

Gunnebo To Focus on Main Products

Comments by Gunnebo's President & CEO

We have made a strategic review of the product portfolio of Gunnebo and decided to focus on three core areas going forward: Safe Storage, Cash Management and Entrance Control. In these Business Units we are aligning our way of working and competence to become more customer oriented and increase the focus on development of both hardware and software solutions to generate future profitable growth. In the fourth Business Unit Integrated Security, which to a large extent is a local integrator business with lower profitability, we will work to improve the performance.

Gunnebo Plans to Divest Its Business in France, Belgium and Luxembourg

As a first result of the strategic review we have signed an offer to divest our business in France, Belgium and Luxembourg. Gunnebo intends to accept this offer, subject to works council consultation and antitrust clearance. The transaction is expected to be finalized during the fourth quarter 2018. This business is reported as discontinued operations, see more information in note 3 on page 20 in this report.

New Organisational Structure

As announced earlier today we have changed the organisational structure to reflect the strategic shift in focus. Going forward, Gunnebo will have the product dimension as the primary reporting segment. Hence we have adjusted the Group's overall organisation to align our strategy with how we manage, follow up and report our business.

For Safe Storage, Cash Management and Entrance Control, the focus will be on customers, products and solutions, as well as to implement a dedicated market strategy for each Business Unit. For Integrated Security, being mainly a local integrator business, we will review the portfolio and work with profitability improvements.

As a consequence, the quarterly report segment structure is also changed as from this quarter to reflect the new product focus. Instead of the region as the primary segment, we now disclose our performance in four Business Units: Safe Storage, Cash Management, Entrance Control and Integrated Security.

New Financial Targets

With a clear focus on key Business Units and with an organisational structure supporting this focus, we will change our financial targets. The Group's new financial targets will be:

- Annual Sales Growth of 5%
- EBITA of >10%
- Net Debt/EBITDA of <2,5
- Annual Dividend of 30-50% of net profit

The Sustainability targets will remain as defined in 2016.

See more information on the Group's new financial targets in the table below and on page 12 in this report.

Financial Targets & Outcome

	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year	Target
Sales growth	0%	1%	0%	2%	-1%	5%
EBITA margin	5.3%	8.0%	5.9%	7.1%	7.7%	>10%
Net debt/EBITDA ^{1,2)}	-	-	3.6	1.9	2.4	<2.5
Dividend	-	-	-	-	60%	30-50%

1) Rolling 12M

2) Including discontinued operations

Performance in the Quarter - Continuing Operations

During the second quarter we experienced growth in Business Units Safe Storage and Entrance Control. Safe Storage growth was mainly due to good sales development for ATM safes. The sales development in India and China was also positive. Business Unit Entrance Control continued to grow in the second quarter, with good sales growth in both Europe and Asia-Pacific. Business Unit Cash Management and Integrated Security both had contracting sales in the quarter. In Cash Management sales declined due to big projects invoiced last year. However, interest in Gunnebo's Cash Management solutions is high in the market and we launched new deposit solutions in the quarter. Business Unit Integrated Security sales declined mainly due to the finalisation of the OKI Fire Business project which was delivered last year.

Performance in the Quarter - Discontinued Operations

During the second quarter, discontinued operations recorded sales of MSEK 270 and an EBIT of MSEK -21. Including a transactional loss of MSEK -609, the net profit/loss ended at MSEK -625. See note 3, page 20 in this report, for more information.

Going Forward

With the new product focus and structure in place we are ready to start developing a more focused and leaner Gunnebo for the future.

Gothenburg 19 July, 2018

Henrik Lange
President & CEO

Q2 In Brief¹⁾ (continuing operations unless otherwise stated)

Net sales, MSEK	2018	Sales growth ²⁾		2018	Sales growth ²⁾		Sales growth ²⁾	
	Q2	2017 Q2	%	YTD	2017 YTD	%	Full year	%
Safe Storage	447	426	2	841	867	-4	1,708	-8
Cash Management	289	294	-5	542	544	-2	1,031	8
Entrance Control	227	215	2	472	396	17	894	10
Integrated Security	285	290	-1	550	590	-5	1,228	-6
Total	1,248	1,225	0	2,405	2,397	0	4,861	-1

EBITA, MSEK	2018	Margin	2017	Margin	2018	Margin	2017	Margin	2017	Margin
	Q2	%	Q2	%	YTD	%	YTD	%	Full year	%
Safe Storage	40	8.9	29	6.8	63	7.5	57	6.6	126	7.4
Cash Management	36	12.5	40	13.6	60	11.1	71	13.1	120	11.6
Entrance Control	26	11.5	37	17.2	69	14.6	52	13.1	145	16.2
Integrated Security	-4	-1.4	20	6.9	-5	-0.9	46	7.8	107	8.7
Group Functions	-32	-	-28	-	-45	-	-56	-	-123	-
Total	66	5.3	98	8.0	142	5.9	170	7.1	375	7.7

Other financial information, MSEK	2018	2017	2018	2017	2017
	Q2	Q2	YTD	YTD	Full year
Amortisation from acquisition related intangibles	5	6	11	12	22
Items affecting comparability (IAC)	-9	-11	-21	-13	-52
EBIT	52	81	110	145	301
Net profit for the period	20	31	42	63	152
Earnings per share, SEK	0.25	0.40	0.56	0.81	1.90
Discontinued operations					
Net profit for the period	-625	8	-649	5	8
Earnings per share, SEK	-8.19	0.11	-8.51	0.07	0.10
Continuing and discontinued operations					
Net profit for the period	-605	39	-607	68	160
Earnings per share, SEK	-7.94	0.51	-7.95	0.88	2.00
Free cash flow	-63	-76	-24	-82	-74

¹⁾ Refer to page 24 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 2% in the second quarter. The main driver behind the positive development was good development for ATM safes.

- The Steelage brand, originally from India, launched in Africa and the Middle East towards the bank sector
- In Europe, sales of safes to global ATM manufacturers had a strong development
- Asia-Pacific had an overall positive development in the quarter, driven by sales growth in India and China
- In Americas, sales were stable

Safe Storage	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	447	426	841	867	1,708
Sales growth, %	2	-5	-4	-2	-8
EBITA, MSEK	40	29	63	57	126
EBITA margin, %	8.9	6.8	7.5	6.6	7.4
Items affecting comparability (IAC), MSEK	-2	-2	-5	-3	-27
Operating capital employed	527	456	527	456	444

Sales development Q2 2018

For Asia-Pacific sales developed positively, mainly due to good levels of sales to banks and the gold loan companies sector in India. Moreover, sales of automated safe deposit lockers, SafeStore Auto, and good activity levels in the dealer network in China also had a positive impact. The ATM business developed in line with last year.

In Europe, sales of safes to global ATM manufacturers had a strong development.

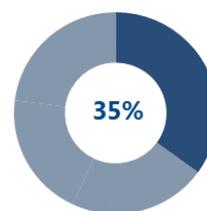
In Americas sales showed a stable development, with good levels of sales from channel partners and business with the government in the US.

Result development

In the quarter, EBITA improved to MSEK 40 (29) giving a margin of 8.9% (6.8), mainly due to good levels of sales in Asia-Pacific and a good product mix in the quarter. Year to date, EBITA improved to MSEK 63 (57) and the margin to 7.5% (6.6).

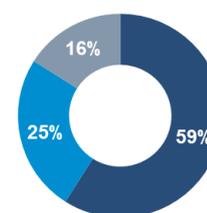


Share of Group Sales YTD 2018



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



■ EMEA ■ APAC ■ Americas

Quarter Highlights

UK: Supply chain specialist turns to Gunnebo for design, production and installation of a vault

India: One of India's major gold loan companies, NBFC, places orders for customized storage inside high-graded safes for storage of gold in their outlets across the country

Nepal: Safe Deposit Lockers will be installed in a leading bank in Nepal to provide storage services for customers' valuables

USA: JP Morgan Chase bank is extending their branch network and investing in new safes and depositories

Canada: Major Canadian financial institution invests in a new large vault and entrance control solutions for new currency processing centre

Cash Management

The Business Unit's sales decreased by 5% in the second quarter, mainly due to phasing of projects.

- Global launch of new deposit solutions successfully completed and orders received from Europe and Middle East
- In Europe there was a good development of sales of closed cash management in Nordics and Italy
- In Asia Pacific, development was good in Australia
- In Americas, sales in Brazil were good

Cash Management	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	289	294	542	544	1,031
Sales growth, %	-5	7	-2	14	8
EBITA, MSEK	36	40	60	71	120
EBITA margin, %	12.5	13.6	11.1	13.1	11.6
Items affecting comparability (IAC), MSEK	-2	-1	-3	-1	-4
Operating capital employed	283	309	283	309	284

Sales development Q2 2018

While quarter one had a good development in Europe, Middle East and Asia-Pacific, the second quarter was weaker due to facing of project deliveries.

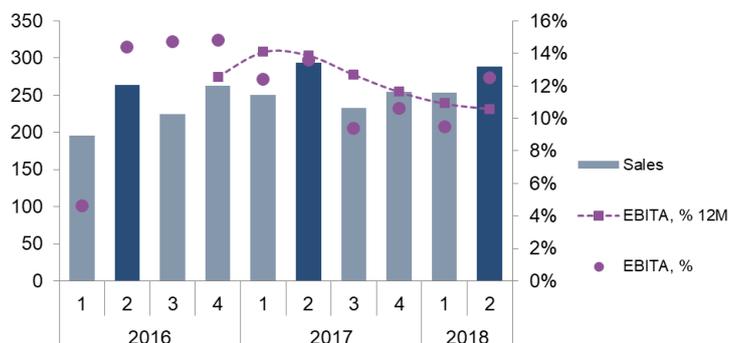
The business unit had a strong quarter in Europe, especially in the Nordics and Italy, with good levels of sales of closed cash management systems, SafePay, and services.

Asia-Pacific still constitutes a small part of the Business Unit's sales, but is continuing to show good growth. During the quarter sales developed well in Australia and South-East Asia.

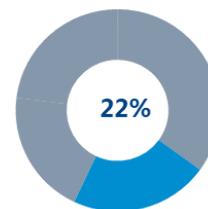
In Americas sales in Brazil were good with continued roll-outs of cash management solutions in the country. Sales in the US had a slight decrease, mainly due to continued delays in investments in bank projects.

Result development

In the quarter, EBITA amounted to MSEK 36 (40) resulting in a margin of 12.5% (13.6). Year to date, EBITA amounted to MSEK 60 (71) with a margin of 11.1% (13.1). The lower margin is explained by change in the product mix.

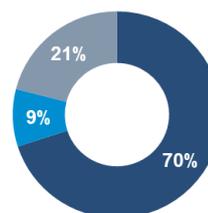


Share of Group Sales YTD 2018



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



■ EMEA ■ APAC ■ Americas

Quarter Highlights

Sweden: Retailer Netto decides to optimize its cash management by installing closed cash management, SafePay

Italy: Retail chain Leroy Merlin signs contract for service of its installed base of closed cash management, SafePay

Netherlands: CIT company uses cash management solutions from Gunnebo to optimize its retail offering

UAE: CIT-company Transguard continues to invest in cash management solutions from Gunnebo

Entrance Control

The Business Unit's sales increased by 2% in the second quarter, with good development across Europe and Asia-Pacific.

- Successful participation in the IFSEC exhibition (UK) and new showroom inaugurated
- In Europe several major deliveries were made to airports and mass transit customers
- Strong development in Asia-Pacific due to deliveries on major orders for high-risk sites
- In Americas, sales were stable

Entrance Control	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	227	215	472	396	894
Sales growth, %	2	17	17	17	10
EBITA, MSEK	26	37	69	52	145
EBITA margin, %	11.5	17.2	14.6	13.1	16.2
Items affecting comparability (IAC), MSEK	0	-1	-2	-1	-5
Operating capital employed	201	179	201	179	196

Sales development Q2 2018

Entrance Control showed continued growth also during the second quarter.

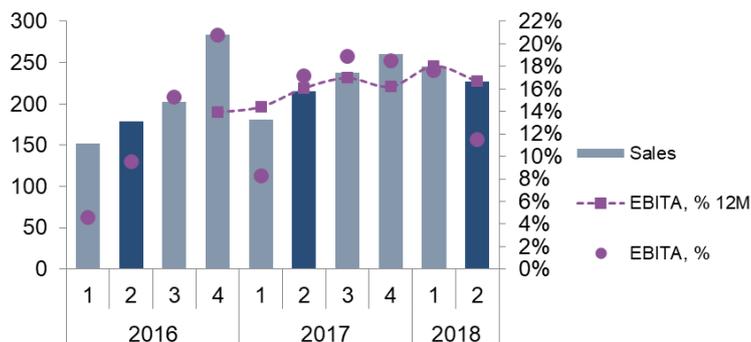
Asia Pacific continued the positive development, where deliveries on major projects to high-risk sites in Australia and India contributed.

In Europe, sales developed well, especially in Italy, UK and Germany.

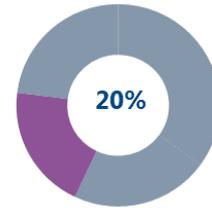
In Americas, sales continued to be stable with a good initial success in US airports.

Result development

In the quarter, EBITA amounted to MSEK 26 (37) resulting in a margin of 11.5% (17.2). Reason for the margin development is project delivery phasing and a lower capacity utilization in the quarter. Year to date, EBITA improved to MSEK 69 (52) with a margin of 14.6% (13.1). The improved EBITA is explained by business growth.

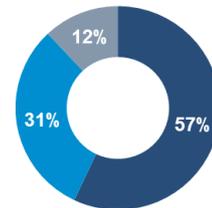


Share of Group Sales YTD 2018



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

Sales per Region



■ EMEA ■ APAC ■ Americas

Quarter Highlights

Italy: At the end of 2017, Gunnebo won a contract to entrance control to be installed at Italy's main railway stations. In the quarter, Gunnebo was awarded an extension of the contract.

Germany: Highway facility provider Tank & Rast turns to Gunnebo for entrance and payment solutions

Egypt: The Grand Egyptian Museum will guard its treasures with entrance control solutions from Gunnebo

China: Metro Line 9 in Shenyang City and Line 1 in Xuzhou City install Gunnebo's metro flaps for entrance control

USA: The new Observatory Entrance at the iconic Empire State Building will secure an efficient and secure entrance control of its 4 million annual visitors through gates from Gunnebo

Integrated Security

The Business Unit's sales decreased by 1% in the second quarter, where the second quarter for 2017 was strong and included sales to the major OKI project, which is now finalized.

- Europe had good sales development in Italy and Central Europe
- In Asia Pacific, sales were lower
- In Americas, sales in Brazil had a good development

Integrated Security	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales, MSEK	285	290	550	590	1,228
Sales growth, %	-1	-5	-5	-11	-6
EBITA, MSEK	-4	20	-5	46	107
EBITA margin, %	-1.4	6.9	-0.9	7.8	8.7
Items affecting comparability (IAC), MSEK	-3	-3	-8	-4	-13
Operating capital employed	299	250	299	250	304

Sales development Q2 2018

The sales contraction from first quarter 2018 continued also into the second quarter.

In Europe, sales had an overall good development where major deliveries in Germany, Spain and Italy gave a good contribution.

In Americas, sales had a good development in Brazil, but were weaker in Mexico.

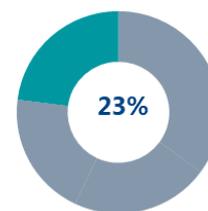
Sales in Asia-Pacific had a slight contraction. Good sales in Australia and India did not fully compensate for the weaker fire sales, partly related to the big OKI project that came to an end in Q4 2017.

Result development

In the quarter, EBITA amounted to MSEK -4 (20) resulting in a margin of -1.4% (6.9). Year to date, EBITA amounted to MSEK -5 (46) with a margin of -0.9% (7.8). The lower EBITA can be explained by weak sales of fire projects in Asia-Pacific compared to last year.

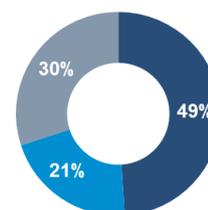


Share of Group Sales YTD 2018



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



■ EMEA ■ APAC ■ Americas

Quarter Highlights

Oman: Central Bank of Oman sees Gunnebo as its security advisor and preferred partner for supply of security solutions. The latest addition to the bank's security infrastructure is a reinforced electronic security platform.

India: One of India's leading paint companies turns to Gunnebo for a fire detection system for fire security in their factories

Canada: Large electrical power and natural gas utility reviews its entrance security and replaces high security padlocks across complete infrastructure

Brazil: The country's second largest pharmacy chain DPSP trusts Gunnebo to install electronic article surveillance in its 150+ stores

Mexico: European embassy in Mexico City increases the level of its electronic security solutions

Discontinued Operations

Mexico: Bank Santander places major order for electronic security and services

Gunnebo has signed an offer from global private equity firm OpenGate Capital to acquire Gunnebo's business in France, Belgium and Luxembourg. Gunnebo intends to accept this offer, subject to works council consultation and antitrust clearance. The transaction is expected to be finalized during the fourth quarter 2018.

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

The turnover attributable to the business full year 2017 was MSEK 1,130. The business currently employs approximately 930 persons.

Net sales for discontinued operations in the second quarter amounted to MSEK 270 (285). Net sales in the quarter were made up of 20% Safe Storage, 8% Cash Management, 3% Entrance Control and 69% from Integrated Security.

For the second quarter EBIT related to the operation amounted to MSEK -21 (11) and the net result from operating activities amounted to MSEK -16 (8). The loss on the divestment recorded in the quarter was MSEK -609.

MSEK	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales	270	285	526	553	1,130
EBIT from operating activities	-21	11	-53	6	3
Result from operating activities	-16	8	-40	5	8
Loss on divestment	-609	-	-609	-	-
Net profit/loss from discontinued operations	-625	8	-649	5	8
Total assets of disposal group held for sale	484	1,000	484	1,000	1,021
Total liabilities of disposal group held for sale	589	555	589	555	546

Please see more information about Discontinued Operations in Note 3, page 20 in this quarterly report.

Group Financial Performance

In this report the businesses in France, Belgium and Luxemburg are reported as discontinued operations. Consequently all previous income statement information has been restated to present separately continuing operations and discontinued operations. The assets and liabilities of these businesses are classified as assets and liabilities held for sale in the consolidated balance sheet. See page 8 and note 3 for detailed information regarding performance of discontinued operations.

Due to the change in organisational structure from geography to product by Business Unit, the Group's segment reporting is now 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

April-June

Net Sales

The Group's net sales during the second quarter amounted to MSEK 1,248 (1,225). Organic growth for the Group was flat, where Safe Storage and Entrance Control both ended at 2%, Cash Management at -5% and Integrated Security at -1%. The currency effect was 2%.

Net sales comprised of MSEK 1,026 related to product sales and MSEK 222 related to sales of services.

Operating Results

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 was MSEK 66 (98), equaling an EBITA margin of 5.3% (8.0).

The gross margin excluding items affecting comparability was 28.8% compared to 29.9% last year. Selling and administrative expenses excluding items affecting comparability increased by MSEK 19 over the same quarter last year of which MSEK 4 was currency. As a percent of net sales, this equaled 23.7% compared to 22.6% previous year.

Items affecting comparability impacted the Group's result by MSEK -9 (-11) in the quarter, with MSEK -3 (0) in cost of goods sold and MSEK -6 (-11) reported in selling and administrative expenses. Items affecting comparability related to personnel reductions as part of the structural changes to enable further profitability were mainly related to customer service functions in Integrated Security.

EBIT Bridge

EBIT was MSEK 52 (81), equaling an EBIT margin of 4.2% (6.6).

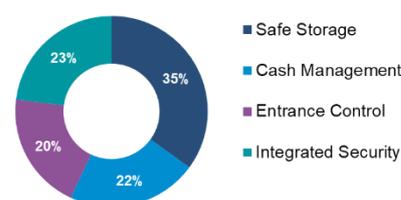
Changes in EBIT in the second quarter, as compared to the corresponding quarter 2017, can be explained by:

- There was flat growth and hence no organic EBIT impact.
- The net structural effects of MSEK 8 reflect realised savings from implemented productivity measures and a slightly higher level of structural changes compared to the same period last year.
- Currency effects were MSEK 4, of which the translation effect was MSEK 6 and transaction effect was MSEK -2.
- Other effects came mainly from the negative gross margin and S&A development.

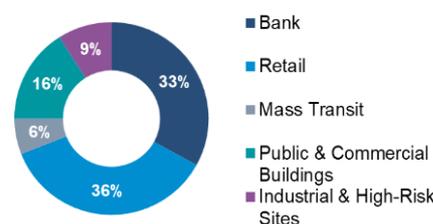
Group Sales & EBITA Margin



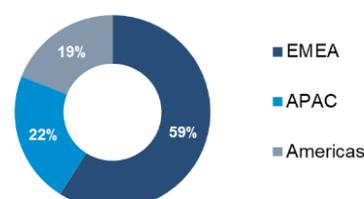
Sales by Business Unit, YTD



Sales by Customer Segment, YTD



Sales by Region, YTD



Other Financial Highlights

Net financial items in the quarter were MSEK -12 (-16) which was an improvement over the previous year due to the completed refinancing in June 2017. Tax expense was MSEK -20 (-34) representing an effective tax rate of 50% (52). The high effective tax rate is caused partly by tax on distributions from subsidiaries and current losses in the period not recognised. The enacted tax rate reduction in Sweden is not expected to have any one-time impact when effective.

Free cash flow for the quarter was MSEK -63 (-76). This included investments of MSEK 37 (31), reflecting increased investments in property, plant and equipment, while maintaining the same level of investments in product/IT development. Net cash flow from operating activities was slightly better with MSEK -28 (-45) where the positive development in working capital compensated for the underlying operating profit (excluding impairments). Changes in working capital in the quarter were MSEK -35 (-109) with improvements coming in all areas except for customer receivables.

Cash flow from investing activities included MSEK -10 related to divestment costs. Cash flow from financing activities totaled MSEK 68 (83) including loan repayments and change in bank overdrafts. Additionally, the first installment of the dividend payments was made with MSEK -46 (-92).

Total equity decreased by MSEK 627 in the quarter, primarily coming from the loss on discontinued operations, a dividend payment of MSEK -46 and actuarial gains of MSEK 20.

January-June

Net Sales

The Group's reported net sales for the period amounted to MSEK 2,405 (2,397). Organic growth for the Group was 0%, where Entrance Control had a growth of 17%, while Safe Storage was -4%, Cash Management -2% and Integrated Security was -5%. The currency effect was 0%.

Net sales comprised of MSEK 1,977 related to product sales and MSEK 428 related to sales of services.

Operating Results

The internal financial performance follow-up for the business units and the Group as from the second quarter 2018 focuses on EBITA as the measure of performance.

EBITA for the period was MSEK 142 (170), equaling an EBITA margin of 5.9% (7.1), which included MSEK 6 (0) from associated companies and MSEK 10 (0) from the sale of facilities caused by the restructuring of our South African business.

The gross margin excluding items affecting comparability was 28.3% compared to 29.5% last year.

Selling and administrative expenses excluding items affecting comparability increased by MSEK 11 over the same period last year, of which currency was negligible. As a percent of net sales, this equaled 23.5% compared to 23.1% previous year.

Items affecting comparability impacted the result by MSEK -21 (-13) for the period with MSEK -4 (0) in cost of goods sold and MSEK -17 (-13) reported in selling and administrative expenses. Items affecting comparability are mainly related to personnel reductions as part of the structural changes to enable further profitability as well as changes in management, both within Business Unit Integrated Security.

EBIT Bridge

Changes in the operating profit for the period as compared to 2017, can be explained by:

- There was flat growth and hence no organic EBIT impact.

- The positive net structural effects of MSEK 7 reflect realised savings from implemented productivity measures and structural changes compensating for an increased level of items affecting comparability.
- Currency effects were MSEK 2, where the translation effect was MSEK 2 and transaction effect was MSEK 0.
- Other effects came mainly from the negative gross margin and S&A development, as well as from income from associated companies and the profit from sale of facilities in South Africa.

Other Financial Highlights

Net financial items totaled MSEK -25 (-28), an improvement over the previous year due to the completed refinancing in June 2017. Tax expense was MSEK -43 (-54) resulting in an effective tax rate of 51% (46). The effective tax rate was negatively impacted by current losses not recognised, tax on distributions from subsidiaries as well as final adjustments to prior year tax returns.

Free cash flow for the period January to June was MSEK -24 (-82). This includes investments of MSEK 72 (60), 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 from the sale of facilities in South Africa. Net cash flow from operating activities was improved, ending at MSEK 32 (-23) where the positive development in working capital compensated for the underlying operating profit (excluding impairments). Changes in working capital in the quarter were MSEK -2 (-148) with the largest improvements coming from inventories and receivables.

Cash flow from investing activities included MSEK -10 of divestment costs related to discontinued operations and MSEK -15 from a previous acquisition. Cash flow from financing activities totaled MSEK 29 (56), where 2017 included a higher level of loan activity due to the refinancing that was completed in the second quarter last year. Additionally, the first installment of the dividend payments was made with MSEK -46 (-92).

Net debt increased by MSEK 188 since year end with a currency impact of MSEK -93. The remaining increase is attributable to the first dividend installment payment of MSEK -46 and the rest is explained by the weakness in operating profits and negative working capital. The post-employment benefit provision remained relatively flat, ending at MSEK 488.

Total equity decreased by MSEK 603 for the period, primarily coming from the loss on discontinued operations, as well as dividend payment of MSEK -46, actuarial gains of MSEK 20 and currencies with MSEK 29.

Employees

The number of employees at the end of the second quarter was 4,395 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 second quarter and year to date were MSEK 57 (58) and MSEK 109 (119). Profit after financial items was MSEK -9 (8) in the second quarter and MSEK -2 (24) for the year to date. Net profit for the second quarter amounted to MSEK -10 (-16) and MSEK -4 (-4) for the year to date.

Discontinued Operations

For information about discontinued operations, please see page 8 and note 3, page 20, in this interim report.

New Financial Targets

With a clear focus on key product areas and with an organisational structure supporting it in place, the Group will also change its financial targets. 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 amortization. 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**

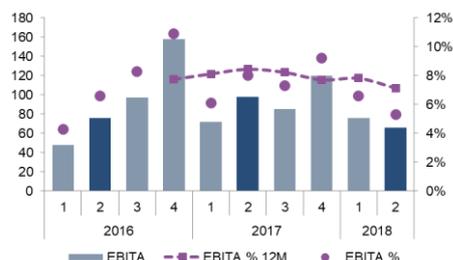
These targets will give transparency on Group ambitions and the underlying capabilities in the Business Units to deliver on the targets. These targets will be the key KPIs that will define how the Group will achieve profitable growth.

The Sustainability targets will remain as defined in 2016.

Sales Growth

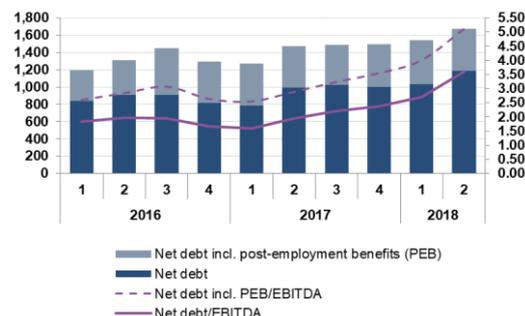


EBITA



Net debt/EBITDA

(continuing and discontinued operations)



Certification

The Board of Directors and the CEO of Gunnebo AB hereby certify that this interim report provides a true and fair overview of the business, financial position and results of the parent company and the Group, and describes significant risks and uncertainty factors with which the company and the companies in the Group are faced.

Gothenburg, 19 July 2018

Martin Svalstedt
Chairman

Henrik Lange
President and CEO

Göran Bille
Board member

Anna Borg Saether
Board member

Charlotte Brogren
Board member

Eva Elmstedt
Board member

Mikael Jönsson
Board member

Micke Fridström
Employee representative

Irene Thorin
Employee representative

Condensed consolidated income statements

MSEK	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net sales	1,248	1,225	2,405	2,397	4,861
Cost of goods sold	-892	-859	-1,728	-1,690	-3,447
Gross profit	356	366	677	707	1,414
Selling and administrative expenses	-302	-288	-582	-567	-1,127
Other operating income and expenses, net	-2	3	15	5	14
EBIT	52	81	110	145	301
Financial income and expenses, net	-12	-16	-25	-28	-54
Profit before taxes	40	65	85	117	247
Income taxes	-20	-34	-43	-54	-95
Net profit for the period from continuing operations	20	31	42	63	152
Net loss/profit for the period from discontinued operations	-625	8	-649	5	8
Net profit/loss for the period	-605	39	-607	68	160
Net profit/loss attributable to:					
Shareholders of the Parent Company	-605	39	-606	67	153
Non-controlling interests	0	0	-1	1	7
Net profit/loss for the period	-605	39	-607	68	160
Earnings per share, SEK	-7.94	0.51	-7.95	0.88	2.00
Of which, continuing operations, SEK	0.25	0.40	0.56	0.81	1.90
Of which, discontinuing operations, SEK	-8.19	0.11	-8.51	0.07	0.10
Earnings per share after dilution, SEK	-7.93	0.51	-7.94	0.87	2.00
Of which, continuing operations, SEK	0.25	0.40	0.56	0.80	1.90
Of which, discontinuing operations, SEK	-8.18	0.11	-8.50	0.07	0.10

Condensed consolidated statements of comprehensive income

MSEK	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net profit/loss for the period	-605	39	-607	68	160
Other comprehensive income					
Items that will not be reclassified to the income statement					
Remeasurements (actuarial gains and losses) ¹⁾	20	-2	20	-2	-20
Subtotal	20	-2	20	-2	-20
Items that may be reclassified to the income statement					
Translation differences on foreign operations	6	-66	29	-53	-74
Other ¹⁾	-2	1	1	2	4
Subtotal	4	-65	30	-51	-70
Other comprehensive income for the period	24	-67	50	-53	-90
Total comprehensive income for the period	-581	-28	-557	15	70
Total comprehensive income attributable to:					
Shareholders of the Parent Company	-580	-27	-552	15	66
Non-controlling interests	-1	-1	-5	0	4
Total comprehensive income for the period	-581	-28	-557	15	70

¹⁾ Net of taxes

Condensed consolidated balance sheets

	2018	2017 ¹⁾	2017
MSEK	30 Jun	30 Jun	31 Dec
Goodwill	1,443	1,596	1,596
Other intangible assets	299	302	314
Property, plant and equipment	292	328	345
Deferred tax assets	213	312	322
Other long-term assets	19	13	17
Total non-current assets	2,266	2,551	2,594
Inventories	782	911	902
Total customer receivables	948	1,206	1,413
Other short-term assets	337	356	294
Cash and cash equivalents	483	537	498
Assets of disposal group held for sale	484	-	-
Total current assets	3,034	3,010	3,107
Total assets	5,300	5,561	5,701
Total equity	1,263	1,813	1,866
Long-term financial liabilities	1,583	1,394	1,396
Provisions for post-employment benefits	392	482	494
Deferred tax liabilities	61	83	66
Total non-current liabilities	2,036	1,959	1,956
Accounts payable	535	655	742
Short-term financial liabilities	93	141	108
Other short-term liabilities	784	993	1,029
Liabilities of disposal group held for sale	589	-	-
Total current liabilities	2,001	1,789	1,879
Total equity and liabilities	5,300	5,561	5,701

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

Condensed consolidated statement of changes in equity

	2018	2017	2017
MSEK	30 Jun	30 Jun	31 Dec
Opening balance	1,866	1,890	1,890
Total comprehensive income for the period	-557	15	70
Dividends	-46	-92	-92
Other, including new share issue	-	-	-2
Closing balance	1,263	1,813	1,866

Condensed consolidated statements of cash flow (including discontinued operations)

MSEK	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
OPERATING ACTIVITIES					
Operating profit	-412	92	-386	151	304
Adjustment for depreciation	16	16	31	34	66
Adjustment for amortisation ¹⁾	14	13	28	25	51
Adjustment for impairments and write-downs	413	-	413	-	-
Other, including non-cash items	8	1	8	-3	-13
Interest and other financial items	-8	-18	-20	-29	-51
Taxes paid	-24	-40	-40	-53	-86
Net cash flow from operating activities before changes in working capital	7	64	34	125	271
Cash flow from changes in working capital	-35	-109	-2	-148	-200
Net cash flow from operating activities	-28	-45	32	-23	71
INVESTING ACTIVITIES					
Capital expenditure for intangibles, property, plant and equipment	-37	-31	-72	-60	-150
Sales of non-current assets	2	0	16	1	5
Acquisition related payments	-	-	-15	-	-
Divestment related payments	-10	-	-10	-	-
Net cash flow from investing activities	-45	-31	-81	-59	-145
Net cash flow after investments before financing	-73	-76	-49	-82	-74
FINANCING ACTIVITIES					
Change in loans and other financial items	114	175	75	148	107
Dividends	-46	-92	-46	-92	-92
Net cash flow from financing activities	68	83	29	56	15
Net cash flow for the period	-5	7	-20	-26	-59
Cash and cash equivalents at the beginning of the period	488	552	498	581	581
Translation differences	8	-22	13	-18	-24
Cash and cash equivalents at the end of the period	491	537	491	537	498
Free cash flow	-63	-76	-24	-82	-74

¹⁾ Amortisation from acquisition related intangibles amounted to MSEK 5 (6) in the second quarter and to MSEK 11 (12) for the the period January - June and also MSEK 22 for the full year 2017.

Changes in liabilities from financing activities and net debt

MSEK	Closing balance 30 Jun	Cash changes	Non-cash changes	Translation differences	Opening balance Jan 1
Long-term loans, including short-term portion	1,618	98	79	1	1,440
Short-term loans	58	-6	-	-	64
Other short-term financial assets (-)/liabilities(+)	2	-17	26	-	-7
Total liabilities from financing activities	1,678	75	105	1	1,497
Cash and cash equivalents	-491	20	-	-13	-498
Net debt	1,187	95	105	-12	999
Post-employment benefits, net	488	-9	-18	21	494
Net debt including post-employment benefits	1,675	86	87	9	1,493

Selected quarterly data¹⁾

Income statement, continuing operations, MSEK	2016						2017						2018		
	1	2	YTD	3	4	Full year	1	2	YTD	3	4	Full year	1	2	YTD
Net sales	1,107	1,157	2,264	1,174	1,454	4,892	1,172	1,225	2,397	1,164	1,300	4,861	1,157	1,248	2,405
Cost of goods sold excl. IAC	-793	-825	-1,618	-818	-1,011	-3,447	-831	-859	-1,690	-824	-919	-3,433	-835	-889	-1,724
Gross profit excl. IAC	314	332	646	356	443	1,445	341	366	707	340	381	1,428	322	359	681
Selling and administrative expenses (S&A) excl. IAC	-274	-266	-540	-271	-293	-1,104	-277	-277	-554	-262	-273	-1,089	-269	-296	-565
Other operating income and expenses, net, excl. IAC	2	4	6	6	2	14	2	3	5	1	8	14	17	-2	15
Add back: Amortisations of acquisition related intangible assets	6	6	12	6	6	24	6	6	12	6	4	22	6	5	11
EBITA	48	76	124	97	158	379	72	98	170	85	120	375	76	66	142
Add back: IAC	-4	-18	-22	-11	-23	-56	-2	-11	-13	-16	-23	-52	-12	-9	-21
Add back: Other amortisation and depreciation	17	17	34	23	18	75	17	18	35	17	19	71	17	19	36
EBITDA	61	75	136	109	153	398	87	105	192	86	116	394	81	76	157
EBIT	38	52	90	80	129	299	64	81	145	63	93	301	58	52	110
Key ratios, continuing operations, %															
<i>Sales growth</i>							2	1	2	1	-8	-1	0	0	0
<i>Gross margin excl. IAC</i>	28.4	28.7	28.5	30.3	30.5	29.5	29.1	29.9	29.5	29.2	29.3	29.4	27.8	28.8	28.3
<i>S&A excl. IAC in % of net sales</i>	24.8	23.0	23.9	23.1	20.2	22.6	23.6	22.6	23.1	22.5	21.0	22.4	23.2	23.7	23.5
<i>EBIT margin</i>	3.4	4.5	4.0	6.8	8.9	6.1	5.5	6.6	6.0	5.4	7.2	6.2	5.0	4.2	4.6
<i>EBITA margin</i>	4.3	6.6	5.5	8.3	10.9	7.7	6.1	8.0	7.1	7.3	9.2	7.7	6.6	5.3	5.9
Items affecting comparability (IAC), continuing operations, MSEK															
Items affecting comparability	-4	-18	-22	-11	-23	-56	-2	-11	-13	-16	-23	-52	-12	-9	-21
Whereof cost of goods sold	0	-4	-4	-7	-4	-15	0	0	0	-3	-11	-14	-1	-3	-4
Whereof S&A	-4	-14	-18	-4	-19	-41	-2	-11	-13	-13	-12	-38	-11	-6	-17
Earnings per share, continuing operations															
Earnings per share, SEK	0.15	0.27	0.42	0.55	1.02	2.00	0.41	0.40	0.81	0.33	0.76	1.90	0.31	0.25	0.56
Weighted average number of shares	76.185	76.228	76.206	76.270	76.295	76.244	76.320	76.320	76.320	76.320	76.320	76.320	76.320	76.320	76.320
Liquidity information, incl. discontinued operations, MSEK															
Net debt incl. post-employment benefits	1,193	1,312	1,312	1,444	1,297	1,297	1,271	1,472	1,472	1,489	1,493	1,493	1,543	1,675	1,675
Net debt	836	906	906	911	813	813	787	990	990	1,021	999	999	1,032	1,187	1,187
Net debt incl. post-employment benefits/EBITDA	2.6	2.8	2.8	3.1	2.7	2.7	2.6	2.9	2.9	3.2	3.5	3.5	4.0	5.1	5.1
Net debt/EBITDA	1.8	2.0	2.0	1.9	1.7	1.7	1.6	1.9	1.9	2.2	2.4	2.4	2.7	3.6	3.6
Free cash flow	7	27	34	18	107	159	-6	-76	-82	-63	71	-74	39	-63	-24
Proforma Balance sheet, continuing operations, MSEK															
Safe Storage	444	460	460	489	477	477	494	456	456	459	444	444	488	527	527
Cash Management	268	313	313	324	310	310	302	309	309	272	284	284	277	283	283
Entrance Control	141	106	106	148	171	171	168	179	179	167	196	196	202	201	201
Integrated Security	217	208	208	214	183	183	249	250	250	322	304	304	264	299	299
Operating capital employed	1,070	1,087	1,087	1,175	1,141	1,141	1,213	1,194	1,194	1,220	1,228	1,228	1,231	1,310	1,310
<i>Return on operating capital employed</i>				45.4	45.4	45.4	46.3	47.3	47.3	45.2	41.5	41.5	40.0	37.1	37.1
Group functions	-59	-43	-43	-50	-59	-59	-24	9	9	8	8	8	50	18	18
Goodwill	1,313	1,358	1,358	1,381	1,411	1,411	1,407	1,377	1,377	1,349	1,373	1,373	1,413	1,443	1,443
Capital employed	2,324	2,402	2,402	2,506	2,493	2,493	2,596	2,580	2,580	2,577	2,609	2,609	2,694	2,771	2,771
<i>Return on capital employed</i>				15.6	15.6	15.6	16.4	16.9	16.9	16.2	14.6	14.6	14.5	13.1	13.1

¹⁾ Refer to page 24 for definitions, and to gunnebogroup.com/en/investors/financial-definitions for a reconciliation of key performance measures

Quarterly Business unit data

	2016							2017							2018		
	1	2	YTD	3	YTD	4	Full year	1	2	YTD	3	YTD	4	Full year	1	2	YTD
Safe Storage																	
Net sales, MSEK	426	425	851	439	1,290	550	1,840	441	426	867	392	1,259	449	1,708	394	447	841
Sales growth, %								1	-5	-2	-9	-5	-17	-8	-10	2	-4
EBITA, MSEK	37	22	59	37	96	67	163	28	29	57	23	80	46	126	23	40	63
EBITA margin, %	8.7	5.2	6.9	8.4	7.4	12.2	8.9	6.3	6.8	6.6	5.9	6.4	10.2	7.4	5.8	8.9	7.5
Items affecting comparability (IAC), MSEK	-3	-3	-6	-1	-7	-8	-15	-1	-2	-3	-8	-11	-16	-27	-3	-2	-5
Operating capital employed, MSEK	444	460	460	489	489	477	477	494	456	456	459	459	444	444	488	527	527
Cash Management																	
Net sales, MSEK	196	264	460	224	684	263	947	250	294	544	233	777	254	1,031	253	289	542
Sales growth, %								24	7	14	6	12	-2	8	2	-5	-2
EBITA, MSEK	9	38	47	33	80	39	119	31	40	71	22	93	27	120	24	36	60
EBITA margin, %	4.6	14.4	10.2	14.7	11.7	14.8	12.6	12.4	13.6	13.1	9.4	12.0	10.6	11.6	9.5	12.5	11.1
Items affecting comparability (IAC), MSEK	0	-4	-4	-4	-8	-5	-13	0	-1	-1	-1	-2	-2	-4	-1	-2	-3
Operating capital employed, MSEK	268	313	313	324	324	310	310	302	309	309	272	272	284	284	277	283	283
Entrance Control																	
Net sales, MSEK	152	179	331	202	533	284	817	181	215	396	238	634	260	894	245	227	472
Sales growth, %								18	17	17	21	19	-6	10	36	2	17
EBITA, MSEK	7	17	24	31	55	59	114	15	37	52	45	97	48	145	43	26	69
EBITA margin, %	4.6	9.5	7.3	15.3	10.3	20.8	14.0	8.3	17.2	13.1	18.9	15.3	18.5	16.2	17.6	11.5	14.6
Items affecting comparability (IAC), MSEK	0	-5	-5	0	-5	-1	-6	0	-1	-1	-2	-3	-2	-5	-2	0	-2
Operating capital employed, MSEK	141	106	106	148	148	171	171	168	179	179	167	167	196	196	202	201	201
Integrated Security																	
Net sales, MSEK	333	289	622	309	931	357	1,288	300	290	590	301	891	337	1,228	265	285	550
Sales growth, %								-15	-5	-11	-2	-8	-1	-6	-9	-1	-5
EBITA, MSEK	29	25	54	28	82	30	112	26	20	46	26	72	35	107	-1	-4	-5
EBITA margin, %	8.7	8.7	8.7	9.1	8.8	8.4	8.7	8.7	6.9	7.8	8.6	8.1	10.4	8.7	-0.4	-1.4	-0.9
Items affecting comparability (IAC), MSEK	-1	-4	-5	-6	-11	-3	-14	-1	-3	-4	-8	-12	-1	-13	-5	-3	-8
Operating capital employed, MSEK	217	208	208	214	214	183	183	249	250	250	322	322	304	304	264	299	299
Group Functions																	
EBITA, MSEK	-34	-26	-60	-32	-92	-37	-129	-28	-28	-56	-31	-87	-36	-123	-13	-32	-45
EBITA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items affecting comparability (IAC), MSEK	0	-2	-2	0	-2	-6	-8	0	-4	-4	3	-1	-2	-3	-1	-2	-3
Operating capital employed, MSEK	-59	-43	-43	-50	-50	-59	-59	-24	9	9	8	8	8	8	50	18	18
Goodwill (proforma)																	
	1,313	1,358	1,358	1,381	1,381	1,411	1,411	1,407	1,377	1,377	1,349	1,349	1,373	1,373	1,413	1,443	1,443
Total Group																	
Net sales, MSEK	1,107	1,157	2,264	1,174	3,438	1,454	4,892	1,172	1,225	2,397	1,164	3,561	1,300	4,861	1,157	1,248	2,405
Sales growth, %								2	1	2	1	1	-8	-1	0	0	0
EBITA, MSEK	48	76	124	97	221	158	379	72	98	170	85	255	120	375	76	66	142
EBITA margin, %	4.3	6.6	5.5	8.3	6.4	10.9	7.7	6.1	8.0	7.1	7.3	7.2	9.2	7.7	6.6	5.3	5.9
Items affecting comparability (IAC), MSEK	-4	-18	-22	-11	-33	-23	-56	-2	-11	-13	-16	-29	-23	-52	-12	-9	-21
Capital employed (proforma), MSEK	2,324	2,402	2,402	2,506	2,506	2,493	2,493	2,596	2,580	2,580	2,577	2,577	2,609	2,609	2,694	2,771	2,771

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 receivables" 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 240 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.

Discontinued operations

The Group's businesses in France, Belgium and Luxemburg are classified as held for sale and are reported as discontinued operations and assets/liabilities held for sale as of 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 4-7 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 mentioned earlier in the report, 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, starting with the second quarter report 2018, 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 4-7.

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. 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:

	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
MSEK					
Safe Storage	40	29	63	57	126
Cash Management	36	40	60	71	120
Entrance Control	26	37	69	52	145
Integrated Security	-4	20	-5	46	107
Subtotal business unit EBITA	98	126	187	226	498
Group functions	-32	-28	-45	-56	-123
EBITA	66	98	142	170	375
Amortisations of acquisition related intangible assets	-5	-6	-11	-12	-22
Items affecting comparability (IAC)	-9	-11	-21	-13	-52
EBIT	52	81	110	145	301
Financial income and expenses, net	-12	-16	-25	-28	-54
Profit before taxes from continuing operations	40	65	85	117	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 payables, 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:

	2018 30 Jun	2017 30 Jun	2017 31 Dec
MSEK			
Safe Storage	527	456	444
Cash Management	283	309	284
Entrance Control	201	179	196
Integrated Security	299	250	304
Operating capital employed from Business Units	1,310	1,194	1,228
Group functions	48	45	43
Goodwill	1,443	1,377	1,373
Capital employed	2,801	2,616	2,644

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. Closing of the divestment is subject to regulatory and works council approval which is normal for such transactions and is expected to close during the fourth quarter 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

	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
MSEK					
Net sales	270	285	526	553	1,130
Operating expenses excl. depreciation and amortisation	-285	-268	-567	-535	-1,103
EBITDA	-15	17	-41	18	27
Depreciation and amortisation	-6	-6	-12	-12	-24
EBIT	-21	11	-53	6	3
Financial income and expenses, net	0	-1	-1	-2	-3
Profit/loss before taxes	-21	10	-54	4	0
Income taxes	5	-2	14	1	8
Results from operating activities	-16	8	-40	5	8
Loss on divestment	-609	-	-609	-	-
Net profit/loss from discontinued operations	-625	8	-649	5	8

Net sales year to date for discontinued operations were made up of 20 percent Safe Storage, 8 percent Cash Management, 3 percent Entrance Control and 69 percent from Integrated Security. Net sales year to date comprised of MSEK 353 related to product sales and MSEK 173 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

	2018 Q2
MSEK	
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 Jun	2017 30 Jun	2017 31 Dec
Goodwill	-	219	223
Other intangible assets	-	34	39
Property, plant and equipment	-	65	61
Deferred tax assets	-	100	110
Other long-term assets	-	2	2
Inventories	121	200	184
Total customer receivables	325	334	364
Other short-term assets	30	41	34
Cash and cash equivalents	8	5	4
Total assets of Disposal Group held for sale	484	1,000	1,021
Provisions for post-employment benefits	96	93	90
Deferred tax liabilities	16	15	15
Accounts payable	143	152	160
Other short-term liabilities	334	295	281
Total liabilities of Disposal Group held for sale	589	555	546

Cash flow information of the discontinued operations

Cash flow from discontinued operations

MSEK	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Cash flow from operating activities	-22	-39	-5	14	9
Cash flow from investing activities	-15	-6	-20	-11	-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

	2018	2018	2017	2017	2017	2017	2016	2016	2016	2016
MSEK	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1,443	1,413	1,373	1,349	1,377	1,407	1,411	1,381	1,358	1,313
Other intangible assets	299	286	275	264	268	266	262	260	260	260
Property, plant and equipment	292	291	284	263	263	276	280	278	278	269
Deferred tax assets	213	209	212	202	212	231	241	263	231	222
Other long-term assets	19	19	15	10	11	11	12	12	13	14
Total non-current assets	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	484	1,018	1,021	975	1,000	944	995	959	992	923
Inventories	782	753	718	730	711	693	647	687	621	611
Total customer receivables	948	909	1,049	882	872	919	1,009	889	823	807
Other short-term assets	337	294	260	277	315	264	227	246	236	225
Cash and cash equivalents	483	482	494	444	532	548	566	490	536	451
Total current assets	3,034	3,456	3,542	3,308	3,430	3,368	3,444	3,271	3,208	3,017
Total assets	5,300	5,674	5,701	5,396	5,561	5,559	5,650	5,465	5,348	5,095
Total equity	1,263	1,890	1,866	1,788	1,813	1,933	1,890	1,735	1,753	1,771
Long-term financial liabilities	1,583	1,438	1,396	1,359	1,394	1,129	1,152	1,142	1,219	1,113
Provisions for post-employment benefits	392	417	404	376	389	393	395	442	317	269
Deferred tax liabilities	61	55	51	64	68	72	74	78	77	81
Total non-current liabilities	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	589	554	546	519	555	560	536	529	554	526
Accounts payable	535	499	582	519	503	474	582	492	450	428
Short-term financial liabilities	93	74	108	118	141	219	251	274	236	184
Other short-term liabilities	784	747	748	653	698	779	770	773	742	723
Total current liabilities	2,001	1,874	1,984	1,809	1,897	2,032	2,139	2,068	1,982	1,861
Total equity and liabilities	5,300	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 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Full year
Net revenue	57	58	109	119	239
Administrative expenses	-69	-47	-112	-89	-221
EBIT	-12	11	-3	30	18
Financial income and expenses, net	3	-3	1	-6	-7
Profit after financial items	-9	8	-2	24	11
Appropriations	-	-	-	-	119
Profit before taxes	-9	8	-2	24	130
Income taxes	-1	-24	-2	-28	-52
Net profit for the period	-10	-16	-4	-4	78

Total comprehensive income corresponds with net profit for the period.

Condensed parent company statements of financial position

MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
Intangible assets	76	46	63
Property, plant and equipment	3	2	3
Investments in group companies	1,585	1,585	1,585
Deferred tax assets	20	42	20
Total non-current assets	1,684	1,675	1,671
Receivables from group companies	53	59	59
Other short-term assets	40	39	20
Cash and cash equivalents	2	2	2
Total current assets	95	100	81
Total assets	1,779	1,775	1,752
Total equity	1,498	1,467	1,548
Liabilities to group companies	210	260	150
Other short-term liabilities	71	48	54
Total current liabilities	281	308	204
Total equity and liabilities	1,779	1,775	1,752

Condensed changes in parent company equity

MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
Opening balance	1,548	1,563	1,563
Total comprehensive income for the period	-4	-4	78
Dividends	-46	-92	-92
Other, including new share issue	0	-	-1
Closing balance	1,498	1,467	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 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.
EBITA	EBIT before amortisation of acquisition related intangible assets, excluding items affecting comparability.
EBITA margin	EBITA as a percentage of net sales.
Free cash flow	Cash flow from operating and investing activities, excluding cash flows related to acquisitions and divestments.
Gross margin	Gross profit 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)	Net debt including provisions for post-employment benefits.
Net debt/EBITDA	Net debt divided by Group EBITDA (incl. discontinued operations), rolling 12 months.
Net debt including PEB/EBITDA	Net debt including provisions for post-employment benefits divided by Group EBITDA (incl. discontinued operations), rolling 12 months.
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

Third Quarter Report 2018	23 October, 2018
Capital Market Day 2018	15 November, 2018
Year-End Report 2018	6 February, 2019
Annual General Meeting 2019	11 April, 2019

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*This interim report is a translation of the original report in Swedish.
This report has not been reviewed by the company's auditors.*



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 July 19, 2018.

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