

Security Beyond Expectation

Niscayah Interim Report *January – June 2008*

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1. Overview



Highlights Q2 2008

- Weakened margins
 - **EBITA margin: Q2, 2008: 6.6 percent and Q2, 2007: 8.9 percent**
- Declining sales growth
 - **Sales growth: Q2, 2008: 8 percent and Q2, 2007: 17 percent**
- Strong cash flow
 - **Operational cash flow: Q2, 2008: MSEK 205 and Q2, 2007: MSEK 47**
- Weak market conditions for important customer groups
- Impacting costs: Norway and branding

Impacting items January-June 2008

- Norway
 - Losses in implementation projects of MSEK 30.
- ⑩ Branding and license fee
 - Branding costs amounting to MSEK 18, (Full year 2008 estimated at MSEK 40).
 - License fee amounting to MSEK 6.

The Group

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Rolling 12	Jan-Dec 2007
Sales	3,744	3,461	1,947	1,808	7,543	7,260
<i>Organic sales growth, %</i>	5	14	4	14	6	11
Operating income (EBIT)	221	271	121	155	608	658
<i>Operating margin (EBIT), %</i>	5.9	7.8	6.2	8.6	8.1	9.1

- Weak start in Southern Europe.
- Losses in implementation projects in Norway concluded.
- Branding costs.
- Market conditions declining in banking and retail during Q2.

Mainland Europe

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Sales	2,905	2,586	1,537	1,363	5,468
<i>Organic sales growth, %</i>	6	14	6	16	13
Operating income (EBIT)	267	305	150	163	681
<i>Operating margin (EBIT), %</i>	9.2	11.8	9.8	12.0	12.5

Mainland Europe

- Norway

- **Negatively impacted results for the period with MSEK 30.**
- **New management in Norway per July 1, 2008.**

- ⑩ **Customer groups, banking and retail**

- **Increased level of insecurity in this segment during the second quarter, especially in southern Europe.**
- **Carefully follow developments.**
- **Prepared to undertake additional measures.**

- ⑩ **Customer groups in addition to banking and retail**

- **Showing continuous good demand.**

Mainland Europe cont.

- **Germany**
 - **No restructuring costs taken during the period.**
 - **Restructuring costs estimated at approximately MSEK 14.**
 - **Acquisition of G4S systems operations on April 30, 2008.**
 - **Integration of the acquisition according to plan.**
 - **Full integration to be completed by the end of 2008.**
 - **No expectation of contribution to results 2008 (including restructuring costs).**
- **Main focus area – increase service share**

Strong market presence and good room for expansion

US/UK/Ireland

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Sales	812	850	395	432	1,740
<i>Organic sales growth, %</i>	1	13	-2	9	5
Operating income (EBIT)	24	12	16	16	68
<i>Operating margin (EBIT), %</i>	3.0	1.4	4.1	3.7	3.9

- **US**

- **Operations developing according to plan.**
- **Focus remains on developing System Management and System Operation.**
- **Increased market share and improved results in banking.**
- **Integration of PEI and Securex according to plan.**

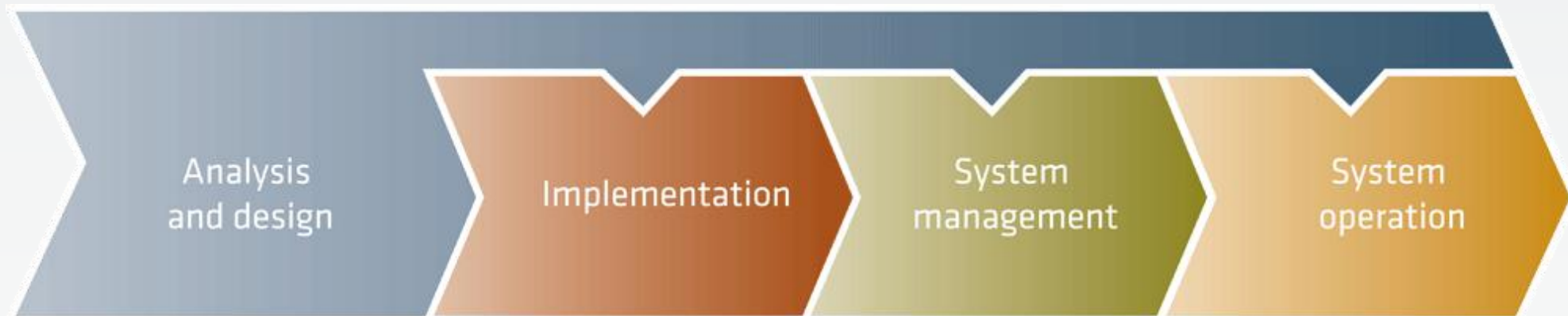
UK

- **Action program to sustain margins.**
- **Continuing weak market conditions for banks.**
- **Main focus to further developing management capabilities and broaden customer portfolio.**

Strengthening the business model

- Strong customer focus
- Strong focus on development of System Management and System Operation business lines
 - Appointment of central resources to System Management and System Operation.
 - Establish, in the long run a uniform and strong service business in all countries in which the company operates.

Streamlining the implementation business



Cash flow

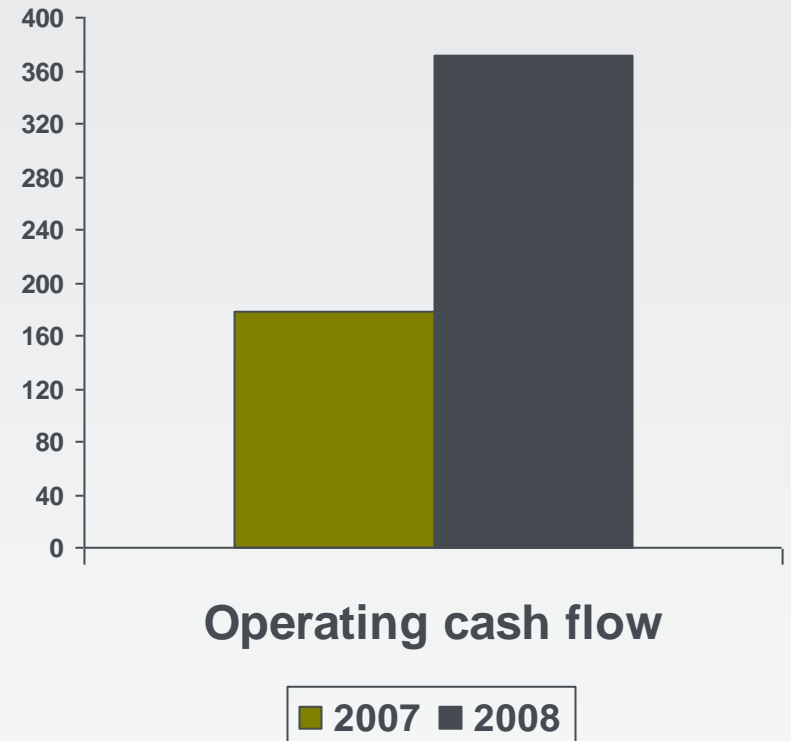
- Cash conversion

Jan-Jun 2008 = 160% of operating income*
Jan-Jun 2007 = 63% of operating income*

- Operating cash flow MSEK 372 (178)

- Increased cash flow due to a lower level of working capital

MSEK



* Before amortization, EBITA

2. Financials



Income statement

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Sales	3,744	3,461	1,947	1,808	7,260
Cost of goods sold	-2,477	-2,264	-1,287	-1,177	-4,735
Gross Income	1,267	1,197	660	631	2,526
Selling and administrative expenses	-1,035	-916	-532	-471	-1,847
Operating income before amortization (EBITA)	232	281	128	160	678
Amortization of acquisition related intangible assets	-11	-10	-6	-5	-20
Operating income (EBIT)	221	271	121	155	658
Financial income and expenses	-53	3	-17	-2	-68
Income before tax	167	275	105	153	590
Tax	-52	-85	-32	-47	-167
Net income for the period	116	190	72	105	423

Mainland Europe

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Sales	2,905	2,586	1,537	1,363	5,468
<i>Organic sales growth, %</i>	6	14	6	16	13
Operating income before amortization (EBITA)	273	310	154	166	692.0
<i>EBITA margin, %</i>	9.4	12.0	10.0	12.2	12.7
Operating income (EBIT)	267	305	150	163	681
<i>Operating margin (EBIT), %</i>	9.2	11.8	9.8	12.0	12.5
Operating capital employed	874	1,014	-	-	1,112
<i>Operating capital employed as % of sales</i>	15	20	-	-	20
Capital employed	2,368	2,405	-	-	2,553

US/UK/Ireland

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Sales	812	850	395	432	1,740
<i>Organic sales growth, %</i>	<i>1</i>	<i>13</i>	<i>-2</i>	<i>9</i>	<i>5</i>
Operating income before amortization (EBITA)	29	17	18	19	78
<i>EBITA margin, %</i>	<i>3.6</i>	<i>1.9</i>	<i>4.6</i>	<i>4.3</i>	<i>4.5</i>
Operating income (EBIT)	24	12	16	16	68
<i>Operating margin (EBIT), %</i>	<i>3.0</i>	<i>1.4</i>	<i>4.1</i>	<i>3.7</i>	<i>3.9</i>
Operating capital employed	245	341	-	-	345
<i>Operating capital employed as % of sales</i>	<i>14</i>	<i>19</i>	<i>-</i>	<i>-</i>	<i>19</i>
Capital employed	1,548	1,788	-	-	1,752

Cash flow

MSEK	Jan-Jun 2008	Jan-Jun 2007	Apr-Jun 2008	Apr-Jun 2007	Jan-Dec 2007
Operating income before amortization (EBITA)	232	281	128	160	678
Investments in fixed assets	-90	-120	-39	-53	-203
Reversal of depreciation	89	75	45	39	155
Net investments in fixed assets	-1	-45	6	-14	-48
Change in operating capital employed	141	-58	71	-99	-227
Operating cash flow	372	178	205	47	403

Balance sheet

MSEK	June 30, 2008	Dec 31, 2007
Assets		
Intangible assets	2,971	3,023
Tangible assets	385	382
Non-interest bearing fixed assets	65	76
Interest bearing fixed assets	1	1
Non-interest bearing current assets	2,967	2,804
Interest bearing current assets	16	16
Financial assets	368	402
Total assets	6,773	6,704
Equity and liabilities		
Equity	2,313	2,493
Non-interest bearing liabilities	2,239	2,037
Interest bearing liabilities	2,221	2,174
Total equity and liabilities	6,773	6,704

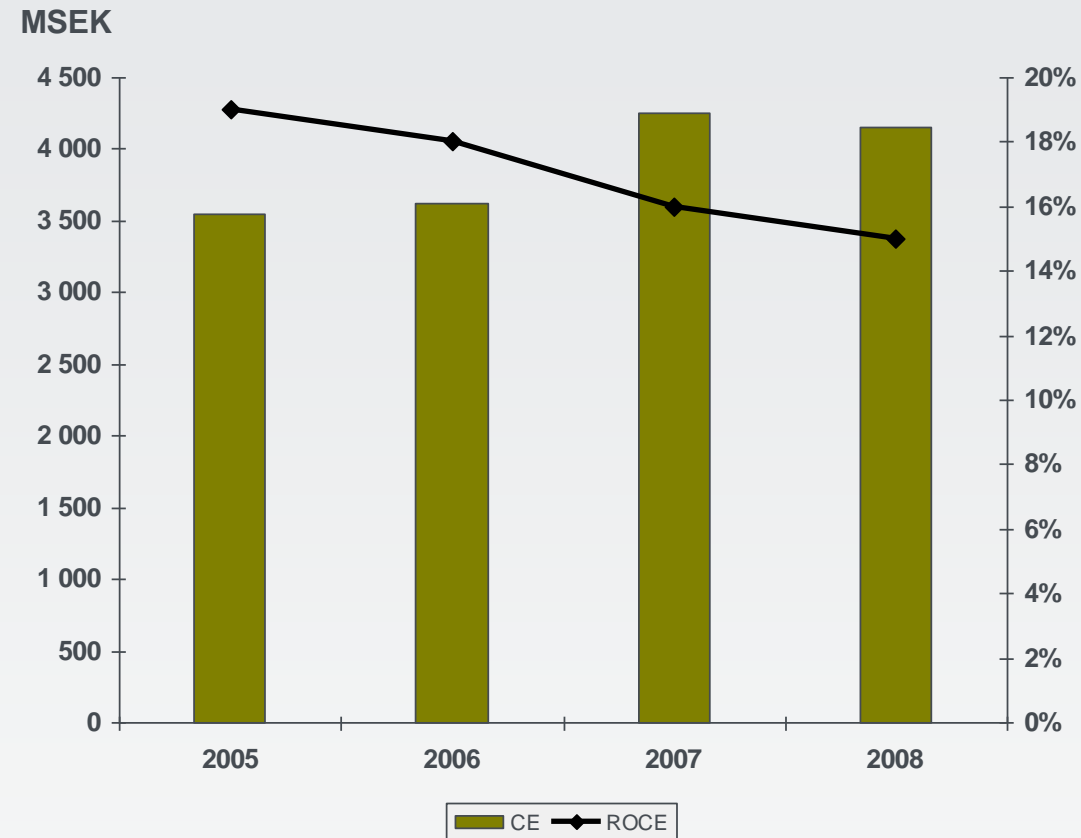
Return on capital employed (ROCE)

- Impact of recent acquisitions

- G4S, Germany (2008)
- CIS Spa, Italy (2007)
- PEI, USA (2007)
- Other minor acquisitions

Financing

- Equity = 56%
- Net debt = 44%



3. Outlook



Outlook 2008

- Outlook for 2008:

Total sales growth for the full year of 2008 is deemed to amount to the same level as during the first six months of 2008. Operating income for the full year of 2008 is expected to be lower than last year, as a consequence of the weaker outcome than planned during the first six months of 2008.

Summary

- Costs negatively impacting the period: Norway and branding.
- Weak market conditions for banking.
- Measures taken to broaden customer portfolio and develop the service offerings.
- Niscayah has a strong market presence and good room for expansion.

4. Q & A





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