

Quarterly Report

Q2 2020

17 July 2020

ASSA ABLOY

Experience a safer and more open world

An extraordinary quarter

Second quarter

- Net sales decreased by 15% to SEK 19,953 M (23,544), with organic growth of -18% (3) and acquired net growth of 3% (4)
- All five divisions reported significant declines in organic growth due to COVID-19. Entrance Systems, reporting organic growth of -8%, was the division least impacted
- Three acquisitions with expected combined annual sales of around SEK 200 M were signed
- To meet a regulatory precondition by the EU Commission for ASSA ABLOY to acquire agta record, agreements for the sale of certain agta record and ASSA ABLOY businesses were signed in June
- Operating income (EBIT) decreased by 44% and amounted to SEK 2,097 M (3,733), corresponding to an operating margin of 10.5% (15.9)
- Net income amounted to SEK 1,400 M (2,562)
- Earnings per share amounted to SEK 1.26 (2.31)
- Operating cash flow amounted to SEK 3,418 M (3,636).

Organic growth

-18%

Operating income

-44%

Earnings per share

-45%

Sales and income

	Second quarter			First half-year		
	2019	2020	Δ	2019	2020	Δ
Sales, SEK M	23,544	19,953	-15%	45,048	42,126	-6%
Of which:						
Organic growth	692	-4,198	-18%	1,698	-4,957	-11%
Acquisitions and divestments	790	654	3%	1,478	1,302	3%
Exchange-rate effects	922	-48	0%	2,182	733	2%
Operating income (EBIT), SEK M	3,733	2,097	-44%	6,978	4,848	-31%
Operating margin (EBITA), %	16.4%	11.2%		16.0%	12.2%	
Operating margin (EBIT), %	15.9%	10.5%		15.5%	11.5%	
Income before tax, SEK M	3,462	1,892	-45%	6,459	4,411	-32%
Net income, SEK M	2,562	1,400	-45%	4,780	3,264	-32%
Operating cash flow, SEK M	3,636	3,418	-6%	4,807	4,624	-4%
Earnings per share, SEK	2.31	1.26	-45%	4.30	2.94	-32%

Comments by the President and CEO

An extraordinary quarter

The development of the Covid-19 outbreak has led to an extraordinary situation with more than half of the world population in some form of lockdown during most of the quarter. Our organic sales growth declined by -18%, currency effects were neutral, while net acquired growth was positive at 3%, resulting in a net sales decline of -15%. As a result of the lockdowns, organic sales growth decreased in all divisions with the largest effects in EMEA and Global Technologies.

Operating income decreased by 44% to SEK 2,097 M and the operating margin was 10.5%. Implemented cost measures did not fully offset the significantly lower volumes. However, we continued to generate a strong operating cash flow of SEK 3,418 M and the cash conversion in the quarter was very strong at 181% (105). Our financial position is robust with a Net debt/EBITDA of 2.1.

Our response to a world in lockdown

The second quarter started with more than 30 of our factories closed due to the lockdown measures and with demand in many markets very depressed. To mitigate this, we implemented significant cost-saving measures, including reduced working hours, temporary and permanent layoffs, reduction of consultants, travel restrictions and reduction of other discretionary spending. These measures contributed to that our SG&A and conversion expenditure net decreased by more than SEK 1 bn in the quarter.

In parallel, we have continued to invest in product innovation to position us for long-term growth. For example, in the quarter we launched a scalable commercial digital security ecosystem that connects different access hardware on the same platform. We also launched several touch-free door opening products that will help to create a safer and more open world for our customers.

Positive developments and achievements

Even though some regions of the world are introducing new lockdowns, restrictions have generally eased gradually since May and currently all our factories are open. Improvements in demand combined with stronger effects from implemented cost measures have resulted in a positive financial development during the quarter.

If there are no significant new negative events, we expect the financial performance to continue to gradually improve. The attractive fundamentals of our industry are intact and therefore our financial targets remain valid.

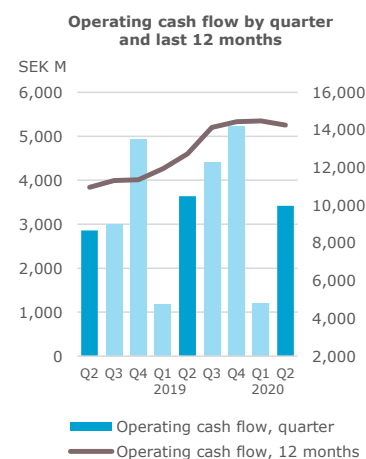
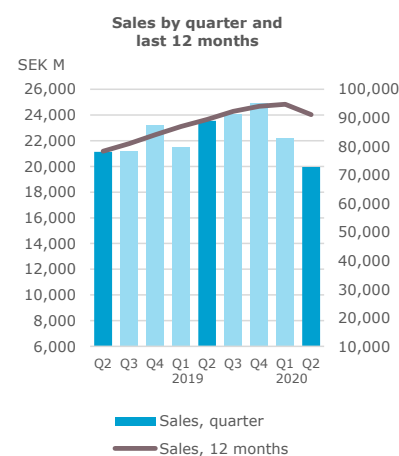
While the health and safety of our employees remain the first priority, our employees' commitment to support customers in a secure and innovative way has been impressive. I am also pleased that we have made important progress with the acquisition of agta record, which we expect to complete soon. This will further strengthen our product offering and enable us to serve our customers even better.

Stay safe and thank you for your trust in these challenging times.

Stockholm, 17 July 2020



Nico Delvaux
President and CEO



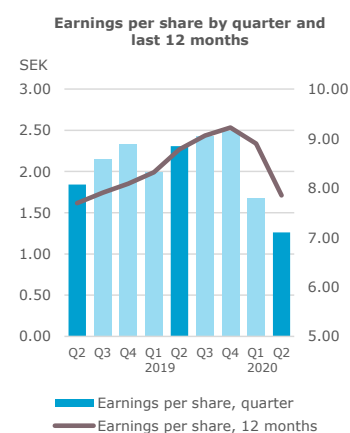
Second quarter

The Group's sales decreased by 15% to SEK 19,953 M (23,544). Organic growth amounted to -18% (3). Effects from acquisitions and exchange-rates affected sales by 3% (4) and 0% (4) respectively.

The Group's operating income (EBIT) amounted to SEK 2,097 M (3,733), a decrease of 44%. The corresponding operating margin was 10.5% (15.9). Exchange-rates had an impact of SEK 3 M (165). Operating income before amortizations from acquisitions (EBITA) amounted to SEK 2,237 M (3,852). The corresponding EBITA margin was 11.2% (16.4).

Net financial items amounted to SEK -205 M (-271). The Group's income before tax was SEK 1,892 M (3,462), a decrease of 45% compared with last year. Exchange-rates had an impact of SEK -1 M (151) on income before tax. The profit margin was 9.5% (14.7).

The estimated effective tax rate on an annual basis was 26% (26). Earnings per share amounted to SEK 1.26 (2.31), a decrease of 45% compared with last year. Operating cash flow amounted to SEK 3,418 M (3,636), a decrease of 6% compared with last year.



First half-year

The Group's sales for the first half of 2020 totaled SEK 42,126 M (45,048), representing a decrease of 6%. Organic growth was -11% (4). Effects from acquisitions and exchange-rates affected sales by 3% (4) and 2% (6) respectively.

The Group's operating income (EBIT) amounted to SEK 4,848 M (6,978), a decrease of 31% compared with last year. The corresponding operating margin was 11.5% (15.5). Operating income before amortizations from acquisitions (EBITA) amounted to SEK 5,122 M (7,204). The corresponding EBITA margin was 12.2% (16.0).

Earnings per share for the first half-year amounted to SEK 2.94 (4.30), a decrease of 32% compared with last year. Operating cash flow totaled SEK 4,624 M (4,807), a decrease of 4% compared with last year.

Restructuring measures

Payments related to all restructuring programs amounted to SEK 173 M (123) in the quarter. The restructuring programs proceeded according to plan and led to a reduction in personnel of 617 people during the quarter and 17,696 people since the projects began in 2006. At the end of the quarter provisions of SEK 522 M remained in the balance sheet for carrying out the programs.

No restructuring costs were reported during the quarter. A new restructuring program (MFP8) is expected to be launched at year-end 2020 and related restructuring costs are expected to be reported in the fourth quarter of 2020.

Comments by division

Opening Solutions EMEA

Sales for the quarter in EMEA totaled SEK 3,871 M (5,291), with organic growth of –25% (3). Sales declined in Scandinavia, and were significantly down in all other regions. Acquired growth net was –1%. Operating income totaled SEK 220 M (849), which represents an operating margin (EBIT) of 5.7% (16.0). Return on capital employed amounted to 4.6% (16.7). Operating cash flow before interest paid totaled SEK 585 M (659).

Opening Solutions Americas

Sales for the quarter in Americas totaled SEK 4,396 M (5,861), with organic growth of –18% (6). Sales were significantly down for all business areas. Acquired growth net was –9%. Operating income totaled SEK 769 M (1,203), which represents an operating margin (EBIT) of 17.5% (20.5). Return on capital employed amounted to 19.8% (23.8). Operating cash flow before interest paid totaled SEK 1,244 M (1,536).

Opening Solutions Asia Pacific

Sales for the quarter in Asia Pacific totaled SEK 2,357 M (2,919), with organic growth of –17% (3). Sales declined in Pacific and were significantly down in all other regions. Acquired growth net was –1%. Operating income totaled SEK 167 M (270), which represents an operating margin (EBIT) of 7.1% (9.3). Return on capital employed amounted to 7.3% (12.1). Operating cash flow before interest paid totaled SEK 307 M (261).

Global Technologies

Sales for the quarter in Global Technologies totaled SEK 3,253 M (3,706), with organic growth of –25% (5). Sales growth was stable in Identity & Access Solutions, but declined in Identification Technology and was significantly down in all other business areas including Global Solutions. Acquired growth net was 13%. Operating income totaled SEK 328 M (682), which represents an operating margin (EBIT) of 10.1% (18.4). Return on capital employed amounted to 5.6% (13.1). Operating cash flow before interest paid totaled SEK 564 M (980).

Entrance Systems

Sales for the quarter in Entrance Systems totaled SEK 6,552 M (6,310), with organic growth of –8% (1). Sales declined in Perimeter Security, Residential and Industrial and were significantly down in Pedestrian. Acquired growth net was 12%. Operating income totaled SEK 745 M (875), which represents an operating margin (EBIT) of 11.4% (13.9). Return on capital employed amounted to 10.6% (15.1). Operating cash flow before interest paid totaled SEK 1,159 M (725).

Acquisitions and divestments

One acquisition was consolidated during the quarter. The combined acquisition price for the businesses acquired during the year, including adjustments from prior year acquisitions, amounted to SEK 1,474 M. The acquisition price on a cash and debt free basis totaled SEK 1,554 M. Preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amounted to SEK 1,255 M. Estimated deferred considerations amounted to SEK 188 M.

On July 3 it was announced that ASSA ABLOY has acquired FocusCura, a leading provider of technology solutions for senior care in the Dutch market. The main office is located in Driebergen-Rijsenburg, Netherlands. Sales in 2019 amounted to around SEK 130 M.

On June 29 it was announced that ASSA ABLOY has entered into binding agreements with Italy based FAAC Group for the sale of certain agta record and ASSA ABLOY businesses, as part of the Group's commitments to address the competition concerns of the EU Commission in connection with the acquisition of the Swiss company agta record. The divested businesses includes the agta record operations in the Netherlands, Austria, Hungary and Slovenia, as well as the ASSA ABLOY automatic pedestrian door business in France and the UK. Agta record's high-speed door business located in France is also included. The divested businesses had a turnover in 2019 of approximately EUR 93 million, representing about 20% of total initial added revenue. The selling price for the Divestiture is EUR 100 M on a cash and debt free basis. The Divestiture is subject to customary closing conditions and is expected to close during the third quarter of 2020.

Sustainable development

Increasing the share of renewable energy is a priority for ASSA ABLOY. In EMEA division, the sites are progressing on this front by sourcing clean energy from utility providers and also by working together with the building owners to install onsite renewable technology where viable.

In 2020 two EMEA sites, at Yavne in Israel and Durban in South Africa, have worked with the building owners to install solar PV panels. The solar installations can provide up to 50% of the energy used on site. Where onsite renewable installations are not viable, the focus is on the procurement of renewable energy. For example, the division's sites in both Germany and Croatia source 100% of their electricity from verified renewable resources. EMEA division now sources 51% of its electricity from renewable sources and will continue to drive this as a priority.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 2,399 M (2,445) for the first half-year. Operating income for the same period amounted to SEK 494 M (671). Investments in tangible and intangible assets totaled SEK 10 M (13). Liquidity is good and the equity ratio is 39.6% (36.3).

Accounting principles

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The same accounting and valuation principles as in the latest Annual Report have been applied. This Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Report for the Parent company was prepared in accordance with the Annual Accounts Act and RFR 2 'Reporting by a Legal Entity'.

ASSA ABLOY makes use of a number of financial performance measures that are not defined in the reporting rules that the company uses – so-called 'alternative performance measures'. For definitions of financial performance measures, refer to Page 20 of this Report and to the company's latest Annual Report. To check how the financial measurements have been calculated for current and earlier periods, refer to the tabulated figures in this Quarterly Report and to the company's Annual Report. The Annual Reports for the years 1994 to 2019 appear on the company's website www.assaabloy.com.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

Transactions with related parties

No transactions that significantly affected the company's position and income have taken place between ASSA ABLOY and related parties.

Risks and uncertainty factors

As an international Group with a wide geographic spread, ASSA ABLOY is exposed to a number of business, financial and tax-related risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit, raw materials and financial instruments. Risk management in ASSA ABLOY aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. For a more detailed description of particular risks and risk management, see the 2019 Annual Report.

M&A and FX guidance

The guidance below relating to two key figures is provided to facilitate financial modelling but should not be viewed as market outlooks or business performance forecasts.

Acquisitions and divestments

It is estimated that completed acquisitions and divestments, on a rolling 12-month basis as per 30 June 2020, will have an effect of 3% on sales in the third quarter of 2020 versus the same period last year, while the effect on the operating margin is estimated to be dilutive in the third quarter of 2020.

Exchange-rate effects

On the basis of the currency rates on 30 June 2020, it is estimated that the weighted currency effects on sales in the third quarter of 2020 versus the same period last year will be -3%, while the effect on the operating margin is estimated to be neutral in the third quarter of 2020.

Certification

The Board of Directors and the President and CEO declare that this half-year report gives an accurate picture of the Parent Company's and the Group's operations, position and income and describes significant risks and uncertainty factors faced by the Parent Company and the companies making up the Group.

Stockholm, 17 July 2020

Lars Renström
Chairman

Carl Douglas
Vice Chairman

Nico Delvaux
President and CEO

Eva Karlsson
Board member

Birgitta Klasén
Board member

Lena Olving
Board member

Sofia Schörling Högberg
Board member

Jan Svensson
Board member

Joakim Weidemanis
Board member

Rune Hjältn
Employee representative

Mats Persson
Employee representative

Review Report

ASSA ABLOY AB, org.no 556059-3575

Introduction

We have reviewed the condensed interim report for ASSA ABLOY AB as at June 30, 2020 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 17 July 2020

Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Financial information

The Interim Report for the third quarter will be published on 21 October 2020.

The Year-end Report and Quarterly Report for the fourth quarter will be published on 5 February 2021.

Further information can be obtained from:

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Erik Pieder,
Executive Vice President and CFO, tel.no: +46 8 506 485 72

ASSA ABLOY is holding a **telephone and web conference at 09.30 on 17 July 2020**

which can be followed on the Internet at www.assaabloy.com.

It is possible to submit questions by telephone on:
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This is information that ASSA ABLOY AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 17 July 2020.

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Corporate identity number: 556059-3575

No.13/2020

Financial information – Group

CONDENSED INCOME STATEMENT

SEK M	Q2		Q1-Q2	
	2019	2020	2019	2020
Sales	23,544	19,953	45,048	42,126
Cost of goods sold	-14,044	-12,305	-26,953	-25,505
Gross income	9,500	7,648	18,096	16,621
Selling, administrative and R&D costs	-5,790	-5,593	-11,177	-11,859
Share of earnings in associates	22	42	60	86
Operating income	3,733	2,097	6,978	4,848
Finance net	-271	-205	-519	-437
Income before tax	3,462	1,892	6,459	4,411
Tax on income	-900	-492	-1,679	-1,147
Net income for the period	2,562	1,400	4,780	3,264
Net income for the period attributable to:				
Parent company's shareholders	2,561	1,399	4,780	3,263
Non-controlling interests	0	1	-1	2
Earnings per share				
Before and after dilution, SEK	2.31	1.26	4.30	2.94
Before and after dilution and excluding items affecting comparability, SEK	2.31	1.26	4.30	2.94

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q2		Q1-Q2	
	2019	2020	2019	2020
Net income for the period	2,562	1,400	4,780	3,264
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	-167	-301	-288	-403
Total	-167	-301	-288	-403
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	70	-101	102	18
Cashflow hedges and net investment hedges, net after tax	3	23	-17	-2
Exchange rate differences	0	-2,877	1,361	-821
Total	73	-2,955	1,446	-805
Total comprehensive income for the period	2,468	-1,857	5,938	2,055
Total comprehensive income for the period attributable to:				
Parent company's shareholders	2,468	-1,857	5,938	2,054
Non-controlling interests	0	0	0	2

Financial information – Group

CONDENSED BALANCE SHEET

	31 Dec	30 Jun	
SEK M	2019	2019	2020
ASSETS			
Non-current assets			
Intangible assets	70,355	68,239	70,745
Property, plant and equipment	8,498	8,326	8,562
Right-of-use assets	3,731	3,705	3,592
Investments in associates	2,595	2,534	2,665
Other financial assets	104	91	109
Deferred tax assets	1,205	1,546	1,381
Total non-current assets	86,487	84,442	87,054
Current assets			
Inventories	11,276	12,319	11,520
Trade receivables	15,701	15,508	13,718
Other current receivables and investments	4,144	4,375	5,293
Cash and cash equivalents	442	355	3,726
Total current assets	31,563	32,556	34,257
TOTAL ASSETS	118,050	116,998	121,311
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent company's shareholders	59,143	53,708	58,980
Non-controlling interests	11	6	12
Total equity	59,154	53,714	58,992
Non-current liabilities			
Long-term loans	21,100	20,269	24,384
Non-current lease liabilities	2,588	2,746	2,513
Deferred tax liabilities	2,368	2,115	2,434
Other non-current liabilities and provisions	5,071	5,365	5,300
Total non-current liabilities	31,127	30,496	34,632
Current liabilities			
Short-term loans	5,460	10,958	6,469
Current lease liabilities	1,151	948	1,101
Trade payables	7,908	7,586	6,581
Other current liabilities and provisions	13,250	13,296	13,537
Total current liabilities	27,769	32,788	27,688
TOTAL EQUITY AND LIABILITIES	118,050	116,998	121,311

CHANGES IN EQUITY

SEK M	Equity attributable to:		Total equity
	Parent company's shareholders	Non-controlling interests	
Opening balance 1 January 2019 according to adopted Annual Report	51,890	10	51,900
Change in accounting policies	-234	-	-234
New opening balance 1 January 2019	51,656	10	51,666
Net income for the period	4,780	-1	4,780
Other comprehensive income	1,157	1	1,158
Total comprehensive income	5,938	0	5,938
Dividend	-3,888	-	-3,888
Stock purchase plans	3	-	3
Change in non-controlling interest	-1	-4	-5
Total transactions with shareholders	-3,886	-4	-3,890
Closing balance 30 June 2019	53,708	6	53,714

Opening balance 1 January 2020	59,143	11	59,154
Net income for the period	3,263	2	3,264
Other comprehensive income	-1,209	0	-1,209
Total comprehensive income	2,054	2	2,055
Dividend	-2,222	-1	-2,222
Stock purchase plans	4	-	4
Total transactions with shareholders	-2,218	-1	-2,218
Closing balance 30 June 2020	58,980	12	58,992

Financial information – Group

CONDENSED STATEMENT OF CASH FLOWS

SEK M	Q2		Q1-Q2	
	2019	2020	2019	2020
OPERATING ACTIVITIES				
Operating income	3,733	2,097	6,978	4,848
Depreciation and amortization	835	927	1,624	1,852
Restructuring payments	-123	-173	-284	-255
Other non-cash items	-210	-58	-263	-54
Cash flow before interest and tax	4,236	2,794	8,055	6,391
Interest paid and received	-277	-244	-456	-416
Tax paid on income	-942	-474	-1,645	-1,352
Cash flow before changes in working capital	3,017	2,076	5,954	4,623
Changes in working capital	242	1,460	-1,806	-25
Cash flow from operating activities	3,259	3,536	4,148	4,599
INVESTING ACTIVITIES				
Net investments in intangible assets and property, plant and equipment	-406	-442	-727	-933
Investments in subsidiaries	-704	-84	-1,931	-1,555
Divestments of subsidiaries	23	27	37	27
Investments in and disposals of associates	16	-	16	-
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-1,071	-500	-2,605	-2,461
FINANCING ACTIVITIES				
Dividends	-3,888	-2,222	-3,888	-2,222
Acquisition of non-controlling interests	-5	-	-5	-
Amortization of lease liabilities	-281	-322	-543	-649
Net cash effect of changes in borrowings	1,927	1,572	2,704	4,027
Cash flow from financing activities	-2,247	-972	-1,731	1,156
CASH FLOW FOR THE PERIOD	-59	2,064	-188	3,294
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	414	1,676	538	442
Cash flow for the period	-59	2,064	-188	3,294
Effect of exchange rate differences	0	-14	5	-10
Cash and cash equivalents at end of period	355	3,726	355	3,726

KEY RATIOS

	Year	Q1-Q2	
	2019	2019	2020
Return on capital employed, %	16.6	15.9	10.4
Return on capital employed excluding items affecting comparability, %	17.0	15.9	10.4
Return on shareholders' equity, %	18.0	18.1	11.0
Equity ratio, %	50.1	45.9	48.6
Interest coverage ratio, times	14.9	14.1	11.5
Total number of shares, thousands	1,112,576	1,112,576	1,112,576
Number of shares outstanding, thousands	1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares before and after dilution, thousands	1,110,776	1,110,776	1,110,776
Average number of employees	48,992	49,218	46,979

Financial information – Parent company

CONDENSED INCOME STATEMENT

	Year	Q1-Q2	
SEK M	2019	2019	2020
Operating income	1,523	671	494
Income before appropriations and tax	4,962	1,418	1,742
Net income for the period	5,134	1,340	1,662

CONDENSED BALANCE SHEET

	31 Dec	30 Jun	
SEK M	2019	2019	2020
Non-current assets	39,443	39,956	38,314
Current assets	19,722	18,004	23,110
Total assets	59,165	57,960	61,424
Equity	24,883	21,065	24,328
Untaxed reserves	911	678	911
Non-current liabilities	16,877	15,392	17,484
Current liabilities	16,494	20,826	18,701
Total equity and liabilities	59,165	57,960	61,424

Quarterly information – Group

THE GROUP IN SUMMARY SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q2 2019	Year 2019	Q1 2020	Q2 2020	Q1-Q2 2020	Last 12 months
Sales	21,505	23,544	24,034	24,946	45,048	94,029	22,173	19,953	42,126	91,106
Organic growth	5%	3%	4%	1%	4%	3%	-3%	-18%	-11%	
Gross income excluding items affecting comparability	8,596	9,500	9,625	9,979	18,096	37,700	8,973	7,648	16,621	36,226
Gross margin excluding items affecting comparability	40.0%	40.4%	40.0%	40.0%	40.2%	40.1%	40.5%	38.3%	39.5%	39.8%
Operating income before depr. & amort. (EBITDA) excluding items affecting comparability	4,034	4,568	4,736	4,969	8,602	18,307	3,676	3,024	6,700	16,405
Operating margin (EBITDA)	18.8%	19.4%	19.7%	19.9%	19.1%	19.5%	16.6%	15.2%	15.9%	18.0%
Depreciation and amortization excl. amortization attributable to business combinations	-682	-716	-726	-781	-1,398	-2,905	-792	-787	-1,579	-3,085
Operating income before amortization (EBITA) excluding items affecting comparability	3,352	3,852	4,010	4,188	7,204	15,402	2,884	2,237	5,122	13,319
Operating margin (EBITA)	15.6%	16.4%	16.7%	16.8%	16.0%	16.4%	13.0%	11.2%	12.2%	14.6%
Amortization attributable to business combinations	-106	-120	-115	-141	-225	-482	-133	-141	-274	-530
Operating income (EBIT) excluding items affecting comparability	3,246	3,733	3,894	4,047	6,978	14,920	2,751	2,097	4,848	12,789
Operating margin (EBIT)	15.1%	15.9%	16.2%	16.2%	15.5%	15.9%	12.4%	10.5%	11.5%	14.0%
Items affecting comparability ¹⁾	-	-	-	-312	-	-312	-	-	-	-312
Operating income (EBIT)	3,246	3,733	3,894	3,735	6,978	14,608	2,751	2,097	4,848	12,478
Operating margin (EBIT)	15.1%	15.9%	16.2%	15.0%	15.5%	15.5%	12.4%	10.5%	11.5%	13.7%
Net financial items	-248	-271	-250	-268	-519	-1,037	-232	-205	-437	-955
Income before tax (EBT)	2,997	3,462	3,645	3,467	6,459	13,571	2,519	1,892	4,411	11,523
Profit margin (EBT)	13.9%	14.7%	15.2%	13.9%	14.3%	14.4%	11.4%	9.5%	10.5%	12.6%
Tax on income	-779	-900	-948	-947	-1,679	-3,574	-655	-492	-1,147	-3,041
Net income for the period	2,218	2,562	2,697	2,520	4,780	9,997	1,864	1,400	3,264	8,481
Net income attributable to:										
Parent company's shareholders	2,219	2,561	2,696	2,517	4,780	9,993	1,864	1,399	3,263	8,475
Non-controlling interests	-1	0	1	3	-1	4	1	1	2	6
OPERATING CASH FLOW SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q2 2019	Year 2019	Q1 2020	Q2 2020	Q1-Q2 2020	Last 12 months
Operating income (EBIT)	3,246	3,733	3,894	3,735	6,978	14,608	2,751	2,097	4,848	12,478
Restructuring costs	-	-	-	312	-	312	-	-	-	312
Depreciation and amortization	788	835	842	922	1,624	3,387	925	927	1,852	3,615
Net capital expenditure	-321	-406	-410	-525	-727	-1,662	-491	-442	-933	-1,868
Change in working capital	-2,048	242	591	1,364	-1,806	148	-1,485	1,460	-25	1,930
Interest paid and received	-179	-277	-179	-233	-456	-869	-172	-244	-416	-828
Repayment of lease liabilities	-262	-281	-300	-316	-543	-1,159	-326	-322	-649	-1,264
Non-cash items	-53	-210	-37	-24	-263	-324	4	-58	-54	-115
Operating cash flow	1,171	3,636	4,401	5,235	4,807	14,442	1,206	3,418	4,624	14,260
Operating Cash flow/Income before tax excluding items affecting comparability	0.39	1.05	1.21	1.39	0.74	1.04	0.48	1.81	1.05	1.20
CHANGE IN NET DEBT SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q2 2019	Year 2019	Q1 2020	Q2 2020	Q1-Q2 2020	
Net debt at beginning of period	29,246	35,100	37,620	36,843	29,246	29,246	33,050	36,371	33,050	
Impact from transition to IFRS 16	3,711	-	-	-	3,711	3,711	-	-	-	
Operating cash flow	-1,171	-3,636	-4,401	-5,235	-4,807	-14,442	-1,206	-3,418	-4,624	
Restructuring payments	161	123	181	261	284	726	83	173	255	
Tax paid on income	703	942	577	1,651	1,645	3,872	878	474	1,352	
Acquisitions and divestments	1,357	964	1,425	1,018	2,322	4,764	1,584	86	1,670	
Dividend	-	3,888	-	-	3,888	3,888	-	2,222	2,222	
Actuarial gain/loss on post-employment benefit obligations	179	210	289	-316	389	362	139	407	546	
Change to lease liabilities	-127	-111	-51	47	-237	-242	-1	-110	-111	
Exchange rate differences, etc.	1,039	140	1,203	-1,218	1,179	1,165	1,845	-2,093	-248	
Net debt at end of period	35,100	37,620	36,843	33,050	37,620	33,050	36,371	34,112	34,112	
Net debt/Equity	0.64	0.70	0.64	0.56	0.70	0.56	0.58	0.58	0.58	
NET DEBT SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019			Q1 2020	Q2 2020		
Interest-bearing assets	-168	-144	-113	-100			-108	-76		
Cash and cash equivalents	-414	-355	-459	-442			-1,676	-3,726		
Derivative financial instruments, net	43	-127	8	-53			-469	-441		
Pension provisions	3,105	3,324	3,717	3,346			3,642	3,887		
Lease liabilities	3,776	3,694	3,746	3,739			3,924	3,614		
Interest-bearing liabilities	28,758	31,228	29,944	26,560			31,059	30,853		
Total	35,100	37,620	36,843	33,050			36,371	34,112		
CAPITAL EMPLOYED AND FINANCING SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019			Q1 2020	Q2 2020		
Capital employed	90,227	91,334	94,796	92,204			99,428	93,103		
- of which goodwill	55,731	56,179	59,134	57,662			61,573	58,243		
- of which other intangible assets and property, plant and equipment	19,911	20,386	21,296	21,191			22,189	21,064		
- of which right-of-use assets	3,805	3,705	3,746	3,731			3,909	3,592		
- of which investments in associates	2,510	2,534	2,643	2,595			2,772	2,665		
Net debt	35,100	37,620	36,843	33,050			36,371	34,112		
Non-controlling interests	10	6	8	11			13	12		
Equity attributable to the Parent company's shareholders	55,117	53,708	57,946	59,143			63,044	58,980		
DATA PER SHARE SEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q2 2019	Year 2019	Q1 2020	Q2 2020	Q1-Q2 2020	
Earnings per share before and after dilution	2.00	2.31	2.43	2.27	4.30	9.00	1.68	1.26	2.94	
Earnings per share before and after dilution and excluding items affecting comparability	2.00	2.31	2.43	2.49	4.30	9.22	1.68	1.26	2.94	
Shareholders' equity per share after dilution	49.62	48.35	52.17	53.25	48.35	53.25	56.76	53.10	53.10	

¹⁾ Items affecting comparability consist of restructuring costs.

Reporting by division

Q2 and 30 Jun

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	5,176	3,752	5,838	4,379	2,570	2,067	3,682	3,232	6,278	6,523	-	-	23,544	19,953
Sales, internal	115	120	23	17	349	290	24	20	33	29	-543	-477	-	-
Sales	5,291	3,871	5,861	4,396	2,919	2,357	3,706	3,253	6,310	6,552	-543	-477	23,544	19,953
Organic growth	3%	-25%	6%	-18%	3%	-17%	5%	-25%	1%	-8%	-	-	3%	-18%
Acquisitions and divestments	0%	-1%	1%	-9%	6%	-1%	17%	13%	1%	12%	-	-	4%	3%
Exchange-rate effects	1%	-1%	8%	2%	3%	-1%	7%	0%	5%	0%	-	-	4%	0%
Share of earnings in associates	-	-	-	-	5	5	-	-	17	37	-	-	22	42
Operating income (EBIT)	849	220	1,203	769	270	167	682	328	875	745	-146	-132	3,733	2,097
Operating margin (EBIT)	16.0%	5.7%	20.5%	17.5%	9.3%	7.1%	18.4%	10.1%	13.9%	11.4%	-	-	15.9%	10.5%
Capital employed	19,848	18,873	19,938	14,934	8,765	8,492	21,287	22,780	22,799	27,772	-1,303	251	91,334	93,103
- of which goodwill	11,006	10,907	13,568	11,559	4,265	4,079	14,713	15,679	12,629	16,018	-	-	56,179	58,243
- of which other intangible assets and property, plant and equipment	4,121	3,949	4,226	3,149	2,447	2,471	5,040	5,691	4,407	5,740	144	64	20,386	21,064
- of which right-of-use assets	1,064	939	464	415	303	203	356	514	1,492	1,509	25	12	3,705	3,592
- of which investments in associates	0	1	-	-	631	650	19	23	1,884	1,992	-	-	2,534	2,665
Return on capital employed excluding items affecting comparability	16.7%	4.6%	23.8%	19.8%	12.1%	7.3%	13.1%	5.6%	15.1%	10.6%	-	-	16.2%	8.6%
Operating income (EBIT)	849	220	1,203	769	270	167	682	328	875	745	-146	-132	3,733	2,097
Depreciation and amortization	204	234	140	121	96	92	192	228	194	246	9	7	835	927
Net capital expenditure	-126	-110	-98	-74	-43	-64	-65	-130	-72	-63	-2	-1	-406	-442
Amortization of lease liabilities	-74	-79	-34	-32	-23	-25	-30	-36	-115	-146	-4	-3	-281	-322
Change in working capital	-193	321	325	459	-39	138	201	175	-157	377	105	-10	242	1,460
Operating cash flow by division	659	585	1,536	1,244	261	307	980	564	725	1,159	-37	-140	4,123	3,719
Non-cash items	-	-	-	-	-	-	-	-	-	-	-210	-58	-210	-58
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-277	-244	-277	-244
Operating cash flow													3,636	3,418

Q1-Q2 and 30 Jun

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	10,299	8,680	11,132	9,628	4,443	3,461	7,006	7,135	12,169	13,222	-	-	45,048	42,126
Sales, internal	200	236	41	40	696	484	49	51	64	57	-1,050	-867	-	-
Sales	10,499	8,916	11,173	9,668	5,139	3,945	7,054	7,186	12,233	13,279	-1,050	-867	45,048	42,126
Organic growth	3%	-14%	8%	-8%	4%	-25%	7%	-13%	2%	-4%	-	-	4%	-11%
Acquisitions and divestments	1%	-1%	1%	-8%	4%	1%	16%	13%	1%	11%	-	-	4%	3%
Exchange-rate effects	3%	0%	9%	3%	5%	0%	9%	2%	6%	2%	-	-	6%	2%
Share of earnings in associates	-	-	-	-	10	9	-	-	50	77	-	-	60	86
Operating income (EBIT)	1,690	827	2,243	1,817	385	14	1,280	891	1,654	1,567	-274	-268	6,978	4,848
Operating margin (EBIT)	16.1%	9.3%	20.1%	18.8%	7.5%	0.4%	18.2%	12.4%	13.5%	11.8%	-	-	15.5%	11.5%
Capital employed	19,848	18,873	19,938	14,934	8,765	8,492	21,287	22,780	22,799	27,772	-1,303	251	91,334	93,103
- of which goodwill	11,006	10,907	13,568	11,559	4,265	4,079	14,713	15,679	12,629	16,018	-	-	56,179	58,243
- of which other intangible assets and property, plant and equipment	4,121	3,949	4,226	3,149	2,447	2,471	5,040	5,691	4,407	5,740	144	64	20,386	21,064
- of which right-of-use assets	1,064	939	464	415	303	203	356	514	1,492	1,509	25	12	3,705	3,592
- of which investments in associates	-	1	-	-	631	650	19	23	1,884	1,992	-	-	2,534	2,665
Return on capital employed excluding items affecting comparability	17.8%	8.5%	22.8%	20.3%	9.0%	0.3%	12.8%	7.9%	14.8%	12.1%	-	-	15.9%	10.4%
Operating income (EBIT)	1,690	827	2,243	1,817	385	14	1,280	891	1,654	1,567	-274	-268	6,978	4,848
Depreciation and amortization	396	462	274	246	188	183	368	453	380	493	18	14	1,624	1,852
Net capital expenditure	-246	-225	-171	-193	-86	-107	-132	-255	-88	-151	-4	-3	-727	-933
Amortization of lease liabilities	-144	-162	-66	-65	-47	-54	-61	-74	-223	-287	-2	-7	-543	-649
Change in working capital	-749	-186	-483	19	-302	-23	-131	-89	-103	391	-40	-138	-1,806	-25
Operating cash flow by division	948	717	1,797	1,824	138	14	1,324	927	1,620	2,014	-301	-402	5,526	5,094
Non-cash items	-	-	-	-	-	-	-	-	-	-	-263	-54	-263	-54
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-456	-416	-456	-416
Operating cash flow													4,807	4,624
Average number of employees	11,687	10,049	9,093	8,492	11,488	9,816	5,327	6,454	11,302	11,802	322	366	49,218	46,979

Reporting by division

Q1-Q4 and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Sales, external	19,908	20,707	19,737	23,082	8,875	9,477	11,864	15,321	23,665	25,442	0	-	84,048	94,029
Sales, internal	293	438	79	90	1,074	1,213	87	102	97	110	-1,631	-1,953	-	-
Sales	20,201	21,144	19,817	23,172	9,949	10,689	11,951	15,423	23,762	25,553	-1,630	-1,953	84,048	94,029
Organic growth	2%	2%	9%	7%	4%	-1%	8%	5%	4%	2%	-	-	5%	3%
Acquisitions and disposals	5%	0%	1%	2%	1%	5%	4%	16%	1%	1%	-	-	2%	3%
Exchange-rate effects	5%	3%	0%	8%	3%	3%	3%	8%	4%	5%	-	-	3%	6%
Share of earnings in associates	-	-	-	-	17	17	3	5	147	124	-	-	167	147
Operating income (EBIT) excl. items affecting comparability	3,256	3,396	3,941	4,673	492	879	2,387	2,890	3,358	3,652	-525	-570	12,909	14,920
Operating margin (EBIT) excl. items affecting comparability ¹⁾	16.1%	16.1%	19.9%	20.2%	4.9%	8.2%	20.0%	18.7%	14.1%	14.3%	-	-	15.4%	15.9%
Restructuring costs	-438	-185	-225	-	-130	-6	-218	-4	-108	-116	-100	-	-1,218	-312
Impairment of goodwill etc	-	-	-	-	-5,595	-	-	-	-	-	-	-	-5,595	-
Operating income (EBIT)	2,818	3,211	3,716	4,673	-5,233	873	2,170	2,885	3,250	3,535	-625	-570	6,096	14,608
Operating margin (EBIT)	13.9%	15.2%	18.8%	20.2%	-52.6%	8.2%	18.2%	18.7%	13.7%	13.8%	-	-	7.3%	15.5%
Capital employed	16,883	18,659	18,506	19,678	7,455	9,053	18,511	22,329	20,742	23,024	-951	-539	81,146	92,204
- of which goodwill	10,709	11,121	13,327	14,105	3,892	4,168	13,245	15,459	12,240	12,809	-	-	53,413	57,662
- of which other intangible assets and property, plant and equipment	3,971	4,092	3,813	4,423	2,340	2,469	4,866	5,632	4,378	4,451	151	124	19,518	21,191
- of which right-of-use assets	70	990	-	499	5	260	-	463	44	1,499	-	19	119	3,731
- of which investments in associates	9	1	-	-	587	637	19	23	1,819	1,935	-	-	2,434	2,595
Return on capital employed excluding items affecting comparability	20.1%	18.4%	22.5%	23.6%	4.8%	10.3%	14.0%	14.0%	16.9%	16.2%	-	-	16.2%	17.0%
Operating income (EBIT)	2,818	3,211	3,716	4,673	-5,233	873	2,170	2,885	3,250	3,535	-625	-570	6,096	14,608
Restructuring costs	438	185	225	-	130	6	218	4	108	116	100	-	1,218	312
Impairment of intangible assets	-	-	-	-	5,595	-	-	-	-	-	-	-	5,595	-
Depreciation and amortization	464	813	367	569	292	381	522	793	294	794	24	36	1,963	3,387
Net capital expenditure	-500	-454	-327	-348	-6	-220	-281	-366	-170	-276	-36	3	-1,319	-1,662
Amortization of lease liabilities	-	-295	-	-149	-	-100	-	-129	-	-477	-	-9	-	-1,159
Change in working capital	-401	53	-78	517	33	-319	-165	-5	-709	-38	244	-61	-1,076	148
Operating cash flow by division	2,819	3,515	3,903	5,263	811	622	2,463	3,183	2,772	3,655	-293	-602	12,477	15,635
Non-cash items	-	-	-	-	-	-	-	-	-	-	-458	-324	-458	-324
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-662	-869	-662	-869
Operating cash flow													11,357	14,442
Average number of employees	11,717	11,373	8,768	9,360	11,492	11,016	4,624	5,594	11,463	11,313	288	336	48,353	48,992

¹⁾ Items affecting comparability consist of impairment of goodwill and other intangible assets in 2018.

Financial information - Notes

NOTE 1 DISAGGREGATION OF REVENUE

Sales by continent Q2

	EMEA		Opening Solutions Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
SEK M														
Europe	4,613	3,414	15	8	154	148	1,017	840	2,895	2,474	-195	-209	8,497	6,675
North America	146	105	5,418	4,113	307	215	1,805	1,521	2,930	3,567	-242	-178	10,364	9,342
Central- and South America	26	15	399	255	10	10	108	80	21	24	-8	-13	557	371
Africa	195	110	6	1	4	5	91	105	15	15	-7	-7	305	230
Asia	273	194	22	18	1,797	1,430	600	511	326	290	-46	-37	2,973	2,405
Oceania	38	34	1	1	645	549	85	196	123	182	-45	-33	848	929
Total	5,291	3,871	5,861	4,396	2,919	2,357	3,706	3,253	6,311	6,552	-543	-477	23,544	19,953

Sales by continent Q1-Q2

	EMEA		Opening Solutions Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
SEK M														
Europe	9,183	7,892	24	19	304	250	1,925	1,895	5,788	5,325	-391	-370	16,834	15,011
North America	288	224	10,301	8,973	601	398	3,490	3,465	5,536	7,030	-482	-318	19,732	19,772
Central- and South America	45	33	776	628	21	24	195	198	38	38	-15	-25	1,060	895
Africa	387	279	12	5	5	9	185	217	28	31	-9	-13	609	528
Asia	523	425	57	40	3,087	2,162	1,097	1,039	615	514	-80	-77	5,299	4,103
Oceania	74	64	3	3	1,121	1,102	161	372	228	341	-74	-64	1,514	1,817
Total	10,499	8,916	11,173	9,668	5,139	3,945	7,054	7,185	12,233	13,279	-1,050	-867	45,048	42,126

Sales by product group Q2

	EMEA		Opening Solutions Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
SEK M														
Mechanical locks, lock systems and fittings	2,575	1,786	2,215	1,790	1,291	1,133	33	70	2	1	-173	-185	5,943	4,595
Electromechanical and electronic locks	1,692	1,321	1,312	1,102	720	550	3,676	3,130	155	147	-302	-233	7,253	6,017
Security doors and hardware	903	654	2,313	1,496	904	658	-4	52	-	610	-32	-26	4,085	3,444
Entrance automation	122	109	20	9	3	17	-	-	6,154	5,793	-36	-32	6,262	5,896
Total	5,291	3,871	5,861	4,396	2,919	2,357	3,706	3,253	6,310	6,552	-543	-477	23,544	19,953

Sales by product group Q1-Q2

	EMEA		Opening Solutions Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
SEK M														
Mechanical locks, lock systems and fittings	5,160	4,224	4,235	3,998	2,412	2,026	35	155	4	3	-351	-350	11,496	10,056
Electromechanical and electronic locks	3,370	2,982	2,592	2,404	1,294	812	7,006	6,912	364	352	-577	-407	14,049	13,055
Security doors and hardware	1,764	1,475	4,311	3,248	1,426	1,079	12	119	-	1,186	-53	-47	7,461	7,061
Entrance automation	205	235	35	17	7	28	-	-	11,865	11,738	-69	-64	12,043	11,954
Total	10,499	8,916	11,173	9,668	5,139	3,945	7,054	7,186	12,233	13,279	-1,050	-867	45,048	42,126

NOTE 2 BUSINESS COMBINATIONS

	Q2		Q1-Q2	
	2019	2020	2019	2020
SEK M				
Purchase prices				
Cash paid for acquisitions during the year	628	-12	1,536	1,268
Holdbacks and deferred considerations for acquisitions during the year	27	-94	36	180
Adjustment of purchase prices for acquisitions in prior years	-5	30	-5	27
Total	650	-76	1,568	1,474
Acquired assets and liabilities at fair value				
Intangible assets	558	83	558	169
Property, plant and equipment and right-of-use assets	15	72	120	196
Other non-current assets	79	4	81	4
Inventories	38	3	114	81
Current receivables and investments	44	-25	185	78
Cash and cash equivalents	10	4	-5	36
Non-current liabilities	-237	-19	-386	-132
Current liabilities	-302	-12	-417	-213
Total	205	108	250	219
Goodwill	446	-184	1,318	1,255
Change in cash and cash equivalents due to acquisitions				
Cash paid for acquisitions during the year	628	-12	1,536	1,268
Cash and cash equivalents in acquired subsidiaries	-10	-4	5	-36
Paid considerations for acquisitions in prior years	86	100	390	323
Total	704	84	1,931	1,555

Fair value adjustments of acquired net assets from acquisitions made in previous periods are included in the above table.

Financial information - Notes

NOTE 3 FAIR VALUE AND CARRYING AMOUNT ON FINANCIAL ASSETS AND LIABILITIES

30 June 2020

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at amortized cost	17,577	17,577			
Financial assets at fair value through profit and loss	6	6			
Derivatives - hedge accounting	247	247		247	
Derivatives - held for trading	297	297		297	
Financial liabilities					
Financial liabilities at amortized cost	37,434	38,125			
Financial liabilities at fair value through profit and loss	1,125	1,125			1,125
Lease liabilities	3,614	3,614			
Derivatives - hedge accounting	0	0		0	
Derivatives - held for trading	103	103		103	

31 December 2019

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Loans and other receivables	16,296	16,296			
Financial assets at fair value through profit and loss	6	6			
Available-for-sale financial assets	94	94		94	
Derivative instruments - hedge accounting	108	108		108	
Financial liabilities					
Financial liabilities at amortized cost	34,468	34,722			
Financial liabilities at fair value through profit and loss	1,366	1,366			1,366
Lease liabilities	3,739	3,739			
Derivatives - hedge accounting	6	6		6	
Derivatives - held for trading	143	143		143	

Definitions of financial performance measures

Organic growth

Change in sales for comparable units after adjustments for acquisitions and exchange rate effects.

Operating margin (EBITDA)

Operating income before depreciation and amortization as a percentage of sales.

Operating margin (EBITA)

Operating income before amortization of intangible assets recognized in business combinations, as a percentage of sales.

Operating margin (EBIT)

Operating income as a percentage of sales.

Profit margin (EBT)

Income before tax as a percentage of sales.

Operating cash flow

Cash Flow from operating activities excluding restructuring payments and tax paid on income minus net capital expenditure and repayment of lease liabilities.

Net capital expenditure

Investments in, less disposals of, intangible assets and property, plant and equipment.

Depreciation and amortization

Depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets.

Net debt

Interest-bearing liabilities less interest-bearing assets. See the table on net debt for detailed information.

Capital employed

Total assets less interest-bearing assets and non-interest-bearing liabilities including deferred tax liability.

Equity ratio

Shareholders' equity as a percentage of total assets.

Interest coverage ratio

Income before tax plus net interest divided by net interest.

Return on shareholders' equity

Net income attributable to parent company's shareholders as a percentage of average parent company's shareholders equity.

Return on capital employed

Income before tax plus net interest as a percentage of average capital employed excluding restructuring reserves.

Earnings per share after tax and dilution

Net income excluding non-controlling interests divided by weighted average number of outstanding shares after any potential dilution.