

A close-up portrait of a woman with dark hair, looking slightly to the right with a subtle smile. The image is split vertically, with the left side showing her face and the right side showing a blue background with white topographic contour lines.

H1/Q2 REPORT 2020

Stockholm, July 29, 2020

Magnus Ahlqvist
President and CEO

Bart Adam
CFO



HIGHLIGHTS H1/Q2 2020

- -4% (5) organic sales growth in Q2, -1% (6) in H1
- Operating income MSEK 1 075 (1 377) in Q2, supported by short term cost saving actions, government grants and support of MSEK 350 and hampered by increased provisioning level of MSEK 300
- Operating margin 4.0% (5.0), with impact from all business segments but primarily from Europe
- Price and wage balance on par
- Strong operating cash flow, remains a focus area in all business segments
- Significant uncertainty due to the corona pandemic. Continuously assessing and implementing proactive measures
- Cost savings program in the Group initiated. Estimated restructuring of MSEK 350-500, payback time app. 2 years

COVID -19: Response and impact during H1

Showing strength in a challenging time

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, corp. risk management

Commercial

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

People

- 7 000 employees on temporary unemployment

Tremendous response from the Securitas team during a challenging time.
Increased provisions in light of continued uncertainty.

Security Solutions and Electronic Security

No acquisitions in Q2 due to corona pandemic

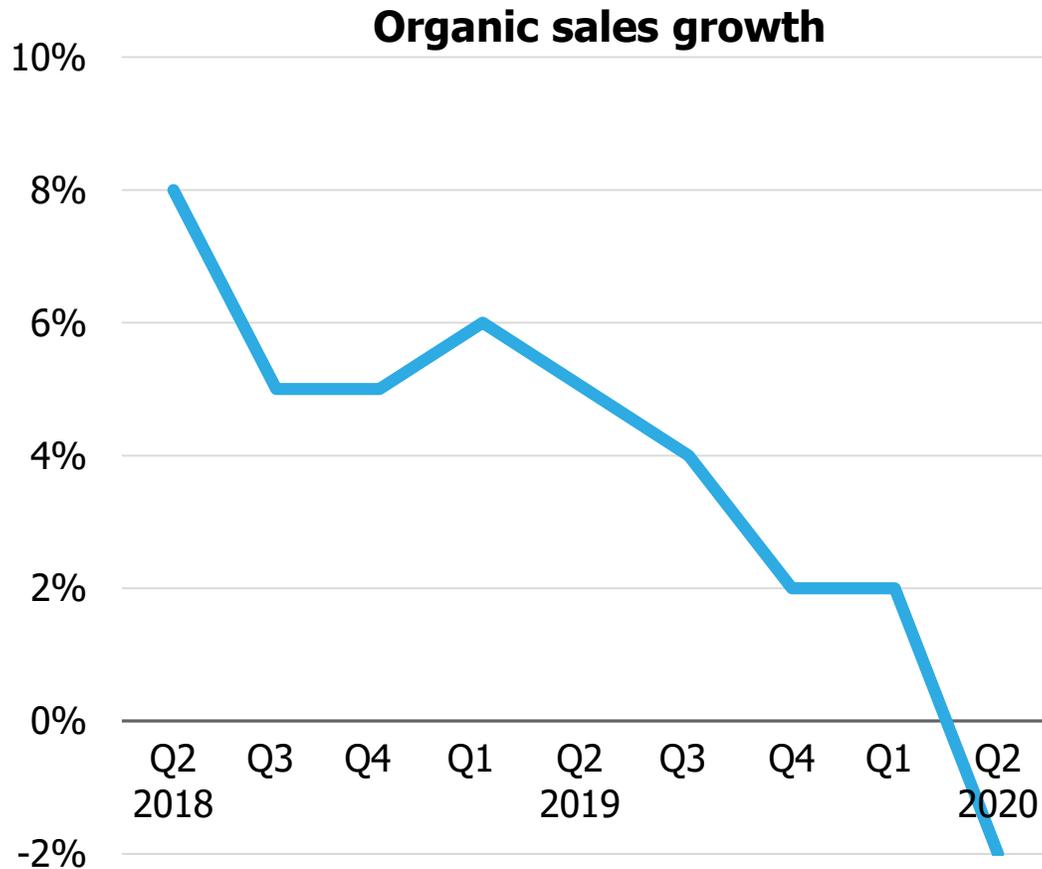
Security Solutions and Electronic Security

Real sales growth 0% (12)

- Sales MSEK 5 684 (5 768)
- Two important acquisitions of electronic security companies closed in Q1: Fredon Security in Australia and Techco Security in Spain
- Plan to continue the acquisition strategy when the situation normalizes
- Our ambition is to double the security solutions and electronic security business to BSEK 40 by 2023

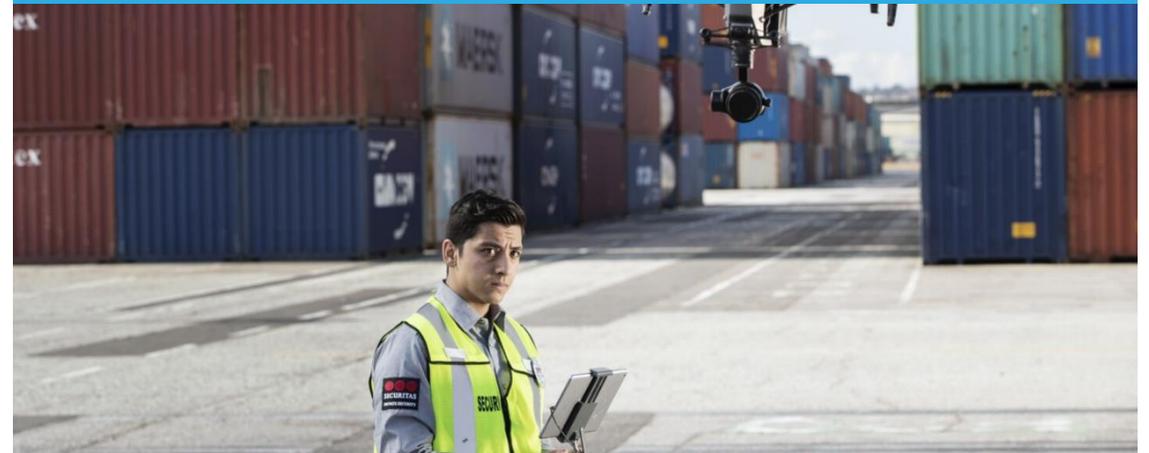
Security Services North America

Decline on a strong comparative



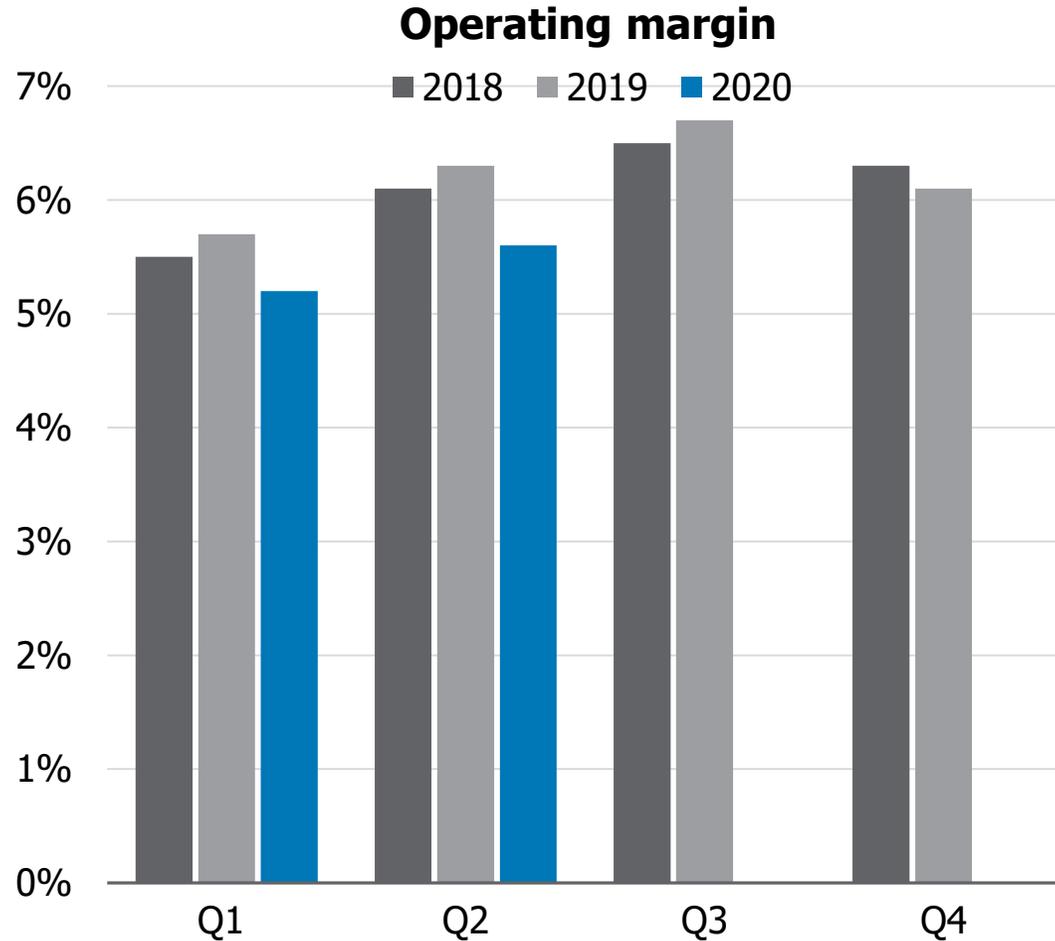
Q2: Organic sales growth -2% (5)

- Decline related to Electronic Security and Critical Infrastructure Services, mainly due to the corona pandemic
- Stable growth in Guarding, reduced service levels were compensated by increased extra sales, both corona-related
- Client retention was 92% (90)
- Security solutions and electronic security represented 18% (18) of total sales in H1



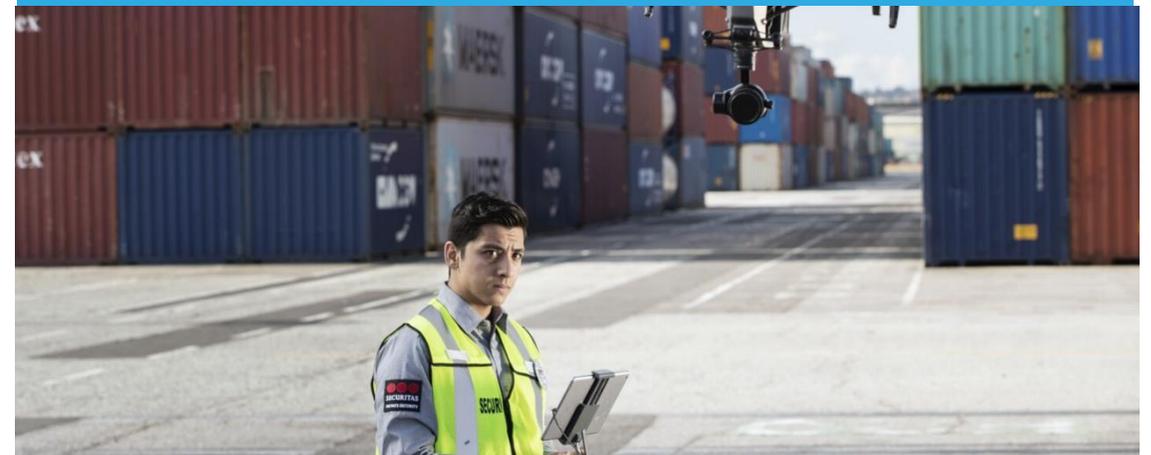
Security Services North America

Operating margin decline within Electronic Security and SCIS, and increased levels of provisioning



Q2: Operating margin 5.6% (6.3)

- Cost saving actions taken to limit negative leverage from reduced sales
- Operating margin declined within Electronic Security and Critical Infrastructure Services.
- Increased levels of provisioning to reflect increased risks in the business environment
- The operating margin in Guarding supported by the corona-related change in business mix

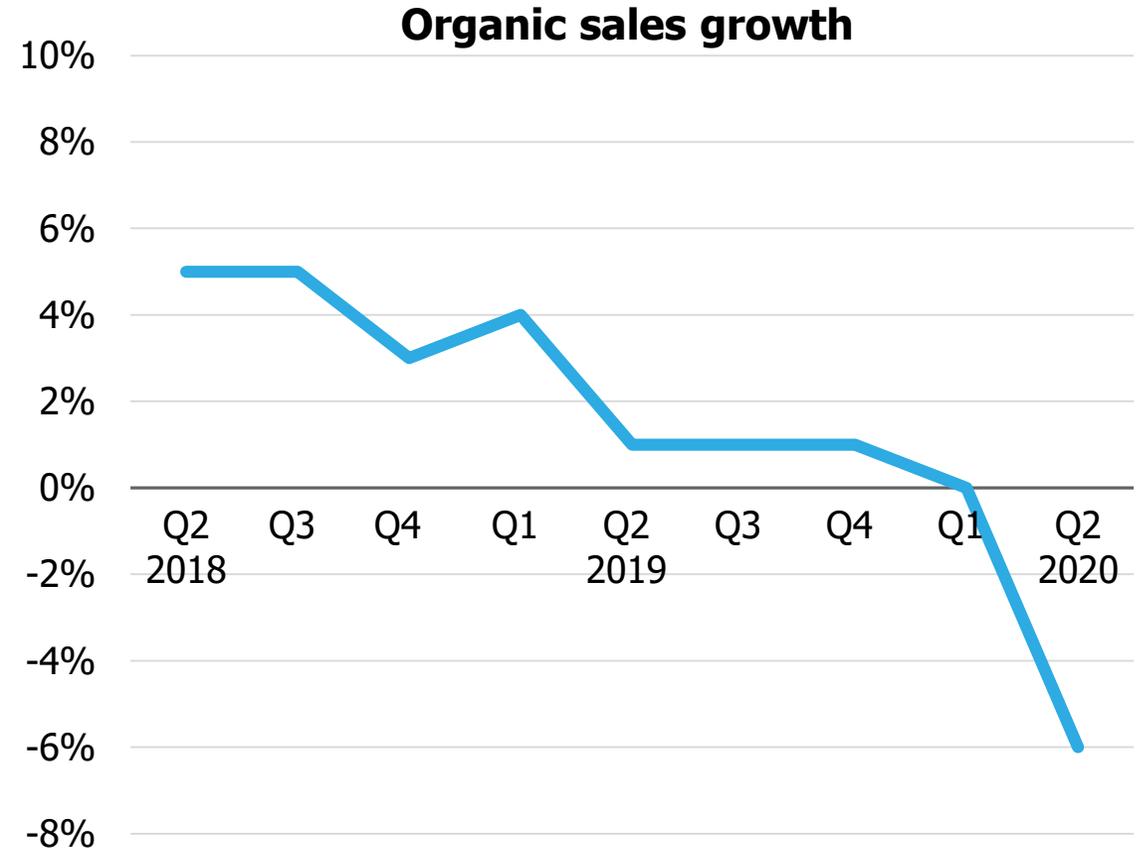
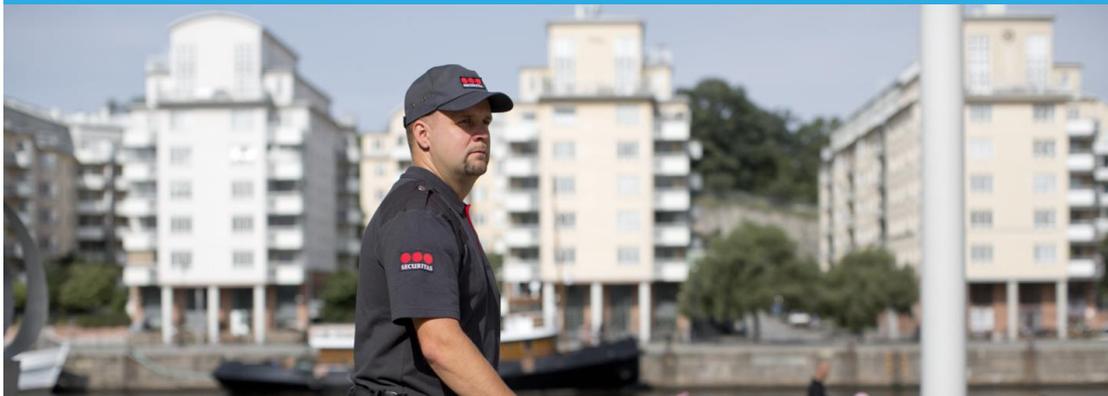


Security Services Europe

Organic sales growth decline due to reduced airport security

Q2: Organic sales growth -6% (1)

- Decline mainly explained by significant negative impact from airport security due to the corona pandemic
- The previously communicated contract losses in France, the UK and the Aviation contract in Norway hampered
- Client retention was 90% (91)
- Security solutions and electronic security represented 23% (22) of total sales in H1

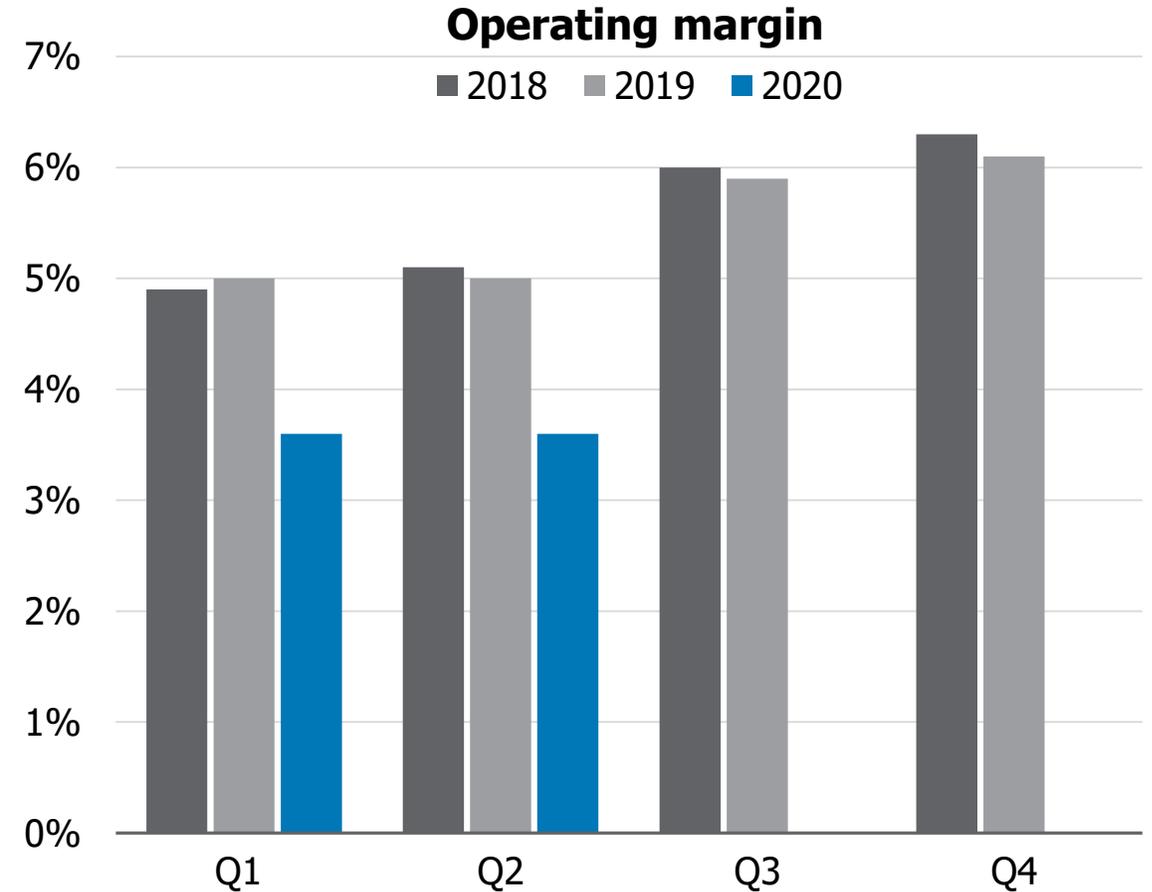
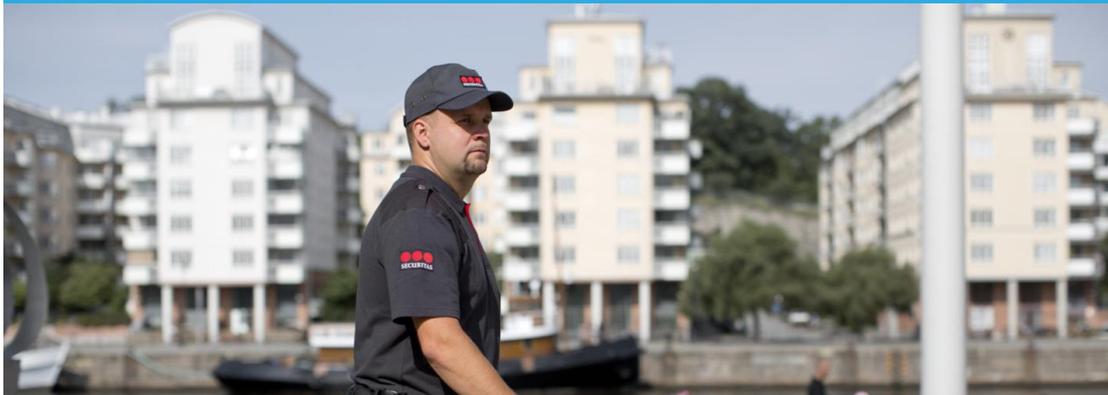


Security Services Europe

Effects from the corona pandemic behind the decline

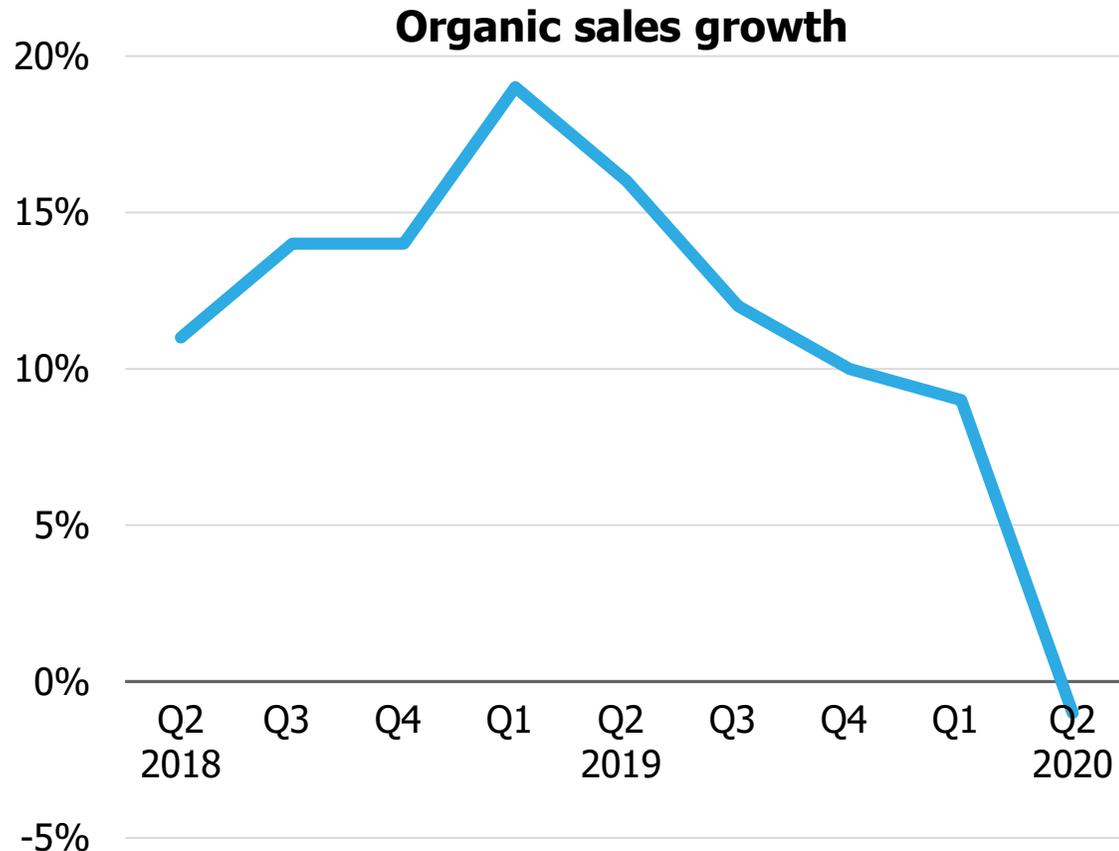
Q2: Operating margin 3.6% (5.0)

- Decline primarily due to effects from corona pandemic with reduced airport security
- Negative impact on cost levels due to idle time to some extent offset by corona-related government grants in several countries
- Increased levels of provisioning to reflect increased risks in the business environment



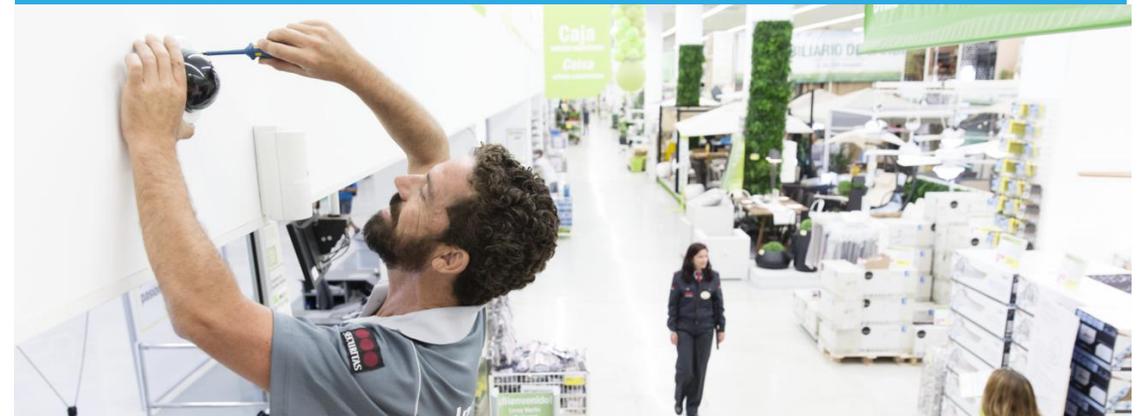
Security Services Ibero-America

The corona pandemic primary reason behind the development



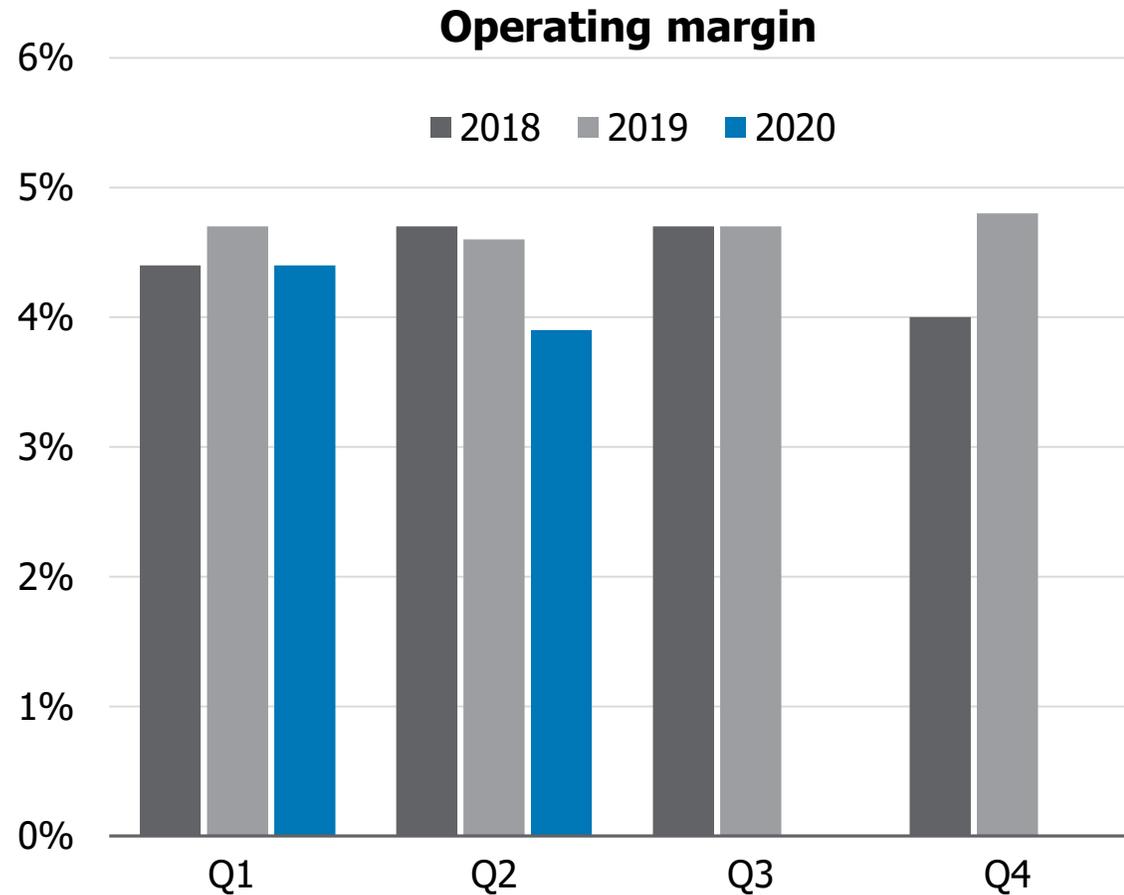
Q2: Organic sales growth -1% (16)

- Development primarily related to effects from corona pandemic, mostly in Spain, and reductions of short-term security solutions as previously communicated
- Impact in Latin America showed a mixed picture, with significant impact from reduced airport security in several countries
- Client retention was 93% (91)
- Security solutions and electronic security represented 29% (28) of total sales in H1



Security Services Ibero-America

Operating margin primarily affected by the corona pandemic



Q2: Operating margin 3.9% (4.6)

- The decline was primarily due to the effects from the corona pandemic
- The operating margin was to some extent supported by corona-related government grants and support in certain countries off-setting costs for idle time
- Increased levels of provisioning to reflect increased risks in the business environment also impacted



FINANCIALS

Bart Adam

CFO

Financial Highlights

Corona-related government grants and increased provisioning impacted operating income

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Sales	26 556	27 684	54 976	54 428	110 899
<i>Organic sales growth, %</i>	-4	5	-1	6	4
Operating income before amort	1 075	1 377	2 161	2 667	5 738
<i>Operating margin, %</i>	4.0	5.0	3.9	4.9	5.2
Amort of acq related intang assets	-69	-70	-141	-136	-271
Acquisition related costs	-63	-17	-80	-29	-62
Items affecting comparability	-61	-46	-106	-66	-209
Operating income after amortization	882	1 244	1 834	2 436	5 196
Financial income and expenses	-137	-150	-281	-289	-578
Income before taxes	745	1 094	1 553	2 147	4 618
<i>Tax, %</i>	26.8	27.4	27.0	27.6	27.2
Net income for the period	545	794	1 133	1 554	3 362
EPS, SEK	1.50	2.18	3.11	4.25	9.20
EPS, SEK before IAC	1.62	2.27	3.32	4.39	9.61

- Operating income positively affected by MSEK 350 through corona-related government grants and support, off-setting increased cost levels to some extent
- Operating income negatively impacted by increased provisioning levels of MSEK 300 to reflect increased risks
- Acquisition related costs entirely related to the earlier closed acquisitions
- Items affecting comparability of MSEK -61 in Q2, relating to the transformation programs
- Q2 tax rate of 26.8 percent – FY 27.0 percent

Securitas Group

Limited impact from FX development

SALES

MSEK 26 556 (27 684)

- Total change -4%
- Real change -3% (incl. acq. and adj. F/X)

OPERATING INCOME

MSEK 1 075 (1 377)

- Total change -22%
- Real change -19%

EARNINGS PER SHARE

SEK 1.50 (2.18)

- Total change -31%, real -28%

SEK 1.62 (2.27) before IAC

- Total change -29%, real -26%

F/X SEK END RATES

	Q220	Q219	%
USD	9.29	9.27	+0.2
EUR	10.49	10.55	-0.6
ARS	0.13	0.22	-40.9

Cash Flow Highlights

Strong cash flow, also when excluding corona-related effects

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Operating income before amortization	1 075	1 377	2 161	2 667	5 738
Net investments in non-current assets	-4	-120	-61	-187	-320
Change in accounts receivable	857	-266	203	-399	-239
Change in other operating capital employed	741	-45	738	-1 202	-277
Cash flow from operating activities	2 669	946	3 041	879	4 902
<i>Cash flow from operating activities, %</i>	<i>248</i>	<i>69</i>	<i>141</i>	<i>33</i>	<i>85</i>
Financial income and expenses paid	-41	-55	-331	-344	-443
Current taxes paid	-189	-275	-595	-525	-1 191
Free cash flow	2 439	616	2 115	10	3 268

- Net investments of MSEK –61 in H1 results from
 - investments of MSEK –1 429
 - depreciation of MSEK 1 368
- Capital expenditure app. 3% of Group sales annually, including IFRS 16
- Cash-flow positively impacted by collections and by lower organic sales growth
- Corona-related government support measures of app. MSEK 900 in Europe and the US
 - Neutral European effect on FY basis
 - Positive US effect on FY basis as payments are due 2021/22

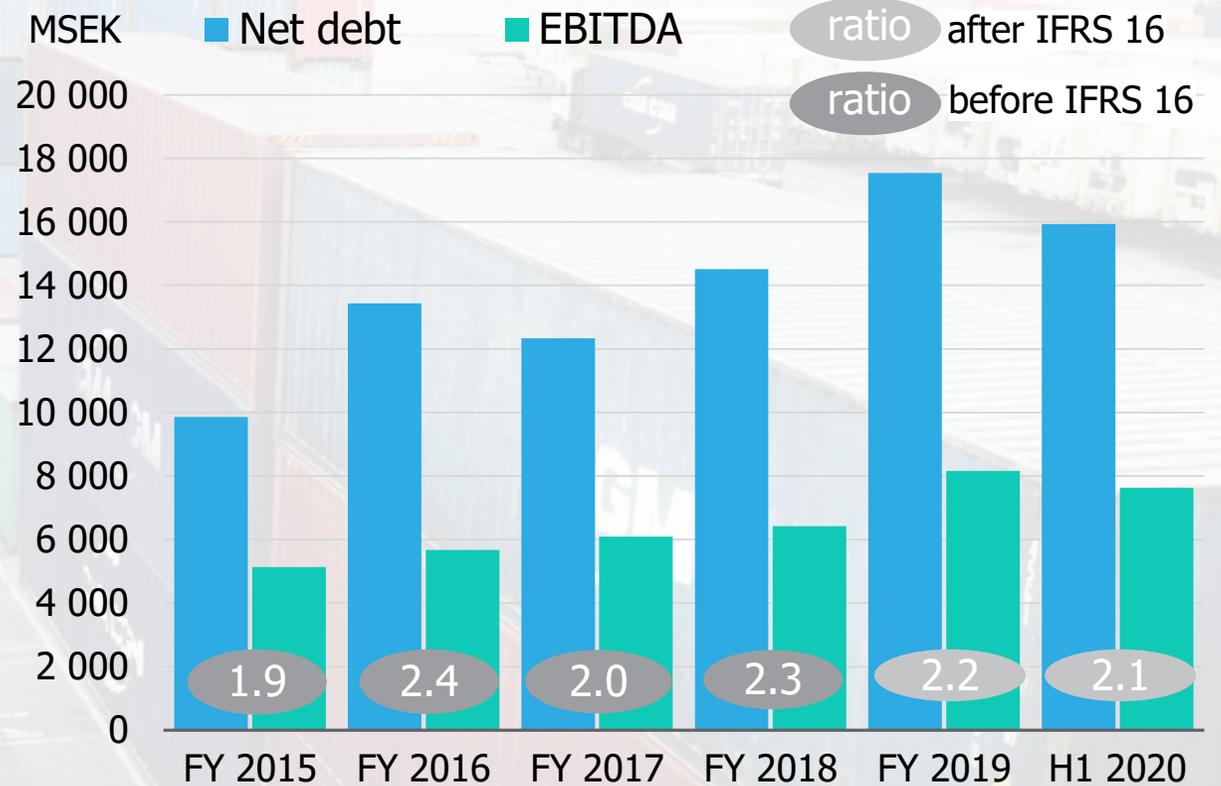
Net debt development

The strong free cash flow lowered net debt - withdrawn dividend

MSEK

Net debt Jan 1, 2020	-17 541
Free cash flow	2 115
Acquisitions	-428
IAC	-139
Lease liabilities	-31
Change in net debt	1 517
Revaluation	2
Translation	90
Net debt Jun 30, 2020	-15 932

Net debt to EBITDA ratio well in line



We are backed up by solid financing

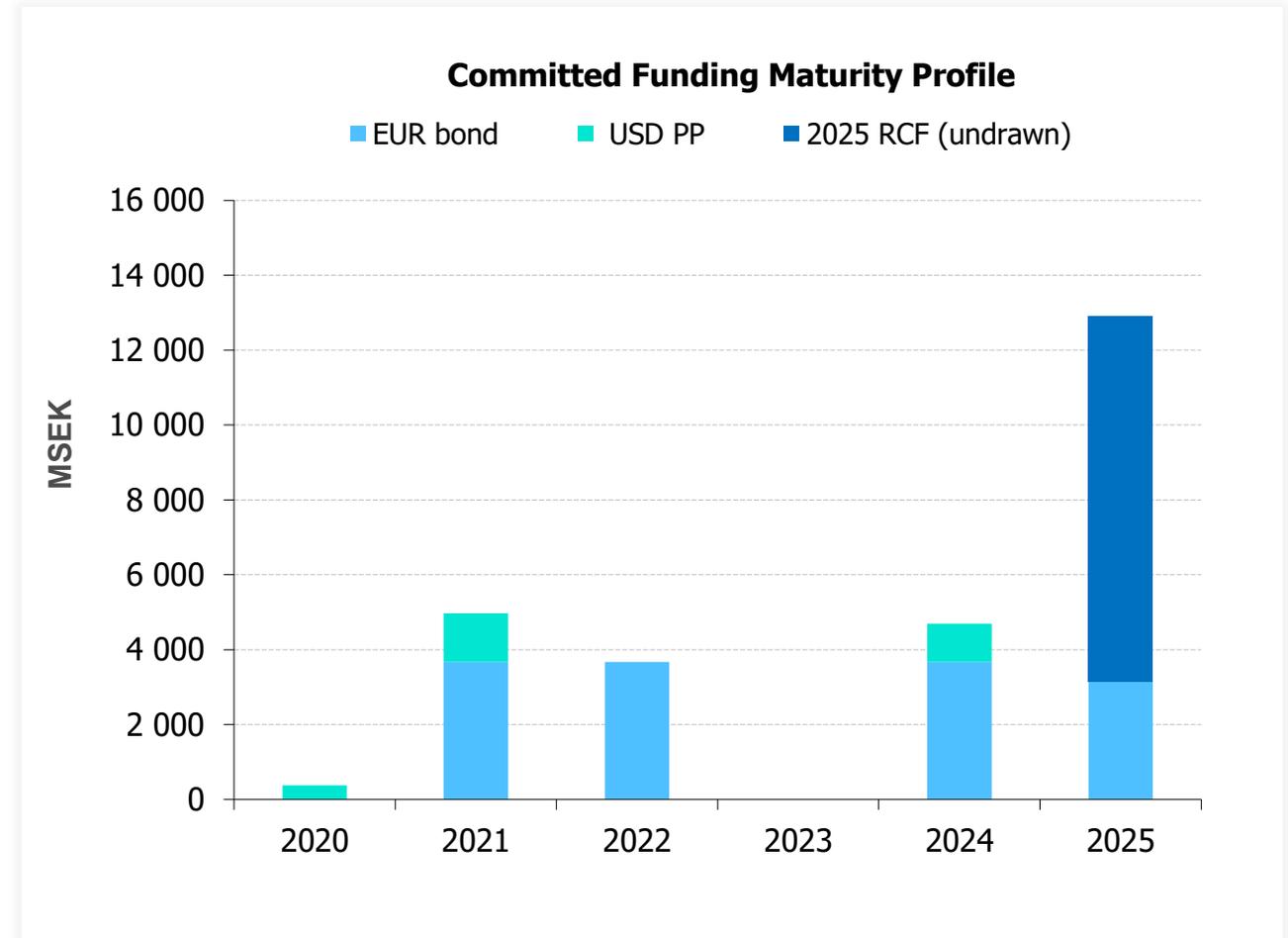
- ✓ BBB, stable outlook (S+P, April 30)
- ✓ 5.9 BSEK in Liquid Funds
- ✓ RCF renewed April 6 for 5 years, maturing 2025
- ✓ Significant undrawn committed funding BSEK 10
- ✓ No financial covenants

Committed to solid investment grade rating

No significant maturities in 2020

In good shape for renewing the 2021 maturity

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



SECURITAS AND COVID-19

Magnus Ahlqvist
President and CEO

COVID -19: Priorities and actions H1 and onwards **Continued focus on four areas...**

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

...while maintaining strong focus on driving the modernization and strategic transformation programs



Securitas provides essential services



COVID -19: Priorities and actions during H1 and onwards

Business continuity and re-starting client operations

HEALTH & SAFETY - EMPLOYEES

- **Crisis response teams and frequent communication from end January**
- **Continuous sharing protective practices and measures. Coordinated PPE procurement.**
- **Leveraging decentralized leadership, close to employees and clients, to optimize work**

CLIENTS

- **Strong focus on business continuity**
- **Near-term:**
 - **Protective services to support new requirements - social distancing, crowd control, employee health and safety and how we can leverage technology**
 - **Re-start commercial and solutions conversions activity**
- **Long term: Use our protective services capabilities to support clients with solutions for new normal**

We help make your world a safer place

COVID -19: Priorities and actions during H1 and onwards

Preparing for a strong future

COST

Measures implemented

- Company-wide indirect hiring freeze
- 7 000 employees on temporary unemployment
- Supplier contracts being re-negotiated
- Group cost savings program initiated

Focus areas

- Monitoring government relief programs – temporary unemployment and sickness
- Health and safety measures: PPE and others
- Scenario planning – ensure readiness
- Protect strategic transformation programs

CASH FLOW

Measures implemented

- Close monitoring accounts receivable
- Paused acquisitions – since early March
- Postponing discretionary projects
- Renewed 5-year RCF
- Cash impact of government grants

Focus areas

- Continued strong monitoring and strict collection procedures

Ensuring readiness and resilience for the coming 12-24 months

COVID -19: Priorities and actions during H1 and onwards

Preparing for a strong future

GROUP COST SAVINGS PROGRAM TO MANAGE COVID-19 IMPACT AND UNCERTAINTY

- Main part in Security Services Europe
- Address direct and structural costs where needed
- Restructuring costs estimated to MSEK 350-500, to be recognized as items affecting comparability over the next 4 quarters
- Payback time app. 2 years
- Expect first positive impact in Q4 2020



Securitas provides essential services

Ensuring readiness and resilience for the coming 12-24 months

A photograph of a call center office. In the foreground, a man in a white polo shirt with a logo on the sleeve is sitting at a desk, wearing a headset and looking at a computer monitor. Behind him, another employee is visible, also wearing a headset. The office has large windows and modern lighting. A blue semi-transparent box is overlaid on the right side of the image, containing text.

SUMMARY Q2/H1 2020

- Organic sales growth: - 4% in Q2, - 1% in H1
- 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**

