Securitas AB

Interim Report
January–June 2017

SECURITAS

APRIL–JUNE 2017

- **Total sales MSEK 23 031 (21 517)**
- **Organic sales growth 3 percent (8)**
- **Operating income before amortization MSEK 1 132 (1 087)**
- **Operating margin 4.9 percent (5.1)**
- **Earnings per share SEK 1.89 (1.73)**

JANUARY–JUNE 2017

- **Total sales MSEK 45 522 (42 131)**
- **Organic sales growth 3 percent (8)**
- **Operating income before amortization MSEK 2 183 (2 083)**
- **Operating margin 4.8 percent (4.9)**
- **Earnings per share SEK 3.60 (3.32)**
- **Free cash flow/net debt 0.13 (0.13)**

COMMENTS FROM THE PRESIDENT AND CEO

Organic sales growth remained good at 3 percent in the first half year on top of an extraordinarily high growth in 2016. Market dynamics in the US remain favorable and our ability to deliver complete electronic security solutions is giving us a strong market momentum in the US market. Our Ibero-American business segment also had strong organic sales growth. In Spain and Portugal, our consistent investments in security solutions and electronic security since 2011 enable us to successfully grow faster than the security market. In Europe, total sales were higher than last year in spite of a few previously communicated large contract terminations and a reduction of the extra sales compared with the unusually high levels in 2016. We expect a gradual recovery of the portfolio business towards the end of 2017.

The operating margin was slightly below last year. It improved in North America while Europe had some operational overcapacity and negative leverage in a few countries. Earnings per share improved by 8 percent with a real change of 4 percent in the first six months.

We continue to deliver on our strategy. Security solutions and electronic security continue to grow at a high pace and is becoming a larger part of total Group sales.

As an important part of our strategy, Vision 2020, we are gradually increasing investments in digitizing our customers' historical and real-time data in order to produce more predictive security. In combination with our security solutions and electronic security strategy, intelligent security will create further customer value, enhanced security, and strengthen our leadership in the global security market.

Alf Göransson
President and Chief Executive Officer

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FINANCIAL SUMMARY

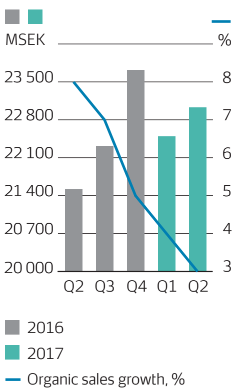
	Quarter		Change. %		H1		Change. %		Full year	Change. %
MSEK	**Q2 2017**	**Q2 2016**	*Total*	*Real*	**2017**	**2016**	*Total*	*Real*	**2016**	*Total*
Sales	**23 031**	**21 517**	**7**	**4**	**45 522**	**42 131**	**8**	**5**	**88 162**	**9**
Organic sales growth, %	*3*	*8*			*3*	*8*			*7*	
Operating income before amortization	**1 132**	**1 087**	**4**	**1**	**2 183**	**2 083**	**5**	**1**	**4 554**	**11**
Operating margin, %	*4.9*	*5.1*			*4.8*	*4.9*			*5.2*	
Amortization of acquisition related intangible assets	–61	–69			–124	–135			–288	
Acquisition related costs	–9	–21			–13	–41			–113	
Operating income after amortization	**1 062**	**997**	**7**	**3**	**2 046**	**1 907**	**7**	**3**	**4 153**	**10**
Financial income and expenses	–94	–97			–196	–181			–389	
Income before taxes	**968**	**900**	**8**	**4**	**1 850**	**1 726**	**7**	**3**	**3 764**	**8**
Net income for the period	**690**	**632**	**9**	**5**	**1 314**	**1 213**	**8**	**4**	**2 646**	**8**
Earnings per share, SEK	1.89	1.73	9	5	3.60	3.32	8	4	7.24	9
Cash flow from operating activities, %	*75*	*53*			*56*	*36*			*67*	
Free cash flow	411	215			165	–12			1 721	
Free cash flow to net debt ratio	*-*	*-*			*0.13*	*0.13*			*0.13*	
Net debt to EBITDA ratio	*-*	*-*			*2.5*	*2.7*			*2.4*	

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

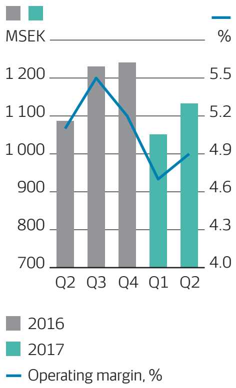
	Organic sales growth				Operating margin			
	Q2		H1		Q2		H1	
%	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Security Services North America*	2	7	4	6	6.0	5.9	5.7	5.6
Security Services Europe	1	8	0	8	5.2	5.5	5.1	5.4
Security Services Ibero-America	14	12	14	13	4.0	4.4	4.1	4.5
Group	**3**	**8**	**3**	**8**	**4.9**	**5.1**	**4.8**	**4.9**

* Comparatives have been restated. Refer to note 11 for further information.

Group quarterly sales development



Group quarterly operating income development



APRIL–JUNE 2017

Sales development

Sales amounted to MSEK 23 031 (21 517) and organic sales growth was 3 percent (8). In Security Services North America, the portfolio growth remained good while the quarter faced strong comparatives from high extra sales in the second quarter last year. Security Services Europe returned to positive organic sales growth despite a few previously communicated large contract terminations and lower extra sales. Organic sales growth in Security Services Ibero-America improved, with strong development in the Iberian countries.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 4 percent (12).

Operating income before amortization

Operating income before amortization was MSEK 1 132 (1 087) which, adjusted for changes in exchange rates, represented a real change of 1 percent (22).

The Group's operating margin was 4.9 percent (5.1), a decline mainly explained by Security Services Europe due to some operational overcapacity and negative leverage in a few countries. Security Services North America improved the operating margin while Security Services Ibero-America showed a lower operating margin due to a weak performance in Peru.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –61 (–69).

Acquisition related costs were MSEK –9 (–21). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –94 (–97).

Income before taxes

Income before taxes was MSEK 968 (900).

Taxes, net income and earnings per share

The Group's tax rate was 28.7 percent (29.7).

Net income was MSEK 690 (632). Earnings per share amounted to SEK 1.89 (1.73).

JANUARY–JUNE 2017

Sales development
Sales amounted to MSEK 45 522 (42 131) and organic sales growth was 3 percent (8). In Security Services North America organic sales growth was good with favorable portfolio growth. Security Services Europe showed 0 percent organic sales growth, despite a few previously communicated large contract terminations and lower extra sales. Security Services Ibero-America improved with support from the development in Spain and Portugal. The sales of security solutions and electronic security in the Group continued to grow at a high pace.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (11).

Operating income before amortization
Operating income before amortization was MSEK 2 183 (2 083) which, adjusted for changes in exchange rates, represented a real change of 1 percent (18).

The Group's operating margin was 4.8 percent (4.9), a decline mainly explained by Security Services Europe due to some operational overcapacity and negative leverage in a few countries. Security Services North America improved the operating margin while Security Services Ibero-America showed a lower operating margin mainly due to a weak performance in Peru. Total price adjustments in the Group were on par with wage cost increases.

Operating income after amortization
Amortization of acquisition related intangible assets amounted to MSEK –124 (–135).

Acquisition related costs were MSEK –13 (–41). For further information refer to note 5.

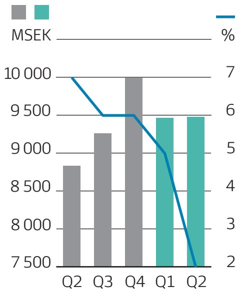
Financial income and expenses
Financial income and expenses amounted to MSEK –196 (–181). The main reason for the increase compared with the preceding year is due to the MEUR 350 bond issued at a coupon of 1.25 percent in March 2016, whereof the majority was swapped into fixed USD at 3.35 percent, in order to finance the Diebold Electronic Security acquisition.

Income before taxes
Income before taxes was MSEK 1 850 (1 726).

Taxes, net income and earnings per share
The Group's tax rate was 29.0 percent (29.7).

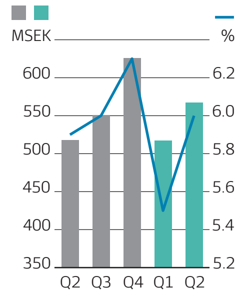
Net income was MSEK 1 314 (1 213). Earnings per share amounted to SEK 3.60 (3.32).

Quarterly sales development



2016
2017
Organic sales growth, %

Quarterly operating income development



2016
2017
Operating margin, %

SECURITY SERVICES NORTH AMERICA

Security Services North America provides protective services, including on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management in the US, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical regions and five specialized business units in the US – critical infrastructure services, healthcare, Pinkerton Corporate Risk Management, mobile and Securitas Electronic Security – plus Canada and Mexico. In total, there are approximately 720 branch managers and 112 000 employees.

		Quarter	*Change, %*			H1	*Change, %*		Full year
MSEK	**Q2 2017**	**Q2 2016***	***Total***	***Real***	**2017**	**2016***	***Total***	***Real***	**2016**
Total sales	**9 480**	**8 835**	**7**	**3**	**18 946**	**17 098**	**11**	**5**	**36 354**
Organic sales growth, %	*2*	*7*			*4*	*6*			*6*
Share of Group sales, %	*41*	*41*			*42*	*41*			*41*
Operating income before amortization	**567**	**518**	**9**	**5**	**1 084**	**952**	**14**	**8**	**2 129**
Operating margin, %	*6.0*	*5.9*			*5.7*	*5.6*			*5.9*
Share of Group operating income, %	*50*	*48*			*50*	*46*			*47*

* Comparatives have been restated. Refer to note 11 for further information.

April–June 2017

Organic sales growth was 2 percent (7). Market dynamics remained favorable and organic sales growth was good in almost all units combined with strong new sales and good client retention. Last year, organic sales growth was positively affected by high extra sales in May and June. Adjusted for this the business segment had organic sales growth exceeding 4 percent.

The operating margin was 6.0 percent (5.9), an improvement enabled by our strategy of increasing sales of security solutions and electronic security, and the operating margin was also supported by a positive one-off effect in the quarter. Last year, the operating margin was positively affected by high margin extra sales.

The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 5 percent in the second quarter.

January–June 2017

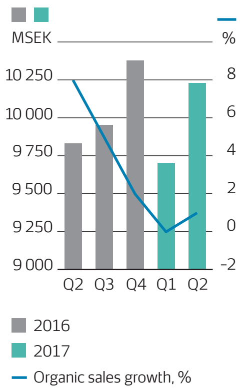
Organic sales growth was 4 percent (6). The first half of the year showed strong organic sales growth in almost all units, driven by strong new sales and high client retention. Main contribution to organic sales growth derived from the five geographical regions. Sales within security solutions and electronic security continued to grow at a good speed.

The operating margin was 5.7 percent (5.6), an improvement deriving from the strong topline giving leverage to the cost base.

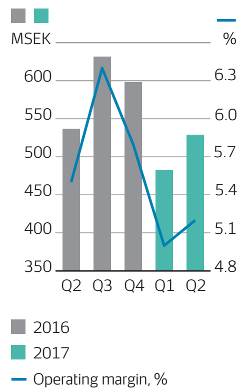
The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 8 percent in the first half year.

The client retention rate was 91 percent (93). The employee turnover rate in the business segment was 75 percent (70).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

Security Services Europe provides security services for large and medium-sized customers in 26 countries, and airport security in 15 countries. The service offering also includes mobile security services for small and medium-sized businesses and residential sites, and electronic alarm surveillance services. In total, the organization has approximately 780 branch managers and 117 000 employees.

		Quarter	*Change, %*			H1	*Change, %*		Full year
MSEK	**Q2 2017**	**Q2 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**
Total sales	**10 228**	**9 830**	**4**	**2**	**19 930**	**19 364**	**3**	**1**	**39 694**
Organic sales growth, %	*1*	*8*			*0*	*8*			*6*
Share of Group sales, %	*44*	*46*			*44*	*46*			*45*
Operating income before amortization	**529**	**537**	**-1**	**-4**	**1 011**	**1 053**	**-4**	**-6**	**2 283**
Operating margin, %	*5.2*	*5.5*			*5.1*	*5.4*			*5.8*
Share of Group operating income, %	*47*	*49*			*46*	*51*			*50*

April–June 2017

Organic sales growth was 1 percent (8). The business segment returned to positive organic sales growth despite the lower refugee-related extra sales and the loss of a few previously communicated customer contracts in the UK and Sweden. Organic sales growth was supported by good development in Germany and Turkey. We expect a gradual recovery of the portfolio business towards the end of 2017.

The operating margin was 5.2 percent (5.5). The decline was mainly explained by higher costs and overcapacity in a few countries where extra sales ramped up to extraordinarily high levels in 2016. The operating margin was also negatively impacted by reduced client retention causing higher turnover in the contract portfolio, and by continued investments in the Vision 2020 strategy. During the second quarter some cost reduction measures have been taken in order to adapt the structure to the expected sales growth levels.

The Swedish krona exchange rate weakened against foreign currencies, which had a slightly positive effect on operating income in Swedish kronor. The real change was –4 percent in the second quarter.

January–June 2017

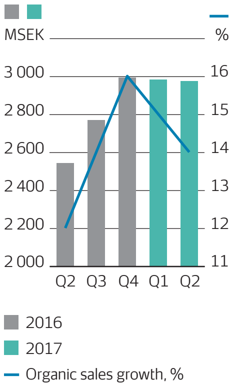
Organic sales growth was 0 percent (8). Germany, Netherlands and Turkey were key contributors to organic sales growth, however the growth was offset by lower refugee-related extra sales, the terminated MSEK 400 retail contract in the UK in November 2016 and the terminated MSEK 320 Aviation contract at Arlanda Stockholm airport in February 2017. Sales within security solutions and electronic security increased at a good pace.

The operating margin was 5.1 percent (5.4), a decline explained by the same reasons as mentioned for the second quarter.

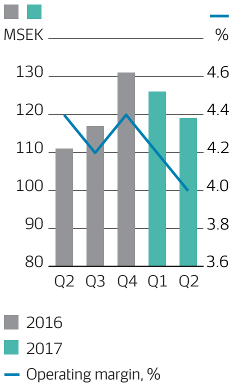
The Swedish krona exchange rate weakened against foreign currencies, which had a slightly positive effect on operating income in Swedish kronor. The real change was –6 percent in the first half year.

The client retention rate was 89 percent (93). The employee turnover rate was 29 percent (28).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides security services for large and medium-sized customers in seven Latin American countries, as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 180 branch managers and 61 000 employees.

		Quarter	*Change, %*			H1	*Change, %*		Full year
MSEK	**Q2 2017**	**Q2 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**
Total sales	**2 977**	**2 543**	***17***	***14***	**5 962**	**5 042**	***18***	***15***	**10 805**
Organic sales growth, %	*14*	*12*			*14*	*13*			*14*
Share of Group sales, %	*13*	*12*			*13*	*12*			*12*
Operating income before amortization	**119**	**111**	***7***	***5***	**245**	**225**	***9***	***6***	**473**
Operating margin, %	*4.0*	*4.4*			*4.1*	*4.5*			*4.4*
Share of Group operating income, %	*11*	*10*			*11*	*11*			*10*

April–June 2017

Organic sales growth was 14 percent (12), with strong improvements in Chile, Portugal and Spain. Argentina was still the main contributor to the business segment's organic sales growth, however the country is facing signs of stagnation in the macro economy. Latin America showed organic sales growth of 21 percent (20).

The operating margin was 4.0 percent (4.4). The decline was mainly due to loss-making performance in Peru, where actions have been taken to increase profitability 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. The majority of the wage increase in Spain effective from July 2016 is gradually being recovered through price increases and no further wage cost increases are expected during the year.

The Swedish krona exchange rate weakened against the majority of the currencies in the business segment, which had a positive effect on operating income in Swedish kronor. The real change in the segment was 5 percent in the second quarter.

January–June 2017

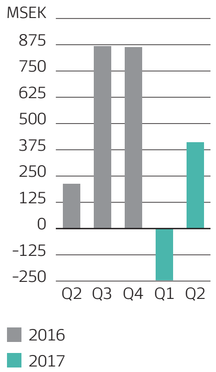
Organic sales growth was 14 percent (13), with strong improvements in Chile, Portugal and Spain, while Argentina was the main contributor to the business segment's organic sales growth. Latin America showed organic sales growth of 21 percent (22). Organic sales growth was supported by sales within security solutions and electronic security, which increased at a good speed.

The operating margin was 4.1 percent (4.5), due to Peru as mentioned above.

The Swedish krona exchange rate weakened against the majority of the currencies in the business segment, which had a positive effect on operating income in Swedish kronor. The real change in the segment was 6 percent in the first half year.

The client retention rate was 91 percent (93). The employee turnover rate was 29 percent (31).

Quarterly free cash flow



April–June 2017

Cash flow from operating activities amounted to MSEK 854 (573), equivalent to 75 percent (53) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –169 (–356). Changes in other operating capital employed were MSEK –27 (100).

Free cash flow was MSEK 411 (215), equivalent to 53 percent (28) of adjusted income.

Cash flow from financing activities was MSEK 309 (–684) due to dividend paid of MSEK –1 369 (–1 278) and a net increase in borrowings of MSEK 1 678 (594).

Cash flow for the period was MSEK 599 (–656).

January–June 2017

Cash flow from operating activities amounted to MSEK 1 226 (748), equivalent to 56 percent (36) of operating income before amortization.

Cash flow from operating activities was impacted by net investments in non-current tangible and intangible assets, amounting to MSEK –141 (–301). The net investments include capital expenditures in equipment for solution contracts.

The impact from changes in accounts receivable was MSEK 155 (–543). The change in accounts receivable is explained by a reduction in the organic sales growth. Changes in other operating capital employed were MSEK –971 (–491).

Free cash flow was MSEK 165 (–12), equivalent to 11 percent (–1) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –228 (–3 381), of which purchase price payments accounted for MSEK –192 (–3 327), assumed net debt for MSEK 7 (–15) and acquisition-related costs paid for MSEK –43 (–39). The main part of cash flow from investing activities last year related to the acquisition of the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America.

Cash flow from financing activities was MSEK 715 (3 483) due to dividend paid of MSEK –1 369 (–1 278) and a net increase in borrowings of MSEK 2 084 (4 761).

Cash flow for the period was MSEK 652 (81). The closing balance for liquid funds after translation differences of MSEK –28 was MSEK 3 039 (2 415 as of December 31, 2016).

Capital employed and financing

MSEK	Jun 30, 2017
Operating capital employed	7 836
Goodwill	18 944
Acquisition related intangible assets	1 276
Shares in associated companies	405
Capital employed	**28 461**
Net debt	14 539
Shareholders' equity	13 922
Financing	**28 461**

Capital employed as of June 30, 2017

The Group's operating capital employed was MSEK 7 836 (6 784 as of December 31, 2016), corresponding to 9 percent of sales (8 as of December 31, 2016), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 185.

The Group's total capital employed was MSEK 28 461 (27 939 as of December 31, 2016). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 770. The return on capital employed was 16 percent (16 as of December 31, 2016).

Financing as of June 30, 2017

The Group's net debt amounted to MSEK 14 539 (13 431 as of December 31, 2016). The net debt was negatively impacted mainly by a dividend of MSEK –1 369, paid to the shareholders in May 2017, and cash flow from investing activities of MSEK –228. Free cash flow of MSEK 165 had a positive impact on net debt as well as the translation of net debt in foreign currency to Swedish kronor of MSEK 353.

Net debt development

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

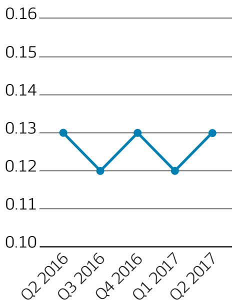
The free cash flow to net debt ratio amounted to 0.13 (0.13). The net debt to EBITDA ratio was 2.5 (2.7). The interest cover ratio amounted to 10.9 (12.5).

Securitas has a revolving credit facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440 and matures in 2022. On June 30, 2017, MUSD 200 was drawn. In the second quarter 2017, RBS was replaced in the facility by HSBC, who now is a core relationship bank. Further information regarding financial instruments and credit facilities is provided in note 6.

Standard and Poor's rating for Securitas is BBB with stable outlook.

Shareholders' equity amounted to MSEK 13 922 (14 508 as of December 31, 2016). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 417. Refer to the statement of comprehensive income on page 15 for further information.

Free cash flow/net debt



The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of June 30, 2017.

ACQUISITIONS AND DIVESTITURES JANUARY–JUNE 2017 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**19 380**	**1 356**
Central de Alarmas Adler, Mexico	Security Services North America	May 1	100	74	49	38	11
Other acquisitions and divestitures [5] [6]		-	-	143	136	59	69
Total acquisitions and divestitures January–June 2017				**217**	**185**	**97**	**80**
Amortization of acquisition related intangible assets						-	–124
Exchange rate differences						–533	–36
Closing balance						**18 944**	**1 276**

1) Refers to business segment with main responsibility for the acquisition.

2) Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.

3) Estimated annual sales.

4) Purchase price paid plus acquired net debt, but excluding any deferred considerations.

5) Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: Diebold´s Electronic Security, North America, IBBC Poludnie, Poland, NorAlarm Industri, Norway, Turvatekijät (contract portfolio), Finland, HMF-Systems, Germany, ISS (contract portfolio), Ireland, Gooiland, the Netherlands, NoFire Safety, Austria, Sensormatic, Turkey, JC Ingeniería, Chile and Bren Security, Sri Lanka. Related also to deferred considerations paid in the Netherlands, Croatia, Turkey, China, South Korea and South Africa.

6) Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK –41. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 175.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 18. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 22.

Central de Alarmas Adler, Mexico

Securitas has acquired the electronic security services company Central de Alarmas Adler in Mexico from Diebold Nixdorf Incorporated (NYSE-DBD). The company is a leading provider of electronic security solutions and services in Mexico. It offers a full range of electronic security services, including installation, maintenance, monitoring and system integration. The operation delivers services to over 6 000 customers. Central de Alarmas Adler has a large coast-to-coast organization, with an extensive technical network. Its headquarters is located in Monterrey. With this acquisition, Securitas is extending its footprint in Mexico and is further strengthening its competence and knowledge within the electronic security services area. The acquisition was consolidated in Securitas as of May 1, 2017.

ACQUISITIONS AFTER THE SECOND QUARTER

PSGA, Australia

Securitas has signed an agreement to acquire the Australian security services company PSGA. The enterprise value is estimated at MSEK 36 (MAUD 5.5). PSGA has been a partner to Securitas in Australia for many years, providing consulting and investigation services and guarding services to Securitas' global customers mainly in Sydney and Melbourne. The company has 120 employees and annual sales of approximately MSEK 81 (MAUD 12). The Australian private security market, which includes on-site and mobile guarding, monitoring, cash In transit (CIT) and private investigations, is a mature market, estimated to be worth BAUD 6.2, with an expected annual growth rate of 2 percent over the next five years. It is estimated that the industry has more than 54 000 security officers and 6 000 active security companies. However, there has been a trend of consolidation in the market over the past decades. Geographically, the security services market in Australia is concentrated to Sydney, Melbourne and Brisbane. The acquisition is expected to be consolidated in Securitas in the third quarter of 2017.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2016 Annual Report and to note 10 on page 24. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Spain – tax audit

As described on page 112 in the Annual Report 2016, the Spanish tax authority has rejected certain deductions. Separate years are currently handled at different levels of the competent courts. The Audiencia Nacional Court has in June 2017 issued a negative judgment regarding interest deductions for the years 2006–2007, contradictory to the earlier higher Supreme Court judgment on the same matter for 2003–2005, and contradictory to the earlier lower court TEAC's judgment for 2008–2009. Further, the court disallowed Securitas' appeal regarding an application of a de-merger regime in 2006. Securitas will now appeal to the Supreme Court. The maximum exposure remains within the amounts disclosed in the 2016 Annual Report.

Risks and uncertainties

Risk management is necessary in order for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract risk, operational assignment risk and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2016.

In the preparation of financial reports, the Board of Directors and Group Management are required to make estimates and judgments. These estimates and judgments impact the statement of income and balance sheet as well as disclosures such as contingent liabilities. The actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming six-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2016 and, where applicable, under the heading "Other significant events" above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB provides Group Management and support functions for the Group.

January–June 2017

The Parent Company's income amounted to MSEK 453 (402) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 822 (1 718). Income before taxes amounted to MSEK 2 369 (2 009).

As of June 30, 2017

The Parent Company's non-current assets amounted to MSEK 42 781 (42 499 as of December 31, 2016) and mainly comprise shares in subsidiaries of MSEK 41 189 (40 948 as of December 31, 2016). Current assets amounted to MSEK 9 592 (6 770 as of December 31, 2016) of which liquid funds accounted for MSEK 2 169 (1 225 as of December 31, 2016).

Shareholders' equity amounted to MSEK 27 692 (26 698 as of December 31, 2016). A dividend of MSEK 1 369 (1 278) was paid to the shareholders in May 2017.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 24 681 (22 571 as of December 31, 2016) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 25.

Signatures of the Board of Directors

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 28, 2017

Marie Ehrling
Chairman

Carl Douglas
Vice Chairman

Ingrid Bonde
Director

John Brandon
Director

Anders Böös
Director

Fredrik Cappelen
Director

Sofia Schörling Högberg
Director

Dick Seger
Director

Susanne Bergman Israelsson
Employee Representative

Åse Hjelm
Employee Representative

Jan Prang
Employee Representative

Alf Göransson
President and Chief Executive Officer

Report of Review

(Translation of Swedish Original)

Review report over Interim Financial Statements (Interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed this report for the period January 1, 2017 to June 30, 2017 for Securitas AB. The board of directors and the CEO and President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, July 28, 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Madeleine Endre
Authorised Public Accountant

STATEMENT OF INCOME

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Sales	22 897.3	20 733.8	45 033.4	40 842.3	85 026.0
Sales, acquired business	133.8	783.1	488.3	1 289.0	3 136.4
Total sales	**23 031.1**	**21 516.9**	**45 521.7**	**42 131.3**	**88 162.4**
Organic sales growth, % [2)]	3	8	3	8	7
Production expenses	–18 977.7	–17 754.7	–37 588.2	–34 834.3	–72 686.8
Gross income	**4 053.4**	**3 762.2**	**7 933.5**	**7 297.0**	**15 475.6**
Selling and administrative expenses	–2 934.3	–2 687.1	–5 771.6	–5 235.1	–10 970.8
Other operating income [4)]	5.9	5.1	11.6	9.7	20.5
Share in income of associated companies	6.6	6.9	9.2	11.3	28.2
Operating income before amortization	**1 131.6**	**1 087.1**	**2 182.7**	**2 082.9**	**4 553.5**
Operating margin, %	4.9	5.1	4.8	4.9	5.2
Amortization of acquisition related intangible assets	–61.2	–69.0	–124.0	–135.0	–287.7
Acquisition related costs [5)]	–8.4	–20.6	–12.4	–40.7	–112.6
Operating income after amortization	**1 062.0**	**997.5**	**2 046.3**	**1 907.2**	**4 153.2**
Financial income and expenses [6)]	–93.7	–98.0	–196.0	–181.6	–389.6
Income before taxes	**968.3**	**899.5**	**1 850.3**	**1 725.6**	**3 763.6**
Net margin, %	4.2	4.2	4.1	4.1	4.3
Current taxes	–256.4	–209.6	–468.1	–414.1	–882.3
Deferred taxes	–21.7	–57.4	–68.5	–98.3	–235.4
Net income for the period	**690.2**	**632.5**	**1 313.7**	**1 213.2**	**2 645.9**
Whereof attributable to:					
Equity holders of the Parent Company	688.2	632.1	1 312.9	1 211.8	2 642.0
Non-controlling interests	2.0	0.4	0.8	1.4	3.9
Earnings per share before and after dilution (SEK)	1.89	1.73	3.60	3.32	7.24

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Net income for the period	**690.2**	**632.5**	**1 313.7**	**1 213.2**	**2 645.9**
Other comprehensive income for the period					
Items that will not be reclassified to the statement of income					
Remeasurements of defined benefit pension plans net of tax	32.5	–72.8	60.6	–147.6	–11.8
Total items that will not be reclassified to the statement of income [7)]	**32.5**	**–72.8**	**60.6**	**–147.6**	**–11.8**
Items that subsequently may be reclassified to the statement of income					
Cash flow hedges net of tax	–8.8	51.1	–21.5	20.0	17.6
Net investment hedges net of tax	11.3	–192.4	49.8	–148.1	–253.4
Other comprehensive income from associated companies, translation differences	–16.2	13.1	–15.8	–1.1	22.1
Translation differences	–322.1	580.2	–451.3	213.6	850.8
Total items that subsequently may be reclassified to the statement of income [7)]	**–335.8**	**452.0**	**–438.8**	**84.4**	**637.1**
Other comprehensive income for the period [7)]	**–303.3**	**379.2**	**–378.2**	**–63.2**	**625.3**
Total comprehensive income for the period	**386.9**	**1 011.7**	**935.5**	**1 150.0**	**3 271.2**
Whereof attributable to:					
Equity holders of the Parent Company	385.7	1 010.5	934.8	1 147.8	3 264.6
Non-controlling interests	1.2	1.2	0.7	2.2	6.6

Notes 2–7 refer to pages 21–24.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Operating income before amortization	**1 131.6**	**1 087.1**	**2 182.7**	**2 082.9**	**4 553.5**
Investments in non-current tangible and intangible assets	–423.4	–542.3	–815.0	–867.2	–1 658.3
Reversal of depreciation	341.4	284.1	673.6	566.3	1 229.0
Change in accounts receivable	–169.4	–356.2	155.3	–543.2	–1 039.3
Change in other operating capital employed	–26.6	100.2	–970.7	–491.3	–45.8
Cash flow from operating activities	**853.6**	**572.9**	**1 225.9**	**747.5**	**3 039.1**
Cash flow from operating activities, %	*75*	*53*	*56*	*36*	*67*
Financial income and expenses paid	–39.3	–37.1	–345.7	–230.0	–301.4
Current taxes paid	–403.4	–321.2	–715.3	–529.7	–1 016.7
Free cash flow	**410.9**	**214.6**	**164.9**	**–12.2**	**1 721.0**
Free cash flow, %	*53*	*28*	*11*	*–1*	*52*
Cash flow from investing activities, acquisitions and divestitures	–121.2	–180.8	–228.2	–3 380.6	–3 566.5
Cash flow from items affecting comparability [8)]	-	–5.6	-	-8.8	–16.7
Cash flow from financing activities	308.8	–684.3	714.8	3 482.5	2 145.8
Cash flow for the period	**598.5**	**–656.1**	**651.5**	**80.9**	**283.6**

Cash flow MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Cash flow from operations	816.5	731.9	937.2	807.6	3 292.5
Cash flow from investing activities	–526.8	–703.7	–1 000.5	–4 209.2	–5 154.7
Cash flow from financing activities	308.8	–684.3	714.8	3 482.5	2 145.8
Cash flow for the period	**598.5**	**–656.1**	**651.5**	**80.9**	**283.6**

Change in net debt MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Opening balance	**–13 682.7**	**–13 150.4**	**–13 431.3**	**–9 862.7**	**–9 862.7**
Cash flow for the period	598.5	–656.1	651.5	80.9	283.6
Change in loans	–1 677.8	–593.4	–2 083.8	–4 760.2	–3 423.5
Change in net debt before revaluation and translation differences	**–1 079.3**	**–1 249.5**	**–1 432.3**	**–4 679.3**	**–3 139.9**
Revaluation of financial instruments [6)]	–12.3	65.7	–29.2	25.2	22.6
Translation differences	235.0	–244.1	353.5	–61.5	–451.3
Change in net debt	**–856.6**	**–1 427.9**	**–1 108.0**	**–4 715.6**	**–3 568.6**
Closing balance	**–14 539.3**	**–14 578.3**	**–14 539.3**	**–14 578.3**	**–13 431.3**

Notes 6 and 8 refer to pages 23–24.

CAPITAL EMPLOYED AND FINANCING

MSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Operating capital employed	**7 835.6**	**6 405.4**	**6 784.0**
Operating capital employed as % of sales	9	7	8
Return on operating capital employed, %	64	79	80
Goodwill	18 944.2	18 623.9	19 379.6
Acquisition related intangible assets	1 276.5	1 433.2	1 356.1
Shares in associated companies	404.5	379.2	419.5
Capital employed	**28 460.8**	**26 841.7**	**27 939.2**
Return on capital employed, %	16	16	16
Net debt	**–14 539.3**	**–14 578.3**	**–13 431.3**
Shareholders' equity	**13 921.5**	**12 263.4**	**14 507.9**
Net debt equity ratio, multiple	1.04	1.19	0.93

BALANCE SHEET

MSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
ASSETS			
Non-current assets			
Goodwill	18 944.2	18 623.9	19 379.6
Acquisition related intangible assets	1 276.5	1 433.2	1 356.1
Other intangible assets	570.8	485.4	526.9
Tangible non-current assets	3 420.0	3 077.2	3 337.8
Shares in associated companies	404.5	379.2	419.5
Non-interest-bearing financial non-current assets	2 012.6	2 162.7	2 117.0
Interest-bearing financial non-current assets	365.1	395.0	411.7
Total non-current assets	**26 993.7**	**26 556.6**	**27 548.6**
Current assets			
Non-interest-bearing current assets	18 358.7	17 261.8	18 249.0
Other interest-bearing current assets	125.6	152.2	189.2
Liquid funds	3 039.0	2 179.7	2 414.5
Total current assets	**21 523.3**	**19 593.7**	**20 852.7**
TOTAL ASSETS	**48 517.0**	**46 150.3**	**48 401.3**

MSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	13 902.4	12 244.9	14 487.2
Non-controlling interests	19.1	18.5	20.7
Total shareholders' equity	**13 921.5**	**12 263.4**	**14 507.9**
Equity ratio, %	29	27	30
Long-term liabilities			
Non-interest-bearing long-term liabilities	250.8	268.4	258.1
Interest-bearing long-term liabilities	13 248.5	12 459.6	12 806.9
Non-interest-bearing provisions	3 053.1	3 279.7	3 166.0
Total long-term liabilities	**16 552.4**	**16 007.7**	**16 231.0**
Current liabilities			
Non-interest-bearing current liabilities and provisions	13 222.6	13 033.6	14 022.6
Interest-bearing current liabilities	4 820.5	4 845.6	3 639.8
Total current liabilities	**18 043.1**	**17 879.2**	**17 662.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 517.0**	**46 150.3**	**48 401.3**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Jun 30, 2017 Attributable to equity holders of the Parent Company	Jun 30, 2017 Non-controlling interests	Jun 30, 2017 Total	Jun 30, 2016 Attributable to equity holders of the Parent Company	Jun 30, 2016 Non-controlling interests	Jun 30, 2016 Total	Dec 31, 2016 Attributable to equity holders of the Parent Company	Dec 31, 2016 Non-controlling interests	Dec 31, 2016 Total
Opening balance January 1, 2017/2016	**14 487.2**	**20.7**	**14 507.9**	**12 510.1**	**20.3**	**12 530.4**	**12 510.1**	**20.3**	**12 530.4**
Total comprehensive income for the period	934.8	0.7	935.5	1 147.8	2.2	1 150.0	3 264.6	6.6	3 271.2
Transactions with non-controlling interests	–1.0	–2.3	–3.3	–18.6	–4.0	–22.6	–41.0	–6.2	–47.2
Share based incentive scheme	–149.6	-	–149.6[1]	–116.7	-	–116.7	31.2	-	31.2
Dividend paid to the shareholders of the Parent Company	–1 369.0	-	–1 369.0	–1 277.7	-	–1 277.7	–1 277.7	-	–1 277.7
Closing balance June 30/December 31, 2017/2016	**13 902.4**	**19.1**	**13 921.5**	**12 244.9**	**18.5**	**12 263.4**	**14 487.2**	**20.7**	**14 507.9**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –149.8, hedging the share portion of Securitas share based incentive scheme 2016, and adjustment to grant date value of non-vested shares of MSEK 0.2, related to Securitas share based incentive scheme 2015.

DATA PER SHARE

SEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Share price, end of period	142.00	129.30	142.00	129.30	143.40
Earnings per share before and after dilution [1, 2]	1.89	1.73	3.60	3.32	7.24
Dividend	-	-	-	-	3.75
P/E-ratio after dilution	-	-	-	-	20
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding [1]	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [1]	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897

[1] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.
[2] Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.

APRIL–JUNE 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 479	10 228	2 977	347	-	23 031
Sales, intra-group	1	-	-	0	–1	-
Total sales	**9 480**	**10 228**	**2 977**	**347**	**–1**	**23 031**
Organic sales growth, %	*2*	*1*	*14*	-	-	*3*
Operating income before amortization	**567**	**529**	**119**	**–83**	**-**	**1 132**
of which share in income of associated companies	*–1*	*0*	-	*7*	-	*6*
Operating margin, %	*6.0*	*5.2*	*4.0*	-	-	*4.9*
Amortization of acquisition related intangible assets	–12	–34	–10	–5	-	–61
Acquisition related costs	–6	–3	0	0	-	–9
Operating income after amortization	**549**	**492**	**109**	**–88**	**-**	**1 062**
Financial income and expenses	-	-	-	-	-	–94
Income before taxes	**-**	**-**	**-**	**-**	**-**	**968**

APRIL–JUNE 2016

MSEK	Security Services North America[1)]	Security Services Europe	Security Services Ibero-America	Other[1)]	Eliminations	Group
Sales, external	8 835	9 830	2 543	309	-	21 517
Sales, intra-group	0	0	-	0	0	-
Total sales	**8 835**	**9 830**	**2 543**	**309**	**0**	**21 517**
Organic sales growth, %	*7*	*8*	*12*	-	-	*8*
Operating income before amortization	**518**	**537**	**111**	**–79**	**-**	**1 087**
of which share in income of associated companies	*2*	-	-	*5*	-	*7*
Operating margin, %	*5.9*	*5.5*	*4.4*	-	-	*5.1*
Amortization of acquisition related intangible assets	–13	–37	–15	–4	-	–69
Acquisition related costs	–10	–11	0	0	-	–21
Operating income after amortization	**495**	**489**	**96**	**–83**	**-**	**997**
Financial income and expenses	-	-	-	-	-	–97
Income before taxes	**-**	**-**	**-**	**-**	**-**	**900**

[1)] Comparatives have been restated. Refer to note 11 for further information.

JANUARY–JUNE 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	18 945	19 930	5 962	685	-	45 522
Sales, intra-group	1	-	-	0	–1	-
Total sales	**18 946**	**19 930**	**5 962**	**685**	**–1**	**45 522**
Organic sales growth, %	*4*	*0*	*14*	*-*	*-*	*3*
Operating income before amortization	**1 084**	**1 011**	**245**	**–157**	**-**	**2 183**
of which share in income of associated companies	*–7*	*2*	*-*	*14*	*-*	*9*
Operating margin, %	*5.7*	*5.1*	*4.1*	*-*	*-*	*4.8*
Amortization of acquisition related intangible assets	–25	–69	–21	–9	-	–124
Acquisition related costs	–6	–7	0	0	-	–13
Operating income after amortization	**1 053**	**935**	**224**	**–166**	**-**	**2 046**
Financial income and expenses	-	-	-	-	-	–196
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 850**

JANUARY–JUNE 2016

MSEK	Security Services North America[1]	Security Services Europe	Security Services Ibero-America	Other[1]	Eliminations	Group
Sales, external	17 097	19 364	5 042	628	-	42 131
Sales, intra-group	1	0	-	0	–1	-
Total sales	**17 098**	**19 364**	**5 042**	**628**	**–1**	**42 131**
Organic sales growth, %	*6*	*8*	*13*	*-*	*-*	*8*
Operating income before amortization	**952**	**1 053**	**225**	**–147**	**-**	**2 083**
of which share in income of associated companies	*3*	*-*	*-*	*8*	*-*	*11*
Operating margin, %	*5.6*	*5.4*	*4.5*	*-*	*-*	*4.9*
Amortization of acquisition related intangible assets	–24	–73	–30	–8	-	–135
Acquisition related costs	–29	–12	0	0	-	–41
Operating income after amortization	**899**	**968**	**195**	**–155**	**-**	**1 907**
Financial income and expenses	-	-	-	-	-	–181
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 726**

[1] Comparatives have been restated. Refer to note 11 for further information.

Note 1 Accounting principles
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report comprises pages 1–25 and pages 1–14 are thus an integrated part of this financial report.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 65 to 71 in the Annual Report for 2016. The accounting principles are also available on the Group's website www.securitas.com under the section Investors – Financial data – Accounting Principles.

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 39 on page 119 in the Annual Report for 2016.

Impact of new and revised IFRS that are effective as of 2017
None of the published standards and interpretations that are mandatory for the Group's financial year 2017 are assessed to have any impact on the Group's financial statements.

Usage of key ratios not defined in IFRS
For definitions and calculations of key ratios not defined in IFRS, refer to note 2 and 3 in this interim report as well as to note 3 in the Annual Report 2016.

Note 2 Organic sales growth and currency changes
The calculation of real and organic sales growth and the specification of currency changes on operating income before and after amortization, income before taxes, net income and earnings per share are specified below.

MSEK	Apr–Jun 2017	Apr–Jun 2016	*Apr–Jun %*	Jan–Jun 2017	Jan–Jun 2016	*Jan–Jun %*
Total sales	**23 031**	**21 517**	***7***	**45 522**	**42 131**	***8***
Currency change from 2016	–712	-		–1 479	-	
Currency adjusted sales growth	**22 319**	**21 517**	***4***	**44 043**	**42 131**	***5***
Acquisitions/divestitures	–134	0		–488	–3	
Organic sales growth	**22 185**	**21 517**	***3***	**43 555**	**42 128**	***3***
Operating income before amortization	**1 132**	**1 087**	***4***	**2 183**	**2 083**	***5***
Currency change from 2016	–39	-		–83	-	
Currency adjusted operating income before amortization	**1 093**	**1 087**	***1***	**2 100**	**2 083**	***1***
Operating income after amortization	**1 062**	**997**	***7***	**2 046**	**1 907**	***7***
Currency change from 2016	–38	-		–79	-	
Currency adjusted operating income after amortization	**1 024**	**997**	***3***	**1 967**	**1 907**	***3***
Income before taxes	**968**	**900**	***8***	**1 850**	**1 726**	***7***
Currency change from 2016	–35	-		–72	-	
Currency adjusted income before taxes	**933**	**900**	***4***	**1 778**	**1 726**	***3***
Net income for the period	**690**	**632**	***9***	**1 314**	**1 213**	***8***
Currency change from 2016	–24	-		–50	-	
Currency adjusted net income for the period	**666**	**632**	***5***	**1 264**	**1 213**	***4***
Net income attributable to equity holders of the Parent Company	**688**	**632**	***9***	**1 313**	**1 212**	***8***
Currency change from 2016	–24	-		–50	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**664**	**632**	***5***	**1 263**	**1 212**	***4***
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share	**1.82**	**1.73**	***5***	**3.46**	**3.32**	***4***

Note 3 Definitions and calculation of key ratios
The calculations below relate to the period January–June 2017.

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (4 653.3 + 44.9) / 431.3 = 10.9

Free cash flow as % of adjusted income
Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).
Calculation: 164.9 / (2 182.7 – 196.0 + 1.6 – 468.1) = 11%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 1 898.1 / 14 539.3 = 0.13

Net debt to EBITDA ratio
Net debt in relation to operating income after amortization (rolling 12 months) plus amortization of acquisition related intangible assets (rolling 12 months) and depreciation (rolling 12 months).
Calculation: 14 539.3 / (4 292.3 + 276.7 + 1 336.3) = 2.5

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.
Calculation: 7 835.6 / 92 131.0 = 9%

Return on operating capital employed
Operating income before amortization (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: 4 653.3 / ((7 835.6 + 6 784.0) / 2) = 64%

Return on capital employed
Operating income before amortization (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: 4 653.3 / 28 460.8 = 16%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 14 539.3 / 13 921.5 = 1.04

Note 4 Other operating income
Other operating income consists in its entirety of trade mark fees from Securitas Direct AB.

Note 5 Acquisition related costs

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Restructuring and integration costs	0.3	-8.1	-0.2	-8.1	-64.8
Transaction costs	-7.6	-11.2	-10.1	-30.3	-43.4
Revaluation of deferred considerations	-1.1	-1.3	-2.1	-2.3	-4.4
Total acquisition related costs	**-8.4**	**-20.6**	**-12.4**	**-40.7**	**-112.6**

For further information regarding the Group's acquisitions, refer to the section Acquisitions and divestitures.

Note 6 Financial instruments and credit facilities

Revaluation of financial instruments
Revaluation of financial instruments is recognized in the statement of income on the line financial income and expenses. Revaluation of cash flow hedges (and the subsequent recycling into the statement of income) is recognized in other comprehensive income on the line cash flow hedges. The amount disclosed in the specification of change in net debt is the total revaluation before tax in the table below.

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Recognized in the statement of income					
Revaluation of financial instruments	–1.0	0.3	–1.6	–0.4	0.1
Deferred tax	-	0.0	-	0.1	0.0
Impact on net income	**–1.0**	**0.3**	**–1.6**	**–0.3**	**0.1**
Recognized in the statement of comprehensive income					
Cash flow hedges	–11.3	65.4	–27.6	25.6	22.5
Deferred tax	2.5	–14.3	6.1	–5.6	–4.9
Cash flow hedges net of tax	**–8.8**	**51.1**	**–21.5**	**20.0**	**17.6**
Total revaluation before tax	–12.3	65.7	–29.2	25.2	22.6
Total deferred tax	2.5	–14.3	6.1	–5.5	–4.9
Total revaluation after tax	**–9.8**	**51.4**	**–23.1**	**19.7**	**17.7**

Fair value hierarchy
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 6 in the Annual Report 2016. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2016.

There have been no transfers between any of the the valuation levels during the period.

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
June 30, 2017				
Financial assets at fair value through profit or loss	-	42.2	-	**42.2**
Financial liabilities at fair value through profit or loss	-	–5.8	–174.9	**–180.7**
Derivatives designated for hedging with positive fair value	-	318.6	-	**318.6**
Derivatives designated for hedging with negative fair value	-	–53.1	-	**–53.1**
December 31, 2016				
Financial assets at fair value through profit or loss	-	59.8	-	**59.8**
Financial liabilities at fair value through profit or loss	-	–16.1	–215.1	**–231.2**
Derivatives designated for hedging with positive fair value	-	250.8	-	**250.8**
Derivatives designated for hedging with negative fair value	-	–118.3	-	**–118.3**

Financial instruments by category – carrying and fair values
For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value. A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 6 in the Annual Report 2016.

	Jun 30, 2017		Dec 31, 2016	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	2 930.0	2 958.0	3 348.6	3 360.6
Long-term loan liabilities	10 281.4	10 464.5	9 777.5	10 046.2
Total financial instruments by category	**13 211.4**	**13 422.5**	**13 126.1**	**13 406.8**

Summary of credit facilities as of June 30, 2017

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	50	0	2018
EMTN Eurobond, 2.25% fixed	EUR	300	0	2018
EMTN FRN private placement	USD	85	0	2019
EMTN FRN private placement	USD	40	0	2020
EMTN FRN private placement	USD	40	0	2021
EMTN FRN private placement	USD	60	0	2021
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
EMTN Eurobond, 1.25% fixed	EUR	350	0	2022
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	350	2022
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2022
EMTN Eurobond, 1.125% fixed	EUR	350	0	2024
Commercial Paper (uncommitted)	SEK	5 000	5 000	n/a

Note 7 Deferred tax on other comprehensive income

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Deferred tax on remeasurements of defined benefit pension plans	–14.4	28.0	–26.4	62.3	–9.2
Deferred tax on cash flow hedges	2.5	–14.3	6.1	–5.6	–4.9
Deferred tax on net investment hedges	–3.2	54.3	–14.1	41.8	71.4
Total deferred tax on other comprehensive income	**–15.1**	**68.0**	**–34.4**	**98.5**	**57.3**

Note 8 Cash flow from items affecting comparability

MSEK	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Restructuring payments	-	–3.0	-	–5.1	–6.4
Spain – overtime compensation	-	–0.2	-	–0.2	–0.2
Germany – premises	-	–2.4	-	–3.5	–10.1
Total cash flow from items affecting comparability	**-**	**–5.6**	**-**	**–8.8**	**–16.7**

Note 9 Pledged assets

MSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Pension balances, defined contribution plans	121.1	113.1	117.0
Finance leases	193.5	141.2	207.2
Total pledged assets	**314.6**	**254.3**	**324.2**

Note 10 Contingent liabilities

MSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Guarantees	25.4	21.2	22.8
Guarantees related to discontinued operations	15.4	16.1	15.6
Total contingent liabilities	**40.8**	**37.3**	**38.4**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2016 as well as to the section Other significant events in this report.

Note 11 Restated segment comparatives due to organizational changes
As disclosed in the interim report for January–September 2016, the full year report for January–December 2016 and in the Annual Report 2016, operations were moved from the segment Other to the segment Security Services North America as of September 1, 2016.
The tables below show restated comparative figures for the segments Security Services North America and Other for Q1 2016, Q2 2016 and H1 2016. This change has had no effect on the total Group level.

Security Services North America

MSEK	Q1 2016	Q2 2016	H1 2016
Total sales	**8 263**	**8 835**	**17 098**
Organic sales growth, %	5	7	6
Operating income before amortization	**434**	**518**	**952**
Operating margin, %	5.3	5.9	5.6

Other

MSEK	Q1 2016	Q2 2016	H1 2016
Total sales	**319**	**309**	**628**
Organic sales growth, %	-	-	-
Operating income before amortization	**–68**	**–79**	**–147**
Operating margin, %	-	-	-

STATEMENT OF INCOME

MSEK	Jan–Jun 2017	Jan–Jun 2016
License fees and other income	453.0	401.6
Gross income	**453.0**	**401.6**
Administrative expenses	–303.7	–289.5
Operating income	**149.3**	**112.1**
Financial income and expenses	1 822.0	1 718.4
Income after financial items	**1 971.3**	**1 830.5**
Appropriations	397.6	178.0
Income before taxes	**2 368.9**	**2 008.5**
Taxes	45.8	–35.2
Net income for the period	**2 414.7**	**1 973.3**

BALANCE SHEET

MSEK	Jun 30, 2017	Dec 31, 2016
ASSETS		
Non-current assets		
Shares in subsidiaries	41 189.1	40 947.8
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	279.3	408.7
Interest-bearing financial non-current assets	1 200.2	1 029.8
Total non-current assets	**42 780.7**	**42 498.4**
Current assets		
Non-interest-bearing current assets	2 064.9	421.0
Other interest-bearing current assets	5 358.3	5 124.4
Liquid funds	2 169.2	1 224.8
Total current assets	**9 592.4**	**6 770.2**
TOTAL ASSETS	**52 373.1**	**49 268.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 746.9	7 746.9
Non-restricted equity	19 944.9	18 951.0
Total shareholders' equity	**27 691.8**	**26 697.9**
Untaxed reserves	**7.6**	**250.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	152.3	200.7
Interest-bearing long-term liabilities	13 108.6	12 648.4
Total long-term liabilities	**13 260.9**	**12 849.1**
Current liabilities		
Non-interest-bearing current liabilities	764.0	746.0
Interest-bearing current liabilities	10 648.8	8 724.7
Total current liabilities	**11 412.8**	**9 470.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**52 373.1**	**49 268.6**

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on July 28, 2017 at **09:30 a.m. (CET)** where Securitas' CEO Alf Göransson will present the report and answer questions. The telephone conference will also be audio cast live via Securitas website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US:	+ 1 855 269 2605
Sweden:	+ 46 8 519 993 55
UK:	+ 44 203 194 0550

To follow the audio cast of the telephone conference via the web, please follow the link www.securitas.com/investors/webcasts. A recorded version of the audio cast will be available at www.securitas.com/investors/webcasts after the telephone conference.

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FINANCIAL INFORMATION CALENDAR

October 27, 2017, approx. 1.00 p.m. (CET)	Interim Report January–September 2017
January 31, 2018, approx. 1.00 p.m. (CET)	Full Year Report January-December 2017

For further information regarding Securitas IR activities, refer to www.securitas.com/investors/financial calendar

ABOUT SECURITAS

Securitas is a knowledge leader in security and offers protective services in North America, Europe, Latin America, Africa, the Middle East and Asia. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. Securitas serves a wide range of customers of all sizes in a variety of industries and customer segments. Security solutions based on customer-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Securitas can respond to the unique and specific security challenges facing its customers, and tailor its offering according to their specific industry demands. Securitas employs more than 335 000 people in 53 countries. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

Our strategy is to offer complete security solutions that integrate all of our areas of competence. Together with our customers, we develop optimal and cost-efficient solutions that are suited for the customers' needs. This brings added value to the customers and results in stronger, more long-term customer relationships and improved profitability.

Group financial targets

Securitas focuses on two financial targets. The first target relates to the statement of income: average growth of earnings per share of 10 percent annually. The second target relates to the balance sheet: free cash flow in relation to net debt of at least 0.20.

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This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 a.m. (CET) on Friday, July 28, 2017.