



Address by President & CEO
Gunnebo's AGM 2006
Gothenburg, March 30

Mr Chairman, shareholders, honoured guests, ladies and gentlemen.

It was with great enthusiasm and great expectations that I start working at Gunnebo a year ago; first of all, I had a month for running-in, and on 2 May I took over as the company's President and CEO.

THANK YOU!

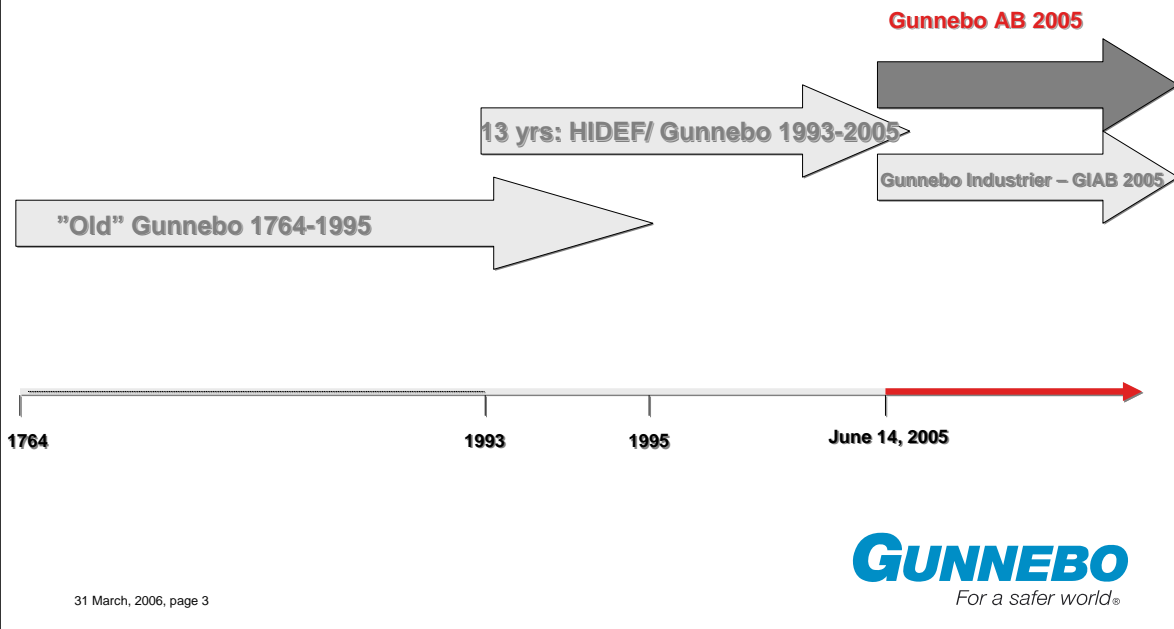


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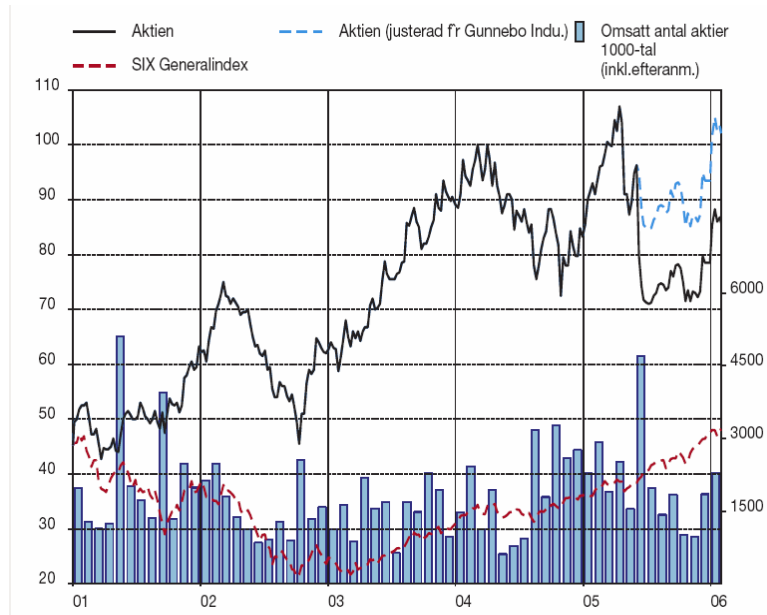
I would like to begin this address by thanking my predecessor, Bjarne Holmqvist, for a packed and instructive period of induction. I am also encouraged by and grateful for the immense confidence the Board has shown in me and our senior management team by giving its unreserved support for the plan to integrate Gunnebo's numerous acquisitions into a single, homogeneous enterprise, a project with the working name of Gunnebo One Company. I will be saying more about this important project later in this address.

Gunnebo security group – since June 14, 2005



One key decision on the way towards converting Gunnebo into a sharply focused international security group was to distribute Gunnebo Industrier free of charge to our shareholders. With hindsight, we can now see that the entire spin-off process and the flotation of Gunnebo Industrier on Stockholmsbörsen's "O" list ran fully in accordance with our plans.

Share development



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It is also encouraging to note that shareholders who decided to hold on to their shares in Gunnebo Industrier in 2005 have seen the value of their combined Gunnebo holdings increase by 22.5%. For those who decided to sell their shares in Gunnebo Industrier immediately after the flotation have seen the value of their remaining shares rise by 10%.

Financial year 2005 – first six months

- Weak start
 - Declined order intake
 - Negative cash flow
 - Negligible profit after financial items
 - Cost deviations in two countries
- Profit warning June 15



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I would now like to comment on Gunnebo's results for 2005. The year got off to a weaker start than our management had expected. In the first quarter the order intake declined, the cash flow was negative, and the profit after net financial items was negligible. We also became aware of a couple of serious cost deviations in connection with project sales in two countries that resulted in extra costs in the first quarter. The second quarter began with the result running at a level of around half that of the previous year. As a result of these deviations we decided on 15 June to issue a profit warning in which we explained the prevailing situation and announced that Gunnebo's results for 2005 would not be up to the previous year's figure.

Financial year 2005 – second half

- New forecast for the second half of 2005 – profit expected to be slightly lower than last year's 210 MSEK
- Forecast succeeded – Profit for second half of the year 2005 was 202 MSEK
- Court of Appeal handed down a decision whereby the loss allowance claimed in 1999 had been rejected; the tax effect of this amounted to 89 MSEK



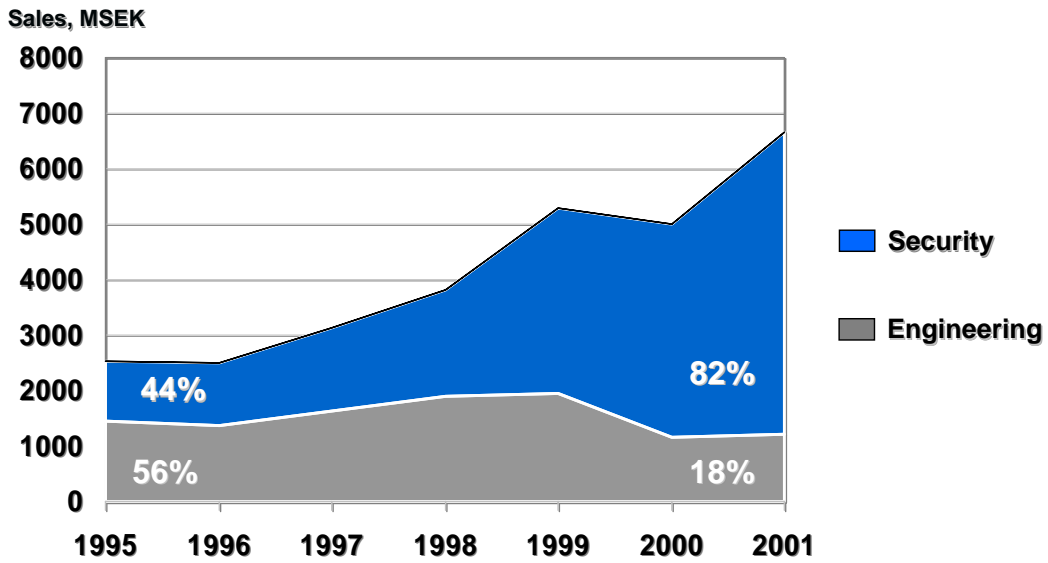
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In connection with the second quarter report we published a forecast that the result for the second half of 2005 would be slightly lower than that for the second half of 2004, when the profit was 210 million kronor. We succeeded in realising this forecast - the second half profit amounted to 202 million kronor, just in line with the forecast. However, I would like to emphasise that these figures are exclusive of items affecting comparability, which actually amounted to 204 million kronor for the year a whole. This means that our profit for the whole of 2005, after net financial items but before tax, was only a modest 33 million kronor.

While we're on tax, I should mention that in 2005 the Court of Appeal handed down a decision whereby the loss allowance we claimed in 1999 had been rejected; the tax effect of this amounted to 89 million kronor. This means that the total tax to be charged against the result is 130 million kronor, or 90 million more than for a normal year for Gunnebo.

Development 1995-2001



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Let me look back over the past decade or so. Gunnebo as a security group has performed particularly well during its thirteen-year existence, seen overall, with strong growth in turnover and profitability.

Financial performance Gunnebo Group 2001 – 2005 *

	2001	2002	2003	2004	2005
Invoicing (MEUR)	5 465	5 810	5 817	6 086	6 477
Total change	30%	6%	0%	5%	6%
Whereof:					
Organic growth	5%	2%	1%	-1%	-2%
Acquisitions/Divestments	26%	6%	2%	6%	6%
Currency effect	-1%	-2%	-3%	0%	2%
Operating profit** (MEUR)	297	340	379	368	308
Operating margin**	5,4%	5,9%	6,5%	6,0%	4,8%

* Excl. Gunnebo Industrier

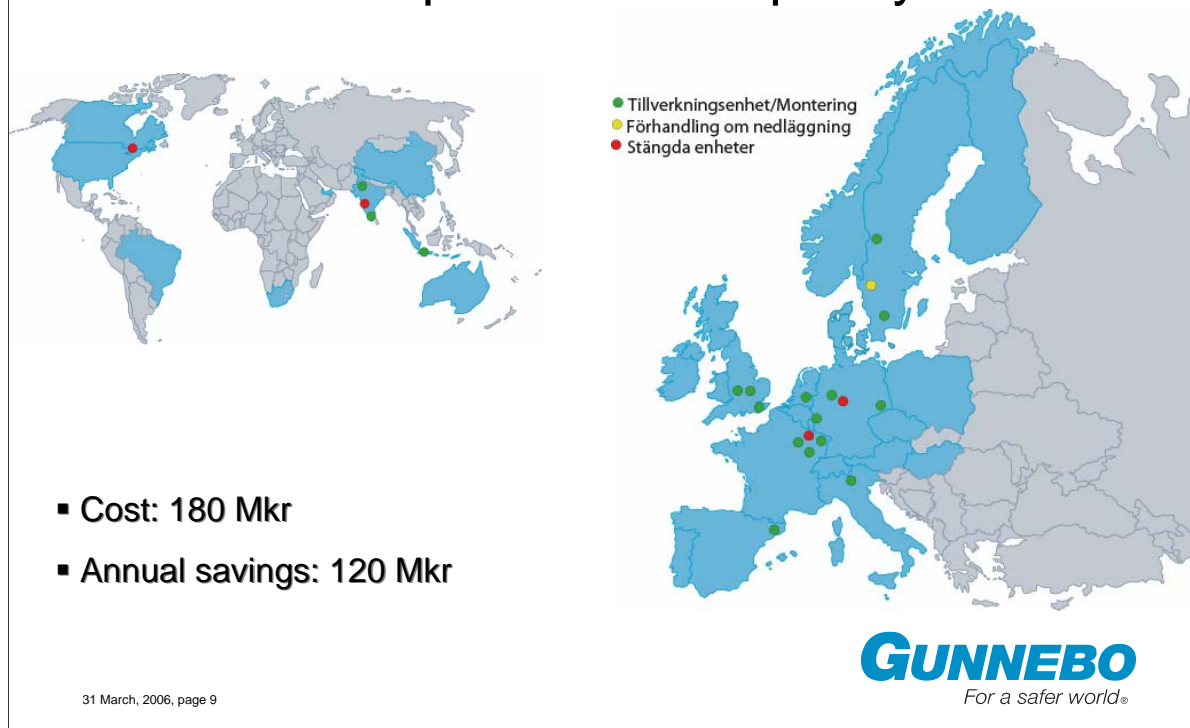
** Excl. Items affecting comparability and depreciation of goodwill
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But during the past three or four years the Group has achieved little organic growth and only expanded by virtue of some successful acquisitions. Profitability has stagnated, and it has actually fallen during the last two years, a period when it was incurring heavy structuring costs.

So - what are we doing at Gunnebo now to restore its profitability and growth? In 2005, we more or less completed on major development project and launched another.

Reduction of production capacity

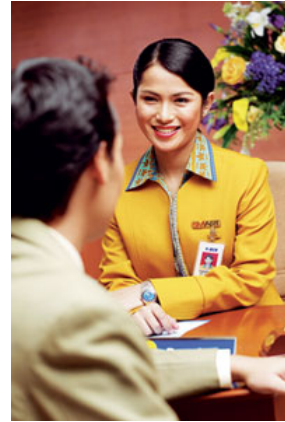


The first project involved reducing our production capacity into line with the prevailing level of demand on the market. During the year, we closed down four factories. Three of them made safes: one in France, one in Canada and the third in India. We also closed a factory that manufactured gates and fencing in central Germany and relocated production to a nearby factory in the same part of Germany.

Finally, we are engaged in negotiations to close a factory in Sweden that manufactures simple chain link fencing in 2006. This structuring programme has for the most part been completed - at a cost of 180 million kronor. The annual savings as a result of the programme will amount to some 120 million kronor, starting from the end of June 2005.

Gunnebo - One Company

- Assignment: Coordinate and streamline Gunnebo's acquired companies
- New customer-focused strategy – integrated security solutions for:
 - Bank
 - Retail
 - Site Protection
- Continuous world-leading in high-graded safes



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The assignment I got from the Board of directors when I became president was to coordinate and streamline Gunnebo's acquisitions. This mandate has given rise to the integration project Gunnebo One Company.

Gunnebo as a Group has evolved out of some 40 acquisitions of a total of around 90 companies. These companies have been fairly loosely integrated and co-ordinated in four divisions. In most countries customers would have to contact several different Gunnebo companies to meet their overall security requirements. So, it would appear reasonable to organise ourselves so we can improve co-ordination among the many companies acquired by Gunnebo. We possess the breadth and competence needed to offer complete security solutions to selected categories of customer.

In the summer of 2005 we worked on the plans and concepts that were later adopted as Gunnebo's strategy for the next few years. According to this new, customer-focused strategy, we will concentrate on security solutions for banks and retailers, and for installations and buildings that require an especially high level of security against penetration, such as airports, harbours, power stations, embassies, and military bases and installations. Gunnebo is also the world leader in high-graded safes and security products for other customers apart from banks and retailers, and we intend to consolidate and strengthen this position.

Gunnebo - One Company

- Customer focus and integrated security solutions demands new organisation
- Integration project Gunnebo One Company gets green light from the Board of directors in August 2005



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Our aim, in having the capability to offer our most important customers complete, integrated security solutions, is to become their natural supplier of choice. To create this customer focus, while also integrating Gunnebo's range of security solutions into a co-ordinated offering for each customer category we need to run our business and organise the company in an entirely new way. The board meeting in August also represented the kick-off for Gunnebo One Company, our plan for integrating the 90 Gunnebo companies all around the world. In other words, for the far-reaching re-organisation of Gunnebo.

Gunnebo – One Company

- Purpose: Increased organic growth, improved profitability
- Net cost of 185 MSEK (of which 37 MSEK 2005)
- Annual savings of 90 MSEK with full effect during 2007
- Reduction of employees with some 150 persons, reduced costs for premises



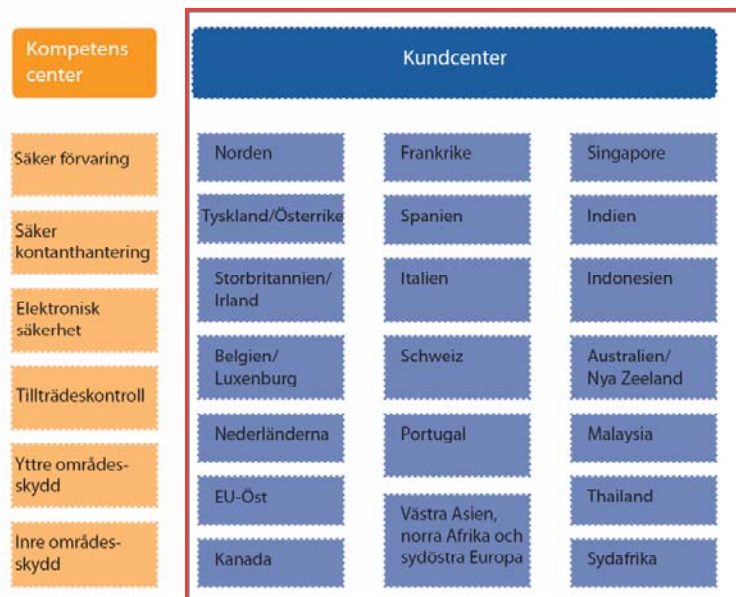
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The primary purpose of Gunnebo One Company is, to sharpen our customer focus and introduce the right organisation to enable us to accelerate our organic growth and thus improve our profitability. The merger and integration of numerous, often very small, units will also generate cost benefits. The cost of implementing Gunnebo One Company is estimated at around 185 million kronor, of which 37 million kronor were taken against the 2005 account, and the remainder will be taken in 2006. Gunnebo One Company will result in cost reductions of around 90 million kronor per year with effect from 2007 as a consequence of personnel cutbacks of around 150 positions and lower costs for premises. We estimate that only a small proportion of these cost savings will show through in 2006.

Gunnebo's organisation from January 1, 2006

GUNNEBO AB



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As of 1 January this year our organisation has consisted of 20 Customer Centres, one in each country or region where we are currently active. These are organised in exactly the same way with a business line each for Bank, Retail and Site Protection. Our position of market leadership in Secure Storage of cash and valuables/securities – Safes to you and me – is handled by our Safe Storage business line, which sells safes to all types of customer, except banks and retailers.

Each Customer Centre also has a business line for After Sales Service, which services the security systems we have installed.

Extract from Gunnebo Global No. 1 2006

GUNNEBO GLOBAL

no. 1
2006



Bernard Maugein,
Security Manager Decathlon

"As far as I am concerned, it is very useful to have one and the same supplier, someone who knows me very well knows what I need."

"We wanted to find a solution for surveillance of all our stores from a single point. We recognised the determination and ability of Fichet-Bauche Télésurveillance, a Gunnebo company, to drive this project with us. It's a company that possesses long experience and a great deal of know-how."

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I hope that our shareholders who are here today have had a chance to read the latest number of Gunnebo Global, our house magazine, which we publish so that you can keep yourselves well informed about Gunnebo's business.

We have described our new organisation in this issue. It also contains an interview with Bernard Maugein, who is security manager at Decathlon, France's largest chain of sporting goods retailers, which has 220 outlets in France and stores in another 16 countries.

M. Maugein say:

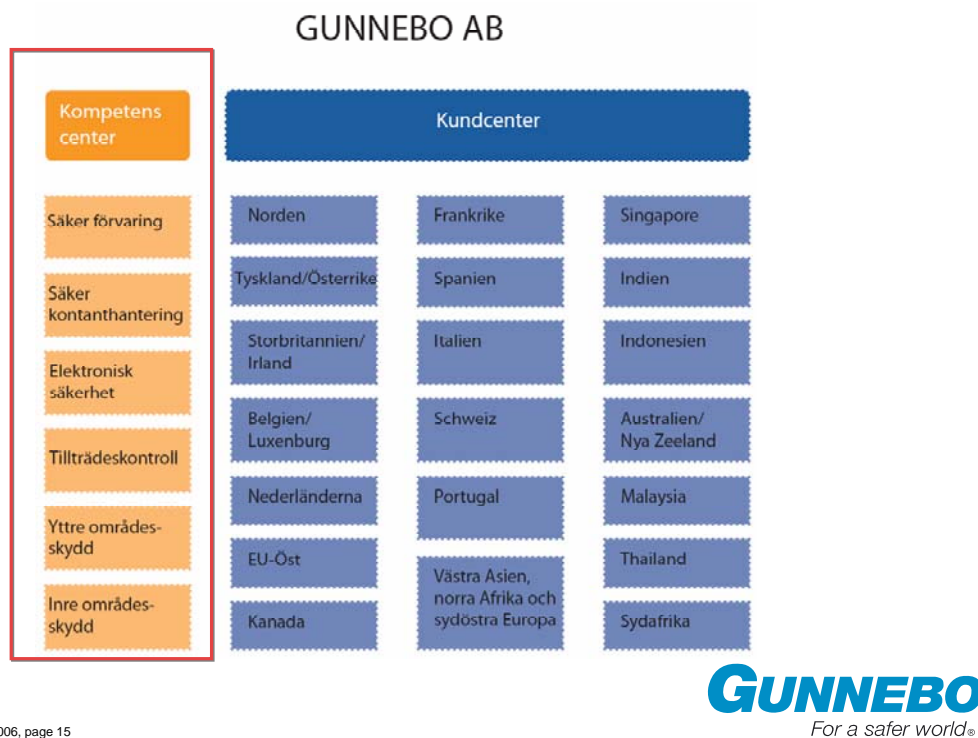
"As far as I am concerned, it is very useful to have one and the same supplier, someone who knows me very well knows what I need."

He continues:

"We wanted to find a solution for surveillance of all our stores from a single point. We recognised the determination and ability of Fichet-Bauche Télésurveillance, a Gunnebo company, to drive this project with us. It's a company that possesses long experience and a great deal of know-how," concludes M. Maugein.

I am sure we have many more customers like Bernard Maugein. But we want even more!

Gunnebo's organisation from January 1, 2006



To ensure that our deliveries of security systems function effectively we have six Competence Centres with responsibility for commercial development, design, process and product development, and the manufacture and/or procurement of components and systems.

Our Competence Centres area:

- Secure Storage
- Cash Automation
- Electronic security
- Entrance Control
- Outdoor Perimeter Security
- Indoor Perimeter Security

Secure Storage and Cash Automation used to be co-ordinated within the Gunnebo Physical Security division, whilst Electronic Security and Entrance Control were part of the Gunnebo Integrated Security division. Indoor and Outdoor Perimeter Security formerly made up the Gunnebo Perimeter Security division.

Gunnebo – One Company

- Manning of new organisation
- Most negotiations with the Unions done
- 3 000 co-workers on new positions/extended tasks
- Education/training
- 90 companies will become 50 in the end of 2006



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Last autumn, directors and management teams were appointed for all the Customer Centres and Competence Centres – one Customer Centre per country and six Competence Centres for the Gunnebo Group as a whole. Each Customer Centre then drew up a plan for merging and integrating all the Group's companies in their country into a single organisation. All employees in Europe, except those directly employed at our production units, would be given new or partly new jobs, and often a new boss; in some cases they will have to relocate to a different office or be given a new sales district or service district. There was also a risk that some employees would be supernumerary as there are always some positions that disappear when a lot of companies are merged. There was a great deal of uncertainty among thousands of employees during the autumn, and in fact this anxiety was not dispersed until quite recently, when we completed most of the union negotiations. At last, we are now able to put down in black and white what job each employee will be doing in Gunnebo in the future.

Well then, the phase with the broad strokes, when things can go seriously wrong, is now behind us and the company has come through unscathed. Now we are in the phase when the more than 3,000 employees who have been given new jobs will be trained for their new roles, customers have to be phased in with new sales reps, service technicians are expected to service different kinds of equipment, our financial and legal staff have to deal with the legal aspects of merging all these companies and introducing new accounting procedures, computer engineers have to coordinate computer systems, which, as you might guess, come in all shapes and sizes in a group like Gunnebo. Everyone has to fit into their new role, which can cause some confusion, not only internally but also in relation to our customers. By the summer, however, I believe that most of them will already have shouldered their new responsibilities. By the end of the year, 90 companies will have been reduced to about 50.



Merging a couple of companies can sometimes be a tricky task. Merging 40 acquisitions is certainly no easier. I would therefore like to take this opportunity to express my heartfelt thanks to Gunnebo's employees, for their dedication and determination foster change during this sweeping period of transition. They have enabled the company to complete these changes in such a short time. The personnel have been very receptive to all the new ideas, displayed great patience during the re-organisation phase and the accompanying union negotiations. They are already carrying out their new duties with eagerness and often with great enthusiasm. In a few months we will be well placed to accelerate our organic growth and improve our profitability.

Re-financing completed

- New five-year MEUR 200 syndi-cated loan (MSEK 1 850)
- MSEK 300 subordinated loan



 **Undrawn credit facilities: MSEK 1 000**

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I would also like to comment on our financial position, our refinancing, and our born-again financial targets.

The structural measures, the heavy tax charge and stock write-downs have pulled down our equity ratio - our equity in relation to our total capital, which is now 25 per cent, a level that is below our target of 30 per cent. The company was refinanced in the autumn of 2005, when we renewed our syndicated loans and raised a new 300 million kronor debenture loan. This means we now have credit lines available for more than 1,000 million kronor. It is not that we need so much for the day-to-day running of the business in 2006, but this refinancing will enable us to carry out further small, but important bolt-on acquisitions and still have a strong balance sheet.

Financial targets

	<u>Target</u>	<u>Actual</u> 2005
▪ Return on capital employed	15%	10,4%
▪ Operating margin	7%	4,8%
▪ Min. equity ratio	30%	25%
▪ Organic growth	5%	-2%

 To be achieved in 2007

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The financial targets that applied to Gunnebo before the spin off of Gunnebo Industrier still apply to today's Gunnebo AB. The targets require us to earn a return of 15 per cent on capital employed, to have an operating margin of 7 per cent and an equity ratio of at least 30 per cent. In addition, we have a further target – to achieve organic growth of 5 per cent a year. My colleagues in our management team and I will do our very best to ensure that Gunnebo achieves these targets in 2007 or at last reaches that annual rate during 2007.

Outlook for 2006

- The profit after financial items for 2006 – both before and after items affecting comparability – is expected to be significantly higher than that for 2005 (MSEK 238 and MSEK 33 respectively), but still below the company's established financial targets.



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And now some comments on the outlook for 2006: The profit after financial items for 2006 – both before and after items affecting comparability – is expected to be significantly higher than that for 2005 (MSEK 238 and MSEK 33 respectively), but still below the company's established financial targets.

Gunnebo can protect Sites



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I would like to conclude by touching on two matters of topical interest. The first is the robbery at Landvetter airport a few weeks ago. The second is the growing number of raids on security vans.

The question that immediately comes up and that many people have asked me is: What can Gunnebo as a security company do to stop this increasing incidence of gross criminality?

Take the Landvetter robbery: this could have been prevented if they airport had installed hydraulic road barriers in front of the gates that the robbers drove through. Naturally, it is essential that gates should collapse when driven into by a heavy vehicle in the event of an emergency situation at an airport. However with a transmitter on the ambulance or fire engine, the hydraulic barriers can be lowered so the vehicle can drive through. On the other hand, a potential robber in a large truck would be stopped very effectively.

Gunnebo can change cash-handling in the society



Automatic deposit locker

SafePay™



Fire- and burglar resistant datamedia safe



SafeCash R

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As for raids on security vehicles, I would like to say the following:

The flow of cash in society involves private individuals taking money out of hole-in-the-wall cash dispensers and using it to pay for purchases in stores and shopping centres. The cash is then collected from these retail outlets by securities transport companies and delivered to these so-called counting centres. Soiled or false notes are sorted out and removed, and notes in good condition are bundled and returned to banks and shopping malls for refilling the cash dispensing machines.

Gunnebo's role in all this has been to protect the cash when it is on the banks' premises, in dispensing machines or in stores, by providing safes, bank boxes, bank vaults or safe deposit boxes at bank branches that retailers can use. Other companies have had responsibility for the movement of the cash between these various locations.

Some government bodies would like to overcome the problems associated with dangerous securities transportation by forbidding the use of 1,000 kronor notes and possibly of other notes of higher tenor. My guess is that such a reform would not be introduced overnight. The cashless society in turn would no doubt have its own shortcomings, and the use of credit and payment cards is hardly free either. I might add that the volume of cash circulating in the economy - contrary to what many people believe - has not declined in recent years, but has remained fairly stable. In the case of coins it has actually increased.

One way of reducing the transportation of cash is to re-circulate money locally in each outlet or shopping centre. Perhaps, in a few years' time, much of the cash in circulation will be re-circulated in this way. For example, consumers could regularly making cash withdrawals whenever the use a card to pay for their purchases in the local supermarket. Another possibility would be for retailers to empty their day's takings straight into the cash dispenser. Both of these solutions will require secure, closed cash handling systems. As yet there are only two firms in the whole of Europe capable of supplying such systems, of which Gunnebo is one. If cash is to be emptied direct into a cash dispenser, the dispenser has to be a combined deposit/withdrawal unit. At present, it is unusual to find these on the market, but Gunnebo is one of very few companies that can offer such equipment.

We see plenty of opportunities for us to become involved in changing the way we handle cash in Sweden and many other countries. We are ready - probably readier than any other company in the security industry.

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I hope that my short address has thrown some light on the challenges and opportunities that Gunnebo faces. We need a little more time to train our personnel in their new jobs and get them functioning well as a team. But we are fortunate to be in an interesting, growth industry; one in which I see my role, and that of my management colleagues, as being to create security for our customers and generate lasting value for our shareholders.

Being able to do this in such a wonderful city as Göteborg, with its friendly and optimistic people, naturally makes my task so much the more enjoyable.

Ladies and gentlemen: thank you very much.