



Q1 REPORT 2020

Stockholm, May 7, 2020

Magnus Ahlqvist
President and CEO

Bart Adam
CFO



HIGHLIGHTS Q1 2020

Managing a challenging time

- 2% (7) organic sales growth
- Operating income MSEK 1 086 (1 290)
- Operating margin 3.8% (4.8), with impact from all business segments but primarily from Europe
- Price and wage balance on par
- Good operating cash flow, remains a focus area in all business segments
- Withdrawn dividend proposal, may consider a new dividend proposal later this year
- Significant uncertainty due to the corona pandemic. Continuously assessing and implementing proactive measures



COVID -19: Response and impact Q1

Security and safety are considered essential services

RESPONSE

Crisis response team

- Activated end of January
- Group, divisions and country level

Main priorities

1. Employee health and safety
2. Business continuity – deliver services to clients
3. Protect strong financial position – cost and cash flow control

IMPACT

Security demand

- Negative impact: Aviation, Electronic security (installation business), Event security
- Demand increase: Temporary services – healthcare, retail, protection of idle assets
- Portfolio business: stable in Q1

People

- Approximately 10 000 employees on temporary unemployment
- Increased sickness levels

Tremendous response from the Securitas team during a challenging time

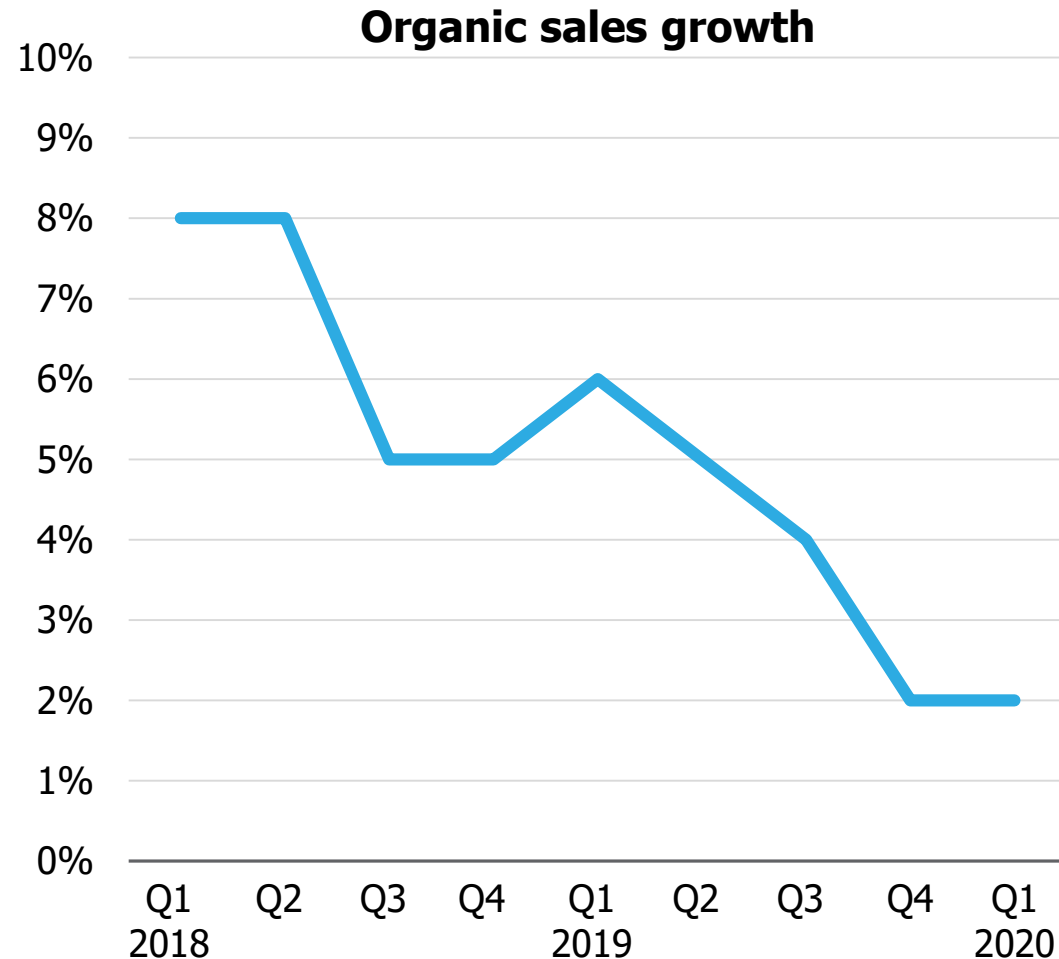
Security Solutions and Electronic Security **Important acquisitions during Q1**

Security Solutions and Electronic Security

Real sales growth 10% (17)

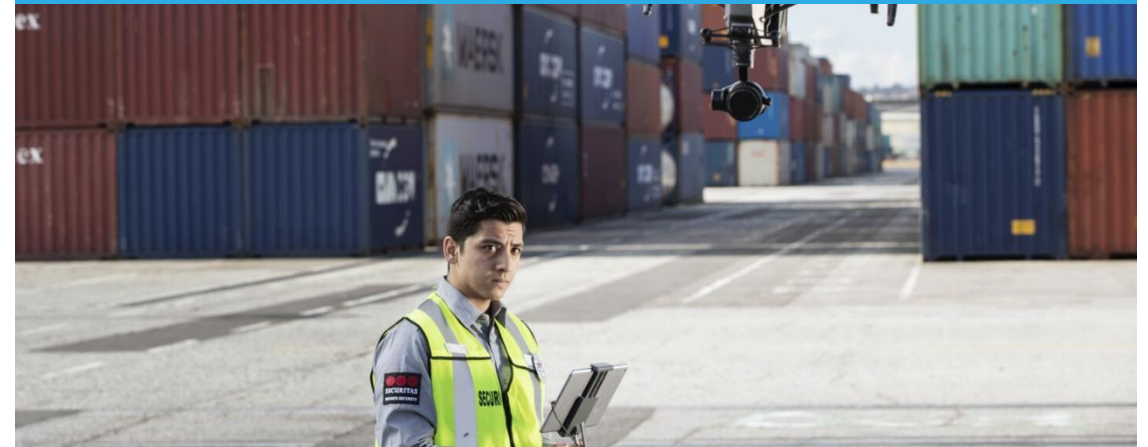
- Sales MSEK 6 148 (5 528)
- Two important acquisitions of electronic security companies finalized, Fredon Security in Australia and Techco Security in Spain
- We will continue to look for electronic security opportunities when the situation normalizes
- Our ambition is to double the security solutions and electronic security business to BSEK 40 by 2023

Security Services North America Decline on a strong comparative



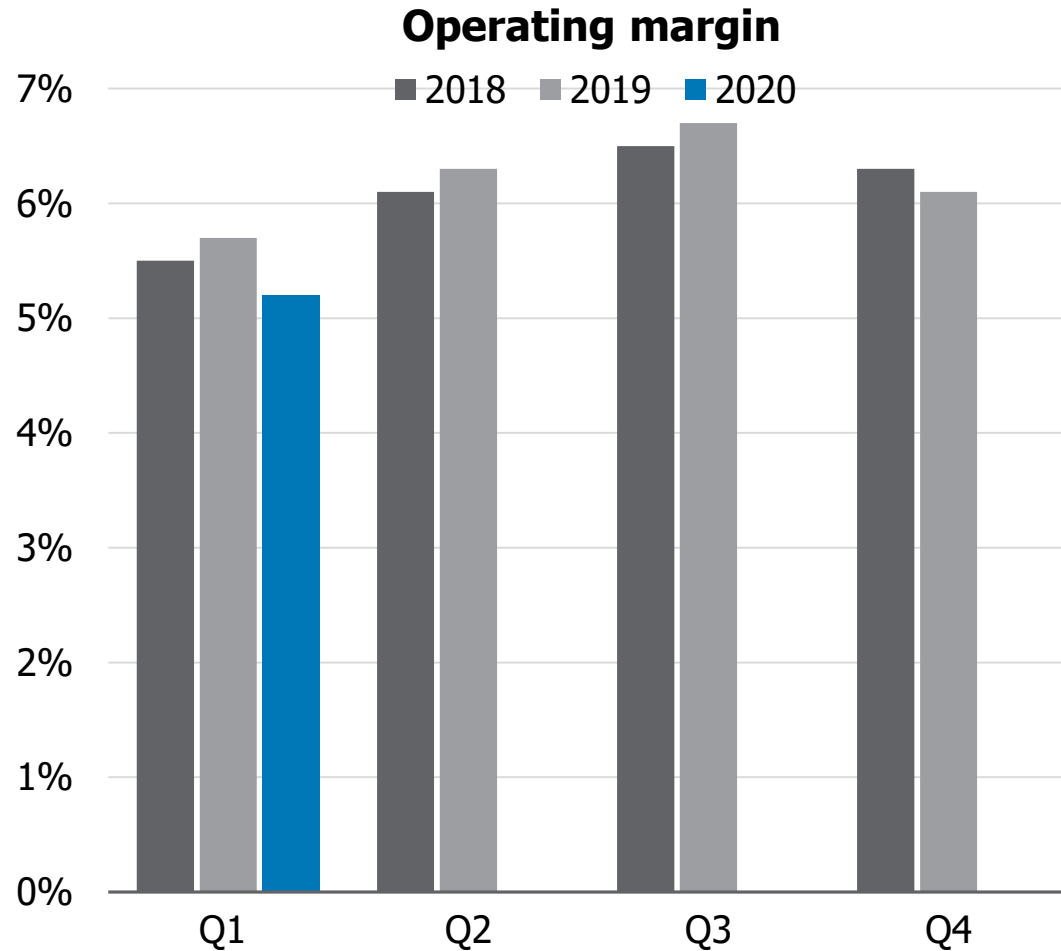
Q1: Organic sales growth 2% (6)

- Stable organic sales growth throughout the quarter
- Main contribution from Guarding, but slightly negative in Critical Infrastructure Services
- Corona pandemic: Extra sales in Guarding offsetting limited service reductions. Negative impact from installation business
- Solid client retention 92% (89)
- Security solutions and electronic security represented 18% (18) of total sales in Q1



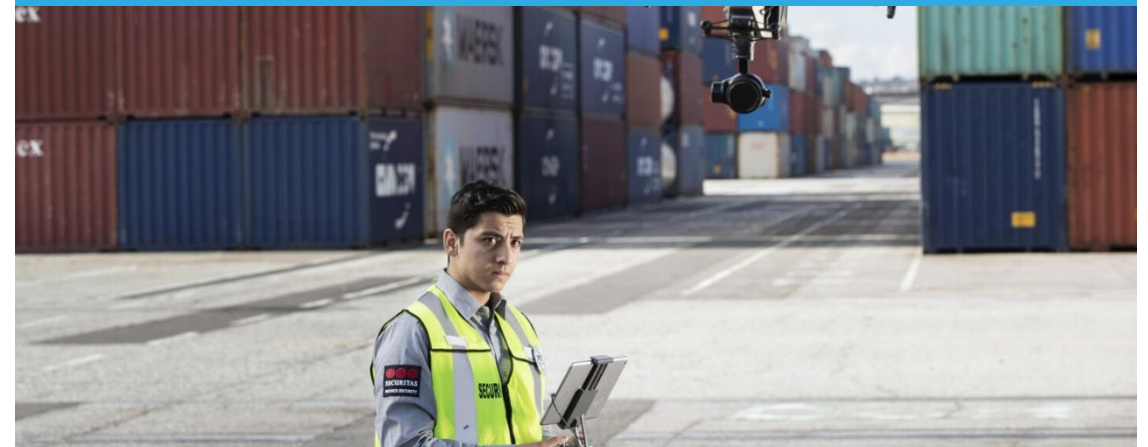
Security Services North America

Operating margin decline, primarily due to SCIS



Q1: Operating margin 5.2% (5.7)

- The operating margin declined primarily related to Securitas Critical Infrastructure Services business unit. The performance improved, but slower than expected
- Corona pandemic: Securitas Electronic Security impacted negatively as a result from lower installation business
- The business unit Guarding supported the operating margin

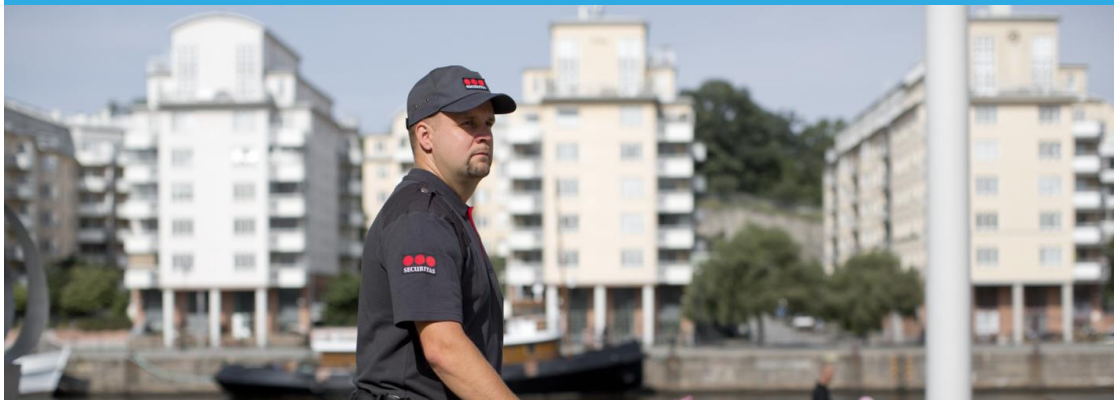


Security Services Europe

Organic sales growth decline as expected

Q1: Organic sales growth 0% (4)

- YTD February was 2%, March periodic -3%
- Decline partly due to previously communicated contract losses in France, the UK and the Aviation contract in Norway
- Corona pandemic: Extra sales in Guarding but negative impact from airport security, reduced event security and installations within electronic security
- Client retention declined to 89% (93)
- Security solutions and electronic security represented 23% (22) of total sales



Organic sales growth

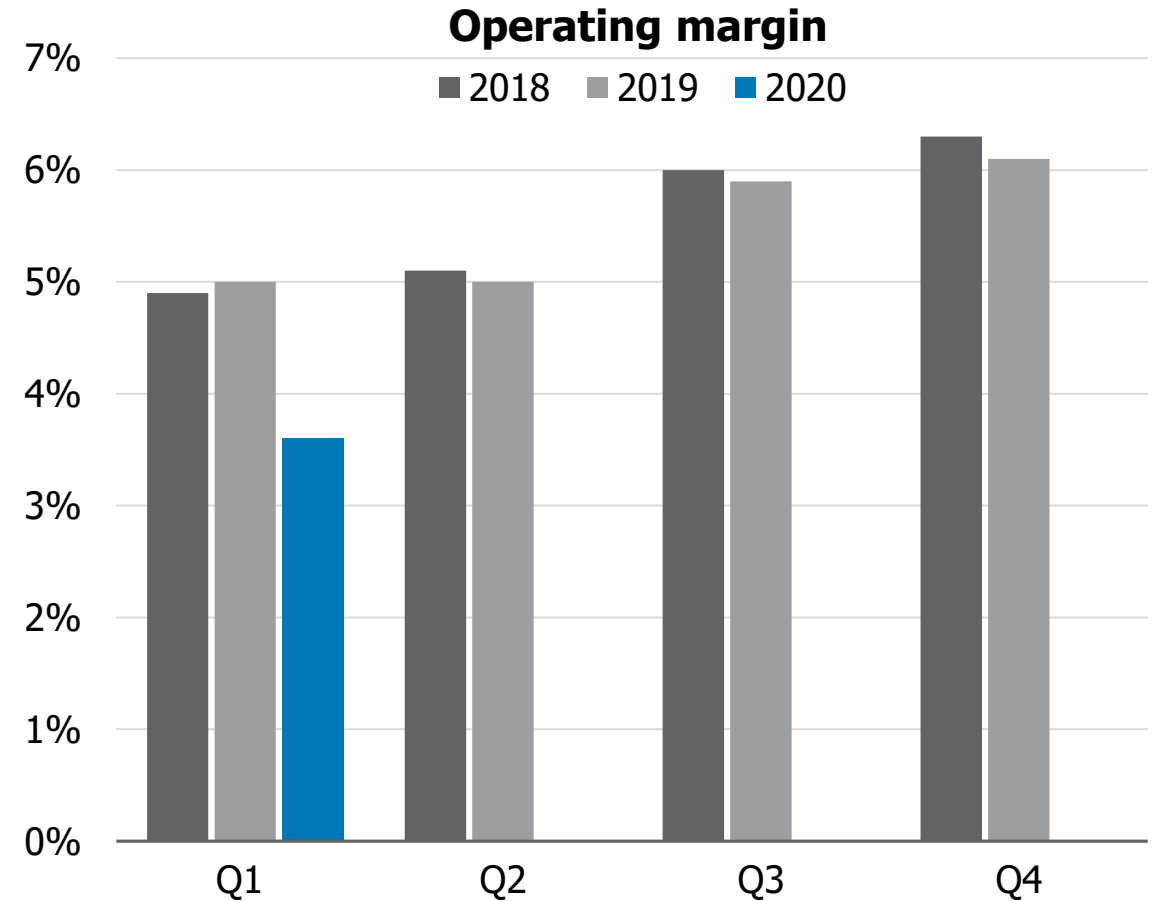
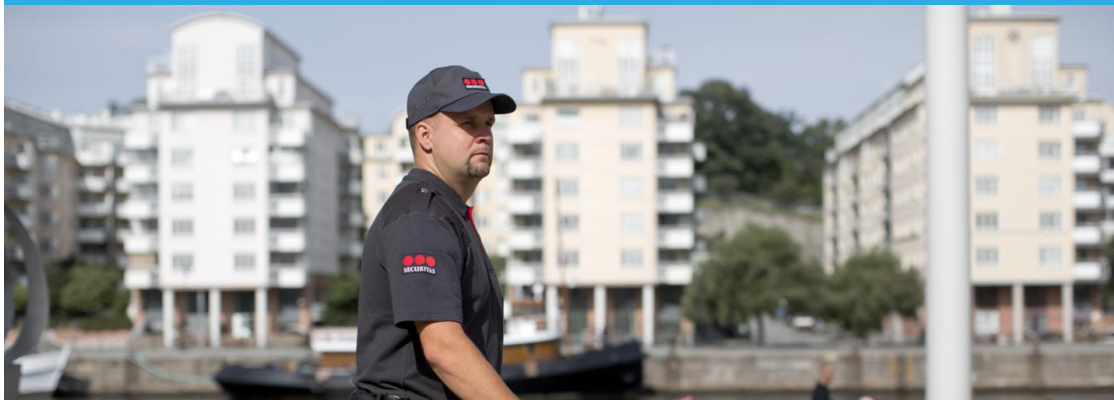


Security Services Europe

Effects from the corona pandemic behind the decline

Q1: Operating margin 3.6% (5.0)

- The decline was primarily due to the effects from the corona pandemic, and partly due to the previously communicated contract losses
- Corona pandemic: reductions in client contracts primarily in airport security, higher idle time and sickness costs

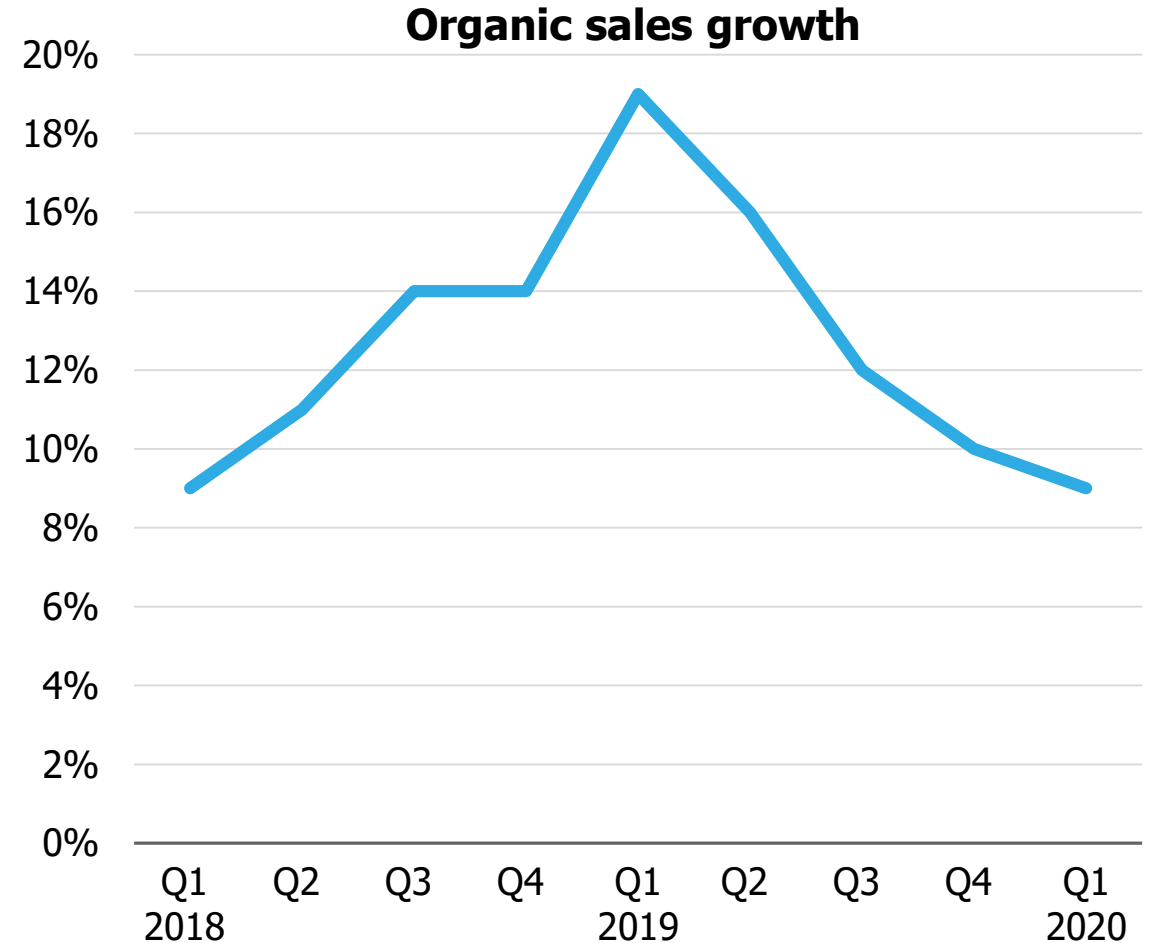


Security Services Ibero-America

Despite negative impacts, Spain remained positive in Q1

Q1: Organic sales growth 9% (19)

- YTD February was 10%, March periodic 7%
- The development was primarily related to Spain with reductions of short-term security solutions as previously communicated, together with effects from the corona pandemic mostly in Spain and Portugal
- Corona pandemic: mostly service reductions in certain retail segments, tourism and hospitality
- Client retention was 92% (92)
- Security solutions and electronic security represented 29% (27) of total sales



Security Services Ibero-America

Operating margin primarily affected by Peru and corona pandemic

Q1: Operating margin 4.4% (4.7)

- The decline was due to Peru and effects from the corona pandemic, primarily in Spain and Portugal
- Corona pandemic: higher idle time (especially in certain retail segments, tourism and hospitality) and sickness costs



FINANCIALS

Bart Adam
CFO

Financial Highlights

A different quarter

MSEK	Q1 2020	Q1 2019	FY 2019
Sales	28 420	26 744	110 899
<i>Organic sales growth, %</i>	2	7	4
Operating income before amort	1 086	1 290	5 738
<i>Operating margin, %</i>	3.8	4.8	5.2
Amort of acq related intang assets	-72	-66	-271
Acquisition related costs	-17	-12	-62
Items affecting comparability	-45	-20	-209
Operating income after amortization	952	1 192	5 196
Financial income and expenses	-144	-139	-578
Income before taxes	808	1 053	4 618
<i>Tax, %</i>	27.2	27.8	27.2
Net income for the period	588	760	3 362
EPS, SEK	1.61	2.08	9.20
EPS, SEK before IAC	1.70	2.12	9.61

- Items affecting comparability of MSEK -45 in Q1, relating to the transformation programs
- Q1 tax rate of 27.2 percent in line with full year tax rate of 2019

Securitas Group Financial highlights

SALES

MSEK 28 420 (26 744)

- Total change 6%
- Real change 4%
(incl. acq. and adj. F/X)

OPERATING INCOME

MSEK 1 086 (1 290)

- Total change -16%
- Real change -19%

EARNINGS PER SHARE

SEK 1.61 (2.08)

- Total change -23%, real -25%

SEK 1.70 (2.12) before IAC

- Total change -20%, real -23%

F/X SEK END RATES

	Q120	Q119	%
USD	9.97	9.32	+7.0
EUR	11.04	10.46	+5.5
ARS	0.15	0.21	-27.1

Cash Flow Highlights

Good cash flow, continued focus on DSO

MSEK	Q1 2020	Q1 2019	FY 2019
Operating income before amortization	1 086	1 290	5 738
Net investments in non-current assets	-57	-67	-320
Change in accounts receivable	-654	-133	-239
Change in other operating capital employed	-3	-1 157	-277
Cash flow from operating activities	372	-67	4 902
<i>Cash flow from operating activities, %</i>	<i>34</i>	<i>-5</i>	<i>85</i>
Financial income and expenses paid	-290	-289	-443
Current taxes paid	-406	-250	-1 191
Free cash flow	-324	-606	3 268

- Net investments of MSEK –57 in Q1 results from
 - investments of MSEK –753 and
 - reversal of depreciation of MSEK 696
- Capital expenditure approximately 3% of Group sales on an annual basis
- Positive impact of app. MSEK 350 from tax and social security payment timing relief measures (GE, FR, UK)
- Expected payroll tax deferral in the US
- Current taxes paid include MSEK -139 in Argentina

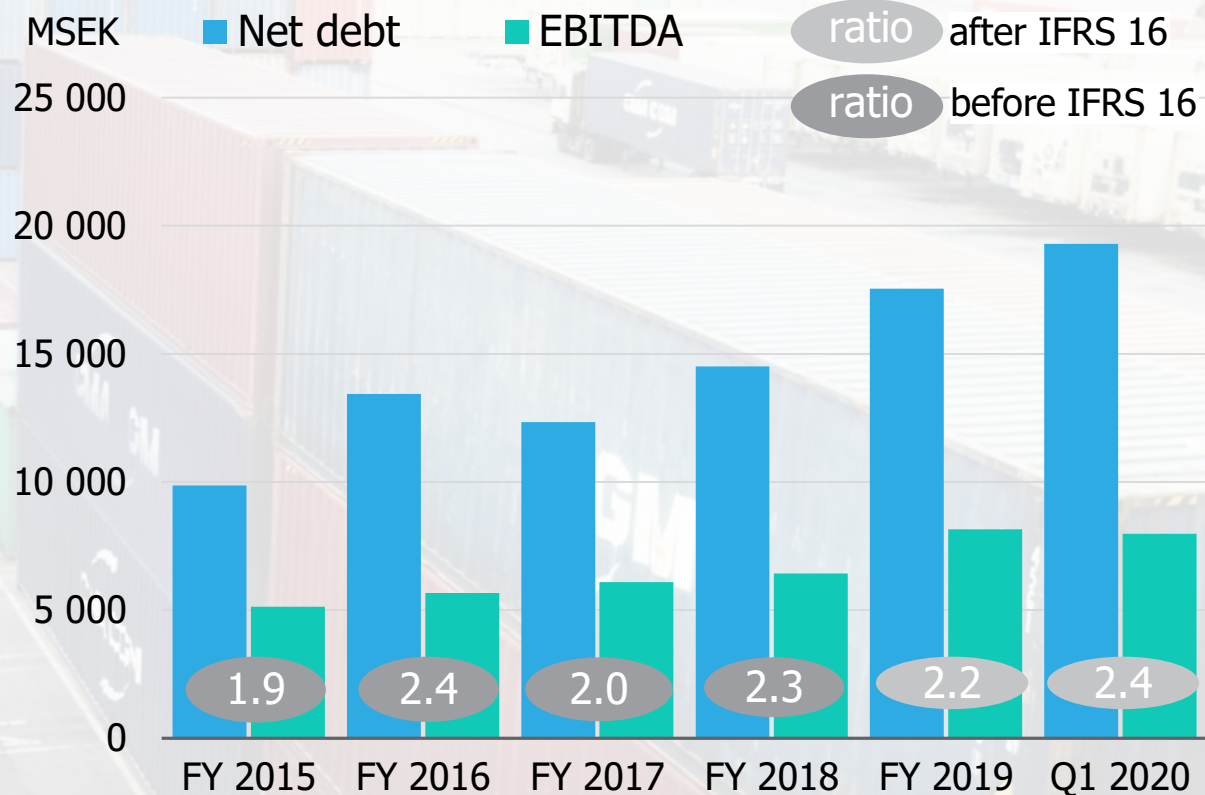
Net debt development

Increased net debt

MSEK

Net debt Jan 1, 2020	-17 541
Free cash flow	-324
Acquisitions	-354
IAC	-60
Lease liabilities	-94
Change in net debt	-832
Revaluation	-70
Translation	-851
Net debt Mar 31, 2020	-19 294

Net debt to EBITDA ratio well in line



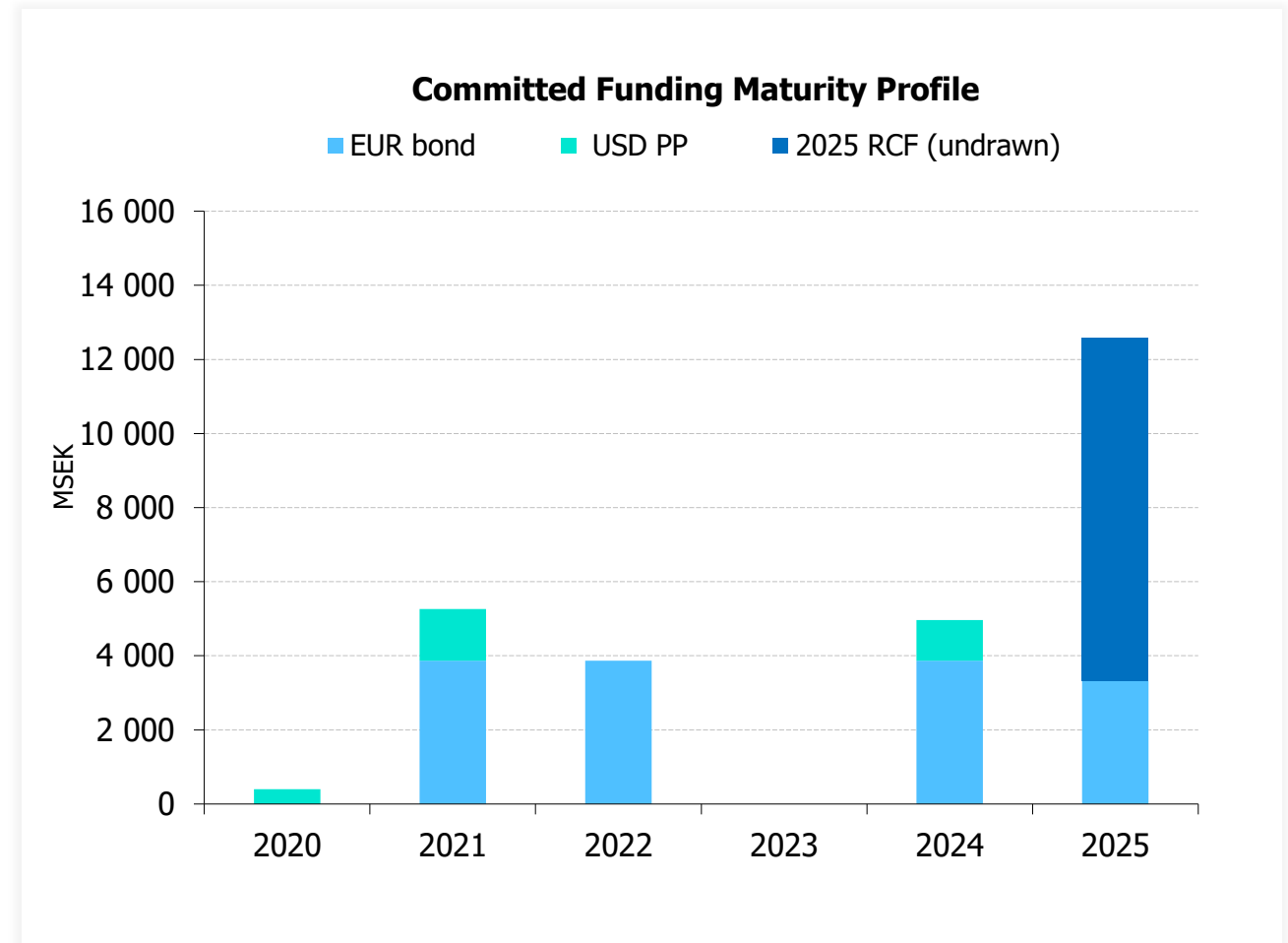
We are backed up by solid financing

- ✓ BBB, stable outlook (S+P, April 30)
- ✓ Ample rating headroom
- ✓ RCF renewed April 6 for 5 years, maturing 2025
- ✓ Significant undrawn committed funding BSEK 9.3
- ✓ No financial covenants

Committed to solid investment grade rating

No significant maturities in 2020

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



SECURITAS AND COVID-19

Magnus Ahlqvist
President and CEO

COVID -19: Priorities and actions Q2 and onwards

Business continuity and re-starting client operations

CLIENTS

Priorities

- Strong focus on business continuity
- Close dialogue and partnership with clients to manage short- and long-term needs
- Leverage protective services capabilities

Re-starting operations

- Active engagement with clients to re-start operations
- Protective services to support new requirements - social distancing, crowd control, employee health and safety and how we can leverage technology



COVID -19: Priorities and actions Q2 and onwards

Cost control and cash flow measures

COST

Measures implemented

- Company-wide indirect hiring freeze
- 10 000 employees on temporary unemployment
- Supplier contracts being re-negotiated
- Protect strategic transformation programs

Focus areas

- Close monitoring of government relief programs – temporary unemployment and sickness
- Health and safety measures: PPE and others
- Scenario planning – ensure readiness. Address structural cost levels where needed. Other cost measures to be considered.

CASH FLOW

Measures implemented

- Close monitoring accounts receivable
- Paused acquisitions – since early March
- Postponing discretionary projects
- Renewed 5-year RCF

Focus areas

- Continued strong monitoring and strict collection procedures
- Cash impact of government programs

Ensuring readiness and resilience for the coming 12-24 months

COVID -19: Priorities and actions Q2 and onwards **Focusing on four areas**

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

Maintaining strong focus on driving the modernization and strategic transformation programs



Securitas provides essential services



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

SUMMARY Q1 2020

- Organic sales growth: +2%
- Operating income real change: -19%
- Challenging conditions and significant uncertainty due to the corona pandemic
- Clear priorities to ensure resilience during the coming 12-24 months



**THANK
YOU**

