

SECURITAS BOND INVESTOR PRESENTATION

FEBRUARY 2021



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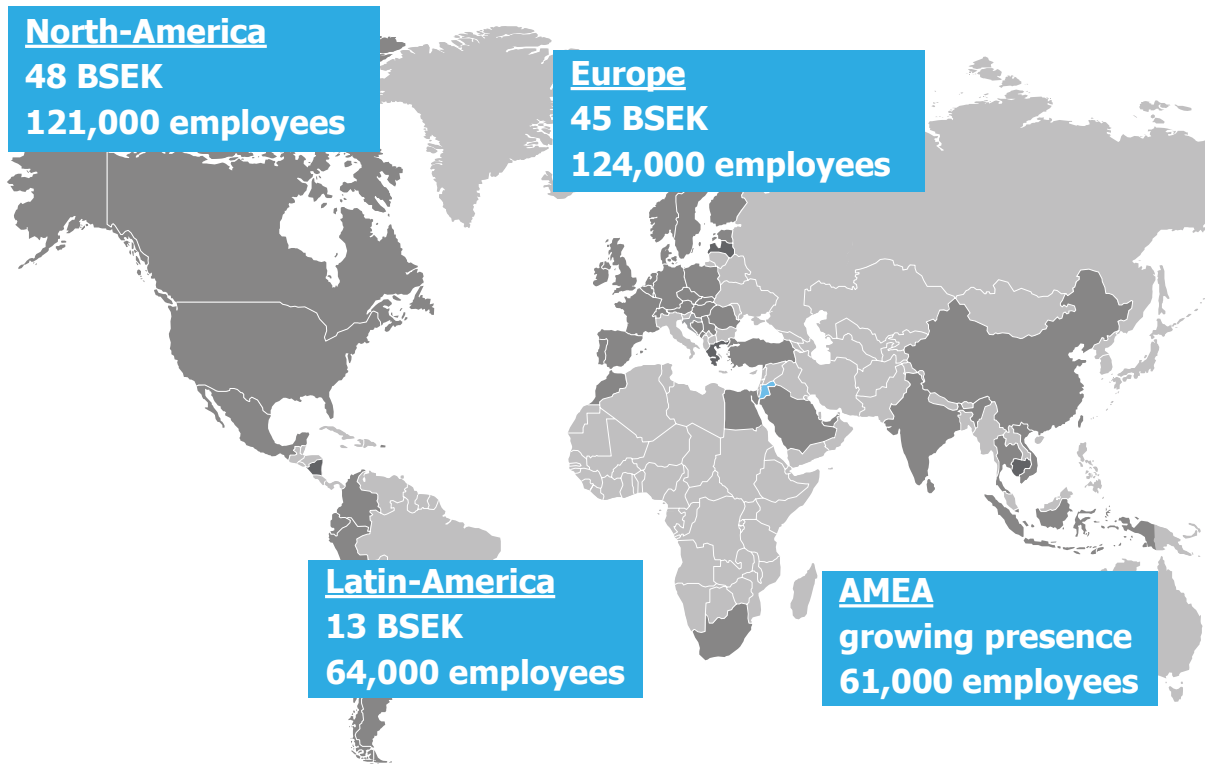
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A World Leader in Protective Services



46 markets

370,000 employees

108 BSEK 2020 sales

22% of sales of security solutions and electronic security

The leading international security company, specializing in protective services

- On-site, mobile and remote guarding combined with electronic security services
- Well positioned in a rapidly changing security industry
- Responsible business for sustainable growth – CSR integral part of everyday work

*2020 Sales

Reinforcing our leadership position in the security industry

- Building on a position of strength
- Seizing new opportunities within a large, growing and changing market
- Focusing on three areas to reach our wanted position
- Clear targets to drive long term value creation
- Organization, leaders and people ready to execute

The Intelligent Protective Services Partner



Winning with the best offering, people and client engagement

To reach this wanted position we are focusing on three areas...



- ▶ **Client engagement**
- ▶ **Protective services leadership and innovation**
- ▶ **Efficiency**



Clearly defined financial targets and strategic transformation ambition

Income
statement

1. Financial performance target

Annual average increase in EPS of 10%
over a cycle

Balance
sheet

2. Financial stability target

Net debt to EBITDA on average 2.5

Operating cash flow of 70 to 80% of
operating income

Return to
shareholders

3. Dividend policy

Dividend of 50 to 60% of net income

Strategic transformation ambition

Double our security solutions & electronic
security business by 2023 compared to 2018

The graph illustrates two distinct growth phases over a five-year period. The x-axis represents time, with markers for 2015, 2020, and 2025. A vertical line at 2020 separates the two phases. The 'Establish' phase (2015-2020) is represented by a teal line showing slow, steady growth. The 'Scale and specialization' phase (2020-2025) is represented by a blue line showing rapid, accelerating growth, indicated by an arrow at the end of the line.

Year	Phase	Growth Characteristic
2015	Establish	Slow, steady growth
2020	Establish / Scale and specialization	Transition point
2025	Scale and specialization	Rapid, accelerating growth

6

We are on-track driving efficiency and supporting strategy execution through multiple transformation programs

- Improving our capabilities and ways of working by transforming the organization, best practice sharing, collaboration and modernizing technology
- Driving efficiency in IT to create headroom for innovation and transformation
- Enabling and supporting operating margin improvement by driving business efficiency through transformation
- Enabling innovation at scale through platforms



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

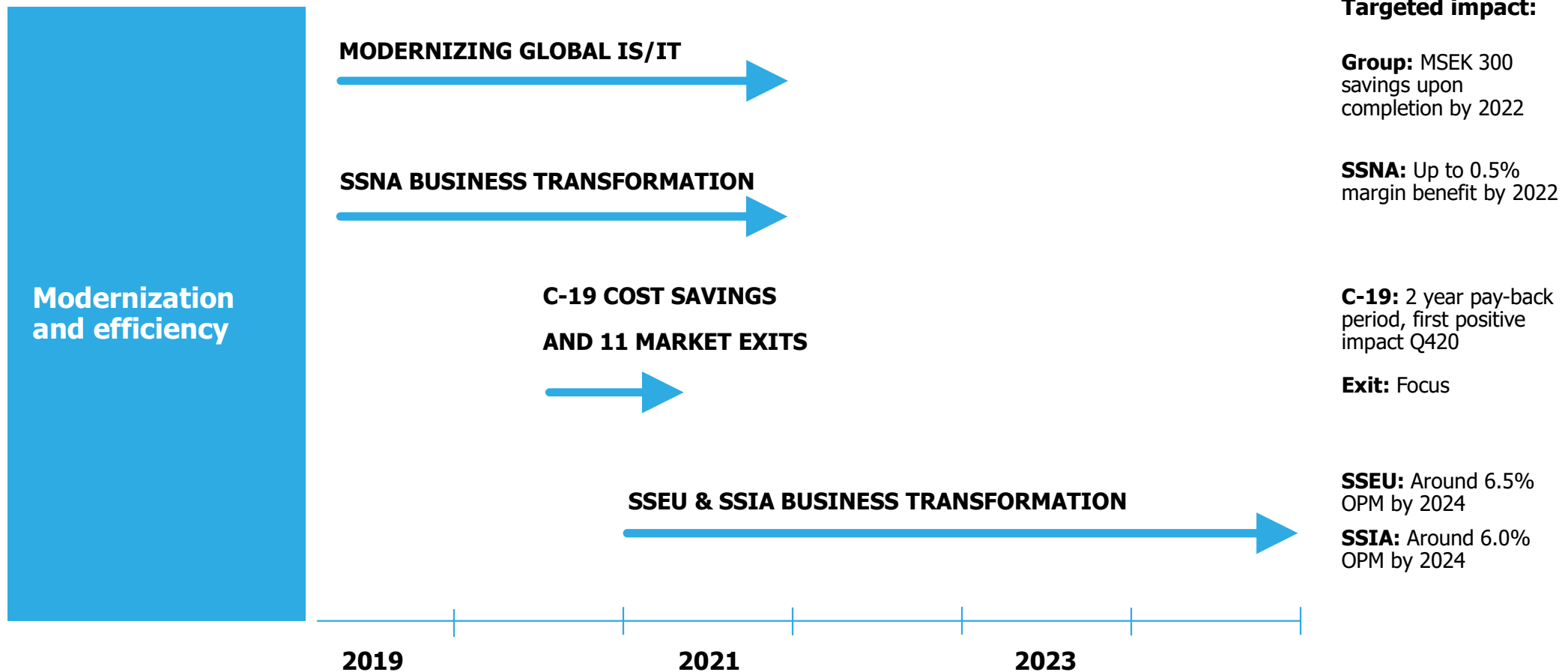
- C-19 cost-reduction activities ongoing. Some uncertainty regarding development of aviation contracts
- Nine markets exited or close to exiting. Two more expected in H1 2021





Overview of transformation programs

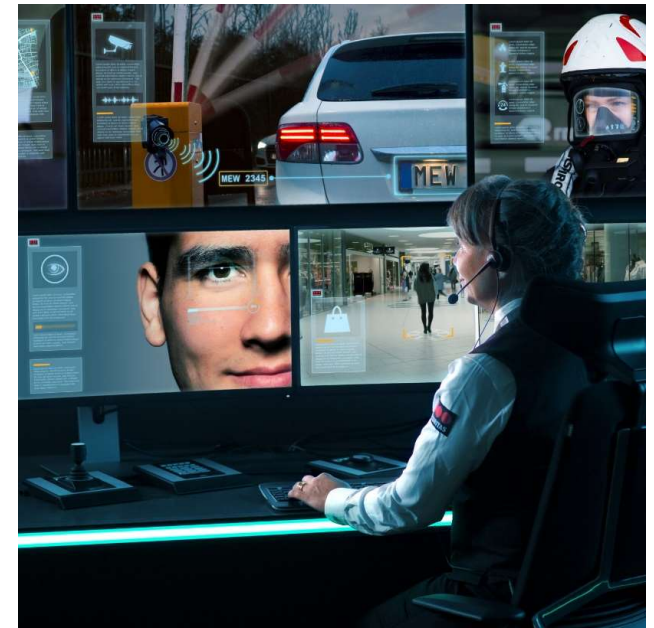
Accelerated transformation to modernize and digitize



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

FINANCIALS

The background of the slide is a solid blue color with a white topographic map pattern. The pattern consists of numerous concentric, wavy lines that create a sense of depth and movement, resembling a contour map of a landscape.

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



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



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
<i>Organic sales growth, %</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>4</i>
Operating income before amort.	1 404	1 497	4 892	5 738
<i>Operating margin, %</i>	<i>5.3</i>	<i>5.3</i>	<i>4.5</i>	<i>5.2</i>
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
<i>Tax, %</i>	<i>29.0</i>	<i>26.0</i>	<i>27.4</i>	<i>27.2</i>
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



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
<i>Cash flow from operating activities, %</i>	<i>109</i>	<i>124</i>	<i>147</i>	<i>85</i>
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

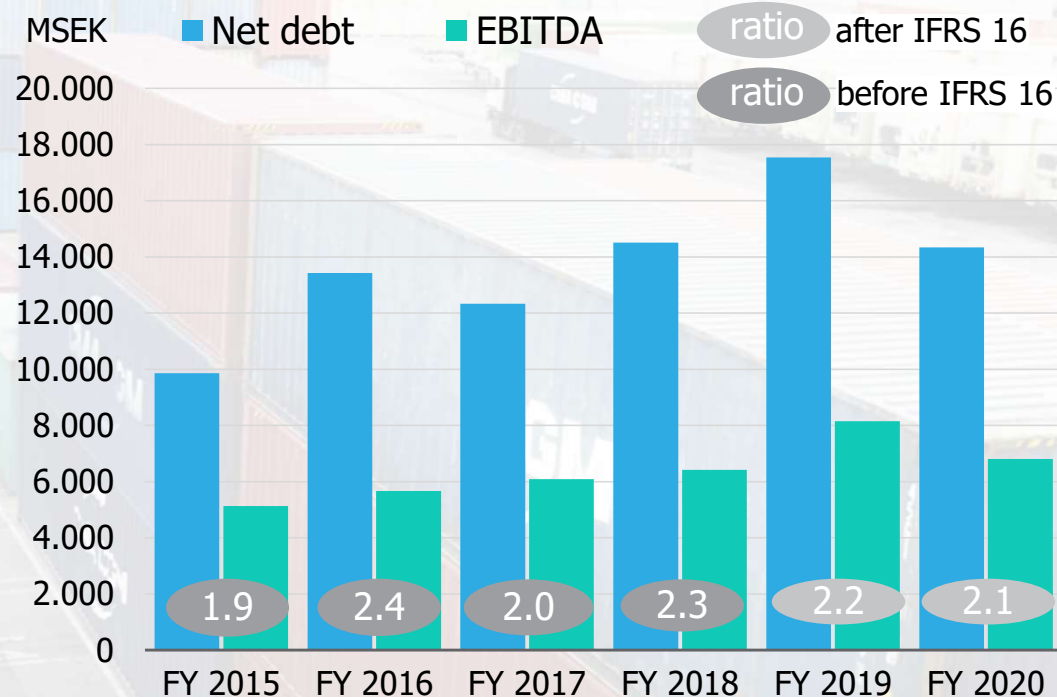
- Net investments of MSEK -97 in 2020 result from
 - investments of MSEK -2 787
 - depreciation of MSEK 2 690
- Capital expenditure <3% of Group sales annually, including IFRS 16
- Cash flow positively impacted by collections and by lower organic sales growth
- Corona-related government payment relief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

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

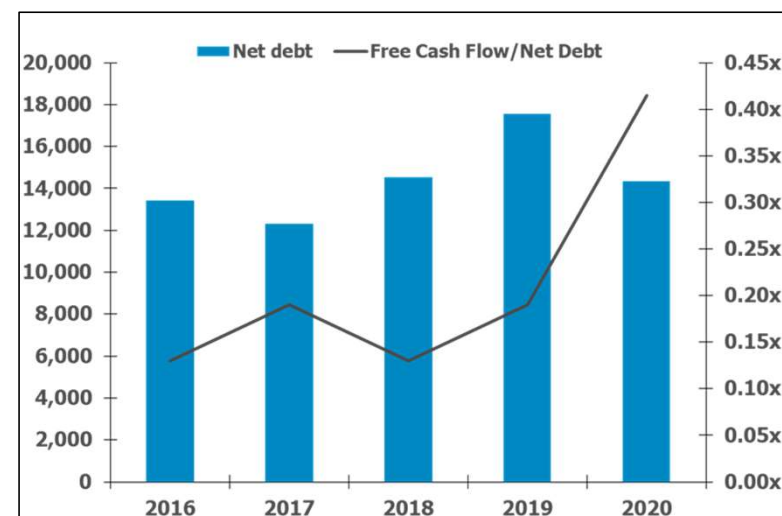
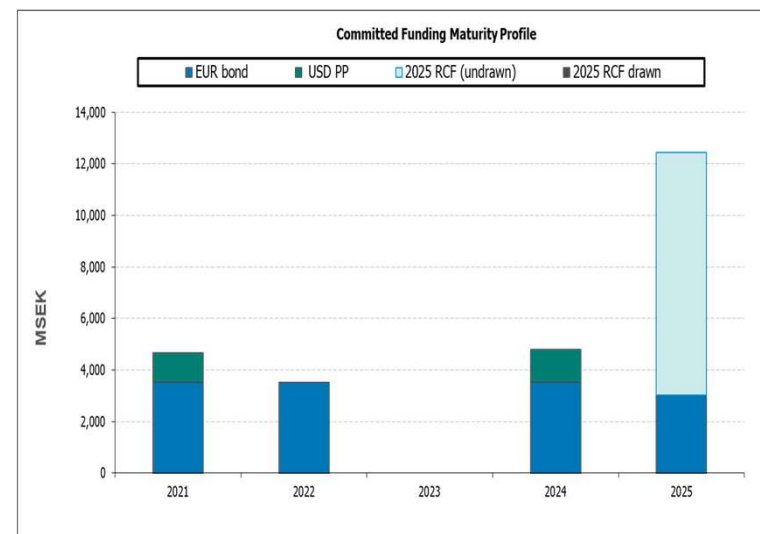


We are backed up by solid financing

- ✓ BBB, stable outlook (S+P, April 30, 2020)
- ✓ 4.7 BSEK in liquid funds per Dec 31, 2020
- ✓ 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	



Capital Structure per Dec 31, 2020

Summary of Capital Structure					
MSEK	EURO	USD	OTHER	TOTAL	
Total Capital Employed	10,473	15,884	5,685	32,042	
Net Debt	- 3,576	- 6,287	- 4,472	- 14,335	
Equity	6,895	9,598	1,213	17,706	
Debt/Equity Ratio	0.52	0.66	3.69	0.81	



S&P Rating Credit Strengths and Challenges

Agency	Long - term	Short - term	Swedish Short - term	Outlook
S&P	BBB	A2	K2	Stable

Business Risk

- Securitas is the world's largest security services provider by total revenues.
- Wide geographic coverage and well diversified customer base
- Competitive and fragmented industry with low entry barriers leading to modest EBITDA margins.

Financial Risk

- Low capital expenditure (capex) requirements.
- "Strong" liquidity position.
- Stretched balance sheet due to debt-financed acquisitions.
- Financial Risk Profile "Intermediate"

- **Securitas is committed to solid Investment Grade rating**

SECURITAS AND COVID-19



COVID -19: Response and impact during 2020

Showing resilience in a challenging year

RESPONSE

Crisis response team

- Activated end of January 2020
- 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)

COVID -19: Priorities and actions during 2020 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, of which MSEK 172 were recognized as items affecting comparability in Q3/Q4
- Final restructuring amount will largely depend on changes related to government grants and the development of the airport security business
- The program is expected to be finalized end of Q2 2021
- Payback time app. 2 years
- Gradually increasing positive impact started in Q4 2020



Securitas provides essential services

Ensuring readiness and resilience for the coming 12-24 months



THANK YOU

