

CEO newsletter

Issue 1, February, 2015



Dear colleague,

In 2014, organic sales growth continued to show a positive trend due to 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 2013, and the organic sales growth reached 5 percent in the fourth quarter. There is a high level of energy in the organization!

Read more about Securitas full year report for 2014 at www.securitas.com.

ACA well managed

One important matter during 2014 was our preparation for the Affordable Care Act (ACA) in the USA, which took effect on January 1. We are compliant with the Act, and since we have been able to mitigate the cost impact, we do not expect any negative impact on our results. Fewer clients than originally anticipated have chosen the security solutions alternative, opting for either rate increases or some reductions in security scope. In 2015, we expect a positive net organic sales growth effect of approximately 1 percent in Security Services North America due to ACA implementation.

Continued growth in security solutions and technology sales

There is a clear trend in the security industry: labor is becoming more expensive and complex due to the continuing introduction of new rules and regulations. On the other hand, technology is developing fast and becomes more cost efficient, and in combination with a new generation of high-capacity telecom networks, the transmission of images and videos is becoming more viable and secure. Specialized guarding combined with technology is enabling us to change our service content and offer better security at lower or equal cost.

Our strategy to increase the proportion of security solutions and technology' in total sales is proceeding well. In 2012, sales of security solutions and technology accounted for 6 percent of Group sales. Our target is to triple the share of security solutions and technology in total Group sales by the end of 2015. In the fourth quarter of 2014, the sales run-rate increased to 10 percent.

Considerable progress has been made throughout the organization, and many markets have made significant contributions to this achievement. Security Services Ibero-America is over-achieving its target and Security Services Europe is close to achieving theirs. Security Services North-America is lagging behind. This is mainly due to the positive organic sales growth in guarding contracts and the outcome of the ACA in the USA. Consequently, the ambitious target of an 18 percent run rate of Group sales by the end of 2015 is probably out of reach, although we will have come a long way and internally, the target has been a strong driver for change.

The speed of security solution and technology sales will continue to be the most important strategic focus for Securitas in years to come. In 2014, security solutions and technology sales amounted to BSEK 6.5, up 28 percent compared with 2013, and we at least expect this rate of growth to continue in 2015. As the pace of security solutions and technology accelerates, I am confident that we will win market shares by having a stronger and more cost-efficient offering than many traditional guarding companies. I have already seen proof of this in markets where we are well equipped to offer security solutions, where we will have grown faster than the security market average.

Discover the business opportunities in My Securitas

In our management web tool, My Securitas, you will find a video where I present the full-year financial results for 2014 in greater detail, and provide an update on the progress of our security solution strategy.

We recently conducted an internal survey on My Securitas, and found that many more managers logging in today compared with two years ago. In 2012, almost half of all users (38%) had never logged in to My Securitas. That figure has now fallen to 12%. However, I wonder why so many have not yet discovered the business opportunities offered by My Securitas.

Let me give you a few examples: Today, we have more than 8 000 managers engaged in various communities, where they exchange knowledge and experiences. We drive large projects such as the European Employee Survey and benchmark performances throughout

Europe in our Gold Club community, both using My Securitas as their business platform. You can also follow company news, market trends and information about our competitors, and, if nothing else, at least follow me and my fellow Group Management members and read our blog. Tap into your colleagues' know-how. I do. When I type in "solutions" in the search field, I get 1 688 hits. This proves my theory: if only Securitas knew what Securitas already knows.....

Feel free to make comments on the My Securitas Blog or, if you prefer, write to me at ceo.newsletter@securitas.com.

Best regards,



Alf Göransson
President and CEO