Securitas AB

Interim Report
January–June 2016

APRIL–JUNE 2016

- **Total sales MSEK 21 517 (19 875)**
- **Organic sales growth 8 percent (4)**
- **Operating income before amortization MSEK 1 087 (926)**
- **Operating margin 5.1 percent (4.7)**
- **Earnings per share SEK 1.73 (1.51)**

JANUARY–JUNE 2016

- **Total sales MSEK 42 131 (39 361)**
- **Organic sales growth 8 percent (5)**
- **Operating income before amortization MSEK 2 083 (1 835)**
- **Operating margin 4.9 percent (4.7)**
- **Earnings per share SEK 3.32 (2.96)**
- **Free cash flow/net debt 0.13 (0.19)**

COMMENTS FROM THE PRESIDENT AND CEO

Strong organic sales growth

Organic sales growth was exceptionally strong also in the second quarter, driven by good portfolio development and extra sales continuing at record high levels. Most of these extra needs of security are short term in its nature, and are expected to reduce during the second half of 2016. Securitas is well positioned to manage the higher levels of security needs and also the increasing concerns for operational disruptions at our customers' sites by optimally combining on-site, mobile and remote guarding with electronic security, fire and safety, and corporate risk management. As a result we are presently growing faster than the security markets in the US and Europe as well as in many of the Ibero-American countries.

Earnings per share and operating margin improved

Earnings per share improved by 19 percent in the second quarter and by 16 percent in the first half of 2016, adjusted for changes in exchange rates. The operating result improved by 18 percent compared to the first half of last year, adjusted for changes in exchange rates, and the operating margin improved to 5.1 percent (4.7) in the quarter and to 4.9 percent (4.7) for the first six months.

Continued strong sales growth of security solutions and electronic security

Sales of security solutions and electronic security were strong in the first six months and in line with our expectations. We believe that we can continue to increase our sales of security solutions and electronic security at a high pace in the coming years and make this a substantial part of the Group's total sales. The completed acquisition of Diebold's North American Electronic Security business on February 1, 2016 also makes an important contribution in accelerating our transformation and we have also recently been able to agree on two medium sized electronic security acquisitions in Europe.

Alf Göransson
President and Chief Executive Officer

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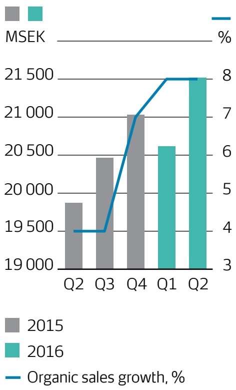
FINANCIAL SUMMARY

	Quarter		Change, %		H1		Change, %		Full year	Change, %
MSEK	**Q2 2016**	**Q2 2015**	***Total***	***Real***	**2016**	**2015**	***Total***	***Real***	**2015**	***Total***
Sales	**21 517**	**19 875**	***8***	***12***	**42 131**	**39 361**	***7***	***11***	**80 860**	***15***
Organic sales growth, %	*8*	*4*			*8*	*5*			*5*	
Operating income before amortization	**1 087**	**926**	**17**	**22**	**2 083**	**1 835**	**14**	**18**	**4 089**	**17**
Operating margin, %	*5.1*	*4.7*			*4.9*	*4.7*			*5.1*	
Amortization of acquisition related intangible assets	–69	–66			–135	–134			–275	
Acquisition related costs	–21	–7			–41	–17			–29	
Operating income after amortization	**997**	**853**	**17**	**22**	**1 907**	**1 684**	**13**	**18**	**3 785**	**17**
Financial income and expenses	–97	–76			–181	–151			–309	
Income before taxes	**900**	**777**	**16**	**20**	**1 726**	**1 533**	**13**	**17**	**3 476**	**19**
Net income for the period	**632**	**550**	**15**	**19**	**1 213**	**1 086**	**12**	**16**	**2 444**	**18**
Earnings per share, SEK	1.73	1.51	15	19	3.32	2.96	12	16	6.67	18
Cash flow from operating activities, %	*53*	*60*			*36*	*54*			*83*	
Free cash flow	215	259			–12	326			2 163	
Free cash flow to net debt ratio	*-*	*-*			*0.13*	*0.19*			*0.22*	

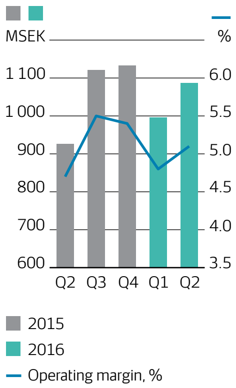
ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth				Operating margin			
	Q2		H1		Q2		H1	
%	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Security Services North America	7	3	6	4	5.9	5.4	5.6	5.3
Security Services Europe	8	3	8	3	5.5	5.1	5.4	5.1
Security Services Ibero-America	12	13	13	12	4.4	4.2	4.5	4.4
Group	**8**	**4**	**8**	**5**	**5.1**	**4.7**	**4.9**	**4.7**

Group quarterly sales development



Group quarterly operating income development



APRIL–JUNE 2016

Sales development

Sales amounted to MSEK 21 517 (19 875) and organic sales growth was 8 percent (4). All business segments showed strong organic sales growth, supported by high extra sales representing about 3 percent of the 8 percent organic sales growth in the quarter. Organic sales growth in Security Services North America was driven by a combination of good portfolio growth and strong extra sales. The real sales growth in the business segment was positively impacted by the inclusion of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security). The organic sales growth in Security Services Europe was also highly supported by strong extra sales related to the higher level of security needs in a number of countries. Organic sales growth in Security Services Ibero-America was strong, but the total sales volume in SEK was negatively impacted by the large devaluation of the Argentinian peso. The sales within security solutions and electronic security increased and supported organic sales growth in the Group in the second quarter.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 12 percent (5).

Operating income before amortization

Operating income before amortization was MSEK 1 087 (926) which, adjusted for changes in exchange rates, represented a real change of 22 percent (6).

The Group's operating margin was 5.1 percent (4.7). The operating margin showed positive development in all business segments. The main factors behind the improvement were increased levels of higher margin extra sales, the inclusion of Securitas Electronic Security in North America and the positive leverage due to the strong organic sales growth. Across all business segments the increase of higher margin sales of security solutions and electronic security had a positive impact on the operating margin.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –69 (–66).

Acquisition related costs were MSEK –21 (–7). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –97 (–76). The main reason for the increase compared to last year is due to the majority of the MEUR 350 bond at a coupon of 1.25 percent, which was issued in March 2016, 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 900 (777).

Taxes, net income and earnings per share

The Group's tax rate was 29.7 percent (29.2), in line with the full year tax rate of 2015.

Net income was MSEK 632 (550). Earnings per share amounted to SEK 1.73 (1.51).

JANUARY–JUNE 2016

Sales development

Sales amounted to MSEK 42 131 (39 361) and organic sales growth was 8 percent (5). The organic sales growth remained strong due to a combination of continued portfolio growth and higher extra sales. The improvement compared to last year was to a large extent driven by the higher level of security needs in a number of countries in Security Services Europe. Some of these services that we started to deliver as of the fourth quarter 2015 are expected to reduce in the second half of the year. The real sales growth in Security Services North America was positively impacted by the inclusion of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security) as of February 1, 2016. Organic sales growth in Security Services Ibero-America was strong, but the total sales volume in SEK was negatively impacted by the large devaluation of the Argentinian peso. The sales within security solutions and electronic security increased and supported organic sales growth in the Group in the first six months.

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

Operating income before amortization

Operating income before amortization was MSEK 2 083 (1 835) which, adjusted for changes in exchange rates, represented a real change of 18 percent (6).

The Group's operating margin was 4.9 percent (4.7), an improvement reflected in all business segments through high organic sales growth and high margin extra sales. The inclusion of Securitas Electronic Security was an important factor behind the improvement in Security Services North America. Across all business segments the increase of higher margin sales of security solutions and electronic security had a positive impact on the operating margin. The total price adjustments in the Group were approximately on par with wage cost increases.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –135 (–134).

Acquisition related costs were MSEK –41 (–17). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –181 (–151). The main reason for the increase compared to last year is due to the majority of the MEUR 350 bond at a coupon of 1.25 percent, which was issued in March 2016, 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 1 726 (1 533).

Taxes, net income and earnings per share

The Group's tax rate was 29.7 percent (29.2), in line with the full year rate of 2015.

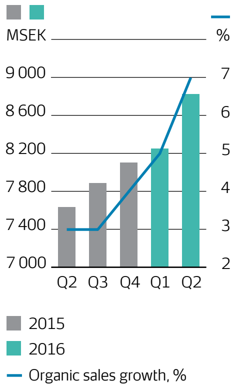
Net income was MSEK 1 213 (1 086). Earnings per share amounted to SEK 3.32 (2.96).

SECURITY SERVICES NORTH AMERICA

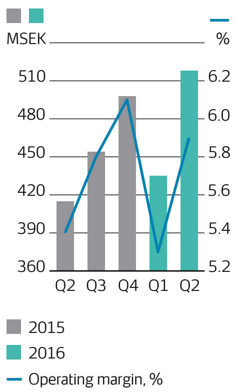
Security Services North America provides protective services, including on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management in the US, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical 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 640 branch managers and 108 000 employees.

	Quarter		Change, %		H1		Change, %		Full year
MSEK	Q2 2016	Q2 2015	Total	Real	2016	2015	Total	Real	2015
Total sales	**8 824**	**7 634**	**16**	**17**	**17 077**	**15 119**	**13**	**14**	**31 108**
Organic sales growth, %	7	3			6	4			4
Share of Group sales, %	41	38			41	38			38
Operating income before amortization	**518**	**415**	**25**	**26**	**953**	**799**	**19**	**21**	**1 751**
Operating margin, %	5.9	5.4			5.6	5.3			5.6
Share of Group operating income, %	48	45			46	44			43

Quarterly sales development



Quarterly operating income development



April–June 2016

The organic sales growth was 7 percent (3), driven by good portfolio growth and strong extra sales. Extra sales represented approximately 2 of the 7 percent organic sales growth in the quarter. New sales continued at a strong pace and derived mainly from the five geographical regions. Strong organic sales growth was also seen in the specialized business unit critical infrastructure services. The sales within security solutions and electronic security increased and was mainly supported by the consolidation of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security).

The operating margin was 5.9 percent (5.4). The improvement was driven by the strong top line giving leverage of the cost base, the inclusion of Securitas Electronic Security and the higher margin on extra sales.

The Swedish krona exchange rate strengthened versus the US dollar which had a small negative effect on the operating income in Swedish kronor. The real change was 26 percent in the second quarter.

January–June 2016

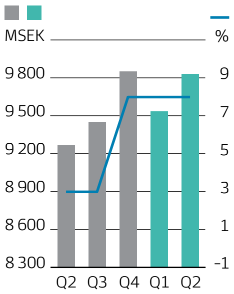
The organic sales growth was 6 percent (4). Organic sales growth remained high and was driven by continued good portfolio growth and high extra sales in the second quarter. Main contribution to organic sales growth derived from the five geographical regions, the specialized business unit critical infrastructure services and Pinkerton Corporate Risk Management. Also, the sales within security solutions and electronic security increased and supported organic sales growth in the business segment. The positive sales development was further explained by the consolidation of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security) on February 1, 2016.

The operating margin was 5.6 percent (5.3). The leverage of the cost base and the inclusion of Securitas Electronic Security were the key reasons behind the improvement.

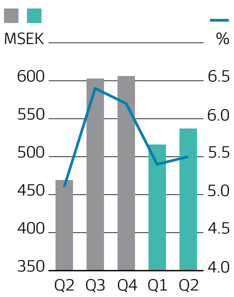
The Swedish krona exchange rate strengthened versus the US dollar which had a slight negative effect on the operating income in Swedish kronor. The real change was 21 percent in the period.

The client retention rate was 93 percent (89). The employee turnover rate in the business segment was 70 percent (62).

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 900 branch managers and 118 000 employees.

	Quarter		Change, %		H1		Change, %		Full year
MSEK	**Q2 2016**	**Q2 2015**	*Total*	*Real*	**2016**	**2015**	*Total*	*Real*	**2015**
Total sales	**9 830**	**9 265**	**6**	**8**	**19 364**	**18 271**	**6**	**8**	**37 573**
Organic sales growth, %	*8*	*3*			*8*	*3*			*4*
Share of Group sales, %	*46*	*47*			*46*	*46*			*47*
Operating income before amortization	**537**	**469**	**14**	**16**	**1 053**	**934**	**13**	**14**	**2 143**
Operating margin, %	*5.5*	*5.1*			*5.4*	*5.1*			*5.7*
Share of Group operating income, %	*49*	*51*			*51*	*51*			*52*

April–June 2016
Organic sales growth was 8 percent (3). The improvement is to a large extent driven by higher extra sales. The increased need for security services due to the refugee situation and the terror attacks represented about half of the organic sales growth, predominantly impacting the Nordic countries, Belgium, France and Germany. Sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the second quarter.

The operating margin was 5.5 percent (5.1). The high organic sales growth impacted the operating margin positively through leverage of the cost base and the operating margin improved in a number of large countries.

The Swedish krona exchange rate weakened slightly versus the euro but strengthened versus a number of other currencies which had a negative effect on the operating income in Swedish kronor. The real change was 16 percent in the second quarter.

January–June 2016
Organic sales growth was 8 percent (3), driven by positive portfolio development and higher extra sales. Main contribution to organic sales growth came from Germany and Sweden, while countries such as Denmark and France also had good development. The increased need for security services due to the refugee situation and the terror attacks represented about half of the organic sales growth, predominantly impacting the Nordic countries, Belgium, France and Germany. Some of these services that we started to deliver as of the fourth quarter 2015 are expected to reduce in the second half of the year. Sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the period.

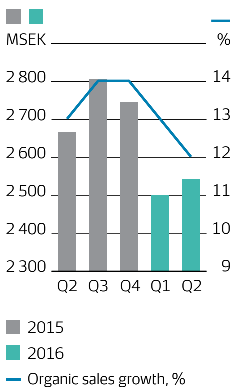
The operating margin was 5.4 percent (5.1). The high organic sales growth impacted the operating margin positively through leverage of the cost base.

The full year negative impact on operating result for 2016 due to the increased social costs in Sweden is estimated to MSEK –26 compared to full year 2015.

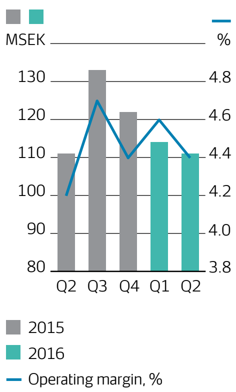
The Swedish krona exchange rate was unchanged versus the euro but strengthened versus a number of other currencies which had a negative effect on the operating income in Swedish kronor. The real change was 14 percent in the period.

The client retention rate was 93 percent (92). The employee turnover was 28 percent (26).

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 190 branch managers and 60 000 employees.

		Quarter	*Change, %*			H1	*Change, %*		Full year
MSEK	**Q2 2016**	**Q2 2015**	***Total***	***Real***	**2016**	**2015**	***Total***	***Real***	**2015**
Total sales	**2 543**	**2 665**	**-5**	**12**	**5 042**	**5 334**	**-5**	**13**	**10 886**
Organic sales growth, %	*12*	*13*			*13*	*12*			*13*
Share of Group sales, %	*12*	*13*			*12*	*14*			*13*
Operating income before amortization	**111**	**111**	***0***	**25**	**225**	**236**	**-5**	**21**	**491**
Operating margin, %	*4.4*	*4.2*			*4.5*	*4.4*			*4.5*
Share of Group operating income, %	*10*	*12*			*11*	*13*			*12*

April–June 2016

Organic sales growth was 12 percent (13), with positive development in Peru, Portugal and Spain. Due to the devaluation of the Argentinian peso the sales volume in Argentina declined when translated to Swedish kronor, although the country was still the main contributor to the business segment's organic sales growth. Latin America showed organic sales growth of 20 percent (26), but the lower level reflected a slowdown in the macro economy. The sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the second quarter.

The operating margin was 4.4 percent (4.2), an improvement driven by the development in Spain and Peru.

The collective bargaining agreement in Spain, signed in 2015, stipulating a wage increase effective from July 2016 for the guards of 1.7 percent, will be difficult to recover through price increases due to current deflation and set back in the recovery of the Spanish economy.

The Swedish krona exchange rate weakened slightly against the euro but the devaluation of the Argentinian peso by itself had a significant negative impact on the operating income in Swedish kronor. The real change in the segment was 25 percent in the second quarter.

January–June 2016

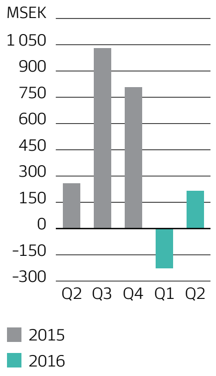
Organic sales growth was 13 percent (12), an improvement driven by Colombia, Peru and Portugal. Argentina was the main contributor to the business segment's organic sales growth, however due to the devaluation of the Argentinian peso the sales volume declined when translated to Swedish kronor. Latin America showed organic sales growth of 22 percent (25). The sales within security solutions and electronic security increased and supported organic sales growth in the business segment.

The operating margin was 4.5 percent (4.4). The positive development was driven by Spain and Peru, however partly offset by the devaluation of the Argentinian peso as Argentina has a higher than average operating margin in the segment and the Argentinian peso devaluated substantially.

The Swedish krona exchange rate was unchanged against the euro. The devaluation of the Argentinian peso by itself had a significant negative impact on the operating income in Swedish kronor, where the negative impact from the Argentinian peso amounted to MSEK –50. The real change in the segment was 21 percent in the period.

The client retention rate was 93 percent (91). The employee turnover was 31 percent (28).

Quarterly free cash flow



April–June 2016
Cash flow from operating activities amounted to MSEK 573 (557), equivalent to 53 percent (60) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –356 (–261). Changes in other operating capital employed were MSEK 100 (31).

Free cash flow was MSEK 215 (259), equivalent to 28 percent (39) of adjusted income.

Cash flow from financing activities was MSEK –684 (–327) due to dividend paid of MSEK –1 278 (–1 095) and a net increase in borrowings of MSEK 594 (768).

Cash flow for the period was MSEK –656 (–101).

January–June 2016
Cash flow from operating activities amounted to MSEK 748 (992), equivalent to 36 percent (54) of operating income before amortization.

Cash flow from operating activities has been impacted from net investments in non-current tangible and intangible assets, amounting to MSEK –301 (–194). The net investments include capital expenditures in equipment for solution contracts reflecting our strategy to increase the sales of security solutions and electronic security. Such investments affect the free cash flow and are depreciated over the contract duration.

The impact from changes in accounts receivable was MSEK –543 (–473), with a negative impact from an increase of Days of Sales Outstanding (DSO) compared to December and also affected negatively by the increased organic sales growth. Changes in other operating capital employed were MSEK –491 (–176). Last year was positively impacted by payroll timing in the US operations in the first quarter.

Free cash flow was MSEK –12 (326), equivalent to –1 percent (25) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –3 381 (–120), of which purchase price payments accounted for MSEK –3 327 (–119), assumed net debt accounted for MSEK –15 (13) and acquisition related costs paid accounted for MSEK –39 (–14). The main part of the cash flow from investing activities relates 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 3 483 (–1 235) due to dividend paid of MSEK –1 278 (–1 095) and a net increase in borrowings of MSEK 4 761 (–140).

Cash flow for the period was MSEK 81 (–1 039). The closing balance for liquid funds after translation differences of MSEK 28 was MSEK 2 180 (2 071 as of December 31, 2015).

Capital employed and financing

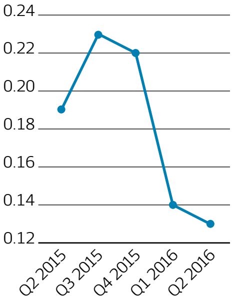
Capital employed and financing

MSEK	Jun 30, 2016
Operating capital employed	6 405
Goodwill	18 624
Acquisition related intangible assets	1 433
Shares in associated companies	379
Capital employed	**26 841**
Net debt	14 578
Shareholders' equity	12 263
Financing	**26 841**

Net debt development

MSEK	
Jan 1, 2016	**-9 863**
Free cash flow	-12
Acquisitions	-3 381
IAC payments	-8
Dividend paid	-1 278
Change in net debt	**-4 679**
Revaluation	25
Translation	-61
Jun 30, 2016	**-14 578**

Free cash flow/net debt



Capital employed as of June 30, 2016

The Group's operating capital employed was MSEK 6 405 (4 609 as of December 31, 2015), corresponding to 7 percent of sales (6 as of December 31, 2015), 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 22.

The Group's total capital employed was MSEK 26 841 (22 393 as of December 31, 2015). The increase of total capital employed is primarily related to the acquisition of the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America. The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 125. The return on capital employed was 16 percent (18 as of December 31, 2015).

Financing as of June 30, 2016

The Group's net debt amounted to MSEK 14 578 (9 863 as of December 31, 2015). The net debt has been negatively impacted mainly by cash flow from investing activities of MSEK -3 381 and dividend of MSEK -1 278, paid to the shareholders in May 2016. The translation of net debt in foreign currency to Swedish kronor has affected the net debt negatively by MSEK 61.

The free cash flow to net debt ratio amounted to 0.13 (0.19). The interest cover ratio amounted to 12.5 (11.9).

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, maturing in 2021. There is a possibility to extend for another year in January 2017. At the end of the second quarter, MUSD 120 was drawn. 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. The Group's liquidity position was changed from "strong" to "exceptional" during the second quarter.

Shareholders' equity amounted to MSEK 12 263 (12 530 as of December 31, 2015). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 64. Refer to the statement of comprehensive income on page 16 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of June 30, 2016.

ACQUISITIONS AND DIVESTITURES JANUARY–JUNE 2016 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**16 428**	**987**
Diebold's Electronic Security, North America [6]	Security Services North America	Feb 1	-	2 820	3 110	1 967	550
Draht+Schutz, Germany [6]	Security Services Europe	May 2	100	175	109	76	27
Other acquisitions and divestitures [5] [6]		-	-	6	123	4	5
Total acquisitions and divestitures January–June 2016				**3 001**	**3 342**	**2 047**	**582**
Amortization of acquisition related intangible assets						-	–135
Exchange rate differences						149	–1
Closing balance						**18 624**	**1 433**

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: Baysecur, Germany, Sérénitis, France, Waterland Security Services (contract portfolio), the Netherlands, Sensormatic, Turkey, Fuego Red, Argentina, Pinglin, China and divestiture of ancillary business, South Africa. Related also to deferred considerations paid in Sweden, Germany, France, the Netherlands, Croatia, Turkey, Argentina, Uruguay, China 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 –81. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 282.

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 19. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 23.

Diebold's Electronic Security – North America

As disclosed in earlier press releases, interim reports and the annual report, Securitas in October 2015 agreed to acquire the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America, which is the third largest commercial electronic security provider in North America. For more than 70 years, Diebold's North American Electronic Security business has brought together technology innovations, security expertise and quality services to become a leading provider of comprehensive electronic security solutions and services to business customers. Diebold's North American Electronic Security business has approximately 1 100 employees. In the beginning of 2016, the Regulatory authorities approved Securitas' acquisition of Diebold's North American Electronic Security business. The acquisition was finalized on February 1, 2016, from which date it was consolidated in Securitas.

Draht+Schutz, Germany

Securitas has acquired the electronic security company Draht+Schutz in Germany. Draht+Schutz Unternehmengruppe is a full-service provider in the electronic security industry. It offers a full spectrum of consulting, design, installation and maintenance of anti-burglary and fire control systems, CCTV, access control and perimeter security systems. Draht+Schutz has national coverage in Germany and is mainly operating in the small and medium sized enterprise segment. The company has a strong focus on multi-location chain accounts and petrol stations, where they offer standardized solutions and a high degree of process automation. Draht+Schutz has 160 employees. Regulatory authorities approved the acquisition on May 2, 2016, from which date it was consolidated in Securitas.

ACQUISITIONS AFTER THE SECOND QUARTER

Infratek Security Solutions, Norway

Securitas has agreed to acquire the electronic security company Infratek Security Solutions in Norway. The company has annual sales of approximately MSEK 200 (MEUR 21). Infratek Security Solutions is delivering technical security solutions to corporations in Norway and a minor part in Sweden. Among the deliveries are electronic solutions for the retail business, access control, alarm systems and camera surveillance. The company has 102 employees. With this acquisition, Securitas will strengthen its technology offering in Norway and the position as the leading security solutions provider. The acquisition is subject to regulatory approval. Closing of the acquisition is expected during the third quarter of 2016, from which point it will be consolidated in Securitas.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the Annual Report 2015. 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 109 in the Annual Report 2015, the Spanish tax authority has rejected certain deductions. Different matters are in different stages of being handled by the tax authority and competent courts. The Supreme Court has during the first quarter of 2016 issued its sentence regarding the years 2003–2005, some of it contradictory and some of it in line with the opinion of the lower courts. Securitas will now have to wait for the tax authority to execute a final assessment for these years based on the sentence in order to fully understand the impact. We believe any exposure to be within the amounts as disclosed in the 2015 Annual Report.

Spain – Mutua
Securitas in Spain has received a claim of MEUR 6.3 from the social security authorities relating to services allegedly received from Mutua Universal in the period 1998 to 2007. The authorities are questioning whether such services, in such case, were allowed to be provided under applicable regulations. This is a consequence of a lawsuit against some of Mutua Universal's former employees. Securitas is affected, as 2 300 other companies, as an indirect beneficiary of the services rendered. Securitas is convinced that it has acted in accordance with applicable law.

Change in Group Management

Martin Althén has been appointed Group CIO at Securitas and member of Securitas Group Management. In this new function at Securitas, Martin Althén will lead the development of Securitas global digitalization and IS/IT transformation and be responsible for large scale global IT/business projects. Martin Althén takes up his position at Securitas on October 1, 2016.

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 2015.

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. 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 2015 and if applicable above under the heading "Other significant events", may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

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 2016

The Parent Company's income amounted to MSEK 402 (417) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 718 (1 846*). Income before taxes amounted to MSEK 2 009 (1 758*).

As of June 30, 2016

The Parent Company's non-current assets amounted to MSEK 41 676 (38 504 as of December 31, 2015) and mainly comprise shares in subsidiaries of MSEK 40 325 (37 282 as of December 31, 2015). Current assets amounted to MSEK 7 273 (5 079 as of December 31, 2015) of which liquid funds amounted to MSEK 1 287 (401 as of December 31, 2015). The increase in liquid funds is due to the net receipt of dividends and funding.

Shareholders' equity amounted to MSEK 26 381 (25 689 as of December 31, 2015). Dividend of MSEK 1 278 (1 095) was paid to the shareholders in May 2016.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 568 (17 894 as of December 31, 2015) and mainly consist of interest-bearing debt.

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

* Restated since certain exchange rate differences have been accounted for as financial income and expenses due to a change in accounting principle. Refer to note 1 Accounting principles for further information.

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, August 4, 2016

Marie Ehrling
Chairman

Carl Douglas
Vice Chairman

Anders Böös
Director

Fredrik Cappelen
Director

Sofia Schörling Högberg
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, 2016 to June 30, 2016 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, August 4, 2016
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Madeleine Endre
Authorised Public Accountant

STATEMENT OF INCOME

MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Sales	20 733.8	19 803.5	40 842.3	39 227.1	80 590.2
Sales, acquired business	783.1	71.5	1 289.0	134.1	269.9
Total sales	**21 516.9**	**19 875.0**	**42 131.3**	**39 361.2**	**80 860.1**
Organic sales growth, % [2]	8	4	8	5	5
Production expenses	–17 754.7	–16 475.0	–34 834.3	–32 611.0	–66 743.2
Gross income	**3 762.2**	**3 400.0**	**7 297.0**	**6 750.2**	**14 116.9**
Selling and administrative expenses	–2 687.1	–2 482.3	–5 235.1	–4 930.7	–10 063.2
Other operating income [3]	5.1	4.4	9.7	8.9	17.7
Share in income of associated companies [4]	6.9	4.1	11.3	6.7	17.3
Operating income before amortization	**1 087.1**	**926.2**	**2 082.9**	**1 835.1**	**4 088.7**
Operating margin, %	5.1	4.7	4.9	4.7	5.1
Amortization of acquisition related intangible assets	–69.0	–66.2	–135.0	–134.2	–274.5
Acquisition related costs [5]	–20.6	–6.9	–40.7	–16.5	–29.5
Operating income after amortization	**997.5**	**853.1**	**1 907.2**	**1 684.4**	**3 784.7**
Financial income and expenses [6]	–98.0	–75.9	–181.6	–151.2	–308.3
Income before taxes	**899.5**	**777.2**	**1 725.6**	**1 533.2**	**3 476.4**
Net margin, %	4.2	3.9	4.1	3.9	4.3
Current taxes	–209.6	–194.3	–414.1	–383.3	–993.0
Deferred taxes	–57.4	–32.6	–98.3	–64.4	–39.5
Net income for the period	**632.5**	**550.3**	**1 213.2**	**1 085.5**	**2 443.9**
Whereof attributable to:					
Equity holders of the Parent Company	632.1	549.7	1 211.8	1 081.4	2 436.5
Non-controlling interests	0.4	0.6	1.4	4.1	7.4
Earnings per share before and after dilution (SEK)	1.73	1.51	3.32	2.96	6.67

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Net income for the period	**632.5**	**550.3**	**1 213.2**	**1 085.5**	**2 443.9**
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	–72.8	76.6	–147.6	68.5	80.3
Total items that will not be reclassified to the statement of income [7]	**–72.8**	**76.6**	**–147.6**	**68.5**	**80.3**
Items that subsequently may be reclassified to the statement of income					
Cash flow hedges net of tax	51.1	1.8	20.0	–1.4	0.8
Net investment hedges net of tax	–192.4	60.3	–148.1	25.4	19.1
Translation differences	593.3	–481.9	212.5	87.4	–242.4
Total items that subsequently may be reclassified to the statement of income [7]	**452.0**	**–419.8**	**84.4**	**111.4**	**–222.5**
Other comprehensive income for the period [7]	**379.2**	**–343.2**	**–63.2**	**179.9**	**–142.2**
Total comprehensive income for the period	**1 011.7**	**207.1**	**1 150.0**	**1 265.4**	**2 301.7**
Whereof attributable to:					
Equity holders of the Parent Company	1 010.5	207.5	1 147.8	1 261.4	2 296.8
Non-controlling interests	1.2	–0.4	2.2	4.0	4.9

Notes 2–7 refer to pages 22–24.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Operating income before amortization	**1 087.1**	**926.2**	**2 082.9**	**1 835.1**	**4 088.7**
Investments in non-current tangible and intangible assets	–542.3	–403.2	–867.2	–719.3	–1 328.6
Reversal of depreciation	284.1	263.4	566.3	525.0	1 072.3
Change in accounts receivable	–356.2	–260.7	–543.2	–473.3	–707.0
Change in other operating capital employed	100.2	31.1	–491.3	–175.9	273.8
Cash flow from operating activities	**572.9**	**556.8**	**747.5**	**991.6**	**3 399.2**
Cash flow from operating activities, %	*53*	*60*	*36*	*54*	*83*
Financial income and expenses paid	–37.1	–36.6	–230.0	–239.9	–322.0
Current taxes paid	–321.2	–261.6	–529.7	–426.1	–914.0
Free cash flow	**214.6**	**258.6**	**–12.2**	**325.6**	**2 163.2**
Free cash flow, %	*28*	*39*	*–1*	*25*	*78*
Cash flow from investing activities, acquisitions and divestitures	–180.8	–29.6	–3 380.6	–119.9	–147.4
Cash flow from items affecting comparability [8)]	–5.6	–3.5	–8.8	–9.6	–26.9
Cash flow from financing activities	–684.3	–326.6	3 482.5	–1 234.9	–3 302.5
Cash flow for the period	**–656.1**	**–101.1**	**80.9**	**–1 038.8**	**–1 313.6**

Cash flow MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Cash flow from operations	731.9	653.0	807.6	1 021.5	3 430.9
Cash flow from investing activities	–703.7	–427.5	–4 209.2	–825.4	–1 442.0
Cash flow from financing activities	–684.3	–326.6	3 482.5	–1 234.9	–3 302.5
Cash flow for the period	**–656.1**	**–101.1**	**80.9**	**–1 038.8**	**–1 313.6**

Change in net debt MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Opening balance	**–13 150.4**	**–10 971.4**	**–9 862.7**	**–10 421.6**	**–10 421.6**
Cash flow for the period	–656.1	–101.1	80.9	–1 038.8	–1 313.6
Change in loans	–593.4	–768.6	–4 760.2	139.7	2 207.3
Change in net debt before revaluation and translation differences	**–1 249.5**	**–869.7**	**–4 679.3**	**–899.1**	**893.7**
Revaluation of financial instruments [6)]	65.7	2.3	25.2	–0.3	0.9
Translation differences	–244.1	281.1	–61.5	–236.7	–335.7
Change in net debt	**–1 427.9**	**–586.3**	**–4 715.6**	**–1 136.1**	**558.9**
Closing balance	**–14 578.3**	**–11 557.7**	**–14 578.3**	**–11 557.7**	**–9 862.7**

Notes 6 and 8 refer to pages 23–24.

CAPITAL EMPLOYED AND FINANCING

MSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Operating capital employed	**6 405.4**	**4 919.6**	**4 608.4**
Operating capital employed as % of sales	7	6	6
Return on operating capital employed, %	79	86	96
Goodwill	18 623.9	16 511.9	16 428.4
Acquisition related intangible assets	1 433.2	1 146.4	987.3
Shares in associated companies	379.2	357.4	369.0
Capital employed	**26 841.7**	**22 935.3**	**22 393.1**
Return on capital employed, %	16	17	18
Net debt	**–14 578.3**	**–11 557.7**	**–9 862.7**
Shareholders' equity	**12 263.4**	**11 377.6**	**12 530.4**
Net debt equity ratio, multiple	1.19	1.02	0.79

BALANCE SHEET

MSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Goodwill	18 623.9	16 511.9	16 428.4
Acquisition related intangible assets	1 433.2	1 146.4	987.3
Other intangible assets	485.4	408.9	455.5
Tangible non-current assets	3 077.2	2 736.2	2 721.1
Shares in associated companies	379.2	357.4	369.0
Non-interest-bearing financial non-current assets	2 162.7	2 052.9	2 072.9
Interest-bearing financial non-current assets	395.0	312.7	343.8
Total non-current assets	**26 556.6**	**23 526.4**	**23 378.0**
Current assets			
Non-interest-bearing current assets	17 261.8	15 307.9	14 924.6
Other interest-bearing current assets	152.2	252.0	287.6
Liquid funds	2 179.7	2 386.3	2 071.2
Total current assets	**19 593.7**	**17 946.2**	**17 283.4**
TOTAL ASSETS	**46 150.3**	**41 472.6**	**40 661.4**

MSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	12 244.9	11 355.5	12 510.1
Non-controlling interests	18.5	22.1	20.3
Total shareholders' equity	**12 263.4**	**11 377.6**	**12 530.4**
Equity ratio, %	27	27	31
Long-term liabilities			
Non-interest-bearing long-term liabilities	268.4	421.2	311.9
Interest-bearing long-term liabilities	12 459.6	11 418.5	12 129.0
Non-interest-bearing provisions	3 279.7	2 934.0	3 028.6
Total long-term liabilities	**16 007.7**	**14 773.7**	**15 469.5**
Current liabilities			
Non-interest-bearing current liabilities and provisions	13 033.6	12 231.1	12 225.2
Interest-bearing current liabilities	4 845.6	3 090.2	436.3
Total current liabilities	**17 879.2**	**15 321.3**	**12 661.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**46 150.3**	**41 472.6**	**40 661.4**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Jun 30, 2016 Attributable to equity holders of the Parent Company	Jun 30, 2016 Non-controlling interests	Jun 30, 2016 Total	Jun 30, 2015 Attributable to equity holders of the Parent Company	Jun 30, 2015 Non-controlling interests	Jun 30, 2015 Total	Dec 31, 2015 Attributable to equity holders of the Parent Company	Dec 31, 2015 Non-controlling interests	Dec 31, 2015 Total
Opening balance January 1, 2016/2015	**12 510.1**	**20.3**	**12 530.4**	**11 280.3**	**18.9**	**11 299.2**	**11 280.3**	**18.9**	**11 299.2**
Total comprehensive income for the period	1 147.8	2.2	1 150.0	1 261.4	4.0	1 265.4	2 296.8	4.9	2 301.7
Transactions with non-controlling interests	–18.6	–4.0	–22.6	-	–0.8	–0.8	-	–3.5	–3.5
Share based incentive scheme	–116.7	-	–116.7[1]	–91.0	-	–91.0	28.2	-	28.2
Dividend paid to the shareholders of the Parent Company	–1 277.7	-	–1 277.7	–1 095.2	-	–1 095.2	–1 095.2	-	–1 095.2
Closing balance June 30/December 31, 2016/2015	**12 244.9**	**18.5**	**12 263.4**	**11 355.5**	**22.1**	**11 377.6**	**12 510.1**	**20.3**	**12 530.4**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –117.7, hedging the share portion of Securitas share based incentive scheme 2015, and adjustment to grant date value of non-vested shares of MSEK 1.0, related to Securitas share based incentive scheme 2014.

DATA PER SHARE

SEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Share price, end of period	129.30	109.60	129.30	109.60	130.00
Earnings per share before and after dilution [1, 2]	1.73	1.51	3.32	2.96	6.67
Dividend	-	-	-	-	3.50
P/E-ratio after dilution	-	-	-	-	19
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.

Segment overview April–June 2016 and 2015

APRIL–JUNE 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	8 824	9 830	2 543	320	-	21 517
Sales, intra-group	0	0	-	0	0	-
Total sales	**8 824**	**9 830**	**2 543**	**320**	**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	–9	–11	0	–1	-	–21
Operating income after amortization	**496**	**489**	**96**	**–84**	**-**	**997**
Financial income and expenses	-	-	-	-	-	–97
Income before taxes	**-**	**-**	**-**	**-**	**-**	**900**

APRIL–JUNE 2015

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	7 624	9 264	2 665	322	-	19 875
Sales, intra-group	10	1	-	0	–11	-
Total sales	**7 634**	**9 265**	**2 665**	**322**	**–11**	**19 875**
Organic sales growth, %	3	3	13	-	-	4
Operating income before amortization	**415**	**469**	**111**	**–69**	**-**	**926**
of which share in income of associated companies	1	0	-	3	-	4
Operating margin, %	5.4	5.1	4.2	-	-	4.7
Amortization of acquisition related intangible assets	–7	–37	–17	–5	-	–66
Acquisition related costs	-	–3	–1	–3	-	–7
Operating income after amortization	**408**	**429**	**93**	**–77**	**-**	**853**
Financial income and expenses	-	-	-	-	-	–76
Income before taxes	**-**	**-**	**-**	**-**	**-**	**777**

JANUARY–JUNE 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	17 077	19 364	5 042	648	-	42 131
Sales, intra-group	0	0	-	1	–1	-
Total sales	**17 077**	**19 364**	**5 042**	**649**	**–1**	**42 131**
Organic sales growth, %	6	8	13	-	-	8
Operating income before amortization	**953**	**1 053**	**225**	**–148**	**-**	**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	–28	–12	0	–1	-	–41
Operating income after amortization	**901**	**968**	**195**	**–157**	**-**	**1 907**
Financial income and expenses	-	-	-	-	-	–181
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 726**

JANUARY–JUNE 2015

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	15 107	18 270	5 334	650	-	39 361
Sales, intra-group	12	1	-	0	–13	-
Total sales	**15 119**	**18 271**	**5 334**	**650**	**–13**	**39 361**
Organic sales growth, %	4	3	12	-	-	5
Operating income before amortization	**799**	**934**	**236**	**–134**	**-**	**1 835**
of which share in income of associated companies	0	1	-	6	-	7
Operating margin, %	5.3	5.1	4.4	-	-	4.7
Amortization of acquisition related intangible assets	–14	–76	–35	–9	-	–134
Acquisition related costs	-	–13	–1	–3	-	–17
Operating income after amortization	**785**	**845**	**200**	**–146**	**-**	**1 684**
Financial income and expenses	-	-	-	-	-	–151
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 533**

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 1–26 and pages 1–15 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 2015. 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 115 in the Annual Report for 2015.

Effect of amended and revised IFRS that are effective as of 2016
None of the published standards and interpretations that are mandatory for the Group's financial year 2016 are assessed to have any impact on the Group's financial statements.

Usage of key ratios not defined in IFRS
Securitas accounting is prepared in accordance with IFRS. See above for further information regarding accounting principles. IFRS defines only a few key ratios. As of the second quarter 2016, Securitas has applied ESMA's (European Securities and Markets Authority) new guidelines for Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position or cash flow that has not been defined in IFRS. In order to facilitate the analysis of the Group's development made by Group Management and other interested parties, Securitas accounts for certain APMs. The APMs are additional information and do not replace key ratios according to IFRS. Securitas definitions of APMs may be different from the definitions in other companies. The definitions can be found in note 3 in the Annual Report 2015.

Amendment of RFR 2 IAS 21 as of 2016
The Swedish Financial Reporting Board has amended the standard RFR 2 Accounting for Legal Entities. The amendment is related to IAS 21 and states that exchange rate differences arising on a monetary item that forms part of the Parent Company's net investment in a foreign subsidiary should be accounted for in the Parent Company's statement of income. Before the amendment came into force, RFR 2 stated that these exchange rate differences should be accounted for in other comprehensive income, which was not in line with IAS 21 paragraph 32. The amendment applies to financial years beginning on or after January 1, 2016.

The amendment affects financial income and expenses in the Parent Company's statement of income. It also affects translation reserve in the Parent Company's equity, as the exchange rate differences no longer will be accounted for on this line. The comparative year 2015 in the Parent Company's financial statements has been restated to reflect this amendment.

The amendment has no effect on the Group's financial statements where these exchange rate differences, as previously, are recorded in the translation reserve in equity.

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 2016	Apr–Jun 2015	Apr–Jun %	Jan–Jun 2016	Jan–Jun 2015	Jan–Jun %
Total sales	**21 517**	**19 875**	**8**	**42 131**	**39 361**	**7**
Currency change from 2015	723	-		1 601	-	
Currency adjusted sales growth	**22 240**	**19 875**	**12**	**43 732**	**39 361**	**11**
Acquisitions/divestitures	–783	–26		–1 289	–50	
Organic sales growth	**21 457**	**19 849**	**8**	**42 443**	**39 311**	**8**
Operating income before amortization	**1 087**	**926**	**17**	**2 083**	**1 835**	**14**
Currency change from 2015	40	-		89	-	
Currency adjusted operating income before amortization	**1 127**	**926**	**22**	**2 172**	**1 835**	**18**
Operating income after amortization	**997**	**853**	**17**	**1 907**	**1 684**	**13**
Currency change from 2015	39	-		85	-	
Currency adjusted operating income after amortization	**1 036**	**853**	**22**	**1 992**	**1 684**	**18**
Income before taxes	**900**	**777**	**16**	**1 726**	**1 533**	**13**
Currency change from 2015	30	-		67	-	
Currency adjusted income before taxes	**930**	**777**	**20**	**1 793**	**1 533**	**17**
Net income for the period	**632**	**550**	**15**	**1 213**	**1 086**	**12**
Currency change from 2015	21	-		47	-	
Currency adjusted net income for the period	**653**	**550**	**19**	**1 260**	**1 086**	**16**
Net income attributable to equity holders of the Parent Company	**632**	**550**	**15**	**1 212**	**1 081**	**12**
Currency change from 2015	21	-		47	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**653**	**550**	**19**	**1 259**	**1 081**	**16**
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share	**1.79**	**1.51**	**19**	**3.45**	**2.96**	**16**

Note 3 Other operating income
Other operating income consists in its entirety of trade mark fees from Securitas Direct AB.

Note 4 Share in income of associated companies
Securitas recognizes share in income of associated companies depending on the purpose of the investment.
· Associated companies that have been acquired to contribute to the operations (operational) are included in operating income before amortization.
· Associated companies that have been acquired as part of the financing of the Group (financial investments) are included in income before taxes as a separate line within the finance net. Currently, Securitas has no associated companies recognized as financial investments.

Note 5 Acquisition related costs

MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Restructuring and integration costs	-8.1	-1.9	-8.1	-9.8	-17.7
Transaction costs	-11.2	-3.2	-30.3	-3.7	-16.4
Revaluation of deferred considerations	-1.3	-1.8	-2.3	-3.0	4.6
Total acquisition related costs	**-20.6**	**-6.9**	**-40.7**	**-16.5**	**-29.5**

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 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Recognized in the statement of income					
Revaluation of financial instruments	0.3	0.0	-0.4	1.5	-0.1
Deferred tax	0.0	0.0	0.1	-0.3	0.0
Impact on net income	**0.3**	**0.0**	**-0.3**	**1.2**	**-0.1**
Recognized in the statement of comprehensive income					
Cash flow hedges	65.4	2.3	25.6	-1.8	1.0
Deferred tax	-14.3	-0.5	-5.6	0.4	-0.2
Cash flow hedges net of tax	**51.1**	**1.8**	**20.0**	**-1.4**	**0.8**
Total revaluation before tax	65.7	2.3	25.2	-0.3	0.9
Total deferred tax	-14.3	-0.5	-5.5	0.1	-0.2
Total revaluation after tax	**51.4**	**1.8**	**19.7**	**-0.2**	**0.7**

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 2015. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2015.

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, 2016				
Financial assets at fair value through profit or loss	-	29.8	-	**29.8**
Financial liabilities at fair value through profit or loss	-	-45.0	-	**-45.0**
Derivatives designated for hedging with positive fair value	-	350.1	-	**350.1**
Derivatives designated for hedging with negative fair value	-	-16.4	-	**-16.4**
December 31, 2015				
Financial assets at fair value through profit or loss	-	45.7	-	**45.7**
Financial liabilities at fair value through profit or loss	-	-3.3	-	**-3.3**
Derivatives designated for hedging with positive fair value	-	254.9	-	**254.9**
Derivatives designated for hedging with negative fair value	-	-61.5	-	**-61.5**

Note 6 cont.

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 2015.

	Jun 30, 2016		Dec 31, 2015	
MSEK	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Short-term loan liabilities	3 300.7	3 354.8	-	-
Long-term loan liabilities	9 692.1	9 873.5	9 395.3	9 565.2
Total financial instruments by category	**12 992.8**	**13 228.3**	**9 395.3**	**9 565.2**

Summary of credit facilities as of June 30, 2016

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN Eurobond, 2.75% fixed	EUR	350	0	2017
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
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	430	2021
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2021
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
Commercial Paper (uncommitted)	SEK	5 000	4 600	n/a

Note 7 Tax effects on other comprehensive income

MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Deferred tax on remeasurements of defined benefit pension plans	28.0	–40.0	62.3	–40.7	–29.3
Deferred tax on cash flow hedges	–14.3	–0.5	–5.6	0.4	–0.2
Deferred tax on net investment hedges	54.3	–17.0	41.8	–7.2	–5.4
Total deferred tax on other comprehensive income	**68.0**	**–57.5**	**98.5**	**–47.5**	**–34.9**

Note 8 Cash flow from items affecting comparability

MSEK	Apr–Jun 2016	Apr–Jun 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Restructuring payments	–3.0	–2.7	–5.1	–7.0	–14.7
Spain – overtime compensation	–0.2	–0.1	–0.2	–1.2	–1.4
Germany – premises	–2.4	–0.7	–3.5	–1.4	–10.8
Total cash flow from items affecting comparability	**–5.6**	**–3.5**	**–8.8**	**–9.6**	**–26.9**

Note 9 Pledged assets

MSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Pension balances, defined contribution plans	113.1	103.3	110.7
Finance leases	141.2	109.8	126.6
Total pledged assets	**254.3**	**213.1**	**237.3**

Note 10 Contingent liabilities

MSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Guarantees	21.2	23.5	23.5
Guarantees related to discontinued operations	16.1	18.8	17.7
Total contingent liabilities	**37.3**	**42.3**	**41.2**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2015 as well as to the section Other significant events in this report.

STATEMENT OF INCOME

MSEK	Jan–Jun 2016	Jan–Jun 2015
License fees and other income	401.6	417.4
Gross income	**401.6**	**417.4**
Administrative expenses	–289.5	–253.6
Operating income	**112.1**	**163.8**
Financial income and expenses [1]	1 718.4	1 846.4
Income after financial items [1]	**1 830.5**	**2 010.2**
Appropriations	178.0	–252.3
Income before taxes [1]	**2 008.5**	**1 757.9**
Taxes	–35.2	–8.8
Net income for the period [1]	**1 973.3**	**1 749.1**

[1] Comparatives have been restated as an effect of a change in accounting principle RFR 2 IAS 21. The effect from the restatement on net income for the period Jan–Jun 2015 is MSEK 148.6. The restatement has no effect on the condensed balance sheet below, as the restatement entails a transfer from translation reserve to retained earnings within non-restricted equity. For further information refer to note 1, Accounting principles.

BALANCE SHEET

MSEK	Jun 30, 2016	Dec 31, 2015
ASSETS		
Non-current assets		
Shares in subsidiaries	40 324.5	37 282.1
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	311.2	310.5
Interest-bearing financial non-current assets	928.4	799.9
Total non-current assets	**41 676.2**	**38 504.6**
Current assets		
Non-interest-bearing current assets	552.1	121.9
Other interest-bearing current assets	5 433.6	4 556.0
Liquid funds	1 287.4	400.8
Total current assets	**7 273.1**	**5 078.7**
TOTAL ASSETS	**48 949.3**	**43 583.3**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 727.7	7 727.7
Non-restricted equity	18 653.7	17 961.6
Total shareholders' equity	**26 381.4**	**25 689.3**
Untaxed reserves	**10.9**	**10.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	160.6	143.1
Interest-bearing long-term liabilities	12 343.3	12 015.9
Total long-term liabilities	**12 503.9**	**12 159.0**
Current liabilities		
Non-interest-bearing current liabilities	694.8	723.4
Interest-bearing current liabilities	9 358.3	5 000.7
Total current liabilities	**10 053.1**	**5 724.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 949.3**	**43 583.3**

Definitions

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).

Free cash flow, %
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).

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.

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.

Return on operating capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.

Return on capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of closing balance of capital employed.

Net debt equity ratio, multiple
Net debt in relation to shareholders' equity.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on August 4, 2016 at **14:30 p.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 web. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

The United States:	+1 855 269 2605
Sweden:	+46 (0) 8 519 993 55
United Kingdom:	+44 (0) 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

November 8, 2016, app. 08.00 a.m.	Interim Report January–September 2016
February 7, 2017, app.13.00 p.m.	Full Year Report January-December 2016

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, the Middle East, Asia and Africa. 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 close to 330 000 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: an 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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