Securitas AB

Full Year Report January–December 2016

OCTOBER–DECEMBER 2016

- **Total sales MSEK 23 715 (21 031)**
- **Organic sales growth 5 percent (7)**
- **Operating income before amortization MSEK 1 241 (1 133)**
- **Operating margin 5.2 percent (5.4)**
- **Earnings per share SEK 1.92 (1.83)**

JANUARY–DECEMBER 2016

- **Total sales MSEK 88 162 (80 860)**
- **Organic sales growth 7 percent (5)**
- **Operating income before amortization MSEK 4 554 (4 089)**
- **Operating margin 5.2 percent (5.1)**
- **Earnings per share SEK 7.24 (6.67)**
- **Free cash flow/net debt 0.13 (0.22)**
- **Proposed dividend SEK 3.75 (3.50)**

COMMENTS FROM THE PRESIDENT AND CEO

We are proud to have delivered another record year for Securitas. In 2016, with organic sales growth of 7 percent (5), we grew faster than the security market, we improved the operating margin and earnings per share grew 9 percent adjusted for changes in exchanges rates. We are also delivering on our strategy. Security solutions and electronic security grew 56 percent (38) including acquisitions and 22 percent (35) organically, representing BSEK 14.1 (9.3) or 16.0 percent (11.5) of total sales in 2016. We believe that we can continue to increase our sales of security solutions and electronic security at a high pace also in the coming years and make this a substantial part of the Group's total sales.

Market dynamics in the US remain favorable and we are confident that our acquisition of Diebold's Electronic Security business will allow us to further advance our market position in the US security market. During the past year the European market has been characterized by increased social tension and higher levels of security needs. These extra needs have proven to be short-term and volatile in nature and are expected to continue to reduce in the coming quarters. While this, in combination with a few large contract terminations and historically high comparatives, will reverse the positive organic sales growth trend in Security Services Europe in the coming quarters, we expect it to recover during the second half of 2017.

The net debt to EBITDA ratio increased to 2.4 (1.9) in 2016 mainly as a result of the acquisitions in electronic security. Cash flow was weaker than expected in the last quarter for which we have taken measures to restore in 2017.

Our investments in protective services during recent years have resonated very well in the market, and our efforts to optimize customers' security spend are allowing us to grow faster than the security markets in the US and Europe as well as in many of the Ibero-American countries. As an important part of our strategy Vision 2020, we are also investing in digitizing our customers' historical and real-time data in order to gradually produce more predictive security. In combination with our security solutions and electronic security strategy, predictive security will create further customer value, enhanced security, and strengthen our leadership in the global security market.

Alf Göransson
President and Chief Executive Officer

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FINANCIAL SUMMARY

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2016**	**Q4 2015**	***Total***	***Real***	**2016**	**2015**	***Total***	***Real***
Sales	**23 715**	**21 031**	***13***	***10***	**88 162**	**80 860**	**9**	***11***
Organic sales growth, %	5	7			7	5		
Operating income before amortization	**1 241**	**1 133**	***10***	**6**	**4 554**	**4 089**	***11***	***13***
Operating margin, %	*5.2*	*5.4*			*5.2*	*5.1*		
Amortization of acquisition-related intangible assets	–87	–73			–288	–275		
Acquisition-related costs	–47	–8			–113	–29		
Operating income after amortization	**1 107**	**1 052**	***5***	**1**	**4 153**	**3 785**	***10***	***11***
Financial income and expenses	–105	–80			–389	–309		
Income before taxes	**1 002**	**972**	***3***	**–1**	**3 764**	**3 476**	***8***	**9**
Net income for the period	**704**	**671**	***5***	***0***	**2 646**	**2 444**	***8***	**9**
Earnings per share, SEK	1.92	1.83	5	*0*	7.24	6.67	9	9
Cash flow from operating activities, %	93	98			67	83		
Free cash flow	864	807			1 721	2 163		
Free cash flow to net debt ratio	-	-			*0.13*	*0.22*		

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

Earnings per share amounted to SEK 7.24 (6.67), a total change of 9 percent compared with the preceding year. Real change of earnings per share was also 9 percent in 2016.

The free cash flow to net debt ratio was 0.13 (0.22) and the net debt to EBITDA ratio was 2.4 (1.9).

ANNUAL GENERAL MEETING 2017

The Annual General Meeting (AGM) of Securitas AB will be held on Wednesday, May 3, 2017 at 4.00 p.m. (CET) at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm.
Refer to www.securitas.com/Corporate Governance for more information regarding the 2017 AGM.
The 2016 Annual Report of Securitas AB will be published on www.securitas.com on April 11, 2017.

PROPOSED DIVIDEND AND AUTHORIZATION TO REPURCHASE SHARES IN SECURITAS AB

The Board of Directors proposes a dividend for 2016 of SEK 3.75 (3.50) per share. The total proposed dividend amounts to 52 percent of net income. Friday, May 5, 2017 is proposed as the record date for the dividend.

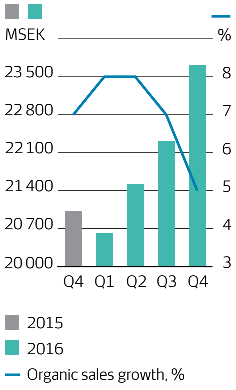
The Board proposes to the Annual General Meeting on May 3, 2017, that the Board be authorized to be able to resolve on the acquisition of the company's shares to be able to adjust the capital structure. Refer to Other Significant Events on page 12 for further information.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

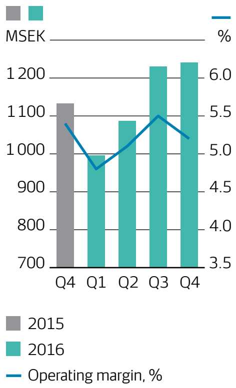
	Organic sales growth				Operating margin			
	Q4		Full year		Q4		Full year	
%	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Security Services North America*	6	4	6	4	6.3	6.1	5.9	5.6
Security Services Europe	2	8	6	4	5.8	6.2	5.8	5.7
Security Services Ibero-America	16	14	14	13	4.4	4.4	4.4	4.5
Group	**5**	**7**	**7**	**5**	**5.2**	**5.4**	**5.2**	**5.1**

* Comparatives have been restated. Refer to note 12 for further information.

Group quarterly sales development



Group quarterly operating income development



OCTOBER–DECEMBER 2016

Sales development

Sales amounted to MSEK 23 715 (21 031) and organic sales growth was 5 percent (7), reflecting the decline in Security Services Europe driven by lower extra sales related to the refugee situation. Organic sales growth improved in Security Services North America and Security Services Ibero-America. In Security Services North America, organic sales growth was driven by favorable portfolio growth benefitting from strong new sales and low terminations. 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). Organic sales growth in Security Services Ibero-America was strong with main contribution from Argentina while Spain and Portugal improved compared with the preceding year.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 10 percent (7).

Operating income before amortization

Operating income before amortization was MSEK 1 241 (1 133) which, adjusted for changes in exchange rates, represented a real change of 6 percent (8).

The Group's operating margin was 5.2 percent (5.4), a decrease attributable to Security Services Europe due to a lower level of high-margin extra sales, some one-off costs and a weaker performance in the electronic security business in Turkey. Security Services North America improved the operating margin and Security Services Ibero-America was on the same operating margin as last year.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –87 (–73).

Acquisition related costs were MSEK –47 (–8), of which MSEK –17 pertained to the acquisition of Diebold Electronic Security in North America. The remainder pertained primarily to the acquisitions of Draht+Schutz in Germany and Infratek Security Solutions in Norway. For further information refer to note 6.

Financial income and expenses

Financial income and expenses amounted to MSEK –105 (–80). The main reason for the increase compared with the preceding year was that the majority of the MEUR 350 bond issued at a coupon of 1.25 percent in March 2016 was swapped into fixed USD at 3.35 percent in order to finance the Diebold Electronic Security acquisition.

Income before taxes

Income before taxes was MSEK 1 002 (972).

Taxes, net income and earnings per share

The Group's tax rate was 29.7 percent (31.0), which was in line with the full-year tax rate of 2015.

Net income was MSEK 704 (671). Earnings per share amounted to SEK 1.92 (1.83).

JANUARY–DECEMBER 2016

Sales development

Sales amounted to MSEK 88 162 (80 860) and organic sales growth was 7 percent (5). Organic sales growth improved in all business segments due to a combination of favorable portfolio growth and higher extra sales. The increase in extra sales was largely driven by Security Services Europe, which experienced a higher level of security needs in a number of countries during the year especially in the first half of 2016. Organic sales growth in Security Services North America was driven by favorable portfolio development based on strong new sales and low terminations. Real sales growth 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 and improved mainly due to Spain and Portugal. The total sales volume in Swedish kronor in Security Services Ibero-America was negatively impacted by the substantial devaluation of the Argentinian peso.

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

Security solutions and electronic security grew 56 percent (38) including acquisitions and 22 percent (35) organically, representing BSEK 14.1 (9.3) or 16.0 percent (11.5) of total sales in 2016.

Operating income before amortization

Operating income before amortization was MSEK 4 554 (4 089) which, adjusted for changes in exchange rates, represented a real change of 13 percent (7).

The Group's operating margin was 5.2 percent (5.1). The operating margin improved in Security Services North America and Security Services Europe and declined slightly in Security Services Ibero-America. The improvement was related to the inclusion of Securitas Electronic Security in Security Services North America, high margin extra sales mainly in Security Services Europe and the overall strong organic sales growth in the Group. The total price adjustments in the Group were on par with the wage cost increases, with the exception of the wage increase in Spain effective from July 2016, which was only partially recovered through price increases.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –288 (–275).

Acquisition related costs were MSEK –113 (–29), of which MSEK –69 pertained to the acquisition of Diebold Electronic Security in North America. The remainder pertained primarily to the acquisitions of Draht+Schutz in Germany and Infratek Security Solutions in Norway. For further information, refer to note 6.

Financial income and expenses

Financial income and expenses amounted to MSEK –389 (–309). The main reason for the increase compared with the preceding year was that the majority of the MEUR 350 bond issued at a coupon of 1.25 percent in March 2016 was swapped into fixed USD at 3.35 percent in order to finance the Diebold Electronic Security acquisition.

Income before taxes

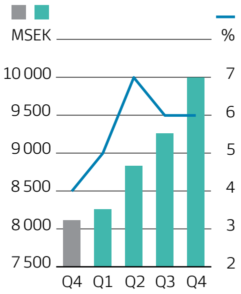
Income before taxes was MSEK 3 764 (3 476).

Taxes, net income and earnings per share

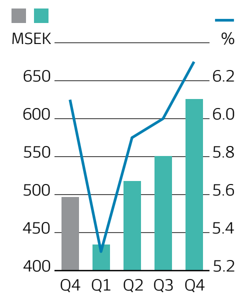
The Group's tax rate was 29.7 percent (29.7).

Net income was MSEK 2 646 (2 444). Earnings per share amounted to SEK 7.24 (6.67).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

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

	Quarter		Change, %		Full year		Change, %	
MSEK	**Q4 2016**	**Q4 2015***	***Total***	***Real***	**2016**	**2015***	***Total***	***Real***
Total sales	**9 996**	**8 113**	**23**	**17**	**36 354**	**31 145**	**17**	**15**
Organic sales growth, %	6	4			6	4		
Share of Group sales, %	42	39			41	39		
Operating income before amortization	**626**	**497**	**26**	**19**	**2 129**	**1 745**	**22**	**20**
Operating margin, %	6.3	6.1			5.9	5.6		
Share of Group operating income, %	50	44			47	43		

* Comparatives have been restated. Refer to note 12 for further information.

October–December 2016

Organic sales growth was 6 percent (4) with a main contribution from the five geographical regions. Strong new sales paired with high client retention explained the positive organic sales growth prevailing in almost all units. Sales within security solutions and electronic security increased and were mainly supported by the consolidation of the acquired commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America (Securitas Electronic Security).

The operating margin was 6.3 percent (6.1) and the positive development was primarily driven by the inclusion of Securitas Electronic Security. The five geographical regions also contributed to the improvement as a result of the strong topline, which gave leverage to the cost base, and through increased sales of security solutions contracts.

The Swedish krona exchange rate weakened against the US dollar which had a positive effect on operating income in Swedish kronor. The real change was 19 percent in the fourth quarter.

January–December 2016

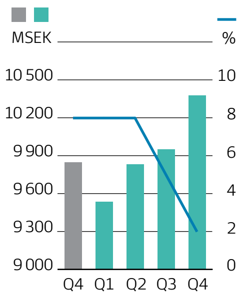
Organic sales growth was 6 percent (4), with a main contribution from the five geographical regions and the critical infrastructure services business unit. The favorable portfolio development, which reflected its strong client retention and high new sales, resulted in higher organic sales growth than in the US security market. Sales within security solutions and electronic security increased and supported the business segment's organic sales growth. 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, had a positive impact on total sales growth.

The operating margin was 5.9 percent (5.6). The inclusion of Securitas Electronic Security had a positive impact on the operating margin, as did the overall strong top line growth, which gave leverage to the cost base.

The Swedish krona exchange rate weakened against the US dollar which had a positive effect on the operating income in Swedish kronor. The real change was 20 percent during the year.

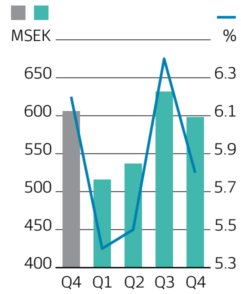
The client retention rate was 94 percent (91). The employee turnover rate in the business segment was 71 percent (67).

Quarterly sales development



2015
2016
Organic sales growth, %

Quarterly operating income development



2015
2016
Operating margin, %

SECURITY SERVICES EUROPE

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

		Quarter	*Change, %*			Full year	*Change, %*	
MSEK	**Q4 2016**	**Q4 2015**	***Total***	***Real***	**2016**	**2015**	***Total***	***Real***
Total sales	**10 378**	**9 849**	**5**	**3**	**39 694**	**37 573**	**6**	**6**
Organic sales growth, %	*2*	*8*			*6*	*4*		
Share of Group sales, %	*44*	*47*			*45*	*47*		
Operating income before amortization	**598**	**606**	**-1**	**-4**	**2 283**	**2 143**	**7**	**6**
Operating margin, %	*5.8*	*6.2*			*5.8*	*5.7*		
Share of Group operating income, %	*48*	*53*			*50*	*52*		

October–December 2016

Organic sales growth was 2 percent (8), with a gradual reduction during the quarter mainly due to lower refugee-related extra sales and the termination of a low-margin MSEK 400 retail contract in the UK in the second half of November.

The security needs driven by the refugee and terror situation rose sharply late 2015 and remained at a high level throughout the first half of 2016, which will be reflected in strong comparatives in the coming quarters. Furthermore, organic sales growth will be hampered by the major contract termination in Aviation in Sweden as of February 2017. Security Services Europe will likely not return to security market growth rate until the second half of 2017.

The operating margin was 5.8 percent (6.2). The decline was mainly attributable to a lower level of high-margin extra sales. In addition, one-off costs relating to minor restructuring measures were charged to the quarter. The electronic security project-related business in Turkey had a negative impact on the operating margin.

The Swedish krona exchange rate weakened against foreign currencies which had a positive effect on operating income in Swedish kronor. The real change was –4 percent in the fourth quarter.

January–December 2016

Organic sales growth was 6 percent (4), an improvement driven by higher extra sales relating to the refugee and terror situation. The main contribution to organic sales growth came from Belgium, France, Germany, Sweden and Turkey. Refugee and terror-related sales declined during the second half of the year, while sales within security solutions and electronic security continued to grow at a favorable pace.

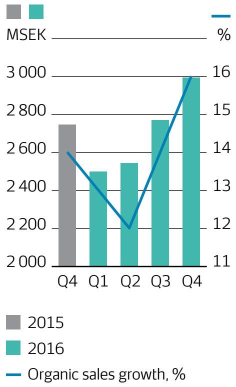
The operating margin was 5.8 percent (5.7), supported by high-margin extra sales and increasing volumes of security solutions and electronic security, but hampered by the weaker performance in the Turkish project-related business as well as one-off costs relating to minor restructuring measures implemented in the fourth quarter.

Compared with 2015 the negative impact on operating result for 2016 due to increased social costs in Sweden was MSEK –45.

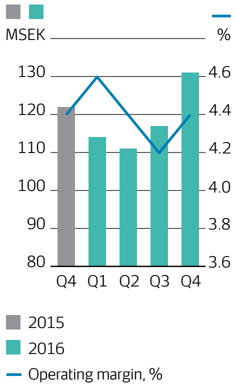
The Swedish krona exchange rate remained almost unchanged against foreign currencies. The real change was 6 percent in the period.

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

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides security services for large and medium-sized customers in seven Latin American countries, as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 180 branch managers and 61 000 employees.

		Quarter	*Change, %*			Full year	*Change, %*	
MSEK	**Q4 2016**	**Q4 2015**	***Total***	***Real***	**2016**	**2015**	***Total***	***Real***
Total sales	**2 993**	**2 746**	**9**	**17**	**10 805**	**10 886**	**-1**	**14**
Organic sales growth, %	*16*	*14*			*14*	*13*		
Share of Group sales, %	*13*	*13*			*12*	*13*		
Operating income before amortization	**131**	**122**	**7**	**18**	**473**	**491**	**-4**	**17**
Operating margin, %	*4.4*	*4.4*			*4.4*	*4.5*		
Share of Group operating income, %	*11*	*11*			*10*	*12*		

October–December 2016

Organic sales growth was 16 percent (14), an increase attributable to improvements in Argentina, Portugal and Spain. Argentina remained the main contributor to the business segment's organic sales growth, but also Colombia and Uruguay reported double digit organic sales growth. Due to the devaluation of the Argentinian peso the sales volume in Argentina declined when translated to Swedish kronor. Latin America showed organic sales growth of 24 percent (26). Sales within security solutions and electronic security increased and supported organic sales growth in the business segment in the fourth quarter.

The operating margin was 4.4 percent (4.4). The operating margin remained flat. It was negatively impacted by the wage increase in Spain effective from July 2016 and the devaluation of the Argentinian peso, as Argentina has a higher than average operating margin in the segment. The operating margin was positively impacted by leverage of the cost base.

The Swedish krona exchange rate weakened against the euro. The devaluation of the Argentinian peso had a negative impact on the operating income in Swedish kronor. The real change in the segment was 18 percent in the fourth quarter.

January–December 2016

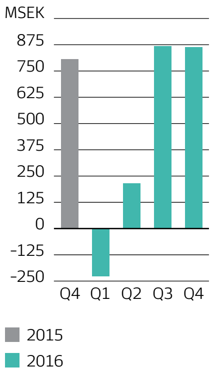
Organic sales growth was 14 percent (13), with positive development in Portugal and Spain. Argentina was the main contributor to the business segment's organic sales growth. However, due to the devaluation of the Argentinian peso the sales volume declined when translated to Swedish kronor. Latin America showed organic sales growth of 22 percent (26), reflecting a decline in all countries compared with the preceding year. Sales within security solutions and electronic security increased and supported organic sales growth in the business segment.

The operating margin was 4.4 percent (4.5). The decrease was mainly attributable to the devaluation of the Argentinian peso as Argentina has a higher than average operating margin in the segment and the Argentinian peso declined substantially in value in December 2015. The wage increase in Spain effective from July 2016 also had a negative impact.

The Swedish krona exchange rate weakened slightly against the euro. The devaluation of the Argentinian peso had a significant negative impact of MSEK -98 on the operating income in Swedish kronor. The real change in the segment was 17 percent in the period.

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

Quarterly free cash flow



October–December 2016

Cash flow from operating activities amounted to MSEK 1 157 (1 110), equivalent to 93 percent (98) of operating income before amortization.

The impact from changes in accounts receivable was MSEK -297 (-47). Changes in other operating capital employed were MSEK 285 (76).

Free cash flow was MSEK 864 (807), equivalent to 94 percent (117) of adjusted income.

Cash flow from financing activities was MSEK -737 (-1 314) due to a net decrease in borrowings.

Cash flow for the period was MSEK 21 (-530).

January–December 2016

Cash flow from operating activities amounted to MSEK 3 039 (3 399), equivalent to 67 percent (83) of operating income before amortization.

Cash flow from operating activities was impacted by net investments in non-current tangible and intangible assets, amounting to MSEK -429 (-256). The net investments include capital expenditures in equipment for solution contracts and for premises in the US related to the move of our main office and the integration of Diebold Incorporated's Electronic Security business.

The impact from changes in accounts receivable was MSEK -1 039 (-707), with a negative impact from an increase in days of sales outstanding (DSO) compared with the preceding year but also resulting from the strong organic sales growth. Changes in other operating capital employed were MSEK -46 (274), negatively impacted by a one time extra pension payment.

Higher taxes paid, due to higher taxable income compared to last year and previous year adjustments, had a negative impact on free cash flow.

Free cash flow was MSEK 1 721 (2 163), equivalent to 52 percent (78) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -3 566 (-147), of which purchase price payments accounted for MSEK -3 395 (-115), assumed net debt for MSEK -101 (2) and acquisition-related costs paid for MSEK -70 (-34). 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 2 146 (-3 303) due to a dividend paid of MSEK -1 278 (-1 095) and a net increase in borrowings of MSEK 3 424 (-2 208).

Cash flow for the period was MSEK 284 (-1 314). The closing balance for liquid funds after translation differences of MSEK 60 was MSEK 2 415 (2 071).

Capital employed and financing

Capital employed and financing

MSEK	Dec 31, 2016
Operating capital employed	6 784
Goodwill	19 380
Acquisition related intangible assets	1 356
Shares in associated companies	419
Capital employed	**27 939**
Net debt	13 431
Shareholders' equity	14 508
Financing	**27 939**

Capital employed as of December 31, 2016

The Group's operating capital employed was MSEK 6 784 (4 609), corresponding to 8 percent of sales (6), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 58.

The annual impairment test of all cash generating units (CGU), which is required under IFRS, took place during the third quarter of 2016 in conjunction with the business plan process for 2017. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses were recognized in 2016. No impairment losses were recognized in 2015 either.

The Group's total capital employed was MSEK 27 939 (22 393). The increase in 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 increased the Group's capital employed by MSEK 1 071. The return on capital employed was 16 percent (18).

Net debt development

MSEK	
Jan 1, 2016	**-9 863**
Free cash flow	1 721
Acquisitions	-3 566
IAC payments	-17
Dividend paid	-1 278
Change in net debt	**-3 140**
Revaluation	23
Translation	-451
Dec 31, 2016	**-13 431**

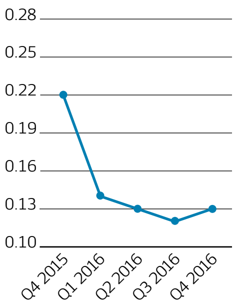
Financing as of December 31, 2016

The Group's net debt amounted to MSEK 13 431 (9 863). The free cash flow of MSEK 1 721 had a positive effect on the net debt during the period while net debt was negatively impacted mainly by cash flow from investing activities of MSEK 3 566 and a dividend of MSEK 1 278, paid to the shareholders in May 2016. The translation of net debt in foreign currency to Swedish kronor had a negative impact of MSEK 451 on net debt.

The free cash flow to net debt ratio amounted to 0.13 (0.22). The interest cover ratio amounted to 11.1 (13.1).

Securitas has a revolving credit facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440. It was extended in January 2017 and now matures in 2022. The credit facility was undrawn at December 31, 2016. Further information regarding financial instruments and credit facilities is provided in note 7.

Free cash flow/net debt



Standard and Poor's rating for Securitas is BBB with stable outlook and the Group's liquidity position is deemed to be exceptional.

Shareholders' equity amounted to MSEK 14 508 (12 530). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 620. Refer to the statement of comprehensive income on page 16 for further information.

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

ACQUISITIONS AND DIVESTITURES JANUARY–DECEMBER 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, North America	Security Services North America	Feb 1	-	2 820	3 186	1 900	550
Draht+Schutz, Germany 6)	Security Services Europe	May 2	100	175	114	90	27
Infratek Security Solutions, Norway	Security Services Europe	Aug 24	100	200	32	2	-
JC Ingeniería, Chile 6)	Security Services Ibero-America	Oct 3	100	22	17	22	10
Other acquisitions and divestitures 5) 6)		-	-	39	147	8	9
Total acquisitions and divestitures January–December 2016				**3 256**	**3 496**	**2 022**	**596**
Amortization of acquisition related intangible assets						-	–288
Exchange rate differences						930	61
Closing balance						**19 380**	**1 356**

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: Baysecur and BahnBauService, Germany, Sérénitis, France, Waterland Security Services (contract portfolio), LB Security and ESS, the Netherlands, IBBC, Poland, Tehnomobil and Ozon Project, Croatia, Sensormatic, Turkey, Fuego Red, Argentina, Pinglin, China, divestiture of ancillary business, South Africa and SKL, South Korea. Related also to deferred considerations paid in Sweden, Germany, France, the Netherlands, Poland, 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 –83. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 215.

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 6 on page 23.

Diebold's Electronic Security – North America

As disclosed in earlier press releases, interim reports and the Annual Report, Securitas agreed in October 2015 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.

Draht+Schutz, Germany

Securitas has acquired the electronic security company Draht+Schutz in Germany. 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 mainly operates 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. The regulatory authorities approved the acquisition on May 2, 2016, from which date it was consolidated in Securitas.

Infratek Security Solutions, Norway

Securitas has acquired the electronic security company Infratek Security Solutions in Norway. Infratek Security Solutions delivers technical security solutions to corporations in Norway and, to a lesser extent, in Sweden. Among the deliveries are electronic solutions for the retail business, access control, alarm systems and camera surveillance. The company has 102 employees. This acquisition strengthened Securitas' technology offering in Norway and position as the leading security solutions provider. The acquisition was approved by the regulatory authorities on August 24, 2016, from which point it was consolidated in Securitas.

JC Ingeniería, Chile

Securitas has acquired the electronic security company JC Ingeniería in Chile. JC Ingeniería operates in the fire alarm and surveillance systems area, including design, surveillance and maintenance. The company focuses on designing, engineering and installing integrated security systems. The company has 56 employees and a national coverage but with focus on the area of Santiago de Chile. Securitas has a strong position in Chile, being one of the two leading security services companies in the country. With the acquisition of JC Ingeniería, Securitas Chile will expand in the electronic security area and become a strong actor in fire surveillance. The acquisition was consolidated in Securitas on October 3, 2016.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2015 Annual Report and to note 11 on page 25. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Authorization to repurchase shares in Securitas AB

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at any given point in time. The Board has therefore decided to propose to the Annual General Meeting on May 3, 2017, 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 2015 Annual Report, the Spanish tax authority has rejected certain deductions. Different matters are in different stages of being handled by the tax authority and competent courts. During the first quarter of 2016 the Supreme Court issued its sentence regarding the years 2003–2005, some of which was contradictory and some of which was in line with the opinion of the lower courts. During the fourth quarter Securitas has paid MEUR 4.3 as per the final assessment for 2005. We will now have to wait for the competent courts to judge the open years of 2006–2009 in order to fully understand the impact. We believe the remaining exposure to be within the amounts disclosed in the 2015 Annual Report less the tax payment made in 2016.

Spain – Mutua

Securitas in Spain has received a claim of MEUR 6.3 from the social security authorities relating to services allegedly received from Mutua Universal in the period 1998 to 2007. The authorities are questioning whether such services, in such case, were allowed to be provided under applicable regulations. This is a consequence of a lawsuit against some of Mutua Universal's former employees. Securitas is affected, as 2 300 other companies, as an indirect beneficiary of the services rendered. Securitas is convinced that it has acted in accordance with applicable law.

Change in Group Management

Antonio Villaseca, Senior Vice President Technical Solutions and member of Group Management, has decided to gradually retire as of July 1, 2017, and reduce his working tasks to primarily support the commercial work in Spain in the coming years. Antonio Villaseca will no longer be a member of Group Management as of July 1, 2017.

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

For the forthcoming 12-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2015 and, where applicable, under the heading "Other significant events" above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

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 2016

The Parent Company's income amounted to MSEK 1 004 (974) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 2 058 (1 790*). Income before taxes amounted to MSEK 2 489 (1 798*).

As of December 31, 2016

The Parent Company's non-current assets amounted to MSEK 42 499 (38 504) and mainly comprise shares in subsidiaries of MSEK 40 948 (37 282). Current assets amounted to MSEK 6 770 (5 079) of which liquid funds accounted for MSEK 1 225 (401). The increase in liquid funds is due to the net receipt of dividends and funding.

Shareholders' equity amounted to MSEK 26 698 (25 689). A dividend of MSEK 1 278 (1 095) was paid to the shareholders in May 2016.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 571 (17 894) and mainly consist of interest-bearing debt.

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

Stockholm, February 7, 2017

Alf Göransson
President and Chief Executive Officer

* 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.

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, 2016 to December 31, 2016 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 7, 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Madeleine Endre
Authorized Public Accountant

STATEMENT OF INCOME

MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales	22 721.8	20 972.7	85 026.0	80 590.2
Sales, acquired business	993.9	58.3	3 136.4	269.9
Total sales	**23 715.7**	**21 031.0**	**88 162.4**	**80 860.1**
Organic sales growth, % [2)]	5	7	7	5
Production expenses	–19 476.5	–17 255.7	–72 686.8	–66 743.2
Gross income	**4 239.2**	**3 775.3**	**15 475.6**	**14 116.9**
Selling and administrative expenses	–3 011.8	–2 653.6	–10 970.8	–10 063.2
Other operating income [4)]	5.6	4.5	20.5	17.7
Share in income of associated companies [5)]	7.5	6.4	28.2	17.3
Operating income before amortization	**1 240.5**	**1 132.6**	**4 553.5**	**4 088.7**
Operating margin, %	5.2	5.4	5.2	5.1
Amortization of acquisition related intangible assets	–86.8	–73.0	–287.7	–274.5
Acquisition related costs [6)]	–46.3	–8.2	–112.6	–29.5
Operating income after amortization	**1 107.4**	**1 051.4**	**4 153.2**	**3 784.7**
Financial income and expenses [7)]	–106.1	–79.1	–389.6	–308.3
Income before taxes	**1 001.3**	**972.3**	**3 763.6**	**3 476.4**
Net margin, %	4.2	4.6	4.3	4.3
Current taxes	–219.4	–366.9	–882.3	–993.0
Deferred taxes	–77.9	65.7	–235.4	–39.5
Net income for the period	**704.0**	**671.1**	**2 645.9**	**2 443.9**
Whereof attributable to:				
Equity holders of the Parent Company	701.1	668.6	2 642.0	2 436.5
Non-controlling interests	2.9	2.5	3.9	7.4
Earnings per share before and after dilution (SEK)	1.92	1.83	7.24	6.67

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Net income for the period	**704.0**	**671.1**	**2 645.9**	**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	97.8	103.4	–11.8	80.3
Total items that will not be reclassified to the statement of income [8)]	**97.8**	**103.4**	**–11.8**	**80.3**
Items that subsequently may be reclassified to the statement of income				
Cash flow hedges net of tax	3.3	8.7	17.6	0.8
Net investment hedges net of tax	–39.4	61.7	–253.4	19.1
Other comprehensive income from associated companies, translation differences	14.4	1.8	22.1	29.5
Translation differences	310.5	–436.7	850.8	–271.9
Total items that subsequently may be reclassified to the statement of income [8)]	**288.8**	**–364.5**	**637.1**	**–222.5**
Other comprehensive income for the period [8)]	**386.6**	**–261.1**	**625.3**	**–142.2**
Total comprehensive income for the period	**1 090.6**	**410.0**	**3 271.2**	**2 301.7**
Whereof attributable to:				
Equity holders of the Parent Company	1 086.7	408.8	3 264.6	2 296.8
Non-controlling interests	3.9	1.2	6.6	4.9

Notes 2–8 refer to pages 22–25.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Operating income before amortization	**1 240.5**	**1 132.6**	**4 553.5**	**4 088.7**
Investments in non-current tangible and intangible assets	–408.6	–332.5	–1 658.3	–1 328.6
Reversal of depreciation	336.9	280.4	1 229.0	1 072.3
Change in accounts receivable	–296.9	–46.9	–1 039.3	–707.0
Change in other operating capital employed	285.3	76.4	–45.8	273.8
Cash flow from operating activities	**1 157.2**	**1 110.0**	**3 039.1**	**3 399.2**
Cash flow from operating activities, %	*93*	*98*	*67*	*83*
Financial income and expenses paid	–33.4	–41.8	–301.4	–322.0
Current taxes paid	–259.4	–260.9	–1 016.7	–914.0
Free cash flow	**864.4**	**807.3**	**1 721.0**	**2 163.2**
Free cash flow, %	*94*	*117*	*52*	*78*
Cash flow from investing activities, acquisitions and divestitures	–105.2	–11.0	–3 566.5	–147.4
Cash flow from items affecting comparability [9)]	–1.4	–12.1	–16.7	–26.9
Cash flow from financing activities	–736.9	–1 314.3	2 145.8	–3 302.5
Cash flow for the period	**20.9**	**–530.1**	**283.6**	**–1 313.6**

Cash flow MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Cash flow from operations	1 267.7	1 111.0	3 292.5	3 430.9
Cash flow from investing activities	–509.9	–326.8	–5 154.7	–1 442.0
Cash flow from financing activities	–736.9	–1 314.3	2 145.8	–3 302.5
Cash flow for the period	**20.9**	**–530.1**	**283.6**	**–1 313.6**

Change in net debt MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Opening balance	**–13 945.8**	**–10 717.9**	**–9 862.7**	**–10 421.6**
Cash flow for the period	20.9	–530.1	283.6	–1 313.6
Change in loans	736.9	1 314.3	–3 423.5	2 207.3
Change in net debt before revaluation and translation differences	**757.8**	**784.2**	**–3 139.9**	**893.7**
Revaluation of financial instruments [7)]	3.7	10.3	22.6	0.9
Translation differences	–247.0	60.7	–451.3	–335.7
Change in net debt	**514.5**	**855.2**	**–3 568.6**	**558.9**
Closing balance	**–13 431.3**	**–9 862.7**	**–13 431.3**	**–9 862.7**

Notes 7 and 9 refer to pages 24–25.

CAPITAL EMPLOYED AND FINANCING

MSEK	Dec 31, 2016	Dec 31, 2015
Operating capital employed	**6 784.0**	**4 608.4**
Operating capital employed as % of sales	8	6
Return on operating capital employed, %	80	96
Goodwill	19 379.6	16 428.4
Acquisition related intangible assets	1 356.1	987.3
Shares in associated companies	419.5	369.0
Capital employed	**27 939.2**	**22 393.1**
Return on capital employed, %	16	18
Net debt	**–13 431.3**	**–9 862.7**
Shareholders' equity	**14 507.9**	**12 530.4**
Net debt equity ratio, multiple	0.93	0.79

BALANCE SHEET

MSEK	Dec 31, 2016	Dec 31, 2015
ASSETS		
Non-current assets		
Goodwill	19 379.6	16 428.4
Acquisition related intangible assets	1 356.1	987.3
Other intangible assets	526.9	455.5
Tangible non-current assets	3 337.8	2 721.1
Shares in associated companies	419.5	369.0
Non-interest-bearing financial non-current assets	2 117.0	2 072.9
Interest-bearing financial non-current assets	411.7	343.8
Total non-current assets	**27 548.6**	**23 378.0**
Current assets		
Non-interest-bearing current assets	18 249.0	14 924.6
Other interest-bearing current assets	189.2	287.6
Liquid funds	2 414.5	2 071.2
Total current assets	**20 852.7**	**17 283.4**
TOTAL ASSETS	**48 401.3**	**40 661.4**

MSEK	Dec 31, 2016	Dec 31, 2015
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Attributable to equity holders of the Parent Company	14 487.2	12 510.1
Non-controlling interests	20.7	20.3
Total shareholders' equity	**14 507.9**	**12 530.4**
Equity ratio, %	30	31
Long-term liabilities		
Non-interest-bearing long-term liabilities	258.1	311.9
Interest-bearing long-term liabilities	12 806.9	12 129.0
Non-interest-bearing provisions	3 166.0	3 028.6
Total long-term liabilities	**16 231.0**	**15 469.5**
Current liabilities		
Non-interest-bearing current liabilities and provisions	14 022.6	12 225.2
Interest-bearing current liabilities	3 639.8	436.3
Total current liabilities	**17 662.4**	**12 661.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48 401.3**	**40 661.4**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Dec 31, 2016 Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Dec 31, 2015 Attributable to equity holders of the Parent Company	Non-controlling interests	Total
Opening balance January 1, 2016/2015	**12 510.1**	**20.3**	**12 530.4**	**11 280.3**	**18.9**	**11 299.2**
Total comprehensive income for the period	3 264.6	6.6	3 271.2	2 296.8	4.9	2 301.7
Transactions with non-controlling interests	–41.0	–6.2	–47.2	-	–3.5	–3.5
Share based incentive scheme	31.2	-	31.2[1]	28.2	-	28.2
Dividend paid to the shareholders of the Parent Company	–1 277.7	-	–1 277.7	–1 095.2	-	–1 095.2
Closing balance December 31, 2016/2015	**14 487.2**	**20.7**	**14 507.9**	**12 510.1**	**20.3**	**12 530.4**

[1] Refers to share based remuneration for the Group's participants in the share based incentive scheme 2016 of MSEK 147.9, 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	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Share price, end of period	143.40	130.00	143.40	130.00
Earnings per share before and after dilution [1, 2]	1.92	1.83	7.24	6.67
Dividend	-	-	3.75[3]	3.50
P/E-ratio after dilution	-	-	20	19
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding [1]	365 058 897	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [1]	365 058 897	365 058 897	365 058 897	365 058 897

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

OCTOBER–DECEMBER 2016

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

OCTOBER–DECEMBER 2015

MSEK	Security Services North America[1]	Security Services Europe	Security Services Ibero-America	Other[1]	Eliminations	Group
Sales, external	8 112	9 848	2 746	325	-	21 031
Sales, intra-group	1	1	-	0	–2	-
Total sales	**8 113**	**9 849**	**2 746**	**325**	**–2**	**21 031**
Organic sales growth, %	*4*	*8*	*14*	-	-	*7*
Operating income before amortization	**497**	**606**	**122**	**–92**	**-**	**1 133**
of which share in income of associated companies	*2*	*–1*	-	*5*	-	*6*
Operating margin, %	*6.1*	*6.2*	*4.4*	-	-	*5.4*
Amortization of acquisition related intangible assets	–6	–43	–16	–8	-	–73
Acquisition related costs	-	4	0	–12	-	–8
Operating income after amortization	**491**	**567**	**106**	**–112**	**-**	**1 052**
Financial income and expenses	-	-	-	-	-	–80
Income before taxes	**-**	**-**	**-**	**-**	**-**	**972**

[1] Comparatives have been restated. Refer to note 12 for further information.

JANUARY–DECEMBER 2016

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

JANUARY–DECEMBER 2015

MSEK	Security Services North America[1]	Security Services Europe	Security Services Ibero-America	Other[1]	Eliminations	Group
Sales, external	31 131	37 570	10 886	1 273	-	80 860
Sales, intra-group	14	3	-	0	–17	-
Total sales	**31 145**	**37 573**	**10 886**	**1 273**	**–17**	**80 860**
Organic sales growth, %	*4*	*4*	*13*	*-*	*-*	*5*
Operating income before amortization	**1 745**	**2 143**	**491**	**–290**	**-**	**4 089**
of which share in income of associated companies	*2*	*0*	*-*	*15*	*-*	*17*
Operating margin, %	*5.6*	*5.7*	*4.5*	*-*	*-*	*5.1*
Amortization of acquisition related intangible assets	–26	–159	–68	–22	-	–275
Acquisition related costs	-	–11	–1	–17	-	–29
Operating income after amortization	**1 719**	**1 973**	**422**	**–329**	**-**	**3 785**
Financial income and expenses	-	-	-	-	-	–309
Income before taxes	**-**	**-**	**-**	**-**	**-**	**3 476**

[1] Comparatives have been restated. Refer to note 12 for further information.

Note 1 Accounting principles
This full year report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The full year report comprises pages 1–27 and pages 1–15 are thus an integrated part of this financial report.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this full year report, can be found in note 2 on pages 65 to 71 in the Annual Report for 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.

Impact of new 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 have had any impact on the Group's financial statements.

Usage of key ratios not defined in IFRS
Securitas accounting is prepared in accordance with IFRS. See above for further information regarding accounting principles. IFRS defines only a few key ratios. As of the second quarter 2016, Securitas has applied ESMA's (European Securities and Markets Authority) new guidelines for Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position or cash flow that has not been defined in IFRS. In order to facilitate the analysis of the Group's development made by Group Management and other interested parties, Securitas accounts for certain APMs. The APMs are additional information and do not replace key ratios according to IFRS. Securitas definitions of APMs may be different from the definitions in other companies. The definitions and calculations can be found in note 2 and 3 in this full year report as well as in note 3 in the Annual Report 2015.

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 has affected financial income and expenses as well as deferred taxes in the Parent Company's statement of income. It has also affected translation reserve in the Parent Company's equity, as the exchange rate differences no longer have been 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 had 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 and currency changes
The calculation of real and organic sales growth and the specification of currency changes on operating income before and after amortization, income before taxes, net income and earnings per share are specified below.

MSEK	Oct–Dec 2016	Oct–Dec 2015	*Oct–Dec %*	Jan–Dec 2016	Jan–Dec 2015	*Jan–Dec %*
Total sales	**23 715**	**21 031**	***13***	**88 162**	**80 860**	***9***
Currency change from 2015	–574	-		1 424	-	
Currency adjusted sales growth	**23 141**	**21 031**	***10***	**89 586**	**80 860**	***11***
Acquisitions/divestitures	–994	–10		–3 136	–82	
Organic sales growth	**22 147**	**21 021**	***5***	**86 450**	**80 778**	***7***
Operating income before amortization	**1 241**	**1 133**	***10***	**4 554**	**4 089**	***11***
Currency change from 2015	–39	-		70	-	
Currency adjusted operating income before amortization	**1 202**	**1 133**	***6***	**4 624**	**4 089**	***13***
Operating income after amortization	**1 107**	**1 052**	***5***	**4 153**	**3 785**	***10***
Currency change from 2015	–40	-		64	-	
Currency adjusted operating income after amortization	**1 067**	**1 052**	***1***	**4 217**	**3 785**	***11***
Income before taxes	**1 002**	**972**	***3***	**3 764**	**3 476**	***8***
Currency change from 2015	–44	-		35	-	
Currency adjusted income before taxes	**958**	**972**	***–1***	**3 799**	**3 476**	***9***
Net income for the period	**704**	**671**	***5***	**2 646**	**2 444**	***8***
Currency change from 2015	–31	-		25	-	
Currency adjusted net income for the period	**673**	**671**	***0***	**2 671**	**2 444**	***9***
Net income attributable to equity holders of the Parent Company	**701**	**669**	***5***	**2 642**	**2 437**	***8***
Currency change from 2015	–31	-		25	-	
Currency adjusted net income attributable to equity holders of the Parent Company	**670**	**669**	***0***	**2 667**	**2 437**	***9***
Number of shares	365 058 897	365 058 897		365 058 897	365 058 897	
Currency adjusted earnings per share	**1.84**	**1.83**	***0***	**7.31**	**6.67**	***9***

Note 3 Definitions and calculation of key ratios
The calculations below relate to the period January–December 2016.

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (4 553.5 + 36.8) / 412.9 = 11.1

Free cash flow as % of adjusted income
Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).
Calculation: 1 721.0 / (4 553.5 – 389.6 – 0.1 – 882.3) = 52%

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 1 721.0 / 13 431.3 = 0.13

Net debt to EBITDA ratio
Net debt in relation to operating income after amortization (rolling 12 months) plus amortization of acquisition related intangible assets (rolling 12 months) and depreciation (rolling 12 months).
Calculation: 13 431.3 / (4 153.2 + 287.7 + 1 229.0) = 2.4

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.
Calculation: 6 784.0 / 88 690.2 = 8%

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.
Calculation: (4 553.5 + 0.0) / ((6 784.0 + 4 608.4) / 2) = 80%

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.
Calculation: (4 553.5 + 0.0) / 27 939.2 = 16%

Net debt equity ratio
Net debt in relation to shareholders' equity.
Calculation: 13 431.3 / 14 507.9 = 0.93

Note 4 Other operating income
Other operating income consists in its entirety of trade mark fees from Securitas Direct AB.

Note 5 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 6 Acquisition related costs

MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Restructuring and integration costs	–35.2	–4.3	–64.8	–17.7
Transaction costs	–10.0	–11.7	–43.4	–16.4
Revaluation of deferred considerations	–1.1	7.8	–4.4	4.6
Total acquisition related costs	**–46.3**	**–8.2**	**–112.6**	**–29.5**

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

Note 7 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 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Recognized in the statement of income				
Revaluation of financial instruments	-0.4	-0.8	0.1	-0.1
Deferred tax	0.1	0.2	0.0	0.0
Impact on net income	**-0.3**	**-0.6**	**0.1**	**-0.1**
Recognized in the statement of comprehensive income				
Cash flow hedges	4.1	11.1	22.5	1.0
Deferred tax	-0.8	-2.4	-4.9	-0.2
Cash flow hedges net of tax	**3.3**	**8.7**	**17.6**	**0.8**
Total revaluation before tax	3.7	10.3	22.6	0.9
Total deferred tax	-0.7	-2.2	-4.9	-0.2
Total revaluation after tax	**3.0**	**8.1**	**17.7**	**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
December 31, 2016				
Financial assets at fair value through profit or loss	-	59.8	-	**59.8**
Financial liabilities at fair value through profit or loss	-	-16.1	-215.1	**-231.2**
Derivatives designated for hedging with positive fair value	-	250.8	-	**250.8**
Derivatives designated for hedging with negative fair value	-	-118.3	-	**-118.3**
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	-359.9	**-363.2**
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.

	Dec 31, 2016		Dec 31, 2015	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	3 348.6	3 360.6	-	-
Long-term loan liabilities	9 777.5	10 046.2	9 395.3	9 565.2
Total financial instruments by category	**13 126.1**	**13 406.8**	**9 395.3**	**9 565.2**

Summary of credit facilities as of December 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	550	2021
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2021
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	5 000	n/a

Note 8 Tax effects on other comprehensive income

MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Deferred tax on remeasurements of defined benefit pension plans	–50.1	–39.8	–9.2	–29.3
Deferred tax on cash flow hedges	–0.8	–2.4	–4.9	–0.2
Deferred tax on net investment hedges	11.1	–17.4	71.4	–5.4
Total deferred tax on other comprehensive income	**–39.8**	**–59.6**	**57.3**	**–34.9**

Note 9 Cash flow from items affecting comparability

MSEK	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Restructuring payments	–1.1	–3.3	–6.4	–14.7
Spain – overtime compensation	0.0	–0.2	–0.2	–1.4
Germany – premises	–0.3	–8.6	–10.1	–10.8
Total cash flow from items affecting comparability	**–1.4**	**–12.1**	**–16.7**	**–26.9**

Note 10 Pledged assets

MSEK	Dec 31, 2016	Dec 31, 2015
Pension balances, defined contribution plans	117.0	110.7
Finance leases	207.2	126.6
Total pledged assets	**324.2**	**237.3**

Note 11 Contingent liabilities

MSEK	Dec 31, 2016	Dec 31, 2015
Guarantees	22.8	23.5
Guarantees related to discontinued operations	15.6	17.7
Total contingent liabilities	**38.4**	**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.

Note 12 Restated segment comparatives due to organizational changes
The tables below show restated comparative figures for the segments Security Services North America and Other. The restatement is done to reflect that operations have been moved from the segment Other to the segment Security Services North America as of September 1, 2016. This change has had no effect on the total Group level.

The segment Other now comprises the operations in Africa, the Middle East and Asia as well as general administrative expenses, expenses for head offices and other central expenses.

Security Services North America

MSEK	Q1 2015	Q2 2015	H1 2015	Q3 2015	9M 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	H2 2016
Total sales	**7 495**	**7 643**	**15 138**	**7 894**	**23 032**	**8 113**	**31 145**	**8 263**	**8 835**	**17 098**
Organic sales growth, %	5	3	4	3	4	4	4	5	7	6
Operating income before amortization	**384**	**413**	**797**	**451**	**1 248**	**497**	**1 745**	**434**	**518**	**952**
Operating margin, %	5.1	5.4	5.3	5.7	5.4	6.1	5.6	5.3	5.9	5.6

Other

MSEK	Q1 2015	Q2 2015	H1 2015	Q3 2015	9M 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	H2 2016
Total sales	**318**	**313**	**631**	**317**	**948**	**325**	**1 273**	**319**	**309**	**628**
Organic sales growth, %	-	-	-	-	-	-	-	-	-	-
Operating income before amortization	**–65**	**–67**	**–132**	**–66**	**–198**	**–92**	**–290**	**–68**	**–79**	**–147**
Operating margin, %	-	-	-	-	-	-	-	-	-	-

STATEMENT OF INCOME

MSEK	Jan–Dec 2016	Jan–Dec 2015
License fees and other income	1 004.1	974.0
Gross income	**1 004.1**	**974.0**
Administrative expenses	–639.6	–695.4
Operating income	**364.5**	**278.6**
Financial income and expenses [1]	2 057.5	1 789.8
Income after financial items [1]	**2 422.0**	**2 068.4**
Appropriations	67.4	–270.2
Income before taxes [1]	**2 489.4**	**1 798.2**
Taxes [1]	–197.2	–19.3
Net income for the period [1]	**2 292.2**	**1 778.9**

[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–Dec 2015 is MSEK 103.9.
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	Dec 31, 2016	Dec 31, 2015
ASSETS		
Non-current assets		
Shares in subsidiaries	40 947.8	37 282.1
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	408.7	310.5
Interest-bearing financial non-current assets	1 029.8	799.9
Total non-current assets	**42 498.4**	**38 504.6**
Current assets		
Non-interest-bearing current assets	421.0	121.9
Other interest-bearing current assets	5 124.4	4 556.0
Liquid funds	1 224.8	400.8
Total current assets	**6 770.2**	**5 078.7**
TOTAL ASSETS	**49 268.6**	**43 583.3**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 746.9	7 727.7
Non-restricted equity	18 951.0	17 961.6
Total shareholders' equity	**26 697.9**	**25 689.3**
Untaxed reserves	**250.9**	**10.9**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	200.7	143.1
Interest-bearing long-term liabilities	12 648.4	12 015.9
Total long-term liabilities	**12 849.1**	**12 159.0**
Current liabilities		
Non-interest-bearing current liabilities	746.0	723.4
Interest-bearing current liabilities	8 724.7	5 000.7
Total current liabilities	**9 470.7**	**5 724.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**49 268.6**	**43 583.3**

PRESENTATION OF THE FULL YEAR REPORT

Analysts and media are invited to participate in a telephone conference on February 7, 2017 at **2:30 p.m. (CET)** where Securitas CEO Alf Göransson will present the report and answer questions. The telephone conference will also be audio cast live via Securitas website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US:	+1 855 269 2605
Sweden:	+46 8 519 993 55
UK:	+44 203 194 0550

To follow the audio cast of the telephone conference via the web, please follow the link www.securitas.com/investors/webcasts. A recorded version of the audio cast will be available at www.securitas.com/investors/webcasts after the telephone conference.

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FINANCIAL INFORMATION CALENDAR

May 3, 2017, approx. 1.00 p.m. (CET)	Interim Report January–March 2017
May 3, 2017, 4.00 p.m. (CET)	Annual General Meeting 2017
July 28, 2017, 8.00 a.m. (CET)	Interim Report January–June 2017
October 27, 2017, approx. 1.00 p.m. (CET)	Interim Report January–September 2017

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 more than 335 000 people in 53 countries. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

Our strategy is to offer complete security solutions that integrate all of our areas of competence. Together with our customers, we develop optimal and cost-efficient solutions that are suited for the customers' needs. This brings added value to the customers and results in stronger, more long-term customer relationships and improved profitability.

Group financial targets

Securitas focuses on two financial targets. The first target relates to the statement of income: average growth of earnings per share of 10 percent annually. The second target relates to the balance sheet: free cash flow in relation to net debt of at least 0.20.

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