Securitas AB

Interim Report January–September 2017

JULY–SEPTEMBER 2017

- **Total sales MSEK 22 651 (22 316)**
- **Organic sales growth 5 percent (7)**
- **Operating income before amortization MSEK 1 230 (1 230)**
- **Operating margin 5.4 percent (5.5)**
- **Earnings per share SEK 2.14 (2.00)**

JANUARY–SEPTEMBER 2017

- **Total sales MSEK 68 173 (64 447)**
- **Organic sales growth 4 percent (8)**
- **Operating income before amortization MSEK 3 413 (3 313)**
- **Operating margin 5.0 percent (5.1)**
- **Earnings per share SEK 5.73 (5.32)**
- **Free cash flow/net debt 0.12 (0.12)**

COMMENTS FROM THE PRESIDENT AND CEO

Organic sales growth strengthened in the third quarter reaching 5 percent versus 3 percent in the first half year. The quarter reflected a strong market momentum throughout the Group and our ability to deliver complete security solutions is giving us an outstanding competitive advantage. Market dynamics in the US are strong and we are growing faster than the US security market. In Europe we see a gradual recovery of the portfolio. In the Ibero-American business segment, Spain and Portugal continue to grow faster than the security market. This is based on differentiated customer offerings enabled by our consistent investments over the years in security solutions and electronic security.

The operating margin was slightly below last year. It improved in North America while Europe still had negative leverage in a few countries, while the operational over-capacity was largely adjusted by the end of the third quarter. Earnings per share improved by 8 percent with a real change of 7 percent in the first nine months. The strong macro economic conditions and shortage of qualified labor in the US and in Europe will result in higher wage inflation in the coming year. We believe we are strategically well positioned to compensate such increases by price increases and by offering alternative security solutions using technology.

We continue to deliver on our strategy. Security solutions and electronic security continue to grow at a good 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 deliver more predictive security. In combination with our security solutions and electronic security strategy, intelligent security will create greater customer value, enhanced security, and strengthen our leadership in the global security market.

Alf Göransson
President and Chief Executive Officer

Contents

January–September summary

FINANCIAL SUMMARY

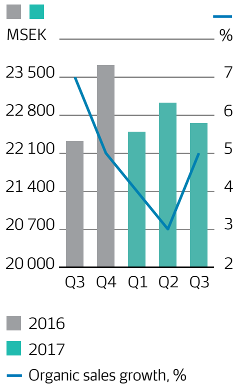
	Quarter		Change, %		9M		Change, %		Full year	Change, %
MSEK	**Q3 2017**	**Q3 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**	***Total***
Sales	**22 651**	**22 316**	**2**	**6**	**68 173**	**64 447**	**6**	**5**	**88 162**	**9**
Organic sales growth, %	*5*	*7*			*4*	*8*			*7*	
Operating income before amortization	**1 230**	**1 230**	***0***	**4**	**3 413**	**3 313**	**3**	**2**	**4 554**	**11**
Operating margin, %	*5.4*	*5.5*			*5.0*	*5.1*			*5.2*	
Amortization of acquisition related intangible assets	-59	-66			-183	-201			-288	
Acquisition related costs	-7	-25			-20	-66			-113	
Operating income after amortization	**1 164**	**1 139**	**2**	**7**	**3 210**	**3 046**	**5**	**4**	**4 153**	**10**
Financial income and expenses	-86	-103			-282	-284			-389	
Income before taxes	**1 078**	**1 036**	**4**	**8**	**2 928**	**2 762**	**6**	**5**	**3 764**	**8**
Net income for the period	**780**	**729**	**7**	***11***	**2 093**	**1 942**	**8**	**7**	**2 646**	**8**
Earnings per share, SEK	2.14	2.00	7	*11*	5.73	5.32	8	7	7.24	9
Cash flow from operating activities, %	*65*	*92*			*59*	*57*			*67*	
Free cash flow	619	869			783	857			1 721	
Free cash flow to net debt ratio	-	-			*0.12*	*0.12*			*0.13*	
Net debt to EBITDA ratio	-	-			*2.3*	*2.5*			*2.4*	

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

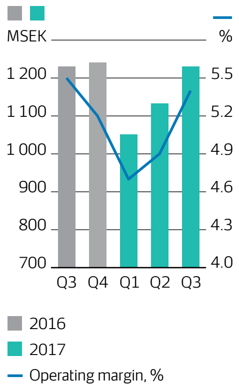
	Organic sales growth				Operating margin			
	Q3		9M		Q3		9M	
%	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Security Services North America	6	6	5	6	6.2	6.0	5.9	5.7
Security Services Europe	2	5	1	7	6.1	6.4	5.4	5.7
Security Services Ibero-America	13	14	14	13	4.2	4.2	4.1	4.4
Group	**5**	**7**	**4**	**8**	**5.4**	**5.5**	**5.0**	**5.1**

Group development

Group quarterly sales development



Group quarterly operating income development



JULY–SEPTEMBER 2017

Sales development

Sales amounted to MSEK 22 651(22 316) and organic sales growth was 5 percent (7). The quarter reflected a strong market momentum throughout the Group. In Security Services North America, the strong portfolio growth was accompanied by extra sales in the third quarter. Security Services Europe continued on the path to recover organic sales growth, despite challenging comparatives, and reached 2 percent (5). Security Services Ibero-America showed double digit organic sales growth with good development in a number of countries, while the growth in Argentina reduced towards the end of the quarter.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 6 percent (11).

Operating income before amortization

Operating income before amortization was MSEK 1 230 (1 230) which, adjusted for changes in exchange rates, represented a real change of 4 percent (12).

The Group's operating margin was 5.4 percent (5.5). Security Services North America had a strong development and improved the operating margin. The operating margin in Security Services Europe was lower than last year and the business segment is optimizing resources as the sales growth levels are recovering. Security Services Ibero-America's operating margin was flat compared to last year.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –59 (–66).

Acquisition related costs were MSEK –7 (–25). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –86 (–103). The re-financing of the MEUR 350 2017 Eurobond at a lower coupon reduced the average interest for the Group compared to the third quarter last year.

Income before taxes

Income before taxes was MSEK 1 078 (1 036).

Taxes, net income and earnings per share

The Group's tax rate was 27.6 percent (29.7), reflecting a reduction in the full year tax rate.

Net income was MSEK 780 (729). Earnings per share amounted to SEK 2.14 (2.00).

Group development

JANUARY–SEPTEMBER 2017

Sales development

Sales amounted to MSEK 68 173 (64 447) and organic sales growth was 4 percent (8). In Security Services North America organic sales growth was good with favorable portfolio growth. The positive organic sales growth in Security Services Europe reached 1 percent, despite the two previously communicated large contract terminations and lower extra sales. Security Services Ibero-America improved with support from the development in Spain and Portugal. The sales of security solutions and electronic security in the Group continued to grow at a good pace.

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 3 413 (3 313) which, adjusted for changes in exchange rates, represented a real change of 2 percent (16).

The Group's operating margin was 5.0 percent (5.1). Security Services North America improved the operating margin. Security Services Europe and Security Services Ibero-America showed lower operating margins. In Europe some countries had operational overcapacity and negative leverage and the decline in Ibero-America mainly referred to a weak performance in 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 –183 (–201).

Acquisition related costs were MSEK –20 (–66). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –282 (–284).

Income before taxes

Income before taxes was MSEK 2 928 (2 762).

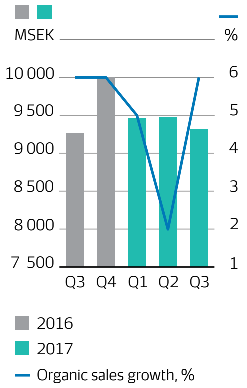
Taxes, net income and earnings per share

The Group's tax rate was 28.5 percent (29.7).

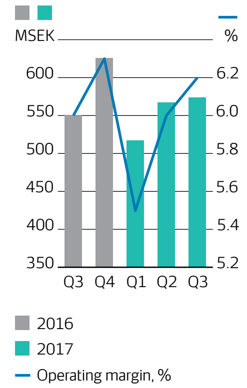
Net income was MSEK 2 093 (1 942). Earnings per share amounted to SEK 5.73 (5.32).

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, %		9M		Change, %		Full year
MSEK	**Q3 2017**	**Q3 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**
Total sales	**9 322**	**9 260**	**1**	**7**	**28 268**	**26 358**	**7**	**6**	**36 354**
Organic sales growth, %	6	6			5	6			6
Share of Group sales, %	*41*	*41*			*41*	*41*			*41*
Operating income before amortization	**574**	**551**	**4**	***10***	**1 658**	**1 503**	***10***	***9***	**2 129**
Operating margin, %	6.2	6.0			5.9	5.7			5.9
Share of Group operating income, %	*47*	*45*			*49*	*45*			*47*

July–September 2017

Organic sales growth was 6 percent (6), of which extra sales related to services performed during the hurricanes that recently hit the US represented almost 1 percent. Organic sales growth was good in almost all units driven by strong new sales and good client retention, both based on our favorable market position.

The operating margin was 6.2 percent (6.0), an improvement enabled by our strategy of increasing sales of security solutions and electronic security, some support from extra sales from the hurricanes mentioned above and strong topline growth which gave leverage to the cost base.

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 10 percent in the third quarter.

January–September 2017

Organic sales growth was 5 percent (6) and continued with good pace, supported by favorable portfolio development with strong new sales and high client retention. Positive organic sales growth was seen in almost all units with main contribution from the five geographical regions. Sales within security solutions and electronic security continued to grow at a good speed. The comparative was supported by strong extra sales in the second quarter last year.

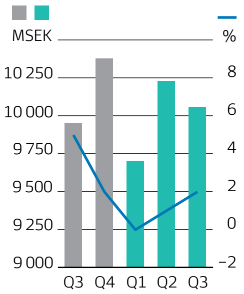
The operating margin was 5.9 percent (5.7), an improvement deriving from good growth of security solutions and electronic security sales, reduced payroll taxes and lower cost of risk. The strong topline giving leverage to the cost base also contributed.

The Swedish krona exchange rate weakened slightly against the US dollar, which had a positive effect on operating income in Swedish kronor. The real change was 9 percent in the first nine months.

The client retention rate was 91 percent (94). The employee turnover rate in the business segment was 75 percent (71).

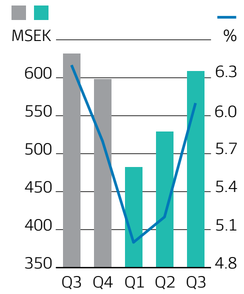
Development in the Group's business segments

Quarterly sales development



2016
2017
Organic sales growth, %

Quarterly operating income development



2016
2017
Operating margin, %

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, %*			9M	*Change, %*		Full year
MSEK	**Q3 2017**	**Q3 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**
Total sales	**10 059**	**9 952**	**1**	**3**	**29 989**	**29 316**	**2**	**2**	**39 694**
Organic sales growth, %	*2*	*5*			*1*	*7*			*6*
Share of Group sales, %	*44*	*45*			*44*	*45*			*45*
Operating income before amortization	**609**	**632**	**-4**	**-2**	**1 620**	**1 685**	**-4**	**-5**	**2 283**
Operating margin, %	*6.1*	*6.4*			*5.4*	*5.7*			*5.8*
Share of Group operating income, %	*50*	*51*			*47*	*51*			*50*

July–September 2017

Organic sales growth was 2 percent (5), mainly driven by Germany and Turkey. The comparative included high refugee-related extra sales and the sales from the two large customer contracts in the UK and Sweden that later were terminated. The quarter reflected a gradual recovery of the portfolio business.

The operating margin was 6.1 percent (6.4). The business segment still experienced negative leverage in a few countries, while the operational overcapacity was largely adjusted by the end of the third quarter. The operating margin was negatively impacted by reduced client retention and by continued investments in the Vision 2020 strategy.

The Swedish krona exchange rate strengthened against foreign currencies, which had a negative effect on operating income in Swedish kronor. The real change was –2 percent in the third quarter.

January–September 2017

Organic sales growth was 1 percent (7). Germany and Turkey were key contributors to organic sales growth, however the 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.

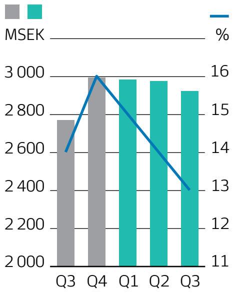
The operating margin was 5.4 percent (5.7), a decline explained by the higher costs and overcapacity in a few countries where extra sales ramped up to extraordinarily high levels in 2016. The operating margin was also negatively impacted by reduced client retention causing higher turnover in the contract 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 –5 percent in the first nine months.

The client retention rate was 89 percent (92). The employee turnover rate was 30 percent (28).

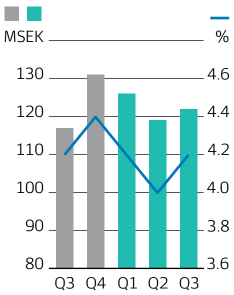
Development in the Group's business segments

Quarterly sales development



2016
2017
Organic sales growth, %

Quarterly operating income development



2016
2017
Operating margin, %

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, %*			9M	*Change, %*		Full year
MSEK	**Q3 2017**	**Q3 2016**	***Total***	***Real***	**2017**	**2016**	***Total***	***Real***	**2016**
Total sales	**2 923**	**2 770**	**6**	**13**	**8 885**	**7 812**	**14**	**14**	**10 805**
Organic sales growth, %	*13*	*14*			*14*	*13*			*14*
Share of Group sales, %	*13*	*12*			*13*	*12*			*12*
Operating income before amortization	**122**	**117**	**4**	**13**	**367**	**342**	**7**	**8**	**473**
Operating margin, %	*4.2*	*4.2*			*4.1*	*4.4*			*4.4*
Share of Group operating income, %	*10*	*10*			*11*	*10*			*10*

July–September 2017

Organic sales growth was 13 percent (14), driven by double digit growth in Latin America of 18 percent (20) and good growth in Spain and Portugal. The volume in the Argentinian portfolio declined towards the end of the quarter due to instability in the security market with tough competition and price pressure. Terminations and contract reductions, together with the declining inflationary trend in Argentina, will result in reduced organic sales growth in the country in the coming quarters.

The operating margin was 4.2 percent (4.2) with positive impact from a good development in Spain. A restructuring plan in Argentina was initiated towards the end of the quarter with restructuring costs corresponding to –0.2 percent on the business segment's operating margin, and the same level of restructuring costs is expected in the coming quarter. Peru was profitable in the quarter, however the operating margin was below last year.

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 13 percent in the third quarter.

January–September 2017

Organic sales growth was 14 percent (13), driven by Argentina, Chile, Portugal and Spain. Latin America showed organic sales growth of 20 percent (21). Organic sales growth was supported by sales within security solutions and electronic security, which increased at a good speed.

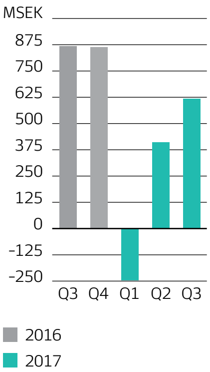
The operating margin was 4.1 percent (4.4), mainly due to negative impact from Peru which was loss-making in the first half year. Spain supported the operating margin in the business segment. The recent development in Argentina reflects negative impact from restructuring costs.

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 8 percent in the first nine months.

The client retention rate was 91 percent (93). The employee turnover rate was 30 percent (31).

Cash flow

Quarterly free cash flow



July–September 2017
Cash flow from operating activities amounted to MSEK 799 (1 134), equivalent to 65 percent (92) of operating income before amortization.

The impact from changes in accounts receivable was MSEK -661 (-199), with a negative effect from an increase of Days of Sales Outstanding (DSO) as well as an impact from extra sales in the quarter. Changes in other operating capital employed were MSEK 272 (160).

Free cash flow was MSEK 619 (869), equivalent to 71 percent (99) of adjusted income.

Cash flow from financing activities was MSEK -1 024 (-600) due to a net decrease in borrowings.

Cash flow for the period was MSEK -462 (182).

January–September 2017
Cash flow from operating activities amounted to MSEK 2 025 (1 882), equivalent to 59 percent (57) 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 -184 (-358). The net investments include capital expenditures in equipment for solution contracts.

The impact from changes in accounts receivable was MSEK -506 (-742), with a negative effect from an increase of Days of Sales Outstanding (DSO) compared to December. Changes in other operating capital employed were MSEK -698 (-331).

Free cash flow was MSEK 783 (857), equivalent to 33 percent (36) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -285 (-3 461), of which purchase price payments accounted for MSEK -248 (-3 368), assumed net debt for MSEK 11 (-27) and acquisition related costs paid for MSEK -48 (-66). 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 -309 (2 883) due to dividend paid of MSEK -1 369 (-1 278) and a net increase in borrowings of MSEK 1 060 (4 161).

Cash flow for the period was MSEK 190 (263). The closing balance for liquid funds after translation differences of MSEK -59 was MSEK 2 546 (2 415 as of December 31, 2016).

Capital employed and financing

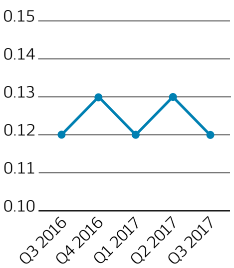
Capital employed and financing

MSEK	Sep 30, 2017
Operating capital employed	7 821
Goodwill	18 362
Acquisition related intangible assets	1 214
Shares in associated companies	406
Capital employed	**27 803**
Net debt	13 606
Shareholders' equity	14 197
Financing	**27 803**

Net debt development

MSEK	
Jan 1, 2017	**-13 431**
Free cash flow	783
Acquisitions	-285
Dividend paid	-1 369
Change in net debt	**-871**
Revaluation	-21
Translation	717
Sep 30, 2017	**-13 606**

Free cash flow/net debt



Capital employed as of September 30, 2017

The Group's operating capital employed was MSEK 7 821 (6 784 as of December 31, 2016), corresponding to 9 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 404.

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 27 803 (27 939 as of December 31, 2016). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 1 655. The return on capital employed was 17 percent (16 as of December 31, 2016).

Financing as of September 30, 2017

The Group's net debt amounted to MSEK 13 606 (13 431 as of December 31, 2016). 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 -285. Free cash flow of MSEK 783 had a positive impact on net debt as well as the translation of net debt in foreign currency to Swedish kronor of MSEK 717.

The free cash flow to net debt ratio amounted to 0.12 (0.12). The net debt to EBITDA ratio was 2.3 (2.5). The interest cover ratio amounted to 11.3 (11.8).

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 September 30, 2017, MUSD 70 was drawn. 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 14 197 (14 508 as of December 31, 2016). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 938. Refer to the statement of comprehensive income on page 15 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of September 30, 2017.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–SEPTEMBER 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)		-	-	205	167	67	86
Total acquisitions and divestitures January–September 2017				**360**	**237**	**123**	**118**
Amortization of acquisition related intangible assets						-	–183
Exchange rate differences						–1 141	–77
Closing balance						**18 362**	**1 214**

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, 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 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 –35. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 161.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 18. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 22.

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.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2016 Annual Report and to note 10 on page 24. 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.

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.

Changes in Group Management

The Board of Directors of Securitas AB has appointed Magnus Ahlqvist as the new President and CEO of Securitas AB, effective from March 2018. He will replace Alf Göransson, who has requested to leave his position after having led Securitas successfully for 11 years.

Since September 1, 2015, Magnus Ahlqvist is Divisional President of Securitas' Security Services Europe and a member of Securitas' Group Management. Magnus came to Securitas from Motorola Mobility, a Google company before it was taken over by Lenovo, where he was Corporate Vice President of EMEA and India in Motorola. Before that, he worked 12 years for Sony Ericsson and Sony Mobile Communications. His assignments were, among others, President of Sony Mobile Communications in China for three years, Vice President and General Manager Spain & Portugal and Telefónica and General Manager in Canada. Magnus Ahlqvist, 43 years old, holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics, and a leadership exam from Harvard Business School.

Alf Göransson will continue his position as President and CEO of Securitas until March 2018. He will then during two years be an advisor to Securitas' new President and CEO and will in this role among other things support in some customer relations activities, acquisition related matters and industry specific topics. Alf Göransson will leave Securitas' Board of Directors at the same time as he resigns as President and CEO of Securitas.

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 three-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–September 2017

The Parent Company's income amounted to MSEK 672 (651) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 525 (1 790). Income before taxes amounted to MSEK 2 346 (2 219).

As of September 30, 2017

The Parent Company's non-current assets amounted to MSEK 42 855 (42 499 as of December 31, 2016) and mainly comprise shares in subsidiaries of MSEK 41 188 (40 948 as of December 31, 2016). Current assets amounted to MSEK 6 411 (6 770 as of December 31, 2016) of which liquid funds accounted for MSEK 1 471 (1 225 as of December 31, 2016).

Shareholders' equity amounted to MSEK 27 682 (26 698 as of December 31, 2016). 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 21 584 (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 25.

Annual General Meeting 2018

Securitas' Annual General Meeting will be held on Wednesday, May 2, 2018 at 4.00 p.m. (CET) at Hilton Stockholm Slussen, Guldgränd 8 in Stockholm.

Stockholm, October 22, 2017

Alf Göransson
President and Chief Executive Officer

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

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Sales	22 534.2	21 461.9	67 567.6	62 304.2	85 026.0
Sales, acquired business	116.7	853.5	605.0	2 142.5	3 136.4
Total sales	**22 650.9**	**22 315.4**	**68 172.6**	**64 446.7**	**88 162.4**
Organic sales growth, % [2]	5	7	4	8	7
Production expenses	–18 655.6	–18 376.0	–56 243.8	–53 210.3	–72 686.8
Gross income	**3 995.3**	**3 939.4**	**11 928.8**	**11 236.4**	**15 475.6**
Selling and administrative expenses	–2 778.8	–2 723.9	–8 550.4	–7 959.0	–10 970.8
Other operating income [4]	6.3	5.2	17.9	14.9	20.5
Share in income of associated companies	7.0	9.4	16.2	20.7	28.2
Operating income before amortization	**1 229.8**	**1 230.1**	**3 412.5**	**3 313.0**	**4 553.5**
Operating margin, %	5.4	5.5	5.0	5.1	5.2
Amortization of acquisition related intangible assets	–58.9	–65.9	–182.9	–200.9	–287.7
Acquisition related costs [5]	–7.3	–25.6	–19.7	–66.3	–112.6
Operating income after amortization	**1 163.6**	**1 138.6**	**3 209.9**	**3 045.8**	**4 153.2**
Financial income and expenses [6]	–86.2	–101.9	–282.2	–283.5	–389.6
Income before taxes	**1 077.4**	**1 036.7**	**2 927.7**	**2 762.3**	**3 763.6**
Net margin, %	4.8	4.6	4.3	4.3	4.3
Current taxes	–266.6	–248.8	–734.7	–662.9	–882.3
Deferred taxes	–31.2	–59.2	–99.7	–157.5	–235.4
Net income for the period	**779.6**	**728.7**	**2 093.3**	**1 941.9**	**2 645.9**
Whereof attributable to:					
Equity holders of the Parent Company	779.9	729.1	2 092.8	1 940.9	2 642.0
Non-controlling interests	–0.3	–0.4	0.5	1.0	3.9
Earnings per share before and after dilution (SEK)	2.14	2.00	5.73	5.32	7.24

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Net income for the period	**779.6**	**728.7**	**2 093.3**	**1 941.9**	**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	11.0	38.0	71.6	–109.6	–11.8
Total items that will not be reclassified to the statement of income [7]	**11.0**	**38.0**	**71.6**	**–109.6**	**–11.8**
Items that subsequently may be reclassified to the statement of income					
Cash flow hedges net of tax	5.0	–5.7	–16.5	14.3	17.6
Net investment hedges net of tax	147.4	–65.9	197.2	–214.0	–253.4
Other comprehensive income from associated companies, translation differences	–17.4	8.8	–33.2	7.7	22.1
Translation differences	–651.1	326.7	–1 102.4	540.3	850.8
Total items that subsequently may be reclassified to the statement of income [7]	**–516.1**	**263.9**	**–954.9**	**348.3**	**637.1**
Other comprehensive income for the period [7]	**–505.1**	**301.9**	**–883.3**	**238.7**	**625.3**
Total comprehensive income for the period	**274.5**	**1 030.6**	**1 210.0**	**2 180.6**	**3 271.2**
Whereof attributable to:					
Equity holders of the Parent Company	276.3	1 030.1	1 211.1	2 177.9	3 264.6
Non-controlling interests	–1.8	0.5	–1.1	2.7	6.6

Notes 2–7 refer to pages 21–24.

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STATEMENT OF CASH FLOW

Operating cash flow MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Operating income before amortization	**1 229.8**	**1 230.1**	**3 412.5**	**3 313.0**	**4 553.5**
Investments in non-current tangible and intangible assets	–374.3	–382.5	–1 189.3	–1 249.7	–1 658.3
Reversal of depreciation	332.0	325.8	1 005.6	892.1	1 229.0
Change in accounts receivable	–661.1	–199.2	–505.8	–742.4	–1 039.3
Change in other operating capital employed	272.4	160.2	–698.3	–331.1	–45.8
Cash flow from operating activities	**798.8**	**1 134.4**	**2 024.7**	**1 881.9**	**3 039.1**
Cash flow from operating activities, %	65	92	59	57	67
Financial income and expenses paid	–39.7	–38.0	–385.4	–268.0	–301.4
Current taxes paid	–140.6	–227.6	–855.9	–757.3	–1 016.7
Free cash flow	**618.5**	**868.8**	**783.4**	**856.6**	**1 721.0**
Free cash flow, %	71	99	33	36	52
Cash flow from investing activities, acquisitions and divestitures	–56.9	–80.7	–285.1	–3 461.3	–3 566.5
Cash flow from items affecting comparability [8)]	-	–6.5	-	–15.3	–16.7
Cash flow from financing activities	–1 023.5	–599.8	–308.7	2 882.7	2 145.8
Cash flow for the period	**–461.9**	**181.8**	**189.6**	**262.7**	**283.6**

Cash flow MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Cash flow from operations	987.1	1 217.2	1 924.3	2 024.8	3 292.5
Cash flow from investing activities	–425.5	–435.6	–1 426.0	–4 644.8	–5 154.7
Cash flow from financing activities	–1 023.5	–599.8	–308.7	2 882.7	2 145.8
Cash flow for the period	**–461.9**	**181.8**	**189.6**	**262.7**	**283.6**

Change in net debt MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Opening balance	**–14 539.3**	**–14 578.3**	**–13 431.3**	**–9 862.7**	**–9 862.7**
Cash flow for the period	–461.9	181.8	189.6	262.7	283.6
Change in loans	1 023.5	599.8	–1 060.3	–4 160.4	–3 423.5
Change in net debt before revaluation and translation differences	**561.6**	**781.6**	**–870.7**	**–3 897.7**	**–3 139.9**
Revaluation of financial instruments [6)]	7.9	–6.3	–21.3	18.9	22.6
Translation differences	363.8	–142.8	717.3	–204.3	–451.3
Change in net debt	**933.3**	**632.5**	**–174.7**	**–4 083.1**	**–3 568.6**
Closing balance	**–13 606.0**	**–13 945.8**	**–13 606.0**	**–13 945.8**	**–13 431.3**

Notes 6 and 8 refer to pages 23–24.

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CAPITAL EMPLOYED AND FINANCING

MSEK	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Operating capital employed	**7 820.8**	**6 487.5**	**6 784.0**
Operating capital employed as % of sales	*9*	*7*	*8*
Return on operating capital employed, %	*64*	*80*	*80*
Goodwill	18 361.9	18 959.0	19 379.6
Acquisition related intangible assets	1 213.7	1 398.8	1 356.1
Shares in associated companies	406.1	396.0	419.5
Capital employed	**27 802.5**	**27 241.3**	**27 939.2**
Return on capital employed, %	*17*	*16*	*16*
Net debt	**–13 606.0**	**–13 945.8**	**–13 431.3**
Shareholders' equity	**14 196.5**	**13 295.5**	**14 507.9**
Net debt equity ratio, multiple	*0.96*	*1.05*	*0.93*

BALANCE SHEET

MSEK	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS			
Non-current assets			
Goodwill	18 361.9	18 959.0	19 379.6
Acquisition related intangible assets	1 213.7	1 398.8	1 356.1
Other intangible assets	607.6	489.0	526.9
Tangible non-current assets	3 343.5	3 250.3	3 337.8
Shares in associated companies	406.1	396.0	419.5
Non-interest-bearing financial non-current assets	1 983.2	2 159.2	2 117.0
Interest-bearing financial non-current assets	423.0	429.8	411.7
Total non-current assets	**26 339.0**	**27 082.1**	**27 548.6**
Current assets			
Non-interest-bearing current assets	18 402.0	17 653.4	18 249.0
Other interest-bearing current assets	139.8	108.2	189.2
Liquid funds	2 546.2	2 391.7	2 414.5
Total current assets	**21 088.0**	**20 153.3**	**20 852.7**
TOTAL ASSETS	**47 427.0**	**47 235.4**	**48 401.3**

MSEK	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	14 178.7	13 274.8	14 487.2
Non-controlling interests	17.8	20.7	20.7
Total shareholders' equity	**14 196.5**	**13 295.5**	**14 507.9**
Equity ratio, %	*30*	*28*	*30*
Long-term liabilities			
Non-interest-bearing long-term liabilities	232.0	260.7	258.1
Interest-bearing long-term liabilities	13 056.8	12 738.6	12 806.9
Non-interest-bearing provisions	3 006.4	3 240.5	3 166.0
Total long-term liabilities	**16 295.2**	**16 239.8**	**16 231.0**
Current liabilities			
Non-interest-bearing current liabilities and provisions	13 277.1	13 563.2	14 022.6
Interest-bearing current liabilities	3 658.2	4 136.9	3 639.8
Total current liabilities	**16 935.3**	**17 700.1**	**17 662.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47 427.0**	**47 235.4**	**48 401.3**

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CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 30, 2017			Sep 30, 2016			Dec 31, 2016		
	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
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	1 211.1	–1.1	1 210.0	2 177.9	2.7	2 180.6	3 264.6	6.6	3 271.2
Transactions with non-controlling interests	–1.0	–1.8	–2.8	–18.8	–2.3	–21.1	–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	–1 369.0	–	–1 369.0	–1 277.7	-	–1 277.7	–1 277.7	-	–1 277.7
Closing balance September 30/December 31, 2017/2016	**14 178.7**	**17.8**	**14 196.5**	**13 274.8**	**20.7**	**13 295.5**	**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	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Share price, end of period	136.40	143.80	136.40	143.80	143.40
Earnings per share before and after dilution [1, 2]	2.14	2.00	5.73	5.32	7.24
Dividend	-	-	-	-	3.75
P/E-ratio after dilution	-	-	-	-	20
Share capital (SEK)	365 058 897	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	365 058 897
Average number of shares outstanding [1]	365 058 897	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.

Segment overview July–September 2017 and 2016

JULY–SEPTEMBER 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 322	10 059	2 922	348	-	22 651
Sales, intra-group	0	0	1	1	–2	-
Total sales	**9 322**	**10 059**	**2 923**	**349**	**–2**	**22 651**
Organic sales growth, %	6	2	13	-	-	5
Operating income before amortization	**574**	**609**	**122**	**–75**	**-**	**1 230**
of which share in income of associated companies	1	-	-	6	-	7
Operating margin, %	6.2	6.1	4.2	-	-	5.4
Amortization of acquisition related intangible assets	–13	–35	–7	–4	-	–59
Acquisition related costs	0	–4	–1	–2	-	–7
Operating income after amortization	**561**	**570**	**114**	**–81**	**-**	**1 164**
Financial income and expenses	-	-	-	-	-	–86
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 078**

JULY–SEPTEMBER 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	9 260	9 952	2 770	334	-	22 316
Sales, intra-group	0	0	-	0	0	-
Total sales	**9 260**	**9 952**	**2 770**	**334**	**0**	**22 316**
Organic sales growth, %	6	5	14	-	-	7
Operating income before amortization	**551**	**632**	**117**	**–70**	**-**	**1 230**
of which share in income of associated companies	4	-	-	6	-	10
Operating margin, %	6.0	6.4	4.2	-	-	5.5
Amortization of acquisition related intangible assets	–14	–36	–11	–5	-	–66
Acquisition related costs	–23	–1	0	–1	-	–25
Operating income after amortization	**514**	**595**	**106**	**–76**	**-**	**1 139**
Financial income and expenses	-	-	-	-	-	–103
Income before taxes	**-**	**-**	**-**	**-**	**-**	**1 036**

Segment overview January–September 2017 and 2016

JANUARY–SEPTEMBER 2017

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	28 267	29 989	8 884	1 033	-	68 173
Sales, intra-group	1	0	1	1	–3	-
Total sales	**28 268**	**29 989**	**8 885**	**1 034**	**–3**	**68 173**
Organic sales growth, %	*5*	*1*	*14*	*-*	*-*	*4*
Operating income before amortization	**1 658**	**1 620**	**367**	**–232**	**-**	**3 413**
of which share in income of associated companies	*–6*	*2*	*-*	*20*	*-*	*16*
Operating margin, %	*5.9*	*5.4*	*4.1*	*-*	*-*	*5.0*
Amortization of acquisition related intangible assets	–38	–104	–28	–13	-	–183
Acquisition related costs	–6	–11	–1	–2	-	–20
Operating income after amortization	**1 614**	**1 505**	**338**	**–247**	**-**	**3 210**
Financial income and expenses	-	-	-	-	-	–282
Income before taxes	**-**	**-**	**-**	**-**	**-**	**2 928**

JANUARY–SEPTEMBER 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	26 357	29 316	7 812	962	-	64 447
Sales, intra-group	1	0	-	0	–1	-
Total sales	**26 358**	**29 316**	**7 812**	**962**	**–1**	**64 447**
Organic sales growth, %	*6*	*7*	*13*	*-*	*-*	*8*
Operating income before amortization	**1 503**	**1 685**	**342**	**–217**	**-**	**3 313**
of which share in income of associated companies	*7*	*-*	*-*	*14*	*-*	*21*
Operating margin, %	*5.7*	*5.7*	*4.4*	*-*	*-*	*5.1*
Amortization of acquisition related intangible assets	–38	–109	–41	–13	-	–201
Acquisition related costs	–52	–13	0	–1	-	–66
Operating income after amortization	**1 413**	**1 563**	**301**	**–231**	**-**	**3 046**
Financial income and expenses	-	-	-	-	-	–284
Income before taxes	**-**	**-**	**-**	**-**	**-**	**2 762**

Notes

NOTE 1 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report comprises pages 1–25 and pages 1–14 are thus an integrated part of this financial report.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this 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.

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 preliminary assessment of hedge accounting under IFRS 9 is that there will be no 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 loss model. Our preliminary assessment is that this model for impairment testing will have only a limited impact on the financial statements.

Regarding IFRS 15 Revenue from Contracts with Customers, our current assessment is that Securitas' transition to IFRS 15 will be based on a full retrospective application. 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. Our preliminary assessment is that the effect on the income statement will be a minor improvement of operating result. The effect of restating the balance sheet will be an increase of assets 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.

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	Jul–Sep 2017	Jul–Sep 2016	Jul–Sep %	Jan–Sep 2017	Jan–Sep 2016	Jan–Sep %
Total sales	**22 651**	**22 316**	**2**	**68 173**	**64 447**	**6**
Currency change from 2016	961	-		–518	-	
Currency adjusted sales growth	**23 612**	**22 316**	**6**	**67 655**	**64 447**	**5**
Acquisitions/divestitures	–117	–1		–605	–4	
Organic sales growth	**23 495**	**22 315**	**5**	**67 050**	**64 443**	**4**
Operating income before amortization	**1 230**	**1 230**	**0**	**3 413**	**3 313**	**3**
Currency change from 2016	53	-		–30	-	
Currency adjusted operating income before amortization	**1 283**	**1 230**	**4**	**3 383**	**3 313**	**2**
Operating income after amortization	**1 164**	**1 139**	**2**	**3 210**	**3 046**	**5**
Currency change from 2016	52	-		–27	-	
Currency adjusted operating income after amortization	**1 216**	**1 139**	**7**	**3 183**	**3 046**	**4**
Income before taxes	**1 078**	**1 036**	**4**	**2 928**	**2 762**	**6**
Currency change from 2016	42	-		–30	-	
Currency adjusted income before taxes	**1 120**	**1 036**	**8**	**2 898**	**2 762**	**5**
Net income for the period	**780**	**729**	**7**	**2 093**	**1 942**	**8**
Currency change from 2016	29	-		–21	-	
Currency adjusted net income for the period	**809**	**729**	**11**	**2 072**	**1 942**	**7**
Net income attributable to equity holders of the Parent Company	**780**	**729**	**7**	**2 093**	**1 941**	**8**
Currency change from 2016	29	-		–21	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**809**	**729**	**11**	**2 072**	**1 941**	**7**
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share	**2.22**	**2.00**	**11**	**5.68**	**5.32**	**7**

Notes

NOTE 3 DEFINITIONS AND CALCULATION OF KEY RATIOS

The calculations below relate to the period January–September 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: (4 653.0+48.7)/417.6=11.3

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: 783.4/(3 412.5-282.2+0.2-734.7)=33%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 1 647.8/13 606.0=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: 13 606.0/(4 317.3 + 269.7 + 1 342.5) = 2.3

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: 7 820.8/90 874.7=9%

Return on operating capital employed
Operating income before amortization (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: 4 653.0/((7 820.8+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: 4 653.0/27 802.5=17%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 13 606.0 / 14 196.5 = 0.96

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	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Restructuring and integration costs	–1.8	–21.5	–2.0	–29.6	–64.8
Transaction costs	–3.7	–3.1	–13.8	–33.4	–43.4
Revaluation of deferred considerations	–1.8	–1.0	–3.9	–3.3	–4.4
Total acquisition related costs	**–7.3**	**–25.6**	**–19.7**	**–66.3**	**–112.6**

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

Notes

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	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Recognized in the statement of income					
Revaluation of financial instruments	1.4	0.9	–0.2	0.5	0.1
Deferred tax	-	–0.2	-	–0.1	0.0
Impact on net income	**1.4**	**0.7**	**–0.2**	**0.4**	**0.1**
Recognized in the statement of comprehensive income					
Cash flow hedges	6.5	–7.2	–21.1	18.4	22.5
Deferred tax	–1.5	1.5	4.6	–4.1	–4.9
Cash flow hedges net of tax	**5.0**	**–5.7**	**–16.5**	**14.3**	**17.6**
Total revaluation before tax	7.9	–6.3	–21.3	18.9	22.6
Total deferred tax	–1.5	1.3	4.6	–4.2	–4.9
Total revaluation after tax	**6.4**	**–5.0**	**–16.7**	**14.7**	**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
September 30, 2017				
Financial assets at fair value through profit or loss	-	7.9	-	**7.9**
Financial liabilities at fair value through profit or loss	-	–133.1	–160.7	**–293.8**
Derivatives designated for hedging with positive fair value	-	400.0	-	**400.0**
Derivatives designated for hedging with negative fair value	-	–122.1	-	**–122.1**
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.

	Sep 30, 2017		Dec 31, 2016	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	2 881.8	2 905.3	3 348.6	3 360.6
Long-term loan liabilities	10 160.4	10 438.7	9 777.5	10 046.2
Total financial instruments by category	**13 042.2**	**13 344.0**	**13 126.1**	**13 406.8**

Summary of credit facilities as of September 30, 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	480	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

Notes

NOTE 7 DEFERRED TAX ON OTHER COMPREHENSIVE INCOME

MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Deferred tax on remeasurements of defined benefit pension plans	–3.6	–21.4	–30.0	40.9	–9.2
Deferred tax on cash flow hedges	–1.5	1.5	4.6	–4.1	–4.9
Deferred tax on net investment hedges	–41.5	18.5	–55.6	60.3	71.4
Total deferred tax on other comprehensive income	**–46.6**	**–1.4**	**–81.0**	**97.1**	**57.3**

NOTE 8 CASH FLOW FROM ITEMS AFFECTING COMPARABILITY

MSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Restructuring payments	-	–0.2	-	–5.3	–6.4
Spain – overtime compensation	-	0.0	-	–0.2	–0.2
Germany – premises	-	–6.3	-	–9.8	–10.1
Total cash flow from items affecting comparability	**-**	**–6.5**	**-**	**–15.3**	**–16.7**

NOTE 9 PLEDGED ASSETS

MSEK	Sep 30. 2017	Sep 30. 2016	Dec 31. 2016
Pension balances, defined contribution plans	122.9	115.4	117.0
Finance leases	172.2	204.0	207.2
Total pledged assets	**295.1**	**319.4**	**324.2**

NOTE 10 CONTINGENT LIABILITIES

MSEK	Sep 30. 2017	Sep 30. 2016	Dec 31. 2016
Guarantees	24.3	21.6	22.8
Guarantees related to discontinued operations	15.1	15.7	15.6
Total contingent liabilities	**39.4**	**37.3**	**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.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Sep 2017	Jan–Sep 2016
License fees and other income	671.6	650.6
Gross income	**671.6**	**650.6**
Administrative expenses	–462.6	–449.4
Operating income	**209.0**	**201.2**
Financial income and expenses	1 525.1	1 790.4
Income after financial items	**1 734.1**	**1 991.6**
Appropriations	611.9	226.9
Income before taxes	**2 346.0**	**2 218.5**
Taxes	53.8	–79.7
Net income for the period	**2 399.8**	**2 138.8**

BALANCE SHEET

MSEK	Sep 30. 2017	Dec 31. 2016
ASSETS		
Non-current assets		
Shares in subsidiaries	41 188,4	40 947.8
Shares in associated companies	112,1	112.1
Other non-interest-bearing non-current assets	317,3	408.7
Interest-bearing financial non-current assets	1 237,2	1 029.8
Total non-current assets	**42 855,0**	**42 498.4**
Current assets		
Non-interest-bearing current assets	708,7	421.0
Other interest-bearing current assets	4 231,7	5 124.4
Liquid funds	1 471,0	1 224.8
Total current assets	**6 411,4**	**6 770.2**
TOTAL ASSETS	**49 266,4**	**49 268.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 746,9	7 746.9
Non-restricted equity	19 935,1	18 951.0
Total shareholders' equity	**27 682,0**	**26 697.9**
Untaxed reserves	**-**	**250.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	296,6	200.7
Interest-bearing long-term liabilities	12 933,3	12 648.4
Total long-term liabilities	**13 229,9**	**12 849.1**
Current liabilities		
Non-interest-bearing current liabilities	677,4	746.0
Interest-bearing current liabilities	7 677,1	8 724.7
Total current liabilities	**8 354,5**	**9 470.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**49 266,4**	**49 268.6**

Financial information

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on October 23, 2017 at **2:00 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

January 31, 2018, approx. 1.00 p.m. (CET)	Full Year Report January-December 2017
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.

This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.00 p.m. (CET) on Sunday, October 22, 2017.

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