Securitas AB

Interim Report January–March 2017

JANUARY–MARCH 2017

- **Total sales MSEK 22 491 (20 614)**
- **Organic sales growth 4 percent (8)**
- **Operating income before amortization MSEK 1 051 (996)**
- **Operating margin 4.7 percent (4.8)**
- **Earnings per share SEK 1.71 (1.59)**
- **Free cash flow/net debt 0.12 (0.14)**

COMMENTS FROM THE PRESIDENT AND CEO

Organic sales growth remained good at 4 percent in the first quarter on top of an extraordinarily high growth in 2016. Market dynamics in the US remain favorable and we continue to grow faster than the security market, and our ability to deliver complete electronic security solutions is gaining a growing interest in the US market. Our Ibero-American business segment also had strong organic sales growth in the first quarter; the market conditions in Spain improved and we are gaining market shares through our competence to deliver advanced technology and security solutions.

In Europe, total sales were basically on the same level as the first quarter last year, in spite of a few previously communicated large contract terminations and a reduction of the extra sales compared with the unusually high levels in 2016. The organic sales growth was negative in a few large countries, while many others continued to show good organic sales growth. We expect a gradual recovery of the portfolio business towards the end of 2017.

The operating margin was slightly below last year. It improved in North America while Europe has some operational overcapacity and negative leverage given the sharp organic sales growth decline in a few countries. Earnings per share improved by 8 percent with a real change of 3 percent in the first quarter.

We continue to deliver on our strategy with security solutions and electronic security continuing to grow at a high pace and is becoming a larger part of total Group sales.

As an important part of our strategy, Vision 2020, we are gradually increasing investments in digitizing our customers' historical and real-time data in order to produce more predictive security. In combination with our security solutions and electronic security strategy, intelligent security will create further customer value, enhanced security, and strengthen our leadership in the global security market.

Alf Göransson
President and Chief Executive Officer

Contents

FINANCIAL SUMMARY

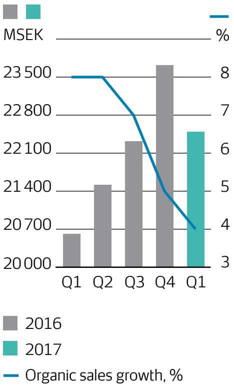
	Quarter		Change, %		Full year	Change, %
MSEK	**Q1 2017**	**Q1 2016**	***Total***	***Real***	**2016**	***Total***
Sales	**22 491**	**20 614**	**9**	**5**	**88 162**	**9**
Organic sales growth, %	*4*	*8*			*7*	
Operating income before amortization	**1 051**	**996**	**6**	**1**	**4 554**	**11**
Operating margin, %	*4.7*	*4.8*			*5.2*	
Amortization of acquisition-related intangible assets	–63	–66			–288	
Acquisition-related costs	–4	–20			–113	
Operating income after amortization	**984**	**910**	**8**	**4**	**4 153**	**10**
Financial income and expenses	–102	–84			–389	
Income before taxes	**882**	**826**	**7**	**2**	**3 764**	**8**
Net income for the period	**624**	**581**	**7**	**3**	**2 646**	**8**
Earnings per share, SEK	1.71	1.59	8	3	7.24	9
Cash flow from operating activities, %	*35*	*18*			*67*	
Free cash flow	–246	–227			1 721	
Free cash flow to net debt ratio	*0.12*	*0.14*			*0.13*	
Net debt to EBITDA ratio	*2.4*	*2.5*			*2.4*	

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

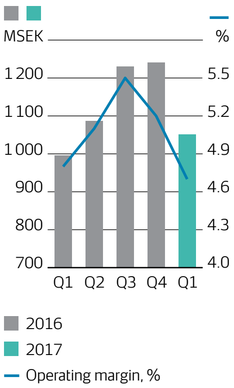
	Organic sales growth		Operating margin	
		Q1		**Q1**
%	**2017**	**2016**	**2017**	**2016**
Security Services North America*	5	5	5.5	5.3
Security Services Europe	0	8	5.0	5.4
Security Services Ibero-America	15	13	4.2	4.6
Group	**4**	**8**	**4.7**	**4.8**

* Comparatives have been restated. Refer to note 11 for further information.

Group quarterly sales development



Group quarterly operating income development



JANUARY–MARCH 2017

Sales development

Sales amounted to MSEK 22 491 (20 614) and organic sales growth was 4 percent (8), reflecting the decline in Security Services Europe due to a few previously communicated contract terminations and lower extra sales. Organic sales growth continued at good levels in both Security Services North America and Security Services Ibero-America. In Security Services North America, organic sales growth was driven by favorable portfolio growth benefitting from strong new sales and low terminations. In Security Services Ibero-America, Spain and Portugal showed strong improvements, while Argentina was the key contributor to organic sales growth in the business segment. The sales of security solutions and electronic security in the Group continued to grow at a high pace.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (10).

Operating income before amortization

Operating income before amortization was MSEK 1 051 (996) which, adjusted for changes in exchange rates, represented a real change of 1 percent (15).

The Group's operating margin was 4.7 percent (4.8), a decline mainly explained by Security Services Europe due to some operational overcapacity and negative leverage in a few countries. Security Services North America improved the operating margin while Security Services Ibero-America showed a weaker operating margin mainly due to Peru. Total price adjustments in the Group were on par with wage cost increases.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –63 (–66).

Acquisition related costs were MSEK –4 (–20). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –102 (–84). The main reason for the increase compared with the preceding year is due to the MEUR 350 bond issued at a coupon of 1.25 percent in March 2016, whereof the majority was swapped into fixed USD at 3.35 percent, in order to finance the Diebold Electronic Security acquisition.

Income before taxes

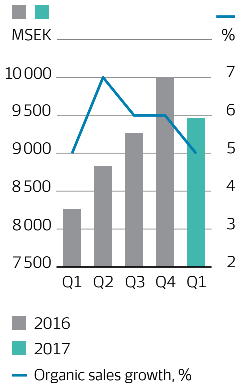
Income before taxes was MSEK 882 (826).

Taxes, net income and earnings per share

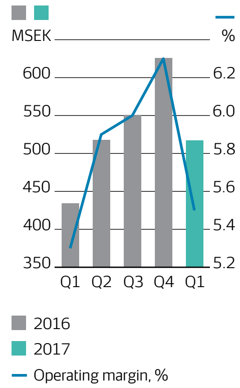
The Group's tax rate was 29.3 percent (29.7).

Net income was MSEK 624 (581). Earnings per share amounted to SEK 1.71 (1.59).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

Security Services North America provides protective services, including on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management in the US, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical regions and five specialized business units in the US – critical infrastructure services, healthcare, Pinkerton Corporate Risk Management, mobile and Securitas Electronic Security – plus Canada and Mexico. In total, there are approximately 720 branch managers and 112 000 employees.

	Quarter		Change, %		Full year
MSEK	**Q1 2017**	**Q1 2016***	***Total***	***Real***	**2016**
Total sales	**9 466**	**8 263**	**15**	**8**	**36 354**
Organic sales growth, %	5	5			6
Share of Group sales, %	42	40			41
Operating income before amortization	**517**	**434**	**19**	**12**	**2 129**
Operating margin, %	5.5	5.3			5.9
Share of Group operating income, %	49	44			47

* Comparatives have been restated. Refer to note 11 for further information.

January–March 2017

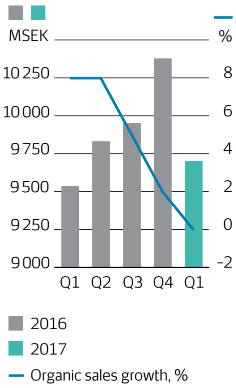
Organic sales growth was 5 percent (5). The first quarter of the year showed strong organic sales growth in almost all units, driven by strong new sales and high client retention. Main contribution to organic sales growth derived from the five geographical regions. Sales within security solutions and electronic security continued to grow at a good speed.

The operating margin was 5.5 percent (5.3), an improvement as a result of the strong topline which gave leverage to the cost base.

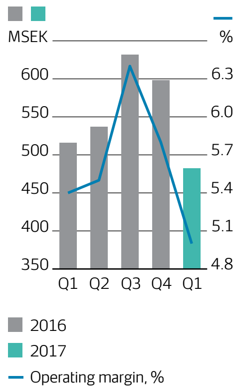
The Swedish krona exchange rate weakened against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 12 percent in the first quarter.

The client retention rate was 93 percent (92). The employee turnover rate in the business segment was 73 percent (69).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

Security Services Europe provides security services for large and medium-sized customers in 26 countries, and airport security in 15 countries. The service offering also includes mobile security services for small and medium-sized businesses and residential sites, and electronic alarm surveillance services. In total, the organization has approximately 780 branch managers and 117 000 employees.

		Quarter		Change, %	Full year
MSEK	**Q1 2017**	**Q1 2016**	***Total***	***Real***	**2016**
Total sales	**9 702**	**9 534**	**2**	**1**	**39 694**
Organic sales growth, %	*0*	*8*			*6*
Share of Group sales, %	*43*	*46*			*45*
Operating income before amortization	**482**	**516**	**-7**	**-8**	**2 283**
Operating margin, %	*5.0*	*5.4*			*5.8*
Share of Group operating income, %	*46*	*52*			*50*

January–March 2017

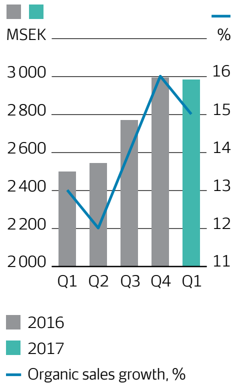
Organic sales growth was 0 percent (8), mainly explained by the lower refugee-related extra sales, the terminated MSEK 400 retail contract in the UK in November 2016 and the terminated MSEK 320 Aviation contract at Arlanda Stockholm airport in February 2017. The project-related electronic security business in Turkey, as well as the portfolio business in the country, supported organic sales growth in the first quarter. Sales within security solutions and electronic security increased at a good pace.

The operating margin was 5.0 percent (5.4), mainly explained by higher costs in a few countries as extra sales ramped up to extraordinarily high levels in 2016 and there is now some operational over-capacity and negative leverage in a few countries. We will keep part of this overcapacity as we expect a gradual recovery of the portfolio business towards the end of 2017, while part of the overcapacity will be phased out. The operating margin was also negatively impacted by reduced client retention causing higher turnover in the contract portfolio, and by continued investments in the Vision 2020 strategy.

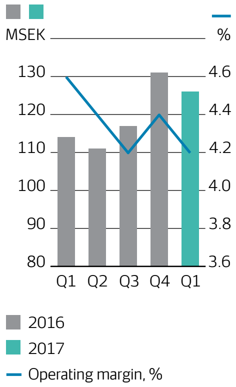
The Swedish krona exchange rate weakened against foreign currencies, which had a slightly positive effect on operating income in Swedish kronor. The real change was –8 percent in the first quarter.

The client retention rate was 89 percent (91). The employee turnover rate was 29 percent (27).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides security services for large and medium-sized customers in seven Latin American countries, as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 180 branch managers and 61 000 employees.

		Quarter		*Change, %*	Full year
MSEK	**Q1 2017**	**Q1 2016**	***Total***	***Real***	**2016**
Total sales	**2 985**	**2 499**	**19**	**15**	**10 805**
Organic sales growth, %	*15*	*13*			*14*
Share of Group sales, %	*13*	*12*			*12*
Operating income before amortization	**126**	**114**	**11**	**7**	**473**
Operating margin, %	*4.2*	*4.6*			*4.4*
Share of Group operating income, %	*12*	*11*			*10*

January–March 2017

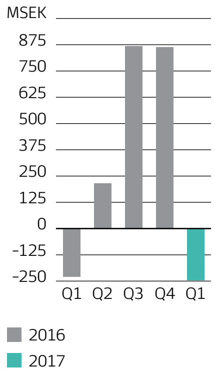
Organic sales growth was 15 percent (13), with strong improvements in Portugal and Spain, while Argentina was the main contributor to the business segment's organic sales growth. Latin America showed organic sales growth of 22 percent (24). Organic sales growth was supported by sales within security solutions and electronic security, which increased at a good speed.

The operating margin was 4.2 percent (4.6). The decline mainly stemmed from Peru where a difficult market situation affected the performance negatively. The majority of the wage increase in Spain effective from July 2016 is gradually being recovered through price increases and no further wage cost increases are expected during the year.

The Swedish krona exchange rate weakened against the majority of the currencies in the business segment, which had a positive effect on operating income in Swedish kronor. The real change in the segment was 7 percent in the first quarter.

The client retention rate was 93 percent (92). The employee turnover rate was 29 percent (31).

Quarterly free cash flow



January–March 2017

Cash flow from operating activities amounted to MSEK 372 (175), equivalent to 35 percent (18) of operating income before amortization.

Cash flow from operating activities was impacted by net investments in non-current tangible and intangible assets, amounting to MSEK –59 (–43). The net investments include capital expenditures in equipment for solution contracts.

The impact from changes in accounts receivable was MSEK 325 (–187). The change in accounts receivable is explained by a reduction in the organic sales growth. Changes in other operating capital employed were MSEK –944 (–591).

Free cash flow was MSEK –246 (–227), equivalent to –33 percent (–32) of adjusted income. Higher taxes paid, due to higher taxable income compared with the preceding year and previous year adjustments, had a negative impact on free cash flow. The free cash flow was further impacted by payment of interest on the MEUR 350 Eurobond loan raised in March 2016. Securitas currently has four EMTN Eurobonds, all with interest payments due in the first quarter.

Cash flow from investing activities, acquisitions, was MSEK –107 (–3 200), of which purchase price payments accounted for MSEK –85 (–3 181), assumed net debt for MSEK 3 (0) and acquisition-related costs paid for MSEK –25 (–19). The main part of cash flow from investing activities last year related to the acquisition of the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America.

Cash flow from financing activities was MSEK 406 (4 167) due to a net increase in borrowings.

Cash flow for the period was MSEK 53 (737). The closing balance for liquid funds after translation differences of MSEK –5 was MSEK 2 463 (2 415 as of December 31, 2016).

Capital employed and financing

Capital employed and financing

MSEK	Mar 31, 2017
Operating capital employed	7 571
Goodwill	19 252
Acquisition related intangible assets	1 343
Shares in associated companies	422
Capital employed	**28 588**
Net debt	13 683
Shareholders' equity	14 905
Financing	**28 588**

Capital employed as of March 31, 2017

The Group's operating capital employed was MSEK 7 571 (6 784 as of December 31, 2016), corresponding to 8 percent of sales (8 as of December 31, 2016), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 21.

The Group's total capital employed was MSEK 28 588 (27 939 as of December 31, 2016). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 208. The return on capital employed was 16 percent (16 as of December 31, 2016).

Financing as of March 31, 2017

The Group's net debt amounted to MSEK 13 683 (13 431 as of December 31, 2016). The net debt was negatively impacted mainly by free cash flow of MSEK –246 and cash flow from investing activities of MSEK –107. The translation of net debt in foreign currency to Swedish kronor had a positive impact of MSEK 118 on net debt.

The free cash flow to net debt ratio amounted to 0.12 (0.14). The net debt to EBITDA ratio was 2.4 (2.5). The interest cover ratio amounted to 10.7 (13.0).

Net debt development

MSEK	
Jan 1, 2017	**-13 431**
Free cash flow	-246
Acquisitions	-107
Change in net debt	**-353**
Revaluation	-17
Translation	118
Mar 31, 2017	**-13 683**

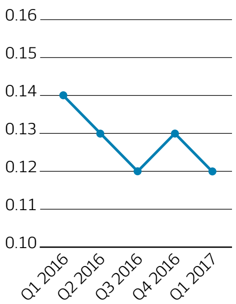
Securitas has a revolving credit facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440. It was extended in January 2017 with an optional year and now matures in 2022. On March 31, 2017, MUSD 50 was drawn. On February 13, 2017 Securitas issued a seven year MEUR 350 Eurobond. The proceeds from the loan will be used to refinance existing credit facilities, and for general corporate purposes. Further information regarding financial instruments and credit facilities is provided in note 6.

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

Shareholders' equity amounted to MSEK 14 905 (14 508 as of December 31, 2016). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 90. Refer to the statement of comprehensive income on page 12 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of March 31, 2017.

Free cash flow/net debt



ACQUISITIONS AND DIVESTITURES JANUARY–MARCH 2017 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**19 380**	**1 356**
Other acquisitions and divestitures [5] [6]		-	-	118	82	50	59
Total acquisitions and divestitures January–March 2017				**118**	**82**	**50**	**59**
Amortization of acquisition related intangible assets						-	–63
Exchange rate differences						–178	–9
Closing balance						**19 252**	**1 343**

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

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

3) Estimated annual sales.

4) Purchase price paid plus acquired net debt, but excluding any deferred considerations.

5) Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: Diebold´s Electronic Security, North America, IBBC Poludnie, Poland, ISS, Ireland, Gooiland, the Netherlands, Sensormatic, Turkey and Bren Security, Sri Lanka. Related also to deferred considerations paid in the Netherlands, Turkey and South Korea.

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 –9. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 208.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 15. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 18.

ACQUISITIONS AFTER THE FIRST QUARTER

Central de Alarmas Adler, Mexico

Securitas has acquired the electronic security services company Central de Alarmas Adler in Mexico from Diebold Nixdorf Incorporated (NYSE-DBD). Purchase price is estimated to MSEK 50 (MUSD 5.5). Central de Alarmas Adler has annual sales of approximately MSEK 74 (MMXN 160). The company is a leading provider of electronic security solutions and services in Mexico. It offers a full range of electronic security services, including installation, maintenance, monitoring and system integration. The operation delivers services to over 6 000 customers. Central de Alarmas Adler has a large coast-to-coast organization, with an extensive technical network. Its headquarters is located in Monterrey. With this acquisition, Securitas is extending its footprint in Mexico and is further strengthening its competence and knowledge within the electronic security services area. The acquisition was consolidated in Securitas as of May 1, 2017.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2016 Annual Report and to note 10 on page 20. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Authorization to repurchase shares in Securitas AB

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at any given point in time. The Board has therefore decided to propose to the Annual General Meeting on May 3, 2017, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled.

Risks and uncertainties

Risk management is necessary in order for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract risk, operational assignment risk and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2016.

In the preparation of financial reports, the Board of Directors and Group Management are required to make estimates and judgments. These estimates and judgments impact the statement of income and balance sheet as well as disclosures such as contingent liabilities. The actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming nine-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2016 and, where applicable, under the heading "Other significant events" above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

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

January–March 2017

The Parent Company's income amounted to MSEK 229 (202) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 022 (646). The increase of financial income and expenses compared to last year is mainly explained by dividends from subsidiaries. Income before taxes amounted to MSEK 1 182 (957).

As of March 31, 2017

The Parent Company's non-current assets amounted to MSEK 43 885 (42 499 as of December 31, 2016) and mainly comprise shares in subsidiaries of MSEK 42 425 (40 948 as of December 31, 2016). Current assets amounted to MSEK 8 549 (6 770 as of December 31, 2016) of which liquid funds accounted for MSEK 1 445 (1 225 as of December 31, 2016).

Shareholders' equity amounted to MSEK 27 824 (26 698 as of December 31, 2016). The Parent Company's liabilities and untaxed reserves amounted to MSEK 24 610 (22 571 as of December 31, 2016) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 21.

Stockholm, May 3, 2017

Alf Göransson
President and Chief Executive Officer

This report has not been reviewed by the company's auditors.

STATEMENT OF INCOME

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Sales	22 136.1	20 108.5	85 026.0
Sales, acquired business	354.5	505.9	3 136.4
Total sales	**22 490.6**	**20 614.4**	**88 162.4**
Organic sales growth, % [2)]	4	8	7
Production expenses	–18 610.5	–17 079.6	–72 686.8
Gross income	**3 880.1**	**3 534.8**	**15 475.6**
Selling and administrative expenses	–2 837.3	–2 548.0	–10 970.8
Other operating income [4)]	5.7	4.6	20.5
Share in income of associated companies	2.6	4.4	28.2
Operating income before amortization	**1 051.1**	**995.8**	**4 553.5**
Operating margin, %	4.7	4.8	5.2
Amortization of acquisition related intangible assets	–62.8	–66.0	–287.7
Acquisition related costs [5)]	–4.0	–20.1	–112.6
Operating income after amortization	**984.3**	**909.7**	**4 153.2**
Financial income and expenses [6)]	–102.3	–83.6	–389.6
Income before taxes	**882.0**	**826.1**	**3 763.6**
Net margin, %	3.9	4.0	4.3
Current taxes	–211.7	–204.5	–882.3
Deferred taxes	–46.8	–40.9	–235.4
Net income for the period	**623.5**	**580.7**	**2 645.9**
Whereof attributable to:			
Equity holders of the Parent Company	624.7	579.7	2 642.0
Non-controlling interests	–1.2	1.0	3.9
Earnings per share before and after dilution (SEK)	1.71	1.59	7.24

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Net income for the period	**623.5**	**580.7**	**2 645.9**
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	28.1	–74.8	–11.8
Total items that will not be reclassified to the statement of income [7)]	**28.1**	**–74.8**	**–11.8**
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	–12.7	–31.1	17.6
Net investment hedges net of tax	38.5	44.3	–253.4
Other comprehensive income from associated companies, translation differences	0.4	–14.2	22.1
Translation differences	–129.2	–366.6	850.8
Total items that subsequently may be reclassified to the statement of income [7)]	**–103.0**	**–367.6**	**637.1**
Other comprehensive income for the period [7)]	**–74.9**	**–442.4**	**625.3**
Total comprehensive income for the period	**548.6**	**138.3**	**3 271.2**
Whereof attributable to:			
Equity holders of the Parent Company	549.1	137.3	3 264.6
Non-controlling interests	–0.5	1.0	6.6

Notes 2–7 refer to pages 17–20.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Operating income before amortization	**1 051.1**	**995.8**	**4 553.5**
Investments in non-current tangible and intangible assets	–391.6	–324.9	–1 658.3
Reversal of depreciation	332.2	282.2	1 229.0
Change in accounts receivable	324.7	–187.0	–1 039.3
Change in other operating capital employed	–944.1	–591.5	–45.8
Cash flow from operating activities	**372.3**	**174.6**	**3 039.1**
Cash flow from operating activities, %	35	18	67
Financial income and expenses paid	–306.4	–192.9	–301.4
Current taxes paid	–311.9	–208.5	–1 016.7
Free cash flow	**–246.0**	**–226.8**	**1 721.0**
Free cash flow, %	–33	–32	52
Cash flow from investing activities, acquisitions and divestitures	–107.0	–3 199.8	–3 566.5
Cash flow from items affecting comparability [8)]	-	-3.2	-16.7
Cash flow from financing activities	406.0	4 166.8	2 145.8
Cash flow for the period	**53.0**	**737.0**	**283.6**

Cash flow MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Cash flow from operations	120.7	75.7	3 292.5
Cash flow from investing activities	–473.7	–3 505.5	–5 154.7
Cash flow from financing activities	406.0	4 166.8	2 145.8
Cash flow for the period	**53.0**	**737.0**	**283.6**

Change in net debt MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Opening balance	**–13 431.3**	**–9 862.7**	**–9 862.7**
Cash flow for the period	53.0	737.0	283.6
Change in loans	–406.0	–4 166.8	–3 423.5
Change in net debt before revaluation and translation differences	**–353.0**	**–3 429.8**	**–3 139.9**
Revaluation of financial instruments [6)]	–16.9	–40.5	22.6
Translation differences	118.5	182.6	–451.3
Change in net debt	**–251.4**	**–3 287.7**	**–3 568.6**
Closing balance	**–13 682.7**	**–13 150.4**	**–13 431.3**

Notes 6 and 8 refer to pages 19–20.

CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Operating capital employed	**7 570.7**	**5 918.4**	**6 784.0**
Operating capital employed as % of sales	*8*	*7*	*8*
Return on operating capital employed, %	*64*	*79*	*80*
Goodwill	19 251.5	17 997.8	19 379.6
Acquisition related intangible assets	1 342.9	1 427.0	1 356.1
Shares in associated companies	422.5	359.2	419.5
Capital employed	**28 587.6**	**25 702.4**	**27 939.2**
Return on capital employed, %	*16*	*16*	*16*
Net debt	**–13 682.7**	**–13 150.4**	**–13 431.3**
Shareholders' equity	**14 904.9**	**12 552.0**	**14 507.9**
Net debt equity ratio, multiple	*0.92*	*1.05*	*0.93*

BALANCE SHEET

MSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
ASSETS			
Non-current assets			
Goodwill	19 251.5	17 997.8	19 379.6
Acquisition related intangible assets	1 342.9	1 427.0	1 356.1
Other intangible assets	526.3	481.1	526.9
Tangible non-current assets	3 387.9	2 754.9	3 337.8
Shares in associated companies	422.5	359.2	419.5
Non-interest-bearing financial non-current assets	2 144.9	2 160.2	2 117.0
Interest-bearing financial non-current assets	321.2	368.6	411.7
Total non-current assets	**27 397.2**	**25 548.8**	**27 548.6**
Current assets			
Non-interest-bearing current assets	18 504.4	16 568.5	18 249.0
Other interest-bearing current assets	143.7	176.9	189.2
Liquid funds	2 462.7	2 804.4	2 414.5
Total current assets	**21 110.8**	**19 549.8**	**20 852.7**
TOTAL ASSETS	**48 508.0**	**45 098.6**	**48 401.3**

MSEK	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	14 885.7	12 530.7	14 487.2
Non-controlling interests	19.2	21.3	20.7
Total shareholders' equity	**14 904.9**	**12 552.0**	**14 507.9**
Equity ratio, %	*31*	*28*	*30*
Long-term liabilities			
Non-interest-bearing long-term liabilities	254.2	264.2	258.1
Interest-bearing long-term liabilities	13 132.2	12 132.6	12 806.9
Non-interest-bearing provisions	3 146.0	3 134.3	3 166.0
Total long-term liabilities	**16 532.4**	**15 531.1**	**16 231.0**
Current liabilities			
Non-interest-bearing current liabilities and provisions	13 592.6	12 647.8	14 022.6
Interest-bearing current liabilities	3 478.1	4 367.7	3 639.8
Total current liabilities	**17 070.7**	**17 015.5**	**17 662.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 508.0**	**45 098.6**	**48 401.3**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2017 Attributable to equity holders of the Parent Company	Mar 31, 2017 Non-controlling interests	Mar 31, 2017 Total	Mar 31, 2016 Attributable to equity holders of the Parent Company	Mar 31, 2016 Non-controlling interests	Mar 31, 2016 Total	Dec 31, 2016 Attributable to equity holders of the Parent Company	Dec 31, 2016 Non-controlling interests	Dec 31, 2016 Total
Opening balance January 1, 2017/2016	**14 487.2**	**20.7**	**14 507.9**	**12 510.1**	**20.3**	**12 530.4**	**12 510.1**	**20.3**	**12 530.4**
Total comprehensive income for the period	549.1	–0.5	548.6	137.3	1.0	138.3	3 264.6	6.6	3 271.2
Transactions with non-controlling interests	–1.0	–1.0	–2.0	-	-	-	–41.0	–6.2	–47.2
Share based incentive scheme	–149.6	-	–149.6[1]	–116.7	-	–116.7	31.2	-	31.2
Dividend paid to the shareholders of the Parent Company	-	-	-	-	-	-	–1 277.7	-	–1 277.7
Closing balance March 31, 2017/2016	**14 885.7**	**19.2**	**14 904.9**	**12 530.7**	**21.3**	**12 552.0**	**14 487.2**	**20.7**	**14 507.9**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –149.8, hedging the share portion of Securitas share based incentive scheme 2016, and adjustment to grant date value of non-vested shares of MSEK 0.2, related to Securitas share based incentive scheme 2015.

DATA PER SHARE

SEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Share price, end of period	140.00	134.50	143.40
Earnings per share before and after dilution [1, 2]	1.71	1.59	7.24
Dividend	-	-	3.75[3]
P/E-ratio after dilution	-	-	20
Share capital (SEK)	365 058 897	365 058 897	365 058 897
Number of shares outstanding [1]	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [1]	365 058 897	365 058 897	365 058 897

[1] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.
[2] Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.
[3] Proposed dividend.

JANUARY–MARCH 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 466	9 702	2 985	338	-	22 491
Sales, intra-group	0	-	-	0	0	-
Total sales	**9 466**	**9 702**	**2 985**	**338**	**0**	**22 491**
Organic sales growth, %	*5*	*0*	*15*	*-*	*-*	*4*
Operating income before amortization	**517**	**482**	**126**	**–74**	**-**	**1 051**
of which share in income of associated companies	*-6*	*2*	*-*	*7*	*-*	*3*
Operating margin, %	*5.5*	*5.0*	*4.2*	*-*	*-*	*4.7*
Amortization of acquisition related intangible assets	–13	–35	–11	–4	-	–63
Acquisition related costs	0	–4	0	0	-	–4
Operating income after amortization	**504**	**443**	**115**	**–78**	**-**	**984**
Financial income and expenses	-	-	-	-	-	–102
Income before taxes	**-**	**-**	**-**	**-**	**-**	**882**

JANUARY–MARCH 2016

MSEK	Security Services North America[1)]	Security Services Europe	Security Services Ibero-America	Other[1)]	Eliminations	Group
Sales, external	8 262	9 534	2 499	319	-	20 614
Sales, intra-group	1	-	-	0	–1	-
Total sales	**8 263**	**9 534**	**2 499**	**319**	**–1**	**20 614**
Organic sales growth, %	*5*	*8*	*13*	*-*	*-*	*8*
Operating income before amortization	**434**	**516**	**114**	**–68**	**-**	**996**
of which share in income of associated companies	*1*	*-*	*-*	*3*	*-*	*4*
Operating margin, %	*5.3*	*5.4*	*4.6*	*-*	*-*	*4.8*
Amortization of acquisition related intangible assets	–11	–36	–15	–4	-	–66
Acquisition related costs	–19	–1	-	0	-	–20
Operating income after amortization	**404**	**479**	**99**	**–72**	**-**	**910**
Financial income and expenses	-	-	-	-	-	–84
Income before taxes	**-**	**-**	**-**	**-**	**-**	**826**

[1)] Comparatives have been restated. Refer to note 11 for further information.

Note 1 Accounting principles
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report comprises pages 1–22 and pages 1–11 are thus an integrated part of this financial report.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 65 to 71 in the Annual Report for 2016. The accounting principles are also available on the Group's website www.securitas.com under the section Investors – Financial data – Accounting Principles.

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 39 on page 119 in the Annual Report for 2016.

Impact of new and revised IFRS that are effective as of 2017
None of the published standards and interpretations that are mandatory for the Group's financial year 2017 are assessed to have any impact on the Group's financial statements.

Usage of key ratios not defined in IFRS
For definitions and calculations of key ratios not defined in IFRS, refer to note 2 and 3 in this interim report as well as to note 3 in the Annual Report 2016.

Note 2 Organic sales growth and currency changes
The calculation of real and organic sales growth and the specification of currency changes on operating income before and after amortization, income before taxes, net income and earnings per share are specified below.

MSEK	Jan–Mar 2017	Jan–Mar 2016	*Jan–Mar %*
Total sales	**22 491**	**20 614**	**9**
Currency change from 2016	–767	-	
Currency adjusted sales growth	**21 724**	**20 614**	**5**
Acquisitions/divestitures	–354	–3	
Organic sales growth	**21 370**	**20 611**	**4**
Operating income before amortization	**1 051**	**996**	**6**
Currency change from 2016	–44	-	
Currency adjusted operating income before amortization	**1 007**	**996**	**1**
Operating income after amortization	**984**	**910**	**8**
Currency change from 2016	–41	-	
Currency adjusted operating income after amortization	**943**	**910**	**4**
Income before taxes	**882**	**826**	**7**
Currency change from 2016	–37	-	
Currency adjusted income before taxes	**845**	**826**	**2**
Net income for the period	**624**	**581**	**7**
Currency change from 2016	–26	-	
Currency adjusted net income for the period	**598**	**581**	**3**
Net income attributable to equity holders of the Parent Company	**625**	**580**	**8**
Currency change from 2016	–26	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**599**	**580**	**3**
Number of shares	365 058 897	365 058 897	
Currency adjusted earnings per share	**1.64**	**1.59**	**3**

Note 3 Definitions and calculation of key ratios
The calculations below relate to the period January–March 2017.

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (4 608.8 + 37.8) / 433.6) = 10.7

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: –246.0 / (1 051.1 – 102.3 + 0.6 – 211.7) = –33%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 1 701.8 / 13 682.7 = 0.12

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: 13 682.7 / (4 227.8 + 284.5 + 1 279.0) = 2.4

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.
Calculation: 7 570.7 / 92 097.6 = 8%

Return on operating capital employed
Operating income before amortization (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: 4 608.8 / ((7 570.7 + 6 784.0) / 2) = 64%

Return on capital employed
Operating income before amortization (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: 4 608.8 / 28 587.6 = 16%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 13 682.7 / 14 904.9 = 0.92

Note 4 Other operating income
Other operating income consists in its entirety of trade mark fees from Securitas Direct AB.

Note 5 Acquisition related costs

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Restructuring and integration costs	–0.5	0.0	–64.8
Transaction costs	–2.5	–19.1	–43.4
Revaluation of deferred considerations	–1.0	–1.0	–4.4
Total acquisition related costs	**–4.0**	**–20.1**	**–112.6**

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

Note 6 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. The amount disclosed in the specification of change in net debt is the total revaluation before tax in the table below.

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Recognized in the statement of income			
Revaluation of financial instruments	-0.6	-0.7	0.1
Deferred tax	-	0.1	0.0
Impact on net income	**-0.6**	**-0.6**	**0.1**
Recognized in the statement of comprehensive income			
Cash flow hedges	-16.3	-39.8	22.5
Deferred tax	3.6	8.7	-4.9
Cash flow hedges net of tax	**-12.7**	**-31.1**	**17.6**
Total revaluation before tax	-16.9	-40.5	22.6
Total deferred tax	3.6	8.8	-4.9
Total revaluation after tax	**-13.3**	**-31.7**	**17.7**

Fair value hierarchy
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 6 in the Annual Report 2016. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2016.

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
March 31, 2017				
Financial assets at fair value through profit or loss	-	36.2	-	**36.2**
Financial liabilities at fair value through profit or loss	-	-15.1	-207.6	**-222.7**
Derivatives designated for hedging with positive fair value	-	259.0	-	**259.0**
Derivatives designated for hedging with negative fair value	-	-18.1	-	**-18.1**
December 31, 2016				
Financial assets at fair value through profit or loss	-	59.8	-	**59.8**
Financial liabilities at fair value through profit or loss	-	-16.1	-215.1	**-231.2**
Derivatives designated for hedging with positive fair value	-	250.8	-	**250.8**
Derivatives designated for hedging with negative fair value	-	-118.3	-	**-118.3**

Financial instruments by category – carrying and fair values
For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value. A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 6 in the Annual Report 2016.

	Mar 31, 2017		Dec 31, 2016	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	2 887.8	2 923.3	3 348.6	3 360.6
Long-term loan liabilities	10 200.3	10 349.6	9 777.5	10 046.2
Total financial instruments by category	**13 088.1**	**13 272.9**	**13 126.1**	**13 406.8**

Summary of credit facilities as of March 31, 2017

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	50	0	2018
EMTN Eurobond, 2.25% fixed	EUR	300	0	2018
EMTN FRN private placement	USD	85	0	2019
EMTN FRN private placement	USD	40	0	2020
EMTN FRN private placement	USD	40	0	2021
EMTN FRN private placement	USD	60	0	2021
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
EMTN Eurobond, 1.25% fixed	EUR	350	0	2022
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	500	2022
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2022
EMTN Eurobond, 1.125% fixed	EUR	350	0	2024
Commercial Paper (uncommitted)	SEK	5 000	5 000	n/a

Note 7 Tax effects on other comprehensive income

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Deferred tax on remeasurements of defined benefit pension plans	-12.0	34.3	-9.2
Deferred tax on cash flow hedges	3.6	8.7	-4.9
Deferred tax on net investment hedges	-10.9	-12.5	71.4
Total deferred tax on other comprehensive income	**-19.3**	**30.5**	**57.3**

Note 8 Cash flow from items affecting comparability

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Restructuring payments	-	-2.1	-6.4
Spain – overtime compensation	-	0.0	-0.2
Germany – premises	-	-1.1	-10.1
Total cash flow from items affecting comparability	**-**	**-3.2**	**-16.7**

Note 9 Pledged assets

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Pension balances, defined contribution plans	119.1	111.4	117.0
Finance leases	204.5	122.8	207.2
Total pledged assets	**323.6**	**234.2**	**324.2**

Note 10 Contingent liabilities

MSEK	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Guarantees	26.5	22.7	22.8
Guarantees related to discontinued operations	15.5	16.6	15.6
Total contingent liabilities	**42.0**	**39.3**	**38.4**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2016 as well as to the section Other significant events in this report.

Note 11 Restated segment comparatives due to organizational changes
As disclosed in the interim report for January–September 2016, the full year report for January–December 2016 and in the Annual Report 2016, operations were moved from the segment Other to the segment Security Services North America as of September 1, 2016.
The tables below show restated comparative figures for the segments Security Services North America and Other for Q1 2016, Q2 2016 and H1 2016. This change has had no effect on the total Group level.

Security Services North America

MSEK	Q1 2016	Q2 2016	H1 2016
Total sales	**8 263**	**8 835**	**17 098**
Organic sales growth, %	5	7	6
Operating income before amortization	**434**	**518**	**952**
Operating margin, %	5.3	5.9	5.6

Other

MSEK	Q1 2016	Q2 2016	H1 2016
Total sales	**319**	**309**	**628**
Organic sales growth, %	-	-	-
Operating income before amortization	**-68**	**-79**	**-147**
Operating margin, %	-	-	-

STATEMENT OF INCOME

MSEK	Jan–Mar 2017	Jan–Mar 2016
License fees and other income	228.7	202.1
Gross income	**228.7**	**202.1**
Administrative expenses	–150.2	–140.5
Operating income	**78.5**	**61.6**
Financial income and expenses	1 021.8	645.8
Income after financial items	**1 100.3**	**707.4**
Appropriations	81.7	249.1
Income before taxes	**1 182.0**	**956.5**
Taxes	–13.1	–9.9
Net income for the period	**1 168.9**	**946.6**

BALANCE SHEET

MSEK	Mar 31, 2017	Dec 31, 2016
ASSETS		
Non-current assets		
Shares in subsidiaries	42 424.9	40 947.8
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	361.0	408.7
Interest-bearing financial non-current assets	987.0	1 029.8
Total non-current assets	**43 885.0**	**42 498.4**
Current assets		
Non-interest-bearing current assets	1 077.9	421.0
Other interest-bearing current assets	6 025.7	5 124.4
Liquid funds	1 444.9	1 224.8
Total current assets	**8 548.5**	**6 770.2**
TOTAL ASSETS	**52 433.5**	**49 268.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 746.9	7 746.9
Non-restricted equity	20 076.9	18 951.0
Total shareholders' equity	**27 823.8**	**26 697.9**
Untaxed reserves	**259.2**	**250.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	203.0	200.7
Interest-bearing long-term liabilities	12 991.2	12 648.4
Total long-term liabilities	**13 194.2**	**12 849.1**
Current liabilities		
Non-interest-bearing current liabilities	923.3	746.0
Interest-bearing current liabilities	10 233.0	8 724.7
Total current liabilities	**11 156.3**	**9 470.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**52 433.5**	**49 268.6**

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 3, 2017 at **2:30 p.m. (CET)** where Securitas' CEO Alf Göransson will present the report and answer questions. The telephone conference will also be audio cast live via Securitas website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US: +1 855 269 2605
Sweden: +46 8 519 993 55
UK: +44 203 194 0550

To follow the audio cast of the telephone conference via the web, please follow the link www.securitas.com/investors/webcasts. A recorded version of the audio cast will be available at www.securitas.com/investors/webcasts after the telephone conference.

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FINANCIAL INFORMATION CALENDAR

May 3, 2017, 4.00 p.m. (CET)	Annual General Meeting 2017. The AGM will take place at Hilton Hotel Slussen in Stockholm at 4.00 p.m. (CET).
July 28, 2017, 8.00 a.m. (CET)	Interim Report January–June 2017
October 27, 2017, approx. 1.00 p.m. (CET)	Interim Report January–September 2017

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

ABOUT SECURITAS

Securitas is a knowledge leader in security and offers protective services in North America, Europe, Latin America, Africa, the Middle East and Asia. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. Securitas serves a wide range of customers of all sizes in a variety of industries and customer segments. Security solutions based on customer-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Securitas can respond to the unique and specific security challenges facing its customers, and tailor its offering according to their specific industry demands. Securitas employs more than 335 000 people in 53 countries. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

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

Group financial targets

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

Securitas AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 1.00 p.m. (CET) on Wednesday, May 3, 2017.

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