Press release from ASSA ABLOY (publ)

7 February, 1997, No.2

Ycar-End Report, Year Ended 31st December, 1996

- Sales increased by 43% to 5007 MSEK (3504)
- The increase in sales for comparable units was 7.6%
- Income before taxes increased by 63% to 345 MSEK (212)
- Profits per share increased by 66% to 3.98 SEK (2.41)
- Cash flow after tax before acquisitions amounted to 372 MSEK
- The Board proposes a dividend of 1.25 SEK (1.00) for the financial year 1996

Sales and income, January-December, 1996

The sales of the ASSA ABLOY Group amounted to 5007 MSEK (3504), an increase of 43%. For comparable units, and after adjustment for negative foreign exchange effects of 7%, the increase is 7.6%.

The growth in the Nordic markets has increased during the year. Germany shows stable volumes. The restructuring continues and IKON's now considerably shorter delivery times combined with better service has resulted in a slightly increased market share. Great Britain has shown a strong growth rate during the end of the year, in spite of a continued weak business climate. The 6% growth of the Group's US units is good and in line with expectations. VingCard shows a very strong growth of 34%, partly due to the high rate of installation in the US hotel market during 1996. A lower growth rate is expected for VingCard in 1997.

The Group's income before taxes amounted to 345.2 MSEK (212.2), corresponding to an increase of 63%. Profits per share increased to 3.98 SEK (2.41). Profits per share have been calculated after full conversion and tax and on the average number of shares. Cash flow after taxes before acquisitions amounted to 372 MSEK (344). The cash flow for 1995 included non-recurring positive effects of 110 MSEK.

Important events

The acquisition of ESSEX, with a turnover of 243 MUSD in 1995, was carried through on 18 January, 1996. The acquisition was financed partly through a rights issue during April/May of 300 MSEK. The integration and development of ESSEX has worked very well. ESSEX's unit for electronic hotel locks, System 45, has been integrated with VingCard. ESSEX's unit for bathroom accessories, McKinney/Parker, was divested on 1 July. The divested unit had a yearly turnover of 12 MUSD and showed a small loss. The work with overall rationalisations and the realisation of cross-sales opportunities progresses according to plan. All in all, ASSA ABLOY is expected to reach the goal of a yearly result increase of 10 MUSD through the acquisition of ESSEX during the coming years.

The German company IKON is experiencing a strong development and is expected to reach profits in line with the other Group companies within a couple of years. IKON acquired the sales company Amersfoortse Bowbeslagindustrie Ambouw BV (Ambouw), with a turnover equivalent to 50 MSEK, in December, 1996. The acquisition strengthens ASSA ABLOY's position in the Netherlands.

The units acquired in Norway during the third quarter, Newman Tonks a.s. with sales of 192 MNOK in 1995, and Grorud Förvaltning a.s. with sales of 125 MNOK in 1995, complement TrioVing a.s. well. The integration is expected to result in increased service levels to the market and improved profitability.

ASSA ABLOY's organisation in the Far East has been reinforced by the acquisition of Securiware International Pte Ltd in Singapore. The company's sales amount to 10 MSEK and the company includes core competence in a fast growing market.

Dividend

The Board proposes a dividend of 1.25 SEK (1.00) per share for the financial year 1996. The dividend for 1995 corresponds to 0.90 SEK after adjustments for the effects of the 1996 rights issue. The Ordinary General Shareholder's Meeting will be held on 7 May, 1997, at 14.00 hrs in Stockholm.

Expectations for 1997

In view of the overall trend toward higher security and the ongoing rationalisation and development projects within ASSA ABLOY, a continued good result development is expected for 1997.

Stockholm, 7 February, 1997

Carl-Henric Svanberg
President and CEO

ASSA ABLOY is the world's leading lock group with sales amounting to approximately 5 000 MSEK. The number of employees is approximately 6 000. ASSA ABLOY develops, manufactures and markets mechanical, industrial, electromechanical and electronic locks and hotel locks. The group has market leading positions in Sweden, Finland, Norway, Denmark, Germany and in the United States.

Further information may be obtained from Mr Carl-Henric Svanberg, President and CEO, tel: +46-8 698 85 52 or Mr Johan Fant, CFO, tel: +46-8 698 85 72.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

MSEK	1996-01-01--1996-12-31	1995-01-01--1995-12-31
Sales	5 007,0	3 504,2
Operating costs	-4 281,7	-3 070,3
Operating income before depreciation	**725,3**	**433,9**
Depreciation according to plan	-265,0	-184,4
Financial net	-122,6	-46,9
Share of result in associated companies	7,5	9,6
Income after financial items	**345,2**	**212,2**
Taxes	-97,3	-67,9
Minority interests	-0,4	-
Net income of the year	**247,5**	**144,3**

CONSOLIDATED BALANCE SHEET

MSEK	1996-12-31	1995-12-31
Liquid assets	137,0	118,1
Receivables	692,8	424,2
Inventories	845,1	562,2
Other non-interest bearing current assets	139,3	102,6
Goodwill	979,2	79,3
Other fixed assets	1 891,0	1 183,6
Total assets	**4 684,4**	**2 470,0**
Interest-bearing current liabilities	21,6	126,7
Other non-interest bearing liabilities	952,5	672,2
Interest-bearing long term liabilities	2 200,3	650,2
Other non-interest bearing long term liabilities	92,0	83,9
Minority interests	9,5	8,9
Shareholders' equity	1 408,5	928,1
Total liabilities and shareholders' equity	**4 684,4**	**2 470,0**

SALES PER MARKET

MLOC		1996-01-01--1996-12-31	1995-01-01--1995-12-31	% [1]
Sweden, ASSA / Abloy / FAS / FIX / SOLID	MSEK	765	760	+1
Finland, Abloy	MFIM	414	389	+6
Norway, TrioVing / MU / Grorud	MNOK	353	214	+2
Denmark, Ruko	MDKK	231	224	+3
Germany, IKON	MDEM	115	119	-2
United Kingdom, ASSA / Abloy	MGBP	13,9	13,4	+4
USA, Arrow / ASSA / Abloy / ESSEX	MUSD	290	283 [2]	+6
Hotel locks, VingCard	MNOK	660	467	+34
Total	**MSEK**	**5 007**	**3 504**	**+8**

1) The change refers to comparable units

2) Includes ESSEX for comparability

KEY DATA

	1996-01-01--1996-12-31	1995-01-01--1995-12-30
Cashflow before taxes, MSEK	372	344
Grossmargin, %	14,5	12,4
Profitmargin, %	6,9	6,1
Net investments, MSEK	163	187
Shareholders' equity, MSEK	1409	928
Net borrowings, MSEK	2 085	659
Capital employed, MSEK	3 640	1 714
Equity ratio, %	30,1	37,6
Interest cover	5,0	5,3
Net borrowings / equity	1,48	0,71
Return on capital employed, %	18,3	15,6
Return on shareholders' equity after tax, %	21,2	16,9
Profit per share after tax and full conversion, SEK	3:98	2:41
Shareholders' equity per share after full conversion, SEK	22:42	16:36
Number of shares (1000's)	64 311	53 592
Number of shares after full conversion (1000's	66 349	55 421
Average number of employees	6 317	4 274