

# Press release

from ASSA ABLOY AB (publ)

10 February 2006 No. 1/06

## STRONG SALES ROUND OFF A GOOD YEAR FOR ASSA ABLOY

- Sales in the fourth quarter increased organically by 7% to SEK 7,530 M (6,263). Sales for 2005 totaled SEK 27,802 M (25,526), with 5% organic growth.
- The operating margin, EBIT, was 14.1% (14.7) for the fourth quarter and 14.7% (14.4) for the full year.
- Net income totaled SEK 691 M (586) for the fourth quarter and SEK 2,613 M (2,356) for the full year.
- Earnings per share were SEK 1.84 (1.57) for the fourth quarter and SEK 6.97 (6.33) for the full year.
- Operating cash flow amounted to SEK 1,150 M (1,090) for the fourth quarter and SEK 3,702 M (3,439) for the full year.
- The proposed dividend is SEK 3.25 per share (2.60).

“2005 was another successful year for ASSA ABLOY. Sales were relatively weak at the start of the year but then improved steadily to end with a strong fourth quarter,” says President and CEO Johan Molin. “To achieve our long-term goals, we are now reviewing current plans for further restructuring that we need to carry out during coming years.”

### SALES AND INCOME

	Fourth quarter			Full year		
	2005	2004	Change	2005	2004	Change
Sales, SEK M	7,530	6,263	+20%	27,802	25 526	+9%
of which:						
Organic growth			+7%			+5%
Acquisitions			+3%			+1%
Exchange-rate effects	642		+10%	643		+3%
Operating margin (EBIT), %	14.1	14.7		14.7	14.4	
Income before tax, SEK M	923	802	+15%	3,556	3,199	+11%
of which, exchange-rate effects	74		+9%	73		+2%
Net income, SEK M	691	586	+18%	2,613	2,356	+11%
Operating cash flow, SEK M	1,150	1,090	+6%	3,702	3,439	+8%
Earnings per share (EPS), SEK	1.84	1.57	+17%	6.97	6.33	+10%

The Group's sales in the fourth quarter totaled SEK 7,530 M (6,263), an increase of 20% on the previous year. Organic growth was 7%. Translation of foreign subsidiaries' sales to Swedish

kronor had a positive effect of SEK 642 M due to changes in exchange rates. Newly acquired companies contributed 3% to sales.

Sales for 2005 totaled SEK 27,802 M (25,526), which represents an increase of 9%. Organic growth was 5%, and acquired companies contributed 1%. Exchange rates affected sales positively by SEK 643 M compared with 2004.

The fourth quarter's results were burdened by restructuring costs totaling SEK 70 M and costs relating to the change of CEO totaling SEK 32 M. Operating income before depreciation, EBITDA, for the fourth quarter amounted to SEK 1,298 M (1,150). The corresponding margin was 17.2% (18.4). The Group's operating income, EBIT, amounted to SEK 1,063 M (920) after positive currency effects of SEK 102 M. The operating margin (EBIT) was 14.1% (14.7).

The year's operating income before depreciation, EBITDA, amounted to SEK 4,960 M (4,606). The corresponding margin was 17.8% (18.0). The Group's operating income, EBIT, amounted to SEK 4,078 M (3,683) after positive currency effects of SEK 97 M. The operating margin (EBIT) was 14.7% (14.4).

Income before tax for the fourth quarter was SEK 923 M (802), including positive currency effects of SEK 74 M due to translation of foreign subsidiaries. The Group's tax charge for the quarter totaled SEK 232 M (216), corresponding to an effective tax rate of 25% on income before tax. Income before tax for the full year was SEK 3,556 M (3,199), including positive currency effects of SEK 73 M. The Group's tax charge for the year totaled SEK 943 M (843), corresponding to an effective tax rate of 27% on income before tax.

Earnings per share for the fourth quarter amounted to SEK 1.84 (1.57). Earnings per share for the full year totaled SEK 6.97 (6.33).

Operating cash flow for the quarter, excluding payments of the restructuring program, amounted to SEK 1,150 M – equivalent to 125% of income before tax – compared with SEK 1,090 M last year. Working capital fell seasonally by SEK 322 M during the quarter, mainly as a result of reduced capital tied up in accounts receivable. Operating cash flow for the full year totaled SEK 3,702 M (3,439).

## **THE 'LEVERAGE AND GROWTH' ACTION PROGRAM**

The two-year action program initiated in November 2003 was concluded during the fourth quarter. Cost savings are projected to reach SEK 450 M a year from the start of 2006. Savings of around SEK 350 M were realized in 2005. During 2005, payments totaling SEK 298 M relating to the action program were made and the total number of employees leaving the Group reached 1,300. The last 100 of the employees affected will leave the Group during the first quarter of 2006.

## **COMMENTS BY DIVISION**

### **EMEA**

Sales for the fourth quarter in the EMEA division (Europe, Middle East and Africa) totaled EUR 330 M (307), with 6% organic growth. Operating income amounted to EUR 48 M (44) with an operating margin (EBIT) of 14.5% (14.5). Return on capital employed amounted to 16.9% (16.6). Operating cash flow before interest paid totaled EUR 86 M (69).

Sales growth strengthened during the fourth quarter, partly because of weak comparative figures. The United Kingdom and eastern Europe are generating strong organic growth while France, Benelux and Germany are exhibiting an improved sales trend. New structural measures had a negative effect on operating margin.

### **AMERICAS**

Sales for the fourth quarter in the Americas division totaled USD 293 M (275) with 5% organic growth. Operating income amounted to USD 54 M (50) with an operating margin (EBIT) of 18.3% (18.2).

Return on capital employed amounted to 19.9% (18.3). Operating cash flow before interest paid totaled USD 71 M (66).

Americas' positive sales trend continued in the fourth quarter. The Door Group and the Residential Group report strong growth during the quarter. The Architectural Hardware Group is showing improved growth with continuing strong margins. Sales in Mexico showed signs of recovery during the quarter.

### **ASIA PACIFIC**

Sales for the fourth quarter in the Asia Pacific division totaled AUD 105 M (90) with 2% organic growth. Operating income amounted to AUD 8 M (15) with an operating margin (EBIT) of 8.2% (17.6). Return on capital employed amounted to 9.7% (19.8). Operating cash flow before interest paid totaled AUD 6 M (14).

Sales developed well in Asia and particularly in China. The residential market in Australia and New Zealand weakened to some extent during the quarter, which counteracted continuing good growth in the commercial segment. Restructuring costs related to the transfer of production capacity to China had a negative effect on income.

### **GLOBAL TECHNOLOGIES**

The Global Technologies division reported sales of SEK 1,639 M (1,269) in the fourth quarter, representing organic growth of 13%. Operating income amounted to SEK 234 M (159) with an operating margin (EBIT) of 14.3% (12.5). Return on capital employed amounted to 15.4% (11.6). Operating cash flow before interest paid amounted to SEK 127 M (163).

Global Technologies continues to report strong organic growth. The Identification Technology Group reports high growth in volume, driven by new products, with high margins. Entrance Systems is consolidating its strong position in Europe and continuing to develop well in the

USA. The positive sales trend at Hospitality is continuing and the pace of the restructuring program increased during the quarter, with higher costs.

## **OTHER EVENTS**

On the initiative of the Board of Directors, the President, Bo Dankis, left his employment in the company. Johan Molin was appointed as the new President and CEO on 1 December. Bo Dankis has also left ASSA ABLOY's Board.

Two minor acquisitions were made during the quarter. The combined annual sales of the companies are about SEK 50 M. The combined acquisition price, including estimated earn-outs, is about SEK 45 M. Preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite life amount to about SEK 40 M.

From 1 January 2006 ASSA ABLOY Entrance Systems has become a separate division in order to exploit better the business opportunities to be found in existing operations and through future acquisitions.

## **DIVIDEND AND ANNUAL GENERAL MEETING**

The Board of Directors proposes a dividend of SEK 3.25 (2.60) per share for the 2005 financial year. The Annual General Meeting will be held on 25 April 2006.

## **ACCOUNTING PRINCIPLES**

ASSA ABLOY has adopted International Financial Reporting Standards (IFRS) from 1 January 2005 as endorsed by the European Union. The Group's Year-end Report is prepared in accordance with IAS 34 'Interim Financial Reporting' under the guidelines given in RR 31, 'Interim Reporting for Groups', issued by the Swedish Financial Accounting Standards Council. The Parent Company has adopted RR 32 'Preparation of Accounts for Corporate Bodies'.

The effects of the transition to IFRS regarding the comparative figures for 2004 were described in a separate report, 'IFRS-adjusted 2004 figures for ASSA ABLOY', published on 20 April 2005. The accounting principles applied are described in an appendix to the Interim Report for the first quarter of 2005, published on 27 April 2005. These reports are available on ASSA ABLOY's website.

IAS 39 was adopted from 1 January 2005 and the net effect of the change, SEK -77 M, has been taken directly to shareholders' equity. In accordance with IFRS 1 no adjustment of comparatives has been made. The effect is due to the requirement under IAS 39 that financial instruments are reported at fair value and relates to fair-value adjustments on derivative instruments.

## **OUTLOOK\***

Organic sales growth is expected to continue at a good rate. The operating margin (EBIT) and operating cash flow are expected to develop well, excluding the effects of future restructuring. 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.

Stockholm, 10 February 2006

Johan Molin  
President and CEO

\*The Outlook published in October 2005 read:

Organic sales growth in 2005 is expected to continue at a good rate. The operating margin (EBIT) is expected to rise for the full year, mainly due to savings resulting from the restructuring program. Excluding payments relating to restructuring, the strong cash generation will continue. 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.

## **AUDITORS' REVIEW REPORT**

We have conducted a general examination of the quarterly report for ASSA ABLOY AB (publ.) for the period ended 31 December 2005, in accordance with the recommendation issued by FAR.

A general examination is limited to discussion with the Company's employees and to an analytical examination of financial information and thus provides a lesser degree of certainty than an audit. We have not performed an audit of this quarterly report and thus have not issued an audit opinion.

Nothing has come to our attention that indicates that the quarterly report does not fulfill the requirements for such reports as prescribed in the Swedish Annual Accounts Act and IAS 34.

Stockholm, 10 February 2006

PricewaterhouseCoopers AB

Anders Lundin  
Authorized Public Accountant

## Financial information

The Annual Report for 2005 will be published in March 2006. The First Quarter's Report for 2006 will be published on 25 April 2006. The Annual General Meeting will be held on 25 April 2006.

### Further information can be obtained from:

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ASSA ABLOY is holding an **analysts' meeting** at **12.00 today at Operaterrassen in Stockholm.**

The analysts' meeting can also be followed over the Internet at [www.assaabloy.com](http://www.assaabloy.com).

It is possible to submit questions by telephone on **+44 (0)20 7162 0025**.

**ASSA ABLOY**

The World's Leading Lock Group

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ASSA ABLOY is the world's leading manufacturer and supplier of locking solutions, meeting tough end-user demands for safety, security and user friendliness. The Group has some 30,000 employees and annual sales of about EUR 3 billion.

## FINANCIAL INFORMATION

INCOME STATEMENT	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	2005	2004	2005	2005	2004
	SEK M	SEK M	EUR M <sup>1)</sup>	SEK M	SEK M
Sales	7,530	6,263	2,996	27,802	25,526
Cost of goods sold	-4,491	-3,724	-1,779	-16,508	-15,221
<b>Gross income</b>	<b>3,039</b>	<b>2,539</b>	<b>1,217</b>	<b>11,294</b>	<b>10,305</b>
Selling and administrative expenses	-1,978	-1,622	-778	-7,224	-6,630
Share in earnings of associated companies	2	3	1	8	8
<b>Operating income</b>	<b>1,063</b>	<b>920</b>	<b>440</b>	<b>4,078</b>	<b>3,683</b>
Financial items	-140	-118	-56	-522	-484
<b>Income before tax</b>	<b>923</b>	<b>802</b>	<b>384</b>	<b>3,556</b>	<b>3,199</b>
Tax	-232	-216	-102	-943	-843
<b>Net income</b>	<b>691</b>	<b>586</b>	<b>282</b>	<b>2,613</b>	<b>2,356</b>

### *Allocation of net income:*

Shareholders in ASSA ABLOY AB	691	585	281	2,608	2,349
Minority interests	0	1	1	5	7

EARNINGS PER SHARE	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2005	2004	2005	2004
	SEK	SEK	SEK	SEK
Earnings per share after tax and before dilution <sup>3)</sup>	1.89	1.60	7.13	6.42
Earnings per share after tax and dilution <sup>4)</sup>	1.84	1.57	6.97	6.33

CASH FLOW STATEMENT	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	2005	2004	2005	2005	2004
	SEK M	SEK M	EUR M <sup>1)</sup>	SEK M	SEK M
Cash flow from operating activities	1,131	1,145	372	3,450	3,339
Cash flow from investing activities	-341	-323	-113	-1,052	-1,505
Cash flow from financing activities	-794	-886	-251	-2,325	-1,734
<b>Cash flow</b>	<b>-4</b>	<b>-64</b>	<b>8</b>	<b>73</b>	<b>100</b>

<b>BALANCE SHEET</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2005</b>	<b>2005</b>	<b>2004</b>
	<b>EUR M<sup>2)</sup></b>	<b>SEK M</b>	<b>SEK M</b>
Intangible fixed assets	1,705	16,078	14,138
Tangible fixed assets	605	5,702	5,279
Financial fixed assets	165	1,557	1,654
Inventories	390	3,679	3,135
Receivables	511	4,818	4,146
Other non-interest-bearing current assets	88	838	705
Interest-bearing current assets	109	1,020	1,060
<b>Total assets</b>	<b>3,573</b>	<b>33,692</b>	<b>30,117</b>

Equity	1,528	14,413	11,253
Interest-bearing non-current liabilities	568	5,360	7,706
Non-interest-bearing non-current liabilities	42	397	406
Interest-bearing current liabilities	845	7,963	5,594
Non-interest-bearing current liabilities	590	5,559	5,158
<b>Total equity and liabilities</b>	<b>3,573</b>	<b>33,692</b>	<b>30,117</b>

<b>CHANGE IN EQUITY</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
	<b>2005</b>	<b>2005</b>	<b>2004</b>
	<b>EUR M</b>	<b>SEK M</b>	<b>SEK M</b>
<b>Opening balance 1 January</b>	<b>1,247</b>	<b>11,253</b>	<b>9,847</b>
IFRS-effect (IAS 39)	-8	-77	-
Dividend <sup>7)</sup>	-104	-951	-457
Transaction costs related to issue of convertible debentures	-	-	-18
Minority interest acquisition/disposal	4	36	6
Cash flow hedging, fair value change	0	-3	-
Exchange difference for the period	108	1,542	-481
Net Income <sup>1)</sup>	282	2,613	2,356
<b>Closing balance at end of period <sup>2)</sup></b>	<b>1,528</b>	<b>14,413</b>	<b>11,253</b>

<b>KEY DATA</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
	<b>2005</b>	<b>2004</b>
Return on capital employed, %	15.9	15.3
Return on shareholders' equity, %	18.1	20.0
Equity ratio, %	42.8	37.4
Interest coverage ratio, times	8.2	7.6
Interest on convertible debentures net after tax, SEK M	33.1	24.0
Number of shares, thousands	365,918	365,918
Number of shares after dilution, thousands	378,718	378,718
Average number of employees	29,578	29,160

## QUARTERLY INFORMATION

### THE GROUP IN SUMMARY

(All amounts in SEK M if not noted otherwise)

	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Full Year 2004	Q 1 2005	Q 2 2005	Q 3 2005	Q 4 2005	Full Year 2005
Sales	6,283	6,533	6,447	6,263	25,526	6,269	6,984	7,019	7,530	27,802
Organic growth <sup>6)</sup>	3%	7%	6%	4%	5%	2%	6%	5%	7%	5%
<b>Gross income</b>	<b>2,487</b>	<b>2,658</b>	<b>2,621</b>	<b>2,539</b>	<b>10,305</b>	<b>2,544</b>	<b>2,860</b>	<b>2,851</b>	<b>3,039</b>	<b>11,294</b>
Gross income / Sales	39.6%	40.7%	40.7%	40.5%	40.4%	40.6%	41.0%	40.6%	40.4%	40.6%
<b>Operating income before depreciation (EBITDA)</b>	<b>1,102</b>	<b>1,165</b>	<b>1,189</b>	<b>1,150</b>	<b>4,606</b>	<b>1,102</b>	<b>1,243</b>	<b>1,317</b>	<b>1,298</b>	<b>4,960</b>
Gross margin (EBITDA)	17.5%	17.8%	18.4%	18.4%	18.0%	17.6%	17.8%	18.8%	17.2%	17.8%
Depreciation	-233	-236	-224	-230	-923	-212	-221	-214	-235	-882
<b>Operating income (EBIT)</b>	<b>869</b>	<b>929</b>	<b>965</b>	<b>920</b>	<b>3,683</b>	<b>890</b>	<b>1,022</b>	<b>1,103</b>	<b>1,063</b>	<b>4,078</b>
Operating margin (EBIT)	13.8%	14.2%	15.0%	14.7%	14.4%	14.2%	14.6%	15.7%	14.1%	14.7%
Financial items	-118	-121	-127	-118	-484	-126	-122	-134	-140	-522
<b>Income before tax</b>	<b>751</b>	<b>808</b>	<b>838</b>	<b>802</b>	<b>3,199</b>	<b>764</b>	<b>900</b>	<b>969</b>	<b>923</b>	<b>3,556</b>
Profit margin (EBT)	12.0%	12.4%	13.0%	12.8%	12.5%	12.2%	12.9%	13.8%	12.3%	12.8%
Tax	-196	-210	-221	-216	-843	-205	-243	-263	-232	-943
<b>Net income</b>	<b>555</b>	<b>598</b>	<b>617</b>	<b>586</b>	<b>2,356</b>	<b>559</b>	<b>657</b>	<b>706</b>	<b>691</b>	<b>2,613</b>
<b>Allocation of net income:</b>										
Share holders in ASSA ABLOY AB	553	596	615	585	2,349	558	654	705	691	2,608
Minority interests	2	2	2	1	7	1	3	1	0	5

### OPERATING CASH FLOW

	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Full Year 2004	Q 1 2005	Q 2 2005	Q 3 2005	Q 4 2005	Full Year 2005
Operating income (EBIT)	869	929	965	920	3,683	890	1,022	1,103	1,063	4,078
Depreciation	233	236	224	230	923	212	221	214	235	882
Net capital expenditure	-123	-166	-146	-215	-650	-140	-161	-135	-231	-667
Change in working capital	-344	-184	142	374	-12	-333	-201	102	322	-110
Paid and received interest	-45	-144	-67	-233	-489	-83	-80	-87	-205	-455
Adjustment for non-cash items	25	-19	-36	14	-16	3	12	-7	-34	-26
<b>Operating cash flow <sup>5)</sup></b>	<b>615</b>	<b>652</b>	<b>1,082</b>	<b>1,090</b>	<b>3,439</b>	<b>549</b>	<b>813</b>	<b>1,190</b>	<b>1,150</b>	<b>3,702</b>
Operating cash flow / Income before tax	0.82	0.81	1.29	1.36	1.08	0.72	0.90	1.23	1.25	1.04

### CHANGE IN NET DEBT

	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Full Year 2004	Q 1 2005	Q 2 2005	Q 3 2005	Q 4 2005	Full Year 2005
Net debt at beginning of the period	13,454	14,481	14,570	13,387	13,454	12,208	12,499	13,860	12,769	12,208
IFRS-effect (IAS 39)	-	-	-	-	-	77	-	-	-	77
Operating cash flow	-615	-652	-1,082	-1,090	-3,439	-549	-813	-1,190	-1,150	-3,702
Restructuring payment	35	45	112	129	321	56	59	42	141	298
Paid tax	164	322	103	161	750	167	373	122	257	919
Acquisitions	830	23	-27	103	929	111	123	66	113	413
Dividend	-	457	-	-	457	-	951	-	-	951
Translation differences	613	-106	-289	-482	-264	429	668	-131	110	1,076
<b>Net debt at end of period</b>	<b>14,481</b>	<b>14,570</b>	<b>13,387</b>	<b>12,208</b>	<b>12,208</b>	<b>12,499</b>	<b>13,860</b>	<b>12,769</b>	<b>12,240</b>	<b>12,240</b>
Net debt / Equity, times	1.36	1.35	1.20	1.09	1.09	1.03	1.07	0.95	0.85	0.85

### NET DEBT

	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Q 1 2005	Q 2 2005	Q 3 2005	Q 4 2005
Long-term interest-bearing receivables	-57	-34	-35	-31	-37	-40	-36	-62
Short-term interest-bearing investments	-263	-160	-232	-230	-171	-249	-147	-104
Cash and bank balances	-859	-1,062	-878	-831	-896	-881	-945	-916
Pension provisions	1,954	1,946	1,782	1,677	1,739	1,860	1,601	1,634
Long-term interest-bearing liabilities	9,032	8,980	8,861	6,029	6,138	8,068	7,908	3,726
Short-term interest-bearing liabilities	4,674	4,900	3,889	5,594	5,726	5,102	4,388	7,963
<b>Total</b>	<b>14,481</b>	<b>14,570</b>	<b>13,387</b>	<b>12,208</b>	<b>12,499</b>	<b>13,860</b>	<b>12,769</b>	<b>12,240</b>

**CAPITAL EMPLOYED AND FINANCING**

	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>
	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>
Capital employed	25,159	25,350	24,577	23,461	24,675	26,759	26,292	26,653
- of which goodwill	14,611	14,644	14,382	13,917	14,562	15,631	15,519	15,716
Net debt	14,481	14,570	13,387	12,208	12,499	13,860	12,769	12,240
Minority interest	17	20	20	27	29	79	74	71
Shareholders' equity (excl minority interest)	10,661	10,760	11,169	11,226	12,147	12,820	13,449	14,342

**DATA PER SHARE**

	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Full Year</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Full Year</b>
	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>
	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>	<b>SEK</b>
Earnings per share after tax and before dilution <sup>3)</sup>	1.51	1.62	1.68	1.60	6.42	1.52	1.79	1.93	1.89	7.13
Earnings per share after tax and dilution <sup>4)</sup>	1.50	1.61	1.65	1.57	6.33	1.49	1.75	1.89	1.84	6.97
Cash earnings per share after tax and dilution <sup>4)</sup>	2.12	2.26	2.28	2.27	8.93	2.11	2.36	2.75	2.42	9.64
Shareholders' equity per share after dilution <sup>4)</sup>	31.24	33.88	34.72	34.74	34.74	36.90	38.84	40.44	42.85	42.85

## RESULTS BY DIVISION

Oct - Dec respective 31 Dec	EMEA <sup>8)</sup>		Americas <sup>9)</sup>		Asia Pacific <sup>10)</sup>		Global Technologies <sup>11)</sup>		Other		Total	
	EUR M		USD M		AUD M		SEK M		SEK M		SEK M	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales, external	322	299	291	274	97	84	1,602	1,249			7,530	6,263
Sales, intragroup	8	8	2	1	8	7	37	20	-167	-130		
<b>Sales</b>	<b>330</b>	<b>307</b>	<b>293</b>	<b>275</b>	<b>105</b>	<b>90</b>	<b>1,639</b>	<b>1,269</b>	<b>-167</b>	<b>-130</b>	<b>7,530</b>	<b>6,263</b>
Organic growth <sup>6)</sup>	6%	1%	5%	8%	2%	0%	13%	4%			7%	4%
<b>Operating income (EBIT)</b>	<b>48</b>	<b>44</b>	<b>54</b>	<b>50</b>	<b>8</b>	<b>15</b>	<b>234</b>	<b>159</b>	<b>-103</b>	<b>-67</b>	<b>1,063</b>	<b>920</b>
Operating margin (EBIT)	14.5%	14.5%	18.3%	18.2%	8.2%	17.6%	14.3%	12.5%			14.1%	14.7%
Capital employed	1,077	1,046	1,098	1,104	340	324	6,180	5,322	-389	-268	26,653	23,461
- of which goodwill	499	495	664	654	171	159	4,736	4,313			15,716	13,917
Return on capital employed	16.9%	16.6%	19.9%	18.3%	9.7%	19.8%	15.4%	11.6%			15.8%	15.8%
Operating income (EBIT)	48	44	54	50	8	15	234	159	-103	-67	1,063	920
Depreciation	14	15	8	8	4	3	21	22	2	6	235	230
Net capital expenditure	-11	-14	-1	-8	-6	1	-48	-35	-32	-6	-231	-215
Movement in working capital	35	24	10	16	0	-4	-80	17	1	44	322	374
<b>Cash flow <sup>5)</sup></b>	<b>86</b>	<b>69</b>	<b>71</b>	<b>66</b>	<b>6</b>	<b>14</b>	<b>127</b>	<b>163</b>			<b>1,389</b>	<b>1,309</b>
Adjustment for non-cash items									-34	14	-34	14
Paid and received interest									-205	-233	-205	-233
<b>Operating cash flow <sup>5)</sup></b>											<b>1,150</b>	<b>1,090</b>

Oct - Dec respective 31 Dec	EMEA <sup>8)</sup>		Americas <sup>9)</sup>		Asia Pacific <sup>10)</sup>		Global Technologies <sup>11)</sup>		Other		Total	
	SEK M		SEK M		SEK M		SEK M		SEK M		SEK M	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales, external	3,049	2,698	2,310	1,876	568	440	1,602	1,249			7,530	6,263
Sales, intragroup	73	72	7	5	51	32	37	20	-167	-130		
<b>Sales</b>	<b>3,122</b>	<b>2,770</b>	<b>2,317</b>	<b>1,881</b>	<b>619</b>	<b>472</b>	<b>1,639</b>	<b>1,269</b>	<b>-167</b>	<b>-130</b>	<b>7,530</b>	<b>6,263</b>
Organic growth <sup>6)</sup>	6%	1%	5%	8%	2%	0%	13%	4%			7%	4%
<b>Operating income (EBIT)</b>	<b>455</b>	<b>402</b>	<b>427</b>	<b>343</b>	<b>51</b>	<b>83</b>	<b>234</b>	<b>159</b>	<b>-103</b>	<b>-67</b>	<b>1,063</b>	<b>920</b>
Operating margin (EBIT)	14.5%	14.5%	18.3%	18.2%	8.2%	17.6%	14.3%	12.5%			14.1%	14.7%
Capital employed	10,151	9,433	8,726	7,303	1,985	1,671	6,180	5,322	-389	-268	26,653	23,461
- of which goodwill	4,709	4,462	5,276	4,324	995	818	4,736	4,313			15,716	13,917
Return on capital employed	16.9%	16.6%	19.9%	18.3%	9.7%	19.8%	15.4%	11.6%			15.8%	15.8%
Operating income (EBIT)	455	402	427	343	51	83	234	159	-103	-67	1,063	920
Depreciation	128	135	62	53	21	14	21	22	2	6	235	230
Net capital expenditure	-105	-125	-13	-52	-32	3	-48	-35	-32	-6	-231	-215
Movement in working capital	328	215	73	122	-1	-25	-80	17	1	44	322	374
<b>Cash flow <sup>5)</sup></b>	<b>806</b>	<b>627</b>	<b>549</b>	<b>466</b>	<b>39</b>	<b>75</b>	<b>127</b>	<b>163</b>			<b>1,389</b>	<b>1,309</b>
Adjustment for non-cash items									-34	14	-34	14
Paid and received interest									-205	-233	-205	-233
<b>Operating cash flow <sup>5)</sup></b>											<b>1,150</b>	<b>1,090</b>

Jan - Dec respective 31 Dec	Global											
	EMEA <sup>8)</sup>		Americas <sup>9)</sup>		Asia Pacific <sup>10)</sup>		Technologies <sup>11)</sup>		Other		Total	
	EUR M		USD M		AUD M		SEK M		SEK M		SEK M	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales, external	1,225	1,179	1,177	1,125	356	320	5,638	4,811			27,802	25,526
Sales, intragroup	30	31	5	4	33	23	122	100	-622	-533		
<b>Sales</b>	<b>1,255</b>	<b>1,210</b>	<b>1,182</b>	<b>1,129</b>	<b>389</b>	<b>343</b>	<b>5,760</b>	<b>4,911</b>	<b>-622</b>	<b>-533</b>	<b>27,802</b>	<b>25,526</b>
Organic growth <sup>6)</sup>	3%	3%	5%	6%	2%	7%	10%	5%			5%	5%
<b>Operating income (EBIT)</b>	<b>184</b>	<b>174</b>	<b>217</b>	<b>199</b>	<b>43</b>	<b>52</b>	<b>811</b>	<b>632</b>	<b>-300</b>	<b>-269</b>	<b>4,078</b>	<b>3,683</b>
Operating margin (EBIT)	14.7%	14.4%	18.3%	17.6%	11.1%	15.1%	14.1%	12.9%			14.7%	14.4%
Capital employed	1,077	1,046	1,098	1,104	340	324	6,180	5,322	-389	-268	26,653	23,461
- of which goodwill	499	495	664	654	171	159	4,736	4,313			15,716	13,917
Return on capital employed	16.6%	16.3%	19.6%	18.2%	12.9%	16.8%	14.1%	11.8%			15.9%	15.3%
Operating income (EBIT)	184	174	217	199	43	52	811	632	-300	-269	4,078	3,683
Depreciation	54	58	31	31	12	12	78	95	9	10	882	923
Net capital expenditure	-36	-37	-15	-27	-7	-5	-141	-78	-37	-8	-667	-650
Movement in working capital	3	6	3	-11	-2	-8	-100	3	-52	53	-110	-12
<b>Cash flow <sup>5)</sup></b>	<b>205</b>	<b>201</b>	<b>236</b>	<b>192</b>	<b>46</b>	<b>51</b>	<b>648</b>	<b>652</b>			<b>4,183</b>	<b>3,944</b>
Adjustment for non-cash items									-26	-16	-26	-16
Paid and received interest									-455	-489	-455	-489
<b>Operating cash flow <sup>5)</sup></b>											<b>3,702</b>	<b>3,439</b>
Average number of employees	12,405	12,774	9,251	9,767	4,352	3,629	3,481	2,925	89	65	29,578	29,160

Jan - Dec respective 31 Dec	Global											
	EMEA <sup>8)</sup>		Americas <sup>9)</sup>		Asia Pacific <sup>10)</sup>		Technologies <sup>11)</sup>		Other		Total	
	SEK M		SEK M		SEK M		SEK M		SEK M		SEK M	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales, external	11,369	10,747	8,775	8,242	2,019	1,726	5,638	4,811			27,802	25,526
Sales, intragroup	280	284	31	28	190	121	122	100	-622	-533		
<b>Sales</b>	<b>11,649</b>	<b>11,031</b>	<b>8,806</b>	<b>8,270</b>	<b>2,209</b>	<b>1,847</b>	<b>5,760</b>	<b>4,911</b>	<b>-622</b>	<b>-533</b>	<b>27,802</b>	<b>25,526</b>
Organic growth <sup>6)</sup>	3%	3%	5%	6%	2%	7%	10%	5%			5%	5%
<b>Operating income (EBIT)</b>	<b>1,707</b>	<b>1,586</b>	<b>1,615</b>	<b>1,456</b>	<b>245</b>	<b>278</b>	<b>811</b>	<b>632</b>	<b>-300</b>	<b>-269</b>	<b>4,078</b>	<b>3,683</b>
Operating margin (EBIT)	14.7%	14.4%	18.3%	17.6%	11.1%	15.1%	14.1%	12.9%			14.7%	14.4%
Capital employed	10,151	9,433	8,726	7,303	1,985	1,671	6,180	5,322	-389	-268	26,653	23,461
- of which goodwill	4,709	4,462	5,276	4,324	995	818	4,736	4,313			15,716	13,917
Return on capital employed	16.6%	16.3%	19.6%	18.2%	12.9%	16.8%	14.1%	11.8%			15.9%	15.3%
Operating income (EBIT)	1,707	1,586	1,615	1,456	245	278	811	632	-300	-269	4,078	3,683
Depreciation	499	529	230	227	66	62	78	95	9	10	882	923
Net capital expenditure	-335	-340	-114	-195	-40	-29	-141	-78	-37	-8	-667	-650
Movement in working capital	30	51	24	-76	-12	-43	-100	3	-52	53	-110	-12
<b>Cash flow <sup>5)</sup></b>	<b>1,901</b>	<b>1,826</b>	<b>1,755</b>	<b>1,412</b>	<b>259</b>	<b>268</b>	<b>648</b>	<b>652</b>			<b>4,183</b>	<b>3,944</b>
Adjustment for non-cash items									-26	-16	-26	-16
Paid and received interest									-455	-489	-455	-489
<b>Operating cash flow <sup>5)</sup></b>											<b>3,702</b>	<b>3,439</b>

<sup>1)</sup> Translated using an average rate for the period, 1 EUR = 9.28

<sup>2)</sup> Translated using a closing rate at 31 December 2005, 1 EUR = 9.43

<sup>3)</sup> Number of shares, thousands, used for the calculation amount to 365,918 for all periods.

<sup>4)</sup> Number of shares, thousands, used for the calculation amount to 378,718 for December 2005 and 375,103 for December 2004.

<sup>5)</sup> Excluding payment of restructuring

<sup>6)</sup> Organic growth concern comparable units after adjustment for acquisitions and currency effects.

<sup>7)</sup> Translated using transaction day rate, 1 EUR = 9.17

<sup>8)</sup> Europe, Israel and Africa

<sup>9)</sup> North and South America

<sup>10)</sup> Asia, Australia och New Zealand

<sup>11)</sup> Entrance Systems, Hospitality och Identification Technology

**APPENDIX 1 - SUPPLEMENTARY INFORMATION ON IFRS ADJUSTMENTS JANUARY - DECEMBER 2004**

<b>1. IFRS effects on net income</b> <b>(SEK M)</b>	<b>Jan-Mar</b> <b>2004</b>	<b>Apr-Jun</b> <b>2004</b>	<b>Jul-Sep</b> <b>2004</b>	<b>Oct-Dec</b> <b>2004</b>	<b>Jan-Dec</b> <b>2004</b>
<b>Reported net income (SW GAAP)</b>	<b>345</b>	<b>372</b>	<b>395</b>	<b>383</b>	<b>1 495</b>
Reversal of goodwill amortization	243	247	245	243	978
Acquisition-related adjustments	-22	-10	-12	-29	-73
Tax effects	-13	-13	-13	-12	-51
Reversal of minority shares of income	2	2	2	1	7
<b>Total IFRS effects on net income</b>	<b>210</b>	<b>226</b>	<b>222</b>	<b>203</b>	<b>861</b>
<b>Reported net income (IFRS)</b>	<b>555</b>	<b>598</b>	<b>617</b>	<b>586</b>	<b>2 356</b>

<b>2. IFRS effects on the income statement</b> <b>(SEK M)</b>	<b>SW GAAP</b>	<b>IFRS adjustments</b>				<b>IFRS</b>
	<b>Jan-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Dec</b>
Sales	25 526	-	-	-	-	25 526
Cost of goods sold	-15 148	-22	-10	-12	-29	-15 221
<b>Gross income</b>	<b>10 378</b>	<b>-22</b>	<b>-10</b>	<b>-12</b>	<b>-29</b>	<b>10 305</b>
Selling and administrative expenses	-6 630	-	-	-	-	-6 630
Goodwill amortization	-978	243	247	245	243	-
Share in earnings of associated companies	-	1	3	1	3	8
<b>Operating income</b>	<b>2 770</b>	<b>222</b>	<b>240</b>	<b>234</b>	<b>217</b>	<b>3 683</b>
Financial items	-484	-	-	-	-	-484
Share in earnings of associated companies	8	-1	-3	-1	-3	-
<b>Income before tax</b>	<b>2 294</b>	<b>221</b>	<b>237</b>	<b>233</b>	<b>214</b>	<b>3 199</b>
Tax	-792	-13	-13	-13	-12	-843
Minority interests	-7	2	2	2	1	-
<b>Net income</b>	<b>1 495</b>	<b>210</b>	<b>226</b>	<b>222</b>	<b>203</b>	<b>2 356</b>

**Allocation of income:**

Shareholders in ASSA ABLOY AB	2 349
Minority interests	7

**Earnings per share:**

after tax and before conversion	4,09	0,57	0,60	0,60	6,42
after tax and after full conversion	4,05	0,56	0,60	0,58	6,33

<b>3. IFRS effects on equity</b> <b>(SEK M)</b>	<b>31 mar</b> <b>2004</b>	<b>30 jun</b> <b>2004</b>	<b>30 sep</b> <b>2004</b>	<b>31 dec</b> <b>2004</b>
<b>Reported equity (SW GAAP)</b>	<b>10 523</b>	<b>10 400</b>	<b>10 598</b>	<b>10 448</b>
Pension adjustment (IAS 19)	-41	-41	-41	-
IFRS-adjustments to net income (see table above)	210	436	658	861
Exchange rate effects (average/end-rate) on IFRS-adj. to income	4	2	-9	-48
Acquisition-related IFRS-adjustments applied directly to equity	-35	-37	-37	-35
Minority interests	17	20	20	27
<b>Total IFRS effects on equity</b>	<b>155</b>	<b>380</b>	<b>591</b>	<b>805</b>
<b>Reported equity (IFRS)</b>	<b>10 678</b>	<b>10 780</b>	<b>11 189</b>	<b>11 253</b>