



Interim Report

January – June 2019

Managing **cash** in society.



April – June 2019

- Revenue SEK 5,204 million (4,808). Real growth 4 percent (7) of which organic growth 3 percent (3).
- Operating income (EBITA)¹⁾ SEK 607 million (509) and operating margin 11.7 percent (10.6).
- Income before taxes SEK 489 million (553) and income after taxes SEK 367 million (411).
- Earnings per share before and after dilution amounted to SEK 4.89 (5.47).
- Cash flow from operating activities²⁾ SEK 989 million (456) equivalent to 166 percent (90) of operating income (EBITA)²⁾.

January – June 2019

- Revenue SEK 10,210 million (9,294). Real growth 4 percent (8) of which organic growth 2 percent (3).
- Operating income (EBITA)¹⁾ SEK 1,171 million (981) and operating margin 11.5 percent (10.6).
- Income before taxes SEK 998 million (977) and income after taxes SEK 746 million (729).
- Earnings per share before and after dilution amounted to SEK 9.92 (9.69).
- Cash flow from operating activities²⁾ SEK 1,020 million (726) equivalent to 89 percent (74) of operating income (EBITA)²⁾.

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability.

2) Cash flow from operating activities is reported excluding the impact from IFRS 16. The adaption of IFRS 16 has therefore had no net impact on cash flow from operating activities according to Loomis' definition. Cash flow from operating activities is consequently reported on the same basis as in 2018. For further information please refer to definitions on page 22.

KEY RATIOS

	2019	2018		2019	2018	
SEK m	Apr–Jun	Apr–Jun	Change (%)	Jan–Jun	Jan–Jun	Change (%)
Revenue	5,204	4,808	8	10,210	9,294	10
Of which:						
Organic growth	134	118	3	221	253	2
Acquisitions and divestments	82	206	2	197	418	2
Exchange rate effects	180	138	4	498	–2	5
Total growth	396	462	8	916	669	10
Operating income (EBITA)	607¹⁾	509	19	1,171¹⁾	981	19
Operating margin (EBITA), %	11.7 ¹⁾	10.6		11.5 ¹⁾	10.6	
Operating income (EBIT)	554	575	–4	1,112	1,025	8
Earnings before tax	489	553	–12	998	977	2
Net income for the period	367	411	–11	746	729	2
Earnings per share, SEK	4.89 ¹⁾	5.47	–11	9.92 ¹⁾	9.69	2
Tax rate, %	25	26	n/a	25	25	n/a
Cash flow from operating activities ²⁾	989	456	117	1,020	726	40
Cash flow from operating activities as % of operating income (EBITA) ²⁾	166	90	n/a	89	74	n/a

1) For information regarding the IFRS 16 impact, see Note 7.

2) Cash flow from operating activities is reported excluding the impact from IFRS 16. The adaption of IFRS 16 has therefore had no net impact on cash flow from operating activities according to Loomis' definition. Cash flow from operating activities is consequently reported on the same basis as in 2018. For further information please refer to definitions on page 22.

Comments by the President and CEO



I am happy to be able to report that the activities under way within Loomis are still yielding good results. Growth – both organic and acquired – is high up on the agenda. At the beginning of April we reported that we had reached an agreement with Prosegur to acquire its French operations. The acquired operations complement our own, both in terms of customers and the branch locations. There is also significant potential to create synergies. Similar to most other countries in Europe, France is now a market that essentially has just two providers.

The Group's real growth during the quarter remained strong, amounting to 4 percent (7), of which 3 percent (3) was organic. The positive organic growth trend that started in segment Europe at the end of 2018 is continuing. Many countries are contributing to this growth and I would in particular like to mention Spain, Belgium, Switzerland and Turkey, as well as our operations in South America. Interest in SafePoint and Recyclers in Europe is now growing. Recyclers are intended primarily for larger customers, while SafePoint is aimed at medium and smaller retail customers. The development and launch of products and services that facilitate cash management for our customers is a high priority.

The organic growth in the USA for the domestic cash in transit (CIT) and cash management services (CMS) operations was slightly lower than the corresponding period in 2018, but we believe that the good potential we have identified for CMS and SafePoint remains unchanged. Revenue from SafePoint grew in the USA by almost 18 percent during the quarter.

On the product side, we added Recyclers to our portfolio at the beginning of 2019. Several pilot projects were initiated during the quarter and there is good potential for this advanced product area to be a strong and appreciated comprehensive solution for our larger retail customers.

The Group's operating margin (EBITA %) in the second quarter amounted to 11.7 percent (10.6). The introduction of IFRS 16 had a positive effect of around 0.3 percentage points. Both the USA and Europe continue to deliver improved profitability. In the USA higher revenue from SafePoint and CMS, as well as efficiency programs at the branches, are the main factors for the continued strong earnings. In Europe several countries are contributing through higher operating margins, and the acquisition of CPoR, completed just before year-end 2018, is also helping to raise profitability. The comprehensive restructuring program in France in 2018 continues to contribute to earnings growth, but we believe that there is more to do before full effect is reached.

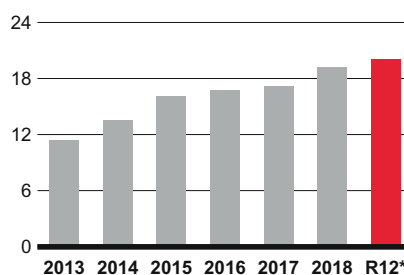
At the AGM on May 8, 2019 a journalist put forward allegations that Loomis had been providing currencies to foreign exchange offices in Denmark, of which some are suspected of being involved in money laundering. As a result of the allegations Loomis launched an internal and two external investigations. On July 19 we communicated additional information on the matter. I would like to emphasize the fact that Loomis is not subject of any legal action. The investigations that were carried out have identified deficiencies in our internal processes and we are now doing our utmost to deal with these.

I would like to conclude with a reminder that on September 5 we will hold a capital markets update in London where we will present events and activities under way since we communicated our strategic plan and financial targets for 2018–2021. We welcome all interested stakeholders to attend.

Patrik Andersson
President and CEO

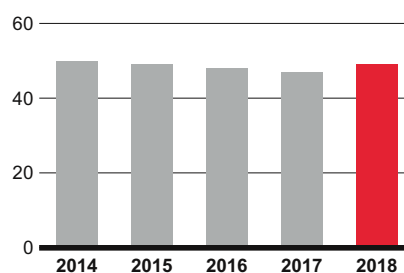
Loomis' financial targets

Revenue SEK 24 billion 2021

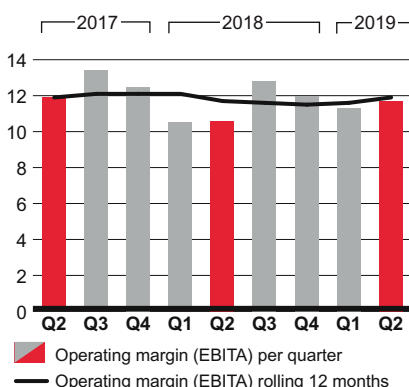


*Refers to the period July 1, 2018–June 30, 2019.

Annual dividend, % 40–60% of the Group's net income



Operating margin (EBITA), % 12–14%



Group – Revenue and earnings

April – June 2019

Revenue for the quarter amounted to SEK 5,204 million (4,808). Real growth was 4 percent (7), of which organic growth was 3 percent (3). The acquisitions in Chile and France in 2018 had a positive impact on real growth. Sales also increased in several countries in the European segment, where Spain, Belgium, Switzerland and Turkey, as well as operations in South America showed good growth. The growth rate for CIT and CMS in the USA was slightly lower than in the corresponding period in 2018.

The operating income (EBITA) amounted to SEK 607 million (509) and the operating margin was 11.7 percent (10.6). At comparable exchange rates the income improvement was around SEK 79 million, of which the effect of IFRS 16 amounted to around SEK +12 million. The restructuring programs implemented in 2018 in France and Sweden have had a positive effect on the operating margin in Europe. The operating margin in the USA was positively impacted by a greater share of revenue relating to SafePoint, higher efficiency at the branches and the restructuring program that is underway in the international operations.

The operating income (EBIT) for the quarter amounted to SEK 554 million (575), which includes amortization of acquisition-related intangible assets of SEK –25 million (–22) and acquisition-related costs of SEK –21 million (–10). During the second quarter of 2018 a positive item affecting comparability was reported in the amount of SEK 98 million. This item consisted primarily of a positive non-recurring item relating to the revaluation of the UK pension obligation of SEK 178 million as well as goodwill impairment for two operations in the European segment.

Income before tax of SEK 489 million (553) includes a net financial expense of SEK –57 million (–23), of which the effect of IFRS 16 amounted to around SEK –26 million. The tax expense for the quarter amounted to SEK –122 million (–141), which represents a tax rate of 25 percent (26).

Earnings per share after dilution amounted to SEK 4.89 (5.47). The total effect on earnings per share as a result of IFRS 16 entering into force was SEK –0.14 in the second quarter this year.

January – June 2019

Revenue for the six-month period amounted to SEK 10,210 million compared to SEK 9,294 million for the corresponding period the previous year. The acquisitions made in Chile and France had a positive impact on real growth of 4 percent (8). The organic growth was 2 percent (3). Continued growth in the European segment was a contributing factor, with Spain, Belgium, Switzerland, Austria, Turkey and the operations in South America reporting increased sales. Growth in Turkey and Argentina is mainly attributable to increased CIT volumes. Growth in the USA, which was lower than in the corresponding period the previous year, was mainly negatively affected in the first quarter by the ongoing restructuring of the international operations and by a slightly lower growth rate for CIT and CMS.

The operating income (EBITA) amounted to SEK 1,171 million (981) and the operating margin was 11.5 percent (10.6). At comparable exchange rates the income improvement was around SEK 135 million, of which the effect of IFRS 16 amounted to around SEK +25 million. The restructuring programs in France and Sweden implemented in 2018 have had a positive effect on the operating margin for the period. More installed SafePoint units in the USA continue to improve profitability, but ongoing efficiency improvement at the branches is also yielding good results. The restructuring program under way within the international operations in the USA has also helped to raise the operating margin.

The operating income for the period (EBIT), which amounted to SEK 1,112 million (1,025), includes amortization of acquisition-related intangible assets of SEK –50 million (–39) and acquisition-related costs of SEK –36 million (–15). EBIT for the first half of 2019 also includes an item affecting comparability of SEK 27 million (98), which mainly relates to reported capital gains of SEK 33 million from the divestment of the fine art storage and logistics operations, Artcare. For the corresponding period in 2018 a positive item affecting comparability of SEK 98 million was reported, consisting mainly of a positive non-recurring item relating to the revaluation of the UK pension obligation of SEK 178 million, as well as impairment of goodwill in two operations within the European segment.

Income before tax of SEK 998 million (977) includes a net financial expense of SEK –100 million (–48), of which the effect of IFRS 16 amounted to around SEK –51 million. The tax expense for the period amounted to SEK –251 million (–248), which represents a tax rate of 25 percent (25).

Earnings per share after dilution amounted to SEK 9.92 (9.69). The total effect on earnings per share in the first six months of the year as a result of IFRS 16 entering into force was SEK –0.26.

Segment Europe – Revenue and operating income

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Revenue	2,820	2,632	5,532	5,124	10,919	10,511
Real growth, %	6	7	6	8	8	8
Organic growth, %	3	–1	2	–1	1	–1
Operating income (EBITA) ¹⁾	330	282	623	523	1,337	1,238
Operating margin, %	11.7	10.7	11.3	10.2	12.2	11.8
Number of full-time employees	14,900	14,200	14,900	14,100	15,000	14,600

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability.

Revenue and operating income

April – June 2019

Revenue for the quarter amounted to SEK 2,820 million (2,632). The real growth of 6 percent (7) was positively affected by revenue generated by the operations acquired over the past 12 months in Chile and France. The organic growth was 3 percent (–1). Spain, Belgium, Switzerland, Turkey and the operations in South America continued to show good organic growth, but several other countries also contributed to the organic growth. The Nordic region as a whole continued to show negative organic growth.

The operating income (EBITA) amounted to SEK 330 million (282) and the operating margin was 11.7 percent (10.7). The effects of the restructuring programs in Sweden and France, which were concluded in 2018, continued to provide positive results. The operating margin for CIT and CMS is expected to gradually continue to increase in 2019 in the French market, an important market for Loomis. The acquisition of CPoR in France, which was concluded just before year-end of 2018, had a positive effect on the operating margin. The ongoing restructuring programs at the branches have also contributed to the improved profitability.

January – June 2019

Revenue for the period amounted to SEK 5,532 million (5,124) and organic growth was 2 percent (–1). Spain, Belgium, Switzerland, Austria, Turkey and the operations in South America continued to show good organic growth, but several other countries also contributed to the organic growth. The real growth of 6 percent (8) was positively affected by revenue generated by the acquired operations in Chile and France.

The operating income (EBITA) amounted to SEK 623 million (523) and the operating margin was 11.3 percent (10.2). The improved profitability is largely due to the restructuring programs implemented in Sweden and France in 2018, which continue to develop according to plan. At the beginning of 2019 the development in France was, however, impeded slightly by the “yellow vest” demonstrations. The acquisition of CPoR in France was completed just before year-end 2018. CPoR is operating with a higher operating margin than the European average and has therefore helped to improve profitability. The ongoing efficiency improvement programs at the branches have also increased the operating margin.

Segment USA – Revenue and operating income

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Revenue	2,403	2,192	4,713	4,200	9,229	8,716
Real growth, %	2	8	2	8	4	7
Organic growth, %	3	7	3	8	4	7
Operating income (EBITA) ¹⁾	329	275	649	547	1,225	1,123
Operating margin, %	13.7	12.5	13.8	13.0	13.3	12.9
Number of full-time employees	10,400	10,200	10,400	10,200	10,300	10,200

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability.

Revenue and operating income

April – June 2019

Revenue amounted to SEK 2,403 million (2,192) and organic growth was 3 percent (7). Real growth amounted to 2 percent (8). The underlying organic growth for the domestic CIT and CMS operations was slightly lower than in the corresponding period in 2018. The growth potential for CMS and SafePoint is, however, considered to be unchanged and remains good. Similar to the first quarter of this year, higher ATM revenue contributed to the development and an increase in the number of installed SafePoint units explains much of the growth in CMS. Revenue for the quarter from SafePoint accounted for 15 percent (13) of the segment's total revenue. The change in fuel fees, which Loomis passes on to its customers, did not have a significant impact on organic growth for the quarter.

The share of revenue from CMS during the quarter amounted to 34 percent (33) of the segment's total revenue.

The operating income (EBITA) amounted to SEK 329 million (275) and the operating margin was 13.7 percent (12.5). Higher revenue from SafePoint and CMS as well as efficiency improvement programs at the branches continue to provide good results. The restructuring program within the international operations has also contributed to the improved profitability.

January – June 2019

Revenue amounted to SEK 4,713 million (4,200) and organic growth was 3 percent (8). The real growth amounted to 2 percent (8). Higher ATM revenue and an increase in the number of installed SafePoint units explains much of the growth. Revenue for the period from SafePoint accounted for 15 percent (13) of the segment's total revenue. Growth was negatively affected during the period by the ongoing restructuring program within the international operations. The growth rate for the domestic CIT and CMS operations was slightly lower than in the corresponding period in 2018. The change in fuel fees, which Loomis passes on to its customers, did not have a significant impact on organic growth for the period.

The share of revenue from CMS for the period amounted to 33 percent (32) of the segment's total revenue.

The operating income (EBITA) amounted to SEK 649 million (547) and the operating margin was 13.8 percent (13.0). Efforts to improve efficiency at the branches are having a positive effect on earnings and higher revenue from SafePoint and CMS is contributing to the higher profitability. The restructuring program within the international operations continues to have a positive effect on the operating margin.

Cash flow and liquidity

January – June 2019

Cash flow from operating activities, excluding the IFRS 16 impact, was SEK 1,020 million (726), equivalent to 89 percent (74) of operating income (EBITA).

Net investments in fixed assets during the period amounted to SEK 636 million (666), which can be compared to depreciation (excluding the IFRS 16 impact) of SEK 617 million (585). Investments were made primarily in buildings, vehicles, machinery and equipment during the period. Investments in relation to depreciation for the quarter amounted to 1.0 (1.1). For the impact of IFRS 16, see Note 7.

Other events

Significant events during the period

In March 2019 there was a change in ownership of all of Loomis ABs 3,428,520 Class A shares. The transaction corresponded to 4.6 percent of the capital and 32.3 percent of the votes in Loomis. The buyer subsequently requested conversion of the Class A shares to Class B shares in accordance with the Articles of Association of Loomis AB.

In March 2019 the number of votes in Loomis AB (publ) was changed due to conversion of all 3,428,520 Class A shares to a total of 3,428,520 Class B shares, which means there are no longer any issued Class A shares in the Company. The conversion was implemented based on the possibility for Class A shareholders to request conversion of Class A shares into Class B shares. This provision was introduced into the Articles of Association at the extraordinary general meeting on September 5, 2018. The number of Class B shares has therefore increased by 3,428,520 and the number of Class A shares has been reduced by the same number. The number of votes was reduced by 30,856,680. As of March 29, 2019 the total number of shares and votes in the Company amounted to 75,279,829.

The Annual General Meeting on May 8, 2019 voted in favor of the Board's proposal to introduce an incentive scheme (Incentive Scheme 2019). Similar to Incentive Scheme 2018, the proposed incentive scheme (Incentive Scheme 2019) will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be in the form of Class B shares in Loomis AB to be allotted to the participants at the beginning of 2021. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2021, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the individual will retain the right to receive bonus shares. The principle of performance measurement and other general principles already being applied in the existing Incentive Scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments for this Incentive Scheme. To enable allotment of these shares, the AGM voted in favor of Loomis AB entering into a share swap agreement with a third party under which the third party will acquire the shares in its own name and transfer them to the Incentive Scheme participants. The Incentive

Scheme will enable around 350 key individuals within Loomis to become shareholders in Loomis AB over time. This will increase employee commitment to Loomis' development for the benefit of all shareholders.

At the AGM on May 8, 2019 a Danish journalist put forward allegations that Loomis have been providing currencies to foreign exchange offices in Denmark of which some are suspected to be involved in advanced money laundering. Loomis subsequently initiated both an internal and external investigations in the matter.

Acquisitions during the period

In January 2019 it was announced that Loomis AB, through a wholly owned subsidiary, had entered into an agreement to acquire all of the shares in Ziemann Sicherheit Holding GmbH (Ziemann). Ziemann primarily provides domestic cash handling services. Ziemann also performs certain security services and has wholesale and retail operations relating to currencies and precious metals. The enterprise value, i.e. the purchase price payable on a debt free basis, amounted to around EUR 160 million. Ziemann has around 2,700 employees and annual net revenue in 2018 amounted to around EUR 175 million. Cash handling services accounts for more than 90 percent of the company's net revenue. The current operating margin (EBITA %) is around 7 percent. These operations will be reported within Segment Europe and consolidated into Loomis upon closing of the transaction, which will take place following merger control clearance. The purchase price is payable on closing.

On April 4, 2019 it was announced that Loomis AB, through a wholly owned subsidiary, had entered into an agreement to acquire 100 percent of the shares in Prosegur Cash Holding France (PCF). PCF is primarily involved in domestic cash handling services in France and has its head office in Lyon. PCF has around 630 employees and its net revenue in 2018 was around EUR 38.5 million. These operations will be reported within Segment Europe and consolidated into Loomis upon closing of the transaction. The enterprise value amounted to around EUR 39 million. The transaction closed on July 22, 2019 at which time the purchase price was paid.

Other events during the period

In January 2019 it was announced that Loomis AB had signed a EUR 150 million five-year multicurrency revolving credit facility. The facility matures in January 2024. The lead arrangers of the credit facility are Danske Bank A/S, Nordea Bank Abp and Crédit Lyonnais. The facility may be used for general corporate purposes. The facility replaces a previous USD 100 million facility.

In February 2019 Loomis AB, through a wholly owned subsidiary, divested its fine art storage and logistics business, Artcare, to Iron Mountain (Schweiz) AG. Artcare was acquired as part of VIA MAT in 2014 and was not part of Loomis' core business. The divested operations had revenue in 2018 of around CHF 5 million (equivalent to around SEK 45 million). Artcare was reported as part of Segment International. Capital gains before tax of around CHF 4 million, equivalent to SEK 33 million, was recognized and reported as an item affecting comparability in the first quarter of 2019.

Events after the end of the period

On July 15 notice of an extraordinary general meeting (EGM) for Loomis AB was published. The EGM will be held at 10 a.m. on August 28, 2019 at Folkets hus, Stockholm City Conference Centre. In preparation for the EGM the Nomination Committee has proposed that the number of board members be increased to seven and that Lars Blecko and Johan Lundberg be elected as new members. Gun Nilsson has declared herself no longer available to serve on the Board. The notice of the meeting also indicates that the board fees (including compensation for committee work) per board member based on the AGM decision on May 8, 2019 will continue to apply. This will involve a slight increase in the total fees since the board is adding a board member. For retiring and new board members the fee (including compensation for committee work) will be payable pro rata for the member's actual tenure in relation to the whole period from the 2019 Annual General Meeting until the end of the next AGM. The full notice of the meeting is available at www.loomis.com.

On July 19 Loomis announced the conclusions from investigations following the Danish media allegations. On 8 May 2019, a Danish journalist put forward allegations that a Loomis subsidiary had been providing currencies to foreign exchange offices in Denmark, of which some are suspected to be involved in money laundering. Loomis has not, at any time, been served suspicion from authorities in relation to this matter but takes allegations about money laundering seriously, and therefore immediately launched an internal as well as two separate and independent external investigations.

The foreign exchange business in Denmark has been conducted by Loomis Foreign Exchange AS in Norway ("Loomis FX"). The foreign exchange business related to the Danish exchange offices constituted at the time less than 0.1 per cent of the total revenue of the Loomis group. As of December 2018, Loomis FX has terminated all businesses with foreign exchange offices in Denmark.

The internal investigation has been carried out by the Group Risk Function at Loomis. The external independent investigations have been conducted by KPMG AB and Advokatfirmaet Erling Grimstad AS. The external investigations were performed to review Loomis FX's anti money laundering (AML) framework and the compliance with relevant regulations as well as how these were followed in relation to, among other things, on-boarding of customers and monitoring of transactions during the period from 2016 to 2018, with a specific focus on foreign exchange offices in Denmark.

The policies and procedures within Loomis FX contain the most important aspects of AML including know your customer (KYC) requirements. Deficiencies in relation to the compliance with internal policies and procedures have, however, been identified and it has been concluded that the applied compliance standard could have been higher. Despite proactive work by Loomis FX, such as contacts with authorities and engagement of external

experts, the deficiencies have in some cases led to the FX operations not being conducted satisfactorily. This relates to e.g. authorization, on-boarding of customers, service arrangements for, and monitoring of, high-risk customers as well as reporting of suspicious transactions and activities to the authorities.

Loomis has therefore informed the Norwegian FSA (Financial Supervisory Authority) to share the conclusions from the investigations but also on initiatives to strengthen the organization's policies and procedures in relation to AML. The Danish FSA is also informed about measures taken.

Loomis will now strengthen its organization and processes and initiate immediate remediation of the deficiencies identified in the investigations including a review of the current organization. Based on current information, Loomis estimates that these issues do not have any significant effect on the Loomis Group's financial position and results. Further facts or findings may become evident during the implementation of the corrective actions and, if so, be dealt with appropriately.

On July 22, 2019 the acquisition of Prosegur cash holding France closed at which point the purchase price was paid. The enterprise value amounted to around EUR 39 million.

Financial reports in brief

CONSOLIDATED STATEMENT OF INCOME

	Note	2019	2018	2019	2018	R12	2018
SEK m		Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Revenue, continuing operations		5,095	4,603	9,979	8,876	19,402	18,300
Revenue, acquisitions		109	206	232	418	682	868
Total revenue	3,4	5,204	4,808	10,210	9,294	20,084	19,168
Production expenses		–3,792	–3,584	–7,457	–6,907	–14,677	–14,127
Gross income		1,413	1,225	2,753	2,387	5,407	5,041
Selling and administration expenses		–806	–716	–1,583	–1,406	–3,018	–2,841
Operating income (EBITA)¹⁾		607⁸⁾	509	1,171⁸⁾	981	2,390	2,200
Amortization of acquisition-related intangible assets		–25	–22	–50	–39	–93	–83
Acquisition-related costs and revenue		–21	–10	–36 ²⁾	–15 ²⁾	–66	–46
Items affecting comparability		–6 ³⁾	98 ⁴⁾	27 ³⁾	98 ⁴⁾	15	86 ⁵⁾
Operating income (EBIT)		554	575	1,112	1,025	2,245	2,158
Net financial items		–57 ⁸⁾	–23	–100 ⁸⁾	–48	–142	–90
Loss on monetary net assets/liabilities		–8	–	–14	–	–26	–11
Income before taxes		489	553	998	977	2,078	2,057
Income tax		–122	–141	–251	–248	–522	–519
Net income for the period⁶⁾		367	411	746	729	1,555	1,538
KEY RATIOS							
Real growth, %		4	7	4	8	6	8
Organic growth, %		3	3	2	3	2	3
Operating margin (EBITA), %		11.7 ⁸⁾	10.6	–11.5 ⁸⁾	10.6	11.9	11.5
Tax rate, %		25	26	25	25	25	25
Earnings per share before and after dilution, SEK ⁷⁾		4.89 ⁸⁾	5.47	9.92 ⁸⁾	9.69	20.68	20.45

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability.

2) Acquisition-related costs and revenue for the period January – June 2019 consist of transaction costs of SEK –19 million (–11), restructuring costs of SEK –5 million (–3) and integration costs of SEK –12 million (–1). Of the transaction costs of SEK –19 million, SEK –14 million is for acquisitions in progress for the period January – June 2019, SEK –5 million is for completed acquisitions and SEK 0 million pertains to discontinued acquisitions.

3) The item affecting comparability of SEK 27 million relates to reported capital gains of SEK 33 million from the divestment of the fine art storage and logistics operations, and investigation costs of SEK –6 million related to the allegations of money laundering put forward in the spring of 2019.

4) The item affecting comparability of SEK 98 million consists primarily of a positive non-recurring item of SEK 178 million relating to a revaluation of the UK pension obligation, as well as impairment of goodwill relating to two operations within the European segment in the second quarter.

5) The item affecting comparability of SEK 86 million consists primarily of a positive non-recurring item of SEK 178 million relating to a revaluation of the UK pension obligation, impairment of goodwill relating to two operations within the European segment in the second quarter and costs incurred during the fourth quarter relating to restructuring of Segment International.

6) Net income for the period is entirely attributable to the owners of the Parent Company.

7) For further information please refer to page 20.

8) For information regarding the IFRS 16 impact, see Note 7.

STATEMENT OF COMPREHENSIVE INCOME

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Net income for the period	367	411	746	729	1,555	1,538
Other comprehensive income						
Items that will not be reclassified to the statement of income						
Actuarial gains and losses after tax	–47	–26	–192	56	–149	99
Items that may be reclassified to the statement of income						
Exchange rate differences ¹⁾	75	505	425	764	313	651
Hedging of net investments, net of tax	–17	–98	–64	–138	–65	–139
Other comprehensive income and expenses for the period, net after tax	11	381	169	681	99	612
Total comprehensive income for the period²⁾	379	792	915	1,410	1,655	2,150

1) Includes effects of hyperinflation in Argentina. As of June 30, 2019 the consumer price index in Argentina, National CPI, was 225.1 with the base period as December 2016. The SEK/ARS rate as of December 31, 2018 was 0.2373 and as of June 30, 2019, 0.2174.

2) Total comprehensive income is entirely attributable to the owners of the Parent Company.

BALANCE SHEET

	Note	2019	2018	2018
SEK m		Jun 30	Jun 30	Dec 31
ASSETS				
Fixed assets				
Goodwill		6,802	6,254	6,533
Acquisition-related intangible assets		506	448	515
Other intangible assets		187	103	168
Tangible fixed assets		5,429	5,360	5,358
Right-of-use assets	7	2,971	–	–
Other non-interest-bearing fixed assets		644	434	506
Interest-bearing financial fixed assets ¹⁾		357	444	500
Total fixed assets		16,896	13,043	13,580
Current assets				
Non-interest-bearing current assets ²⁾		4,123	3,430	3,565
Interest-bearing financial current assets ¹⁾		56	20	37
Liquid funds		1,558	912	1,308
Total current assets		5,737	4,362	4,911
TOTAL ASSETS		22,633	17,405	18,491
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	9	8,581	7,736	8,422
Long-term liabilities				
Interest-bearing long-term lease liabilities	7	2,390	–	–
Other interest-bearing long-term liabilities		5,688	5,796	5,092
Non-interest-bearing provisions		1,045	748	812
Total long-term liabilities		9,123	6,544	5,904
Current liabilities				
Tax liabilities		161	156	171
Non-interest-bearing current liabilities		3,221	2,805	2,936
Interest-bearing current lease liabilities	7	523	–	–
Other interest-bearing current liabilities		1,023	164	1,058
Total current liabilities		4,929	3,125	4,165
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		22,633	17,405	18,491
KEY RATIOS				
Return of shareholders' equity, %		18	20	18
Return of capital employed, %	6	15 ³⁾	17	17
Equity ratio, %		38	44	46
Net debt		7,653	4,584	4,305
Net debt/EBITDA		1.98 ³⁾	1.42	1.27

1) As of the balance sheet date and in the comparative information all derivatives are measured at fair value based on market data in accordance with IFRS.

2) Funds in the cash processing operations are reported net in the item "Non-interest-bearing current assets". For more information, refer to page 111 and Note 23 in the 2018 Annual Report.

3) For information excluding the IFRS 16 impact, see Note 7.

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

	2019	2018	R12	2018
SEK m	Jan–Jun	Jan–Jun		Full year
Opening balance	8,422	7,037	7,736	7,037
Effect of change in accounting principle IFRS 15	–	–15	–	–15
Effect of IAS 29	–	–	2	2
Opening balance adjusted in accordance with new accounting principle	8,422	7,022	7,738	7,024
Actuarial gains and losses after tax	–192	56	–149	99
Exchange rate differences ¹⁾	425	764	313	651
Hedging of net investments, net of tax	–64	–138	–65	–139
Total other comprehensive income	169	681	99	612
Net income for the period	746	729	1,555	1,538
Total comprehensive income²⁾	915	1,410	1,655	2,150
Dividend paid to Parent Company's shareholders	–750	–677	–750	–677
Share-related remuneration	–6	–20	–62	–76
Non-controlling interest	0	–	1	1
Closing balance	8,581	7,736	8,581	8,422

1) Includes effects of hyperinflation in Argentina. As of June 30, 2019 the consumer price index in Argentina, National CPI, was 225.1 with the base period as December 2016. The SEK/ARS rate as of December 31, 2018 was 0.2373 and as of June 30, 2019, 0.2174.

2) Total comprehensive income is entirely attributable to the owners of the Parent Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Operations						
Income before taxes	489	553	998	977	2,078	2,057
Items not affecting cash flow	559	247	1,030	569	1,734	1,273
Financial items received	7	5	14	8	37	31
Financial items paid	–64	–19	–114	–38	–208	–132
Income tax paid	–248	–226	–371	–302	–541	–472
Change in accounts receivable	–188	–108	–275	–37	–245	–6
Change in other operating capital employed and other items	599	65	177	–137	399	85
Cash flow from operations	1,154	515	1,458	1,040	3,253	2,835
Investing activities						
Investments in fixed assets	–345	–317	–663	–678	–1,450	–1,464
Disposals of fixed assets	25	8	28	12	31	15
Divestments of operations	–	–	38	–	38	–
Acquisitions of operations	–4	–191	–6	–353	–1,055	–1,403
Cash flow from investing activities	–323	–500	–604	–1,019	–2,437	–2,852
Financing activities						
Dividend paid	–750	–677	–750	–677	–750	–677
Change in interest-bearing net debt excluding liquid funds	–264	–203	–474	–246	–525	–296
Change in commercial papers issued and other long-term borrowing	555	898	580	947	1,080	1,447
Cash flow from financing activities	–459	18	–644	24	–194	473
Cash flow for the period	373	32	211	45	622	456
Liquid fund at beginning of the period	1,170	867	1,308	839	912	839
Translation differences in liquid funds	15	13	39	28	24	13
Liquid funds at end of period	1,558	912	1,558	912	1,558	1,308

CONSOLIDATED STATEMENT OF CASH FLOWS EXCLUDING THE IFRS 16 IMPACT, ADDITIONAL INFORMATION

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Operating income (EBITA) ¹⁾	595	509	1,146	981	2,365	2,200
Depreciation ¹⁾	312	300	617	585	1,215	1,183
Change in accounts receivable	–188	–108	–275	–37	–245	–6
Change in other operating capital employed and other items ¹⁾	590	65	168	–137	390	85
Cash flow from operating activities before investments	1,308	765	1,655	1,393	3,725	3,462
Investments in fixed assets, net	–319	–310	–636	–666	–1,419	–1,449
Cash flow from operating activities	989	456	1,020	726	2,306	2,013
Financial items paid and received ¹⁾	–31	–14	–49	–30	–120	–101
Income tax paid	–248	–226	–371	–302	–541	–472
Free cash flow	710	215	599	394	1,644	1,439
Cash flow effect of items affecting comparability	0	0	0	0	–1	–1
Divestment of operations	–	–	38	–	38	–
Acquisition of operations	–4	–191	–6	–353	–1,055	–1,403
Acquisition-related costs and revenue, paid and received ²⁾	–11	–9	–30	–20	–62	–52
Dividend paid	–750	–677	–750	–677	–750	–677
Change in interest-bearing net debt excluding liquid funds ¹⁾	–128	–203	–221	–246	–271	–296
Change in commercial papers issued and other long-term borrowing	555	898	580	947	1,080	1,447
Cash flow for the period	373	32	211	45	622	456
KEY RATIOS						
<i>Cash flow from operating activities as % of operating income (EBITA)¹⁾</i>	<i>166</i>	<i>90</i>	<i>89</i>	<i>74</i>	<i>97</i>	<i>91</i>
<i>Investments in relation to depreciation¹⁾</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.1</i>	<i>1.2</i>	<i>1.2</i>
<i>Investments as a % of total revenue</i>	<i>6.1</i>	<i>6.4</i>	<i>6.2</i>	<i>7.2</i>	<i>7.1</i>	<i>7.6</i>

1) Excluding the IFRS 16 impact.

2) Refers to the cash flow effect of acquisition-related transaction-, restructuring and integration costs.

Notes

NOTE 1 – ACCOUNTING PRINCIPLES

The Group's financial reports are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS, as adopted by the European Union) issued by the International Accounting Standards Board, and statements issued by the IFRS Interpretations Committee (formerly IFRIC).

This interim report has been prepared according to IAS 34 Interim Financial Reporting. The interim report is on pages 1–23, and pages 1–8 are thus an integrated part of this financial report. The most important accounting principles according to IFRS, which are the accounting standards used in the preparation of this interim report, are described in Note 2 on pages 81–89 of the 2018 Annual Report.

IFRS 16 Leases is being applied as of January 1, 2019. The 2018 Annual Report describes the accounting principles as well as the change between operating leases as of December 31, 2018 and the lease liability as of January 1, 2019. In addition to this information Loomis provides further details of the impact on the financial statements for 2019. See Note 7.

Critical estimates and assessments

For critical estimates and assessments as well as contingent liabilities, please refer to pages 90–91 and 119 of the Annual Report for 2018. There have been no other significant changes compared to what is described in the Annual Report.

Parent Company – Loomis AB

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The most important accounting principles applying to the Parent Company are described in Note 36 on page 123 of the 2018 Annual Report.

NOTE 2 – RISKS AND UNCERTAINTIES

Risks

Loomis' operations, which include cash in transit, cash management services and international valuables logistics, involve Loomis assuming the customer's risks associated with managing, transporting and storing cash, precious metals and valuables. Loomis has established routines and processes to identify, take action to mitigate and monitor risks. Risks are assessed based on two criteria: the likelihood that an event will occur and the severity of the consequences for the business if the event should occur. There is risk both in terms of circumstances pertaining to Loomis itself or the industry as a whole, as well as risks that are more general in nature. Certain risks are outside of Loomis' control.

Below is a description of some of the most significant risks and uncertainties that may have a negative impact on Loomis' operations, financial position and results, and that should therefore be taken into account when making assessments based on full-year or interim information. The risks described below are not in any particular order of significance.

Operational risks: Operational risks are risks associated with the day-to-day operations and the services offered by the Company to its customers. Some of the most significant risks Loomis has identified are:

- IT-related risks, such as operational disruptions and extended stoppages of systems linked to operating activities, as well as risks linked to installation of new systems.
- Risk of changed behavioral patterns relating to purchases and payments.
- Customer-related risks, such as the risk of loss of certain customers as well as significant changes in the banking sector.
- Competition risk, such as Loomis' ability to develop competitive offerings.
- Employee risk, such as a high staff turnover.
- Risk of robbery
- Risk of internal theft and/or failing cash reconciliation routines at cash centers.
- Risk associated with the implementation of acquisitions, such as difficulties integrating new operations and employees, as well as the anticipated benefits of a certain acquisition not being realized or being only partially realized.

Financial risks: In its operations, Loomis is exposed to risk associated with financial instruments such as liquid funds, accounts receivable, accounts payable and loans. The risks relating to these instruments are mainly:

- Interest rate risk associated with liquid funds and loans.
- Exchange rate risk associated with transactions and translation of shareholder's equity.
- Financing risk relating to the Company's capital requirements.
- Liquidity risk associated with short-term solvency.
- Credit risk pertaining to financial and commercial activities.
- Capital risk pertaining to the capital structure.
- Price risk.

The financial risks are described in more detail in Note 6 in the 2018 Annual Report.

Legal risks: Through its operations Loomis is exposed to legal risks such as:

- Risk of disputes and legal action.
- Risk associated with the application of existing laws, other regulations and changes in legislation.

Factors of uncertainty

The economic trends in the first half of 2019 impacted certain geographic areas negatively, and it cannot be ruled out that Loomis' revenue and earnings for the remainder of 2019 may be negatively impacted as a result. Changes in general economic conditions and market trends have various effects on demand for cash handling services. These include the ratio of cash purchases to credit card purchases, changes in consumption levels, the risk of robbery and bad debt losses, and the staff turnover rate.

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and assessments. Estimates and assessments affect both the income statement and the balance sheet as well as the information disclosed on things like contingent liabilities. Actual outcomes may deviate from these estimates and assessments depending on other circumstances or other conditions.

In 2019 the actual financial results of certain previously reported items affecting comparability, provisions and contingent liabilities, as described in the 2018 Annual report and where applicable under the heading “Critical estimates and assessments” on page 13, may deviate from the financial assessments and provisions made by management. This may impact the Group’s profitability and financial position.

Seasonal variations

Loomis’ earnings fluctuate across the seasons and this should be taken into consideration when making assessments based on interim financial information. The primary reason for these seasonal variations is that the need for cash handling services increases during the vacation periods and in connection with public holidays.

NOTE 3 – REVENUE DISTRIBUTION

	Europe	USA	Eliminations	Total	Europe	USA	Eliminations	Total
SEK m	Apr–Jun 2019				Apr–Jun 2018			
Cash in transit (CIT)	1,679	1,488	–	3,168	1,623	1,381	–	3,004
Cash management services (CMS)	769	822	–	1,591	745	720	–	1,465
International ¹⁾	192	79	–	270	190	75	–	265
Other ¹⁾	171	4	–	175	71	4	–	75
Revenue, internal	9	9	–19	0	3	12	–15	0
Total revenue	2,820	2,403	–19	5,204	2,632	2,192	–15	4,808

Timing of revenue recognition, external

At a point in time	364	75	–	438	438	77	–	515
Over time	2,448	2,319	–	4,767	2,191	2,103	–	4,294
Total external revenue	2,812	2,394	–	5,204	2,629	2,180	–	4,808

1) For information regarding allocation of revenue for segment International, please refer to Note 4.

	Europe	USA	Eliminations	Total	Europe	USA	Eliminations	Total
SEK m	Jan–Jun 2019				Jan–Jun 2018			
Cash in transit (CIT)	3,310	2,945	–	6,256	3,190	2,657	–	5,848
Cash management services (CMS)	1,510	1,575	–	3,085	1,441	1,358	–	2,799
International ¹⁾	373	166	–	538	357	155	–	512
Other ¹⁾	323	8	–	331	128	7	–	135
Revenue, internal	16	18	–34	0	8	22	–30	0
Total revenue	5,532	4,713	–34	10,210	5,124	4,200	–30	9,294

Timing of revenue recognition, external

At a point in time	767	157	–	924	726	148	–	875
Over time	4,749	4,538	–	9,287	4,390	4,029	–	8,419
Total external revenue	5,516	4,695	–	10,210	5,116	4,178	–	9,294

1) For information regarding allocation of revenue for segment International, please refer to Note 4.

NOTE 4 – SEGMENT OVERVIEW

As a result of restructuring, Segment International is no longer a separate segment. The purpose of the restructuring program is to take better advantage of growth opportunities and further improve efficiency. As of the first quarter of 2019 the international operations in North America are included in Segment USA, while other international operations are included in Segment Europe. Comparative figures have been adjusted to include the former Segment International in the USA and Europe respectively and to create future comparability.

SEGMENT OVERVIEW STATEMENT OF INCOME

	Europe	USA	Other ¹⁾	Eliminations	Total
SEK m	Jan – Jun 2019	Jan – Jun 2019	Jan – Jun 2019	Jan – Jun 2019	Jan – Jun 2019
Revenue, continuing operations	5,301	4,712	–	–34	9,979
Revenue, acquisitions	231	1	–	–	232
Total revenue	5,532	4,713	–	–34	10,210
Production expenses	–4,123	–3,382	–	49	–7,457
Gross income	1,409	1,330	–	15	2,753
Selling and administrative expenses	–786	–681	–101	–15	–1,583
Operating income (EBITA)	623	649	–101	–	1,171
Amortization of acquisition-related intangible assets	–40	–10	–	–	–50
Acquisition-related costs	–24	–	–12	–	–36
Items affecting comparability	33	–	–6	–	27 ²⁾
Operating income (EBIT)	592	640	–119	–	1,112
Net financial items	–	–	–100	–	–100
Loss on monetary net assets/liabilities	–	–	–14	–	–14
Income before taxes	592	640	–234	–	998

1) Segment Other consists of the Parent Company's costs and certain other group-wide costs.

2) The item affecting comparability of SEK 27 million relates to reported capital gains of SEK 33 million from the divestment of the fine art logistics and storage operations, Artcare, and investigation costs of SEK –6 million related to the allegations of money laundering put forward in the spring 2019.

SEGMENT OVERVIEW STATEMENT OF INCOME

	Europe	USA	Other ¹⁾	Eliminations	Total
SEK m	Jan – Jun 2018	Jan – Jun 2018	Jan – Jun 2018	Jan – Jun 2018	Jan – Jun 2018
Revenue, continuing operations	4,716	4,190	–	–30	8,876
Revenue, acquisitions	408	9	–	–	418
Total revenue	5,124	4,200	–	–30	9,294
Production expenses	–3,896	–3,056	–	45	–6,907
Gross income	1,228	1,144	–	15	2,387
Selling and administrative expenses	–705	–597	–89	–15	–1,406
Operating income (EBITA)	523	547	–89	–	981
Amortization of acquisition-related intangible assets	–30	–9	–	–	–39
Acquisition-related costs	–7	0	–9	–	–15
Items affecting comparability	98	–	–	–	98 ²⁾
Operating income (EBIT)	585	538	–98	–	1,025
Net financial items	–	–	–48	–	–48
Income before taxes	585	538	–145	–	977

1) Segment Other consists of the Parent Company's costs and certain other group-wide costs.

2) The item affecting comparability of SEK 98 million consists primarily of a positive non-recurring item of SEK 178 million relating to a revaluation of the UK pension obligation, as well as impairment of goodwill relating to two operations within the European segment in the second quarter.

SEGMENT OVERVIEW STATEMENT OF INCOME, ADDITIONAL INFORMATION

	2019	2018	2019	2018	R12	2018
SEK m	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Europe						
Operating income (EBITA)	330	282	623	523	1,337	1,238
Operating margin (EBITA), %	11.7	10.7	11.3	10.2	12.2	11.8
USA						
Operating income (EBITA)	329	275	649	547	1,225	1,123
Operating margin (EBITA), %	13.7	12.5	13.8	13.0	13.3	12.9
Other¹⁾						
Revenue	–	–	–	–	–	–
Operating income (EBITA)	–52	–49	–101	–89	–173	–160
Eliminations						
Revenue	–19	–16	–34	–30	–64	–60
Operating income (EBITA)	–	–	–	–	–	–
Group total						
Operating income (EBITA)	607	509	1,171	981	2,390	2,200
Operating margin (EBITA), %	11.7	10.6	11.5	10.6	11.9	11.5

1) Segment Other consists of the Parent Company's costs and certain other group-wide costs.

SEGMENT OVERVIEW BALANCE SHEET

	2019	2018	2018
SEK m	Jun 30	Jun 30	Dec 31
Europe			
Assets	10,943	8,617	9,388
Liabilities	2,842	2,505	2,612
USA			
Assets	9,796	7,543	7,528
Liabilities	1,077	912	998
Other¹⁾			
Assets	1,894	1,245	1,574
Liabilities	10,132	6,253	6,459
Shareholder's equity	8,581	7,736	8,422
Group total			
Assets	22,633	17,405	18,491
Liabilities	14,052	9,669	10,069
Shareholder's equity	8,581	7,736	8,422

1) Segment Other consists mainly of Group assets and liabilities that cannot be divided by segment.

NOT 5 – ACQUISITIONS

In the first quarter of 2019 Loomis AB, through a wholly owned subsidiary, entered into an agreement to acquire all of the shares in Ziemann Sicherheit Holding GmbH. The transaction will be completed following merger control clearance. No further details can be provided other than those stated on page 7.

In April 2019 it was announced that Loomis AB, through a wholly owned subsidiary, had entered into an agreement to acquire all of the shares in Prosegur Cash Holding France. Closing of the acquisition took place July 22, 2019. A preliminary acquisition

analysis will be presented in the Interim report January - September 2019.

In addition to the above acquisitions, two smaller acquisitions of assets and liabilities were implemented in the second quarter of 2019. The total purchase price for these acquisitions was around SEK 44 million and the total annual revenue amounts to around SEK 45 million. As these acquisitions are not considered material, no complete disclosures according to IFRS 3 are being provided.

NOTE 6 – CAPITAL EMPLOYED AND FINANCING

	2019	2018	2018
SEK m	Jun 30	Jun 30	Dec 31
Operating capital employed	8,919	5,583	5,771
Goodwill	6,802	6,254	6,533
Acquisition-related intangible assets	506	448	515
Other capital employed	8	35	–93
Capital employed	16,235	12,320	12,727
Net debt	7,653¹⁾	4,584	4,305
Shareholders' equity	8,581	7,736	8,422
Key ratios			
Return on capital employed, %	15 ¹⁾	17	17
Return on equity, %	18	20	18
Equity ratio, %	38	44	46
Net debt/EBITDA	1.98 ¹⁾	1.42	1.27

1) For information regarding the IFRS 16 impact, see Note 7.

NOT 7 – LEASES

Loomis has not early-adopted IFRS 16 and is applying the standard as of January 1, 2019. The Group is using the simplified transition method, modified retroactively, and will therefore not restate the comparative figures.

See Note 2 in the 2018 Annual Report regarding the new accounting principles as well as the change between operating leases as of December 31, 2018 and the lease liability as of January 1, 2019. In addition to the description provided in Note 2 of the 2018 Annual Report regarding IFRS 16 and its impact on Loomis, the Company would like to provide the information below.

Impact

As a result of the introduction of IFRS 16 the operating income (EBITA) is charged with depreciation of right-of-use assets instead of an operating lease expense. In addition, the increased lease liability is negatively impacting net financial expense. See also the tables below.

Right-of-use assets, which are reported on a separate line in the balance sheet, amounted to SEK 2,971 million as of June 30, 2019. Buildings account for 78 percent of total right-of-use assets. The lease liability as of June 30, 2019 totaled SEK 2,913

million, of which the long-term lease liability amounts to SEK 2,390 million and the short-term lease liability to SEK 523 million. The long-term and short-term lease liabilities are recognized as interest-bearing long-term lease liabilities and interest-bearing short-term lease liabilities respectively in the balance sheet.

In the first half of 2019 the costs relating to short-term leases (lease term of 12 months or less) amounted to SEK 16 million and leases for which the underlying asset has a low value (<USD 5,000) amounted to SEK 6 million.

Outcomes for Loomis' key ratios are presented below both including and excluding the impact of IFRS 16 as of June 30, 2019:

	Including IFRS 16	Excluding IFRS 16
	Jun 30, 2019	Jun 30, 2019
Net debt	7,653	4,845
Net debt/EBITDA	1.98	1.35
Return on capital employed, %	15	18

	Including IFRS 16	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16
SEKm	Apr–Jun 2019	Apr–Jun 2019	Jan–Jun 2019	Jan–Jun 2019
Operating income, EBITDA	1,059	906	2,058	1,763
Depreciation	452	312	887	617
Operating income, EBITA	607	595	1,171	1,146
Operating margin, EBITA, %	11.7	11.4	11.5	11.2
Net financial items	–57	–31	–100	–49
Net income for the period	367	378	746	766
Earnings per share	4.89	5.03	9.92	10.19
Investments in relation to depreciation	0.7	1.0	0.7	1.0

NOT 8 – TRANSACTIONS WITH RELATED PARTIES

Transactions between Loomis and related parties are described in Note 7 on page 96 of the 2018 Annual Report. There have been no transactions with related parties during the period that have materially impacted the Company's earnings and financial position.

NOTE 9 – NUMBER OF SHARES AS OF JUNE 30, 2019

	Votes	No. of shares	No. of votes	Quota value	SEK m
Class B shares	1	75,279,829	75,279,829	5	376
Total no. of shares		75,279,829	75,279,829		376
Total Class B treasury shares ¹⁾	1	–53,797	–53,797		
Total no. of outstanding shares		75,226,032	75,226,032		

1) The number of treasury shares has remained unchanged during the period and has not affected shareholders' equity.

NOTE 10 – CONTINGENT LIABILITIES, GROUP

	2019	2018	2018
SEK m	Jun 30	Jun 30	Dec 31
Securities and guarantees	4,065	3,625	4,353
Other contingent liabilities	35	41	39
Total contingent liabilities	4,100	3,666	4,391

OTHER INFORMATION – KEY RATIOS

	2019	2018	2019	2018	R12	2018
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun		Full year
Real growth, %	4	7	4	8	6	8
Organic growth, %	3	3	2	3	2	3
Total growth, %	8	11	10	8	12	11
Gross margin, %	27.1	25.5	27.0	25.7	26.9	26.3
Selling and administration expenses in % of total revenue	–15.5	–14.9	–15.5	–15.1	–15.0	–14.8
Operating margin (EBITA), %	11.7 ²⁾	10.6	11.5 ²⁾	10.6	11.9	11.5
Tax rate, %	25	26	25	25	25	25
Net margin, %	7.1	8.6	7.3	7.8	7.7	8.0
Return of shareholders' equity, %	18	20	18	20	18	18
Return of capital employed, %	15 ²⁾	17	15 ²⁾	17	15	17
Equity ratio, %	38	44	38	44	38	46
Net debt (SEK m)	7,653 ²⁾	4,584	7,653 ²⁾	4,584	7,653	4,305
Net debt/EBITDA	1.98 ²⁾	1.42	1.98 ²⁾	1.42	1.98	1.27
Cash flow from operating activities as % of operating income (EBITA) ³⁾	166	90	89	74	97	91
Investments in relation to depreciation ³⁾	1.0	1.0	1.0	1.1	1.2	1.2
Investments as a % of total revenue	6.1	6.4	6.2	7.2	7.1	7.6
Earnings per share before dilution, SEK ¹⁾	4.89 ²⁾	5.47	9.92 ²⁾	9.69	20.68	20.45
Earnings per share after dilution, SEK	4.89	5.47	9.92	9.69	20.68	20.45
Shareholders' equity per share after dilution, SEK	114.07	102.84	114.07	102.84	114.07	111.95
Cash flow from operating activities per share after dilution, SEK	15.34	6.85	19.38	13.82	43.25	37.69
Dividend per share, SEK	10.00	9.00	10.0	9.00	10.00	9.00
Number of outstanding shares (millions)	75.2	75.2	75.2	75.2	75.2	75.2
Average number of outstanding shares (millions) ¹⁾	75.2	75.2	75.2	75.2	75.2	75.2

1) The number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 75,226,032. The number of treasury shares amount to 53,797.

2) For information on key ratios excluding the IFRS 16 impact, see Note 7.

3) Excluding the IFRS 16 impact.

Parent Company

PARENT COMPANY SUMMARY STATEMENT OF INCOME

	2019	2018	2018
SEK m	Jan – Jun	Jan – Jun	Full year
Revenue	300	270	516
Operating income (EBIT)	180	159	310
Income after financial items	343	288	834
Net income for the period	328	295	880

The Parent Company's revenue consists mainly of license fees and other revenue from subsidiaries. The improved earnings are due to higher license fees and revenue from subsidiaries.

PARENT COMPANY SUMMARY BALANCE SHEET

	2019	2018	2018
SEK m	Jan – Jun	Jan – Jun	Dec 31
Fixed assets	11,308	10,122	11,160
Current assets	1,595	1,630	1,283
Total assets	12,902	11,751	12,444
Shareholders' equity ¹⁾	4,794	4,773	5,209
Liabilities	8,108	6,978	7,234
Total shareholders' equity and liabilities	12,902	11,751	12,444

1) The number of Class B treasury shares was 53,797 for all periods above.

The Parent Company's fixed assets consist mainly of shares in subsidiaries and loan receivables from subsidiaries. The liabilities are mainly external liabilities and liabilities to subsidiaries.

CONTINGENT LIABILITIES, PARENT COMPANY

	2019	2018	2018
SEK m	Jun 30	Jun 30	Dec 31
Guaranteed committed bank facilities	1,455	1,514	1,683
Other contingent liabilities	2,502	1,981	2,577
Total contingent liabilities	3,957	3,495	4,260

Definitions

Use of key ratios not defined in IFRS

The Loomis Group's accounts are prepared in accordance with IFRS. See page 13 for more information on accounting principles. Only a few key ratios are defined in IFRS. As of the beginning of the second quarter of 2016 Loomis is applying the new guidelines for Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). Briefly, an alternative performance measure is a financial measurement of historical or future earnings development, financial position or cash flow not defined or specified in IFRS. To assist management

and other stakeholders in their analysis of the Group's performance, Loomis is reporting certain performance measures not defined by IFRS. Group Management believes that this data will facilitate an analysis of the Group's performance. This data supplements the IFRS information and does not replace the performance measures defined in IFRS. Loomis' definitions of measures not defined in IFRS may differ from definitions used by other companies. All of Loomis' definitions are included below. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found on page 2.

Gross margin, %	Gross income as a percentage of total revenue.
Operating income (EBITA)	Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability.
Operating margin (EBITA), %	Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability, as a percentage of revenue.
Operating income (EBITDA)	Earnings Before Interest, Taxes, Depreciation, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability.
Operating income (EBIT)	Earnings Before Interest and Tax.
Items affecting comparability	Items affecting comparability are reported events and transactions whose impact are important to note when the period's results are compared with previous periods, such as capital gains and capital losses from divestments of significant cash generating units, material write-downs or other significant items affecting comparability.
Real growth, %	Increase in revenue for the period, adjusted for changes in exchange rates, as a percentage of the previous year's revenue.
Organic growth, %	Increase in revenue for the period, adjusted for acquisition/divestitures and changes in exchange rates, as a percentage of the previous year's revenue adjusted for divestitures.
Total growth, %	Increase in revenue for the period as a percentage of the previous year's revenue.
Net margin, %	Net income for the period after tax as a percentage of total revenue.
Earnings per share before dilution	Net income for the period in relation to the average number of outstanding shares during the period. Calculation for: Apr–Jun 2019: $367/75,226,032 \times 1,000,000 = 4.89$. Apr–Jun 2018: $411/75,226,032 \times 1,000,000 = 5.47$. Jan–Jun 2019: $746/75,226,032 \times 1,000,000 = 9.92$. Jan–Jun 2018: $729/75,226,032 \times 1,000,000 = 9.69$.
Earnings per share after dilution	Calculation for: Apr–Jun 2019: $367/75,226,032 \times 1,000,000 = 4.89$. Apr–Jun 2018: $411/75,226,032 \times 1,000,000 = 5.47$. Jan–Jun 2019: $746/75,226,032 \times 1,000,000 = 9.92$. Jan–Jun 2018: $729/75,226,032 \times 1,000,000 = 9.69$.
Cash flow from operations per share	Cash flow for the period from operations in relation to the number of shares after dilution.
Investments in relation to depreciation	Investments in fixed assets, net, for the period, in relation to depreciation (excluding the IFRS 16 impact).
Investments as a % of total revenue	Investments in fixed assets, net, for the period, as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity in relation to the number of shares after dilution.
Cash flow from operating activities as % of operating income (EBITA)	Operating income, EBITA, (excluding IFRS 16), adjusted for depreciation (excluding IFRS 16), change in accounts receivable and other items (excluding IFRS 16) as well as net investments in fixed assets as a percentage of operating income, EBITA, (excluding IFRS 16).
Return on equity, %	Net income for the period (rolling 12 months) as a percentage of the closing balance of shareholders' equity.
Return on capital employed, %	Operating income (EBITA) (rolling 12 months) as a percentage of the closing balance of capital employed.
Equity ratio, %	Shareholders' equity as a percentage of total assets.
Net debt	Interest-bearing liabilities less interest-bearing assets and liquid funds.
R12	Rolling 12 months (July 2018 up to and including June 2019).
n/a	Not applicable.
Other	Amounts in tables and other combined amounts have been rounded off on an individual basis. Minor differences due to this rounding-off, may, therefore, appear in the totals.

Outlook 2019

The company is not providing any forecast information for 2019.

The undersigned confirm that this interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes any significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, July 25, 2019

Alf Göransson
Chairman of the Board

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Gun Nilsson
Board member

Jan Svensson
Board member

Patrik Andersson
*President and CEO,
board member*

Jörgen Andersson
*Board member,
employee representative*

Sofie Nordén
*Board member,
employee representative*

This interim report has not been subject to a review
by the Company's auditors.

Loomis in brief

Vision

Managing cash in society.

Financial targets 2018–2021

- Revenue: SEK 24 billion by 2021.
- Operating margin (EBITA): 12–14 percent.
- Dividend: 40–60 percent of net income.

Sustainability targets

- Zero workplace injuries.
- Decrease carbon emission by 30 percent by 2021.
- Decrease plastic volumes by 30 percent by 2021.

Operations

Loomis offers secure and effective comprehensive solutions for the distribution, handling, storage and recycling of cash and other valuables. Loomis' customers are banks, retailers and other operators. Loomis operates through an international network of around 400 branches in more than 20 countries. Loomis employs around 25,000 people and had revenue in 2018 of SEK 19.2 billion. Loomis is listed on Nasdaq Stockholm Large-Cap list.

Telephone conference and audio cast

A telephone conference will be held on July 25, 2019 at 09:00 a.m. (CEST).

To follow the conference call via telephone and to participate in the question and answer session, please call:

UK: 0 844 822 8902

USA: 1 917 720 0181

Sweden: +46 8 566 184 30

Provide conference ID number: Loomis, 1945959.

The audio cast can be followed at our website www.loomis.com (follow "Financial presentation").

A recorded version of the audio cast will be available at www.loomis.com (follow "Financial presentation") after the telephone conference.

Future reporting and Extraordinary General Meeting

Interim report January – September November 1, 2019

An Extraordinary General Meeting will be held on August 28, 2019 in Stockholm.

For further information

Anders Haker, Chief Investor Relations Officer +1 281 795 8580, e-mail: anders.haker@loomis.com

Questions can also be sent to: ir@loomis.com. Refer also to the Loomis website: www.loomis.com

This information is information that Loomis AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 a.m. (CEST) on July 25, 2019.

