HIGHLIGHTS Q1 2020

Managing a challenging time

- 2% (7) organic sales growth
- Operating income MSEK 1 086 (1 290)
- Operating margin 3.8% (4.8), with impact from all business segments but primarily from Europe
- Price and wage balance on par
- Good operating cash flow, remains a focus area in all business segments
- Withdrawn dividend proposal, may consider a new dividend proposal later this year
- Significant uncertainty due to the corona pandemic. Continuously assessing and implementing proactive measures
COVID-19: Response and impact Q1

Security and safety are considered essential services

**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. Protect strong financial position – cost and cash flow control

**IMPACT**

Security demand
- Negative impact: Aviation, Electronic security (installation business), Event security
- Demand increase: Temporary services – healthcare, retail, protection of idle assets
- Portfolio business: stable in Q1

People
- Approximately 10,000 employees on temporary unemployment
- Increased sickness levels

Tremendous response from the Securitas team during a challenging time
Security Solutions and Electronic Security

Important acquisitions during Q1

Security Solutions and Electronic Security

Real sales growth 10% (17)

• Sales MSEK 6 148 (5 528)
• Two important acquisitions of electronic security companies finalized, Fredon Security in Australia and Techco Security in Spain
• We will continue to look for electronic security opportunities when the situation normalizes
• Our ambition is to double the security solutions and electronic security business to BSEK 40 by 2023
Security Services North America
Decline on a strong comparative

**Q1: Organic sales growth 2% (6)**

- Stable organic sales growth throughout the quarter
- Main contribution from Guarding, but slightly negative in Critical Infrastructure Services
- Corona pandemic: Extra sales in Guarding offsetting limited service reductions. Negative impact from installation business
- Solid client retention 92% (89)
- Security solutions and electronic security represented 18% (18) of total sales in Q1
Security Services North America

Operating margin decline, primarily due to SCIS

Q1: Operating margin 5.2% (5.7)

- The operating margin declined primarily related to Securitas Critical Infrastructure Services business unit. The performance improved, but slower than expected
- Corona pandemic: Securitas Electronic Security impacted negatively as a result from lower installation business
- The business unit Guarding supported the operating margin
Security Services Europe
Organic sales growth decline as expected

Q1: Organic sales growth 0% (4)

- YTD February was 2%, March periodic -3%
- Decline partly due to previously communicated contract losses in France, the UK and the Aviation contract in Norway
- Corona pandemic: Extra sales in Guarding but negative impact from airport security, reduced event security and installations within electronic security
- Client retention declined to 89% (93)
- Security solutions and electronic security represented 23% (22) of total sales
Q1: Operating margin 3.6% (5.0)

- The decline was primarily due to the effects from the corona pandemic, and partly due to the previously communicated contract losses.

- Corona pandemic: reductions in client contracts primarily in airport security, higher idle time and sickness costs.

**Operating margin**

- 2018
- 2019
- 2020

**Security Services Europe**

**Effects from the corona pandemic behind the decline**
Security Services Ibero-America

Despite negative impacts, Spain remained positive in Q1

Q1: Organic sales growth 9% (19)

- YTD February was 10%, March periodic 7%
- The development was primarily related to Spain with reductions of short-term security solutions as previously communicated, together with effects from the corona pandemic mostly in Spain and Portugal
- Corona pandemic: mostly service reductions in certain retail segments, tourism and hospitality
- Client retention was 92% (92)
- Security solutions and electronic security represented 29% (27) of total sales
Security Services Ibero-America
Operating margin primarily affected by Peru and corona pandemic

Q1: Operating margin 4.4% (4.7)
• The decline was due to Peru and effects from the corona pandemic, primarily in Spain and Portugal
• Corona pandemic: higher idle time (especially in certain retail segments, tourism and hospitality) and sickness costs
Financial Highlights

**A different quarter**

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>28 420</td>
<td>26 744</td>
<td>110 899</td>
</tr>
<tr>
<td>Organic sales growth, %</td>
<td>2</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Operating income before amort</td>
<td>1 086</td>
<td>1 290</td>
<td>5 738</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>3.8</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Amort of acq related intang assets</td>
<td>-72</td>
<td>-66</td>
<td>-271</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>-17</td>
<td>-12</td>
<td>-62</td>
</tr>
<tr>
<td>Items affecting comparability</td>
<td>-45</td>
<td>-20</td>
<td>-209</td>
</tr>
<tr>
<td>Operating income after amortization</td>
<td>952</td>
<td>1 192</td>
<td>5 196</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>-144</td>
<td>-139</td>
<td>-578</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>808</td>
<td>1 053</td>
<td>4 618</td>
</tr>
<tr>
<td>Tax, %</td>
<td>27.2</td>
<td>27.8</td>
<td>27.2</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>588</td>
<td>760</td>
<td>3 362</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>1.61</td>
<td>2.08</td>
<td>9.20</td>
</tr>
<tr>
<td>EPS, SEK before IAC</td>
<td>1.70</td>
<td>2.12</td>
<td>9.61</td>
</tr>
</tbody>
</table>

- Items affecting comparability of MSEK -45 in Q1, relating to the transformation programs
- Q1 tax rate of 27.2 percent in line with full year tax rate of 2019
Securitas Group
Financial highlights

SALES
MSEK 28 420 (26 744)
• Total change 6%
• Real change 4% (incl. acq. and adj. F/X)

OPERATING INCOME
MSEK 1 086 (1 290)
• Total change -16%
• Real change -19%

EARNINGS PER SHARE
Q120 | Q119 | %
--- | --- | ---
USD | 9.97 | 9.32 | +7.0
EUR | 11.04 | 10.46 | +5.5
ARS | 0.15 | 0.21 | -27.1

F/X SEK END RATES
SEK 1.61 (2.08)
• Total change -23%, real -25%
SEK 1.70 (2.12) before IAC
• Total change -20%, real -23%
### Cash Flow Highlights

**Good cash flow, continued focus on DSO**

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<thead>
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</thead>
<tbody>
<tr>
<td>Operating income before amortization</td>
<td>1 086</td>
<td>1 290</td>
<td>5 738</td>
</tr>
<tr>
<td>Net investments in non-current assets</td>
<td>-57</td>
<td>-67</td>
<td>-320</td>
</tr>
<tr>
<td>Change in accounts receivable</td>
<td>-654</td>
<td>-133</td>
<td>-239</td>
</tr>
<tr>
<td>Change in other operating capital employed</td>
<td>-3</td>
<td>-1 157</td>
<td>-277</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>372</strong></td>
<td><strong>-67</strong></td>
<td><strong>4 902</strong></td>
</tr>
<tr>
<td>Cash flow from operating activities, %</td>
<td>34</td>
<td>-5</td>
<td>85</td>
</tr>
<tr>
<td>Financial income and expenses paid</td>
<td>-290</td>
<td>-289</td>
<td>-443</td>
</tr>
<tr>
<td>Current taxes paid</td>
<td>-406</td>
<td>-250</td>
<td>-1 191</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>-324</strong></td>
<td><strong>-606</strong></td>
<td><strong>3 268</strong></td>
</tr>
</tbody>
</table>

- Net investments of MSEK –57 in Q1 results from:
  - investments of MSEK –753 and
  - reversal of depreciation of MSEK 696
- Capital expenditure approximately 3% of Group sales on an annual basis
- Positive impact of app. MSEK 350 from tax and social security payment timing relief measures (GE, FR, UK)
- Expected payroll tax deferral in the US
- Current taxes paid include MSEK -139 in Argentina
Increased net debt

**MSEK**

- **Net debt Jan 1, 2020**: -17,541
- Free cash flow: -324
- Acquisitions: -354
- IAC: -60
- Lease liabilities: -94
- Change in net debt: -832
- Revaluation: -70
- Translation: -851

- **Net debt Mar 31, 2020**: -19,294

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**Net debt to EBITDA ratio well in line**

- FY 2015: 1.9
- FY 2016: 2.4
- FY 2017: 2.0
- FY 2018: 2.3
- FY 2019: 2.2
- Q1 2020: 2.4
We are backed up by solid financing

- BBB, stable outlook (S&P, April 30)
- Ample rating headroom
- RCF renewed April 6 for 5 years, maturing 2025
- Significant undrawn committed funding BSEK 9.3
- No financial covenants

Committed to solid investment grade rating
No significant maturities in 2020

Strong group of banks in new RCF

<table>
<thead>
<tr>
<th>Bank</th>
<th>CIC</th>
<th>IBK</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citibank</td>
<td>Danske</td>
<td>SEB</td>
</tr>
<tr>
<td>Commerzbank</td>
<td>ING</td>
<td>Unicredit</td>
</tr>
</tbody>
</table>
SECURITAS AND COVID-19
Magnus Ahlqvist
President and CEO
COVID-19: Priorities and actions Q2 and onwards

**Business continuity and re-starting client operations**

**CLIENTS**

**Priorities**
- Strong focus on business continuity
- Close dialogue and partnership with clients to manage short- and long-term needs
- Leverage protective services capabilities

**Re-starting operations**
- Active engagement with clients to re-start operations
- Protective services to support new requirements - social distancing, crowd control, employee health and safety and how we can leverage technology

Securitas provides essential services
COVID-19: Priorities and actions Q2 and onwards

**Cost control and cash flow measures**

**Cost**

Measures implemented

- Company-wide indirect hiring freeze
- 10,000 employees on temporary unemployment
- Supplier contracts being re-negotiated
- Protect strategic transformation programs

Focus areas

- Close monitoring of government relief programs – temporary unemployment and sickness
- Health and safety measures: PPE and others
- Scenario planning – ensure readiness. Address structural cost levels where needed. Other cost measures to be considered.

**Cash Flow**

Measures implemented

- Close monitoring accounts receivable
- Paused acquisitions – since early March
- Postponing discretionary projects
- Renewed 5-year RCF

Focus areas

- Continued strong monitoring and strict collection procedures
- Cash impact of government programs

Ensuring readiness and resilience for the coming 12-24 months
COVID-19: Priorities and actions Q2 and onwards

**Focusing on four areas**

- Health and safety of employees
- Business continuity - delivery to clients
- Cost control
- Cash control

Maintaining strong focus on driving the modernization and strategic transformation programs
SUMMARY Q1 2020

• Organic sales growth: +2%
• Operating income real change: -19%

• Challenging conditions and significant uncertainty due to the corona pandemic
• Clear priorities to ensure resilience during the coming 12-24 months
THANK YOU