Securitas AB

Full Year Report January–December 2017

OCTOBER–DECEMBER 2017

- **Total sales MSEK 24 024 (23 715)**
- **Organic sales growth 6 percent (5)**
- **Operating income before amortization MSEK 1 264 (1 241)**
- **Operating margin 5.3 percent (5.2)**
- **Earnings per share SEK 1.76 (1.92)**
- **Earnings per share before items affecting comparability SEK 2.10 (1.92)**

JANUARY–DECEMBER 2017

- **Total sales MSEK 92 197 (88 162)**
- **Organic sales growth 5 percent (7)**
- **Operating income before amortization MSEK 4 677 (4 554)**
- **Operating margin 5.1 percent (5.2)**
- **Earnings per share SEK 7.49 (7.24)**
- **Earnings per share before items affecting comparability SEK 7.83 (7.24)**
- **Free cash flow/net debt 0.19 (0.13)**
- **Proposed dividend SEK 4.00 (3.75)**

COMMENTS FROM THE PRESIDENT AND CEO

As in the third quarter, organic sales growth continued to strengthen in the fourth quarter and reached 6 percent compared with 3 percent in the first half of the year. The quarter reflected a strong market momentum throughout the Group, supported by favorable macroeconomic conditions and our ability to deliver complete security solutions. Some large contracts were started in the US in the fourth quarter, and the portfolio in Europe gradually improved during the second half of the year. In the Ibero-America business segment, Spain and Portugal continue to grow faster than the security market, while growth in Argentina has slowed down.

The operating margin in the fourth quarter was slightly better than previous year, but slightly below for the full year. In North America, the fourth quarter was burdened by start-up costs in large projects related to the strong organic sales growth, while Europe improved compared with previous year with support from several countries and strong technology sales in the fourth quarter. Earnings per share for the full year, adjusted for changes in exchange rates, improved by 9 percent excluding the one-off effects of the new tax legislation in the US. The strong macroeconomic conditions and shortage of qualified labor in the US and Europe will result in higher wage inflation in the coming year. We believe we are strategically well positioned to offset such an increase by price increases and offering alternative security solutions using technology.

We continue to deliver on our strategy. Security solutions and electronic security grew by 19 percent compared with 2016 and represented 18 percent (16) of total sales in 2017. We will continue to increase this relative share through organic growth and acquisitions, including the consolidation of Automatic Alarm in France, as of January 2, 2018. This marks an important milestone in our efforts to improve our sales of security solutions in France and makes us the only major security company able to offer optimized solutions combining electronic security and guarding in our second-largest market in Europe.

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 deliver more predictive security. In combination with our security solutions and electronic security strategy, intelligent security will create greater customer value and enhanced security, and strengthen our leadership in the global security market.

Alf Göransson
President and Chief Executive Officer

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January–December summary

FINANCIAL SUMMARY

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2017**	**Q4 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***
Sales	**24 024**	**23 715**	**1**	**6**	**92 197**	**88 162**	**5**	**5**
Organic sales growth, %	6	5			5	7		
Operating income before amortization	**1 264**	**1 241**	**2**	**8**	**4 677**	**4 554**	**3**	**4**
Operating margin, %	5.3	5.2			5.1	5.2		
Amortization of acquisition related intangible assets	–72	–87			–255	–288		
Acquisition related costs	–28	–47			–48	–113		
Operating income after amortization	**1 164**	**1 107**	**5**	**12**	**4 374**	**4 153**	**5**	**6**
Financial income and expenses	–94	–105			–376	–389		
Income before taxes	**1 070**	**1 002**	**7**	**13**	**3 998**	**3 764**	**6**	**7**
Net income for the period	**644**	**704**	**–9**	**–2**	**2 737**	**2 646**	**3**	**4**
EPS, SEK	1.76	1.92	–8	–2	7.49	7.24	3	4
EPS before items affecting comparability, SEK*	2.10	1.92	9	16	7.83	7.24	8	9
Cash flow from operating activities, %	143	93			82	67		
Free cash flow	1 506	864			2 290	1 721		
Free cash flow to net debt ratio	-	-			0.19	0.13		
Net debt to EBITDA ratio	-	-			2.1	2.4		

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

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

Earnings per share amounted to SEK 7.49 (7.24), a total change of 3 percent compared with the preceding year. The real change of earnings per share was 4 percent in 2017. EPS before items affecting comparability amounted to SEK 7.83, representing a total change of 8 percent compared with the preceding year and a real change of 9 percent in 2017.

The free cash flow to net debt ratio was 0.19 (0.13) and the net debt to EBITDA ratio was 2.1 (2.4).

ANNUAL GENERAL MEETING 2018

The Annual General Meeting (AGM) of Securitas AB will be held on Wednesday, May 2, 2018 at 4:00 p.m. (CET) at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm.

Refer to www.securitas.com/Corporate Governance for more information regarding the 2018 AGM. The 2017 Annual Report of Securitas AB will be published on www.securitas.com on April 11, 2018.

PROPOSED DIVIDEND AND AUTHORIZATION TO REPURCHASE SHARES IN SECURITAS AB

The Board of Directors proposes a dividend for 2017 of SEK 4.00 (3.75) per share. The total proposed dividend amounts to 53 percent of net income and 51 percent of net income before items affecting comparability. Friday, May 4, 2018 is proposed as the record date for the dividend.

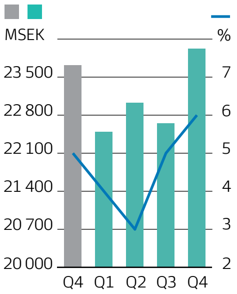
The Board proposes to the Annual General Meeting on May 2, 2018, that the Board be authorized to be able to resolve on the acquisition of the company's shares to be able to adjust the capital structure. Refer to Other Significant Events on page 12 for further information.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth				Operating margin			
	Q4		FY		Q4		FY	
%	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Security Services North America	6	6	5	6	6.1	6.3	5.9	5.9
Security Services Europe	4	2	2	6	6.1	5.8	5.6	5.8
Security Services Ibero-America	11	16	13	14	4.5	4.4	4.2	4.4
Group	**6**	**5**	**5**	**7**	**5.3**	**5.2**	**5.1**	**5.2**

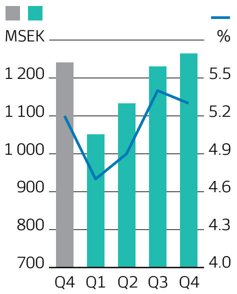
Group development

Group quarterly sales development



2016
2017
Organic sales growth, %

Group quarterly operating income development



2016
2017
Operating margin, %

OCTOBER–DECEMBER 2017

Sales development

Sales amounted to MSEK 24 024 (23 715) and organic sales growth was 6 percent (5). The quarter reflected a strong market momentum throughout the Group. In Security Services North America, good client retention and a high rate of new sales resulted in strong portfolio growth. Security Services Europe continued to recover its organic sales growth through favorable portfolio development and sales of technology in Turkey during the quarter, and reached 4 percent (2). Security Services Ibero-America showed double-digit organic sales growth, with good development in a number of countries, but declined mainly due to Argentina.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 6 percent (10).

Operating income before amortization

Operating income before amortization was MSEK 1 264 (1 241) which, adjusted for changes in exchange rates, represented a real change of 8 percent (6).

The Group's operating margin was 5.3 percent (5.2), an improvement driven by Security Services Europe and Security Services Ibero-America. The operating margin in Security Services North America declined in the fourth quarter.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –72 (–87).

Acquisition related costs were MSEK –28 (–47). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –94 (–105). The re-financing of the MEUR 350 2017 Eurobond at a lower coupon reduced the average interest for the Group compared with the fourth quarter of last year.

Income before taxes

Income before taxes was MSEK 1 070 (1 002).

Taxes, net income and earnings per share

The Group's tax rate was 39.8 percent (29.7). This includes a one-off tax expense of 11.5 percent (MSEK 123) in the income statement as well as a one-off tax effect of MSEK 25 recognized in other comprehensive income and affecting equity, combined in total MSEK 148. This refers to a revaluation of US net deferred tax assets as a result of a new tax rate due to the US tax reform. This amount will not impact cash flow. The Group's tax rate excluding the revaluation was 28.3 percent.

Net income was MSEK 644 (704). Earnings per share amounted to SEK 1.76 (1.92). Earnings per share before items affecting comparability amounted to SEK 2.10.

Group development

JANUARY–DECEMBER 2017

Sales development
Sales amounted to MSEK 92 197 (88 162) and organic sales growth was 5 percent (7). In Security Services North America, organic sales growth was favorable in almost all units. Organic sales growth in Security Services Europe was 2 percent, despite the two previously communicated large contract terminations and lower extra sales. Security Services Ibero-America declined slightly, due to the impact from Latin America.

Security solutions and electronic security grew 19 percent (56) including acquisitions and 16 percent (22) organically, representing BSEK 16.7 (14.1) or 18 percent (16) of total sales in 2017.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (11).

Operating income before amortization
Operating income before amortization was MSEK 4 677 (4 554) which, adjusted for changes in exchange rates, represented a real change of 4 percent (13).

The Group's operating margin was 5.1 percent (5.2). Security Services Europe and Security Services Ibero-America showed lower operating margins. A number of countries in Europe experienced operational overcapacity and negative leverage during the first nine months of the year while the decline in Ibero-America was mainly attributable to a weak performance in Peru and restructuring measures taken in Argentina. 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 –255 (–288).

Acquisition related costs were MSEK –48 (–113). For further information refer to note 5.

Financial income and expenses
Financial income and expenses amounted to MSEK –376 (–389).

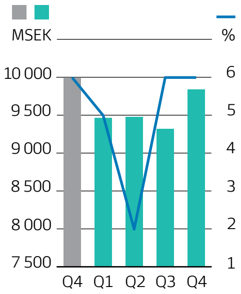
Income before taxes
Income before taxes was MSEK 3 998 (3 764).

Taxes, net income and earnings per share
The Group's tax rate was 31.5 percent (29.7). This includes a one-off tax expense of 3.1 percent (MSEK 123) in the income statement as well as a one-off tax effect of MSEK 25 recognized in other comprehensive income and affecting equity, combined in total MSEK 148. This refers to a revaluation of US net deferred tax assets as a result of a new tax rate due to the US tax reform. This amount will not impact cash flow. The Group's tax rate excluding the revaluation was 28.4 percent. Assessing the current tax base and tax matters, our best judgment is that our current full-year Group tax rate is expected to reduce to approximately 25.5 percent going forward.

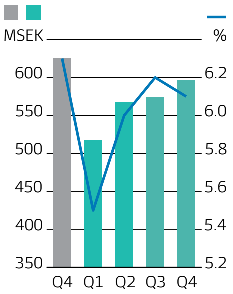
Net income was MSEK 2 737 (2 646). Earnings per share amounted to SEK 7.49 (7.24). EPS before items affecting comparability amounted to SEK 7.83.

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

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

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2017**	**Q4 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***
Total sales	**9 840**	**9 996**	**-2**	**7**	**38 108**	**36 354**	**5**	**6**
Organic sales growth, %	*6*	*6*			*5*	*6*		
Share of Group sales, %	*41*	*42*			*41*	*41*		
Operating income before amortization	**596**	**626**	**-5**	**3**	**2 254**	**2 129**	**6**	**7**
Operating margin, %	*6.1*	*6.3*			*5.9*	*5.9*		
Share of Group operating income, %	*47*	*50*			*48*	*47*		

October–December 2017

Organic sales growth was 6 percent (6). The start-up of a few larger contracts added to organic sales growth in the quarter, and organic sales growth remained strong in almost all units due to a combination of strong new sales and good client retention. A high rate of extra sales, primarily in the Pinkerton Corporate Risk Management business unit, and strong growth within security solutions and electronic security, also contributed to the segment's strong organic sales growth.

The operating margin was 6.1 percent (6.3). This decline was attributable to start-up costs of the few larger contracts.

The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 3 percent in the fourth quarter.

January–December 2017

Organic sales growth was 5 percent (6) and continued at a favorable pace, supported by strong new sales. Positive organic sales growth was seen in almost all units, with main contribution coming from the five geographical regions and the Pinkerton Corporate Risk Management business unit. Sales within security solutions and electronic security continued to grow at a favorable rate.

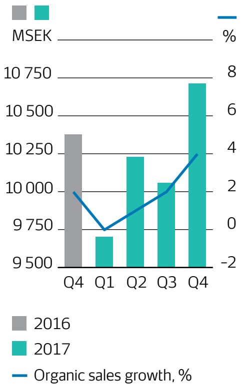
The operating margin was 5.9 percent (5.9). Favorable growth in security solutions and electronic security sales supported the operating margin development during the year as well as the strong performance of the Pinkerton Corporate Risk Management business unit, but was offset by start-up costs for a few larger contracts towards the end of the year.

The Swedish krona exchange rate strengthened slightly against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 7 percent for the full year.

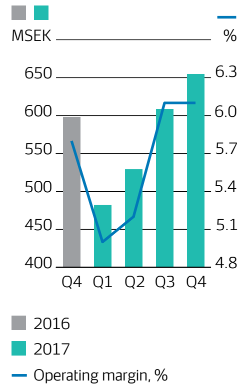
The client retention rate was 91 percent (94). The employee turnover rate in the business segment was 78 percent (71).

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

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

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2017**	**Q4 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***
Total sales	**10 714**	**10 378**	**3**	**4**	**40 703**	**39 694**	**3**	**3**
Organic sales growth, %	4	2			2	6		
Share of Group sales, %	45	44			44	45		
Operating income before amortization	**655**	**598**	***10***	***11***	**2 275**	**2 283**	***0***	***0***
Operating margin, %	6.1	5.8			5.6	5.8		
Share of Group operating income, %	52	48			49	50		

October–December 2017

Organic sales growth was 4 percent (2), supported by favorable portfolio development, higher client retention and strong new sales. Several countries showed strong development, particularly Turkey.

The operating margin was 6.1 percent (5.8), an improvement attributable to a number of countries, primarily France, Norway and Turkey. The electronic security business in Turkey had a strong performance in the quarter.

The Swedish krona exchange rate strengthened slightly against foreign currencies, which had a negative effect on operating income in Swedish kronor. The real change was 11 percent in the fourth quarter.

January–December 2017

Organic sales growth was 2 percent (6). Germany and Turkey were key contributors to organic sales growth, although growth was offset by 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. Sales within security solutions and electronic security increased at a good pace.

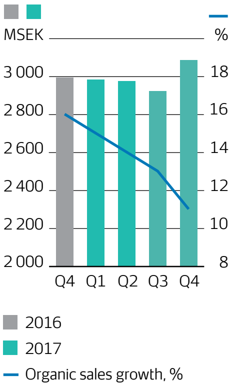
The operating margin was 5.6 percent (5.8), a decline attributable to higher costs and overcapacity in a few countries during the year as well as investments in the Vision 2020 strategy.

The Swedish krona exchange rate was unchanged against foreign currencies. The real change was 0 percent for the full year.

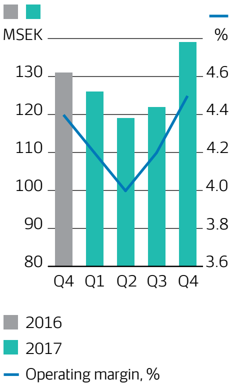
The client retention rate was 91 percent (90). The employee turnover rate was 30 percent (28).

Development in the Group's business segments

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides security services for large and medium-sized customers in 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	*Change, %*	
MSEK	**Q4 2017**	**Q4 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***
Total sales	**3 086**	**2 993**	***3***	***11***	**11 971**	**10 805**	***11***	***13***
Organic sales growth, %	*11*	*16*			*13*	*14*		
Share of Group sales, %	*13*	*13*			*13*	*12*		
Operating income before amortization	**139**	**131**	***6***	***15***	**506**	**473**	***7***	***10***
Operating margin, %	*4.5*	*4.4*			*4.2*	*4.4*		
Share of Group operating income, %	*11*	*11*			*11*	*10*		

October–December 2017

Organic sales growth was 11 percent (16), driven by double-digit growth in Latin America of 14 percent (24) and good growth in Spain and Portugal. The decline in the quarter was due to Argentina, where instability in the security market, including tough competition and price pressure, was reflected in a negative portfolio development. The declining inflationary trend in Argentina will result in reduced organic sales growth in the country in the coming quarters.

The operating margin was 4.5 percent (4.4), an improvement driven by Colombia and Spain. The operating margin was burdened by restructuring costs in Argentina, corresponding to -0.2 percent on the business segment's operating margin.

The Swedish krona exchange rate strengthened against the majority of the currencies in the business segment, which had a negative effect on operating income in Swedish kronor. The real change in the segment was 15 percent in the fourth quarter.

January–December 2017

Organic sales growth was 13 percent (14), driven by Argentina, Chile, Colombia and Spain. Latin America showed organic sales growth of 19 percent (22). Organic sales growth was supported by sales within security solutions and electronic security, which increased at a favorable rate.

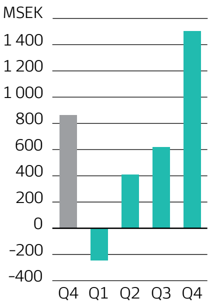
The operating margin was 4.2 percent (4.4), mainly due to a negative impact from Peru, which made a loss in the first half of the year. Furthermore, restructuring costs in Argentina in the second half of the year burdened the operating margin. The main positive impact was derived from Spain.

The Swedish krona exchange rate strengthened against the majority of the currencies in the business segment, which had a slight negative effect on operating income in Swedish kronor. The real change in the segment was 10 percent for the full year.

The client retention rate was 91 percent (93). The employee turnover rate was 29 percent (30).

Cash flow

Quarterly free cash flow



October–December 2017

Cash flow from operating activities amounted to MSEK 1 813 (1 157), equivalent to 143 percent (93) of operating income before amortization.

The impact from changes in accounts receivable was MSEK 57 (–297). Changes in other operating capital employed were MSEK 650 (285).

Free cash flow was MSEK 1 506 (864), equivalent to 157 percent (94) of adjusted income.

Cash flow from financing activities was MSEK –434 (–737) due to a net decrease in borrowings.

Cash flow for the period was MSEK 1 054 (21).

January–December 2017

Cash flow from operating activities amounted to MSEK 3 837 (3 039), equivalent to 82 percent (67) 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 –343 (–429). The net investments include capital expenditures in equipment for solution contracts. Last year was impacted by investments in premises in the US related to the move of our main office and the integration of Diebold Incorporated's Electronic Security business.

The impact from changes in accounts receivable was MSEK –449 (–1 039). Changes in other operating capital employed were MSEK –48 (–46).

Free cash flow was MSEK 2 290 (1 721), equivalent to 68 percent (52) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –304 (–3 566), of which purchase price payments accounted for MSEK –257 (–3 395), assumed net debt for MSEK 12 (–101) and acquisition related costs paid for MSEK –59 (–70). 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 –743 (2 146) due to dividend paid of MSEK –1 369 (–1 278) and a net increase in borrowings of MSEK 626 (3 424).

Cash flow for the period was MSEK 1 243 (284). The closing balance for liquid funds after translation differences of MSEK –47 was MSEK 3 611 (2 415).

Capital employed and financing

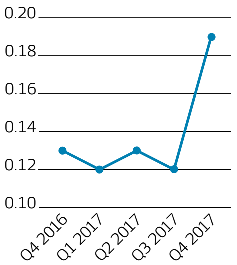
Capital employed and financing

MSEK	Dec 31, 2017
Operating capital employed	7 271
Goodwill	18 719
Acquisition related intangible assets	1 173
Shares in associated companies	420
Capital employed	**27 583**
Net debt	12 333
Shareholders' equity	15 250
Financing	**27 583**

Net debt development

MSEK	
Jan 1, 2017	**-13 431**
Free cash flow	2 290
Acquisitions	-304
Dividend paid	-1 369
Change in net debt	**617**
Revaluation	-29
Translation	510
Dec 31, 2017	**-12 333**

Free cash flow/net debt



Capital employed as of December 31, 2017

The Group's operating capital employed was MSEK 7 271 (6 784), corresponding to 8 percent of sales (8), 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 274.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2017 in conjunction with the business plan process for 2018. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2017. No impairment losses were recognized in 2016 either.

The Group's total capital employed was MSEK 27 583 (27 939). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 1 141. The return on capital employed was 17 percent (16).

Financing as of December 31, 2017

The Group's net debt amounted to MSEK 12 333 (13 431). Free cash flow of MSEK 2 290 had a positive impact on net debt as well as the translation of net debt in foreign currency to Swedish kronor of MSEK 510. The net debt was negatively impacted mainly by a dividend of MSEK -1 369, paid to the shareholders in May 2017, and cash flow from investing activities of MSEK -304.

The free cash flow to net debt ratio amounted to 0.19 (0.13). The net debt to EBITDA ratio was 2.1 (2.4). The interest cover ratio amounted to 11.8 (11.1).

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, 2017, the facility was undrawn. 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 15 250 (14 508). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 631. Refer to the statement of comprehensive income on page 16 for further information.

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

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–DECEMBER 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**
Central de Alarmas Adler, Mexico	Security Services North America	May 1	100	74	49	38	11
PSGA, Australia	Other	Aug 2	100	81	21	18	21
Other acquisitions and divestitures [5] [6]		-	-	238	175	73	92
Total acquisitions and divestitures January–December 2017				**393**	**245**	**129**	**124**
Amortization of acquisition related intangible assets						-	–255
Exchange rate differences						–790	–52
Closing balance						**18 719**	**1 173**

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, Amicus Bevakning (contract portfolio) and Brand & Säkerhetsservice i Tranås (contract portfolio), Sweden, NorAlarm Industri, Norway, Dansk Runderingsvagt (contract portfolio), Denmark, Vartioliike Harri Hakala (contract portfolio) and Turvatekijät (contract portfolio), Finland, HMF-Systems, Schutz- und Wachdienst Michel and Krokoszinki Sicherheitsdienst, Germany, ISS (contract portfolio), Ireland, Gooiland, the Netherlands, NoFire Safety, Austria, Microtech, Czech Republic, Sigurnost Buzov, Croatia, Sensormatic, Turkey, Consultora Videco, Argentina, Urulac, Uruguay, JC Ingeniería, Chile, Bren Security, Sri Lanka and Dubai Fire & Safety (divestiture), United Arab Emirates. Related also to deferred considerations paid in Sweden, Finland, Germany, the Netherlands, Croatia, Turkey, Argentina, Uruguay, China, South Korea, Sri Lanka and South Africa.

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 –32. Total deferred considerations, short-term and long-term, in the Group’s balance sheet amount to MSEK 168.

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 19. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 24.

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). 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.

PSGA, Australia

Securitas has acquired the Australian security services company PSGA. PSGA has been a partner to Securitas in Australia for many years, providing consulting and investigation services and guarding services to Securitas’ global customers mainly in Sydney and Melbourne. The company has 120 employees. The Australian private security market, which includes on-site and mobile guarding, monitoring, cash In transit (CIT) and private investigations, is a mature market, estimated to be worth BAUD 6.2, with an expected annual growth rate of 2 percent over the next five years. It is estimated that the industry has more than 54 000 security officers and 6 000 active security companies. However, there has been a trend of consolidation in the market over the past decades. Geographically, the security services market in Australia is concentrated to Sydney, Melbourne and Brisbane.
The acquisition was consolidated in Securitas as of August 2, 2017.

Acquisitions and divestitures

ACQUISITIONS AFTER THE FOURTH QUARTER

Süddeutsche Bewachung, Germany
Securitas has acquired the security solutions company Süddeutsche Bewachung in Germany. Enterprise value is estimated to MSEK 80 (MEUR 8.2). Süddeutsche Bewachung has annual sales of approximately MSEK 95 (MEUR 9.6) and 300 employees. The company offers on-site, mobile and remote guarding in the Rhein-Neckar area in the south-west of Germany, with headquarter located in Mannheim. The company has a very solid customer portfolio, comprising many customer segments. With this acquisition, Securitas strengthens its position in this area of Germany. The acquisition was consolidated in Securitas as of January 2, 2018.

Automatic Alarm, France
Securitas has acquired the electronic security company Automatic Alarm in France. Enterprise value is estimated to approximately MSEK 430 (MEUR 44). Automatic Alarm is a nation-wide system integrator and installer of electronic security solutions, including intruder systems, video surveillance and access control, with multiyear maintenance contracts. The company, with 250 employees, has annual sales of approximately MSEK 370 (MEUR 38). The acquisition was consolidated in Securitas as of January 2, 2018.

Johnson & Thompson, Hong Kong
Securitas has acquired the technology and installations company Johnson & Thompson in Hong Kong. With this acquisition, Securitas strengthens its position to deliver value added security solutions to customers in Hong Kong. Enterprise value is estimated to MSEK 46 (MHKD 43). Johnson & Thompson is a monitoring, maintenance and installation company focused on the retail and mid-sized corporate market in Hong Kong. The company has 22 employees and annual sales of approximately MSEK 17 (MHKD 16). By this acquisition, Securitas continues to strengthen the ability to optimize security solutions, covering a combination of on-site guarding and remote guarding, mobile, monitoring and electronic security services to its customers in the AMEA region. The acquisition was consolidated in Securitas as of January 2, 2018.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2016 Annual Report and to note 10 on page 25. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Authorization to repurchase shares in Securitas AB

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

Spain – tax audit

As described on page 112 in the Annual Report 2016, the Spanish tax authority has rejected certain deductions. Separate years are currently handled at different levels of the competent courts. The Audiencia Nacional Court has in June 2017 issued a negative judgment regarding interest deductions for the years 2006–2007, contradictory to the earlier higher Supreme Court judgment on the same matter for 2003–2005, and contradictory to the earlier lower court TEAC's judgment for 2008–2009. Further, the court disallowed Securitas' appeal regarding an application of a de-merger regime in 2006. Securitas will now appeal to the Supreme Court. The maximum exposure remains within the amounts disclosed in the 2016 Annual Report.

US – the events of September 11, 2001

The last outstanding dispute in the September 11 case was settled in December 2017. Terms of the settlement are confidential. The claim is insured. The case is closed.

Changes in Group Management

Frida Rosenholm has been appointed Senior Vice President General Counsel of Securitas. She succeeds Henrik Zetterberg, who has been appointed COO for the division Security Services Europe with focus on Northern Europe, as previously announced. Since October 2012, Frida Rosenholm has been General Counsel of the EF Education First Group. Before joining EF, she held several senior positions with the listed companies Pergo AB and Pleiderer AG. Prior to this, she was an associate at Mannheimer Swartling Advokatbyrå. Frida Rosenholm has a Master of Laws Degree from Stockholm University. Frida Rosenholm assumes this position in conjunction with the 2018 Annual General Meeting. She will be a member of Securitas Group Management.

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 12-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–December 2017

The Parent Company's income amounted to MSEK 1 089 (1 004) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 549 (2 058). Income before taxes amounted to MSEK 2 365 (2 489).

As of December 31, 2017

The Parent Company's non-current assets amounted to MSEK 43 037 (42 499) and mainly comprise shares in subsidiaries of MSEK 41 296 (40 948). Current assets amounted to MSEK 6 823 (6 770) of which liquid funds accounted for MSEK 1 943 (1 225).

Shareholders' equity amounted to MSEK 27 664 (26 698). A dividend of MSEK 1 369 (1 278) was paid to the shareholders in May 2017.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 196 (22 571) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 26.

Stockholm, January 31, 2018

Alf Göransson
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, 2017 to December 31, 2017 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 IRSE 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, January 31, 2018
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Madeleine Endre
Authorised Public Accountant

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Oct–Dec 2017	Oct–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Sales	23 911.5	22 721.8	91 479.1	85 026.0
Sales, acquired business	112.7	993.9	717.7	3 136.4
Total sales	**24 024.2**	**23 715.7**	**92 196.8**	**88 162.4**
Organic sales growth, % [2)]	6	5	5	7
Production expenses	–19 707.8	–19 476.5	–75 951.6	–72 686.8
Gross income	**4 316.4**	**4 239.2**	**16 245.2**	**15 475.6**
Selling and administrative expenses	–3 063.8	–3 011.8	–11 614.2	–10 970.8
Other operating income [4)]	5.9	5.6	23.8	20.5
Share in income of associated companies	5.8	7.5	22.0	28.2
Operating income before amortization	**1 264.3**	**1 240.5**	**4 676.8**	**4 553.5**
Operating margin, %	5.3	5.2	5.1	5.2
Amortization of acquisition related intangible assets	–72.2	–86.8	–255.1	–287.7
Acquisition related costs [5)]	–28.7	–46.3	–48.4	–112.6
Operating income after amortization	**1 163.4**	**1 107.4**	**4 373.3**	**4 153.2**
Financial income and expenses [6)]	–93.4	–106.1	–375.6	–389.6
Income before taxes	**1 070.0**	**1 001.3**	**3 997.7**	**3 763.6**
Net margin, %	4.5	4.2	4.3	4.3
Current taxes	–209.7	–219.4	–944.4	–882.3
Deferred taxes	–216.2	–77.9	–315.9	–235.4
Net income for the period	**644.1**	**704.0**	**2 737.4**	**2 645.9**
Whereof attributable to:				
Equity holders of the Parent Company	642.8	701.1	2 735.6	2 642.0
Non-controlling interests	1.3	2.9	1.8	3.9
Earnings per share before and after dilution (SEK)	1.76	1.92	7.49	7.24
Earnings per share before and after dilution and before items affecting comparability (SEK)	2.10	1.92	7.83	7.24

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Oct–Dec 2017	Oct–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Net income for the period	**644.1**	**704.0**	**2 737.4**	**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	–26.2	97.8	45.4	–11.8
Total items that will not be reclassified to the statement of income [7)]	**–26.2**	**97.8**	**45.4**	**–11.8**
Items that subsequently may be reclassified to the statement of income				
Cash flow hedges net of tax	–5.4	3.3	–21.9	17.6
Net investment hedges net of tax	–105.9	–39.4	91.3	–253.4
Other comprehensive income from associated companies, translation differences	7.9	14.4	–25.3	22.1
Translation differences	405.9	310.5	–696.5	850.8
Total items that subsequently may be reclassified to the statement of income [7)]	**302.5**	**288.8**	**–652.4**	**637.1**
Other comprehensive income for the period [7)]	**276.3**	**386.6**	**–607.0**	**625.3**
Total comprehensive income for the period	**920.4**	**1 090.6**	**2 130.4**	**3 271.2**
Whereof attributable to:				
Equity holders of the Parent Company	917.3	1 086.7	2 128.4	3 264.6
Non-controlling interests	3.1	3.9	2.0	6.6

Notes 2–7 refer to pages 23–25.

Consolidated financial statements

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating income before amortization	**1 264.3**	**1 240.5**	**4 676.8**	**4 553.5**
Investments in non-current tangible and intangible assets	-514.6	-408.6	-1 703.9	-1 658.3
Reversal of depreciation	355.8	336.9	1 361.4	1 229.0
Change in accounts receivable	56.9	-296.9	-448.9	-1 039.3
Change in other operating capital employed	650.2	285.3	-48.1	-45.8
Cash flow from operating activities	**1 812.6**	**1 157.2**	**3 837.3**	**3 039.1**
Cash flow from operating activities, %	*143*	*93*	*82*	*67*
Financial income and expenses paid	-40.2	-33.4	-425.6	-301.4
Current taxes paid	-266.3	-259.4	-1 122.2	-1 016.7
Free cash flow	**1 506.1**	**864.4**	**2 289.5**	**1 721.0**
Free cash flow, %	*157*	*94*	*68*	*52*
Cash flow from investing activities, acquisitions and divestitures	-18.5	-105.2	-303.6	-3 566.5
Cash flow from items affecting comparability [8)]	–	-1.4	–	-16.7
Cash flow from financing activities	-434.0	-736.9	-742.7	2 145.8
Cash flow for the period	**1 053.6**	**20.9**	**1 243.2**	**283.6**

Cash flow MSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow from operations	2 010.5	1 267.7	3 934.8	3 292.5
Cash flow from investing activities	-522.9	-509.9	-1 948.9	-5 154.7
Cash flow from financing activities	-434.0	-736.9	-742.7	2 145.8
Cash flow for the period	**1 053.6**	**20.9**	**1 243.2**	**283.6**

Change in net debt MSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Opening balance	**-13 606.0**	**-13 945.8**	**-13 431.3**	**-9 862.7**
Cash flow for the period	1 053.6	20.9	1 243.2	283.6
Change in loans	434.0	736.9	-626.3	-3 423.5
Change in net debt before revaluation and translation differences	**1 487.6**	**757.8**	**616.9**	**-3 139.9**
Revaluation of financial instruments [6)]	-7.5	3.7	-28.8	22.6
Translation differences	-206.6	-247.0	510.7	-451.3
Change in net debt	**1 273.5**	**514.5**	**1 098.8**	**-3 568.6**
Closing balance	**-12 332.5**	**-13 431.3**	**-12 332.5**	**-13 431.3**

Notes 6 and 8 refer to pages 24–25.

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CAPITAL EMPLOYED AND FINANCING

MSEK	Dec 31, 2017	Dec 31, 2016
Operating capital employed	**7 271.0**	**6 784.0**
Operating capital employed as % of sales	*8*	*8*
Return on operating capital employed, %	*67*	*80*
Goodwill	18 719.1	19 379.6
Acquisition related intangible assets	1 172.8	1 356.1
Shares in associated companies	419.8	419.5
Capital employed	**27 582.7**	**27 939.2**
Return on capital employed, %	*17*	*16*
Net debt	**-12 332.5**	**-13 431.3**
Shareholders' equity	**15 250.2**	**14 507.9**
Net debt equity ratio, multiple	*0.81*	*0.93*

BALANCE SHEET

MSEK	Dec 31, 2017	Dec 31, 2016
ASSETS		
Non-current assets		
Goodwill	18 719.1	19 379.6
Acquisition related intangible assets	1 172.8	1 356.1
Other intangible assets	667.9	526.9
Tangible non-current assets	3 489.1	3 337.8
Shares in associated companies	419.8	419.5
Non-interest-bearing financial non-current assets	1 819.6	2 117.0
Interest-bearing financial non-current assets	499.7	411.7
Total non-current assets	**26 788.0**	**27 548.6**
Current assets		
Non-interest-bearing current assets	18 569.0	18 249.0
Other interest-bearing current assets	164.7	189.2
Liquid funds	3 610.6	2 414.5
Total current assets	**22 344.3**	**20 852.7**
TOTAL ASSETS	**49 132.3**	**48 401.3**

MSEK	Dec 31, 2017	Dec 31, 2016
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Attributable to equity holders of the Parent Company	15 229.0	14 487.2
Non-controlling interests	21.2	20.7
Total shareholders' equity	**15 250.2**	**14 507.9**
Equity ratio, %	*31*	*30*
Long-term liabilities		
Non-interest-bearing long-term liabilities	237.7	258.1
Interest-bearing long-term liabilities	13 024.6	12 806.9
Non-interest-bearing provisions	3 084.5	3 166.0
Total long-term liabilities	**16 346.8**	**16 231.0**
Current liabilities		
Non-interest-bearing current liabilities and provisions	13 952.4	14 022.6
Interest-bearing current liabilities	3 582.9	3 639.8
Total current liabilities	**17 535.3**	**17 662.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**49 132.3**	**48 401.3**

Consolidated financial statements

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Dec 31, 2017 Attributable to equity holders of the Parent Company	Dec 31, 2017 Non-controlling interests	Dec 31, 2017 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**
Total comprehensive income for the period	2 128.4	2.0	2 130.4	3 264.6	6.6	3 271.2
Transactions with non-controlling interests	–1.2	–1.5	–2.7	–41.0	–6.2	–47.2
Share based incentive scheme	–16.4	-	–16.4[1]	31.2	-	31.2
Dividend paid to the shareholders of the Parent Company	–1 369.0	-	–1 369.0	–1 277.7	-	–1 277.7
Closing balance December 31, 2017/2016	**15 229.0**	**21.2**	**15 250.2**	**14 487.2**	**20.7**	**14 507.9**

[1] Refers to share based remuneration for the Group's participants in the share based incentive scheme 2017 of MSEK 133.2, 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	Oct–Dec 2017	Oct–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Share price, end of period	143.20	143.40	143.20	143.40
Earnings per share before and after dilution [1, 2]	1.76	1.92	7.49	7.24
Earnings per share before and after dilution and before items affecting comparability [1, 2]	2.10	1.92	7.83	7.24
Dividend	-	-	4.00[3]	3.75
P/E-ratio after dilution and before items affecting comparability	-	-	18	20
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding [1]	365 058 897	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [1]	365 058 897	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.

Segment overview October–December 2017 and 2016

OCTOBER–DECEMBER 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 840	10 714	3 085	385	-	24 024
Sales, intra-group	0	0	1	1	–2	-
Total sales	**9 840**	**10 714**	**3 086**	**386**	**–2**	**24 024**
Organic sales growth, %	*6*	*4*	*11*	*-*	*-*	*6*
Operating income before amortization	**596**	**655**	**139**	**–126**	**-**	**1 264**
of which share in income of associated companies	*–2*	*1*	*-*	*7*	*-*	*6*
Operating margin, %	*6.1*	*6.1*	*4.5*	*-*	*-*	*5.3*
Amortization of acquisition related intangible assets	–12	–41	–13	–6	-	–72
Acquisition related costs	–11	–16	1	–2	-	–28
Operating income after amortization	**573**	**598**	**127**	**–134**	**-**	**1 164**
Financial income and expenses	-	-	-	-	-	–94
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 070**

OCTOBER–DECEMBER 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 994	10 378	2 993	350	-	23 715
Sales, intra-group	2	0	0	0	–2	-
Total sales	**9 996**	**10 378**	**2 993**	**350**	**–2**	**23 715**
Organic sales growth, %	*6*	*2*	*16*	*-*	*-*	*5*
Operating income before amortization	**626**	**598**	**131**	**–114**	**-**	**1 241**
of which share in income of associated companies	*1*	*-*	*-*	*6*	*-*	*7*
Operating margin, %	*6.3*	*5.8*	*4.4*	*-*	*-*	*5.2*
Amortization of acquisition related intangible assets	–13	–46	–21	–7	-	–87
Acquisition related costs	–17	–22	–1	–7	-	–47
Operating income after amortization	**596**	**530**	**109**	**–128**	**-**	**1 107**
Financial income and expenses	-	-	-	-	-	–105
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 002**

Segment overview January–December 2017 and 2016

JANUARY–DECEMBER 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	38 107	40 703	11 969	1 418	-	92 197
Sales, intra-group	1	0	2	2	–5	-
Total sales	**38 108**	**40 703**	**11 971**	**1 420**	**–5**	**92 197**
Organic sales growth, %	*5*	*2*	*13*	*-*	*-*	*5*
Operating income before amortization	**2 254**	**2 275**	**506**	**–358**	**-**	**4 677**
of which share in income of associated companies	*–8*	*3*	*-*	*27*	*-*	*22*
Operating margin, %	*5.9*	*5.6*	*4.2*	*-*	*-*	*5.1*
Amortization of acquisition related intangible assets	–50	–145	–41	–19	-	–255
Acquisition related costs	–17	–27	0	–4	-	–48
Operating income after amortization	**2 187**	**2 103**	**465**	**–381**	**-**	**4 374**
Financial income and expenses	-	-	-	-	-	–376
Income before taxes	**-**	**-**	**-**	**-**	**-**	**3 998**

JANUARY–DECEMBER 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	36 351	39 694	10 805	1 312	-	88 162
Sales, intra-group	3	0	0	0	–3	-
Total sales	**36 354**	**39 694**	**10 805**	**1 312**	**–3**	**88 162**
Organic sales growth, %	*6*	*6*	*14*	*-*	*-*	*7*
Operating income before amortization	**2 129**	**2 283**	**473**	**–331**	**-**	**4 554**
of which share in income of associated companies	*8*	*-*	*-*	*20*	*-*	*28*
Operating margin, %	*5.9*	*5.8*	*4.4*	*-*	*-*	*5.2*
Amortization of acquisition related intangible assets	–51	–155	–62	–20	-	–288
Acquisition related costs	–69	–35	–1	–8	-	–113
Operating income after amortization	**2 009**	**2 093**	**410**	**–359**	**-**	**4 153**
Financial income and expenses	-	-	-	-	-	–389
Income before taxes	**-**	**-**	**-**	**-**	**-**	**3 764**

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 1–27 and pages 1–15 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 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 have had any impact on the Group's financial statements.

Impact of new IFRS that are effective as of 2018
As disclosed in note 2 on page 65 in the Annual Report 2016, there are two new accounting standards, IFRS 9 and IFRS 15, that have been endorsed by the EU and will be applied by Securitas as of January 1, 2018.

Regarding IFRS 9 Financial instruments, the main focus in 2017 has been on any effects regarding hedge accounting. Our assessment of hedge accounting under IFRS 9 is that there will be minimal impact on the financial statements compared with the current hedge accounting under IAS 39. The other focus area to evaluate during 2017 has been to analyze if the transition to IFRS 9 will have any impact on impairment of financial assets, in particular on accounts receivables. We have compared our current models for impairment testing of financial assets with the new requirements based on an expected credit loss model. Our assessment is that applying the expected credit loss model for impairment testing will have only a limited impact on the financial statements. Securitas' transition to IFRS 9 will consequently not entail any restatement of the comparative figures.

Regarding IFRS 15 Revenue from Contracts with Customers, Securitas' transition to IFRS 15 will be based on a full retrospective application without use of any practical expedients. As stated in the Annual Report 2016, our analysis of the impact from adopting IFRS 15 does not show that there will be any major adjustments when it comes to identifying performance obligations or to the allocation of the transaction price on performance obligations, nor for the pattern of revenue recognition when performance obligations are satisfied. Thus the revenue recognition under IFRS 15 is not expected to be materially impacted compared to revenue recognition under current standards. Thereby, Securitas' main focus during 2017 has been to analyze the effects of capitalizing certain costs to obtain contracts.

The effects of the restatement due to the transition to IFRS 15 will not have any effect on the Group´s segments, since it will be accounted for in the column Other in the Group´s segment overviews. The segments will thus continue with the principle of expensing costs to obtain contracts as they are incurred. Our analysis shows that the effect on the income statement is expected to be an improvement of operating result of MSEK 20 in 2017 after adjustment for the transition to IFRS 15, while the improvement of net income for the year is expected to be MSEK 14. Our analysis further shows that the effect of restating the balance sheet is expected to be an increase of intangible assets of MSEK 411 as of December 31, 2017 due to capitalization of costs to obtain contracts related to previous years. The net amount after taxes will be accounted for as an increase of retained earnings. The effects on equity in 2017 are summarized below:

MSEK	
Opening balance equity 2017	14 508
Effect of change in accounting principle IFRS 15	275
Opening balance equity 2017 adjusted in accordance with new accounting principle	**14 783**
Net income for the year 2017	2 737
Effect of change in accounting principle IFRS 15	14
Net income for the year 2017 adjusted in accordance with new accounting principle	**2 751**
Other changes in equity	– 1 995
Closing balance equity 2017 adjusted in accordance with new accounting principle	**15 539**

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 full year report as well as to note 3 in the Annual Report 2016.

Notes

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	Oct–Dec 2017	Oct–Dec 2016	Oct–Dec %	Jan–Dec 2017	Jan–Dec 2016	Jan–Dec %
Total sales	**24 024**	**23 715**	**1**	**92 197**	**88 162**	**5**
Currency change from 2016	1 178	-		660	-	
Currency adjusted sales growth	**25 202**	**23 715**	**6**	**92 857**	**88 162**	**5**
Acquisitions/divestitures	–113	–1		–718	–5	
Organic sales growth	**25 089**	**23 714**	**6**	**92 139**	**88 157**	**5**
Operating income before amortization	**1 264**	**1 241**	**2**	**4 677**	**4 554**	**3**
Currency change from 2016	74	-		44	-	
Currency adjusted operating income before amortization	**1 338**	**1 241**	**8**	**4 721**	**4 554**	**4**
Operating income after amortization	**1 164**	**1 107**	**5**	**4 374**	**4 153**	**5**
Currency change from 2016	74	-		47	-	
Currency adjusted operating income after amortization	**1 238**	**1 107**	**12**	**4 421**	**4 153**	**6**
Income before taxes	**1 070**	**1 002**	**7**	**3 998**	**3 764**	**6**
Currency change from 2016	64	-		34	-	
Currency adjusted income before taxes	**1 134**	**1 002**	**13**	**4 032**	**3 764**	**7**
Net income for the period	**644**	**704**	**–9**	**2 737**	**2 646**	**3**
Currency change from 2016	45	-		24	-	
Currency adjusted net income for the period	**689**	**704**	**–2**	**2 761**	**2 646**	**4**
Net income attributable to equity holders of the Parent Company	**643**	**701**	**–8**	**2 736**	**2 642**	**4**
Currency change from 2016	45	-		24	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**688**	**701**	**–2**	**2 760**	**2 642**	**4**
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share	**1.88**	**1.92**	**–2**	**7.56**	**7.24**	**4**
Currency adjusted net income adjusted for items affecting comparability attributable to equity holders of the Parent Company*	**811**	**701**	**16**	**2 883**	**2 642**	**9**
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share before items affecting comparability	**2.22**	**1.92**	**16**	**7.90**	**7.24**	**9**

* Adjusted for items affecting comparability, consisting in its entirety of one-off tax effects amounting to MSEK –123 from the revaluation of US net deferred tax assets due to the US tax reform enacted in December 2017.

NOTE 3 DEFINITIONS AND CALCULATION OF KEY RATIOS

The calculations below relate to the period January–December 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: (4 676.8 + 51.1) / 402.0 = 11.8

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: 2 289.5 / (4 676.8 – 375.6 + 0.8 – 944.4) = 68%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 2 289.5 / 12 332.5 = 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: 12 332.5 / (4 373.3 + 255.1 + 1 361.4) = 2.1

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: 7 271.0 / 92 365.2 = 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: 4 676.8 / ((7 271.0 + 6 784.0) / 2) = 67%

Return on capital employed
Operating income before amortization (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: 4 676.8 / 27 582.7 = 17%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 12 332.5 / 15 250.2 = 0.81

Notes

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	Oct–Dec 2017	Oct–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Restructuring and integration costs	–11.5	–35.2	–13.5	–64.8
Transaction costs	–16.1	–10.0	–29.9	–43.4
Revaluation of deferred considerations	–1.1	–1.1	–5.0	–4.4
Total acquisition related costs	**–28.7**	**–46.3**	**–48.4**	**–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	Oct–Dec 2017	Oct–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Recognized in the statement of income				
Revaluation of financial instruments	–0.6	–0.4	–0.8	0.1
Deferred tax	-	0.1	-	0.0
Impact on net income	**–0.6**	**–0.3**	**–0.8**	**0.1**
Recognized in the statement of comprehensive income				
Cash flow hedges	–6.9	4.1	–28.0	22.5
Deferred tax	1.5	–0.8	6.1	–4.9
Cash flow hedges net of tax	**–5.4**	**3.3**	**–21.9**	**17.6**
Total revaluation before tax	–7.5	3.7	–28.8	22.6
Total deferred tax	1.5	–0.7	6.1	–4.9
Total revaluation after tax	**–6.0**	**3.0**	**–22.7**	**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
December 31, 2017				
Financial assets at fair value through profit or loss	-	50.6	-	**50.6**
Financial liabilities at fair value through profit or loss	-	–16.1	–167.6	**–183.7**
Derivatives designated for hedging with positive fair value	-	438.6	-	**438.6**
Derivatives designated for hedging with negative fair value	-	–48.0	-	**–48.0**
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.

	Dec 31, 2017		Dec 31, 2016	
MSEK	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Short-term loan liabilities	2 961.1	2 969.4	3 348.6	3 360.6
Long-term loan liabilities	10 463.2	10 721.1	9 777.5	10 046.2
Total financial instruments by category	**13 424.3**	**13 690.5**	**13 126.1**	**13 406.8**

Summary of credit facilities as of December 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	550	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 DEFERRED TAX ON OTHER COMPREHENSIVE INCOME

MSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Deferred tax on remeasurements of defined benefit pension plans	-33.2[1)]	-50.1	-63.2[1)]	-9.2
Deferred tax on cash flow hedges	1.5	-0.8	6.1	-4.9
Deferred tax on net investment hedges	29.8	11.1	-25.8	71.4
Total deferred tax on other comprehensive income	**-1.9**	**-39.8**	**-82.9**	**57.3**

1) Including revaluation of US net deferred tax assets MSEK -24.6 due to the tax reform in the US.

NOTE 8 CASH FLOW FROM ITEMS AFFECTING COMPARABILITY

MSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Restructuring payments	-	-1.1	-	-6.4
Spain – overtime compensation	-	0.0	-	-0.2
Germany – premises	-	-0.3	-	-10.1
Total cash flow from items affecting comparability	**-**	**-1.4**	**-**	**-16.7**

NOTE 9 PLEDGED ASSETS

MSEK	Dec 31, 2017	Dec 31, 2016
Pension balances, defined contribution plans	124.1	117.0
Finance leases	191.2	207.2
Total pledged assets	**315.3**	**324.2**

NOTE 10 CONTINGENT LIABILITIES

MSEK	Dec 31, 2017	Dec 31, 2016
Guarantees	3.9	22.8
Guarantees related to discontinued operations	15.3	15.6
Total contingent liabilities	**19.2**	**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.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Dec 2017	Jan–Dec 2016
License fees and other income	1 088.6	1 004.1
Gross income	**1 088.6**	**1 004.1**
Administrative expenses	–751.3	–639.6
Operating income	**337.3**	**364.5**
Financial income and expenses	1 549.3	2 057.5
Income after financial items	**1 886.6**	**2 422.0**
Appropriations	478.2	67.4
Income before taxes	**2 364.8**	**2 489.4**
Taxes	22.5	–197.2
Net income for the period	**2 387.3**	**2 292.2**

BALANCE SHEET

MSEK	Dec 31, 2017	Dec 31, 2016
ASSETS		
Non-current assets		
Shares in subsidiaries	41 296.2	40 947.8
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	315.9	408.7
Interest-bearing financial non-current assets	1 312.6	1 029.8
Total non-current assets	**43 036.8**	**42 498.4**
Current assets		
Non-interest-bearing current assets	475.9	421.0
Other interest-bearing current assets	4 405.0	5 124.4
Liquid funds	1 942.6	1 224.8
Total current assets	**6 823.5**	**6 770.2**
TOTAL ASSETS	**49 860.3**	**49 268.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 784.5	7 746.9
Non-restricted equity	19 879.6	18 951.0
Total shareholders' equity	**27 664.1**	**26 697.9**
Untaxed reserves	**123.3**	**250.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	314.1	200.7
Interest-bearing long-term liabilities	12 887.3	12 648.4
Total long-term liabilities	**13 201.4**	**12 849.1**
Current liabilities		
Non-interest-bearing current liabilities	573.5	746.0
Interest-bearing current liabilities	8 298.0	8 724.7
Total current liabilities	**8 871.5**	**9 470.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**49 860.3**	**49 268.6**

Financial information

PRESENTATION OF THE FULL YEAR REPORT

Analysts and media are invited to participate in a telephone conference on January 31, 2018 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 2, 2018, app. 1.00 p.m. (CET)	Interim Report January–March 2018
May 2, 2018, 4.00 p.m. (CET)	Annual General Meeting 2018
July 27, 2018, app. 1.00 p.m. (CET)	Interim Report January–June 2018
October 26, 2018, app. 1.00 p.m. (CET)	Interim Report January–September 2018

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

ABOUT SECURITAS

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

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