

Press release from ASSA ABLOY (publ)

7th November, 1996, No.16

Interim report: January-September 1996

- * Sales increased by 35 per cent to 3 627 MSEK (2 677)
- * The increase in sales for comparable units was 7.6 per cent
- * Income before taxes increased by 69 per cent to 240 MSEK (142)
- * Profit per share increased by 78 per cent to 2.86 SEK (1.61)
- * Cash flow amounted to 258 MSEK

Sales and income, January-September, 1996

The sales of the ASSA ABLOY Group were 3 627 MSEK (2 677), corresponding to an increase of 35 per cent. For comparable units, and after adjustments for negative foreign exchange effects of 9 per cent, the increase is 7.6 per cent.

The growth in the Nordic markets has increased during the third quarter. Germany shows stable volumes. The restructuring process continues and IKON's current and considerably shorter delivery times and better service have resulted in a slightly increased market share. Great Britain has shown a strong growth rate during the third quarter, inspite of a continued weak business climate. The 6 per cent growth of the Group's US units is good and in line with expectations. VingCard shows a continued strong sales increase of 27 per cent, partly due to the high rate of installation in the US hotel market during 1996.

The Group's income before taxes amounted to 239.9 MSEK (142.2), corresponding to an increase of 69 per cent. The translation of the subsidiaries' result has resulted in a negative foreign exchange effect of 23 MSEK due to the stronger Swedish Krona. On the other hand, a negative foreign exchange effect of 12 MSEK, on the export sales, has been eliminated through hedging activities. Profit per share increased to 2.86 SEK (1.61). Profit per share has been calculated after taxes and full conversion and on the average number of shares. Cash flow before taxes amounted to 258 MSEK (258). The cash flow for 1995 included non-recurring positive effects of 110 MSEK.

Important events

The US operations, including ESSEX, continue to develop very well. The work with overall rationalizations and the realization of cross-sales possibilities progress according to plan.

The German company IKON is experiencing a strong development and is expected to reach profits in level with those of the other Group companies within a couple of years.

In Norway, the during the third quarter acquired units, Newman Tonks a.s. with sales of 192 MNOK, 1995, and Grorud Förvaltning a.s. with sales of 125 MNOK, 1995, are complementing TrioVing a.s. well. The integration is expected to result in increased service levels to the market and improved profitability.

ASSA ABLOY's organization in the Far East has been reinforced by the acquisition of Secureware International Pte Ltd in Singapore. The company's sales are MSEK 10 and contains several key persons in a fast growing market.

Forecast for the full year 1996

The expectation of a continued good result development for ASSA ABLOY in 1996, remains unchanged.

Berlin, 7 November, 1996

Carl-Henric Svanberg
CEO and President

ASSA ABLOY is the world's leading lock group with sales amounting to approximately 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, Norway, Denmark, Germany and in the United States.

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FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

MSEK	1996-01-01- -1996-09-30	1995-01-01- -1995-09-30
Sales	3 626,8	2 677,1
Operating costs	-3 097,2	-2 350,6
Operating income before depreciation	529,6	326,5
Depreciation according to plan	-205,7	-139,1
Financial net	-89,5	-48,1
Share of result in associated companies	5,5	2,8
Income after financial items	239,9	142,2
Taxes	-67,1	-45,5
Net income of the year	172,8	96,7

CONSOLIDATED BALANCE SHEET

MSEK	1996-09-30	1995-12-31
Liquid assets	167,9	118,1
Receivables	756,6	424,2
Inventories	846,7	562,2
Other non-interest bearing current assets	145,1	102,6
Goodwill	951,4	79,3
Other fixed assets	1 886,0	1 183,6
Total assets	4 753,7	2 470,0
Interest-bearing current liabilities	33,1	126,7
Other non-interest bearing liabilities	913,7	672,2
Interest-bearing long term liabilities	2 349,4	650,2
Other non-interest bearing long term liabilities	110,1	83,9
Minority interests	13,0	8,9
Shareholders' equity	1 334,4	928,1
Total liabilities and shareholders' equity	4 753,7	2 470,0

SALES PER MARKET

		1996-01-01- -1996-09-30	1995-01-01- -1995-09-30	1) %
Sweden, ASSA / Abloy / FAS / FIX / SOLID	MSEK	551	549	+2
Finland, Abloy	MFIM	295	286	+3
Norway, TrioVing / MU / Grorud	MNOK	218	164	-1
Denmark, Ruko	MDKK	167	164	+2
Germany, IKON	MDEM	87	91	-1
United Kingdom, ASSA / Abloy	MGBP	10,7	10,1	+7
USA, Arrow / ASSA / Abloy / ESSEX	MUSD	218	212 ²⁾	+6
Hotel locks, VingCard	MNOK	472	326	+27
Total	MSEK	3 627	2 677	+7,6

1) The change refers to comparable units

2) Includes ESSEX for comparability

KEY DATA

	1996-01-01- -1996-09-30	1995-01-01- -1995-12-30	1995-01-01- -1995-09-30
Cashflow before taxes, MSEK	258	344	258
Grossmargin, %	14,6	12,4	12,1
Profitmargin, %	6,6	6,1	5,3
Net investments, MSEK	104	187	105
Shareholders' equity, MSEK	1334	928	868
Net borrowings, MSEK	2 215	659	795
Capital employed, MSEK	3 730	1 714	1 790
Equity ratio, %	28,1	37,6	34,1
Interest cover	4,9	5,3	5,0
Net borrowings / equity	1,66	0,71	0,92
Return on capital employed, %	17,1	15,6	14,4
Return on shareholders' equity after tax, %	20,4	16,9	15,7
Profit per share after tax and full conversion, SEK	2:86	2:41	1:61
Shareholders' equity per share after full conversion, SEK	21:37	18:17	16:98
Number of shares (1000's)	64 311	53 592	53 592
Number of shares after full conversion (1000'	66 140	55 421	55 421
Average number of employees	6 292	4 274	4 291