

GUNNEBO

INTERIM REPORT

JANUARY - SEPTEMBER 2002

Third quarter 2002

- **Substantial improvement in result – profit after financial items increased by 59 per cent to MSEK 73 (46).**
- **Earnings per share increased by 70 per cent to SEK 2.55 (1.50).**

January - September 2002

- **The profit after financial items increased by 22 per cent to MSEK 153 (125).**
- **Earnings per share improved by 30 per cent to SEK 5.25 (4.05).**

Forecast for the 2002 financial year

- **The profit after financial items for the 2002 financial year is expected to be 20 per cent higher than last year's MSEK 223.**

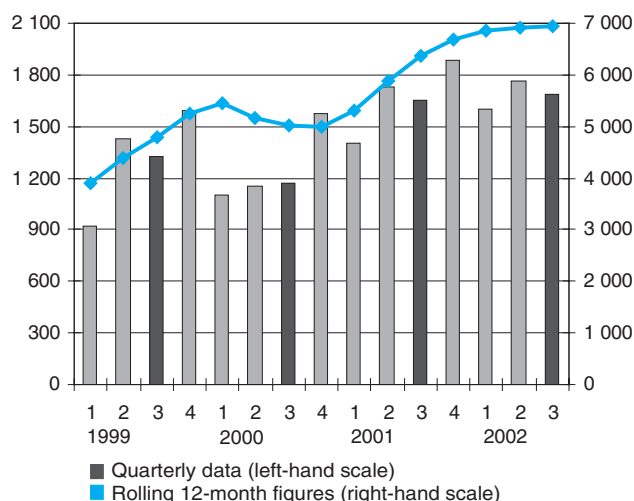
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Information

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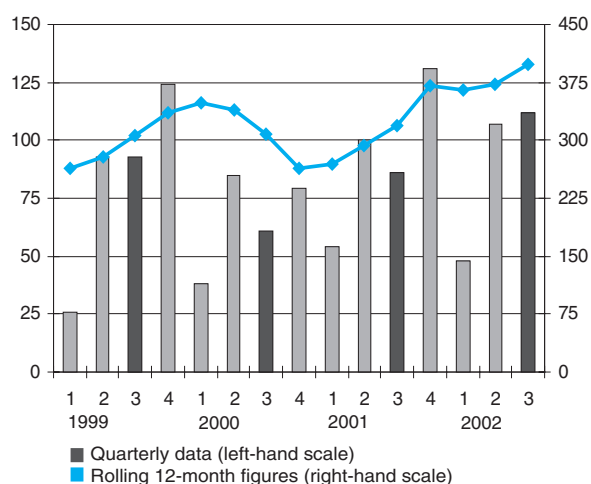
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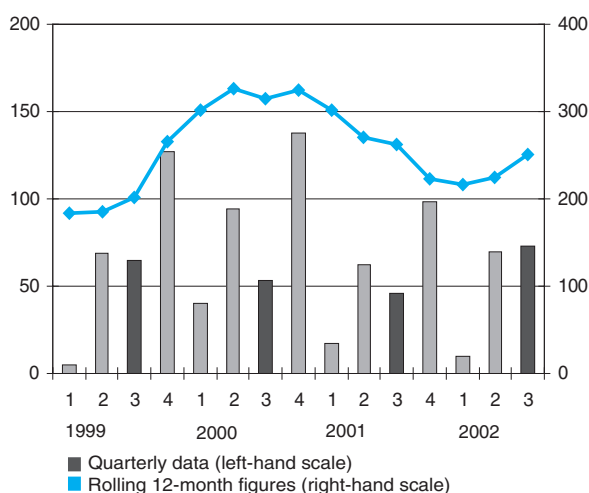
Invoiced sales, MSEK



Operating profit before depreciation of goodwill and excluding items affecting comparability, MSEK



Profit after financial items, MSEK



Third quarter 2002

The result improved very strongly during the third quarter, and turned to be the best third quarter in the Group's history. The profit after financial items increased by 59 per cent to MSEK 73 (46) and earnings per share rose by 70 per cent to SEK 2.55 (1.50).

The restructuring programme implemented within Gunnebo Physical Security has resulted in the planned improvement in earnings. Gunnebo Integrated Security's business has continued to develop well.

The profit for the third quarter includes a net cost due to items affecting comparability of MSEK 1 (0), consisting of capital gains of MSEK 12 and non-recurring costs, mainly relating to restructuring, of MSEK 13.

The operating margin before depreciation of goodwill increased to 6.6 per cent (5.2). For Gunnebo Security the operating margin increased to 7.0 per cent (4.9) and for Gunnebo Engineering to 7.2 per cent (6.4).

The Group's order intake rose during the third quarter by 4 per cent to MSEK 1,717 (1,652). For comparable units and after adjustment for currency fluctuations, the increase was 4 per cent.

Invoiced sales increased during the third quarter by 2 per cent to MSEK 1,682 (1,651). Organic growth was 1 per cent and has been greatly affected by reduced deliveries of ATM safes (safes for bank automation systems).

The operating cash flow, excluding structuring costs, amounted to MSEK 155 (207).

January - September 2002

Market developments

The overall strategy for the year has been to focus on improving profitability. Accordingly, the Group has given priority to improving margins on certain markets rather than increasing volumes.

The Group's order intake during the January-September period amounted to MSEK 5,380 (5,036), an increase of 7 per cent. After adjustment for acquisitions and currency fluctuations, the order intake increased by 2 per cent.

Gunnebo Security's order intake increased by 9 per cent to MSEK 4,464 during the period, while Gunnebo Engineering's order intake declined by 1 per cent to MSEK 916. After adjustment for acquisitions and currency fluctuations, Gunnebo Security's order intake increased by 2 per cent, while Gunnebo Engineering's remained unchanged.

The Group's order intake for the period exceeded invoiced sales by 7 per cent.

The markets in England, France and Germany account for about half of Gunnebo Security's total turnover. The markets in England and France developed favourably during the period, while market conditions in Germany were weaker, particularly on the construction-related security market. Other markets for Gunnebo Security that developed well were Norway and Spain.

Within Gunnebo Integrated Security, the market for alarm installations in Southern Europe and entrance control and passage control systems developed particularly favourably during the period.

For Gunnebo Physical Security, the business in Canada continued to do well, while export sales from Indonesia experienced a weaker trend during the period. A number of important orders were booked for integrated security solutions for the retail trade, as well as automated bank products.

Within Gunnebo Perimeter Security, Gunnebo Troax performance was relatively weak during the period. Within Gunnebo Engineering, Gunnebo Lifting performed strongly in Australia, Brazil and South Africa, but experienced a slightly weaker development in Europe and the USA. Gunnebo Fastening performed well on its most important markets.

Sales

The Group's invoiced sales increased by 6 per cent to MSEK 5,048 (4,783), growth that matches the turnover of acquired companies. For comparable units and adjusted for currency fluctuations the level of invoicing remained unchanged.

Gunnebo Security's organic growth was 1 per cent, but this was pulled down by a sharp reduction in Gunnebo Physical Security's OEM deliveries of ATM safes (safes for bank cash dispenser systems). Gunnebo Engineering's invoiced sales declined by 3 per cent after adjustment for acquisitions and currency fluctuations. The Group's foreign sales ratio was 91 per cent (91).

Result

The operating profit before depreciation of goodwill for the January–September period increased to MSEK 266 (240) and the operating margin to 5.3 per cent (5.0). Gunnebo Security's profit increased by 20 per cent to MSEK 235 (196), and its operating margin to 5.7 per cent (5.1). The completed stages in the structuring programme have had a favourable effect on Gunnebo Physical Security's earnings.

Gunnebo Integrated Security improved its earnings as a result of healthy growth in volumes combined with higher margins.

Gunnebo Perimeter Security's result deteriorated, while Gunnebo Steelage's result was slightly better.

Gunnebo Engineering earned a profit of MSEK 59, which is almost on a par with last year (62), despite a decline in Lifting's volumes.

The consolidated operating profit after depreciation of goodwill amounted to MSEK 218 (196). This figure includes depreciation according to plan of MSEK 172 (165), of which depreciation of goodwill accounts for MSEK 48 (44).

Net financial items amounted to a cost of MSEK 65 (cost 75).

The profit after financial items increased by 22 per cent to MSEK 153 (125). The combined effect on the result of company acquisitions and currency fluctuations was marginal.

Company acquisitions

In June, Gunnebo acquired the German security company Leicher, which has an annual turnover of some MSEK 250 and 160 employees. Over the past few years, Leicher has developed automated cash handling products, new types of automated safe-deposit box systems and an extensive range of self-service products for the banking sector. The acquisition generated goodwill of MSEK 52 upon consolidation.

At the beginning of July, the Group acquired the Danish RIVA Systems, which has an annual turnover of some MSEK 27 and 26 employees. RIVA Systems focuses mainly on sales and support for computer systems linked to cash and retail stock management systems.

Structuring programme

Gunnebo Physical Security's structuring programme is progressing well in line with time schedules and budgets. The closure of production units in Europe has enabled the Group to match production capacity to demand. In order to achieve economies of scale in production, the manufacture of burglar-resistant safes has largely been concentrated at the factories in Bazancourt (France) and Jakarta (Indonesia), of fire-resistant safes at the factories in Mora/Malung and of ATM safes (OEM production) at the factories in Doetinchem/Dordrecht (Holland).

During the period, MSEK 41 was utilised from the Group's total restructuring reserve. The remaining restructuring reserve now amounts to MSEK 164, which is to be used for the next round of structuring measures within Gunnebo Security.

Capital expenditure

The Group's fixed capital expenditure, excluding company acquisitions, during the January–September 2002 period amounted to MSEK 112 (116).

Cash flow

The cash flow has improved considerably on last year. The operative cash flow after deduction of investments but before interest, tax paid and restructuring costs improved by MSEK 55 to a surplus of MSEK 212 (surplus 157), mainly as a result of lower working capital.

The cash flow from current operations improved by MSEK 156 to a surplus of MSEK 186 (surplus 30), of which restructuring costs affecting cash flow accounted for a deficit of MSEK 41 (deficit 120).

Liquidity and financial position

The Group's liquid funds have increased during the year by MSEK 41 to MSEK 336 (234). The Group also has available undrawn credit facilities of some MSEK 500.

The Group's net debt has decreased by MSEK 57 during the year to MSEK 1,815 (1,980).

The equity ratio improved to 29 per cent (26).

The debt/equity ratio was 1.2 (1.4).

Employees

The number of employees at the end of the period was 8,440, which may be compared with 8,399 at the end of last year. The number of employees abroad was 7,474 (7,416).

Data per share

Earnings per share after full conversion increased by 30 per cent to SEK 5.25 (4.05).

Earnings per share for the past 12-month period amounted to SEK 8.90 (8.75). Excluding items affecting comparability, earnings per share increased to SEK 8.60 (5.15).

Equity per share after full conversion amounted to SEK 74.65 (69.85).

The number of shareholders is 9,393.

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

	Invoiced sales, MSEK			Operating profit, MSEK			Operating margin, %		
	Jan - Sept 2002	Full year 2001	Full year 2001	Jan - Sept 2002	Full year 2001	Full year 2001	Jan - Sept 2002	Full year 2001	Full year 2001
Gunnebo Security	4,159	3,856	5,465	235	196	315	5.7	5.1	5.8
Gunnebo Engineering	889	927	1,206	59	62	86	6.6	6.7	7.1
Central Group items	-	-	-	-27	-18	-30	-	-	-
Group total, before items affecting comparability	5,048	4,783	6,671	267	240	371	5.3	5.0	5.6
Items affecting comparability	-	-	-	-1	-	11	-	-	-
Group total	5,048	4,783	6,671	266	240	382	5.3	5.0	5.7

Accounting principles

This report is made up in accordance with the recommendations issued by the Swedish Financial Accounting Standards Council. As of 2002, a number of new recommendations have come into effect. However, the introduction of these recommendations has not entailed any changes to the figures stated in this report. The same accounting principles and methods of calculation are used in the interim report as in the latest annual report.

Forecast for 2002

The profit after financial items was MSEK 233 in 2001. For the financial year 2002, the consolidated profit after financial items is expected to increase by 20 per cent.

Göteborg, October 30, 2002
Bjarne Holmqvist
President and CEO

Consolidated income statement, MSEK

	July-Sept		Jan-Sept		Full year
	2002	2001	2002	2001	2001
Invoiced sales	1,682	1,651	5,048	4,783	6,671
Cost of goods sold	-1,143	-1,162	-3,433	-3,338	-4,604
Gross operating profit	539	489	1,615	1,445	2,067
Items affecting comparability	-1	-	-1	-	11
Other operating costs excluding depreciation of goodwill	-427	-403	-1,348	-1,205	-1,696
Operating profit before depreciation of goodwill	111	86	266	240	382
Depreciation of goodwill	-16	-16	-48	-44	-61
Operating profit	95	70	218	196	321
Interest in earnings of associate companies	-1	1	-	4	5
Net financial items	-21	-25	-65	-75	-103
Profit after financial items	73	46	153	125	223
Minority interests	-	-	-	2	-
Taxes	-18	-15	-40	-41	-58
Net profit for the year	55	31	113	86	165
Earnings per share, SEK	2.60	1.50	5.30	4.05	7.80
Earnings per share after full conversion, SEK	2.55	1.50	5.25	4.05	7.65

Cash flow analysis, MSEK

	July-Sept		Jan-Sept		Full year
	2002	2001	2002	2001	2001
Cash flow from current operations before change in working capital	126	73	246	127	136
Change in working capital	39	93	-60	-97	7
Cash flow from current operations	165	166	186	30	143
Investments, net	-40	-30	-106	-87	-147
Acquisitions and divestments of subsidiary companies	-4	-87	-49	103	87
Cash flow from investment activities	-44	-117	-155	16	-60
Change in interest-bearing receivables and liabilities	-39	-75	91	-87	-52
Dividend	-	-	-74	-90	-90
Cash flow from financing activities	-39	-75	17	-177	-142
Cash flow for the period	82	-26	48	-131	-59
Opening liquid funds	253	243	295	339	339
Translation differences on liquid funds	1	17	-7	26	15
Closing liquid funds	336	234	336	234	295

Operating cash flow, MSEK

	July-Sept		Jan-Sept		Full year
	2002	2001	2002	2001	2001
Cash flow from current operations	165	166	186	30	143
Re-entry of paid tax and net financial items affecting cash	21	31	91	94	174
Net investments	-40	-30	-106	-87	-147
Operating cash flow	146	167	171	37	170
Re-entry of structuring costs affecting cash flow	9	40	41	120	178
Operating cash flow excluding structuring costs	155	207	212	157	348

Consolidated balance sheet, MSEK

	Sept 30 2002	Dec 31 2001	2001
Intangible fixed assets	1,059	1,080	1,063
Tangible fixed assets	1,036	1,129	1,087
Financial fixed assets	104	154	137
Stocks	1,191	1,276	1,185
Operating receivables	1,726	1,791	1,819
Liquid funds	336	234	295
Total assets	5,452	5,664	5,586
Equity ¹⁾	1,548	1,442	1,513
Minority interests	8	9	7
Interest-bearing provisions and liabilities	2,154	2,238	2,179
Other provisions and liabilities	1,742	1,975	1,887
Total equity and liabilities	5,452	5,664	5,586

¹⁾ Change in equity during the period:

Opening balance	1,513	1,456	1,456
Dividends paid	-74	-90	-90
Conversion	1	-	-
Translation differences	-5	-10	-18
Net profit for the period	113	86	165
Closing equity	1,548	1,442	1,513

Data per share

	Jan – Sept 2002	2001	Full year 2001
Earnings per share, SEK	5.30	4.05	7.80
Earnings per share after full conversion, SEK	5.25	4.05	7.65
Equity per share, SEK	73.00	68.00	71.35
Equity per share after full conversion, SEK	74.65	69.85	73.10
Cash flow per share, SEK	8.55	1.50	6.65
Average number of shares, thousand	21,208	21,205	21,205
No. of shares at end of period, thousand	21,211	21,205	21,205
No. of shares after full conversion, thousand	21,988	* 21,988	21,988

* Incl. warrants which in the event of full exercise will give 1,000,000 shares at the subscription price of SEK 152 per share.

Quarterly data, MSEK

	1999				2000				2001				2002		
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
Invoiced sales	919	1,431	1,325	1,589	1,100	1,155	1,168	1,577	1,406	1,726	1,651	1,888	1,603	1,763	1,682
Operating profit*	26	93	93	124	38	85	61	79	54	100	86	131	48	107	112
Operating margin, %*	2.8	6.5	7.0	7.8	3.5	7.4	5.2	5.0	3.1	6.4	5.2	6.9	3.0	6.1	6.7
Operating profit	19	81	80	144	46	97	52	144	41	85	70	125	32	91	95
Profit after financial items	5	69	65	127	40	94	53	138	17	62	46	98	10	70	73

* Before depreciation of goodwill and excluding items affecting comparability

Key ratios

	Jan – Sept 2002	2001	Full year 2001
Return on capital employed before depreciation of goodwill, % *	16.0	18.7	16.6
Return on capital employed before depreciation of goodwill, excluding items affecting comparability, % *	15.7	15.3	16.2
Return on capital employed, % *	9.8	11.6	10.1
Return on capital employed, excluding items affecting comparability, % *	9.6	9.2	9.8
Return on equity, % *	12.8	13.6	11.1
Return on equity, excluding items affecting comparability, % *	12.5	8.2	10.7
Gross margin, %	32.0	30.2	31.0
Operating margin before depreciation, % (EBITDA)	7.7	7.5	8.4
Operating margin before depreciation of goodwill, % (EBITA)	5.3	5.0	5.7
Operating profit, % (EBIT)	4.3	4.1	4.8
Profit margin, % (EBT)	3.0	2.6	3.3
Capital turnover rate *	1.9	1.9	1.9
Equity ratio, %	29	26	27
Interest cover	3.2	2.4	2.9
Debt-equity ratio	1.2	1.4	1.2

* For the past 12-month period

Financial information

Year-end release 2002	February 6, 2003
Annual report 2002	March, 2003
Interim report January-March 2003	April 29, 2003

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

Gunnebo is today an internationally fast-growing security group with 106 companies located in 32 countries. The Group has sales to a further hundred markets via agents and distributors. Annual turnover amounts to some MEUR 790. Gunnebo's security products mainly include fire and burglar resistant safes, security products for banks and cash handling, electronic security systems, fire protection, entrance control and access control, alarm centres, and indoor and outdoor perimeter protection. Gunnebo has at its disposal five of the world's leading brand names in security: Chubb Safes, Fichet-Bauche, Rosengrens, Garny and Leicher.

GUNNEBO
For a safer world

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