

SECURITAS AB FULL YEAR REPORT

January–December 2019



OCTOBER–DECEMBER 2019

- Total sales MSEK 28 257 (26 824)
- Organic sales growth 2 percent (5)
- Operating income before amortization MSEK 1 497 (1 475)
- Operating margin 5.3 percent (5.5)
- Items affecting comparability (IAC) MSEK -83 (-187), relating to IS/IT transformation programs
- Earnings per share SEK 2.38 (2.02)
- Earnings per share, before IAC, SEK 2.54 (2.39)

JANUARY–DECEMBER 2019

- Total sales MSEK 110 899 (101 467)
- Organic sales growth 4 percent (6)
- Operating income before amortization MSEK 5 738 (5 304)
- Operating margin 5.2 percent (5.2)
- Items affecting comparability (IAC) MSEK -209 (-455), relating to IS/IT transformation programs
- Earnings per share SEK 9.20 (8.26)
- Earnings per share, before IAC, SEK 9.61 (9.17)
- Free cash flow/net debt 0.19 (0.13)
- Proposed dividend SEK 4.80 (4.40)

Comments from the President and CEO



A year
of trans-
formation

Organic sales growth in the Group was 2 percent (5) in the fourth quarter. Organic sales growth declined temporarily in North America and was also hampered by the previously communicated contracts losses in Europe. Extra sales were generally lower compared to the fourth quarter 2018. New sales in the Group were strong across all business segments.

Full-year organic sales growth was 4 percent (6), a decline on a strong comparative, but also reflected the slowdown in some key markets during the second half of 2019. We grew faster than the security market in general and we have the strongest offering of protective services, including security solutions and electronic security, which grew by 10 percent in 2019, to represent 21 percent of total Group sales. We recently acquired two strategically important electronic security companies, Fredon Security in Australia and Techco Security in Spain, the latter making Spain the second largest electronic security business in the Group.

The operating margin in the fourth quarter was 5.3 percent (5.5) and was primarily hampered by North America. The full-year operating margin was on par with last year. The price and wage balance improved in the fourth quarter and will remain a key focus area going into 2020.

The operating result, adjusted for changes in exchange rates, grew by 3 percent in 2019. Earnings per share, before items affecting comparability, amounted to SEK 9.61 (9.17).

We achieved the highest operating and free cash flow ever in 2019. Our strong focus on cash management remains a key priority across all business segments.

We have earlier in the year reported on an investigation in Argentina. The findings revealed that certain individuals have engaged in local business activities in violation of the Securitas Values and Ethics Code. During the investigation we have taken decisive actions, including terminations, and worked to improve our internal controls in Argentina as well as globally. As a result of the findings we have proactively contacted the appropriate authorities to ensure that we fulfill all our obligations as a responsible company. We assess that this will not have any material effect on our financial position.

Our success has been built based on good values and we have zero tolerance of misconduct of any type. I am extremely disappointed by the breach of trust displayed by certain individuals and am reinforcing our compliance program to prevent a similar situation from arising again in the future.

Driving the transformation

We continue to execute on two major transformation programs that will bring increased digitalization, efficiency and a platform for innovation. The implementation of these two programs is progressing according to plan and we expect positive impacts starting in 2021 and gradually increasing during 2022, as previously communicated.

We have presented our new management team and launched our strategy to become the Intelligent Protective Services Partner. We focus on the areas; client engagement, protective services leadership and innovation, efficiency as well as our people. Offering solutions to our clients is a core part of our strategy. We continue to build a stronger capability within electronic security to enable further growth. Our ambition is to double sales of security solutions and electronic security to BSEK 40 by 2023.

We have a strong team and we have been pursuing extensive transformation over the last 12 months. We are making good progress towards an even stronger Securitas for the long term.

Magnus Ahlqvist
President and
Chief Executive Officer

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January–December summary

Securitas has adopted IFRS 16 Leases as of January 1, 2019. The cumulative effect of the adoption has been recognized without restatement of the comparative periods. Further information can be found in notes 1 and 2 on pages 21–22.

FINANCIAL SUMMARY

MSEK	Q4		Change, %		Full year		Change, %	
	2019	2018	Total	Real	2019	2018	Total	Real
Sales	28 257	26 824	5	3	110 899	101 467	9	6
Organic sales growth, %	2	5			4	6		
Operating income before amortization	1 497	1 475	1	-2	5 738	5 304	8	3
Operating margin, %	5.3	5.5			5.2	5.2		
Amortization of acquisition-related intangible assets	-68	-65			-271	-260		
Acquisition-related costs	-28	-79			-62	-120		
Items affecting comparability*	-83	-187			-209	-455		
Operating income after amortization	1 318	1 144	15	11	5 196	4 469	16	11
Financial income and expenses	-140	-154			-578	-441		
Income before taxes	1 178	990	19	17	4 618	4 028	15	9
Net income for the period	872	743	17	15	3 362	3 021	11	6
Earnings per share, SEK	2.38	2.02	18	15	9.20	8.26	11	6
EPS before items affecting comparability, SEK	2.54	2.39	6	4	9.61	9.17	5	-1
Cash flow from operating activities, %	124	128			85	60		
Free cash flow	1 428	1 566			3 268	1 884		
Free cash flow to net debt ratio	-	-			0.19	0.13		
Net debt to EBITDA ratio	-	-			2.2	2.3		

* Refer to note 8 on page 24 for further information.

EARNINGS PER SHARE AND KEY RATIOS FOR CASH FLOW AND NET DEBT

Earnings per share amounted to SEK 9.20 (8.26), a total change of 11 percent compared with the preceding year. The real change in earnings per share in 2019 was 6 percent. EPS before items affecting comparability amounted to SEK 9.61, representing a total change of 5 percent compared with the preceding year and a real change of -1 percent in 2019. The real change in EPS was negatively impacted by the adoption of IFRS 16 as well as by the higher tax rate compared to last year. Together, these two factors had an impact of -4.5 percentage points. Adjusted, the real change in EPS before items affecting comparability would have been 4 percent in 2019.

The free cash flow to net debt ratio was 0.19 (0.13) and the net debt to EBITDA ratio was 2.2 (2.3), both impacted by IFRS 16. For further information, refer to note 2 on pages 21–22.

ANNUAL GENERAL MEETING 2020

The Annual General Meeting (AGM) of Securitas AB will be held on Thursday, May 7, 2020 at 4:00 p.m. (CET) at Courtyard Marriott Hotel, Rålambshovsleden 50 in Stockholm, Sweden.

Refer to www.securitas.com/Corporate Governance for more information regarding the 2020 AGM. The 2019 Annual and Sustainability Report of Securitas AB will be published on www.securitas.com on March 25, 2020.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend for 2019 of SEK 4.80 (4.40) per share. The total proposed dividend amounts to 52 percent of net income and 50 percent of net income before items affecting comparability. Monday, May 11, 2020 is proposed as the record date for the dividend.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

%	Organic sales growth				Operating margin			
	Q4		Full year		Q4		Full year	
	2019	2018	2019	2018	2019	2018	2019	2018
Security Services North America	2	5	4	6	6.1	6.3	6.2	6.1
Security Services Europe	1	3	2	4	6.1	6.3	5.5	5.6
Security Services Ibero-America	10	14	14	12	4.8	4.0	4.7	4.5
Group	2	5	4	6	5.3	5.5	5.2	5.2

Group development

OCTOBER-DECEMBER 2019

Sales development

Sales amounted to MSEK 28 257 (26 824) and organic sales growth was 2 percent (5). Security Services North America delivered organic sales growth of 2 percent (5). Security Services Europe showed organic sales growth of 1 percent (3) and was hampered by previously communicated contract terminations. Security Services Ibero-America delivered 10 percent (14), a development primarily related to Spain.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 3 percent (8).

Sales of security solutions and electronic security sales amounted to MSEK 6 145 (5 637) or 22 percent (21) of total sales in the fourth quarter of 2019. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 7 percent (18).

Operating income before amortization

Operating income before amortization was MSEK 1 497 (1 475) which, adjusted for changes in exchange rates, represented a real change of -2 percent (8).

The Group's operating margin was 5.3 percent (5.5). The operating margin declined in Security Services North America as well as in Security Services Europe, while it improved in Security Services Ibero-America. Continued strategy-related investments at the Group level, included under "Other" in the segment reporting, had an impact of -0.1 percentage points on the Group's operating margin.

The adoption of IFRS 16 Leases had a positive impact on the operating result of MSEK 20 in the quarter. For further information refer to notes 1 and 2.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -68 (-65).

Acquisition related costs were MSEK -28 (-79). For further information refer to note 7.

Items affecting comparability were MSEK -83 (-187) and were related to the IS/IT transformation programs. For further information refer to note 8.

Financial income and expenses

Financial income and expenses amounted to MSEK -140 (-154), with the comparative including a one-off effect of MSEK -46 relating to the re-financing of high interest-bearing debt items in Argentina. The adoption of IFRS 16 Leases had a negative impact of MSEK -37. Furthermore, financial income and expenses were negatively impacted by a weaker Swedish krona and increased net debt. Financial income and expenses were positively impacted in an amount of MSEK 12 related to hyperinflation accounting in Argentina. For further information refer to note 3.

Income before taxes

Income before taxes was MSEK 1 178 (990). The adoption of IFRS 16 Leases had a negative effect of MSEK -17 on income before taxes. For further information refer to notes 1 and 2.

Taxes, net income and earnings per share

The Group's tax rate was 26.0 percent (25.0). The tax rate before tax on items affecting comparability was 26.3 percent (25.4).

Net income was MSEK 872 (743). The adoption of IFRS 16 Leases had a negative impact of MSEK -11 on net income. For further information refer to notes 1 and 2.

Earnings per share amounted to SEK 2.38 (2.02). Earnings per share before items affecting comparability amounted to SEK 2.54 (2.39).

JANUARY-DECEMBER 2019

Sales development

Sales amounted to MSEK 110 899 (101 467) and organic sales growth to 4 percent (6). Security Services North America delivered organic sales growth of 4 percent (6) on a strong comparative. Security Services Europe showed organic sales growth of 2 percent (4), primarily hampered by the previously communicated termination of a few major contracts. Security Services Ibero-America delivered 14 percent (12).

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 6 percent (8).

Sales of security solutions and electronic security sales amounted to MSEK 23 290 (20 440) or 21 percent (20) of total sales in the full year. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 10 percent (21).

Operating income before amortization

Operating income before amortization was MSEK 5 738 (5 304) which, adjusted for changes in exchange rates, represented a real change of 3 percent (9).

The Group's operating margin was 5.2 percent (5.2). The operating margin improved in Security Services North America and Security Services Ibero-America, while it declined in Security Services Europe. Continued strategy-related investments at the Group level, included under "Other" in the segment reporting, had an impact of -0.1 percentage points on the Group's operating margin. Total price adjustments in the Group were slightly behind wage cost increases in the full year.

The adoption of IFRS 16 Leases had a positive impact on the operating result of MSEK 80 in 2019. For further information refer to notes 1 and 2.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -271 (-260).

Acquisition related costs were MSEK -62 (-120). For further information refer to note 7.

Items affecting comparability were MSEK -209 (-455), related to the IS/IT transformation programs. For further information refer to note 8.

Financial income and expenses

Financial income and expenses amounted to MSEK -578 (-441), with the comparative including a one-off effect of MSEK -46 relating to the re-financing of high interest-bearing debt items in Argentina. The adoption of IFRS 16 Leases had a negative impact of MSEK -148. Furthermore, financial income and expenses were negatively impacted by a weaker Swedish krona and increased net debt. Financial income and expenses were positively impacted in an amount of MSEK 25 related to hyperinflation accounting in Argentina. Refer to note 3.

Income before taxes

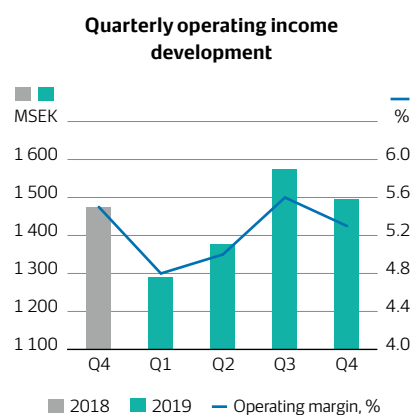
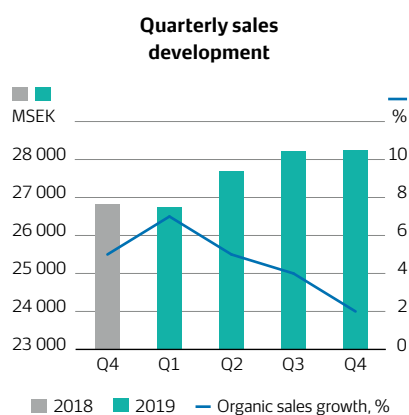
Income before taxes amounted to MSEK 4 618 (4 028). The adoption of IFRS 16 Leases had a negative effect of MSEK -68 on income before taxes. For further information refer to notes 1 and 2.

Taxes, net income and earnings per share

The Group's tax rate was 27.2 percent (25.0). The tax rate before tax on items affecting comparability was 27.2 percent (25.2).

Net income was MSEK 3 362 (3 021). The adoption of IFRS 16 Leases had a negative effect of MSEK -49 on net income.

Earnings per share amounted to SEK 9.20 (8.26). Earnings per share before items affecting comparability amounted to SEK 9.61 (9.17).



Development in the Group's business segments

Security Services North America

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

MSEK	Q4		Change, %		Full year		Change, %	
	2019	2018	Total	Real	2019	2018	Total	Real
Total sales	12 389	11 523	8	2	48 499	42 366	14	6
Organic sales growth, %	2	5			4	6		
Share of Group sales, %	44	43			44	42		
Operating income before amortization	752	722	4	0	3 003	2 589	16	8
Operating margin, %	6.1	6.3			6.2	6.1		
Share of Group operating income, %	50	49			52	49		

October-December 2019

Organic sales growth was 2 percent (5). A temporary decline in the business unit critical infrastructure services, on strong comparatives, hampered organic sales growth by -1 percentage point. Main contribution to organic sales growth derived from the five geographical regions, on strong comparatives, and Pinkerton Corporate Risk Management. New sales in the portfolio ended the fourth quarter on a strong note, with good traction from the national and global accounts organization.

Security solutions and electronic security sales represented MSEK 2 319 (2 048) or 19 percent (18) of total sales in the business segment in the fourth quarter.

The operating margin was 6.1 percent (6.3). The operating margin was hampered by a temporary decline in the critical infrastructure services business unit. The operating margin was supported by the five geographical regions and Securitas Electronic Security. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 0 percent in the fourth quarter.

January-December 2019

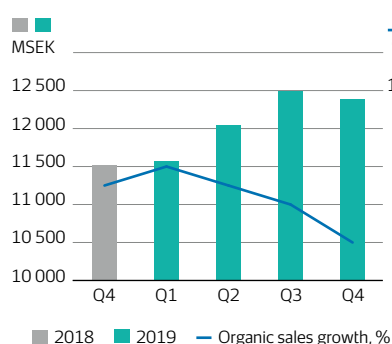
Organic sales growth was 4 percent (6), on a strong comparative and a client retention rate of 90 percent (91). The main contribution to organic sales growth derived from the five geographical regions and Pinkerton Corporate Risk Management.

Security solutions and electronic security sales represented MSEK 8 885 (7 365) or 18 percent (17) of total sales in the business segment for the full year.

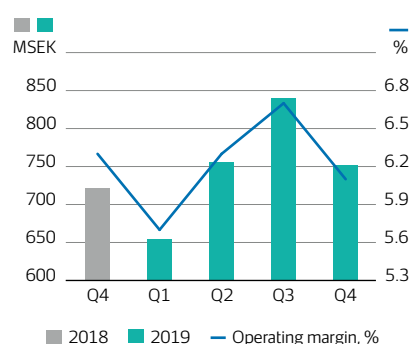
The operating margin was 6.2 percent (6.1), an improvement supported by several business units, including a good development in the five geographical regions. The operating margin was hampered by a temporary decline in the critical infrastructure services business unit in the fourth quarter. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 8 percent in the full year.

Quarterly sales development



Quarterly operating income development



Security Services Europe

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

MSEK	Q4		Change, %		Full year		Change, %	
	2019	2018	Total	Real	2019	2018	Total	Real
Total sales	12 057	11 725	3	1	47 248	45 040	5	3
Organic sales growth, %	1	3			2	4		
Share of Group sales, %	43	44			43	44		
Operating income before amortization	730	739	-1	-3	2 582	2 511	3	1
Operating margin, %	6.1	6.3			5.5	5.6		
Share of Group operating income, %	49	50			45	47		

October-December 2019

Organic sales growth was 1 percent (3). The decline was mainly due to the contract losses in France and in the UK as communicated in previous quarters. Organic sales growth was primarily supported by Belgium, the Nordic countries and the guarding business in Turkey. New sales in the portfolio were strong in the fourth quarter, including an increase in an Aviation contract in Germany worth approximately MSEK 200 with operations starting in the second quarter of 2020. However, a large part worth approximately MSEK 280 of a major Aviation contract in Norway has been lost, effective as of March 1, 2020.

Security solutions and electronic security sales represented MSEK 2 881 (2 686) or 24 percent (23) of total sales in the business segment.

The operating margin was 6.1 percent (6.3), a decline mainly attributable to Belgium, Sweden and the Netherlands. France improved on the price and wage balance in the fourth quarter and had a positive impact on the operating margin. The cost savings program initiated during 2018 developed according to plan and supported the operating margin. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against foreign currencies, primarily the Euro, which had a positive effect on

operating income in Swedish kronor. The real change was -3 percent in the fourth quarter.

January-December 2019

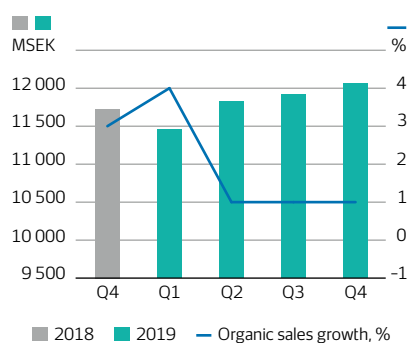
Organic sales growth was 2 percent (4), a decline mainly explained by the contract terminations in France and the UK earlier in the year. The client retention rate was 90 percent (93). The main contribution to organic sales growth derived from Belgium, Germany, the Nordic countries and the guarding business in Turkey.

Security solutions and electronic security sales represented MSEK 10 611 (9 638) or 22 percent (21) of total sales in the business segment.

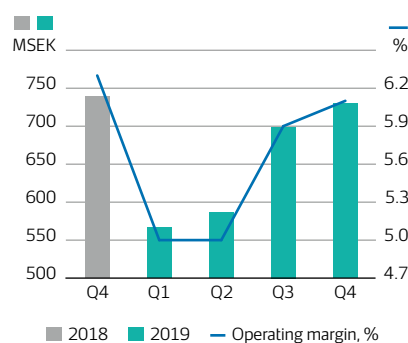
The operating margin was 5.5 percent (5.6), hampered primarily by Sweden as well as a negative impact from Belgium and the Netherlands. The operating margin was supported by final gains related to the settlement of existing defined benefit pension plans in Norway, and by the cost savings program initiated during 2018. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

The Swedish krona exchange rate weakened against foreign currencies, primarily the Euro, which had a positive effect on operating income in Swedish kronor. The real change was 1 percent in the full year.

Quarterly sales development



Quarterly operating income development



Security Services Ibero-America

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

MSEK	Q4		Change, %		Full year		Change, %	
	2019	2018	Total	Real	2019	2018	Total	Real
Total sales	3 263	3 111	5	11	13 099	12 315	6	14
Organic sales growth, %	10	14			14	12		
Share of Group sales, %	12	12			12	12		
Operating income before amortization	156	125	25	21	614	550	12	14
Operating margin, %	4.8	4.0			4.7	4.5		
Share of Group operating income, %	10	8			11	10		

* As of July 1, 2018, Securitas has adopted IAS 29 Financial reporting in hyperinflationary economies for our operations in Argentina. When calculating the key ratios for organic sales growth percentage and real change percentage, the impact from the remeasurement is treated similarly to currency change. The calculated key ratio percentages are thus comparable as to how these were calculated before the adoption of IAS 29. The impact from IAS 29 is a remeasurement of sales with MSEK -12 (-63) and a remeasurement of operating income before amortization of MSEK -2 (-3) for the full year 2019.

October-December 2019

Organic sales growth was 10 percent (14), a decline primarily related to Spain and reductions of the short-term security solutions contracts referred to during the past 12 months. The organic sales growth continued to be positively impacted by price increases in Argentina.

Security solutions and electronic security sales represented MSEK 871 (857) or 27 percent (28) of total sales in the business segment.

The operating margin was 4.8 percent (4.0). The weak comparative was attributable to the performance in Argentina. The operating margin improvement related primarily to Spain, but was burdened by Peru. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

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

January-December 2019

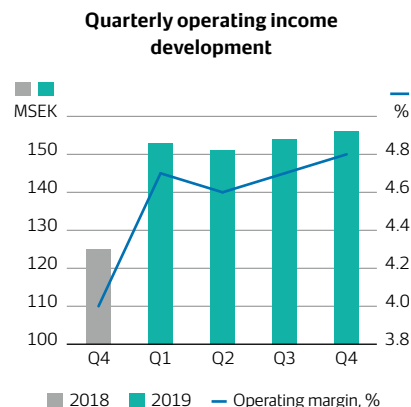
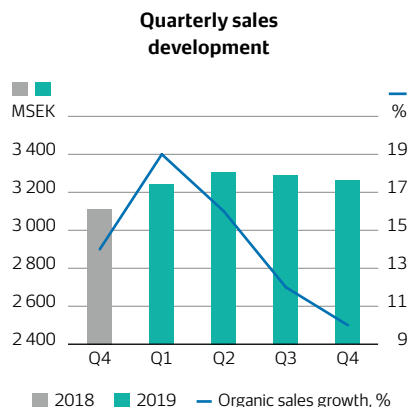
Organic sales growth was 14 percent (12). The improvement derived mainly from Spain and from price increases in Argentina. The client retention rate was 92 percent (92).

Security solutions and electronic security sales represented MSEK 3 527 (3 270) or 27 percent (27) of total sales in the business segment.

The operating margin was 4.7 percent (4.5), driven mainly by a strong development in Spain, but burdened by the weak fourth quarter in Peru. The adoption of IFRS 16 Leases had a positive impact on the operating result in the business segment.

As previously communicated, management changes have been made in Argentina. Following internal whistleblowing Securitas has conducted an investigation into potentially improper conduct through specialized external parties. For further information, see page 12 Other significant events. 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 negative on operating income in Swedish kronor. The real change in the segment was 14 percent in 2019.



Cash flow

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

October-December 2019

Cash flow from operating activities amounted to MSEK 1 853 (1 882), equivalent to 124 percent (128) of operating income before amortization.

The impact from changes in accounts receivable was MSEK -145 (-387). Changes in other operating capital employed were MSEK 535 (915).

Free cash flow was MSEK 1 428 (1 566), equivalent to 124 percent (146) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -185 (-133).

Cash flow from items affecting comparability amounted to MSEK -106 (-93). Refer to note 8 for further information.

Cash flow from financing activities was MSEK -685 (-491) due to a net decrease in borrowings.

Cash flow for the period was MSEK 452 (849).

January-December 2019

Cash flow from operating activities amounted to MSEK 4 902 (3 172), equivalent to 85 percent (60) of operating income before amortization.

The impact from changes in accounts receivable was MSEK -239 (-1 575) with improved cash collections in all

business segments. Changes in other operating capital employed were MSEK -277 (-62).

Cash flow from operating activities include net investments in non-current tangible and intangible assets, amounting to MSEK -320 (-495). The net investments include capital expenditures in equipment for solution contracts and is the result of investments of MSEK -3 010 (-2 188) and reversal of depreciation of MSEK 2 690 (1 693). The adoption of IFRS 16 Leases impacted investments with MSEK -970 and reversal of depreciation with MSEK 890.

Free cash flow was MSEK 3 268 (1 884), equivalent to 83 percent (48) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -574 (-1 755), of which purchase price payments accounted for MSEK -533 (-1 700), assumed net debt for MSEK 39 (42) and acquisition related costs paid for MSEK -80 (-97).

Cash flow from items affecting comparability amounted to MSEK -303 (-117). Refer to note 8 for further information.

Cash flow from financing activities was MSEK -1 699 (-376) due to dividend paid of MSEK -1 606 (-1 460) and a net decrease in borrowings of MSEK -93 (1 084).

Cash flow for the period was MSEK 692 (-364). The closing balance for liquid funds after translation differences of MSEK 27 was MSEK 3 948 (3 229).

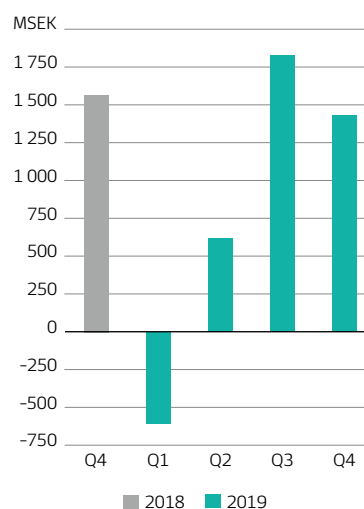
Free cash flow

MSEK	Jan-Dec 2019
Operating income before amortization¹⁾	5 738
Net investments ²⁾	-320
Change in accounts receivable	-239
Change in other operating capital employed	-277
Cash flow from operating activities	4 902
Financial income and expenses paid	-443
Current taxes paid	-1 191
Free cash flow	3 268

¹⁾ Effect from IFRS 16 amounts to MSEK 80.

²⁾ Net effect from IFRS 16 amounts to MSEK -80, consisting of investments MSEK -970 and reversal of depreciation MSEK 890.

Quarterly free cash flow



Capital employed and financing

Capital employed as of December 31, 2019

The Group's operating capital employed was MSEK 13 100 (9 199), corresponding to 12 percent of sales (9), adjusted for the full-year sales figures of acquired units. Adjusted for the impact of IFRS 16 Leases the operating capital employed as percent of sales would have been 9 percent (9). The adoption of IFRS 16 Leases increased the Group's operating capital employed by MSEK 3 433 as of January 1, 2019, while the translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 26.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2019 in conjunction with the business plan process for 2020. In 2019, IFRS 16 has been adopted on segment level. The Group has changed the level of impairment testing for goodwill from country level to segment level. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2019. No impairment losses were recognized in 2018 either.

The Group's total capital employed was MSEK 37 140 (32 170). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 614. The return on capital employed was 15 percent (15). Adjusted for the impact of IFRS 16 Leases the return on capital employed would have been 16 percent (15).

Financing as of December 31, 2019

The Group's net debt amounted to MSEK 17 541 (14 513). The net debt was positively impacted mainly by the free cash

flow of MSEK 3 268. It was negatively impacted mainly by a change in lease liabilities of MSEK -3 332, a dividend of MSEK -1 606, paid to the shareholders in May 2019, payments for acquisitions of MSEK -574 and the translation of net debt in foreign currency to Swedish kronor of MSEK -541.

The free cash flow to net debt ratio amounted to 0.19 (0.13). The net debt to EBITDA ratio was 2.2 (2.3). The interest coverage ratio amounted to 9.4 (10.7). Adjusted for the impact of IFRS 16 Leases the free cash flow to net debt ratio would have been 0.23 (0.13) and the net debt to EBITDA ratio would have been 2.0 (2.3), while the interest coverage ratio would have been 12.2 (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 December 31, 2019, the facility was undrawn. Further information regarding financial instruments and credit facilities is provided in note 9.

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

Shareholders' equity amounted to MSEK 19 599 (17 657). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 73. Refer to the statement of comprehensive income on page 15 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of December 31, 2019. On June 24, 2019, 125 000 shares were repurchased. Refer to page 18 for further information.

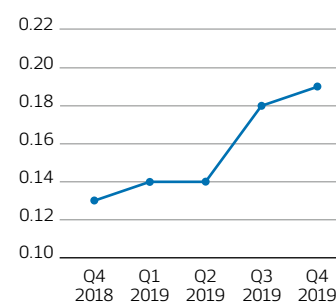
Capital employed and financing

MSEK	Dec 31, 2019
Operating capital employed	13 100
Goodwill	22 157
Acquisition related intangible assets	1 563
Shares in associated companies	320
Capital employed	37 140
Net debt	17 541
Shareholders' equity	19 599
Financing	37 140

Net debt development

MSEK	
Jan 1, 2019	-14 513
Free cash flow	3 268
Acquisitions	-574
Items affecting comparability	-303
Dividend paid	-1 606
Lease liabilities	-3 332
Change in net debt	-2 547
Revaluation	60
Translation	-541
Dec 31, 2019	-17 541

Free cash flow/Net debt



Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY-DECEMBER 2019 (MSEK)

Company	Business segment ¹⁾	Included from	Acquired share ²⁾	Annual sales ³⁾	Enterprise value ⁴⁾	Goodwill	Acq. related intangible assets
Opening balance						21 061	1 458
Global Elite Group, the US ⁶⁾	Security Services North America	Jan 10	100	290	163	123	70
Allcooper Group, the UK ⁶⁾	Security Services Europe	Apr 1	100	88	59	31	26
Staysafe, Australia ⁶⁾	Other	Apr 4	100	72	83	126	57
MSM Security Services, the US ⁶⁾	Security Services North America	Oct 5	-	140	6	42	61
Other acquisitions and divestitures ^{5) 6)}		-	-	440	183	107	118
Total acquisitions and divestitures January-December 2019				1 030	494	429	332
Amortization of acquisition related intangible assets						-	-271
Translation differences and remeasurement for hyperinflation						667	44
Closing balance						22 157	1 563

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

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

³⁾ Estimated annual sales.

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

⁵⁾ Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: Iverify (step acquisition), the US, Nortrax Veg og Trafikk, Norway, WHD Wachdienst Heidelberg, Wach- und Schließgesellschaft Hof Inh. I Müller, Germany, Securitas Interim (divestiture), Cezzam, France, 4CS Security (contract portfolio), Austria, Pronet, DAK, Turkey, Instalfogo, Portugal and Beijing Saikudasi Consultancy Management, China. Related also to deferred considerations paid in Sweden, Germany, France, Austria, Czech Republic, Australia, China and Hong Kong.

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 147. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 425.

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 18. Transaction costs and revaluation of deferred considerations can be found in note 7 on page 24.

Global Elite Group, the US

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

Securitas runs a twofold strategy in the US aviation market, addressing both the federal government with passenger and baggage screening for the Transportation Security Administration, as well as security services for the commercial market such as airlines, airports and airport related customers (e.g. cargo). The estimated market volume for the latter, i.e. the commercial market related to 450 airports, is between BUSD 1.3-1.8. The acquisition is consistent with Securitas strategy of expanding in the aviation industry. Global Elite Group is considered a premier aviation security service provider in the US. The company will strengthen

and complement Securitas current aviation organization, and the combined network, footprint, licenses and know-how will increase the value we bring to existing and new customers. The acquisition was consolidated in Securitas as of January 10, 2019.

Allcooper Group, the UK

Securitas has acquired all shares in the electronic security company Allcooper Group in the United Kingdom. Allcooper Group, founded in 1987, specializes in the installation, maintenance and monitoring of a wide range of security and fire systems. It operates from bases in Gloucestershire, the West Midlands and London with around 100 employees. Allcooper's expertise in electronic security and its portfolio of long-term customers will provide excellent support in Securitas' pursuit of its strategic objectives. The acquisition was consolidated in Securitas as of April 1, 2019.

Staysafe, Australia

Securitas is strengthening its client value proposition in the Australian security market through the acquisition of Staysafe, a leading alarm monitoring company in Australia. Founded in 1987 and based in Melbourne, Staysafe is today one of the largest monitoring companies in Australia with 73 employees and 28 000 monitoring connections managed through two grade A1 monitoring centers located in Melbourne, Victoria and Adelaide in South Australia. Since entering the Australian market in 2017 Securitas has experienced strong growth and expanded its geographical footprint and capabilities across the country. The acquisition was consolidated in Securitas as of April 4, 2019.

MSM Security Services, the US

Securitas subsidiary Securitas Critical Infrastructure Services, Inc (SCIS), under the independent direction of its Board, has acquired certain inspection and background investigations assets of MSM Security Services. The purchase price was approximately MUSD 11 (MSEK 102), contingent upon reaching certain business development targets. Securitas Critical Infrastructure Services, Inc is an independent US subsidiary of Securitas AB, which specializes in providing a wide range of security services to federal agencies, aerospace and defense contractors, and federally regulated energy and aviation facilities. The transaction will expand SCIS' federal background investigations business and is anticipated to add MUSD 15 (MSEK 140) of annual sales. The acquisition closed following regulatory approval and was consolidated in Securitas as of October 5, 2019.

ACQUISITIONS AFTER THE FOURTH QUARTER**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. Fredon Security's annual sales was MAUD 37 (MSEK 240) in the financial year ending June 2019. The purchase price is estimated to MAUD 32 (MSEK 210). The acquisition was consolidated into Securitas as of January 9, 2020.

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. Techco Security's annual sales was MEUR 50 (MSEK 520) in 2018. The purchase price is estimated to MEUR 22 (MSEK 230). The acquisition was closed and consolidated into Securitas as of January 8, 2020.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2018 Annual Report and to note 12 on page 26. 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.

Investigation into improper behavior, Argentina

As previously communicated, management changes have been made in Argentina. Following internal whistleblowing Securitas has conducted an investigation into potentially improper conduct through specialized external parties.

The findings revealed that certain individuals have engaged in local business practices in violation of the Securitas Values and Ethics Code. The investigation indicates compliance

issues, including conflicts of interest and irregular supplier and other business relationships. Disciplinary measures against these individuals, including terminations where appropriate, have been taken and Securitas is considering whether to take further legal action.

Securitas is now proactively collaborating with the appropriate authorities to ensure that Securitas fulfills all obligations as a responsible company. This includes correcting the income and value added tax by paying the corresponding additional tax and interest charges of approximately MSEK 130 to the local tax administration. The tax contingency payment is covered by existing provisions. The Group assesses that the impact of the misconduct will not have a material effect on the result or financial position of the Group.

Risks and uncertainties

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

In the preparation of financial reports, the Board of Directors and Group Management are required to make estimates and judgments. These estimates and judgments impact the statement of income and balance sheet as well as disclosures such

as contingent liabilities. The actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming 12-month period, the financial impact of certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2018 and, where applicable, under the heading "Other significant events" above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

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

January-December 2019

The Parent Company's income amounted to MSEK 1 449 (1 196) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 2 209 (2 269). Income before taxes amounted to MSEK 2 553 (2 558).

As of December 31, 2019

The Parent Company's non-current assets amounted to MSEK 46 157 (43 506) and mainly comprise shares in subsidiaries of MSEK 43 911 (41 332). Current assets amounted to MSEK 5 944 (7 329) of which liquid funds accounted for MSEK 1 596 (1 326).

Shareholders' equity amounted to MSEK 29 276 (28 499). A dividend of MSEK 1 606 (1 460) was paid to the shareholders in May 2019.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 825 (22 336) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 27.

Stockholm, February 6, 2020

Magnus Ahlqvist
President and Chief Executive Officer

Review Report

(Translation of Swedish Original)

Report of Review of Interim Financial Information prepared in accordance with IAS 34 and chapter 9 of the Annual Accounts Act.

Introduction

We have reviewed this report for the period January 1, 2019 to December 31, 2019 for Securitas AB. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this full year report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this full year report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily

of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the full year report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, February 6, 2020
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Madeleine Endre
Authorised Public Accountant

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Sales	28 125	26 133	109 560	99 707
Sales, acquired business	132	691	1 339	1 760
Total sales⁴⁾	28 257	26 824	110 899	101 467
Organic sales growth, % ⁵⁾	2	5	4	6
Production expenses ²⁾	-23 355	-22 086	-91 588	-83 570
Gross income²⁾	4 902	4 738	19 311	17 897
Selling and administrative expenses ²⁾	-3 428	-3 283	-13 637	-12 654
Other operating income ⁴⁾	8	8	34	30
Share in income of associated companies	15	12	30	31
Operating income before amortization²⁾	1 497	1 475	5 738	5 304
Operating margin, %	5.3	5.5	5.2	5.2
Amortization of acquisition related intangible assets	-68	-65	-271	-260
Acquisition related costs ⁷⁾	-28	-79	-62	-120
Items affecting comparability ⁸⁾	-83	-187	-209	-455
Operating income after amortization²⁾	1 318	1 144	5 196	4 469
Financial income and expenses ^{2, 3, 9)}	-140	-154	-578	-441
Income before taxes²⁾	1 178	990	4 618	4 028
Net margin, %	4.2	3.7	4.2	4.0
Current taxes	-202	-248	-1 200	-962
Deferred taxes ²⁾	-104	1	-56	-45
Net income for the period²⁾	872	743	3 362	3 021
Whereof attributable to:				
Equity holders of the Parent Company	869	738	3 357	3 016
Non-controlling interests	3	5	5	5
Earnings per share before and after dilution ²⁾ (SEK)	2.38	2.02	9.20	8.26
Earnings per share before and after dilution and before items affecting comparability ²⁾ (SEK)	2.54	2.39	9.61	9.17

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net income for the period	872	743	3 362	3 021
Other comprehensive income for the period				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit pension plans net of tax	89	-133	31	-72
Total items that will not be reclassified to the statement of income¹⁰⁾	89	-133	31	-72
Items that subsequently may be reclassified to the statement of income				
Remeasurement for hyperinflation net of tax ³⁾	2	15	79	314
Cash flow hedges net of tax	14	25	36	63
Cost of hedging net of tax	-5	-78	12	-44
Net investment hedges net of tax	309	12	-346	-381
Other comprehensive income from associated companies, translation differences	-23	10	14	19
Translation differences	-1 147	122	405	668
Total items that subsequently may be reclassified to the statement of income¹⁰⁾	-850	106	200	639
Other comprehensive income for the period¹⁰⁾	-761	-27	231	567
Total comprehensive income for the period	111	716	3 593	3 588
Whereof attributable to:				
Equity holders of the Parent Company	109	711	3 587	3 583
Non-controlling interests	2	5	6	5

Notes 2-10 refer to pages 21-26.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income before amortization	1 497	1 475	5 738	5 304
Investments in non-current tangible and intangible assets	-723	-570	-3 010	-2 188
Reversal of depreciation	689	449	2 690	1 693
Change in accounts receivable	-145	-387	-239	-1 575
Change in other operating capital employed	535	915	-277	-62
Cash flow from operating activities	1 853	1 882	4 902	3 172
Cash flow from operating activities, %	124	128	85	60
Financial income and expenses paid	-58	-100	-443	-432
Current taxes paid	-367	-216	-1 191	-856
Free cash flow	1 428	1 566	3 268	1 884
Free cash flow, %	124	146	83	48
Cash flow from investing activities, acquisitions and divestitures	-185	-133	-574	-1 755
Cash flow from items affecting comparability ⁸⁾	-106	-93	-303	-117
Cash flow from financing activities	-685	-491	-1 699	-376
Cash flow for the period	452	849	692	-364

Cash flow MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operations	1 992	2 002	5 747	3 858
Cash flow from investing activities	-640	-662	-2 534	-3 846
Cash flow from financing activities	-900	-491	-2 521	-376
Cash flow for the period	452	849	692	-364

Change in net debt MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Opening balance	-19 415	-15 749	-14 513	-12 333
Cash flow for the period	452	849	692	-364
Change in lease liabilities	143	3	-3 332	-31
Change in loans	685	488	93	-1 053
Change in net debt before revaluation and translation differences	1 280	1 340	-2 547	-1 448
Revaluation of financial instruments ⁹⁾	11	-69	60	26
Translation differences	583	-35	-541	-758
Change in net debt	1 874	1 236	-3 028	-2 180
Closing balance	-17 541	-14 513	-17 541	-14 513

Notes 8-9 refer to pages 24-25.

CAPITAL EMPLOYED AND FINANCING

MSEK	Dec 31, 2019	Dec 31, 2018
Operating capital employed²⁾	13 100	9 199
Operating capital employed as % of sales	12	9
Return on operating capital employed, %	50	58
Goodwill	22 157	21 061
Acquisition related intangible assets	1 563	1 458
Shares in associated companies	320	452
Capital employed²⁾	37 140	32 170
Return on capital employed, %	15	15
Net debt²⁾	-17 541	-14 513
Shareholders' equity	19 599	17 657
Net debt equity ratio, multiple	0.89	0.82

BALANCE SHEET

MSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Goodwill	22 157	21 061
Acquisition related intangible assets	1 563	1 458
Other intangible assets	1 813	1 450
Right-of-use assets ²⁾	3 489	222
Other tangible non-current assets ²⁾	3 546	3 532
Shares in associated companies	320	452
Non-interest-bearing financial non-current assets	1 799	1 744
Interest-bearing financial non-current assets	437	499
Total non-current assets²⁾	35 124	30 418
Current assets		
Non-interest-bearing current assets	22 984	21 701
Other interest-bearing current assets	134	121
Liquid funds	3 948	3 229
Total current assets	27 066	25 051
TOTAL ASSETS²⁾	62 190	55 469

MSEK	Dec 31, 2019	Dec 31, 2018
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Attributable to equity holders of the Parent Company	19 569	17 632
Non-controlling interests	30	25
Total shareholders' equity	19 599	17 657
Equity ratio, %	32	32
Long-term liabilities		
Non-interest-bearing long-term liabilities	361	336
Long-term lease liabilities ²⁾	2 610	116
Other interest-bearing long-term liabilities	17 216	15 858
Non-interest-bearing provisions	2 484	2 527
Total long-term liabilities²⁾	22 671	18 837
Current liabilities		
Non-interest-bearing current liabilities and provisions	17 686	16 587
Current lease liabilities ²⁾	944	106
Other interest-bearing current liabilities	1 290	2 282
Total current liabilities²⁾	19 920	18 975
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES²⁾	62 190	55 469

²⁾ Finance leases according to IAS 17 was in 2018 included in tangible non-current assets. For further information regarding right-of-use assets, refer to note 2 on pages 21-22.

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Dec 31, 2019			Dec 31, 2018		
	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
Opening balance January 1, 2019/2018	17 632	25	17 657	15 518	21	15 539
Total comprehensive income for the period	3 587	6	3 593	3 583	5	3 588
Transactions with non-controlling interests	-	-1	-1	-2	-1	-3
Share based incentive schemes	-44	-	-44 ¹⁾	-7	-	-7
Dividend paid to the shareholders of the Parent Company	-1 606	-	-1 606	-1 460	-	-1 460
Closing balance December 31, 2019/2018	19 569	30	19 599	17 632	25	17 657

¹⁾ Refers to share based remuneration for the Group's participants in the share based incentive schemes 2019 of MSEK 123, a swap agreement in Securitas AB shares of MSEK -147, hedging the share portion of Securitas share based incentive scheme 2018, and adjustment to grant date value of non-vested shares of MSEK 1, related to Securitas share based incentive scheme 2017. Refers also to repurchase of own shares of MSEK -21.

DATA PER SHARE

SEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Share price, end of period	161.45	142.25	161.45	142.25
Earnings per share before and after dilution ^{1, 2, 3)}	2.38	2.02	9.20	8.26
Earnings per share before and after dilution and before items affecting comparability ^{1, 2, 3)}	2.54	2.39	9.61	9.17
Dividend	-	-	4.80 ⁵⁾	4.40
P/E-ratio after dilution and before items affecting comparability	-	-	17	16
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding ^{1, 3)}	364 933 897	365 058 897	364 933 897	365 058 897
Average number of shares outstanding ^{1, 3, 4)}	364 933 897	365 058 897	364 993 486	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⁾ On June 24, 2019, 125 000 shares were repurchased.

⁴⁾ Used for calculation of earnings per share.

⁵⁾ Proposed dividend.

Segment overview October–December 2019 and 2018

OCTOBER–DECEMBER 2019

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	12 383	12 056	3 263	555	-	28 257
Sales, intra-group	6	1	0	-2	-5	-
Total sales	12 389	12 057	3 263	553	-5	28 257
Organic sales growth, %	2	1	10	-	-	2
Operating income before amortization	752	730	156	-141	-	1 497
<i>of which share in income of associated companies</i>	1	-	-	14	-	15
Operating margin, %	6.1	6.1	4.8	-	-	5.3
Amortization of acquisition related intangible assets	-18	-39	-5	-6	-	-68
Acquisition related costs	-90	63	-1	0	-	-28
Items affecting comparability	-59	-14	-2	-8	-	-83
Operating income after amortization	585	740	148	-155	-	1 318
Financial income and expenses	-	-	-	-	-	-140
Income before taxes	-	-	-	-	-	1 178

OCTOBER–DECEMBER 2018

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	11 518	11 725	3 111	470	-	26 824
Sales, intra-group	5	-	0	1	-6	-
Total sales	11 523	11 725	3 111	471	-6	26 824
Organic sales growth, %	5	3	14	-	-	5
Operating income before amortization	722	739	125	-111	-	1 475
<i>of which share in income of associated companies</i>	-1	0	-	13	-	12
Operating margin, %	6.3	6.3	4.0	-	-	5.5
Amortization of acquisition related intangible assets	-15	-40	-6	-4	-	-65
Acquisition related costs	-58	-21	-	0	-	-79
Items affecting comparability	-155	0	-	-32	-	-187
Operating income after amortization	494	678	119	-147	-	1 144
Financial income and expenses	-	-	-	-	-	-154
Income before taxes	-	-	-	-	-	990

Segment overview January–December 2019 and 2018

JANUARY–DECEMBER 2019

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	48 480	47 247	13 098	2 074	-	110 899
Sales, intra-group	19	1	1	2	-23	-
Total sales	48 499	47 248	13 099	2 076	-23	110 899
Organic sales growth, %	4	2	14	-	-	4
Operating income before amortization	3 003	2 582	614	-461	-	5 738
<i>of which share in income of associated companies</i>	-11	-	-	41	-	30
Operating margin, %	6.2	5.5	4.7	-	-	5.2
Amortization of acquisition related intangible assets	-68	-159	-23	-21	-	-271
Acquisition related costs	-99	43	-1	-5	-	-62
Items affecting comparability	-119	-54	-3	-33	-	-209
Operating income after amortization	2 717	2 412	587	-520	-	5 196
Financial income and expenses	-	-	-	-	-	-578
Income before taxes	-	-	-	-	-	4 618

JANUARY–DECEMBER 2018

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	42 360	45 040	12 313	1 754	-	101 467
Sales, intra-group	6	-	2	1	-9	-
Total sales	42 366	45 040	12 315	1 755	-9	101 467
Organic sales growth, %	6	4	12	-	-	6
Operating income before amortization	2 589	2 511	550	-346	-	5 304
<i>of which share in income of associated companies</i>	-9	0	-	40	-	31
Operating margin, %	6.1	5.6	4.5	-	-	5.2
Amortization of acquisition related intangible assets	-54	-158	-30	-18	-	-260
Acquisition related costs	-84	-35	-	-1	-	-120
Items affecting comparability	-155	-268	-	-32	-	-455
Operating income after amortization	2 296	2 050	520	-397	-	4 469
Financial income and expenses	-	-	-	-	-	-441
Income before taxes	-	-	-	-	-	4 028

Notes

NOTE 1 Accounting principles

This full year report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The full year report comprises pages 1-28 and pages 1-14 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 full year report, can be found in note 2 on pages 73 to 79 in the Annual Report for 2018. The accounting principles are also available on the Group's website www.securitas.com under the section Investors - Financial data - Accounting Principles.

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

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

IFRS 16 Leases came into force on January 1, 2019 and has been adopted by Securitas as of that date. The cumulative effect of the adoption has been recognized without restatement of the comparative periods. For further information regarding Securitas adoption of IFRS 16, refer to note 2 in this full year report as well as to note 2 and note 40 in the Annual Report 2018.

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

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

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

As from 2019, Securitas has chosen to early-adopt the amendments to IFRS 9 Financial Instruments related to hedge accounting, which 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. The amendments are assessed to have no impact on the Group's financial statements.

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

Impairment testing

In 2019, IFRS 16 has been adopted on segment level. The Group has changed the level of impairment testing for goodwill from country level to segment level.

Usage of key ratios not defined in IFRS

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

NOTE 2 Adoption and impact of IFRS 16 Leases

Securitas has adopted IFRS 16 Leases as of January 1, 2019. The cumulative effect of the adoption has been recognized without restatement of the comparative periods. As a consequence, certain lines in the consolidated financial statements and segment overviews are not comparable with the preceding year.

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

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

The lease liabilities on January 1, 2019 have been measured at the present value of remaining lease payments, discounted by using the incremental borrowing rate for each country. The Group's average incremental borrowing rate on lease liabilities recognized in the balance sheet on January 1, 2019 was approximately 3.9%. The right-of-use assets on January 1, 2019 have been measured at an amount equal to the lease liabilities.

Extension clauses are evaluated for each lease agreement and are applied based on the best estimate at each closing. Payments for short-term leases, where the lease term ends within 12 months of the date of initial application, as well as leases of low-value assets, have been recognized on a straight-line basis as an expense in the statement of income and thus excluded from the lease liabilities accounted for under IFRS 16.

The impact on the consolidated statement of income and the consolidated balance sheet from the adoption and application of IFRS 16 is specified in the tables below.

IMPACT ON CONSOLIDATED STATEMENT OF INCOME

MSEK	Oct-Dec 2019	Jan-Dec 2019
Operating income before amortization*	20	80
Financial expenses	-37	-148
Income before taxes	-17	-68
Deferred taxes	6	19
Net income for the period	-11	-49
Earnings per share before and after dilution (SEK)	-0.03	-0.13
Earnings per share before and after dilution and before items affecting comparability (SEK)	-0.03	-0.13

* Depreciation of right-of-use assets included in operating income was MSEK -232 for October-December 2019 and MSEK -890 for January-December 2019.

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

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

IMPACT ON CONSOLIDATED CAPITAL EMPLOYED AND FINANCING

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

IMPACT ON CONSOLIDATED BALANCE SHEET

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

* As of December 31, 2019 total right-of-use assets were MSEK 3 489 while total long-term and current lease liabilities were MSEK 3 554.

Note 2, cont.

	Dec 31, 2019	Less: Impact from IFRS 16	Dec 31, 2019 adjusted for IFRS 16	Dec 31, 2018
Net debt to EBITDA	2.2	-0.2	2.0	2.3
Free cash flow to net debt	0.19	0.04	0.23	0.13
Interest coverage ratio	9.4	2.8	12.2	10.7
Operating capital employed as % of sales	12	-3	9	9
Return on operating capital employed, %	50	7	57	58
Return on capital employed, %	15	1	16	15
Net debt to equity ratio	0.89	-0.17	0.72	0.82
Equity ratio, %	32	1	33	32

NOTE 3 Remeasurement for hyperinflation

The impact on the consolidated statement of income and other comprehensive income from the adoption and application of IAS 29 Financial reporting in Hyperinflationary economies, as described in note 2 and note 39 in Securitas Annual Report 2018, is illustrated below. The index used by Securitas for the remeasurement of the financial statements in 2019 is the consumer price index with base period January 2003.

EXCHANGE RATES AND INDEX

	Dec 31, 2019	Dec 31, 2018	July 1, 2018*
Exchange rate SEK/ARS	0.16	0.23	0.33
Index	17.15	11.15	9.17

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jul-Dec 2018*
Financial income and expenses	12	5	25	23
Total monetary gain	12	5	25	23

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jul-Dec 2018*
Remeasurement on first time adoption July 1, 2018	-	-	-	275
Remeasurement in the period	2	15	79	39
Total remeasurement for hyperinflation, net of taxes	2	15	79	314

* First time adoption date for IAS 29 was July 1, 2018.

NOTE 4 Revenue

MSEK	Oct-Dec 2019	%	Oct-Dec 2018	%	Jan-Dec 2019	%	Jan-Dec 2018	%
Guarding services	21 619	76	20 749	77	85 774	77	79 567	79
Security solutions and electronic security	6 145	22	5 637	21	23 290	21	20 440	20
Other	493	2	438	2	1 835	2	1 460	1
Total sales	28 257	100	26 824	100	110 899	100	101 467	100
Other operating income	8	0	8	0	34	0	30	0
Total revenue	28 265	100	26 832	100	110 933	100	101 497	100

Guarding services

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

Security solutions and electronic security

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

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

Electronic security consists of the sale of alarm installations comprising design and installation (time, material and related expenses). Revenue is recognized as per the contract, either upon completion of the conditions in the contract, or over time based on the percentage of completion. Remote guarding (in the form of

alarm monitoring services), that is sold separately and not as part of a security solution, is also included in this category. Revenue recognition is over time as this is also a service that is rendered by Securitas and simultaneously consumed by the customers. The category further includes maintenance services, that are either performed upon request (time and material) with revenue recognition at a point in time (when the work has been performed), or over time if part of a service level contract with a subscription fee. Finally there is also a 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.

Note 4, cont.

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Guarding services	9 577	9 037	9 176	9 039	2 392	2 254	479	425	-5	-6	21 619	20 749
Security solutions and electronic security	2 319	2 048	2 881	2 686	871	857	74	46	-	-	6 145	5 637
Other	493	438	-	-	-	-	-	-	-	-	493	438
Total sales	12 389	11 523	12 057	11 725	3 263	3 111	553	471	-5	-6	28 257	26 824
Other operating income	-	-	-	-	-	-	8	8	-	-	8	8
Total revenue	12 389	11 523	12 057	11 725	3 263	3 111	561	479	-5	-6	28 265	26 832

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Guarding services	37 779	33 541	36 637	35 402	9 572	9 045	1 809	1 588	-23	-9	85 774	79 567
Security solutions and electronic security	8 885	7 365	10 611	9 638	3 527	3 270	267	167	-	-	23 290	20 440
Other	1 835	1 460	-	-	-	-	-	-	-	-	1 835	1 460
Total sales	48 499	42 366	47 248	45 040	13 099	12 315	2 076	1 755	-23	-9	110 899	101 467
Other operating income	-	-	-	-	-	-	34	30	-	-	34	30
Total revenue	48 499	42 366	47 248	45 040	13 099	12 315	2 110	1 785	-23	-9	110 933	101 497

NOTE 5 Organic sales growth and currency changes

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

MSEK	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec %	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec %
Total sales	28 257	26 824	5	110 899	101 467	9
Currency change from 2018	-722	-		-3 693	-	
Currency adjusted sales growth	27 535	26 824	3	107 206	101 467	6
Acquisitions/divestitures	-132	-7		-1 339	-34	
Organic sales growth	27 403	26 817	2	105 867	101 433	4
Operating income before amortization	1 497	1 475	1	5 738	5 304	8
Currency change from 2018	-53	-		-255	-	
Currency adjusted operating income before amortization	1 444	1 475	-2	5 483	5 304	3
Operating income after amortization	1 318	1 144	15	5 196	4 469	16
Currency change from 2018	-45	-		-235	-	
Currency adjusted operating income after amortization	1 273	1 144	11	4 961	4 469	11
Income before taxes	1 178	990	19	4 618	4 028	15
Currency change from 2018	-23	-		-215	-	
Currency adjusted income before taxes	1 155	990	17	4 403	4 028	9
Net income for the period	872	743	17	3 362	3 021	11
Currency change from 2018	-17	-		-161	-	
Currency adjusted net income for the period	855	743	15	3 201	3 021	6
Net income attributable to equity holders of the Parent Company	869	738	18	3 357	3 016	11
Currency change from 2018	-17	-		-161	-	
Currency adjusted net income attributable to equity holders of the Parent Company	852	738	15	3 196	3 016	6
Average number of shares outstanding	364 933 897	365 058 897		364 993 486	365 058 897	
Currency adjusted earnings per share	2.33	2.02	15	8.76	8.26	6

NOTE 6 Definitions and calculation of key ratios

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

Interest coverage ratio

Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: $(5\,738 + 41) / 617 = 9.4$

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: $3\,268 / (5\,738 - 578 + 1 - 1\,200) = 83\%$

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: $3\,268 / 17\,541 = 0.19$

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: $17\,541 / (5\,196 + 271 + 2\,690) = 2.2$

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: $13\,100 / 111\,469 = 12\%$

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: $(5\,738 - 209) / ((13\,100 + 9\,199) / 2) = 50\%$

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: $(5\,738 - 209) / 37\,140 = 15\%$

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: $17\,541 / 19\,599 = 0.89$

NOTE 7 Acquisition related costs

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Restructuring and integration costs	-3	-72	-18	-90
Transaction costs	-8	-6	-24	-25
Revaluation of deferred considerations	68	-1	65	-5
Step acquisitions	-85	-	-85	-
Total acquisition related costs	-28	-79	-62	-120

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

NOTE 8 Items affecting comparability

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Recognized in the statement of income				
IS/IT transformation programs	-83	-187	-209	-187
Cost savings program, Security Services Europe	-	-	-	-268
Total recognized in the statement of income before tax	-83	-187	-209	-455
Taxes	25	52	57	122
Total recognized in the statement of income after tax	-58	-135	-152	-333
Cash flow impact				
IS/IT transformation programs	-72	-51	-171	-51
Cost savings program, Security Services Europe	-34	-42	-132	-66
Total cash flow impact	-106	-93	-303	-117

NOTE 9 Financial instruments and credit facilities**Revaluation of financial instruments**

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

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

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Recognized in the statement of income				
Revaluation of financial instruments	0	0	-1	2
Deferred tax	-	-	-	-
Impact on net income	0	0	-1	2
Recognized in the statement of comprehensive income				
Cash flow hedges	17	31	45	80
Cost of hedging	-6	-100	16	-56
Deferred tax	-2	16	-13	-5
Total recognized in the statement of comprehensive income	9	-53	48	19
Total revaluation before tax	11	-69	60	26
Total deferred tax	-2	16	-13	-5
Total revaluation after tax	9	-53	47	21

Fair value hierarchy

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

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
December 31, 2019				
Financial assets at fair value through profit or loss	-	13	-	13
Financial liabilities at fair value through profit or loss	-	-14	-425	-439
Derivatives designated for hedging with positive fair value	-	213	-	213
Derivatives designated for hedging with negative fair value	-	-194	-	-194
December 31, 2018				
Financial assets at fair value through profit or loss	-	16	-	16
Financial liabilities at fair value through profit or loss	-	-10	-272	-282
Derivatives designated for hedging with positive fair value	-	356	-	356
Derivatives designated for hedging with negative fair value	-	-127	-	-127

Financial instruments by category - carrying and fair values

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

MSEK	Dec 31, 2019		Dec 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	14 194	14 475	13 939	14 065
Total financial instruments by category	14 194	14 475	13 939	14 065

SUMMARY OF CREDIT FACILITIES AS OF DECEMBER 31, 2019

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	4 250	n/a

NOTE 10 Deferred tax on other comprehensive income

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Deferred tax on remeasurements of defined benefit pension plans	-31	45	-11	25
Deferred tax on remeasurement for hyperinflation	-	-	-	-15
Deferred tax on cash flow hedges	-3	-6	-9	-17
Deferred tax on cost of hedging	1	22	-4	12
Deferred tax on net investment hedges	-84	-4	94	107
Total deferred tax on other comprehensive income	-117	57	70	112

NOTE 11 Pledged assets

MSEK	Dec 31, 2019	Dec 31, 2018
Pension balances, defined contribution plans	124	128
Finance leases according to IAS 17	n/a	222
Total pledged assets	124	350

NOTE 12 Contingent liabilities

MSEK	Dec 31, 2019	Dec 31, 2018
Guarantees	-	1
Guarantees related to discontinued operations	16	15
Total contingent liabilities	16	16

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

Parent Company

STATEMENT OF INCOME

MSEK	Jan-Dec 2019	Jan-Dec 2018
License fees and other income	1 449	1 196
Gross income	1 449	1 196
Administrative expenses	-1 000	-778
Operating income	449	418
Financial income and expenses	2 209	2 269
Income after financial items	2 658	2 687
Appropriations	-105	-129
Income before taxes	2 553	2 558
Taxes	-189	-289
Net income for the period	2 364	2 269

BALANCE SHEET

MSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Shares in subsidiaries	43 911	41 332
Shares in associated companies	112	112
Other non-interest-bearing non-current assets	759	520
Interest-bearing financial non-current assets	1 375	1 542
Total non-current assets	46 157	43 506
Current assets		
Non-interest-bearing current assets	654	422
Other interest-bearing current assets	3 694	5 581
Liquid funds	1 596	1 326
Total current assets	5 944	7 329
TOTAL ASSETS	52 101	50 835
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 737	7 797
Non-restricted equity	21 539	20 702
Total shareholders' equity	29 276	28 499
Untaxed reserves	687	455
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	296	251
Interest-bearing long-term liabilities	17 189	15 818
Total long-term liabilities	17 485	16 069
Current liabilities		
Non-interest-bearing current liabilities	1 161	744
Interest-bearing current liabilities	3 492	5 068
Total current liabilities	4 653	5 812
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52 101	50 835

Financial information

PRESENTATION OF THE FULL YEAR REPORT

Analysts and media are invited to participate in a telephone conference on February 6, 2020 at **2:30 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.

A recorded version of the audio cast will be available at www.securitas.com/investors/webcasts after the telephone conference.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FINANCIAL INFORMATION CALENDAR

May 7, 2020, app. 1.00 p.m. (CET)	Interim Report January-March 2020
May 7, 2020, 4.00 p.m. (CET)	Annual General Meeting 2020
July 29, 2020, app. 1.00 p.m. (CET)	Interim Report January-June 2020
November 3, 2020, app. 1.00 p.m. (CET)	Interim Report January-September 2020

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

ABOUT SECURITAS

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

according to their specific industry demands. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

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

Group financial targets

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

This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. (CET) on Thursday, February 6, 2020.

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