



Q1 REPORT 2018

Stockholm, May 2, 2018

Magnus Ahlqvist
President and CEO

Bart Adam
CFO





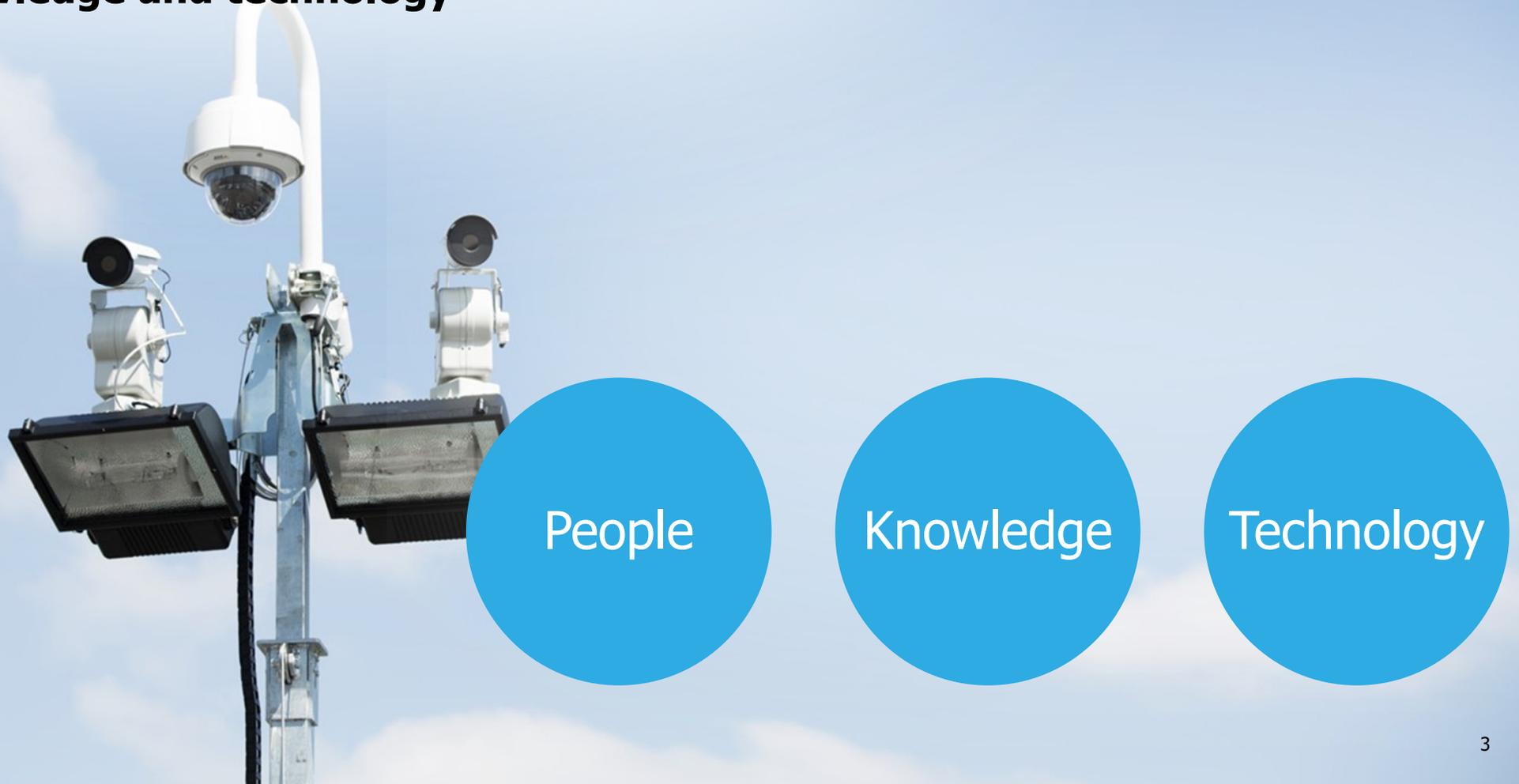
Magnus Ahlqvist
President and CEO



Bart Adam
Chief Financial Officer

Strategic focus

**Offering superior customer value through people,
knowledge and technology**





HIGHLIGHTS Q1 2018

A quarter with strong growth

- Strong market momentum throughout the Group, led by North America
- Organic sales growth in all business segments, 6% in the Group
- Wage cost increase on par with price increase
- Operating margin 4.7% (4.7)
- EPS 13% real change

Security Solutions and Electronic Security **Double digit growth in all business segments**



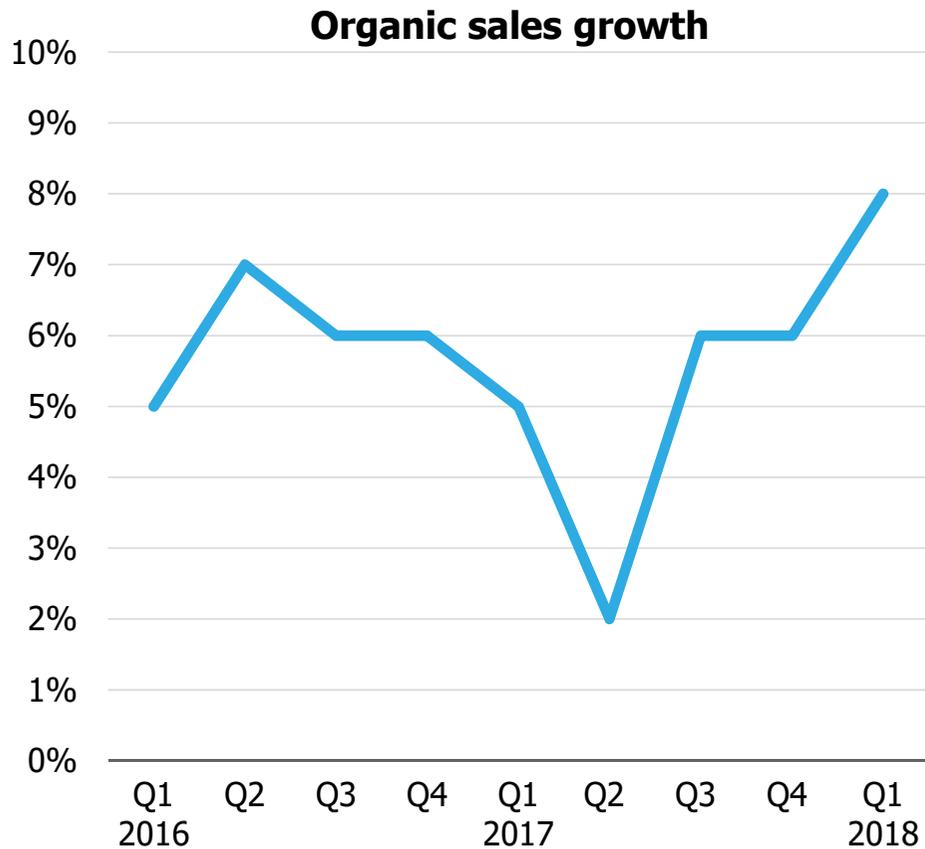
Q1 Security Solutions and Electronic Security

Organic sales growth 16% (17)

- Sales BSEK 4.5 (3.9)
- Real sales growth (incl. acquisitions) 20% (28)
- We started a number of strategically important solutions contracts where we deliver a range of protective services
- We acquired several electronic security companies to enhance national platforms, e.g. in France, the Netherlands
- Announced to acquire the division Kratos Public Safety and Security in the US



Security Services North America **Strong organic sales growth and new sales**

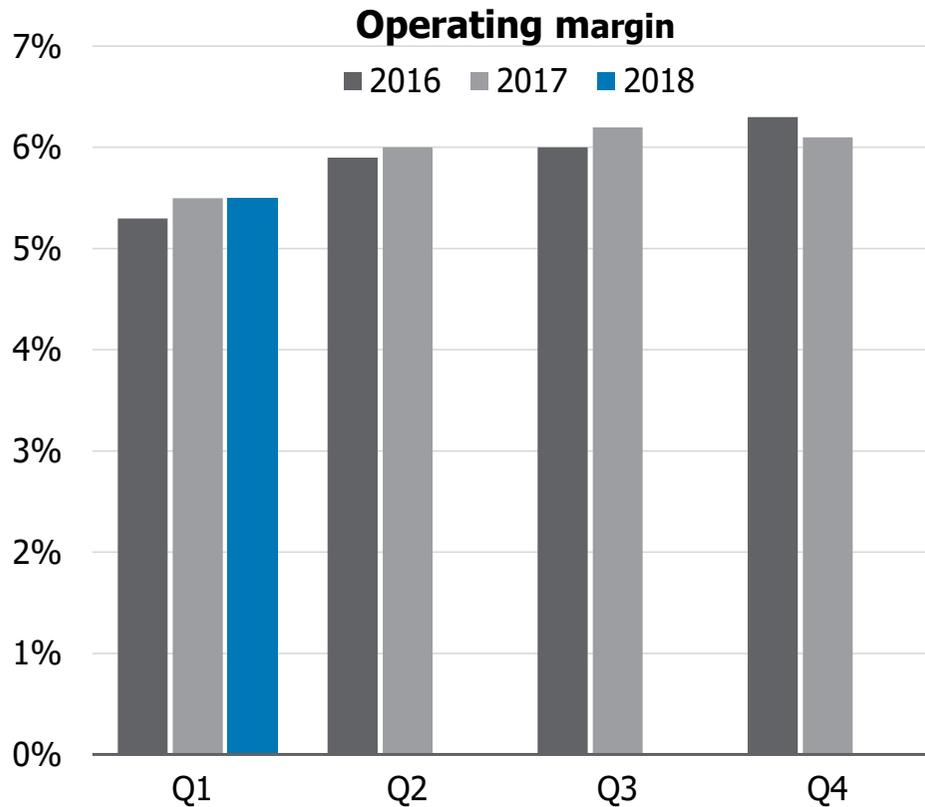


Q1: Organic sales growth 8% (5)

- Sales MSEK 9 365 (9 466)
- Good new sales and solid client retention 91% (93)
- Started up a few larger contracts in Q4
- Security solutions and electronic security represented 16% (14) of total sales



Security Services North America **Stable operating margin**



Q1: Operating margin 5.5% (5.5)

- Operating income MSEK 512 (517)
- The operating margin was supported by leverage through strong organic sales growth
- Hampered by the lower margin on some large newer guarding contracts



Security Services Europe Continued good portfolio development and new sales

Q1: Organic sales growth 4% (0)

- Sales MSEK 10 575 (9 702)
- Strong client retention 92% (89)
- Almost all countries supported the development, especially Belgium, Germany and the guarding business in Turkey
- Lower refugee sales, 1% negative impact
- Security solutions and electronic security represented 21% (19) of total sales



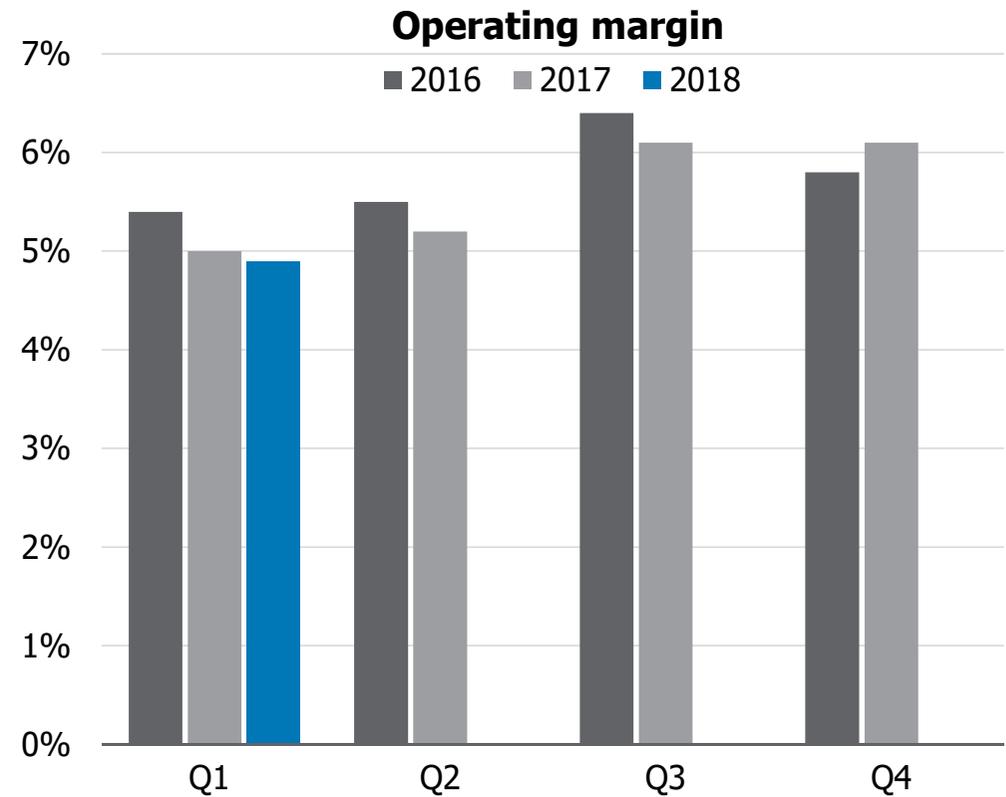
Organic sales growth



Security Services Europe **A slow start of the year**

Q1: Operating margin 4.9% (5.0)

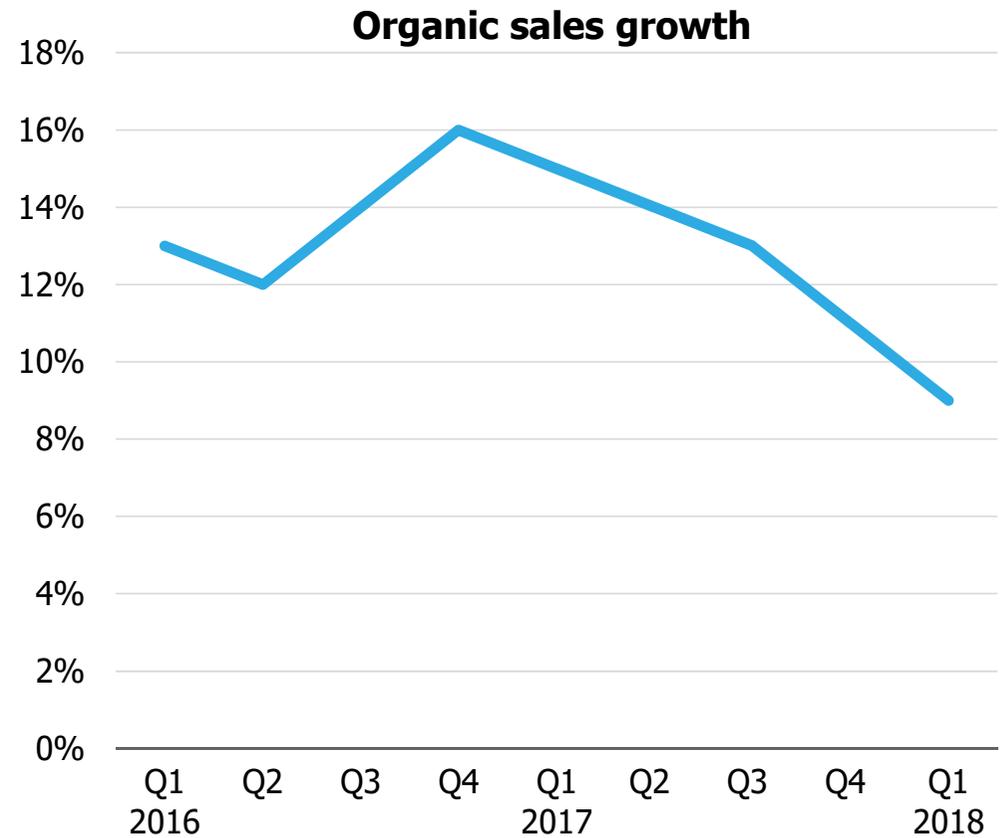
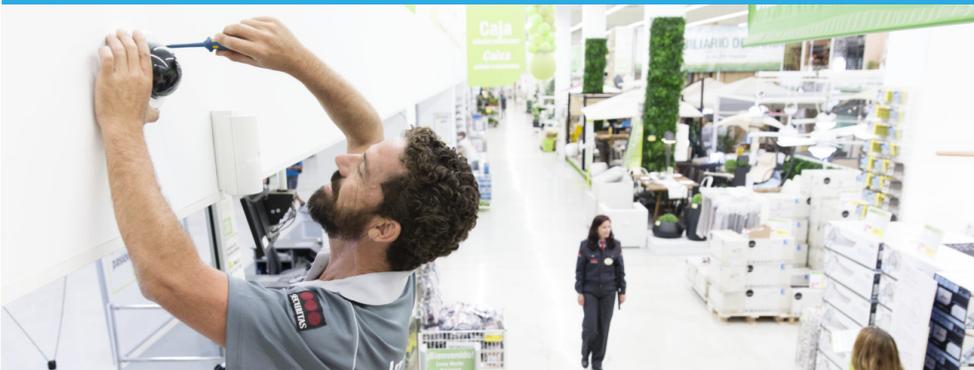
- Operating income MSEK 514 (482)
- A slow start in Turkey in the project-related electronic security, which is a more volatile business
- Unusually high sickness rates, particularly in Belgium and Germany
- In addition lower refugee-related sales impacted



Security Services Ibero-America **Strong organic sales growth in Spain**

Q1: Organic sales growth 9% (15)

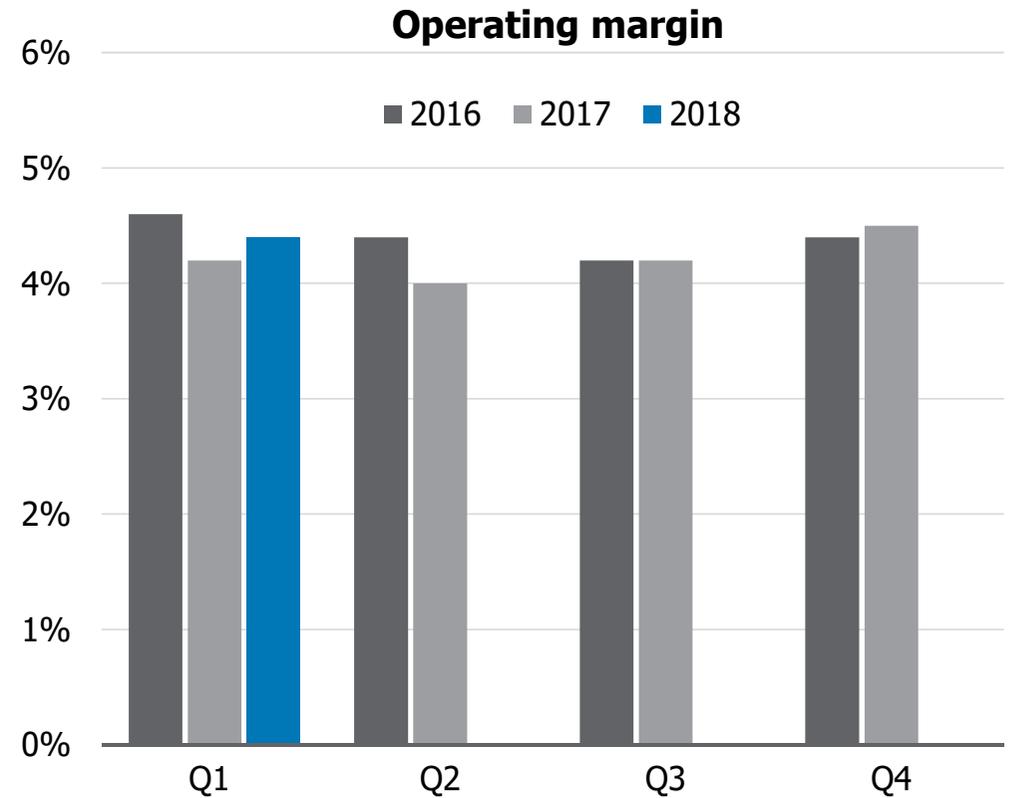
- Sales MSEK 3 012 (2 985)
- Good client retention 91% (93)
- The decline in organic sales growth was primarily due to Argentina
- Continued strong organic sales growth in Spain
- Security solutions and electronic security represented 25% (23) of total sales



Security Services Ibero-America An improvement through better business mix

Q1: Operating margin 4.4% (4.2)

- Operating income MSEK 134 (126)
- Driven by Spain, through a good development of high margin security solutions sales
- Argentina burdened with start-up costs and turnover in the contract portfolio



FINANCIALS

Bart Adam
CFO



Financial Highlights

Good progress

MSEK	Q1 2018	Q1 2017	FY 2017
Sales	23 356	22 491	92 197
<i>Organic sales growth, %</i>	<i>6</i>	<i>4</i>	<i>5</i>
Operating income before amortization	1 091	1 056	4 697
<i>Operating margin, %</i>	<i>4.7</i>	<i>4.7</i>	<i>5.1</i>
Amortization of acquisition related intangible assets	-63	-63	-255
Acquisition related costs	-9	-4	-48
Operating income after amortization	1 019	989	4 394
Financial income and expenses	-93	-102	-376
Income before taxes	926	887	4 018
Taxes	-236	-260	-1 267
<i>Tax, %</i>	<i>25.5</i>	<i>29.3</i>	<i>31.5</i>
Net income for the period	690	627	2 751
EPS, SEK	1.89	1.72	7.53
EPS, SEK before IAC	1.89	1.72	7.87

- Comparatives restated due to IFRS 15
- Tax rate 25.5%
- We continue to assess the US tax reform, especially related to the BEAT
- 2017 full year tax rate was 28.4%, excluding a one-off tax expense of 3.1%
- 2017 one-off tax expense refers to a Q4 revaluation of US deferred tax assets



Securitas Group Financial highlights Q1 2018

SALES

MSEK 23 356 (22 491)

- Total change 4%
- Real change 7% (incl. acq. and adj. F/X)
- Organic sales growth 6%

OPERATING INCOME

MSEK 1 091 (1 056)

- Total change 3%
- Real change 7%

EARNINGS PER SHARE

SEK 1.89 (1.72)

- Total change 10%
- Real change 13%

F/X SEK END RATES

	Q118	Q117	%
USD	8.30	8.90	-6.7
EUR	10.28	9.56	+7.5
ARS	0.41	0.58	-29.3



Cash Flow Highlights

Weak cash flow due to the timing of Easter

MSEK	Q1 2018	Q1 2017	2017
Operating income before amortization	1 091	1 056	4 697
Net investments in non-current assets	-139	-65	-363
Change in accounts receivable	-274	325	-449
Change in other operating capital employed	-1 602	-944	-48
Cash flow from operating activities	-925	372	3 837
<i>Cash flow from operating activities, %</i>	<i>-85</i>	<i>35</i>	<i>82</i>
Financial income and expenses paid	-243	-306	-425
Current taxes paid	-260	-312	-1 122
Free cash flow	-1 428	-246	2 290
<i>Free cash flow/net debt (annual target 0.20)</i>	<i>0.08</i>	<i>0.12</i>	<i>0.19</i>

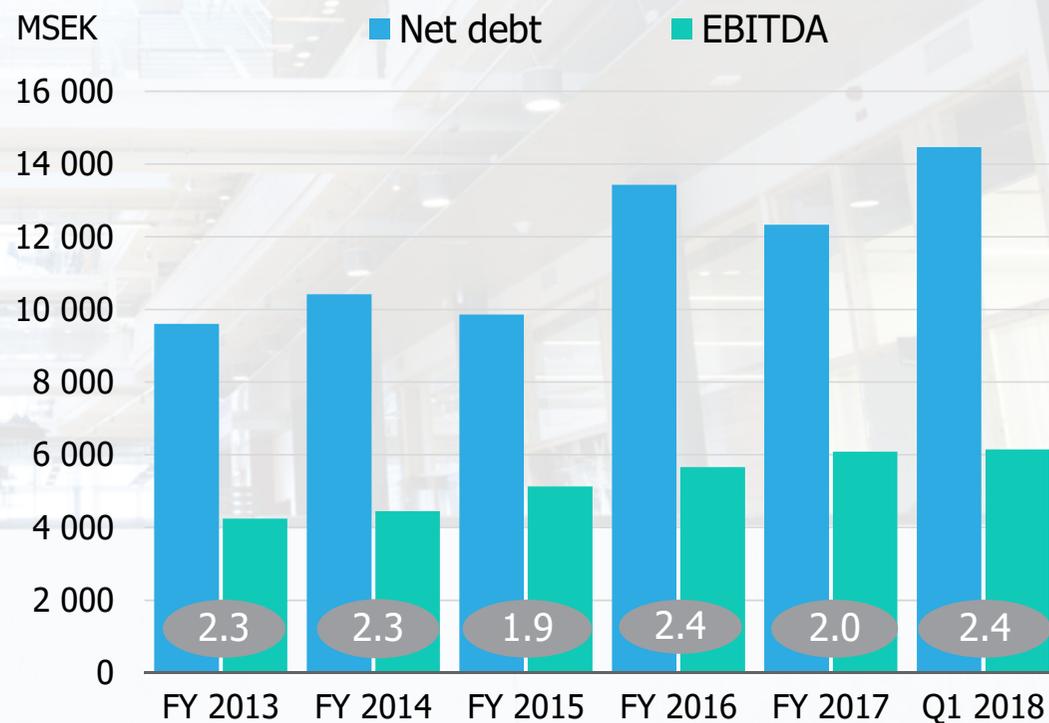
- Balance sheet restated for IFRS 15
- Net investments include capex for customer solutions contracts
- Capital expenditure to be approximately 2% of Group sales on an annual basis
- Negative impact from Easter mainly in Europe
- Cash flow recovered significantly during the first part of April

Increased net debt due to weak cash flow

MSEK

Net debt Jan 1, 2018	-12 333
Free cash flow	-1 428
Acquisitions	-514
Change in net debt	-1 942
Revaluation	41
Translation	-233
Net debt Mar 31, 2018	-14 467

Net debt to EBITDA ratio well in line

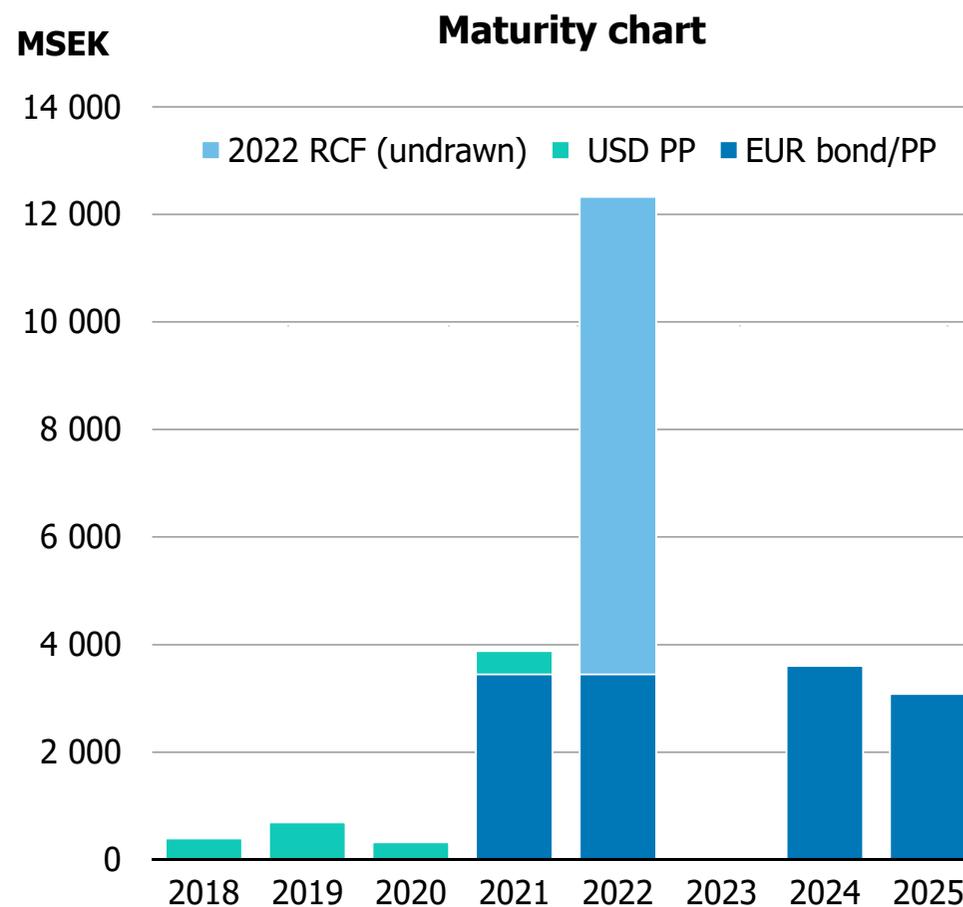




Strong financing in place

Recent funding activity

- MEUR 300 bond issued in March 2018, maturity March 2025 with coupon of 1.25%
- In replacement of maturing bond March 2018



STRATEGY

Magnus Ahlqvist
President and CEO

Case

Solutions contract for customer in the recycling business in Germany



Security Solutions and Electronic Security **Building tech competence and capabilities through acquisitions**

KRATOS, USA

- Securitas to acquire Kratos Public Safety and Security division
– a top 10 system integrator in the United States
- Enhancing our footprint and our proximity to our customer

AUTOMATIC ALARM, FRANCE

- Top 5 nation-wide system integrator

ALPHATRON, THE NETHERLANDS

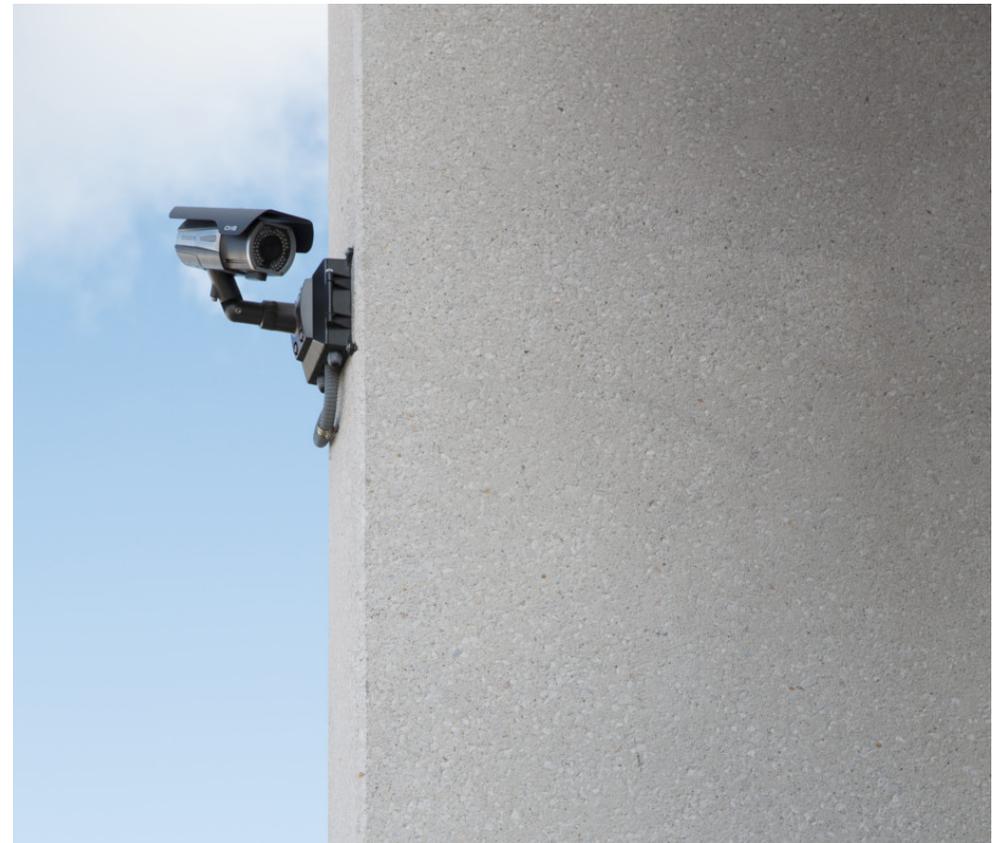
- Nation-wide electronic security provider
– Securitas becomes a market leader

SÜDDEUTSCHE BEWACHUNG, GERMANY

- Adds capabilities in the south-west of Germany

JOHNSON & THOMSON, HONG KONG

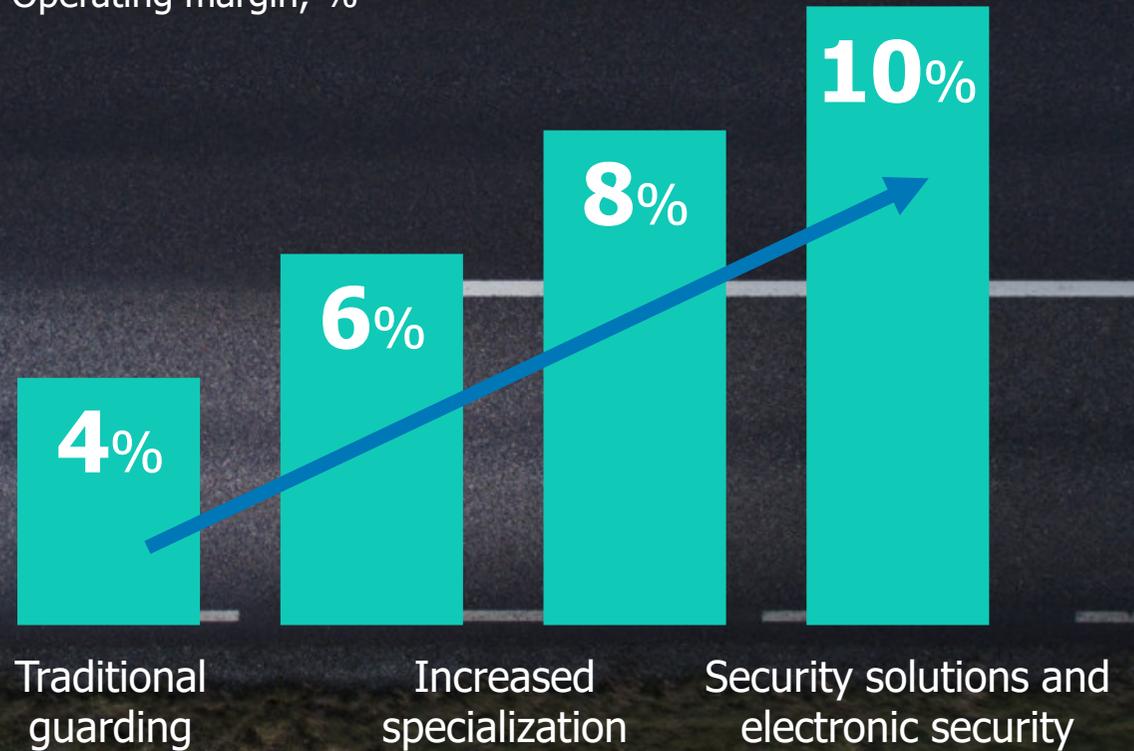
- We continue to strengthen our electronic security capabilities also in the AMEA region



Security Solutions Strengthens our position and improves our profit



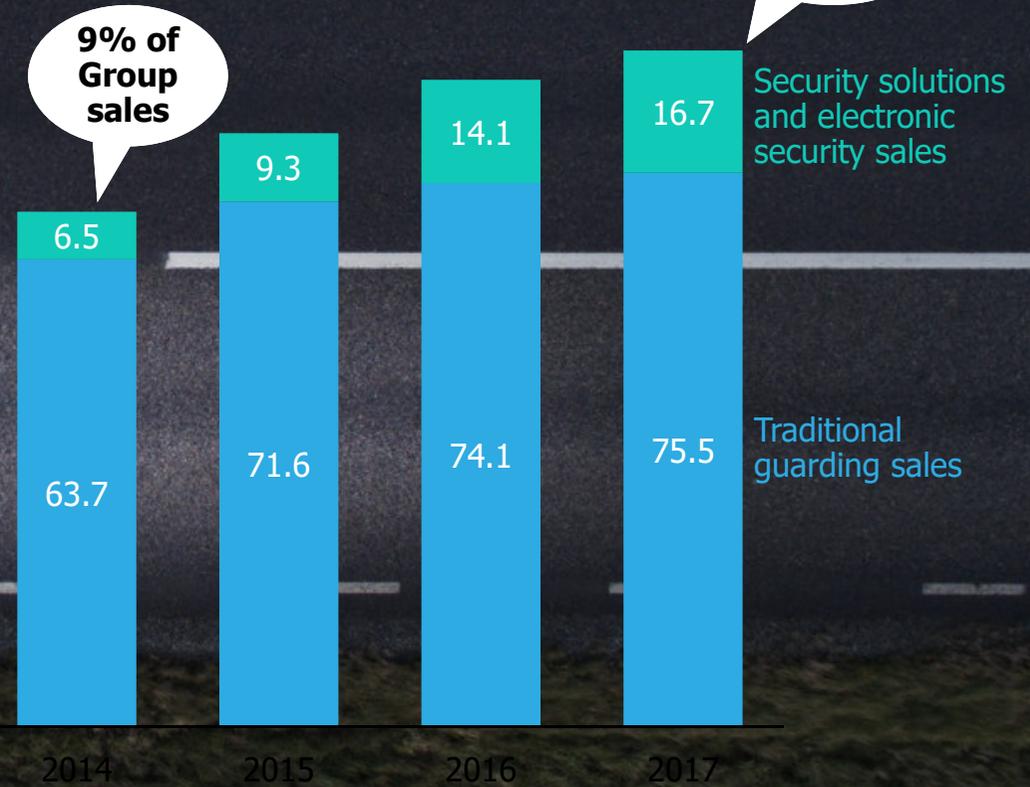
Operating margin, %



Security Solutions and Electronic Security Executing on our strategy

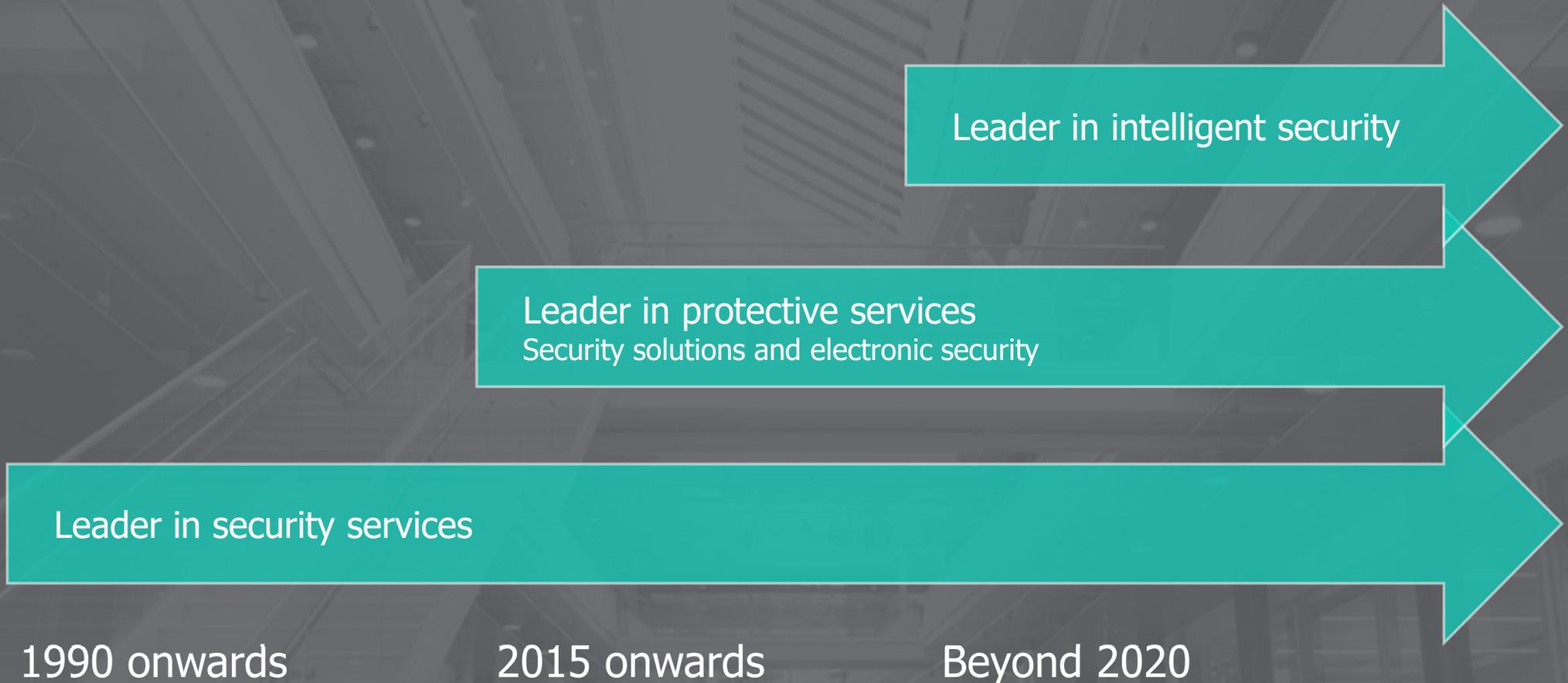


SALES MSEK



The Security Solution of the Future

Digitization gives intelligent security



SUMMARY

Q1 2018

- Strong organic sales growth: +6%
- EPS improvement: +13%
- Delivery of strategy – solutions and electronic security = 19% of Group sales



A man in a light blue shirt, grey vest, and patterned tie is seated at a conference table. He is looking towards the left of the frame. In front of him is a tablet computer. Other people are visible in the background, blurred. A blue square with white text is overlaid on the left side of the image.

Q&A



**THANK
YOU**

