

## **Press release from ASSA ABLOY (publ)**

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### **Interim Report January-March 1997**

- Sales increased by 22 per cent to 1368 MSEK (1124)
- The increase in sales for comparable units was 8 per cent, USA increased by 12 per cent
- Income before taxes increased by 45 per cent to 101 MSEK (70)
- Profit per share increased by 33 per cent
- Acquisition of the leading French and Belgian lock group Vachette

### **Sales and income, January-March 1997**

The sales of the ASSA ABLOY Group amounted to 1368 MSEK (1124) corresponding to an increase of 22 per cent. For comparable units, and in local currencies, the increase is 8 per cent.

The growth of the Scandinavian units is good, inspite of the continuous weak activity within the construction industry. The integration of the acquired companies, Grorud och Møller Undall in Norway, continues to develop according to plan, with expected positive effect on the result. Abloy's units in Finland show a stronger growth, a.o. due to increasing construction industry as well as increased export to Baltic countries and Russia.

The locks business in general in Germany is continuously weak inspite of some initial reports on increased activities in the construction industry. Through the ongoing restructuring work IKON has considerably improved its customer service, which, among other things, has resulted in an increased market share.

The units in England show good growth and ASSA ABLOY's position with the door and window industry segment has been considerably strengthened through the English subsidiary of Grorud.

The US operations experience a strong growth, 12 per cent, which is estimated to be more than the total growth of the market. The integration of the new American units and the rationalization work is proceeding according to plan, with expected positive effects for both current and coming years. This strong development has created room for further expansion for the Group. Finally, VingCard notes a continously increasing order intake.

The Group's income before taxes amounted to 101 MSEK (70) corresponding to an increase of 45 per cent. Profit per share for the first three months increased by 33 per cent to 1.08 SEK (0,81). Profit per share has been calculated after taxes and full conversion. Cash flow before taxes and acquisition of companies amounted to 6 MSEK. At the translation of the operating capital the cash flow has been effected negatively by 66 MSEK, as a result of a negative foreign exchange effect.

### **Important events**

After the end of the period the acquisition of Vachette has been announced. Vachette has a turnover of 1100 MFFR and has a strong market position in France and in Belgium with market shares over 50%. Through this acquisition ASSA ABLOY follows up the strategy on acquisition of market leading locks companies in mature markets in Europe and North America as well as organic growth in new, fast growing markets, such as Asia and Eastern Europe. France is one of Europe's largest markets and the acquisition of the Vachette Group which is a market leader, is therefore a natural step. The acquisition will be financed partly through a rights issue to ASSA ABLOY's shareholders. The Board of ASSA ABLOY has decided to propose an issue of new shares to the existing ASSA ABLOY shareholders where ten old shares carry rights to subscribe for one new share at 100 SEK. Shareholders representing 43% of the share capital have in advance expressed a positive attitude to the rights issue and will subscribe for their parts.

### **Forecast for the fiscal year 1997**

The expectation expressed in the Annual Report of continued good result development for ASSA ABLOY in 1997 remains unchanged.

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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	Jan - March 1997	Jan - March 1996
Sales	1 368,3	1 124,2
Cost of goods sold	-872,6	-714,8
<b>Operating margin</b>	<b>495,7</b>	<b>409,4</b>
Administrative costs	-349,2	-301,6
<b>Operating result before goodwill depreciation</b>	<b>146,5</b>	<b>107,8</b>
Goodwill depreciation	-17,4	-10,7
<b>Operating result</b>	<b>129,1</b>	<b>97,1</b>
Financial net	-30,6	-28,0
Share of result in associated companies	2,0	0,6
<b>Result after financial items</b>	<b>100,5</b>	<b>69,7</b>
Taxes	-29,9	-21,1
<b>Net result of the year</b>	<b>70,6</b>	<b>48,6</b>

### CONSOLIDATED BALANCE SHEET

MSEK	31 March 1997	31 Dec 1996
Intangible fixed assets	1 187,1	1 108,3
Tangible fixed assets	1 730,4	1 662,2
Other fixed assets	108,3	99,6
Inventories	889,0	849,1
Receivables	803,1	692,7
Other non-interest bearing current assets	123,8	135,4
Liquid assets	108,2	137,0
<b>Total assets</b>	<b>4 949,9</b>	<b>4 684,4</b>
Shareholders' equity	1 470,4	1 408,5
Minority interests	9,7	9,5
Interest bearing provisions	619,8	574,0
Interest-bearing long term liabilities	1 641,4	1 626,3
Other non-interest bearing long term liabilities	60,8	92,0
Interest-bearing current liabilities	236,6	21,6
Other non-interest bearing current liabilities	911,2	952,5
<b>Total liabilities and shareholders' equity</b>	<b>4 949,9</b>	<b>4 684,4</b>

## SALES PER MARKET

		Jan - March 1997	Jan - March 1996	1) 2) %
Sweden, ASSA / Abloy / FAS / FIX / SOLID	MSEK	200	190	+5
Finland, Abloy	MFIM	111	102	+8
Norway, TrioVing / Låsgruppen / Grorud	MNOK	115	53	+4
Denmark, Ruko	MDKK	59	60	-3
Germany, IKON	MDEM	30	30	-2
United Kingdom, ASSA / Abloy / Grorud	MGBP	5,0	3,8	+6
USA, Arrow / ASSA / Abloy / ESSEX	MUSD	73	69	+12
Hotel locks, VingCard	MNOK	140	138	+11
<b>Total</b>	<b>MSEK</b>	<b>1 368</b>	<b>1 124</b>	<b>+8</b>

1) The change refers to comparable units

2) VingCard: Considering changed invoicing routines in the USA

## KEY DATA

	Jan - March 1997	Jan - Dec 1996	Jan - March 1996
Cashflow before taxes, MSEK	6	469	68
Operating margin, %	36,2	34,3	36,4
Profitmargin (profit before tax), %	7,3	7,0	6,2
Net investments, MSEK	40	163	37
Shareholders' equity, MSEK	1470	1409	965
Net borrowings, MSEK	2 390	2 085	2 422
Capital employed, MSEK	4 030	3 640	3 549
Equity ratio, %	29,7	30,1	21,1
Interest cover	5,6	5,0	4,4
Net borrowings / equity	1,63	1,48	2,51
Return on capital employed before goodwill depreciation, %	16,1	20,4	17,6
Return on capital employed, %	15,2	18,3	15,9
Return on shareholders' equity after tax, %	19,6	21,2	20,6
Profit per share after tax and full conversion, SEK	1:08	3:98	0:81
Shareholders' equity per share after full conversion, SEK	23:31	22:42	17:00
Number of shares (1000's)	64 311	64 311	53 592
Number of shares after full conversion (1000's)	66 349	66 349	55 421
Average number of employees	6 331	6 317	6 443