Securitas AB

Full Year Report January–December 2014

OCTOBER–DECEMBER 2014

- **Total sales MSEK 18 983 (16 725)**
- **Organic sales growth 5 percent (1)**
- **Operating income before amortization MSEK 1 017 (879)**
- **Operating margin 5.4 percent (5.3)**
- **Earnings per share SEK 1.74 (1.35)**

JANUARY–DECEMBER 2014

- **Total sales MSEK 70 217 (65 700)**
- **Organic sales growth 3 percent (1)**
- **Operating income before amortization MSEK 3 505 (3 329)**
- **Operating margin 5.0 percent (5.1)**
- **Earnings per share SEK 5.67 (5.07)**
- **Free cash flow/net debt 0.18 (0.22)**
- **Proposed dividend SEK 3.00 (3.00)**

COMMENTS FROM THE PRESIDENT AND CEO

Organic sales growth continued to show a positive trend driven by successful sales efforts, our strategy of security solutions and technology offerings and an improved macro economic climate in the USA. All business segments improved compared with last year and the organic sales growth reached 5 percent in the fourth quarter.

Earnings per share improved

In real terms earnings per share improved with 8 percent in 2014. The operating income improved in the quarter as well as for the full year compared to last year. The re-organization in Spain has been implemented during the fourth quarter for which a one-off restructuring cost of MSEK –19 (MEUR –2) was recognized.

Affordable Care Act (ACA) costs mitigated

The employer mandate of the ACA has taken effect on January 1, 2015 in the USA. We are compliant with the Affordable Care Act, and we do not expect any negative impact on our results as we have been able to mitigate the cost impact. Less clients than anticipated at the outset have chosen the security solutions alternative, opting rather for rate increases or some reductions of the security scope. We estimate a positive net organic sales growth effect, coming from the ACA implementation, of approximately 1 percent in 2015 in Security Services North America.

Continued growth in security solutions and technology sales

In 2012, sales of security solutions and technology represented 6 percent of Group sales. Our target is to increase it to a run rate of 18 percent by the end of 2015 and in the fourth quarter it reached 10 percent.

Significant progress has been made since early 2012 and many markets have contributed well to this achievement. Security Services Ibero-America is over-achieving their target, Security Services Europe is close to theirs but Security Services North-America is lagging behind. This is mainly due to the good organic sales growth in guarding contracts and the outcome of the Affordable Care Act (ACA) in the USA. Consequently this impacts the ability of the Group to reach the target of 18 percent run rate by the end of 2015, which is likely out of reach, although we will have come a long way and internally the target has been a strong driver for change.

The speed of technology and security solution sales will continue to be the most important strategic focus of Securitas in years to come. In 2014, security solutions and technology sales amounted to BSEK 6.5 and grew with 28 percent compared to 2013, and we estimate that we can continue to grow the security solution and technology sales in at least the same range in 2015.

Alf Göransson
President and Chief Executive Officer

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FINANCIAL SUMMARY

MSEK	Quarter Q4 2014	Q4 2013	Change, % Total	Real	Full year 2014	2013	Change, % Total	Real
Sales	**18 983**	**16 725**	**14**	**5**	**70 217**	**65 700**	**7**	**4**
Organic sales growth, %	*5*	*1*			*3*	*1*		
Operating income before amortization	**1 017**	**879**	**16**	**8**	**3 505**	**3 329**	**5**	**3**
Operating margin, %	*5.4*	*5.3*			*5.0*	*5.1*		
Amortization of acquisition related intangible assets	–69	-81			–251	–274		
Acquisition related costs	–4	–7			–17	–27		
Operating income after amortization	**944**	**791**	**19**	***11***	**3 237**	**3 028**	**7**	**4**
Financial income and expenses	–83	–86			–328	–385		
Income before taxes	**861**	**705**	**22**	**13**	**2 909**	**2 643**	**10**	**7**
Net income for the period	**634**	**495**	**28**	**19**	**2 072**	**1 856**	**12**	**8**
Earnings per share, SEK	1.74	1.35	29	19	5.67	5.07	12	8
Cash flow from operating activities, %	*122*	*140*			*82*	*97*		
Free cash flow	1 072	983			1 855	2 088		
Free cash flow to net debt ratio	-	-			*0.18*	*0.22*		

EARNINGS PER SHARE AND FREE CASH FLOW TO NET DEBT

Earnings per share amounted to SEK 5.67 (5.07), a total change of 12 percent compared to last year. Real change of earnings per share was 8 percent in 2014.

Free cash flow to net debt was 0.18 (0.22).

ANNUAL GENERAL MEETING 2015

The Annual General Meeting of Securitas AB will be held on Friday, May 8, 2015 at 15.00 p.m. CET at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm. Refer to www.securitas.com/Corporate Governance for more information regarding the AGM 2015. The Annual Report 2014 of Securitas AB will be published on www.securitas.com on April 15, 2015.

DIVIDEND POLICY, PROPOSED DIVIDEND AND AUTHORIZATION TO REPURCHASE SHARES IN SECURITAS AB

The Board of Directors has decided to reword the dividend policy given the need of capital expenditures being invested in technology and security solutions and relate the dividend to net income instead of free cash flow. The revised dividend policy will be: "With a balanced growth strategy comprising both organic and acquisition driven growth and continued investments in technology and security solutions, Securitas should be able to sustain a dividend in the range of 50–60 percent of annual net income."

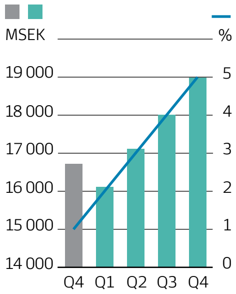
The Board of Directors proposes a dividend for 2014 of SEK 3.00 (3.00) per share. The total proposed dividend amounts to 53 percent of net income. Tuesday, May 12, 2015 is proposed as record date for the dividend.

The Board proposes to the Annual General Meeting on May 8, 2015, that the Board be authorized to be able to resolve on the acquisition of the company's shares to be able to adjust the capital structure. Refer to Other Significant Events on page 11 for further information.

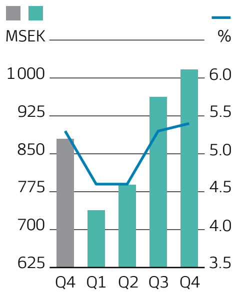
ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth				Operating margin			
	Q4		Full year		Q4		Full year	
%	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Security Services North America	6	–2	3	0	5.8	5.4	5.3	5.2
Security Services Europe	3	1	2	0	6.4	6.1	5.8	6.0
Security Services Ibero-America	9	5	8	4	4.1	4.7	4.3	5.2
Group	**5**	**1**	**3**	**1**	**5.4**	**5.3**	**5.0**	**5.1**

Group quarterly sales development



Group quarterly operating income development



OCTOBER–DECEMBER 2014

Sales development

Sales amounted to MSEK 18 983 (16 725) and organic sales growth was 5 percent (1), an improvement reflected in all business segments. In Security Services North America, the US five guarding regions showed a strong development. Countries such as Belgium, France and Norway were key drivers in Security Services Europe, and Argentina was the main contributor to organic sales growth in Security Services Ibero-America. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (2).

Security solutions and technology sales run rate in the fourth quarter was 10 percent of Group sales.

Operating income before amortization

Operating income before amortization was MSEK 1 017 (879) which, adjusted for changes in exchange rates, represented a real change of 8 percent. The quarterly effect from the Argentinian peso exchange rate had a negative impact of MSEK -10.

The Group's operating margin was 5.4 percent (5.3), supported by improvements in all business segments except in Security Services Ibero-America, where Spain recognized a restructuring cost of MSEK -19 (MEUR -2) in the fourth quarter.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -69 (-81).

Acquisition related costs were MSEK -4 (-7). For further information refer to note 4.

Financial income and expenses

Financial income and expenses amounted to MSEK -83 (-86).

Income before taxes

Income before taxes was MSEK 861 (705).

Taxes, net income and earnings per share

The Group's tax rate was 26.4 percent (29.8) in the quarter, based on a full year tax rate of 28.8 percent for 2014.

Net income was MSEK 634 (495). Earnings per share amounted to SEK 1.74 (1.35).

JANUARY–DECEMBER 2014

Sales development
Sales amounted to MSEK 70 217 (65 700) and organic sales growth was 3 percent (1), with a positive development across all business segments. In Security Services North America, the improved US economy, as well as a strengthened sales organization, were key factors behind the development. Countries such as France, Norway and Turkey were the main drivers in Security Services Europe during the year. Argentina was a major contributor in Security Services Ibero-America, however several countries showed good organic sales growth and Spain continued to improve. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 4 percent (2).

Operating income before amortization
Operating income before amortization was MSEK 3 505 (3 329) which, adjusted for changes in exchange rates, represented a real change of 3 percent. The full year effect from the Argentinian peso exchange rate had a negative impact of MSEK –63.

The Group's operating margin was 5.0 percent (5.1), negatively impacted mainly by Spain in Security Services Ibero-America. Total price adjustments in the Group were lower than wage cost increases, primarily explained by the labor related taxes in Spain.

Operating income after amortization
Amortization of acquisition related intangible assets amounted to MSEK –251 (–274).

Acquisition related costs were MSEK –17 (–27). For further information refer to note 4.

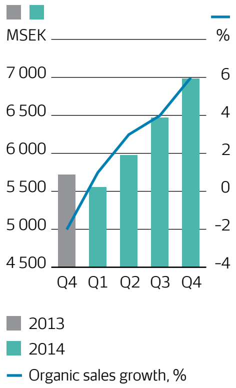
Financial income and expenses
Financial income and expenses amounted to MSEK –328 (–385). The finance net was positively impacted by the repayment of the MEUR 500 bond loan in April 2013.

Income before taxes
Income before taxes was MSEK 2 909 (2 643).

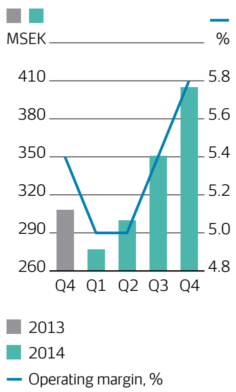
Taxes, net income and earnings per share
The Group's tax rate was 28.8 percent (29.8). The change in the tax rate is mainly based on a reassessment of the full year tax rate including also the recent outcome of tax court cases. We expect that the tax rate will be on the same level for 2015.

Net income was MSEK 2 072 (1 856). Earnings per share amounted to SEK 5.67 (5.07).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

Security Services North America provides specialized guarding, security solutions and technology in the USA, Canada and Mexico and comprises 13 business units: the national and global accounts organization, five geographical regions and five specialized business units – critical infrastructure, healthcare, Pinkerton Corporate Risk Management, mobile and technology. In total, there are 107 000 employees and 640 branch managers.

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2014**	**Q4 2013**	***Total***	***Real***	**2014**	**2013**	***Total***	***Real***
Total sales	**6 983**	**5 724**	**22**	**6**	**24 989**	**22 841**	**9**	**3**
Organic sales growth, %	6	-2			3	0		
Share of Group sales, %	37	34			36	35		
Operating income before amortization	**405**	**308**	**31**	**14**	**1 333**	**1 177**	**13**	**6**
Operating margin, %	5.8	5.4			5.3	5.2		
Share of Group operating income, %	40	35			38	35		

October–December 2014

The organic sales growth was 6 percent (-2), primarily driven by the five guarding regions, but also by the positive development across all business units.

The operating margin was 5.8 percent (5.4), an improvement mainly related to leverage from good organic sales growth and stable costs.

The Swedish krona exchange rate weakened versus the U.S. dollar and thus had a positive effect on the operating income in Swedish kronor. The real change was 14 percent in the quarter.

January–December 2014

The organic sales growth was 3 percent (0). This positive development in organic sales growth was seen within all business units, resulting from a strengthened sales organization operating in an improved macroeconomic environment. The driver behind organic sales growth has shifted during the year, with more of the organic sales growth coming from the five guarding regions and less from the business unit critical infrastructure (includes federal government services and defense and aerospace).

The operating margin was 5.3 percent (5.2).

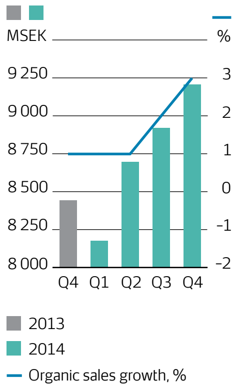
The US healthcare reform (ACA) came into force on January 1, 2015. The expected cost impact has been mitigated.

The Swedish krona exchange rate weakened versus the U.S. dollar and thus had a positive effect on the operating income in Swedish kronor. The real change was 6 percent in the period.

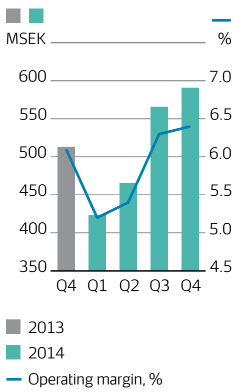
The client retention rate was 90 percent (86). The employee turnover rate in the business segment was 55 percent (55**).

** The employee turnover rate comparative has been restated.

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

Security Services Europe provides specialized guarding, security solutions and technology in 27 countries, and airport security in 15 countries. The organization has in total 118 000 employees and 800 branch managers.

	Quarter		*Change, %*		Full year		*Change, %*	
MSEK	**Q4 2014**	**Q4 2013**	***Total***	***Real***	**2014**	**2013**	***Total***	***Real***
Total sales	**9 205**	**8 443**	**9**	**4**	**34 997**	**32 716**	**7**	**3**
Organic sales growth, %	*3*	*1*			*2*	*0*		
Share of Group sales, %	*48*	*50*			*50*	*50*		
Operating income before amortization	**591**	**513**	**15**	**11**	**2 046**	**1 954**	**5**	**1**
Operating margin, %	*6.4*	*6.1*			*5.8*	*6.0*		
Share of Group operating income, %	*58*	*58*			*58*	*59*		

October–December 2014

Organic sales growth was 3 percent (1), mainly driven by the development in Belgium, France and Norway. Successful sales efforts and the technology and security solutions strategy are supporting the growth. The European security market is currently estimated to be growing with approximately 1 percent.

The operating margin was 6.4 percent (6.1), foremost driven by France, Norway and Turkey.

The Swedish krona exchange rate weakened versus the euro and thus had a positive effect on the operating income in Swedish kronor. The real change was 11 percent in the quarter.

January–December 2014

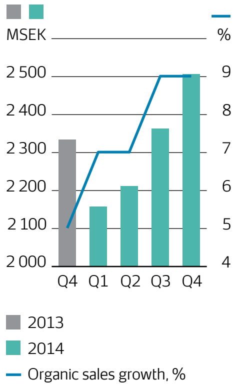
Organic sales growth was 2 percent (0), an improvement driven by the development in France, Norway and Turkey. Germany contributed to organic sales growth while Belgium and the United Kingdom hampered organic sales growth.

The operating margin was 5.8 percent (6.0). A few renegotiated aviation contracts during the year had a negative impact on the operating margin.

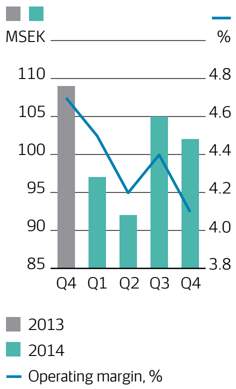
The Swedish krona exchange rate weakened versus the euro and thus had a positive effect on the operating income in Swedish kronor. The real change was 1 percent in the period.

The client retention rate was 93 percent (92). The employee turnover was 26 percent (27).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides specialized guarding, security solutions and technology in seven countries in Latin America, as well as Portugal and Spain in Europe. The organization has in total 58 000 employees and 190 branch managers.

	Quarter		*Change, %*		Full year		*Change, %*	
MSEK	**Q4 2014**	**Q4 2013**	***Total***	***Real***	**2014**	**2013**	***Total***	***Real***
Total sales	**2 506**	**2 334**	***7***	***9***	**9 238**	**9 266**	***0***	***8***
Organic sales growth, %	9	5			8	4		
Share of Group sales, %	*13*	*14*			*13*	*14*		
Operating income before amortization	**102**	**109**	**-6**	**-1**	**396**	**480**	**-18**	**-5**
Operating margin, %	*4.1*	*4.7*			*4.3*	*5.2*		
Share of Group operating income, %	*10*	*12*			*11*	*14*		

October–December 2014

Organic sales growth was 9 percent (5), an improvement driven by the development in Chile, Peru, Spain and Uruguay. In Latin America organic sales growth was 24 percent with main contribution from Argentina where the strong organic sales growth mainly reflected price increases in a high inflation economy. In Spain the quarterly trend of recovery continued and organic sales growth was –4 percent (–11).

The operating margin was 4.1 percent (4.7), mainly explained by Spain. A restructuring cost of MSEK –19 (MEUR –2) was recognized in Spain in the fourth quarter.

The Swedish krona exchange rate weakened against the Euro. The Argentinian Peso also weakened and impacted operating income before amortization negatively with MSEK –10. The real change in the segment was –1 percent in the quarter.

January–December 2014

Organic sales growth was 8 percent (4) in the business segment. Organic sales growth in Latin America was 23 percent, where mainly Argentina contributed mostly through price increases. Several countries, such as Chile, Peru and Uruguay showed good organic sales growth. Organic sales growth in Spain was –7 percent (–12), reflecting a slowly improving macroeconomic environment. Security Solutions and Technology sales in Spain continued to grow but not yet enough to compensate for the highly price competitive guarding business.

The operating margin was 4.3 percent (5.2), a decline related to Spain. The main reasons were a restructuring cost of MSEK –19 (MEUR –2) in the fourth quarter, the labor related charges introduced in December 2013, volume losses and a lower operating margin after contract renewals in the aviation customer segment. The operating margin improved in Latin America.

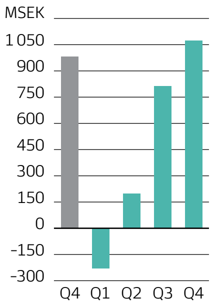
In the third quarter, a collective bargaining agreement was signed in Spain effective as of January 1, 2015 stipulating a wage increase of 0.5 percent for 2015.

The Swedish krona exchange rate weakened against the Euro. The Argentinian Peso also weakened and impacted operating income before amortization negatively with MSEK –63. The real change in the segment was –5 percent in the period.

The client retention rate was 91 percent (87). The employee turnover was 26 percent (29**).

** The employee turnover rate comparative has been restated.

Quarterly free cash flow



October–December 2014

Operating income before amortization amounted to MSEK 1 017 (879). Net investments in non-current tangible and intangible assets amounted to MSEK -45 (8). The net investments primarily relate to capital expenditures in equipment for solution contracts reflecting our strategy to increase the sales in security solutions and technology. Such investments affect the free cash flow and are depreciated over the contract duration.

Changes in accounts receivable were MSEK 313 (143) with a positive impact from a decrease of Days of Sales Outstanding (DSO) compared to September. Changes in other operating capital employed were MSEK -43 (205).

Cash flow from operating activities amounted to MSEK 1 242 (1 235), equivalent to 122 percent (140) of operating income before amortization.

Financial income and expenses paid amounted to MSEK -39 (-48). Current taxes paid amounted to MSEK -131 (-204).

Free cash flow was MSEK 1 072 (983), equivalent to 146 percent (177) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -145 (-97).

Cash flow from items affecting comparability was MSEK -11 (-37), whereof MSEK -9 (-35) was related to the cost savings program.

Cash flow from financing activities was MSEK 195 (464).

Cash flow for the period was MSEK 1 111 (1 313).

January–December 2014

Operating income before amortization amounted to MSEK 3 505 (3 329). Net investments in non-current tangible and intangible assets amounted to MSEK -146 (142).

Changes in accounts receivable were MSEK -115 (1), with a positive impact from a slight decrease of Days of Sales Outstanding (DSO) compared to December last year, but also affected negatively by the increased organic sales growth. Changes in other operating capital employed were MSEK -381 (-242).

Cash flow from operating activities amounted to MSEK 2 863 (3 230), equivalent to 82 percent (97) of operating income before amortization.

Financial income and expenses paid amounted to MSEK -311 (-532). Last year financial items paid were significantly impacted by the MEUR 500 Eurobond loan that matured in April 2013. Current taxes paid amounted to MSEK -697 (-610). Payments of final taxes for the previous year and preliminary taxes for the current year were higher than last year.

Free cash flow was MSEK 1 855 (2 088), equivalent to 75 percent (93) of adjusted income. The free cash flow is affected from the net investments in non-current tangible and intangible assets, reflecting our strategy to increase the sales in security solutions and technology.

Cash flow from investing activities, acquisitions, was MSEK -385 (-295).

Cash flow from items affecting comparability was MSEK -73 (-307), whereof MSEK -65 (-205) was related to the cost savings program, MSEK -5 (-12) was related to overtime compensation in Spain, MSEK -3 (-2) was related to premises in Germany and MSEK 0 (-88) was related to payment to Deutsche Bank in Germany.

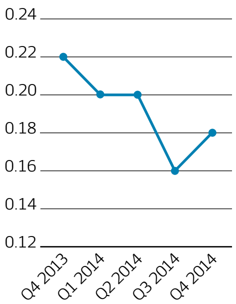
Cash flow from financing activities was MSEK -2 108 (-2 271).

Cash flow for the period was MSEK -711 (-785).

Net debt development

MSEK	
Jan 1, 2014	**-9 610**
Free cash flow	1 855
Acquisitions	-385
IAC payments	-73
Dividend paid	-1 095
Change in net debt	**302**
Translation and revaluation	-1 114
Dec 31, 2014	**-10 422**

Free cash flow/net debt



Capital employed as of December 31, 2014

The Group's operating capital employed was MSEK 3 924 (3 181) corresponding to 6 percent of sales (5) adjusted for the full year sales figures of acquired units.

Acquisitions increased operating capital employed by MSEK 58 during the period.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2014 in conjunction with the business plan process for 2015. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2014. No impairment losses were recognized in 2013 either.

Acquisitions increased consolidated goodwill by MSEK 77. Adjusted for translation differences of MSEK 1 789, total goodwill for the Group amounted to MSEK 16 228 (14 362).

Acquisitions have increased acquisition related intangible assets by MSEK 75. After amortization of MSEK –251 and translation differences of MSEK 104, acquisition related intangible assets amounted to MSEK 1 244 (1 316).

The Group's total capital employed was MSEK 21 721 (18 991). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 2 315.

The return on capital employed was 16 percent (18).

Financing as of December 31, 2014

The Group's net debt amounted to MSEK 10 422 (9 610). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 385, of which purchase price payments accounted for MSEK 353, assumed net debt for MSEK 11 and acquisition related costs paid accounted for MSEK 21. The Group's net debt increased by MSEK 1 113 due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2014.

The free cash flow to net debt ratio amounted to 0.18 (0.22).

The main capital market instruments drawn as of the end of December 2014 were ten bonds issued under the Group's Euro Medium Term Note Program, with maturity dates between January 2015 and September 2021.

At the end of the year, Securitas had access to committed bank financing through a Revolving Credit Facility maturing in 2016, which comprised of two respective tranches of MUSD 550 and MEUR 420 (MUSD 1 100 in total). There was no drawing as of the end of December 2014, leaving the full amount available. On January 8, 2015 Securitas signed a new Revolving Credit Facility. The new credit facility comprises of two respective tranches of MUSD 550 and MEUR 440, for an initial five year period, with the possibility to extend for a further two years. The Revolving Credit Facility maturing in 2016 was cancelled at the same time.

The Group also has access to a MSEK 5 000 Swedish Commercial Paper Program for short-term borrowing needs, under which MSEK 1 170 has been issued. Further information regarding financial instruments and credit facilities is provided in note 6.

Securitas has ample liquidity headroom under the committed credit facilities in line with established policies, which combined with the strong free cash flow generation means that the future liquidity requirements for the Company's operations are met.

Standard and Poor's rating for Securitas is BBB with stable outlook. The Group's liquidity position is regarded as strong.

The interest cover ratio amounted to 10.4 (7.9).

Shareholders' equity amounted to MSEK 11 299 (9 381). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 1 202 after taking into account net investment hedging of MSEK 139 and MSEK 1 063 before net investment hedging. Refer to the statement of comprehensive income on page 16 for further information.

The total number of outstanding shares amounted to 365 058 897 as of December 31, 2014.

ACQUISITIONS JANUARY–DECEMBER 2014 (MSEK)

Company	Business segment 1)	Included from	Acquired share 2)	Annual sales 3)	Enter-prise value 4)	Goodwill	Acq. related intangible assets
Opening balance						**14 362**	**1 316**
Iverify, USA 8)	Security Services North America	Jun 1	24	-	148	-	-
SAIT, Belgium 7)	Security Services Europe	Nov 1	100	228	111	75	50
Other acquisitions 5) 7)				59	105	2	25
Total acquisitions January–December 2014				**287**	**364**	**77 6)**	**75**
Amortization of acquisition related intangible assets						-	–251
Exchange rate differences						1 789	104
Closing balance						**16 228**	**1 244**

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 for the period and updated previous year acquisition calculations for the following entities: Grupo Argos, Mexico, Interseco, the Netherlands, G4S – Alesund (contract portfolio), Norway, Vagt DK and TS Alarm (contract portfolio), Denmark, Vartiointipalvelu P. Kauppila (contract portfolio) and Sastamalan Vartiointi (contract portfolio), Finland, Ave Lat Sargs, Latvia, EKS Technik, Germany, SEIV, France, IBBC, Poland, Tehnomobil, Croatia, Sensormatic, Turkey, Vigilancias y Seguridad, Fuego Red, El Guardian, Trailback and Consultora Videco, Argentina, Pandyr, Selectron and Urulac, Uruguay, Ubiq, Peru, Security Alliance Limited, Hong Kong, Security Standard Group, Cambodia and Rentsec and Vamsa, South Africa. Related also to deferred considerations paid in Mexico, Denmark, Latvia, France, Austria, Croatia, Turkey, Argentina, Uruguay, Hong Kong and Indonesia.

6) Goodwill that is expected to be tax deductible amounts to MSEK –6.

7) 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 –60. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 541.

8) Accounted for as associated company in the Group's balance sheet.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 19. Transaction costs and revaluation of deferred considerations can be found in note 4 on page 21.

Iverify, USA

Securitas has acquired 24 percent of the shares in the Remote Video Services Company Iverify in the USA. Simultaneously Iverify has acquired 100 percent of the shares in the technology solutions company TransAlarm. Iverify is one of the leading Remote Video Services companies in the United States and operates a state-of-the-art Remote Video operations monitoring center, one of the largest of its kind and headquartered in Charlotte, North Carolina. TransAlarm is a security technology integrator headquartered in Minnesota, operating a large network of over 400 installers capable of covering the entire United States, Puerto Rico and Canada.

With this acquisition, Securitas has a 24 percent ownership position in the combined operations of Iverify and TransAlarm. Driehaus Private Equity is Securitas' co-partner in this transaction. Iverify will continue to be headquartered in Charlotte, North Carolina, and the two monitoring centers of the combined operations will serve as back-ups to each other. The joint operation employs 300 people.

SAIT, Belgium

Securitas has acquired all shares in the security and critical communications systems integrator SAIT in Belgium. The seller was the investment company Crescent. SAIT is operating in the areas of wireless networks, physical security solutions and data integrity. The company is focusing on delivering advanced technological security solutions supported by critical and secure networks in customer segments such as industry, public transport, government, police, defense, maritime, telecom and cities. SAIT has 80 employees. With this acquisition, Securitas strengthens its technology offering in Belgium and the position as the leading security solutions company. The acquisition creates a possibility to enter new customer segments markets, e.g. police, defense and cities, and to develop new security service offerings.

For critical estimates and judgments, items affecting comparability, provisions and contingent liabilities refer to the Annual Report 2013. 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 8, 2015, 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.

New market – South Korea

Securitas has started operations in South Korea since August and is now servicing the first customer with approximately 50 security officers. The South Korean market has a large potential with many of Securitas global customers operating in the country.

Spain – tax audit

The Spanish tax authority has in 2009 and 2012 rejected certain interest deductions for the years 2003–2005 respectively 2006–2007, which have been appealed to the Spanish courts. If finally upheld by the courts the resolutions would result in a tax of MEUR 27 including interest (as described on page 117 in the Annual Report 2013).

Similar to the rejected interest deductions for the years 2003–2005 and 2006–2007 the Spanish tax authority has now, in connection with an ongoing audit of Securitas Spain, challenged interest payments for the years 2008–2009. The tax for these years amounts to MEUR 14, including interest up to December 2014. There exists no further exposure for similar rejected interest deductions after 2009. The tax authority has also challenged a deduction for a currency related liquidation loss in the year 2010, relating to a company that was acquired in 2004. The tax amounts to MEUR 16, including interest up to December 2014.

Securitas has recently won in the Spanish national court Audiencia Nacional the case concerning interest deductions for the years 2003–2005, due to that the years 2003 and 2004 were judged to be time-barred. The tax for these years amounts to MEUR 11 (which is part of the MEUR 27 exposure described above), including interest up to December 2014. Further, in its judgment the court referred to a recent judgment by the Supreme Court, meaning that interest or any other expenses as a result of a transaction in a time-barred year cannot be disallowed in later years. Provided that the Supreme Court will decide in Securitas case in accordance with their recent judgment, referred to by the Audiencia Nacional, then all exposure for interest 2003–2005, 2006–2007 and 2008–2009 and for the currency related liquidation loss 2010, should cease.

The Spanish tax authority has appealed the Audiencia Nacional's judgment regarding 2003–2005 to the Supreme Court.

Securitas believes it has acted in accordance with applicable law and will defend its position in the courts. However, the tax resolution causes some uncertainty and it may take a long time until a final judgment is made.

USA – tax audit

As mentioned in the interim report for January–September, the US tax authority has in 2010 rejected certain insurance premium deductions for the years 2003–2004 (as described on page 117 in the Annual Report 2013). Securitas has won the case in the US Tax Court and the judgment is not expected to be appealed.

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 2013.

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 twelve-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2013 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–December 2014

The Parent Company's income amounted to MSEK 970 (870) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 395 (104). The increase of financial income and expenses compared to last year is mainly explained by a write-down of shares in subsidiaries made last year that had a negative effect on financial income and expenses. Income before taxes amounted to MSEK 472 (703).

As of December 31, 2014

The Parent Company's non-current assets amounted to MSEK 38 535 (38 043) and mainly comprise shares in subsidiaries of MSEK 37 258 (37 183). Current assets amounted to MSEK 6 199 (5 675) of which liquid funds amounted to MSEK 2 068 (2 008).

Shareholders' equity amounted to MSEK 25 027 (25 052). A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2014.

The Parent Company's liabilities amounted to MSEK 19 707 (18 666) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 23.

This full year 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 full year report, can be found in note 2 on pages 71 to 77 in the Annual Report for 2013. The accounting principles are also available on the Group's website www.securitas.com under the section Investor Relations – 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 123 in the Annual Report for 2013.

There have been no other changes than the changes described below in the Group's or the Parent Company's accounting principles compared to the accounting principles described in note 2 and note 39 in the Annual Report for 2013.

Effect of amended and revised IFRS that are effective as of 2014
IFRS 10 Consolidated Financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosures of interests in other entities have been adopted by Securitas as of the financial year 2014. They have had no impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2014 has had any impact on the Group's financial statements.

Effect of amended and revised IFRS that are effective as of 2015
None of the published standards and interpretations that are mandatory for the Group's financial year 2015 is assessed to have any impact on the Group's financial statements.

Stockholm, February 5, 2015

Alf Göransson
President and Chief Executive Officer

Review report

Translation of the Swedish original

Report of Review of Interim Financial Information prepared in accordance with IAS 34 and chapter 9 of the Annual Accounts Act.

Introduction

We have reviewed this report for the period January 1, 2014 to December 31, 2014 for Securitas AB. The board of directors and the President and CEO are responsible for the preparation and presentation of this full year report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this full year report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements IRSE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the full year report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, February 5, 2015
PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant

STATEMENT OF INCOME

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Sales	18 900.2	16 553.9	69 863.8	65 017.5	64 039.8
Sales, acquired business	83.0	171.4	353.3	682.6	2 418.4
Total sales	**18 983.2**	**16 725.3**	**70 217.1**	**65 700.1**	**66 458.2**
Organic sales growth, % [1]	5	1	3	1	0
Production expenses	–15 575.3	–13 740.1	–58 010.1	–54 276.6	–55 364.5
Gross income	**3 407.9**	**2 985.2**	**12 207.0**	**11 423.5**	**11 093.7**
Selling and administrative expenses	–2 398.6	–2 110.8	–8 726.6	–8 112.4	–8 081.5
Other operating income [2]	4.4	3.3	15.9	13.5	12.8
Share in income of associated companies [3]	3.4	1.6	8.4	4.4	2.7
Operating income before amortization	**1 017.1**	**879.3**	**3 504.7**	**3 329.0**	**3 027.7**
Operating margin, %	5.4	5.3	5.0	5.1	4.6
Amortization and impairment of acquisition related intangible assets	–68.9	–80.9	–250.8	–273.7	–297.1
Acquisition related costs [4]	–4.5	–7.6	–17.1	–26.8	–49.5
Items affecting comparability [5]	-	-	-	-	–424.3
Operating income after amortization	**943.7**	**790.8**	**3 236.8**	**3 028.5**	**2 256.8**
Financial income and expenses [6]	–82.6	–85.6	–327.6	–385.0	–573.0
Income before taxes	**861.1**	**705.2**	**2 909.2**	**2 643.5**	**1 683.8**
Net margin, %	4.5	4.2	4.1	4.0	2.5
Current taxes	–198.7	–238.7	–710.7	–708.6	–526.4
Deferred taxes	–28.6	28.5	–127.0	–79.3	17.2
Net income for the period	**633.8**	**495.0**	**2 071.5**	**1 855.6**	**1 174.6**
Whereof attributable to:					
Equity holders of the Parent Company	634.4	493.9	2 068.4	1 852.5	1 174.2
Non-controlling interests	–0.6	1.1	3.1	3.1	0.4
Earnings per share before and after dilution (SEK)	1.74	1.35	5.67	5.07	3.22

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Net income for the period	**633.8**	**495.0**	**2 071.5**	**1 855.6**	**1 174.6**
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	–230.8	48.1	–279.7	243.0	–111.7
Total items that will not be reclassified to the statement of income [7]	**–230.8**	**48.1**	**–279.7**	**243.0**	**–111.7**
Items that subsequently may be reclassified to the statement of income					
Cash flow hedges net of tax	–1.4	1.0	0.0	4.7	7.1
Net investment hedges net of tax	40.7	–82.1	138.9	–202.3	–9.7
Translation differences	585.6	161.9	1 062.9	–36.1	–550.1
Total items that subsequently may be reclassified to the statement of income [7]	**624.9**	**80.8**	**1 201.8**	**–233.7**	**–552.7**
Other comprehensive income for the period [7]	**394.1**	**128.9**	**922.1**	**9.3**	**–664.4**
Total comprehensive income for the period	**1 027.9**	**623.9**	**2 993.6**	**1 864.9**	**510.2**
Whereof attributable to:					
Equity holders of the Parent Company	1 027.6	622.9	2 988.9	1 863.9	510.4
Non-controlling interests	0.3	1.0	4.7	1.0	–0.2

Notes 1–7 refer to pages 21–22.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Operating income before amortization	**1 017.1**	**879.3**	**3 504.7**	**3 329.0**	**3 027.7**
Investments in non-current tangible and intangible assets	–296.0	–230.9	–1 113.2	–804.0	–1 039.2
Reversal of depreciation	250.9	238.7	966.9	945.6	946.1
Change in accounts receivable	313.2	143.3	–114.5	1.0	205.4
Change in other operating capital employed	–43.6	204.6	–381.2	–241.5	60.8
Cash flow from operating activities	**1 241.6**	**1 235.0**	**2 862.7**	**3 230.1**	**3 200.8**
Cash flow from operating activities, %	*122*	*140*	*82*	*97*	*106*
Financial income and expenses paid	–39.2	–48.4	–311.4	–532.0	–531.9
Current taxes paid	–130.3	–203.8	–696.6	–610.4	–583.3
Free cash flow	**1 072.1**	**982.8**	**1 854.7**	**2 087.7**	**2 085.6**
Free cash flow, %	*146*	*177*	*75*	*93*	*108*
Cash flow from investing activities, acquisitions	–145.1	–96.5	–385.0	–294.7	–677.3
Cash flow from items affecting comparability	–11.4	–37.2	–72.8	–307.5	–193.8
Cash flow from financing activities	195.3	463.6	–2 107.8	–2 270.5	1 222.7
Cash flow for the period	**1 110.9**	**1 312.7**	**–710.9**	**–785.0**	**2 437.2**

Cash flow MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Cash flow from operations	1 347.2	1 152.5	2 873.9	2 529.0	2 833.4
Cash flow from investing activities	–431.6	–303.4	–1 477.0	–1 043.5	–1 618.9
Cash flow from financing activities	195.3	463.6	–2 107.8	–2 270.5	1 222.7
Cash flow for the period	**1 110.9**	**1 312.7**	**–710.9**	**–785.0**	**2 437.2**

Change in net debt MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Opening balance	**–10 861.4**	**–10 293.1**	**–9 609.8**	**–9 864.6**	**–10 348.8**
Cash flow for the period	1 110.9	1 312.7	–710.9	–785.0	2 437.2
Change in loans	–195.3	–463.6	1 012.6	1 175.3	–2 317.9
Change in net debt before revaluation and translation differences	**915.6**	**849.1**	**301.7**	**390.3**	**119.3**
Revaluation of financial instruments [6)]	-2.6	2.2	-0.4	10.9	10.6
Translation differences	–473.2	–168.0	–1 113.1	–146.4	354.3
Change in net debt	**439.8**	**683.3**	**–811.8**	**254.8**	**484.2**
Closing balance	**–10 421.6**	**–9 609.8**	**–10 421.6**	**–9 609.8**	**–9 864.6**

Note 6 refers to page 22.

CAPITAL EMPLOYED AND FINANCING

MSEK	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013	Sep 30, 2013	Dec 31, 2012
Operating capital employed	**3 924.0**	**4 220.9**	**3 180.9**	**3 469.4**	**2 581.5**
Operating capital employed as % of sales	*6*	*6*	*5*	*5*	*4*
Return on operating capital employed, %	*99*	*91*	*116*	*91*	*91*
Goodwill	16 228.1	15 328.2	14 361.9	14 087.6	14 275.4
Acquisition related intangible assets	1 244.2	1 196.3	1 315.6	1 335.3	1 501.9
Shares in associated companies	324.5	301.8	132.7	97.2	108.0
Capital employed	**21 720.8**	**21 047.2**	**18 991.1**	**18 989.5**	**18 466.8**
Return on capital employed, %	*16*	*16*	*18*	*15*	*14*
Net debt	**–10 421.6**	**–10 861.4**	**–9 609.8**	**–10 293.1**	**–9 864.6**
Shareholders' equity	**11 299.2**	**10 185.8**	**9 381.3**	**8 696.4**	**8 602.2**
Net debt equity ratio, multiple	*0.92*	*1.07*	*1.02*	*1.18*	*1.15*

BALANCE SHEET

MSEK	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013	Sep 30, 2013	Dec 31, 2012
ASSETS					
Non-current assets					
Goodwill	16 228.1	15 328.2	14 361.9	14 087.6	14 275.4
Acquisition related intangible assets	1 244.2	1 196.3	1 315.6	1 335.3	1 501.9
Other intangible assets	398.3	365.7	325.2	313.7	368.1
Tangible non-current assets	2 557.1	2 458.6	2 269.4	2 253.7	2 377.7
Shares in associated companies	324.5	301.8	132.7	97.2	108.0
Non-interest-bearing financial non-current assets	2 127.8	2 030.1	1 996.7	2 030.5	2 170.7
Interest-bearing financial non-current assets	434.5	400.6	150.9	146.2	224.3
Total non-current assets	**23 314.5**	**22 081.3**	**20 552.4**	**20 264.2**	**21 026.1**
Current assets					
Non-interest-bearing current assets	14 176.9	14 047.0	12 575.5	12 837.0	12 434.1
Other interest-bearing current assets	167.3	144.2	59.5	17.6	116.3
Liquid funds	3 425.1	2 290.7	4 049.8	2 731.6	4 880.7
Total current assets	**17 769.3**	**16 481.9**	**16 684.8**	**15 586.2**	**17 431.1**
TOTAL ASSETS	**41 083.8**	**38 563.2**	**37 237.2**	**35 850.4**	**38 457.2**

MSEK	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013	Sep 30, 2013	Dec 31, 2012
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Attributable to equity holders of the Parent Company	11 280.3	10 165.2	9 365.3	8 679.4	8 588.3
Non-controlling interests	18.9	20.6	16.0	17.0	13.9
Total shareholders' equity	**11 299.2**	**10 185.8**	**9 381.3**	**8 696.4**	**8 602.2**
Equity ratio, %	*28*	*26*	*25*	*24*	*22*
Long-term liabilities					
Non-interest-bearing long-term liabilities	550.7	527.1	487.3	392.9	409.3
Interest-bearing long-term liabilities	11 700.7	10 913.9	11 509.8	7 692.0	9 099.9
Non-interest-bearing provisions	2 981.8	2 650.4	2 463.8	2 523.8	2 887.0
Total long-term liabilities	**15 233.2**	**14 091.4**	**14 460.9**	**10 608.7**	**12 396.2**
Current liabilities					
Non-interest-bearing current liabilities and provisions	11 803.6	11 503.0	11 034.8	11 048.8	11 472.8
Interest-bearing current liabilities	2 747.8	2 783.0	2 360.2	5 496.5	5 986.0
Total current liabilities	**14 551.4**	**14 286.0**	**13 395.0**	**16 545.3**	**17 458.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**41 083.8**	**38 563.2**	**37 237.2**	**35 850.4**	**38 457.2**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Dec 31, 2014 Attributable to equity holders of the Parent Company	Dec 31, 2014 Non-controlling interests	Dec 31, 2014 Total	Dec 31, 2013 Attributable to equity holders of the Parent Company	Dec 31, 2013 Non-controlling interests	Dec 31, 2013 Total	Dec 31, 2012 Attributable to equity holders of the Parent Company	Dec 31, 2012 Non-controlling interests	Dec 31, 2012 Total
Opening balance January 1, 2014/2013/2012	**9 365.3**	**16.0**	**9 381.3**	**8 588.3**	**13.9**	**8 602.2**	**9 204.1**	**2.6**	**9 206.7**
Total comprehensive income for the period	2 988.9	4.7	2 993.6	1 863.9	1.0	1 864.9	510.4	–0.2	510.2
Transactions with non-controlling interests	–0.6	-1.8	–2.4	–2.0	1.1	–0.9	–35.0	11.5	–23.5
Share based incentive scheme	21.9	-	21.9[1]	10.3	-	10.3	4.0	-	4.0
Dividend paid to the shareholders of the Parent Company	–1 095.2	-	–1 095.2	–1 095.2	-	–1 095.2	–1 095.2	-	–1 095.2
Closing balance December 31, 2014/2013/2012	**11 280.3**	**18.9**	**11 299.2**	**9 365.3**	**16.0**	**9 381.3**	**8 588.3**	**13.9**	**8 602.2**

[1] Refers to a swap agreement in Securitas AB shares of MSEK –65.6, hedging the share portion of Securitas share based incentive scheme 2013, and share based remuneration for the Group's participants in the share based incentive scheme 2014 of MSEK 87.5.

DATA PER SHARE

SEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Share price, end of period	94.45	68.35	94.45	68.35	56.70
Earnings per share before and after dilution [1, 2]	1.74	1.35	5.67	5.07	3.22
Earnings per share before and after dilution and before items affecting comparability [1, 2]	1.74	1.35	5.67	5.07	4.11[4]
Dividend	-	-	3.00[5]	3.00	3.00
P/E-ratio after dilution and before items affecting comparability	-	-	17	13	14[4]
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding [3]	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [3]	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 between earnings per share before and after dilution.
[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] There are no convertible debenture loans. Consequently there is no difference between number of shares before and after dilution.
[4] Calculated excluding items affecting comparability as well as impairment of goodwill and other acquisition related intangible assets.
[5] Proposed dividend.

JANUARY–DECEMBER 2014

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	24 977	34 996	9 238	1 006	-	70 217
Sales, intra-group	12	1	-	0	–13	-
Total sales	**24 989**	**34 997**	**9 238**	**1 006**	**–13**	**70 217**
Organic sales growth, %	3	2	8	-	-	3
Operating income before amortization	**1 333**	**2 046**	**396**	**–270**	**-**	**3 505**
of which share in income of associated companies	*0*	*0*	-	8	-	8
Operating margin, %	5.3	5.8	4.3	-	-	5.0
Amortization of acquisition related intangible assets	–26	–146	–65	–14	-	–251
Acquisition related costs	–2	–12	–2	–1	-	–17
Items affecting comparability	-	-	-	-	-	-
Operating income after amortization	**1 305**	**1 888**	**329**	**–285**	**-**	**3 237**
Financial income and expenses	-	-	-	-	-	–328
Income before taxes	**-**	**-**	**-**	**-**	**-**	**2 909**

JANUARY–DECEMBER 2013

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	22 834	32 716	9 266	884	-	65 700
Sales, intra-group	7	-	-	2	-9	-
Total sales	**22 841**	**32 716**	**9 266**	**886**	**-9**	**65 700**
Organic sales growth, %	*0*	*0*	4	-	-	*1*
Operating income before amortization	**1 177**	**1 954**	**480**	**–282**	**-**	**3 329**
of which share in income of associated companies	*1*	*0*	-	3	-	4
Operating margin, %	5.2	6.0	5.2	-	-	5.1
Amortization of acquisition related intangible assets	–33	–147	–70	–24	-	–274
Acquisition related costs	0	–24	-9	6	-	–27
Items affecting comparability	-	-	-	-	-	-
Operating income after amortization	**1 144**	**1 783**	**401**	**–300**	**-**	**3 028**
Financial income and expenses	-	-	-	-	-	–385
Income before taxes	**-**	**-**	**-**	**-**	**-**	**2 643**

Note 1 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	Oct–Dec 2014	Oct–Dec 2013	Oct–Dec %	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec %
Total sales	**18 983**	**16 725**	**14**	**70 217**	**65 700**	**7**
Acquisitions/divestitures	–83	–1		–353	–34	
Currency change from 2013	–1 342	-		–2 032	-	
Organic sales	**17 558**	**16 724**	**5**	**67 832**	**65 666**	**3**
Operating income	**1 017**	**879**	**16**	**3 505**	**3 329**	**5**
Currency change from 2013	–70	-		–92	-	
Currency adjusted operating income	**947**	**879**	**8**	**3 413**	**3 329**	**3**
Income before taxes	**861**	**705**	**22**	**2 909**	**2 643**	**10**
Currency change from 2013	–66	-		–92	-	
Currency adjusted income before taxes	**795**	**705**	**13**	**2 817**	**2 643**	**7**

Note 2 Other operating income

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

Note 3 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.

Associated companies classified as operational:

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Walsons Services PVT Ltd	1.9	0.5	5.0	1.6	0.2
Long Hai Security	1.1	0.5	3.1	2.2	2.5
Other associated companies	0.4	0.6	0.3	0.6	-
Share in income of associated companies included in operating income before amortization	**3.4**	**1.6**	**8.4**	**4.4**	**2.7**

Note 4 Acquisition related costs

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Restructuring and integration costs	-0.1	-13.5	-0.8	-25.8	-62.2
Transaction costs	-5.4	-7.3	-11.3	-10.9	-17.2
Revaluation of deferred considerations	1.0	13.2	-5.0	9.9	29.9
Acquisition related costs	**-4.5**	**-7.6**	**-17.1**	**-26.8**	**-49.5**

Note 5 Items affecting comparability

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Recognized in the statement of income					
Restructuring costs	-	-	-	-	–458.0
Spain – overtime compensation	-	-	-	-	22.7
Germany – discontinued operations	-	-	-	-	11.0
Total recognized in the statement of income	**-**	**-**	**-**	**-**	**–424.3**
Cash flow impact					
Restructuring payments	-9.2	-34.7	-65.1	-205.0	-152.4
Spain – overtime compensation	-0.5	-2.0	-4.5	-12.0	-37.9
Germany – Deutsche Bank	-	-	-	-88.5	-
Germany – premises	-1.7	-0.5	-3.2	-2.0	-3.5
Total cash flow impact	**-11.4**	**-37.2**	**-72.8**	**-307.5**	**-193.8**

Note 6 Financial instruments and credit facilities

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

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Recognized in the statement of income					
Revaluation of financial instruments	-0.8	0.9	-0.4	0.5	1.0
Deferred tax	0.2	-0.2	0.1	-0.1	-0.3
Impact on net income	**-0.6**	**0.7**	**-0.3**	**0.4**	**0.7**
Recognized in the statement of comprehensive income					
Cash flow hedges	-1.8	1.3	0.0	10.4	9.6
Deferred tax	0.4	-0.3	0.0	-2.2	-2.5
Adjustment of opening balance deferred taxes	-	-	-	-3.5	-
Cash flow hedges net of tax	**-1.4**	**1.0**	**0.0**	**4.7**	**7.1**
Total revaluation before tax	-2.6	2.2	-0.4	10.9	10.6
Total deferred tax	0.6	-0.5	0.1	-5.8	-2.8
Total revaluation after tax	**-2.0**	**1.7**	**-0.3**	**5.1**	**7.8**

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 2013. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2013.

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
December 31, 2014				
Financial assets at fair value through profit or loss	–	6.2	–	**6.2**
Financial liabilities at fair value through profit or loss	–	–149.2	–	**–149.2**
Derivatives designated for hedging with positive fair value	–	330.1	–	**330.1**
Derivatives designated for hedging with negative fair value	–	-0.6	–	**-0.6**
December 31, 2013				
Financial assets at fair value through profit or loss	-	59.5	-	**59.5**
Financial liabilities at fair value through profit or loss	-	–50.5	-	**–50.5**
Derivatives designated for hedging with positive fair value	-	41.9	-	**41.9**
Derivatives designated for hedging with negative fair value	-	–7.8	-	**–7.8**

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 2013.

	Dec 31, 2014		Dec 31, 2013	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	400.2	400.3	-	-
Long-term loan liabilities	9 770.2	10 045.8	9 284.2	9 376.4
Total financial instruments by category	**10 170.4**	**10 446.1**	**9 284.2**	**9 376.4**

Summary of credit facilities as of December 31, 2014

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN 3.45% fixed	SEK	400	0	2015
EMTN FRN private placement	SEK	600	0	2015
EMTN FRN private placement	USD	40	0	2015
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	550	2016
Multi Currency Revolving Credit Facility	EUR (or equivalent)	420	420	2016
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
EMTN FRN private placement	USD	60	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
Commercial Paper (uncommitted)	SEK	5 000	3 830	n/a

Note 7 Tax effects on other comprehensive income

MSEK	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013	Jan–Dec 2012
Deferred tax on remeasurements of defined benefit pension plans	106.3	–13.8	125.6	–115.2	37.3
Deferred tax on cash flow hedges	0.4	-0.3	0.0	–5.7	–2.5
Deferred tax on net investment hedges	–11.5	23.2	–39.2	34.1	3.5
Deferred tax on other comprehensive income	**95.2**	**9.1**	**86.4**	**–86.8**	**38.3**

STATEMENT OF INCOME

MSEK	Jan–Dec 2014	Jan–Dec 2013
License fees and other income	970.3	870.2
Gross income	**970.3**	**870.2**
Administrative expenses	–613.3	–538.5
Operating income	**357.0**	**331.7**
Financial income and expenses	395.0	104.2
Income after financial items	**752.0**	**435.9**
Appropriations	–279.8	267.1
Income before taxes	**472.2**	**703.0**
Taxes	126.5	–7.2
Net income for the period	**598.7**	**695.8**

BALANCE SHEET

MSEK	Dec 31, 2014	Dec 31, 2013
ASSETS		
Non-current assets		
Shares in subsidiaries	37 257.5	37 183.0
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	262.3	238.9
Interest-bearing financial non-current assets	902.9	509.4
Total non-current assets	**38 534.8**	**38 043.4**
Current assets		
Non-interest-bearing current assets	130.5	359.9
Other interest-bearing current assets	4 000.2	3 307.6
Liquid funds	2 067.8	2 007.7
Total current assets	**6 198.5**	**5 675.2**
TOTAL ASSETS	**44 733.3**	**43 718.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 727.7	7 727.7
Non-restricted equity	17 298.9	17 323.9
Total shareholders' equity	**25 026.6**	**25 051.6**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	159.1	160.7
Interest-bearing long-term liabilities	11 591.1	11 405.3
Total long-term liabilities	**11 750.2**	**11 566.0**
Current liabilities		
Non-interest-bearing current liabilities	714.5	310.5
Interest-bearing current liabilities	7 242.0	6 790.5
Total current liabilities	**7 956.5**	**7 101.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**44 733.3**	**43 718.6**

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 FULL YEAR REPORT

Analysts and media are invited to participate in a telephone conference on February 5, 2015 at **09:30 a.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. No information meeting will take place at Securitas headquarters at Lindhagensplan in Stockholm. 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/webcasts. A recorded version of the audio cast will be available at www.securitas.com/webcasts after the telephone conference.

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FINANCIAL INFORMATION CALENDAR

May 8, 2015, app. 13.00 p.m.	Interim Report January–March 2015
May 8, 2015, 15:00 p.m.	Annual General Meeting 2015
August 5, 2015, app. 13.00 p.m.	Interim Report January–June 2015
November 4, 2015, app. 13.00 p.m.	Interim Report January–September 2015

For further information regarding Securitas IR activities, refer to www.securitas.com/Investor Relations/Financial Calendar

ABOUT SECURITAS

Securitas is a knowledge leader in security and operates 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 in a variety of industries and customer segments, and the customers vary from the shop on the corner to global multibillion industries. The services provided are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. 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 320 000 people in 53 countries. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

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.

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.

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