

INTERIM REPORT

January – June 2017

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President and CEO



Highlights January - June

- Organic sales growth 3% (8)
- Good organic sales growth in both SSNA and SSIA
- SSE showed 0 percent organic sales growth despite a few previously communicated large contract terminations and lower extra sales
- Operating margin 4.8% (4.9), mainly due to operational overcapacity and negative leverage in a few countries in SSE
- EPS real change 4%
- Free cash flow to net debt ratio 0.13 (0.13)
- Net debt to EBITDA ratio 2.5 (2.7)
- Sales of security solutions and electronic security continued to grow at a high pace

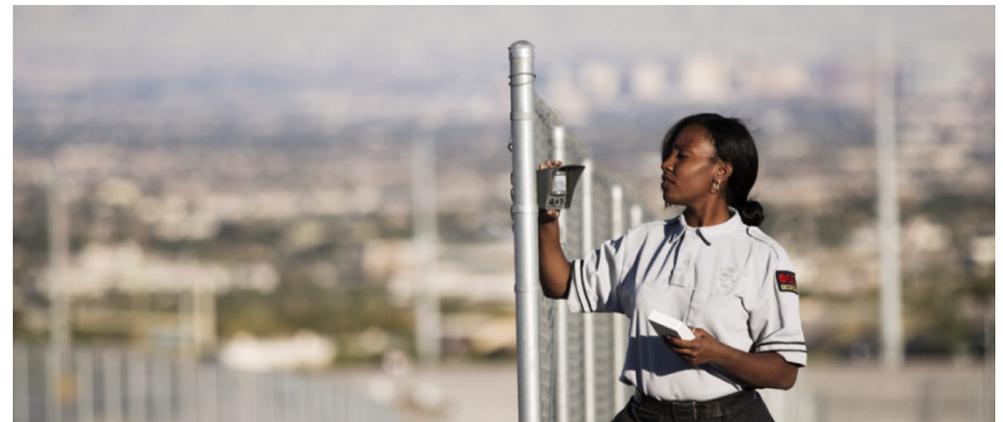
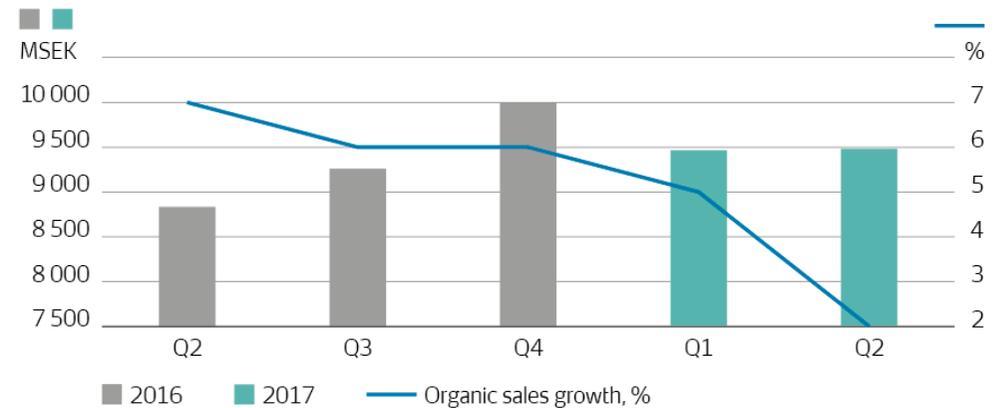


Financial Highlights

MSEK	Q2 2017	Q2 2016	<i>Total change %</i>	<i>Real change %</i>	H1 2017	H1 2016	<i>Total change %</i>	<i>Real change %</i>
Sales	23 031	21 517	7	4	45 522	42 131	8	5
<i>Organic sales growth, %</i>	<i>3</i>	<i>8</i>			<i>3</i>	<i>8</i>		
Operating income before amortization	1 132	1 087	4	1	2 183	2 083	5	1
<i>Operating margin, %</i>	<i>4.9</i>	<i>5.1</i>			<i>4.8</i>	<i>4.9</i>		
Amortization and impairment of acquisition-related assets	-61	-69			-124	-135		
Acquisition-related costs	-9	-21			-13	-41		
Operating income after amortization	1 062	997	7	3	2 046	1 907	7	3
Financial income and expenses	-94	-97			-196	-181		
Income before taxes	968	900	8	4	1 850	1 726	7	3
Net income for the period	690	632	9	5	1 314	1 213	8	4
Earnings per share (SEK)	1.89	1.73	9	5	3.60	3.32	8	4

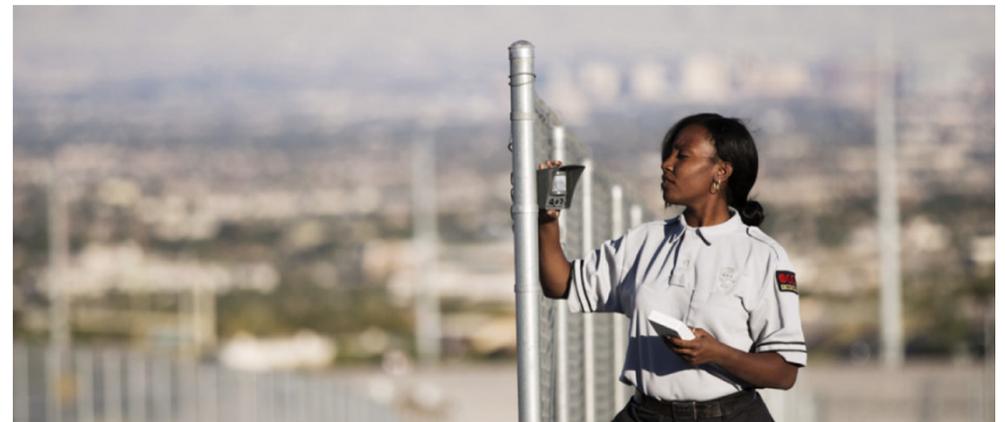
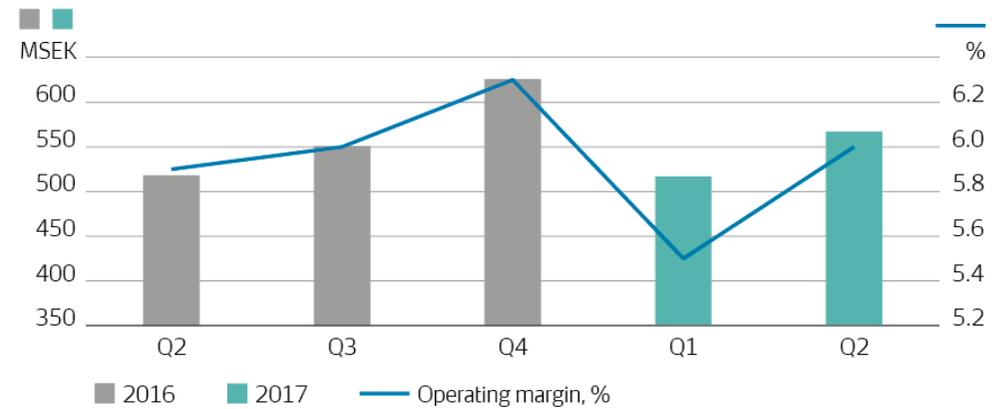
Security Services North America H1 2017 Sales Development

- Sales MSEK 18 946 (17 098)
- Organic sales growth 4 percent (6)
- Strong organic sales growth in almost all units, driven by strong new sales and high client retention
- Sales of security solutions and electronic security continued to grow at a good speed



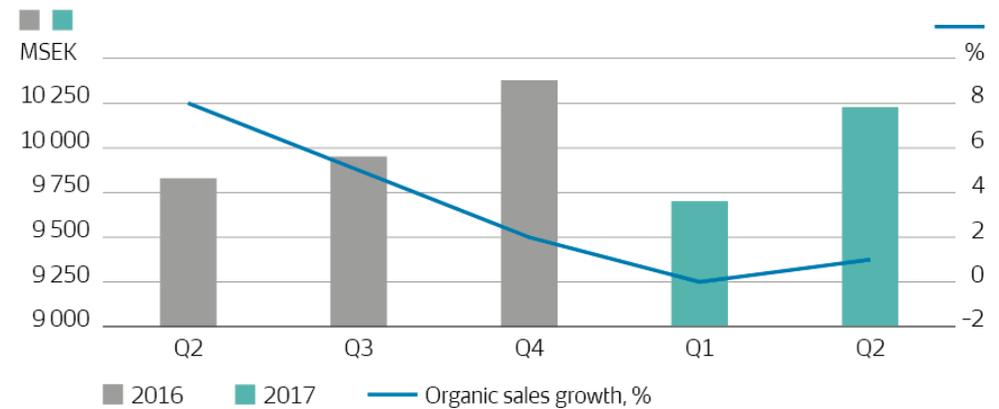
Security Services North America H1 2017 Operating Income Development

- Operating income before amortization MSEK 1 084 (952)
- Operating margin 5.7 percent (5.6), an improvement deriving from the strong topline giving leverage to the cost base



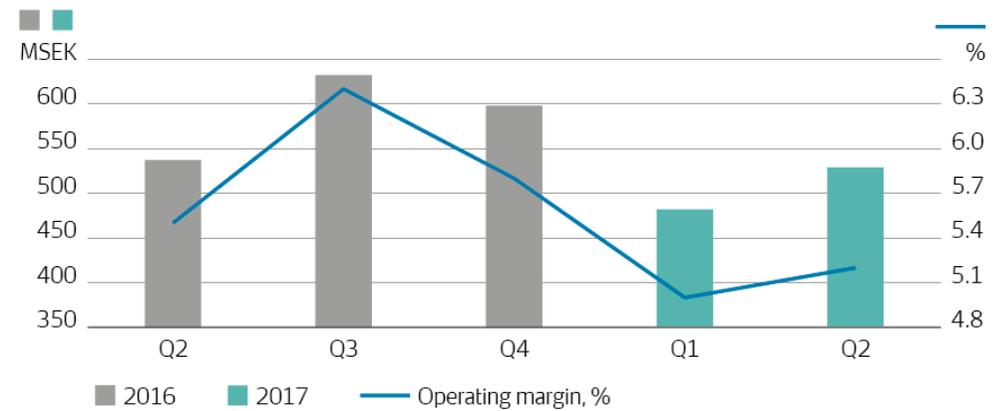
Security Services Europe H1 2017 Sales Development

- Sales MSEK 19 930 (19 364)
- Organic sales growth 0 percent (8)
- Germany, Netherlands and Turkey were main contributors to organic sales growth, however the growth was offset by lower refugee-related extra sales and the loss a few large previously communicated customer contracts
- We expect a gradual recovery of the portfolio business towards the end of 2017
- Sales of security solutions and electronic security continued to grow at a good pace



Security Services Europe H1 2017 Operating Income Development

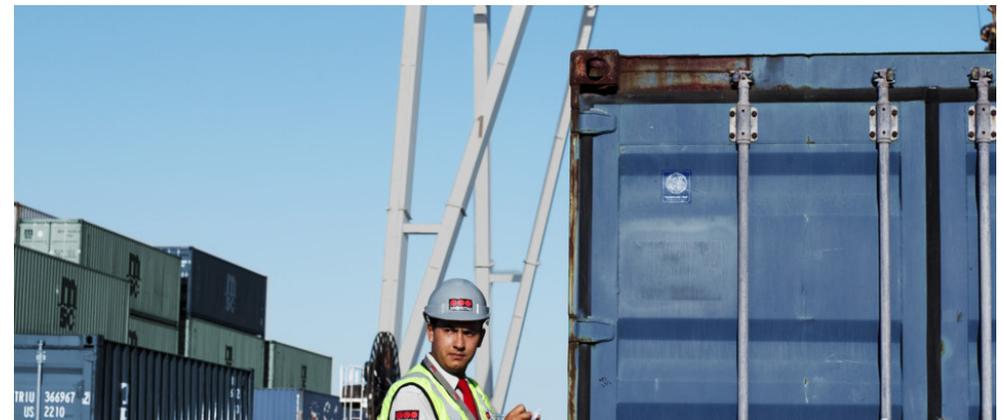
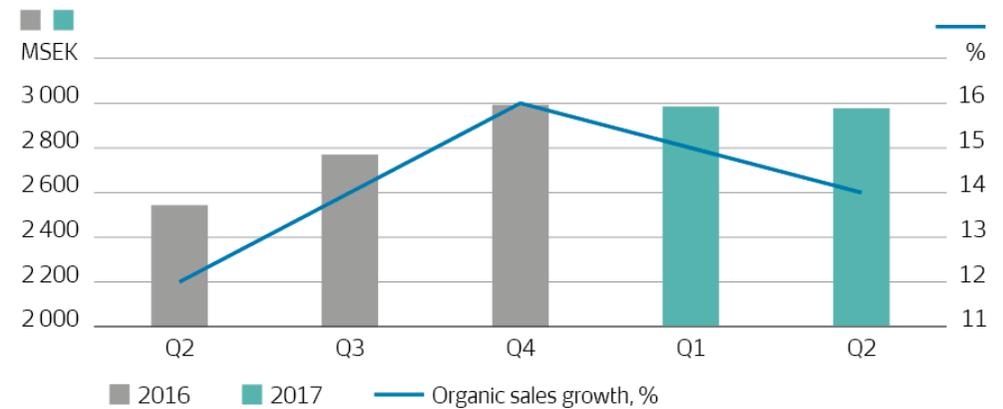
- Operating income before amortization MSEK 1 011 (1 053)
- Operating margin 5.1 percent (5.4), a decline mainly explained by operational overcapacity and negative leverage in a few countries
- During the second quarter some cost reduction measures have been taken in order to adapt the structure to the expected sales growth levels





Security Services Ibero-America H1 2017 Sales Development

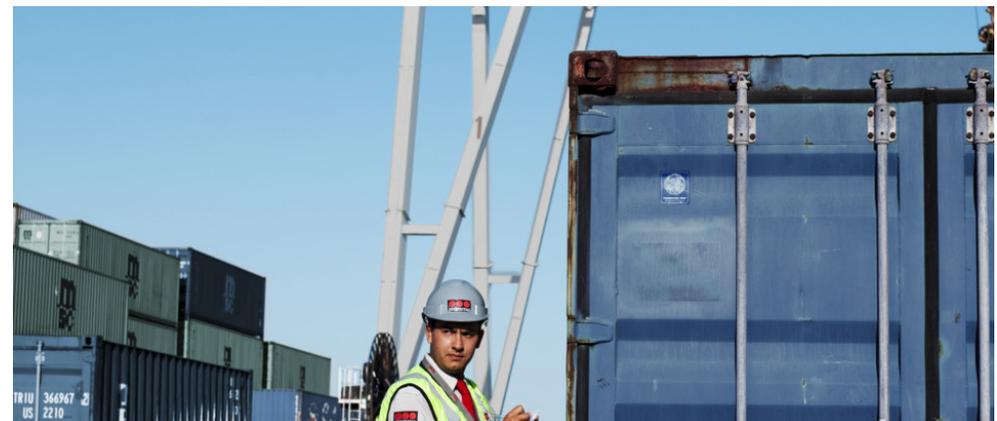
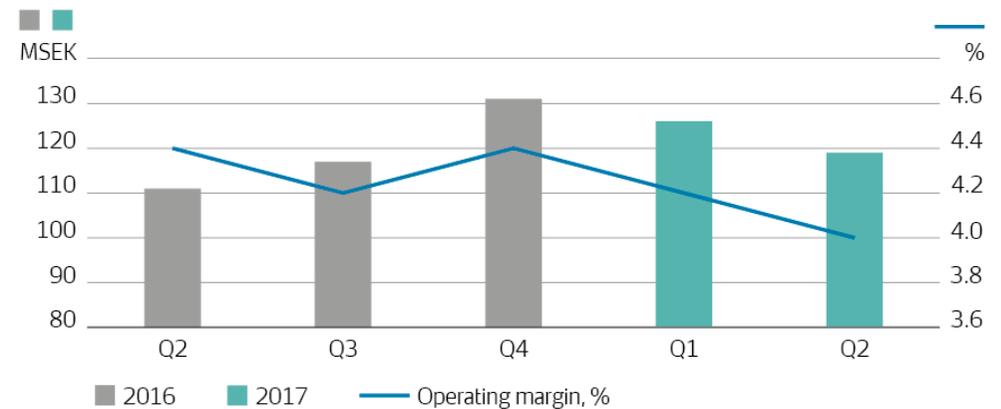
- Sales MSEK 5 962 (5 042)
- Organic sales growth 14 percent (13)
- Strong improvements in Chile, Portugal and Spain
- Argentina remained the main contributor to the business segment's organic sales growth, however the country is facing signs of stagnation in the macro economy
- In Latin America, organic sales growth was 21 percent (22)
- Sales of security solutions and electronic security continued to grow at good speed





Security Services Ibero-America H1 2017 Operating Income Development

- Operating income before amortization MSEK 245 (225)
- Operating margin 4.1 percent (4.5), a decline due to loss-making performance in Peru
- Actions have been taken in the second quarter to increase profitability in Peru and the performance is expected to improve in the second half of the year
- Spain and Portugal supported the operating margin in the business segment



Cash Flow

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating income before amortization	1 132	1 087	2 183	2 083
Investments in non-current tangible and intangible assets	-423	-542	-815	-867
Reversal of depreciation	341	284	674	566
Net investments in non-current assets	-82	-258	-141	-301
Change in accounts receivable	-169	-356	155	-543
Change in other operating capital employed	-27	100	-971	-491
Cash flow from operating activities	854	573	1 226	748
<i>Cash flow from operating activities, %</i>	<i>75</i>	<i>53</i>	<i>56</i>	<i>36</i>
Financial income and expenses paid	-39	-37	-346	-230
Current taxes paid	-404	-321	-715	-530
Free cash flow	411	215	165	-12
<i>As % of adjusted income</i>	<i>53</i>	<i>28</i>	<i>11</i>	<i>-1</i>
Free cash flow to net debt	-	-	0.13	0.13

The net investments include capex in security solutions contracts

Net Debt Development

MSEK

Net debt Jan 1, 2017	-13 431
Free cash flow	165
Acquisitions	-228
Dividend	-1 369
Change in net debt	-1 432
Revaluation	-29
Translation	353
Net debt Jun 30, 2017	-14 539



Executing on our Strategy

Security solutions and electronic security – sales, BSEK

2014 : 6.5 (9% of total, +28%)
2015 : 9.3 (11.5% of total, +38%)
2016 : 14.1 (16% of total, +56%)

Guarding – sales, BSEK

2014: 63.7
2015: 71.6
2016: 74.1

4%

Guarding

6%

Specialized
guarding

8%

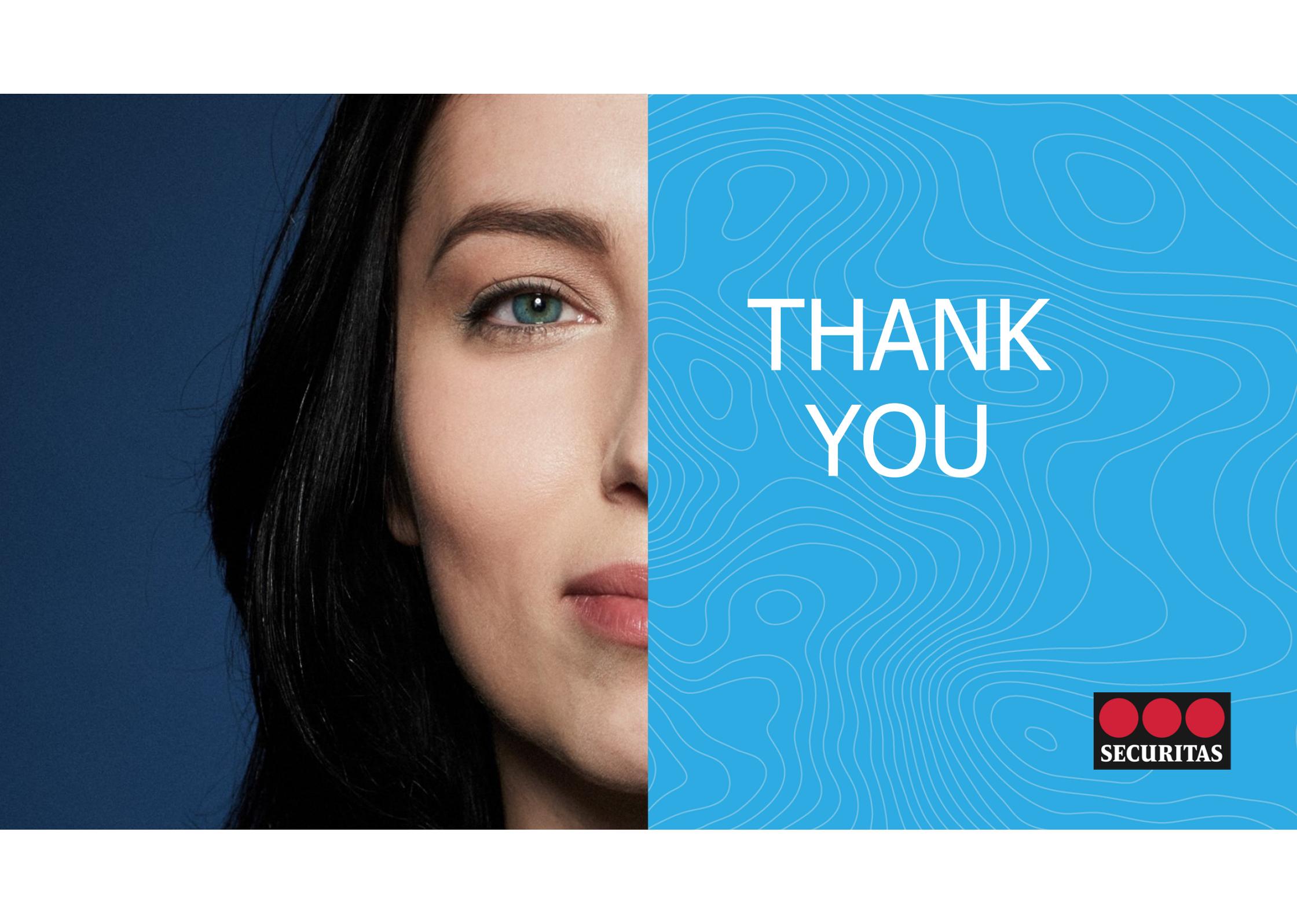
Guarding
solutions

10%

Security
solutions

Q&A





THANK
YOU

