

INTERIM REPORT

January – September 2017

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President and CEO



Highlights January - September

- Organic sales growth 4% (8) in 9M, 5 percent (7) in Q3
- Strong market dynamics in North America
- Gradual recovery of organic sales growth in Europe as expected
- Within Ibero-America, Spain and Portugal are strong. Mixed picture in Latin America as Argentina is becoming weaker
- Operating margin 5.0% (5.1), mainly due negative leverage in a few countries in Europe
- EPS real change 7%
- Free cash flow to net debt ratio 0.12 (0.12)
- Net debt to EBITDA ratio 2.3 (2.5)
- Sales of security solutions and electronic security continued to grow at a good pace

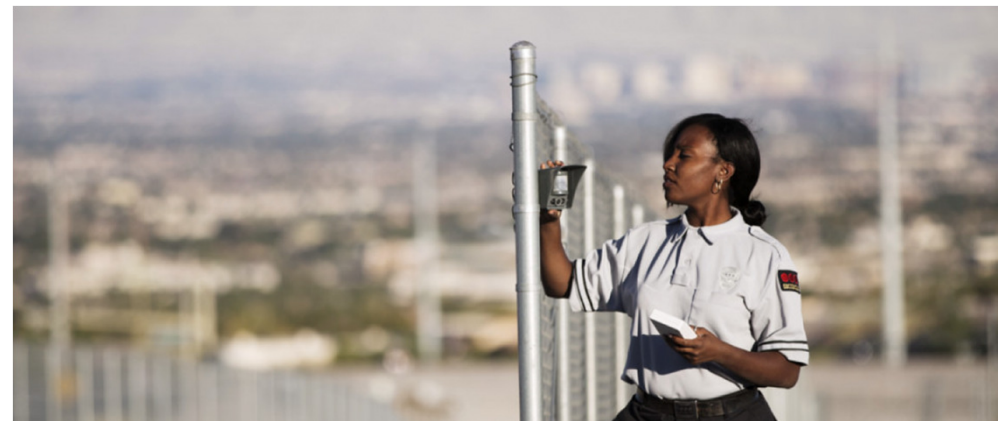
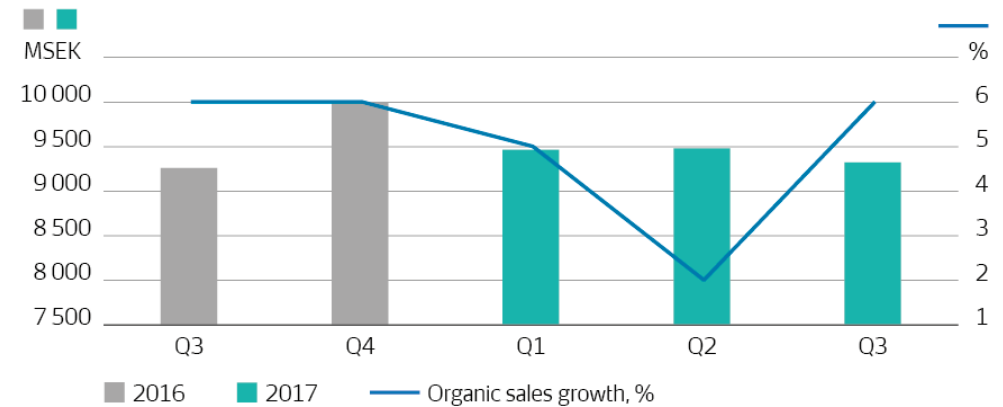


Financial Highlights

MSEK	Q3 2017	Q3 2016	<i>Total change %</i>	<i>Real change %</i>	9M 2017	9M 2016	<i>Total change %</i>	<i>Real change %</i>
Sales	22 651	22 316	2	6	68 173	64 447	6	5
<i>Organic sales growth, %</i>	<i>5</i>	<i>7</i>			<i>4</i>	<i>8</i>		
Operating income before amortization	1 230	1 230	0	4	3 413	3 313	3	2
<i>Operating margin, %</i>	<i>5.4</i>	<i>5.5</i>			<i>5.0</i>	<i>5.1</i>		
Amortization and impairment of acquisition-related assets	-59	-66			-183	-201		
Acquisition-related costs	-7	-25			-20	-66		
Operating income after amortization	1 164	1 139	2	7	3 210	3 046	5	4
Financial income and expenses	-86	-103			-282	-284		
Income before taxes	1 078	1 036	4	8	2 928	2 762	6	5
Net income for the period	780	729	7	11	2 093	1 942	8	7
Earnings per share (SEK)	2.14	2.00	7	11	5.73	5.32	8	7

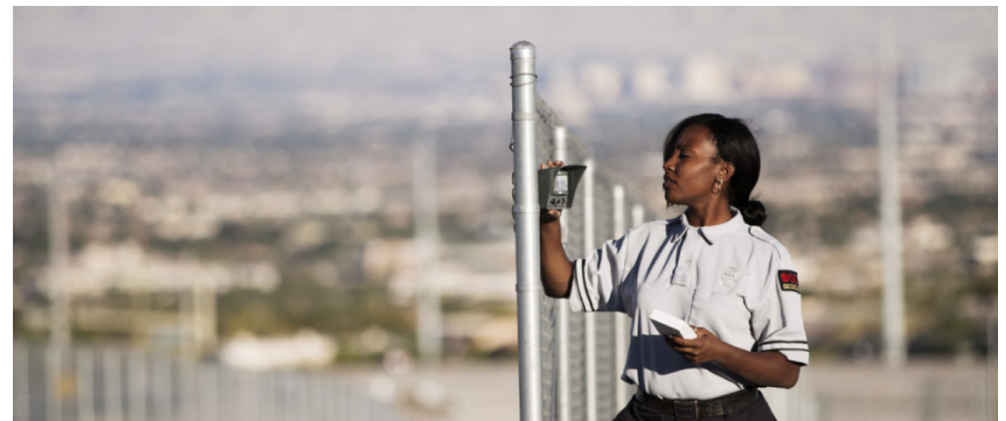
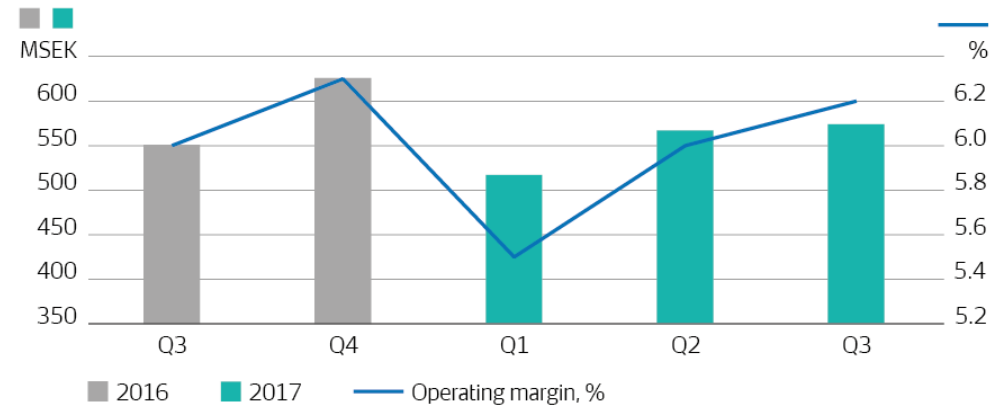
Security Services North America 9M 2017 Sales Development

- Sales MSEK 28 268 (26 358)
- Organic sales growth 5 percent (6)
- Organic sales growth 6 percent (6) in Q3, of which almost 1 percent was hurricane-related extra sales
- Strong organic sales growth in almost all units, driven by strong new sales and high client retention
- Sales of security solutions and electronic security continued to grow at a good speed



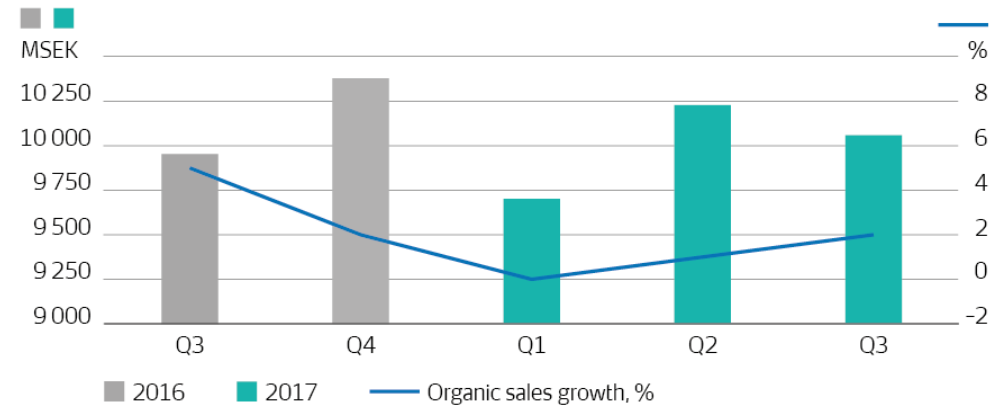
Security Services North America 9M 2017 Operating Income Development

- Operating income before amortization MSEK 1 658 (1 503)
- Operating margin 5.9 percent (5.7), an improvement deriving from good growth of security solutions and electronic security sales, reduced payroll taxes and lower cost of risk
- The strong topline also gave leverage to the cost base



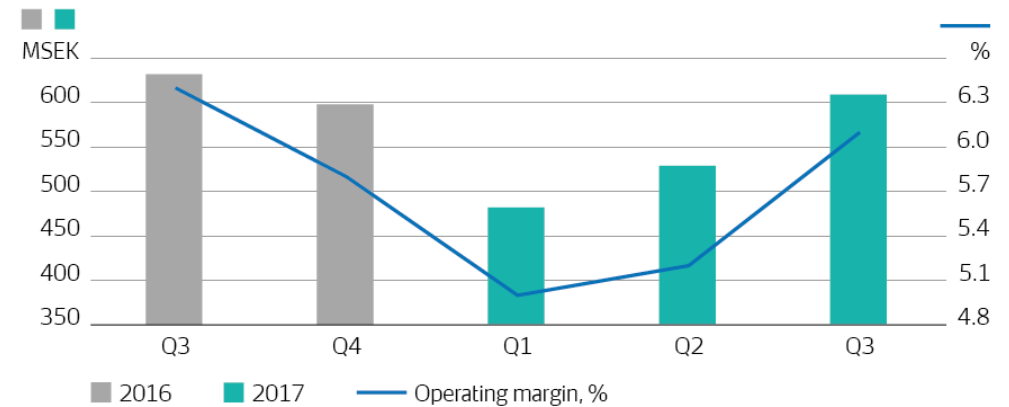
Security Services Europe 9M 2017 Sales Development

- Sales MSEK 29 989 (29 316)
- Organic sales growth 1 percent (7)
- Germany and Turkey were main contributors to organic sales growth, however the growth was offset by lower refugee-related extra sales and the loss of the two large, previously communicated, customer contracts
- The portfolio business is recovering as expected
- Sales of security solutions and electronic security continued to grow at a good pace



Security Services Europe 9M 2017 Operating Income Development

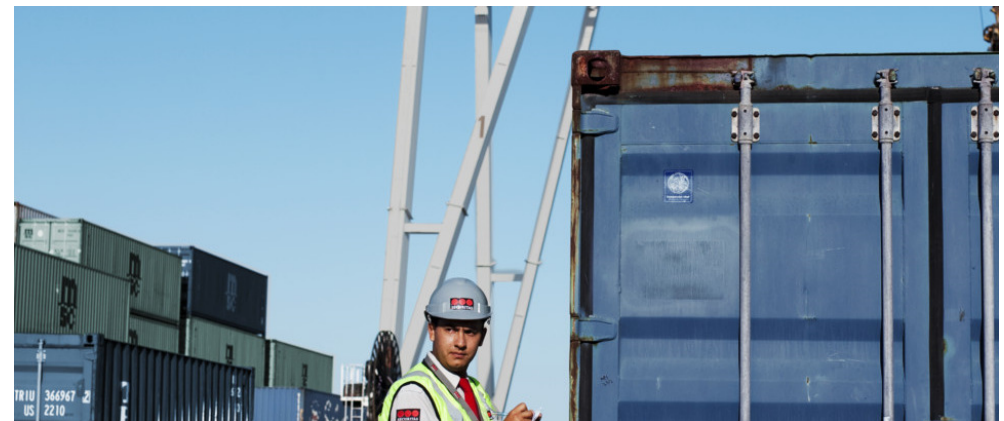
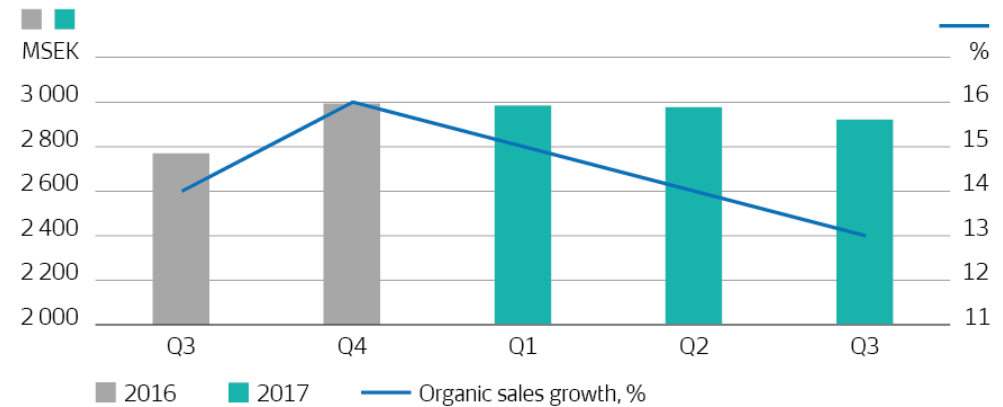
- Operating income before amortization MSEK 1 620 (1 685)
- Operating margin 5.4 percent (5.7), a decline mainly explained by higher costs and operational over-capacity in a few countries
- The over-capacity was largely adjusted by the end of Q3
- Also, the operating margin was negatively impacted by reduced client retention and continued investments in the Vision 2020 strategy





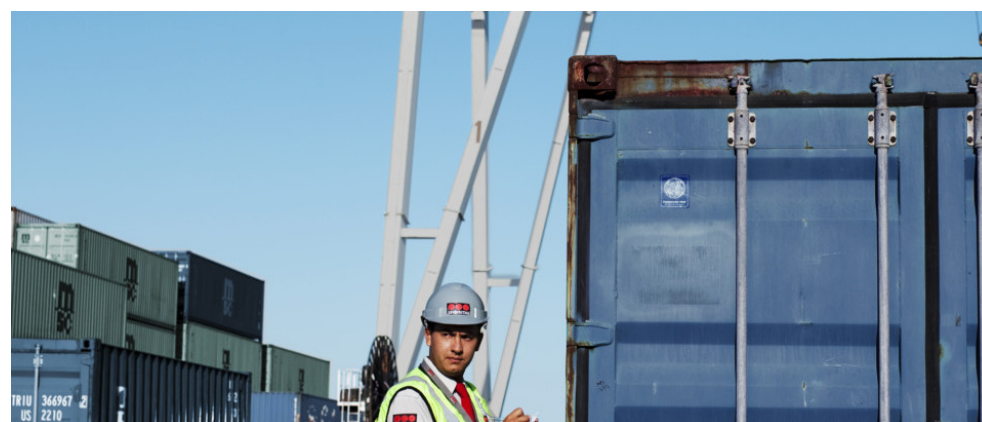
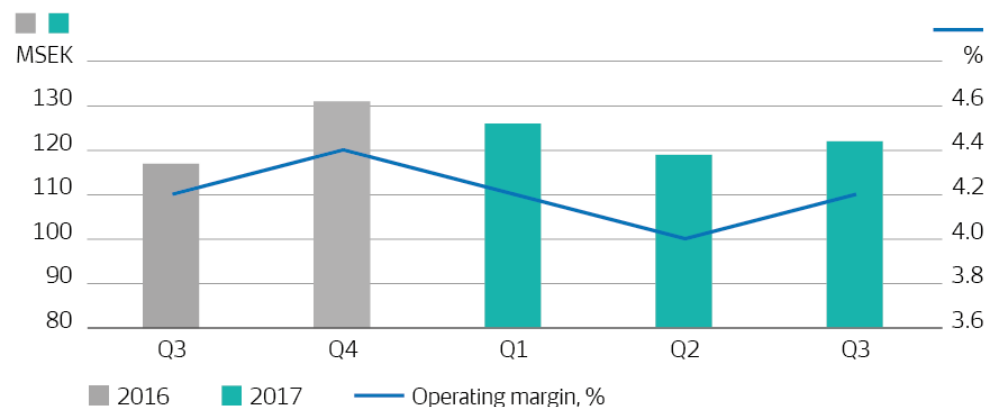
Security Services Ibero-America 9M 2017 Sales Development

- Sales MSEK 8 885 (7 812)
- Organic sales growth 14 percent (13), driven by Argentina, Chile, Portugal and Spain
- In Latin America, organic sales growth was 20 percent (21)
- The volumes in Argentina declined towards the end of Q3. Terminations and contract reductions will, together with a declining inflationary trend, reduce organic sales growth in Argentina in the coming quarters
- Sales of security solutions and electronic security continued to grow at good speed



Security Services Ibero-America 9M 2017 Operating Income Development

- Operating income before amortization MSEK 367 (342)
- Operating margin 4.1 percent (4.4), a decline mainly due to loss-making performance in Peru in H1
- Peru recovered and was profitable in Q3, but the operating margin was below last year
- Operating margin in Q3 was 4.2 percent (4.2), negatively impacted by restructuring costs corresponding to -0.2 percent. A restructuring plan was initiated in Argentina towards the end of Q3 and the same level of costs is expected in Q4
- Spain supported the operating margin in the business segment



Cash Flow

MSEK	Q3 2017	Q3 2016	9M 2017	9M 2016
Operating income before amortization	1 230	1 230	3 412	3 313
Investments in non-current tangible and intangible assets	-374	-383	-1 189	-1 250
Reversal of depreciation	332	326	1 006	892
Net investments in non-current assets	-42	-57	-183	-358
Change in accounts receivable	-661	-199	-506	-742
Change in other operating capital employed	272	160	-698	-331
Cash flow from operating activities	799	1 134	2 025	1 882
<i>Cash flow from operating activities, %</i>	<i>65</i>	<i>92</i>	<i>59</i>	<i>57</i>
Financial income and expenses paid	-40	-38	-386	-268
Current taxes paid	-141	-227	-856	-757
Free cash flow	618	869	783	857
<i>As % of adjusted income</i>	<i>71</i>	<i>99</i>	<i>33</i>	<i>36</i>
Free cash flow to net debt	-	-	0.12	0.12

The net investments include capex in security solutions contracts

Net Debt Development

MSEK

Net debt Jan 1, 2017	-13 431
Free cash flow	783
Acquisitions	-285
Dividend	-1 369
Change in net debt	-871
Revaluation	-21
Translation	717
Net debt Sep 30, 2017	-13 606



Executing on our Strategy

Security solutions and electronic security – sales, BSEK

2014 : 6.5 (9% of total, +28%)
2015 : 9.3 (11.5% of total, +38%)
2016 : 14.1 (16% of total, +56%)

Guarding – sales, BSEK

2014: 63.7
2015: 71.6
2016: 74.1

10%

Security solutions

8%

Guarding solutions

6%

Specialized guarding

4%

Guarding

Q&A





THANK
YOU

