*Gothenburg, January 31, 2014*

# GUNNEBO YEAR-END RELEASE 2013

## A strong quarter

Order intake and net sales both developed stably during the fourth quarter of 2013. The order intake in Region Asia-Pacific continued its positive trend with organic growth of 26%. Region Europe, Middle East and Africa (EMEA) showed a pleasing organic growth of order intake by 6%. The increase was primarily generated on EMEA's growth markets outside of Europe. Federal budget cuts in the US and a slowdown in the Brazilian economy had a negative impact on the quarter's order intake in Region Americas.

For the year as a whole, the Group's net sales outside of Europe accounted for 40% of total net sales, which is an increase of 4% on last year, despite weaker currency rates on a number of growth markets. This confirms that efforts to move the emphasis of the Group's business from Europe to the world's growth markets are proceeding in the right direction.

The Group's organisation evolved during the quarter. This has resulted in a stronger region-based organisation which will lead to greater customer focus, improved market presence and an even sharper focus on growth markets. The fourth quarter of 2013 is the first quarter in which Gunnebo's reporting is based on our three sales regions: EMEA, Asia-Pacific and Americas.

Operating profit for the fourth quarter was MSEK 103, which equates to an operating margin of 7%. Efforts to reduce the Group's cost base in Europe have continued and the quarter has been burdened with restructuring costs totalling MSEK 30. Excluding these costs, the operating margin totalled 9%.

A number of new products were launched during the quarter. For example, a brand new product series has been developed in entrance security which has been very well received around the globe.

We confidently look forward to a 2014 where the Group's main priorities will be continued expansion in growth markets, reduced costs in Europe, improved gross margins and to further strengthen our cash flow.

*Per Borgvall, President and CEO*
*Gunnebo AB*

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## FOURTH QUARTER 2013

- Order intake amounted to MSEK 1,313 (1,317), organically it increased by 5%.
- Net sales totalled MSEK 1,477 (1,517), organically they were unchanged.
- Operating profit amounted to MSEK 103 (110) and the operating margin to 7.0% (7.3%).
- Operating profit excluding expenses of a non-recurring nature of MSEK -30 (-29) amounted to MSEK 133 (139) and the operating margin to 9.0% (9.2%).
- Profit after tax for the period increased to MSEK 48 (2).
- Earnings per share were SEK 0.61 (0.00).
- Profit for the period has been burdened by expenses of a non-recurring nature for writing down a financial receivable totalling MSEK -45 (-45).

## FULL YEAR 2013

- Order intake increased to MSEK 5,514 (5,250), organically it increased by 4%. Acquired units contributed MSEK 262.
- Net sales increased to MSEK 5,271 (5,236), organically they increased by 1%. Acquired units contributed MSEK 208.
- Operating profit increased to MSEK 222 (179) and the operating margin to 4.2% (3.4%). Acquired units had a positive effect on operating profit of MSEK 32.
- Operating profit excluding expenses of a non-recurring nature of MSEK 84 (87) amounted to MSEK 306 (266) and the operating margin to 5.8% (5.1%).
- Profit after tax for the period increased to MSEK 102 (24).
- Earnings per share were SEK 1.29 (0.26).
- Profit for the period has been burdened by expenses of a non-recurring nature for writing down a financial receivable totalling MSEK -45 (-45).
- The Board of Directors and the President proposes a dividend of SEK 1.00 per share (1.00).

### In Brief

| | Oct-Dec | | Full year | |
|---|---|---|---|---|
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Order intake | **1,313** | 1,317 | **5,514** | 5,250 |
| Net sales | **1,477** | 1,517 | **5,271** | 5,236 |
| Operating profit before depreciation (EBITDA) | **124** | 142 | **308** | 274 |
| Operating margin before depreciation (EBITDA), % | **8.4** | 9.4 | **5.9** | 5.2 |
| Operating profit excl. non-recurring items [1] | **133** | 139 | **306** | 266 |
| Operating margin excl. non-recurring items, % [1] | **9.0** | 9.2 | **5.8** | 5.1 |
| Operating profit (EBIT) | **103** | 110 | **222** | 179 |
| Operating margin (EBIT), % | **7.0** | 7.3 | **4.2** | 3.4 |
| Profit/loss for the period | **48** | 2 | **102** | 24 |
| Earnings per share, SEK [2] | **0.61** | 0.00 | **1.29** | 0.26 |

[1] Items of a non-recurring nature amounted to MSEK -84 (-87) for the period January -December

[2] Earnings per share before and after dilution



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# Summary Regions

## Order intake

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **880** | 821 | **3,558** | 3,707 |
| Region Asia-Pacific | **266** | 235 | **1,043** | 885 |
| Region Americas | **167** | 261 | **913** | 658 |
| **Total** | **1,313** | 1,317 | **5,514** | 5,250 |

## Net sales

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **999** | 1,035 | **3,474** | 3,736 |
| Region Asia-Pacific | **261** | 237 | **954** | 868 |
| Region Americas | **217** | 245 | **843** | 632 |
| **Total** | **1,477** | 1,517 | **5,271** | 5,236 |

## Operating profit/loss, excl non-recurring items

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **56** | 49 | **47** | 53 |
| Region Asia-Pacific | **36** | 48 | **134** | 111 |
| Region Americas | **41** | 42 | **125** | 102 |
| **Total** | **133** | 139 | **306** | 266 |

## Operating margin, excl non-recurring items

| % | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **5.6** | 4.7 | **1.4** | 1.4 |
| Region Asia-Pacific | **13.8** | 20.3 | **14.0** | 12.8 |
| Region Americas | **18.9** | 17.1 | **14.8** | 16.1 |
| **Total** | **9.0** | 9.2 | **5.8** | 5.1 |

## Non-recurring items

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **-26** | -21 | **-74** | -63 |
| Region Asia-Pacific | **-2** | -7 | **-8** | -19 |
| Region Americas | **-2** | -1 | **-2** | -5 |
| **Total** | **-30** | -29 | **-84** | -87 |

## Operating profit/loss

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Region Europe, Middle East & Africa | **30** | 28 | **-27** | -10 |
| Region Asia-Pacific | **34** | 41 | **126** | 92 |
| Region Americas | **39** | 41 | **123** | 97 |
| **Total** | **103** | 110 | **222** | 179 |



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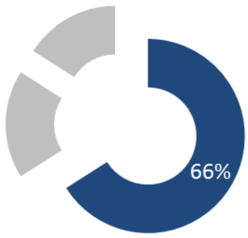
| Region Europe, Middle East & Africa | | | | |
|---|---|---|---|---|
| | Oct-Dec | | Full year | |
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Order intake | **880** | 821 | **3,558** | 3,707 |
| *Organic growth, %* | *6* | | *-2* | |
| Net sales | **999** | 1,035 | **3,474** | 3,736 |
| *Organic growth, %* | *-4* | | *-5* | |
| Operating profit/loss excl. non-recurring items | **56** | 49 | **47** | 53 |
| Operating margin excl. non-recurring items, % | **5.6** | 4.7 | **1.4** | 1.4 |
| Non-recurring items | **-26** | -21 | **-74** | -63 |
| Operating profit/loss | **30** | 28 | **-27** | -10 |

**Percentage of Group Sales: 66%**




## Region EMEA

Europe, Middle East & Africa (EMEA) is the Group's largest region. The region is divided into eight sub-regions: Nordic, Central Europe, Southern Europe, UK/Ireland, France, Eastern Europe, Middle East and Africa.

Gunnebo's offering in Europe is focused on cash handling, safes and vaults, entrance security, electronic security and security services, and is available on most markets. The largest customer segments are bank, retail, CIT, mass transit, public and commercial buildings, and industrial and high-risk sites.

In Middle East, the market offering mainly comprises safes and vaults, entrance security and electronic security for banks, public and commercial buildings, and industrial and high-risk sites. In Africa, business chiefly comprises safes and vaults as well as electronic security for the bank sector.

## October – December 2013

The region's order intake has developed positively during the quarter, particularly with major orders from two African central banks and a major order for ATM safes in South Africa. Order intake from customers in Europe fell by 3% organically compared with last year. Considering the weak demand during the first half of 2013, the fourth quarter should be regarded as an improvement. Development on the European markets, however, remains unstable.

The slightly weaker net sales compared with the fourth quarter of 2012 can be attributed partly to a strong comparison quarter as a large project was completed in the previous year, and partly to weak 2013 figures in the UK due to a restrained bank sector.

Efforts to adapt the cost base in Europe are continuing and the quarter has been burdened with restructuring costs, both in sales companies and European manufacturing units, totalling MSEK 26.

Operating margin excluding restructuring costs improved during the quarter to 5.6% as a result of cost reductions implemented during the year.

### QUARTER IN BRIEF

- Two African central banks increases security with solutions from Gunnebo
- Mozambique's central bank tightens security using modular vaults and vault doors from Gunnebo
- French bank orders solutions for mobile banks
- Shell Denmark signs framework agreement for the installation of closed cash handling solution, SafePay, in its petrol stations across Denmark
- A major Belgian bank turns to Gunnebo to increase security at its branches with solutions for electronic security

### FACTS EMEA

- SVP: Morten Andreasen
- Sales companies: 21

**Nordic:** Denmark, Finland, Norway, Sweden
**Central Europe:** Austria, Belgium, Germany, Luxembourg, Netherlands, Switzerland
**Southern Europe:** Italy, Portugal, Spain
**France**
**Eastern Europe:** Czech Republic, Hungary, Poland,
**UK/Ireland**
**Middle East:** UAE
**Africa:** South Africa



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| Region Asia-Pacific | | | | |
|---|---|---|---|---|
| | Oct-Dec | | Full year | |
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Order intake | **266** | 235 | **1,043** | 885 |
| *Organic growth, %* | *26* | | *27* | |
| Net sales | **261** | 237 | **954** | 868 |
| *Organic growth, %* | *22* | | *20* | |
| Operating profit/loss excl. non-recurring items | **36** | 48 | **134** | 111 |
| Operating margin excl. non-recurring items, % | **13.8** | 20.3 | **14.0** | 12.8 |
| Non-recurring items | **-2** | -7 | **-8** | -19 |
| Operating profit/loss | **34** | 41 | **126** | 92 |

**Percentage of Group Sales: 18%**


## Region Asia-Pacific

Asia-Pacific is the Group's fastest growing region. It is divided into four sub-regions: India, China, Australia/New Zealand and South-East Asia. Furthermore, Gunnebo has a wide network of channel partners on many of the region's markets.

Business in Asia-Pacific mainly comprises the sale of safes and vaults for the bank sector and entrance security for public and commercial buildings, industrial and high-risk sites, and mass transit. There is also a growing business in security services and cash handling in the region.

## October – December 2013

The region's order intake shows continued strong development and good organic growth particularly in India, China and South-East Asia. Several major orders were received during the quarter including an electronic security order in India and an order from the bank sector in China. Both broaden Gunnebo's business in the region.

Net sales increased organically by 22%. Deliveries of physical bank security products in India are continuing to increase as a result of the continued expansion of the country's bank network, which also includes installations of new ATMs. In South-East Asia net sales increased by 27%, where South Korea in particular reported a strong quarter with deliveries in entrance security.

Operating profit, excluding items affecting comparability, amounted to MSEK 36, with an operating margin of 13.8%. The weaker margin during the quarter can be explained by the delivery of an entrance security project in Australia in the fourth quarter of 2012 with no equivalent in 2013. The region's operating profit, excluding items affecting comparability, for the whole of 2013 amounted to MSEK 134, which equates to an operating margin of 14.0% and is an improvement of 1.2 percentage points on 2012 as a whole.

### QUARTER IN BRIEF

- Hyundai Korea turns to Gunnebo to upgrade entrance security at its global head office
- Indonesia's national museum, which manages cultural heritage spanning two millennia, has chosen Gunnebo as its partner to design and install a fire safety system
- Bank of China is increasing its customer service and ordering a solution for automated bank deposit boxes (SafeStore Auto) and vault doors
- Gunnebo India receives a strategically important order for system integration for a business park in Mumbai's largest business district
- A casino in the Philippines tightens security with entrance control solutions from Gunnebo

### FACTS ASIA-PACIFIC

- SVP: Per Borgvall
- Sales companies: 8

**Australia/New Zealand**
**India**
**China**
**South-East Asia**: Malaysia, Indonesia, Singapore, South Korea



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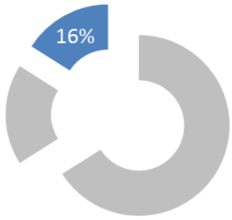
## Region Americas

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Order intake | **167** | 261 | **913** | 658 |
| *Organic growth, %* | *-16* | | *9* | |
| Net sales | **217** | 245 | **843** | 632 |
| *Organic growth, %* | *-5* | | *7* | |
| Operating profit/loss excl. non-recurring items | **41** | 42 | **125** | 102 |
| Operating margin excl. non-recurring items, % | **18.9** | 17.1 | **14.8** | 16.1 |
| Non-recurring items | **-2** | -1 | **-2** | -5 |
| Operating profit/loss | **39** | 41 | **123** | 97 |

**Percentage of Group Sales: 16%**




## Region Americas

The Americas is a growth region for Gunnebo. It is divided into two sub-regions: North America and Latin America.

In North America, the Group has a well-developed business in Canada which comprises security services, and safes and vaults for bank and retail. In the US, the Group's offering primarily comprises safes and vaults, entrance security and electronic security solutions for banks and for public and commercial buildings.

In Latin America, the business chiefly consists of solutions in electronic security and cash handling for retail, as well as a fast-growing business in security services and electronic security for the Mexican bank sector.

## October – December 2013

The region's order intake during the quarter was weak. The tightening of the federal budget in the US has had an adverse impact on order intake. Moreover, an economic slow-down in Brazil during the autumn influenced the retail sector's willingness to invest and orders have been postponed.

Net sales were organically 5% lower than in the fourth quarter of 2012, primarily because sales in Brazil were adversely affected by the retail sector's reluctance to invest and postponed deliveries.

Despite the weaker sales, the region reports an operating profit, excluding items affecting comparability, for the quarter of MSEK 41 and an operating margin that has improved to 18.9%. Profit development in Hamilton Safe, which was acquired in 2012, remains good. Cost efficiencies have been carried out in administration and manufacturing units, and this has contributed to improved margins in the US.

### QUARTER IN BRIEF

- Important strategic order for vaults to store medical drugs from Canadian NW Supplements
- Hamilton's distribution network expanded with a distributor in Canada
- New call centre successfully implemented in the US (Hamilton)
- Canada's Calgary airport turns to Gunnebo for efficient entrance security solutions
- Gunnebo installs entrance control solutions in Mexibus's entire Mexico BRT bus network
- Colombian Medellin BRT orders solutions for passenger control at its stations across the country

### FACTS AMERICAS

- SVP: Tomas Wängberg
- Sales companies: 4

**North America:** Canada, US
**Latin America**: Brazil, Mexico

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# OCTOBER-DECEMBER 2013

## Order intake and net sales

The Group's order intake during the fourth quarter amounted to MSEK 1,313 (1,317). Order intake increased by 5% organically.

Order intake in Region EMEA increased organically by 6%. The order intake in Africa more than doubled. Southern Europe continued to show positive development and order intake rose by 5%. Strong demand in the UK and Central Europe contributed to an increase in order intake of 9% on each market. In the Nordic region order intake decreased by 12%, which was mainly due to a large order received in the fourth quarter of 2012.

Order intake in Region Asia-Pacific remained at the same high level as in the third quarter, and organically it was up 26%. The highest growth was noted in China, India and South-East Asia.

In Region Americas order intake was weak on all markets and organically it fell by 16%. The largest decrease was in the US, primarily due to federal budget cuts.

Net sales totalled MSEK 1,477 (1,517). Organically, net sales remained unchanged compared with last year.

The majority of the countries in Region EMEA reported lower net sales. However net sales in Central Europe increased by 10%, while in France they were up 2%.

The positive development from the previous quarter strengthened in Region Asia-Pacific and net sales increased organically by 22%. The highest growth was noted in India and South-East Asia.

Region Americas showed the opposite development with a 5% decrease in net sales. The economic slow-down in Brazil was the main factor in the negative development.

## Financial results

Operating profit amounted to MSEK 103 (110). Currency effects had a negative impact on profit of MSEK 4. Operating profit excluding expenses of a non-recurring nature of MSEK 30 (29) amounted to MSEK 133 (139) and the operating margin to 9.0% (9.2%).

# JANUARY-DECEMBER 2013

## Order intake and net sales

Order intake increased by 5% and totalled MSEK 5,514 (5,250). Acquired units contributed MSEK 262. Order intake increased by 4% organically.

Order intake in Region EMEA decreased by 2% organically. The decline was primarily attributable to France where order intake fell by 9%. Order intake increased by 4% in Southern Europe and by 5% in Central Europe. Order intake in the Nordic region decreased by 5%.

In Region Asia-Pacific most countries reported high growth, and the total order intake for the region was up 27%. The positive trend in Region Americas decreased towards the end of the year, but order intake for the period January-December grew by 9%.

Net sales amounted to MSEK 5,271 (5,236), of which acquired units accounted for MSEK 208. Net sales increased by 1% organically.

In Region EMEA demand was weak and net sales fell by 5% organically. The majority of the countries in the region saw a negative or unchanged growth rate, and developments in France in particular had an adverse effect.

Net sales in Region Asia-Pacific increased by 20% organically. The improvement can mainly be attributed to India where growth totalled 24%. A positive trend was also noted in Region Americas where net sales rose by 7%.

## Financial results

Operating profit amounted to MSEK 222 (179) and the operating margin to 4.2% (3.4%). Acquired units contributed MSEK 32. Currency effects had a negative impact on profit of MSEK 19.

Restructuring costs, along with certain other expenses of a non-recurring nature, burdened the result by MSEK 84 (87). The majority of these costs could be attributed to staff cuts and other structural measures in the Group's

European sales companies and manufacturing units. Adjusted for expenses of a non-recurring nature, operating profit amounted to MSEK 306 (266) and the operating margin to 5.8% (5.1%).

Net financial items amounted to MSEK -75 (-66) and were burdened by write-downs of financial assets totalling MSEK 45 (45) attributable to the discontinued Perimeter Protection operation. Adjusted for write-downs, net financial items fell to MSEK -30 (-21), primarily due to higher borrowing as a result of the acquisition of Hamilton Safe.

Group profit after financial items amounted to MSEK 147 (113). Net profit for the period totalled MSEK 102 (24), and earnings per share attributable to the parent company's shareholders were SEK 1.29 (0.26) per share.

The tax expense amounted to MSEK -45 (-89) and the tax rate to 31% (79%). The tax rate has been positively affected by improved profit in countries where the profit improvements have not yet been achieved to the extent required to report deferred tax receivables. The high tax expense last year was mainly due to the reduction in Swedish company tax, which resulted in a reassessment of deferred tax assets regarding Swedish loss carry-forwards.

## Acquisition in South Korea

On July 5, 2013, ATG Entrance Corporation, the distributor of Gunnebo's products for entrance security in South Korea, was acquired. The acquired operation has annual net sales of approximately MSEK 45 and 13 employees. The purchase sum totalled MSEK 15. Group goodwill arising from the acquisition amounted to MSEK 9. Acquisition costs which burdened profit totalled MSEK 1.

## Capital expenditure and depreciation

Investments made in intangible assets and property, plant and equipment during the period totalled MSEK 72 (116). Depreciation amounted to MSEK 84 (87).

## Cash flow

The cash flow from current operations increased by MSEK 75 and amounted to MSEK 211 (136). Payments related to restructuring measures burdened cash flow for the year by MSEK 68 (48) and an increase in working capital tied up had a negative impact of MSEK 7 (20).

Cash flow from investing activities amounted to MSEK -75 (-504). The operating cash flow after deductions for capital expenditure but before net financial items affecting cash flow and paid tax increased by MSEK 149 and totalled MSEK 261 (112). The improvement can primarily be explained by a higher operating profit.

## Liquidity and financial position

The Group's liquid funds at the end of the period amounted to MSEK 392 (350). Equity amounted to MSEK 1,463 (1,533) and the equity ratio to 34% (36%).

The decrease in equity can primarily be attributed to the dividend paid to shareholders totalling MSEK 76, as well as other comprehensive income comprising actuarial gains and losses, translation differences, hedging of net investments abroad, cash flow hedges and income tax related to these components, which reduced equity by MSEK 98.

Net debt increased to MSEK 1,088 (1,026). The debt/equity ratio totalled 0.7 (0.7). Net debt excluding pension commitments amounted to MSEK 728 (684).

The Group's long-term guaranteed credit framework on December 31, 2013 amounted to MSEK 1,252 and ensures financing is available on unchanged terms until the end of June 2015.

## Parent company

The Group's parent company, Gunnebo AB, is a holding company which has the main task of owning and managing shares in other Group companies, as well as providing Group-wide services. Net sales for the period January-December amounted to MSEK 204 (137), of which MSEK 0 (2) related to external customers. Net profit/loss for the period amounted to MSEK -50 (45). Group contributions had a negative impact on net profit of MSEK -90 (+67).

## Employees

The number of employees at the end of the period was 5,612 (5,673). The number of employees outside of Sweden at the end of the period was 5,432 (5,476).

## Share data

Earnings per share after dilution were SEK 1.29 (0.26). The number of shareholders totalled 10,900 (9,900).

## Transactions with related parties

There have been no transactions with related parties during the period that affect Gunnebo's position and result to any significant extent, except for the dividend paid to shareholders.

## Events after the closing day

No significant events occurred after the closing day.

## Accounting principles

Gunnebo complies with the International Financial Reporting Standards adopted by the EU, and the official interpretations of these standards (IFRIC). The Interim Report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting, and 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 the exception of the new and amended accounting principles below.

*New and amended accounting principles*
The amended IAS 19 Employee Benefits are applied from January 1, 2013. The amendment means that actuarial gains and losses are recognised immediately via other comprehensive income, and that the 'corridor approach' previously applied by Gunnebo is removed. Furthermore, the expected return on plan assets is calculated using the same discount rate used to calculate the pension commitment. The amendments to IAS 19 have resulted in an increase in the pension liability recognised in the balance sheet on December 31, 2012 of approximately MSEK 150 and a decrease in equity of approximately MSEK 119. Furthermore, the amendments to IAS 19 mean that profit after tax and other comprehensive income for the comparison year 2012 increases by MSEK 2 and decreases by MSEK 15 respectively.

IFRS 13 Fair Value Measurement is applied from January 1, 2013. The standard has not had any effect on the Group's profit or financial position but entails an increased disclosure requirement regarding financial instruments. The same applies for an amendment to IFRS 7 Financial Instruments: Disclosures, which entails an increased disclosure requirement for net accounting of financial assets and liabilities in the balance sheet. The increased disclosure requirement for financial instruments is presented in this report in Note 4 and Note 5.

Gunnebo has changed accounting principle regarding segment reporting. This report is the first interim report where the three regions Europe, Middle East & Africa, Asia-Pacific and Americas constitute the Group's operating segments. For more information on the new organization and reporting structure see press releases published on January 24, 2014.

The parent company has changed accounting principle regarding Group contributions as a result of an amendment to the Swedish Financial Reporting Board's RFR 2 which shall apply to financial years beginning January 1, 2013. As a result of the new rules, a Group contribution received by the parent company from a subsidiary is to be recognised as financial income. Group contributions paid by the parent company to subsidiaries are recognised as an increase in the carrying amount of the participations in the receiving subsidiaries. The Swedish Financial Reporting Board has also introduced an alternative rule which means Group contributions both received and paid may be recognised as an appropriation. Gunnebo has decided to apply the alternative rule which means that Group contributions received and paid, which were previously recognised as financial income or financial expense respectively, are recognised as appropriations. The change in principle has not entailed a change in the parent company's net profit because Group contributions were recognised in the income statement as financial income or expense under the former principle.

Refer to Note 1 and Note 2 for information on how recognised comparison periods have been recalculated in this report in accordance with the amended accounting principles.

## Significant risks and uncertainties

The Group's and parent company's significant risks and uncertainties include operational risks in the form of raw material risks, product risks, insurance risks and legal risks. In addition there are for example financial risks such as financing risks, liquidity risks, interest rate risks and currency risks, as well as credit and counterparty risks. The Group's risk management is described in more detail on pages 88-91 of Gunnebo's 2012 Annual Report, and in Note 3. Gunnebo considers this risk description to still be correct.

## Annual General Meeting

Gunnebo's Annual General Meeting will be held at 4.00pm CET on Thursday April 10, 2014 at the Chalmers Student Union building, Chalmersplatsen 1, Gothenburg, Sweden. Shareholders who wish to participate in the Annual General Meeting must have their names entered in the register of shareholders maintained by Euroclear Sweden by no later than Friday April 4, 2014, and notify Gunnebo's head office by preferably no later than 4.00pm CET on Friday April 4, 2014:

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SE-402 26 Gothenburg
Phone +46 (0)10-2095 000
e-mail: info@gunnebo.com
Website www.gunnebogroup.com

The Annual Report will be distributed to shareholders who have ordered a copy and will be available in its Swedish version from the Gunnebo head office and on www.gunnebogroup.com from March 5, 2014.

## Proposed dividend

The Board and the President propose a dividend of SEK 1.00 (SEK 1.00) per share for the 2013 financial year.

## Financial goals

- The Group shall earn a long-term return on capital employed of at least 15% and an operating margin of at least 7%.
- The equity ratio shall not fall below 30%.
- The Group shall achieve organic growth of at least 5%.

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

Gothenburg, January 31, 2014

Per Borgvall
President and CEO

# Group

| Summary Group income statement | | | | |
|---|---|---|---|---|
| | Oct-Dec | | Full year | |
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Net sales | **1,477** | 1,517 | **5,271** | 5,236 |
| Cost of goods sold | **-1,036** | -1,052 | **-3,689** | -3,666 |
| **Gross profit** | **441** | 465 | **1,582** | 1,570 |
| Other operating costs, net | **-338** | -355 | **-1,360** | -1,391 |
| **Operating profit/loss** | **103** | 110 | **222** | 179 |
| Net financial items | **-51** | -52 | **-75** | -66 |
| **Profit/loss after financial items** | **52** | 58 | **147** | 113 |
| Taxes | **-4** | -56 | **-45** | -89 |
| **Profit/loss for the period** | **48** | 2 | **102** | 24 |
| *Whereof attributable to:* | | | | |
| Parent company shareholders | **46** | -1 | **98** | 19 |
| Non-controlling interests | **2** | 3 | **4** | 5 |
| | **48** | 2 | **102** | 24 |
| **Earnings per share before dilution, SEK** | **0.61** | 0.00 | **1.29** | 0.26 |
| **Earnings per share after dilution, SEK** | **0.61** | 0.00 | **1.29** | 0.26 |



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## Changes in Group comprehensive income in brief

| MSEK | Oct-Dec 2013 | Oct-Dec 2012 | Full year 2013 | Full year 2012 |
|---|---|---|---|---|
| Profit/loss for the period | **48** | 2 | **102** | 24 |
| **Other comprehensive income for the period** | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gains and losses* | **2** | -17 | **-16** | -17 |
| **Total items that will not be reclassified to profit or loss subsequently** | **2** | -17 | **-16** | -17 |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Translation differences in foreign operations | **-6** | -9 | **-81** | -62 |
| Hedging of net investments* | **2** | 0 | **-3** | -3 |
| Cash-flow hedges* | **-1** | -2 | **2** | -4 |
| **Total items that may be reclassified to profit or loss subsequently** | **-5** | -11 | **-82** | -69 |
| **Total other comprehensive income** | **-3** | -28 | **-98** | -86 |
| **Total comprehensive income for the period** | **45** | -26 | **4** | -62 |
| *Whereof attributable to:* | | | | |
| Parent company shareholders | **44** | -28 | **3** | -65 |
| Non-controlling interests | **1** | 2 | **1** | 3 |
| | **45** | -26 | **4** | -62 |

*Net of taxes

## Summary Group balance sheet

| MSEK | 31 December 2013 | 31 December 2012 | 1 Jan 2012 |
|---|---|---|---|
| Goodwill | **1,322** | 1,320 | 1,104 |
| Other intangible assets | **172** | 182 | 111 |
| Property, plant and equipment | **304** | 327 | 316 |
| Financial assets | **17** | 60 | 139 |
| Deferred tax assets | **307** | 263 | 278 |
| Inventories | **609** | 580 | 564 |
| Current receivables | **1,212** | 1,201 | 1,239 |
| Liquid funds | **392** | 350 | 239 |
| **Total assets** | **4,335** | 4,283 | 3,990 |
| Equity | **1,463** | 1,533 | 1,670 |
| Long-term liabilities | **1,274** | 1,428 | 931 |
| Current liabilities | **1,598** | 1,322 | 1,389 |
| **Total equity and liabilities** | **4,335** | 4,283 | 3,990 |

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## Changes in Group equity in brief

| MSEK | Full year 2013 | 2012 |
|---|---|---|
| Opening balance | **1,533** | 1,776 |
| Adjustment opening balance - change of accounting principles | **-** | -106 |
| **Adjusted opening balance** | **1,533** | 1,670 |
| Total comprehensive income for the period | **4** | -62 |
| New share issue* | **2** | 1 |
| Dividend | **-76** | -76 |
| **Closing balance** | **1,463** | 1,533 |

*Refers to the issue of shares and warrants to participants in incentive programmes

## Summary Group cash flow statement

| MSEK | Oct-Dec 2013 | 2012 | Full year 2013 | 2012 |
|---|---|---|---|---|
| Cash flow from operating activities before changes in working capital | **106** | 125 | **218** | 156 |
| Cash flow from changes in working capital | **73** | 68 | **-7** | -20 |
| **Cash flow from operating activities** | **179** | 193 | **211** | 136 |
| Net investments | **-19** | -49 | **-67** | -115 |
| Acquisition of operations | **-** | -15 | **-8** | -408 |
| Disposal of participations in associated companies | **-** | 19 | **-** | 19 |
| **Cash flow from investing activities** | **-19** | -45 | **-75** | -504 |
| Change in interest-bearing receivables and liabilities | **-84** | -56 | **13** | 573 |
| New share issue | **2** | - | **2** | 1 |
| Dividend | **-** | - | **-76** | -76 |
| **Cash flow from financing activities** | **-82** | -56 | **-61** | 498 |
| **Cash flow for the period** | **78** | 92 | **75** | 130 |
| Liquid funds at the beginning of the period | **317** | 263 | **350** | 239 |
| Translation difference in liquid funds | **-3** | -5 | **-33** | -19 |
| **Liquid funds at the end of the period** | **392** | 350 | **392** | 350 |



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## Summary Group operating cash flow statement

| | Oct-Dec | | Full year | |
|---|---|---|---|---|
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Cash flow from operating activities | **179** | 193 | **211** | 136 |
| Reversal of paid tax and net financial items affecting cash flow | **40** | 41 | **117** | 91 |
| Net investments | **-19** | -49 | **-67** | -115 |
| **Operating cash flow** | **200** | 185 | **261** | 112 |

## Reconciliation to profit/loss after financial items

| | Oct-Dec | | Full year | |
|---|---|---|---|---|
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Region Europe, Middle East & Africa | **30** | 28 | **-27** | -10 |
| Region Asia-Pacific | **34** | 41 | **126** | 92 |
| Region Americas | **39** | 41 | **123** | 97 |
| **Operating profit/loss** | **103** | 110 | **222** | 179 |
| Net financial items | **-51** | -52 | **-75** | -66 |
| **Profit/loss after financial items** | **52** | 58 | **147** | 113 |

## Sales by market

| | Oct-Dec | | Full year | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| France | **19%** | 20% | **19%** | 22% |
| USA | **8%** | 8% | **8%** | 4% |
| India | **6%** | 5% | **7%** | 6% |
| UK | **4%** | 5% | **5%** | 6% |
| Germany | **5%** | 4% | **5%** | 5% |
| Spain | **5%** | 5% | **4%** | 5% |
| Canada | **3%** | 4% | **4%** | 5% |
| Sweden | **4%** | 3% | **4%** | 3% |
| Belgium | **4%** | 4% | **3%** | 3% |
| Indonesia | **3%** | 3% | **3%** | 3% |
| Others | **39%** | 39% | **38%** | 38% |
| **Total** | **100%** | 100% | **100%** | 100% |

# Parent Company

| Summary parent company income statement | | | | |
|---|---|---|---|---|
| | Oct-Dec | | Full year | |
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Net sales | **141** | 67 | **204** | 137 |
| Administrative expenses | **-69** | -37 | **-147** | -135 |
| **Operating profit/loss** | **72** | 30 | **57** | 2 |
| Net financial items | **-4** | -4 | **-14** | -151 |
| **Profit/loss after financial items** | **68** | 26 | **43** | -149 |
| Appropriations | **-90** | 67 | **-90** | 67 |
| Taxes | **-2** | -29 | **-3** | 127 |
| **Profit/loss for the period** | **-24** | 64 | **-50** | 45 |

| Changes in parent company comprehensive income in brief | | | | |
|---|---|---|---|---|
| | Oct-Dec | | Full year | |
| **MSEK** | **2013** | **2012** | **2013** | **2012** |
| Profit/loss for the period | **-24** | 64 | **-50** | 45 |
| Other comprehensive income, net after tax | **-** | - | **-** | - |
| **Total comprehensive income for the period** | **-24** | 64 | **-50** | 45 |

## Summary parent company balance sheet

| MSEK | 31 December 2013 | 2012 |
|---|---|---|
| Other intangible assets | **6** | 8 |
| Property, plant and equipment | **2** | 3 |
| Financial assets | **1,726** | 1,693 |
| Current receivables | **140** | 67 |
| Liquid funds | **3** | 1 |
| **Total assets** | **1,877** | 1,772 |
| | | |
| Equity | **1,432** | 1,556 |
| Current liabilities | **445** | 216 |
| **Total equity and liabilities** | **1,877** | 1,772 |

## Changes in parent company equity in brief

| MSEK | Full Year 2013 | 2012 |
|---|---|---|
| Opening balance | **1,556** | 1,586 |
| Total comprehensive income for the period | **-50** | 45 |
| New share issue* | **2** | 1 |
| Dividend | **-76** | -76 |
| **Closing balance** | **1,432** | 1,556 |

*Refers to the issue of shares and w arrants to participants in incentive programmes

# Group Key Ratios

**Key ratios**

| | Full year 2013 | Full year 2012 |
|---|---|---|
| Gross margin, % | **30.0** | 30.0 |
| Operating margin before depreciation (EBITDA) excl. non-recurring items, % | **7.4** | 6.9 |
| Operating margin before depreciation (EBITDA), % | **5.9** | 5.2 |
| Operating margin (EBIT) excl. non-recurring items, % | **5.8** | 5.1 |
| Operating margin (EBIT), % | **4.2** | 3.4 |
| Profit margin (EBT), % | **2.8** | 2.2 |
| Return on capital employed, %[1)] | **7.9** | 7.0 |
| Return on equity, %[1)] | **6.9** | 1.5 |
| Capital turnover rate, times | **1.8** | 1.9 |
| Equity ratio, % | **34** | 36 |
| Interest coverage ratio, times | **5.3** | 5.4 |
| Debt/equity ratio, times | **0.7** | 0.7 |

[1)] During the last twelve-month period

**Data per share**

| | Full year 2013 | Full year 2012 |
|---|---|---|
| Earnings per share before dilution, SEK | **1.29** | 0.26 |
| Earnings per share after dilution, SEK | **1.29** | 0.26 |
| Equity per share, SEK | **19.06** | 20.02 |
| Cash flow per share, SEK | **2.78** | 1.80 |
| No. of shares at end of period, thousands | **75,914** | 75,856 |
| Average no. of shares, thousands | **75,863** | 75,856 |



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## Quarterly data, MSEK

| | 2011[2] | | | | 2012 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income statement** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** |
| Net sales | 1,132 | 1,266 | 1,247 | 1,492 | 1,169 | 1,270 | 1,280 | 1,517 | 1,155 | 1,325 | 1,314 | **1,477** |
| Costs of goods sold | -815 | -856 | -875 | -1,026 | -825 | -889 | -900 | -1,052 | -827 | -918 | -908 | **-1,036** |
| **Gross profit** | 317 | 410 | 372 | 466 | 344 | 381 | 380 | 465 | 328 | 407 | 406 | **441** |
| Other operating costs, net | -294 | -336 | -311 | -300 | -334 | -339 | -363 | -355 | -327 | -350 | -345 | **-338** |
| **Operating profit/loss** | 23 | 74 | 61 | 166 | 10 | 42 | 17 | 110 | 1 | 57 | 61 | **103** |
| Net financial items | -6 | -8 | -5 | -7 | -4 | -4 | -6 | -52 | -9 | -7 | -8 | **-51** |
| **Profit/loss after financial items** | 17 | 66 | 56 | 159 | 6 | 38 | 11 | 58 | -8 | 50 | 53 | **52** |
| Taxes | -5 | -27 | -17 | -3 | -9 | -14 | -10 | -56 | -4 | -16 | -21 | **-4** |
| **Profit/loss for the period from continuing operations** | 12 | 39 | 39 | 156 | -3 | 24 | 1 | 2 | -12 | 34 | 32 | **48** |
| Profit/loss for the period from discontinued operations | -19 | 1 | 5 | -3 | - | - | - | - | - | - | - | **-** |
| **Profit/loss for the period** | -7 | 40 | 44 | 153 | -3 | 24 | 1 | 2 | -12 | 34 | 32 | **48** |
| **Key ratios** | | | | | | | | | | | | |
| Gross margin, % | 28.0 | 32.4 | 29.8 | 31.2 | 29.4 | 30.0 | 29.7 | 30.7 | 28.4 | 30.7 | 30.9 | **29.9** |
| Operating margin, % | 2.0 | 5.8 | 4.9 | 11.1 | 0.8 | 3.3 | 1.3 | 7.3 | 0.1 | 4.3 | 4.6 | **7.0** |
| Operating profit (EBIT) excl. non-recurring items, MSEK | 23 | 82 | 74 | 138 | 14 | 50 | 63 | 139 | 11 | 69 | 93 | **133** |
| Operating profit (EBIT) excl. non-recurring items, % | 2.0 | 6.5 | 5.9 | 9.2 | 1.2 | 3.9 | 4.9 | 9.2 | 0.9 | 5.2 | 7.1 | **9.0** |
| Earnings per share, SEK [1] | *-0.09* | *0.53* | *0.58* | *1.98* | *-0.04* | *0.32* | *-0.02* | *0.00* | *-0.16* | *0.45* | *0.39* | ***0.61*** |

[1] Before and after dilution

[2] The figures for 2011 have not been restated due to the implementation of the revised standard IAS19 Employee Benefits

# Notes

## Note 1 Change of accounting principles, Group

As of January 1, 2013, Gunnebo applies the revised IAS 19 Employee Benefits. The amendment means that actuarial gains and losses relating to defined benefit plans and plan assets are recognised immediately via other comprehensive income. Furthermore, the expected return on plan assets is calculated using the same discount rate used to calculate the pension commitment. The effects of the amendments to IAS 19 are shown below. For adjustments made in equity as a result of the amended accounting principle, please see "Changes in equity in brief".

## Summary Group income statement, adjusted for change of accounting principles

| MSEK | Acc. to previous principles Full year 2012 | Effect change of accounting principles | Acc. to new principles Full year 2012 |
|---|---|---|---|
| Net sales | 5,236 | - | 5,236 |
| Cost of goods sold | -3,666 | - | -3,666 |
| **Gross profit** | 1,570 | - | 1,570 |
| Other operating costs, net | -1,394 | 3 | -1,391 |
| **Operating profit/loss** | 176 | 3 | 179 |
| Net financial items | -65 | -1 | -66 |
| **Profit/loss after financial items** | 111 | 2 | 113 |
| Taxes | -89 | - | -89 |
| **Profit/loss for the period** | 22 | 2 | 24 |
| *Whereof attributable to:* | | | |
| Parent company shareholders | 17 | 2 | 19 |
| Non-controlling interests | 5 | - | 5 |
| | 22 | 2 | 24 |
| Earnings per share before dilution, SEK | 0.23 | 0.03 | 0.26 |
| Earnings per share after dilution, SEK | 0.23 | 0.03 | 0.26 |

## Changes in Group comprehensive income in brief, adjusted for change of accounting

| MSEK | Acc. to previous principles Full year 2012 | Effect change of accounting principles | Acc. to new principles Full year 2012 |
|---|---|---|---|
| Profit/loss for the period | 22 | 2 | 24 |
| **Other comprehensive income for the period** | | | |
| **loss** | | | |
| Actuarial gains and losses* | - | -17 | -17 |
| **Total items that will not be reclassified to profit or loss** | - | -17 | -17 |
| **loss** | | | |
| Translation differences in foreign operations | -64 | 2 | -62 |
| Hedging of net investments* | -3 | - | -3 |
| Cash-flow hedges* | -4 | - | -4 |
| **subsequently** | -71 | 2 | -69 |
| **Total other comprehensive income, net of taxes** | -71 | -15 | -86 |
| **Total comprehensive income for the period** | -49 | -13 | -62 |
| *Whereof attributable to:* | | | |
| Parent company shareholders | -52 | -13 | -65 |
| Non-controlling interests | 3 | - | 3 |
| | -49 | -13 | -62 |

*Net of taxes

## Note 1 Change of accounting principles, Group cont.

### Summary Group balance sheet, adjusted for change of accounting principles

| MSEK | Acc. to previous principles 31 Dec 2012 | Effect change of accounting principles | Acc. to new principles 31 Dec 2012 |
|---|---|---|---|
| Goodwill | 1,320 | - | 1,320 |
| Other intangible assets | 182 | - | 182 |
| Property, plant and equipment | 327 | - | 327 |
| Financial assets | 60 | - | 60 |
| Deferred tax assets | 232 | 31 | 263 |
| Inventories | 580 | - | 580 |
| Current receivables | 1,201 | - | 1,201 |
| Liquid funds | 350 | - | 350 |
| **Total assets** | 4,252 | 31 | 4,283 |
| Equity | 1,652 | -119 | 1,533 |
| Long-term liabilities | 1,278 | 150 | 1,428 |
| Current liabilities | 1,322 | - | 1,322 |
| **Total equity and liabilities** | 4,252 | 31 | 4,283 |

### Summary Group cash flow statement, adjusted for change of accounting principles

| MSEK | Acc. to previous principles Full year 2012 | Effect change of accounting principles | Acc. to new principles Full year 2012 |
|---|---|---|---|
| Cash flow from operating activities before changes in working capital | 156 | - | 156 |
| Cash flow from changes in working capital | -20 | - | -20 |
| **Cash flow from operating activities** | 136 | - | 136 |
| Net investments | -115 | - | -115 |
| Acquisition of operations | -408 | - | -408 |
| Disposal of participations in associated companies | 19 | - | 19 |
| **Cash flow from investing activities** | -504 | - | -504 |
| Change in interest-bearing receivables and liabilities | 573 | - | 573 |
| New share issue | 1 | - | 1 |
| Dividend | -76 | - | -76 |
| **Cash flow from financing activities** | 498 | - | 498 |
| **Cash flow for the period** | 130 | - | 130 |
| Liquid funds at the beginning of the period | 239 | - | 239 |
| Translation difference in liquid funds | -19 | - | -19 |
| **Liquid funds at the end of the period** | 350 | - | 350 |

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## Note 2 Change of accounting principles, Parent company

As a result of an amendment to RFR 2, the parent company has changed accounting principle regarding group contributions. Group contributions received and paid are now recognised as appropriations whereas they were previously recognised as financial income/expenses. See below for information on how recognised periods have been restated in this report in accordance with the amended accounting principle below.

## Summary parent company income statement, adjusted for change of accounting

| MSEK | Acc. to previous principles Full year 2012 | Effect change of accounting principles | Acc. to new principles Full year 2012 |
|---|---|---|---|
| Net sales | 137 | - | 137 |
| Administrative expenses | -135 | - | -135 |
| **Operating profit/loss** | 2 | - | 2 |
| Net financial items | -84 | -67 | -151 |
| **Profit/loss after financial items** | -82 | -67 | -149 |
| Appropriations | - | 67 | 67 |
| Taxes | 127 | - | 127 |
| **Profit/loss for the period** | 45 | 0 | 45 |

The net result has not changed as a result of the change in accounting principles since Group contributions according to previous principle were recognised as financial income/expense in the income statement.

## Note 3 Aquisition of operations*

| MSEK | 2013 | 2012 |
|---|---|---|
| **Assets and liabilities in aquired operations** | | |
| Intangible assets | - | 90 |
| Property, plant and equipment | 2 | 5 |
| Financial assets | - | 1 |
| Inventories | 10 | 27 |
| Current receivables | 5 | 80 |
| Liquid funds | 1 | - |
| Current liabilities | -7 | -41 |
| Long-term liabilities | -5 | -33 |
| **Identifiable net assets** | **6** | **129** |
| Goodwill | 9 | 279 |
| **Total purchase sums** | **15** | **408** |
| *Less:* | | |
| Purchase sums not paid | -6 | - |
| Liquid funds in aquired operations | -1 | - |
| **Effect on group liquid funds** | **8** | **408** |

* July 5, 2013, Gunnebo acquired ATG Entrance Corporation in South Korea. The figures for 2012 relate to the acquisition of Hamilton Safe (USA).

## Note 4 Financial assets and liabilities measured at fair value

**Measurement techniques**

In IFRS 13, financial instruments are classified in a hierarchy of three levels, based on the information used to establish their fair value. Level 1 refers to fair values based on quoted prices on an active market for similar financial assets and liabilities. Level 2 refers to fair values established based on directly observable market inputs other than Level 1 inputs. Level 3 refers to fair values based on valuation models with inputs based on non-observable market data.

The Group possesses Level 2 derivatives for hedging purposes in the form of currency forwards and interest-rate swap agreements. Measurement at fair value for the currency forwards is based on published forward rates on an active market. Measurement of interest-rate swap agreements is based on forward interest rates produced from observable yield curves.

**Fair value hierarchy**

*Derivatives*

The fair value of derivative instruments has been established using measurement techniques based on observable market data. According to the fair value hierarchy, such measurement methods are referred to as Level 2. As the Group only possesses financial instruments measured at fair value in accordance with measurement methods belonging to this level, there have been no transfers between the different measurement categories. The table below outlines the assets and liabilities measured at fair value.

***Financial assets and liabilities measured at fair value***

| MSEK | 31 Dec **2013** | 31 Dec **2012** |
|---|---|---|
| **Financial assets measured at fair value** | | |
| - derivatives for which hedge accounting does not apply | **4** | 11 |
| | **4** | 11 |
| **Financial liabilities measured at fair value** | | |
| - derivatives for which hedge accounting does not apply | **1** | 4 |
| - interest-swap agreements for which hedge accounting of cash flows applies | **5** | 8 |
| | **6** | 12 |

*Borrowing*

The Group´s borrowing primarily relates to long-term credit facilities but with short fixed interest rate periods. The fair value is therefore deemed to be the same as the carrying value. The table below presents the fair value on the Group´s borrowing.

***Fair value on borrowing***

| MSEK | 31 Dec **2013** | 31 Dec **2012** |
|---|---|---|
| Long-term borrowing | **849** | 1,021 |
| Short-term borrowing | **277** | 61 |
| | **1,126** | 1,082 |

*Other financial assets and liabilities*

For financial instruments such as accounts receivable, accounts payable and other non-interest-bearing financial assets and liabilities, which are recognised at accrued cost less any write-down, the fair value is deemed to be the same as the carrying amount due to the short anticipated duration.



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## Note 5 Net accounting of financial assets and liabilities

See below for gross accounting of the Group´s borrowing and derivatives at balance sheet date.

| MSEK | Assets | Liabilities | Net |
|---|---|---|---|
| Borrowing | - | -1,126 | -1,126 |
| Currency derivatives | 4 | -1 | 3 |
| Interest-rate swap agreements | - | -5 | -5 |
| **Total** | 4 | -1,132 | -1,128 |

The Group has entered into general agreements (ISDAs) with all of its counterparties regarding borrowing and transactions in derivative instruments. All receivables and liabilities related to such instruments may, therefore, be offset in their entirety. On September 30, 2013, the Group had not applied net accounting for derivative instruments or for some other important assets and liabilities.

## Note 6 Non-recurring items per function

| MSEK | Jan-Dec incl. non-recurring items **2013** | Non-recurring items **2013** | Jan-Dec excl. non-recurring items **2013** |
|---|---|---|---|
| Net sales | 5,271 | - | 5,271 |
| Cost of goods sold | -3,689 | 33 | -3,656 |
| **Gross profit** | **1,582** | **33** | **1,615** |
| **Gross margin** | **30.0%** | | **30.6%** |
| Other operating costs, net | -1,360 | 51 | -1,309 |
| **Operating profit/loss** | **222** | **84** | **306** |
| **Operating margin** | **4.2%** | | **5.8%** |

# Definitions

**Capital employed:**
Total assets less non interest-bearing provisions and liabilities.

**Capital turnover rate:**
Net sales in relation to average capital employed.

**Cash flow per share:**
Cash flow from operating activities divided by the
average number of shares in issue after dilution.

**Equity per share**
Equity attributable to the shareholders of the parent company divided by the number of shares at the end of the period.

**Equity ratio:**
Equity as a percentage of the balance sheet total.

**Gross margin:**
Gross profit as a percentage of net sales.

**Interest coverage ratio:**
Profit/loss after financial items plus interest costs, divided by interest costs.

**Net debt:**
Interest-bearing provisions and liabilities less liquid funds and interest-bearing receivables.

**Operating cash flow:**
Cash flow from operating activities, after capital expenditure but before net financial items affecting cash flow and tax paid.

**Operating margin:**
Operating profit/loss as a percentage of net sales.

**Organic growth**
Growth in net sales, or order intake, adjusted for acquisitions, divestments and exchange rate effects.

**Profit margin:**
Profit/loss after financial items as a percentage of net sales.

**Return on capital employed:**
Operating profit/loss plus financial income as a percentage of average capital employed.

**Return on equity:**
Profit/loss for the year as a percentage of average equity.

| Financial Calendar | |
|---|---|
| Gunnebo Capital Market Day 2014 | March 5, 2014 |
| Annual General Meeting 2014 | April 10, 2014 |
| Interim report January-March 2014 | April 29, 2014 |
| Interim report January-June 2014 | July 16, 2014 |
| Interim report January-September 2014 | October 23, 2014 |
| Year-end release | February 4, 2015 |

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