

P R E S S R E L E A S E

— from ASSA ABLOY AB (publ) —

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INTERIM REPORT JANUARY-SEPTEMBER 1999

- Sales increased by 19% to SEK 7,532 M (6,317)
- Income before taxes increased by 30% to SEK 689 M (530)
- Cash flow after current investments, but before tax, amounted to SEK 856 M
- The organic sales growth for comparable units amounted to 4% (7)
- Acquisition of Sloth & Co., Danish lock wholesaler
- Acquisition of French Fichet Bauche's lock business
- Acquisition of Timelox, Swedish manufacturer of hotel locks

SALES AND RESULT JANUARY-SEPTEMBER 1999

Sales for the period January-September amounted to SEK 7,532 M (6,317), corresponding to an increase of 19%. The organic growth for comparable units and in local currencies amounted to 4% (7). Changed exchange rates have affected sales positively by SEK 149 M compared with the same period last year.

The Group's result before tax amounted to SEK 689 M (530), corresponding to an increase of 30%. Translation of the foreign subsidiaries' result has, due to exchange rate changes, affected the results positively by SEK 25 M. Earnings per share during the period has increased by 32% to SEK 1:63 (1:23). Earnings per share has been calculated after full conversion, full tax and on the weighted average number of shares. Cash flow after current investments but before tax amounted to SEK 856 M.

DEVELOPMENT OF THE SUBSIDIARIES

Scandinavia continues to show good growth, 7%. The Swedish and Danish units increase somewhat faster than the weaker Norwegian market. A new high security cylinder programme was introduced on the Norwegian market at the end of 1998 and now represents one third of the sales of new cylinder systems. Abloy's door closers have been introduced on the Swedish market and are expected to show good growth.

Abloy in Finland is now enjoying clearly increasing sales and is heading towards a strong end of the year. The domestic market as well as export is increasing. In spite of the significant drop in sales to Russia the sales for 1999 are level with last year. The door closer manufacturing is proceeding well and shows increasing profit.

The sales in the German units increased by 4% during the third quarter and the organic growth for the whole year amounts to 1%. Effeff develops well and the integration is running according to plan. The company will be consolidated 1 February 2000 when the main owner's shares will be taken over.

The integration work within the French units continues, including rationalisation and the clean out of loss-making products and exports which is beginning to have a positive effect on lead

times, inventory levels and the margins. The organic growth including these effects amounts to 2%.

The North American units develop well with increasing margins. The activity level on the market remains high and the organic growth amounts to 8%. The sales in Canada have increased significantly during the year and are expected to amount to SEK 250 M for 1999. Scovill in Mexico has also developed well during the year after a weaker 1998 when the Mexican economy was affected negatively by falling oil prices and economic instability in Latin America.

The integration work within the newly acquired Australian company Lockwood is proceeding better than expected. The restructuring programme is in progress including the introduction of a new cylinder programme from Scandinavia in the beginning of next year.

VingCard's sales are fairly in line with last year's. The sales in Europe, Latin America and the marine segment continue to show strong growth. In contrast to the rest of the world where sales to a large extent have been driven by new construction, sales in Asia have for obvious reasons fallen significantly. Elsafe shows continued good growth on the American market while sales of hotel locks have temporarily weakened somewhat following the extensive upgrade of large hotel chains during the last years.

The new markets, Asia, the Czech Republic, Romania and Poland show good growth, 10%. The merger of ASSA ABLOY's and Lockwood's units in Asia is completed and the growth is for the moment particularly good in China. Poland is a market of growing importance for ASSA ABLOY and the sales for the year's first nine months increased by almost 100% and amount to SEK 30 M.

MAIN EVENTS

Acquisition of Sloth & Co.

Sloth & Co. is one of Denmark's leading lock wholesalers, mainly concentrating on locksmiths, and with projected sales in 1999 of DKK 100 M. ASSA ABLOY's Danish subsidiary Ruko is Sloth & Co.'s main supplier. Through the acquisition, Ruko will be able to offer improved customer service and other Group products.

Acquisition of Fichet Bauche's lock business

A Letter of Intent has been signed with Gunnebo to acquire Fichet Serrurerie Bâtiment, the lock division within the French Fichet Bauche. Fichet Serrurerie Bâtiment is France's most recognised manufacturer of high security locks. The company's sales amount to FFR 170 M. The acquisition will complement the French group well and add new products as well as new distribution channels.

Acquisition of Timelox

ASSA ABLOY has acquired Timelox AB, a company that, like VingCard, operates within the hotel lock segment. Timelox sales amount to approximately SEK 80 M and show a small loss, mainly because of too low volume. The company has created a strong position in Sweden as well as in the hotel dense Las Vegas area, where VingCard is weaker. Furthermore, Timelox will add important technological competence to ASSA ABLOY including the newly developed lock based on smart card technology.

OUTLOOK FOR 1999

As expressed earlier, continued good volume and result development for ASSA ABLOY in 1999 is expected.

Stockholm 8 November, 1999

Carl-Henric Svanberg
President & CEO

Financial information from ASSA ABLOY will be published as follows:
Year-end report, February 9, 2000.

For further information, please contact
Carl-Henric Svanberg, President & CEO, tel: +46-8-506 485 52 alt. +46-70-510 05 51,
or Göran Jansson, CFO, tel. +46-8-506 485 72 alt. +46-70-698 85 72

ASSA ABLOY AB (publ)
P.O. Box 70340, S-107 23 Stockholm
Tel: Int +46-8-506 485 00, Fax: Int +46-8-506 485 85
Visiting address: Klarabergsviadukten 90

www.assaabloy.se

*The ASSA ABLOY Group is the world's leading manufacturer and supplier of locks and associated products,
dedicated to satisfying end-user needs for security, safety and convenience. In 1999 the Group
will report sales exceeding SEK 10 billion and has about 12,000 employees.*

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

SEK M	Jan-Sep 1999	Jan-Sep 1998
Sales	7,532.3	6,316.5
Cost of goods sold	-4,702.9	-4,071.9
Operating margin	2,829.4	2,244.6
Administrative costs	-1,834.7	-1,462.9
Operating result before goodwill depreciation	994.7	781.7
Goodwill depreciation	-131.2	-95.7
Operating result	863.5	686.0
Financial net	-185.8	-164.1
Share of result in associated companies	10.8	8.5
Result after financial items	688.5	530.4
Taxes	-192.8	-159.1
Minority interests	-4.1	-6.8
Net result of the year	491.6	364.4

CONSOLIDATED BALANCE SHEET

SEK M	30 Sep 1999	31 Dec 1998
Intangible fixed assets	3,148.2	2,668.0
Tangible fixed assets	2,892.2	2,777.8
Financial fixed assets	1,067.1	647.8
Inventories	1,527.3	1,339.1
Receivables	1,824.6	1,426.8
Other non-interest bearing current assets	310.4	221.5
Liquid assets	168.6	137.8
Total assets	10,938.4	9,218.8
Shareholders' equity	5,134.0	2,715.2
Minority interests	238.4	32.1
Interest bearing provisions	616.1	637.1
Interest-bearing long term liabilities	2,526.1	3,608.7
Other non-interest bearing long term liabilities	391.1	491.4
Interest-bearing current liabilities	150.7	132.5
Other non-interest bearing current liabilities	1,882.0	1,601.8
Total liabilities and shareholders' equity	10,938.4	9,218.8

CONSOLIDATED CASH FLOW STATEMENT

	Jan-Sep 1999	
Cash flow from operating activities	956.8	*
Cash flow from investments	-1,056.0	*
Cash flow from financial activities	130.0	
Change in liquid assets	30.8	
Change in net debt		
Net debt 1 January	-4,237.3	
Change in liquid assets	30.8	
Change in loans	1,184.1	
Other changes	-76.9	
Net debt 30 September	-3,099.3	

* Cash flow before taxes, 856.1 = 956.8 – 1,056.0 + 170.0 (paid taxes) + 785.3 (indirect investments).

SALES PER ORGANIZATIONAL UNIT

		Jan-Sep 1999	Jan-Sep 1998	99/98 % 1)
Scandinavia	SEK M	1,301	1,242	+7
Finland	FIM M	463	403	-1
Germany	DEM M	104	98	+1
France	FRF M	904	844	+2
United Kingdom	GBP M	15.3	15.7	-2
USA	USD M	338	270	+8
Australia	AUD M	106	-	-
New markets	SEK M	221	202	+10
Hotel locks, VingCard	NOK M	660	667	-2
Total	SEK M	7,532	6,317	+4

1) The change refers to comparable units

KEY DATA

	Jan-Sep 1999	Jan-Sep 1998	Jan-Dec 1998
Cashflow before taxes, SEK M	856	640	1,023
Operating margin before goodwill amortization, %	13.2	12.4	12.8
Operating margin after goodwill amortization, %	11.5	10.9	11.2
Profitmargin (profit before tax), %	9.1	8.4	8.7
Net investments, SEK M	271	225	335
Depreciation excl. goodwill, SEK M	350	366	484
Shareholders' equity, SEK M	5,134	2,584	2,715
Net borrowings, SEK M	3,099	4,118	4,237
Capital employed, SEK M	8,665	6,868	7,126
Equity ratio, %	49.1	28.9	29.8
Interest cover	4.5	4.2	4.2
Net borrowings / equity	0.60	1.59	1.56
Return on capital employed before goodwill amortization, %	25.5	23.6	25.9
Return on capital employed, %	15.0	14.6	15.1
Return on shareholders' equity after tax, %	16.7	19.8	20.9
Profit per share after tax and full conversion, SEK*	1:63	1:23	1:78
Shareholders' equity per share after full conversion, SEK*	16:78	9:66	10:07
Number of shares (1000's)	314,335	70,732	71,076
Number of shares after full conversion (1000's)	324,200	73,862	73,862
Average number of employees	12,365	10,129	10,545
*) Comparative figures are adjusted for new rights issue, with the adjustment factor 0,9784. And adjusted for the split.			