

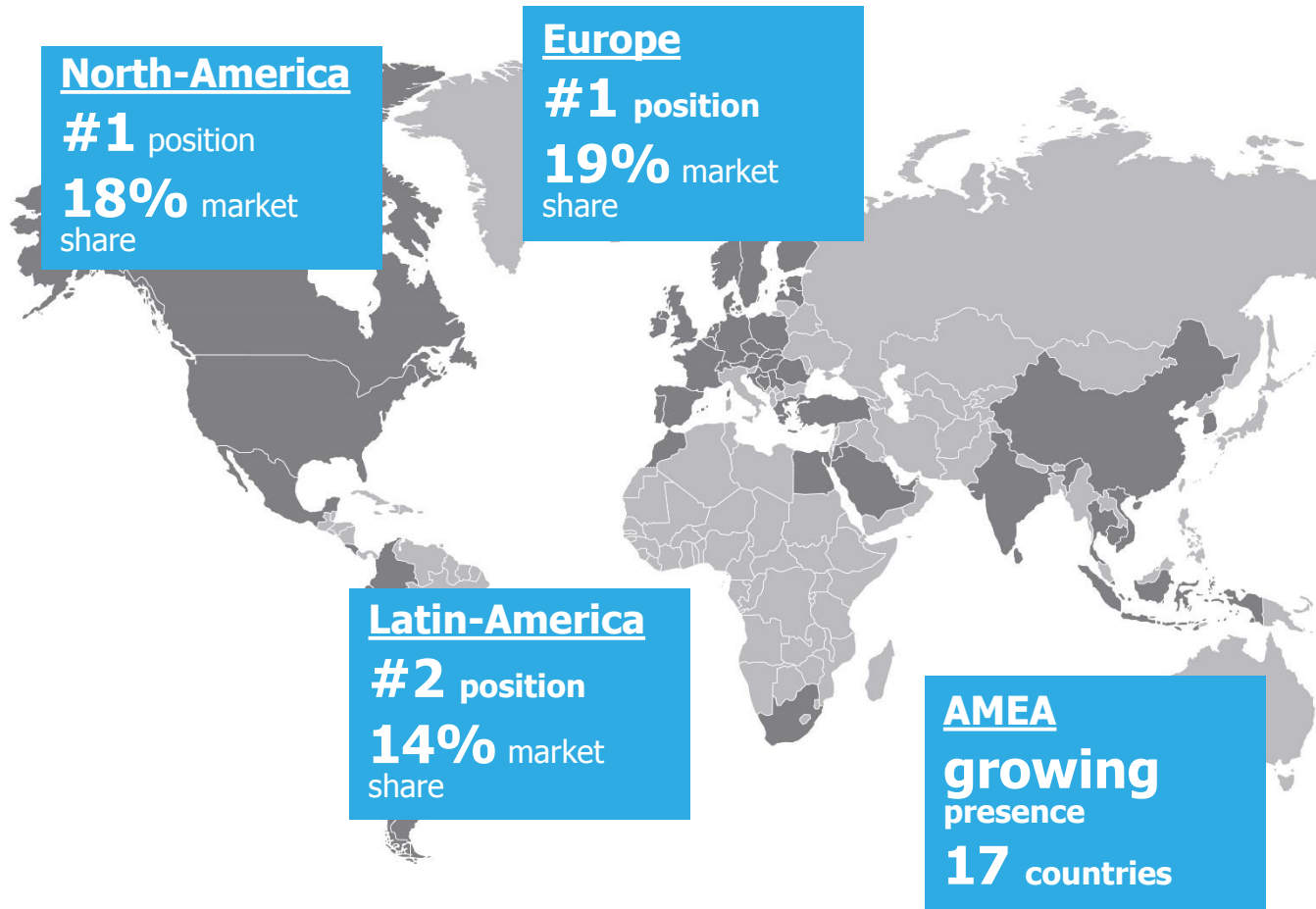


Securitas Investor Presentation September 2017

Securitas is Leading the Transformation of the Security Industry

Micaela Sjökvist
Head of IR

A World Leader in Protective Services



54 countries

335,000 employees

88 BSEK 2016 sales

56% 2016 growth electronic security & solutions

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

Market drivers – a rapidly changing world

Global tension

Digitalization

Sectors sensitive
to disturbances

Urbanization

Infrastructure
development

From a rural society
with industrial islands...

...to a highly complex,
networked society with
many interdependencies

Cost of disruption



Securitas Operation Center – the Hub of our Operations

“Detect the crime before it happens”

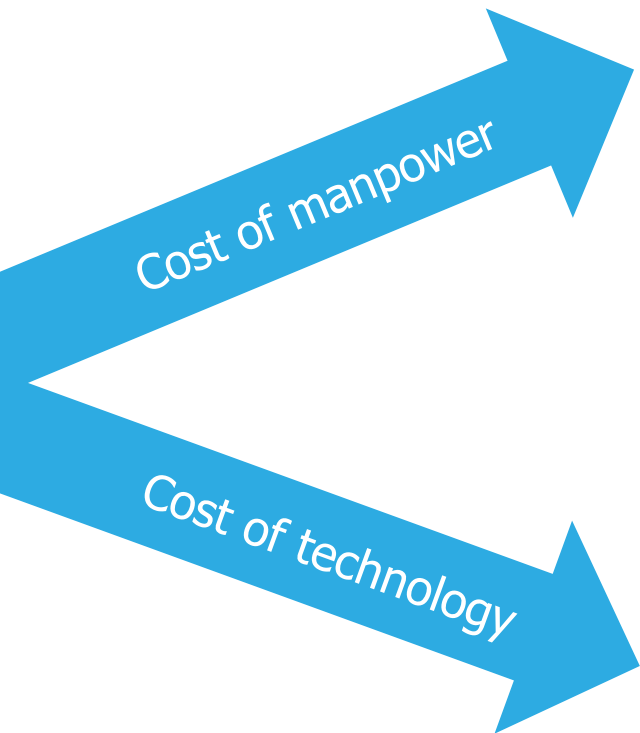
From re-active...

...to pro-active
and predictive

Risk of
disruption

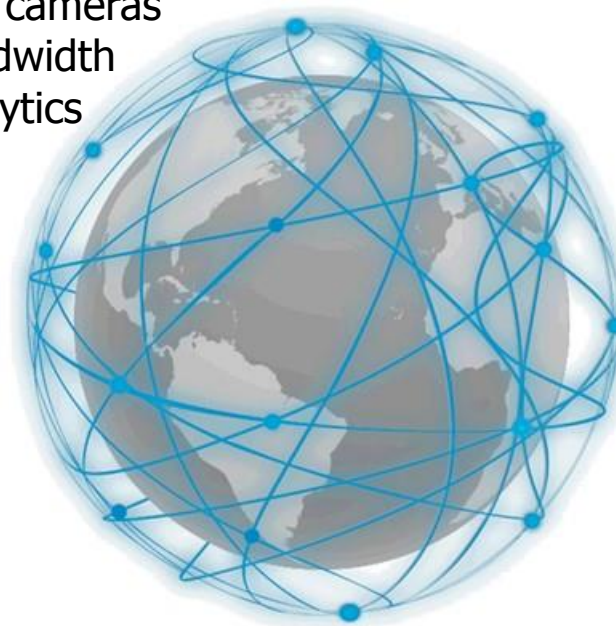


Security: a changing world by itself – new trends



2012: focus on technology

Digital cameras
+ Bandwidth
+ Analytics

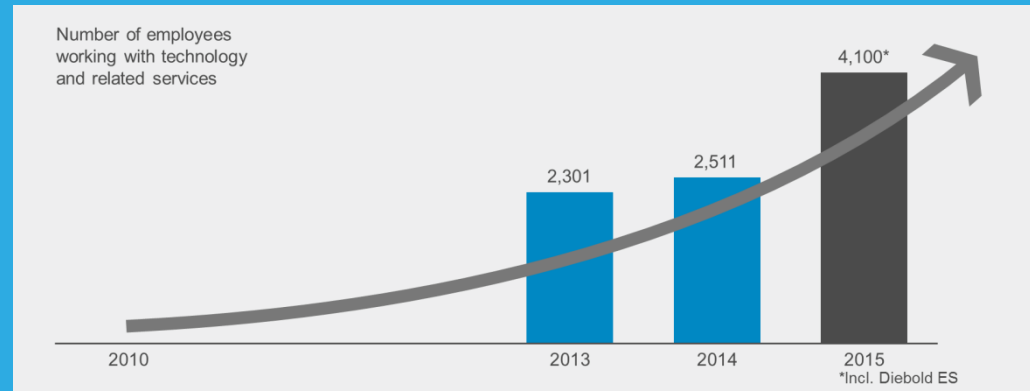


Today and the future:

Multitude of sensors (fixed / mobile)
+ Networked data
+ Algorithms

Securitas strategy:

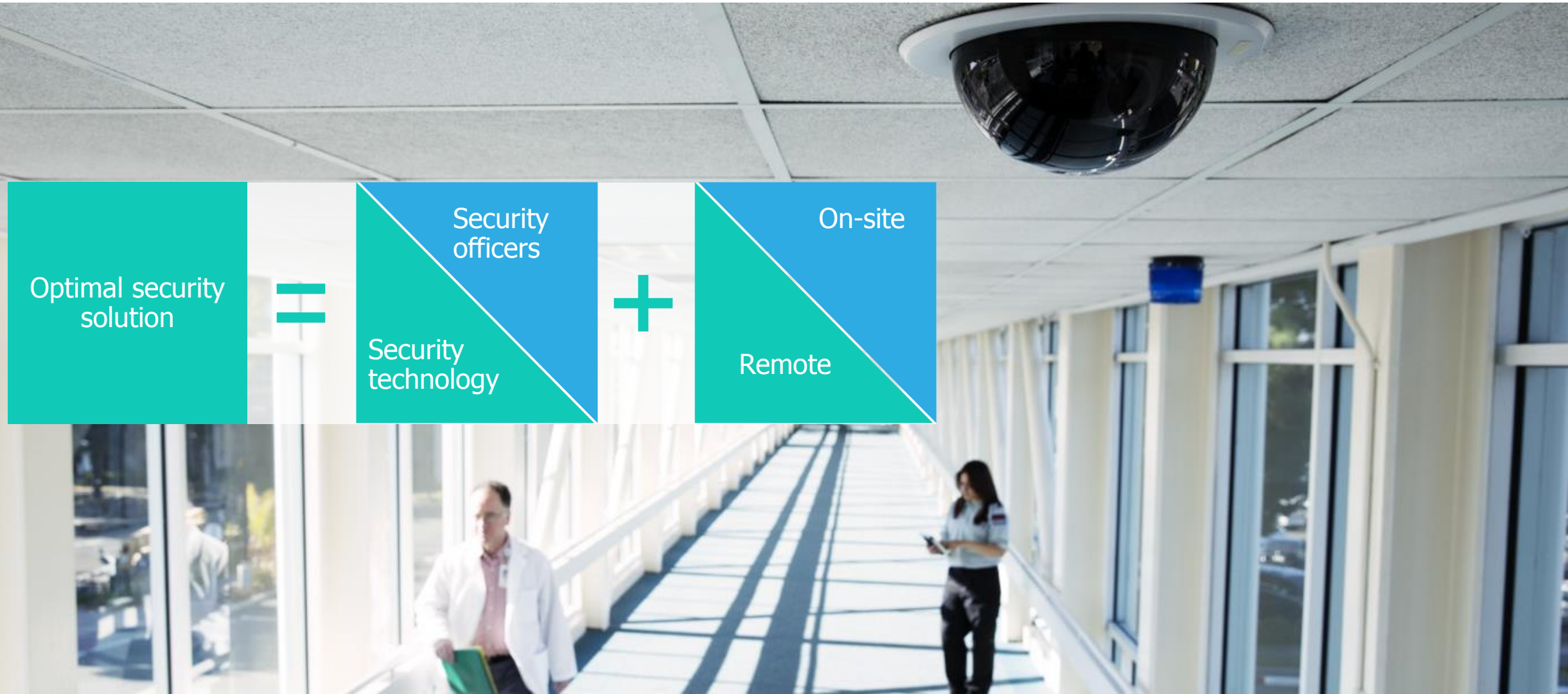
- Organically and through acquisitions
- 2016: largest acquisition since 10 years in US – electronic security business of Diebold



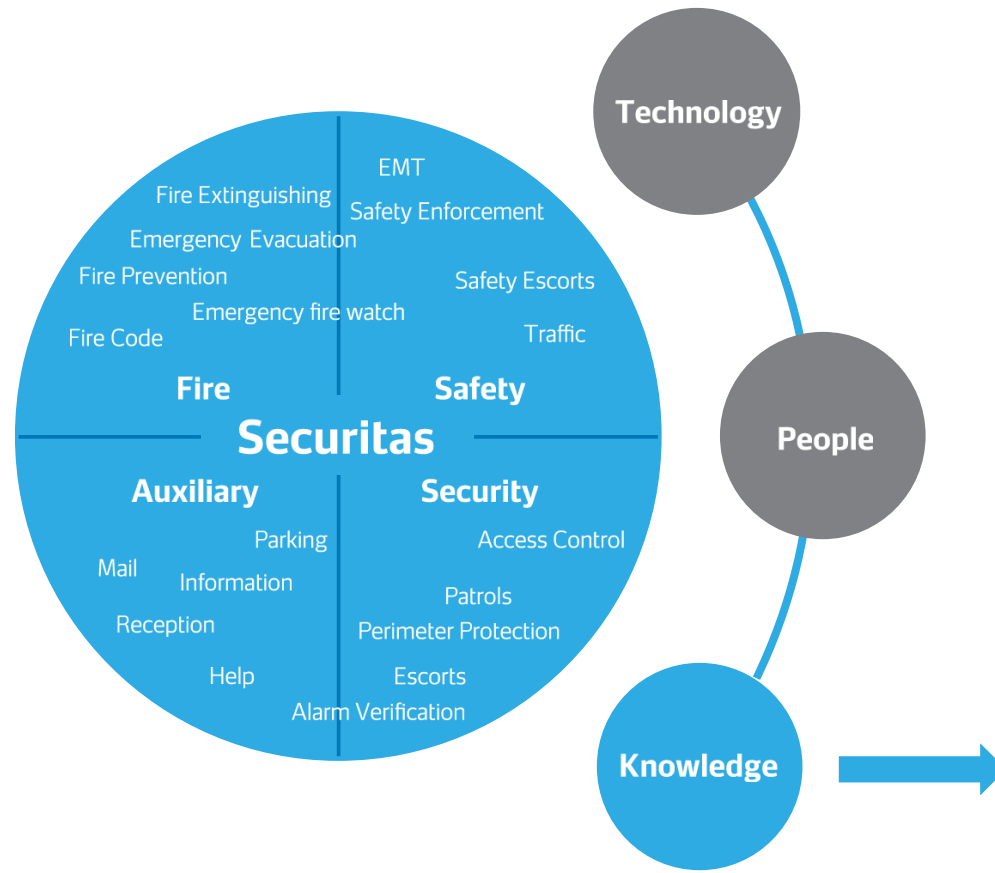
Securitas core business:

- Integrator of different forms of technology to support our people.
- NOT: development of hardware or software

The Security Equation – for efficient and high quality solutions



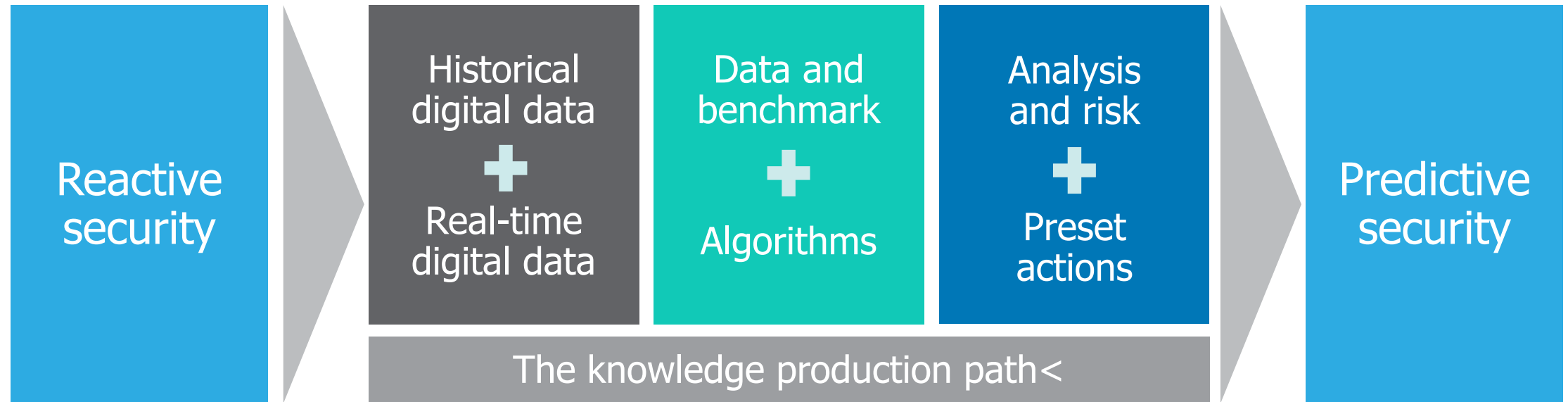
We Differentiate Ourselves with Knowledge



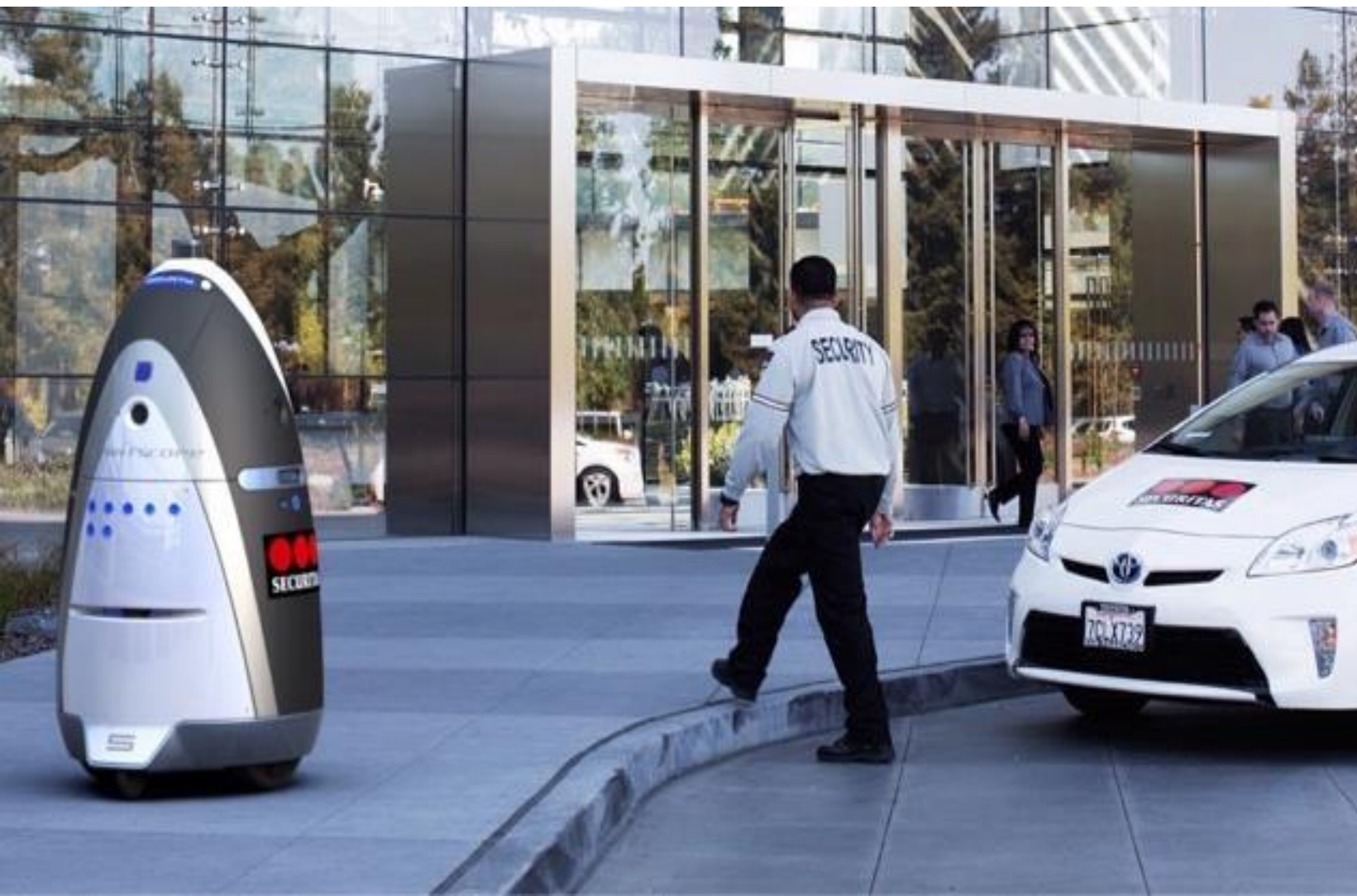
We Improve Customer Value



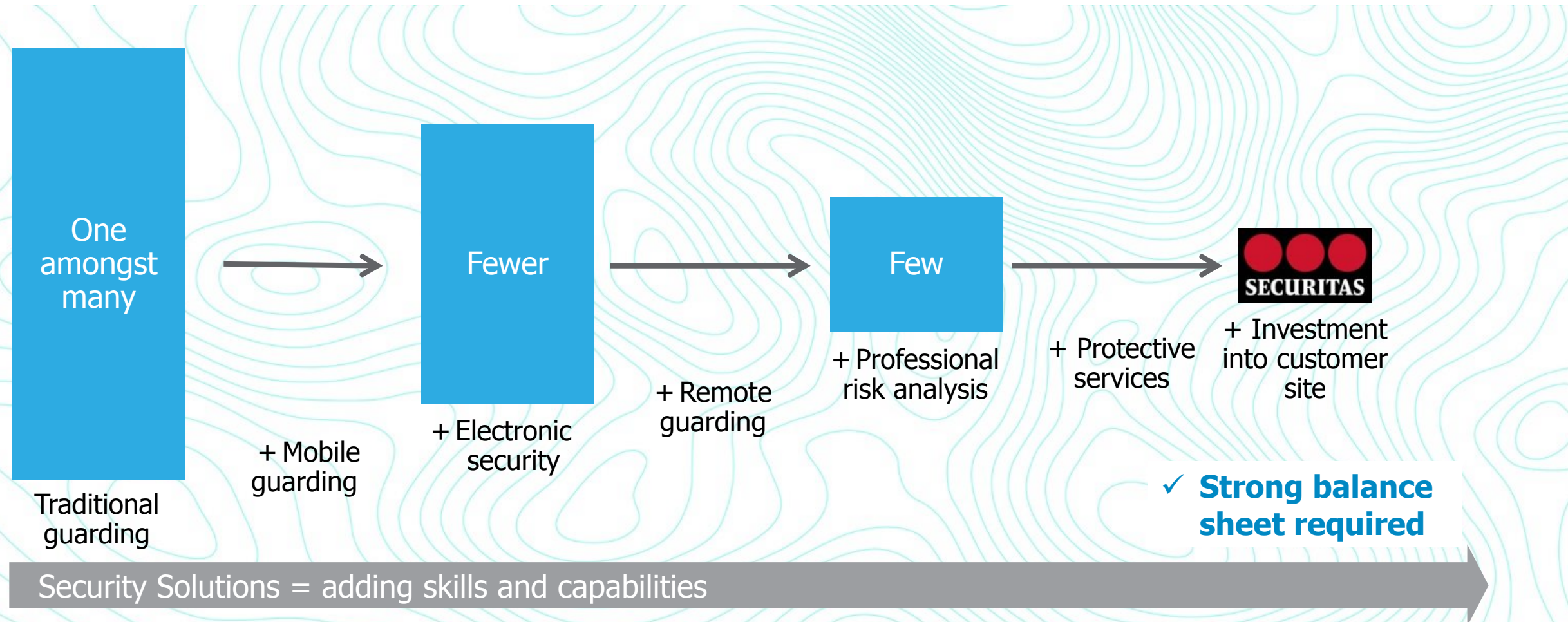
From Reactive to Predictive Security



Securitas' Presents the security solutions of tomorrow – a Combination of People, Knowledge and Technology



Security Solutions Reduces the # of Competitors



Clear Goals to Drive Performance

Income statement	1. Financial performance target Annual average increase in EPS of 10%				
Balance sheet	2. Financial stability target Free cash flow to net debt above 0.20				
Return to shareholders	3. Dividend policy 50 to 60% of net income				
The future	4. Strategic development Grow electronic security and solutions at a high pace				
		2016	2015	2014	
		EPS real change	9%	8%	8%
		Free cash flow to net debt	0.13	0.22	0.18
		Dividend in SEK	3.75	3.5	3.0
		As % of net income	52%	52%	53%
		Real growth electronic security and solutions	56%	38%	28%

Security Solutions Drives the ROCE

Example of a contract conversion: from manned guarding to security solutions

- ➡ Reduce on-site guarding
- ➡ Introduce remote monitoring and technology
- ➡ Sign 5 year contract
- ➡ Invest 60 KEUR capex
= 15% of the first year's sales
- ➡ Depreciated over contract duration
= 12 KEUR annual depreciation

KEUR	Guarding	Solution
Annual sales	400	386
Direct & indirect cost	-380	-349
Operating income	20	37
<i>Operating margin</i>	<i>5%</i>	<i>10%</i>
Capital employed	116	176
<i>as of % sales</i>	<i>29%</i>	<i>44%</i>
Return on capital employed	17%	21%

Income Statement – Main Drivers

Performance during the period 2007-2016

Growth of top-line

- Sales: From SEK 51.5 Bn to 88.2
- Avg. acquired growth 3%
- Avg. organic growth 3%

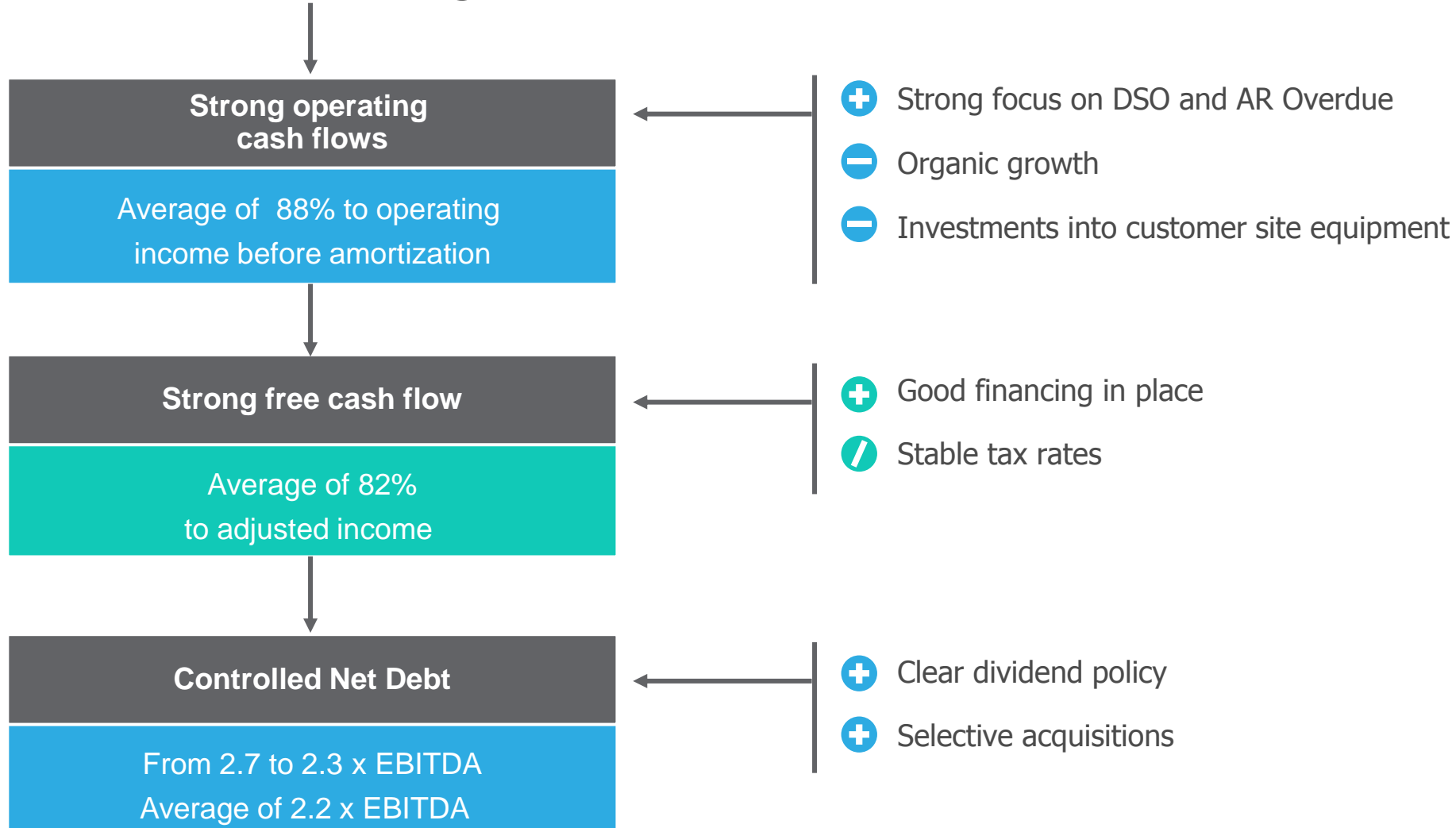
- + A growing need for security
- + Supported by strategy of electronic security and solutions
- + Supported by acquisitions
- + Growing role of private security
- / Economical climate is OK
- / Well diversified business (geography and industries)
- / Good resilience for downturns
- Competitive environment

Growth of operating income

Operating income:
from SEK 2.9 Bn to 4.6

- + Strong focus on price / wage throughout the company
- + Growth of electronic security and solutions changing revenue mix
- + Opportunity to leverage the cost structure
- Investing into the execution of the strategy
- Competitive environment
- + Supported by a strong performance culture and incentive structure

Performance During the Period 2007-2016



Selective Acquisitions

Clear Acquisition Strategy



	Increase Guarding footprint	Security Solutions & Electronic Security	Fire & Safety	Enlarge global footprint
SSNA		✓✓✓		
SSEU		✓✓✓	✓	✓
SSIA	✓ Where it makes market sense	✓✓	✓	✓
AMEA	✓ Where it makes market sense	✓		✓✓

Our Business Contributes to a more Sustainable Society



- Securitas' Values and Ethics (the Code)
- Supplementary policies and local codes, for example regarding anti-corruption, fair competition, risk assessment of suppliers, due diligence for acquisitions, entertainment and gifts
- Mandatory training in the Code for all employees
- Securitas Integrity Line, a reporting system for managing non-compliance issues
- Sustainability reporting, GRI 2016
- Securitas is a UN Global Compact signatory
- Risks related to non-compliance with the Code prioritized in the enterprise risk management process
 - CSR-related risks one of Securitas' key risks
 - Monitored through self-assessment, diagnostics and audits

Executing on our Strategy

Guarding – Sales, BSEK

2014: 63.7

2015: 71.6

2016: 74.1

Security Solutions and Electronic Security – Sales, BSEK

2014: 6.5 (9% of total, +28%)

2015: 9.3 (11.5% of total, +38%)

2016: 14.1 (16% of total, +56%)

4%*

Guarding

6%*

Specialized
guarding

8%*

Guarding
solutions

10%*

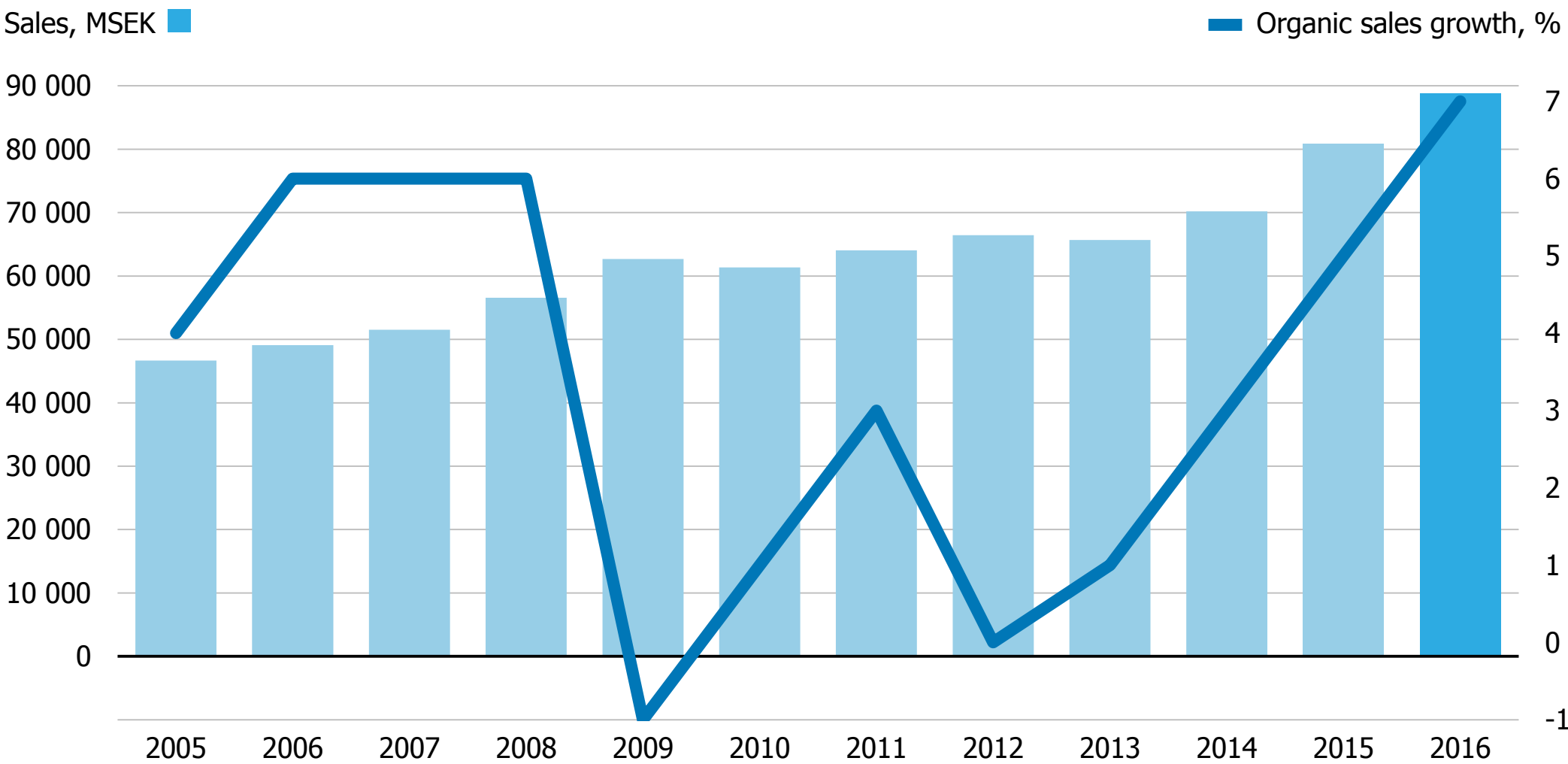
Security
solutions

* Operating margin

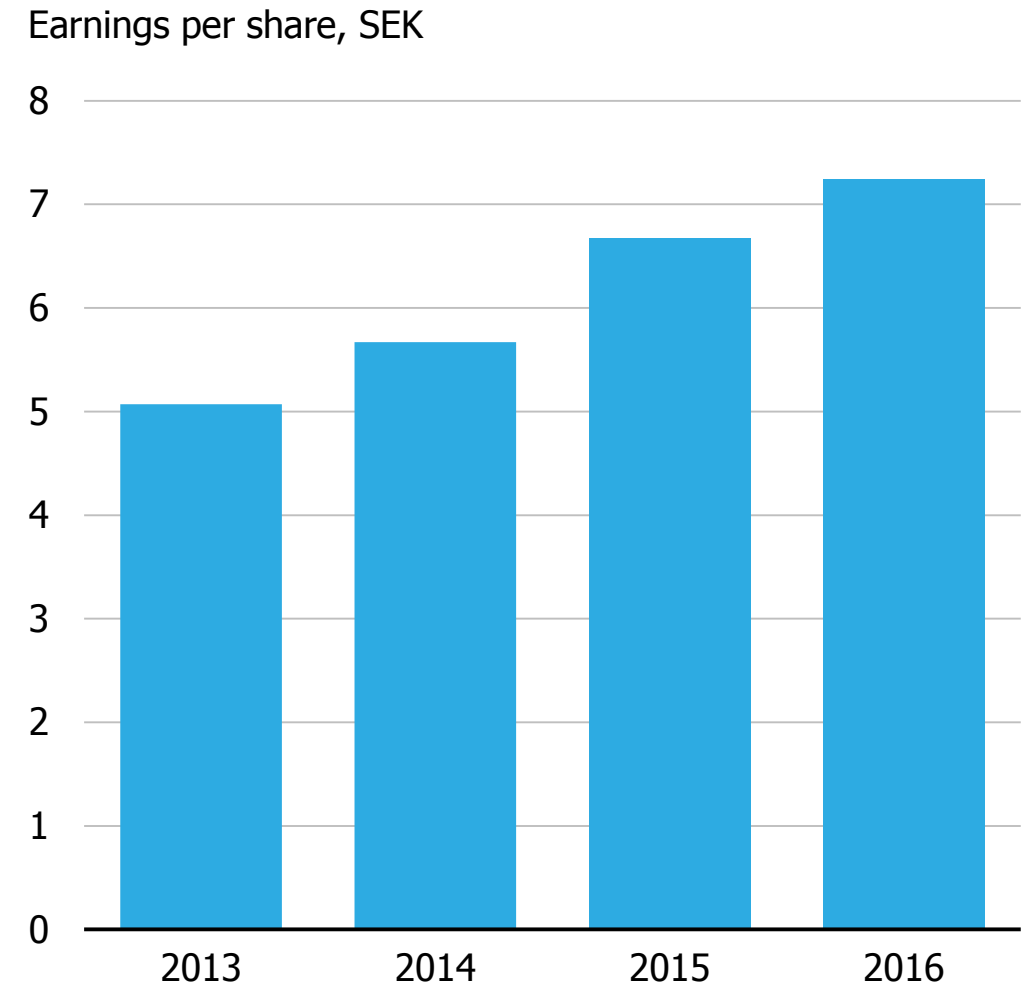
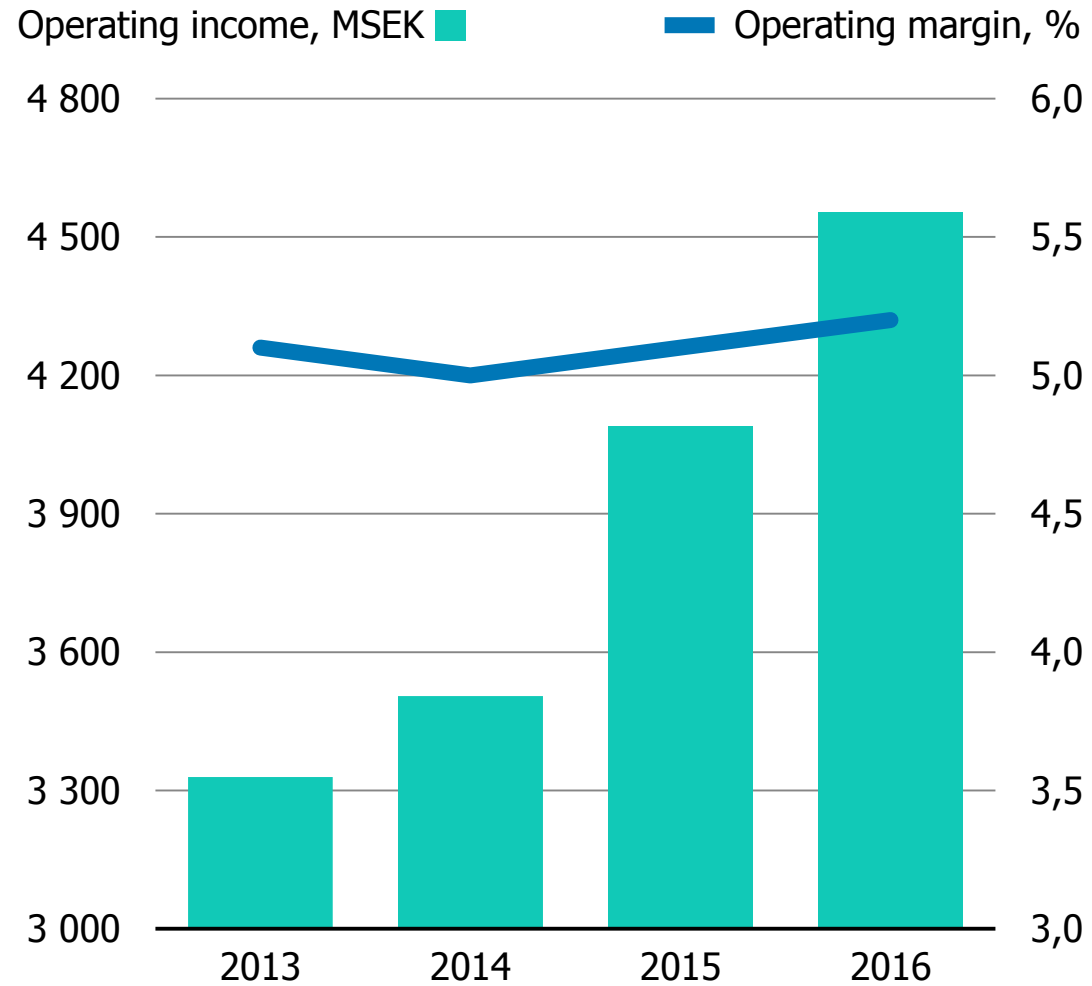
2016 – A Record Year for Securitas

- Earnings per share the strongest to date in the history of the company
- Organic sales growth up 7%
- Sales of security solutions and technology grew 56% including acquisitions, and 22% organically
- Acquisition of Diebold's Electronic Security business, the company's largest acquisition in 15 years
- Our strategy work Vision 2020

Securitas Group Sales Growth

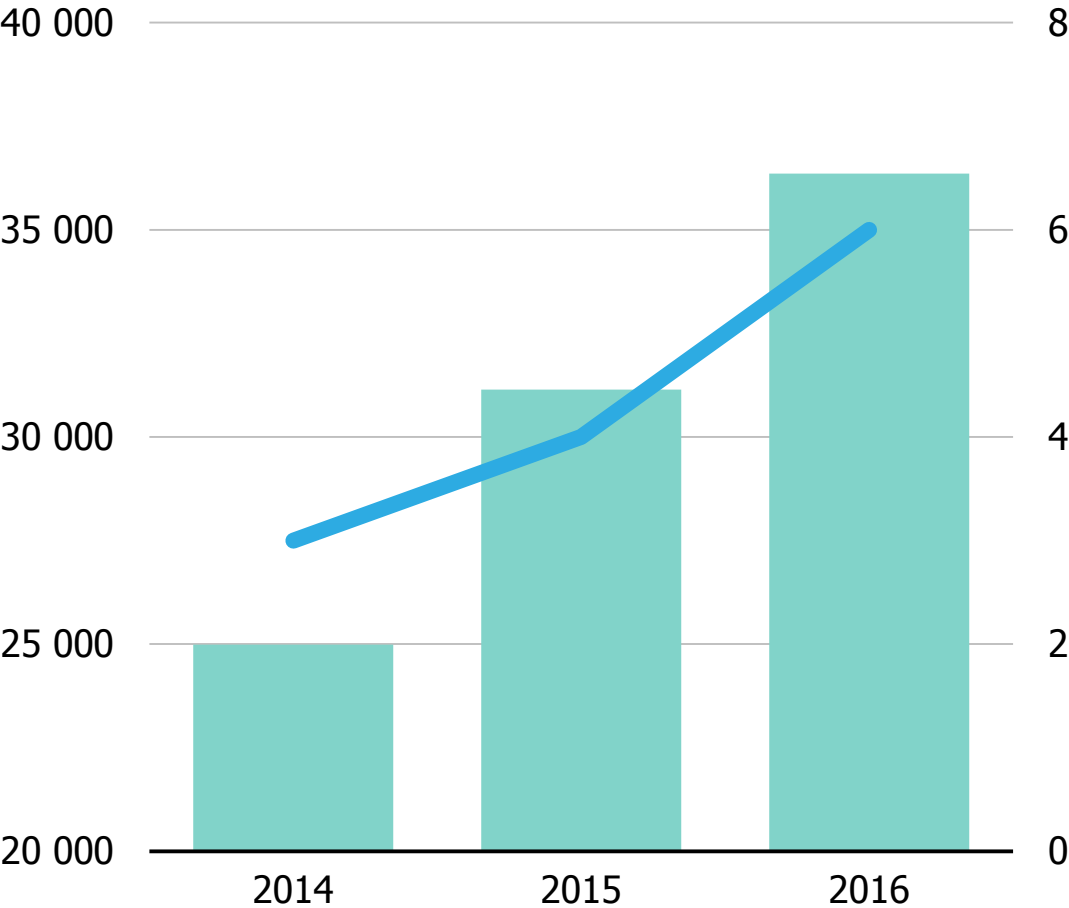


Securitas Group Income Development and Earnings Per Share

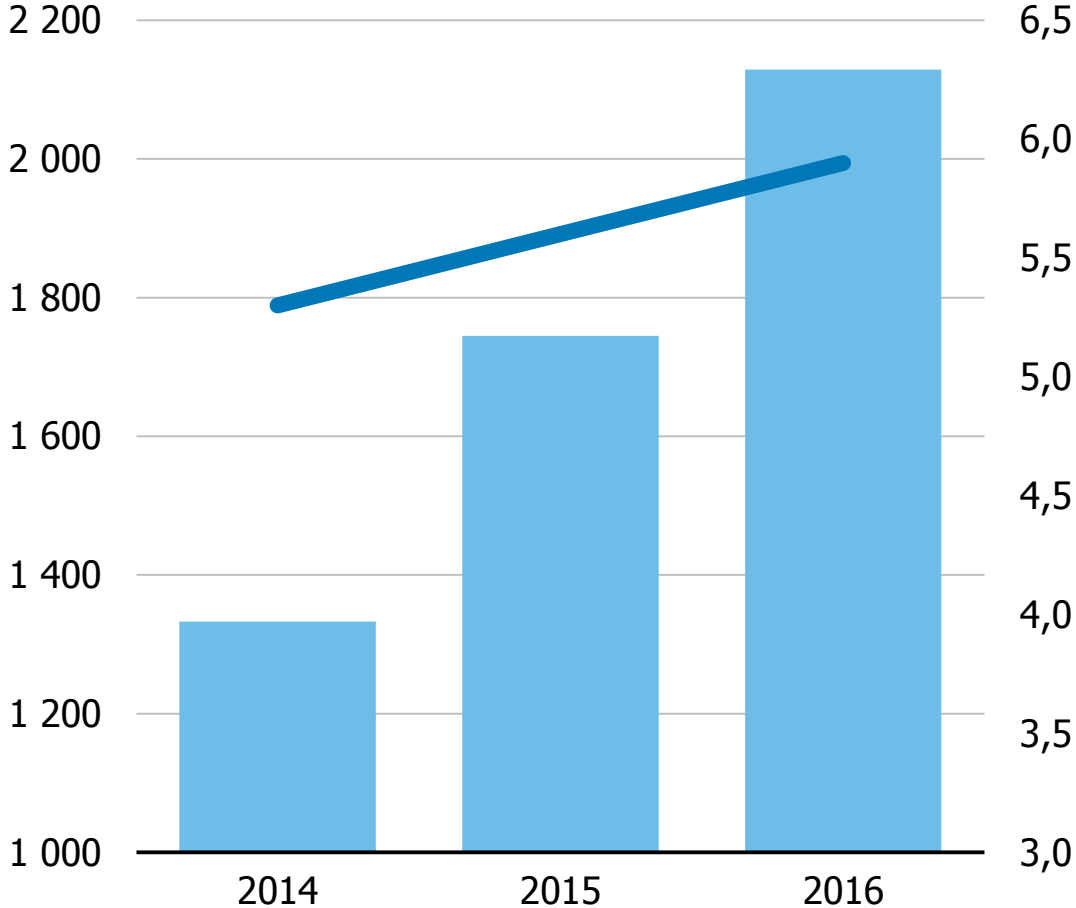


Security Services North America Sales Growth and Income Development

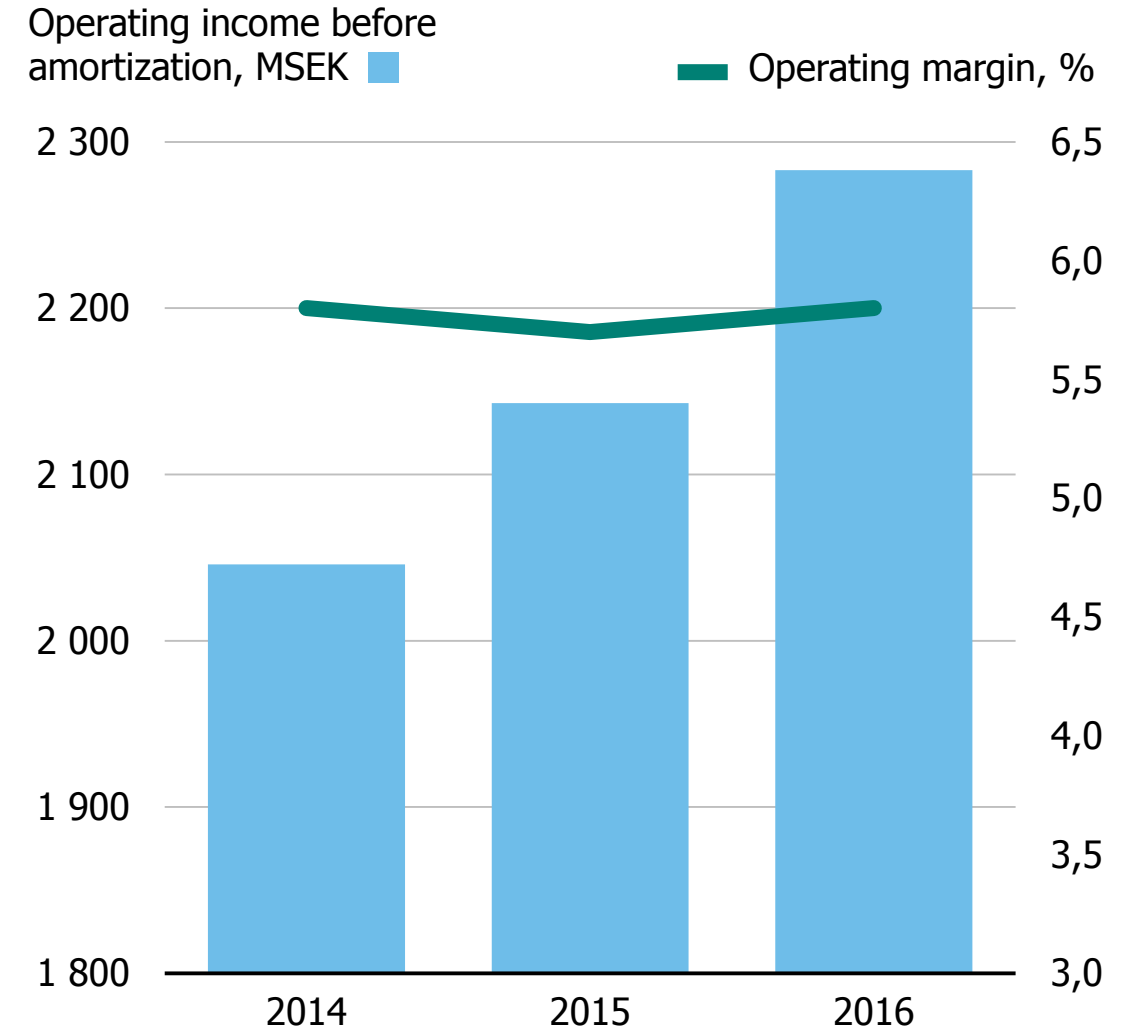
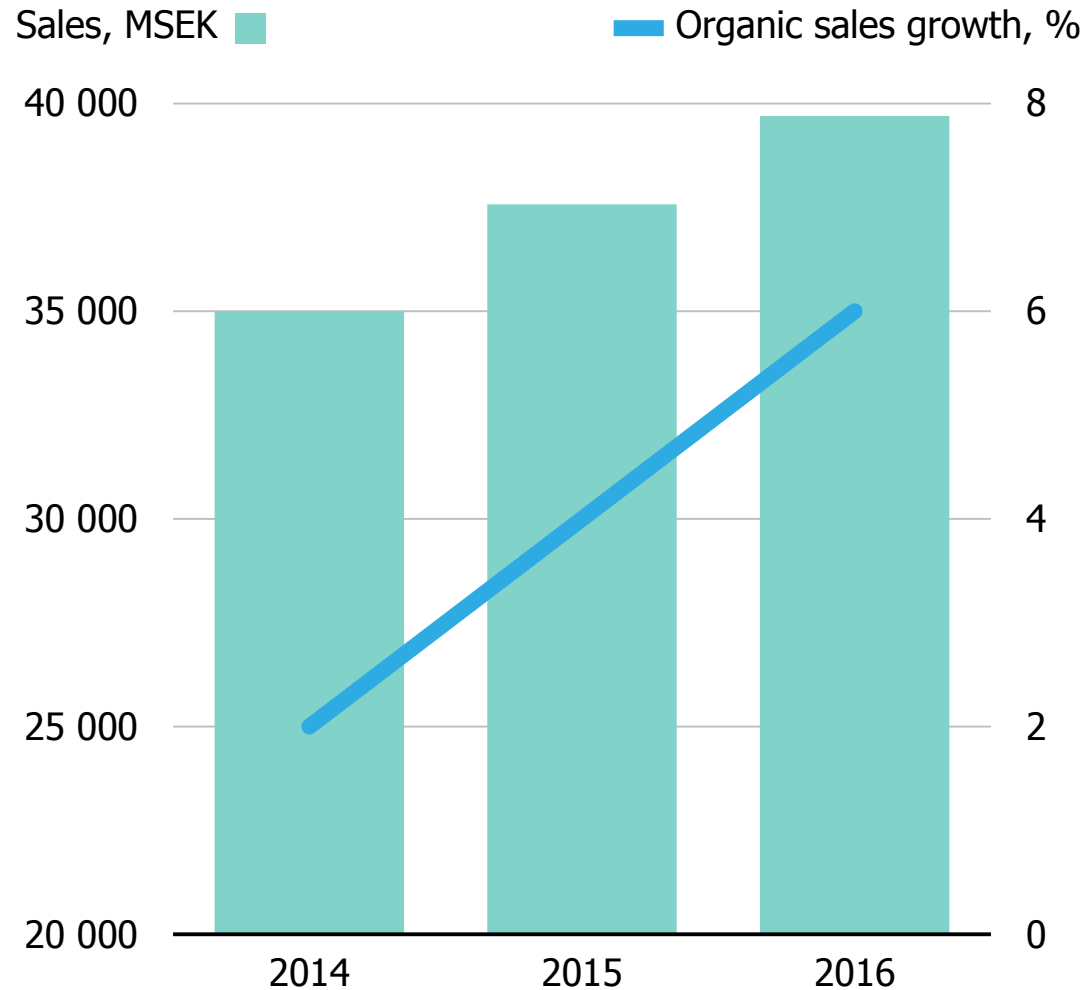
Sales, MSEK  Organic sales growth, % 



Operating income before amortization, MSEK  Operating margin, % 

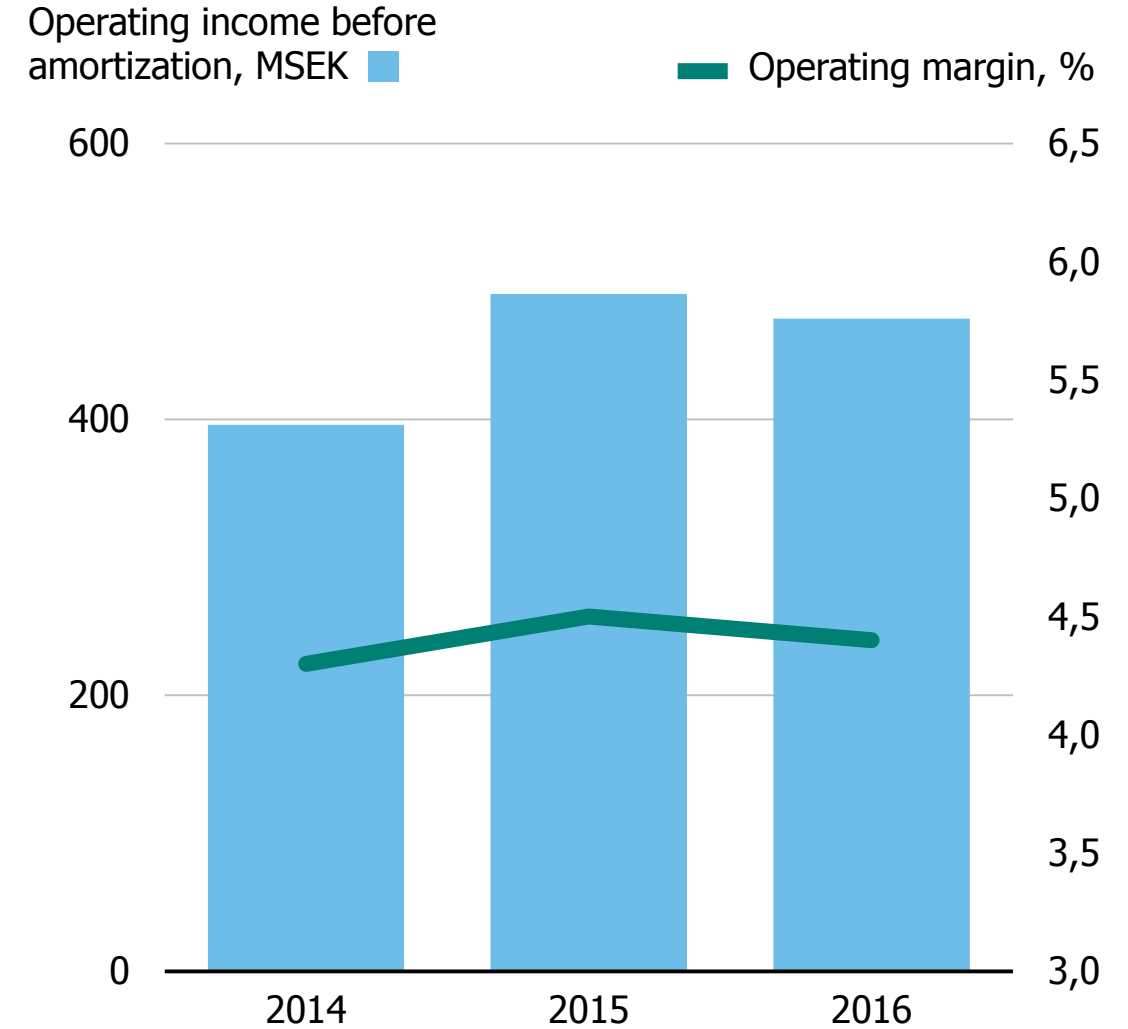
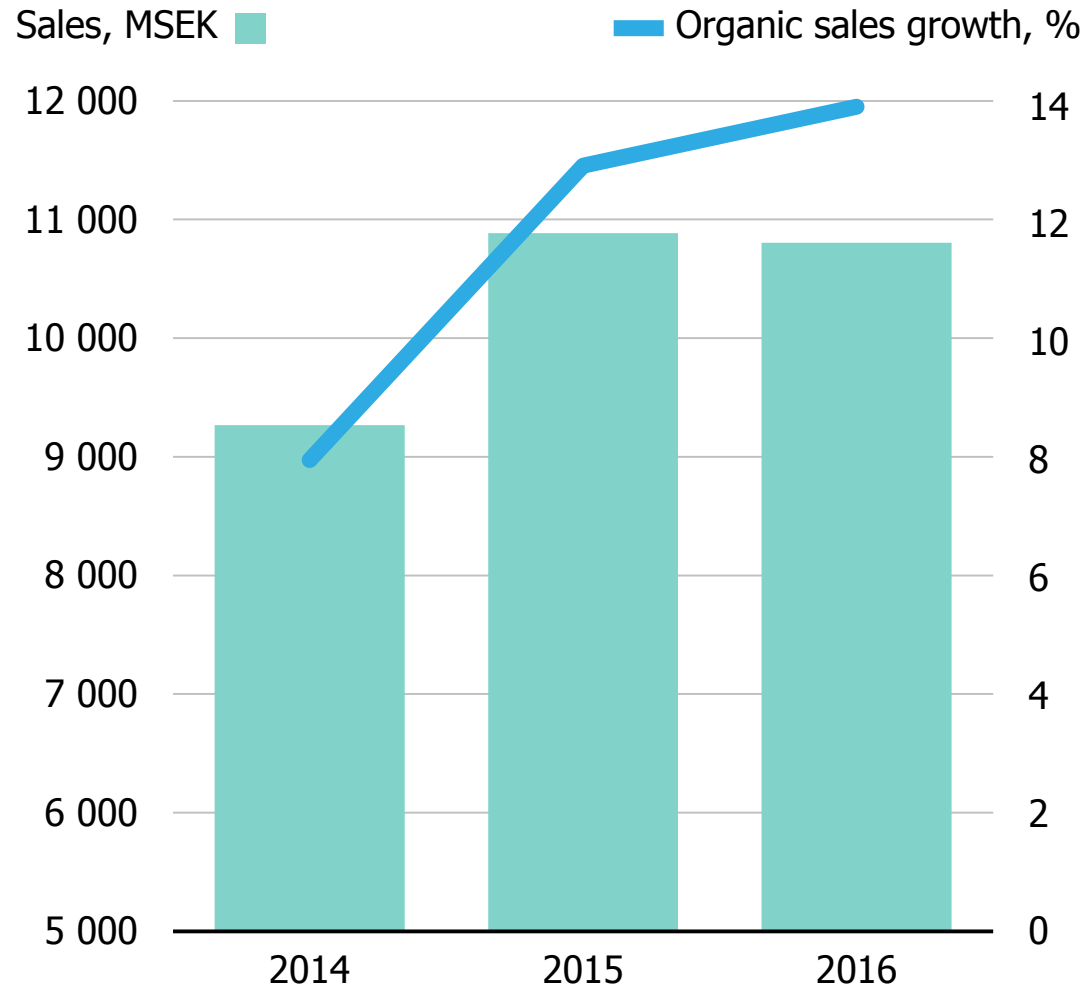


Security Services Europe Sales Growth and Income Development



Security Services Ibero-America

Sales Growth and Income Development



Summing it up

Securitas is the leading international security company, specializing in protective services

- Stable portfolio business with long customer relationships
- Well positioned – ahead of competition – in a rapidly changing security industry
- Strong focus on selling on-site, mobile and remote guarding combined with electronic security services, which improves the operating margin in our contracts from 5% to 10%
- Responsible business for sustainable growth – CSR integral part of everyday work



Highlights January – June

- Organic sales growth 3% (8)
- Good organic sales growth in both SSNA and SSIA
- SSE showed 0 percent organic sales growth despite a few previously communicated large contract terminations and lower extra sales
- Operating margin 4.8% (4.9), mainly due to operational overcapacity and negative leverage in a few countries in SSE
- EPS real change 4%
- Free cash flow to net debt ratio 0.13 (0.13)
- Net debt to EBITDA ratio 2.5 (2.7)
- Sales of security solutions and electronic security continued to grow at a high pace

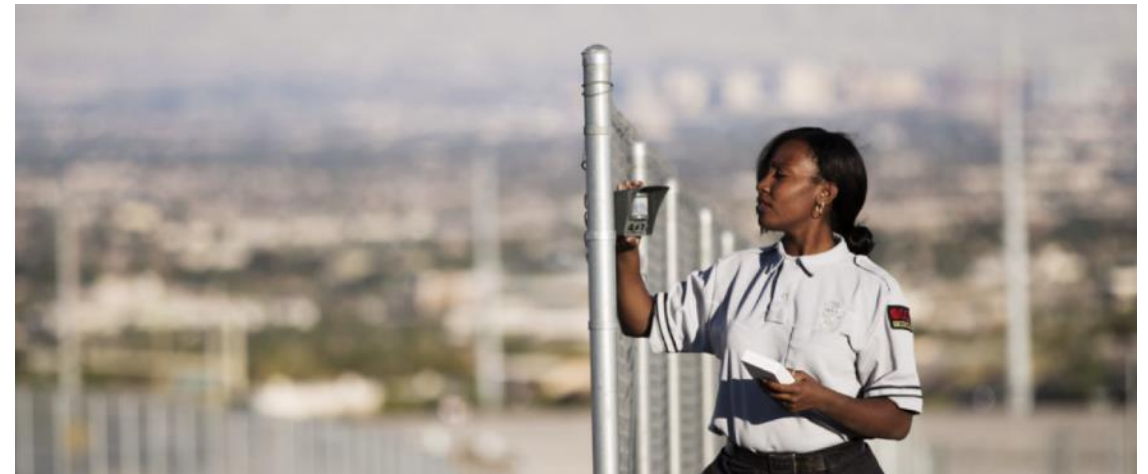
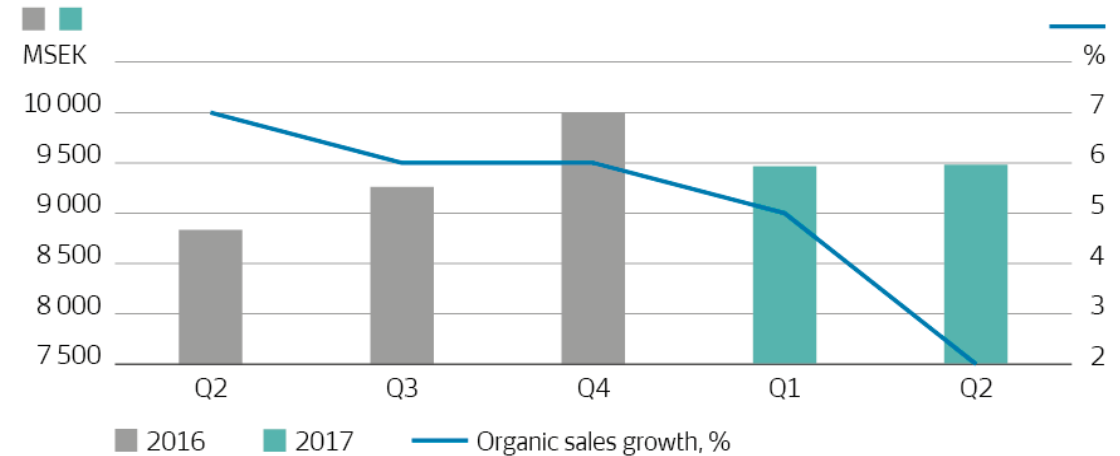


Financial Highlights

MSEK	Q2 2017	Q2 2016	Total change %	Real change %	H1 2017	H1 2016	Total change %	Real change %
Sales	23 031	21 517	7	4	45 522	42 131	8	5
<i>Organic sales growth, %</i>	<i>3</i>	<i>8</i>			<i>3</i>	<i>8</i>		
Operating income before amortization	1 132	1 087	4	1	2 183	2 083	5	1
<i>Operating margin, %</i>	<i>4.9</i>	<i>5.1</i>			<i>4.8</i>	<i>4.9</i>		
Amortization and impairment of acquisition-related assets	-61	-69			-124	-135		
Acquisition-related costs	-9	-21			-13	-41		
Operating income after amortization	1 062	997	7	3	2 046	1 907	7	3
Financial income and expenses	-94	-97			-196	-181		
Income before taxes	968	900	8	4	1 850	1 726	7	3
Net income for the period	690	632	9	5	1 314	1 213	8	4
Earnings per share (SEK)	1.89	1.73	9	5	3.60	3.32	8	4

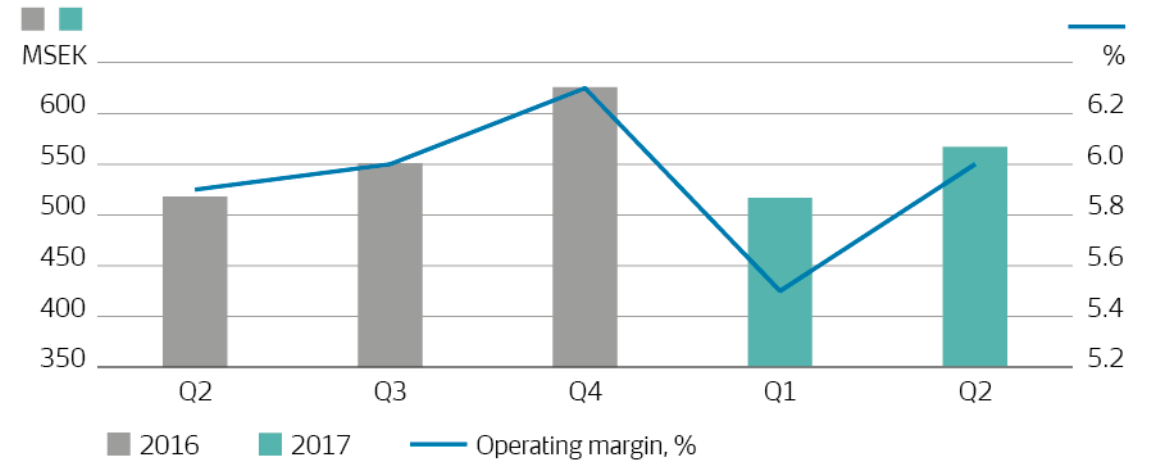
Security Services North America H1 2017 Sales Development

- Sales MSEK 18 946 (17 098)
- Organic sales growth 4 percent (6)
- Strong organic sales growth in almost all units, driven by strong new sales and high client retention
- Sales of security solutions and electronic security continued to grow at a good speed



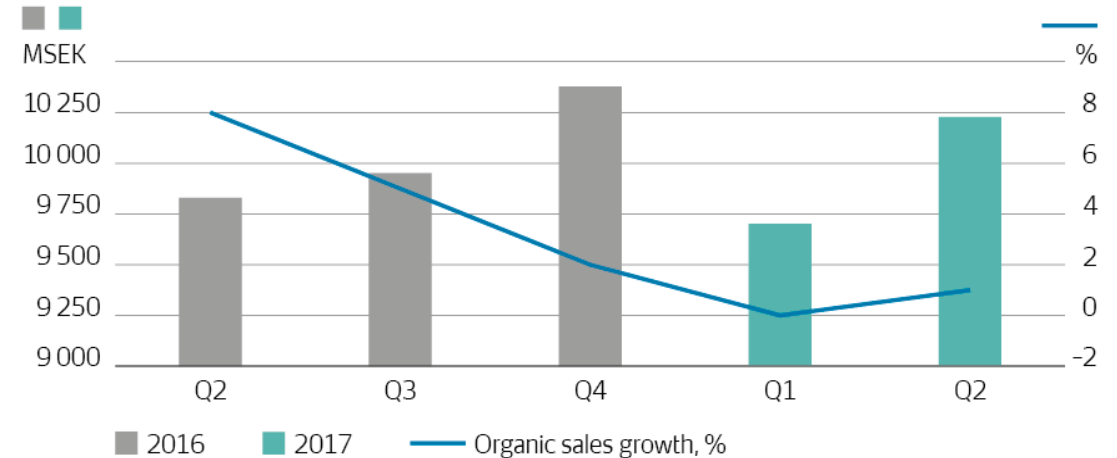
Security Services North America H1 2017 Operating Income Development

- Operating income before amortization
MSEK 1 084 (952)
- Operating margin 5.7 percent (5.6), an improvement
deriving from the strong topline giving leverage to the
cost base



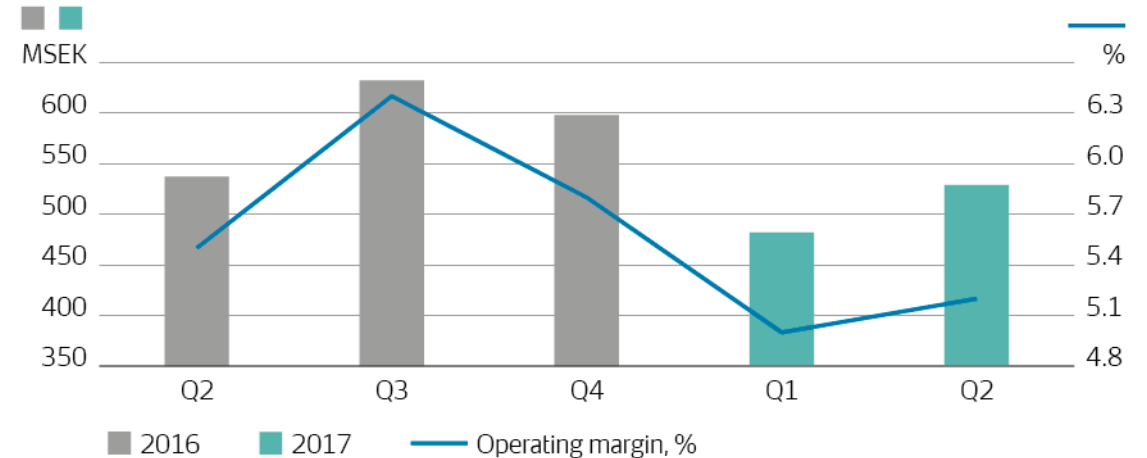
Security Services Europe H1 2017 Sales Development

- Sales MSEK 19 930 (19 364)
- Organic sales growth 0 percent (8)
- Germany, Netherlands and Turkey were main contributors to organic sales growth, however the growth was offset by lower refugee-related extra sales and the loss a few large previously communicated customer contracts
- We expect a gradual recovery of the portfolio business towards the end of 2017
- Sales of security solutions and electronic security continued to grow at a good pace



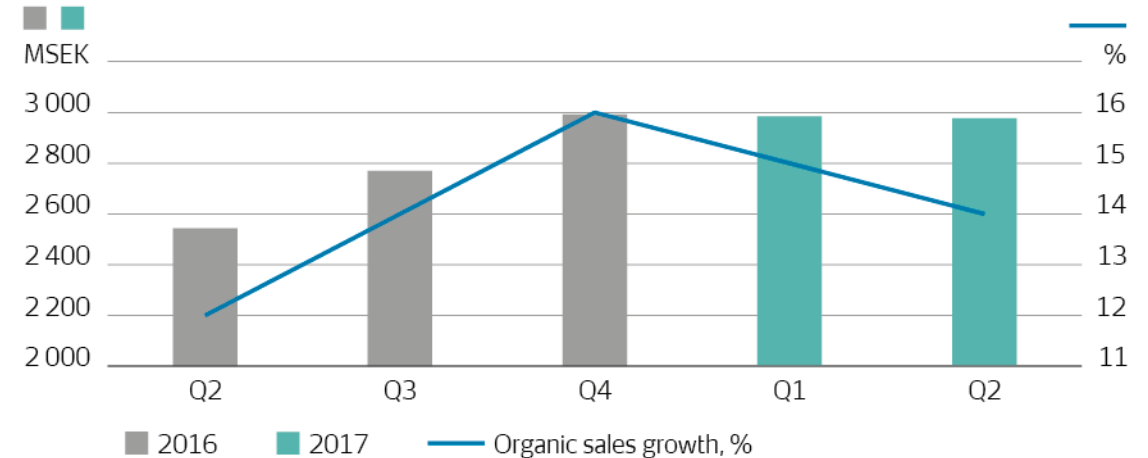
Security Services Europe H1 2017 Operating Income Development

- Operating income before amortization MSEK 1 011 (1 053)
- Operating margin 5.1 percent (5.4), a decline mainly explained by operational overcapacity and negative leverage in a few countries
- During the second quarter some cost reduction measures have been taken in order to adapt the structure to the expected sales growth levels



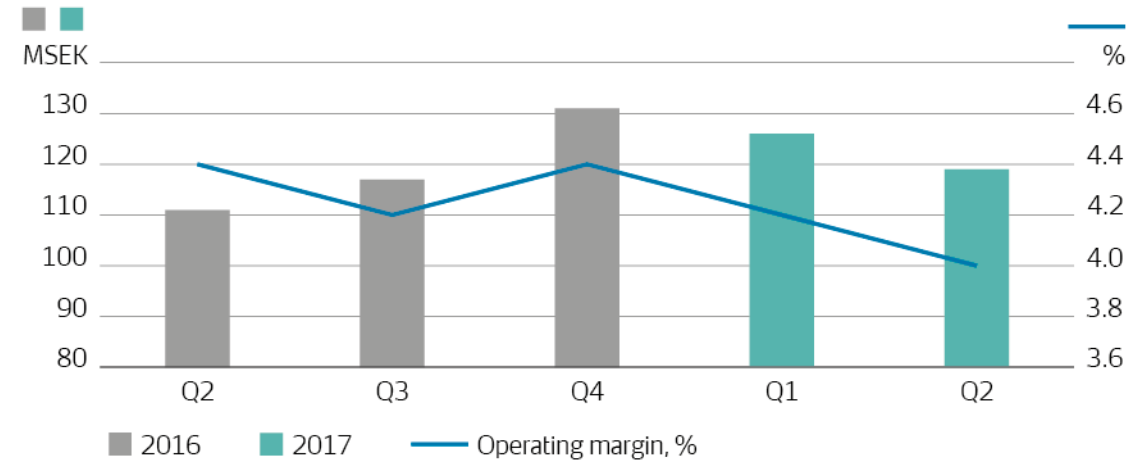
Security Services Ibero-America H1 2017 Sales Development

- Sales MSEK 5 962 (5 042)
- Organic sales growth 14 percent (13)
- Strong improvements in Chile, Portugal and Spain
- Argentina remained the main contributor to the business segment's organic sales growth, however the country is facing signs of stagnation in the macro economy
- In Latin America, organic sales growth was 21 percent (22)
- Sales of security solutions and electronic security continued to grow at good speed



Security Services Ibero-America H1 2017 Operating Income Development

- Operating income before amortization MSEK 245 (225)
- Operating margin 4.1 percent (4.5), a decline due to loss-making performance in Peru
- Actions have been taken in the second quarter to increase profitability in Peru and the performance is expected to improve in the second half of the year
- Spain and Portugal supported the operating margin in the business segment



Cash Flow

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating income before amortization	1 132	1 087	2 183	2 083
Investments in non-current tangible and intangible assets	-423	-542	-815	-867
Reversal of depreciation	341	284	674	566
Net investments in non-current assets	-82	-258	-141	-301
Change in accounts receivable	-169	-356	155	-543
Change in other operating capital employed	-27	100	-971	-491
Cash flow from operating activities	854	573	1 226	748
<i>Cash flow from operating activities, %</i>	<i>75</i>	<i>53</i>	<i>56</i>	<i>36</i>
Financial income and expenses paid	-39	-37	-346	-230
Current taxes paid	-404	-321	-715	-530
Free cash flow	411	215	165	-12
<i>As % of adjusted income</i>	<i>53</i>	<i>28</i>	<i>11</i>	<i>-1</i>
Free cash flow to net debt	-	-	0.13	0.13

The net investments include capex in security solutions contracts

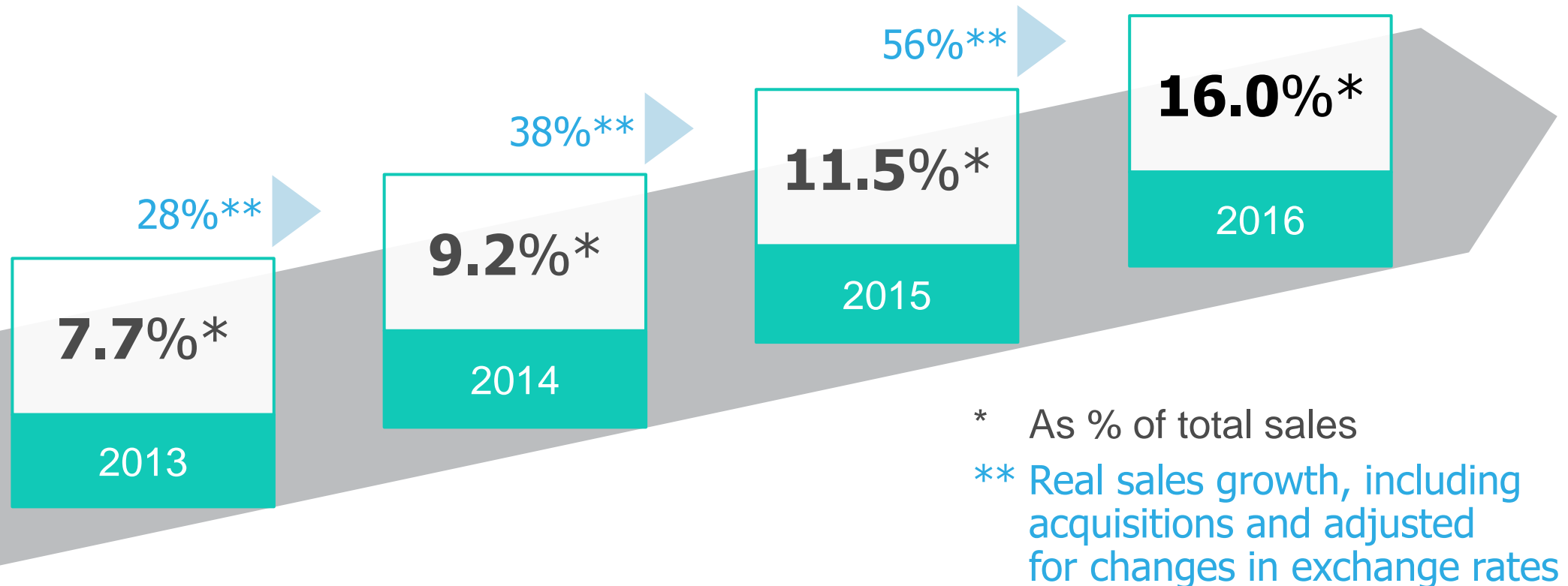
Net Debt Development

MSEK

Net debt Jan 1, 2017	-13 431
Free cash flow	165
Acquisitions	-228
Dividend	-1 369
Change in net debt	-1 432
Revaluation	-29
Translation	353
Net debt Jun 30, 2017	-14 539



Securitas Group Security Solutions and Electronic Security Sales



Q&A





THANK
YOU

