

A close-up portrait of a woman with dark hair, smiling slightly, occupies the left half of the image. The right half features a blue background with white wavy, topographic-style lines.

9M/Q3 REPORT 2019

Stockholm, November 6, 2019

Magnus Ahlqvist
President and CEO

Bart Adam
CFO



HIGHLIGHTS 9M/Q3 2019

Good performance in more challenging market conditions

- 5% (6) organic sales growth in 9M, 4% (6) in Q3
- Operating income improvement +5% real change in 9M
- Operating margin unchanged in 9M at 5.1% (5.1), also in Q3 at 5.6% (5.6)
- Price and wage balance slightly behind in 9M, due to two countries in Security Services Europe
- Cash flow generation improved in 9M compared to 9M preceding year. Focus area in all business segments



Security Solutions and Electronic Security **We continue to strengthen our capabilities**



Security Solutions and Electronic Security

Real sales growth 11% (22)

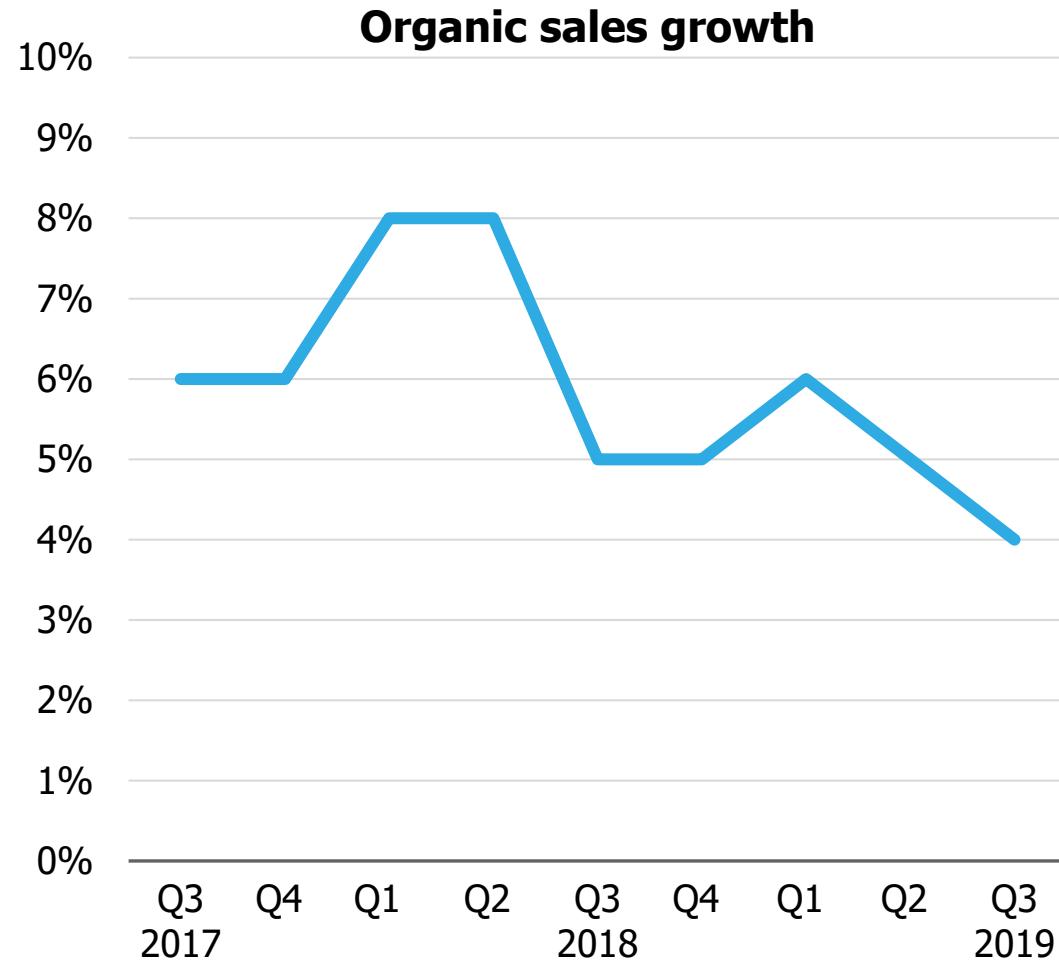
- Sales MSEK 17 145 (14 803)
- A good number of mid-sized and strategically important solution contracts started, delivering a range of protective services
- Integration of Kratos Electronic Security finalized
- We continue to look for electronic security opportunities

Security Solutions and Electronic Security case **A security solution for October fest**



Security Services North America

Good organic growth on strong comparatives



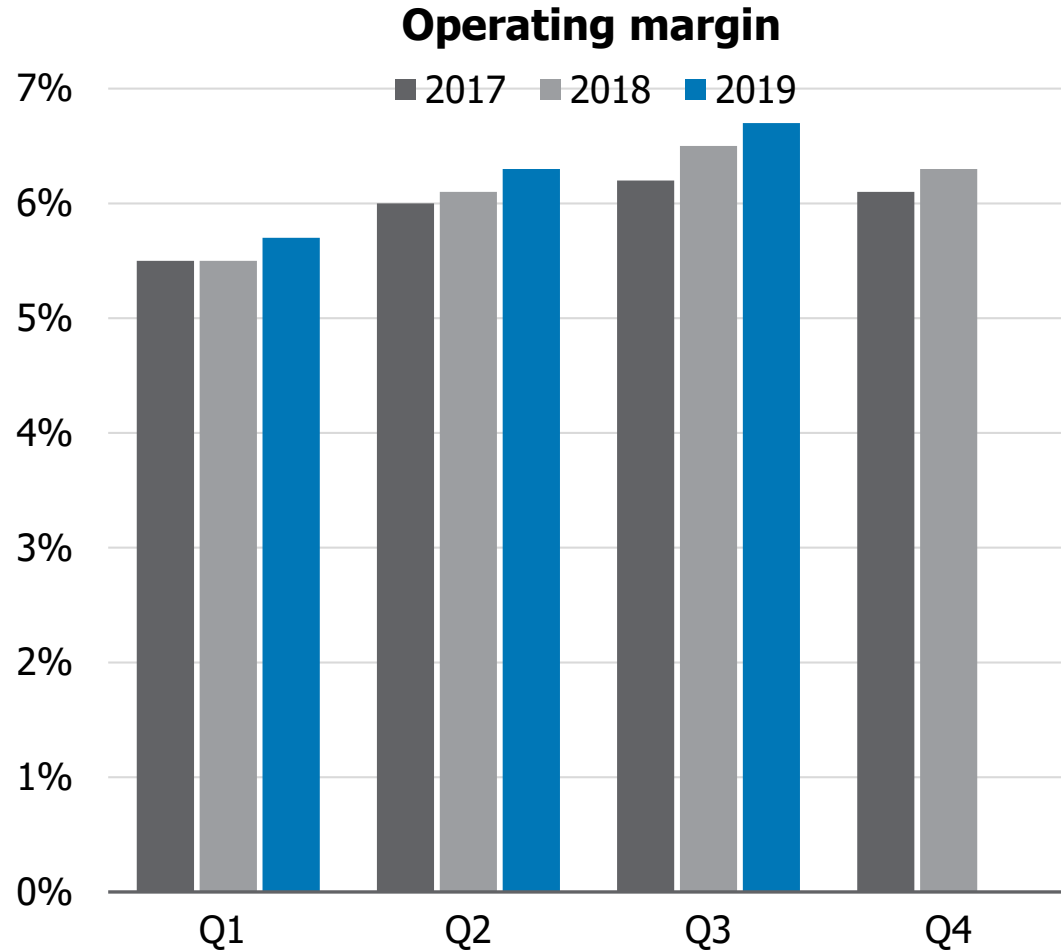
9M: Organic sales growth 5% (7)

- 4% (5) organic sales growth in Q3
- Client retention 90% (91)
- Main contribution from the five geographical regions, the business units critical infrastructure services and Pinkerton Corporate Risk Management
- Security solutions and electronic security represented 18% (17) of total sales



Security Services North America

Improved operating margin in Q3 as well in 9M



9M: Operating margin 6.2% (6.1)

- Operating margin in Q3 improved to 6.7% (6.5)
- The operating margin improvement was supported by several business units including a good development in the five geographical regions

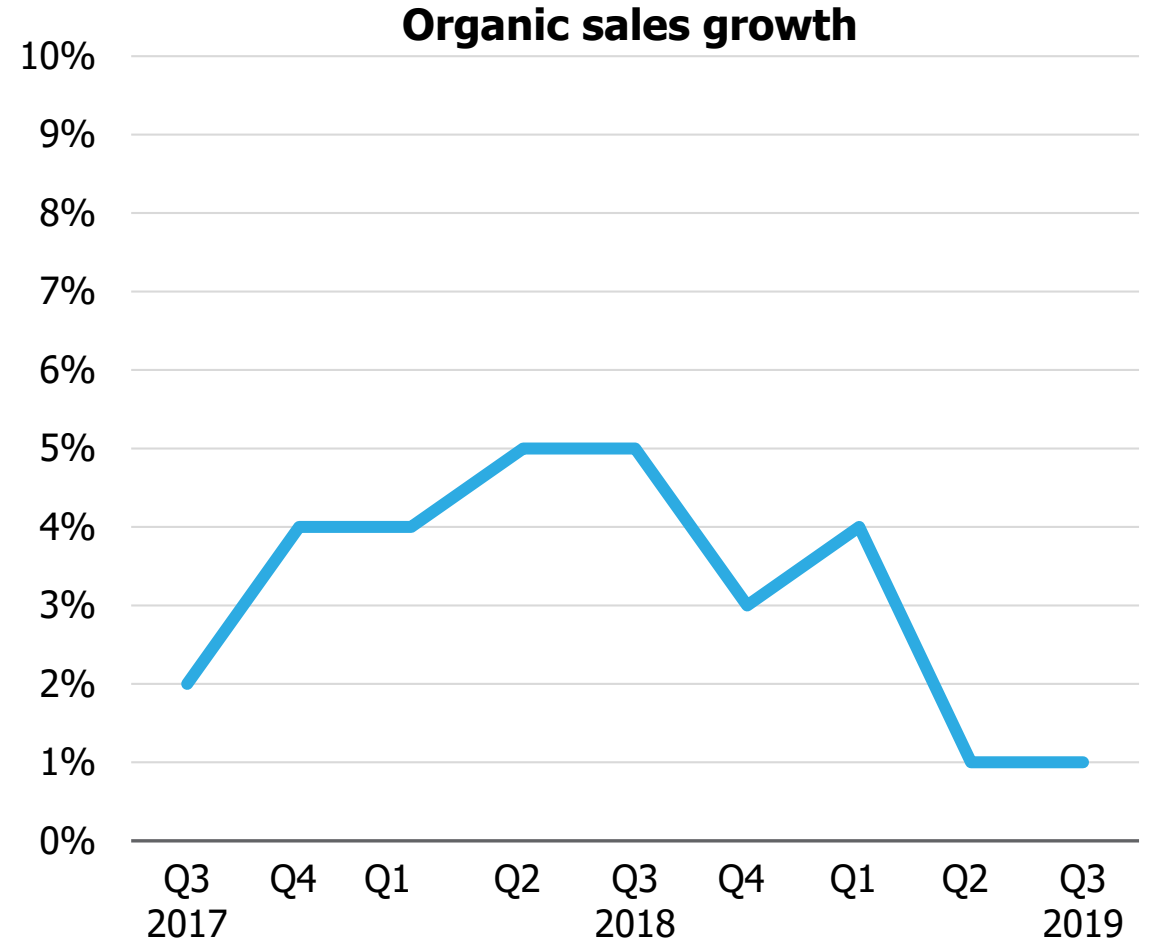


Security Services Europe

Continued impact on organic sales growth

9M: Organic sales growth 2% (4)

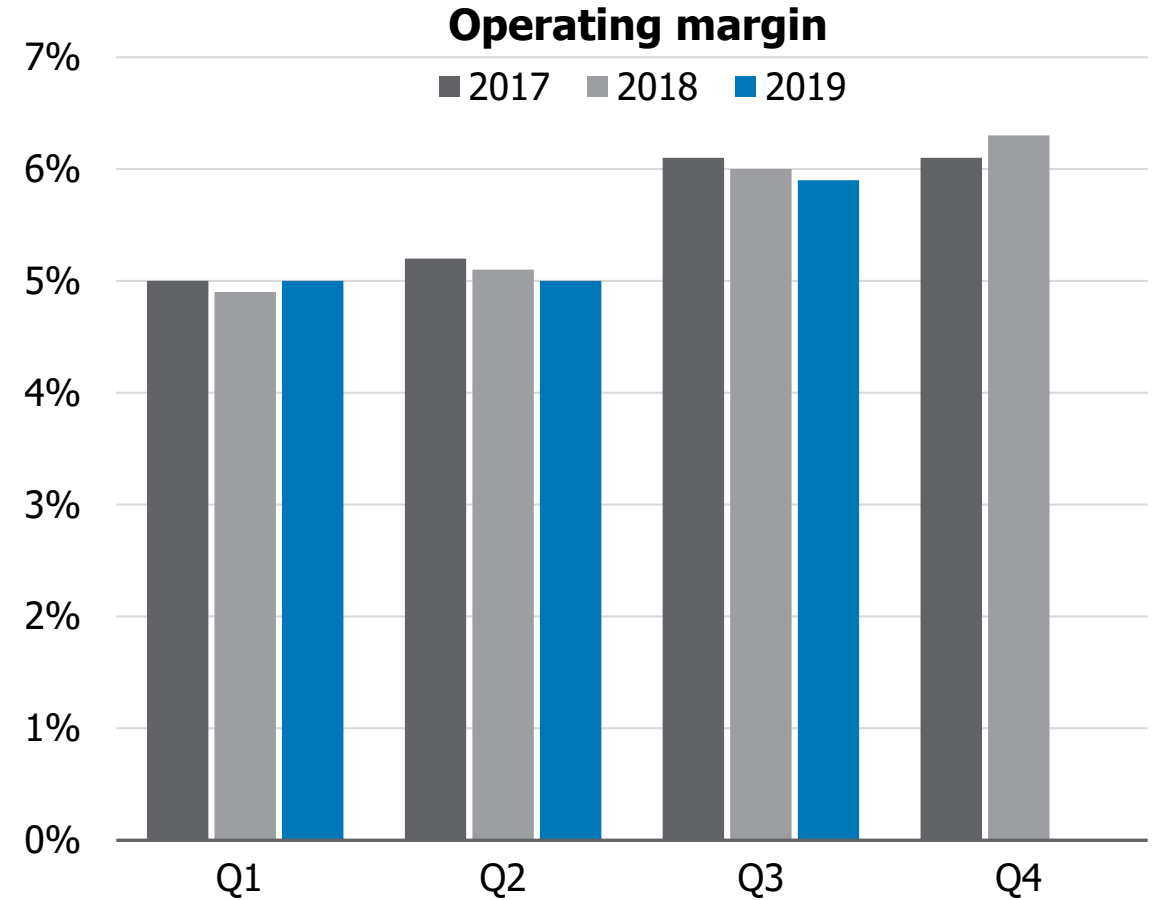
- Client retention declined to 90% (93)
- Main contribution from Belgium, Germany, the Nordic countries and Turkey
- Q3 organic sales growth 1% (5), mainly due to previously communicated contract losses in France and the UK during the second quarter
- Security solutions and electronic security represented 22% (21) of total sales



Security Services Europe Unchanged operating margin in 9M

9M: Operating margin 5.3% (5.3)

- Operating margin 5.9% (6.0) in Q3
- The operating margin was supported by the cost savings program, which developed according to plan
- Hampering effects from France and Sweden and a slightly negative price and wage balance in Netherlands and France

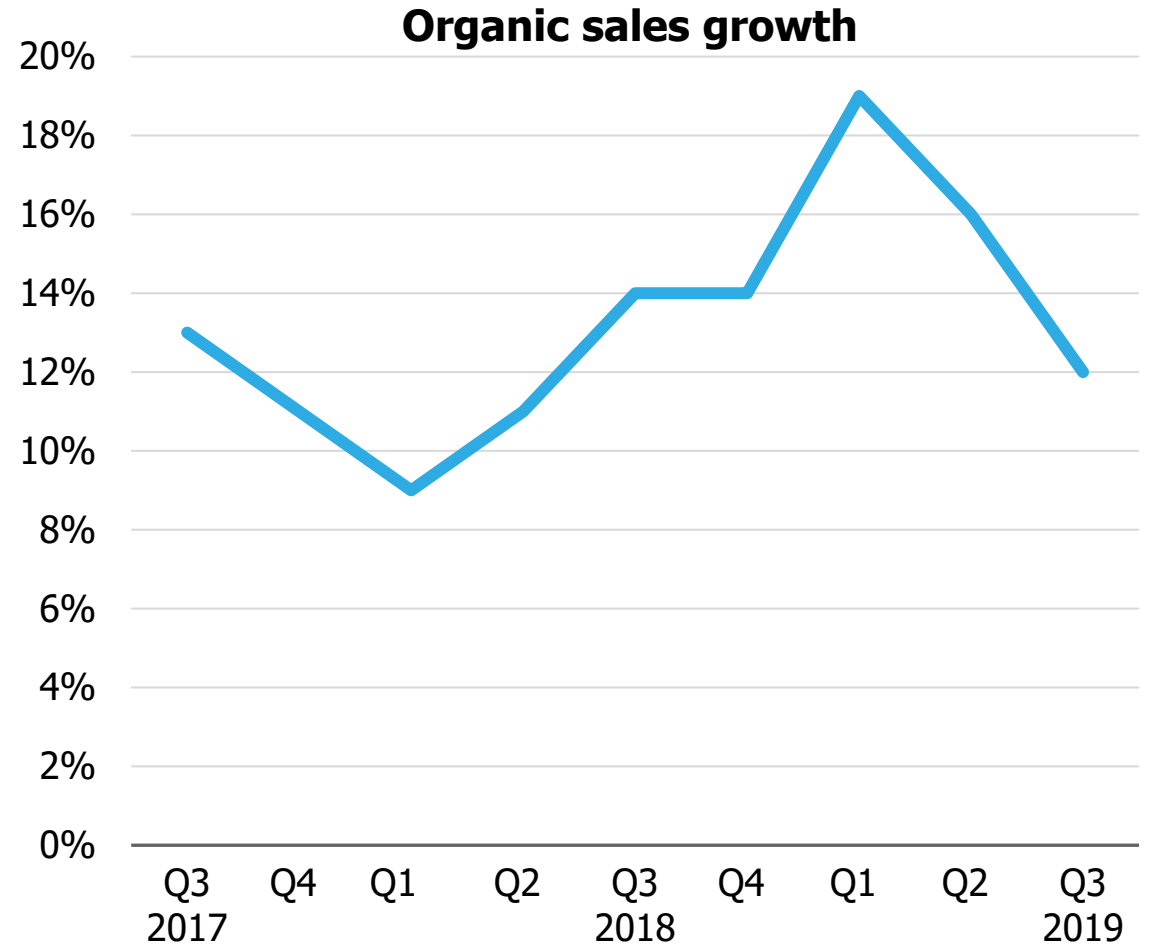


Security Services Ibero-America

Organic sales growth decline in Spain in Q3

9M: Organic sales growth 15% (11)

- Organic sales growth declined to 12% (14) in Q3, a development primarily related to Spain where reductions of short-term security solutions contracts had a hampering effect
- Client retention was 91% (92)
- Security solutions and electronic security represented 27% (26) of total sales

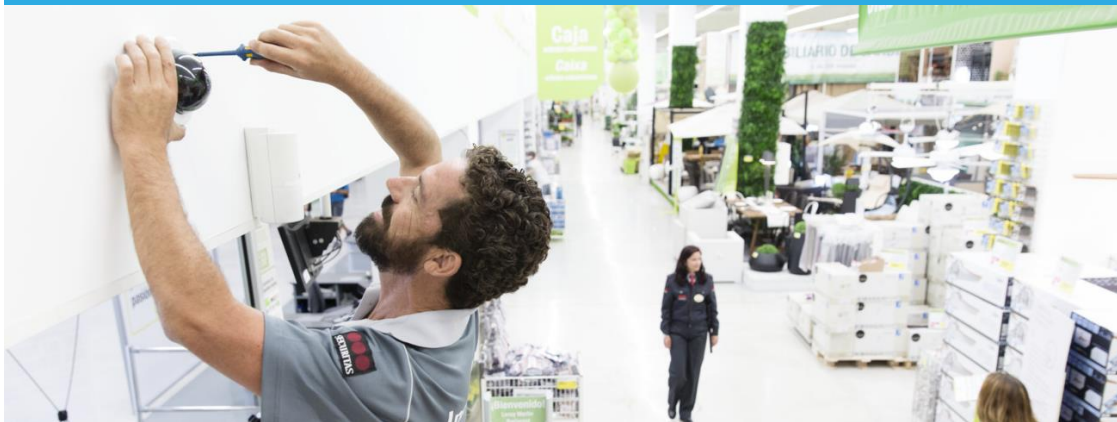


Security Services Ibero-America

Improved operating margin in 9M, unchanged in Q3

9M: Operating margin 4.7% (4.6)

- Operating margin in Q3 was unchanged at 4.7% (4.7), with good performance in Spain although slightly impacted by reductions of high margin solutions contracts
- The operating margin was burdened by Argentina where challenging conditions remains



FINANCIALS

Bart Adam

CFO

Financial Highlights

Higher finance net and tax rate impacting bottom line

| MSEK | Q3 2019 | Q3 2018 | 9M 2019 | 9M 2018 | FY 2018 |
|--|---------------|---------------|---------------|---------------|----------------|
| Sales | 28 214 | 25 821 | 86 642 | 74 643 | 101 467 |
| <i>Organic sales growth, %</i> | 4 | 6 | 5 | 6 | 6 |
| Operating income before amort | 1 574 | 1 452 | 4 241 | 3 829 | 5 304 |
| <i>Operating margin, %</i> | 5.6 | 5.6 | 5.1 | 5.1 | 5.2 |
| Amort of acq related intang assets | -67 | -67 | -203 | -195 | -260 |
| Acquisition related costs | -5 | -16 | -34 | -41 | -120 |
| Items affecting comparability | -60 | -268 | -126 | -268 | -455 |
| Operating income after amortization | 1 442 | 1 101 | 3 878 | 3 325 | 4 469 |
| Financial income and expenses | -149 | -91 | -438 | -287 | -441 |
| Income before taxes | 1 293 | 1 010 | 3 440 | 3 038 | 4 028 |
| <i>Tax, %</i> | 27.6 | 25.0 | 27.6 | 25.0 | 25.0 |
| Net income for the period | 936 | 757 | 2 490 | 2 278 | 3 021 |
| EPS, SEK | 2.56 | 2.07 | 6.82 | 6.24 | 8.26 |
| EPS, SEK before IAC | 2.68 | 2.61 | 7.07 | 6.78 | 9.17 |

- As of Jan 1, 2019, adoption of IFRS 16 Leases accounting, impacting income before taxes by MSEK -51 in 9M 2019

| MSEK | Jul-Sep 2019 | Jan-Sep 2019 |
|---------------------------------------|--------------|--------------|
| Operating income before amortization* | 26 | 60 |
| Financial expenses | -38 | -111 |
| Income before taxes | -12 | -51 |
| Deferred taxes | 2 | 13 |
| Net income for the period | -10 | -38 |

- Items affecting comparability of MSEK -126 in 9M, relating to the transformation programs
- Financial income and expenses negatively impacted through adoption of IFRS 16 Leases and increased net debt
- 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

Securitas Group Financial highlights 9M 2019

SALES

MSEK 82 642 (74 643)

- Total change 11%
- Real change 7%
(incl. acq. and adj. F/X)

OPERATING INCOME

MSEK 4 241 (3 829)

- Total change 11%
- Real change 5%

EARNINGS PER SHARE

SEK 6.82 (6.24)

- Total change 9%, real 3%
- SEK 7.07 (6.78)** before IAC
- Total change 4%, real -2%

F/X SEK END RATES

| | Q319 | Q318 | % |
|------------|-------|-------|-------|
| USD | 9.78 | 8.82 | +10.8 |
| EUR | 10.69 | 10.33 | +3.5 |
| ARS | 0.17 | 0.23 | -26.0 |

Cash Flow Highlights

Improved cash flow, continued focus on DSO

| MSEK | Q3 2019 | Q3 2018 | 9M 2019 | 9M 2018 | FY 2018 |
|---|--------------|--------------|--------------|--------------|--------------|
| Operating income before amortization | 1 574 | 1 452 | 4 241 | 3 829 | 5 304 |
| Net investments in non-current assets | -99 | -94 | -286 | -374 | -495 |
| Change in accounts receivable | 305 | -451 | -94 | -1 188 | -1 575 |
| Change in other operating capital employed | 390 | 507 | -812 | -977 | -62 |
| Cash flow from operating activities | 2 170 | 1 414 | 3 049 | 1 290 | 3 172 |
| <i>Cash flow from operating activities, %</i> | <i>138</i> | <i>97</i> | <i>72</i> | <i>34</i> | <i>60</i> |
| Financial income and expenses paid | -41 | -50 | -385 | -332 | -432 |
| Current taxes paid | -299 | -146 | -824 | -640 | -856 |
| Free cash flow | 1 830 | 1 218 | 1 840 | 318 | 1 884 |
| <i>Free cash flow/net debt (annual target 0.20)</i> | <i>-</i> | <i>-</i> | <i>0.18</i> | <i>0.12</i> | <i>0.13</i> |

- Net cash flow not impacted from IFRS 16 Leases
- Net investments of MSEK –286 in 9M results from
 - investments of MSEK –2 287 and
 - reversal of depreciation of MSEK 2 001.
- IFRS 16 Leases impacted the investments with MSEK –718 and the reversal of depreciation with MSEK 658
- Capital expenditure (outside IFRS 16 Leases) approximately 2% of Group sales on an annual basis

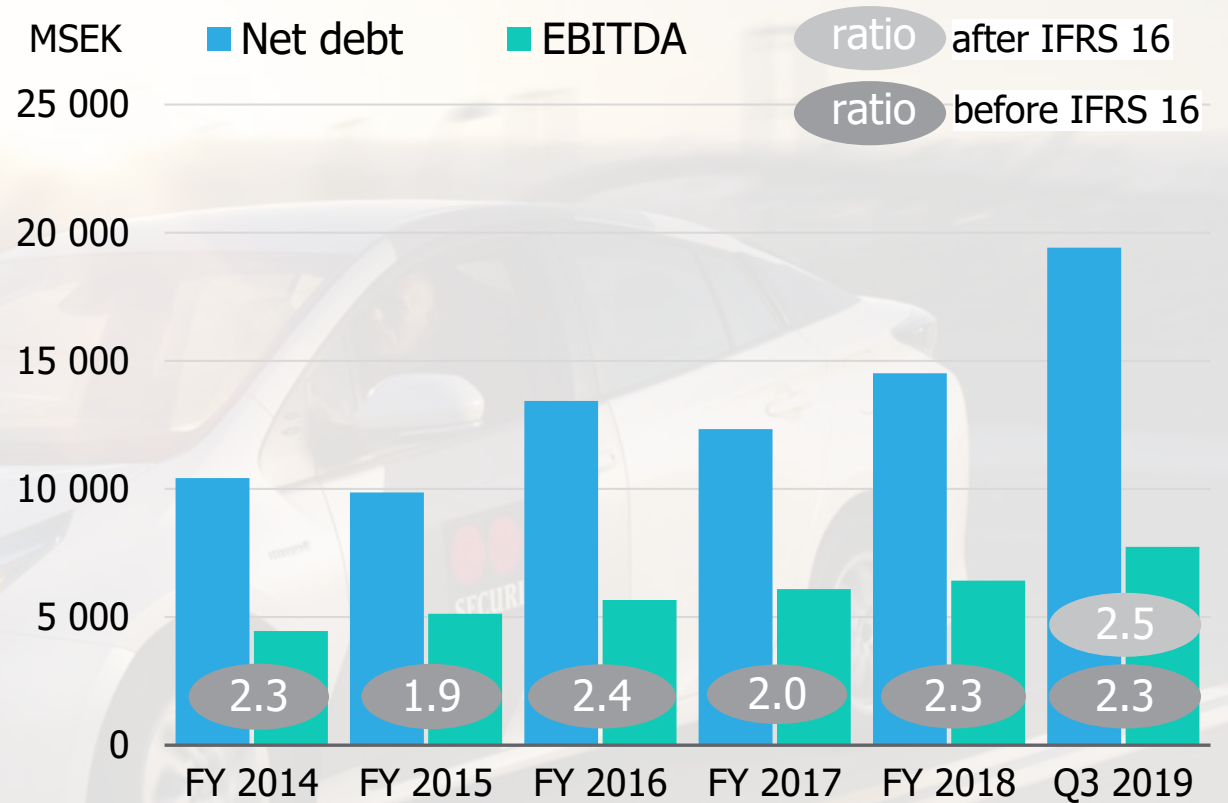
Net debt development

Increased net debt impacted from IFRS 16 Leases

MSEK

| | |
|------------------------------|----------------|
| Net debt Jan 1, 2019 | -14 513 |
| Free cash flow | 1 840 |
| Acquisitions | -389 |
| IAC | -197 |
| Dividend paid | -1 606 |
| Lease liabilities | -3 475 |
| Change in net debt | -3 827 |
| Revaluation | 49 |
| Translation | -1 124 |
| Net debt Sep 30, 2019 | -19 415 |

Net debt to EBITDA ratio well in line



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

| | Sep 30, 2019 | Less: Impact from IFRS 16 | Sep 30, 2019 adjusted for IFRS 16 | Sep 30, 2018 |
|--|--------------|---------------------------|-----------------------------------|--------------|
| Net debt to EBITDA | 2.5 | -0.2 | 2.3 | 2.5 |
| Free cash flow to net debt | 0.18 | 0.03 | 0.21 | 0.12 |
| Interest coverage ratio | 9.1 | 1.8 | 10.9 | 11.9 |
| Operating capital employed as % of sales | 13 | -4 | 9 | 10 |
| Return on operating capital employed, % | 47 | 7 | 54 | 55 |
| Return on capital employed, % | 14 | 1 | 15 | 15 |
| Net debt to equity ratio | 1.00 | -0.18 | 0.82 | 0.94 |
| Equity ratio, % | 30 | 2 | 32 | 31 |

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

We have a strong platform for future growth



SUMMARY

9M 2019

- Good organic sales growth: +5%
- Operating income real change: +5%
- Delivery of strategy – solutions and electronic security = 11% real sales growth, 21% of Group sales
- Building for the future

WELCOME TO SECURITAS INVESTOR DAY 2019

ON DECEMBER 5 AT OUR HQ IN STOCKHOLM

Please see our financial calendar at [securitas.com](https://www.securitas.com) for further information:

<https://www.securitas.com/investors/financial-calendar/>



**THANK
YOU**

