



Global Presence Local Knowledge



CONTENTS

The Gunnebo Group	
The Year in Brief	2
Comments by the CEO	4
Vision, Mission, Goals and Strategy	6
Business Model	8
The Business	
Dynamic Markets	10
Business Areas: Overview	14
Services and Solutions	16
Bank Security & Cash Handling	18
Secure Storage	21
Global Services	22
Entrance Control	24
Sustainable Business	
Corporate Responsibility	26
Supply Chain	27
Quality Control	28
Environmental Management	29
Employees	32
Financial Reporting	
Board of Directors' Report	34
Definitions	38
Group Income Statements	39
Group Statement of Comprehensive Income	39
Group Balance Sheets	40
Change in Group Equity	42
Group Cash Flow Statements	43
Parent Company Income Statements	44
Parent Company Statement of Comprehensive Income	44
Parent Company Balance Sheets	45
Change in Parent Company's Equity	47
Parent Company Cash Flow Statements	48
Notes	49
Proposed Distribution of Earnings	72
Auditor's Report	73
Corporate Governance	
Corporate Governance Report	74
Auditor's Report	81
Board of Directors	82
Group Executive Team	84
Capital Market	
Information for the Capital Market	86
Risk and Sensitivity Analysis	88
The Gunnebo Share	92
Five-Year Review	94
Contact Details	96
Gunnebo Glossary	97

Gunnebo is a global security group with a broad offering in bank security, cash handling, secure storage, entrance control and security-related services.

COMMENTS BY THE CEO

2012 has been a challenging year for Gunnebo. While development in Europe has been weak, the Group has continued to invest in growth on markets in Asia and America.

See page 4

4



22

GLOBAL SERVICES

In India, Gunnebo helped footwear retailer Catwalk upgrade its surveillance system with minimal disruption to its customers and business.

See page 22



The front cover shows images from four markets where Gunnebo is continuing to expand. Top (from left): São Paulo, Brazil; Mumbai, India; Cincinnati, USA. Middle: Shanghai, China

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Highlights of 2012

- Order intake increased to MSEK 5,250 (5,091), in constant currency rates it increased by 5%. Acquired units contributed MSEK 318.
- Net sales increased to MSEK 5,236 (5,137), in constant currency rates they increased by 4%. Acquired units contributed MSEK 275.
- Operating profit amounted to MSEK 176 (324) and the operating margin to 3.4% (6.3%). Acquired units had a positive effect on operating profit of MSEK 36.
- Operating profit excluding expenses of a non-recurring nature of MSEK –87 (7)
- Profit for the year has been burdened by expenses of a non-recurring nature for writing down a financial receivable totalling MSEK 45 and a reassessment of deferred tax assets in Sweden amounting to MSEK 25.
- Profit after tax for the year totalled MSEK 22 (230).
- Earnings per share were SEK 0.23 (3.00).
- The Board and the President propose a dividend of SEK 1.00 (1.00) per share.

Key Ratios

	2012	2011	2010
Invoiced sales, MSEK	5,236	5,137	5,263
Operating profit exc. items of a non-recurring nature, MSEK	263	317	324
Operating margin exc. items of a non-recurring nature, %	5.0	6.2	6.1
Operating profit, MSEK	176	324	197
Operating margin, %	3.4	6.3	3.7
Earnings per share after dilution, SEK	0.23	3.00	2.35
Net debt, MSEK*	684	299	261
Equity ratio, %	39	45	43

*Excluding pension commitments

QUALITY CONTROL

Thanks to far-reaching quality-control measures in 2012, Gunnebo's facility in Jakarta, Indonesia, managed to reduce customer complaints by 74%.

See page 28



28

THE YEAR IN BRIEF

In 2012 Gunnebo consolidated its position as a market-leading supplier of entrance control solutions for metro systems in China. Agreements were signed with several cities including Guangzhou, Xi'an, Shenzhen and Hong Kong.

See page 2



2

DYNAMIC MARKETS

Gunnebo is shifting its focus to more dynamic markets. In Brazil the Group is expanding its solutions portfolio and adding new market segments.

See page 10



10

THE YEAR IN BRIEF

First Quarter

- A major Canadian bank chooses Gunnebo as its supplier of solutions for secure and efficient cash handling.
- Chubb safes Cobra is launched, a new range of burglary-resistant safes for a broader market demanding safes with lower security grades.
- Many new service agreements are entered into with major customers in banking, industry, logistics and retail in countries including the UK, Spain and France.
- A new product series of more basic entrance control solutions is launched under the brand name Alltech by Gunnebo.

Major Cash Handling Order from French La Poste

To heighten the security and improve the efficiency of its cash handling processes, the French post office, La Poste, placed an order worth more than MEUR 6 with Gunnebo. The order included delivery of over 2,000 safes made at Gunnebo's production facility in French Bazancourt.

Read more about solutions for cash handling and physical security on pages 18–21.



Second Quarter

- Order for a strongroom worth MEUR 1 from a UK pharmaceuticals company.
- Swedish grocery group, Axfood, signs a SafePay agreement.
- Raia Drogasil in Brazil signs contract worth MEUR 2.5 for loss prevention and CCTV surveillance solutions.
- Jones Lang LaSalle in Belgium places magic order for electronic security equipment for a large-scale construction project.



Entrance Control Business Continues to Grow in China

Gunnebo was commissioned by the city of Harbin in north-east China to install entrance control solutions on line 1 of the new metro system. The order was for almost 350 barriers which are designed to manage large flows of people at metro stations. Gunnebo's production facility in Kunshan, China was responsible for production.

Read more about Gunnebo's business in China on page 11.

Third Quarter

- Gunnebo enters into an agreement to install SafeStore Auto with 4,000 safe deposit lockers for South African Standard Bank. The order value amounts to MEUR 1.4.
- Indian Electronics Corporation Ltd chooses Gunnebo India as its partner for service relating to entrance control solutions.
- The upgrade to electronic locks marks a new era in India, with an international bank installing Gunnebo's GSL 1000 electronic high-security lock at 93 branches over the next two years.
- Several far-reaching contracts for installation of entrance control at metro stations are signed with metro companies in China.
- The new Chubb safes Elements product range is launched. The range comprises safes with low or no security classification, intended for home and small office use.
- Gunnebo receives an order for entrance control solutions from the Bus Rapid Transit networks in Colombia and Mexico.

Expansion in the US – Gunnebo Acquires Hamilton Safe

In August, Gunnebo acquired the US's second largest manufacturer and supplier of physical security products to the bank and government sectors, Hamilton Safe.

Hamilton Safe's product portfolio spans safes, safe deposit lockers, vaults, vault doors, systems for entrance control and point-to-point air transport systems. Sales take place primarily through a well-developed national network of distributors.

"The acquisition is completely in line with Gunnebo's strategic

HAMILTON SAFE®

agenda," said Gunnebo President and CEO Per Borgvall. "Hamilton is a quality business with an EBIT-margin above Gunnebo's financial targets. The acquisition has contributed positively to Gunnebo's operating profit in 2012."

Read more about Gunnebo's business in the US on page 13.

Fourth Quarter

- Gunnebo wins a strategically important order from the Chennai Metro Corporation in India.
- The iconic office building Menara Merdeka in Jakarta, Indonesia, orders solutions for access and entrance control.
- Gunnebo delivers the first vault to the public sector in Sydney, Australia.
- ATG, Singapore's ministry for foreign affairs, places an order for entrance control.

Gunnebo Opens Sales Company in Malaysia

On October 1, Gunnebo Malaysia became the newest of the Group's 32 sales companies.

"Establishing a sales company in Malaysia is fully in line with our strategy of growing and shifting the point of gravity of our business outside of Europe," explained Gunnebo President and CEO, Per Borgvall.

"We predict strong growth in Malaysia over the next few years in our core areas of bank security, cash handling and physical security."



Comments by the CEO

EXPANSION ON GROWTH MARKETS – FOCUS ON COSTS IN EUROPE

The calendar year of 2012 has been a challenging one for Gunnebo. While development in Europe has been weak, the Group has continued to invest in growth on markets in Asia and America. One important part of our strategy is to move the point of gravity of our business outside of Europe. At the end of the year 39% of the Group's net sales came from markets outside of Europe.

During the year we have carried out a raft of strategic activities which have considerably strengthened Gunnebo's market position in the US, improved our competitiveness in India, Indonesia and China, and secured our presence in Malaysia. We have also continued to invest in our industrial platform and in developing the Group's 5,700 employees. I would like to share a selection of important events during 2012 which have helped Gunnebo continue to develop in line with our strategic plan.

JANUARY: Restructuring of business in Spain

By changing the business model of our Spanish operation, we have managed to adapt costs to prevailing market conditions during the year. Even though the results for 2012 are not satisfactory, the business is stronger than before both in terms of market and finances. We have created a sales company that can compete for business opportunities, even where the market situation remains difficult.

FEBRUARY: Major order from French La Poste

The French post office, La Poste, asked Gunnebo to deliver and install solutions to increase the security and efficiency of its cash handling process at around a thousand of its branches. The order was manufactured at Gunnebo's factory in France and included 2,000 safes. Worth more than MEUR 6 in all, the order was delivered during the second quarter of 2012.

In France, Gunnebo is a market-leading supplier of both physical and electronic security solutions for banks and institutions that handle cash. We were able to offer a short delivery time for this large order thanks to investments in the production facility in France in 2011. Without them it would have been impossible to meet the customer's high quality requirements in such a short time.

MAY: UK pharmaceuticals company expands and orders vault extension

The pharmaceuticals industry is subject to strict national and international regulation, particularly regarding how prescription items are stored. In this case our modular vault solutions enabled a UK customer to expand its business considerably.

The year has been a challenging one for our sales company in the UK, with a market that has been more or less stagnant. Thanks to good cost control, Gunnebo UK has still managed to deliver an operating margin above the Group's financial goal.

JUNE: Brazilian pharmacy chain Raia Drogasil increases security in 500 stores

The Brazilian operation acquired in 2011 has enjoyed excellent development in 2012. One example was when the country's second largest pharmacy chain, Raia Drogasil, chose Gunnebo Brazil as its partner to increase security in 500 stores. The order value totalled more than MEUR 2.5.

AUGUST: Gunnebo acquires Hamilton Safe – the US's second largest supplier of physical security products to banks and government

The acquisition of Hamilton Safe was a milestone in Gunnebo's strategic development. We now have a strong platform on one of the world's biggest markets in the segments that make up Gunnebo's core business: banks, authorities and public administration. The

business has made a positive contribution to the Group's profit from the start, and its profitability level is above our financial goals. It will be very exciting to watch this business grow, not least by introducing a selection of solutions from our global portfolio to the American market through Hamilton Safe's strong network of distributors.

SEPTEMBER: Capital Market Day and important orders from China

During the Group's annual Capital Market Day, Gunnebo announced that it would be entering its next development phase in 2013 – Delivery. Quite simply, it entails delivering on our financial goals. The main activities during this phase will be continued investment in growth and managing the cost level in our European businesses.

In September it became clear that the expansion of the metro system in China had resumed momentum after low activity at the beginning of the year. Gunnebo received orders to install entrance control at new metro systems in the cities of Guangzhou, Xi'an, Shenzhen and Hong Kong. The contracts are worth around MEUR 2 in total and encompass the delivery of 940 barriers. We have continued to invest in our production facility in China, specially adapted to produce large volumes of entrance solutions for metro systems in a short space of time. Over the next few years a further 21 Chinese cities are planning to build metro systems, which presents some very interesting business opportunities for Gunnebo as we are the market leader in entrance control for metro systems in China.

OCTOBER: Gunnebo Malaysia opens its doors

Malaysia is one of the fastest growing security markets in Asia, particularly in physical security. It was therefore natural for Gunnebo to establish its own sales company in Malaysia, and completely in line with our



Per Borgvall opens the Gunnebo Malaysia sales company in October 2012. The operation has 28 employees and is expected to achieve net sales of approximately MSEK 45 in 2013.

strategy of growing and moving the point of gravity of the business outside of Europe. Our new sales company got off to a flying start and has already made a positive contribution to the Group's profit in 2012.

NOVEMBER: Entrance control order for Chennai Metro in India

Over the next few years India is expected to carry out a raft of major investments in infrastructure. One such investment is building metro systems in its largest cities. I am therefore particularly proud that we won the contract for entrance control solutions for the first of these projects, expanding the metro system in Chennai.

In 2012 India has been Gunnebo's fastest growing market by far, and also one of the Group's most profitable markets. Today our Indian business largely comprises delivery and installation of physical security solutions for banks and other operations that handle large

flows of gold and cash. One important aspect of our growth strategy is to transfer expertise from other parts of our business and seize opportunities on local markets in areas where we have a strong global offering, such as entrance control.

It would not have been possible to develop the business as we have during the year without the Group's employees. I would therefore like to express my gratitude for some excellent, goal-oriented efforts in 2012 to all 5,700 of our employees around the world. I would also like to extend a warm welcome to our new employees in the US and Malaysia, who have already made a positive contribution to Gunnebo's results during their first months as part of the Group.

For Gunnebo, 2013 will be about delivery. Delivering financial results. In order to achieve this we will continue to invest in growth on markets outside of Europe, both by establish-

ing our own sales companies and through acquisition. We will also continue to invest in our service operation, which represents important growth potential for us on all of the Group's markets. Other priorities for Gunnebo in 2013 will be continuing to drive activities that strengthen the gross margin, adopting further measures to reduce fixed costs in Europe, further developing business within SafePay, and continuing the integration and beginning to utilise the synergies in Hamilton Safe in the US, which was acquired in 2012.

To assist us in this we have a strong financial position, a clear strategy, and motivated employees who will continue to do their utmost to deliver value to the Group's owners, customers and business partners.

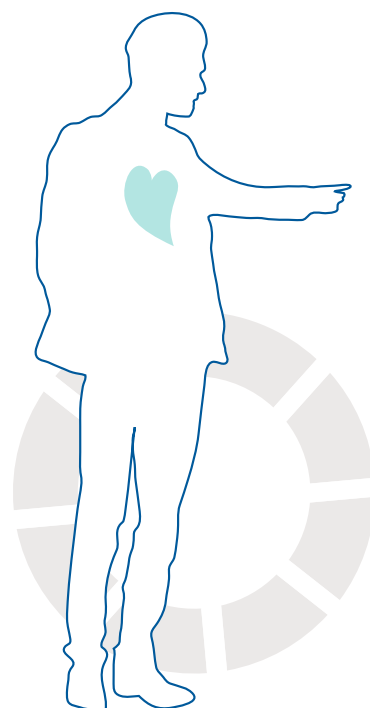
Per Borgvall
President and CEO

Vision, Mission, Goals and Strategy

THE LEADING GLOBAL PROVIDER OF A SAFER FUTURE

Gunnebo is a global security group offering a wide range of services, products and system solutions. The Group's strategy includes profitable growth through an increased market presence in Asia and America.

The offerings within bank security, cash handling, secure storage, entrance control and service are developed in close collaboration with customers and business partners worldwide.



Vision

Gunnebo's vision is to be the leading global provider of a safer future. Being the leading global supplier entails having an offering that holds its own amongst the competition, having a global market presence and, through key accounts, delivering services, products and system solutions to the Group's customers on the markets where they want them.

Offering a safer future means taking a long-term approach, investing in product development and innovation, and building long-term relationships which generate lasting mutual value.

Mission

The Group's mission is to help create a safer world. Gunnebo does this by offering efficient, innovative security solutions that create value for shareholders, customers, partners, employees and society on a global scale.

Goals

Financial goals

Gunnebo's financial goals shall contribute to a good return for the Group's shareholders. The focus is on the operating margin and profitable growth.

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

With the current capital structure, an operating margin of 7% equates to a return on capital employed of approximately 13%. Gunnebo's financial goals have remained unchanged since 2005.

Operational goals

Ahead of every financial year, Gunnebo's President and CEO presents five key priorities to which all activities and initiatives within the Group shall be linked during the year. In 2012 these goals were:

- Growth through geographical expansion and development of the service business
- Strengthening the gross margin
- Developing the industrial platform in China
- Streamlining the sales organisation in Europe
- Further development of the SafePay business

Goals and outcomes	Long-term goals	Outcome 2012	Outcome 2011	Outcome 2010
Return on capital employed ^{1,2)} , %	15	10.2	13.2	13.5
Operating margin ²⁾ , %	7	5.0	6.2	6.1
Equity ratio ¹⁾ , %	>30	39	45	43
Organic growth in net sales, %	5	-1	1	0

1) Including discontinued operations.

2) Excluding items of a non-recurring nature.

Strategy

Gunnebo's strategy is based on a well-defined core business in bank security, cash handling, secure storage, entrance control and security-related services. The strategy focuses on the customer. The core business shall be strengthened through continuous investment in research and development and by developing the service business.

Acquisition strategy

Over the past two years, the Group's explicit strategy has involved gradually moving the point of gravity of the business outside of Europe and establishing strong platforms on the world's growth markets.

Thanks to an equity ratio of 39% at the year-end, Gunnebo has a strong financial position which makes it possible to grow through acquisitions. The aim of future acquisitions is to strengthen the core business and the geographical spread. Gunnebo will only acquire businesses that can make a positive contribution to the Group's results.

Over the past two years operations that have not been part of the core business, Troax (indoor perimeter protection) and Perimeter Protection (fencing and gates) have been divested.

Employees

The Group's 5,700 employees and business partners worldwide put the Group's strategy into practice. They are the ones who are focused on achieving the targets set by the Group and creating value for the Group's customers, owners, and society at large.

Gunnebo's Core Values are a vital tool in efforts to integrate different parts of the business, strengthen cohesion and guide employees in their work to convert the strategy into business which creates value. Gunnebo works with the following Core Values:

- Customer Focus
- Cooperation
- Commitment to Quality
- Integrity
- Professionalism









Developing the Group's employees at various levels in leadership, business acumen and ex-

pertise within the core business is part of the Group's strategy. Read more on pages 32–33.

Brand strategy

Gunnebo is the umbrella brand in the Group and the brand name primarily used for the

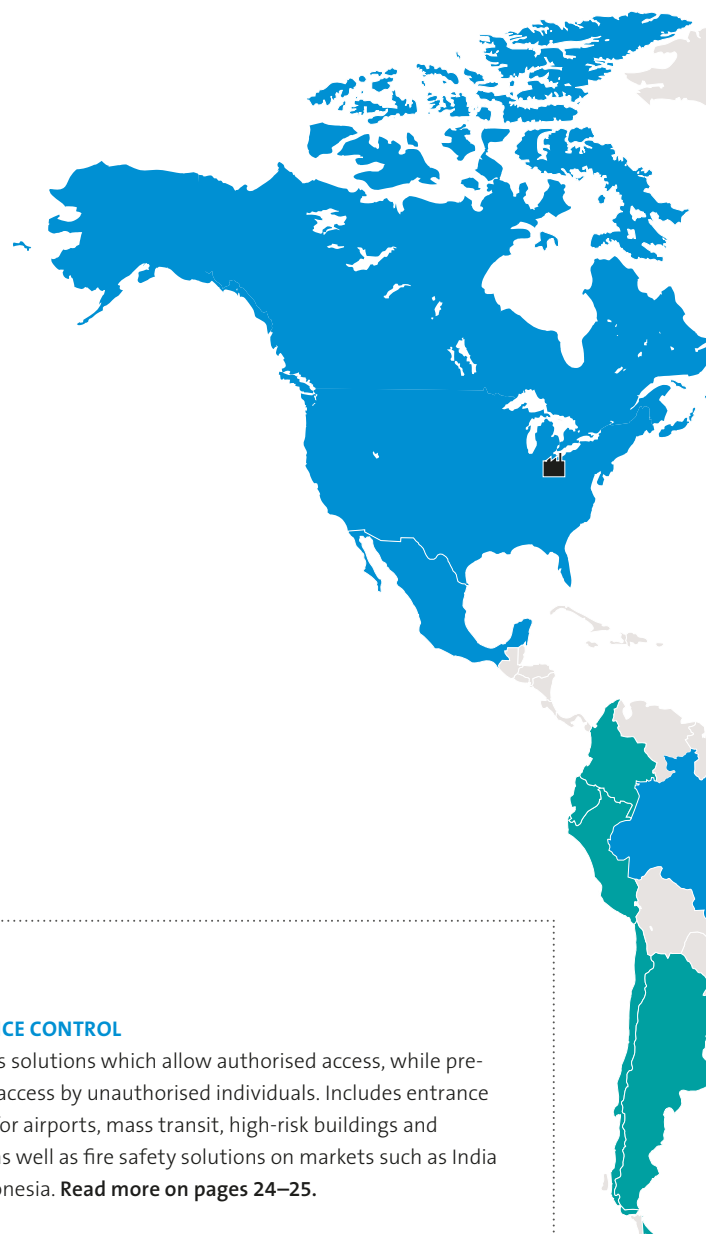
security products, systems and services sold by the Group. There are also various local brands and product brands. The table below shows a summary of the Group's brands, which services, systems and/or products they are used for, and their geographical focus.

Brand	Use	Market
	All operating companies in the Group are called Gunnebo, all business is conducted under the brand name and the majority of services and security solutions are sold under this brand.	Global
	A more basic entrance control range, launched in 2012.	Global
	Products and solutions within secure storage.	Global
	Products and solutions for high-grade outdoor perimeter security. Used under licence by Perimeter Protection.	Global
	Products and solutions within secure storage.	Global
	Services for remote surveillance and surveillance centres.	France
	Solutions for electronic article surveillance (EAS).	Global
	Products and solutions within secure storage.	US and Canada
	Solutions for fire protection.	India
	Products and solutions within secure storage.	Global (largely Europe)
	Product brand for the system developed by Gunnebo for completely closed cash handling.	Global (largely Europe)
	Products within secure storage.	India

Business Model

GLOBAL PRESENCE, LOCAL KNOWLEDGE

The Group's services and solutions are developed by Business Areas which are also responsible for the business strategies within their respective areas of expertise. Gunnebo's four Business Areas are Bank Security & Cash Handling, Secure Storage, Global Services and Entrance Control.



Business Areas

BANK SECURITY & CASH HANDLING

Addresses the demand for secure, efficient and reliable systems. The broad range encompasses innovative solutions for cash handling, electronic security and physical security which strengthen customer competitiveness and profitability.

Read more on pages 18–20.

SECURE STORAGE

Offers fire protection and anti-theft solutions for storing valuables such as digital media, cash and documents.

Read more on page 21.

GLOBAL SERVICES

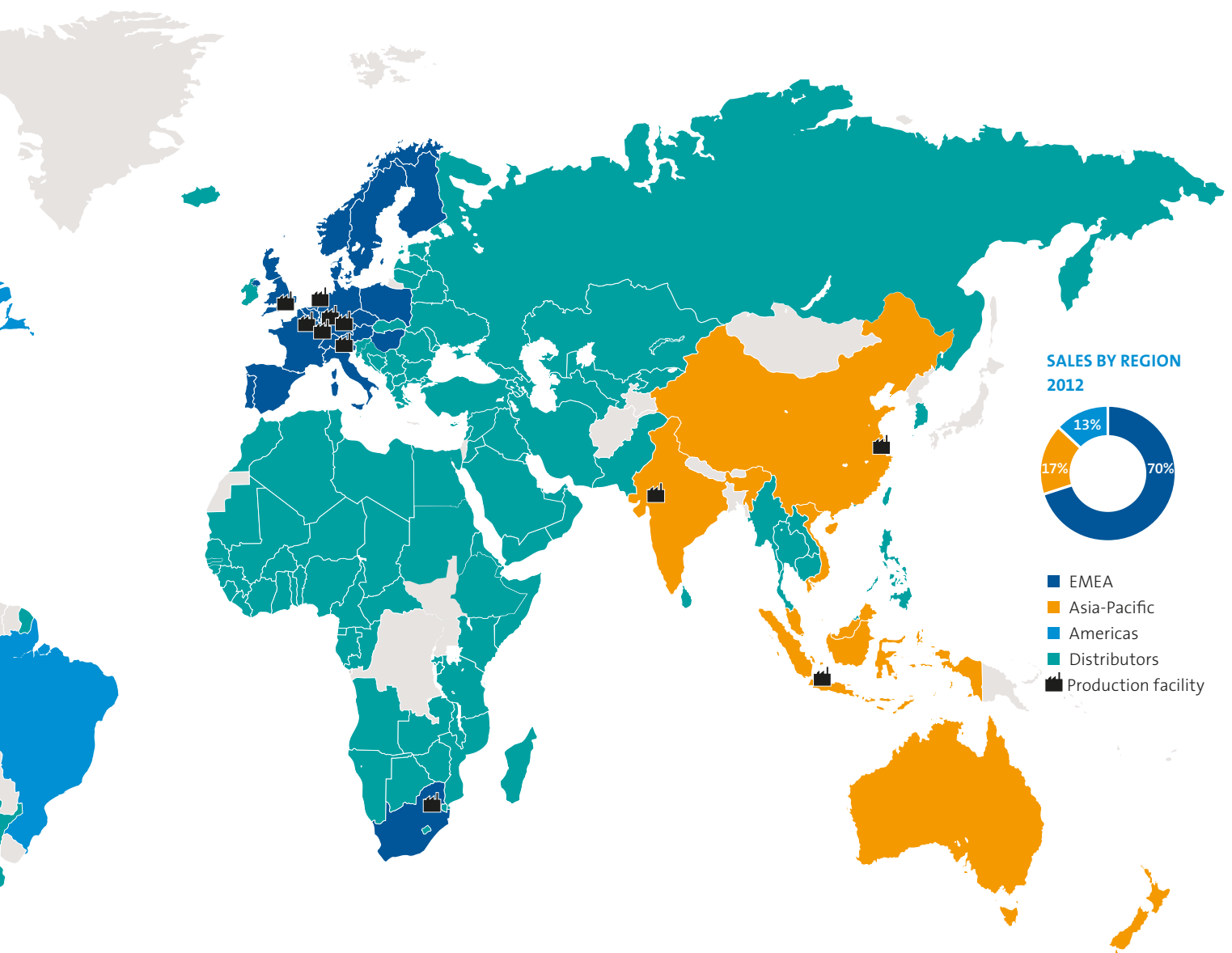
Draws on the strengths of more than 1,500 experienced engineers, security professionals and customer support staff. Thanks to close, long-term partnerships, Global Services helps customers protect the value of their security investments and ensures that their security systems continue to deliver high-quality performance. **Read more on pages 22–23.**

ENTRANCE CONTROL

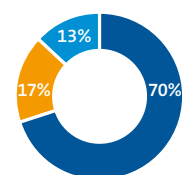
Develops solutions which allow authorised access, while preventing access by unauthorised individuals. Includes entrance control for airports, mass transit, high-risk buildings and offices, as well as fire safety solutions on markets such as India and Indonesia. **Read more on pages 24–25.**

Operations

Responsible for product sourcing and for the Group's work with procurement, production, logistics, quality and the environment. Also includes responsibility for Gunnebo's twelve production facilities in Asia, Africa, Europe and the US. **Read more on pages 27–31.**



SALES BY REGION
2012



- EMEA
- Asia-Pacific
- Americas
- Distributors
- Production facility

Sales Channels

Gunnebo has its own sales companies on 32 markets worldwide. They are divided into three regions: EMEA (Europe, Middle East and Africa), Asia-Pacific and Americas.

Gunnebo's solutions are also sold on a further 100 markets through a network of dealers and distributors.

Gunnebo's sales companies are responsible for sales and marketing, and for implementing the Business Areas' strategies.

Dynamic Markets

Gunnebo is moving the Group's point of gravity towards more dynamic markets such as Brazil, China, India and the USA. Gunnebo has already established strong platforms for growth here and will continue to expand in these markets going forward.

Brazil

CORE BUSINESS EXPANDED WITH SECURITY SOLUTIONS FOR BANKS AND RETAILERS

The story so far...

Gunnebo has been operating in Brazil since 2004 when the Group acquired Gateway, a company that develops, markets and sells electronic article surveillance (EAS) solutions.

The business has traditionally focused on EAS, alarm and CCTV surveillance systems for the retail sector, but in 2012 Gunnebo began offering more solutions for retail, such as the intelligent deposit solution for cash in retail environments, Intellisafe.

Highlights of 2012

In June, Gunnebo Brazil won an order to install EAS systems in more than 500 Raia Drogasil stores. The order value amounted to approximately MEUR 2.5. Raia Drogasil is Brazil's largest chain of pharmacies and one of the ten largest retail chains in Brazil.

The immediate future...

"2013 is going to be an exciting year since we are going to be rolling out several new cash handling and electronic security solutions. This will mean more focus on bank and retail, two strategic segments for Gunnebo which are growing much faster than the national average. Our service offering will also be expanded to include services such as alarm monitoring and the full range of maintenance packages, from preventive to performance."

Rubens Bulgarelli Filho
Country Manager, Gunnebo Brazil



São Paulo, Brazil

©iStockphoto.com/ Luso

IN BRIEF

Net sales in 2012: MSEK 158

No. of employees: 98 as well as service partners

Location: Head office in São Paulo, regional offices in Rio de Janeiro and Nord Este

Key customers: Fnac, Leroy Merlin, Raia Drogasil, Riachuelo, Walmart

Brands: Gunnebo, Gateway



Driving forces and trends

- The world's seventh largest economy
- Continued expansion in retail sector
- Banks are investing in automation as labour costs are rising fast
- Greater need for new branches in previously poor areas
- Crime rate and attacks on banks remain at a high level, driving investment in security

China

GAINING MARKET SHARE AS INFRASTRUCTURE INVESTMENT CONTINUES

The story so far...

Gunnebo opened its first sales office in Shanghai in 2010, and its first production plant opened a year later in Kunshan.

In just two years the Group has established itself as the leading supplier of entrance control solutions for Chinese metro systems. Barriers specially designed to manage large volumes of traffic have been installed in more than twelve cities, including Beijing, Shanghai and Guangzhou.

Highlights of 2012

In June, a strategic business agreement was signed with Jiebao King, making it the main distributor of the Chubb safes range for mainland China.

In addition, following the successful installation of entrance control solutions for metro systems in several Chinese cities, Gunnebo received new orders from Guangzhou, Xi'an, Shenzhen and Hong Kong.

The immediate future...

"In addition to the market segments where we have already experienced great success, most notably metro and power plants, we will start to expand into new areas, such as government, prisons and military sites. As the Chinese government continues to invest in the country's infrastructure to boost the economy, there will be many opportunities for us."

Chris Dai

Country Manager, Gunnebo China

IN BRIEF

Net sales in 2012: MSEK 110

No. of employees: 65

Location: Head office in Shanghai, production plant in Kunshan

Key customers: Guangzhou metro system, Harbin metro system, Xian metro system, nuclear power stations in Yangjiang, Taishan and Haiyang, Hyundai in Beijing, Bank of China, Hitachi ATM production

Brands: Gunnebo, Chubb safes



Driving forces and trends

- The world's second largest economy
- State continues to invest in infrastructure
- Metro market continues to grow – 29 new lines planned
- Ambitious expansion plans for nuclear power stations
- Major need for modernisation at bank branches to offer customers a more convenient, competitive service
- Increased prosperity is leading to higher demand for high-quality certified security products



Shanghai, China

©iStockphoto.com/ Nikada

India

INCREASED PRODUCTION CAPACITY TO MEET DEMAND

The story so far...

Gunnebo has been operating in India since the Group acquired the esteemed safe company Steelage in 2000. Steelage has been a well-established brand in the Indian bank sector since the 1930s. The acquisition also included Minimax, a strong brand for fire extinguishers which Gunnebo India now uses to market its fire protection solutions.

In 2012, Gunnebo India succeeded in establishing itself as a supplier of entrance control solutions to important institutional customers, thereby becoming one of the market-leading suppliers of complete security solutions on the Indian market.

Highlights of 2012

Gunnebo won new contracts with two of India's largest banks to deliver physical secu-

rity solutions as well as an agreement with a global multinational bank to upgrade to high-security electronic locks.

An important strategic order was also placed by Chennai Metro Corporation to deliver entrance control solutions for one of its metro lines.

The immediate future...

"Despite the economic slowdown, Gunnebo still has opportunities to grow its business in India. Most notably, we will focus on strengthening our offering of security solutions and services, and improve our position as an integrator of security systems."

Sandeep Deshpande

Country Manager, Gunnebo India

IN BRIEF

Net sales in 2012: MSEK 320

Growth rate 2012: 39%

No. of employees: 1,036

Location: Head office in Mumbai, production plant in Halol, regional offices in eight cities

Key customers: State Bank of India, Bank of India, BNP Paribas, HDFC Bank, Phoenix Mall, American Express, Ericsson, British High Commission

Brands: Gunnebo, Chubb safes, Minimax, Steelage



Driving forces and trends

- The world's tenth largest economy
- Reserve Bank of India encouraging branch expansion
- Investment in infrastructure – 7,400km of metro track to be built
- The increasing energy demand will mean the expansion of nuclear power stations and a greater need for security solutions



Mumbai, India

©iStockphoto.com/ ooyoo

USA

ACQUISITION LAYS STABLE FOUNDATION FOR NEW OPERATION

The story so far...

Gunnebo has been on the US market since 2001, until recently focusing mainly on entrance control. In 2012, however, the Group entered into a new era through the acquisition of Hamilton Safe, the US's second largest supplier of physical security solutions to banks and government authorities. Hamilton Safe is a strong brand which dates back to 1967. The acquisition gives Gunnebo a solid position on one of the world's largest security markets.

Highlights of 2012

Eight customer entrance control systems were designed, produced and installed for a large regional bank.

For another bank client the installation of new video surveillance systems was completed in over 200 of its branches.

Furthermore, over 500 Grade 5 and 6 safes were sold as part of a government project to replace old models.

The immediate future...

"Hamilton Safe is an established name in both the US and other countries in the region, and will serve as a base for building the Gunnebo brand on this market. When it comes to additional Gunnebo services and solutions, we will introduce a carefully selected part of our global portfolio to the market in 2013 and begin to explore new market verticals."

Per Borgvall

President and CEO, Gunnebo AB



Cincinnati, USA

Paul Velgos/E+/Getty Images

IN BRIEF

Net sales in 2012:

MSEK 217*

*Hamilton Safe included
August–December 2012

No. of employees: 232

Location: Hamilton Safe is based in Cincinnati, Ohio. Gunnebo Entrance Control is based in Benicia, California.

Key customers: Leading banks and financial institutions, the US federal government

Brands: Gunnebo, Hamilton Safe



Driving forces and trends

- The world's largest economy
- Manufacturing slowdown and flat government spending will affect development
- Banks will drive investment in security solutions through willingness to renovate existing facilities and a desire to grow their footprint

Business Areas

DRIVING INNOVATION

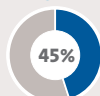
The Business Areas are responsible for developing the Group's global offering and creating security services and solutions which meet the market's needs.

Bank Security & Cash Handling

Estimated total value of global market: **MEUR 9 500**

Annual global market growth: **4–5%**

PERCENTAGE OF GROUP SALES



KEY RATIOS	2012	2011
Order intake, MSEK	2,374	2,215
Invoiced sales, MSEK	2,386	2,276
Operating profit, MSEK*	158	167
Operating margin, %*	6.6	7.3

*Excl. items of a non-recurring nature

OFFERING

Physical security

Certified vaults and safes, mechanical and electronic safe deposit lockers, automated safe deposit lockers, security doors, interlocking doors and security airlocks.

Cash handling

Self-service solutions for bank lobbies, and cash handling solutions for checkouts and counting centres.

Electronic security

Access control, intrusion protection, CCTV, high-security electronic locks and remote surveillance solutions.

BRANDS

- Gunnebo
- Chubb safes
- Fichet-Bauche
- Hamilton Safe
- Rosengrens
- Steelage

EXAMPLES OF CUSTOMERS

Banks: HSBC, ING Bank, Nordea, Swedbank, SEB, LCL, Citibank, Credit Suisse, Development Bank of Singapore, Union Bank of India, Bank of India, Standard Bank, Axis Bank Ltd, Manappuram Finance Ltd, Muthoot Finance Ltd, Crédit Agricole, International Bank Vaults, La Poste

Central banks: Kuwait's central bank

Retail: COOP, Smart Club, Statoil, Leroy Merlin, Aldi

Cash-in-transit companies (CIT): Loomis, Brinks, RCCS

MARKET POSITION

Gunnebo has a very strong position in bank security and cash handling and has long worked with the major banks, the largest CIT companies and many leading retail chains in Europe. In India, Indonesia, Australia and Canada, Gunnebo is the largest player in bank security. In Africa the Group has business agreements with many banks and aims to grow further.

COMPETITORS

Physical security: Many local players

Cash handling: Diebold, NCR, PSI Group (Cashguard), Scan Coin, Talaris, Wincor-Nixdorf, Glory

Electronic security: Bosch Security, G4S, Niscayah, Nedap, Siemens Building Technology

SVP BANK SECURITY & CASH HANDLING

Christian Guillou

Secure Storage

Estimated total value of global market: **MEUR 1 600**

Annual global market growth: **3–5%**

PERCENTAGE OF GROUP SALES



KEY RATIOS	2012	2011
Order intake, MSEK	801	736
Invoiced sales, MSEK	781	731
Operating profit, MSEK*	30	16
Operating margin, %*	3.8	2.2

*Excl. items of a non-recurring nature

OFFERING

Safes, fireproof digital media cabinets, fireproof document cabinets, fireproof filing cabinets, deposit safes and ATM safes.

BRANDS

- Chubb safes
- Fichet-Bauche
- Rosengrens
- Steelage

EXAMPLES OF CUSTOMERS

End customers include casinos, jewellers, fashion houses, offices, pharmaceutical companies, local authorities, universities, hospitals and ATM manufacturers.

MARKET POSITION

Gunnebo estimates its market share for certified safes at 12–15% globally and over 25% in Europe.

Market share for non-certified products and products with lower certification is estimated at less than 5%.

COMPETITORS

The secure storage market is highly fragmented with many small, local players.

SVP SECURE STORAGE

Christian Guillou



Global Services

The total value of the global market has not been measured

Annual global market growth: **3%**

PERCENTAGE OF GROUP SALES



KEY RATIOS

	2012	2011
Order intake, MSEK	1,138	1,144
Invoiced sales, MSEK	1,143	1,120
Operating profit, MSEK*	110	138
Operating margin, %*	9.6	12.3

*Excl. items of a non-recurring nature

OFFERING

Lifecycle Care offers a portfolio of product-related security services linked to design, implementation, maintenance and evolution.

Business Care offers security-related services linked to the customer's business processes and include Managed Security Services, Security Consultancy Services and Security Software Services.

BRANDS

- Gunnebo
- Fichet-Bauche Télésurveillance

EXAMPLES OF CUSTOMERS

Banks: ING (Belgium); BNP Paribas, LCL (France)

Cash-in-transit companies (CIT): Brinks (Hungary); G4S (Finland)

Hotels and offices: ANWB (Netherlands); AXA (Italy); Mandarin Oriental Hotel (Indonesia)

Retail: McDonald's (Canada); Statoil (Denmark); Leroy Merlin (Italy)

Logistics companies: NMBS (Belgium); TNT Global Express (Italy)

Telecommunications: Telkomsel (Indonesia)

MARKET POSITION

Gunnebo's market share for security-related services in the European bank sector is estimated at 6–7%. In the same customer segment Gunnebo estimates its market share for electronic security services at 2%. Gunnebo has a strong position in physical security and cash handling as a service provider for its proprietary solutions.

COMPETITORS

Wincor Nixdorf, Johnson Controls, Stanley Security Solutions, Tyco, Honeywell, Siemens and many local installers alongside these major multinationals.

SVP GLOBAL SERVICES

Anna Almlöf



Entrance Control

Estimated total value of global market: **MEUR 440**

Annual global market growth: **5%**

PERCENTAGE OF GROUP SALES



KEY RATIOS

	2012	2011
Order intake, MSEK	674	713
Invoiced sales, MSEK	663	720
Operating profit, MSEK*	47	51
Operating margin, %*	7.1	7.1

*Excl. items of a non-recurring nature

OFFERING

Product solutions: a wide range of turnstiles – entrance gates, speed gates, full-height turnstiles, security booths and security revolving doors.

Entrance control concept solutions for office buildings, sports arenas, airports and mass transit such as metro systems, rail and bus networks.

BRANDS

- Gunnebo
- Alltech by Gunnebo
- Minimax

EXAMPLES OF CUSTOMERS

Large customers: IBM, Siemens, Shell, Ascom, Thales, Indra

Office buildings: Vodafone, Microsoft, Nestlé, Shell, American Express

Mass transit: Barcelona, Stockholm, Beijing, Shanghai, New Delhi, Melbourne, Bogotá

Airports: Madrid, Paris, Warsaw, London, Dubai, Bahrain, Japan, Singapore, Sydney, Boston

Authorities: NATO, European Commission, UK Home Office, military bases around the world

Stadia: Real Madrid, Twickenham, Millennium Stadium, Melbourne Park, Khalifa International Stadium, Sepang International Circuit

MARKET POSITION

According to an independent survey conducted by IMS*, Gunnebo is the world's largest supplier of entrance control for pedestrians, with a global market share of 12%.

*IMS Research is an international market research institute specialising in the global sector for electronic security.

COMPETITORS

Kaba, Boon Edam, Automatic Systems and many small local players.

SVP ENTRANCE CONTROL

Robert Hermans



Developing Businesses

The total value of the global market has not been measured

Annual global market growth has not been measured

PERCENTAGE OF GROUP SALES



KEY RATIOS

	2012	2011
Order intake, MSEK	263	283
Invoiced sales, MSEK	263	290
Operating profit, MSEK*	–42	–35
Operating margin, %*	–16.0	–12.1

*Excl. items of a non-recurring nature

Developing Businesses comprises SafePay and Gateway.

SafePay

OFFERING

SafePay is a system developed by Gunnebo for integrated, closed cash handling.

BRANDS

SafePay™

EXAMPLES OF CUSTOMERS

COOP, Smart Club, Statoil, Leroy Merlin, La Poste.

MARKET POSITION

One of the leading players on the market for closed cash handling in a retail environment.

COMPETITORS

PSI Group (Cashguard), Scan Coin, Wincor-Nixdorf, Glory.

GENERAL MANAGER

Claes Hall

Gateway

OFFERING

Gateway is a global supplier of electronic article surveillance (EAS) solutions to retailers.

BRANDS

Gateway

EXAMPLES OF CUSTOMERS

Various types of retail operation such as large supermarkets, fashion and technology chains.

MARKET POSITION

The EAS market is dominated by several major players, where Gateway is one of the smaller global players.

COMPETITORS

Checkpoint Systems, Nedap, Sensormatic.

MANAGING DIRECTOR

Björn Skoog



Services and Solutions

INNOVATION THROUGH EXPERTISE

Gunnebo's global portfolio of security-related services and solutions is based on almost 200 years of industry experience.

Gunnebo regularly reviews and updates its offering to ensure it meets the evolving demands of the market. New and innovative product designs are developed by the Group's security experts every year which enrich

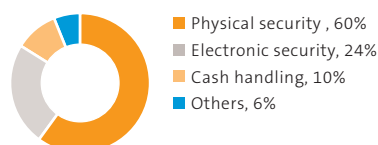
the solutions portfolio and strengthen the Group's long-term profitability.

The following is a selection of new and upgraded services and solutions which were introduced to the market during 2012.

Business Area

Bank Security & Cash Handling

The offering encompasses solutions for cash handling, physical security and electronic security.



Electronic Security

VISIOS@VE

A new video recording system designed to manage CCTV installations and show multiple camera feeds simultaneously. The system integrates advanced video analysis functions such as the detection of abandoned objects. Powerful image search functions are included, such as face recognition.

Cash Handling

SAFECASH RETAIL COUNTER DEPOSIT UNIT

A front office solution for depositing notes under the counter. Notes can be inserted in bundles of up to 50 and are counted at a speed of under 3 seconds per note. Equipped with the Gunnebo's GSL 1000 high-security electronic lock, it is connected with CashControl software for monitoring and reports.



Electronic Security

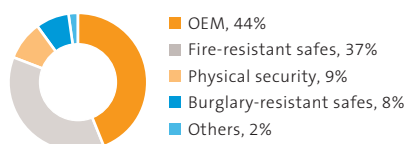
IP CAMERAS

A new range of high-performance IP cameras available in standard or mini-dome format and which can be adapted for extreme environments.

Business Area

Secure Storage

The offering encompasses certified safes that protect digital media, documents and valuables against fire and burglary.



Safes

CHUBBSAFES EVOLVE

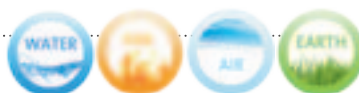
An innovative Grade 1 burglary-resistant safe with an ergonomic handle-less design and motorised opening and closing. Available in three sizes to suit different needs in stores, homes and small offices.



Safes

CHUBBSAFES ELEMENTS

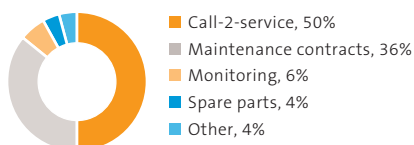
A new family of safes for homes and small offices. For each range within the Elements family – Air, Water, Earth and Fire – an annual donation is made to an environmental charity to help protect the planet. Read more at www.chubbsafeselements.com.



Business Area

Global Services

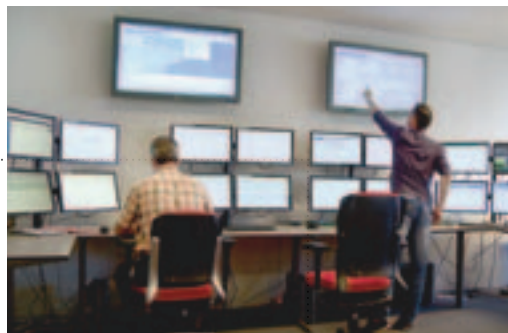
The offering includes services spanning the entire product lifecycle, as well as services to maintain and develop security investments.



Monitoring

RETAIL CASH MONITORING SERVICES

As the entire cash flow is monitored from Gunnebo's remote surveillance centre, cash handling can be optimised and security guaranteed in every transaction. For customers this means lower costs, less downtime and simpler cash handling processes.



Other

UPGRADE & RETROFIT MANAGEMENT SERVICES

Improving the performance of a security system and keeping the functions up-to-date increases the system's lifespan. A functional, cost-effective alternative to replacing the entire system.

Monitoring

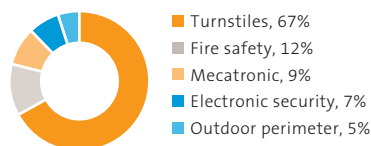
REMOTE MONITORING SERVICES

Operating centres in several countries around the world monitor and control the alarm systems at more than 26,000 sites – all day, every day. New functions have been developed to trace and protect assets and people from potential threats.

Business Area

Entrance Control

The offering includes solutions which regulate the flow of people into, out of and around a site.



Entrance Control

MP TOUCH

A facility to remotely control Gunnebo entrance gates from a single station. Features include full-colour touch screen control; control of up to 30 gates from a single console; total passage counts; time profiles for automatic gate mode changes and web configuration interface.

Entrance Control

SPEEDSTILE FL

Updated to include light sensors to provide an additional safety detection area within the lane preventing the flaps from closing if an obstruction is detected.



Entrance Control

AUTOSEC

A new control unit has been developed to improve the performance of AutoSec security revolving doors.

Entrance Control

TURNSTILES

The traditional SlimStile EV turnstile has been improved to enable in-built coin systems and external installation. Apron infill options in glass and stainless steel are now available for both the SlimStile EV and Tristile RO.



Business Area Bank Security & Cash Handling

SECURITY WHICH IMPROVES BUSINESS EFFICIENCY

The Business Area meets the need for highly secure, convenient, reliable systems. The broad range encompasses innovative solutions for bank security, cash handling, electronic and physical security that strengthen customers' competitiveness and profitability.

Offering

Gunnebo has been delivering security solutions to banks for over a century and has always followed the development of customer risk profiles, acquiring knowledge about critical infrastructure. Thanks to extensive bank security and cash handling experience, the Group is able to meet customer requirements for innovative security concepts and solutions.

The Group also has global coverage with 32 of its own sales companies offering a comprehensive portfolio which is tailored to the needs of each individual market. In brief, the Business Area offers the solutions in the following areas: physical security, cash handling and electronic security.

Physical Security

Protecting valuables from fire and burglary is one of Gunnebo's oldest businesses. The Group's position as a leading supplier is based on a successful combination of quality,

expertise and new technology, whether it be an individual safe or a complex network solution with thousands of safe deposit lockers equipped with biometrics and electronic locks.

Cash Handling

Gunnebo has the industry's widest range of solutions, from deposit systems to closed cash handling. The solutions offer in-store security and automation at counting centres, and can be tailored for simple integration into different cash environments. Where necessary, several sites can be linked up to the same solution, and thanks to Gunnebo's advanced software, external partners such as banks and CIT companies can also be integrated.

Electronic Security

Gunnebo offers advanced systems for CCTV surveillance, burglar alarms, entrance control and electronic locks, as well as software which enables the customer to integrate all

the security systems in a bank or store on a shared platform with a single user interface.

Market and driving forces

The amount of cash in circulation is continuing to increase. Central banks around the world have gradually begun to change their roles and strategies regarding cash handling. This entails an altered situation for the banks, which in turn generally prefer cash handling to take place in the shops. This shift is placing greater demands on cost-effective solutions, where concepts for self-service and outsourcing of cash handling are becoming increasingly common, which in turn drives developments on the CIT market.

There are estimated to be over 800,000 bank branches worldwide, and there is a high rate of branch openings on markets such as India, Indonesia and China.

The world's 195 central banks have more than 2,000 branches in total, and the number of counting centres managed by security companies is increasing year on year. In addition, there are more than 5,300 counting centres and hundreds of thousands of stores around

CASH IS HERE TO STAY

80% of all payments in Europe and the US in 2012 were made in cash. Statistics from the European Central Bank in 2012 showed that the number of notes in the Eurozone is increasing by 9% a year. Every year around 360 billion cash transactions take place globally, which equates to almost one billion a day.

Continued on page 20



Brands





Mission: Increased Efficiency

Standard Bank, South Africa

About Standard Bank

Standard Bank is a leading financial services organisation with a 150-year history in South Africa and over 1,200 branches across the continent.

The challenge

When Standard Bank reviewed its safe deposit locker service, it saw an offering which had not changed for many years. Traditional mechanical lockers were not proving cost-efficient and the decision was made to modernise or take away the service altogether.

Gunnebo's solution

Standard Bank chose SafeStore Auto, Gunnebo's fully automated safe deposit locker solution. Initial installations were made at two

branches, including the bank's flagship branch in Sandton, Johannesburg. Here 4,000 lockers are housed in a basement vault which two robots deliver to customers on the ground floor.

The benefits

Customers can now access the contents of their lockers themselves from a terminal, which dovetails with Standard Bank's vision of more modern self-service branches.

SafeStore Auto has also led to savings:

"One major benefit is the reduction in operating costs," says Trevor Dean, Senior Manager of Design & Configuration at Standard Bank.

"Also, we are able to use prime office space much more effectively and automated processes mean less staff time is required to run this application."

 **One major benefit is the reduction in operating costs**

Trevor Dean, Senior Manager Design & Configuration,
Standard Bank of South Africa Ltd.



the world that could benefit from Gunnebo's offering in physical security and cash handling. There is a clear trend of security-related solutions developing from physical to electronic security. Another factor driving the Group's business is legislation and common practice on both a national and an international level.

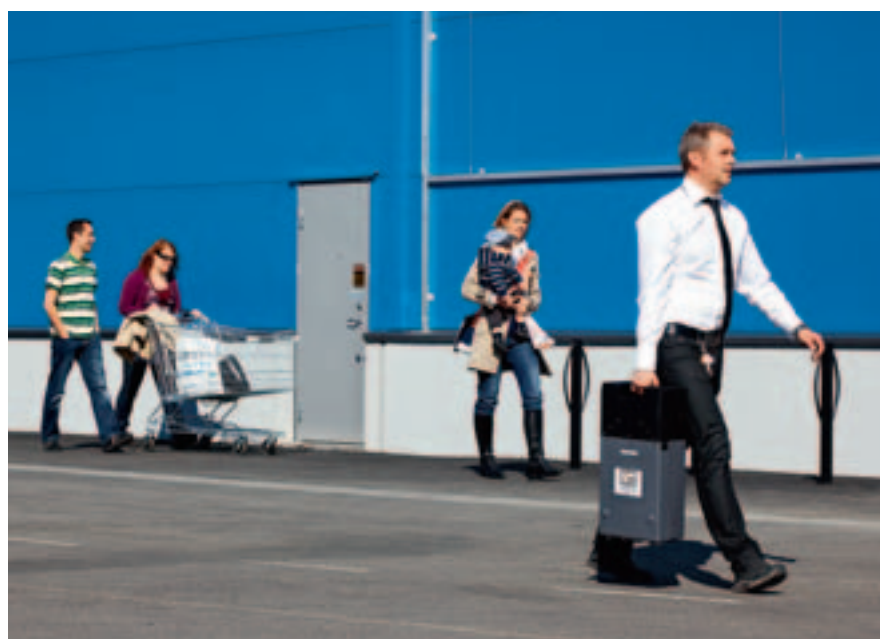
Market development in 2012

Growth on the Asian markets, primarily India, has been excellent during the year. Order intake in the region increased by 20% during the year, and in India the increase was close to 30%.

Development in the Americas region has also been good during the year. Business in Canada is continuing to grow and the acquisitions in Brazil and the US have also developed well.

Market development in Europe was weak throughout the year.

Order intake for the whole of 2012 increased to MSEK 2,374 (2,215) and in constant currency rates it increased by 10%. Net sales increased to MSEK 2,386 (2,276), in constant currency rates they increased by 8%. Organi-



cally, i.e. excluding acquisitions and currency effects, order intake fell by 2% and net sales by 2%. Operating profit for the year excluding items of a non-recurring nature amounted to MSEK 158 (167) and the operating margin to 6.6% (7.3%). Acquisitions made a positive

contribution to operating profit of MSEK 32 over the whole year.

Weak profit development in Europe during the year has primarily been compensated for by the positive development of operating profit on other markets, particularly India.

Mission: Minimised Risk during Cash Handling RCCS, Netherlands



About RCCS

RCCS is a newly formed cash-in-transit (CIT) company situated in the Netherlands working with retailers as part of the cash handling chain.

The challenge

The way in which many retailers manage cash – carrying it in bags and then manually counting it in the shop – leaves them vulnerable to the risk of robbery and shrinkage. It also creates administrative tasks that require time and human resources without generating revenue.

RCCS wanted to launch a completely new CIT concept for small and medium-sized retailers to create a secure and efficient cash handling environment, and minimise the risks involved with traditional cash management.

Gunnebo's solution

Gunnebo has supplied RCCS with a cash deposit solution fitted with a GSL 1000 high-security locking system. The solution is installed at the retailer's counter and integrates ink-protected cartridges which are picked up by CIT staff. The whole system is linked to integrated software which allows all parties involved to monitor the flow of cash online.

The benefits

As the system is completely closed, it is safer for the retailer. Also, by connecting Gunnebo's cash handling solutions with RCCS's CIT systems, the retailer's back office and the retailer's bank, the cash handling process has been made more efficient and cash can be immediately credited to the retailer's account on payment.



It's a solution for the future which reduces the risk of robbery, costs and administration for everyone involved

Fredrik Rensenbrink, CEO, RCCS, Netherlands

Business Area Secure Storage

PHYSICAL SECURITY WHICH PROTECTS AGAINST FIRE AND THEFT

The Business Area offers high-quality safes for the protection of digital media, documents, cash and valuables from fire and burglary.

Offering

Gunnebo uses the latest technology in fire and burglary protection to produce safes that guarantee security – wherever they are installed. The offering encompasses certified safes, fireproof safes and high-security locks. The choice of storage solution depends on what the customer will be storing and the required level of protection. Document safes provide effective protection for important documents against fire, while heat-sensitive digital media, which can be damaged at temperatures as low as 55°C, require a certified digital media safe.

In addition to its broad geographical presence, one of Gunnebo's main competitive advantages is that the majority of solutions marketed and sold by the Business Area are graded, which means they have been certified by nationally and internationally recognised independent bodies such as the European Security Systems Association and Underwriters Laboratories (UL).

A growing part of Gunnebo's business comprises the production of safes for global ATM manufacturers. This is termed as Original Equipment Manufacturer (OEM) business.

Market and driving forces

Gunnebo has a strong position in the market segment that places high demands on qual-

ity and requires product certification. Business within the segment is driven largely by increased awareness about the importance of protecting valuables against fire and theft, as well as by the two global brands, Chubb safes and Fichet-Bauché. Furthermore, Gunnebo has a number of very strong local brands such as Rosengrens in Northern Europe, Steelage in India and Hamilton Safe in the US.

In recent years the percentage of the Business Area's sales conducted through a global network of dealers and distributors has increased. This is a trend Gunnebo is actively striving to develop further.

Market development in 2012

Both order intake and net sales developed well during the year. Geographically speaking, the Asian markets have driven the positive development of order intake during the year, particularly the distributor-driven sales in Indonesia, China, India and in Southeast Asia. The sales company in Malaysia, which opened in October, has also contributed positively to the development.

In Europe, the order intake has been good in France, Belgium, the UK and Sweden. On other markets, it has become progressively weaker during the year.

The order intake for safes for global manu-

RAISING THE STANDARD

Gunnebo's safes are tested and certified by independent bodies in accordance with established international standards. This ensures reliable results based on recognised classification systems. The classification, or grading, describes the level of protection against burglary or the length of time that the safe can resist fire, and is particularly important in ensuring the contents of the safe have the correct insurance value.

facturers of ATMs has developed very well during the year.

Order intake for the whole of 2012 increased to MSEK 801 (736) and in constant currency rates the increase was 10%. Net sales for the same period totalled MSEK 781 (731), in constant currency rates they increased by 8%. Organically, i.e. excluding acquisitions and currency effects, order intake increased by 8% and net sales by 7%. Operating profit for the year excluding items of a non-recurring nature amounted to MSEK 30 (16) and the operating margin to 3.8% (2.2%). Both the operating profit and the operating margin adjusted for expenses of a non-recurring nature improved during the year thanks to a better market and product mix.

Brands

Chubb safes
Trusted the world over.

Fichet-Bauché

ROSENGRENS
We stand by you

STEELAGE

Business Area Global Services

SECURITY SERVICES WHICH MAXIMISE RETURN ON INVESTMENT

The Business Area draws on the experience of more than 1,500 engineers, security professionals and customer support staff worldwide. Through close, long-term partnerships, it adds value to the investment made in security systems.

Offering

Gunnebo's extensive service offering is built on receptiveness, innovation and many years of global experience in the security industry.

Whether the customer runs a bank, a store or another type of business, Gunnebo provides services which guarantee that the company's security system always works. With a comprehensive portfolio defined in two key areas, Lifecycle Care and Business Care, Gunnebo provides not only unmatched global technical expertise, but also a full spare parts network as well as security services related to design, consultation, monitoring, training and management of business processes.

The market for security services is fragmented. Customer expectations and requirements vary from market to market, as do legislation and other regulations. Gunnebo's strength lies in being able to offer services through its worldwide network of 32 sales companies. This is particularly advantageous to interna-

tionally active customers that need a service provider with global coverage and the ability to act locally.

Market and driving forces

The market for security services is extremely fragmented and the conditions for different security solutions vary. Consequently, the competitive environment is complex and varies from one market to the next.

- Electronic security: Many major multi-nationals, and many regional small and medium-sized companies
- Remote monitoring: Many large multi-nationals, and a number of small and large national players
- Physical security: Equipment manufacturers compete alongside regional players such as distributors and locksmiths
- Cash handling: Primarily equipment manufacturers and national service providers, but an increasing number of CIT companies

are also starting to offer security-related services

- Entrance control: Mainly integrators, but equipment manufacturers are also sometimes engaged for maintenance and retrofitting

Important driving forces on the market are changes in regulations, economic downturn – which tends to increase demand for maintenance and service as well as productivity improvements – and a larger number of customers looking for suppliers with a comprehensive offering on a global scale. Also, trends on consolidation to core business lead to the outsourcing of services.

Market development in 2012

The order intake was on a par with 2011. One important trend is that sales of services linked to contracts are continuing to increase, which is positive news for Gunnebo.

The markets in Asia and the Americas have developed well during the year, while development on other markets has been weaker.

Order intake for the whole of 2012 totalled MSEK 1,138 (1,144) and in constant currency rates the increase was 2%. During the same period net sales increased to MSEK 1,143 (1,120), in constant currency rates the increase was 4%. Organically, i.e. excluding acquisitions and currency effects, order intake fell by 1% while net sales rose by 1%. Operating profit for the year excluding items of a non-recurring nature amounted to MSEK 110 (138) and the operating margin to 9.6% (12.3%).

The operating profit and operating margin for the whole year were lower than for last year due to weak development in Europe. Profit from operations outside of Europe developed far better. During the year profit was also burdened by expenses for streamlining the service business.

FIRE PROTECTION ON THREE WHEELS

Gunnebo Indonesia has invested in a number of three-wheel motorcycles which act as mobile refilling stations for fire extinguishers. They are used to collect empty and expired fire extinguishers and take them to the nearest service centre, where they are refilled before being returned to the customers. The procedure reduces the refilling time for customers whose service agreement does not cover on-site refilling from Gunnebo's service vehicle.



Brands

GUNNEBO
For a safer world

Fichet-Bauche
Télésurveillance



Mission: Improved Surveillance of Retail Network

Catwalk, India



About Catwalk

Catwalk is a leading premium brand in high-end ladies footwear with 180 stores located in 17 cities across India. 49 are operated directly by Catwalk with the others run as franchises. The company is currently expanding aggressively with 100 new stores planned before the end of 2013.

The challenge

Catwalk needed to address the quality of its existing in-store surveillance systems knowing that an upgrade over so many sites had the potential to not only be costly but also disruptive to its customers.

It was of great importance to Catwalk to not only maintain the integrity of its premium brand but also receive a cost-effective and efficient service.

Gunnebo's solution

After having carried out an audit and assessment of Catwalk's surveillance systems, Gunnebo managed the installation of upgrades and retrofits to the CCTV cameras in every one of Catwalk's self-run stores.

Gunnebo also trained Catwalk's technicians on how to monitor the stores. Installation across the entire chain was completed within one month.

The benefits

The speed and efficiency of installation coordinated across multiple sites ensured that



Catwalk could upgrade its store surveillance without impacting on the shopping experience for its customers.

"India is a very large country and these distances often pose a problem for services. Gunnebo was one of the few companies who could commit to installation at all stores at once and we had minimal disruption to our business," says Ubaid Kathiwala, Operations Director at Catwalk.

"Looking to the future, Gunnebo will help us as a security services partner in our aim to become the market leader as we continue to expand our business and brand."



We had minimal disruption to our business

Ubaid Kathiwala, Operations Director, Catwalk, India

Business Area Entrance Control

ACCESS SECURITY WHICH REGULATES AND PROTECTS

The Business Area offers solutions which allow authorised access to sites and buildings, while preventing access by unauthorised individuals. Integrating flow monitoring with wider security systems can provide full control over who is where in a building.

Offering

Gunnebo's entrance control solutions cover two main areas: entrance control for buildings, mass transit and airports, and fire safety equipment which is sold in Indonesia and India only.

Entrance Control

Many kinds of sites require security systems that prevent unauthorised access. Gunnebo's wide range of solutions for entrance control has been developed to efficiently secure sites and buildings without compromising the business. Gunnebo has a complete range of solutions for access and entrance control for mass transit and airports, such as anti-return gates, boarding gates and immigration gates. Entrance control accounts for 67% of the Business Area's net sales.

Fire Safety: a local business

In India and Indonesia, Gunnebo has a complete range of fire protection products, from fire extinguishers and fire alarms to foam-based extinguishing systems and firefighting equipment. Customers are mainly found in the energy, transport and industrial sectors, as well as government authorities and plan-

tations. Fire safety accounts for 12% of the Business Area's net sales.

Market and driving forces

Entrance Control

One of the most important driving forces for the entrance control market is stricter demands on having constant control over who is where in a building. The increasing population in cities also increases the need to be able to efficiently regulate and control passenger flows in mass transit and visitor flows at sports arenas, exhibition centres and other venues that host public events. Many customers also want to be able to link together separate systems for entrance and ticket control.

Fire Safety

Regulatory changes are one important driving force in the fire safety segment. In both India and Indonesia, Gunnebo offers products that meet the latest certification requirements, and this has an important effect on developments in the segment.

Market development in 2012

The Business Area's order intake showed weak development at the beginning of the year, but

progressively picked up during the third and fourth quarters. During the fourth quarter a good level of order intake was noted on the markets in China, Southeast Asia, India, the Middle East and France. On other markets, development has been stable or has fallen slightly during the year.

Order intake for the whole of 2012 amounted to MSEK 674 (713) and in constant currency rates it decreased by 4%. Net sales amounted to MSEK 663 (720), in constant currency rates it decreased by 6%. Organically, i.e. excluding acquisitions and currency effects, order intake fell by 5% and net sales by 7%. Operating profit for the year excluding items of a non-recurring nature amounted to MSEK 47 (51) and the operating margin to 7.1% (7.1%).

Excluding expenses of a non-recurring nature, the operating profit and operating margin were on a par with the previous year. Expenses of a non-recurring nature that burdened the Business Area include the MSEK 23 of compensation Gunnebo was obliged to pay a former commercial agent during the third quarter following arbitration.

Brands





Mission: A Higher Level of Security

State Street Corporation, China



About State Street

State Street Corporation is a world-leading provider of financial services to institutional investors. Their broad and integrated range of services spans the entire investment spectrum, including research, investment management, trading services and investment servicing.

The challenge

State Street's Hangzhou office wanted to increase the security level of its building by controlling the high flow rate of employees, collecting data on all entries and preventing

unauthorised personnel from entering the building. However, the solution would have to fit into the small reception area and comply with local building regulations.

Gunnebo's solution

After some close cooperation, it became clear that State Street was willing to compromise on space in order to accommodate an entrance gate with a high enough level of security. Gunnebo installed a SpeedStile FP which not only met these standards but which could also be integrated with the company's access

control system and record the passage of employees using a card reader. Gunnebo also worked together with the building's designer to create a reception area with a coherent design.

The benefits

State Street has had to reduce their reception area, but for the greater return of a high-security entrance control system which captures useful data for better personnel management.

"Although we spent a lot of time communicating with each other, Gunnebo helped us to focus on the core needs of the entrance control system and solved the problem wonderfully," says William Walsh, State Street's Security Specialist.



Gunnebo helped us focus on the core needs

William Walsh, Security Specialist, State Street Corporation, China

Corporate Responsibility

SECURITY FOR INDIVIDUALS

Gunnebo's security solutions create a safer world. Through innovative concepts and close collaboration with customers and other stakeholders, Gunnebo is building a unique, global offering which provides security for individuals.

Gunnebo takes responsibility by creating value in the communities where the Group operates. Gunnebo's responsibility is measured in long-term return, satisfied customers, motivated employees and a reduced impact on the environment. By being a responsible corporate citizen, Gunnebo gains the trust of its stakeholders and becomes a stronger global brand with increased competitiveness.

Gunnebo's Code of Conduct coupled with the Group's Core Values provides employees with support in how they should act responsibly in relation to customers, suppliers, society and the environment, as well as to one another.

Code of Conduct

As an international corporation and employer, it is important that Gunnebo complies with human rights principles in all controllable aspects of its business. The Group's Code of Conduct is based on the following international principles: the UN Declaration of Human Rights, the UN Global Compact initiative, the International Labour Organization's principles on rights in working life, and OECD guidelines for multinational enterprises. The Code of Conduct forms the basis for how all employees in the Group should act, both internally and externally.

Corporate Core Values

Gunnebo's Core Values guide the Group's employees in their day-to-day work. They provide guidance in all business-critical areas, such as product development, marketing, sales, installation and service.

Gunnebo's Core Values are:

- Customer Focus
- Cooperation
- Commitment to Quality
- Integrity
- Professionalism

CSR CONTACT

Rolf Kjällgren, +46 (0)10-209 50 16
rolf.kjallgren@gunnebo.com

For a Safer World

Gunnebo's contribution to sustainable development is based on the Group's responsibility for its own business, society and the environment. Gunnebo increases security for the individual and is a reliable business partner, employer and corporate citizen on the markets where the Group operates.



Supply Chain

FOCUS ON COST, QUALITY AND DELIVERY PRECISION

Gunnebo's offering with the right solution at the right time is based on a long chain of value-creating activities. Purchasing, production and logistics are business-critical elements based on responsibility, collaboration and innovation.

To capitalise on its size when making purchases, Gunnebo works with several global purchasing categories: Sheet Steel, Steel Products, Electronics, Printed Circuit Boards, Locks, Safes, Indirect Materials and Transport. Categorising purchasing activities strengthens Gunnebo both in terms of negotiating power and purchasing expertise. Linking large purchasing volumes to fixed price contracts also reduces exposure to rapid changes in raw material prices.

The purchasing organisation, with a manager for each category, is based in Europe and is supplemented by a local presence in China. The European operation provides demand specifications and the Chinese operation assures quality locally.

Lower purchasing costs

In 2012 Gunnebo has evaluated, replaced and decreased its number of suppliers to reduce purchasing costs per purchasing category. Other activities to reduce purchasing costs include revised product specifications and improved processes. The Group utilises a new purchasing index to measure and monitor cost development. The purchasing index for 2012 is 97.7% compared to the previous year.

Initiatives have been taken to improve collaboration between the purchasing organisation, factories, research & development and the Business Areas. Better collaboration regarding the optimisation of specifications and increased standardisation can reduce purchasing costs further.

Closer to suppliers

Gunnebo's Chinese company for purchasing, production and sales gives Gunnebo lower

purchasing costs, as well as greater control over quality and environmental aspects. Being closer to suppliers reduces risk in the supply chain.

In 2012 Gunnebo successfully carried out an analysis of the supply chain at its production unit in Kunshan, China, to reduce costs and improve quality and delivery precision. Gunnebo has inspected six suppliers and more than 100 improvement measures have been carried out. This process has produced good results in a short space of time.

Secure production

The Group has production at twelve factories in ten countries, and assembly units in two. Proximity to the market is fundamental to our endeavour to meet customers' needs with competitive global offerings.

Five of Gunnebo's production facilities – Bazancourt, Doetinchem, Jakarta, Markersdorf and Trier – have an ISO 18000 certified management system to control and develop the working environment, and to discover and prevent risks in the factories.

Higher percentage of direct deliveries

In 2012 Gunnebo has increased its percentage of direct deliveries by 11%. In addition to lower transport and storage costs and lower impact on the environment, direct deliveries reduce the risk of damaged goods and increase customer satisfaction thanks to improved delivery precision.

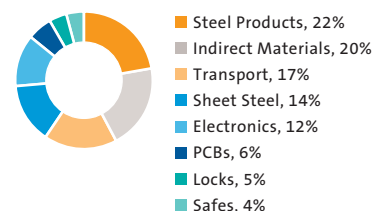
Direct deliveries place higher demands on planning, and in 2012 Gunnebo has implemented a central warehouse and transport management process, which enables more direct deliveries.

Purchase savings*

-4%

*excluding raw material prices and currency

External sourcing by Gunnebo purchasing category



Environmentally efficient transport

Gunnebo works with five global transport partners who meet the Group's requirements regarding delivery precision and environmental performance. In the case of local exceptions, Gunnebo places the same requirements on transport supplied by companies outside of the collaboration.

Gunnebo, along with Sweden's largest importers and exporters, is a member of the Clean Shipping Project, which has the common objective of minimising the environmental impact of shipping. The network provides its members with a foundation for evaluating freight companies from an environmental perspective.

When procuring heavy road transport, Gunnebo is assisted by the non-profit organisation QIII. QIII assesses the requirements of buyers of heavy road transport in terms of working environment, road safety and the environment. This collaboration not only benefits Gunnebo as a buyer, but also shipping agents who can be assessed on criteria other than price.

Quality Control

Using its quality objective – the right solution at the right time – Gunnebo strives to deliver the greatest possible value to customers and shareholders. In 2012 Gunnebo has strengthened its quality control and increased the percentage of faultless deliveries.

Quality is one of Gunnebo's Core Values, and it means that everything the Group does is right from the very beginning. The Group's work with quality is based on customers' expectations and requires knowledge, commitment and responsibility from all employees and business partners. A cornerstone in this is working to make continuous improvements. The improvement process is based on collaboration, dialogue and assessment with the Group's customers.

Continuous improvements

Gunnebo's quality assurance system is based on the ISO 9001 standard. The Group's SVP Quality coordinates operational quality control. Local quality managers ensure the

Improved delivery precision

+11%

Complaints from customers

-48%

right level of quality is met and that the Group's quality policy is adhered to (see www.gunnebogroup.com) while also assessing the efficacy of existing processes and identifying measures for improvement.

Monitoring of quality goals

Gunnebo's quality control is based on Group-wide systems for steering, measuring and monitoring identified sub-processes. The aim is to use key processes to get it right first time and offer faultless, on-time deliveries. Gunnebo has two overall indicators for its

quality goals: complaints from customers and delivery precision.

The quality goals are evaluated annually. In 2012 the percentage of on-time deliveries increased by 11%, while the percentage of reported customer complaints and discrepancies in quality decreased by almost half. The improvements are a product of weekly monitoring of quality and delivery precision, along with attitude-changing activities for better dialogue and collaboration.

Intensified Quality Control in Jakarta

Thanks to far-reaching quality control measures taken in 2012, Gunnebo's factory in Jakarta managed to reduce customer complaints by 74%.

"The higher quality in our production can be attributed to our restructuring. Today the same unit is responsible for customer support, production planning and stock control. Thanks to higher capacity utilisation and better material planning, we have managed to halve the number of production stoppages," says Uwe Sträter, Plant Manager.

The major improvements are the result of intensified quality control measures, whereby all incoming material and deliveries from the factory are checked. Using improved instructions for quality inspection and a direct, systematic procedure based on the inspection results, Uwe Sträter and his colleagues continue to strive for better products and more satisfied customers.

“ Thanks to higher capacity utilisation and better material planning, we have halved the number of production stoppages

Uwe Sträter, Plant Manager, Jakarta



Customer dialogue for better products

One important tool for following up on quality levels is the Non-Conformance Notes (NCN) system, which is a means of recording customer complaints. The system provides an overall picture of quality in production, installation and after-sales service, and lays the foundation for the continuous improvement of products and processes.

Demand for certification

Many of the Group's product and system solutions undergo comprehensive external testing and are certified by leading test institutions worldwide. The certificates attained after successful tests are in strong demand among the Group's customers.

Environmental Management

The purpose of working towards environmental goals is to reduce the Group's negative impact on the environment. This work is based on an environmental management system that involves every operational level in the Group.

Gunnebo's overriding environmental goals are based on knowledge of each individual business' environmental impact, which is mainly acquired through the Group's environmental management systems. The goals describe the areas in which the Group's environmental performance should primarily be improved. Gunnebo's overriding environmental goals were set in 2009. They have been evaluated in 2012 and will be extended to 2013.

Carbon Disclosure Project

Gunnebo participates in the Carbon Disclosure Project (CDP), a collaboration between 722 institutional investors. The organisation's goals are to reduce greenhouse gases and contribute to sustainable water use. Every year CDP asks 5,000 companies and organisations from around 60 countries a number of climate-related questions. The questions concern actual emissions, as well as how the companies view their own opportunities and threats regarding possible climate change.

ISO-certified plants

With an environmental management system which fulfils international standard ISO 14001, Gunnebo ensures the Group has systematic, structured environmental work in place.

The majority of the Group's production units are certified. Gunnebo's quality assurance system is based on ISO 9001, which is a tool

used to achieve continuous improvements in all processes and increased customer satisfaction. Gunnebo is striving to harmonise the quality process for all production units. All production and development units within Gunnebo are certified to ISO 9001.

Unit/Factory	ISO 14001 certification	Product area
Doetinchem, the Netherlands	1999	Secure storage
Bazancourt, France	2002	Secure storage
Markersdorf, Germany	2003	Secure storage
Bekasi/Jakarta, Indonesia	2004	Secure storage
Wadeville/Johannesburg, South Africa	2013	Secure storage
Halol, India	2006	Secure storage
Trier, Germany	2004	Cash handling
Baldenheim, France	2004	Entrance control
Uckfield, UK	2007	Entrance control
Lavis/Trento, Italy	2007	Entrance control
Kunshan, China (opened January 2011)	planned for 2013	Entrance control

A survey was carried out in 2012 which found that the results from CDP are more reliable than other indices, such as the Dow Jones Sustainability Index and the Bloomberg Initiative.

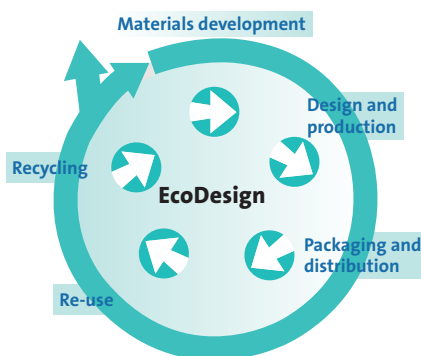
Certified environmental work

With an environmental management system which fulfils international standard ISO 14001, the Group ensures there is systematic, structured environmental work. The majority of the Group's production units are certified.

The regular external audit and Gunnebo's own internal audits contribute to continuous improvement in environmental work. The environmental management systems also deal with business risks. In order to reduce risks and minimise any impact on the environment that may arise, Gunnebo works actively on risk management and related measures.

The importance of certification to Gunnebo's customers is confirmed by the Group's sales companies as they too perceive a market demand for ISO 14000 certification.

EcoDesign



To reduce the burden on the environment, Gunnebo works with environmentally adapted product development under the name "EcoDesign". EcoDesign refers to consideration for the environment throughout the entire lifecycle of a product.

Even at the design stage, environmental aspects are considered from a lifecycle perspective. Materials and components for new products will be chosen in an environmentally-friendly way, and resource consumption during production will be optimised as regards energy use, emissions and waste. The products' energy consumption should be as low as possible during use, and the products must be able to be distributed and recycled as efficiently as possible.

Environmental managers in dialogue

All production units in Gunnebo have an environmental manager responsible for environmental work. The Group's environmental managers collaborate to evaluate the efficacy of existing processes and identify measures for improvement.

The transfer of knowledge and collaboration between units are encouraged through video conferencing, as is coordination of the internal audit operation.

MORE EFFICIENT COMMUNICATION

In order to streamline communication, the Group uses Microsoft's Lync Server. The platform facilitates communication within the Group through video conferences, instant messaging and presence management. Every instant message reduces the resources required for maintaining the telecom network. The system allows all the environmental

managers or plant managers to have quarterly meetings without having to meet in person. This type of communication solution benefits Gunnebo's business by cutting telephony costs and reducing expenditure on travel and hardware – as well as lessening the burden on the environment.

	Monitoring of goals for 2009–2012	Result	Comment												
1	Optimise energy consumption and minimise impact on climate change from the Group's operations. The goal is to reduce carbon dioxide emissions by 15% . The result is monitored annually and reported with regard to emissions from production, passenger transport and freight transport.	<p>Group carbon dioxide emissions</p> <table><tr><th>Year</th><th>08</th><th>09</th><th>10</th><th>11</th><th>12</th></tr><tr><td>Emissions (Tonne CO₂/MEUR)</td><td>25</td><td>24</td><td>24</td><td>18</td><td>20</td></tr></table> <p>The reporting of carbon dioxide emissions refers to direct and indirect emissions from the Group's production in relation to net sales.</p>	Year	08	09	10	11	12	Emissions (Tonne CO ₂ /MEUR)	25	24	24	18	20	The goal to reduce carbon dioxide emissions by 15% has been achieved. The main reasons for the decrease are production efficiency measures, changes in working method and attitudes, more energy-efficient buildings and modernised technical equipment, and company divestments.
Year	08	09	10	11	12										
Emissions (Tonne CO ₂ /MEUR)	25	24	24	18	20										
2	Make efficient use of raw materials and natural resources. The goal is to reduce electricity consumption by 10% . The result of energy consumption in production is monitored annually and is reported with regard to supplier, consumption and production method (nuclear power, fossil fuel, etc.) The amount of electricity from renewable resources shall be reported.	<p>Group electricity consumption</p> <table><tr><th>Year</th><th>08</th><th>09</th><th>10</th><th>11</th><th>12</th></tr><tr><td>Consumption (MWh/MEUR)</td><td>48</td><td>40</td><td>38</td><td>25</td><td>26</td></tr></table> <p>The graph shows that Gunnebo's environmental work has led to lower energy use in relation to net sales.</p>	Year	08	09	10	11	12	Consumption (MWh/MEUR)	48	40	38	25	26	The goal of reducing electricity consumption by 10% has been achieved. The main reason, excluding company divestments, is an increased percentage of renewable energy – the factory in Doetinchem only uses renewable energy and from 2013 so will the facility in Trier. Other improvements include training in attitude and behaviour, investments in low-energy lighting and a needs analysis aimed at achieving efficient resource management.
Year	08	09	10	11	12										
Consumption (MWh/MEUR)	48	40	38	25	26										
3	Maintain effective sorting-at-source and recycling of materials to enable Gunnebo to minimise the amount of non-recycled waste. The goal is to increase material recycling by 10% . The result is monitored annually, and total waste and recycled waste are reported for the production plants.	<p>Group waste management</p> <table><tr><th>Year</th><th>09</th><th>10</th><th>11</th><th>12</th></tr><tr><td>Recycling (%)</td><td>82</td><td>88</td><td>88</td><td>90</td></tr></table>	Year	09	10	11	12	Recycling (%)	82	88	88	90	The goal of increasing recycling of waste by 10% has almost been achieved. The aim is to reach the goal in 2013. A significant proportion of metal, cement and electronics is currently recycled. There is potential scope for developing waste management for packaging. One example of this is the case in Doetinchem (see page 31).		
Year	09	10	11	12											
Recycling (%)	82	88	88	90											
4	Further develop Gunnebo's strategy for product development , so that the Group takes environmental aspects such as energy consumption and the use of natural resources into consideration throughout the entire lifecycle of a product.	EcoDesign has been implemented into the quality systems at all the Group's production units.	Read more about EcoDesign on page 29.												

“INCREASING FOCUS ON SUSTAINABILITY”

Rolf Kjällgren, SVP Quality, Environment and Purchasing:

What business benefit does Gunnebo see in sustainability work?

We carry out quality improvements from a customer perspective, but also to increase efficiency and, thereby, the economic value. Better quality means higher efficiency and lower resource consumption. It is, therefore, also a benefit for the environment.

Customer demands on sustainability are increasing on more and more markets. We are seeing stricter requirements on quality, the environment, health and safety from customers and other stakeholders alike.

Describe the procedures and priorities for integrating the acquired factories into the Gunnebo standard.

Gunnebo's model for integration ensures our Code of Conduct, environmental policy and quality policy are implemented. In 2012 our main focus was on quality, from both a customer and a financial perspective. One of the results is that we have managed to reduce the number of Non-Conformance Notes (NCN) by almost 50% in 2012. China has been a specific focus area in 2012, where we have succeeded in improving delivery precision considerably both in our own production and in that of our suppliers.

As regards our acquisition in Brazil, they are just starting out on ISO 9001 certifica-

tion. The plan for the American acquisition, Hamilton Safe, is a gradual integration.

What is the focus for Gunnebo in 2013?

One goal is to increase the percentage of purchases from low-cost countries and to improve the quality of these deliveries. We have, for example, improved our quality control from China. We have strengthened the organisation and implemented over a hundred measures for improvement, resulting in increased and more effective quality control processes for our local suppliers. In turn this has had positive environmental effects. We have been able to combine lower purchasing costs with higher quality and, thereby, better resource utilisation.

How is the improvement process managed?

Within Gunnebo we have Group-wide frameworks, policies and goals for making improvements, while the actual implementation is based on local leadership. Collaborations such as shared workshops in risk management and meetings for spreading good examples help increase the impact, as do increased internal communication and more efficient use of IT systems. A single focus, as the factory managers have had on quality improvements, has been a recipe for success.



Collaboration for Reduced Impact on the Environment

Gunnebo's factory in Doetinchem, the Netherlands, has managed to reduce its waste by 75% by designing new, stronger – and therefore re-usable – product packaging. The stronger packaging has enabled the factory to optimise transport by increasing the number of loaded units per trailer by 12%.

In 2012 Andy Puhl, Plant Manager at Doetinchem, implemented a project aimed at reducing packaging costs and evaluating environmental impact. In cooperation with customers and logistics partners, and using technical support and tests, it emerged that recycling high-quality packaging materials

and optimised transport had a greater effect on finances and the environment than squeezing material costs alone.

“The key to the project's success was a common goal, collaboration and communication with customers and logistics partners alike,” says Andy.



The key to the project's success was a common goal, collaboration and communication with customers and logistics partners alike

Andy Puhl, Plant Manager, Doetinchem

Employees

STRONGER TOGETHER

Employees from around the world are encouraged to work together and learn from each other, with the aim of increasing understanding of how they can help to achieve Gunnebo's vision for a safer future together. At the year-end, Gunnebo had 5,673 (5,499) employees in 32 (31) countries.

Gunnebo's customers expect high standards and a level of customer service which creates value for them.

The expertise of the Group's employees, their outlook on quality, and their values and attitudes, are significant factors when it comes to meeting those expectations.

Annual mapping of potential

There are excellent opportunities within Gunnebo for stimulating, developmental work. Performance assessment, career and succession planning as well as mapping development potential are pivotal activities.

Gunnebo's People Planning Process (PPP) is a tool that provides support in evaluating em-

ployee performance and development opportunities, and identifying and initiating activities for development. PPP makes succession planning easier and enables swift, powerful action when key employees need to be replaced. Mapping with PPP takes place annually in all management groups throughout the Group and forms the selection basis for Gunnebo's development programme in leadership and business acumen.

Diversity for satisfied customers

Gunnebo's employees should reflect the Group's customers, and also be knowledgeable about and have an understanding of local cultures and conditions. The ability to see and understand customer needs increases with local presence, and with it also the ability to fulfil customers' wishes with bespoke solutions. Having employees close to customers gives Gunnebo better, stronger customer relationships.

Employees' cultural place of residence is important in the selection process for the Group's leadership programme. The cultural exchange during Gunnebo's training activities is valuable, and there are specific development initiatives for understanding similarities and differences, consideration and values.

Dialogue for development

In order to develop the business, Gunnebo maintains dialogue with employees about their views on areas with potential for improvement, in terms of both the workplace and the working environment.

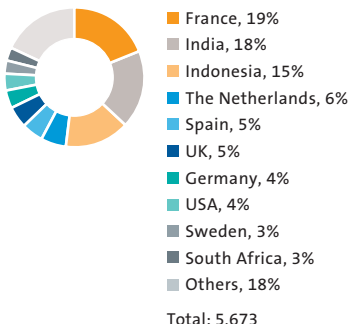
The primary communication channel for the Group's common processes and policies is the intranet, MIDAS.

Focusing on customers for new business

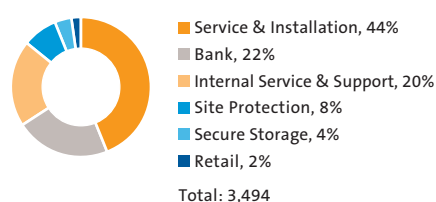
Gunnebo's Key Account Management (KAM) programme fosters customer relations and aims to develop business, primarily with larger local and global customers.

The first programme began in 2010 and a fourth round was carried out in 2012. Today 60 global Key Account Managers have taken part in the training. In 2012 Gunnebo has intensified its

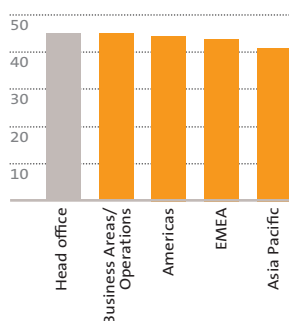
Employees by country



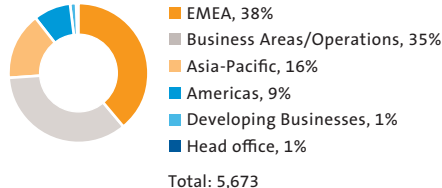
Employees in sales companies, by function



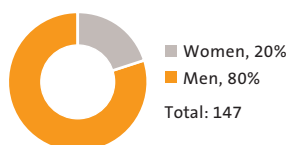
Average age



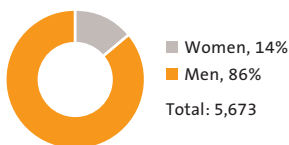
Employees by region



Male/female managers



Employees by gender



work with Key Account Managers by appointing a person responsible for KAM development to control and coordinate KAM work within EMEA (Europe, Middle East and Africa).

The new function will coordinate activities between countries and customers. By establishing processes and offering support, the function will ensure that all Key Account Managers use common working methods and offer the entire Group's range of products and services.

Patrick Peters, responsible for KAM development, emphasises the importance of receptiveness and having a broad area of contact with the customer, the aim being to better understand their needs and be able to offer more customised solutions:

"When we focus on the customer, we become more competitive."

Gunnebo focuses on leadership

The mapping of employee expertise in 2010 resulted in the creation of a three-part training package targeted at different sets of employees within the Group.

Excel: Leadership programme in collaboration with IFL and the Stockholm School of Economics. A total of 38 employees have taken part in the programme, which is held every year and runs over six months. The programme is intended for experienced managers and country managers.

Booster: Programme for employees with the potential to develop strategic skills, leadership and business acumen. 23 employees of various nationalities have taken part in the first round of training in 2012. The next round is scheduled for 2013. The programme is aimed at talented employees who are considered to have potential to advance within the organisation. The long-term aim is for the participants to take part in the Excel programme.

Future Leaders: Trainee programme in which new employees without significant experience work in different departments and areas in the Group for 15 months. Four employees took part in the first round in 2012. Two new trainees, from China and Germany, have been recruited for 2013.



EXCEL As head of finance for a sales company, Richard Baker has a professional background in finance and accounting. With the Excel programme, he has acquired experience in sales and gained a greater understanding of markets and legal issues.

"During the programme we have picked up some valuable practical experience of leadership and will be more rounded managers and leaders."

Alongside other Excel participants, Richard has been working on a Dealer Management project which aims to standardise and strengthen Gunnebo's collaboration with distributors in countries where Gunnebo does not have its own sales company. Richard will carry on as a manager for the project in the UK after the training programme.

BOOSTER "The Booster programme exceeds my expectations – it helps me develop on a personal level, so that I can make an active contribution to Gunnebo's strength and success."

During 2012, Anne Chaugny has taken part in Gunnebo's first Booster programme, a training programme for the Group's potential leaders. The participants have met for two modules to jointly strengthen their business acumen and leadership. Anne values the many international contacts the Booster programme has helped her make within the Group.

"It's easier to understand other people's challenges and work methods if you know them, and it facilitates a mutual exchange of support and services. It's too early to say how my participation in the Booster programme will affect my management tasks at Gunnebo – but it has made me feel more valuable to the Group and has enriched me both personally and professionally."

TRAINEE Agneta Olsson is one of Gunnebo's first trainees. In 2012 she has been on three rotations within Business Area Global Services – in Spain, Germany and the UK.

"It's been a fun, eventful year! I've enjoyed the variation in work tasks and the fact that I've been able to take responsibility."

Agneta has had both operational and strategic tasks, and she is very grateful that managers have spent time with her and given her the scope to participate.

"Gunnebo is an open, welcoming company that takes ideas seriously. I've gained invaluable experiences and contacts during the year as a trainee, and just wish the programme was longer. I am grateful to have been able to work in such an exciting and strategically important area as Global Services."

BOARD OF DIRECTORS' REPORT

The Board and President of Gunnebo AB (publ), company registration number 556438-2629, hereby submit the Annual Report and consolidated accounts for the 2012 financial year.

Gunnebo is an international security group with an annual turnover of approximately MSEK 5,300 and around 5,700 employees. The Group offers effective, innovative security solutions in bank security, cash handling, secure storage, entrance control and security-related services to customers around the globe.

Order intake and net sales

Group order intake amounted to MSEK 5,250.1 (5,090.8), of which acquired units contributed MSEK 318.1. In constant currency rates order intake increased by 5%. Above all, it was American Hamilton Safe and the increased demand in Asia and Brazil that caused this positive impact on the order intake.

Net sales increased in constant currency rates by 4% and amounted to MSEK 5,236.2 (5,137.1). Acquired units contributed MSEK 275.1 to sales. Net sales in the Asia-Pacific region increased by 20%, and in India sales growth was 39%. In Europe demand showed weak development and net sales fell by 4%.

Financial results

Operating profit amounted to MSEK 175.6 (324.2) and the operating margin to 3.4% (6.3%). Operating profit excluding expenses of a non-recurring nature totalling MSEK -87.0 (7.0) amounted to MSEK 262.6 (317.2) and the operating margin to 5.0% (6.2%). Currency effects had a negative impact on profit of approximately MSEK 16. The acquired units in Brazil and the US had a positive impact of MSEK 36.0 on profit.

Net financial items worsened to MSEK -65.0 (-26.5) due to write-downs of financial assets totalling MSEK 44.7 attributable to the discontinued Perimeter Protection operation. Adjusted for write-downs, net financial items improved to MSEK -20.3 (-26.5) as the result of lower interest rates, increased interest income from financial receivables and lower banking costs.

Group profit after financial items amounted to MSEK 110.6 (297.7). Net profit for the period totalled MSEK 22.3 (229.7), and earnings per share attributable to the parent company's shareholders were SEK 0.23 (3.00) per share.

The tax expense totalled MSEK -88.3 (-52.5). The reduction in Swedish company tax from the current 26.3% to 22.0% has resulted in a reassessment of deferred tax assets regarding Swedish loss carry-forwards. The tax expense resulting from the reassessment amounts to MSEK -25.5 and has burdened profit for the year. Tax expense for the year has also been adversely affected by non-deductible write-downs of financial assets and by a less favourable composition of the Group's profits, with lower profits in countries where the Group is not in a tax position. The low tax expense last year was mainly attributable to non-taxable income of a non-recurring nature.

Acquisition of Hamilton Safe

On August 8, 2012 Gunnebo acquired Hamilton Safe, the US's second largest manufacturer and supplier of physical security products to the bank and government sectors. The acquired operation has annual net sales of approximately MSEK 450 and just over 220 employees. The purchase sum is expected to total MSEK 408.3. Group surplus value arising from the acquisition has not been finally established as the acquisition analysis is still preliminary, but it is expected to be MSEK 339.8. Acquisition costs which burdened profit totalled MSEK -12.8. After the acquisition the company has had sales of MSEK 162.3 and an operating profit of MSEK 23.4.

Capital expenditure and depreciation

Investments made in intangible assets and in property, plant and equipment during the period totalled MSEK 116.4 (89.7). Investments relating to continuing operations totalled MSEK 116.4 (84.7). Depreciation in the Group and in continuing operations amounted to MSEK 86.7 (90.1) and MSEK 86.7 (80.9) respectively.

Product development

Group expenditure on developing and supporting existing product programmes, and on developing brand new products in existing or new market segments, totalled MSEK 69.2 (77.3), of which MSEK 17.4 (16.4) was capitalised in the balance sheet during the year.

Cash flow

Cash flow from operating activities amounted to MSEK 136.4 (64.9). Payments related to restructuring measures burdened cash flow for the year by MSEK 48.2 (53.8) and an increase in working capital tied up had an adverse impact of MSEK 19.6 (168.7). Cash flow from operating activities before changes in working capital amounted to MSEK 156.0 (233.6).

Liquidity and financial position

The Group's liquid funds at the end of the period amounted to MSEK 349.6 (238.8). Equity amounted to MSEK 1,652.3 (1,775.4) and the equity ratio to 39% (45%). The deterioration in equity can primarily be attributed to dividend to shareholders which burdened equity by MSEK 75.9. Other comprehensive income comprising translation differences, hedges of net investments abroad, cash flow hedges and income tax related to these components reduced equity by MSEK 70.1.

Net debt increased to MSEK 876.4 (497.8), mainly due to acquisitions and dividend to shareholders. The debt/equity ratio worsened to 0.5 (0.3). Net debt excluding pension commitments amounted to MSEK 683.7 (298.8).

During the third quarter Gunnebo agreed on 18 months of acquisition financing in the form of a new credit framework amounting to MUS\$ 35, with the aim of part-funding the acquisition of Hamilton

Safe. Furthermore, the Group extended its former borrowing facility by 12 months up to and including June 2015.

The Group's guaranteed credit framework amounted to MSEK 1,434.3 on December 31, 2012. The Group's total credit framework, including non-guaranteed facilities, totalled MSEK 1,738.1.

Employees

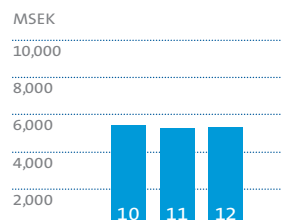
The number of employees at the end of the period was 5,673 (5,499 at the beginning of the year). The number of employees outside of Sweden increased by 178 during the year, totalling 5,476 at the end of the period (5,298 at the beginning of the year). The increase in the number of employees outside of Sweden can mainly be attributed to the acquisition of Hamilton Safe.

Remuneration to senior executives

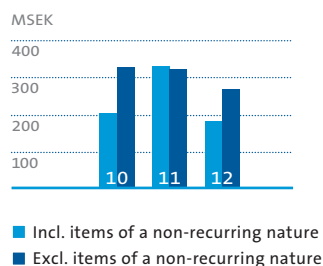
The Board proposes that the 2013 Annual General Meeting re-approve the current principles for remuneration and other employment conditions for Gunnebo's Group Executive Team for 2013. The principles relate to the President and other members of the Group Executive Team and apply to employment contracts entered into after the guidelines have been approved by the Annual General Meeting and to changes in existing employment contracts made subsequently.

Gunnebo will offer the level of remuneration and terms of employment necessary to recruit and retain qualified senior executives. The overall principles for salary and other remuneration to senior executives at Gunnebo are, therefore, that compensation shall be competitive and in line with market standards. The Group Executive Team's total remuneration shall consist of fixed salary, performance-related remuneration including long-term incentive programmes, pension and other benefits.

Net sales



Operating profit



Sales by market

	2012		2011	
	MSEK	%	MSEK	%
France	1,134	22	1,169	23
India	326	6	264	5
UK	310	6	297	6
Hungary	269	5	234	5
Germany	250	5	282	5
Spain	240	5	291	6
Canada	226	4	204	4
USA	217	4	65	1
Indonesia	180	3	175	3
Belgium	176	3	172	3
Italy	172	3	215	4
Australia	170	3	170	3
Sweden	161	3	188	4
Brazil	158	3	49	1
Other	1,247	25	1,362	27
Continuing operations	5,236	100	5,137	100

The fixed salary shall take into account the individual's position, expertise, areas of responsibility, performance and experience, and shall normally be reviewed on an annual basis. The fixed salary shall also comprise the basis for calculating performance-related remuneration. The performance-related element shall be dependent on the individual's achievement of predetermined, quantitative financial targets and may not exceed 50% of the fixed salary.

The Board shall evaluate each year whether a share or share price-related incentive programme will be proposed at the AGM.

Pension premiums for members of the Group Executive Team living in Sweden are paid in accordance with a defined contribution plan. Premiums may amount to a maximum of 35% of the fixed salary, depending on age and salary level. Members of the Group Executive Team living outside of Sweden may be offered pension solutions that are competitive in the country where they live, preferably premium-based solutions. The retirement age shall be 65.

For members of the Group Executive Team living in Sweden, the notice period is 12 months for the company and six months for the individual. No severance pay is awarded. Members of the Group Executive Team living outside of Sweden may be offered notice periods that are competitive in the country where they live, preferably equivalent to the notice periods applicable in Sweden. The Board is entitled to depart from these guidelines in individual cases if there are specific reasons to do so. Remuneration to the management that has already been decided but which has not fallen due for payment by the 2013 AGM comes under these guidelines, with the exception that the President is entitled to 12 months' severance pay in the event of the employment being terminated by the company.

Share category

At the end of the year, Gunnebo AB's share capital amounted to MSEK 379.3, divided into 75,855,598 shares with a quota value of SEK 5. All shares have one vote each and are of the same category. Each share entitles the holder to an equal share of the company's assets and profits. There are no restrictions on the transferability of shares.

Share data

Earnings per share after dilution were SEK 0.23 (3.00) and for continuing operations SEK 0.23 (3.20). The number of shareholders totalled approximately 9,900 (10,200).

Proposed dividend

The Board and the President propose a dividend of SEK 1.00 (1.00) per share for the 2012 financial year.

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 functions and services within corporate management, business development, human resources, legal affairs, financial control/finance, IT, quality, logistics, the environment and communication.

In the first quarter all participations in the Group's Swedish finance company Gunnebo Treasury AB were acquired from Gunnebo Treasury SA in Switzerland. The purchase sum totalled MSEK 900.0. The aim of the transaction was to prepare for a liquidation of the latter company, which has been dormant since the Group's finance function was transferred to Gunnebo Treasury AB.

Net sales amounted to MSEK 137.4 (142.3), of which MSEK 2.3 (0.9) related to sales to external customers. During the year a dividend of MSEK 1,670.7 was received from Gunnebo Treasury SA. The dividend resulted in the shares in the Swiss subsidiary being written down by MSEK 1,225.6 and in the phasing-out of hedging instruments in the form of loans and forward contracts in CHF. The aim of the hedging instruments was to hedge the investment in Gunnebo Treasury SA, and the phasing-out of the instruments gave rise to an exchange loss of MSEK 594.1. Altogether these transactions had a negative impact on net financial items of MSEK 149.0 and the loss after financial items totalled MSEK -82.8 (97.6). Net profit for the period amounted to MSEK 44.6 (97.6) and was positively affected by a deferred tax income of MSEK 130.7 (0.0) attributable to deferred tax assets regarding unutilised loss carry-forwards.

Investments in and divestments of shares and participations in subsidiaries amounted to MSEK 900.0 (0.0) and MSEK 0.0 (0.0) respectively. Investments made in intangible assets and in property, plant and equipment totalled MSEK 0.1 (3.9). Liquid funds at the end of the year amounted to MSEK 0.7 (0.1).

Net sales, operating profit and operating margin by Business Area, MSEK

	Net sales		Operating profit/loss		Operating margin, %	
	2012	2011	2012	2011	2012	2011
Bank Security & Cash Handling	2,386	2,276	145	147	6.1	6.5
Secure Storage	781	731	19	15	2.4	2.1
Global Services	1,143	1,120	101	121	8.8	10.8
Entrance Control	663	720	14	36	2.1	5.0
Developing Businesses	263	290	-43	-35	-16.3	-12.1
Central items	—	—	-60	40	—	—
Continuing operations	5,236	5,137	176	324	3.4	6.3

Environmental impact

Gunnebo strives to operate its business in a way that is not damaging to the environment, and it complies with the applicable environmental legislation in its businesses and processes around the world. The Group does not operate any business that requires notification or a licence under Swedish environmental law. For more information, see 'Environmental Management' on pages 29–31.

Risks and uncertainties

Given the international nature of its business, Gunnebo is exposed to financial, strategic and operational risks. The financial risks are linked to changes in interest rates, exchange rates, as well as refinancing and counterparty risks, and primarily comprise financing risk, interest rate risk, liquidity risk and currency risk. These risks are covered by and regulated in the Group's finance policy.

Strategic and operational risks mainly comprise market risks, raw material risks, production risks and legal risks. In addition to the above risks, the Group also continuously monitors risks relating to the environment, fraud, changes in prices, competition, technical development, new legislation, competence supply and taxes. For more information on the risks to which Gunnebo is exposed, see Notes 3 and 35 and 'Risk and Sensitivity Analysis' on pages 88–91.

Corporate Governance Report

The Corporate Governance Report, which is on pages 74–85, constitutes a separate document from the Annual Report under the Annual Accounts Act, Chapter 7, §8.

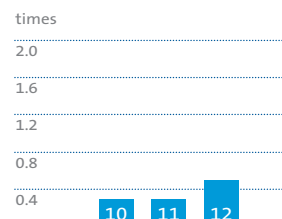
Future prospects

Gunnebo is making no comment on prospects for 2013.

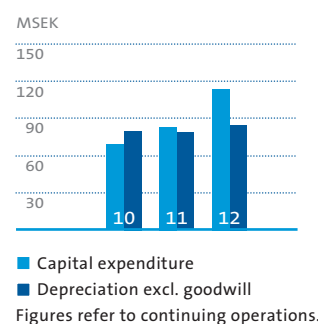
Events after the closing day

No significant events occurred after the closing day, except that Christian Johansson was appointed CFO.

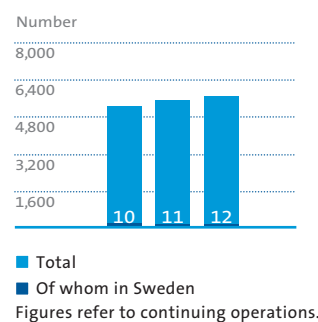
Debt/equity ratio



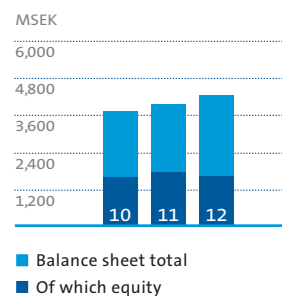
Capital expenditure and depreciation



No. of employees at year-end



Balance sheet total and equity



DEFINITIONS

Capital employed:

Total assets less interest-free 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.

Debt/equity ratio:

Net debt in relation to equity.

Dividend yield:

Dividend in relation to listed price on December 31.

Earnings per share:

Profit after tax attributable to the parent company's shareholders divided by the average number of shares.

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 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 as a percentage of net sales.

Organic growth:

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

P/E ratio:

Listed price on December 31 divided by earnings per share after dilution.

Profit margin:

Profit after financial items as a percentage of net sales.

Return on capital employed:

Operating profit plus financial income as a percentage of average capital employed.

Return on equity:

Profit for the year as a percentage of average equity.

Contents

Group Income Statements	39
Group Statement of Comprehensive Income	39
Group Balance Sheets	40
Change in Group Equity	42
Group Cash Flow Statements	43
Parent Company Income Statements	44
Parent Company Statement of Comprehensive Income	44
Parent Company Balance Sheets	45
Change in Parent Company's Equity	47
Parent Company Cash Flow Statements	48
Notes	49
Proposed Distribution of Earnings	72
Auditor's Report	73

GROUP INCOME STATEMENTS

MSEK	Note	2012	2011
Net sales	5	5,236.2	5,137.1
Cost of goods sold		-3,665.9	-3,572.5
Gross profit		1,570.3	1,564.6
Selling expenses		-793.7	-757.0
Administrative expenses	33	-598.0	-592.6
Share of profit of associated companies	16	0.9	3.5
Other operating income	6	14.4	117.1
Other operating expenses	7	-18.3	-11.4
Operating profit	5, 8, 9, 10, 22, 27, 32	175.6	324.2
Financial items			
Interest income		14.2	11.6
Other financial income	11	1.8	0.5
Interest expenses		-24.8	-12.9
Other financial expenses	11	-56.2	-25.7
Total financial items		-65.0	-26.5
Profit after financial items		110.6	297.7
Taxes	12	-88.3	-52.5
Profit for the year from continuing operations		22.3	245.2
Discontinued operations	31		
Profit/loss for the year from discontinued operations		—	-15.5
Profit for the year		22.3	229.7
Of which attributable to:			
Parent company shareholders		17.6	227.4
Non-controlling interest		4.7	2.3
		22.3	229.7
Earnings per share before dilution, SEK	13	0.23	3.00
Of which continuing operations		0.23	3.20
Of which discontinued operations		—	-0.20
Earnings per share after dilution, SEK	13	0.23	3.00
Of which continuing operations		0.23	3.20
Of which discontinued operations		—	-0.20

GROUP STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2012	2011
Profit for the year entered in the income statement		22.3	229.7
Other comprehensive income for the year			
Translation differences in foreign operations*	21	-62.7	2.4
Reversal of accumulated currency differences from discontinued operations	21	-437.8	-3.5
Hedging of net investments	21	-3.3	-32.5
Reversal of hedges regarding discontinued operations	21	437.8	—
Cash flow hedges	21	-4.1	-0.3
Total other comprehensive income, net of tax		-70.1	-33.9
Comprehensive income for the year		-47.8	195.8
Of which attributable to:			
Parent company shareholders		-50.3	193.8
Non-controlling interest		2.5	2.0
Total		-47.8	195.8

* Of which MSEK -2.2 (-0.3) refers to non-controlling interest.

GROUP BALANCE SHEETS

ASSETS, MSEK	Note	2012	2011
Non-current assets			
Intangible assets			
Goodwill	14	1,319.7	1,104.0
Other intangible assets	14	182.0	110.7
Total intangible assets		1,501.7	1,214.7
Property, plant and equipment			
Buildings and land	15	140.2	145.1
Machinery	15	93.8	96.3
Equipment	15	76.8	71.7
Construction in progress	15	16.5	3.1
Total property, plant and equipment		327.3	316.2
Financial assets			
Holdings in associated companies	16	11.2	29.1
Other shares and participations		0.3	5.1
Other long-term receivables		48.4	105.0
Total financial assets		59.9	139.2
Deferred tax assets	12	231.7	252.5
Total non-current assets		2,120.6	1,922.6
Current assets			
Inventories	17	579.8	564.1
Current receivables			
Accounts receivable	18	1,015.7	1,005.6
Current tax receivables		51.9	40.7
Other receivables		75.4	130.0
Prepaid expenses and accrued income	19	59.2	63.0
Total current receivables		1,202.2	1,239.3
Liquid funds	20	349.6	238.8
Total current assets		2,131.6	2,042.2
TOTAL ASSETS		4,252.2	3,964.8

EQUITY AND LIABILITIES, MSEK	Note	2012	2011
Equity			
Share capital (75,855,598 shares with a quota value of SEK 5)		379.3	379.3
Other contributed capital		979.0	978.4
Reserves	21	-182.9	-115.0
Retained earnings		461.7	520.0
Total equity attributable to the shareholders of the parent company		1,637.1	1,762.7
Non-controlling interest		15.2	12.7
Total equity		1,652.3	1,775.4
Long-term liabilities			
Deferred tax liabilities	12	64.9	37.3
Pension commitments	22	192.7	199.0
Borrowings	24	1,020.8	563.9
Total long-term liabilities		1,278.4	800.2
Current liabilities			
Accounts payable		507.5	538.6
Current tax liabilities		30.5	25.6
Other liabilities		179.6	181.9
Accrued expenses and deferred income	25	456.6	443.4
Borrowings	24	60.9	78.5
Other provisions	23	86.4	121.2
Total current liabilities		1,321.5	1,389.2
TOTAL EQUITY AND LIABILITIES		4,252.2	3,964.8
Pledged assets		—	—
Contingent liabilities	26	140.9	191.8

CHANGE IN GROUP EQUITY

MSEK	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance Jan 1, 2012	379.3	978.4	-115.0	520.0	1,762.7	12.7	1,775.4
Profit for the year	—	—	—	17.6	17.6	4.7	22.3
Other comprehensive income during the year	—	—	-67.9	—	-67.9	-2.2	-70.1
Comprehensive income for the year	—	—	-67.9	17.6	-50.3	2.5	-47.8
New share issue*	—	0.6	—	—	0.6	—	0.6
Dividend	—	—	—	-75.9	-75.9	—	-75.9
Total transactions with owners	—	0.6	—	-75.9	-75.3	—	-75.3
Closing balance Dec 31, 2012	379.3	979.0	-182.9	461.7	1,637.1	15.2	1,652.3

MSEK	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance Jan 1, 2011	379.3	977.4	-81.4	330.4	1,605.7	0.1	1,605.8
Profit for the year	—	—	—	227.4	227.4	2.3	229.7
Other comprehensive income during the year	—	—	-33.6	—	-33.6	-0.3	-33.9
Comprehensive income for the year	—	—	-33.6	227.4	193.8	2.0	195.8
Share-based remuneration	—	—	—	0.0	0.0	—	0.0
New share issue*	—	1.0	—	—	1.0	—	1.0
Transactions with shareholders with non-controlling interest	—	—	—	0.1	0.1	10.6	10.7
Dividend	—	—	—	-37.9	-37.9	—	-37.9
Total transactions with owners	—	1.0	—	-37.8	-36.8	10.6	-26.2
Closing balance Dec 31, 2011	379.3	978.4	-115.0	520.0	1,762.7	12.7	1,775.4

* Refers to issue of warrants to participants in incentive programmes.

GROUP CASH FLOW STATEMENTS

MSEK	Note	2012	2011
OPERATING ACTIVITIES			
Operating profit from continuing operations		175.6	324.2
Profit/loss from discontinued operations, net of tax		—	–15.5
Adjustment for items not included in cash flow etc.	29	70.8	15.3
Net financial items affecting cash flow	28	–10.2	–28.9
Taxes paid		–80.2	–61.5
Cash flow from operating activities before changes in working capital		156.0	233.6
Cash flow from changes in working capital			
Change in inventories		–13.5	–156.4
Change in operating receivables		3.4	–49.5
Change in operating liabilities		–9.5	37.2
Total change in working capital		–19.6	–168.7
Cash flow from operating activities		136.4	64.9
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	14	–19.5	–24.7
Capital expenditure on property, plant and equipment	15	–96.9	–65.0
Sales of property, plant and equipment		1.5	1.6
Acquisition of operations	30	–408.3	–99.7
Divestiture of operations	31	—	171.9
Divestiture of participations in associated companies		19.4	—
Investment in shares and participations		—	–4.6
Cash flow from investing activities		–503.8	–20.5
FINANCING ACTIVITIES			
Change in interest-bearing receivables		41.5	–0.8
Change in interest-bearing liabilities		531.0	58.6
New share issue		0.6	1.0
Dividend		–75.9	–37.9
Cash flow from financing activities		497.2	20.9
Cash flow for the year		129.8	65.3
Liquid funds at the beginning of the year		238.8	188.7
Translation differences in liquid funds		–19.0	–15.2
Liquid funds at year-end	20	349.6	238.8

PARENT COMPANY INCOME STATEMENTS

MSEK	Note	2012	2011
Net sales	51	137.4	142.3
Administrative expenses	37, 46, 48, 49, 51	-135.7	-123.6
Operating profit		1.7	18.7
Financial items			
Profit from participations in Group companies	38	455.0	23.8
Interest income	38	9.6	15.4
Other financial income	38	1.1	—
Group contributions received		67.0	74.0
Interest expenses	38	-22.2	-20.9
Other financial expenses	38	-595.0	-13.4
Total financial items		-84.5	78.9
Profit/loss after financial items		-82.8	97.6
Taxes	39	127.4	—
Profit for the year		44.6	97.6

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

MSEK	2012	2011
Profit for the year entered in the income statement	44.6	97.6
Other comprehensive income, net of tax	—	—
Comprehensive income for the year	44.6	97.6

PARENT COMPANY BALANCE SHEETS

ASSETS, MSEK	Note	2012	2011
Non-current assets			
Intangible assets			
Other intangible assets	40	8.3	12.1
Total intangible assets		8.3	12.1
Property, plant and equipment			
Equipment	41	3.1	3.7
Total property, plant and equipment		3.1	3.7
Financial assets			
Shares in subsidiaries	42	1,562.6	1,838.2
Deferred tax assets	39	130.7	—
Other long-term receivables		—	31.5
Total financial assets		1,693.3	1,869.7
Total non-current assets		1,704.7	1,885.5
Current assets			
Current receivables			
Accounts receivable		0.3	1.0
Receivables from Group companies		56.2	679.1
Other receivables		4.1	6.5
Prepaid expenses and accrued income	43	6.3	3.2
Total current receivables		66.9	689.8
Liquid funds		0.7	0.1
Total current assets		67.6	689.9
TOTAL ASSETS		1,772.3	2,575.4

Parent Company Balance Sheets cont.

EQUITY AND LIABILITIES, MSEK	Note	2012	2011
Equity			
Restricted equity			
Share capital (75,855,598 shares with a quota value of SEK 5)		379.3	379.3
Statutory reserve		539.3	539.3
Total restricted equity		918.6	918.6
Unrestricted equity			
Share premium reserve		439.7	439.1
Retained earnings		152.9	131.2
Profit for the year		44.6	97.6
Total unrestricted equity		637.2	667.9
Total equity		1,555.8	1,586.5
Current liabilities			
Accounts payable		10.1	11.6
Liabilities to Group companies	50	180.3	952.4
Other liabilities		1.0	1.0
Accrued expenses and deferred income	44	25.1	23.9
Total current liabilities		216.5	988.9
TOTAL EQUITY AND LIABILITIES		1,772.3	2,575.4
Pledged assets		—	—
Contingent liabilities	45	1,251.0	820.3

CHANGE IN PARENT COMPANY'S EQUITY

MSEK	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings and profit/loss for the year	
Opening balance Jan 1, 2012	379.3	539.3	439.1	228.8	1,586.5
Profit for the year	—	—	—	44.6	44.6
Other comprehensive income during the year	—	—	—	—	—
Comprehensive income for the year	—	—	—	44.6	44.6
Dividend	—	—	—	–75.9	–75.9
New share issue*	—	—	0.6	—	0.6
Total transactions with owners	—	—	0.6	–75.9	–75.3
Closing balance Dec 31, 2012	379.3	539.3	439.7	197.5	1,555.8

MSEK	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings and profit/loss for the year	
Opening balance Jan 1, 2011	379.3	539.3	438.1	169.1	1,525.8
Profit for the year	—	—	—	97.6	97.6
Other comprehensive income during the year	—	—	—	—	—
Comprehensive income for the year	—	—	—	97.6	97.6
Dividend	—	—	—	–37.9	–37.9
New share issue*	—	—	1.0	—	1.0
Total transactions with owners	—	—	1.0	–37.9	–36.9
Closing balance Dec 31, 2011	379.3	539.3	439.1	228.8	1,586.5

* Refers to issue of warrants to participants in incentive programmes.

PARENT COMPANY CASH FLOW STATEMENTS

MSEK	Note	2012	2011
OPERATING ACTIVITIES			
Operating profit		1.7	18.7
Adjustment for items not included in cash flow		4.5	4.9
Net financial items affecting cash flow	47	1,085.5	-1.0
Taxes paid		-3.3	—
Cash flow from operating activities before changes in working capital		1,088.4	22.6
Cash flow from changes in working capital			
Change in operating receivables		51.4	-84.8
Change in operating liabilities		5.2	-8.5
Total change in working capital		56.6	-93.3
Cash flow from operating activities		1,145.0	-70.7
INVESTING ACTIVITIES			
Capital expenditure on intangible assets	40	—	-0.1
Capital expenditure on property, plant and equipment	41	-0.1	-3.8
Sale of property, plant and equipment		—	0.1
Acquisition of subsidiaries	42	-900.0	—
Cash flow from investing activities		-900.1	-3.8
FINANCING ACTIVITIES			
Change in interest-bearing receivables		588.1	100.9
Change in interest-bearing liabilities		-831.1	-44.5
Group contributions received		74.0	101.0
Group contributions paid		—	-46.0
New share issue		0.6	1.0
Dividend		-75.9	-37.9
Cash flow from financing activities		-244.3	74.5
Cash flow for the year		0.6	0.0
Liquid funds at the beginning of the year		0.1	0.1
Liquid funds at year-end		0.7	0.1

NOTES

Amounts in MSEK unless otherwise stated.

Note 1 General information

Gunnebo AB (publ) is a Swedish public limited company registered with the Swedish Companies Registration Office under the company registration number 556438-2629. The Board has its registered office in Göteborg Municipality in Sweden.

The Group's main activities are described in the Board of Directors' Report and in the notes to this Annual Report. The company's shares are listed on the NASDAQ OMX Stockholm's Mid Cap list.

The consolidated accounts for the financial year ending December 31, 2012 were approved by the Board on March 1, 2013 and will be submitted to the Annual General Meeting on April 9, 2013 for adoption.

Note 2 Summary of important accounting principles

Foundations for preparing the statements

This Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the International Financial Reporting Standards (IFRS), as adopted by the EU. The Annual Report also contains additional information in accordance with the recommendation of the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Regulations for Groups, which specifies information required in addition to the IFRS information in accordance with the provisions of the Swedish Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the cost method, with the exception of financial instruments measured at fair value.

Reports prepared in compliance with IFRS require the use of accounting estimates. Furthermore, the management is required to make certain assessments upon application of the company's accounting principles. The areas which include estimates and assessments of significant importance to the consolidated accounts are given in Note 4.

New and amended accounting principles

As of January 1, 2012, Gunnebo has applied the following amendments, which have not had any effect on the Group's results and financial position:

Amendment to IFRS 7 Financial Instruments: Disclosures: The amendment entails an increased disclosure requirement when transferring financial assets to a third party in which the company retains a commitment. The amendment is mainly intended to increase transparency surrounding the risk exposure linked to transfers of financial assets.

Amendment to IAS 12 Income Taxes: The amendment relates to the recognition of deferred tax for investment properties and entails an exception to the general principle of IAS 12 that the measurement of deferred tax liabilities and deferred tax assets should be based on how the company is expected to recover or clear the carrying amount for the corresponding asset or liability. Instead the deferred tax calculation should be based on the assumption that the investment property will be recovered through sale, provided there are no indicators that the value will be recovered in some other way.

Standards, interpretations and amendments that have been issued but have not yet come into force or been adopted by the EU

On preparing the consolidated accounts as at December 31, 2012, several standards, interpretations and amendments have been published which have not yet come into force or been adopted by the EU. The Group has still not begun to apply these new, amended standards and interpretations. The following is a preliminary assessment of the effect the introduction of these new, amended standards and interpretations may have on Gunnebo's financial statements:

The most significant amendment for Gunnebo relates to IAS 19 Employee Benefit. The amendments to this recommendation require that actuarial gains and losses are recognised immediately via other comprehensive income, and consequently the 'corridor approach' applied by Gunnebo is being removed. Furthermore, the expected return on plan assets is calculated using the same discount rate used to calculate the pension commitment. This means it will no longer be permitted to recognise expected return on plan assets based on an estimated return.

When Gunnebo begins to apply the amendments to IAS 19 in the 2013 financial year, UFR 4, Reporting of special employer's contribution and tax on returns, will no longer be applied. Instead special employer's contribution and tax on

returns will be measured in accordance with the rules of IAS 19, which means that the actuarial assumptions made when calculating defined benefit pension plans must also include the taxes levied on pension benefits.

The amendments to IAS 19 will result 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 120. Furthermore, the amendments to IAS 19 mean the income statement and other comprehensive income for 2012 will be recalculated according to the new principles. Other comprehensive income will thereby decrease by approximately MSEK 20 while Group profit will be marginally affected.

IAS 1 Presentation of Financial Statements: The amendment means that items in other comprehensive income should be grouped into two categories. Items which will be reversed to the income statement if certain criteria are met are to be recognised in a separate category from items which will never be reversed to the income statement. The proposal does not change the actual content of other comprehensive income, rather it will only affect the presentation and disclosures in the financial statements.

IFRS 13 Fair Value Measurement lays down rules for when this type of measurement must or may be used according to other standards. IFRS 13 also clarifies what the term 'fair value' refers to and states that disclosures must be provided about the measurement models applied and the data used in these models. The corporate management's judgement is that IFRS 13 will only affect the presentation and disclosures in the financial statements.

Other new and amended standards and interpretations are not expected to have a material impact on the Group's financial statements when they are applied for the first time. The corporate management is, however, assessing how IFRS 9 Financial Instruments will impact on the Group's financial statements when it is applied for the first time. The standard is part of a complete revision of the current IAS 39 and entails a decrease in the number of measurement categories for financial assets and liabilities. Accrued cost and fair value via the income statement will be the main categories in measuring financial assets and liabilities.

Consolidated accounts

The consolidated accounts relate to Gunnebo AB and those companies in which the company directly or indirectly owns shares controlling more than 50% of the votes, or over which the company exercises control in some other way.

The consolidated accounts have been drawn up in accordance with the acquisition method, whereby the Group equity includes the parent company's equity, equity in subsidiaries belonging to holdings without a controlling influence at the time of acquisition, and subsidiary companies' equity generated after acquisition.

In the case of corporate acquisitions where the sum of the purchase sum, any holdings without a controlling influence and fair value at the time of the acquisition of former shareholdings exceeds the fair value at the time of acquisition of identifiable acquired net assets, the difference is recognised as goodwill in the report on financial position. If the difference is negative, it is recognised as a gain on an acquisition at a low price directly as income after reviewing the difference. Intra-Group transactions and balance items as well as non-realised gains on transactions between Group companies are eliminated.

For every corporate acquisition, holdings without a controlling influence in the acquired company are measured either at fair value, or at the value of the percentage of the holding without a controlling influence of the acquired company's identifiable net assets.

With gradual acquisitions, the former equity percentages in the acquired company are re-measured at their fair value at the time of acquisition (ie when a controlling influence is obtained). Any gain or loss is reported as income.

Accounting treatment of associated companies

In the accounts, associated companies are companies that are not subsidiaries but in which Gunnebo has a significant but not controlling influence, which generally entails a shareholding or participation corresponding to between 20% and 50% of the number of votes. Shareholdings in associated companies are recognised using the equity interest method. This means that the cost of shares, adjusted to take into account the Group's share of the associated companies' result, is entered in the Group's balance sheet, under financial assets, after deduction for dividend received. The Group's share of the associated company's result after tax is recognised in the income statement under Share of profit of associated companies. The Group's carrying amount for holdings in associated companies includes goodwill as identified on acquisition, net of write-downs.

Note 2 cont.**Translation of foreign currencies****a) Functional currency and presentation currency**

Items in the financial statements for the various Group units are measured in the currency used in the economic environment in which each company primarily operates (functional currency). In the consolidated accounts the Swedish krona is used, which is the parent company's functional and presentation currency.

b) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency using the exchange rates in force on the transaction date. Exchange rate gains and losses arising upon payment of such transactions and upon translating monetary assets and liabilities in foreign currencies at the closing day exchange rate are recognised in the income statement. The exceptions are transactions comprising hedges which fulfil the conditions for hedge reporting of cash flows or net investments, whereby gains/losses are recognised in other comprehensive income. The equivalent also applies for monetary items which form part of a net investment in a foreign operation.

c) Group companies

The income statement and balance sheet of all Group companies with a functional currency different to the presentation currency are retranslated into the Group's presentation currency as follows:

- (i) assets and liabilities for each of the balance sheets are translated at the closing day rate;
- (ii) income and expenses for each of the income statements and statements of comprehensive income are translated at the average exchange rate (provided this average exchange rate is a reasonable approximation of the accumulated effect of the rates in effect on the transaction date, otherwise income and expenses are translated on the transaction date);
- (iii) all currency differences which arise are recognised in other comprehensive income. Upon consolidation, currency differences which arise as a result of translating net investments in foreign operations and of borrowing and other currency instruments identified as hedges of such investments, are recognised in other comprehensive income. On divestment of a foreign operation, such currency differences are recognised in the income statement along with the gain/loss entailed by the transaction. Goodwill and adjustments of fair value arising upon acquisition of a foreign operation are treated as assets and liabilities in the operation in question, and are translated at the closing day rate.

Discontinued operations

A discontinued operation is a part of a company that has either been divested or is classified as being held for sale and constitutes a considerable, independent business line or an operation run within a geographical region. The profit for a discontinued operation is recognised separately from continuing operations in the income statement.

The divestment of Perimeter Protection in 2011 has been recognised as a discontinued operation. In the consolidated income statement the profit for the discontinued operation is reported separately under "Profit for the year from discontinued operations".

This means that income and costs for the discontinued operations have been excluded from other income statement items for all reported periods.

In the consolidated cash flow statement the discontinued operation has not been separated in the corresponding way. Information about cash flows for the discontinued operation is instead reported in Note 31. The balance sheet only includes the assets and liabilities that remain in the Group after the divestment.

Derivative instruments

The Group applies accounting standard IAS 39, Financial Instruments: Recognition and Measurement. This means that all derivative instruments are recognised in the balance sheet at fair value. Changes in value relating to derivative instruments are recognised in the income statement except where the derivative instrument is a hedging instrument in a cash flow hedge or in a hedge of a net investment in a foreign company. In these cases the effective portion of the change in value regarding the derivative instrument is recognised via other comprehensive income and is accumulated under equity until the point where the hedged transaction has an effect on profit. With regard to the derivative instruments relating to hedging of fair value, the changes in value both from derivative instruments and the hedged item are recognised in the income statement, where they neutralise one another to the extent that the hedge is effective.

Other long-term receivables

Assets in this category mainly comprise long-term financial receivables and they are initially recognised at fair value including transaction costs. After that they are recognised at accrued cost with the application of the effective interest method.

Inventories

Inventories are measured at the lower of cost and net selling price in accordance with the first-in first-out principle (FIFO). The value of inventories includes an attributable share of indirect costs.

Accounts receivable

A reserve for doubtful receivables is made when it is likely that the Group will not receive the amounts due in accordance with the receivables' original terms. The size of the reserve comprises the difference between the assets' carrying amount and the present value of assessed future cash flows.

Liquid funds

Liquid funds include cash, bank deposits and other short-term investments which mature within three months of the date of acquisition.

Income tax

The stated income tax comprises tax that is to be paid or received for the financial year in question, adjustments to previous years' taxes and changes in deferred tax. All tax liabilities and assets are measured at nominal amounts in accordance with the tax rules and at the tax rates that have been decided or announced and will almost certainly be approved.

Tax effects relating to items in the income statement are also recognised in the income statement. The tax effects of items recognised under other comprehensive income are also reported under other comprehensive income and accumulated under equity. Deferred tax is calculated based on the difference between the tax written-down value and the carrying amount of assets and liabilities (temporary differences), and on tax loss carry-forwards. Deferred tax is also calculated on the basis of the unrealised result of loans and forward contracts entered into to hedge the net assets of foreign subsidiaries. The change in the item is recognised under other comprehensive income and accumulated under equity. Deferred tax assets attributable to loss carry-forwards are only recognised if it is probable that the loss carry-forward can be netted against a surplus in future taxation.

Pension commitments

IAS 19 is applied in the reporting of pensions, healthcare benefits and other employee benefits after the period of employment. The recommendation makes a distinction between defined contribution and defined benefit pension plans. Defined contribution pension plans are defined as plans where the company makes pre-determined payments to a third party and has no other obligation once the premiums have been paid. Such plans are recognised as costs when the premiums are paid. Other plans are defined benefit plans in which the obligations remain within the Group. These obligations and costs regarding employment during the current period are based on actuarial calculations in accordance with the projected unit credit method. External actuaries are engaged for these calculations. The actuarial assumptions used to calculate the obligations and costs vary with the economic factors that reflect conditions in the countries where the defined benefit plans are located.

The Group's defined benefit plans are either non-funded or funded externally. Provisions for non-funded plans in the balance sheet comprise the present value of the defined benefit obligations adjusted for the unrecognised actuarial gains and losses and the unrecognised costs for employment during earlier periods.

As regards the funded plans, the plan assets of the plans are separated from the Group's assets in externally managed funds. Liabilities or assets recognised in the balance sheet relating to funded plans represent the amount by which the market value of the plan assets exceeds or falls short of the present value of the defined benefit obligations, adjusted for unrecognised actuarial gains or losses and costs relating to employment during earlier periods. However, a net asset is only recognised to the extent that it represents future financial benefits which the Group can utilise, for example in the form of reduced contributions in the future or repayment of funds paid into the plan. When it is not possible to utilise such surpluses, they are not recognised but presented in the notes.

Actuarial gains or losses arise in the event of changes in actuarial assumptions and differences between actuarial assumptions and the outcome in reality. The part of the accumulated actuarial gains and losses exceeding 10% of the higher of the obligations' present value and the plan assets' market value at the

end of the previous year, is recognised in the income statement during the expected average remaining period of employment for the employees covered by the plan. For all defined benefit plans, the actuarial costs, which burden the result, comprise the cost regarding employment during the current period, interest cost, expected return on plan assets (funded plans only), cost regarding employment during previous periods and any amortisation of actuarial gains or losses. The cost of employment during previous periods, which refers to changes in pension terms, is realised once these changes have become vested or is amortised during the period until this happens.

Some of the plans for supplementary pensions for salaried employees in Sweden are financed through insurance premiums paid to Alecta/Collectum. This arrangement constitutes a defined benefit plan encompassing several employers. Alecta is currently unable to provide the information required to report the plan as a defined benefit plan. Consequently, supplementary pensions for salaried employees insured with Alecta are stated as defined contribution plans.

Provisions

Liabilities that are uncertain in terms of amount or when they will be settled are entered as provisions. It must also be considered likely that an outflow of resources will be required in order to service the commitment and that the amount can be reliably estimated. Provisions for restructuring expenses include costs for terminating lease agreements and severance pay and are recognised when the Group has a definite detailed restructuring plan which it has made known to relevant parties. Provisions for legal requirements are estimates of the future cash flows required in order to settle obligations. These estimates are based on the nature of the legal proceedings and take into account the assessments and opinions of legal advisers with regard to their outcome. Provisions to cover guarantee costs are estimates of warranty claims made and have been estimated using statistics for previous claims, the expected costs of measures and the average time interval between the occurrence of a fault and a claim being made against the company.

Accounting treatment of revenue

Revenue from the sale of goods and services is stated when an agreement has been reached with a customer and the products have been delivered or the services provided and when all significant risks have transferred to the customer. Revenue is stated net after value added tax (VAT), discounts and returns. Intra-Group sales are eliminated in the Group. Income for major ongoing projects of long duration on behalf of outside parties is recognised on the basis of the degree of completion, which is determined by comparing costs incurred on the closing date with the estimated total cost.

Other operating income

Other operating income mainly comprises income in the form of royalties, rent, capital gains on sales of non-current assets, and currency gains on receivables and liabilities that are operational in character.

Goodwill

In the case of corporate acquisitions where the sum of the purchase sum, any holdings without a controlling influence and fair value at the time of the acquisition of former shareholdings exceeds the fair value at the time of acquisition of identifiable acquired net assets, the difference is recognised as goodwill in the report on financial position. If the difference is negative, it is recognised as a gain on an acquisition at a low price directly as income after reviewing the difference. Goodwill has an indefinite useful life and is recognised at cost less accumulated write-downs. When a business is sold, goodwill related to this business is recognised in the capital gain/loss calculation.

Other intangible assets

Other intangible assets are primarily brands, customer relations, product development costs and the costs of purchasing and developing software. Internally developed intangible assets are only recognised as assets if an identifiable asset has been created, it is likely that the asset will generate future financial benefits and the cost of developing the asset can be calculated in a reliable way. If it is not possible to recognise an internally developed intangible asset, the development costs are recognised as a cost in the period in which they arise.

Customer relations

Acquired customer relations are recognised at cost less accumulated amortisation and write-down. Customer relations have a finite useful life and amortisa-

tion is carried out linearly over the asset's expected useful life. The amortisation period is 5–10 years.

Brands

Acquired brands are recognised at cost less any accumulated amortisation and write-down. Brands with an indefinite useful life are not amortised but instead reviewed annually in terms of write-down requirement in the same way as for goodwill. The useful life is considered indefinite if there is no foreseeable limit to the period over which the brand is expected to be used and to generate net cash inflows.

Expenditure on product development

Expenditure on development projects is capitalised under intangible assets to the extent it is expected to generate economic benefits in the future. Other development expenditure is expensed in the income statement as it is incurred and is included in cost of goods sold. Development expenditure previously stated as a cost in the income statement is not capitalised as an asset in later periods. Capitalised development expenditure is written off linearly over the estimated useful life of 3–5 years.

Expenditure on software

Expenditure on software is capitalised as an asset if it is likely to have economic benefits in excess of the cost after one year. Other software is recognised as a cost. Capitalised expenditure on purchasing and developing software is written off linearly over the estimated useful life of 3–5 years.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any write-down. The cost includes expenses directly attributable to bringing the asset to the location and into the condition required for it to be used for its intended purpose. Costs for improvements to the asset's performance increase the asset's carrying amount if the investment is expected to generate economic benefits. Expenditure on repairs and maintenance is recognised as costs.

Property, plant and equipment are depreciated linearly over the asset's expected useful life down to the asset's estimated residual value. In instances where property, plant and equipment comprise elements with different useful lives, each part is treated as a separate component with regard to depreciation.

The following useful lives are used for calculating scheduled depreciation:

- Vehicles 5 years
- Computers 3–5 years
- Machinery and other equipment 5–15 years
- Buildings and land improvements 20–50 years

Write-downs

On the occasion of each report, an assessment is made as to whether there is any indication of a reduction in the value of the Group's assets.

If this is the case, an estimate is made of the asset's recoverable amount. Goodwill and other assets with an indefinite useful life have been allocated to the smallest cash-generating units and are subject to annual impairment reviews even if there is no indication of a reduction in value. The need for write-down is reviewed more often, however, if there are indications of a reduction in value. The recoverable amount is calculated as the higher of the value in use of the asset in the business and the net selling price. The value in use consists of the present value of all income and payments attributable to the asset during the period it is expected to be used in the business plus the present value of the net selling price at the end of its useful life. If the recoverable amount calculated is less than the carrying amount, the asset is written down to its recoverable amount. A previous write-down is reversed if there has been a change in the assumptions that formed the basis for determining the asset's recoverable amount when it was written down and which mean that the write-down is no longer considered necessary. The reversal of previous write-downs is reviewed on an individual basis and is recognised in the income statement. Write-downs of goodwill are not reversed in any subsequent period.

Borrowings

Borrowing is initially recognised at fair value after transaction costs. Subsequently, borrowing is recognised at accrued cost and any difference between the amount received and the repayment amount is recognised in the income statement, distributed across the loan period, with the application of the effective interest method.

Note 2 cont.**Leasing**

When a lease contract means that the financial benefits are, in all essentials, passed on to the Group, as the lessee, and the Group bears the economic risks attributable to the leased object (known as financial leasing), the object is recognised as a non-current asset in the consolidated balance sheet. The corresponding undertaking to pay leasing charges in the future is recognised as a liability.

Leasing where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as operational leasing. Payments made during the lease term are expensed systematically over the term of the lease.

Reporting by segment

An operating segment is a part of a company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the company's chief operating decision-maker and for which discrete financial information is available. Gunnebo's reporting of operating segments agrees with internal reporting to the chief operating decision-maker and the definition of operating segment is also based on the management's decision to organise the Group based on products and services that differ as regards the risks they are subject to and the income they earn. With effect from January 1, 2011, the Group's Business Areas constitute operating segments. The Business Areas are consolidated according to the same principles that apply for the Group as a whole.

Equity

Transaction costs that can be directly attributed to the issue of new shares or options are recognised, net of tax, in equity as a reduction in the issue amount. Expenses for buying back treasury shares reduce retained earnings. If these shares are later divested, the sale amount is recognised as an increase in retained earnings.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has drawn up its Annual Report in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities, as well as the applicable statements of the Swedish Financial Reporting Board. RFR 2 means that in its annual report for the legal entity, the parent company applies all IFRS and statements approved by the EU as far as possible, within the framework of the Annual Accounts Act and the Act on Safeguarding Pension Obligations with regard to the relationship between accounting and taxation.

The parent company mainly applies the principles described above in relation to the Group. The differences between the accounting principles of the Group and the parent company are described below.

New and amended accounting principles

The Swedish Financial Reporting Board has issued an amendment to RFR 2 regarding the recognition of Group contributions, which is to be applied to financial years beginning January 1, 2013 or later.

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 intends to apply the latter exception which means that Group contributions received and paid, which are currently recognised as financial income or financial expense respectively, will instead be recognised as appropriations.

Other amendments to RFR 2 which have come into force and apply to the 2012 financial year have not had a material effect on the parent company's financial statements.

Shares in subsidiaries

Shares in subsidiaries are measured at cost less any write-down. Acquisition costs are included in the cost.

Group contributions

A Group contribution from a subsidiary received by the parent company is to be recognised according to the same principles as a dividend received. This means that the Group contribution received is recognised as financial income in the income statement. Group contributions paid by the parent company to subsidiaries are recognised either as an increase in the carrying amount of the participations in the receiving subsidiary or in the income statement in accordance with a voluntary exception introduced by the Swedish Financial Reporting Board. Gunnebo has chosen to apply this exception, which means a Group contribution paid by the parent company is recognised as a financial expense in the income statement.

Pensions

The parent company's pension commitments have been calculated and recognised on the basis of the Act on Safeguarding Pension Obligations. The application of the Act on Safeguarding Pension Obligations is a condition for tax deductibility.

NOTES – GROUP

Note 3 Financial risk management and financial instruments

Financial risk management

The financial activities are carried out in accordance with the finance policy established by the Board, which regulates how financial risks are to be managed and the limits within which the internal bank and Gunnebo's subsidiaries may operate.

Objective and policy for risk management

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirement and refinancing of its outstanding borrowing are rendered more difficult or more expensive. In order to limit the financing risk, the Group's finance policy stipulates that the total outstanding volume of borrowing must be covered by long-term credit facilities of at least 12 months at any given time.

Interest rate risk

The interest rate risk refers to the negative effect on the Group's income and cash flow of a lasting change in market interest rates. The sensitivity of the income may, however, be limited in the short term through carefully selected interest maturity structures and by entering into fixed-interest agreements in the form of interest rate hedges. According to the finance policy, the average duration of the Group's fixed interest rate period can be 0 to 12 months.

Liquidity risk

Liquidity risk refers to the risk of not having access to liquid funds or undrawn lines of credit in order to fulfil payment obligations. The finance policy stipulates that liquid funds and unused lines of credit shall always amount to a minimum of MSEK 350.

Liquidity in the Group shall be invested with the internal bank or in local cash pools. Gunnebo has centralised its liquidity management in cash pools in the main European countries where it operates. The Group uses these cash pools to match the local subsidiaries' surpluses and deficits in each country and currency. Because the Group is a net borrower, the surplus liquidity is used to pay instalments on external liabilities.

Currency risk

Gunnebo's accounts are prepared in Swedish kronor, but the Group has operations in a large number of countries worldwide. Consequently, the Group is exposed to currency risks. In order to manage these risks, the Group can hedge its currency risks within the framework of the finance policy.

Transaction exposure

Gunnebo has export income and import costs in several currencies and is therefore exposed to exchange rate fluctuations. This currency risk is called transaction exposure and has an impact on the Group's operating result. In accordance with the finance policy, Gunnebo does not ordinarily hedge transaction exposure. Hedging may, however, be carried out for large projects and for a large, stable currency flow, provided the exposure is deemed considerable and the hedging can take place at a reasonable cost. Any hedging should not usually run for more than 12 months.

Translation exposure (net investments)

On consolidation, the net assets of foreign subsidiaries are translated to Swedish kronor, which can result in translation differences. In order to limit the negative effects of translation differences on Group equity, hedging may take place through borrowing and currency derivative contracts, provided the exposure is deemed considerable and the hedging can take place at a reasonable cost.

Translation exposure (income statement)

Exchange rate fluctuations also affect Group results when income statements of foreign subsidiaries are translated into Swedish kronor. Expected future income in foreign subsidiaries is not hedged.

Credit risk

Financial credit risk

Credit risk refers to the risk of a loss if the counterparty fails to fulfil its obligations. Exposure arises both when investing surplus liquidity and in receivables from banks which arise via derivative instruments. Gunnebo's finance policy includes a special list of permitted counterparties and maximum credit exposure with each approved counterparty. Gunnebo has also entered into general agreements (ISDAs) with all of its counterparties for transactions in derivative instruments.

Liquid funds shall primarily be used to reduce outstanding liabilities, in order to limit the volume of outstanding surplus liquidity.

Customer credit risk

Gunnebo has formulated a credit policy regulating the management of customer credit, which also encompasses decision-making levels for granting credit limits. Each subsidiary is responsible for checking and controlling credit risk with customers, within given frameworks. The rules applicable for issuing credit locally are documented in a local credit policy regulating credit limits, terms of payment and collection procedures.

The Group's maximum exposure to credit risk is equivalent to the book values of financial assets, as shown in the table below.

	2012	2011
Long-term receivables	48.4	105.0
Accounts receivable	1,015.7	1,005.6
Other receivables	75.4	130.0
Liquid funds	349.6	238.8
Maximum exposure to credit risk	1,489.1	1,479.4

Financial instruments – Risk management during the year

Interest-bearing liabilities

Gunnebo had credit facilities totalling MSEK 1,738 at the end of the year, of which MSEK 1,082 was drawn.

During the third quarter of 2012 Gunnebo reached an agreement for an extended credit framework of MEUR 140. The average duration of the committed credit facilities was 2.3 years.

The long-term credit facilities chiefly comprise bilateral loans of MEUR 140 which fall due in July 2015. Furthermore, the Group has acquisition financing of MUS\$ 35 which falls due in March 2014 and approximately MSEK 304 in short-term credit facilities and external local financing in subsidiaries. The reason for individual subsidiaries having external financing is that taxes and other regulations in certain countries make it unfavourable to take up loans from foreign Group companies.

Loan maturity structure

	Credit facility	Of which drawn
2013	304	61
2014	228	228
2015	1,206	793
2016	—	—
2017 and later	—	—
Total	1,738	1,082

Interest rate risk

At the end of the year, Gunnebo's loan portfolio had an average fixed interest term of 4 (4) months, and the average rate of interest on the loan portfolio* was 1.9% (2.7%). Given the same borrowing liability and the same fixed interest terms as at the end of the year, a one percentage point change in the market interest rate would change the Group's interest cost by approximately MSEK 9 on an annual basis.

A one percentage point change in the market interest rate would also result in a change in the market value of outstanding interest derivatives of approximately MSEK 12, which affects other comprehensive income.

* Including margins and interest derivatives related to the loan portfolio through hedge accounting.

Note 3 cont.**Currency risks**

Exchange rate effects have influenced operating profit by approximately MSEK –16 in total.

Transaction exposure

The forecasted commercial currency flow after net calculations of opposite flows in the same currencies amounts to MSEK 555 on an annual basis. On the closing day, the proportion of this flow hedged was 0% (15%). Forward contracts that matured during the year had a positive effect of MSEK 1.0 (2.8) on the result, when compared with the conversion of currency flows at the spot rates prevailing at the time of conversion. Total outstanding forward cover at the year-end was nominally MSEK 0.0.

A change of 10% in the value of the Swedish krona would affect operating profit by a total of approximately MSEK 22, of which MSEK 20 would be transaction exposure, without taking the Group's forward cover into account. The remaining MSEK 2 is attributable to translation exposure.

Translation exposure

The net assets of foreign subsidiaries amounted to MSEK 871 (2,539) on December 31, 2012. The Group hedges a small proportion of these assets through loans and forward contracts in corresponding currencies. This hedging includes the tax effect.

Accounting treatment of derivative instruments and hedges

Derivative instruments are reported in the balance sheet on the contract date at fair value, both initially and upon subsequent revaluations. The method for reporting the gain or loss arising upon revaluation depends on whether the derivative is identified as a hedging instrument and, if that is the case, the nature of the item being hedged. The Group identifies derivatives as: (1) a hedge of fair value of an identified asset or liability or a firm commitment (fair value hedge); (2) a hedge of a highly probable forecast transaction (cash flow hedge); or (3) a hedge of a net investment in a foreign operation (net investment hedge). When the transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, as is the aim of the risk management and the strategy for taking various hedging measures. The Group documents at the beginning of the hedge and continuously thereafter whether the derivative instruments used in the hedging transactions are effective in evening out changes in the fair value or cash flow of hedged items.

Information about the fair value for derivative instruments used for hedging is provided in a summary on page 55.

Liquidity risk

The contracted maturity dates for the Group's financial instruments are shown below. The amounts are nominal and include interest payments.

Financial assets and liabilities	Less than 6 months	6–12 months	1–2 years	2–3 years	3–6 years	Total contracted cash flow
Long-term financial receivables	—	—	—	—	56	56
Current financial receivables	—	—	—	—	—	—
Accounts receivable	1,016	—	—	—	—	1,016
Liquid funds	350	—	—	—	—	350
Bank loans and overdraft facilities*	–1,092	–10	–21	–21	–62	–1,206
Accounts payable	–507	—	—	—	—	–507
Derivatives						
- Interest-rate swap agreements	outflow –1	–1	–3	–4	–5	–14
	inflow 0	0	1	1	1	3
- Currency forward contracts included in hedge accounting	outflow —	—	—	—	—	—
	inflow —	—	—	—	—	—
- Currency forward contracts not included in hedge accounting	outflow –687	—	—	—	—	–687
	inflow 694	—	—	—	—	694
Total	–227	–11	–23	–24	–10	–295

* Borrowing under the Group's bilateral credit facilities matures within 6 months but the guaranteed credit facilities do not mature until 2015.

For financial liabilities with a long contracted term but a short/variable fixed interest, the variable interest has been adopted as the quoted interbank rate as at December 31, 2012. The base currency of the currency forward contract has been re-measured at the applicable closing rate as at December 31, 2012 while the future flows of the other currency are measured at the contracted rate.

Hedge accounting**Fair value hedge**

Changes in the fair value of derivatives which are identified as fair value hedges and which fulfil the terms of hedge accounting are reported in the income statement together with changes in fair value of the asset or liability which has given rise to the hedged risk.

Cash flow hedge

The effective portion of changes in fair value of derivative instruments which have been identified as cash flow hedges and which fulfil the terms of hedge accounting are recognised via other comprehensive income and accumulated under equity. The gain or loss attributable to the ineffective portion is reported directly in the income statement.

Accumulated amounts in equity are reversed to the income statement in the periods during which the hedged item affects the result (for example when the forecasted hedged sale takes place).

When a hedging instrument expires or is sold, or when the hedge no longer fulfils the terms of hedge accounting and there are accumulated gains or losses regarding the hedge in equity, these gains/losses remain in equity until the forecast transaction is finally reported in the income statement. When a forecast transaction is no longer expected to take place, the accumulated gain or loss recognised in equity is immediately transferred to the income statement.

Hedging of net investments in foreign operations

Net investment hedges in foreign operations are reported in a similar way to cash flow hedges. Gains or losses regarding hedging instruments relating to the effective portion of hedging are recognised via other comprehensive income and accumulated under equity. Gains or losses attributable to the ineffective portion are recognised in the income statement. Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is sold.

Receivables and liabilities in foreign currencies

Currency forward contracts are used to hedge receivables and liabilities in foreign currencies. To protect against such currency risks, hedge accounting is not applied since a financial hedge is reflected in the accounts in that both the hedged item and the hedging instrument are recognised at the exchange rate on the closing day, and that exchange rate fluctuations are recognised in the income statement.

Interest-rate swaps

The nominal value of outstanding interest-rate swap agreements relating to cash flow hedges amounted to MSEK 560 on December 31, 2012. There were no interest-rate swap agreements relating to fair value hedges on the closing date.

Derivative instruments

Nominal amounts	2012	2011
Interest-rate swap agreements		
Term of less than 1 year	43	219
Term 1–2 years	172	45
Term 2–5 years	345	179
Interest-rate swap agreements total	560	443
Currency forward contracts*	694	1,343
Total	1,254	1,786

* Gross amount calculated at future forward rate.

The capital structure of the Group

One of Gunnebo's long-term financial goals is to have an equity ratio of no less than 30%. The equity ratio at the end of the year was 39% (45%). Another of Gunnebo's aims is to achieve a return of 15% on capital employed. The return on capital employed for 2012 was 7.0%.

Gunnebo's borrowing is mostly unsecured. Borrowing is limited, however, by financial obligations in the loan agreements in the form of covenants. These mainly relate to the key ratios of interest coverage ratio and net debt/EBITDA. With regard to the prevailing terms in the loan agreements, available credit facilities amounted to MSEK 343 at the end of the year as all financial commitments in the form of covenants were fulfilled. The Group expects all covenants to be fulfilled also in 2013.

Measurement at fair value

The carrying amounts and fair values of the Group's financial instruments are shown in the table below.

Financial instruments measured at fair value

For all assets and liabilities measured at fair value, which comprise derivative instruments, the fair value has been established based on measurement techniques which are, in all essentials, based on observable market data. According to the fair value hierarchy of IFRS 7, such measurement methods are referred to as Level 2*.

The table below presents the assets and liabilities measured at fair value.

Other financial instruments

The carrying amount of interest-bearing assets and liabilities in the balance sheet can deviate from their fair value, as a result of changes to market interest rates among other things. The fair value has been calculated by discounting future payment flows to current interest rates and exchange rates for equivalent instruments.

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.

The Group's long-term 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 amount.

* In IFRS 7, financial instruments are classified in a hierarchy of three levels, based on the information used to establish the 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 not based on observable market data.

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at fair value*	11.1	11.1	48.6	48.6
- of which derivatives for which hedge accounting does not apply	11.1	11.1	10.5	10.5
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	—	—	0.9	0.9
- of which currency derivatives for hedging net investment abroad	—	—	37.2	37.2
Other financial assets**	1,413.7	1,413.7	1,374.4	1,374.4
Total financial assets	1,424.8	1,424.8	1,423.0	1,423.0
Financial liabilities				
Financial liabilities measured at fair value***	11.9	11.9	3.8	3.8
- of which derivatives for which hedge accounting does not apply	4.4	4.4	0.7	0.7
- of which interest-rate swap agreements for which hedge accounting of cash flows applies	7.5	7.5	2.7	2.7
- of which currency derivatives regarding commercial exposure for which hedge accounting of cash flows applies	—	—	0.3	0.3
- of which currency derivatives for hedging net investment abroad	—	—	0.1	0.1
Other financial liabilities****	1,589.2	1,589.2	1,181.0	1,181.0
- of which financial liabilities for which hedge accounting does not apply	1,029.1	1,029.1	738.0	738.0
- of which financial liabilities for which hedge accounting of cash flows applies	560.1	560.1	443.0	443.0
Total financial liabilities	1,601.1	1,601.1	1,184.8	1,184.8

* These assets are recognised as other current receivables in the consolidated balance sheet.

** These assets are recognised as other long-term and current receivables, accounts receivable and liquid funds in the consolidated balance sheet.

*** These liabilities are recognised as other current liabilities in the consolidated balance sheet.

**** These liabilities are recognised as accounts payable as well as short-term and long-term borrowing.

Note 4 Critical accounting estimates and assessments

When drawing up the annual report in accordance with IFRS and good accounting practice, the Group has made estimates and assumptions about the future which affect the carrying amounts of assets and liabilities. These estimates and assessments are continuously evaluated and are based on historical experience and other factors considered reasonable under the prevailing conditions. Where it is not possible to establish the carrying amount of assets and liabilities using information from other sources, these estimates and assumptions are used as the basis for valuations. Different assumptions and estimates may give different results and the predicted outcome will rarely correspond exactly to the actual result. The assumptions and estimates considered to have the greatest impact on Gunnebo's financial position and results are discussed below.

Review of write-down requirement for goodwill and brands

The Group conducts an impairment review every year to assess whether there is a write-down requirement for goodwill and brands with an indefinite useful life in accordance with the accounting principles described in Note 2. The review requires an estimate of the parameters affecting future cash flow as well as the specification of a discounting factor. The recoverable amounts for cash-generating units have then been established by calculating value in use. Note 14 contains details of the important assumptions made when reviewing the write-down requirement of goodwill and other assets with indefinite useful lives, as well as a description of the effect of possible changes to the assumptions that form the basis of the calculations. As at December 31, 2012, the carrying amount of goodwill and brands with an indefinite useful life was MSEK 1,378.

Valuation of deferred tax assets

Deferred tax assets relating to temporary differences of MSEK 60 have been entered in the Group based on the assessment that it is likely they will be able to be utilised and that they will entail lower tax payments in the future.

Furthermore, deferred tax assets reported in relation to loss carry-forward were MSEK 172 as at December 31, 2012. The carrying amount of these tax assets has been reviewed on the closing date and it has been considered likely that the deduction can be used against a surplus in future taxation. The greater part of the tax assets relate to countries with an unlimited period in which the loss carry-forwards can be used. The Group's business in these countries is either profitable or is expected to generate a surplus in the future. Gunnebo therefore believes that there are major factors to indicate that it will be possible to utilise the loss carry-forwards to which the tax assets can be attributed against future taxable surpluses.

Furthermore, on December 31, 2012, the Group had unused loss carry-forwards and other deductible temporary differences totalling just over MSEK 700, for which no deferred tax assets were recognised.

Changes to the above assumptions and assessments may result in significant differences in the valuation of deferred tax assets.

Guarantee commitments

Many of the products sold by Gunnebo are covered by guarantees that apply for a period specified in advance. Provisions for these product guarantees are based on historical data and on the expected costs of quality issues that are known or can be predicted. Provisions are also made for guarantees of a goodwill nature and extended guarantees. Total provisions for guarantees were MSEK 40 on December 31, 2012. Even though changes to the assumptions may result in different valuations, it is considered unlikely that these will have a significant effect on the Group's profits or financial position.

Capitalised product development costs

Expenditure on development projects is capitalised to the extent it is expected to generate economic benefits. Capitalisation begins when the management considers that the product will be technically or economically sound. This means that specific criteria must be met before a development project can be capitalised as an intangible asset. Capitalisation ends and depreciation of the capitalised development expenditure begins when the product is ready for sale. Capitalised development costs are subject to write-down review when there is any indication of a reduction in value. The management decides on the depreciation period as well as the write-down requirement review. On December 31, 2012, the Group's capitalised development costs were MSEK 60.

Disputes

Provisions for disputes are estimates of the future cash flows required in order to settle obligations. Disputes mainly relate to contractual obligations attributable to contracts with customers and suppliers, but other kinds of dispute may arise in the normal course of business. The outcome of complex disputes can be difficult to predict and the disputes can be both time-consuming and costly. It cannot therefore be ruled out that an unfavourable outcome in a dispute may have a significant effect on the Group's profits and financial position. The management considers it unlikely, however, that any disputes of which it is currently aware in which Gunnebo is involved will have a significant effect on the Group's accounts. The Group's provisions for disputes was MSEK 19 on the closing date. In addition provisions for tax disputes total MSEK 3.

Remuneration after the end of employment

Reporting of provisions for defined benefit pension plans and other pension benefits are based on actuarial calculations using the assumptions for discount rates, expected return on plan assets, future salary increases, personnel turnover and demographic conditions. The assessments made in relation to these assumptions affect the total value of the pension commitments and major changes in these assessments could have a significant impact on the Group's profits and financial position. The same is true of any changed assessment in relation to whether or not pension insurance with Alecta should be recognised as a defined contribution plan. On December 31, 2012, the Group's provisions for pensions were MSEK 193.

Obsolescence reserve

Inventory is measured at the lower of cost and net selling price in accordance with the first-in first-out principle (FIFO). The value of inventory is adjusted by an estimated reduction in value for physical damage, discontinued items, overdimensioned stock and other forms of obsolescence. On December 31, 2012, the Group's reserve for obsolescence amounted to MSEK 64.

Accounts receivable

A reserve for doubtful receivables is made when it is likely that the Group will not receive the amounts due in accordance with the receivables' original terms. The size of the reserve comprises the difference between the assets' carrying amount and the present value of assessed future cash flows. The assessments made in relation to these future cash flows affect the value of the accounts receivable item and a major change in these assessments could have a significant impact on the Group's profits and position.

The Group's accounts receivable after reserve for doubtful receivables was MSEK 1,016 on the closing day.

Note 5 Reporting by segment

Operating segments

2012	Bank Security & Cash Handling	Secure Storage	Global Services	Entrance Control	Developing Businesses	Non-allocated items and eliminations	Total
Net sales							
External sales	2,386	781	1,143	663	263	—	5,236
Internal sales	—	—	—	—	—	—	—
Total net sales	2,386	781	1,143	663	263	—	5,236
Operating profit/loss*	145	19	101	14	–43	–60	176
Financial income							16
Financial expenses							–81
Tax							–89
Profit for the year from continuing operations							22
Capital employed							
Total assets	1,762	429	715	464	190	692	4,252
Non-interest-bearing liabilities	–578	–129	–235	–145	–57	–181	–1,325
Total capital employed	1,184	300	480	319	133	511	2,927
Other information							
Capital expenditure	59	12	23	16	6	0	116
Depreciation/amortisation	40	8	14	9	12	4	87

2011	Bank Security & Cash Handling	Secure Storage	Global Services	Entrance Control	Developing Businesses	Non-allocated items and eliminations	Total
Net sales							
External sales	2,276	731	1,120	720	290	—	5,137
Internal sales	—	—	—	—	—	—	—
Total net sales	2,276	731	1,120	720	290	—	5,137
Operating profit/loss*	147	15	121	36	–35	40	324
Financial income							12
Financial expenses							–39
Tax							–52
Profit for the year from continuing operations							245
Capital employed							
Total assets	1,271	541	743	497	242	671	3,965
Non-interest-bearing liabilities	–469	–179	–240	–163	–113	–184	–1,348
Total capital employed	802	362	503	334	129	487	2,617
Other information							
Capital expenditure	36	14	10	12	9	4	85
Depreciation/amortisation	33	11	10	10	13	4	81

Geographical regions	Sales**		Assets		Capital expenditure	
	2012	2011	2012	2011	2012	2011
Europe	3,366	3,518	2,779	3,020	79	50
North America	443	269	660	192	0	1
Asia	834	750	507	432	26	27
Africa	226	337	106	113	3	1
Australia/Oceania	171	175	78	83	1	1
South America	196	88	122	125	7	5
Total	5,236	5,137	4,252	3,965	116	85

* Income and expenses of a non-recurring nature had an effect on the Group's results of MSEK –87 (7). Business Area Bank Security & Cash Handling has been burdened by MSEK –13 (–20), Secure Storage by MSEK –11 (–1), Global Services by MSEK –9 (–17), Entrance Control by MSEK –33 (–15) and Developing Businesses by MSEK –1 (0). The remaining sums relating to items of a non-recurring nature amount to MSEK –20 (60) and have not been allocated to the business areas.

** In the geographical representation of sales, the customer's location determines the geographical region to which the sale is allocated.

Note 6 Other operating income

	2012	2011
Capital gains	1.4	0.8
Currency gains	7.0	13.5
Other	6.0	102.8*
Total	14.4	117.1

* Of which MSEK 86.4 refers to the revaluation of the previously owned participation in associated company Gateway Security SA in connection with Gunnebo's acquisition of further participations, resulting in the Group obtaining a controlling influence.

Note 7 Other operating expenses

	2012	2011
Capital losses	8.6	1.5
Currency losses	5.8	7.3
Other	3.9	2.6
Total	18.3	11.4

Note 8 Depreciation by function

Depreciation has been charged against the operating profit as follows:

	2012	2011
Cost of goods sold	56.3	47.9
Selling expenses	7.0	7.0
Administrative expenses	23.4	26.0
Total	86.7	80.9

Note 9 Expenses of a non-recurring nature

Expenses of a non-recurring nature have been charged against the operating profit as follows:

	2012	2011
Cost of goods sold	16.1	19.3
Selling expenses	35.3	18.6
Administrative expenses	27.8	38.6
Other operating expenses	7.8	2.9
Total	87.0	79.4

Expenses of a non-recurring nature during the year can primarily be attributed to structural measures in the Bank Security & Cash Handling Business Area, and to staff cuts in the Group's European sales companies. Furthermore, Gunnebo was obliged to pay a former commercial agent MSEK 23 in compensation following arbitration.

Note 10 Expenses allocated by type of cost

	2012	2011
Direct material costs	1,697.7	1,613.6
Change in stock	1.1	12.2
Remuneration for employees	1,840.8	1,877.5
Temporary personnel and subcontractors	325.4	311.4
Transport costs	139.7	137.1
Vehicle and travel costs	213.9	218.1
Depreciation and write-down of non-current assets	95.1	80.9
Other costs	743.9	671.3
Total operating expenses*	5,057.6	4,922.1

* Relates to cost of goods sold, selling expenses and administrative expenses.

Note 11 Other financial income and expenses

	2012	2011
Other financial income		
Currency gains	0.7	0.5
Other	1.1	0.0
Total	1.8	0.5
Other financial expenses		
Currency losses	-2.7	-2.0
Bank charges and bank guarantee costs	-7.6	-23.5
Other	-45.9*	-0.2
Total	-56.2	-25.7

* Of which MSEK -44.7 relates to the write-down of financial assets attributed to Perimeter Protection, which was divested in 2011.

Note 12 Taxes

	2012	2011
Current tax	-70.2	-59.9
Deferred tax	-18.1	7.4
Total	-88.3	-52.5

The Group's tax expense amounted to MSEK -88.3 (-52.5). The reduction in Swedish company tax from the current 26.3% to 22.0% has resulted in a reassessment of deferred tax assets regarding Swedish loss carry-forwards. The tax expense resulting from the reassessment amounts to MSEK -25.5 and has burdened profit for the year. Tax expense for the year has also been adversely affected by non-deductible write-downs of financial assets and by a less favourable composition of the Group's profits, with lower profits in countries where improvements in profits have not yet been achieved to the extent required to report deferred tax assets. The low tax expense last year was mainly attributable to non-taxable income of a non-recurring nature.

Tax calculated on Group profit before tax differs from the theoretical amount which would have been produced from a weighted average tax rate for profits in the consolidated companies as described below.

	2012	2011
Tax calculated in accordance with national tax rates for each country	-31.9	-81.7
Tax attributable to previous years	-3.8	-1.3
Effects of tax deficits for which no deferred tax asset has been stated	-14.9	-1.3
Reassessment of deferred tax assets resulting from changes in nominal tax rates	-25.5	—
Effects of non-deductible expenses and non-taxable income etc.	-12.2	31.8
Tax cost	-88.3	-52.5

Deferred tax assets and liabilities are attributable to the following items:

Deferred tax assets	2012	2011
Loss carry-forward	172.3	35.3
Hedging transactions	2.7	155.0
Inventories	3.1	1.7
Pension commitments	25.7	25.8
Provisions	19.8	19.8
Other deductible temporary differences	8.1	14.9
Total	231.7	252.5
Deferred tax liabilities	2012	2011
Non-current assets	56.5	30.3
Other taxable temporary differences	8.4	7.0
Total	64.9	37.3
Deferred tax assets and tax liabilities, net	166.8	215.2

The change pertaining to deferred taxes is as follows:

	2012	2011
Opening value, net	215.2	207.9
Translation differences	-1.8	-1.9
Deferred tax in the income statement, continuing operations	-18.1	7.4
Deferred tax recognised in other comprehensive income	4.0	9.0
Acquisition of operations	-32.5	-6.1
Divestiture of operations	—	-1.1
Closing value, net	166.8	215.2

Deferred tax assets attributable to loss carry-forwards are only reported if it is probable that the deduction can be netted against a surplus in future taxation. At the end of 2012, loss carry-forwards totalled over MSEK 700 where no deferred tax assets have been observed. MSEK 0 of this is due within five years. There are both timing and other constraints which mean that these loss carry-forwards are not expected to be able to be utilised.

Note 13 Earnings per share

	2012	2011
Net profit for the year attributable to the shareholders of the parent company, MSEK	17.6	227.4
Average no. of shares (in thousands)	75,856	75,856
Earnings per share, SEK*	0.23	3.00

Earnings per share are calculated by dividing the profit attributable to the parent company shareholders by the average number of outstanding shares during the period.

A dividend of SEK 1.00 (1.00) per share is proposed.

* Earnings per share before and after dilution.

Note 14 Intangible assets

2012	Goodwill	Other intangible assets
Opening cost Jan 1, 2012	1,104.0	319.9
Capital expenditure	—	19.5
Acquisitions	279.2	90.0
Sales/disposals	—	-0.6
Translation differences	-63.5	-12.8
Closing accumulated cost Dec 31, 2012	1,319.7	416.0
Opening amortisation and write-downs Jan 1, 2012	—	209.2
Sales/disposals	—	-0.6
Amortisation	—	29.6
Write-downs	—	1.8
Translation differences	—	-6.0
Closing accumulated amortisation and write-downs Dec 31, 2012	—	234.0
Closing carrying amount Dec 31, 2012	1,319.7	182.0

2011	Goodwill	Other intangible assets
Opening cost Jan 1, 2011	1,043.6	303.5
Capital expenditure	—	24.7
Acquisitions	173.1	25.3
Divestiture of operations	-102.8	-30.4
Sales/disposals	—	-1.5
Translation differences	-9.9	-1.7
Closing accumulated cost Dec 31, 2011	1,104.0	319.9
Opening amortisation and write-downs Jan 1, 2011	91.5	207.3
Divestiture of operations	-91.8	-26.2
Sales/disposals	—	-0.9
Amortisation	—	29.7
Translation differences	0.3	-0.7
Closing accumulated amortisation and write-downs Dec 31, 2011	0.0	209.2
Closing carrying amount Dec 31, 2011	1,104.0	110.7

Other intangible assets in the Group consist primarily of acquisition-related assets in the form of brands and customer relations, as well as expenditure on software and capitalised expenditure on product development. The useful life is limited for all asset types included in this item, with the exception of brands. Amortisation is linear over the useful life.

Capitalised expenditure on product development amounted to MSEK 59.5 (59.1). During the course of the year, capital expenditure on product development projects totalled MSEK 17.4 (16.4). The closing carrying amounts for customer relations and brands total MSEK 37.9 (14.8) and MSEK 58.3 (0.0) respectively. Other asset types included in the item mainly refer to software, and the closing carrying amount for these assets amounts to MSEK 26.3 (36.8).

Review of write-down requirement

Goodwill is distributed across the Group's operating segments as follows:

Specification of goodwill	2012	2011
Bank Security & Cash Handling	646.9	401.7
Secure Storage	181.9	188.5
Global Services	269.5	283.6
Entrance Control	192.1	200.9
Gateway	29.3	29.3
Book value	1,319.7	1,104.0

Note 14 cont.

The write-down requirement for goodwill and brands with an indefinite useful life is reviewed annually, and when there are indications that a write-down is necessary.

The recoverable amount for cash-generating units has been established by calculating the value in use. In terms of the write-down test, this has been carried out at the lowest level where separable cash flows have been identified.

The value in use of goodwill and brands with an indefinite useful life in relation to Gunnebo's cash-generating units has been calculated on the basis of discounted cash flows. Cash flows for the first year are based on a budget set by the Board of Directors, and for the two subsequent years cash flows have been calculated based on financial plans formulated by the respective Business Area and approved by the Board of Directors. For the cash-generating units that contain assets with an indefinite useful life, cash flows beyond this three-year period have been established with a growth rate equivalent to 2.0%. This growth rate is based on a cautious assumption and is expected to be in line

with the security industry's long-term growth rate in the countries where Gunnebo operates business.

The forecast cash flows have been computed at present value with a discount rate of 10.5% (10.5%) before tax. The discount rate equates to the Group's weighted average cost of capital, WACC, for the required return on equity and the cost of external borrowing. The calculation of required return on equity is based on a risk-free interest rate of 2.0% and a risk premium of 7.5%.

Using a discount rate of 10.5%, the value in use exceeds the carrying amount for all cash-generating units.

Adverse effects in the form of a one percentage point increase in the discount rate and a 20% decrease in operating margin would not individually have such a large impact that the recoverable amount would be reduced to a value equating to or less than the carrying amount for any cash-generating unit.

Sensitivity analysis	Bank Security & Cash Handling	Secure Storage	Global Services	Entrance Control	Gateway
Carrying amount*	1,184	300	480	319	84
Discount rate before tax is increased to 11.5%	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount
Operating margin decreases by 20%	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount	Value in use decreases but still exceeds the carrying amount

*Carrying amount equates to the Business Area's capital employed in accordance with Note 5.

Note 15 Property, plant and equipment

2012	Buildings and land	Machinery	Equipment	Construction in progress
Opening cost Jan 1, 2012	468.8	350.7	307.8	3.1
Capital expenditure	14.9	12.6	34.5	34.9
Acquisitions	8.2	43.2	3.8	—
Sales/disposals	-5.8	-2.3	-42.3	—
Reclassifications	5.1	12.9	3.1	-21.1
Translation differences	-18.4	-21.0	-13.3	-0.4
Closing accumulated cost Dec 31, 2012	472.8	396.1	293.6	16.5
Opening depreciation and write-downs Jan 1, 2012	323.7	254.4	236.1	—
Acquisitions	6.4	42.6	1.2	—
Sales/disposals	-4.7	-2.2	-33.7	—
Depreciation	13.0	21.0	23.1	—
Write-downs	6.6	—	—	—
Translation differences	-12.4	-13.5	-9.9	—
Closing accumulated depreciation and write-downs Dec 31, 2012	332.6	302.3	216.8	—
Closing carrying amount Dec 31, 2012	140.2	93.8	76.8	16.5

2011	Buildings and land	Machinery	Equipment	Construction in progress
Opening cost Jan 1, 2011	559.4	431.4	325.8	8.9
Capital expenditure	4.0	35.2	18.8	7.0
Acquisitions	—	16.9	7.8	—
Divestiture of operations	-93.2	-133.3	-31.4	—
Sales/disposals	-0.1	-5.2	-12.0	—
Reclassifications	0.8	10.2	1.6	-12.6
Translation differences	-2.1	-4.5	-2.8	-0.2
Closing accumulated cost Dec 31, 2011	468.8	350.7	307.8	3.1
Opening depreciation and write-downs Jan 1, 2011	358.3	351.4	248.3	—
Divestiture of operations	-46.4	-110.9	-24.0	—
Sales/disposals	-0.1	-4.7	-10.8	—
Depreciation	13.7	21.7	25.0	—
Translation differences	-1.8	-3.1	-2.4	—
Closing accumulated depreciation and write-downs Dec 31, 2011	323.7	254.4	236.1	—
Closing carrying amount Dec 31, 2011	145.1	96.3	71.7	3.1

Specification, buildings and land	2012	2011
Carrying amount, buildings	113.2	115.2
Carrying amount, land	27.0	29.9
Total carrying amount	140.2	145.1

Note 16 Holdings in associated companies

	2012	2011
Opening book value	29.1	58.9
Share of profit of associated companies	0.9	3.5
Reclassification to subsidiary	—	–26.7
Acquisitions*	1.3	—
Divestiture**	–18.3	—
Dividends	–1.2	–3.7
Currency differences	–0.6	–2.9
Closing book value	11.2	29.1

Group's holdings in associated companies	% share of capital	Book value	
		2012	2011
FBH Fichet Ltd, UK	49	1.2	1.4
Ritzenthaler Ltd, UK	45	0.0	0.0
Chubb Malaysia Sdn Bhd, Malaysia	30	—	16.9
Gateway Security Portugal Ltda, Portugal	55	2.6	4.8
Prodimo AB, Sweden	48	6.1	6.0
K/H Enterprises Inc., US	31	1.3	—
Total		11.2	29.1

Gunnebo's share in the income and net profit of the associated companies amounts to MSEK 70.5 (88.6) and MSEK 0.9 (3.5) respectively. The share of their total assets is MSEK 32.3 (66.4) and the share of their liabilities is MSEK 21.1 (37.3).

The statutory specification of holdings in associated companies with information concerning the company registration numbers and registered offices may be obtained from Gunnebo's head office in Gothenburg, Sweden.

* Relates to K/H Enterprises Inc. which was included in the acquisition of Hamilton Safe.

** During the year, the participation in Chubb Malaysia Sdn Bhd was divested.

Note 17 Inventories

	2012	2011
Raw materials	186.4	164.5
Work in progress	24.9	32.0
Finished goods	400.8	415.7
Installation work in progress	60.1	69.9
Less advance payments from customers	–92.4	–118.0
Total	579.8	564.1

Of the inventories, MSEK 515.4 is measured at cost and MSEK 64.4 at net selling price. At December 31, 2012, the Group's reserve for obsolescence amounted to MSEK 63.8 (58.6). See also Note 4, section 'Obsolescence reserve'.

Note 18 Accounts receivable

	2012	2011
Accounts receivable, not yet due	766.4	798.1
Overdue, 1–30 days	174.1	148.4
Overdue, 31–60 days	59.0	49.5
Overdue, 61–90 days	22.0	15.9
Overdue, over 90 days	44.6	35.5
Total	1,066.1	1,047.4

Provision for doubtful receivables	2012	2011
Provision at the beginning of the year	–41.8	–57.8
Reserve for anticipated losses	–17.2	–17.7
Confirmed losses	8.9	13.1
Discharged payment of reserved receivables	3.8	13.3
Divestiture of operations	—	6.0
Acquisition of operations	–6.8	–0.5
Currency differences	2.7	1.8
Provision at the end of the year	–50.4	–41.8
Closing carrying amount	1,015.7	1,005.6

Note 19 Prepaid expenses and accrued income

	2012	2011
Prepaid insurance premiums	12.6	7.5
Prepaid rent	9.9	13.4
Accrued interest	0.9	9.1
Other items	35.8	33.0
Total	59.2	63.0

Note 20 Liquid funds

	2012	2011
Short-term investments	40.3	42.5
Cash and bank	309.3	196.3
Total	349.6	238.8

Note 21 Equity reserves

	Hedge reserve	Translation reserve	Total reserves
Opening balance Jan 1, 2012	-2.0	-113.0	-115.0
Currency differences:			
- Subsidiaries	—	-59.9	-59.9
- Associated companies	—	-0.6	-0.6
Reversal of accumulated currency differences from discontinued operations	—	-437.8*	-437.8
Hedging of net investments	—	-3.3	-3.3
Reversal of hedges regarding discontinued operations	—	437.8**	437.8
Cash flow hedges:			
- Changes in fair value during the year	-4.8	—	-4.8
- Tax on changes in fair value	0.9	—	0.9
- Transfers to income statement	-0.3	—	-0.3
- Tax on transfers to income statement	0.1	—	0.1
Closing balance Dec 31, 2012	-6.1	-176.8	-182.9

	Hedge reserve	Translation reserve	Total reserves
Opening balance Jan 1, 2011	-1.7	-79.7	-81.4
Currency differences:			
- Subsidiaries	—	5.6	5.6
- Associated companies	—	-2.9	-2.9
Reversal of accumulated currency differences from discontinued operations	—	-3.5	-3.5
Hedging of net investments	—	-32.5	-32.5
Cash flow hedges:			
- Changes in fair value during the year	2.0	—	2.0
- Tax on changes in fair value	-0.5	—	-0.5
- Transfers to income statement	-2.4	—	-2.4
- Tax on transfers to income statement	0.6	—	0.6
Closing balance Dec 31, 2011	-2.0	-113.0	-115.0

* Refers to reversal of accumulated currency differences attributable to Gunnebo Treasury SA. The company is under liquidation and injected equity has been repaid to the parent company Gunnebo AB.

** Refers to reversal of hedges attributable to Gunnebo Treasury SA. The company is under liquidation and injected equity has been repaid to the parent company Gunnebo AB.

No. of shares	2012	2011
Opening balance	75,855,598	75,855,598
Closing balance	75,855,598	75,855,598

Note 22 Pension commitments

Remuneration to employees after the end of employment, such as pensions, healthcare benefits and other remuneration, is predominantly funded through payments to insurance companies or authorities which thereby take over the obligations to the employees; these are known as defined contribution plans. The remainder is carried out through defined benefit plans whereby the obligations remain within the Group. The main defined benefit plans are in the UK and Sweden (FPG/PRI provision).

In the UK, pension obligations are mainly secured through payments into an independent pension plan.

There are other defined benefit plans in Canada, France, Germany, the Netherlands, Italy, Indonesia, India and South Africa.

With regard to defined benefit plans, the company's costs and the value of outstanding obligations are estimated using actuarial calculations, which aim to establish the present value of obligations issued. Plan assets mainly comprise shares and interest-bearing current receivables. No plan assets comprise financial instruments in Gunnebo AB or assets used within the Group.

Important actuarial assumptions, %	2012	2011
Discount rate		
UK	4.6	5.0
Sweden	3.5	3.7
Other countries (weighted average)	4.0	5.0
Expected return on plan assets		
UK	5.6	5.6
Sweden	—	—
Other countries (weighted average)	4.0	5.8
Expected wage increase rate		
UK	3.4	3.4
Sweden	3.0	3.0
Other countries (weighted average)	3.5	3.5
Inflation		
UK	2.9	2.9
Sweden	1.8	2.0
Other countries (weighted average)	2.6	2.7

Reconciliation of pension commitments	UK	Sweden	Other countries	2012 total	2011 total	2010 total	2009 total
Present value of obligations	459.6	84.1	286.8	830.5	779.6	712.8	717.2
Fair value of plan assets	-389.9	—	-103.8	-493.7	-455.4	-431.6	-412.8
Total	69.7	84.1	183.0	336.8	324.2	281.2	304.4
Unrecognised actuarial gains (+) and losses (-)	-63.8	-21.8	-48.8	-134.4	-114.2	-70.5	-59.2
Unrecognised past service costs	—	—	-10.8	-10.8	-12.1	-11.8	—
Effect of restrictions in plan assets	—	—	1.1	1.1	1.1	—	—
Net provision in balance sheet	5.9	62.3	124.5	192.7	199.0	198.9	245.2

Of the present value of obligations, MSEK 643.5 (595.0) relates to funded pensions and other plans, and MSEK 187.0 (184.6) to non-funded pensions and other plans.

In 2013 the Group expects to make MSEK 36.9 (33.4) in payments relating to defined benefit plans.

Specification of plan assets	2012	2011
Government bonds	93.0	88.2
Commercial papers	138.3	145.6
Shares	250.5	212.9
Liquid funds	11.9	8.7
Total plan assets	493.7	455.4

Specification of changes in defined benefit obligations	2012	2011
Opening balance	779.6	712.8
Costs pertaining to employment during the current year	15.7	15.8
Interest on obligations	37.4	36.8
Contributions made by pension plan members	2.3	2.2
Payment of pension benefits	-25.9	-21.3
Unrecognised actuarial gains (-) and losses (+)	41.2	31.5
Unrecognised past service costs	—	1.1
Curtailments	0.2	—
Divestiture of operations	—	-1.7
Currency differences on foreign plans	-20.0	2.4
Closing balance	830.5	779.6

Specification of changes in plan assets	2012	2011
Opening balance	455.4	431.6
Expected return on plan assets	23.7	24.7
Contributions to the plan made by the company	24.9	20.5
Contributions made by pension plan members	2.3	2.2
Payment of pension benefits	-16.5	-13.9
Unrecognised actuarial gains (+) and losses (-)	14.6	-13.2
Divestiture of operations	—	-0.6
Currency differences on foreign plans	-10.7	4.1
Closing balance	493.7	455.4

Specification of changes in provisions for pensions	2012	2011
Opening balance	199.0	198.9
Net cost entered in the income statement	35.4	30.9
Payment of benefits	-9.4	-7.4
Contributions into funded plans	-24.9	-20.5
Divestiture of operations	—	-1.3
Currency differences on foreign plans	-7.4	-1.6
Closing balance	192.7	199.0

Specification of pension costs in the income statement	2012	2011
Costs pertaining to defined benefit plans:		
Costs pertaining to employment during the current year	15.7	15.8
Interest on obligation	37.4	36.8
Expected return on plan assets	-23.7	-24.7
Actuarial gains (-) and losses (+) recognised during the year	5.0	1.2
Past service cost	0.8	0.7
Gains (-) and losses (+) on curtailments	0.2	—
Effect of restrictions in plan assets	—	1.1
Costs pertaining to defined benefit plans	35.4	30.9
Costs pertaining to defined contribution plans	45.3	56.1
Total pension costs in the income statement	80.7	87.0
of which:		
Amount charged against operating profit/loss, continuing operations	67.0	71.1
Amount charged against operating profit/loss, discontinued operations	—	3.8
Amount charged against financial expenses, continuing operations	13.7	12.1
Amount charged against financial expenses, discontinued operations	—	0.0
Total pension costs in the income statement	80.7	87.0
Actual return on plan assets	38.5	11.8

Interest and expected return are classified as a financial expense. Other cost items are recognised under operating profit/loss and are allocated between cost of goods sold, selling expenses or administrative expenses depending on the employee's function. MSEK 4.1 (4.0) of the cost for defined contribution plans comprises premiums to Alecta/Collectum. This insurance policy encompasses several employers in Sweden, and insufficient information is available from Alecta/Collectum to be able to report the plan as a defined benefit plan.

Alecta's collective funding ratio at the end of the year was 129% (113%). The collective funding level is the difference between the company's assets and insurance commitments, based on Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19.

Note 23 Other provisions

2012	Restructuring programme	Disputes	Guarantees	Taxes	Other	Total
Opening balance	47.7	23.3	38.2	3.5	8.5	121.2
Acquisition of operations	—	—	4.6	—	—	4.6
Reclassifications	—	2.3	-2.3	—	—	—
Provisions during the year	8.4	9.2	26.2	0.2	3.2	47.2
Utilised during the year	-35.9	-11.2	-21.4	—	-3.9	-72.4
Reversed during the year	-1.7	-4.0	-3.7	-0.4	-0.4	-10.2
Currency differences	-1.4	-0.6	-1.6	-0.1	-0.3	-4.0
Closing balance	17.1	19.0	40.0	3.2	7.1	86.4

Note 23 cont.

2011	Restructuring programme	Disputes	Guarantees	Taxes	Other	Total
Opening balance	45.7	11.9	47.1	4.8	11.6	121.1
Acquisition of operations	—	—	0.1	—	—	0.1
Divestiture of operations	-7.3	-1.4	-4.0	—	-0.7	-13.4
Provisions during the year	30.6	17.7	12.6	1.0	5.7	67.6
Utilised during the year	-18.5	-4.4	-13.7	-0.3	-2.9	-39.8
Reversed during the year	-2.5	-0.6	-3.6	-2.0	-5.4	-14.1
Currency differences	-0.3	0.1	-0.3	0.0	0.2	-0.3
Closing balance	47.7	23.3	38.2	3.5	8.5	121.2

Provisions for restructuring measures have been made mainly for discontinued operations and reorganisation. The provisions are expected to be utilised during 2013.

For information relating to the assumptions and assessments made in reporting provisions, see Note 4.

Note 24 Borrowings

Long-term borrowing	2012	2011
Liabilities to credit institutions	1,020.8	563.9
Total	1,020.8	563.9
Short-term borrowing		
Overdraft facilities	21.8	16.8
Liabilities to credit institutions	39.1	61.7
Total	60.9	78.5
Total borrowing*	1,081.7	642.4

* Loan maturity structure for the Group is reported in Note 3.

Note 25 Accrued expenses and deferred income

	2012	2011
Holiday pay liability	110.6	113.1
Accrued salaries	74.0	79.2
Social security charges	63.3	65.8
Deferred income	45.3	52.3
Accrued interest	5.1	3.2
Other items	158.3	129.8
Total	456.6	443.4

Note 26 Contingent liabilities

	2012	2011
Guarantees	140.9	191.8
Total	140.9	191.8

Guarantees for the fulfilment of various contractual obligations are part of the Group's normal business activities. At the time of publication of this annual report, there were no indications that guarantees provided will result in payments.

Note 27 Operating lease contracts**Leased assets**

Future payment commitments for operating lease contracts have the following breakdown by year:

2013	96.1
2014	69.8
2015	40.8
2016	26.9
2017	17.1
2018 and later	6.1
Total	256.8

The year's cost for leased assets amounted to MSEK 113.0 (103.4).

Note 28 Net financial items affecting cash flow

	2012	2011
Interest received	22.4	6.3
Interest paid	-22.9	-10.0
Other items affecting cash flow	-9.7	-25.2
Total	-10.2	-28.9

Note 29 Adjustment for items not included in cash flow etc.

	2012	2011
Amortisation of intangible assets	29.6	29.7
Depreciation of property, plant and equipment	57.1	60.4
Write-down of intangible assets	1.8	—
Write-down of property, plant and equipment	6.6	—
Share in profit of associated companies, not distributed	0.3	0.2
Adjustment for provisions	-7.8	1.2
Restructuring costs not affecting cash flow	15.7	34.1
Restructuring costs paid, previously recognised as costs	-39.7	-22.6
Revaluation to fair value of previously owned participation in associated company	—	-86.4
Reversal of accumulated translation differences from discontinued operations	-594.1	-3.5
Reversal of hedges regarding discontinued operations	594.1	—
Capital gain from divestiture of associated companies	-1.1	—
Capital gain from divestiture of operations	—	1.5
Capital gain from sale/disposal of property, plant and equipment	8.3	0.7
Adjustment for items not included in cash flow etc.	70.8	15.3

Note 30 Acquisition of operations

Assets and liabilities of acquired operations	2012	2011
Intangible assets	90.0	25.3
Property, plant and equipment	5.0	24.7
Financial assets	1.3	0.5
Inventories	26.8	29.9
Current receivables	79.8	48.1
Liquid funds	0.0	21.7
Current liabilities	-41.3	-34.2
Long-term liabilities	-32.5	-43.9
Identifiable net assets	129.1	72.1
Goodwill	279.2	173.1
Holdings without controlling influence	—	-10.7
Value on consolidation of participation in associated company at time of acquisition	—	-26.7
Revaluation of previously owned participation in associated company	—	-86.4
Total purchase sums	408.3	121.4
Less:		
Liquid funds in acquired operations	0.0	-21.7
Effect on Group liquid funds	408.3	99.7

Acquisitions in 2012

Acquisition of Hamilton Safe

On August 8, 2012 Gunnebo acquired 100% of Hamilton Safe, the US's second largest manufacturer and supplier of physical security products to the bank and government sectors. The acquisition affords Gunnebo a strong position on the largest security market in the world after Europe, with the opportunity to introduce a selection of solutions from Gunnebo's global portfolio in America. The acquired operation has annual net sales of approximately MSEK 450 and just over 220 employees. The purchase sum is expected to total MSEK 408.3. Acquisition costs which burdened operating profit totalled MSEK 12.8. Group surplus value arising from the acquisition has not been finally established as the acquisition analysis is still preliminary. The goodwill arising from the acquisition amounts to MSEK 279.2 and is attributable to future integration synergies within the areas of customers, geographical coverage, sales and distribution, which do not fulfil the criteria for recognition as other intangible assets. No part of the acquired goodwill item will result in tax-deductible amortisation. After the acquisition the company has had sales of MSEK 162.3 and an operating profit of MSEK 23.4.

Hamilton Safe	Carrying amount in Group
Intangible assets	90.0
Property, plant and equipment	5.0
Financial assets	1.3
Inventories	26.8
Current receivables	79.8
Liquid funds	0.0
Current liabilities	-41.3
Long-term liabilities	-32.5
Identifiable net assets	129.1
Goodwill	279.2
Total purchase sums	408.3
Less:	
Liquid funds in acquired operation	0.0
Effect on Group liquid funds	408.3

Acquisitions in 2011

Acquisition of Alltech

On August 31, 2011 Gunnebo acquired 100% of Alltech (Pty) Ltd, a market-leading company in South Africa in the field of entrance control. The purchase sum totalled MSEK 41.5. Goodwill arising from the acquisition amounted to MSEK 34.8 and can be attributed to geographic expansion in the entrance control product area.

Alltech	Carrying amount in Group
Intangible assets	9.3
Property, plant and equipment	0.2
Financial assets	0.5
Inventories	4.0
Current receivables	1.7
Liquid funds	0.0
Current liabilities	-5.8
Long-term liabilities	-3.2
Identifiable net assets	6.7
Goodwill	34.8
Total purchase sums	41.5
Less:	
Liquid funds in acquired operation	0.0
Effect on Group liquid funds	41.5

Acquisition of further holdings in Gateway Security SA

In early November 2011 a further 30% of both the capital and the votes in associated company Gateway Security SA was acquired. The company is a leading supplier of security solutions to the retail sector in Brazil. The purchase sum totalled MSEK 79.9.

On increasing its ownership of the Brazilian associated company, Gunnebo obtained a controlling influence in the company which has subsequently been recognised as a subsidiary. The previously owned share was hereby re-measured at fair value, resulting in a positive profit effect of MSEK 86.4 which was reported under other operating income. Goodwill arising from the acquisition and the revaluation of the previously owned share amounted to MSEK 138.3 and can primarily be attributed to geographical expansion.

Gateway Security SA	Carrying amount in Group
Intangible assets	16.0
Property, plant and equipment	24.5
Inventories	25.9
Current receivables	46.4
Liquid funds	21.7
Current liabilities	-28.4
Long-term liabilities	-40.7
Identifiable net assets	65.4
Goodwill	138.3
Holdings without controlling influence	-10.7
Value on consolidation of participation in associated company at time of acquisition	-26.7
Revaluation of previously owned participation in associated company	-86.4
Total purchase sums	79.9
Less:	
Liquid funds in acquired operation	-21.7
Effect on Group liquid funds	58.2

Note 31 Divestiture of operations

The divestment below is reported separately as discontinued operations in the income statement in accordance with IFRS 5, Non-current assets held for sale and discontinued operations.

Divestment of Perimeter Protection

In September 2011, Perimeter Protection was sold to Swedish venture capital company Procuritas Capital Investors. The purchase sum after transaction costs amounted to MSEK 268.4 and the Group capital loss totalled MSEK -1.5. Furthermore, profit was recompensed by MSEK 3.5 relating to accumulated translation differences in equity which were reclassified as profit in connection with the divestment.

Income statement

The income statements for discontinued operations are shown below.

	Perimeter Protection	
Income statement for discontinued operations	2012	2011
Net sales	—	443.1
Cost of goods sold	—	-374.0
Gross profit	—	69.1
Selling and administrative expenses	—	-82.4
Other operating income and operating expenses	—	-0.4
Operating profit/loss	—	-13.7
Net financial items	—	-3.7
Profit/loss after financial items	—	-17.4
Taxes	—	-0.1
Profit/loss from the operation for the period	—	-17.5
Gain from divestiture of operations	—	7.9
Tax on gain from divestiture of operations	—	0.0
Transaction costs	—	-9.4
Profit/loss from translation differences and hedges	—	3.5
Profit/loss for the period	—	-15.5

Cash flow

The cash flows for the discontinued operation is shown below. The figures for 2011 are stated excluding cash flow from discontinued operations of MSEK 171.9.

	Perimeter Protection	
Cash flow for discontinued operations	2012	2011
Cash flow from operating activities	—	-77.4
Cash flow from investing activities	—	-5.0
Cash flow from financing activities	—	83.4
Cash flow for the period	—	1.0

Assets and liabilities in discontinued operations

Assets and liabilities that were included in discontinued operations at the time of sale are presented below.

Assets and liabilities in discontinued operations	2012	2011
Goodwill	—	11.0
Other intangible assets	—	4.2
Property, plant and equipment	—	76.6
Financial assets	—	1.4
Inventories	—	163.6
Current receivables	—	124.3
Liquid funds	—	2.0
Long-term liabilities	—	-1.9
Current liabilities	—	-111.3
Divested net assets	—	269.9
Capital gains/losses	—	-1.5
Purchase sum received after transaction costs and tax	—	268.4
Of which purchase sums not paid	—	-94.5
Purchase sum paid in cash	—	173.9
Liquid funds in discontinued operations	—	-2.0
Effect on Group liquid funds	—	171.9

Note 32 Personnel

Average number of employees	2012	2011
Sweden	177	187
Australia	88	83
Austria	9	9
Belgium	88	88
Brazil	98	35
Canada	152	154
China/Hong Kong	65	45
Czech Republic	16	16
Denmark	77	77
Finland	8	8
France	1,100	1,151
Germany	269	287
Hungary	9	10
India	1,036	829
Indonesia	845	814
Italy	155	161
Luxembourg	5	6
Malaysia	7	—
Mexico	30	24
Netherlands	326	293
Norway	34	40
Poland	41	39
Portugal	48	56
Saudi Arabia	1	1
Singapore	14	14
South Africa	178	202
Spain	284	364
Switzerland	33	40
Turkey	1	1
UAE	15	12
UK	254	251
USA	100	18
Total for continuing operations	5,563	5,315
Total for discontinued operations	—	268
Total	5,563	5,583

Of the average number of employees in continuing operations, 869 (880) were female. Women occupy 8% of the senior management positions in the Group. The average number of employees abroad in continuing operations was 5,386 (5,128).

Personnel costs

Wages, salaries, other remuneration and social security charges 2012	Wages, salaries and other remuneration	Social security charges	of which pension costs
Continuing operations	1,424.2	416.6	67.0
Discontinued operations	—	—	—
Group total	1,424.2	416.6	67.0

Wages, salaries, other remuneration and social security charges 2011	Wages, salaries and other remuneration	Social security charges	of which pension costs
Continuing operations	1,446.4	431.1	71.1
Discontinued operations	104.5	30.9	3.8
Group total	1,550.9	462.0	74.9

Of the above amount, a total of MSEK 51.5 (47.8) was paid in salaries and other remuneration to Presidents within the Group's continuing operations, of which MSEK 6.3 (5.0) consisted of performance-related pay. Of the Group's pensions costs, MSEK 4.8 (4.5) relates to Presidents within the Group's continuing operations.

Remuneration to the Board

During the year remuneration paid to the Board of the parent company amounted to TSEK 1,888 (1,700), of which TSEK 200 (150) comprises remuneration for committee work. A Board fee of TSEK 450 was paid to Chairman of the Board Martin Svalstedt. Board fees of TSEK 285 and TSEK 275 were paid to Mikael Jönsson and Bo Dankis respectively. A Board fee of TSEK 255 per person was paid to members Göran Bille and Katarina Mellström, and a Board fee of TSEK 128 was paid to Björn Eriksson. Board fees of TSEK 128 and TSEK 113 were paid to Tore Bertilsson and Charlotte Brogren respectively.

Remuneration to senior executives

Remuneration and other benefits for senior executives during the year

SEK '000	Salary	Performance-related pay	Other benefits	Pension cost	Other remuneration	Total
Per Borgvall, President	3,917	288	166	1,366	—	5,737
Other senior executives (9 people)*	11,031	427	743	2,887	8,660	23,748
Total	14,948	715	909	4,253	8,660	29,485

Other benefits relate mainly to housing allowances and company cars. Other remuneration refers to severance pay etc. in accordance with the terms of employment, as well as fees to two executives working on a contract basis.

* Includes the number of people who have received remuneration during the year while active as senior executives.

Pensions and severance pay

The retirement age for the President is 65. The pension solution is premium-based and the pension cost amounts to 35% of salary, excluding performance-related pay. If the President resigns the notice period is 6 months. The President is entitled to a notice period of 12 months, during which the normal salary and other benefits shall be paid, in the event of the contract being terminated by the company. At the end of the notice period, severance pay amounting to one year's salary (excluding performance-related pay) shall be paid out in equal amounts over the course of 12 months.

For other senior executives (seven people who, together with the President, constitute the Group Executive Team), the notice period is a maximum of one year, during which full salary and other benefits are payable. If the senior executive resigns the notice period is 6 months.

The retirement age is 65. A premium-based pension plan is in place for senior executives in Sweden (three people). The agreed premium provision may amount to a maximum of 35% of the basic salary, depending on age and salary level.

Incentive programmes

At the 2010 AGM a share price-related incentive programme was adopted for senior executives and other key personnel within the Group, which runs up to 2014. The background is that the Board considers it important that these people have a long-term interest in the positive development of the company share. The 2011 and 2012 AGMs decided to implement similar programmes, and consequently three programmes were running in parallel in 2012.

Changes to incentive programmes	Warrants		
	Incentive programme 2010	Incentive programme 2011	Incentive programme 2012
Opening balance	381,500	154,500	—
Exercised	—	—	—
Allocated	—	—	146,500
Closing balance	381,500	154,500	146,500

Specification of incentive programmes	Warrants		
	Incentive programme 2010	Incentive programme 2011	Incentive programme 2012
President and CEO	30,000	30,000	40,000
Other senior executives	60,000	25,000	60,000
Other	291,500	99,500	46,500
Closing balance	381,500	154,500	146,500

Incentive programme 2010

At the 2010 AGM, an incentive programme was decided on for 46 senior executives and other key personnel within the Group through an issue of warrants which entitle the holder to subscribe for new shares in Gunnebo AB. The acquisition price of the warrants was determined using the Black & Scholes valuation model and amounted to SEK 3.30 per warrant. A warrant gives the holder the right to subscribe to a share in Gunnebo AB at a price of SEK 32.00 during certain periods in 2013–2014.

Incentive programme 2011

In connection with the 2011 AGM, a new incentive programme was adopted for 49 senior executives, structured along the same principles as the programme adopted at the 2010 AGM. The market value of the warrants was determined by an external financial institute using the Black & Scholes valuation model and the price was set at SEK 6.30 per warrant. A warrant gives the holder the right to subscribe to a share in Gunnebo AB at a price of SEK 44.20 during certain periods in 2014–2015.

Incentive programme 2012

In connection with the 2012 AGM, yet another new incentive programme was adopted for 50 senior executives. The market value of the warrants was determined externally using the Black & Scholes valuation model and the price was set at SEK 4.00 per warrant. A warrant gives the holder the right to subscribe to a share in Gunnebo AB at a price of SEK 31.40 during certain periods in 2015–2016.

Since the participants in the above incentive programmes have been offered the opportunity to acquire warrants at market price, the programmes will not entail payroll costs for accounting purposes according to IFRS 2. Costs in the form of social security charges may, however, arise in certain countries.

Note 33 Auditors' remuneration

Deloitte carries out auditing for the entire Group.

	2012	2011
Remuneration to Deloitte		
Auditing	7.8	7.3
Auditing assignments in addition to auditing	0.4	1.0
Tax advice	0.9	0.6
Other services	0.3	0.8
Total remuneration to Deloitte	9.4	9.7
Audit remuneration to other firms of accountants	0.7	1.0
Total auditors' remuneration	10.1	10.7

Auditing refers to the auditors' remuneration for the statutory audit. Auditing assignments in addition to auditing constitute any examination of administration or financial information resulting from statutes, the Articles of Association, regulations or agreements which result in a report or some other document intended to form a basis for assessment also for a party other than the ordering client, as well as advice or other assistance prompted by observations in an auditing assignment. An example of an auditing assignment that is not part of the audit is the auditors' general review of an interim report. Tax advice is self evident. Other services are advice not related to any of the previously specified services.

Note 34 Transactions with related parties

A royalty of MSEK 0.8 (1.0) was received from Chubb Malaysia Sdn Bhd, an associated company that was divested in November.

Information on remuneration to Board members is provided in Note 32. Over and above these, there were no other transactions with related parties.

Note 35 Business risks

Exposure to risk and uncertainty with regard to future development are a natural part of all business operations. Risk awareness and good risk management are prerequisites for long-term value creation and for securing good profitability. Gunnebo therefore continuously evaluates the risks to which the operation is exposed, and carefully monitors the development of factors that influence the main risks that have been identified.

Gunnebo is an international group with a broad geographical spread. The Group currently has operations in 32 countries and production units in 10 countries. The Group is therefore exposed to various kinds of strategic, operational and financial risk. Strategic and operational risks include business environment risks, raw material risks, production risks and legal risks.

Risk management within the Group is an important part of the governance and control of the Group's operation and aims to identify, evaluate and manage these types of risk and, thereby, mitigate their potential effects.

The management groups in Gunnebo's Business Areas and sales companies are responsible for developing strategies and identifying risks in their market or area of responsibility. These management groups are supported by resources within central Group functions such as finance, legal affairs and operations and by Group-wide principles, guidelines and instructions. The Group's risk management is systematically monitored by the Group Executive Team, partly through a system of monthly reports whereby the management groups describe developments in their respective units, along with identified risks. Further control is achieved through the inclusion of a representative of the Group Executive Team on all internal boards. The President reports continuously to the Board of Directors about the development of the Group's risks, and Gunnebo's Board has overall responsibility for the Group's risk management and for deciding the Group's strategic direction.

Market risks

Gunnebo's operation and results are exposed to market risks such as the impact of the business cycle on demand for the Group's products and services, and

changes in customers' investment plans and production levels. The Group's relatively broad product range and customer structure, as well as its extensive market coverage with sales and production in a large number of countries, provide a good distribution of risk which restricts the effect of a change in demand limited to a particular industry, region or country. It should, however, be noted that banks currently represent the Group's single largest customer group. The security market in the bank sector has, however, proved to be relatively resilient to economic downturns.

The operation's geographical distribution naturally entails exposure to business environment risks such as country-specific risks in the form of political decisions and changes to regulations.

Raw material risks

The Group is exposed to risks related to supply and price variations of raw materials and components. Competition on the market may restrict the opportunity to fully offset cost increases through price increases, even though the Group endeavours to enter into sales agreements which allow price increases to be passed on to customers.

Steel is the single largest raw material component in the Group. The Group purchases many different types and grades of steel on different markets, resulting in differentiated price development. With the aim of limiting the short-term effect of price fluctuations, a large part of the Group's steel requirement is purchased via index-based contracts.

Risks related to the Group's purchases of more important input goods are managed by co-ordinating and controlling procurement through a central purchasing function, which for instance appoints people responsible for certain categories of raw materials or components.

Production risks

Gunnebo's production operation takes place in 12 production units and comprises a chain of processes where stoppages or disruptions can have consequences on Gunnebo's ability to fulfil its obligations towards customers. Gunnebo deals with risks relating to the Group's property and operational stoppages through a programme for identifying and assessing such risks. The programme is applied at all of Gunnebo's production plants and aims to prevent these types of risks or, if an event is beyond Gunnebo's control, to mitigate the consequences.

The majority of components used in the Group's products are sourced from subcontractors. With the aim of minimising the risk of one of these subcontractors being unable to deliver the component, or to deliver on time, for any reason, Gunnebo actively strives to secure alternative suppliers for critical components. There is, therefore, usually more than one subcontractor that can deliver a particular component. Furthermore, the Group's purchasing function works actively and continuously to evaluate and analyse the Group's suppliers, for example from a risk perspective.

Environmental impact primarily takes place in the production process through material and energy consumption, emissions to air and water, and the creation of noise and waste. To restrict the environmental impact of production, the Group has the objective to gain ISO 14001 certification for all production units. Risk analyses are carried out in connection with such certification and through chemical analyses during REACH work, for instance. These risk analyses provide good information about the various risks at the production plants, and relevant programmes of measures can therefore be implemented.

Acquisition of new operations

On markets where Gunnebo has its own sales company, that company is responsible for all marketing and sales to the customer. On other markets Gunnebo collaborates with a network of agents and distributors. Their capacity can impact on the Group's sales, but Gunnebo is not dependent on a single agent or distributor.

One of Gunnebo's goals is to grow. Growth shall be organic but supplemented by acquisitions. In 2012 the American company Hamilton Safe was acquired and the aim is to carry out more acquisitions in 2013 on certain defined markets. Acquisitions may, for example, entail various difficulties integrating the acquired operation, which can lead to far higher costs for the acquisition than estimated and/or that the synergies take longer to realise than planned.

Acquisitions that do not develop as planned may also lead to high write-down costs for goodwill and other intangible assets, which can have a significant adverse effect on the Group's results and financial position.

The acquisition process is conducted in accordance with set instructions and guidelines. The Group's Business Development function has overall responsibility for evaluating and implementing acquisitions, and for ensuring that the established integration plans are carried out.

Legal risks

The legal affairs department within the Group is responsible for monitoring and controlling the management of legal risks in the Group. A Group-wide legal policy has been introduced which states, for example, that some matters of a legal nature must be escalated to the legal affairs department. This includes stock exchange related issues, competition law issues and issues relating to the Group's intangible assets. With the aim of eliminating unwanted risks in the Group's customer and supplier agreements and to ensure the quality of these agreements, instructions and guidelines have been issued on the more important agreement terms, such as those relating to liability and limitations on liability. Furthermore, the Group's Business Areas have access to agreement templates for the more common types of agreements. In addition to the above, there are also procedures for approving agreements.

As a result of normal business operations, Gunnebo is a party in various legal disputes. These disputes include, for example, commercial disputes and disputes regarding tax or labour law. Such outstanding and potential disputes are reported regularly to the Group's legal affairs department. Disputes can last a long time and entail high costs. It can also be hard to predict the outcome of many disputes. A negative outcome in one particular dispute could have an important negative impact on the Group's results and financial position. At the end of 2012, there were not deemed to be any disputes that could entail such an effect.

Insurable risks

Gunnebo has established a Group-wide insurance programme to protect the Group's insurable assets and interests. The programme covers property and loss of profit insurance, general liability and product liability, transport insurance, crime against property as well as claims for damages against the Board and senior executives, for example. Linked to the insurance programme is a programme for identifying and evaluating risks related to physical damage at the Group's production plants and related financial consequences. The results of these reviews are summarised in a points system for risk exposure at each plant, enabling the management to control the risks and to assess the need for risk-reduction measures and establish priorities among these.

Sensitivity analysis

Profit is affected by changes in certain factors of importance to the Group, as explained below. The calculation is made on the basis of the Group's structure at the year-end and assuming all other factors remain unchanged.

Selling prices

A 1% change in selling prices affects income and operating profit by approximately MSEK 50.

Labour costs

A 1% change in labour costs, including social security charges, affects operating profit by approximately MSEK 18.

Steel prices

Steel is the single largest raw material component in the Group. Steel purchases span many different types and grades, resulting in differentiated price development. A general change in the steel price of 10% affects profits by around MSEK 30 for the subsequent 12 months.

Note 36 Events after the closing day

No significant events occurred after the closing day, except that Christian Johansson was appointed CFO.

NOTES – PARENT COMPANY

Note 37 Expenses allocated by type of cost

	2012	2011
Remuneration for employees	43.5	48.6
Temporary personnel and subcontractors	62.1	51.3
Vehicle and travel costs	7.9	7.8
Depreciation and write-downs	4.5	4.4
Other costs	17.7	11.5
Total operating costs	135.7	123.6

Note 38 Financial items

	2012	2011
Profit/loss from participations in Group companies		
Dividends	1,680.6	23.8
Write-downs	-1,225.6	—
Total	455.0	23.8
Interest income		
Interest income, external	2.7	3.9
Interest income, Group companies	6.9	11.5
Total	9.6	15.4
Other financial income		
Currency gains	1.1	—
Total	1.1	—
Interest expenses		
Interest expenses, external	0.0	0.0
Interest expenses, Group companies	-22.2	-20.9
Total	-22.2	-20.9
Other financial expenses		
Currency losses attributable to discontinued hedges	-594.1	—
Other currency losses	-0.6	-6.0
Other financial expenses	-0.3	-7.4
Total	-595.0	-13.4

Note 39 Taxes

	2012	2011
Current tax	-3.3	—
Deferred tax	130.7	—
Total	127.4	—

Deferred tax income amounting to MSEK 130.7 (0.0) is attributable to the capitalisation of deferred tax assets relating to loss carry-forwards.

Deferred tax assets of MSEK 130.7 (0.0) relate entirely to loss carry-forwards.

Note 40 Intangible assets

Other intangible assets	2012	2011
Opening cost	23.2	23.7
Capital expenditure	—	0.1
Sales/disposals	—	-0.6
Closing accumulated cost	23.2	23.2
Opening amortisation	11.1	7.4
Sales/disposals	—	0.0
Amortisation	3.8	3.7
Closing accumulated amortisation	14.9	11.1
Closing carrying amount	8.3	12.1

Note 41 Property, plant and equipment

Equipment	2012	2011
Opening cost	6.3	7.0
Capital expenditure	0.1	3.8
Sales/disposals	—	-4.5
Closing accumulated cost	6.4	6.3
Opening depreciation	2.6	6.4
Sales/disposals	—	-4.5
Depreciation	0.7	0.7
Closing accumulated depreciation	3.3	2.6
Closing carrying amount	3.1	3.7

Note 42 Shares in subsidiaries

	2012	2011
Opening book value	1,838.2	1,838.2
Shareholder contributions paid	50.0	—
Write-downs	-1,225.6	—
Acquisitions	900.0*	—
Closing book value	1,562.6	1,838.2

* Refers to an acquisition within the Group of all participations in Gunnebo Treasury AB.

Specification of shares in subsidiaries	No. of shares	% of capital	% of votes	Book value
Gunnebo Nordic AB	251,000	100	100	388.2
Gunnebo Treasury SA	7,200	100	100	7.4
Gunnebo Treasury AB	1,000	100	100	900.0
Gunnebo Entrance Control AB	48,000	100	100	8.5
Gunnebo Sverige AB	5,500	100	100	1.3
Gunnebo Holding ApS	1,000	100	100	91.4
Gunnebo India Ltd	15,554,961	100	100	115.4
Gunnebo SafePay AB	1,000	100	100	0.1
Hidef Industri AB	1,000	100	100	0.1
Gunnebo Holding AB	1,000	100	100	50.1
Gunnebo Holding GmbH	1	100	100	0.1
Total				1,562.6

A specification of shares in subsidiaries with information concerning the company registration numbers and registered offices may be obtained from Gunnebo's head office in Gothenburg, Sweden.

Note 43 Prepaid expenses and accrued income

	2012	2011
Prepaid rent	0.6	0.8
Other items	5.7	2.4
Total	6.3	3.2

Note 44 Accrued expenses and deferred income

	2012	2011
Holiday pay liability	4.0	3.1
Social security charges	11.7	10.6
Accrued salaries	3.2	3.6
Other items	6.2	6.6
Total	25.1	23.9

Note 45 Contingent liabilities

	2012	2011
Guarantees regarding subsidiaries	1,251.0	820.3
Total	1,251.0	820.3

Note 46 Operating lease contracts

Leased assets

Future payment commitments for operating lease contracts have the following breakdown by year:

2013	2.4
2014	2.2
2015	2.1
2016	2.1
2017	0.7
2018 and later	—
Total	9.5

Leasing costs at the parent company amounted to MSEK 3.5 (3.7).

Note 47 Net financial items affecting cash flow

	2012	2011
Interest received	17.5	10.5
Interest paid	-18.7	-21.9
Dividends received	1,680.6	23.8
Currency losses attributable to discontinued hedges	-594.1	—
Other items affecting cash flow	0.2	-13.4
Total	1,085.5	-1.0

Note 48 Personnel

Average number of employees

In 2012, the average number of parent company employees was 26 (26), of whom 12 (11) were female.

There are two women on the Board of the parent company and one in the executive management team.

Personnel costs

Salaries, other remuneration and social security charges 2012	Salaries and other remuneration	Social security charges	of which pension costs
Total	27.1	16.4	6.1

Salaries, other remuneration and social security charges 2011	Salaries and other remuneration	Social security charges	of which pension costs
Total	28.0	20.6	9.5

Information on remuneration to senior executives and the Board is provided in Note 32.

Note 49 Auditors' remuneration

	2012	2011
Remuneration to Deloitte		
Auditing	1.1	1.0
Auditing assignments in addition to auditing	0.2	0.5
Tax advice	—	0.1
Other services	0.1	—
Total remuneration to Deloitte	1.4	1.6

Auditing refers to the auditors' remuneration for the statutory audit. Auditing assignments in addition to auditing constitute any examination of administration or financial information resulting from statutes, the Articles of Association, regulations or agreements which result in a report or some other document intended to form a basis for assessment also for a party other than the ordering client, as well as advice or other assistance prompted by observations in an auditing assignment. An example of an auditing assignment that is not part of the audit is the auditors' general review of an interim report. Tax advice is self evident. Other services are advice not related to any of the previously specified services.

Note 50 Current liabilities to Group companies

The company is part of Gunnebo Treasury AB's Group account system whereby the company's authorised credit amounts to MSEK 77.2. The receivable at the end of the year totalled MSEK 19.2 and is net accounted in the item "Current liabilities to Group companies".

Note 51 Transactions with related parties

Of the parent company's invoiced sales, 98% (98%) related to Group companies, while purchases from Group companies accounted for 22% (19%) of the total. A royalty of MSEK 0.8 (1.0) was received from Chubb Malaysia Sdn Bhd, an associated company that was divested during the year.

Information on remuneration to Board members is provided in Note 32. Over and above these, there were no other transactions with related parties.

PROPOSED DISTRIBUTION OF EARNINGS

Unrestricted equity in the parent company at the disposal of the Annual General Meeting:

Share premium reserve	439.7
Retained earnings	152.9
Profit for the year	44.6
Total	637.2

The Board and the Chief Executive Officer propose:

that a dividend of SEK 1.00 per share be paid to shareholders*	75.9
and that the remaining sum be carried forward	561.3
Total	637.2

* For VPC-registered owners, reconciliation ahead of dividend payment is proposed for April 12, 2013. The number of dividend-bearing shares on the record day is expected to total 75,855,598.

Board statement: The Board has proposed that a dividend of SEK 1.00 per share be paid, ie a total of approximately MSEK 76. As a result of the dividend, unrestricted equity will change as shown above. The company and the Group are in a good financial position. There is more than enough scope for the proposed dividend in unrestricted equity. The equity ratio and liquidity will continue to be satisfactory after the proposed dividend. Considering this, the information in the Board of Directors' report and what is otherwise known by the Board,

the Board deems the proposed dividend justified with regard to the requirements placed by the operation's nature, scope and risks on the size of the company's and Group's equity and on the company's and Group's consolidation requirements, liquidity and position in general. None of the parent company equity on the closing day depends on assets and liabilities being measured at fair value according to Chapter 4 §14 of the Annual Accounts Act.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair view of the financial position and results of the Group. The annual accounts have been prepared in accordance with generally acceptable accounting principles and thus provide a true and fair view of the financial position and results of the Parent Company. The Board of Directors' Report for the Group and the Parent Company provides a true and fair view of the Group's and the Parent Company's operations, financial positions and results and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, March 1, 2013

Martin Svalstedt
Chairman

Tore Bertilsson
Board member

Göran Bille
Board member

Charlotte Brogren
Board member

Bo Dankis
Board member

Mikael Jönsson
Board member

Katarina Mellström
Board member

Irene Thorin
Board member

Per Borgvall
President and CEO

Crister Carlsson
Board member

Our audit report was submitted on March 1, 2013
Deloitte AB

Jan Nilsson
Authorised Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Gunnebo AB
Corporate identity number 556438-2629

Report on the annual accounts and the consolidated accounts

We have audited the annual accounts and consolidated accounts of Gunnebo AB for the financial year 2012-01-01 – 2012-12-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–72.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the

Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Gunnebo AB for the financial year 2012-01-01 – 2012-12-31.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, March 1, 2013
Deloitte AB

Signature on Swedish original

Jan Nilsson
Authorised Public Accountant

CORPORATE GOVERNANCE

Corporate governance structured around the Group's operations is essential to commercial success and increased profitability. In 2012, work at Gunnebo included the integration of acquired and newly established operations into the Group.

Gunnebo AB (publ) is listed on the NASDAQ OMX Nordic Exchange Stockholm and, in addition to Swedish law, the Group's corporate governance is based on the Swedish Corporate Governance Code (referred to below as "the Code"), NASDAQ OMX Stockholm AB's Rule Book for Issuers and the Swedish Securities Council's statements. This Report summarises the structure of corporate governance and how corporate governance has been performed and developed within the Group during the 2012 financial year. Gunnebo complies with the regulations of the Code in all respects.

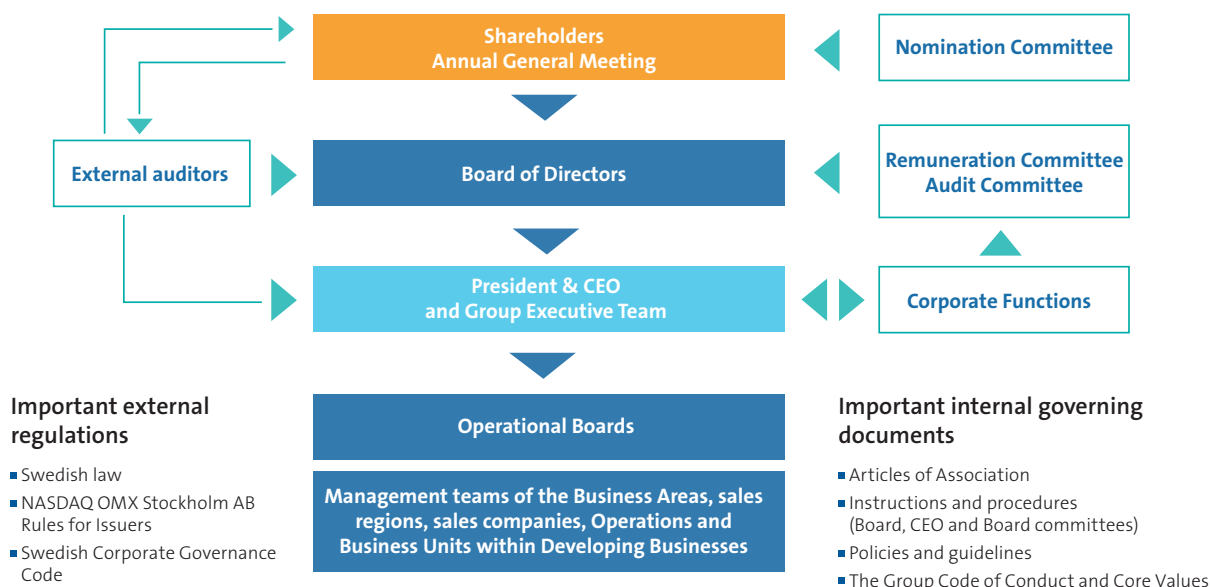
Governance and division of responsibilities

Effective corporate governance involves a well-defined division of duties and responsibilities, transparency vis-a-vis the shareholders and efficient governance and effective control over the Group's operations

to ensure that it meets established targets. The following groups are primarily in charge of the governance, management, control and divisions of responsibilities at Gunnebo:

- Shareholders
- Board of Directors
- President
- Group Executive Team
- Operational Boards
- Management teams of the Business Areas, sales regions, sales companies, Operations and business units within Developing Businesses
- Corporate functions

Overview of Gunnebo's corporate governance



For more information

- Swedish Companies Act, www.regeringen.se
- NASDAQ OMX Stockholm, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code and special rules for corporate governance: www.corporategovernanceboard.se

Shareholders

At year-end 2012, the number of shareholders in Gunnebo amounted to 9,928. The percentage of Swedish financial ownership was approximately 20% and foreign ownership was 11%. 13% of the share capital was owned by Swedish natural persons, meaning that 87% of the company was owned by legal entities or foreign natural persons.

A table of the largest shareholders and further information about Gunnebo's ownership structure is available under the section "The Gunnebo Share" on pages 92–93.

General Meetings

Shareholders exercise their influence at the Annual General Meeting or, if held, at Extraordinary General Meetings, which are Gunnebo's highest decision-making bodies. All shareholders registered in the transcript or other statement of the shareholders' register a certain amount of time before the Meeting and who have registered their attendance at the Meeting before the stipulated deadline in the notice to attend are entitled to participate in the Meeting and exercise full voting rights. Shareholders who are unable to attend the Meeting in person may appoint a proxy. Shareholders wishing to have an issue addressed by a General Meeting should submit their request to the Chairman of the Board by e-mail to info@gunnebo.com or by post to Gunnebo AB to the address printed on the back cover of this Annual Report. Such a request should be submitted far enough in advance to be included in the convening notice to the General Meeting.

2012 Annual General Meeting

The 2012 Annual General Meeting was held on 26 April at Lisebergsteatern in Gothenburg, Sweden. A total of 82 shareholders took part in the Meeting, representing 60% of the number of shares and votes in the company.

Martin Svalstedt, Göran Bille, Bo Dankis, Mikael Jönsson and Katarina Mellström were re-elected as members of the Board of Directors and Charlotte Brogren and Tore Bertilsson were elected as new members of the Board. The Annual General Meeting also re-elected Martin Svalstedt as Chairman of the Board. In addition to resolutions in ordinary matters, the Annual General Meeting resolved on the introduction of a share-based incentive programme for senior executives and key individuals. The Annual General Meeting resolved on a dividend of SEK 1.00 per share to the shareholders.

2013 Annual General Meeting

The next Annual General Meeting of shareholders in Gunnebo will be held in the Chalmers Student Union building, Chalmersplatsen 1 in Gothenburg, Sweden, on Tuesday, 9 April 2013. More information about the Annual General Meeting is available on page 96 of this Annual Report and will be published on www.gunnebogroup.com.

Nomination Committee

The task of the Nomination Committee is to present proposals to the Annual General Meeting for decisions in such matters as the election of the Chairman of the Meeting, Board members (number, name and Chairman), fees to the Board of Directors, remuneration for Committee work, auditor's fees, procedures for the appointment of the Nomination Committee and, where applicable, the election of auditors. It was decided at the 2012 Annual General Meeting that, for the period until the 2013 Annual General Meeting, Gunnebo's Nomination Committee would consist of one representative from each of the three largest shareholders as of 30 September 2012 as well as the Chairman of the Board. This means that the following shareholder representatives constituted the Nomination Committee for the period until the 2013 Annual General Meeting: Dan Sten Olsson (Stena Adactum AB), Nils-Olov Jönsson (Vätterledens Invest AB), Ricard Wennerklint (If Skadeförsäkrings AB) and Martin Svalstedt, Chairman of the Board and convener. The Chairman of the Nomination Committee is Dan Sten Olsson. In the Nomination Committee's opinion, all of the Committee members are independent of the company and its executive management. Furthermore, Nils-Olov Jönsson and Ricard Wennerklint are independent of the company's largest shareholder. At the end of the third quarter, the Nomination Committee represented 58% of the number of shares and votes in the company. No remuneration is paid by the company to the members for their work on the Nomination Committee. The Nomination Committee held one meeting prior to the date of this Annual Report.

Contact the Nomination Committee by post to Gunnebo AB to the address printed on the back cover of this Annual Report or by e-mail to info@gunnebo.com.

Board of Directors

The overall task of the Board of Directors is to manage the interests of the shareholders. It is also the Board's duty and responsibility to ensure that this Corporate Governance Report is prepared. The Articles of Association stipulate that the Board shall comprise no fewer than five and no more than seven members, with no more than two deputies.

The 2012 Annual General Meeting resolved that, for the period until the 2013 Annual General Meeting, Gunnebo's Board would comprise seven ordinary members and no deputies. In addition, Gunnebo's Swedish trade unions are entitled to appoint two ordinary Board members and two deputies.

The Chairman of the Board is appointed by the Annual General Meeting. None of Gunnebo's senior executives are members of the Board. The Group's President and CEO, and the CFO, participate at Board meetings, the latter also serving as secretary. Furthermore, other senior executives participate at meetings whenever required.

Independence of Board members

Pursuant to the Code, the majority of Board members elected at the Annual General Meeting must be independent of the company and its executive management. At least two members who are independent of the company and its executive management must also be independent of the company's major shareholders. The shareholdings of the individual Board members and their independence of the company, its executive management and the major shareholders, and other assignments in other companies are presented in the table on page 78 and the presentation of Board members on pages 82–83.

The Board's rules of procedure

The Board's work is primarily governed by the Swedish Companies Act, the Code and the Board's rules of procedure. The rules of procedure are adopted every year at the statutory meeting of the Board. The current rules of procedure state that the Board shall hold at least five scheduled meetings between Annual General Meetings and describe the matters to be addressed at each meeting. The rules of procedure also outline the division of work and responsibilities between the Board, the Chairman, the Committees and the President.

The Board's tasks include establishing strategies, business plans, operational targets, interim reports and year-end reports. Furthermore, it is the Board's duty to decide on significant changes to the organisation of Gunnebo and its business activities and continuously evaluate the work of the President.

Meetings' report

In 2012, the Board held nine scheduled meetings. During these meetings, reports from the President, the accounts at the close of interim periods, the budgets for 2012 and 2013, interim and annual reports, financial statements, reports from the Board's Committees and the Nomination Committee, and items pertaining to the Annual General Meeting were addressed. The following topics were also discussed:

- Strategic issues
- Investment issues
- New financing
- Acquisition of Hamilton Safe
- New establishments
- Investments in China and India
- Board evaluations
- Evaluation of President
- Rules of procedure

No Board members registered reservations against any decisions during the year.

Evaluation of the Board's work

The work of the Board is evaluated every year by a survey, the results of which form the basis for continuous improvements to the Board's work. The evaluation includes issues regarding the composition of the Board, meetings, material, Committees and the manner in which the Chairman of the Board and the Board perform their main duties in accordance with the Code.

Chairman

Martin Svalstedt was re-elected the Chairman of the Board of Directors at the Annual General Meeting held on 26 April 2012. It is the Chairman of the Board's responsibility to ensure that the Board's work is conducted efficiently. This includes ensuring that the Board completes its duties, and monitoring the progress of the company and ensuring that the other members continuously receive the information required for the Board to perform its work to the necessary standard and in accordance with the relevant regulations. The Chairman does not participate in the operational management of the company.

President

Per Borgvall is the President of Gunnebo and leads the company in accordance with the rules of procedure adopted by the Board. The President is also responsible for ensuring that the Board receives the information and material necessary for making decisions. Furthermore, he presents reports at Board meetings and continuously keeps the Board and Chairman informed of the Group's and company's financial position and performance.

It is the President's responsibility to implement and ensure the execution of the strategies, business plans and operational targets adopted by the Board.

The President's work in 2012 focused on continuing to implement the strategic plan adopted by the Board in 2010. During the year, the President actively worked to enable and simplify growth opportunities, primarily in markets outside Europe. As a part of this, a major acquisition of Hamilton Safe in the US was completed in August. On the capital market day in September, the President also introduced the next phase in the Group's development, the Delivery phase, the primary goal of which is to deliver the Group's financial targets. During the year, the President also carried out continuous steps to address the excessively high fixed costs in Europe.

Group Executive Team

The Group Executive Team presented on pages 84–85 of this Annual Report is current as of 1 April 2013 and comprises the President, the Senior Vice Presidents of the Business Areas and the regions of EMEA and Americas, the Senior Vice President of Operations, and the CFO.

The task of the Group Executive Team is to establish, implement and monitor strategies and guidelines for the Group's operations following decisions made by the Board. This work is ensured by having the SVPs of the Business Areas, regions and Operations represented in the Group Executive Team.

The Group Executive Team's work in 2012 continued to focus on implementing the set strategy, integration of the business acquired in Brazil in the fourth quarter of 2011, the acquisition and integration of the US company, Hamilton Safe, business development, cuts of the Group's fixed costs, purchasing savings and reprioritising resources and supporting the emerging markets in Asia and the Americas. The Group Executive Team is also responsible for continuously assessing and deciding on the tenders Gunnebo submits for major transactions.

Operational Boards

Each region, sales company and Business Area, as well as Operations, has an operational board. The operational boards are the bodies under the Group Executive Team that are responsible for ensuring and following up on the implementation of the decisions made.

The President, the SVPs of the Business Areas and regions, and the SVP Operations share the Chairmanship of the operational boards. Other members of the operational boards are representatives from the respective management groups of each of these parts of the business.

In the operational boards, focus during the year has also been on reprioritising resources to benefit emerging markets, activities related to adjusting costs and the development of the Group's market offering with the aim of increasing customer benefits. In addition, the boards followed up on observations noted in internal and external audits.

Operational management

Gunnebo's operational management comprises the four Business Areas Bank Security & Cash Handling, Secure Storage, Global Services and Entrance Control, as well as Operations, the two management groups within Developing Businesses and the 32 sales companies, which are divided into the regions of EMEA, Americas and Asia-Pacific. The operational management groups in the Group's Business Areas are responsible for drafting and communicating strategies concerning the Group's offering. The Group's 32 sales companies are then responsible for carrying out the set strategies, efforts that are then followed up by the operational boards.

The Business Units in Operations are responsible for the supply chain in the Group, which includes production, purchasing and logistics.

These management groups usually comprise the three to five most important heads of corporate functions and the relevant SVP.

Corporate functions

Gunnebo's head office houses the corporate functions for the coordination of Operations (production, environmental issues, quality, logistics and purchasing), finance, financial control, business control, legal affairs, IT, HR, communications, brand management and investor relations. These functions are responsible for preparing relevant Group-wide strategies and business plans for their respective areas of responsibility and for driving, supporting and controlling the development of the organisation based on their respective areas of expertise.

Committees

During 2012, the Board of Directors of Gunnebo had two Committees: the Remuneration Committee and the Audit Committee. The representatives sitting on these Committees are appointed by the Board from among its own ranks.

Remuneration Committee

The Remuneration Committee's task includes preparing issues pertaining to the conditions of employment for the Group Executive Team, succession planning and other personnel development issues prepared by the Group Executive Team and the Group's SVP HR. The Remuneration Committee also evaluates the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting. The Remuneration Committee follows written rules of procedure.

Following the Annual General Meeting held on 26 April 2012, the Committee comprised Martin Svalstedt (Chairman), Mikael Jönsson and Göran Bille. All of the members of the Remuneration Committee are independent of the company and company management and one member is also independent of the company's major shareholders. The Remuneration Committee held two meetings after the 2012 Annual General Meeting. Issues including performance requirements, bonus models and the incentive programme for senior executives were discussed during the year. The attendance of the committee members at meetings is presented in the table on page 78.

Audit Committee

The Audit Committee is a preparatory body for contact between the Board and the auditors. The Audit Committee follows written rules of procedure. The Committee's duties also include examining and monitoring the Group's financial reporting, external reporting, internal

control and ensuring the management and reporting of financial risks.

Following the Annual General Meeting held on 26 April 2012, the Committee comprised Bo Dankis (Chairman), Katarina Mellström and Tore Bertilsson. All of the members of the Audit Committee are independent of the company, company management and the company's major shareholders.

The Committee held four meetings during the year and the Group's auditors participated at all of them. The Group's auditors also participated at one Board meeting to present an account of their audit. Issues including the annual and interim accounts, the auditors' audit, risk management and internal audit were discussed during the year. The attendance of the committee members at meetings is presented in the table below.

Financial reporting

Each Business Area, sales region and sales company as well as Operations and Developing Businesses report on their financial outcome every month. The major sales companies also report certain key figures on a weekly basis. These reports are compiled by Gunnebo AB's finance, financial control and business control corporate functions, and form the basis of further analyses and interim reporting to shareholders and the stock market.

Incentive programme

The 2010 Annual General Meeting resolved to adopt an initial component of a "rolling" incentive programme comprising warrants (Incentive Programme 2010/2014). A total of 550,000 warrants were offered to

46 senior executives and other key individuals in the Group. The warrants were valued at market value externally in accordance with Black & Scholes valuation model and the price per warrant was set at SEK 3.30. A warrant entitles the holder to subscribe for a share in Gunnebo AB for SEK 32.00 during certain fixed periods during 2013-2014.

In conjunction with the 2011 Annual General Meeting, a second component of the rolling incentive programme (Incentive Programme 2011/2015) was adopted. A total of 575,000 warrants were offered to 49 senior executives and other key individuals in the Group. The warrants were valued at market value externally in accordance with Black & Scholes valuation model and the price per warrant was set at SEK 6.30. A warrant entitles the holder to subscribe for a share in Gunnebo AB for SEK 44.20 during certain fixed periods during 2014-2015.

In conjunction with the 2012 Annual General Meeting, a third component of the rolling incentive programme (Incentive Programme 2012/2016) was adopted. A total of 585,000 warrants were offered to 50 senior executives and other key individuals in the Group. The warrants were valued at market value externally in accordance with Black & Scholes valuation model and the price per warrant was set at SEK 4.00. A warrant entitles the holder to subscribe for a share in Gunnebo AB for SEK 31.40 during certain fixed periods during 2015-2016.

Since the participants, within the scope of the above incentive programme, have been offered acquisition of warrants at market price, the programme is not deemed to entail any accounting salary costs or similar costs in accordance with IFRS 2 for the Group.

However, costs in the form of social security charges may be payable in certain countries.

Statistics on attendance and independence of Board members 2012

Name Elected at Annual General Meeting	Elected	Board meetings	Remuneration Committee	Audit Committee	Independent of:		Total remuneration, SEK
					The company and executive management	The company's largest shareholders	
Martin Svalstedt	2013	9 (C)	2 (C)		Yes	No	450,000
Tore Bertilsson*	2012	5 (M)		3 (M)	Yes	Yes	127,500
Göran Bille	2008	8 (M)	2 (M)		Yes	Yes	255,000
Charlotte Brogren**	2012	6 (M)			Yes	Yes	112,500
Bo Dankis	2006	9 (M)		4 (C)	Yes	Yes	275,000
Mikael Jönsson	2000	9 (M)	2 (M)		Yes	No	285,000
Katarina Mellström	2010	9 (M)		4 (M)	Yes	Yes	255,000
Björn Eriksson***	2006	2 (M)					127,500
Employee representatives							
Crister Carlsson	2010	9 (M)					38,700
Irene Thorin	2012	7 (M)					24,969
Number of meetings:		9	2	4			Total: 1,951,169

* Elected at the AGM in April, present at five of six Board meetings and all meetings in the Audit Committee since then.

** Elected at the AGM in April 2012, present at all meetings since then.

*** Board member until the AGM in April 2012.

C=Chairman M=Member

External audit

Gunnebo's auditors are elected at the Annual General Meeting. At the 2012 Annual General Meeting, the registered public accounting firm Deloitte was elected as the auditor with Jan Nilsson as the Auditor in Charge. The current mandate period expires at the 2013 Annual General Meeting. The auditors report on their audit to the Audit Committee and the Board of Directors. In addition to their standard audit assignments, Deloitte provides assistance in the form of advisory and investigative assignments. The assignments performed are not deemed to give rise to a disqualification situation. Information regarding fees to auditors is provided in Note 33.

BOARD'S REPORT ON INTERNAL CONTROL

The responsibility of the Board of Directors for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance. Gunnebo AB applies and adheres to the requirements for internal governance and control stipulated by Swedish law (Companies Act and Annual Accounts Act) and the Swedish Code of Corporate Governance ("the Code"). Accordingly, the Report is limited to a description of how internal control is organised with regard to financial reporting.

Internal control in respect of financial reporting

The internal governance and control process involves the Board, Audit Committee, President, Group Executive Team, corporate staffs, operational boards and other personnel. The purpose of the process is to ensure fulfilment of the Group's goals in terms of relevant and efficient processes, to obtain reasonable assurance with respect to the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports and to ensure that this reporting is prepared in accordance with law, applicable financial reporting standards and other requirements on listed companies.

Control environment

Gunnebo's control environment is based on and governed by the principles established in the Group's Core Values and Code of Conduct, which are linked to the company's strategy, business plans and operational targets. These are fundamental principles that emphasise the culture, values and ethics that the Board, Audit Committee, President and Group Executive Team communicate and base their work on. The principles also include the Group's policies and guidelines from a number of areas, for example, the delegation of authorities from management to personnel. The Group-wide corporate governance model, described on pages 74–79, is also fundamental.

Risk assessment

Risk assessment is an integrated part of the Group's business, from the strategy process to budget, financial forecasts, implementation and follow-up. Furthermore, it is combined with other information that may influence risks, such as major changes with regard to the organisation, senior executives, systems or new operations and acquisitions. The risks identified are managed through the Group's control structures and continuously monitored with the aim of implementing measures, identifying and evaluating processes and ensuring good quality in financial reporting. More information about the Group's risks is available in the section "Risk and Sensitivity Analysis", pages 88–91, and in Note 3, "Financial Risk Management and Financial Instruments".

Control activities

Control activities are performed at various levels within Gunnebo. The Group Executive Team is ultimately responsible for implementing and ensuring that controls are performed at both a general and detailed operational level. This is achieved by ongoing governance and control of the accounts and financial reporting carried out by the finance functions of the local companies, Business Areas and the finance corporate function in conjunction with reporting and consolidation. The controller network in the various organisational units performs detailed financial analyses of earnings, key ratios, tied-up capital, trends and the follow-up of budgets and forecasts. In addition, more detailed analyses are performed as required.

The Group's risks with regard to financial reporting are related to the risk that material misstatements may arise in the reporting of the company's financial position and performance. The company's reporting instructions and established monitoring procedures aim to minimise these risks.

Information and communication

Gunnebo's external and internal information and communication in the form of reporting to various authorities, financial reporting and information to the Board and employees takes place in accordance with the requirements of the business environment, the Group's internal governing documents and the Communications Policy. Accordingly, all external and internal information and communication are to be appropriate, up-to-date and correct, and should be available to the target groups as and when required.

Internal information

Internal governing documents and guidelines pertaining to financial reporting are available to the relevant personnel on Gunnebo's intranet and are also communicated at meetings and through other channels. The intranet contains policies, guidelines and specific instructions for financial reporting, internal control, closing of accounts, budget and forecasts. The Gunnebo Training Centre (GTC) is a tool used for training and facilitating communication of, for example, the Group's vision, targets, strategies and ethical dilemmas linked to the Group's Code of Conduct and Core Values.

The Board receives regular reports on the financial statements and earnings trends, analyses and comments on outcomes, plans and forecasts. It also receives feedback from Audit Committee meetings at which the auditors present the results of their audits. Additionally, there are various internal meeting forums, such as the International Management Conference (IMC), and internal boards that also include the monitoring of financial information and other important internal matters on their fixed agendas.

External information

Information about the Group's business is continuously communicated to external stakeholders on Gunnebo's website, which contains publications, interim reports and other financial information, press releases

and information about Gunnebo's organisation and market offering. This information is also supplemented by meetings with investors and analysts, which are logged in an internal database.

Monitoring

Regular monitoring of and reporting on operations is carried out at different levels by the Board, Audit Committee, President, Group Executive Team, corporate finance function and operational boards. Monitoring of Group companies includes monthly and quarterly reviews of outcomes compared with budget and forecasts, the results of audits, etc. In addition to this, special efforts are monitored such as activities linked with the implementation of the new strategy, acquisitions and divestments. The Group's internal control function is an integrated part of the corporate finance function. Gunnebo has not established a separate internal audit function to date. The Board, which annually evaluates the need for such a function, has deemed that existing structures for monitoring, control and evaluation provide satisfactory documentation. For some special audits, external efforts may be conducted.

See the section Information for the Capital Market on pages 86–87 for information about how communication and monitoring of the Group's financial reporting are carried out externally.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Gunnebo AB
Corporate Registration Number 556438-2629

It is the Board of Directors who is responsible for the Corporate Governance Report for the financial year January 1, 2012 to December 31, 2012 included in the printed version of this document on pages 74–80 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that

reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and consolidated accounts.

Gothenburg March 1, 2013

Deloitte AB

Signature on the Swedish original

Jan Nilsson
Authorised Public Accountant

BOARD OF DIRECTORS



MARTIN SVALSTEDT

Chairman

Elected: 2003, Chairman since 2008

Born: 1963

Nationality: Swedish

Main position:

President, Stena Adactum AB

Education: Master of Science in Business Administration

Professional background: CFO Capio AB, senior financial positions at Stora and ABB

Other Board appointments:

Chairman of Ballingslöv International AB, Envac AB, Mediatec AB and Stena Renewable AB, member of Stena Adactum AB

Shareholding: 180,000 (of which 60,000 via endowment insurance)



TORE BERTILSSON

Board member

Elected: 2012

Born: 1951

Nationality: Swedish

Main position:

Executive Vice President and CFO AB SKF

Education: Master of Science in Business Administration

Professional background:

Senior positions in SKF, Bank Director in SEB

Other Board appointments: Chairman of PRI Pensionsgaranti, member of Gamla Livförsäkringsbolaget SEB Trygg Liv, Ågrenska AB and AB Ludvig Svensson

Shareholding: 8,000



GÖRAN BILLE

Board member

Elected: 2008

Born: 1955

Nationality: Swedish

Main position:

President and CEO of AB Lindex

Education: Master of Science in Business Administration

Professional background: Several senior positions at H&M including President of H&M Rowells, Country Manager for H&M in Sweden, Divisional Manager for H&M Woman

Other Board appointments:

Chairman of Barnas Hus Nordic A/S, member of Synsam Nordic AB

Shareholding:

46,666 (via endowment insurance)



CHARLOTTE BROGREN

Board member

Elected: 2012

Born: 1963

Nationality: Swedish

Main position:

Director General of Vinnova

Education: PhD

Professional background:

Senior positions in ABB

Other Board appointments:

Chairperson of Industrifonden.

Member of HMS Industrial Networks AB and QFree AS

Shareholding: —



BO DANKIS

Board member

Elected: 2006

Born: 1954

Nationality: Swedish

Main position:

Professional Board member and self-employed

Education: Master of Science in Mechanical Engineering

Professional background: President and executive at Forsheda AB, ABB, Assa Abloy AB and the Perstorp Group

Other Board appointments:

Chairman of the Swedish Trade & Invest Council, IV Produkt, Cleanergy, Gadelius Group Tokyo and the Sweden-Japan Foundation

Shareholding: 8,666 (of which 2,000 via endowment insurance)

MIKAEL JÖNSSON

Board member

Elected: 2000

Born: 1963

Nationality: Swedish

Main position:

President of Vätterledens Invest AB

Education: University studies in Economics

Professional background: Stockbroker, various senior positions at Vätterledens Invest AB

Other Board appointments:

Chairman of Lids Industri AB, member of AB Trätälja, Vätterledens Invest AB and subsidiaries, Kopparbergs bryggeri AB, Nanoxis AB and Wipcore AB

Shareholding: 153,333

KATARINA MELLSTRÖM

Board member

Elected: 2010

Born: 1962

Nationality: Swedish

Main position:

President, Ciber AB

Education: Master of Science in Business Administration

Professional background:

President and Country Manager for Fujitsu Services AB Sweden, President and CEO of Mandator, several management positions at Ericsson AB

Other Board appointments:

Matrisen, Dataföreningen Certifiering and Proffice AB

Shareholding: —

CRISTER CARLSSON

Employee representative for Unionen

Elected: 2010

Born: 1965

Nationality: Swedish

Education: Electric Power Engineering

Shareholding: —

IRENE THORIN

Employee representative for Unionen

Elected: 2011

Born: 1959

Nationality: Swedish

Education: Economist, upper secondary level

Shareholding: —

GROUP EXECUTIVE TEAM



PER BORGVALL

President and CEO

Employed: 2009

Born: 1958

Nationality: Swedish

Education: Master of Science in Civil Engineering, Chalmers 1982

Professional background: President and CEO of AB Fagerhult, Divisional President of the Indoor Climate division of IMI Plc, President of Tour & Andersson AB and Uponor AB.

Board appointments: Nederman Holding AB

Shareholding: 130,000 (of which 98,000 via endowment insurance)

Warrants and share options: 100,000



ANNA ALMLÖF

SVP Business Area Global Services

Employed: 2011

Born: 1967

Nationality: Swedish

Education: Master of Science in Business Administration from Stockholm School of Economics and Executive MBA from Instituto de Empresa, Madrid

Professional background: Director of Product Management, Ericsson Global Services and other senior sales and service positions at Ericsson and Unisys in Sweden and abroad

Board appointments: —

Shareholding: —

Warrants and share options: 5,000



MORTEN ANDREASEN

SVP Region EMEA (Europe, Middle East and Africa)

Employed: 2012

Born: 1958

Nationality: Danish

Education: Master of Science in Business Administration from Copenhagen Business School and PED from IMD (Lausanne)

Professional background: President Munters Moisture Control Services (MCS), Senior Vice President Luft-hansa Service Gesellschaft (LSG), and CEO Top Flight Catering

Board appointments: Kosan Crisplant A/S

Shareholding: 5,000

Warrants and share options: 40,000



CHRISTIAN GUILLOU

SVP Business Area Bank Security & Cash Handling and Secure Storage

Employed: 2008

Born: 1967

Nationality: French

Education: Paris ESLSA Business School, IMD (marketing degree), INSEAD (general management & strategy degree)

Professional background: Senior positions at Franciافlex, BPB Placo and Pergo

Board appointments: —

Shareholding: 7,941

Warrants and share options: 20,000



ROBERT HERMANS

SVP Business Area Entrance Control

Employed: 1996

Born: 1968

Nationality: Swedish

Education: Master of Science in Business Administration and MBA, HHS

Professional background: Country Manager Gunnebo South Africa, President Gunnebo Lifting, Managing Director Cargo Control Systems (South Africa) and other senior management positions in marketing and sales in the Gunnebo Industries Group

Board appointments: Tsarmedia AB and Satpack Travel, South Africa

Shareholding: 2,000

Warrants and share options: 20,000

CHRISTIAN JOHANSSON

*CFO**

Employed: 2013

Born: 1963

Nationality: Swedish

Education: Master of Science in Business Administration, Stockholm University and INSEAD (Fountainbleau, France)

Professional background: Executive Vice President Volvo Group Business Services for Americas and EMEA, Executive Vice President and CFO Volvo Trucks, Central and Eastern European Regional Manager in ABB Service Worldwide

Board appointments: —

Shareholding: —

Warrants and share options: —

**From 1 April 2013*

LARS THORÉN

SVP Operations

Employed: 2012

Born: 1961

Nationality: Swedish

Education: Master of Science in Engineering, Chalmers and Executive MBA, Gothenburg School of Business, Economics and Law

Professional background: Senior positions for business areas and industrial operations at Volvo Buses, Sandvik Materials Technology, ESAB and SKF

Board appointments: —

Shareholding: 300

Warrants and share options: —

TOMAS WÄNGBERG

SVP Business Development, SVP Region Americas

Employed: 2009

Born: 1958

Nationality: Swedish

Education: Marine Engineering, Chalmers 1981

Professional background: President and CEO ABS Group, AB Pharmadule, ABB Carbon AB; senior positions in marketing, sales and production management at ABB

Board appointments: —

Shareholding: 2,850

Warrants and share options: 60,000

INFORMATION FOR THE CAPITAL MARKET

Gunnebo strives to give all stakeholders as fair a view as possible of the Group's business and financial results. The goal is to provide owners and the stock market with information that supports these parties in the process of evaluating Gunnebo's business.

Gunnebo's objective is to provide the market with open, consistent and transparent financial information. All external and internal communication shall be fair and appropriate. Relevant information shall be made accessible to all stakeholders simultaneously and at the promised time.

Communication in the form of reporting to various authorities, financial reporting and information for employees take place in accordance with external rules and requirements, the Group's internal governing documents as well as IR and communication policies.

Information channels

Gunnebo AB's website www.gunnebogroup.com contains publications, financial information, press releases, and information about Gunnebo's organisation and offering.

Owners

Shareholders are asked what information they would like to see from the company and therefore make an active choice in receiving the required information. The information channel available to shareholders, in addition to interim reports and annual reports, is the customer magazine Global and the website. Shareholders can also participate at Gunnebo's Annual General Meeting. Questions may be sent directly to info@gunnebo.com or submitted by telephone on +46 (0)10-209 50 00. It is also possible to order printed annual reports and interim reports from the Group head office on +46 (0)10-209 50 00, from the website or via the above e-mail address.

Stock market

Gunnebo's aim is always to be available to respond to questions from the stock market. Questions are primarily answered by the Group's three spokespeople: the President and CEO, the Chief Financial Officer and the Group Communication & IR Director.

There is also detailed information about both the Group's operations and its financial results on the Group website, www.gunnebogroup.com.

Annual General Meeting

Gunnebo's Annual General Meeting will be held at 4:00pm CET on Tuesday April 9, 2013 at the Chalmers Student Union building, Chalmersplatsen 1, Gothenburg, Sweden.

Registration

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 Wednesday April 3, 2013, and must notify the AGM of attendance by no later than 4.00 pm CET on Wednesday April 3, 2013, either online at www.gunnebogroup.com, by post to Gunnebo AB, Box 5181, SE-402 26 Gothenburg, by fax on +46 (0)10-209 50 10, or by phone on +46 (0)10-209 50 00. Shareholders whose shares are registered in nominee names must, if they wish to exercise their right to vote at the Meeting, have their shares re-registered in their own names by April 3, 2013.

Dividend

The Board and the President propose a dividend of SEK 1.00 (1.00) per share for 2012.

IR policy

The goal of Gunnebo's IR activities is, through communication activities, to help give all stakeholders as fair a picture as possible of the Group's business and financial results. Trustful contact with the market presupposes a smoothly functioning internal reporting system that provides fast, accurate reporting from all the Group's business.

Gunnebo keeps important financial information secret until it is disclosed – simultaneously and consistently – to the stock market and to NASDAQ OMX Stockholm. All external financial information about Gunnebo is handled centrally. Financial reports are distributed by Group Communications with comments from the President and CEO, the Chief Financial Officer and the Group Communication & IR Director. One of these people is always available.

Confidence in the Gunnebo share is based on compliance with NASDAQ OMX Stockholm rules for listed companies and on Gunnebo's ability and willingness to provide clear, comprehensive information.

Activities 2012

During the year, Gunnebo has held around 25 individual meetings with analysts and arranged road-shows to Stockholm and Copenhagen. The company has also participated in six seminars, breakfast, lunch or dinner meetings and five shareholder meetings. After each interim report Gunnebo arranges a telephone conference with around 20–30 participants. The conference is recorded and is made available to listen to via the website.

Financial goals

Gunnebo's financial goals have remained unchanged since 2005.

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

With the current capital structure, an operating margin of 7% equates to a return on capital employed of approximately 13%.

The capital structure of the Group

One of Gunnebo's long-term financial goals is to have an equity ratio of no less than 30%. The equity ratio at the end of the year was 39%. Another of Gunnebo's aims is to achieve a return of at least 15% on capital employed. The return on capital employed for 2012 was 10.2% adjusted for items of a non-recurring nature.

Gunnebo's borrowing is mostly unsecured. Borrowing is limited, however, by financial obligations in the loan agreements in the form of covenants. These mainly relate to the key ratios of interest coverage ratio and net debt/EBITDA. With regard to the new financing and prevailing terms in the loan agreements, available credit facilities amounted to just over MSEK 1,738 at the year-end.

Dividend policy and proposed dividend

The Board's dividend proposal shall take into account Gunnebo's long-term development potential, its financial position and its investment needs. The Board has decided that the target for the dividend is that in the long term it shall amount to 30–40% of the profit after tax. The proposed dividend for 2012 is SEK 1.00 per share.

ANALYSTS WHO FOLLOW GUNNEBO

Carnegie Investment Bank AB

Mikael Löfdahl
+46 (0)8 676 88 00
miklof@carnegie.se

SEB Enskilda Equities

Christopher Lyrhem
+46 (0)8 52 22 96 74
christopher.lyrhem@seb.se

Redeye

Henrik Alveskog
+46 (0)8 545 013 45
henrik.alveskog@redeye.se

Remium

Erik Rolander
+46 (0)8 454 32 12
erik.rolander@remium.com

Swedbank Markets

Mats Liss
+46 (0)8 585 900 00
mats.liss@swedbank.se

FINANCIAL INFORMATION AND REPORTS 2013

April 9, 2013
2013 Annual General Meeting

September 19, 2013
Capital Market Day 2013

April 25, 2013
Interim report January–March 2013

October 24, 2013
Interim report January–September 2013

July 17, 2013
Interim report January–June 2013

January 31, 2014
2013 Year-End Release

IR CONTACT

Karin Wallström, +46 (0)10 209 50 26
karin.wallstrom@gunnebo.com

RISK AND SENSITIVITY ANALYSIS

Exposure to risk and uncertainty with regard to future development are natural aspects of all businesses. Risk awareness and good risk management are prerequisites for creating long-term value and for securing good profitability. Gunnebo therefore continuously evaluates the risks to which the business is exposed, and carefully monitors the development of factors that influence the main risks that have been identified.

Gunnebo is an international group with a broad geographical spread. The Group currently has operations in 32 countries and production units in 10 countries. The Group is therefore exposed to various kinds of strategic, operational and financial risk. Strategic and operational risks include business environment risks, raw material risks, production risks and legal risks. The financial risks are mainly linked to changes in interest rates and exchange rates, as well as refinancing and counterparty risks.

Risk management within the Group is an important part of the governance and control of the Group's operation and aims to identify, evaluate and manage these types of risk and, thereby, mitigate their potential effects.

The management groups in Gunnebo's Business Areas and sales companies are responsible for developing strategies and identifying risks in their market or area of responsibility. These management groups are supported by resources within central Group functions such as finance, legal affairs and operations and by Group-wide principles, guidelines and instructions. The Group's risk management is systematically monitored by the Group Executive Team, partly through a system of monthly reports whereby the management groups describe developments in their respective units, along with identified risks. Further control is achieved through the inclusion of a representative of the Group Executive Team on all internal boards.

The President reports continuously to the Board of Directors about the development of the Group's risks, and Gunnebo's Board has the overall responsibility for the Group's risk management and for deciding the Group's strategic direction.

Strategic and operational risks

Market risks

The Gunnebo Group's operation and results are exposed to market risks such as the impact of the business cycle on demand for the Group's products and services, and changes in customers' investment plans and production levels. The Group's relatively broad product range and customer structure, as well as its global market coverage with sales and production in a large number of countries, provide a good distribution of risk which restricts the effect of a change in demand limited to a particular industry, region or country. It should, however, be noted that banks currently represent the Group's single largest customer group. The security market in the bank sector has, however, proved to be relatively resilient to economic downturns.

The operation's geographical distribution naturally entails exposure to business environment risks such as country-specific risks in the form of political decisions and changes to regulations.

Raw material risks

The Gunnebo Group is exposed to risks related to supply and price variations of raw materials and components.

Competition on the market may restrict the opportunity to fully offset cost increases through price increases, even though the Group endeavours to enter into sales agreements which allow price increases to be passed on to customers.

Steel is the single largest raw material component in the Group.

The Group purchases many different types and grades of steel on different markets, resulting in differentiated price development. With the aim of limiting the short-term effect of price fluctuations, a large part of the Group's steel requirement is purchased via index-based contracts.

Risks related to the Group's purchases of more important input goods are managed by co-ordinating and controlling procurement through a central purchasing function, which for instance appoints people responsible for certain categories of raw materials or components.

Production risks

Gunnebo's production operation takes place in 12 production units and comprises a chain of processes where stoppages or disruptions can have consequences on Gunnebo's ability to fulfil its obligations towards customers. Gunnebo deals with risks relating to the Group's property and operational stoppages through a programme for identifying and assessing such risks. The programme is applied at all of Gunnebo's production plants and aims to prevent these types of risks or, if an event is beyond Gunnebo's control, to mitigate the consequences.

The majority of components used in the Group's products are sourced from subcontractors. With the aim of minimising the risk of one of these subcontractors being unable to deliver the component, or to deliver on time, for any reason, Gunnebo actively strives to secure alternative suppliers for critical components. There is, therefore, usually more than one subcontractor that can deliver a particular component. Furthermore, the Group's purchasing function works actively and continuously to evaluate and analyse the Group's suppliers, for example from a risk perspective.

Environmental impact primarily takes place in the production process through material and energy consumption, emissions to air and water, and the creation of noise and waste. To restrict the environmental impact of production, the Group has the objective to gain ISO 14001 certification for all production units. Risk analyses are carried out in connection with such certification and through chemical analyses during REACH work, for instance. These risk analyses provide

IMPORTANT CHANGES TO THE RISK PROFILE

- Macro indicators appear to have bottomed out, at least in the US and Asia, and in some cases they have moved up, which could indicate that the economy and willingness to invest will pick up in 2013.
- The central banks' extreme stimulation policies have, at least temporarily, removed the sense of crisis from the finance markets, which lays a better foundation for the Group to refinance and to find financing for acquisitions. It is, however, highly likely that prevailing policies will drive up inflation and interest rates in the medium term.
- A higher average volume of borrowing in connection with acquisitions, along with worse results primarily due to expenses of a non-recurring nature, have led to a lower interest coverage ratio and a higher loan to value ratio compared to the results, both of which are important components in the terms of the loan agreements.
- Savings programmes in production, purchasing and fixed costs protect the operating result and cash flow.
- The acquisition of American Hamilton Safe and expanded operations within emerging markets have led to a wider geographical distribution and, thereby, lower sensitivity to business cycles, although also to increased currency exposure.

good information about the various risks at the production plants, and relevant programmes of measures can therefore be implemented.

Acquisition of new operations

One of the Gunnebo Group's goals is to grow. Growth shall be organic but supplemented by acquisitions. In 2012 the American company Hamilton Safe was acquired and the aim is to carry out more acquisitions in 2013 on certain defined markets. Acquisitions can entail various difficulties integrating the acquired operation, which can lead to far higher costs for the acquisition than estimated and/or that the synergies take longer to realise than planned.

Acquisitions that do not develop as planned may also lead to high write-down costs for goodwill and other intangible assets, which can have a significant adverse effect on the Group's results and financial position.

The acquisition process is conducted in accordance with set instructions and guidelines. The Group's function for Business Development has overall responsibility for evaluating and implementing acquisitions, and for ensuring that the established integration plans are carried out.

Legal risks

The legal affairs department within the Group is responsible for monitoring and controlling the management of legal risks in the Group. A Group-wide legal policy has been introduced which states, for example, that some matters of a legal nature must be escalated to the legal affairs department. This includes stock exchange related issues, competition law issues and issues relating to the Group's intangible assets. With the aim of eliminating unwanted risks in the Group's customer and supplier agreements and to ensure the quality of these agreements, instructions and guidelines have been issued on the more important agreement terms, such as those relating to liability and limitations on liability. Furthermore, the Group's Business Areas have

access to agreement templates for the more common types of agreements. In addition to the above, there are also procedures for approving agreements.

As a result of normal business operations, Gunnebo is a party in various legal disputes. These disputes include, for example, commercial disputes and disputes regarding tax or labour law. Such outstanding and potential disputes are reported regularly to the Group's legal affairs department. Disputes can last a long time and entail high costs. It can also be hard to predict the outcome of many disputes. A negative outcome in one particular dispute could have an important negative impact on the Group's results and financial position.

At the end of 2012, there were not deemed to be any disputes that could entail such an effect.

Insurable risks

Gunnebo has established a Group-wide insurance programme to protect the Group's insurable assets and interests.

The programme covers property and loss of profit insurance, general liability and product liability, transport insurance, crime against property as well as claims for damages against the Board and senior executives, for example. Linked to the insurance programme is a programme for identifying and evaluating risks related to physical damage at the Group's production plants and related financial consequences. The results of these reviews are summarised in a points system for risk exposure at each plant, enabling the management to control the risks and to assess the need for risk-reduction measures and establish priorities among these.

Financial risks

The object of Gunnebo's financial activities is to minimise the Group's long-term financing costs and effectively manage and control its financial risks such as changes in interest and exchange rates, as well as refinancing and counterpart risks.

Organisation and activities

Gunnebo's financial operations are managed through the subsidiary Gunnebo Treasury AB which acts as the Group's internal bank and is responsible for the Group's currency and interest rate risk management, and supports the subsidiary companies in currency transactions. Gunnebo Treasury AB is also responsible for the Group's liquidity management and external borrowing, and assists the subsidiaries with loans and investments. Through this centralisation the Group is able to benefit from economies of scale and synergies within the financial area.

The financial activities are carried out in accordance with the finance policy established by the Board, which regulates how financial risks are to be managed and the limits within which the internal bank and Gunnebo's subsidiaries may operate.

The following financial risks are covered, and regulated, by the finance policy:

- **Financing risk** Financing risk refers to the risk that financing of the Group's capital requirement and refinancing of its outstanding borrowing are rendered more difficult or more expensive. In order to limit the financing risk, the Group's finance policy stipulates that the total outstanding volume of borrowing must be covered by long-term credit facilities of at least 12 months at any given time.
- **Interest rate risk** The interest rate risk refers to the negative effect on the Group's income and cash flow of a lasting change in market interest rates. The sensitivity may, however, be limited through carefully selected interest maturity structures and by entering into fixed-interest agreements in the form of interest rate hedges. According to the finance policy, the average duration of the Group's fixed interest rate period may be 0 to 12 months.
- **Liquidity risk** Liquidity risk refers to the risk of not having access to liquid funds or undrawn lines of credit in order to fulfil payment

obligations. The Group finance policy stipulates that liquid funds and unused lines of credit shall always amount to a minimum of MSEK 350. Liquidity in the Group shall be invested with the internal bank or in local cash pools. Gunnebo has centralised its liquidity management through cash pools in the main European countries where it operates.

- **Currency risk** The Group has operations in a large number of countries and is therefore exposed to currency risks. This can be partly offset by hedging transactions in foreign currencies within the framework of the finance policy. For more detailed information about financial risk management and reporting of financial instruments, see Note 3 'Financial risk management and financial instruments'.
- **Counterparty risk** Counterparty risk or credit risk refers to the risk of a loss if the counterparty fails to fulfil its obligations.
- **Financial credit risk** Exposure to credit risk arises both when investing surplus liquidity, and in receivables from banks which arise via derivative instruments. Gunnebo's finance policy includes a special list of permitted counterparties and maximum credit exposure against each approved counterparty. Gunnebo has also entered into general agreements regarding netting (ISDAs) with all of its counterparties for transactions in derivative instruments. Financial credit risk is also reduced in that liquid funds shall primarily be used to reduce outstanding liabilities, which limits the volume of outstanding surplus liquidity.
- **Customer credit risk** Gunnebo has formulated a credit policy regulating the management of customer credit, which also encompasses decision-making levels for granting credit limits. Each subsidiary is responsible for checking and controlling credit risk with customers, within given limits. The rules applicable for issuing credit locally are documented in a local credit policy regulating credit limits, terms of payment and collection procedures. Lease agreements and customer financing packages shall be approved by Gunnebo Treasury AB. For further information, see Note 18 'Accounts receivable'.

SENSITIVITY ANALYSIS

Profit is affected by changes in certain factors of importance to the Group, as explained below. The calculation is made on the basis of the Group's structure at the year-end and assuming all other factors remain unchanged.

	Change	Effect
Selling prices	A 1% change in the selling price would affect income and operating profit by approximately MSEK 50.
Labour costs	A 1% change in labour costs, including social security charges would affect operating profit by approximately MSEK 18.
Steel prices	A general change in steel prices of 10% would affect profit by around MSEK 30 for the subsequent 12 months.
Currencies	A 10% change in the value of the SEK would affect operating profit by approximately MSEK 22 in total, of which MSEK 20 would be transaction exposure, without taking the Group's hedging into account. The remaining MSEK 2 is attributable to translation exposure.
Interest expenses	On the basis of the average fixed interest term of the Group's total loans at the year-end, a simultaneous change of one percentage point in all of Gunnebo's loan currencies would affect profit by approximately MSEK 9 for the subsequent 12 months.

Risk management within the Gunnebo Group

Category of risk	Risks to Gunnebo	Risk management	Comments 2012
Market risk	Changes in the economy and demand, customers' investment plans and production levels	Monthly reports, good distribution of risk in issues relating to products, customers and market coverage	Slightly receding in Europe, good growth in Asia and America
Raw materials risk	Increased costs for input goods and components, shortage of input goods and components, price increases cannot be passed on to customers	Steel is purchased through index-based contracts, purchasing activities are co-ordinated by a central purchasing function, people are assigned responsibility for categories in particularly important areas of purchasing	The price of steel has remained relatively stable in 2012 and even fell on some markets. (Further information about the Group's material purchases is provided on page 27.)
Production risk	Disruptions and capacity shortages in the Group's own units or with subcontractors, environmental impact	Programme for identifying and evaluating risks in the Group's own units and with subcontractors, environmental certification and environmental risk analyses	No significant disruptions or incidents were reported in 2012
Acquisition of new operations	Integration problems, increased costs, write-down of goodwill	Group-wide function for acquisitions, instructions and guidelines for the acquisition process (evaluation, implementation, integration) of the operation	The Group's acquisitions in 2012 are reported in the Board of Directors' report and in Note 30, "Acquisitions"
Legal risks	Financial risks in customer and supplier contracts resulting from unbalanced agreements, disputes	Group-wide policies and guidelines, systems with standard agreements, reporting disputes to the legal affairs department	At the end of 2012, there were not deemed to be any disputes that could entail a substantial negative impact on the Group's results and financial position
Insurable risks	Physical damage to the Group's insurable assets and interests	Extensive Group-wide insurance programme, programme for identifying and evaluating the risk of physical damages at the production plants	The Group's insurance protection is deemed sufficient to run the operation
Financial counterparty risk	Gunnebo is exposed to its counterparties' solvency through loans, lease agreements, sales agreements, bank balances and derivatives	The Group's exposure is regulated in the finance policy, risk and exposure are controlled and minimised on an ongoing basis	No counterparty losses in 2012
Liquidity	Gunnebo has some degree of a seasonal cycle, which affects cash flow	The finance policy stipulates that a financial contingency of MSEK 350 must always be retained via a combination of cash and credit agreements	An extension of the financing agreements was signed in July 2012, now maturing in July 2015, the financial contingency was maintained throughout the year
Interest rate levels	The Group is a net borrower, which results in exposure to changes in interest rates	The finance policy stipulates a mixture of variable and fixed interest rates up to a maximum of a 12-month fixed interest period for the loan portfolio	The net interest rate cost decreased through lower market interest rate levels but also increased due to higher borrowing
Exchange rates	A considerable proportion of income/costs and assets/liabilities are in foreign currencies, which gives rise to exchange rate effects	Active monitoring and, in some cases, hedging of exposure, proceeding both from transactions and equity	Thanks to the diversified geographical spread of the operation, the exchange rate effects were well balanced



THE GUNNEBO SHARE

The Gunnebo share has been listed on Stockholm Stock Exchange since 1993, and can be found on the NASDAQ OMX Nordic Exchange Stockholm in the Mid Cap segment and the Industrials sector. A trading lot comprises 200 shares. The abbreviated name is GUNN and the ISIN code is SE0000195570.

At the end of 2012 Gunnebo had 9,928 shareholders. Swedish financial shareholders owned approximately 20%, and foreign shareholders 11% of the capital. 13% of the share capital was owned by Swedish natural persons, which means that 87% was owned by legal entities or foreign natural persons.

Holding and votes

On December 31, 2012 Gunnebo had a share capital of MSEK 379.3 divided into 75,855,598 shares, each with a quota value of SEK 5. All shares have equal voting rights and share equally in the company's assets and earnings.

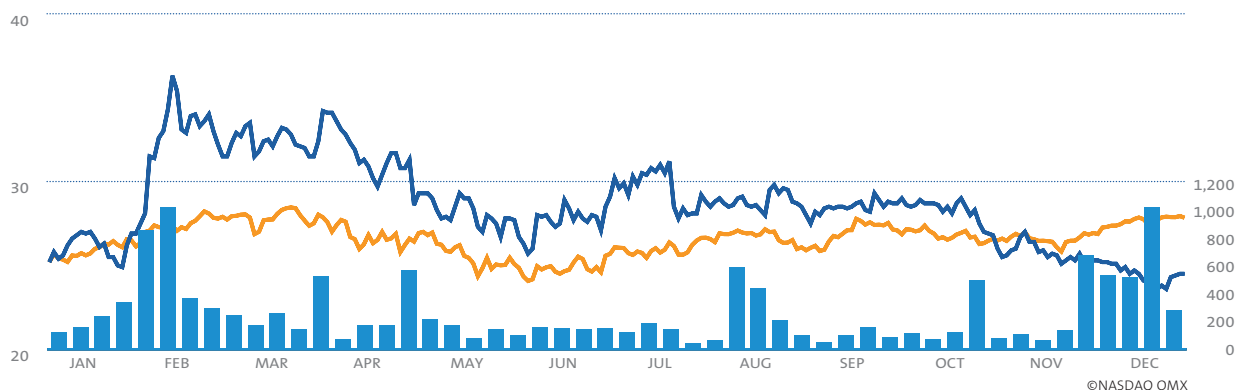
Share price

At the end of the year the Gunnebo share was trading at SEK 24.50, which is an increase during the year of 2%. During the same period, Stockholm Stock Exchange's OMX 30 index increased by 10.5%. The lowest share price paid during the year was SEK 23.30 (December 17) and the highest was SEK 39.40 (February 9).

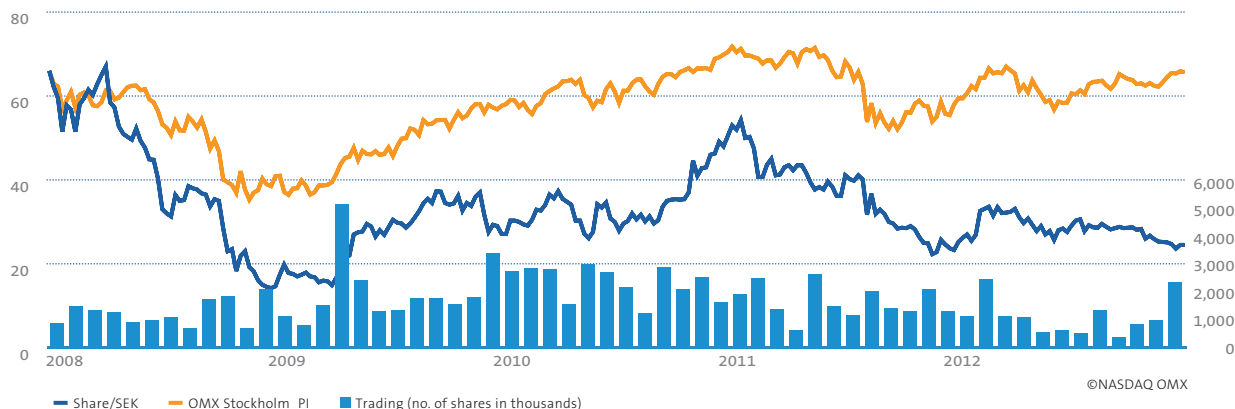
Trading and market value

A total of 13,619,584 shares (20,086,681) were traded in 2012 at a value corresponding to MSEK 389 (734). The average volume traded each trading day was 54,478 shares (79,394), equating to TSEK 1,558 (2,900). The market value on December 30, 2012 was MSEK 1,858.

THE GUNNEBO SHARE 2012



THE GUNNEBO SHARE 2008–2012

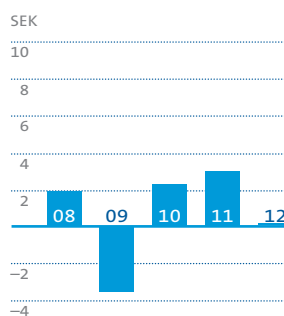


Largest shareholders, grouped	No. of shares	Proportion, %
Stena Adactum	19,852,329	26.2%
Vätterledens Invest, with associates	14,977,913	19.8%
IF Skadeförsäkring	8,849,114	11.7%
4th AP Fund	2,031,762	2.7%
Investment AB Öresund	1,783,109	2.4%
Avanza Pension	1,184,897	1.6%
Handelsbanken Funds	1,024,202	1.4%
Muirfield Invest	850,000	1.1%
Skandia Funds	764,837	1.0%
Enter Funds	755,259	1.0%
JPM Chase	747,506	1.0%
AMF	728,000	1.0%
DnB Carlson Funds	643,577	0.8%
SEB Life International Insurance	635,416	0.8%
SEB	601,082	0.8%
KLP Verdipapirfondet	569,634	0.8%
Bjarne Holmqvist	488,004	0.6%
Swedbank Robur Funds	421,710	0.6%
Others	18,947,247	24.7%
Total	75,855,598	100.0

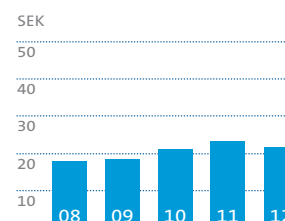
Shareholders by size	No. of share-holders	No. of shares	Holding and votes, %
1–500	6,110	1,031,229	1.4
501–1,000	1,626	1,330,191	1.7
1,001–5,000	1,666	3,847,054	5.1
5,001–10,000	244	1,891,653	2.5
10,001–20,000	107	1,584,746	2.1
20,001–	175	66,170,725	87.2
Summa	9,928	75,855,598	100.0

Changes in share capital, MSEK	Change	Share capital	Total no. of shares
1991 Formation		4	4,000
1992 Split 100:1		4	400,000
1992 New share issue	+96	100	10,000,000
1995 New share issue	+50	150	15,000,934
1995 Conversion	+3	153	15,280,783
1996 Conversion	+10	163	16,275,819
1997 New share issue	+4	167	16,715,819
1997 Conversion	+27	194	19,351,121
1998 Conversion	+4	198	19,813,150
1998 New share issue	+2	200	19,973,150
1999 Conversion	0	200	19,982,310
1999 New share issue	+6	206	20,625,881
2000 Conversion	+6	212	21,204,528
2001 Conversion	0	212	21,211,198
2003 Conversion	+7	219	21,889,974
2004 Split 2:1	0	219	43,779,948
2005 New share issue	0	219	43,854,548
2006 New share issue	+4	223	44,578,523
2007 New share issue	+5	228	45,513,359
2009 New share issue	+151	379	75,855,598

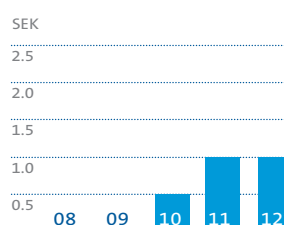
Earnings per share after dilution



Equity per share

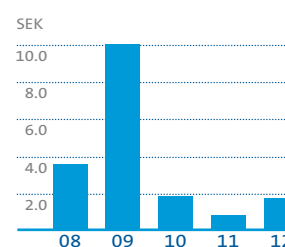


Dividend per share



* Board proposal.

Cash flow per share



No. of shares ¹⁾	2012	2011	2010	2009	2008
Closing no. of shares, x 1,000	75,856	75,856	75,856	75,856	59,398
Average no. of shares, x 1,000	75,856	75,856	75,856	59,974	59,398

Data per share ¹⁾	2012	2011	2010	2009	2008
Earnings per share incl. items of non-recurring nature, SEK	0.23	3.00	2.35	-3.42	1.93
Equity per share, SEK	21.58	23.24	21.17	18.63	18.06
Cash flow per share, SEK	1.80	0.86	1.91	10.06	3.64
Dividend, SEK ²⁾	1.00	1.00	0.50	0.00	0.00

Share price related share data¹⁾

Share price related share data ¹⁾	2012	2011	2010	2009	2008
Share price at year-end (last price paid), SEK	24.50	24.00	53.00	27.30	11.90
Highest price during the year (price paid), SEK	39.40	54.75	53.50	34.40	52.70
Lowest price during the year (price paid), SEK	23.30	21.20	25.10	11.30	9.95
Market value at year-end, MSEK	1,858	1,821	4,020	2,071	667
P/E ratio, times	107	8	23	neg.	6
Dividend yield, % ²⁾	4.1	4.2	0.9	—	—

1) The figures have been adjusted for the bonus issue effect resulting from the new share issue.

2) The Board and the President propose a dividend of SEK 1.00 per share for the year 2012.

FIVE-YEAR REVIEW

	Excluding discontinued operations				Including discontinued operations				
	2012	2011	2010	2009	2012	2011	2010	2009	2008
Income statement, MSEK									
Net sales	5,236	5,137	5,263	5,480	5,236	5,580	6,384	6,788	6,903
Cost of goods sold	-3,666	-3,572	-3,723	-3,928	-3,666	-3,947	-4,592	-4,958	-4,957
Gross profit	1,570	1,565	1,540	1,552	1,570	1,633	1,792	1,830	1,946
Goodwill write-down	—	—	—	—	—	—	—	-106	—
Other operating expenses, net	-1,394	-1,241	-1,343	-1,493	-1,394	-1,321	-1,486	-1,812	-1,665
Operating profit/loss*	176	324	197	59	176	312	306	-88	281
Net financial items	-65	-27	-75	-68	-65	-30	-85	-79	-101
Profit/loss after financial items	111	297	122	-9	111	282	221	-167	180
Taxes	-89	-52	-41	-36	-89	-52	-43	-38	-65
Profit/loss for the year	22	245	81	-45	22	230	178	-205	115
* Of which items of a non-recurring nature	-87	7	-127	-175	-87	7	-31	-302	-47
Margins, excl. items of a non-recurring nature									
Gross margin, %	30.3	30.8	30.2	29.0	30.3	29.6	29.0	28.2	28.2
Operating margin before depreciation, (EBITDA), %	6.8	7.7	7.7	6.1	6.8	7.1	7.1	5.1	6.6
Operating margin (EBIT), %	5.0	6.2	6.1	4.3	5.0	5.5	5.3	3.2	4.7
Profit margin (EBT), %	4.6	5.7	4.7	3.0	4.6	4.9	3.9	2.0	3.3
Margins, incl. items of a non-recurring nature									
Gross margin, %	30.0	30.5	29.3	28.3	30.0	29.3	28.1	27.0	28.2
Operating margin before depreciation, (EBITDA), %	5.2	7.9	5.3	2.9	5.2	7.2	6.6	2.3	6.0
Operating margin (EBIT), %	3.4	6.3	3.7	1.1	3.4	5.6	4.8	-1.3	4.1
Profit margin (EBT), %	2.1	5.8	2.3	-0.2	2.1	5.1	3.5	-2.5	2.6
Other information									
Foreign sales ratio, %	97	96	96	96	97	95	94	94	93
Order intake, MSEK	5,250	5,091	5,271	5,346	5,250	5,573	6,462	6,573	6,965
Capital expenditure, MSEK	116	85	71	58	116	90	88	77	119
Depreciation, MSEK	87	81	82	99	87	90	113	134	130
Average number of employees	5,563	5,315	5,248	5,314	5,563	5,583	5,904	6,041	6,455

	Including discontinued operations				
	2012	2011	2010	2009	2008
Balance sheet, MSEK					
Intangible assets	1,502	1,215	1,048	1,199	1,360
Property, plant and equipment	327	316	367	547	625
Financial assets	60	139	94	66	58
Deferred tax assets	232	253	241	240	288
Inventories	580	564	543	644	913
Current receivables	1,201	1,239	1,253	1,468	1,849
Liquid funds	350	239	189	172	169
Total assets	4,252	3,965	3,735	4,336	5,262
Equity	1,652	1,776	1,606	1,413	1,073
Long-term liabilities	1,278	800	639	584	2,142
Current liabilities	1,322	1,389	1,490	2,339	2,047
Total equity and liabilities	4,252	3,965	3,735	4,336	5,262
Cash flow statement, MSEK					
Cash flow from operating activities before changes in working capital	156	234	177	99	208
Cash flow from changes in working capital	-20	-169	-32	504	8
Cash flow from operating activities	136	65	145	603	216
Operating cash flow, MSEK					
Operating cash flow	112	71	214	683	255
Returns, excl. items of a non-recurring nature					
Return on capital employed, %	10.2	13.2	13.5	7.5	10.7
Return on equity, %	12.3	13.7	14.3	8.5	14.6
Returns, incl. items of a non-recurring nature					
Return on capital employed, %	7.0	13.5	12.3	-2.5	9.2
Return on equity, %	8.9	14.1	12.2	-18.0	10.4
Other key ratios					
Capital turnover rate, times	1.9	2.3	2.5	2.2	2.2
Equity ratio, %	39	45	43	33	20
Interest coverage ratio, times	5.5	18.0	5.0	-1.1	2.9
Debt/equity ratio, times	0.5	0.3	0.3	0.7	1.8
Capital employed, MSEK ¹⁾	2,927	2,617	2,289	2,642	3,219
Net debt, MSEK ¹⁾	876	498	460	1,048	1,967
Share data²⁾					
Earnings per share before dilution, SEK	0.23	3.00	2.35	-3.42	1.93
Earnings per share after dilution, SEK	0.23	3.00	2.35	-3.42	1.93
Equity per share, SEK	21.58	23.24	21.17	18.63	18.06
Cash flow per share, SEK	1.80	0.86	1.91	10.06	3.64
Dividend, SEK ³⁾	1.00	1.00	0.50	0.00	0.00

1) Closing balance.

2) The figures for 2009–2008 have been adjusted for the bonus issue effect resulting from the new share issue.

3) The Board and the President propose a dividend of SEK 1.00 per share for the year 2012.

HEAD OFFICE

GUNNEBO AB

Box 5181
SE-402 26 GÖTHENBURG
www.gunnebogroup.com
Tel: +46 10 209 50 00
E-mail: info@gunnebo.com
President and CEO: Per Borgvall

SALES REGIONS

Region EMEA (Europe, Middle East and Africa)

SVP: Morten Andreasen

BELGIUM/LUXEMBOURG

Gunnebo Belgium SA/NV
www.gunnebo.be
Tel: (Belgium) +32 2 464 19 11
Tel: (Luxembourg) +35 2 49 05 06
E-mail: info@gunnebo.be
Country Manager: Frederik De Broyer

FRANCE

Gunnebo France S.A.S
www.gunnebo.fr
Tel: +33 1 34 65 65 34
E-mail: info@gunnebo.fr
Country Manager: Jean-David Soual

GERMANY/AUSTRIA

Gunnebo Deutschland GmbH
www.gunnebo.de
www.gunnebo.at
Tel: (Germany) +49 89 95 96 0
Tel: (Austria) +43 7229 820 50
E-mail: info@gunnebo.de
E-mail: info@gunnebo.at
Country Managers: Stephan Seifert and Carsten Heidenreich

ITALY

Gunnebo Italia S.p.A.
www.gunnebo.it
Tel: +39 02 267 101
E-mail: info.it@gunnebo.com
Country Manager: Marco Depaoli

THE NETHERLANDS

Gunnebo Nederland SBV
www.gunnebo.nl
Tel: +31 203 988 988
E-mail: info.nl@gunnebo.com
Country Manager: Patrick van Aart

PORTUGAL

Gunnebo Portugal S.A.
www.gunnebo.pt
Tel: +351 218 315 600
E-mail: info.pt@gunnebo.com
Country Manager: Carlos Valpradinhos

SPAIN

Gunnebo España S.A.
www.gunnebo.es
Tel: +34 902 100 076
E-mail: info.es@gunnebo.com
Country Manager: Darío Vicario

SWITZERLAND

Gunnebo Suisse SA
www.gunnebo.ch
Tel: +41 840 888 777
E-mail: info.ch@gunnebo.com
Country Manager: Mike Finders

UK/IRELAND

Gunnebo UK Ltd
www.gunnebo.co.uk
Tel: +44 1902 455 111
E-mail: info.uk@gunnebo.com
Country Manager: Paul Hutchinson

NORDIC REGION

General Manager: Tom Christensen

DENMARK

A/S Gunnebo Nordic
www.gunnebo.dk
Tel: +45 70 10 56 00
E-mail: info@gunnebo.dk
Country Manager: Tom Christensen

FINLAND

Gunnebo Nordic Oy
www.gunnebo.fi
Tel: +358 10 617 1700
E-mail: info@gunnebo.fi
Country Manager: Päivi Laaksomies

NORWAY

Gunnebo Nordic A/S
www.gunnebo.no
Tel: +47 22 90 03 00
E-mail: info@gunnebo.no
Country Manager: Torgeir Abusdal

SWEDEN

Gunnebo Nordic AB
www.gunnebo.se
Tel: +46 10 209 51 00
E-mail: info@gunnebo.se
Country Manager: Tom Christensen (acting)

EASTERN EUROPE

General Manager: Jurek Szkalej

CZECH REPUBLIC

Gunnebo CZ s.r.o.
www.gunnebo.cz
Tel: +420 266 190 200
E-mail: info.cz@gunnebo.com
Country Manager: Viktor Bartusek

HUNGARY

Gunnebo Magyaror-z Kft.
www.gunnebo.hu
Tel: +36 1 465 6080
E-mail: iroda@gunnebo.com
Country Manager: István Roszmann

POLAND

Gunnebo Polska Sp. z o.o.
www.gunnebo.pl
Tel: +48 62 76 85 570
E-mail: polska@gunnebo.com
Country Manager: Jurek Szkalej

AFRICA AND MIDDLE EAST

Regional Manager: Martin Houseman

MIDDLE EAST

Gunnebo Middle East FZE
www.gunnebo.ae
Tel: +971 4 701 7837
E-mail: info.ae@gunnebo.com
Country Manager: Jacob Touma

SOUTH AFRICA

Gunnebo South Africa (Pty) Ltd
www.gunnebo.co.za
Tel: +27 11 878 23 00
E-mail: Info.za@gunnebo.com
Country Manager: Nick Argo

Region Americas

SVP: Tomas Wängberg

BRAZIL

Gunnebo Gateway S.A.
www.gunnebo.com.br
www.gateway-security.com.br
Tel: +55 11 3732 6626
E-mail: gunnebo@gunnebo.com.br
Country Manager: Rubens Bulgarelli Filho

MEXICO

Gunnebo México, S.A. de C.V.
www.gunnebo.com
Tel: +52 1 5544 4313 11
General Manager: Jordi Riart

NORTH AMERICA

CEO: John Haining

CANADA

Gunnebo Canada Inc.
www.gunnebo.ca
Tel: +1 905 595 4140
E-mail: info.ca@gunnebo.com
General Manager: Troy McCleary

USA

Hamilton Safe Inc.
www.hamiltonsafe.com
Tel: +1 513 874 3733
E-mail: sales@hamiltonsafe.com
Country Manager: Bob Leslie

Region Asia-Pacific

SVP: Per Borgvall
Regional Manager: William Mouat

AUSTRALIA/NEW ZEALAND

Gunnebo Australia Pty Ltd
www.gunnebo.com.au
Tel: +61 2 9852 0700
E-mail: info.au@gunnebo.com
info.nz@gunnebo.com
Country Manager: Dan Turner

CHINA

Gunnebo Security (China) Co., Ltd.
www.gunnebo.cn
Tel: +86 21 54662978
(Sales and purchasing)
Tel: +86 512 50338950 (Production)
E-mail: info.cn@gunnebo.com
Country Manager: Chris Dai

INDIA

Gunnebo India Private Ltd.
www.gunnebo.in
Tel: +91 22 67 80 35 00
E-mail: info@gunnebo.in
Country Manager: Sandeep Deshpande

INDONESIA

Gunnebo Indonesia
www.gunnebo.com/id
Tel: +62 21 314 8383
E-mail: info.id@gunnebo.com
Country Manager: Hindra Kurniawan

MALAYSIA

Gunnebo Malaysia Sdn Bhd
www.gunnebo.com.my
Tel: +603 8024 3050
E-mail: info@gunnebo.com
Country Manager: Ravindran Gengadaran

SINGAPORE

Gunnebo Singapore Pte Ltd
www.gunnebo.sg
Tel: +65 6270 6698
E-mail: info.sg@gunnebo.com
Country Manager: Elsie Tay

VIETNAM

Vietnam Representative Office
www.gunnebo.sg
Tel: +84 3822 7212
E-mail: info.sg@gunnebo.com
Chief Representative: Huyen Luong

OPERATIONS

www.gunnebo.com
Tel: +46 10 209 50 00
SVP: Lars Thorén

BUSINESS AREAS

BANK SECURITY & CASH HANDLING

www.gunnebo.com
Tel: +33 1 34 65 41 20
SVP: Christian Guillou

SECURE STORAGE

www.gunnebo.com, www.chubb safes.com,
www.fichet-bauche.com, www.rosengrens.com
Tel: +33 1 34 65 41 20
SVP: Christian Guillou

GLOBAL SERVICES

www.gunnebo.com
Tel: +34 93 316 26 00
SVP: Anna Almlöf

ENTRANCE CONTROL

www.gunnebo.com
Tel: +44 1825 746 120
SVP: Robert Hermans

DEVELOPING BUSINESSES

GATEWAY

Gunnebo Gateway AB
www.gateway-security.com
Tel: +46 31 749 90 72
E-mail: info.gateway@gunnebo.com
Managing Director: Björn Skoog

SAFEPAY

Cash Automation AB
www.gunnebo.com
Tel: +46 10 209 55 00
E-mail: info@gunnebo.com
General Manager: Claes Hall

INVITATION TO THE 2013 ANNUAL GENERAL MEETING

Gunnebo's Annual General Meeting will be held at 4:00pm CET on Tuesday April 9, 2013 at the Chalmers Student Union building, Chalmersplatsen 1, Gothenburg, Sweden.

Registration

Shareholders who wish to participate in the Annual General Meeting must have their names entered in the register of shareholders maintained by Euroclear AB by no later than Wednesday April 3, 2013, and must notify Gunnebo AB by no later than 4:00pm CET on April 3, 2013, either online at www.gunnebogroup.com, by post to Gunnebo AB, Box 5181, SE-402 26 Göteborg, by fax on +46 (0)10-209 50 10, or by phone on +46 (0)10-209 50 00.

Shareholders whose shares are registered in nominee names must, if they wish to exercise their right to vote at the Meeting, have their shares re-registered in their own names by April 3, 2013.

Dividend

The Board and the President propose a dividend of SEK 1.00 (1.00) for 2012.

DISCLAIMER

This report contains future-oriented information. It reflects the management's current perceptions of certain future events and the possible ensuing results. No guarantees can be given that these perceptions will prove to be correct. Actual future results may vary considerably from the information supplied in this report, partly due to changes in circumstances regarding the economy, market and competition, changed legal requirements and other political measures, variations in exchange rates, business risk assessments and other factors mentioned in this annual report.



Printing: INEKO
Paper, cover:
Tom&Otto Silk 300g
Paper, insert:
Tom&Otto Silk 150g

This product can be recycled as paper.

GUNNEBO GLOSSARY

Barriers and turnstiles

Entrance control solutions for mass transit systems. Designed to read ticket information and allow for the swift passage of a large volume of people while preventing unauthorised entry or exit.

Business Area

Responsible for developing Gunnebo's global offering focusing on Bank Security & Cash Handling, Secure Storage, Global Services and Entrance Control.

Cash handling solutions

Solutions designed to make cash handling safer and more efficient. Cash handling occurs throughout the cash cycle and involves central banks, banks branches, retailers, CIT companies and the general public.

CCTV

Closed Circuit Television. An internal video surveillance system.

Certified safes

Many of Gunnebo's safes are classed as 'certified'. This means they have undergone independent tests that grade them based on the level of protection they offer against fire and burglary.

CIT company

Cash-in-transit company. A company that transports money between different units in the cash handling process, such as from a shop or a central bank to a counting centre.

Counting centre

A secure depot where cash-in-transit companies collect cash before it is counted and authenticated.

EAS

Electronic Article Surveillance. Anti-theft solutions for retailers sold under the Gateway brand. Items with an activated tag sound an alarm when they pass antennas in the store's entrance.

Electronic security solutions

Solutions for the integration of security systems. Includes entrance control, intrusion detection, electronic locks and remote surveillance systems.

E-lock

Electronic lock. Used on safes, vaults and doors. Can be connected via networks and are often certified.

Entrance control solutions

Solutions that prevent unauthorised access to sites and buildings such as airports, metro systems, arenas and offices.

Fire-resistant safes

Protect documents and/or digital media from fire. All Gunnebo fire-resistant safes have been subject to independent tests and are certified.

Operations

The unit responsible for product sourcing, production, logistics, environment and quality within the Gunnebo Group.

Physical security solutions

Solutions such as safes and vaults.

Region Americas

The region for all business within the sales companies for Brazil, Canada, Mexico and the US.

Region Asia-Pacific

The region for all business within the sales companies for Australia, India, Indonesia, China, Malaysia, New Zealand, Singapore and Vietnam.

Region EMEA (Europe, Middle East and Africa)

The region for all business within the sales companies for Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Middle East, Netherlands, Norway, Poland, Portugal, South Africa, Spain, Sweden, Switzerland and the UK.

SDL

Safe deposit locker. A mechanical or electronic locker which is normally found in a vault or machine for storing cash and valuables.

SafePay™

A system developed by Gunnebo for efficient, completely closed cash handling in retail environments. Consists of technology for cash handling in checkout environments, transport cartridges, a cash transfer unit and software for cash-handling administration.

Sales company

Responsible within Gunnebo for sales and marketing, and implementing the strategies set by the Business Areas. Gunnebo has its own sales companies on 32 markets worldwide.

Security airlock

An entrance solution which acts like an airlock. One person goes in through the first door and the second door is only opened once the first door has closed. This prevents several people entering at the same time without authorisation.

Strongroom

Another term for a vault.

The Gunnebo Security Group offers efficient and innovative security solutions to customers around the globe. The Group has 5,700 employees in 32 countries in Europe, Asia, Africa, Australia and America, and a turnover of MEUR 580. The global offering focuses on bank security, cash handling, secure storage, entrance security and services.

Gunnebo – for a safer world.



GUNNEBO AB (publ)

Corporate identity number 556438-2629

Box 5181, SE-402 26 GOTHENBURG

Tel: +46 10 209 50 00

E-mail: info@gunnebo.com

www.gunnebogroup.com