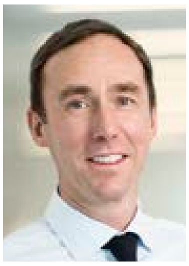
SECURITAS AB
INTERIM REPORT
January–March 2019

JANUARY–MARCH 2019

- Total sales MSEK 26 744 (23 356)
- Organic sales growth 7 percent (6)
- Operating income before amortization MSEK 1 290 (1 091)
- Operating margin 4.8 percent (4.7)
- Items affecting comparability (IAC) MSEK –20 (0), relating to IS/IT transformation programs
- Earnings per share SEK 2.08 (1.89)
- Earnings per share, before IAC, SEK 2.12 (1.89)
- Free cash flow/net debt 0.14 (0.08)

Comments from the President and CEO



We had a strong start to 2019

Contents

We had a strong start of the year, showing organic sales growth in the Group of 7 percent (6) in the first quarter. All business segments contributed to the improvement. Our comprehensive offering of protective services in combination with strong commercial activities allow us to grow faster than the security market in general. The operating conditions are similar to 2018 and we have good momentum. Security solutions and electronic security sales also developed well and grew by 17 percent compared with 2018, and now represent 21 percent of total Group sales.

The operating result, adjusted for changes in exchange rates, grew with 11 percent. The operating margin was 4.8 percent (4.7) in the first quarter, with a solid performance in North America, as well as in Ibero-America where Spain continued to show strong performance. The operating margin in Europe also improved and was supported by the cost savings program initiated during 2018. We have a continuous focus on managing the price and wage balance and did so also in the first quarter of 2019.

Earnings per share, adjusted for changes in exchange rates and items affecting comparability, improved by 3 percent. The earnings per share growth was negatively impacted by a higher effective tax rate in the US and by a negative net effect from IFRS 16.

Operating and free cash flow improved compared with the same quarter last year but cash management remains an area of focus across all business segments.

Driving the transformation of the security services industry

We foresee a future where scale and data availability are critical and we will drive the next big shift in the security services industry to benefit our clients and society as a whole. Earlier this year we announced two major programs to accelerate the transformation of Securitas. The objective of the first program is to radically modernize our global IS/IT platform and capability throughout the Group and we expect significant benefits in terms of efficiency and being able to launch digital products at scale. The second program drives a business transformation of our North American operations with the objective of operating in a more effective way. We are progressing according to plan with both programs and are excited about the long term impact they will have on our way of operating and on our ability to offer data-driven intelligent protective services to our clients. These programs are comprehensive multi-year transformation agendas, enabling us to build for the long-term.

In the near term, we continue to focus on enhancing our client engagement and continuously strengthening our offering and relationships with our clients. We continue to drive specialization of our protective services and to combine the protective services into tailored solutions for our clients based on their risk profile and needs.

It is now 14 months since I started as President & CEO for Securitas. Apart from extensive work with the strategy and a lot of client interaction, I continue to prioritize meeting with our people. We have good momentum as a company and this is thanks to all our fantastic people who are making a difference every day. We are now accelerating the transformation of our company and with our team of 370 000 people we are excited about the opportunities ahead.

Magnus Ahlqvist
President and
Chief Executive Officer

January–March summary

Securitas has adopted IFRS 16 Leases as of January 1, 2019. The cumulative effect of the adoption has been recognized without restatement of the comparative periods. Further information can be found in notes 1 and 2 on page 17.

FINANCIAL SUMMARY

	Quarter		*Change, %*		Full year	*Change, %*
MSEK	**Q1 2019**	**Q1 2018**	***Total***	***Real***	**2018**	***Total***
Sales	**26 744**	**23 356**	**15**	**9**	**101 467**	**10**
Organic sales growth, %	7	6			6	
Operating income before amortization	**1 290**	**1 091**	**18**	**11**	**5 304**	**13**
Operating margin, %	4.8	4.7			5.2	
Amortization of acquisition-related intangible assets	-66	-63			-260	
Acquisition-related costs	-12	-9			-120	
Items affecting comparability*	-20	-			-455	
Operating income after amortization	**1 192**	**1 019**	**17**	**10**	**4 469**	**2**
Financial income and expenses	-139	-93			-441	
Income before taxes	**1 053**	**926**	**14**	**5**	**4 028**	**0**
Net income for the period	**760**	**690**	**10**	**2**	**3 021**	**10**
Earnings per share, SEK	2.08	1.89	10	1	8.26	10
EPS before items affecting comparability, SEK	2.12	1.89	12	3	9.17	17
Cash flow from operating activities, %	-5	-85			60	
Free cash flow	-606	-1 428			1 884	
Free cash flow to net debt ratio	0.14	0.08			0.13	
Net debt to EBITDA ratio	2.8	2.4			2.3	

* Refer to note 8 on page 20 for further information.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth		Operating margin	
%	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**
Security Services North America	6	8	5.7	5.5
Security Services Europe	4	4	5.0	4.9
Security Services Ibero-America	19	9	4.7	4.4
Group	**7**	**6**	**4.8**	**4.7**

Group development

JANUARY–MARCH 2019

Sales development

Sales amounted to MSEK 26 744 (23 356) and organic sales growth was 7 percent (6), with all business segments contributing to the improvement. Security Services North America delivered organic sales growth of 6 percent (8) and Security Services Europe was strong at 4 percent (4). Security Services Ibero-America showed 19 percent (9).

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 9 percent (7).

Sales of security solutions and electronic security sales amounted to MSEK 5 528 (4 522) or 21 percent (19) of total sales in the first quarter 2019. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 17 percent (20).

Operating income before amortization

Operating income before amortization was MSEK 1 290 (1 091) which, adjusted for changes in exchange rates, represented a real change of 11 percent (7).

The Group's operating margin was 4.8 percent (4.7), with all business segments contributing to the improvement. Especially the operating margin in Security Services North America and Security Services Ibero-America saw a good improvement. The operating margin was hampered by investments in the Vision 2020 strategy. Total price adjustments in the Group were on par with wage cost increases.

The adoption of IFRS 16 Leases had a positive impact on the operating result of MSEK 17 in the quarter. For further information regarding leases refer to notes 1 and 2.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –66 (–63).

Acquisition related costs were MSEK –12 (–9). For further information regarding acquisition related costs refer to note 7.

Items affecting comparability were MSEK –20 (0), related to the IS/IT transformation programs.

Financial income and expenses

Financial income and expenses amounted to MSEK –139 (–93). The adoption of IFRS 16 Leases had a negative impact of MSEK –36. Furthermore, financial income and expenses were negatively impacted by the development of USD interest rates, a weaker Swedish krona and increased net debt. Financial income and expenses were positively impacted by an amount of MSEK 7 related to hyperinflation accounting in Argentina.

Income before taxes

Income before taxes was MSEK 1 053 (926). The adoption of IFRS 16 Leases had a negative effect of MSEK –19 on income before taxes. For further information regarding leases refer to notes 1 and 2.

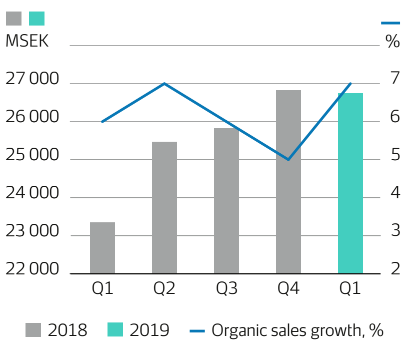
Taxes, net income and earnings per share

The Group's tax rate was 27.8 percent (25.5). The tax rate before tax on items affecting comparability was 27.8 percent. Assessing the current tax base and tax matters, the best judgment now is that the full year Group tax rate in 2019 is expected to be around 27.8 percent. The increase compared to full year 2018 is mainly due to reversed effects from the US tax reform.

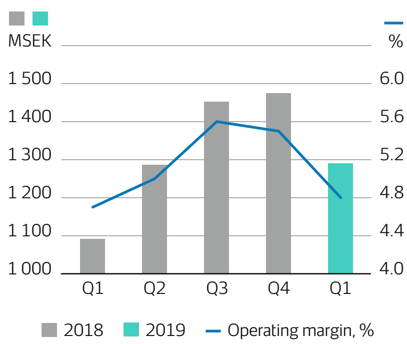
Net income was MSEK 760 (690). The adoption of IFRS 16 Leases had a negative effect on net income. For further information regarding leases refer to notes 1 and 2.

Earnings per share amounted to SEK 2.08 (1.89). Earnings per share before items affecting comparability amounted to SEK 2.12 (1.89).

Quarterly sales development



Quarterly operating income development



Security Services North America

Security Services North America provides protective services in the US, Canada and Mexico and comprises 15 business units: the national and global accounts organization, five geographical regions and seven specialized business units in the US – critical infrastructure services, healthcare, Pinkerton Corporate Risk Management, mobile, manufacturing, oil and gas and Securitas Electronic Security – plus Canada and Mexico. In total, there are approximately 720 branch managers and 122 000 employees.

	Quarter		Change, %		Full year
MSEK	**Q1 2019**	**Q1 2018**	**Total**	**Real**	**2018**
Total sales	**11 569**	**9 365**	***24***	***10***	**42 366**
Organic sales growth, %	*6*	*8*			*6*
Share of Group sales, %	*43*	*40*			*42*
Operating income before amortization	**655**	**512**	**28**	**13**	**2 589**
Operating margin, %	*5.7*	*5.5*			*6.1*
Share of Group operating income, %	*51*	*47*			*49*

January–March 2019

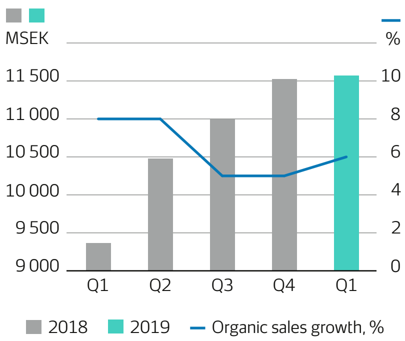
Organic sales growth was solid on 6 percent (8), on strong comparatives. Main contribution derived from the five geographical regions and the business unit critical infrastructure services. The client retention rate was 89 percent (91), a decline due to the termination of a few large client contracts.

Security solutions and electronic security sales represented MSEK 2 078 (1 532) or 18 percent (16) of total sales in the business segment In the first quarter.

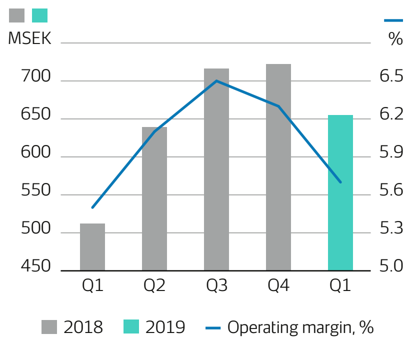
The operating margin was 5.7 percent (5.5), supported mainly by the risk management business and Securitas Electronic Security. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 13 percent in the first quarter.

Quarterly sales development



Quarterly operating income development



Security Services Europe

Security Services Europe provides security services for large and medium-sized clients in 28 countries, and airport security in 15 countries. The service offering also includes mobile security services for small and medium-sized businesses and residential sites, and electronic alarm surveillance services. In total, the organization has approximately 770 branch managers and 128 000 employees.

	Quarter		Change, %		Full year
MSEK	Q1 2019	Q1 2018	Total	Real	2018
Total sales	**11 451**	**10 575**	**8**	**6**	**45 040**
Organic sales growth, %	4	4			4
Share of Group sales, %	43	45			44
Operating income before amortization	**567**	**514**	**10**	**8**	**2 511**
Operating margin, %	5.0	4.9			5.6
Share of Group operating income, %	44	47			47

January–March 2019

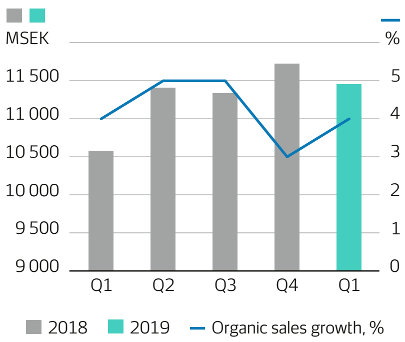
Organic sales growth was 4 percent (4), with main contribution from Belgium, Germany and Turkey, but hampered by France and Sweden. The portfolio development in the first quarter was solid and the client retention rate was 93 percent (92).

Security solutions and electronic security sales represented MSEK 2 516 (2 189) or 22 percent (21) of total sales in the business segment.

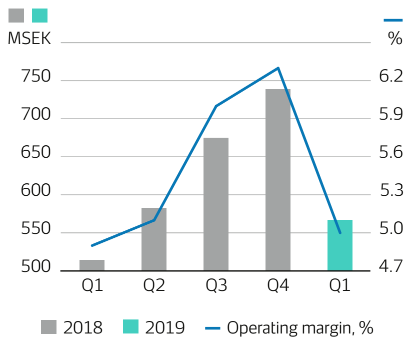
The operating margin was 5.0 percent (4.9), supported by the cost savings program initiated during 2018 and by the project-related electronic security business in Turkey. The operating margin was hampered by start up costs in a few large contracts, by the termination of a profitable contract in Sweden and continued challenging conditions in France. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against foreign currencies, primarily the Euro, which had a positive effect on operating income in Swedish kronor. The real change was 8 percent in the first quarter.

Quarterly sales development



Quarterly operating income development



Security Services Ibero-America

Security Services Ibero-America provides security services for large and medium-sized clients in nine Latin American countries as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 170 branch managers and 63 000 employees.

	Quarter		Change, %		Full year
MSEK	**Q1 2019***	**Q1 2018**	**Total**	**Real**	**2018**
Total sales	**3 240**	**3 012**	**8**	**19**	**12 315**
Organic sales growth, %	*19*	*9*			*12*
Share of Group sales, %	*12*	*13*			*12*
Operating income before amortization	**153**	**134**	**14**	**21**	**550**
Operating margin, %	*4.7*	*4.4*			*4.5*
Share of Group operating income, %	*12*	*12*			*10*

* As of July 1, 2018, Securitas has adopted IAS 29 Financial reporting in hyperinflationary economies for our operations in Argentina. When calculating the key ratios for organic sales growth percentage and real change percentage, the impact from the remeasurement is treated similarly to currency change. The calculated key ratio percentages are thus comparable as to how these were calculated before the adoption of IAS 29. The impact from IAS 29 is a remeasurement of sales with MSEK –23 and a remeasurement of operating income before amortization of MSEK –1 for Q1 2019.

January–March 2019

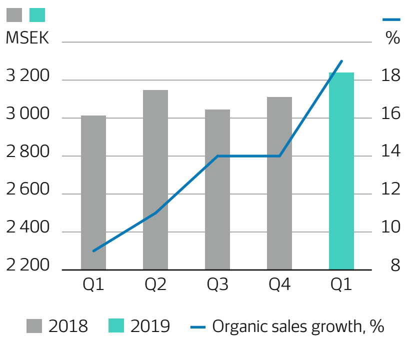
Organic sales growth was 19 percent (9). The improvement derived mainly from Spain with double-digit organic sales growth and from price increases in Argentina.

Security solutions and electronic security sales represented MSEK 885 (763) or 27 percent (25) of total sales in the business segment.

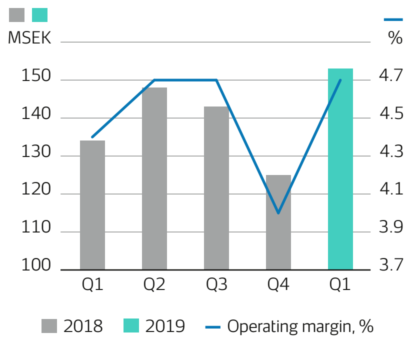
The operating margin was 4.7 percent (4.4), an improvement driven by a good development of high margin security solutions sales in Spain, of which an important part are short term contracts. The operating margin was burdened by Argentina and continued challenging conditions are expected in the coming quarters. The client retention rate was 92 percent (91). The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate strengthened against the Argentinian peso while it weakened against the Euro. The net effect was negative on operating income in Swedish kronor. The real change in the segment was 21 percent in the first quarter.

Quarterly sales development



Quarterly operating income development



Cash flow

The adoption of IFRS16 Leases has had no net impact on cash flow from operating activities nor on the free cash flow according to Securitas financial model. The cash flow is consequently prepared on the same basis as in 2018.

January–March 2019

Cash flow from operating activities amounted to MSEK –67 (–925), equivalent to –5 percent (–85) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –133 (–274). Changes in other operating capital employed were MSEK –1 157 (–1 603). Last year was particularly negatively impacted by Europe where the timing of Easter resulted in late payments from clients combined with a negative impact from payments made for VAT and employee related balances. Cash flow from operating activities was also impacted by net investments in non-current tangible and intangible assets, amounting to MSEK –67 (–139). The net investments of MSEK –67 include capital expenditures in equipment for solution contracts, and is the result of investments of MSEK –707 and reversal of depreciation of MSEK 640. The adoption of IFRS 16 Leases impacted the investments with MSEK –219 and the reversal of depreciation with MSEK 202.

Free cash flow was MSEK –606 (–1 428), equivalent to –72 percent (–182) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –149 (–514), of which purchase price payments accounted for MSEK –151 (–531), assumed net debt for MSEK 35 (34) and acquisition related costs paid for MSEK –33 (–17).

Cash flow from items affecting comparability amounted to MSEK –66 (0). Refer to note 8 for further information.

Cash flow from financing activities was MSEK 1 022 (804) due to a net increase in borrowings.

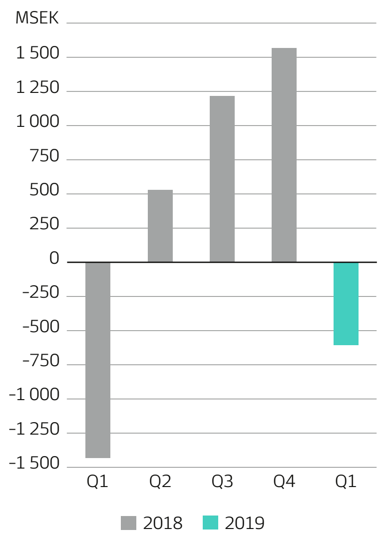
Cash flow for the period was MSEK 201 (–1 138). The closing balance for liquid funds after translation differences of MSEK 42 was MSEK 3 472 (3 229 as of December 31, 2018).

Free cash flow

MSEK	Jan–Mar 2019
Operating income before amortization[1)]	1 290
Net investments[2)]	-67
Change in accounts receivable	-133
Change in other operating capital employed	-1 157
Cash flow from operating activities	**-67**
Financial income and expenses paid	-289
Current taxes paid	-250
Free cash flow	**-606**

1) Effect from IFRS 16 amounts to MSEK 17.
2) Net effect from IFRS 16 amounts to MSEK -17, consisting of investments MSEK -219 and reversal of depreciation MSEK 202.

Quarterly free cash flow



Capital employed and financing

Capital employed as of March 31, 2019

The Group's operating capital employed was MSEK 14 239 (9 199 as of December 31, 2018), corresponding to 13 percent of sales (9 as of December 31, 2018), adjusted for the full-year sales figures of acquired units. Adjusted for the impact of IFRS 16 Leases the operating capital employed as percent of sales would have been 10 percent (9 as of December 31, 2018). The adoption of IFRS 16 Leases increased the Group´s operating capital employed by MSEK 3 433 as of January 1, 2019. The increase in operating capital employed is further explained by the negative free cash flow. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 242.

The Group's total capital employed was MSEK 38 137 (32 170 as of December 31, 2018). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 1 006. The return on capital employed was 13 percent (15 as of December 31, 2018).

Adjusted for the impact of IFRS 16 Leases the return on capital employed would have been 14 percent (15 as of December 31, 2018).

Financing as of March 31, 2019

The Group's net debt amounted to MSEK 19 290 (14 513 as of December 31, 2018). The net debt was negatively impacted mainly by a change in lease liabilities of MSEK -3 459, free cash flow of MSEK -606 and the translation of net debt in foreign currency to Swedish kronor of MSEK -451.

The free cash flow to net debt ratio amounted to 0.14 (0.08). The net debt to EBITDA ratio was 2.8 (2.4). The interest coverage ratio amounted to 10.1 (12.1). Adjusted for the impact of IFRS 16 Leases the free cash flow to net debt ratio would have been 0.17 (0.08) and the net debt to EBITDA ratio would have been 2.4 (2.4), while the interest coverage ratio would have been 10.7 (12.1).

Securitas has a revolving credit facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440 and matures in 2022. On March 31, 2019, MUSD 65 of the facility was drawn. Further information regarding financial instruments and credit facilities is provided in note 9.

Standard and Poor's rating for Securitas is BBB. The "stable" outlook was upgraded to "positive" outlook on April 16, 2019.

Shareholders' equity amounted to MSEK 18 847 (17 657 as of December 31, 2018). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 555. Refer to the statement of comprehensive income on page 12 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of March 31, 2019.

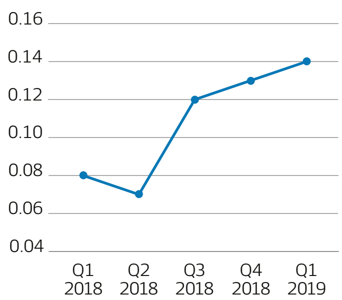
Capital employed and financing

MSEK	Mar 31, 2019
Operating capital employed	14 239
Goodwill	21 903
Acquisition related intangible assets	1 508
Shares in associated companies	487
Capital employed	**38 137**
Net debt	19 290
Shareholders' equity	18 847
Financing	**38 137**

Net debt development

MSEK	
Jan 1, 2019	**-14 513**
Free cash flow	-606
Acquisitions	-149
Items affecting comparability	-66
Lease liabilities	-3 459
Change in net debt	**-4 280**
Revaluation	-46
Translation	-451
Mar 31, 2019	**-19 290**

Free cash flow/Net debt



Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–MARCH 2019 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enterprise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**21 061**	**1 458**
Global Elite Group, the US [6]	Security Services North America	Jan 10	100	290	124	121	70
Other acquisitions and divestitures [5] [6]		–	–	–42	–8	–5	–
Total acquisitions and divestitures January–March 2019				**248**	**116**	**116**	**70**
Amortization of acquisition related intangible assets						–	–66
Exchange rate differences and remeasurement for hyperinflation						726	46
Closing balance						**21 903**	**1 508**

1) Refers to business segment with main responsibility for the acquisition.

2) Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.

3) Estimated annual sales.

4) Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.

5) Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: WHD Wachdienst Heidelberg, Germany and Securitas Interim (divestiture), France. Related also to deferred considerations paid in Austria and Czech Republic.

6) Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK 81. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 359.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 15. Transaction costs and revaluation of deferred considerations can be found in note 7 on page 19.

Global Elite Group, the US

Securitas Transport Aviation Services USA has acquired Global Elite Group, a leading security services provider to the aviation industry in the US. The purchase price is approximately MUSD 22 (MSEK 200), contingent upon reaching certain targets. Global Elite Group is based in Garden City, New York, and specializes in providing high level security services to various airlines, airports and airport related customers. The customer base consists of more than 60 commercial airlines and numerous general aviation clients. The growth pattern in the company has been solid over the years. The number of employees is approximately 1 050.

Securitas runs a twofold strategy in the US aviation market, addressing both the federal government with passenger and baggage screening for the Transportation Security Administration, as well as security services for the commercial market such as airlines, airports and airport related customers (e.g. cargo). The estimated market volume for the latter, i.e. the commercial market related to 450 airports, is between BUSD 1.3–1.8. The acquisition is consistent with Securitas strategy of expanding in the aviation industry. Global Elite Group is considered a premier aviation security service provider in the US. The company will strengthen and complement Securitas current aviation organization, and the combined network, footprint, licenses and know-how will increase the value we bring to existing and new customers. The acquisition was consolidated in Securitas as of January 10, 2019.

ACQUISITIONS AFTER THE FIRST QUARTER

Allcooper Group, the UK

Securitas has acquired all shares in the electronic security company Allcooper Group in the United Kingdom. Enterprise value is estimated to approximately MGBP 6 (MSEK 73). Allcooper Group, founded in 1987, specializes in the installation, maintenance and monitoring of a wide range of security and fire systems. It operates from bases in Gloucestershire, the West Midlands and London with around 100 employees and annual sales of approximately MGBP 7 (MSEK 88). Allcooper's expertise in electronic security and its portfolio of long-term customers will provide excellent support in Securitas' pursuit of its strategic objectives. The acquisition was consolidated in Securitas on April 1, 2019.

Staysafe, Australia

Securitas is strengthening its client value proposition in the Australian security market through the acquisition of Staysafe, a leading alarm monitoring company in Australia. Founded in 1987 and based in Melbourne, Staysafe is today one of the largest monitoring companies in Australia with MAUD 11 (MSEK 72) annual sales, 73 employees and 28 000 monitoring connections managed through two grade A1 monitoring centers located in Melbourne, Victoria and Adelaide in South Australia. The purchase price is estimated to MAUD 19 (MSEK 123). Since entering the Australian market in 2017 Securitas has experienced strong growth and expanded its geographical footprint and capabilities across the country. The acquisition will be consolidated in Securitas in the second quarter 2019.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2018 Annual Report and to note 12 on page 21. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Risks and uncertainties

Risk management is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract and acquisition risks, operational assignment risks and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2018.

In the preparation of financial reports, the Board of Directors and Group Management are required to make estimates and judgments. These estimates and judgments impact the statement of income and balance sheet as well as disclosures such as contingent liabilities. The actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming nine-month period, the financial impact of certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2018 and, where applicable, under the heading "Other significant events" above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB consists of Group Management and support functions for the Group.

January–March 2019
The Parent Company's income amounted to MSEK 289 (239) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 801 (1 295). Income before taxes amounted to MSEK 1 822 (1 414).

As of March 31, 2019
The Parent Company's non-current assets amounted to MSEK 44 016 (43 506 as of December 31, 2018) and mainly comprise shares in subsidiaries of MSEK 41 516 (41 332 as of December 31, 2018). Current assets amounted to MSEK 11 133 (7 329 as of December 31, 2018) of which liquid funds accounted for MSEK 2 155 (1 326 as of December 31, 2018).

Shareholders' equity amounted to MSEK 30 160 (28 499 as of December 31, 2018). The Parent Company's liabilities and untaxed reserves amounted to MSEK 24 989 (22 336 as of December 31, 2018) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 22.

Stockholm, May 6, 2019

Magnus Ahlqvist
President and Chief Executive Officer

This report has not been reviewed by the company's auditors.

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Sales	26 195	23 111	99 707
Sales, acquired business	549	245	1 760
Total sales[4)]	**26 744**	**23 356**	**101 467**
Organic sales growth, %[5)]	7	6	6
Production expenses[2)]	–22 113	–19 305	–83 570
Gross income[2)]	**4 631**	**4 051**	**17 897**
Selling and administrative expenses[2)]	–3 350	–2 977	–12 654
Other operating income[4)]	8	7	30
Share in income of associated companies	1	10	31
Operating income before amortization[2)]	**1 290**	**1 091**	**5 304**
Operating margin, %	4.8	4.7	5.2
Amortization of acquisition related intangible assets	–66	–63	–260
Acquisition related costs[7)]	–12	–9	–120
Items affecting comparability[8)]	–20	–	–455
Operating income after amortization[2)]	**1 192**	**1 019**	**4 469**
Financial income and expenses[2, 3, 9)]	–139	–93	–441
Income before taxes[2)]	**1 053**	**926**	**4 028**
Net margin, %	3.9	4.0	4.0
Current taxes	–305	–213	–962
Deferred taxes[2)]	12	–23	–45
Net income for the period[2)]	**760**	**690**	**3 021**
Whereof attributable to:			
Equity holders of the Parent Company	758	689	3 016
Non-controlling interests	2	1	5
Earnings per share before and after dilution[2)] (SEK)	2.08	1.89	8.26
Earnings per share before and after dilution and before items affecting comparability[2)] (SEK)	2.12	1.89	9.17

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Net income for the period	**760**	**690**	**3 021**
Other comprehensive income for the period			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit pension plans net of tax	34	18	–72
Total items that will not be reclassified to the statement of income[10)]	**34**	**18**	**–72**
Items that subsequently may be reclassified to the statement of income			
Remeasurement for hyperinflation net of tax[3)]	22	–	314
Cash flow hedges net of tax	–39	29	63
Cost of hedging net of tax	4	2	–44
Net investment hedges net of tax	–232	–190	–381
Other comprehensive income from associated companies, translation differences	20	0	19
Translation differences	767	529	668
Total items that subsequently may be reclassified to the statement of income[10)]	**542**	**370**	**639**
Other comprehensive income for the period[10)]	**576**	**388**	**567**
Total comprehensive income for the period	**1 336**	**1 078**	**3 588**
Whereof attributable to:			
Equity holders of the Parent Company	1 333	1 077	3 583
Non-controlling interests	3	1	5

Notes 2–10 refer to pages 17–21.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Operating income before amortization	**1 290**	**1 091**	**5 304**
Investments in non-current tangible and intangible assets	–707	–519	–2 188
Reversal of depreciation	640	380	1 693
Change in accounts receivable	–133	–274	–1 575
Change in other operating capital employed	–1 157	–1 603	–62
Cash flow from operating activities	**–67**	**–925**	**3 172**
Cash flow from operating activities, %	–5	–85	60
Financial income and expenses paid	–289	–243	–432
Current taxes paid	–250	–260	–856
Free cash flow	**–606**	**–1 428**	**1 884**
Free cash flow, %	–72	–182	48
Cash flow from investing activities, acquisitions and divestitures	–149	–514	–1 755
Cash flow from items affecting comparability[8)]	–66	–	–117
Cash flow from financing activities	1 022	804	–376
Cash flow for the period	**201**	**–1 138**	**–364**

Cash flow MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Cash flow from operations	–34	–925	3 858
Cash flow from investing activities	–604	–1 017	–3 846
Cash flow from financing activities	839	804	–376
Cash flow for the period	**201**	**–1 138**	**–364**

Change in net debt MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Opening balance	**–14 513**	**–12 333**	**–12 333**
Cash flow for the period	201	–1 138	–364
Change in lease liabilities	–3 459	–15	–31
Change in loans	–1 022	–789	–1 053
Change in net debt before revaluation and translation differences	**–4 280**	**–1 942**	**–1 448**
Revaluation of financial instruments[9)]	–46	41	26
Translation differences	–451	–233	–758
Change in net debt	**–4 777**	**–2 134**	**–2 180**
Closing balance	**–19 290**	**–14 467**	**–14 513**

Notes 8–9 refer to page 20–21.

CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Operating capital employed [2)]	**14 239**	**9 598**	**9 199**
Operating capital employed as % of sales	*13*	*10*	*9*
Return on operating capital employed, %	*43*	*55*	*58*
Goodwill	21 903	19 553	21 061
Acquisition related intangible assets	1 508	1 367	1 458
Shares in associated companies	487	424	452
Capital employed [2)]	**38 137**	**30 942**	**32 170**
Return on capital employed, %	*13*	*15*	*15*
Net debt [2)]	**–19 290**	**–14 467**	**–14 513**
Shareholders' equity	**18 847**	**16 475**	**17 657**
Net debt equity ratio, multiple	*1.02*	*0.88*	*0.82*

BALANCE SHEET

MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Goodwill	21 903	19 553	21 061
Acquisition related intangible assets	1 508	1 367	1 458
Other intangible assets	1 556	1 187	1 450
Right-of-use assets [2)]	3 581	206	222
Other tangible non-current assets	3 597	3 414	3 532
Shares in associated companies	487	424	452
Non-interest-bearing financial non-current assets	1 749	1 773	1 744
Interest-bearing financial non-current assets	456	680	499
Total non-current assets [2)]	**34 837**	**28 604**	**30 418**
Current assets			
Non-interest-bearing current assets	24 003	20 592	21 701
Other interest-bearing current assets	137	136	121
Liquid funds	3 472	2 495	3 229
Total current assets	**27 612**	**23 223**	**25 051**
TOTAL ASSETS [2)]	**62 449**	**51 827**	**55 469**

MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	18 819	16 453	17 632
Non-controlling interests	28	22	25
Total shareholders' equity	**18 847**	**16 475**	**17 657**
Equity ratio, %	30	32	32
Long-term liabilities			
Non-interest-bearing long-term liabilities	383	389	336
Long-term lease liabilities [2)]	2 797	109	116
Other interest-bearing long-term liabilities	16 295	16 630	15 858
Non-interest-bearing provisions	2 568	3 226	2 527
Total long-term liabilities [2)]	**22 043**	**20 354**	**18 837**
Current liabilities			
Non-interest-bearing current liabilities and provisions	17 296	13 959	16 587
Current lease liabilities [2)]	884	97	106
Other interest-bearing current liabilities	3 379	942	2 282
Total current liabilities [2)]	**21 559**	**14 998**	**18 975**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES [2)]	**62 449**	**51 827**	**55 469**

Note 2 refers to pages 17-18.

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2019 Attributable to equity holders of the Parent Company	Mar 31, 2019 Non-controlling interests	Mar 31, 2019 Total	Mar 31, 2018 Attributable to equity holders of the Parent Company	Mar 31, 2018 Non-controlling interests	Mar 31, 2018 Total	Dec 31, 2018 Attributable to equity holders of the Parent Company	Dec 31, 2018 Non-controlling interests	Dec 31, 2018 Total
Opening balance January 1, 2019/2018	**17 632**	**25**	**17 657**	**15 518**	**21**	**15 539**	**15 518**	**21**	**15 539**
Total comprehensive income for the period	1 333	3	1 336	1 077	1	1 078	3 583	5	3 588
Transactions with non-controlling interests	–	0	0	–1	0	–1	–2	–1	–3
Share based incentive scheme	–146	–	–146[1]	–141	–	–141	–7	–	–7
Dividend paid to the shareholders of the Parent Company	–	–	–	–	–	–	–1 460	–	–1 460
Closing balance March 31/December 31, 2019/2018	**18 819**	**28**	**18 847**	**16 453**	**22**	**16 475**	**17 632**	**25**	**17 657**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –147, hedging the share portion of Securitas share based incentive scheme 2018, and adjustment to grant date value of non-vested shares of MSEK 1, related to Securitas share based incentive scheme 2017.

DATA PER SHARE

SEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Share price, end of period	150.25	141.75	142.25
Earnings per share before and after dilution[1, 2]	2.08	1.89	8.26
Earnings per share before and after dilution and before items affecting comparability[1, 2]	2.12	1.89	9.17
Dividend	–	–	4.40[3]
P/E-ratio after dilution and before items affecting comparability	–	–	16
Share capital (SEK)	365 058 897	365 058 897	365 058 897
Number of shares outstanding[1]	365 058 897	365 058 897	365 058 897
Average number of shares outstanding[1]	365 058 897	365 058 897	365 058 897

[1] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.
[2] Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.
[3] Proposed dividend.

Segment overview January–March 2019 and 2018

JANUARY–MARCH 2019

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	11 566	11 451	3 240	487	–	26 744
Sales, intra-group	3	0	0	1	–4	–
Total sales	**11 569**	**11 451**	**3 240**	**488**	**–4**	**26 744**
Organic sales growth, %	*6*	*4*	*19*	*–*	*–*	*7*
Operating income before amortization	**655**	**567**	**153**	**–85**	**–**	**1 290**
of which share in income of associated companies	*–6*	*–*	*–*	*7*	*–*	*1*
Operating margin, %	*5.7*	*5.0*	*4.7*	*–*	*–*	*4.8*
Amortization of acquisition related intangible assets	–16	–39	–7	–4	–	–66
Acquisition related costs	–8	–4	–	0	–	–12
Items affecting comparability	–9	–3	–1	–7	–	–20
Operating income after amortization	**622**	**521**	**145**	**–96**	**–**	**1 192**
Financial income and expenses	–	–	–	–	–	–139
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 053**

JANUARY–MARCH 2018

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 365	10 575	3 011	405	–	23 356
Sales, intra-group	0	–	1	0	–1	–
Total sales	**9 365**	**10 575**	**3 012**	**405**	**–1**	**23 356**
Organic sales growth, %	*8*	*4*	*9*	*–*	*–*	*6*
Operating income before amortization	**512**	**514**	**134**	**–69**	**–**	**1 091**
of which share in income of associated companies	*–3*	*–*	*–*	*13*	*–*	*10*
Operating margin, %	*5.5*	*4.9*	*4.4*	*–*	*–*	*4.7*
Amortization of acquisition related intangible assets	–11	–38	–9	–5	–	–63
Acquisition related costs	–5	–4	–	0	–	–9
Items affecting comparability	–	–	–	–	–	–
Operating income after amortization	**496**	**472**	**125**	**–74**	**–**	**1 019**
Financial income and expenses	–	–	–	–	–	–93
Income before taxes	**–**	**–**	**–**	**–**	**–**	**926**

Notes

NOTE 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report comprises pages 1–23 and pages 1–11 are thus an integrated part of this financial report.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 73 to 79 in the Annual Report for 2018. The accounting principles are also available on the Group's website www.securitas.com under the section Investors – Financial data – Accounting Principles.

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 41 on page 131 in the Annual Report for 2018.

Adoption and impact of new and revised IFRS that have been applied as from January 1, 2019

IFRS 16 Leases came into force on January 1, 2019 and has been adopted by Securitas as of that date. For further information regarding Securitas adoption of IFRS 16, refer to note 2 in this interim report as well as to note 2 and note 40 in the Annual Report 2018.

Amendments to IAS 19 Employee Benefits came into force on January 1, 2019 and has been adopted by Securitas as of that date. The amendments clarify the accounting for defined benefit plan amendments, curtailments and settlements. They are not expected to have any material impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2019 are assessed to have any impact on the Group's financial statements.

Introduction and effect of new and revised IFRS that are effective as from 2020 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2020 or later remain to be assessed.

Usage of key ratios not defined in IFRS

For definitions and calculations of key ratios not defined in IFRS, refer to notes 5 and 6 in this interim report as well as to note 3 in the Annual Report 2018.

NOTE 2 Adoption of IFRS 16 Leases

Securitas has adopted IFRS 16 as of January 1, 2019. The cumulative effect of the adoption has been recognized without restatement of the comparative periods.

Securitas' lease agreements are mainly attributable to buildings and vehicles. As from the transition to IFRS 16, they are accounted for as right-of-use assets and long-term and current lease liabilities in the consolidated balance sheet.

In the consolidated statement of income, depreciation of the right of use assets is accounted for on the lines production expenses and selling and administrative expenses. Interest expenses are accounted for on the line financial income and expenses. In the Group´s segment overviews, the effects of the adoption of IFRS 16 are accounted for under each segment.

The lease liabilities on January 1, 2019 have been measured at the present value of remaining lease payments, discounted by using the incremental borrowing rate for each country. The right of use assets on January 1, 2019 have been measured at an amount equal to the lease liabilities.

Extension clauses are evaluated for each lease agreement and are applied based on our best estimate at each closing. Leases for which the lease term ends within 12 months of the date of initial application have been accounted for as short-term leases and are thus excluded from the lease liabilities accounted for under IFRS 16.

As a consequence of adopting IFRS 16 on the segment level, the Group will change the level of impairment testing for goodwill from the country level to the segment level in 2019.

The effects on the consolidated statement of income and the consolidated balance sheet from the adoption of IFRS 16 are specified in the tables below.

EFFECTS ON CONSOLIDATED STATEMENT OF INCOME

MSEK	Jan–Mar 2019
Operating income before amortization*	17
Financial expenses	-36
Income before taxes	**-19**
Deferred taxes	5
Net income for the period	**-14**
Earnings per share before and after dilution (SEK)	-0.04
Earnings per share before and after dilution and before items affecting comparability (SEK)	-0.04

* Depreciation of right-of-use assets included in operating income was MSEK -202 and interest on lease liabilities included in financial expenses was MSEK -36.

BRIDGE BETWEEN OPERATING LEASES UNDER IAS 17 AND LEASE LIABILITY ACCORDING TO IFRS 16

MSEK	Jan 1, 2019
Operating leases under IAS 17 at December 31, 2018	4 259
Effect of discounting	-504
Finance leases recognized at December 31, 2018	222
Short-term leases recognized on a straight-line basis as expense	-269
Low-value leases recognized on a straight-line basis as expense	-53
Lease liability under IFRS 16 at January 1, 2019	**3 655**

EFFECTS ON CONSOLIDATED CAPITAL EMPLOYED AND FINANCING

MSEK	Jan 1, 2019
Capital employed	
Previously recognized financial lease assets Jan 1, 2019	222
Additional right-of-use assets under IFRS 16, Jan 1, 2019	3 433
Operating capital employed Jan 1, 2019	**3 655**
Financing	
Previously recognized financial lease liabilities Jan 1, 2019	222
Additional lease liabilities under IFRS 16 Jan 1, 2019	3 433
Net debt Jan 1, 2019	**3 655**

EFFECTS ON CONSOLIDATED BALANCE SHEET

MSEK	Jan 1, 2019
Assets	
Previously recognized financial lease assets Jan 1, 2019	222
Additional right-of-use assets under IFRS 16, Jan 1, 2019	3 433
Total right-of-use assets Jan 1, 2019*	**3 655**
Liabilities	
Previously recognized financial lease liabilities Jan 1, 2019	222
Additional lease liabilities under IFRS 16 Jan 1, 2019	3 433
Total lease liabilities Jan 1, 2019*	**3 655**

*As of March 31, 2019 right-of-use assets were MSEK 3 581 while total long-term and current lease liabilities were MSEK 3 681.

Note 2, cont.

	Mar 31, 2019	Impact from IFRS 16	Mar 31, 2019 adjusted for IFRS 16	Mar 31, 2018
Net debt to EBITDA	2.8	-0.4	2.4	2.4
Free cash flow to net debt	0.14	0.03	0.17	0.08
Interest coverage ratio	10.1	0.6	10.7	12.1
Operating capital employed as % of sales	13	-3	10	10
Return on operating capital employed, %	43	7	50	55
Return on capital employed, %	13	1	14	15
Net debt to equity ratio	1.02	-0.18	0.84	0.88
Equity, %	30	2	32	32

NOTE 3 Remeasurement for hyperinflation

The impact on the consolidated statement of income from the application of IAS 29 Financial reporting in Hyperinflationary economies is illustrated below. The SEK/ARS rate as of December 31, 2018 was 0.23 and as of March 31, 2019 it was 0.21.

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jul-Dec 2018
Remeasurement on first time adoption July 1, 2018	–	–	275
Remeasurement current period	22	–	39
Total remeasurement for hyperinflation, net of taxes	**22**	**–**	**314**

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jul-Dec 2018
Financial income and expenses	7	–	23
Total monetary gain	**7**	**–**	**23**

NOTE 4 Revenue

MSEK	Jan-Mar 2019	%	Jan-Mar 2018	%	Jan-Dec 2018	%
Guarding services	20 778	77	18 521	80	79 567	79
Security solutions and electronic security	5 528	21	4 522	19	20 440	20
Other	438	2	313	1	1 460	1
Total sales	**26 744**	**100**	**23 356**	**100**	**101 467**	**100**
Other operating income	8	0	7	0	30	0
Total revenue	**26 752**	**100**	**23 363**	**100**	**101 497**	**100**

Guarding services
This comprises on-site and mobile guarding, which is services with the same revenue recognition pattern. Revenue is recognized over time, as the services are rendered by Securitas and simultaneously consumed by the customers. Such services cannot be reperformed.

Security solutions and electronic security
This comprises two broad categories regarding security solutions and electronic security.

Security solutions are a combination of services such as on-site and/or mobile guarding and/or remote guarding. These services are combined with a technology component in terms of equipment owned and managed by Securitas and used in the provision of services. The equipment is installed at the customer site. The revenue recognition pattern is over time, as the services are rendered by Securitas and simultaneously consumed by the customers. A security solution normally constitutes one performance obligation.

Electronic security consists of the sale of alarm installations comprising design and installation (time, material and related expenses). Revenue is recognized as per the contract, either upon completion of the conditions in the contract, or over time based on the percentage of completion. Remote guarding (in the form of alarm monitoring services), that is sold separately and not as part of a security solution, is also included in this category. Revenue recognition is over time as this is also a service that is rendered by Securitas and simultaneously consumed by the customers. The category further includes maintenance services, that are either performed upon request (time and material) with revenue recognition at a point in time (when the work has been performed), or over time if part of a service level contract with a subscription fee. Finally there is also a to a limited extent product sales (alarms and components) without any design or installation. The revenue recognition is at a point in time (upon delivery).

Other
Other comprises mainly corporate risk management services that are either recognized over time or at a point in time as well as other ancillary business.

Other operating income
Other operating income consists in its entirety of trade mark fees for the use of the Securitas brand name.

Revenue per segment
The disaggregation of revenue by segment is shown in the table below. Total sales agree to total sales in the segment overviews.

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018
Guarding services	9 053	7 520	8 935	8 386	2 355	2 249	439	367	-4	-1	20 778	18 521
Security solutions and electronic security	2 078	1 532	2 516	2 189	885	763	49	38	–	–	5 528	4 522
Other	438	313	–	–	–	–	–	–	–	–	438	313
Total sales	**11 569**	**9 365**	**11 451**	**10 575**	**3 240**	**3 012**	**488**	**405**	**-4**	**-1**	**26 744**	**23 356**
Other operating income	–	–	–	–	–	–	8	7	–	–	8	7
Total revenue	**11 569**	**9 365**	**11 451**	**10 575**	**3 240**	**3 012**	**496**	**412**	**-4**	**-1**	**26 752**	**23 363**

NOTE 5 Organic sales growth and currency changes

The calculation of real and organic sales growth and the specification of currency changes on operating income before and after amortization, income before taxes, net income and earnings per share are specified below. The impact from remeasurement for hyperinflation due to the application of IAS 29 is included in currency change.

MSEK	Jan–Mar 2019	Jan–Mar 2018	*Jan–Mar %*
Total sales	**26 744**	**23 356**	**15**
Currency change from 2018	-1 261	–	
Currency adjusted sales growth	**25 483**	**23 356**	**9**
Acquisitions/divestitures	-549	-4	
Organic sales growth	**24 934**	**23 352**	**7**
Operating income before amortization	**1 290**	**1 091**	**18**
Currency change from 2018	-75	–	
Currency adjusted operating income before amortization	**1 215**	**1 091**	**11**
Operating income after amortization	**1 192**	**1 019**	**17**
Currency change from 2018	-72	–	
Currency adjusted operating income after amortization	**1 120**	**1 019**	**10**
Income before taxes	**1 053**	**926**	**14**
Currency change from 2018	-80	–	
Currency adjusted income before taxes	**973**	**926**	**5**
Net income for the period	**760**	**690**	**10**
Currency change from 2018	-59	–	
Currency adjusted net income for the period	**701**	**690**	**2**
Net income attributable to equity holders of the Parent Company	**758**	**689**	**10**
Currency change from 2018	-59	–	
Currency adjusted net income attributable to equity holders of the Parent Company	**699**	**689**	**1**
Number of shares	365 058 897	365 058 897	
Currency adjusted earnings per share	**1.91**	**1.89**	**1**

NOTE 6 Definitions and calculation of key ratios

The calculations below relate to the period January–March 2019.

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (5 503 + 56) / 553 = 10.1

Free cash flow as % of adjusted income
Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).
Calculation: -606 / (1 290 – 139 + 1 – 305) = -72%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 2 706 / 19 290 = 0.14

Net debt to EBITDA ratio
Net debt in relation to operating income after amortization (rolling 12 months) plus amortization of acquisition related intangible assets (rolling 12 months) and depreciation (rolling 12 months).
Calculation: 19 290 / (4 642 + 263 + 1 954) = 2.8

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.
Calculation: 14 239 / 110 874 = 13%

Return on operating capital employed
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: (5 503 – 475) / ((14 239 + 9 199) / 2) = 43%

Return on capital employed
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: (5 503 – 475) / 38 137 = 13%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 19 290 / 18 847 = 1.02

NOTE 7 Acquisition related costs

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Restructuring and integration costs	-2	-6	-90
Transaction costs	-9	-2	-25
Revaluation of deferred considerations	-1	-1	-5
Total acquisition related costs	**-12**	**-9**	**-120**

For further information regarding the Group's acquisitions, refer to the section Acquisitions and divestitures.

NOTE 8 Items affecting comparability

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Recognized in the statement of income			
IS/IT transformation programs	-20	–	-187
Cost savings program, Security Services Europe	–	–	-268
Total recognized in the statement of income before tax	**-20**	**–**	**-455**
Taxes	6	–	122
Total recognized in the statement of income after tax	**-14**	**–**	**-333**
Cash flow impact			
IS/IT transformation programs	-23	–	-51
Cost savings program, Security Services Europe	-43	–	-66
Total cash flow impact	**-66**	**–**	**-117**

NOTE 9 Financial instruments and credit facilities

Revaluation of financial instruments
Revaluation of financial instruments is recognized in the statement of income on the line financial income and expenses. Revaluation of cash flow hedges (and the subsequent recycling into the statement of income) is recognized in other comprehensive income on the line cash flow hedges. Cost of hedging (and the subsequent recycling into the statement of income) is recognized on the corresponding line in other comprehensive income.

The amount disclosed in the specification of change in net debt is the total revaluation before tax in the table below.

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Recognized in the statement of income			
Revaluation of financial instruments	-1	1	2
Deferred tax	–	–	–
Impact on net income	**-1**	**1**	**2**
Recognized in the statement of comprehensive income			
Cash flow hedges	-50	37	80
Cost of hedging	5	3	-56
Deferred tax	10	-9	-5
Total recognized in the statement of comprehensive income	**-35**	**31**	**19**
Total revaluation before tax	-46	41	26
Total deferred tax	10	-9	-5
Total revaluation after tax	**-36**	**32**	**21**

Fair value hierarchy
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 7 in the Annual Report 2018. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2018.

There have been no transfers between any of the the valuation levels during the period.

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
March 31, 2019				
Financial assets at fair value through profit or loss	–	4	–	4
Financial liabilities at fair value through profit or loss	–	-18	-359	-377
Derivatives designated for hedging with positive fair value	–	313	–	313
Derivatives designated for hedging with negative fair value	–	-182	–	-182
December 31, 2018				
Financial assets at fair value through profit or loss	–	16	–	16
Financial liabilities at fair value through profit or loss	–	-10	-272	-282
Derivatives designated for hedging with positive fair value	–	356	–	356
Derivatives designated for hedging with negative fair value	–	-127	–	-127

Financial instruments by category – carrying and fair values
For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value. A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 7 in the Annual Report 2018.

	Mar 31, 2019		Dec 31, 2018	
MSEK	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Long-term loan liabilities	14 257	14 463	13 939	14 065
Total financial instruments by category	**14 257**	**14 463**	**13 939**	**14 065**

Note 9, cont.

SUMMARY OF CREDIT FACILITIES AS OF MARCH 31, 2019

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	85	0	2019
EMTN FRN private placement	USD	40	0	2020
EMTN FRN private placement	USD	40	0	2021
EMTN FRN private placement	USD	60	0	2021
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
EMTN Eurobond, 1.25% fixed	EUR	350	0	2022
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	485	2022
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2022
EMTN Eurobond, 1.125% fixed	EUR	350	0	2024
EMTN Eurobond, 1.25% fixed	EUR	300	0	2025
Commercial Paper (uncommitted)	SEK	5 000	3 100	n/a

NOTE 10 Deferred tax on other comprehensive income

MSEK	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Deferred tax on remeasurements of defined benefit pension plans	-13	-5	25
Deferred tax on remeasurement for hyperinflation	–	–	-15
Deferred tax on cash flow hedges	11	-8	-17
Deferred tax on cost of hedging	-1	-1	12
Deferred tax on net investment hedges	63	54	107
Total deferred tax on other comprehensive income	**60**	**40**	**112**

NOTE 11 Pledged assets

MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Pension balances, defined contribution plans	117	129	128
Finance leases according to IAS 17	n/a	206	222
Total pledged assets	**117**	**335**	**350**

NOTE 12 Contingent liabilities

MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Guarantees	0	4	1
Guarantees related to discontinued operations	17	16	15
Total contingent liabilities	**17**	**20**	**16**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2018 as well as to the section Other significant events in this report.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Mar 2019	Jan–Mar 2018
License fees and other income	289	239
Gross income	**289**	**239**
Administrative expenses	–143	–146
Operating income	**146**	**93**
Financial income and expenses	1 801	1 295
Income after financial items	**1 947**	**1 388**
Appropriations	–125	26
Income before taxes	**1 822**	**1 414**
Taxes	–117	–24
Net income for the period	**1 705**	**1 390**

BALANCE SHEET

MSEK	Mar 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Shares in subsidiaries	41 516	41 332
Shares in associated companies	112	112
Other non-interest-bearing non-current assets	602	520
Interest-bearing financial non-current assets	1 786	1 542
Total non-current assets	**44 016**	**43 506**
Current assets		
Non-interest-bearing current assets	1 437	422
Other interest-bearing current assets	7 541	5 581
Liquid funds	2 155	1 326
Total current assets	**11 133**	**7 329**
TOTAL ASSETS	**55 149**	**50 835**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 797	7 797
Non-restricted equity	22 363	20 702
Total shareholders' equity	**30 160**	**28 499**
Untaxed reserves	**579**	**455**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	275	251
Interest-bearing long-term liabilities	16 268	15 818
Total long-term liabilities	**16 543**	**16 069**
Current liabilities		
Non-interest-bearing current liabilities	1 450	744
Interest-bearing current liabilities	6 417	5 068
Total current liabilities	**7 867**	**5 812**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**55 149**	**50 835**

Financial information

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 6, 2019 at **2:00 p.m. (CET)** where President and CEO Magnus Ahlqvist and CFO Bart Adam will present the report and answer questions. The telephone conference will also be audio cast live via Securitas website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US:	+1 855 269 2605
Sweden:	+46 8 519 993 55
UK:	+44 203 194 0550

To follow the audio cast of the telephone conference via the web, please follow the link www.securitas.com/investors/webcasts.
A recorded version of the audio cast will be available at www.securitas.com/investors/webcasts after the telephone conference.

FOR FURTHER INFORMATION. PLEASE CONTACT:

Micaela Sjökvist, Head of Investor Relations.
+ 46 761167443

FINANCIAL INFORMATION CALENDAR

May 6, 2019, 4.00 p.m. (CET)	Annual General Meeting 2019
July 31, 2019, app. 1.00 p.m. (CET)	Interim Report January–June 2019
November 6, 2019, 8.00 a.m. (CET)	Interim Report January–September 2019

For further information regarding Securitas IR activities, refer to www.securitas.com/investors/financial calendar

ABOUT SECURITAS

Securitas has a leading position in the security services industry with a strong local and global market presence. We currently operate in 58 countries and employ 370 000 people. Our operations have been organized in a decentralized structure and include three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. We also have operations in Africa, the Middle East and Asia, which form the AMEA division. Securitas serves a wide range of customers of all sizes in a variety of industries and customer segments. Security solutions based on customer-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Securitas can respond to the unique and specific security challenges facing its customers, and tailor its offering according to their specific industry demands. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

Our strategy is to offer protective services that integrate all our areas of competence. Together with our customers, we develop optimal and cost-efficient solutions that are suited for the customers' needs. This brings added value to the customers and results in stronger, more long-term customer relationships and improved profitability.

Group financial targets

Securitas focuses on two financial targets. The first target relates to the statement of income: average growth of earnings per share of 10 percent annually. The second target relates to the balance sheet: free cash flow in relation to net debt of at least 0.20.

This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. (CET) on Monday, May 6, 2019.

Securitas AB (publ.)
P.O. Box 12307, SE-102 28 Stockholm, Sweden
Visiting address: Lindhagensplan 70
Telephone: +46 10 470 30 00. **Fax:** +46 10 470 31 22
Corporate registration number: 556302–7241
www.securitas.com