# Welcome

Gunnebo Capital Markets Day 2017
Stockholm, November 23

GUNNEBO
For a safer world

## Disclaimer

**Forward-looking statements**

This presentation may contain forward-looking statements which reflect Gunnebo AB's current view on future events and financial and operational development, and the current expectations of the Gunnebo Group's management. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements.

Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

© Gunnebo Group I CMD November 23 2017 I page 2

GUNNEBO
For a safer world

## Today's Agenda

| | | |
|---|---|---|
| 08.30-08.40 | Welcome | |
| 08.40-09.10 | Strategy update | Henrik Lange |
| 09.10-09.30 | Financial update | Susanne Larsson |
| 09.30-10.15 | Cash Management | Tomas Wängberg |
| **10.15-10.30** | **COFFEE** | |
| 10.30-11.15 | Entrance Security | Robert Hermans |
| 11.15-12.00 | Safes & Vaults | Rolf Kjällgren |
| 12.00-12.30 | Gunnebo Retail Solution demo | Mikael Sundebäck |
| 12.30-12.40 | Final CEO statements | Henrik Lange |
| 12.40-13.00 | Q&A | |
| **13.00-14.00** | **LUNCH** | |

© Gunnebo Group I CMD November 23 2017 I page 3

GUNNEBO For a safer world

# Strategic Update

Henrik Lange
President & CEO

GUNNEBO For a safer world

# The Gunnebo Group in Brief

MSEK 6,100
Annual Turnover

5,400
Employees

28
Sales Companies

100
Distributor Markets

## Core Offering

- Cash Management
- Entrance Security
- Safes & Vaults
- Electronic Security
- Other
  - Fire Security
  - Perimeter Protection



GUNNEBO
For a safer world

# Re-Cap: Gunnebo's Journey Towards Profitable Growth

## FROM

**Holding Company**

- Island mentality
- Local processes
- Unsatisfactory profitability
- Limited focus on cash flow

2016-2020

## TO

**An Operating Company**

- Global processes
- Standardised and lean way of working
- Customer-focused
- Good profitability
- Focus on cash flow

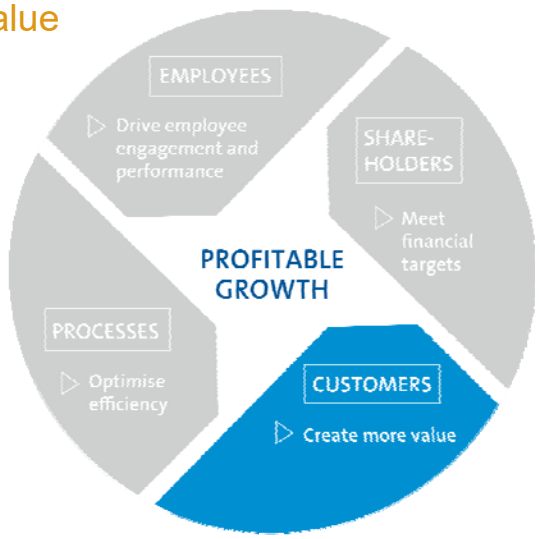


GUNNEBO
For a safer world

# Strategy

GUNNEBO For a safer world

# Strategy
## Create Customer Value






GUNNEBO For a safer world

# Strategy Create Customer Value
## Grow Product Areas – % of Sales YTD 2017

**19%**

**Cash Management**
- Deposit & recycling
- Closed cash management
- Envelope & coin-roll systems
- Application & monitoring software
- Services

**22%**

**Entrance Security**
- Entrance control
- Security doors & partitions
- Electronic article surveillance
- Services

**33%**

**Safes & Vaults**
- Safes
- Vaults & vault doors
- Safe deposit lockers
- ATM safes
- Services

**18%**

**Electronic Security**
- Access control
- Intrusion detection
- Electronic locking
- Remote monitoring
- Services

**8%**

**Other**
- Fire safety products and services
- Other traded products and services

Connected through Gunnebo Business Solution

GUNNEBO For a safer world

# Strategy Create Customer Value
## Gunnebo's Current Go-to-Market Model

- Direct sales of products and services
- Indirect sales through channel partners and/or system integrators
- Full system integrator business

© Gunnebo Group I CMD November 23 2017 I page 10

GUNNEBO For a safer world

# Strategy Create Customer Value
## Service Delivery

**What we want:**

- Implement a common process for service execution
- Spread best practice of existing solution

**What it will give:**

- Create customer loyalty
- Make it easier to do international business
- Help sales become more successful
- Strengthen key account capabilities
- Lower our cost

**Key activities to get there:**

- Upskill project management and field force technicians
- Harmonise the IT platform
- Standardise processes and service offerings



# Strategy Create Customer Value
## Gunnebo Business Solution

- The common Gunnebo Software collaboration platform
- The platform for Security as a Service (SaaS) subscriptions

# Gunnebo Business Solution
## Platform for Security as a Service

- Gunnebo's response to the connected future for its key customer segments
- Allows all systems and resources to be connected on one open platform, accessible anytime, anywhere
  - Allows full overview from one application
  - Allows data analysis
  - Allows simple transformation of "intelligence" in each product into intelligence about the business
  - Simplifies operations, secures compliance and releases time spent on administration

Will drive sales of Gunnebo's product offering



# Gunnebo Retail Solution
## Demo

- In the demo later on today you will see the platform integrating:
  - Cash management through CashControl
  - Entrance security
  - Electronic article surveillance
  - CCTV
  - Access control
  - Security door
  - Back-office – high-security locks

# Strategy
## Processes

GUNNEBO For a safer world

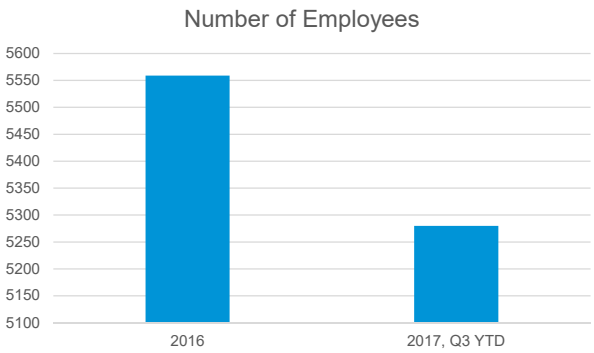
# Strategy Processes
## Drive Productivity

| Gunnebo cost cake, MSEK | 2016 | % | 2017* | % |
|---|---|---|---|---|
| VCOGS | 3,600 | 62% | 3,560 | 62% |
| FCOGS | 770 | 13% | 770 | 13% |
| Sales/Admin & Other | 1,430 | 25% | 1,410 | 25% |
| **Total** | **5,800** | | **5,740** | |

* LTM 1709

| By main category, MSEK | 2016 | % | 2017* | % |
|---|---|---|---|---|
| Dir material | 2,100 | 36% | 2,140 | 37% |
| Wage/salary | 2,500 | 43% | 2,450 | 43% |
| Other | 1,200 | 21% | 1,150 | 20% |
| **Total** | **5,800** | | **5,740** | |

* LTM 1709






GUNNEBO For a safer world

# Strategy Processes
## Demand Chain Integrated End to End

**What we want – focus Europe:**
- One central warehouse
- Co-ordinated purchasing
- Customer service desk

**What it will give:**
- Improved customer experience
- Improved efficiency and productivity
- Improved cash flow

**Key activities to get there:**
- Secure right logistic concept and footprint
- Standardise processes
- Strengthen the IT platform

MSEK 835
Inventory

MSEK 2,100
Purchasing



# Demand Chain
## Case Logistics Footprint

- Live as of August 2017
- Stored finished goods and spare parts now in same location

**Benefits**
- Improved service to customers with shorter lead times
- Reduced operational cost for warehousing
- Reduced inventory levels
- Reduced inbound transport costs
- Activity-driven costing – from fixed to variable cost

# Strategy
## Employee Engagement and Performance

# Strategy Employee Engagement

**5,400**
Employees

**15,550**
E-learning certificates in 2016

- Employee engagement survey 2015
  - Results have been driving the strategic agenda for employee engagement
  - Next employee engagement survey launched in Q4 2017
- Talent management through training programmes for different levels of managers
  - ACE Management Training - to improve management skills across the organisation
  - 144 managers took part in the programme in 2016
  - 185 managers YTD 2017

# Strategy Employee Engagement
## Occupational Health

- Create healthy, suitable working environments where employees can develop their full potential
- With regards to safe working environments, the aim is for all major manufacturing units to structure their health and safety work in line with OHSAS 18001
  - 5 out of 7 large manufacturing units are OHSAS 18001 certified per Q3 2017



GUNNEBO For a safer world

# Strategy
## Meet Financial Targets

GUNNEBO For a safer world

# Shareholder Perspective
## Financial Targets and Performance

| 5% | 7% | 15% | 30% |
|---|---|---|---|
| Organic growth | Operating margin | Return on capital employed | Equity ratio |

| FINANCIAL TARGETS & PERFORMANCE | 2017 YTD | 2017 LTM | 2016 | 2015 | 2014 | 2013 | Target |
|---|---|---|---|---|---|---|---|
| Organic growth | -1% | 0% | 1% | 0% | 2% | 1% | 5% |
| Operating margin[1)] | 5.4% | 6.6% | 7.2% | 6.6% | 6.6% | 5.8% | 7.0% |
| Return on capital employed[1) 2)] | 11.4% | 11.4% | 12.8% | 12.4% | 12.6% | 10.7% | 15.0% |
| Equity ratio | 34% | 34% | 34% | 34% | 35% | 34% | 30% |

1) Excluding non-recurring items

2) During the last twelve-month period



GUNNEBO For a safer world

# Strategy Meet Financial Targets
## Non-Financial Targets

### ENVIRONMENT

**Energy and Climate**

- Reduce the use of electricity at manufacturing units and major sales units by 8% by 2020. Base year 2016.
- Reduce CO2 emissions from manufacturing units and sales units by 15% by 2020. Base year 2016.

Goal: Reduce CO2 emissions from own fleet by 20% on average by 2020. Base year 2016.

**Waste**

Goal: Increase recycling of non-hazardous waste in production by 8% by 2020. Base year 2016.

**Environmental Management**

Goal: All manufacturing units ISO 14001 certified.

### SUPPLY CHAIN

Goal: Ensure that all major suppliers comply with the Group's Code of Conduct.

### OCCUPATIONAL HEALTH

Goal: Create healthy, suitable working environments where employees can develop their full potential. With regards to safe working environments, the aim is for all major manufacturing units to structure their health and safety work in line with OHSAS 18001.



GUNNEBO For a safer world

# Strategy

GUNNEBO
For a safer world

# Sales Regions

## % of Sales YTD Q3 2017 & % of EBIT

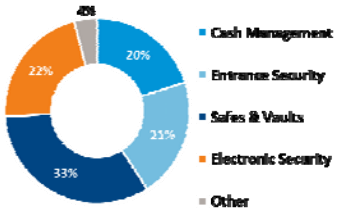
| | | |
|---|---|---|
| EMEA | 64% of sales | 26% of EBIT, excl. IAC |
| APAC | 18% of sales | 37% of EBIT, excl. IAC |
| Americas | 18% of sales | 37% of EBIT, excl. IAC |



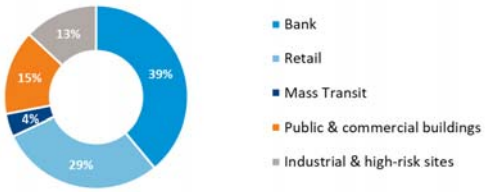
GUNNEBO
For a safer world

# Gunnebo in EMEA

## Sales by Product Area, YTD Q3, 2017




## Sales by Customer Segment, YTD Q3, 2017




**17**
Sales companies, 1,800 employees

**6**
Factories

**64%**
of Group Turnover, YTD 2017

**26%**
of Group profitability, YTD 2017



GUNNEBO For a safer world

# Europe

## New Ways of Working

The European organisation needs to evolve to achieve the Group's goals for profitable growth.
To do this, the way of working in Europe has started to change in order to:

- Increase sales efficiency → Customer and product focus; Key Account Management
- Improve productivity → Simplify processes; Reduce complexity
- Better utilise size and skills across borders → Enable realisation of synergies; Sharing of knowledge
- Have a clear view on the route to market → Focus more on Gunnebo's growth potential; Sharpen Gunnebo's value proposition to differentiate and grow

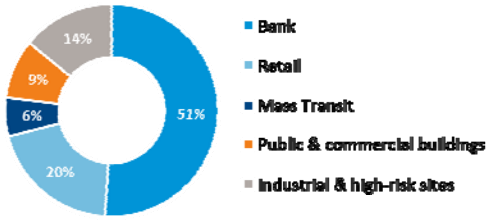


GUNNEBO For a safer world

# Gunnebo in France

- 7 sales locations across France
  - 600 employees
- 2 factories
  - 275 employees
  - Electronic Security ~80% sold in France
  - Entrance Security/Security Doors & Partitions ~60% sold in France
  - Safes & Vaults ~70% sold in France
- 17% of Group turnover (YTD 2017)
- Route to market:
  - Direct sales of products and services
  - Indirect sales through channel partners and/or system integrators
  - Full system integrator business

## Sales by Customer Segment YTD Q3, 2017






# Gunnebo in France

## Recent Trends & Market Development for Gunnebo

### Product Area

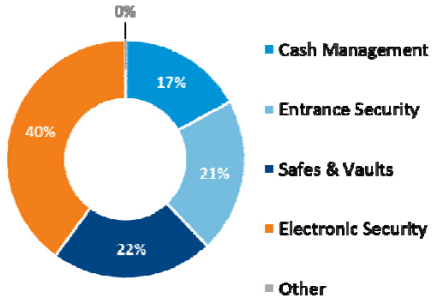
Cash Management
Strong development for both front and back-office products

Entrance Security
Good development due to terrorist threats, focus to control flow of people and continued urbanisation

Safes & Vaults
Slightly decreasing in volume mainly due to changes in bank branch structures

Electronic Security
Contraction, mainly connected to bank business development

## Sales by Product Area, YTD Q3, 2017



# France

## Key Activities to Get Back into Profitable Growth

**Growth**

- Focus on developing business in new segments
  - Retail
  - Industrial & High-Risk Sites
  - Mass Transit

**Productivity**

- Review the structure of the operations
- Lean service operation
  - Planning
  - Dispatching
  - Skills training

**Secure lean procurement & logistics operations**

- Strengthened procurement
- Warehouse consolidation including replenishment of spare parts

**Timing**

- Implementation step by step from H1 2018



# South Africa

## Closure of Manufacturing Unit

- In recent years, the economic climate and trading conditions in South Africa and other markets in Sub-Saharan Africa have been adverse, resulting in the underutilisation of the local manufacturing unit in Wadeville
- To improve profitability and allow full focus on customers and sales, the decision has been made to close the manufacturing unit in Wadeville, South Africa
- The closure affects some 100 employees. It will be finalised during 2017.
- Going forward, products will be supplied from Gunnebo's global Product Areas

# Middle East
## Profitable Growth

MEUR 25
Turnover LTM 2017

16%
CAGR since 2000

- Key Customer Segments
  - Public & Commercial Buildings
  - Bank & Financial Institutions
  - Industrial & High-Risk Sites
  - Retail
- Product Mix
  - Cash Management
  - Entrance Security
  - Safes & Vaults
  - Electronic Security
  - Other (Perimeter Protection/Anti-terrorist)
- Route to Market
  - Direct sales of products and services
  - Indirect sales through channel partners and/or system integrators



# Conclusions

- We have a clear strategy and we are well on the way on this journey
- Both region APAC and Americas are performing well
- Region EMEA is a mixed picture where some parts – like Middle East – is performing well wherease others, like France and South Africa are not
  - Agenda in place how to get back into growth and drive productivity in France
  - Manufacturing closed in South Africa, allowing full focus on customers and sales
- Structural measures continues to drive productivity
  - Logistics
  - Procurement
  - General
- Strong agenda in place to support growth
  - By main Product Area
  - In software / digitalisation
  - Targeted non-organic growth

# Financial Update

Susanne Larsson
Group CFO

GUNNEBO
For a safer world

# Profitable Growth
from a
# Shareholder Perspective

GUNNEBO
For a safer world

# Shareholder Perspective
## Financial Targets and Performance

| 5% | 7% | 15% | 30% |
|---|---|---|---|
| Organic growth | Operating margin | Return on capital employed | Equity ratio |

| FINANCIAL TARGETS & PERFORMANCE | 2017 YTD | 2017 LTM | 2016 | 2015 | 2014 | 2013 | Target |
|---|---|---|---|---|---|---|---|
| Organic growth | -1% | 0% | 1% | 0% | 2% | 1% | 5% |
| Operating margin[1)] | 5.4% | 6.6% | 7.2% | 6.6% | 6.6% | 5.8% | 7.0% |
| Return on capital employed[1) 2)] | 11.4% | 11.4% | 12.8% | 12.4% | 12.6% | 10.7% | 15.0% |
| Equity ratio | 34% | 34% | 34% | 34% | 35% | 34% | 30% |

1) Excluding non-recurring items

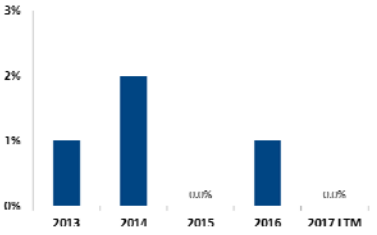
2) During the last twelve-month period



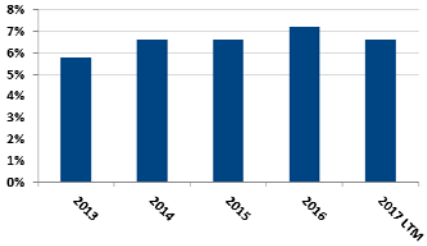
GUNNEBO For a safer world

# Shareholder Perspective
## Financial Targets and Performance

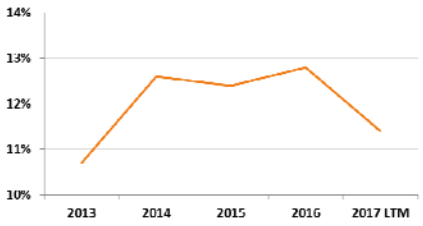
### Organic Growth



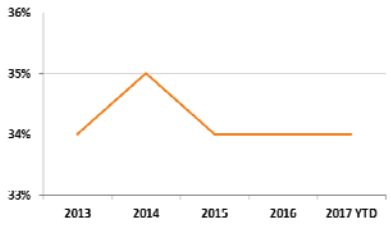

### Operating Margin




### ROCE




### Equity Ratio




GUNNEBO For a safer world

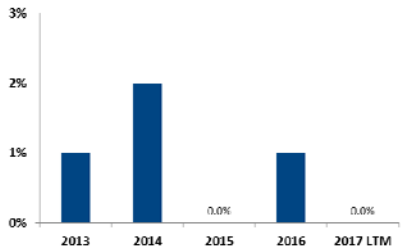
5%
Organic growth

# Organic Sales Growth

- Strategic priority “Grow Product Areas”
- Plans and execution aligned between Product Areas and regions
- Gunnebo organic growth
  - 2013-2016 average growth 1% per year
  - Gunnebo organic growth YTD 2017 -1%
  - YTD 2017 excluding France +1%
  - YTD 2017 contributed units with organic growth by +5%
  - France and South Africa are two main markets with negative growth

➡ Measures are being taken in markets with lack of growth

## Organic Sales Growth




## ORGANIC GROWTH PER REGION

| | 2017 YTD | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| EMEA | -2% | 0% | 0% | 0% | -5% |
| APAC | -3% | 5% | -8% | 8% | 20% |
| AMERICAS | 2% | -2% | 8% | 0% | 7% |
| **TOTAL GROUP** | **-1%** | **1%** | **0%** | **2%** | **1%** |



GUNNEBO
For a safer world

7%
Operating margin

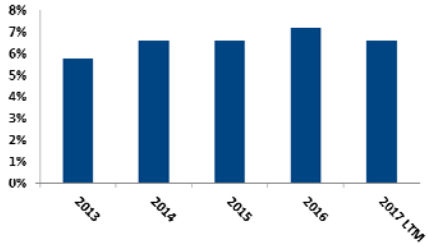
# Operating Margin

- Gunnebo’s financial performance has gradually improved over the years
- Different medicine for different regions

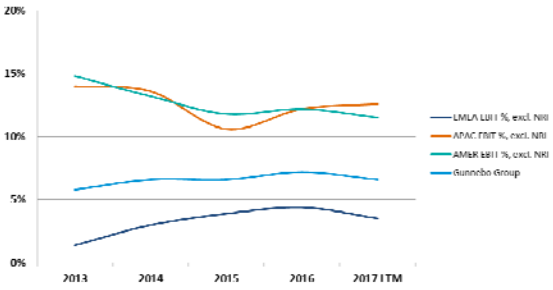
➡ Invest for profitable growth
  - APAC
  - Americas
  - Middle East

➡ Structural changes to grow profitably
  - Europe
  - South Africa

## Operating Margin




## Operating Margin by Regions & Group






GUNNEBO
For a safer world

7%
Operating margin

# Operating Margin
## Investments for Growth

- Acquisition of Sallén
- Product Area manufacturing capacity
  - Safes & Vaults & ATM Netherlands and India
  - Entrance Security assembly located in India
  - Cash Management extending manufacturing capacity in US
- Logistics set-up in Europe
- Product development in line with product roadmap
- Gunnebo Business Solutions
- IT capabilities for standardised, efficient and scalable ERP solution

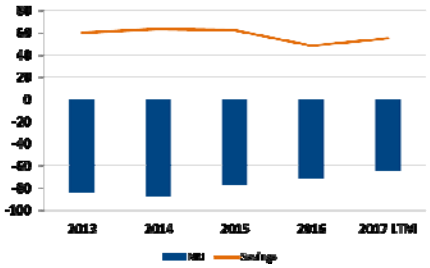
GUNNEBO
For a safer world

7%
Operating margin

# Operating Margin
## Structural Changes for Profitability

- Optimising manufacturing footprint – Uckfield, Trier and South Africa
- Structural changes in sales to leverage economies of scale
  - Finland legal unit closed 2015, supported by Nordic
  - Hungary, Austria and Czech Republic closed 2016 – GTM indirect through rest of Central sub-region
  - Continued review of small and/or underperforming units
  - New ways of working in Europe – being an operating company provides more opportunities for improved growth and productivity

Structure, MSEK






GUNNEBO
For a safer world

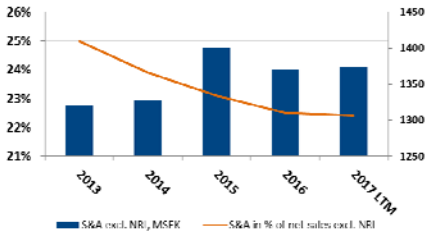
7%
Operating margin

# Operating Margin
## Focused Activities

- S&A under control
  - Structural changes generate planned savings
  - Standardisation in ways of working provides additional productivity gains
- Continued focus on margins – impacted by changes in the mix of customer segments and product groups

→ Measures taken
- Focus on both investment and structure
- Purchasing and logistics improved
- Continued review of small and/or underperforming units
- Strategic review of the French business

S&A % Sales excl NRI





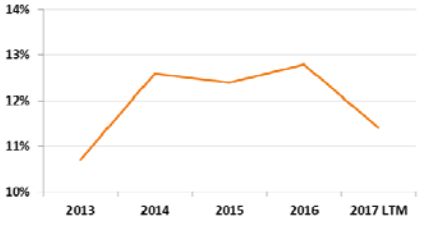

15%
Return on capital employed

# Return on Capital Employed

- Strategic priorities focusing capital employed
  - Demand chain – logistics and purchasing
  - Cash for Growth
- Logistics piloted in Netherlands – now being implemented in UK, France and Central Europe – rest of Europe to follow
- Category management in purchasing, direct and indirect spend
- Cash for Growth implemented in EMEA 2016 and APAC 2017 – Americas during 2018
- Standardised and efficient IT capabilities

→ All priorities generating reduced capital employed

Return on Capital Employed

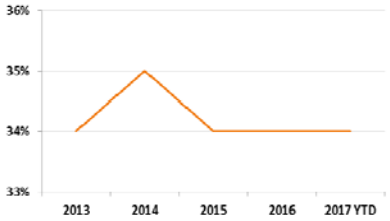


30%
Equity ratio

# Equity Ratio and New Financing

- Net profit based on activities to enable profitable growth
- Dividends 30-40% of net profit
- New financing in place since end Q2 2017
  - 7-year bilateral financing by AB Svensk Exportkredit, MEUR 75
  - 5-year syndicated loan facility by BNP Paribas and SEB, MEUR 140
  - Total facility increased from MSEK 1,600 to MSEK 2,100
  - Improved terms
- Ready to take the next steps in strategy execution

Equity Ratio






GUNNEBO
For a safer world

# Key Takeaways

- Strategy developed and launched Spring 2016
- Profitable growth central to our strategy
- One step accomplished year end 2016 - operating margin target of 7% reached
- Way forward
  - Invest in profitable growth
  - Structural measures continue
  - Strategic review of French business
  - Strategy execution assured through our governance model

GUNNEBO
For a safer world

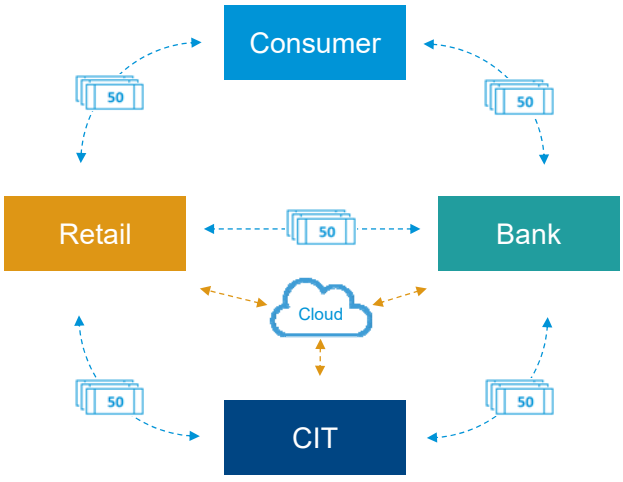
# Product Area Cash Management

Tomas Wängberg
SVP Business Development & Cash Management

GUNNEBO
For a safer world

## Cash Management
### What Is It All About?

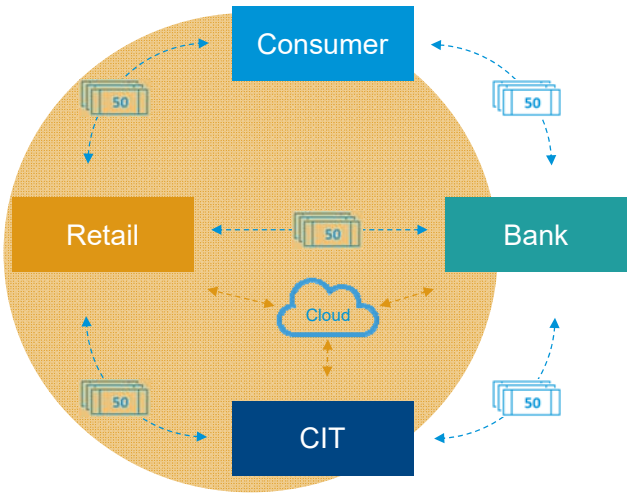
**The Cash & Information Ecosystem**




© Gunnebo Group I CMD November 23 2017 I page 48

GUNNEBO
For a safer world

# Cash Management
## What Is It All About?




### Point of Gravity is Moving

- Bank
  - Move to self-service money walls / kiosks with ATMs and other cash services
  - No touchpoints with cash
  - Outsourced services
  - Offer cash management solutions to their retail customers
- CIT
  - Take on outsourced services
  - Provide full service cash management solutions to retail
- Retail
  - Fraud and theft prevention
  - Checkout management
  - Workforce, process and cash flow optimisation
- Cloud
  - Digital information, analysis and cybersecurity



# Cash Management
## What Is It All About?

**BSEK 15**
Estimated market value 2020 retail*

**9.0%**
Estimated average CAGR 2020

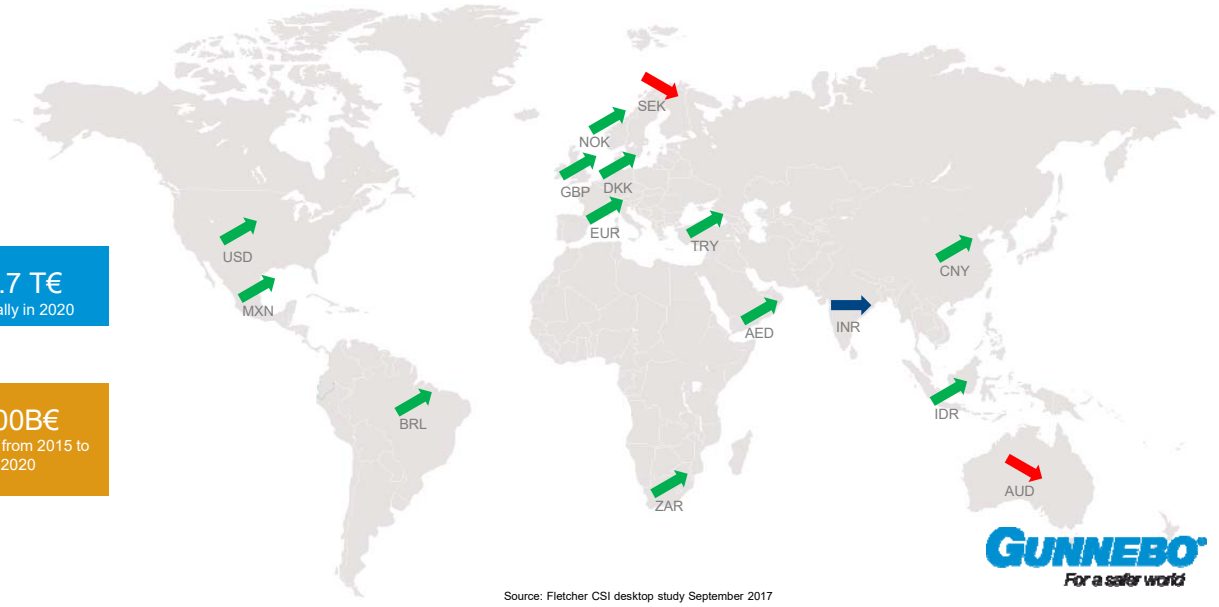
**9%**
Gunnebo global market share (2017)

**19%**
of Group sales YTD Q3 2017

*excl CIT services and bank

- Deposit and recycling
- Closed cash management
- Envelope and coin-roll systems
- Drive-up systems
- Application and monitoring software
- Services

# Cash Management
## Trends – Cash in Circulation




**5.7 T€**
Globally in 2020

**700B€**
Growth from 2015 to 2020

Source: Fletcher CSI desktop study September 2017

GUNNEBO
For a safer world

# Cash Management
## Cash as % of Payment Method

**60%**
of payments in cash in Europe, average

**3.6 Trillion**
Number of annual cash payments

- UK, average 60%
- France, average 45%
- Germany, 62%
- Emerging, 91%
- Sweden, average 20%

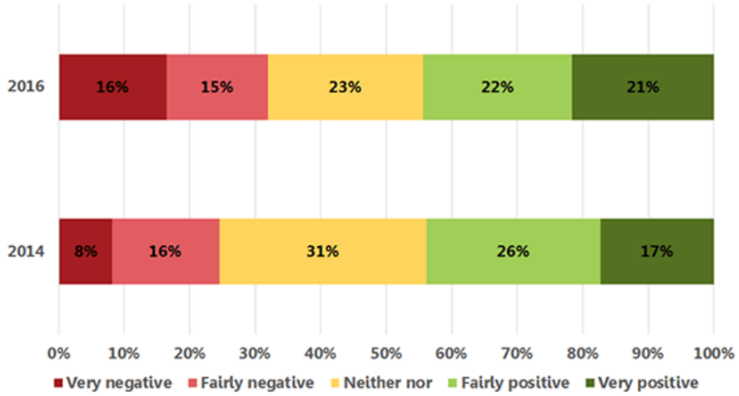
Source: Fletcher CSI desktop study September 2017

GUNNEBO
For a safer world

# Case Sweden
## Attitude towards Cash

**Positive or negative attitude to decline in cash?**

Three out of ten have a negative attitude towards the increasing decline of cash usage, which is an increase compared with 2014. Four out of ten feel that this development is positive.




Source: Riksbanken

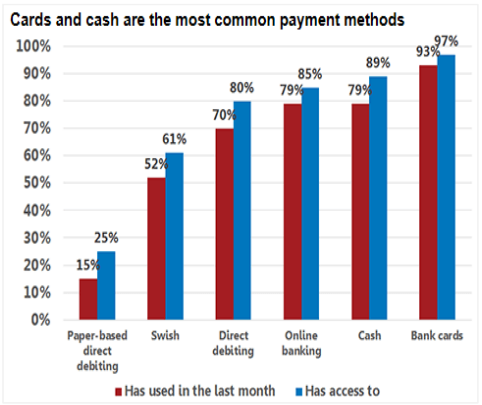


# Case Sweden
## Payment Trends

**199 million**
Notes in circulation
Value: MSEK 44,800

**454 million**
Coins in circulation
Value: MSEK 2,670

- Sweden is ranked as one of the world's most cashless countries - still…
  - On average, **4 million transactions are made every day** in the retail trade to a value of **BSEK 53**
  - .. of which **15-25% are made in cash**




Source: Riksbanken

# Cash Management
## Gunnebo's Offering

**Offering**

- Deposit and recycling
- Closed cash management
- Envelope and coin-roll systems
- Application and monitoring software
- Services

SafePay Closed Cash Management

SafeCash Retail Station

SafeCash Deposit

SafeCash Counter Deposit

**Brands**

GUNNEBO

sallén

HAMILTON

GUNNEBO For a safer world



# Cash Management
## Sales by Region and Customers

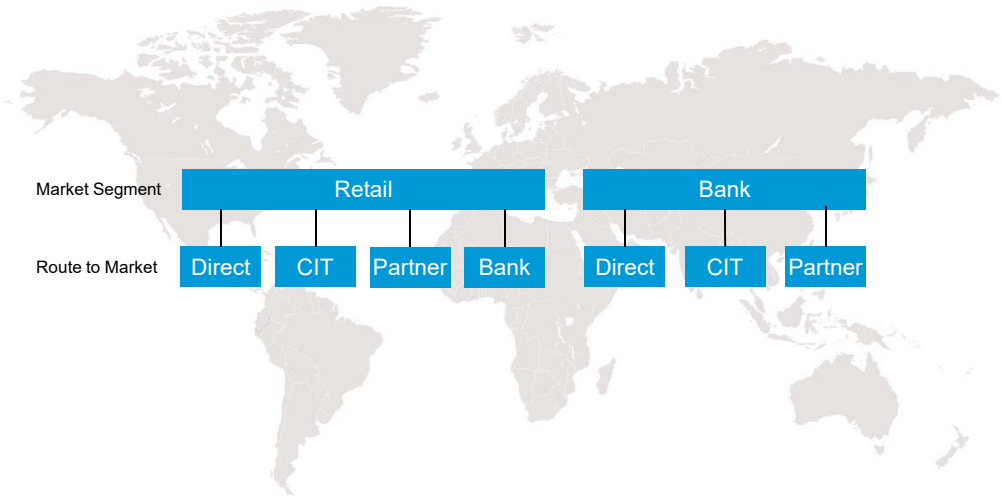
**Sales by Region**

**End Customers**

- Retail
- Gas Stations
- Restaurants
- Gaming & Lotteries
- Public Transport
- Bank
- Others

GUNNEBO For a safer world

# Cash Management
## Route to Market






# Cash Management
## Retail Concerns and Trends

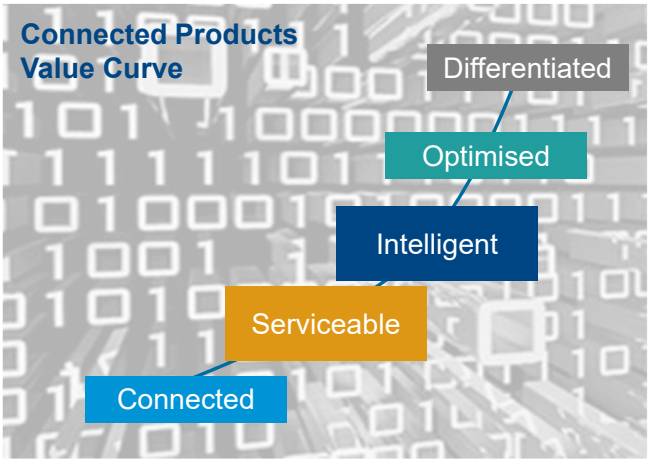
### Retail Concerns and Trends

- Concerns
  - Fraud and theft prevention
  - Check-out management
  - Workforce, process & cash flow optimisation
- Trends
  - Enhance customer experience
  - Integration of payment systems
  - Mobile solutions and technology

### How Gunnebo is Addressing Them

- By providing hardware solutions that are optimised for the risk profile, type of store, cash usage and CIT process
- Software solutions that integrate data from the POS system with cash and other payment systems as well as CIT allowing for full reconciliation
- Together with partners, provide cost efficient, complete cash service solutions including provisional credit and monitoring of the complete cash cycle

# Cash Management
## Case Software




- Data exchange and analysis
- Uptime and user experience
- Efficiency improvement
- Remote upgrade and user management

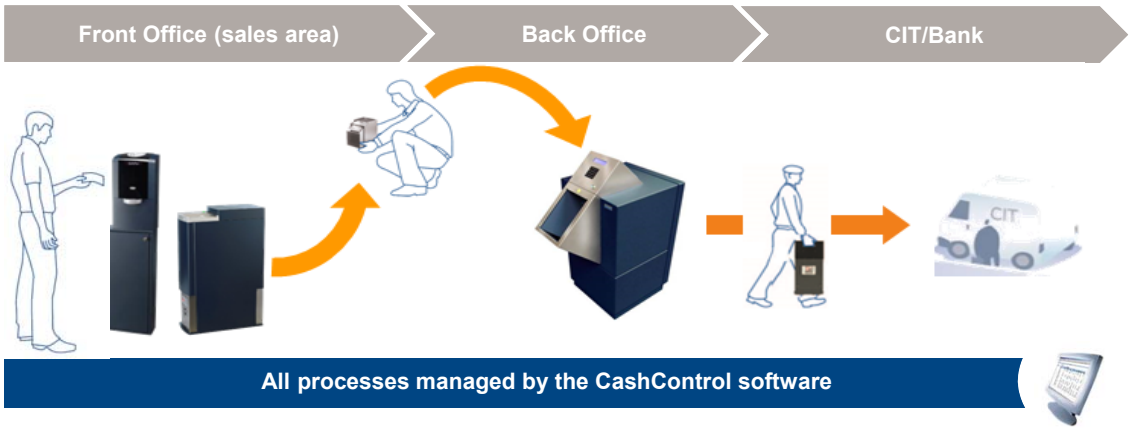
- Enables us to introduce new business propositions:
  - Software as a service
  - Security as a service
  - Subscription based solutions (Pay per use)



# Cash Management
## Case Closed Cash Management

**Transforming the way retailers manage cash**

- Closed cash management guarantees no access to cash, from payment in the store by the customer to it being credited in the bank



# Case SafePay
## Key Highlights

- >300 MSEK revenue in 2016 (65% systems, 35% service & licenses)
- Strengthened position in Scandinavia creating a solid basis from which to grow in other regions
- Strong business growth in Europe
- Opening APAC market in 2017 – flagship client in Malaysia and Thailand



GUNNEBO For a safer world

# Cash Management
## Case Drive-Up Systems

**What Drive-Up Means**
- Pneumatic tube systems
- Transaction drawers
- Bullet resistant windows
- Two-way audio & video communication

**Hamilton's Value**
- Managing and lowering the cost per transaction
  - Enabling a single teller to service multiple customers simultaneously
- Branch transformation driving the customer experience
- Lowering the cost of replacing existing equipment
- 50 years of drive-up banking expertise

**Segments**
- Bank
- Retail
- Pharmacy
- Hospitality

GUNNEBO For a safer world

# Cash Management
## Case Deposit with Major European Partner

- Established route to market – joint development of solutions since 2010
- Major tender released in May 2015 – contract signed December 2015
- End 2016: Joint development of new product specially designed for partner to offer new solutions in established markets
- Mid 2017: Extension of software platform to support the roll-out of new solutions allowing for cost-saving process optimisation
- End 2017: Roll-out into new markets started



GUNNEBO For a safer world

# Press Release Credit Unions – US

*A credit union is a financial co-operative where people pool their money to provide loans to each other. In the US credit unions have over 100 million members.*

- Gunnebo has launched a partnership with cash automation certified middleware specialists, CFM, to bring its cash recycler to credit unions across the USA
- TCR helps automate the cash handling process in bank environments
- Registers, counts, deposits, stores and dispenses cash on demand, giving staff more time to engage with customers
- This helps credit unions manage cash more efficiently and build client relationships at the same time



GUNNEBO For a safer world

# Case CIT Transguard

**Background**

- Transguard and Gunnebo have had a relationship for over 10 years, supplying entrance control and perimeter protection solutions to end customers such as Emirates Airlines and the UAE government

**Today: Focus on Cash Management**

- Gunnebo delivers secure, high-speed cash counting and deposit solutions to retail customers
- Gunnebo also manages the integration with banks used by different end users so Transguard can offer same-day credit directly to customer accounts

**What is the added value for the retailer?**

- Same-day credit
- Reduced shrinkage and risk of theft
- "Automated" and streamlined pick-up of deposited cash by Transguard
- Safer working environment and lower cost of counting and securing high values

**Installed base**

- 1,000+ units

"Our Cash Services business, Transguard Cash, has strengthened its position as the market leader in the region."

(Dr Abdulla Al Hashimi, Chief Executive Officer, Transguard Group LLC)



# Cash Management

## How We Will Continue to Grow

- Relationships and tailormade solutions to key players in the ecosystem
- Be at the top of the game understanding payment behaviours and trends
- Increased investments in software capabilities
- Expand on own technology and continue working with selected partners
- Provide full spectrum of solutions and services into the cash and information ecosystem

# Cash Management
## Key Takeaways

"Even in Sweden with one of the lowest usages of cash, retailers still need to deal with cash in a secure and efficient way"

Tomas Wängberg, SVP Business Development & Cash Management

- Cash is still king and growing in a changing market
- Cash cycle is moving out of the banks to ATMs, retailers and CIT
- Software, Cloud, customisation, integration and security are key
- Route to market, strategic partnerships are essential to become successful



GUNNEBO For a safer world

# Product Area Entrance Security

Robert Hermans

SVP Product Area Entrance Security

GUNNEBO For a safer world

# Entrance Security
## What Is It?

22%
of Group sales
YTD Q3 2017

- Entrance Control
- Security Doors & Partitions
- Electronic Article Surveillance
- Services

**Today's focus: Entrance Control**



# Entrance Control
## What Is It All About?

$676M
Global Market Value
2016

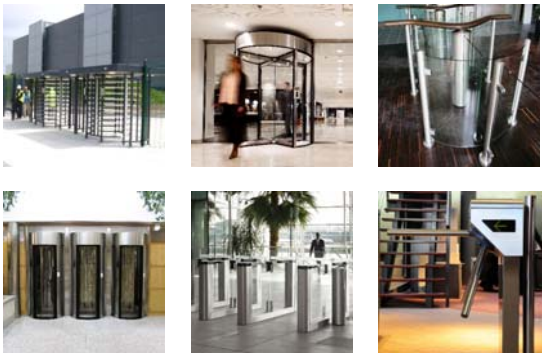
5.1%
Estimated CAGR
Market Growth 2021

13%
Gunnebo Global
Market Share

"Protecting people and assets by regulating and controlling access through passage barriers and detection systems"

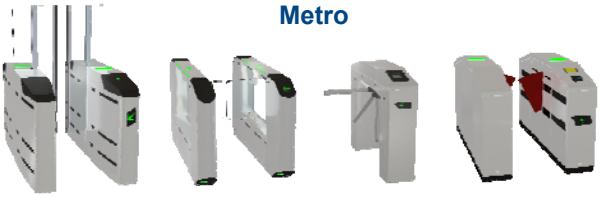
# Entrance Control
## Offering

Security Range
**Public & Commercial Buildings**



Mass Transit Range
**Airport**

Mass Transit Range
**Metro**





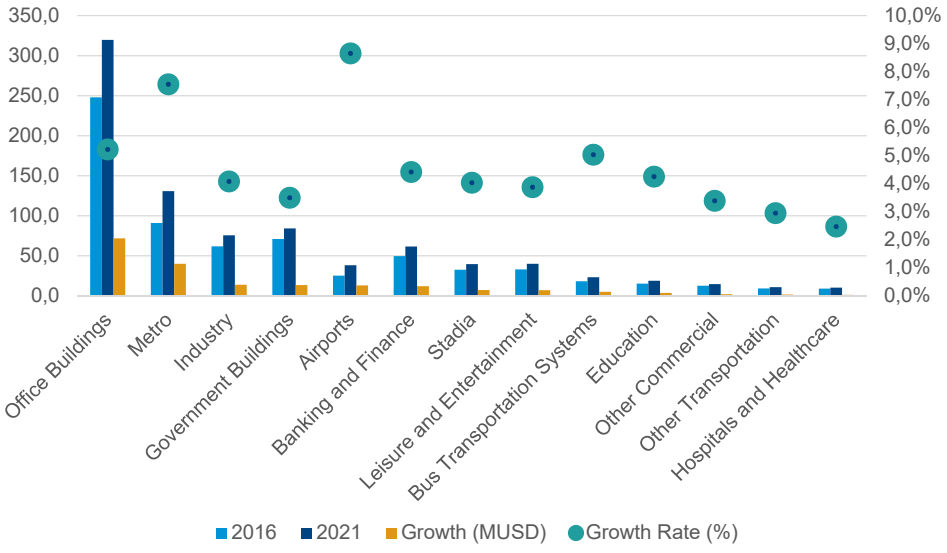
# Entrance Control
## In Daily Life

**+70,000 gates** installed worldwide

**+90 million** daily users

# Entrance Control

## Expected Market Growth by Segment 2016 – 2021 (MUSD)



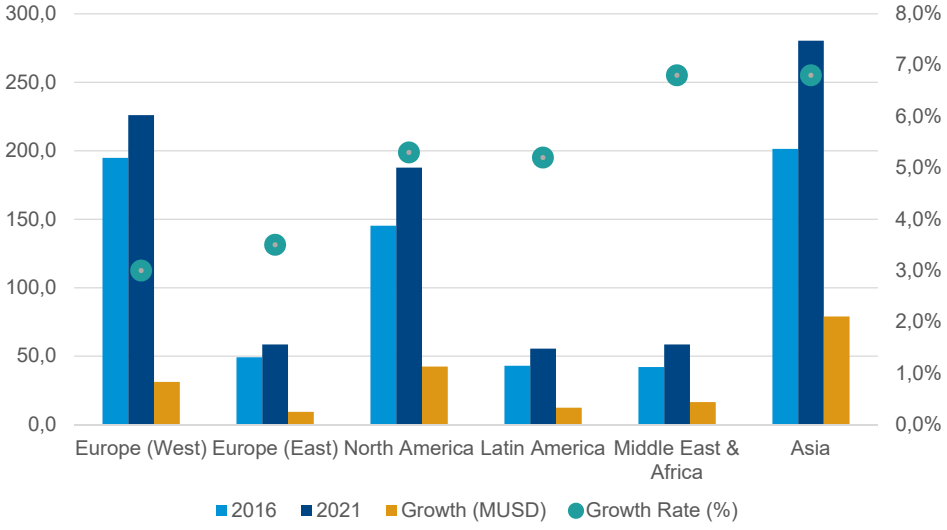

$676M
Global Market Value 2016



Source: IHS 2017

# Entrance Control

## Expected Market Growth by Region 2016 – 2021 (MUSD)




$676M
Global Market Value 2016



Source: IHS 2017

# Entrance Control
## Customers and Markets

### SALES BY REGION, YTD Q3 2017

- EMEA, 44%
- APAC, 42%
- Americas, 14%

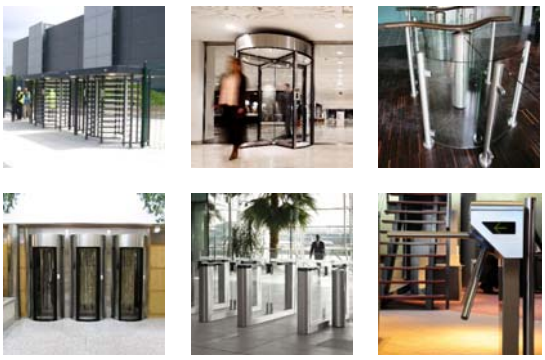
### END CUSTOMERS

- Public & Commercial Buildings
- Airport
- Metro



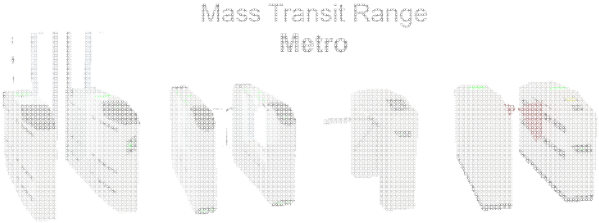
# Entrance Control
## Offering

Security Range
**Public & Commercial Buildings**



Mass Transit Range
Airport

Mass Transit Range
Metro



# Entrance Control

## Market Drivers – Public & Commercial Buildings

**Market Drivers**

- Reduction of overheads, receptionists, guards, etc.
- Growing terrorism and crime threats, actual and perceived
- Need for centralised security checking and audit control of personnel
- Facilitate universal mobility of staff and visitors
- Crowd-control management in sports, hospitality, expo, and concert arena access

**How Gunnebo is Addressing Them**

- Broad offering from outdoor and fencing lines security to indoor access and flow control
- Seamless integration in building environment through design and finishes options
- State-of-the-art single person detection
- Ergonomic design for daily ease-of-use
- Reliability and longevity
- Connectivity and actionable data and statistics/IOT



# Case Microsoft Headquarters Lyngby, Copenhagen

- Securing building access with speed gates
  - Separation of public and employee access
  - Ensure smooth flow in and out of the building
  - Provide accurate data on building occupancy
- Key Challenges
  - Lobby area with coffee shop open to public
  - Desire to appear open and welcoming
  - Match architectural expression of building

# Case Microsoft Headquarters Lyngby, Copenhagen

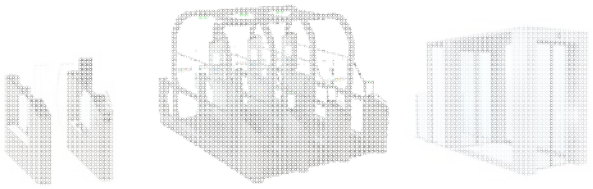
GUNNEBO
For a safer world

# Entrance Control

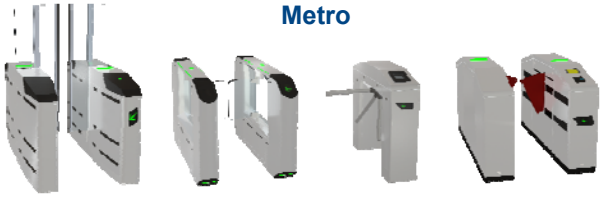
## Offering

Security Range
Public & Commercial Buildings

Mass Transit Range
Airport



Mass Transit Range
**Metro**





GUNNEBO
For a safer world

# Entrance Control

## Market Drivers – Mass Transit, Metro

**Market Drivers**

- Growth of urban populations driving inner-city developments for Metro & BRT
- Maximise return on investment through low cost of ownership
- Minimise fare evasion
- Increase process efficiency & opening hours
- Integration into the smart city concept

**How Gunnebo is Addressing Them**

- Special metro range with focus on durability, reliability and security
- Operational efficiency: crowd and throughput management using statistical data & forecasting
- Customisation capacity for integration of third-party devices
- Ergonomic design to simplify human machine interaction
- Scalable manufacturing capacity to deliver large projects with tight lead time



# Press Release Metro India

## Gunnebo Wins Breakthrough Metro Gates Deal in India

- In strategic partnership with SC Soft, Gunnebo will supply ticket gates for a major Indian metro line
  - Improved efficiency
  - Automated ticket validation
  - Avoid revenue loss
- Key challenges
  - New metro gate production line established to support Indian metro potential and offer high local content
  - Specific gate design

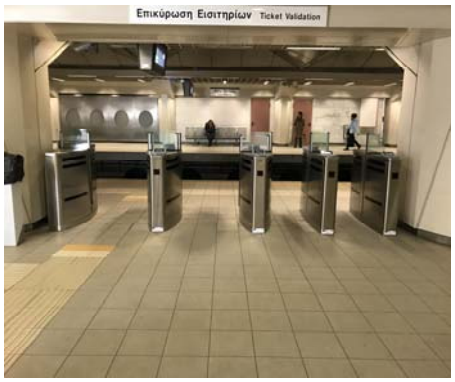
# Case Athens Metro

- Gunnebo has supplied 1,100 ticket gates to Athens Metro
  - Avoid revenue loss
  - Improved efficiency
  - Automated ticket validation
  - Prevent fare dodgers
- Key challenges
  - Largest one-off gate order manufactured within 6 months using 2 factories with consistent quality



GUNNEBO For a safer world

# Case Athens Metro



GUNNEBO For a safer world

# Entrance Control
## Offering

Security Range
Public & Commercial Buildings

Mass Transit Range
**Airport**

Mass Transit Range
Metro

# Entrance Control
## Market Drivers – Mass Transit, Airport

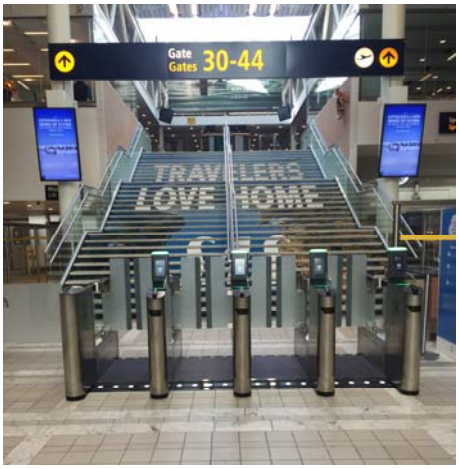
**Market Drivers**

- Increased cross-border movement of people
- Airport capacity constraints in a 7% year-on-year passenger growth
- Airlines seeking to maximise plane utilisation through reducing turnaround time and delays
- Airports & airlines competing on international stage through reducing operating costs
- Improve passenger satisfaction – customer care vs processing

**How Gunnebo is Addressing Them**

- Dedicated product range providing process automation at all passenger touchpoints
- In-built ability to customise to suit specific customer requirements
- Intuitive user interface for untrained users
- Software platform for ease of integration in complex airport environment
- Certified by all major integrators

# Case Swedish Airports
## Changing the Way You Travel

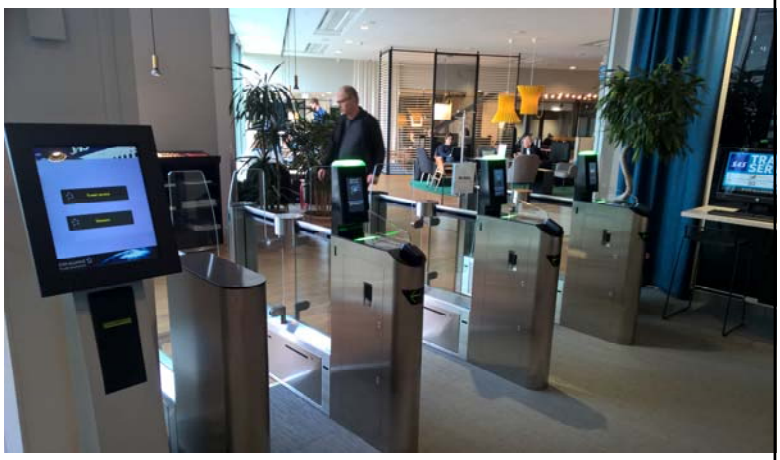



- Gunnebo is deploying self-service passenger automation solutions in all major Swedish airports
  - Swedavia 10 major airports
  - Most independent airports
  - SAS Lounges
  - Pre-security
  - Self-boarding
  - Lounge access
- Key Challenges
  - Seamless passenger interaction
  - Blend into the environment
  - Integration with different sub-systems



GUNNEBO For a safer world

# Case Swedish Airports
## Changing the Way You Travel





GUNNEBO For a safer world

# Case Billund Airport

## Improving Passenger Process through Automation

- Gunnebo has supplied automated boarding pass check solution - located just before the security screening. Allows Billund airport to:
  - Streamline passenger process
  - Cope with increased passenger numbers year on year
  - Automate process and focus airport staff on customer care
  - Increase retail revenue



# Entrance Control

## How We Will Continue to Grow

**Competitiveness**

- Modular build and design concept
- Value engineering
- Design for manufacture and lean manufacturing

**Innovation**

- State-of-the-art detection – single person detection
- Smooth, scalable and reliable movement
- Intelligent and connected gate – smart data applications

**Lead the Market**

- Brand positioning - aesthetic design, ergonomics, innovation and reliability
- Innovative solution responding to specific market needs – from product to applications by market segments
- Develop close relationship / partnership with key international system integrators

## Entrance Control
### Key Takeaways

- Gunnebo Entrance Control holds a leading position in growing segments globally
- We are driving an agressive focus on Lean and Value Engineering to safeguard our competiveness and margin retention
- We are satisfying new market needs for connectivity and intelligence through development of apps collecting actionable data
- We are moving from product to application
- We have the ability to deliver large projects globally

GUNNEBO For a safer world

# Product Area Safes & Vaults

Rolf Kjällgren

SVP Product Area Safes & Vaults

GUNNEBO For a safer world

# Safes & Vaults
## What Is It All About?

**$3.8B**
Estimated market value 2020*

**6.3%**
Estimated CAGR Market Growth 2020*

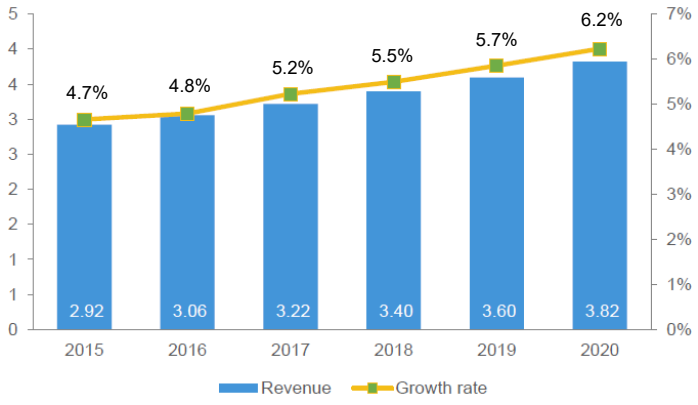
**7%**
Gunnebo global market share

**33%**
of Group sales YTD Q3 2017

- Protecting valuables from burglary and fire
- Ensure compliance
- Ease of access and use
- Peace of mind

* Source: 2015-2019 Global Safes & Vaults Market.
Copyright Infiniti Research Ltd 2015

# Safes & Vaults
## Global Safes & Vault Market 2015 – 2020, BUSD

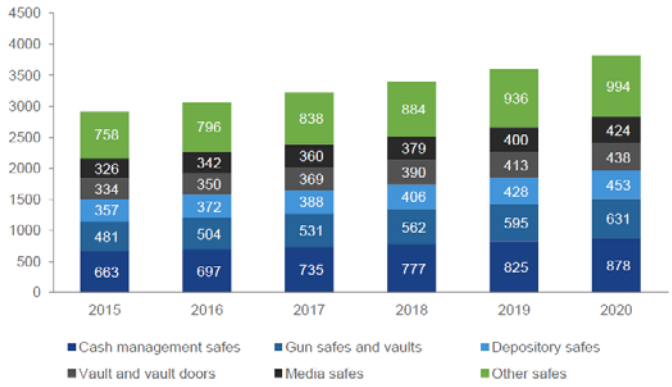





Source: 2015-2019 Global Safes & Vaults Market.
Copyright Infiniti Research Ltd 2015

# Safes & Vaults

## Global Market Split by Product Category 2015 – 2020, MUSD




**Gunnebo has an offering within:**

- Cash Management
- Depository Safes
- Vaults & Doors
- Media Safes
- Other Safes



Source: 2015-2019 Global Safes & Vaults Market.
Copyright Infiniti Research Ltd 2015

# Safes & Vaults

## Market Challenges

Chubbsafes MiniBanker

- Fragmented market
- High total cost of ownership and low repeat business
- Generally low security knowledge among buyers
- Increased demand for sophistication
- Lack of global security standards

# Safes & Vaults
## Market Trends

- Digitisation of locks for safes and vaults
- Increased demand for personal safes and vault units
- Popularity of biometric safes – driven by US
- Increasing demand from other sectors than bank such as pharma, hospitality and retail

Chubbsafes Electronic Hotel Safe



GUNNEBO For a safer world

# Safes & Vaults
## Market Drivers High-End Segment

**Market Drivers**

- Reduction of bank market/branch network, reduction of protection in banks and more non-vault banks in mature markets
- ATM and cash management growing instead
- Trend towards lower protection levels in mature markets due to increasing focus on electronic measures/technology
- Increased interest for high protection solutions outside banks (e.g. retail, pharmaceutical) driven by legislation

**How Gunnebo is Addressing Them**

- The shrinking bank market is also generating new opportunities: network restructuring and refurbishment of branches creates openings for the creation of new strong rooms, the installation of SDLs, and the implementation of new services such as SafeStore Auto
- Focus and grow the ATM and cash management segment
- More competitive offering in lower segment – focus on range and growing Channel Partner business with Channel Partner programme
- Target segments where our share is lower today (e.g. pharma in US or commercial segment in India and China)



GUNNEBO For a safer world

# Safes & Vaults

## Market Drivers Low-End Segment

**Market Drivers**

- Increasing demand for low and ungraded safes - SOHO and home safes popularity is growing
- Developing countries power future market growth
- Online sales are growing which creates greater price visibility, impacting local pricing
- Safes becoming a commodity, increasing use of locally certified products as opposed to the traditional ECB.S high-end labels

**How Gunnebo is Addressing Them**

- More competitive offering in lower segment with adapted range
- Grow Channel Partner business with Channel Partner programme
- Stronger focus on developing countries to capture growth
- Stronger leverage of our brand as differentiator
- Train, educate and promote security and certification on key markets



# Safes & Vaults

## Gunnebo's Offering Safes

- Secure enclosures
- Uncertified safes
- Certified safes
- Fire safes

# Safes & Vaults

## Gunnebo's Offering Vaults, Doors & SDLs

Chubbsafes Centurion

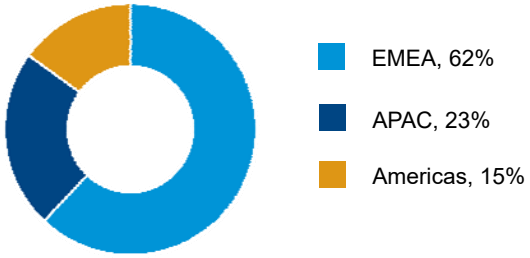
*Gunnebo SafeStore Auto*



# Safes & Vaults

## Customers and Markets

### SALES BY REGION, YTD Q3 2017




### END CUSTOMERS

- Retail
- Hospitality
- Commercial sector
- Warehouses storing high-value or high-risk goods, such as pharmaceuticals
- SME & domestic
- Bank

# Safes & Vaults
## History, Legacy & Brands

- Safes & Vaults is a business built on heritage
- Gunnebo has some of the world's strongest global and local brands in the portfolio

Chubbsafes — Safes & Vaults. Founded in England in **1818**. Part of the brand portfolio since 2000.

Fichet-Bauche — Safes & Vaults. Founded in France in **1825**. Part of the brand portfolio since 1999.

GUNNEBO — Vaults, SDL's and EMP. Founded in Sweden in **1764** and part of the brand portfolio since 1995.

STEELAGE — Safes. Founded in India in **1932**. Part of the brand portfolio since 2000.

HAMILTON — Safes. Founded in the USA in **1967**. Part of the brand portfolio since 2012.

ROSENGRENS — Safes. Founded in Sweden in **1886**. Part of the brand portfolio since 1994.



GUNNEBO For a safer world

# Safes & Vaults
## How to Grow the Business

- Leverage strong global brands into new market verticals
- Capture growth in new market segments
- Leverage segments where we can fully utilise our global manufacturing footprint
  - ATM
- Utilise our deep knowledge and legacy in the business and evolve it into new solution areas
  - EMP cabinets, smart lockers
- Re-invent traditional solutions to fit today's customer demands
  - SafeStore Auto

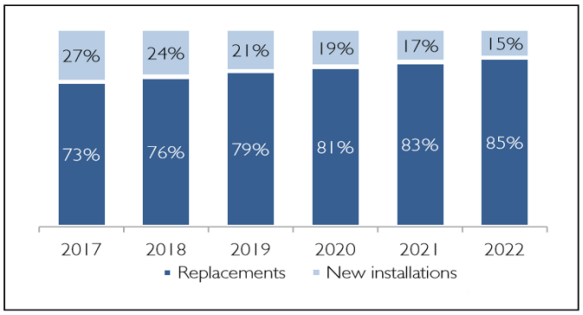
Chubbsafes Viper

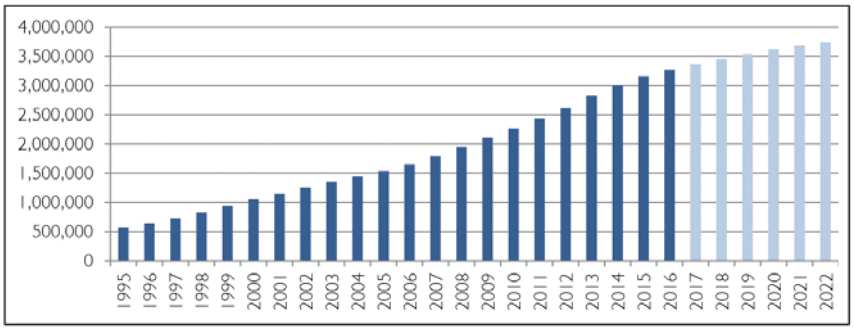


GUNNEBO For a safer world

# Case ATM
## Global Installed Base

- CAGR in global installed base between 2016 to 2022 forecasted to be 2.3%




Source: Global ATM Market and Forecasts to 2022, published by RBR in Aug 2017



# Case ATM
## Gunnebo and the ATM Safes Business

- The largest segment in S&V
- Global KAM and support – not through the regions/SCs
- Global design and optimisation
- Value engineering and manufacturing development for continuous cost reductions
- Global manufacturing footprint
- Test and certification management
- Being the physical security solution partner to ATM
- Further growth opportunities by expanding customer base within Cash Management but outside ATM

# Press Release ATM
## Extended Partnership with NCR

- Gunnebo will supply safes from its Halol factory in India, providing NCR with a competitive solution for the US market
- The Columbus plant, located in Georgia, USA, has an annual demand for ATM safes worth approximately $6 million
- Gunnebo has a longstanding relationship with NCR with whom it has worked closely over the years to ensure its ATM safes meets the highest of quality standards
- Through its partnership with NCR and other ATM manufacturers around the globe, Gunnebo is the world's biggest supplier of ATM safes



# Case Electromagnetic Pulse (EMP) Safes

**Challenges**

- Modern life is computer controlled. Governments, military, infrastructure & commercial organisations rely upon IT for everything.
- Biggest threat: nuclear and other man-made devices are capable of taking out management control systems

**Gunnebo's Solution**

- A safe protecting against EMP and radio wave information tapping
- Disclosure signal emissions from the cabinet are blocked protecting servers with sensitive data from intrusion, eavesdropping and information bottling
- Provides the highest level of physical security protection, more than any similar security cabinet on the market
- Developed in close collaboration with European Government Agency

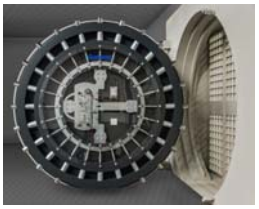
# Press Release SafeStore Auto
## Gunnebo Seals Private Storage Order in China

- Thai Conglomerate CP Group is developing a new business model in Beijing by offering a high-level secure storage solution in the city centre dedicated to premium customers
- Solution is composed of
  - 2 round doors (9 tonnes each)
  - 1 SafeStore Auto Maxi with 2000 boxes
  - 5 UL Hamilton doors
- **Order value: 3 M€**

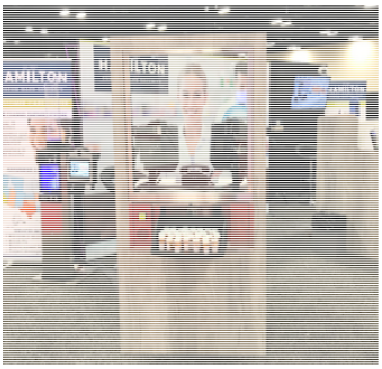
**About SafeStore Auto**

SafeStore Auto is an automated safe deposit locker solution, making it possible for banks and other providers of safe deposit locker services to provide a 24/7 self-service solution.

CHAROEN POKPHAND GROUP



# Case Pharmacies in the US



**Market Driver:** More state laws and regulations for narcotics storage are creating need for safes, whereas in the past these regulations have been minimal

- The security needs of retail pharmacies are similar to those of a bank branch
  - Safes
  - Window/Prescription drawers
  - Pneumatic tube systems
  - Camera surveillance
  - Alarm panels
- Retail pharmacies are a first step to get into new market segments as distribution centres, hospitals, nursing homes etc, where drugs are stored and distributed and larger safes and vaults are used

# Safes & Vaults
## Route to Market

**Sales channels**

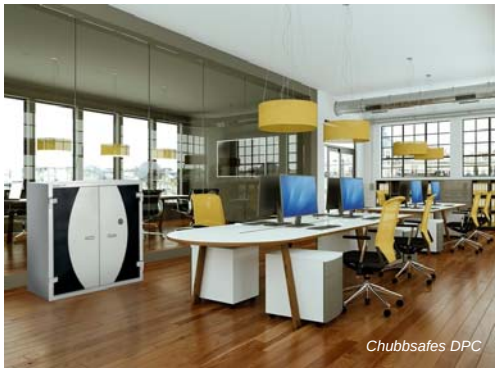
- Direct sales of products and services
- Indirect sales through Channel Partners
- OEM sales

# Safes & Vaults
## How to Grow the Business

- Leverage strong global brands into new market verticals
- Capture growth in new market segments
- Leverage segments where we can fully utilise our global manufacturing footprint
- Utilise our deep knowledge and legacy in the business and evolve it into new solution areas
- Re-invent traditional solutions to fit today's customer demands

# Safes & Vaults
## Key Takeaways

- Safes & Vaults is Gunnebo's oldest and largest business
- Gunnebo, through acquired brands and businesses, has a very strong legacy in the market
- Agenda in place to grow Safes & Vaults
  - Major growth has come from ATM Safes and we must continue to grow ATM and broaden the customer base
  - Continue to shift business into new market segments and reduce dependency on bank
  - Gain market share in segments where we are weak by better leveraging our brands through more Channel Partner sales
  - New innovative solutions for targeted segments, EMP example with high potential
- Improve productivity to increase profitability


Chubbsafes DPC

© Gunnebo Group I CMD November 23 2017 I page 113

GUNNEBO For a safer world

# Gunnebo Retail Solution
# - The connected future -

GUNNEBO For a safer world

GUNNEBO
For a safer world

# Final CEO Statements

Henrik Lange
President & CEO

GUNNEBO
For a safer world

## What We Have Covered

| | | |
|---|---|---|
| 08.30-08.40 | Welcome | |
| 08.40-09.10 | Strategy update | Henrik Lange |
| 09.10-09.30 | Financial update | Susanne Larsson |
| 09.30-10.15 | Cash Management | Tomas Wängberg |
| **10.15-10.30** | **COFFEE** | |
| 10.30-11.15 | Entrance Security | Robert Hermans |
| 11.15-12.00 | Safes & Vaults | Rolf Kjällgren |
| 12.00-12.30 | GBS demo | Mikael Sundebäck |
| 12.30-12.40 | Final CEO statements | Henrik Lange |
| 12.40-13.00 | Q&A | |
| **13.00-14.00** | **LUNCH** | |



GUNNEBO For a safer world

## Conclusions

- We have a clear strategy and we are well on the way on this journey
- Both Region APAC and Americas are performing well
- Region EMEA is a mixed picture where some parts – like Middle East – are performing well whereas others, like France and South Africa – are not
  - Agenda in place how to get back into growth and drive productivity in France
  - Manufacturing unit closed in South Africa, allowing full focus on customers and sales
- Strong agenda in place to support growth
  - By main Product Area
  - In software and digitisation
  - Targeted non-organic growth
- Structural measures continue to drive productivity
  - Logistics
  - Procurement
  - General



GUNNEBO For a safer world

# Q&A

GUNNEBO
For a safer world