



# ASSA ABLOY

A N N U A L   R E P O R T

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## FINANCIAL INFORMATION FROM ASSA ABLOY

Financial information is published as follows:

### Interim reports:

January 1 – March 31; May 7, 1997

January 1 – June 30; August 7, 1997

January 1 – September 30; November 4, 1997

**Year-end report for 1997:** February 5, 1998

**Annual report for 1997:** March 1998

Annual reports and other reports may be ordered from:

ASSA ABLOY AB

P.O. Box 703 40, S-107 23 Stockholm, Sweden

Tel: +46-8-698 85 70. Fax: +46-8-698 85 85

## Welcome to the Annual General Meeting

ASSA ABLOY AB (publ) org.no. 556059-3575 will hold its Annual General Meeting on Wednesday, May 7, 1997, at 2:00 p.m. in the Assembly Hall, Stockholm Stock Exchange, Källargränd 2, Stockholm.

### 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 April 25, 1997, and who notify ASSA ABLOY AB of their intention to participate in the Annual General Meeting not later than 4:00 p.m. on Tuesday, April 29, 1997.

### How to register in the share register

ASSA ABLOY AB's share register is maintained by the Swedish Securities Register Center (VPC AB). Only owner-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 April 25, 1997.

### 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, S-107 23 Stockholm, Sweden

or by telephone: +46-8-698 85 70.

Notification must include 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 submit notification of their intention to participate not later than 4:00 p.m. on Tuesday, April 29, 1997, when the notification period expires.

### Dividend

The Board of Directors and President propose that SEK 1.25 per share be paid as a dividend to shareholders for the 1996 financial year.





The ASSA ABLOY corporate name is mounted on the ESSEX headquarters in New Haven.



In June, VingCard received an order for 85,000 electronic cardlocks from the US Motel 6 chain.



During 1996, an internal leadership development programme was started – The ASSA ABLOY Management Programme.



ASSA Security Master was launched at the Swedish Security Fair, Skydd -96.

## SIGNIFICANT EVENTS DURING 1996

- Income after financial income and expense was SEK 345 M (212).
- Sales for the year totaled SEK 5,007 M (3,504), an increase of 43 percent. For comparable units the increase is 7.6 percent.
- Cash flow after tax amounted to SEK 372 M (344).
- Coordination within ASSA ABLOY continues to progress smoothly. The pace of change and improvement remains high.
- The acquisition of ESSEX, for USD 170 M, was completed in January 1996. In 1995, ESSEX reported sales of USD 243 M. Through the acquisition ASSA ABLOY gains a leading role in the U.S. market and assumes position as one of the world's leading lock companies.
- The acquisition of ESSEX has been partly financed through a SEK 300 M issue of new shares to ASSA ABLOY's shareholders.
- A five-year loan facility totaling USD 250 M was signed in April with a syndicate comprising 11 international banks.
- The integration and development of ESSEX has proceeded highly satisfactorily. ESSEX's unit for electronic hotel locks, System 45, was transferred to and incorporated in VingCard. ESSEX's unit for bathroom accessories, McKinney/Parker, was divested as of July 1. The divested unit contributed annual sales of USD 12 M and had reported a minor loss. Efforts to rationalize ESSEX and to realize the opportunities for cross sales continue according to plan.
- During the year the extensive rationalization programme continued in the IKON group. IKON is expected to reach profits in line with other Group companies within a couple of years.
- The Group acquired the Norwegian company Newman Tonks a.s, which reported sales of NOK 192 M in 1995. The company was acquired as of July 1 and is mainly active in the distribution of locks and door fittings, reinforcing ASSA ABLOY's product program in Norway.
- The Group also acquired Grorud Förvaltning a.s, of Norway, which reported sales of NOK 125 M in 1995. Two-thirds of the company was purchased as of July 1, the remaining third December 31. The company manufactures and markets door and window fittings.
- ASSA ABLOY's organization in the Far East was strengthened with the acquisition of Secureware International Pte Ltd, of Singapore.
- ASSA ABLOY's position in the Netherlands was reinforced by the acquisition of the sales company Amersfoortse Bowbeslagindustrie Ambouw B.V (Ambouw), which reported sales of SEK 50 M in 1995.



## THIS IS ASSA ABLOY

### Background

ASSA ABLOY is one of the world's largest lock groups. The Nordic region constitutes the Group's base, with market-leading positions in Sweden, Finland, Denmark and Norway. The Group also holds a leading market position in Germany and the U.S. and a significant position in Great Britain. Through VingCard, the company is the global market leader for electronic hotel locks. ASSA ABLOY is active in the product segments construction locks, industrial locks, fittings and other accessories and electromechanical locks including hotel locks. In the U.S., ASSA ABLOY is also active in the product segment for security doors. 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 in their local markets. There are only a few multinational players, with relatively small shares in the world market. The total size of the lock market is estimated at SEK 100 -150 billion. One characteristic of the market is that a high proportion of sales (approximately 50 percent) derives from the after-sales market. This limits the dependence on the cyclical construction industry. Strong brand names, local standards, closeness to national distributors and customers, combined with the brand loyalty of various customers, also contribute to stability. There are a number of very strong brand names in the Group, for example ASSA—Sweden, ABLOY—Finland, TrioVing—Norway, RUKO—Denmark, IKON—Germany, Sargent and Curries—U.S. and VingCard—hotel locks. Due to the general trend towards increased security awareness, the lock market is displaying favorable growth, a few percentage points above GDP in real terms. Electromechanical and electronic locks are steadily gaining greater importance in the overall lock market. These products are not replacing the traditional mechanical products but instead add complementary 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 showing trends towards the formation of larger corporate groups. The major international players comprise Ingersoll Rand (including Schlage), over SEK 3 billion in the U.S.; William Holding (including Yale), just under SEK 3 billion in Great Britain; and Bauer-Kaba, just under SEK 2 billion in Switzerland. These sales figures are estimates for lock operations. Other major players are the Italian company CISA and Vachette in France. In addition, there are local players with prominent positions, such as the English company Chubb and Evva in Austria. In individual product segments, there are also players with strong positions, such as Medeco in the U.S., which is active in the area of high-security cylinders. VingCard, in the hotel locks segment, has a leading position in its niche market, where standards and products are global. VingCard, holding more than half of the world market, is encountering a number of competitors with relatively smaller market shares.

1

### Our Products and Markets

- Lock cylinders, door hardware and electromechanics complementing
- Focus on the trend towards higher security

2

### Our Management Model

- Multi-domestic—strong brand names and local units form the base
- Capitalize on synergies
- Development at each stage—step by step—active internal benchmarking

3

### Our Expansion Strategy

- Organic growth
- Acquisitions with a focus on earnings per share

4

### 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 and the Group's strong cash flow.



## ASSA ABLOY's HISTORY

**1996**

ESSEX is acquired  
NT Moller Undall is acquired  
Gorud is acquired  
Secureware is acquired  
Ambouw is acquired

**1995**

Cardkey is divested

ASSA ABLOY is  
established and  
listed in Stockholm

**1994**

Securitas acquires Arrow

**1991**

Securitas acquires SOLID och FAS

**1990**

Securitas acquires Assa

**1988**

Ruko starts in Germany

**1984**

Assa acquires Ruko

**1951**

Ruko is founded

**1930**

Assa is founded

**1881**

FAS is founded

**1849**

**The development of Assa**

**1991**

Abloy Security acquires FIX  
IKON acquires BAB

**1989**

Wärtsilä och Lohja merge into Metra  
Wärtsilä acquires IKON and Cardkey

**1988**

Wärtsilä acquires Primo

**1983**

Wärtsilä acquires TrioVing

**1936**

Wärtsilä acquires Ab Lukko Oy

**1904**

Trio is founded

**1732**

Boda is founded

**The development of Abloy**

## A SUCCESSFUL YEAR WITH MORE TO COME

Income increased by more than 60 percent in 1996, from SEK 212 M to SEK 345 M. The strong cash flow, SEK 372 M, is another indication that we are on the right track. Sales expanded from SEK 3,504 M, to SEK 5,007 M, an increase of 43 percent.

This past year has been characterized by continued work in line with our main strategy:

- Concentrating on locks and door hardware products
- Developing existing units, capitalizing on synergies and enhancing cooperation within the Group
- Expanding organically and through acquisitions

On the whole, European markets were weak in fiscal 1996, while the U.S. market showed healthier growth. The hotel segment expanded strongly, in particular owing to programs conducted by several major hotel chains to upgrade to electro-magnetic locks.

Despite weak business conditions in our main European markets, we achieved overall growth of 7.6 percent for comparable units. The trend towards higher security was a key contributing factor, as was the fact that the after-sales market represents a major portion of the Group's total sales.

Most of the units reported stronger earnings. Efforts to boost efficiency were inspired to a considerable extent by internal benchmarking, in which everyone learns from the best practitioner in each area, and by making the most of synergies. The learning process has been simplified by our clearly defined focus.

To further stimulate the learning process and to develop leaders for continued expansion, we conducted a comprehensive management development program during the year for new and young managers. The program, which we will repeat annually, was led by group management and company presidents. The program was arranged at the various units and focused on actual issues facing each company.

All Nordic units defended their positions well. Volumes expanded despite weak new construction, mainly in Sweden and Finland. These volumes were attributable chiefly to more projects from the retrofit market. The trend towards higher security also played a vital role as did our steadily improved products.

We have more or less completed the coordination of products and production among the various units and are now shifting to a phase of more intensive product development. An interesting example of such development is the panic bar produced by Assa in Sweden in close cooperation with its sister company Sargent, the market leader in the U.S. in this product area. The panic bar is adapted to standards in Scandinavian countries, where it is now being launched.



*President and CEO Carl-Henric Svanberg*

IKON, our German unit, turned a loss last year to a small but encouraging profit in 1996 and is expected to report profits in line with the Group average within a couple of years. The company is moving forward with its far-reaching rationalization program. The number of employees at the Berlin unit, which was roughly 700 when Assa and Abloy merged in 1994, will be well below 500 by year-end 1997. Product flows have been streamlined, and the far too large number of products has been cut almost in half. Delivery times have been reduced from several months to a week or two.

Some of the old customers of IKON, who had excluded the company from new construction projects in recent years, have been able to notice the steady and remarkable improvement at IKON through replenishment orders for existing systems. It is pleasing to see how a growing number of these customers are returning.



IKON is now ready to begin acting aggressively in its market. One example of this is IKON's acquisition of Ambouw, which has imported IKON's products to the Netherlands for many years. Ambouw has annual sales of roughly SEK 50 M, of which about two-thirds are IKON products and to some extent other Group products. This acquisition has built a solid platform for expansion in the Netherlands.

The hotel segment continued to grow rapidly in 1996, and VingCard expanded its share of the huge U.S. market, resulting in strong expansion. During the year, a number of hotel chains in the U.S. finished upgrading their facilities. Even if European and Asian markets continue developing at their current pace, however, the total market is unlikely to grow as strongly in 1997.

In January, the Group acquired ESSEX, the second largest lock group in the U.S. The acquisition represented a major expansion for ASSA ABLOY and naturally entailed various risks.

We can assert that the integration has gone well so far. Growth for the year was roughly 6 percent, well in line with the market.

ESSEX contained three loss-making units at the time of the acquisition. Sales by the System 45 hotel lock division were insufficient to cover overhead, so the division was integrated into VingCard. The Group divested Parker, a manufacturer of bathroom accessories, while Graham, a producer of wooden doors is now reporting a profit and is continuing its rationalization program.

A programme to increase efficiency was launched at Sargent and McKinney, which manufacture lock products, and we believe the program will yield favorable results. Curries, which produces steel doors, continues to show healthy growth and profitability. On the whole, we now feel certain that, during the next few years, we will reach our target of USD 10 M annually in contribution to profits in excess of acquisition costs.

During the summer, the Group acquired Møller Undall, with sales around NOK 200 M which makes it Norway's largest locks and fittings distributor. During VingCard's brisk expansion, the previous joint group management of TrioVing and VingCard lost its focus on the Norwegian market. During that time, Møller Undall developed and, in some cases, took over functions from TrioVing that a successful lock company normally performs, such as sales support to architects, specification and assembly of lock-systems as well as marketing complementary lock products. Through this acquisition, we create a unit with the same position in Norway as we have in the other Nordic countries.

The merger of these two highly competent companies has largely progressed more smoothly than expected. The new joint unit, which has adopted the TrioVing name, will contribute to the profit development of the Group in 1997.

During the autumn, the Group also acquired Grorud, a Norwegian manufacturer of door and window fittings which has reported losses the past few years. Our estimate of the situation was that the company's products are of high quality and their prices satisfactory, but that operations were in need of greater efficiency. This acquisition is also developing as planned and should contribute to the Group in 1997.

Our efforts in Asia continue. We are working diverse markets from sales companies in Singapore and Bangkok and supplying products based on European and U.S. standards. This is important, because no standard dominates the region, and products of various standards are combined in many projects. In the autumn, we purchased Secureware of Singapore, a sales company that is agent for Sargent. We were thus able to quickly take on qualified local personnel for logistics and marketing aimed at architects.

The countries of Eastern Europe represent another growing market, which we are serving from sales companies in Moscow, St. Petersburg and Tallinn.

On the whole, we can look back on an exhilarating year of hard work on all fronts and a number of key acquisitions. The Group, including its new acquisitions, is now developing steadily, and our cash flow is well in line with profits, which is vital for creating the prerequisites for further expansion.

We look forward to continued good profit development in 1997, not the least because of the trend towards higher security and our projects for development and rationalization now underway.

Today ASSA ABLOY is one of the world's largest lock companies. Our market share is only 3 percent, though, which indicates how fragmented the market is and how huge the potential for growth.

Our vision is to become the world's leading lock company, in other words, to achieve such a strong position that we can effectively influence trends and lead in the development of new products and systems.

We have great confidence that, in 1997, we will move further along the path towards this vision.



Stockholm, February 1997  
Carl-Henric Svanberg

## FINANCIAL SUMMARY

### Statements of income

SEK M	1996	1995	1994 <sup>1</sup>
Sales	5,007	3,504	3,582
Operating costs	-4,282	-3,070	-3,227
Operating income before depreciation	725	434	354
Depreciation	-265	-184	-199
Net financial items	-123	-47	-80
Share in earnings of associated companies	7	10	1
<b>Income after financial income and expense</b>	<b>345</b>	<b>212</b>	<b>76</b>
Taxes	-97	-68	-31
<b>Net income for the year</b>	<b>247</b>	<b>144</b>	<b>46</b>

1) The comparative figures for 1994 are reported pro forma.

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

SEK M	1996	1995	1994 <sup>2</sup>
Sweden, Assa, Abloy, SOLID, FIX, FAS	765	760	709
Finland, Abloy	644	634	655
Norway, TrioVing, Grorud, Låsgruppen	353	241	234
Denmark, Ruko	281	306	252
Germany, IKON, BAB, Assa-Ruko	544	619	606
Great Britain, ASSA, Abloy, Grorud	164	151	147
United States, Arrow, ASSA, Abloy, ESSEX	1,876	284	289
Hotel locks, VingCard	687	525	446
Elimination for internal sales	-312	-232	-286
<b>Total</b>	<b>5,007</b>	<b>3,504<sup>3</sup></b>	<b>3,582<sup>3</sup></b>

1) Including exports from each market.

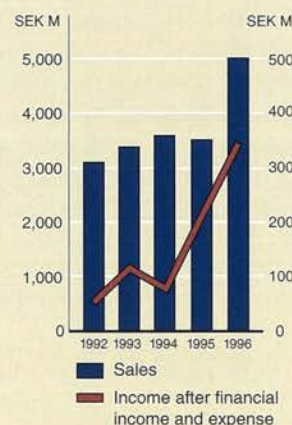
2) The comparative figures for 1994 are reported pro forma.

3) Total sales for 1994 and 1995 include Cardkey with SEK 530 M and SEK 216 M. Cardkey was divested per July 31, 1995.

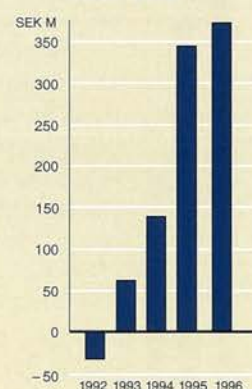
### Balance sheets

SEK M	1996	1995	1994
Liquid assets	137	118	200
Receivables	693	424	583
Inventories	845	562	629
Other noninterest-bearing current assets	139	103	127
Goodwill	979	79	80
Other fixed assets	1,891	1,184	1,231
<b>Total assets</b>	<b>4,684</b>	<b>2,470</b>	<b>2,850</b>
Interest-bearing current liabilities	22	127	88
Other noninterest-bearing current liabilities	952	672	711
Interest-bearing long-term liabilities	2,200	650	1,167
Other noninterest-bearing long-term liabilities	92	84	95
Minority interests	9	9	13
Shareholders' equity	1,409	928	776
<b>Total liabilities and shareholders' equity</b>	<b>4,684</b>	<b>2,470</b>	<b>2,850</b>

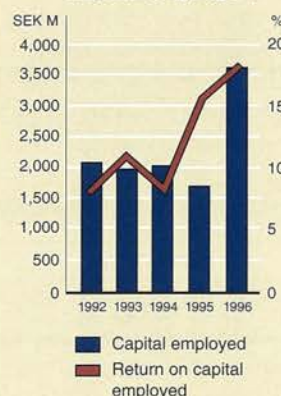
### Sales and income after financial income and expense



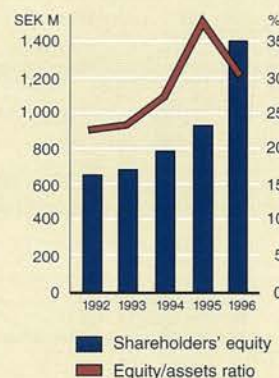
### Cash flow



### Capital employed and return on capital employed



### Shareholders' equity and equity/assets ratio



### Sales by product group

Total SEK 5,007 M

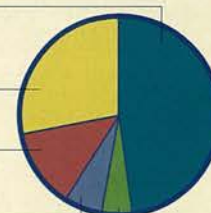
Mechanical locks, lock systems and accessories, 48 %

Lock fittings and security doors etc., 28 %

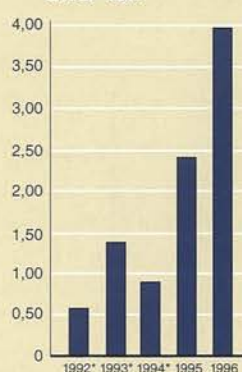
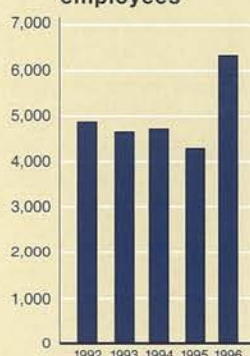
VingCard hotel locks, 13 %

Electromechanical and electronical locks, 6 %

Industrial locks, 5 %





Earnings per share  
after tax\* Earnings per share after  
standard taxNumber of  
employees

## Key figures

SEK M	1996	1995	1994 <sup>1</sup>	1993 <sup>1</sup>	1992 <sup>1</sup>
Sales, SEK M	5,007	3,504	3,582	3,372	3,090
Gross margin, %	14.5	12.4	9.9	11.5	9.8
Income after financial income and expenses, SEK M	345	212	76	114	50
Profit margin, %	6.9	6.1	2.1	3.5	1.6
Cash flow, SEK M	372	344	139	62	-32
Net investments, SEK M	163	187	139	189	190
Total assets, SEK M	4,684	2,470	2,850	2,902	2,862
Shareholders' equity, SEK M	1,409	928	776	676	646
Net indebtedness, SEK M	2,085	659	1,055	1,151	1,216
Capital employed, SEK M	3,640	1,714	2,047	1,990	2,100
Equity/assets ratio, %	30.1	37.6	27.2	23.3	22.6
Interest coverage, times	5.0	5.3	4.0	3.6	2.6
Debt/equity ratio	1.48	0.71	1.36	1.70	1.88
Return on capital employed, %	18.3	15.6	8.2	10.9	7.9
Return on shareholders' equity after tax, %	21.2	16.9	7.4 <sup>2</sup>	12.4 <sup>2</sup>	5.3 <sup>2</sup>
Earnings per share after tax, SEK	3.98	2.41	0.90 <sup>2</sup>	1.38 <sup>2</sup>	0.58 <sup>2</sup>
Shareholders' equity per share	22.42	16.36	13.09	11.40	-
Average number of employees	6,317	4,274	4,703	4,639	4,858

1) The comparative figures for 1992, 1993 and 1994 are reported pro forma.

2) The comparative figures for 1992, 1993 and 1994 are calculated using standard tax.

## Definitions

**Cash flow:** Based on the cash flow analysis, see page 44.**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 cover:** Operating income before depreciation in relation to interest expense.**Return on capital employed:** Income after net financial items plus interest expense in relation to average capital employed.**Return on shareholders' equity after tax:** Income after net financial items less full tax, in relation to average shareholders' equity.**Earnings per share after tax:** Income after net financial items, less full tax, divided by the number of shares after full conversion.Sales by country<sup>1</sup>

SEK M	1996	1995	1994 <sup>2</sup>
U.S.	2,119	697	889
Sweden	596	619	576
Germany	472	526	539
Finland	406	416	421
Norway	351	263	251
Denmark	254	260	243
Great Britain	214	218	232
Canada	100	22	34
China and Hongkong	65	59	30
Asia excl. China, Hongkong and Japan	55	47	42
Belgium	52	56	57
Spain	35	20	15
Netherlands	35	32	28
France	30	24	30
Australia	29	26	27
Switzerland	25	30	12
Baltic states	19	17	10
Russia	17	15	9
Italy	15	20	18
Japan	14	18	12
Poland	13	7	4
Middle East	11	13	10
Other countries	80	99	93
<b>Total</b>	<b>5,007</b>	<b>3,504</b>	<b>3,582</b>

1) Sales to customers in each country

2) The comparative figures for 1994 are reported pro forma

## THE ASSA ABLOY SHARE

ASSA ABLOY AB has been listed on the Stockholm Stock Exchange since November 8, 1994. In October 1995, the share was registered on the A-list. The price of the ASSA ABLOY share rose 121 percent in 1996. During the same period, the Stockholm Stock Exchange's general index rose 38 percent. The closing price at year-end was SEK 124, corresponding to a market capitalization of SEK 7,975 M. The number of shareholders at year-end was roughly 7,500. Institutional investors, excluding the main shareholders, represent about 44 percent of the capital. Non-Swedish investors, including Metra Oy Ab, account for 75 percent of the capital.

During 1996, a total of 27 million shares were traded, corresponding to an average of about 106,700 shares for each trading day and 42 percent of the shares outstanding.

### Share capital

ASSA ABLOY's share capital amounts to SEK 64.3 M, distributed among 3,809,466 A-shares, 60,501,066 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-share entitles a holder to ten voting rights, while B-shares provide one voting right. Changes in share capital during the past eight years are shown in the table below.

### Convertible debentures for personnel

In 1995, convertible debentures were offered to employees in the ASSA ABLOY Group. About 400 employees participated in the issue. The debenture loan amounts to SEK 75,004,375 and extends from June 29, 1995, to June 30, 2000. The debentures can be converted into B-shares from July 1, 1998, through July 15, 2000. On full conversion at an exercise price of SEK 36.80, adjusted for the new issue in 1996, an additional 2,038,162 shares will be created, entailing a dilution of about 3.2 percent of the number of shares and about 2.1 percent of the voting rights.

### New share issue

In conjunction with the acquisition of ESSEX, the U.S. lock group, the Board of ASSA ABLOY decided to propose a new share issue with preferential subscription rights for ASSA ABLOY's shareholders totaling SEK 300,115,816, by which five old shares would entitle the holder to subscribe for one

new share at a price of SEK 28. An Extraordinary Meeting of Shareholders on February 14, 1996, approved the new issue in accordance with the Board's proposal. The new shares were issued in March and April, and the issue was fully subscribed.

### Conversion to two series of shares

The Annual General Meeting on May 6, 1996, decided, in accordance with a proposal by the Board, to change the Company's Articles of Association with respect to the introduction of a conversion clause enabling the conversion of C-shares into corresponding A-shares. After the Meeting, all owners of C-shares requested that their holdings be converted into A-shares, which was subsequently carried out. After conversion, the number of series of shares decreased from three to two.

### Dividend and dividend policy

The Board of Directors and President propose that SEK 1.25 per share be paid as a dividend to shareholders for the 1996 financial year. The dividend corresponds to a direct yield on the B-share price at December 30, 1996, of 1.0 percent. The objective is for the dividend in the long term to correspond to approximately one-third of ASSA ABLOY's average earnings after net financial income and standard tax based always, however, on ASSA ABLOY's long-term financial requirements.

### Data per share

SEK/share	1996	1995 <sup>2</sup>	1994 <sup>1,2</sup>
Earnings after 28% standard tax	4:00	2:55	0:90
Earnings after full tax method	3:98	2:41	—
Dividend <sup>3</sup>	1:25	0:90	—
Dividend, % <sup>4</sup>	31,2	35,5	—
Direct yield, % <sup>5</sup>	1,0	1,6	—
Share price at end of period	124:00	56:05	23:05
Highest share price	126:50	64:18	30:74
Lowest share price	52:40	22:15	18:98
Shareholders' equity	22:42	16:36	13:09
Number of shares (1,000s) <sup>6</sup>	66 349	55 421	53 592

1) 1994 has been calculated for the purpose of comparison using pro forma accounts and the number of shares in 1994.

2) 1995 och 1994 have been adjusted for the new share issue.

3) Proposed dividend.

4) Dividend as a percentage of earnings per share after 28-percent standard tax.

5) Dividend as a percentage of the share price at the end of the period.

6) After full conversion.

### Share capital

Year	Transaction	A-shares	C-shares	B-shares	Share capital SEK
1989			20,000		2,000,000
1994 <sup>1</sup>	Split 100:1			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
1996 <sup>3</sup>	New share issue	2,095,206	1,714,260	60,501,066	64,310,532
1996	Conversion of C-shares into A-shares	3,809,466		60,501,066	64,310,532
2000 <sup>4</sup>	Unconverted debentures			2,038,162	66,348,694

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

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

3) A new share issue was decided in February 1996 and conducted during March and April 1996.

4) 2,038,162 new B-shares are expected to arise after full conversion, before adjustment due to the new share issue.

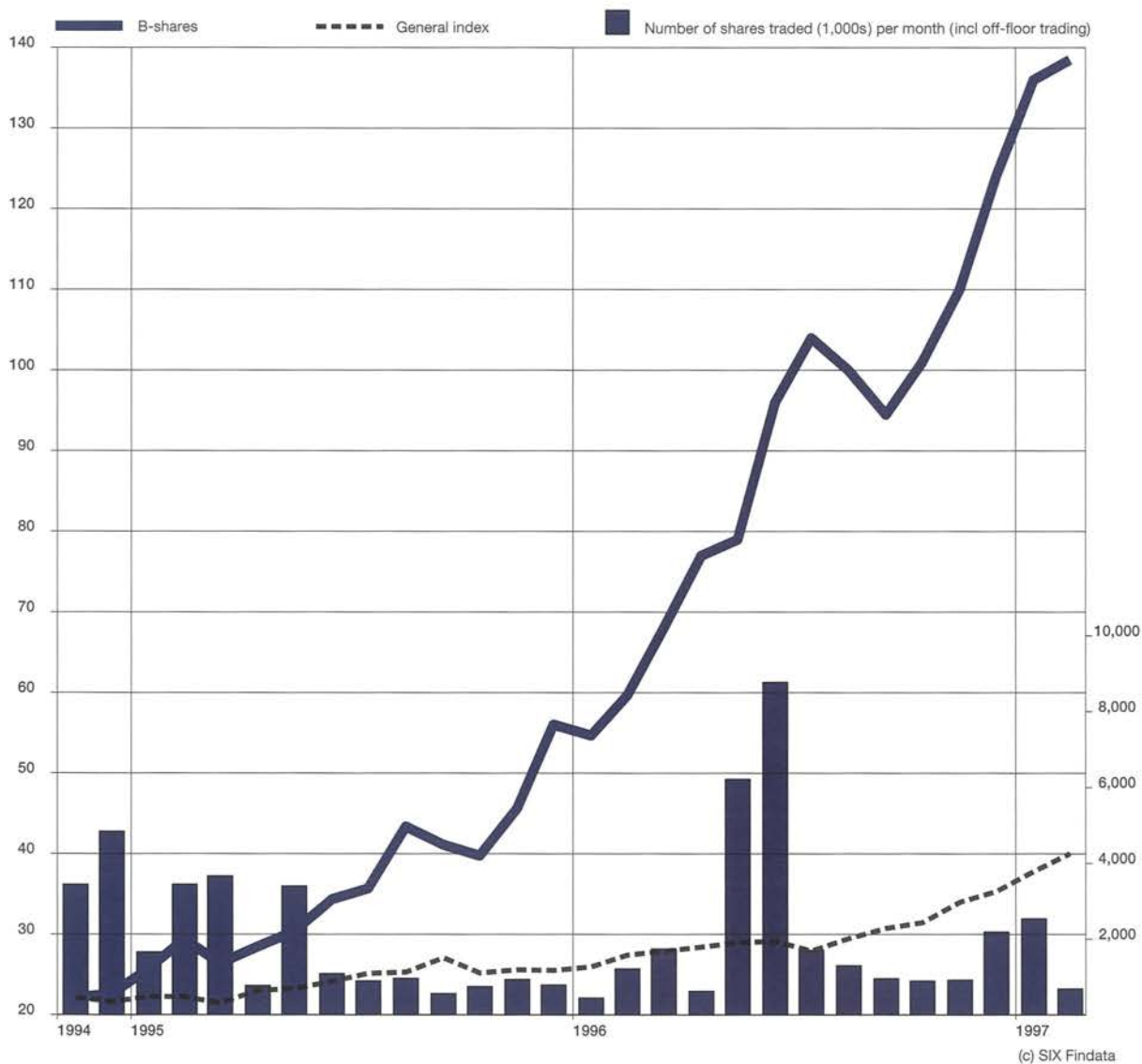


## Ownership structure

Data is based on the share register as of December 30, 1996 and subsequent changes known to the company.

Owner	A-shares	B-shares	Capital %	Voting rights %
Metra Oy Ab	2,095,206	16,641,122	29.1 %	38.1 %
Investment AB Latour	1,414,260	4,500,000	9.2 %	18.9 %
Melker Schörling + family and companies	300,000	2,615,424	4.5 %	5.7 %
Carl-Henric Svanberg		1,160,000	1.8 %	1.1 %
Other shareholders with more than 50,000 shares		31,279,552	48.6 %	31.7 %
Shareholders with 5,001 – 50,000 shares		2,126,358	3.3 %	2.2 %
Shareholders with 501 – 5,000 shares		1,534,473	2.4 %	1.5 %
Shareholders with up to 500 shares		643,660	1.1 %	0.8 %
Total number	3,809,466	60,501,066	100.0 %	100.0 %

## ASSA ABLOY's share trend



## ASSA ABLOY GROUP'S ORGANIZATION

Closeness to customers and a keen awareness of local needs, business and distribution patterns are basic conditions for success in the lock industry. Consequently, responsibility is clearly decentralized to one manager per country, with each country as a natural building block in the Group's organization. VingCard is organized separately because, in several respects, its operations offer other opportunities and threats to manage strategically, compared with those of the other lock companies' in the Group. Country managers and the president of VingCard are included in the Group Management. In line with the decentralized organization by which all business is conducted in the local companies, the Parent Company, with some 15 employees, primarily performs a developing, managing and coordinating function. The legal structure deviates somewhat from the operational structure as shown in the chart on this page.



### SWEDEN

Assa AB  
Assa Industri AB  
AB FAS Låsfabrik  
SOLID AB  
VingCard AB  
FIX AB  
ASSA Säkerhetsgruppen AB  
ASSA Portuguesa LDA  
ASSA Eesti Ltd



### FINLAND

Abloy Oy  
ASSA ABLOY ZAO, Russia  
Abloy Security Pty Ltd Australia



### NORWAY

TrioVing a.s  
Låsguppen a.s  
Gorud Industrier a.s



### DENMARK

A/S Ruko  
FIX A/S  
Ruko Service A/S  
ASSA-Ruko Sicherheitssysteme GmbH



### GERMANY

IKON AG  
BAB IKON GmbH  
Dupéray S.A, Belgien  
IKON Cully S.A, Schweiz



### GREAT BRITAIN

ASSA Ltd  
Abloy Security Ltd  
Abloy Security Ltd, Ireland  
Gorud Industries Ltd



### USA

Arrow Lock Manufacturing Co Inc  
Abloy Security Inc  
ASSA Inc  
ESSEX Industries Inc  
Sargent Manufacturing Co  
McKinney Products Co  
Curries Co  
Graham Manufacturing Corp  
Sargent of Canada Ltd



### FAR EAST

ASSA ABLOY Pte Ltd  
Secureware International Private Ltd



### VINGCARD

VingCard a.s  
VingCard Inc, USA  
VingCard companies in

Brazil	Italy
Canada	Japan
China	Mexico
France	Russia
Germany	Spain
Great Britain	Thailand
Hongkong	



## ASSA ABLOY'S PERSONNEL

ASSA ABLOY is characterized by a positive philosophy towards its employees. Each individual has the capacity and will to make a beneficial contribution through his or her work. Management is responsible for providing employees with working conditions that allow them to make valuable contributions through their work.

Vision, realism, courage and ethics are the cornerstones of ASSA ABLOY's human relations. The Group's vision is that ASSA ABLOY be the leading lock company in the world. Realism requires that decisions, actions and leadership are always based on thorough knowledge of customers, products and competitors. It takes courage to manage the rapid and massive changes both in ASSA ABLOY and in the lock industry. Ethics in the company, with respect to attitudes and actions, determine the degree of confidence, creativity, ambition and commitment among colleagues. A high ethical standard is a precondition for being able to attract and retain the best employees.

The skills and commitment of employees and management are important factors for ASSA ABLOY's continued success and growth. That is why skillenhancing efforts, such as job rotation and training programmes, are conducted at all levels in the Group. For example, the ASSA ABLOY Management Programme gives approximately 20 employees each year the opportunity to further develop their leadership skills. The programme is conducted by the Group management and is based on case studies from ASSA ABLOY. The clear-cut focus on the lock market and the active benchmarking create favorable conditions for sharing experience with colleagues and among units within ASSA ABLOY.

In accordance with the company's basic values that the employees and managers will focus on the long-term value growth of the company if they have a shareholding in the company, a convertible debenture loan was issued in 1995 to the employees of the ASSA ABLOY Group. Approximately 400 employees participated.



## ASSA ABLOY AND ENVIRONMENTAL MANAGEMENT

Environmental issues command a high priority at ASSA ABLOY. These issues are managed systematically and with a long-term perspective. To maintain the high functional requirements of security products with an optimum use of resources in all stages is a major challenge in a life-cycle perspective.

From the viewpoint of the environment, ASSA ABLOY's products achieve a favorable relationship between the consumption of resources in manufacturing and use and the technical functionality. ASSA ABLOY is to a large extent vertically integrated, that is the Group buys its basic raw materials, such as steel and brass and refines them internally to the end product—the lock. This gives ASSA ABLOY full control and the possibility to optimize recycling throughout the production process. At the same time, there is room for further improvement.

Environmental management entails systematic work to optimize resource consumption and waste generation. For the ASSA ABLOY companies, this means further development of value-existing principles and routines for handling prioritized environmental aspects connected with the manufacture, distribution and use of products.

The international standard for environmental management systems, ISO 14001, was completed at the end of 1996. The European Union has adopted a voluntary system with a similar focus in the form of the EMAS regulation. At ASSA ABLOY, the ISO 14001 standard is seen as a tool suitable for supporting internal improvement processes related to the environmental aspects of operations. In addition, external communications about environmental issues are simplified through independent certification procedures.

A decision was taken in 1996 for all companies to be certified for the ISO 14001 standard in the next few years. A couple of companies are serving as pilot cases and are expected to be certified by the end of 1997.

## TREND TOWARDS HIGHER SECURITY

1

### **Increasing criminality**

Theft and burglary represent more than 50% of all reported crimes worldwide.

2

### **Development of improved locks and broader range**

Rising crime increases the market's need for higher security. The trend towards higher security is leading to the development of new locks and products of increasing sophistication.

3

### **Higher demands on security**

For many years, ASSA ABLOY has been actively involved, locally and internationally, in efforts to determine standards and norms leading to superior products and increased security.

4

### **High-security products' share of sales rising**

High-security products are replacing the earlier basic products, and new sales are increasingly taking the form of more modern and better products.

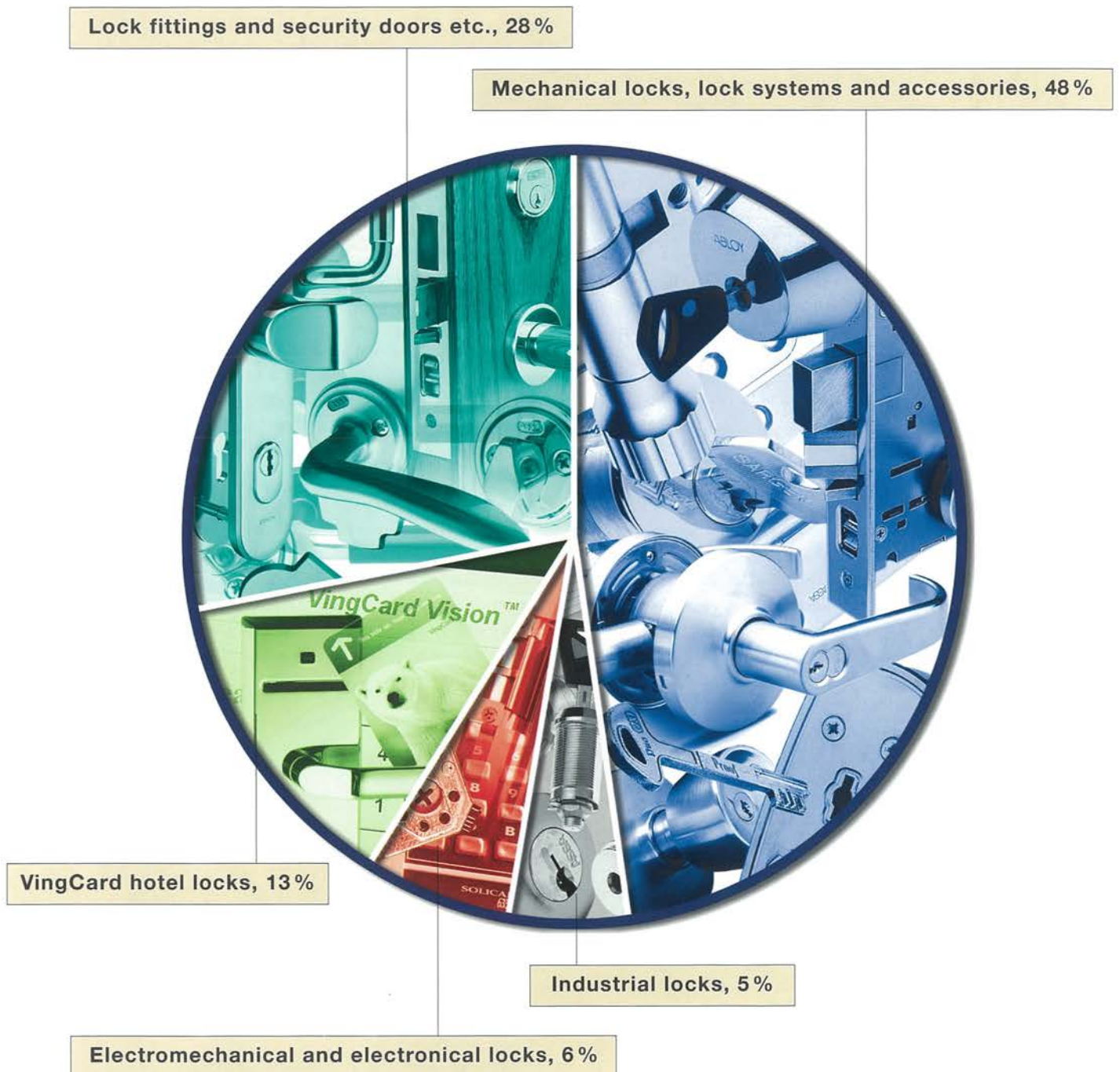
5

### **The trend towards higher security creates growth**

Growth results from demand in the market for more lock products and the demand for better high-security products allowing such products to be sold at a higher price.



## ASSA ABLOY'S PRODUCTS



### Products for superior security

The ASSA ABLOY Group offers a system of lock products designed to make it possible to control access to and passage to and from various areas and premises. High security, product quality and user-friendliness—or comfort—are characteristics that are sought in product development, manufacture and marketing. The Group concentrates primarily on lock security for doors. High security requires a lock with a high-security cylinder, lock case and fittings, robust doors and door frames as well as secure hinges. Industrial locks and window locks are examples of other lock products in ASSA ABLOY's product program.

In addition to the physical lock products, the Group offers services and systems, including EDP software for planning and maintenance of lock systems, which also enjoy expanding sales. In 1996, for example, Assa AB developed ASSA Security Master, a CD-ROM application comprising a catalog presenting comprehensive product specifications and a manual for specification of various types of facilities with different functional and user needs.

### Cylinders

ASSA ABLOY is the world's largest manufacturer of lock cylinders. The products can be divided into pin tumblers (ASSA, RUKO, TrioVing, IKON, Sargent and Arrow) and disc cylinders (ABLOY). Lock cylinders constitute the core of the lock and a lock company's product range and represent a crucial part of the lock manufacturer's technical expertise.

The security pyramid is one way of illustrating the various lock systems from the viewpoint of security. The products have various security levels, in terms of the degree of key control and security against picking, drilling and breaking.

The earlier basic standard cylinder laid the basis for the development of the 5-pin tumbler brass cylinder. The system design potential was considerably better with this type of



**Absolute key control** requires an approved and registered service agreement between the system owner and a licensed service station, and that the key has a unique electronic code and a patented mechanical code. Two cylinders based on this technology are ASSA Twintronic and IKON IKOTRON.

**Patented key control** means that extra keys are manufac-

tured only from patented and design-protected key blanks and require an approved and registered service agreement for follow-up orders for keys and service. Cylinders that use this technology are for example the ASSA Twin Combi, IKON Sperrwelle and ABLOY DISKLOCK PRO.

**Limited key control** means that the keys can be copied if the customer has a sample key and proper identification.

cylinder than in the past. To further increase safety and to design more complicated lock systems, 6- and 7-pin cylinders were built to provide better security against picking and drilling. In the early 1980s, another step was taken towards higher security through Assa's launch of the ASSA Twin with the special side-bar code that offers two blocking elements and through ABLOY's launch of ABLOY DISKLOCK, later developed into the ABLOY EXEC and ABLOY DISKLOCK PRO designs. These high-security cylinders offered new potential with patented key control and thus increased security. To meet increased security requirements in non-Nordic markets, in 1984 Ruko launched a European range with a profile cylinder designed according to the German DIN norm, a norm based on IKON's cylinder standard. In 1987, TrioVing presented the X-SeC concept which made it possible to combine high-security cylinders with system cylinders. Further development of this technology appeared in 1991 in the form of the ASSA Twin Combi, which can incorporate patented mechanical and electromechanical high-security cylinders as well as system cylinders in a single lock system. A largely similar cylinder is sold in the German market by IKON under the name Sperrwelle. One of the most recent cylinders developed by the ASSA ABLOY Group is Assa's Twin V-10, designed primarily for the export market. In the new cylinder, the side-bar code function has been further enhanced, creating the potential for more complex lock systems with increased security. Sargent recently developed Signature, a high-security cylinder with a side-bar code system, which can be integrated into existing Sargent cylinder systems. This product makes it possible to raise the level of security at a number of selected doors in an existing system without having to replace the entire system.



TrioVing was first on the market with a high-security cylinder that can combine patented keys with regular system keys.



The ABLOY EXEC high-security cylinder provides enhanced key security, burglary protection and ease of use.



IKON's System SK6 profile double cylinder, with a sloping key profile, has drill-protection, features side-bar codes and, in customized versions, can be equipped with removal blocks.



Ruko's security cylinders from the 1100 series are appropriate for comprehensive combination lock systems but are also marketed under the name Ruko Garant in a do-it-yourself package.



IKON's electronic high-security cylinder IKOTRON has an electronically encoded key. Today, increasing emphasis is placed on electronic security combined with conventional lock systems.

The ASSA Twin V-10 is a high-security cylinder for the U.S. market.



Added security and convenient key control are the main benefits of the Signature Series patented cylinder and masterkey system from Sargent.



In a joint project, Arrow and ASSA have developed Flexcore, representing the latest developments in the realm of cylinders. Flexcore is a patented IC (interchangeable core) cylinder. With a special key, the inner cylinder can be replaced, making it possible to enhance the level of security in existing lock systems of this type.

## Lock cases and accessories

In line with the development of cylinders, lock cases and accessories have been adapted to satisfy tougher demands on security.

Lock cases represent an important part of the lock function. Within ASSA ABLOY, Assa plays a leading role in the development and manufacture of lock cases. To meet increasing security requirements imposed on entrance doors, for example, a number of functions have been introduced: a reinforced replaceable door post which can easily be changed for right-hand or left-hand doors; steel hook bolts, which fortify security between the door and frame; and a "Comfort at home/Security when away" function for locking entrance doors in the residential sector, by which the bolt is locked with a key from the outside and with a key or knob from the inside. In multi-family dwellings, the lock case can be augmented with the ASSA CODE 10 cylinder, which enables janitors to enter apartments using a unique service key, by agreement with the apartment owner. CODE 10 cylinders in multi-family dwellings eliminate the need for door-key tubes in apartment doors. In addition, the disadvantages of master keys are eliminated, thereby increasing the security of the lock system.

ASSA's 2000 sash locks for entrance doors in the residential sector.



ABLOY's new ABLOY PRIVATE exterior lock for residences. The new design, in which the bolt's function is connected to the handle, extends the life of the lock and key while simplifying operation even for children and the elderly.





*This knob-type cylindrical lock is made by Arrow Lock. Cylindrical locks are popular in the U.S. mainly because it is easy to prepare the door and relatively simple and fast to install the lock.*

*In 1996, Sargent launched a completely new mortise lock program called Sargent 8200. The lock case is uniquely designed and specially developed to handle the toughest demands on security and durability.*



**Cylindrical locks** based on the U.S. standard are manufactured and marketed by Sargent and Arrow. The North American market is dominated by cylindrical door locks. Until the early 1990s, these locks were equipped almost exclusively with knob-type handles. In the 1990s, legislation on behalf of the disabled has pushed development towards locks equipped with conventional handles. All newly built public buildings must now feature conventional handles. Locks with lock cases are used to meet higher security requirements. Sargent markets cylindrical locks to various commercial customers and extremely robust mortise lock programs for uses that demand higher security. In the newly patent-pending Sargent 8200, the strength and durability of the lock case have been reinforced to withstand frequent usage.

**Mortise deadlocks** are frequently used to increase security with a supplementary lock for exterior door locks. The Group's manufacture of lever locks is concentrated to FAS Låsfabrik in Eskilstuna, Sweden. In 1981, FAS launched a mortise deadlock with a knob. The mortise deadlock has not only been important in exterior intrusion protection. In 1993, Sweden passed new legislation governing the storage of weapons. FAS promptly introduced the FAS 389 lock and was thus the first in Sweden to offer an approved lock for gun cabinets. In 1994, FAS introduced the FAS 6880 which is designed for various types of safes and is the first lock to result from the cooperation program with the U.S. company Sargent & Greenleaf. In 1996 a new and substantially



*FAS Duo Proof represents the new generation of mortise deadlocks.*

improved generation of mortise deadlocks was launched: Duo and Duo Proof. Duo Proof's design, for example, incorporates a mortise deadlock and pins as blocking elements. The level of security is equivalent to that provided by cylinder locks with double blocking agents.

**Hinges** constitute an important component in security solutions for doors and windows. Accordingly, the ASSA ABLOY Group offers a well-planned product line to cover all requirements, ranging from conventional bolt hinges, back-flap hinges and butt hinges, to security-classified ball-bearing and journal-supported hinges for heavy security doors with high opening frequency. McKinney is a leading American supplier of hinges, offering a broad and comprehensive product range. In the early 1980s, Assa developed a number of security-enhancing functions, such as frame-security devices. Grorud is the leading supplier of hinges for light weight interior doors. The company also supplies inhouse developed programmes, of window fittings.



*McKinney's hinges are exceptional in terms of materials, design and joint construction.*



*ASSA manufactures a wide range of hinges that cover most security needs.*

**Panic bars** are primarily used in public buildings, such as hospitals, schools, cinemas and theaters, due to demands for easier passage in cases of emergency or evacuation, such as in the event of a fire. To exit through a door fitted with a panic bar, a person need only press the bar for the door to open. Sargent markets 13 different types of panic bars, all of which are UL approved. In the fall of 1996, Assa introduced the 1125 panic bar conforming to the new European standard EN 1125. This panic bar is based on Sargent technology and adapted to European functionality and design. The outlook is favorable for panic bars in northern European markets.



*Sargent's Electroguard exit device has a delayed egress system that provides a higher level of security with maintained fire-safety.*

*Assa's new 1125 panic bar provides safe evacuation from inside and approved protection from outside intrusion.*



**Fittings** represent an important product range which includes lever handles, knobs, draw bars and push pads. High quality and excellent design are the decisive characteristics of these products. Differences in materials, plating and design are important aspects. The products constitute a particularly significant part of ASSA ABLOY's range in connection with new sales, for which the quality of door fittings frequently affects the selection of the entire lock system. Handles are manufactured primarily by Abloy's PRIMO-unit. ASSA ABLOY intends to broaden and deepen its focus on this product area.



*IKON's protective plates, made of tempered steel and titanium, provide better stability in the inset of both the lock case and cylinders, enhancing security in entrance doors. The protective plates can be obtained in a variety of finishes, such as polished brass.*



*The PRIMO PARLAMENT series of door handles and draw bars is particularly suited to public buildings and other demanding commercial applications.*



*A/S Ruko has, based on the well-known "superellipse" by the Danish architect and artist Piet Hein, developed a new range of door hardware for international standards. The range, called Funxion, was introduced at the Cologne Fair in March 1997 and will be marketed globally by the various ASSA ABLOY companies.*

**Security doors** are manufactured and marketed by ASSA ABLOY through Curries (steel doors) and Graham (wooden doors) for the U.S. market only. Integrated packages that include the lock, fittings, and door have, because of distribution and logistics, resulted in a strengthened position for the Group in the U.S. market.

Curries manufactures steel doors and frames in a variety of standard models but can also supply special orders. By varying the composition of the surface material and the design of the door's core, the company adapts the doors to different uses, mainly for commercial and institutional customers with varying demands on security, durability and design. Curries doors are manufactured for interior and exterior use and can be supplied either in packages with fitted frames or in separate units.

Graham's wooden doors are made of the many varieties of wood sold in the U.S. market. The doors meet U.S. standards of quality, and certain models are even approved as fire doors.

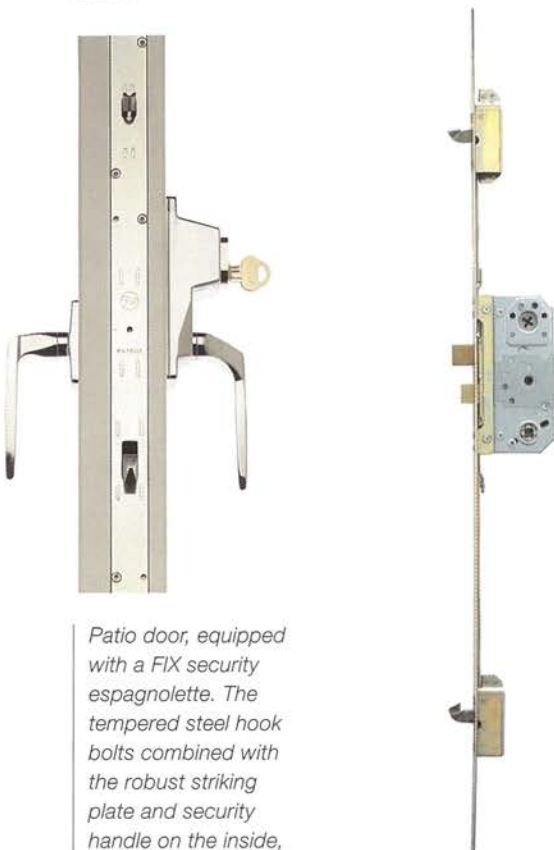
*One of the most technologically advanced prefinish systems in the industry enables Graham to provide wood doors with finishes that combine high durability with the appearance of fine furniture.*



*Curries product range includes standard and customized reinforced steel security doors and door frames.*

## Espagnolettes and window locks

The level of security in a building is determined also by the locking of windows, patio, terrace and balcony doors, which are the most common means of access in burglaries. The flush-mounted espagnolette offers a lockable closing function and better sealing. To increase security in window doors, FIX of Sweden has developed a safety espagnolette that has one or more hook bolts made of tempered steel which lock into a security striking plate in the frame. Earlier, FIX has also introduced a reinforced fitting which permits better attachment and anchoring of the security espagnolette in the door frame.



*Patio door, equipped with a FIX security espagnolette. The tempered steel hook bolts combined with the robust striking plate and security handle on the inside, offer considerably improved burglary protection.*

*This FIX 3-point lock with an ASSA 2000 lock case provides increased burglary protection and a more tightly fitting door.*



*TrioVing's window locks can be equipped with a key that fits the rest of the locks in the home. Window locks can also be included in a lock system.*

In recent years, window locks have significantly increased the level of security in commercial and public buildings as well as residences. FIX, FAS and TrioVing have developed product ranges with approved window locks. FAS products are based on deadlock technology, while FIX and TrioVing use lock cylinder technology, permitting window locks to be included in the overall lock system.

## Industrial locks and padlocks

**Industrial locks** are sold to users and manufacturers of safety deposit boxes, pay-phones, gambling machines, storage boxes and parking meters, frequently with a certain degree of customization. High security is an increasingly important requirement imposed by the various customers. Consequently, product development at Assa and Abloy in the industrial, cabinet and furniture lock ranges has resulted in products with patented key control and all-round high security. Abloy's ABLOY DISKLOCK PRO is an example of such products, ASSA Desmo another. Also IKON's sales of industrial locks are substantial. Industrial locks can also be integrated into a building's general lock system, providing the user with reliable security and a minimum number of keys.



*ASSA Desmo is a high-security cylinder used in a number of different applications.*

*ABLOY DISKLOCK PRO is designed for safes, coin machines, and display cases.*



*ABLOY industrial locks are used in telecommunications all over the world for example for locking radio base stations.*



**Padlocks** have advanced towards substantially higher security in accordance with Nordic regulations and demands specified by insurance companies. The regulations specify five different classes. From padlock class 1, used for tool boxes, electric cabinets, meter cabinets and so forth, to class 5, for locks used in particularly demanding application areas, such as explosives containers and gun and ammunition storage units.

Abloy, Assa, Ruko and TrioVing produce a padlock range that fulfills these security requirements.



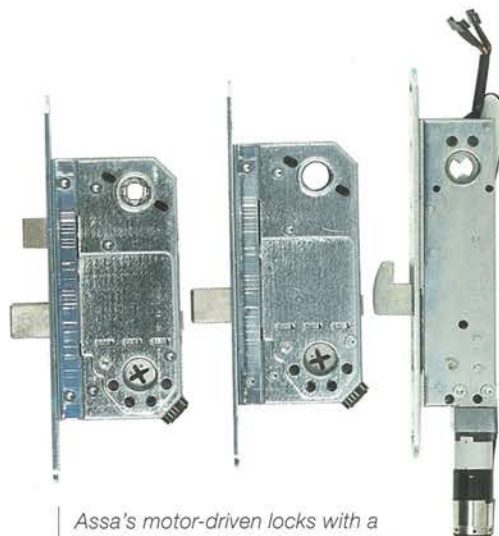
*Abloy's and Assa's padlocks are classified on several security levels and can be included in a system with locks for doors and windows.*

### Electromechanical lock products

Electromechanical technology is growing in importance and has influenced rapid technological development towards higher security. Electronics supplement the mechanical technology in a lock by adding functions and intelligence. In certain cases, access to these products is a precondition for winning a larger order for both mechanical and electromechanical locks. Various electromechanical lock products, for example, constitute a basic component in an access control system. Access control systems permit easy control of the flow of people, door monitoring and lock system's security.

ASSA ABLOY has a complete range of motor-driven sash locks, hook bolts, and multi-function locks as well as electric locks in several designs. The locks are adapted to both Nordic and European cylinder standards and are necessary for all types of access control systems to attain easy and flexible security. Motor-driven lock cases are manufactured and marketed mainly by Abloy, whose ABLOY-program is the global leader.

SOLID's product program includes electric striking plates, code locks and card-reading systems. Development in this product family has led to the current SOLICARD 6300, a sophisticated access control system that is one of the top selling PC-based access control systems in Scandinavia. SOLID develops all hardware and software for the system, which offers everything from simple single-door units to larger integrated systems with hundreds of doors and a number of workplaces.



*Assa's motor-driven locks with a hook and sash are suitable for different functions using direct, near or remote control.*



*Abloy's electromechanical double point lock for doors with slim profiles.*



*Solid's electric striking plates are approved for fire-safe doors, having a market leading position in Sweden.*

TrioVing Access is a newly developed user-friendly electromechanical card lock combined with a mechanical high-security cylinder. The system is aimed especially at offices and other public environments, such as universities, military facilities and hospitals, that require a high-security system with flexibility and good mechanical design. The lock can be used individually or deployed in a system in which it is controlled by Windows-based software with stand-alone or networked PCs.

Card locks include also a mechanical lock cylinder and can be integrated into existing lock systems. They combine physical security and electronic control in a compact unit that is easy to install and offers unique monitoring of the door and the security status of the lock case and cylinder.

### Door closers and automatic door operators

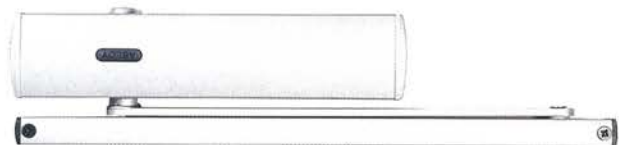
Abloy's program of door closers, automatic door operators and fire-door closers is important from the safety viewpoint. Both standard door closers and fire-door closers are manufactured according to the new European standard. Together with automatic door operators, the door closing program is an important complementary product in gaining secure closing functions in access control systems with electromechanical locks. The automatic door operator offers easy and secure control of door functions. The automatic system is also suitable for use together with electromechanical locking and is adapted to suit almost all impulses such as elbow contact, pull switches, radar and security photocells. Automatic door operators are also a valuable aid to the disabled, providing comfort, burglary protection and evacuation security. Sargent manufactures and markets a comprehensive program of door closers for the U.S. market. Cast-iron closers are manufactured in New Haven for use in the highest market segment, while a program of imported door closers covers lower segments.



*SOLID's SOLICARD 6355ML card reader features a new design with illuminated keyboard.*



*Sargent manufactures and markets several different types of door closers in cast iron and aluminum. Production of cast-iron door closers is on the rise due to increased penetration of the higher market segment.*



*Abloy's door closer employs a technical innovation using a gliding arm that ensures that the door locks. The product is best suited for fire doors in buildings where design is important.*



## VingCard

Security for hotel guests has come into sharper focus in recent years. Hotel requirements for the protection of guests and their property have changed dramatically the attitude towards locking hotel rooms. In 1976, VingCard developed the first hotel lock using a key card instead of a traditional key. Technology developed rapidly, from mechanical locks via electronic punch-card systems, launched in the early 1980s, to electronic card systems with a magnetic stripe (magstripe) of information, which appeared in 1992. In addition to high security and favorable economy, a magstripe card system can also be linked to other hotel functions.

For smaller facilities with only one check-in point and up to 400 rooms, there is the VingCard 2100. The VingCard 3000 is marketed for more complex facilities, permitting several check-in points and an almost unlimited number of rooms. In November 1996, VingCard Vision was launched, a new check-in unit based on Windows 95 and employing an ergonomic "touch screen." Among the features this unit provides are increased user-friendliness and shorter check-in times.



*VingCard's different card-lock systems are available in a variety of upgrades depending on the size of the hotel. Keycards have evolved from the metal key to the use of the guest's own credit card if needed. Use of the card to open the lock is always the same — "insert card, remove card, open door".*



*VingCard Vision, with its "touch screen" function, is the next generation of hotel security systems. Product features of tomorrow are available today, in terms of user friendliness, efficiency and ease of upgrading the system.*

## SWEDEN

Sales of the ASSA ABLOY Group via its Swedish companies totaled SEK 765 M in 1996. Exports to Group companies outside Sweden were SEK 88 M, with other exports totaling to SEK 93 M.



All ASSA ABLOY companies in Sweden are active in the market for security products and exterior intrusion protection. The Swedish market is characterized by its high security awareness, which has resulted in a significant share of total sales being related to high-security products.

### Assa AB

Assa AB manufactures and markets a broad range of security products, primarily for doors. The products are marketed mainly through a network of wholesalers and retailers. In 1996, the range was extended with a product program for evacuation which conforms to the new European standard.

### Assa Industri AB

Assa Industri AB focuses on industrial customers, primarily door and cabinet manufacturers. The range includes lock cases, hinges and cabinet locks. Sales are channeled through a network of industrial distributors and via other Group companies.

For the evacuation product range, which requires safe evacuation from inside buildings, a new lock case was developed to meet demands for intrusion protection from outside buildings.

### AB FAS Låsfabrik

AB FAS Låsfabrik is the market leader in mortise deadlocks. The range offers complete security solutions as well as a basic program of supplementary locks. Products are distributed through wholesalers and retailers. In 1996, the company launched FAS Duo Proof, a new generation of mortise deadlocks.

### FIX AB

FIX AB develops, manufactures and markets a wide range of fittings for windows, doors and entrances. Sales are conducted directly with major industrial customers and via wholesalers and industrial retailers. In 1996, FIX developed new window products for enhanced child safety.

### SOLID AB

SOLID AB is a leading supplier of access control systems and electric striking plates. In 1996, SOLID developed a new access control system for the export market.

### ABLOY AB

ABLOY AB markets and sells products from Abloy Oy in Finland. The range comprises padlocks, electromechanical lock cases, door closers and industrial cylinders. During the year, ABLOY AB and SOLID AB were merged and now act jointly in the market under the name SOLID AB.

### Accelerated market activity in second half

Activity in the construction market remained on a low level in 1996. In sectors such as institutional retrofit, for example schools and hospitals, the market slowed further. During the latter part of 1996, though, activity accelerated in the renovation of housing at the same time as security products are given increasingly higher priority. All together, these factors have resulted in favorable development, especially during the second half of the year.



### Shares of sales

Lock fittings, etc., 20%  
Industrial locks, 6%  
Electromechanical locks and electronic locks, 16%  
Mechanical locks, lock systems and accessories, 58%



### Companies

#### Assa AB

Mechanical and electromechanical lock products.  
President: Hans Johansson

#### Assa Industri AB

Focus on lock cases, hinges and cabinet locks for industrial customers.  
President: Hans Johansson

#### AB FAS Låsfabrik

Market leader in mortise deadlocks.  
President: Jerry Pull

#### FIX AB

Espagnolettes and window fittings.  
President: Stellan Svensson

#### SOLID AB

Access control systems and electric striking plates.  
President: Håkan Wolgast

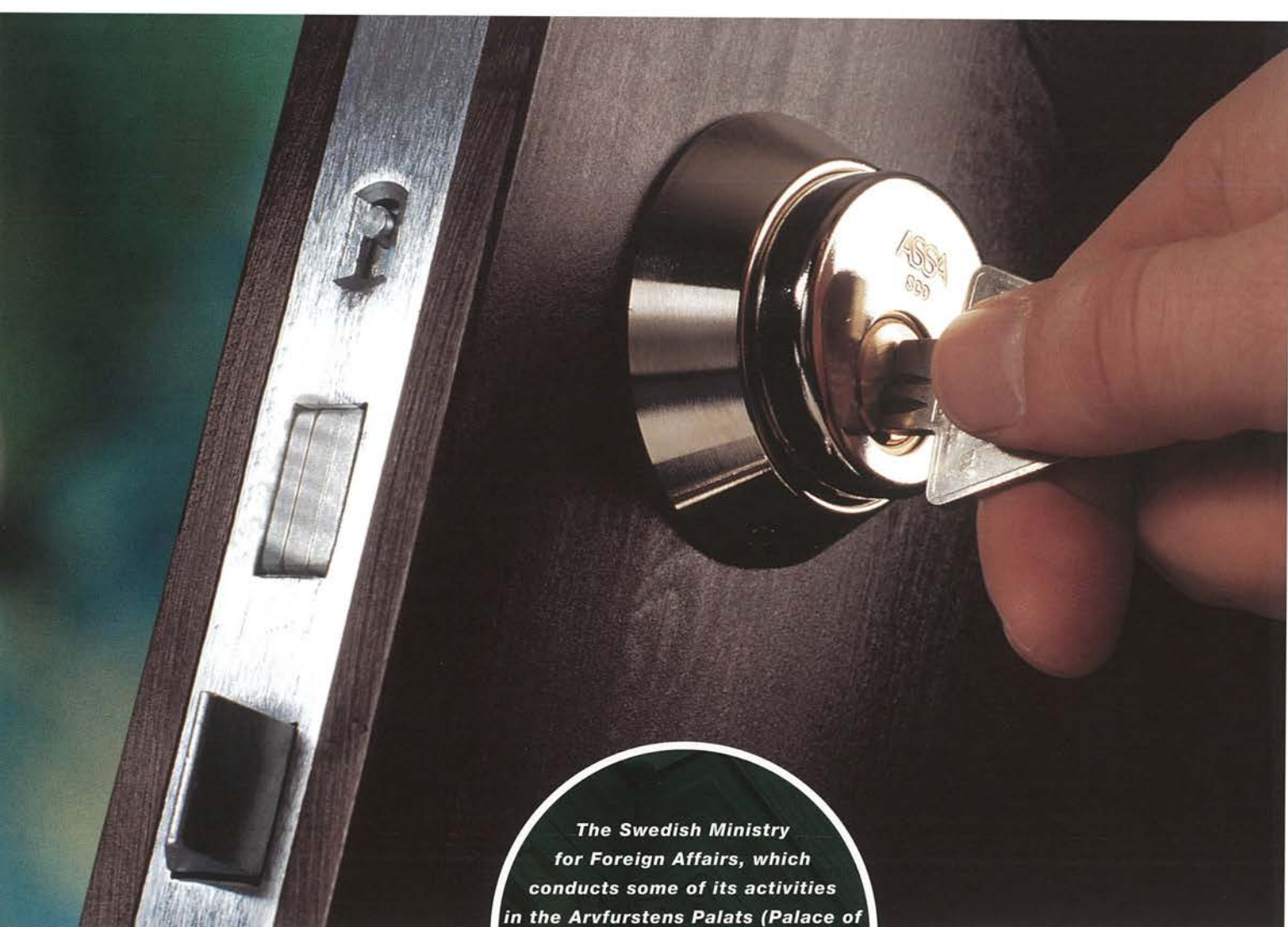
#### Abloy AB

Markets and sells products from Abloy's product program.  
President: Håkan Wolgast

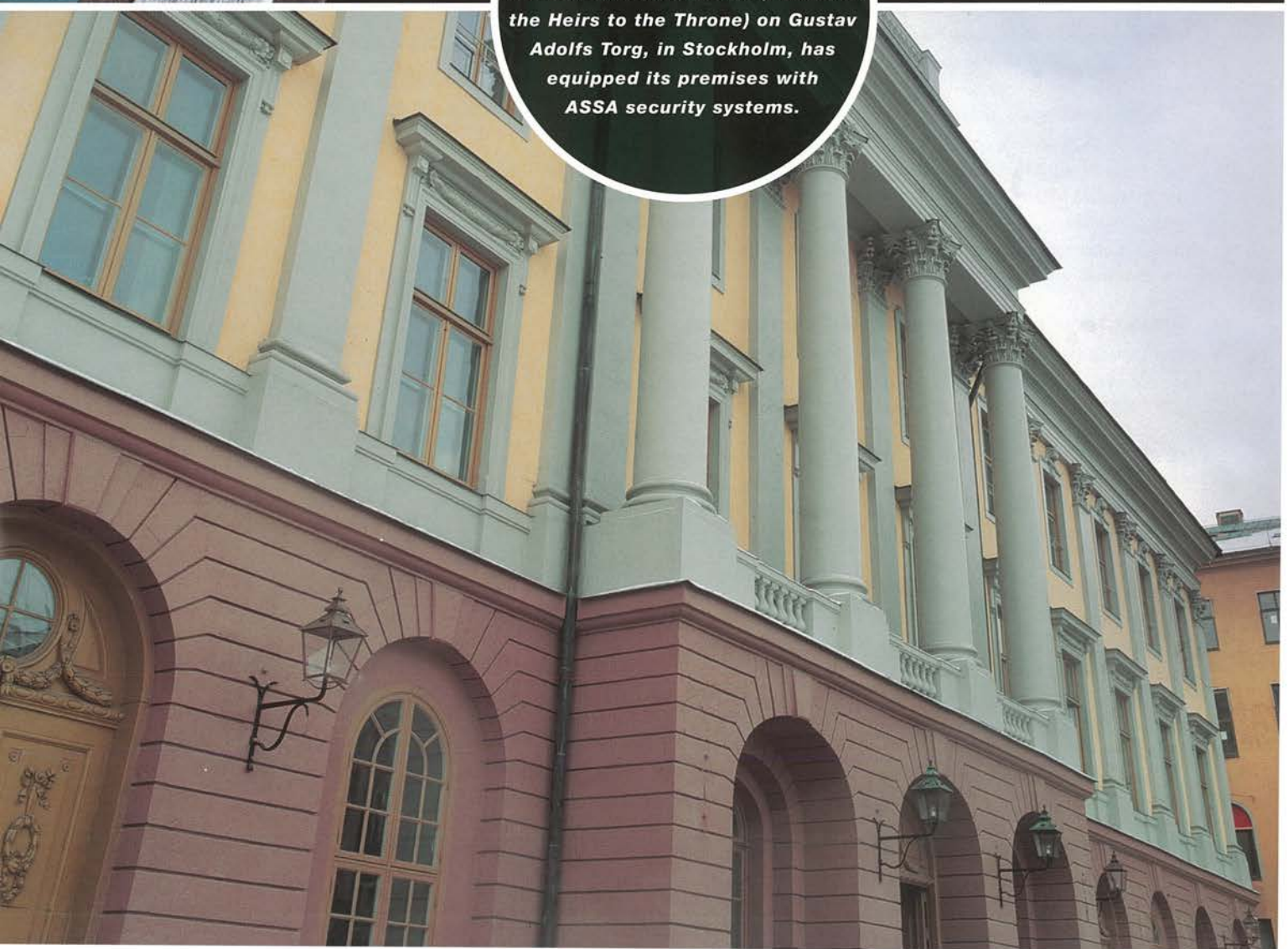
### Trends in Sweden

SEK M	1996	1995	1994	1993	1992
Sales	765	760	709	657	635
Number of employees	804	783	856	826	919





*The Swedish Ministry  
for Foreign Affairs, which  
conducts some of its activities  
in the Arvfurstens Palats (Palace of  
the Heirs to the Throne) on Gustav  
Adolfs Torg, in Stockholm, has  
equipped its premises with  
ASSA security systems.*





## FINLAND

Sales of the ASSA ABLOY Group in the Finnish market, via Abloy Oy, totaled SEK 644 M in 1996. Exports to Group companies in other countries were SEK 118 M, with other exports totaling SEK 93 M.



Abloy Oy manufactures and sells locks, lock systems and fittings in the Finnish market. Locks and lock products are sold under the ABLOY and AVA brand names. Fittings are marketed under the PRIMO brand names. The primary distribution channel for locks and lock systems are the A-Quality locksmiths, all authorized by Abloy. Fittings are also sold through wholesalers. OEM customers, manufacturers who install Abloy's products in their own products, constitute another vital sales channel for industrial locks and fittings.

### Products

Abloy Oy's product range includes lock cylinders, mechanical and electromechanical locks, padlocks, door closers and fittings. Fittings represent an important line including lever handles, knobs and draw bars. The principal manufacturer of fittings is Abloy's PRIMO unit.

### Retrofit exceeds new construction

The market for new construction remained at a low level although a slight pick-up in activity was noticeable during the latter part of 1996. The retrofit market surpassed new construction for the first time in terms of sales. Despite the limited new construction sales of lock cylinders increased by 12 percent. The rise was possible due to growing sales to the after-sales market and the retrofit sector as well as a market trend towards an expanding proportion of high-security products in overall demand. For reasons of logistics, the major telecommunication companies have begun concentrating their purchases to a limited number of suppliers, which has resulted in more deliveries from Abloy. Stronger demand was also evident for electromechanical products and automatic door operators. Growth in this market is stable and expected to continue.

### Greater security awareness drives Finnish market

Throughout the 1990s, Finland has witnessed a trend towards higher security. Of the new lock systems sold in 1996, 80 percent were fitted with ABLOY EXEC high-security cylinders.

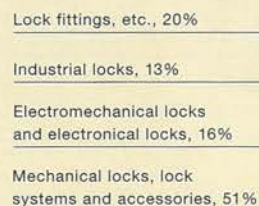
### 1996 sees a new lock case in Finland and many international orders

During the year, a new lock case for residences, ABLOY PRIVAT, was introduced. Abloy is one of the world's leading lock suppliers in telecommunications, where demand rose for industrial cylinders, for example for locking radio base stations.

The transport sector showed signs of becoming a new, promising market for industrial locks. The U.S. courier Federal Express chose to use ABLOY DISKLOCK PRO on their new delivery vans. Other interesting orders came from the German company Eduscho, which ordered 120,000 AVA padlocks, and the telecommunication companies Landis & Gyr Communications and Nokia Oy.



### Shares of sales



### Companies

#### Abloy Oy

Lock cylinders, mechanical and electromechanical locks, door closers and fittings.

President: Matti Virtaala

#### Abloy Security Ltd Pty, Australia

Markets and sells products from Abloy Oy.

President Joe Lahoud

### Trends in Finland

SEK M	1996	1995	1994	1993	1992
Sales	644	634	655	542	536
Number of employees	849	844	998	957	999





*The U.S. courier  
Federal Express chose  
ABLOY DISKLOCK PRO lock  
cylinders for their new  
delivery vans.*



## NORWAY

Sales of the ASSA ABLOY Group via its Norwegian companies totaled SEK 353 M in 1996. Exports to Group companies in other countries were SEK 6 M.



TrioVing a.s is responsible for all of ASSA ABLOY's business in Norway. However, VingCard, which also conducts its operations from Norway, is organized separately.

### Products

TrioVing is the leading brand name in the Norwegian market and is represented by a number of cylinders and fittings which are developed and produced in Moss. As part of ASSA ABLOY, TrioVing can offer the market comprehensive security solutions, alongside its own products, to cover every need in the industrial sector, housing and office buildings. Distribution is the responsibility of TrioVing Sikkerhet- och Servicesentre, through locksmiths, locks and fittings retailers and through sales to the project sector.

### Stable market despite limited construction activity

The Norwegian market was relatively stable despite construction remaining at a low level. An increase in the retrofit market has been noted.

### Security in focus

In 1996, TrioVing focused on raising its customers' security awareness through activities such as comprehensive training programs in security.

Product development focuses mainly on core products, such as cylinder locks and mechanical locking systems, which represent 70 percent of sales. Investments are also made in advanced PC-based systems for key control and project planning for new installations.

### Changes in organization and company acquisitions in 1996

During the year, responsibility for the development, production and export of the TrioVing Access electronic card-key lock system was transferred to VingCard a.s. The production of lock cases moved to Assa AB. In addition, two major acquisitions were completed during the summer.

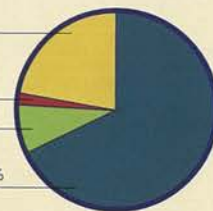
ASSA ABLOY purchased Newman Tonks Norway a.s (NT Møller Undall) and Grorud Förvaltning a.s Møller Undall, with sales of NOK 192 M, is a distributor of door fittings. Grorud, with sales of NOK 125 M, manufactures fittings for doors and windows.

Together with TrioVing a.s, the operations of the two acquired companies will be integrated in the company ASSA ABLOY Norge a.s effective January 1, 1997. Grorud Industrier a.s will handle sales to OEM customers. TrioVing's and Møller Undall's current operations will be reorganized into TrioVing a.s and Låsgruppen a.s.



### Shares of sales

Lock fittings, etc., 22%  
Industrial locks, 2%  
Electromechanical locks and electronic locks, 8%  
Mechanical locks, lock systems and accessories, 68%



### Companies

#### TrioVing a.s

Total supplier of locks and security products to the Norwegian market.

President: Tor-Arne Jensen

#### Grorud Industrier a.s

Manufactures fittings for doors and windows.

President Tore Glenne

#### Låsgruppen a.s

Sells and markets fittings for doors.

President Bjørn Haugsvaer

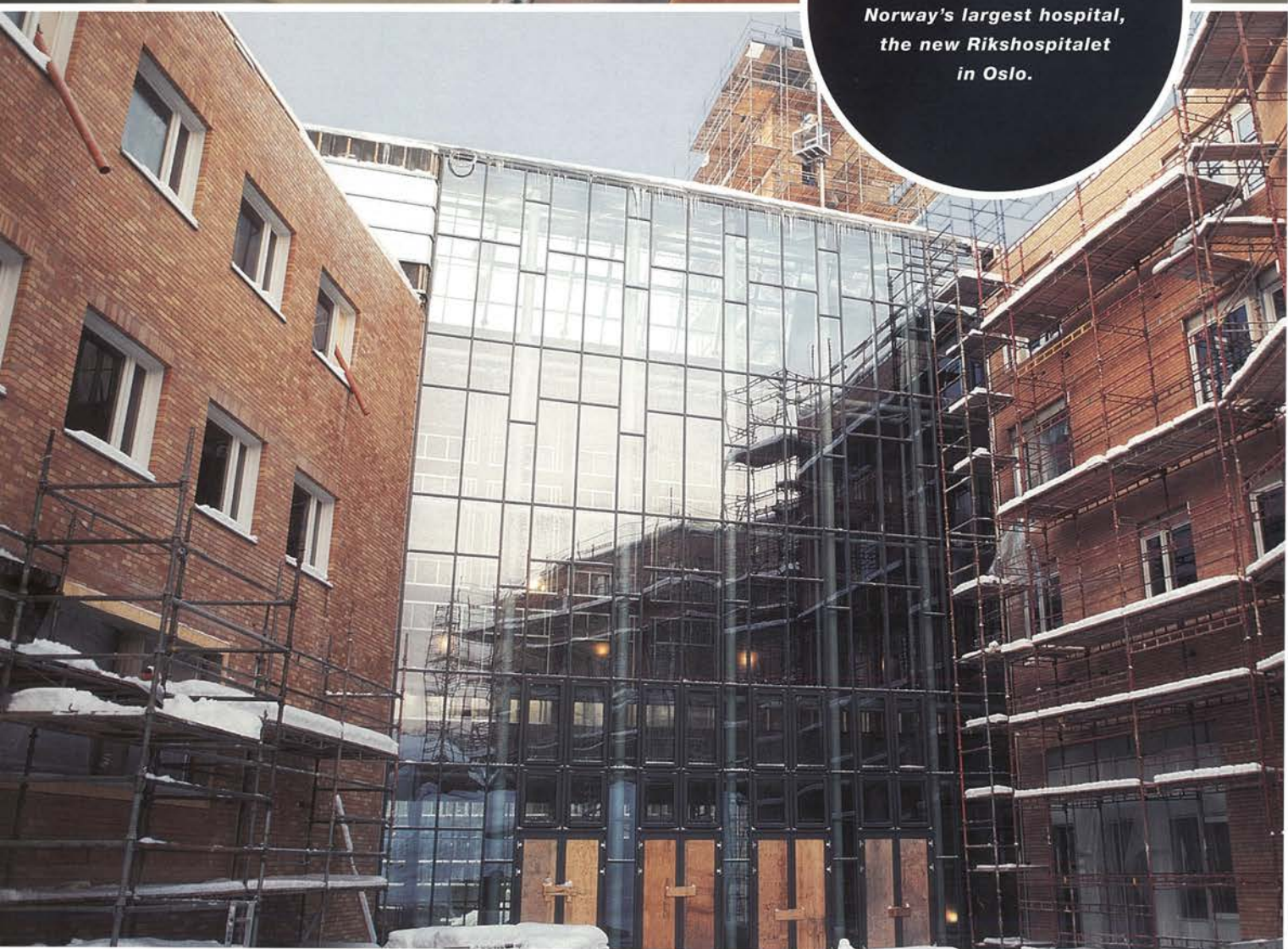
### Trends in Norway

SEK M	1996	1995	1994	1993	1992
Sales	353	241	234	204	195
Number of employees	413	272	271	309	310





*During the year,  
TrioVing supplied lock  
systems and fittings for  
Norway's largest hospital,  
the new Rikshospitalet  
in Oslo.*





## DENMARK

Sales of the ASSA ABLOY Group via its Danish companies totaled SEK 281 M in 1996. Exports to Group companies in other countries were SEK 30 M, with other exports totaling SEK 5 M.



ASSA ABLOY's operations in Denmark are based on A/S Ruko's sales of its own product range and sales of Group products.

Ruko Service A/S, a subsidiary, is responsible for orders with short delivery times, add-on orders and supply to the after-sales market. FIX A/S, another subsidiary, is responsible for the sale of FIX products in Denmark and Iceland.

### Products

The product range mainly consists of locks and lock cylinders with a continuously increasing focus on security. Growing interest is aimed at electromechanical products and systems with integrated access control. During the year, Ruko increased its efforts towards selling products from other Group companies in the Danish market. For example, Ruko has produced a concept incorporating door closers from Abloy that is new with respect to functionality and the demands on design.

A/S Ruko will introduce a new range of door hardware called Funxion in 1997. The design is based on the famous "Superellipse" created by the Danish architect and artist Piet Hein.

### Stable domestic market and stronger exports

In 1996, the Danish market was stable compared to 1995, so Ruko expects to maintain its high market share.

Of Ruko's total sales, exports accounted for 20 percent, half of which were to the subsidiary ASSA-Ruko in Germany. Stronger sales were achieved in the German and British markets.

### Cooperation with government authorities for higher security

Ruko cooperates with the National Council for Crime Prevention and insurance companies with the aim of promoting interest in higher security. One consequence of this was increased sales to the "do-it-yourself" market, as many people are choosing to reinforce their exterior doors with an extra, or better, lock.

### Special locks for litter bins and for a new museum

One interesting project in 1996 was Ruko's deliveries of locks to the specially designed litter bins to be located in Nyhavn, an area in central Copenhagen protected by the authorities for its historical value.

Another major project was equipping the Arken Museum of Modern Art with a high-security system based on the Combi-cylinder.



### Shares of sales

Lock fittings, etc., 19%  
Industrial locks, 8%  
Electromechanical locks and electronical locks, 5%  
Mechanical locks, lock systems and accessories, 68%



### Company

#### A/S Ruko

Total supplier of locks and security products to the Danish market.

President: Otto Hansen

#### Ruko Service A/S

Sells lock and security products to the Danish market.

President: Otto Hansen

#### FIX A/S

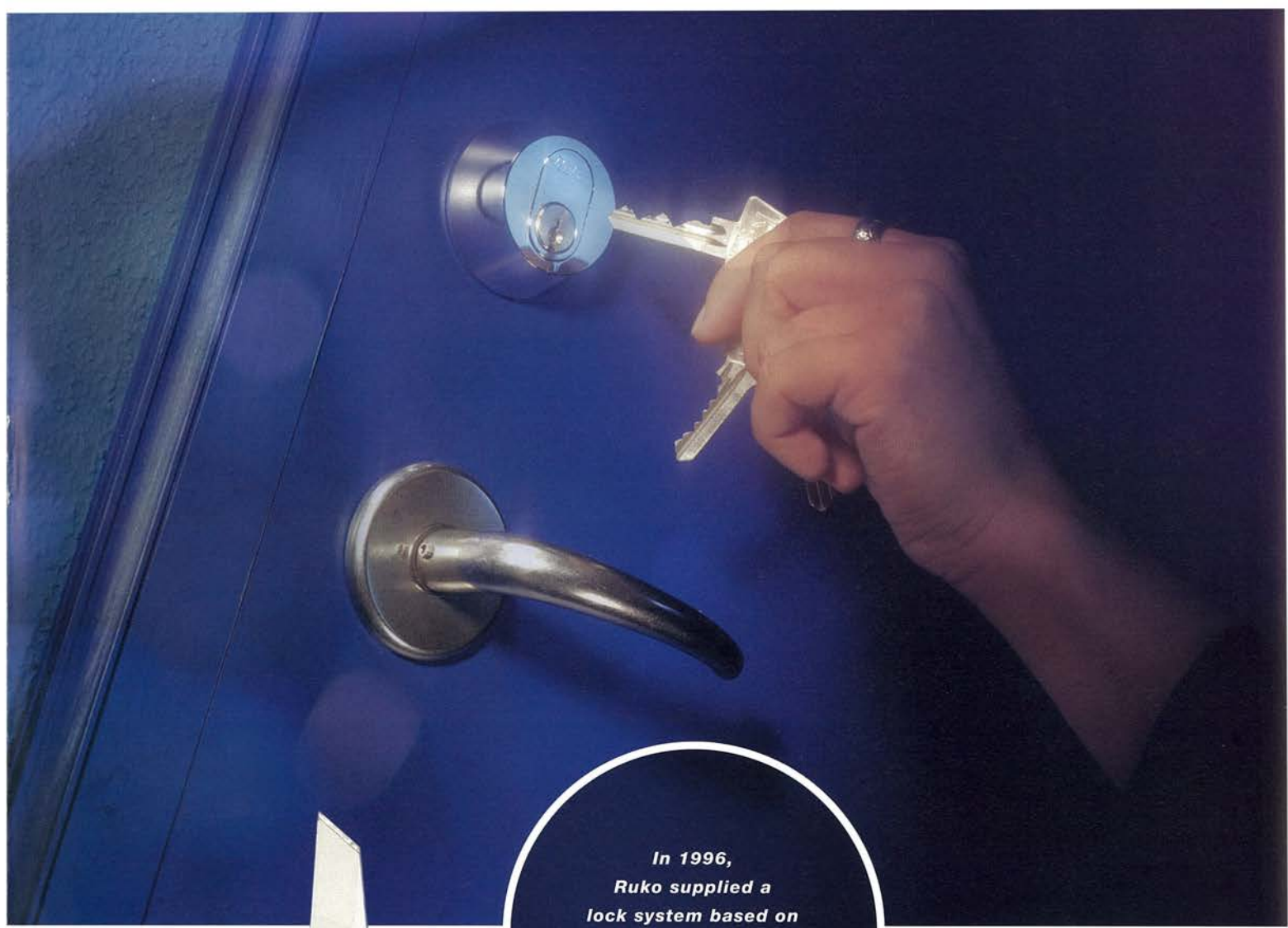
Sells FIX-products.

President: Keld Madsen

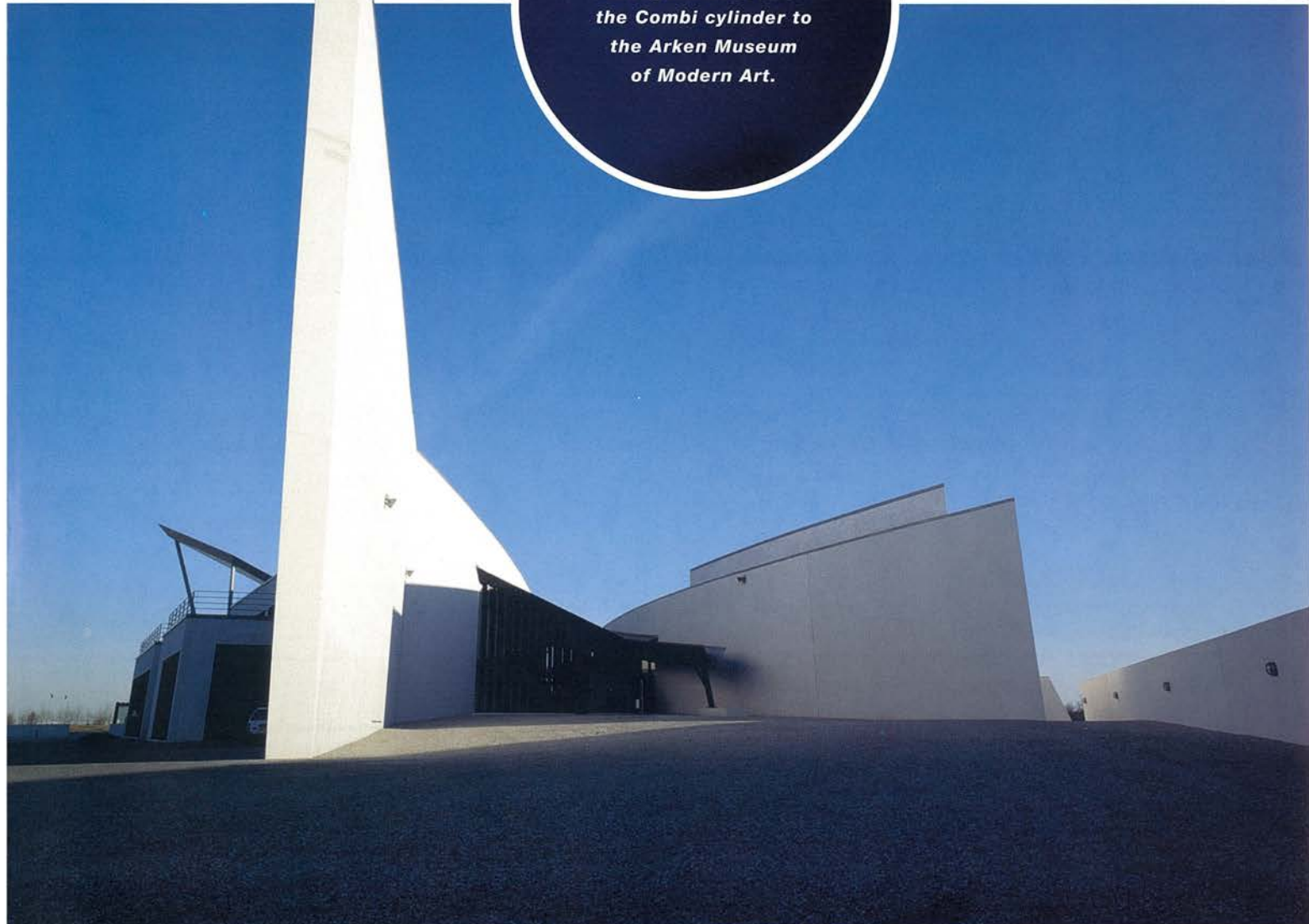
### Trends in Denmark

SEK M	1996	1995	1994	1993	1992
Sales	281	306	252	222	205
Number of employees	297	282	283	277	286





*In 1996,  
Ruko supplied a  
lock system based on  
the Combi cylinder to  
the Arken Museum  
of Modern Art.*





## GERMANY

Sales of the ASSA ABLOY Group via its German companies totaled SEK 544 M in 1996. Exports to Group companies in other countries were SEK 31 M.



The IKON group comprises two units in Germany: IKON AG and BAB-IKON GmbH. The company is also represented in Switzerland by IKON Cully S.A and in Belgium by Dupéray S.A. In addition, ASSA-Ruko GmbH markets Assa's and Ruko's product range in the German market.

The majority of IKON's sales are aimed at the security and construction sector. Distribution is conducted through traditional channels, wholesalers, security experts and locksmiths. Industrial locks are sold directly to OEM customers.

IKON's business concept is based on cylinders and lock systems focusing on security. BAB manufactures primarily smaller systems and standardized series products.

### Products

Security cylinders account for 70 percent of IKON's sales. The foundation of the product range is complete lock systems. Other important product areas are electromechanical products, industrial cylinders, security locks and products for access control systems.

### Construction industry continues to decline

On the whole, the German market was weak in 1996. New construction declined by 3 percent, and the entire construction industry is forecast to decrease two percent in 1997. This has resulted in somewhat sharper competition and some pressure on the prices of new master key systems.

However, IKON's earnings suffered limited impact due to extensive sales to the after-sales market. In addition, as IKON has become more efficient, the company has won back a portion of its customers who had turned to other suppliers. Thus IKON has kept sales stable and increased market share to just under 20 percent for cylinder systems. The forecast for 1997 indicates continued good development.

Despite small volumes in early 1996, BAB-IKON also enjoyed a positive development which is anticipated to continue during 1997. The company has effected extensive restructuring, resulting in lower costs and higher productivity. A positive trend was also evident in Dupéray and IKON Cully.

### High security level characterizes German market

Greater security awareness is driving development in Germany. Demand for combinations of electronic and mechanical security products and for enhanced mechanical solutions is growing.

### Profit, acquisition and major orders in 1996

Higher sales of master key systems are primarily the result of increasingly better customer service and shorter delivery times. After making losses a number of years, IKON reported a small profit in 1996. The company also acquired Amersfoortse Bowbeslagindustrie Ambouw B.V, which sells locks and door hardware in the Dutch market, towards year-end.

Notable orders include major deliveries to Galeries Lafayette in Berlin, Hamburg's airport and the European Parliament.



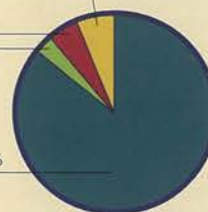
### Shares of sales

Lock fittings, etc., 6%

Industrial locks, 5%

Electromechanical locks and electronic locks, 3%

Mechanical locks, lock systems and accessories, 86%



### Companies

#### IKON AG Präzisionstechnik

Manufactures and sells mainly high-security cylinders and advanced lock systems.

President: Eero Leskinen

#### BAB IKON GmbH Schliesstechnik

Manufactures and sells mainly smaller systems and standardized series products.

President: Eero Leskinen

#### Dupéray S.A

Markets and sells a complete programme of lock products mainly from IKON in the Belgian market.

President: Frans Quix

#### ASSA-Ruko Sicherheitssysteme GmbH

Markets and sells Assa's and Ruko's programme of lock products in the German market.

President: Otto Hansen

#### IKON Cully S.A

Markets and sells IKON's and BAB-IKON's products in the Swiss market.

President: Ugo Zanolari

#### Ambouw B.V

Markets and sells locks and door hardware in the Dutch market.

President: Bernd Zierleyn

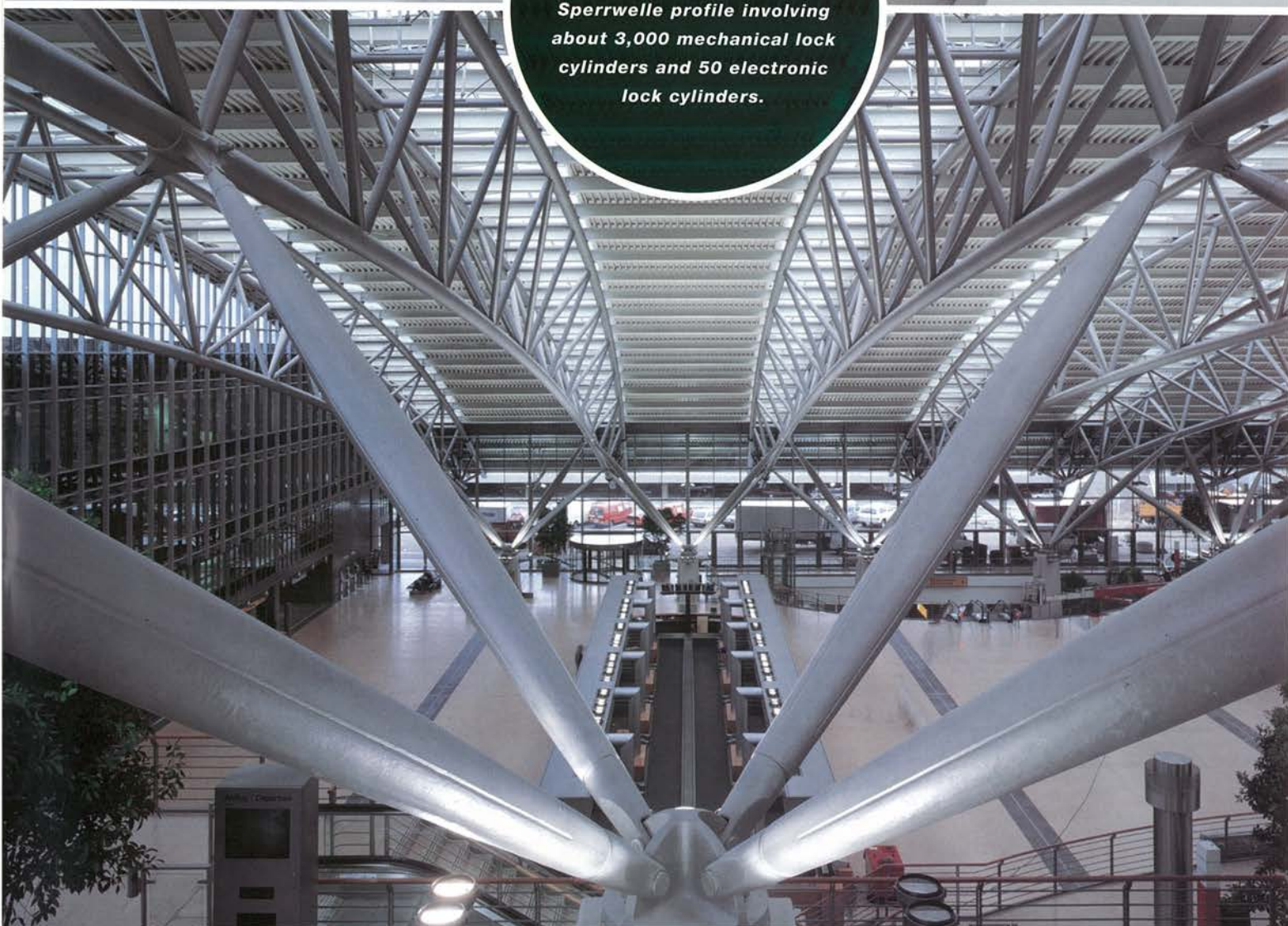
### Trends in Germany

MSEK	1996	1995	1994	1993	1992
Sales	544	619	606	594	631
Number of employees	739	836	979	1,051	1,144





*The Hamburg Airport  
is protected by  
IKON's TK5 system with  
Sperrwelle profile involving  
about 3,000 mechanical lock  
cylinders and 50 electronic  
lock cylinders.*





## GREAT BRITAIN

Sales of the ASSA ABLOY Group via its British companies totaled SEK 169 M in 1996. Exports to Group companies in other countries were SEK 5 M, with other exports totaling SEK 4 M.



Operations in Great Britain are conducted through three companies: ASSA Ltd, Abloy Security Ltd and Grorud Industries Ltd. Each of these holds a strong position in the market for its particular product segment. Sales are channeled primarily through security suppliers, suppliers of architectural iron mongery and OEM customers.

### Products

Due to a comprehensive product range, the companies offer the market complete security systems. The most important products are mechanical and electromechanical locks, access control systems, padlocks, industrial locks and window locks.

### Competition stiffens

The market was weak, as exemplified by cutbacks in the public sector and generally less business activity than in the preceding year. Four major architectural hardware suppliers declared bankruptcy.

Despite difficult local circumstances, the Group has made progress in Great Britain and achieved a more prominent role. The Government's Latham Report contributed to the advance by encouraging building contractors to focus more on a project's overall "life cycle cost." This benefits suppliers of reliable, high-quality products, such as ASSA ABLOY.

### Tragic events increase demand for security

The public's concern about acts of violence has become a major issue in Great Britain. In particular, tragic events have made parents question how safe their children are at school and elsewhere. Thus, the need for higher security has come into focus. General economic conditions have also produced a change in the market. Many suppliers with a traditional range have suffered poor profitability, which is not the case for suppliers of specialized high-security products such as ASSA ABLOY's.

### New organization, more products and interesting projects

The Group structure in the British market changed through the formation of a new holding company, ASSA ABLOY Ltd. However, the three companies ASSA Ltd, Abloy Security Ltd and Grorud Industries Ltd are retaining their identities and separate distribution channels.

Several new products were introduced during the year, including the ASSA Desmo industrial lock and FIX window fittings and multipoint lock. Also new to the market is a range of ASSA door fittings and automatic door operators from Abloy. In addition, intensified marketing of SOLID access control systems and ABLOY DISKLOCK PRO won market share in their segments.

In 1996, a number of major projects were carried out for customers such as the Ministry of Defence, London Electricity and the BBC Television Centre. Also, the University of Surrey received a complete security system.



### Shares of sales

Window fittings, 13%

Lock fittings, etc., 20%

Industrial locks, 18%

Electromechanical locks and electronic locks, 19%

Mechanical locks, lock systems and accessories, 30%



### Companies

#### ASSA Ltd

Markets and sells a complete program of lock products from Assa, Ruko and SOLID.

President: Duncan Horton

#### Abloy Security Ltd

Markets and sells electromechanical locks, padlocks and industrial locks from Abloy Oy.

President: Robin Rice

#### Grorud Industries Ltd

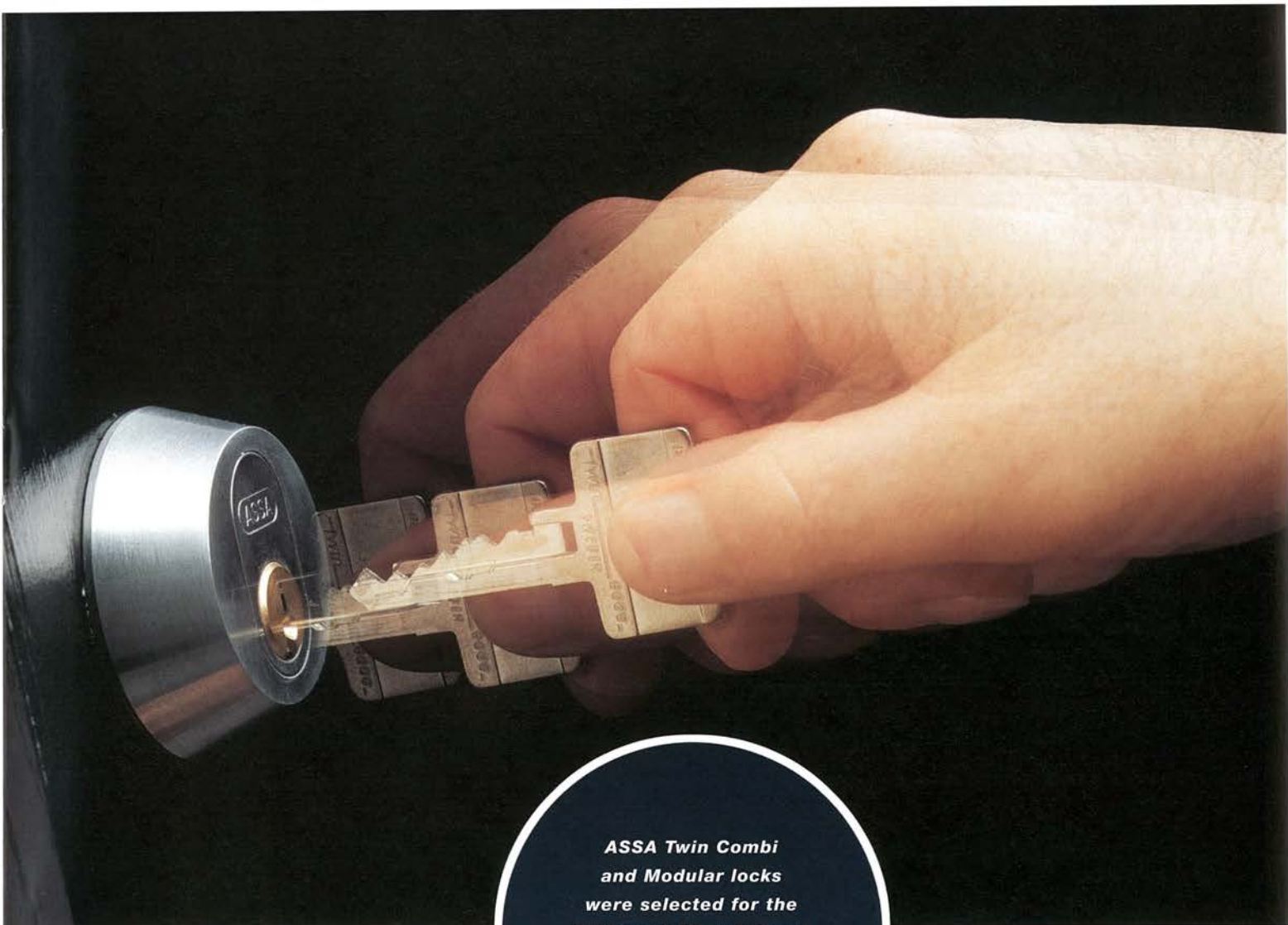
Manufactures and sells door and window fittings.

VD Björn Mønster

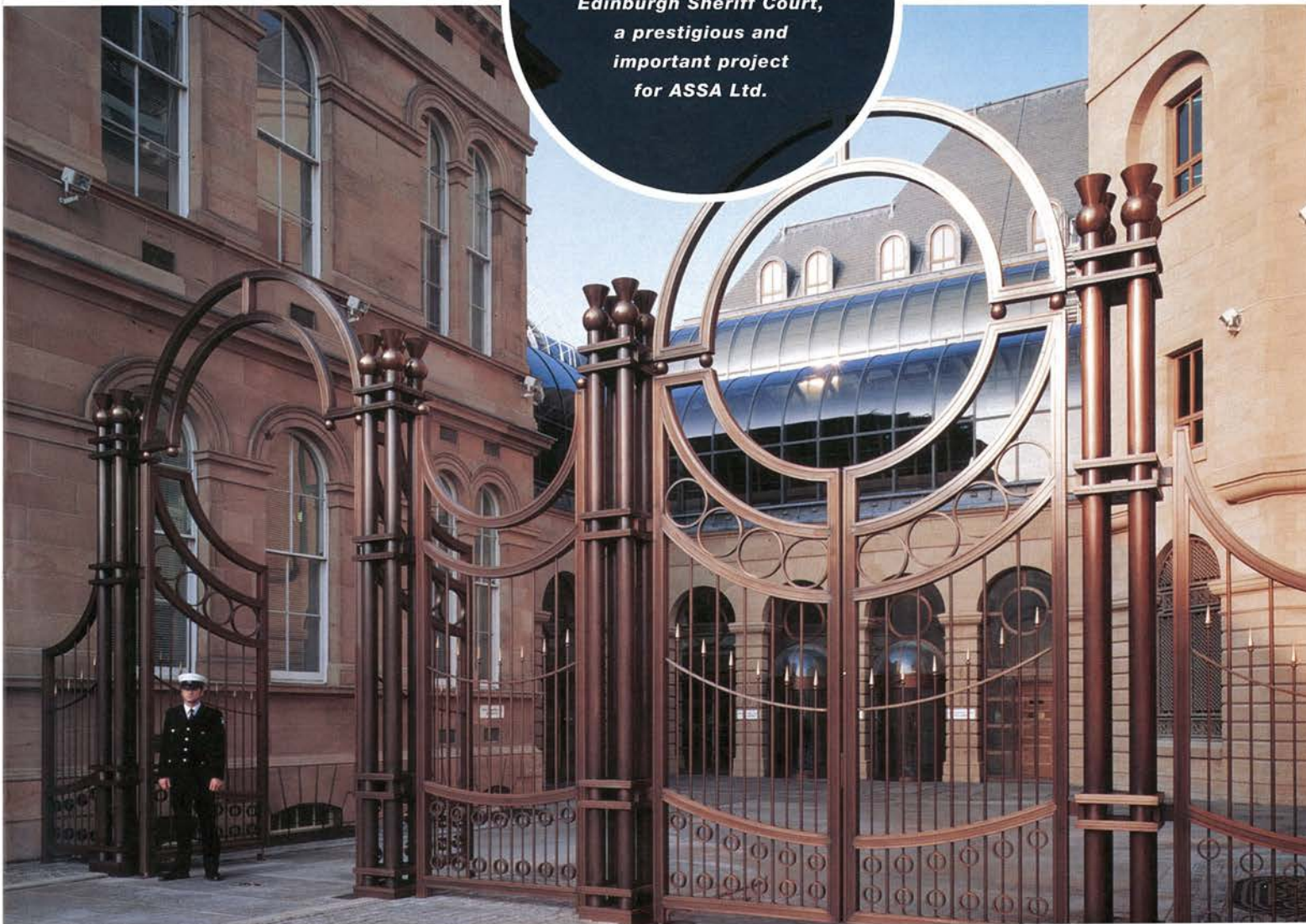
### Trends in Great Britain

SEK M	1996	1995	1994	1993	1992
Sales	169	151	146	127	102
Number of employees	131	108	104	93	85





*ASSA Twin Combi  
and Modular locks  
were selected for the  
Edinburgh Sheriff Court,  
a prestigious and  
important project  
for ASSA Ltd.*





## UNITED STATES

Sales of the ASSA ABLOY Group via its U.S. companies totaled SEK 1,876 M in 1996. Exports were SEK 142 M.



Business in the U.S. market has increased considerably this year through the acquisition of the ESSEX group, which was completed in January 1996. The acquisition makes ASSA ABLOY the second largest locks and door hardware group in the U.S. The range now also includes security doors made of steel, steel frames and wooden doors for the commercial and institutional market. The Group is represented by seven strong brand names: Arrow, ASSA, ABLOY, Sargent, Curries, Graham and McKinney.

### Products

Assa and Abloy concentrate primarily on high-security cylinders, removable core cylinders, locks for pay-phones and other industrial locks. Arrow and Sargent focus on cylinders as well as lock cases, cylinder locks, panic bars and automatic door operators. Curries manufactures a full range of steel doors and steel frames for interior and exterior use. These are available in various sizes and designed to satisfy the demands made by the commercial and institutional construction market on security, durability and appearance. Graham's product range comprises doors of various types of wood with different finishes. McKinney's hinges are produced in a wide range of models meeting different requirements for security, durability, high frequency of use and capacity in various interior and exterior door applications.

### Abloy Security

Since 1995, Abloy Security has concentrated a growing proportion of its operations on industrial locks. The result is the rise of new customer segments containing large corporations. Important orders were received from Federal Express, Nokia, Ericsson and casinos such as Mohegan Sun in Connecticut.

### Arrow Lock

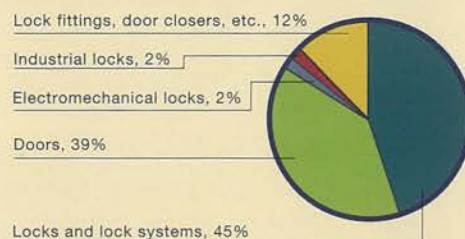
Arrow's strongest market is in the northeastern U.S., where the trend was positive in 1996. Most growth originated in the building sector. The company's share of this sector is now expanding in parallel with its already solid market position in after-sales. In addition, a new patented removable core cylinder, Flexcore, was successfully launched in 1996.

### ASSA Inc

During the past year, a new high-security cylinder, ASSA Twin V-10, was introduced in the market as a stand-alone product and as part of the ESSEX product line. This is an important breakthrough for using the new sales channels that the combined ASSA ABLOY and ESSEX Group offers. It has also entailed a greater presence in the new construction market.



### Shares of sales



### Companies

#### ASSA ABLOY Inc

Parent company for ASSA ABLOY operations in the U.S.

President: Clas Thelin

#### Arrow Lock Manufacturing Co Inc

Mechanical locks and cylinders with focus on the after-sales market in the north eastern U.S.

President: Henrik Hall

#### ASSA Inc

A leading supplier of high-security cylinders.

President: Henrik Hall

#### Abloy Security Inc

Active within the market for industrial locks.

President: Charles E. Armstrong

#### Sargent Manufacturing Co

Manufacturer of cylindrical locks, deadlocks, panic bars and door closers.

President: Robert Haversat

#### McKinney Products Co

Manufacturer of a comprehensive range of hinges.

President: Ari Hakkarainen

#### Curries Co

Manufacturer of steel security doors and frames.

President: Jerry Currie

#### Graham Manufacturing Corp

Manufacturer of wooden doors.

President: Jerry Currie

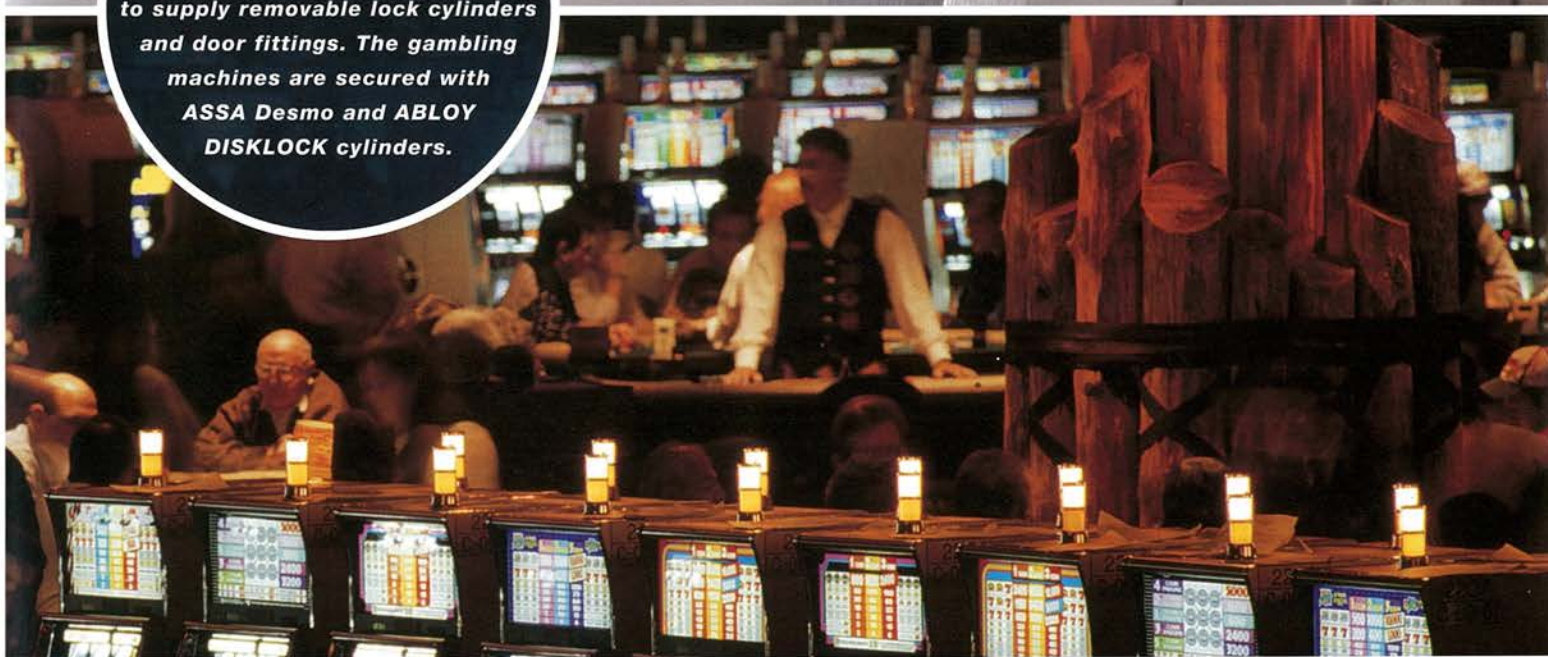
### Trends in the U.S.

SEK M	1996	1995	1994	1993	1992
Sales	1,876	284	289	280	268
Number of employees	2,450	311	319	326	362





*The Mohegan Sun, one of the world's largest casinos, opened in Connecticut in 1996. Arrow Lock was selected to supply removable lock cylinders and door fittings. The gambling machines are secured with ASSA Desmo and ABLOY DISKLOCK cylinders.*



### **Sargent**

Reorganization of operations continued. An important stage in the process towards a simpler and more efficient organization is the introduction of profit centers. The "Turbo delivery programme," which promises delivery within a week, continued to lead the market. 40 percent of all deliveries go through this program. A number of product enhancements and new products were also conducted, including the successful launch of a new lock case program, Sargent 8200.

### **McKinney**

Divestment of the unit for bathroom accessories and restructuring of the company characterized 1996. The divestment was effected at mid-year, creating the conditions for a focused development of the hinge business. The efforts have increased efficiency and cut lead-times. In addition, a number of new rationalization projects with promising potential were inaugurated.

### **Curries**

In 1996, Curries reinforced its role as one of the leading manufacturers of hollow security doors and frames of steel, thereby expanding market shares and profitability. Due to flexibility in the product program, short lead-times and reliable deliveries, the company maintained its top position in the market. One of the biggest events of the year was the commissioning of a new semi-automated production line for doors.

### **Graham**

Wooden door production at Graham, previously a loss-maker, was rationalized during the latter half of the year and is now reporting profits. Quality and efficiency have improved considerably. Low volumes, partly owing to past problems with quality and delivery precision, had a negative impact on profits. However, the second half of the year saw steady growth that is expected to continue.

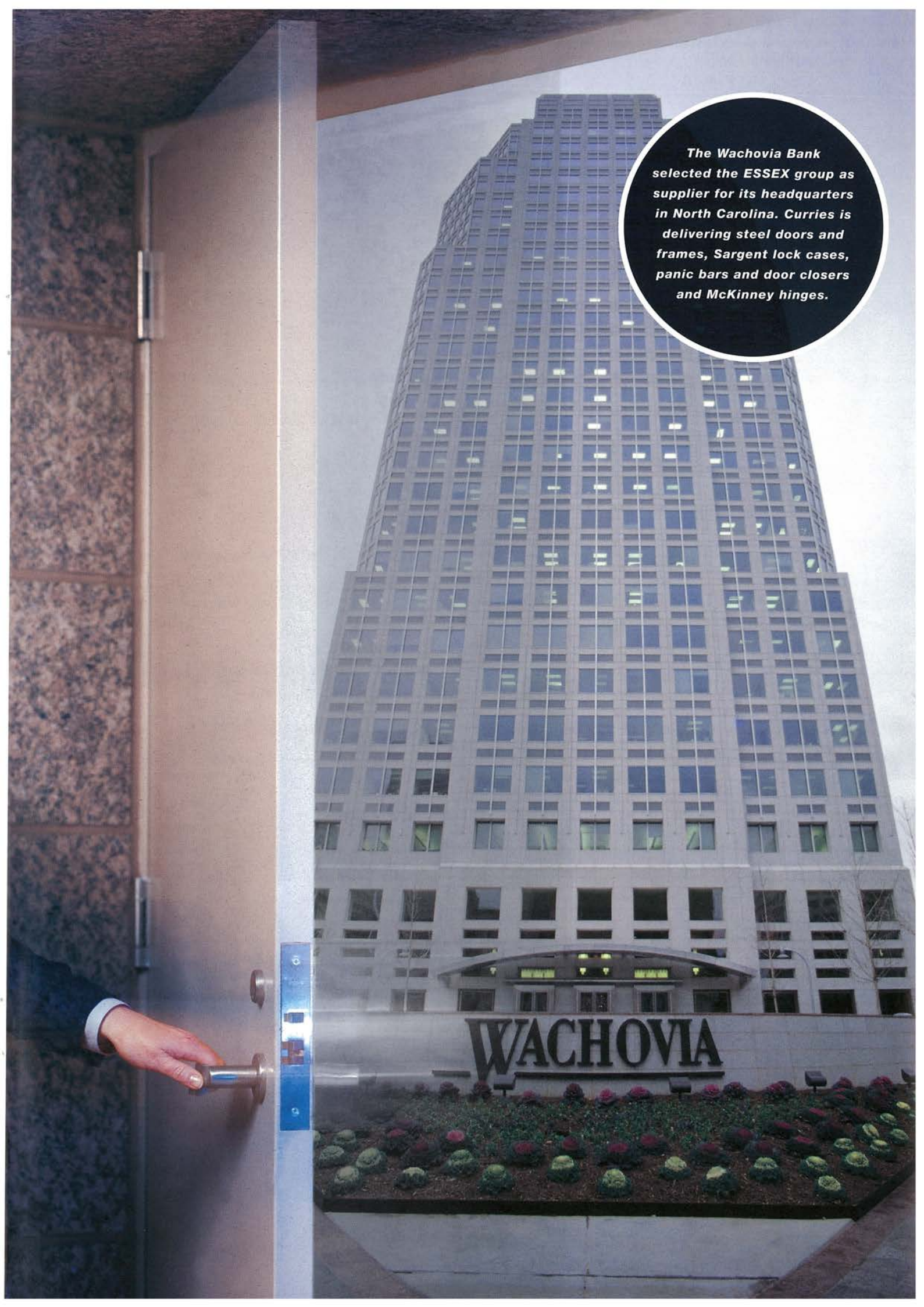
### **Quality and high-technology products in demand**

The U.S. market displayed an increasing tendency to set a premium on lock and fitting products embodying higher security and quality, in new construction as well as existing buildings. This is a favorable development for ASSA ABLOY. In addition to lock products, volume demand for doors, frames, hinges, evacuation products and automatic door operators is growing. On the whole greater market shares were noted during 1996.

### **1996 characterized by acquisition, integration and a new structure**

The most important event of 1996 was the acquisition of the ESSEX group. Major efforts have been made to integrate the new and old units into a new, unified organization. Sargent's electronic hotel lock unit was completely incorporated into VingCard, and McKinney's bathroom unit was sold. Such restructuring efforts have enabled the group to focus on core business: locks, door fittings and security doors. Cooperation between the European and U.S. companies resulted in the introduction of new products, such as the ASSA Twin V-10 high-security cylinder, the ASSA Desmo industrial high-security cylinder and the ASSA 1125, a panic bar for the European market. During the year, Group companies supplied products to several major projects, including the Mohegan Sun, Federal Express and the Wachovia Bank building in North Carolina.





*The Wachovia Bank selected the ESSEX group as supplier for its headquarters in North Carolina. Curries is delivering steel doors and frames, Sargent lock cases, panic bars and door closers and McKinney hinges.*

**WACHOVIA**



## VINGCARD

VingCard in Norway has its own subsidiaries in 10 countries and distribution in an additional 55 countries. The company is the global leader in hotel security. The market also includes ferries and cruise ships. Every day more than 1.5 million hotel guests in 130 countries use VingCard. The business concept is based on high total hotel security, with recodable key cards for each new guest.



### Products

VingCard develops, manufactures and sells security systems for hotels and cruise ships. The concept is based on a security system of high quality and easily recodable locks including heavy lock cases. Key card systems with magnetic stripes currently represent 90 percent of the company's total sales.

In 1996, VingCard continued to enjoy success with VingCard 2100 in the medium-sized hotel market. The model is simple to use and on its own accounts for 60 percent of sales.

Many of the mechanical card locks installed earlier, now require upgrading. Upgrade kits have been produced for those customers. To coordinate the products, System 45, an electronic card lock from Sargent, was integrated into VingCard during the year.

### Market outside U.S. expected to grow

Of VingCard's customers, 99 percent are outside Norway. The strong growth of 1996 in the U.S. market is expected to decrease during 1997. However, growth in Asia, Latin America and the Middle East is anticipated to continue.

Hotel chains still dominate the market. With the aim of strengthening relations with these clients, major efforts have been made to establish worldwide, strategic relationships. In 1997 VingCard will open a new regional office in Latin America in order to increase focus on this growing market.

### New market niches for higher security

With the aim of increasing security in additional areas of the hotel sector, the company concentrated on new products, such as knob locks and door closers, in 1996. In the Asian hotel market, appropriate products from ASSA ABLOY's range were introduced. A new safe for hotel rooms was launched. The idea is based on using the same key card for the room and the safe. This improves protection of hotel guests' valuables.

In November, the company prereleased its VingCard Vision, which ushers in a new era of quick, user-friendly check-in equipment for electronic card locks. This system facilitates the learning process of front desk personnel and enhances the ability of hotels to maintain a high level of security.

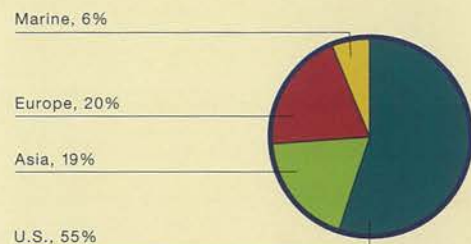
A new business area was established to reach markets outside the hotel sector which have similar needs, for example student housing.

### An eventful year of sizable orders

In June, VingCard received the largest single order in its history. Motel 6, the world's largest owner-operated motel chain, ordered 85,000 electronic locks and energy management systems for its properties. During the summer, VingCard delivered its 1,500,000th card lock, to the Hotel InterContinental in Phnom Penh, Cambodia.

The world's largest cruise ship, MS Carnival Destiny, with 1,900 cabins, is now equipped with VingCard's key card system. The card also serves as a debit card aboard the vessel.

### Shares of sales



### Company

#### VingCard

The global leader in hotel security.  
President: Åke Sund

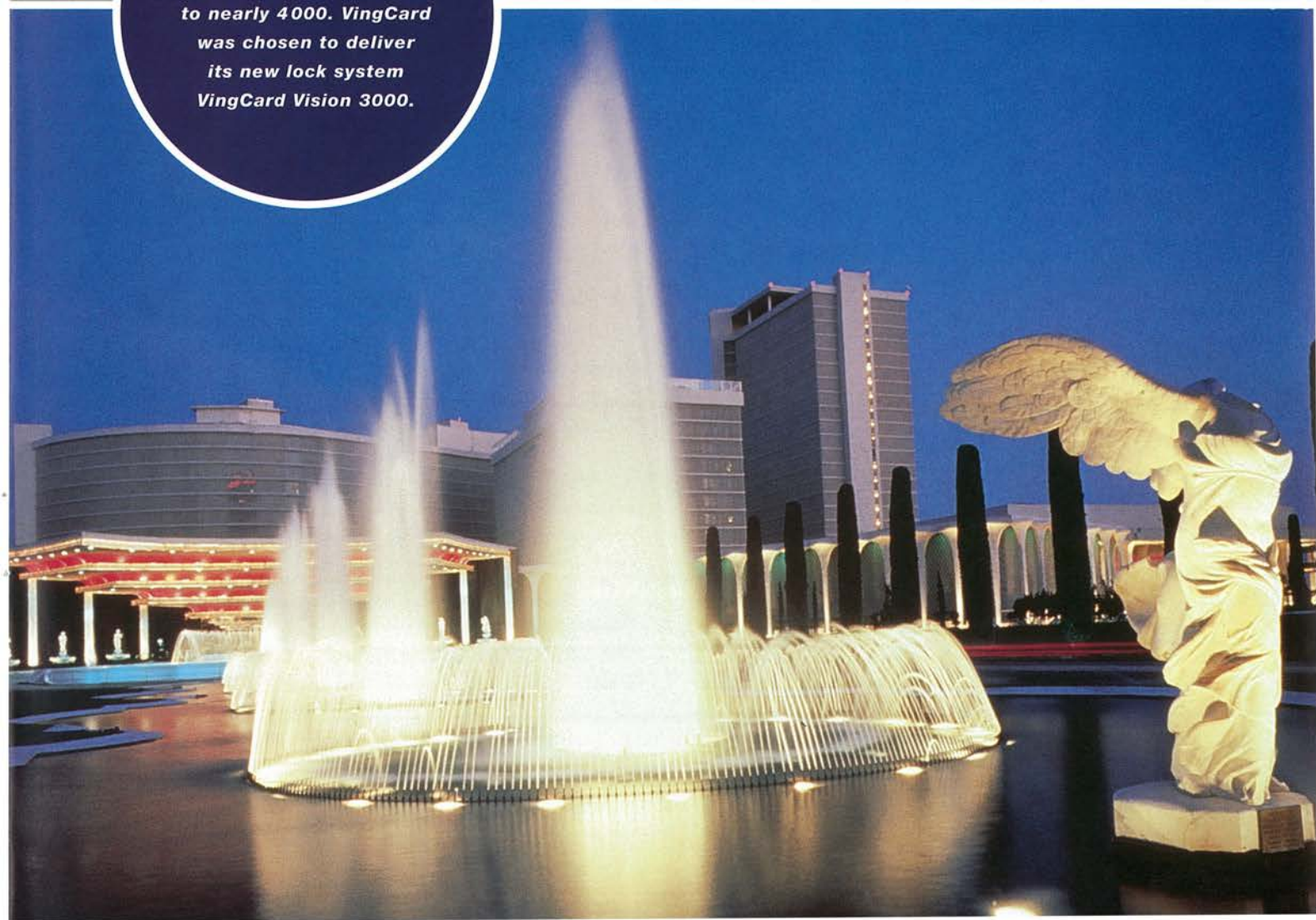
### Trends in VingCard

SEK M	1996	1995	1994	1993	1992
Sales	687	525	446	272	220
Number of employees	623	558	449	303	280





*Caesar's Palace in Las Vegas will increase the number of hotel rooms to nearly 4000. VingCard was chosen to deliver its new lock system VingCard Vision 3000.*





## REPORT OF THE BOARD OF DIRECTORS

### Principles underlying preparation of the Annual Report

ASSA ABLOY AB (publ) org. no. 556059-3575 annual report contains the Group's accounts for the financial year, January 1 – December 31, 1996.

### Focus of operations

ASSA ABLOY is one of the leading lock groups in the world. The Nordic region is the Group's base, with market leading positions in Sweden, Finland, Denmark and Norway. The Group also holds a leading market position in Germany and the U.S. and a significant position in Great Britain. Through VingCard the Group is the global leader within electronic hotel locks. ASSA ABLOY is active in the product segments construction locks, industrial locks, fittings and other accessories, and electromechanical locks including hotel locks. In the U.S., ASSA ABLOY is also active in the product segment for security doors. The Group was established on November 8, 1994, through a merger of the lock operations of Securitas AB and Metra Oy Ab.

## Significant events

### Continued coordination

During the year, coordination continued between the former Abloy and Assa units. Benchmarking has proceeded and contributed positively in the development work.

### Acquisition of ESSEX

On December 13, 1995, ASSA ABLOY signed an agreement concerning the acquisition of all shares in the U.S. lock group EI Holdings Corp. ("ESSEX") for USD 170 M. The acquisition was completed on January 18, 1996. ESSEX consists of three units: Sargent, the third largest lock company in the U.S.; McKinney, a manufacturer primarily of hinges; and Curries/Graham, manufacturers of security doors, mainly of steel. ESSEX reported sales of USD 243 M in 1995. The acquisition includes interest-bearing liabilities of roughly USD 65 M, which ASSA ABLOY refinanced in conjunction with the acquisition. 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 of ESSEX have been reviewed and valued. In the final purchase analysis goodwill relating to ESSEX was determined to 846.2 MSEK and will be amortized over 20 years.

Through the acquisition, ASSA ABLOY takes a leading position in the U.S. market and consolidates its position as one of the world's leading lock companies.

The Extraordinary Meeting of Shareholders held February 14, 1996, approved the terms in the Board of Directors'

proposal for issuing new shares in ASSA ABLOY AB for approximately SEK 300 M. Five old series A, series C or series B shares entitled the holder to subscribe for one new corresponding series A, series C or series B share, respectively. The subscription price was set at SEK 28 per share. The issue was carried out in March and April 1996 and was fully subscribed. The number of shares in ASSA ABLOY AB after the issue totals 64,310,532, of which 2,095,206 are series A, 1,714,260 series C and 60,501,066 series B.

On April 4, 1996, ASSA ABLOY AB signed a five-year loan agreement with a syndicate of 11 international banks for a Multi-Currency Revolving Credit facility amounting to USD 250. The facility replaces the previous three-year syndicated loan of USD 100.

The integration and development of ESSEX has gone smoothly. The senior management group was formed in the first quarter. In line with the company's basic philosophy that top managers will focus on the long-term growth of the company if they hold an interest in the company, a three-year options program was initiated on commercial terms in cooperation with one of the main shareholders. The program involves eight top managers and 260,000 shares. ESSEX's unit for electronic hotel locks, System 45, was transferred to and integrated with VingCard. ESSEX's unit for bathroom accessories, McKinney/Parker, was divested as of July 1. The divested unit reported annual sales of USD 12 M and a small loss. The unit was sold at book value. The overall rationalization and the realization of cross-sales possibilities have progressed according to plans.

### Restructuring program at IKON

During the year, thorough restructuring work continued at the IKON Group. In 1996, this work has resulted in substantially fewer products, changes in production flow, less capital tied up in inventories and products in progress, a decrease in the number of employees and a focus on continually improving delivery times. The profitability for 1996 greatly improved, and a small profit was reported following several years of losses. IKON is expected to report profits in line with other Group companies within a couple of years.

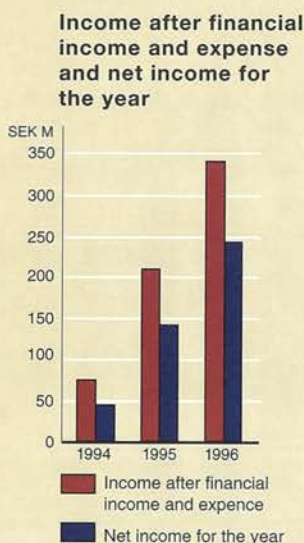
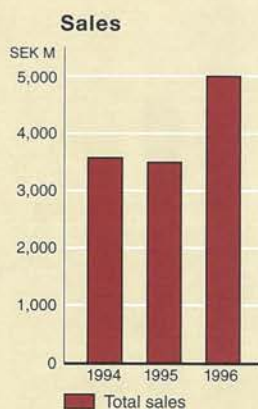
### Separation of VingCard and TrioVing

On January 1, 1996, the separation of VingCard a.s and TrioVing a.s in Norway was completed. This laid the foundation for each company's management to focus on their different strategic opportunities and threats. The more sharply focused and simplified organizations resulting from this separation are expected contribute to a continued good development for these units.

### Acquisition of Newman Tonks a.s and Grorud Förvaltning a.s in Norway

The Group acquired the Norwegian company Newman Tonks a.s (NT Møller Undall), with sales of NOK 192 M in 1995, as of July 1, 1996 for GBP 3.2 M. In addition, the





Group assumed loans totaling GBP 13.2 M. The company is active mainly in the distribution of locks and door fittings and thus strengthens ASSA ABLOY's product program in Norway.

On July 1, 1996, the Group acquired two-thirds of the Norwegian company Grorud Förvaltning a.s, with sales of NOK 125 M in 1995. The remaining third was acquired as of December 31, 1996. The company manufactures and markets fittings for lightweight interior doors, windows and French windows. The acquisition has created favorable conditions for closer cooperation with the Norwegian and British door and window industries.

The two units acquired complement TrioVing a.s well, and the coordination of the operations is expected to enhance the service level in the Norwegian market and improve profitability.

#### **Acquisition of Secureware International Pte Ltd in Singapore**

ASSA ABLOY's organization in the Far East was strengthened by the acquisition of Secureware International Pte Ltd in Singapore. The acquisition was completed on October 28, 1996. The company has sales of SEK 10 M and a number of key personnel in a rapidly growing market.

#### **Acquisition of the sales company Amersfoortse Bowbeslagindustrie Ambouw B.V in the Netherlands**

ASSA ABLOY's position in the Netherlands was fortified through the acquisition of Amersfoortse Bowbeslagindustrie Ambouw B.V (Ambouw) by the Group's German subsidiary IKON AG. The acquisition was completed as of December 31, 1996. Ambouw sells locks and fittings and has sales of SEK 50 M, of which two-thirds derive from sales of IKON and other ASSA ABLOY group products.

#### **Sales and income**

Group sales totaled SEK 5,007.0 M (3,504.2). The comparative figure for 1995 includes SEK 266 M attributable to Cardkey, since divested. For comparable units, sales rose 7.6 percent from the preceding year. The increase was primarily the result of volume increases in all units except IKON. Foreign exchange-rates effects had an impact of SEK -343 M on sales.

Group income after financial income and expense amounted to SEK 345.2 M (212.2), representing an increase of 63 percent from the preceding year. Higher income was attributable both to Cardkey, which was divested; and IKON, where an extensive restructuring program is under way; and positive development in the Group's other units. Foreign exchange-rates effects had an impact of SEK -26.4 M on Group income.

The Parent Company's income before appropriations and tax amounted to SEK 120.1 M (72.4).

## Cash flow

Group cash flow after tax reached SEK 371.8 M (344.3), corresponding to roughly 7 percent of sales. Working capital in the Group decreased SEK 41.7 M (1995: decrease of 211.2). 1995 cash flow included a net gain of SEK +110 M from nonrecurring items: the Cardkey divestment, the Boda sale and the final payment by IKON for an industrial property acquired in Germany in 1993. The Group's net indebtedness increased SEK 1,426.1 M (1995: decrease of 395.9).

## Tied-up capital

Receivables totaled SEK 692.8 M (424.2), corresponding to 13.8 percent (12.1) of sales. The SEK 186.5 M increase was related to the acquisition of ESSEX. Inventories amounted to SEK 845.1 M (562.2), corresponding to 16.9 percent (16.0) of sales. The SEK 205.2 M increase was related to the acquisition of ESSEX. Capital employed in the Group, calculated as total assets less noninterest-bearing short-term and long-term liabilities including deferred tax liability, totaled SEK 3,639.9 M (1,713.9), corresponding to 72.7 percent (48.9) of sales. Goodwill ended at SEK 979.2 M (79.3). The rise of SEK 806.5 M was attributable to the acquisition of ESSEX (SEK 806.5 M), Newman Tonks Norway a.s (SEK 77.9 M) and Grorud Förvaltning a.s (SEK 10.4 M). Group holdings of buildings and land advanced to SEK 789.9 M (590.3) at year-end.

Investments in real estate, machinery and equipment totaled SEK 163.3 M (187.0). Total depreciation was SEK 265.0 M (184.4), of which amortization of goodwill accounted for SEK 56.3 M (7.7).

The return on capital employed equaled 18.3 percent (15.6).

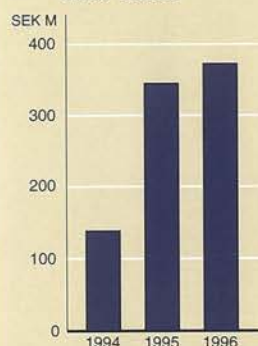
## Financing

Liquid assets totaled SEK 137.0 M (118.1), deposited in banks with excellent credit ratings. Net indebtedness amounted to SEK 2,084.9 M (658.8), of which SEK 573.9 M (415.0) was for pension liabilities. Shareholders' equity reached SEK 1,408.5 M (928.1), giving an equity/assets ratio of 30.1 percent (37.6). The debt/equity ratio calculated as net indebtedness divided by shareholders' equity, was 1.48 (0.71).

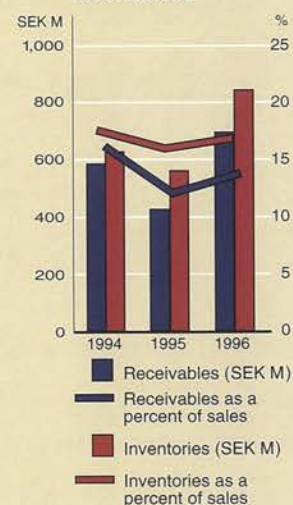
Interest coverage, calculated as operating income before depreciation divided by interest expense, was 4.97 (5.29). The Group's long-term loan financing is based on the five-year Multi-Currency Revolving Credit agreement, for a maximum of USD 250 M, signed in April 1996. Other overdraft facilities equal SEK 95.4 M (102.5). Of these facilities, SEK 7.7 M (17.6) was utilized at year-end.

The interest rates are primarily short-term, with maturities of less than one year, partly because the Group's revenues fluctuate in line with development in each country, partly because of the Group's strong cash flow.

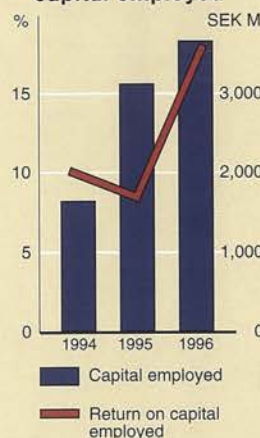
Cash flow after taxes



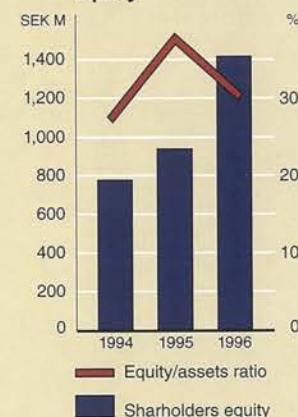
Receivables and inventories



Return on capital employed and capital employed



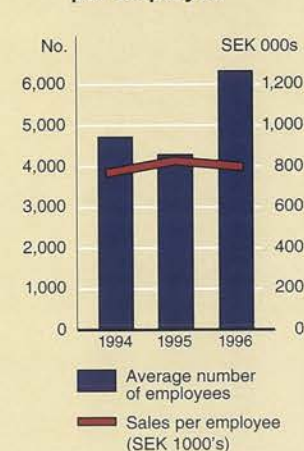
Equity/assets ratio and shareholders equity



Net debt and debt/equity ratio



Average number of employees and sales per employee





## Foreign exchange risks

Since the Group has operations in a number of countries and foreign exchange transactions are executed in various currencies, the Group acts to limit its exposure to foreign currencies. Foreign exchange risk in the form of translation exposure, that is the risk of a change in exchange rates that affects the value in SEK of the Group's net assets in foreign subsidiaries, is limited by the subsidiaries borrowing in local currency. In addition, loans and forward contracts in foreign currencies are made by the Parent Company, so-called equity-hedging to ensure a minimum equity/assets ratio and to ensure that the Group's aggregate resources are not adversely affected by developments in any single country.

Foreign exchange risks in the form of transaction exposure are limited, consisting of limited exports from a number of countries in various currencies. VingCard's exports from Norway to markets in the U.S. and Asia represent a considerable USD exposure. This exposure relates to future payment flows in foreign currencies and is minimized by the subsidiaries using forward contracts, primarily with the Group's internal bank in the Parent Company, to cover the expected flows in foreign currencies. The internal bank is then responsible for minimizing the Group's net foreign exchange exposure. Translation of the income statements of foreign subsidiaries affects the Group's income in SEK. In general, a 10 percent appreciation of the Swedish krona has an adverse impact of about SEK 30 M on Group income.

## Coordinated financial operations

Financial operations in ASSA ABLOY are coordinated via the Parent Company's internal bank function, which focuses on supporting operational activities by identifying, quantifying and minimizing any financial risks that arise. Responsibility for identifying and hedging transaction exposure rests with the various operational units. By concentrating its internal and external financial operations in the internal bank, the Group achieves economies of scale, for example for short-term funds borrowed and on deposit, and the potential is utilized to match local surpluses and deficits between the different operating companies and countries.

## Taxes

The Group's total tax expense amounted to SEK 97.3 M (67.9), corresponding to 28.2 percent (32.0) of income before tax.

The Group's paid tax amounted to SEK 109.3 M (66.9), corresponding to 31.7 percent (31.5) of income before taxes.

## Personnel

The average number of employees was 6,317 (4,274). The increase was attributable mainly to the acquisition of ESSEX.

The Group's total payroll costs and remuneration, including vacation pay but excluding social security expenses, amounted to SEK 1,404.0 M (999.8)

The average number of employees in the Parent Company was 10 (11).

## Proposed disposition of distributable equity

According to the consolidated balance sheet, the Group's unrestricted shareholders' equity amounts to SEK 609.9 M. The Group does not require an allocation to restricted shareholders' equity.

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

Net income for the year	SEK 145,070,470
Retained earnings	SEK 263,680,730
<b>TOTAL</b>	<b>SEK 408,751,200</b>

The Board of Directors and the President propose that SEK 1.25 per share, totaling SEK 80,388,165, be paid as a dividend to shareholders and that the remaining SEK 328,363,035 M be transferred to a new account.

Stockholm, March 3, 1997

Georg Ehrnrooth Chairman	Melker Schörling Deputy Chairman	Gustaf Douglas
Per-Olof Eriksson	Ole Johansson	Gerhard Wendt

Carl-Henric Svanberg  
President and Chief Executive Officer

Mats Persson (ER)    Lars Liberg (ER)  
(ER) Employment Representative

Our auditors' report was submitted on March 3, 1997.

**Öhrlings Coopers & Lybrand AB**

Nils Brehmer Authorized Public Accountant	Anders Lundin Authorized Public Accountant
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## CONSOLIDATED STATEMENT OF INCOME AND CASH FLOW ANALYSIS

SEK M	1996	1995	1994 <sup>1</sup>
Invoiced sales	5,007.0	3,504.2	3,581.6
Operating costs	-4,281.7	-3,070.3	-3,227.4
<b>Operating income before depreciation</b>	<b>725.3</b>	<b>433.9</b>	<b>354.2</b>
Depreciation (note 1)	-265.0	-184.4	-198.4
<b>Operating income after depreciation</b>	<b>460.3</b>	<b>249.5</b>	<b>155.7</b>
Financial income and expense			
Dividends	0.6	0.7	0.3
Interest income	29.8	38.9	11.2
Interest expense	-145.8	-82.0	-88.3
Other financial items	-7.2	-4.5	-3.0
Total financial income and expense	-122.6	-46.9	-79.8
Share in earnings of associated companies	7.5	9.6	0.5
<b>Result after financial income and expense</b>	<b>345.2</b>	<b>212.2</b>	<b>76.4</b>
Taxes (note 3)	-109.3	-66.9	-54.2
Change in deferred tax liability	12.0	-1.0	23.4
Minority interests	-0.4	-	-
<b>Net income for the year</b>	<b>247.5</b>	<b>144.3</b>	<b>45.6</b>

<sup>1)</sup> The comparative figures for 1994 are reported pro forma

SEK M	1996	1995	1994 <sup>1</sup>
Sales	5,007.0	3,504.2	3,581.6
Operating costs	-4,281.7	-3,070.3	-3,227.4
Financial items	-122.6	-46.9	-79.8
Taxes	-109.3	-66.9	-54.2
<b>Cash flow before change in working capital</b>	<b>493.4</b>	<b>320.1</b>	<b>220.2</b>
Change in working capital			
Acc. rec., increase/decrease (-/+)	-10.2	158.8	-59.5
Inventories, increase/decrease (-/+)	92.0	66.6	39.3
Short-term receivables increase/decrease (-/+)	-31.6	25.0	30.1
Short-term operating liabilities increase/decrease (+/-)	-8.5	-39.2	47.7
<b>Cash flow before investments</b>	<b>535.1</b>	<b>531.3</b>	<b>277.8</b>
Investment in operating assets	-163.3	-187	-138.7
<b>Cash flow</b>	<b>371.8</b>	<b>344.3</b>	<b>139.1</b>
Indirect investment through acquisitions:			
Goodwill	-944.9		
Capital employed	-726.1		
Working capital	-349.8		
Issues	300.1		
Dividend	-53.6		
Other	-23.6	51.6	-42.4
<b>Change in net indebtedness, increase/decrease (-/+)</b>	<b>-1 426.1</b>	<b>395.9</b>	<b>96.7</b>

### COMPOSITION OF NET INDEBTEDNESS

Short-term loans	21,6	126,7	87,5
Long-term loans	2,200,3	650,2	1,167,1
Cash and bank	-127,6	-113,0	-145,3
Short-term investments	-9,4	-5,1	-54,6
<b>Net indebtedness</b>	<b>2,084,9</b>	<b>658,8</b>	<b>1,054,7</b>

<sup>1)</sup> The comparative figures for 1994 are reported pro forma



## CONSOLIDATED BALANCE SHEET

ASSETS, SEK M	Dec. 31, 1996	Dec. 31, 1995	Dec. 31, 1994	LIABILITIES AND SHAREHOLDERS' EQUITY, SEK M	Dec. 31, 1996	Dec. 31, 1995	Dec. 31, 1994
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and bank	127.6	113.0	145.3	Accounts payable	267.2	151.7	240.3
Short-term investments	9.4	5.1	54.6	Tax liability	69.3	56.9	20.1
Accounts receivable	692.8	424.2	583.0	Accrued costs and prepaid revenue	440.1	377.3	333.7
Prepaid expenses and accrued revenue	42.4	33.9	37.4	Short-term loans	21.6	126.7	87.5
Other receivables	97.0	68.7	89.6	Other current liabilities	175.9	86.2	116.5
Inventories and work in progress	845.1	562.2	628.8	<b>Total current liabilities</b>	<b>974.1</b>	<b>798.9</b>	<b>798.1</b>
<b>Total current assets</b>	<b>1,814.3</b>	<b>1,207.1</b>	<b>1,538.7</b>	<b>Long-term liabilities</b>			
<b>Fixed assets</b>				Long-term loans	1,626.3	235.2	765.4
Shares in associated companies (note 5)	38.8	40.0	37.7	Other long-term liabilities	33.5	0.7	3.1
Other shares and participations	9.4	1.7	–	Pension provision, PRI	46.9	47.8	38.5
Long-term receivables	51.3	9.3	10.8	Other pension provision (note 11)	527.0	367.2	363.2
Intangible assets (note 6)	129.2	34.0	41.8	Deferred tax liabilities	58.6	83.2	92.3
Goodwill (note 7)	979.2	79.3	79.6	<b>Total long-term liabilities</b>	<b>2,292.3</b>	<b>734.1</b>	<b>1,262.5</b>
Machinery and equipment (note 8)	843.0	478.9	547.2	<b>Minority interests</b>	<b>9.5</b>	<b>8.9</b>	<b>13.2</b>
Plant in progress	29.3	29.4	8.7	<b>Shareholders' equity (note 13)</b>			
Buildings (note 9)	550.0	368.7	363.1	Restricted shareholders' equity			
Land and land improvements (note 10)	239.9	221.6	222.0	Share capital	64.3	53.6	53.6
<b>Total fixed assets</b>	<b>2,870.1</b>	<b>1,262.9</b>	<b>1,310.9</b>	Restricted reserves	734.3	445.7	408.6
<b>TOTAL ASSETS</b>	<b>4,684.4</b>	<b>2,470.0</b>	<b>2,849.6</b>	Total restricted shareholders' equity	798.6	499.3	462.2
<b>ASSETS PLEDGED</b>				Unrestricted shareholders' equity			
Real estate mortgages	130.0	78.1	137.8	Unrestricted reserves	362.4	284.5	255.8
Chattel mortgages	–	10.5	10.6	Net income for the year	247.5	144.3	57.8
				Total unrestricted equity	609.9	428.8	313.6
				<b>Total shareholders' equity</b>	<b>1,408.5</b>	<b>928.1</b>	<b>775.8</b>
				<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,684.4</b>	<b>2,470.0</b>	<b>2,849.6</b>
				<b>CONTINGENT LIABILITIES</b>			
				Guarantees	122.3	155.8	57.4
				Other	–	–	–

1) The comparative figures for 1993 are reported pro forma

## PARENT COMPANY STATEMENT OF INCOME AND CASH FLOW ANALYSIS

SEK M	1996	1995
Administrative contributions and other revenues	2.9	2.1
Operating costs	-40.3	-48.4
<b>Operating income before depreciation</b>	<b>-37.4</b>	<b>-46.3</b>
Depreciation (note 1)	-2.5	-1.9
<b>Operating income after depreciation</b>	<b>-39.9</b>	<b>-48.2</b>
Financial income and expense		
Anticipated dividends on shares in subsidiaries	152.1	39.3
Interest income	147.5	126.4
Interest expense	-132.7	-70.1
Other financial items	-6.9	25.0
<b>Total financial income and expense</b>	<b>160.0</b>	<b>120.6</b>
<b>Result after financial income and expense</b>	<b>120.1</b>	<b>72.4</b>
Appropriations		
Allocations to tax deferral reserve	-3.8	-11.3
Allocation to exchange-rate reserve	-	1.3
Excess allocations	-0.9	-1.0
Group contribution received/granted (note 2)	34.8	-2.0
<b>Total appropriations</b>	<b>30.1</b>	<b>-13.0</b>
<b>Result before taxes</b>	<b>150.2</b>	<b>59.4</b>
Taxes	-5.1	-9.6
<b>Net income for the year</b>	<b>145.1</b>	<b>49.8</b>

SEK M	1996	1995
Administrative contributions and other revenues	2.9	2.1
Operating costs	-40.3	-48.4
Financial items	160.0	120.6
Taxes	-5.1	-9.6
<b>Cash flow before change in working capital</b>	<b>117.5</b>	<b>64.7</b>
Change in working capital		
Short-term receivables, increase/decrease (-/+)	7.3	2.0
Short-term operating liabilities, increase/decrease (+/-)	12.1	27.2
<b>Cash flow before investments</b>	<b>136.9</b>	<b>93.9</b>
Investments in operating assets	-4.5	-2.3
Investments in shares in subsidiaries	-754.8	-113.5
<b>Cash flow</b>	<b>-622.4</b>	<b>-21.9</b>
Sale of shares in subsidiaries		70.0
Utdelning	-53.6	-
New share issue	300.1	-
Changes in amounts due from/to subsidiaries	-147.6	545.2
Group contribution	34.8	-
Other	-1.2	-2.0
<b>Change in net indebtedness increase/decrease (-/+)</b>	<b>-489.9</b>	<b>591.3</b>

## COMPOSITION OF NET INDEBTEDNESS

Short-term loans	59.3	95.0
Long-term loans	1,944.8	743.2
Cash and bank	-0.2	-9.9
Short-term investments	-3.8	-
Long-term investments	-1,928.5	-1,246.6
<b>Net indebtedness</b>	<b>71.6</b>	<b>-418.3</b>



## PARENT COMPANY BALANCE SHEET

SEK M	Dec. 31 1996	Dec. 31 1995	LIABILITIES AND SHAREHOLDERS' EQUITY, SEK M	Dec. 31 1996	Dec. 31 1995
<b>ASSETS</b>			<b>Current liabilities</b>		
<b>Current assets</b>			Due to subsidiaries	1.9	7.8
Cash and bank	0.2	9.9	Accounts payable	1.5	1.1
Short-term investments	3.9	–	Tax liability	5.1	17.5
Due from subsidiaries	196.6	53.1	Accrued costs and prepaid revenue	50.0	21.8
Prepaid expenses and accrued revenue	4.8	17.8	Current loans	59.3	95.0
Other receivables	9.0	1.3	<b>Total current liabilities</b>	<b>117.8</b>	<b>143.2</b>
<b>Total current assets</b>	<b>214.5</b>	<b>82.1</b>	<b>Long-term liabilities</b>		
<b>Fixed assets</b>			Long-term liabilities to subsidiaries	365.6	568.2
Shares in subsidiaries (note 4)	1,051.9	297.1	Group account credit	152.0	75.1
Long-term receivables due from subsidiaries	1,930.3	1,246.6	Convertible debenture loan (note 12)	75.0	75.0
Other long-term receivables	–	0.5	Long-term loans	1,352.2	25.0
Machinery and equipment (note 8)	10.7	8.7	<b>Total long-term liabilities</b>	<b>1,944.8</b>	<b>743.3</b>
<b>Total fixed assets</b>	<b>2,992.9</b>	<b>1,552.9</b>	<b>Untaxed reserves</b>		
<b>TOTAL ASSETS</b>	<b>3,207.4</b>	<b>1,635.0</b>	Tax deferral reserve	23.6	19.8
			Exchange-rate reserve	–	–
<b>ASSETS PLEDGED</b>	None	None	Accumulated excess depreciation	2.8	1.9
			<b>Total untaxed reserves</b>	<b>26.4</b>	<b>21.7</b>
			<b>Shareholders' equity (note 13)</b>		
			Restricted shareholders' equity		
			Share capital	64.3	53.6
			Statutory reserve	645.3	356.0
			<b>Total restricted shareholders' equity</b>	<b>709.6</b>	<b>409.6</b>
			Unrestricted shareholders' equity		
			Retained earnings	263.7	267.4
			Net income for the year	145.1	49.8
			<b>Total unrestricted shareholders' equity</b>	<b>408.8</b>	<b>317.2</b>
			<b>Total shareholders' equity</b>	<b>1 118.4</b>	<b>726.8</b>
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,207.4</b>	<b>1,635.0</b>
			<b>CONTINGENT LIABILITIES</b>		
			Guarantees	59.1 <sup>1)</sup>	145.4
			<i>1) of which 58.4 is for the benefit for subsidiaries</i>		

## ACCOUNTING PRINCIPLES AND 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 amortized according to plan.

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 subsidiaries 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 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.

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 value 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 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 brand names, is amortized at a rate of 10 percent



annually. Goodwill in companies that 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 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).

Acquired loss carry forwards have not been valued.

## NOTE 1 DEPRECIATION

SEK M	1996	Group 1995	1994 <sup>1</sup>	Parent Company 1996	1995
Intangible assets	16.5	12.9	14.5	–	–
Goodwill	56.3	7.7	16.9	–	–
Machinery and equipment	165.9	138.2	146.4	2.5	1.9
Buildings	26.3	25.6	20.6	–	–
<b>Total</b>	<b>265.0</b>	<b>184.4</b>	<b>198.4</b>	<b>2.5</b>	<b>1.9</b>

1) The comparative figures for 1994 are reported pro forma

## NOTE 2 GROUP AND SHAREHOLDER CONTRIBUTIONS

SEK M	Parent Company 1996	1995
Group contribution	34.8	–2.0
Shareholder contribution	–	–
<b>Total</b>	<b>34.8</b>	<b>–2.0</b>

## NOTE 3 TAXES PAID

SEK M	1996	1995	1994
ASSA ABLOY AB and its subsidiaries	–107.3	–63.5	–54.2
Associated companies	–2.0	–3.4	–
<b>Total</b>	<b>–109.3</b>	<b>–66.9</b>	<b>–54.2</b>

Allocation has been made for estimated tax expenses in ASSA ABLOY AB and its subsidiaries.

## NOTE 4 SHARES IN SUBSIDIARIES

Amounts in millions

	Number of shares	% share		Nominal value	Book value	
		Share-capital	Voting-rights		Direct ownership	Indirect ownership
<b>Assa Abloy Sverige AB</b>	70	100	100	SEK 7.0	SEK 14.0	
Assa AB	20,000	100	100	SEK 2.0		SEK 135.1
ASSABalt Ltd.	200	100	100	EEK 0.4		SEK 0.3
Assa Säkerhetsgrupp AB	10	100	100	SEK 0.1		SEK 0.3
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
VingCard AB	2,500	100	100	SEK 0.3		SEK 0.3
FIX AB	10,000	100	100	SEK 1.0		SEK 145.7
ABLOY AB	75,000	100	100	SEK 7.5		SEK 7.2
<b>Abloy Oy</b>	2,400,000	100	100	FIM 40.8	SEK 124.3	
Abloy Security Pty. Ltd (Australia)	250,000	100	100	AUD 0.3		FIM 0.2
<b>TrioVing a.s</b>	20,000	100	100	NOK 20.0	SEK 45.4	
VingCard a.s	12,000	100	100	NOK 12.0		NOK 15.0
VingCard Systems S.A (France)	17,500	100	100	FRF 1.8		NOK 1.3
VingCard Systems Thailand Co., Ltd	29,500	59	59	THB 3.0		NOK 0.3
K.K. VingCard System (Japan)	200	100	100	JPY 10.0		NOK 0.4
VingCard Systems Espana S.A	10,000	100	100	ESP 10.0		NOK 0.5
Newman Tonks Norway a.s	900	100	100	NOK 0.9		NOK 34.1
NT Möller Undall a.s	2,400	100	100	NOK 6.0		NOK 130.5
Låsgruppen Trondheim a.s	350	100	100	NOK 0.4		NOK 4.1
Låsgruppen Stavanger a.s	80	80	80	NOK 0.0		NOK 0.1
Låsgruppen Sandefjord a.s	402	67	67	NOK 0.2		NOK 0.2
Låsgruppen Hamar a.s	167	84	84	NOK 0.1		NOK 0.1
Låsgruppen Bergen a.s	1,000	100	100	NOK 0.5		NOK 15.8
Gorud Industrier a.s	924,393	100	100	NOK 37.0		NOK 28.1
Gorud Industries Ltd	5,919,000	100	100	GBP 0.6		NOK 2.0
<b>A/S Ruko</b>	760	100	100	DKK 10.0	SEK 191.8	0.0
Fix A/S	500	100	100	DKK 0.5		DKK 0.7
Ruko Service A/S	1,000	100	100	DKK 0.5		DKK 0.3
ASSA ABLOY Holdings GmbH	1	100	100	DEM 1.0		DKK 76.4
IKON AG Präzisionstechnik	391,829	98	98	DEM 19.6		DEM 33.0
BAB IKON GmbH Schliesstechnik	1	100	100	DEM 3.0		DEM 4.2
Duperay S.A (Belgium)	12,433	100	100	BEF 63.0		DEM 5.8
IKON CULLY S.A. (Switzerland)	200	100	100	CHF 0.2		DEM 1.5
Ambouw B.V. (Netherlands)	1	100	100	NLG 0.1		DEM 2.3
ASSA-Ruko Sicherheitssysteme GmbH	1	100	100	DEM 0.5		DEM 2.4
<b>ASSA Ltd, UK</b>	800,000	100	100	GBP 0.8	SEK 3.0	
<b>ASSA ABLOY Holdings Ltd, UK</b>	1,330,002	100	100	GBP 1.3	SEK 25.8	
Abloy Security Ltd, UK	275,000	100	100	GBP 0.3		GBP 1.3
Abloy Security Ltd (Ireland)	100	100	100	IEP 0.1		GBP 0.1
VingCard (UK) Ltd	155,000	100	100	GBP 0.2		GBP 0.2
<b>ASSA ABLOY Inc</b>	1,017,540	100	100	USD 18.5	SEK 647.1	
ASSA ABLOY Lock Inc	1,000	100	100	USD 0.1		USD 4.1
Arrow Lock Manufacturing Co Inc	1,000	100	100	USD 8.0		USD 8.0
ASSA Inc	10	100	100	USD 0.0		USD 0.0
Abloy Security Inc	1,000,000	100	100	USD 1.0		USD 1.0
VingCard Inc, USA	3,200	100	100	USD 3.6		USD 3.6
El Holdings Corporation	100	100	100	USD 125.0		USD 125.0
ESSEX Holdings, Inc	1,000	100	100	USD 125.0		USD 125.0
Curries Company	1,000	100	100	USD 30.0		USD 30.0
Graham Manufacturing Corporation	1,000	100	100	USD 5.0		USD 5.0
McKinney Products Company	1,000	100	100	USD 15.0		USD 15.0
Sargent Manufacturing Company	1,000	100	100	USD 73.0		USD 73.0
Sargent of Canada Ltd	14,760	100	100	CAD 2.0		USD 2.0
<b>ASSA ABLOY Pte Ltd, (Singapore)</b>	100,000	100	100	SGD 0.1	SEK 0.5	
Secureware International Pte Ltd (Singapore)	321,092	100	100	SGD 0.3		SGD 2.0
					SEK 1051.9	

Note 4 specifies holdings with a book-value corresponding to SEK 0.1 M or more. A complete statutory specification on shares in subsidiaries is included in the annual report that is submitted to the Swedish Patent and Registration Office.



**NOTE 5 SHARES IN ASSOCIATED COMPANIES**

	Number of shares	Share capital	% share Voting rights	Nominal value	Book value
Subsidiaries' holdings:					
Keso Holding AG	1,750	35	35	CHF 1,8	DEM 8,3
Keso Deutschland GmbH	1	50	50	DEM 0,1	DEM 0,5
AWEK Industrial Patents Ltd Oy	50	25	25	FIM 0,1	FIM 0,1

**NOTE 6 INTANGIBLE ASSETS**

	Dec. 31 1996	Group Dec. 31 1995	Dec. 31 1994
SEK M			
Accumulated acquisition value	179.3	74.8	80.5
Accumulated depreciation	-50.1	-40.8	-38.7
<b>Planned residual value</b>	<b>129.2</b>	<b>34.0</b>	<b>41.8</b>

**NOTE 7 GOODWILL**

	Dec. 31 1996	Group Dec. 31 1995	Dec. 31 1994
SEK M			
Accumulated acquisition value	1,221.3	225.4	212.9
Accumulated depreciation	-242.1	-146.1	-133.3
<b>Planned residual value</b>	<b>979.2</b>	<b>79.3</b>	<b>79.6</b>

**NOTE 8 MACHINERY AND EQUIPMENT**

	Dec. 31 1996	Group Dec. 31 1995	Dec. 31 1994	Parent Company Dec. 31 1996	Dec. 31 1995
SEK M					
Accumulated acquisition value	2,172.1	1,336.7	1,417.3	15.0	10.7
Accumulated depreciation	-1,299.8	-857.8	-870.1	-4.3	-2.0
<b>Planned residual value</b>	<b>872.3</b>	<b>478.9</b>	<b>547.2</b>	<b>10.7</b>	<b>8.7</b>

**NOTE 9 BUILDINGS**

	Dec. 31 1996	Group Dec. 31 1995	Dec. 31 1994
SEK M			
Accumulated acquisition value	806.9	571.5	544.0
Accumulated depreciation	-256.9	-202.9	-180.9
<b>Planned residual value</b>	<b>550.0</b>	<b>368.6</b>	<b>363.1</b>

The tax-assessed value of the Group's Swedish buildings amounted to SEK 68.1 M.

**NOTE 10 LAND AND LAND IMPROVEMENTS**

	Dec. 31 1996	Group Dec. 31 1995	Dec. 31 1994
SEK M			
Accumulated acquisition value	240.9	222.6	223.0
Accumulated depreciation	-1.0	-1.0	-1.0
<b>Planned residual value</b>	<b>239.9</b>	<b>221.6</b>	<b>222.0</b>

The tax-assessed value of the Group's land amounted to SEK 12.0 M.

**NOTE 11 OTHER PENSION LIABILITIES**

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

**NOTE 12 CONVERTIBLE DEBENTURE LOAN**

	Dec. 31 1996	Dec. 31 1995	Dec. 31 1994
SEK M			
	75.0	75.0	-

The convertible debenture loan carries a variable interest rate corresponding to 12-month STIBOR less 0.25 percentage point. The loan extends from June 29, 1995, to June 30, 2000.

The loan can be converted to B-shares during the period from July 1, 1998, through July 15, 2000. On full conversion, at a conversion price of SEK 36.80, an additional 2,038,162 shares will be created.

If the interest rate on the convertible debenture loan were adjusted to correspond to the Group's normal loan cost, an additional interest expense corresponding to SEK 0.5 M would arise.

**NOTE 13 SHAREHOLDERS' EQUITY**

Group, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Total
Opening balance	53.6	445.7	428.8	928.1
New share issue	10.7	289.4		300.1
Dividend			-53.6	-53.6
Transfer between unrestricted and restricted shareholders' equity		-0.8	0.8	0
Translation difference			-13.6	-13.6
Net income for the year			247.5	247.5
Closing balance	64.3	734.3	609.9	1,408.5

Parent Company, SEK M	Share capital	Restricted reserves	Retained earnings	Total
Opening balance	53.6	356.0	317.2	726.8
New share issue	10.7	289.4		300.1
Dividend			-53.6	-53.6
Net income for the year	-	-	145.1	145.1
Closing balance	64.3	645.4	408.7	1,118.4

No. of shares, December 30, 1996	Voting rights	Number of shares
Series A shares	10	3,809,466
Series B shares	1	60,501,066
Total		64,310,532

**NOTE 14 PERSONNEL BY COUNTRY, DISTRIBUTION BETWEEN MEN AND WOMEN, WAGES\***

	Women			Men			Total			Wages/salaries, SEK M		
	1996	1995	1994 <sup>1</sup>	1996	1995	1994 <sup>1</sup>	1996	1995	1994 <sup>1</sup>	1996	1995	1994 <sup>1</sup>
Sweden	325	334	355	479	471	507	804	805	862	153.0	155.9	144.0
Finland	337	360	417	496	524	565	833	884	982	156.9	180.3	175.7
Norway	273	219	352	542	427	213	815	646	565	190.4	130.3	131.5
Denmark	138	125	128	159	157	156	297	282	284	80.3	82.9	81.7
Germany	382	430	507	329	381	455	711	811	962	192.0	229.7	247.6
Great Britain	70	61	81	69	108	148	139	169	229	31.9	43.1	62.4
Belgium	5	6	4	20	19	19	25	25	23	7.7	8.5	7.4
France	4	4	2	5	4	7	9	8	9	3.0	2.5	2.0
Canada	7	2	2	11	1	4	18	3	6	5.0	1.1	2.4
Australia	4	4	2	13	10	13	17	14	15	3.3	3.2	4.5
U.S.	701	187	247	1 886	379	484	2 587	566	731	565.0	150.0	201.6
Hong Kong	3	3	1	5	6	5	8	9	6	1.7	1.5	1.0
Japan	1	2	1	2	3	4	3	5	5	1.5	2.3	1.9
Others	14	12	9	37	35	15	51	47	24	12.3	8.5	1.6
TOTAL	2,264	1,749	2,108	4,053	2,525	2,595	6,317	4,274	4,703	1,404.5	999.8	1,065.3
Parent Company Sweden	4	5	2	6	6	1	10	11	3	8.5	6.5	2.5

\* A complete statutory specification of this information is included in the annual report submitted to the Swedish Patent and Registration Office.

1) The comparative figures for 1994 are reported pro forma.

**Senior executives' benefits**

The Chairman of the Board of Directors received remuneration during the year in the amount of SEK 120,000 (120,000), which was determined by the Board within the framework for remuneration approved by the Annual General Meeting of shareholders, which amounts to SEK 540,000 (540,000). The President and Chief Executive Officer received SEK 2,641,000 (1,997,000). In addition, a bonus of SEK 500,000 (300,000) was paid.

**Other benefits**

There is no pension agreement for the Chairman of the Board. The President has pension benefits corresponding to the Swedish supplementary pension scheme. 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 percent of salary for 24 months has been agreed. This is paid only in the event of notice served by the company. For Group senior executives, severance pay consists of 100 percent of salary for a maximum of 12 months.



## 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 1996. The examination has been 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 profits be distributed according to the proposal in the Report of the Board of Directors,
- the members of the Board of Directors and the 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 3, 1997

### Öhrlings Coopers & Lybrand AB

Nils Brehmer

Anders Lundin

Authorized Public  
Accountant

Authorized Public  
Accountant

## BOARD OF DIRECTORS

**Georg Ehrnrooth**

b. 1940 (Chairman)  
 President and Chief Executive Officer of Metra Oy Ab.  
 Chairman of PensionsVarma; board member of Sampo-Gruppen, Pensions-Sampo, Oy Karl Fazer, the Central Association of Industry and Employers in Finland, the Central Association of the Finnish Metal Industry and others; management committee member in Rautaruukki OY, Merita Bank and others.  
 Chairman of the Board of ASSA ABLOY AB since 1994.  
 Shares in ASSA ABLOY AB through companies: 50,000 B.

**Melker Schörling**

b. 1947 (Deputy Chairman)  
 President and Chief Executive Officer of Skanska AB.  
 Chairman of Securitas AB and JM Byggnads- och Fastighets AB.  
 Deputy chairman of Scancem AB.  
 Board member of Skanska AB and the Swedish Association of Industry.  
 Board member of ASSA ABLOY AB since 1994.  
 Shares in ASSA ABLOY AB through companies: 300,000 A and 2,615,424 B.

**Gustaf Douglas**

b. 1938  
 Owns Förvaltnings AB Wasatornet (principal owner of Investment AB Latour).  
 Chairman of Investment AB Latour.  
 Deputy Chairman of the Board of Sveriges Television AB and Securitas AB.  
 Board member of Munksjö AB, Pharmacia & Upjohn, Svenska Dagbladet Foundation.  
 Board member of ASSA ABLOY AB since 1994.  
 Shares in ASSA ABLOY AB through Investment AB Latour: 1,414,260 A and 4,500,000 B.

**Per-Olof Eriksson**

b. 1938  
 Chairman of the Board of Svenska Kraftnät.  
 Deputy chairman of Preem Petroleum AB.  
 Board member of AB Custos, Sandvik AB, Svenska Handelsbanken, SSAB Svenskt Stål AB, AB SKF, AB Volvo, Skanska AB, NV Koninklijke Sphinx Gustavsberg, Royal Institute of Technology, Karlskoga Invest AB, the Swedish Association of Industry, Member of the Swedish Academy of Engineering Sciences.  
 Board member of ASSA ABLOY AB since 1995.  
 Shares in ASSA ABLOY AB: 1,000 B.

*Back row, from left: Per-Edvin Nyström, Lars Liberg.*

*Middle row, from left: Gerhard Wendt, Rune Hjältn, Mats Persson, Ole Johansson.*

*Front row, from left: Melker Schörling, Georg Ehrnrooth, Per-Olof Eriksson, Carl-Henric Svanberg, Gustaf Douglas.*

**Ole Johansson**

b. 1951  
 Vice-President of Metra Oy Ab.  
 Board member of ASSA ABLOY AB since 1994.  
 Shares in ASSA ABLOY AB: 9,200 B

**Gerhard Wendt**

b. 1934  
 Chairman of the Board of Oy Algol Ab.  
 Board member of Kone Oy, A Ahlström Osakeyhtiö, Vaisala Oy, Imatran Voima Oy, Teräskonttori Oy, Instrumentarium Oy, Wärtsilä Diesel International Ltd Oy.  
 Member of the Lagerqvist International Advisory Board.  
 Board member of ASSA ABLOY AB since 1995.  
 Shares in ASSA ABLOY AB: 0.

**Carl-Henric Svanberg**

b. 1952  
 President of ASSA ABLOY AB and Chief Executive Officer of ASSA ABLOY.  
 Board member of ASSA ABLOY AB since 1995.  
 Shares in ASSA ABLOY AB: 1,160,000 B and convertible debentures corresponding to 62,997 B.

**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

**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

## DEPUTY MEMBERS

**Rune Hjältn**

b. 1964  
 Trade-union representative in FIX AB.  
 Employee representative, Swedish Metal Workers Union.  
 Board member of ASSA ABLOY AB since 1994.  
 Board member of Lindholmens Utvecklings AB since 1995.  
 Shares in ASSA ABLOY AB: 0

**Per-Edvin Nyström**

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



## GROUP MANAGEMENT



*Back row, from left: Lennart Robertson, Duncan Horton, Eero Leskinen, Hans Johansson, Otto Hansen.*

*Front row, from left: Matti Virtaala, Clas Thelin, Åke Sund, Carl-Henric Svanberg, Joakim Westh, Johan Fant.*

### Carl-Henric Svanberg

b. 1952  
President of ASSA ABLOY AB and Chief Executive Officer of ASSA ABLOY.  
Employed by Securitas since 1986.  
Shares in ASSA ABLOY AB: 1,160,000 B and convertible debentures corresponding to 62,997 B.

### Johan Fant

b. 1959  
Chief Financial Officer of ASSA ABLOY until April 15, 1997. Employed by ASSA ABLOY AB since 1994.  
Shares in ASSA ABLOY AB: 20,000 B and convertible debentures corresponding to 62,997 B.

### 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: 65,200 B and convertible debentures corresponding to 62,997 B.

### Duncan Horton

b. 1946  
President of ASSA Ltd and Country Manager, Great Britain. Employed by Assa since 1986.  
Shares in ASSA ABLOY AB: 245,925 B and convertible debentures corresponding to 62,997 B.

### Göran Jansson (not in photo)

b. 1958  
Chief Financial Officer of ASSA ABLOY from April 15, 1997. Employed by ASSA ABLOY AB since 1997.  
Shares in ASSA ABLOY AB: 0.  
Options corresponding to 60,000 B.

### Hans Johansson

b. 1955  
President of Assa AB and Assa Industri AB and Country Manager, Sweden and Norway.  
Employed by Assa since 1989.  
Shares in ASSA ABLOY AB: 100,000 B and convertible debentures corresponding to 62,997 B.

### Eero Leskinen

b. 1956  
President of IKON AB.  
Employed by Wärtsilä since 1983.  
Shares in ASSA ABLOY AB: 153,500 B and convertible debentures corresponding to 62,997 B.

### Lennart Robertsson

b. 1959  
President of ASSA ABLOY Pte Ltd (Singapore).  
Regional Manager, Far East.  
Employed in ASSA ABLOY AB since 1995.  
Shares in ASSA ABLOY AB: 500 B and convertible debentures corresponding to 55,706 B.

### Åke Sund

b. 1957  
President of VingCard a.s.  
Employed by Wärtsilä since 1985.  
Shares in ASSA ABLOY AB: 24,000 B and convertible debentures corresponding to 62,997 B.

### Clas Thelin

b. 1954  
President of ASSA ABLOY INC and Country Manager, United States.  
Employed by Securitas since 1989.  
Shares in ASSA ABLOY AB: 40,000 B and convertible debentures corresponding to 62,997 B.

### Joakim Westh

b. 1961  
Vice President of ASSA ABLOY, Strategic Development.  
Employed by ASSA ABLOY since 1996.  
Shares in ASSA ABLOY AB: 12,000 B and options corresponding to 60,000 B.

### Matti Virtaala

b. 1951  
President of Abloy Oy and Country Manager, Finland.  
Employed by Wärtsilä since 1987.  
Shares in ASSA ABLOY AB: 179,000 B and convertible debentures corresponding to 62,997 B.

## AUDITORS

Öhrlings Coopers & Lybrand AB  
Authorized public accountants:  
Nils Brehmer, b. 1934 and  
Anders Lundin, b. 1956.  
Auditors for the Assa Group since 1988.

## ADDRESSES

## HEAD OFFICE:

**ASSA ABLOY AB**  
P.O. Box 70340  
(Klarabergsviadukten 90)  
S-107 23 STOCKHOLM  
Sweden  
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  
Australia  
Tel: (61) 2 9905 76 66  
Fax: (61) 2 9905 72 96

## BELGIUM

**Dupéray S.A.**  
Rue van Ysendyck 48-50  
B-1030 BRUSSELS  
Belgium  
Tel: (32) 2 247 79 11  
Fax: (32) 2 216 17 49

## DENMARK

**A/S RUKO**  
P.O. Box 505  
(Marielundvej 20)  
DK-2730 HERLEV  
Denmark  
Tel: (45) 44 94 11 77  
Fax: (45) 44 94 16 34  
  
**Fix A/S**  
Baunehøjvej 9  
DK-8600 SILKEBORG  
Denmark  
Tel: (45) 86 81 61 22  
Fax: (45) 86 81 00 26

## ESTONIA

**Abloy Oy Eesti Esindus**  
Pirita tee 20  
EE-0001 TALLINN  
Estonia  
Tel: (372) 640 54 06  
640 54 07, 640 54 08  
Fax: (372) 646 61 68  
  
**ASSA Balt Ltd**  
Valdeku 132  
EE-0012 TALLINN  
Estonia  
Tel: (372) 655 91 01,  
258 66 12  
Fax: (372) 655 91 00

## FINLAND

**Abloy Oy**  
P.O. Box 108  
(Wahlforssinkatu 20)  
FIN-80101 JOENSUU  
Finland  
Tel: (358) 13 250 1  
Fax: (358) 13 250 2209  
  
**Abloy Oy**  
PRIMO-factory  
P.O. Box 14  
(Tohlopinnanta 28)  
FIN-33271 TAMPERE  
Finland  
Tel: (358) 3 284 01 11  
Fax: (358) 3 284 04 80

## GERMANY

**IKON AG**  
**Präzisionstechnik**  
P.O. Box 37 02 20  
(Goerzallee 299)  
D-14132 BERLIN  
Germany  
Tel: (49) 30 810 60  
Fax: (49) 30 810 622 04

**BAB-IKON GmbH**  
**Schliesstechnik**  
Postfach 60 04 19  
(Behlertstrasse 29)  
D-14 404 POTSDAM  
Germany  
Tel: (49) 331 288 80  
Fax: (49) 331 288 81 06

**ASSA-Ruko Sicherheits-**  
**systeme GmbH**  
Vogelsanger Strasse 187  
D-50825 COLOGNE  
Germany  
Tel: (49) 221 54 30 76  
Fax: (49) 221 54 18 95

## GREAT BRITAIN

**Abloy Security Ltd**  
2-3 Hatters Lane  
Croxley Business Park  
WATFORD Herts WD1 8YY  
Great Britain  
Tel: (44) 1923 25 50 66  
Fax: (44) 1923 81 64 50

**ASSA Ltd**  
75 Sumner Road  
CROYDON Surrey CRO 3LN  
Great Britain  
Tel: (44) 181 688 51 91  
Fax: (44) 181 688 02 85

**Gorud Industries Ltd**  
Castleside Industrial Estate  
Consette  
Co. DURHAM DH8 8HG  
Storbritannien  
Tel: (44) 12 07 58 14 85  
Fax: (44) 12 07 58 00 36

## NORWAY

**TrioVing a.s**  
P.O. Box 510 Høyden  
N-1522 MOSS  
Norway  
Tel: (47) 69 24 52 00  
Fax: (47) 69 24 52 50

**VingCard a.s**  
P.O. Box 511 Høyden  
N-1522 MOSS  
Norway  
Tel: (47) 69 24 50 00  
Fax: (47) 69 24 50 50

**Låsgruppen a.s**  
P.O. Box 874  
(Hamburggatan 21)  
N-3007 DRAMMEN  
Norway  
Tel: (47) 32 83 51 90  
Fax: (47) 32 89 02 26

**Gorud Industrier a.s**  
P.O. Box 8 Haugenstua  
(Østre Akervei 243)  
N-0915 OSLO  
Norway  
Tel: (47) 22 25 00 50  
Fax: (47) 22 25 20 95

## RUSSIA

**Abloy Oy Representative Office**  
c/o Metra Oy AB  
10. Krasnoarmey'skaya, d. 15  
198103 St. PETERSBURG  
Russian Federation  
Tel: (7) 812 259 36 46,  
259 20 95, 259 32 53,  
259 21 54  
Fax: (7) 812 259 38 32

**Metra/ Abloy Oy**  
Glazovsky per. 7, kv 13-14  
121002 MOSCOW  
Russian Federation  
Tel: (7) 095 203 15 02  
203 15 11, 200 12 25  
Fax: (7) 095 230 25 84

## SINGAPORE

**ASSA ABLOY Pte Ltd**  
Blk 211 Henderson Road  
#12-04 Henderson Ind Park  
SINGAPORE 159 552  
Tel: (65) 274 48 68  
Fax: (65) 274 53 57

**Secureware International Private Ltd**  
Blk 211 Henderson Road  
#12-04 Henderson Ind Park  
SINGAPORE 159 552  
Tel: (65) 274 48 68  
Fax: (65) 274 53 57

## SWEDEN

**Assa AB**  
P.O. Box 371  
(Kungsgatan 71)  
SE-631 05 ESKILSTUNA  
Sweden  
Tel: (46) 16 17 70 00  
Fax: (46) 16 17 70 05

**Assa Industri AB**  
P.O. Box 371  
(Kungsgatan 71)  
SE-631 05 ESKILSTUNA  
Sweden  
Tel: (46) 16 17 70 00  
Fax: (46) 16 17 70 18

**AB FAS Låsfabrik**  
P.O. Box 60  
(Hejargatan 20)  
SE-631 02 ESKILSTUNA  
Sweden  
Tel: (46) 16 17 02 00  
Fax: (46) 16 17 02 17

**SOLID AB**  
P.O. Box 30213  
(Strandbergsgatan 57, 2 tr)  
S-104 25 STOCKHOLM  
Sweden  
Tel: (46) 8 618 06 00  
Fax: (46) 8 618 81 09  
  
**FIX AB**  
Bruksgatan 17  
SE-414 51 GOTHENBURG  
Sweden  
Tel: (46) 31 704 40 00  
Fax: (46) 31 14 23 55

## SWITZERLAND

**IKON Cully S.A.**  
Route de Grandvaux 22  
CH-1096 CULLY  
Switzerland  
Tel: (41) 21 799 26 66  
Fax: (41) 21 799 33 73

## USA

**ASSA ABLOY Inc.**  
110 Sargent Drive  
New Haven, CT 06511  
USA  
Tel: (1) 203 624 52 25  
Fax: (1) 203 785 81 08

**Abloy Security Inc.**  
6015 Commerce Drive, Suite 450  
IRVING, TX 75063  
USA  
Tel: (1) 972 753 11 27  
Fax: (1) 972 753 07 92

**Arrow Lock Manufacturing Co Inc**  
10300 Foster Avenue  
BROOKLYN, NY 11236  
USA  
Tel: (1) 718 257 47 00  
Fax: (1) 718 649 90 97

**ASSA Inc**  
10300 Foster Avenue  
BROOKLYN, NY 11236  
USA  
Tel: (1) 718 257 47 00  
Fax: (1) 718 649 90 97

**VingCard, Inc**  
9333 Forest Lane  
DALLAS, TX 75243  
USA  
Tel: (1) 214 907 22 73  
Fax: (1) 214 907 27 71

**ESSEX Industries, Inc.**  
110 Sargent Drive  
NEW HAVEN, CT 06511  
USA  
Tel: (1) 203 624 52 25  
Fax: (1) 203 785 81 08

**Sargent Manufacturing Co**  
100 Sargent Drive,  
NEW HAVEN, CT 06511  
USA  
Tel: (1) 203 562 21 51  
Fax: (1) 203 776 59 92

**Curries Co**  
525 Ninth St S.E.,  
MASON CITY, IA 50401  
USA  
Tel: (1) 515 423 13 34  
Fax: (1) 515 424 83 05

**Graham Manufacturing Corp**  
905 South Carolina,  
MASON CITY, IA 50402-1647  
USA  
Tel: (1) 515 423 24 44  
Fax: (1) 515 423 16 60

**McKinney Products Co**  
820 Davis St.,  
SCRANTON, PA 18505-5999  
USA  
Tel: (1) 717 346 75 51  
Fax: (1) 717 342 48 45



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# ASSA ABLOY

Klarabergsviadukten 90, P.O. Box 70340, S-107 23 Stockholm, Sweden  
Telephone: +46-8-698 85 70, Telefax: +46-8-698 85 85