.3</b>	<b>5.1</b>
Change in working capital		
Short-term receivables, increase/decrease (-/+)	-15.1	11.8
Short-term operating liabilities increase/decrease (+/-)	17.8	0.8
<b>Cash flow before investments</b>	<b>10.0</b>	<b>17.7</b>
Investment in operating assets	-6.6	-
Investment in shares in subsidiaries	-635.8	-
<b>Cash flow</b>	<b>-632.4</b>	<b>17.7</b>
Sale of shares in subsidiaries	699.2	67.6
New share issue	385.1	-
Changes in amounts due from/to subsidiaries	-499.8	-259.7
Shareholders' contribution received	-	199.5
Other	-	-
<b>Change in net indebtedness, increase/decrease (-/+)</b>	<b>-47.9</b>	<b>25.1</b>
<b>COMPOSITION OF NET INDEBTEDNESS</b>		
Short-term loans	-	106.3
Long-term loans	871.8	27.3
Cash and bank	-14.4	-
Short-term investments	-35.3	-8.5
Long-term investments	-649.1	-
<b>Net indebtedness</b>	<b>173.0</b>	<b>125.1</b>



# Parent company's balance sheet

SEK M	Dec. 31, 1994	June 30, 1994
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank	14.4	–
Short-term investments	35.3	–
Due from subsidiaries	777.6	52.6
Prepaid expenses and accrued revenue	29.2	14.7
Other receivables	0.7	0.1
<b>Total current assets</b>	<b>857.2</b>	<b>67.4</b>
<b>Fixed assets</b>		
Shares in subsidiaries (note 3)	253.6	317.0
Long-term receivables due from subsidiaries	651.6	–
Machinery and equipment (note 7)	6.4	–
<b>Total fixed assets</b>	<b>911.6</b>	<b>317.0</b>
<b>TOTAL ASSETS</b>	<b>1,768.8</b>	<b>384.4</b>
 ASSETS PLEDGED	 None	 None

LIABILITIES AND SHAREHOLDERS' EQUITY, SEK M	Dec. 31, 1994	June 30, 1994
<b>Current liabilities</b>		
Due to subsidiaries	190.7	113.5
Accounts payable	4.4	0.7
Tax liability	7.0	–
Accrued costs and prepaid revenue	7.2	0.1
Other current liabilities	0.1	–
<b>Total current liabilities</b>	<b>209.4</b>	<b>114.3</b>
<b>Long-term liabilities</b>		
Long-term liabilities to subsidiaries	232.2	–
Group account credit	44.6	27.3
Long-term loans	595.0	–
Other long-term liabilities	–	–
<b>Total long-term liabilities</b>	<b>871.8</b>	<b>27.3</b>
<b>Untaxed reserves</b>		
Tax deferral reserve	8.5	0.1
Exchange rate reserve	1.3	–
Accumulated excess depreciation	0.8	–
<b>Total untaxed reserves</b>	<b>10.6</b>	<b>0.1</b>
<b>Shareholders' equity (note 11)</b>		
<i>Restricted shareholders' equity</i>		
Share capital	53.6	2.0
Statutory reserve	356.0	0.4
<b>Total restricted shareholders' equity</b>	<b>409.6</b>	<b>2.4</b>
<i>Unrestricted shareholders' equity</i>		
Retained earnings	218.2	230.8
Net income for the year	49.2	9.5
<b>Total unrestricted shareholders' equity</b>	<b>267.4</b>	<b>240.3</b>
<b>Total shareholders' equity</b>	<b>677.0</b>	<b>242.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1 768.8</b>	<b>384.4</b>
 <b>CONTINGENT LIABILITIES</b>		
Guarantees	49.7	None

# Notes to the financial statements

## Principles of consolidation

The consolidated financial statements include the parent company and all companies in which the parent company held more than 50 percent of the voting rights at year-end. The Consolidated Statement of Income includes companies acquired during the year with values from the date of acquisition. Companies sold during the year are excluded effective as of the beginning of the year.

The Group observes the recommendations of the Swedish Financial Accounting Standards Board with respect to consolidated accounting. The Consolidated financial statements are prepared in accordance with the purchase method, which means that the acquisition value of shares in subsidiaries is eliminated against their shareholders' equity at the time of acquisition. In this context, shareholders' equity in subsidiaries is determined on the basis of a market-based valuation of assets and liabilities at the date of acquisition. If required according to the purchase method, an allocation is made to a restructuring reserve.

In the case of untaxed reserves in acquired subsidiaries, the estimated tax liability is reported among long-term liabilities in accordance with the tax rate in each particular country. If the acquisition value of shares in a subsidiary has been higher than the acquired shareholders' equity as above, the difference is reported in the form of goodwill which is depreciated.

The equity method is applied in reporting shareholdings which represent 20 to 50 percent of the voting rights. The consolidated statement of income includes shares in the earnings of associated companies in the result after financial income and expense. In cases in which the acquisition value of shares in associated companies has been higher than the shareholders' equity in the acquired company on the acquisition date, the difference following an analysis of the character of the surplus value is amortized on the same basis as goodwill, and is charged against earnings in the income of associated companies. Participation in the income taxes of associated companies is included in the Group's tax expense. In the consolidated balance sheet, shareholdings in associated companies are reported at the acquisition value, adjusted for dividends and the share in the earnings after the date of acquisition. In determining the equity share, untaxed reserves are attributed to shareholders' equity after deductions for calculated tax.

## Translation of foreign subsidiaries

The Group applies the current method in accordance with the recommendation of the Swedish Institute of Authorized Public Accountants. The current method has been applied so that all balance sheet items except shareholders' equity have been translated at the current rate. Shareholders' equity has been translated at the rate on the investment date. Statements of income have been translated at the average rate for the year. The resulting translation differences have been distributed among restricted and unrestricted reserves in the balance sheet, without being reported in the statement of income.

To a certain extent the Group hedges its net assets in foreign currencies by balancing assets against corresponding foreign liabilities or forward contracts. This means that changes in exchange rates have only a limited effect on ASSA ABLOY's shareholders' equity. Interest differentials on forward contracts are reported on an accrual basis and are reported in the statement of income.

Pricing of deliveries among Group companies is done according to business principles and at market prices. Internal results arising from intra-Group sales have been eliminated.

## Receivables and liabilities in foreign currency

Assets and liabilities in foreign currency have been valued in accordance with instruction No 7 of the Swedish Accounting Board (BFN).

In the financial statements of the individual companies, receivables and liabilities in foreign currency have been translated at the closing date rate of exchange. Unrealized exchange gains on long-term receivables and liabilities in foreign currency have been posted to the currency reserve.

The forward rate has been used when exchange rates have been hedged by means of forward contracts.

## Inventories

Inventories are valued at the lower of cost and market according to the FIFO method. Requisite deductions have been made for obsolescence. Deductions are made for internal profits arising from deliveries among Group companies.

## Fixed assets

Fixed assets are reported among the assets in the balance sheet at the acquisition value after deductions for accumulated depreciation.

## Accounts receivable

Accounts receivable have been valued in the amounts they are expected to be received.

## Depreciation

Depreciation is based on the historical cost of assets, with due consideration of the estimated economic life of assets. For intangible rights, machinery and equipment, including leasing assets, varying rates of 10 to 25 percent have been used. For buildings and land, the rate has been 1.5 to 4 percent.

Group goodwill is amortized at a rate of 5 to 10 percent annually depending on the type of company acquired. Goodwill in well-established companies with independent and well-known trademarks, is amortized at a rate of 10 percent annually. Goodwill in companies who also constitute a strategic acquisition in products or markets is amortized at 5 percent annually.

## Taxation

In accounting for taxes, ASSA ABLOY AB complies with the new Swedish accounting principles and international standards.

Allocations are made for all taxes that are expected to be applied to the reported income. These taxes have been estimated in accordance with the tax regulations in each country and are reported as taxes paid.

In addition to paid taxes, provision is made for taxes for costs and revenue that affect the financial statements and income taxation but during different periods (so-called accrual differences). Accrual differences pertain to changes in untaxed reserves in accordance with what is permitted by the tax legislation of each country. Local tax rates have been used for accrual differences that are not expected to be reversed in the foreseeable future (more than three years).



## Note 1 Depreciation

	Group, pro forma			Group, legal		Parent company	
	1994	1993	1992	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Intangible assets	14.5	13.3	9.9	3.3	1.3	–	–
Goodwill	16.9	21.4	25.8	4.3	2.8	–	–
Machinery and equipment	146.4	131.5	124.8	39.6	21.7	0.2	–
Buildings	20.6	23.7	19.1	4.5	1.6		
<b>TOTAL</b>	<b>198.4</b>	<b>189.9</b>	<b>179.6</b>	<b>51.7</b>	<b>27.4</b>	<b>0.2</b>	<b>0</b>

## Note 2 Group and shareholder contributions

	Group, pro forma			Group, legal		Parent company	
	1994	1993	1992	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994	July 1, 1994 Dec. 31, 1994	Jan. 1, 1994 June 30, 1994
Group contribution	–	–94.4	28.4	–	–	52.6	4.5
Shareholder contribution	–	21.5	0	–	–		
<b>TOTAL</b>	<b>–</b>	<b>–72.5</b>	<b>28.4</b>	<b>–</b>	<b>–</b>	<b>52.6</b>	<b>4.5</b>

### Note 3 Shares in subsidiaries

Amounts in millions	% share			Book value		
	Number of shares	Share capital	Voting rights	Nominal value	Direct ownership	Indirect
ASSA ABLOY AB						
ASSA ABLOY Sverige AB	70	100	100	SEK 7.0	SEK 11.0	
ASSA AB	20,000	100	100	SEK 2.0		SEK 135.1
ASSA A/S	5	100	100	NOK 0.0		SEK 0.1
ASSA Hungary KFT	1	100	100	HUF 1.0		SEK 0.1
ASSA Industri AB	5,000	100	100	SEK 5.0		SEK 47.5
AB FAS Låsfabrik	500	100	100	SEK 1.0		SEK 28.2
SOLID AB	10,000	100	100	SEK 1.0		SEK 14.4
Fix Abloy AB	10,000	100	100	SEK 1.0		SEK 145.7
TrioVing a.s	20,000	100	100	NOK 20.0	SEK 94.4	
VingCard Systems Inc	3,600	100	100	USD 2.2		NOK 14.6
VingCard Systems SA	22,500	100	100	FRF 2.2		NOK 1.3
VingCard Systems Thailand Ltd	1,180	59	59	THB 0.1		NOK 0.3
VingCard Systems KK	200	100	100	JPY 10.0		NOK 0.4
VingCard Systems Canada Inc	5,000	100	100	CAD 0.0		NOK 0.0
VingCard Systems Italia s.r.l.	20,000	100	100	ITL 20.0		NOK 0.1
VingCard Systems HK Ltd	10,000	100	100	HKD 0.0		NOK 0.0
Systemsikring a.s	100	100	100	NOK 0.1		NOK 0.1
ASSA Oy	100	100	100	FIM 1.0	SEK 2.7	
Abloy Security Ltd Oy	2,400,000	100	100	FIM 240.0		FIM 286.2
Abloy Security Holdings Ltd	1,330,002	100	100	GBP 1.3		GBP 19.8
Cardkey Systems Ltd	1,023,503	100	100	GBP 1.0		GBP 1.9
Cardkey Sicherheitssysteme GmbH	1	100	100	DEM 0.0		GBP 0.0
Abloy Security Ltd UK	250,000	100	100	GBP 0.3		GBP 1.4
Abloy Security Ltd, IRL	100	100	100	IEP 0.1		GBP 0.1
Abloy Oy	400,000	100	100	FIM 50.0		FIM 50.0
Abloy Security Pty Ltd	250,000	100	100	AUD 0.3		AUD 0.7
Björkboda Lås Oy Ab	4,500	100	100	FIM 9.0	SEK 70.0	
A/S Ruko	760	100	100	DKK 15.2	SEK 59.7	
Fix Abloy A/S	600	100	100	DKK 0.3		DKK 0.5
Abloy Security A/S	1,000	100	100	DKK 1.0		DKK 0.0
Ruko Service A/S	300	100	100	DKK 0.3		DKK 9.9
ASSA ABLOY Holdings GmbH	1	100	100	DEM 1.0		DKK 4.0
IKON AG Präzisionstechnik	386,365	96.6	100	DEM 19.2		DEM 30.0
BAB IKON GmbH Schliesstechnik	1	100	100	DEM 3.0		DEM 4.2
Dupéray SA	900	100	100	BEF 5.0		DEM 5.8
Zehlendorfer Eisenbahn und Hafen GmbH	1	100	100	DEM 0.2		DEM 0.2
ASSA-Ruko Sicherheitssysteme GmbH	1	100	100	DEM 1.0		DEM 1.0
ASSA Ltd	800,000	100	100	GBP 0.8	SEK 8.0	
Cardkey Systems Inc	18,540	100	100	USD 18.5	SEK 7.8	
Abloy Security Inc	1,000,000	100	100	USD 1.0		USD 1.2
Arrow Lock Manufacturing Co Inc	1,000	100	100	USD 8.0		USD 8.0
Assa Inc	10	100	100	USD 0.8		USD 0.5

**TOTAL** (book value of shares in subsidiaries held directly by the parent company)

253.6

<sup>1</sup> Pertains to ownership through subsidiaries.



**Note 4 Shares in associated companies**

Note 4	Shares in associated companies	% share		Nominal value	Book value	
		Number of shares	Share capital			Voting rights
Subsidiaries' holdings:						
	Keso Holding AG	1,750	35	35	1.8 CHF	8.3 DEM

**Note 5 Intangible assets**

	Group, pro forma			Group, legal	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1994	June 30, 1994
Accumulated acquisition value	80.5	86.5	74.6	80.5	24.8
Accumulated depreciation	-38.7	-35.8	-31.4	-38.7	-5.5
PLANNED RESIDUAL VALUE	41.8	50.7	43.2	41.8	19.3

**Note 6 Goodwill**

	Group, pro forma			Group, legal	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1994	June 30, 1994
Accumulated acquisition value	212.9	241.0	235.5	237.0	58.7
Accumulated depreciation	-133.3	-130.8	-106.6	-157.4	-16.4
PLANNED RESIDUAL VALUE	79.6	110.2	128.9	79.6	42.3

**Note 7 Machinery and equipment**

	Group, pro forma			Group, legal		Parent company	
	1994	1993	1992	Dec. 31, 1994	June 30, 1994	Dec. 31, 1994	June 30, 1994
Accumulated acquisition value	1,417.3	1,368.8	1,234.9	1,417.3	503.4	6.6	-
Accumulated depreciation	-870.1	-825.0	-732.2	-870.1	-284.0	-0.2	-
PLANNED RESIDUAL VALUE	547.2	543.8	502.7	547.2	219.4	6.4	-

**Not 8 Buildings**

	Group, pro forma			Group, legal	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1994	June 30, 1994
Accumulated acquisition value	544.0	553.1	538.6	544.0	109.3
Accumulated depreciation	-180.9	-170.6	-154.5	-180.9	-19.3
PLANNED RESIDUAL VALUE	363.1	382.5	384.1	363.2	90.0

The tax assessment value of the Group's Swedish buildings amounts to SEK 69.1 M.

## Note 9 Land and land improvements

	Group, pro forma			Group, legal	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1994	June 30, 1994
Accumulated acquisition value	223.0	216.2	169.8	223.0	12.1
Accumulated depreciation	-1.0	-1.1	-1.0	-1.0	-0.2
PLANNED RESIDUAL VALUE	222.0	215.1	168.8	222.0	11.9

The tax-assessment value of the Group's land amounts to SEK 11.7 M.

## Note 10 Other pension liabilities

Other pension liabilities pertain primarily to pension obligations in Germany and are reported in accordance with German legislation and accounting practices.

## Note 11 Shareholders' equity

Group, pro forma, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance	2.0	9.9	99.6	111.5
Bonus issue	22.1	—	-22.1	—
Non-cash issue	29.5	355.6	—	385.1
Contribution from share holders	—	—	199.5	199.5
Transfers between unrestricted and restricted shareholders' equity	—	43.1	-43.1	—
Translation difference	—	—	34.1	34.1
Net income for the year	—	—	45.6	45.6
Closing balance	53.6	408.6	313.6	775.8

Group, legal, MSEK	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance	2.0	54.1	282.7	338.8
Bonus issue	22.1	—	-22.1	—
Non-cash issue	29.5	355.6	—	385.1
Transfers between unrestricted and restricted shareholders' equity	—	-1.1	1.1	—
Translation difference	—	—	-5.9	-5.9
Net income for the year	—	—	57.8	57.8
Closing balance	53.6	408.6	313.6	775.8

Parent company, MSEK	Share capital	Statutory reserve	Retained earnings	Total
Opening balance	2.0	0.4	240.3	242.7
Bonus issue	22.1	—	-22.1	—
Non-cash issue	29.5	355.6	—	385.1
Net income for the year	—	—	49.2	49.2
Closing balance	53.6	356.0	267.4	677.0

No. of shares, December 31, 1994	Voting rights	Number of shares
Series A shares	10	1,746,005
Series B shares	1	50,417,555
Series C shares	10	1,428,550
Total		53,592,110



## Note 12 Personnel by country, distribution between women and men, wages

	Women		Men		Total		Wages, SEK M	
	1994	1993	1994	1993	1994	1993	1994	1993
Sweden	355	353	507	515	862	868	144.0	143.3
Finland	417	401	565	544	982	945	175.7	151.8
Norway	352	318	213	193	565	511	131.5	106.1
Denmark	132	133	162	153	294	286	81.7	71.0
Germany	507	529	455	477	962	1006	247.6	241.4
United Kingdom	81	84	148	136	229	220	27.7	24.1
Belgium	4	4	19	19	23	23	7.4	6.0
France	2	1	7	5	9	6	2.0	1.6
Canada	2	1	4	2	6	3	2.4	1.9
Australia	2	2	13	10	15	12	4.5	3.7
U.S.	247	239	484	473	731	712	236.3	236.1
Hong Kong	1	1	5	3	6	4	1.0	1.0
Japan	1	1	4	3	5	4	1.9	1.2
Others	5	8	9	31	14	39	1.6	2.0
<b>TOTAL</b>	<b>2,108</b>	<b>2,075</b>	<b>2,595</b>	<b>2,564</b>	<b>4,703</b>	<b>4,639</b>	<b>1,065.3</b>	<b>991.2</b>
Parent company								
Sweden	2	–	1	–	3	–	2.5	–

### Senior executives' benefits

The Board of Directors has not received remuneration for the 1994 financial year.

The President and Chief Executive Officer received SEK 1,060,000 in salary for the period July-December, 1994.

In addition, a bonus of SEK 150,000 was paid

During the period January to June, the President and Chief Executive Officer was employed as a senior executive in Securitas Lock Group AB

### Other benefits

There is no pension agreement for the Chairman of the Board. The President has pension benefits corresponding to the Swedish complementary pension scheme for salaried employees in industry and commerce (ITP-plan). Other senior executives have the same benefits as the President. For the Chairman of the Board there is no agreement regarding severance pay. For the President, severance pay of 100 per cent of salary for 24 months has been agreed. This is paid only in the event of notice from the company. For Group senior executives, severance pay consists of 100 per cent of salary for a maximum of 12 months.

# Auditors' Report

## Auditors' Report

We have examined the Annual Report, the consolidated Financial Statements, the accounting records and the administration of the Board of Directors and the President for the financial year, July 1 to December 31, 1994. The examination was conducted in accordance with generally accepted auditing standards.

## Parent company

The Annual Report has been prepared in accordance with the Swedish Companies Act.

We recommend that

- the Statement of Income and Balance Sheet be adopted
- the unappropriated earnings be dealt with in accordance with the proposal in the administration report,
- the Board of Directors and President be discharged from liability for the financial year.

## Group

The Consolidated Financial Statements have been prepared in accordance with the Swedish Companies Act.

We recommend that

- the Consolidated Statement of Income and Balance Sheet be adopted.

Stockholm, March 31, 1995

Öhrlings Reveko AB

*Nils Brehmer*

Authorized Public Accountant

*Anders Lundin*

Authorized Public Accountant

*Sixten Nyman*

Authorized Public Accountant

KPMG Wideri Oy Ab



# Board of Directors



*Per-Edvin Nyström*

*Lars Liberg*

*Rune Hjäl*

*Mats Persson*

*Melker Schörling*

*Carl-Henric Svanberg*

*Georg Ehrnrooth*

*Gustaf Douglas*

*Ole Johansson*

## BOARD MEMBERS

### **Georg Ehrnrooth**

b. 1940 (Chairman)  
President and Chief Executive Officer of Metra Oy Ab since 1991.  
Director of Wärtsilä 1965–1979 and President of Lohja from 1979.  
Chairman of the Confederation of Finnish Industry and Employers.  
Board member of the Federation of Finnish Metal, Engineering and Electrotechnical Industries.  
Chairman or board member of a number of Finnish insurance and industrial companies in Finland.  
Chairman of the Board of ASSA ABLOY since 1994.  
Shares in ASSA ABLOY through Oy OMSATU Ab: 100,000 B shares

### **Melker Schörling**

b. 1947 (Deputy Chairman)  
President and Chief Executive Officer of Skanska AB.  
Chairman of Securitas AB and JM Byggnads- och Fastighets AB and Euroc AB.  
Board member of Skanska AB, AB Custos, AB SKF and the Swedish Association of Industry.  
Board member of ASSA ABLOY since 1994.  
Shares in ASSA ABLOY: 175,000 C and 2,178,975 B shares

### **Gustaf Douglas**

b. 1938  
Owns Förvaltnings AB Wasatornet (principal owner of Investment AB Latour).  
Board member of Investment AB Latour, Studieförbundet Näringsliv och Samhälle (Center for Business and Policy Studies) and Swegon AB.  
Deputy Chairman of the Board of Sveriges Television AB and Securitas AB.  
Board member of Hagströmer & Qviberg AB, Munksjö AB, Pharmacia AB, Svenska Dagbladet Foundation, Investment AB Öresund and Hasselfors AB.  
Board member of ASSA ABLOY since 1994.  
Shares in ASSA ABLOY through Investment AB Latour: 825,000 C and 6,775,000 B shares

### **Ole Johansson**

b. 1951  
Chief Financial Officer in Metra Oy Ab.  
Board member of ASSA ABLOY AB since 1994.  
Shareholding in ASSA ABLOY AB: 16,000 B shares

### **Lars Liberg**

b. 1944  
Trade-union representative in ASSA AB. Employee representative, Negotiating Cartel for Clerical Employees in the Swedish Private Sector.  
Board member of ASSA ABLOY AB since 1994.  
Shares in ASSA ABLOY AB: 0

### **Mats Persson**

b. 1955  
Trade-union representative in ASSA AB. Employee representative, Swedish Metal Workers Union. Board member of Securitas AB, 1990-1994.  
Board member of ASSA ABLOY AB since 1994.  
Shares in ASSA ABLOY AB: 0

## DEPUTY MEMBERS

### **Rune Hjäl**

b. 1964  
Trade-union representative in ASSA AB. Employee representative, Swedish Metal Workers Union.  
Board member of ASSA ABLOY AB since 1994.  
Shares in ASSA ABLOY AB: 0

### **Per-Edvin Nyström**

b. 1955  
Trade-union representative in ASSA AB. Employee representative, Swedish Metal Workers Union.  
Board member of ASSA ABLOY AB since 1994.  
Shares in ASSA ABLOY AB: 200

## Senior executives



**Carl-Henric Svanberg**  
b. 1952  
President and Chief Executive Officer of ASSA ABLOY AB. Employed by Securitas since 1986. Shares in ASSA ABLOY AB: 1,090,000 B shares.



**Johan Fant**  
b. 1959  
Chief Financial Officer of ASSA ABLOY since 1994. Shares in ASSA ABLOY AB: 20,000 B shares



**Ari Hakkarainen**  
b. 1955  
President of TrioVing a.s. and Country Manager, Norway. Employed by Wärtsilä since 1982. Shares in ASSA ABLOY AB: 29,200 B shares



**Otto Hansen**  
b. 1937  
President of A/S Ruko and Country Manager, Denmark and Germany. Employed by Ruko since 1970. Shares in ASSA ABLOY AB: 121,000 B shares



**Duncan Horton**  
b. 1946  
President of ASSA Ltd. Employed by ASSA since 1986. Shares in ASSA ABLOY AB: 190,000 B shares



**Hans Johansson**  
b. 1955  
President of ASSA AB and ASSA Industri AB and Country Manager, Sweden Employed by ASSA since 1989. Shares in ASSA ABLOY AB: 162,500 B shares



**Eero Leskinen**  
b. 1956  
President of IKON AB. Employed by Wärtsilä since 1983. Shares in ASSA ABLOY AB: 117,000 B shares



**Åke Sund**  
b. 1957  
Business Area Manager, VingCard Employed by Wärtsilä since 1985. Shares in ASSA ABLOY AB: 20,000 B shares



**Clas Thelin**  
b. 1954  
President of Arrow Lock, Manufacturing Co Inc, Cardkey Systems Inc and Country Manager, United States. Employed by Securitas since 1989. Shares in ASSA ABLOY AB: 40,000 B shares



**Matti Virtaala**  
b. 1951  
President of ABLOY Oy and Country Manager, Finland Employed by Wärtsilä since 1987. Shareholding in ASSA ABLOY AB: 149,000 b shares

## AUDITORS

### Öhrlings Reveko AB

Authorized public accountants:  
Nils Brehmer, b. 1934 and Anders Lundin, b. 1956.  
Auditors for the ASSA Group since 1988.

Sixten Nyman, b. 1954

Authorized public accountant in Finland:  
Auditor for the ABLOY Group since 1990.  
KPMG Wideri Oy Ab



# Welcome to the Annual General Meeting

ASSA ABLOY AB will hold its Annual General Meeting on Friday May 12, 1995 at 3 pm in the Assembly Hall, Stockholm Stock Exchange, Källargränd 2.

## Who is entitled to participate in the Annual General Meeting?

The right to participate in the Annual General Meeting is limited to those shareholders who are listed in the printout of the share register on May 2, 1995, and who notify ASSA ABLOY AB of their intention to participate in the Annual General Meeting not later than 4 pm on Monday, May 8, 1995.

## How to register in the share register

ASSA ABLOY AB's share register is maintained by the Swedish Securities Registration Center (VPC AB). Only shareholder-registered holdings are reported under the name of the shareholder in the share register. To be entitled to participate in the Annual General Meeting, shareholders who have registered their shares in the name of a trustee must reregister the shares in their own names. Shareholders who have registered their shares in the name of a trustee, should request the bank or stockbroker acting as trustee to temporarily register the shares for voting-right registration a number of bank days prior to May 2, 1995.

## How to submit notice of intention to participate

Notice of intention to participate in the Annual General Meeting may be done by mail to ASSA ABLOY AB, Box 70430, 107 23, Stockholm or by telephone: +46 8 698 85 70. Notification must include the name, personal identity number (registration number), address and telephone number, as well as information regarding the number of shares. Shareholders wishing to participate in the Annual General Meeting must make notification of their intention to participate not later than 4 pm on Monday, May 8, 1995 when the application period closes.

## Dividend

Due to the shortened financial year in 1994, the Board of Directors proposes that no dividend be paid.

### Financial information from ASSA ABLOY

A 6-month interim report for the period January 30 to June 30, 1995 will be published on August 16, 1995.

Annual reports and other reports may be ordered from:  
ASSA ABLOY AB

Box 70340

107 23 Stockholm

Tel: +46 8 698 85 70

# Addresses

## Head Office

**ASSA ABLOY AB**  
Klarabergsviadukten 90  
Box 70340  
S-107 23 Stockholm  
Tel (46) 8 698 85 70  
Fax (46) 8 698 85 85

## Australia

**Abloy Security Pty Ltd**  
2/29 Mitchell Road  
Brookvale, N.S.W. 2100  
Australien  
Tel (61) 2 905 76 66  
Fax (61) 2 905 72 96

## Belgium

**Dupéray SA**  
Rue van Ysendyck 48-50  
B-1030 Brüssel  
Belgien  
Tel (32) 2 216 05 15  
Fax (32) 2 216 17 49

## Denmark

**A/S Ruko**  
Marielundvej 20  
Postboks 505  
DK-2730 Herlev  
Danmark  
Tel (45) 44 94 11 77  
Fax (45) 44 94 16 34

## Fix A/S

Bavnehøjvej 9  
8600 Silkeborg  
Danmark  
Tel (45) 86 81 61 22  
Fax (45) 86 81 00 26

## Abloy Security A/S

Stensmosevej 22-24 G  
DK-2620 Albertslund  
Danmark  
Tel (45) 43 62 33 88  
Fax (45) 43 62 30 82

## Finland

**Abloy Oy,**  
**The ABLOY factory**  
Wahlforssinkatu 20  
P.O. Box 108  
FIN-80101 Joensuu  
Finland  
Tel (358) 73 204 1  
Fax (358) 73 204 209

**Abloy Oy,**  
**The PRIMO factory**  
Tohlopinranta 28  
P.O. Box 14  
FIN-33271 Tammerfors  
Finland  
Tel (358) 31 284 01 11  
Fax (358) 31 284 04 80

## ASSA Oy

Piispankyläntie 10  
FIN-01730 Vantaa  
Finland  
Tel (358) 0 878 51 55  
Fax (358) 0 878 59 71

## Ireland

**Abloy Security Ltd IRL**  
Unit 14  
Fairdale Industrial Estate  
Kilmore Road, Artane  
Dublin  
Irland  
Tel (353) 1 470 304  
(353) 1 475 825  
Fax (353) 1 475 341

## Norway

**TrioVing a.s**  
Varnaveien 32a  
Postboks 510 Høyden  
N-1522 Moss  
Norge  
Tel (47) 69 250 200  
Fax (47) 69 250 242

## ASSA A/S

Olaf Helsets vei 6  
Postboks 70, Abildsø  
N-1105 Oslo  
Norge  
Tel (47) 22 62 73 00  
Fax (47) 22 62 73 50

## Great Britain

**Abloy Security Ltd**  
2-3 Hatters Lane  
Croxley Business Park  
Watford Herts WD1 8YY  
Storbritannien  
Tel (44) 1 923 255 066  
Fax (44) 1 923 816 450

## ASSA Ltd

75 Sumner Road  
Croydon Surrey CRO 3LN  
Storbritannien  
Tel (44) 1 81 688 51 91  
Fax (44) 1 81 688 02 85

## Cardkey Systems Ltd

23 Stadium Way  
Reading RG3 6ER  
Storbritannien  
Tel (44) 1 734 415 211  
Fax (44) 1 734 417 676

## Switzerland

**IKON Cully SA**  
Route de Grandvaux 22  
CH-1096 Cully  
Schweiz  
Tel (41) 21 799 26 66  
Fax (41) 21 799 33 73

## Sweden

**ASSA AB**  
Kungsgatan 71  
Box 371  
S-631 05 Eskilstuna  
Sverige  
Tel (46) 16 17 70 00  
Fax (46) 16 17 70 05

## ASSA Industri AB

Kungsgatan 71  
Box 371  
S-631 05 Eskilstuna  
Sverige  
Tel (46) 16 17 70 00  
Fax (46) 16 17 70 18

## AB FAS Låsfabrik

Hejargatan 20  
Box 60  
S-631 02 Eskilstuna  
Sverige  
Tel (46) 16 12 02 00  
Fax (46) 16 11 20 26

## Fix AB

Bruksgratan 17  
S-414 51 Göteborg  
Sverige  
Tel (46) 31 124 120  
Fax (46) 31 775 35 93

## Abloy AB

Textilvägen 1  
S-120 30 Stockholm  
Sverige  
Tel (46) 8 714 56 20  
Fax (46) 8 714 92 99<

## Solid AB

Strandbergsgatan 57, 2 tr  
Box 30213  
S-104 25 Stockholm  
Sverige  
Tel (46) 8 618 06 00  
Fax (46) 8 618 81 09

## Germany

**IKON AG**  
**Präzisionstechnik**  
Goerzallee 299  
P.O. Box 37 02 20  
D-14 132 Berlin  
Tyskland  
Tel (49) 30 810 60  
Fax (49) 30 810 622 04

## Cardkey Sicherheits-systeme GmbH

Dieselstrasse 8  
D-42579 Heiligenhaus  
Tyskland  
Tel (49) 2056 5552  
Fax (49) 2056 58994

## BAB IKON GmbH Schliesstechnik

Behlertstrasse 29  
Postfach 60 04 19  
D-14 404 Potsdam  
Tyskland  
Tel (49) 331 288 80  
Fax (49) 331 288 81 06

## ASSA-Ruko Sicherheits-systeme GmbH

Vogelsanger Strasse 187  
D-5000 Köln 30  
Tyskland  
Tel (49) 221 54 30 76  
Fax (49) 221 54 18 95

## USA

### Cardkey Systems Inc

101 West Cochran Street  
Simi Valley, CA 93065  
USA  
Tel (1) 805 522 55 55  
Fax (1) 805 526 00 64

### Arrow Lock

### Manufacturing Co Inc

103-00 Foster Avenue  
Brooklyn, NY 11236  
USA  
Tel (1) 718 257 47 00  
Fax (1) 718 649 90 97

### ASSA Inc

103-00 Foster Avenue  
Brooklyn, NY 11236  
USA  
Tel (1) 718 257 47 00  
Fax (1) 718 649 90 97

### Abloy Security Inc

6015 Commerce Drive  
Suite 450  
Irving, TX 75063  
USA  
Tel (1) 214 753 11 27  
Fax (1) 214 753 07 92

### VingCard Systems Inc

9333 Forest Lane  
Dallas, TX 75243  
USA  
Tel (1) 214 907 22 73  
Fax (1) 214 907 27 71







# ASSA ABLOY

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