

Investor Day 2016



Reaching our Financial Targets



Bart Adam
CFO

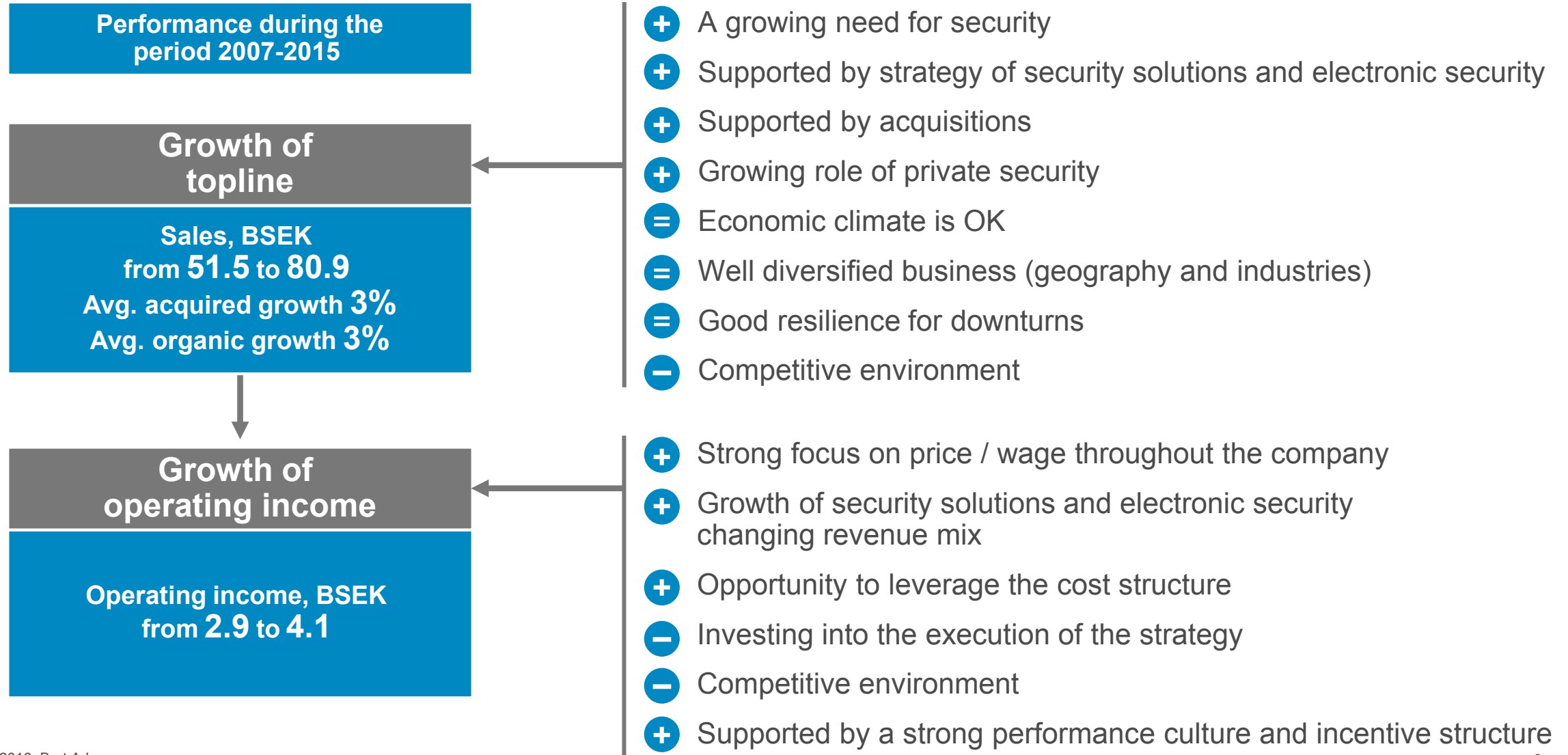
Clear Goals to Drive Shareholder Value



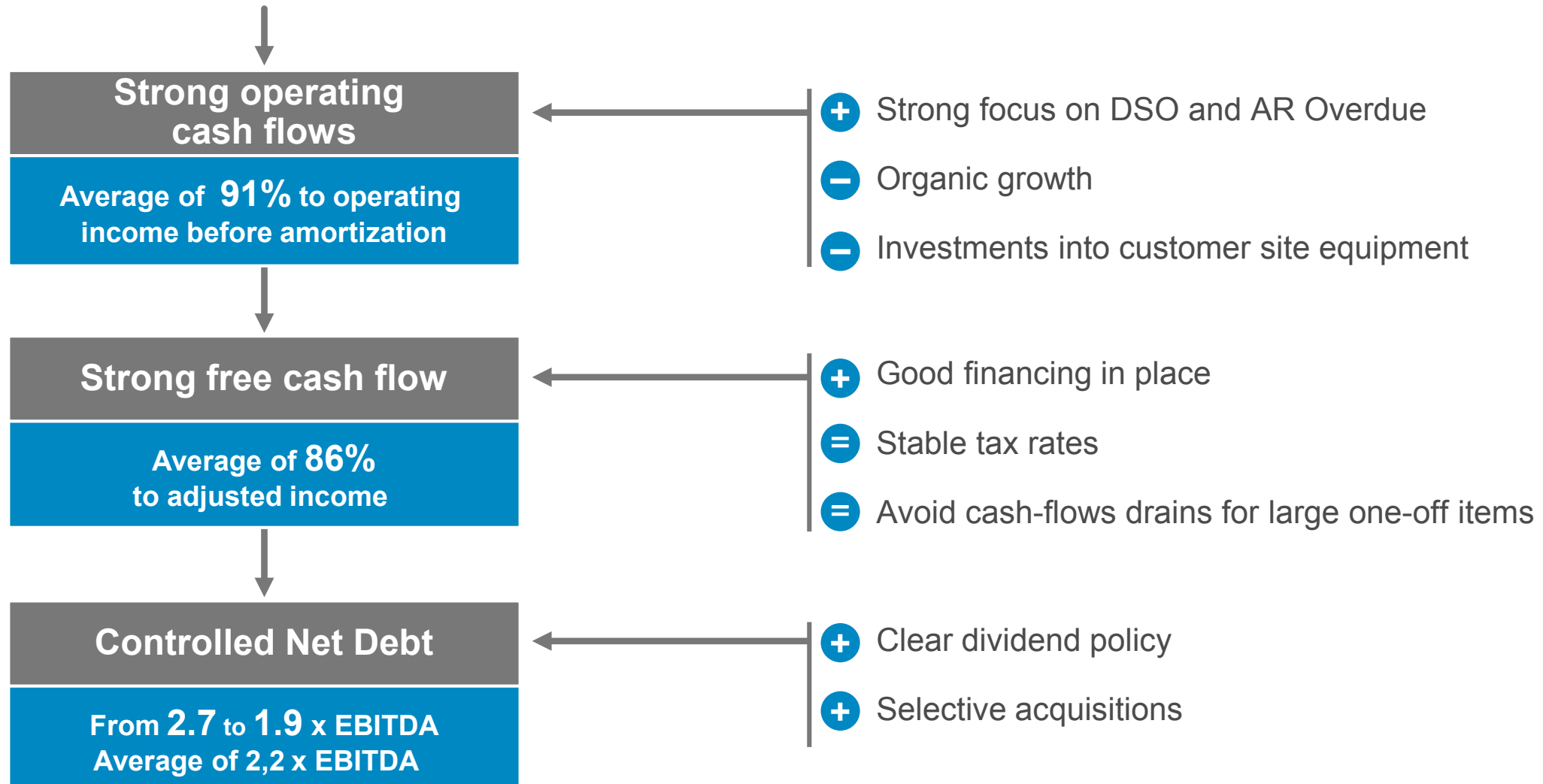
| | |
|------------------------|---|
| Income statement | 1. Financial performance target Annual average increase in EPS of 10% |
| Balance sheet | 2. Financial stability target Free cash flow to net debt at least 0.20 |
| Return to shareholders | 3. Dividend policy 50 to 60% of net income |
| The future | 4. Strategic development Grow security solutions and electronic security at a high pace |

| | 2015 | 2014 |
|--|------|------|
| EPS real change | 8% | 8% |
| Free cash flow to net debt | 0.22 | 0.18 |
| Dividend in SEK | 3.50 | 3.00 |
| As % of net income | 52% | 53% |
| Real growth security solutions and electronic security | 38% | 28% |

Income Statement – Main Drivers



Performance during the Period 2007-2015



Growth of Security Solutions and Electronic Security

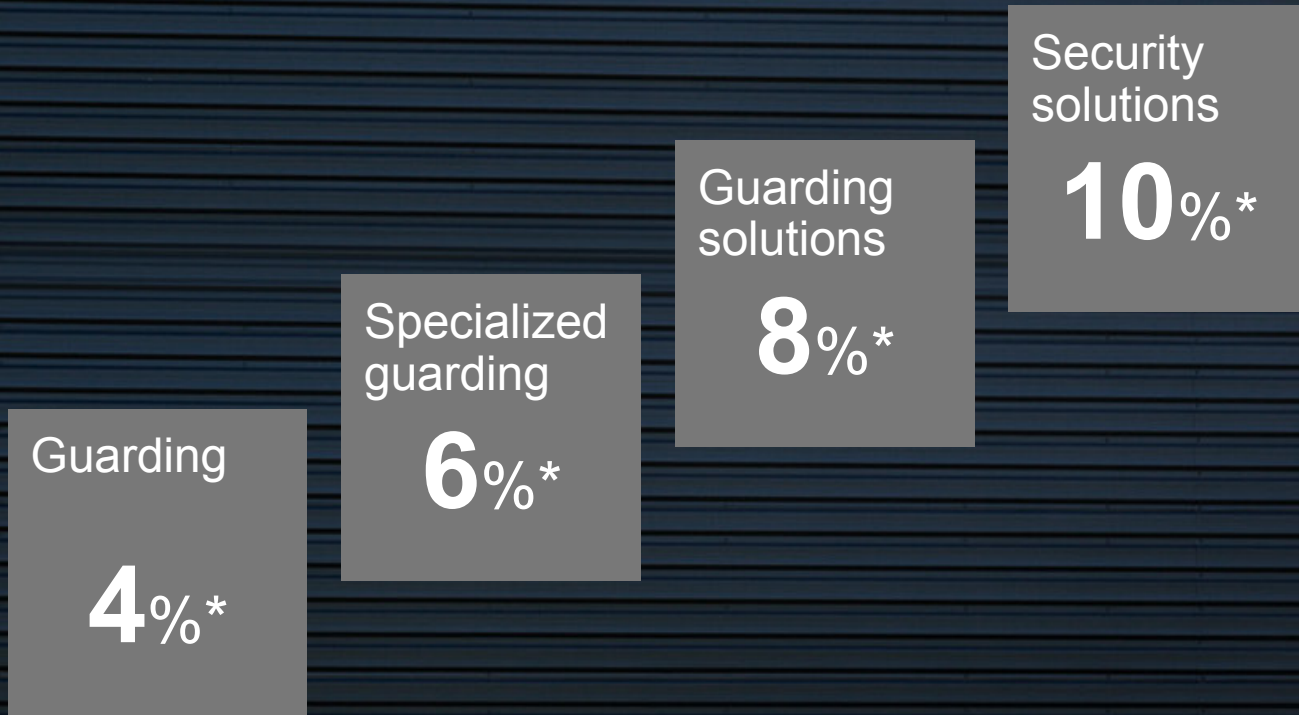


Guarding – Sales

2014: BSEK 63.7
2015: BSEK 71.6

Security Solutions and Electronic Security – Sales

2014: BSEK 6.5
2015: BSEK 9.3



* Operating margin



Security Solutions Drives the Margin



The dynamics of our offering changes dramatically allowing to monetize on innovation...

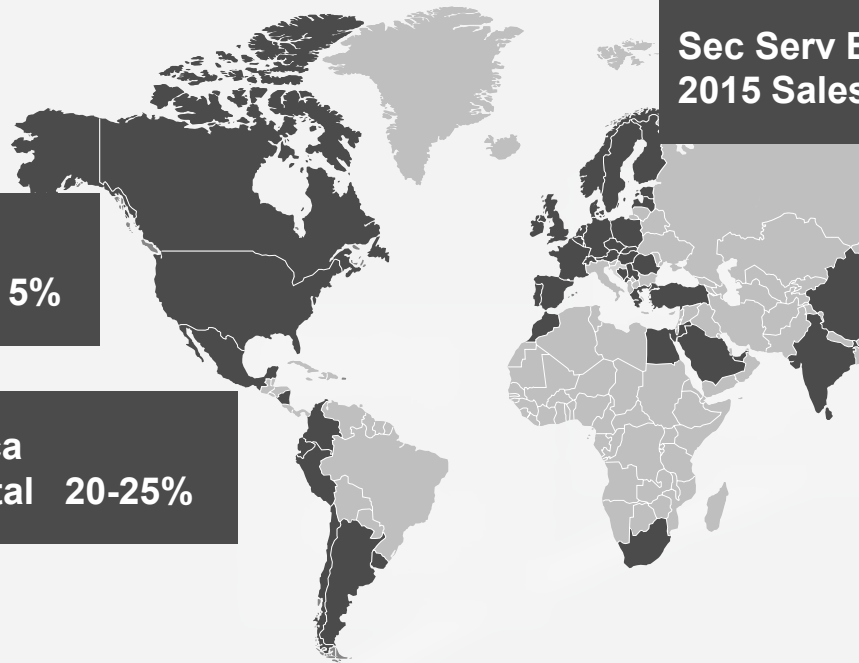
- ✓ **Better** security
- ✓ **More** convenient
- ✓ **More** opportunities for scale
- ✓ **Reduced** number of competitors

Increased customer value = better operating margin

The Potential of Security Solutions and Electronic Security



Securitas group
Real change 2015 + 38%
2015 Sales as % of Total 11.5%

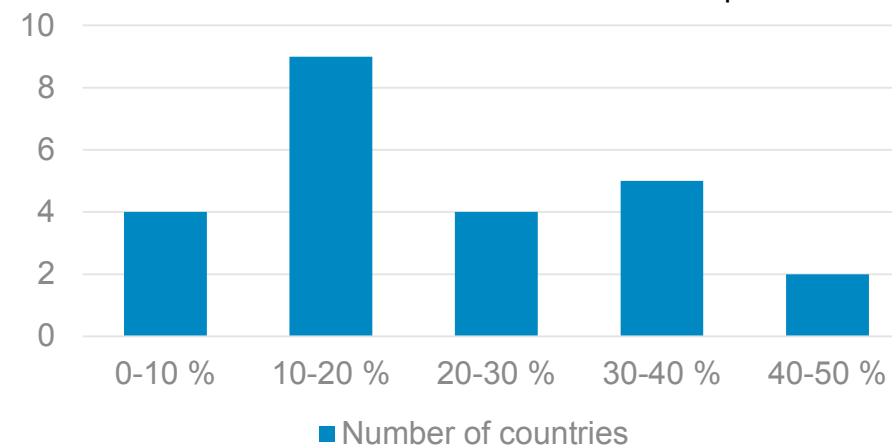


Sec Serv North-America
2015 Sales as % of Total < 5%

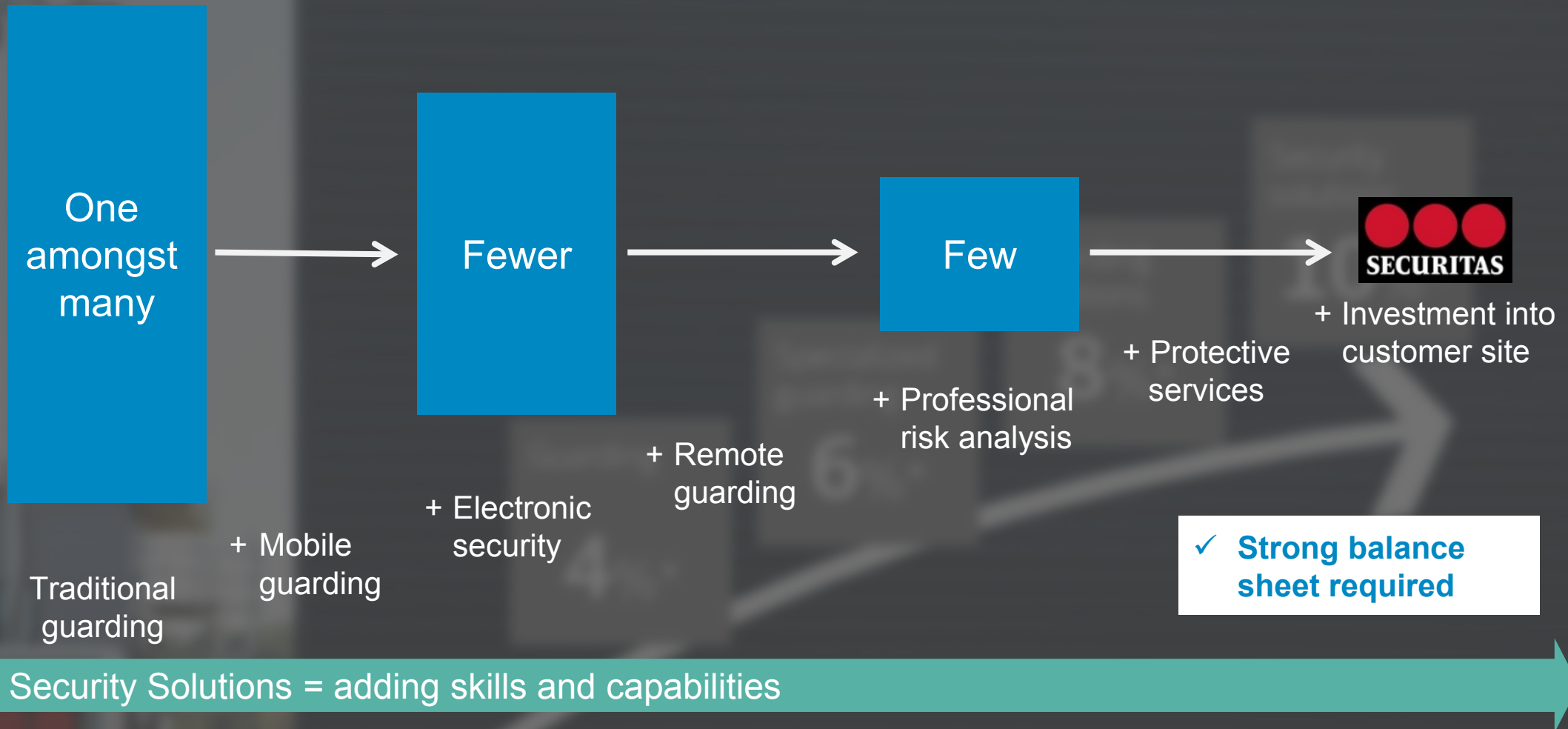
Sec Serv Ibero-America
2015 Sales as % of Total 20-25%

Sec Serv Europe
2015 Sales as % of Total 15-20%

Security Solutions and Electronic Security in % of total sales 2015 Distribution of countries in Europe



Security Solutions Reduces the # of Competitors



Security Solutions Drives the ROCE



Example of a contract conversion: from manned guarding to security solutions

- ➔ Reduce on-site guarding
- ➔ Introduce remote monitoring and technology
- ➔ Sign 5 year contract
- ➔ Invest 60 KEUR capex = 15% of the first year's sales
- ➔ Depreciated over contract duration = 12 KEUR annual depreciation

| KEUR | Guarding | Solution |
|----------------------------|----------|----------|
| Annual sales | 400 | 386 |
| Direct & indirect cost | -380 | -349 |
| Operating income | 20 | 37 |
| <i>Operating margin</i> | 5% | 10% |
| Capital employed | 116 | 176 |
| <i>as of % sales</i> | 29% | 44% |
| Return on capital employed | 17% | 21% |

In theory: hurts top line
In reality: helps top line

Security Solutions Drives the ROCE

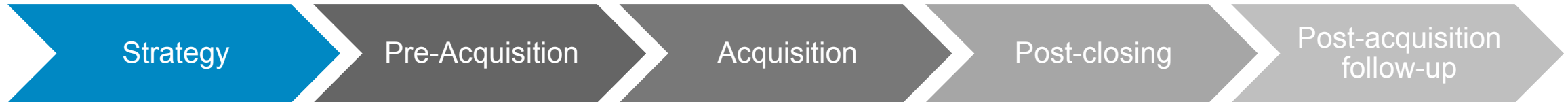


- Our plan: for every MSEK 100 in annual sales (from new sales or conversions) = capital expenditure of MSEK 10-20
- = an estimated capex of MSEK 350-400 (on top of annual maintenance capex)
- The sales of security solutions and technology grew by 38% in 2015 and we believe we can continue to grow these sales at a high pace in the coming years

- ✓ Improved margin
- ✓ Longer contract duration
- ✓ In a strong position for contract renewal
- ✓ Increased customer retention

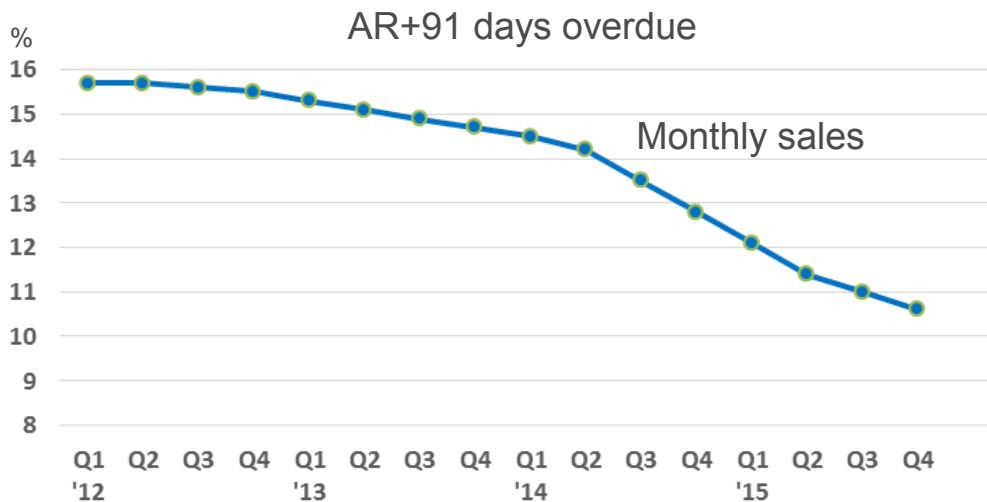
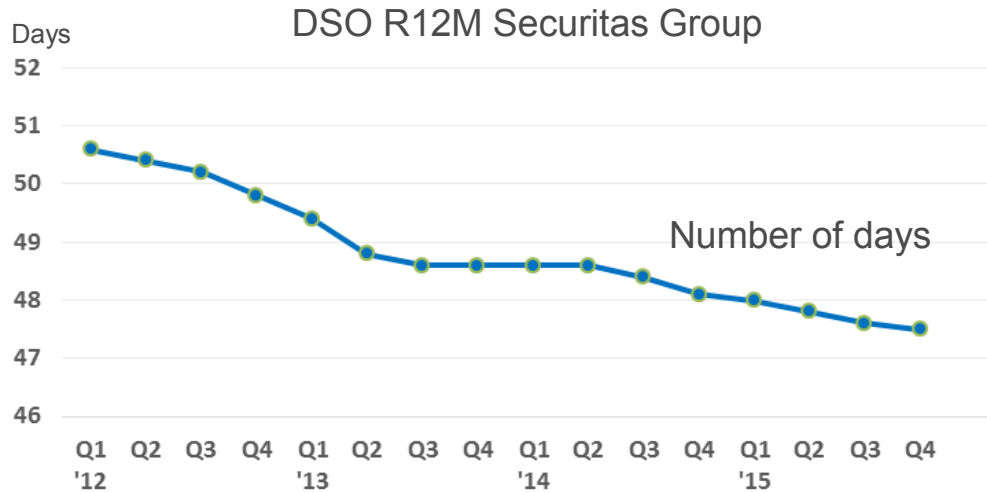


Selective Acquisitions Clear Acquisition Strategy



| | Increase Guarding footprint | Security Solutions & Electronic Security | Fire & Safety | Enlarge global footprint |
|------|----------------------------------|--|---------------|--------------------------|
| SSNA | | ✓✓✓ | | |
| SSEU | | ✓✓✓ | ✓ | ✓ |
| SSIA | ✓ Where it makes market sense | ✓✓ | ✓ | ✓ |
| AMEA | ✓ Where it makes market sense | ✓ | | ✓✓ |

DSO and AR Overdue



- + Strong management focus on DSO (reduced 3 days during the period)
- + Especially on AR Overdue (reduced with 5% of sales)
- Pressure from larger customers on payment terms
- + Careful consideration to customer credit quality
- + Supported by performance system

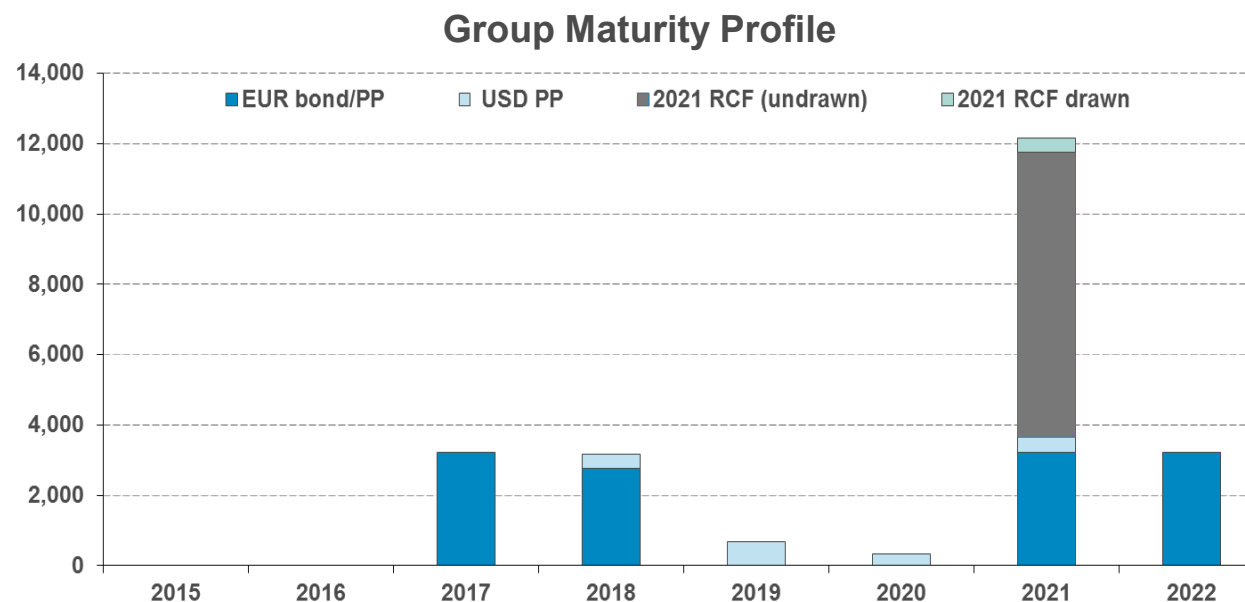
Strong Financing in Place

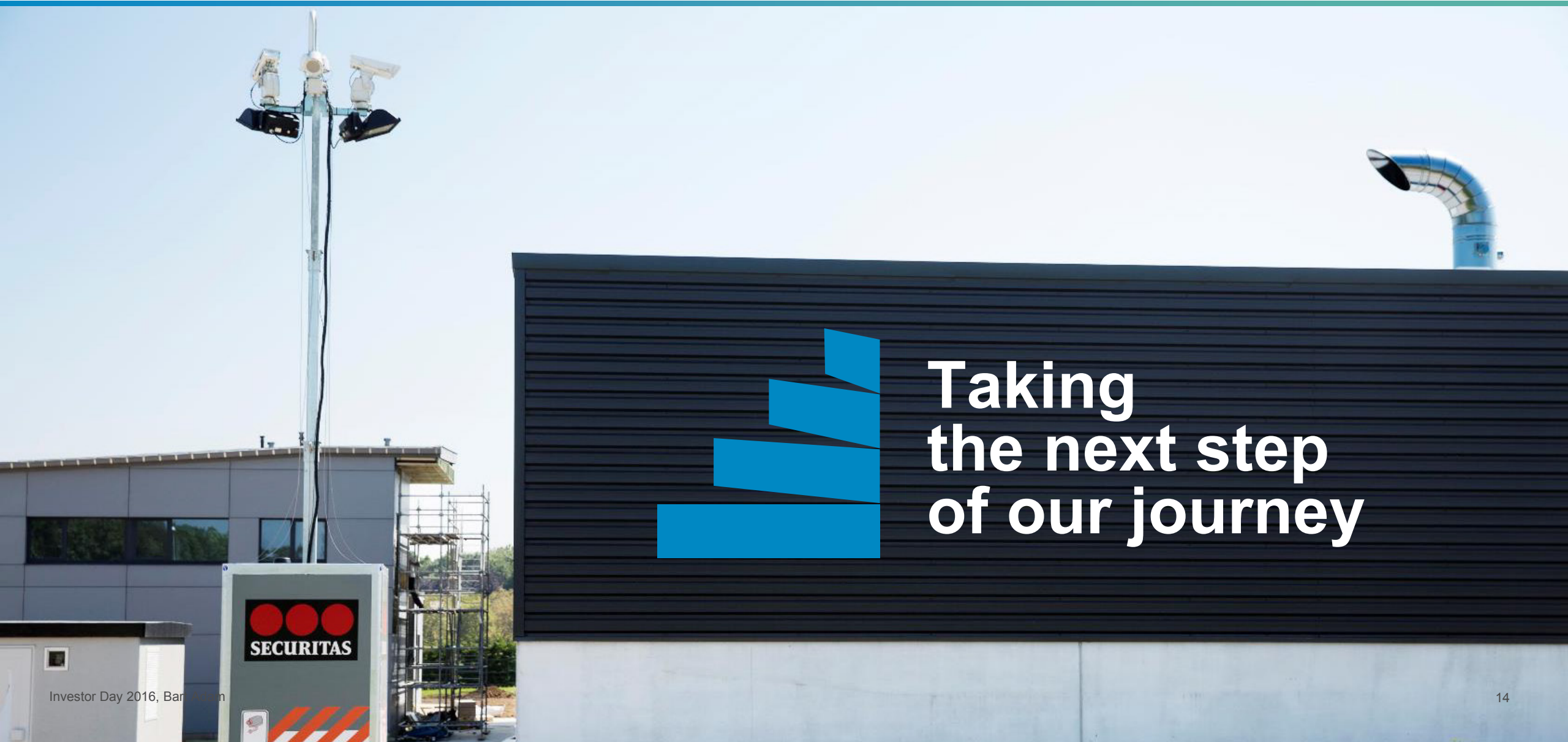


- Recent funding (Q1 2016)
 - RCF BUSD 1.1 extended to 2021
 - MEUR 350 Bond, maturity 6 years. Coupon is 1.25%. MEUR 287 swapped into fixed USD for 6 years at all-in 3.35% p.a.
- Committed to solid investment grade rating

✓ Ample headroom in place
 ✓ No financial covenants
 ✓ BBB, stable outlook

| Net Debt and leverage | | | | | |
|-----------------------|---------|-------|--------|-------|-------|
| | 2016 Q1 | 2015 | 2014 | 2013 | 2012 |
| Net Debt, MSEK | 13,150 | 9,863 | 10,422 | 9,610 | 9,865 |
| Net Debt / EBITDA | 2.5 | 1.9 | 2.3 | 2.3 | 2.5 |





**Taking
the next step
of our journey**

Advancing Security through New Technology



- We are the leading international security company, specializing in protective services
- Total transformation of the security industry
- Our security solutions create value for our customers
- Competitive advantage supports our market leadership
- Consistent and attractive shareholder returns

