GUNNEBO Q4 2018

Strong Cash Flow and Continued Sales Growth in Q4

Performance for the Quarter – Continuing Operations

During the fourth quarter, the Group's sales growth was 6%, coming from growth in all four Business Units of Safe Storage, Cash Management, Entrance Control and Integrated Security.

Safe Storage grew by 8% mainly driven by strong sales of SafeStore Auto and continued strong sales of ATM safes. Cash Management grew by 12% due to very strong sales of closed cash management, SafePay, and CIT solutions. Entrance Control continued to grow and increased by 3% in the fourth quarter, mainly driven by strong sales to metros, airports and public & commercial buildings. Sales in Integrated Security grew by 1% based on improved sales in the Americas.

EBITA increased in Cash Management and Entrance Control with improved operating margins and was stable in Safe Storage. Integrated Security achieved a small profit after some loss-making quarters. One of our priorities is to work with the various businesses in Integrated Security to improve performance going forward.

Free cash flow was strong in the quarter at MSEK 133 (71) of which MSEK 88 came from improved working capital which is a focus area for us.

During the quarter we have closed the divestment of our businesses in France, Belgium and Luxembourg. We have also continued to focus on our main Business Units and as a consequence of this strategic shift we have divested an Integrated Security business in the UK.

Performance for the Full Year – Continuing Operations

For the full year 2018 the Group's sales growth ended at 3% with double-digit growth for Entrance Control and single-digit growth for Safe Storage and Cash Management, while Integrated Security contracted by 5%.

The EBITA for Safe Storage, Cash Management and Entrance Control improved by close to MSEK 60 while Integrated Security had a lower EBITA in 2018 due to fewer and less profitable big projects in 2018 compared to 2017. Free cash flow for the full year was MSEK 124 (-74), an improvement of MSEK 198. The working capital improved by MSEK 287 compared to last year.

With the new Business Unit focus in Gunnebo and the start of the divestments of the larger non-core businesses in 2018, we are prepared to continue driving a clear business agenda going forward which will generate profitable growth.

Gothenburg 6 February, 2019

Henrik Lange
President & CEO

Financial Targets & Outcome, Continuing Operations

	2018 Q4	2017 Q4	2018 YTD	2017 YTD	Target
Sales growth	6%	-8%	3%	-1%	5%
EBITA margin	7.7%	9.2%	6.7%	7.7%	>10%
Net debt/EBITDA	-	-	3.5	2.5	<2.5
Dividend (*proposed)	-	-	32%*	60%	30-50%

GUNNEBO
For a safer world

Q4 In Brief[1] (continuing operations unless otherwise stated)

Net sales, MSEK	2018 Q4	2017 Q4	*Sales growth[2] %*	2018 YTD	2017 YTD	*Sales growth[2] %*
Safe Storage	506	449	*8*	1,826	1,708	*4*
Cash Management	296	254	*12*	1,090	1,031	*2*
Entrance Control	280	260	*3*	1,048	894	*13*
Integrated Security	338	337	*1*	1,164	1,228	*-5*
Total	1,420	1,300	*6*	5,128	4,861	*3*

EBITA, MSEK	2018 Q4	*Margin %*	2017 Q4	*Margin %*	2018 YTD	*Margin %*	2017 YTD	*Margin %*
Safe Storage	44	*8.7*	46	*10.2*	151	*8.3*	126	*7.4*
Cash Management	42	*14.2*	27	*10.6*	122	*11.2*	120	*11.6*
Entrance Control	52	*18.6*	48	*18.5*	176	*16.8*	145	*16.2*
Integrated Security	7	*2.1*	35	*10.4*	1	*0.1*	107	*8.7*
Group Functions	-35	-	-36	-	-106	-	-123	-
Total	110	*7.7*	120	*9.2*	344	*6.7*	375	*7.7*

Other financial information, MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Amortisation and impairment from acquisition related intangibles	-13	-4	-40	-22
Items affecting comparability (IAC)	-30	-23	-39	-52
EBIT	67	93	265	301
Net profit for the period	22	64	120	152
Earnings per share, SEK	0.27	0.76	1.57	1.90
Discontinued operations				
Net profit for the period	-109	12	-803	8
Earnings per share, SEK	-1.42	0.15	-10.52	0.10
Continuing and discontinued operations				
Net profit for the period	-87	76	-683	160
Earnings per share, SEK	-1.15	0.91	-8.95	2.00
Free cash flow	133	71	124	-74
Dividend per share (*proposed), SEK	-	-	0.50*	1.20

[1] Refer to page 24 for definitions of key performance measures

[2] Measured as the growth in net sales in constant currencies

Gunnebo's Business Units

Safe Storage

Safe Storage offers products protecting data, cash and other valuables from data intrusion, burglary, fire and explosion, as well as ensuring regulatory compliance.

Cash Management

Cash Management offers software, hardware and services which improve the efficiency and security of cash handling processes for retailers, banks and CIT companies.

Entrance Control

Entrance Control focuses on protecting people, assets and buildings by controlling access using passage barriers and detection systems.

Integrated Security

Integrated Security is made up of local integrator businesses within electronic security, security doors and partitions, electronic article surveillance and fire security.

Safe Storage

The Business Unit’s sales increased by 8% in the fourth quarter. The main driver behind the positive development was the strong performance in Asia-Pacific, Americas and ATM safes. For the full year, sales growth was 4%.

Safe Storage	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales, MSEK	506	449	1,826	1,708
Sales growth, %	*8*	*-17*	*4*	*-8*
EBITA, MSEK	44	46	151	126
EBITA margin, %	*8.7*	*10.2*	*8.3*	*7.4*
Items affecting comparability (IAC), MSEK	-17	-16	-24	-27
Operating capital employed, MSEK	491	444	491	444

Sales Development Q4 2018

The main drivers behind the sales increase were strong sales development for ATM safes and sales in the US. India, China and South-East Asia also developed well.

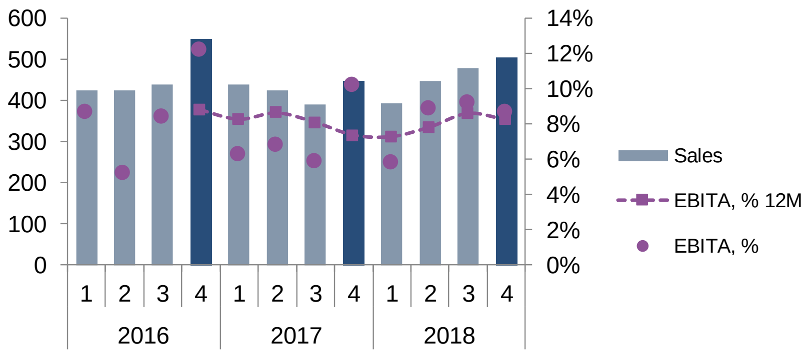
In Europe, Spain had a good quarter, where most other markets had weak sales.

In Asia-Pacific, the important Indian market continued to show strong growth, as did the markets in South East Asia. China, which is still a relatively small market for Safe Storage, more than doubled its sales. Other markets in the region showed weaker development.

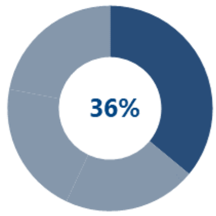
In Americas, both US and Canada finished the year with strong sales growth.

Result Development

In the quarter, EBITA amounted to MSEK 44 (46) resulting in a margin of 8.7% (10.2), where the lower profitability can be explained by lower productivity, mainly in Europe. Year to date, EBITA improved to MSEK 151 (126) and the margin to 8.3% (7.4).

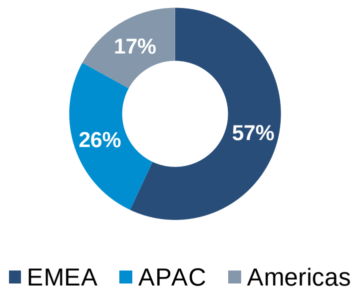


Share of Group Sales YTD 2018



Safe Storage offers products protecting data, cash and other valuables from data intrusion, burglary, fire and explosion, as well as ensuring regulatory compliance.

Sales per Region



Quarter Highlights

Europe: Several orders for automated safe deposit lockers, SafeStore Auto, received from among others one traditional bank and one private investor in Hungary and Swiss Berner Kantonalbank.

Switzerland: Major bank places several orders for vaults and vault doors.

Sweden: Swedish government continues to invest in safes offering protection from for electro-magnetic pulses (EMP).

South East Asia: A private investor from Singapore confirms an order for SafeStore Auto Maxi with over 4,000 lockers in one location.

India: A leading gold loan company continues to engage Gunnebo to improve the security level in its branches across the country.

South Africa: A major bank places an order for more than 300 blast resistant ATM safes.

Canada: Several larger service contracts on locksmith services were signed during the quarter.

Cash Management

The Business Unit reported double-digit sales growth of 12% in the fourth quarter, where positive development in the Nordics, Spain, Italy and Middle East were the main drivers. For the full year, sales growth was 2%.

Cash Management	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales, MSEK	296	254	1,090	1,031
Sales growth, %	*12*	*-2*	*2*	*8*
EBITA, MSEK	42	27	122	120
EBITA margin, %	*14.2*	*10.6*	*11.2*	*11.6*
Items affecting comparability (IAC), MSEK	-2	-2	-6	-4
Operating capital employed, MSEK	258	284	258	284

Sales Development Q4 2018

The Business Unit recorded strong sales of its closed cash management system, SafePay, coming from the Nordics, Spain and Italy. Sales to CIT also developed well.

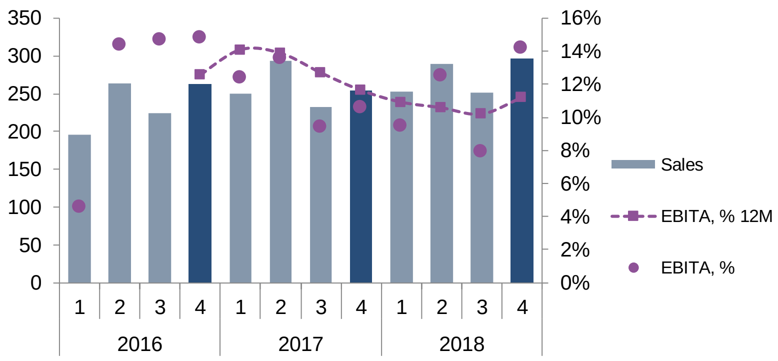
In the Middle East, sales showed strong growth due to continued major deliveries to a regional CIT company.

Sales in Asia-Pacific were weak overall.

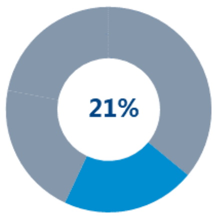
In Americas, sales were flat in Brazil and the US and weaker on other markets.

Result Development

In the quarter, EBITA improved to MSEK 42 (27) resulting in a margin of 14.2% (10.6) where the improved margin is explained by strong sales growth, including closed cash management SafePay and sales to CIT partners. Year to date, EBITA improved to MSEK 122 (120) with a margin of 11.2% (11.6).

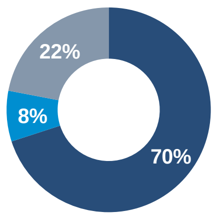


Share of Group Sales YTD 2018



Cash Management offers software, hardware and services which improve the efficiency and security of cash handling processes for retailers, banks and CIT companies.

Sales per Region



Quarter Highlights

Denmark: Retailer Netto continues the roll-out of closed cash management, SafePay, to its stores across the country.

Denmark & Sweden: Retailer Coop also continues to upgrade its cash management solutions by installing closed cash management, SafePay, in more stores.

Middle East: A large CIT-company in the Middle East continues to buy Gunnebo's cash management solutions to streamline the cash process for its retail customers.

Dominican Republic: Banco Popular decides to invest in cash handling solutions. Together with the local partner Cash Management Dominicana, Gunnebo is to supply hardware and customized software to the bank.

Brazil: After a successful pilot with one of its main retail customers, CIT-company Prosegur has now started full roll-out of cash management solutions from Gunnebo for the client.

Entrance Control

The Business Unit's sales continued to grow and increased by 3% in the fourth quarter, mainly coming from strong sales in Americas and Europe. For the full year, sales growth was 13%.

Entrance Control	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales, MSEK	280	260	1,048	894
Sales growth, %	*3*	*-6*	*13*	*10*
EBITA, MSEK	52	48	176	145
EBITA margin, %	*18.6*	*18.5*	*16.8*	*16.2*
Items affecting comparability (IAC), MSEK	-2	-2	-5	-5
Operating capital employed, MSEK	181	196	181	196

Sales Development Q4 2018

Entrance Control continued to grow sales in the fourth quarter. From a customer segment perspective, growth continued to come from metro and airport in Europe and Asia, as well as from good global development in the customer segment public & commercial buildings.

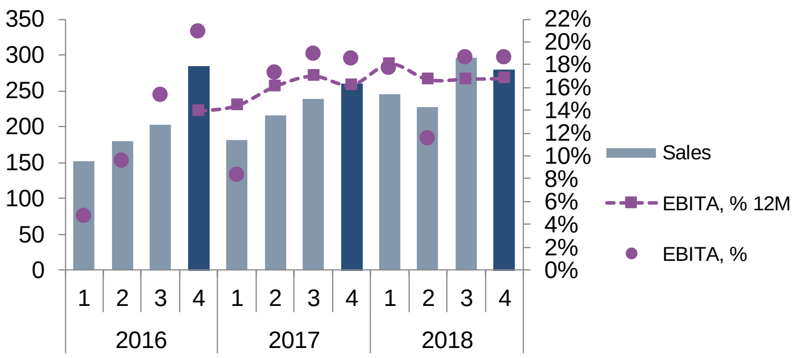
In Europe, sales developed well, especially in the Nordics, Switzerland, Spain and Italy.

In Asia-Pacific and Middle East, the major Entrance Control markets China, South Korea and Middle East all had a weaker quarter, which is mainly due to phasing of projects.

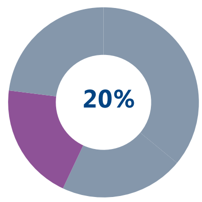
In Americas, sales showed strong development in both US and Canada where growth was primarily coming from airports.

Result Development

In the quarter, EBITA increased to MSEK 52 (48), resulting in a margin of 18.6% (18.5). Year to date, EBITA improved to MSEK 176 (145) with a margin of 16.8% (16.2). The improved EBITA is explained by the strong business growth and productivity improvements.

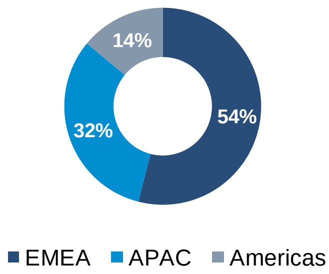


Share of Group Sales YTD 2018



Entrance Control focuses on protecting people, assets and buildings by controlling access using passage barriers and detection systems.

Sales per Region



Quarter Highlights

Italy: Global logistics company DHL choses SpeedStiles and a CCTV solution from Gunnebo to improve security and access control at sites in the country.

Sweden: Airport operator Swedavia and other Swedish airports continue to invest in improved passenger flow by installing pre-security gates.

Spain: CIT company, Prosegur, upgrades security at its Madrid offices with an entrance solution from Gunnebo.

South Korea: The commercial building Sae Woon installs SpeedStiles to regulate the flow to and from the building.

China: The successful business to supply solutions for entrance control to metro lines in the country continues. During the quarter, a metro line in Wuhan decides to install Gunnebo's metro gates.

Integrated Security

The Business Unit's sales grew by 1% in the fourth quarter, coming from Americas, Asia-Pacific and Middle East. For the full year, sales contracted by 5%. In the quarter an integrator business in the UK was divested.

Integrated Security	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales, MSEK	338	337	1,164	1,228
Sales growth, %	*1*	-1	-5	-6
EBITA, MSEK	7	35	1	107
EBITA margin, %	*2.1*	10.4	0.1	8.7
Items affecting comparability (IAC), MSEK	-7	-1	-18	-13
Operating capital employed, MSEK	268	304	268	304

Sales Development Q4 2018

The overall sales within Integrated Security showed a 1% growth.

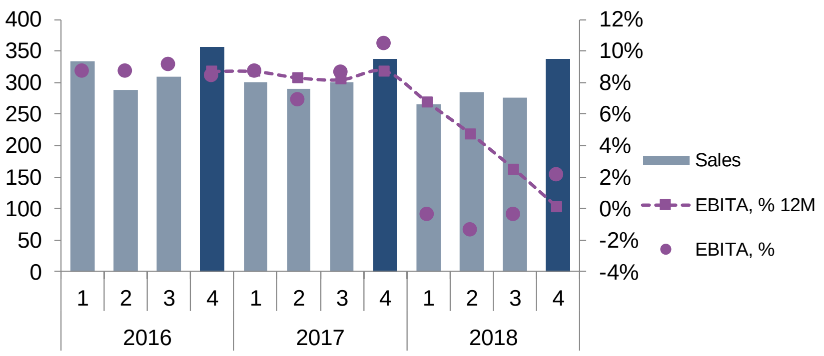
In Europe, sales overall showed weak development where strong sales in Sweden and Germany did not fully compensate for weaker performance in Spain, the UK and within Electronic Article Surveillance.

Sales in Asia-Pacific showed a slight growth where good levels of sales in Australia and India did not compensate for the weaker fire sales, mostly related to the big fire projects in South East Asia last year.

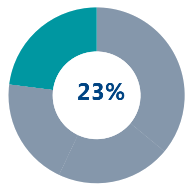
In Americas, sales showed strong development in Mexico, developed well in Canada and US but weaker in Brazil.

Result Development

In the quarter, EBITA amounted to MSEK 7 (35) resulting in a margin of 2.1% (10.4). Year to date, EBITA amounted to MSEK 1 (107) with a margin of 0.1% (8.7). The lower EBITA for both the quarter and full year can be explained by low productivity and weak sales of fire projects in South-East Asia.

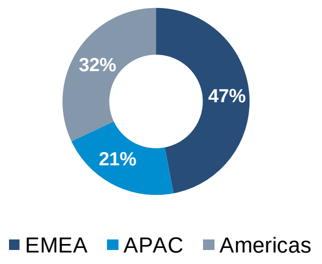


Share of Group Sales YTD 2018



Integrated Security is made up of local integrator businesses within electronic security, security doors and partitions, electronic article surveillance and fire security.

Sales per Region



Quarter Highlights

Spain: The National Sport Spain Council equips its HQ and sportsman residences with electronic security software and wireless locks from Gunnebo.

India: Sales of fire products under the Minimax brand continue to develop well.

Brazil: Lojas Americanas, one of the leading retail chains in Brazil, with more than 1,400 stores and present in all Brazilian states, continues to roll out EAS and CCTV solutions, together with other loss prevention equipment from Gunnebo, to its stores nationwide.

Mexico: Several banks sign contracts with Gunnebo for electronic security refurbishment projects.

Gunnebo Business Solutions: The Group continues to develop a common software platform and the comer-cialization of solutions for the retail industry.

Discontinued Operations

On 17 July 2018, Gunnebo announced that the Group had signed an offer from global private equity firm OpenGate Capital to acquire Gunnebo's business in France, Belgium and Luxembourg. The divestment was successfully approved by the relevant works councils and antitrust authorities. Following the approvals, the subsidiaries were sold on December 3, 2018.

The divestment included the French sales company, French production facilities in Baldenheim and Bazancourt as well as the Belgian and Luxembourg sales companies.

The business employed approximately 920 people. Net sales for discontinued operations in the fourth quarter amounted to MSEK 208 (332).

For the fourth quarter, EBIT related to the operations amounted to MSEK -9 (11) and the result from operating activities amounted to MSEK -10 (12).

The divestment generated a total transactional loss of MEUR 69 (MSEK 708), of which MEUR 60 was recorded in Q2 2018. Per end of Q2, the transactional loss was estimated to be some MEUR 60-65. The deviation was mainly related to settlement costs caused by performance between signing and closing.

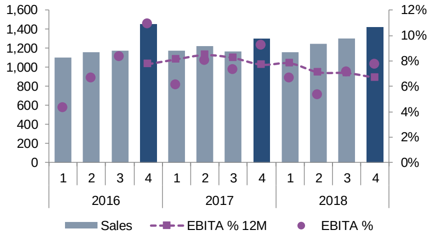
Please see more information about Discontinued Operations in Note 3, page 21 in this quarterly report.

Group Financial Performance

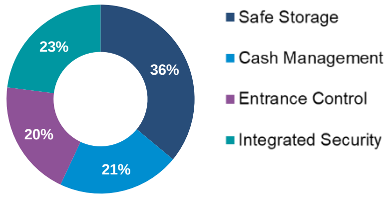
In this report the businesses in France, Belgium and Luxembourg are reported as discontinued operations. Consequently all previous income statement information has been restated to present continuing operations and discontinued operations separately as of the second quarter 2018. See note 3 for detailed information regarding performance of discontinued operations.

Due to the change in organisational structure from geography to Business Unit as of the second quarter 2018, the Group's segment reporting is based on the four Business Units Safe Storage, Cash Management, Entrance Control and Integrated Security. All previous periods have been restated to align with these new Business Units. See note 2 for additional information on segment reporting.

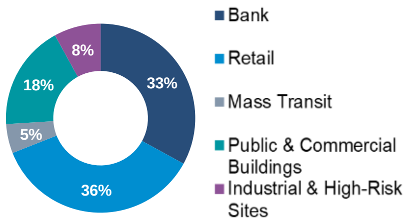
Group Sales & EBITA Margin



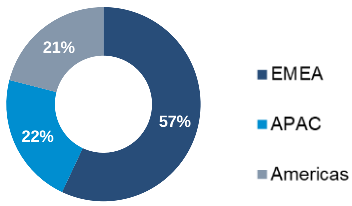
Sales by Business Unit, YTD



Sales by Customer Segment, YTD



Sales by Region, YTD



Continuing Operations

October – December 2018

Net Sales

The Group's net sales during the fourth quarter amounted to MSEK 1,420 (1,300). Sales growth in constant currencies for the Group in the quarter was 6%, with Safe Storage at 8%, Cash Management at 12%, Entrance Control at 3% and Integrated Security at 1%. The currency effect was 4%.

Net sales comprised of MSEK 1,182 related to product sales and MSEK 238 related to sales of services.

Operating Results

The gross margin excluding items affecting comparability was 28.7% compared to 29.3% last year.

Selling and administrative expenses excluding items affecting comparability increased by MSEK 24 over the same quarter last year, explained partly by currency and partly by resources enabling the Business Unit transformation with the target to drive future productivity. As a percentage of net sales, this equalled 20.9% compared to 21.0% for the previous year.

Other operating income and expenses totalling MSEK -13 (8) included the impairment of acquisition related intangibles resulting from the small divestment of an Intergrated Security business in the UK amounting to MSEK -10. Last year included income from associated companies of MSEK 5.

Items affecting comparability impacted the Group's result by MSEK -30 (-23) in the quarter, with MSEK -5 (-11) in cost of goods sold and MSEK -25 (-12) reported in selling and administrative expenses. This is related to structural personnel charges to enable future cost savings.

EBIT for the period was MSEK 67 (93). The internal financial performance follow-up for the business units and the Group, as from the second quarter 2018, focuses on EBITA as a measure of performance.

EBITA Bridge

EBITA was MSEK 110 (120), equalling an EBITA margin of 7.7% (9.2). Changes in the fourth quarter, as compared to the corresponding quarter 2017, can be explained by:

- The sales growth of 6% impacted operating profit with MSEK 17.
- Savings from implemented productivity measures were MSEK 3.
- Currency effects were MSEK 0, of which the translation effect was MSEK 3 and transaction effect was MSEK -3.
- Other effects of MSEK -30 came mainly from the negative gross margin mix, as well as the negative development of general cost changes.

Other Financial Highlights

Net financial items in the quarter were MSEK -18 (-13) which included increased interest expenses on external financing, which was mainly offset by positive currency developments. Tax expense was MSEK -27 (-16) representing an effective tax rate of 55% (20%). The effective tax rate was negatively impacted by current losses not recognised, the mix of profit before taxes and a write-down of deferred tax assets. The weighted average statutory tax rate in the jurisdictions of the underlying business was some 30%.

Free cash flow for the quarter was MSEK 133 (71). This included investments of MSEK -31 (-55) reflecting decreased level of investments as in the previous year. Net cash flow from operating activities was improved and amounted to MSEK 162 (123) mainly coming from positive developments in working capital. The working capital changes were MSEK 88 (13).

Cash flow from investing activities included acquisition related payments of MSEK -29 for the acquisition of the remaining non-controlling interest in Brazil and Mexico. Additional divestment related payments were MSEK -221 in the quarter, mainly related to the divestment of France, Belgium and Luxembourg.

Cash flow from financing activities totalled MSEK 183 (-33) being primarily new loans and changes in bank overdrafts. Net cash flow ended at MSEK 66 (38).

Total equity decreased by MSEK 115 in the quarter, with the largest change coming from the dividend payment of MSEK -46. Additionally, positive currency developments of MSEK 25 offset the effects of the net loss of MSEK -87, of which discontinued operations were MSEK -109.

January – December 2018

Net Sales

The Group’s reported net sales for the period amounted to MSEK 5,128 (4,861). Sales growth in constant currencies was 3%. Entrance Control had a growth of 13%, while Safe Storage was 4%, Cash Management 2% and Integrated Security was -5%. The currency effect was 3%.

Net sales comprised of MSEK 4,231 related to product sales and MSEK 897 related to sales of services.

Operating Results

The gross margin excluding items affecting comparability was 28.4% compared to 29.4% last year.

Selling and administrative expenses excluding items affecting comparability increased by MSEK 52 over the same period last year, the majority explained partly by currency and partly by resources enabling the Business Unit transformation with the target to drive future productivity. As a percentage of net sales, this equalled 22.3% compared to 22.4% for the previous year.

Other operating income and expenses totalling MSEK 11 (14) includes MSEK 21 representing a gain on the divestment of a non-core monitoring service business in Spain, MSEK 10 from the sale of facilities in South Africa, an impairment of acquisition related intangibles of MSEK -21 relating to the small divestment of an Intergrated Security business in the UK as well as income from associated companies of MSEK 4 (7).

Items affecting comparability impacted the result by MSEK -39 (-52) for the period with MSEK -13 (-14) in cost of goods sold, MSEK -47 (-38) reported in selling and administrative expenses and the gain on the divestment in Spain of MSEK 21 reported in other operating income and expenses. The remainder is related mainly to personnel reductions as part of the structural changes to enable future profitability as well as changes in management.

EBIT for the period was MSEK 265 (301). The internal financial performance follow-up for the Business Units and the Group, as from the second quarter 2018, focuses on EBITA as measure of performance.

EBITA Bridge

EBITA was MSEK 344 (375), equalling an EBITA margin of 6.7% (7.7). Changes in the period, as compared to the corresponding period 2017, can be explained by:

- The sales growth of 3% impacted operating profit with MSEK 31.
- Savings from implemented productivity measures were MSEK 27.
- Currency effects were MSEK 2, of which translation effect was MSEK 5 and transaction effect was MSEK -3.
- Other effects of MSEK -91 came mainly from the negative gross margin mix, as well as the negative development of general cost changes, offset by income from associated companies and the profit from the sale of facility in South Africa.

Other Financial Highlights

Net financial items totalled MSEK -53 (-54), which included increased interest expenses on external financing, which were mainly offset by positive currency developments. Tax expense was MSEK -92 (-95) resulting in an effective tax rate of 43% (38). The higher effective tax rate compared to the previous year was negatively impacted by current losses not recognised, as well as final adjustments to prior year tax returns and write-downs of deferred tax assets. The weighted average statutory tax rate in the jurisdictions of the underlying business was some 30%.

Free cash flow for the year was MSEK 124 (-74). This includes investments of MSEK -137 (-150), reflecting decreased investments in property, plant and equipment while maintaining the same level of investments in product/IT development. Additionally, there was a positive cash flow of MSEK 13 from the sale of a facility in South Africa. Net cash flow from operating activities was significantly improved, ending at MSEK 242 (71), where the changes in working capital improved by MSEK 287 compared to last year.

Cash flow from investing activities included a net of MSEK -235 of divestment related payments, mainly related to France, Belgium and Luxembourg, and MSEK -59 related to the minority buy-out in both Brazil and Mexico, as well as an earn-out.

Cash flow from financing activities totalled MSEK 235 (15), ending with a cash flow for the period of MSEK 65 (-59). Dividends paid to shareholders totalled MSEK -92 (-92).

Net debt including post-employment benefits increased by MSEK 221 since year-end where the majority is explained by divested cash balances, currencies and the 2017 dividend payment. The post-employment benefit provision decreased by MSEK 119 for the year of which MSEK 96 is due to divested balances. The remaining decrease is mainly caused by the changes in financial assumptions in the Group´s UK pension plan, as well as pension payments.

Total equity decreased by MSEK 779 for the period, with MSEK -803 coming from the loss of discontinued operations, MSEK -92 from the dividend payment and MSEK 120 from continued operations.

During the third quarter, 128,580 series C shares, previously issued and repurchased within the context of Gunnebo's long-term incentive programme LTIP 2015, were converted into ordinary shares and used to settle the LTIP programme. This resulted in an increase in the number of ordinary shares by 128,580 and a decrease in the number of series C shares by the same amount.

Employees

The number of employees at the end of the fourth quarter was 4,449 (4,267) in continuing operations.

Parent Company

The Group's parent company, Gunnebo AB, is a holding company which has the main task of owning and managing shares in other Group companies, as well as providing Group-wide services. Net revenue for the fourth quarter and year-to-date were MSEK 96 (71) and MSEK 266 (239). Profit after financial items was MSEK 4 (-7) in the fourth quarter and MSEK 5 (11) for the full year. Net profit for the fourth quarter amounted to MSEK 69 (87) and MSEK 65 (78) for the full year.

Proposed Dividend

The Board of Directors proposes a dividend of SEK 0.50 (1.20) per share for the financial year 2018, corresponding to a total dividend payment of MSEK 38 (92) based on the number of outstanding shares at the end of 2018. This dividend proposal is in line with the Group's dividend policy and will enable an increased financial capacity to continue the development of the business.

Discontinued Operations

For information about discontinued operations, please see page 8 and note 3, page 21, in this interim report.

Financial Calendar

Financial Calendar	
Annual General Meeting 2019	11 April, 2019
Q1 Report 2019	26 April, 2019
Q2 Report 2019	19 July, 2019
Q3 Report 2019	22 October, 2019
Q4 Report 2019	7 February, 2020
Q1 Report 2020	21 April, 2020

Gothenburg, 6 February 2019

Henrik Lange

President and CEO

Financial Targets

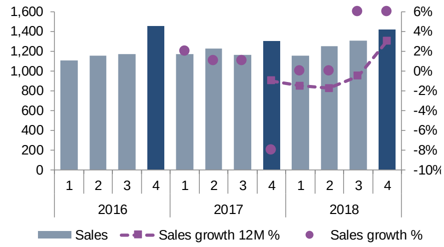
With a clear Business Unit focus, together with an organisational structure supporting it in place, the Group announced new financial targets together with the second quarter report for 2018. The Group's financial targets are:

- **Annual sales growth of 5%.** Measured as the growth in net sales in constant currencies, including organic, acquired and divested sales.
- **EBITA of >10%.** Measured as the EBIT excluding IAC and acquisition related amortisation and impairment. For the Business Units, no costs for Group functions are allocated.
- **Net Debt/EBITDA of <2.5**. Measured as the period-end net debt excluding pension liabilities divided by EBITDA for the last 12 months.
- **Annual dividend of 30-50% of net profit.**

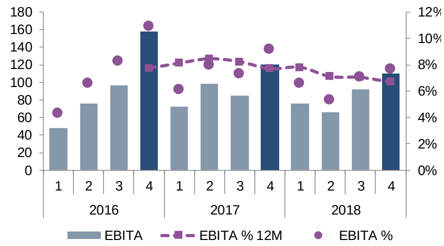
These targets give transparency on Group ambitions and the underlying capabilities in the Business Units to deliver on the targets. These targets are the primary KPIs defining how the Group will achieve profitable growth.

The sustainability targets remain as defined in 2016.

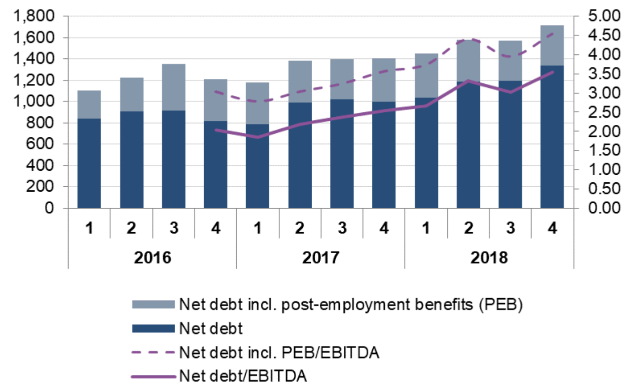
Sales Growth



EBITA



Net debt/EBITDA



Condensed consolidated income statements

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales	1,420	1,300	5,128	4,861
Cost of goods sold	-1,018	-930	-3,686	-3,447
Gross profit	402	370	1,442	1,414
Selling and administrative expenses	-322	-285	-1,188	-1,127
Other operating income and expenses, net	-13	8	11	14
EBIT	67	93	265	301
Financial income and expenses, net	-18	-13	-53	-54
Profit before taxes	49	80	212	247
Income taxes	-27	-16	-92	-95
Net profit for the period from continuing operations	22	64	120	152
Net loss/profit for the period from discontinued operations	-109	12	-803	8
Net profit/loss for the period	-87	76	-683	160
Net profit/loss attributable to:				
Shareholders of the Parent Company	-87	70	-683	153
Non-controlling interests	0	6	0	7
Net profit/loss for the period	-87	76	-683	160
Weighted average number of basic shares, thousand	76,449	76,320	76,378	76,320
Weighted average number of diluted shares, thousand	76,449	76,403	76,430	76,389
Earnings per share, SEK	-1.15	0.91	-8.95	2.00
Of which, continuing operations, SEK	0.27	0.76	1.57	1.90
Of which, discontinuing operations, SEK	-1.42	0.15	-10.52	0.10
Earnings per share after dilution, SEK	-1.15	0.92	-8.94	2.00
Of which, continuing operations, SEK	0.27	0.77	1.57	1.90
Of which, discontinuing operations, SEK	-1.42	0.15	-10.51	0.10

Condensed consolidated statements of comprehensive income

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net profit/loss for the period	-87	76	-683	160
Other comprehensive income				
Items that will not be reclassified to the income statement				
Remeasurements (actuarial gains and losses)[1)]	-4	-20	26	-20
Subtotal	-4	-20	26	-20
Items that may be reclassified to the income statement				
Translation differences on foreign operations	24	18	16	-74
Other[1)]	1	4	1	4
Subtotal	25	22	17	-70
Other comprehensive income for the period	21	2	43	-90
Total comprehensive income for the period	-66	78	-640	70
Total comprehensive income attributable to:				
Shareholders of the Parent Company	-65	73	-640	66
Non-controlling interests	-1	5	0	4
Total comprehensive income for the period	-66	78	-640	70

[1)] Net of taxes

Condensed consolidated balance sheets

MSEK	2018 31 Dec	2017 31 Dec
Goodwill	1,408	1,596
Other intangible assets	306	314
Property, plant and equipment	282	345
Deferred tax assets	195	322
Other long-term assets	50	17
Total non-current assets	2,241	2,594
Inventories	717	902
Total customer receivables	1,018	1,413
Other short-term assets	311	294
Cash and cash equivalents	569	498
Total current assets	2,615	3,107
Total assets	4,856	5,701
Total equity	1,087	1,866
Long-term financial liabilities	1,863	1,396
Provisions for post-employment benefits	375	494
Deferred tax liabilities	50	66
Total non-current liabilities	2,288	1,956
Accounts payable	594	742
Short-term financial liabilities	45	108
Other short-term liabilities	842	1,029
Total current liabilities	1,481	1,879
Total equity and liabilities	4,856	5,701

Condensed consolidated statement of changes in equity

MSEK	2018 31 Dec	2017 31 Dec
Opening balance	1,866	1,890
Total comprehensive income for the period	-640	70
Dividends	-92	-92
Acquisition of non-controlling interest	-48	-
Other, including new share issue	1	-2
Closing balance	1,087	1,866

Condensed consolidated statements of cash flow (including discontinued operations)

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
OPERATING ACTIVITIES				
Operating profit	-72	104	-410	304
Adjustment for depreciation	13	16	61	66
Adjustment for amortisation[1)] and impairments	21	13	74	51
Adjustment for impairments and write-downs, discontinued operations	113	-	526	-
Other non-cash items	35	-6	29	-13
Interest and other financial items	-16	-9	-45	-51
Taxes paid	-20	-8	-80	-86
Net cash flow from operating activities before changes in working capital	74	110	155	271
Cash flow from changes in working capital	88	13	87	-200
Net cash flow from operating activities	162	123	242	71
INVESTING ACTIVITIES				
Capital expenditure for intangibles, property, plant and equipment	-31	-55	-137	-150
Sales of non-current assets	2	3	19	5
Acquisition related payments	-29	-	-59	-
Divestment related payments	-221	-	-235	-
Net cash flow from investing activities	-279	-52	-412	-145
Net cash flow after investments before financing	-117	71	-170	-74
FINANCING ACTIVITIES				
Change in loans and other financial items	229	-33	326	107
Sale of treasury shares	-	-	1	-
Dividends	-46	-	-92	-92
Net cash flow from financing activities	183	-33	235	15
Net cash flow for the period	66	38	65	-59
Cash and cash equivalents at the beginning of the period	489	449	498	581
Translation differences	14	11	6	-24
Cash and cash equivalents at the end of the period	569	498	569	498
Free cash flow	133	71	124	-74

[1)] Amortisation from acquisition related intangibles amounted to MSEK 3 (4) in the fourth quarter and to MSEK 19 (22) for the the period January - December.

Changes in liabilities from financing activities and net debt

MSEK	Closing balance 31 Dec	Cash changes	Non-cash changes	Divested operations	Translation differences	Opening balance 1 Jan
Long-term loans, including short-term portion	1,891	390	61	-	-	1,440
Short-term loans	17	-47	-	-	-	64
Other short-term financial assets (-)/liabilities (+)	0	-17	24	-	-	-7
Total liabilities from financing activities	1,908	326	85	-	-	1,497
Cash and cash equivalents	-569	-291	-	226	-6	-498
Net debt	1,339	35	85	226	-6	999
Post-employment benefits, net	375	-47	6	-96	18	494
Net debt including post-employment benefits	1,714	-12	91	130	12	1,493

Selected quarterly data[1)]

Income statement, continuing operations, MSEK	2016 1	2016 2	2016 3	2016 4	2016 Full year	2017 1	2017 2	2017 3	2017 4	2017 Full year	2018 1	2018 2	2018 3	2018 4	2018 Full year
Net sales	1,107	1,157	1,174	1,454	4,892	1,172	1,225	1,164	1,300	4,861	1,157	1,248	1,303	1,420	5,128
Cost of goods sold excl. IAC	-793	-825	-818	-1,011	-3,447	-831	-859	-824	-919	-3,433	-835	-889	-936	-1,013	-3,673
Gross profit excl. IAC	314	332	356	443	1,445	341	366	340	381	1,428	322	359	367	407	1,455
Selling and administrative expenses (S&A) excl. IAC	-274	-266	-271	-293	-1,104	-277	-277	-262	-273	-1,089	-269	-296	-279	-297	-1,141
Other operating income and expenses, net, excl. IAC	2	4	6	2	14	2	3	1	8	14	17	-2	-12	-13	-10
Add back: Amortisations and impairments of acquisition related intangible assets	6	6	6	6	24	6	6	6	4	22	6	5	16	13	40
EBITA	48	76	97	158	379	72	98	85	120	375	76	66	92	110	344
Add back: IAC	-4	-18	-11	-23	-56	-2	-11	-16	-23	-52	-12	-9	12	-30	-39
Add back: Other amortisation and depreciation	17	17	23	18	75	17	18	17	19	71	17	19	20	17	73
EBITDA	61	75	109	153	398	87	105	86	116	394	81	76	124	97	378
EBIT	38	52	80	129	299	64	81	63	93	301	58	52	88	67	265
Key ratios, continuing operations, %															
Sales growth						2	1	1	-8	-1	0	0	6	6	3
Gross margin excl. IAC	28.4	28.7	30.3	30.5	29.5	29.1	29.9	29.2	29.3	29.4	27.8	28.8	28.2	28.7	28.4
S&A excl IAC in % of net sales	24.8	23.0	23.1	20.2	22.6	23.6	22.6	22.5	21.0	22.4	23.2	23.7	21.4	20.9	22.3
EBIT margin	3.4	4.5	6.8	8.9	6.1	5.5	6.6	5.4	7.2	6.2	5.0	4.2	6.8	4.7	5.2
EBITA margin	4.3	6.6	8.3	10.9	7.7	6.1	8.0	7.3	9.2	7.7	6.6	5.3	7.1	7.7	6.7
Items affecting comparability (IAC), continuing operations, MSEK															
Items affecting comparability	-4	-18	-11	-23	-56	-2	-11	-16	-23	-52	-12	-9	12	-30	-39
Whereof cost of goods sold	0	-4	-7	-4	-15	0	0	-3	-11	-14	-1	-3	-4	-5	-13
Whereof S&A	-4	-14	-4	-19	-41	-2	-11	-13	-12	-38	-11	-6	-5	-25	-47
Whereof other operating income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	21	-	21
Share data															
Basic earnings per share, continuing operations, SEK	0.15	0.27	0.55	1.02	2.00	0.41	0.40	0.33	0.76	1.90	0.31	0.25	0.74	0.27	1.57
Diluted earnings per share, continuing operations, SEK	0.15	0.27	0.55	1.01	1.99	0.40	0.40	0.33	0.76	1.90	0.31	0.25	0.74	0.27	1.57
Weighted average number of basic shares, thousand	76,185	76,228	76,270	76,295	76,244	76,320	76,320	76,320	76,320	76,320	76,320	76,320	76,422	76,449	76,378
Weighted average number of diluted shares, thousand	76,366	76,271	76,316	76,343	76,284	76,370	76,391	76,393	76,403	76,389	76,408	76,419	76,443	76,449	76,430
Equity per share, SEK	22.95	22.67	22.42	24.40	24.40	24.95	23.40	23.09	24.03	24.03	24.40	16.21	15.63	14.22	14.22
Free cash flow per share, SEK	0.09	0.36	0.23	1.41	2.09	-0.08	-0.99	-0.83	0.93	-0.97	0.51	-0.83	0.20	1.74	1.62
Liquidity information															
Net debt incl. post-employment benefits, MSEK	1,106	1,223	1,353	1,208	1,208	1,180	1,379	1,397	1,403	1,403	1,449	1,579	1,567	1,714	1,714
Net debt, MSEK	836	906	911	813	813	787	990	1,021	999	999	1,032	1,187	1,196	1,339	1,339
Net debt incl. post-employment benefits/EBITDA[2)], times				3.0	3.0	2.8	3.0	3.2	3.6	3.6	3.7	4.4	3.9	4.5	4.5
Net debt/EBITDA[2)], times				2.0	2.0	1.9	2.2	2.4	2.5	2.5	2.7	3.3	3.0	3.5	3.5
Free cash flow, MSEK	7	27	18	107	159	-6	-76	-63	71	-74	39	-63	15	133	124
Proforma Balance sheet, continuing operations, MSEK															
Safe Storage	444	460	489	477	477	494	456	459	444	444	488	527	528	491	491
Cash Management	268	313	324	310	310	302	309	272	284	284	277	283	291	258	258
Entrance Control	141	106	148	171	171	168	179	167	196	196	202	201	191	181	181
Integrated Security	217	208	214	183	183	249	250	322	304	304	264	299	303	268	268
Operating capital employed	1,070	1,087	1,175	1,141	1,141	1,213	1,194	1,220	1,228	1,228	1,231	1,310	1,313	1,198	1,198
Return on operating capital employed				45.4	45.4	46.3	47.3	45.2	41.5	41.5	40.0	37.1	36.6	35.8	35.8
Group functions	-59	-43	-50	-59	-59	-24	9	8	8	8	50	18	27	1	1
Goodwill	1,313	1,358	1,381	1,411	1,411	1,407	1,377	1,349	1,373	1,373	1,413	1,443	1,414	1,408	1,408
Capital employed	2,324	2,402	2,506	2,493	2,493	2,596	2,580	2,577	2,609	2,609	2,694	2,771	2,754	2,607	2,607
Return on capital employed				15.6	15.6	16.4	16.9	16.2	14.6	14.6	14.5	13.1	13.2	12.8	12.8

1) Refer to page 24 for definitions, and to gunnebogroup.com/en/investors/financial-definitions for a reconciliation of key performance measures

2) EBITDA has been restated to exclude discontinued operations

Quarterly Business unit data

	2016					2017					2018				
Safe Storage	**1**	**2**	**3**	**4**	**Full year**	**1**	**2**	**3**	**4**	**Full year**	**1**	**2**	**3**	**4**	**Full year**
Net sales, MSEK	426	425	439	550	**1,840**	441	426	392	449	**1,708**	394	447	479	506	**1,826**
Sales growth, %						*1*	*-5*	*-9*	*-17*	***-8***	*-10*	*2*	*15*	*8*	***4***
EBITA, MSEK	37	22	37	67	**163**	28	29	23	46	**126**	23	40	44	44	**151**
EBITA margin, %	*8.7*	*5.2*	*8.4*	*12.2*	***8.9***	*6.3*	*6.8*	*5.9*	*10.2*	***7.4***	*5.8*	*8.9*	*9.2*	*8.7*	***8.3***
Items affecting comparability (IAC), MSEK	-3	-3	-1	-8	**-15**	-1	-2	-8	-16	**-27**	-3	-2	-2	-17	**-24**
Operating capital employed, MSEK	444	460	489	477	**477**	494	456	459	444	**444**	488	527	528	491	**491**
Cash Management															
Net sales, MSEK	196	264	224	263	**947**	250	294	233	254	**1,031**	253	289	252	296	**1,090**
Sales growth, %						*24*	*7*	*6*	*-2*	***8***	*2*	*-5*	*2*	*12*	***2***
EBITA, MSEK	9	38	33	39	**119**	31	40	22	27	**120**	24	36	20	42	**122**
EBITA margin, %	*4.6*	*14.4*	*14.7*	*14.8*	***12.6***	*12.4*	*13.6*	*9.4*	*10.6*	***11.6***	*9.5*	*12.5*	*7.9*	*14.2*	***11.2***
Items affecting comparability (IAC), MSEK	0	-4	-4	-5	**-13**	0	-1	-1	-2	**-4**	-1	-2	-1	-2	**-6**
Operating capital employed, MSEK	268	313	324	310	**310**	302	309	272	284	**284**	277	283	291	258	**258**
Entrance Control															
Net sales, MSEK	152	179	202	284	**817**	181	215	238	260	**894**	245	227	296	280	**1,048**
Sales growth, %						*18*	*17*	*21*	*-6*	***10***	*36*	*2*	*17*	*3*	***13***
EBITA, MSEK	7	17	31	59	**114**	15	37	45	48	**145**	43	26	55	52	**176**
EBITA margin, %	*4.6*	*9.5*	*15.3*	*20.8*	***14.0***	*8.3*	*17.2*	*18.9*	*18.5*	***16.2***	*17.6*	*11.5*	*18.6*	*18.6*	***16.8***
Items affecting comparability (IAC), MSEK	0	-5	0	-1	**-6**	0	-1	-2	-2	**-5**	-2	0	-1	-2	**-5**
Operating capital employed, MSEK	141	106	148	171	**171**	168	179	167	196	**196**	202	201	191	181	**181**
Integrated Security															
Net sales, MSEK	333	289	309	357	**1,288**	300	290	301	337	**1,228**	265	285	276	338	**1,164**
Sales growth, %						*-15*	*-5*	*-2*	*-1*	***-6***	*-9*	*-1*	*-11*	*1*	***-5***
EBITA, MSEK	29	25	28	30	**112**	26	20	26	35	**107**	-1	-4	-1	7	**1**
EBITA margin, %	*8.7*	*8.7*	*9.1*	*8.4*	***8.7***	*8.7*	*6.9*	*8.6*	*10.4*	***8.7***	*-0.4*	*-1.4*	*-0.4*	*2.1*	***0.1***
Items affecting comparability (IAC), MSEK	-1	-4	-6	-3	**-14**	-1	-3	-8	-1	**-13**	-5	-3	-3	-7	**-18**
Operating capital employed, MSEK	217	208	214	183	**183**	249	250	322	304	**304**	264	299	303	268	**268**
Group Functions															
EBITA, MSEK	-34	-26	-32	-37	**-129**	-28	-28	-31	-36	**-123**	-13	-32	-26	-35	**-106**
EBITA margin, %	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Items affecting comparability (IAC), MSEK	0	-2	0	-6	**-8**	0	-4	3	-2	**-3**	-1	-2	19	-2	**14**
Operating capital employed, MSEK	-59	-43	-50	-59	**-59**	-24	9	8	8	**8**	50	18	27	1	**1**
Goodwill (proforma)	1,313	1,358	1,381	1,411	**1,411**	1,407	1,377	1,349	1,373	**1,373**	1,413	1,443	1,414	1,408	**1,408**
Total Group															
Net sales, MSEK	1,107	1,157	1,174	1,454	**4,892**	1,172	1,225	1,164	1,300	**4,861**	1,157	1,248	1,303	1,420	**5,128**
Sales growth, %						*2*	*1*	*1*	*-8*	***-1***	*0*	*0*	*6*	*6*	***3***
EBITA, MSEK	48	76	97	158	**379**	72	98	85	120	**375**	76	66	92	110	**344**
EBITA margin, %	*4.3*	*6.6*	*8.3*	*10.9*	***7.7***	*6.1*	*8.0*	*7.3*	*9.2*	***7.7***	*6.6*	*5.3*	*7.1*	*7.7*	***6.7***
Items affecting comparability (IAC), MSEK	-4	-18	-11	-23	**-56**	-2	-11	-16	-23	**-52**	-12	-9	12	-30	**-39**
Capital employed (proforma), MSEK	2,324	2,402	2,506	2,493	**2,493**	2,596	2,580	2,577	2,609	**2,609**	2,694	2,771	2,754	2,607	**2,607**

Note 1 Accounting principles and risks

Accounting principles

Gunnebo complies with the International Financial Reporting Standards adopted by the EU, and the official interpretations of these standards (IFRIC). The Interim Report for the Gunnebo Group has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting. The Interim Report for the parent company has been prepared in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities. The same accounting principles and methods of calculation have been used as in the latest Annual Report, with exception of the following.

New accounting principles 2018

IFRS 15

IFRS 15, Revenues from Contracts with Customers was implemented at 1 January 2018 using the cumulative effect option with no practical expedients. Under this option, no adjustment was made to the opening balance sheet as of 1 January 2018, as the accounting for revenues under the new requirements were already consistent with the Group's policies. The implementation of IFRS 15 had no material impact for the Group, and consequently no reconciliation information is required. Additional information can be found in the Group's Annual Report for 2017.

The timing of revenue recognition, invoicing and cash collections result in invoiced accounts receivable, non-invoiced receivables (contract assets), and customer advances and deferred revenues (contract liabilities) on the Group's Balance Sheet. To increase transparency of all receivables from customers, the Group has renamed the balance sheet line "Accounts receivable" to "Total customer receivables", being a subtotal of invoiced amounts to customers as well as limited non-invoiced amounts (contract assets).

Non-invoiced amounts (for both continuing and discontinued operations) average around 7-10% of the total customer receivables balance and include revenues recognised for completed performance obligations under a limited number of contracts where invoicing occurs when all performance obligations are fulfilled. Non-invoiced amounts also include unbilled amounts on percentage of completion contracts, where invoicing occurs according to agreed upon intervals/milestones. Some minor amounts in interim quarters of 2017 have been reclassified from other short-term assets to this new line as a consequence. Customer advances and deferred revenues (contract liabilities) of some MSEK 200 are included in the balance sheet lines "Other short-term liabilities" for both continuing and discontinued operations. At 31 December 2017 the total amount was MSEK 230.

IFRS 9

The adoption of IFRS 9 Financial instruments, which replaces IAS 39 as from 1 January 2018, had no material impact on the Group´s financial position and/or performance. Additional information can be found in the Group's Annual Report for 2017.

New accounting principles 2019

IFRS 16

IFRS 16 Leases replaces IAS 17 and is effective as from 1 January 2019. The new standard requires a lessee to recognise a right of use (ROU) asset and a financial liability for Leases.

The Group has identified that its most significant lease values relate to buildings and office space, while leases for vehicles are the most numerous. Leases also exist for production and office equipment.

The Group intends to use the modified retrospective method at the transition date where the value of the ROU assets equal the financial lease liabilities. Additionally, the Group will utilize the expedients for excluding short-term leases and low-value leases. This means practically that lease contracts shorter than 12 months or ending within 12 months at the date of transition are considered short-term and excluded from the value of the lease liability and ROU asset. In addition, low value lease contracts (below USD 5,000) are similarly excluded.

Using this transition method and expedients, the Group estimates that the value at 1 January 2019, for the ROU asset and the financial lease liability to be between MSEK 225-250. Discount rates were determined per country and per asset class considering the length of lease contract.

Going forward, straight line lease expenses will be replaced by depreciation of the ROU asset and interest expenses on the lease liability. Consequently, there will be a slight positive impact on the Group's operating profit while a slight increase within financial net. The cash flow statement will reflect a shift from net cash from operating activities to net cash used in financing activities, while cash flow in total will remain unchanged.

Discontinued operations

The Group's businesses in France, Belgium and Luxembourg are reported as discontinued operations as from 30 June 2018. For information on discontinued operations, see note 3.

Change in reporting segments

Due to the change in organisational structure from regions to business units, the Group's segment reporting is now based on four Business Units: Safe Storage, Cash Management, Entrance Control and Integrated Security. The discontinued operations are not included in these Business Units. All previous periods, which were based on regions, have been restated to align with the new Business Units. See note 2 for segment performance measures and reconciliations to the Group. See also pages 3-7 for a description of each of the business units.

Significant risks and uncertainties

The Group's and parent company's significant risks and uncertainties include operational risks and financial risks. Operational risks for Gunnebo mainly include risks posed by the global economy and commercial risks. The Group's risks as well as risk management is described in more detail in the latest Annual Report.

Note 2 Segment disclosures

As announced in the Q2 report 2018, Gunnebo has changed its internal organizational structure to focus primarily on Business Units rather than regions. The Group's internal financial reporting and follow-up have been aligned with this change. Consequently, segment information is presented based on four Business Units: Safe Storage, Cash Management, Entrance Control and Integrated Security. Each of these are described on pages 3-7.

Previously published segment information was based on the geographic regions EMEA, Asia-Pacific and Americas and all such information has been restated.

The internal financial performance follow-up for the Business Units is aligned to the new targets and uses EBITA as a measure to assess the performance of the segments. This excludes discontinued operations, Group functions, items affecting comparability and acquisition-related amortisation and impairment. Financial income and expenses are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

A reconciliation of EBITA to operating profit before income tax from continuing operations is as follows:

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Safe Storage	44	46	151	126
Cash Management	42	27	122	120
Entrance Control	52	48	176	145
Integrated Security	7	35	1	107
Subtotal business unit EBITA	145	156	450	498
Group functions	-35	-36	-106	-123
EBITA	110	120	344	375
Amortisations and impairments of acquisition related intangible assets	-13	-4	-40	-22
Items affecting comparability (IAC)	-30	-23	-39	-52
EBIT	67	93	265	301
Financial income and expenses, net	-18	-13	-53	-54
Profit before taxes from continuing operations	49	80	212	247

Group functions refer to central functions and services within corporate management, business development, human resources & sustainability, legal & compliance, finance, IT, logistics and brand management and communications.

The Business Units are also measured on their Operating Capital Employed, which is defined as total customer receivables, inventories, accounts payable, as well as other short-term assets and short-term liabilities that are not tax- or financial-related. Hence all assets and liabilities are allocated except financial and tax items.

A reconciliation of the Business Units' Operating Capital Employed to the Group's Capital Employed is as follows:

MSEK	2018 31 Dec	2017 31 Dec
Safe Storage	491	444
Cash Management	258	284
Entrance Control	181	196
Integrated Security	268	304
Operating capital employed from Business Units	1,198	1,228
Group functions	1	8
Goodwill	1,408	1,373
Capital employed	2,607	2,609

Note 3 Discontinued operations

On 3 December 2018, the Group completed the divestment of its businesses in France, Belgium and Luxembourg (the Disposal Group). Accordingly, these businesses were presented as a disposal group held for sale.

Discontinued operations in the income statement

This Disposal Group represents a major geographical area, and as such was classified as discontinued operations. Consequently, in the consolidated income statement, all revenue and expenses relating to the Disposal Group were excluded from the results of continuing operations and were shown as a single line item on the income statement under the row "Net results from discontinued operations". All previously published income statement information has been restated to show this classification.

Net results from discontinued operations included six legal companies, elimination of intercompany amounts, adjustments for divestment related expenses and adjustments for sales and costs that will remain in continued operations.

Income statements from discontinued operations

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net sales	208	332	976	1,130
Operating expenses excl. depreciation and amortisation	-213	-315	-1,057	-1,103
EBITDA	-5	17	-81	27
Depreciation and amortization	-4	-6	-22	-24
EBIT	-9	11	-103	3
Financial income and expenses, net	0	-1	-2	-3
Profit/loss before taxes	-9	10	-105	0
Income taxes	-1	2	10	8
Results from operating activities	-10	12	-95	8
Loss on divestment	-99	-	-708	-
Net profit/loss from discontinued operations	-109	12	-803	8

The loss on divestment is specified below. It is based on a purchase price which was symbolic and the effect of transactions required in connection with closing. The divestment generated a total transactional loss of MEUR 69 (MSEK 708), of which MEUR 60 was recorded in Q2. Per end of Q2, the transactional loss was estimated to be some MEUR 60-65. The deviation was mainly related to settlement costs caused by performance between signing and closing.

Specification of loss on divestment

MSEK	2018 YTD
Current assets	-515
Deferred tax liabilities	15
Provision for post-employment benefits	96
Current liabilities	522
Cash and cash equivalents	-226
Subtotal divested balances	-108
Impairments	-417
Write-down deferred tax assets	-135
Divestment costs	-48
Total loss on divestment	-708
Cash balances divested companies	-226
Divestment costs paid	-20
Total cash impact on divestment	-246

Impairments included MSEK -232 related to goodwill, MSEK -104 related to other intangibles and plant and equipment, and MSEK -81 related to inventory.

Cash flow information of the discontinued operations

Cash flow from discontinued operations

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Cash flow from operating activities	-29	14	-31	9
Capital expenditure for intangibles, property, plant and equipment	-	-6	-20	-22
Divestment related payments	-236	-	-246	-
Cash flow from investing activities	-236	-6	-266	-22
Cash flow from financing activities	-	-	-	-

Parent Company

Condensed parent company income statements

MSEK	2018 Q4	2017 Q4	2018 YTD	2017 YTD
Net revenue	96	71	266	239
Administrative expenses	-90	-79	-257	-221
EBIT	6	-8	9	18
Financial income and expenses, net	-2	1	-4	-7
Profit after financial items	4	-7	5	11
Appropriations	81	119	81	119
Profit before taxes	85	112	86	130
Income taxes	-16	-25	-21	-52
Net profit for the period	69	87	65	78

Total comprehensive income corresponds with net profit for the period.

Condensed parent company statements of financial position

MSEK	2018 31 Dec	2017 31 Dec
Intangible assets	72	63
Property, plant and equipment	2	3
Investments in group companies	1,585	1,585
Deferred tax assets	12	20
Total non-current assets	1,671	1,671
Receivables from group companies	118	59
Other short-term assets	16	20
Cash and cash equivalents	0	2
Total current assets	134	81
Totalt assets	1,805	1,752
Total equity	1,523	1,548
Liabilities to group companies	206	150
Other short-term liabilities	76	54
Total current liabilities	282	204
Total equity and liabilities	1,805	1,752

Condensed changes in parent company equity

MSEK	2018 31 Dec	2017 31 Dec
Opening balance	1,548	1,563
Total comprehensive income for the period	65	78
Dividends	-92	-92
Other, including new share issue	2	-1
Closing balance	1,523	1,548

Definitions

In the Interim Report, Gunnebo presents certain key performance measures that are not defined according to IFRS. The Group believes that these measures provide investors and the management with valuable supplementary disclosures, since they enable a valuation of the Group's financial results and position. Since not all companies calculate performance measures in the same way, these are not always comparable with measures used by other companies. Definitions of Gunnebo key performance measures which are not defined according to IFRS are presented below.

Key performance measures not defined according to IFRS	
Operating capital employed	The capital employed that is utilized in the four Business Units. It consists of property, plant and equipment, other intangible assets, inventory, customer receivables and other short term assets less accounts payables and other short term liabilities, less short term taxes and financial items.
Capital employed	Operating capital employed plus capital employed from the Group functions plus goodwill.
Return on operating capital employed	EBITA rolling 12 months as a percentage of average operating capital employed.
Return on capital employed	EBITA rolling 12 months as a percentage of average capital employed.
EBIT margin	EBIT as percentage of net sales.
EBITA	EBIT before amortisation and impairment of acquisition related intangible assets, excluding items affecting comparability.
EBITA margin	EBITA as a percentage of net sales.
EBITDA	EBIT before depreciation/amortisation and impairment of intangible assets and property, plant and equipment.
EBITDA margin	EBITDA as a percentage of net sales.
Free cash flow	Cash flow from operating and investing activities, excluding cash flows related to acquisitions and divestments.
Free cash flow per share	Free cash flow divided by weighted average number of shares excluding C shares as these have no dividend rights.
Gross margin excluding IAC	Gross profit excluding IAC, as a percentage of net sales.
Items affecting comparability (IAC)	Items affecting comparability are defined as significant items affecting EBIT that are isolated in order to enable a complete understanding of the Group's financial performance and comparability between periods. Items affecting comparability mainly relate to restructuring activities or structural changes and would include costs for closure of businesses/locations and personnel reductions.
Net debt	Total liabilities from financing activities less cash and cash equivalents at the end of the period.
Net debt including post-employment benefits (PEB)	Total liabilities from financing activities and provisions for post-employment benefits less cash and cash equivalents at the end of the period.
Net debt/EBITDA	Net debt divided by EBITDA, rolling 12 months.
Net debt including PEB/EBITDA	Net debt including provisions for post-employment benefits divided by EBITDA, rolling 12 months.
Equity per share	Equity attributable to the shareholders of the Parent Company divided by the number of shares excluding C shares, as these have no dividend rights, at the end of the period.
Sales growth	Growth in net sales excluding exchange rate effects.

Refer to gunnebogroup.com/en/investors/financial-definitions, for a reconciliation of key performance measures

About Gunnebo

Gunnebo AB (publ) is a leading, global security provider offering a range of sustainable security products, services and software to retail, mass transit, public and commercial buildings, industrial and high-risk sites, and banks. Gunnebo operates within four business units: Safe Storage (36% of Group sales), Cash Management (21% of Group sales) Entrance Control (20% of Group sales), and Integrated Security (23% of Group sales). In 2018, Gunnebo continuing operations had a turnover of MSEK 5,100 generated by 4,500 employees located in 25 countries across Europe, the Middle East, Africa, Asia-Pacific and the Americas.

The discontinued business represented MSEK 1,000 turnover with 920 employees in three countries.

Gunnebo's share (GUNN) is traded on NASDAQ Stockholm under Mid Cap and Industrials.

Financial Calendar

Annual General Meeting 2019	11 April, 2019
Q1 Report 2019	26 April, 2019
Q2 Report 2019	19 July, 2019
Q3 Report 2019	22 October, 2019
Q4 Report 2019	7 February, 2020
Q1 Report 2020	21 April, 2020

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This interim report is a translation of the original report in Swedish.
This report has not been reviewed by the company´s auditors.

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