

Press release from ASSA ABLOY AB (publ)

5 November, 1998, No. 16

INTERIM REPORT, JANUARY-SEPTEMBER, 1998

- Sales increased by 28% to 6317 MSEK (4949)
- The organic sales growth for comparable units amounted to 7% (9)
- Income before taxes increased by 45% to 530 MSEK (366)
- Cash flow before tax amounted to 640 MSEK (534)
- Acquisition of SECURITRON completed – USA's leading manufacturer of magnetic locks

SALES AND INCOME, JANUARY-SEPTEMBER, 1998

The sales of the ASSA ABLOY Group amounted to 6317 MSEK (4949), an increase of 28%. The organic growth for comparable units and in local currency amounted to 7%. The acquisitions made during 1998 have increased sales by 110 MSEK. Exchange rate changes have effected sales by +91 MSEK.

The Group's result before tax amounted to 530 MSEK (366), corresponding to an increase of 45%. Translation of the foreign subsidiaries' results has increased by 5 MSEK due to the change in exchange rates. Earnings per share increased to 5.05 SEK (3.73). The earnings per share have been calculated after full conversion and full tax as well as on the average number of shares.

Cash flow before tax and acquisitions amounted to 640 MSEK (534), which is in line with this year's expectations for a cash flow exceeding the result.

DEVELOPMENT OF THE SUBSIDIARIES

The Swedish units showed a 5% growth for the first nine months compared to the same period last year. The construction activity increased in Sweden and continues to have a positive effect on the project sales. However, during the third quarter a decreasing demand from the door and window industry has been noted.

Finland shows an increase of 11% with stable development in the domestic market. Compared to last year the organic growth is falling somewhat due to the fact that Abloy's door closer program for the American market has been running successfully since more than a year. The sales to Russia ceased due to the financial crises during the period. The underlying demand for higher security remains.

The lock market in Norway shows organic growth of 6% in spite of a slowing down of the economy. An upgrade towards higher security compensates for the decrease in new construction. The result continues to grow faster than sales.

Denmark is back to normal organic growth during the third quarter, 7%, after the nation-wide strike last spring. Accumulated, the organic growth will amount to 3%.

In Germany, IKON focuses primarily on institutions and public authorities that for the moment show little growth. Their sales are in line with last year. The integration of Dörrenhaus is proceeding according to plan including the deletion of loss making products.

The Czech company FAB shows good volume and profit development and sales increased with 14%. The remaining minority shares (30%) in the Slovakian subsidiary have been acquired during the period.

UK also shows good volume and profit development. Sales growth amounts to 8%. Demand for high security locks and related products is increasing and contributes to the growth.

The French units show lower growth in the third quarter partly due to an increased focus on profitable products and customer segments. New construction is increasing although at a lower rate. The integration work continues with expected positive result.

The US units show an organic growth of 9%. No sign of a slow down has been noted so far. The rationalisation work proceeds with continued good result improvements in all units. The integration of Medeco is running well.

VingCard notes a continued good growth of 10%. The sales in Europe show particularly good growth. North America develops well, while Asia is decreasing as a result of the current economic situation. Following the recent year's strong growth a rationalisation program has been introduced that steadily improves profitability.

ACQUISITIONS

The acquisition of Securitron Magnalock – USA's leading manufacturer of magnetic locks and panic devices was completed on October 22, 1998. The acquisition of Securitron is an important complement to the Group as it adds an important range of electro-mechanical lock products and opens new distribution channels for these products in general. The market for electro-mechanical lock products is one of the lock markets fastest growing segments, as these products are important components in all electronic security systems.

New England Lock & Hardware Co, USA, was acquired during the period. The company's products date back to the beginning of the century under the brand name Segal and are one of the most well known replacement lock ranges in the New York area. The acquisition reinforces the Medeco and Segal strong joint position and enables the group to expand into the residential market. The sales for 1998 are estimated to 2 MUSD. The acquisition will create an insignificant amount of goodwill.

OUTLOOK FOR 1998

The expectation expressed earlier of a continued good result and volume development for ASSA ABLOY in 1998 remains unchanged.

Troyes, France, 5 November 1998

Carl-Henric Svanberg
President and CEO

ASSA ABLOY is the world's leading lock group with sales exceeding 8 000 MSEK. The number of employees is approx. 10 000. 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, France, Belgium, the Czech Republic, Romania, Mexico and in the United States as well as within the segment for hotel security world-wide.

For further information, please contact
Carl-Henric Svanberg, President & CEO, tel. +46-70-510 0551 or
Göran Jansson, CFO, tel. +46-70-748 8572

ASSA ABLOY AB (publ)
P.O. Box 70340, S-107 23 Stockholm
Tel: Int+46-8-698 85 70, Fax: Int +46-8-698 85 85
Visiting address: Klarabergsviadukten 90

<http://www.assaabloy.se>

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

MSEK	Jan-Sept 1998	Jan-Sept 1997
Sales	6 316, 5	4 949,0
Cost of goods sold	-4 071,9	-3 218,9
Operating margin	2 244,6	1 730,2
Administrative costs	-1 462,9	-1 166,3
Operating result before goodwill depreciation	781,7	563,9
Goodwill depreciation	-95,7	-72,1
Operating result	686,0	491,8
Financial net	-164,1	-131,2
Share of result in associated companies	8,5	5,3
Result after financial items	530,4	365,9
Taxes	-159,1	-109,8
Minority interests	-6,8	-1,3
Net result of the year	364,4	254,8

CONSOLIDATED BALANCE SHEET

MSEK	30 Sept 98	31 Dec 97
Intangible fixed assets	2 489,1	1 968,9
Tangible fixed assets	2 676,2	2 559,4
Financial fixed assets	628,7	418,9
Inventories	1 256,8	1 179,2
Receivables	1 523,3	1 261,3
Other non-interest bearing current assets	364,4	178,4
Liquid assets	117,5	125,9
Total assets	9 056,0	7 692,0
Shareholders' equity	2 584,1	2 317,1
Minority interests	30,0	24,1
Interest bearing provisions	584,7	555,5
Interest-bearing long term liabilities	3 434,0	2 923,5
Other non-interest bearing long term liabilities	416,3	421,5
Interest-bearing current liabilities	235,5	88,7
Other non-interest bearing current liabilities	1 771,4	1 361,6
Total liabilities and shareholders' equity	9 056,0	7 692,0

SALES PER ORGANISATIONAL UNIT

		Jan - Sept 1998	Jan - Sept 1997	1) %
Sweden	MSEK	648	617	+5
Finland	MFIM	403	364	+11
Norway	MNOK	364	356	+6
Denmark	MDKK	184	179	+3
Germany	MDEM	98	92	-2
France	MFRF	844	366	+4
United Kingdom	MGBP	15,7	14,5	+8
Czech Republic	MCZK	568	119	+14
USA	MUSD	270	237	+9
Hotel locks, VingCard	MNOK	667	510	+10
Total	MSEK	6 317	4 949	+7

1) The change refers to comparable units

KEY DATA

	Jan - Sept 1998	Jan - Dec 1997
Cashflow before taxes, MSEK	640	841
Operating margin, %	35,5	35,5
Profitmargin (profit before tax), %	8,4	7,7
Net investments, MSEK	225	274
Depreciation excl. goodwill, MSEK	366	358
Shareholders' equity, MSEK	2 584	2 317
Net borrowings, MSEK	4 118	3 442
Capital employed, MSEK	6 868	5 909
Equity ratio, %	28,9	30,4
Interest cover	4,2	3,8
Net borrowings / equity	1,59	1,49
Return on capital employed before goodwill depreciation, %	23,6	24,6
Return on capital employed, %	14,6	15,2
Return on shareholders' equity after tax, %	19,8	18,9
Profit per share after tax and full conversion, SEK	5:05	5:09
Shareholders' equity per share after full conversion, SEK	39:51	35:82
Number of shares (1000's)	70 732	70 732
Number of shares after full conversion (1000's)	73 862	73 862
Average number of employees	10 129	8 088