

## Gunnebo Year-end release 2010

Per Borgvall, President & CEO  
Phone conference February 9, 2011



### CEO Comments to Full Year 2010

- An eventful year for Gunnebo
  - Order intake for Business Areas Bank, Retail and Secure Storage showed good growth
  - Corresponding figure for remaining operations in Site Protection was a decrease
- Continued to focus on the Get It Right action programme:
  - Implementation of new strategy
  - Reduced the Group's fixed costs
  - Improved margins
  - Strengthened the cash flow and thereby improved the Group's financial position
- As part of the new strategy we have:
  - Adjusted the organisation – new reporting structure as of Q1 2011
  - Established operations in China
  - Acquisition in Australia
  - Divestment of Troax



## CEO Comments to Full Year 2010 (cont'd)

- Gunnebo is now in a stronger financial position than it has been for a very long time
  - Equity ratio of 43% (33%).
  - Net debt at the end of the period of MSEK 261 (803).
  - Operating result improved by 57 per cent to MSEK 337 (214) and the operating margin to 5.3 per cent (3.2).
  - Net results of MSEK 178 (-205) which very well reflects our underlying earning capacities
  - Equals earnings per share for the whole year of SEK 2.35 (-3.40)



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## Fourth Quarter 2010

### Continuing Operations

*The Troax operation, which was divested during the quarter, is reported separately in this report as discontinued operations, in accordance with IFRS 5.*

- Order intake for continuing operations amounted to MSEK 1,360 (1,506).
  - Organically -3 per cent
- Net sales for continuing operations amounted to MSEK 1,625 (1,696).
  - Organically +2 per cent
- Operating profit for continuing operations excluding items of a non-recurring nature amounted to MSEK 137 (107) and the operating margin to 8.4% (6.3%).



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## Fourth Quarter 2010(cont'd.) Continuing Operations

- Operating profit for continuing operations increased to MSEK 46 (-145) and the operating margin to 2.8% (-8.5%).
- Profit for the period amounted to MSEK 146 (-162).
- Earnings per share were SEK 1.90 (-2.65).



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## Full Year 2010 Continuing Operations

- The equity ratio improved strongly and totalled 43% (33%).
- Net debt excluding pension commitments fell by MSEK 542, totalling MSEK 261 (803).
- Order intake for continuing operations amounted to MSEK 5,996 (6,092).
  - Organically +4 per cent
- Organic net sales for continuing operations totalled MSEK 5,938 (6,278).
  - Organically unchanged



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## Full Year 2010 (cont'd) Continuing Operations

- Operating profit for continuing operations excluding items of a non-recurring nature amounted to MSEK 292 (192) and the operating margin to 4.9% (3.1%).
- Operating profit for continuing operations increased to MSEK 150 (-107) and the operating margin to 2.5% (-1.7%).
- Profit for the period amounted to MSEK 178 (-205).
- Earnings per share were SEK 2.35 (-3.40).
- The Board and the President propose a dividend of SEK 0.50 (SEK 0) per share.



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## Total, Including Discontinued Operations

### Fourth quarter 2010

- Net sales for continuing and discontinued operations increased organically by 2% and amounted to MSEK 1,717 (1,829).
- Operating profit for continuing and discontinued operations increased to MSEK 170 (-138) and the operating margin to 9.9% (-7.5%).
- Operating profit for continuing and discontinued operations excluding items of a non-recurring nature amounted to MSEK 147 (115) and the operating margin to 8.6% (6.3%).

### Full year 2010

- Organic net sales for continuing and discontinued operations were unchanged and totalled MSEK 6,384 (6,788).
- Operating profit for continuing and discontinued operations increased to MSEK 306 (-88) and the operating margin to 4.8% (-1.3%).
- Operating profit for continuing and discontinued operations excluding items of a non-recurring nature amounted to MSEK 337 (214) and the operating margin to 5.3% (3.2%).

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### Business Line Bank

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Order intake	505	552	2,393	2,297
Net sales	641	641	2,343	2,353
Operating profit/loss	61	31	190	135
Operating margin, %	9.5	4.8	8.1	5.7



- Organic order intake for the fourth quarter decreased organically by 1%.
- Net sales increased organically by 9% during the fourth quarter.
- Order intake for the full year increased organically by 11%, while net sales increased by 6%.
- Expenses of a non-recurring nature burdened the whole year by MSEK -22 (-47).

Percentage of Group sales:



### Business Line Retail

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Order intake	176	178	741	728
Net sales	207	192	719	738
Operating profit/loss	-1	-8	-20	-20
Operating margin, %	-0.5	-4.2	-2.8	-2.7



- Order intake increased organically by 7% during the fourth quarter.
- Net sales increased organically by 16% during the fourth quarter.
- Order intake for the full year increased organically by 8%, while net sales rose by 4%.
- Expenses of a non-recurring nature burdened the whole year by MSEK -12 (-10).

Percentage of Group sales:



**Business Line Site Protection, continuing operations**

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Order intake	460	540	1,936	2,144
Net sales	533	587	1,965	2,188
Operating profit/loss*	-12	-125	-42	-163
Operating margin, %*	-2.3	-21.3	-2.1	-7.4

\*Includes write-down of goodwill of MSEK 106 in the 4th quarter 2009



- Divestment of Troax
- Order intake decreased organically by 9% during the quarter.
- Organic net sales decreased by 2% during the fourth quarter.
- Order intake for the full year decreased organically by 4%, while net sales fell by 5%.
- Figures for the year were burdened by expenses of a non-recurring nature of MSEK -65 (-155).

Percentage of Group sales:



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**Business Line Secure Storage**

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Order intake	219	236	926	923
Net sales	244	276	911	999
Operating profit/loss	24	-11	71	2
Operating margin, %	9.8	-4.0	7.8	0.2



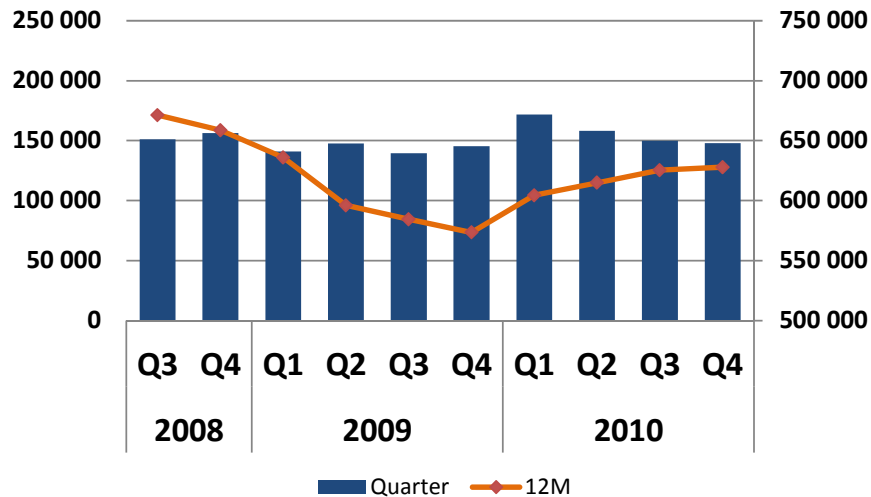
- Organic order intake for the fourth quarter increased organically by 1%.
- Net sales decreased organically by 3% during the fourth quarter.
- Improved result and strengthened margins.
- Expenses of a non-recurring nature burdened profit for the year as a whole by MSEK -16 (-46).

Percentage of Group sales:



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## Order Intake Continuing Operations (KEUR)



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## Liquidity and Financial Position

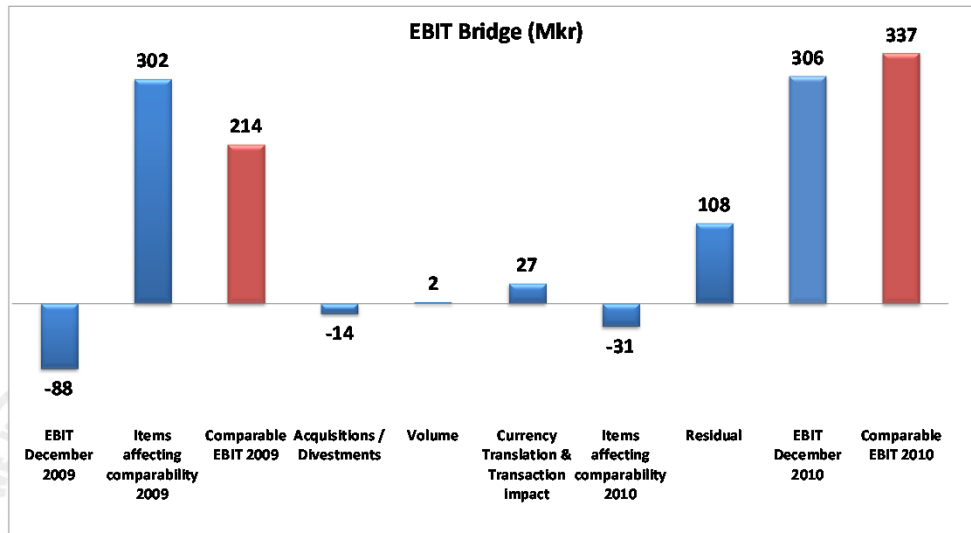
- The Group's liquid funds at the end of the period amounted to MSEK 189 (172).
- Equity totalled MSEK 1,606 (1,413), giving an equity ratio of 43 per cent (33).
- Net debt excluding pension commitments decreased to MSEK 261 (803) and debt/equity ratio improved to 0,3 (0,7).



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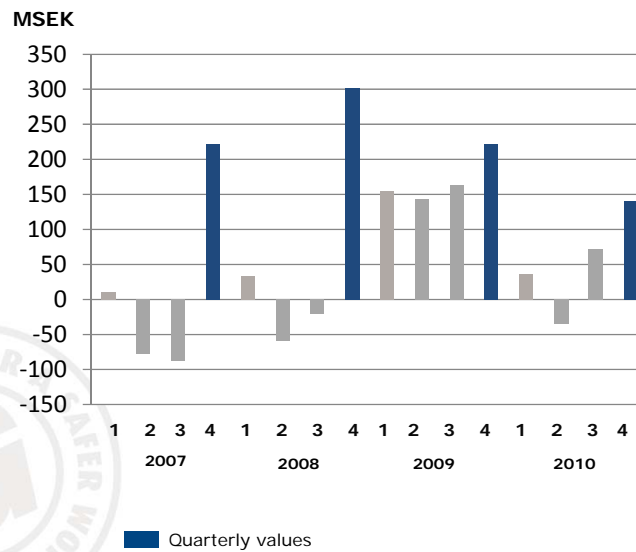
## EBIT Bridge December 2009 – December 2010



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## Operating Cash Flow Before financial items and tax



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## Get It Right: The Six "Top Five Key Programs"

1. Cash flow
2. Improved margins
3. Management
4. Cost reductions
5. Strategic review
6. Re-financing



*The Get It Right action program aims at strengthening the Group's profitability*

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## 1, 2 & 4: Cash Flow, Improved Margins & Reduced Costs

- **Cash Flow**
  - The operating cash flow after investments but before net finance affecting cash flow and taxes amounted to MSEK 214 (683)
- **Improved Margins**
  - Full year gross margin: 28.1% (27.0%)
  - Full year operating margin excl. items of a non-recurring nature: 5.3% (3.2%)
- **Cost Reductions**
  - Gross 2010: some MSEK 138
  - Costs for acquisitions and market investments: MSEK 11



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## 5: Strategic Review

- Focus on Customers and Business
- Build on
  - Bank Security & Cash Handling
  - Services
  - Secure Storage
  - Entrance Control
- Global approach
- Services are an integrated part of our business, a value added and a growth opportunity
- Improved R&D



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## November: Divestment of Gunnebo Troax

- Gunnebo have divested all shares in the fully-owned subsidiary Gunnebo Troax AB with subsidiaries to Accent Equity 2008
- The divestment finalized according to plan in December 2010
- The total purchase sum amounted to MSEK 354 on debt-free basis and the Group capital gain totalled MSEK 120
- Gives financial space for expansion within core businesses



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## Gunnebo in China: Factory Inaugurated January 27, 2011

- Location: Kunshan, some 40km outside Shanghai
- Size: 10,000 m<sup>2</sup>
- Main focus: Flap-kits to the Chinese metro-market



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## Welcome to Gunnebo CMD 2011

- February 10, 2011
- Location: Stockholm
- Program 8.00-13.15
  - Action programme "Get It Right"
  - Financial update
  - Gunnebo's Business Areas
  - Gunnebo's sales regions
  - ... and some more



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[www.gunnebo.com](http://www.gunnebo.com)



**In Brief**

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Order intake	1,360	1,506	5,996	6,092
Net sales	1,625	1,696	5,938	6,278
Operating profit before depreciation (EBITDA)	67	-6	248	116
Operating margin before depreciation (EBITDA), %	4.1	-0.4	4.2	1.8
Operating profit before non-recurring items	137	107	292	192
Operating margin before non-recurring items, %	8.4	6.3	4.9	3.1
Operating profit (EBIT)	46	-145	150	-107
Operating margin (EBIT), %	2.8	-8.5	2.5	-1.7
Profit/loss for the period	146	-162	178	-205
Earnings per share, SEK <sup>1) 2)</sup>	1.90	-2.65	2.35	-3.40
<b>Total including discontinued operations</b>				
Order intake	1,461	1,619	6,462	6,573
Net sales	1,717	1,829	6,384	6,788
Operating profit before depreciation (EBITDA)	194	5	420	153
Operating margin before depreciation (EBITDA), %	11.3	0.3	6.6	2.3
Operating profit before non-recurring items	147	115	337	214
Operating margin before non-recurring items, %	8.6	6.3	5.3	3.2
Operating profit (EBIT)	170	-138	306	-88
Operating margin (EBIT), %	9.9	-7.5	4.8	-1.3

<sup>1)</sup> Earnings per share before and after dilution

<sup>2)</sup> The figures for 2009 are adjusted for the bonus issue element of the Rights issue

#### Summary group income statement

MSEK	Oct-Dec		Full year	
	2010	2009	2010	2009
Net sales	1,625	1,636	5,938	6,278
Cost of goods sold	-1,194	-1,290	-4,311	-4,624
Gross profit	431	406	1,627	1,654
Write-down of goodwill	-	-106	-	-106
Other operating costs, net	-385	-445	-1,177	-1,655
Operating profit/loss	46	-145	150	-107
Net financial items	-19	-15	-78	-74
Profit/loss after financial items	27	-160	72	-181
Taxes	-2	-6	-41	-36
Profit/loss for the period from continuing operations	25	-166	31	-217
Profit/loss for the period from discontinued operations	121	4	147	12
Profit/loss for the period	146	-162	178	-205
<i>Whereof attributable to:</i>				
Parent company shareholders	146	-162	178	-205
Minority interests	-	-	-	-
	146	-162	178	-205
Earnings per share before dilution, SEK	1.90	-2.65	2.35	-3.40
Whereof continuing operations	0.30	-2.70	0.40	-3.60
Whereof discontinued operations	1.60	0.05	1.95	0.20
Earnings per share after dilution, SEK	1.90	-2.65	2.35	-3.40
Whereof continuing operations	0.30	-2.70	0.40	-3.60
Whereof discontinued operations	1.60	0.05	1.95	0.20

\*The figures for 2009 are adjusted for the bonus issue element of the Rights issue

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#### Summary group balance sheet

MSEK	31 December	
	2010	2009
Goodwill	952	1,091
Other intangible assets	96	108
Tangible assets	367	547
Financial assets	335	306
Inventories	543	644
Current receivables	1,253	1,468
Liquid funds	189	172
Total assets	3,735	4,336
Equity	1,606	1,413
Long-term liabilities	639	584
Current liabilities	1,490	2,339
Total equity and liabilities	3,735	4,336

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■ **Key ratios, continuing and discontinued operations, excluding non-recurring items**

	Full year	
	2010	2009
Return on capital employed, %*	13.5	7.5
Operating margin before depreciation (EBITDA), %	7.1	5.1
Operating margin (EBIT), %	5.3	3.2
*During the last 12-month period		

■ **Key ratios, continuing and discontinued operations**

	Helår	
	2010	2009
Return on capital employed, %*	12.3	-2.5
Return on equity, %*	12.2	-18.0
Gross margin, %	28.1	27.0
Operating profit before depreciation (EBITDA), MSEK	420	153
Operating margin before depreciation (EBITDA), %	6.6	2.3
Operating profit (EBIT), MSEK	306	-88
Operating margin (EBIT), %	4.8	-1.3
Profit margin (EBT), %	3.5	-2.5
Capital turnover rate, times	2.5	2.2
Equity ratio, %	43	33
Interest coverage ratio, times	5.0	-1.1
Debt/equity ratio, times	0.3	0.7
*During the last 12-month period		

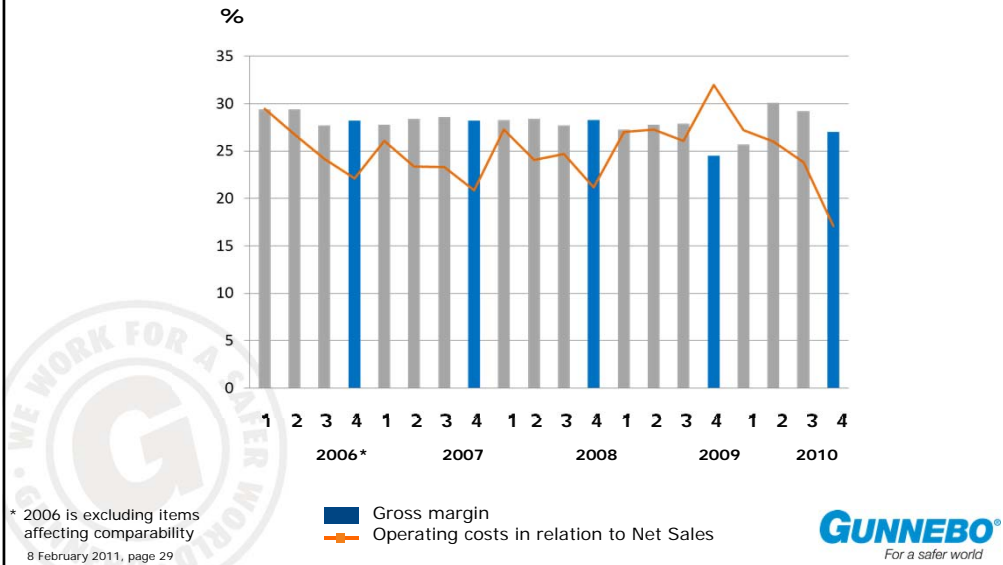
■ **Key ratios, continuing operations, excluding non-recurring items**

	Full year	
	2010	2009
Operating margin before depreciation (EBITDA), %	6.6	4.9
Operating margin (EBIT), %	4.9	3.1
*During the last 12-month period		

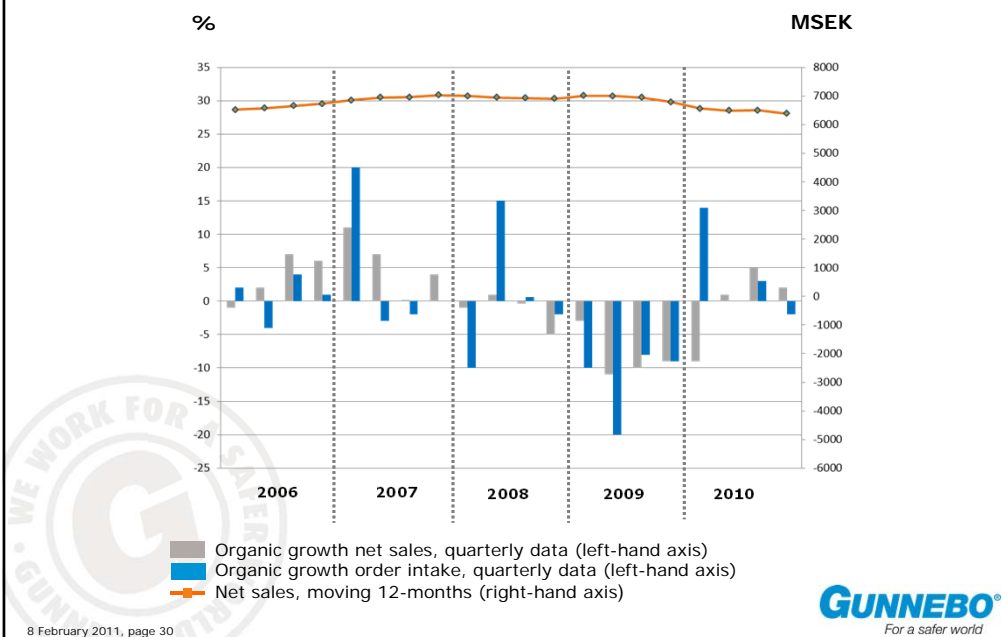
■ **Key ratios, continuing operations**

	Full year	
	2010	2009
Gross margin, %	27.4	26.3
Operating profit before depreciation (EBITDA), MSEK	248	116
Operating margin before depreciation (EBITDA), %	4.2	1.9
Operating profit (EBIT), MSEK	150	-107
Operating margin (EBIT), %	2.5	-1.7
Profit margin (EBT), %	1.2	-2.9

## Gross Margin and Operating Costs



## Organic Growth, Net Sales and Order Intake



## Financial Targets

- Gunnebo's financial targets remains:
  - The Group shall earn a return on capital employed of at least 15 per cent and an operating margin of at least 7 per cent.
  - The equity ratio shall not fall below 30 per cent.
  - The Group shall achieve organic growth of at least 5 per cent each year.



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