Securitas AB

Interim Report January–March 2018

JANUARY–MARCH 2018

- **Total sales MSEK 23 356 (22 491)**
- **Organic sales growth 6 percent (4)**
- **Operating income before amortization MSEK 1 091 (1 056)**
- **Operating margin 4.7 percent (4.7)**
- **Earnings per share SEK 1.89 (1.72)**
- **Free cash flow/net debt 0.08 (0.12)**

COMMENTS FROM THE PRESIDENT AND CEO

The strong sales momentum from 2017 continued in the first quarter of 2018, and resulted in organic sales growth of 6 percent (4). We continue to be supported by favorable macroeconomic conditions in our main markets. We estimate that we grew faster than the security market in general, where our ability to deliver complete security solutions is a market advantage.

The operating margin was stable at 4.7 percent. It was flat in North America, while Europe declined slightly and Ibero America improved. Earnings per share, adjusted for changes in exchange rates, improved by 13 percent supported by a lower tax rate reflecting the impact from the US tax reform in December 2017. The favorable macroeconomic conditions in our main markets are expected to give higher wage inflation in 2018. In the first quarter, we balanced wage cost increases with price increases. Our strategy to mitigate higher wage inflation is also to offer security solutions using technology to our customers.

The weak cash flow in the first quarter was mainly due to Europe where the timing of Easter had a negative impact. The cash flow improved significantly during the first part of April.

Security solutions and electronic security sales grew by 20 percent compared with the first quarter 2017 and represented 19 percent of total sales. In the first quarter we have completed several strategic acquisitions, including Automatic Alarm in France and Alphatron in the Netherlands. These acquisitions will greatly enhance our technical capability in these markets and support the security solutions strategy in Europe. In March we announced our intention to acquire Kratos Public Safety and Security, a top 10 system integrator in the United States. We are very excited about this acquisition since it will further strengthen our capability within electronic security in the US.

On March 1 I took over as President and CEO. During the first months I have spent a lot of time with our teams and customers in different regions. We have a strong position in the market, our customers believe in our direction and we are in a good position to drive growth. The coming quarter we will continue to have a strong focus on the price and wage balance and on the integration work for the acquisitions made. We have solid foundation and will speed up the pace of transformation. We need to drive the digitalization and modernize our information systems and capabilities. With intelligent security we will be able to enhance the value for our customers through better security solutions. These will be important themes as we go forward.

I am looking forward to working with the great Securitas people and our customers as we continue to lead the transformation of the global security industry.

Magnus Ahlqvist
President and Chief Executive Officer

Contents

January–March summary

ACCOUNTING PRINCIPLES

Comparatives have been restated for the Group due to the transition to IFRS 15. The restatement has been recognized on Group level and thus had no effect on the Group´s segments. Further information can be found in notes 1 and 2 on pages 18–20.

FINANCIAL SUMMARY

	Quarter		*Change, %*		Full year	*Change, %*
MSEK	**Q1 2018**	**Q1 2017**	***Total***	***Real***	**2017**	***Total***
Sales	**23 356**	**22 491**	**4**	**7**	**92 197**	**5**
Organic sales growth, %	*6*	*4*			*5*	
Operating income before amortization	**1 091**	**1 056**	**3**	**7**	**4 697**	**3**
Operating margin, %	*4.7*	*4.7*			*5.1*	
Amortization of acquisition-related intangible assets	–63	–63			–255	
Acquisition-related costs	–9	–4			–48	
Operating income after amortization	**1 019**	**989**	**3**	**7**	**4 394**	**6**
Financial income and expenses	–93	–102			–376	
Income before taxes	**926**	**887**	**4**	**8**	**4 018**	**7**
Net income for the period	**690**	**627**	*10*	*14*	**2 751**	**4**
Earnings per share, SEK	1.89	1.72	*10*	*13*	7.53	4
EPS before items affecting comparability, SEK*	1.89	1.72	*10*	*13*	7.87	9
Cash flow from operating activities, %	*–85*	*35*			*82*	
Free cash flow	–1 428	–246			2 290	
Free cash flow to net debt ratio	*0.08*	*0.12*			*0.19*	
Net debt to EBITDA ratio	*2.4*	*2.4*			*2.0*	

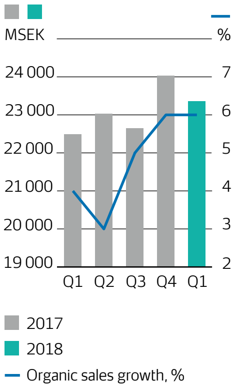
* EPS before items affecting comparability, consisting in its entirety of one-off tax effects amounting to MSEK –123.4 from the revaluation of US net deferred tax assets due to the US tax reform enacted in December 2017.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

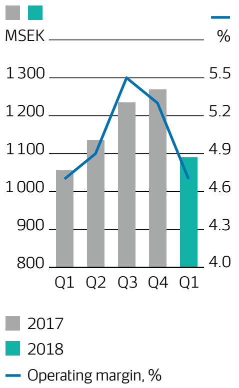
	Organic sales growth		Operating margin	
		Q1		**Q1**
%	**2018**	**2017**	**2018**	**2017**
Security Services North America	8	5	5.5	5.5
Security Services Europe	4	0	4.9	5.0
Security Services Ibero-America	9	15	4.4	4.2
Group	**6**	**4**	**4.7**	**4.7**

Group development

Group quarterly sales development



Group quarterly operating income development



JANUARY–MARCH 2018

Sales development

Sales amounted to MSEK 23 356 (22 491) and organic sales growth was 6 percent (4). The first quarter reflected a strong sales momentum in the Group. In Security Services North America, organic sales growth was record-high at 8 percent (5). In Security Services Europe the organic sales growth was driven by the healthy portfolio development. Security Services Ibero-America showed a mixed picture, where Spain continued to have solid organic sales growth while Argentina slowed down.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 7 percent (5).

Sales of security solutions and electronic security sales amounted MSEK 4 522 (3 869) or 19 percent (17) of total sales in the first quarter 2018. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 20 percent (28).

Operating income before amortization

Operating income before amortization was MSEK 1 091 (1 056) which, adjusted for changes in exchange rates, represented a real change of 7 percent (2).

The Group's operating margin was 4.7 percent (4.7). Leverage from good organic sales growth contributed to the margin and so did the increased sales of security solutions and electronic security. However, there was a hampering effect from the lower margin on some of the larger new guarding contracts in the US, combined with a few effects in Europe from the project-related electronic security business in Turkey, the higher sickness rate and the lower refugee related sales. Total price adjustments in the Group were on par with wage cost increases.

Operating income after amortization

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

Acquisition related costs were MSEK -9 (-4). For further information refer to note 6.

Financial income and expenses

Financial income and expenses amounted to MSEK -93 (-102).

Income before taxes

Income before taxes was MSEK 926 (887).

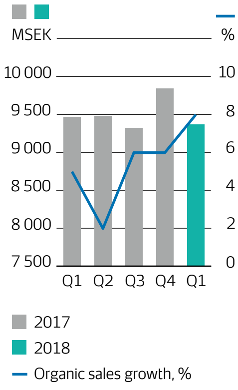
Taxes, net income and earnings per share

The Group's tax rate was 25.5 percent (29.3). The 2017 full year tax rate was 28.4 percent, excluding a one-off tax expense of 3.1 percent, referring to a revaluation of US net deferred tax assets. We continue to assess the US tax reform as more details to the law and interpretations become available and how the development of our business activities impacts our tax situation.

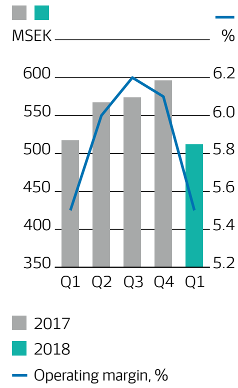
Net income was MSEK 690 (627). Earnings per share amounted to SEK 1.89 (1.72).

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

Security Services North America provides protective services, including on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management in the US, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical regions and five specialized business units in the US – critical infrastructure services, healthcare, Pinkerton Corporate Risk Management, mobile and Securitas Electronic Security – plus Canada and Mexico. In total, there are approximately 750 branch managers and 114 000 employees.

	Quarter		*Change, %*		Full year
MSEK	**Q1 2018**	**Q1 2017**	***Total***	***Real***	**2017**
Total sales	**9 365**	**9 466**	**-1**	**8**	**38 108**
Organic sales growth, %	*8*	*5*			*5*
Share of Group sales, %	*40*	*42*			*41*
Operating income before amortization	**512**	**517**	**-1**	**8**	**2 254**
Operating margin, %	*5.5*	*5.5*			*5.9*
Share of Group operating income, %	*47*	*49*			*48*

January–March 2018

Organic sales growth was 8 percent (5). The first quarter of the year had very strong organic sales growth, carrying on the momentum from last year including the start-up of a few larger contracts. Main contribution derived from the five geographical regions and the business unit critical infrastructure services. Almost all units showed organic sales growth, due to a combination of good new sales and a continued solid client retention of 91 percent (93).

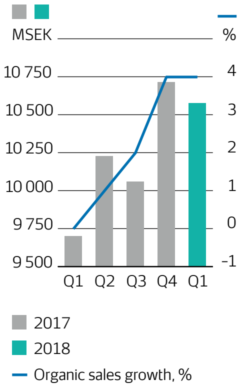
Security solutions and electronic security sales represented MSEK 1 532 (1 343) or 16 percent (14) of total sales in the business segment in the first quarter 2018.

The operating margin was 5.5 percent (5.5), supported by leverage from the strong organic sales growth, but hampered by the lower margin on some of the large newer guarding contracts.

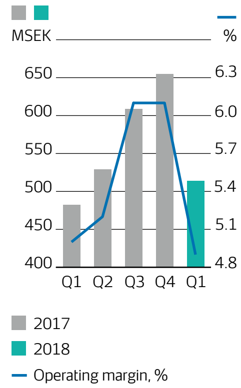
The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 8 percent in the first quarter.

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

Security Services Europe provides security services for large and medium-sized customers in 26 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 760 branch managers and 120 000 employees.

	Quarter		*Change, %*		Full year
MSEK	**Q1 2018**	**Q1 2017**	***Total***	***Real***	**2017**
Total sales	**10 575**	**9 702**	**9**	**6**	**40 703**
Organic sales growth, %	*4*	*0*			*2*
Share of Group sales, %	*45*	*43*			*44*
Operating income before amortization	**514**	**482**	**7**	**3**	**2 275**
Operating margin, %	*4.9*	*5.0*			*5.6*
Share of Group operating income, %	*47*	*46*			*48*

January–March 2018

Organic sales growth was 4 percent (0). Almost all the countries supported the development, with main contribution from Belgium, Germany and the guarding business in Turkey. The favorable portfolio development from 2017 continued into the first quarter, as client retention strengthened to 92 percent (89) and new sales were healthy. The lower refugee-related sales represented a 1 percent negative impact on organic sales growth in the business segment.

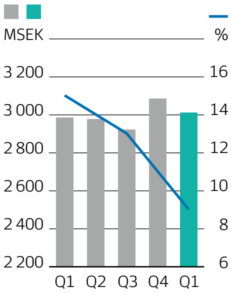
Security solutions and electronic security sales represented MSEK 2 189 (1 817) or 21 percent (19) of total sales in the business segment in the first quarter 2018.

The operating margin was 4.9 percent (5.0). There are a few reasons behind the decline. The project-related electronic security business in Turkey, which is volatile in its nature, had a slow start in the year. During the quarter, we have been confronted with increased costs related to unusually high sickness rates throughout the business segment, particularly in Belgium and Germany. The lower level of refugee-related sales also had a negative impact on the operating margin.

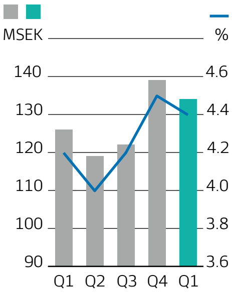
The Swedish krona exchange rate weakened against foreign currencies, primarily the Euro, which had a positive effect on operating income in Swedish kronor. The real change was 3 percent in the first quarter.

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides security services for large and medium-sized customers in eight 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 61 000 employees.

		Quarter		*Change, %*	Full year
MSEK	**Q1 2018**	**Q1 2017**	***Total***	***Real***	**2017**
Total sales	**3 012**	**2 985**	**1**	**9**	**11 971**
Organic sales growth, %	*9*	*15*			*13*
Share of Group sales, %	*13*	*13*			*13*
Operating income before amortization	**134**	**126**	**6**	***17***	**506**
Operating margin, %	*4.4*	*4.2*			*4.2*
Share of Group operating income, %	*12*	*12*			*11*

January–March 2018

Organic sales growth was 9 percent (15). The decline was primarily due to Argentina where continued instability in the security market and a negative portfolio development resulted in lower organic sales growth. The declining inflationary trend in Argentina has resulted and will result in reduced organic sales growth in the country in the coming quarters. In the other Latin American countries organic sales growth was healthy. Organic sales growth continued to be strong in Spain.

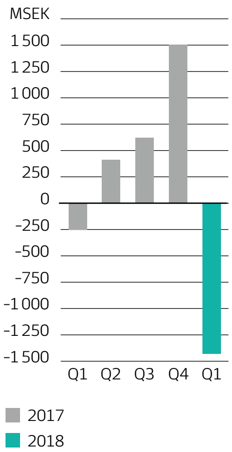
Security solutions and electronic security sales represented MSEK 763 (683) or 25 percent (23) of total sales in the business segment in the first quarter 2018.

The operating margin was 4.4 percent (4.2), an improvement driven by a good development of high margin security solutions sales in Spain, of which some are short term contracts. The operating margin was burdened by Argentina, due to startup costs and turnover in the contract portfolio. The client retention rate was 91 percent (93).

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 17 percent in the first quarter.

Cash flow

Quarterly free cash flow



January–March 2018

Cash flow from operating activities amounted to MSEK –925 (372), equivalent to –85 percent (35) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –274 (325). Changes in other operating capital employed were MSEK –1 603 (–944). The negative development of the cash flow from operating activities is mainly stemming from Europe where the timing of Easter has resulted in late payments from customers combined with a negative impact from payments made for value added taxes 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 –139 (–65). The net investments include capital expenditures in equipment for solution contracts.

Free cash flow was MSEK –1 428 (–246), equivalent to –182 percent (–33) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –514 (–107), of which purchase price payments accounted for MSEK –531 (–85), assumed net debt for MSEK 34 (3) and acquisition related costs paid for MSEK –17 (–25).

Cash flow from financing activities was MSEK 804 (406) due to a net increase in borrowings.

Cash flow for the period was MSEK –1 138 (53). The closing balance for liquid funds after translation differences of MSEK 22 was MSEK 2 495 (3 611 as of December 31, 2017).

During the first part of April the Group could confirm a significant improvement in the cash position.

Capital employed and financing

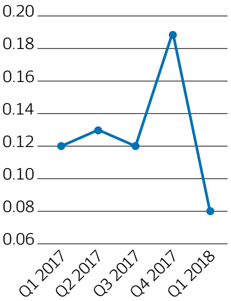
Capital employed and financing

MSEK	Mar 31, 2018
Operating capital employed	9 598
Goodwill	19 553
Acquisition related intangible assets	1 367
Shares in associated companies	424
Capital employed	**30 942**
Net debt	14 467
Shareholders' equity	16 475
Financing	**30 942**

Net debt development

MSEK	
Jan 1, 2018	**-12 333**
Free cash flow	-1 428
Acquisitions	-514
Change in net debt	**-1 942**
Revaluation	41
Translation	-233
Mar 31, 2018	**-14 467**

Free cash flow/net debt



Capital employed as of March 31, 2018

The Group's operating capital employed was MSEK 9 598 (7 560 as of December 31, 2017), corresponding to 10 percent of sales (8 as of December 31, 2017), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 137.

The increase in operating capital employed is mainly explained by the delayed cash flow from operating activities as explained under the cash flow section. We also continue to invest into the execution of our strategy with investments in customers site equipment.

The Group's total capital employed was MSEK 30 942 (27 872 as of December 31, 2017). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 572. The return on capital employed was 15 percent (17 as of December 31, 2017).

Financing as of March 31, 2018

The Group's net debt amounted to MSEK 14 467 (12 333 as of December 31, 2017). The net debt was negatively impacted mainly by free cash flow of MSEK –1 428, cash flow from investing activities of MSEK –514 and the translation of net debt in foreign currency to Swedish kronor of MSEK –233.

The free cash flow to net debt ratio amounted to 0.08 (0.12). The net debt to EBITDA ratio was 2.4 (2.4). The interest cover ratio amounted to 12.1 (10.7).

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, 2018, the facility was undrawn. On February 27, 2018 Securitas issued a seven year MEUR 300 Eurobond. The proceeds from the loan will be used to refinance existing credit facilities and for general corporate purposes. Further information regarding financial instruments and credit facilities is provided in note 7.

Standard and Poor's rating for Securitas is BBB with stable outlook.

Shareholders' equity amounted to MSEK 16 475 (15 539 as of December 31, 2017). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 339. Refer to the statement of comprehensive income on page 13 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of March 31, 2018.

Acquisitions

ACQUISITIONS JANUARY–MARCH 2018 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**18 719**	**1 173**
Automatic Alarm, France [6]	Security Services Europe	Jan 2	100	370	266	300	138
Süddeutsche Bewachung, Germany [6]	Security Services Europe	Jan 2	100	95	94	51	46
Johnson & Thomson, Hong Kong [6]	Other	Jan 2	100	17	18	30	12
Alphatron Security Systems, the Netherlands	Security Services Europe	Mar 1	100	102	107	46	32
Other acquisitions [5] [6]		–	–	6	12	–	2
Total acquisitions January–March 2018				**590**	**497**	**427**	**230**
Amortization of acquisition related intangible assets						–	–63
Exchange rate differences						407	27
Closing balance						**19 553**	**1 367**

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 plus acquired net debt, but excluding any deferred considerations.

5) Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Vartioimisliike H. Hakala (contract portfolio), Finland, Industrie- und Werkschutz Brandstetter (contract portfolio), Germany and Video Monitoring, Austria. Related also to deferred considerations paid in Finland, the Netherlands, Austria, Croatia, Turkey and Chile.

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 182. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 355.

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 16. Transaction costs and revaluation of deferred considerations can be found in note 6 on page 22.

Automatic Alarm, France

Securitas has acquired the electronic security company Automatic Alarm in France. Automatic Alarm is a nation-wide system integrator and installer of electronic security solutions, including intruder systems, video surveillance and access control, with multiyear maintenance contracts. The company has 250 employees. The acquisition was consolidated in Securitas as of January 2, 2018.

Süddeutsche Bewachung, Germany

Securitas has acquired the security solutions company Süddeutsche Bewachung in Germany. Süddeutsche Bewachung has 300 employees. The company offers on-site, mobile and remote guarding in the Rhein-Neckar area in the south-west of Germany, with headquarter located in Mannheim. The company has a very solid customer portfolio, comprising many customer segments. With this acquisition, Securitas strengthens its position in this area of Germany. The acquisition was consolidated in Securitas as of January 2, 2018.

Johnson & Thomson, Hong Kong

Securitas has acquired the technology and installations company Johnson & Thomson in Hong Kong. With this acquisition, Securitas strengthens its position to deliver value added security solutions to customers in Hong Kong. Johnson & Thomson is a monitoring, maintenance and installation company focused on the retail and mid-sized corporate market in Hong Kong. The company has 22 employees. By this acquisition, Securitas continues to strengthen the ability to optimize security solutions, covering a combination of on-site guarding and remote guarding, mobile, monitoring and electronic security services to its customers in the AMEA region. The acquisition was consolidated in Securitas as of January 2, 2018.

Acquisitions

Alphatron, the Netherlands

Securitas has acquired the electronic security company Alphatron Security Systems in the Netherlands, to further strengthen its technology capabilities in the country. Alphatron Security Systems offers video solutions, access control systems and security management systems to industrial, public, aviation, construction and real estate customers on a country-wide basis. The company has 48 employees. The acquisition of Alphatron Security Systems makes Securitas the market leader within security solutions and electronic security in the Netherlands. The acquisition was consolidated in Securitas as of March 1, 2018.

Kratos Public Safety and Security, the US

Securitas has agreed to acquire the division Kratos Public Safety and Security from Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS). The purchase price is approximately MSEK 550 (MUSD 69) on a cash and debt-free basis. The acquisition is expected to be neutral to Securitas earnings per share in 2018 and 2019, and accretive as of 2020.

Kratos Public Safety and Security (KPSS) is ranked as a top 10 system integrator in the United States. The operation has annual sales of approximately MSEK 1 100 (MUSD 135) and includes 400 employees. The primary focus is electronic security projects for commercial customers with special expertise in transportation, petrochemical, healthcare, and education vertical markets. The business provides design, engineering, installation and service of advanced integrated security technology and systems. KPSS has a wide breadth of capabilities including access, video, intrusion, and fire solutions supported by on-going maintenance, inspections, and monitoring services.

KPSS, which is to be combined with Securitas Electronic Security, Inc., aligns well with Securitas Electronic Security's current operations and strategic focus. The acquisition will expand Securitas' electronic security platform in the United States by strengthening field operation capabilities and adding local branch infrastructure with highly skilled employees. It supports Securitas' strategy of providing protective services across the entire Securitas North American customer base, and brings increased value to our customers.

Closing of the acquisition is subject to regulatory approval, and is expected during second quarter of 2018, from which point it will be consolidated in Securitas.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2017 Annual Report and to note 10 on page 23. 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.

Authorization to repurchase shares in Securitas AB

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at any given point in time. The Board has therefore decided to propose to the Annual General Meeting on May 2, 2018, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled.

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 risk, operational assignment risk and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2017.

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 previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2017 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 provides Group Management and support functions for the Group.

January–March 2018
The Parent Company's income amounted to MSEK 239 (229) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 295 (1 022). Income before taxes amounted to MSEK 1 414 (1 182).

As of March 31, 2018
The Parent Company's non-current assets amounted to MSEK 43 293 (43 037 as of December 31, 2017) and mainly comprise shares in subsidiaries of MSEK 41 305 (41 296 as of December 31, 2017). Current assets amounted to MSEK 8 757 (6 823 as of December 31, 2017) of which liquid funds accounted for MSEK 1 245 (1 943 as of December 31, 2017).

Shareholders' equity amounted to MSEK 29 093 (27 664 as of December 31, 2017). The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 957 (22 196 as of December 31, 2017) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 24.

Stockholm, May 2, 2018

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 2018	Jan–Mar 2017	Jan–Dec 2017
Sales	23 110.5	22 136.1	91 479.1
Sales, acquired business	245.2	354.5	717.7
Total sales[3)]	**23 355.7**	**22 490.6**	**92 196.8**
Organic sales growth, %[4)]	6	4	5
Production expenses	–19 305.0	–18 610.5	–75 951.6
Gross income	**4 050.7**	**3 880.1**	**16 245.2**
Selling and administrative expenses*	–2 976.4	–2 832.2	–11 593.8
Other operating income[3)]	6.8	5.7	23.8
Share in income of associated companies	9.7	2.6	22.0
Operating income before amortization*	**1 090.8**	**1 056.2**	**4 697.2**
*Operating margin, %**	4.7	4.7	5.1
Amortization of acquisition related intangible assets	–62.7	–62.8	–255.1
Acquisition related costs[6)]	–8.6	–4.0	–48.4
Operating income after amortization*	**1 019.5**	**989.4**	**4 393.7**
Financial income and expenses[7)]	–93.5	–102.3	–375.6
Income before taxes*	**926.0**	**887.1**	**4 018.1**
*Net margin, %**	4.0	3.9	4.4
Current taxes	–213.2	–211.7	–944.4
Deferred taxes*	–22.9	–48.4	–322.2
Net income for the period*	**689.9**	**627.0**	**2 751.5**
Whereof attributable to:			
Equity holders of the Parent Company*	689.4	628.2	2 749.7
Non-controlling interests	0.5	–1.2	1.8
Earnings per share before and after dilution (SEK)*	1.89	1.72	7.53
Earnings per share before and after dilution and before items affecting comparability (SEK)*	1.89	1.72	7.87

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Net income for the period*	**689.9**	**627.0**	**2 751.5**
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	17.9	28.1	45.4
Total items that will not be reclassified to the statement of income[8)]	**17.9**	**28.1**	**45.4**
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	28.6	–12.7	–21.9
Cost of hedging net of tax	2.4	–	–
Net investment hedges net of tax	–190.3	38.5	91.3
Other comprehensive income from associated companies, translation differences	0.5	0.4	–25.3
Translation differences	528.7	–129.2	–696.5
Total items that subsequently may be reclassified to the statement of income[8)]	**369.9**	**–103.0**	**–652.4**
Other comprehensive income for the period[8)]	**387.8**	**–74.9**	**–607.0**
Total comprehensive income for the period*	**1 077.7**	**552.1**	**2 144.5**
Whereof attributable to:			
Equity holders of the Parent Company*	1 076.3	552.6	2 142.5
Non-controlling interests	1.4	–0.5	2.0

* Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.
Notes 3–8 refer to pages 20–23.

Consolidated financial statements

STATEMENT OF CASH FLOW

Operating cash flow MSEK	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Dec 2017**
Operating income before amortization*	**1 090.8**	**1 056.2**	**4 697.2**
Investments in non-current tangible and intangible assets*	–519.3	–417.7	–1 808.4
Reversal of depreciation*	379.9	353.2	1 445.5
Change in accounts receivable	–273.5	324.7	–448.9
Change in other operating capital employed	–1 602.5	–944.1	–48.1
Cash flow from operating activities	**–924.6**	**372.3**	**3 837.3**
Cash flow from operating activities, %	*–85*	*35*	*82*
Financial income and expenses paid	–243.4	–306.4	–425.6
Current taxes paid	–260.1	–311.9	–1 122.2
Free cash flow	**–1 428.1**	**–246.0**	**2 289.5**
Free cash flow, %	*–182*	*–33*	*68*
Cash flow from investing activities, acquisitions and divestitures	–514.1	–107.0	–303.6
Cash flow from financing activities	804.3	406.0	–742.7
Cash flow for the period	**–1 137.9**	**53.0**	**1 243.2**

Cash flow MSEK	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Dec 2017**
Cash flow from operations*	–925.4	146.8	4 039.3
Cash flow from investing activities*	–1 016.8	–499.8	–2 053.4
Cash flow from financing activities	804.3	406.0	–742.7
Cash flow for the period	**–1 137.9**	**53.0**	**1 243.2**

Change in net debt MSEK	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Dec 2017**
Opening balance	**–12 332.5**	**–13 431.3**	**–13 431.3**
Cash flow for the period	–1 137.9	53.0	1 243.2
Change in loans	–804.3	–406.0	–626.3
Change in net debt before revaluation and translation differences	**–1 942.2**	**–353.0**	**616.9**
Revaluation of financial instruments 7)	40.5	–16.9	–28.8
Translation differences	–233.0	118.5	510.7
Change in net debt	**–2 134.7**	**–251.4**	**1 098.8**
Closing balance	**–14 467.2**	**–13 682.7**	**–12 332.5**

* Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.
Note 7 refer to pages 22–23.

Consolidated financial statements

CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Operating capital employed*	**9 597.7**	**7 848.9**	**7 559.8**
*Operating capital employed as % of sales**	10	9	8
*Return on operating capital employed, %**	55	62	64
Goodwill	19 553.1	19 251.5	18 719.1
Acquisition related intangible assets	1 367.2	1 342.9	1 172.8
Shares in associated companies	423.9	422.5	419.8
Capital employed*	**30 941.9**	**28 865.8**	**27 871.5**
Return on capital employed, %	15	16	17
Net debt	**–14 467.2**	**–13 682.7**	**–12 332.5**
Shareholders' equity*	**16 474.7**	**15 183.1**	**15 539.0**
*Net debt equity ratio, multiple**	0.88	0.90	0.79

BALANCE SHEET

MSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Goodwill	19 553.1	19 251.5	18 719.1
Acquisition related intangible assets	1 367.2	1 342.9	1 172.8
Other intangible assets*	1 186.6	922.0	1 079.0
Tangible non-current assets	3 620.0	3 387.9	3 489.1
Shares in associated companies	423.9	422.5	419.8
Non-interest-bearing financial non-current assets	1 772.8	2 144.9	1 819.6
Interest-bearing financial non-current assets	680.3	321.2	499.7
Total non-current assets*	**28 603.9**	**27 792.9**	**27 199.1**
Current assets			
Non-interest-bearing current assets	20 592.0	18 504.4	18 569.0
Other interest-bearing current assets	135.7	143.7	164.7
Liquid funds	2 495.1	2 462.7	3 610.6
Total current assets	**23 222.8**	**21 110.8**	**22 344.3**
TOTAL ASSETS*	**51 826.7**	**48 903.7**	**49 543.4**

MSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company*	16 452.4	15 163.9	15 517.8
Non-controlling interests	22.3	19.2	21.2
Total shareholders' equity*	**16 474.7**	**15 183.1**	**15 539.0**
Equity ratio, %	32	31	31
Long-term liabilities			
Non-interest-bearing long-term liabilities	388.8	254.2	237.7
Interest-bearing long-term liabilities	16 739.4	13 132.2	13 024.6
Non-interest-bearing provisions*	3 225.5	3 263.5	3 206.8
Total long-term liabilities*	**20 353.7**	**16 649.9**	**16 469.1**
Current liabilities			
Non-interest-bearing current liabilities and provisions	13 959.4	13 592.6	13 952.4
Interest-bearing current liabilities	1 038.9	3 478.1	3 582.9
Total current liabilities	**14 998.3**	**17 070.7**	**17 535.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES*	**51 826.7**	**48 903.7**	**49 543.4**

* Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.

Consolidated financial statements

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2018 Attributable to equity holders of the Parent Company	Mar 31, 2018 Non-controlling interests	Mar 31, 2018 Total	Mar 31, 2017 Attributable to equity holders of the Parent Company	Mar 31, 2017 Non-controlling interests	Mar 31, 2017 Total	Dec 31, 2017 Attributable to equity holders of the Parent Company	Dec 31, 2017 Non-controlling interests	Dec 31, 2017 Total
Opening balance January 1, 2018/2017	**15 517.8**	**21.2**	**15 539.0**	**14 487.2**	**20.7**	**14 507.9**	**14 487.2**	**20.7**	**14 507.9**
Effect of change in accounting principle IFRS 15[1]	–	–	–	274.7	–	274.7	274.7	–	274.7
Opening balance adjusted in accordance with new accounting principle	**15 517.8**	**21.2**	**15 539.0**	**14 761.9**	**20.7**	**14 782.6**	**14 761.9**	**20.7**	**14 782.6**
Total comprehensive income for the period*	1 076.3	1.4	1 077.7	552.6	–0.5	552.1	2 142.5	2.0	2 144.5
Transactions with non-controlling interests	–1.2	–0.3	–1.5	–1.0	–1.0	–2.0	–1.2	–1.5	–2.7
Share based incentive scheme	–140.5	–	–140.5[2]	–149.6	–	–149.6	–16.4	–	–16.4
Dividend paid to the shareholders of the Parent Company	–	–	–	–	–	–	–1 369.0	–	–1 369.0
Closing balance March 31/December 31, 2018/2017*	**16 452.4**	**22.3**	**16 474.7**	**15 163.9**	**19.2**	**15 183.1**	**15 517.8**	**21.2**	**15 539.0**

* Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.

1) Refers to net impact after taxes of adoption of IFRS 15.
2) Refers to a swap agreement in Securitas AB shares of MSEK –140.6, hedging the share portion of Securitas share based incentive scheme 2017, and adjustment to grant date value of non-vested shares of MSEK 0.1, related to Securitas share based incentive scheme 2016.

DATA PER SHARE

SEK	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Share price, end of period	141.75	140.00	143.20
Earnings per share before and after dilution[1, 2, 3]	1.89	1.72	7.53
Earnings per share before and after dilution and before items affecting comparability[1, 2, 3]	1.89	1.72	7.87
Dividend	–	–	4.00[4]
P/E-ratio after dilution and before items affecting comparability	–	–	18
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) Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.
4) Proposed dividend.

Segment overview January–March 2018 and 2017

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
Operating income after amortization	**496**	**472**	**125**	**–74**	**-**	**1 019**
Financial income and expenses	–	–	–	–	–	–93
Income before taxes	**–**	**–**	**–**	**–**	**–**	**926**

JANUARY–MARCH 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other[1]	Eliminations	Group[1]
Sales, external	9 466	9 702	2 985	338	–	22 491
Sales, intra-group	0	–	–	0	0	–
Total sales	**9 466**	**9 702**	**2 985**	**338**	**0**	**22 491**
Organic sales growth, %	*5*	*0*	*15*	*–*	*–*	*4*
Operating income before amortization	**517**	**482**	**126**	**–69**	**–**	**1 056**
of which share in income of associated companies	*–6*	*2*	*–*	*7*	*–*	*3*
Operating margin, %	*5.5*	*5.0*	*4.2*	*–*	*–*	*4.7*
Amortization of acquisition related intangible assets	–13	–35	–11	–4	–	–63
Acquisition related costs	0	–4	0	0	–	–4
Operating income after amortization	**504**	**443**	**115**	**–73**	**–**	**989**
Financial income and expenses	–	–	–	–	–	–102
Income before taxes	**–**	**–**	**–**	**–**	**–**	**887**

[1] Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.

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 1–25 and pages 1–12 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 65 to 71 in the Annual Report for 2017. 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 39 on page 119 in the Annual Report for 2017.

Adoption and impact of new and revised IFRS that have been applied as from 2018

Two new accounting standards, IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers, have been applied by Securitas as of January 1, 2018. The effects of the transition to these standards are described briefly below. For further information, refer to note 2 on page 65 in Securitas' Annual Report 2017 as well as to notes 2 and 3 in this interim report.

Regarding IFRS 9 Financial instruments, we expect minimal impact on the financial statements from hedge accounting under IFRS 9 compared with the previous hedge accounting under IAS 39. The application of the expected credit loss model for impairment testing of financial assets has had only a limited impact on the financial statements. Securitas' transition to IFRS 9 has consequently not entailed any restatement of the comparative figures.

Regarding IFRS 15 Revenue from Contracts with Customers, Securitas' transition to IFRS 15 has been based on a full retrospective application without use of any practical expedients. The current revenue recognition under IFRS 15 has not been materially impacted compared to revenue recognition under previous standards. A disaggregation of Securitas' revenue on type of revenue as well as a description of these can be found in note 3 in this interim report. Revenue split by segment is accounted for in the segment overviews as well as in note 3.

The main impact on Securitas due to the transition to IFRS 15 is that certain costs to obtain contracts have been capitalized in accordance with IFRS 15. The effects of restating the comparative year 2017 due to this change in accounting principle is accounted for in note 2 in this interim report. The restatement has had no effect on the Group´s segments, as they will continue with the principle of expensing costs to obtain contracts as they are incurred. The effects of the restatement are thus accounted for under Other in the Group´s segment overviews.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2018 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 2019 and onwards

IFRS 16 Leases comes into force on January 1, 2019 and will be adopted by Securitas as of that date. For further information regarding the effects on Securitas from the transition to IFRS 16, refer to note 2 on page 65 in Securitas' Annual Report 2017. The effect on the Group's financial statements from other standards and interpretations that are mandatory for the Group's financial year 2019 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 4 and 5 in this interim report as well as to note 3 in the Annual Report 2017.

NOTE 2 RESTATED COMPARATIVES DUE TO CHANGES IN ACCOUNTING PRINCIPLES

The tables below show restated comparative figures for the Group. The restatement is done to reflect that the Group has adopted IFRS 15 as of January 1, 2018. This change has had effect only on total Group level and thus had no effect on segment level. For further information, refer to note 1 in this report as well as to note 2 on page 65 in Securitas Annual Report 2017.

The tables below show the lines in the consolidated financial statements that have been affected by the transition to IFRS 15. Lines that have not been affected by IFRS 15 are not included. The lines in the tables below consequently do not add up to the total amounts. Refer to Securitas' published interim reports 2017 as well as Securitas' Annual Report 2017 for the numbers before restatement for IFRS 15.

CONSOLIDATED STATEMENT OF INCOME

The restatement impact on the consolidated statement of income is recognized on the line selling and administrative expenses and constitutes the net of the period's capitalized and amortized costs to obtain a contract. The tax effect is recognized on the line deferred taxes.

Restatement, MSEK	Q1 2017	Q2 2017	H1 2017	Q3 2017	9M 2017	Q4 2017	FY 2017
Selling and administrative expenses	5.1	5.1	10.2	5.1	15.3	5.1	20.4
Operating income before amortization	**5.1**	**5.1**	**10.2**	**5.1**	**15.3**	**5.1**	**20.4**
Operating margin, %	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*
Operating income after amortization	**5.1**	**5.1**	**10.2**	**5.1**	**15.3**	**5.1**	**20.4**
Income before taxes	**5.1**	**5.1**	**10.2**	**5.1**	**15.3**	**5.1**	**20.4**
Net margin, %	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*
Deferred taxes	–1.6	–1.6	–3.2	–1.6	–4.8	–1.5	–6.3
Net income for the period	**3.5**	**3.5**	**7.0**	**3.5**	**10.5**	**3.6**	**14.1**
Whereof attributable to:							
Equity holders of the Parent Company	3.5	3.5	7.0	3.5	10.5	3.6	14.1
Earnings per share before and after dilution (SEK)	0.01	0.00	0.02	0.01	0.03	0.01	0.04
Earnings per share before and after dilution and before items affecting comparability (SEK)	0.01	0.00	0.02	0.01	0.03	0.01	0.04

Notes

After restatement, MSEK	Q1 2017	Q2 2017	H1 2017	Q3 2017	9M 2017	Q4 2017	FY 2017
Selling and administrative expenses	–2 832.2	–2 929.2	–5 761.4	–2 773.7	–8 535.1	–3 058.7	–11 593.8
Operating income before amortization	**1 056.2**	**1 136.7**	**2 192.9**	**1 234.9**	**3 427.8**	**1 269.4**	**4 697.2**
Operating margin, %	*4.7*	*4.9*	*4.8*	*5.5*	*5.0*	*5.3*	*5.1*
Operating income after amortization	**989.4**	**1 067.1**	**2 056.5**	**1 168.7**	**3 225.2**	**1 168.5**	**4 393.7**
Income before taxes	**887.1**	**973.4**	**1 860.5**	**1 082.5**	**2 943.0**	**1 075.1**	**4 018.1**
Net margin, %	*3.9*	*4.2*	*4.1*	*4.8*	*4.3*	*4.5*	*4.4*
Deferred taxes	–48.4	–23.3	–71.7	–32.8	–104.5	–217.7	–322.2
Net income for the period	**627.0**	**693.7**	**1 320.7**	**783.1**	**2 103.8**	**647.7**	**2 751.5**
Whereof attributable to:							
Equity holders of the Parent Company	628.2	691.7	1 319.9	783.4	2 103.3	646.4	2 749.7
Earnings per share before and after dilution (SEK)	1.72	1.89	3.62	2.15	5.76	1.77	7.53
Earnings per share before and after dilution and before items affecting comparability (SEK)	1.72	1.89	3.62	2.15	5.76	2.11	7.87

CONSOLIDATED CAPITAL EMPLOYED AND FINANCING

The restatement impact on consolidated capital employed and financing constitutes the net amount of capitalized and amortized costs to obtain a contract, classified as an intangible asset, and recognized as an increase of operating capital employed. This increase is partly offset by the related deferred tax liability, which reduces operating capital employed. The net impact after taxes of adoption of IFRS 15 is recognized in retained earnings as an increase of shareholders´equity.

Restatement, MSEK	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Operating capital employed	**278.2**	**281.7**	**285.2**	**288.8**
Operating capital employed as % of sales	*1*	–	–	–
Return on operating capital employed, %	*–2*	*–3*	*–2*	*–3*
Capital employed	**278.2**	**281.7**	**285.2**	**288.8**
Shareholders' equity	**278.2**	**281.7**	**285.2**	**288.8**
Net debt equity ratio, multiple	*–0.02*	*–0.02*	*–0.02*	*–0.02*

After restatement, MSEK	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Operating capital employed	**7 848.9**	**8 117.3**	**8 106.0**	**7 559.8**
Operating capital employed as % of sales	*9*	*9*	*9*	*8*
Return on operating capital employed, %	*62*	*61*	*62*	*64*
Capital employed	**28 865.8**	**28 742.5**	**28 087.7**	**27 871.5**
Shareholders' equity	**15 183.1**	**14 203.2**	**14 481.7**	**15 539.0**
Net debt equity ratio, multiple	*0.90*	*1.02*	*0.94*	*0.79*

CONSOLIDATED BALANCE SHEET

The restatement impact on the consolidated balance sheet constitutes the net amount of capitalized and amortized costs to obtain a contract, classified as an intangible asset, and the related deferred tax liability, recognized on the line non-interest-bearing provisions. The net impact after taxes of adoption of IFRS 15 is recognized in retained earnings as an increase of shareholders´equity.

Restatement, MSEK	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
ASSETS				
Non-current assets				
Other intangible assets	395.7	400.8	405.9	411.1
Total non-current assets	**395.7**	**400.8**	**405.9**	**411.1**
TOTAL ASSETS	**395.7**	**400.8**	**405.9**	**411.1**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company	278.2	281.7	285.2	288.8
Total shareholders' equity	**278.2**	**281.7**	**285.2**	**288.8**
Long-term liabilities				
Non-interest-bearing provisions	117.5	119.1	120.7	122.3
Total long-term liabilities	**117.5**	**119.1**	**120.7**	**122.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**395.7**	**400.8**	**405.9**	**411.1**

Notes

After restatement, MSEK	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
ASSETS				
Non-current assets				
Other intangible assets	922.0	971.6	1 013.5	1 079.0
Total non-current assets	**27 792.9**	**27 394.5**	**26 744.9**	**27 199.1**
TOTAL ASSETS	**48 903.7**	**48 917.8**	**47 832.9**	**49 543.4**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company	15 163.9	14 184.1	14 463.9	15 517.8
Total shareholders' equity	**15 183.1**	**14 203.2**	**14 481.7**	**15 539.0**
Long-term liabilities				
Non-interest-bearing provisions	3 263.5	3 172.2	3 127.1	3 206.8
Total long-term liabilities	**16 649.9**	**16 671.5**	**16 415.9**	**16 469.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 903.7**	**48 917.8**	**47 832.9**	**49 543.4**

NOTE 3 REVENUE

MSEK	Jan–Mar 2018	%	Jan–Mar 2017	%	Jan–Dec 2017	%
Guarding services	18 521.1	*80*	18 371.2	*82*	74 238.6	*81*
Security solutions and electronic security	4 521.7	*19*	3 869.2	*17*	16 697.3	*18*
Other	312.9	*1*	250.2	*1*	1 260.9	*1*
Total sales	**23 355.7**	***100***	**22 490.6**	***100***	**92 196.8**	***100***
Other operating income	6.8	*0*	5.7	*0*	23.8	*0*
Total revenue	**23 362.5**	***100***	**22 496.3**	***100***	**92 220.6**	***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 Group's business segments follow the same accounting principles for revenue recognition as the Group. 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 2018**	**Jan–Mar 2017**	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Mar 2018**	**Jan–Mar 2017**	**Jan–Mar 2018**	**Jan–Mar 2017**
Guarding services	7 520	7 873	8 386	7 885	2 249	2 302	367	312	-1	0	18 521	18 372
Security solutions and electronic security	1 532	1 343	2 189	1 817	763	683	38	26	–	–	4 522	3 869
Other	313	250	–	–	–	–	–	–	–	–	313	250
Total sales	**9 365**	**9 466**	**10 575**	**9 702**	**3 012**	**2 985**	**405**	**338**	**-1**	**0**	**23 356**	**22 491**
Other operating income	–	–	–	–	–	–	7	6	–	–	7	6
Total revenue	**9 365**	**9 466**	**10 575**	**9 702**	**3 012**	**2 985**	**412**	**344**	**-1**	**0**	**23 363**	**22 497**

Notes

NOTE 4 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.

MSEK	Jan–Mar 2018	Jan–Mar 2017	*Jan–Mar %*
Total sales	**23 356**	**22 491**	**4**
Currency change from 2017	784	–	
Currency adjusted sales growth	**24 140**	**22 491**	**7**
Acquisitions/divestitures	–245	0	
Organic sales growth	**23 895**	**22 491**	**6**
Operating income before amortization*	**1 091**	**1 056**	**3**
Currency change from 2017	43	–	
Currency adjusted operating income before amortization	**1 134**	**1 056**	**7**
Operating income after amortization*	**1 019**	**989**	**3**
Currency change from 2017	42	–	
Currency adjusted operating income after amortization	**1 061**	**989**	**7**
Income before taxes*	**926**	**887**	**4**
Currency change from 2017	32	–	
Currency adjusted income before taxes	**958**	**887**	**8**
Net income for the period*	**690**	**627**	***10***
Currency change from 2017	22	–	
Currency adjusted net income for the period	**712**	**627**	***14***
Net income attributable to equity holders of the Parent Company*	**689**	**628**	***10***
Currency change from 2017	22	–	
Currency adjusted net income attributable to equity holders of the Parent Company	**711**	**628**	**13**
Number of shares	365 058 897	365 058 897	
Currency adjusted earnings per share	**1.95**	**1.72**	**13**

* Comparatives have been restated as an effect of a change in accounting principle IFRS 15. Refer to notes 1 and 2 for further information.

NOTE 5 DEFINITIONS AND CALCULATION OF KEY RATIOS

The calculations below relate to the period January–March 2018.

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: (4 731.8 + 53.2) / 395.6 = 12.1

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: –1 428.1 / (1 090.8 – 93.5 – 0.7 – 213.2) = –182%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 1 107.4 / 14 467.2 = 0.08

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: 14 467.2 / (4 423.8 + 255.0 + 1 472.2) = 2.4

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: 9 597.7 / 97 657.6 = 10%

Return on operating capital employed
Operating income before amortization (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: 4 731.8 / ((9 597.7 + 7 559.8) / 2) = 55%

Return on capital employed
Operating income before amortization (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: 4 731.8 / 30 941.9 = 15%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 14 467.2 / 16 474.7 = 0.88

Notes

NOTE 6 ACQUISITION RELATED COSTS

MSEK	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Restructuring and integration costs	–5.4	–0.5	–13.5
Transaction costs	–2.1	–2.5	–29.9
Revaluation of deferred considerations	–1.1	–1.0	–5.0
Total acquisition related costs	**–8.6**	**–4.0**	**–48.4**

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

NOTE 7 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 2018	Jan–Mar 2017	Jan–Dec 2017
Recognized in the statement of income			
Revaluation of financial instruments	0.7	–0.6	–0.8
Deferred tax	–	–	–
Impact on net income	**0.7**	**–0.6**	**–0.8**
Recognized in the statement of comprehensive income			
Cash flow hedges	36.7	–16.3	–28.0
Cost of hedging	3.1	–	–
Deferred tax	–8.8	3.6	6.1
Total recognized in the statement of comprehensive income	**31.0**	**–12.7**	**–21.9**
Total revaluation before tax	40.5	–16.9	–28.8
Total deferred tax	–8.8	3.6	6.1
Total revaluation after tax	**31.7**	**–13.3**	**–22.7**

Fair value hierarchy
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 6 in the Annual Report 2017. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2017.

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, 2018				
Financial assets at fair value through profit or loss	–	2.0	–	2.0
Financial liabilities at fair value through profit or loss	–	–30.6	–354.8	–385.4
Derivatives designated for hedging with positive fair value	–	650.9	–	650.9
Derivatives designated for hedging with negative fair value	–	–7.4	–	–7.4
December 31, 2017				
Financial assets at fair value through profit or loss	-	50.6	–	50.6
Financial liabilities at fair value through profit or loss	-	–16.2	–167.6	–183.8
Derivatives designated for hedging with positive fair value	-	438.7	–	438.7
Derivatives designated for hedging with negative fair value	-	–48.0	–	–48.0

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 6 in the Annual Report 2017.

	Mar 31, 2018		Dec 31, 2017	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	–	–	2 961.0	2 969.4
Long-term loan liabilities	13 970.3	14 270.8	10 463.3	10 721.1
Total financial instruments by category	**13 970.3**	**14 270.8**	**13 424.3**	**13 690.5**

Notes

Summary of credit facilities as of March 31, 2018

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	50	0	2018
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	550	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	4 550	n/a

NOTE 8 DEFERRED TAX ON OTHER COMPREHENSIVE INCOME

MSEK	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Deferred tax on remeasurements of defined benefit pension plans	–5.3	–12.0	–63.2[1]
Deferred tax on cash flow hedges	–8.1	3.6	6.1
Deferred tax on cost of hedging	–0.7	–	–
Deferred tax on net investment hedges	53.7	–10.9	–25.8
Total deferred tax on other comprehensive income	**39.6**	**–19.3**	**–82.9**

[1] Including revaluation of US net deferred tax assets MSEK –24.6 due to the tax reform in the US.

NOTE 9 PLEDGED ASSETS

MSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Pension balances, defined contribution plans	128.8	119.1	124.1
Finance leases	206.5	204.5	191.2
Total pledged assets	**335.3**	**323.6**	**315.3**

NOTE 10 CONTINGENT LIABILITIES

MSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Guarantees	4.0	26.5	3.9
Guarantees related to discontinued operations	16.1	15.5	15.3
Total contingent liabilities	**20.1**	**42.0**	**19.2**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2017 as well as to the section Other significant events in this report.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Mar 2018	Jan–Mar 2017
License fees and other income	238.6	228.7
Gross income	**238.6**	**228.7**
Administrative expenses	–145.7	–150.2
Operating income	**92.9**	**78.5**
Financial income and expenses	1 295.1	1 021.8
Income after financial items	**1 388.0**	**1 100.3**
Appropriations	25.6	81.7
Income before taxes	**1 413.6**	**1 182.0**
Taxes	–23.4	–13.1
Net income for the period	**1 390.2**	**1 168.9**

BALANCE SHEET

MSEK	Mar 31, 2018	Dec 31, 2017
ASSETS		
Non-current assets		
Shares in subsidiaries	41 305.2	41 296.2
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	306.9	315.9
Interest-bearing financial non-current assets	1 568.8	1 312.6
Total non-current assets	**43 293.0**	**43 036.8**
Current assets		
Non-interest-bearing current assets	1 120.4	475.9
Other interest-bearing current assets	6 391.7	4 405.0
Liquid funds	1 245.3	1 942.6
Total current assets	**8 757.4**	**6 823.5**
TOTAL ASSETS	**52 050.4**	**49 860.3**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 784.5	7 784.5
Non-restricted equity	21 308.6	19 879.6
Total shareholders' equity	**29 093.1**	**27 664.1**
Untaxed reserves	**160.8**	**123.3**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	317.6	314.1
Interest-bearing long-term liabilities	16 593.9	12 887.3
Total long-term liabilities	**16 911.5**	**13 201.4**
Current liabilities		
Non-interest-bearing current liabilities	919.1	573.5
Interest-bearing current liabilities	4 965.9	8 298.0
Total current liabilities	**5 885.0**	**8 871.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**52 050.4**	**49 860.3**

Financial information

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 2, 2018 at **2:15 p.m. (CET)** where 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.

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FINANCIAL INFORMATION CALENDAR

May 2, 2018, 4.00 p.m. (CET)	Annual General Meeting 2018. The AGM will take place at Hilton Hotel Slussen in Stockholm at 4.00 p.m. (CET).
July 27, 2018, app. 1.00 p.m. (CET)	Interim Report January–June 2018
October 26, 2018, app. 1.00 p.m. (CET)	Interim Report January–September 2018

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

ABOUT SECURITAS

Securitas is a knowledge leader in security and offers protective services in North America, Europe, Latin America, Africa, the Middle East and Asia. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. 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 employs more than 345 000 people in 56 markets. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

Our strategy is to offer complete security solutions that integrate all of 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.

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This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 1.00 p.m. (CET) on Wednesday, May 2, 2018.