H1/Q2 REPORT 2019

Stockholm, July 31, 2019

Magnus Ahlqvist
President and CEO

Bart Adam
CFO

SECURITAS

HIGHLIGHTS H1 2019

Growing ahead of the market

- 6% (7) organic sales growth in the Group in H1, 5% (7) in Q2
- Operating income improvement +7% real change
- Operating margin unchanged in H1 at 4.9% (4.9), also in Q2 5.0% (5.0)
- Price and wage balance slightly behind, due to two countries in Security Services Europe
- Cash flow generation improved in H1 compared to H1 preceding year. Focus area in all business segments
- Creation of 3 expertise units and changes in Group Management

Security Solutions and Electronic Security

Two important acquisitions made in the beginning of 2019

Security Solutions and Electronic Security

Real sales growth 15% (21)

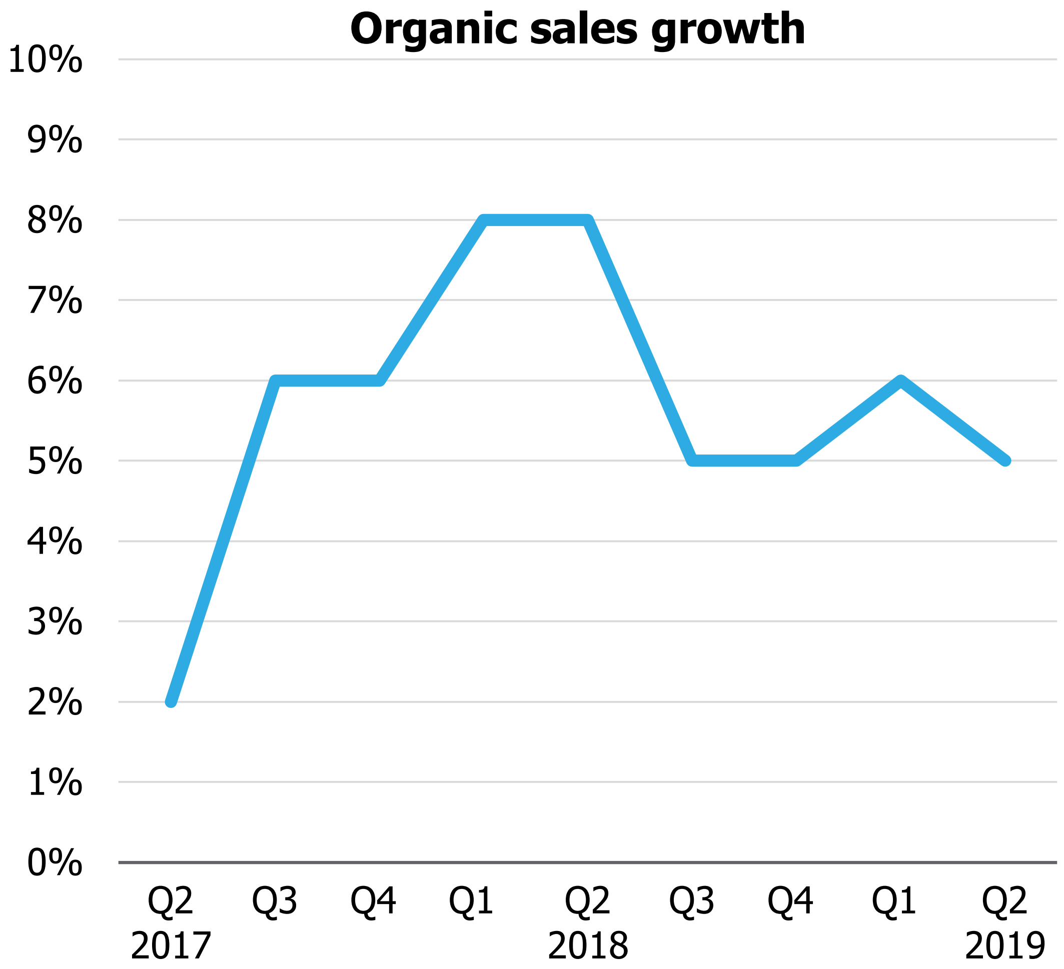
- Sales MSEK 11 296 (9 588)
- A good number of mid-sized and strategically important solution contracts started, delivering a range of protective services
- Acquisition of Allcooper in the UK and Staysafe in Australia to strengthen our electronic security capabilities
- Integration of Kratos Electronic Security according to plan

Security Solutions and Electronic Security case

Inter Beton Heidelberg Cement Group – using our RVS (Remote Video Solutions) Go concept

Security Services North America

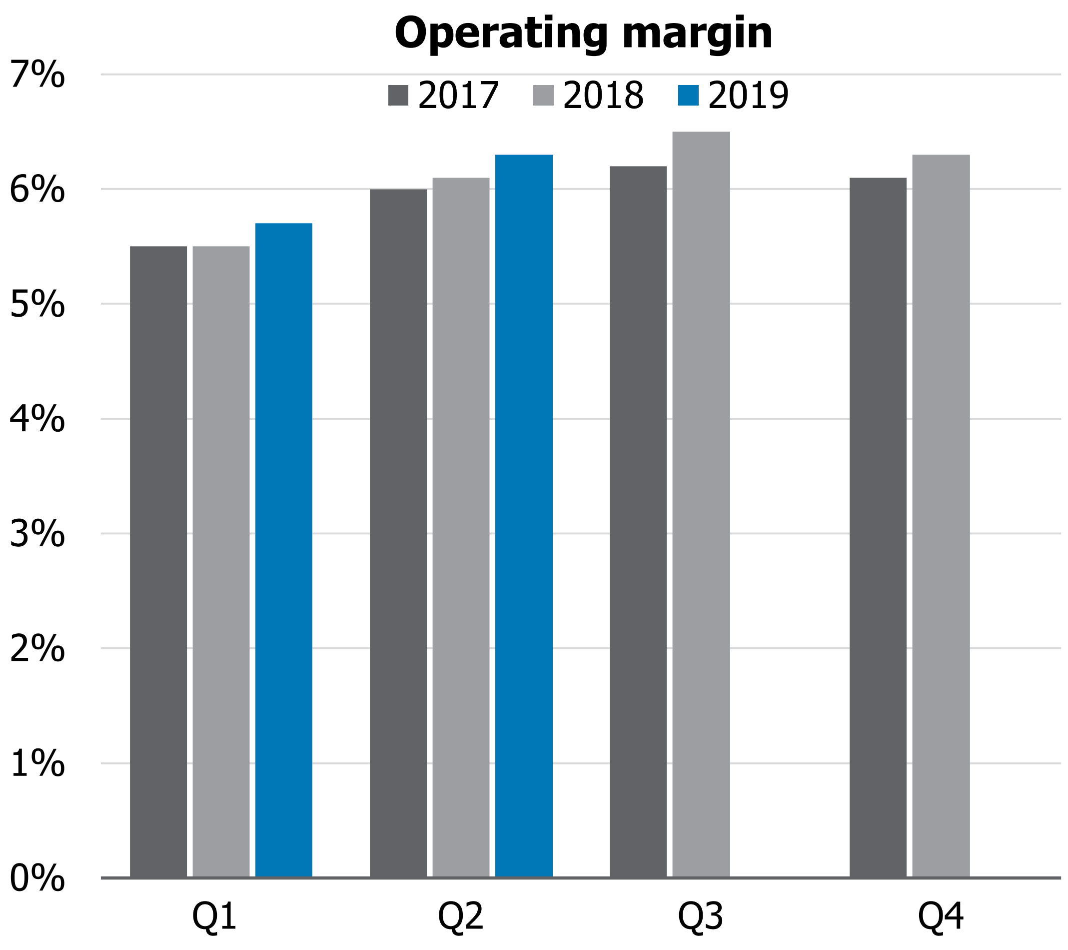
Solid organic growth on strong comparatives



H1: Organic sales growth 5% (8)

- Solid organic sales growth on strong comparatives. Client retention 90% (91)
- Good development in the five geographical regions and in the critical infrastructure services
- Security solutions and electronic security represented 18% (17) of total sales

Security Services North America
Track record of improved operating margin



H1: Operating margin 6.0% (5.8)

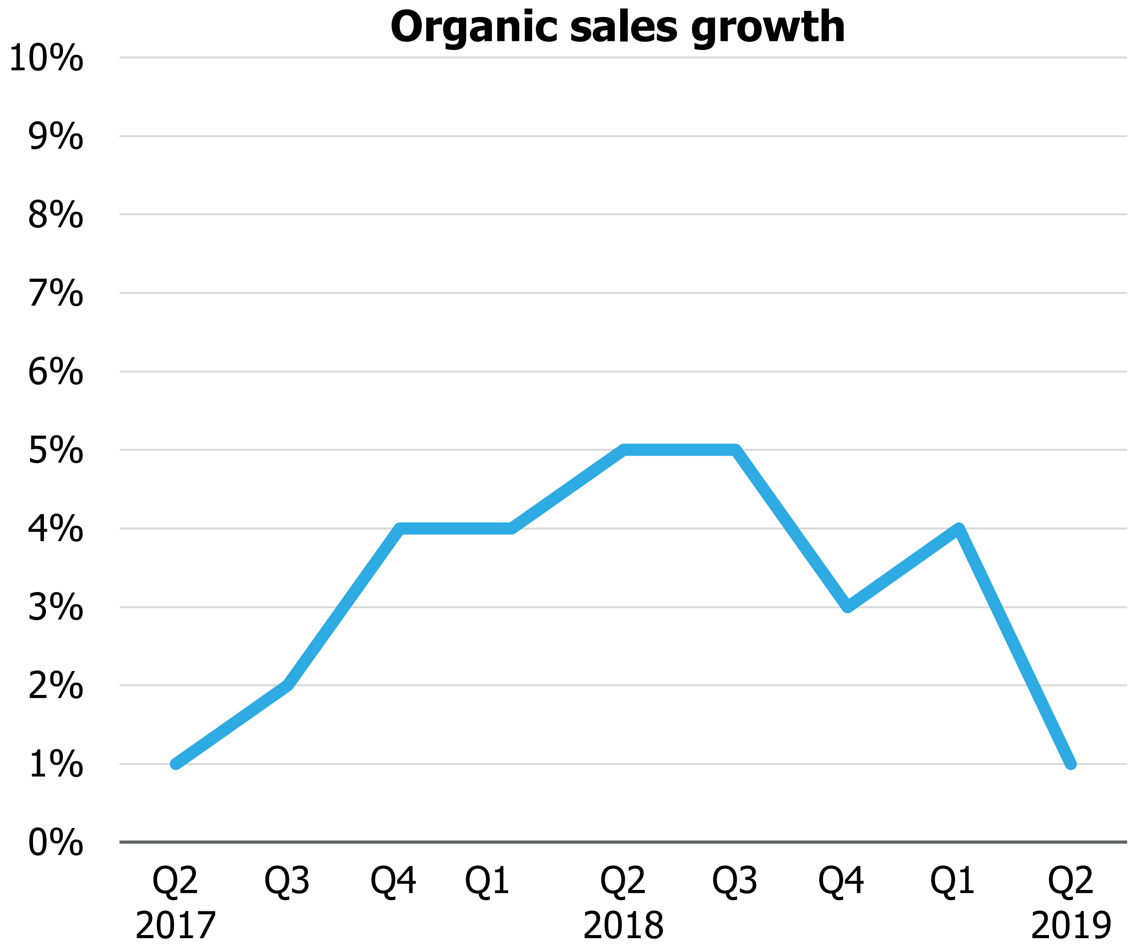
- Operating margin in Q2 improved to 6.3% (6.1)
- The operating margin was overall good with continued healthy development in the five geographical regions
- Further supported by the development of the risk management business and Securitas Electronic Security

Security Services Europe

Organic sales growth decline in Q2

H1: Organic sales growth 3% (4)

- Client retention declined to 91% (93)
- Main contribution from Belgium, Germany, the Nordic countries and Turkey
- Q2 organic sales growth down to 1% (5), mainly due to contract losses in France and the UK, largely impacting the full quarter
- Security solutions and electronic security represented 22% (21) of total sales

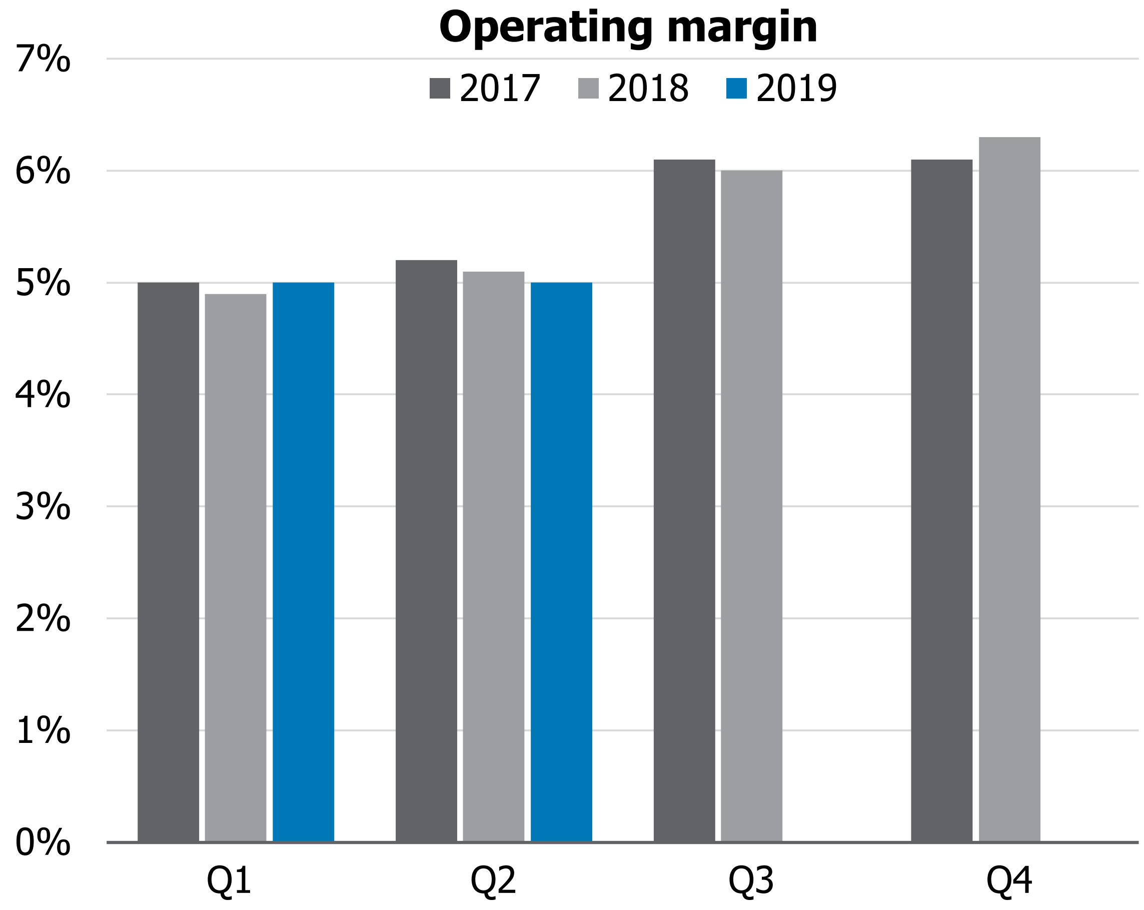


Security Services Europe

Cost savings as planned, but offset by other impacts

H1: Operating margin 5.0% (5.0)

- Operating margin 5.0% (5.1) in Q2
- The operating margin hampered by challenging conditions in France and by the loss of a profitable contract in Sweden
- Furthermore, challenging labor conditions in two countries led to a slightly negative price and wage balance
- The operating margin was supported by the cost savings program, which developed according to plan

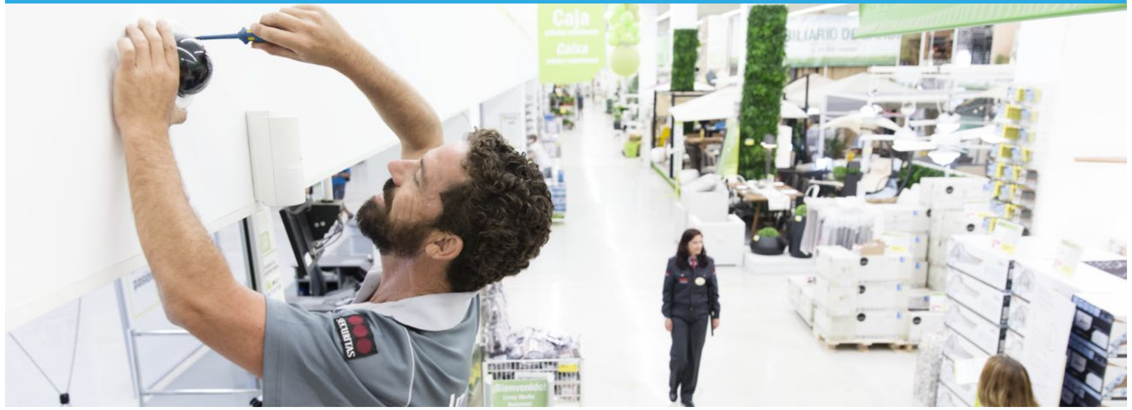


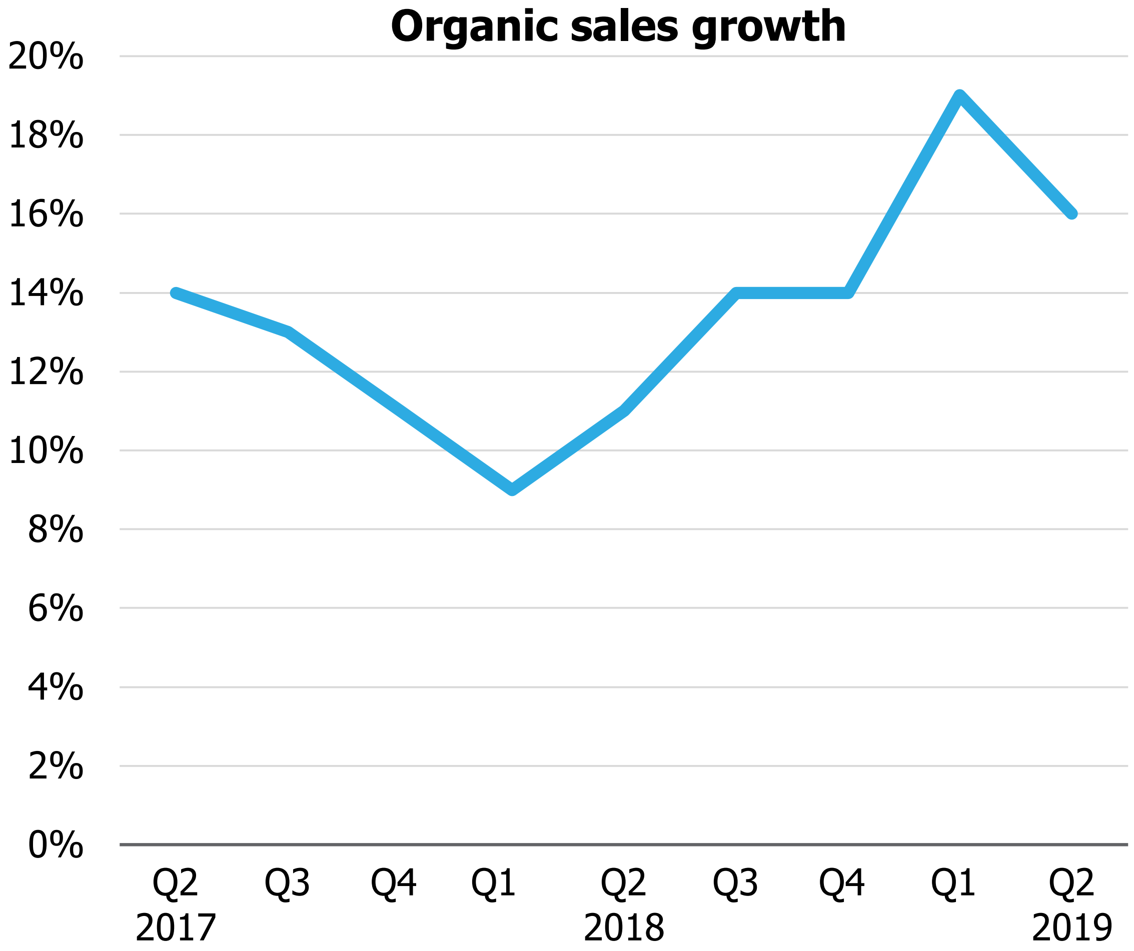
Security Services Ibero-America

Double-digit organic sales growth in Spain

H1: Organic sales growth 17% (10)

- Organic sales growth driven by double-digit organic sales growth in Spain and price increases in Argentina
- Client retention declined to 91% (93), due to contract terminations in Argentina, Chile and Peru
- Security solutions and electronic security represented 28% (26) of total sales



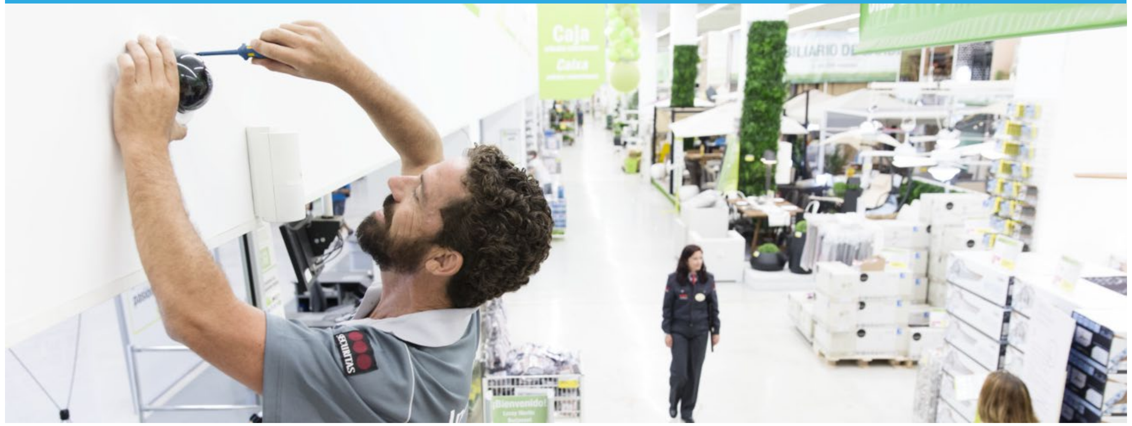


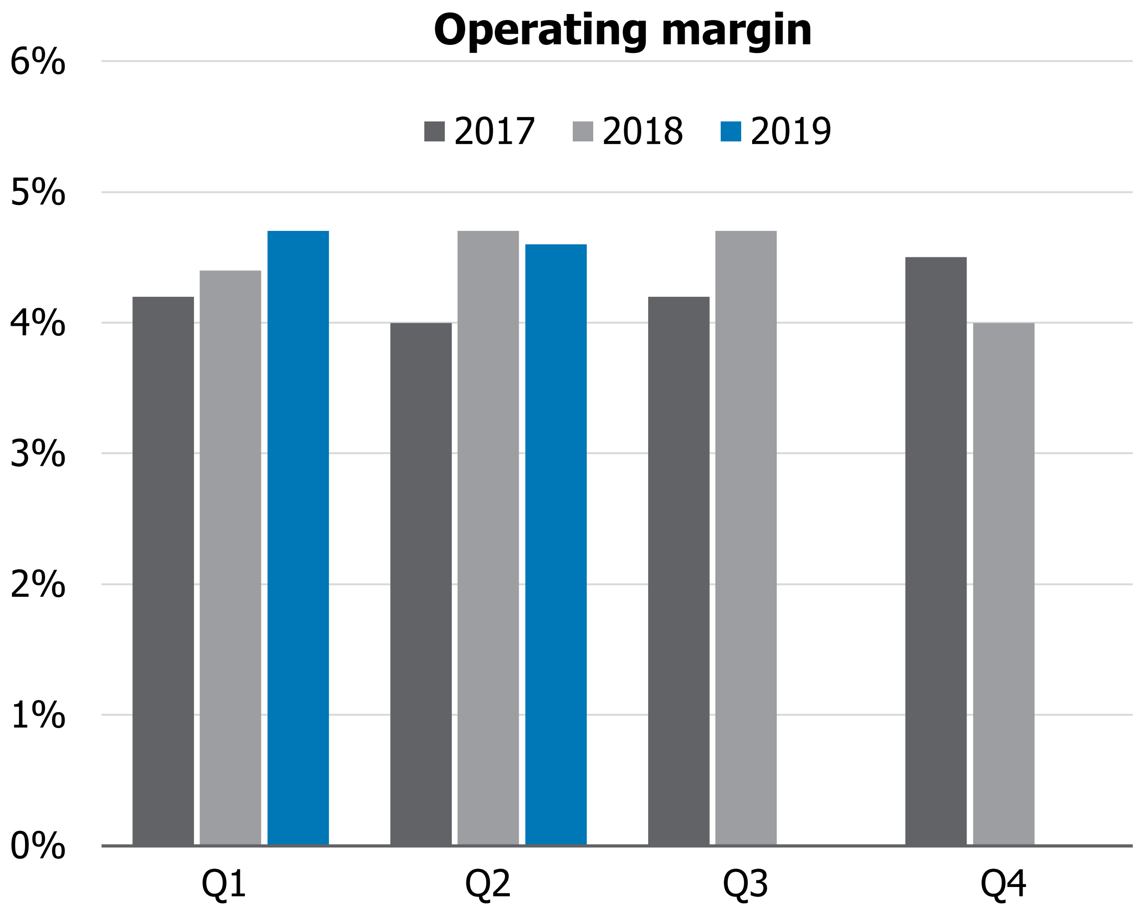
Security Services Ibero-America

Unchanged operating margin

H1: Operating margin 4.6% (4.6)

- Q2 operating margin was 4.6% (4.7), slightly down from last year
- Operating margin 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 where challenging conditions remains





FINANCIALS

Bart Adam
CFO

SECURITAS

Financial Highlights

Higher finance net and tax rate impacting bottom line

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Sales	**27 684**	**25 466**	**54 428**	**48 822**	**101 467**
Organic sales growth, %	*5*	*7*	*6*	*7*	*6*
Operating income before amort	**1 377**	**1 286**	**2 667**	**2 377**	**5 304**
Operating margin, %	*5.0*	*5.0*	*4.9*	*4.9*	*5.2*
Amort of acq related intang assets	-70	-65	-136	-128	-260
Acquisition related costs	-17	-16	-29	-25	-120
Items affecting comparability	-46	-	-66	-	-455
Operating income after amort	**1 244**	**1 205**	**2 436**	**2 224**	**4 469**
Financial income and expenses	-150	-103	-289	-196	-441
Income before taxes	**1 094**	**1 102**	**2 147**	**2 028**	**4 028**
Tax, %	*27.4*	*24.6*	*27.6*	*25.0*	*25.0*
Net income for the period	**794**	**831**	**1 554**	**1 521**	**3 021**
EPS, SEK	**2.18**	**2.28**	**4.25**	**4.17**	**8.26**
EPS, SEK before IAC	**2.27**	**2.28**	**4.39**	**4.17**	**9.17**

- As of Jan 1, 2019, adoption of IFRS 16 Leases accounting, impacting income before taxes by MSEK -39 in H1 2019

MSEK	Apr-Jun 2019	Jan-Jun 2019
Operating income before amortization*	17	34
Financial expenses	-37	-73
Income before taxes	**-20**	**-39**
Deferred taxes	6	11
Net income for the period	**-14**	**-28**

- Items affecting comparability of MSEK -66 in H1, 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 27.6 percent, an increase compared to 2018 mainly due to reversed effects from the US tax reform

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Securitas Group
Financial highlights H1 2019

SALES

MSEK 54 428 (48 822)
- Total change 11%
- Real change 8% (incl. acq. and adj. F/X)

OPERATING INCOME

MSEK 2 667 (2 377)
- Total change 12%
- Real change 7%

EARNINGS PER SHARE

SEK 4.25 (4.17)
- Total change 2%, real -5%

SEK 4.39 (4.17) before IAC
- Total change 5%, real -2%

F/X SEK END RATES

	Q219	Q218	%
USD	9.27	8.99	+3.2
EUR	10.55	10.42	+1.3
ARS	0.22	0.33	-33.7

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Cash Flow Highlights

Improved cash flow, continued focus on DSO

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Operating income before amortization	**1 377**	**1 286**	**2 667**	**2 377**	**5 304**
Net investments in non-current assets	-120	-141	-187	-280	-495
Change in accounts receivable	-266	-463	-399	-737	-1 575
Change in other operating capital employed	-45	119	-1 202	-1 484	-62
Cash flow from operating activities	**946**	**801**	**879**	**-124**	**3 172**
Cash flow from operating activities, %	*69*	*62*	*33*	*-5*	*60*
Financial income and expenses paid	-55	-39	-344	-282	-432
Current taxes paid	-275	-234	-525	-494	-856
Free cash flow	**616**	**528**	**10**	**-900**	**1 884**
Free cash flow/net debt (annual target 0.20)	-	-	*0.14*	*0.07*	*0.13*

- Net cash flow not impacted from IFRS 16 Leases
- Net investments of MSEK –187 in H1 results from
  - investments of MSEK –1 487 and
  - reversal of depreciation of MSEK 1 300.
- IFRS 16 Leases impacted the investments with MSEK –456 and the reversal of depreciation with MSEK 422
- Capital expenditure (outside IFRS 16 Leases) approximately 2% of Group sales on an annual basis

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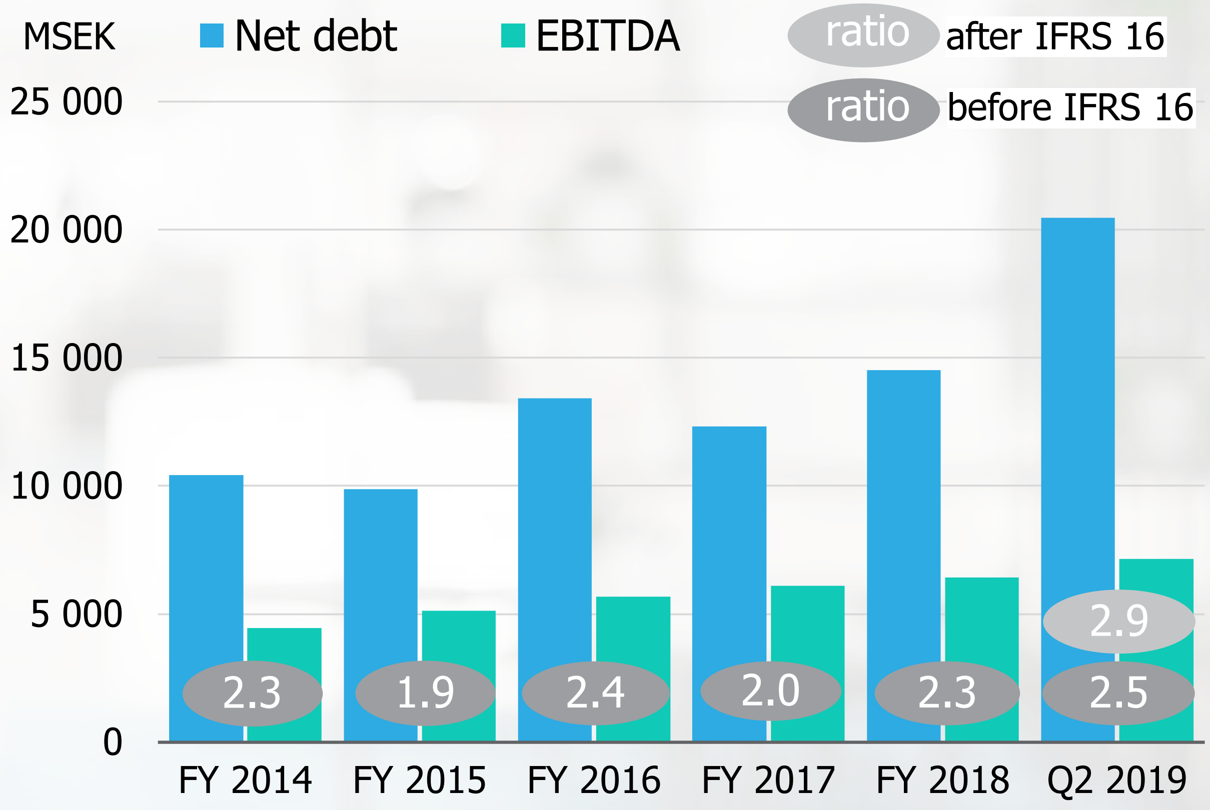
Net debt development

Increased net debt impacted from IFRS 16 Leases

MSEK	
Net debt Jan 1, 2019	**-14 513**
Free cash flow	10
Acquisitions	-382
IAC	-143
Dividend paid	-1 606
Lease liabilities	-3 415
Change in net debt	**-5 536**
Revaluation	45
Translation	-456
Net debt Jun 30, 2019	**-20 460**

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

	Jun 30, 2019	Impact from IFRS 16	Jun 30, 2019 adjusted for IFRS 16	Jun 30, 2018
Net debt to EBITDA	2.9	-0.4	2.5	2.6
Free cash flow to net debt	0.14	0.02	0.16	0.07
Interest coverage ratio	9.4	1.3	10.7	12.1
Operating capital employed as % of sales	13	-3	10	10
Return on operating capital employed, %	*43*	*7*	*50*	*54*
Return on capital employed, %	*13*	*1*	*14*	*15*
Net debt to equity ratio	1.14	-0.19	0.95	1.02
Equity, %	*29*	*1*	*30*	*30*

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

SECURITAS

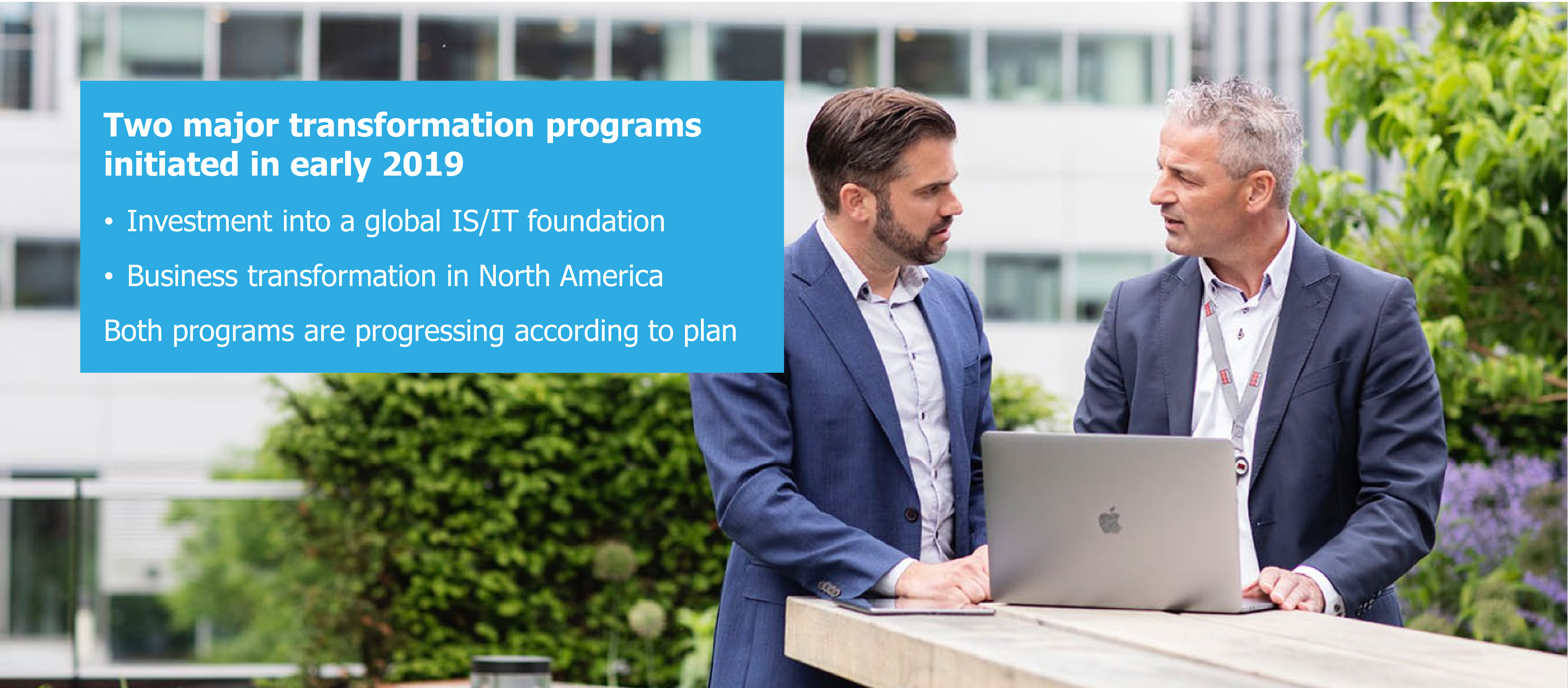
Client engagement

Protective services leadership

Modernization and efficiency

Securitas is transforming – building for the long term

SECURITAS



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

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
H1 2019

- Good organic sales growth: +6%
- Operating income real change: +7%
- Delivery of strategy – solutions and electronic security = 15% real sales growth, 21% of Group sales
- Building for the future

THANK YOU