Q1 REPORT 2019

Stockholm, May 6, 2019

Magnus Ahlqvist
President and CEO

Bart Adam
CFO

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HIGHLIGHTS Q1

Strong start to the year

- 7% (6) organic sales growth in the Group. All business segments contributed to the improvement
- Wage cost increases on par with price increases
- Operating income improvement +11% real change
- Improved operating margin 4.8% (4.7)
- EPS (before IAC) 3% real change
- Cash flow generation improved in Q1 compared to Q1 preceding year. Strong focus on further improvement in all business segments
- Adopted IFRS 16 Leases without restatement of comparative periods

Security Solutions and Electronic Security

Two important acquisitions made in the beginning of 2019

Security Solutions and Electronic Security

Real sales growth 17% (20)

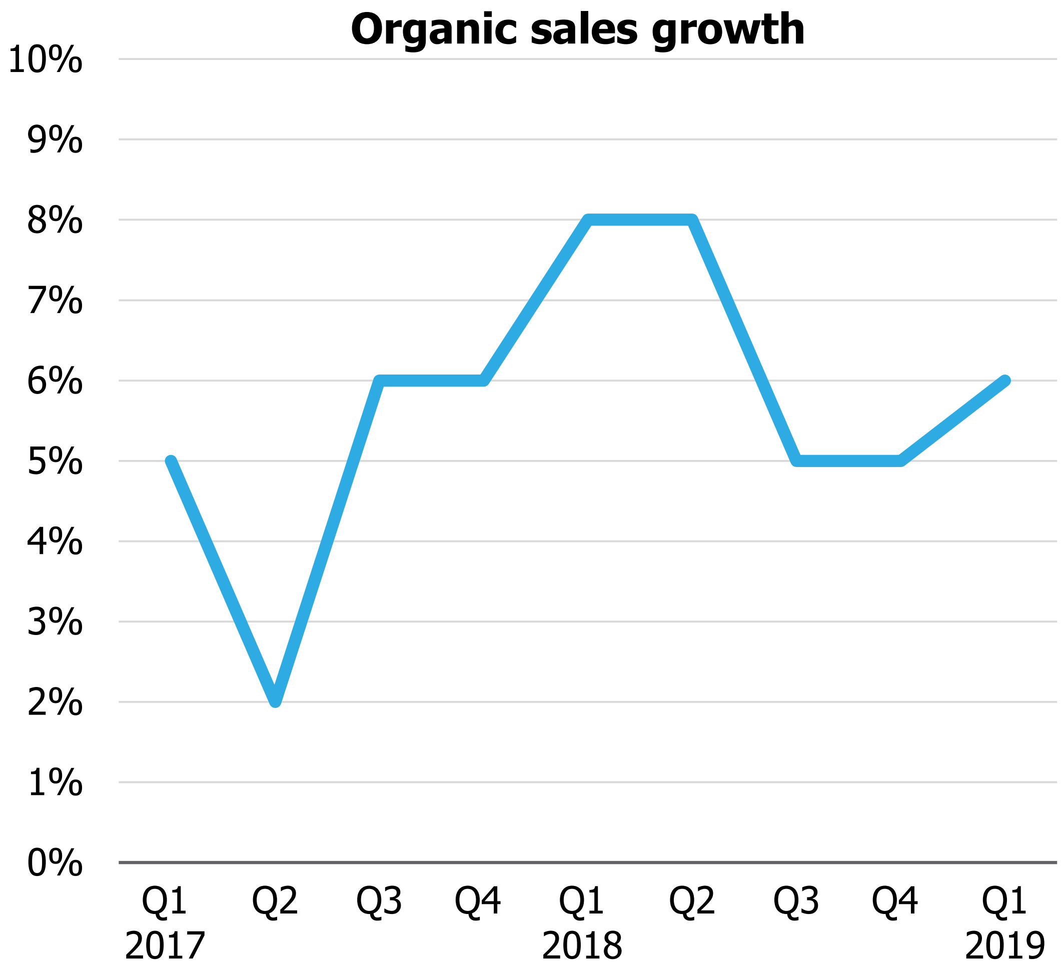
- Sales MSEK 5 528 (4 522)
- A good number of mid-sized and strategically important solution contracts started, delivering a range of protective services
- Acquisition of Allcooper in the UK and Staysafe in Australia to strengthen our electronic security capabilities

Security Solutions and Electronic Security case

Maersk – a complete protective services solutions set up

Security Services North America

Solid organic growth on strong comparatives



Organic sales growth 6% (8)

- Solid organic sales growth on strong comparatives. Slightly weakened client retention 89% (91) due to the termination of a few large contracts
- Security solutions and electronic security represented 18% (16) of total sales

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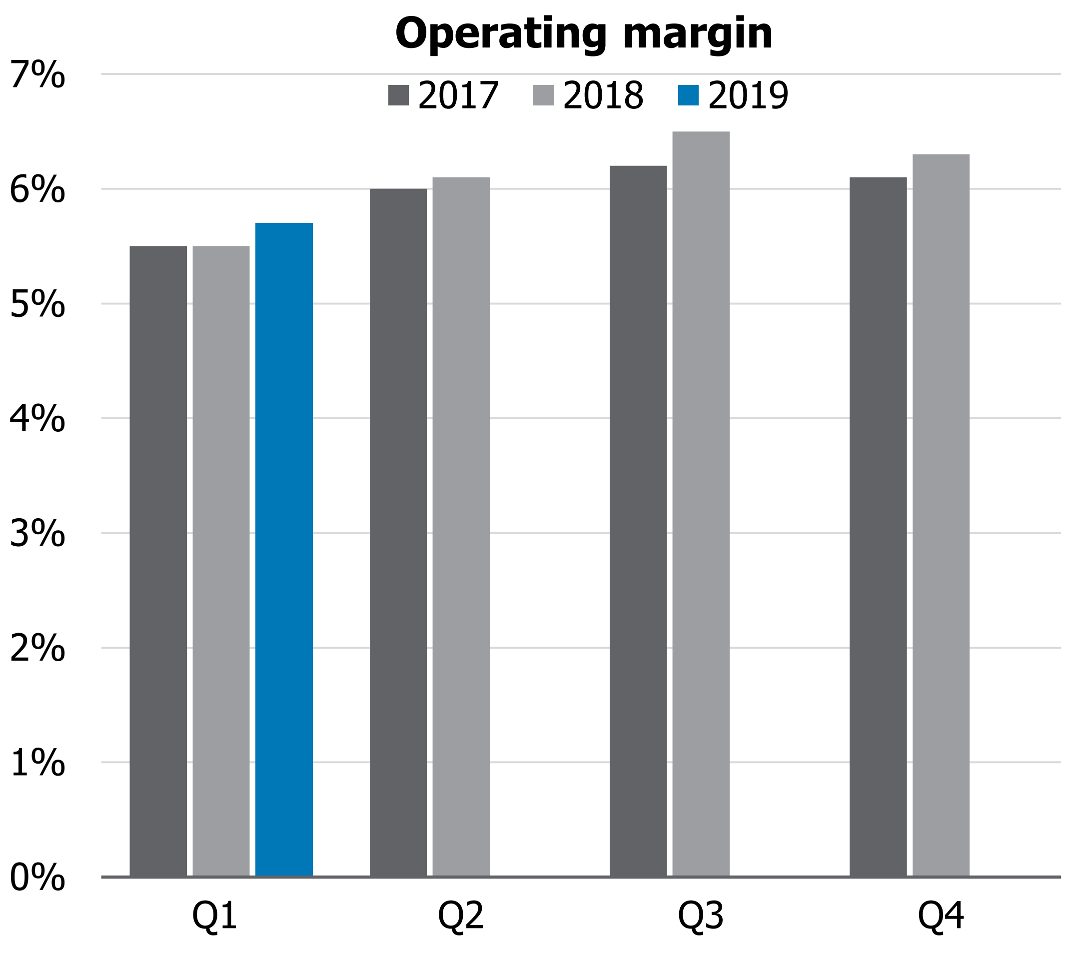
Security Services North America

Improved margins



Operating margin 5.7% (5.5)

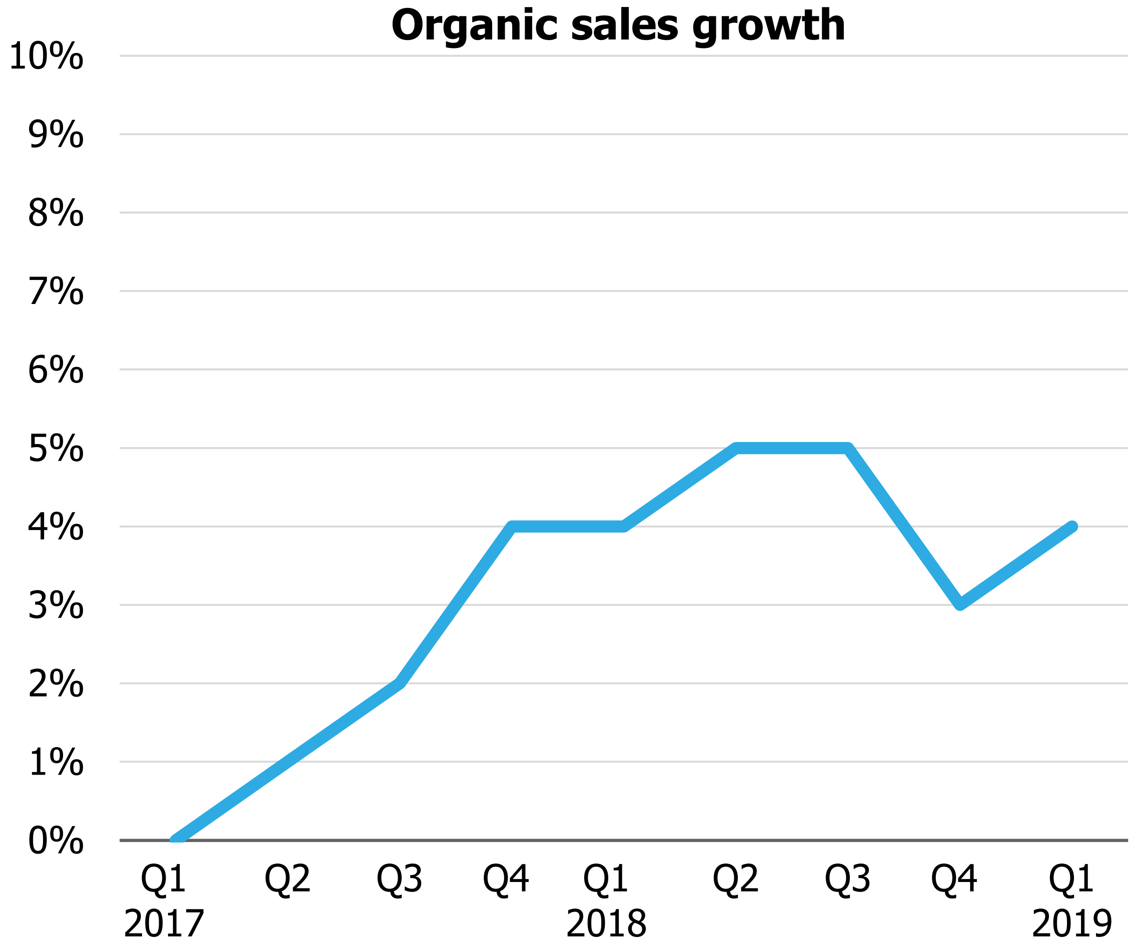
- The operating margin was overall good and in line with development from previous quarters.
- Further supported by the development of the risk management business and Securitas Electronic Security

Security Services Europe

Healthy organic sales growth

Organic sales growth 4% (4)

- Strong client retention 93% (92)
- Main contribution from Belgium, Germany and Turkey, hampered by France and Sweden
- Security solutions and electronic security represented 22% (21) of total sales

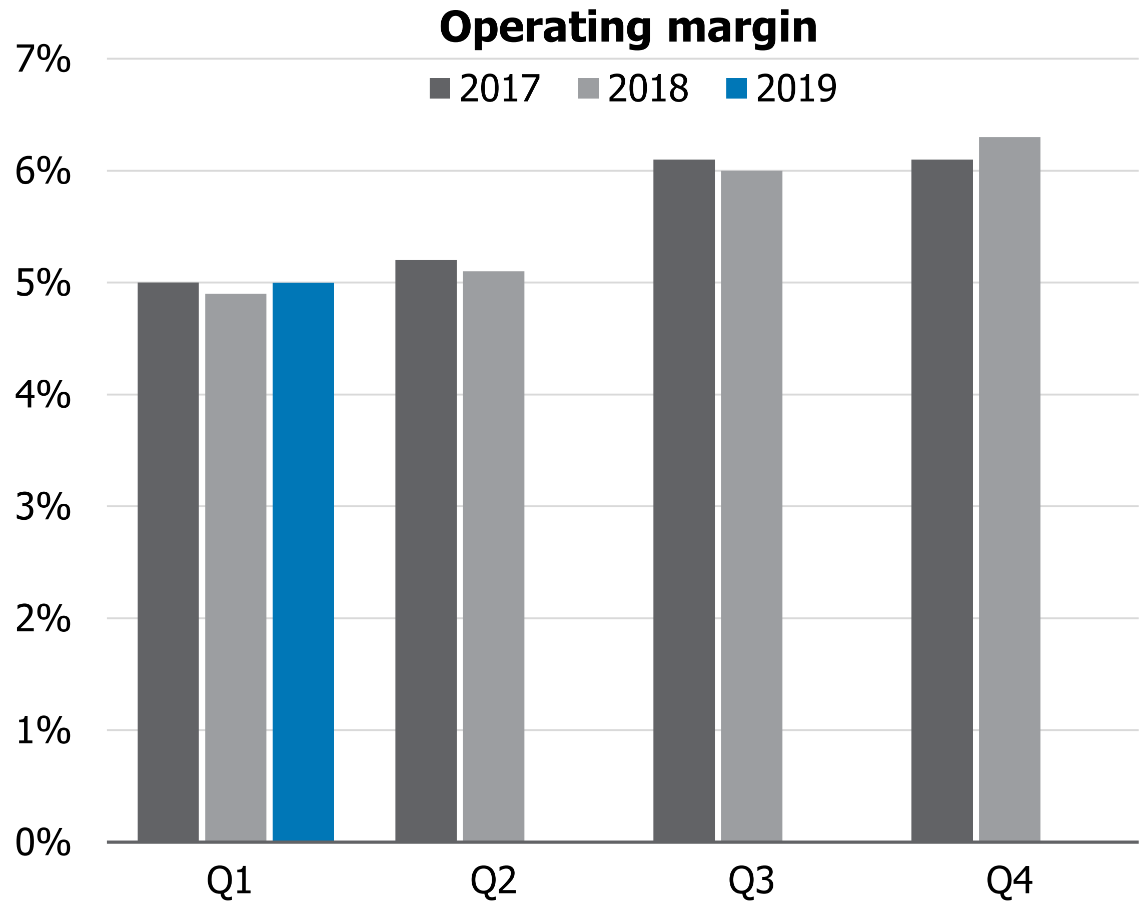


Security Services Europe

Cost savings as planned

Operating margin 5.0% (4.9)

- Operating margin 5.0% (4.9) in Q1, supported by the cost savings program initiated in 2018 and by the project-related electronic security business in Turkey
- The operating margin was hampered by start up costs in a few contracts, the loss of a profitable contract in Sweden and continued challenging conditions in France



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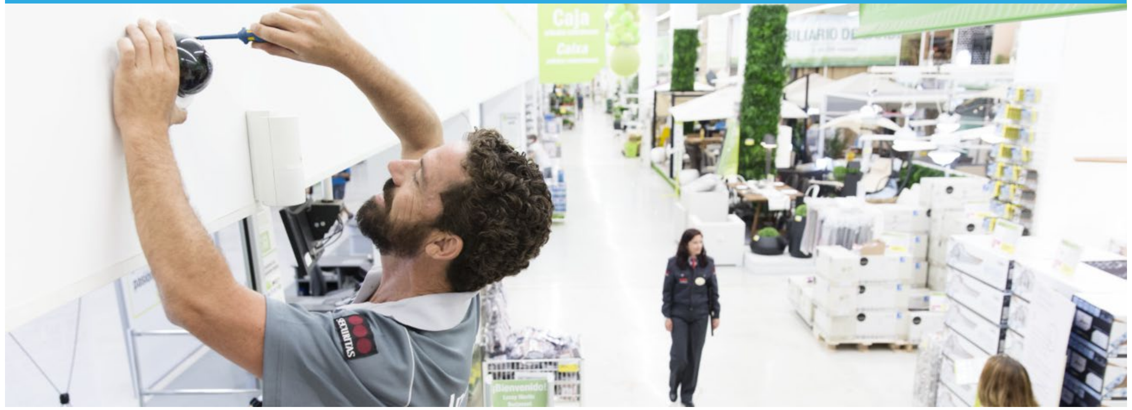
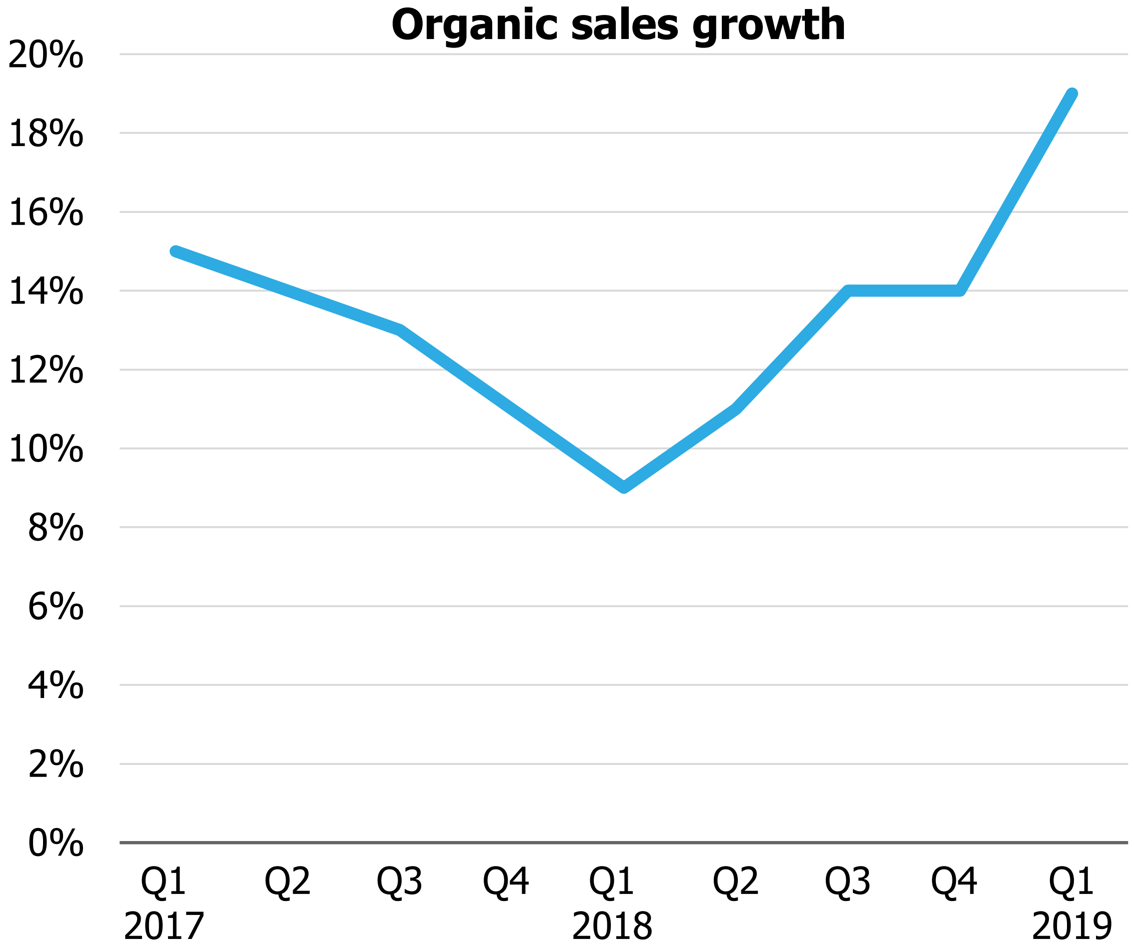
Security Services Ibero-America

Double-digit organic sales growth in Spain

Organic sales growth 19% (9)

- Organic sales growth 19% (9), driven by double-digit organic sales growth in Spain and price increases in Argentina
- Strong client retention 92% (91)
- Security solutions and electronic security represented 27% (25) of total sales



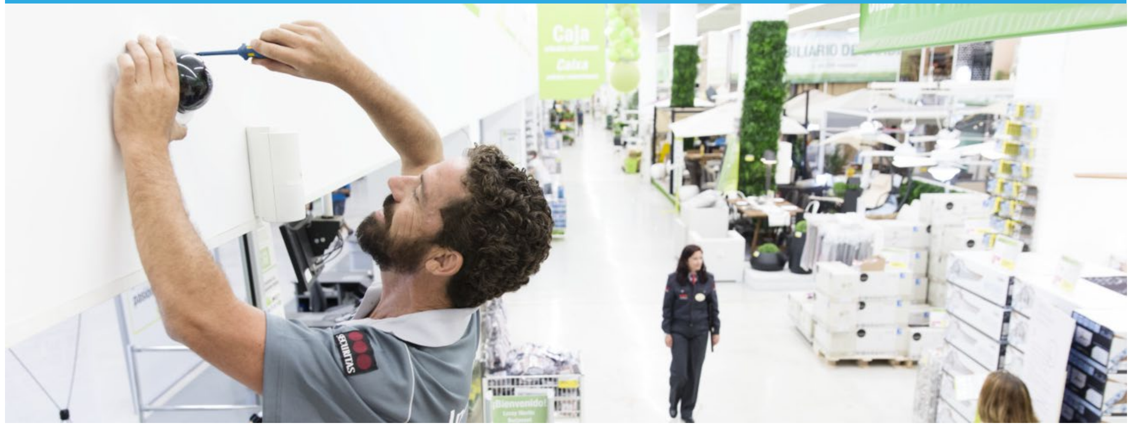


Security Services Ibero-America

Improved operating margin

Operating margin 4.7% (4.4)

- Operating margin 4.7% (4.4), driven by good development of high margin security solutions sales in Spain, of which an important part are short term contracts
- The operating margin was burdened by Argentina and continued challenging conditions are expected in the coming quarters



FINANCIALS

Bart Adam

CFO

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Financial Highlights

Higher finance net and tax rate impacting bottom line

MSEK	Q1 2019	Q1 2018	FY 2018
Sales	**26 744**	**23 356**	**101 467**
Organic sales growth, %	*7*	*6*	*6*
Operating income before amort	**1 290**	**1 091**	**5 304**
Operating margin, %	*4.8*	*4.7*	*5.2*
Amort of acq related intang assets	-66	-63	-260
Acquisition related costs	-12	-9	-120
Items affecting comparability	-20	-	-455
Operating income after amort	**1 192**	**1 019**	**4 469**
Financial income and expenses	-139	-93	-441
Income before taxes	**1 053**	**926**	**4 028**
Taxes	-293	-236	-1 007
Tax, %	*27.8*	*25.5*	*25.0*
Net income for the period	**760**	**690**	**3 021**
EPS, SEK	**2.08**	**1.89**	**8.26**
EPS, SEK before IAC	**2.12**	**1.89**	**9.17**

- As of Jan 1, 2019, adoption of IFRS 16 Leases accounting

MSEK	Jan-Mar 2019
Operating income before amortization*	17
Financial expenses	-36
Income before taxes	**-19**
Deferred taxes	5
Net income for the period	**-14**

- Items affecting comparability of MSEK -20 in Q1, relating to the transformation programs
- Financial income and expenses negatively impacted through adoption of IFRS 16 Leases, increased net debt and USD FX
- Current estimate is that the full year Group tax rate in 2019 will be around 27.8 percent, an increase compared to 2018 mainly due to reversed effects from the US tax reform

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Securitas Group
Strong real change numbers on sales and operating income

SALES

MSEK 26 744 (23 356)
- Total change 15%
- Real change 9% (incl. acq. and adj. F/X)

OPERATING INCOME

MSEK 1 290 (1 091)
- Total change 18%
- Real change 11%

EARNINGS PER SHARE

SEK 2.08 (1.89)
- Total change 10%, real 1%

SEK 2.12 (1.89) before IAC
- Total change 12%, real 3%

F/X SEK END RATES

	Q119	Q118	%
USD	9.32	8.30	+12.3
EUR	10.46	10.28	+1.8
ARS	0.21	0.41	-48.8

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Cash Flow Highlights

Improved cash flow, focus on further improvement

MSEK	**Q1 2019**	**Q1 2018**	**FY 2018**
Operating income before amortization	**1 290**	**1 091**	**5 304**
Net investments in non-current assets	-67	-139	-495
Change in accounts receivable	-133	-274	-1 575
Change in other operating capital employed	-1 157	-1 603	-62
Cash flow from operating activities	**-67**	**-925**	**3 172**
Cash flow from operating activities, %	*-5*	*-85*	*60*
Financial income and expenses paid	-289	-243	-432
Current taxes paid	-250	-260	-856
Free cash flow	**-606**	**-1 428**	**1 884**
Free cash flow/net debt (annual target 0.20)	*0.14*	*0.08*	*0.13*

- Net cash flow not impacted from IFRS 16 Leases.
- Capital expenditure (outside IFRS 16 Leases) approximately 2% of Group sales on an annual basis
- Net investments of MSEK –67 results from investments of MSEK –707 and reversal of depreciation of MSEK 640. IFRS 16 Leases impacted the investments with MSEK –219 and the reversal of depreciation with MSEK 202.
- Last year, change in other operating capital employed was impacted of the timing of Easter, combined with payments for VAT and employee related balances
- Further DSO – analysis and action plans are ongoing

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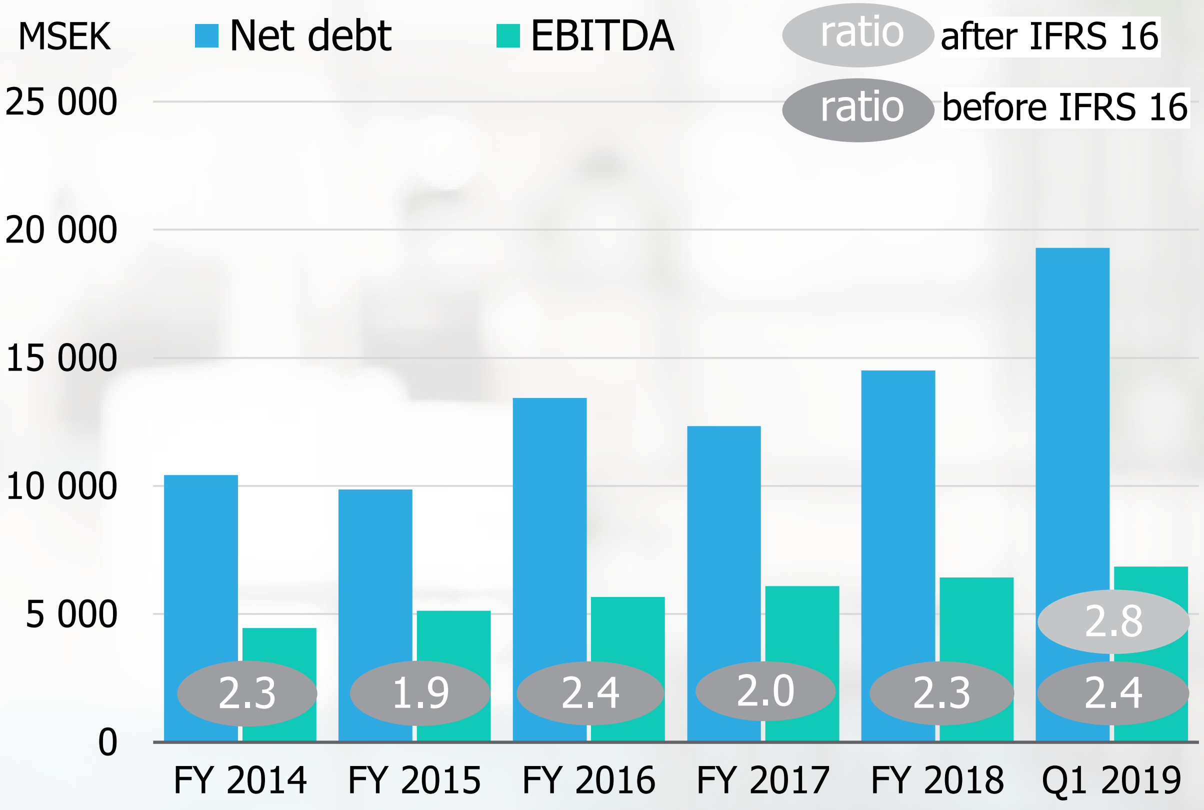
Net debt development

Increased net debt due to implementation of IFRS 16 Leases

MSEK	
Net debt Jan 1, 2019	**-14 513**
Free cash flow	-606
Acquisitions	-149
IAC	-66
Lease liabilities	-3 459
Change in net debt	**-4 280**
Revaluation	-46
Translation	-451
Net debt Mar 31, 2019	**-19 290**

Net debt to EBITDA ratio well in line



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IFRS 16 Leases impact

Net negative impact to the income statement
Important impact to the balance sheet – and EBITDA
No impact to net cash flow – increased investments and reversal of depreciation

	Mar 31, 2019	Impact from IFRS 16	Mar 31, 2019 adjusted for IFRS 16	Mar 31, 2018
Net debt to EBITDA	2.8	-0.4	2.4	2.4
Free cash flow to net debt	0.14	0.03	0.17	0.08
Interest coverage ratio	10.1	0.6	10.7	12.1
Operating capital employed as % of sales	13	-3	10	10
Return on operating capital employed, %	43	7	50	55
Return on capital employed, %	13	1	14	15
Net debt to equity ratio	1.02	-0.18	0.84	0.88
Equity, %	30	2	32	32

Financial rating

Standard and Poor’s rating for Securitas is BBB.
The outlook was upgraded from “stable’ to “positive” on April 16, 2019.

STRATEGY

Magnus Ahlqvist

President and CEO

The power of presence - leading market positions

#1
security services provider

58
markets

370,000
employees

Key focus areas

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Client engagement

Protective services leadership

Modernization and efficiency

Securitas is transforming – building for the long term

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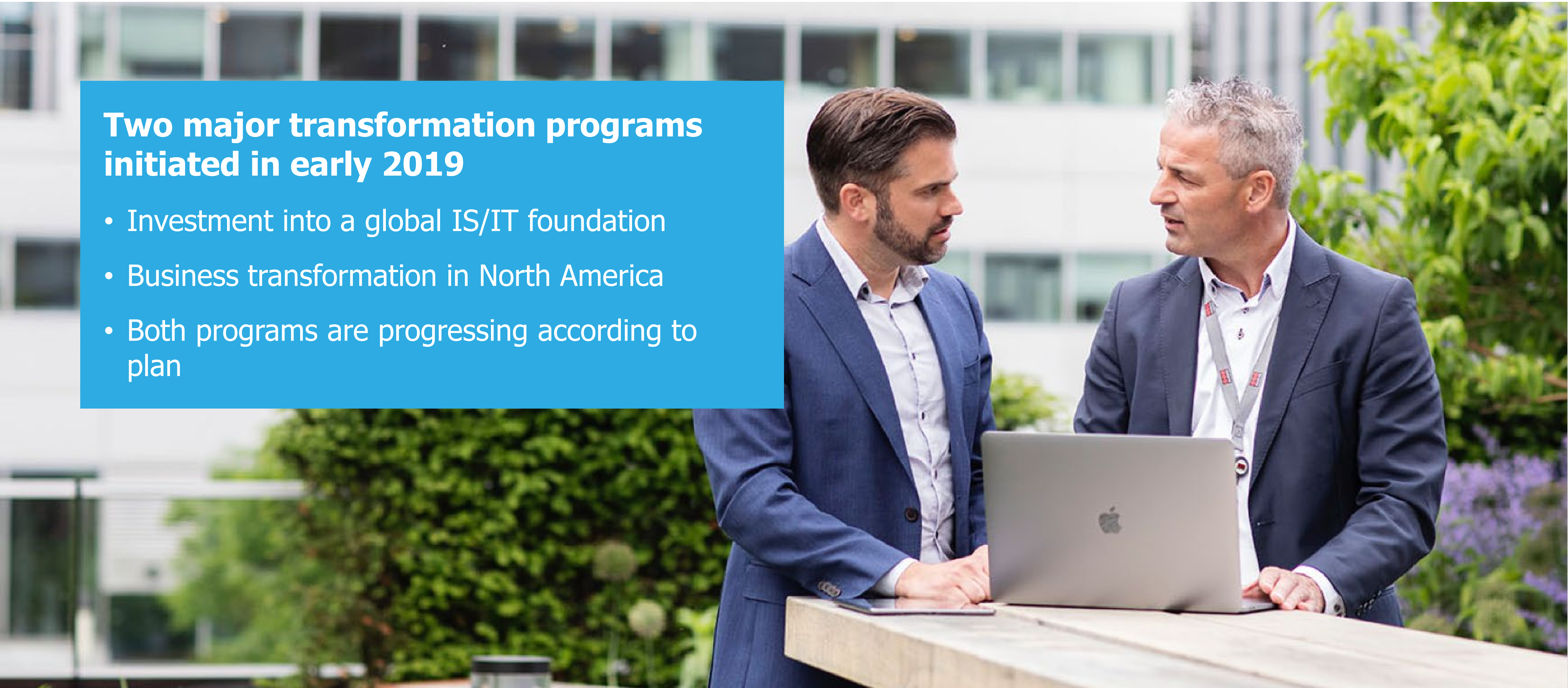

Two major transformation programs initiated in early 2019

- Investment into a global IS/IT foundation
- Business transformation in North America
- Both programs are progressing according to plan

We have a strong platform for future growth

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Leader in Intelligent Services
Data-driven innovation

Leader in Protective services
Integration of solutions

Leader in Security services
Guarding and security capability

1990 onwards

2015 onwards

2020 and beyond

SUMMARY
Q1 2019

- Strong organic sales growth: +7%
- Operating income real change: +11%
- Delivery of strategy – solutions and electronic security = 17% real sales growth, 21% of Group sales
- Building for the future

THANK YOU

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