Strategic focus

**Offering superior customer value through people, knowledge and technology**

People

Knowledge

Technology
HIGHLIGHTS H1 2018

A first half year with strong growth

• Strong market momentum throughout the Group

• Good organic sales growth in all business segments, 7% in the Group

• Successful commercial activities and excellent client retention

• Wage cost increase on par with price increase

• Operating margin 4.9% (4.8)

• Cost savings program in SSEU initiated

• EPS 15% real change
Security Solutions and Electronic Security

Double digit growth in all business segments

H1 Security Solutions and Electronic Security

Real sales growth 21% (22)

- Sales BSEK 9.6 (8.0)
- A good number of mid-sized and strategically important solution contracts started, delivering a range of protective services
- Several electronic security companies acquired to enhance national platforms, e.g. in France and in the Netherlands
- The acquisition of the division Kratos Public Safety and Security in the US was completed in June
Security Services North America

**Strong organic sales growth and new sales**

**H1: Organic sales growth 8% (4)**
- Sales MSEK 19 843 (18 946)
- Good new sales and solid client retention 91% (91)
- Security solutions and electronic security represented 17% (15) of total sales
Security Services North America
Improved operating margin

**H1: Operating margin 5.8% (5.7)**

- Operating income MSEK 1 151 (1 084)
- The operating margin was supported by leverage through strong organic sales growth
- Hampered by the lower margin on some large newer guarding contracts
- The Q2 operating margin contained a positive one-off impact, as did Q2 last year
Security Services Europe

Continued good portfolio development and new sales

**H1: Organic sales growth 4% (0)**

- Sales MSEK 21 982 (19 930)
- Strong client retention 93% (89)
- Almost all countries supported the development, especially Belgium, Germany and the guarding business in Turkey
- Lower refugee sales, 1% negative impact
- Security solutions and electronic security represented 21% (19) of total sales
Security Services Europe

Unsatisfactory margin development

**H1: Operating margin 5.0% (5.1)**

- Operating income MSEK 1 097 (1 011)
- A decline mainly explained by operational inefficiencies and continued investments in the Vision 2020 strategy
- In addition lower refugee-related sales impacted
- A cost savings program has been initiated to be executed in H2 2018. Restructuring costs of MSEK 200-250 to be recognized in Q3. Pay back time about 2 years
Security Services Ibero-America

**Strong organic sales growth in Spain**

**H1: Organic sales growth 10% (14)**

- Sales MSEK 6 159 (5 962)
- Strong client retention 93% (91)
- The decline in organic sales growth was primarily due to Argentina
- Continued strong organic sales growth in Spain
- Security solutions and electronic security represented 26% (23) of total sales
Security Services Ibero-America

Strong improvement through changed business mix

**H1: Operating margin 4.6% (4.1)**

- Operating income MSEK 282 (245)
- Strong performance in Spain drives the improvement, both in security solutions sales and guarding
- Argentina burdened with negative leverage and turnover in the contract portfolio
Financial Highlights

**Strong EPS improvement**

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>25 466</td>
<td>23 031</td>
<td>48 822</td>
<td>45 522</td>
<td>92 197</td>
</tr>
<tr>
<td>Organic sales growth, %</td>
<td>7</td>
<td>3</td>
<td>7</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Operating income before amortization</td>
<td>1 286</td>
<td>1 137</td>
<td>2 377</td>
<td>2 193</td>
<td>4 697</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>5.0</td>
<td>4.9</td>
<td>4.9</td>
<td>4.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Amortization of acquisition related intangible assets</td>
<td>-65</td>
<td>-61</td>
<td>-128</td>
<td>-124</td>
<td>-255</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>-16</td>
<td>-9</td>
<td>-25</td>
<td>-13</td>
<td>-48</td>
</tr>
<tr>
<td>Operating income after amortization</td>
<td>1 205</td>
<td>1 067</td>
<td>2 224</td>
<td>2 056</td>
<td>4 394</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>-103</td>
<td>-94</td>
<td>-196</td>
<td>-196</td>
<td>-376</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>1 102</td>
<td>973</td>
<td>2 028</td>
<td>1 860</td>
<td>4 018</td>
</tr>
<tr>
<td>Taxes</td>
<td>-271</td>
<td>-279</td>
<td>-507</td>
<td>-539</td>
<td>-1 267</td>
</tr>
<tr>
<td>Tax, %</td>
<td>24.6</td>
<td>28.7</td>
<td>25.0</td>
<td>29.0</td>
<td>31.5</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>831</td>
<td>694</td>
<td>1 521</td>
<td>1 321</td>
<td>2 751</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>2.28</td>
<td>1.89</td>
<td>4.17</td>
<td>3.62</td>
<td>7.53</td>
</tr>
<tr>
<td>EPS, SEK before IAC</td>
<td>2.28</td>
<td>1.89</td>
<td>4.17</td>
<td>3.62</td>
<td>7.87</td>
</tr>
</tbody>
</table>

- Comparatives restated due to IFRS 15
- Acquisition related costs for Kratos MSEK -13. FY estimate MSEK -75
- Financial expenses increased in Q2 due to USD interest rates, weaker SEK and increased net debt
- Tax rate 25.0%
- The Group continue to assess the US tax reform, especially related to the BEAT
- 2017 full year tax rate was 28.4%, excluding a one-off tax expense of 3.1%
Securitas Group

Financial highlights H1 2018 – exchange tailwind in Q2, while Q1 was hampered

### Sales
- MSEK 48 822 (45 522)
  - Total change 7%
  - Real change 8% (incl. acq. and adj. F/X)
  - Organic sales growth 7%

### Operating Income
- MSEK 2 377 (2 193)
  - Total change 8%
  - Real change 9%

### Earnings per Share
- SEK 4.17 (3.62)
  - Total change 15%
  - Real change 15%

### F/X SEK End Rates

<table>
<thead>
<tr>
<th>Currency</th>
<th>Q218</th>
<th>Q217</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>8.99</td>
<td>8.52</td>
<td>+5.5</td>
</tr>
<tr>
<td>EUR</td>
<td>10.42</td>
<td>9.72</td>
<td>+7.2</td>
</tr>
<tr>
<td>ARS</td>
<td>0.33</td>
<td>0.52</td>
<td>-36.5</td>
</tr>
</tbody>
</table>
# Cash Flow Highlights

## Strong organic sales growth demands working capital

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income before amortization</strong></td>
<td>1 286</td>
<td>1 137</td>
<td>2 377</td>
<td>2 193</td>
<td>4 697</td>
</tr>
<tr>
<td>Net investments in non-current assets</td>
<td>-141</td>
<td>-87</td>
<td>-280</td>
<td>-152</td>
<td>-363</td>
</tr>
<tr>
<td>Change in accounts receivable</td>
<td>-463</td>
<td>-169</td>
<td>-737</td>
<td>155</td>
<td>-449</td>
</tr>
<tr>
<td>Change in other operating capital employed</td>
<td>119</td>
<td>-27</td>
<td>-1 484</td>
<td>-970</td>
<td>-48</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>801</td>
<td>854</td>
<td>-124</td>
<td>1 226</td>
<td>3 837</td>
</tr>
<tr>
<td>Cash flow from operating activities, %</td>
<td>-62</td>
<td>75</td>
<td>-5</td>
<td>56</td>
<td>82</td>
</tr>
<tr>
<td>Current taxes paid</td>
<td>-233</td>
<td>-404</td>
<td>-494</td>
<td>-715</td>
<td>-1 122</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>528</td>
<td>411</td>
<td>-900</td>
<td>165</td>
<td>2 290</td>
</tr>
<tr>
<td>Free cash flow/net debt (annual target 0.20)</td>
<td>-</td>
<td>-</td>
<td>0.07</td>
<td>0.13</td>
<td>0.19</td>
</tr>
</tbody>
</table>

- Balance sheet restated for IFRS 15
- Net investments include capex for customer solutions contracts
- Capital expenditure to be approximately 2% of Group sales on an annual basis
- A few negative impacts in Q2: regulatory change in France, change of invoicing system in Netherlands and interest hike in Argentina causing payment delays
- Strong organic sales growth requires working capital
### Increased net debt further affected by FX

<table>
<thead>
<tr>
<th>Description</th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt Jan 1, 2018</td>
<td>-12 333</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-900</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-1 236</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-1 460</td>
</tr>
<tr>
<td>Change in net debt</td>
<td>-3 596</td>
</tr>
<tr>
<td>Revaluation</td>
<td>34</td>
</tr>
<tr>
<td>Translation</td>
<td>-837</td>
</tr>
<tr>
<td>Net debt Jun 30, 2018</td>
<td>-16 732</td>
</tr>
</tbody>
</table>

### Net debt to EBITDA ratio well in line

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>FY 2014</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Q2 2018</td>
<td>2.6</td>
<td></td>
</tr>
</tbody>
</table>
Case
Solutions contract for customer in business park in Finland
Security Solutions and Electronic Security

Building tech competence and capabilities through acquisitions

KRATOS, USA
• Acquisition of Kratos Public Safety and Security division completed
  – a top 10 system integrator in the United States
• Enhancing our footprint and our proximity to our customer

AUTOMATIC ALARM, FRANCE
• Top 5 nation-wide system integrator

ALPHATRON, THE NETHERLANDS
• Nation-wide electronic security provider
  – Securitas becomes a market leader

SÜDDEUTSCHE BEWACHUNG, GERMANY
• Adds capabilities in the south-west of Germany

JOHNSON & THOMSON, HONG KONG
• We continue to strengthen our electronic security
  capabilities also in the AMEA region

PRONET SECURITY AND SERNET SERVICES, TURKEY
• Top 5 security company in Turkey
Security Solutions
Strengthens our position and improves our profit

Operating margin, %

- Traditional guarding: 4%
- Increased specialization: 8%
- Security solutions and electronic security: 10%

INTERIM REPORT JANUARY-JUNE 2018
Security Solutions and Electronic Security

Executing on our strategy

<table>
<thead>
<tr>
<th>Year</th>
<th>SALES MSEK</th>
<th>9% of Group sales</th>
<th>18% of Group sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>63.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>71.6</td>
<td>6.5</td>
<td>9.3</td>
</tr>
<tr>
<td>2016</td>
<td>74.1</td>
<td>14.1</td>
<td>16.7</td>
</tr>
<tr>
<td>2017</td>
<td>75.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H1 2018: 20% of Group sales

Security solutions and electronic security sales

Traditional guarding sales
The Security Solution of the Future
Digitization gives intelligent security

Leader in security services
1990 onwards

Leader in protective services
Security solutions and electronic security
2015 onwards

Leader in intelligent security
Beyond 2020
SUMMARY
H1 2018

- Strong organic sales growth: +7%
- EPS improvement: +15%
- Delivery of strategy – solutions and electronic security = 20% of Group sales

SAVE THE DATE! Investor update in Stockholm on September 20, 2018
THANK YOU