

February 5, 2015



# January – December 2014



Alf Göransson, President and CEO

# Highlights January - December



- Organic sales growth 5% (1) in Q4, 3% (1) in the full year and good speed in all business segments
- Sales of security solutions and technology 10% of Group sales (run rate in Q4), app. BSEK 6.5
- Security solutions and technology sales growth was 28% in 2014, at least same growth level expected 2015
- Operating margin 5.0% (5.1)
- Compliance with and cost coverage for the US healthcare reform
- EPS real change 8%
- Free Cash Flow to net debt ratio 0.18 (0.22)
- Proposed dividend 3.00 SEK
- Dividend policy reworded: 50-60% of net income



# Financial Highlights



MSEK	Q4 2014	Q4 2013	Total change %	Real change %	2014	2013	Total change %	Real change %
<b>Sales</b>	<b>18 983</b>	<b>16 725</b>	<b>14</b>	<b>5</b>	<b>70 217</b>	<b>65 700</b>	<b>7</b>	<b>4</b>
<i>Organic sales growth, %</i>	5	1			3	1		
<b>Operating income before amortization</b>	<b>1 017</b>	<b>879</b>	<b>16</b>	<b>8</b>	<b>3 505</b>	<b>3 329</b>	<b>5</b>	<b>3</b>
<i>Operating margin, %</i>	5.4	5.3			5.0	5.1		
Amortization and impairment of acquisition related assets	-69	-81			-251	-274		
Acquisition related costs	-4	-7			-17	-27		
<b>Operating income after amortization</b>	<b>944</b>	<b>791</b>	<b>19</b>	<b>11</b>	<b>3 237</b>	<b>3 028</b>	<b>7</b>	<b>4</b>
Financial income and expenses	-83	-86			-328	-385		
<b>Income before taxes</b>	<b>861</b>	<b>705</b>	<b>22</b>	<b>13</b>	<b>2 909</b>	<b>2 643</b>	<b>10</b>	<b>7</b>
<b>Net income for the period</b>	<b>634</b>	<b>495</b>	<b>28</b>	<b>19</b>	<b>2 072</b>	<b>1 856</b>	<b>12</b>	<b>8</b>
Earnings per share (SEK)	1.74	1.35	29	19	5.67	5.07	12	8

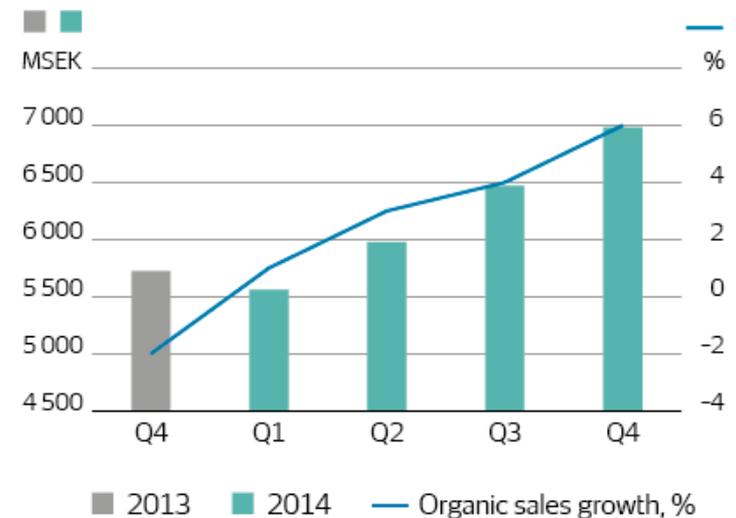
The change in the tax rate is based on a reassessment of the full year tax rate including also the outcome of recent tax court cases

The 2014 tax rate was 28.8% (29.8) and the same level is expected for 2015

# Security Services North America – Sales Development 2014



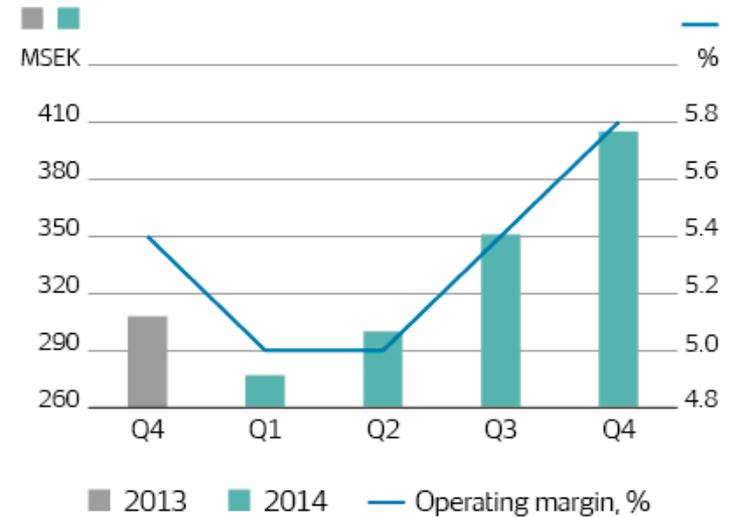
- Organic sales growth 6% (-2) in Q4 and 3% (0) in FY, with a positive development in all business units
- The driver behind the organic sales growth was mostly from the five guarding regions, resulting from a strengthened sales organization in an improved macro economy
- Net impact on organic sales growth 2015 due to ACA is estimated to app. 1%



# Security Services North America – Income Development 2014



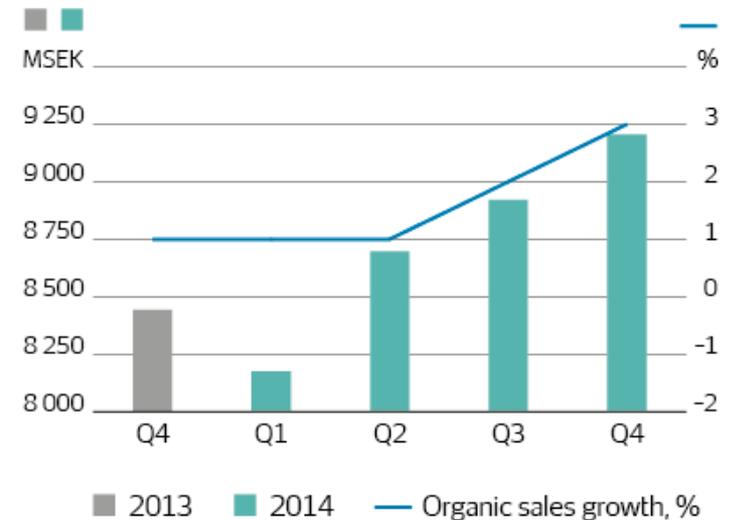
- The operating margin 5.3% (5.2)
- The margin improvement relates to the leverage effect from good organic sales growth and stable costs
- We do not expect any negative impact on our results due to ACA, as the we have been able to mitigate the cost increase



# Security Services Europe – Sales Development 2014



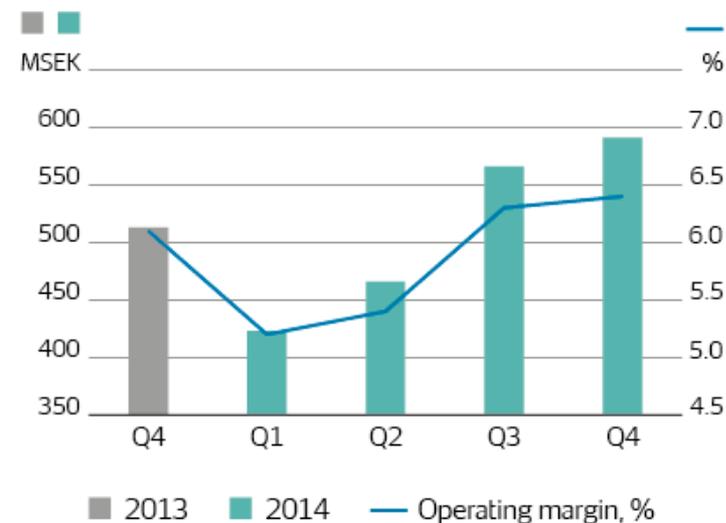
- Organic sales growth 2% (0), driven by the development in France, Norway and Turkey
- Successful sales efforts and our security solutions and technology strategy are supporting the growth. The European security market is estimated to be growing app. 1 percent



# Security Services Europe – Income Development 2014



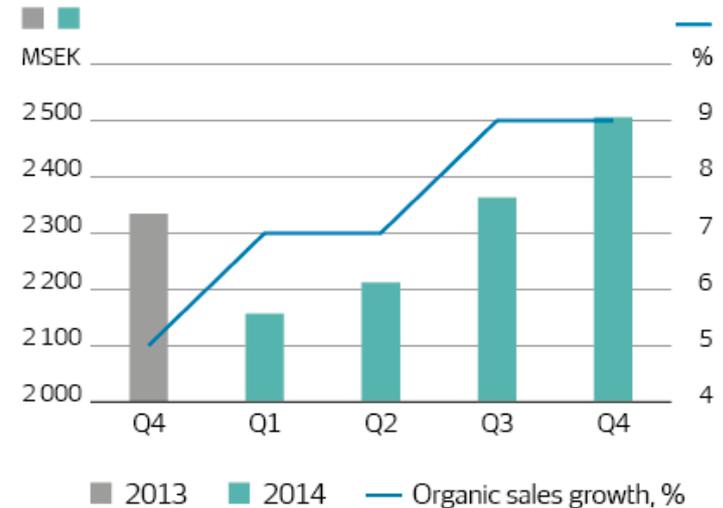
- Operating margin 5.8% (6.0), where a few renewed aviation contracts during the year had a negative impact



# Security Services Ibero-America – Sales Development 2014



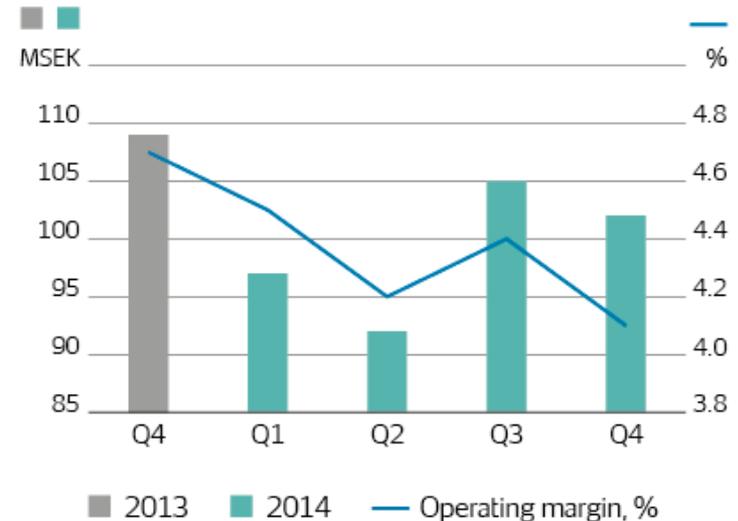
- Organic sales growth 8% (4)
- In Latin America the organic sales growth was 23%, mainly driven by price increases in Argentina but also by good organic sales growth in Chile, Peru and Uruguay
- Organic sales growth in Spain in Q4 was -4% (-11), with a positive quarterly trend
- Macro economic conditions are slowly improving in Spain



# Security Services Ibero-America – Income Development 2014



- Operating margin 4.3% (5.2), a decline related due to Spain
- The operating margin in Latin America improved
- The operating margin in Spain was negatively impacted by the labor related taxes that were introduced in December 2013, by tough market conditions and aviation contract renewals
- Also, a restructuring cost of MSEK -19 (MEUR -2) was recognized in Spain in Q4
- Negative FX from Argentina of MSEK -63
- Collective bargaining agreement signed in Spain in Q3 stipulating 0.5% wage increase for 2015



# Cash flow



MSEK	Q4 2014	Q4 2013	2014	2013
<b>Operating income before amortization</b>	<b>1 017</b>	<b>879</b>	<b>3 505</b>	<b>3 329</b>
Investments in non-current tangible and intangible assets	-296	-231	-1 113	-804
Reversal of depreciation	251	239	967	946
Net investments in non-current assets	-45	8	-146	142
Change in accounts receivable	313	143	-115	1
Change in other operating capital employed	-43	205	-381	-242
<b>Cash flow from operating activities</b>	<b>1 242</b>	<b>1 235</b>	<b>2 863</b>	<b>3 230</b>
<i>Cash flow from operating activities, %</i>	<i>122</i>	<i>140</i>	<i>82</i>	<i>97</i>
Financial income and expenses paid	-39	-48	-311	-532
Current taxes paid	-131	-204	-697	-610
<b>Free cash flow</b>	<b>1 072</b>	<b>983</b>	<b>1 855</b>	<b>2 088</b>
<i>As % of adjusted income</i>	<i>146</i>	<i>177</i>	<i>75</i>	<i>93</i>
<i>Free cash flow to net debt</i>	<i>-</i>	<i>-</i>	<i>0.18</i>	<i>0.22</i>

The net investments primarily relate to capex in security solution contracts, reflecting our strategy to increase sales of security solutions and technology

The net investments affect free cash flow and are depreciated over the contract period

# Net Debt Development



## MSEK

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



# Questions and Answers





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