

14th August, 1996, No. 12

Interim report, January-June, 1996

- Sales amounted to 2 339 MSEK (1 916)
- Income before taxes increased by 76 per cent, to 148.8 MSEK (84.5)
- Profit per share was 1.81 SEK (1.00)

Sales and income, January-June, 1996

The sales of the ASSA ABLOY Group were 2 339 MSEK (1 916), corresponding to an increase of 22 per cent. For comparable units the increase is 5 per cent after corrections for negative currency rate effects of 9 per cent,. The growth in the Nordic markets has been adversely affected by customers' stock reductions. In Germany, stable volumes are noted in spite of the weak market and the internal restructuring. The growth in local currency for the American units of a total of 6 per cent is good and in line with the expectations of the Group. VingCard notes very strong growth of 30 per cent, reinforcing its position as the world leader in hotel locking.

The Group's income before taxes amounted to 148.8 MSEK (84.5), implying an increase of 76 per cent. Profit per share increased to 1.81 SEK (1.00). Profit per share has been calculated after taxes and full conversion and on the average number of shares. All units have contributed to the good development. After several years of losses, the German unit of the Group, IKON, reports a break even result.

The Group's cash flow before taxes and dividend amounted to 113 MSEK (42).

Major events

The integration of ESSEX runs smoothly. The ESSEX hotel locking unit, System 45, has been transferred to and integrated with VingCard. The ESSEX washroom accessories unit, McKinney/Parker, was divested as of 1st July. The divested unit had annual sales of 12 MUSD and reported a minor loss. The divestiture was made at book value. The work with developing ESSEX further and implementing the opportunities for cross sales between the old ASSA ABLOY companies and ESSEX goes according to plan.

The Norwegian company Newman Tonks a.s., with sales of 192 MNOK in 1995, was acquired as of 1st July. The purchase sum was 3.2 MGBP. Further, loans amounting to 13.2 MGBP were assumed. The company is mainly active in the field of distribution of door hardware and will strengthen ASSA ABLOY's product portfolio in Norway. The acquisition is expected to have a positive effect on ASSA ABLOY's results as of 1997.

In the Annual Report for 1995 information was given that Finnish tax authorities had disputed deductions claimed corresponding to a tax expense of 52 MSEK. These deductions have now been finally approved.

The rights issue of ASSA ABLOY of a total of 300 MSEK was fully subscribed and carried out on 11th April. In April, ASSA ABLOY signed a five-year loan agreement (Multi-Currency Revolving Credit) of a total of 250 MUSD with a syndicate consisting of 11 international banks.

Forecast for the full year 1996

The expectation, repeated at the Annual General Shareholders' Meeting on 6th May, for continued good result development for ASSA ABLOY in 1996, remains unchanged.

This interim report has been subject to a limited review by the company auditors.

Moss, 14th August, 1996

Carl-Henric Svanberg
President and CEO

ASSA ABLOY is one of the world's leading lock groups with sales amounting to approx 5 000 MSEK. The number of employees is approximately 6 000. ASSA ABLOY develops, manufactures and markets mechanical, industrial, electromechanical and electronic locks and hotel locks. The group has market leading positions in Sweden, Finland, Denmark, Norway, Germany and in the United States.

Further information may be obtained from Mr Carl-Henric Svanberg, President and CEO, tel: +46-70 510 05 51 or Mr Johan Fant, CFO, tel: +46-70 540 40 11

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

MSEK	1st Jan-30th June, 1996	1st Jan-30th June, 1995
Sales	2 339.1	1 916.2
Operating costs	- 2 009.7	-1 699.2
Operating income before depreciation	329.4	217.0
Depreciation according to plan	-128.3	-97.2
Financial net	-56.5	-37.7
Share of result in associated companies	4.2	2.4
Income after financial items	148.8	84.5
Taxes	-43.3	-29.2
Net income of the year	105.5	55.3

CONSOLIDATED BALANCE SHEET

MSEK	30th June, 1996	31st Dec., 1995
Liquid assets	134.2	118.1
Receivables	679.7	424.2
Inventories	843.1	562.2
Other current liabilities, non-interest bearing	137.4	102.6
Goodwill	862.1	79.3
Other fixed assets	1 878.5	1 183.6
Total assets	4 535.0	2 470.0
Interest-bearing current liabilities	57.3	126.7
Other non-interest bearing current liabilities	838.9	672.2
Interest-bearing long term liabilities	2 198.1	650.2
Other non-interest bearing long term liabilities	165.5	83.9
Minority interests	8.4	8.9
Shareholders' equity	1 266.8	928.1
Total liabilities and shareholders' equity	4 535.0	2 470.0

SALES PER MARKET

	MLOC	1st Jan-30th June, 1996	1st Jan-30th June, 1995	% ¹⁾
Sweden, ASSA/Abloy/FAS/FIX/SOLID	MSEK	383	397	+2
Finland, Abloy	MFIM	203	202	0
Norway, TrioVing	MNOK	103	116	-2
Denmark, Ruko	MDKK	114	117	-3
Germany, IKON	MDEM	58	62	-1
United Kingdom, ASSA/Abloy	MGBP	7.0	6.9	+1
USA, Arrow/ASSA/Abloy/ESSEX	MUSD	142	127 ²⁾	+6
Hotel locks, VingCard	MNOK	293	220	+30
Total	MSEK	2 339	1 916	+5

¹⁾ The change refers to comparable units

²⁾ Incl ESSEX for comparability

KEY DATA

MSEK	1st Jan-30th June, 1996	1st Jan-31st Dec, 1995	1st Jan-30th June, 1995
Cash flow before taxes, MSEK	113	344	42
Gross margin, %	14.1	12.4	11.3
Profit margin, %	6.4	6.1	4.4
Net investments, MSEK	68	187	76
Equity, MSEK	1 271	928	828
Net borrowings, MSEK	2 121	659	1 102
Capital employed, MSEK	3 531	1 714	2 046
Equity ratio, %	27.9	37.6	29.1
Interest cover	4.7	5.3	5.1
Net borrowings/equity	1.67	0.71	1.33
Return on capital employed, %	16.7	15.6	12.4
Return on shareholders' equity, after tax, %	19.2	16.9	13.8
Profit per share after tax and full conversion, SEK	1.81	2.67	1.00
Shareholders' equity per share after full conversion, SEK	20.33	18.17	14.94
Number of shares (1 000's)	64 311	53 592	53 592
Number of shares after full conversion (1 000's)	66 140	55 421	55 421
Average number of employees	6 235	4 274	4 441