Securitas AB

Interim Report January–March 2014

JANUARY–MARCH 2014

- **Total sales MSEK 16 111 (15 860)**
- **Organic sales growth 2 percent (0)**
- **Operating income before amortization MSEK 738 (749)**
- **Operating margin 4.6 percent (4.7)**
- **Earnings per share SEK 1.13 (1.04)**
- **Free cash flow/net debt 0.20 (0.20)**

COMMENTS FROM THE PRESIDENT AND CEO

Organic sales growth was 2 percent in the first quarter. Our organic sales growth in the US shows signs of recovery. In Europe the French security market is no longer decreasing, while the Spanish market continues to decline. Latin America continues to show strong organic sales growth.

Net income continues to improve
The operating income was on the same level as the preceding year, while the earnings per share improved with 9 percent. The operating margin in Security Services North America and Security Services Europe was on the same level as in the first quarter last year, while Security Services Ibero-America was burdened by the severe market conditions in Spain. The additional labor related taxes imposed by the Spanish Government in December last year have not been possible to pass on to the market, and in addition price concessions have been required in some annual contract renewals in order to protect the portfolio. Corrective actions are continuously taken to adapt to the reduced sales.

Sales of security solutions and technology gradually increasing
In 2012, sales of security solutions and technology represented approximately 6 percent of Group sales. We have set a target to triple this share of sales by the end of 2015. We continued to increase our investments in resources within security solutions and technology and the run rate in the first quarter of 2014 was 8.5 percent.

Changing market dynamics creating an opportunity for growth
Due to current market dynamics and a gradual increase of the use of technology in 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 traditional guarding activities and by allowing the private security industry to take over services performed by public authorities and governments.

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 markets 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, where we will be able to grow faster than the security market average.

Alf Göransson
President and Chief Executive Officer

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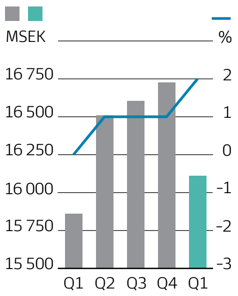
FINANCIAL SUMMARY

	Quarter		Change, %		Full year	Change, %
MSEK	**Q1 2014**	**Q1 2013**	***Total***	***Real***	**2013**	***Total***
Sales	**16 111**	**15 860**	**2**	**2**	**65 700**	**–1**
Organic sales growth, %	*2*	*0*			*1*	
Operating income before amortization	**738**	**749**	**–1**	***0***	**3 329**	**10**
Operating margin, %	*4.6*	*4.7*			*5.1*	
Amortization of acquisition related intangible assets	–61	–64			–274	
Acquisition related costs	–4	–8			–27	
Items affecting comparability	-	-			-	
Operating income after amortization	**673**	**677**	**–1**	***1***	**3 028**	**34**
Financial income and expenses	–81	–136			–385	
Income before taxes	**592**	**541**	**9**	***11***	**2 643**	**57**
Net income for the period	**415**	**380**	**9**	***11***	**1 856**	**58**
Earnings per share, SEK	1.13	1.04	9	*10*	5.07	57
EPS, adjusted for IAC and impairment losses, SEK	1.13	1.04	9	*10*	5.07	23
Cash flow from operating activities, %	*8*	*20*			*97*	
Free cash flow	–231	–123			2 088	
Free cash flow to net debt ratio	*0.20*	*0.20*			*0.22*	

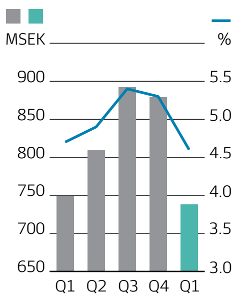
ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth		Operating margin	
		Q1		**Q1**
%	**2014**	**2013**	**2014**	**2013**
Security Services North America	1	0	5.0	5.0
Security Services Europe	1	0	5.2	5.2
Security Services Ibero-America	7	1	4.5	5.5
Group	**2**	**0**	**4.6**	**4.7**

Group quarterly sales development



Group quarterly operating income development



JANUARY–MARCH 2014

Sales development

Sales amounted to MSEK 16 111 (15 860) and organic sales growth was 2 percent (0). Organic sales growth improved in all business segments where main support derived from Argentina, Turkey and the business unit critical infrastructure in the US. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 2 percent (2).

Security solutions and technology sales run rate in the first quarter was 8.5 percent of Group sales.

Operating income before amortization

Operating income before amortization was MSEK 738 (749) which, adjusted for changes in exchange rates, represented a change of 0 percent. The weakened Argentinian peso impacted the quarter negatively with MSEK –21.

The Group's operating margin was 4.6 percent (4.7). Security Services North America and Security Services Europe had a flat operating margin compared to last year while Security Services Ibero-America's operating margin declined due to Spain, where additional labor related taxes introduced in December 2013 affected negatively. With the exception of Spain, the total price adjustments in the Group were on par with wage cost increases.

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –61 (–64).

Acquisition related costs were MSEK –4 (–8). For further information refer to note 4.

Financial income and expenses

Financial income and expenses amounted to MSEK –81 (–136). When comparing to the first quarter of last year, the finance net was positively impacted by the repayment of the MEUR 500 bond loan in April 2013.

Income before taxes

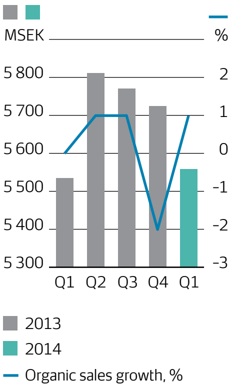
Income before taxes was MSEK 592 (541).

Taxes, net income and earnings per share

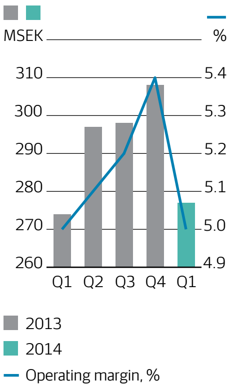
The Group's tax rate was 29.8 percent (29.8).

Net income was MSEK 415 (380). Earnings per share amounted to SEK 1.13 (1.04).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES NORTH AMERICA

Security Services North America provides specialized guarding, security solutions and technology in the USA, Canada and Mexico. The organization comprises 13 business units with in total 104 000 employees and 640 branch managers.

	Quarter		*Change, %*		Full year
MSEK	**Q1 2014**	**Q1 2013**	***Total***	***Real***	**2013**
Total sales	**5 559**	**5 535**	***0***	**1**	**22 841**
Organic sales growth, %	*1*	*0*			*0*
Share of Group sales, %	*35*	*35*			*35*
Operating income before amortization	**277**	**274**	**1**	**1**	**1 177**
Operating margin, %	*5.0*	*5.0*			*5.2*
Share of Group operating income, %	*38*	*37*			*35*

January–March 2014

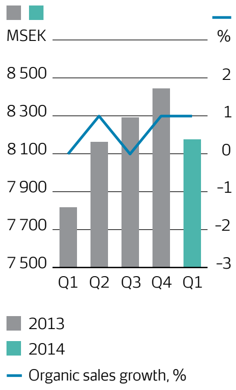
The organic sales growth was 1 percent (0), mainly supported by the business unit critical infra-structure (includes federal government services and defense and aerospace). The tender activity is gradually increasing and there are positive signs that the actions taken last year are starting to pay off in the organic sales growth.

The operating margin was 5.0 percent (5.0).

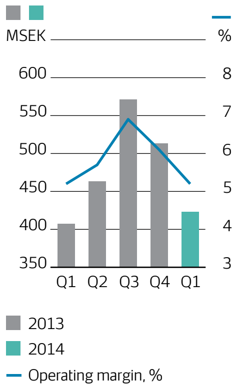
The Swedish krona exchange rate weakened slightly versus the U.S. dollar and thus had an insignificant effect on the operating income in Swedish kronor. The real change was 1 percent in the quarter.

The client retention rate was 86 percent (89). The employee turnover rate in the business segment was 51 percent (53).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES EUROPE

Security Services Europe provides specialized guarding, security solutions and technology in 27 countries. The organization has in total more than 117 000 employees and over 800 branch managers.

	Quarter		Change, %		Full year
MSEK	**Q1 2014**	**Q1 2013**	***Total***	***Real***	**2013**
Total sales	**8 175**	**7 818**	**5**	**2**	**32 716**
Organic sales growth, %	*1*	*0*			*0*
Share of Group sales, %	*51*	*49*			*50*
Operating income before amortization	**423**	**407**	**4**	**1**	**1 954**
Operating margin, %	*5.2*	*5.2*			*6.0*
Share of Group operating income, %	*57*	*54*			*59*

January–March 2014

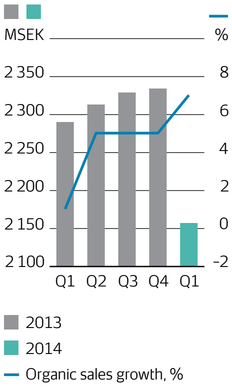
Organic sales growth was 1 percent (0), strongly supported by the positive development in Turkey. Norway showed good organic sales growth in the quarter and has recently won an important contract in the oil and gas industry which will start up in the second quarter. Germany continued to support organic sales growth, however this effect was offset by contract losses in the United Kingdom. France improved organic sales growth significantly and is now close to 0 percent, with an improving trend.

The operating margin was 5.2 percent (5.2).

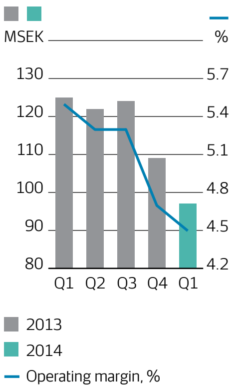
The Swedish krona exchange rate weakened versus the euro and thus had a positive effect on the operating income in Swedish kronor. The real change was 1 percent in the quarter.

The client retention rate was 92 percent (90). The employee turnover was 26 percent (25).

Quarterly sales development



Quarterly operating income development



SECURITY SERVICES IBERO-AMERICA

Security Services Ibero-America provides specialized guarding, security solutions and technology in seven countries in Latin America, as well as Portugal and Spain in Europe. The organization has in total 57 000 employees and 190 branch managers.

	Quarter		*Change, %*		Full year
MSEK	**Q1 2014**	**Q1 2013**	***Total***	***Real***	**2013**
Total sales	**2 157**	**2 290**	**-6**	**7**	**9 266**
Organic sales growth, %	*7*	*1*			*4*
Share of Group sales, %	*13*	*14*			*14*
Operating income before amortization	**97**	**125**	**-22**	**-4**	**480**
Operating margin, %	*4.5*	*5.5*			*5.2*
Share of Group operating income, %	*13*	*17*			*14*

January–March 2014

Organic sales growth was 7 percent (1). Organic sales growth in Latin America was 24 percent, primarily driven by price increases in Argentina. Even though the macro economic conditions in Spain improve and the economy is recovering from the crisis, this is not yet reflected in the security market. Fierce price competition remains. The significant investments made in Spain over the past years in Security Technology and Solutions is paying off, and the sales represents 16 percent of total sales in the first quarter to be compared to 8 percent in the full year of 2012. This positive development continues but is not yet sufficient to mitigate the difficult conditions in the guarding business. Spain showed an organic sales growth of –10 percent (–14).

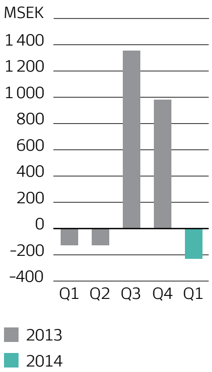
The operating margin was 4.5 percent (5.5). The development related to Spain with negative impact from additional labor related taxes introduced in December 2013 and from negative impact from price concessions. A collective bargaining agreement was signed in February stipulating a wage freeze in 2014. The operating margin development in Latin America was positive and mainly driven by Argentina.

The Swedish krona exchange rate weakened against the Euro while the Argentinian Peso has weakened substantially early in the quarter and impacted the quarter negatively with MSEK –21. The real change in the segment was –4 percent in the quarter.

The client retention rate was 89 percent (88). The employee turnover was 29 percent (31).

Cash flow

Quarterly free cash flow



January–March 2014

Operating income before amortization amounted to MSEK 738 (749). Net investments in non-current tangible and intangible assets amounted to MSEK –24 (41).

Changes in accounts receivable were MSEK –116 (–35), with a slight increase of Days of Sales Outstanding (DSO) compared to December. Changes in other operating capital employed were MSEK –541 (–602).

Cash flow from operating activities amounted to MSEK 57 (153), equivalent to 8 percent (20) of operating income before amortization.

Financial income and expenses paid amounted to MSEK –184 (–159), with the current quarter impacted by the timing of payment of interest coupons on three bond loans. Current taxes paid amounted to MSEK –104 (–117).

Free cash flow was MSEK –231 (–123), equivalent to –45 percent (–26) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –24 (–50).

Cash flow from items affecting comparability was MSEK –19 (–165), whereof MSEK –18 (–73) was related to the cost savings program, MSEK –1 (–4) was related to overtime compensation in Spain and MSEK 0 (–88) was related to payment to Deutsche Bank in Germany.

Cash flow from financing activities was MSEK –1 227 (2 132).

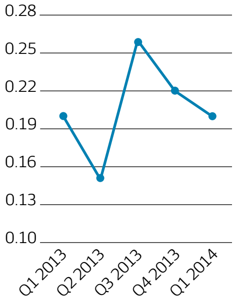
Cash flow for the period was MSEK –1 501 (1 794).

Capital employed and financing

Net debt development

MSEK	
Jan 1, 2014	**-9 610**
Free cash flow	-231
Acquisitions	-24
IAC payments	-19
Change in net debt	**-274**
Translation and revaluation	-48
Mar 31, 2014	**-9 932**

Free cash flow/net debt



Capital employed as of March 31, 2014

The Group's operating capital employed was MSEK 3 789 (3 181 as of December 31, 2013) corresponding to 6 percent of sales (5 as of December 31, 2013) adjusted for the full year sales figures of acquired units.

Acquisitions decreased operating capital employed by MSEK –1 during the period.

Acquisitions increased consolidated goodwill by MSEK 6. Adjusted for translation differences of MSEK –39, total goodwill for the Group amounted to MSEK 14 329 (14 362 as of December 31, 2013).

Acquisitions have increased acquisition related intangible assets by MSEK 10. After amortization of MSEK –61 and translation differences of MSEK –17, acquisition related intangible assets amounted to MSEK 1 248 (1 316 as of December 31, 2013).

The Group's total capital employed was MSEK 19 501 (18 991 as of December 31, 2013). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK –82.

The return on capital employed was 17 percent (18 as of December 31, 2013).

Financing as of March 31, 2014

The Group's net debt amounted to MSEK 9 932 (9 610 as of December 31, 2013). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 24, of which purchase price payments accounted for MSEK 21 and acquisition related costs paid accounted for MSEK 3. The Group's net debt increased by MSEK 48 due to the translation of net debt in foreign currency to Swedish kronor.

The free cash flow to net debt ratio amounted to 0.20 (0.20).

The main capital market instruments drawn as of the end of March 2014 were eleven bonds issued under the Group's Euro Medium Term Note Program, with maturity dates between September 2014 and February 2021. Securitas has access to committed bank financing through a Revolving Credit Facility (RCF), which comprises two respective tranches of MUSD 550 and MEUR 420 (MUSD 1 100 in total). At the end of the quarter there was no drawing, leaving the full amount available. The Group also has access to a MSEK 5 000 Swedish Commercial Paper Program for short-term borrowing needs. Further information regarding financial instruments and credit facilities is provided in note 6.

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

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

The interest cover ratio amounted to 9.2 (5.0).

Shareholders' equity amounted to MSEK 9 569 (9 381 as of December 31, 2013). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK –130 after taking into account net investment hedging of MSEK –32 and MSEK –98 before net investment hedging. Refer to the statement of comprehensive income on page 13 for further information.

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

ACQUISITIONS JANUARY–MARCH 2014 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enter-prise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**14 362**	**1 316**
Other acquisitions [5] [7]				16	20	6	10
Total acquisitions January–March 2014				**16**	**20**	**6** [6]	**10**
Amortization of acquisition related intangible assets						-	–61
Exchange rate differences						–39	–17
Closing balance						**14 329**	**1 248**

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: EKS Technik, Germany, Sensormatic, Turkey, Consultora Videco, Argentina and Selectron, Uruguay. Related also to deferred considerations paid in Austria, Croatia, Argentina, Uruguay and Indonesia.

6) Goodwill that is expected to be tax deductible amounts to MSEK 0.

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 –4. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 525.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 16. Transaction costs and revaluation of deferred considerations can be found in note 4 on page 18.

Other significant events

For critical estimates and judgments, items affecting comparability, provisions and contingent liabilities refer to the Annual Report 2013. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

Authorization to repurchase shares in Securitas AB
In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 5, 2014, 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.

Change in Group Management

Åsa Thunman, Senior Vice President General Counsel and Group Risk Manager, will leave Securitas in the end of September 2014 to become Executive Vice President and General Counsel of Sandvik. Åsa Thunman joined Securitas in 2009 and has been a member of Securitas Group Management since 2011.

Risks and uncertainties

Risk management is necessary in order for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract risk, operational assignment risk and financial risks. Securitas approach to enterprise risk management is described in more detail in the Annual Report for 2013.

In the preparation of financial reports the Board of Directors and Group Management are required to make estimates and judgments. These estimates and judgments impact the statement of income and balance sheet as well as disclosures such as contingent liabilities. Actual outcome may differ from these estimates and judgments under different circumstances and conditions.

For the forthcoming nine-month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2013 and if applicable above under the heading "Other significant events", may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

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

January–March 2014

The Parent Company's income amounted to MSEK 218 (221) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 341 (46). The increase of financial income and expenses compared to last year is mainly explained by dividends from subsidiaries. Income before taxes amounted to MSEK 457 (99).

As of March 31, 2014

The Parent Company's non-current assets amounted to MSEK 38 152 (38 043 as of December 31, 2013) and mainly comprise shares in subsidiaries of MSEK 37 217 (37 183 as of December 31, 2013). Current assets amounted to MSEK 5 023 (5 675 as of December 31, 2013) of which liquid funds amounted to MSEK 1 086 (2 008 as of December 31, 2013).

Shareholders' equity amounted to MSEK 25 478 (25 052 as of December 31, 2013).

The Parent Company's liabilities amounted to MSEK 17 697 (18 666 as of December 31, 2013) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 20.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 71 to 77 in the Annual Report for 2013. The accounting principles are also available on the Group's website www.securitas.com under the section Investor Relations – Financial data – Accounting Principles.

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 39 on page 123 in the Annual Report for 2013.

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

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

None of the other published standards and interpretations that are mandatory for the Group's financial year 2014 is assessed to have any impact on the Group's financial statements.

Stockholm, May 5, 2014

Alf Göransson
President and Chief Executive Officer

This report has not been reviewed by the company's auditors.

STATEMENT OF INCOME

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Sales	15 995.2	15 674.4	65 017.5	64 039.8
Sales, acquired business	116.0	185.7	682.6	2 418.4
Total sales	**16 111.2**	**15 860.1**	**65 700.1**	**66 458.2**
Organic sales growth, % [1]	*2*	*0*	*1*	*0*
Production expenses	–13 342.9	–13 166.1	–54 276.6	–55 364.5
Gross income	**2 768.3**	**2 694.0**	**11 423.5**	**11 093.7**
Selling and administrative expenses	–2 034.3	–1 948.7	–8 112.4	–8 081.5
Other operating income [2]	3.8	3.5	13.5	12.8
Share in income of associated companies [3]	0.4	0.7	4.4	2.7
Operating income before amortization	**738.2**	**749.5**	**3 329.0**	**3 027.7**
Operating margin, %	*4.6*	*4.7*	*5.1*	*4.6*
Amortization and impairment of acquisition related intangible assets	–61.5	–64.0	–273.7	–297.1
Acquisition related costs [4]	–4.1	–8.2	–26.8	–49.5
Items affecting comparability [5]	-	–	-	–424.3
Operating income after amortization	**672.6**	**677.3**	**3 028.5**	**2 256.8**
Financial income and expenses [6]	–80.9	–135.8	–385.0	–573.0
Income before taxes	**591.7**	**541.5**	**2 643.5**	**1 683.8**
Net margin, %	*3.7*	*3.4*	*4.0*	*2.5*
Current taxes	–147.9	–135.9	–708.6	–526.4
Deferred taxes	–28.4	–25.5	–79.3	17.2
Net income for the period	**415.4**	**380.1**	**1 855.6**	**1 174.6**
Whereof attributable to:				
Equity holders of the Parent Company	414.1	379.9	1 852.5	1 174.2
Non-controlling interests	1.3	0.2	3.1	0.4
Earnings per share before dilution (SEK)	1.13	1.04	5.07	3.22
Earnings per share after dilution (SEK)	1.13	1.04	5.07	3.22

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Net income for the period	**415.4**	**380.1**	**1 855.6**	**1 174.6**
Other comprehensive income for the period				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit pension plans net of tax	–31.6	90.4	243.0	–111.7
Total items that will not be reclassified to the statement of income [7]	**–31.6**	**90.4**	**243.0**	**–111.7**
Items that subsequently may be reclassified to the statement of income				
Cash flow hedges net of tax	–0.6	–0.8	4.7	7.1
Net investment hedges net of tax	–32.4	45.8	–202.3	–9.7
Translation differences	–97.6	–240.5	–36.1	–550.1
Total items that subsequently may be reclassified to the statement of income [7]	**–130.6**	**–195.5**	**–233.7**	**–552.7**
Other comprehensive income for the period [7]	**–162.2**	**–105.1**	**9.3**	**–664.4**
Total comprehensive income for the period	**253.2**	**275.0**	**1 864.9**	**510.2**
Whereof attributable to:				
Equity holders of the Parent Company	252.0	275.8	1 863.9	510.4
Non-controlling interests	1.2	–0.8	1.0	–0.2

Notes 1–7 refer to pages 18–19.

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Operating income before amortization	**738.2**	**749.5**	**3 329.0**	**3 027.7**
Investments in non-current tangible and intangible assets	–258.4	–193.9	–804.0	–1 039.2
Reversal of depreciation	233.6	234.3	945.6	946.1
Change in accounts receivable	–116.0	–34.9	1.0	205.4
Change in other operating capital employed	–540.9	–602.3	–241.5	60.8
Cash flow from operating activities	**56.5**	**152.7**	**3 230.1**	**3 200.8**
Cash flow from operating activities, %	*8*	*20*	*97*	*106*
Financial income and expenses paid	–183.7	–158.9	–532.0	–531.9
Current taxes paid	–103.9	–117.0	–610.4	–583.3
Free cash flow	**–231.1**	**–123.2**	**2 087.7**	**2 085.6**
Free cash flow, %	*–45*	*–26*	*93*	*108*
Cash flow from investing activities, acquisitions	–23.6	–50.2	–294.7	–677.3
Cash flow from items affecting comparability	–19.4	–165.4	–307.5	–193.8
Cash flow from financing activities	–1 227.3	2 132.4	–2 270.5	1 222.7
Cash flow for the period	**–1 501.4**	**1 793.6**	**–785.0**	**2 437.2**

Cash flow MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Cash flow from operations	4.6	–111.3	2 529.0	2 833.4
Cash flow from investing activities	–278.7	–227.5	–1 043.5	–1 618.9
Cash flow from financing activities	–1 227.3	2 132.4	–2 270.5	1 222.7
Cash flow for the period	**–1 501.4**	**1 793.6**	**–785.0**	**2 437.2**

Change in net debt MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Opening balance	**–9 609.8**	**–9 864.6**	**–9 864.6**	**–10 348.8**
Cash flow for the period	–1 501.4	1 793.6	–785.0	2 437.2
Change in loans	1 227.3	–2 132.4	1 175.3	–2 317.9
Change in net debt before revaluation and translation differences	**–274.1**	**–338.8**	**390.3**	**119.3**
Revaluation of financial instruments [6)]	–0.5	2.3	10.9	10.6
Translation differences	–47.7	140.3	–146.4	354.3
Change in net debt	**–322.3**	**–196.2**	**254.8**	**484.2**
Closing balance	**–9 932.1**	**–10 060.8**	**–9 609.8**	**–9 864.6**

Note 6 refers to page 19.

CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Dec 31, 2012
Operating capital employed	**3 788.9**	**3 180.9**	**3 304.6**	**2 581.5**
Operating capital employed as % of sales	*6*	*5*	*5*	*4*
Return on operating capital employed, %	*95*	*116*	*89*	*91*
Goodwill	14 328.9	14 361.9	14 053.7	14 275.4
Acquisition related intangible assets	1 247.7	1 315.6	1 417.8	1 501.9
Shares in associated companies	135.5	132.7	109.2	108.0
Capital employed	**19 501.0**	**18 991.1**	**18 885.3**	**18 466.8**
Return on capital employed, %	*17*	*18*	*14*	*14*
Net debt	**–9 932.1**	**–9 609.8**	**–10 060.8**	**–9 864.6**
Shareholders' equity	**9 568.9**	**9 381.3**	**8 824.5**	**8 602.2**
Net debt equity ratio, multiple	*1.04*	*1.02*	*1.14*	*1.15*

BALANCE SHEET

MSEK	Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Dec 31, 2012
ASSETS				
Non-current assets				
Goodwill	14 328.9	14 361.9	14 053.7	14 275.4
Acquisition related intangible assets	1 247.7	1 315.6	1 417.8	1 501.9
Other intangible assets	328.0	325.2	340.5	368.1
Tangible non-current assets	2 335.3	2 269.4	2 330.6	2 377.7
Shares in associated companies	135.5	132.7	109.2	108.0
Non-interest-bearing financial non-current assets	1 963.6	1 996.7	2 088.3	2 170.7
Interest-bearing financial non-current assets	223.3	150.9	165.3	224.3
Total non-current assets	**20 562.3**	**20 552.4**	**20 505.4**	**21 026.1**
Current assets				
Non-interest-bearing current assets	13 199.9	12 575.5	12 901.2	12 434.1
Other interest-bearing current assets	110.1	59.5	36.4	116.3
Liquid funds	2 552.0	4 049.8	6 640.0	4 880.7
Total current assets	**15 862.0**	**16 684.8**	**19 577.6**	**17 431.1**
TOTAL ASSETS	**36 424.3**	**37 237.2**	**40 083.0**	**38 457.2**

MSEK	Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Dec 31, 2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company	9 551.7	9 365.3	8 811.4	8 588.3
Non-controlling interests	17.2	16.0	13.1	13.9
Total shareholders' equity	**9 568.9**	**9 381.3**	**8 824.5**	**8 602.2**
Equity ratio, %	*26*	*25*	*22*	*22*
Long-term liabilities				
Non-interest-bearing long-term liabilities	463.0	487.3	410.6	409.3
Interest-bearing long-term liabilities	10 246.7	11 509.8	8 504.7	9 099.9
Non-interest-bearing provisions	2 450.2	2 463.8	2 709.8	2 887.0
Total long-term liabilities	**13 159.9**	**14 460.9**	**11 625.1**	**12 396.2**
Current liabilities				
Non-interest-bearing current liabilities and provisions	11 124.7	11 034.8	11 235.6	11 472.8
Interest-bearing current liabilities	2 570.8	2 360.2	8 397.8	5 986.0
Total current liabilities	**13 695.5**	**13 395.0**	**19 633.4**	**17 458.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36 424.3**	**37 237.2**	**40 083.0**	**38 457.2**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2014 Attributable to equity holders of the Parent Company	Mar 31, 2014 Non-controlling interests	Mar 31, 2014 Total	Dec 31, 2013 Attributable to equity holders of the Parent Company	Dec 31, 2013 Non-controlling interests	Dec 31, 2013 Total	Dec 31, 2012 Attributable to equity holders of the Parent Company	Dec 31, 2012 Non-controlling interests	Dec 31, 2012 Total
Opening balance January 1, 2014/2013/2012	**9 365.3**	**16.0**	**9 381.3**	**8 588.3**	**13.9**	**8 602.2**	**9 204.1**	**2.6**	**9 206.7**
Total comprehensive income for the period	252.0	1.2	253.2	1 863.9	1.0	1 864.9	510.4	–0.2	510.2
Transactions with non-controlling interests	-	-	-	–2.0	1.1	–0.9	–35.0	11.5	–23.5
Share based incentive scheme	–65.6	-	–65.6[1)]	10.3	-	10.3	4.0	-	4.0
Dividend paid to the shareholders of the Parent Company	-	-	-	–1 095.2	-	–1 095.2	–1 095.2	-	–1 095.2
Closing balance March 31/December 31, 2014/2013/2012	**9 551.7**	**17.2**	**9 568.9**	**9 365.3**	**16.0**	**9 381.3**	**8 588.3**	**13.9**	**8 602.2**

1) Refers to a swap agreement in Securitas AB shares, hedging the share portion of Securitas share based incentive scheme 2013.

DATA PER SHARE

SEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Share price, end of period	74.95	61.35	68.35	56.70
Earnings per share before dilution [1, 2)]	1.13	1.04	5.07	3.22
Earnings per share before dilution and before items affecting comparability [1, 2)]	1.13	1.04	5.07	4.11[4)]
Dividend	-	-	3.00[5)]	3.00
P/E-ratio after dilution and before items affecting comparability	-	-	13	14[4)]
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding [3)]	365 058 897	365 058 897	365 058 897	365 058 897
Average number of shares outstanding [3)]	365 058 897	365 058 897	365 058 897	365 058 897

1) There are no convertible debenture loans. Consequently there is no difference between earnings per share before and after dilution.
2) Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.
3) There are no convertible debenture loans. Consequently there is no difference between number of shares before and after dilution.
4) Calculated excluding items affecting comparability as well as impairment of goodwill and other acquisition related intangible assets.
5) Proposed dividend.

JANUARY–MARCH 2014

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	5 557	8 175	2 157	222	-	16 111
Sales, intra-group	2	0	-	0	–2	-
Total sales	**5 559**	**8 175**	**2 157**	**222**	**–2**	**16 111**
Organic sales growth, %	*1*	*1*	*7*	*-*	*-*	*2*
Operating income before amortization	**277**	**423**	**97**	**–59**	**-**	**738**
of which share in income of associated companies	*–1*	*0*	*-*	*1*	*-*	*0*
Operating margin, %	*5.0*	*5.2*	*4.5*	*-*	*-*	*4.6*
Amortization of acquisition related intangible assets	–6	–36	–15	–4	-	–61
Acquisition related costs	-	–2	–2	0	-	–4
Items affecting comparability	-	-	-	-	-	-
Operating income after amortization	**271**	**385**	**80**	**–63**	**-**	**673**
Financial income and expenses	-	-	-	-	-	–81
Income before taxes	**-**	**-**	**-**	**-**	**-**	**592**

JANUARY–MARCH 2013

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	5 533	7 818	2 290	219	-	15 860
Sales, intra-group	2	-	-	-	–2	-
Total sales	**5 535**	**7 818**	**2 290**	**219**	**–2**	**15 860**
Organic sales growth, %	*0*	*0*	*1*	*-*	*-*	*0*
Operating income before amortization	**274**	**407**	**125**	**–57**	**-**	**749**
of which share in income of associated companies	*-*	*-*	*-*	*1*	*-*	*1*
Operating margin, %	*5.0*	*5.2*	*5.5*	*-*	*-*	*4.7*
Amortization of acquisition related intangible assets	–8	–34	–17	–5	-	–64
Acquisition related costs	-	–7	–1	0	-	–8
Items affecting comparability	-	-	-	-	-	-
Operating income after amortization	**266**	**366**	**107**	**–62**	**-**	**677**
Financial income and expenses	-	-	-	-	-	–136
Income before taxes	**-**	**-**	**-**	**-**	**-**	**541**

Note 1 Organic sales growth

The calculation of organic sales growth (and the specification of currency changes on operating income and income before taxes) is specified below:

MSEK	Jan–Mar 2014	Jan–Mar 2013	*Jan–Mar %*
Total sales	**16 111**	**15 860**	**2**
Acquisitions/divestitures	–116	–11	
Currency change from 2013	101	-	
Organic sales	**16 096**	**15 849**	**2**
Operating income	**738**	**749**	**–1**
Currency change from 2013	11	-	
Currency adjusted operating income	**749**	**749**	**0**
Income before taxes	**592**	**541**	**9**
Currency change from 2013	7	-	
Currency adjusted income before taxes	**599**	**541**	**11**

Note 2 Other operating income

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

Note 3 Share in income of associated companies

Securitas recognizes share in income of associated companies depending on the purpose of the investment.

· Associated companies that have been acquired to contribute to the operations (operational) are included in operating income before amortization.

· Associated companies that have been acquired as part of the financing of the Group (financial investments) are included in income before taxes as a separate line within the finance net. Currently, Securitas has no associated companies recognized as financial investments.

Associated companies classified as operational:

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Walsons Services PVT Ltd	0.5	0.4	1.6	0.2
Long Hai Security	0.4	0.3	2.2	2.5
Other associated companies	-0.5	-	0.6	-
Share in income of associated companies included in operating income before amortization	**0.4**	**0.7**	**4.4**	**2.7**

Note 4 Acquisition related costs

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Restructuring and integration costs	0.0	-8.8	–25.8	–62.2
Transaction costs	–1.1	–2.3	–10.9	–17.2
Revaluation of deferred considerations	–3.0	2.9	9.9	29.9
Acquisition related costs	**–4.1**	**–8.2**	**–26.8**	**–49.5**

Note 5 Items affecting comparability

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Recognized in the statement of income				
Restructuring costs	-	-	-	–458.0
Spain – overtime compensation	-	-	-	22.7
Germany – discontinued operations	-	-	-	11.0
Total recognized in the statement of income	**-**	**-**	**-**	**–424.3**
Cash flow impact				
Restructuring payments	–17.8	–72.6	–205.0	–152.4
Spain – overtime compensation	–1.2	–3.8	–12.0	–37.9
Germany – Deutsche Bank	-	–88.5	–88.5	-
Germany – premises	–0.4	–0.5	–2.0	–3.5
Total cash flow impact	**–19.4**	**–165.4**	**–307.5**	**–193.8**

Note 6 Financial instruments and credit facilities

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

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Recognized in the statement of income				
Revaluation of financial instruments	0.2	–1.1	0.5	1.0
Deferred tax	0.0	0.2	–0.1	–0.3
Impact on net income	**0.2**	**–0.9**	**0.4**	**0.7**
Recognized in the statement of comprehensive income				
Cash flow hedges	–0.7	3.4	10.4	9.6
Deferred tax	0.1	–0.7	–2.2	–2.5
Adjustment of opening balance deferred taxes	-	–3.5	–3.5	-
Cash flow hedges net of tax	**–0.6**	**–0.8**	**4.7**	**7.1**
Total revaluation before tax	–0.5	2.3	10.9	10.6
Total deferred tax	0.1	–4.0	–5.8	–2.8
Total revaluation after tax	**–0.4**	**–1.7**	**5.1**	**7.8**

Fair value hierarchy
The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 6 in the Annual Report 2013. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2013.

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
March 31, 2014				
Financial assets at fair value through profit or loss	-	33.6	-	**33.6**
Financial liabilities at fair value through profit or loss	-	–59.8	-	**–59.8**
Derivatives designated for hedging with positive fair value	-	135.6	-	**135.6**
Derivatives designated for hedging with negative fair value	-	–1.3	-	**–1.3**
December 31, 2013				
Financial assets at fair value through profit or loss	-	59.5	-	**59.5**
Financial liabilities at fair value through profit or loss	-	–50.5	-	**–50.5**
Derivatives designated for hedging with positive fair value	-	41.9	-	**41.9**
Derivatives designated for hedging with negative fair value	-	–7.8	-	**–7.8**

Financial instruments by category – carrying and fair values
For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value. A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 6 in the Annual Report 2013.

	Mar 31, 2014		Dec 31, 2013	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Short-term loan liabilities	409.5	404.9	-	-
Long-term loan liabilities	9 026.8	9 164.3	9 284.2	9 376.4
Total financial instruments by category	**9 436.3**	**9 569.2**	**9 284.2**	**9 376.4**

Summary of credit facilities as of March 31, 2014

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	SEK	500	0	2014
EMTN FRN private placement	SEK	500	0	2014
EMTN 3.45% fixed	SEK	400	0	2015
EMTN FRN private placement	SEK	600	0	2015
EMTN FRN private placement	USD	62	0	2015
EMTN FRN private placement	USD	40	0	2015
Multi Currency Revolving Credit Facility	USD equivalent	1 100	1 100	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 Eurobond, 2.625% fixed	EUR	350	0	2021
Commercial Paper (uncommitted)	SEK	5 000	5 000	n/a

Note 7 Tax effects on other comprehensive income

MSEK	Jan–Mar 2014	Jan–Mar 2013	Jan–Dec 2013	Jan–Dec 2012
Deferred tax on remeasurements of defined benefit pension plans	14.0	–45.2	–115.2	37.3
Deferred tax on cash flow hedges	0.1	–4.2	–5.7	–2.5
Deferred tax on net investment hedges	9.1	–12.9	34.1	3.5
Deferred tax on other comprehensive income	**23.2**	**–62.3**	**–86.8**	**38.3**

STATEMENT OF INCOME

MSEK	Jan–Mar 2014	Jan–Mar 2013
License fees and other income	217.9	221.3
Gross income	**217.9**	**221.3**
Administrative expenses	–114.2	–89.4
Operating income	**103.7**	**131.9**
Financial income and expenses	341.2	46.3
Income after financial items	**444.9**	**178.2**
Appropriations	12.5	–79.0
Income before taxes	**457.4**	**99.2**
Taxes	–3.0	–3.9
Net income for the period	**454.4**	**95.3**

BALANCE SHEET

MSEK	Mar 31, 2014	Dec 31, 2013
ASSETS		
Non-current assets		
Shares in subsidiaries	37 217.4	37 183.0
Shares in associated companies	112.1	112.1
Other non-interest-bearing non-current assets	244.5	238.9
Interest-bearing financial non-current assets	578.2	509.4
Total non-current assets	**38 152.2**	**38 043.4**
Current assets		
Non-interest-bearing current assets	557.2	359.9
Other interest-bearing current assets	3 379.8	3 307.6
Liquid funds	1 085.8	2 007.7
Total current assets	**5 022.8**	**5 675.2**
TOTAL ASSETS	**43 175.0**	**43 718.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 727.7	7 727.7
Non-restricted equity	17 750.1	17 323.9
Total shareholders' equity	**25 477.8**	**25 051.6**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	158.2	160.7
Interest-bearing long-term liabilities	10 145.6	11 405.3
Total long-term liabilities	**10 303.8**	**11 566.0**
Current liabilities		
Non-interest-bearing current liabilities	674.2	310.5
Interest-bearing current liabilities	6 719.2	6 790.5
Total current liabilities	**7 393.4**	**7 101.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**43 175.0**	**43 718.6**

Definitions

Interest coverage ratio
Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).

Free cash flow, %
Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).

Free cash flow in relation to net debt
Free cash flow (rolling 12 months) in relation to closing balance net debt.

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.

Return on operating capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.

Return on capital employed, %
Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of closing balance of capital employed.

Net debt equity ratio, multiple
Net debt in relation to shareholders' equity.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 5, 2014 at **14:00 p.m. (CET)** where Securitas CEO Alf Göransson will present the report and answer questions. The telephone conference will also be audio cast live via Securitas web. No information meeting will take place at Securitas headquarters at Lindhagensplan in Stockholm. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

The United States:	+1 855 753 2230
Sweden:	+46 (0) 8 505 564 74
United Kingdom:	+44 (0) 203 364 5374

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

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FINANCIAL INFORMATION CALENDAR

May 5, 2014, 16:00 p.m.	Annual General Meeting 2014 The AGM will take place at Hilton Hotel Slussen in Stockholm at 16.00 p.m.
August 5, 2014, 08:00 a.m.	Interim Report January–June 2014
November 4, 2014, 08:00 a.m.	Interim Report January–September 2014

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

ABOUT SECURITAS

Securitas is a knowledge leader in security and operates in North America, Europe, Latin America, the Middle East, Asia and Africa. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. Securitas serves a wide range of customers in a variety of industries and customer segments, and the customers vary from the shop on the corner to global multibillion industries. The services provided are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. Securitas can respond to the unique and specific security challenges facing its customers, and tailor its offering according to their specific industry demands. Securitas employs close to 310 000 people in 52 countries. Securitas is listed in the Large Cap segment at NASDAQ OMX Stockholm.

Group financial targets

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

Group strategy

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

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Corporate registration
number 556302-7241

Securitas AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 13.00 p.m. (CET) on Monday, May 5, 2014.