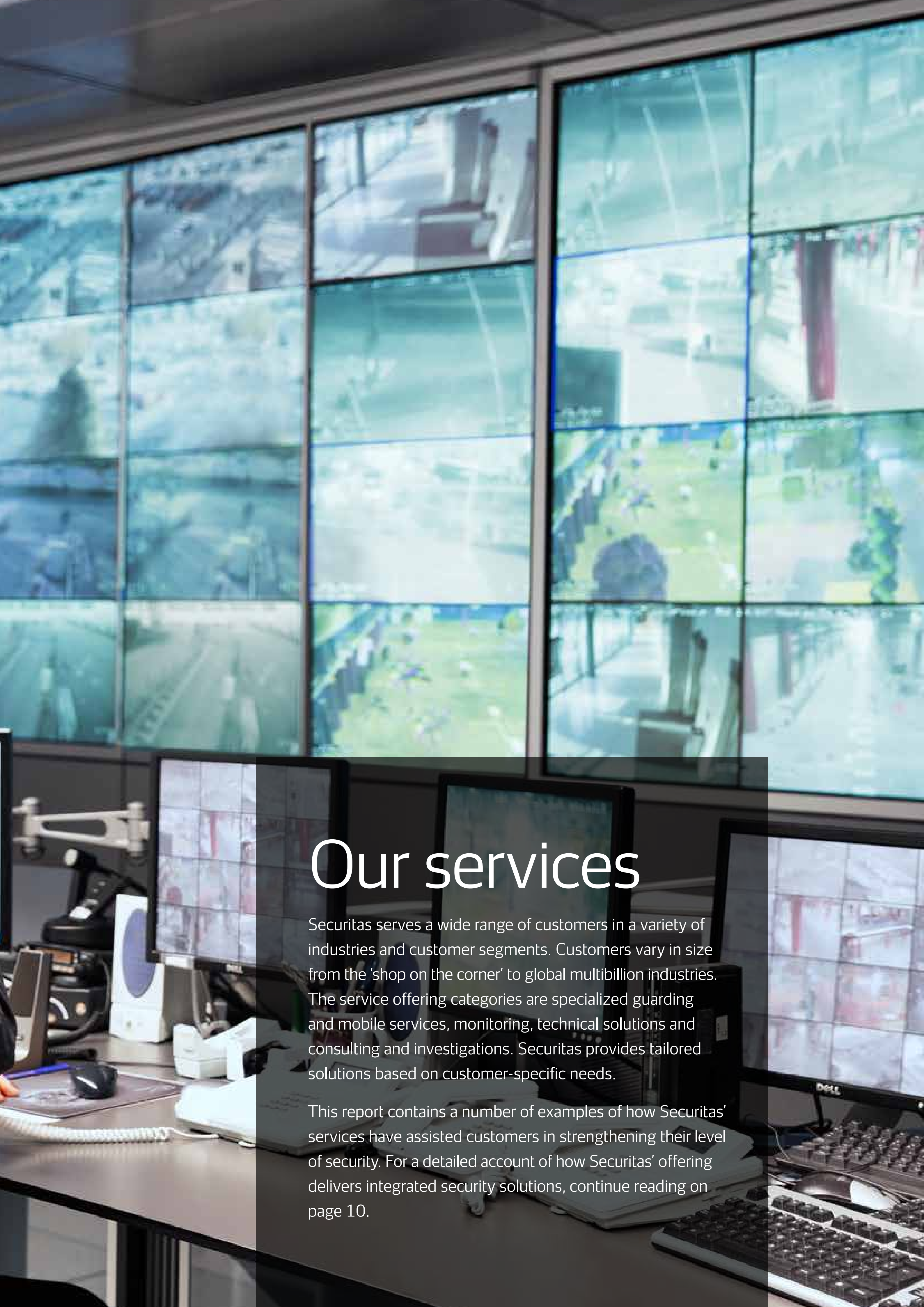
Annual Report 2014

Advancing Security through New Technology

SECURITAS

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.



Our services

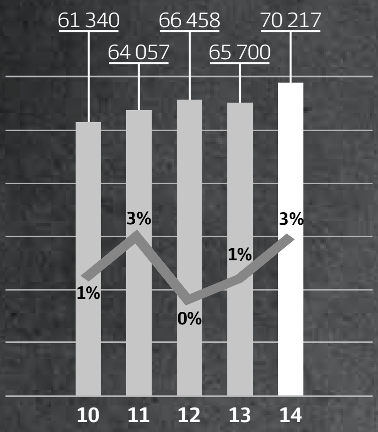
Securitas serves a wide range of customers in a variety of industries and customer segments. Customers vary in size from the 'shop on the corner' to global multibillion industries. The service offering categories are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. Securitas provides tailored solutions based on customer-specific needs.

This report contains a number of examples of how Securitas' services have assisted customers in strengthening their level of security. For a detailed account of how Securitas' offering delivers integrated security solutions, continue reading on page 10.

Size

Securitas employs close to 320 000 people in 53 countries. In 2014, total sales amounted to MSEK 70 217 and operating income to MSEK 3 505.

Read more on pages 12–19.



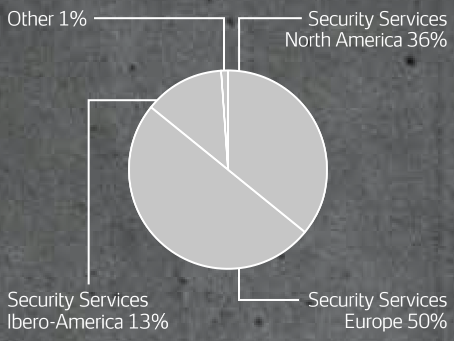
Organic sales growth increased to 3 percent.

Organic sales growth, %

Markets

Securitas operates in 53 countries throughout North America, Europe, Latin America, Africa, the Middle East and Asia. Securitas is organized into three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America.

Read more on pages 6–13.

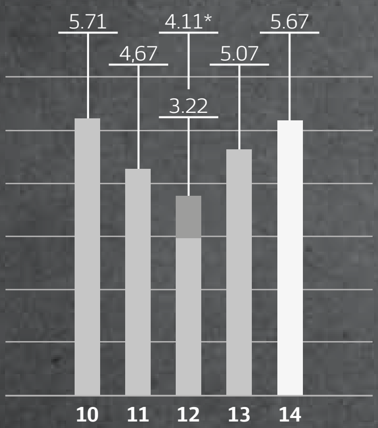


Security Services in North America and Europe represent 86 percent of total sales.

Financial targets

Securitas has two financial targets. The first target is related to the income statement: an annual average increase in earnings per share of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20.

Read more on pages 50–51 and 76–77.



Earnings per share rose from SEK 5.07 to SEK 5.67, an increase of 12 percent.

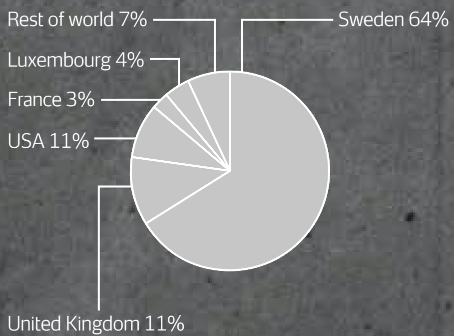
The free cash flow to net debt ratio decreased from 0.22 to 0.18.

* Adjusted for items affecting comparability and impairment losses.

The share

The number of shareholders in Securitas was 24 274. Institutional investors and other corporate entities accounted for 96 percent of the total share capital. Shareholders outside Sweden accounted for 52 percent of the capital and 36 percent of the votes. The principal shareholders in Securitas are Gustaf Douglas and Melker Schörling, who, through their companies and families, hold 10.9 percent and 5.6 percent of the capital, respectively.

Read more on pages 130–131.



Shareholders per country, votes.

Swedish shareholders held 64 percent of the votes.

Security Expertise

Enables Efficient Solutions

#1

Securitas relies on a solid foundation of expertise and know-how. Combined with tools and equipment that utilize technology, this gives us the ability to create security solutions that add value for our customers. For customers with several different sites, our security solutions are designed to replace their often fragmented equipment and systems with open systems and smart solutions. Fully understanding our customers' needs at both the operational and strategic level is therefore key in delivering efficient solutions.

*To learn more about how Securitas' security solutions address our customers' needs, see case **#2** on page 5, case **#3** on page 20, and case **#4** on page 27.*

On Track
for the Paradigm Shift

The security industry is undergoing an enormous transformation – a development that is moving faster than most people realize, and will move even faster in years to come. Securitas is at the forefront of this change.

Total sales
MSEK 70 217
(65 700)

Income before taxes
MSEK 2 909 (2 643)

Net income
MSEK 2 072 (1 856)

Organic sales growth
3 percent (1)

Operating margin
5.0 percent (5.1)

Performance 2014

In 2014, 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 macroeconomic climate in the USA. All business segments improved compared with last year. All in all, Securitas is well prepared to accelerate the security solutions process.

Security market growth

Due to current market dynamics and a gradual increase in the integration of technology with security solutions, the security market in mature markets is no longer expected to grow 1 to 2 percent faster than GDP – as it has historically – but rather at the same pace as GDP. In the future, this trend could be improved through increased outsourcing of currently insourced guarding activities, and by allowing the private security industry to take over services performed by public authorities and governments. In the USA, we have witnessed how the relative share of the outsourced market increased in 2014, which has not happened for a long time. It is too early to know whether this is a trend, but as the optimization of security solutions becomes more and more complex, it is only logical that the outsourced market will grow at the expense of the insourced market.

In 2014, the US security market is estimated to have grown by 3 percent, and Securitas' organic sales growth was 3 percent in the business segment Security Services North America. A strengthened US economy will continue to support a growing security market in 2015 of 3–4 percent.

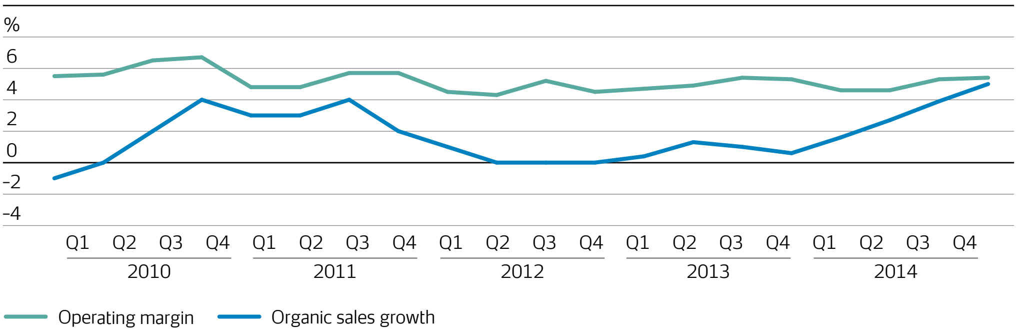
After two years of decline, the European security market recovered in 2014. Although the trend is slightly positive, the outlook is uncertain, due to macroeconomic fragility in Europe and the growing budget deficits and high levels of debt in some countries. In 2014, Securitas' organic sales growth in Security Services Europe was 2 percent.

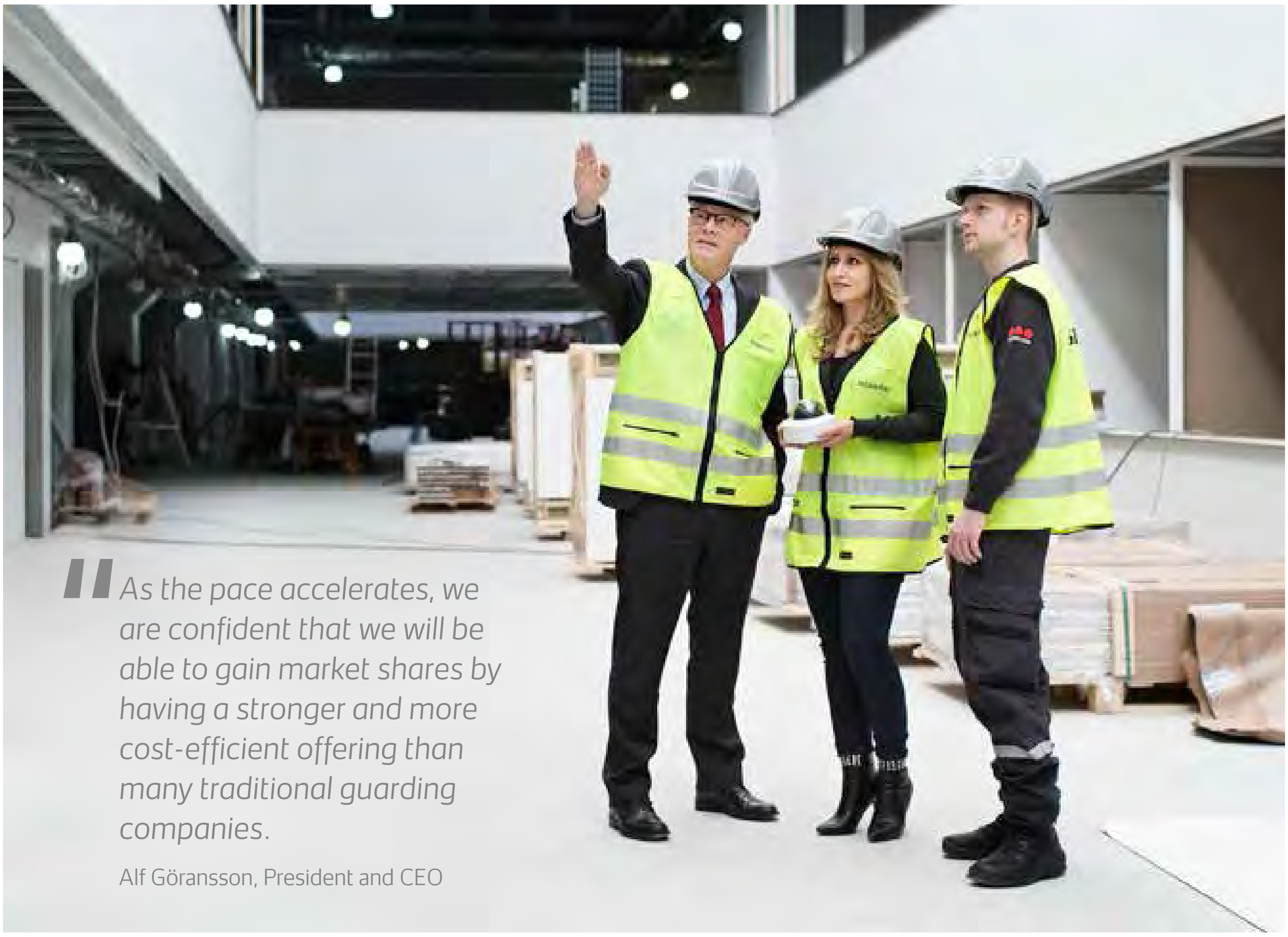
In Security Service Ibero-America, the organic sales growth was 8 percent in 2014. There was strong organic sales growth in Latin America while the growth remained negative in Spain at -7 percent. Due to the recovery of the Spanish economy, we reached -4 percent in the last quarter. We expect the Spanish security market to remain flat in 2015.

Technology is reshaping the security industry

There is a clear trend in the security industry: labor is becoming more expensive and complex, with new rules and regulations every year. Technology is developing fast and becoming less expensive, and in combination with a new generation of high-capacity telecom networks, the transmission of images and

Organic sales growth and operating margin, per quarter





"As the pace accelerates, we are confident that we will be able to gain market shares by having a stronger and more cost-efficient offering than many traditional guarding companies.

Alf Göransson, President and CEO

videos is becoming more viable and secure.

This is enabling us to change our service content and offer better security at a lower or equal cost, which is a critical shift in those countries where salary costs are relatively high. In addition, video analytics and intelligent cameras are enabling us to determine suspicious or dangerous behavior at an early stage, thereby minimizing the risk of business interruption.

In short, we can detect potential crime before it happens, and do it more cost-efficiently than before. A pretty good value proposition!

This combination creates a paradigm shift and a brilliant opportunity for security companies that are able to make investments in technology, monitoring and response capacity, and have the financial strength to invest in the required equipment. Security companies that do nothing will not survive over the long term – and this will simply be a matter of time, since creating customer value by only selling guarding hours will become increasingly difficult.

In 2012, sales of security solutions and technology accounted for some 6 percent of Group sales. By the last quarter of 2014, the relative share of total sales in Securitas had risen to 10 percent. More impressively, total sales in security solutions and technology have grown by 28 percent in 2014 compared with 2013, and we estimate that we can continue to grow the security solutions and technology sales in at least the same range in 2015.

The degree to which technology is being integrated into security solutions varies from country to country in Securitas' markets. However, as the pace accelerates, we are confident that we will be able to gain market shares by having a stronger and more cost-efficient offering than many traditional guarding companies. We have already seen proof of this in markets where we are well equipped to offer security solutions, and where we have grown faster than the security market average.

The paradigm shift requires a balance sheet that can support investments in technology. We usually own the technology at the customer site and amortize it over the length of the contract. Our assessment is that we need to make additional investments of about MSEK 350–400 per year to achieve this goal. These are the best investments a company can make, since they are literally "investments in the customer." We will finance this through our free cash flow, and a slower pace of acquisition compared with recent years. We are no longer interested in acquiring traditional guarding companies in mature markets, but are now focused on businesses that can strengthen our ability to accelerate our strategy.

To support our global strategy, we therefore made some key acquisitions in 2014, such as the Belgian security and critical communications systems integrator SAIT, and 24 percent of the shares in the US remote video services company Iverify.

In certain new markets, we can envisage acquiring guarding companies in order to serve our large, global customers, and there are some 10 countries on our wish list.

Accelerating the process

This development also requires internal changes. In Security Services Europe, we have discontinued our former divisions and are now approaching customers as one company. As a result, we are working more effectively and cross-functionally, with common targets, goals and incentives, and no internal mark-up or competition.

In 2014, we invested in more sales tools, sales training and a sales activity reporting structure for measurement and follow-up. We also recruited more resources in order to become more proactive in our security solutions sales. We will also increase our focus on leadership and coaching, as the relationship between leadership and change is obvious.

Over the past three years, we have strengthened our technological know-how and continued recruiting specialists. In an increasingly demanding security market, we know that the decisive factor will be having a critical mass of knowledge and the ability to create innovative solutions that provide greater benefits for customers. Today, Securitas has some 2 500 employees specialized in technology.

A responsible business

As a responsible player in the security industry, we are actively adding value to our brand, reducing our exposure to the risks identified in the enterprise risk management process, and promoting sustainable growth and profit.

In 2014, we continued our extensive training in Securitas' Values and Ethics Code throughout the entire organization. Securitas Integrity Line has been implemented in 50 of the countries in which we operate, and reported cases of non-compliance with the Code are being followed up in a structured manner. Our due diligence process was further developed. We continued the stakeholder dialogue process, which aims to monitor expectations with regard to Securitas' sustainability performance. We submitted a complete GRI report for 2014. Read more about our responsibility on pages 21–26.

Securitas is prepared

We have been preparing for this paradigm shift for the past three to four years. Our strategy is clear: to integrate on-site, remote and mobile guarding services with technology solutions to achieve a higher level of customer satisfaction through cost-efficiency and added value. The result will be longer customer relationships, improved earnings and sustainable shareholder value. This strategy will enable us to grow faster than the security market average in the coming years.

I firmly believe that our fantastic brand, our strong culture, our employees who are making a difference every day, our security leadership and our strategy will create value for our customers, and music to our shareholders' ears, for years to come.

Stockholm,
March 13, 2015

Alf Göransson
President and
CEO Securitas AB

Security Solutions in a Sensitive Environment

#2

Securitas has many customers operating in sectors that are dependent on functioning advanced technology. One of them is Medicon Village, a life science park in the city of Lund in the south of Sweden. Covering an area of approximately 80 000 square meters, with laboratories accounting for about 40 000 square meters, Medicon Village accommodates more than 1 100 people in 100 different organizations – from researchers to innovators and business entrepreneurs.

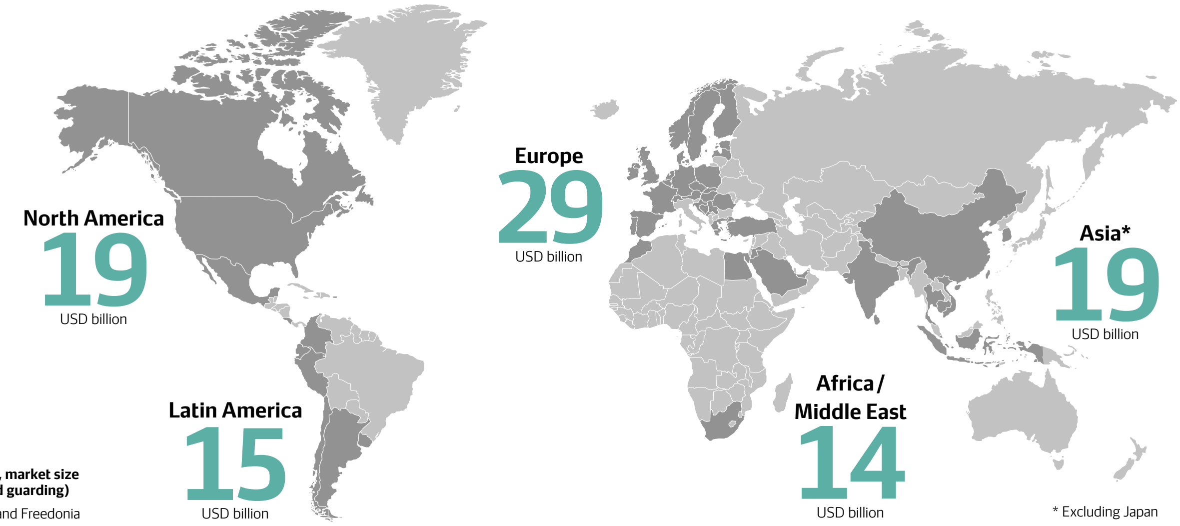
Here, the smallest of companies enjoy the benefits of a large company's resources by being part of a larger community; and new possibilities are created in the interface and collaboration between regional organizations, universities and the business community contributing to people's health and well-being.

In this highly sensitive, high-risk research environment, security and safety are vital. It is crucial that Securitas and the customer work closely together and continuously refine the security solution. The Medicon Village security solution includes on-site and remote guarding, fire and safety services, and a remote video solution. Additionally, Securitas' security officers perform several different safety operations to prevent risk in the life science park's daily business. This includes fire protection, checking residual-current circuit breakers and control of the burglar alarms, as well as training the park's tenants in safety protocol. Securitas also conducted a risk analysis of one of the laboratories in order to develop a state-of-the-art security solution, and is responsible for testing and implementing new safety working procedures and technology installations.

Working with highly sensitive information in an around-the-clock business environment requires a flexible yet solid security solution. Delivering advanced security while ensuring operations are sustainable is a testament to our capabilities. Securitas is proud to provide security for life science parks of tomorrow.

Opportunities for Growth

in a Challenging Market



Security services, market size 2014 (outsourced guarding)
Source: Securitas and Freedonia

We are in the midst of a paradigm shift whereby technology is rapidly becoming smarter, more cost efficient and increasingly applicable in security solutions. As the industry as a whole faces more intense pressure in terms of costs and efficiency requirements, intelligent security is becoming a prioritized choice.

"...technology is creating growth opportunities.

The number of areas requiring professional security is on the rise. At the same time, more operations are experiencing a sensitivity to disturbances. The private security market is also being given an opportunity to grow as the public sector begins to recognize the potential gains of outsourcing security responsibility for work presently performed by the police or other authorities.

However, while the global economic environment is demanding greater efficiency, it is also becoming increasingly cost conscious. The steadily rising cost of manpower in many mature markets, combined with more companies competing for contracts, means that market conditions are challenging.

Technology development is changing the security industry entirely. As better infrastructure continues to improve connectivity between hardware, software and people, technology is creating growth opportunities. While developments affect the entire industry, certain markets are more technically mature than others.

Securitas has identified these opportunities and is working to improve the profitability of customer contracts with a higher level of technology and value-added services. Our focus on developing new security solutions with advanced technology content means that we are well prepared to meet market developments and demand.

On the whole, the global security services sector employs several million people and the market for private guarding services is projected to reach USD 149 billion by 2018. The regional markets differ significantly in terms of maturity and pace of growth. Demand for security services is closely linked to global economic development, the general perception that there is a threat to society, as well as social and demographic trends. The predominantly mature security markets in North America and Europe have moved from growing 1–2 percent faster than GDP to growing at the same pace as GDP. Growth rates in emerging markets in Latin America, Africa, the Middle East and Asia still tend to outpace GDP. While growth is generally higher in emerging economies, volumes and large contracts are still confined to relatively mature markets.

Market drivers

Global urbanization, leading to increased population density, widening socioeconomic inequalities and rising crime rates.

Demand for efficient security solutions remains high. More sectors and areas of operation are highly sensitive to disturbances.

Rising levels of economic activity and prosperity in developing regions are resulting in more facilities and places of business requiring security.

Infrastructural development resulting in demand for qualified security solutions and services for growing public transportation systems and public property.

Previously insourced security is increasingly awarded to private sector security firms.

Heightened levels of tension across the globe, with social and political unrest, natural disasters and political instability is amplifying the need for flexible and efficient security.

Competitors
The security services market is highly diversified and predominately comprises smaller players active in their respective regions. Although our offering and primary markets differ, our main competitors are G4S, Prosegur and Allied Barton.

No. of employees

- Securitas
- G4S
- Prosegur
- Allied Barton

Sales

- Securitas
- G4S
- Prosegur
- Allied Barton

Source: Public information

Driving demand

> Need for tailored sector and customer-specific security solutions

> Increased security awareness among private companies and public sector authorities. Understanding the potential losses that can arise from not prioritizing security

> Cost consciousness requires security companies to be efficient, well managed and innovative

> Customer requirements and expectations with respect to sustainability and transparency are increasing

Advanced Technology
– Key in Security Solutions

Our strategy is clear: integrate on-site, remote and mobile guarding services with technology solutions. This enables us to be more efficient, deliver added value and strengthen customer relations while improving profitability – ultimately resulting in increased shareholder value.

Securitas' strategic priority – to be the leading provider of integrated security solutions that include advanced technology – holds true. Our target of increasing sales of security solutions remains firm.

While guarding still represents the foundation of Securitas' business, we are determined to capitalize on the possibilities created by utilizing advanced technology. By continuously working to optimize on-site, remote and mobile guarding services by integrating technology, we can offer our customers better security at a lower cost.

Securitas is leading the industry, and has the financial strength and persistence to maintain this position by continuing to invest in advanced tech-

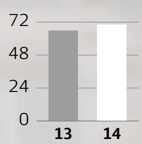
Strategic priorities

- Create increased and sustainable shareholder value through growth in sales of security solutions, especially solutions with a higher technology content
- Increase profitability and capture market shares by offering higher-quality and more cost-efficient security solutions than our competitors
- Work proactively to expand the security market by assuming responsibility for security that currently is insourced
- Make selective acquisitions of technology companies that support the strategy and of guarding companies in emerging markets

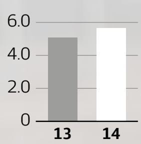
Strategic initiatives and results in 2014

- Earnings per share SEK 5.67
- Free cash flow to net debt ratio 0.18 percent
- Sales of security solutions and technology represented 10 percent of Group sales at year-end 2014
- Total sales of security solutions and technology increased by 28 percent compared with 2013
- Longer and stronger customer relations through a higher degree of technology in our security solutions
- Continued strengthening of our technology competence through new hires and training. At year-end 2014, approximately 2 500 people worked with technology and related services
- Acquisitions of technology companies in the USA and Belgium

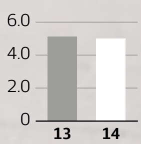
Sales, MSEK



Earnings per share, SEK



Operating margin, %



nology. One example is the company's recent acquisition of 24 percent of the shares in the state-of-the-art remote video services company Iverify in the USA. Providing security for many of the world's leading telecom and IT companies, research facilities, fine electronics companies and global network providers is further proof of our ability.

Advanced technology also plays a key role in Securitas' efforts to be proactive. Our ambition is to prevent incidents from happening. Should an incident occur, Securitas provides prompt investigation and guidance, while launching immediate countermeasures. This proactive approach delivers added value and strengthens security through deterrence and prevention.

By integrating technology, we can offer our customers better security at a lower cost.

From a strategic market perspective, Securitas is working to broaden the private security market by adapting our offering to suit customers looking to outsource their security services. Developing new security solutions with a higher technology content and improved cost efficiency will allow the private security industry to expand the market by assuming responsibility for contracts currently managed by the public sector.

Targets and strategic initiatives in 2015

- An average increase in earnings per share of 10 percent compared with the preceding year
- A free cash flow to net debt ratio of at least 0.20
- Total sales of security solutions and technology to increase in at least the same range as in 2014
- Be the leading provider of integrated security solutions in our main markets
- Be the first choice for customers who value sustainability
- Be an active voice in local markets to develop the security industry
- Be a preferred employer

We Deliver

Efficient Integrated Solutions

Securitas serves a wide range of customers in a variety of industries and customer segments. Our security solutions, developed together with our customers, are designed to incorporate a high degree of technology content. While manned guarding still represents the cornerstone of Securitas, we continuously work to develop our offering. This enables us to meet customer-specific demands at a competitive price.

Securitas' approach to security solutions means incorporating systems, people and equipment into one high-performing solution. From there, each aspect of the security solution is scaled to match the needs of the specific customer and situation.

Our customer relationships always start with a thorough analysis of the security needs.

Investing in our customers

Securitas invests in the technology installed at the customer's site. This means that we take full responsibility for technology investments, on-site installations and maintenance of security equipment, as well as operations and monitoring services. Securitas owns the equipment and the cost is included in the monthly fixed service fee charged to the customer. This results in planning reliability, a considerable quality improvement and a closer and longer relationship with the customer.

Securitas' security solutions are flexible, which enables us to work with many different technology suppliers. To ensure high quality, we have general agreements with some of the world's leading suppliers of cameras and other security technology.

Single point of contact

Securitas is the single point of contact for the customer's entire security solution, which adds value for the customer. At the Security Operating Center, specialized operators manage on-site guarding, mobile patrols, monitoring services and remote video solutions. The operators working at these nationwide communications and coordination service hubs are experts in quickly addressing different problems and solving them in accordance with our customers' requests. Securitas' high density of security officers and role as the single point of contact ensure immediate attention, for example, in the form of a mobile patrol or a security officer at the customer site.

Our customer relationships always start with a thorough analysis of the requirements and needs for the specific situation. Some security solutions are tailor-made for a specific customer, while others are offered as part of a packaged service.

Manned guarding remains the cornerstone of Securitas, yet we are focusing on developing our technology-driven solutions. Today, some 2 500 people work with technology and related services in Securitas.

Tailored security

Securitas is expected to identify and respond to customer-specific security challenges, provide specialist know-how and dedicate resources. To meet these expectations, our offering is designed with a high degree of flexibility. In-depth risk analysis and assessment is therefore important in selecting the individual security components in the tailored solu-

The Security Operating Center – the core of our integrated solutions

Securitas is the single point of contact for the customer's entire security solution. The solution is managed at the Security Operating Center, where specialized operators coordinate all security services, as well as providing statistics, analysis and other customer support.

Alarm services
Securitas offers security alarm solutions and services, applicable in both corporate and home environments.

Canine services
Security officers perform guarding services with the help of specially trained dogs.

Corporate investigations
Corporate investigation services, including background screening of personnel and fraud investigations.

Executive protection
Mitigating risk exposure through personal protection by specially trained security officers.

Loss prevention
Services aimed at minimizing disruptions, theft and loss. Also includes prevention services specifically designed for store and retail environments.

Mobile services
One security officer serves multiple customers within a limited geographical area and carries out beat patrol, call-out services, and opens and closes business premises.

Receptionist/concierge services
A security officer performs a combination of services including access control, reception and customer service.

Remote video solutions
Includes remote security services such as alarm verification, entry/exit management, escorts, patrolling and perimeter protection.

Response/call-out services
An alarm response officer responds to various types of disruptions and emergencies.

Safety services
Includes, among other services, fire prevention, medical aid, evacuation assistance, emergency planning, crisis management and traffic safety.

Screening
When strict access control is needed, Securitas offers tailored screening services for both people and objects.

Security consulting
Securitas offers various degrees of security consulting, normally including thorough risk analysis and detailed security planning.

Specialized guarding
Specially trained security officers perform services tailored to the customer's business and security requirements.

Track and trace
Tracking moving objects using a high-tech global positioning system (GPS).

> *We utilize our strength and the breadth of our network to share knowledge.*

tion, such as specialized guarding services, technology solutions, and consulting and investigations.

Specialized guarding includes a variety of services from airport security and customized services for certain segments to receptionist services. Technology solutions such as electronic systems (intrusion alarms, access control and surveillance cameras), physical security (fences, turnstiles and gates) and software (reporting, communication, logging and verification systems) are always deployed in combination with qualified security officers. Consulting and investigation services include a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations, cyber surveillance and computer forensics.

Sharing knowledge

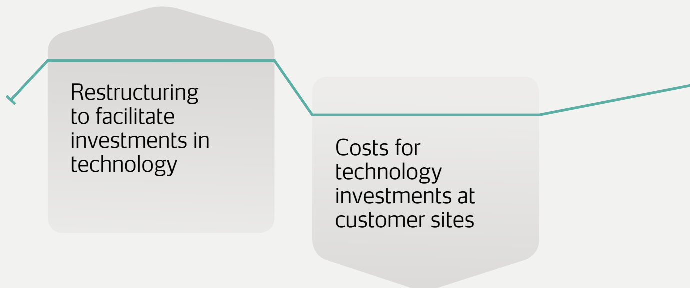
Securitas' customers range from one-guard-solutions for the shop around the corner to complex security solutions for international airports and nuclear power plants. As a global company operating in 53 countries, we therefore utilize our strength and the breadth of our network to share knowledge. We are continuously sharing experiences and highlighting best practices across accounts and markets to further our competitive edge, for example through our global internal web, *My Securitas*.

Prevention

By providing a security solution, we have the ability to prevent incidents or even crimes, but must always comply with local laws and regulations regarding, for example, data privacy. The advanced software used in security cameras can be set to trigger an alarm if someone starts cutting a fence or enters a restricted area. Choosing our security solutions means that prevention is strengthened and business disruptions are less likely to occur.

Increased technology content adds value

Securitas' investments in technology-based security solutions contribute to positive value creation through improved profitability, longer contract durations and a better position to win new assignments. In doing so, we create an opportunity to compensate for the price pressure in the market. At the same time, this shift requires increased investments in new technology.

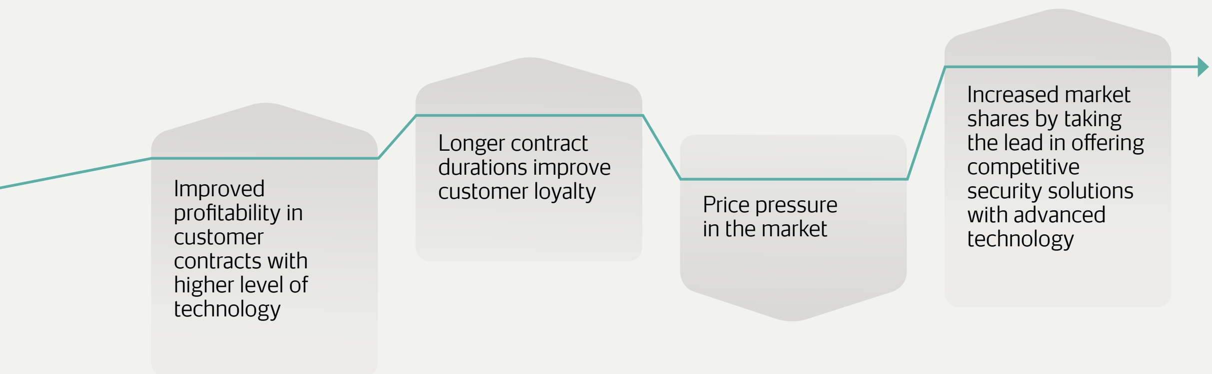


Specialized services

Securitas has developed a specialized service offering to accommodate the complex security needs of customers with highly sensitive or exposed operations. These services are designed to secure and protect all aspects of major areas of operation.

Securitas is one of the few security providers with the expertise, capacity and capabilities to protect these core functions of society. Due to public dependencies and prevailing threats of disruption, protecting these areas from external influence is a top priority.

- Airports
- Data storage sites
- Large public events
- Nuclear power plants
- Ports and harbors
- Public transport



Global Reach,
Extensive Local Expertise

Securitas offers specialized guarding, security solutions and technology to large and small customers, and to most industries. The combination of the company's global reach, extensive expertise and decentralized organization promotes close and long-term relationships with customers.

Security Services North America

Page 16 ▷

Security Services North America provides security services 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 in the USA – critical infrastructure, healthcare, Pinkerton Corporate Risk Management, mobile and technology – plus Canada and Mexico. In total, there are approximately 640 branch managers.

Security Services Europe

Page 17 ▷

Security Services Europe provides security services for large and medium-sized customers in 27 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 800 branch managers.

Security Services Ibero-America

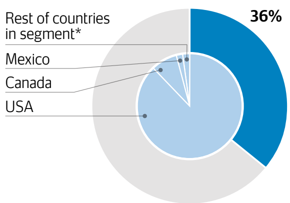
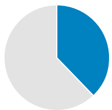
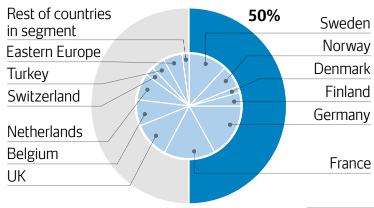
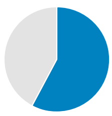
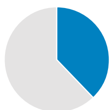
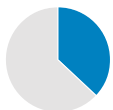
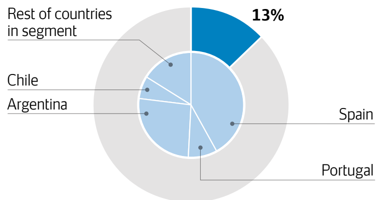
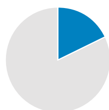
Page 18 ▷

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 190 branch managers.

Africa, Middle East and Asia

Page 19 ▷

Securitas provides security services in Africa, the Middle East and Asia (AMEA). Some of these markets are relatively new for Securitas. The operations are included under Other in the segment reporting. See note 9 on pages 89–92.

Sales		Operating income before amortization	Total capital employed	Number of employees
 MSEK 24 989	Operating margin 5.3%	 38% MSEK 1 333	 44% MSEK 9 593	 34% 107 400
 MSEK 34 997	Operating margin 5.8%	 58% MSEK 2 046	 38% MSEK 8 191	 37% 117 800
 MSEK 9 238	Operating margin 4.3%	 11% MSEK 396	 14% MSEK 3 006	 18% 58 300
Group** **MSEK 70 217**		**MSEK 3 505**	**MSEK 21 721**	**319 200**

* Pertains to Pinkerton Corporate Risk Management
** Includes Other and eliminations

Security Services North America

Technology is increasingly becoming an integral part of our service offering. Securitas can offer complete security solutions with on-site, mobile and remote guarding.

Highlights 2014
Highlights include a very positive trend in new sales, resulting in organic sales growth in our five guarding regions. Integrated guarding – complete security solutions with on-site, mobile and remote guarding – is developing satisfactorily and we are seeing signs of success with sales coming from both conversions of existing contracts and new sales. A technology department has been created, and some of these resources are also part of the regional organization. We now have the ability to increase our integrated guarding sales, while also being an active player in the technology market. To further support the strategy, 24 percent of the shares in the remote video services company Iverify were acquired in 2014.

Market situation
The security market remains highly price competitive and while several competitors are now speaking of technology, none is able to offer the complete package of on-site, mobile and remote guarding that we do. Customers want to optimize their security spending – and we can fulfil their requirements.

Customers want the most efficient use of their security dollars.

Santiago Galaz, Divisional President, Security Services North America

Market trends
Technology is increasingly becoming an integral part of our service offering. Our managers are being trained to look at the customer's entire security operation and develop a total approach to their security needs, including both guarding and technology needs. Our Mobile operations are also expected to continue growing over the next few years, which will enhance our footprint and enable us to a greater extent to include this service as part of our integrated guarding offering.

Main opportunities and main challenges
We believe that our integrated guarding capabilities will enable us to maintain our market-leading position. We have a strong and stable management team and dedicated employees.

The guarding industry is evolving due to technological advancements. One example is within mobile services, where real-time web-based reporting of all services is offered to both customers and Securitas branch managers. The ongoing education of our field staff, to update their knowledge of our products and capabilities, is more important than ever.

Training, development and sustainability
We have implemented additional training programs, both classroom training and e-learning, for all field management members. We also developed an Integrated Guarding Support group to assist our field managers with training, sales and implementation.

We have begun the introduction of eco-friendly cars and other vehicles (bicycles and three wheel vehicles, T3s) to reduce our greenhouse gas emissions. We also use videoconferencing to minimize business travel, when appropriate, and reduce paper transactions by using electronic transmissions or recycled paper options.

Security Services Europe

Confident in the knowledge that we can offer our customers better security at the same or lower cost, our main focus is on working together with our customers to optimize their security solutions.

Highlights 2014

To optimize the security solutions we offer to our customers, Security Services Europe has continued to strengthen its organization in all countries of operation. Now, with the structure in place, approximately 1 700 employees are dedicated to working with technology and security solutions. The main focus has been on converting existing customer contracts into security solutions and winning new contracts by using the capabilities and methods developed over the past three years.

In 2014, SAIT – a leading company in security and critical communications system integration – was acquired in Belgium. Securitas also won two private security airport contracts in Croatia and a major oil and gas contract in Norway. Some large Aviation contracts were renewed during the year.

Market situation

In 2014, the security market in Europe started recovering slowly, after two years of decline. The overall market situation remains challenging and highly price competitive.

Market trends

We believe that the security market will move towards an increased use of technology in security solutions in order to improve services, as well as cost efficiency. This will likely result in a consolidation of the industry in many countries.

Main opportunities and challenges

We are confident that we can offer our customers better security at the same or lower cost by creating security solutions that combine technology with on-site guarding, mobile services and remote guarding. Securitas has the financial strength to invest in the technology to be used at the customers' sites, at the same time as we have a large number of security officers with specialized training who can respond quickly to situations when they arise.

"The main focus is on strengthening the organization in order to optimize the equation of technology, on-site guarding, remote guarding and mobile patrols.

Alf Göransson, President and CEO of Securitas AB and Divisional President, Security Services Europe

Increasingly, we also offer our customers a review of their security expenses, as well as complementary services in which our security officers perform services presently offered by other suppliers. Securitas is also the only truly pan-European security company.

Although the security market in Europe recovered in 2014, its future development is still uncertain due to the fragile European macroeconomics.

Training, development and sustainability

Employees at all levels receive training – from basic introductory training to highly specialized training, for example, for security officers in the aviation segment. Managers can participate in Securitas Management Training, a year-long program focusing on business and leadership.

In 2014, an employee survey was carried out in the business segment. The results indicated a strong understanding of and belief in Securitas' technology strategy among all employee categories. The survey also revealed that managers who had the ability to continuously implement improvements received the highest leadership scores. Consequently, even more focus will be devoted to strengthening our leaders in the coming year.

CSR and sustainability are an integral part of the operations. In all countries, we also participate in projects to support the local community.

Security Services Ibero-America

Securitas is further driving the consolidation and integration of technology and security solutions with state-of-the-art Security Operating Centers as the core of its operations.

Highlights 2014
During 2014, the main focus was on the consolidation and integration of security solutions and technology in all countries. In addition, the implementation and increased activity of Security Operating Centers also helped to differentiate our offering. In 2014, organic sales growth improved compared with the preceding year. We recovered some of the sales volume lost in Spain, and implemented an organization adapted to the needs of the market, which is experiencing severe price pressure.

Market situation
The business segment contains mature markets where customers appreciate the added value that security solutions bring, with more and better security at a lower cost, as well as technology and product innovation. In the emerging markets, customers still mainly ask for manned guarding.

The company's security solutions strategy requires strong local leadership.

Luis Posadas, Divisional President,
Security Services Ibero-America

Market trends
While the market is expected to continue exerting pressure on prices for traditional guarding services, we are also seeing indications that customers are beginning to appreciate the benefits of security solutions. Being able to offer a full range of services and products will be key in the near future as the market begins to value innovation and specialization.

Main opportunities and challenges
Securitas will continue pursuing its strategy to increase its market share in emerging markets and to regain market shares in Spain and Portugal.

The company's strategy requires strong local leadership, effective communication of local targets and clear support from each manager.

Training, development and sustainability
Through the Securitas Institute, which exists in all countries, we arrange training programs for our managers and security officers using both traditional methods and e-learning.

In each country, we have people in our organization focusing full time on corporate social responsibility, with programs ranging from the inclusion of people with physical disabilities to social programs for our employees, as well as collaboration with the local communities in which we operate.

Africa, Middle East and Asia

Securitas is growing in new geographical markets to serve our global customers in these regions. In 2014, the countries in these new markets were organized in one division: Africa, Middle East and Asia (AMEA).

South Asia
Securitas is, under a partnership with Walsons Services, one of the leading security services providers in India, with a presence in over 180 cities. Services include specialized guarding, executive protection, transport security, fire and safety, and event security.

In Sri Lanka, Securitas offers guarding services to embassies, international non-governmental organizations (NGOs), commercial sites and residential customers nationwide.

China and South East Asia
Securitas' organization in China is designed to serve as a platform for growth.

In Hong Kong, Securitas conducts operations in a variety of key customer segments, including residential, transport and logistics, finance and education. Operations in Thailand, which include technical security services, are particularly strong in the hotel and tourism segment, but include customers in several other segments as well. In Vietnam, Securitas operates throughout the country under a partnership with Long Hai Security, providing mainly specialized guarding services to multinational companies.

Securitas is one of the main providers of unarmed private security services in Singapore. The customer portfolio is well-diversified across customer segments and between public and private sectors. In Indonesia, Securitas mainly offers guarding services to embassies. Operations in Cambodia include guarding services to international companies. Securitas entered the security services market in South Korea in August 2014.

Middle East and Africa
In the Middle East and Africa, Securitas conducts security services operations in Egypt, Jordan, Morocco (moved from Security Services Europe to AMEA in 2015), Saudi Arabia, South Africa and the United Arab Emirates.

Most customers in Egypt are multinational companies and the operations are displaying strong continuous growth.

In Morocco, Securitas mainly operates in the industrial segment, and in Jordan, most customers are international companies.

The South African operations are continuing to grow and Securitas is investing in training and sharing best practices in order to raise industry standards. Securitas has operations in guarding, mobile, alarm monitoring, remote video surveillance, technology, forensics and risk management services in South Africa.

In the United Arab Emirates, Securitas has nationwide operations and customers across a variety of segments.

Africa, Middle East and Asia is included under Other in our segment reporting.

Country	Number of employees
India	19 300
Sri Lanka	1 000
China	400
Hong Kong	1 200
Thailand	2 000
Vietnam	2 000
Singapore	700
Indonesia	1 200
Cambodia	300
South Korea	50
Egypt	1 700
Jordan	600
Morocco	2 200
Saudi Arabia	60
South Africa	3 600
United Arab Emirates	1 400

#3

Utilizing Our Global Reach

As an international company, Securitas has the ability to provide security services for highly demanding customers on a global scale. Yet our worldwide operations are adapted to also deliver security solutions for smaller customers with a presence in only a few locations. One such example is an educational institution with campuses on two continents. Teams in both countries collaborated to provide the customer with a tailor-made solution, meeting very specific needs. By seamlessly incorporating the technology interface from both locations, Securitas' offering proved to be unmatched thanks to the gains it offered in terms of efficiency and control. Our ability to identify, assess and act on the customer's needs using our global reach once again shows we have the expertise required to tailor state-of-the-art security solutions.

Responsible Business
Promotes Sustainable Growth

At Securitas, sustainable operations are the foundation for our long-term growth. The business must be sustainable, not only financially, but also socially and environmentally. For us, corporate social responsibility (CSR) is an integral part of our everyday work.

Securitas operates in 53 countries and employs almost 320 000 people globally. Being a responsible and solid employer is a priority, but we must also conduct our business in an ethical manner, consider our environmental impact and offer high-quality services. Only then will all areas of our operations become sustainable.

The security business is characterized by low margins and fierce price competition in many markets. To keep prices down, some guarding companies have a lower wage level. Securitas' strategy is to move up the value chain and offer security solutions instead of only guarding hours. This enables us to avoid competing solely on the basis of price and to pay wages that are in line with our standards. The shift towards including more technology in the security solutions we sell does not necessarily mean that the number of employees must be reduced. It works to our advantage to have many security officers. When an alarm sounds, we can immediately dispatch a mobile patrol, or the security officer at the Security Operating Center can intervene. It is also an opportunity for employee development, as we need more security officers with specialized training. With more qualified employees, we can offer more specialized and qualified services – services that add value for our customers and increase profitability for us.

Driving the security industry

In markets where Securitas is one of the largest security companies, we use our position to drive the industry towards better standards. Through industry associations, we work together with authorities and unions to achieve mandatory basic training for security officers, wages that meet or exceed legal or industry minimums, and mandatory authorization for security companies.

Training to gain a competitive advantage

Training our employees at all levels is key to Securitas' ability to provide high-quality professional security services. We believe it is a way to gain a competitive advantage.

To meet customer demands, Securitas has training centers in most countries and provides both basic and highly specialized training for employees at all different levels. In some countries, it is not mandatory to complete basic training before being allowed to work as a security officer, but Securitas ensures that all new employees receive at least basic security training. In other countries, training is required and Securitas often plays an active role in developing this education.

All employees are trained in Securitas' Values and Ethics Code, and at year-end 2014, approximately 90 percent of all managers and office staff and close to 70 percent of the security officers had completed the course.

Well-structured reporting process

Securitas encourages all employees to report incidents of non-compliance with Securitas' Values and Ethics Code. We have a well-structured process for handling reports, with different reporting channels to ensure that employees find a channel with which they feel comfortable. For example, employees can report to a manager or HR person locally, to a divisional legal manager, to the Group CSR Officer or through the Group reporting system, known as the Securitas Integrity Line. There are clear instructions detailing who can investigate a case, depending on the type of allegation and the individual the report concerns. The instructions also include information about data privacy and handling times.

Read more at www.securitas.com

With almost 320 000 employees, working conditions are key. But we must also operate in an ethical manner and offer high-quality services. Only then will all areas of our operations become sustainable.

Risk assessment

Non-compliance with Securitas' Values and Ethics Code is considered a risk, and as such, it has been classified as one of seven prioritized risks in the Group's enterprise risk management process. This means that all countries of operation must complete an annual self-assessment concerning processes and routines pertaining to implementation of and compliance with the Code and related policies and activities. The results are analyzed and the entities' presidents are asked to provide action plans to address any deviations. Some subsidiaries are visited as a follow-up, especially newly acquired companies. During these visits, the self-assessment answers are followed up and processes and routines are checked. If required, internal or external audits are carried out.

Before acquiring a company in a country where Securitas does not conduct operations, a comprehensive risk assessment of the conditions in the country is carried out. This assessment addresses such areas as corruption and human rights, and is based on various sources, including reports from Transparency International and Human Rights Watch. If the assessment shows that it will be very difficult to conduct business in an acceptable way, we will not enter that market. Securitas does not operate in so-called complex environments, for example, war zones.

If the conditions are satisfactory and the decision is taken to proceed with an acquisition, the customary due diligence process is supplemented with, for example, background checks of key personnel and verification against sanction lists.

A new governance, risk and compliance (GRC) system has been implemented in early-2015. The system will for example be used for data collection for the sustainability report.

Read more about Securitas' enterprise risk management on pages 38–48.

Anti-corruption

As a complement to Securitas' Values and Ethics Code, an anti-corruption policy was implemented in 2013. The policy provides definitions and gives examples and assistance in evaluating benefits to determine compliance with Securitas' zero-tolerance policy against all forms of bribery and corruption, including facility payments. Securitas' Values and Ethics Code and the anti-corruption policy set out minimum requirements that ensure compliance with the law, including legislation with extraterritorial application, such as the UK Bribery Act and the US Foreign Corrupt Policies Act. Local entities are asked to create their own detailed policies for gifts and business entertainment. An e-learning course in the anti-corruption policy will be launched at the beginning of 2015. The course will be mandatory for relevant managers and administrative staff.

Sustainability reporting

In 2013, Securitas started measuring and disclosing a number of key performance indicators defined by the Global Reporting Initiative (GRI). This work has continued towards presenting a full GRI report for 2014 in order to meet the requirements of customers and other key stakeholders regarding transparency and communication. The 2014 stakeholder dialog confirmed that measuring and disclosing key figures for working conditions and labor relations is a top priority for Securitas.

Sustainability progress

	Priorities and results 2014	Priorities 2015
Securitas' Values and Ethics Code	> The self-assessment questionnaire was further developed and the results regarding the implementation of and compliance with Securitas' Values and Ethics Code and related policies and activities were followed up. Where the results were not satisfactory, the countries in question were asked to present action plans. Six country visits were conducted	> The implementation of a new governance, risk and compliance (GRC) system to manage the enterprise risk management process, including self-assessment questionnaires
	> 38 countries have completed the training for managers and office personnel and in total, approximately 90 percent of the managers and office personnel have completed the course. 34 countries have trained more than 50 percent of their security officers and in total, close to 70 percent of the security officers have completed the course	> Ensure that the training is completed in all countries
	> Securitas Integrity Line was introduced in one additional country and is now implemented in 50 countries	> Introduce Securitas Integrity Line in the remaining three countries
		> The launch of an e-learning course in Securitas' anti-corruption policy
Employee relations	> An employee survey was conducted in all countries in Security Services Europe	> After analyzing the results of the employee survey, local action plans are to be prepared and followed up
	> Three meetings were held with UNI Global Union (UNI) and the European Works Council (EWC)	> Pursue constructive dialog with UNI and EWC
CO_2 emissions	> Average CO_2 emissions were reduced by 1.4 percent for cars and 2.7 percent for minivans	> Further reducing emissions from company-owned and leased cars and minivans
Reporting	> New stakeholder consultations were held, including an investor meeting focusing on sustainability issues	> Continued and improved stakeholder dialog
	> A full GRI G4 report was completed	> Further improve the data quality for the GRI report, getting all countries of operation up to speed
	> Securitas scored 84 of a possible 100 points in the CDLI section of the 2014 CDP, compared with 74 in 2013. In 2014, the level remained at C in CPLI (A is the highest level)	> Use results in CDP to drive change towards lower emissions
Business practice	> Continued work with refinement of the processes for due diligence for acquisitions and investigations of cases of non-compliance with the Code	> Further develop the Group guidelines for risk assessment of suppliers, including a due diligence process
		> Update the fair competition policy and launch an e-learning course about the policy
International codes of conduct	> Securitas applied for membership in the International Code of Conduct Association (ICoCA) and signed the International Code of Conduct for Private Security Providers	

Our stakeholders

Securitas aims to be a responsible, honest and transparent company. We encourage an ongoing dialog with our stakeholders in order to better understand their expectations in the areas of sustainability work and communication and to identify areas in which there is room for improvement. We meet many of our stakeholders regularly during the course of our daily work, and once a year, key stakeholders are also invited to participate in a survey. Listed below are Securitas' key stakeholders and a description of how we engage with them.

Customers We must have an in-depth understanding of our customers' needs and industry-specific requirements, both to be able to provide optimal and cost-effective security solutions and to meet the customers' sustainability requirements as a supplier. Securitas' employees at different levels meet the customer frequently and we have daily contact with our customers' clients. In addition, we conduct customer satisfaction surveys.

Employees and employee representatives As a service company, our 320 000 employees are our most valuable asset. Securitas strives to be a reliable and attractive employer by utilizing such tools as solid recruitment and onboarding processes, training at all levels of the company – including training in Securitas' Values and Ethics Code for all employees – talent management, employee surveys and various reporting channels for reporting cases of non-compliance with the Code.

Securitas values proactive relationships and a constructive dialog with UNI Global Union (UNI), the European Works Council (EWC) and local unions. Securitas and UNI meet at least twice a year to discuss current issues, and members of Group Management and EWC delegates get together at an annual meeting.

Shareholders, investors and analysts An ongoing dialog with our shareholders and investors assures the long-term development of our business. We publish interim reports and other continuous financial information, organize Investor Days and other investor and analyst meetings, roadshows and conferences. At the Annual General Shareholders' Meeting, all shareholders are able to exercise their influence.

Suppliers To ensure that our suppliers understand our requirements concerning values and ethics, we provide them with information regarding Securitas' Values and Ethics Code and, as far as possible, include compliance with the Code in our supplier contracts. We also have specific guidelines and standards for suppliers and conduct supplier risk assessments, when required.

Industry organizations As one of the largest companies in the security industry, Securitas is a driving force in raising standards and levels of professionalism in the industry, improving the status of security officers, raising wage levels and intensifying skills development efforts. This is done through membership in local and global industry organizations, such as the Ligue Internationale de Societés de Surveillance, the American Society of Industrial Security (ASIS), the Confederation of European Security Services (CoESS) and the Aviation Security Services Association-International (ASSA-I). Securitas has applied for membership in the International Code of Conduct Association (ICoCA) and has signed the International Code of Conduct for Private Security Providers.

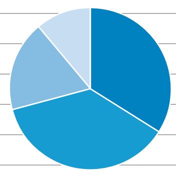
Communities By providing security solutions for companies and communities, Securitas allows its customers to focus on their core business and prosper. We also participate in local projects, such as security training in schools and mentorships for young people encountering difficulties in entering the work market.

Policy makers and authorities Securitas cooperates with authorities at local and national levels to improve our business conditions and works proactively to achieve better conditions in the security business.

Sustainability reporting

Securitas has completed a sustainability report prepared according to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) for 2014. Below are some of the key indicators. The entire GRI report is found at www.securitas.com, including the GRI index and more detailed information about the key indicators presented below.

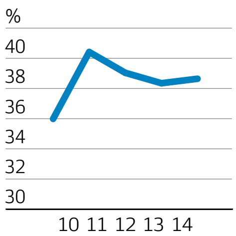
Number of employees per business segment



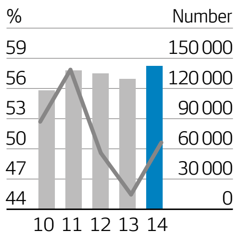
- Security Services North America, 34%
- Security Services Europe, 37%
- Security Services Ibero-America, 18%
- Other, 11%

	2013	2014
Security Services North America	103 825	107 424
Security Services Europe	117 309	117 843
Security Services Ibero-America	56 620	58 273
Other	31 870	35 667
Total	**309 624**	**319 207**

Employee turnover, %

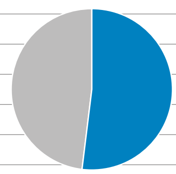


New employees



- % of average number of yearly employees
- Actual number

Share of employees covered by collective bargaining agreements*



* Reporting countries represent 98% of total sales (N/A) / 95% of total number of employees (N/A)
Definitions according to GRI G4

Training hours*

	2013	2014
Total number of hours of training	3 541 571	3 691 266
Average number of hours of training per employee	17.10	11.57

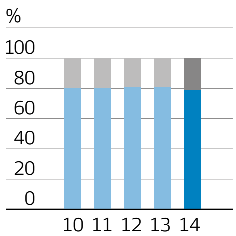
* Reporting countries represent 96% of total sales (83) / 88% of total number of employees (75)
The 2013 figures have been corrected due to a reporting error
Definitions according to GRI G4

Work-related injuries*

	2013	2014
Actual number of work-related injuries	4 848	5 651
Injury rate	2.4	1.8
Actual number of work-related fatalities	8	15

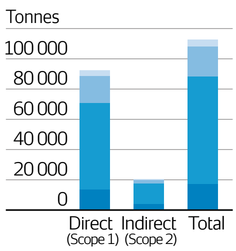
* Reporting countries represent 98% of total sales (73) / 95% of total number of employees (70)
Definitions according to GRI G4

Gender distribution, average number of yearly employees



- Women
- Men

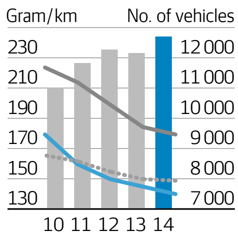
Gross direct and indirect emissions of CO_2 equivalent, 2014*



- Security Services North America
- Security Services Europe
- Security Services Ibero-America
- Africa, Middle East and Asia
- Other

* Reporting countries represent 99% of total sales (94) / 99 % of total number of employees (87)
Definitions according to GRI G4

Average CO_2 emissions from vehicles



- Max CO_2 gram per km for new minivans (6–7 seater)
- Max CO_2 gram per km for new company cars (max 5 seater)
- Average CO_2 emissions from vehicles
- Number of vehicles

Securitas Cares
about the Community

Securitas is a global company that is close to the local communities in which it operates. Being a stable and responsible employer is important to us and we participate in a number of initiatives designed to improve working conditions. Below are some examples.

Denmark
Together with a number of municipalities and private companies in Denmark, Securitas is participating in a mentor project. Security officers act as mentors to young people encountering problems entering the work force or with criminal backgrounds. The mentor prepares an action plan for the daily work and then accompanies the young person to the workplace, for example, at a construction site, as support.

Egypt
In Egypt, Securitas has a clear strategy to pay higher wages to security officers than its competitors. We concentrate on customer segments such as embassies and multinational enterprises and avoid competing on price. If we cannot agree with a potential customer on a price that covers the cost for the security officers' wages, we decline the assignment.

Hong Kong
In an initiative to reduce the company's environmental impact, Securitas in Hong Kong recycles old uniforms. If the uniforms are in good shape, they are stripped of company logos and given to a charity organization.

India
In India, extensive efforts have been made to improve the information provided to employees. Wages are paid on time and all employees receive individual text messages with information about their wages and benefits. Help desks are also available at large customer sites. A dedicated toll-free HR Helpline has been introduced for all employees nationally, which tracks and handles issues within a short time frame.

Indonesia
Securitas Indonesia has the lowest employee turnover rate of all companies in the region at less than 10 percent. Many small security companies in Indonesia do not provide minimum wages and benefits. Securitas pays at least minimum wages and provides other statutory benefits, as well as medical benefits for our employees and their families.

Peru
Securitas in Peru works together with customers, authorities and non-profit organizations to create employment opportunities for disabled people, both as security officers and administrators. The model has been successful and more customers are expected to join the project.

USA
Together with other companies, Securitas has participated for several years in a national initiative to create jobs for military veterans. Since 2012 Securitas has hired more than 15 000 veterans.

Flexible and Tailor-made Security Solutions

Securitas always strives to incorporate highly secure, yet seamless security solutions for its customers. Responding to the needs of a large manufacturing company in Europe, with two factories at separate locations, we developed a scalable and flexible tailor-made security solution. Prior to contacting Securitas, the customer used only manned guarding at the sites, at the same time as they encountered several problems and disturbances, such as break-ins, thefts from the warehouse and losses in relation to transport. Securitas started by conducting a thorough risk analysis and carefully designing the best solution – considering not only the security requirements, but also the sensitivity of the customer's daily operations. The solution, which is representative of many of our high profile manufacturing contracts, combines on-site and remote guarding, mobile services and several different advanced technology systems.

#4

Governance and Management

Compliance with the Swedish Corporate Governance Code (the Code)
The governance report is prepared in accordance with Chapter 6, Section 6 and 8 of the Swedish Annual Accounts Act, provides key information concerning compliance with the Swedish Corporate Governance Code, shareholders, the Annual General Meeting, Nomination Committee, Board of Directors and their work including committees, remuneration and the division of responsibilities throughout the governance structure. This section also covers Securitas' system of internal control and risk management, which is the responsibility of the Board of Directors according to the Swedish Companies Act and the Swedish Corporate Governance Code. This description does not form part of the Annual Report.

In the Internal control section pertaining to risk, we have opted to widen the scope of our description and explain how enterprise risk management works in the broader perspective regardless of the type of risk, which means that our focus is not confined to risk related to internal controls over financial reporting. Fulfilling our strategies and objectives while maintaining appropriate risk level is imperative, which is why risk management procedures span all levels of the organization.

Read more at
www.securitas.com/corporate-governance
Securitas has published its principles for corporate governance in previous annual reports. A separate section on the Group website contains the Articles of Association and other key company documents.

Clear and Effective
Governance Structure

Securitas promotes management based on local responsibility in close proximity to customers and employees. This unique and decentralized organization encourages entrepreneurship, but requires a solid governance and management system. Securitas' structure for governance serves not only to protect stakeholder interests, but also to ensure value creation.

An effective governance structure requires that all components interact in order to reach the set strategic objectives, and that governance and risk management permeate all layers of the organization.

Securitas has a **decentralized organizational model that promotes entrepreneurship** and focuses on the approximately 1 700 branch managers who run the company's daily operations in 53 countries.

The company's customer offerings improve when decisions are made in close proximity to customers and the employees who perform the services. Local decisions are therefore promoted but made within a well-controlled environment.

The branch offices are run by qualified managers with considerable freedom to develop and conduct operations. Each branch has its own statement of income, for which they are fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company. Securitas' extensive decentralization promotes a high degree of personal entrepreneurship.

Securitas' Toolbox management model has a methodical structure comprising several well-defined areas or "tools" that serve as a guide at all levels and is maintained through continuous training and discussion forums. Each area of the model describes how Securitas' managers are to conduct themselves in various aspects and stages of the company's operations. The model also describes the approach we are expected to take with regard to the market, our customers and employees.

A key function of the Toolbox is to convey our corporate culture and create a shared platform, which is primarily symbolized by a focus on Securitas' values: Integrity, Vigilance and Helpfulness. It also ensures that work methods, management philosophy and customer perspective are shared throughout the organization. All Securitas employees are expected to assume responsibility for their customers and operations and our shared values. Responsibility is clarified through the measurement and systematic evaluation of results.

Group Management

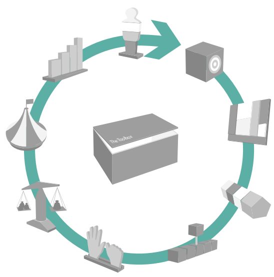
Group Management is charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB. The primary tool used by Group Management to measure accomplishment of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and the financial model.

In 2014, Group Management comprised the President and CEO and ten executives with representatives from the divisions. For further information on Group Management, see pages 36–37.

A financial model that is easy to understand

As part of our decentralized management, we are required to set and follow up on strict financial targets by continuously measuring and monitoring the Group's performance. Financial control is not simply about implementing controls, it also functions as an incentive for those employees who are in a position to personally influence Securitas' financial results.

The financial framework and model continuously measures the Group's performance, from the branch offices through to Group level.



Read more at www.securitas.com

The financial model makes it possible to monitor a number of key figures that can be understood by all managers. It also helps managers understand the connection between risks and opportunities, and how various factors impact their areas of responsibility, as well as how we can monitor and control these factors. It visualizes the direct link between income and expenses in the statement of income, capital employed in the balance sheet and the generation of free cash flow (refer to the fact box on page 50 for more information).

Securitas has two financial targets. The first target is related to the income statement: an annual average earnings per share growth rate of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20. Transparent and accurate financial reporting is also the basis of sound management. The aim of the Group's financial reporting is to produce the most timely and accurate information possible to enable managers and employees to make the decisions necessary for achieving profitable growth in line with Securitas' strategies, and to control risks to ensure that the company's objectives are achieved. Financial reporting also forms the basis for sound internal control.

Significant shareholders

At the top of the governance structure shareholders influence the overall direction of the company. Strong principal shareholders provide considerable attention and interest in our business, and establish commitment to the success of the business.

On December 31, 2014, the principal shareholders in Securitas were Gustaf Douglas who, through his family and companies in the Investment AB Latour Group and Förvaltnings AB Wasatornet, held 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Melker Schörling who, through his family and Melker Schörling AB, held 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. For more detailed information about shareholders, see the table on page 131.

Annual General Meeting

All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The General Meeting decides on changes of the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on Nasdaq Stockholm, Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and has two deviations to explain for 2014.

Code Rule 7.3 An audit committee is to comprise no fewer than three board members.

Comment: The Board of Directors deems that two members is sufficient to correctly address Securitas' most important areas in regard to risk and audit issues, and that the incumbent members have long-standing and extensive experience in these areas from other major listed companies.

Code Rule 9.8 For share-based incentive programs, the vesting period, or the period from the commencement of an agreement to the date on which the shares are acquired, is to be no less than three years.

Comment: Securitas' share-based incentive scheme was implemented in 2010 and has been renewed annually since then. It was based on the then-existing bonus structure of the Securitas Group. In simple terms, the bonus potential was increased in exchange for a one-time salary freeze and one third of the cash bonus outcome was to be received in shares in March of the year following the year in which the cash bonus would have been paid out, provided that the person remained employed by Securitas at such time.

Since the program replaces an immediate cash bonus payout and is not granted in addition to already existing bonus rights, the Board deems that the two-year period from the commencement of the program until the release of the shares is well motivated and reasonable in order to achieve the purpose of the program.

at the shareholders' meeting. The Annual General Meeting of Securitas AB was held on May 5, 2014, and the minutes are available on www.securitas.com, where all resolutions passed can be found. One of the resolutions passed in 2014, was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 58.7 percent (62.0) of the votes attended either personally or by proxy. For information about election and remuneration of Board members, see section Board of Directors below.

Nomination Committee

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing motions regarding the election of Board members, the Chairman of the Board and remuneration to Board members and Board committees. Before each Annual General Meeting, where the election of auditors takes place, the Nomination Committee also prepares motions regarding the election of auditors and decisions about fees to auditors and other related matters, following consultation with the Board of Directors and the Audit Committee.

In 2014, Gustaf Douglas was re-elected as Chairman of the Nomination Committee. The Annual General Meeting 2014 resolved that in the event that a shareholder represented on the Nomination Committee ceases to be one of the major shareholders of Securitas (based on votes), or if a member of the Nomination Committee is no longer employed by such a shareholder, or for any other reason leaves the Committee before the Annual General Meeting 2015, the Committee is entitled to appoint another representative of another major shareholder to replace this member.

The Committee has adopted working instructions which governs the work in the Committee. The Committee should hold meetings as often as necessary to fulfill its duties. However, the Committee should hold at least one meeting annually. The Committee met one time in 2014.

Board of Directors

According to the Articles of Association, the Board of Directors should have between five and ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors are elected by the Annual General Meeting for the period up to and including the first Annual General Meeting to be held in the year after the Director or Deputy Director was elected. Securitas' Board of Directors has eight members elected by the Annual General Meeting, three employee representatives and two deputy employee representatives.

The Annual General Meeting 2014 re-elected Fredrik Cappelen, Carl Douglas, Marie Ehrling, Annika Falkengren, Alf Göransson, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board and Carl Douglas as Vice Chairman. Mikael Ekdahl, attorney-at-law, is the secretary of the Board. For further information about the members of the Board of Directors and the President and CEO, see pages 34–35. It was resolved that the fees to the Board should total SEK 4 975 000 (including fees of SEK 525 000 for committee work), to be distributed among the Board members as follows: Chairman of the Board: SEK 1 200 000; Vice Chairman of the Board: SEK 750 000; and each of the other Board members (except the President and CEO and employee representatives): SEK 500 000.

Responsibilities of the Board of Directors

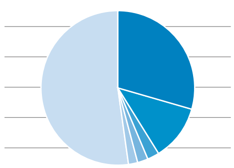
The Board of Directors is responsible for the organization and administration of the company and the Group in accordance with the Swedish Companies Act and also appoints the President and CEO, the Audit Committee and the Remuneration Committee.

In addition, the Board of Directors determines the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually. The Group's auditors participate in the meeting of the Board of Directors that is held in conjunction with the yearly closing of the books.

The Board of Directors of Securitas AB have approved a number of policies that apply to governance. Examples of policies of interest within this context are described on page 43.

The Board ensures the quality of financial reporting through Group Policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of authority, which is further described in the enterprise risk management and internal control report, beginning on page 38. The board has formed a Remuneration Committee (further described below) and an Audit Committee (further described on page 33).

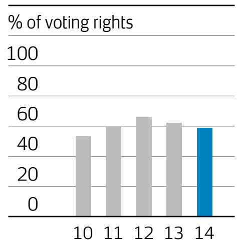
Elected members,[1] Nomination Committee



- Gustaf Douglas, major shareholder, 29.58%[2]
- Mikael Ekdahl, Melker Schörling AB (major shareholder), 11.75%[2]
- Jan Andersson, Swedbank Robur Funds, 2.35%[2]
- Henrik Didner, Didner & Gerge, 2.08%[2]
- Johan Strandberg, SEB Investment Management, 2.19%[2]
- Share of votes not represented in the Nomination Committee, 52.05%[2]

1 At the Annual General Meeting held on May 5, 2014.
2 Share of votes as of May 5, 2014.

Annual General Meeting attendance 2010–2014



Number of shareholders 2010–2014

2010	31 458
2011	27 011
2012	27 222
2013	26 054
2014	24 274

Remuneration Committee
The Board has formed a Remuneration Committee to prepare decisions related to salaries, bonuses, share-based incentive schemes and other forms of compensation for Group Management, as well as other management levels if the Board of Directors so decides. The Committee presents its proposals to the Board, for the Board's decision. The Committee held two meetings during 2014. For details regarding members and attendance, refer to the table on pages 34–35.

A share-based incentive scheme was adopted at the Annual General Meeting 2014, enabling the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders, thereby strengthening employee commitment to Securitas' future success and development for the benefit of all shareholders. In principal, the adopted incentive scheme entails that one third of any annual bonus, earned under the performance-based cash bonus schemes, is converted into a right to receive shares, with delayed allotment and subject to continued employment. For more information on the actual outcome of the share-based incentive scheme in 2014, see note 12 on page 94.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2014 primarily entailed that remuneration to senior management and their terms of employment should be competitive and comply with market conditions, to ensure that Securitas is able to attract and retain competent managers. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

Thus, in addition to a fixed annual salary, Group Management may also receive a variable remuneration, which will be based on the outcome of set financial goals and growth targets within the individual area of responsibility (Group or division). The remuneration should be determined in a manner consistent with shareholder interests.

The variable remuneration should amount to a maximum of 60 percent of the fixed annual salary for the President and CEO, and a maximum of 42 to 200 percent of the fixed annual salary for other members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2014, amount to MSEK 55. The complete guidelines for remuneration can be found on www.securitas.com.

Additional information on remuneration to the Board of Directors and Group Management, including the outcome, is disclosed in the Notes and comments to the consolidated financial statements 2014. See note 8 on pages 86–89.

The work of the Board of Directors

The activities of the Board of Directors and the division of responsibility between the Board and Group Management are governed by formal procedures documented in a written instruction, which is adopted by the Board each year after the Annual General Meeting. According to these procedures, the Board should determine, among other things, the Group's overall strategy, corporate acquisitions and property investments above a certain level, and establish a framework for the Group's operations through the Group's business plan.

The procedures include a work instruction for the President and CEO, as well as instructions for financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out.

The Board held eight meetings in 2014, of which two were held per capsulam. The auditors participated in the Board meeting in February 2014, where they presented the audit.

Board of Directors

Q4 meeting*
- Q4 and full-year report
- Update from Audit Committee
- Audit report
- Three year plan for Securitas
- Remuneration
- AGM preparation
- Divided
- External report

Meeting***
- Remuneration guidelines
- Share bonus scheme proposal
- Notice convening the AGM 2014
- Proposal regarding acquisition of own shares

Meeting***
- Annual Report

Q1 meeting*
- Q1 interim report
- Update from Audit Committee
- Acquisitions
- Approval of Group Policies

Statutory meeting
- Appointment of committee members
- Authorization to sign for the company
- Work procedures (Board, Audit and Remuneration Committees)

Q2 meeting*
- Q2 interim report
- Update from Audit Committee
- Acquisitions

Q3 meeting*
- Q3 interim report
- Update from Audit Committee
- Business plan 2015
- Security solutions and technology
- Smart Home service

Meeting and operational visit
- Divisional business plans 2015
- Operational visit/presentation

Jan Feb Mar – Q1 | Apr May Jun – Q2 | Jul Aug Sep – Q3 | Oct Nov Dec – Q4

Audit Committee

Q4 meeting
- Q4 interim report and full-year report
- Updates**
- Corporate governance report
- External auditor report
- Internal (MA) Q4 2013 audit activities and action plans

(MA) Management Assurance

Q1 meeting
- Q1 interim report
- Updates**
- External auditor audit plan and fees
- Internal (MA) Q1 2014 audit activities
- Internal (MA) audit plan 2014
- Financial planning process

Q2 meeting
- Q2 interim report
- Updates**
- External auditor half-year report
- Emerging markets
- Internal (MA) Q2 2014 audit activities

Q3 meeting
- Q3 interim report
- Updates**
- Impairment test
- Corporate governance report
- Internal audit function assessment
- External auditor early warning report
- Internal (MA) Q3 2014 audit activities
- Reporting security solutions and technology development

The work of the Audit Committee

The Board of Directors has established and appointed an Audit Committee, which operates under the instructions for the Audit Committee and meets with Securitas' auditors at least four times per year. The Committee supports the Board's quality-control work in terms of financial reports, and its internal control over financial reporting.

Specifically, the Committee monitors the financial reporting, the effectiveness of internal control, internal audit activities and the risk management system. The Committee also stays informed about annual statutory audits. It assesses the external auditor's independence and approves the performance of non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. For details regarding members, independence and attendance, refer to the table on pages 34–35. The Committee met four times during 2014. The major topics discussed are listed above.

* In addition to the topics listed, other areas are discussed continuously, such as operational performance, updates from divisions, strategy, market and competition, acquisitions, insurance, credit risk, tax matters, legal matters, funding and refinancing.

** Topics based on a set rolling agenda format with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, enterprise risk management, audit/consultancy costs and auditor independence.

*** Held per capsulam.

Board of Directors

Name	**Melker Schörling**	**Carl Douglas**	**Alf Göransson**	**Fredrik Cappelen**	**Marie Ehrling**
Position	Chairman	Vice Chairman	Member	Member	Member
	Director of Securitas AB since 1987 and Chairman since 1993.	Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.	President and CEO of Securitas AB since 2007.	Director of Securitas AB since 2008.	Director of Securitas AB since 2006.
Principal education	BSc in Economics and Business Administration	Bachelor of Arts, Doctor of Letters (h.c.)	International BSc in Economics and Business Administration	BSc in Business Administration	BSc in Economics and Business Administration
Born	1947	1965	1957	1957	1955
Other board and other assignments	Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.	Vice chairman of ASSA ABLOY AB. Director of Swegon AB and Investment AB Latour.	Chairman of Ligue Internationale de Societés de Surveillance and Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.	Chairman of Byggmax Group AB, Sanitec Oy, Terveystalo Oy, Dustin AB and Dometic Group AB. Vice Chairman of Munksjö AB.	Chairman of TeliaSonera AB. Vice Chairman of Nordea Bank AB. Director of Axel Johnson AB.
Previously	President and CEO of Skanska AB 1993–1997. President and CEO of Securitas AB 1987–1992.		President and CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000 and President of Swedish Rail Systems AB in the Scancem Group 1993–1998.	President and Group Chief Executive of Nobia 1995–2008. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.	CEO of Telia Sonera Sverige 2003–2006, Deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at Fjärde AP-fonden.
Attendance – Board meetings (8 total)	8	6	8	8	8
Attendance – Audit Committee meetings (4 total)				Member 4	Chairman 4
Attendance – Remuneration Committee meetings (2 total)	Chairman 2				
Total fee[2], SEK	1 300 000	750 000	0	625 000	750 000
Independent to company (7 total)	Yes	Yes	No	Yes	Yes
Independent to shareholders (4 total)	No	No	Yes	Yes	Yes
Shares in Securitas (own and related party holdings)	4 500 000 Series A shares and 16 001 500 Series B shares[3]	12 642 600 Series A shares and 27 190 000 Series B shares[4]	58 698 Series B shares	4 000 Series B shares	4 000 Series B shares

1 Employee representatives, appointed members of the Board of Directors at the Annual General Meeting. Deputy employee representatives are Thomas Fanberg and Mirja Nilsson. Thomas Fanberg (b. 1961) has been Deputy Director of Securitas AB since 2008. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Norrland. Mirja Nilsson (b. 1979) has been Deputy Director of Securitas AB since 2013. Employee representative, Swedish Transport Workers' Union.

2 Total fee includes fees for committee work. In total, SEK 525 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 375 000 for Audit Committee work. For more details, refer to the minutes of the AGM 2014 on Securitas' website: www.securitas.com.

3 Through Melker Schörling AB. In addition, related parties holds 7 200 B Shares.

4 Via holdings by family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.

5 Only own holdings.

			Employee representatives[1]		
Annika Falkengren	**Sofia Schörling Högberg**	**Fredrik Palmstierna**	**Susanne Bergman Israelsson**	**Åse Hjelm**	**Jan Prang**
Member	Member	Member	Member	Member	Member
Director of Securitas AB since 2003.	Director of Securitas AB since 2005.	Director of Securitas AB since 1985.	Director of Securitas AB since 2004. Employee Representative, Chairman of Swedish Transport Workers' Union local branch 19, Norra Mälardalen.	Director of Securitas AB since 2008. Deputy Director of Securitas AB since 2007. Employee Representative, Vice chairman of Salaried Employees' Union local branch, Norrland, Chairman of the Securitas Council for Salaried Employees.	Director of Securitas AB since 2008. Employee Representative, Chairman of Swedish Transport Workers' Union local branch, Securitas Göteborg.
BSc in Economics	BSc in Economics and Business Administration	BSc in Economics and Business Administration, MBA			
1962	1978	1946	1958	1962	1959
President and CEO of SEB. Director of SEB. Member of the Supervisory Boards of Volkswagen AG.	Director of Melker Schörling AB.	Chairman of Investment AB Latour. Director of AB Fagerhult, Hultafors AB, Nobia AB, Academic Work AB and Stiftelsen Viktor Rydbergs Skolor.			
Several executive positions at SEB.					
8	8	7	8	8	8
Member 2					
550 000	500 000	500 000	0	0	0
Yes	Yes	Yes	–	–	–
Yes	No	No	–	–	–
7 500 Series B shares	2 400 Series B shares[5]	17 200 Series B shares	–	120 Series B shares	–

All figures refer to holdings on December 31, 2014.

For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 86–89.

Group Management

Alf Göransson
President and CEO of Securitas AB and Divisional President, Security Services Europe.
Born: 1957. Employed: 2007
Education: International BSc in Economics and Business Administration from the School of Business, Economics and Law, University of Gothenburg, Sweden.
Shares in Securitas:
58 698 Series B shares.*

Bart Adam
Chief Financial Officer.
Born: 1965
Employed: 1999
Education: Commercial Engineer at K. University Leuven, Belgium, Quantitative Applied Economics and Information Technology, with Distinction.
Shares in Securitas:
20 405 Series B shares.*

William Barthelemy
Chief Operating Officer, Security Services North America.
Born: 1954
Employed: 1999
Education: Degree in Criminology from Indiana University of Pennsylvania, USA.
Shares in Securitas:
21 652 Series B shares.*

Santiago Galaz
Divisional President, Security Services North America.
Born: 1959
Employed: 1995
Shares in Securitas:
92 424 Series B shares.*

Gisela Lindstrand
Senior Vice President, Corporate Communications and Public Affairs.
Born: 1962
Employed: 2007
Education: Degree in Political Science from Uppsala University, Sweden.
Shares in Securitas:
2 017 Series B shares.*

Jan Lindström
Senior Vice President, Finance.
Born: 1966
Employed: 1999
Education: BSc in Economics and Business Administration from Uppsala University, Sweden.
Shares in Securitas:
5 600 Series B shares.*

Aimé Lyagre

Chief Operating Officer and Chief Technology Officer, Security Service Europe.
Born: 1959
Employed: 2004
Education: Degree in Business Administration and masters degree in Industrial Management and Markering Management.
Shares in Securitas:
16 200 Series B shares.*

Marc Pissens

President Aviation and Divisional President Africa, Middle East and Asia.
Born: 1950
Employed: 1999
Education: Degree in Engineering from the Engineering Institute of Brussels, Belgium.
Shares in Securitas:
11 677 Series B shares.*

Luis Posadas

Divisional President, Security Services Ibero-America.
Born: 1958
Employed: 1995
Education: Law at the University Complutense in Madrid, Spain.
Shares in Securitas:
20 396 Series B shares.*

Antonio Villaseca Lòpez

Senior Vice President, Technical Solutions.
Born: 1954
Employed: 1995 and 2011
Education: Economics at the UNED University in Madrid, Spain and courses in telecommunications, networks and security system design.
Shares in Securitas:
990 Series B shares.*

Henrik Zetterberg

Senior Vice President, General Counsel
Born: 1976
Employed: 2014
Education: Master of Law from Lund University, Sweden.
Shares in Securitas: 0*

For more information about Group Management, visit www.securitas.com

* The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2013 can be found on page 89, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2014 can be found on page 87.

Åsa Thunman left her position as Senior Vice President, General Counsel and Group Risk Manager on September 23, 2014.

Proactive Risk Management
and Internal Control

Securitas' process for enterprise risk management (ERM) seeks to identify, prioritize and manage the key risks to our business at all levels and in all parts of the business. Securitas' internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss, as well as compliance with the main policies.

Internal control over financial reporting is included as a part of the overall internal control of Securitas and constitutes a central part of the Group's corporate governance. The description below covers a broader perspective on how Securitas' internal control is organized, using a structure based on the COSO model (1992 Framework), but also makes specific reference to items pertaining directly to internal control over financial reporting. Pages 41–45 describe the company's enterprise risk management process, which sets the overall process for Securitas' proactive and continuous work with risk management and internal control. Securitas' insurance and claims strategy is to "act as if uninsured". Refer to page 48 for more information about insurance as a risk management tool.

Control environment

The key features of the control environment include: clear terms of reference for the Board and each of its committees, a clear organizational structure with documented delegation of authority from the Board to President and CEO and further to Group Management, the competence of employees and a series of Group policies, procedures and frameworks. The policies are all periodically reviewed and updated by Group Management and adopted by the Board of Directors.

Delegation of authority is documented in an approval matrix, which provides clear directions for managers at all levels.

Emphasis lies on the competence and abilities of the Group's employees, with continuous training and development actively encouraged through a wide variety of schemes and programs.

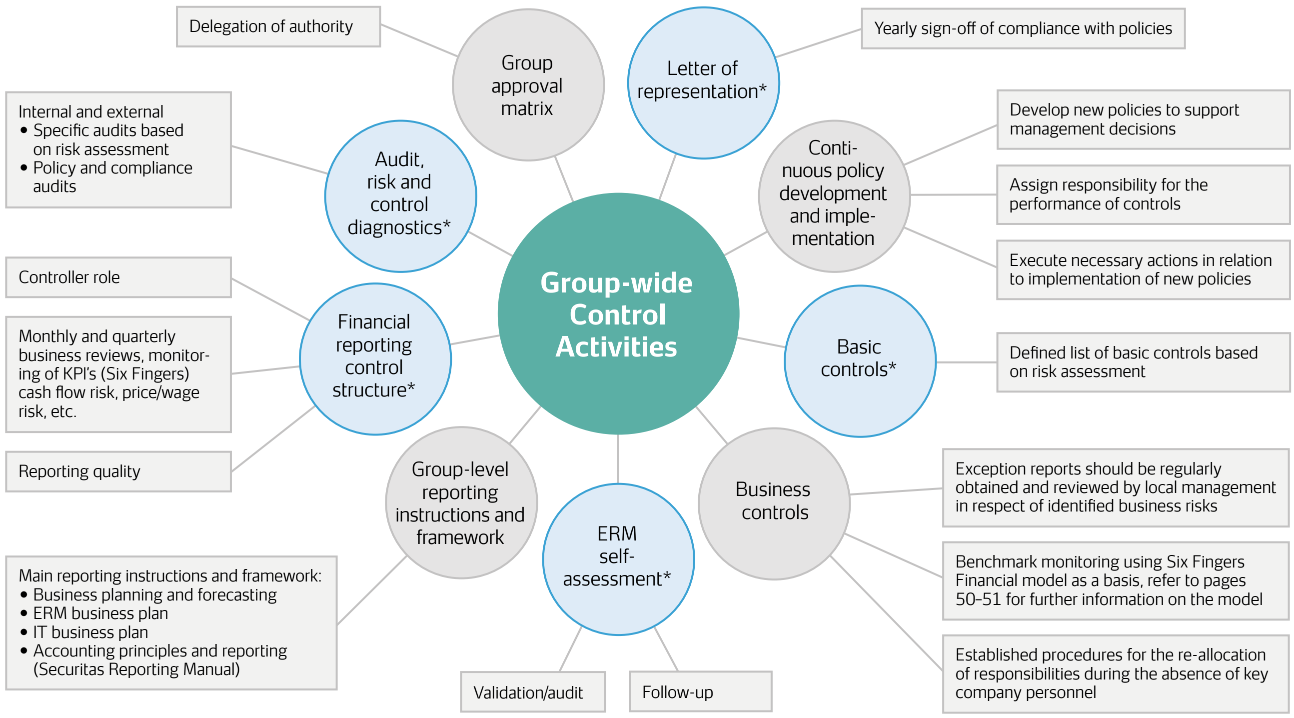
The Group has three fundamental values – Integrity, Vigilance and Helpfulness – to help its employees exercise good judgment and make decisions on a consistent basis.

Policies that apply to internal control over financial reporting are described in Securitas' Group Policies and Guidelines, which includes the company's model for financial control (for more detailed information on the model, refer to pages 50–51), and in the Securitas Reporting Manual, which specifically focuses on reporting matters to ensure compliance with reporting requirements and rules. This creates an environment that supports reliable and accurate reporting.

Risk assessment

At the highest level, the Board considers where future strategic opportunities and risks lie, and helps shape the corporate strategy. Balanced and focused risk management is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives.

Enterprise risk management (ERM) is an integral component of Securitas' operations, and risk awareness is part of the company culture. Risk assessments are conducted within the framework of the Securitas ERM process, regardless whether the assessments pertain to operational risks or financial reporting risks. Securitas does not classify compliance risk as a separate category. Instead, it is included in the operational category. Risk assessment is a dynamic process that aims to identify and analyze risks in relation to Securitas' objectives and serves as the basis for implementing mitigating actions after considering the controls in place (reduce, transfer/share or accept the risk in question). See page 42 for more details on the risk assessment and planning process.



This illustration shows an overview of the key Group-wide control activities.

* Described in further detail below.

Group-wide control activities
Internal control covers all divisions and subsidiaries in the Group. Internal control activities are established by policies and processes, which helps ensure that all management directives to manage risks are executed. Controls are performed on several levels within the organization and are established based on the process concerned.

ERM self-assessment Every major operating unit throughout the Group performs an annual self-assessment, which is a part of the process to manage enterprise wide risks. It covers key risks, including financial reporting risks, measures taken and compliance with the Group Policies and Guidelines and Securitas Reporting Manual. An example of an operational risk included in the self-assessment package is assignment execution risk. An example of a financial reporting risk is management estimates. For further information, refer to www.securitas.com.

Self-assessment promotes control awareness and accountability. The results from the sections related to financial reporting are signed off by each entity's president and controller. Other sections are signed off by the responsible function. As part of this process, the external auditor and/or another internal or external resource validates the answers to questions in the questionnaire deemed to be risk areas for the selected reporting units. The answers are compiled at the divisional and Group levels to support benchmarking within and between divisions. Each reporting unit is responsible for acting on any deviations, including written action plans to address the deviations and a deadline for the implementation of actions. Any prioritized areas for improvement are also addressed in the business plans. All reports are subsequently available to the divisional management teams, Group Management and the Audit Committee.

Basic controls Detailed controls in financial reporting processes such as revenue, payroll and IT, are included as one component of the overall Group-wide control structure called "basic controls". Basic controls set the minimum Group requirement with regard to what needs to be in place. Supplementary controls ensure full protection of the company's assets and assure accurate and reliable financial reporting tailored to the entity's specific conditions. These controls may include manual, application or general IT controls.

Key areas covered:

- protection of company assets
- completeness and timeliness of customer invoicing
- credit collection procedures
- contract management
- validity of payments to third parties
- accuracy of general ledger
- timeliness and accuracy of Group reporting and;
- compliance with local requirements

Audit, risk and control diagnostics The Group performs risk and control diagnostics in functional areas which, by nature, have a high degree of inherent risk. These diagnostics are performed in addition to the recurring areas in the self-assessment questionnaire and aim to ensure compliance with key policies such as the Contract Management policy and Securitas' Values and Ethics. Securitas develops this audit and review process on a continuous basis.

Financial reporting control structure Control activities specifically aimed at managing risks related to financial reporting include methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports, and ensuring compliance with defined guidelines.

Regular analyses of the financial results at the various levels of the organization using the financial model ensure that financial information maintains a level of high quality. Securitas' financial reporting is based on the following foundations:

- Group Policies and Guidelines, which comprises the Board of Directors' policies and guidelines for financial planning and reporting, long-term financing and treasury, risks and insurance, communications, branding, legal issues and IT
- Guidelines in Securitas' financial model, which create the framework for a simple and clear internal reporting method, including timely and accurate follow-up of financial key figures (Securitas Six Fingers)
- Securitas' Reporting Manual, which provides all managers and financial staff with detailed instructions and definitions for financial reporting
- The controller, who is responsible for continuously ensuring that the financial information provided is accurate, transparent, relevant and up to date

Controllers at all levels hold a key role in terms of integrity, professionalism and the ability to work in teams in order to create the environment that is needed to achieve transparent, relevant and timely financial information. Local controllers are responsible for ensuring compliance with the approved set of policies and frameworks, and for ensuring that internal controls pertaining to financial reporting processes are implemented.

The controller is also responsible for reporting financial information that is correct, complete and timely. The controller receives continuous feedback from the Group regarding reporting quality, which is an effective tool for enhanced reporting. In addition, each division has a divisional controller with corresponding responsibilities at the divisional level.

Letter of representation The Group has a representation process in which operating unit presidents and controllers sign a letter of representation in connection with the year-end report, stating their opinion on whether or not the internal control over financial reporting and the reporting packages give a true and fair view of the financial position.

The letter also covers the broader perspective of internal control, including compliance with the full set of Group Policies.

Information and communication

Securitas' channels for information and communication are constantly developed to ensure that all staff are given clear objectives and are made aware of the parameters that constitute acceptable business practices, as well as the expectations of the Board in managing risks, in order to achieve set goals and objectives. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees. The Group Policies and Guidelines are available in a Group-wide database.

Systems and procedures have been implemented that support complete, accurate and timely financial reporting and provide management with the necessary reports on business performance relative to the established objectives. The Group reporting department regularly issues guidance on reporting matters and the reporting manual is available in a Group-wide database. Reporting units regularly prepare financial and management reports that are discussed at review meetings at different levels. These include an analysis of financial performance and risks in order for the organization to understand their responsibility with regard to internal control and its impact in relation to risks, goals and objectives.

Monitoring

Monitoring is performed at different levels and by different functions within the organization depending on whether it is related to operational or financial reporting matters. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization, and local and divisional management. For an organizational overview of this structure, refer to pages 46–47.

Four-step process for managing enterprise risk

Securitas' enterprise risk management process (ERM) is engrained in the business and based on a close cooperation between operative management and all functions working with the different parts of the risk management process. The process starts with risk identification and prioritization during the ERM planning process. The Group Policies and Guidelines as well as local processes, rules and procedures establish the framework for day-to-day risk management. The identified risks and adopted policies also set the structure for all compliance monitoring in the Group. The ultimate responsibility for governance of risk management lies with the Board of Directors, but the work involved in minimizing risks takes place through a structured process of assigning responsibility to all levels of the organization.

Securitas is exposed to various types of risks in its daily business. When providing security services, Securitas manages not only its own risks, but also risks on behalf of its customers. Minimizing the risk of a loss occurring, and thereby protecting our stakeholders, is an important objective. Securitas' risks have been classified into three main categories: **contract and acquisition risks**, **operational assignment risks** and **financial risks**. The categories are based on the natural flow of the business – entering into a contract, execution of the assignment and the financial result. Similar risk categories are also relevant for acquisitions, but are then classified as acquisition risks, operational integration risks and financial integration risks.

All of the risks in these categories can impact the Group's financial performance and position if they are not managed in a structured way. This is why Securitas has developed its four-step process approach for managing enterprise risks. The four steps and current actions are described in further detail on the following pages.

Input and risk identification

The ERM system is integrated into Group's business planning and performance monitoring processes, regardless of the risk category concerned. As part of the overall annual business plan process, each level of the organization prepared an ERM business plan.

Seven key risks 2014
- Customer contract risk
- Acquisition risk
- Assignment execution risk
- Compliance (regulatory and other) risk
- IT failure risk
- Price risk
- Securitas' Values and Ethics compliance risk

The ERM business plan includes risk assessment, controls, risk management activities and action plans. It determines the main focus and priorities for operational risk management at the country, division and the Group level for the coming year. Securitas' ERM business plan risk assessment tool is used to facilitate the risk assessment process, as well as action planning, depending on the level of risk and controls that are in place.

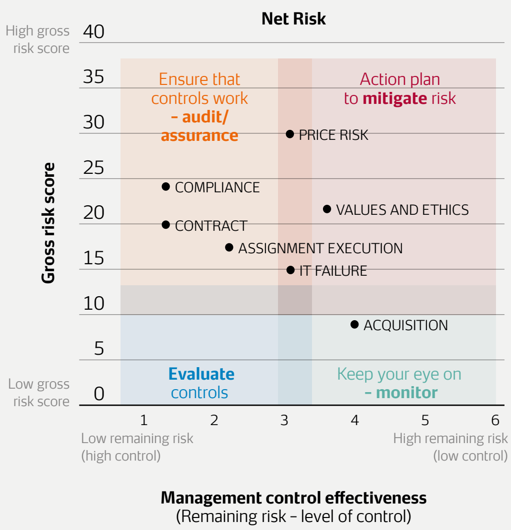
Key risk determination The yearly risk assessment process is coordinated by the Group risk organization, which is also responsible for maintaining the risk register. The risk register contains about 50 risks and is updated annually, primarily based on the country ERM business plans, but also on other sources of input such as audits, self-assessment results and management input. Out of the 50 risks, about 15 are selected as top risks that will be subject to monitoring activities. Out of these, seven risks are currently considered Group key risks and have been assigned primary focus for the coming year. For examples of these risks and how they are managed, refer to www.securitas.com.

The ultimate prioritization of key risks for each year is decided by Group Management.

Examples of activities during 2014

The top seven key Group risks and a minimum of two country/division-specific risks are assessed in the ERM business plan risk assessment tool. This analysis forms the basis of the ERM business plan, which also includes action plans for how to further mitigate the risks with the highest remaining exposure. In 2014, Securitas intensified its focus on action plans for the assessed risks, with the aim of identifying the areas in which the countries will need to modify their current mitigating controls in the coming year.

Part of the risk assessment tool (example)



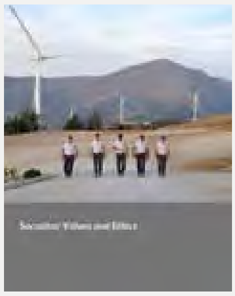
Policy development

One of the cornerstones of the ERM process is the Group Policies and Guidelines that establish the framework for all policies and compliance monitoring in the Group. The Group policies are developed by management and are approved by the Board.

After performing the yearly risk assessment and establishing risk business plans, decisions are made as to whether to create new policies or amend existing policies based on that input. A general policy update is released after the statutory Board meeting in May every year, but specific policies are also issued when necessary throughout the year.

Some of the key policies adopted by Securitas that are relevant from a governance perspective are:

- **Contract policy** which sets out the process and main principles for managing customer contract risk, based on standard terms, a full customer and contract risk evaluation, as well as a framework of key policies for contracting security services and solutions. The objective is to manage the risks arising from customer contracts, and to ensure that all customer contracts have a fair and reasonable allocation of responsibility and risk between the customer and Securitas and that the price reflects the risk taken on by Securitas.
- **The Securitas' Values and Ethics Code** ensures that the company upholds and promotes the highest ethical business standards. Securitas' basic requirement is to act within the framework of laws and international conventions, such as the United Nations Universal Declaration of Human Rights. This means that Securitas respects and complies with competition rules, environmental legislation, labor market regulations, agreements and safety requirements and any other provisions that set the parameters of our operations. For further information on Securitas' initiatives and responsibility with regard to social, economical and environmental issues, refer to pages 21–26.
- **Communication policy** in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements.
- **Competition law compliance policy** with the aim of ensuring that Securitas and its subsidiaries or affiliates are committed to full compliance with all competition laws and regulations.
- **Insider policy** as a complement to the insider legislation in force in Sweden.



Securitas' Values and Ethics Code

Examples of activities during 2014

The Board adopted an updated version of Securitas' Values and Ethics Code, which now specifically includes **compliance with economic and trade sanctions**. As a consequence, the Board has also adopted a **geographical scope policy**, which defines the conditions under which Securitas is permitted to establish a permanent or temporary presence in a country where it has not done business before. Each new country should be assessed based on its suitability, taking into consideration a values and ethics perspective, possible economic and trade sanctions, and whether or not it is a conflict zone.

Risk management activities

Group Management sets the risk management policies for the entire Group. Accountability for managing risks is clearly assigned to all Group, divisional and local management.

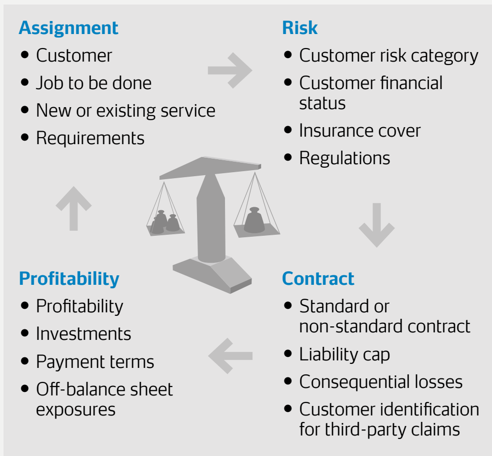
Group Management has overall responsibility for the management of risks, and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional management and established functional committees are responsible for ensuring that a process for creating risk awareness exists throughout the division. The divisional presidents are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization. Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

Accountability for managing risks is clearly assigned to Group, divisional and local management.

RISK RESPONSIBILITIES

Principal activities	Branch/ area	Country/ division	Group
Risk assessment	■	■	■
Contract management	■	■	■
Loss prevention	■	■	
Claims settlement		■	■
Insurance purchasing			■

To be successful, all of Securitas' branch managers must understand the risks associated with providing services and be able to assess and control these risks. Securitas actively pursues different risk management activities to increase awareness and knowledge. One important tool is the business risk evaluation model "The Scale". For further information on this, refer to www.securitas.com.



Examples of activities during 2014

ERM training was introduced for divisional risk managers in May 2014. This program uses a "train-the-trainer" structure, with the divisional risk managers assuming responsibility for training the country risk managers who in turn will train their local organizations. The purpose of the training is to raise awareness, understanding and knowledge of risk and enterprise risk management in the organization and to improve the managers' confidence in applying the risk management process at the divisional and country level.

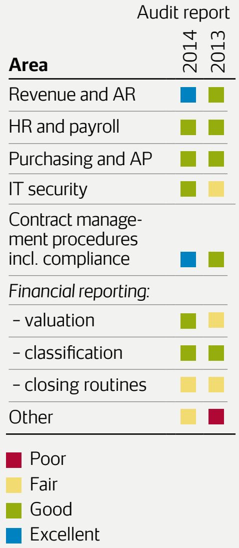
Risk-based monitoring

Monitoring is performed at several different levels. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization, and local and divisional management (see illustration on pages 46–47).

Risk assessments are used as the basis for determining which activities to be carried out in relation to monitoring from an audit perspective. One important recurring component is the analysis of the ERM self-assessment results, which are subject to validation procedures.

The scope of these procedures (meaning the countries and key risks in question) is also determined based on an annual risk assessment. Other important tools include country visits and diagnostics.

Process heat map: Example Country X



Examples of activities during 2014

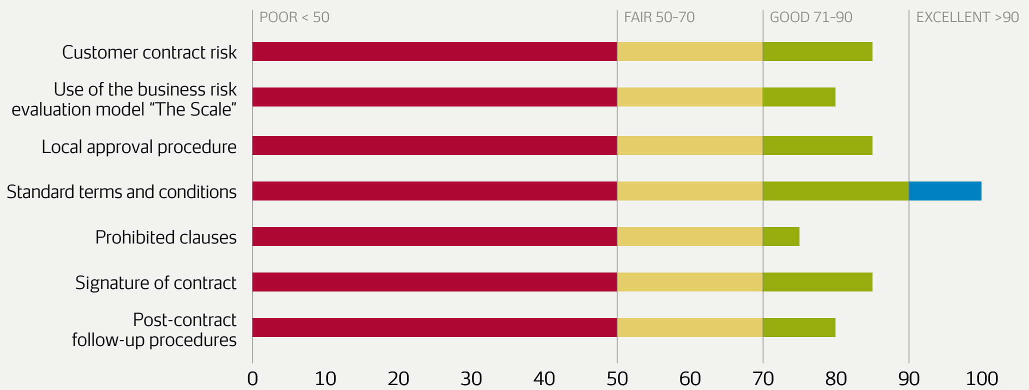
Country diagnostics
In 2014, the Group continued to focus on new countries, since these have been assessed as a risk area in terms of integration from a financial reporting and control standpoint. The diagnostic comprises a kit covering IFRS compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year from the acquisition date and a follow-up is performed during the second year, provided that significant areas for improvement have been identified.

Contract management
Another area that was subject to specific diagnostics in 2014 was the contract management key risk area and compliance with Group Policies in this area. These reviews are conducted on a rotational basis for all countries.

Basic controls
In 2014, Securitas also continued to focus specifically on follow-up on basic controls in its largest countries but also started on a rotational basis in smaller countries.

ERM Scoring Model: Example Country Y – Contract risk

A scale from poor (red) to excellent (blue) is used to give a quick overview and feedback to the country's president and risk owner(s). Good is the acceptable level* for most of the risks.



* Built in "risk appetite" or tolerance in the model.

Functional committees

The Group has established a number of functional committees and work groups, including the functions for Finance/Tax and Assurance, Corporate Finance/Treasury and Legal/Risk and Insurance. These committees include the CFO, Senior Vice President Finance, Senior Vice President General Counsel and the appropriate functional area experts. The main purpose of these functional committees is to determine appropriate policies, communicate the policies and ensure local understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, at which topics that must be reported to the Audit Committee are discussed.

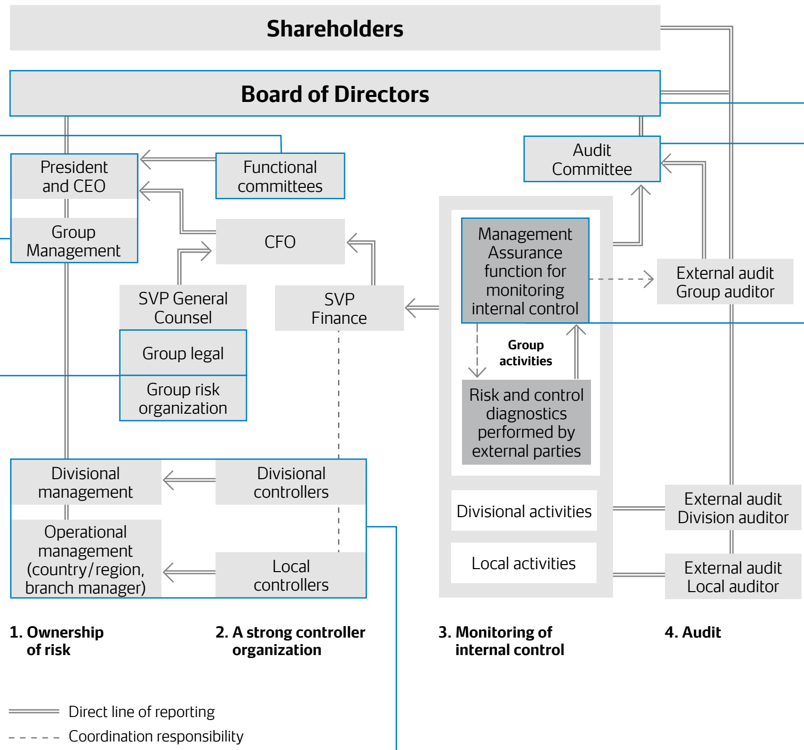
President and CEO and Group Management

The President and CEO and Group Management review performance through a comprehensive reporting system based on regular business reviews of actual results, analysis of variances, key performance indicators (Securitas' model for financial control, refer to pages 50–51) and regular forecasting. This reporting is also reviewed by the Board.

Group legal function

The Group legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are brought to the attention of Group Management in an appropriate and timely manner. This function is headed by the Senior Vice President General Counsel. The legal function also monitors and manages legal risk exposures identified by the operating units and reports regularly to Group Management and Audit Committee on legal risks and ongoing disputes.

Organization of ERM and internal control



Group risk organization

The Group risk organization owns and manages the process which provides tools and helps management identify and manage the risks inherent in Securitas' line of business. Risk management is an integral part of the Securitas culture and is imperative for achieving Securitas' strategies and goals. The risk management process is continuously developing.

Local and divisional management responsibilities

Since Securitas' philosophy is to work in a decentralized environment, local management is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies and Guidelines approved by the Board of Directors, including any division-specific policies and guidelines. Local management is responsible for the establishment and continued operations of a system of procedures and controls that ensures the reliability of the company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of basic and supervisory controls in order to mitigate relevant risks. Local management reports to Group Management through divisional management on operational matters and local controllers report through divisional controllers on financial reporting matters. In order for this to work, Securitas has established a close link between these different levels of the organization.

Board of Directors

The activities of the Board of Directors, and the division of responsibility between the Board and the President and CEO and Group Management, are governed by formal procedures. The Board considers risk assessment and control fundamental to achieving its corporate objectives with an acceptable risk/reward profile. The Board plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group and the effectiveness of related controls. The processes used by the Board in order to review the effectiveness of the system of internal control include:

- Discussion with Group Management regarding risk areas identified by Group Management and the performed risk assessment procedures
- Review of significant issues arising from external audits and other reviews/investigations

The Board of Directors has established an Audit Committee in order to monitor the effectiveness of the Group's ERM process and internal control systems and financial reporting process.

Audit Committee

The Audit Committee reviews all annual and quarterly financial reports before recommending their publication on behalf of the Board. The Audit Committee, in particular, discusses the significant accounting policies, estimates and judgments that have been applied in preparing the reports. The Audit Committee monitors the effectiveness of the Group's ERM and internal control systems as well as the financial reporting process. The Audit Committee supervises the quality and independence of the external auditors.

Management Assurance

The Group has a coordinating and monitoring function in relation to certain internal control activities at Group level. The Management Assurance staff function operates as the Group's internal audit function and reports directly to the Senior Vice President Finance with an open line of communication to the Audit Committee.

This function prepares an annual plan for its work, which is approved by the Audit Committee. The results of the function's work, which includes the execution and coordination of internal audit-related activities during the year, are presented at the Audit Committee meetings. The Management Assurance function participated in all Audit Committee meetings during 2014.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step improvements of the Group's internal control through various activities throughout the year, including fine-tuning of follow-up procedures and reporting, identification of risks related to financial reporting and examination of the effectiveness of related internal controls. In 2014, specific focus lay on diagnostics in new market countries and new businesses. Sharing knowledge through different activities is also a key part of improving the control environment. The function utilizes a combination of internal resources and external resources in the form of external auditors, consultants and experts, depending on the specific situation and area. This enables greater flexibility and responsiveness to the risks faced by the Group, which fits Securitas' business model. For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com.

The function is subject to an annual assessment by the Board to ensure that the activities undertaken enable a well-functioning monitoring structure, together with the other components of the Group's internal control described within this report.

Insurance as a risk management tool

Securitas' insurance and claims strategy is to "act as if uninsured." This means that while external insurance is used to protect the balance sheet and minimize fluctuations in earnings, our day-to-day task is to perform our assignment as if we do not have any insurance in place.

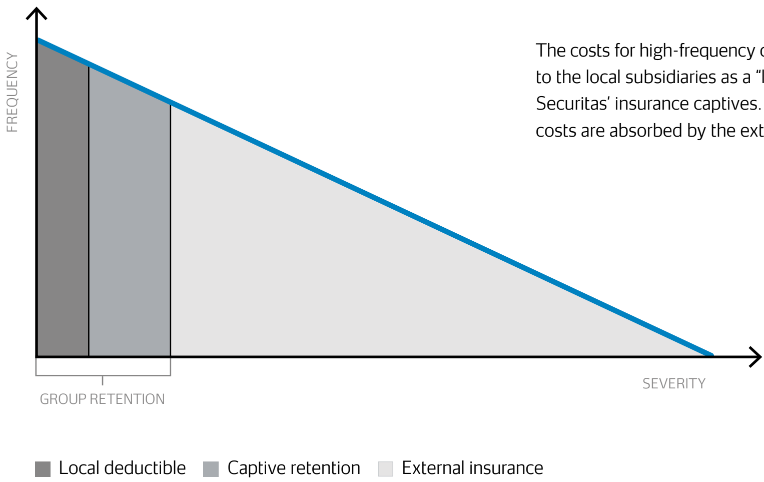
One important part of our risk management work involves taking a proactive approach to contracts and assignment instructions in order to prevent claims from occurring. From a risk management perspective, it is important that the contract clearly defines the assignment to be performed by Securitas and that our employees' assignment instructions mirror the contract. Our contract management process strives to find a fair distribution of risk between Securitas and our customers.

Another significant part of Securitas' risk management work involves active claims management, as well as ongoing claims analysis of frequent and large losses with the aim of identifying the underlying driving forces. Claims reports with updated information on claims and reserves are sent to all local risk managers and controllers on a monthly basis, and the claims are analyzed to find out if there are certain types of services, contracts, regions and so forth that cause insurance claims. Regular meetings are also held with the insurance companies and loss adjusters with the aim of continuously developing the claims handling process and claims prevention measures. As the Group's external insurance premiums are partly determined by the historic loss record, a favorable loss record will contribute to lower premiums and a lower cost of risk.

Insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs and the optimal utilization of the Group's insurance captives. The strategy is to cover the more frequent claims arising in Securitas' own books. First, a local deductible is charged to the branch that has caused the claim; after that, our own insurance companies (captives) cover part of the cost. Using insurance captives gives the Group an opportunity to handle part of the claims process internally, and provides Group Management with an option to establish some independence from the cyclical nature of commercial insurance markets (see the graph below).

The design and purchase of all insurance programs is based on the risk exposure identified using the business risk evaluation model. The following types of insurance are strategically important to the Group and are the subject of central purchasing: liability insurance, including aviation liability and aviation war liability, crime insurance, directors' and officers' liability insurance, fiduciary liability insurance and employment practice liability insurance. Catastrophe exposure is protected by insurance companies with a minimum rating of A (Standard & Poor's).

Schematic illustration of distribution of risk with respect to claims



The costs for high-frequency claims with a low value are charged to the local subsidiaries as a "local deductible cost" and to Securitas' insurance captives. Non-frequent and larger claims costs are absorbed by the external insurance companies.

Auditors

The Annual General Meeting 2014 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Peter Nyllinge as auditor in charge, for a period of one year.

The auditors' work is based on an audit plan, which is agreed upon in consultation with the Audit Committee and the Board of Directors. The auditors participate in all meetings of the Audit Committee and present their findings from the annual audit at the Board meeting held in February. In addition, the auditors should inform the Audit Committee on an annual basis of any services rendered, other than audit assignments, and any auditing fees received for such services or other circumstances that might affect the evaluation of the auditors' independence. The auditors should also participate in the Annual General Meeting to present the audit report and its conclusions.

The audit is performed in compliance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing (ISA).

Auditor in charge

Peter Nyllinge, born 1966, Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB. Peter Nyllinge has been auditor in charge of Securitas AB since 2008. Other audit assignments: Skandinaviska Enskilda Banken AB and Telefonaktiebolaget LM Ericsson.

Auditor Peter Nyllinge

Audit fees and reimbursement (PwC) to auditors have been paid for audit assignments and other reviews in accordance with existing laws, and for advice and assistance in connection with reviews undertaken. Fees have also been paid for independent advice. This advice mainly pertains to audit-related consultations for accounting and tax matters concerning restructuring work.

	Group		Parent Company	
MSEK	2014	2013	2014	2013
Audit assignments	31.7	29.4	5.7	6.6
Additional audit assignments	2.4	1.1	1.4	0.6
Tax assignments	16.0	11.6	0.6	1.2
Other assignments[1]	6.9	5.1	2.2	2.3
Total PwC	**57.0**	**47.2**	**9.9**	**10.7**

1 Fees for other assignments performed by PwC include fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestitures and matters relating to the Group's internal bank.

Stockholm, March 13, 2015

The Board of Directors of Securitas AB

Auditor's report on the Corporate Governance Statement (translation of the Swedish original)

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241
It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2014 on pages 28–49 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 13, 2015
PricewaterhouseCoopers AB

Peter Nyllinge,
Authorized Public Accountant

Securitas' financial model – six fingers

How to Read and Understand our Finances

Securitas' model focuses on the factors that impact profit, and are clearly linked to operations. Factors are grouped into three categories: volume-related factors, efficiency-related factors and capital-usage-related factors.

These factors are then assigned key figures that are measured continuously, allowing managers to make decisions based on facts, enabling them to make quick adjustments if needed. The model is also used when analyzing acquisition targets. The factors and key figures are used throughout our operations from branch level to Group level.

SECURITAS' MODEL FOR FINANCIAL KEY FIGURES

Volume-related factors

The first two key figures, **New sales** (of contracts) and **Net change** (of contract portfolio), relate to the development of the customer contract portfolio. **New sales** are newly signed contracts that will increase the monthly fixed sales. **Net change** in the customer contract portfolio refers to new starts (a newly signed contract that has started) plus increased sales in existing contracts, less terminated customer contracts and reduced sales in existing contracts. Price changes are measured separately and added to **Net change** to determine the period's closing balance of the contract portfolio. The closing balance is the total value of monthly invoicing on our monthly fixed contracts at the closing date for the current period. The third key figure, taken from the statement of income, is **Total sales**, which in addition to contract-based sales, includes short-term assignments.

GROUP	OPERATIONS
	New sales
	Gross margin on new sales
	Terminations
	Gross margin on terminations
	Net change
	Price change
Organic sales growth	Organic sales growth
Acquired sales growth	
Real sales growth	
Total sales	**Total sales**

Efficiency-related factors

The efficiency-related key figures provide managers with tools to monitor service efficiency and cost trends. The fourth and fifth key figures are: **Gross margin**, which is defined as total sales less direct expenses as a percentage of total sales, and **Indirect expenses**, which pertain to the organization and include sales and administrative expenses (costs of branch, area and regional/country offices). Gross income less **Indirect expenses** equals operating income before amortization of acquisition-related intangible assets and acquisition-related costs. When this is expressed as a percentage of total sales, it indicates the Group's operating margin, which in Securitas' financial model, comes before acquisition-related items.

GROUP	OPERATIONS
	Employee turnover
	Wage cost increase
	Gross margin
	Indirect expenses
Operating margin	Operating margin
Income before tax	
Earnings per share	

Capital-usage-related factors

In general, Securitas' operations are not capital intensive. Accounts receivable tie up the most capital. The sixth key figure is **Days of sales outstanding** (DSO). Payment terms and effective collection procedures are decisive in determining how much capital is tied up in accounts receivable. These figures are followed up on an ongoing basis at all levels in the organization.

GROUP	OPERATIONS
	Days of sales outstanding
Operating capital employed as % of sales	Operating capital employed as % of sales
Cash flow from operating activities as % of operating income before amortization	Cash flow from operating activities as % of operating income before amortization
Free cash flow	
Return on capital employed	Return on capital employed
Free cash flow in relation to net debt	

Six key figures represent the backbone of the Six Fingers model (highlighted in the text and table), but there are complementary key figures used by all divisions, such as organic sales growth and operating margin. There are also complimentary key figures tailored to measure the business in prioritized areas such as within security solutions and technology. These key figures include volume-, efficiency- and capital-usage-related factors that hold specific bearing on the Group's progress. Examples are: the number of remote video solution installations, gross margin on security solution contracts (compared to traditional guarding contracts) and the investment in security equipment.

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

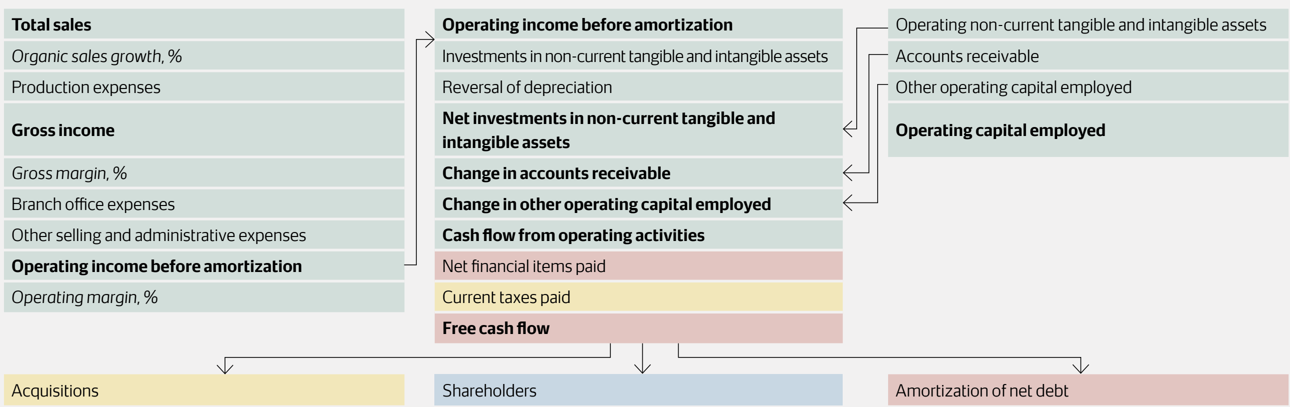
Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key indicators, and used in reviewing operations at both divisional and Group level. Amortization of acquisition-related intangible assets, acquisition-related costs, financial items and taxes are monitored separately.

Statement of cash flow
In principle, operating income should generate the same amount of cash flow from operating activities. The cash flow is affected by investments in non-current tangible and intangible assets used in operations and by changes in working capital. Cash flow from operating activities is an important indicator at operational level. It is defined as operating income less investments in non-current tangible and intangible assets (including equipment for solution contracts) plus reversal of depreciation, change in accounts receivable and change in other operating capital employed.

Free cash flow is cash flow from operating activities less net financial items paid and current taxes paid. Cash flow for the year is arrived at when cash flow relating to acquisitions and shareholders' equity is deducted from free cash flow. The consolidation of net debt in foreign currencies usually generates a translation difference that is reported separately. In addition, accounting standards require that certain elements of the net debt are revalued to market value after the initial recognition and this revaluation is also reported separately. The change in net debt corresponds to cash flow for the year plus the change in loans, translation differences and also the revaluation of financial instruments.

Balance sheet
Securitas uses the terms "capital employed" and "financing of capital employed" to describe the balance sheet and financial position. Capital employed consists of operating capital employed plus goodwill, acquisition-related intangible assets and shares in associated companies.

Operating capital employed, which consists of operating non-current tangible and intangible assets and working capital, is continuously monitored at the operating level to avoid unnecessary tied-up capital. Capital employed is financed by net debt and shareholders' equity.



This picture shows the connection between the statement of income, the statement of cash flow and the balance sheet. Different colors are used for the sake of clarity.
Operating items Net-debt-related items Goodwill, taxes and non-operating Items Items related to shareholders' equity

The formal annual accounts and the consolidated accounts comprise pages 53–127

Annual Report

Report of the Board of Directors

The Board of Directors and the President of Securitas AB (publ.), corporate registration number 556302-7241, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2014 financial year.

Securitas' core business is integrated security solutions and the main service offering categories are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. Securitas operates in 53 countries in North America, Europe, Latin America, Africa, the Middle East and Asia, with close to 320 000 employees.

In 2014 the Securitas Group consisted of the business segments Security Services North America, Security Services Europe and Security Services Ibero-America. In addition to these business segments, the Group conducts guarding operations in Africa, the Middle East and Asia, which are included under the heading Other in the segment report in note 9. There were no changes to the operational structure nor any change in accounting principles compared with 2013 and consequently no change in either segment or Group comparatives.

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 was 3 percent.

In real terms earnings per share improved with 8 percent in 2014. The operating income improved compared with last year. A 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.

The employer mandate of the Affordable Care Act (ACA) has taken effect on January 1, 2015 in the USA. We are compliant with ACA, and we do not expect any negative impact on our results as we have been able to mitigate the cost impact. Less customers 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.

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 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. The target is likely out of reach, although we will have come a long way and internally the target has been a strong driver for change.

Sales

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).

SALES JANUARY–DECEMBER

MSEK	2014	2013	%
Total sales	**70 217**	**65 700**	***7***
Acquisitions/divestitures	-353	-34	
Currency change from 2013	-2 032	–	
Organic sales	**67 832**	**65 666**	***3***

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 new labor related taxes in Spain.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2014	2013	%
Operating income before amortization	**3 505**	**3 329**	***5***
Currency change from 2013	-92	–	
Currency adjusted operating income before amortization	**3 413**	**3 329**	***3***

Operating income after amortization

Operating income after amortization was MSEK 3 237 (3 028).

Amortization of acquisition related intangible assets amounted to MSEK -251 (-274).

Acquisition related costs were MSEK -17 (-27). For further information refer to note 11.

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) which, adjusted for changes in exchange rates, represented a real change of 7 percent.

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), a total change of 12 percent compared with last year. Real change of earnings per share was 8 percent in 2014.

CONDENSED STATEMENT OF INCOME
ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2014	2013
Total sales	**70 217.1**	**65 700.1**
Organic sales growth, %	*3*	*1*
Production expenses	-58 010.1	-54 276.6
Gross income	**12 207.0**	**11 423.5**
Selling and administrative expenses	-8 726.6	-8 112.4
Other operating income	15.9	13.5
Share in income of associated companies	8.4	4.4
Operating income before amortization	**3 504.7**	**3 329.0**
Operating margin, %	*5.0*	*5.1*
Amortization of acquisition related intangible assets	-250.8	-273.7
Acquisition related costs	-17.1	-26.8
Operating income after amortization	**3 236.8**	**3 028.5**
Financial income and expenses	-327.6	-385.0
Income before taxes	**2 909.2**	**2 643.5**
Taxes	-837.7	-787.9
Net income for the year	**2 071.5**	**1 855.6**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Development in the Group's business segments

Security Services North America

SALES AND INCOME

MSEK	2014	2013	*Total, %*	*Real, %*
Total sales	**24 989**	**22 841**	***9***	***3***
Organic sales growth, %	*3*	*0*		
Share of Group sales, %	*36*	*35*		
Operating income before amortization	**1 333**	**1 177**	***13***	***6***
Operating margin, %	*5.3*	*5.2*		
Share of Group operating income, %	*38*	*35*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

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 came into force on January 1, 2015. The expected cost impact has been mitigated.

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

The client retention rate was 90 percent (86). The employee turnover rate in the business segment was 55 percent (55[1]).

1 The employee turnover rate comparative has been restated.

Security Services Europe

SALES AND INCOME

MSEK	2014	2013	*Total, %*	*Real, %*
Total sales	**34 997**	**32 716**	***7***	***3***
Organic sales growth, %	*2*	*0*		
Share of Group sales, %	*50*	*50*		
Operating income before amortization	**2 046**	**1 954**	***5***	***1***
Operating margin, %	*5.8*	*6.0*		
Share of Group operating income, %	*58*	*59*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

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 during the year.

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

Security Services Ibero-America

SALES AND INCOME

MSEK	2014	2013	*Total, %*	*Real, %*
Total sales	**9 238**	**9 266**	***0***	***8***
Organic sales growth, %	*8*	*4*		
Share of Group sales, %	*13*	*14*		
Operating income before amortization	**396**	**480**	***-18***	***-5***
Operating margin, %	*4.3*	*5.2*		
Share of Group operating income, %	*11*	*14*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

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 during the year.

The client retention rate was 91 percent (87). The employee turnover was 26 percent (29[1]).

1 The employee turnover rate comparative has been restated.

Cash flow

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 with 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 year was MSEK -711 (-785).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2014	2013
Operating income before amortization	**3 504.7**	**3 329.0**
Investments in non-current tangible and intangible assets	-1 113.2	-804.0
Reversal of depreciation	966.9	945.6
Net investments in non-current tangible and intangible assets	**-146.3**	**141.6**
Change in accounts receivable	-114.5	1.0
Change in other operating capital employed	-381.2	-241.5
Cash flow from operating activities	**2 862.7**	**3 230.1**
Cash flow from operating activities, %	*82*	*97*
Financial income and expenses paid	-311.4	-532.0
Current taxes paid	-696.6	-610.4
Free cash flow	**1 854.7**	**2 087.7**
Free cash flow, %	*75*	*93*
Cash flow from investing activities, acquisitions	-385.0	-294.7
Cash flow from items affecting comparability	-72.8	-307.5
Cash flow from financing activities	-2 107.8	-2 270.5
Cash flow for the year	**-710.9**	**-785.0**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items.

Capital employed and financing

Capital employed

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

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

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. After 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

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 around 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 & 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 62 for further information.

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

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2014	2013
Operating capital employed	**3 924.0**	**3 180.9**
Operating capital employed as % of sales	*6*	*5*
Goodwill	16 228.1	14 361.9
Acquisition related intangible assets	1 244.2	1 315.6
Shares in associated companies	324.5	132.7
Total capital employed	**21 720.8**	**18 991.1**
Return on capital employed, %	*16*	*18*
Net debt	10 421.6	9 609.8
Shareholders' equity	11 299.2	9 381.3
Total financing	**21 720.8**	**18 991.1**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

NET DEBT DEVELOPMENT

MSEK	2014	2013
Opening balance January 1	**-9 609.8**	**-9 864.6**
Cash flow from operating activities	2 862.7	3 230.1
Financial income and expenses paid	-311.4	-532.0
Current taxes paid	-696.6	-610.4
Free cash flow	**1 854.7**	**2 087.7**
Cash flow from investing activities, acquisitions	-385.0	-294.7
Cash flow from items affecting comparability	-72.8	-307.5
Dividend paid	-1 095.2	-1 095.2
Change in net debt before revaluation and translation	**301.7**	**390.3**
Revaluation of financial instruments	-0.4	10.9
Translation differences	-1 113.1	-146.4
Change in net debt	**-811.8**	**254.8**
Closing balance December 31	**-10 421.6**	**-9 609.8**

Acquisitions

ACQUISITIONS JANUARY–DECEMBER 2014 (MSEK)

Company	Business segment[1]	Included from	Acquired share[2]	Annual sales[3]	Enterprise 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 has decreased by net MSEK 6 during the year.
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. Transaction costs and revaluation of deferred considerations can be found in note 11.

For further information regarding acquisitions in 2014, refer to note 16.

Other significant events

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.

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.

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.

For further information refer to note 37.

USA – tax audit

The US tax authority has in 2010 rejected certain insurance premium deductions for the years 2003–2004. Securitas has won the case in the US Tax Court and the judgment has not been appealed.

For further information refer to note 37.

Other significant events after the balance sheet date

As described above under the heading Financing, Securitas signed a new Revolving Credit Facility on January 8, 2015. The Revolving Credit Facility maturing in 2016 was cancelled at around the same time.

As described above under the heading Other significant events, USA – tax audit, the judgment relating to certain insurance premium deductions in favor of Securitas in the US Tax Court has not been appealed and consequently the contingent liability for this case has ceased to exist.

In order to hedge the share portion of Securitas share-based incentive scheme 2014, the Group entered into a swap agreement with a third party in the beginning of March 2015.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

Change in Group Management

Erik-Jan Jansen, Chief Operating Officer of Security Services Europe, left Securitas and Securitas Group Management on March 31, 2014.

Henrik Zetterberg, Senior Vice President General Counsel, is as of September 24, 2014 a member of Securitas Group Management. He has succeeded Åsa Thunman, who left Securitas in the end of September 2014.

Aimé Lyagre, Chief Operating Officer and Chief Technology Officer, Security Services Europe, is as of November 4, 2014 a member of Securitas Group Management.

Risk and uncertainties

Managing risk is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' approach to enterprise risk management is described in more detail on pages 38–48.

Securitas' risks fall into three main categories: contract risks, operational assignment risks and financial risks.

Contract risks

This category encompasses the risks related to entering into a customer contract and also those risks related to the acquisition of new businesses.

When entering into a contract with a customer a balanced allocation of responsibilities and risks between Securitas and the customer is essential. Standardized contracts are the norm. Reasonable caps on potential liability and indemnification for third-party claims are important. Significant focus is devoted to contract risks and the management of contract risks. Each segment has developed policies and procedures tailored to their specific needs. These policies are all based on the contract policies approved by the Board of Directors in the Group Policies and Guidelines.

In addition to organic growth resulting from new and/or increased customer contracts the Group has grown by a significant number of acquisitions over the years and will, as part of the Group's strategy, continue to acquire security companies. The integration of new companies always carries certain risks. To a higher degree than previously, such acquisitions are also taking place in new markets such as Latin America, Africa, the Middle East and Asia or relate to acquisitions of security companies active within technology and integrated security solutions. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

The acquisitions made during 2014 are described under the heading Acquisitions above and in note 16.

Operational assignment risks

Operational assignment risks are risks associated with daily operations and the services we provide to our customers, for example, when services do not meet the required standards and result in loss of property, damage to property or bodily injury. Proper recruitment, training and supervision of security officers are important to mitigate these risks. Another type of operational assignment risk which may impact profitability is the risk that Securitas will not be able to increase prices to be paid by customers in order to compensate fully for increases in wages and related costs.

Financial risks

Financial risks are mainly managed through continuous measurement and follow-up of financial performance, with the help of Securitas' financial model. This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. The financial model is described in more detail on pages 50–51. In addition, financial risks (other than relating to financial reporting) arise because the Group has external financing needs and operates in a number of foreign currencies. The risks are mainly interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

The customer credit risk, that is the risk of Securitas' customers not being able to fulfill their obligation of paying invoices for services being provided, increased during the current macroeconomic situation. The risk is reduced by the fact that the numerous customers are spread over many business sectors and geographies, and by established routines for monitoring and collecting of accounts receivable within the organization. Further information regarding financial risk management is provided above under the section Capital employed and financing/Financing and in note 6.

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet, as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different circumstances and conditions. Further information regarding critical estimates and judgments is provided in note 4.

For the forthcoming twelve month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in note 32, note 35 and note 37 respectively, may vary from the current financial estimates and provisions made by management. This could affect the profitability and the financial position of the Group.

Personnel

With close to 320 000 employees in 53 countries, Securitas number one responsibility is to be a solid, trustworthy and stable employer to all our employees, striving to offer good working conditions, fair wages and opportunities for personal development. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

The foundation for our work with responsibility issues is our ethics code, Securitas' Values and Ethics, which upholds and promotes high ethical business standards. Securitas' Values and Ethics is based on our three fundamental values: Integrity, Vigilance and Helpfulness. Integrity means being honest and also the right to openly express one's opinion. Vigilance entails striving to be attentive and able to observe, listen and evaluate. Helpfulness is about our employees always being ready to assist within the context of a particular assignment.

Taking responsibility as an employer starts with the very basics: Securitas does not employ or accept any form of child labor or forced or bonded labor and we respect the right of all employees to choose whether or not to be represented by a trade union and to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate any form of harassment, bullying or abuse. Our employees are our most important resource and we promote relationships based on mutual respect and dignity. Securing the basic rights of the employees is fundamental. Securitas has for a long time been a driving force in raising the standards and level of professionalism in the security industry, improving the status of the security officer profession as well as wage levels. Improved status makes it easier to recruit and retain qualified employees with experience.

There are numerous opportunities for career advancement at Securitas, for example by specializing in a particular discipline at local, regional or national level. There are several training programs in place. In most countries there are specialized training programs geared towards specific customer segments, such as aviation, retail and gated communities. In all countries where Securitas has operations, we run local training centers. On a senior management level, Securitas has offered a one-year training program for many years. This program has been designed for sharing best practices and refining our operations. In addition to our social responsibility as an employer, we work with social projects where we see a pressing need of strengthening the local community. For further information, see pages 21–26.

For information regarding the average number of yearly employees, the distribution between women and men and the total staff costs, refer to note 12.

Research and development

Securitas is a service company and does not carry out any research activities as defined in IAS 38 Intangible assets. The service offering of the Group is continuously being developed, not least as an integrated item when carrying out the service delivery to the customers. Technical solutions are an important part of the integrated security solutions that Securitas offers. In order to support this development a Chief Technology Officer (CTO) position with supporting staff is implemented in all major countries as well as on divisional and Group level. Securitas has also invested in a competence center in Malmö, Sweden within the Remote Video Solutions area with the aim of developing security solutions and supporting the country organizations, mainly in Security Services Europe.

As of December 31, 2014 the Group had no capitalized research expenditures.

Environment

Environmentally, our most important responsibility is to minimize transportation emissions. We also purchase products, thereby creating an environmental impact. One large category of products we purchase is uniforms for security officers. On the whole Securitas is a service company with relatively low environmental impact compared to a manufacturing company. The operations of the Group do not require a permit under the Swedish Environmental Code.

Securitas Group Emissions Policy sets emission limits for new company cars and new minivans, respectively. The limits are reduced on a yearly basis and from December 1, 2014, the limits are 140 and 180 gram CO_2 per kilometer for new company cars and minivans, respectively. Trucks, buses and specialist vehicles are not defined as company cars or minivans. The environmental target is set to decrease exhaust emissions year by year. On an average, the more than 12 500 company cars and minivans that Securitas owns or leases worldwide, emitted approximately 149 gram CO_2 per kilometer (150) in 2014. For further information see pages 23 and 25.

Information regarding the Securitas share

Information about the Securitas share regarding the number of shares of Series A and Series B, differences between shares in Series A and Series B as well as information on major shareholders can be found in note 29. Further information regarding the Securitas share can also be found on pages 130–131.

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. There is currently an authorization by the Annual General Meeting held on May 5, 2014, to the Board of Directors to repurchase Securitas shares with the same terms and limitations as proposed to the Annual General Meeting for 2015. The Board of Directors has as of the date of this Annual Report, not taken any decisions to repurchase shares.

A shareholders' agreement that among other items comprises preemption rights for the sale of Series A shares by any part exists among Gustaf Douglas, Melker Schörling and companies closely related to them. Apart from this, the Board of Directors of Securitas AB is not aware of any shareholders' agreements or other arrangements between shareholders of Securitas AB.

Group development

The Group will during 2015 continue to focus on integrated security solutions. Our recipe for success involves developing optimal, cost-effective security solutions that integrate all of our areas of competence and result in improved margins, optimal solutions for the customers and stronger, more long-term customer relationships. The key is finding the right balance between operations done by security officers on site and operations done by specially trained security officers from a monitoring center, and to what extent security officers or technology solutions should be used. Securitas' plan is to move up the value chain, from traditional guarding to complete security solutions.

The sales of security solutions and technology represented approximately 6 percent of Group total sales in 2012. It has increased to a run rate of 10 percent by the end of 2014, which represented an increase of 28 percent compared to total security solutions and technology sales in 2013. We believe that we can continue to increase these sales also in 2015 at least in the same range.

In 2014, we improved earnings per share in real terms with 8 percent. We achieved a good cash flow and reduced our net debt in real terms, but due to the weakened Swedish krona during the latter part of 2014, the net debt increased in SEK. Our financial target free cash flow in relation to net debt of at least 0.20 would have been achieved if we would have had the same exchange rates in the statement of income as we had at year end in the balance sheet. Now we reached 0.18. However, we will continue to be restrictive regarding acquisitions, with the exception of technology operations that create synergies and competence along our strategic path or acquisitions that strengthen our position in growth markets.

Parent Company operations

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB consists of Group Management and support functions for the Group.

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 with 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). Income before taxes includes dividends from subsidiaries of MSEK 1 088 (1 119), interest income of MSEK 165 (165), interest expense of MSEK -365 (-476) and other financial income and expenses, net, of MSEK -493 (-704). Included in other financial income and expenses, net, are impairment losses relating to shares in subsidiaries of MSEK -33 (-554). Impairment losses in 2014 were recognized in conjunction with the Parent Company having received dividend from a subsidiary, for another subsidiary as a consequence of a capital contribution to the subsidiary and finally for a third subsidiary in conjunction with the adjustment of the carrying value of intangible assets in the subsidiary. Impairment losses in 2013 were recognized in conjunction with the Parent Company having received dividend from a subsidiary and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary.

Net income was MSEK 599 (696).

Cash flow for the year amounted to MSEK 60 (1 983).

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 financial statements and the accompanying notes and comments.

Proposed guidelines for remuneration to senior management in Securitas for 2015

The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on 8 May 2015 adopts guidelines for remuneration to senior management in accordance with the following;

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits. In addition to a fixed annual salary the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The Board of Directors shall each year consider whether to propose that the General Meeting resolves upon a share or share price based incentive program.

The undertakings of the company as regards variable remuneration to the Group Management may, at maximum outcome during 2015, amount to a total of MSEK 70. Information on previously decided remuneration which has not yet been paid can be found in note 8 in this Annual Report.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in the Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 8, 2015.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	-399 322
Translation reserve	850 727 038
Retained earnings	15 849 997 943
Net income for the year[1]	598 652 327
Total	**17 298 977 986**

1 Includes Group contributions to subsidiaries of SEK 284 413 000.

The Board of Directors propose that the earnings are allocated as follows:

	SEK
a dividend to the shareholders of SEK 3.00 per share	1 095 176 691
retained earnings to be carried forward	16 203 801 295
Total	**17 298 977 986**

The Board's statement on the proposed dividend

With reference to the Board's dividend proposal, the Board of Directors hereby makes the following statement pursuant to Chapter 18, section 4 of the Swedish Companies Act.

The Company's unappropriated earnings as per December 31, 2014 amount to SEK 16 700 325 659. The net income for the year amounts to SEK 598 652 327 of which SEK 284 413 000 is related to Group contributions to subsidiaries and SEK -598 746 is the result of financial instruments being valued pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act.

The Company's equity would not have been impacted as per December 31, 2014 if financial instruments, having been valued at fair value pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act, had instead been valued at the lower of cost or market as there is no difference as of this date.

Unappropriated earnings of SEK 17 298 977 986 are therefore at the Annual General Meeting's disposal.

Provided that the 2015 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 16 203 801 295 will be carried forward. After distribution of the proposed dividend and group contributions, there will be full coverage for the Company's restricted equity.

The Board has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the possibilities of the Company and the Group to discharge at sight its obligations. The proposed dividend and Group contributions to subsidiaries does not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment than that the Company can continue its operations and that the Company is expected to comply with its obligations in a short as well as long term perspective. In addition to the assessment of the Company's consolidation requirements and liquidity, the Board has also taken into consideration all other known circumstances that may impact the Company's financial position.

With reference to the above, the Board makes the assessment that the dividend and Group contributions are justifiable considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow as well as notes and comments.

Proposal on record date for dividend

As record date for dividend, the Board proposes May 12, 2015. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 18, 2015.

Consolidated statement of income

MSEK	Note	2014	2013
Sales		69 863.8	65 017.5
Sales, acquired business		353.3	682.6
Total sales	9, 10	**70 217.1**	**65 700.1**
Production expenses	11, 12, 13	-58 010.1	-54 276.6
Gross income		**12 207.0**	**11 423.5**
Selling and administrative expenses	11, 12, 13	-8 726.6	-8 112.4
Other operating income	10	15.9	13.5
Share in income of associated companies	21	8.4	4.4
Amortization of acquisition related intangible assets	18	-250.8	-273.7
Acquisition related costs	11	-17.1	-26.8
Operating income		**3 236.8**	**3 028.5**
Financial income	14	39.2	70.4
Financial expenses	14	-366.8	-455.4
Income before taxes		**2 909.2**	**2 643.5**
Taxes	15	-837.7	-787.9
Net income for the year		**2 071.5**	**1 855.6**
Whereof attributable to:			
Equity holders of the Parent Company		2 068.4	1 852.5
Non-controlling interests		3.1	3.1
Average number of shares before and after dilution		365 058 897	365 058 897
Earnings per share before and after dilution (SEK)	3	5.67	5.07

Consolidated statement of comprehensive income

MSEK	Note	2014	2013
Net income for the year		**2 071.5**	**1 855.6**
Other comprehensive income			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit pension plans net of tax	31	-279.7	243.0
Total items that will not be reclassified to the statement of income		**-279.7**	**243.0**
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	6	0.0	4.7
Net investment hedges net of tax		138.9	-202.3
Translation differences		1 062.9	-36.1
Total items that subsequently may be reclassified to the statement of income		**1 201.8**	**-233.7**
Other comprehensive income	**15**	**922.1**	**9.3**
Total comprehensive income for the year		**2 993.6**	**1 864.9**
Whereof attributable to:			
Equity holders of the Parent Company		2 988.9	1 863.9
Non-controlling interests		4.7	1.0

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2014	2013
Sales	69 863.8	65 017.5
Sales, acquired business	353.3	682.6
Total sales	**70 217.1**	**65 700.1**
Organic sales growth, %	*3*	*1*
Production expenses	-58 010.1	-54 276.6
Gross income	**12 207.0**	**11 423.5**
Gross margin, %	*17.4*	*17.4*
Expenses for branch offices	-3 945.0	-3 690.3
Other selling and administrative expenses	-4 781.6	-4 422.1
Total expenses	**-8 726.6**	**-8 112.4**
Other operating income	15.9	13.5
Share in income of associated companies	8.4	4.4
Operating income before amortization	**3 504.7**	**3 329.0**
Operating margin, %	*5.0*	*5.1*
Amortization of acquisition related intangible assets	-250.8	-273.7
Acquisition related costs	-17.1	-26.8
Operating income after amortization	**3 236.8**	**3 028.5**
Financial income and expenses	-327.6	-385.0
Income before taxes	**2 909.2**	**2 643.5**
Net margin, %	*4.1*	*4.0*
Taxes	-837.7	-787.9
Net income for the year	**2 071.5**	**1 855.6**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 50–51.

Consolidated statement of cash flow

MSEK	Note	2014	2013
Operations			
Operating income		3 236.8	3 028.5
Adjustment for effect on cash flow from items affecting comparability	11	-72.8	-307.5
Adjustment for effect on cash flow from acquisition related costs	11	-4.1	-28.4
Reversal of depreciation	18, 19, 20	1 217.7	1 219.3
Financial items received		39.4	70.6
Financial items paid		-350.8	-602.6
Current taxes paid		-696.6	-610.4
Change in accounts receivable		-114.5	1.0
Change in other operating capital employed		-381.2	-241.5
Cash flow from operations		**2 873.9**	**2 529.0**
Investing activities			
Investments in non-current tangible and intangible assets		-1 113.2	-804.0
Acquisition of subsidiaries and associated companies	16	-363.8	-239.5
Cash flow from investing activities		**-1 477.0**	**-1 043.5**
Financing activities			
Dividend paid to shareholders of the Parent Company		-1 095.2	-1 095.2
Proceeds from bond loans	30, 33	713.4	3 629.9
Redemption of bond loans	30, 33	-1 858.2	-5 176.5
Change in other interest-bearing net debt excluding liquid funds		132.2	371.3
Cash flow from financing activities		**-2 107.8**	**-2 270.5**
Cash flow for the year		**-710.9**	**-785.0**
Liquid funds at beginning of year		4 049.8	4 880.7
Translation differences on liquid funds		86.2	-45.9
Liquid funds at year-end	**28**	**3 425.1**	**4 049.8**

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2014	2013
Operating income before amortization	**3 504.7**	**3 329.0**
Investments in non-current tangible and intangible assets	-1 113.2	-804.0
Reversal of depreciation	966.9	945.6
Net investments in non-current tangible and intangible assets	**-146.3**	**141.6**
Change in accounts receivable	-114.5	1.0
Change in other operating capital employed	-381.2	-241.5
Cash flow from operating activities	**2 862.7**	**3 230.1**
Cash flow from operating activities as % of operating income before amortization	*82*	*97*
Financial income and expenses paid	-311.4	-532.0
Current taxes paid	-696.6	-610.4
Free cash flow	**1 854.7**	**2 087.7**
Free cash flow as % of adjusted income	*75*	*93*
Acquisition of subsidiaries and associated companies	-363.8	-239.5
Acquisition related costs paid	-21.2	-55.2
Cash flow from items affecting comparability	-72.8	-307.5
Cash flow from financing activities	-2 107.8	-2 270.5
Cash flow for the year	**-710.9**	**-785.0**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items.

Securitas' financial model is described on pages 50–51.

Consolidated balance sheet

MSEK	Note	2014	2013
ASSETS			
Non-current assets			
Goodwill	17	16 228.1	14 361.9
Acquisition related intangible assets	18	1 244.2	1 315.6
Other intangible assets	19	398.3	325.2
Buildings and land	20	300.0	310.4
Machinery and equipment	20	2 257.1	1 959.0
Shares in associated companies	21	324.5	132.7
Deferred tax assets	15	1 441.9	1 391.1
Interest-bearing financial non-current assets	22	434.5	150.9
Other long-term receivables	23	685.9	605.6
Total non-current assets		**23 314.5**	**20 552.4**
Current assets			
Inventories	24	151.1	131.1
Accounts receivable	25	10 815.5	9 676.4
Current tax assets	15	412.8	355.9
Other current receivables	26	2 797.5	2 412.1
Other interest-bearing current assets	27	167.3	59.5
Liquid funds	28	3 425.1	4 049.8
Total current assets		**17 769.3**	**16 684.8**
TOTAL ASSETS		**41 083.8**	**37 237.2**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		365.1	365.1
Other capital contributed		7 362.6	7 362.6
Other reserves		-412.5	-1 612.7
Retained earnings		3 965.1	3 250.3
Shareholders' equity attributable to equity holders of the Parent Company		**11 280.3**	**9 365.3**
Non-controlling interests		**18.9**	**16.0**
Total shareholders' equity	**29**	**11 299.2**	**9 381.3**
Long-term liabilities			
Long-term loan liabilities	30	11 700.7	11 509.8
Other long-term liabilities	30	550.7	487.3
Provisions for pensions and similar commitments	31	1 450.2	1 024.6
Deferred tax liabilities	15	759.6	747.4
Other long-term provisions	32	772.0	691.8
Total long-term liabilities		**15 233.2**	**14 460.9**
Current liabilities			
Short-term loan liabilities	33	2 747.8	2 360.2
Accounts payable		1 104.6	959.4
Current tax liabilities	15	450.6	362.8
Other current liabilities	34	9 359.2	8 902.2
Short-term provisions	35	889.2	810.4
Total current liabilities		**14 551.4**	**13 395.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**41 083.8**	**37 237.2**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2014	2013
Operating capital employed		
Other intangible assets	398.3	325.2
Buildings and land	300.0	310.4
Machinery and equipment	2 257.1	1 959.0
Deferred tax assets	1 441.9	1 391.1
Other long-term receivables	685.9	605.6
Inventories	151.1	131.1
Accounts receivable	10 815.5	9 676.4
Current tax assets	412.8	355.9
Other current receivables	2 797.5	2 412.1
Total assets	**19 260.1**	**17 166.8**
Other long-term liabilities	550.7	487.3
Provisions for pensions and similar commitments	1 450.2	1 024.6
Deferred tax liabilities	759.6	747.4
Other long-term provisions	772.0	691.8
Accounts payable	1 104.6	959.4
Current tax liabilities	450.6	362.8
Other current liabilities	9 359.2	8 902.2
Short-term provisions	889.2	810.4
Total liabilities	**15 336.1**	**13 985.9**
Total operating capital employed	**3 924.0**	**3 180.9**
Goodwill	16 228.1	14 361.9
Acquisition related intangible assets	1 244.2	1 315.6
Shares in associated companies	324.5	132.7
Total capital employed	**21 720.8**	**18 991.1**
Operating capital employed as % of sales	*6*	*5*
Return on capital employed, %	*16*	*18*
Net debt		
Interest-bearing financial non-current assets	434.5	150.9
Other interest-bearing current assets	167.3	59.5
Liquid funds	3 425.1	4 049.8
Total interest-bearing assets	**4 026.9**	**4 260.2**
Long-term loan liabilities	11 700.7	11 509.8
Short-term loan liabilities	2 747.8	2 360.2
Total interest-bearing liabilities	**14 448.5**	**13 870.0**
Total net debt	**10 421.6**	**9 609.8**
Net debt equity ratio, multiple	*0.92*	*1.02*
Shareholders' equity		
Share capital	365.1	365.1
Other capital contributed	7 362.6	7 362.6
Other reserves	-412.5	-1 612.7
Retained earnings	3 965.1	3 250.3
Non-controlling interests	18.9	16.0
Total shareholders' equity	**11 299.2**	**9 381.3**
Total financing	**21 720.8**	**18 991.1**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 50–51.

Consolidated statement of changes in shareholders' equity

MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests[1]	**Total shareholders' equity**
	Shareholders' equity attributable to equity holders of the Parent Company[1]							
Opening balance 2013	**365.1**	**7 362.6**	**-5.1**	**-1 376.0**	**2 241.7**	**8 588.3**	**13.9**	**8 602.2**
Net income for the year	**–**	**–**	**–**	**–**	**1 852.5**	**1 852.5**	**3.1**	**1 855.6**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	243.0	243.0	–	243.0
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**243.0**	**243.0**	**–**	**243.0**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges[2]								
Total change of hedging reserve before tax	–	–	10.4	–	–	10.4	–	10.4
Deferred tax on total change of hedging reserve	–	–	-5.7	–	–	-5.7	–	-5.7
Net investment hedges net of tax	–	–	–	-202.3	–	-202.3	–	-202.3
Translation differences	–	–	–	-34.0	–	-34.0	-2.1	-36.1
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**4.7**	**-236.3**	**–**	**-231.6**	**-2.1**	**-233.7**
Other comprehensive income	**–**	**–**	**4.7**	**-236.3**	**243.0**	**11.4**	**-2.1**	**9.3**
Total comprehensive income for the year	**–**	**–**	**4.7**	**-236.3**	**2 095.5**	**1 863.9**	**1.0**	**1 864.9**
Transactions with non-controlling interests[1]	–	–	–	–	-2.0	-2.0	1.1	-0.9
Share-based incentive scheme[1]	–	–	–	–	10.3	10.3	–	10.3
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2013	**365.1**	**7 362.6**	**-0.4**	**-1 612.3**	**3 250.3**	**9 365.3**	**16.0**	**9 381.3**
Opening balance 2014	**365.1**	**7 362.6**	**-0.4**	**-1 612.3**	**3 250.3**	**9 365.3**	**16.0**	**9 381.3**
Net income for the year	**–**	**–**	**–**	**–**	**2 068.4**	**2 068.4**	**3.1**	**2 071.5**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	-279.7	-279.7	–	-279.7
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**-279.7**	**-279.7**	**–**	**-279.7**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges[2]								
Total change of hedging reserve before tax	–	–	0.0	–	–	0.0	–	0.0
Deferred tax on total change of hedging reserve	–	–	0.0	–	–	0.0	–	0.0
Net investment hedges net of tax	–	–	–	138.9	–	138.9	–	138.9
Translation differences	–	–	–	1 061.3	–	1 061.3	1.6	1 062.9
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**0.0**	**1 200.2**	**–**	**1 200.2**	**1.6**	**1 201.8**
Other comprehensive income	**–**	**–**	**0.0**	**1 200.2**	**-279.7**	**920.5**	**1.6**	**922.1**
Total comprehensive income for the year	**–**	**–**	**0.0**	**1 200.2**	**1 788.7**	**2 988.9**	**4.7**	**2 993.6**
Transactions with non-controlling interests[1]	–	–	–	–	-0.6	-0.6	-1.8	-2.4
Share-based incentive scheme[1]	–	–	–	–	21.9	21.9	–	21.9
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2014	**365.1**	**7 362.6**	**-0.4**	**-412.1**	**3 965.1**	**11 280.3**	**18.9**	**11 299.2**

1 Further information is provided in note 29.
2 A specification can be found in note 6, table revaluation of financial instruments.

Notes

NOTE 1 *General corporate information*

Operations

Securitas' service offering categories are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. Securitas operates in North America, Europe, Latin America, Africa, the Middle East and Asia and employs close to 320 000 employees in 53 countries.

Information regarding Securitas AB

Securitas AB, corporate registration number 556302-7241, is a Swedish public company and has its registered office in Stockholm, Sweden. The address of the head office is:

Securitas AB
Lindhagensplan 70
SE-102 28 Stockholm

Securitas AB is listed on Nasdaq Stockholm on the Large Cap List. The Securitas share is included in for example the OMX Stockholm Price Index and the OMX Stockholm 30 Index. Securitas has been listed on the stock exchange since 1991.

Information regarding the Annual Report and the consolidated financial statements

This Annual Report including the consolidated financial statements was signed by the Board of Directors of Securitas AB and also approved for publication on March 13, 2015.

The statements of income and balance sheets for the Parent Company and the Group included in the Annual Report and the consolidated financial statements are subject to adoption by the Annual General Meeting on May 8, 2015.

NOTE 2 *Accounting principles*

Basis of preparation

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements have been prepared in accordance with the historical cost convention method except where a fair value measurement is required according to IFRS. Examples of assets and liabilities measured at fair value are financial assets or financial liabilities (including derivatives) at fair value through profit or loss and plan assets related to defined benefit pension plans.

Estimates and judgments

Note 4

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual outcome may differ from these judgments under different assumptions or conditions.

Adoption and impact of new and revised IFRS for 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. IFRS 10 has not led to any changes of the companies that are consolidated and there has been no other effect on the Group's financial statements due to the adoption of these standards.

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.

Introduction and effect of new and revised IFRS that are not yet effective and have not been early adopted by Securitas

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.

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2016 or later remain to be assessed.

The acquisition method (IFRS 3)

Note 11, 16, 17 and 18

The acquisition method is used to account for the acquisitions of subsidiaries and operations by the Group. All payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities classified as debt subsequently re-measured through the statement of income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related transaction costs are expensed. These costs are in the Group accounted for on a line in the statement of income named acquisition related costs. Costs accounted for on this line are transaction costs, revaluation (including discounting) of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition related restructuring and integration costs.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

Scope of the consolidated financial statements (IFRS 10 and IFRS 12)

Note 16 and 48

The consolidated financial statements relate to the Parent Company Securitas AB and all subsidiaries. Subsidiaries are all companies where the Group has control, which is the case where the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The consolidated financial statements include companies acquired with effect from the date that the Group obtains control. Companies divested are excluded with effect from the date that the Group ceases to have control.

Pricing of deliveries among Group companies is based on normal business principles. Inter-company transactions, balances and unrealized gains between Group companies are eliminated. Unrealized losses are also eliminated, but indicate the need for an impairment of the asset transferred.

The Group's subsidiary in Argentina has limited possibilities to settle its liabilities with companies within the Group due to local regulations restricting export of capital from Argentina. Cash and bank and short-term investments in Argentina are thus excluded from liquid funds in the Group's financial statements and instead included in other interest-bearing current assets.

Non-controlling interests (IFRS 3 and IFRS 10) Note 29

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity on the line transactions with non-controlling interests in the consolidated statement of changes in shareholders' equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity on the same line. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest.

Investments in associates (IAS 28) Note 21 and 49

Associates are entities in which Securitas can exert a significant influence, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. The equity method is used to account for these shareholdings. All payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities classified as debt subsequently re-measured through the statement of income. All acquisition related transaction costs are expensed.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is attributed to goodwill, which is included in investments in associates in the consolidated balance sheet. If the cost of acquisition is less than the fair value of the net assets of the associate acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include associates with effect from the date of the acquisition. Associates divested are excluded with effect from the divestment date. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the statement of income where appropriate.

Transactions, balances and unrealized gains between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, but indicate the need for an impairment of the asset transferred.

Share in income of associates is recognized in the consolidated statement of income. Depending on the purpose of the investment share in income of associates is included either in operating income, if it is related to associates that have been acquired to contribute to the operations (operational), or in income before taxes as a separate line within net financial items, if it is related to associates that have been acquired as part of the financing of the Group (financial investments). In both cases the share in income of associates are net of tax. All associates in the Group are currently classified as operational associates.

In the consolidated balance sheet, investments in associates are stated at cost including the cost of the acquisition that is attributed to goodwill, adjusted for dividends and the share of income after the acquisition date.

Translation of foreign subsidiaries (IAS 21) Note 29

The functional currency of each Group company, that is the currency in which the company primarily generates and expends cash, is determined by the primary economic environment in which the company operates. The functional currency of the Parent Company and the presentation currency of the Group, that is the currency in which the financial statements are presented, is Swedish kronor (SEK).

When translating the financial statements of each foreign subsidiary, each month's statement of income is translated using the exchange rate prevailing on the last day of the month. This means that income for each month is not affected by foreign exchange fluctuations during subsequent periods. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the conversion of balance sheets are posted directly to other comprehensive income and thus do not affect net income for the year. The translation difference arising because statements of income are translated using average rates, while balance sheets are translated using exchange rates prevailing at each balance sheet date, is posted directly to other comprehensive income. Where loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and qualify for the hedge accounting criteria, exchange rate differences on such loans are recognized together with the exchange rate differences arising from the translation of foreign net assets in other comprehensive income. The accumulated translation differences are accounted for in translation reserve in equity. When a foreign operation or part thereof is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using exchange rates prevailing at each balance sheet date.

Transactions, receivables and liabilities in foreign currency (IAS 21) Note 11 and 14

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognized in the statement of income when they arise, with the exception of net investment hedges recognized via other comprehensive income (see above under the section Translation of foreign subsidiaries). Exchange differences from operating items are recognized as either production expenses or selling and administrative expenses, while exchange differences from financial items are recognized as financial income or financial expenses.

When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Revenue recognition (IAS 11 and IAS 18) Note 10, 14 and 42

The Group's revenue is generated mainly from various types of security services. Security services are based on customer contracts and these can comprise sales based on hours of work performed with fixed monthly, quarterly or yearly invoicing and also including service level agreements. Sales based on customer contracts can also comprise events such as intervention services. In addition to sales based on customer contracts there is extra sales to either contract customers or event based sales. There is also revenue from the sale of alarm products and, to a limited extent, cash handling services. Revenue from services is recognized in the period in which the services have been performed. Alarm installations are recognized in revenue as they are completed, in accordance with the percentage of completion method. According to this method, revenue, expenses and income are recognized in the period in which the work was performed. The determination of the percentage of alarm installations that can be recognized as revenue is based on the time spent in relation to the total estimated time.

Trademark fees from the former subsidiary Securitas Direct AB, relating to the use of the Securitas trademark, are recognized on an accrual basis in accordance with the substance of the agreement, and are based on the sales recognized by Securitas Direct AB.

Interest income is recognized in the statement of income in the period to which it is attributable.

Operating segments (IFRS 8) Note 9

Operating segments are business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, the President and CEO, and for which discrete financial information is available. Operating segments constitute the operational structure for governance, monitoring and reporting. A combination of factors has been used in order to identify the Group's segments. Most important is the characteristic of the services provided and the geographical split.

According to the conditions in IFRS 8, certain of the Group's operating segments have been aggregated in the financial reporting. The Group's operations are consequently divided into three reportable segments and Other:

- Security Services North America
- Security Services Europe
- Security Services Ibero-America
- Other (consisting of an aggregation of all other operating segments)

These segments are also referred to as business segments in the Group's financial reports.

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in Africa, the Middle East and Asia as well as certain operations within security consulting that report directly to the chief operating decision maker.

The assets and liabilities of each segment include only those items that have been utilized or arisen in ongoing operations. Non-operational balance sheet items, primarily current tax, deferred tax, and provisions for taxes, are accounted for under the Other heading in the table Capital employed and financing in note 9. In the table Assets and liabilities in the same note, these items are accounted for as unallocated non-interest bearing assets and unallocated non-interest bearing liabilities. A reconciliation between total segments and the Group is disclosed in note 9.

Geographical information related to sales and non-current assets is disclosed in note 9 for Sweden (which is Securitas' country of domicile) and for all individual countries where the sales or non-current assets exceed 10 percent of the total amount for the Group.

The geographical split of sales is based on the location of the sales. The location of the sales corresponds in all material aspects to the location of the customers. There are no sales to any individual customer that are deemed to represent a significant portion of the Group's total sales.

Accounting for government grants and disclosure of government assistance (IAS 20)

Securitas, like other employers, is eligible for a variety of grants relating to employees. These grants relate to training, incentives for hiring new staff, reduction of working hours, etc. All grants are accounted for in the statement of income as a cost reduction in the same period as the related underlying cost.

Taxes (IAS 12) Note 15 and 45

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized when it is probable that sufficient taxable income will arise that the deferred tax asset can be offset against. Deferred tax assets are valued as of the balance sheet date, and any potential previously unvalued deferred tax asset is recognized when it is expected to be usable, or correspondingly, reduced when it is expected to be wholly or partly unusable against future taxable income.

Current and deferred taxes are posted directly to other comprehensive income if the relevant underlying transaction or event is posted directly to other comprehensive income in the period, or previous period if it pertains to an adjustment of an opening balance of retained earnings as the result of a change in accounting principle. Changes in current and deferred taxes that relate to exchange rate differences in the translation of the balance sheets of foreign subsidiaries are posted to translation differences in other comprehensive income.

Provisions are allocated for estimated taxes in the case dividends are anticipated and paid from subsidiaries to a Parent Company in the following year.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Statement of cash flow (IAS 7) Note 28 and 51

The statement of cash flow has been prepared in accordance with the indirect method. Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.

Goodwill and other acquisition related intangible assets (IFRS 3, IAS 36 and IAS 38) Note 17 and 18

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/operations at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity or operations sold.

Other acquisition related intangible assets arising from acquisitions can include various types of intangible assets such as marketing-related, customer-related, contract-related, brand-related and technology-based intangible assets. Other acquisition related intangible assets normally have a definite useful life. These assets are recognized at fair value on the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the linear method to allocate the cost of assets over their estimated useful lives. Securitas' acquisition related intangible assets mainly relate to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios and the related customer relationships is based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the churn rates and profitability of the acquired portfolio at the time of the acquisition. In the model a specific charge – a contributory asset charge – is applied as a cost or return requirement for the assets supporting the intangible asset. Cash flows are discounted using the Weighted Average Cost of Capital (WACC) adjusted for local interest rate levels in the countries of acquisition. The useful life of customer contract portfolios and the related customer relationships is based on the churn rate of the acquired portfolio and is normally between 3 and 10 years, corresponding to a yearly amortization of between 10.0 percent and 33.3 percent. Brand-related intangible assets are calculated using the relief of royalty method. The useful life of these brands is normally between 5 and 10 years, corresponding to a yearly amortization of between 10 and 20 percent.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and tax value of the intangible asset. The deferred tax liability is reversed over the same period as the intangible asset is amortized, which means that it neutralizes the impact of the amortization of the intangible asset on the full tax rate percentage on the income after tax. The initial recognition of this deferred tax liability increases the amount of goodwill.

Goodwill and other acquisition related intangible assets are allocated to cash-generating units (CGU) per country in a segment. This allocation is also the basis for the yearly impairment testing.

Amortization and impairment of acquisition related intangible assets are disclosed on the line amortization and impairment of acquisition related intangible assets in the statement of income.

Acquisition related restructuring and integration costs (IAS 37) Note 11

Acquisition related restructuring costs are costs relating to the restructuring and/or integration of acquired operations into the Group. Restructuring costs are costs that are recognized based on the specific criteria for restructuring provisions in IAS 37 (see further under the section Provisions below). Restructuring costs can cover several activities that are necessary to prepare acquired operations for integration into the Group, such as redundancy payments, provisions for rented premises that will not be utilized or sublet below cost or other non-cancellable leasing contracts that will not be utilized. Integration costs normally cover activities that do not qualify to be recognized as provisions. Such activities could be re-branding (changing logotypes on buildings, vehicles, uniforms, etc.), but could also cover personnel costs for example training, recruitment, relocation and travel, certain customer related costs and other incremental costs to transform the acquired operation into the acquirer's format. Classifying expenses as costs relating to integration of acquired operations must also fulfill the criteria below:

- The cost would not have been incurred if the acquisition not had taken place
- The cost relate to a project identified and controlled by management as part of an integration program set up at the time of acquisition or as a direct consequence of an immediate post-acquisition review

Items affecting comparability Note 11

This item includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods. They include:

- Capital gains and losses arising from the disposal of material cash generating units
- Material impairment losses and bad debt losses
- Material litigations and insurance claims
- Other material income and expense items of a non-recurring nature

Provisions, impairment losses, bad debt losses or other material non-recurring items that are classified as items affecting comparability in a period are accounted for consistently in future periods by treating any reversal of provisions, impairment losses, bad debt losses or other non-recurring items as items affecting comparability.

Other intangible assets (IAS 36 and IAS 38) Note 19 and 46

Other intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and that the cost of the asset can be measured reliably. Other intangible assets include the trade mark Securitas, which is estimated to have an indefinite useful life. The trademark has been capitalized only in those cases where it has been acquired from a third party. This trademark is not amortized but tested annually for impairment.

Other items in other intangible assets have a definite useful life. These assets are recognized at cost and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Linear amortization is used for all asset classes.
The amortization rates are normally:

Software licenses	10.0–33.3 percent
Other intangible assets	10.0–33.3 percent

Rental rights and similar rights are amortized over the same period as the underlying contractual period.

Tangible non-current assets (IAS 16 and IAS 36) Note 20 and 47

Tangible non-current assets are recognized at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is based on historical cost and the useful life of the asset.

Linear depreciation is used for all asset classes. The depreciation rates are normally:

Machinery and equipment	10–50 percent
Buildings and land improvements	2–10 percent
Land	0 percent

Impairment (IAS 36) Note 17

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. In addition to goodwill, these assets are limited to the brand name Securitas in one of the Group's countries of operations. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is measured as expected future discounted cash flows. The calculation of value in use necessitates that a number of assumptions and estimates are made. The main assumptions concern the organic sales growth, the development of the operating margin and the necessary operating capital employed requirement as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount future cash flows. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

Previously recognized impairment losses, with the exception of impairment losses related to goodwill, are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable amount when the impairment loss was recognized. If this is the case, a reversal of the impairment loss is carried out in order to increase the book value of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognized to the extent that the new book value does not exceed what should have been the book value (after depreciation and amortization) if the impairment loss had not been recognized in the first place. Impairment losses related to goodwill are never reversed.

Leasing contracts (IAS 17) Note 11 and 20

When a leasing contract means that the Group, as the lessee, essentially receives the economic benefits and bears the economic risk associated with the leased asset – termed finance leases – the asset is recognized as a non-current asset in the consolidated balance sheet. The net present value of the corresponding obligation to pay leasing fees in the future is recognized as a liability. In the consolidated statement of income, leasing payments are divided into depreciation and interest. The Group has no significant finance leases where it is the lessor.

Operational leases, where the Group is the lessee, are recognized as an operating expense on a linear basis over the period of the lease in the consolidated statement of income. In cases where the Group is the lessor, revenue is recognized on a linear basis and included in total sales in the consolidated statement of income. Depreciation is recognized under operating income.

Accounts receivable (IAS 39) Note 25

Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. Probable and recognized bad debt losses are included in the line production expenses in the statement of income. Payments received in advance are accounted under other current liabilities.

Inventories (IAS 2) Note 24

Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the first-in, first-out principle. The cost of finished goods and work in progress comprises material, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Financial instruments (IFRS 7/IFRS 13/IAS 32/IAS 39) Note 6, 14, 22, 27, 30 and 33

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition of financial instruments thus includes equity instruments of another entity but also for example contractual rights to receive cash such as accounts receivable.

Financial instruments are recorded initially at fair value with the subsequent measurement depending on the designation of the instrument.

The Group designates its financial instruments in the following categories:

- Financial assets or financial liabilities at fair value through profit or loss (including derivatives not designated as hedging instruments)
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets
- Financial liabilities designated as hedged item in a fair value hedge
- Other financial liabilities
- Derivatives designated for hedging

The designation depends on the purpose for which the financial instrument is acquired. Management determines the designation of its financial instruments at initial recognition and re-evaluates this designation at each reporting date. There were no transfers between categories in the years 2014 and 2013.

Most of the Group's current assets are loans and receivables (including accounts receivable and most other current receivables). Financial assets or financial liabilities at fair value through profit or loss (with exception for derivatives), held-to-maturity investments and available-for-sale financial assets are normally categories in which the Group has no or very limited positions. Financial liabilities designated as the hedged item in a fair value hedge include both long-term and short-term loans designated as hedged items that are hedged effectively via derivatives designated for hedge accounting. Other financial liabilities comprise all other financial liabilities, including such items as accounts payable and other current liabilities, and also any long-term and short-term loans not included in the category financial liabilities designated as hedged item.

Further information regarding carrying and fair values is provided in the table Financial instruments by category – carrying and fair values in note 6 as well as in the definitions of the categories below. Note 6 also includes further information on the Groups hedging activities.

Financial assets or financial liabilities at fair value through profit or loss
Financial assets at fair value through profit or loss have two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Fair value derivative assets are also categorized as held for trading unless they qualify for hedge accounting. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Financial liabilities at fair value are trading securities with negative fair value; normally derivative liabilities unless they qualify for hedge accounting.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for loans and receivables with maturities later than 12 months after the balance sheet date.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial liabilities designated as hedged item in a fair value hedge
This category includes financial liabilities designated as hedged item in a fair value hedge. The hedging instruments are included in the category derivatives designated for hedging. Financial liabilities designated as hedged item in a fair value hedge are included in current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Other financial liabilities
Other financial liabilities are any financial liabilities that are not included in either of the categories financial liabilities designated as hedged item in a fair value hedge or financial liabilities at fair value through profit or loss. They are included in current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Derivatives designated for hedging
The Group normally only enters into derivative contracts when they either qualify for hedge accounting or when there is a natural offset in the accounting. This category includes the first type of derivatives. Derivatives where the hedged item or the item for which a natural offset in the accounting is sought has a maturity within 12 months after the balance sheet date are either included in current assets on the line other interest-bearing current assets, or in current liabilities on the line other short-term loan liabilities. Derivatives where the hedged item or the item for which a natural offset in the accounting is sought has a maturity later than 12 months after the balance sheet date are either included in non-current assets on the line interest-bearing financial non-current assets, or in long-term liabilities on the line other long-term loan liabilities.

Recognition and subsequent measurement
Purchases and sales of financial instruments are recognized on the trade date – the date on which the Group commits to purchase or sell the instrument.

Financial assets and liabilities are initially recognized at fair value. Any transaction costs are charged to the statement of income.

Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are removed when the obligation is discharged, cancelled or has expired.

Financial assets or financial liabilities at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities at fair value through profit or loss category are included in financial income or financial expenses in the statement of income in the period in which they arise.

Financial liabilities with the exception of financial liabilities at fair value through profit or loss and financial liabilities designated as hedged item are subsequently carried at amortized cost.

Financial liabilities designated as the hedged item in a fair value hedge are carried at amortized cost but are adjusted for changes in the fair value due to the hedged risk. Changes in the fair value are included in financial income or financial expenses in the statement of income in the period in which they arise. The corresponding gain or loss from re-measuring the hedging instrument at fair value is also included in financial income or financial expenses in the statement of income in the same period as that in which the gain or loss on the hedged item arises.

Cash flow hedging instruments are carried at fair value in the balance sheet. The gains or losses from re-measuring the hedging instruments at fair value are recognized in the hedging reserve in other comprehensive income with a reversal from the hedging reserve to the statement of income in the period in which the cash flow of the hedged item impacts the statement of income. Exchange rate gains and losses on derivatives that are part of a net investment hedge relationship are recognized in other comprehensive income. Any ineffectiveness is recognized in the statement of income.

Actual cash flows (accruals) that arise from interest-rate derivative contracts are recognized as interest income and/or interest expense in the statement of income in the period to which they relate. Changes in fair value (after accruals) for both the hedged item and the hedging instrument (derivative) are recognized separately as revaluation of financial instruments. The line revaluation of financial instruments is included within financial income and/or financial expense.

The fair values of quoted financial instruments are based on current bid prices. If the market for a financial instrument is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. There has been no impairment of financial assets in 2014 or 2013.

Employee benefits (IAS 19)

Note 23 and 31

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans. Other plans primarily relate to healthcare benefits. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognized as expenses when they fall due for payment. Other pension plans are defined benefit plans.

Calculations for the defined benefit plans that exist within Securitas are carried out by independent actuaries.

Costs related to defined benefit plans are recognized in operating income. The calculation of service cost is based on the projected unit credit method in a way that distributes the cost over the employee's working life. The net interest cost is estimated by applying the discount rate to the net defined benefit obligation. Administration costs are recognized in operating income in the period which they occur.

The net defined benefit obligation recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The obligations are valued at the present value of the expected future cash flows using a discount rate corresponding to the interest rate on high quality corporate bonds or government bonds with a remaining term that is approximately the same as the obligations.

Remeasurements of post-employment benefit plans and reimbursement rights are recognized in other comprehensive income in the period which they occur. Remeasurements of other long-term employee benefit plans as well as past service costs are recognized immediately in the statement of income.

If accounting for a defined benefit plan results in a balance sheet asset, this is reported as a net asset in the consolidated balance sheet under other long-term receivables. Otherwise it is reported as a provision under provisions for pensions and similar commitments. Provisions for pensions and similar commitments are not included in net debt.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognized. This reimbursement right is measured at fair value and classified as a long-term receivable.

Share-based payments (IFRS 2)

Note 8 and 12

IFRS 2 requires that fair value of the equity settled schemes should be accounted for as an expense in the statement of income with the corresponding entry accounted for as equity. The expense should be accrued on a linear basis over the vesting period. For cash settled schemes IFRS 2 also requires that the fair value of the scheme should be recognized as an expense in the statement of income on a linear basis over the vesting period, but with the corresponding entry recognized as a liability rather than as equity. Furthermore if the incentive scheme lapses without settlement, this will result in a reversal of the accrued cost for cash settled schemes only. For equity settled schemes, no reversal will occur after the vesting date since no adjustment to the net assets is required.

Securitas has a share-based incentive scheme where the participants in the scheme receive a bonus where two thirds are payable in cash in the beginning of the year after the bonus has been accrued. The remaining one third of the bonus is used to acquire shares at market value. These shares are delivered to the participants in the beginning of the year after they have been acquired if the participants still are employed by Securitas. The cost for Securitas, including social security expenses, is accounted for in the statement of income during the vesting period. However, the share-based portion of the bonus is classified as equity and not as a liability. At the end of the program, a revaluation is made of the original estimates and the final outcome of social security expenses is determined. Any deviation due to the revaluation, for example due to any participant leaving the Group and not receiving allocated shares, is accounted for in the statement of income. Corresponding adjustments are made to retained earnings in equity up until the vesting date.

In order to hedge the share portion of Securitas share-based incentive scheme 2013, the Group has entered into a swap agreement with a third party. The swap agreement represents an obligation for the Parent Company to purchase its own shares at a predetermined price. The swap agreement is consequently classified as an equity instrument and accounted for in equity as a reduction of retained earnings. A swap agreement was also entered into to hedge the share portion of Securitas share-based incentive scheme 2012. That swap agreement settled during 2014 in conjunction with the delivery of the shares to the participants upon vesting.

Provisions (IAS 37)

Note 32 and 35

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event, and it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions for restructuring are recognized when a detailed, formal plan for measures has been established and valid expectations that the restructuring will take place have been raised by those affected by the measures. No provisions are recognized for future operating losses.

Claims reserves are calculated on the basis of a combination of case reserves, which represent claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed quarterly to assess the adequacy of the reserves based on open claims and historical IBNR.

NOTE 3 *Definitions, calculation of key ratios and exchange rates*

DEFINITIONS

Statement of income according to Securitas' financial model

Production expenses[1]
Wages and related costs, the cost of equipment used when performing professional duties, and all other costs directly related the performance of services invoiced.

Selling and administrative expenses[1]
All costs of selling, administration and management including branch office expenses. The primary function of the branch offices is to provide the production with administrative support as well as to serve as a sales channel.

Gross margin
Gross income as a percentage of total sales.

Operating income before amortization
Operating income before amortization and impairment of acquisition related intangible assets, acquisition related costs and items affecting comparability, but including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Operating margin
Operating income before amortization as a percentage of total sales.

Operating income after amortization
Operating income after amortization and impairment of acquisition related intangible assets, acquisition related costs, items affecting comparability and including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Adjusted income
Operating income before amortization, adjusted for financial income and expenses (excluding revaluation of financial instruments according to IAS 39) and current taxes.

Net margin
Income before taxes as a percentage of total sales.

Real change
Change adjusted for changes in exchange rates.

Statement of cash flow according to Securitas' financial model

Cash flow from operating activities
Operating income before amortization adjusted for depreciation/amortization less capital expenditures in non-current tangible and intangible assets (excluding acquisition of subsidiaries), change in accounts receivable and changes in other operating capital employed.

Free cash flow
Cash flow from operating activities adjusted for financial income and expenses paid and current taxes paid.

Cash flow for the year[1]
Free cash flow adjusted for acquisition of subsidiaries, acquisition related costs paid, cash flow from items affecting comparability, dividends, new issues and change in interest-bearing net debt excluding liquid funds.

Balance sheet according to Securitas' financial model

Operating capital employed
Capital employed less goodwill, acquisition related intangible assets and shares in associated companies.

Capital employed
Non interest-bearing non-current and current assets less non interest-bearing long-term and current liabilities.

Net debt
Interest-bearing non-current and current assets less long-term and short-term interest-bearing loan liabilities.

CALCULATION OF KEY RATIOS 2014

Acquired sales growth: 1%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 353.3/65 700.1 = 1%

Organic sales growth: 3%
Total sales for the year adjusted for acquisitions and changes in exchange rates as a percentage of the previous year's total sales adjusted for divestitures.
Calculation: ((70 217.1-353.3-2 031.7)/(65 700.1-33.8))-1 = 3%

Real sales growth: 4%
Total sales for the year including acquisitions and adjusted for changes in exchange rates as a percentage of the previous year's total sales.
Calculation: ((70 217.1-2 031.7)/65 700.1)-1 = 4%

Operating margin: 5.0%
Operating income before amortization as a percentage of total sales.
Calculation: 3 504.7/70 217.1 = 5.0%

Earnings per share before dilution[2,3]: SEK 5.67 (5.07)
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2014: ((2 071.5-3.1)/365 058 897) x 1 000 000 = SEK 5.67
Calculation 2013: ((1 855.6-3.1)/365 058 897) x 1 000 000 = SEK 5.07

Cash flow from operating activities as % of operating income before amortization: 82%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 2 862.7/3 504.7 = 82%

Free cash flow as % of adjusted income: 75%
Free cash flow as a percentage of adjusted income.
Calculation: 1 854.7 /(3 504.7-327.2-710.7) = 75%

Free cash flow in relation to net debt: 0.18
Free cash flow in relation to closing balance net debt.
Calculation: 1 854.7/10 421.6 = 0.18

1 The definition is also valid for the formal primary statements – the statement of income and the statement of cash flow.
2 There are no convertible debenture loans. Consequently there is no difference between earnings per share before and after dilution.
3 Number of shares includes shares related to the Group's share-based incentive scheme that have been hedged through a swap agreement.

Operating capital employed as % of total sales: 6%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquisitions.
Calculation: 3 924.0/(70 217.1+227.8) = 6%

Return on capital employed: 16%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (3 504.7-0.0)/21 720.8 = 16%

Net debt equity ratio: 0.92
Net debt in relation to shareholders' equity.
Calculation: 10 421.6 /11 299.2 = 0.92

Interest coverage ratio: 10.4
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (3 504.7+38.0)/342.0 = 10.4

Return on equity: 20%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 2 071.5/((11 299.2+9 381.3)/2) = 20%

Equity ratio: 28%
Shareholders' equity as a percentage of total assets.
Calculation: 11 299.2/41 083.8 = 28%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2013–2014

			2014		2013	
			Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	0.84	0.91	1.17	1.00
Bosnia and Herzegovina	BAM	1	4.67	4.85	4.44	4.55
Canada	CAD	1	6.27	6.71	6.30	6.04
Chile	CLP	100	1.21	1.29	1.31	1.23
China	CNY	1	1.13	1.26	1.06	1.07
Colombia	COP	100	0.34	0.33	0.35	0.34
Costa Rica	CRC	100	1.29	1.44	1.30	1.28
Croatia	HRK	1	1.20	1.24	1.15	1.17
Czech Republic	CZK	1	0.33	0.34	0.33	0.32
Denmark	DKK	1	1.23	1.27	1.16	1.19
Egypt	EGP	1	0.98	1.09	0.95	0.93
EMU Countries	EUR	1	9.13	9.48	8.68	8.90
Hong Kong	HKD	1	0.89	1.00	0.84	0.83
Hungary	HUF	100	2.95	3.01	2.91	3.00
India	INR	1	0.11	0.12	0.11	0.10
Indonesia	IDR	100	0.06	0.06	0.06	0.05
Jordan	JOD	1	9.81	10.99	9.20	9.13
Mexico	MXN	1	0.52	0.53	0.51	0.49
Morocco	MAD	1	0.82	0.86	0.78	0.79
Norway	NOK	1	1.09	1.05	1.10	1.06
Peru	PEN	1	2.44	2.60	2.40	2.31
Poland	PLN	1	2.18	2.20	2.06	2.14
Romania	RON	1	2.06	2.11	1.96	1.99
Saudi Arabia	SAR	1	1.83	2.08	1.74	1.72
Serbia	RSD	1	0.08	0.08	0.08	0.08
Singapore	SGD	1	5.43	5.89	5.21	5.10
South Africa	ZAR	1	0.64	0.67	0.67	0.62
South Korea	KRW	100	0.69	0.71	–	–
Sri Lanka	LKR	100	5.30	5.94	5.04	4.94
Switzerland	CHF	1	7.53	7.88	7.06	7.25
Taiwan	TWD	1	0.22	0.25	0.22	0.22
Thailand	THB	1	0.21	0.24	0.21	0.20
Turkey	TRY	1	3.17	3.37	3.38	3.03
United Arab Emirates	AED	1	1.92	2.12	1.78	1.76
United Kingdom	GBP	1	11.37	12.11	10.20	10.65
Uruguay	UYU	1	0.30	0.32	0.32	0.31
USD countries	USD	1	6.95	7.79	6.52	6.47
Vietnam	VND	100	0.03	0.04	0.03	0.03

NOTE 4 *Critical estimates and judgments*

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments using certain assumptions. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different assumptions and conditions.

Acquisition of subsidiaries/operations and deferred considerations

The valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries or operations involves that items in the acquired company's balance sheet as well as items that have not been recognized in the acquired company's balance sheet, such as customer relations, should be valued at fair value. In normal circumstances, as quoted market prices are not available for the assets and liabilities that are to be valued, different valuation methods have to be used. These valuation methods are based on a number of assumptions. For a personnel intensive company like Securitas, employee related items such as accrued salaries, accrued social benefits, holiday pay, long-term employee benefits and post-employment benefits are significant items in the balance sheet that can be difficult to value. Accounts receivable is another example of a significant balance sheet item where it can be difficult to value the amount of bad debt and thus to what extent they will be collected. Other items that can be difficult both to identify as well as to value are contingent liabilities that could have arisen in the acquired company in connection with for example litigations. The valuation of identifiable assets and liabilities is also dependent on the accounting environment that the acquired company/operations have been active in. This is true for example for the basis of preparation for the financial reporting and consequently the extent of adjustments that are necessary in order to follow the Group's accounting principles, the frequency for which closings have been prepared and the availability of different types of data that can be necessary in order to value identifiable assets and liabilities. All balance sheet items are thus subject to estimates and judgments. This also means that the initial accounting may have to be provisionally determined and subsequently adjusted. All acquisition calculations are finalized no later than one year after the acquisition is made. Considering the above description including the practicability to compile and disclose all individual adjustments in a manner that will benefit the reader of the financial statements, Securitas has chosen not to state the reasons to why the initial accounting of the business combination is provisional nor which assets and liabilities for which the initial accounting is provisional for each individual business combination unless it is a material adjustment.

All payments to acquire a subsidiary/operation are recorded at fair value at the acquisition date, including debt related to deferred or contingent considerations and acquisition related option liabilities (referred to collectively as deferred considerations). This debt is measured at fair value in subsequent periods with re-measurement through the statement of income. The final outcome of deferred considerations often depends on one or more events which only will be confirmed by a future development, such as the future profitability development for an agreed period. The final outcome can therefore either be lower or higher than the initially recognized amount. Short-term deferred considerations, which amount to MSEK 96.6 (141.6) and is included in other current liabilities (note 34) and long-term deferred considerations, which amount to MSEK 444.1 (390.3) and is included in other long-term liabilities (note 30), are thus subject to critical estimates and judgments.

Further information regarding acquisitions is provided in note 16 and regarding revaluation of deferred considerations in note 11.

Impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies

In connection with the impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies, the book value is compared with the recoverable value. The recoverable value is determined by the higher of an asset's net realizable value and its value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable value, the book value is normally compared with the value in use. The calculation of the value in use is based on assumptions and judgments. The most important assumptions are the organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC, which is used to discount future cash flows. All in all, this means that the valuation of the balance sheet items goodwill, which amounts to MSEK 16 228.1 (14 361.9), acquisition related intangible assets, which amounts to MSEK 1 244.2 (1 315.6) and shares in associated companies, which amounts to MSEK 324.5 (132.7) are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 17.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 10 815.5 (9 676.4), is one of the most significant balance sheet items. Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. The provision for bad debt losses, which amounts to MSEK -471.2 (-488.8), is thus subject to critical estimates and judgments. As stated above, accounts receivable is often an important item in relation to the acquisition of subsidiaries/operations. Further information regarding the credit risk in accounts receivable is provided in note 6. Information regarding the ageing of accounts receivable and the development of the provision for bad debt losses during the year is provided in note 25.

Actuarial calculations regarding employee benefits such as pensions and medical benefits

For defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item pension balances for defined benefit plans which amounts to MSEK 8.8 (7.0) and which is stated under other long-term receivables (note 23), and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 1 450.2 (1 024.6), is subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in note 31.

Actuarial calculations regarding claims reserves and timing of outflows

The Group is exposed to various types of risks in the day-to-day running of the business. The operational risks can result in the need to recognize reserves for damages resulting from property claims, personal injuries as well as workers' compensation claims relating to the Group's employees. Claims reserves are calculated based on a combination of case reserves and incurred but not reported reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. Claims reserves comprise a large number of individual insurance cases, where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 702.5 (574.4) and is included in short-term provisions (note 35), and liability insurance-related claims reserves, which amounts to MSEK 455.2 (374.0) and is included in other long-term provisions (note 32), are subject to critical estimates and judgments.

Calculation of taxes and timing of outflows

Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Assumptions and assessments affect recognized deferred tax, partly to determine the carrying amounts of the different assets and liabilities, and partly related to forecasts regarding future taxable profits, where future utilization of deferred tax assets depends on this. Significant assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks and the potential impact of ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

The balance sheet includes deferred tax assets which amounts to MSEK 1 441.9 (1 391.1), deferred tax liabilities which amounts to MSEK 759.6 (747.4) and provisions for taxes which amounts to MSEK 202.0 (208.4) included in other long-term provisions (note 32), which are all subject to critical estimates and judgments. Further information regarding taxes is provided in note 15, note 32 and note 37.

The impact on the Group's financial position of ongoing litigations and the valuation of contingent liabilities

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising out of the operations. The accounting for litigations, legal proceedings and tax audits are subject to critical estimates and judgments. Further information is provided in note 32, note 35 and note 37.

NOTE 5 *Events after the balance sheet date*

Approval of the Annual Report and Consolidated Financial Statements for 2014

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors of Securitas AB on March 13, 2015.

Other significant events after the balance sheet date

On January 8, 2015, Securitas signed a new Revolving Credit Facility. The Revolving Credit Facility maturing in 2016 was cancelled at around the same time.

In the USA, the judgment in 2014 in favor of Securitas in the US Tax Court relating to certain insurance premium deductions, has not been appealed. Consequently the contingent liability for this case has ceased to exist.

In order to hedge the share portion of Securitas share-based incentive scheme 2014, the Group entered into a swap agreement with a third party in the beginning of March 2015.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

NOTE 6 *Financial risk management*

Financial risk factors

The Group's business activities create exposure to financial risks, such as interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk, as detailed in the sections below. The Group's overall financial risk management program focuses on the unpredictability of the financial markets and aims to minimize potential adverse effects on the financial performance of the Group.

Treasury organization and activities

The aim of the treasury organization in Securitas is to support business operations by identifying, quantifying and minimizing financial risks and to the extent possible, to take advantage of economies of scale in the treasury operations.

Business segments

Treasury operations in the business segments concentrate on improving cash flow by focusing on profitability in the business operations, reducing capital tied-up in accounts receivable, and in the most efficient way handling both investments and local cash management.

Countries

In countries with extensive operations, liquidity surpluses and liquidity deficits in local subsidiaries are matched at country level with the help of local cash-pooling solutions. In addition, Securitas operates an overall cash-pooling structure incorporating countries in the Eurozone, UK and USA. All local long-term financial requirements are financed directly from the Group's internal bank, Group Treasury Centre (GTC), in Dublin.

Group Treasury Centre

By concentrating the financial risk management in a single location, the Group can readily monitor and control these risks and benefit from the expertise of dedicated treasury personnel. Also, by concentrating internal and external financing through GTC, economies of scale can be used to obtain the best possible pricing of investments and loans. GTC also has responsibility for matching local liquidity surpluses and deficits between countries and cash-pools. GTC identifies, evaluates and hedges financial risks in co-operation with the operating units. The Board of Directors of Securitas AB establishes policies for overall risk management, as well as policies covering specific areas such as foreign exchange risks, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Derivatives are used for the following main purposes: hedging the interest rate element of external debt and changing its currency profile, gearing ratio hedging and hedging of internal borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the Group's net income will be affected by changes in interest payable and/or receivable arising from changes in market interest rates. The Group has raised fixed and floating rate debt predominately in USD, EUR and SEK. Detailed information on long-term borrowings is provided in note 30. The Group uses interest rate derivatives in designated fair value and cash flow hedges to hedge changes in the risk free rate, converting the interest rate profile of this debt. As at December 31, 2014 MEUR 623 and MSEK 400 of issued debt is swapped from fixed to floating. MUSD 237 is swapped from floating to fixed.

Information on the Group's debt profile is provided in the table below as well as information on interest rate fixings.

The target for the free cash flow to net debt ratio is always to exceed 0.20. Free cash flow to net debt as of December 31, 2014 was 0.18 (0.22). 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. The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 10.4 (7.9) as of December 31, 2014.

THE GROUP´S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2013–2014

Currency	Amount, MSEK	Duration (days)	*Current book cost (incl. credit margin)*	*Interest rates, +1%*	Net impact on income statement due to 1% increase[1]	*Interest rates, -1%[2]*	Net impact on income statement due to 1% decrease[1]
December 31, 2014							
USD liabilities	-5 304	18	*1.70%*	*2.44%*	-31	*0.96%*	31
EUR liabilities	-6 896	460	*1.68%*	*2.12%*	-24	*1.24%*	24
GBP liabilities	-388	30	*1.86%*	*2.86%*	-3	*0.86%*	3
SEK liabilities	-1 273	61	*0.92%*	*1.92%*	-10	*0.00%*	9
Other currencies liabilities	-588	27	*3.52%*	*4.52%*	-5	*2.52%*	5
Total liabilities	**-14 449**	**233**	***1.70%***	***2.34%***	**-73**	***1.07%***	**72**
USD assets	214	0	*0.00%*	*1.00%*	2	*-1.00%*	-2
EUR assets	3 180	13	*0.00%*	*1.00%*	25	*-1.00%*	-25
GBP assets	23	-3	*0.00%*	*1.00%*	0	*-1.00%*	0
SEK assets	-132	7	*0.00%*	*1.00%*	-1	*-1.00%*	1
Other currencies assets	742	7	*3.52%*	*4.52%*	6	*2.52%*	-6
Total assets	**4 027**	**11**	***0.66%***	***1.66%***	**32**	***0.47%***	**-32**
Total	**-10 422**	**–**	***2.17%***	**–**	**-41**	**–**	**40**
December 31, 2013							
USD liabilities	-3 998	155	*2.31%*	*3.17%*	-27	*1.46%*	27
EUR liabilities	-6 253	703	*2.04%*	*2.50%*	-22	*1.58%*	22
GBP liabilities	-563	30	*1.90%*	*2.90%*	-4	*0.90%*	4
SEK liabilities	-2 585	48	*1.91%*	*2.91%*	-20	*0.91%*	20
Other currencies liabilities	-471	26	*4.06%*	*5.06%*	-4	*3.06%*	4
Total liabilities	**-13 870**	**373**	***2.16%***	***2.87%***	**-77**	***1.44%***	**77**
USD assets	199	0	*0.00%*	*1.00%*	2	*0.00%*	0
EUR assets	2 734	25	*0.12%*	*1.12%*	21	*0.00%*	-3
GBP assets	37	7	*0.00%*	*1.00%*	0	*0.00%*	0
SEK assets	620	13	*0.26%*	*1.26%*	5	*0.00%*	-1
Other currencies assets	670	7	*4.06%*	*5.06%*	5	*3.06%*	-5
Total assets	**4 260**	**19**	***0.75%***	***1.75%***	**33**	***0.48%***	**-9**
Total	**-9 610**	**–**	***2.81%***	**–**	**-44**	**–**	**68**

1 The 1 percent increase/decrease in interest rates is calculated by adjusting the floating rate accordingly and applying this rate to the asset/liability to establish the impact on net financial items in the income statement. This is further adjusted by the effective corporation tax rate.
2 Negative interest rates are now included as a realistic scenario as per December 31, 2014. This was not the case as at December 31, 2013.

Interest rate fixing

It is the policy of Securitas to use interest rate derivatives if required to manage its interest rate risk and as a consequence the Group's financing costs. The duration for these derivatives does not normally exceed the duration of the underlying debt. Group policy allows for the use of both options-based and fixed-rate products. There are no options-based products in the financial reporting in 2014 or 2013.

INTEREST FIXING PER CURRENCY[1]

	December 31, 2014			December 31, 2015			December 31, 2016			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	1 364	175	*2.16%*	662	85	*2.21%*	662	85	*2.21%*	April 2017
EUR	3 574	377	*2.73%*	3 574	377	*2.73%*	967	102	*2.33%*	November 2017
Total	**4 938**	**–**	**–**	**4 236**	**–**	**–**	**1 629**	**–**	**–**	

1 Refers to interest rate fixing with a maturity in excess of three months.
2 Average rate including credit margin.

Foreign currency risks

Transaction risk

Transaction risk is the risk that the Group's net income will be affected by changes in the value of commercial flows in foreign currencies due to fluctuating exchange rates. The nature of the business is domestic rather than cross-border and consequently foreign currency transaction risk is not significant.

Financing of foreign assets – translation risk
Translation risk is the risk that the SEK value of foreign currency equity will fluctuate due to changes in foreign exchange rates.

Securitas' foreign currency capital employed as of December 31, 2014 was MSEK 21 591 (18 856). Capital employed is financed by loans in local currency and shareholders' equity. This means that Securitas, from a Group perspective, has shareholders' equity in foreign currency that is exposed to changes in exchange rates. This exposure gives rise to a translation risk and consequently unfavourable changes in exchange rates could have a negative effect on the Group's foreign net assets when translated into SEK. With the object of minimizing the impact of changes in exchange rates on the Group's net debt to equity ratio, Securitas aims to maintain a long-term debt to equity ratio in USD and EUR that is close to the Group's total debt to equity ratio. Foreign exchange swaps are used to change the currency of the underlying debt where required in order to achieve this. Net investment hedge accounting is applied to these swaps.

The tables below show how the Group's capital employed is distributed by currency, and its financing, including derivatives. They also show the sensitivity of the net debt and capital employed to changes in the SEK exchange rate.

The consolidated statement of income is affected by the translation to SEK of the statements of income of foreign subsidiaries. As these subsidiaries essentially operate only in local currency, their competitive situation is not affected by changes in exchange rates and since the Group as a whole is geographically diversified, this exposure is not hedged.

CAPITAL EMPLOYED AND FINANCING PER CURRENCY AS PER DECEMBER 31, 2013–2014

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2014									
Capital employed	7 481	9 526	1 259	3 325	21 591	130	21 721	23 880	19 562
Net debt before foreign exchange swaps	*-6 621*	*-1 935*	*23*	*742*	*-7 791*	*-2 631*	*-10 422*	*-11 201*	*-9 643*
Foreign exchange swaps	*2 905*	*-3 155*	*-388*	*-588*	*-1 226*	*1 226*	*0*	*-123*	*123*
Net debt	-3 716	-5 090	-365	154	-9 017	-1 405	-10 422	-11 324	-9 520
Non-controlling interests	6	–	–	13	19	–	19	21	17
Net exposure	3 759	4 436	894	3 466	12 555	-1 275	11 280	12 535	10 025
Net debt to equity ratio	*0.99*	*1.15*	*0.41*	*-0.04*	*0.72*	*-1.10*	*0.92*	*0.90*	*0.95*
December 31, 2013									
Capital employed	7 275	7 370	1 270	2 941	18 856	135	18 991	20 877	17 105
Net debt before foreign exchange swaps	*-6 564*	*-1 322*	*38*	*682*	*-7 166*	*-2 444*	*-9 610*	*-10 327*	*-8 893*
Foreign exchange swaps	*3 048*	*-2 466*	*-563*	*-471*	*-452*	*452*	*0*	*-45*	*45*
Net debt	-3 516	-3 788	-525	211	-7 618	-1 992	-9 610	-10 372	-8 848
Non-controlling interests	4	–	–	12	16	–	16	17	14
Net exposure	3 755	3 582	745	3 140	11 222	-1 857	9 365	10 488	8 243
Net debt to equity ratio	*0.94*	*1.06*	*0.70*	*-0.07*	*0.68*	*-1.07*	*1.02*	*0.99*	*1.07*

1 Changes in capital employed due to changes in foreign exchange rates are accounted for in other comprehensive income. Consequently, they do not impact net income.

Net debt

The table below details the changes to net debt during the year.

CHANGE IN INTEREST-BEARING NET DEBT AS PER DECEMBER 31, 2013–2014

			2014			2013
MSEK	Liquid funds	Loans and other net debt	Total	Liquid funds	Loans and other net debt	Total
Opening balance	4 050	-13 660	-9 610	4 880	-14 745	-9 865
Cash flow from operating activities	2 863	–	2 863	3 230	–	3 230
Financial income and expenses paid	-311	–	-311	-532	–	-532
Current taxes paid	-697	–	-697	-610	–	-610
Payments for acquisition related items	-385	–	-385	-295	–	-295
Payments for items affecting comparability	-73	–	-73	-307	–	-307
Dividend paid	-1 095	–	-1 095	-1 095	–	-1 095
Bond proceeds	713	-713	–	3 630	-3 630	–
Bond redemption	-1 858	1 858	–	-5 176	5 176	–
Other changes	132	-132	–	371	-371	–
Real change	**-711**	**1 013**	**302**	**-784**	**1 175**	**391**
Revaluation of financial instruments[1]	–	-1	-1	–	11	11
Translation[2]	86	-1 199	-1 113	-46	-101	-147
Closing balance	**3 425**	**-13 847**	**-10 422**	**4 050**	**-13 660**	**-9 610**

1 Relates to unrealized gains and losses on fair value hedges and cash flow hedges including hedge ineffectiveness.
2 Whereof MSEK -788.5 (30.7) is related to USD and MSEK -226.2 (-124.1) is related to EUR.

Financing and liquidity risk

The Group's short-term liquidity is ensured by maintaining a liquidity reserve (cash and bank deposits, short-term investments and the unutilized portion of committed credit facilities), which should correspond to a minimum of 5 percent of consolidated annual sales. As of December 31, 2014 the short-term liquidity reserve corresponded to 13 percent (14) of the Group's annual sales.

The Group's long-term financing risk is minimized by ensuring that the level of long-term financing (shareholders' equity, long-term committed loan facilities and long-term bond loans) at least matches the Group's capital employed. Per December 31, 2014 long-term financing corresponded to 142 percent (148) of the Group's capital employed.

Long-term financing of the Group should be well balanced among different sources. The aim is that long-term committed loan facilities and long-term bond loans should have an average maturity of more than 3.5 years. As per December 31, 2014 the average maturity was two years and eight months. The following tables summarize the Group's liquidity risk at end 2014 and 2013 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2013–2014

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2014				
Borrowings, principal amount	-13 792	-2 481	-7 214	-4 097
Borrowings, interest amount	-1 193	-276	-740	-177
Derivatives outflows – interest rate hedge	-51	-22	-26	-3
Other derivatives outflows	-10 010	-10 010	–	–
Finance leases	-99	-56	-43	–
Accounts payable	-1 105	-1 105	–	–
Total outflows[3]	**-26 250**	**-13 950**	**-8 023**	**-4 277**
Investments, principal amount	2 112	2 112	–	–
Investments, interest amount	–	–	–	–
Derivatives receipts – interest rate hedge	506	104	299	103
Other derivatives receipts	9 866	9 866	–	–
Accounts receivable	10 816	10 816	–	–
Total inflows[3]	**23 300**	**22 898**	**299**	**103**
Net cash flows, total[1, 2]	**-2 950**	**8 948**	**-7 724**	**-4 174**
December 31, 2013				
Borrowings, principal amount	-13 577	-2 144	-7 768	-3 665
Borrowings, interest amount	-1 347	-242	-859	-246
Derivatives outflows – interest rate hedge	-108	-27	-61	-20
Other derivatives outflows	-9 200	-9 200	–	–
Finance leases	-75	-44	-31	–
Accounts payable	-959	-959	–	–
Total outflows[3]	**-25 266**	**-12 616**	**-8 719**	**-3 931**
Investments, principal amount	2 797	2 797	–	–
Investments, interest amount	–	–	–	–
Derivatives receipts – interest rate hedge	531	60	326	145
Other derivatives receipts	9 209	9 209	–	–
Accounts receivable	9 676	9 676	–	–
Total inflows[3]	**22 213**	**21 742**	**326**	**145**
Net cash flows, total[1, 2]	**-3 053**	**9 126**	**-8 393**	**-3 786**

1 All contractual cash flows per the balance sheet date are included, including future interest payments.
2 Variable rate cash flows have been estimated using the relevant yield curve.
3 Refers to gross cash flows.

Long-term committed loan facilities consist of a Multi Currency Revolving Credit Facility comprising two respective tranches of MUSD 550 and MEUR 420. It was signed in January 2011 with a syndicate of 12 international banks and originally had a maturity date in January 2016. Drawings under this facility were priced at the relevant prevailing market interest rate for the term selected. In January 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 that was due to mature in 2016 was cancelled at around the same time.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 2 000 under which public and private funding can be raised on international capital markets. As of December 31, 2014 there were ten outstanding bond loans with maturities ranging from 2015 to 2021.

In January 2002, Securitas established a short-term Swedish commercial paper program in the amount of MSEK 5 000. The objective is to obtain access to short-term financing at competitive prices. Pricing is based on the prevailing market rates at time of issuance.

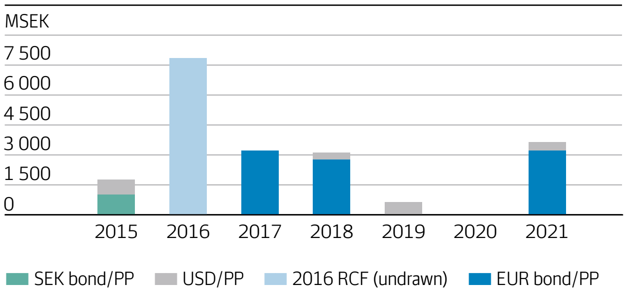
The table below shows a summary of the credit facilities as of December 31, 2014.

CREDIT FACILITIES AS PER 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

In combination with Securitas' strong cash flow, these sources of financing provide liquidity on a short and long-term basis as well as flexibility to finance the Group's expansion.

The table below shows the maturity profile as of December 31, 2014 for the Group's interest-bearing debt.



Credit / counterparty risks

Counterparty risk – accounts receivable

The Group has generally low risk in the accounts receivables for a number of reasons. A large proportion of sales are based on contracts with well known large and medium sized customers with an established and long-term relationship. This provides for transparent and safe collection of invoices. New customers are duly reviewed in terms of credit worthiness.

The contract portfolio sales are also diversified in several ways, of which the most important is that there are few/no clients that represent a significant portion of total sales. Default by a single customer then has little overall effect. In addition, Securitas provides its services to geographically dispersed customers in a large number of sectors including governments, utilities, financial sector, travel, logistics and industrial. Hence, the exposure to financial distress in any particular sector or region is relatively limited.

Securitas' services are also, although vital in many aspects, mostly ancillary to the business of the customers. This means that the cost of security services represents a small fraction of total costs of running clients' business, making Securitas less exposed to payment defaults than suppliers of services or goods more directly involved in the value chain.

All of this provides for secure collection of the sales generated, which is evidenced by low bad debt losses averaging below 0.2 percent of sales over the past two years.

Counterparty risk – liquid funds

The credit quality of interest-bearing receivables is described below. 77 percent (86) of interest-bearing receivables have a rating of A1/P1.

CREDIT QUALITY INTEREST-BEARING RECEIVABLES

MSEK	2014	2013
A1/P1	3 108	3 661
Other	919	599
Total interest-bearing receivables	**4 027**	**4 260**

The Group has policies in place that limit the amount of credit exposure to any one financial institution. Investments of liquid funds may only be made in government paper or with financial institutions with a high credit rating. As of December 31, 2014 the weighted average credit rating of these institutions was short-term A1/P1. The largest total exposure for all instrument types to any one institution was MSEK 1 648 (1 442).

Rating

In order to access international debt capital markets in an effective manner, Securitas has obtained long-term and short-term credit ratings from Standard & Poor's. The long-term rating is BBB with "Stable Outlook" and the short-term rating is A-2. The Nordic short-term rating is K-2.

Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and bank deposits and short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated on best market prices. The prices used are fair values stated excluding accrued interest.
- Debt: fair values of fixed rate debt are based on either quoted prices or are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The fair value of floating rate debt is assumed to equal the carrying value of the debt.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2014	2013
Recognized in the statement of income		
Financial income[1]	-0.8	0.7
Financial expenses[1]	0.4	-0.2
Deferred tax	0.1	-0.1
Impact on net income for the year	**-0.3**	**0.4**
Recognized in other comprehensive income		
Transfer to hedging reserve before tax	-4.5	-3.9
Deferred tax on transfer to hedging reserve	1.0	-2.6[4]
Transfer to hedging reserve net of tax	**-3.5**	**-6.5**
Transfer to statement of income before tax	4.5	14.3
Deferred tax on transfer to statement of income	-1.0	-3.1
Transfer to statement of income net of tax	**3.5**	**11.2**
Total change of hedging reserve before tax[2]	0.0	10.4
Deferred tax on total change of hedging reserve[2]	0.0	-5.7[4]
Total change of hedging reserve net of tax	**0.0**	**4.7**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[3]	-0.4	10.9
Deferred tax on total revaluation[3]	0.1	-5.8
Total revaluation after tax	**-0.3**	**5.1**

1 Related to financial assets and financial liabilities at fair value through profit or loss. There was no significant ineffectiveness in the fair value hedges or in the cash flow hedges.
2 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
3 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.
4 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

FAIR VALUE – HIERARCHY AS PER DECEMBER 31[1]

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

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

The table below discloses carrying values and fair values of financial instruments according to the categories in note 2.

FINANCIAL INSTRUMENTS BY CATEGORY – CARRYING AND FAIR VALUES

	2014		2013	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Assets				
Financial assets at fair value through profit or loss				
Other interest-bearing current assets (note 27)	6.2	6.2	59.5	59.5
Total	**6.2**	**6.2**	**59.5**	**59.5**
Loans and receivables				
Interest-bearing financial non-current assets (note 22)	104.6	104.6	109.0	109.0
Other long-term receivables (note 23)[1]	436.0	436.0	368.0	368.0
Accounts receivable	10 815.5	10 815.5	9 676.4	9 676.4
Other current receivables (note 26)[2]	2 082.1	2 082.1	1 757.1	1 757.1
Other interest-bearing current assets (note 27)	160.9	160.9	–	–
Liquid funds (note 28)	3 425.1	3 425.1	4 049.8	4 049.8
Total	**17 024.2**	**17 024.2**	**15 960.3**	**15 960.3**
Liabilities				
Financial liabilities at fair value through profit or loss				
Short-term loan liabilities (note 33)	149.2	149.2	50.5	50.5
Total	**149.2**	**149.2**	**50.5**	**50.5**
Financial liabilities designated as hedged item in a fair value hedge				
Short-term loan liabilities (note 33)[5]	400.3	400.3	–	–
Long-term loan liabilities (note 30)[6]	9 770.2	10 045.8	9 284.2	9 376.4
Total	**10 170.5**	**10 446.1**	**9 284.2**	**9 376.4**
Other financial liabilities				
Long-term loan liabilities (note 30)	1 930.2	1 930.2	2 217.9	2 217.9
Long-term liabilities (note 30)[3]	452.0	452.0	400.4	400.4
Short-term loan liabilities (note 33)[5]	2 198.0	2 198.0	2 309.6	2 309.6
Accounts payable	1 104.6	1 104.6	959.4	959.4
Other current liabilities (note 34)[4]	3 187.6	3 187.6	2 974.4	2 974.4
Total	**8 872.4**	**8 872.4**	**8 861.7**	**8 861.7**
Derivatives designated for hedging				
Interest-bearing financial current assets (note 27)	0.2	0.2	–	–
Interest-bearing financial non-current assets (note 22)	329.9	329.9	41.9	41.9
Total assets	**330.1**	**330.1**	**41.9**	**41.9**
Interest-bearing financial current liabilities (note 33)	0.3	0.3	0.1	0.1
Interest-bearing financial long-term liabilities (note 30)	0.3	0.3	7.7	7.7
Total liabilities	**0.6**	**0.6**	**7.8**	**7.8**
Net total	**329.5**	**329.5**	**34.1**	**34.1**
1 Excluding all pension balances and reimbursement rights (note 23)	*249.9*	*249.9*	*237.6*	*237.6*
2 Excluding prepaid expenses	*715.4*	*715.4*	*655.0*	*655.0*
3 Excluding pension balances (note 30)	*98.7*	*98.7*	*86.9*	*86.9*
4 Excluding employee-related accrued expenses and prepaid income	*6 171.6*	*6 171.6*	*5 927.8*	*5 927.8*

5 Carrying value equals fair value due to the impending maturity of the MSEK 400 bond in January 2015.
6 The difference between the carrying value and fair value of long-term loan liabilities is due to the credit margin in the discount rate.

Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party, or bankruptcy.

Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2014					
Derivative financial assets	336.3	–	336.3	97.3	239.0
Total	**336.3**	**–**	**336.3**	**97.3**	**239.0**
December 31, 2013					
Derivative financial assets	101.4	–	101.4	55.9	45.5
Total	**101.4**	**–**	**101.4**	**55.9**	**45.5**

Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2014					
Derivative financial liabilities	149.8	–	149.8	97.3	52.5
Total	**149.8**	**–**	**149.8**	**97.3**	**52.5**
December 31, 2013					
Derivative financial liabilities	58.3	–	58.3	55.9	2.4
Total	**58.3**	**–**	**58.3**	**55.9**	**2.4**

NOTE 7 *Transactions with related parties*

Guarantees on behalf of related parties amount to MSEK 4.9 (4.2).

Information on the remuneration to the Board of Directors and Senior Management is provided in note 8. Information on total payroll expenses for the Board of Directors and the Presidents of the Group is provided in note 12.

For information on the Parent Company's transactions with related parties, refer to note 40 and note 43.

NOTE 8 *Remuneration to the Board of Directors and senior management*

General

Principles

The Chairman of the Board and the Directors receive fees in accordance with the decision of the Annual General Meeting. Separate fees are paid for committee work. Neither the President and CEO nor the employee representatives receive Directors' fees.

The Annual General Meeting on May 5, 2014 decided upon guidelines for remuneration to senior management regarding 2014 in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The Board of Directors shall each year consider whether to propose that the General Meeting resolves upon a share or share price based incentive program.

The undertakings of the company as regards variable remuneration to Group Management may, at maximum outcome during 2014, amount to a total of MSEK 55. Information on previously decided remuneration that has not yet been paid can be found in note 8 of the Annual Report for 2013.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

The Board of Directors proposal to the Annual General Meeting in May 2015 on guidelines for remuneration to senior management regarding 2015 is presented in the Report of the Board of Directors, in this Annual Report.

Planning and decision-making process

The Board's remuneration committee deals with all the above matters regarding the President and CEO and other members of Group Management, as well as other management levels if the committee so decides. The committee presents its proposals to the Board of Directors, which takes all decisions. The members of the remuneration committee are Melker Schörling (chairman) and Annika Falkengren. The committee has held two meetings in 2014.

Board of Directors

For the 2014 financial year, the Chairman Melker Schörling received a director's fee, including committee work fee, of MSEK 1.3. The other Directors received an aggregate director's fee, including committee work fee, of MSEK 3.7. The remuneration for each member of the Board of Directors is disclosed in the tables below. The Board of Directors is otherwise not entitled to any other compensation except for travel and lodging expenses.

President and Chief Executive Officer

The President and CEO, also serving as Divisional President for Security Services Europe, Alf Göransson's salary in the financial year 2014, amounted to MSEK 14.9. The amount includes a MSEK 2.4 temporary remuneration for additional responsibility as Divisional President for Security Services Europe during 2014. Other salary benefits amounted to MSEK 0.1.

The President and CEO has a defined contribution pension plan amounting to 30 percent of his annual fixed salary. The retirement age for the President and CEO is 65. In 2014 the pension costs for the President and CEO amounted to MSEK 4.4, whereof MSEK 0.7 refer to the temporary remuneration as per above. No pension benefit is conditioned by future employment.

Upon dismissal, the notice period for the President and CEO amount to 12 months with a right to a severance pay after the end of the notice period, equivalent to 12 months fixed salary.

Other members of Group Management

The other Group Management consisted by the end of 2014 of the following ten members: Bart Adam (Chief Financial Officer), William Barthelemy (Chief Operating Officer, Security Services North America), Santiago Galaz (Divisional President, Security Services North America), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs), Jan Lindström (Senior Vice President Finance), Aimé Lyagre, as from November 4, 2014 (Chief Operating Officer and Chief Technology Officer,Security Services Europe), Marc Pissens (President Aviation and Divisional President, Africa, Middle East and Asia), Luis Posadas (Divisional President, Security Services Ibero-America), Antonio Villaseca Lòpez (Senior Vice President Technical Solutions) and Henrik Zetterberg as from September 24, 2014 (Senior Vice President General Counsel).

Two members has left the Group Management during 2014; Erik-Jan Jansen, on March 31, 2014 (Chief Operating Officer, Security Services Europe) and Åsa Thunman, on September 23 (Senior Vice President General Counsel and Group Risk Manager).

In the 2014 financial year the other members of Group Management aggregate fixed salaries amounted to MSEK 43.8, and other salary benefits to MSEK 2.5 (including the members who left during the year).

The other members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. The retirement age is 65 years for five members and for five members no retirement age is agreed.

As described under Principles above, members can allocate part of their remuneration to a defined contribution pension plan. All members have defined contribution pension plans for which pension premiums are allocated from the member's total remuneration and paid by the company during the term of employment. These premiums may vary but are limited to amounts deductible for tax purposes by the company. In 2014 the pension costs for these members of Group Management amounted to MSEK 5.9. No pension benefits are conditioned by future employment.

Three members have a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 1.7 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these three members in 2014 was MSEK 1.1 (included in the total pension cost for other Group Management stated in the table below).

Upon dismissal, the notice period and a right to a severance pay after the end of the notice period, is equivalent to a maximum of 24 months fixed salary, for members of Group Management.

Incentives

Incentives for eligible employees in Securitas include clearly measurable performance based targets that are set as close to the local business as possible and aim for long-term profitability of the Group. The performance targets that are required to achieve maximum bonus, vary depending on the position of the employee, but are as a principle based on year-on-year improvement of the operating result (EBITA) in the area of responsibility and targets based on improvement of cash flow.

For the President and CEO as well as the four members of Group Management responsible for staff functions, the incentive is based on year-on-year real improvement of the earnings per share.

The President and CEO and the other members of Group Management are included in the Securitas share-based incentive schemes 2013 and 2014 respectively, which were approved by the Annual General Meetings in these years. These incentive schemes are paid by two thirds in cash in the beginning of the year following the performance year, and the remaining one third is used to acquire Series B shares in Securitas AB over the stock market. These shares are allocated to Group Management in March, two years following the performance year, conditioned by a continuous employment during the vesting period. See further information in note 2 and 12. Information regarding the final allocation of shares to the Group Management in March 2015 under the 2013 share-based incentive scheme, as well as the potential allocation of shares in 2016 under the 2014 share-based incentive scheme and the fair value of these shares, are disclosed in the tables below.

For the President and CEO the variable compensation relating to the 2014 performance amounted to MSEK 7.4, whereof MSEK 2.5 will be allocated in shares in 2016 and MSEK 4.9 will be paid in cash in 2015.

The aggregate variable compensation relating to the 2014 performance to the other members of Group management amounted to MSEK 27.6, whereof MSEK 7.6 will be allocated in shares in 2016 and MSEK 20.0 will be paid in cash in 2015.

ALLOCATION OF SHARES TO GROUP MANAGEMENT RELATING TO SECURITAS SHARE-BASED INCENTIVE SCHEME 2014

	Number of shares[1]	Fair value[2], MSEK
	2014	2014
Alf Göransson, President and CEO	20 954	2.5
Other members of Group Management	74 372	8.7
Total holdings	**95 326**	**11.2**

1 Potential allocation of shares 2016, according to Securitas share-based incentive scheme 2014, according to purchase prices for Securitas Series B shares in March 2015.
2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2015.

Remuneration to the Board of Directors and Group Management

REMUNERATION RELATED TO 2014

KSEK	Base salary/fee	Other benefits	Variable compensation[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 300	–	–	–	1 300
Carl Douglas, vice Chairman	750	–	–	–	750
Fredrik Cappelen[1]	625	–	–	–	625
Marie Ehrling[1]	750	–	–	–	750
Annika Falkengren[1]	550	–	–	–	550
Fredrik Palmstierna	500	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	500
Subtotal Board of Directors	**4 975**	**–**	**–**	**–**	**4 975**
Alf Göransson, President and CEO[2]	14 877	104	7 355	4 398	26 734
Other members of Group Management[4]	43 824	2 487	27 560	5 938	79 809
Subtotal President and CEO and Group Management	**58 701**	**2 591**	**34 915**	**10 336**	**106 543**
Total	**63 676**	**2 591**	**34 915**	**10 336**	**111 518**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Whereof KSEK 2 400 refers to temporary remuneration and KSEK 720 refers to pension cost for additional responsibility as Divisional President for Security Services Europe during 2014.
3 Refer to the cost for 2014 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
4 The compensation for two members who left and two members who joined the Group Management during 2014 refers up to and as from these dates respectively.

REMUNERATION RELATED TO 2013

KSEK	Base salary/fee	Other benefits	Variable compensation[2]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	600
Marie Ehrling[1]	700	–	–	–	700
Annika Falkengren[1]	550	–	–	–	550
Fredrik Palmstierna	500	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 924	89	0	3 504	15 517
Other members of Group Management	42 448	2 048	26 667	5 915	77 078
Subtotal President and CEO and Group Management	**54 372**	**2 137**	**26 667**	**9 419**	**92 595**
Total	**59 072**	**2 137**	**26 667**	**9 419**	**97 295**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2013 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
3 Refer to the cost for 2013, please find further reference under the section short- and long-term incentives.

Shareholdings

The Board of Director's and Group Management's shareholdings through acquisitions on the stock market as well as the allocation of shares to the Group Management according to Securitas share-based incentive scheme 2014 are detailed in the table below.

BOARD OF DIRECTORS' AND GROUP MANAGEMENT'S HOLDINGS OF SECURITAS SERIES A AND B SHARES[1]

	A shares	A shares	B shares	B shares	B shares
	2014	2013	2014[6]	2013[6]	Allocation March 2015[7]
Melker Schörling, Chairman of the Board[2]	4 500 000	4 500 000	16 001 500	16 001 500	–
Carl Douglas, vice Chairman[3]	12 642 600	12 642 600	27 190 000	27 190 000	–
Fredrik Cappelen	–	–	4 000	4 000	–
Marie Ehrling	–	–	4 000	4 000	–
Annika Falkengren	–	–	7 500	7 500	–
Fredrik Palmstierna	–	–	17 200	17 200	–
Sofia Schörling Högberg	–	–	2 400	2 400	–
Alf Göransson, President and CEO	–	–	58 698	58 698	0
Bart Adam	–	–	20 405	15 264	0
William Barthelemy	–	–	21 652	20 040	13 764
Santiago Galaz	–	–	92 424	86 546	50 778
Erik-Jan Jansen[5]	–	–	-	4 385	–
Gisela Lindstrand	–	–	2 017	2 017	0
Jan Lindström	–	–	5 600	5 600	0
Aimé Lyagre[4]	-	–	16 200	–	2 138
Marc Pissens	–	–	11 677	0	22 170
Luis Posadas	–	–	20 396	17 911	1 750
Åsa Thunman[5]	–	–	–	653	–
Antonio Villaseca Lòpez	–	–	990	0	0
Henrik Zetterberg[4]	–	–	0	–	–
Total holdings	**17 142 600**	**17 142 600**	**43 476 659**	**43 437 714**	**90 600**

1 Information refers to shareholdings as of December 31, 2014 and 2013.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour Group and Förvaltnings AB Wasatornet.
4 Has joined the Group management during 2014, why earlier holdings is not applicable.
5 Has left the Group Management during 2014, why current holdings as per December 31 or allocation in March 2015 is not applicable.
6 Holdings per December 31 excluding potential allocation of shares according to Securitas share-based incentive scheme (see footnote 7 below).
7 Actual allocation of shares in March 2015 according to Securitas share-based incentive scheme 2013, including shares corresponding to dividend decided related to potential allocation of shares during 2014. The gross number of allocated shares is stated, of which part of the shares may have been sold to cover tax on the benefit. Other holdings of Securitas Series B shares in March 2015 are not included.

NOTE 9 *Segment reporting*

Segment structure

The Group's operations are divided into three reportable segments: Security Services North America, Security Services Europe and Security Services Ibero-America.

All segments apply the accounting principles explained in note 2. The segment reporting follows the format of Securitas' financial model, which provides a foundation for financial planning and reporting from branch office level up to the Board of Directors. Acquisitions of subsidiaries are therefore excluded from the operating cash flow. All material acquisitions are stated at business segment level in the report of the Board of Directors under the heading Acquisitions.

Security Services North America

Security Services North America provides security services 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 the USA, plus Canada and Mexico. In total, there are approximately 107 000 employees and about 640 branch managers.

Security Services Europe

Security Services Europe provides security services for large and medium-sized customers in 27 countries, and airport security in 15 countries. Security Services Europe offers mobile security services for small and medium-sized businesses and residential sites and electronic alarm surveillance services. In total, the organization has approximately 118 000 employees and 800 branch managers.

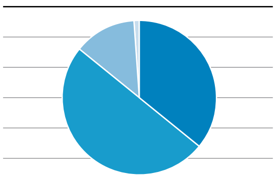
Security Services Ibero-America

Security Services Ibero-America provides security services for large and medium-sized customers in seven Latin American countries as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 58 000 employees and 190 branch managers.

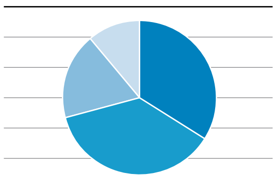
Other

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in Africa, the Middle East and Asia as well as certain operations within security consulting that report directly to the chief operating decision maker.

Sales per segment



Number of employees per segment



JANUARY – DECEMBER 2014

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	Group
Income							
Sales, external	24 977	34 996	9 238	1 006	70 217	–	70 217
Sales, intra-group	12	1	–	0	13	-13	–
Total sales	**24 989**	**34 997**	**9 238**	**1 006**	**70 230**	**-13**	**70 217**
Organic sales growth, %	*3*	*2*	*8*	–	–	–	*3*
Operating income before amortization[1]	**1 333**	**2 046**	**396**	**-270**	**3 505**	**–**	**3 505**
of which share in income of associated companies	*0*	*0*	–	*8*	*8*	–	*8*
Operating margin, %	*5.3*	*5.8*	*4.3*	–	*5.0*	–	*5.0*
Amortization of acquisition related intangible assets	-26	-146	-65	-14	-251	–	-251
Acquisition related costs	-2	-12	-2	-1	-17	–	-17
Operating income after amortization	**1 305**	**1 888**	**329**	**-285**	**3 237**	**–**	**3 237**
Financial income and expenses	–	–	–	–	–	–	-328
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**2 909**
Taxes	–	–	–	–	–	–	-837
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2 072**
Operating cash flow							
Operating income before amortization	**1 333**	**2 046**	**396**	**-270**	**3 505**	**–**	**3 505**
Investments in non-current tangible and intangible assets	-181	-725	-180	-27	-1 113	–	-1 113
Reversal of depreciation[1]	171	666	119	11	967	–	967
Change in operating capital employed	-484	42	66	-120	-496	–	-496
Cash flow from operating activities	**839**	**2 029**	**401**	**-406**	**2 863**	**–**	**2 863**
Cash flow from operating activities, %	*63*	*99*	*101*	–	–	–	*82*
Capital employed and financing							
Operating non-current assets	841	2 077	526	197	3 641	–	3 641
Accounts receivable	3 595	5 023	2 086	154	10 858	-43	10 815
Other assets	1 329	1 076	423	1 976	4 804	–	4 804
Other liabilities	-3 607	-8 071	-1 784	-1 917	-15 379	43	-15 336
Total operating capital employed	**2 158**	**105**	**1 251**	**410**	**3 924**	**–**	**3 924**
Operating capital employed as % of sales	*9*	*0*	*14*	–	–	–	*6*
Goodwill	7 185	7 259	1 472	312	16 228	–	16 228
Acquisition related intangible assets	70	796	283	95	1 244	–	1 244
Shares in associated companies	180	31	–	114	325	–	325
Total capital employed	**9 593**	**8 191**	**3 006**	**931**	**21 721**	**–**	**21 721**
Return on capital employed, %	*14*	*26*	*13*	–	–	–	*16*
Net debt	–	–	–	–	–	–	-10 422
Shareholders' equity	–	–	–	–	–	–	11 299
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**21 721**
Net debt equity ratio, multiple	–	–	–	–	–	–	*0.92*
Assets and liabilities							
Non-interest-bearing assets	13 200	16 262	4 790	993	35 245	-43	35 202
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 855
Unallocated interest-bearing assets	–	–	–	–	–	–	4 027
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**41 084**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**11 299**
Non-interest-bearing liabilities	3 607	8 071	1 784	353	13 815	-43	13 772
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1 564
Unallocated interest-bearing liabilities	–	–	–	–	–	–	14 449
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**29 785**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**41 084**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

JANUARY – DECEMBER 2013

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	**Group**
Income							
Sales, external	22 834	32 716	9 266	884	65 700	–	65 700
Sales, intra-group	7	–	–	2	9	-9	–
Total sales	**22 841**	**32 716**	**9 266**	**886**	**65 709**	**-9**	**65 700**
Organic sales growth, %	*0*	*0*	*4*	–	–	–	*1*
Operating income before amortization[1]	**1 177**	**1 954**	**480**	**-282**	**3 329**	**–**	**3 329**
of which share in income of associated companies	*1*	*0*	–	*3*	*4*	–	*4*
Operating margin, %	*5.2*	*6.0*	*5.2*	–	–	–	*5.1*
Amortization of acquisition related intangible assets	-33	-147	-70	-24	-274	–	-274
Acquisition related costs	0	-24	-9	6	-27	–	-27
Operating income after amortization	**1 144**	**1 783**	**401**	**-300**	**3 028**	**–**	**3 028**
Financial income and expenses	–	–	–	–	–	–	-385
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**2 643**
Taxes	–	–	–	–	–	–	-787
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1 856**
Operating cash flow							
Operating income before amortization	**1 177**	**1 954**	**480**	**-282**	**3 329**	**–**	**3 329**
Investments in non-current tangible and intangible assets	-117	-565	-137	15	-804	–	-804
Reversal of depreciation[1]	163	657	112	14	946	–	946
Change in operating capital employed	-50	-344	121	32	-241	–	-241
Cash flow from operating activities	**1 173**	**1 702**	**576**	**-221**	**3 230**	**–**	**3 230**
Cash flow from operating activities, %	*100*	*87*	*120*	–	–	–	*97*
Capital employed and financing							
Operating non-current assets	715	1 869	444	172	3 200	–	3 200
Accounts receivable	2 781	4 822	1 991	107	9 701	-25	9 676
Other assets	1 057	953	436	1 845	4 291	–	4 291
Other liabilities	-3 116	-7 468	-1 729	-1 698	-14 011	25	-13 986
Total operating capital employed	**1 437**	**176**	**1 142**	**426**	**3 181**	**–**	**3 181**
Operating capital employed as % of sales	*6*	*1*	*12*	–	–	–	*5*
Goodwill	5 976	6 687	1 450	249	14 362	–	14 362
Acquisition related intangible assets	84	810	338	83	1 315	–	1 315
Shares in associated companies	3	29	–	101	133	–	133
Total capital employed	**7 500**	**7 702**	**2 930**	**859**	**18 991**	**–**	**18 991**
Return on capital employed, %	*16*	*25*	*16*	–	–	–	*18*
Net debt	–	–	–	–	–	–	-9 610
Shareholders' equity	–	–	–	–	–	–	9 381
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**18 991**
Net debt equity ratio, multiple	–	–	–	–	–	–	*1.02*
Assets and liabilities							
Non-interest-bearing assets	10 616	15 170	4 659	810	31 255	-25	31 230
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 747
Unallocated interest-bearing assets	–	–	–	–	–	–	4 260
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**37 237**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**9 381**
Non-interest-bearing liabilities	3 116	7 468	1 729	243	12 556	-25	12 531
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1 455
Unallocated interest-bearing liabilities	–	–	–	–	–	–	13 870
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**27 856**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**37 237**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2014	2013	2014	2013
USA	22 364	20 381	7 832	6 356
France	–[3]	–[3]	2 058	1 978
The Netherlands	–[3]	–[3]	–[3]	1 913
Sweden[4]	4 262	4 223	1 072	1 007
All other countries[5]	43 591	41 096	10 467	7 750
Total countries	**70 217**	**65 700**	**21 429**	**19 004**
Non-current assets not listed by country[2]	–	–	1 885	1 548
Total non-current assets	**–**	**–**	**23 314**	**20 552**

1 Based on the location of sales offices and corresponds in all material aspects to the geographical location of the customers.
2 Financial instruments, deferred tax assets and post-employment benefit assets are not specified by country. These are instead reported on the line Non-current assets not listed by country.
3 Not disclosed as amount is less than 10 percent of sales or non-current assets.
4 Disclosed as Sweden is the company's country of domicile.
5 Including elimination of intra-group sales.

NOTE 10 *Allocation of revenue*

Sales

The Group's revenue is generated mainly from various types of security services. Security services are based on customer contracts and these can comprise sales based on hours of work performed with fixed monthly, quarterly or yearly invoicing and also including service level agreements. Sales based on customer contracts can also comprise events such as intervention services. In addition to sales based on customer contracts there is extra sales to either contract customers or event based sales. There is also revenue from the sale of alarm products and, to a limited extent, cash handling services. The breakdown of sales by segment is provided in note 9.

Security solutions and technology sales was 10 percent (8) of Group sales in the fourth quarter 2014.

Other operating income

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

Financial income

Interest income is accounted for in the statement of income in the period to which it is attributable. Financial income and expenses are specified in note 14.

NOTE 11 *Operating income*

Statement of income

The table below illustrates the statement of income in summary classified according to type of cost.

MSEK	2014	2013
Total sales	**70 217.1**	**65 700.1**
Other operating income	15.9	13.5
Salaries (note 12)	-46 469.8	-43 255.5
Social benefits (note 12)	-10 584.8	-10 052.0
Depreciation and amortization (notes 13, 18, 19, 20)	-1 217.7	-1 219.3
Bad debt losses (note 25)	-87.7	-78.0
Other operating expenses	-8 636.2	-8 080.3
Total operating expenses	**-66 996.2**	**-62 685.1**
Operating income	**3 236.8**	**3 028.5**

Exchange rate differences

Exchange rate differences included in operating income amounted to MSEK -3.0 (-11.0).

Exchange rate differences included in net financial items are specified in note 14.

Items affecting comparability

The table below specifies the cash flow impact from items affecting comparability.

MSEK	2014	2013
Restructuring payments	-65.1	-205.0
Spain – overtime compensation	-4.5	-12.0
Germany – Deutsche Bank	–	-88.5
Germany – premises	-3.2	-2.0
Total cash flow impact	**-72.8**	**-307.5**

Acquisition related costs

The tables below specify what acquisition related costs are related to and how they would have been classified per function in the statement of income if the items had not been disclosed separately on the face of the statement of income. The tables also specify how the acquisition related costs are split by segment. There is also a specification of the cash flow impact from acquisition related costs.

MSEK	2014	2013
Restructuring and integration costs	-0.8	-25.8
Transaction costs	-11.3[1]	-10.9
Revaluation of deferred considerations	-5.0	9.9
Total acquisition related costs	**-17.1**	**-26.8**

1 Transaction costs for the major acquisitions are specified per acquisition in note 16.

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION

MSEK	2014	2013
Production expenses	-1.0	-11.3
Selling and administrative expenses[1]	-16.1	-15.5
Total acquisition related costs allocated per function	**-17.1**	**-26.8**

1 All transaction costs and revaluation of deferred considerations would have been classified as selling and administrative expenses in the statement of income if they had not been disclosed separately on the face of the statement of income.

ACQUISITION RELATED COSTS ALLOCATED PER SEGMENT

MSEK	2014	2013
Security Services North America	-2.0	0.1
Security Services Europe	-12.6	-23.3
Security Services Ibero-America	-1.9	-9.4
Other	-0.6	5.8
Total acquisition related costs allocated per segment	**-17.1**	**-26.8**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2014	2013
Acquisition related costs according to the statement of income	-17.1	-26.8
Cash flow	-21.2	-55.2
Adjustment for effect on cash flow from acquisition related costs	**-4.1**	**-28.4**

Audit fees and reimbursements

The table below specifies what audit fees and reimbursements are related to.

MSEK	2014	2013
PwC		
– audit assignments	31.7	29.4
– additional audit assignments	2.4	1.1
– tax assignments	16.0	11.6
– other assignments[1]	6.9	5.1
Total PwC	**57.0**	**47.2**
Other auditors		
– audit assignments	2.7	2.3
Total	**59.7**	**49.5**

1 Fees for other assignments performed by PwC include fees for audit related advisory services relating to accounting including IFRS, IT, acquisitions, divestments and matters relating to the Group's internal bank.

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 955.5 (838.0).

The table below specifies how the nominal value of contractual future minimum lease payments is distributed.

MSEK	2014	2013
Maturity < 1 year	789.8	657.1
Maturity 1–5 years	1 476.6	1 404.7
Maturity > 5 years	542.7	588.7

NOTE 12 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN[1]

	Women		Men		Total	
	2014	2013	2014	2013	2014	2013
Security Services North America	28 365	23 503	69 192	72 114	97 557	95 617
Security Services Europe	18 819	18 092	90 940	92 924	109 759	111 016
Security Services Ibero-America	8 652	8 123	47 564	47 693	56 216	55 816
Other	1 627	1 501	12 279	11 819	13 906	13 320
Total	**57 463**	**51 219**	**219 975**	**224 550**	**277 438**	**275 769**

1 Average number of yearly employees exclude employees in associated companies. A complete specification of the average number of yearly employees by country is provided in the Annual Report submitted to the Swedish Companies Registration Office.

In 2014, the number of Board members and Presidents was 96 (91), of whom 9 (8) were women.

STAFF COSTS FOR BOARD OF DIRECTORS AND PRESIDENTS

	2014			2013			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2014	2013
Security Services North America	74.0	22.7	(12.5)	68.8	19.2	(9.7)	25.6	24.3
Security Services Europe	81.2	23.4	(6.4)	66.1	16.1	(4.9)	22.9	15.4
Security Services Ibero-America	22.0	2.8	(0.1)	18.6	2.6	(0.0)	6.4	4.3
Other	78.0	26.5	(8.1)	54.3	20.5	(8.0)	21.5	1.8
Total	**255.2**	**75.4**	**(27.1)**	**207.8**	**58.4**	**(22.6)**	**76.4**	**45.8**

STAFF COSTS FOR OTHER EMPLOYEES

	2014			2013		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America	18 272.9	3 236.2	(240.2)	16 734.7	2 999.6	(200.6)
Security Services Europe	21 344.1	5 622.4	(606.0)	19 816.7	5 403.1	(565.2)
Security Services Ibero-America	5 817.9	1 567.3	(16.6)	5 807.6	1 529.9	(17.1)
Other	779.7	83.5	(22.2)	688.7	61.0	(19.0)
Total	**46 214.6**	**10 509.4**	**(885.0)**	**43 047.7**	**9 993.6**	**(801.9)**

TOTAL STAFF COSTS: BOARD OF DIRECTORS, PRESIDENTS AND OTHER EMPLOYEES

	2014			2013		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America	18 346.9	3 258.9	(252.7)	16 803.5	3 018.8	(210.3)
Security Services Europe	21 425.3	5 645.8	(612.4)	19 882.8	5 419.2	(570.1)
Security Services Ibero-America	5 839.9	1 570.1	(16.7)	5 826.2	1 532.5	(17.1)
Other	857.7	110.0	(30.3)	743.0	81.5	(27.0)
Total	**46 469.8**	**10 584.8**	**(912.1)**	**43 255.5**	**10 052.0**	**(824.5)**

Further information regarding the Group's pensions and other long-term employee benefits is provided in note 31.

Securitas share-based incentive scheme
Securitas' Annual General Meeting May 5, 2014 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2013 resolved on. The participants in the scheme have a variable remuneration based on performance. Two thirds of the variable remuneration/bonus will, according to the incentive scheme, be settled in cash the year after the performance year, while shares will be purchased for the remaining one third. The bonus criteria is based on individual performance and/or the performance for the part of the Group that the individual is responsible for. For Securitas there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas will be handled by trading on the Nasdaq Stockholm exchange through a swap agreement. Shares are purchased corresponding to one third of the total achieved bonus amount. The purchased shares will be allotted to the participants approximately one year after purchase, given that they are still employed by the Group. Securitas will not issue any new shares or similar due to this incentive scheme. The purpose is to replace cash bonus with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 1 106 participants (934) that are entitled to receive the share part according to the scheme. The total sharebased remuneration for these participants amount to MSEK 87.5 (63.0) and is accounted for as a share-based remuneration in equity. In March 2015, shares in Securitas AB have been purchased corresponding to the value of the total share-based remuneration. The shares have been purchased through a swap agreement, based on the current market price at the time. The number of shares that have been purchased amount to a total of 780 750 (932 761) at a value of MSEK 91.3 (65.6). The shares will be allotted to the participants during the first quarter 2016, provided that they are still employed by the Group.

COSTS FOR SHARE-BASED INCENTIVE SCHEME: PRESIDENTS AND OTHER EMPLOYEES

MSEK	2014	2013
Bonus costs for incentive schemes	87.5	63.0
Social benefits for incentive schemes	28.2	18.1
Total	**115.7**	**81.1**

NOTE 13 *Depreciation and amortization*

MSEK	2014	2013
Software licenses	69.3	63.7
Other intangible assets	28.2	36.3
Buildings	13.7	13.0
Machinery and equipment	855.7	832.6
Total depreciation and amortization	**966.9**	**945.6**

DEPRECIATION AND AMORTIZATION FOR THE YEAR IS DISTRIBUTED IN THE STATEMENT OF INCOME AS BELOW

MSEK	2014	2013
Depreciation of tangible non-current assets		
Production expenses	553.1	564.8
Selling and administrative expenses	316.3	280.8
Total depreciation of tangible non-current assets	**869.4**	**845.6**
Amortization of intangible assets		
Production expenses	51.4	60.3
Selling and administrative expenses	46.1	39.7
Total amortization of intangible assets	**97.5**	**100.0**
Total depreciation and amortization	**966.9**	**945.6**

NOTE 14 *Net financial items*

MSEK	2014	2013
Interest income from financial assets at fair value through profit or loss	17.1	38.1
Interest income from loans and receivables	20.9	29.6
Total interest income	**38.0**	**67.7**
Revaluation of financial instruments	–	0.5
Other financial income	0.6	2.2
Exchange rate differences, net[1]	0.6	–
Total financial income	**39.2**	**70.4**
Interest expenses from financial liabilities at fair value through profit or loss	-31.4	-42.6
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-155.4	-110.2
Interest expenses from derivatives designated for hedging	59.8	25.7
Interest expenses from other financial liabilities	-215.0	-301.4
Total interest expenses	**-342.0**	**-428.5**
Revaluation of financial instruments	-0.4	–
Other financial expenses	-24.4	-25.5
Exchange rate differences, net[1]	–	-1.4
Total financial expenses	**-366.8**	**-455.4**
Net financial items	**-327.6**	**-385.0**
Of which revaluations estimated with the use of valuation methods	-0.4	0.5

1 Exchange rate differences included in operating income are reported in note 11.

NOTE 15 *Taxes*

Statement of income

TAX EXPENSE

MSEK	2014	%	2013	%
Tax on income before taxes				
– current taxes	-710.7	*-24.4*	-708.6	*-26.8*
– deferred taxes	-127.0	*-4.4*	-79.3	*-3.0*
Total tax expense	**-837.7**	***-28.8***	**-787.9**	***-29.8***

The Swedish corporate tax rate was 22.0 percent. Securitas' 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. Deferred taxes for the year include the change in deferred tax assets and deferred tax liabilities, translation differences and deferred taxes related to items accounted for in equity.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE GROUP

MSEK	2014	%	2013	%
Income before taxes according to the statement of income	**2 909**		**2 643**	
Tax based on Swedish tax rate	-640	*-22.0*	-581	*-22.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-122	*-4.2*	-208	*-7.9*
Tax related to previous years	1	*0.0*	15	*0.6*
Recognition of previously unvalued tax losses	10	*0.3*	14	*0.5*
Revaluation of deferred tax following a change in tax rate	-2	*-0.1*	-2	*-0.1*
Other non-deductible items	-92	*-3.2*	-46	*-1.7*
Other tax exempt items	7	*0.2*	20	*0.8*
Actual tax expense	**-838**	***-28.8***	**-788**	***-29.8***

Tax expense that may arise from dividends out of the distributable earnings have not been provided for. If distributed the tax expense arising would amount to MSEK 11 (10).

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2014	2013
Deferred tax on actuarial gains and losses	125.6	-115.2
Deferred tax on cash flow hedges	0.0	-5.7
Deferred tax on net investment hedges	-39.2	34.1
Deferred tax on other comprehensive income	**86.4**	**-86.8**

Balance sheet

CURRENT TAX ASSETS/LIABILITIES

MSEK	2014	2013
Current tax assets	412.8	355.9
Current tax liabilities	450.6	362.8
Current tax assets/liabilities, net	**-37.8**	**-6.9**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO

MSEK	2014	2013
Pension provisions and employee-related liabilities	783.5	585.7
Liability insurance-related claims reserves	4.7	4.7
Tax loss carryforwards	361.8	523.8
Acquisition related intangible assets	103.8	107.2
Machinery and equipment	151.3	126.5
Other temporary differences	187.5	162.0
Total deferred tax assets	**1 592.6**	**1 509.9**
Whereof deferred tax assets expected to be used within 12 months	*544.1*	*478.1*
Net accounting[1]	-150.7	-118.8
Total deferred tax assets according to the balance sheet	**1 441.9**	**1 391.1**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO

MSEK	2014	2013
Pension provisions and employee-related liabilities	38.4	34.4
Acquisition related intangible assets	316.2	319.9
Machinery and equipment	30.3	27.9
Other temporary differences	525.4	484.0
Total deferred tax liabilities	**910.3**	**866.2**
Whereof deferred tax liabilities expected to be used within 12 months	*182.5*	*166.8*
Net accounting[1]	-150.7	-118.8
Total deferred tax liabilities according to the balance sheet	**759.6**	**747.4**
Deferred tax assets/liabilities, net	**682.3**	**643.7**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

DEFERRED TAX ASSETS CHANGE ANALYSIS

MSEK	2014	2013
Opening balance deferred tax assets	1 509.9	1 669.9
Change due to:		
Deferred tax recognized in the statement of income	-105.1	-52.8
Changed tax rate	0.0	-1.9
Acquisitions	11.3	1.1
Recognized in other comprehensive income	125.6	-115.2
Translation differences	50.9	8.8
Closing balance deferred tax assets	**1 592.6**	**1 509.9**
Change during the year	**82.7**	**-160.0**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

MSEK	2014	2013
Opening balance deferred tax liabilities	866.2	847.1
Change due to:		
Deferred tax recognized in the statement of income	7.1	11.7
Changed tax rate	2.9	-1.6
Acquisitions	23.2	18.0
Translation differences	10.9	-9.0
Closing balance deferred tax liabilities	**910.3**	**866.2**
Change during the year	**44.1**	**19.1**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2014

MSEK	Opening balance	Deferred tax recognized in the statement of income	Acquisitions	Recognized in other comprehensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	585.7	34.8	–	125.6	37.4	783.5
Liability insurance-related claims reserves	4.7	0.0	–	–	–	4.7
Tax loss carryforwards	523.8	-180.5	7.8	–	10.7	361.8
Acquisition related intangible assets	107.2	-7.8	4.4	–	–	103.8
Machinery and equipment	126.5	24.8	–	–	–	151.3
Other temporary differences	162.0	23.6	-0.9	–	2.8	187.5
Total deferred tax assets	**1 509.9**					**1 592.6**
Change during the year		**-105.1**	**11.3**	**125.6**	**50.9**	**82.7**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2014

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Translation differences	Closing balance
Pension provisions and employee-related liabilities	34.4	1.0	2.8	–	0.2	38.4
Acquisition related intangible assets	319.9	-25.5	–	23.2	-1.4	316.2
Machinery and equipment	27.9	1.2	–	–	1.2	30.3
Other temporary differences	484.0	30.4	0.1	–	10.9	525.4
Total deferred tax liabilities	**866.2**					**910.3**
Change during the year		**7.1**	**2.9**	**23.2**	**10.9**	**44.1**

Changes in deferred taxes between 2013 and 2014 are mainly explained by pension provisions, tax loss carryforwards and acquisition related intangible assets. There are no unrecognized temporary differences related to subsidiaries or associated companies. Provisions for taxes are reported in note 32.

Tax loss carryforwards

On December 31, 2014 subsidiaries in primarily Sweden and Germany had tax loss carryforwards of MSEK 2 773 (3 117). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2015	3
2016	6
2017	34
2018–	144
Unlimited duration	2 586
Total tax loss carryforwards	**2 773**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilized by future profits. As of December 31, 2014, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 1 389 (2 122) and deferred tax assets related to the tax losses amounted to MSEK 362 (524). Tax losses can be used to reduce future taxable income and tax payments.

NOTE 16 *Acquisitions of subsidiaries and associated companies*

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition.

MSEK	Purchase price paid[7]	Acquired net debt	Enterprise value	Goodwill[3]	Acquisition related intangible assets	Operating capital employed	Shares in associated companies	Total capital employed	Share-holders' equity	Total
Iverify, USA	-147.9	–	-147.9	–	–	–	147.9	147.9	–	147.9
SAIT, Belgium[4]	-99.7	-10.9	-110.6	74.8	50.2	-14.4	–	110.6	–	110.6
Other acquisitions[1,4]	-23.5	-0.2	-23.7	16.9	24.9	-18.7	–	23.1	0.6[5]	23.7
Adjustments[2,4]	-81.6	0.0	-81.6	-14.3	–	90.9	–	76.6	5.0[6]	81.6
Total acquisitions	**-352.7**	**-11.1**	**-363.8**	**77.4**	**75.1**	**57.8**	**147.9**	**358.2**	**5.6**	**363.8**
Liquid funds according to acquisition analyses	-0.1									
Total effect on Group's liquid funds	**-352.8**									

1 Related to other acquisitions for the period: G4S – Alesund (contract portfolio), Norway, Vagt DK and TS Alarm (contract portfolio), Denmark, Vartiointipalvelu P. Kauppila (contract portfolio) and Sastamalan Vartiointi (contract portfolio), Finland, EKS Technik, Germany, SEIV, France, Urulac, Uruguay and Ubiq, Peru.
2 Related to updated previous year acquisition calculations for the following entities: Grupo Argos, Mexico, Interseco, the Netherlands, Ave Lat Sargs, Latvia, IBBC, Poland, Tehnomobil, Croatia, Sensormatic, Turkey, Vigilancias y Seguridad, Fuego Red, El Guardian, Trailback and Consultora Videco, Argentina, Pandyr and Selectron, Uruguay, Security Alliance Limited, Hong Kong, Security Standard Group, Cambodia and Rentsec and Vamsa, South Africa. Related also to deferred considerations paid in Mexico, Latvia, France, Austria, Croatia, Turkey, Argentina, Uruguay, Hong Kong and Indonesia.
3 Goodwill that is expected to be tax deductible has decreased by net MSEK 6.0 during the year.
4 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 was MSEK -59.5. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 540.7.
5 Income statement amounts to MSEK 0.0 and retained earnings to MSEK 0.6.
6 Income statement amounts to MSEK 5.0 and retained earnings to MSEK 0.0.
7 No equity instruments have been issued in connection with the acquisitions.

The following definitions are used in the tables below

Full year sales
What the contribution to total sales would have been if the acquisition had been consolidated from January 1, 2014.

Contribution to total sales
What the acquisition has contributed to total sales for the year.

Full year net income
What the contribution to net income would have been if the acquisition had been consolidated from January 1, 2014.

Contribution to net income
What the acquisition has contributed to net income for the year.

Acquisition of the business in 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. The joint operation employs 300 people. The acquisition is included in the segment Security Services North America.

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 1, 2014

MSEK	Fair value acquisition balance
Shares in associated companies	147.9
Total capital employed	**147.9**
Net debt	–
Total acquired net assets	**147.9**
Purchase price paid	-147.9
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-147.9**

OTHER DISCLOSURES IVERIFY, USA

Acquired share, %	24.0[1]
Transaction costs, MSEK	4.0

1 The acquisition is accounted for as an associated company.

Acquisition of the business in SAIT, Belgium

Securitas has acquired all of the shares in the security and critical communications systems integrator SAIT in Belgium. The seller is 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 technology 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. The company had at the time of acquisition projected annual sales of approximately MSEK 228. Goodwill, which amounts to MSEK 74.8, is mainly related to operational expansion. The acquisition is included in the segment Security Services Europe.

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2014

MSEK	Fair value acquisition balance
Operating non-current assets	11.3
Accounts receivable	41.0
Other assets	34.8
Other liabilities	-94.4
Contingent considerations[1]	-7.1
Total operating capital employed	**-14.4**
Goodwill from the acquisition	74.8
Acquisition related intangible assets	50.2
Total capital employed	**110.6**
Net debt	-10.9
Total acquired net assets	**99.7**

Purchase price paid	-99.7
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-99.7**

1 Contingent consideration has been recognized mainly based on assessment of the profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.

OTHER DISCLOSURES SAIT, BELGIUM

Acquired share, %	100.0
Full year sales, MSEK	228.0
Contribution to total sales, MSEK	62.2
Full year net income, MSEK	-3.1
Contribution to net income, MSEK	5.3
Provision for bad debt included in accounts receivable, MSEK	-1.2
Transaction costs, MSEK	4.7

Other acquisitions

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	0.7
Accounts receivable	11.0
Other assets	4.3
Other liabilities	-18.6
Deferred considerations[1]	-16.1
Total operating capital employed	**-18.7**
Goodwill from the acquisition[2]	16.9
Acquisition related intangible assets[3]	24.9
Total capital employed	**23.1**
Net debt	-0.2
Non-controlling interest	0.6
Total acquired net assets	**23.5**

Purchase price paid	-23.5
Liquid funds in accordance with acquisition analyses	-0.1
Total impact on the Group's liquid funds	**-23.6**

1 Deferred considerations for acquisitions made during 2014 have been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas´ best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired companies and the final outcome of the payment may consequently exceed the estimated amount.
2 Mainly related to acquisition of Vagt DK, Denmark and EKS Technik, Germany.
3 Mainly related to acquisition of contract portfolios in EKS Technik, Germany, SEIV, France and Urulac, Uruguay.

Transaction costs amount to MSEK 2.1.
Goodwill that is expected to be tax deductible amounts to MSEK 3.1.

Adjustments and payments of deferred considerations

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	0.0
Accounts receivable	9.7
Other assets	-2.2
Other liabilities	0.6
Deferred considerations[1]	82.8
Total operating capital employed	**90.9**
Goodwill from the acquisition[2]	-14.3
Acquisition related intangible assets	–
Total capital employed	**76.6**
Net debt	0.0
Total acquired net assets[3]	**76.6**

Purchase price paid[3]	-81.6
Liquid funds in accordance with acquisition analyses	–
Total impact on the Group's liquid funds	**-81.6**

1 Mainly related to payments of deferred considerations for Ave Lat Sargs, Latvia, Tehnomobil, Croatia, Consultora Videco, Argentina and update of deferred consideration for El Guardian, Argentina.
2 Mainly related to update of the acquisition calculation for Tehnomobil, Croatia and update of deferred consideration for El Guardian, Argentina.
3 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK 5.0.

Transaction costs amount to MSEK 0.5.
Goodwill that is expected to be tax deductible has decreased by net MSEK 9.1 during the year.

NOTE 17 Goodwill and impairment testing

MSEK	2014	2013
Opening balance	14 716.9	14 617.6
Capital expenditures	77.4	150.9
Translation difference	1 811.9	-51.6
Closing accumulated balance	**16 606.2**	**14 716.9**
Opening impairment losses	-355.0	-342.2
Translation difference	-23.1	-12.8
Closing accumulated impairment losses	**-378.1**	**-355.0**
Closing residual value	**16 228.1**	**14 361.9**

GOODWILL ALLOCATED PER SEGMENT

MSEK	2014	2013
Security Services North America	7 184.9	5 976.3
Security Services Europe	7 258.6	6 687.0
Security Services Ibero-America	1 472.1	1 449.6
Other	312.5	249.0
Total goodwill	**16 228.1**	**14 361.9**

Impairment testing

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per country in a segment.

Goodwill and intangible assets with indefinite useful life
Goodwill is tested on an annual basis for possible impairment. Securitas also carries out impairment testing for other intangible assets for which there is an indefinite useful life. Currently these assets are limited to MSEK 15.9 (15.9) and relates to the consideration paid for the brand Securitas in one of the Group's countries of operations. The annual impairment test of all Cash Generating Units (CGUs), which is required under IFRS, took place during the third quarter 2014 in conjunction with the business plan process for 2015. During this year's assessment a total number of 55 CGUs were tested for impairment of goodwill.

Valuation methodology
Value in use is measured as expected future discounted cash flows and is based upon a maximum of three steps: Gordon growth model* and a five or ten year discounted cash flow model.

The purpose of using the Gordon growth is to exclude any CGU that even with this simplified methodology will pass the impairment test, in order to proceed with an in-depth analysis of the remaining CGUs with a carrying amount that exceeds the recoverable amount when employing this simplified model. In addition to this, units whose carrying amount is less than the recoverable amount by a small margin and/or whose financial plans are regarded to be more uncertain will also be a subject of an in-depth analysis. In this subsequent step the cash flows have been calculated based on financial plans developed in each country. The financial plans are built upon the regular business plan for the next financial year which has been ascertained by Group Management and has been presented to the Board of Directors. These financial plans normally cover a forecasted period of five years and include the organic sales growth, the development of operating margin, and changes in the level of operating capital employed. Cash flows beyond the five year forecast have been extrapolated using an estimated growth rate of 2–5 percent for all countries.

A long-term growth rate of 2 percent for guarding services in mature markets is at present regarded as being a reasonable estimate in view of the business areas' historical organic growth rate and also taking into consideration external estimates of the future. Freedonia for example, estimates that the market for guarding services in Europe will grow at an average rate of some 4 percent per annum during the period 2013 to 2023. The corresponding figure for the North American market is around 5 percent. The market for integrated security solutions is estimated to grow faster than traditional guarding. In developing markets such as Eastern Europe, Latin America, Africa, the Middle East and Asia the growth rate for guarding services is estimated at 5 percent.

Material assumptions
The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the forecasted period. The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed as well as the relevant WACC (Weighted Average Cost of Capital) used to discount the future cash flows. These assumptions and judgments are also based on financial plans developed in each country and business segment and are built upon the regular business plan for the next financial year which has been ascertained by Group Management and presented to the Board of Directors. In addition to this, the assumptions and judgments are based on each country's and each line of business' growth and profitability level. The assumptions are also verified by reviewing external sources such as Freedonia. Assumptions relating to WACC are calculated locally meaning that both risk free rate of return and the implicit risk premium are local.

The table below shows the assumptions and estimates that have formed the base for the impairment testing in summary and by segment.

	Estimated growth rate beyond forecasted period, %	*WACC, %*
2014		
Security Services North America[1]	*2.0*	*6.6–9.8*
Security Services Europe[1]	*2.0*	*5.2–13.0*
Security Services Ibero-America	*2.0–5.0*	*6.9–22.2*
Other[2]	*2.0–5.0*	*6.0–15.4*
2013		
Security Services North America[1]	*2.0*	*6.4–9.7*
Security Services Europe[1]	*2.0*	*5.2–14.0*
Security Services Ibero-America	*2.0–5.0*	*5.9–22.0*
Other[2]	*2.0–5.0*	*6.3–17.0*

1 Mexico and Eastern Europe is considered to have a higher growth rate beyond forecasted period (2.0-5.0%). These regions represent a minority of the respective segments, hence the growth rate of the segments are reported as 2.0%.
2 The operations in Africa, the Middle East and Asia are included in Other.

Impairment testing of goodwill and intangible assets with indefinite useful life
The annual impairment test showed that none of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. During this year's assessment seven CGUs in Security Services Europe, four CGUs in Security Services Ibero-America and seven CGUs included in Other were tested in accordance with an in-depth analysis. Consequently no impairment losses have been recognized in 2014. No impairment losses of goodwill or other acquisition related intangible assets were recognized in 2013 either.

Sensitivity analysis

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing, assumption by assumption: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC and general decrease of the estimated growth after the forecasted period by 0.5 percentage points. A sensitivity analysis for changes in the assumptions used in the impairment testing has been established for the units that have been tested in accordance with the in-depth analysis of a five or ten year discounted cash flow model. The rationale is that the first step in the test, which is based on the Gordon growth model, is only employed to retrieve the number of units that require an in-depth analysis and the model itself does not incorporate the financial plans that have been adopted for the forecasting period and so the establishment of a sensitivity analysis is not deemed relevant.

For conducted sensitivity analyses, the conclusion is that a reduction of the organic sales growth by 1 percentage point during the forecasting period would result in an impairment loss of goodwill of totally MSEK -2 for one CGU in Security Services Europe and MSEK -4 for two CGUs in Other. Moreover, a reduction of 0.5 percentage points in the operating margin would result in an impairment loss of goodwill of MSEK -5 for one CGU in Security Services Europe and MSEK -8 for two CGUs in Other. An increase in the WACC for conducted sensitivity analyses of 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK -0.2 for one CGU in Security Services Europe and MSEK -5 for two CGUs in Other. A general decrease of the estimated growth after the forecasted period for conducted sensitivity analyses by 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK -2 for two CGUs in Other. Aside from this, the conducted sensitivity analyses showed that none of the adjustments stand alone would result in an impairment loss in any CGU.

* Gordon's growth model is the geometrical sum of the eternal future cash flows, which are used to determine the terminal value in a discounted cash flow model. The model is less sophisticated than a five or ten year discounted cash flow model as it excludes the forecasting period.

NOTE 18 *Acquisition related intangible assets*[1]

MSEK	2014	2013
Opening balance	2 419.5	2 348.8
Capital expenditures	75.1	130.6
Derecognition of fully amortized assets[2]	-182.1	-4.5
Translation difference	194.7	-55.4
Closing accumulated balance	**2 507.2**	**2 419.5**
Opening amortization	-1 093.9	-837.3
Reversal of amortization on derecognized assets[2]	182.1	4.5
Amortization for the year	-250.8	-273.7
Translation difference	-89.8	12.6
Closing accumulated amortization	**-1 252.4**	**-1 093.9**
Opening impairment losses	-10.0	-9.6
Translation difference	-0.6	-0.4
Closing accumulated impairment losses	**-10.6**	**-10.0**
Closing residual value	**1 244.2**	**1 315.6**

1 The balance consists mainly of contract portfolios and related customer relations.
2 The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

NOTE 19 *Other intangible assets*

	Software licenses		Other intangible assets[1]	
MSEK	2014	2013	2014	2013
Opening balance	791.4	733.8	182.5	276.5
Acquisitions	17.4	1.5	–	-1.2
Capital expenditures	128.0	80.2	36.6	26.3
Disposals/write-offs	-22.6	-15.6	-31.1	-54.9
Reclassification	1.1	-19.7	-5.2	-69.6
Translation difference	37.0	11.2	5.2	5.4
Closing accumulated balance	**952.3**	**791.4**	**188.0**	**182.5**
Opening amortization	-550.5	-493.7	-98.2	-148.5
Acquisitions	-9.5	-1.5	–	0.4
Disposals/write-offs	20.3	10.0	25.5	20.0
Reclassification	0.7	9.3	0.9	69.6
Amortization for the year	-69.3	-63.7	-28.2	-36.3
Translation difference	-30.4	-10.9	-3.3	-3.4
Closing accumulated amortization	**-638.7**	**-550.5**	**-103.3**	**-98.2**
Closing residual value	**313.6**	**240.9**	**84.7**	**84.3**

1 Mainly related to individual customer contracts within Security Services Europe.
Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9).

NOTE 20 *Tangible non-current assets*

	Buildings and land[1, 3]		Machinery and equipment[2, 3]	
MSEK	2014	2013	2014	2013
Opening balance	644.6	630.7	8 123.5	7 888.9
Acquisitions	–	–	19.2	8.5
Capital expenditures	2.8	4.6	1 115.9	878.8
Disposals/write-offs	-31.4	-4.5	-596.2	-694.5
Reclassification	-0.2	-3.5	8.7	29.5
Translation difference	37.3	17.3	517.6	12.3
Closing accumulated balance	**653.1**	**644.6**	**9 188.7**	**8 123.5**
Opening depreciation	-316.4	-294.8	-6 164.5	-5 830.0
Acquisitions	–	–	-15.1	-6.9
Disposals/write-offs	14.0	0.2	495.4	540.7
Reclassification	–	0.0	44.9	-9.8
Depreciation for the year	-13.7	-13.0	-855.7	-832.6
Translation difference	-18.0	-8.8	-436.6	-25.9
Closing accumulated depreciation	**-334.1**	**-316.4**	**-6 931.6**	**-6 164.5**
Opening impairment losses	-17.8	-17.1	–	–
Translation difference	-1.2	-0.7	–	–
Closing accumulated impairment losses	**-19.0**	**-17.8**	**–**	**–**
Closing residual value	**300.0**	**310.4**	**2 257.1**	**1 959.0**

1 The closing residual value of land included in buildings and land above was MSEK 60.6 (60.2).
2 Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment.
3 Of which closing residual value under finance leases for buildings and land MSEK 0.0 (0.0) and for machinery and equipment MSEK 100.5 (77.1).

NOTE 21 *Shares in associated companies[1]*

MSEK	2014	2013
Opening balance	132.7	108.0
Purchase price/investment	147.9	32.6
Share in income of associated companies	8.4	4.4
Dividend	-2.3	-2.6
New issue/contributions	5.1	–
Translation differences	32.7	-9.7
Closing balance[2]	**324.5**	**132.7**

1 A complete specification of associated companies can be obtained from the Parent Company.
2 Of which goodwill MSEK 260.8 (115.9) and acquisition related intangible assets MSEK 3.3 (3.5).

Financial information associated companies

Summarised financial information regarding the Group's associated companies is specified in the table below. The information is on 100 percent basis.

The Group's share of capital in associated companies amounts to 17–49 percent.

MSEK	2014	2013
Sales	847.3	411.8
Net income	19.6	9.4
Assets	782.1	161.5
Liabilities	564.3	121.1

NOTE 22 *Interest-bearing financial non-current assets[1]*

MSEK	2014	2013
Derivatives with positive fair value, long-term		
Derivatives in fair value hedges[2]	329.8	41.6
Derivatives in cash flow hedges[2]	0.1	0.3
Total derivatives with positive fair value, long-term	**329.9**	**41.9**
Other items[3]	104.6	109.0
Total interest-bearing financial non-current assets	**434.5**	**150.9**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to loans and receivables.

NOTE 23 *Other long-term receivables*

MSEK	2014	2013
Pension balances, defined contribution plans[1]	98.7	86.9
Pension balances, defined benefit plans[2]	8.8	7.0
Reimbursement rights[3]	142.4	143.7
Other long-term receivables	436.0	368.0
Total other long-term receivables	**685.9**	**605.6**

1 Refers to assets relating to insured pension plans excluding social benefits.
2 Refers to assets related to pensions and other long-term employee benefit plans. Further information is provided in note 31.
3 Refers to assets relating to defined benefit pension plans where compensation is received from another party.

NOTE 24 Inventories

MSEK	2014	2013
Material and consumables	139.8	113.6
Work in progress	–	9.3
Advance payments to suppliers	11.3	8.2
Total inventories	**151.1**	**131.1**

NOTE 25 Accounts receivable

MSEK	2014	%	2013	%
Accounts receivable before deduction of provisions for bad debt losses	11 286.7	*100*	10 165.2	*100*
Provisions for bad debt losses	-471.2	*-4*	-488.8	*-5*
Total accounts receivable	**10 815.5**	***96***	**9 676.4**	***95***
Opening balance provision for bad debt losses	-488.8		-474.6	
Provision for expected losses	-186.2		-113.2	
Reversed provisions	99.5		32.9	
Actual losses	135.6		84.9	
Acquisitions	10.2		-10.7	
Translation differences	-41.5		-8.1	
Closing balance provision for bad debt losses[1]	**-471.2**		**-488.8**	

1 Expenses for bad debt losses amounted to MSEK 87.7 (78.0).

AGEING OF ACCOUNTS RECEIVABLE BEFORE DEDUCTION OF PROVISION FOR BAD DEBT LOSSES

MSEK	2014	%	2013	%
Overdue 1–30 days	2 168.0	*19*	1 828.7	*18*
Overdue 31–90 days	791.8	*7*	700.7	*7*
Overdue 91–180 days	231.5	*2*	226.6	*2*
Overdue >180 days	471.2	*4*	518.5	*5*
Total overdue	**3 662.5**	***32***	**3 274.5**	***32***

NOTE 26 Other current receivables

MSEK	2014	2013
Accrued sales income	1 528.3	1 186.9
Prepaid expenses and other accrued income	781.9	692.8
Insurance-related receivables	22.1	13.2
Value added tax	113.9	102.7
Other items	351.3	416.5
Total other current receivables	**2 797.5**	**2 412.1**

NOTE 27 Other interest-bearing current assets[1]

MSEK	2014	2013
Derivatives with positive fair value, short-term		
Derivatives in fair value hedges[2]	0.2	–
Derivatives in net investment hedges[2]	0.1	–
Other derivatives[3]	6.1	59.5
Total derivatives with positive fair value, short-term	**6.4**	**59.5**
Other interest-bearing current assets	160.9	–
Total other interest-bearing current assets	**167.3**	**59.5**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to financial assets at fair value through profit or loss.

NOTE 28 Liquid funds[1]

MSEK	2014	2013
Short-term investments[2]	2 081.9	2 827.8
Cash and bank deposits[3]	1 343.2	1 222.0
Total liquid funds	**3 425.1**	**4 049.8**

1 Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as cash and bank deposits where netting reflects the legal structure of the arrangement.

NOTE 29 Shareholders' equity

Number of shares outstanding December 31, 2014

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2013. As of December 31, 2014 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2013, which was paid in 2014, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Presentation of shareholders' equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in the balance sheet. Securitas has chosen to specify shareholders' equity into further components as per below:

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2014.

In other capital contributed, the total amount of all transactions Securitas AB has had with its shareholders is included. Transactions that have taken place with shareholders are issued capital to premium. The amount presented in this sub-component corresponds to capital received (reduced by commission costs) in excess of par value of issued capital. There were no changes in other capital contributed in 2014.

Other reserves show income and expense items that according to certain standards should be recognized in other comprehensive income. In the case of Securitas, other reserves consist of translation differences attributable to the translation of foreign subsidiaries according to IAS 21, and of the hedging reserve of cash flow hedges. The amount in the hedging reserve will be transferred to the statement of income over the following three years.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group. Retained earnings also include effects of the Group's share-based incentive scheme as well as remeasurements of post-employment benefits posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company. Transactions with non-controlling interests are also recorded in retained earnings.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2014	2013
Swap agreement[1]	-65.6	-52.7
Share-based remuneration to employees	87.5	63.0
Total	**21.9**	**10.3**

1 The number of shares that have been hedged in this swap agreement amount to a total of 932 761 (859 579) and have been allotted to the participants during the first quarter 2015, provided that they were still employed by the Group at that time.

Non-controlling interests

The table below specifies the Group's non-controlling interests:

MSEK	2014	2013
Opening balance	16.0	13.9
Acquisitions/investments	1.7	0.9
Disposals	0.1	0.1
Dividend	-3.6	-2.6
New issue/contributions	–	2.7
Total transactions with non-controlling interests	**-1.8**	**1.1**
Share in net income	3.1	3.1
Share in other comprehensive income, translation differences	1.6	-2.1
Total comprehensive income for the year	**4.7**	**1.0**
Closing balance	**18.9**	**16.0**

NOTE 30 Long-term liabilities excluding provisions[1]

MSEK	2014	2013
EMTN Nom MEUR 350, 2013/2021, Annual 2.625%[2]	3 546.5	3 091.0
EMTN Nom MEUR 350, 2012/2017, Annual 2.75%[2]	3 328.5	3 117.1
EMTN Nom MEUR 300, 2012/2018, Annual 2.25%[2]	2 895.2	2 673.6
EMTN Nom MSEK 600, 2012/2015, FRN Quarterly[2]	–	599.8
EMTN Nom MSEK 400,2012/2015, Annual 3.45%[2]	–	402.5
EMTN Nom MUSD 62,2010/2015, FRN Semi Annual[2]	–	400.8
EMTN Nom MUSD 40,2010/2015, FRN Semi Annual[2]	–	258.6
EMTN Nom MUSD 50,2011/2018, FRN Quarterly[2]	389.5	323.0
EMTN Nom MUSD 85,2013/2019, FRN Quarterly[2]	661.8	548.7
EMTN Nom MUSD 40, 2014/2020, FRN Quarterly[2]	311.3	–
EMTN Nom MUSD 60, 2014/2021, FRN Quarterly[2]	466.9	–
Finance leases	43.4	30.8
Other long-term loans	57.3	56.2
Total long-term loan liabilities excluding derivatives	**11 700.4**	**11 502.1**
Derivatives with negative fair value, long-term		
Derivatives in fair value hedges[3]	–	7.0
Derivatives in cash flow hedges[3]	0.3	0.7
Total derivatives with negative fair value, long-term	**0.3**	**7.7**
Total long-term loan liabilities	**11 700.7**	**11 509.8**
Pensions balances, defined contribution plans[4]	98.7	86.9
Deferred considerations[5]	444.1	390.3
Other long-term liabilities	7.9	10.1
Total other long-term liabilities	**550.7**	**487.3**
Total long-term liabilities	**12 251.4**	**11 997.1**

1 For further information regarding financial instruments, refer to note 6.
2 Issued by the Parent Company.
3 Related to derivatives designated for hedging.
4 Refers to liability for insured pension plan excluding social costs.
5 Recognized at fair value.

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS

MSEK	2014	2013
Maturity < 5 years	7 804.9	8 125.0
Maturity > 5 years	4 446.5	3 872.1
Total long-term liabilities	**12 251.4**	**11 997.1**

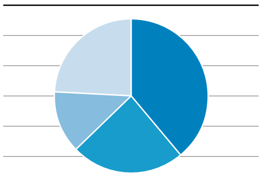
NOTE 31 *Provisions for pensions and similar commitments*

Overview

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans throughout the world. These plans are structured in accordance with local rules and practices.

The graphs below provide an overview of the Group's defined benefit plans.

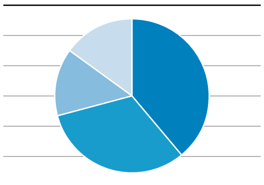
Defined benefit obligations



- USA MSEK 1 561, 39%
- Switzerland MSEK 929, 24%
- Norway MSEK 528, 13%
- Other countries[1] MSEK 940, 24%

Total MSEK 3 958

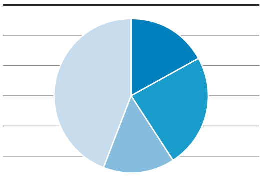
Plan assets



- USA MSEK 972, 39%
- Switzerland MSEK 799, 32%
- Norway MSEK 368, 14%
- Other countries[1] MSEK 378, 15%

Total MSEK 2 517

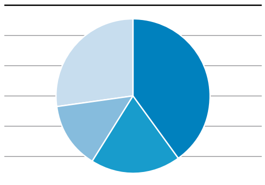
Pension costs



- USA MSEK 24, 17%
- Switzerland MSEK 33, 24%
- Norway MSEK 20, 15%
- Other countries[1] MSEK 61, 44%

Total MSEK 138

Employer contributions



- USA MSEK 88, 40%
- Switzerland MSEK 41, 19%
- Norway MSEK 30, 14%
- Other countries[1] MSEK 60, 27%

Total MSEK 219

1 In total 17 countries. Most of these countries have unfunded plans. Further information is provided in the section Other countries below.

The table below shows a specification of the members in the Group's significant defined benefit plans, the plans' duration and life expectancy for the members.

DECEMBER 31, 2014

	USA	Switzerland	Norway
Active members	202	1 592	461
Deferred members	1 779	–	–
Pensioner members	4 372	144	634
Total number of members	**6 353**	**1 736**	**1 095**
Duration of plans (years)	10	14	17
Number of years current pensioners are expected to live beyond age 65:			
Men	21	21	21
Women	24	23	24
Number of years future pensioners currently aged 45 are expected to live beyond age 65:			
Men	23	21	24
Women	25	23	27

The Group's significant defined benefit plans are described below.

USA

The Group's US operations participate in two defined benefit pension plans as the named plan sponsor. One of these plans is funded and the other is unfunded. Both plans are closed to new entrants and any future benefit accrual.

The benefits provided constitute pension payments to previous employees and their spouses in the form of annuities or lump sums. The particulars of the benefits and the benefit calculations depend on the original plan to which the plan participant belonged as the current funded plan is an amalgamation of several previous pension plans. The unfunded plan is constituted by a formally adopted and documented plan plus some individual arrangements that, for the purpose of this disclosure, are treated as one plan. In general the benefits are monthly pensions based on earnings and years of service. These benefits are defined with the only uncertainties being how long they will be paid, whether benefits will be paid as a lump sum versus annuity and in the case of the funded plan also regarding investment return. Plan contributions are determined annually.

Both pension plans are governed by the Executive Compensation and Benefits Review Committee (ECBRC) which is made up of local Securitas US management representatives. Administration is outsourced to an external service provider. Since the US pension plans are closed to new entrants and any future benefit accrual and are in a run-off mode, a liability matching approach is applied by the ECBRC in order to de-risk the funded plan. As the funding target attainment percentage increases, this results in a shift from growth assets, such as equities, into fixed income investments. Independent investment managers are utilized and evaluated by independent investment advisors. Assets are pooled with those of other plans in order to reduce the cost.

The pension plans are covered under the US Employee Retirement Income Security Act of 1974 (ERISA). Various parts of the ERISA legislation are governed by the Department of Labor, the Internal Revenue Service and the Department of Treasury. The funded plan also pays contributions to the Pension Benefit Guaranty Corporation which insures private pension plans in the case the sponsor defaults.

During 2014 the US Society of Actuaries (SOA) issued new mortality tables. This was a major overhaul and also included a more sophisticated calculation methodology. The plan has adopted these new mortality tables as of December 31, 2014 for accounting purposes. It is expected that the new mortality tables will become federal law in 2017 and thus impact the funding valuation. The new mortality tables in combination with the reduction in discount rates during 2014 have significantly increased the obligation. The introduction of the new mortality tables increased the defined benefit obligation by MUSD 9. Under IAS 19 the funded ratio was 77 percent based on a defined benefit obligation of MUSD 162 and plan assets of MUSD 125. A funding valuation would result in a significantly higher funding target attainment as the new mortality tables have not come into force for funding target calculations yet. There is also certain legislation enacted in order to soften the impact resulting from the increase in defined benefit obligations. This means that the increase in defined benefit obligations will not immediately trigger increased contributions. It is difficult to quantify the impact on the plan over time as this depends both on the development of economic and demographic assumptions as well as asset performance. The strategy to de-risk the funded plan still remains. The book value under IAS 19 for the defined benefit obligation for the unfunded plan was MUSD 37 as of December 31, 2014.

The US operations also participate in a defined contribution plan, generally known as a 401(k) plan. There are also a few multi-employer plans, which are governed by collective bargaining agreements. These plans, in most cases, require the employees to contribute to the plan, typically with the employee contributions being partially matched by the employer. In relation to the overall workforce the take up rates are generally low, with voluntary participation rates of approximately five percent. In the federal government sector, Securitas' subsidiary participates on a modified basis, subject to special rules, in the same 401(k). Securitas' subsidiary in the federal government sector also participates in a few union-sponsored defined contribution plans of a similar type. Due to the provisions of the federal Service Contract Act under which Securitas' subsidiary in the federal government sector operates, hourly allowances must be paid to employees that can be used for various elected benefits, such as health and disability, with unused portions of the allowances contributed to the 401(k) plan, without additional employer contributions.

Switzerland

The Group's Swiss operations participate in a plan that is a defined benefit plan according to IAS 19 as a result of the residual risk described below. The Swiss operations have chosen to set up an own-foundation which means that the foundation only covers employees of Securitas' Swiss operations. The plan is open to new employees of Securitas' Swiss operations and benefits are being accrued under the plan. There are no terminated vested members in the plan since pension obligations are transferred to the new employer upon termination.

The benefits provided constitute pension benefits, disability benefits and death-in-service pension to previous employees and their spouses. The pension benefits are normally paid as an annuity based on capital conversion rates that differ between men and women. The disability benefits are calculated as a maximum of the pensionable salary and the death-in-service benefit is in its turn calculated as a percentage of the disability pension. Plan contributions are subject to legal minimum requirements. Rates increase with age and at least half must be paid by the employer while the employee pays the remainder. In the case of Securitas' Swiss subsidiary, the contributions in the plan are split equally with half paid by the company and the other half by the employee. Contributions payable to the plan are calculated each month as a fixed percentage based on the annual salary and age.

Although the contribution levels are defined, there is still a risk of a shortfall in the pension fund as the minimum requirements for interest on capital and conversion to pension need to be met. If there is a shortfall the fund will take steps before asking the company for additional contributions. These steps could include changing plan benefits, lowering returns credited to employees or changing the conversion rate, where possible. The fund has several years to balance a shortfall and payments will never be required from the company for past periods. This means that the actions can be planned and budgeted for. If additional contributions are required from the company, this is also required from the employees.

The pension plan is governed by the board of the pension fund which is made up of an equal number of employer and employee representatives. The administration is run in-house by a pension fund expert. The pension fund chooses how and where to invest the assets. Swiss law limits both the total share of assets that should be held in certain categories, and for individual asset holdings. The fund has given mandates to manage the investments to three banks and retains an investment committee, a subcommittee of the main fund board. The investment committee compares and reviews the performance of these mandates on a regular basis. The pension plan is covered under federal Swiss law that regulates the so called second pillar of the pension system, the pension benefits arising from employment.

The latest funding valuation was carried out on December 31, 2013 and resulted in a funding target attainment of 110 percent based on a defined benefit obligation for funding purposes of MCHF 81 and plan assets for funding purposes of MCHF 89.

Norway

The Group's Norwegian operations participate in several defined benefit plans that are both funded and unfunded. All plans are closed to new entrants and currently cover about 12 percent of the employees. New employees are instead covered by defined contribution plans. The AFP-plan (collective pension agreement) is a multi-employer defined benefit plan. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations, it is accounted for on a defined contribution basis. Premiums paid to the plan in 2014 amounted to MNOK 22 (18). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of total premiums to the plan is approximately 0.5 percent. The level of consolidation in this plan, calculated under the plan rules, was 49 percent (42) as of December 31, 2014.

The particulars of the benefits and the benefit calculations vary from plan to plan. In general the benefits are monthly pensions based on earnings and years of service. Since employees are still accruing benefits under these plans, the plans are impacted by expected salary increases, pension increases, uncertainty of how long the benefits will be paid and in the case of the funded plans also return on plan assets.

All funded plans are insured with an insurance company and the plan contributions are determined by the insurance provider, based on salary and membership data reported from the company. If a company decides to change insurance company, the liabilities and the assets are moved to the new insurance company.

The funded plans are minimum regulation plans, which means that future pensions depend on the actual return on assets in the insurance company. There is a guaranteed minimum return on plan assets. If the actual return is lower than the guaranteed minimum return, the insurance company will provide the difference.

The pension plans are covered by Norwegian pension laws, corporate laws and insurance laws. The board of directors and management of the Norwegian operations are responsible for the running of the pension plans even if they are outsourced, as part of their overall corporate governance responsibilities under Norwegian company law. Since the funded plans are insured it means that the investment decisions are taken by the investment managers of the insurance provider.

Other countries
There are also less significant defined benefit arrangements in countries other than those accounted for above. These plans are located in Canada (both funded and unfunded plans providing pension and medical benefits), France (unfunded plans providing retirement indemnities under French law), Germany (unfunded arrangements for pensions and jubilee plans), the Netherlands (funded and unfunded plans providing pension and jubilee benefits for our consultancy operations only) and the United Kingdom (funded plan providing pension and death-in-service benefits). The Group also currently has plans that are not significant in 12 other countries.

The defined benefit arrangement for clerical staff in the guarding operations in the Netherlands is accounted for as a defined contribution plan, which is closed to new entrants. New employees are enrolled in another defined contribution plan. The security officers in the guarding operations in the Netherlands also participate in a multi-employer defined benefit plan that is mandatory for all guards from the age of 21 and up. The supervision and administration of the plan is carried out by a collective pension foundation for the security industry. This foundation determines the annual premium. Premiums paid to the plan in 2014 amounted to MEUR 8 (6). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of total premiums to the plan is approximately 21 percent. This plan covers around 4 400 active employees and around 5 500 previous employees and retirees. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations for this arrangement, the plan is accounted for on a defined contribution basis. The level of consolidation in this plan, calculated under the plan rules, was 111 percent (116) as of December 31, 2014.

Sweden
Security officers in Sweden are covered by the SAF-LO collective pension plan, an industry-wide multi-employer defined contribution arrangement. Clerical workers are covered by the ITP plan, which is also based on a collective agreement and operated industry-wide on a multi-employer basis. According to a statement (UFR 3) issued by the Swedish Financial Reporting Board this is a multi-employer defined benefit plan. Alecta, the insurance company that operates this plan, has been unable to provide Securitas, or other Swedish companies, with sufficient information to determine its share of the total assets and liabilities for this arrangement. Consequently this arrangement is accounted for on a defined contribution basis. The cost for 2014 amounts to MSEK 20 (25). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of Alecta's total premiums amounts to approximately 0.1 percent. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation, calculated under the plan rules, was 143 percent (148) as of December 31, 2014.

Consolidated statement of income

The table below shows expense (+) and income (-) from the Group's defined benefit and defined contribution plans.

MSEK	2014	2013
Current service cost	98.4	87.8
Administration cost	24.3	13.8
Interest income or expense	36.1	37.9
Remeasurements of other long-term employee benefits	0.3	-0.3
Past service cost and gains and losses arising from settlements	-21.6[1]	-5.8
Total pension costs for defined benefit plans	**137.5**	**133.4**
Pension costs for defined contribution plans	774.6	691.1
Total pension costs	**912.1**	**824.5**

1 Mainly related to curtailment gains in the Netherlands and in the USA.

The table below shows costs for defined benefit plans allocated per function.

MSEK	2014	2013
Production expenses	81.0	90.7
Selling and administrative expenses	56.5	42.7
Total pension costs for defined benefit plans	**137.5**	**133.4**

Consolidated balance sheet

The table below shows how the net defined benefit obligations have been determined. It also shows the Group's reimbursement rights.

MSEK	2014	2013
Present value of the defined benefit obligations	3 958.0	3 190.8
Fair value of plan assets	-2 516.6	-2 173.2
Defined benefit obligations, net[1]	**1 441.4**	**1 017.6**
Reimbursement rights (note 23)	142.4	143.7

1 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 1 450.2 (1 024.6), and plans reported under other long-term receivables (note 23), MSEK -8.8 (-7.0).

The reimbursement rights are related to a contractual agreement where Securitas provide security services at a customer site in Canada. The agreement requires Securitas to make provisions for post-retirement medical benefits. The costs of this benefit are carried by Securitas who, in turn, are reimbursed by the customer. This reimbursement right is accounted for as an other long term receivable in note 23.

The table below shows how remeasurements net of taxes recognized in other comprehensive income have been determined.

MSEK	2014	2013
Remeasurements of provisions for pensions and similar commitments before tax	379.4	-385.3
Remeasurements of reimbursement rights before taxes	25.9	27.1
Taxes	-125.6	115.2
Total remeasurements recognized in other comprehensive income	**279.7**	**-243.0**

Movement in provisions for pensions and similar commitments

MSEK	2014 Obligations	2014 Plan assets	2014 Net	2013 Obligations	2013 Plan assets	2013 Net
Opening balance	3 190.8	-2 173.2	1 017.6	3 551.8	-2 083.1	1 468.7
Current service cost	98.4	–	98.4	87.8	–	87.8
Administration cost	24.3	–	24.3	13.8	–	13.8
Interest income (-) or expense (+)	125.3	-89.2	36.1	99.0	-61.1	37.9
Remeasurements of other long-term employee benefits	0.3	–	0.3	-0.3	–	-0.3
Past service cost and gains and losses arising from settlements	-182.0	160.4	-21.6	-62.7	56.9	-5.8
Total pension costs included in the consolidated statement of income	**66.3**	**71.2**	**137.5**	**137.6**	**-4.2**	**133.4**
Remeasurements of post-employment benefits:						
Return on plan assets, excluding amount included in interest income or expense	–	-141.4	-141.4	–	-133.0	-133.0
Actuarial gains (-) and losses (+) from changes in demographic assumptions	71.4	–	71.4	64.4	–	64.4
Actuarial gains (-) and losses (+) from changes in financial assumptions	481.3	–	481.3	-307.2	–	-307.2
Actuarial gains (-) and losses (+) due to experience	-31.9	–	-31.9	-9.5	–	-9.5
Total remeasurements of post-employment benefits[1]	**520.8**	**-141.4**	**379.4**	**-252.3**	**-133.0**	**-385.3**
Contributions by employers[2]	–	-218.6	-218.6	–	-168.8	-168.8
Contributions by plan participants	38.9	-38.9	–	34.5	-34.5	–
Benefits paid to plan participants	-224.2	224.2	–	-197.6	197.6	–
Administration costs paid	-24.3	24.3	–	-14.0	14.0	–
Acquisitions/divestitures/reclassifications	4.5	–	4.5	5.7	-5.7	–
Translation difference	385.2	-264.2	121.0	-74.9	44.5	-30.4
Closing balance	**3 958.0**	**-2 516.6**	**1 441.4**	**3 190.8**	**-2 173.2**	**1 017.6**

1 Included net of taxes in other comprehensive income.
2 Contributions by employers expected to be paid in 2015 are estimated to be on the same level as in 2014.

Plan assets

The table below presents a breakdown of the various types of investments in which the assets of the Group's funded benefit arrangements are invested.

MSEK	2014	%	2013	%
Equity instruments				
USA	250.4		310.4	
Switzerland	138.5		132.3	
Canada	60.3		54.5	
UK	13.7		26.2	
Other countries	227.5		210.8	
Total equity instruments	**690.4**	***28***	**734.2**	***34***
Debt instruments				
Government bonds	794.6		605.6	
Corporate bonds, investment grade (AAA to BBB-)	267.8		153.3	
Corporate bonds, non-investment grade (below BBB-)	76.9		235.4	
Total debt instruments	**1 139.3**	***45***	**994.3**	***46***
Property	**220.1**	***9***	**245.5**	***11***
Qualifying insurance policies	**431.4**	***17***	**44.5**	***2***
Cash and cash equivalents	**35.4**	***1***	**154.7**	***7***
Total plan assets	**2 516.6**	***100***	**2 173.2**	***100***

The plan assets are well diversified on countries and industries, so the failure of any single investment is not estimated to have a material impact on the overall level of assets.

The plan assets do not include any property owned by Securitas or financial instruments issued by Securitas. The share of unquoted plan assets is non-material.

Actuarial assumptions and sensitivity analysis

The table below shows the significant financial actuarial assumptions used for the determining the defined benefit obligations at the end of the year as well as in determining the pension costs for the coming year.

%, per annum	*Discount rate*	*Salary increases*	*Inflation*	*Pension increases*	Mortality
2014					
USA	*3.30–3.50*	*n/a*	*n/a*	*n/a*	RP-2014 white collar/blue collar, with MP-2014 improvements
Switzerland	*0.90*	*1.00*	*1.00*	*0.00*	LPP 2010
Norway	*2.00*	*2.75*	*n/a*	*0.00–2.50*	K 2013
Eurozone	*0.50–1.80*	*2.75*	*1.75–2.00*	*0.00–1.75*	–
Other countries	*3.60–4.00*	*2.50–3.00*	*2.00–3.20*	*0.00–3.20*	–
2013					
USA	*3.80–4.40*	*n/a*	*n/a*	*n/a*	RP-2000 projected to 2014
Switzerland	*2.20*	*1.00*	*1.00*	*0.00*	LPP 2010
Norway	*3.30*	*3.75*	*n/a*	*0.60–3.50*	K 2013
Eurozone	*2.25–3.50*	*2.75–3.50*	*1.75–2.00*	*0.00–1.75*	–
Other countries	*4.50–4.90*	*3.00–3.35*	*2.10–3.50*	*0.00–3.50*	–

The table below shows the methods used to set significant actuarial assumptions for the Group's main defined benefit plans.

	Discount rate	Salary increases	Inflation	Pension increases	Mortality
USA	Cash flow matching approach applied to the Citigroup yield curve	n/a	n/a	n/a	Latest tables available
Switzerland	Chamber of Pensions Actuaries	Company's best estimate	Long-term expectations in Switzerland	When financially bearable by pension plan	Latest tables available
Norway	NRS guidance	NRS guidance	n/a	NRS guidance	Latest tables available

Assumptions are set by the company based on actuarial advice and the company's experience in each territory.

The table below indicates the sensitivity to changes in significant assumptions for provisions for pensions and similar commitments.

MSEK		Increase (+)/decrease (-) in provision
Discount rate – pension plans	increase of 0.1 percentage points	-51.6
	decrease of 0.1 percentage points	52.6
Inflation – pension plans	increase of 0.1 percentage points	5.4
	decrease of 0.1 percentage points	-5.0
Life expectancy – pension plans	one year increase	73.5
Health-care cost rate – medical plans	increase of 1 percentage point	25.5[1]
	decrease of 1 percentage point	-19.8[2]

1 The corresponding effect on the statement of income is an increase of costs of MSEK 2.9.
2 The corresponding effect on the statement of income is a decrease of costs of MSEK -2.1.

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. The sensitivity analysis is further based on a change in one assumption while holding all other assumptions constant, although in reality changes in some assumptions may be correlated.

The same method used to calculate the provisions for pensions and similar commitments, that is the projected unit credit method, is used for calculating the sensitivities.

There have been no changes in the methods and assumption changes used in preparing the sensitivity analysis compared with the previous year.

Risks

The table below shows significant risks that the Group is exposed to through its defined benefit plans.

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, a deficit will be created. In a long-term perspective, equities are expected to outperform corporate bonds, but in the short-term perspective the yield on the Group's equity instruments may cause volatility.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. In the USA, an asset-liability matching approach is practiced to mitigate the risks associated with changes in bond yields as far as possible.
Inflation risk	Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, the Group's plans in the USA and Norway are not linked to inflation, which makes the inflation risk less significant for the Group.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. In some countries, the benefit provided at retirement is a lump sum payment and therefore increases in life expectancy do not impact liabilities in these countries.

NOTE 32 *Other long-term provisions*

The movement in the balance sheet for provisions for pensions and similar commitments is provided in note 31. The movement in the balance sheet for deferred tax liabilities is provided in note 15.

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MSEK	Claims reserves	Provisions for taxes	Other provisions	Total
Opening balance	374.0	208.4	109.4	691.8
Reclassification	5.4	-48.9	-10.0	-53.5
New/increased provisions	9.5	–	20.7	30.2
Utilized provisions	–	-0.1	-12.9	-13.0
Reversal of unutilized provisions	-10.6	–	-0.5	-11.1
Translation differences	76.9	42.6	8.1	127.6
Closing balance	**455.2**	**202.0**	**114.8**	**772.0**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

Provisions for taxes

Provisions for taxes primarily consist of provisions related to ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

Other provisions

Other provisions include various long-term items, among them provisions related to litigations. Other provisions are difficult to assess from a timing perspective. It is thus not possible to disclose any detailed information regarding the timing of outflows from other provisions.

NOTE 33 *Short-term loan liabilities*[1]

MSEK	2014	2013
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	–	400.5
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	–	499.8
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	–	499.7
EMTN Nom MSEK 600, 2012/2015, FRN Quarterly[2]	600.0	–
EMTN Nom MSEK 400, 2012/2015, Annual 3.45%[2]	400.3	–
EMTN Nom MUSD 40, 2010/2015, FRN Semi Annual[2]	311.8	–
Commercial paper issued[3]	1 168.8	743.0
Finance leases	55.6	44.3
Other short-term loans	61.8	122.3
Total short-term loan liabilities excluding derivatives	**2 598.3**	**2 309.6**
Derivatives with negative fair value, short-term		
Derivatives in cash flow hedges[4]	0.3	0.1
Derivatives in net investment hedges[4]	22.7	–
Other derivatives[5]	126.5	50.5
Total derivatives with negative fair value, short-term	**149.5**	**50.6**
Total short-term loan liabilities	**2 747.8**	**2 360.2**

1 For further information regarding financial instruments refer to note 6.
2 Issued by the Parent Company.
3 Commercial paper is issued by the Parent Company within the framework of a MSEK 5 000 Swedish commercial paper program. Commercial paper is accounted for at the issued amount, that is below par.
4 Related to derivatives designated for hedging.
5 Related to financial liabilities at fair value through profit or loss.

NOTE 34 *Other current liabilities*

MSEK	2014	2013
Employee-related items[1]	6 051.3	5 797.3
Accrued interest and financial expenses	151.6	135.9
Other accrued expenses and deferred income	1 153.3	1 070.9
Value added tax	1 238.3	1 125.3
Deferred considerations	96.6	141.6
Other items	668.1	631.2
Total other current liabilities	**9 359.2**	**8 902.2**

1 Accounted for net of government grants when applicable.

NOTE 35 *Short-term provisions*

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MSEK	Claims reserves	Spain – overtime compensation	Cost savings program	Other provisions	Total
Opening balance	574.4	29.1	96.0	110.9	810.4
Reclassification	-5.5	–	–	6.9	1.4
New/increased provisions	481.7	–	–	69.4	551.1
Utilized provisions	-454.6	-4.5	-65.1	-40.6	-564.8
Reversal of unutilized provisions	-5.6	–	–	-22.7	-28.3
Translation differences	112.1	1.7	2.0	3.6	119.4
Closing balance	**702.5**	**26.3**	**32.9**	**127.5**	**889.2**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention.

Spain – overtime compensation

All major security companies in Spain have been compensating their employees in respect of overtime work in accordance with a labor agreement covering the period 2005 to 2008. In February 2007, the Spanish Supreme Court ruled that the overtime compensation under the existing labor agreement was not in compliance with Spanish law.

The potential exposure in respect of overtime compensation payable to employees of the security services and guarding companies in Spain historically increased due to the failure of the major security companies and the local unions to negotiate a settlement agreement on the overtime compensation. A petition was lodged with a lower court in Spain seeking specific guidance as to how overtime compensation should be calculated. A judgment was rendered in January 2008 giving guidelines on calculation of overtime pay, which substantially accepted the views of the employers. This judgment was appealed by the local unions. In December 2009 the Spanish Supreme Court overruled the court decision from January 2008. The Supreme Court confirmed its decision from February 2007 which meant that each claim for overtime pay should be tried on a case by case basis. The Supreme Court thereby changed the basis for the computation of overtime compensation. The Supreme Court judgment cannot be appealed. The Court's decision meant that Securitas had to prepare for several suits from employees and former employees in respect of historic overtime compensation.

In the absence of final guidance on overtime compensation, Securitas has chosen to apply the guidelines given by the court in January 2008 for salary payments paid in 2008 and 2009. These guidelines have during 2012 been confirmed by a new decision by the Supreme Court in Spain and Securitas will continue to apply these guidelines. A legal opinion, requested by the industry association in Spain in which Securitas is a member, has concluded that the time for filing a claim for the subject overtime matters ended on December 4, 2010 due to the statute of limitation. During the years 2011–2014 more than 11 000 cases for overtime pay has been adjudicated by court. In cases where Securitas has lost the case compensation has been paid. As a result of the increasing number of adjudicated claims during 2012, Securitas obtained a better visibility regarding the exposure and the probable outflow that was necessary in order to settle the remaining overtime compensation claims. Based on this, Securitas decided to release MSEK 22.7 (MEUR 2.6) from the provision at the end of 2012. Subsequent to this release there have been no adjustments to the provision. During 2014 a total of MSEK -4.5 has been paid out for overtime compensation after which the provision, also adjusted for translation differences of MSEK 1.7, amounts to MSEK 26.3 as of December 31, 2014. This is deemed sufficient for the remaining exposure. Securitas also estimates that the majority of the remaining part of the provision will be utilized during the coming twelve month period and has consequently kept the short-term classification.

Cost savings program

The cost savings program refers to the remaining balance of the restructuring provisions of MSEK 458.0 recognized in 2012.

NOTE 36 *Pledged assets*

MSEK	2014	2013
Pension balances, defined contribution plans	98.7	86.9
Finance leases	100.9	77.1
Total pledged assets	**199.6**	**164.0**

NOTE 37 *Contingent liabilities*

MSEK	2014	2013
Sureties and guarantees[1]	26.9	22.8
Guarantees related to discontinued operations	18.0	16.8
Total contingent liabilities	**44.9**	**39.6**

1 Guarantees on behalf of related parties are disclosed in note 7.

In addition to the contingent liabilities accounted for in the table, the following contingent liabilities, for which no amount can be determined, also exist:

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in Latin America, Securitas entered into an agreement in 2005 with respect to the possible acquisition of a guarding company in Brazil. In order to support this company while required governmental approvals were sought, Securitas provided a bank guarantee for the benefit of the subject company. The governmental approvals took much longer time than anticipated to obtain and during such period the financial condition of the target company substantially deteriorated. Given the decline in the financial condition of the company, in December 2006 Securitas exercised its right not to complete the acquisition. The governmental approval had then been received. In view of the decision not to complete the subject transaction, a provision in the amount of the bank guarantee was recognized as of December 31, 2006.

The target company in 2007 filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. Securitas, having applied to be registered as a creditor in the insolvency matter, objected to the company's restructuring plan proposed in the judicial restructuring process. The insolvency judge decided against Securitas' objections and this decision was appealed by Securitas in 2008. The Court of Appeal upheld the lower courts' decision. The company has thereafter, on November 9, 2009, been declared bankrupt and the restructuring process has been replaced by bankruptcy proceedings. The bankruptcy process continues and efforts to sell the estates assets are ongoing. Various attempts by the Trustee to increase the liability of Securitas in the bankruptcy will be vigorously rejected.

In connection with the judicial restructuring process, the company (now in bankruptcy) asserted a claim of MSEK 982 against Securitas, alleging that Securitas is responsible for the company's financial failure. Securitas denies all responsibility for such claim. The defense of these cases has been entrusted to one of the leading law firms in Brazil. In a decision by the first instance court in Brazil the claim was fully rejected. The judgment was appealed by the bankruptcy estate to the Brazilian Court of Appeals and this Court decided on formal grounds to nullify the judgment and to remand the case to the first instance court for retrial. In accordance with the Court of Appeals decision the first instance court has decided to allow new evidence in the case. The Court has appointed an Expert to assist the Court in investigating parts of the claim. Securitas maintains its previous position to the claim.

In addition, several former employees of Estrela Azul have sued Securitas and other parties in court and claim inter alia wages and other compensations in pending labor suits. The number of labor law cases involving Securitas continued to decrease during 2013 and the number of new cases where Securitas is a named defendant decreased significantly also in 2014. The claimed amounts are in average relatively low. The defense of these labor cases has been entrusted to one of the leading labor law firms in Brazil – specializing in labor law matters. Securitas denies all responsibility for such labor claims.

Spain – tax audit

The Spanish tax authority has in connection with an audit of Securitas Spain challenged certain interest payments and in tax resolutions in 2009, 2012 and 2014 decided to reject interest deductions made for the financial years 2003–2005, 2006–2007 and 2008–2009 respectively. The 2012 and 2014 resolutions were expected as a consequence of the resolution received in 2009.

If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in a tax of MEUR 41, including interest up to December 31, 2014. There exists no further exposure for similar rejected interest deductions after the financial year 2009 as the Group in 2009 adjusted the capitalization of Securitas Spain to avoid future challenges of interest deductions.

The tax authority has also in 2014 challenged a deduction for a currency related liquidation loss in the financial year 2010, relating to a company that was acquired in 2004. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in a tax of MEUR 16, including interest up to December 2014.

Securitas has in 2014 won in the Spanish national court Audiencia Nacional the case concerning interest deductions for the financial years 2003–2005, due to that the years 2003 and 2004 were judged to be time-barred. The tax for the financial years 2003–2005 amounts to MEUR 11, including interest up to December 2014 (which is part of the MEUR 41 exposure described above). 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.

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

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 for the financial years 2003–2005, 2006–2007 and 2008–2009 and for the currency related liquidation loss for the financial year 2010 should cease.

The Spanish tax authority has in connection with an audit of Securitas Spain, challenged and in 2013 decided to reject a tax exemption for the demerger of the Spanish Systems company in connection with Securitas AB's distribution of the shares in Securitas Systems AB to its shareholders and listing on the Stockholm Stock Exchange in 2006. Securitas has appealed the tax assessment received in 2013 to the court, Tribunal Económico Administrativo Central. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in tax of MEUR 19, including interest up to December 31, 2014.

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

USA – the events of September 11, 2001

A detailed account of the developments surrounding the events of September 11, 2001 has been presented in press releases and interim and annual reports for 2001 to 2013.

All injury and fatality cases against Securitas subsidiary Globe Aviation Services Corporation ("Globe") and other Securitas companies as a result of the September 11 events have been dismissed or settled. Globe and other Group companies, together with the relevant airline and other parties, remain defendants in one lawsuit regarding property and business damage pertaining to the events of September 11, 2001. Through a settlement agreement with the majority of the plaintiffs in the property damage claims in the September 11 case, the majority of such claims was settled. The settlement agreement has been confirmed by the Court of Appeals and became thereby final and binding.

The remaining property damage claim is such that the value of the claims filed can exceed the insurance coverage estimated to exist as a potential source of recovery. Globe and the other Group companies and the other defendants in the property damage case are challenging the claim in all material respects. This property and business interruption claim was decided by the Trial Court in New York, NY, USA on August 1, 2013. In its judgment, the Court rejected plaintiffs claim for damages from Globe and the other defendants for the destruction of the World Trade Center properties in all material respects. The decision has been appealed by the plaintiff. The case is now at the Court of Appeals but no final decision on the merits of the case has been delivered by this Court. Due to the statutory liability cap in relation to the events of September 11, 2001, such liability will be limited to the amount of liability insurance coverage maintained at the time of the incident.

All coverage disputes with the relevant September 11, 2001 insurers have been resolved. The proceedings against other Securitas Group companies than Globe have, with the consent of the Court and the Plaintiffs, been temporarily stayed. Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

USA – tax audit

As disclosed in the 2013 Annual Report, the US tax authority has in 2010 rejected certain insurance premium deductions for the years 2003–2004. Securitas has won the case in the US Tax Court in 2014 and the judgment has not been appealed. Consequently the contingent liability that was earlier disclosed for this case of MUSD 60 plus interest has ceased to exist.

Other proceedings

Over the years, Securitas has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. The risks relating to such contingent liabilities are covered by contractual indemnification, insurance or adequate reserves.

Companies within the Securitas Group are also involved in a number of other legal proceedings and tax audits arising out of the business. Any liabilities arising out of such proceedings are not expected to be material to the business operations or the financial position of the Group.

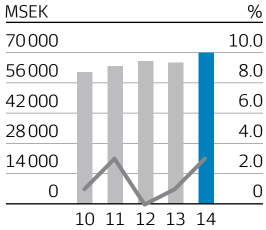
NOTE 38 *Financial five year overview*[1]

MSEK	2010	2011	2012	2013	2014
INCOME					
• **Total sales**	**61 339.8**	**64 057.1**	**66 458.2**	**65 700.1**	**70 217.1**
of which acquired business	2 242.3	5 061.5	2 418.4	682.6	353.3
• ***Acquired sales growth, %***	***4***	***8***	***4***	***1***	***1***
• ***Organic sales growth, %***	***1***	***3***	***0***	***1***	***3***
• ***Real sales growth, %***	***5***	***11***	***4***	***2***	***4***
Operating income before amortization	**3 724.2**	**3 335.1**	**3 027.7**	**3 329.0**	**3 504.7**
• ***Operating margin, %***	***6.1***	***5.2***	***4.6***	***5.1***	***5.0***
Amortization and impairment of acquisition related intangible assets	-164.3	-218.2	-297.1	-273.7	-250.8
Acquisition related costs	-89.6	-193.5	-49.5	-26.8	-17.1
Items affecting comparability	–	–	-424.3	–	–
Financial income and expenses	-502.3	-493.0	-573.0	-385.0	-327.6
• **Income before taxes**	**2 968.0**	**2 430.4**	**1 683.8**	**2 643.5**	**2 909.2**
Taxes	-887.2	-721.7	-509.2	-787.9	-837.7
Net income for the year	**2 080.8**	**1 708.7**	**1 174.6**	**1 855.6**	**2 071.5**
– whereof attributable to non-controlling interests	-2.3	2.9	0.4	3.1	3.1
Average number of shares after dilution ('000)	365 059	365 059	365 059	365 059	365 059
• **Earnings per share after dilution (SEK)**	**5.71**	**4.67**	**3.22**	**5.07**	**5.67**
CASH FLOW					
Operating income before amortization	**3 724.2**	**3 335.1**	**3 027.7**	**3 329.0**	**3 504.7**
Investments in non-current tangible and intangible assets	-901.9	-1 009.8	-1 039.2	-804.0	-1 113.2
Reversal of depreciation	900.7	902.0	946.1	945.6	966.9
Change in accounts receivable	-768.4	-722.6	205.4	1.0	-114.5
Changes in other operating capital employed	312.8	-397.3	60.8	-241.5	-381.2
Cash flow from operating activities	**3 267.4**	**2 107.4**	**3 200.8**	**3 230.1**	**2 862.7**
• ***as % of operating income before amortization***	***88***	***63***	***106***	***97***	***82***
Financial income and expenses paid	-521.7	-475.1	-531.9	-532.0	-311.4
Current taxes paid	-735.1	-763.9	-583.3	-610.4	-696.6
• **Free cash flow**	**2 010.6**	**868.4**	**2 085.6**	**2 087.7**	**1 854.7**
as % of adjusted income	***81***	***40***	***108***	***93***	***75***
Free cash flow per share	***5.51***	***2.38***	***5.71***	***5.72***	**5.08**
Cash flow from investing activities, acquisitions and divestitures	-1 359.0	-1 882.0	-677.3	-294.7	-385.0
Cash flow from items affecting comparability	-62.5	-23.7	-193.8	-307.5	-72.8
Cash flow from financing activities	-424.5	968.9	1 222.7	-2 270.5	-2 107.8
Cash flow for the year	**164.6**	**-68.4**	**2 437.2**	**-785.0**	**-710.9**
Interest-bearing net debt at beginning of year	-8 387.7	-8 208.9	-10 348.8	-9 864.6	-9 609.8
Change in loans	-670.7	-2 064.1	-2 317.9	1 175.3	1 012.6
Revaluation of financial instruments	67.6	7.5	10.6	10.9	-0.4
Translation differences on interest-bearing net debt	617.3	-14.9	354.3	-146.4	-1 113.1
Interest-bearing net debt at year-end	**-8 208.9**	**-10 348.8**	**-9 864.6**	**-9 609.8**	**-10 421.6**

MSEK	2010	2011	2012	2013	2014
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	4 294.0	3 226.5	3 374.7	3 200.2	3 641.4
Accounts receivable	9 724.1	10 965.0	10 490.1	9 676.4	10 815.5
Other operating capital employed	-11 431.6	-11 045.7	-11 283.3	-9 695.7	-10 532.9
Operating capital employed	**2 586.5**	**3 145.8**	**2 581.5**	**3 180.9**	**3 924.0**
• ***as % of total sales***	***4***	***5***	***4***	***5***	***6***
Goodwill	13 338.8	14 727.4	14 275.4	14 361.9	16 228.1
Acquisition related intangible assets	1 096.5	1 574.1	1 501.9	1 315.6	1 244.2
Shares in associated companies	125.6	108.2	108.0	132.7	324.5
Capital employed	**17 147.4**	**19 555.5**	**18 466.8**	**18 991.1**	**21 720.8**
• ***Return on capital employed, %***	***22***	***17***	***14***	***18***	***16***
Net debt	**8 208.9**	**10 348.8**	**9 864.6**	**9 609.8**	**10 421.6**
Net debt equity ratio, multiple	***0.92***	***1.12***	***1.15***	***1.02***	***0.92***
Interest coverage ratio, multiple	***7.4***	***6.0***	***4.9***	***7.9***	***10.4***
• ***Free cash flow in relation to net debt***	***0.24***	***0.08***	***0.21***	***0.22***	***0.18***
Shareholders' equity attributable to equity holders of the Parent Company	**8 935.4**	**9 204.1**	**8 588.3**	**9 365.3**	**11 280.3**
Non-controlling interests	**3.1**	**2.6**	**13.9**	**16.0**	**18.9**
Equity per share	***24.5***	***25.2***	***23.5***	***25.7***	***30.9***
Return on equity, %	***23***	***19***	***13***	***21***	***20***
Equity ratio, %	***27***	***25***	***22***	***25***	***28***
Financing of capital employed	**17 147.4**	**19 555.5**	**18 466.8**	**18 991.1**	**21 720.8**

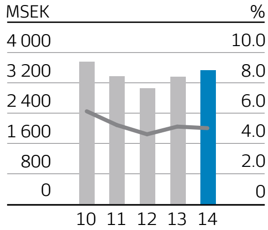
1 For definitions and calculation of key ratios refer to note 3.
• Group key ratios according to Securitas' financial model. Refer to pages 50–51.

Total sales and organic sales growth



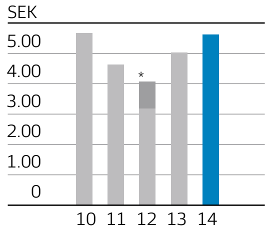
Organic sales growth, %

Operating income before amortization and operating margin



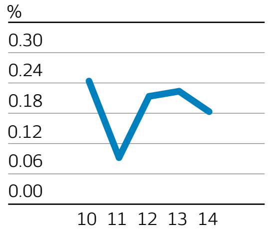
Operating margin, %

Earnings per share



* Adjusted for items affecting comparability and impairment losses.

Free cash flow in relation to net debt



Parent Company statement of income

MSEK	Note	2014	2013
License fees and other income	40	970.3	870.2
Gross income		**970.3**	**870.2**
Administrative expenses	42, 43	-629.2	-552.0
Other operating income	42	15.9	13.5
Operating income		**357.0**	**331.7**
Result of financial investments			
Dividend	40	1 087.7	1 118.5
Interest income	40	165.6	165.5
Interest expenses	40	-365.2	-475.9
Other financial income and expenses, net	44	-493.1	-703.9
Total financial income and expenses		**395.0**	**104.2**
Income after financial items		**752.0**	**435.9**
Appropriations			
Group contributions from subsidiaries	40	4.6	267.4
Group contributions to subsidiaries	40	-284.4	-0.3
Total appropriations		**-279.8**	**267.1**
Income before taxes		**472.2**	**703.0**
Current taxes	45	-14.3	-8.4
Deferred taxes	45	140.8	1.2
Net income for the year		**598.7**	**695.8**

Parent Company statement of comprehensive income

MSEK	Note	2014	2013
Net income for the year		**598.7**	**695.8**
Other comprehensive income			
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	41	0.0	4.7
Net investment hedges net of tax		484.5	-98.5
Total items that subsequently may be reclassified to the statement of income		**484.5**	**-93.8**
Other comprehensive income	**45**	**484.5**	**-93.8**
Total comprehensive income for the year		**1 083.2**	**602.0**

Parent Company statement of cash flow

MSEK	Note	2014	2013
Operations			
Operating income		357.0	331.7
Reversal of depreciation	46, 47	15.4	13.0
Financial items received		1 253.7	2 463.3
Financial items paid		-367.0	-638.5
Current taxes paid		-10.3	-13.2
Change in other operating capital employed		489.6	94.1
Cash flow from operations		**1 738.4**	**2 250.4**
Investing activities			
Investments in non-current tangible and intangible assets	46, 47	-27.1	-11.8
Shares in subsidiaries	48	-107.3	-584.8
Cash flow from investing activities		**-134.4**	**-596.6**
Financing activities			
Dividend paid	52	-1 095.2	-1 095.2
Proceeds from bond loans		713.4	3 629.9
Redemption of bond loans		-1 858.2	-5 176.5
Change in other interest-bearing net debt excluding liquid funds		696.1	2 970.8
Cash flow from financing activities		**-1 543.9**	**329.0**
Cash flow for the year		**60.1**	**1 982.8**
Liquid funds at beginning of year		2 007.7	24.9
Liquid funds at year-end	**51**	**2 067.8**	**2 007.7**

Parent Company balance sheet

MSEK	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	46	117.2	105.5
Machinery and equipment	47	9.9	9.9
Shares in subsidiaries	48	37 257.5	37 183.0
Shares in associated companies	49	112.1	112.1
Interest-bearing financial non-current assets	41	902.9	509.4
Deferred tax assets	45	23.4	19.3
Other long-term receivables		111.8	104.2
Total non-current assets		**38 534.8**	**38 043.4**
Current assets			
Current receivables from subsidiaries		71.4	321.0
Interest-bearing current receivables from subsidiaries	41	3 996.6	3 260.6
Other current receivables		32.7	14.2
Current tax assets		0.6	4.4
Prepaid expenses and accrued income	50	25.8	20.3
Other interest-bearing current assets	41	3.6	47.0
Cash and bank deposits	51	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			
Share capital		365.1	365.1
Legal reserve		7 362.6	7 362.6
Total restricted equity		**7 727.7**	**7 727.7**
Non-restricted equity			
Hedging reserve		-0.4	-0.4
Translation reserve		850.7	366.2
Retained earnings		15 849.9	16 262.3
Net income for the year		598.7	695.8
Total non-restricted equity		**17 298.9**	**17 323.9**
Total shareholders' equity	**52**	**25 026.6**	**25 051.6**
Long-term liabilities			
Long-term loan liabilities	41	11 591.1	11 405.3
Other long-term liabilities		159.1	160.7
Total long-term liabilities	**53**	**11 750.2**	**11 566.0**
Current liabilities			
Current liabilities to subsidiaries		466.7	116.1
Interest-bearing current liabilities to subsidiaries	41	4 047.5	3 833.2
Group account bank overdraft		628.5	779.2
Other short-term loan liabilities	41	2 566.0	2 178.1
Accounts payable		22.1	11.7
Accrued expenses and prepaid income	54	210.0	164.9
Other current liabilities		15.7	17.8
Total current liabilities		**7 956.5**	**7 101.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**44 733.3**	**43 718.6**
Pledged assets	55	98.7	86.9
Contingent liabilities	56	42.2	36.8

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	**Total share-holders' equity**
Opening balance 2013	**365.1**	**7 362.6**	**-5.1**	**464.7**	**17 358.1**	**25 545.4**
Net income for the year	**–**	**–**	**–**	**–**	**695.8**	**695.8**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges[2]						
Total change of hedging reserve before tax	–	–	10.4	–	–	10.4
Deferred tax on total change of hedging reserve	–	–	-5.7	–	–	-5.7
Net investment hedges net of tax	–	–	–	-98.5	–	-98.5
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**4.7**	**-98.5**	**–**	**-93.8**
Other comprehensive income	**–**	**–**	**4.7**	**-98.5**	**–**	**-93.8**
Total comprehensive income for the year	**–**	**–**	**4.7**	**-98.5**	**695.8**	**602.0**
Share-based incentive scheme[1]	–	–	–	–	-0.6	-0.6
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2013	**365.1**	**7 362.6**	**-0.4**	**366.2**	**16 958.1**	**25 051.6**
Opening balance 2014	**365.1**	**7 362.6**	**-0.4**	**366.2**	**16 958.1**	**25 051.6**
Net income for the year	**–**	**–**	**–**	**–**	**598.7**	**598.7**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges[2]						
Total change of hedging reserve before tax	–	–	0.0	–	–	0.0
Deferred tax on total change of hedging reserve	–	–	0.0	–	–	0.0
Net investment hedges net of tax	–	–	–	484.5	–	484.5
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**0.0**	**484.5**	**–**	**484.5**
Other comprehensive income	**–**	**–**	**0.0**	**484.5**	**–**	**484.5**
Total comprehensive income for the year	**–**	**–**	**0.0**	**484.5**	**598.7**	**1 083.2**
Share-based incentive scheme[1]	–	–	–	–	-13.0	-13.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2014	**365.1**	**7 362.6**	**-0.4**	**850.7**	**16 448.6**	**25 026.6**

1 Further information is provided in note 52.
2 A specification can be found in note 41, table revaluation of financial instruments.

Notes

NOTE 39 *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 Parent Company thus follows the same accounting principles as the Group, which are described in note 2, when relevant and except in the cases stated below. The differences that exist between the Parent Company's and the Group's accounting principles are a result of the restrictions that the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and the options that RFR 2 allow for IFRS in the Parent Company.

RFR 2: IFRS 3 Business combinations

The Parent Company measures the acquisition cost as the sum of the acquisition-date fair values of assets transferred, liabilities incurred or transferred and all costs that are directly attributable to the acquisition. Contingent considerations are recognized as part of the acquisition cost if it is probable that they will be realized. The acquisition cost is adjusted in subsequent periods if the initial assessment needs to be revised.

RFR 2: IAS 18 Revenue

Anticipated dividend from a subsidiary is recognized as income in the Parent Company in accordance with RFR 2 if the Parent Company has the exclusive right to decide the amount of the dividend from the subsidiary. The Parent Company must furthermore ensure that the dividend is in line with the subsidiary's dividend capacity. Dividend from a subsidiary that has not been anticipated is accounted for on a cash basis.

RFR 2: IAS 19 Employee benefits

Accounting for defined benefit plans according to the Swedish Act on Safeguarding of Pension Commitments leads to differences between the accounting in the Parent Company and the Group. These differences have no material impact on the employee benefits relating to the employees of the Parent Company. Pension solutions either fall within the framework of the ITP–plan that is insured via Alecta, which is described in note 31, or in all material aspects consist of other defined contribution plans.

RFR 2: IAS 21 The effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange differences that form part of a reporting entity's net investments in a foreign operation shall be recognized via the statement of income in the separate financial statements of the reporting entity. RFR 2 states that such exchange differences instead should be recognized directly in shareholders' equity in accordance with paragraph 14 d in chapter 4 of the Swedish Annual Accounts Act. Securitas AB follows RFR 2 and recognizes exchange differences that fulfil the criteria for net investment hedges, that is for which settlement is neither planned nor likely to occur in the foreseeable future, via the translation reserve in equity.

RFR 2: IAS 27 Consolidated and separate financial statements

The Parent Company applies the alternative rule in RFR 2 IAS 27 related to Group contributions, which means that Group contributions from subsidiaries as well as Group contributions to subsidiaries are accounted for as appropriations in the statement of income.

RFR 2: IAS 39 Financial instruments: Recognition and measurement

The Parent Company follows IAS 39 with the exception of financial guarantees in relation to subsidiaries. For further information refer to the accounting principles adopted by the Group for recognition and measurement of financial instruments in note 2.

Capital contributions

Shareholders' capital contributions are accounted for as an increase of the balance sheet item shares in subsidiaries. An assessment whether any impairment write-down is required in shares in subsidiaries is subsequently made.

Securitas' share-based incentive scheme

In addition to the Group's accounting principles for share-based payments (IFRS 2) as described in note 2 Accounting principles, the following has been applied in the Parent Company's financial statements. The Parent Company has secured the delivery of shares according to Securitas share-based incentive scheme by entering into a swap agreement with a third party regarding purchase of shares. To the extent that shares according to the swap agreement is subject to delivery to employees in other Group companies than the Parent Company, a liability to Group companies has been recorded in the Parent Company's accounts. This liability is recorded at the value of the commitment that Securitas AB has to the subsidiaries to deliver shares, that is the number of shares to be delivered according to the swap agreement at the latest share price for Securitas AB's series B share. Social security expenses are calculated based on the market value of the shares that potentially will be allocated. Fluctuations in the share price for these shares thus lead to changes in social security expenses that impact the Parent Company's and Group's income. This is the only impact on the Parent Company's and Group's income due to fluctuations in the share price for the shares that potentially will be allocated. This means that any possible increase or decrease of the liability to Group companies has not been accounted for in the Parent Company's income statement.

NOTE 40 *Transactions with related parties*

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

THE PARENT COMPANY'S TRANSACTIONS WITH RELATED PARTIES COMPRISE

MSEK	2014	2013
License fees from subsidiaries	968.9	868.6
Other income from subsidiaries	1.4	1.6
Dividends from subsidiaries	1 087.7	1 118.5
Group contributions from subsidiaries	4.6	267.4
Group contributions to subsidiaries	-284.4	-0.3
Interest income from subsidiaries	154.0	138.2
Interest expenses to subsidiaries	-62.2	-84.4
Guarantees issued on behalf of subsidiaries	2 139.6	1 797.8
Guarantees issued on behalf of associated companies	4.9	4.2

NOTE 41 *Financial risk management*

The Parent Company follows, as stated in note 39, IAS 39 Financial instruments: Recognition and measurement. Refer to note 2 and note 6 for further information about financial risks that are applicable also for the Parent Company.

LIQUIDITY REPORT AS PER DECEMBER 31, 2013–2014

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2014				
Borrowings	-17 820	-5 592	-7 954	-4 274
Derivatives outflows	-15 588	-15 559	-26	-3
Accounts payable	-22	-22	–	–
Total outflows	**-33 430**	**-21 173**	**-7 980**	**-4 277**
Investments	6 106	6 016	90	–
Derivatives receipts	16 029	15 627	299	103
Accounts receivable	6	6	–	–
Total inflows	**22 141**	**21 649**	**389**	**103**
Net cash flows, total[1]	**-11 289**	**476**	**-7 591**	**-4 174**
December 31, 2013				
Borrowings	-17 689	-5 151	-8 627	-3 911
Derivatives outflows	-14 797	-14 716	-61	-20
Accounts payable	-12	-12	–	–
Total outflows	**-32 498**	**-19 879**	**-8 688**	**-3 931**
Investments	5 426	5 302	124	–
Derivatives receipts	15 190	14 719	326	145
Accounts receivable	–	–	–	–
Total inflows	**20 616**	**20 021**	**450**	**145**
Net cash flows, total[1]	**-11 882**	**142**	**-8 238**	**-3 786**

1 Variable rate cash flows have been estimated using the relevant yield curve.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2014	2013
Recognized in the statement of income		
Financial income and expenses	-0.8	0.8
Deferred tax	0.2	-0.2
Impact on net income for the year	**-0.6**	**0.6**
Recognized via hedging reserve in other comprehensive income		
Transfer to hedging reserve before tax	-4.5	-3.9
Deferred tax on transfer to hedging reserve	1.0	-2.6[3]
Transfer to hedging reserve net of tax	**-3.5**	**-6.5**
Transfer to statement of income before tax	4.5	14.3
Deferred tax on transfer to statement of income	-1.0	-3.1
Transfer to statement of income net of tax	**3.5**	**11.2**
Total change of hedging reserve before tax[1]	0.0	10.4
Deferred tax on total change of hedging reserve[1]	0.0	-5.7[3]
Total change of hedging reserve net of tax	**0.0**	**4.7**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[2]	-0.8	11.2
Deferred tax on total revaluation[2]	0.2	-5.9
Total revaluation after tax	**-0.6**	**5.3**

1 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
2 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.
3 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2014	2013
Interest-bearing financial non-current assets		
Fair value hedges	329.8	41.6
Cash flow hedges	0.1	0.3
Total derivatives included in interest-bearing financial non-current assets	**329.9**	**41.9**
Interest-bearing current receivables from subsidiaries		
Other derivative positions	72.6	–
Total derivatives included in interest-bearing current receivables from subsidiaries	**72.6**	**–**
Other interest-bearing current assets		
Fair value hedges	0.2	–
Other derivative positions	3.4	47.0
Total derivatives included in other interest-bearing current assets	**3.6**	**47.0**
Long-term loan liabilities		
Fair value hedges	–	7.0
Cash flow hedges	0.3	0.7
Total derivatives included in long-term loan liabilities	**0.3**	**7.7**
Interest-bearing current liabilities to subsidiaries		
Other derivative positions	4.3	40.0
Total derivatives included in interest-bearing current liabilities to subsidiaries	**4.3**	**40.0**
Other short-term loan liabilities		
Cash flow hedges	0.3	0.1
Other derivative positions	84.9	36.0
Total derivatives included in other short-term loan liabilities	**85.2**	**36.1**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31

MSEK	Quoted market prices 2014	Quoted market prices 2013	Valuation techniques using observable market data 2014	Valuation techniques using observable market data 2013	Valuation techniques using non-observable market data 2014	Valuation techniques using non-observable market data 2013	Total 2014	Total 2013
Financial assets at fair value through profit or loss	–	–	76.0	47.0	–	–	76.0	47.0
Financial liabilities at fair value through profit or loss	–	–	-89.2	-76.0	–	–	-89.2	-76.0
Derivatives designated for hedging with positive fair value	–	–	330.1	41.9	–	–	330.1	41.9
Derivatives designated for hedging with negative fair value	–	–	-0.6	-7.8	–	–	-0.6	-7.8

NOTE 42 *Administrative expenses and other operating income*

Administrative expenses

AUDIT FEES AND REIMBURSEMENTS

MSEK	2014	2013
PwC		
– audit assignments	5.7	6.6
– additional audit assignments	1.4	0.6
– tax assignments	0.6	1.2
– other assignments[1]	2.2	2.3
Total	**9.9**	**10.7**

1 The cost of other assignments carried out by PwC includes fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters concerning the Group's internal bank.

Other operating income

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

NOTE 43 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN

	Women 2014	Women 2013	Men 2014	Men 2013	Total 2014	Total 2013
Board of Directors	3	3	4	4	7	7
President	–	–	1	1	1	1
Other employees, Sweden	25	23	23	24	48	47

STAFF COSTS

MSEK	2014 Salaries	2014 Social benefits	2014 (of which pensions)	2013 Salaries	2013 Social benefits	2013 (of which pensions)	Of which bonuses 2014	Of which bonuses 2013
Board of Directors and President[1, 2]	27.3	14.0	(4.4)	16.7	9.6	(3.5)	7.4	0.0
Other employees	57.5	33.0	(11.5)	45.2	28.4	(11.1)	11.8	1.0
Total	**84.8**	**47.0**	**(15.9)**	**61.9**	**38.0**	**(14.6)**	**19.2**	**1.0**

1 Refer to note 8 for further information regarding remuneration to the Board of Directors and President.
2 Whereof MSEK 2.4 refers to temporary remuneration and MSEK 0.7 refers to pension cost to the President for additional responsibility as Divisional President for Security Services Europe during 2014.

NOTE 44 Other financial income and expenses, net

MSEK	2014	2013
Impairment losses, shares in subsidiaries[1]	-32.8	-554.0
Exchange rate differences, net	-442.7	-133.3
Bank costs and similar income/expense items	-16.8	-17.4
Revaluation of financial instruments (IAS 39)	-0.8	0.8
Total other financial income and expenses, net	**-493.1**	**-703.9**

1 Impairment losses of shares in subsidiaries in 2014 were recognized in conjunction with the Parent Company having received dividend from a subsidiary, for another subsidiary as a consequence of a capital contribution to the subsidiary and finally for a third subsidiary in conjunction with the adjustment of the carrying value of intangible assets in the subsidiary.
Impairment losses of shares in subsidiaries in 2013 were recognized in conjunction with the Parent Company having received dividend from a subsidiary and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary.

NOTE 45 Taxes

Statement of income

TAX EXPENSE

MSEK	2014	2013
Tax on income before taxes		
– current taxes	-14.3	-8.4
– deferred taxes	140.8	1.2
Total tax expense	**126.5**	**-7.2**

The Swedish corporate tax rate was 22.0 percent in 2014 and 2013.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE PARENT COMPANY

MSEK	2014	2013
Income before taxes according to the statement of income	**472**	**703**
Tax based on Swedish tax rate	-104	-155
Tax related to previous years	-2	5
Tax related to non-taxable income	241	266
Tax related to non-deductible expenses	-8	-123
Actual tax expense	**127**	**-7**

Tax related to non-taxable income mainly relates to dividends from subsidiaries. Tax related to non-deductible expenses mainly relates to write-down of shares in subsidiaries.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2014	2013
Deferred tax on cash flow hedges	0.0	-5.7
Deferred tax on net investment hedges	-136.7	4.8
Deferred tax on other comprehensive income	**-136.7**	**-0.9**

Balance sheet

Deferred tax assets are attributable to employee related debt.

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0) as of December 31, 2014.

NOTE 46 Intangible assets[1]

MSEK	2014	2013
Opening balance	189.1	195.7
Capital expenditures	24.4	11.8
Reclassification	–	-18.4
Closing accumulated balance	**213.5**	**189.1**
Opening amortization	-83.6	-80.9
Reclassification	–	7.6
Amortization for the year	-12.7	-10.3
Closing accumulated amortization	**-96.3**	**-83.6**
Closing residual value	**117.2**	**105.5**

1 Mainly related to Securitas Guard Management System, which is a system used for communicating, coordinating, performing and reporting services. The estimated useful life is 15 years, based on how similar communication systems are used. The amortization rate is set to the corresponding period. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9). The trademark is tested annually for impairment. Refer to note 17 section impairment testing for further information.

NOTE 47 Machinery and equipment

MSEK	2014	2013
Opening balance	33.7	15.3
Capital expenditures	2.7	0.1
Disposals	–	-0.1
Reclassification	–	18.4
Closing accumulated balance	**36.4**	**33.7**
Opening depreciation	-23.8	-13.5
Reclassification	–	-7.6
Depreciation for the year	-2.7	-2.7
Closing accumulated depreciation	**-26.5**	**-23.8**
Closing residual value	**9.9**	**9.9**

NOTE 48 *Shares in subsidiaries*[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares 2014	*% of share capital/ voting rights 2014*	Book value 2014, MSEK	Book value 2013, MSEK
Alert Services Holding NV[2]	RPR617707	Brussels	3 311 669	*53.01*	576.4	576.4
Grupo Securitas Mexico S A de C V[3]	GSM930817U48	Monterrey	4 999	*99.98*	14.5	14.5
Ozon Project d.o.o[4]	MBS 080011254	Zagreb	1	*65*	0.8	0.7
Protectas S.A.	CH-550-0084385-3	Lausanne	50 000	*100*	32.8	32.8
Seccredo Holding AB	556734-1283	Stockholm	1 000	*100*	36.9	36.9
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	5 000	*100*	10.0	10.0
Securitas Argentina S.A.[5]	1587929	Buenos Aires	282 399	*20*	13.5	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	*100*	227.0	197.0
Securitas BH d.o.o.	65-01-0503-11	Sarajevo	–	*100*	86.8	86.8
Securitas Biztonsági Szolgáltatások Magyarország Kft	Cg.01-09-721946	Budapest	–	*100*	14.3	18.6
Securitas Canada Ltd	036580-6	Toronto	4 004	*100*	85.6	85.6
Securitas CR sro	43872026	Prague	–	*100*	185.5	176.5
Securitas Eesti AS	10188743	Tallinn	1 371	*100*	32.1	32.1
Securitas Egypt LLC	17556	Cairo	30 000	*100*	10.0	5.2
Securitas Group Reinsurance Ltd	317030	Dublin	2 000 000	*100*	576.5	576.5
Securitas Holding GmbH	HRB 33348	Düsseldorf	1	*100*	2 572.3	2 572.3
Securitas Holdings Inc.	95-4754543	Parsippany	100	*100*	2 208.0	2 208.0
Securitas Hrvatska d.o.o	33679708526	Zagreb	1	*100*	121.9	121.8
Securitas Invest AB	556630-3995	Stockholm	1 000	*100*	7.1	7.1
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100 000	*100*	97.7	97.7
Securitas Montenegro d.o.o.	02387620	Niksic	–	*100*	0.8	0.8
Securitas Nordic Holding AB	556248-3627	Stockholm	1 000 000	*100*	9 269.5	9 269.5
Securitas N V[6]	0427.388.334	Brussels	999	*99.90*	272.8	272.8
Securitas Polska Sp. z o. o.	000036743	Warsaw	18 000	*100*	27.4	27.4
Securitas Rental AB	556376-3829	Stockholm	1 000	*100*	3.6	3.6
Securitas Safety & Consulting SRL[7]	J40/13561/2007	Bucharest	1	*5*	0.0	0.0
Securitas SA Holdings Pty Ltd	2008/028411/07	Johannesburg	70	*70*	55.6	55.6
Securitas Security Consulting Holding AB	556087-1468	Stockholm	1 000	*100*	37.3	37.3
Securitas Security Services Ireland Ltd	275069	Dublin	2 410 002	*100*	28.9	–
Securitas Seguridad Holding SL	B83446831	Madrid	7 023	*100*	8 042.8	8 042.8
Securitas Services d.o.o.	17487809	Belgrade	–	*100*	131.0	132.5
Securitas Services Holding U.K. Ltd	05759961	London	34 000 400	*100*	976.2	976.2
Securitas Services International BV	33287487	Amsterdam	25 000	*100*	1 535.1	1 535.1
Securitas Services Romania SRL	J40/2222/2001	Bucharest	21 980	*100*	49.5	49.5
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	–	*100*	92.3	76.2
Securitas SK sro[8]	36768073	Prievidza	–	*4.65*	0.8	0.8
Securitas Transport Aviation Security AB	556691-8917	Stockholm	5 100 000	*100*	272.6	259.6
Securitas Treasury Ireland Ltd	152440	Dublin	21 075 470	*100*	9 475.0	9 497.0
Securitas UAE LLC[9]	615702	Dubai	5 725	*49/51*	10.6	10.6
Tehnomobil d.o.o[4]	MBS 080011254	Zagreb	1	*65*	66.0	65.7
Total shares in subsidiaries					**37 257.5**	**37 183.0**

1 The main business in the subsidiaries is specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. The subsidiaries also comprise of the Group's internal bank, Securitas Treasury Ireland Ltd, as well as the Group's internal insurance company, Securitas Group Reinsurance Ltd. A complete specification of the subsidiaries can be obtained from the Parent Company.
2 Through the holdings in Securitas Seguridad Holding SL, the remaining 46.99 percent of Alert Services Holding NV are held.
3 The remaining 0.02 percent of Grupo Securitas Mexico S.A. de CV are held by Securitas Rental AB.
4 Securitas has an option to acquire the remaining shares.
5 The remaining 80 percent of Securitas Argentina S.A. are held by Securitas Seguridad Holding SL.
6 The remaining 0.1 percent of Securitas NV are held by Securitas Rental AB.
7 The remaining 95 percent of Securitas Safety & Consulting SRL are held by Securitas Services Romania SRL.
8 The remaining 95.35 percent of Securitas SK sro are held by Securitas CR sro.
9 Securitas AB appoints the majority of the Board of Directors and has a controlling interest through a shareholders' agreement.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2014	2013
Opening balance	37 183.0	37 156.3
Acquisitions	31.5	68.7
Capital contributions	75.8	516.1
Impairment losses[1]	-32.8	-554.0
Revaluation of deferred considerations	–	-4.1
Closing balance	**37 257.5**	**37 183.0**

1 Impairment losses of shares in subsidiaries in 2014 were recognized in conjunction with the Parent Company having received dividend from a subsidiary, for another subsidiary as a consequence of a capital contribution to the subsidiary and finally for a third subsidiary in conjunction with the adjustment of the carrying value of intangible assets in the subsidiary.

Impairment losses of shares in subsidiaries in 2013 were recognized in conjunction with the Parent Company having received dividend from a subsidiary and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary.

NOTE 49 *Shares in associated companies*

HOLDINGS 2013–2014

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2014				**112.1**
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2013				**112.1**

NOTE 50 *Prepaid expenses and accrued income*

MSEK	2014	2013
Prepaid software licenses and support costs	12.3	8.0
Prepaid insurance premiums	1.1	1.6
Other prepaid expenses and accrued income	12.4	10.7
Total prepaid expenses and accrued income	**25.8**	**20.3**

NOTE 51 *Liquid funds*

Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits. Short-term investments refer to fixed interest rate bank deposits.

In the Parent Company's balance sheet, utilized internal credits in the Swedish cash-pool account are reported under the Group account bank overdraft.

NOTE 52 *Shareholders' equity*

Number of shares outstanding December 31, 2014

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2013. As of December 31, 2014 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2013, which was paid in 2014, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2014	2013
Swap agreement[1, 2]	-65.6	-52.7
Redemption of previous year's swap agreement[1]	52.7	52.1
Share-based remuneration to employees[3]	0.3	0.5
Settlement of previous year's sharebased remuneration to employees[3]	-0.4	-0.5
Total	**-13.0**	**-0.6**

1 Related to the whole Group's share-based incentive scheme.
2 The number of shares that have been hedged in this swap agreement amount to a total of 932 761 (859 579) and have been allotted to the participants during the first quarter 2015, provided that they were still employed by the Group at that time.
3 Related to share-based remuneration for Securitas AB's employees only.

NOTE 53 *Long-term liabilities*

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS

MSEK	2014	2013
Maturity < 5 years	7 383.9	7 762.1
Maturity > 5 years	4 366.3	3 803.9
Total long-term liabilities	**11 750.2**	**11 566.0**

NOTE 54 *Accrued expenses and prepaid income*

MSEK	2014	2013
Employee-related items	41.0	11.3
Accrued interest expenses	151.6	135.9
Other accrued expenses	17.4	17.7
Total accrued expenses and prepaid income	**210.0**	**164.9**

NOTE 55 *Pledged assets*

MSEK	2014	2013
Pension balances, defined contribution plans	98.7	86.9
Total pledged assets	**98.7**	**86.9**

NOTE 56 *Contingent liabilities*

MSEK	2014	2013
Sureties and guarantees	24.2	20.0
Guarantees related to discontinued operations	18.0	16.8
Total contingent liabilities[1]	**42.2**	**36.8**

1 Guarantees on behalf of subsidiaries are disclosed in note 40.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The statements of income and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 8, 2015.

Stockholm, March 13, 2015

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Sofia Schörling Högberg
Director

Fredrik Palmstierna
Director

Susanne Bergman Israelsson
Director
Employee Representative

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on March 13, 2015
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

(Translation of the Swedish original)

Auditor's report

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Securitas AB for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 53–126.

Responsibilities of the Board of Directors and the CEO and President ("President") for the annual accounts and consolidated accounts
The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Securitas AB for the year 2014.

Responsibilities of the Board of Directors and the President
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 13, 2015
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

Statement of income 2014[1]

MSEK	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Sales	15 995.2	17 001.5	17 966.9	18 900.2
Sales, acquired business	116.0	118.5	35.8	83.0
Total sales	**16 111.2**	**17 120.0**	**18 002.7**	**18 983.2**
Organic sales growth, %	*2*	*3*	*4*	*5*
Production expenses	-13 342.9	-14 214.8	-14 877.1	-15 575.3
Gross income	**2 768.3**	**2 905.2**	**3 125.6**	**3 407.9**
Selling and administrative expenses	-2 034.3	-2 122.9	-2 170.8	-2 398.6
Other operating income	3.8	3.7	4.0	4.4
Share in income of associated companies	0.4	1.9	2.7	3.4
Operating income before amortization	**738.2**	**787.9**	**961.5**	**1 017.1**
Operating margin, %	*4.6*	*4.6*	*5.3*	*5.4*
Amortization of acquisition related intangible assets	-61.5	-59.5	-60.9	-68.9
Acquisition related costs	-4.1	-7.4	-1.1	-4.5
Operating income after amortization	**672.6**	**721.0**	**899.5**	**943.7**
Financial income and expenses	-80.9	-81.7	-82.4	-82.6
Income before taxes	**591.7**	**639.3**	**817.1**	**861.1**
Net margin, %	*3.7*	*3.7*	*4.5*	*4.5*
Current taxes	-147.9	-159.9	-204.2	-198.7
Deferred taxes	-28.4	-30.6	-39.4	-28.6
Net income for the period	**415.4**	**448.8**	**573.5**	**633.8**
Whereof attributable to:				
Equity holders of the Parent Company	414.1	448.0	571.9	634.4
Non-controlling interests	1.3	0.8	1.6	-0.6
Earnings per share before and after dilution (SEK)	1.13	1.23	1.57	1.74

Statement of cash flow 2014[1]

MSEK	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Operating income before amortization	**738.2**	**787.9**	**961.5**	**1 017.1**
Investments in non-current tangible and intangible assets	-258.4	-298.4	-260.4	-296.0
Reversal of depreciation	233.6	235.6	246.8	250.9
Change in accounts receivable	-116.0	-188.4	-123.3	313.2
Change in other operating capital employed	-540.9	-19.1	222.4	-43.6
Cash flow from operating activities	**56.5**	**517.6**	**1 047.0**	**1 241.6**
Cash flow from operating activities, %	*8*	*66*	*109*	*122*
Financial income and expenses paid	-183.7	-35.5	-53.0	-39.2
Current taxes paid	-103.9	-283.8	-178.6	-130.3
Free cash flow	**-231.1**	**198.3**	**815.4**	**1 072.1**
Free cash flow, %	*-45*	*36*	*121*	*146*
Cash flow from investing activities, acquisitions	-23.6	-201.6	-14.7	-145.1
Cash flow from items affecting comparability	-19.4	-26.8	-15.2	-11.4
Cash flow from financing activities	-1 227.3	-322.4	-753.4	195.3
Cash flow for the period	**-1 501.4**	**-352.5**	**32.1**	**1 110.9**

Capital employed and financing 2014[1]

MSEK	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Operating capital employed	**3 788.9**	**4 258.6**	**4 220.9**	**3 924.0**
Operating capital employed as % of sales	*6*	*6*	*6*	*6*
Return on operating capital employed, %	*95*	*89*	*91*	*99*
Goodwill	14 328.9	14 800.5	15 328.2	16 228.1
Acquisition related intangible assets	1 247.7	1 234.2	1 196.3	1 244.2
Shares in associated companies	135.5	287.2	301.8	324.5
Capital employed	**19 501.0**	**20 580.5**	**21 047.2**	**21 720.8**
Return on capital employed, %	*17*	*16*	*16*	*16*
Net debt	**-9 932.1**	**-11 319.7**	**-10 861.4**	**-10 421.6**
Shareholders' equity	**9 568.9**	**9 260.8**	**10 185.8**	**11 299.2**
Net debt equity ratio, multiple	*1.04*	*1.22*	*1.07*	*0.92*

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2013[1]

MSEK	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Sales	15 674.4	16 371.0	16 418.2	16 553.9
Sales, acquired business	185.7	138.6	186.9	171.4
Total sales	**15 860.1**	**16 509.6**	**16 605.1**	**16 725.3**
Organic sales growth, %	*0*	*1*	*1*	*1*
Production expenses	-13 166.1	-13 649.7	-13 720.7	-13 740.1
Gross income	**2 694.0**	**2 859.9**	**2 884.4**	**2 985.2**
Selling and administrative expenses	-1 948.7	-2 055.3	-1 997.6	-2 110.8
Other operating income	3.5	3.1	3.6	3.3
Share in income of associated companies	0.7	1.0	1.1	1.6
Operating income before amortization	**749.5**	**808.7**	**891.5**	**879.3**
Operating margin, %	*4.7*	*4.9*	*5.4*	*5.3*
Amortization of acquisition related intangible assets	-64.0	-64.3	-64.5	-80.9
Acquisition related costs	-8.2	-6.0	-5.0	-7.6
Operating income after amortization	**677.3**	**738.4**	**822.0**	**790.8**
Financial income and expenses	-135.8	-80.5	-83.1	-85.6
Income before taxes	**541.5**	**657.9**	**738.9**	**705.2**
Net margin, %	*3.4*	*4.0*	*4.4*	*4.2*
Current taxes	-135.9	-149.4	-184.6	-238.7
Deferred taxes	-25.5	-46.7	-35.6	28.5
Net income for the period	**380.1**	**461.8**	**518.7**	**495.0**
Whereof attributable to:				
Equity holders of the Parent Company	379.9	461.1	517.6	493.9
Non-controlling interests	0.2	0.7	1.1	1.1
Earnings per share before and after dilution (SEK)	1.04	1.26	1.42	1.35

Statement of cash flow 2013[1]

MSEK	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Operating income before amortization	**749.5**	**808.7**	**891.5**	**879.3**
Investments in non-current tangible and intangible assets	-193.9	-226.9	-152.3	-230.9
Reversal of depreciation	234.3	241.1	231.5	238.7
Change in accounts receivable	-34.9	-152.1	44.7	143.3
Change in other operating capital employed	-602.3	-377.3	533.5	204.6
Cash flow from operating activities	**152.7**	**293.5**	**1 548.9**	**1 235.0**
Cash flow from operating activities, %	*20*	*36*	*174*	*140*
Financial income and expenses paid	-158.9	-261.7	-63.0	-48.4
Current taxes paid	-117.0	-158.3	-131.3	-203.8
Free cash flow	**-123.2**	**-126.5**	**1 354.6**	**982.8**
Free cash flow, %	*-26*	*-22*	*217*	*177*
Cash flow from investing activities, acquisitions	-50.2	-83.8	-64.2	-96.5
Cash flow from items affecting comparability	-165.4	-72.8	-32.1	-37.2
Cash flow from financing activities	2 132.4	-4 212.5	-654.0	463.6
Cash flow for the period	**1 793.6**	**-4 495.6**	**604.3**	**1 312.7**

Capital employed and financing 2013[1]

MSEK	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Operating capital employed	**3 304.6**	**4 300.1**	**3 469.4**	**3 180.9**
Operating capital employed as % of sales	*5*	*6*	*5*	*5*
Return on operating capital employed, %	*89*	*79*	*91*	*116*
Goodwill	14 053.7	14 545.3	14 087.6	14 361.9
Acquisition related intangible assets	1 417.8	1 384.9	1 335.3	1 315.6
Shares in associated companies	109.2	107.3	97.2	132.7
Capital employed	**18 885.3**	**20 337.6**	**18 989.5**	**18 991.1**
Return on capital employed, %	*14*	*13*	*15*	*18*
Net debt	**-10 060.8**	**-11 770.6**	**-10 293.1**	**-9 609.8**
Shareholders' equity	**8 824.5**	**8 567.0**	**8 696.4**	**9 381.3**
Net debt equity ratio, multiple	*1.14*	*1.37*	*1.18*	*1.02*

1 For definitions and calculation of key ratios refer to note 3.

The Securitas Share

At year-end, the closing price of the Securitas share on Nasdaq Stockholm was SEK 94.45, corresponding to a market capitalization of MSEK 32 861 (23 780). Earnings per share amounted to SEK 5.67 (5.07), up 12 percent compared with 2013. Adjusted for the strengthening of the Swedish krona, earnings per share improved 8 percent compared with the preceding year. The Board proposes that a dividend of SEK 3.00 (3.00) per share be paid to shareholders.

Performance of the share in 2014

At year-end, the closing price of the Securitas share was SEK 94.45 (68.35). The share price increased by 38 percent in 2014, compared with the OMX Stockholm Price index, which increased 12 percent. The highest price paid for a Securitas share in 2014 was SEK 95.80, which was noted on December 29, and the lowest price paid was SEK 65.20, which was noted on February 10.

At the end of 2014, Securitas' weight in the OMX Stockholm Price index was 0.62 percent (0.49) and 0.90 percent (0.71) in the OMX Stockholm 30 index. During the year, the OMX Stockholm Price index increased by 12 percent and the OMX Stockholm 30 index increased by 10 percent.

Market capitalization for Securitas at year-end was MSEK 32 861 (23 780), which corresponded to 0.62 percent of the total value of Nasdaq Stockholm.

Trading

A total of 334 million (341) Securitas shares were traded on Nasdaq Stockholm, representing a value of MSEK 25 696 (22 007). The turnover velocity in 2014 was 94 percent (97), compared with a turnover rate of 67 percent (67) for the entire Nasdaq Stockholm. The average number of Securitas shares traded each day was 1 342 000.

The trading on Nasdaq Stockholm represented 64 percent of all traded Securitas shares on lit venues in 2014 and 39 percent of total trades in all categories of venues (includes, for example, dark pools and off-book). In addition to the trading on Nasdaq Stockholm, Securitas shares were traded on lit venues such as BATS Chi-X Europe and Turquoise.

Share capital and shareholder structure

At December 31, 2014, the share capital amounted to SEK 365 058 897, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17 142 600 are Series A shares and 347 916 297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 88 percent.

At December 31, 2014, Securitas had 24 274 shareholders (26 054). In terms of the number of shareholders, private individuals make up the largest shareholder category with 21 126 shareholders, corresponding to 87 percent of the total number of shareholders. In terms of capital and votes, institutional and other corporate entities dominate with 96 and 98 percent, respectively.

Shareholders based in Sweden hold 48 percent of the capital and 64 percent of the votes. Compared with 2013, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2014, shareholders outside Sweden owned 52 percent (47) of the capital and 36 percent (33) of the votes. The largest shareholdings held by foreign shareholders are in the USA and the United Kingdom, with 16 percent of the capital and 11 percent of the votes in the USA and 15 percent of the capital and 11 percent of the votes in the United Kingdom. Foreign shareholders are not always recorded in the share register. Foreign banks and other custodians may be recorded for multiple customers' shares and the actual owners are then not displayed in the register.

At December 31, 2014, the principal shareholders in Securitas were Gustaf Douglas, who through his family and the companies Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Melker Schörling, who through his family and the company Melker Schörling AB holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg.

Dividend policy and cash dividend

The dividend policy was reworded in 2014: 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 level in the range of 50–60 percent of the annual net income. The Board of Directors proposes a dividend of SEK 3.00 (3.00) per share, corresponding to 53 percent of net income. Based on the share price at the end of 2014, the dividend yield for 2014 amounted to 3.2 percent.

Authorization to repurchase shares in Securitas AB

The 2014 Annual General Meeting resolved to authorize the Board to resolve upon the acquisition of the company's own shares up to a maximum of 10 percent of the outstanding shares and for a period up to the Annual General Meeting in 2015.

Securitas share in brief

Series B Securitas shares are traded on Nasdaq Stockholm, part of Nasdaq Nordic, and on other trading venues such as BATS Chi-X Europe. Securitas is listed on Nasdaq Stockholm on the Large Cap List for companies, which includes large companies with a market capitalization of more than MEUR 1 000, and is included in the Industrial Goods & Services sector. The ISIN code for the Securitas share on Nasdaq Stockholm is SE0000163594. The ticker code for the Securitas share is SECU B on Nasdaq Stockholm, SECUB:SS on Bloomberg and SECUb.ST on Reuters. Securitas has been listed on the stock exchange since 1991.

SHAREHOLDER SPREAD AT DECEMBER 31, 2014

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	17 099	0	2 708 962	*0.74*	*0.52*
501–1 000	2 939	0	2 467 084	*0.68*	*0.48*
1 001–5 000	2 882	0	6 647 497	*1.82*	*1.28*
5 001–10 000	449	0	3 432 805	*0.94*	*0.66*
10 001–15 000	172	0	2 240 220	*0.61*	*0.43*
15 001–20 000	100	0	1 811 721	*0.50*	*0.35*
20 001–	633	17 142 600	328 608 008	*94.71*	*96.28*
Total	**24 274**	**17 142 600**	**347 916 297**	***100.00***	***100.00***

Source: Euroclear Sweden

LARGEST SHAREHOLDERS AT DECEMBER 31, 2014

Shareholder	Series A shares	Series B shares	*% of capital*	*% of votes*
Gustaf Douglas, companies and family[1]	12 642 600	27 190 000	*10.9*	*29.6*
Melker Schörling, companies and family[2]	4 500 000	16 008 700	*5.6*	*11.8*
SEB Investment Management	0	15 197 799	*4.2*	*2.9*
CBNY Norges Bank	0	9 879 357	*2.7*	*1.9*
AMF	0	9 547 474	*2.6*	*1.8*
Swedbank Robur Funds	0	8 322 166	*2.3*	*1.6*
CA CIB Treatey Account	0	8 000 000	*2.2*	*1.5*
Prudential Assurance Co Ltd	0	7 074 784	*1.9*	*1.3*
Clearstream Banking S.A.	0	6 602 298	*1.8*	*1.3*
Carnegie Fonder	0	6 080 000	*1.7*	*1.2*
Total, ten largest shareholders	**17 142 600**	**113 902 578**	*35.9*	*54.9*
Total, rest of owners	**0**	**234 013 719**	*64.1*	*45.1*
Total as of December 31, 2014	**17 142 600**	**347 916 297**	*100.0*	*100.0*

1 Includes the holdings of family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.
2 Includes the holdings of family members and Melker Schörling AB.

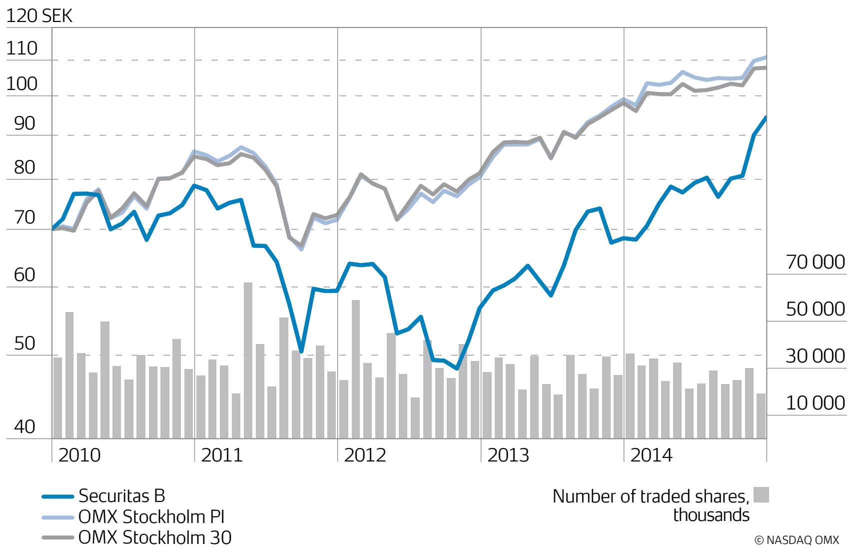
Source: Euroclear Sweden

DATA PER SHARE

SEK/share	2014	2013	2012	2011	2010
Earnings per share[4, 5]	5.67	5.07	4.11[1]	4.67	5.71
Dividend	3.00[2]	3.00	3.00	3.00	3.00
Dividend as % of earnings per share	*53*[3]	*59*	*73*	*64*	*53*
Yield, %	*3.2*[3]	*4.4*	*5.3*	*5.1*	*3.8*
Free cash flow per share	5.08	5.72	5.71	2.38	5.51
Share price at end of period	94.45	68.35	56.70	59.40	78.65
Highest share price	95.80	75.00	67.30	82.00	79.95
Lowest share price	65.20	55.30	47.85	45.75	67.15
Average share price	76.94	64.68	55.80	63.79	73.62
P/E ratio	17	13	14[1]	13	14
Number of shares outstanding (000s)[4]	365 059	365 059	365 059	365 059	365 059
Average number of shares outstanding (000s)[4]	365 059	365 059	365 059	365 059	365 059

1 Calculated excluding items affecting comparability as well as impairment losses of goodwill and other acquisition-related intangible assets.
2 Proposed dividend.
3 Calculated on proposed dividend.
4 There are no outstanding convertible debenture loans. Consequently, there is no potential dilution.
5 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.

Share prices for Securitas, January 1 – December 31, 2010–2014



Definitions

Free cash flow per share: Free cash flow in relation to the number of shares outstanding.

Market capitalization: The number of shares outstanding times the market price of the share price at year-end.

P/E ratio (Price/Earnings): The share price at the end of each year relative to earnings per share after taxes.

Turnover velocity: Turnover during the year relative to the average market capitalization during the same period.

Yield: Dividend relative to share price at the end of each year. For 2014, the proposed dividend is used.

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will release financial information for 2015 as follows:

Interim Reports 2015	
January – March	May 8, 2015
January – June	August 5, 2015
January – September	November 4, 2015
January – December	February 9, 2016

Financial information

All financial information is available both in English and in Swedish and may be requested from:

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SE-102 28 Stockholm
Sweden

Telephone: +46 10 470 30 00
Fax: +46 10 470 31 22
E-mail: ir@securitas.com
www.securitas.com

Investor Relations activities conducted in 2014

Securitas participated in investor meetings, investor conferences and roadshows in Frankfurt, Helsinki, London, Milan, San Francisco and Stockholm throughout the year. Securitas also participated in shareholders' meetings arranged by the Swedish Shareholders' Association.

Financial analysts who cover Securitas

COMPANY NAME	NAME
AlphaValue	Hélène Coumes
Bank of America Merrill Lynch	Nicholas de la Grense
Barclays	Paul Checketts
Carnegie	Mikael Laséen
Citi	Ed Steele
Credit Suisse	Andrew Grobler
Danske Equities	Mikael Holm
Deutsche Bank	Sylvia Foteva
Exane BNP Paribas	Laurent Brunelle
Handelsbanken	Staffan Åberg
HSBC	Rajesh Kumar
JP Morgan Cazenove	Robert Plant
Jyske Markets	Robert Jakobsen
Morgan Stanley	Allen Wells
Nordea	Henrik Nilsson
RBC Capital Markets	Andrew Brooke
SEB Enskilda	Stefan Andersson
UBS	Rory McKenzie

At year-end 2014, the following bankers or brokers were in process of analyst changeover: Goldman Sachs, Kepler Cheuvreux and Swedbank.

Annual General Meeting of shareholders in Securitas AB (publ.)

The shareholders in Securitas AB are hereby invited to attend the Annual General Meeting (AGM) to be held at 3.00 p.m. CET on Friday May 8, 2015 at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, Sweden. Registration for the AGM begins at 2.00 p.m. CET.

Notice of attendance

Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by Euroclear Sweden AB (Euroclear), made as of Saturday, May 2, 2015,
and
(ii) notify Securitas AB of their intent to participate in the AGM at the address:

Securitas AB, "AGM"
P.O. Box 7842, SE-103 98 Stockholm, Sweden
or
by telephone +46 10 470 31 30
or via the company website www.securitas.com/agm2015,
by Monday, May 4, 2015, at the latest.

On giving notice of attendance, the shareholder shall state name, personal identity number or equivalent (corporate identity number), address and telephone number. A proxy form is available on the company website www.securitas.com/agm2015 and will be sent by mail to shareholders informing the company of their address and their wish to receive a copy of the proxy form. Proxy and representative of a legal person shall submit papers of authorization prior to the AGM. As confirmation of the notification, Securitas AB will send an entry card, which should be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear. Such registration must be made as of Saturday, May 2, 2015 and the banker or broker should therefore be notified in due time before said date.

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