

Press Release

28 October 2011
No. 31/11

Good performance on a weak market

- Sales increased by 14% and amounted to SEK 10,841 M (9,474). The increase was made up of 2% organic growth, 18% acquired growth and currency effects of -6%.
- Continued strong growth in Asia.
- Stable but slow sales on the mature markets and slowdown in South America.
- A new restructuring program launched involving the closure of 17 production units and a number of other rationalizations and changes.
- Agreement signed for the acquisition of the American company Albany Door Systems, a leader in high-speed industrial doors.
- Operating income (EBIT) increased by 7% and amounted to SEK 1,751 M (1,630). The operating margin was 16.2% (17.2).
- Net income amounted to SEK 1,653 M (1,099) including a one-off income of SEK 424 M.
- Earnings per share rose by 13% to SEK 3.30 (2.93), excluding a one-off income of SEK 424 M.

SALES AND INCOME

	Third quarter			Jan-Sep		
	2010	2011	Change	2010	2011	Change
Sales, SEK M	9,474	10,841	+14 %	27,175	30,042	+11 %
of which,						
Organic growth			+2%			+4%
Acquisitions			+18%			+16%
Exchange-rate effects	-216	-491	-6%	-1,240	-2,113	-9%
Operating income, SEK M	1,630	1,751	+7 %	4,440	4,743	+7 %
Operating margin (EBIT), %	17,2	16,2		16,3	15,8	
Income before tax, SEK M	1,440	1,582	+10%	3,961	4,256	+7%
Net income, SEK M	1,099	1,653	+50%	3,009	3,751	+25%
Operating cash flow, SEK M	1,890	1,528	-19%	4,200	3,286	-22%
Earnings per share, SEK *)	2,93	3,30	+13 %	8,03	8,86	+10 %

*) excluding one-off income of SEK 424 M in the third quarter and the period Jan-Sep of 2011.

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COMMENTS BY THE PRESIDENT AND CEO

"Our strong growth continued during the quarter and reached a good 20% in local currencies," says Johan Molin, President and CEO. "However, organic growth continued to weaken and reached 2% due to a weakening business cycle. It was pleasing that Asia continued to show strong growth and that Europe and Africa showed some improvement at the same time as North America, South America and Australia continued to weaken.

"Operating income improved by 7% despite negative currency effects. The operating margin was affected positively by the volume growth and the efficiency and restructuring programs, but this was diluted by acquisitions and by the increased share of sales on emerging markets with lower margins.

"A new analysis of the remaining production structure has been initiated. Further potential for efficiency improvements has been identified. Improvements will be realized through continued rationalization of the Group's production structure and through increased synergies from the Cardo acquisition. The total net cost is expected to be SEK 900 M.

"Acquisition activities continued at a high pace through the acquisitions of the American company Albany Door Systems and the Korean company Angel Metal. Very exciting is the acquisition of Albany Door Systems, which brings to the Group a world-leading company within high-speed industrial doors. It is also gratifying that our leading position in Korea is further strengthened by Angel Metal. In the year so far the Group has added an impressive sales of SEK 7,800 M, representing 21% growth, through acquisitions.

"The business cycle on the mature markets remains weak but stable because of cuts in public funding, while the trend on the emerging markets is expected to remain positive, although at a lower level than before."

THIRD QUARTER

The Group's sales totaled SEK 10,841 M (9,474), an increase of 14% compared with 2010. Organic growth for comparable units was 2% (6). Acquired units contributed 18% (10). Exchange-rate effects had a negative impact of SEK 491 M on sales, that is -6% (-3).

Operating income before depreciation, EBITDA, amounted to SEK 2,002 M (1,875). The corresponding EBITDA margin was 18.5% (19.8). The Group's operating income, EBIT, amounted to SEK 1,751 M (1,630), an increase of 7%. The operating margin was 16.2% (17.2).

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Net financial items amounted to SEK -169 M (-190). The Group's income before tax amounted to SEK 1,582 M (1,440), an improvement of 10% compared with the previous year. Exchange-rate effects had a negative impact of SEK 104 M on the Group's income before tax. The profit margin was 14.6% (15.2). The estimated effective tax rate amounted to 22%, corresponding to a tax charge of SEK 348 M (341). Earnings per share amounted to SEK 3.30 (2.93), an increase of 13%.

FIRST NINE MONTHS OF THE YEAR

Sales for the first nine months of 2011 totaled SEK 30,042 M (27,175), representing an increase of 11%. Organic growth was 4% (2). Acquired units contributed 16% (7). Exchange-rate effects affected sales negatively by SEK 2,113 M, that is -9% (-5), compared with the first nine months of 2010.

Operating income before depreciation, EBITDA, amounted to SEK 5,495 M (5,191). The corresponding margin was 18.3% (19.1). The Group's operating income, EBIT, amounted to SEK 4,743 M (4,440), an increase of 7%. The corresponding operating margin (EBIT) was 15.8% (16.3).

Earnings per share, excluding one-off income, rose to SEK 8.86 (8.03), an increase of 10%. Operating cash flow amounted to SEK 3,286 M (4,200).

RESTRUCTURING MEASURES

Payments related to all restructuring programs amounted to SEK 75 M in the quarter.

The restructuring programs continued according to plan and have led to a reduction in personnel of 181 people during the quarter and 5,753 people since the projects began. A further 639 people will leave by the end of 2012.

At the end of the quarter provisions of SEK 688 M remained in the balance sheet for carrying out the remaining parts of the programs.

During the third quarter plans were announced for a new restructuring program that will start during the fourth quarter. Initial estimates show that a total of 17 production units and two administrative units will be shut down. The cost is estimated at SEK 1,330 M and the payback time is just over three years. Net of one off income during the third quarter related to the Cardo acquisition the total cost amounts to approximately 900 MSEK.

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COMMENTS BY DIVISION

EMEA

Sales for the quarter in EMEA division totaled SEK 3,155 M (3,065), with organic growth of 0% (1). The market trend remained weak but stable with growth in Scandinavia, Finland and Eastern Europe. Southern Europe continued to show negative growth. Acquired growth amounted to 5%. Operating income totaled SEK 535 M (520), which represents an operating margin (EBIT) of 17.0% (17.0). Return on capital employed amounted to 20.9% (20.8). Operating cash flow before interest paid totaled SEK 586 M (704).

AMERICAS

Sales for the quarter in Americas division totaled SEK 2,312 M (2,537), with organic growth of -1% (2). The sales trend during the quarter was negative but stable, with growth in electromechanics and on the residential market. At the same time sales on the institutional market and in South America declined to some extent. Acquired growth amounted to 1%. Operating income totaled SEK 466 M (515) and the operating margin was 20.1% (20.3). Return on capital employed amounted to 23.5% (24.1). Operating cash flow before interest paid totaled SEK 493 M (614).

ASIA PACIFIC

Sales for the quarter in Asia Pacific division totaled SEK 1,822 M (1,735), with organic growth of 7% (15). Growth was strong in Asia, and especially in units for digital door locks in Korea and for security doors in China. Australia and New Zealand continued to show a negative sales trend affected by the earthquakes in New Zealand and a reduction in stimulation measures in Australia. Acquired growth amounted to 2%. Operating income totaled SEK 275 M (271), representing an operating margin (EBIT) of 15.1% (15.6). The quarter's return on capital employed amounted to 25.0% (21.6). Operating cash flow before interest paid totaled SEK 232 M (300).

GLOBAL TECHNOLOGIES

Sales for the quarter in Global Technologies division totaled SEK 1,524 M (1,365), with organic growth amounting to 5% (26). HID showed good growth in access control and strong growth in e-Government. Hospitality reported a positive trend on the renovation market with good growth for RFID locks and energy-efficiency products. Acquired growth amounted to 14%. The division's operating income amounted to SEK 248 M (247), giving an operating margin (EBIT) of 16.3% (18.1). The operating margin was affected by a dilution of 2.0% from the acquisitions of LaserCard and ActivIdentity. Return on capital employed amounted to 16.2% (18.1). Operating cash flow before interest paid totaled SEK 285 M (186).

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ENTRANCE SYSTEMS

Sales for the quarter in Entrance Systems division totaled SEK 2,241 M (987), with organic growth amounting to 5% (–1). Growth was good on the mature markets and strong on the emerging markets such as Turkey and Asia. Profitability also showed a positive trend for all units, and the integration of Crawford and FlexiForce proceeded at a good pace. Acquired growth amounted to 130%. Operating income totaled SEK 308 M (152), giving an operating margin of 13.8% (15.4). The operating margin was affected by a dilution of 2.0%, mainly from the acquisition of Crawford (Cardo). Return on capital employed amounted to 10.7% (14.3). Operating cash flow before interest paid totaled SEK 225 M (165).

ACQUISITIONS

During the quarter Angel Metal in Korea and a number of minor acquisitions were consolidated. This means that a total of fourteen companies were consolidated during the first nine months of the year. The combined acquisition price for these fourteen companies, excluding disposal groups, amounted to SEK 6,809 M, and preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amount to SEK 5,986 M. The acquisition price is adjusted for acquired net debt and estimated earn-outs. Estimated earn-outs amounted to SEK 413 M.

During the quarter the sell of Cardo Flow Solutions and Lorentzen & Wettre – parts of the former Cardo Group – were completed. The sales prices on a cash and debt free basis were SEK 5,900 M and SEK 750 M respectively.

On 28 October it was announced that an agreement had been signed with the American entrance-automation company Albany Door Systems, global leader in high-speed doors. Albany Door Systems has worldwide geographical coverage, 700 employees and expected sales of USD 180 M (SEK 1,100 M) in 2011. Albany Door Systems will be consolidated into the group in the first quarter of 2012. Integration costs related to coordination of markets and products are estimated to SEK 150 M.

SUSTAINABLE DEVELOPMENT

ASSA ABLOY has had its Trio-E hinged door certified according to the American UL Environment (Underwriters Laboratories) requirement UL IRS 102 – the first door manufacturer to achieve this. This requirement measures the health and environmental effects of the manufacture and use of doors. The Trio-E door is the first to be certified according to this sustainability requirement on the North American market.

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PARENT COMPANY

'Other operating income' for the Parent company ASSA ABLOY AB totaled SEK 1,129 M (1,145) for the nine-month period. Income before tax amounted to SEK 880 M (1,344), a reduction due primarily to reduced dividends from subsidiaries. Investments in tangible and intangible assets totaled SEK 3 M (9). Liquidity is good and the equity ratio was 36.9% (51.4).

ACCOUNTING PRINCIPLES

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. Significant accounting and valuation principles are detailed on pages 86-91 of the 2010 Annual Report. From 2011 ASSA ABLOY is implementing the International Financial Reporting Standard IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. Non-current assets are classified as assets held for sale when their carrying amount will be largely recovered in a sales transaction and a sale is viewed as being highly probable. They are reported at the lower of carrying amount and fair value less costs to sell if their carrying amount can be largely recovered in a sales transaction and not through continuing use and it is highly probable that a sale will occur.

This Interim Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Interim Report for the Parent company was prepared in accordance with the Annual Accounts Act and RFR 2 'Reporting by a Legal Entity'.

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 and financial 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 risks and risk management, see the 2010 Annual Report. No significant risks other than the risks described there are judged to have occurred.

AUDIT

This Report has not been reviewed by the Company's Auditors.

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

Tel: +46 (0)8 506 485 00
Fax: +46 (0)8 506 485 85
www.assaabloy.com
Corporate Identity nr: 556059-3575

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OUTLOOK*

Long-term outlook

Long term, ASSA ABLOY expects an increase in security-driven demand. Focus on end-user value and innovation as well as leverage on ASSA ABLOY's strong position will accelerate growth and increase profitability.

Organic sales growth is expected to continue at a good rate. The operating margin (EBIT) and operating cash flow are expected to develop well.

** Outlook published on 28 July 2011:*

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FINANCIAL INFORMATION

The Year-end Report and Quarterly Report for the fourth quarter will be published on 10 February 2012.

FURTHER INFORMATION CAN BE OBTAINED FROM:

Johan Molin, President and CEO, Tel: +46 8 506 485 42
Tomas Eliasson, Chief Financial Officer, Tel: +46 8 506 485 72

ASSA ABLOY is holding an **analysts' meeting** at **10.00 today**
at Operaterrassen in **Stockholm**.

The analysts' meeting can also be followed on the Internet at www.assaabloy.com.

It is possible to submit questions by telephone on:

+46 8 5052 0270, +44 207 509 5139 or +1 718 354 1226

This information is that which ASSA ABLOY is required to disclose under the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act.

The information is released for publication at 08.00 on 28 October.

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

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Fax: +46 (0)8 506 485 85
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FINANCIAL INFORMATION - GROUP

INCOME STATEMENT

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011	Jul-Sep 2010	Jul-Sep 2011
	SEK M	SEK M	SEK M	SEK M	SEK M
Sales	36,823	27,175	30,042	9,474	10,841
Cost of goods sold	-21,987	-16,208	-18,223	-5,628	-6,633
Gross income	14,836	10,967	11,818	3,846	4,208
Selling and administrative expenses	-8,793	-6,529	-7,107	-2,217	-2,471
Share in earnings of associated companies	3	1	32	1	14
Operating income	6,046	4,440	4,743	1,630	1,751
Financial items	-680	-479	-487	-190	-169
Income before tax	5,366	3,961	4,256	1,440	1,582
Tax	-1,286	-952	-936	-341	-348
Net income of disposal group classified as held for sale	-	0	431	0	419
Net income	4,080	3,009	3,751	1,099	1,653
Allocation of net income:					
Shareholders in ASSA ABLOY AB	4,050	2,986	3,729	1,090	1,644
Non-controlling interest	30	24	23	9	8

EARNINGS PER SHARE

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011	Jul-Sep 2010	Jul-Sep 2011
	SEK	SEK	SEK	SEK	SEK
Earnings per share after tax and before dilution ¹⁾	11.07	8.16	10.05	2.98	4.40
Earnings per share after tax and dilution ²⁾	10.89	8.03	10.02	2.93	4.42
Earnings per share after tax and dilution, excluding items affecting comparability ^{2) 10)}	-	-	8.86	-	3.30

COMPREHENSIVE INCOME

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011	Jul-Sep 2010	Jul-Sep 2011
	SEK M	SEK M	SEK M	SEK M	SEK M
Profit for the period	4,080	3,009	3,751	1,099	1,653
Other comprehensive income					
Exchange differences on translating foreign operations	-1,249	-1,329	106	-1,908	768
Total comprehensive income for the period	2,831	1,680	3,857	-809	2,420
Total comprehensive income attributable to					
-Parent company shareholders	2,805	1,665	3,825	-796	2,393
-Non-controlling interest	26	15	32	-13	27

CASH FLOW STATEMENT

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011	Jul-Sep 2010	Jul-Sep 2011
	SEK M	SEK M	SEK M	SEK M	SEK M
Cash flow from operating activities	5,729	3,711	2,908	1,877	1,467
Cash flow from investing activities	-4,027	-2,334	-6,787	-873	6,200
Cash flow from financing activities	-2,597	-2,243	4,156	-885	-7,546
Cash flow	-895	-866	278	119	121
Cash and cash equivalents at beginning of period	2,235	2,235	1,302	1,313	1,404
Cash flow	-895	-866	278	119	122
Effect of exchange rate differences	-38	-53	10	-116	64
Cash and cash equivalents at end of period	1,302	1,316	1,590	1,316	1,590

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Box 70340
SE-107 23 Stockholm, Sweden
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Klarabergsviadukten 90

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Fax: +46 (0)8 506 485 85
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BALANCE SHEET

	31 Dec 2010 SEK M	30 Sep 2010 SEK M	30 Sep 2011 SEK M
Intangible assets	25,193	23,940	31,261
Tangible fixed assets	5,422	5,595	5,920
Financial fixed assets	1,595	956	1,976
Total non-current assets	32,210	30,491	39,157
Inventories	4,825	4,931	6,121
Trade receivable	5,596	5,724	7,039
Other non-interest-bearing current assets	1,308	1,216	1,663
Interest-bearing current assets	1,450	1,477	2,070
Assets of disposal group classified as held for sale	-	-	-
Total current assets	13,179	13,348	16,893
Total assets	45,389	43,839	56,050
Equity before non-controlling interest	20,652	19,474	23,308
Non-controlling interest	169	157	201
Total equity	20,821	19,631	23,508
Interest-bearing non-current liabilities	9,212	10,537	7,768
Non-interest-bearing non-current liabilities	4,236	3,846	4,801
Total non-current liabilities	13,448	14,383	12,569
Interest-bearing current liabilities	2,864	1,860	10,510
Non-interest-bearing current liabilities	8,256	7,965	9,462
Liabilities of disposal group classified as held for sale	-	-	-
Total current liabilities	11,120	9,825	19,973
Total equity and liabilities	45,389	43,839	56,050

CHANGE IN EQUITY

	Jan-Dec 2010 SEK M	Jan-Sep 2010 SEK M	Jan-Sep 2011 SEK M
Opening balance	19,334	19,334	20,821
Total comprehensive income for the year	2,831	1,680	3,857
Dividend	-1,317	-1,317	-1,472
Stock purchase plans	6	2	11
Share issue ¹¹⁾	34	-	308
Purchase of treasury shares	-48	-48	-17
Non-controlling interest, net	-19	-20	0
Closing balance	20,821	19,631	23,508

KEY DATA

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011
Return on capital employed excluding items affecting comparability, %	18.5	18.4	17.2
Return on shareholders' equity, %	19.1	19.3	21.6
Equity ratio, %	45.9	44.8	41.9
Interest coverage ratio, times	10.1	10.2	10.9
Interest on convertible debentures net after tax, SEK M	9.9	7.2	7.6
Number of shares, thousands	366,177	365,918	368,250
Weighted average number of shares, thousands	365,744	365,772	370,969
Number of shares after dilution, thousands	372,736	372,718	372,892
Weighted average number of shares after dilution, thousands	372,810	372,827	372,946
Average number of employees	37,279	37,249	40,487

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FINANCIAL INFORMATION - PARENT COMPANY

INCOME STATEMENT	Jan-Dec	Jan-Sep	Jan-Sep
	2010	2010	2011
	SEK M	SEK M	SEK M
Operating income	778	485	424
Income before tax	1,679	1,344	880
Net income	1,492	1,347	882

BALANCE SHEET	31 Dec	30 Sep	30 Sep
	2010	2010	2011
	SEK M	SEK M	SEK M
Non-current assets	20,614	21,714	32,008
Current assets	3,560	3,815	2,480
Total assets	24,174	25,529	34,488
Equity	12,781	13,132	12,725
Provisions	0	1,888	76
Non-current liabilities	3,601	4,653	2,713
Current liabilities	7,792	5,856	18,974
Total equity and liabilities	24,174	25,529	34,488

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SE-107 23 Stockholm, Sweden
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QUARTERLY INFORMATION - GROUP

THE GROUP IN SUMMARY

All amounts in SEK M if not otherwise noted.

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Jan-Sep 2010	Full Year 2010	Q1 2011	Q2 2011	Q3 2011	Jan-Sep 2011	12 month rolling
Sales	8,345	9,356	9,474	9,648	27,175	36,823	8,699	10,502	10,841	30,042	39,690
Organic growth ¹⁾	-3%	2%	6%	6%	2%	3%	6%	5%	2%	4%	
Gross income	3,361	3,761	3,846	3,869	10,967	14,836	3,560	4,050	4,208	11,818	15,687
Gross income / Sales	40.3%	40.2%	40.6%	40.1%	40.4%	40.3%	40.9%	38.6%	38.8%	39.3%	39.5%
Operating income before depreciation (EBITDA)	1,536	1,780	1,875	1,851	5,191	7,041	1,630	1,863	2,002	5,495	7,346
Operating margin (EBITDA)	18.4%	19.0%	19.8%	19.2%	19.1%	19.1%	18.7%	17.7%	18.5%	18.3%	18.5%
Depreciation	-241	-265	-245	-244	-751	-995	-253	-248	-752	-251	-996
Operating income (EBIT)	1,295	1,515	1,630	1,606	4,440	6,046	1,377	1,615	1,751	4,743	6,349
Operating margin (EBIT)	15.5%	16.2%	17.2%	16.6%	16.3%	16.4%	15.8%	15.4%	16.2%	15.8%	16.0%
Financial items	-137	-152	-190	-201	-479	-680	-162	-156	-169	-487	-688
Income before tax	1,158	1,363	1,440	1,405	3,961	5,366	1,215	1,460	1,582	4,256	5,662
Profit margin (EBT)	13.9%	14.6%	15.2%	14.6%	14.6%	14.6%	14.0%	13.9%	14.6%	14.2%	14.3%
Tax	-278	-333	-341	-334	-952	-1,286	-268	-321	-348	-936	-1,271
Net income of disposal group classified as held for sale	-	-	-	-	-	-	-4	17	419	431	432
Net income	880	1,031	1,099	1,071	3,009	4,080	943	1,156	1,653	3,751	4,823

Allocation of net income:

Shareholders in ASSA ABLOY AB	876	1,019	1,090	1,064	2,986	4,050	941	1,143	1,644	3,729	4,792
Non-controlling interest	4	11	9	7	24	30	2	13	8	23	30

OPERATING CASH FLOW

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Jan-Sep 2010	Full Year 2010	Q1 2011	Q2 2011	Q3 2011	Jan-Sep 2011	12 month rolling
Operating income (EBIT)	1,295	1,515	1,630	1,606	4,440	6,046	1,377	1,615	1,751	4,743	6,349
Depreciation	241	265	245	244	751	995	253	248	251	752	996
Net capital expenditure	-50	-270	-153	-235	-473	-708	-161	-223	-216	-600	-835
Change in working capital	-475	79	167	591	-229	362	-963	-181	-125	-1,270	-678
Paid and received interest	-77	-170	-29	-179	-276	-455	-74	-152	-121	-347	-526
Adjustment for non-cash items	-64	21	30	58	-13	45	16	4	-12	8	66
Operating cash flow	870	1,440	1,890	2,085	4,200	6,285	448	1,311	1,528	3,286	5,372
Operating cash flow / Income before tax	0.75	1.06	1.31	1.48	1.06	1.17	0.37	0.90	97	76	0.95

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Box 70340
SE-107 23 Stockholm, Sweden
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Tel: +46 (0)8 506 485 00
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CHANGE IN NET DEBT

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Jan-Sep 2010	Full Year 2010	Q1 2011	Q2 2011	Q3 2011	Jan-Sep 2011
Net debt at beginning of the period	11,048	11,469	12,608	10,864	11,048	11,048	10,564	21,586	23,403	10,564
Operating cash flow	-870	-1,440	-1,890	-2,085	-4,200	-6,285	-448	-1,311	-1,528	-3,286
Restructuring payment	112	182	71	101	365	465	48	67	75	190
Tax paid	261	241	94	203	596	799	235	363	190	788
Acquisitions/Disposals	768	373	720	1,458	1,861	3,319	11,606	996	-6,415	6,187
Dividend	-	1,317	-	-	1,317	1,317	-	1,472	-	1,472
Purchase of treasury shares	-	48	-	-	48	48	-	17	-	17
Translation differences and other	150	418	-739	23	-171	-147	-419	213	434	227
Net debt at end of period	11,469	12,608	10,864	10,564	10,864	10,564	21,586	23,403	16,159	16,159
Net debt / Equity	0.57	0.62	0.55	0.51	0.55	0.51	1.03	1.10	0.69	0.69

NET DEBT

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Non current interest-bearing receivables	-64	-60	-56	-62	-64	-58	-49
Current interest-bearing investments including derivatives	-699	-205	-252	-170	-378	-315	-488
Cash and bank balances	-1,216	-1,271	-1,225	-1,280	-1,298	-1,299	-1,582
Pension provisions	1,114	1,150	1,056	1,078	1,179	1,214	1,233
Other non current interest-bearing liabilities	10,561	10,265	9,481	8,134	7,479	6,582	6,535
Current interest-bearing liabilities including derivatives	1,773	2,729	1,860	2,864	14,668	17,279	10,510
Total	11,469	12,608	10,864	10,564	21,586	23,403	16,159

CAPITAL EMPLOYED AND FINANCING

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Capital employed	31,523	33,051	30,495	31,385	36,267	38,232	39,667
- of which, goodwill	22,480	23,659	22,085	22,279	25,343	25,663	27,138
- of which, other intangibles and fixed assets	7,797	8,160	7,450	8,336	8,496	10,129	10,043
- of which, shares in associates	38	37	37	37	1,111	1,121	1,234
Assets and liabilities of disposal group classified as held for sale	-	-	-	-	6,299	6,379	-
Net debt	11,469	12,608	10,864	10,564	21,586	23,403	16,159
Non-controlling interest	167	174	157	169	198	301	201
Shareholders' equity, excluding non-controlling interest	19,887	20,269	19,474	20,652	20,783	20,907	23,308

DATA PER SHARE

	Q1 2010 SEK	Q2 2010 SEK	Q3 2010 SEK	Q4 2010 SEK	Jan-Sep 2010 SEK	Full Year 2010 SEK	Q1 2011 SEK	Q2 2011 SEK	Q3 2011 SEK	Jan-Sep 2011 SEK	12 month rolling SEK
Earnings per share after tax and before dilution ¹⁾	2.39	2.79	2.98	2.91	8.16	11.07	2.57	3.08	4.40	10.05	12.96
Earnings per share after tax and dilution ²⁾	2.36	2.74	2.93	2.86	8.03	10.89	2.53	3.07	4.42	10.02	12.88
Earnings per share after tax and dilution after dilution ²⁾	56.94	57.89	55.65	58.65	55.64	58.64	58.34	59.35	65.91	64.98	

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

Tel: +46 (0)8 506 485 00
Fax: +46 (0)8 506 485 85
www.assaabloy.com
Corporate Identity nr: 556059-3575

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Press Release

RESULTS BY DIVISION

SEK M	EMEA ⁶⁾		Americas ⁷⁾		Asia Pacific ⁸⁾		Global Technologies ⁹⁾		Entrance Systems		Other		Total	
Jul - Sep and 30 Sep respectively	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Sales, external	2,974	3,086	2,529	2,302	1,643	1,719	1,351	1,507	978	2,228	-	-	9,474 ³⁾	10,841 ³⁾
Sales, intragroup	91	69	8	11	92	103	14	17	9	13	-214	-213	-	-
Sales	3,065	3,155	2,537	2,312	1,735	1,822	1,365	1,524	987	2,241	-214	-213	9,474	10,841
Organic growth ⁴⁾	1%	0%	2%	-1%	15%	7%	26%	5%	-1%	5%	-	-	6%	2%
Operating income (EBIT)	520	535	515	466	271	275	247	248	152	308	-75	-81	1,630	1,751
Operating margin (EBIT)	17.0%	17.0%	20.3%	20.1%	15.6%	15.1%	18.1%	16.3%	15.4%	13.8%	-	-	17.2%	16.2%
Capital employed	9,612	9,853	7,981	8,110	4,185	4,748	5,072	6,213	4,117	11,243	-473	-499	30,495	39,667
- of which goodwill	5,574	5,867	5,867	6,024	3,625	3,376	3,735	4,698	3,284	7,173	-	-	22,085	27,138
- of which other intangibles and fixed assets	2,806	2,695	1,618	1,518	1,442	2,385	1,015	1,048	445	2,290	125	106	7,450	10,043
- of which shares in associates	37	34	-	-	-	-	-	-	-	1,200	-	-	37	1,234
Return on capital employed	20.8%	20.9%	24.1%	23.5%	21.6%	23.5%	18.1%	16.2%	14.3%	10.7%	-	-	19.2%	17.4%
Operating income (EBIT)	520	535	515	466	271	275	247	248	152	308	-75	-81	1,630	1,751
Depreciation	97	92	56	46	37	36	37	42	15	31	3	3	245	251
Net capital expenditure	-32	-93	-28	-49	-56	-21	-20	-26	-11	-26	-6	0	-153	-215
Movement in working capital	119	52	72	31	47	-58	-77	20	9	-89	-3	-82	167	-125
Cash flow⁵⁾	704	586	614	493	300	232	186	285	165	225	-	-	1,889	1,661
Adjustment for non-cash items	-	-	-	-	-	-	-	-	-	-	30	-12	30	-12
Paid and received interest	-29	-121	-	-	-	-	-	-	-	-	-	-	-29	-121
Operating cash flow⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-	1,890	1,528

SEK M	EMEA ⁶⁾		Americas ⁷⁾		Asia Pacific ⁸⁾		Global Technologies ⁹⁾		Entrance Systems		Other		Total	
Jan - Sep and 30 Sep respectively	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Sales, external	9,373	9,304	7,217	6,649	4,026	4,354	3,642	4,195	2,918	5,540	-	-	27,175 ³⁾	30,042 ³⁾
Sales, intragroup	289	202	28	30	288	289	48	51	35	34	-700	-606	-	-
Sales	9,672	9,507	7,245	6,679	4,315	4,643	3,690	4,246	2,953	5,574	-700	-606	27,175	30,042
Organic growth ⁴⁾	2%	-1%	-4%	3%	15%	9%	8%	13%	-2%	5%	-	-	2%	4%
Operating income (EBIT)	1,570	1,563	1,426	1,362	597	653	638	660	430	748	-222	-243	4,440	4,743
Operating margin (EBIT)	16.2%	16.4%	19.7%	20.4%	13.8%	14.1%	17.3%	15.5%	14.6%	13.4%	-	-	16.3%	15.8%
Capital employed	9,612	9,853	7,981	8,110	4,185	4,748	5,072	6,213	4,117	11,243	-473	-499	30,495	39,667
- of which goodwill	5,574	5,867	5,867	6,024	3,625	3,376	3,735	4,698	3,284	7,173	-	-	22,085	27,138
- of which other intangibles and fixed assets	2,806	2,695	1,618	1,518	1,442	2,385	1,015	1,048	445	2,290	125	106	7,450	10,043
- of which shares in associates	37	34	-	-	-	-	-	-	-	1,200	-	-	37	1,234
Return on capital employed	16.7%	20.7%	19.3%	23.7%	19.2%	21.4%	15.4%	14.4%	12.4%	12.5%	-	-	18.4%	17.2%
Operating income (EBIT)	1,570	1,563	1,426	1,362	597	653	638	660	430	748	-222	-243	4,440	4,743
Depreciation	317	295	170	136	103	106	110	123	42	81	9	11	751	752
Net capital expenditure	-230	-233	-75	-109	-141	-127	-68	-65	-40	-73	80	7	-473	-600
Movement in working capital	91	-334	-1	-183	-203	-339	-172	-214	6	-226	49	26	-229	-1,270
Cash flow⁵⁾	1,748	1,290	1,520	1,206	356	293	509	503	439	530	-	-	4,489	3,625
Adjustment for non-cash items	-	-	-	-	-	-	-	-	-	-	-13	8	-13	8
Paid and received interest	-276	-347	-	-	-	-	-	-	-	-	-276	-347	-276	-347
Operating cash flow⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-	4,200	3,286
Average number of employees	9,607	9,934	6,838	6,800	15,474	15,846	2,443	2,845	2,789	4,937	98	124	37,249	40,487

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

Tel: +46 (0)8 506 485 00
Fax: +46 (0)8 506 485 85
www.assaabloy.com
Corporate Identity nr: 556059-3575

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RESULTS BY DIVISION

SEK M	EMEA ⁶⁾		Americas ⁷⁾		Asia Pacific ⁸⁾		Global Technologies ⁹⁾		Entrance Systems		Other		Total	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Jan - Dec and 31 Dec respectively														
Sales, external	13,275	12,660	9,831	9,491	3,507	5,698	4,664	4,951	3,685	4,024			34,963 ³⁾	36,823 ³⁾
Sales, intragroup	327	376	49	45	282	384	102	64	47	48	-807	-916		
Sales	13,601	13,036	9,880	9,536	3,789	6,081	4,766	5,015	3,733	4,072	-807	-916	34,963	36,823
Organic growth ⁴⁾	-12%	2%	-19%	-2%	-1%	14%	-12%	10%	-3%	-2%			-12%	3%
Operating income (EBIT)	2,056	2,174	1,925	1,886	459	843	766	862	587	627	-380	-346	5,413	6,046
Operating margin (EBIT)	15.1%	16.7%	19.5%	19.8%	12.1%	13.9%	16.1%	17.2%	15.7%	15.4%			15.5%	16.4%
Items affecting comparability ¹⁰⁾	-789	-	-	-	-2	-	-167	-	-81	-	-	-	-1,039	-
Operating income (EBIT) including items affecting comparability	1,267	2,174	1,925	1,886	457	843	599	862	506	627	-380	-346	4,374	6,046
Capital employed	9,814	8,759	8,687	8,163	2,768	4,080	5,464	5,772	4,116	4,365	-467	245	30,382	31,385
- of which, goodwill	5,540	5,471	6,003	6,039	1,536	3,202	4,030	4,265	3,223	3,303	-	-	20,333	22,279
- of which, other intangibles and fixed assets	3,097	2,632	1,757	1,566	933	2,306	1,138	1,267	485	431	130	136	7,541	8,336
- of which, shares in associates	39	37	-	-	-	-	-	-	-	-	-	-	39	37
Return on capital employed														
excluding items affecting comparability	16.9%	21.6%	20.5%	21.3%	16.1%	25.1%	12.9%	14.7%	15.2%	14.6%			16.2%	18.5%
Operating income (EBIT)	1,267	2,174	1,925	1,886	457	843	599	862	506	627	-380	-346	4,374	6,046
Restructuring costs	789	-	-	-	2	-	167	-	81	-	-	-	1,039	-
Depreciation	473	417	236	222	99	142	156	145	38	57	11	14	1,014	995
Net capital expenditure	-281	-317	-134	-114	-80	-198	-127	-109	-33	-47	-9	76	-664	-708
Movement in working capital	602	334	649	19	132	130	211	-30	88	-58	-222	-33	1,460	362
Cash flow ⁵⁾	2,850	2,607	2,677	2,013	610	917	1,005	868	680	580			7,222	6,695
Adjustment for non-cash items											127	45	127	45
Paid and received interest											-507	-455	-507	-455
Operating cash flow ⁵⁾													6,843	6,285
Average number of employees	10,138	9,471	6,897	6,969	7,560	15,510	2,416	2,487	2,253	2,738	112	104	29,375	37,279

Notes

Number of shares, thousands.

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011	Jul-Sep 2010	Jul-Sep 2011
¹⁾ Calculation used for earnings per share after tax and before dilution	365,744	365,772	370,969	365,618	368,196
²⁾ Calculation used for earnings per share after tax and dilution	372,810	372,826	372,946	372,718	367,658

⁹⁾ Sales by Continent.

	Jan-Dec 2010	Jan-Sep 2010	Jan-Sep 2011
Europe	15,789	11,611	14,215
North America	11,907	9,907	8,661
Central and South America	854	617	615
Africa	622	477	433
Asia	5,533	3,893	4,561
Pacific	2,118	1,571	1,557

⁴⁾ Organic growth concern comparable units after adjustment for acquisitions and currency effects.

⁵⁾ Excluding restructuring items.

⁶⁾ Europe, Middle East and Africa.

⁷⁾ North, Central and South America.

⁸⁾ Asia, Australia and New Zealand.

⁹⁾ ASSA ABLOY Hospitality and HID Global.

¹⁰⁾ Items affecting comparability consist of restructuring costs in 2009 and net income from disposal groups classified as held for sale in 2011.

¹¹⁾ Conversion of convertible debenture relating to Incentive 2006.

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

Tel: +46 (0)8 506 485 00
Fax: +46 (0)8 506 485 85
www.assaabloy.com
Corporate Identity nr: 556059-3575

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ACQUISITION OF CARDO

At 30 September 2011 ASSA ABLOY owns 27,000,000 shares representing 100.0% of Cardo. The total purchase price was SEK 11,340 M for the shares.

The company was consolidated in ASSA ABLOY with effect from 18 March 2011. Valuation of intangible assets for separate recognition from goodwill took place during 2011. The remaining goodwill value will be attributable mainly to synergies and other intangible assets not qualified for separate recognition.

Preliminary acquisition analysis for Cardo Entrance Solutions – i.e. excluding disposal groups held for sale – indicates that goodwill amounts to SEK 3,156 M. Remuneration of employees after termination of employment and inventories have been adjusted to fair value with tax effects due considered.

The table below shows a preliminary acquisition analysis for Cardo at 18 March 2011, excluding disposal groups held for sale in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. The figures are preliminary and subject to change.

Preliminary acquisition analysis for Cardo Entrance Solutions		SEK M
Purchase price paid for Cardo Group		11,340
Less: Disposal groups held for sale		-6,280
Total purchase price		5,060
Identifiable acquired assets and liabilities		
Intangible assets		1,435
Tangible fixed assets		352
Financial fixed assets		203
Inventories		517
Accounts receivable		921
Cash and cash equivalents		176
Interest-bearing liabilities		-111
Other liabilities		-1,589
Acquired net assets at fair value		1,904
Non-controlling interest		-
Goodwill		3 156
Net sales from times of acquisition		2,355
EBIT from times of acquisition		247
<u>Net income from times of acquisition ¹⁾</u>		<u>7,033</u>

1) Purchase price received for divested entities in the former Cardo Group are included in the net result

Acquisition-related expenses for Cardo amount to SEK 33 M and have been reported as 'Other operating expenses' in 2010.

ASSA ABLOY AB (publ)
Box 70340
SE-107 23 Stockholm, Sweden
Visiting address:
Klarabergsviadukten 90

Tel: +46 (0)8 506 485 00
Fax: +46 (0)8 506 485 85
www.assaabloy.com
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