GUNNEBO Q3 2018

Strong Growth and Continued Streamlining

Performance For the Quarter - Continuing Operations

During the third quarter, the Group's organic growth was 6%, coming from the core Business Units Entrance Control, Safe Storage and Cash Management. Both Entrance Control and Safe Storage showed double-digit growth.

Entrance Control reported strong 17% sales growth for the quarter due to a very strong development of its business in all regions. Safe Storage also had strong sales growth for the quarter of 15%, mainly coming from the global ATM safes business and good development in the US. Cash Management, reporting a 2% sales growth, had a strong quarter in Asia-Pacific, Middle East and Europe, but weaker development in the US. Sales in Business Unit Integrated Security declined, mainly due to the fire project in South-East Asia which was delivered last year and has now been finalised.

During the third quarter we have continued to streamline the business and shift our focus from region to product. It is encouraging to see that the results for continuing operations improved, and we reported an EBITA of MSEK 92 with a margin of 7.1% for the quarter.

As part of the increased focus on the main Business Units, a small local alarm monitoring business in Spain has been divested during the quarter and an additional profit of MSEK 21 was recorded as items affecting comparability for the Group. Free cash flow improved by MSEK 78 for the quarter.

Performance For the Quarter - Discontinued Operations

In the third quarter, the ongoing divestment has been subject to works council consultation, which has successfully been completed. Full closing is expected to take place in quarter four after antitrust clearance.

Discontinued operations recorded sales of MSEK 242 and an EBIT of MSEK -41. The net loss was MSEK -45.

Capital Markets Day November 15

Gunnebo will host its annual Capital Markets Day on November 15 in Stockholm. The agenda will focus on an update of Gunnebo's strategic agenda and financials, as well as presentations of the three core Business Units, Safe Storage, Cash Management and Entrance Control.

Gothenburg 23 October, 2018

Henrik Lange
President & CEO

Financial Targets & Outcome

	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year	Target
Sales growth	6%	1%	2%	1%	-1%	5%
EBITA margin	7.1%	7.3%	6.3%	7.2%	7.7%	>10%
Net debt/EBITDA[1,2]	-	-	3.5	2.2	2.4	<2.5
Dividend	-	-	-	-	60%	30-50%

1) Rolling 12M
2) Including discontinued operations

GUNNEBO
For a safer world

Q3 In Brief[1] (continuing operations unless otherwise stated)

Net sales, MSEK	2018 Q3	2017 Q3	*Sales growth[2] %*	2018 YTD	2017 YTD	*Sales growth[2] %*	2017 Full year	*Sales growth[2] %*
Safe Storage	479	392	*15*	1,320	1,259	*2*	1,708	*-8*
Cash Management	252	233	*2*	794	777	*-1*	1,031	*8*
Entrance Control	296	238	*17*	768	634	*17*	894	*10*
Integrated Security	276	301	*-11*	826	891	*-7*	1,228	*-6*
Total	1,303	1,164	*6*	3,708	3,561	*2*	4,861	*-1*

EBITA, MSEK	2018 Q3	*Margin %*	2017 Q3	*Margin %*	2018 YTD	*Margin %*	2017 YTD	*Margin %*	2017 Full year	*Margin %*
Safe Storage	44	*9.2*	23	*5.9*	107	*8.1*	80	*6.4*	126	*7.4*
Cash Management	20	*7.9*	22	*9.4*	80	*10.1*	93	*12.0*	120	*11.6*
Entrance Control	55	*18.6*	45	*18.9*	124	*16.1*	97	*15.3*	145	*16.2*
Integrated Security	-1	*-0.4*	26	*8.6*	-6	*-0.7*	72	*8.1*	107	*8.7*
Group Functions	-26	-	-31	-	-71	-	-87	-	-123	-
Total	92	*7.1*	85	*7.3*	234	*6.3*	255	*7.2*	375	*7.7*

Other financial information, MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Amortisation and impairment from acquisition related intangibles	-16	-6	-27	-18	-22
Items affecting comparability (IAC)	12	-16	-9	-29	-52
EBIT	88	63	198	208	301
Net profit for the period	56	25	98	88	152
Earnings per share, SEK	0.74	0.33	1.30	1.14	1.90
Discontinued operations					
Net profit for the period	-45	-9	-694	-4	8
Earnings per share, SEK	-0.59	-0.12	-9.10	-0.05	0.10
Continuing and discontinued operations					
Net profit for the period	11	16	-596	84	160
Earnings per share, SEK	0.15	0.21	-7.80	1.09	2.00
Free cash flow	15	-63	-9	-145	-74

1) Refer to page 25 for definitions of key performance measures

2) Measured as the growth in net sales in constant currencies

Safe Storage

The Business Unit's sales increased by 15% in the third quarter. The main driver behind the positive development was the strong performance of ATM safes and good development in the US.

- All-time high levels on delivery of ATM safes
- Good growth in the US
- Positive development in Europe and Asia-Pacific

Safe Storage	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	479	392	1,320	1,259	1,708
Sales growth, %	*15*	*-9*	*2*	*-5*	*-8*
EBITA, MSEK	44	23	107	80	126
EBITA margin, %	*9.2*	*5.9*	*8.1*	*6.4*	*7.4*
Items affecting comparability (IAC), MSEK	-2	-8	-7	-11	-27
Operating capital employed, MSEK	528	459	528	459	444

Sales Development Q3 2018

The main drivers behind the sales increase was strong sales development for ATM safes and good development for Safe Storage mainly in the US.

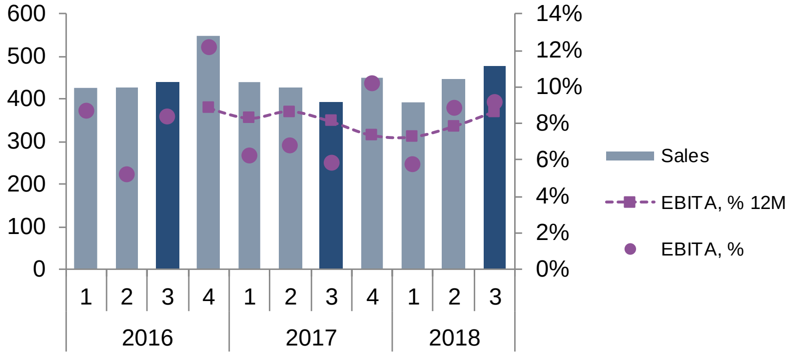
In Americas, the important US market had strong growth with a high level of sales in the channel partner network.

For Asia-Pacific, there was sales growth in most markets. In the important Indian market sales also developed positively where business with private banks had a good quarter.

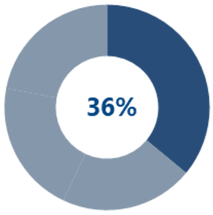
In Europe, the positive development came from most major markets.

Result Development

In the quarter, EBITA improved to MSEK 44 (23) giving a margin of 9.2% (5.9), mainly due to a positive product mix and good development in the US. Year to date, EBITA improved to MSEK 107 (80) and the margin to 8.1% (6.4).

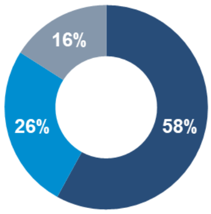


Share of Group Sales YTD 2018



The Safe Storage Business Unit provides solutions protecting data, cash and other valuables from data intrusion, burglary, fire and explosion, as well as securing regulatory compliance.

Sales per Region



Denmark: Major bank invests in automated safe deposit solution, SafeStore Auto, to be installed in its prime branch in Århus

Switzerland: Banque Gonet extends its customer offering by investing in safe deposit lockers

India: A leading Indian gold loan company continues to engage Gunnebo to enhance safety levels in the existing safes used to store gold

US: A large bank extends its branch network and places major orders for safe storage solutions

US: Delivery of customised solutions to a government authority

Canada: A large bank entrusts Gunnebo to install an alternate vault solution involving six Trident safes with custom safety deposit box interiors in one of their main branches

China: A Chubbsafes-branded experience centre for panic rooms with a vault door opens in Hangzhou

Cash Management

The Business Unit's sales increased by 2% in the third quarter, where positive development in the Nordics, Germany and Middle East were the main drivers.

- Good development of sales in Europe and Middle East coming from closed cash management and CIT customers
- In Asia-Pacific development was good in Australia
- In Americas, sales in Brazil were good but weaker in US

Cash Management	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	252	233	794	777	1,031
Sales growth, %	*2*	*6*	*-1*	*12*	*8*
EBITA, MSEK	20	22	80	93	120
EBITA margin, %	*7.9*	*9.4*	*10.1*	*12.0*	*11.6*
Items affecting comparability (IAC), MSEK	-1	-1	-4	-2	-4
Operating capital employed, MSEK	291	272	291	272	284

Sales Development Q3 2018

For the third quarter, sales developed positively in most geographies, besides Americas due to lower sales in the US.

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

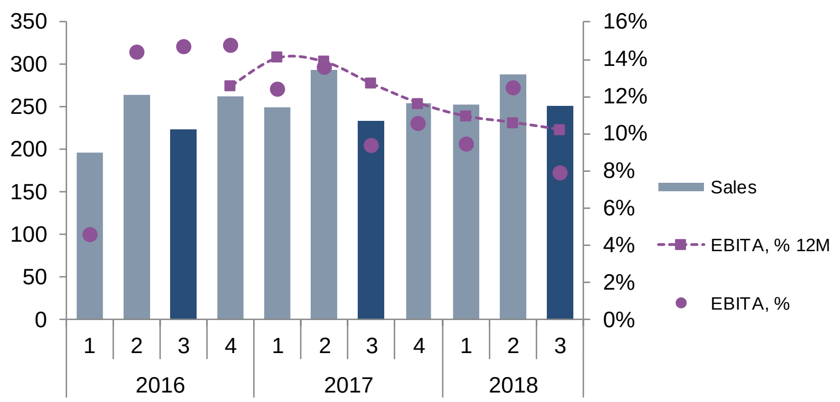
The Business Unit also developed well in Europe, especially in the Nordics with good levels of sales of the closed cash management system, SafePay. In Germany, UK and Spain, the Unit also reported sales growth.

Asia-Pacific still constitutes a small part of the Business Unit's sales. The region is continuing to show good growth, especially in Australia.

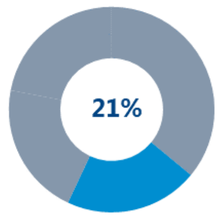
In Americas, sales in Brazil also showed growth in the third quarter, and continued to roll out cash management solutions to retailers in the country. Sales in the US developed more weakly, mainly due to continued delays in investments in bank projects.

Result Development

In the quarter, EBITA amounted to MSEK 20 (22) resulting in a margin of 7.9% (9.4). Year to date, EBITA amounted to MSEK 80 (93) with a margin of 10.1% (12.0). The lower margin is explained by the weak development of sales in the US.

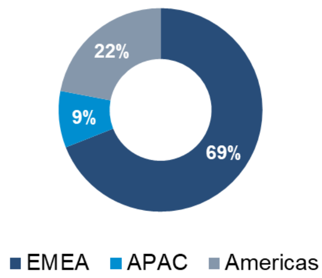


Share of Group Sales YTD 2018



Business Unit Cash Management provides solutions reducing costs for retailers handling notes and coins and supporting CIT service providers and banks to improve their operational efficiency and expand their offering. The solutions include software, equipment and services that increase efficiency and safety of cash management.

Sales per Region



Quarter Highlights

Germany: Retailer places major order for Gunnebo's cash deposit solutions, to be rolled out over the coming five years

Sweden: Energy company ST1 with petrol stations nationwide invests in SafePay closed cash management

Netherlands: Continued good order intake from CIT company using cash management solutions from Gunnebo to optimise its retail offering

Australia: Major retailer signs two-year service contract for its installed base of cash management solutions

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

Brazil: Gunnebo Cash Management solutions continue to grow in retail with a positive kick-off in the petrol station segment

Entrance Control

The Business Unit's sales increased by 17% in the third quarter, with growth coming from all regions.

- Good sales growth in Europe with several major deliveries to airports and mass transit customers
- Continued strong development in Asia-Pacific due to deliveries on major orders for high-risk sites and metro projects
- Strong development in Americas

Entrance Control	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	296	238	768	634	894
Sales growth, %	*17*	*21*	*17*	*19*	*10*
EBITA, MSEK	55	45	124	97	145
EBITA margin, %	*18.6*	*18.9*	*16.1*	*15.3*	*16.2*
Items affecting comparability (IAC), MSEK	-1	-2	-3	-3	-5
Operating capital employed, MSEK	191	167	191	167	196

Sales Development Q3 2018

Entrance Control showed continued growth across all regions during the third quarter. From a customer perspective, growth primarily comes from metro and airport in Europe and Asia, boosted by good global development in the segment Public & Commercial Buildings.

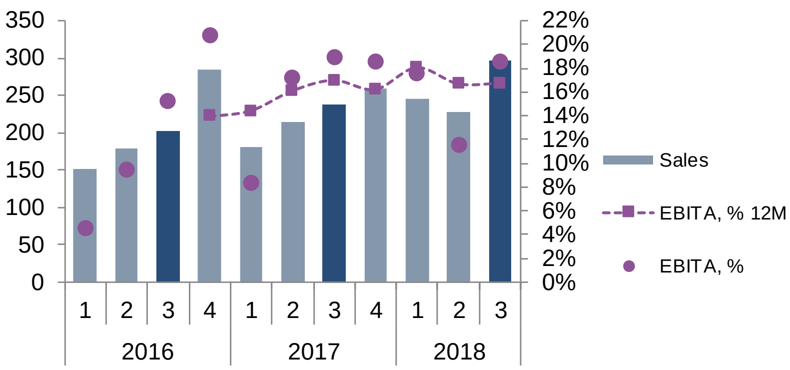
Asia-Pacific continued to develop positively, with deliveries on major projects to high-risk sites in India as well as sales of entrance solutions to metro systems in China. Also sales in the Middle East had a very strong quarter.

In Europe, sales developed well, especially in the Nordics and UK.

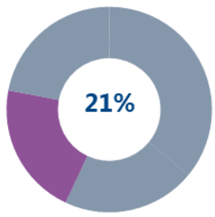
In Americas, sales showed strong development where growth is primarily coming from customer segment Public & Commercial Buildings.

Result Development

In the quarter, EBITA increased to MSEK 55 (45) resulting in a margin of 18.6% (18.9). Year to date, EBITA improved to MSEK 124 (97) with a margin of 16.1% (15.3). The improved EBITA is explained by the strong business growth.

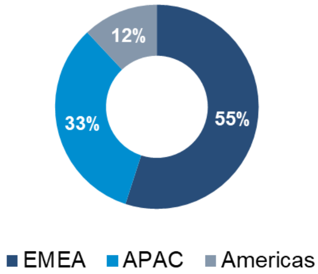


Share of Group Sales YTD 2018



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

Sales per Region



Quarter Highlights

Switzerland: Several public high-risk buildings in Geneva increase entrance security with solutions from Gunnebo

South Korea: The performance of Gunnebo's airport gate solutions stand out from the competitors and the Group wins an order for ImmSec to be installed in two airports in South Korea

China: Hangzhou Metro Line No.5 in China installs Gunnebo's MFL for flow control and fare collection

Middle East: Gunnebo's high-security range for outdoor perimeter protection, elkosta, is specified in security projects for critical sites in Saudi Arabia

India: Business for metro gates for upcoming metro projects is developing well

US: Good initial success in several airport projects

Integrated Security

The Business Unit's sales decreased by -11% in the third quarter, where the third quarter for 2017 included sales to the major fire project in South East Asia, which was also finalised during 2017.

- Europe overall showed weak development
- In Asia-Pacific, Australia and India showed good development while fire system sales were lower due to effects from the fire project in South-East Asia which was finalised during 2017
- In Americas, sales developed positively

Integrated Security	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	276	301	826	891	1,228
Sales growth, %	*-11*	-2	-7	-8	-6
EBITA, MSEK	-1	26	-6	72	107
EBITA margin, %	*-0.4*	8.6	-0.7	8.1	8.7
Items affecting comparability (IAC), MSEK	-3	-8	-11	-12	-13
Operating capital employed, MSEK	303	322	303	322	304

Sales Development Q3 2018

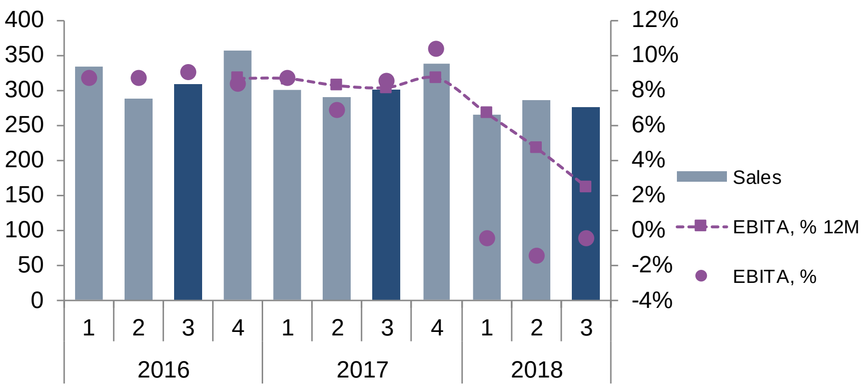
The sales contraction from previous quarters in 2018 continued into the third quarter.

In Europe, sales overall showed weak development. Sales in Asia-Pacific contracted. Good sales in Australia and India did not compensate for the weaker fire sales, mostly related to the big fire project in South East Asia.

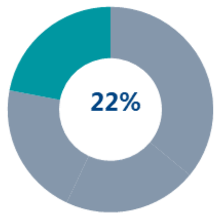
In Americas, sales developed positively mainly in Brazil and Mexico.

Result Development

In the quarter, EBITA amounted to MSEK -1 (26) resulting in a margin of -0.4% (8.6). The lower EBITA can be explained by weak sales of fire projects in Asia-Pacific compared to last year. Year to date, EBITA amounted to MSEK -6 (72) with a margin of -0.7% (8.1).

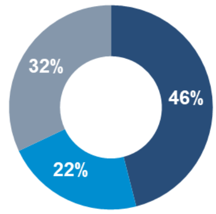


Share of Group Sales YTD 2018



Integrated Security comprises local integrator business within electronic security, security doors & partitions, electronic article surveillance, fire security and other business that is local.

Sales per Region



Quarter Highlights

Mexico: Banamex invests in upgrading its branch network across the country

Canada: Retail chain North West turns to Gunnebo to upgrade loss prevention solutions in its stores nationwide

India: Sales of fire equipment marketed and sold under the Minimax brand continue to develop well

Spain: As part of the increased focus on the main Business Units, a small local alarm monitoring business for consumers has been divested

Brazil: DPSP Group shows continued trust in Gunnebo by installing EAS solutions in more than 80 stores during the quarter

Brazil: An important deal for Electronic Article Surveillance and CCTV equipment for 16 supermarkets, increased Gunnebo partnership with GPA, Brazil's largest retail and distribution chain

Discontinued Operations

On July 17, 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 has been subject to works council consultation, which has successfully been completed. Full closing is expected to take place in quarter four after antitrust clearance.

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

The business currently employs approximately 920 people. Net sales for discontinued operations in the third quarter amounted to MSEK 242 (245).

For the third quarter, EBIT related to the operations amounted to MSEK -41 (-14) and the result from operating activities amounted to MSEK -45 (-9).

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales	242	245	768	798	1,130
EBIT from operating activities	-41	-14	-94	-8	3
Result from operating activities	-45	-9	-85	-4	8
Loss on divestment	-	-	-609	-	-
Net profit/loss from discontinued operations	-45	-9	-694	-4	8
Total assets of disposal group held for sale	431	975	431	975	1,021
Total liabilities of disposal group held for sale	564	519	564	519	546

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. The assets and liabilities of these businesses are classified as assets and liabilities held for sale in the consolidated balance sheet. 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.

Continuing Operations

July - September

Net Sales

The Group's net sales during the third quarter amounted to MSEK 1,303 (1,164). Sales growth in constant currencies for the Group in the quarter was 6%, with Safe Storage at 15%, Entrance Control at 17%, Cash Management at 2% and Integrated Security at -11%. The currency effect was 6%.

Net sales comprised of MSEK 1,073 related to product sales and MSEK 230 related to sales of services.

Operating Results

The gross margin excluding items affecting comparability was 28.2% compared to 29.2% last year.

Selling and administrative expenses excluding items affecting comparability increased by MSEK 17 over the same quarter last year, the majority of which is currency. As a percentage of net sales, this equalled 21.4% compared to 22.5% for the previous year.

Other operating income and expenses totalling MSEK 9 (1) includes MSEK 21 representing a gain on the divestment of a non-core monitoring service business in Spain, as well as a one-time impairment of acquisition related intangibles of MSEK -11.

Items affecting comparability impacted the Group's result by MSEK 12 (-16) in the quarter, with MSEK -4 (-3) in cost of goods sold, MSEK -5 (-13) reported in selling and administrative expenses, and the gain on the divestment in Spain reported in other operating income and expenses. The remainder is related to personnel reductions as part of the structural changes to enable further profitability.

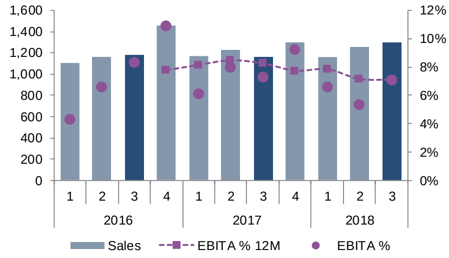
EBIT for the period was MSEK 88 (63). The internal financial performance follow-up for the business units and the Group, as from the second quarter 2018, focuses on EBITA as a measure of performance.

EBITA Bridge

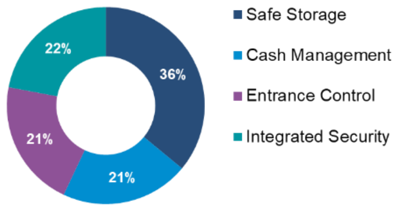
EBITA was MSEK 92 (85), equalling an EBITA margin of 7.1% (7.3). Changes in the third quarter, as compared to the corresponding quarter 2017, can be explained by:

- The sales growth of 6% impacted operating profit with MSEK 16.
- Savings from implemented productivity measures MSEK 8.
- Currency effects were MSEK 4, which was entirely translation.
- Other effects of MSEK -21 came mainly from the negative gross margin mix.

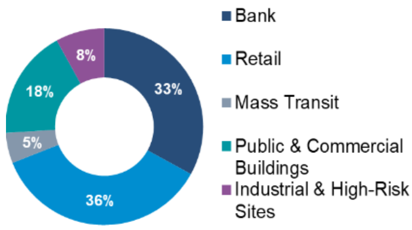
Group Sales & EBITA Margin



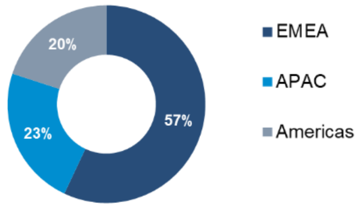
Sales by Business Unit, YTD



Sales by Customer Segment, YTD



Sales by Region, YTD



Other Financial Highlights

Net financial items in the quarter were MSEK -10 (-13) which was an improvement on the previous year due to the completed refinancing in June 2017. Tax expense was MSEK -22 (-25) representing an effective tax rate of 28% (50%). The lower effective tax rate results from an improved mix of profit before taxes.

Free cash flow for the quarter was MSEK 15 (-63). This included investments of MSEK -34 (-35) reflecting the same level of investments as in the previous year. Net cash flow from operating activities was improved and amounted to MSEK 48 (-29) mainly coming from positive developments in working capital. The working capital changes were MSEK 1 (-65).

Cash flow from investing activities included acquisition related payments of MSEK -15 for the acquisition of the remaining 20% non-controlling interest in Brazil. Additional divestment related payments were MSEK -4 in the quarter.

Cash flow from financing activities totalled MSEK 23 (-8) being primarily changes in bank overdrafts.

Total equity decreased by MSEK 61 in the quarter, with the largest change coming from the purchase of the remaining non-controlling interest in Brazil of MSEK -46. Additionally, negative currency developments of MSEK -37 offset the effects of the net profit of MSEK 11 and actuarial gains of MSEK 10 in the quarter.

During the 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.

January - September

Net Sales

The Group’s reported net sales for the period amounted to MSEK 3,708 (3,561). Sales growth in constant currencies was 2%. Entrance Control had a growth of 17%, while Safe Storage was 2%, Cash Management -1% and Integrated Security was -7%. The currency effect was 2%.

Net sales comprised of MSEK 3,050 related to product sales and MSEK 658 related to sales of services.

Operating Results

The gross margin excluding items affecting comparability was 28.3% compared to 29.4% last year.

Selling and administrative expenses excluding items affecting comparability increased by MSEK 28 over the same period last year, the majority of which is currency. As a percentage of net sales, this equalled 22.8% compared to 22.9% for the previous year.

Other operating income and expenses totalling MSEK 24 (6) includes MSEK 21 representing a gain on the divestment of a non-core monitoring service business in Spain, as well as a one-time impairment of acquisition related intangibles of MSEK -11.

Items affecting comparability impacted the result by MSEK -9 (-29) for the period with MSEK -8 (-3) in cost of goods sold, MSEK -22 (-26) reported in selling and administrative expenses and the gain on the divestment in Spain reported in other operating income and expenses. The remainder is related mainly to personnel reductions as part of the structural changes to enable further profitability as well as changes in management.

EBIT for the period was MSEK 198 (208). 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 234 (255), equalling an EBITA margin of 6.3% (7.2). Changes in the period, as compared to the corresponding period 2017, can be explained by:

- The sales growth of 2% impacted operating profit with MSEK 15.
- Savings from implemented productivity measures MSEK 24.
- Currency effects were MSEK 1, of which translation effect was MSEK 2 and transaction effect was MSEK -1.
- Other effects of MSEK -61 came mainly from the negative gross margin mix, as well as from income from associated companies and the profit from the sale of facility in South Africa.

Other Financial Highlights

Net financial items totalled MSEK -35 (-41), an improvement on the previous year due to the completed refinancing in June 2017. Tax expense was MSEK -65 (-79) resulting in an effective tax rate of 40% (47). The lower effective tax rate results from an improved mix of profit before taxes, although negatively impacted by current losses not recognised, tax on distributions from subsidiaries as well as final adjustments to prior year tax returns, when compared to the previous year.

Free cash flow for the period January to September was MSEK -9 (-145). This includes investments of MSEK -106 (-95), reflecting increased 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 80 (-52), where the positive development in working capital compensated for the underlying operating profit (excluding impairments of MSEK 424 having zero operating cash flow effect). Changes in working capital were MSEK -1 (-213) with the large improvement in receivables compensated for buildups in other items.

Cash flow from investing activities included MSEK -14 of divestment costs related to discontinued operations and MSEK -30 related both to the third quarter’s minority buyout in Brazil, as well as from a previous acquisition.

Cash flow from financing activities totalled MSEK 52 (48), where 2018 had a lower level of loan activity, and the first instalment of the dividend payments was made of MSEK -46 (-92).

Net debt increased by MSEK 197 since year end where the majority is explained by currencies and the first dividend installment payment of MSEK -46. The post-employment benefit provision decreased by MSEK 28 for the year mainly caused by changes in financial assumptions in the Group´s UK pension plan, as well as pension payments.

Total equity decreased by MSEK 664 for the period, with the main effects coming from the loss on discontinued operations, the purchase of the remaining non-controlling interest of MSEK -46, as well as dividend payment of MSEK -46, actuarial gains of MSEK 30 and currencies with MSEK -8.

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 third quarter was 4,465 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 third quarter and year-to-date were MSEK 61 (49) and MSEK 170 (168). Profit after financial items was MSEK 3 (-6) in the third quarter and MSEK 1 (18) for the year-to-date. Net profit for the third quarter amounted to MSEK 0 (-5) and MSEK -4 (-9) for the year-to-date.

Nominations Committee

At the 2018 Annual General Meeting, it was decided that Gunnebo's Nominations Committee shall comprise one representative of each of the three largest shareholders on last banking day of August every year, along with the Chairman of the Board. This means that the following representatives make up the Nominations Committee ahead of the AGM on April 11, 2019:

- Dan Sten Olsson, appointed by Stena Adactum AB
- Mikael Jönsson, appointed by Vätterledens Invest AB
- Ricard Wennerklint, designated by IF Skadeförsäkrings AB
- Martin Svalstedt, Chairman of the Board of Gunnebo AB and convener

The Nominations Committee represented approximately 53% of the number of votes in Gunnebo AB in accordance with the ownership structure on August 31, 2018.

Discontinued Operations

For information about discontinued operations, please see page 7 and note 3, page 21, in this interim report.

Financial Calendar

Capital Markets Day 2018	15 November, 2018
Year-End Report 2018	6 February, 2019
Annual General Meeting 2019	11 April, 2019
Q1 Report 2019	26 April, 2019
Q2 Report 2019	19 July 2019

Gothenburg, 23 October, 2018

Henrik Lange

President and CEO

This interim report is a translation of the original report in Swedish.

Review Report

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Introduction

We have reviewed the interim report for Gunnebo AB (publ), corporate identity number 556438-2629, for the period January 1 - September 30, 2018. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 23 October, 2018

Deloitte AB

Hans Warén

Authorized Public Accountant

New Financial Targets

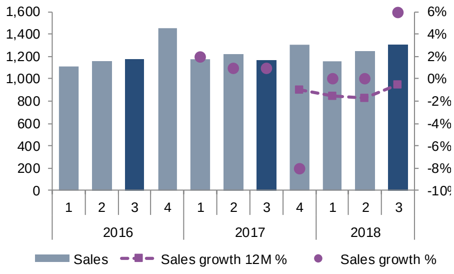
With a clear focus on the three core Business Units Safe Storage, Cash Management and Entrance Control together with an organisational structure supporting it in place, the Group announced new financial targets together with the second quarter report for 2018. The Group's new financial targets are:

- **Annual sales growth of 5%.** Measured as the growth in net sales in constant currencies, hence including both organic and acquired growth.
- **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**

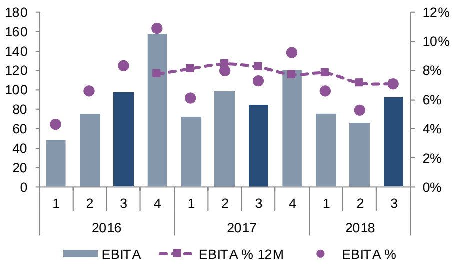
These targets give transparency on Group ambitions and the underlying capabilities in the Business Units to deliver on the targets. These targets are the primary KPIs defining how the Group will achieve profitable growth.

The sustainability targets remain as defined in 2016.

Sales Growth

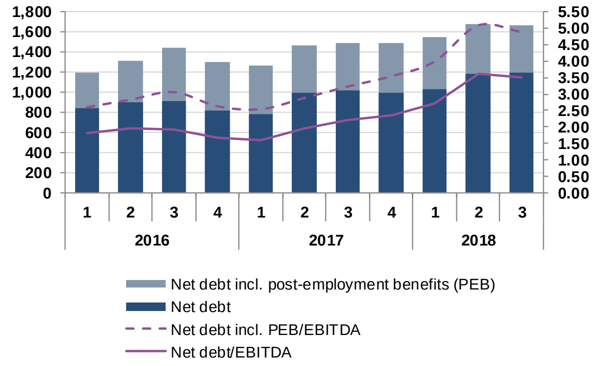


EBITA



Net debt/EBITDA

(continuing and discontinued operations)



Condensed consolidated income statements

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales	1,303	1,164	3,708	3,561	4,861
Cost of goods sold	-940	-827	-2,668	-2,517	-3,447
Gross profit	363	337	1,040	1,044	1,414
Selling and administrative expenses	-284	-275	-866	-842	-1,127
Other operating income and expenses, net	9	1	24	6	14
EBIT	88	63	198	208	301
Financial income and expenses, net	-10	-13	-35	-41	-54
Profit before taxes	78	50	163	167	247
Income taxes	-22	-25	-65	-79	-95
Net profit for the period from continuing operations	56	25	98	88	152
Net loss/profit for the period from discontinued operations	-45	-9	-694	-4	8
Net profit/loss for the period	11	16	-596	84	160
Net profit/loss attributable to:					
Shareholders of the Parent Company	10	16	-596	83	153
Non-controlling interests	1	0	0	1	7
Net profit/loss for the period	11	16	-596	84	160
Weighted average number of basic shares, thousand	76,422	76,320	76,354	76,320	76,320
Weighted average number of diluted shares, thousand	76,443	76,393	76,423	76,385	76,389
Earnings per share, SEK	0.15	0.21	-7.80	1.09	2.00
Of which, continuing operations, SEK	0.74	0.33	1.30	1.14	1.90
Of which, discontinuing operations, SEK	-0.59	-0.12	-9.10	-0.05	0.10
Earnings per share after dilution, SEK	0.15	0.21	-7.79	1.08	2.00
Of which, continuing operations, SEK	0.74	0.33	1.30	1.13	1.90
Of which, discontinuing operations, SEK	-0.59	-0.12	-9.09	-0.05	0.10

Condensed consolidated statements of comprehensive income

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net profit/loss for the period	11	16	-596	84	160
Other comprehensive income					
Items that will not be reclassified to the income statement					
Remeasurements (actuarial gains and losses)[1)]	10	2	30	0	-20
Subtotal	10	2	30	0	-20
Items that may be reclassified to the income statement					
Translation differences on foreign operations	-37	-39	-8	-92	-74
Other[1)]	-1	-2	0	0	4
Subtotal	-38	-41	-8	-92	-70
Other comprehensive income for the period	-28	-39	22	-92	-90
Total comprehensive income for the period	-17	-23	-574	-8	70
Total comprehensive income attributable to:					
Shareholders of the Parent Company	-23	-22	-575	-7	66
Non-controlling interests	6	-1	1	-1	4
Total comprehensive income for the period	-17	-23	-574	-8	70

[1)] Net of taxes

Condensed consolidated balance sheets

MSEK	2018 30 Sep	2017[1)] 30 Sep	2017 31 Dec
Goodwill	1,414	1,566	1,596
Other intangible assets	302	298	314
Property, plant and equipment	279	326	345
Deferred tax assets	201	307	322
Other long-term assets	22	12	17
Total non-current assets	2,218	2,509	2,594
Inventories	781	935	902
Total customer receivables	961	1,188	1,413
Other short-term assets	321	315	294
Cash and cash equivalents	476	449	498
Assets of disposal group held for sale	431	-	-
Total current assets	2,970	2,887	3,107
Total assets	5,188	5,396	5,701
Total equity	1,202	1,788	1,866
Long-term financial liabilities	1,569	1,359	1,396
Provisions for post-employment benefits	370	468	494
Deferred tax liabilities	54	79	66
Total non-current liabilities	1,993	1,906	1,956
Accounts payable	505	649	742
Short-term financial liabilities	120	118	108
Other short-term liabilities	804	935	1,029
Liabilities of disposal group held for sale	564	-	-
Total current liabilities	1,993	1,702	1,879
Total equity and liabilities	5,188	5,396	5,701

1) Reclassification made to previously published report. See Note 1

Condensed consolidated statement of changes in equity

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Opening balance	1,866	1,890	1,890
Total comprehensive income for the period	-574	-8	70
Dividends	-46	-92	-92
Acquisition of non-controlling interest	-46	-	-
Other, including new share issue	2	-2	-2
Closing balance	1,202	1,788	1,866

Condensed consolidated statements of cash flow (including discontinued operations)

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
OPERATING ACTIVITIES					
Operating profit	48	49	-338	200	304
Adjustment for depreciation	17	16	48	50	66
Adjustment for amortisation[1)] and impairments	25	13	53	38	51
Adjustment for impairments and write-downs, discontinued operations	-	-	413	-	-
Other, including non-cash items	-14	-4	-6	-7	-13
Interest and other financial items	-9	-13	-29	-42	-51
Taxes paid	-20	-25	-60	-78	-86
Net cash flow from operating activities before changes in working capital	47	36	81	161	271
Cash flow from changes in working capital	1	-65	-1	-213	-200
Net cash flow from operating activities	48	-29	80	-52	71
INVESTING ACTIVITIES					
Capital expenditure for intangibles, property, plant and equipment	-34	-35	-106	-95	-150
Sales of non-current assets	1	1	17	2	5
Acquisition related payments	-15	-	-30	-	-
Divestment related payments	-4	-	-14	-	-
Net cash flow from investing activities	-52	-34	-133	-93	-145
Net cash flow after investments before financing	-4	-63	-53	-145	-74
FINANCING ACTIVITIES					
Change in loans and other financial items	22	-8	97	140	107
Sale of treasury shares	1	-	1	-	-
Dividends	-	-	-46	-92	-92
Net cash flow from financing activities	23	-8	52	48	15
Net cash flow for the period	19	-71	-1	-97	-59
Cash and cash equivalents at the beginning of the period	491	537	498	581	581
Translation differences	-21	-17	-8	-35	-24
Cash and cash equivalents at the end of the period	489	449	489	449	498
Free cash flow	15	-63	-9	-145	-74

[1)] Amortisation from acquisition related intangibles amounted to MSEK 5 (6) in the third quarter and to MSEK 16 (18) for the the period January - September and also MSEK 22 for the full year 2017.

Changes in liabilities from financing activities and net debt

MSEK	Closing balance 30 Sep	Cash changes	Non-cash changes	Translation differences	Opening balance Jan 1
Long-term loans, including short-term portion	1,595	89	66	-	1,440
Short-term loans	95	31	-	-	64
Other short-term financial assets (-)/liabilities(+)	-5	-22	24	-	-7
Total liabilities from financing activities	1,685	98	90	-	1,497
Cash and cash equivalents	-489	1	-	8	-498
Net debt	1,196	99	90	8	999
Post-employment benefits, net	466	-14	-27	13	494
Net debt including post-employment benefits	1,662	85	63	21	1,493

Selected quarterly data[1]

	2016						2017						2018			
Income statement, continuing operations, MSEK	1	2	3	**YTD**	4	**Full year**	1	2	3	**YTD**	4	**Full year**	1	2	3	**YTD**
Net sales	1,107	1,157	1,174	**3,438**	1,454	**4,892**	1,172	1,225	1,164	**3,561**	1,300	**4,861**	1,157	1,248	1,303	**3,708**
Cost of goods sold excl. IAC	-793	-825	-818	**-2,436**	-1,011	**-3,447**	-831	-859	-824	**-2,514**	-919	**-3,433**	-835	-889	-936	**-2,660**
Gross profit excl. IAC	314	332	356	**1,002**	443	**1,445**	341	366	340	**1,047**	381	**1,428**	322	359	367	**1,048**
Selling and administrative expenses (S&A) excl. IAC	-274	-266	-271	**-811**	-293	**-1,104**	-277	-277	-262	**-816**	-273	**-1,089**	-269	-296	-279	**-844**
Other operating income and expenses, net, excl. IAC	2	4	6	**12**	2	**14**	2	3	1	**6**	8	**14**	17	-2	-12	**3**
Add back: Amortisations and impairments of acquisition related intangible assets	6	6	6	**18**	6	**24**	6	6	6	18	4	22	6	5	16	**27**
EBITA	48	76	97	**221**	158	**379**	72	98	85	**255**	120	**375**	76	66	92	**234**
Add back: IAC	-4	-18	-11	**-33**	-23	**-56**	-2	-11	-16	**-29**	-23	**-52**	-12	-9	12	**-9**
Add back: Other amortisation and depreciation	17	17	23	**57**	18	**75**	17	18	17	**52**	19	**71**	17	19	20	**56**
EBITDA	61	75	109	**245**	153	**398**	87	105	86	**278**	116	**394**	81	76	124	**281**
EBIT	38	52	80	**170**	129	**299**	64	81	63	**208**	93	**301**	58	52	88	**198**
Key ratios, continuing operations, %																
Sales growth							*2*	*1*	*1*	***1***	*-8*	***-1***	*0*	*0*	*6*	***2***
Gross margin excl. IAC	*28.4*	*28.7*	*30.3*	***29.1***	*30.5*	***29.5***	*29.1*	*29.9*	*29.2*	***29.4***	*29.3*	***29.4***	*27.8*	*28.8*	*28.2*	***28.3***
S&A excl IAC in % of net sales	*24.8*	*23.0*	*23.1*	***23.6***	*20.2*	***22.6***	*23.6*	*22.6*	*22.5*	***22.9***	*21.0*	***22.4***	*23.2*	*23.7*	*21.4*	***22.8***
EBIT margin	*3.4*	*4.5*	*6.8*	***4.9***	*8.9*	***6.1***	*5.5*	*6.6*	*5.4*	***5.8***	*7.2*	***6.2***	*5.0*	*4.2*	*6.8*	***5.3***
EBITA margin	*4.3*	*6.6*	*8.3*	***6.4***	*10.9*	***7.7***	*6.1*	*8.0*	*7.3*	***7.2***	*9.2*	***7.7***	*6.6*	*5.3*	*7.1*	***6.3***
Items affecting comparability (IAC), continuing operations, MSEK																
Items affecting comparability	-4	-18	-11	**-33**	-23	**-56**	-2	-11	-16	**-29**	-23	**-52**	-12	-9	12	**-9**
Whereof cost of goods sold	0	-4	-7	**-11**	-4	**-15**	0	0	-3	**-3**	-11	**-14**	-1	-3	-4	**-8**
Whereof S&A	-4	-14	-4	**-22**	-19	**-41**	-2	-11	-13	**-26**	-12	**-38**	-11	-6	-5	**-22**
Whereof other operating income and expenses	-	-	-	**-**	-	**-**	-	-	-	**-**	-	**-**	-	-	21	**21**
Share data																
Basic earnings per share, continuing operations, SEK	0.15	0.27	0.55	**0.97**	1.02	**2.00**	0.41	0.40	0.33	**1.14**	0.76	**1.90**	0.31	0.25	0.74	**1.30**
Diluted earnings per share, continuing operations, SEK	0.15	0.27	0.55	**0.97**	1.01	**1.99**	0.40	0.40	0.33	**1.13**	0.76	**1.90**	0.31	0.25	0.74	**1.30**
Weighted average number of basic shares, thousand	76,185	76,228	76,270	**76,227**	76,295	**76,244**	76,320	76,320	76,320	**76,320**	76,320	**76,320**	76,320	76,320	76,422	**76,354**
Weighted average number of diluted shares, thousand	76,366	76,271	76,316	**76,268**	76,343	**76,284**	76,370	76,391	76,393	**76,385**	76,403	**76,389**	76,408	76,419	76,443	**76,423**
Equity per share, SEK	22.95	22.67	22.42	**22.42**	24.40	**24.40**	24.95	23.40	23.09	**23.09**	24.03	**24.03**	24.40	16.21	15.63	**15.63**
Free cash flow per share, SEK	0.09	0.36	0.23	**0.68**	1.41	**2.09**	-0.08	-0.99	-0.83	**-1.90**	0.93	**-0.97**	0.51	-0.83	0.20	**-0.12**
Liquidity information, incl. discontinued operations																
Net debt incl. post-employment benefits, MSEK	1,193	1,312	1,444	**1,444**	1,297	**1,297**	1,271	1,472	1,489	**1,489**	1,493	**1,493**	1,543	1,675	1,662	**1,662**
Net debt, MSEK	836	906	911	**911**	813	**813**	787	990	1,021	**1,021**	999	**999**	1,032	1,187	1,196	**1,196**
Net debt incl. post-employment benefits/EBITDA, times	2.6	2.8	3.1	**3.1**	2.7	**2.7**	2.6	2.9	3.2	**3.2**	3.5	**3.5**	4.0	5.1	4.9	**4.9**
Net debt/EBITDA, times	1.8	2.0	1.9	**1.9**	1.7	**1.7**	1.6	1.9	2.2	**2.2**	2.4	**2.4**	2.7	3.6	3.5	**3.5**
Free cash flow, MSEK	7	27	18	**52**	107	**159**	-6	-76	-63	**-145**	71	**-74**	39	-63	15	**-9**
Proforma Balance sheet, continuing operations, MSEK																
Safe Storage	444	460	489	**489**	477	**477**	494	456	459	**459**	444	**444**	488	527	528	**528**
Cash Management	268	313	324	**324**	310	**310**	302	309	272	**272**	284	**284**	277	283	291	**291**
Entrance Control	141	106	148	**148**	171	**171**	168	179	167	**167**	196	**196**	202	201	191	**191**
Integrated Security	217	208	214	**214**	183	**183**	249	250	322	**322**	304	**304**	264	299	303	**303**
Operating capital employed	1,070	1,087	1,175	**1,175**	1,141	**1,141**	1,213	1,194	1,220	**1,220**	1,228	**1,228**	1,231	1,310	1,313	**1,313**
Return on operating capital employed					*45.4*	***45.4***	*46.3*	*47.3*	*45.2*	***45.2***	*41.5*	***41.5***	*40.0*	*37.1*	*36.6*	***36.6***
Group functions	-59	-43	-50	**-50**	-59	**-59**	-24	9	8	**8**	8	**8**	50	18	27	**27**
Goodwill	1,313	1,358	1,381	**1,381**	1,411	**1,411**	1,407	1,377	1,349	**1,349**	1,373	**1,373**	1,413	1,443	1,414	**1,414**
Capital employed	2,324	2,402	2,506	**2,506**	2,493	**2,493**	2,596	2,580	2,577	**2,577**	2,609	**2,609**	2,694	2,771	2,754	**2,754**
Return on capital employed					*15.6*	***15.6***	*16.4*	*16.9*	*16.2*	***16.2***	*14.6*	***14.6***	*14.5*	*13.1*	*13.2*	***13.2***

[1] Refer to page 25 for definitions, and to gunnebogroup.com/en/investors/financial-definitions for a reconciliation of key performance measures

Quarterly Business unit data

	2016						2017						2018			
Safe Storage	1	2	3	YTD	4	Full year	1	2	3	YTD	4	Full year	1	2	3	YTD
Net sales, MSEK	426	425	439	1,290	550	1,840	441	426	392	1,259	449	1,708	394	447	479	1,320
Sales growth, %							1	-5	-9	-5	-17	-8	-10	2	15	2
EBITA, MSEK	37	22	37	96	67	163	28	29	23	80	46	126	23	40	44	107
EBITA margin, %	8.7	5.2	8.4	7.4	12.2	8.9	6.3	6.8	5.9	6.4	10.2	7.4	5.8	8.9	9.2	8.1
Items affecting comparability (IAC), MSEK	-3	-3	-1	-7	-8	-15	-1	-2	-8	-11	-16	-27	-3	-2	-2	-7
Operating capital employed, MSEK	444	460	489	489	477	477	494	456	459	459	444	444	488	527	528	528
Cash Management																
Net sales, MSEK	196	264	224	684	263	947	250	294	233	777	254	1,031	253	289	252	794
Sales growth, %							24	7	6	12	-2	8	2	-5	2	-1
EBITA, MSEK	9	38	33	80	39	119	31	40	22	93	27	120	24	36	20	80
EBITA margin, %	4.6	14.4	14.7	11.7	14.8	12.6	12.4	13.6	9.4	12.0	10.6	11.6	9.5	12.5	7.9	10.1
Items affecting comparability (IAC), MSEK	0	-4	-4	-8	-5	-13	0	-1	-1	-2	-2	-4	-1	-2	-1	-4
Operating capital employed, MSEK	268	313	324	324	310	310	302	309	272	272	284	284	277	283	291	291
Entrance Control																
Net sales, MSEK	152	179	202	533	284	817	181	215	238	634	260	894	245	227	296	768
Sales growth, %							18	17	21	19	-6	10	36	2	17	17
EBITA, MSEK	7	17	31	55	59	114	15	37	45	97	48	145	43	26	55	124
EBITA margin, %	4.6	9.5	15.3	10.3	20.8	14.0	8.3	17.2	18.9	15.3	18.5	16.2	17.6	11.5	18.6	16.1
Items affecting comparability (IAC), MSEK	0	-5	0	-5	-1	-6	0	-1	-2	-3	-2	-5	-2	0	-1	-3
Operating capital employed, MSEK	141	106	148	148	171	171	168	179	167	167	196	196	202	201	191	191
Integrated Security																
Net sales, MSEK	333	289	309	931	357	1,288	300	290	301	891	337	1,228	265	285	276	826
Sales growth, %							-15	-5	-2	-8	-1	-6	-9	-1	-11	-7
EBITA, MSEK	29	25	28	82	30	112	26	20	26	72	35	107	-1	-4	-1	-6
EBITA margin, %	8.7	8.7	9.1	8.8	8.4	8.7	8.7	6.9	8.6	8.1	10.4	8.7	-0.4	-1.4	-0.4	-0.7
Items affecting comparability (IAC), MSEK	-1	-4	-6	-11	-3	-14	-1	-3	-8	-12	-1	-13	-5	-3	-3	-11
Operating capital employed, MSEK	217	208	214	214	183	183	249	250	322	322	304	304	264	299	303	303
Group Functions																
EBITA, MSEK	-34	-26	-32	-92	-37	-129	-28	-28	-31	-87	-36	-123	-13	-32	-26	-71
EBITA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items affecting comparability (IAC), MSEK	0	-2	0	-2	-6	-8	0	-4	3	-1	-2	-3	-1	-2	19	16
Operating capital employed, MSEK	-59	-43	-50	-50	-59	-59	-24	9	8	8	8	8	50	18	27	27
Goodwill (proforma)	1,313	1,358	1,381	1,381	1,411	1,411	1,407	1,377	1,349	1,349	1,373	1,373	1,413	1,443	1,414	1,414
Total Group																
Net sales, MSEK	1,107	1,157	1,174	3,438	1,454	4,892	1,172	1,225	1,164	3,561	1,300	4,861	1,157	1,248	1,303	3,708
Sales growth, %							2	1	1	1	-8	-1	0	0	6	2
EBITA, MSEK	48	76	97	221	158	379	72	98	85	255	120	375	76	66	92	234
EBITA margin, %	4.3	6.6	8.3	6.4	10.9	7.7	6.1	8.0	7.3	7.2	9.2	7.7	6.6	5.3	7.1	6.3
Items affecting comparability (IAC), MSEK	-4	-18	-11	-33	-23	-56	-2	-11	-16	-29	-23	-52	-12	-9	12	-9
Capital employed (proforma), MSEK	2,324	2,402	2,506	2,506	2,493	2,493	2,596	2,580	2,577	2,577	2,609	2,609	2,694	2,771	2,754	2,754

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 results 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 10-12% 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 220 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 replaces IAS 17 and is effective as from January 1 2019. The new standard requires a lessee to recognise a right of use (ROU) asset and a financial liability for leases. The Group has numerous lessee relationships, which are currently being accumulated and reviewed. Further, a system solution for maintaining the lease information is being implemented, consequently the financial effects are expected to be available after system completion in late Q4. The Group has identified that its most significant lease values relate to buildings and office space, while leases for vehicles are the most numerous. Additionally, the Group is currently evaluating how expedients for short-term leases and low-value leases can be applied both at transition and going forward.

The Group intends to use the modified retrospective method at the transition date where the right of use assets equal the financial liabilities. Consequently the largest impact for the Group will be on the balance sheet, with the grossing up for the ROU asset and the liability. Under the new standard, straight line lease expenses will be replaced by depreciation and interest expenses which will impact the Groups operating profit and 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.

A summary of the effect is expected to be presented in the report on the fourth quarter 2018

Discontinued operations

The Group's businesses in France, Belgium and Luxembourg are classified as held for sale and are reported as discontinued operations and assets/liabilities held for sale 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 3-6 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 3-6.

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 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Safe Storage	44	23	107	80	126
Cash Management	20	22	80	93	120
Entrance Control	55	45	124	97	145
Integrated Security	-1	26	-6	72	107
Subtotal business unit EBITA	118	116	305	342	498
Group functions	-26	-31	-71	-87	-123
EBITA	92	85	234	255	375
Amortisations and impairments of acquisition related intangible assets	-16	-6	-27	-18	-22
Items affecting comparability (IAC)	12	-16	-9	-29	-52
EBIT	88	63	198	208	301
Financial income and expenses, net	-10	-13	-35	-41	-54
Profit before taxes from continuing operations	78	50	163	167	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 Working Capital, 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 Working Capital to the Group's Capital Employed is as follows:

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Safe Storage	528	459	444
Cash Management	291	272	284
Entrance Control	191	167	196
Integrated Security	303	322	304
Operating capital employed from Business Units	1,313	1,220	1,228
Group functions	27	8	8
Goodwill	1,414	1,349	1,373
Capital employed	2,754	2,577	2,609

Note 3 Discontinued operations

On 17 July 2018, the Group announced that it signed a firm offer to divest its businesses in France, Belgium and Luxembourg (the Disposal Group). Accordingly, these businesses are presented as a disposal group held for sale. The divestment is expected to be closed before year-end 2018.

Discontinued operations in the income statement

This Disposal Group represents a major geographical area, and as such is classified as discontinued operations. Consequently, in the consolidated income statement, all revenue and expenses relating to the Disposal Group are excluded from the results of continuing operations and are 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 include 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 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net sales	242	245	768	798	1,130
Operating expenses excl. depreciation and amortisation	-277	-253	-844	-788	-1,103
EBITDA	-35	-8	-76	10	27
Depreciation and amortisation	-6	-6	-18	-18	-24
EBIT	-41	-14	-94	-8	3
Financial income and expenses, net	-1	0	-2	-2	-3
Profit/loss before taxes	-42	-14	-96	-10	0
Income taxes	-3	5	11	6	8
Results from operating activities	-45	-9	-85	-4	8
Loss on divestment	-	-	-609	-	-
Net profit/loss from discontinued operations	-45	-9	-694	-4	8

Net sales year-to-date for discontinued operations were made up of 21% Safe Storage, 7% Cash Management, 3% Entrance Control and 69% from Integrated Security. Net sales year-to-date comprised of MSEK 506 related to product sales and MSEK 262 related to sales of services.

The loss on divestment is specified below. It is based on a purchase price which is symbolic and current estimates of transactions required before closing. The divestment is expected to generate a total transactional loss of MEUR 60-65 of which some MEUR 15 is expected to be cash out representing a capital injection and transactional costs. Of the total transactional loss, MEUR 60 was recorded in Q2, which includes write-downs of some MEUR 10 covering the expected capital injection.

Specification of loss on divestment

MSEK	2018 YTD
Goodwill impairment	-230
Impairment of other intangible assets and plant and equipment	-101
Impairment of inventories and other assets	-82
Divestment costs	-30
Subtotal before tax items	-443
Tax costs	-33
Impairment of deferred tax assets	-133
Total	-609

Disposal Group held for sale in the balance sheet

The carrying amounts of assets and liabilities of the Disposal Group are presented separately as Assets held for sale and Liabilities held for sale in the consolidated balance sheet. Under accounting regulation, this presentation is required prospectively starting from the end of the second quarter 2018.

Assets and liabilities of Disposal Group classified as held for sale

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Goodwill	-	217	223
Other intangible assets	-	34	39
Property, plant and equipment	-	63	61
Deferred tax assets	-	105	110
Other long-term assets	-	2	2
Inventories	127	205	184
Total customer receivables	260	306	364
Other short-term assets	31	38	34
Cash and cash equivalents	13	5	4
Total assets of Disposal Group held for sale	431	975	1,021
Provisions for post-employment benefits	95	92	90
Deferred tax liabilities	15	15	15
Accounts payable	125	130	160
Other short-term liabilities	329	282	281
Total liabilities of Disposal Group held for sale	564	519	546

Cash flow information of the discontinued operations

Cash flow from discontinued operations

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Cash flow from operating activities	3	-19	-2	-5	9
Cash flow from investing activities	-10	-5	-30	-16	-22
Cash flow from financing activities	-	-	-	-	-

Considering the relative size of the Disposal Group, a proforma balance sheet is presented below. This proforma information reclassifies the assets and liabilities of the Disposal Group held for sale. All inter-company balances have been eliminated.

Proforma balance sheet

MSEK	2018 30 Sep	2018 30 Jun	2018 31 Mar	2017 31 Dec	2017 30 Sep	2017 30 Jun	2017 31 Mar	2016 31 Dec	2016 30 Sep	2016 30 Jun	2016 31 Mar
Goodwill	1,414	1,443	1,413	1,373	1,349	1,377	1,407	1,411	1,381	1,358	1,313
Other intangible assets	302	299	286	275	264	268	266	262	260	260	260
Property, plant and equipment	279	292	291	284	263	263	276	280	278	278	269
Deferred tax assets	201	213	209	212	202	212	231	241	263	231	222
Other long-term assets	22	19	19	15	10	11	11	12	12	13	14
Total non-current assets	2,218	2,266	2,218	2,159	2,088	2,131	2,191	2,206	2,194	2,140	2,078
Assets of Disposal Group held for sale	431	484	1,018	1,021	975	1,000	944	995	959	992	923
Inventories	781	782	753	718	730	711	693	647	687	621	611
Total customer receivables	961	948	909	1,049	882	872	919	1,009	889	823	807
Other short-term assets	321	337	294	260	277	315	264	227	246	236	225
Cash and cash equivalents	476	483	482	494	444	532	548	566	490	536	451
Total current assets	2,970	3,034	3,456	3,542	3,308	3,430	3,368	3,444	3,271	3,208	3,017
Total assets	5,188	5,300	5,674	5,701	5,396	5,561	5,559	5,650	5,465	5,348	5,095
Total equity	1,202	1,263	1,890	1,866	1,788	1,813	1,933	1,890	1,735	1,753	1,771
Long-term financial liabilities	1,569	1,583	1,438	1,396	1,359	1,394	1,129	1,152	1,142	1,219	1,113
Provisions for post-employment benefits	370	392	417	404	376	389	393	395	442	317	269
Deferred tax liabilities	54	61	55	51	64	68	72	74	78	77	81
Total non-current liabilities	1,993	2,036	1,910	1,851	1,799	1,851	1,594	1,621	1,662	1,613	1,463
Liabilities of Disposal Group held for sale	564	589	554	546	519	555	560	536	529	554	526
Accounts payable	505	535	499	582	519	503	474	582	492	450	428
Short-term financial liabilities	120	93	74	108	118	141	219	251	274	236	184
Other short-term liabilities	804	784	747	748	653	698	779	770	773	742	723
Total current liabilities	1,993	2,001	1,874	1,984	1,809	1,897	2,032	2,139	2,068	1,982	1,861
Total equity and liabilities	5,188	5,300	5,674	5,701	5,396	5,561	5,559	5,650	5,465	5,348	5,095

Parent Company

Condensed parent company income statements

MSEK	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Full year
Net revenue	61	49	170	168	239
Administrative expenses	-55	-53	-167	-142	-221
EBIT	6	-4	3	26	18
Financial income and expenses, net	-3	-2	-2	-8	-7
Profit after financial items	3	-6	1	18	11
Appropriations	-	-	-	-	119
Profit before taxes	3	-6	1	18	130
Income taxes	-3	1	-5	-27	-52
Net profit for the period	0	-5	-4	-9	78

Total comprehensive income corresponds with net profit for the period.

Condensed parent company statements of financial position

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Intangible assets	86	53	63
Property, plant and equipment	3	2	3
Investments in group companies	1,585	1,585	1,585
Deferred tax assets	18	44	20
Total non-current assets	1,692	1,684	1,671
Receivables from group companies	45	44	59
Other short-term assets	31	29	20
Cash and cash equivalents	3	2	2
Total current assets	79	75	81
Totalt assets	1,771	1,759	1,752
Total equity	1,499	1,460	1,548
Liabilities to group companies	225	256	150
Other short-term liabilities	47	43	54
Total current liabilities	272	299	204
Total equity and liabilities	1,771	1,759	1,752

Condensed changes in parent company equity

MSEK	2018 30 Sep	2017 30 Sep	2017 31 Dec
Opening balance	1,548	1,563	1,563
Total comprehensive income for the period	-4	-9	78
Dividends	-46	-92	-92
Other, including new share issue	1	-2	-1
Closing balance	1,499	1,460	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 (incl. discontinued operations), rolling 12 months.
Net debt including PEB/EBITDA	Net debt including provisions for post-employment benefits divided by EBITDA (incl. discontinued operations), 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 core business units: Safe Storage (35% of Group sales), Cash Management (22% of Group sales) Entrance Control (20% of Group sales), and Integrated Security (23% of Group sales). In 2017, Gunnebo continuing operations had a turnover of MSEK 4,900 generated by 4,400 employees located in 25 countries across Europe, the Middle East, Africa, Asia-Pacific and the Americas.

The discontinued business represented MSEK 1,130 turnover with 930 employees in three countries.

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

Financial Calendar

Capital Markets Day 2018	15 November, 2018
Year-End Report 2018	6 February, 2019
Annual General Meeting 2019	11 April, 2019
Q1 Report 2019	26 April, 2019
Q2 Report 2019	19 July 2019

Contacts

Karin Wallström Nordén +46 (0)10 2095 026
SVP Marketing & Communications

Susanne Larsson +46 (0)10 2095 092
Group Chief Financial Officer

GUNNEBO®
For a safer world

This information is information that Gunnebo AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact persons, at 08.01 CET on 23 October, 2018.

Gunnebo AB (publ) | Reg. no. 556438-2629 | Box 5181, SE-402 26 Gothenburg, Sweden.

Tel: +46 (0)10 2095 000 | e-mail: info@gunnebo.com | www.gunnebogroup.com