



## Gunnebo first quarter report 2010

Per Borgvall, President & CEO  
Phone conference April 27, 2010



### CEO Comments To First Quarter 2010

- Market development was stable on the main markets in Europe and in Business Line Bank.
- The market for secure storage, which we saw weaken sharply during some parts of 2009, has now begun to recover both on the main markets in Europe and on markets in Region Indian Ocean Rim.
- The severe winter has had an adverse effect on Business Line Site Protection at the beginning of the year.



## CEO Comments To First Quarter 2010

- Gunnebo enjoyed a good order intake during the quarter, organically it grew with 14 per cent. Among others, an order worth MEUR 26 was received from a central bank in the Africa/Middle East region in February.
- The Get It Right action programme is running. During the period, a decision was made regarding the closure of production at the Group's plant in Kempston/Bedford, UK.

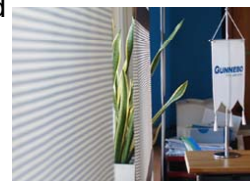


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## First Quarter 2010

- Order intake amounted to MSEK 1,824 (1,674).
  - Organically +14 per cent
- Net sales totaled MSEK 1,450 (1,681).
  - Organically -9 per cent
- The operating profit amounted to MSEK -17 (5).
- Operating profit, excluding expenses of a non recurring nature of MSEK -20 (-18), amounted to MSEK 3 (23).



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## First Quarter 2010 (cont'd.)

- Profit after tax amounted to MSEK -45 (-25).
- Earnings per share were SEK -0.60 (-0.40).
- The operating cash flow amounted to MSEK 36 (155).



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### Business Line Bank

MSEK	January-March		Full year	
	2010	2009	2009	2008
Order intake	829	612	2,297	2,276
Net sales	538	569	2,353	2,208
Operating profit/loss	35	29	135	168
Operating margin, %	6.5	5.1	5.7	7.6



- Organic order intake increased by 43 per cent.
- Organic net sales were largely unchanged.
- The improved figures can be attributed to maintained volumes in the core businesses of physical security and service, combined with lower costs as a result of the Get It Right action programme.

Part of Group Sales



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## Bank Market First Quarter 2010

- Major order from a central bank in the Africa/Middle East region worth MEUR 26.
- Order intake development has remained stable on the Group's main markets in Europe.
- The service business, along with sales of products and solutions for Secure Storage, has continued to develop well.
- Contracts signed during the period included a long-term service agreement with several of the major banks in the Netherlands and with one of Canada's major banks.



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### Business Line Retail

MSEK	January-March		Full year	
	2010	2009	2009	2008
Order intake	183	189	728	734
Net sales	160	179	738	779
Operating profit/loss	-14	-2	-20	6
Operating margin, %	-8.8	-1.1	-2.7	0.8



- Organic order intake was largely unchanged.
- Organic net sales decreased by 5 per cent.
- The weaker result can be attributed to a decrease in volume and some disruptions to production.

Part of Group Sales



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## Retail Market First Quarter 2010

- Order intake on markets in Region North Europe developed positively, while development was weaker on other markets.
- Sales of electronic article surveillance developed well.
- Sales of Gunnebo's integrated and completely closed cash handling system, SafePay™, reported weaker development. Nevertheless, several new general agreements for delivery and installation of the system were signed with retail chains in Germany and the Netherlands.



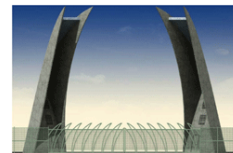
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### Business Line Site Protection

MSEK	January-March		Full year	
	2010	2009	2009	2008
Order intake	569	647	2,625	2,851
Net sales	533	677	2,698	2,850
Operating profit/loss*	-41	-17	-144	91
Operating margin, %*	-7.7	-2.5	-5.3	3.2

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



- Organic order intake fell by 9 per cent.
- Organic net sales decreased by 17 per cent.
- The weaker result can partly be attributed to a continued weak situation in European industry, which had an adverse impact on Indoor Perimeter Protection (Gunnebo Troax).
- Furthermore, the result has been negatively affected by the severe winter in Northern Europe and expenses of a non-recurring nature of MSEK -18 (-8).

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## Site Protection Market First Quarter 2010

- Order for automated entrance control system for the Chinese Shenzhen Metro.
- Strategically important general agreement was signed with Norwegian Gardemoen airport on delivery and installation of outdoor perimeter protection
- Two Spanish airports have decided to install ImmSec, the single-person detection immigration gates developed by Gunnebo
- Order intake in the South Europe and Rest of the World regions developed positively during the quarter.



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### Business Line Secure Storage

MSEK	January-March		Full year	
	2010	2009	2009	2008
Order intake	243	226	923	1,104
Net sales	219	256	999	1,066
Operating profit/loss	11	6	2	79
Operating margin, %	5.0	2.3	0.2	7.4



- Organic order intake increased by 12 per cent.
- Organic net sales decreased by 10 per cent.
- The improved result can primarily be explained by reduced costs within the framework of the Get It Right programme. Expenses of a non-recurring item burdened the figures by MSEK -1 (-3).

Part of Group Sales



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## Secure Storage Market First Quarter 2010

- The Group is seeing a recovery in demand on its main markets in Europe and Region Indian Ocean Rim.
- Particular to the product areas burglary resistant safes, service and OEM.
- Prestigious order from the Swedish Defence Materiel Administration to deliver and install secure storage with highly stringent demands on security



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## Group Liquidity and Financial Position

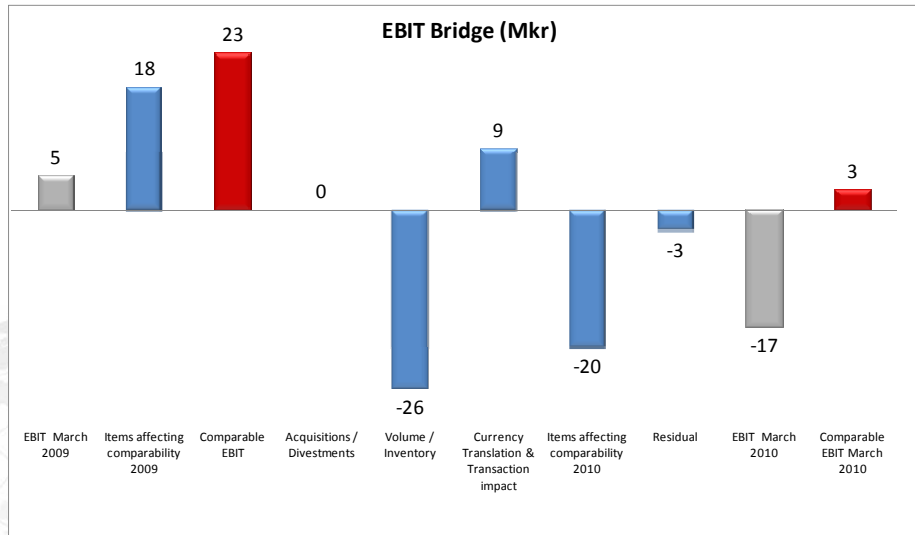
- The Group's liquid funds at the end of the period amounted to MSEK 142 (152)
- Equity totaled MSEK 1,393 (1,060), giving an equity ratio of 34 per cent (21).
- The net debt decreased to MSEK 991 (1,971), and the debt/equity ratio improved to 0.7 (1.9).
- Gunnebo has agreed on a new five-year MSEK 400 credit framework. The new borrowing facility replaces a subordinated loan of MSEK 250 which was redeemed during the quarter.



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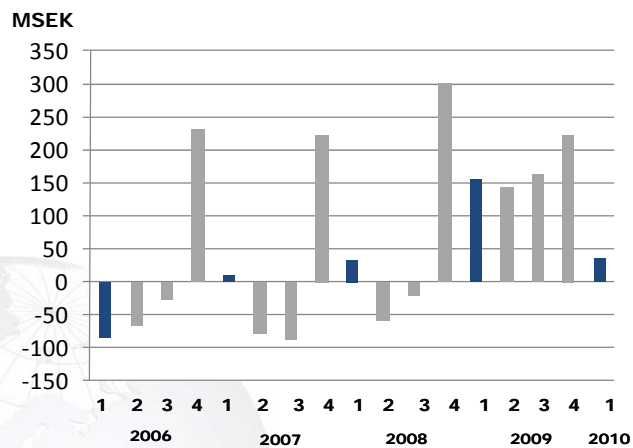
## EBIT-Bridge March 2009 – March 2010



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## Operating Cash Flow Before financial items and tax



■ Quarterly values

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

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



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

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## Strategy in Brief

- 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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### In Brief

MSEK	January-March		Full year	
	2010	2009	2009	2008
Order intake	1,824	1,674	6,573	6,965
Net sales	1,450	1,681	6,788	6,903
Operating profit before depreciation (EBITDA)	13	37	153	411
Operating margin before depreciation (EBITDA), %	0.9	2.2	2.3	6.0
Operating profit (EBIT)	-17	5	-88	281
Operating margin (EBIT), %	-1.2	0.3	-1.3	4.1
Profit/loss after financial items	-41	-21	-167	180
Profit/loss after tax	-45	-25	-205	115
Earnings per share, SEK <sup>1) 2)</sup>	-0.60	-0.40	-3.40	1.95
Operating cash flow	36	155	683	255

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

<sup>2)</sup> The figures for 2009 and 2008 are adjusted for the bonus issue element of the Rights issue

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### Summary group income statement

MSEK	January-March		Full year	
	2010	2009	2009	2008
Net sales	1,450	1,681	6,788	6,903
Cost of goods sold	-1,077	-1,222	-4,958	-4,957
<b>Gross profit</b>	<b>373</b>	<b>459</b>	<b>1,830</b>	<b>1,946</b>
Write-down of goodwill	-	-	-106	-
Other operating costs, net	-390	-454	-1,812	-1665
<b>Operating profit/loss</b>	<b>-17</b>	<b>5</b>	<b>-88</b>	<b>281</b>
Net financial items	-24	-26	-79	-101
<b>Profit/loss after financial items</b>	<b>-41</b>	<b>-21</b>	<b>-167</b>	<b>180</b>
Taxes	-4	-4	-38	-65
<b>Profit/loss for the period</b>	<b>-45</b>	<b>-25</b>	<b>-205</b>	<b>115</b>
<i>Whereof attributable to:</i>				
Parent company shareholders	-45	-25	-205	115
Minority interests	-	-	-	-
	<b>-45</b>	<b>-25</b>	<b>-205</b>	<b>115</b>
Earnings per share before dilution, SEK*	-0.60	-0.40	-3.40	1.95
Earnings per share after dilution, SEK*	-0.60	-0.40	-3.40	1.95

\*The figures for 2009 and 2008 are adjusted for the bonus issue element of the Rights issue

### Summary group balance sheet

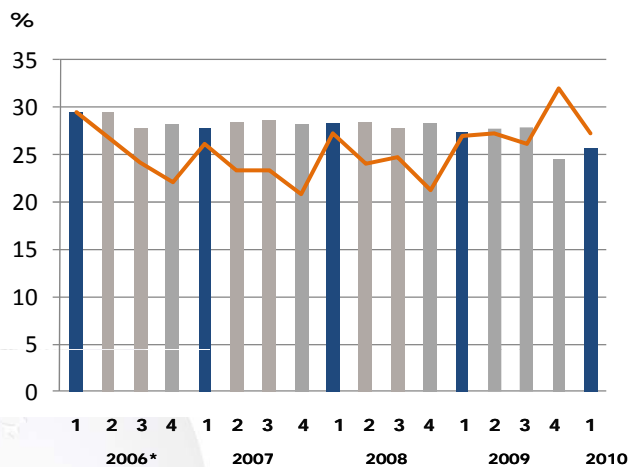
MSEK	31 March		31 December	
	2010	2009	2009	2008
Goodwill	1,044	1,250	1,091	1,240
Other intangible assets	103	115	108	120
Tangible assets	515	615	547	625
Financial assets	280	343	306	346
Inventories	664	951	644	913
Current receivables	1,347	1,716	1,468	1,849
Liquid funds	142	152	172	169
<b>Total assets</b>	<b>4,095</b>	<b>5,142</b>	<b>4,336</b>	<b>5,262</b>
Equity	1,393	1,060	1,413	1,073
Long-term liabilities	1,110	2,099	584	2,142
Current liabilities	1,592	1,983	2,339	2,047
<b>Total equity and liabilities</b>	<b>4,095</b>	<b>5,142</b>	<b>4,336</b>	<b>5,262</b>

**Key ratios, excluding non-recurring items**

	January-March		Full year	
	2010	2009	2009	2008
Return on capital employed, %*	7.2	10.8	7.5	10.7
Operating margin before depreciation (EBITDA), %	2.3	3.3	5.1	6.6
Operating margin (EBIT), %	0.2	1.4	3.2	4.7

\*During the last 12-month period

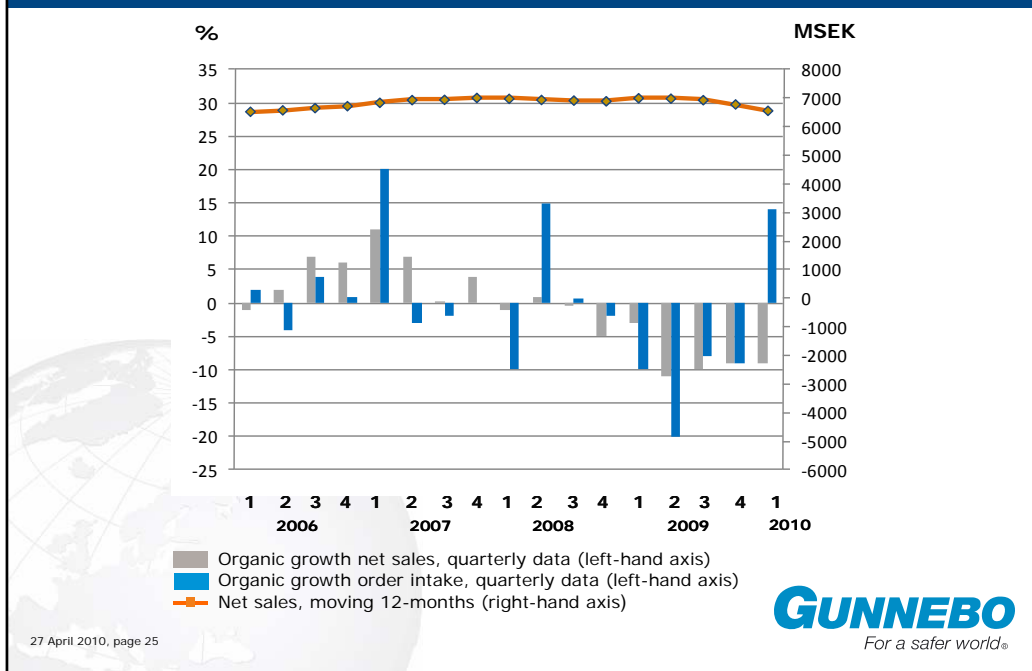
**Gross Margin and Operating Costs**



\* 2006 is excluding items affecting comparability  
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■ Gross margin  
— Operating costs in relation to Net Sales

## 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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