

GUNNEBO INTERIM REPORT JANUARY - JUNE 2001

- **The order intake** increased by 39 % to MSEK 3,384 (2,431).
Strong order intake at **Gunnebo Security**, with organic growth of 8 %.
- **Invoiced sales** increased by 39 % to MSEK 3,132 (2,255).
Gunnebo Security's organic growth amounted to 7 %.
- **Operating profit before depreciation of goodwill** amounted to MSEK 154 (159). Exclusive of items affecting comparability, the profit increased by MSEK 31. **Gunnebo Security** noted a sharp improvement in its result (+72 %) - increase of operating margin to 5.2 % (4.5)
- **Profit after financial items** amounted to MSEK 79 (134).
For comparable units, the profit was MSEK 10 lower than for the previous year, assigned to **Gunnebo Engineering**.
- **For 2001 as a whole**, the profit after net financial items and excluding items affecting comparability is expected to reach the same level as the previous year's figure of MSEK 210.
Gunnebo Security's operating profit is estimated to increase by at least MSEK 100.

GUNNEBO AB Information

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Gunnebo is today an international fast growing security group with currently some 8 200 employees in 95 companies, located in 30 countries. The Group has sales to a further hundred markets via agents and distributors. Annual turnover amounts to some MSEK 6 700. Gunnebo has entire disposal of the four world leading brand names within security; Chubb Safes, Fichet-Bauche, Rosengrens and Garny.

Strong market development and growth in order intake

The order intake was firm during the first six months and increased in total by 39 % to MSEK 3,384. The order intake thus exceeded invoiced sales by 8 %. Organic growth for the period was 4 %, with Gunnebo Security noting an increase of 8 %.

Gunnebo Security's companies in France, Germany, Indonesia and South Africa reported a strong order intake while order books weakened in England and Australia. Market developments in France were particularly strong, primarily as a result of investments by French banks in new self-service systems coupled with strong demand for safes ahead of the launch of the Euro next year. Gunnebo's sales on agency markets as well as to OEM customers also advanced steadily.

The following trends within the security markets served by Gunnebo Security can be noted.

- Demand for asset protection products for other sectors than banking is increasing sharply within the retail trade, among petrol retailers and other types of outlet that handle large amounts of cash. During the period, Gunnebo booked numerous orders in Germany, South Africa and France, and elsewhere, on this market.
- Deliveries of complete security systems including alarm installations, passage control systems with CCTV as well as external perimeter protection increased markedly during the period in France, Spain and other countries.
- Gunnebo's services in connection with deliveries of physical and electronic security products were expanded during the period. Several major orders for 24-hour service were signed with leading companies in Great Britain, the Netherlands and Belgium, for example. At Chubb Lock & Safe in Canada the sharper focus on the servicing of electronic security systems has turned out well.
- The modernisation and conversion of mechanical security products into electronic ones generated much valuable business during the period. Examples of this include the conversion of mechanical safety deposit-boxes into electronic ones for self-service in Germany, for instance, and the initial stages of the rebuilding of the safes at all the railway stations in Belgium into a remote-controlled, electronic locking system.

Large orders have been booked by the fire protection business area with a paper mill in Indonesia and for a satellite launching platform in India.

Gunnebo Entrance Control's business developed very favourably during the period and a new type of entrance control system - PasSec - has been developed together with the French Civil Aviation Administration for international airports that will satisfy the new Schengen requirements.

Gunnebo Engineering's Lifting and Block divisions have broadly developed as planned while Fastening experienced slacker demand in the Nordic region, mainly on the important "do-it-yourself" market.

Invoiced sales

Invoiced sales increased by 39 % to MSEK 3,132 (2,255) during the first half of the year. For comparable units and after adjustment for currency fluctuations, invoiced sales

rose by 5 %. Gunnebo Security's invoiced sales increased by 7 %. The year got off to a relatively weak start, but March, May and June turned out to be very strong months. The Group's foreign sales ratio rose to 90 % (87).

Result

The operating profit before depreciation of goodwill amounted to MSEK 154 (159).

Gunnebo Security's operating profit improved sharply during the first six months of the year to MSEK 129 (75). Both Gunnebo Physical Security and Gunnebo Integrated Security noted a significant improvement in their results during the period. Gunnebo Security's operating margin improved to 5.2 % (4.5).

Gunnebo Engineering's result deteriorated to MSEK 43 (58).

The consolidated operating profit after depreciation of goodwill amounted to MSEK 126 (143). However, as last year's figure included items affecting comparability of MSEK 36 the result excluding such items is MSEK 19 higher than for the previous year.

The operating profit includes depreciation according to plan of MSEK 109 (79), of which depreciation of goodwill accounts for MSEK 28 (16).

Financial items amounted to a net cost of MSEK 47 (cost 9), of which Gunnebo's interest in the earnings of associate companies declined to MSEK 3 (20). Last year, the result included the MSEK 19 interest in the earnings of Gnosjö-Gruppen.

The profit after financial items amounted to MSEK 79 (134), of which items affecting comparability amounted to MSEK 0 (36). Currency fluctuations had the effect of increasing the result by MSEK 5.

Acquisitions and divestments had a net effect of cost MSEK 14 on the result, which means that the result for comparable items was MSEK 10 lower than in the previous year.

The return on capital employed, before depreciation of goodwill, was 19.6 % (21.5) for the past 12-month period. The return after depreciation of goodwill was 12.4 % (14.9).

Restructuring programme proceeding as planned

The restructuring programme that was decided on at the end of last year proceeded as planned during the period. This means that the closure of the production unit in Wolverhampton has been completed, that production rationalisation measures in South Africa and Canada have been completed, and that cutbacks at the production unit in Mörfelden, Germany, and Dordrecht in the Netherlands are proceeding according to plan. Production capacity will be reduced by 40 % within the safes and banking-related products segment, and the product range will be reduced from today's 260 different safe products to 85 and thus improve profitability.

The cost of this restructuring programme is estimated at MSEK 270. The total restructuring costs during the period amounted to MSEK 100, which have been charged against restructuring reserve. The estimated synergy gains of some MSEK 100-150 will be shown in full by no later than 2003,

although significant synergies will already be generated by 2002.

New organisation from March 1

Gunnebo introduced a new organisation in March 1 with the object of focusing more closely on the core business of security, which already accounts for more than 80 % of Gunnebo's total business.

The four security divisions are:

- * Gunnebo Physical Security for physical security, products and services, including co-ordination of all safes and banking products.
 - * Gunnebo Integrated Security for electronic security systems, passage control systems and fire safety systems.
 - * Gunnebo Perimeter Security for outdoor and indoor perimeter protection.
 - * Gunnebo Steelage, which is based in India, for physical security and fire extinguishing equipment.
- Gunnebo's fifth division is Gunnebo Engineering, in which all activities within Lifting and Fastening are concentrated.

Strategic acquisitions

In April, Gunnebo acquired a French security company, CS Security, which has an annual turnover of some MSEK 460 and 425 employees in France, Germany and Portugal.

CS Security's business complements that of Gunnebo Integrated Security very well, with 49 % of its turnover in electronic security systems and 38 % in integrated security solutions. The remaining 13 % consist of physical security products, which have been co-ordinated with Gunnebo Physical Security.

The purchase price amounted to MSEK 35, and CS Security will have a positive affect on earnings per share already this year. The full effect on the result will be achieved in one or two years, when the integration process has been completed.

The acquisition of Garmann Clausen AB in Sweden and Jörg Clausen A/S in Norway has further strengthened Rosengren's market position in the cash and securities handling segment in the Nordic region.

Musa Seguridad, a Spanish alarm system company, was integrated with Gunnebo's Spanish alarm business during the period.

In April, Gunnebo Industrier acquired Andr Jacobsen A/S (ANJA), a Norwegian company. The acquisition of ANJA will complement and strengthen Gunnebo Lifting's business.

Capital expenditure

The Group's capital expenditure during the January – June 2001 period, excluding acquisitions, amounted to MSEK 73 (59) and consisted largely of replacement and rationalisation investments.

Cash flow

The cash flow absorbed by operations was MSEK 136 (generated 17). The operative cash flow, after investments, amounted to a negative MSEK 193 (negative 34).

Cash flow, which is normally low during the first half

of the year, was also negatively effected by the current restructuring programme of some MSEK 80.

The operative cashflow before restructuring costs is expected to be clearly positive for the whole year.

Liquidity and financial position

The Group's liquid funds amounted to MSEK 243 (Dec 31, 2000: MSEK 339). The Group also has available agreed loan facilities of some MSEK 650.

The Group's net debt amounted to MSEK 1,865 (Dec 31, 2000: MSEK 1,359).

The equity ratio was 25 % (36) and the risk capital ratio, including convertible loans, was 27 % (41).

The debt-equity ratio was 1.3 (0.5).

Employees

The number of employees at the end of the period was 8,235, which may be compared with 7,825 at the end of the previous year. The number of employees abroad was 7,230 (6,830).

Data per share

Earnings per share after full conversion amounted to SEK 2.55 (4.75).

Earnings per share for the past 12-month period amounted to SEK 9.20 (11.50).

Equity per share after full conversion amounted to SEK 68.35 (Dec 31, 2000: 70.50).

The company has approximately 7,800 shareholders.

Accounting principles

This report is made up in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 Interim Reports. The same accounting principles and methods of calculation have been used in this interim report as in the annual report for 2000.

Unchanged outlook for 2001

Following last years' major acquisitions, an intensive process of restructuring is taking place throughout the Group, and is stamping its mark on the business in 2001. The process focuses on building a long-term high and stable profitability.

Many of the results of the ongoing restructuring program will show through in 2002, with full effect by 2003 at the latest. Synergy gains are estimated to be between MSEK 100 - 150.

In terms of earnings, 2001 will therefore be an intermediary year, as already announced. The profit after financial items for 2001 is expected to reach the same level as that for 2000 (MSEK 210, excluding items affecting comparability).

The operating profit for Gunnebo Security is expected to show already this year a considerable improvement and to increase by at least MSEK 100.

Göteborg, July 20, 2001
Bjarne Holmqvist
President and CEO

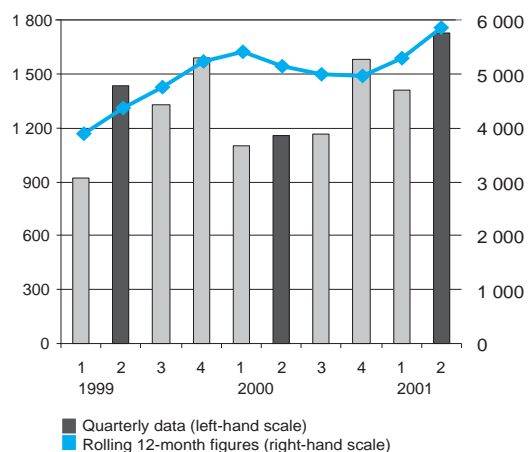
Invoiced sales, operating profit and operating margin before depreciation of goodwill

	Invoiced sales MSEK			Operating profit MSEK			Operating margin, %		
	January - June 2001	Full year 2000	Full year 2000	January - June 2001	Full year 2000	Full year 2000	January - June 2001	Full year 2000	Full year 2000
Gunnebo Security	2,500	1,670	3,851	129	75	182	5.2	4.5	4.7
Gunnebo Engineering	632	585	1,149	43	58	104	6.8	9.9	9.1
Group items	-	-	-	-18	-10	-23	-	-	-
Group total before items disturbing comparability	3,132	2,255	5,000	154	123	263	4.9	5.5	5.3
Items affecting comparability	-	-	-	-	36	115	-	-	-
Group total	3,132	2,255	5,000	154	159	378	4.9	7.1	7.6

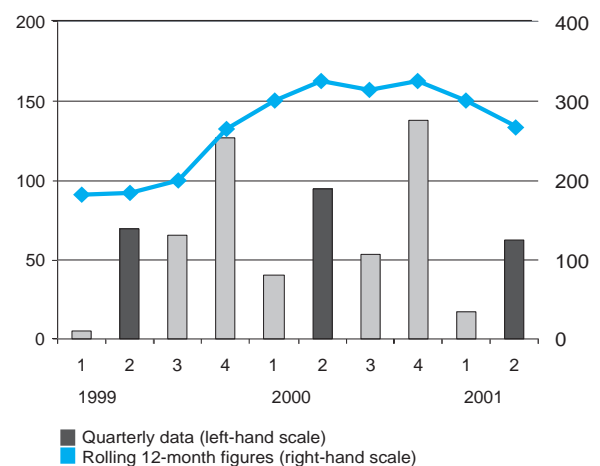
Quarterly data, MSEK

	1999				2000				2001	
	1	2	3	4	1	2	3	4	1	2
Invoiced sales	919	1,431	1,325	1,589	1,100	1,155	1,168	1,577	1,406	1,726
Operating profit	19	81	80	144	46	97	52	144	31	95
Operating margin, %	2.1	5.7	6.0	9.1	4.2	8.4	4.5	9.1	2.2	5.5
Profit after net financial items	5	69	65	127	40	94	53	138	17	62

Invoiced sales, MSEK



Profit after net financial items, MSEK



This report has not been subject to examination by the company's auditors.

Consolidated income statement, MSEK

	Jan-June 2001	Jan-June 2000	Full year 2000
Invoiced sales	3,132	2,255	5,000
Costs of goods sold	-2,176	-1,540	-3,478
Gross operating profit	956	715	1,522
Items affecting comparability	-	36	115
Other operating costs before depreciation of goodwill	-802	-592	-1,259
Operating profit before depreciation of goodwill	154	159	378
Depreciation of goodwill	-28	-16	-39
Operating profit	126	143	339
Profit on interests in associate companies	3	20	40
Net financial items	-50	-29	-54
Profit after financial items	79	134	325
Minority interests in result	2	-	-
Taxes	-26	-31	-78
Net profit	55	103	247

Cash flow analysis, MSEK

	Jan-June 2001	Jan-June 2000	Full year 2000
Cash flow from operating activities			
before change in working capital	54	114	259
Change in working capital	-190	-97	-162
Cash flow from operating activities	-136*	17	97
Investments, net	-57	-51	-98
Acquisitions and divestments of subsidiary companies	190	247	237
Cash flow from operating activities	133	196	139
Change in interest-bearing receivables and liabilities	-12	-148	-48
Dividend	-90	-67	-67
Cash flow from financing activities	-102	-215	-115
Cash flow of the period	-105	-2	121
Liquid funds at the beginning of year	339	212	212
Translation differences on liquid funds	9	-2	6
Liquid funds at the end of period	243	208	339

* Including restructuring costs of MSEK 80

Consolidated balance sheet, MSEK

	June, 30 2001	June, 30 2000	Dec, 31 2000
Intangible fixed assets	1,038	524	903
Material fixed assets	1,107	770	990
Financial fixed assets	70	193	66
Inventories	1,221	819	1,001
Operating receivables	2,019	1,091	1,723
Liquid funds	243	208	339
Total assets	5,698	3,605	5,022
Equity ¹⁾	1,409	1,303	1,456
Minority interests	11	6	11
Interest-bearing provisions and liabilities	2,138	1,090	1,728
Other provisions and liabilities	2,140	1,206	1,827
Total equity and liabilities	5,698	3,605	5,022

¹⁾ Equity changed as follows during the period:

Opening equity	1,456	1,263	1,263
Dividend paid	-90	-67	-67
Conversion	-	16	17
Translation differences	-12	-12	-4
Profit for the period	55	103	247
Closing equity	1,409	1,303	1,456

Financial ratios

	January – June 2001	January – June 2000	Full year 2000
Return on capital employed before depreciation of goodwill, % *	19.6	21.5	22.5
Return on capital employed, % *	12.4	14.9	15.4
Return on equity, % *	14.7	21.0	18.2
Operating margin before depreciation of goodwill, %	4.9	7.1	7.6
Operating margin, %	4.0	6.3	6.8
Capital turnover rate*	1.9	1.9	1.9
Equity ratio, %	25	36	29
Risk capital ratio, %	27	41	32

* During the last 12-month period.

Data per share

	January – June 2001	January – June 2000	Full year 2000
Earnings per share, SEK	2.55	4.85	11.65
Earnings per share after full conversion, SEK	2.55	4.75	11.40
Equity per share, SEK	66.45	61.45	68.65
Equity per share after full conversion, SEK	68.35	63.55	70.50
Cash flow per share, SEK	-6.10	0.85	4.55
Number of shares at end of period, thousand	21,205	21,196	21,205
Number of shares after full conversion, thousand	21,988	21,988	21,988