

# SECURITAS AB INTERIM REPORT

January–March 2020



## JANUARY-MARCH 2020

- Total sales MSEK 28 420 (26 744)
- Organic sales growth 2 percent (7)
- Operating income before amortization MSEK 1 086 (1 290)
- Operating margin 3.8 percent (4.8)
- Items affecting comparability (IAC) MSEK -45 (-20), relating to IS/IT transformation programs
- Earnings per share SEK 1.61 (2.08)
- Earnings per share, before IAC, SEK 1.70 (2.12)
- Net debt/EBITDA 2.4 (2.8)
- Cash flow from operating activities 34 percent (-5)
- Dividend proposal withdrawn, may consider a new dividend proposal later this year
- Significant impact and uncertainty related to the corona pandemic

## Comments from the President and CEO



### Managing a challenging time

The Group delivered organic sales growth in the first quarter of 2 percent (7). Organic sales growth declined in all business segments due to the extraordinary situation of the corona pandemic which started to affect our business in the beginning of March and increasingly throughout the month. Our business segment Security Services Europe was most impacted, mainly driven by a rapid decline in activity in the aviation business.

Security services are considered essential services in most countries. We have been able to respond quickly to our clients' demands by leveraging our strong range of protective services through our global and local footprint. We protect critical activities and supply chains required to handle the pandemic, including increased activity levels at hospitals and protection of facilities.

Security solutions and electronic security grew by 10 percent in the first quarter to represent 22 percent of total Group sales. We are currently not prioritizing acquisitions but we intend to return to our previous acquisition approach when the situation normalizes.

The operating margin in the first quarter was 3.8 percent (4.8), a decline deriving from all

business segments but the main impact from Security Services Europe. The price and wage balance was on par in the first quarter and retaining that balance is a key focus area in 2020.

The operating result, adjusted for changes in exchange rates, declined by 19 percent. Earnings per share, before items affecting comparability, amounted to SEK 1.70 (2.12).

We delivered a good cash flow in the first quarter and our strong focus on cash management remains a key priority across all business segments.

### Focus during a challenging period

Our current focus is on four priorities: the health and safety of our employees, maintain delivery of our services to our clients, cash flow and cost.

Securitas leaders and employees have demonstrated tremendous strength in maintaining business continuity, swiftly mobilizing resources to meet critical client demands. We are working relentlessly to adapt our way of working to minimize the risk of spreading of the virus and to secure protective equipment. To protect our strong financial position, we have taken a number

of cash measures. We have also signed a new revolving 5-year credit facility used to replace the existing one. We are closely managing costs and continuously assessing how to adjust the business. 10 000 of our employees across the business are currently on a temporary unemployment scheme.

We continue to drive the strategic transformation programs despite the currently challenging conditions. Driving digitization and modernization is critical to enhance our offering and value creation in the future.

Looking ahead, we face significant uncertainty related to the corona pandemic. We are assessing different scenarios to ensure preparedness. We will continue to implement proactive measures to mitigate the impacts, and will take action as deemed necessary.

We are working closely with our clients to support them in re-starting their operations. This is critical work not only for our clients but for many economies, people and society at large.

Magnus Ahlqvist  
President and  
Chief Executive Officer

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# January-March summary

## FINANCIAL SUMMARY

MSEK	Quarter		Change, %		Full year	Change, %
	Q1 2020	Q1 2019	Total	Real	2019	Total
<b>Sales</b>	<b>28 420</b>	<b>26 744</b>	<b>6</b>	<b>4</b>	<b>110 899</b>	<b>9</b>
Organic sales growth, %	2	7			4	
<b>Operating income before amortization</b>	<b>1 086</b>	<b>1 290</b>	<b>-16</b>	<b>-19</b>	<b>5 738</b>	<b>8</b>
Operating margin, %	3.8	4.8			5.2	
Amortization of acquisition-related intangible assets	-72	-66			-271	
Acquisition-related costs	-17	-12			-62	
Items affecting comparability*	-45	-20			-209	
<b>Operating income after amortization</b>	<b>952</b>	<b>1 192</b>	<b>-20</b>	<b>-23</b>	<b>5 196</b>	<b>16</b>
Financial income and expenses	-144	-139			-578	
<b>Income before taxes</b>	<b>808</b>	<b>1 053</b>	<b>-23</b>	<b>-26</b>	<b>4 618</b>	<b>15</b>
<b>Net income for the period</b>	<b>588</b>	<b>760</b>	<b>-23</b>	<b>-25</b>	<b>3 362</b>	<b>11</b>
Earnings per share, SEK	1.61	2.08	-23	-25	9.20	11
EPS before items affecting comparability, SEK	1.70	2.12	-20	-23	9.61	5
Cash flow from operating activities, %	34	-5			85	
Free cash flow	-324	-606			3 268	
Net debt to EBITDA ratio	2.4	2.8			2.2	

\* Refer to note 6 on page 19 for further information.

## ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

%	Organic sales growth		Operating margin	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Security Services North America	2	6	5.2	5.7
Security Services Europe	0	4	3.6	5.0
Security Services Ibero-America	9	19	4.4	4.7
<b>Group</b>	<b>2</b>	<b>7</b>	<b>3.8</b>	<b>4.8</b>

# Group development

## JANUARY-MARCH 2020

### Sales development

Sales amounted to MSEK 28 420 (26 744) and organic sales growth to 2 percent (7). Security Services North America delivered organic sales growth of 2 percent (6), on a strong comparative. Security Services Europe declined to 0 percent (4), due to the earlier communicated contract terminations and to the corona pandemic. Security Services Ibero-America delivered 9 percent (19), a decline primarily related to Spain and Peru.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 4 percent (9).

Sales of security solutions and electronic security sales amounted to MSEK 6 148 (5 528) or 22 percent (21) of total sales in the first quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 10 percent (17).

### Operating income before amortization

Operating income before amortization was MSEK 1 086 (1 290) which, adjusted for changes in exchange rates, represented a real change of -19 percent (11).

The Group's operating margin was 3.8 percent (4.8), a decline stemming from all business segments. The corona pandemic impacted all business segments to various extent from the beginning of March but with main negative impact from Security Services Europe. Continued strategy-related investments at the Group level, included under "Other" in the segment reporting, impacted the Group's operating margin

negatively. Total price adjustments in the Group were on par with wage cost increases in the first quarter.

### Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -72 (-66).

Acquisition related costs were MSEK -17 (-12). For further information refer to note 5.

Items affecting comparability were MSEK -45 (-20), related to the IS/IT transformation programs. For further information refer to note 6.

### Financial income and expenses

Financial income and expenses amounted to MSEK -144 (-139).

### Income before taxes

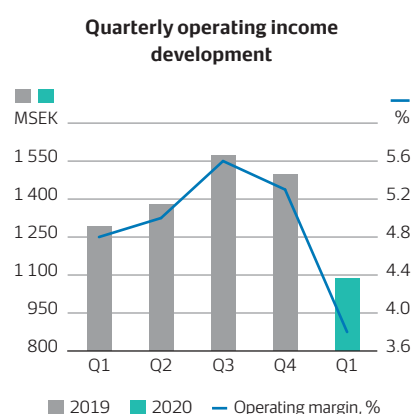
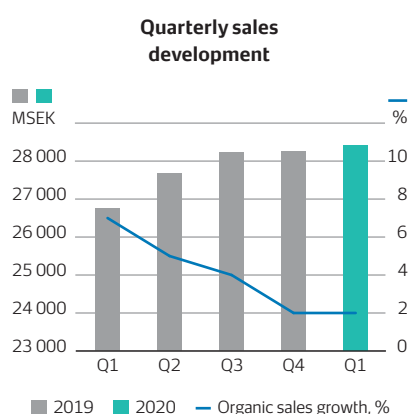
Income before taxes amounted to MSEK 808 (1 053).

### Taxes, net income and earnings per share

The Group's tax rate was 27.2 percent (27.8), which is in line with the 2019 full year tax rate. The tax rate before tax on items affecting comparability was 27.3 percent (27.8).

Net income was MSEK 588 (760).

Earnings per share amounted to SEK 1.61 (2.08). Earnings per share before items affecting comparability amounted to SEK 1.70 (2.12).



# Development in the Group's business segments

## Security Services North America

Security Services North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units - Guarding, Electronic Security, Pinkerton Corporate Risk Management and Critical Infrastructure Services. Guarding includes on-site, mobile and remote guarding and the unit for global and national accounts, as well as Canada and Mexico. There are also specialized client segment units, such as aviation, healthcare, manufacturing and oil and gas.

MSEK	Quarter		Change, %		Full year
	Q1 2020	Q1 2019	Total	Real	2019
<b>Total sales</b>	<b>12 647</b>	<b>11 569</b>	<b>9</b>	<b>3</b>	<b>48 499</b>
Organic sales growth, %	2	6			4
Share of Group sales, %	45	43			44
<b>Operating income before amortization</b>	<b>652</b>	<b>655</b>	<b>0</b>	<b>-6</b>	<b>3 003</b>
Operating margin, %	5.2	5.7			6.2
Share of Group operating income, %	60	51			52

### January-March 2020

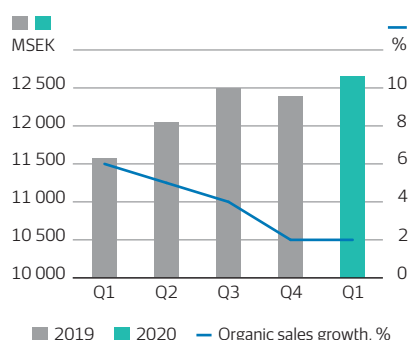
Organic sales growth was 2 percent (6), on a strong comparative with a solid client retention rate of 92 percent (89). Organic sales growth was stable throughout the quarter. Main contribution to organic sales growth derived from Guarding, while the business unit Critical Infrastructure Services was slightly negative. Increased extra sales in Guarding offset limited service reductions in the portfolio. Electronic Security hampered organic sales growth due to negative impact from the corona pandemic on the installation business.

Security solutions and electronic security sales represented MSEK 2 304 (2 078) or 18 percent (18) of total sales in the business segment in the first quarter.

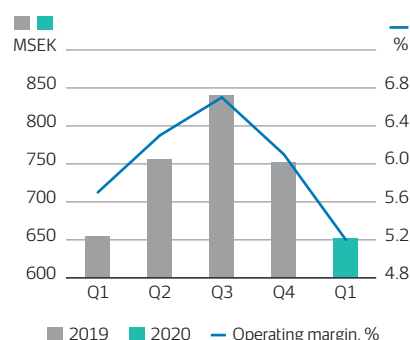
The operating margin was 5.2 percent (5.7), a decline primarily related to the business unit Critical Infrastructure Services. The situation in Critical Infrastructure Services improved in the first quarter, but slower than expected. The operating margin on the installation business in Electronic Security was negatively impacted by the corona pandemic. The business unit Guarding supported the operating margin 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 -6 percent (13) in the first quarter.

Quarterly sales development



Quarterly operating income development



## Security Services Europe

Security Services Europe provides protective services across Europe with operations in 27 countries, whereof 15 countries provide airport security. The full range of protective services includes on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management. In addition there is a specialized unit for global client contracts.

MSEK	Quarter		Change, %		Full year
	Q1 2020	Q1 2019	Total	Real	2019
<b>Total sales</b>	<b>11 659</b>	<b>11 451</b>	<b>2</b>	<b>0</b>	<b>47 248</b>
Organic sales growth, %	0	4			2
Share of Group sales, %	41	43			43
<b>Operating income before amortization</b>	<b>418</b>	<b>567</b>	<b>-26</b>	<b>-27</b>	<b>2 582</b>
Operating margin, %	3.6	5.0			5.5
Share of Group operating income, %	38	44			45

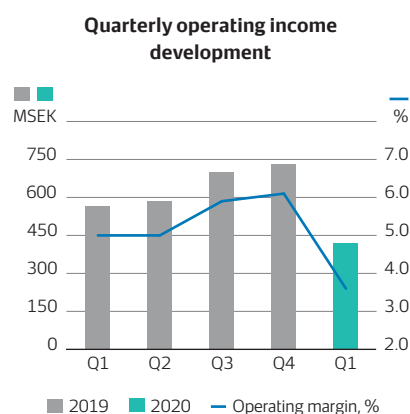
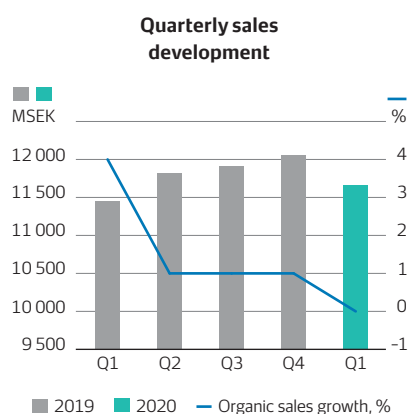
### January-March 2020

Organic sales growth was 0 percent (4) and the client retention rate was 89 percent (93). Organic sales growth year-to-date February was 2 percent but -3 percent in the month of March. The decline was partly explained by the contract losses in France and in the UK, as well as the Aviation contract in Norway, as previously communicated. The corona pandemic impacted negatively on sales in the month of March, primarily airport security, event security and installations within electronic security. Increased demand for temporary guarding services due to the corona pandemic did not offset the overall decline in sales.

Security solutions and electronic security sales represented MSEK 2 679 (2 516) or 23 percent (22) of total sales in the business segment.

The operating margin was 3.6 percent (5.0). The decline related primarily to the corona pandemic in the month of March with reductions in client contracts, higher idle time and sickness costs.

The Swedish krona exchange rate weakened against foreign currencies, primarily the Euro, which had a slight positive effect on operating income in Swedish kronor. The real change was -27 percent (8) in the first quarter.



## Security Services Ibero-America

Security Services Ibero-America provides protective services in nine Latin American countries as well as in Portugal and Spain in Europe. Airport security is offered in seven countries. The offered services include on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management.

MSEK	Quarter		Change, %		Full year 2019
	Q1 2020	Q1 2019	Total	Real	
<b>Total sales</b>	<b>3 460</b>	<b>3 240</b>	<b>7</b>	<b>13</b>	<b>13 099</b>
Organic sales growth, %	9	19			14
Share of Group sales, %	12	12			12
<b>Operating income before amortization</b>	<b>152</b>	<b>153</b>	<b>-1</b>	<b>0</b>	<b>614</b>
Operating margin, %	4.4	4.7			4.7
Share of Group operating income, %	14	12			11

### January-March 2020

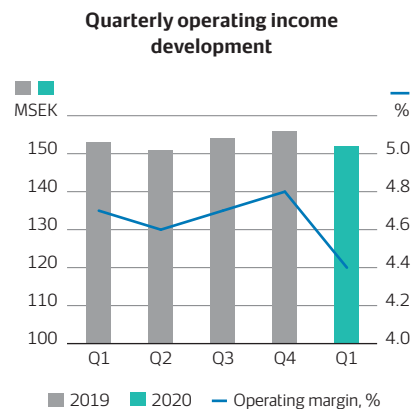
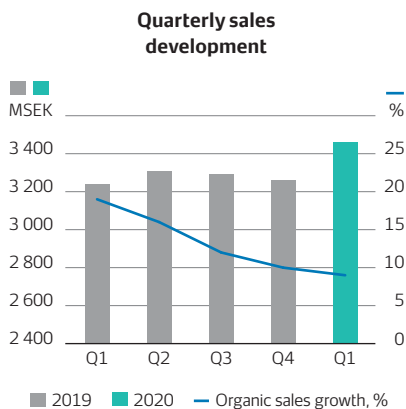
Organic sales growth was 9 percent (19), on a strong comparative that included double digit sales growth in Spain. Organic sales growth year-to-date February was 10 percent but 7 percent in the month of March. Spain was, as previously communicated, impacted by reductions of short term security solutions contracts and also now by the corona pandemic. Despite these negative impacts, organic sales growth in Spain remained positive in the quarter. Organic sales growth was positively impacted by price increases in Argentina, whereas Peru had negative organic sales growth. The client retention rate was 92 percent (92).

Security solutions and electronic security sales represented MSEK 1 000 (885) or 29 percent (27) of total sales in

the business segment, supported by the Techco Security acquisition in Spain in 2020.

The operating margin was 4.4 percent (4.7), burdened by Peru and the impact from the corona pandemic with higher idle time and sickness costs, primarily in Spain and Portugal. Furthermore, the general environment in Argentina remains challenging.

The Swedish krona exchange rate strengthened against the Argentinian peso, while it weakened against the Euro. The net effect was slightly negative on operating income in Swedish kronor. The real change in the segment was 0 percent (21) in the first quarter 2020.



# Cash flow

## January–March 2020

Cash flow from operating activities amounted to MSEK 372 (-67), equivalent to 34 percent (-5) of operating income before amortization.

The impact from changes in accounts receivable was MSEK -654 (-133). Changes in other operating capital employed were MSEK -3 (-1 157), positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe of approximately MSEK 350.

Financial income and expenses paid was MSEK -290 (-289) and current taxes paid was MSEK -406 (-250), the latter including a correction payment of tax in Argentina of MSEK -139 as previously disclosed in the fourth quarter report for 2019.

Cash flow from operating activities include net investments in non-current tangible and intangible assets, amounting to MSEK -57 (-67). The net investments include capital expenditures in equipment for solution contracts and is the result of investments of MSEK -753 (-707) and reversal of depreciation of MSEK 696 (640).

Free cash flow was MSEK -324 (-606), equivalent to -47 percent (-72) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -354 (-149), of which purchase price payments accounted for MSEK -387 (-151), assumed net debt for MSEK 52 (35) and acquisition related costs paid for MSEK -19 (-33).

Cash flow from items affecting comparability amounted to MSEK -60 (-66). Refer to note 6 for further information.

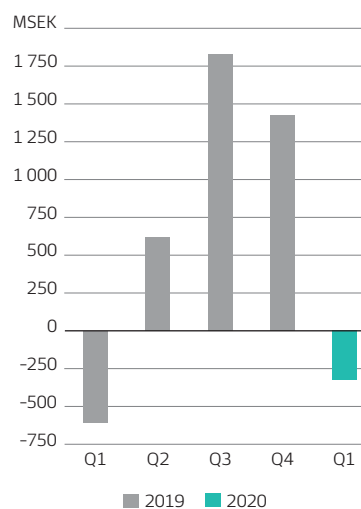
Cash flow from financing activities was MSEK 1 646 (1 022) due to a net increase in borrowings.

Cash flow for the period was MSEK 908 (201). The closing balance for liquid funds after translation differences of MSEK 39 was MSEK 4 895 (3 948 as of December 31, 2019).

### Free cash flow

MSEK	Jan-Mar 2020
<b>Operating income before amortization</b>	<b>1 086</b>
Net investments	-57
Change in accounts receivable	-654
Change in other operating capital employed	-3
<b>Cash flow from operating activities</b>	<b>372</b>
Financial income and expenses paid	-290
Current taxes paid	-406
<b>Free cash flow</b>	<b>-324</b>

### Quarterly free cash flow



# Capital employed and financing

## Capital employed as of March 31, 2020

The Group's operating capital employed was MSEK 14 612 (13 100 as of December 31, 2019), corresponding to 13 percent of sales (12 as of December 31, 2019), 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 595.

The Group's total capital employed was MSEK 40 286 (37 140 as of December 31, 2019). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 1 879. The return on capital employed was 13 percent (15 as of December 31, 2019).

## Financing as of March 31, 2020

The Group's net debt amounted to MSEK 19 294 (17 541 as of December 31, 2019). The net debt was negatively impacted mainly by the translation of net debt in foreign currency to Swedish kronor of MSEK -851, payments for acquisitions of MSEK -354 and the free cash flow of MSEK -324.

The net debt to EBITDA ratio was 2.4 (2.8). The free cash flow to net debt ratio amounted to 0.18 (0.14). The interest coverage ratio amounted to 9.0 (10.1).

Securitas has a revolving credit facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUS\$ 550 and MEUR 440 and matures in 2022. On March 31, 2020, the facility was undrawn. On April 6, 2020, the facility was replaced with a new facility with 9 key relationship banks. This new credit facility comprises one tranche of MEUR 847 and matures in 2025 with the possibility to extend to 2027. Further information regarding financial instruments and credit facilities is provided in note 8.

Standard and Poor's rating for Securitas was affirmed at BBB/A-2 on April 30, 2020. The outlook was revised from positive to stable.

Shareholders' equity amounted to MSEK 20 992 (19 599 as of December 31, 2019). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 1 028. Refer to the statement of comprehensive income on page 12 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of March 31, 2020. Refer to page 15 for further information.

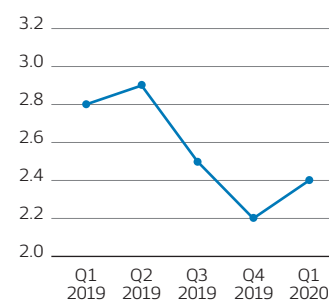
### Capital employed and financing

MSEK	Mar 31, 2020
Operating capital employed	14 612
Goodwill	23 673
Acquisition related intangible assets	1 673
Shares in associated companies	328
<b>Capital employed</b>	<b>40 286</b>
Net debt	19 294
Shareholders' equity	20 992
<b>Financing</b>	<b>40 286</b>

### Net debt development

MSEK	
<b>Jan 1, 2020</b>	<b>-17 541</b>
Free cash flow	-324
Acquisitions	-354
Items affecting comparability	-60
Lease liabilities	-94
<b>Change in net debt</b>	<b>-832</b>
Revaluation	-70
Translation	-851
<b>Mar 31, 2020</b>	<b>-19 294</b>

### Net debt to EBITDA ratio





# Acquisitions

## ACQUISITIONS JANUARY-MARCH 2020 (MSEK)

Company	Business segment <sup>1)</sup>	Included from	Acquired share <sup>2)</sup>	Annual sales <sup>3)</sup>	Enterprise value <sup>4)</sup>	Goodwill	Acq. related intangible assets
<b>Opening balance</b>						<b>22 157</b>	<b>1 563</b>
Techco Security, Spain <sup>6)</sup>	Security Services Ibero-America	Jan 8	100	520	146	104	34
Fredon Security, Australia <sup>6)</sup>	Other	Jan 9	100	240	157	155	66
Other acquisitions <sup>5, 6)</sup>		-	-	23	32	34	9
<b>Total acquisitions January-March 2020</b>				<b>783</b>	<b>335</b>	<b>293</b>	<b>109</b>
Amortization of acquisition related intangible assets						-	-72
Translation differences and remeasurement for hyperinflation						1 223	73
<b>Closing balance</b>						<b>23 673</b>	<b>1 673</b>

<sup>1)</sup> Refers to business segment with main responsibility for the acquisition.

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

<sup>3)</sup> Estimated annual sales.

<sup>4)</sup> Purchase price paid plus acquired net debt but excluding any deferred considerations.

<sup>5)</sup> Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Global Elite Group, Iverify (step acquisition), the US, SCI Proteccion Contra Incendios, Spain and Blueprint (contract portfolio), Australia. Related also to deferred considerations paid in the US, Germany, Portugal and Australia.

<sup>6)</sup> 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 525.

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 5 on page 19.

### Techco Security, Spain

Securitas reinforces its leadership position within the electronic security market in Spain through the acquisition of Techco Security, a leading electronic security company. Techco Security offers a comprehensive range of integrated security services including installation, maintenance and remote guarding services as well as access control, electronic alarm surveillance and fire protection, and supports clients through two operations centers in Madrid and Barcelona. The company has approximately 520 employees with

a strong footprint across Spain and Portugal. The acquisition was closed and consolidated into Securitas as of January 8, 2020.

### Fredon Security, Australia

Securitas has acquired Fredon Security, founded in 2012 as a division within Fredon Group, an Australian engineering and building services company. Fredon Security is specialized in high-end electronic security solutions including system design, engineering, installation, commissioning and maintenance. The company has approximately 110 employees with a strong footprint across Australia's key geographical markets; Melbourne, Canberra, Brisbane, Perth and Sydney, where it is headquartered. Through strong organic growth the company has established a robust market position in the technology, commercial and government client segments. The acquisition was consolidated into Securitas as of January 9, 2020.

## Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2019 Annual Report and to note 11 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.

### **Securitas AB withdraws the dividend proposal, revises proposals to the AGM and voting procedures due to the COVID-19 situation**

The Board of Directors of Securitas AB decided on April 28 to withdraw its dividend proposal for the AGM 2020 due to the uncertainty caused by the COVID-19 situation and may consider later to resolve on a new dividend proposal. Furthermore, the Securitas AB Nomination Committee has decided to withdraw its proposal for increased board fees and has instead proposed that the AGM resolves that the current board fees remain unchanged this year. The Board also decided that shareholders who choose to not physically attend the meeting may exercise their voting rights at the meeting by voting in advance by postal votes.

## 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 2019.

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.

Securitas as well as other companies are currently facing the challenge of the corona pandemic. As disclosed in this interim report, the corona pandemic has negatively impacted the Group's financial statements, and poses an additional challenge when making estimates and judgments.

For the forthcoming nine-month period, the financial impact of the corona pandemic as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2019 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 2020

The Parent Company's income amounted to MSEK 271 (289) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK -194 (1 801). The decrease compared with last year is mainly explained by lower dividends received from subsidiaries. Income before taxes amounted to MSEK -82 (1 822).

## As of March 31, 2020

The Parent Company's non-current assets amounted to MSEK 46 992 (46 157 as of December 31, 2019) and mainly comprise shares in subsidiaries of MSEK 43 943 (43 911 as of December 31, 2019). Current assets amounted to MSEK 8 332 (5 944 as of December 31, 2019) of which liquid funds accounted for MSEK 2 337 (1 596 as of December 31, 2019).

Shareholders' equity amounted to MSEK 29 182 (29 276 as of December 31, 2019). The Parent Company's liabilities and untaxed reserves amounted to MSEK 26 142 (22 825 as of December 31, 2019) and mainly consist of interest-bearing debt.

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

Stockholm, May 7, 2020

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 2020	Jan-Mar 2019	Jan-Dec 2019
Sales	28 016	26 195	109 560
Sales, acquired business	404	549	1 339
<b>Total sales<sup>2)</sup></b>	<b>28 420</b>	<b>26 744</b>	<b>110 899</b>
Organic sales growth, % <sup>3)</sup>	2	7	4
Production expenses	-23 693	-22 113	-91 588
<b>Gross income</b>	<b>4 727</b>	<b>4 631</b>	<b>19 311</b>
Selling and administrative expenses	-3 662	-3 350	-13 637
Other operating income <sup>2)</sup>	9	8	34
Share in income of associated companies	12	1	30
<b>Operating income before amortization</b>	<b>1 086</b>	<b>1 290</b>	<b>5 738</b>
Operating margin, %	3.8	4.8	5.2
Amortization of acquisition related intangible assets	-72	-66	-271
Acquisition related costs <sup>5)</sup>	-17	-12	-62
Items affecting comparability <sup>6)</sup>	-45	-20	-209
<b>Operating income after amortization</b>	<b>952</b>	<b>1 192</b>	<b>5 196</b>
Financial income and expenses <sup>7, 8)</sup>	-144	-139	-578
<b>Income before taxes</b>	<b>808</b>	<b>1 053</b>	<b>4 618</b>
Net margin, %	2.8	3.9	4.2
Current taxes	-251	-305	-1 200
Deferred taxes	31	12	-56
<b>Net income for the period</b>	<b>588</b>	<b>760</b>	<b>3 362</b>
<b>Whereof attributable to:</b>			
Equity holders of the Parent Company	588	758	3 357
Non-controlling interests	0	2	5
Earnings per share before and after dilution (SEK)	1.61	2.08	9.20
Earnings per share before and after dilution and before items affecting comparability (SEK)	1.70	2.12	9.61

## STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Net income for the period</b>	<b>588</b>	<b>760</b>	<b>3 362</b>
<b>Other comprehensive income for the period</b>			
<b>Items that will not be reclassified to the statement of income</b>			
Remeasurements of defined benefit pension plans net of tax	-62	34	31
<b>Total items that will not be reclassified to the statement of income<sup>9)</sup></b>	<b>-62</b>	<b>34</b>	<b>31</b>
<b>Items that subsequently may be reclassified to the statement of income</b>			
Remeasurement for hyperinflation net of tax <sup>7)</sup>	16	22	79
Cash flow hedges net of tax	-64	-39	36
Cost of hedging net of tax	10	4	12
Net investment hedges net of tax	-621	-232	-346
Other comprehensive income from associated companies, translation differences	7	20	14
Translation differences	1 642	767	405
<b>Total items that subsequently may be reclassified to the statement of income<sup>9)</sup></b>	<b>990</b>	<b>542</b>	<b>200</b>
<b>Other comprehensive income for the period<sup>9)</sup></b>	<b>928</b>	<b>576</b>	<b>231</b>
<b>Total comprehensive income for the period</b>	<b>1 516</b>	<b>1 336</b>	<b>3 593</b>
<b>Whereof attributable to:</b>			
Equity holders of the Parent Company	1 518	1 333	3 587
Non-controlling interests	-2	3	6

Notes 2-9 refer to pages 17-21.

**STATEMENT OF CASH FLOW**

<b>Operating cash flow MSEK</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2019</b>	<b>Jan-Dec 2019</b>
<b>Operating income before amortization</b>	<b>1 086</b>	<b>1 290</b>	<b>5 738</b>
Investments in non-current tangible and intangible assets	-753	-707	-3 010
Reversal of depreciation	696	640	2 690
Change in accounts receivable	-654	-133	-239
Change in other operating capital employed	-3	-1 157	-277
<b>Cash flow from operating activities</b>	<b>372</b>	<b>-67</b>	<b>4 902</b>
Cash flow from operating activities, %	34	-5	85
Financial income and expenses paid	-290	-289	-443
Current taxes paid	-406	-250	-1 191
<b>Free cash flow</b>	<b>-324</b>	<b>-606</b>	<b>3 268</b>
Free cash flow, %	-47	-72	83
Cash flow from investing activities, acquisitions and divestitures	-354	-149	-574
Cash flow from items affecting comparability <sup>6)</sup>	-60	-66	-303
Cash flow from financing activities	1 646	1 022	-1 699
<b>Cash flow for the period</b>	<b>908</b>	<b>201</b>	<b>692</b>

<b>Cash flow MSEK</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2019</b>	<b>Jan-Dec 2019</b>
Cash flow from operations	313	-34	5 747
Cash flow from investing activities	-812	-604	-2 534
Cash flow from financing activities	1 407	839	-2 521
<b>Cash flow for the period</b>	<b>908</b>	<b>201</b>	<b>692</b>

<b>Change in net debt MSEK</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2019</b>	<b>Jan-Dec 2019</b>
<b>Opening balance</b>	<b>-17 541</b>	<b>-14 513</b>	<b>-14 513</b>
Cash flow for the period	908	201	692
Change in lease liabilities	-94	-3 459	-3 332
Change in loans	-1 646	-1 022	93
<b>Change in net debt before revaluation and translation differences</b>	<b>-832</b>	<b>-4 280</b>	<b>-2 547</b>
Revaluation of financial instruments <sup>8)</sup>	-70	-46	60
Translation differences	-851	-451	-541
<b>Change in net debt</b>	<b>-1 753</b>	<b>-4 777</b>	<b>-3 028</b>
<b>Closing balance</b>	<b>-19 294</b>	<b>-19 290</b>	<b>-17 541</b>

Notes 6 and 8 refer to pages 19-20.

## CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
<b>Operating capital employed</b>	<b>14 612</b>	<b>14 239</b>	<b>13 100</b>
Operating capital employed as % of sales	13	13	12
Return on operating capital employed, %	38	43	50
Goodwill	23 673	21 903	22 157
Acquisition related intangible assets	1 673	1 508	1 563
Shares in associated companies	328	487	320
<b>Capital employed</b>	<b>40 286</b>	<b>38 137</b>	<b>37 140</b>
Return on capital employed, %	13	13	15
<b>Net debt</b>	<b>-19 294</b>	<b>-19 290</b>	<b>-17 541</b>
<b>Shareholders' equity</b>	<b>20 992</b>	<b>18 847</b>	<b>19 599</b>
Net debt equity ratio, multiple	0.92	1.02	0.89

## BALANCE SHEET

MSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	23 673	21 903	22 157
Acquisition related intangible assets	1 673	1 508	1 563
Other intangible assets	1 938	1 556	1 813
Right-of-use assets	3 568	3 581	3 489
Other tangible non-current assets	3 639	3 597	3 546
Shares in associated companies	328	487	320
Non-interest-bearing financial non-current assets	1 898	1 749	1 799
Interest-bearing financial non-current assets	503	456	437
<b>Total non-current assets</b>	<b>37 220</b>	<b>34 837</b>	<b>35 124</b>
<b>Current assets</b>			
Non-interest-bearing current assets	25 491	24 003	22 984
Other interest-bearing current assets	202	137	134
Liquid funds	4 895	3 472	3 948
<b>Total current assets</b>	<b>30 588</b>	<b>27 612</b>	<b>27 066</b>
<b>TOTAL ASSETS</b>	<b>67 808</b>	<b>62 449</b>	<b>62 190</b>

MSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Attributable to equity holders of the Parent Company	20 977	18 819	19 569
Non-controlling interests	15	28	30
<b>Total shareholders' equity</b>	<b>20 992</b>	<b>18 847</b>	<b>19 599</b>
Equity ratio, %	31	30	32
<b>Long-term liabilities</b>			
Non-interest-bearing long-term liabilities	426	383	361
Long-term lease liabilities	2 668	2 797	2 610
Other interest-bearing long-term liabilities	14 460	16 295	17 216
Non-interest-bearing provisions	2 600	2 568	2 484
<b>Total long-term liabilities</b>	<b>20 154</b>	<b>22 043</b>	<b>22 671</b>
<b>Current liabilities</b>			
Non-interest-bearing current liabilities and provisions	18 896	17 296	17 686
Current lease liabilities	980	884	944
Other interest-bearing current liabilities	6 786	3 379	1 290
<b>Total current liabilities</b>	<b>26 662</b>	<b>21 559</b>	<b>19 920</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>67 808</b>	<b>62 449</b>	<b>62 190</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2020			Mar 31, 2019			Dec 31, 2019		
	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
<b>Opening balance January 1, 2020 / 2019</b>	<b>19 569</b>	<b>30</b>	<b>19 599</b>	<b>17 632</b>	<b>25</b>	<b>17 657</b>	<b>17 632</b>	<b>25</b>	<b>17 657</b>
Total comprehensive income for the period	1 518	-2	1 516	1 333	3	1 336	3 587	6	3 593
Transactions with non-controlling interests	-	-13	-13	-	0	0	-	-1	-1
Share based incentive schemes	-110	-	-110 <sup>1)</sup>	-146	-	-146	-44	-	-44
Dividend paid to the shareholders of the Parent Company	-	-	-	-	-	-	-1 606	-	-1 606
<b>Closing balance March 31 / December 31, 2020 / 2019</b>	<b>20 977</b>	<b>15</b>	<b>20 992</b>	<b>18 819</b>	<b>28</b>	<b>18 847</b>	<b>19 569</b>	<b>30</b>	<b>19 599</b>

<sup>1)</sup> Refers to a swap agreement in Securitas AB shares of MSEK -110, hedging the share portion of Securitas share based incentive scheme 2019.

## DATA PER SHARE

SEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Share price, end of period	107.45	150.25	161.45
Earnings per share before and after dilution <sup>1, 2, 3)</sup>	1.61	2.08	9.20
Earnings per share before and after dilution and before items affecting comparability <sup>1, 2, 3)</sup>	1.70	2.12	9.61
Dividend	-	-	- <sup>5)</sup>
P/E-ratio after dilution and before items affecting comparability	-	-	17
Share capital (SEK)	365 058 897	365 058 897	365 058 897
Number of shares outstanding <sup>1, 3)</sup>	364 933 897	365 058 897	364 933 897
Average number of shares outstanding <sup>1, 3, 4)</sup>	364 933 897	365 058 897	364 993 486

<sup>1)</sup> There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.

<sup>2)</sup> 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.

<sup>3)</sup> On June 24, 2019, 125 000 shares were repurchased.

<sup>4)</sup> Used for calculation of earnings per share.

<sup>5)</sup> Withdrawn dividend proposal of SEK 4.80 on April 28, 2020.

# Segment overview January–March 2020 and 2019

## JANUARY–MARCH 2020

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	12 647	11 659	3 460	654	-	28 420
Sales, intra-group	0	0	0	1	-1	-
<b>Total sales</b>	<b>12 647</b>	<b>11 659</b>	<b>3 460</b>	<b>655</b>	<b>-1</b>	<b>28 420</b>
Organic sales growth, %	2	0	9	-	-	2
<b>Operating income before amortization</b>	<b>652</b>	<b>418</b>	<b>152</b>	<b>-136</b>	<b>-</b>	<b>1 086</b>
<i>of which share in income of associated companies</i>	1	-	-	11	-	12
Operating margin, %	5.2	3.6	4.4	-	-	3.8
Amortization of acquisition related intangible assets	-22	-39	-4	-7	-	-72
Acquisition related costs	-5	-1	-8	-3	-	-17
Items affecting comparability	-40	-2	-1	-2	-	-45
<b>Operating income after amortization</b>	<b>585</b>	<b>376</b>	<b>139</b>	<b>-148</b>	<b>-</b>	<b>952</b>
Financial income and expenses	-	-	-	-	-	-144
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>808</b>

## 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	-
<b>Total sales</b>	<b>11 569</b>	<b>11 451</b>	<b>3 240</b>	<b>488</b>	<b>-4</b>	<b>26 744</b>
Organic sales growth, %	6	4	19	-	-	7
<b>Operating income before amortization</b>	<b>655</b>	<b>567</b>	<b>153</b>	<b>-85</b>	<b>-</b>	<b>1 290</b>
<i>of which share in income of associated companies</i>	-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
<b>Operating income after amortization</b>	<b>622</b>	<b>521</b>	<b>145</b>	<b>-96</b>	<b>-</b>	<b>1 192</b>
Financial income and expenses	-	-	-	-	-	-139
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 053</b>



# 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 75 to 81 in the Annual Report for 2019. The accounting principles are also available on the Group's website [www.securitas.com](http://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 42 on page 131 in the Annual Report for 2019.

### Adoption and impact of new and revised IFRS 2020

Amendments to IFRS 9 Financial Instruments related to hedge accounting came into effect as of January 1, 2020. The purpose of the amendments is to reduce the effects on hedge accounting following the IBOR-reform and they should be applied to all hedge relationships that are directly affected by the IBOR-reform. Securitas chose to early-adopt these amendments as from January 1, 2019. The amendments are assessed to have no impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2020 are assessed to have any impact on the Group's financial statements.

### Introduction and effect of new and revised IFRS 2021 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2021 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 3 and 4 in this interim report as well as to note 3 in the Annual Report 2019.

## NOTE 2 Revenue

MSEK	Jan-Mar 2020	%	Jan-Mar 2019	%	Jan-Dec 2019	%
Guarding services <sup>1)</sup>	21 579	76	20 524	77	84 887	77
Security solutions and electronic security	6 148	22	5 528	21	23 290	21
Other <sup>1)</sup>	693	2	692	2	2 722	2
<b>Total sales</b>	<b>28 420</b>	<b>100</b>	<b>26 744</b>	<b>100</b>	<b>110 899</b>	<b>100</b>
Other operating income	9	0	8	0	34	0
<b>Total revenue</b>	<b>28 429</b>	<b>100</b>	<b>26 752</b>	<b>100</b>	<b>110 933</b>	<b>100</b>

<sup>1)</sup> Comparatives have been restated for business that relates to risk management services.

### 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 re-performed.

### 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.

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Guarding services <sup>1)</sup>	9 650	8 799	8 980	8 935	2 460	2 355	490	439	-1	-4	21 579	20 524
Security solutions and electronic security	2 304	2 078	2 679	2 516	1 000	885	165	49	-	-	6 148	5 528
Other <sup>1)</sup>	693	692	-	-	-	-	-	-	-	-	693	692
<b>Total sales</b>	<b>12 647</b>	<b>11 569</b>	<b>11 659</b>	<b>11 451</b>	<b>3 460</b>	<b>3 240</b>	<b>655</b>	<b>488</b>	<b>-1</b>	<b>-4</b>	<b>28 420</b>	<b>26 744</b>
Other operating income	-	-	-	-	-	-	9	8	-	-	9	8
<b>Total revenue</b>	<b>12 647</b>	<b>11 569</b>	<b>11 659</b>	<b>11 451</b>	<b>3 460</b>	<b>3 240</b>	<b>664</b>	<b>496</b>	<b>-1</b>	<b>-4</b>	<b>28 429</b>	<b>26 752</b>

<sup>1)</sup> Comparatives have been restated for business that relates to risk management services.

**NOTE 3** 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 2020	Jan-Mar 2019	Jan-Mar %
<b>Total sales</b>	<b>28 420</b>	<b>26 744</b>	<b>6</b>
Currency change from 2019	-626	-	
<b>Currency adjusted sales growth</b>	<b>27 794</b>	<b>26 744</b>	<b>4</b>
Acquisitions/divestitures	-404	-4	
<b>Organic sales growth</b>	<b>27 390</b>	<b>26 740</b>	<b>2</b>
<b>Operating income before amortization</b>	<b>1 086</b>	<b>1 290</b>	<b>-16</b>
Currency change from 2019	-39	-	
<b>Currency adjusted operating income before amortization</b>	<b>1 047</b>	<b>1 290</b>	<b>-19</b>
<b>Operating income after amortization</b>	<b>952</b>	<b>1 192</b>	<b>-20</b>
Currency change from 2019	-39	-	
<b>Currency adjusted operating income after amortization</b>	<b>913</b>	<b>1 192</b>	<b>-23</b>
<b>Income before taxes</b>	<b>808</b>	<b>1 053</b>	<b>-23</b>
Currency change from 2019	-30	-	
<b>Currency adjusted income before taxes</b>	<b>778</b>	<b>1 053</b>	<b>-26</b>
<b>Net income for the period</b>	<b>588</b>	<b>760</b>	<b>-23</b>
Currency change from 2019	-21	-	
<b>Currency adjusted net income for the period</b>	<b>567</b>	<b>760</b>	<b>-25</b>
<b>Net income attributable to equity holders of the Parent Company</b>	<b>588</b>	<b>758</b>	<b>-22</b>
Currency change from 2019	-21	-	
<b>Currency adjusted net income attributable to equity holders of the Parent Company</b>	<b>567</b>	<b>758</b>	<b>-25</b>
Average number of shares outstanding	364 933 897	365 058 897	
<b>Currency adjusted earnings per share</b>	<b>1.55</b>	<b>2.08</b>	<b>-25</b>

**NOTE 4** Definitions and calculation of key ratios

The calculations below relate to the period January–March 2020.

**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:  $(5\,534 + 38) / 619 = 9.0$

**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:  $-324 / (1\,086 - 144 + 1 - 251) = -47\%$

**Free cash flow in relation to net debt**

Free cash flow (rolling 12 months) in relation to closing balance net debt.  
Calculation:  $3\,550 / 19\,294 = 0.18$

**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:  $19\,294 / (4\,956 + 277 + 2\,746) = 2.4$

**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:  $14\,612 / 113\,782 = 13\%$

**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:  $(5\,534 - 234) / ((14\,612 + 13\,100) / 2) = 38\%$

**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:  $(5\,534 - 234) / 40\,286 = 13\%$

**Net debt equity ratio**

Net debt in relation to shareholders' equity.  
Calculation:  $19\,294 / 20\,992 = 0.92$

**NOTE 5** Acquisition related costs

MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Restructuring and integration costs	-11	-2	-18
Transaction costs	-5	-9	-24
Revaluation of deferred considerations	-1	-1	65
Step acquisitions	-	-	-85
<b>Total acquisition related costs</b>	<b>-17</b>	<b>-12</b>	<b>-62</b>

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

**NOTE 6** Items affecting comparability

MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Recognized in the statement of income</b>			
IS/IT transformation programs	-45	-20	-209
<b>Total recognized in the statement of income before tax</b>	<b>-45</b>	<b>-20</b>	<b>-209</b>
Taxes	13	6	57
<b>Total recognized in the statement of income after tax</b>	<b>-32</b>	<b>-14</b>	<b>-152</b>
<b>Cash flow impact</b>			
IS/IT transformation programs	-48	-23	-171
Cost savings program, Security Services Europe	-12	-43	-132
<b>Total cash flow impact</b>	<b>-60</b>	<b>-66</b>	<b>-303</b>

**NOTE 7** Remeasurement for hyperinflation

The impact on the consolidated statement of income and other comprehensive income from IAS 29 Financial reporting in Hyperinflationary economies is illustrated below. The index used by Securitas for the remeasurement of the financial statements is the consumer price index with base period January 2003.

**EXCHANGE RATES AND INDEX**

	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Exchange rate SEK/ARS	0.16	0.21	0.16
Index	18.34	12.38	17.15

**NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME**

MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Financial income and expenses	3	7	25
<b>Total monetary gain</b>	<b>3</b>	<b>7</b>	<b>25</b>

## NOTE 8 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 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Recognized in the statement of income</b>			
Revaluation of financial instruments	-1	-1	-1
Deferred tax	-	-	-
<b>Impact on net income</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>
<b>Recognized in the statement of comprehensive income</b>			
Cash flow hedges	-82	-50	45
Cost of hedging	13	5	16
Deferred tax	15	10	-13
<b>Total recognized in the statement of comprehensive income</b>	<b>-54</b>	<b>-35</b>	<b>48</b>
Total revaluation before tax	-70	-46	60
Total deferred tax	15	10	-13
<b>Total revaluation after tax</b>	<b>-55</b>	<b>-36</b>	<b>47</b>

### 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 2019.

Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2019.

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
<b>March 31, 2020</b>				
Financial assets at fair value through profit or loss	-	21	-	<b>21</b>
Financial liabilities at fair value through profit or loss	-	-21	-525	<b>-546</b>
Derivatives designated for hedging with positive fair value	-	179	-	<b>179</b>
Derivatives designated for hedging with negative fair value	-	-360	-	<b>-360</b>
<b>December 31, 2019</b>				
Financial assets at fair value through profit or loss	-	13	-	<b>13</b>
Financial liabilities at fair value through profit or loss	-	-14	-425	<b>-439</b>
Derivatives designated for hedging with positive fair value	-	213	-	<b>213</b>
Derivatives designated for hedging with negative fair value	-	-194	-	<b>-194</b>

### 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 2019.

MSEK	Mar 31, 2020		Dec 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	11 102	10 918	14 194	14 475
Short-term loan liabilities	3 924	3 923	-	-
<b>Total financial instruments by category</b>	<b>15 026</b>	<b>14 841</b>	<b>14 194</b>	<b>14 475</b>

### SUMMARY OF CREDIT FACILITIES AS OF MARCH 31, 2020

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
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 FRN private placement	USD	50	0	2024
EMTN FRN private placement	USD	105	0	2024
EMTN Eurobond, 1.25% fixed	EUR	300	0	2025
Commercial Paper (uncommitted)	SEK	5 000	2 600	n/a

**NOTE 9** Deferred tax on other comprehensive income

MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Deferred tax on remeasurements of defined benefit pension plans	17	-13	-11
Deferred tax on cash flow hedges	18	11	-9
Deferred tax on cost of hedging	-3	-1	-4
Deferred tax on net investment hedges	169	63	94
<b>Total deferred tax on other comprehensive income</b>	<b>201</b>	<b>60</b>	<b>70</b>

**NOTE 10** Pledged assets

MSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Pension balances, defined contribution plans	134	117	124
<b>Total pledged assets</b>	<b>134</b>	<b>117</b>	<b>124</b>

**NOTE 11** Contingent liabilities

MSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Guarantees	-	-	-
Guarantees related to discontinued operations	16	17	16
<b>Total contingent liabilities</b>	<b>16</b>	<b>17</b>	<b>16</b>

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 38 in the Annual Report 2019 as well as to the section Other significant events in this report.

# Parent Company

## STATEMENT OF INCOME

MSEK	Jan-Mar 2020	Jan-Mar 2019
License fees and other income	271	289
<b>Gross income</b>	<b>271</b>	<b>289</b>
Administrative expenses	-155	-143
<b>Operating income</b>	<b>116</b>	<b>146</b>
Financial income and expenses	-194	1 801
<b>Income after financial items</b>	<b>-78</b>	<b>1 947</b>
Appropriations	-4	-125
<b>Income before taxes</b>	<b>-82</b>	<b>1 822</b>
Taxes	10	-117
<b>Net income for the period</b>	<b>-72</b>	<b>1 705</b>

## BALANCE SHEET

MSEK	Mar 31, 2020	Dec 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Shares in subsidiaries	43 943	43 911
Shares in associated companies	112	112
Other non-interest-bearing non-current assets	1 264	759
Interest-bearing financial non-current assets	1 673	1 375
<b>Total non-current assets</b>	<b>46 992</b>	<b>46 157</b>
<b>Current assets</b>		
Non-interest-bearing current assets	1 368	654
Other interest-bearing current assets	4 627	3 694
Liquid funds	2 337	1 596
<b>Total current assets</b>	<b>8 332</b>	<b>5 944</b>
<b>TOTAL ASSETS</b>	<b>55 324</b>	<b>52 101</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Restricted equity	7 737	7 737
Non-restricted equity	21 445	21 539
<b>Total shareholders' equity</b>	<b>29 182</b>	<b>29 276</b>
<b>Untaxed reserves</b>	<b>687</b>	<b>687</b>
<b>Long-term liabilities</b>		
Non-interest-bearing long-term liabilities/provisions	308	296
Interest-bearing long-term liabilities	14 442	17 189
<b>Total long-term liabilities</b>	<b>14 750</b>	<b>17 485</b>
<b>Current liabilities</b>		
Non-interest-bearing current liabilities	1 525	1 161
Interest-bearing current liabilities	9 180	3 492
<b>Total current liabilities</b>	<b>10 705</b>	<b>4 653</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>55 324</b>	<b>52 101</b>

# Financial information

## PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 7, 2020 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: **+1 631 913 1422**  
Sweden: **+46 8 566 426 51**  
UK: **+44 333 3000 804**

Please use the following pin code for the telephone conference: **621 490 78#**

To follow the audio cast of the telephone conference via the web, please follow the link [www.securitas.com/investors/webcasts](http://www.securitas.com/investors/webcasts).

A recorded version of the audio cast will be available at [www.securitas.com/investors/webcasts](http://www.securitas.com/investors/webcasts) after the telephone conference.

## FOR FURTHER INFORMATION, PLEASE CONTACT:

Micaela Sjökvist, Head of Investor Relations.  
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## FINANCIAL INFORMATION CALENDAR

May 7, 2020, 4.00 p.m. (CET)

July 29, 2020, app. 1.00 p.m. (CET)

November 3, 2020, app. 1.00 p.m. (CET)

Annual General Meeting 2020

Interim Report January-June 2020

Interim Report January-September 2020

For further information regarding Securitas IR activities, refer to [www.securitas.com/investors/financial-calendar](http://www.securitas.com/investors/financial-calendar)

## ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 56 countries. Our operations are organized in 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 clients of all sizes in a variety of industries and segments. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Securitas clients' are found in all different industries and they are of all sizes. We adapt our security solutions based on the risks and needs of each client through increased client engagement and continuously enhanced knowledge. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

### Group strategy

At Securitas, we are leading the transformation of the security industry by putting our clients at the heart

of our business. We solve our clients' security needs by offering qualified and engaged people, in-depth expertise and innovation within each of our protective services, the ability to combine services into solutions and by using data to add further intelligence. To execute on our strategy to become the intelligent protective services partner, we are focusing on four areas: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

### Group financial targets

Securitas has three financial targets:

- An annual average increase in earnings per share of 10 percent
- Net debt to EBITDA ratio of on average 2.5
- An operating cash flow of 70 to 80 percent of operating income

Securitas has also set a strategic transformation ambition - to double our security solutions and electronic security sales by 2023, compared with 2018.

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 Thursday, May 7, 2020.

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