FY/Q4 REPORT 2020

Stockholm, February 4, 2021

Magnus Ahlqvist
President and CEO

Bart Adam
CFO

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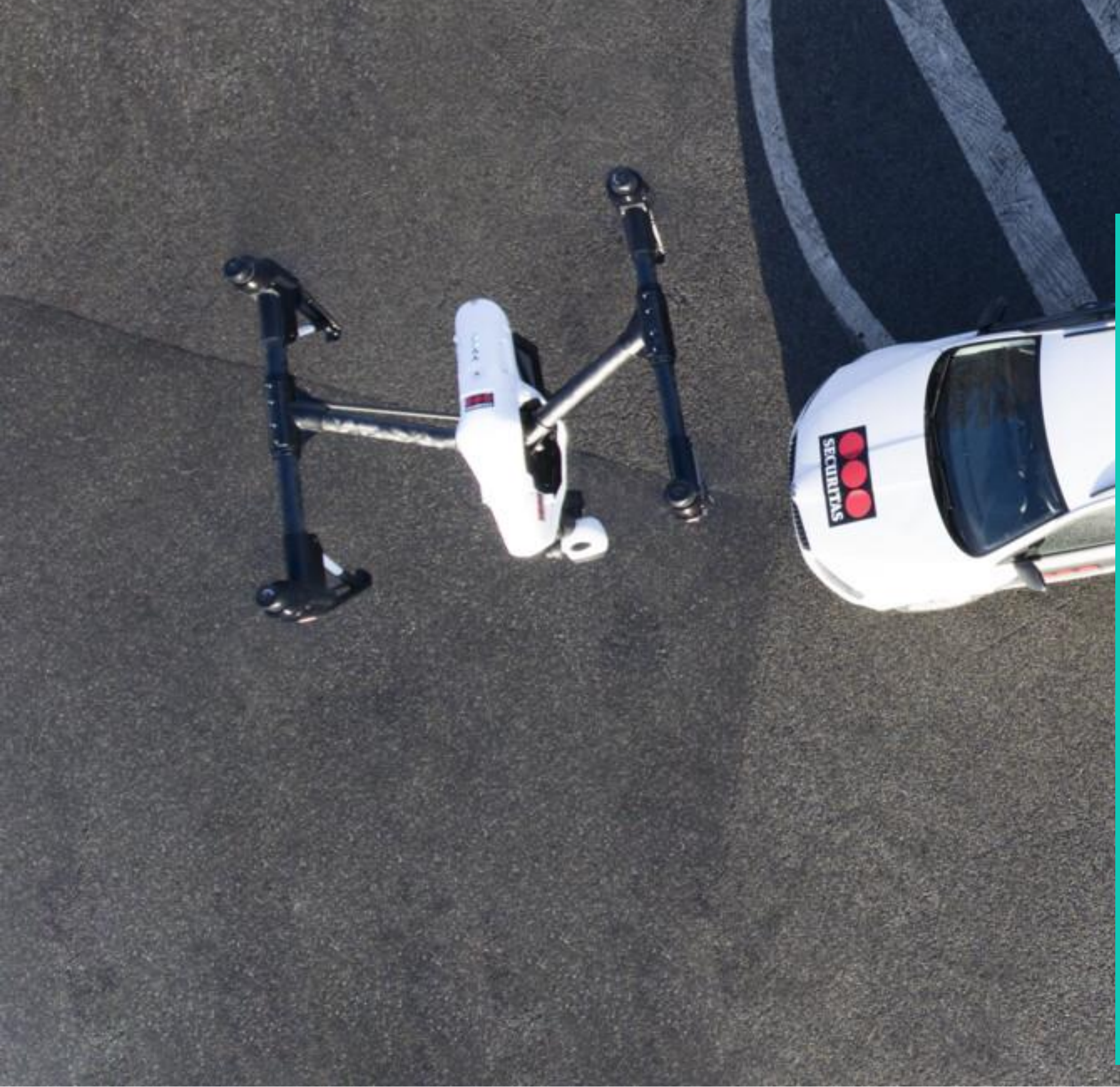
HIGHLIGHTS FY/Q4 2020

- 1% (2) organic sales growth in Q4, 0% (4) for the full year
- Operating income MSEK 1 404 (1 497) in Q4 and MSEK 4 892 (5 738) in 2020. Government grants and support measures of approximately MSEK 230 in Q4 mostly as compensation for temporary unemployment costs; hampered by increased provisioning of approximately MSEK 80
- Operating margin 5.3% (5.3) in Q4, with support from SSNA and SSIA, but hampered by SSEU and Other
- Operating margin 4.5% (5.2) in 2020, impacted by the corona pandemic in all business segments
- Price and wage balance on par in 2020
- Strong operating cash flow
- Acquisition of electronic security companies in 8 markets in 2020 and exits concluded or in process in 11 countries
- Business transformation program in SSEU and SSIA launched
- Dividend proposal for 2020 of SEK 4.00 (4.80). Reinstated dividend for 2019 of SEK 4.80 (4.40) at EGM in December

Security Solutions and Electronic Security

Important acquisitions of STANLEY Security’s entities in five countries and FE Moran in the US



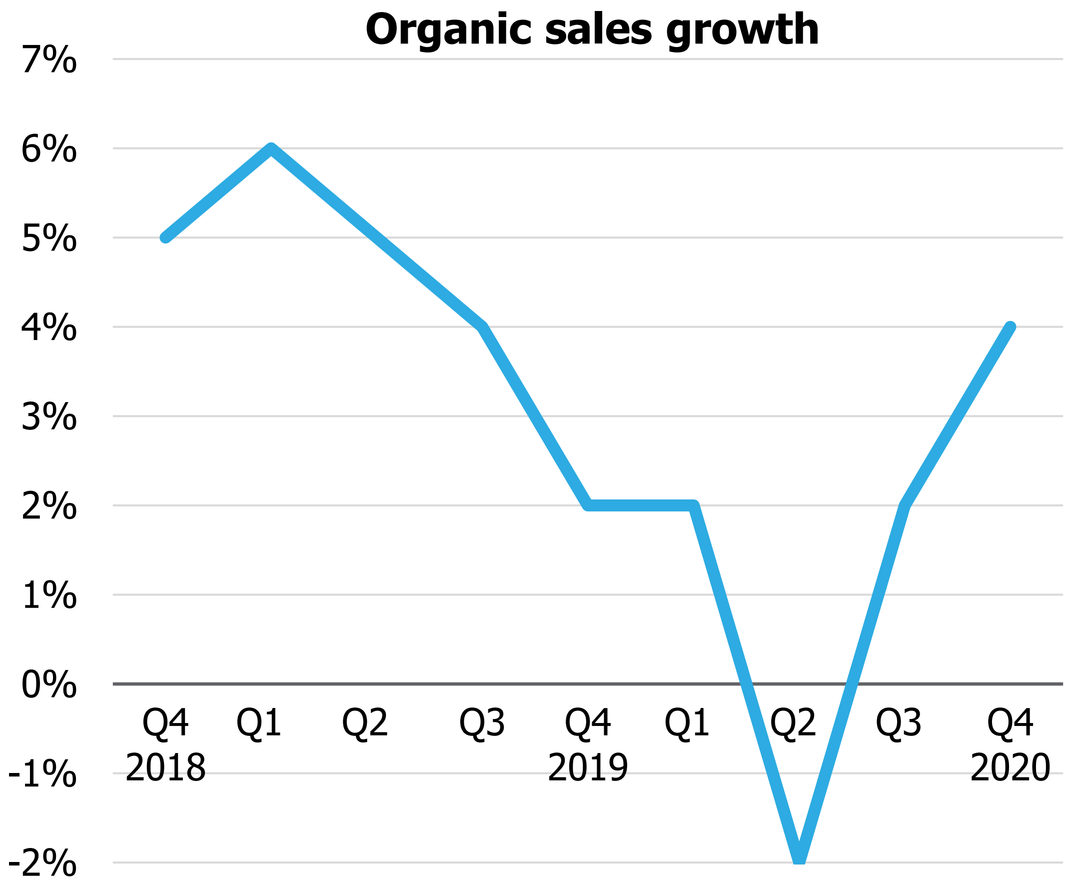
Security Solutions and Electronic Security

Real sales growth 4% (7) in Q4, 5% (10) in 2020

- Sales MSEK 5 883 (6 145) in Q4, MSEK 23 478 (23 290) for the full year
- Re-initiation of acquisition activities during the third quarter
- The acquired STANLEY entities had total sales of MSEK 748 (2019) in Germany, Portugal, Switzerland, Singapore and India. The acquisition closed on November 2
- Acquisition of a top 30 alarm monitoring and integration company FE Moran in the US in December
- Our ambition is to double the security solutions and electronic security business to BSEK 40 by 2023

Security Services North America

Strong end to the year



Q4: Organic sales growth 4% (2)

- The improvement was related to Guarding and Critical Infrastructure Services
- Temporarily reduced portfolio sales were compensated by increased extra sales of 19% (13) of total sales, both corona related. Corona-related extra sales in SCIS included some retroactive billing
- Client retention was 91% (90)
- Security solutions and electronic security represented 17% (18) of total sales in 2020

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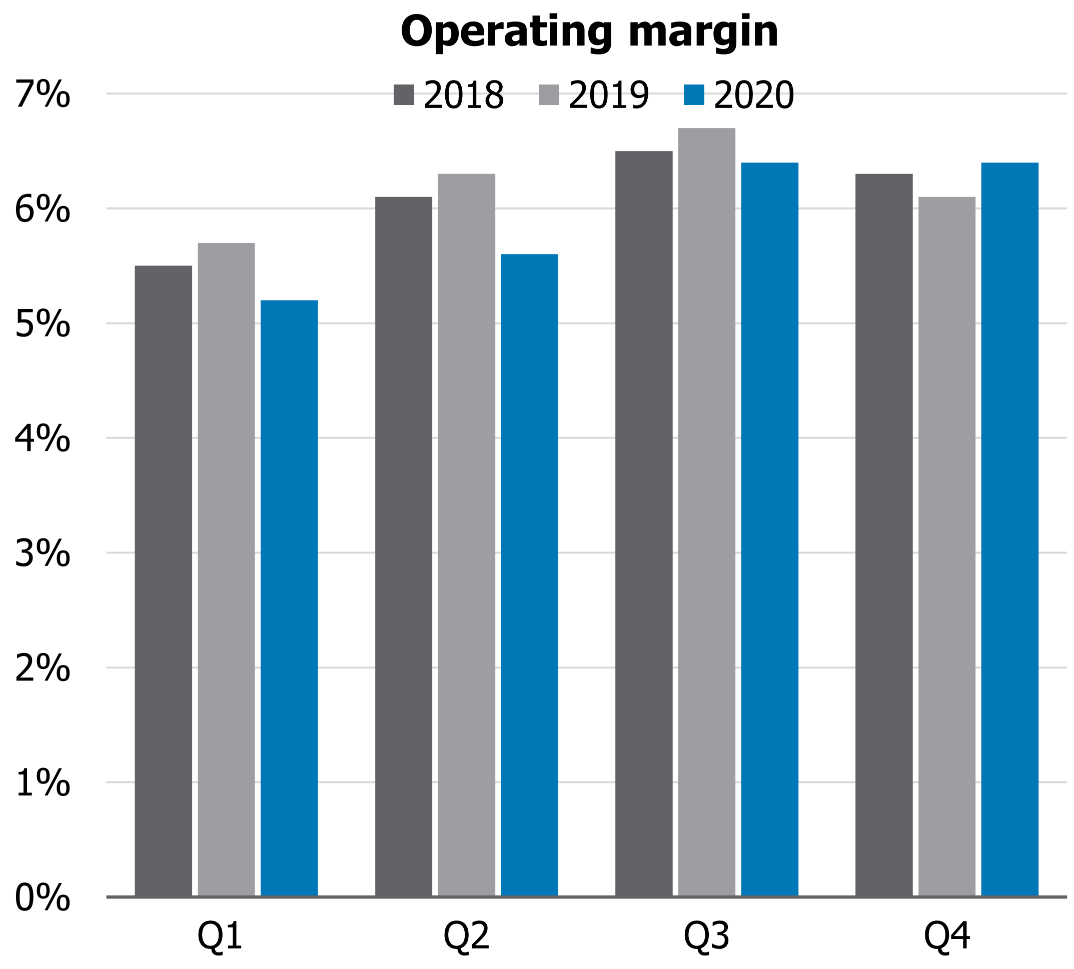
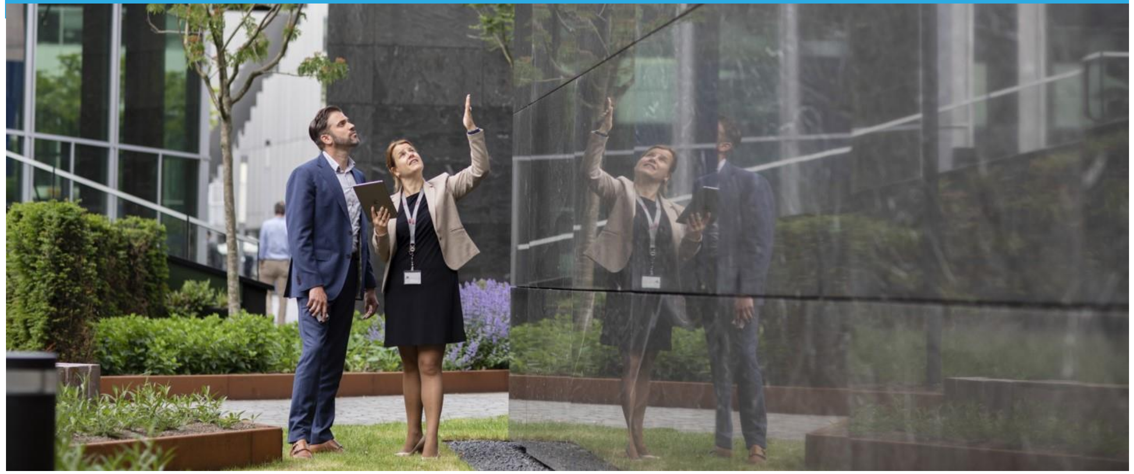
Security Services North America
The operating margin had a strong finish to the year



Q4: Operating margin 6.4% (6.1)

- The improvement related primarily to Guarding and Critical Infrastructure Services
- The operating margin in Guarding continued to be supported by the corona-related change in business mix with increased share of extra sales
- Corona-related extra sales in SCIS included some retroactive billing that impacted the operating margin positively

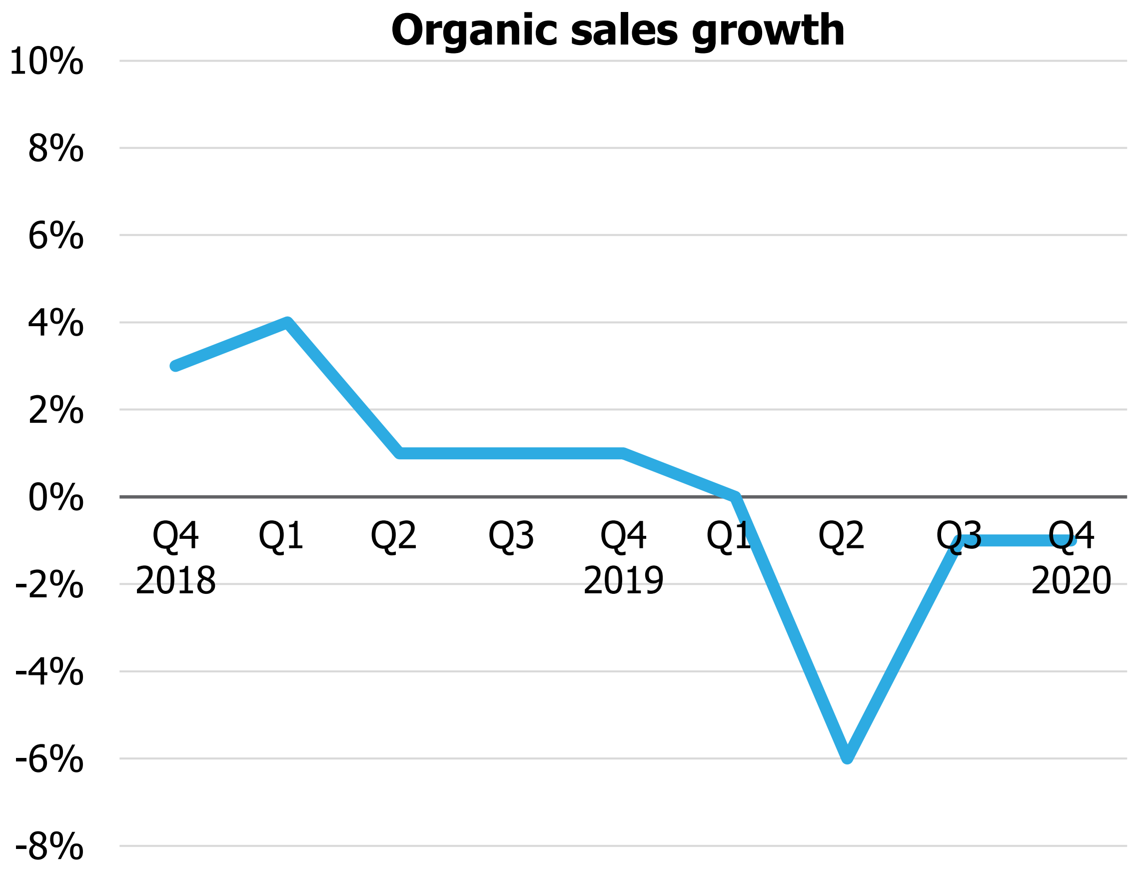


Security Services Europe

Aviation security still hampering organic sales growth

Q4: Organic sales growth -1% (1)

- The decline mainly explained by negative impact from airport security due to the corona pandemic, and previously communicated Aviation contract loss in Norway
- Extra sales were 18% (17) of total sales
- Client retention was 90% (90)
- Security solutions and electronic security represented 24% (22) of total sales in 2020

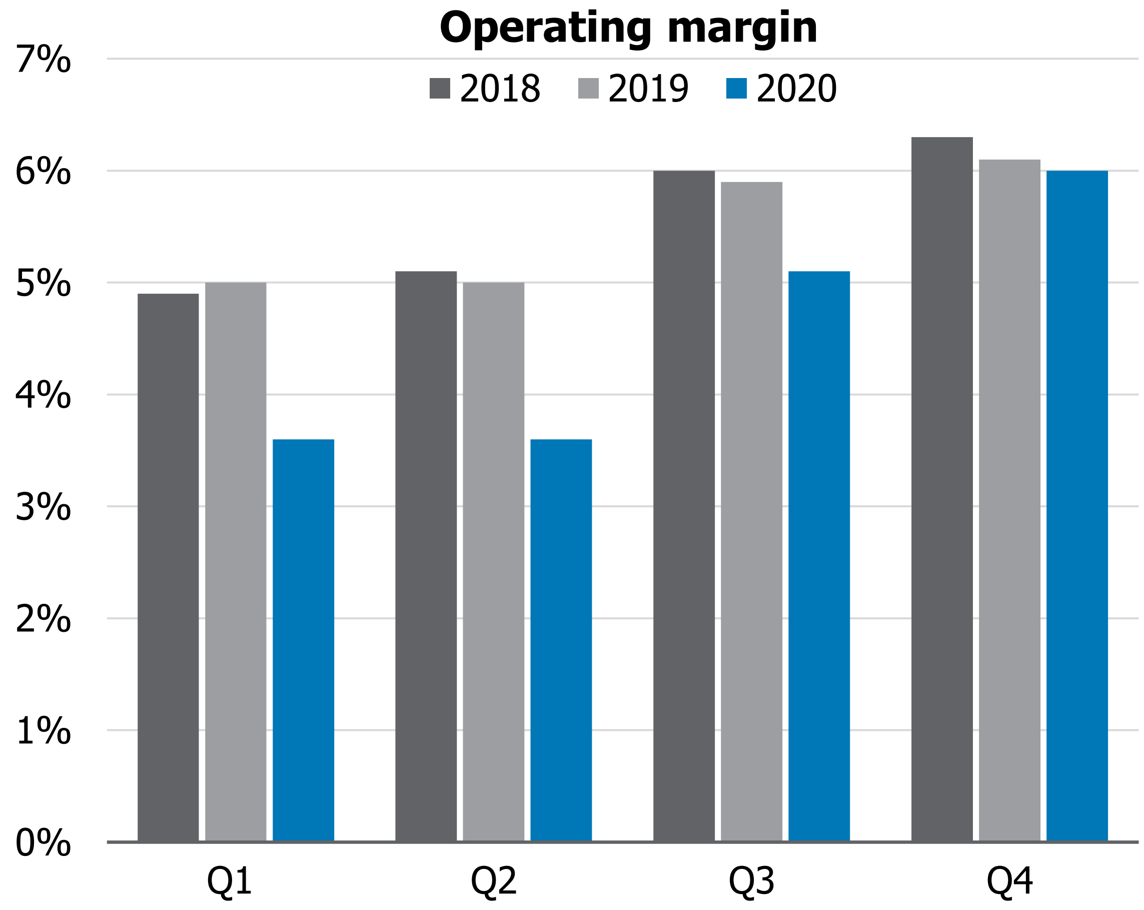


Security Services Europe

Further recovery compared to the earlier quarters

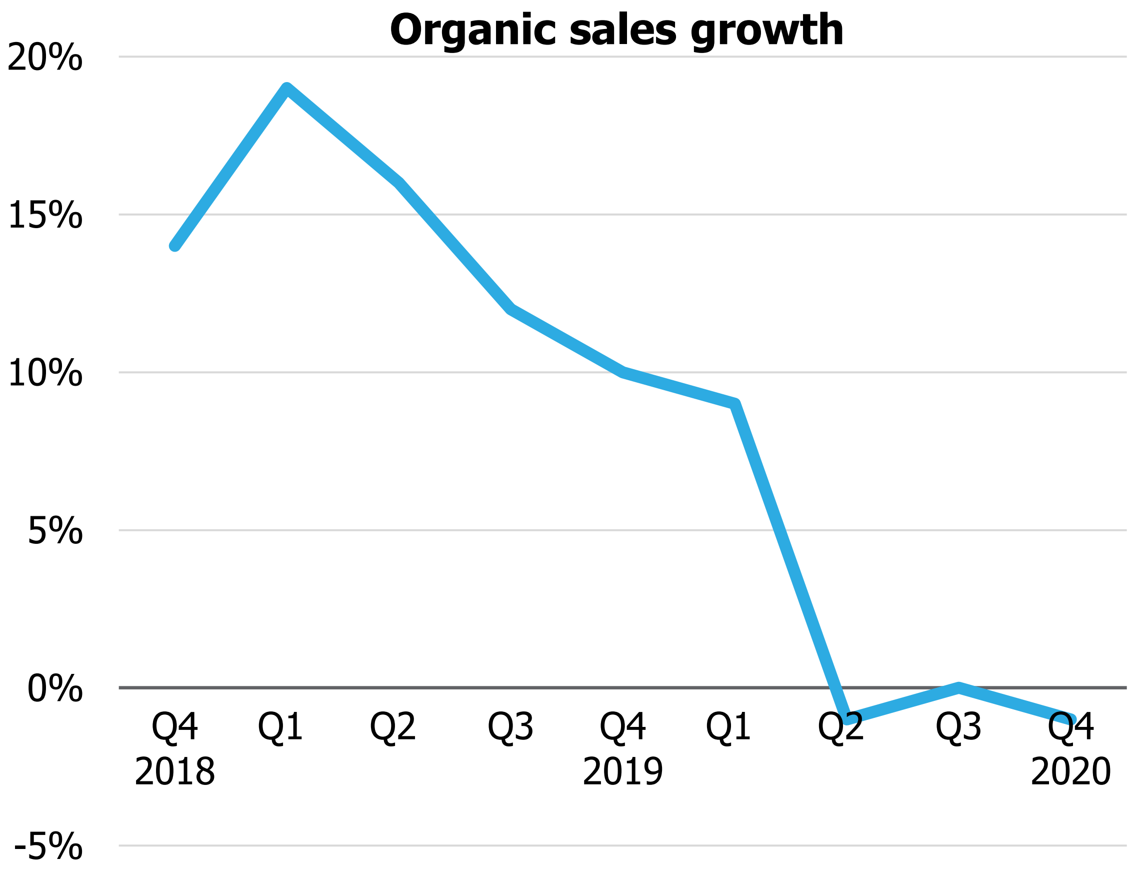
Q4: Operating margin 6.0% (6.1)

- The decline primarily due to effects from corona pandemic with reduced airport security
- Negative impact on cost levels due to idle time was to some extent offset by corona-related government grants in several countries



Security Services Ibero-America

Continued strong impact due to the corona pandemic



Q4: Organic sales growth -1% (10)

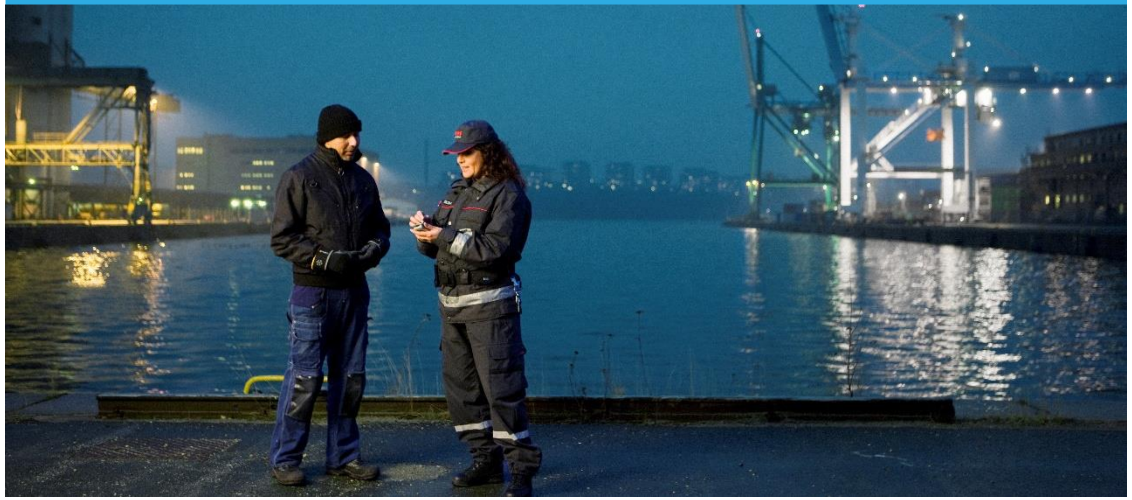
- Organic sales growth in Latin America declined due to effects from corona pandemic, primarily on airport security and weak performance in Peru
- Positive organic sales growth in Argentina and Spain, although lower than previous year
- Client retention was 93% (92)
- Security solutions and electronic security represented 30% (27) of total sales in 2020

Security Services Ibero-America

Strong recovery of operating margin

Q4: Operating margin 5.3% (4.8)

- The improvement related primarily to Spain and Portugal. Strong performance in Spain further supported by year-end reconciliation of accruals
- The operating margin was helped by corona-related support measures in Argentina
- The performance in Argentina and Peru has not been satisfactory in 2020 and actions will be taken to improve the performance in both countries



FINANCIALS

Bart Adam

CFO

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Financial Highlights
Significant impact from Corona, but good resilience

MSEK	Q4 2020	Q4 2019	FY 2020	FY 2019
Sales	**26 477**	**28 257**	**107 954**	**110 899**
Organic sales growth, %	*1*	*2*	*0*	*4*
Operating income before amort.	**1 404**	**1 497**	**4 892**	**5 738**
Operating margin, %	*5.3*	*5.3*	*4.5*	*5.2*
Amort. of acq. related intang. assets.	-79	-68	-286	-271
Acquisition related costs	-47	-28	-137	-62
Items affecting comparability	-422	-83	-640	-209
Operating income after amortization	**856**	**1 318**	**3 829**	**5 196**
Financial income and expenses	-118	-140	-500	-578
Income before taxes	**738**	**1 178**	**3 329**	**4 618**
Tax, %	*29.0*	*26.0*	*27.4*	*27.2*
Net income for the period	**524**	**872**	**2 416**	**3 362**
EPS, SEK	**1.45**	**2.38**	**6.63**	**9.20**
EPS, SEK before IAC	**2.38**	**2.54**	**8.02**	**9.61**

- In Q4: MSEK 230 corona-related government grants and support measures mostly as compensation for temporary unemployment costs; increased provisioning of app. MSEK 80.
  FY: MSEK 780 and MSEK 530, respectively
- Items affecting comparability of MSEK -422 in Q4 and MSEK -640 in 2020
  - MSEK -192 relating to the transformation programs in Q4
  - MSEK -113 relating to the cost-savings program in Q4
  - Exit from 11 countries expected net loss of MSEK -117 also in Q4 IAC
- The financial income and expenses positively impacted by favourable net debt development and FX rates
- Tax rate impacted by non-deductible capital losses and impairment of assets relating to exit from 11 countries

Securitas Group
Negative impact from FX development

SALES

MSEK 26 477 (28 257)
- Total change -6%
- Real change 3% (incl. acq. and adj. FX)

OPERATING INCOME

MSEK 1 404 (1 497)
- Total change -6%
- Real change 4%

EARNINGS PER SHARE

SEK 1.45 (2.38)
- Total change -39%, real change -33%

SEK 2.38 (2.54) before IAC
- Total change -6%, real change 1%

FX SEK END RATES

	Q420	Q419	%
USD	8.19	9.32	-12
EUR	10.05	10.43	-4
ARS	0.10	0.16	-37

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Cash Flow Highlights
Strong cash flow

MSEK	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating income before amortization	**1 404**	**1 497**	**4 892**	**5 738**
Net investments in non-current assets	-20	-34	-97	-320
Change in accounts receivable	-166	-145	123	-239
Change in other operating capital employed	309	535	2 289	-277
Cash flow from operating activities	**1 527**	**1 853**	**7 207**	**4 902**
Cash flow from operating activities, %	*109*	*124*	*147*	*85*
Financial income and expenses paid	-46	-58	-401	-443
Current taxes paid	-61	-367	-862	-1 191
Free cash flow	**1 420**	**1 428**	**5 944**	**3 268**

- Net investments of MSEK -97 in 2020 result from
  - investments of MSEK -2 787
  - depreciation of MSEK 2 690
- Capital expenditure <3% of Group sales annually, including IFRS 16
- Cash flow positively impacted by collections and by lower organic sales growth
- Corona-related government payment relief measures of app. MSEK 100 in Europe and MSEK 1 400 the US
  - Payments in US are due in 2021 and 2022

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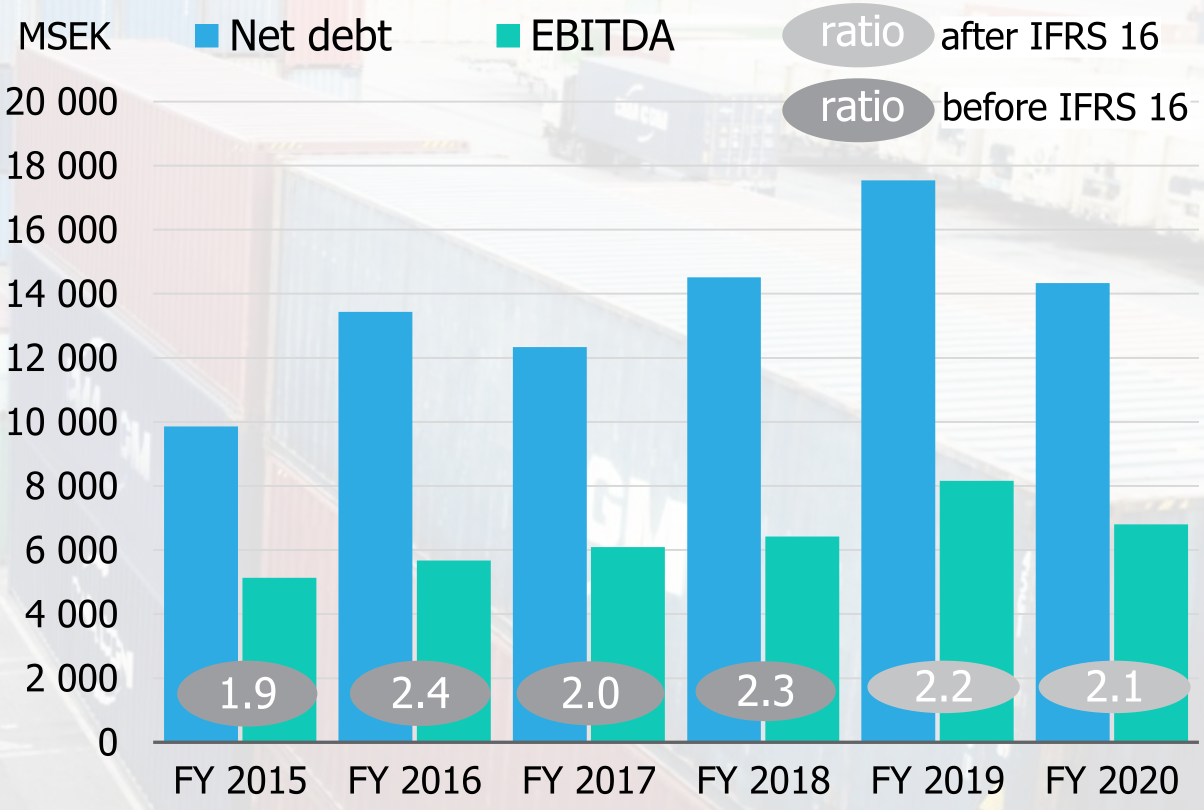
Net debt development

The strong free cash flow lowered net debt

MSEK	
Net debt Jan 1, 2020	**-17 541**
Free cash flow	5 944
Acquisitions	-1 801
IAC	-405
Dividend paid	-1 752
Lease liabilities	-139
Change in net debt	**1 847**
Revaluation	17
Translation	1 342
Net debt Dec 31, 2020	**-14 335**

Net debt to EBITDA-ratio well in line

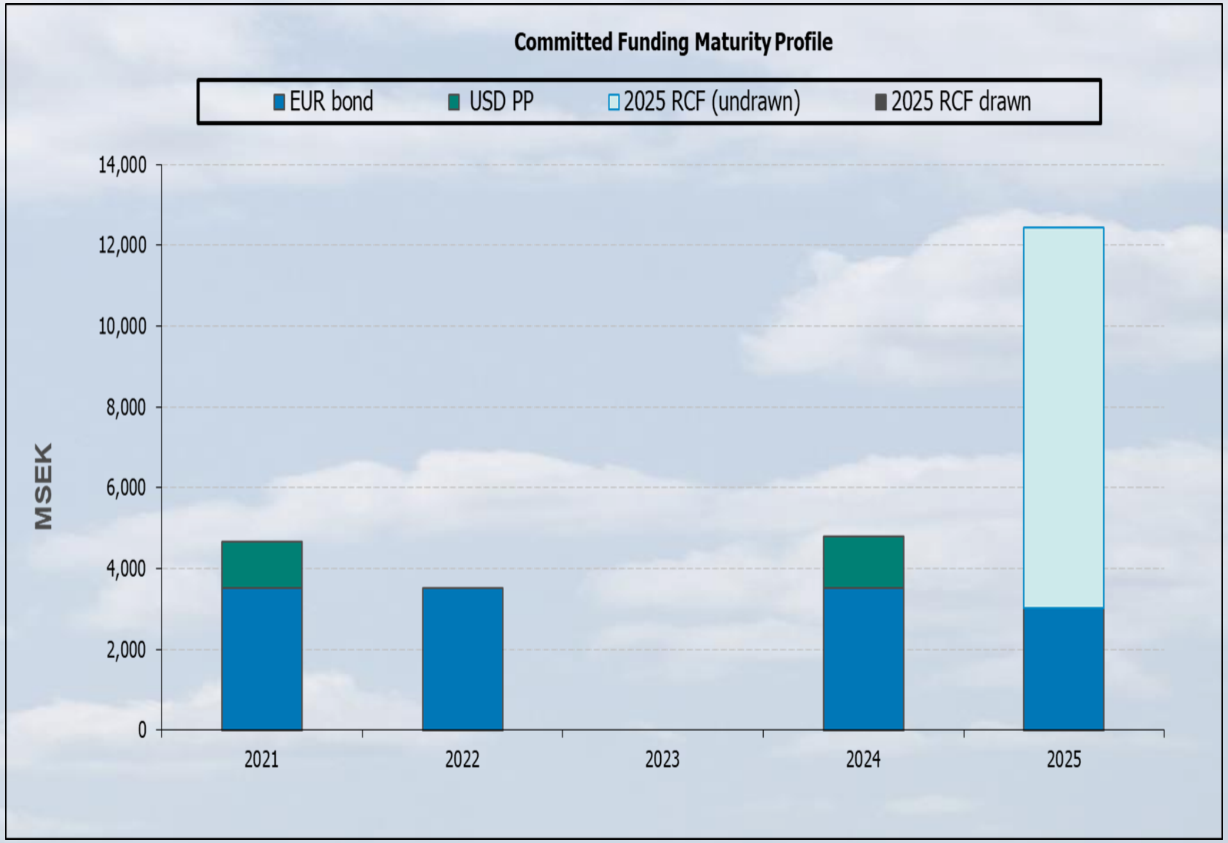


We are backed up by solid financing

- ✓ BBB, stable outlook (S+P, April 30, 2020)
- ✓ 4.7 BSEK in liquid funds
- ✓ RCF renewed April 6, 2020 for 5 (+1+1) years, maturing 2025
- ✓ Significant undrawn committed funding BSEK 9.4
- ✓ No financial covenants

- **Committed to solid investment grade rating**
- **In good shape for renewing the 2021 maturities as required**

Strong group of banks in new RCF		
BBVA	CIC	Citibank
Commerzbank	Danske	DNB
ING	KBC	SEB
	Unicredit	



Accelerated transformation

Magnus Ahlqvist
President and CEO

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COVID -19: Response and impact during 2020
Showing resilience in a challenging year

RESPONSE

Crisis response team

- Activated end of January
- Group, divisions and country level

Main priorities

1. Employee health and safety
2. Business continuity – deliver services to clients
3. Cash flow control
4. Cost control

IMPACT

Security demand

- Negative impact: Aviation, Electronic security (installation business), Event security
- Demand increase: Temporary services – healthcare, retail, protection of idle assets, corporate risk management

Commercial

- Reduced sales activity and solutions conversions
- Risk of bad debt – monitoring exposures

People

- 4 000 employees on temporary unemployment mid- January (3 000 mid-Oct, 7 000 mid-July and 10 000 mid-April)

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Transformation programs progressing according to plan

GLOBAL IS/IT TRANSFORMATION PROGRAM

- Progress according to plan with one global IS/IT operation
- On plan to realize targeted efficiency gains

NORTH AMERICA BUSINESS TRANSFORMATION PROGRAM

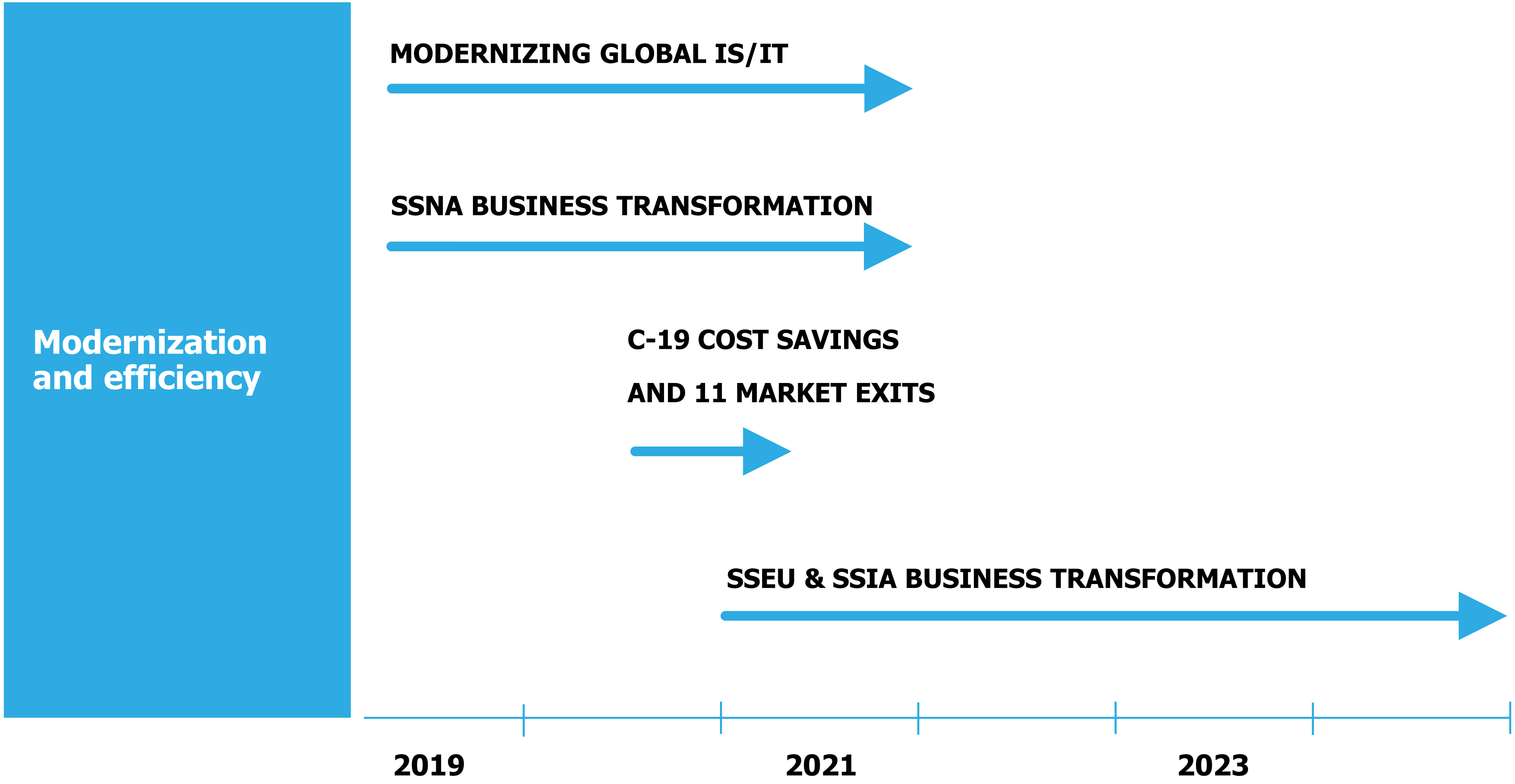
- Achieved significant milestones H2 2020 to modernize systems
- Benefit realization focus during 2021 with full impact 2022

C-19 COST-SAVINGS PROGRAM AND MARKET EXITS

- C-19 cost-reduction activities ongoing. Some uncertainty regarding development of aviation contracts
- Nine markets exited or close to exiting. Two more expected in H1 2021

Overview of transformation programs

Accelerated transformation to modernize and digitize



Targeted impact:

Group: MSEK 300 savings upon completion by 2022

SSNA: Up to 0.5% margin benefit by 2022

C-19: 2 year pay-back period, first positive impact Q420

Exit: Focus

SSEU: Around 6.5% OPM by 2024

SSIA: Around 6.0% OPM by 2024

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We are now taking the next steps to enable strategy execution at scale

LAUNCHING BUSINESS TRANSFORMATION PROGRAM IN SSEU AND SSIA

- Targets to **increase operating margin in SSEU to around 6.5 percent** upon completion in 2024, with a gradual impact starting in 2022. Targets to **increase operating margin in SSIA to around 6.0 percent** upon completion in 2024.

- **Approximately MSEK -1 400 to be recognized as items affecting comparability 2021-2023**, referring to impairment of assets, systems integration and organizational restructuring charges

- **Investment of approximately MSEK -1 100 during 2021-2023 in IT systems** to support our leaders and people with the latest tools and efficient processes

- **Building of a dedicated solutions organization to accelerate growth** of security solutions and electronic security business, and further strengthening and digitizing our guarding offering

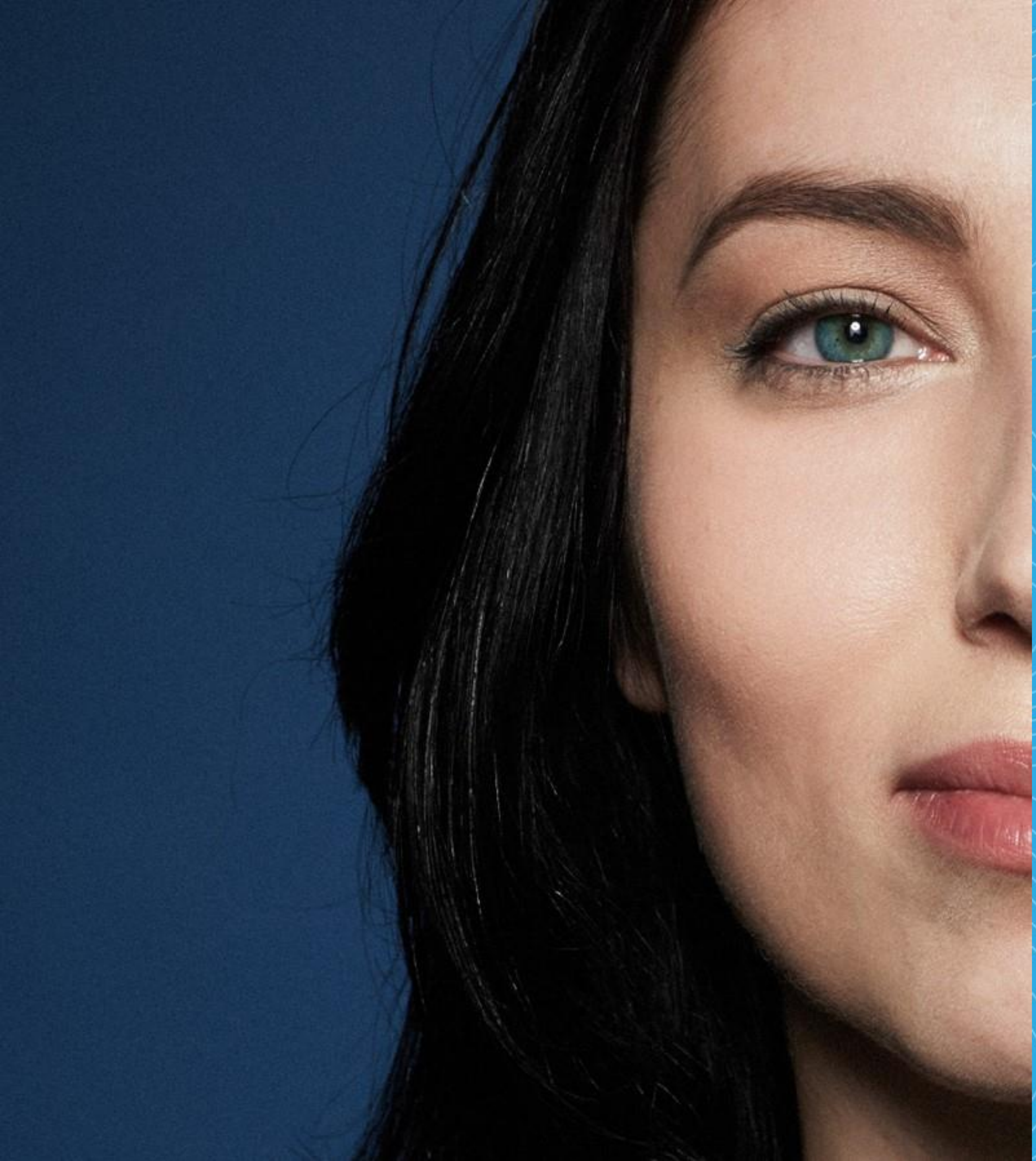
Fundamental strengthening of our European business to drive the strategy at scale

Transformation program targets to improve SSEU operating margin to around 6.5% by 2024. First impact in 2022

Key actions		Outcome
Common operating model for Europe	Aligning organization and processes to achieve scale benefits and roll-out of best practice	**DRIVE STRATEGY AT SCALE**
Modernization of IT systems & tools	Gain efficiency, insights and freeing up time for clients	**TRANSFORM GUARDING WITH IMPROVED MARGINS**
Investments and tools for Solutions and ES	Accelerate growth with dedicated organizations, resources and tools	**DOUBLE SOLUTIONS AND ELECTRONIC SECURITY**
Digitize end-to-end operational processes	Enhance capability front-line employees and improve value for clients	**INCREASED CLIENT VALUE**

SUMMARY Q4/FY 2020

- Organic sales growth: 1% in Q4, 0% in FY
- Operating income real change: 4% in Q4
- Challenging conditions and uncertainty due to the corona pandemic, but with clear priorities to ensure resilience
- Taking the next steps to accelerate our transformation



THANK YOU

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