

# **GUNNEBO**

*For a safer world*

Interim report January –September 2004  
October 28, 2004

## **CEO comments on Third quarter 2004**

- **Invoiced sales rose by 8 per cent to MSEK 1,784 (1,654); organic growth was 2 per cent**
- **The result after financial items was a profit of MSEK 84 (84)**
- **The profit after tax amounted to MSEK 59 (64)**
- **Earnings per share amounted to SEK 1.35 (1.45)**

## **CEO comments on January-September 2004**

- **Invoiced sales rose by 5 per cent to MSEK 5,340 (5,104); organic growth was 1 per cent**
- **The result after financial items was a profit of MSEK 200 (207)**
- **The profit after tax amounted to MSEK 143 (155)**
- **Earnings per share amounted to SEK 3.25 (3.55)**
- **Cost-cutting production adjustments will be done - provisions in connection with adjustments will impact on the fourth quarter**

## **CEO comments on January-September 2004**

- **Result effected by:**
  - **Acquisitions: MSEK -13**
  - **Increased steel prices: MSEK -10 / -15**
  - **Currency: MSEK -12**
- **Acquisitions of companies in Italy, Belgium, Switzerland, Germany and England with aggregate annual sales of some MSEK 520**

## Forecast review for 2004

- The profit after financial items was earlier estimated to be better than 2003
- The new forecast for 2004 as a whole, excluding provisions for cost-cutting production adjustments, is estimated to be broadly the same as in 2003

## Gunnebo Physical Security

	July-Sept.		January-Sept.		Full Year
MSEK	2004	2003	2004	2003	2003
Invoiced sales	596	597	1,861	1,930	2,618
Operating profit before depreciation of goodwill	32	42	109	140	209
Operating margin, %	5.4	7.0	5.9	7.3	8.0

- The markets for banking automation and service has continued to grow, declined market for traditional banking products
- Cost-cutting production adjustments initiated – provisions will impact on fourth quarter result
- Markets in Southern Europe made further positive progress while the markets in Germany, Holland and Sweden have weakened

## ***Gunnebo Physical Security***

- **Strengthened market positions in Italy and Belgium due to acquisitions**
- **Gunnebo Security Oy – new subsidiary in Finland**
- **Agreement on distribution of coin-deposit machines from Austrian Novotech Bankssysteme – now complete range of security products for self-service in the banking sector**
- **Agency sales has developed well, especially Eastern Europe and Africa**
- **The America Region saw healthy market growth – introduction of banking automation products continues**

## ***Gunnebo Physical Security - SafePay***

- **As earlier announced delivery delays for SafePay due to technical problems arising out of the bankruptcy of a sub-supplier**
- **The order intake for SafePay during Q3 2003 amounted to MSEK 115**
- **Owing to delivery delays order books for Q3 2004 have been adjusted by a corresponding amount**
- **New orders will be booked in line with sales**
- **Technical problems on basic SafePay now solved**
- **Continued launch of SafePay in Europe – now some 30 customers**
- **Market and technical information at Gunnebo CMD November 9, 2004**

## Gunnebo Integrated Security

	July-Sept.		January-Sept.		Full Year
MSEK	2004	2003	2004	2003	2003
Invoiced sales	488	463	1,477	1,422	1,945
Operating profit before depreciation of goodwill	42	41	110	109	171
Operating margin, %	8.6	8.9	7.4	7.7	8.8

- **Good market development for electronic security systems in Southern Europe – especially in Spain**
- **Substantial orders booked for complete security solutions for banks, public authorities, casinos, universities and TV- and radio stations**

## Gunnebo Integrated Security

- **Gunnebo Entrance Control continued to do well. The acquisition of Hammer Sicherheit strengthens the Swiss market position and broadens the product portfolio.**
- **Good development on the sport and recreation markets**
- **The immigration gate ImmSec launched and tested at a number of airports**
- **Acquisition of Securibel strengthens the market position on the Belgian market**

## Gunnebo Perimeter Security

MSEK	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
Invoiced sales	338	262	900	735	1 038
Operating profit before depreciation of goodwill	18	12	28	10	28
Operating margin, %	5.3	4.6	3.1	1.4	2.7

- **Gunnebo Perimeter Protection: Strong increase in demand during the later part of the period, especially on the market for outdoor perimeter protection to harbours and prisons in Sweden, Norway, Denmark and Finland**
- **Weaker demand and intense price pressure in Germany and Holland**
- **Higher market demand for perimeter protection at military- and nuclear sites and stadiums**

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## Gunnebo Perimeter Security

- **Acquisition of Elkosta complements Gunnebo Perimeter Protection's product range and strengthens market positions in Germany and England. Negotiations to close the factory in Salzgitter started. Intention to move the production to Wego's factory in Salzkotten.**
- **Gunnebo Troax: Increased demand during the later part of the period, especially in Sweden and Great Britain**
- **Weaker demand in Switzerland, Austria and Belgium**

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## Gunnebo Asia Pacific

	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
<b>MSEK</b>					
Invoiced sales	91	83	247	222	309
Operating profit before depreciation of goodwill	6	5	12	7	13
Operating margin, %	6.6	6.0	4.9	3.2	4.2

- **Healthy growth on the main markets India and Indonesia**
- **Continued positive development for physical security products for the Indian banking market and for Fire Projects**
- **The enlarged and modernized factory in Halol has contributed to a sales growth of physical security products**
- **Good development for traditional banking products and electronic security systems in Indonesia**

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## Gunnebo Security

	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
<b>MSEK</b>					
Invoiced sales	1,491	1,381	4,418	4,239	5,817
Operating profit before depreciation of goodwill	98	101	257	270	428
Depreciation of goodwill	-18	-15	-50	-44	-59
Operating profit after depreciation of goodwill	80	86	207	226	369
Operating margin before depreciation of goodwill, %	6.6	7.3	5.8	6.4	7.4
Operating margin after depreciation of goodwill, %	5.4	6.2	4.7	5.3	6.3

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## Gunnebo Engineering

MSEK	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
Invoiced sales	293	273	922	865	1,144
Operating profit before depreciation of goodwill	28	23	69	62	87
Depreciation of goodwill	-2	-2	-6	-6	-8
Operating profit after depreciation of goodwill	26	21	63	56	79
Operating margin before depreciation of goodwill, %	9.6	8.4	7.5	7.2	7.6
Operating margin after depreciation of goodwill, %	8.9	7.7	6.8	6.5	6.9

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## Gunnebo Engineering

- **Lifting:** The positive trend has continued, a generally improved demand
- **Fastening:** Good development, especially in Sweden, Finland, Poland and Eastern Europe
- **Blocks:** Strong increase in order intake on the important market in USA
- **Non Skid:** The business unit has experienced a strong market demand during the autumn, the start of the business' normal high-season

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## Invoiced sales

	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
<b>MSEK</b>					
<b>Gunnebo Security</b>	1,491	1,381	4,418	4,239	5,817
<b>Gunnebo Engineering</b>	293	273	922	865	1,144
<b>Group total</b>	1,784	1,654	5,340	5,104	6,961

## Operating profit

	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
<b>MSEK</b>					
<b>Gunnebo Security</b>	98	101	257	270	428
<b>Gunnebo Engineering</b>	28	23	69	62	87
<b>Central group items</b>	-7	-10	-32	-31	-49
<b>Group total before depreciation of goodwill</b>	119	114	294	301	466
<b>Depreciation of goodwill</b>	-20	-17	-56	-50	-67
<b>Group total after depreciation of goodwill</b>	99	97	238	251	399

## Operating margin

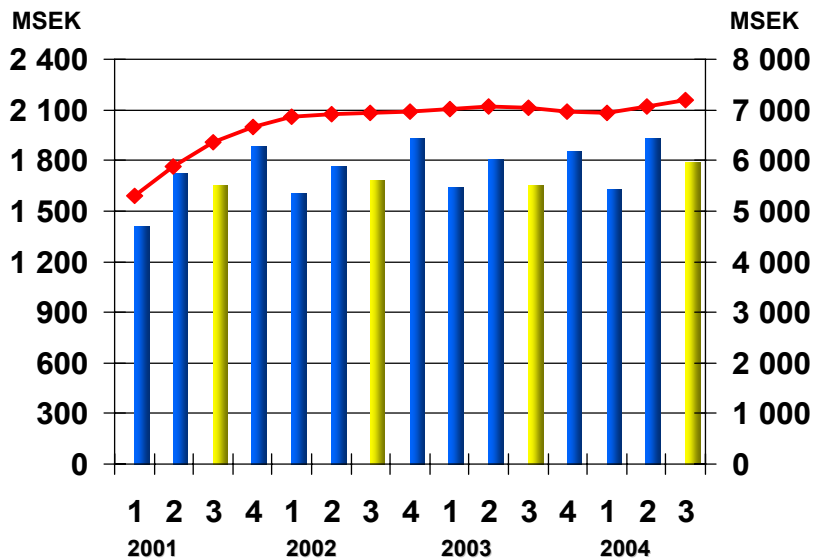
%	July-Sept.		January-Sept.		Full Year
	2004	2003	2004	2003	2003
Gunnebo Security	6.6	7.3	5.8	6.4	7.4
Gunnebo Engineering	9.6	8.4	7.5	7.2	7.6
Group total before depreciation of goodwill	6.7	6.9	5.5	5.9	6.7
Group total after depreciation of goodwill	5.5	5.9	4.5	4.9	5.7

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## Invoiced sales



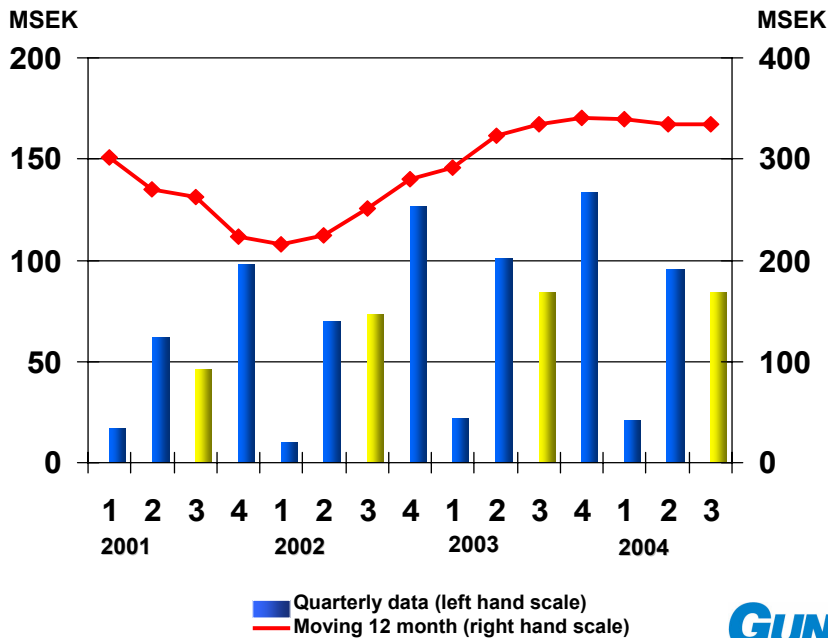
■ Quarterly data (left hand scale)  
— Moving 12 month (right hand scale)

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## Profit after financial items



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## Operating cash flow

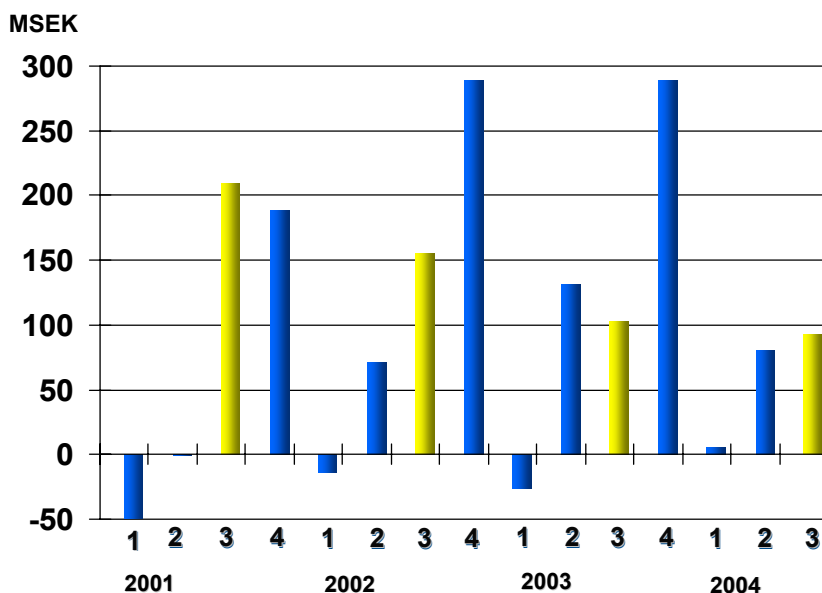
	July-Sept.		January-Sept.		Full Year
MSEK	2004	2003	2004	2003	2003
Cash flow from current operations	73	78	121	155	465
Re-entry of paid tax and net financial items affecting cash	23	41	103	114	138
Net investments	-24	-41	-90	-122	-190
<b>Operating cash flow</b>	<b>72</b>	<b>78</b>	<b>134</b>	<b>147</b>	<b>413</b>
Re-entry of structuring costs affecting cash flow	21	28	44	64	87
<b>Operating cash flow excluding structuring costs</b>	<b>93</b>	<b>106</b>	<b>178</b>	<b>211</b>	<b>500</b>

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## Operating cash flow



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## Consolidated income statement

	July-Sept.		January-Sept.		Full Year
MSEK	2004	2003	2004	2003	2003
Invoiced sales	1,784	1,654	5,340	5,104	6,961
Cost of goods sold	-1,187	-1,113	-3,597	-3,445	-4,680
<b>Gross operating profit</b>	<b>597</b>	<b>541</b>	<b>1,743</b>	<b>1,659</b>	<b>2,281</b>
Other operating costs	-498	-444	-1,505	-1,408	-1,882
<b>Operating profit</b>	<b>99</b>	<b>97</b>	<b>238</b>	<b>251</b>	<b>399</b>
Net financial items	-15	-13	-38	-44	-58
<b>Profit after financial items</b>	<b>84</b>	<b>84</b>	<b>200</b>	<b>207</b>	<b>341</b>
Minority interests	-1	-	-1	-	-1
Taxes	-24	-20	-56	-52	-80
<b>Net profit</b>	<b>59</b>	<b>64</b>	<b>143</b>	<b>155</b>	<b>260</b>
Earnings per share, SEK	1:35	1:45	3:25	3:60	6:00
Earnings per share after dilution, SEK	1:35	1:45	3:25	3:55	6:00

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## Consolidated balance sheet

MSEK	September 30		Dec 31
	2004	2003	2003
Intangible fixed assets	1,192	983	1,048
Tangible fixed assets	1,012	1,009	1,011
Financial fixed assets	132	59	81
Inventory	1,226	1,099	1,061
Operating receivables	1,818	1,771	1,668
Liquid funds	163	177	221
<b>Total assets</b>	<b>5,543</b>	<b>5,098</b>	<b>5,090</b>
Equity	1,806	1,777	1,870
Minority interests	6	6	6
Interest-bearing provisions and liabilities	1,884	1,737	1,541
Other provisions and liabilities	1,847	1,578	1,673
<b>Total equity and liabilities</b>	<b>5,543</b>	<b>5,098</b>	<b>5,090</b>

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## Data per share

	January-September		Full year
	2004	2003	2003
Earnings per share, SEK	3:25	3:60	6:00
Earnings per share after dilution, SEK	3:25	3:55	5:95
Equity per share, SEK	41:25	40:60	42:70
Equity per share after dilution, SEK	42:75	41:45	44:20
Cash flow per share, SEK	2:75	3:55	10:65
No. of shares at end of period, thousands	43,780	43,780	43,780
No. of shares after dilution, thousand	45,780	45,780	45,780

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## Key ratios

	January-September		Full year
	2004	2003	2003
Return on capital employed before depreciation of goodwill, %*	18.7	18.7	19.2
Return on capital employed, %*	11.4	11.8	12.1
Return on equity, %*	13.9	16.3	14.8
Gross margin, %	32.6	32.5	32.8
Operating margin before depreciation, % (EBITDA)	7.8	8.3	9.0
Operating margin before depreciation of goodwill, % (EBITA)	5.5	5.9	6.7
Operating margin, % (EBIT)	4.5	4.9	5.7
Profit margin, % (EBT)	3.7	4.1	4.9
Capital turnover rate*	2.0	2.0	2.0
Equity ratio, %	33	35	37
Interest cover	5.9	5.0	5.8
Debt-equity ratio	0.9	0.9	0.7

\* For the past 12 month-period

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## Gunnebo's shareholders September 30, 2004

Vätterledens Invest AB with associates	23.4%
Stena Adactum with associates	12.4%
Handelsbanken Funds	5.3%
Odin Funds	3.9%
Andra AP-fonden	3.6%
Robur Funds	2.1%
Svenskt Näringsliv	1.8%
Fidelity Funds	1.5%
JP Morgan Chase Bank	1.4%
USB AG Norway	1.4%
Bjarne Holmqvist	1.2%
Others	42.0%

No. of shareholders : 10,871

No. of shares: 43,779,948

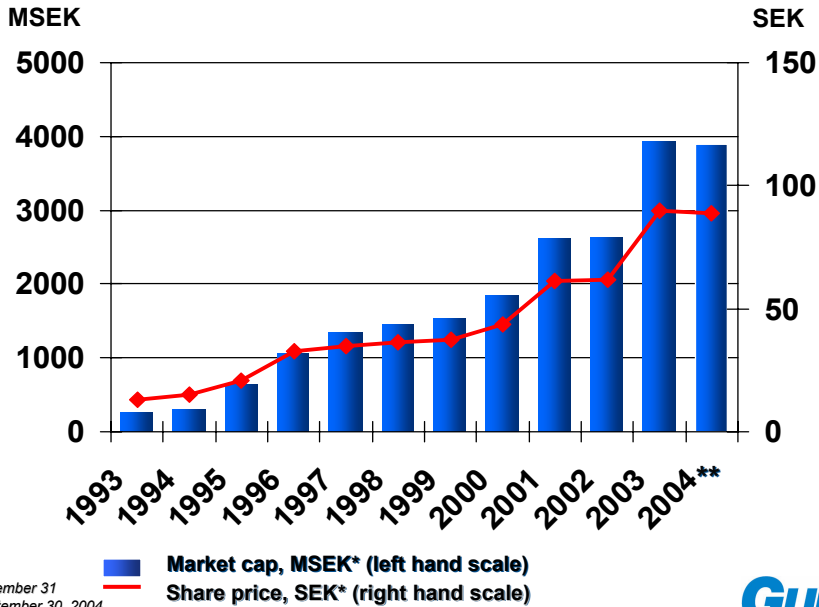
Foreign ownership ratio: 15%

Swedish ownership: 85%

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## Market Cap and the share's development over 10 years



\* As of December 31

\*\* As of September 30, 2004

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