Securitas AB

Interim Report January–March 2016

JANUARY–MARCH 2016

- **Total sales MSEK 20 614 (19 486)**
- **Organic sales growth 8 percent (5)**
- **Operating income before amortization MSEK 996 (909)**
- **Operating margin 4.8 percent (4.7)**
- **Earnings per share SEK 1.59 (1.46)**
- **Free cash flow/net debt 0.14 (0.20)**

COMMENTS FROM THE PRESIDENT AND CEO

Strong organic sales growth
Organic sales growth remained exceptionally strong also in the first quarter of the year. We estimate that we are growing faster than the security markets in the US and Europe as well as in many of the Ibero-American countries, mainly supported by our strategy of providing security solutions and electronic security. The growth was further supported by continued higher levels of security needs in Europe.

Earnings per share and operating margin improved
Earnings per share improved by 14 percent in the first quarter, adjusted for changes in exchange rates. The operating margin improved to 4.8 percent (4.7).

Continued strong growth of security solutions and electronic security sales
Sales of security solutions and electronic security were strong in the first quarter and in line with our expectations. We believe that we can continue to increase our sales of security solutions and electronic security at a high pace in the coming years and to make this a substantial part of the Group's total sales. The completed acquisition of Diebold's North American Electronic Security business on February 1, 2016 also makes a substantial contribution in accelerating our transformation of the security industry.

Alf Göransson
President and Chief Executive Officer

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FINANCIAL SUMMARY

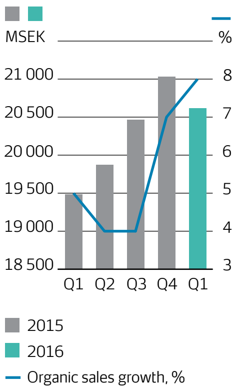
	Quarter		Change, %		Full year	Change, %
MSEK	**Q1 2016**	**Q1 2015**	***Total***	***Real***	**2015**	***Total***
Sales	**20 614**	**19 486**	**6**	***10***	**80 860**	**15**
Organic sales growth, %	*8*	*5*			*5*	
Operating income before amortization	**996**	**909**	**10**	***15***	**4 089**	***17***
Operating margin, %	*4.8*	*4.7*			*5.1*	
Amortization of acquisition related intangible assets	–66	–68			–275	
Acquisition related costs	–20	–10			–29	
Operating income after amortization	**910**	**831**	**10**	***15***	**3 785**	***17***
Financial income and expenses	–84	–75			–309	
Income before taxes	**826**	**756**	**9**	***14***	**3 476**	***19***
Net income for the period	**581**	**535**	**9**	***13***	**2 444**	***18***
Earnings per share, SEK	1.59	1.46	9	*14*	6.67	*18*
Cash flow from operating activities, %	*18*	48			83	
Free cash flow	–227	67			2 163	
Free cash flow to net debt ratio	*0.14*	*0.20*			*0.22*	

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth		Operating margin	
		Q1		**Q1**
%	**2016**	**2015**	**2016**	**2015**
Security Services North America	5	5	5.3	5.1
Security Services Europe	8	3	5.4	5.2
Security Services Ibero-America	13	11	4.6	4.7
Group	**8**	**5**	**4.8**	**4.7**

JANUARY–MARCH 2016

Group quarterly sales development

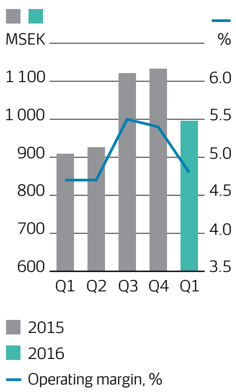


Sales development

Sales amounted to MSEK 20 614 (19 486) and organic sales growth was 8 percent (5). All business segments showed strong organic sales growth and the increase of security solutions and electronic security sales supported the development in the Group. Security Services Europe had the largest impact on organic sales growth, to a large extent driven by the higher level of security needs in a number of countries in Europe but also by a good sales growth of the contract portfolio. Organic sales growth in Security Services North America was primarily driven by the five geographical regions and the business unit critical infrastructure services. The real sales growth in the business segment was positively impacted by the inclusion of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security) as of February 1, 2016. Organic sales growth in Security Services Ibero-America was strong, but the total sales volume in SEK was negatively impacted by the large devaluation of the Argentinian peso.

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

Group quarterly operating income development



Operating income before amortization

Operating income before amortization was MSEK 996 (909) which, adjusted for changes in exchange rates, represented a real change of 15 percent (6).

The Group's operating margin was 4.8 percent (4.7). The operating margin in Security Services North America and in Security Services Europe improved, while it declined in Security Services Ibero-America due to the devaluation of the Argentinian peso. Across all business segments the increase of higher margin sales of security solutions and electronic security had a positive impact on the operating margin. In Security Services North America, the consolidation of Securitas Electronic Security was accretive. The 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 –66 (–68).

Acquisition related costs were MSEK –20 (–10). For further information refer to note 5.

Financial income and expenses

Financial income and expenses amounted to MSEK –84 (–75).

Income before taxes

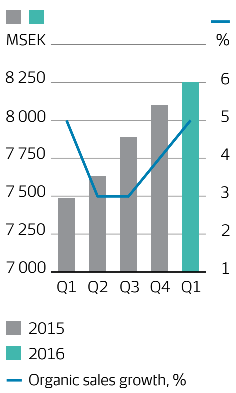
Income before taxes was MSEK 826 (756).

Taxes, net income and earnings per share

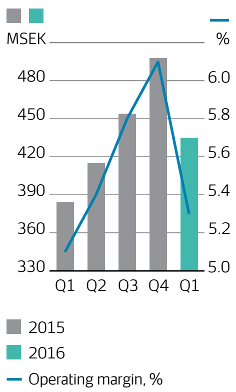
The Group's tax rate was 29.7 percent (29.2), in line with the full year rate of 2015.

Net income was MSEK 581 (535). Earnings per share amounted to SEK 1.59 (1.46).

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 640 branch managers and 108 000 employees.

	Quarter		Change, %		Full year
MSEK	**Q1 2016**	**Q1 2015**	***Total***	***Real***	**2015**
Total sales	**8 253**	**7 485**	***10***	***12***	**31 108**
Organic sales growth, %	*5*	*5*			*4*
Share of Group sales, %	*40*	*38*			*38*
Operating income before amortization	**435**	**384**	***13***	***15***	**1 751**
Operating margin, %	*5.3*	*5.1*			*5.6*
Share of Group operating income, %	*44*	*42*			*43*

January–March 2016

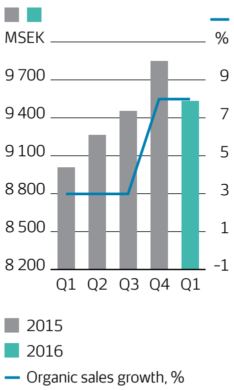
The organic sales growth was 5 percent (5), including an effect from the leap day of 1 percent. Organic sales growth remained high, in spite of strong comparatives, and was driven by continued strong new sales. Main contribution to organic sales growth derived from the five geographical regions and the specialized business unit critical infrastructure services. Also, the sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the first quarter. The positive sales development was further explained by the consolidation of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security) on February 1, 2016.

The operating margin was 5.3 percent (5.1). The improvement reflected the increase of the higher margin sales of security solutions and electronic security, where the inclusion of Securitas Electronic Security had the main positive impact on the operating margin in the first quarter.

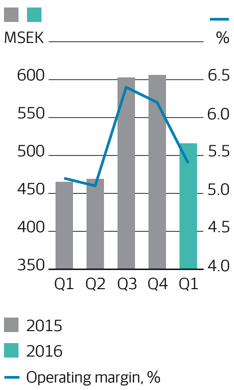
The Swedish krona exchange rate strengthened versus the US dollar which had a negative effect on the operating income in Swedish kronor. The real change was 15 percent in the first quarter.

The client retention rate was 92 percent (89). The employee turnover rate in the business segment was 69 percent (59).

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 900 branch managers and 118 000 employees.

	Quarter		*Change, %*		Full year
MSEK	**Q1 2016**	**Q1 2015**	***Total***	***Real***	**2015**
Total sales	**9 534**	**9 006**	**6**	**8**	**37 573**
Organic sales growth, %	*8*	*3*			*4*
Share of Group sales, %	*46*	*46*			*47*
Operating income before amortization	**516**	**465**	***11***	***13***	**2 143**
Operating margin, %	*5.4*	*5.2*			*5.7*
Share of Group operating income, %	*52*	*51*			*52*

January–March 2016

Organic sales growth was 8 percent (3), driven by positive net change in the contract portfolio, price increases and higher extra sales. This was reflected in a number of countries, such as Denmark, the Netherlands and Turkey, while Germany and Sweden were the main contributors to organic sales growth in the first quarter. The increased need for security services due to the refugee situation and the terror attacks represented about half of the organic sales growth, predominantly impacting the Nordic countries, Belgium, France and Germany. Sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the first quarter.

The Aviation contract concerning security control at Arlanda Stockholm airport with annual sales of MSEK 320 will be terminated in February 2017.

The operating margin was 5.4 percent (5.2). The high organic sales growth impacted the operating margin positively through leverage of the cost base.

The full year negative impact on operating result for 2016 due to the increased social costs in Sweden is estimated to MSEK -26 compared to full year 2015.

The Swedish krona exchange rate strengthened versus the euro and a number of other currencies which had a negative effect on the operating income in Swedish kronor. The real change was 13 percent in the first quarter.

The client retention rate was 91 percent (92). The employee turnover was 27 percent (26).

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 190 branch managers and 60 000 employees.

	Quarter		Change, %		Full year
MSEK	**Q1 2016**	**Q1 2015**	***Total***	***Real***	**2015**
Total sales	**2 499**	**2 669**	**-6**	**13**	**10 886**
Organic sales growth, %	*13*	*11*			*13*
Share of Group sales, %	*12*	*14*			*13*
Operating income before amortization	**114**	**125**	**-9**	**18**	**491**
Operating margin, %	*4.6*	*4.7*			*4.5*
Share of Group operating income, %	*11*	*14*			*12*

January–March 2016

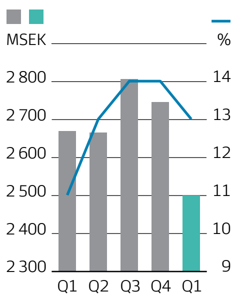
Organic sales growth was 13 percent (11). Argentina was the main contributor to the business segment's organic sales growth, however due to the devaluation of the Argentinian peso the sales volume declined when translated to Swedish kronor. Organic sales growth improved in countries such as Colombia, Peru and Portugal. Latin America showed strong organic sales growth of 24 percent (23), despite a considerable slowdown in the macro economy. The sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the first quarter.

The operating margin was 4.6 percent (4.7), a decline explained by the devaluation of the Argentinian peso as Argentina has a higher than average operating margin in the segment and the Argentinian peso devaluated substantially. Spain improved the operating margin in the first quarter.

The Swedish krona exchange rate strengthened slightly against the euro and together with the devaluation of the Argentinian peso this had a significant negative impact on the operating income in Swedish kronor. The real change in the segment was 18 percent in the first quarter.

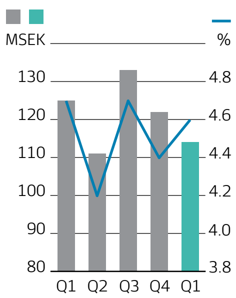
The client retention rate was 92 percent (92). The employee turnover was 31 percent (27).

Quarterly sales development



2015
2016
Organic sales growth, %

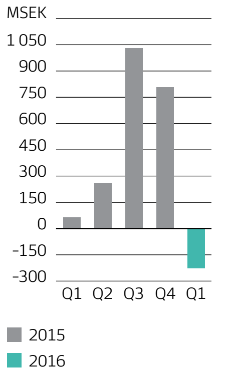
Quarterly operating income development



2015
2016
Operating margin, %

Cash flow

Quarterly free cash flow



January–March 2016

Cash flow from operating activities amounted to MSEK 175 (435), equivalent to 18 percent (48) of operating income before amortization.

Cash flow from operating activities has been impacted from net investments in non-current tangible and intangible assets, amounting to MSEK –43 (–54). The net investments include capital expenditures in equipment for solution contracts reflecting our strategy to increase the sales of security solutions and electronic security. Such investments affect the free cash flow and are depreciated over the contract duration.

The impact from changes in accounts receivable was MSEK –187 (–213). Changes in other operating capital employed were MSEK –591 (–207). Last year was positively impacted by payroll timing in the US operations.

Free cash flow was MSEK –227 (67), equivalent to –32 percent (10) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –3 200 (–90), of which purchase price payments accounted for MSEK –3 181 (–82) and acquisition related costs paid accounted for MSEK –19 (–8). The main part of the cash flow from investing activities relates 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 4 167 (–908) due to a net increase in borrowings.

Cash flow for the period was MSEK 737 (–938). The closing balance for liquid funds after translation differences of MSEK –4 was MSEK 2 804 (2 071 as of December 31, 2015).

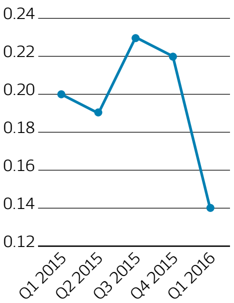
Capital employed and financing

MSEK	Mar 31, 2016
Operating capital employed	5 918
Goodwill	17 998
Acquisition related intangible assets	1 427
Shares in associated companies	359
Capital employed	**25 702**
Net debt	13 150
Shareholders' equity	12 552
Financing	**25 702**

Net debt development

MSEK	
Jan 1, 2016	**-9 863**
Free cash flow	-227
Acquisitions	-3 200
IAC payments	-3
Change in net debt	**-3 430**
Revaluation	-40
Translation	183
Mar 31, 2016	**-13 150**

Free cash flow/net debt



Capital employed as of March 31, 2016

The Group's operating capital employed was MSEK 5 918 (4 609 as of December 31, 2015), corresponding to 7 percent of sales (6 as of December 31, 2015), 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 57.

The Group's total capital employed was MSEK 25 702 (22 393 as of December 31, 2015). The increase of total capital employed is primarily related to the acquisition of the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America. The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 519. The return on capital employed was 16 percent (18 as of December 31, 2015).

Financing as of March 31, 2016

The Group's net debt amounted to MSEK 13 150 (9 863 as of December 31, 2015). The net debt has been negatively impacted mainly by cash flow from investing activities of MSEK -3 200 and free cash flow of MSEK -227. The translation of net debt in foreign currency to Swedish kronor has affected the net debt positively by MSEK 183.

The free cash flow to net debt ratio amounted to 0.14 (0.20). The interest cover ratio amounted to 13.0 (11.2).

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, originally maturing in 2020. In January 2016 the maturity was extended to 2021 and there is a possibility to extend for another year in January 2017.

In March 2016 Securitas issued a MEUR 350 bond at a coupon of 1.25 percent, which matures in March 2022. 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. The Group's liquidity position is regarded as strong.

Shareholders' equity amounted to MSEK 12 552 (12 530 as of December 31, 2015). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 336. Refer to the statement of comprehensive income on page 12 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of March 31, 2016.

ACQUISITIONS AND DIVESTITURES JANUARY–MARCH 2016 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**16 428**	**987**
Diebold's Electronic Security [6]	Security Services North America	Feb 1	-	2 820	3 110	1 985	550
Other acquisitions and divestitures [5] [6]		-	-	–17	71	–8	–3
Total acquisitions and divestitures January–March 2016				**2 803**	**3 181**	**1 977**	**547**
Amortization of acquisition related intangible assets						-	–66
Exchange rate differences						–407	–41
Closing balance						**17 998**	**1 427**

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: Sensormatic, Turkey and divestiture of ancillary business, South Africa. Related also to deferred considerations paid in Sweden, Germany, the Netherlands, Croatia, Turkey, Argentina, Uruguay, China 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 –18. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 338.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 15. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 17.

Diebold's Electronic Security – North America

As disclosed in earlier press releases, interim reports and the annual report, Securitas in October 2015 agreed to acquire the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America, which is the third largest commercial electronic security provider in North America. For more than 70 years, Diebold's North American Electronic Security business has brought together technology innovations, security expertise and quality services to become a leading provider of comprehensive electronic security solutions and services to business customers. Diebold's North American Electronic Security business has approximately 1 100 employees. In the beginning of 2016, the Regulatory authorities approved Securitas' acquisition of Diebold's North American Electronic Security business. The acquisition was finalized on February 1, 2016, from which date it was consolidated in Securitas.

ACQUISITIONS AFTER THE FIRST QUARTER

Draht+Schutz, Germany

Securitas has acquired the electronic security company Draht+Schutz in Germany. Enterprise value is estimated to MSEK 115 (MEUR 12.5). Draht+Schutz Unternehmengruppe is a full-service provider in the electronic security industry. It offers a full spectrum of consulting, design, installation and maintenance of anti-burglary and fire control systems, CCTV, access control and perimeter security systems. Draht+Schutz has national coverage in Germany and is mainly operating in the small and medium sized enterprise segment. The company has a strong focus on multi-location chain accounts and petrol stations, where they offer standardized solutions and a high degree of process automation. Draht+Schutz has 160 employees and annual sales of approximately MSEK 175 (MEUR 19). Regulatory authorities approved the acquisition on May 2, 2016, from which date it was consolidated in Securitas.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the Annual Report 2015. 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 each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 4, 2016, 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 109 in the Annual Report 2015, the Spanish tax authority has rejected certain deductions. Different matters are in different stages of being handled by the tax authority and competent courts. The Supreme Court has during the first quarter of 2016 issued its sentence regarding the years 2003–2005, some of it contradictory and some of it in line with the opinion of the lower courts. Securitas will now have to wait for the tax authority to execute a final assessment for these years based on the sentence in order to fully understand the impact. We believe any exposure to be within the amounts as disclosed in the 2015 Annual Report.

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 2015.

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. Actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming nine-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2015 and if applicable above under the heading "Other significant events", may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

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

January–March 2016

The Parent Company's income amounted to MSEK 202 (214) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 646 (1 125*). The decrease of financial income and expenses compared to last year is mainly explained by exchange rate differences. Income before taxes amounted to MSEK 957 (852*).

As of March 31, 2016

The Parent Company's non-current assets amounted to MSEK 41 593 (38 504 as of December 31, 2015) and mainly comprise shares in subsidiaries of MSEK 40 282 (37 282 as of December 31, 2015). Current assets amounted to MSEK 6 818 (5 079 as of December 31, 2015) of which liquid funds amounted to MSEK 2 265 (401 as of December 31, 2015). The increase in liquid funds is due to the receipt of dividends from Group companies and funding.

Shareholders' equity amounted to MSEK 26 581 (25 689 as of December 31, 2015). The Parent Company's liabilities and untaxed reserves amounted to MSEK 21 830 (17 894 as of December 31, 2015) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 20.

Stockholm, May 4, 2016

Alf Göransson
President and Chief Executive Officer

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

* Restated since certain exchange rate differences have been accounted for as financial income and expenses due to a change in accounting principle. Refer to note 1 Accounting principles for further information.

STATEMENT OF INCOME

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Sales	20 108.5	19 423.6	80 590.2
Sales, acquired business	505.9	62.6	269.9
Total sales	**20 614.4**	**19 486.2**	**80 860.1**
Organic sales growth, % [2)]	8	5	5
Production expenses	–17 079.6	–16 136.0	–66 743.2
Gross income	**3 534.8**	**3 350.2**	**14 116.9**
Selling and administrative expenses	–2 548.0	–2 448.4	–10 063.2
Other operating income [3)]	4.6	4.5	17.7
Share in income of associated companies [4)]	4.4	2.6	17.3
Operating income before amortization	**995.8**	**908.9**	**4 088.7**
Operating margin, %	4.8	4.7	5.1
Amortization of acquisition related intangible assets	–66.0	–68.0	–274.5
Acquisition related costs [5)]	–20.1	–9.6	–29.5
Operating income after amortization	**909.7**	**831.3**	**3 784.7**
Financial income and expenses [6)]	–83.6	–75.3	–308.3
Income before taxes	**826.1**	**756.0**	**3 476.4**
Net margin, %	4.0	3.9	4.3
Current taxes	–204.5	–189.0	–993.0
Deferred taxes	–40.9	–31.8	–39.5
Net income for the period	**580.7**	**535.2**	**2 443.9**
Whereof attributable to:			
Equity holders of the Parent Company	579.7	531.7	2 436.5
Non-controlling interests	1.0	3.5	7.4
Earnings per share before and after dilution (SEK)	1.59	1.46	6.67

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Net income for the period	**580.7**	**535.2**	**2 443.9**
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	–74.8	–8.1	80.3
Total items that will not be reclassified to the statement of income [7)]	**–74.8**	**–8.1**	**80.3**
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	–31.1	–3.2	0.8
Net investment hedges net of tax	44.3	–34.9	19.1
Translation differences	–380.8	569.3	–242.4
Total items that subsequently may be reclassified to the statement of income [7)]	**–367.6**	**531.2**	**–222.5**
Other comprehensive income for the period [7)]	**–442.4**	**523.1**	**–142.2**
Total comprehensive income for the period	**138.3**	**1 058.3**	**2 301.7**
Whereof attributable to:			
Equity holders of the Parent Company	137.3	1 053.9	2 296.8
Non-controlling interests	1.0	4.4	4.9

Notes 2–7 refer to pages 17–19.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Operating income before amortization	**995.8**	**908.9**	**4 088.7**
Investments in non-current tangible and intangible assets	–324.9	–316.1	–1 328.6
Reversal of depreciation	282.2	261.6	1 072.3
Change in accounts receivable	–187.0	–212.6	–707.0
Change in other operating capital employed	–591.5	–207.0	273.8
Cash flow from operating activities	**174.6**	**434.8**	**3 399.2**
Cash flow from operating activities, %	*18*	*48*	*83*
Financial income and expenses paid	–192.9	–203.3	–322.0
Current taxes paid	–208.5	–164.5	–914.0
Free cash flow	**–226.8**	**67.0**	**2 163.2**
Free cash flow, %	*–32*	*10*	*78*
Cash flow from investing activities, acquisitions and divestitures	–3 199.8	–90.3	–147.4
Cash flow from items affecting comparability [8)]	–3.2	–6.1	–26.9
Cash flow from financing activities	4 166.8	–908.3	–3 302.5
Cash flow for the period	**737.0**	**–937.7**	**–1 313.6**

Cash flow MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Cash flow from operations	75.7	368.5	3 430.9
Cash flow from investing activities	–3 505.5	–397.9	–1 442.0
Cash flow from financing activities	4 166.8	–908.3	–3 302.5
Cash flow for the period	**737.0**	**–937.7**	**–1 313.6**

Change in net debt MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Opening balance	**–9 862.7**	**–10 421.6**	**–10 421.6**
Cash flow for the period	737.0	–937.7	–1 313.6
Change in loans	–4 166.8	908.3	2 207.3
Change in net debt before revaluation and translation differences	**–3 429.8**	**–29.4**	**893.7**
Revaluation of financial instruments [6)]	–40.5	–2.6	0.9
Translation differences	182.6	–517.8	–335.7
Change in net debt	**–3 287.7**	**–549.8**	**558.9**
Closing balance	**–13 150.4**	**–10 971.4**	**–9 862.7**

Notes 6 and 8 refer to pages 18–19.

CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Operating capital employed	**5 918.4**	**4 646.8**	**4 608.4**
Operating capital employed as % of sales	*7*	*6*	*6*
Return on operating capital employed, %	*79*	*86*	*96*
Goodwill	17 997.8	17 010.4	16 428.4
Acquisition related intangible assets	1 427.0	1 211.0	987.3
Shares in associated companies	359.2	370.8	369.0
Capital employed	**25 702.4**	**23 239.0**	**22 393.1**
Return on capital employed, %	*16*	*16*	*18*
Net debt	**–13 150.4**	**–10 971.4**	**–9 862.7**
Shareholders' equity	**12 552.0**	**12 267.6**	**12 530.4**
Net debt equity ratio, multiple	*1.05*	*0.89*	*0.79*

BALANCE SHEET

MSEK	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Goodwill	17 997.8	17 010.4	16 428.4
Acquisition related intangible assets	1 427.0	1 211.0	987.3
Other intangible assets	481.1	410.9	455.5
Tangible non-current assets	2 754.9	2 638.6	2 721.1
Shares in associated companies	359.2	370.8	369.0
Non-interest-bearing financial non-current assets	2 160.2	2 139.6	2 072.9
Interest-bearing financial non-current assets	368.6	390.6	343.8
Total non-current assets	**25 548.8**	**24 171.9**	**23 378.0**
Current assets			
Non-interest-bearing current assets	16 568.5	15 590.4	14 924.6
Other interest-bearing current assets	176.9	287.8	287.6
Liquid funds	2 804.4	2 525.0	2 071.2
Total current assets	**19 549.8**	**18 403.2**	**17 283.4**
TOTAL ASSETS	**45 098.6**	**42 575.1**	**40 661.4**

MSEK	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company	12 530.7	12 245.1	12 510.1
Non-controlling interests	21.3	22.5	20.3
Total shareholders' equity	**12 552.0**	**12 267.6**	**12 530.4**
Equity ratio, %	*28*	*29*	*31*
Long-term liabilities			
Non-interest-bearing long-term liabilities	264.2	512.4	311.9
Interest-bearing long-term liabilities	12 132.6	11 653.0	12 129.0
Non-interest-bearing provisions	3 134.3	3 101.9	3 028.6
Total long-term liabilities	**15 531.1**	**15 267.3**	**15 469.5**
Current liabilities			
Non-interest-bearing current liabilities and provisions	12 647.8	12 518.4	12 225.2
Interest-bearing current liabilities	4 367.7	2 521.8	436.3
Total current liabilities	**17 015.5**	**15 040.2**	**12 661.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**45 098.6**	**42 575.1**	**40 661.4**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2016 Attributable to equity holders of the Parent Company	Mar 31, 2016 Non-controlling interests	Mar 31, 2016 Total	Mar 31, 2015 Attributable to equity holders of the Parent Company	Mar 31, 2015 Non-controlling interests	Mar 31, 2015 Total	Dec 31, 2015 Attributable to equity holders of the Parent Company	Dec 31, 2015 Non-controlling interests	Dec 31, 2015 Total
Opening balance January 1, 2016/2015	**12 510.1**	**20.3**	**12 530.4**	**11 280.3**	**18.9**	**11 299.2**	**11 280.3**	**18.9**	**11 299.2**
Total comprehensive income for the period	137.3	1.0	138.3	1 053.9	4.4	1 058.3	2 296.8	4.9	2 301.7
Transactions with non-controlling interests	-	-	-	-	–0.8	–0.8	-	–3.5	–3.5
Share based incentive scheme	–116.7	-	–116.7[1]	–89.1	-	–89.1	28.2	-	28.2
Dividend paid to the shareholders of the Parent Company	-	-	-	-	-	-	–1 095.2	-	–1 095.2
Closing balance March 31/December 31, 2016/2015	**12 530.7**	**21.3**	**12 552.0**	**12 245.1**	**22.5**	**12 267.6**	**12 510.1**	**20.3**	**12 530.4**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –117.7, hedging the share portion of Securitas share based incentive scheme 2015, and adjustment to grant date value of non-vested shares of MSEK 1.0, related to Securitas share based incentive scheme 2014.

DATA PER SHARE

SEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Share price, end of period	134.50	123.70	130.00
Earnings per share before and after dilution [1, 2]	1.59	1.46	6.67
Dividend	-	-	3.50[3]
P/E-ratio after dilution	-	-	19
Share capital (SEK)	365 058 897	365 058 897	365 058 897
Number of shares outstanding [1]	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [1]	365 058 897	365 058 897	365 058 897

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

JANUARY–MARCH 2016

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	8 253	9 534	2 499	328	-	20 614
Sales, intra-group	0	-	-	1	–1	-
Total sales	**8 253**	**9 534**	**2 499**	**329**	**–1**	**20 614**
Organic sales growth, %	*5*	*8*	*13*	-	-	*8*
Operating income before amortization	**435**	**516**	**114**	**–69**	**-**	**996**
of which share in income of associated companies	*1*	-	-	3	-	4
Operating margin, %	5.3	5.4	4.6	-	-	4.8
Amortization of acquisition related intangible assets	–11	–36	–15	–4	-	–66
Acquisition related costs	–19	–1	-	0	-	–20
Operating income after amortization	**405**	**479**	**99**	**–73**	**-**	**910**
Financial income and expenses	-	-	-	-	-	–84
Income before taxes	**-**	**-**	**-**	**-**	**-**	**826**

JANUARY–MARCH 2015

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	7 483	9 006	2 669	328	-	19 486
Sales, intra-group	2	0	-	0	–2	-
Total sales	**7 485**	**9 006**	**2 669**	**328**	**–2**	**19 486**
Organic sales growth, %	*5*	*3*	11	-	-	5
Operating income before amortization	**384**	**465**	**125**	**–65**	**-**	**909**
of which share in income of associated companies	*–1*	*1*	-	3	-	3
Operating margin, %	5.1	5.2	4.7	-	-	4.7
Amortization of acquisition related intangible assets	–7	–39	–18	–4	-	–68
Acquisition related costs	-	–10	0	-	-	–10
Operating income after amortization	**377**	**416**	**107**	**–69**	**-**	**831**
Financial income and expenses	-	-	-	-	-	–75
Income before taxes	**-**	**-**	**-**	**-**	**-**	**756**

Note 1 Accounting principles
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

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 2015. 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 115 in the Annual Report for 2015.

Effect of amended and revised IFRS that are effective as of 2016
None of the published standards and interpretations that are mandatory for the Group's financial year 2016 are assessed to have any impact on the Group's financial statements.

Amendment of RFR 2 IAS 21 as of 2016
The Swedish Financial Reporting Board has amended the standard RFR 2 Accounting for Legal Entities. The amendment is related to IAS 21 and states that exchange rate differences arising on a monetary item that forms part of the Parent Company's net investment in a foreign subsidiary should be accounted for in the Parent Company's statement of income. Before the amendment came into force, RFR 2 stated that these exchange rate differences should be accounted for in other comprehensive income, which was not in line with IAS 21 paragraph 32. The amendment applies to financial years beginning on or after January 1, 2016.

The amendment affects financial income and expenses in the Parent Company's statement of income. It also affects translation reserve in the Parent Company's equity, as the exchange rate differences no longer will be accounted for on this line. The comparative year 2015 in the Parent Company's financial statements has been restated to reflect this amendment.

The amendment has no effect on the Group's financial statements where these exchange rate differences, as previously, are recorded in the translation reserve in equity.

Note 2 Organic sales growth
The calculation of organic sales growth (and the specification of currency changes on operating income and income before taxes) is specified below:

MSEK	Jan–Mar 2016	Jan–Mar 2015	*Jan–Mar %*
Total sales	**20 614**	**19 486**	**6**
Acquisitions/divestitures	–506	–24	
Currency change from 2015	878	-	
Organic sales	**20 986**	**19 462**	**8**
Operating income	**996**	**909**	**10**
Currency change from 2015	49	-	
Currency adjusted operating income	**1 045**	**909**	**15**
Income before taxes	**826**	**756**	**9**
Currency change from 2015	37	-	
Currency adjusted income before taxes	**863**	**756**	**14**

Note 3 Other operating income
Other operating income consists in its entirety of trade mark fees from Securitas Direct AB.

Note 4 Share in income of associated companies
Securitas recognizes share in income of associated companies depending on the purpose of the investment.
· Associated companies that have been acquired to contribute to the operations (operational) are included in operating income before amortization.
· Associated companies that have been acquired as part of the financing of the Group (financial investments) are included in income before taxes as a separate line within the finance net. Currently, Securitas has no associated companies recognized as financial investments.

Note 5 Acquisition related costs

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Restructuring and integration costs	0.0	–7.9	–17.7
Transaction costs	–19.1	–0.5	–16.4
Revaluation of deferred considerations	–1.0	–1.2	4.6
Total acquisition related costs	**–20.1**	**–9.6**	**–29.5**

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

Note 6 Financial instruments and credit facilities

Revaluation of financial instruments
Revaluation of financial instruments is recognized in the statement of income on the line financial income and expenses. Revaluation of cash flow hedges (and the subsequent recycling into the statement of income) is recognized in other comprehensive income on the line cash flow hedges. The amount disclosed in the specification of change in net debt is the total revaluation before tax in the table below.

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Recognized in the statement of income			
Revaluation of financial instruments	–0.7	1.5	–0.1
Deferred tax	0.1	–0.3	0.0
Impact on net income	**–0.6**	**1.2**	**–0.1**
Recognized in the statement of comprehensive income			
Cash flow hedges	–39.8	–4.1	1.0
Deferred tax	8.7	0.9	–0.2
Cash flow hedges net of tax	**–31.1**	**–3.2**	**0.8**
Total revaluation before tax	–40.5	–2.6	0.9
Total deferred tax	8.8	0.6	–0.2
Total revaluation after tax	**–31.7**	**–2.0**	**0.7**

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 2015. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2015.

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
March 31, 2016				
Financial assets at fair value through profit or loss	-	70.9	-	**70.9**
Financial liabilities at fair value through profit or loss	-	–3.6	-	**–3.6**
Derivatives designated for hedging with positive fair value	-	296.9	-	**296.9**
Derivatives designated for hedging with negative fair value	-	–41.9	-	**–41.9**
December 31, 2015				
Financial assets at fair value through profit or loss	-	45.7	-	**45.7**
Financial liabilities at fair value through profit or loss	-	–3.3	-	**–3.3**
Derivatives designated for hedging with positive fair value	-	254.9	-	**254.9**
Derivatives designated for hedging with negative fair value	-	–61.5	-	**–61.5**

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 2015.

	Mar 31, 2016		Dec 31, 2015	
MSEK	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Short-term loan liabilities	3 233.1	3 302.0	-	-
Long-term loan liabilities	9 471.1	9 580.2	9 395.3	9 565.2
Total financial instruments by category	**12 704.2**	**12 882.2**	**9 395.3**	**9 565.2**

Summary of credit facilities as of March 31, 2016

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN Eurobond, 2.75% fixed	EUR	350	0	2017
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
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	500	2020
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	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
Commercial Paper (uncommitted)	SEK	5 000	4 400	n/a

Note 7 Tax effects on other comprehensive income

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Deferred tax on remeasurements of defined benefit pension plans	34.3	–0.7	–29.3
Deferred tax on cash flow hedges	8.7	0.9	–0.2
Deferred tax on net investment hedges	–12.5	9.8	–5.4
Total deferred tax on other comprehensive income	**30.5**	**10.0**	**–34.9**

Note 8 Cash flow from items affecting comparability

MSEK	Jan–Mar 2016	Jan–Mar 2015	Jan–Dec 2015
Restructuring payments	–2.1	–4.3	–14.7
Spain – overtime compensation	0.0	–1.1	–1.4
Germany – premises	–1.1	–0.7	–10.8
Total cash flow from items affecting comparability	**–3.2**	**–6.1**	**–26.9**

Note 9 Pledged assets

MSEK	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Pension balances, defined contribution plans	111.4	101.4	110.7
Finance leases	122.8	110.5	126.6
Total pledged assets	**234.2**	**211.9**	**237.3**

Note 10 Contingent liabilities

MSEK	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Guarantees	22.7	24.5	23.5
Guarantees related to discontinued operations	16.6	18.8	17.7
Total contingent liabilities	**39.3**	**43.3**	**41.2**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 37 in the Annual Report 2015 as well as to the section Other significant events in this report.

STATEMENT OF INCOME

MSEK	Jan–Mar 2016	Jan–Mar 2015
License fees and other income	202.1	213.5
Gross income	**202.1**	**213.5**
Administrative expenses	–140.5	–122.1
Operating income	**61.6**	**91.4**
Financial income and expenses [1]	645.8	1 124.9
Income after financial items [1]	**707.4**	**1 216.3**
Appropriations	249.1	–364.5
Income before taxes [1]	**956.5**	**851.8**
Taxes	–9.9	–4.9
Net income for the period [1]	**946.6**	**846.9**

[1] Comparatives have been restated as an effect of a change in accounting principle RFR 2 IAS 21. The effect from the restatement on net income for the period Jan–Mar 2015 is MSEK 375.8. The restatement has no effect on the condensed balance sheet below, as the restatement entails a transfer from translation reserve to retained earnings within non-restricted equity. For further information refer to note 1, Accounting principles.

BALANCE SHEET

MSEK	Mar 31, 2016	Dec 31, 2015
ASSETS		
Non-current assets		
Shares in subsidiaries	40 282.1	37 282.1
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	317.7	310.5
Interest-bearing financial non-current assets	880.9	799.9
Total non-current assets	**41 592.8**	**38 504.6**
Current assets		
Non-interest-bearing current assets	787.2	121.9
Other interest-bearing current assets	3 766.2	4 556.0
Liquid funds	2 264.5	400.8
Total current assets	**6 817.9**	**5 078.7**
TOTAL ASSETS	**48 410.7**	**43 583.3**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 727.7	7 727.7
Non-restricted equity	18 853.7	17 961.6
Total shareholders' equity	**26 581.4**	**25 689.3**
Untaxed reserves	**10.9**	**10.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	151.7	143.1
Interest-bearing long-term liabilities	12 021.9	12 015.9
Total long-term liabilities	**12 173.6**	**12 159.0**
Current liabilities		
Non-interest-bearing current liabilities	1 052.3	723.4
Interest-bearing current liabilities	8 592.5	5 000.7
Total current liabilities	**9 644.8**	**5 724.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 410.7**	**43 583.3**

Definitions

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).

Free cash flow, %
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).

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.

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.

Return on operating capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.

Return on capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of closing balance of capital employed.

Net debt equity ratio, multiple
Net debt in relation to shareholders' equity.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 4, 2016 at **14:30 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 web. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

The United States:	+ 1 855 269 2605
Sweden:	+ 46 (0) 8 519 993 55
United Kingdom:	+ 44 (0) 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 4, 2016, 16.00 p.m.	Annual General Meeting 2016. The AGM will take place at Hilton Hotel Slussen in Stockholm at 16.00 p.m
August 4, 2016, app.13.00 p.m.	Interim Report January–June 2016
November 8, 2016, app. 08.00 a.m.	Interim Report January–September 2016

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, the Middle East, Asia and Africa. 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 close to 330 000 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: an 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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