

# Acquisition of Stanley Security

## Transforming Securitas and the security industry



Magnus Ahlqvist, President and CEO

Andreas Lindback, CFO



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# Transforming the profile of Securitas



**Securitas**

A leading guarding company with electronic security & solutions capabilities



**STANLEY**  
Security

A leader in commercial electronic security with highly innovative solutions





# Transaction highlights

## Acquisition of Stanley Security

- Securitas makes transformative acquisition of the electronic security solutions business of Stanley Black & Decker, Inc. (“Stanley Security”)
- Stanley Security is a highly reputable global electronic security provider
- Stanley Security is expected to generate nearly MUSD 1 700 of sales in 2021\*, of which 40% is recurring revenue, and an adjusted EBITDA margin of close to 12%
- Cash purchase price of MUSD 3 200, on a debt and cash free basis, representing a multiple of app. 13x 2021E adjusted EBITDA, incl. cost synergies of approximately MUSD 50, before commercial synergies and strategic benefits
- Transaction expected to close in the first half of 2022, subject to customary regulatory clearances

## Strategic rationale and value creation

- **The acquisition is a significant step in delivering on our strategy to be a leading intelligent security solutions partner. We more than double our ES business and are very close in achieving our ambition of doubling security solutions & electronic security sales by 2023**
- **The acquisition will accelerate differentiation vs. competition in terms of customer experience and offer future-proven solutions to meet changing client references**
- **Expected to be immediately accretive to Group operating margin on completion, with >50% of profit contribution generated from security solutions & electronic security going forward, and lead to substantial operating margin improvement over time**
- **Compelling cost synergy opportunities, commercial synergies and strategic benefits**
- **Accretive to earnings per share\*\* in the first full year post completion**

## Financing

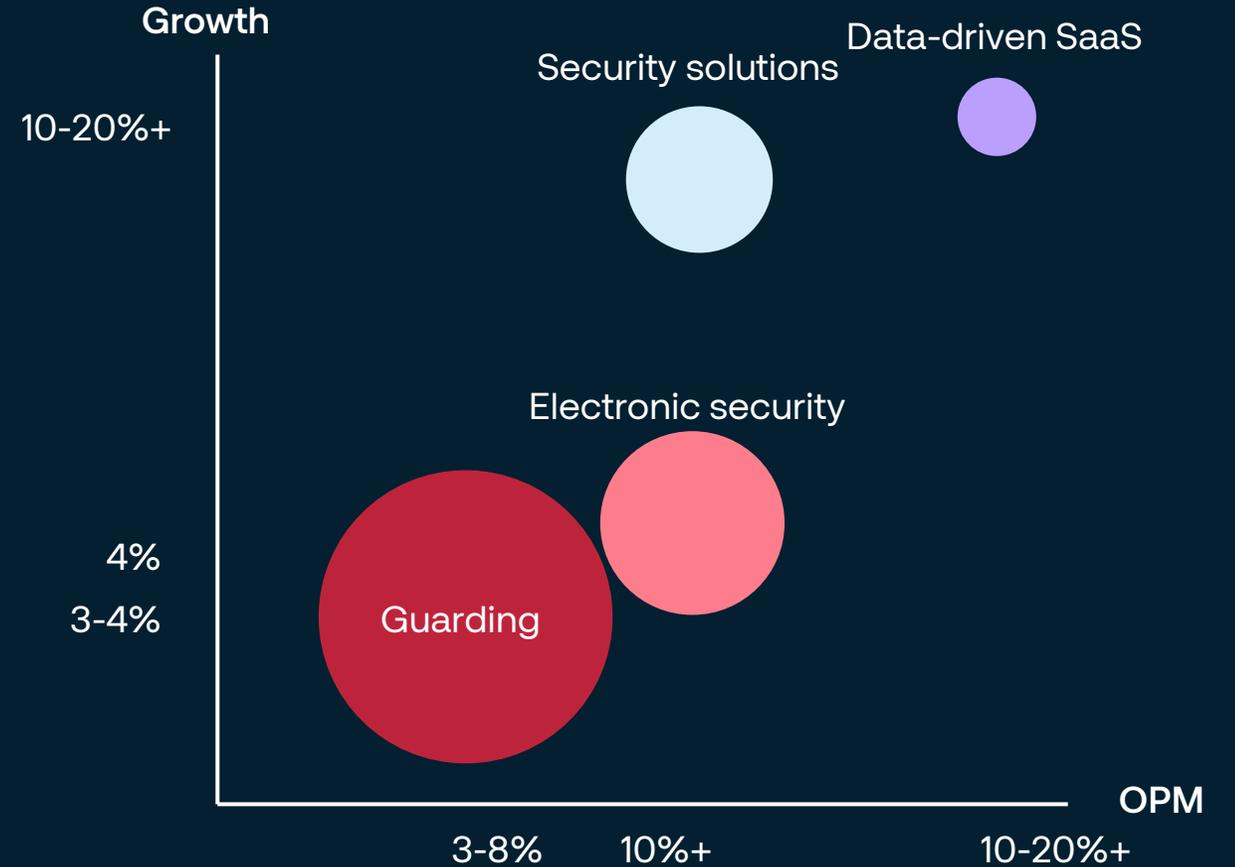
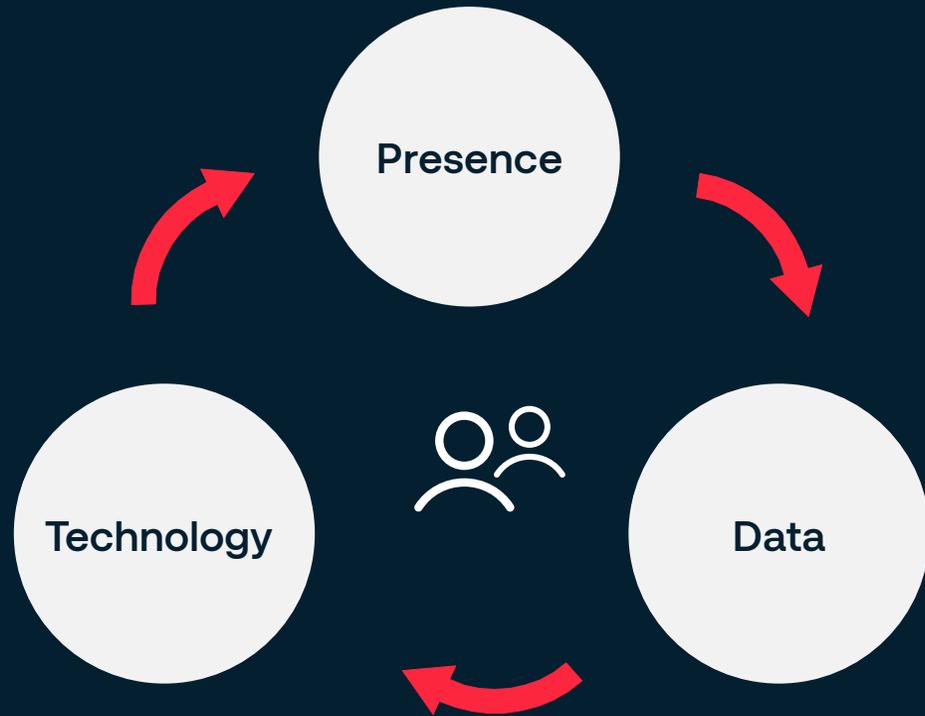
- Financing secured through underwritten bridge facilities, expected to be refinanced by a mix of debt and equity via app. MUSD 915\*\*\* rights issue post closing
- Current shareholders have in total provided commitments, declarations of intent and guarantees to subscribe for 44.6% of the rights issue
- Securitas confirms it is committed and expects to maintaining its investment grade rating with Standard & Poor’s

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The future value drivers of the security industry are based on presence, the use of data and tech-enabled solutions

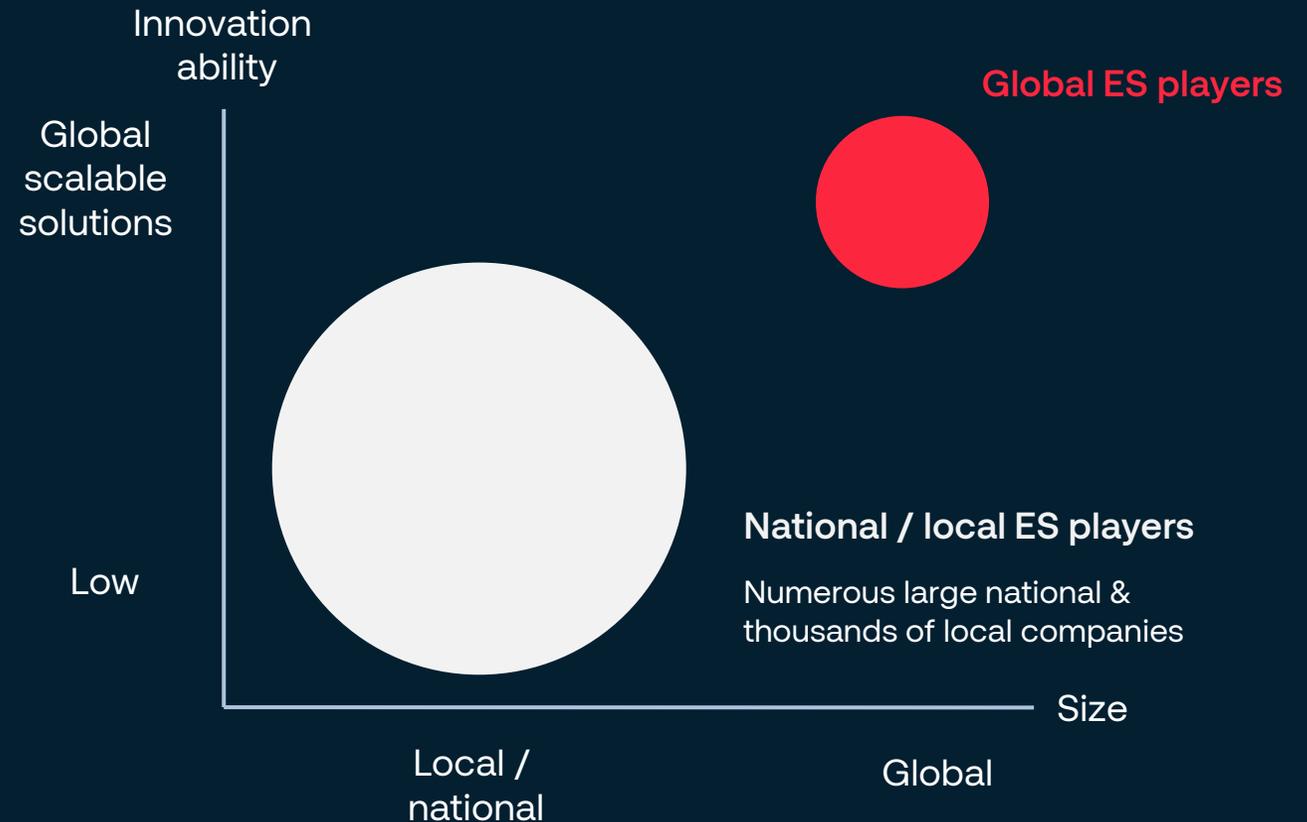


For illustrative purposes – based on internal assumptions and estimates



## Electronic security – a BUSD\* 70 market with significant innovation opportunities, growing 4% annually

- The need for security is growing and is increasingly complex
- Growing emphasis on technology and data for all security solutions
- Technology improvement with shorter replacement cycles and higher ongoing maintenance
- Significant growth opportunities within Security-as-a-Service (SaaS)
- Economic efficiency and sustainability
- Global ES players: JCI/Tyco, Stanley Security, API/Chubb Fire & Safety, Siemens and Securitas ES





# A gigantic step towards achieving our vision

## 2020 and beyond

**A leader in intelligent services**  
A leading intelligent security solutions partner  
Data-driven innovation

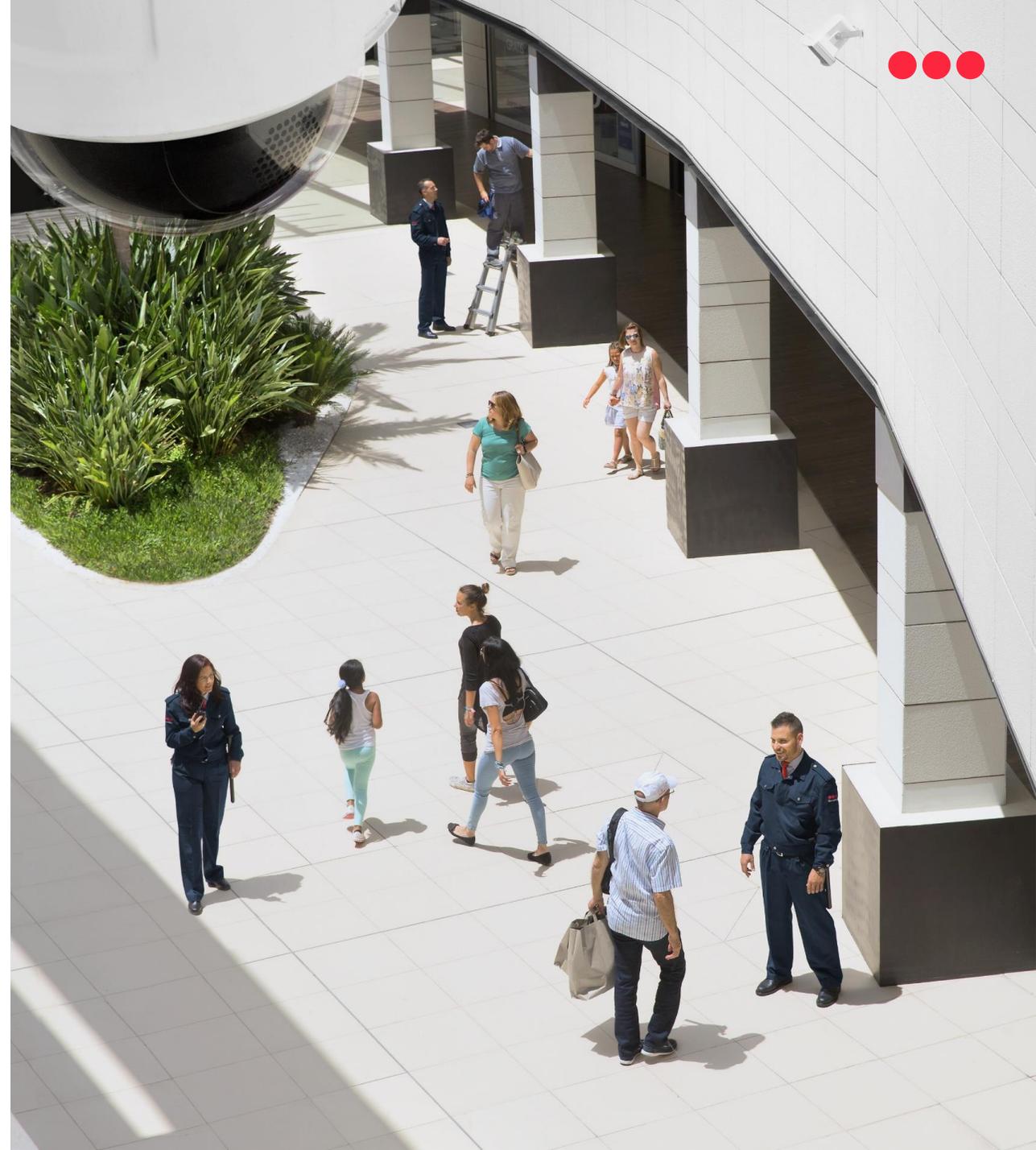
## 2015 and onwards

**A leader in protective services**  
Integration of solutions with electronic security capabilities  
Connected technology

## 1990 and onwards

**A leader in security services**  
Guarding and security capability  
Presence

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# Stanley Security overview

- Key offering: Electronic Security Services
- Primarily North America/Europe with headquarters in Indianapolis, IN
- ~7 800 highly skilled security professionals
- Strong competitive position globally serving >500 000 customers across millions of sites
- New innovative technology offerings in the health, safety and security space
- Strategic fit is high with a dedicated electronic security global business



## 2021E Financials\*

MUSD 1 700

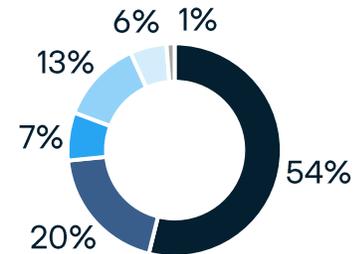
12%

Revenue

Adjusted EBITDA

## Revenue mix

Geographic



- North America
- Nordics
- UK
- Central EU
- France
- Other

Revenue type



- Recurring (RMR/T&M)
- Install and products

Note \*: Stanley Security applies US GAAP



Stanley Security has a leading position across the entire electronic security value chain with a strong portfolio of next generation solutions

1

### Installation

- Strong, well invested salesforce pursue installation opportunities
- Highly trained technicians developing and installing custom security systems
- Establishes a foundation for recurring revenue

2

### Maintenance

- Multi-year service contracts to maintain systems that have been installed
- Maintenance can be done physically and remotely
- Active outreach to offer new SaaS solutions

3

### Monitoring

- Secured and connected network of monitoring centers provides 24/7 coverage
- Software-led video monitoring and security management platform
- Highly responsive emergency management



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# Together we will form a leading player in commercial electronic security

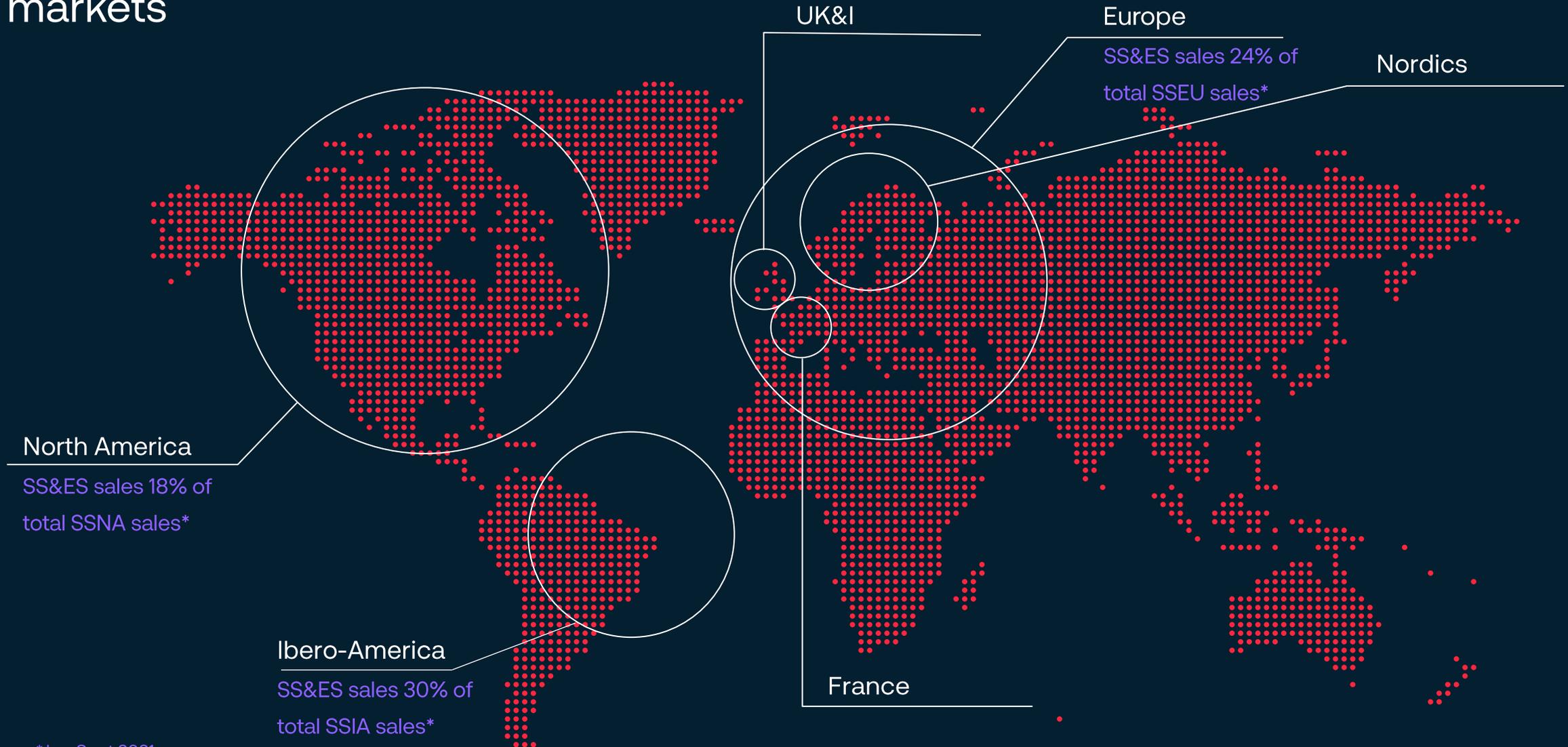
<b>Electronic Security (est.)*</b>	<b>Securitas</b>	<b>+</b>	<b>STANLEY</b> Security	<b>=</b>	 <b>Securitas</b>
<b>Revenue</b>	MUSD 1 300		MUSD 1 700		MUSD 3 000
<b>Complementary Client Focus</b>	Financial, Industrial, Retail, Global/National Accounts		Healthcare, Retail, National Accounts, Core Commercial		<b>Wider breadth and expanded solutions markets</b>
<b>Innovation &amp; Technology</b>	SecureStat, Service Messenger, SecureStat All-clear, SOS Alert, Track & Trace, SecureStat 360		UNA, eServices/HQ, Virtual Cloud, MyStanley, SaaS		<b>Industry leading technology innovation</b>

Illustrative - based on Securitas' LTM and Stanley Security's estimated 2021 combined electronic security financials

Note \*: Securitas applies IFRS, whereas Stanley Security applies US GAAP.



# Stanley Security transforms our scale and electronic security position in key markets



\*Jan-Sept 2021



# The new entity will be strongly positioned for profitable organic sales growth...

## Organic sales growth drivers

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### Sales organization

- Combine best practices, people and know-how from both organizations in sales processes
- Deepen vertical and technical sales expertise across local markets



### Offering

- Improve client offering by combining Securitas' and Stanley Security's strengths in different parts of the security value chain
- Risk and security expertise from corporate risk management to people on site



### Innovation

- Expands R&D capabilities
- Improve innovation on SaaS offerings

## Commercial synergies

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### Guarding

- Build on physical guarding opportunities
- Prioritize enterprise accounts and markets with strong Securitas presence



### Solutions

- Address solutions opportunities
- Prioritize small and mid-sized accounts



### Monitoring

- Use selling capacity for opportunities to develop new and existing client relationships



### Installation & maintenance

- Build on electronic security capability, competency, geographic footprint and operational expertise
- Use knowledge from commercial and technical workforce



# ...and provides an outstanding platform to drive innovation

Securitas' current strengths...



...paired with added value from Stanley Security



...yield a strong combined position

Global top 5 ES market position  
Strong in financial, industrial and retail verticals

A global leader  
Strong in tech sector, healthcare, retail and core commercial



**Strong position** in the industry with strengthened vertical and geographic presence

Deploying e.g., SOS Alert and Track & Trace  
>2 000 field technicians

Deploying e.g., SaaS and virtual cloud  
App. 3 000 field technicians



**Platform to build leading technology and connectivity offering**, supporting shift to cloud and subscription-based business models (>5 000 service technicians combined)

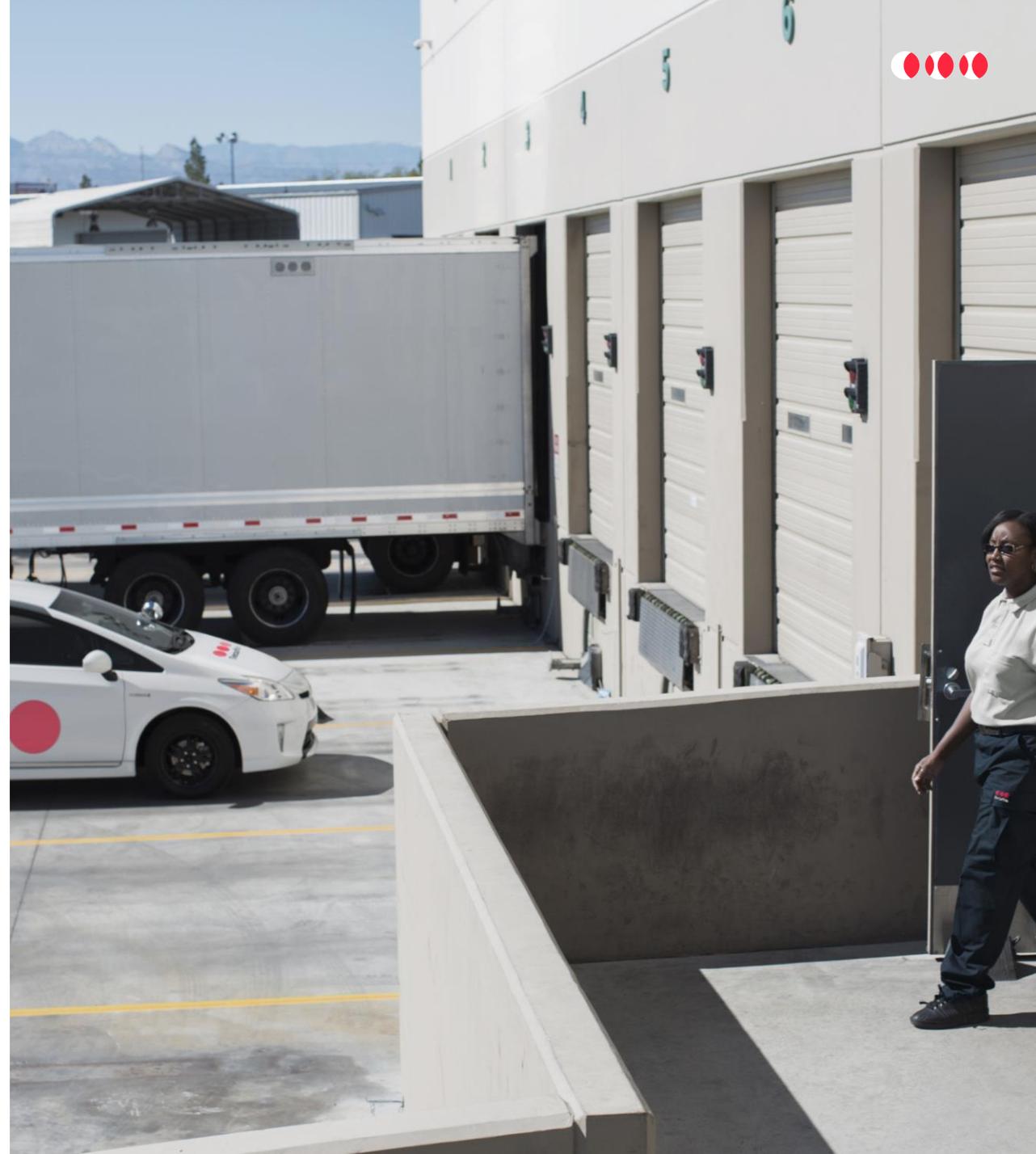
Global operations – >330 000 frontline employees worldwide

Strong network of ES sales force – app. 1 400 sales reps



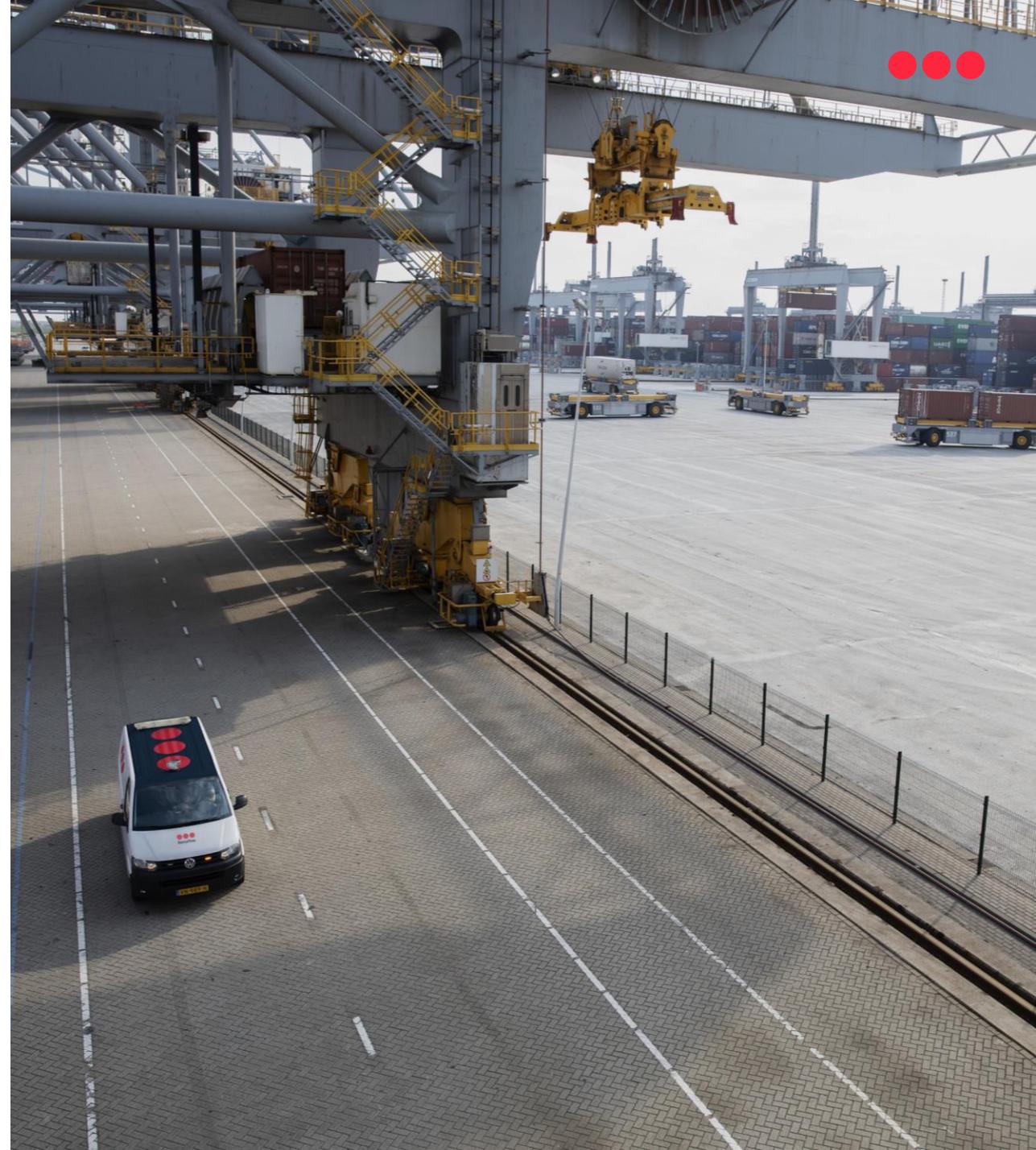
**Combined scale and strength in integration and monitoring operations** coupled with large specialized ES sales force that can upsell and migrate into higher margin technology offerings

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## Transaction financial highlights

- Cash purchase price of BUSD 3 200 on a cash and debt free basis
- Significant commercial synergies and cost synergies, expected to be fully realized within three years from completion
- Implies a 2021E EBITDA multiple of 13x including cost synergies of approximately MUSD 50, but before commercial synergies and strategic benefits
- Accretive to Group operating margin immediately post closing and accretive to EPS on first full year post completion
- Acquisition-related costs of MUSD 135, a combination of transaction, bridge financing, integration and restructuring costs, the majority to be recognized in 2022 and 2023
- Based on Securitas last 12 months and Stanley Security's estimated 2021 sales, annual sales from the combined electronic security and solutions portfolio is estimated to MUSD 4 200, out of which MUSD 3 000 is electronic security





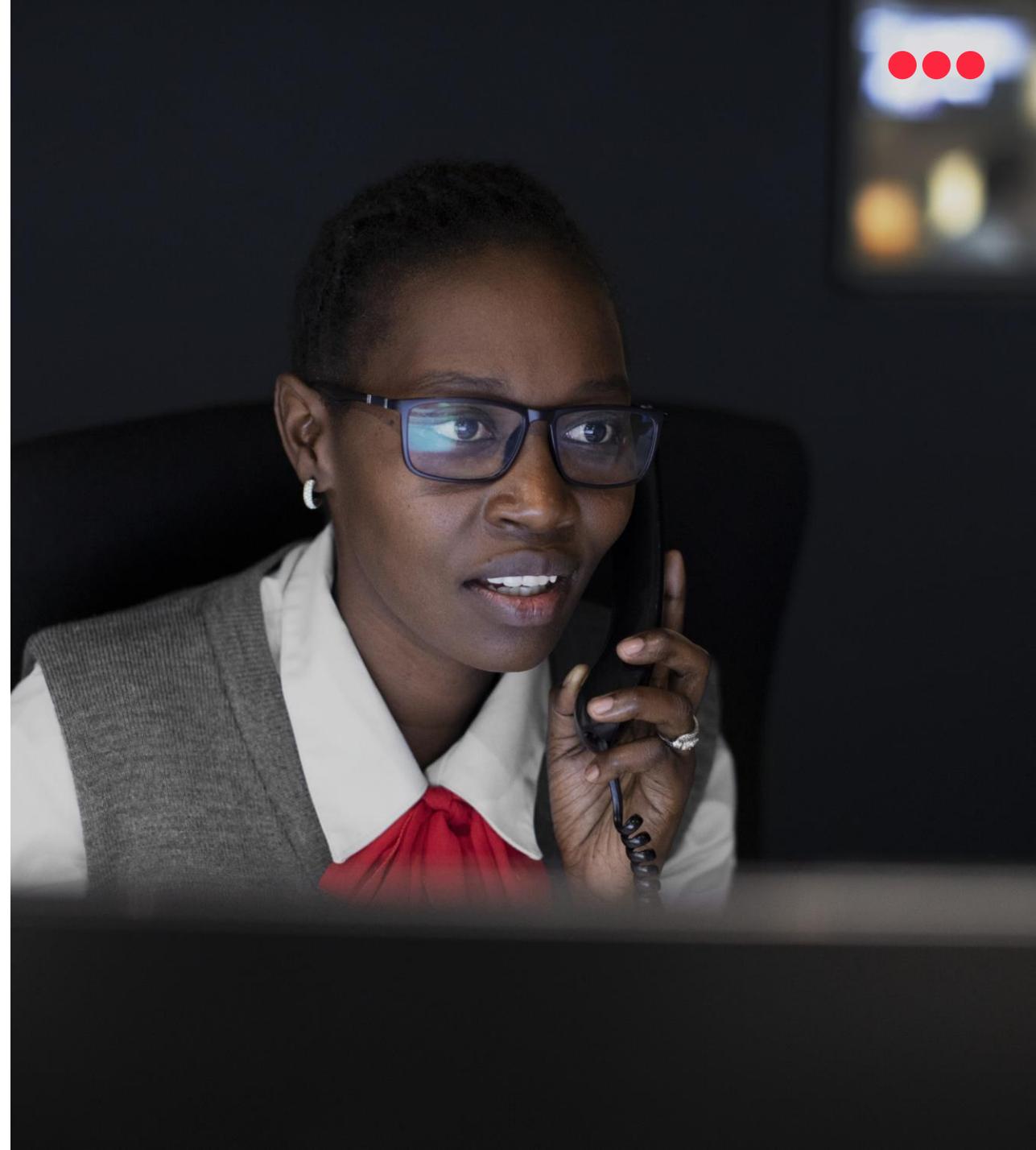
## Transaction financing

- The acquisition will be funded through an underwritten bridge facility provided by SEB which will be refinanced after completion by a mix of equity and long-term debt
- The equity component of the refinancing will come from the proceeds of a rights issue amounting to app. MUSD 915
- In aggregate, the shareholders have in total provided commitments, declarations of intent and guarantees to subscribe for 44.6% of the rights issue based on current shareholding
- Investment AB Latour incl. subsidiaries, Melker Schörling AB and EQT have also entered into guarantee commitments to subscribe for an additional 21.9 % of the rights issue without subscription rights
- Securitas confirms it is committed to and expects to maintain its investment grade rating with Standard & Poor's
- Transaction expected to close in the first half of 2022, subject to customary regulatory clearances



## Together we form the winning team to deliver a highly complementary offering in the security industry

- Transforms Securitas' position as a leading intelligent security solutions provider, with initially **over 50% of the profit contribution generated from security solutions and electronic security**
- Strong commercial opportunity, enhancing the client proposition, **unlocking growth and transforming the margin profile** by an acquisition with a strong cultural fit
- **Strong value creation** in a highly synergistic combination, with EPS accretion in the first full year post completion
- **Well planned integration** organization using experience from numerous electronic security acquisitions in the past 8 years
- **More than doubles Securitas' existing electronic security business**
- **Together with ongoing initiatives will enable substantial operating margin improvement over time**





# Transforming the profile of Securitas



**Securitas**

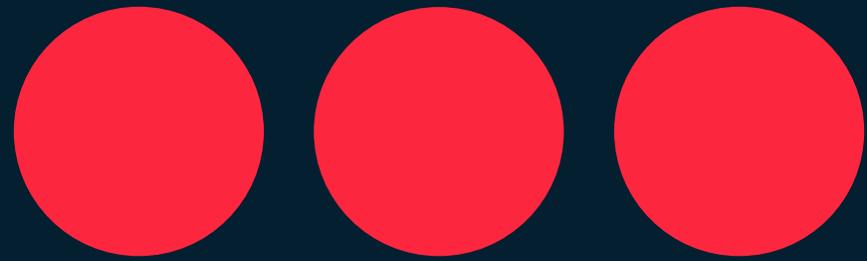
A leading guarding company with electronic security & solutions capabilities



**STANLEY**  
Security

A leader in commercial electronic security with highly innovative solutions





Securitas