GUNNEBO GROUP Q4 2019

Steady Underlying Improvements During a Year of Change

Q4 2019

- Order intake amounted to MSEK 1,143 (1,247), a decline of -8% (-13% in constant currencies) year-on-year
- Net sales amounted to MSEK 1,512 (1,420), a growth of 6% (3% in constant currencies) year-on-year
- EBITA amounted to MSEK 109 (110) and the EBITA margin was 7.2% (7.7)
- Impairment from acquisition related intangibles amounted to MSEK -29 (-10)
- Items affecting comparability (IAC) amounted to MSEK -68 (-30)
- Operating profit (EBIT) amounted to MSEK 9 (67)
- Net profit for the period amounted to MSEK -25 (22)
- Earnings per share amounted to SEK -0.26 (0.27), and adjusted earnings per share amounted to SEK 0.91 (0.90)
- Free cash flow amounted to MSEK 203 (133), and free cash flow per share amounted to SEK 2.12 (1.74)

January – December 2019

- Order intake amounted to MSEK 5,485 (5,218), an increase of 5% (2% in constant currencies) year-on-year
- Net sales amounted to MSEK 5,459 (5,128), a growth of 6% (3% in constant currencies) year-on-year
- EBITA amounted to MSEK 321 (334) and the EBITA margin to 5.9% (6.5)
- Impairment from acquisition related intangibles amounted to MSEK -29 (-21)
- Items affecting comparability (IAC) amounted to MSEK -91 (-29)
- Operating profit (EBIT) amounted to MSEK 192 (265)
- Net profit for the period amounted to MSEK 45 (120)
- Earnings per share amounted to SEK 0.55 (1.57) and adjusted earnings per share amounted to SEK 2.25 (2.30)
- Free cash flow amounted to MSEK 197 (124) and free cash flow per share amounted to SEK 2.41 (1.62)
- A dividend of SEK 0.00 per share (0.50), is proposed

Financial Summary[1)]

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Order intake	1,143	1,247	5,485	5,218
Reported growth, %	*-8*	*0*	*5*	*5*
Order intake growth, %	*-13*	*-3*	*2*	*2*
Net sales	1,512	1,420	5,459	5,128
Reported growth, %	*6*	*9*	*6*	*5*
Sales growth, %	*3*	*6*	*3*	*3*
EBITA	109	110	321	334 [2)]
EBITA margin, %	*7.2*	*7.7*	*5.9*	*6.5*
Amortisation and impairment from acquisition related intangibles	-35	-13	-47	-40
Items affecting comparability (IAC)	-68	-30	-91	-29 [2)]
EBIT	9	67	192	265
Net profit for the period	-25	22	45	120
Earnings per share, SEK	-0.26	0.27	0.55	1.57
Adjusted earnings per share, SEK	0.91	0.90	2.25	2.30
Free cash flow	203	133	197	124
Free cash flow per share, SEK	2.12	1.74	2.41	1.62
Net debt	1,350 [3)]	1,339	1,350 [3)]	1,339
Net debt/EBITDA, times	3.0 [4)]	3.5	3.0 [4)]	3.5
Dividend per share, SEK (*proposed)	-	-	0.00*	0.50

Unless otherwise stated, text and numbers in this report refer to continuing operations.

1) Refer to page 25 for definitions, and to gunnebogroup.com/en/investors/financial-definitions for a reconciliation of key performance measures.
2) IAC in 2018 has been adjusted compared to previous published figures. For further information, see Note 1.
3) Net debt includes the effect of IFRS 16 Leases effective from 1 January 2019. Comparative figures have not been restated.
4) The proforma rolling 12-month (R12M) EBITDA has been calculated as an indicative figure for 2019 due to the acquisition of Cominfo in July 2019.

GUNNEBO® For a safer world

CEO Comments

This is my first quarterly report after I was appointed President and CEO of Gunnebo in November 2019. I joined Gunnebo in May 2018, so I have had time to learn about the Group before assuming my new role.

We have now left 2019 behind, which was an eventful year for Gunnebo. The Business Unit structure was finalised, and our regional organisations were phased out. I also communicated the implementation of a smaller, more focused management team. The feedback from our customers on the new organisation has been positive, and employee surveys show increased engagement from our employees. We closed the acquisition of Cominfo and integrated the business into Entrance Control, launched a cost efficiency programme in July 2019 – which is now being realised according to plan and will take full effect from the second half of 2020 – and carried out a rights issue, which contributed MSEK 351 in the third quarter.

Comments on the fourth quarter and the full year

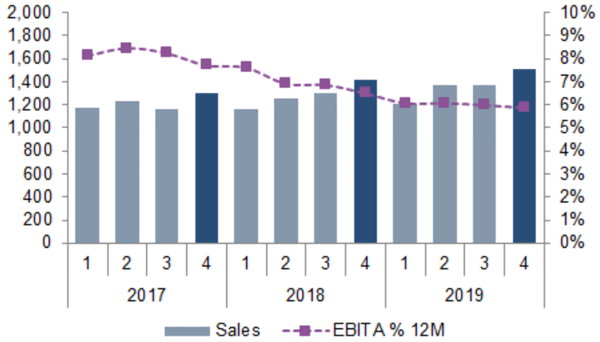
In the fourth quarter, we noticed a weakening in the market. The Group's order intake fell by 13% compared with the corresponding quarter last year in constant currencies. Sales continued to grow in the fourth quarter, +3% in constant currencies, and we ended the year with a better order book than last year. We are keeping a close eye on the order intake trend and have taken measures to ensure a proper customer focus. We are also aware that the phasing of contracts may affect the comparison between quarters. Cash flow was strong in the fourth quarter due to positive effects from capital employed.

For the full year, we reported net growth in both order intake and net sales, of 2% and 3%, respectively, in constant currencies.

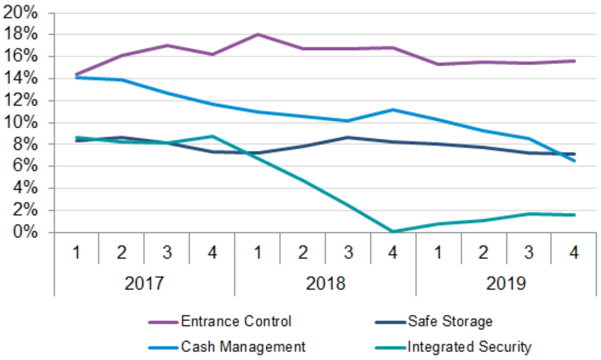
The Group's EBITA for the fourth quarter was in line with the previous year, at MSEK 109 (110), resulting in a margin of 7.2% (7.7). The Group's reported EBITA for the full year was MSEK 321 (334), resulting in a margin of 5.9% (6.5). Even if this is far from satisfactory, it is still a decent result, considering all ongoing changes.

We ended the year with a net debt/EBITA of 3.0 (3.5), an improvement with 0.2 from the third quarter, and generated a free cash flow of MSEK 197 (124) mainly due to focus on our working capital.

Group Sales & EBITA Margin



EBITA Margin 12M per Business Unit



Development per Business Unit

Entrance Control had a strong year with an increase of 29% in order intake and a rise in net sales of 21% in constant currencies. The integration of Cominfo goes according to plan, and the expected synergies have been confirmed. Entrance Control keeps growing with innovative solutions in the Mass Transit segment and several new orders have been won in the Airports segment. This has been possible due to our ability to deliver global projects with large volumes and excellent quality.

Safe Storage reported an increase in order intake of 2% for the full year and sales grew by 6% in constant currencies. As part of the cost efficiency programme, the Business Unit will continue reviewing the cost structure in Europe. Safe Storage has begun its journey to changing its route-to-market in Europe to a partnership model. In parallel, market testing of new, innovative, products aimed at driving growth is now ongoing in several customer segments. We expect some of these projects to contribute to sales already in 2020.

Cash Management ended a challenging year with a decline in sales while investments continued in product development and new sales channels. For the full year, order intake fell by 15% and net sales fell by 9% in constant currencies. A stronger cost focus and the expected increase in sales of newly launched products set the stage for increased sales and improved margins ahead. Cash Management has launched several innovative products and pieces of software over the year. In 2020, the Business Unit presented a partnership with Loomis in the US, for which we developed both hardware and software for Titan Z, Loomis' new retail solution for cash deposits. This shows that we have the expertise and capacity required to develop and deliver hardware and software solutions to global partners.

Integrated Security is a portfolio of local business operations that just ended a weak 2019 with a 7% decline in order intake and 6% decline in net sales in constant currencies. Profitability improved over the year but has not reached a satisfactory level.

In the ongoing strategic review customer and product synergies have been identified with other Business Units. This means that approximately 20% of the business operations will be merged into Safe Storage and Entrance Control in 2020. At the same time, the Business Unit will change name to Other Business, which better reflects the Business Unit's diversified operations. The new reporting structure and historical key ratios will be presented in the first quarter of 2020. The strategic review of the remaining business operations in Other Business will continue.

As a consequence of the strategic review, items affecting comparability and an impairment totalling MSEK -56 were linked to the Business Unit in the fourth quarter.

In focus 2020

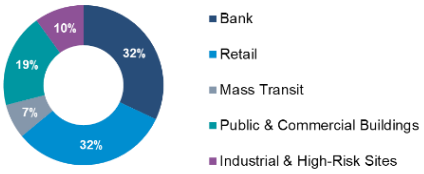
As newly appointed President & CEO, I can see how Gunnebo's employees, products, brand portfolio and international market presence will allow us to grow our sales while improving profitability in the coming years. We are active in exciting market segments and geographic markets with an annual growth rate ranging from 3% to 6%. The Cominfo acquisition shows Gunnebo's capability to further strengthen our market position through acquisitions. While addressing cost levels, we continue investing in innovation – the key to long-term growth. Therefore I consider it very positive that the Board unanimously decided to propose to the Annual General Meeting to not pay any dividend for the 2019 fiscal year. This shows that our main owners are fully behind and support our continued profitable growth.

I am convinced that in 2020, Gunnebo will see positive effects of the change. I look forward to managing this change project together with the executive team and the group's employees, with our sights set on profitable growth.

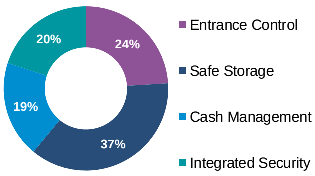
Gothenburg, 7 February 2020
Stefan Syrén
President & CEO

Gunnebo's Business

Sales by Customer Segment, YTD



Sales by Business Unit, YTD



Performance In Brief [1)]

Order intake, MSEK	2019 Q4	2018 Q4	Reported growth %	Order intake growth %	2019 YTD	2018 YTD	Reported growth %	Order intake growth %
Entrance Control	253	231	*10*	*6*	1,377	1,041	*32*	*29*
Safe Storage	444	511	*-13*	*-18*	2,020	1,889	*7*	*2*
Cash Management	203	271	*-25*	*-27*	1,051	1,194	*-12*	*-15*
Integrated Security	243	234	*4*	*-2*	1,037	1,094	*-5*	*-7*
Total	1,143	1,247	*-8*	*-13*	5,485	5,218	*5*	*2*

Net sales, MSEK	2019 Q4	2018 Q4	Reported growth %	Sales growth %	2019 YTD	2018 YTD	Reported growth %	Sales growth %
Entrance Control	422	280	*51*	*46*	1,307	1,048	*25*	*21*
Safe Storage	521	506	*3*	*-2*	2,019	1,826	*11*	*6*
Cash Management	275	296	*-7*	*-10*	1,034	1,090	*-5*	*-9*
Integrated Security	294	338	*-13*	*-15*	1,099	1,164	*-6*	*-6*
Total	1,512	1,420	*6*	*3*	5,459	5,128	*6*	*3*

EBITA, MSEK	2019 Q4	Margin %	2018 Q4	Margin %	2019 YTD	Margin %	2018 YTD	Margin %
Entrance Control	76	*18.0*	52	*18.6*	204	*15.6*	176	*16.8*
Safe Storage	42	*8.1*	44	*8.7*	144	*7.1*	151	*8.3*
Cash Management	20	*7.3*	42	*14.2*	68	*6.6*	122	*11.2*
Integrated Security	5	*1.7*	7	*2.1*	17	*1.5*	1	*0.1*
Group Functions	-34	-	-35	-	-112	-	-116 [2)]	-
Total	109	*7.2*	110	*7.7*	321	*5.9*	334 [2)]	*6.5*

Other financial information, MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Amortisation and impairment from acquisition related intangibles	-35	-13	-47	-40 [3)]
Items affecting comparability (IAC)	-68	-30	-91	-29 [2)]
IFRS 16 leasing effect	3	-	9	-
EBIT	9	67	192	265

1) Refer to page 25 for the Group´s definitions of key performance measures.
2) IAC in 2018 has been adjusted compared to previous published figures. For further information, see Note 1.
3) Wherof impairment amounted to MSEK -29 (-10) in the quarter and to MSEK -29 (-21) for the full year.

Group Q4 Performance

Order intake

Order intake amounted to MSEK 1,143 (1,247), a decline of -13% in constant currencies.

Net sales

Net sales were MSEK 1,512 (1,420). Excluding impacts from currency and divestments, sales growth was 3%, mainly explained by the acquisition of Cominfo.

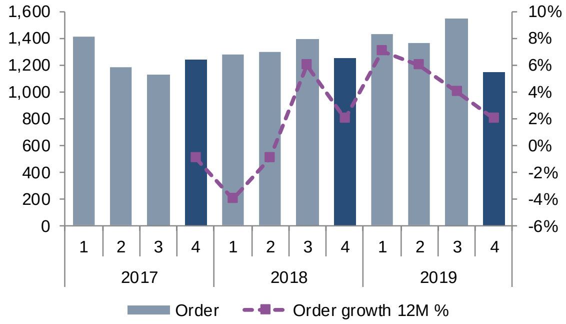
Net sales relating to Service constituted 13% (17) of the Group's total.

Operating results

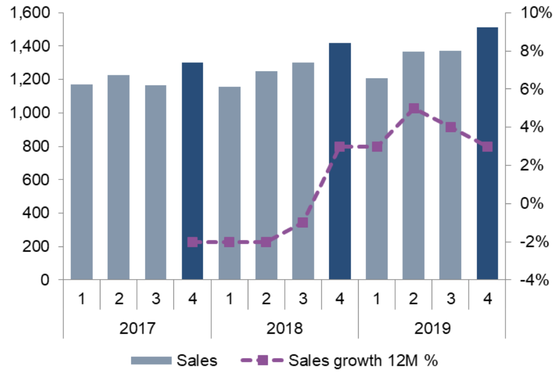
EBITA was MSEK 109 (110), equalling an EBITA margin of 7.2% (7.7). Changes in the fourth quarter, as compared to the corresponding quarter 2018, can be explained by:

- The sales growth impacted operating profit positively with MSEK 15.
- Cost savings from former and ongoing cost efficiency measures were MSEK 18 of which MSEK 10 were related to the cost efficiency programme launched in July.
- Currency effects were MSEK 6, of which the translation effect was MSEK 5 and the transaction effect was MSEK 1.
- Other effects of MSEK -40 came mainly from the net of a positive product mix offset by overhead cost changes.

Order Growth



Sales Growth



Items affecting comparability impacted the Group's result by MSEK -68 (-30) in the quarter, of which MSEK 45 was linked to the cost efficiency programme launched in July 2019 and MSEK 23, mainly being the effect of the structural review of Integrated Security.

Other operating income and expenses excluding items affecting comparability totalled MSEK -29 (-13), mainly including the impairment of acquisition related intangibles of MSEK -29 (-10) linked to Integrated Security.

Investments in product development amounted to MSEK 28 (20), representing 1.9% (1.4) of net sales.

EBIT for the period amounted to MSEK 9 (67).

Financial net and taxes

The financial net for the quarter was MSEK -18 (-18). Excluding the impact of IFRS 16 Leases of MSEK -4, there was a decrease in interest expenses on external financing.

The tax cost for the quarter was MSEK -16 (-27). Last year included write-down of deferred tax assets.

Cash flow

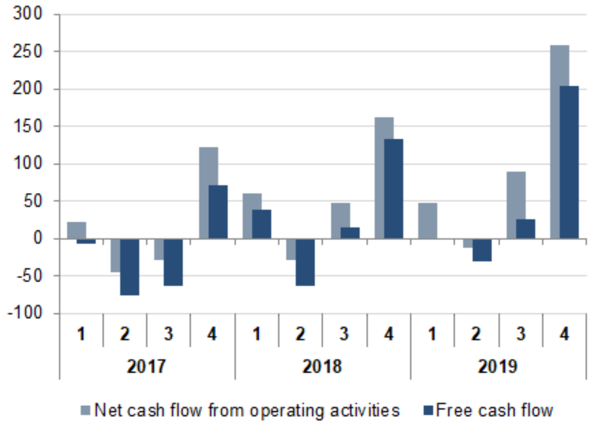
Net cash flow from operating activities amounted to MSEK 259 (162, including discontinued operations). Excluding the impact of IFRS 16 Leases and its depreciation of right of use assets of MSEK 28, this improvement is mainly driven by the positive development in working capital of MSEK 238 (88, whereof discontinued operations represented 40). This was partly offset by higher taxes paid during the quarter, mainly related to the tax case lost in Q2. Other non cash flow items included changes in provisions for post-employment benefits related to pension payments.

Cash flow from investing activities amounted to MSEK -25 (-279) where investments in tangible and intangible assets amounted to MSEK -32 (-31). Last year included divestment related payments of MSEK -221.

Net cash flow from financing activities totalled MSEK -356 (183) mainly representing changes in the credit facilities during the third quarter for the payment of the acquisition of Cominfo and the IFRS 16 Leases impact on lease liability payments.

Free cash flow for the quarter was MSEK 203 (133) and net cash flow for the quarter ended at MSEK -122 (66).

Cash Flow

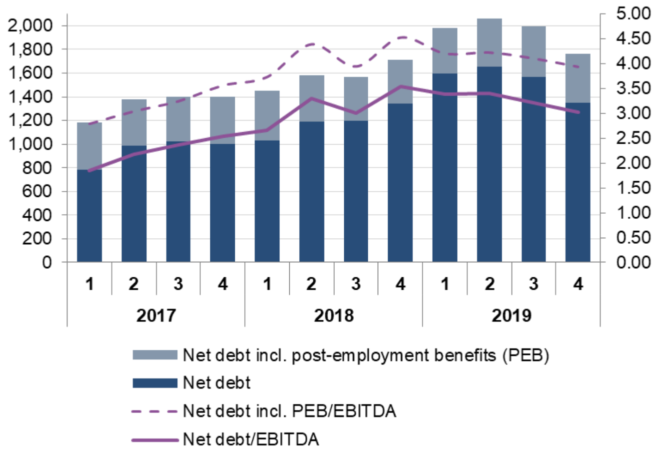


Net debt

Net debt including post-employment benefits decreased by MSEK 238 in the quarter mainly due to the decrease in loans. Provision for post-employment benefits decreased by MSEK 23 due to pension payments as well as changed assumptions.

Net debt amounted to MSEK 1,350. Net debt/EBITDA at the end of December was improved from 3.2 at end Q3 to 3.0 (3.5). See Note 2 for further details.

Net Debt



Total equity decreased by MSEK 89 in the quarter and was mainly attributable to the net loss for the period of MSEK -25 and negative currency developments on foreign operations of MSEK -73, offset by the remeasurements of post-employment benefits net of taxes of +8 MSEK.

Earnings per share for the quarter, both before and after dilution, were SEK -0.26 (0.27).

As the rights issue was completed on 30 September 2019, the weighted average number of shares is significantly impacted in the fourth quarter. The weighted average number of shares in the quarter was 95,561 thousand shares (76,449). See Note 5 for further details.

Group 2019 Performance

Acquisition of Cominfo a.s.

On 1 July 2019, Gunnebo acquired 100 percent of the shares in the Czech company, Cominfo. The purchase price amounted to MSEK 233, net of cash. The acquisition has been consolidated in the Group accounts since the third quarter within Business Unit Entrance Control. See Note 4 for acquisition analysis.

Net sales were MSEK 5,459 (5,128). Sales growth was 3% excluding impacts from currency and divestments, of which Cominfo represented slightly more than half. EBITA was MSEK 321 (334), and the EBITA margin was 5.9% (6.5). Changes year-to-date, as compared to the corresponding period 2018, can be explained by:

- The sales growth impacted operating profit with MSEK 61.
- Savings from cost-efficiency measures were MSEK 48, of which MSEK 14 were related to the cost-efficiency programme launched in July 2019.
- Currency effects were MSEK 20, of which the translation effect was MSEK 19 and transaction effect was MSEK 1.
- Other effects of MSEK -142 came mainly from the net of overhead cost increase and from loss on associated companies, offset by product mix improvements. The overhead costs for the year are impacted by temporary costs due to implementation of the global Business Unit structure where dual structures have been in place.

Other operating income and expenses excluding items affecting comparability totalled MSEK -32 (-20). This included the impairment of acquisition related intangibles of MSEK -29 (-21) linked to Integrated Security.

Items affecting comparability amounted to MSEK -91 (-29) which included costs related to the cost-efficiency programme of MSEK 53 and MSEK 38, being a net derived from former initiatives and profit on sale of property in Portugal recorded in the second quarter. The total cost for the efficiency programme has been re-confirmed to end at MSEK 60 with the remainder to be taken during the first half of 2020 where re-confirmed savings will show full year effect from second half of 2020. Last year, IAC costs included MSEK 60 of structural costs, offset by both the gain of MSEK 21 on the divestment of a non-core monitoring service business in Spain and MSEK 10 being the profit from the sale of a facility in South Africa.

EBIT for the period amounted to MSEK 192 (265).

The financial net amounted to MSEK -76 (-53). Excluding the impact of IFRS 16 Leases of -14 MSEK, net financial items increased mainly due to higher interest expenses and financing costs on external financing.

Income taxes amounted to MSEK -71 (-92), corresponding to an effective tax rate of 61% (43). The effective tax rate was negatively impacted by the impairment of acquisition related intangibles of MSEK -29 (-21) linked to Integrated Security, current losses not recognised and a tax cost of MSEK -10 related to a lost tax case from 2012. Last year's taxes included final adjustments to prior year tax returns and write-downs of deferred tax assets.

Net profit for the period amounted to MSEK 45 (120).

Net cash flow from operating activities amounted to MSEK 384 (242), including working capital changes of MSEK 162 being a positive development compared to last year (87, whereof discontinued operations represented MSEK 52) and the add-back of depreciation right of use assets of MSEK 111 (0). This was partly offset by higher taxes paid, mainly related to the tax case lost in Q2. Other non cash flow items of MSEK -31 (29) included adjustment for profit on sale of property in Portugal and changes in provisions for post-employment benefits. Last year included adjustments for changes in provisions, gain on divestment in Spain as well as profit on sale of facility in South Africa.

Cash flow from investing activities amounted to MSEK -336 (-412) and included acquisition related payments of MSEK -253 (-59), whereof MSEK -237 was related to the acquisition of Cominfo and MSEK -16 to previous acquisitions. Cash flow from investing activities included investments of MSEK -115 (-137) in intangible and tangible assets, offset by proceeds from the sale of non-current assets, being mainly the sale of property in Portugal of MSEK 26 (13, related to the sale of facility in South Africa). Divestment related payments of MSEK -235 in 2018 were mainly related to the divestment of businesses in France, Belgium and Luxembourg.

Cash flow from financing activities of MSEK 108 (235) included the impact of IFRS 16 Leases with payments of MSEK -106, dividend payment of MSEK -38 (-92) and a net change in loans of MSEK 252, of which the proceeds from the rights issue were MSEK 351.

Free cash flow for the period was MSEK 197 (124), and **net cash flow** for the period ended at MSEK 156 (65).

Parent company

The Group's parent company, Gunnebo AB, is a holding company which has the main task of holding and managing shares in other Group companies, as well as providing Group-wide services.

Net revenue for the fourth quarter was MSEK 142 (96). Profit after financial items was MSEK 4 (4) and net profit/loss for the period amounted to MSEK -5 (69).

For the period January – December 2019, net revenue was MSEK 330 (266), while profit after financial items was MSEK 4 (5) and net profit/loss for the period amounted to MSEK -13 (65).

Employees

The number of employees at year-end was 4,256 (4,412) of which 193 employees were related to the acquisition of Cominfo.

Proposed Dividend

After the introduction of the product-focused organisation, Gunnebo is ready to deliver the next phase of its development. The Group will to a greater extent develop new customer offerings and take advantage of the opportunities offered by acquisitions and divestments.

With this in mind, and considering that the company completed a new share issue of some MSEK 360 in 2019, of which MSEK 250 has already been used for acquisitions, the Board estimates that a continued strengthening of the Group's balance sheet will increase the company's scope for action in the coming year. The Board therefore proposes a dividend of SEK 0.00 (0.50) per share for the financial year 2019.

This divergence from the long-term dividend policy should be regarded as temporary.

Events after closing of the period

No significant events have occurred after closing of the period.

Gothenburg, 7 February 2020

Stefan Syrén

President and CEO

This report has not been reviewed by the company´s auditors.

Entrance Control

Record quarter in sales growth and profit, slower order intake

Entrance Control	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Order intake, MSEK	253	231	1,377	1,041
Reported growth, %	*10*	*-5*	*32*	*4*
Order intake, growth, %	*6*	*-10*	*29*	*0*
Net sales, MSEK	422	280	1,307	1,048
Reported growth, %	*51*	*8*	*25*	*17*
Sales growth, %	*46*	*3*	*21*	*13*
EBITA, MSEK	76	52	204	176
EBITA margin, %	*18.0*	*18.6*	*15.6*	*16.8*
Items affecting comparability (IAC), MSEK	-4	-2	-7	-5
Operating capital employed, MSEK	354	181	354	181

- Q4 was an intense quarter in terms of demonstrating Entrance Control globally: For the airport segment with FTE Asia in Singapore, The 7th Latin American Airport and Aviation Summit in Panamá, National Conference AAA in Brisbane and Airport Solutions in Indonesia. For the office building segment with Sicurezza in Italy and ISC East in New York.
- In mid-December, a Memorandum of Understanding (MOU) was signed with UAE-based facility management and cash services company Transguard. The MOU will allow a closer co-operation around entrance and access control for high risk sites in UAE.

Sales Development Q4 2019

The Business Unit reported an order intake growth for the fourth quarter of 6% in constant currencies. Excluding Cominfo, order intake declined by 6% due to a general slowdown and lower levels of project business in the quarter.

Sales in the quarter were on all-time high levels of MSEK 422 a growth of 46% in constant currencies. Growth came from the Cominfo acquisition as well as project business to among others airport, metro and bus rapid transport (BRT). Excluding Cominfo, sales growth was 29%.

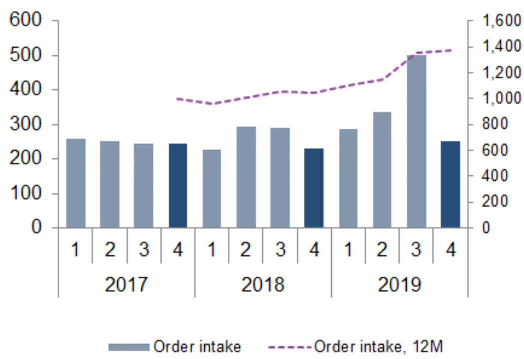
Europe continued to grow sales to Public and Commercial Buildings, including office buildings but also to retailers wanting to control the entrances to their stores, gyms, campuses and banks. In the Middle East, delivery of high-security entrance and access control solutions to the large project in Egypt gave a strong contribution to the Unit’s overall sales growth.

In Asia-Pacific, Gunnebo has been trusted to deliver high-security entrance and access control solutions to prestigious projects in India and Australia, to which major deliveries were made in the quarter. In Americas, Gunnebo’s growth towards Public and Commercial Buildings continued. Moreover, there was good growth in sales to airports, metro and buss rapid transport (BRT) across the region.

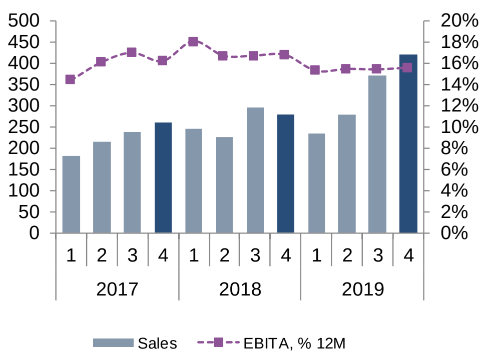
Result Development

Entrance Control reported an all-time-high EBITA in Q4 of MSEK 76 (52), resulting in an EBITA margin of 18.0% (18.6). For the full year, EBITA amounted to MSEK 204 (176), resulting in an EBITA margin of 15.6% (16.8). Entrance Control has been able to both grow and prepare for future growth during the year, which explains the slightly lower EBITA margin compared to last year.

Order intake by Quarter



Sales & EBITA by Quarter



Safe Storage

Improved cost control and increased focus on innovation

Safe Storage	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Order intake, MSEK	444	511	2,020	1,889
Reported growth, %	*-13*	*19*	*7*	*10*
Order intake, growth, %	*-18*	*20*	*2*	*9*
Net sales, MSEK	521	506	2,019	1,826
Reported growth, %	*3*	*13*	*11*	*7*
Sales growth, %	*-2*	*8*	*6*	*4*
EBITA, MSEK	42	44	144	151
EBITA margin, %	*8.1*	*8.7*	*7.1*	*8.3*
Items affecting comparability (IAC), MSEK	-10	-17	-17	-24
Operating capital employed, MSEK	428	491	428	491

- Partnership agreement with Insafe in the UK in place since November, and partnership with Ferrimax in Spain and Portugal in place from February. This is in line with the strategy to move from direct to indirect sales model in order to optimise the route to market through strong local or regional partnerships.
- Continued high focus on innovation aiming at developing new solutions including new market segments and ways to serve the end-customer.
  Results will start to come through during 2020.
- Successful participation in the International Security Expo in London, showcasing SecureIT - a solution to protect sensitive IT equipment from physical attack, e-spionage and electro-magnetic pulse radiation was presented.

Sales Development Q4 2019

The Business Unit's order intake declined by 18% during Q4 year on year in constant currencies. This was due to a combination of softer market demand, fluctuating contract based business and challenging year-on-year comparisons.

Sales had a slight decline in Q4 of 2% year on year in constant currencies. This was mainly due to historically high comparison sales levels and the phasing of sales of ATM safes.

In EMEA, sales had a good development in the Nordic markets coming from sales of Secure IT. Sales of automated safe deposit lockers, SafeStore Auto, also continued to develop well across the region.

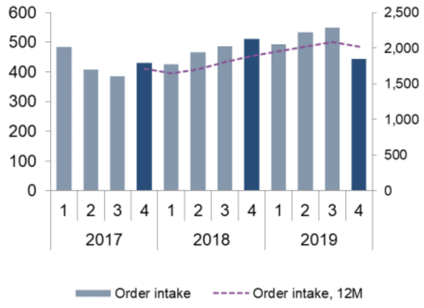
In Asia-Pacific, sales of safes and vaults through distributors in South East Asia developed well, and sales to banks and gold loan institutes in India continued to be on a good level. Other markets in the region developed weaker, mainly due to lower levels of sales of ATM safes.

In Americas, sales of safes, vaults and safe deposit lockers to US banks investing in re-establishment of new branches showed continued good growth.

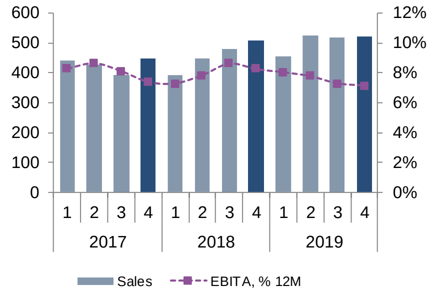
Result Development

In the quarter, EBITA amounted to MSEK 42 (44), resulting in a margin of 8.1% (8.7). For the full year, EBITA amounted to MSEK 144 (151), resulting in a margin of 7.1% (8.3). The lower margin is explained by a too high cost level in Europe and costs for setting up the new Business Unit global structure. The overall cost structure is being addressed by the cost-efficiency programme launched in July 2019 where IAC charges of MSEK -10 were recorded in the quarter.

Order intake by Quarter



Sales & EBITA by Quarter



Cash Management

Good levels of sales in the US and parts of Europe did not compensate for lower sales in the Nordics and Middle East

Cash Management	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Order intake, MSEK	203	271	1,051	1,194
Reported growth, %	*-25*	*32*	*-12*	*20*
Order intake, growth, %	*-27*	*28*	*-15*	*17*
Net sales, MSEK	275	296	1,034	1,090
Reported growth, %	*-7*	*17*	*-5*	*6*
Sales growth, %	*-10*	*12*	*-9*	*2*
EBITA, MSEK	20	42	68	122
EBITA margin, %	*7.3*	*14.2*	*6.6*	*11.2*
Items affecting comparability (IAC), MSEK	-6	-2	-8	-6
Operating capital employed, MSEK	237	258	237	258

- Cash Management kicked off 2020 by announcing the partnership with Loomis in the US where Gunnebo will provide hardware and software to the CIT's newly launched Titan Z solution providing compact, high-performance cash-handling option to retailers with low cash volumes.
- Participation in Expo Houten, a Dutch Petrol Retail Exhibition, targeting the fuel retailing and car-wash industry in the Benelux. Gunnebo exhibited solutions for Closed Cash Management, SafePay.
- Sallén, Gunnebo's high-tech business based out of Spain, has won a prestigious award for its eight-year research collaboration with Zaragoza University to develop better software algorithms for the identification and authentication of banknotes.

Sales Development Q4 2019

The order intake for the Business Unit's was weak in the quarter, down 27% in constant currencies. Although comparison numbers are high and the contract based business can fluctuate, the overall market demand was soft in the quarter.

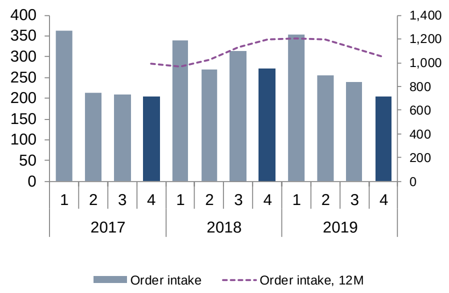
Net sales declined 10% in the quarter, mainly due to lower levels of sales to a CIT partner in the Middle East and a weak development in the Nordics.

South and Western Europe did however report a positive sales development. Within the Bank segment, the first delivery to Italy was completed, and the big project to provide cash management solutions to a Dutch ATM service provider was initiated. For Retail, the roll-out of closed cash management, SafePay, to several retail chains in South Europe continued. Moreover, sales to CIT partners developed well in South Europe. In Asia-Pacific, the key market Australia had a good level of sales in the quarter among others coming from a big upgrade project of cash management devices, including software as a service to a convenient store chain. Other markets in the region still have relatively small volumes of sales. In Americas, sales of drive-up solutions to US banks recovered during the year and ended on a good level, but sales in Brazil had a decline.

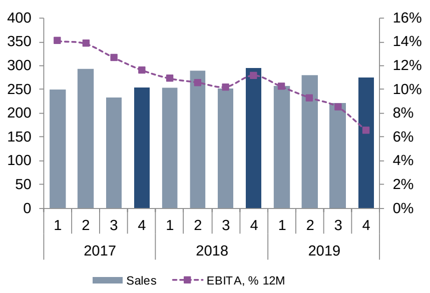
Result Development

In the quarter, EBITA amounted to MSEK 20 (42), resulting in a margin of 7.3% (14.2). For the full year, EBITA amounted to MSEK 68 (122), resulting in a margin of 6.6% (11.2). The lower margin is mainly explained by the drop in sales volume in all regions while Gunnebo has continued to invest in growing customer segments. Gunnebo is taking measures targeting the profitability in the Business Unit. In the quarter IAC's of MSEK -6 were taken connected to cost reductions in the European product and sales organisation.

Order intake by Quarter



Sales & EBITA by Quarter



Integrated Security

Good growth in Americas did not compensate for weaker sales in the other regions. Improved full-year margin a result of productivity measures.

Integrated Security	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Order intake, MSEK	243	234	1,037	1,094
Reported growth, %	*4*	*-36*	*-5*	*-13*
Order intake, growth, %	*-2*	*-44*	*-7*	*-16*
Net sales, MSEK	294	338	1,099	1,164
Reported growth, %	*-13*	*0*	*-6*	*-5*
Sales growth, %	*-15*	*1*	*-6*	*-5*
EBITA, MSEK	5	7	17	1
EBITA margin, %	*1.7*	*2.1*	*1.5*	*0.1*
Items affecting comparability (IAC), MSEK	-27	-7	-25	-18
Operating capital employed, MSEK	197	268	197	268

- Gunnebo Brazil had an active quarter to promote loss prevention software solutions with new campaigns and webinars. Gunnebo also participated in the exhibition APAS Next, targeting IT decision-makers for retail and as keynote speaker in a regional ABRAPE event (member organisation for retailers in the country).
- Gunnebo's Indonesian distributor Indolok gathered close to 100 of the country's Building Management and Engineering's attentions by publishing updating the "Latest Technology in Fire Detection System" to the market, based on the National Fire Guard recommendations and standards for Buildings.

Sales Development Q4 2019

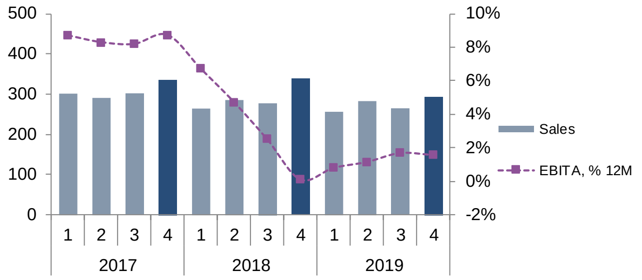
Integrated Security is a diversified portfolio of local business operations, which overall had a weak order intake in the quarter, -2% in constant currencies. Also, net sales had a weak development in the quarter. Although all business operations in Americas continued to show good growth this was offset by weaker development in other markets.

In EMEA, the development was slow for most business operations, exception being the Middle East where delivery of an integrated security solution to a high-risk site in Turkey was done. Also, Denmark had a good quarter with installation of electronic security and high-security access control to a guarding security company. In Asia-Pacific, all business operations had a weak end of the year. In Americas, the continued good sales development came from electronic security to US banks through the channel partner network and sales of loss prevention solutions to retailers in Brazil.

Result Development

In the quarter, EBITA amounted to MSEK 5 (7), resulting in a margin of 1.7% (2.1). For the full year, EBITA amounted to MSEK 17 (1), resulting in an EBITA margin of 1.5% (0.1). The full year EBITA improvement was a result of the ongoing cost efficiency measures that we are taking to improve the performance of the local operations. IAC's in the quarter were linked to the cost-efficiency programme launched in July 2019 as well as consequences from the structural review of MSEK -27. Additionally, an impairment of MSEK -29 was recorded.

Sales & EBITA by Quarter



Condensed consolidated income statements

MSEK	2019[1] Q4	2018 Q4	2019[1] YTD	2018 YTD
Net sales	1,512	1,420	5,459	5,128
Cost of goods sold	-1,138	-1,018	-4,064	-3,686
Gross profit	374	402	1,395	1,442
Selling and administrative expenses	-335	-322	-1,180	-1,188
Other operating income and expenses, net	-30	-13	-23	11
Operating profit (EBIT)	9	67	192	265
Financial income and expenses, net	-18	-18	-76	-53
Profit before taxes	-9	49	116	212
Income taxes	-16	-27	-71	-92
Net profit for the period from continuing operations	-25	22	45	120
Net loss for the period from discontinued operations	-	-109	-	-803
Net profit/loss for the period	-25	-87	45	-683
Net profit/loss attributable to:				
Shareholders of the Parent Company	-25	-87	45	-683
Non-controlling interests	-	0	-	0
Net profit/loss for the period	-25	-87	45	-683
Weighted average number of basic shares, thousand	95,561	76,449	81,648	76,378
Weighted average number of diluted shares, thousand	95,561	76,449	81,648	76,430
Earnings per share, SEK	-0.26	-1.15	0.55	-8.95
Of which, continuing operations, SEK	-0.26	0.27	0.55	1.57
Of which, discontinuing operations, SEK	-	-1.42	-	-10.52
Earnings per share after dilution, SEK	-0.26	-1.15	0.55	-8.94
Of which, continuing operations, SEK	-0.26	0.27	0.55	1.57
Of which, discontinuing operations, SEK	-	-1.42	-	-10.51

Condensed consolidated statements of comprehensive income

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Net profit/loss for the period	-25	-87	45	-683
Other comprehensive income				
Items that will not be reclassified to the income statement				
Remeasurements (actuarial gains and losses)[2]	8	-4	-32	26
Subtotal	8	-4	-32	26
Items that may be reclassified to the income statement				
Translation differences on foreign operations	-73	24	48	16
Other[2]	1	1	3	1
Subtotal	-72	25	51	17
Other comprehensive income for the period	-64	21	19	43
Total comprehensive income for the period	-89	-66	64	-640
Total comprehensive income attributable to:				
Shareholders of the Parent Company	-89	-65	64	-640
Non-controlling interests	-	-1	-	0
Total comprehensive income for the period	-89	-66	64	-640

[1] Reclassification made compared to previous year. See Note 1 for details.

[2] Net of taxes

Condensed consolidated balance sheets

MSEK	2019 31 Dec	2018 31 Dec
Goodwill	1,525	1,408
Other intangible assets	374	306
Right of use assets	243	-
Property, plant and equipment	322	282
Deferred tax assets	228	195
Other long-term assets	43	50
Total non-current assets	2,735	2,241
Inventories	754	717
Total customer receivables	972	1,018
Other short-term assets	309	311
Cash and cash equivalents	744	569
Total current assets	2,779	2,615
Total assets	5,514	4,856
Total equity	1,464	1,087
Long-term financial liabilities	1,805	1,863
Provisions for post-employment benefits	411	375
Long-term portion of lease liabilities	148	-
Deferred tax liabilities	59	50
Total non-current liabilities	2,423	2,288
Accounts payable	585	594
Short-term financial liabilities	37	45
Short-term portion of lease liabilities	100	-
Other short-term liabilities	905	842
Total current liabilities	1,627	1,481
Total equity and liabilities	5,514	4,856

Condensed consolidated statement of changes in equity

MSEK	2019 31 Dec	2018 31 Dec
Opening balance	1,087	1,866
Total comprehensive income for the period	64	-640
Dividends	-38	-92
Acquisition of non-controlling interest	-	-48
Rights issue, net of transaction costs	351	-
Other	-	1
Closing balance	1,464	1,087

Condensed consolidated statements of cash flow

MSEK	2019 Q4	2018[1] Q4	2019 YTD	2018[1] YTD
OPERATING ACTIVITIES				
Operating profit (EBIT)	9	-72	192	-410
Adjustment for depreciation	13	13	51	61
Adjustment for amortisation and impairments[2]	42	21	79	74
Adjustment for impairments and write-downs, discontinued operations	-	113	-	526
Adjustment for depreciation right of use assets	28	-	111	-
Other non-cash items	-14	35	-31	29
Interest and other financial items	-16	-16	-65	-45
Taxes paid	-41	-20	-115	-80
Net cash flow from operating activities before changes in working capital	21	74	222	155
Cash flow from changes in working capital	238	88	162	87
Net cash flow from operating activities	259	162	384	242
INVESTING ACTIVITIES				
Capital expenditure for intangibles, property, plant and equipment	-32	-31	-115	-137
Sales of non-current assets	3	2	34	19
Acquisition related payments	4	-29	-253	-59
Divestment related payments	-	-221	-2	-235
Net cash flow from investing activities	-25	-279	-336	-412
Net cash flow after investments before financing	234	-117	48	-170
FINANCING ACTIVITIES				
Change in loans and other financial items	-329	229	-99	326
Lease liability payments	-27	-	-106	-
Rights issue	-	-	351	-
Sale of treasury shares	-	-	-	1
Dividends	-	-46	-38	-92
Net cash flow from financing activities	-356	183	108	235
Net cash flow for the period	-122	66	156	65
Cash and cash equivalents at the beginning of the period	886	489	569	498
Translation differences	-20	14	19	6
Cash and cash equivalents at the end of the period	744	569	744	569
Free cash flow	203	133	197	124

[1] Not adjusted for effects of IFRS 5.

[2] Amortisation and impairment from acquisition related intangibles amounted to MSEK 35 (13) in the fourth quarter and to MSEK 47 (40) for the period January - December.

Changes in liabilities from financing activities and net debt

MSEK	Closing balance 31 Dec	Cash changes	Non-cash changes	Translation differences	Adjusted opening balance 1 Jan	IFRS 16 adjustments[3]	Closing balance 31 Dec 2018
Long-term loans, including short-term portion	1,834	-75	17	1	1,891	-	1,891
Finance lease liability, including short-term portion	248	-106	92	8	254	254	-
Short-term loans	8	-9	-	-	17	-	17
Other short-term financial assets (-)/liabilities (+)	4	-6	10	-	0	-	0
Total liabilities from financing activities	2,094	-196	119	9	2,162	254	1,908
Cash and cash equivalents	-744	-156	-	-19	-569	-	-569
Net debt	1,350	-352	119	-10	1,593	254	1,339
Post-employment benefits, net	411	-32	52	16	375	-	375
Net debt including post-employment benefits	1,761	-384	171	6	1,968	254	1,714

[3] Adjusted opening balance as of 1 January 2019 due to the implementation of IFRS 16 Leases. See Note 2 for a summary of the effects.

Note 1 Accounting principles and risks

Accounting principles

Gunnebo complies with the International Financial Reporting Standards as 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.

Reclassification on the income statement

Gunnebo launched a new organisation and new ways of working through Business Units by product offering as of Q2 2018. The implementation was ongoing during the autumn of 2018 and as a consequence resources, ways of working and financial reporting has been aligned across the Gunnebo Group, fully implemented as from year end.

Hence as from 1 January 2019, Gunnebo has a coherent function-based reporting of cost reflecting the business activities and the underlying cost base within each function in the Group. Cost components recorded within Cost of goods sold, Selling and Administrative expenses have been revised, resulting in some expenses being reclassified. Previous periods have not been restated as there is no effect on EBITA, EBIT or such key ratios. The reclassification per quarter amounts to some MSEK 30 of costs moved from Selling and Administrative expenses into Cost of goods sold. The effect for the comparative period 2018 would have been similar.

In addition, an adjustment of MSEK 10 of other operating income in Q1 2018 related to divestment of property in South Africa has been reclassified to Items affecting comparability (IAC). EBITA as well as other certain key ratios have been restated to reflect this change.

New accounting principles 2019

IFRS 16 Leases replaces IAS 17 Leases and is effective as from 1 January 2019. See Note 2 for a summary of the effects.

Discontinued operations

On 3 December 2018 the Group divested its businesses in France, Belgium and Luxembourg. All previous income statement information has been restated to present continuing operations and discontinued operations separately, while the balance sheet and cash flow statement include discontinued operations in accordance with IFRS 5. See Note 6.

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. Whilst it is not possible to predict the full implications of Brexit, the Group continues to review impacts, however it is not considered to be material for the Group. No additional risks have been identified that could impact the financial performance or position of the Group as at 31 December 2019.

Note 2 IFRS 16 Leases

The Group has adopted IFRS 16 Leases as from 1 January 2019 using the modified retrospective approach, under which no restatement is made of comparative financial information. Further, the Group has chosen to apply the option to exclude leases with a remaining lease term of less than 12 months from 1 January 2019, where such payments are recognised as an expense in the income statement as under previous accounting. The above accounting is applied at Group level while the Business Units continue to apply the previous lease accounting where operational leases are expensed when incurred, hence there is no IFRS 16 Leases effect on EBITA. This will be a reconciling item in the Group's segment reporting.

Upon adoption, right of use assets and lease liabilities were recognised in the amount of MSEK 254. Both were valued as the present value of the remaining lease payments, discounted with using each subsidiary's incremental borrowing rate for that leased asset.

Right of use assets will be depreciated on a straight-line basis over the lease term. The category "office space and buildings" is the largest category with MSEK 174 at 1 January 2019, representing leases across all geographic regions. The category "vehicles" included the largest number of leases. Leases also exist for production and office equipment.

Future lease payments will be allocated to an amortisation of the lease liability and to a finance cost in the income statement.

The following table represents the reconciliation of lease liabilities as of 1 January 2019:

	MSEK
Operating lease obligations at 31 December 2018	276
Short-term leases relief option	-11
Effect of additional extensions	11
Other effects	2
Gross leasing obligations	278
Discounting effect	-24
Lease liability at 1 January 2019	254

IFRS 16 Leases had the following effects during the period January – December 2019:

- A reduction of operating costs of MSEK 120, higher depreciation expenses of MSEK 111, consequently improving EBITDA, resulting in a limited (positive) impact on operating income of MSEK 9.
- Interest expense on leases increased with MSEK 14.
- Overall impact on net profit was marginal.
- Net Cash flow is not impacted by the adoption of this standard, however, there are movements between the categories Operating and Financial activities. Free cash flow is adjusted to exclude IFRS 16 Leases effect.
- Capital employed is positively impacted by the inclusion of the right of use asset of MSEK 243.
- Net debt including post-employment benefits/EBITDA improved by 0.7, amounting to 3.9 times, while Net debt/EBITDA improved by 0.3 and amounted to 3.0 times. Net debt increases by the inclusion of the Lease liability of MSEK 248, while EBITDA is positively impacted by the exclusion of the right of use amortisation of MSEK 111.

Note 3 Segment disclosures

The internal financial performance follow-up for the Business Units is aligned to the financial targets and uses EBITA as a measure to assess the performance of the segments. This excludes Group functions, items affecting comparability, acquisition-related amortisation and impairment and the effect of IFRS 16 Leases. 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:

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Entrance Control	76	52	204	176
Safe Storage	42	44	144	151
Cash Management	20	42	68	122
Integrated Security	5	7	17	1
Subtotal business unit EBITA	143	145	433	450
Group functions	-34	-35	-112	-116
EBITA	109	110	321	334
Amortisations and impairments of acquisition related intangible assets	-35	-13	-47	-40
Items affecting comparability (IAC)	-68	-30	-91	-29
IFRS 16 leasing effect	3	-	9	-
EBIT	9	67	192	265
Financial income and expenses, net	-18	-18	-76	-53
Profit before taxes	-9	49	116	212

Group functions refer to central functions and services within corporate management, human resources & sustainability, legal & compliance, finance, IT, brand management, communications and investor relations.

The Business Units are also measured on their Operating Capital Employed, which is defined as property, plant and equipment, other intangible assets, total customer receivables, inventories, accounts payable, as well as other short-term assets and short-term liabilities that are not tax-, financial- or IFRS 16 Leases related.

A reconciliation of the Business Units' Operating Capital Employed to the Group's Capital Employed is as follows:

MSEK	2019 31 Dec	2018 31 Dec
Entrance Control	354	181
Safe Storage	428	491
Cash Management	237	258
Integrated Security	197	268
Operating capital employed from business units	1,216	1,198
Group functions	4	1
Goodwill	1,525	1,408
Right of use assets	243	-
Capital employed	2,988	2,607

Note 4 Acquisition of Cominfo a.s.

1 July 2019, Gunnebo acquired 100 percent of the shares in the Czech company, Cominfo. Cominfo had some 190 employees at the end of Q4 and offers solutions within entrance control and access systems, where software is an integral part of the offering. The acquisition is in line with the Group´s strategy to further strengthen the Business Unit Entrance Control. The purchase price amounted to MSEK 233 net of cash. According to the acquisition analysis, identified intangible assets arising from the acquisition are primarily attributed to acquired technologies and customer relations. The recognised goodwill is related to human capital and growth opportunities from synergies. The goodwill is not tax deductible. The acquisition has been consolidated in the Group accounts from the third quarter within Business Unit Entrance Control. Acquisition related costs amounted to MSEK 4 and are reported within Selling and administrative expenses in the consolidated income statement.

Acquisition analysis

MSEK	2019 31 Dec
Fair value of assets and liabilities in acquired operations	
Other intangible assets	65
Property, plant and equipment	30
Inventories	40
Total customer receivables	25
Other short-term assets	7
Cash and cash equivalents	25
Accounts payable	-9
Other short-term liabilities	-14
Deferred tax liabiities	-13
Long-term financial liabilities	-9
Identifiable net assets	147
Goodwill	111
Total purchase price	258
Less:	
Cash in acquired operations	-25
Effect on group cash and cash equivalents at 31 December	233

Note 5 Rights issue

Gunnebo’s rights issue was successfully completed and the final result was announced on 30 September 2019. The proceeds before transactions costs were approximately MSEK 363. As a result of the rights issue, the share capital increased by MSEK 96, from MSEK 385 to MSEK 481 and the total number of shares was increased by 19,112,145 ordinary shares to 96,162,993 shares, of which 95,560,726 ordinary shares and 602,267 shares of series C. As the rights issue was completed on 30 September 2019, the weighted average number of shares was significantly impacted in the fourth quarter. The weighted average number of shares in the quarter is 95,561 thousand shares (76,449).

Note 6 Discontinued operations

On 3 December 2018, the Group completed the divestment of its businesses in France, Belgium and Luxembourg (the Disposal Group).

This Disposal Group represented a major geographical area, and as such was classified as discontinued operations. Consequently, in the consolidated income statement, all revenue and expenses relating to the Disposal Group were excluded from the results of continuing operations and were shown as a single line item on the income statement under the row “Net loss for the period from discontinued operations”. All previously published income statement information has been restated to show this classification.

Net loss for the period from discontinued operations included six legal companies, elimination of intercompany amounts, adjustments for divestment related expenses and adjustments for sales and costs that will remain in continued operations.

For further disclosures refer to the Annual Report 2018, Note 4.

Income statements from discontinued operations

The following table summarises the results of discontinued operations included in the condensed consolidated income statements.

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Net loss for the period from discontinued operations	-	-109	-	-803

Cash flow from discontinued operations

The following table presents the net cash flows from operating, investing and financing activities reported in the condensed consolidated statements of cash flow.

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Cash flow from operating activities	-	-29	-	-31
Capital expenditure for intangibles, property, plant and equipment	-	-4	-	-20
Divestment related payments	-	-232	-	-246
Cash flow from investing activities	-	-236	-	-266
Cash flow from financing activities	-	-	-	-

Parent Company

Condensed parent company income statements

MSEK	2019 Q4	2018 Q4	2019 YTD	2018 YTD
Net revenue	142	96	330	266
Administrative expenses	-138	-90	-320	-257
Operating profit (EBIT)	4	6	10	9
Financial income and expenses, net	0	-2	-6	-4
Profit/loss after financial items	4	4	4	5
Appropriations	-6	81	-6	81
Profit/loss before taxes	-2	85	-2	86
Income taxes	-3	-16	-11	-21
Net profit/loss for the period	-5	69	-13	65

Total comprehensive income corresponds with net profit for the period.

Condensed parent company statements of financial position

MSEK	2019 31 Dec	2018 31 Dec
Intangible assets	69	72
Property, plant and equipment	2	2
Investments in group companies	1,615	1,585
Deferred tax assets	13	12
Total non-current assets	1,699	1,671
Receivables from group companies	250	118
Other short-term assets	18	16
Cash and cash equivalents	0	0
Total current assets	268	134
Totalt assets	1,967	1,805
Total equity	1,823	1,523
Liabilities to group companies	73	206
Other short-term liabilities	71	76
Total current liabilities	144	282
Total equity and liabilities	1,967	1,805

Condensed changes in parent company equity

MSEK	2019 31 Dec	2018 31 Dec
Opening balance	1,523	1,548
Total comprehensive income for the period	-13	65
Dividends	-38	-92
Rights issue, net of transaction costs	351	-
Other	-	2
Closing balance	1,823	1,523

Selected quarterly data[1]

Income statement, MSEK	2017 1	2017 2	2017 3	2017 4	2017 Full year	2018 1	2018 2	2018 3	2018 4	2018 Full year	2019 1	2019 2	2019 3	2019 4	2019 Full year
Net sales	1,172	1,225	1,164	1,300	**4,861**	1,157	1,248	1,303	1,420	**5,128**	1,206	1,368	1,373	1,512	**5,459**
Cost of goods sold excl. IAC	-831	-859	-824	-919	**-3,433**	-835	-889	-936	-1,013	**-3,673**	-893	-1,014	-1,008	-1,111	**-4,026**
Gross profit excl. IAC	341	366	340	381	**1,428**	322	359	367	407	**1,455**	313	354	365	401	**1,433**
Selling and administrative expenses (S&A) excl. IAC	-277	-277	-262	-273	**-1,089**	-269	-296	-279	-297	**-1,141**	-269	-284	-270	-295	**-1,118**
Other operating income and expenses, net, excl. IAC	2	3	1	8	**14**	7	-2	-12	-13	**-20**	2	1	-6	-29	**-32**
Add back: Amortisation and impairment of acquisition related intangible assets	6	6	6	4	**22**	6	5	16	13	**40**	3	4	5	35	**47**
Add back: IFRS 16 leasing effect	-	-	-	-	**-**	-	-	-	-	**-**	-2	-2	-2	-3	**-9**
EBITA	72	98	85	120	**375**	66	66	92	110	**334**	47	73	92	109	**321**
Add back: IAC	-2	-11	-16	-23	**-52**	-2	-9	12	-30	**-29**	-6	-3	-14	-68	**-91**
Add back: Other amortisation and depreciation	17	18	17	19	**71**	17	19	20	17	**73**	22	19	22	20	**83**
Add back: Amortisation right of use assets plus IFRS 16 leasing effect	-	-	-	-	**-**	-	-	-	-	**-**	29	30	30	31	**120**
EBITDA	87	105	86	116	**394**	81	76	124	97	**378**	92	119	130	92	**433**
EBIT	64	81	63	93	**301**	58	52	88	67	**265**	40	68	75	9	**192**
Key ratios, %															
Order intake, growth	*1*	*-7*	*-9*	*10*	***-1***	*-9*	*7*	*19*	*-3*	***2***	*7*	*2*	*8*	*-13*	***2***
Sales growth	*2*	*1*	*1*	*-8*	***-1***	*0*	*0*	*6*	*6*	***3***	*0*	*7*	*3*	*3*	***3***
Gross margin excl. IAC	*29.1*	*29.9*	*29.2*	*29.3*	***29.4***	*27.8*	*28.8*	*28.2*	*28.7*	***28.4***	*26.0*	*25.9*	*26.6*	*26.5*	***26.3***
S&A excl IAC in % of net sales	*23.6*	*22.6*	*22.5*	*21.0*	***22.4***	*23.2*	*23.7*	*21.4*	*20.9*	***22.3***	*22.3*	*20.8*	*19.7*	*19.5*	***20.5***
EBIT margin	*5.5*	*6.6*	*5.4*	*7.2*	***6.2***	*5.0*	*4.2*	*6.8*	*4.7*	***5.2***	*3.3*	*5.0*	*5.5*	*0.6*	***3.5***
EBITA margin	*6.1*	*8.0*	*7.3*	*9.2*	***7.7***	*5.7*	*5.3*	*7.1*	*7.7*	***6.5***	*3.9*	*5.3*	*6.7*	*7.2*	***5.9***
Items affecting comparability (IAC), MSEK															
Items affecting comparability	-2	-11	-16	-23	**-52**	-2	-9	12	-30	**-29**	-6	-3	-14	-68	**-91**
Whereof cost of goods sold	0	0	-3	-11	**-14**	-1	-3	-4	-5	**-13**	-4	-5	-2	-27	**-38**
Whereof S&A	-2	-11	-13	-12	**-38**	-11	-6	-5	-25	**-47**	-2	-8	-12	-40	**-62**
Whereof other operating income and expenses	-	-	-	-	**-**	10	-	21	-	**31**	-	10	-	-1	**9**
Share data															
Basic earnings per share, continuing operations, SEK	0.41	0.40	0.33	0.76	**1.90**	0.31	0.25	0.74	0.27	**1.57**	0.09	0.32	0.50	-0.26	**0.55**
Diluted earnings per share, continuing operations, SEK	0.40	0.40	0.33	0.76	**1.90**	0.31	0.25	0.74	0.27	**1.57**	0.09	0.32	0.50	-0.26	**0.55**
Adjusted earnings per share, continuing operations, SEK	0.44	0.58	0.59	1.21	**2.82**	0.31	0.41	0.68	0.90	**2.30**	0.18	0.37	0.71	0.91	**2.25**
Weighted average number of basic shares, thousand	76,320	76,320	76,320	76,320	**76,320**	76,320	76,320	76,422	76,449	**76,378**	76,449	76,449	78,136	95,561	**81,648**
Weighted average number of diluted shares, thousand	76,370	76,391	76,393	76,403	**76,389**	76,408	76,419	76,443	76,449	**76,430**	76,449	76,449	78,136	95,561	**81,648**
Equity per share, SEK	24.95	23.40	23.09	24.03	**24.03**	24.40	16.21	15.63	14.22	**14.22**	15.19	14.90	16.27	15.32	**15.32**
Free cash flow per share, SEK	-0.08	-0.99	-0.83	0.93	**-0.97**	0.51	-0.83	0.20	1.74	**1.62**	0.01	-0.42	0.33	2.12	**2.41**
Cash Flow															
Net cash flow from operating activities, MSEK	22	-45	-29	123	**71**	60	-28	48	162	**242**	48	-12	89	259	**384**
Free cash flow, MSEK	-6	-76	-63	71	**-74**	39	-63	15	133	**124**	1[4]	-32[4]	25[4]	203	**197**
Liquidity information															
Net debt incl. post-employment benefits, MSEK	1,184	1,384	1,402	1,407	**1,407**	1,455	1,587	1,580	1,714	**1,714**	1,978[2]	2,058[2]	1,999[2]	1,761[2]	**1,761[2]**
Net debt, MSEK	791	995	1,026	1,003	**1,003**	1,038	1,195	1,210	1,339	**1,339**	1,593[2]	1,653[2]	1,565[2]	1,350[2]	**1,350[2]**
Net debt incl. post-employment benefits/EBITDA, times	2.8	3.0	3.3	3.6	**3.6**	3.8	4.4	4.0	4.5	**4.5**	4.2[3]	4.2[3]	4.1[3]	3.9[3]	**3.9[3]**
Net debt/EBITDA, times	1.9	2.2	2.4	2.5	**2.5**	2.7	3.3	3.0	3.5	**3.5**	3.4[3]	3.4[3]	3.2[3]	3.0[3]	**3.0[3]**
Proforma Balance sheet, MSEK															
Entrance Control	168	179	167	196	**196**	202	201	191	181	**181**	216	265	378	354	**354**
Safe Storage	494	456	459	444	**444**	488	527	528	491	**491**	506	482	512	428	**428**
Cash Management	302	309	272	284	**284**	277	283	291	258	**258**	257	285	310	237	**237**
Integrated Security	249	250	322	304	**304**	264	299	303	268	**268**	259	242	266	197	**197**
Operating capital employed	1,213	1,194	1,220	1,228	**1,228**	1,231	1,310	1,313	1,198	**1,198**	1,238	1,274	1,466	1,216	**1,216**
Return on operating capital employed	*46.3*	*47.3*	*45.2*	*41.5*	***41.5***	*40.0*	*37.1*	*36.6*	*35.8*	***35.8***	*34.3*	*34.4*	*33.5*	*33.9*	***33.9***
Group functions	-24	9	8	8	**8**	50	18	27	1	**1**	2	31	20	4	**4**
Goodwill	1,407	1,377	1,349	1,373	**1,373**	1,413	1,443	1,414	1,408	**1,408**	1,442	1,455	1,618	1,525	**1,525**
Right of use assets	-	-	-	-	**-**	-	-	-	-	**-**	240	220	235	243	**243**
Capital employed	2,596	2,580	2,577	2,609	**2,609**	2,694	2,771	2,754	2,607	**2,607**	2,922	2,980	3,339	2,988	**2,988**
Return on capital employed	*16.4*	*16.9*	*16.2*	*14.6*	***14.6***	*14.1*	*12.7*	*12.8*	*12.4*	***12.4***	*11.5*	*11.5*	*11.0*	*10.8*	***10.8***

[1] Refer to page 25 for definitions, and to gunnebogroup.com/en/investors/financial-definitions for a reconciliation of key performance measures.

[2] Net debt includes the effect of IFRS 16 Leases effective from 1 January 2019. Comparative figures have not been restated.

[3] The proforma rolling 12-month EBITDA has been calculated as an indicative figure for the quarters in 2019 due to the transition to IFRS 16 Leases as of 1 January 2019 and the acquisition of Cominfo in July 2019.

[4] The definition of Free cash flow has been redefined in Q4 2019 and previous published figures for quarters in 2019 have been adjusted accordingly.

Quarterly Business unit data

	2017					2018					2019				
Entrance Control	1	2	3	4	Full year	1	2	3	4	Full year	1	2	3	4	Full year
Order intake, MSEK	260	253	243	243	**999**	226	294	290	231	**1,041**	288	336	500	253	**1,377**
Reported growth, %						-13	16	19	-5	**4**	27	14	72	10	**32**
Order intake, growth, %						-14	14	12	-10	**0**	22	11	70	6	**29**
Net sales, MSEK	181	215	238	260	**894**	245	227	296	280	**1,048**	235	280	370	422	**1,307**
Reported growth, %	19	20	18	-8	**9**	35	6	24	8	**17**	-4	23	25	51	**25**
Sales growth, %	18	17	21	-6	**10**	36	2	17	3	**13**	-9	22	21	46	**21**
EBITA, MSEK	15	37	45	48	**145**	43	26	55	52	**176**	26	36	66	76	**204**
EBITA margin, %	8.3	17.2	18.9	18.5	**16.2**	17.6	11.5	18.6	18.6	**16.8**	11.1	12.9	17.8	18.0	**15.6**
Items affecting comparability (IAC), MSEK	0	-1	-2	-2	**-5**	-2	0	-1	-2	**-5**	0	-2	-1	-4	**-7**
Operating capital employed, MSEK	168	179	167	196	**196**	202	201	191	181	**181**	216	265	378	354	**354**
Safe Storage															
Order intake, MSEK	485	409	385	431	**1,710**	425	467	486	511	**1,889**	494	533	549	444	**2,020**
Reported growth, %						-12	14	26	19	**10**	16	14	13	-13	**7**
Order intake, growth, %						-12	13	19	20	**9**	11	10	8	-18	**2**
Net sales, MSEK	441	426	392	449	**1,708**	394	447	479	506	**1,826**	456	525	517	521	**2,019**
Reported growth, %	4	0	-11	-18	**-7**	-11	5	22	13	**7**	16	17	8	3	**11**
Sales growth, %	1	-5	-9	-17	**-8**	-10	2	15	8	**4**	10	13	3	-2	**6**
EBITA, MSEK	28	29	23	46	**126**	23	40	44	44	**151**	24	41	37	42	**144**
EBITA margin, %	6.3	6.8	5.9	10.2	**7.4**	5.8	8.9	9.2	8.7	**8.3**	5.3	7.8	7.2	8.1	**7.1**
Items affecting comparability (IAC), MSEK	-1	-2	-8	-16	**-27**	-3	-2	-2	-17	**-24**	-1	-2	-4	-10	**-17**
Operating capital employed, MSEK	494	456	459	444	**444**	488	527	528	491	**491**	506	482	512	428	**428**
Cash Management															
Order intake, MSEK	364	214	208	205	**991**	340	270	313	271	**1,194**	354	256	238	203	**1,051**
Reported growth, %						-7	26	50	32	**20**	4	-5	-24	-25	**-12**
Order intake, growth, %						-8	23	44	28	**17**	0	-9	-27	-27	**-15**
Net sales, MSEK	250	294	233	254	**1,031**	253	289	252	296	**1,090**	258	280	221	275	**1,034**
Reported growth, %	28	11	4	-3	**9**	1	-2	8	17	**6**	2	-3	-12	-7	**-5**
Sales growth, %	24	7	6	-2	**8**	2	-5	2	12	**2**	-3	-6	-14	-10	**-9**
EBITA, MSEK	31	40	22	27	**120**	24	36	20	42	**122**	14	25	9	20	**68**
EBITA margin, %	12.4	13.6	9.4	10.6	**11.6**	9.5	12.5	7.9	14.2	**11.2**	5.4	8.9	4.1	7.3	**6.6**
Items affecting comparability (IAC), MSEK	0	-1	-1	-2	**-4**	-1	-2	-1	-2	**-6**	0	0	-2	-6	**-8**
Operating capital employed, MSEK	302	309	272	284	**284**	277	283	291	258	**258**	257	285	310	237	**237**
Integrated Security															
Order intake, MSEK	302	310	286	366	**1,264**	291	262	307	234	**1,094**	296	238	260	243	**1,037**
Reported growth, %						-4	-15	7	-36	**-13**	2	-9	-15	4	**-5**
Order intake, growth, %						-3	-16	5	-44	**-16**	1	-10	-17	-2	**-7**
Net sales, MSEK	300	290	301	337	**1,228**	265	285	276	338	**1,164**	257	283	265	294	**1,099**
Reported growth, %	-10	0	-3	-6	**-5**	-12	-2	-8	0	**-5**	-3	-1	-4	-13	**-6**
Sales growth, %	-15	-5	-2	-1	**-6**	-9	-1	-11	1	**-5**	-4	0	-4	-15	**-6**
EBITA, MSEK	26	20	26	35	**107**	-1	-4	-1	7	**1**	7	0	5	5	**17**
EBITA margin, %	8.7	6.9	8.6	10.4	**8.7**	-0.4	-1.4	-0.4	2.1	**0.1**	2.7	0.0	1.9	1.7	**1.5**
Items affecting comparability (IAC), MSEK	-1	-3	-8	-1	**-13**	-5	-3	-3	-7	**-18**	-4	7	-1	-27	**-25**
Operating capital employed, MSEK	249	250	322	304	**304**	264	299	303	268	**268**	259	242	266	197	**197**

Quarterly Business unit data, cont

	2017					2018					2019				
Group Functions	1	2	3	4	Full year	1	2	3	4	Full year	1	2	3	4	Full year
EBITA, MSEK	-28	-28	-31	-36	**-123**	-23	-32	-26	-35	**-116**	-24	-29	-25	-34	**-112**
EBITA margin, %	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Items affecting comparability (IAC), MSEK	0	-4	3	-2	**-3**	9	-2	19	-2	**24**	-1	-6	-6	-21	**-34**
Operating capital employed, MSEK	-24	9	8	8	**8**	50	18	27	1	**1**	2	31	20	4	**4**
Goodwill (proforma)	1,407	1,377	1,349	1,373	**1,373**	1,413	1,443	1,414	1,408	**1,408**	1,442	1,455	1,618	1,525	**1,525**
Right of use assets	-	-	-	-	**-**	-	-	-	-	**-**	240	220	235	243	**243**
Total Group															
Order intake, MSEK	1,411	1,186	1,122	1,245	**4,964**	1,282	1,293	1,396	1,247	**5,218**	1,432	1,363	1,547	1,143	**5,485**
Reported growth, %						*-9*	*9*	*24*	*0*	***5***	*12*	*5*	*11*	*-8*	***5***
Order intake, growth, %						*-9*	*7*	*19*	*-3*	***2***	*7*	*2*	*8*	*-13*	***2***
Net sales, MSEK	1,172	1,225	1,164	1,300	**4,861**	1,157	1,248	1,303	1,420	**5,128**	1,206	1,368	1,373	1,512	**5,459**
Reported growth, %	*6*	*6*	*-1*	*-11*	***-1***	*-1*	*2*	*12*	*9*	***5***	*4*	*10*	*5*	*6*	***6***
Sales growth, %	*2*	*1*	*1*	*-8*	***-1***	*0*	*0*	*6*	*6*	***3***	*0*	*7*	*3*	*3*	***3***
EBITA, MSEK	72	98	85	120	**375**	66	66	92	110	**334**	47	73	92	109	**321**
EBITA margin, %	*6.1*	*8.0*	*7.3*	*9.2*	***7.7***	*5.7*	*5.3*	*7.1*	*7.7*	***6.5***	*3.9*	*5.3*	*6.7*	*7.2*	***5.9***
Items affecting comparability (IAC), MSEK	-2	-11	-16	-23	**-52**	-2	-9	12	-30	**-29**	-6	-3	-14	-68	**-91**
Capital employed (proforma), MSEK	2,596	2,580	2,577	2,609	**2,609**	2,694	2,771	2,754	2,607	**2,607**	2,922	2,980	3,339	2,988	**2,988**

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	
Adjusted earnings per share	Adjusted net profit attributable to the Parent Company's shareholders divided by the weighted average number of shares excluding C-shares as these have no dividend rights.
Adjusted net profit	Net profit for the period with add-back of items affecting comparability and impairment of acquisition related intangible assets, net of tax.
Capital employed	Operating capital employed plus capital employed from the Group functions, goodwill and right of use assets.
EBIT margin	EBIT as percentage of net sales.
EBITA	EBIT before amortisation and impairment of acquisition related intangible assets, excluding items affecting comparability and effect of IFRS 16 Leases.
EBITA margin	EBITA 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.
Equity per share	Equity attributable to the shareholders of the Parent Company divided by the number of shares excluding C shares, as these have no dividend rights, at the end of the period.
Free cash flow	Cash flow from operating and investing activities excluding cash flows related to acquisitions and divestments, adjusted for finance lease payments.
Free cash flow per share	Free cash flow divided by weighted average number of shares excluding C shares as these have no dividend rights.
Gross margin excluding IAC	Gross profit excluding IAC, 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)	Total liabilities from financing activities and provisions for post-employment benefits less cash and cash equivalents at the end of the period.
Net debt/EBITDA	Net debt divided by EBITDA, rolling 12 months.
Net debt including PEB/EBITDA	Net debt including provisions for post-employment benefits divided by EBITDA, rolling 12 months.
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, excluding short term taxes and financial items.
Order intake growth	Growth in order intake in constant currencies including organic and acquired order intake, excluding divested order intake.
Reported growth	The change in reported nominal values, from one period to the next.
Return on capital employed	EBITA rolling 12 months as a percentage of average capital employed.
Return on operating capital employed	EBITA 12 months rolling for the four Business Units, as a percentage of average operating capital employed.
Sales growth	Growth in net sales in constant currencies including organic and acquired sales, excluding divested sales.

Refer to gunnebogroup.com/en/investors/financial-definitions, for a reconciliation of key performance measures.

About Gunnebo

The Gunnebo Group operates worldwide providing innovative products, software and services to control the flow of valuables, cash and people. Gunnebo offers entrance control, safe storage, cash management and integrated security solutions to customers primarily within retail, mass transit, public & commercial buildings, industrial & high-risk sites and banking. The Group has a turnover of MSEK 5,500 and is listed on NASDAQ Stockholm.

Financial Calendar

Annual Report 2019	23 March, 2020
Q1 Report and AGM 2020	21 April, 2020
Q2 Report 2020	17 July, 2020
Q3 Report 2020	4 November, 2020

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This interim report is a translation of the original report in Swedish.

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This information is information that Gunnebo AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the above contact persons, at 08.01 CET on 7 February 2020.

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