

Interim Report Q1 2021

Magnus Ahlqvist, President and CEO

Bart Adam, CFO

A good start to the year while continuing the transformation journey

- **Organic sales growth 0 percent (2)**
 - Signs of commercial activity picking up across the Group
- **Operating margin 4.9 percent (3.8), with improvements in all business segments**
 - Continued support from the cost-savings program initiated during 2020
 - Continued government grants and support relating mostly to temporary unemployment
 - Price and wage balance on par
 - Profitability improvement focus through contract portfolio management programs
- **Solid operating cash flow**
- **Acquisition of leading fire and safety company in Denmark**
- **Business transformation programs to modernize, digitize and improve margins progressing according to plan**





Security Services North America

Good growth while commercial activity picking up

Organic sales growth



Organic sales growth 3% (2)

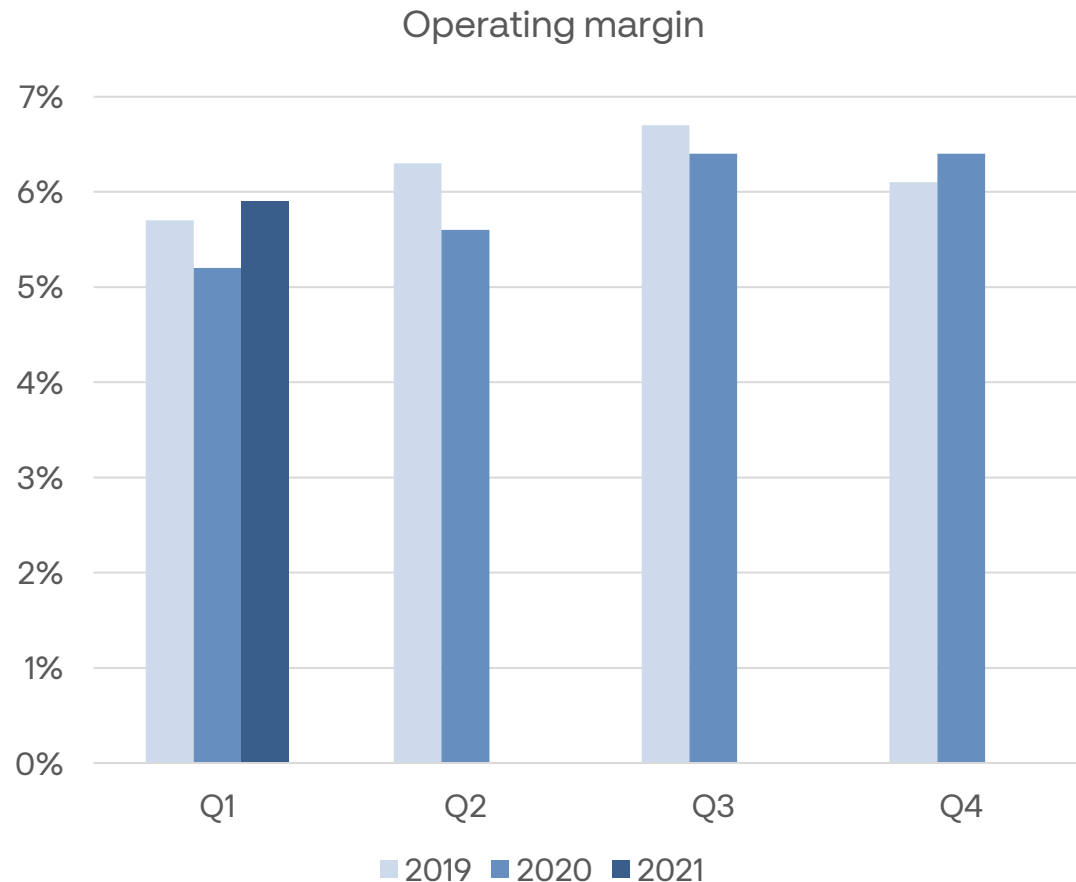
- Improvement supported by Guarding and Pinkerton
- Continued good extra sales, primarily related to the corona pandemic
- Electronic Security back to positive organic sales growth in the month of March
- Client retention was 90% (92)
- Security solutions and electronic security represented 18% (18) of total sales





Security Services North America

Good performance across all business units



Operating margin 5.9% (5.2)

- The improvement was driven from all business units
- Guarding improved mainly as a result of corona-related extra sales
- Critical Infrastructure and Electronic Security benefited from cost-saving measures
- The acquisition of FE Moran Security Solutions contributed positively
- Leverage from sales growth in Pinkerton also supported

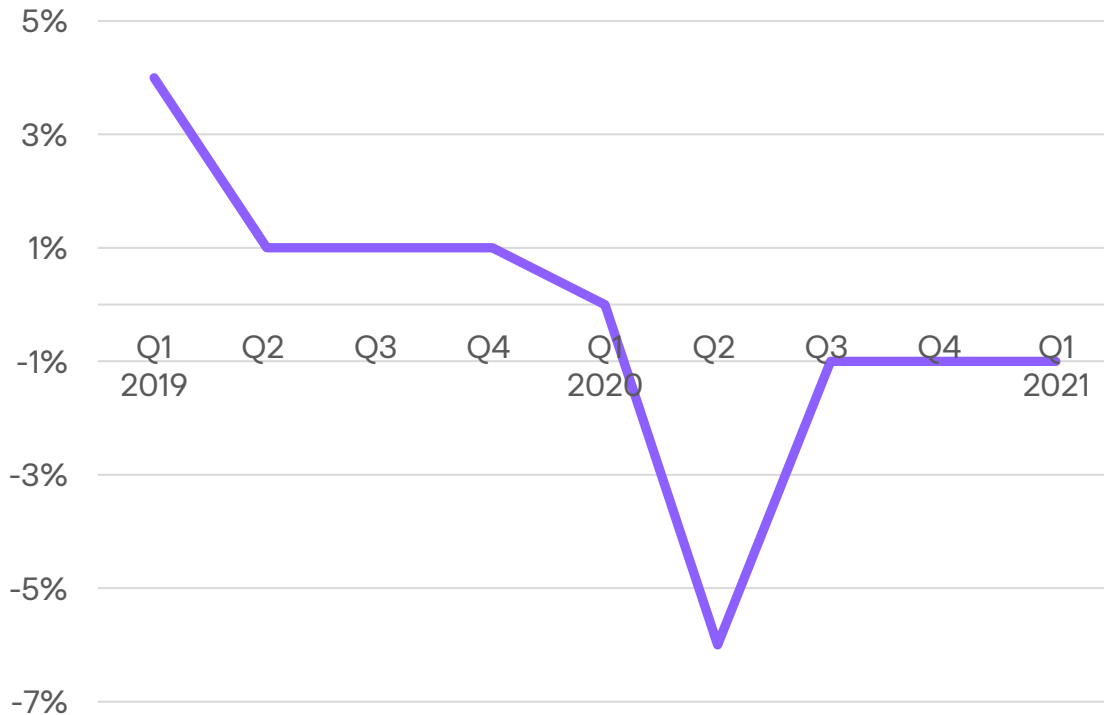




Security Services Europe

Airport security burdening continued - positive organic sales growth in the month of March

Organic sales growth



Organic sales growth -1% (0)

- The decline mainly attributable to negative impact from airport security
- Organic sales growth was positive in the month of March
- A few countries had positive organic sales growth in the quarter
- Security solutions and electronic security sales was 24% (23) of total sales
- Client retention was 92% (89)

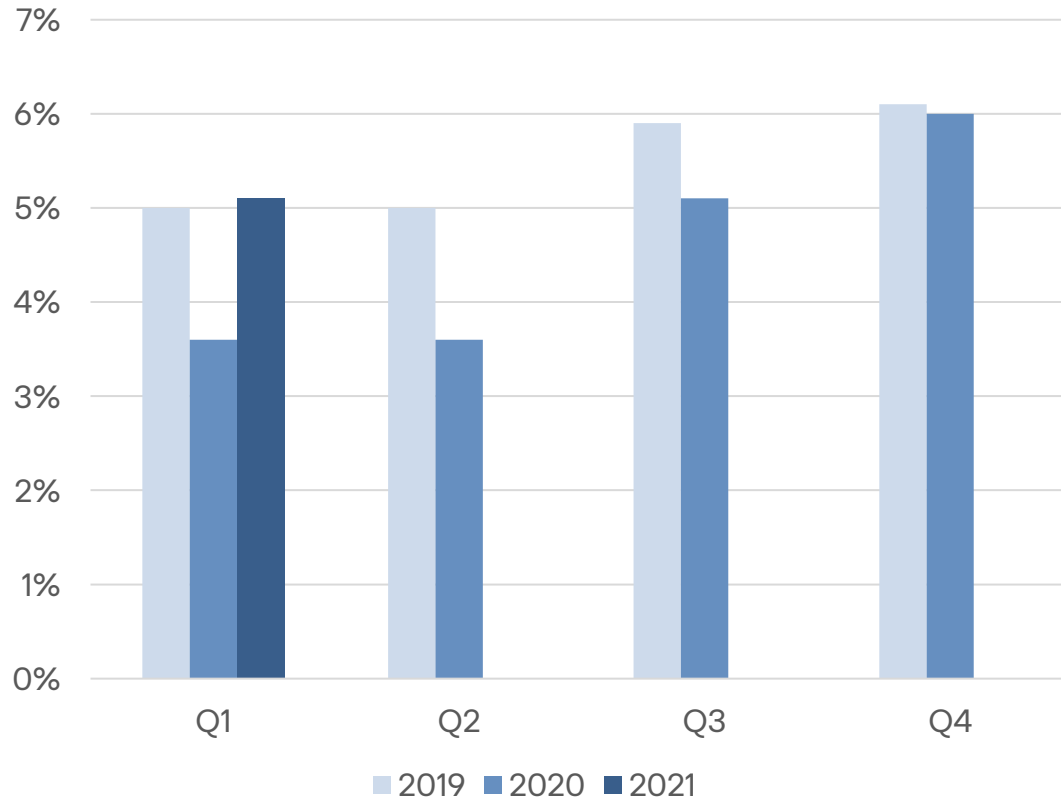




Security Services Europe

Strong improvement over last year

Operating margin



Operating margin 5.1% (3.6)

- The comparative was significantly impacted by the corona pandemic
- The improvement was supported by the cost-savings program and normal levels of provisioning
- Continued government grants relating mostly to temporary unemployment
- Change in business mix, including lower airport security sales, also supported the operating margin development





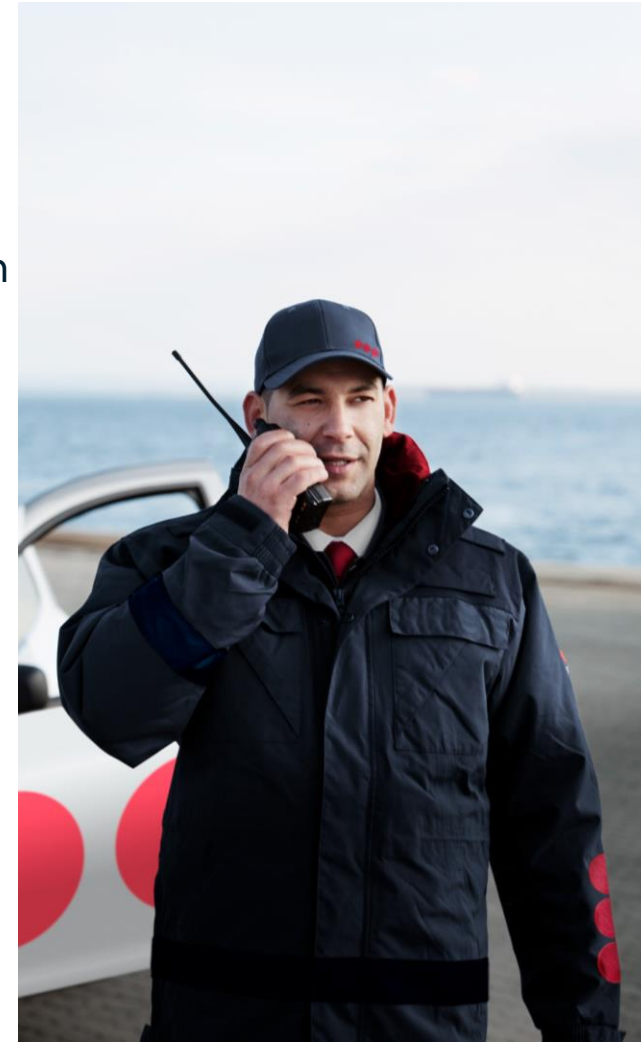
Security Services Ibero-America

Lower airport security and active portfolio management impacted organic sales growth



Organic sales growth -2% (9)

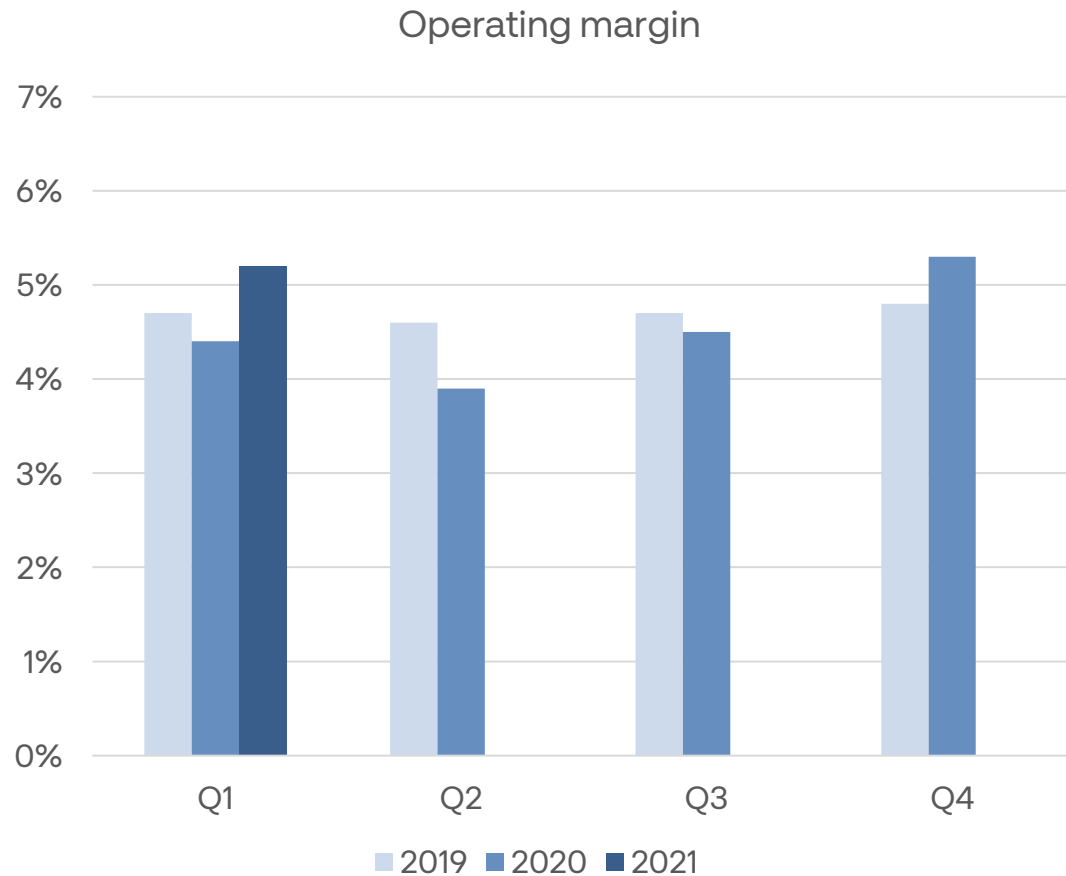
- The decline related primarily to impacts from the corona pandemic on airport security
- Organic sales growth in Spain was positive in the month of March
- Effects from the corona pandemic also impacted the Latin American countries, as did portfolio refinement programs in Argentina and Peru
- Security solutions and electronic security sales was 30% (29) of total sales
- Client retention was 92% (92)





Security Services Ibero-America

Improvement driven across the business segment



Operating margin 5.2% (4.4)

- Several countries contributed to the improvement
- The operating margin in Spain was supported by efficiency gains from the integration of Techco Security
- In Latin America, the operating margin was supported from some bad debt recovery and portfolio refinement programs in Argentina and Peru
- The cost-savings program in 2020 also supported



Financials

Bart Adam
CFO





A strong start to the year

MSEK	Q1 2021	Q1 2020	FY 2020
Sales	25 814	28 420	107 954
<i>Organic sales growth, %</i>	0	2	0
Operating income before amort.	1 256	1 086	4 892
<i>Operating margin, %</i>	4.9	3.8	4.5
Amort. of acquisition-related intangible assets	-65	-72	-286
Acquisition-related costs	-29	-17	-137
Items affecting comparability	-136	-45	-640
Operating income after amortization	1 026	952	3 829
Financial income and expenses	-94	-144	-500
Income before taxes	932	808	3 329
<i>Tax, %</i>	27.0	27.2	27.4
Net income for the period	680	588	2 416
EPS, SEK	1.86	1.61	6.63
EPS, SEK before IAC	2.11	1.70	8.02

- Corona-related government grants and support of MSEK 205 in Q1
 - mostly related to temporary unemployment
 - as compensation for increased idle-time cost
- Acquisition-related costs from the earlier disclosed acquisitions
- Items affecting comparability of MSEK -136
 - MSEK +36 : the exit from 11 countries resulted in a net gain in Q1 included in IAC
 - MSEK -68 : cost-savings program related to C-19
 - MSEK -104 : transformation programs
- Financial income and expenses positively impacted by favorable net debt development, lower interest rates and exchange rates
- Tax: 27.0% for the full year



Items Affecting Comparability, programs on track

Modernization and efficiency

IAC in Q1: MSEK -136

**FY 2021: expect
MSEK -750 to -950**

Transformation programs

Announced Q4 2018

- Global IS/IT
- North America

Total announced MSEK -850

FY 2021: total of app. MSEK -250

- Expected to close end of 2021 within announced total

C19 and 11 Exits

Announced Q2 2020 and Q4 2020

- C19: range of MSEK -350 to -500
- 11 Exits: app. MSEK -100

Recognized in FY 2020 MSEK -289

FY 2021: range of MSEK -150 to -300

- Final outcome highly depending on C19 development and continuation of grants
- Likely to remain open after Q2 2021

Transformation programs

Announced Q4 2020

- Europe
- Ibero-America

Total MSEK -1 400, period 2021-2023

FY 2021: depending on gearing up speed

- MSEK -450 per year assuming an equal execution per year
- Q1 2021 IAC MSEK -26
- We are in the execution start-up; will further gear up



Substantial negative impact from FX development

MSEK	Q1 2021	Q1 2020	Change	
			Total, %	Real*, %
Sales	25 814	28 420	-9	1*
Operating income	1 256	1 086	16	30
EPS, SEK	1.86	1.61	16	27
EPS, SEK, before IAC	2.11	1.70	24	36

* Including acquisition and adjusted FX

FX SEK END RATES	Q1 2021	Q1 2020	%
EUR	10.24	11.04	-7.2
ARS	0.10	0.16	-37.5



Strong cash flow performance

MSEK	Q1 2021	Q1 2020	FY 2020
Operating income before amortization	1 256	1 086	4 892
Net investments in non-current assets	5	-57	-97
Change in accounts receivable	140	-654	123
Change in other operating capital employed	-118	-3	2 289
Cash flow from operating activities	1 283	372	7 207
<i>Cash flow from operating activities, %</i>	<i>102</i>	<i>34</i>	<i>147</i>
Financial income and expenses paid	-242	-290	-401
Current taxes paid	-245	-406	-862
Free cash flow	796	-324	5 944

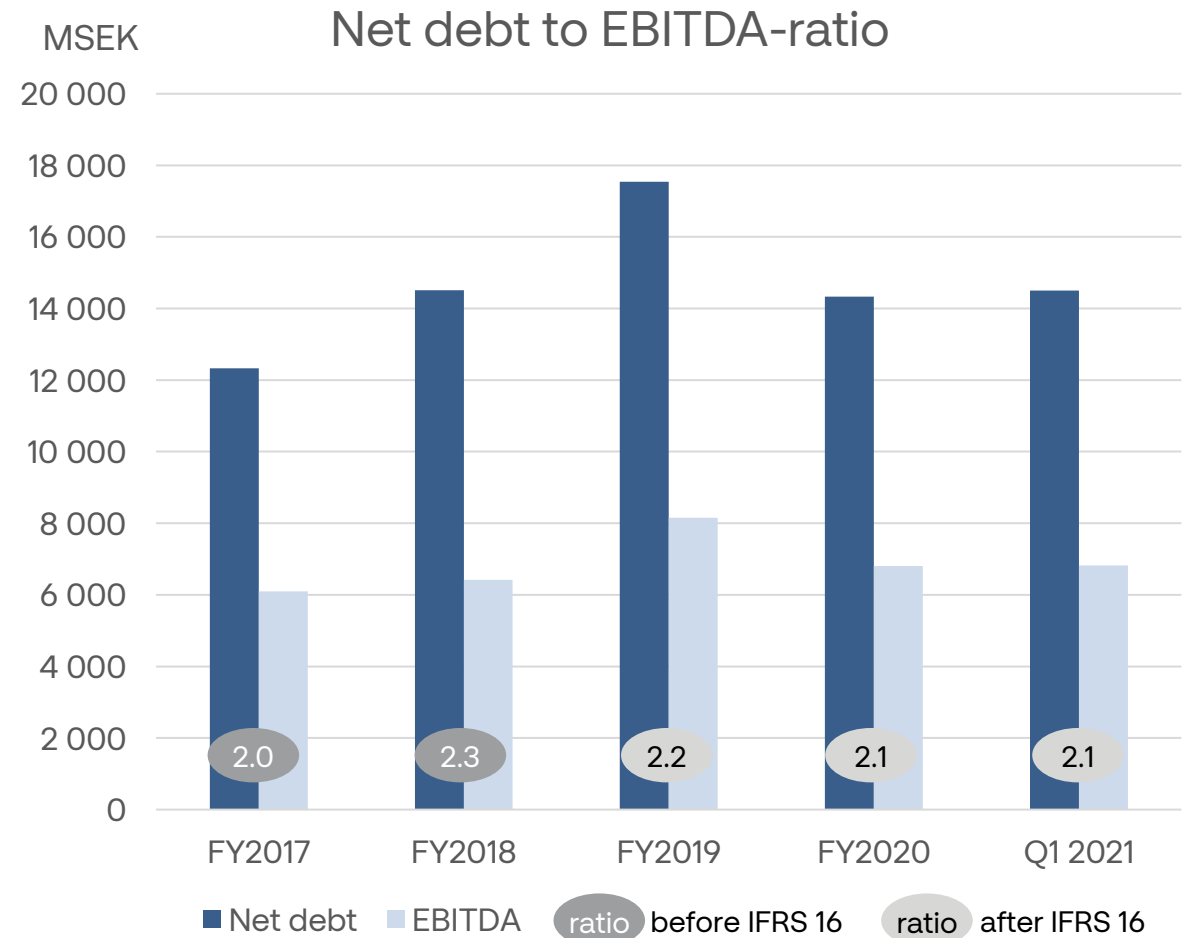
- Net investments of 5 MSEK in Q1 results from
 - Investments of MSEK -638
 - Reversal of depreciation of MSEK 643
- Capital expenditure <3% of Group sales annually
- Cash flow positively impacted, resulting from collections and lower organic sales growth
- Corona-related government payment relief measures of app. MSEK 1 300 is due to be paid later in 2021 and in 2022



Stable net debt to EBITDA-ratio, well ahead of Group target

MSEK

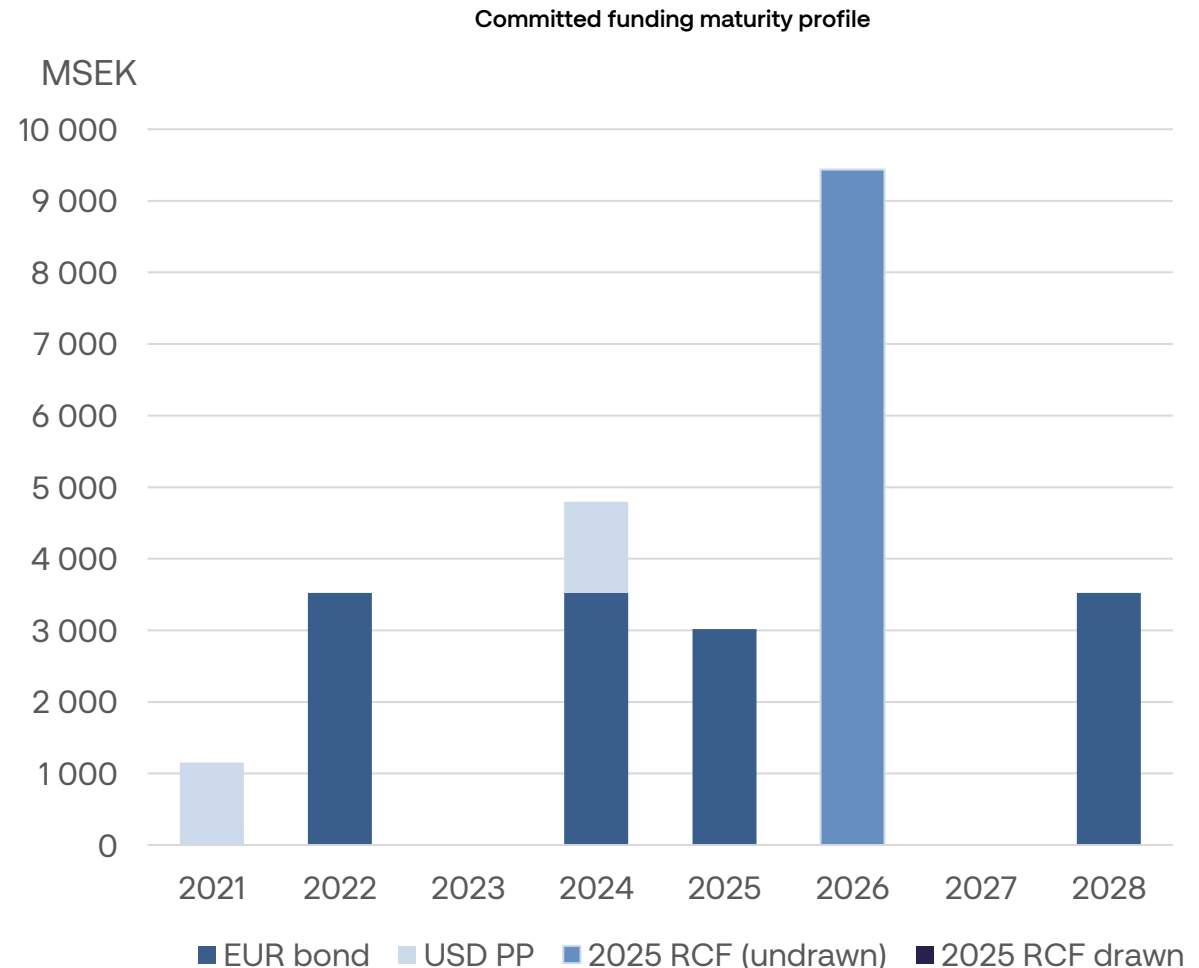
Net debt Dec 31, 2020	-14 335
Free cash flow	796
Acquisitions/Divestitures	-179
IAC	-170
Lease liabilities	-5
Change in net debt	442
Revaluation	-64
Translation	-545
Net debt Mar 31, 2021	-14 502





We are backed up with solid financing

- BBB, stable outlook (S&P, April 30, 2020)
- BSEK 5.4 in liquid funds
- RCF extended in April 2021 to 2026, one more option year remaining after 2026
- Significant undrawn committed funding BSEK 9.6
- No financial covenants
- Committed to solid investment grade rating
- In good shape for renewing the 2021 and 2022 maturities as required



RCF maturity reflecting extension from 2025 to 2026 in April 2021

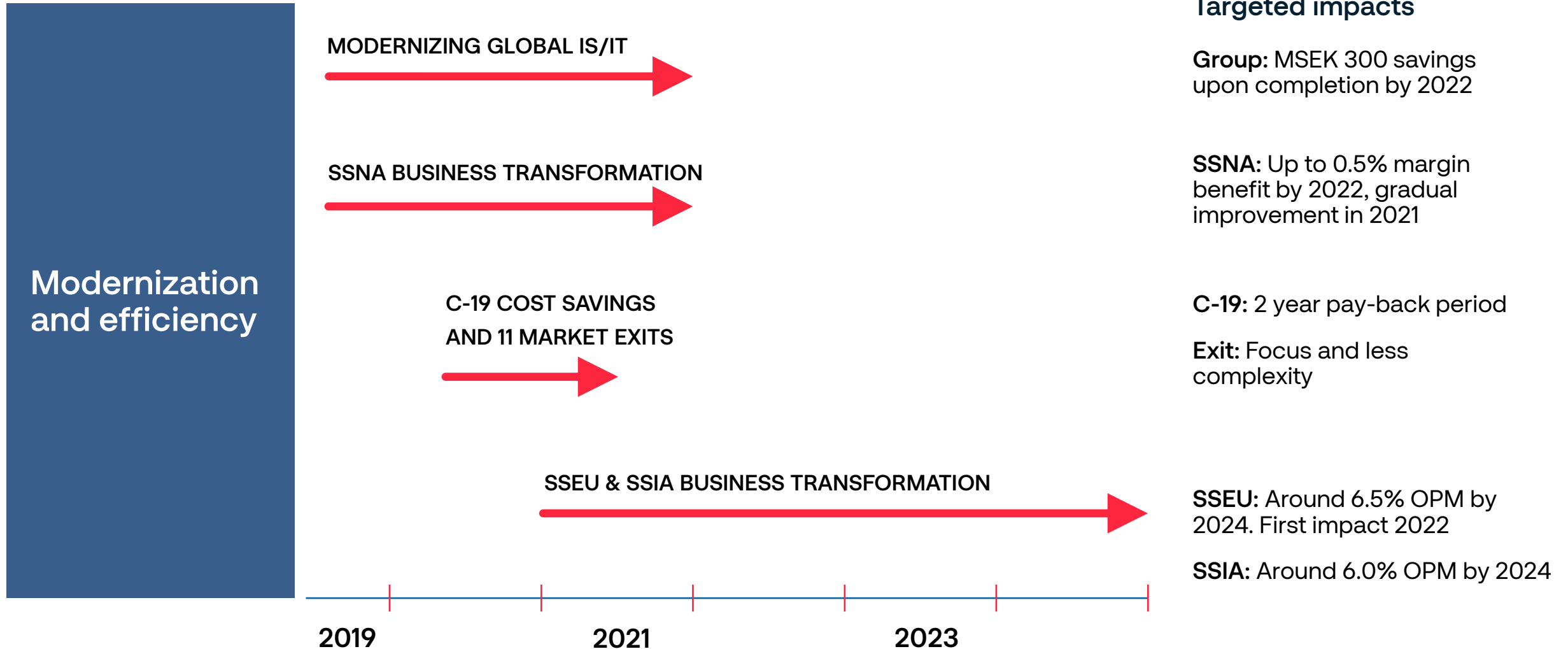


Continuing the transformation journey





Group transformation to modernize, digitize and improve margins by 2024





Improving SSEU operating margin to around 6.5% by 2024

Key actions

Common operating model for Europe

Align organization and processes to achieve scale benefits and roll-out best practice

Modernization of IT systems and tools

Achieve efficiency gains, insights and freeing up time for clients

Investments and tools for Solutions & ES

Accelerate growth with dedicated organizations, resources and tools

Digitize end-to-end operational processes

Enhance capability front-line employees and improve value for clients

Outcome

Drive strategy at scale

Transform guarding with improved margins

Double solutions and electronic security

Increased client value





SUMMARY Q1 2021

- Organic sales growth: 0%
- Operating income real change: 30%
- Commercial activity picking up, uncertainty due to the corona pandemic remaining but with clear priorities to ensure resilience
- Clear direction for continued transformation journey





Securitas