Annual Report
2015

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.

Protective Services

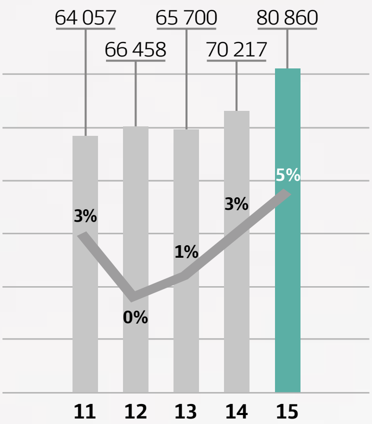
Securitas serves a wide range of customers of all sizes in a variety of industries and customer segments. Security solutions based on customer-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety and corporate risk management.

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

Size

Securitas employs close to 330 000 people in 53 countries. In 2015, total sales amounted to MSEK 80 860 and operating income before amortization to MSEK 4 089.

Read more on pages 15–17.



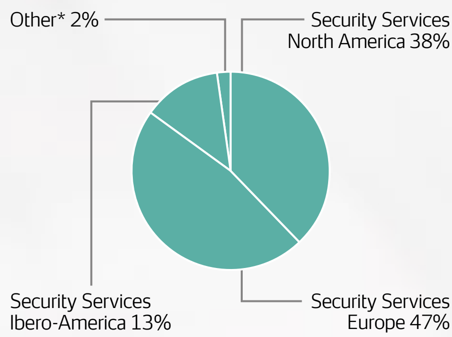
Organic sales growth was 5 percent.

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 5–7 and 15–17.



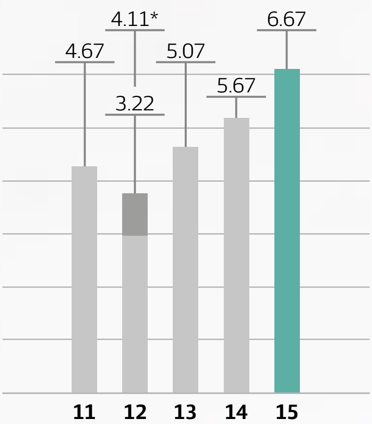
Security Services in North America and Europe represent 85 percent of total sales.

*Includes AMEA.

Financial targets

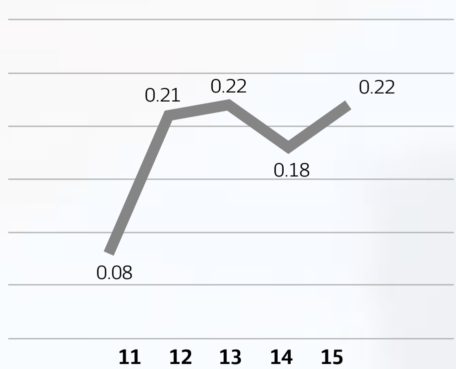
Securitas has two financial targets. The first target is related to the income statement: an annual average increase in earnings per share of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20.

Read more on pages 46–47 and 72–73.



Earnings per share rose from SEK 5.67 to SEK 6.67, an increase of 18 percent.

* Adjusted for items affecting comparability and impairment losses.

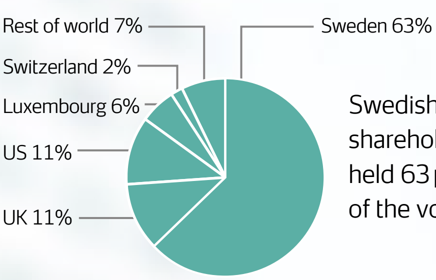


The free cash flow to net debt ratio increased from 0.18 to 0.22.

The share

At year-end, the closing price of the Securitas share on Nasdaq Stockholm was SEK 130, corresponding to a market capitalization of MSEK 45 229 (32 861). The share price increased by 38 percent in 2015, compared with the OMX Stockholm Price index, which increased 7 percent. Earnings per share amounted to SEK 6.67 (5.67) in 2015. The Board proposes that a dividend of SEK 3.50 (3.00) per share be paid to shareholders.

Read more on pages 126–127.



Shareholders per country, votes.

Swedish shareholders held 63 percent of the votes.

Markets in which Securitas conducts operations:

Argentina, Austria, Belgium, Bosnia and Herzegovina, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, the Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Jordan, Latvia, Luxembourg, Mexico, Montenegro, Morocco, the Netherlands, Norway, Peru, Poland, Portugal, Romania, Saudi Arabia, Serbia, Singapore, Slovakia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, the United Arab Emirates, the UK, Uruguay, the US and Vietnam.

3:26 a.m.

Montevideo, Uruguay

Construction sites, often remote and containing expensive equipment and material, are common targets for thefts. To prevent intrusions, a customer site in Montevideo, Uruguay, has been equipped with heat- and motion-sensitive night-vision cameras and sophisticated analytical software.

At 3:26 a.m., the perimeter alarm is activated. In the Securitas Operation Center, the security operator can see a live feed of two people moving towards the fence that surrounds the construction site. Looking at her screen, the operator uses the vehicle's GPS system to determine whether there is a mobile patrol nearby. She alerts them, and the patrol is now on its way.

Thinking they have enough time to break into the site, the perpetrators start cutting the fence. In the Securitas Operation Center, the operator can see on her screen what they are about to do and uses the information to guide the mobile patrol while at the same time calling the police. A few minutes later, the perpetrators are apprehended by the mobile patrol, who wait until the police arrive.

The security solution at the site, combining cameras, sophisticated software, state-of-the art technology in the Securitas Operation Center and trained on-site and remote security officers, provides the customer with better security at the same price as having manned guarding on-site around the clock.

To learn more about how Securitas' security solutions address our customers' needs, refer to the cases on pages 13, 18 and 25.

Leading
the Transformation

Total sales
MSEK 80 860
(70 217)

Organic sales growth
5 percent (3)

Operating margin
5.1 percent (5.0)

Income before taxes
MSEK 3 476 (2 909)

Net income
MSEK 2 444 (2 072)

Securitas is leading the transformation of the security industry, from traditional guarding to protective services combining on-site, mobile and remote guarding with electronic security, fire and safety, and corporate risk management. 2015 was a good year for Securitas. Our earnings per share were the strongest to date in the history of the company, up 8 percent adjusted for changes in exchange rates, compared with 2014.

The security market

In 2015, the world experienced a series of dramatic events that had a direct impact on the security industry. A number of atrocious terror attacks took place in several countries, killing and injuring many innocent people. This has led to a general feeling of insecurity, not only in the targeted societies. The refugee situation, with millions of people fleeing war and conflicts, has also created a demand for security services of different kinds. In these troubled times, Securitas has the expertise, trust and resources to contribute to increased stability through our security services.

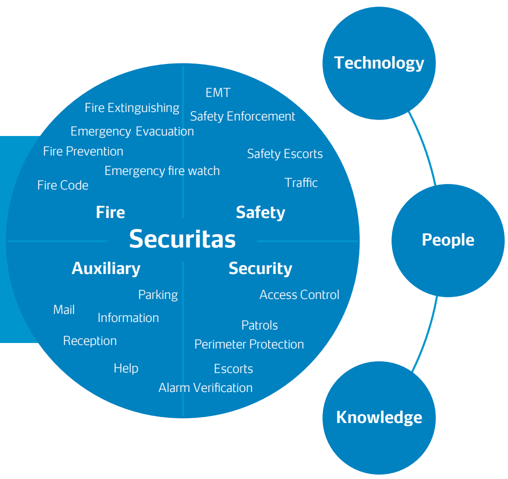
Prepared for the future

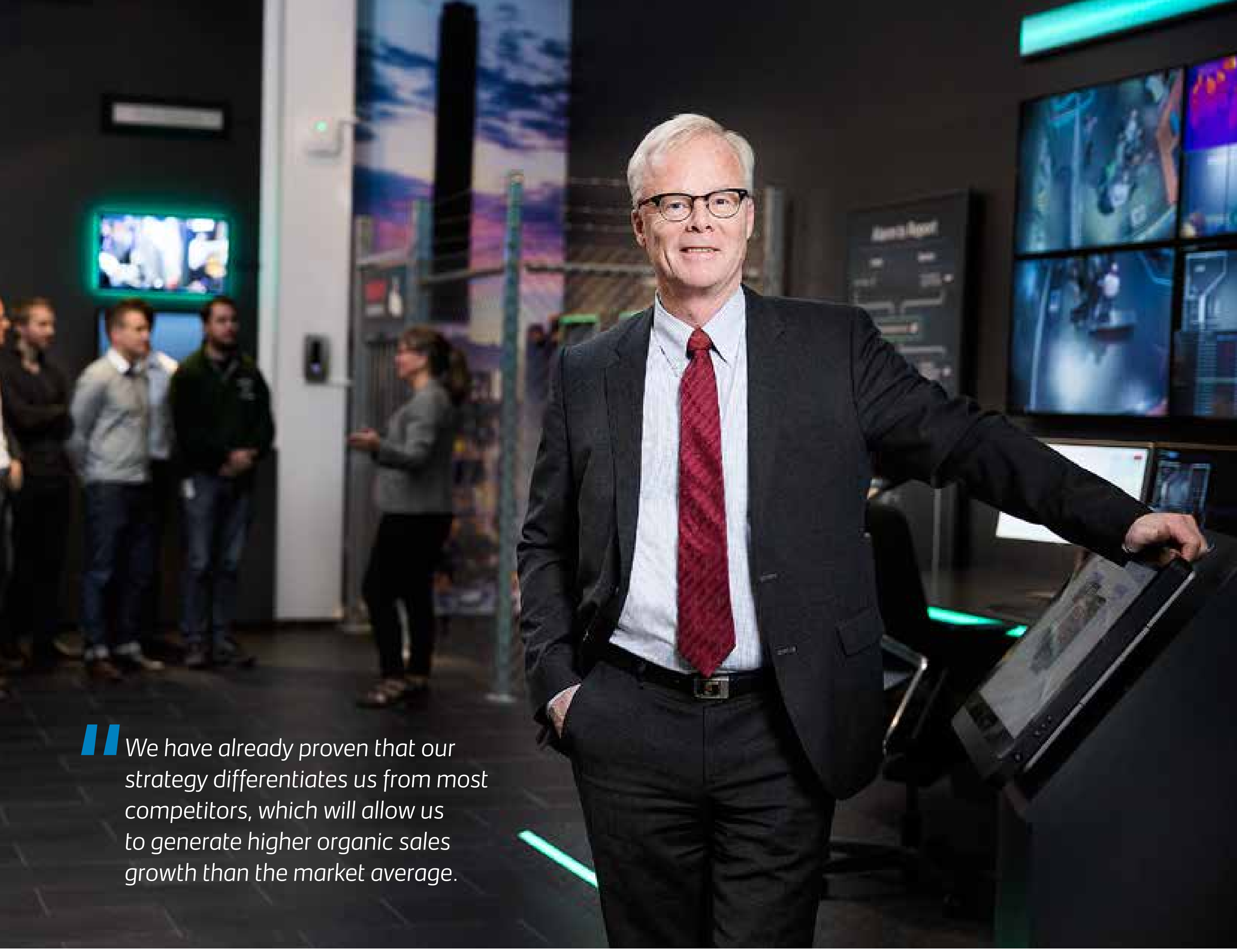
The security industry is changing and Securitas is leading this transformation, in which technology is reshaping the industry. During 2015, Securitas launched the Group Vision 2020 project – an initiative intended to shape our strategy to become even stronger and more sustainable in the years ahead. We have established a clear plan and started the implementation process to reinforce and accelerate our strategy. In our Vision 2020, we are the leading international security company specializing in protective services based on people, technology and knowledge. Securitas will continue to invest and play a leading role in combining guarding services with electronic security and actively pursue organic sales growth in security solutions and technology. We will also take advantage of acquisition opportunities within electronic security.

Securitas continues to expand its mobile patrol and response network and density, as we believe that this will be an increasingly important competitive advantage and allow us to respond faster than any other security company. To achieve this goal, we will explore new channels for generating monitoring and mobile services sales growth.

Securitas' Vision 2020

Be the leading international company, specialized in **protective services** based on people, technology and knowledge





We have already proven that our strategy differentiates us from most competitors, which will allow us to generate higher organic sales growth than the market average.

In addition, we will broaden our scope beyond guarding services and electronic security to invest in and devote greater focus to fire and safety, as well as corporate risk management. We see strong operational synergies in these areas and are confident that such an expansion will increase the value we can deliver to our customers by optimizing their total security and safety spend.

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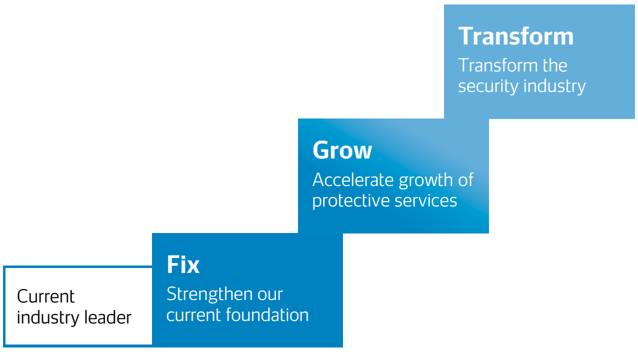
Key projects within Vision 2020

Securitas Group Management has decided on some key projects to be prioritized during our strategy work. One group of actions in the short term (Fix), one in the medium term to help accelerate the growth of our protective services (Grow) and a third, long-term phase to transform the security industry (Transform).

In the short term – during 2015 and 2016 – we focus on a number of **Fix** actions intended to continuously strengthen our current foundation, ensure business continuity and build a solid base for long-term growth. The results of the Fix actions will be used as soon as they are ready, but the development of the areas in question will continue. Our first initiative is to ensure that our Securitas Operation Centers are globally consistent, which includes developing data warehousing and customer intelligence. Another short-term action will be to continue focusing on organic sales growth and finding appropriate acquisitions in electronic security in order to strengthen our ability to increase our growth and margins. Agreeing on a Group IT roadmap, including modern Group IT standards, is another top priority. Our focus is on establishing differentiators for our customers and on making our IT platform more consistent, cost efficient and coordinated.



In the medium term – from 2015 to 2018 – we focus on actions that accelerate the growth of protective services. We call this phase **Grow**. This includes growing our mobile services, with the aim of improving our services and increasing our density and footprint through investments and new channels. There are also projects to accelerate electronic security, remote guarding and monitoring services, improve differentiation through highly specialized customer segments, expand fire and safety services, and invest and grow in corporate risk management.

In a longer perspective, we aim to **Transform** the security industry by identifying and pursuing significant new opportunities and by keeping an eye on the future, for example, with respect to the use of robotics and drones.

It is vital to the Vision 2020 projects that Securitas can attract and retain the right people. Good recruitment and onboarding processes, and not least training, will be key.

Essential acquisition in the US

An essential step in our Group strategy was taken in October 2015, when Securitas agreed to acquire the assets of Diebold Electronic Security in North America, making Securitas unique in the US market thanks to its ability to offer complete security solutions to customers in order to optimize their security. This was a major acquisition – in fact, it was the largest acquisition Securitas has made in 15 years, since we acquired the security company Burns in the US in 2000. The 12-month sales of Diebold's North American Electronic Security business, from June 30, 2014 through June 30, 2015, totaled MSEK 2 820 (MUSD 330). The company has 1 100 employees and is the third-largest commercial electronic security provider in North America.

This deal is an extremely important strategic move for our US operations, where it will bring added value to our customers and make our offering much stronger. We also believe that we can leverage Diebold's electronic security expertise to our existing US customer base and offer our customers possibilities for protective services by optimizing the equation between different service components. The acquisition is also momentous for the Securitas Group as a whole. It supports our strategy and strengthens our position as the global knowledge leader in protective services.

2015 results

Earnings per share improved with 8 percent, adjusted for changes in exchange rates, in 2015, which is the strongest to date in Securitas' history. Securitas achieved organic sales growth of 5 percent, and we estimate that we are growing faster than the security market in the US and Europe, mainly supported by our strategy of security solutions and technology. The operating margin was slightly up for the full year. The sales of security solutions and technology were strong; real sales growth in 2015 was 38 percent and sales amounted to BSEK 9.3 (6.5). We believe that we can continue to grow these sales at a high pace in the coming years, and to make it a substantial part of the Group's total sales.

Securitas commands a leading position

To me, it is clear that you can take two different approaches when times are changing. Either you are ahead or you are behind. Either you have a competitive edge or you are just another security company. For Securitas, there is only one approach. We have embarked on a mission to provide our customers with even higher quality security in a more cost efficient way. I am convinced that this will work, and we are already leading the security industry.

Stockholm,
March 11, 2016

Alf Göransson
President and CEO
Securitas AB

Drivers and Dynamics

Affecting the Security Industry

As the global development pace accelerates, the security industry needs to adapt to changing patterns, for example through increased use of technology. The steady shift to an increasingly digital age is enabling the industry to refine its security services and solutions.

Rising urbanization
The continued trend of rising urbanization and increased population density often entails widening socioeconomic inequalities, social tension and higher crime rates.

Outsourcing security
Previously insourced security, both by companies and authorities, is increasingly being awarded to private sector security companies. In developing regions, improved market regulation and greater trust in private security companies will also spur demand.

Dependencies on stable operations
As more sectors and areas of operation grow increasingly sensitive to disturbances and become dependent on stable operations in order to succeed, demand for efficient security solutions is expected to remain high.

Infrastructure development
The amount of significant investments and initiatives devoted to developing infrastructure is growing as a result of improved macroeconomics. As demand for transportation, energy and communication systems increases across the globe, demand for qualified security services rises.

Increases in economic activity in developing regions
Rising levels of economic activity and prosperity in developing regions are resulting in more assets to secure, in combination with concerns about crime and insufficient public safety services.

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

…and the conditions for our customers

- 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
- Increasing customer requirements and expectations with respect to sustainability and transparency

Stable Global Trends

with Regional Variations

Our industry is facing intensified challenges as demands for cost cutting and efficiency increase. The paradigm shift toward smarter, more efficient and increasingly applicable technology is forever changing the way we look at security solutions. Intelligent security is becoming a priority for all.

As more and more operations experience a sensitivity to disturbances, the number of areas requiring professional security is increasing. Weighed down by other commitments, the public sector is now recognizing the potential gains of outsourcing security responsibility for work presently performed by the police or other authorities. This presents an opportunity for growth in the private security market.

Manned guarding is still the most widely used security service globally and remains a cornerstone of Securitas' business. The segment is expected to benefit from rapid growth in emerging markets as a result of minimal capital requirements and low labor costs.

However, the steadily rising cost of manpower in many mature markets combined with a higher number of companies competing for customer contracts, means that market conditions are challenging. While the global economic environment demands greater efficiency, it is also becoming increasingly cost conscious.

Due to the high rate of technological development, the security industry is in a state of fundamental change. Improved connectivity between hardware, software and people is creating growth opportunities in the form of better infrastructure. While these technology developments are affecting the entire industry, certain markets are more technically mature than others.

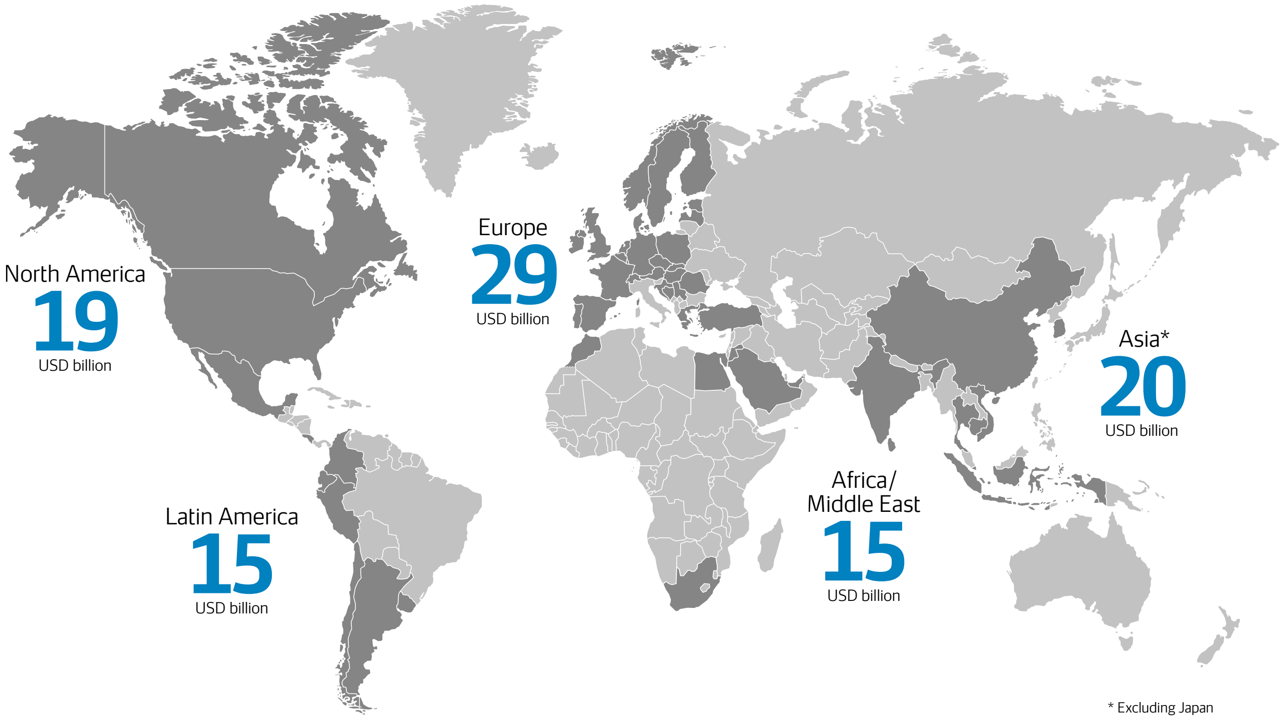
Securitas' strategy addresses these various opportunities, and we work to improve the profitability of customer contracts by offering more technology in the security solutions, as well as value-added services. Our focus on developing new security solutions with advanced electronic security content means that we are well prepared to meet future market developments and demands.

All segments of the world economy use security services. Global demand for manned guarding services is forecast to grow steadily in the coming years. However, regional markets differ significantly in terms of maturity and pace of growth. Demand for security services is closely linked to global economic development, general perceptions of threats 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. Growth is generally higher in emerging economies, but volumes and large contracts are still limited to relatively mature markets.

In general, demand for security services will be supported by improved macroeconomics, entailing, for example, growing building construction activity, especially in developed countries. In emerging markets, rising urbanization, a growing middle class and increased foreign investments will boost demand for security services. Globally, concerns about crime, terrorism and insufficient public safety measures also play a significant role.

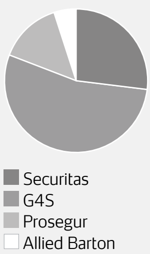
Total market size for security services 2015
(outsourced guarding; includes markets where Securitas is not present)
Source: Securitas and Freedonia



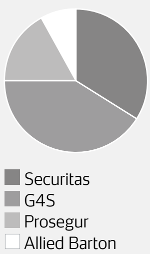
Competitors
The security services market is highly diversified and predominately comprises smaller players active in their respective regions. Although our offering and primary markets differ, our main competitors are G4S, Prosegur and Allied Barton.

Source: Public information

Number of employees



Sales



Expand

Electronic Security

38%

Security solutions and technology sales increase in 2015 compared with 2014

With sales of security solutions and technology increasing by 38 percent (adjusted for changes in exchange rates) in 2015, we are making steady progress. All of our business segments improved their results, and our well-established strategy of integrating on-site, mobile and remote guarding with electronic security continues to serve as the foundation for everything we do.

The amount of electronic security content in our solutions is growing. We are continuously improving our day-to-day operations using the tools provided by our strategy. In addition, we are exploring new channels for generating monitoring and mobile patrol sales growth.

We are also expanding our scope beyond guarding services and electronic security to invest in and focus on fire and safety, as well as corporate risk management. On-site, mobile and remote guarding services, integrated with a range of electronic security, form the base of the security solutions we create for our customers. By adding fire and safety services and corporate risk management services, the protective services we offer cover all aspects of security, making it possible to fulfill our customers' requirements.

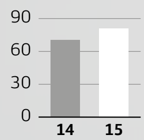
Strategic priorities

- Create increased and sustainable shareholder value through growth in sales of protective services, combining on-site, mobile and remote guarding with electronic security, fire and safety, and corporate risk management
- Increase profitability and margins through growth in sales of security solutions and technology
- Extend our mobile patrol and response network and density
- Work proactively to expand the security market by assuming responsibility for security that is currently insourced
- Make selective acquisitions of electronic security companies that support the strategy and of guarding companies in emerging markets

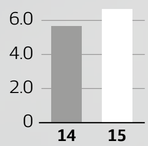
Strategic initiatives and results in 2015

- Earnings per share of SEK 6.67 (5.67)
- Free cash flow to net debt ratio of 0.22 (0.18)
- Launch of the Group Vision 2020 project, aimed at securing Securitas' position as the leading security company specializing in protective services based on people, technology and knowledge
- Total sales of security solutions and technology increased by 38 percent (adjusted for changes in exchange rates) compared with 2014
- Longer and stronger customer relations through a higher degree of technology in our protective services
- Continued strengthening of our technology competence through new hires and training. At year-end 2015, approximately 2 900 people worked with technology and related services
- Acquisition of the commercial contracts and operational assets of Diebold's Electronic Security business in North America

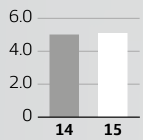
Sales
MSEK



Earnings per share
SEK



Operating margin
%



Based on our strength as a market leader, we continue to invest and play a leading role in combining guarding services with electronic security. We are actively pursuing organic sales growth in security solutions and technology, as well as acquisition opportunities within electronic security. This strategy is manifested in our recent acquisition of the commercial contracts and operational assets of Diebold's North American Electronic Security business, that for more than 70 years has brought together technology innovations, security expertise and quality services to comprehensive security solutions to business customers.

We are also increasingly coordinating our efforts and investments related to IT and our Securitas Operation Centers, making us – as a Group – more consistent from a customer perspective and at the same time improving cost efficiency. The key to our continued success will be our ability to work in a more consistent, collaborative way in areas where we can take advantage of our size and scale.

With the paradigm shift already evident in some of our more mature markets, we are now moving forward and taking our strategy one step further. In 2015, Securitas launched the Vision 2020 project – an initiative to further strengthen our strategic work in the years ahead. A clear plan has been set, and the implementation process to reinforce and accelerate our strategy has started. Vision 2020 outlines our future as the leading international security company specializing in protective services based on people, technology and knowledge.

" The protective services we offer cover all aspects of security.

Targets and strategic initiatives

> 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

> Continue to grow the security solutions and electronic security sales at a high pace in the coming years

> Be the leading provider of protective services in our main markets

> Be the preferred employer

> Be the first choice for customers who value sustainability and compliance

> Be a driving force in local markets to develop the security industry

Protective Services

Build Customized Solutions

Our security solutions incorporate advanced technology content, answering the needs of a wide range of customers acting in many different industries and customer segments. With manned guarding still one of our cornerstones, we continuously develop our offering to satisfy customer-specific demands at a competitive price.

The Securitas approach to security solutions means connecting people, technology and knowledge in one high-performing solution. From there, each aspect of the individual solution is scaled to match the needs of the specific customer and situation.

Increasing sales of security solutions and technology will continue to be Securitas' most important strategic focus in the years to come. In 2015, security solutions and technology sales grew 38 percent (adjusted for changes in exchange rates) compared with 2014.

The Securitas approach to security solutions means connecting people, technology and knowledge.

During the past four years, Securitas has come far in its effort to become the leading company within protective services. We are at the forefront of the transformation of the security industry and receive proof of this every day, in our interaction with existing as well as potential customers.

Investing in our customers

We have made major investments in technology resources by hiring Chief Technology Officers, along with many engineers and technical support experts. We have also made substantial investments in equipment installations at our customers' sites. 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.

Our security solutions are flexible, enabling 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. To add value for our customers, Securitas offers a single point of contact for their entire security solution. The result is reliable quality and planning, and a closer and longer relationship with our customers.

Securitas Operation Centers

In the Securitas Operation Centers, we connect our people, technology and processes. The information collected in the center is used to take the correct actions, giving our customers high-quality security around the clock. Improved analytics and reporting help address the customers' growing compliance requirements. Using our security solutions also gives the ability to prevent incidents or even crimes. 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. Prevention is strengthened and business disruptions are less likely to occur.



At the Securitas Operation Centers, specialized operators manage the different components of the protective security solution – on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management. The center is a core tool when it comes to optimizing the customer's security solutions, at the same time as it gives our managers the best support possible.

The operators are experts in quickly addressing any problems and solving them according to each customer's requests. The principle of a single point of contact and a high density of security officers ensure immediate attention, often in the form of a mobile patrol or a security officer at the customer site. On page 12, the processes of the Securitas Operation Center are illustrated.

Designing security solutions

In order to successfully identify and respond to our customers' security challenges, Securitas' offering is designed with a high degree of flexibility. 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.

With a focus on in-depth risk analysis and assessment of each part of the solution, we select the individual security components of a tailored solution.

Guarding services include on-site, mobile and remote guarding services. It ranges from airport security and customized services for certain segments to receptionist services. Technology solutions include a variety of services, such as electronic systems for intrusion alarms, access control and surveillance cameras, physical security – for example, fences, turnstiles and gates – and software for reporting, communication, logging and verification. Electronic security is always deployed in combination with qualified security officers. Corporate risk management services include a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations and computer forensics.

We focus on in-depth risk analysis and assessment of each part of the security solution.

Sharing best practices

Our services range from one-guard solutions for the "corner shop" to complex security solutions for international airports and nuclear power plants. To cultivate our competitive edge, we draw from the experience of being a global company operating in 53 countries. We spread and highlight best practices across all accounts and markets. Using our strength and the breadth of our network, we share knowledge, both with our customers and within our organization.

The Securitas Operation Center – Coordinating the Security Solution

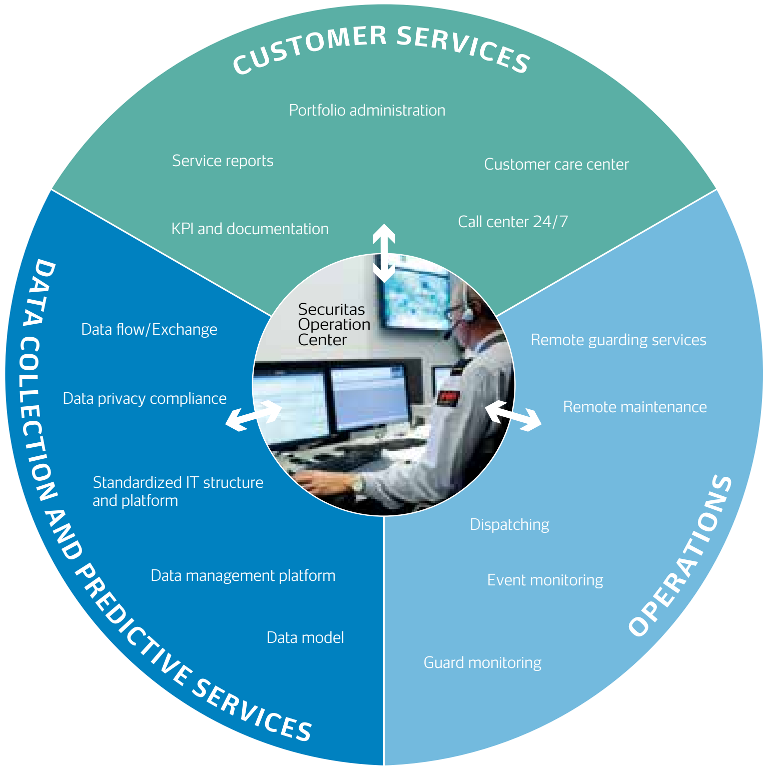
Securitas acts as a single point of contact in order to fulfil its customers' security needs. The Securitas Operation Center connects our people, technology and processes, enabling us to use key information to deliver a comprehensive security solution and to take the correct action for our customers, 24/7. Through the Securitas Operation Center, we are able to coordinate our security solutions more efficiently, with greater accuracy and higher levels of system redundancy.

Our data warehousing and data intelligence system and model for coordinating all information through our Securitas Operation Centers allow us to provide our customers with new and improved security solutions. Above all, we can be proactive in our security work, rather than just react to events as they occur.

A comprehensive security solution improves the cost efficiency for the customer, since we can combine our knowledge of the customer's security needs with data and intelligence to optimize the mix of on-site, mobile and remote guarding.

The quality and speed of the information to the customer is enhanced due to Securitas' routines and tools for reporting. Processes are constantly fine-tuned and improved, based on information and various reports from the system.

The illustration below shows how the Securitas Operation Center concept is applied at the national level.



2:30 p.m.

Hamburg, Germany

The customer's security manager and the key account manager from Securitas Germany meet to discuss the security risk assessment that Securitas' experts carried out a week earlier, together with the customer. In the risk assessment, Securitas has identified the characteristics of the site, such as the number and vicinity of buildings and entrances, deliveries and peak hours. Securitas also identified several risks, including fire, explosion and water damage, trespassing, workplace accidents, burglary and theft. At the meeting, Securitas presents a new security solution that will replace the customer's existing security setup, which currently includes on-site guarding and several different suppliers for security cameras, access control and burglar alarms.

On a detailed plan of the customer's site, cameras, access controls, fire exits and other functions are marked. The existing cameras do not need to be replaced; they can simply be updated and equipped with modern software to enable video surveillance and remote guarding from the Securitas Operation Center. With Securitas as the single point of contact for the entire security solution, the customer saves time and resources, and not the least, receives an improved level of security.

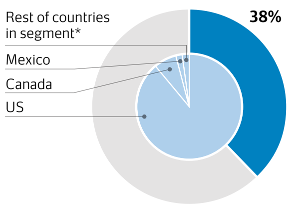
Global Knowledge,
Extensive Local Expertise

Securitas offers protective services to customers all over the world. The combination of the company's global reach and extensive local expertise promotes close and long-term relationships with customers.

Securitas' operations are organized into a flat, decentralized structure with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. In addition, the Group conducts operations in Africa, the Middle East and Asia, having entered these markets in order to serve our global customers in these regions.

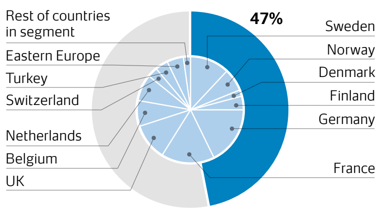
Performance in 2015 by business segment

Security Services North America



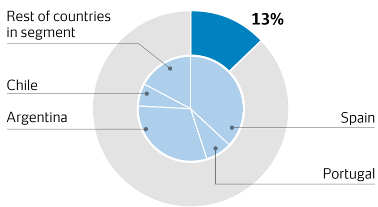
	Sales	Operating margin	Operating income before amortization	Total capital employed	Number of employees
Share	38%		43%	46%	33%
Security Services North America	MSEK 31 108	Operating margin 5.6%	MSEK 1 751	MSEK 10 351	108 100

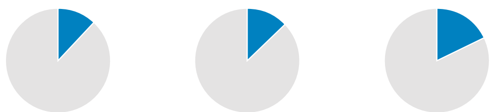
Security Services Europe



	Sales	Operating margin	Operating income before amortization	Total capital employed	Number of employees
Share	47%		52%	37%	36%
Security Services Europe	MSEK 37 573	Operating margin 5.7%	MSEK 2 143	MSEK 8 374	118 200

Security Services Ibero-America





	Sales	Operating margin	Operating income before amortization	Total capital employed	Number of employees
Share	13%		12%	13%	18%
Security Services Ibero-America	MSEK 10 886	Operating margin 4.5%	MSEK 491	MSEK 2 851	59 500

	Sales	Operating income before amortization	Total capital employed	Number of employees
Group**	**MSEK 80 860**	**MSEK 4 089**	**MSEK 22 393**	**327 800**

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

Security Services North America

Securitas continues to lead the development of protective services, allowing us to offer our customers complete security solutions that add value and optimize their security spending.

Securitas is the only security company in North America that can offer a complete package of protective services, including on-site, mobile and remote guarding, electronic security, fire and safety services, and corporate risk management. We fulfill the security requirements of our customers in the US, Canada and Mexico.

To further strengthen our technology expertise, Securitas agreed to acquire Diebold Incorporated's Electronic Security business in North America in October 2015. As the third biggest player in the market for electronic security services and mirroring our geographical footprint, the strategic fit is optimal. Mobile services are another vital component of the security services package, and we are continuously increasing our national coverage.

In 2015, we had another year of good organic sales growth. We estimate that we gained market share, supported by our strategy of increasing the sales of security solutions and technology.

We offer training programs for our employees, from basic training to highly specialized training for specific customer segments and assignments. Another important tool to ensure a high level of professionalism is the individualized customer portal that gathers all necessary security information for both the customer and our employees.

Securitas is the only security company in North America that can offer a complete package of protective services.

Santiago Galaz, Divisional President, Security Services North America

Security Services Europe

Securitas is well positioned in Europe and has the knowledge and expertise to offer both international and local customers optimal security solutions tailored to their needs.

Securitas has operations in 26 countries in Europe and is the only truly pan-European security company. We have a culture of sharing best practices and procedures, and working in cross-border projects. The shift in the industry towards more electronic security continues and Securitas is leading the development. We have the resources to offer our customers high-quality security solutions, often at the same or a lower price than traditional manned guarding.

In 2015, we saw further macroeconomic recovery in Europe, despite ongoing challenges. The price competition for guarding services remains fierce, but by offering complete security solutions, Securitas is moving up the value chain. At the same time, the general security situation in Europe has created an expansion of the market for private security companies, as authorities are showing a greater interest in outsourcing certain security services.

Solid recruitment and onboarding processes, and training are important tools to help our employees develop. The results from our employee survey are followed up at all levels and we actively work with sustainability as an integral part of our operations.

The shift in the industry towards more electronic security continues and Securitas is leading the development.

Magnus Ahlqvist, Divisional President, Security Services Europe

Security Services Ibero-America

Most markets in Latin America show strong growth, and in Europe, Spain is recovering.

In several countries in Latin America, macroeconomic growth is slowing down. The security market is late cyclical, and to minimize the impending effects of this slowdown, Securitas is pursuing its strategy of offering cost-efficient security solutions that integrate on-site, mobile and remote guarding with electronic security.

Prices for traditional manned guarding are still under severe pressure. Especially in the emerging markets, many smaller local competitors do not always comply with all rules and regulations, which distorts competition. For Securitas, it is important to conduct our business in a sustainable way – financially, ethically and socially. By focusing on innovation and integrating electronic security into our solutions, we can offer our customers added value and better security at highly competitive prices.

Our Securitas Operation Centers are at the core of our business and the security services we can provide through the centers truly differentiate us from our competitors. We also have strong local leadership, motivated employees and a good structure for employee training and development. Corporate social responsibility is well integrated in our operations.

We can offer our customers added value and better security at highly competitive prices.

Luis Posadas, Divisional President, Security Services Ibero-America

Africa, Middle East and Asia

The operations in the geographical markets of Africa, the Middle East and Asia are organized in one division: AMEA.

Securitas is establishing operations in new geographical markets to serve our global customers in these regions.

In Africa, Securitas conducts operations in Egypt, Morocco and South Africa. In Egypt, we serve mainly multinational companies, while in Morocco, we hold a strong position in the industrial segment. On-site, mobile and remote guarding, electronic security and corporate risk management are offered in South Africa.

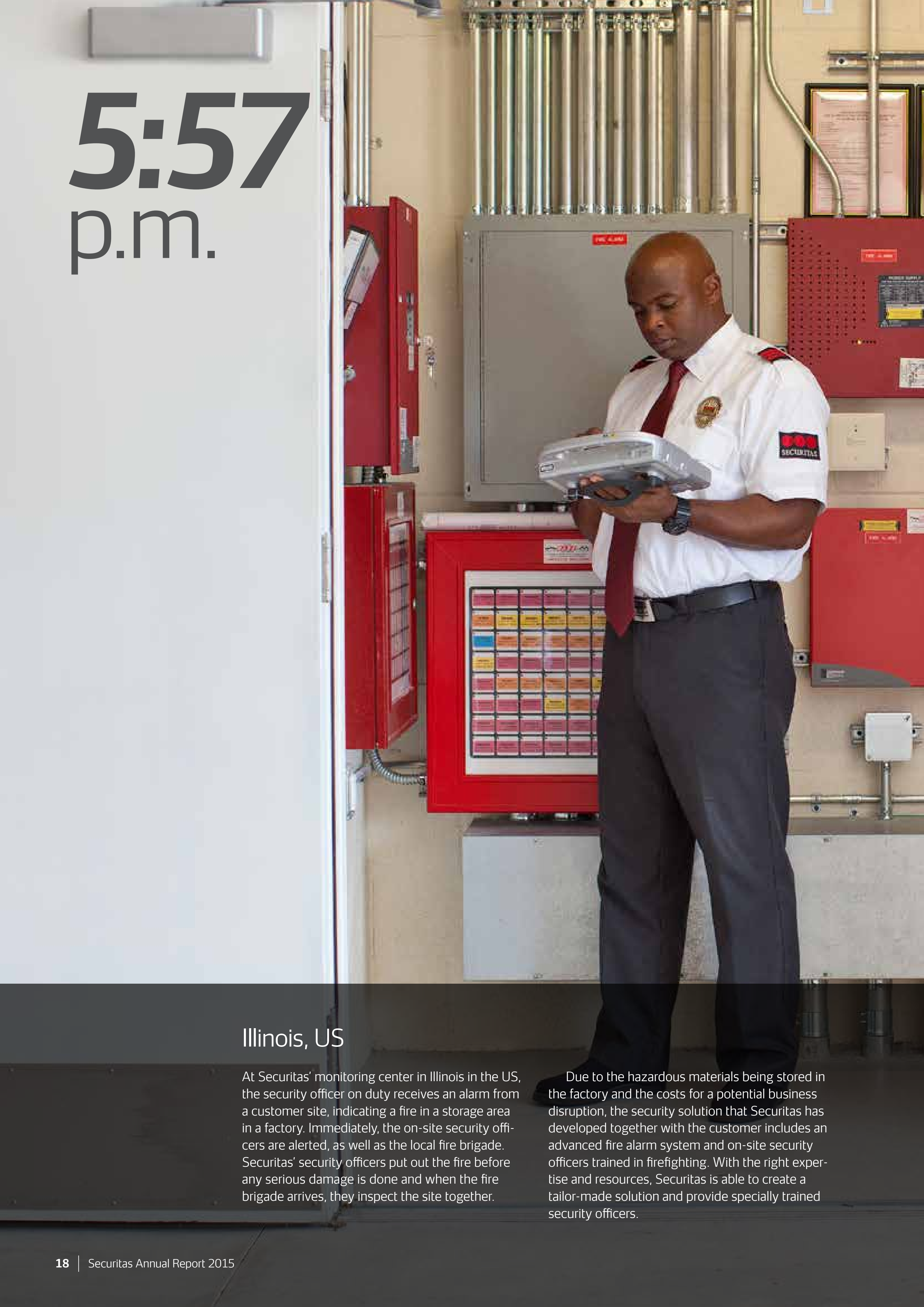
Jordan, Saudi Arabia and the United Arab Emirates are the Middle East markets where Securitas conducts security services operations. The customer base comprises global companies in a variety of segments, such as offices, construction, industry and retail.

The markets served in Asia are Cambodia, China, Hong Kong, India, Indonesia, Singapore, South Korea, Sri Lanka, Thailand and Vietnam. The customer portfolio is well diversified across customer segments, including embassies, hotel and tourism, and residential. In India and Vietnam, Securitas operates under partnerships with local companies.

The division AMEA is included under Other in our segment reporting.

The customer portfolio is well diversified across customer segments.

Marc Pissens, Divisional President, Africa, Middle East and Asia (AMEA)



5:57 p.m.

Illinois, US

At Securitas' monitoring center in Illinois in the US, the security officer on duty receives an alarm from a customer site, indicating a fire in a storage area in a factory. Immediately, the on-site security officers are alerted, as well as the local fire brigade. Securitas' security officers put out the fire before any serious damage is done and when the fire brigade arrives, they inspect the site together.

Due to the hazardous materials being stored in the factory and the costs for a potential business disruption, the security solution that Securitas has developed together with the customer includes an advanced fire alarm system and on-site security officers trained in firefighting. With the right expertise and resources, Securitas is able to create a tailor-made solution and provide specially trained security officers.

Security
in a Sustainable Way

Securitas' strategy is to be the leading global security company specializing in protective services based on people, technology and knowledge. Our long-term growth is built on sustainable operations.

Security in today's world
Conflicts, terrorist attacks and political unrest in different parts of the world have heightened people's sense of insecurity. Securitas is a global security company with a trusted brand, sustainable operations and dedicated and professional employees. We believe we have an important role in society. We have the expertise, capacity and resources required to protect core functions of society, such as airports, large public events, public transport and ports and harbors. We protect also the small businesses that are the livelihood for a large number of our customers and offices where many people work.

Our people
Securitas employs almost 330 000 people in 53 countries around the world. One of our main challenges is to attract and develop our employees, so that they remain in the company. Employees that stay longer become more qualified, through training and job experience, and this is one vital key to succeeding in the shift towards offering more security solutions, rather than only traditional manned guarding. One part of the strategy is to expand the mobile patrol and response network and density to be able to respond quickly. We have an advantage in that we already have many qualified security officers for this type of work. At the same time, this creates a development opportunity for our employees, since we must always improve our service quality and efficiency. To be the leading global security company specialized in protective services, we must continue to train our employees at all levels, and according to our customers' requirements. Refining and developing our processes for recruitment, onboarding and talent management are other essential activities. The strategy also requires new competencies, such as engineers and technicians, which will create cross-functional development opportunities.

Securitas values good relations with unions as we believe this promotes the development of the industry. We have a global contract with UNI Global Union (UNI) and the Swedish Transport Workers' Association, and the European Workers' Council (EWC) in our European division. Securitas, UNI and the EWC hold regular meetings and have an active and constructive dialog. In countries where we do not have collective bargaining agreements or union representation, Securitas encourages other ways to maintain an open dialog with our employees.

Health and safety
Health and safety issues are vital to our operations and often part of the services that we offer our customers. Our security officers are trained not only to protect their own health and safety, but also to help others while on assignment, for example, by performing first-aid and CPR. Health and safety aspects can vary depending on the assignment, and customer sites are therefore assessed from a health and safety perspective. The security officers deployed receive training, instructions and equipment in line with the assignment. Many countries of operation are OHSAS 18001 certified, but we also work actively with health and safety issues in countries that are not certified.

Human rights
Securitas is a large employer that creates many job opportunities. Some local competitors do not always play by the rules, but to us it is important to pay wages that meet or exceed legal or industry minimums, and to follow local laws and regulations regarding social security charges and taxes. We are also using our size and role in the market to develop the security industry, for example, when it comes to working conditions.

To verify that we can operate in an acceptable way in a new market, we carry out risk assessments before entering the market. These assessments address such areas as human rights and corruption. When deemed necessary, customers can also be risk assessed.

As a large employer, it is essential for us to listen to our employees. One way to do this is through employee surveys; another is through reports of

Read more in the Securitas AB Sustainability Report 2015, at www.securitas.com

With almost 330 000 employees, working conditions are key. But we must also operate in an ethical manner and offer high-quality services. Only then will all of our areas of operation become sustainable.

non-compliance with Securitas' Values and Ethics Code. We believe it is important to have several different reporting channels, so that our employees can find a channel which they feel comfortable using. It could for example be an employee ombudsman, a local call center or an internal e-mail address. All employees can always use Securitas Integrity Line (Securitas Hotline in the US and Canada, Linea de Alerta in Mexico), which is also open to external parties.

Risk management

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 country 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, such as 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 governance, risk and compliance (GRC) system was implemented in 2015. The system facilitates cross-functional work between the legal, risk, management assurance and CSR functions. It also gives the countries of operation a better overview.

Read more about Securitas' enterprise risk management on pages 36–44.

Anti-corruption

Certain markets are more challenging when it comes to corruption and bribery. But this does not mean that this cannot also happen in what are seen as low-risk countries. For Securitas, it is important to train our employees to be aware of certain situations and behavior that could entail a high risk for corruption and bribery.

Securitas anti-corruption 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 was launched in 2015. The course is mandatory for all relevant managers and administrative staff. During training, employees are given examples of situations that could arise in the course of their daily work.

Sustainability reporting

In 2014, Securitas published its first full GRI report, in order to meet the requirements of customers and other key stakeholders regarding transparency and communication. The stakeholder dialogs in 2015 confirmed that measuring and disclosing key figures for working conditions and labor relations is a top priority for Securitas.

Sustainability progress

	Priorities and results 2015	Priorities 2016
Securitas' Values and Ethics Code	> A governance, risk and compliance (GRC) system was implemented in the beginning of the year. The system facilitates cross-functional work and improves processes and routines. > Eight country visits were conducted	> Improve measurement and follow-up of the areas health and safety and human rights
	> Effort to complete training in Securitas' Values and Ethics in all countries continued. In total, approximately 91 percent of managers and office personnel and 75 percent of security officers have completed the course	> Support countries that have not yet completed the training in Securitas' Values and Ethics
	> Securitas Integrity Line was introduced in two countries and has now been implemented in 52 countries	> Introduce Securitas Integrity Line in the one remaining country
Employee relations	> The employee survey was followed up in Security Services Europe and discussions about expanding to other divisions were initiated	> A new employee survey will be initiated in Security Services Europe. An employee survey for managers and office personnel will be carried out in Security Services North America
	> Five meetings were held with UNI Global Union (UNI) and the European Works Council (EWC)	> Continue to engage in an active and constructive dialog with UNI and the EWC
CO_2 emissions	> Average CO_2 emissions were reduced by 3.4 percent for cars and 1.1 percent for minivans	> Continue the work to reduce emissions from company-owned and leased cars and minivans
	> Securitas scored 92 of a possible 100 points in the CDLI section of the 2015 CDP, compared with 84 in 2014	> Use results in CDP to drive change towards lower emissions
Reporting	> Further stakeholder consultations were held, including a survey about Securitas' sustainability work and communication to external and internal stakeholders	> Continuous stakeholder dialog, including a new investor meeting with sustainability focus
	> A GRI G4 report was completed for 2015	> Increase the scope of the GRI report, including adding KPIs/indicators > Evaluate the consequences of the new sustainability reporting directives from the European Union
Business practice	> Continued work to refine of the processes for due diligence for acquisitions and investigations of cases of non-compliance with the Code	
	> Development of Group guidelines for risk assessment of suppliers, including a due diligence process	> Implementation of the Group guidelines for risk assessment of suppliers in all countries of operation
	> Launch of an e-learning course in Securitas anti-corruption policy for relevant employees	> Ensure that all selected employees complete the course in Securitas anti-corruption policy
	> Update of the fair competition policy	
International standards	> Securitas signed the UN Global Compact	

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 provide optimal and cost-effective security solutions and to meet the customers' sustainability requirements as a supplier. Securitas' employees at different levels meet with customers frequently and we have regular contact with our customers' clients. In addition, we conduct customer satisfaction surveys.

Employees and employee representatives

As a service company, our close to 330 000 employees are our most valuable asset. Securitas strives to be a reliable and attractive employer. We utilize tools such as solid recruitment and onboarding processes, training at all levels of the company, talent management, employee surveys and various channels for reporting cases of non-compliance with Securitas' Values and Ethics.

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 two to three times per year.

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) and the International Code of Conduct Association (ICoCA).

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.

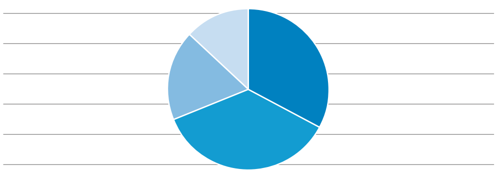
Policy makers and authorities

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 2015. Below are some of the key indicators. The entire GRI report can be 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

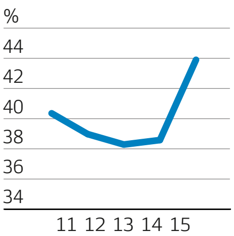


- Security Services North America, 33%
- Security Services Europe, 36%
- Security Services Ibero-America, 18%
- Övrigt, 13%

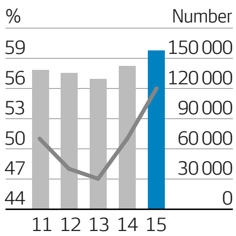
	2015	2014
Security Services North America	108 061	107 424
Security Services Europe*	118 151	115 693
Security Services Ibero-America	59 508	58 273
Other*	42 125	37 817
Total	**327 845**	**319 207**

* The comparatives have been restated due to an organizational change that took place in the Group as of January 1, 2015. This change has had no effect on the total Group level.

Employee turnover, %

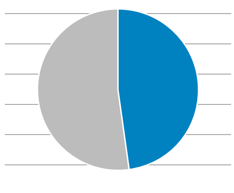


New employees



% of average number of yearly employees
Actual number

Share of employees covered by collective bargaining agreements*



* Reporting countries represent 99% of total sales (98) / 97% of total number of employees (95)
Definitions according to GRI G4

Training hours*

	2015	2014
Total number of hours of training	6 624 460	3 691 266
Average number of hours of training per employee	21.87	11.57

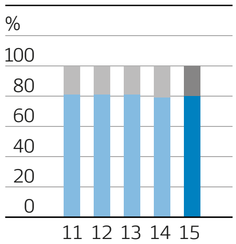
* Reporting countries represent 97% of total sales (96) / 92% of total number of employees (88)
Definitions according to GRI G4

Work-related injuries

	2015	2014
Actual number of work-related injuries	6 361	5 651
Injury rate*	1.9	1.8
Actual number of work-related fatalities**	8	15

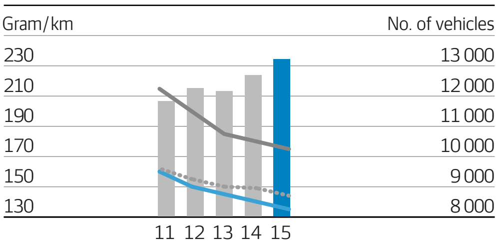
* Reporting countries represent 99% of total sales (98) / 97% of total number of employees (95)
** Reporting countries represent 99% of total sales (98) / 97% of total number of employees (95)
Definitions according to GRI G4

Gender distribution, average number of yearly employees



Women
Men

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 Local Communities

Securitas is more than just a security company. We are an employer and a trusted partner to our customers and we play an important role in the societies where we operate. By doing the right thing and doing it well, we ensure that more people trust our services and recommend us to other customers. This helps us to develop our business for a safer and better world. Below are some examples of how Securitas participates in initiatives in local communities.

Argentina
For Securitas Argentina, being a responsible part of the supply chain is important, not only as a supplier to our customers, but also as a buyer. The company has established a supplier development program, where products are purchased from small local suppliers that provide employment opportunities for people with disabilities or contribute to vulnerable sectors of society. For Securitas, this is a good way to strengthen the communities where we operate.

India
In India, many women feel unsafe in public spaces. To contribute to a safer society, Securitas India has introduced several initiatives, among them one to actively promote women's self-defense classes among its customers, where Securitas employees train the customers' female staff. In another initiative, Securitas is contributing to solving one of the biggest challenges faced by rural India, namely the lack of separate toilets for girls. This problem causes many girls drop out of school once they reach a certain age. Securitas has helped by constructing toilets for girls in government schools, so that girls feel safe and do not have a reason to discontinue their education.

Norway
In Norway, the "Rings on Water" project helps people with limited work experience to secure employment. Securitas Norway has successfully participated in the project by employing a number of people. The combination of having a recruitment policy and a CSR strategy that includes people with reduced work experience, and operations in many locations across the country, has made a major contribution to the project's outstanding results.

Poland
Securitas Poland works actively to create employment opportunities for people with disabilities, both as security officers and as administrators. We actively reduce barriers related to different types of disabilities by encouraging the personal and professional development of disabled employees. Securitas also supports disabled employees who are active in sports, for example by sponsoring the participation in tournaments and the purchase of equipment. One employee is for example very successful in shooting sport and is a candidate for the Polish national team during the 2016 Summer Paralympics.

Spain
Gender violence is a problem in many societies. Securitas Spain has taken an active approach by signing an agreement with the Ministry of Health, Social Services and Equality to employ women that have suffered gender violence. To make employees aware of the problem, Securitas has an internal communication campaign informing its employees of the signs to look out for and what can be done to help people who are victims of gender violence.

UK
In a pilot volunteer scheme aimed at helping vulnerable families reduce the risk of death and injury in their homes, the UK's leading accident prevention charity gives people the skills and knowledge to enable them to stay safe at home. Securitas UK plays a vital part by providing essential training to the volunteers in risk recognition, conflict management, personal safety, customer service, diversity and communication skills.

9:48 p.m.

Bangkok, Thailand

In an industrial park in Bangkok, Thailand, several small and medium-sized industries share a security solution with a mobile patrol that covers the entire area.

A suspected burglary attempt activates the alarm at one of the customer sites. The alarm is received at Securitas' monitoring station, where the security officer dispatches the mobile patrol to the correct address. Since the mobile patrol is assigned to the industrial park, it is close to the site and can soon detect a person running. While contacting the police, the mobile patrol follows the suspect and can help direct the police, who later apprehend the suspect.

This security solution includes a security system, alarm monitoring, security officers and mobile patrols. To Securitas, it is important to provide a solution that meets each customer's specific requirements.

Governance and Management

Compliance with the Swedish Corporate Governance Code (the Code)
The corporate governance report, which has been 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 an 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 achieve 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 encouraged 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 it is fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company.

Securitas' Toolbox management model has a methodical structure that includes 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. 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.

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 measure the Group's performance, from the branch offices through to Group level.

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 46 for more information).

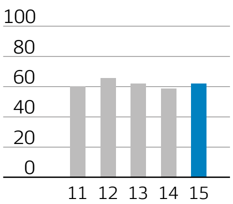
Securitas has two financial targets. The first target is related to the income statement: an annual average earnings per share growth rate of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20. Transparent and accurate financial reporting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

Number of shareholders 2011–2015

2011	27 011
2012	27 222
2013	26 054
2014	24 274
2015	25 734

Annual General Meeting attendance 2011–2015

% of voting rights



A 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, 2015, the principal shareholders in Securitas were Gustaf Douglas who, through his family and the Investment AB Latour Group, 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 5.4 percent (5.6) of the capital and 11.6 percent (11.8) of the votes. For more detailed information about shareholders, see the table on page 127.

B 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 Annual General Meeting decides on changes to 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 at the shareholders' meeting. The Annual General Meeting of Securitas AB was held on May 8, 2015, and the minutes are available on www.securitas.com, where all resolutions passed can be found. One of the resolutions passed in 2015 was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 61.9 percent (58.7) of the votes attended either personally or by proxy. For information about election and remuneration of Board members, see the Board of Directors section (D).

C 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.

On October 23, 2015, the composition of the Nomination Committee was amended whereby Gustaf Douglas was replaced by Carl Douglas. Carl Douglas was appointed Chairman of the Committee.

The Committee has adopted working instructions that govern its work. The Nomination Committee should hold meetings as often as necessary to fulfill its duties. However, the Nomination Committee should hold at least one meeting annually. The Nomination Committee met once in 2015.

D 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.

Melker Schörling is the Chairman of the Board and Carl Douglas is Vice Chairman. For further information about the members of the Board of Directors and the President and CEO including remuneration, see pages 32–33.

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 Board of Directors of Securitas AB has approved a number of policies that apply to governance. Examples of such policies are described on page 41.

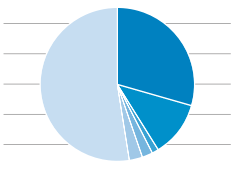
The Board ensures the quality of financial reporting through Group policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of authority, which is further described in the enterprise risk management and internal control report, beginning on page 36. The Board has formed an Audit Committee (further described on page 30) and a Remuneration Committee (further described on page 30).

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 Board also plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group.

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. On a yearly basis, all Board members submit their answers to a questionnaire issued by the Nomination Committee

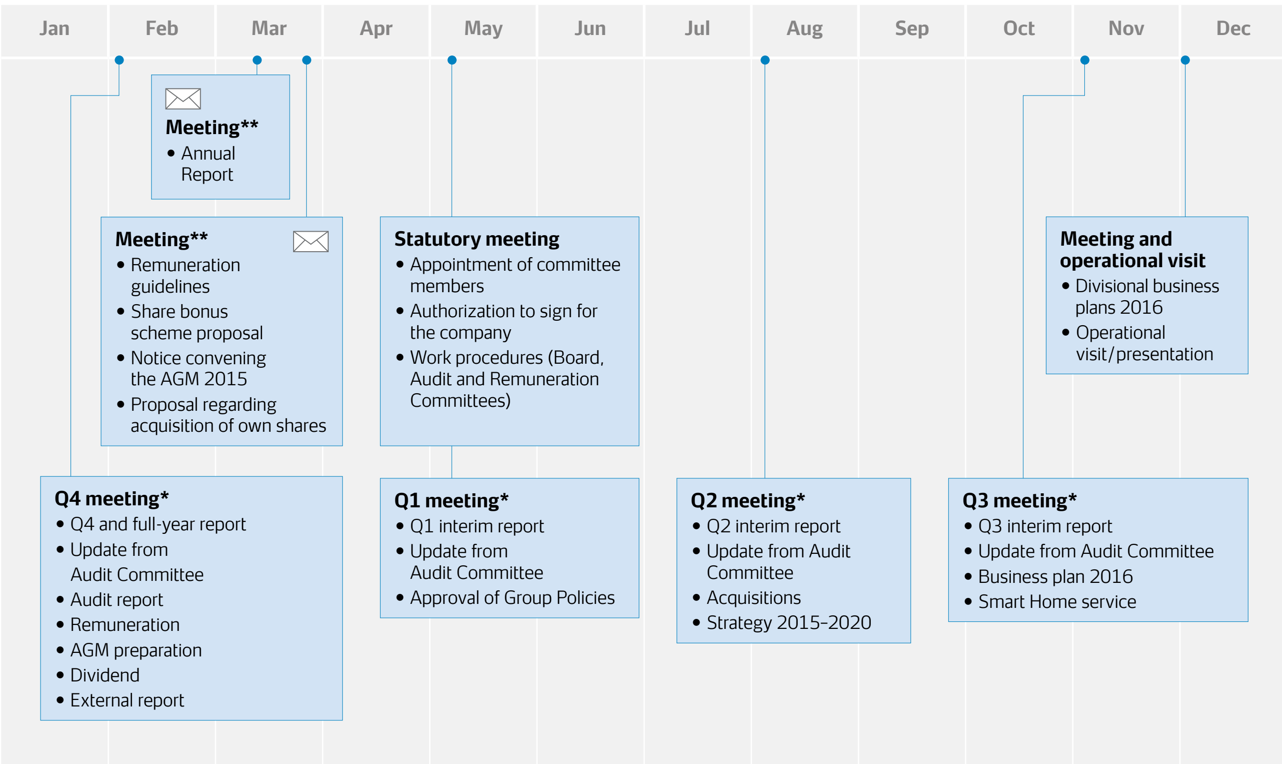
Elected members,[1] Nomination Committee



- Carl Douglas, major shareholder, 29.58%[2,3]
- Mikael Ekdahl, Melker Schörling AB, major shareholder, 11.75%[2]
- Jan Andersson, Swedbank Robur Funds, 1.38%[2]
- Johan Sidenmark, AMF, 2.21%[2]
- Johan Strandberg, SEB Investment Management, 2.60%[2]
- Share of votes not represented in the Nomination Committee, 52.48%[2]

1 At the Annual General Meeting held on May 8, 2015.
2 Share of votes as of May 8, 2015.
3 Replaced Gustaf Douglas as Chairman of the Nomination Committee on October 23, 2015.

The work of the Board of Directors



* 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.
** Held per capsulam.

about the quality of the work in the Board. Based on this report, an evaluation is made in the Board and in the Nomination Committee.

The Board held eight meetings in 2015, of which two were held per capsulam. The auditors participated in the Board meeting that was held in conjunction with the yearly closing of the books, in February 2015, where they presented the audit.

E 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. The Committee met four times during 2015. The major topics discussed are listed below.

F 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 one meeting during 2015.

A share-based incentive scheme was adopted at the Annual General Meeting 2015, 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. The scope and content of the incentive scheme is unchanged compared to the share – based incentive scheme that was adopted at the Annual General Meetings in 2010 and forward. For more information on the actual outcome of the share-based incentive scheme in 2015, see note 12 on page 90.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2015 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 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

The work of the Audit Committee

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

Q4 meeting (Feb)
- Q4 interim report and full-year report
- Updates*
- Corporate governance report
- Yearly summary of employee benefits (pensions)
- External auditor report
- Internal (MA) Q4 2014 audit activities

Q1 meeting (May)
- Q1 interim report
- Updates*
- External auditor audit plan
- Internal (MA) Q1 2015 audit activities
- Internal (MA) audit plan 2015
- New GRC software (to support ERM processes)

Q2 meeting (Aug)
- Q2 interim report
- Updates*
- External auditor half-year report
- Internal (MA) Q2 2015 audit activities

Q3 meeting (Nov)
- Q3 interim report
- Updates*
- Impairment test
- Corporate governance report
- Internal audit function assessment
- External auditor early warning report
- Internal (MA) Q3 2015 audit activities
- Format for new audit report 2016

(MA) Management Assurance

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

members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2015, amount to MSEK 70. 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 2015. See note 8 on pages 82–85.

G President and CEO and Group Management

The President and CEO and Group Management are 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 President and CEO and Group Management to measure the execution of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and the financial model.

In 2015, Group Management comprised the President and CEO and 11 executives with representatives from the divisions. For further information on Group Management, see pages 34–35.

H Management Assurance

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 2015.

For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com.

I 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.

J Divisional and local management

Securitas' philosophy is to work in a decentralized environment where local management is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies, 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.

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 three deviations to explain for 2015.

Code Rule 7.2 An audit committee is to comprise no fewer than three board members.

Comment: The Board of Directors deems that two members are 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 9.7 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.

Code rule 2.4 Neither the company chair nor any other member of the Board may chair the Nomination Committee.

Comment: Investment AB Latour has appointed Carl Douglas to replace Gustaf Douglas in the Nomination Committee. The Committee considers it important to have the representative from the major shareholders as Chairman of the Committee.

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., US.	Chairman of Byggmax Group AB (until May 2015), Sanitec Oy (until March 2015), Terveystalo Oy, Dustin Group AB and Dometic Group AB. Vice Chairman of Munksjö AB. Board member of Transcom 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.	President of Telia Sonera Sverige, 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 the Fourth Swedish Pension Insurance Fund.
Attendance – Board meetings (8 total)	8	7	8	8	8
Attendance – Audit Committee meetings (4 total)				Member 4	Chairman 4
Attendance – Remuneration Committee meetings (1 total)	Chairman 1				
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 15 234 600 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 2015 on Securitas' website: www.securitas.com.

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

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

5 Only own holdings.

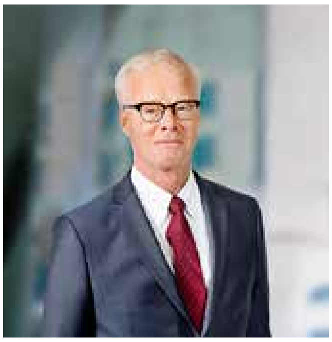
Employee representatives[1]

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. Member of the Supervisory Board of Volkswagen AG. Director of Scania CV AB and FAM AB.	Director of Melker Schörling AB.	Chairman of Investment AB Latour. Director of AB Fagerhult, Hultafors AB, Nobia AB and the Viktor Rydberg Schools Foundation.			
Several executive positions at SEB.					
7	8	8	8	8	8
Member 1					
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, 2015.

For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 82–85.

Group Management



Alf Göransson

President and CEO of Securitas AB.
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

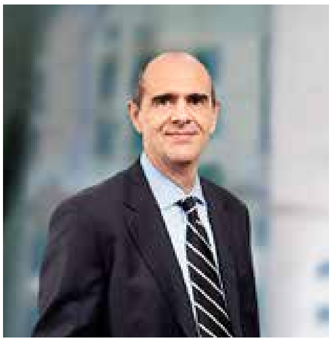
Chief Financial Officer.
Born: 1965
Employed: 1999
Education: Commercial Engineer at K. University Leuven, Belgium, Quantitative Applied Economics and Information Technology.
Shares in Securitas: 20 405 Series B shares.*

Magnus Ahlqvist

Divisional President, Security Services Europe.
Born: 1974
Employed: 2015
Education: Master of Science in Economics and Business Administration from the Stockholm School of Economics, Sweden, and leadership exam from Harvard Business School, US.
Shares in Securitas: 0*

William Barthelemy

Chief Operating Officer, Security Services North America.
Born: 1954
Employed: 1999
Education: Degree in Criminology from Indiana University of Pennsylvania, US.
Shares in Securitas: 35 416 Series B shares.*



Santiago Galaz

Divisional President, Security Services North America.
Born: 1959
Employed: 1995
Education: Degree in Business Management and Marketing from ESIC, Madrid, Spain.
Shares in Securitas: 143 202 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 Services Europe.
Born: 1959
Employed: 2004
Education: Master of Industrial Sciences and Master of Industrial Management K. University Leuven, Belgium, Degree in Business Administration at Vlerick Gent, Belgium and Master degree in Marketing Management at St-Aloysius Brussels, Belgium.
Shares in Securitas: 17 347 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: 21 011 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: 22 547 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*

* The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2014 can be found on page 85, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2015 can be found on page 83.

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

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 (2013, Framework), but also makes specific reference to items pertaining directly to internal control over financial reporting. On pages 39–43 we 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 44 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 documented in an approval matrix, from the Board to President and CEO and further to Group Management. It also includes the competence of employees and a series of Group policies, procedures and frameworks.

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, which include the company's model for financial control (for more detailed information on the model, refer to pages 46–47), 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. It 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 40 for more details on the risk assessment and planning process.

Group-wide control activities

Internal control covers all divisions and subsidiaries in the Group. Internal control activities are established by policies and processes, which help ensure that all management directives to manage risks are executed. Controls are performed on several levels

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

* Described in further detail below.

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 Securitas Group Policies 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.

The self-assessments promote control awareness and accountability and are signed off by each entity's president. 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.

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 based on risk assessment. 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 can 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
- HR/payroll
- IT
- contingency planning
- validity of payments to third parties
- accuracy of general ledger
- timeliness and accuracy of Group reporting
- 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 using both internal and external resources.

Financial control 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 high level of quality. Securitas' financial reporting is based on the following foundations:

- Securitas Group Policies, which comprise the Board of Directors' policies 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 Securitas Group Policies.

Information and communication

Securitas' channels for information and communication are constantly developed to ensure that all employees 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. Securitas Group Policies are available in a Group-wide system.

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 its 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 risk organization, and local and divisional management. Refer to page 43 for more information.

Four-step process for managing enterprise risk

Securitas' enterprise risk management process (ERM) is engrained in the business and based on 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
- Securitas Group Policies 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.

In 2015, Securitas implemented a web-based governance, risk and compliance (GRC) system that comprises all four steps in Securitas' enterprise risk management process and gathers the ERM information in one database. The GRC system is implemented with the purpose to support the overall ERM work in the Group. It is used to streamline the ERM processes to further structure current processes and workflows. The main workflows included in the system are ERM self-assessment, ERM business plan, policy management, sustainability reporting, audit module and risk register. Also, the system automates current processes, such as reports, with the aim to improve the overall quality of the ERM work and serves as a single point of information.

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 the 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 prepares an ERM business plan.

Seven key risks 2015
- 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 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.

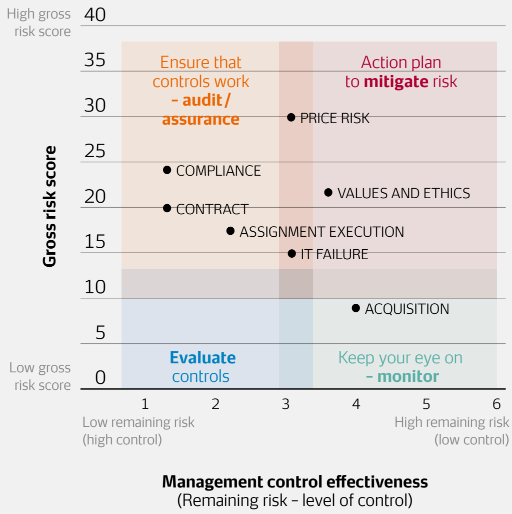
Key risk determination The yearly risk assessment process is coordinated by the Group risk organization, which is also responsible for maintaining the risk register. The risk register contains about 50 risks and is updated annually, primarily based on the country ERM business plans, but also on other 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 subjected to monitoring activities. Out of these, seven risks are currently considered key Group 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 and presented to the Audit Committee.

Examples of activities during 2015

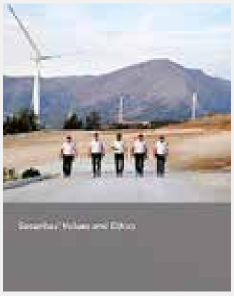
The top seven key Group risks and a minimum of two country/division-specific risks are assessed in the ERM business plan risk assessment tool. This analysis forms the basis of the ERM business plan, which also includes action plans for how to further mitigate the risks with the highest remaining exposure. This process is now supported by the new GRC system which was implemented during the year. In 2015, Securitas continued the work to intensify the focus on action plans, with the aim of identifying the areas in which the countries will need to modify their current mitigating controls and/or reduce the overall risk in the coming year.

Part of the risk assessment tool – Net risk: Example country X



Policy development

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



Securitas' Values and Ethics Code

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** 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 guarding services and security 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.
- **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, labor market regulations, agreements and safety requirements, environmental legislation 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 19–24.
- **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** to ensure 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.

Examples of activities during 2015

The Board of Directors has adopted an **economic and trade sanctions policy**, requiring Securitas companies, mainly in high-risk countries, to screen customers against applicable sanction lists before commencing a new assignment. Further, the Board adopted a **subcontracting policy** that deals with the appointment and management of subcontractors, setting out the principle of the use of subcontractors as well as the selection of, agreements with and follow-up of the subcontractors.

Deployment and attestation of Securitas Group Policies is now performed in the new GRC system.

Risk management activities

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

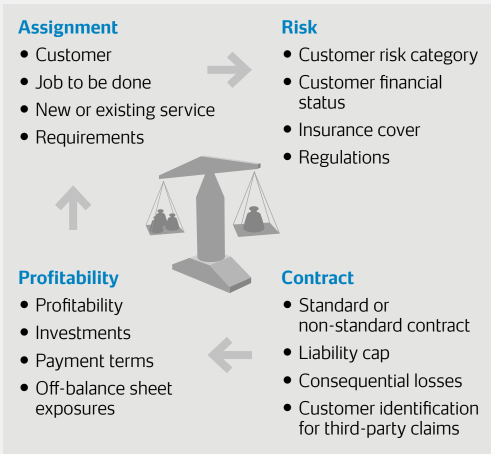
Group Management has overall responsibility for the management of risks, and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional management and established functional committees are responsible for ensuring that a process for creating 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 management at Group, divisional and local level.

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 2015

The ERM training introduced in 2014 for all divisional risk managers was rolled out to all country risk managers in 2015. 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 permeates all levels throughout the organization and is performed by different functions depending on whether it is related to operational or financial reporting matters. A range of activities are undertaken to monitor, follow up and mitigate risks.

Process heat map: Example Country X

Area	Audit report 2015	Audit report 2014
Revenue and AR	Excellent	Good
HR and payroll	Good	Good
Purchasing and AP	Good	Good
IT security	Good	Fair
Contract management procedures incl. compliance	Excellent	Good
Financial reporting:		
– valuation	Good	Fair
– classification	Good	Good
– closing routines	Fair	Fair
Other	Fair	Poor

Poor, Fair, Good, Excellent

Monitoring is performed at several different levels by key functions within the organization.

- **The Board of Directors** 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 Audit Committee** monitors the effectiveness of the Group's ERM and internal control systems. In addition, the Committee also supports the Board with the task of ensuring internal control over financial reporting. This is accomplished through several activities such as the review of basic controls. The Committee also reviews all quarterly and annual financial reports before publication.
- **The President and CEO** and **Group Management** review performance through a comprehensive reporting system based on regular business reviews of actual results, analyses of variances, key performance indicators (Securitas' model for financial control, refer to pages 46–47) and regular forecasting.
- **The functional committees** determine and communicate appropriate policies and monitor the key issues within each area of responsibility, refer to page 31.
- **The ERM Committee** owns and manages the process which provides tools and helps management identify and manage the risks inherent in Securitas' line of business.
- **The Group Management Assurance function** has a coordinating and monitoring role in relation to certain internal control activities at Group level.
- **Local management** is primarily responsible for monitoring and ensuring compliance by local units with Securitas Group Policies including any division-specific policies and guidelines.

Monitoring activities Several different activities are continuously undertaken to monitor, follow up and mitigate risks.

Risk assessments Risk assessments are used as the basis for determining which activities are 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.

Country diagnostics The diagnostics comprise a work program 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 after an aquisition has been made and a follow-up is performed during the second year, provided that significant areas for improvement have been identified. The Group continued to focus on new countries during 2015, since these have been assessed as a risk area in terms of integration from a financial reporting and control standpoint.

Contract management Another focus area is contract management and compliance with Group Policies in this area. These reviews are conducted on a rotational basis for all countries.

Basic controls Securitas continues to focus specifically on follow-up of basic controls in its largest countries, but also on a rotational basis in smaller countries, including follow-up of the development in these countries.

Examples of activities during 2015

In 2015, the Group developed the in-house legal reviews to contain a broader scope than before. This includes not only a customer contract review, but also competition law, anti-corruption, a litigation report policy, a trade sanctions policy and a subcontracting policy.

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.

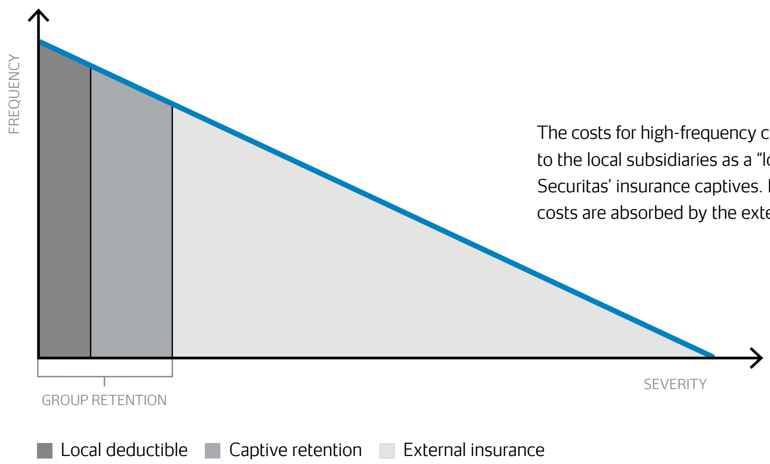
One important part of our risk management work involves taking a proactive approach to contracts and assignment instructions in order to prevent claims from occurring. From a risk management perspective, it is important that the contract clearly defines the assignment to be performed by Securitas and 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 2015 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Patrik Adolfson 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

Patrik Adolfson, born 1973, Authorized Public Accountant, Auditor in charge, Pricewaterhouse-Coopers AB. Patrik Adolfson has been auditor in charge of Securitas AB since 2015. Other audit assignments: Attendo AB (publ), Catella AB (publ), Loomis AB (publ) and Nordstjernan Investment AB. Member of FAR.

Auditor Patrik Adolfson

Audit fees and reimbursement to auditors (PwC) 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	2015	2014	2015	2014
Audit assignments	32.4	31.7	6.6	5.7
Additional audit assignments	3.0	2.4	1.9	1.4
Tax assignments	14.0	16.0	2.7	0.6
Other assignments[1]	5.3	6.9	1.4	2.2
Total PwC	**54.7**	**57.0**	**12.6**	**9.9**

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 11, 2016

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 2015 on pages 26–45 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 11, 2016
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Madeleine Endre
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 with traditional guarding contracts) and the investment in security equipment.

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

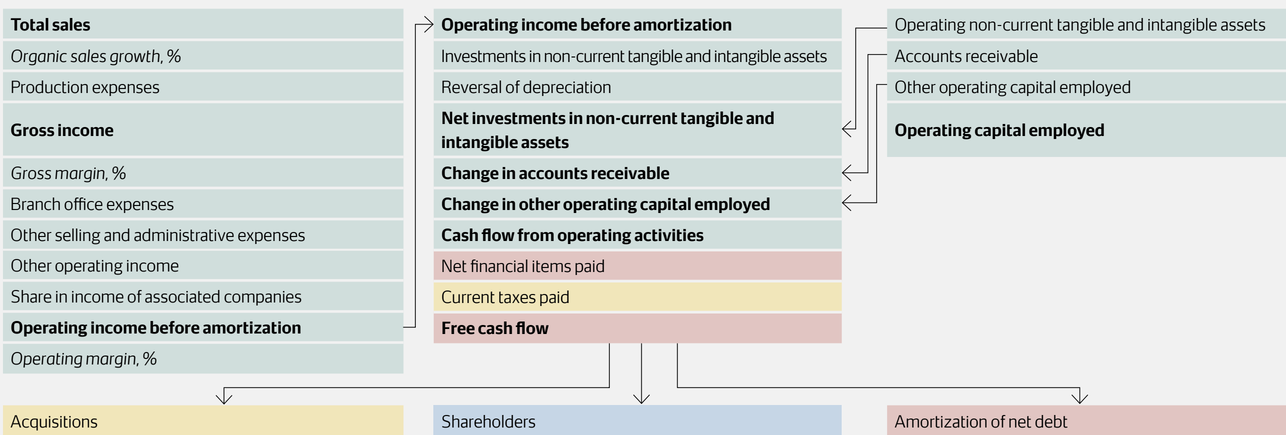
Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key 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 49–123

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 2015 financial year.

Securitas offers security solutions based on customer-specific needs through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety and corporate risk management. Securitas operates in 53 countries in North America, Europe, Latin America, Africa, the Middle East and Asia, with close to 330 000 employees.

In 2015 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 operations in Africa, the Middle East and Asia, which are included under the heading Other in the segment report in note 9. Comparatives have been restated to reflect that operations have been moved from the segment Security Services Europe to the segment Other as of January 1, 2015. This change has had no effect on the total Group level.

Organic sales growth reached 5 percent in 2015. We estimate that we grow faster than the security markets in the US and Europe as well as in the Ibero-American countries, mainly supported by our strategy of security solutions and technology.

Earnings per share improved with 8 percent during 2015, adjusted for changes in exchange rates. We achieved a good cash flow and reduced our net debt. Our financial target free cash flow to net debt of 0.20 was achieved when we reached 0.22 in 2015.

The sales of security solutions and technology were strong. Real sales growth in 2015 was 38 percent and sales amounted to BSEK 9.3. We believe that we can continue to grow the security solutions and technology sales at a high pace in the coming years, and to make it a substantial part of the Group's total sales.

In addition, the acquisition of the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America is an important step on this journey and enables us to offer complete security solutions to our customers in North America.

Sales

Sales amounted to MSEK 80 860 (70 217) and organic sales growth was 5 percent (3). All business segments increased the organic sales growth; however the main contribution came from Security Services Europe driven by strong sales in Germany, Sweden and Turkey. We estimate that we presently grow faster than the security market in the US and Europe as well as in the Ibero-American countries, supported by our strategy of adding value to the customers through security solutions and technology.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 6 percent (4).

SALES JANUARY–DECEMBER

MSEK	2015	2014	%
Total sales	**80 860**	**70 217**	***15***
Acquisitions/divestitures	-270	-25	
Currency change from 2014	-6 699	–	
Organic sales	**73 891**	**70 192**	***5***

Operating income before amortization

Operating income before amortization was MSEK 4 089 (3 505) which, adjusted for changes in exchange rates, represented a real change of 7 percent (3).

The Group's operating margin was 5.1 percent (5.0). The operating margin in Security Services North America improved, as well as in Security Services Ibero-America, while it declined in Security Services Europe. The total price adjustments in the Group were approximately on par with wage cost increases.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2015	2014	%
Operating income before amortization	**4 089**	**3 505**	***17***
Currency change from 2014	-330	–	
Currency adjusted operating income before amortization	**3 759**	**3 505**	***7***

Operating income after amortization

Operating income after amortization was MSEK 3 785 (3 237).

Amortization of acquisition related intangible assets amounted to MSEK -275 (-251).

Acquisition related costs were MSEK -29 (-17). For further information refer to note 11.

Financial income and expenses

Financial income and expenses amounted to MSEK -309 (-328).

Income before taxes

Income before taxes was MSEK 3 476 (2 909) which, adjusted for changes in exchange rates, represented a real change of 10 percent.

Taxes, net income and earnings per share

The Group's tax rate was 29.7 percent (28.8). The increase in the Group's tax rate compared with the full year tax rate for 2014 of 28.8 percent is due to the strengthening of the USD exchange rate and its impact on the income of the Group, and further a one-off revaluation of deferred tax assets due to new tax rates in France and Norway.

Net income was MSEK 2 444 (2 072). Earnings per share amounted to SEK 6.67 (5.67), a total change of 18 percent compared with last year. Real change of earnings per share was 8 percent in 2015.

CONDENSED STATEMENT OF INCOME ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2015	2014
Total sales	**80 860.1**	**70 217.1**
Organic sales growth, %	*5*	*3*
Production expenses	-66 743.2	-58 010.1
Gross income	**14 116.9**	**12 207.0**
Selling and administrative expenses	-10 063.2	-8 726.6
Other operating income	17.7	15.9
Share in income of associated companies	17.3	8.4
Operating income before amortization	**4 088.7**	**3 504.7**
Operating margin, %	*5.1*	*5.0*
Amortization of acquisition related intangible assets	-274.5	-250.8
Acquisition related costs	-29.5	-17.1
Operating income after amortization	**3 784.7**	**3 236.8**
Financial income and expenses	-308.3	-327.6
Income before taxes	**3 476.4**	**2 909.2**
Taxes	-1 032.5	-837.7
Net income for the year	**2 443.9**	**2 071.5**

Securitas' financial model is described on pages 46–47.

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

			Change, %	
MSEK	2015	2014	*Total*	*Real*
Total sales	**31 108**	**24 989**	***24***	***4***
Organic sales growth, %	*4*	*3*		
Share of Group sales, %	*38*	*36*		
Operating income before amortization	**1 751**	**1 333**	***31***	***9***
Operating margin, %	*5.6*	*5.3*		
Share of Group operating income, %	*43*	*38*		

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

The organic sales growth was 4 percent (3), driven by the strong development in the five guarding regions. Pinkerton Corporate Risk Management had good organic sales growth development, as did the Mobile patrol operation in the US. We estimate that our growth rate is slightly ahead of the US security market growth pace, supported by our strategy of increasing the sales of security solutions and technology. We estimate that the Affordable Care Act implementation contributed to organic sales growth in Security Services North America with approximately 1 percent in 2015.

The operating margin was 5.6 percent (5.3), with contribution from increased sales of security solutions and technology. The improvement also related to a positive difference between price adjustments and wage related cost increases. The strong sales growth during the year leveraged the cost base.

The Swedish krona exchange rate weakened significantly versus the US dollar which had a positive effect on the operating income in Swedish kronor. The real change was 9 percent during the year.

The client retention rate was 91 percent (90). The employee turnover rate in the business segment was 67 percent (55).

Security Services Europe

SALES AND INCOME

			Change, %	
MSEK	2015	2014	*Total*	*Real*
Total sales	**37 573**	**34 908**	***8***	***5***
Organic sales growth, %	*4*	*2*		
Share of Group sales, %	*47*	*50*		
Operating income before amortization	**2 143**	**2 050**	***5***	***4***
Operating margin, %	*5.7*	*5.9*		
Share of Group operating income, %	*52*	*58*		

Comparatives have been restated to reflect that operations have been moved from the segment Security Services Europe to the segment Other as of January 1, 2015. Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 4 percent (2), driven primarily by Belgium, Germany, Sweden and Turkey. The higher level of extra sales was also reflected in organic sales growth during the year. The strong organic sales growth in Turkey comes from many technical installations and good extra sales. We estimate that our sales growth rate is ahead of the European security market growth pace, supported by our strategy of increasing the sales of security solutions and technology.

The operating margin was 5.7 percent (5.9), mainly burdened by the negative effect from the increase in social costs for young employees in Sweden and by costs relating to extra sales. Normally, extra sales generate higher operating margins than average, but the exceptional mobilization of thousands of guards on very short notice towards the end of the year has meant substantial training, planning, subcontracting and overtime costs in order to fulfill the needs from our customers related to the refugee situation and the terrorism alerts in Europe. Also, a few one-off costs in Switzerland and a few contract losses in Eastern Europe had a negative impact on the operating margin.

The full year negative impact on operating result for 2015 due to the increased social costs in Sweden was MSEK -24, and for 2016 it is estimated to MSEK -50 which means an additional impact of MSEK -26 compared with 2015.

The Swedish krona exchange rate weakened versus the euro which had a positive effect on the operating income in Swedish kronor. The real change was 4 percent during the year.

The client retention rate was 91 percent (93). The employee turnover was 28 percent (26).

Security Services Ibero-America

SALES AND INCOME

MSEK	2015	2014	Change, % Total	Change, % Real
Total sales	**10 886**	**9 238**	***18***	***13***
Organic sales growth, %	*13*	*8*		
Share of Group sales, %	*13*	*13*		
Operating income before amortization	**491**	**396**	***24***	***19***
Operating margin, %	*4.5*	*4.3*		
Share of Group operating income, %	*12*	*11*		

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

Organic sales growth was 13 percent (8), an improvement mainly driven by Chile, Colombia and Spain, while Argentina was the main contributor to the business segment's organic sales growth. Latin America showed strong organic sales growth of 26 percent (23), despite a considerable slowdown in the macroeconomy. We believe that our sales growth rate in the Ibero-American security market is supported by our strategy of increasing the sales of security solutions and technology.

The operating margin was 4.5 percent (4.3), mainly driven by the improvement in Spain and good contribution from Argentina. The operating margin improvement was hampered by the development in Peru and Portugal.

The Swedish krona exchange rate weakened against the euro and also on a full year basis against the Argentinian peso despite the devaluation of the latter in December. This had a positive effect on the operating income in Swedish kronor. The real change in the segment was 19 percent during the year.

The client retention rate was 91 percent (91). The employee turnover was 30 percent (26).

Cash flow

Cash flow from operating activities amounted to MSEK 3 399 (2 863), equivalent to 83 percent (82) of operating income before amortization.

Cash flow from operating activities has been impacted from net investments in non-current tangible and intangible assets, amounting to MSEK -256 (-146). The net investments include capital expenditures in equipment for solution contracts reflecting our strategy to increase the sales in security solutions and technology. Such investments affect the free cash flow and are depreciated over the contract duration.

The impact from changes in accounts receivable was MSEK -707 (-115), affected negatively by the increased organic sales growth. Changes in other operating capital employed were MSEK 274 (-381). Last year was negatively impacted by payroll timing in the US operations.

Free cash flow was MSEK 2 163 (1 855), equivalent to 78 percent (75) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK -147 (-385), of which purchase price paid/received accounted for MSEK -115 (-353), acquired/divested net debt accounted for MSEK 2 (-11) and acquisition related costs paid accounted for MSEK -34 (-21).

Cash flow from financing activities was MSEK -3 303 (-2 108) due to dividend paid of MSEK -1 095 (-1 095) and a net decrease in borrowings of MSEK -2 208 (-1 013).

Cash flow for the year was MSEK -1 314 (-711). The closing balance for liquid funds after translation differences of MSEK -40 was MSEK 2 071 (3 425).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2015	2014
Operating income before amortization	**4 088.7**	**3 504.7**
Investments in non-current tangible and intangible assets	-1 328.6	-1 113.2
Reversal of depreciation	1 072.3	966.9
Net investments in non-current tangible and intangible assets	**-256.3**	**-146.3**
Change in accounts receivable	-707.0	-114.5
Change in other operating capital employed	273.8	-381.2
Cash flow from operating activities	**3 399.2**	**2 862.7**
Cash flow from operating activities, %	*83*	*82*
Financial income and expenses paid	-322.0	-311.4
Current taxes paid	-914.0	-696.6
Free cash flow	**2 163.2**	**1 854.7**
Free cash flow, %	*78*	*75*
Cash flow from investing activities, acquisitions and divestitures	-147.4	-385.0
Cash flow from items affecting comparability	-26.9	-72.8
Cash flow from financing activities	-3 302.5	-2 107.8
Cash flow for the year	**-1 313.6**	**-710.9**

Securitas' financial model is described on pages 46–47.

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 4 609 (3 924), corresponding to 6 percent (6) of sales, adjusted for the full year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 24.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2015 in conjunction with the business plan process for 2016. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2015. No impairment losses were recognized in 2014 either.

The Group's total capital employed was MSEK 22 393 (21 721). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 113. The return on capital employed was 18 percent (16).

Financing

The Group's net debt amounted to MSEK 9 863 (10 422). The free cash flow of MSEK 2 163 has had a positive effect on the net debt during the period while the net debt has been negatively impacted mainly by dividend of MSEK 1 095, paid to the shareholders in May 2015, and the translation of net debt in foreign currency to Swedish kronor of MSEK 336.

The free cash flow to net debt ratio amounted to 0.22 (0.18). The interest cover ratio amounted to 13.1 (10.4).

Securitas has a Revolving Credit Facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440, originally maturing in 2020. In January 2016 the maturity was extended to 2021 and there is a possibility to extend for another year in January 2017. Further information regarding financial instruments and credit facilities is provided in note 6.

Standard and Poor's rating for Securitas is BBB. The outlook was changed from positive to stable during the fourth quarter of 2015 after the announcement of the acquisition of the commercial contracts and operational assets of the Diebold Incorporated's Electronic Security business in North America. The Group's liquidity position is regarded as strong.

Shareholders' equity amounted to MSEK 12 530 (11 299). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 223. Refer to the consolidated statement of comprehensive income on page 58 for further information.

The total number of outstanding shares amounted to 365 058 897 (365 058 897) as of December 31, 2015.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2015	2014
Operating capital employed	**4 608.4**	**3 924.0**
Operating capital employed as % of sales	*6*	*6*
Goodwill	16 428.4	16 228.1
Acquisition related intangible assets	987.3	1 244.2
Shares in associated companies	369.0	324.5
Total capital employed	**22 393.1**	**21 720.8**
Return on capital employed, %	*18*	*16*
Net debt	9 862.7	10 421.6
Shareholders' equity	12 530.4	11 299.2
Total financing	**22 393.1**	**21 720.8**

Securitas' financial model is described on pages 46–47.

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

NET DEBT DEVELOPMENT

MSEK	2015	2014
Opening balance January 1	**-10 421.6**	**-9 609.8**
Cash flow from operating activities	3 399.2	2 862.7
Financial income and expenses paid	-322.0	-311.4
Current taxes paid	-914.0	-696.6
Free cash flow	**2 163.2**	**1 854.7**
Cash flow from investing activities, acquisitions and divestitures	-147.4	-385.0
Cash flow from items affecting comparability	-26.9	-72.8
Dividend paid	-1 095.2	-1 095.2
Change in net debt before revaluation and translation	**893.7**	**301.7**
Revaluation of financial instruments	0.9	-0.4
Translation differences	-335.7	-1 113.1
Change in net debt	**558.9**	**-811.8**
Closing balance December 31	**-9 862.7**	**-10 421.6**

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY-DECEMBER 2015 (MSEK)

Company	Business segment[1]	Included from	Acquired share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**16 228**	**1 244**
Other acquisitions and divestitures[5, 7]		–	–	20	113	54	57
Total acquisitions and divestitures January–December 2015				**20**	**113**	**54[6]**	**57**
Amortization of acquisition related intangible assets						–	-275
Exchange rate differences						146	-39
Closing balance						**16 428**	**987**

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/received plus acquired/divested net debt, but excluding any deferred considerations.
5 Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: MH Bevakning (contract portfolio), Sweden, PSS and Vaktco (contract portfolio), Norway, HH Vagt, Denmark, Polar Security (contract portfolio), Finland, EKS Technik, Germany, Sectrans and SEIV, France, divestiture of ancillary business, UK, Optimit, SAIT and Fire Fighting Technology, Belgium, Data & Archief (divestiture) and Poseidon, the Netherlands, Protect, Croatia, ICTS and Sensormatic, Turkey, Vigilancias y Seguridad, Seguridad Cono Sur, Seguridad Argentina, Vigilan, Fuego Red and Trailback, Argentina, Proguard, Selectron and Urulac, Uruguay and Pinglin, China. Related also to deferred considerations paid in Sweden, Norway, Denmark, Finland, Germany, France, Belgium, Croatia, Turkey, Argentina, Uruguay, China and South Africa.
6 Goodwill from acquisitions made during the period 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 -150. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 360.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the consolidated statement of changes in shareholders' equity and in note 29. Transaction costs and revaluation of deferred considerations can be found in note 11.

For further information regarding acquisitions and divestitures in 2015, 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 4, 2016, 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

As described in previous interim and annual reports, the Spanish tax authority has rejected certain deductions. One matter regards a disallowance of interest deductions for the years 2003–2009 where different years currently are in different levels of the Spanish court system. Regarding the years 2006–2007 Securitas has received in 2015 a negative judgment from the first level of court, Tribunal Económico Administrativo Central (TEAC). This judgment contradicts and disregards a judgment in favor of Securitas, which was issued by the superior court Audiencia Nacional in 2014, concerning the same matter for the years 2003–2005, which has been appealed by the tax authority to the Supreme Court in 2015 in respect of the year 2005, as the years 2003–2004 has been resolved as time-barred. Securitas has now been informed that the appeal for the year 2005 is expected to be resolved by the Supreme Court during 2016. Another matter regards a disallowance of an applied tax exemption for a demerger of the Spanish Securitas Systems company in 2006 for which Securitas has received in 2015 a negative judgment from TEAC. Securitas will now appeal the two judgments from TEAC to the next level of court, Audiencia Nacional. If finally upheld by the Spanish courts this can now result in a tax of MEUR 38, including interest up to and including December 31, 2015 (as of December 31, 2014 this exposure including the now time-barred years 2003–2004 was estimated to MEUR 41). Securitas believes it has acted in accordance with applicable law and will defend its position in the courts. However, the tax resolutions cause some uncertainty and it may take a long time until all final judgments have been received.

For further information refer to note 37.

Other significant events after the balance sheet date

In October 2015, Securitas agreed to acquire the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America, which is the third largest commercial electronic security provider in North America. The 12-month sales of the acquired Diebold Electronic Security operation, from June 30, 2014 through June 30, 2015, are MSEK 2 820 (MUSD 330). The purchase price is approximately MSEK 2 990 (MUSD 350) on a debt-free basis including a normalized working capital, which according to Securitas' calculations equates to approximately 11 x estimated EBITDA for 2015, of the acquired operation after it has been separated from Diebold Incorporated. The acquisition will be accretive to Securitas earnings per share as of 2016.

For more than 70 years, Diebold's North American Electronic Security business has brought together technology innovations, security expertise and quality services to become a leading provider of comprehensive electronic security solutions and services to business customers. Diebold's North American Electronic Security business has approximately 1 100 employees.

The one-off costs for separating the Diebold Electronic Security operation from Diebold Incorporated together with the transaction costs will amount to approximately MSEK 60 (MUSD 7) and will be recognized in 2016.

In the beginning of 2016, the Regulatory authorities approved Securitas' acquisition of Diebold's North American Electronic Security business. The acquisition was finalized on February 1, 2016, from which date it was consolidated in Securitas.

In January 2016 Securitas extended the maturity of its Revolving Credit Facility to 2021 and there is a possibility to extend for another year in January 2017.

On March 8, 2016 Securitas issued a six year MEUR 350 Eurobond. Settlement date will be March 15, 2016.

In order to hedge the share portion of Securitas share-based incentive scheme 2015, the Group entered into a swap agreement with a third party in the beginning of March 2016.

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

Change in Group Management

Magnus Ahlqvist has been appointed Divisional President of Security Services Europe and a member of Securitas Group Management. He took up his position on August 26, 2015.

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 36–44.

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.

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 electronic security. 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 2015 are described under the heading Acquisitions and divestitures 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 46–47. 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 330 000 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 19–24.

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 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. In connection to this center, Securitas has developed Securitas Experience Center, to better visualize the services and solutions the company offers. From the opening in June 2015 to year end 2015, the Securitas Experience Center had about 700 visitors, many of them customers.

As of December 31, 2015 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 with 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, 2015, the limits are 135 and 175 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 13 000 company cars and minivans that Securitas owns or leases world-wide, emitted approximately 144 gram CO_2 per kilometer (149) in 2015. For further information see pages 21 and 23.

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 126–127.

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 4, 2016, 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 8, 2015, to the Board of Directors to repurchase Securitas shares with the same terms and limitations as proposed to the Annual General Meeting for 2016. 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 security industry is changing and Securitas is leading this transformation where technology is reshaping the industry. During 2015 Securitas launched the Group Vision 2020 project – an initiative intended to shape our strategy to become even stronger and more sustainable in the years ahead. We have set a clear plan and started the implementation process to reinforce and accelerate our strategy. In our Vision 2020, we are the leading international security company specializing in protective services based on people, technology and knowledge. Securitas will continue to invest and play a leading role in combining guarding services with electronic security and actively pursue organic sales growth in security solutions and technology. We will also take advantage of acquisition opportunities within electronic security. An important step in this Group strategy was when Securitas in October 2015 agreed to acquire the assets of Diebold Electronic Security in North America, making Securitas unique in the US market by being able to offer complete security solutions to our customers to optimize their security.

The sales of security solutions and technology were strong during the past year. Real sales growth in 2015 was 38 percent (28) and sales amounted to BSEK 9.3 (6.5). We believe that we can continue to grow the security solutions and technology sales at a high pace in the coming years, and to make it a substantial part of the Group's total sales.

In 2015, we improved earnings per share in real terms with 8 percent. Organic sales growth reached 5 percent. We achieved a good cash flow and reduced our net debt both before and after considering translation differences and revaluation of financial instruments. Our financial target free cash flow to net debt of 0.20 was achieved when we reached 0.22 in 2015.

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 974 (970) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 657 (395). The increase of financial income and expenses compared with last year is mainly explained by dividends from subsidiaries and exchange rate differences. Income before taxes amounted to MSEK 1 665 (472).

Income before taxes includes dividends from subsidiaries of MSEK 1 730 (1 088), interest income of MSEK 224 (165), interest expense of MSEK -289 (-365) and other financial income and expenses, net, of MSEK -8 (-493). Included in other financial income and expenses, net, are impairment losses relating to shares in subsidiaries of MSEK 0 (-33) and losses relating to the liquidation of subsidiaries of MSEK -10 (0). 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.

Net income was MSEK 1 675 (599).

Cash flow for the year amounted to MSEK -1 667 (60).

The Parent Company's non-current assets amounted to MSEK 38 504 (38 535) and mainly comprise shares in subsidiaries of MSEK 37 282 (37 258). Current assets amounted to MSEK 5 079 (6 199) of which liquid funds amounted to MSEK 401 (2 068). The decrease in liquid funds is mainly due to the repayment of MSEK 1 000 of SEK bonds issued under the EMTN programme and also MSEK 920 of commercial paper.

Shareholders' equity amounted to MSEK 25 689 (25 027). A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2015.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 17 894 (19 707) 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 2016

The Board of Directors of Securitas AB proposes that the Annual General Meeting on May 4, 2016 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's area of responsibility (Group or division) and which shall be aligned 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 shall resolve upon a share or share price related incentive program.

The cost of the company for 2016 in terms of its obligations to pay variable remuneration to the Group Management is estimated to not exceed a total of MSEK 79 at maximum outcome. 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 labor 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 specific reasons 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 4, 2016.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	360 771
Translation reserve	954 616 202
Retained earnings	15 331 728 370
Net income for the year[1]	1 674 957 272
Total	**17 961 662 615**

1 Includes Group contributions to subsidiaries of SEK 270 231 000.

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

	SEK
a dividend to the shareholders of SEK 3.50 per share	1 277 706 140
retained earnings to be carried forward	16 683 956 475
Total	**17 961 662 615**

Proposal on record date for dividend

As record date for dividend, the Board proposed May 9, 2016. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 12, 2016.

Proposed authorization to acquire the Company's own shares

The Board has further proposed that the 2016 Annual General Meeting should authorize the Board to, on one or several occasions during the time up to the Annual General Meeting in 2017, decide on the acquisition of the Company's own shares. The proposal entails that the Board may decide on the acquisition so that the maximum number of shares held by the Company at each point in time does not exceed ten (10) percent of the total number of shares outstanding in the company.

The Board's statement on the proposed dividend and the proposed authorization to acquire the Company's own shares

The Board hereby issues the following statement regarding proposed allocation of earnings and proposed authorization to acquire the Company's own shares pursuant to Chapter 18, Section 4 and Chapter 19, section 22 of the Swedish Companies Act.

The Company's unappropriated earnings as per December 31, 2015 amount to SEK 16 286 705 343. The net income for the year amounts to SEK 1 674 957 272 of which SEK 270 231 000 is related to Group contributions to subsidiaries and SEK 356 758 is the result of financial instruments being valued pursuant to Chapter 4, section 14a of the Swedish Annual Accounts Act.

The Company's equity would not have been impacted as per December 31, 2015, if financial instruments, having been valued at fair value pursuant to Chapter 4, section 14a 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.

At the disposal of the Annual General Meeting is thereby a total amount of SEK 17 961 662 615 in unappropriated earnings before the decision on dividend for 2015.

Provided that the 2016 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 16 683 956 475 will be carried forward. After distribution of the proposed dividend and Group contributions, there will be full coverage for the Company's restricted equity.

In view of the proposed dividend and authorization to acquire the Company's own shares, 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 its obligations in the long term. The proposed dividend, the Group contributions to subsidiaries and the proposed authorization to acquire the Company's own shares 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 proposed dividend, the Group contributions and the proposed authorization to acquire the Company's own shares 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.

Consolidated statement of income

MSEK	Note	2015	2014
Sales		80 590.2	69 863.8
Sales, acquired business		269.9	353.3
Total sales	9, 10	**80 860.1**	**70 217.1**
Production expenses	11, 12, 13	-66 743.2	-58 010.1
Gross income		**14 116.9**	**12 207.0**
Selling and administrative expenses	11, 12, 13	-10 063.2	-8 726.6
Other operating income	10	17.7	15.9
Share in income of associated companies	21	17.3	8.4
Amortization of acquisition related intangible assets	18	-274.5	-250.8
Acquisition related costs	11	-29.5	-17.1
Operating income		**3 784.7**	**3 236.8**
Financial income	14	30.4	39.2
Financial expenses	14	-338.7	-366.8
Income before taxes		**3 476.4**	**2 909.2**
Taxes	15	-1 032.5	-837.7
Net income for the year		**2 443.9**	**2 071.5**
Whereof attributable to:			
Equity holders of the Parent Company		2 436.5	2 068.4
Non-controlling interests		7.4	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	6.67	5.67

Consolidated statement of comprehensive income

MSEK	Note	2015	2014
Net income for the year		**2 443.9**	**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	31	80.3	-279.7
Total items that will not be reclassified to the statement of income		**80.3**	**-279.7**
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	6	0.8	0.0
Net investment hedges net of tax		19.1	138.9
Translation differences		-242.4	1 062.9
Total items that subsequently may be reclassified to the statement of income		**-222.5**	**1 201.8**
Other comprehensive income	**15**	**-142.2**	**922.1**
Total comprehensive income for the year		**2 301.7**	**2 993.6**
Whereof attributable to:			
Equity holders of the Parent Company		2 296.8	2 988.9
Non-controlling interests		4.9	4.7

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2015	2014
Sales	80 590.2	69 863.8
Sales, acquired business	269.9	353.3
Total sales	**80 860.1**	**70 217.1**
Organic sales growth, %	*5*	*3*
Production expenses	-66 743.2	-58 010.1
Gross income	**14 116.9**	**12 207.0**
Gross margin, %	*17.5*	*17.4*
Expenses for branch offices	-4 429.9	-3 945.0
Other selling and administrative expenses	-5 633.3	-4 781.6
Total expenses	**-10 063.2**	**-8 726.6**
Other operating income	17.7	15.9
Share in income of associated companies	17.3	8.4
Operating income before amortization	**4 088.7**	**3 504.7**
Operating margin, %	*5.1*	*5.0*
Amortization of acquisition related intangible assets	-274.5	-250.8
Acquisition related costs	-29.5	-17.1
Operating income after amortization	**3 784.7**	**3 236.8**
Financial income and expenses	-308.3	-327.6
Income before taxes	**3 476.4**	**2 909.2**
Net margin, %	*4.3*	*4.1*
Taxes	-1 032.5	-837.7
Net income for the year	**2 443.9**	**2 071.5**

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

Securitas' financial model is described on pages 46–47.

Consolidated statement of cash flow

MSEK	Note	2015	2014
Operations			
Operating income		3 784.7	3 236.8
Adjustment for effect on cash flow from items affecting comparability	11	-26.9	-72.8
Adjustment for effect on cash flow from acquisition related costs	11	-4.5	-4.1
Reversal of depreciation	18, 19, 20	1 346.8	1 217.7
Financial items received		30.3	39.4
Financial items paid		-352.3	-350.8
Current taxes paid		-914.0	-696.6
Change in accounts receivable		-707.0	-114.5
Change in other operating capital employed		273.8	-381.2
Cash flow from operations		**3 430.9**	**2 873.9**
Investing activities			
Investments in non-current tangible and intangible assets		-1 328.6	-1 113.2
Acquisitions and divestitures of subsidiaries	16	-113.4	-363.8
Cash flow from investing activities		**-1 442.0**	**-1 477.0**
Financing activities			
Dividend paid to shareholders of the Parent Company		-1 095.2	-1 095.2
Proceeds from bond loans	30, 33	664.9	713.4
Redemption of bond loans	30, 33	-1 329.7	-1 858.2
Proceeds from commercial paper		4 198.3	2 565.2
Redemption of commercial paper		-5 120.0	-2 150.0
Change in other interest-bearing net debt excluding liquid funds		-620.8	-283.0
Cash flow from financing activities		**-3 302.5**	**-2 107.8**
Cash flow for the year		**-1 313.6**	**-710.9**
Liquid funds at beginning of year		3 425.1	4 049.8
Translation differences on liquid funds		-40.3	86.2
Liquid funds at year-end	**28**	**2 071.2**	**3 425.1**

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2015	2014
Operating income before amortization	**4 088.7**	**3 504.7**
Investments in non-current tangible and intangible assets	-1 328.6	-1 113.2
Reversal of depreciation	1 072.3	966.9
Net investments in non-current tangible and intangible assets	**-256.3**	**-146.3**
Change in accounts receivable	-707.0	-114.5
Change in other operating capital employed	273.8	-381.2
Cash flow from operating activities	**3 399.2**	**2 862.7**
Cash flow from operating activities as % of operating income before amortization	*83*	*82*
Financial income and expenses paid	-322.0	-311.4
Current taxes paid	-914.0	-696.6
Free cash flow	**2 163.2**	**1 854.7**
Free cash flow as % of adjusted income	*78*	*75*
Acquisitions and divestitures of subsidiaries	-113.4	-363.8
Acquisition related costs paid	-34.0	-21.2
Cash flow from items affecting comparability	-26.9	-72.8
Cash flow from financing activities	-3 302.5	-2 107.8
Cash flow for the year	**-1 313.6**	**-710.9**

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

Securitas' financial model is described on pages 46–47.

Consolidated balance sheet

MSEK	Note	2015	2014
ASSETS			
Non-current assets			
Goodwill	17	16 428.4	16 228.1
Acquisition related intangible assets	18	987.3	1 244.2
Other intangible assets	19	455.5	398.3
Buildings and land	20	289.5	300.0
Machinery and equipment	20	2 431.6	2 257.1
Shares in associated companies	21	369.0	324.5
Deferred tax assets	15	1 377.3	1 441.9
Interest-bearing financial non-current assets	22	343.8	434.5
Other long-term receivables	23	695.6	685.9
Total non-current assets		**23 378.0**	**23 314.5**
Current assets			
Inventories	24	183.3	151.1
Accounts receivable	25	11 353.4	10 815.5
Current tax assets	15	346.0	412.8
Other current receivables	26	3 041.9	2 797.5
Other interest-bearing current assets	27	287.6	167.3
Liquid funds	28	2 071.2	3 425.1
Total current assets		**17 283.4**	**17 769.3**
TOTAL ASSETS		**40 661.4**	**41 083.8**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		365.1	365.1
Other capital contributed		7 362.6	7 362.6
Other reserves		-632.5	-412.5
Retained earnings		5 414.9	3 965.1
Shareholders' equity attributable to equity holders of the Parent Company		**12 510.1**	**11 280.3**
Non-controlling interests		**20.3**	**18.9**
Total shareholders' equity	**29**	**12 530.4**	**11 299.2**
Long-term liabilities			
Long-term loan liabilities	30	12 129.0	11 700.7
Other long-term liabilities	30	311.9	550.7
Provisions for pensions and similar commitments	31	1 273.0	1 450.2
Deferred tax liabilities	15	780.7	759.6
Other long-term provisions	32	974.9	772.0
Total long-term liabilities		**15 469.5**	**15 233.2**
Current liabilities			
Short-term loan liabilities	33	436.3	2 747.8
Accounts payable		1 100.9	1 104.6
Current tax liabilities	15	409.9	450.6
Other current liabilities	34	9 594.7	9 359.2
Short-term provisions	35	1 119.7	889.2
Total current liabilities		**12 661.5**	**14 551.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**40 661.4**	**41 083.8**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2015	2014
Operating capital employed		
Other intangible assets	455.5	398.3
Buildings and land	289.5	300.0
Machinery and equipment	2 431.6	2 257.1
Deferred tax assets	1 377.3	1 441.9
Other long-term receivables	695.6	685.9
Inventories	183.3	151.1
Accounts receivable	11 353.4	10 815.5
Current tax assets	346.0	412.8
Other current receivables	3 041.9	2 797.5
Total assets	**20 174.1**	**19 260.1**
Other long-term liabilities	311.9	550.7
Provisions for pensions and similar commitments	1 273.0	1 450.2
Deferred tax liabilities	780.7	759.6
Other long-term provisions	974.9	772.0
Accounts payable	1 100.9	1 104.6
Current tax liabilities	409.9	450.6
Other current liabilities	9 594.7	9 359.2
Short-term provisions	1 119.7	889.2
Total liabilities	**15 565.7**	**15 336.1**
Total operating capital employed	**4 608.4**	**3 924.0**
Goodwill	16 428.4	16 228.1
Acquisition related intangible assets	987.3	1 244.2
Shares in associated companies	369.0	324.5
Total capital employed	**22 393.1**	**21 720.8**
Operating capital employed as % of sales	*6*	*6*
Return on capital employed, %	*18*	*16*
Net debt		
Interest-bearing financial non-current assets	343.8	434.5
Other interest-bearing current assets	287.6	167.3
Liquid funds	2 071.2	3 425.1
Total interest-bearing assets	**2 702.6**	**4 026.9**
Long-term loan liabilities	12 129.0	11 700.7
Short-term loan liabilities	436.3	2 747.8
Total interest-bearing liabilities	**12 565.3**	**14 448.5**
Total net debt	**9 862.7**	**10 421.6**
Net debt equity ratio, multiple	*0.79*	*0.92*
Shareholders' equity		
Share capital	365.1	365.1
Other capital contributed	7 362.6	7 362.6
Other reserves	-632.5	-412.5
Retained earnings	5 414.9	3 965.1
Non-controlling interests	20.3	18.9
Total shareholders' equity	**12 530.4**	**11 299.2**
Total financing	**22 393.1**	**21 720.8**

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

Securitas' financial model is described on pages 46–47.

Consolidated statement of changes in shareholders' equity

	Shareholders' equity attributable to equity holders of the Parent Company[1]							
MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests[1]	**Total shareholders' equity**
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**
Opening balance 2015	**365.1**	**7 362.6**	**-0.4**	**-412.1**	**3 965.1**	**11 280.3**	**18.9**	**11 299.2**
Net income for the year	**–**	**–**	**–**	**–**	**2 436.5**	**2 436.5**	**7.4**	**2 443.9**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	80.3	80.3	–	80.3
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**80.3**	**80.3**	**–**	**80.3**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges[2]								
Total change of hedging reserve before tax	–	–	1.0	–	–	1.0	–	1.0
Deferred tax on total change of hedging reserve	–	–	-0.2	–	–	-0.2	–	-0.2
Net investment hedges net of tax	–	–	–	19.1	–	19.1	–	19.1
Translation differences	–	–	–	-239.9	–	-239.9	-2.5	-242.4
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**0.8**	**-220.8**	**–**	**-220.0**	**-2.5**	**-222.5**
Other comprehensive income	**–**	**–**	**0.8**	**-220.8**	**80.3**	**-139.7**	**-2.5**	**-142.2**
Total comprehensive income for the year	**–**	**–**	**0.8**	**-220.8**	**2 516.8**	**2 296.8**	**4.9**	**2 301.7**
Transactions with non-controlling interests[1]	–	–	–	–	–	–	-3.5	-3.5
Share-based incentive scheme[1]	–	–	–	–	28.2	28.2	–	28.2
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2015	**365.1**	**7 362.6**	**0.4**	**-632.9**	**5 414.9**	**12 510.1**	**20.3**	**12 530.4**

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 serves a wide range of customers of all sizes in a variety of industries and customer segments. Security solutions based on customer-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety and corporate risk management. Securitas operates in North America, Europe, Latin America, Africa, the Middle East and Asia and employs close to 330 000 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 11, 2016.

The statements of income and balance sheets for the Parent Company and the consolidated financial statements for the Group included in the Annual Report are subject to adoption by the Annual General Meeting on May 4, 2016.

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 2015

None of the published standards and interpretations that are mandatory for the Group's financial year 2015 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 2016 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 2017 or later remains to be assessed. The future standards that mainly may impact the Group's financial statements are IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers, expected to come into force on January 1, 2018, and IFRS 16 Leases, expected to come into force on January 1, 2019. These standards have not yet been endorsed by the EU.

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. The Group chooses 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 and losses between Group companies are eliminated.

The Group's subsidiary in Argentina has during 2015 and previous years had 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.

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.

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.

The consolidated financial statements include associates with effect from the date of the acquisition. Associates divested are excluded with effect from the divestment date.

Transactions, balances and unrealized gains and losses between the Group and its associates are eliminated to the extent of the Group's interest in the associate.

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

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.

The operating segments are regularly reviewed by the chief operating decision maker, which is the President and CEO.

The Group's operations are divided into three reportable segments and Other. The reportable segments are also referred to as business segments in the Group's financial reports. Refer to note 9 for further information regarding the segments.

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. 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.

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 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 Securitas' 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 Group's financial performance when comparing income for the current period with previous periods. They

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include capital gains and losses arising from the disposal of material cash generating units, material impairment losses and bad debt losses, litigations and insurance claims and other material income and expense items of a non-recurring nature.

Items that are classified as items affecting comparability in a period are accounted for consistently in future periods by treating any reversal of those items as items affecting comparability.

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.

Impairment (IAS 36) Note 17

The Group's 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. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

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. If this is the case, 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 is based on assumptions and estimates. 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.

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

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. Goodwill is carried at cost less accumulated impairment losses.

Other acquisition related intangible assets arising from the Group's 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.

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.

Amortization is calculated using the linear method and disclosed on the line amortization and impairment of acquisition related intangible assets in the Group's statement of income.

A deferred tax liability is calculated, recognized and reversed over the same period as the intangible asset is amortized, in order to neutralize the impact on the Group's full tax rate from the acquisition.

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

The Group's 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.

All other items in other intangible assets have a definite useful life. Amortization is linear and 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

Securitas applies linear depreciation for tangible non-current assets. The depreciation rates are normally:

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

Leasing contracts (IAS 17) Note 11 and 20

Assets in finance leases, where the Group is the lessee, are recognized as non-current assets in the consolidated balance sheet. The net present value of the corresponding obligations to pay leasing fees in the future is recognized as liabilities. 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 classified as other current liabilities.

Recognized revenue that has not been invoiced as of the balance sheet date is classified as accrued sales income (note 26).

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

Securitas records financial instruments initially at fair value with the subsequent measurement depending on the designation of the instrument. The designation depends on the purpose for which the financial instrument is acquired. Management determines the designation of financial instruments at initial recognition and re-evaluates this designation at each reporting date. There were no transfers between categories in the years 2015 and 2014.

Financial instruments with maturities 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. Financial instruments with maturities 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.

The Group designates its financial instruments in the categories described below. 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. Financial liabilities at fair value are trading securities with negative fair value; normally derivative liabilities unless they qualify for hedge accounting. The Group normally has no or very limited positions in this category with the exception of derivatives where there is a natural offset in the accounting and where the purpose is to achieve an offsetting impact without qualifying 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. Most of the Group's current assets are loans and receivables (including accounts receivable and most other current receivables).

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

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management has the positive intention and ability to hold to maturity. The Group normally has no or very limited positions in this category.

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. The Group normally has no or very limited positions in this category.

Financial liabilities designated as hedged item in a fair value hedge
This category includes both long-term and short-term loans designated as hedged items that are hedged effectively via derivatives designated for hedge accounting. The hedging instruments are included in the category derivatives designated for hedging.

Other financial liabilities
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 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.

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.

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 (accrued interest income/expenses) 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 analyses, 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 2015 or 2014.

Share-based payments (IFRS 2)

Note 8 and 12

Securitas has a share-based incentive scheme where the participants in the scheme receive a bonus of which 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. The share-based portion of the bonus is classified as equity. 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.

In order to hedge the share portion of Securitas share-based incentive scheme 2014, 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 2013. That swap agreement settled during 2015 in conjunction with the delivery of the shares to the participants upon vesting.

Employee benefits (IAS 19) Note 23, 31 and 34

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by its employees. With the exception of the share-based incentive scheme, described above, which falls under IFRS 2, they are all covered under IAS 19. The considerations mainly relate to salaries and payroll overhead such as social charges and payroll taxes, but also include other short-term employee benefits that are expected to be settled within 12 months of the balance sheet date. These include, but are not limited to, vacation payments, cash-settled bonuses and also short-term healthcare benefits such as the newly introduced benefits under the Affordable Care Act in the US operations. When applicable these benefits also include the applicable social charges and payroll taxes. In addition to these benefits the Group is also responsible to withhold social charges, payroll taxes and income tax on behalf of its employees. These balances are included in other current liabilities and in other short-term provisions.

The Group also operates or participates in a number of defined benefit and defined contribution pension and other post-employment benefit plans as well as some other long-term employment plans. Other post-employment plans primarily relate to healthcare benefits. A defined contribution plan is a 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 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 operating 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.

Provisions (IAS 37) Note 15, 31, 32 and 35

The Group's provisions are mainly related to deferred tax liabilities (note 15), provisions for pensions and similar commitments (note 31) and claims reserves (notes 32 and 35).

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.

The Group has close to 330 000 employees and as such from time to time faces labor-related disputes with current or former employees in relation to various matters. Such matters can involve, but are not limited to, the diverse interpretation of labor legislation, individual employee contracts or collective bargaining agreements and can for example relate to working hours, benefits payable, various reimbursements or the termination of employment. The Group follows IAS 37 and IAS 19 in determining when a contingent liability, a provision or a liability should be disclosed and/or recognized for these disputes.

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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 to 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 2015

Acquired sales growth: 0%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 269.9/70 217.1 = 0%

Organic sales growth: 5%
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: ((80 860.1-269.9-6 699.1)/(70 217.1-24.9))-1 = 5%

Real sales growth: 6%
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: ((80 860.1-6 699.1)/70 217.1)-1 = 6%

Operating margin: 5.1%
Operating income before amortization as a percentage of total sales.
Calculation: 4 088.7/80 860.1 = 5.1%

Earnings per share before dilution[2,3]: SEK 6.67 (5.67)
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2015: ((2 443.9-7.4)/365 058 897) x 1 000 000 = SEK 6.67
Calculation 2014: ((2 071.5-3.1)/365 058 897) x 1 000 000 = SEK 5.67

Cash flow from operating activities as % of operating income before amortization: 83%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 3 399.2/4 088.7 = 83%

Free cash flow as % of adjusted income: 78%
Free cash flow as a percentage of adjusted income.
Calculation: 2 163.2/(4 088.7-308.2-993.0) = 78%

Free cash flow in relation to net debt: 0.22
Free cash flow in relation to closing balance net debt.
Calculation: 2 163.2/9 862.7 = 0.22

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.

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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: 4 608.4/(80 860.1-28.6) = 6%

Return on capital employed: 18%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (4 088.7-0.0)/22 393.1 = 18%

Net debt equity ratio: 0.79
Net debt in relation to shareholders' equity.
Calculation: 9 862.7/12 530.4 = 0.79

Interest coverage ratio: 13.1
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (4 088.7+28.0)/314.1 = 13.1

Return on equity: 21%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 2 443.9/((12 530.4+11 299.2)/2) = 21%

Equity ratio: 31%
Shareholders' equity as a percentage of total assets.
Calculation: 12 530.4/40 661.4 = 31%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2014–2015

			2015		2014	
			Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	0.90	0.65	0.84	0.91
Bosnia and Herzegovina	BAM	1	4.77	4.69	4.67	4.85
Canada	CAD	1	6.54	6.05	6.27	6.71
Chile	CLP	100	1.28	1.18	1.21	1.29
China	CNY	1	1.34	1.29	1.13	1.26
Colombia	COP	100	0.31	0.27	0.34	0.33
Costa Rica	CRC	100	1.59	1.56	1.29	1.44
Croatia	HRK	1	1.22	1.20	1.20	1.24
Czech Republic	CZK	1	0.34	0.34	0.33	0.34
Denmark	DKK	1	1.25	1.23	1.23	1.27
Egypt	EGP	1	1.09	1.07	0.98	1.09
EMU Countries	EUR	1	9.32	9.17	9.13	9.48
Hong Kong	HKD	1	1.09	1.08	0.89	1.00
Hungary	HUF	100	3.01	2.93	2.95	3.01
India	INR	1	0.13	0.13	0.11	0.12
Indonesia	IDR	100	0.06	0.06	0.06	0.06
Jordan	JOD	1	11.92	11.83	9.81	10.99
Mexico	MXN	1	0.53	0.49	0.52	0.53
Morocco	MAD	1	0.86	0.85	0.82	0.86
Norway	NOK	1	1.04	0.96	1.09	1.05
Peru	PEN	1	2.64	2.47	2.44	2.60
Poland	PLN	1	2.23	2.16	2.18	2.20
Romania	RON	1	2.10	2.02	2.06	2.11
Saudi Arabia	SAR	1	2.25	2.24	1.83	2.08
Serbia	RSD	1	0.08	0.08	0.08	0.08
Singapore	SGD	1	6.12	5.94	5.43	5.89
South Africa	ZAR	1	0.66	0.54	0.64	0.67
South Korea	KRW	100	0.74	0.72	0.69	0.71
Sri Lanka	LKR	100	6.19	5.82	5.30	5.94
Switzerland	CHF	1	8.76	8.47	7.53	7.88
Taiwan	TWD	1	0.27	0.26	0.22	0.25
Thailand	THB	1	0.25	0.23	0.21	0.24
Turkey	TRY	1	3.07	2.89	3.17	3.37
United Arab Emirates	AED	1	2.30	2.29	1.92	2.12
UK	GBP	1	12.88	12.43	11.37	12.11
Uruguay	UYU	1	0.31	0.28	0.30	0.32
USD countries	USD	1	8.44	8.40	6.95	7.79
Vietnam	VND	100	0.04	0.04	0.03	0.04

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 168.2 (96.6) and is included in other current liabilities (note 34) and long-term deferred considerations, which amount to MSEK 191.8 (444.1) 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 to 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 to 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 16 428.4 (16 228.1), acquisition related intangible assets, which amounts to MSEK 987.3 (1 244.2) and shares in associated companies, which amounts to MSEK 369.0 (324.5) 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 11 353.4 (10 815.5), is one of the most significant balance sheet items. Accounts receivable are accounted for at the nominal value net after provisions for probable bad debt. The provision for bad debt losses, which amounts to MSEK -436.0 (-471.2), 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.

Employee benefits including labor-related disputes

With close to 330 000 employees and salaries and social benefits representing approximately 85 percent of the total operating expenses, the accounting for employee benefits is crucial to determine a correct result. The Group operates in many countries with different legislation and different regulatory frameworks surrounding the benefits payable to employees and the related payroll overhead such as social charges and payroll taxes. For 2015 this also includes the newly introduced benefits under the Affordable Care Act in the US operations. In relation to the Affordable Care Act, the costs for the Group depend on assumptions regarding the individual cost for the different plans offered, the development of the enrolment rate as well as potential legislative changes.

Given the large number of employees, the Group from time to time also faces labor-related disputes with current or former employees in relation to various matters. Such matters can involve, but are not limited to, the diverse interpretation of labor legislation, individual employee contracts or collective bargaining agreements and can for example relate to working hours, benefits payable, various reimbursements or the termination of employment. All in all, this means that the employee-related items in the balance sheet are subject to critical estimates and judgments. These balances are mainly included under employee-related items (note 34), which amounts to MSEK 6 206.4 (6 051.3), but also form part of short-term provisions (note 35) such as Spain – overtime compensation MSEK 24.1 (26.3) as well as other provisions MSEK 434.9 (127.5).

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 3.3 (8.8) 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 1 273.0 (1 450.2), 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 925.2 (702.5) and is included in short-term provisions (note 35), and liability insurance-related claims reserves, which amounts to MSEK 582.8 (455.2) 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 1 377.3 (1 441.9), deferred tax liabilities which amounts to MSEK 780.7 (759.6) and provisions for taxes which amounts to MSEK 300.2 (202.0) 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 2015

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors of Securitas AB on March 11, 2016.

Other significant events after the balance sheet date

In October 2015, Securitas agreed to acquire the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America, which is the third largest commercial electronic security provider in North America. In the beginning of 2016, the Regulatory authorities approved Securitas' acquisition of Diebold's North American Electronic Security business. The acquisition was finalized on February 1, 2016, from which date it was consolidated in Securitas.

In January 2016 Securitas extended the maturity of its Revolving Credit Facility to 2021 and there is a possibility to extend for another year in January 2017.

On March 8, 2016 Securitas issued a six year MEUR 350 Eurobond. Settlement date will be March 15, 2016.

In order to hedge the share portion of Securitas share-based incentive scheme 2015, the Group entered into a swap agreement with a third party in the beginning of March 2016.

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 managing local cash in the most efficient way.

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 US. 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 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, 2015 MEUR 623 of issued debt is swapped from fixed to floating. MUSD 235 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, 2015 was 0.22 (0.18). The free cash flow is affected by 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 13.1 (10.4) as of December 31, 2015.

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2014–2015

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%*	Net impact on income statement due to 1% decrease[1]
December 31, 2015							
USD liabilities	-5 216	279	*2.13%*	*2.75%*	-25	*1.51%*	25
EUR liabilities	-4 047	426	*2.52%*	*2.62%*	-3	*2.43%*	3
GBP liabilities	-495	30	*1.82%*	*2.82%*	-4	*0.82%*	4
SEK liabilities	-2 326	13	*0.00%*	*1.00%*	-18	*0.00%*	0
Other currencies liabilities	-481	26	*3.35%*	*4.35%*	-4	*2.35%*	4
Total liabilities	**-12 565**	**258**	***1.90%***	***2.45%***	**-54**	***1.53%***	**36**
USD assets	264	5	*0.00%*	*1.00%*	2	*-1.00%*	-2
EUR assets	1 020	15	*0.00%*	*1.00%*	8	*-0.62%*	-5
GBP assets	30	2	*0.00%*	*1.00%*	0	*-1.00%*	0
SEK assets	649	7	*0.00%*	*1.00%*	5	*-1.00%*	-5
Other currencies assets	739	7	*3.35%*	*4.35%*	6	*2.35%*	-6
Total assets	**2 702**	**9**	***0.92%***	***1.92%***	**21**	***0.30%***	**-18**
Total	**-9 863**	**–**	***2.17%***	**–**	**-33**	**–**	**18**
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**

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.

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 of 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 2015 or 2014.

INTEREST FIXING PER CURRENCY[1]

	December 31, 2015			December 31, 2016			December 31, 2017			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	1 553	185	*2.44%*	1 553	185	*2.44%*	504	60	*2.72%*	Mar 2018
EUR	3 458	377	*2.73%*	936	102	*2.33%*	–	–	–	Nov 2020
Total	**5 011**	**–**	**–**	**2 489**	**–**	**–**	**504**	**–**	**–**	

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, 2015 was MSEK 22 335 (21 591). 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, 2014–2015

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2015									
Capital employed	7 587	10 256	1 418	3 074	22 335	58	22 393	24 627	20 160
Net debt	-3 000	-4 948	-464	221	-8 191	-1 672	-9 863	-10 682	-9 044
Whereof foreign exchange swaps	*5 232*	*-2 571*	*-495*	*-481*	*1 685*	*-1 685*	*0*	*169*	*-169*
Whereof net debt excluding foreign exchange swaps	*-8 232*	*-2 377*	*31*	*702*	*-9 876*	*13*	*-9 863*	*-10 851*	*-8 875*
Non-controlling interests	6	–	–	14	20	–	20	22	18
Net exposure	4 581	5 308	954	3 281	14 124	-1 614	12 510	13 923	11 098
Net debt to equity ratio	*0.65*	*0.93*	*0.49*	*-0.07*	*0.58*	*-1.04*	*0.79*	*0.77*	*0.81*
December 31, 2014									
Capital employed	7 481	9 526	1 259	3 325	21 591	130	21 721	23 880	19 562
Net debt	-3 716	-5 090	-365	154	-9 017	-1 405	-10 422	-11 324	-9 520
Whereof foreign exchange swaps	*2 905*	*-3 155*	*-388*	*-588*	*-1 226*	*1 226*	*0*	*-123*	*123*
Whereof net debt excluding foreign exchange swaps	*-6 621*	*-1 935*	*23*	*742*	*-7 791*	*-2 631*	*-10 422*	*-11 201*	*-9 643*
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*

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, 2014–2015

			2015			2014
MSEK	Liquid funds	Loans and other net debt	Total	Liquid funds	Loans and other net debt	Total
Opening balance	3 425	-13 847	-10 422	4 050	-13 660	-9 610
Cash flow from operating activities	3 399	–	3 399	2 863	–	2 863
Financial income and expenses paid	-322	–	-322	-311	–	-311
Current taxes paid	-914	–	-914	-697	–	-697
Payments for acquisition related items	-147	–	-147	-385	–	-385
Payments for items affecting comparability	-27	–	-27	-73	–	-73
Dividend paid	-1 095	–	-1 095	-1 095	–	-1 095
Bond proceeds	665	-665	–	713	-713	–
Bond redemption	-1 330	1 330	–	-1 858	1 858	–
Other changes	-1 543	1 543	–	132	-132	–
Real change	**-1 314**	**2 208**	**894**	**-711**	**1 013**	**302**
Revaluation of financial instruments[1]	–	1	1	–	-1	-1
Translation[2]	-40	-296	-336	86	-1 199	-1 113
Closing balance	**2 071**	**-11 934**	**-9 863**	**3 425**	**-13 847**	**-10 422**

1 Relates to unrealized gains and losses on fair value hedges and cash flow hedges including hedge ineffectiveness.
2 Whereof MSEK -392.4 (-788.5) is related to USD and MSEK 110,0 (-226.2) 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, 2015 the short-term liquidity reserve corresponded to 12 percent (13) 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, 2015 long-term financing corresponded to 147 percent (142) 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, 2015 the average maturity was 4 years. The following tables summarize the Group's liquidity risk at end 2015 and 2014 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2014–2015

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2015				
Borrowings, principal amount	-12 068	-250	-7 432	-4 386
Borrowings, interest amount	-948	-257	-601	-90
Derivatives outflows – interest rate hedge	-39	-19	-20	–
Other derivatives outflows	-10 133	-10 133	–	–
Finance leases	-127	-68	-59	–
Accounts payable	-1 101	-1 101	–	–
Total outflows[3]	**-24 416**	**-11 828**	**-8 112**	**-4 476**
Investments, principal amount	949	949	–	–
Derivatives receipts – interest rate hedge	435	96	287	52
Other derivatives receipts	10 117	10 117	–	–
Accounts receivable	11 353	11 353	–	–
Total inflows[3]	**22 854**	**22 515**	**287**	**52**
Net cash flows, total[1,2]	**-1 562**	**10 687**	**-7 825**	**-4 424**
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	–	–
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**

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.

Securitas has a Revolving Credit Facility with its 12 key relationship banks. This credit facility comprises two respective tranches of MUSD 550 and MEUR 440, originally maturing in 2020. In January 2016 the maturity was extended to 2021 and there is a possibility to extend for another year in January 2017. It was undrawn at the end of 2015.

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, 2015 there were nine outstanding bond loans with maturities ranging from 2017 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.

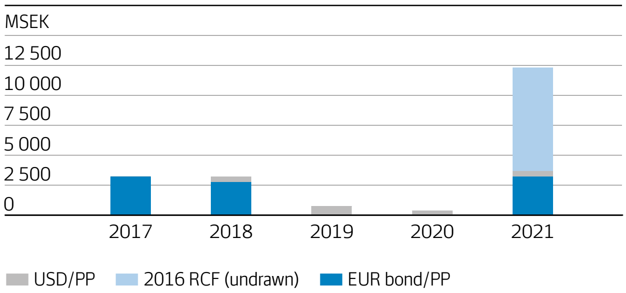
The table below shows a summary of the credit facilities as of December 31, 2015.

CREDIT FACILITIES AS PER DECEMBER 31, 2015

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
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
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	550	2020
Multi Currency Revolving Credit Facility	EUR (or equivalent)	440	440	2020
EMTN FRN private placement	USD	40	0	2021
EMTN FRN private placement	USD	60	0	2021
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
Commercial Paper (uncommitted)	SEK	5 000	4 750	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 graph below shows the maturity profile as of December 31, 2015 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 in the range of 0.1 percent of sales in the past two years.

Counterparty risk – liquid funds
The credit quality of interest-bearing receivables is described below. 75 percent (77) of interest-bearing receivables have a rating of A1/P1.

CREDIT QUALITY INTEREST-BEARING RECEIVABLES

MSEK	2015	2014
A1/P1	2 029	3 108
Other	673	919
Total interest-bearing receivables	**2 702**	**4 027**

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, 2015 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 867 (1 648).

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	2015	2014
Recognized in the statement of income		
Financial income[1]	0.4	-0.8
Financial expenses[1]	-0.5	0.4
Deferred tax	0.0	0.1
Impact on net income for the year	**-0.1**	**-0.3**
Recognized in other comprehensive income		
Transfer to hedging reserve before tax	-15.4	-4.5
Deferred tax on transfer to hedging reserve	3.4	1.0
Transfer to hedging reserve net of tax	**-12.0**	**-3.5**
Transfer to statement of income before tax	16.4	4.5
Deferred tax on transfer to statement of income	-3.6	-1.0
Transfer to statement of income net of tax	**12.8**	**3.5**
Total change of hedging reserve before tax[2]	1.0	0.0
Deferred tax on total change of hedging reserve[2]	-0.2	0.0
Total change of hedging reserve net of tax	**0.8**	**0.0**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[3]	0.9	-0.4
Deferred tax on total revaluation[3]	-0.2	0.1
Total revaluation after tax	**0.7**	**-0.3**

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.

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	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets at fair value through profit or loss	–	–	45.7	6.2	–	–	45.7	6.2
Financial liabilities at fair value through profit or loss	–	–	-3.3	-149.2	–	–	-3.3	-149.2
Derivatives designated for hedging with positive fair value	–	–	254.9	330.1	–	–	254.9	330.1
Derivatives designated for hedging with negative fair value	–	–	-61.5	-0.6	–	–	-61.5	-0.6

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

	2015		2014	
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)	48.8	48.8	6.2	6.2
Total	**48.8**	**48.8**	**6.2**	**6.2**
Loans and receivables				
Interest-bearing financial non-current assets (note 22)	91.9	91.9	104.6	104.6
Other long-term receivables (note 23)[1]	454.4	454.4	436.0	436.0
Accounts receivable	11 353.4	11 353.4	10 815.5	10 815.5
Other current receivables (note 26)[2]	2 293.7	2 293.7	2 082.1	2 082.1
Other interest-bearing current assets (note 27)	238.8	238.8	160.9	160.9
Liquid funds (note 28)	2 071.2	2 071.2	3 425.1	3 425.1
Total	**16 503.4**	**16 503.4**	**17 024.2**	**17 024.2**
Liabilities				
Financial liabilities at fair value through profit or loss				
Short-term loan liabilities (note 33)	63.2	63.2	149.2	149.2
Total	**63.2**	**63.2**	**149.2**	**149.2**
Financial liabilities designated as hedged item in a fair value hedge				
Short-term loan liabilities (note 33)	–	–	400.3	400.3
Long-term loan liabilities (note 30)[5]	9 395.3	9 565.2	9 770.2	10 045.8
Total	**9 395.3**	**9 565.2**	**10 170.5**	**10 446.1**
Other financial liabilities				
Long-term loan liabilities (note 30)	2 732.1	2 732.1	1 930.2	1 930.2
Long-term liabilities (note 30)[3]	201.2	201.2	452.0	452.0
Short-term loan liabilities (note 33)	373.1	373.1	2 198.0	2 198.0
Accounts payable	1 100.9	1 100.9	1 104.6	1 104.6
Other current liabilities (note 34)[4]	3 290.5	3 290.5	3 187.6	3 187.6
Total	**7 697.8**	**7 697.8**	**8 872.4**	**8 872.4**
Derivatives designated for hedging				
Interest-bearing financial current assets (note 27)	–	–	0.2	0.2
Interest-bearing financial non-current assets (note 22)	251.9	251.9	329.9	329.9
Total assets	**251.9**	**251.9**	**330.1**	**330.1**
Interest-bearing financial current liabilities (note 33)	–	–	0.3	0.3
Interest-bearing financial long-term liabilities (note 30)	1.6	1.6	0.3	0.3
Total liabilities	**1.6**	**1.6**	**0.6**	**0.6**
Net total	**250.3**	**250.3**	**329.5**	**329.5**
1 Excluding all pension balances and reimbursement rights (note 23)	*241.2*	*241.2*	*249.9*	*249.9*
2 Excluding prepaid expenses	*748.2*	*748.2*	*715.4*	*715.4*
3 Excluding pension balances (note 30)	*110.7*	*110.7*	*98.7*	*98.7*
4 Excluding employee-related accrued expenses and prepaid income	*6 304.2*	*6 304.2*	*6 171.6*	*6 171.6*

5 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, 2015					
Derivative financial assets	300.7	–	300.7	45.9	254.8
Total	**300.7**	**–**	**300.7**	**45.9**	**254.8**
December 31, 2014					
Derivative financial assets	336.3	–	336.3	97.3	239.0
Total	**336.3**	**–**	**336.3**	**97.3**	**239.0**

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, 2015					
Derivative financial liabilities	64.8	–	64.8	45.9	18.9
Total	**64.8**	**–**	**64.8**	**45.9**	**18.9**
December 31, 2014					
Derivative financial liabilities	149.8	–	149.8	97.3	52.5
Total	**149.8**	**–**	**149.8**	**97.3**	**52.5**

NOTE 7 *Transactions with related parties*

Guarantees on behalf of related parties amount to MSEK 4.0 (4.9).

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 8, 2015 decided upon guidelines for remuneration to senior management regarding 2015 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 2015, amount to a total of MSEK 70. Information on previously decided remuneration that has not yet been paid can be found in note 8 of the Annual Report for 2014.

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 2016 on guidelines for remuneration to senior management regarding 2016 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 one meeting in 2015.

Board of Directors

For the 2015 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, Alf Göransson's salary in the financial year 2015, amounted to MSEK 14.5. The amount includes a MSEK 1.2 temporary remuneration for additional responsibility as Divisional President for Security Services Europe during 2015. 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 2015 the pension costs for the President and CEO amounted to MSEK 4.3, whereof MSEK 0.4 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 2015 of the following 11 members: Bart Adam (Chief Financial Officer), Magnus Ahlqvist, as from August 26, 2015 (Divisional President, Security Services Europe), 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 (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 (Senior Vice President General Counsel).

In the 2015 financial year the other members of Group Management aggregate fixed salaries amounted to MSEK 54.2, and other salary benefits to MSEK 3.5.

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 six 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 of Group Management 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 2015 the pension costs for these members of Group Management amounted to MSEK 8.5. 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 2015 was MSEK 1.2 (included in the total pension cost for other Group Management, see also 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.

Short- and long-term incentives

Short-term as well as long-term 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 performance based target 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 2014 and 2015 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 2016 under the 2014 share-based incentive scheme, as well as the potential allocation of shares in 2017 under the 2015 share-based incentive scheme and the fair value of these shares, are disclosed in the tables below.

For the President and CEO the variable short-term compensation relating to the 2015 performance amounted to MSEK 7.8, whereof MSEK 2.6 will be allocated in shares in 2017 and MSEK 5.2 will be paid in cash in 2016.

The aggregate short-term variable compensation relating to the 2015 performance to the other members of Group management amounted to MSEK 40.9, whereof MSEK 13.6 will be allocated in shares in 2017 and MSEK 27.3 will be paid in cash in 2016.

During 2015 two members of Group Management have had long-term incentive plans, which are provided for during the performance year and are paid over the three following years. At resignation by a management employee, any unpaid long-term bonus will stay with the company. The aggregate long-term variable compensation and provision relating to the 2015 performance amounted to MSEK 11.6. The accumulated provision for long-term bonus programs amounted to MSEK 11.5 as per December 31, 2015.

ALLOCATION OF SHARES TO GROUP MANAGEMENT
RELATING TO SECURITAS SHARE-BASED INCENTIVE SCHEME 2015

	Number of shares[1]	Fair value[2], MSEK
	2015	2015
Alf Göransson, President and CEO	19 949	2.6
Other members of Group Management	104 848	13.7
Total holdings	**124 797**	**16.3**

1 Potential allocation of shares 2017, according to Securitas share-based incentive scheme 2015, according to purchase prices for Securitas Series B shares in March 2016.
2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2016.

Remuneration to the Board of Directors and Group Management

REMUNERATION RELATED TO 2015

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
Sofia Schörling Högberg	500	–	–	–	500
Fredrik Palmstierna	500	–	–	–	500
Subtotal Board of Directors	**4 975**	**–**	**–**	**–**	**4 975**
Alf Göransson, President and CEO[2]	14 450	90	7 800	4 261	26 601
Other members of Group Management[4]	54 171	3 540	52 452	8 479	118 642
Subtotal President and CEO and Group Management	**68 621**	**3 630**	**60 252**	**12 740**	**145 243**
Total	**73 596**	**3 630**	**60 252**	**12 740**	**150 218**

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 1 200 refers to temporary remuneration and KSEK 360 refers to pension cost for additional responsibility as Divisional President for Security Services Europe during 2015.
3 Refer to the cost for 2015 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
4 The compensation for one member who joined the Group Management during 2015 refers as from this date.

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
Sofia Schörling Högberg	500	–	–	–	500
Fredrik Palmstierna	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.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

Shareholdings

The Board of Directors' and Group Management's shareholdings through acquisitions on the stock market as of December 31, 2015, as well as the allocation of shares to the Group Management according to Securitas share-based incentive scheme in March 2016 are detailed in the table below.

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

	A shares 2015	A shares 2014	B shares 2015[5]	B shares 2014[5]	B shares Allocation March 2016[6]
Melker Schörling, Chairman of the Board[2]	4 500 000	4 500 000	15 234 600	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	–
Sofia Schörling Högberg	–	–	2 400	2 400	–
Fredrik Palmstierna	–	–	17 200	17 200	–
Alf Göransson, President and CEO	–	–	58 698	58 698	21 503
Bart Adam	–	–	20 405	20 405	13 902
Magnus Ahlqvist[4]	–	–	0	–	–
William Barthelemy	–	–	35 416	21 652	6 951
Santiago Galaz	–	–	143 202	92 424	24 291
Gisela Lindstrand	–	–	2 017	2 017	2 560
Jan Lindström	–	–	5 600	5 600	4 952
Aimé Lyagre	–	-	17 347	16 200	4 468
Marc Pissens	–	–	21 011	11 677	13 902
Luis Posadas	–	–	22 547	20 396	1 851
Antonio Villaseca Lòpez	–	–	990	990	2 726
Henrik Zetterberg	–	–	0	0	719
Total holdings	**17 142 600**	**17 142 600**	**42 786 933**	**43 476 659**	**97 825**

1 Information refers to shareholdings as of December 31, 2015 and 2014.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour Group.
4 Has joined the Group management during 2015, why earlier holdings is not applicable.
5 Holdings as of December 31 excluding potential allocation of shares according to Securitas sharebased incentive scheme (see footnote 6 below).
6 Actual allocation of shares in March 2016 according to Securitas share-based incentive scheme 2014, including shares corresponding to dividend decided related to potential allocation of shares during 2015. 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 2016 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 and divestitures.

Security Services North America

Security Services North America provides security services in the US, 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 US, plus Canada and Mexico. In total, there are approximately 108 100 employees and about 640 branch managers.

Security Services Europe

Security Services Europe provides security services for large and medium-sized customers in 26 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 118 200 employees and 900 branch managers.

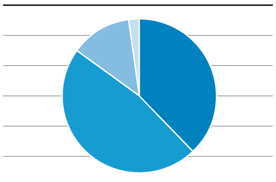
Security Services Ibero-America

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 59 500 employees and 190 branch managers.

Other

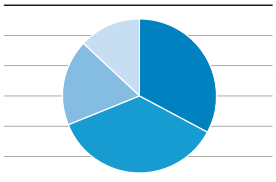
Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the operations in Africa, the Middle East and Asia as well as certain operations within security consulting that report directly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

Sales per segment



- Security Services North America 38%
- Security Services Europe 47%
- Security Services Ibero-America 13%
- Other 2%

Number of employees per segment



- Security Services North America 33%
- Security Services Europe 36%
- Security Services Ibero-America 18%
- Other 13%

JANUARY – DECEMBER 2015

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	**Group**
Income							
Sales, external	31 095	37 570	10 886	1 309	80 860	–	80 860
Sales, intra-group	13	3	–	1	17	-17	–
Total sales	**31 108**	**37 573**	**10 886**	**1 310**	**80 877**	**-17**	**80 860**
Organic sales growth, %	*4*	*4*	*13*	–	–	–	*5*
Operating income before amortization[1]	**1 751**	**2 143**	**491**	**-296**	**4 089**	**–**	**4 089**
of which share in income of associated companies	*2*	*0*	–	*15*	*17*	–	*17*
Operating margin, %	*5.6*	*5.7*	*4.5*	–	*5.1*	–	*5.1*
Amortization of acquisition related intangible assets	-26	-159	-68	-22	-275	–	-275
Acquisition related costs	–	-11	-1	-17	-29	–	-29
Operating income after amortization	**1 725**	**1 973**	**422**	**-335**	**3 785**	**–**	**3 785**
Financial income and expenses	–	–	–	–	–	–	-309
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**3 476**
Taxes	–	–	–	–	–	–	-1 032
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2 444**
Operating cash flow							
Operating income before amortization	**1 751**	**2 143**	**491**	**-296**	**4 089**	**–**	**4 089**
Investments in non-current tangible and intangible assets	-206	-925	-168	-30	-1 329	–	-1 329
Reversal of depreciation[1]	201	707	146	18	1 072	–	1 072
Change in operating capital employed	-95	-174	-70	-94	-433	–	-433
Cash flow from operating activities	**1 651**	**1 751**	**399**	**-402**	**3 399**	**–**	**3 399**
Cash flow from operating activities, %	*94*	*82*	*81*	–	–	–	*83*
Capital employed and financing							
Operating non-current assets	888	2 248	516	244	3 896	-24	3 872
Accounts receivable	4 087	5 139	2 005	172	11 403	-50	11 353
Other assets	1 531	1 163	420	1 835	4 949	–	4 949
Other liabilities	-4 104	-7 928	-1 597	-2 010	-15 639	74	-15 565
Total operating capital employed	**2 402**	**622**	**1 344**	**241**	**4 609**	**–**	**4 609**
Operating capital employed as % of sales	*8*	*2*	*12*	–	–	–	*6*
Goodwill	7 704	7 071	1 319	334	16 428	–	16 428
Acquisition related intangible assets	49	651	188	99	987	–	987
Shares in associated companies	196	30	–	143	369	–	369
Total capital employed	**10 351**	**8 374**	**2 851**	**817**	**22 393**	**–**	**22 393**
Return on capital employed, %				–	–	–	
Net debt	–	–	–	–	–	–	-9 863
Shareholders' equity	–	–	–	–	–	–	12 530
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**22 393**
Net debt equity ratio, multiple	–	–	–	–	–	–	*0.79*
Assets and liabilities							
Non-interest-bearing assets	14 455	16 302	4 448	1 104	36 309	-74	36 235
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 724
Unallocated interest-bearing assets	–	–	–	–	–	–	2 702
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**40 661**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**12 530**
Non-interest-bearing liabilities	4 104	7 928	1 597	382	14 011	-74	13 937
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1 629
Unallocated interest-bearing liabilities	–	–	–	–	–	–	12 565
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**28 131**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**40 661**

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 2014

MSEK	Security Services North America	Security Services Europe[3]	Security Services Ibero-America	Other[3]	Total segments	Eliminations[3]	Group
Income							
Sales, external	24 977	34 907	9 238	1 095	70 217	–	70 217
Sales, intra-group	12	1	–	0	13	-13	–
Total sales	**24 989**	**34 908**	**9 238**	**1 095**	**70 230**	**-13**	**70 217**
Organic sales growth, %	*3*	*2*	*8*	–	–	–	*3*
Operating income before amortization[1]	**1 333**	**2 050**	**396**	**-274**	**3 505**	**–**	**3 505**
of which share in income of associated companies	*0*	*0*	–	*8*	*8*	–	*8*
Operating margin, %	*5.3*	*5.9*	*4.3*	–	*5.0*	–	*5.0*
Amortization of acquisition related intangible assets	-26	-144	-65	-16	-251	–	-251
Acquisition related costs	-2	-13	-2	0	-17	–	-17
Operating income after amortization	**1 305**	**1 893**	**329**	**-290**	**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**	**2 050**	**396**	**-274**	**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	665	119	12	967	–	967
Change in operating capital employed	-484	36	66	-114	-496	–	-496
Cash flow from operating activities	**839**	**2 026**	**401**	**-403**	**2 863**	**–**	**2 863**
Cash flow from operating activities, %	*63*	*99*	*101*	–	–	–	*82*
Capital employed and financing							
Operating non-current assets	841	2 075	526	199	3 641	–	3 641
Accounts receivable	3 595	4 995	2 086	188	10 864	-49	10 815
Other assets	1 329	1 073	423	1 979	4 804	–	4 804
Other liabilities	-3 607	-8 046	-1 784	-1 948	-15 385	49	-15 336
Total operating capital employed	**2 158**	**97**	**1 251**	**418**	**3 924**	**–**	**3 924**
Operating capital employed as % of sales	*9*	*0*	*14*	–	–	–	*6*
Goodwill	7 185	7 246	1 472	325	16 228	–	16 228
Acquisition related intangible assets	70	786	283	105	1 244	–	1 244
Shares in associated companies	180	31	–	114	325	–	325
Total capital employed	**9 593**	**8 160**	**3 006**	**962**	**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	16 206	4 790	1 055	35 251	-49	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	8 046	1 784	384	13 821	-49	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.
3 The comparatives have been restated due to an organizational change that took place in the Group as of January 1, 2015. This change has had no effect on the total Group level.

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2015	2014	2015	2014
US	28 242	22 364	8 434	7 832
France	–[3]	–[3]	–[3]	2 058
Sweden[4]	4 573	4 262	1 149	1 072
All other countries[5]	48 045	43 591	12 071	10 467
Total countries	**80 860**	**70 217**	**21 654**	**21 429**
Non-current assets not listed by country[2]	–	–	1 724	1 885
Total non-current assets	**–**	**–**	**23 378**	**23 314**

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.

The sales of security solutions and technology during the year amounted to BSEK 9.3 (6.5).

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	2015	2014
Total sales	**80 860.1**	**70 217.1**
Other operating income	17.7	15.9
Salaries (note 12)	-53 084.1	-46 469.8
Social benefits (note 12)	-12 308.1	-10 584.8
Depreciation and amortization (notes 13, 18, 19, 20)	-1 346.8	-1 217.7
Bad debt losses (note 25)	-86.9	-87.7
Other operating expenses	-10 267.2	-8 636.2
Total operating expenses	**-77 093.1**	**-66 996.2**
Operating income	**3 784.7**	**3 236.8**

Exchange rate differences

Exchange rate differences included in operating income amounted to MSEK -1.4 (-3.0).

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	2015	2014
Restructuring payments	-14.7	-65.1
Spain – overtime compensation	-1.4	-4.5
Germany – premises	-10.8	-3.2
Total cash flow impact	**-26.9**	**-72.8**

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	2015	2014
Restructuring and integration costs	-17.7	-0.8
Transaction costs	-16.4	-11.3
Revaluation of deferred considerations	4.6	-5.0
Total acquisition related costs	**-29.5**	**-17.1**

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION

MSEK	2015	2014
Production expenses	–	-1.0
Selling and administrative expenses[1]	-29.5	-16.1
Total acquisition related costs allocated per function	**-29.5**	**-17.1**

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	2015	2014
Security Services North America	–	-2.0
Security Services Europe	-11.6	-12.6
Security Services Ibero-America	-0.5	-1.9
Other	-17.4	-0.6
Total acquisition related costs allocated per segment	**-29.5**	**-17.1**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2015	2014
Acquisition related costs according to the statement of income	-29.5	-17.1
Cash flow	-34.0	-21.2
Adjustment for effect on cash flow from acquisition related costs	**-4.5**	**-4.1**

Audit fees and reimbursements

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

MSEK	2015	2014
PwC		
Audit assignments	32.4	31.7
Additional audit assignments	3.0	2.4
Tax assignments	14.0	16.0
Other assignments[1]	5.3	6.9
Total PwC	**54.7**	**57.0**
Other auditors		
Audit assignments	3.2	2.7
Total	**57.9**	**59.7**

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 998.5 (955.5).

The table below specifies how the nominal value of contractual future minimum lease payments is distributed.

MSEK	2015	2014
Maturity < 1 year	805.6	789.8
Maturity 1–5 years	1 767.9	1 476.6
Maturity > 5 years	1 187.3	542.7

NOTE 12 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN[1]

	Women		Men		Total	
	2015	2014	2015	2014	2015	2014
Security Services North America	26 388	28 365	72 005	69 192	98 393	97 557
Security Services Europe[2]	18 442	18 753	89 353	88 944	107 795	107 697
Security Services Ibero-America	8 293	8 652	50 277	47 564	58 570	56 216
Other[2]	1 935	1 693	14 549	14 275	16 484	15 968
Total	**55 058**	**57 463**	**226 184**	**219 975**	**281 242**	**277 438**

In 2015, the number of Board members and Presidents was 96 (96), of whom 8 (9) were women.

STAFF COSTS FOR BOARD OF DIRECTORS AND PRESIDENTS

	2015			2014			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2015	2014
Security Services North America	98.2	28.0	(14.4)	74.0	22.7	(12.5)	38.5	25.6
Security Services Europe	87.4	22.6	(7.7)	81.2	23.4	(6.4)	26.8	22.9
Security Services Ibero-America	36.1	3.9	(0.2)	22.0	2.8	(0.1)	11.6	6.4
Other	91.2	30.3	(7.6)	78.0	26.5	(8.1)	29.9	21.5
Total	**312.9**	**84.8**	**(29.9)**	**255.2**	**75.4**	**(27.1)**	**106.8**	**76.4**

STAFF COSTS FOR OTHER EMPLOYEES

	2015			2014		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America	22 366.2	4 298.9	(287.9)	18 272.9	3 236.2	(240.2)
Security Services Europe[2]	22 573.4	6 001.4	(643.7)	21 270.5	5 622.4	(606.0)
Security Services Ibero-America	6 788.9	1 816.2	(18.7)	5 817.9	1 567.3	(16.6)
Other[2]	1 042.7	106.8	(28.9)	853.3	83.5	(22.2)
Total	**52 771.2**	**12 223.3**	**(979.2)**	**46 214.6**	**10 509.4**	**(885.0)**

TOTAL STAFF COSTS: BOARD OF DIRECTORS, PRESIDENTS AND OTHER EMPLOYEES

	2015			2014		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America	22 464.4	4 326.9	(302.3)	18 346.9	3 258.9	(252.7)
Security Services Europe[2]	22 660.8	6 024.0	(651.4)	21 351.7	5 645.8	(612.4)
Security Services Ibero-America	6 825.0	1 820.1	(18.9)	5 839.9	1 570.1	(16.7)
Other[2]	1 133.9	137.1	(36.5)	931.3	110.0	(30.3)
Total	**53 084.1**	**12 308.1**	**(1 009.1)**	**46 469.8**	**10 584.8**	**(912.1)**

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.
2 The comparatives have been restated due to an organizational change that took place in the Group as of January 1, 2015. This change has had no effect on the total Group level.

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 8, 2015 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2014 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 1 214 participants (1 142) that are entitled to receive the share part according to the scheme. The total share-based remuneration for these participants amount to MSEK 119.2 (87.5) and is accounted for as a share-based remuneration in equity. In March 2016, 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 903 015 (795 158) at a value of MSEK 117.7 (93.2). The shares will be allotted to the participants during the first quarter 2017, provided that they are still employed by the Group.

COSTS FOR SHARE-BASED INCENTIVE SCHEME: PRESIDENTS AND OTHER EMPLOYEES

MSEK	2015	2014
Bonus costs for incentive scheme	119.2	87.5
Social benefits for incentive scheme	38.2	28.2
Total	**157.4**	**115.7**

NOTE 13 Depreciation and amortization

MSEK	2015	2014
Software licenses	90.2	69.3
Other intangible assets	25.2	28.2
Buildings	13.0	13.7
Machinery and equipment	943.9	855.7
Total depreciation and amortization	**1 072.3**	**966.9**

DEPRECIATION AND AMORTIZATION FOR THE YEAR IS DISTRIBUTED IN THE STATEMENT OF INCOME AS BELOW

MSEK	2015	2014
Depreciation of tangible non-current assets		
Production expenses	607.8	553.1
Selling and administrative expenses	349.2	316.3
Total depreciation of tangible non-current assets	**957.0**	**869.4**
Amortization of intangible assets		
Production expenses	54.7	51.4
Selling and administrative expenses	60.6	46.1
Total amortization of intangible assets	**115.3**	**97.5**
Total depreciation and amortization	**1 072.3**	**966.9**

NOTE 14 Net financial items

MSEK	2015	2014
Interest income from financial assets at fair value through profit or loss	12.2	17.1
Interest income from loans and receivables	15.8	20.9
Total interest income	**28.0**	**38.0**
Other financial income	1.0	0.6
Exchange rate differences, net[1]	1.4	0.6
Total financial income	**30.4**	**39.2**
Interest expenses from financial liabilities at fair value through profit or loss	-45.5	-31.4
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-139.3	-155.4
Interest expenses from derivatives designated for hedging	61.0	59.8
Interest expenses from other financial liabilities	-190.3	-215.0
Total interest expenses	**-314.1**	**-342.0**
Revaluation of financial instruments	-0.1	-0.4
Other financial expenses	-24.5	-24.4
Total financial expenses	**-338.7**	**-366.8**
Net financial items	**-308.3**	**-327.6**
Of which revaluations estimated with the use of valuation methods	-0.1	-0.4

1 Exchange rate differences included in operating income are reported in note 11.

NOTE 15 Taxes

Statement of income

TAX EXPENSE

MSEK	2015	%	2014	%
Tax on income before taxes				
Current taxes	-993.0	*-28.6*	-710.7	*-24.4*
Deferred taxes	-39.5	*-1.1*	-127.0	*-4.4*
Total tax expense	**-1 032.5**	***-29.7***	**-837.7**	***-28.8***

The Swedish corporate tax rate was 22.0 percent (22.0). Securitas' tax rate was 29.7 percent (28.8). The increase in the Group's tax rate compared with the full year tax rate for 2014 of 28.8 percent is due to the strengthening of the USD exchange rate and its impact on the income of the Group, and further a one-off revaluation of deferred tax assets due to new tax rates in France and Norway.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE GROUP

MSEK	2015	%	2014	%
Income before taxes according to the statement of income	**3 476**		**2 909**	
Tax based on Swedish tax rate	-765	*-22.0*	-640	*-22.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-266	*-7.7*	-122	*-4.2*
Tax related to previous years	11	*0.3*	1	*0.0*
Recognition of previously unvalued tax losses	54	*1.6*	10	*0.4*
Revaluation of deferred tax following a change in tax rate	-15	*-0.4*	-2	*-0.1*
Other non-deductible items	-75	*-2.2*	-92	*-3.1*
Other tax exempt items	24	*0.7*	7	*0.2*
Actual tax expense	**-1 032**	***-29.7***	**-838**	***-28.8***

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 58 (62). The comparative has been restated.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2015	2014
Deferred tax on actuarial gains and losses	-29.3	125.6
Deferred tax on cash flow hedges	-0.2	0.0
Deferred tax on net investment hedges	-5.4	-39.2
Deferred tax on other comprehensive income	**-34.9**	**86.4**

Balance sheet

CURRENT TAX ASSETS/LIABILITIES

MSEK	2015	2014
Current tax assets	346.0	412.8
Current tax liabilities	409.9	450.6
Current tax assets/liabilities, net	**-63.9**	**-37.8**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO

MSEK	2015	2014
Pension provisions and employee-related liabilities	834.1	783.5
Liability insurance-related claims reserves	1.7	4.7
Tax loss carryforwards	242.3	361.8
Acquisition related intangible assets	73.6	103.8
Machinery and equipment	117.3	151.3
Other temporary differences	212.7	187.5
Total deferred tax assets	**1 481.7**	**1 592.6**
Whereof deferred tax assets expected to be used within 12 months	*726.2*	*544.1*
Net accounting[1]	-104.4	-150.7
Total deferred tax assets according to the balance sheet	**1 377.3**	**1 441.9**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO

MSEK	2015	2014
Pension provisions and employee-related liabilities	49.4	38.4
Acquisition related intangible assets	256.2	316.2
Machinery and equipment	18.0	30.3
Other temporary differences	561.5	525.4
Total deferred tax liabilities	**885.1**	**910.3**
Whereof deferred tax liabilities expected to be used within 12 months	*192.3*	*182.5*
Net accounting[1]	-104.4	-150.7
Total deferred tax liabilities according to the balance sheet	**780.7**	**759.6**
Deferred tax assets/liabilities, net	**596.6**	**682.3**

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	2015	2014
Opening balance deferred tax assets	1 592.6	1 509.9
Change due to:		
Deferred tax recognized in the statement of income	-49.0	-105.1
Changed tax rate	-11.8	0.0
Acquisitions	1.3	11.3
Recognized in other comprehensive income	-6.0	125.6
Translation differences	-45.4	50.9
Closing balance deferred tax assets	**1 481.7**	**1 592.6**
Change during the year	**-110.9**	**82.7**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

MSEK	2015	2014
Opening balance deferred tax liabilities	910.3	866.2
Change due to:		
Deferred tax recognized in the statement of income	-12.5	7.1
Changed tax rate	-2.1	2.9
Acquisitions	15.7	23.2
Recognized in other comprehensive income	3.6	–
Translation differences	-29.9	10.9
Closing balance deferred tax liabilities	**885.1**	**910.3**
Change during the year	**-25.2**	**44.1**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2015

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Recognized in other compre-hensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	783.5	75.9	-9.1	–	-6.0	-10.2	834.1
Liability insurance-related claims reserves	4.7	-2.8	–	–	–	-0.2	1.7
Tax loss carryforwards	361.8	-111.4	–	–	–	-8.1	242.3
Acquisition related intangible assets	103.8	-16.5	-0.2	1.3	–	-14.8	73.6
Machinery and equipment	151.3	-33.6	-1.6	–	–	1.2	117.3
Other temporary differences	187.5	39.4	-0.9	–	–	-13.3	212.7
Total deferred tax assets	**1 592.6**						**1 481.7**
Change during the year		**-49.0**	**-11.8**	**1.3**	**-6.0**	**-45.4**	**-110.9**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2015

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Recognized in other compre-hensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	38.4	15.0	-0.1	–	–	-3.9	49.4
Acquisition related intangible assets	316.2	-57.3	-2.5	6.6	–	-6.8	256.2
Machinery and equipment	30.3	-13.0	–	–	–	0.7	18.0
Other temporary differences	525.4	42.8	0.5	9.1	3.6	-19.9	561.5
Total deferred tax liabilities	**910.3**						**885.1**
Change during the year		**-12.5**	**-2.1**	**15.7**	**3.6**	**-29.9**	**-25.2**

Changes in deferred taxes between 2014 and 2015 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, 2015 subsidiaries in primarily Germany and Belgium had tax loss carryforwards of MSEK 2 052 (2 773). These tax loss carry-forwards expire as follows:

TAX LOSS CARRYFORWARDS

2016	7
2017	14
2018	8
2019–	282
Unlimited duration	1 741
Total tax loss carryforwards	**2 052**

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, 2015, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 874 (1 389) and deferred tax assets related to the tax losses amounted to MSEK 242 (362). Tax losses can be used to reduce future taxable income and tax payments.

NOTE 16 *Acquisitions and divestitures of subsidiaries*

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition.

MSEK	Purchase price paid/ received[7]	Acquired/ divested net debt	Enterprise value	Goodwill[3]	Acquisition related intangible assets	Operating capital employed	Total capital employed	Share-holders' equity	Total
Other acquisitions and divestitures[1, 4]	28.6	2.6	31.2	62.6	57.2	-81.2	38.6	-69.8[5]	-31.2
Adjustments[2, 4]	-143.9	-0.7	-144.6	-8.4	0.0	157.6	149.2	-4.6[6]	144.6
Total acquisitions and divestitures	**-115.3**	**1.9**	**-113.4**	**54.2**	**57.2**	**76.4**	**187.8**	**-74.4**	**113.4**
Liquid funds according to acquisition analyses	4.9								
Total effect on Group's liquid funds	**-110.4**								

1 Related to other acquisitions and divestitures for the period: MH Bevakning (contract portfolio), Sweden, Vaktco (contract portfolio), Norway, HH Vagt, Denmark, Polar Security (contract portfolio), Finland, divestiture of ancillary business, UK, Fire Fighting Technology, Belgium, Data and Archief (divestiture) and Poseidon, the Netherlands and Pinglin, China.
2 Related to updated previous year acquisition calculations for the following entities: PSS, Norway, EKS Technik, Germany, Sectrans and SEIV, France, Optimit and SAIT, Belgium, Protect, Croatia, ICTS and Sensormatic, Turkey, Vigilancias y Seguridad, Seguridad Cono Sur, Seguridad Argentina, Vigilan, Fuego Red and Trailback, Argentina, Proguard, Selectron and Urulac, Uruguay. Related also to deferred considerations paid in Norway, Denmark, Finland, Germany, France, Belgium, Croatia, Turkey, Argentina, Uruguay and South Africa.
3 Goodwill that is expected to be tax deductible has decreased by net MSEK 10.9 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 -150.1. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 359.9.
5 Income statement amounts to MSEK -69.8 and retained earnings to MSEK 0.0.
6 Income statement amounts to MSEK -4.6 and retained earnings to MSEK 0.0.
7 No equity instruments have been issued in connection with the acquisitions.

Other acquisitions and divestitures

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	-17.3
Accounts receivable	5.1
Other assets	10.7
Other liabilities	-64.4
Deferred considerations[1]	-15.3
Total operating capital employed	**-81.2**
Goodwill from the acquisitions[2]	62.6
Acquisition related intangible assets[3]	57.2
Total capital employed	**38.6**
Net debt	2.6
Total acquired / divested net assets[4]	**41.2**
Purchase price paid / received[4]	28.6
Liquid funds in accordance with acquisition analyses	5.0
Total impact on the Group's liquid funds	**33.6**

1 Deferred considerations for acquisitions made during 2015 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 HH Vagt, Denmark, Poseidon, the Netherlands and Pinglin, China.
3 Mainly related to acquisition of contract portfolio in Poseidon, the Netherlands and acquisition related intangible assets in Pinglin, China.
4 Purchase price paid / received differs to total acquired / divested net assets due to capital gain on divestitures of MSEK -69.8.

Transaction costs amount to MSEK 16.3.
Goodwill that is expected to be tax deductible amounts to MSEK 0.0.

Adjustments and payments of deferred considerations

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	0.0
Accounts receivable	0.4
Other assets	-0.2
Other liabilities	-8.0
Deferred considerations[1]	165.4
Total operating capital employed	**157.6**
Goodwill from the acquisitions[2]	-8.4
Acquisition related intangible assets	0.0
Total capital employed	**149.2**
Net debt	-0.7
Total acquired net assets[3]	**148.5**
Purchase price paid[3]	-143.9
Liquid funds in accordance with acquisition analyses	-0.1
Total impact on the Group's liquid funds	**-144.0**

1 Mainly related to payments of deferred considerations for SAIT, Belgium, Federal Resguard, Vigilan, Consultora Videco and Fuego Red, Argentina, Rentsec and Vamsa, South Africa and update of deferred consideration for Vigilan, Argentina.
2 Mainly related to update of the acquisition calculation for SAIT, Belgium and update of deferred consideration for Vigilan, Argentina.
3 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK -4.6.

Transaction costs amount to MSEK 0.1.
Goodwill that is expected to be tax deductible has decreased by net MSEK 10.9 during the year.

Diebold's Electronic Security – the US

In October 2015, Securitas agreed to acquire the commercial contracts and operational assets of Diebold Incorporated's Electronic Security business in North America, which is the third largest commercial electronic security provider in North America. The 12-month sales of the acquired Diebold Electronic Security operation, from June 30, 2014 through June 30, 2015, are MSEK 2 820 (MUSD 330). The purchase price is approximately MSEK 2 990 (MUSD 350) on a debt-free basis including a normalized working capital, which according to Securitas' calculations equates to approximately 11 x estimated EBITDA for 2015, of the acquired operation after it has been separated from Diebold Incorporated.

Diebold's North American Electronic Security business has approximately 1 100 employees. The one-off costs for separating the Diebold Electronic Security operation from Diebold Incorporated together with the transaction costs will amount to approximately MSEK 60 (MUSD 7) and will be recognized in 2016.

In the beginning of 2016, the Regulatory authorities approved Securitas' acquisition of Diebold's North American Electronic Security business. The acquisition was finalized on February 1, 2016, from which date it was consolidated in Securitas. The acquisition will be accretive to Securitas earnings per share as of 2016.

Further information regarding the acquisition will be disclosed in the interim report for the first quarter 2016.

NOTE 17 *Goodwill and impairment testing*

MSEK	2015	2014
Opening balance	16 606.2	14 716.9
Capital expenditures	54.2	77.4
Translation difference	133.9	1 811.9
Closing accumulated balance	**16 794.3**	**16 606.2**
Opening impairment losses	-378.1	-355.0
Translation difference	12.2	-23.1
Closing accumulated impairment losses	**-365.9**	**-378.1**
Closing residual value	**16 428.4**	**16 228.1**

GOODWILL ALLOCATED PER SEGMENT

MSEK	2015	2014
Security Services North America	7 704.0	7 184.9
Security Services Europe[1]	7 071.2	7 246.2
Security Services Ibero-America	1 318.9	1 472.1
Other[1]	334.3	324.9
Total goodwill	**16 428.4**	**16 228.1**

1 The comparatives have been restated due to an organizational change that took place in the Group as of January 1, 2015. This change has had no effect on the total Group level.

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 2015 in conjunction with the business plan process for 2016. 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 model 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 individually on a CGU-basis.

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, %*
2015		
Security Services North America[1]	*2.0*	*6.7–10.8*
Security Services Europe[1]	*2.0*	*5.8–14.1*
Security Services Ibero-America	*2.0–5.0*	*5.8–21.0*
Other[2]	*2.0–5.0*	*6.0–16.4*
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*

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.

* 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.

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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 nine CGUs in Security Services Europe, five CGUs in Security Services Ibero-America and eight CGUs included in Other were tested in accordance with an in-depth analysis. Consequently no impairment losses have been recognized in 2015. No impairment losses of goodwill or other acquisition related intangible assets were recognized in 2014 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 -1 for one CGU in Security Services Europe. Moreover, a reduction of 0.5 percentage points in the operating margin would result in an impairment loss of goodwill of MSEK -7 for one CGU in Security Services Europe. 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 -1 for one CGU in Security Services Europe. A general decrease of the estimated growth after the forecasted period for conducted sensitivity analyses by 1 percentage point would result in an impairment loss of goodwill of totally MSEK -0.5 for one CGU in Security Services Europe. Aside from this, the conducted sensitivity analyses showed that none of the adjustments stand alone would result in an impairment loss in any CGU.

NOTE 18 *Acquisition related intangible assets*[1]

MSEK	2015	2014
Opening balance	2 507.2	2 419.5
Capital expenditures	57.2	75.1
Derecognition of fully amortized assets[2]	-72.0	-182.1
Translation difference	-101.9	194.7
Closing accumulated balance	**2 390.5**	**2 507.2**
Opening amortization	-1 252.4	-1 093.9
Reversal of amortization on derecognized assets[2]	72.0	182.1
Amortization for the year	-274.5	-250.8
Translation difference	62.0	-89.8
Closing accumulated amortization	**-1 392.9**	**-1 252.4**
Opening impairment losses	-10.6	-10.0
Translation difference	0.3	-0.6
Closing accumulated impairment losses	**-10.3**	**-10.6**
Closing residual value	**987.3**	**1 244.2**

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	2015	2014	2015	2014
Opening balance	952.3	791.4	188.0	182.5
Acquisitions and divestitures	-0.3	17.4	–	–
Capital expenditures	126.4	128.0	31.3	36.6
Disposals/write-offs	-20.2	-22.6	-8.8	-31.1
Reclassification	38.6	1.1	-7.2	-5.2
Translation difference	-28.3	37.0	-3.2	5.2
Closing accumulated balance	**1 068.5**	**952.3**	**200.1**	**188.0**
Opening amortization	-638.7	-550.5	-103.3	-98.2
Acquisitions and divestitures	0.3	-9.5	–	–
Disposals/write-offs	11.4	20.3	5.5	25.5
Reclassification	3.2	0.7	-0.1	0.9
Amortization for the year	-90.2	-69.3	-25.2	-28.2
Translation difference	21.8	-30.4	2.2	-3.3
Closing accumulated amortization	**-692.2**	**-638.7**	**-120.9**	**-103.3**
Closing residual value	**376.3**	**313.6**	**79.2**	**84.7**

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	2015	2014	2015	2014
Opening balance	653.1	644.6	9 188.7	8 123.5
Acquisitions and divestitures	-27.2	–	-12.3	19.2
Capital expenditures	33.2	2.8	1 298.8	1 115.9
Disposals/write-offs	-6.1	-31.4	-544.6	-596.2
Reclassification	-0.5	-0.2	-31.6	8.7
Translation difference	-23.1	37.3	-97.0	517.6
Closing accumulated balance	**629.4**	**653.1**	**9 802.0**	**9 188.7**
Opening depreciation	-334.1	-316.4	-6 931.6	-6 164.5
Acquisitions and divestitures	13.5	–	8.9	-15.1
Disposals/write-offs	1.6	14.0	430.8	495.4
Reclassification	0.0	–	-2.4	44.9
Depreciation for the year	-13.0	-13.7	-943.9	-855.7
Translation difference	10.5	-18.0	67.8	-436.6
Closing accumulated depreciation	**-321.5**	**-334.1**	**-7 370.4**	**-6 931.6**
Opening impairment losses	-19.0	-17.8	–	–
Translation difference	0.6	-1.2	–	–
Closing accumulated impairment losses	**-18.4**	**-19.0**	**–**	**–**
Closing residual value	**289.5**	**300.0**	**2 431.6**	**2 257.1**

1 The closing residual value of land included in buildings and land above was MSEK 55.5 (60.6).
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 126.6 (100.5).

NOTE 21 Shares in associated companies[1]

MSEK	2015	2014
Opening balance	324.5	132.7
Purchase price/investment	0.1	147.9
Share in income of associated companies	17.3	8.4
Dividend	-2.4	-2.3
New issue/contributions	0.0	5.1
Translation differences	29.5	32.7
Closing balance[2]	**369.0**	**324.5**

1 A complete specification of associated companies can be obtained from the Parent Company.
2 Of which goodwill MSEK 349.4 (260.8) and acquisition related intangible assets MSEK 24.6 (3.3).

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	2015	2014
Sales	1 539.1	847.3
Net income	29.2	19.6
Assets	948.4	782.1
Liabilities	689.7	564.3

NOTE 22 Interest-bearing financial non-current assets[1]

MSEK	2015	2014
Derivatives with positive fair value, long-term		
Derivatives in fair value hedges[2]	249.8	329.8
Derivatives in cash flow hedges[2]	2.1	0.1
Total derivatives with positive fair value, long-term	**251.9**	**329.9**
Other items[3]	91.9	104.6
Total interest-bearing financial non-current assets	**343.8**	**434.5**

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	2015	2014
Pension balances, defined contribution plans[1]	110.7	98.7
Pension balances, defined benefit plans[2]	3.3	8.8
Reimbursement rights[3]	127.2	142.4
Other long-term receivables	454.4	436.0
Total other long-term receivables	**695.6**	**685.9**

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	2015	2014
Material and consumables	171.5	139.8
Advance payments to suppliers	11.8	11.3
Total inventories	**183.3**	**151.1**

NOTE 25 Accounts receivable

MSEK	2015	%	2014	%
Accounts receivable before deduction of provisions for bad debt losses	11 789.4	*100*	11 286.7	*100*
Provisions for bad debt losses	-436.0	*-4*	-471.2	*-4*
Total accounts receivable	**11 353.4**	***96***	**10 815.5**	***96***

MSEK	2015	2014
Opening balance provision for bad debt losses	-471.2	-488.8
Provision for expected losses	-163.3	-186.2
Reversed provisions	82.5	99.5
Actual losses	103.7	135.6
Acquisitions	0.0	10.2
Translation differences	12.3	-41.5
Closing balance provision for bad debt losses[1]	**-436.0**	**-471.2**

1 Expenses for bad debt losses amounted to MSEK 86.9 (87.7).

AGEING OF ACCOUNTS RECEIVABLE BEFORE DEDUCTION OF PROVISION FOR BAD DEBT LOSSES

MSEK	2015	%	2014	%
Overdue 1–30 days	2 180.0	*18*	2 168.0	*19*
Overdue 31–90 days	808.8	*7*	791.8	*7*
Overdue 91–180 days	212.0	*2*	231.5	*2*
Overdue >180 days	430.8	*4*	471.2	*4*
Total overdue	**3 631.6**	***31***	**3 662.5**	***32***

NOTE 26 *Other current receivables*

MSEK	2015	2014
Accrued sales income	1 670.8	1 528.3
Prepaid expenses and other accrued income	814.0	781.9
Insurance-related receivables	48.1	22.1
Value added tax	134.6	113.9
Other items	374.4	351.3
Total other current receivables	**3 041.9**	**2 797.5**

NOTE 27 *Other interest-bearing current assets*[1]

MSEK	2015	2014
Derivatives with positive fair value, short-term		
Derivatives in fair value hedges[2]	–	0.2
Derivatives in net investment hedges[2]	3.0	0.1
Other derivatives[3]	45.8	6.1
Total derivatives with positive fair value, short-term	**48.8**	**6.4**
Other interest-bearing current assets	238.8	160.9
Total other interest-bearing current assets	**287.6**	**167.3**

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	2015	2014
Short-term investments[2]	873.3	2 081.9
Cash and bank deposits[3]	1 197.9	1 343.2
Total liquid funds	**2 071.2**	**3 425.1**

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, 2015

			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, 2014. As of December 31, 2015 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 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 5.4 percent of the capital and 11.6 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.50 per share, or a total of MSEK 1 277.7. The dividend to the shareholders for the financial year 2014, which was paid in 2015, 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 2015.

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 2015.

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.

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2015	2014
Swap agreement[1]	-93.2	-65.6
Share-based remuneration to employees	119.2	87.5
Non-vested shares	2.2	0.0
Total	**28.2**	**21.9**

1 The number of shares that have been hedged in this swap agreement amount to a total of 795 158 (932 761) and have been allotted to the participants during the first quarter 2016, 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	2015	2014
Opening balance	18.9	16.0
Acquisitions/investments	–	1.7
Disposals	–	0.1
Dividend	-3.5	-3.6
Total transactions with non-controlling interests	**-3.5**	**-1.8**
Share in net income	7.4	3.1
Share in other comprehensive income, translation differences	-2.5	1.6
Total comprehensive income for the year	**4.9**	**4.7**
Closing balance	**20.3**	**18.9**

NOTE 30 Long-term liabilities excluding provisions[1]

MSEK	2015	2014
EMTN Nom MEUR 350, 2013/2021, Annual 2.625%[2]	3 391.6	3 546.5
EMTN Nom MEUR 350, 2012/2017, Annual 2.75%[2]	3 215.5	3 328.5
EMTN Nom MEUR 300, 2012/2018, Annual 2.25%[2]	2 788.2	2 895.2
EMTN Nom MUSD 50, 2011/2018, FRN Quarterly[2]	419.7	389.5
EMTN Nom MUSD 85, 2013/2019, FRN Quarterly[2]	713.2	661.8
EMTN Nom MUSD 40, 2014/2020, FRN Quarterly[2]	335.5	311.3
EMTN Nom MUSD 60, 2014/2021, FRN Quarterly[2]	503.8	466.9
EMTN Nom MUSD 40, 2015/2021, FRN Quarterly[2]	335.4	–
EMTN Nom MUSD 40, 2015/2021, FRN Quarterly[2]	335.5	–
Finance leases	59.3	43.4
Other long-term loans	29.7	57.3
Total long-term loan liabilities excluding derivatives	**12 127.4**	**11 700.4**
Derivatives with negative fair value, long-term		
Derivatives in cash flow hedges[3]	1.6	0.3
Total derivatives with negative fair value, long-term	**1.6**	**0.3**
Total long-term loan liabilities	**12 129.0**	**11 700.7**
Pensions balances, defined contribution plans[4]	110.7	98.7
Deferred considerations[5]	191.8	444.1
Other long-term liabilities	9.4	7.9
Total other long-term liabilities	**311.9**	**550.7**
Total long-term liabilities	**12 440.9**	**12 251.4**

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	2015	2014
Maturity < 5 years	7 786.3	7 804.9
Maturity > 5 years	4 654.6	4 446.5
Total long-term liabilities	**12 440.9**	**12 251.4**

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

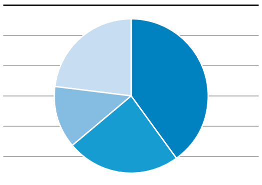
NOTE 31 *Provisions for pensions and similar commitments*

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.

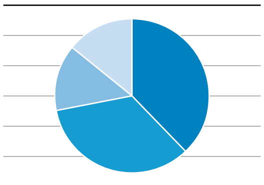
Defined benefit obligations



- US MSEK 1 531, 40%
- Switzerland MSEK 942, 24%
- Norway MSEK 499, 13%
- Other countries[1] MSEK 890, 23%

Total MSEK 3 862

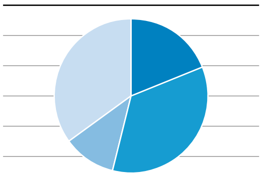
Plan assets



- US MSEK 977, 38%
- Switzerland MSEK 889, 34%
- Norway MSEK 357, 14%
- Other countries[1] MSEK 369, 14%

Total MSEK 2 592

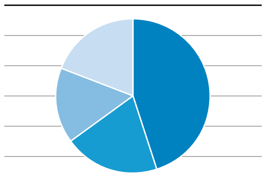
Pension costs



- US MSEK 29, 19%
- Switzerland MSEK 55, 35%
- Norway MSEK 17, 11%
- Other countries[1] MSEK 55, 35%

Total MSEK 156

Employer contributions



- US MSEK 103, 45%
- Switzerland MSEK 45, 20%
- Norway MSEK 36, 16%
- Other countries[1] MSEK 45, 19%

Total MSEK 229

1 In total 18 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, 2015

	US	Switzerland	Norway
Active members	185	1 579	399
Deferred members	1 490	-	-
Pensioner members	4 365	153	626
Total number of members	**6 040**	**1 732**	**1 025**
Duration of plans (years)	9	11	17
Number of years current pensioners are expected to live beyond age 65:			
Men	21	21	21
Women	23	24	24
Number of years future pensioners currently aged 45 are expected to live beyond age 65:			
Men	22	23	24
Women	25	26	27

The Group's significant defined benefit plans are described below.

The US

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.

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.

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. 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.

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. The strategy is that as the funding target attainment percentage increases, this will result in a shift from growth assets, such as equities, into fixed income investments. Due to the decrease in the funded ratio, which was a direct consequence of the newly introduced mortality tables in 2014, it has been decided to increase the portion of growth assets over fixed income investments. However the de-risking approach and liability matching approach will continue from this adjusted level.

During 2015 the US Society of Actuaries (SOA) issued new mortality improvement scales. These scales follow from the major overhaul of mortality tables in 2014 and are based on two additional years' experience compared to the 2014 tables. The plan has adopted the 2015 mortality improvement scales for accounting purposes as of December 31, 2015. It is expected that the new mortality tables will become federal law in 2017 and thus impact the funding valuation. The update to the mortality assumption in combination with the increase in discount rates during 2015 has decreased the obligation. Under IAS 19 the funded ratio was 79 percent based on a defined benefit obligation of MUSD 147 and plan assets of MUSD 116. 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 book value under IAS 19 for the defined benefit obligation for the unfunded plan was MUSD 34 as of December 31, 2015.

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 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 covered under federal Swiss law that regulates the so called second pillar of the pension system, the pension benefits arising from employment. 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 sub-committee of the main fund board. The investment committee compares and reviews the performance of these mandates on a regular basis. In addition, the pension fund engages an external independent advisor as support for the investment committee regarding investments.

The latest funding valuation was carried out on December 31, 2014 and resulted in a funding target attainment of 115 percent based on a defined benefit obligation for funding purposes of MCHF 88 and plan assets for funding purposes of MCHF 101.

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 2015 amounted to MNOK 26 (22). 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 0.4 percent. The latest available level of consolidation in this plan, calculated under the plan rules, was 52 percent (49) 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 UK (funded plan providing pension and death-in-service benefits). The Group also currently has plans that are not significant in 13 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 2015 amounted to MEUR 7 (8). The contribution for the next annual reporting period is expected to increase due to an increase of the pension premiums of two percent in 2015. Securitas' share of total premiums to the plan is approximately 22 percent. This plan covers around 4 450 active employees and around 6 000 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 104 percent (111) as of December 31, 2015.

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 10) 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 2015 amounts to MSEK 21 (20). 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 153 percent (143) as of December 31, 2015.

Consolidated statement of income

The table below shows expense (+) and income (-) from the Group's defined benefit and defined contribution plans.

MSEK	2015	2014
Current service cost	109.8	98.4
Administration cost	16.2	24.3
Interest income or expense	31.0	36.1
Remeasurements of other long-term employee benefits	-0.8	0.3
Past service cost and gains and losses arising from settlements	-0.5	-21.6[1]
Total pension costs for defined benefit plans	**155.7**	**137.5**
Pension costs for defined contribution plans	853.4	774.6
Total pension costs	**1 009.1**	**912.1**

1 Mainly related to curtailment gains in the Netherlands and in the US.

The table below shows costs for defined benefit plans allocated per function.

MSEK	2015	2014
Production expenses	93.6	81.0
Selling and administrative expenses	62.1	56.5
Total pension costs for defined benefit plans	**155.7**	**137.5**

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	2015	2014
Present value of the defined benefit obligations	3 862.1	3 958.0
Fair value of plan assets[1]	-2 592.4	-2 516.6
Defined benefit obligations, net[2]	**1 269.7**	**1 441.4**
Reimbursement rights (note 23)	127.2	142.4

1 Includes effect of the asset ceiling amounting to MSEK 1.9 (0.0). The effect is related to the UK.
2 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 1 273.0 (1 450.2), and plans reported under other long-term receivables (note 23), MSEK -3.3 (-8.8).

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	2015	2014
Remeasurements of provisions for pensions and similar commitments before taxes	-115.5	379.4
Remeasurements of reimbursement rights before taxes	5.9	25.9
Taxes	29.3	-125.6
Total remeasurements recognized in other comprehensive income	**-80.3**	**279.7**

Movement in provisions for pensions and similar commitments

			2015			2014
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	3 958.0	-2 516.6	1 441.4	3 190.8	-2 173.2	1 017.6
Current service cost	109.8	–	109.8	98.4	–	98.4
Administration cost	16.2	–	16.2	24.3	–	24.3
Interest income (-) or expense (+)	96.1	-65.1	31.0	125.3	-89.2	36.1
Remeasurements of other long-term employee benefits	-0.8	–	-0.8	0.3	–	0.3
Past service cost and gains and losses arising from settlements	-0.5	–	-0.5	-182.0	160.4	-21.6
Total pension costs included in the consolidated statement of income	**220.8**	**-65.1**	**155.7**	**66.3**	**71.2**	**137.5**
Remeasurements of post-employment benefits:						
Return on plan assets, excluding amount included in interest income or expense	–	86.9	86.9	–	-141.4	-141.4
Changes in the effect of the asset ceiling, excluding amount included in interest income or expense[1]	–	1.9	1.9	–	–	–
Actuarial gains (-) and losses (+) from changes in demographic assumptions	-219.2	–	-219.2	71.4	–	71.4
Actuarial gains (-) and losses (+) from changes in financial assumptions	-65.7	–	-65.7	481.3	–	481.3
Actuarial gains (-) and losses (+) due to experience	80.6	–	80.6	-31.9	–	-31.9
Total remeasurements of post-employment benefits[2]	**-204.3**	**88.8**	**-115.5**	**520.8**	**-141.4**	**379.4**
Contributions by employers[3]	–	-228.6	-228.6	–	-218.6	-218.6
Contributions by plan participants	42.2	-42.2	–	38.9	-38.9	–
Benefits paid to plan participants	-240.0	240.0	–	-224.2	224.2	–
Administration costs paid	-16.2	16.2	–	-24.3	24.3	–
Acquisitions/divestitures/reclassifications	14.0	-10.4	3.6	4.5	–	4.5
Translation difference	87.6	-74.5	13.1	385.2	-264.2	121.0
Closing balance	**3 862.1**	**-2 592.4**	**1 269.7**	**3 958.0**	**-2 516.6**	**1 441.4**

1 Related to the UK.
2 Included net of taxes in other comprehensive income.
3 Contributions by employers in 2016 are estimated to be slightly lower than in 2015.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

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	2015	%	2014[1]	%
Equity instruments				
US	313.8		250.4	
Switzerland	173.9		138.5	
Canada	42.8		60.3	
UK	41.2		13.7	
Other countries	283.4		226.7	
Total equity instruments	**855.1**	***33***	**689.6**	***27***
Debt instruments				
Government bonds	485.2		794.6	
Corporate bonds, investment grade (AAA to BBB-)	279.4		99.3	
Corporate bonds, non-investment grade (below BBB-)	48.7		78.8	
Total debt instruments	**813.3**	***31***	**972.7**	***39***
Other investment funds	**193.8**	***7***	**167.4**	***7***
Property	**250.4**	***10***	**220.1**	***9***
Qualifying insurance policies	**439.7**	***17***	**431.4**	***17***
Cash and cash equivalents	**40.1**	***2***	**35.4**	***1***
Total plan assets	**2 592.4**	***100***	**2 516.6**	***100***

1 Comparatives have been restated.

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 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
2015					
US	*3.60–3.80*	*n/a*	*n/a*	*n/a*	2006 white collar/blue collar with MP-2015 improvements
Switzerland	*0.80*	*1.00*	*1.00*	*0.00*	LPP 2010
Norway	*1.90*	*2.50*	*n/a*	*0.00–2.25*	K 2013
Eurozone	*0.40–2.20*	*2.00–2.75*	*1.75–2.00*	*0.00–1.75*	–
Other countries	*3.80–4.20*	*2.50–3.00*	*2.00–3.30*	*0.00–3.30*	–
2014					
US	*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*	–

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
US	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	-41.6
	decrease of 0.1 percentage points	42.5
Inflation – pension plans	increase of 0.1 percentage points	4.5
	decrease of 0.1 percentage points	-4.3
Life expectancy – pension plans	one year increase	89.7
Health-care cost rate – medical plans	increase of 1 percentage point	23.2[1]
	decrease of 1 percentage point	-18.1[2]

1 The corresponding effect on the statement of income is an increase of costs of MSEK 1.4.
2 The corresponding effect on the statement of income is a decrease of costs of MSEK -1.1.

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 to 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 investments in 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 US, 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 US 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.

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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.

DECEMBER 31, 2015

MSEK	Claims reserves	Provisions for taxes	Other provisions	Total
Opening balance	455.2	202.0	114.8	772.0
Acquisitions	–	13.7	–	13.7
Reclassification	1.8	8.3	-24.8	-14.7
New/increased provisions	101.2	60.8	11.1	173.1
Utilized provisions	–	–	-7.6	-7.6
Reversal of unutilized provisions	-10.5	-0.2	-0.2	-10.9
Translation differences	35.1	15.6	-1.4	49.3
Closing balance	**582.8**	**300.2**	**91.9**	**974.9**

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	2015	2014
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]	250.0	1 168.8
Finance leases	67.6	55.6
Other short-term loans	55.5	61.8
Total short-term loan liabilities excluding derivatives	**373.1**	**2 598.3**
Derivatives with negative fair value, short-term		
Derivatives in cash flow hedges[4]	–	0.3
Derivatives in net investment hedges[4]	59.9	22.7
Other derivatives[5]	3.3	126.5
Total derivatives with negative fair value, short-term	**63.2**	**149.5**
Total short-term loan liabilities	**436.3**	**2 747.8**

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	2015	2014
Employee-related items[1]	6 206.4	6 051.3
Accrued interest and financial expenses	137.8	151.6
Other accrued expenses and deferred income	1 226.1	1 153.3
Value added tax	1 198.1	1 238.3
Deferred considerations	168.2	96.6
Other items	658.1	668.1
Total other current liabilities	**9 594.7**	**9 359.2**

1 Accounted for net of government grants when applicable.

NOTE 35 *Short-term provisions*

DECEMBER 31, 2015

MSEK	Claims reserves	Spain – overtime compensation	Cost savings program	Other provisions	Total
Opening balance	702.5	26.3	32.9	127.5	889.2
Reclassification	-38.7	–	–	61.8	23.1
New/increased provisions	337.4	–	–	466.1	803.5
Utilized provisions	-399.3	-1.4	-14.7	-213.1	-628.5
Reversal of unutilized provisions	-5.4	–	–	-9.3	-14.7
Translation differences	46.0	-0.8	0.0	1.9	47.1
Closing balance	**642.5**	**24.1**	**18.2**	**434.9**	**1 119.7**

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 2011–2015 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 2015 a total of MSEK -1.4 has been paid out for overtime compensation after which the provision, also adjusted for translation differences of MSEK -0.8, amounts to MSEK 24.1 as of December 31, 2015. 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	2015	2014
Pension balances, defined contribution plans	110.7	98.7
Finance leases	126.6	100.9
Total pledged assets	**237.3**	**199.6**

NOTE 37 *Contingent liabilities*

MSEK	2015	2014
Sureties and guarantees[1]	23.5	26.9
Guarantees related to discontinued operations	17.7	18.0
Total contingent liabilities	**41.2**	**44.9**

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 661 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. The Expert's report became public in February 2016. Securitas legal and financial analysis of the report is expected to be finalized in the end of March 2016. 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 2014 and the number of new cases where Securitas is a named defendant decreased significantly also in 2015. 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, where different years are currently in different levels of the Spanish court system.

In 2014, Securitas won in the Spanish national court Audiencia Nacional, the case concerning interest deductions for the financial years 2003–2005, partially as the years 2003 and 2004 were judged to be time-barred. Further, in its judgment the court referred to a judgment by the Supreme Court in 2014, which found 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 year 2005 to the Supreme Court and Securitas has opposed to the appeal. Securitas was informed in January 2016 that the appeal for the year 2005 is expected to be resolved by the Supreme Court during 2016. The tax for the financial year 2005 amounts to MEUR 7, including interest up to December 31, 2015 (which is part of the MEUR 38 exposure described below).

In 2015 Securitas received a negative judgment from the first level of court, Tribunal Económico Administrativo Central, regarding the years 2006–2007. This judgment contradicts and disregards the judgment in favour of Securitas, issued by the superior court Audiencia Nacional in 2014, concerning the same matter as for the year 2005, which has been appealed by the tax authority to the Supreme Court. Securitas will appeal the judgment of 2015 to the next level of court, Audiencia Nacional.

If finally upheld by Spanish courts, the resolution by the Spanish tax authorities regarding rejected interest deductions for all years 2005-2009, would result in a tax of MEUR 38, including interest up to and including December 31, 2015. As of December 31, 2014 this exposure including the now time-barred years 2003–2004 was estimated to MEUR 41. There exists no further exposure for similar rejected interest deductions after the financial year 2009 as the Group adjusted the capitalization of Securitas Spain in 2009 to avoid future challenges of interest deductions.

Further, the Spanish tax authority has, in connection with an audit of Securitas Spain 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. In 2015, Securitas received a negative judgment from the first level of court, Tribunal Económico Administrativo Central. Securitas will appeal the judgment to the next level of court, Audiencia Nacional.

If finally upheld by Spanish courts, the resolution by the Spanish tax authorities, concerning the demerger case, would result in a tax of MEUR 20, including interest up to December 31, 2015.

Further, in 2014 the tax authority has rejected 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 17, including interest up to December 31, 2015.

Provided that the Supreme Court decides in Securitas case in accordance with their 2014 judgment, referred to by the Audiencia Nacional, then all exposure for interest for the financial years 2005, 2006–2007 and 2008–2009 and for the currency related liquidation loss for the financial year 2010 should cease.

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 all final judgments have been received.

US – 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, US 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 was appealed by the plaintiff. The case was handled by the Court of Appeals in New York which on September 17, 2015 decided the appeal largely in favor of Globe and the other defendants. The Court of Appeals however remanded the case back to the Trial Court with instructions to reconsider the methodology used in calculating the fair market value of leaseholds of the WTC buildings. The case will in this part be handled during 2016.

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.

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.

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NOTE 38 *Financial five year overview*[1]

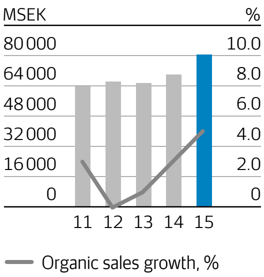
MSEK	2011	2012	2013	2014	2015
INCOME					
• **Total sales**	**64 057.1**	**66 458.2**	**65 700.1**	**70 217.1**	**80 860.1**
of which acquired business	5 061.5	2 418.4	682.6	353.3	269.9
• ***Acquired sales growth, %***	***8***	***4***	***1***	***1***	***0***
• ***Organic sales growth, %***	***3***	***0***	***1***	***3***	***5***
• ***Real sales growth, %***	***11***	***4***	***2***	***4***	***6***
Operating income before amortization	**3 335.1**	**3 027.7**	**3 329.0**	**3 504.7**	**4 088.7**
• ***Operating margin, %***	***5.2***	***4.6***	***5.1***	***5.0***	***5.1***
Amortization and impairment of acquisition related intangible assets	-218.2	-297.1	-273.7	-250.8	-274.5
Acquisition related costs	-193.5	-49.5	-26.8	-17.1	-29.5
Items affecting comparability	–	-424.3	–	–	–
Financial income and expenses	-493.0	-573.0	-385.0	-327.6	-308.3
• **Income before taxes**	**2 430.4**	**1 683.8**	**2 643.5**	**2 909.2**	**3 476.4**
Taxes	-721.7	-509.2	-787.9	-837.7	-1 032.5
Net income for the year	**1 708.7**	**1 174.6**	**1 855.6**	**2 071.5**	**2 443.9**
– whereof attributable to non-controlling interests	2.9	0.4	3.1	3.1	7.4
Average number of shares after dilution ('000)	365 059	365 059	365 059	365 059	365 059
• **Earnings per share after dilution (SEK)**	**4.67**	**3.22**	**5.07**	**5.67**	**6.67**

	2011	2012	2013	2014	2015
CASH FLOW					
Operating income before amortization	**3 335.1**	**3 027.7**	**3 329.0**	**3 504.7**	**4 088.7**
Investments in non-current tangible and intangible assets	-1 009.8	-1 039.2	-804.0	-1 113.2	-1 328.6
Reversal of depreciation	902.0	946.1	945.6	966.9	1 072.3
Change in accounts receivable	-722.6	205.4	1.0	-114.5	-707.0
Changes in other operating capital employed	-397.3	60.8	-241.5	-381.2	273.8
Cash flow from operating activities	**2 107.4**	**3 200.8**	**3 230.1**	**2 862.7**	**3 399.2**
• ***as % of operating income before amortization***	***63***	***106***	***97***	***82***	***83***
Financial income and expenses paid	-475.1	-531.9	-532.0	-311.4	-322.0
Current taxes paid	-763.9	-583.3	-610.4	-696.6	-914.0
• **Free cash flow**	**868.4**	**2 085.6**	**2 087.7**	**1 854.7**	**2 163.2**
as % of adjusted income	***40***	***108***	***93***	***75***	***78***
Free cash flow per share	***2.38***	***5.71***	***5.72***	***5.08***	***5.93***
Cash flow from investing activities, acquisitions and divestitures	-1 882.0	-677.3	-294.7	-385.0	-147.4
Cash flow from items affecting comparability	-23.7	-193.8	-307.5	-72.8	-26.9
Cash flow from financing activities	968.9	1 222.7	-2 270.5	-2 107.8	-3 302.5
Cash flow for the year	**-68.4**	**2 437.2**	**-785.0**	**-710.9**	**-1 313.6**
Interest-bearing net debt at beginning of year	-8 208.9	-10 348.8	-9 864.6	-9 609.8	-10 421.6
Change in loans	-2 064.1	-2 317.9	1 175.3	1 012.6	2 207.3
Revaluation of financial instruments	7.5	10.6	10.9	-0.4	0.9
Translation differences on interest-bearing net debt	-14.9	354.3	-146.4	-1 113.1	-335.7
Interest-bearing net debt at year-end	**-10 348.8**	**-9 864.6**	**-9 609.8**	**-10 421.6**	**-9 862.7**

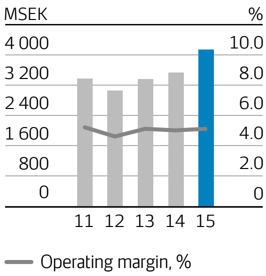
MSEK	2011	2012	2013	2014	2015
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	3 226.5	3 374.7	3 200.2	3 641.4	3 872.3
Accounts receivable	10 965.0	10 490.1	9 676.4	10 815.5	11 353.4
Other operating capital employed	-11 045.7	-11 283.3	-9 695.7	-10 532.9	-10 617.3
Operating capital employed	**3 145.8**	**2 581.5**	**3 180.9**	**3 924.0**	**4 608.4**
• ***as % of total sales***	***5***	***4***	***5***	***6***	***6***
Goodwill	14 727.4	14 275.4	14 361.9	16 228.1	16 428.4
Acquisition related intangible assets	1 574.1	1 501.9	1 315.6	1 244.2	987.3
Shares in associated companies	108.2	108.0	132.7	324.5	369.0
Capital employed	**19 555.5**	**18 466.8**	**18 991.1**	**21 720.8**	**22 393.1**
• ***Return on capital employed, %***	***17***	***14***	***18***	***16***	***18***
Net debt	**10 348.8**	**9 864.6**	**9 609.8**	**10 421.6**	**9 862.7**
Net debt equity ratio, multiple	***1.12***	***1.15***	***1.02***	***0.92***	***0.79***
Interest coverage ratio, multiple	***6.0***	***4.9***	***7.9***	***10.4***	***13.1***
• ***Free cash flow in relation to net debt***	***0.08***	***0.21***	***0.22***	***0.18***	***0.22***
Shareholders' equity attributable to equity holders of the Parent Company	**9 204.1**	**8 588.3**	**9 365.3**	**11 280.3**	**12 510.1**
Non-controlling interests	**2.6**	**13.9**	**16.0**	**18.9**	**20.3**
Equity per share	***25.2***	***23.5***	***25.7***	***30.9***	***34.3***
Return on equity, %	***19***	***13***	***21***	***20***	***21***
Equity ratio, %	***25***	***22***	***25***	***28***	***31***
Financing of capital employed	**19 555.5**	**18 466.8**	**18 991.1**	**21 720.8**	**22 393.1**

1 For definitions and calculation of key ratios refer to note 3.
● Group key ratios according to Securitas' financial model. Refer to pages 46–47.

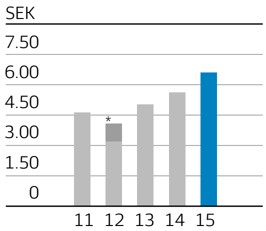
Total sales and organic sales growth



Operating income before amortization and operating margin

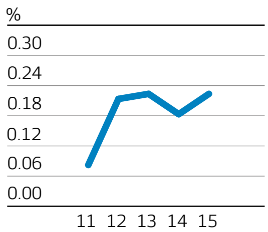


Earnings per share



* Adjusted for items affecting comparability and impairment losses.

Free cash flow in relation to net debt



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Parent Company statement of income

MSEK	Note	2015	2014
License fees and other income	40	974.0	970.3
Gross income		**974.0**	**970.3**
Administrative expenses	42, 43	-713.1	-629.2
Other operating income	42	17.7	15.9
Operating income		**278.6**	**357.0**
Result of financial investments			
Dividend	40	1 729.6	1 087.7
Interest income	40	223.7	165.6
Interest expenses	40	-289.1	-365.2
Other financial income and expenses, net	44	-7.6	-493.1
Total financial income and expenses		**1 656.6**	**395.0**
Income after financial items		**1 935.2**	**752.0**
Appropriations			
Group contributions from subsidiaries	40	11.0	4.6
Group contributions to subsidiaries	40	-270.3	-284.4
Depreciation and amortization in excess of plan		-10.9	–
Total appropriations		**-270.2**	**-279.8**
Income before taxes		**1 665.0**	**472.2**
Current taxes	45	-19.5	-14.3
Deferred taxes	45	29.5	140.8
Net income for the year		**1 675.0**	**598.7**

Parent Company statement of comprehensive income

MSEK	Note	2015	2014
Net income for the year		**1 675.0**	**598.7**
Other comprehensive income			
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	41	0.8	0.0
Net investment hedges net of tax		103.9	484.5
Total items that subsequently may be reclassified to the statement of income		**104.7**	**484.5**
Other comprehensive income	**45**	**104.7**	**484.5**
Total comprehensive income for the year		**1 779.7**	**1 083.2**

Parent Company statement of cash flow

MSEK	Note	2015	2014
Operations			
Operating income		278.6	357.0
Reversal of depreciation	46, 47	21.1	15.4
Financial items received		1 954.8	1 253.7
Financial items paid		-326.9	-367.0
Current taxes paid		-20.4	-10.3
Change in other operating capital employed		-152.7	489.6
Cash flow from operations		**1 754.5**	**1 738.4**
Investing activities			
Investments in non-current tangible and intangible assets	46, 47	-21.9	-27.1
Shares in subsidiaries	48	-34.9	-107.3
Cash flow from investing activities		**-56.8**	**-134.4**
Financing activities			
Dividend paid	52	-1 095.2	-1 095.2
Proceeds from bond loans		664.9	713.4
Redemption of bond loans		-1 329.7	-1 858.2
Proceeds from commercial paper		4 198.3	2 565.2
Redemption of commercial paper		-5 120.0	-2 150.0
Change in other interest-bearing net debt excluding liquid funds		-683.0	280.9
Cash flow from financing activities		**-3 364.7**	**-1 543.9**
Cash flow for the year		**-1 667.0**	**60.1**
Liquid funds at beginning of year		2 067.8	2 007.7
Liquid funds at year-end	**51**	**400.8**	**2 067.8**

Parent Company balance sheet

MSEK	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets	46	113.0	117.2
Machinery and equipment	47	14.9	9.9
Shares in subsidiaries	48	37 282.1	37 257.5
Shares in associated companies	49	112.1	112.1
Interest-bearing financial non-current assets	41	799.9	902.9
Deferred tax assets	45	25.7	23.4
Other long-term receivables		156.9	111.8
Total non-current assets		**38 504.6**	**38 534.8**
Current assets			
Current receivables from subsidiaries		75.3	71.4
Interest-bearing current receivables from subsidiaries	41	4 545.5	3 996.6
Other current receivables		18.8	32.7
Current tax assets		1.2	0.6
Prepaid expenses and accrued income	50	26.6	25.8
Other interest-bearing current assets	41	10.5	3.6
Cash and bank deposits	51	400.8	2 067.8
Total current assets		**5 078.7**	**6 198.5**
TOTAL ASSETS		**43 583.3**	**44 733.3**
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		954.6	850.7
Retained earnings		15 331.6	15 849.9
Net income for the year		1 675.0	598.7
Total non-restricted equity		**17 961.6**	**17 298.9**
Total shareholders' equity	**52**	**25 689.3**	**25 026.6**
Untaxed reserves			
Accumulated depreciation and amortization in excess of plan		10.9	–
Total untaxed reserves		**10.9**	**–**
Long-term liabilities			
Long-term loan liabilities	41	12 015.9	11 591.1
Other long-term liabilities		140.7	159.1
Deferred tax liabilities		2.4	–
Total long-term liabilities	**53**	**12 159.0**	**11 750.2**
Current liabilities			
Current liabilities to subsidiaries		462.5	466.7
Interest-bearing current liabilities to subsidiaries	41	4 071.0	4 047.5
Group account bank overdraft		618.2	628.5
Other short-term loan liabilities	41	311.5	2 566.0
Accounts payable		11.5	22.1
Accrued expenses and prepaid income	54	211.1	210.0
Other current liabilities		38.3	15.7
Total current liabilities		**5 724.1**	**7 956.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**43 583.3**	**44 733.3**
Pledged assets	55	110.7	98.7
Contingent liabilities	56	38.8	42.2

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 51 52 53 54 55 56

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 shareholders' equity**
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**
Opening balance 2015	**365.1**	**7 362.6**	**-0.4**	**850.7**	**16 448.6**	**25 026.6**
Net income for the year	**–**	**–**	**–**	**–**	**1 675.0**	**1 675.0**
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	–	–	1.0	–	–	1.0
Deferred tax on total change of hedging reserve	–	–	-0.2	–	–	-0.2
Net investment hedges net of tax	–	–	–	103.9	–	103.9
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**0.8**	**103.9**	**–**	**104.7**
Other comprehensive income	**–**	**–**	**0.8**	**103.9**	**–**	**104.7**
Total comprehensive income for the year	**–**	**–**	**0.8**	**103.9**	**1 675.0**	**1 779.7**
Share-based incentive scheme[1]	–	–	–	–	-21.8	-21.8
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2015	**365.1**	**7 362.6**	**0.4**	**954.6**	**17 006.6**	**25 689.3**

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
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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	2015	2014
License fees from subsidiaries	957.6	968.9
Other income from subsidiaries	16.4	1.4
Dividends from subsidiaries	1 729.6	1 087.7
Group contributions from subsidiaries	11.0	4.6
Group contributions to subsidiaries	-270.3	-284.4
Interest income from subsidiaries	214.4	154.0
Interest expenses to subsidiaries	-26.1	-62.2
Guarantees issued on behalf of subsidiaries	2 198.4	2 139.6
Guarantees issued on behalf of associated companies	–	4.9

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, 2014–2015

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2015				
Borrowings	-15 771	-3 262	-8 033	-4 476
Derivatives outflows	-18 203	-18 183	-20	–
Accounts payable	-12	-12	–	–
Total outflows	**-33 986**	**-21 457**	**-8 053**	**-4 476**
Investments	4 982	4 974	8	–
Derivatives receipts	18 517	18 178	287	52
Accounts receivable	–	–	–	–
Total inflows	**23 499**	**23 152**	**295**	**52**
Net cash flows, total[1]	**-10 487**	**1 695**	**-7 758**	**-4 424**
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**

1 Variable rate cash flows have been estimated using the relevant yield curve.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2015	2014
Recognized in the statement of income		
Financial income and expenses	0.4	-0.8
Deferred tax	-0.1	0.2
Impact on net income for the year	**0.3**	**-0.6**
Recognized via hedging reserve in other comprehensive income		
Transfer to hedging reserve before tax	-15.4	-4.5
Deferred tax on transfer to hedging reserve	3.4	1.0
Transfer to hedging reserve net of tax	**-12.0**	**-3.5**
Transfer to statement of income before tax	16.4	4.5
Deferred tax on transfer to statement of income	-3.6	-1.0
Transfer to statement of income net of tax	**12.8**	**3.5**
Total change of hedging reserve before tax[1]	1.0	0.0
Deferred tax on total change of hedging reserve[1]	-0.2	0.0
Total change of hedging reserve net of tax	**0.8**	**0.0**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[2]	1.4	-0.8
Deferred tax on total revaluation[2]	-0.3	0.2
Total revaluation after tax	**1.1**	**-0.6**

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.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2015	2014
Interest-bearing financial non-current assets		
Fair value hedges	249.8	329.8
Cash flow hedges	2.1	0.1
Total derivatives included in interest-bearing financial non-current assets	**251.9**	**329.9**
Interest-bearing current receivables from subsidiaries		
Other derivative positions	0.6	72.6
Total derivatives included in interest-bearing current receivables from subsidiaries	**0.6**	**72.6**
Other interest-bearing current assets		
Fair value hedges	–	0.2
Other derivative positions	10.5	3.4
Total derivatives included in other interest-bearing current assets	**10.5**	**3.6**
Long-term loan liabilities		
Cash flow hedges	1.6	0.3
Total derivatives included in long-term loan liabilities	**1.6**	**0.3**
Interest-bearing current liabilities to subsidiaries		
Other derivative positions	31.9	4.3
Total derivatives included in interest-bearing current liabilities to subsidiaries	**31.9**	**4.3**
Other short-term loan liabilities		
Cash flow hedges	–	0.3
Other derivative positions	61.9	84.9
Total derivatives included in other short-term loan liabilities	**61.9**	**85.2**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31

	Quoted market prices		Valuation techniques using observable market data		Valuation techniques using non-observable market data		Total	
MSEK	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets at fair value through profit or loss	–	–	8.1	76.0	–	–	8.1	76.0
Financial liabilities at fair value through profit or loss	–	–	-33.9	-89.2	–	–	-33.9	-89.2
Derivatives designated for hedging with positive fair value	–	–	254.9	330.1	–	–	254.9	330.1
Derivatives designated for hedging with negative fair value	–	–	-61.5	-0.6	–	–	-61.5	-0.6

NOTE 42 *Administrative expenses and other operating income*

Administrative expenses

AUDIT FEES AND REIMBURSEMENTS

MSEK	2015	2014
PwC		
Audit assignments	6.6	5.7
Additional audit assignments	1.9	1.4
Tax assignments	2.7	0.6
Other assignments[1]	1.4	2.2
Total	**12.6**	**9.9**

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		Men		Total	
	2015	2014	2015	2014	2015	2014
Board of Directors	3	3	4	4	7	7
President	–	–	1	1	1	1
Other employees, Sweden	25	25	25	23	50	48

STAFF COSTS

	2015			2014			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2015	2014
Board of Directors and President[1,2]	27.3	13.9	(4.3)	27.3	14.0	(4.4)	7.8	7.4
Other employees	62.6	33.2	(11.2)	57.5	33.0	(11.5)	15.0	11.8
Total	**89.9**	**47.1**	**(15.5)**	**84.8**	**47.0**	**(15.9)**	**22.8**	**19.2**

1 Refer to note 8 for further information regarding remuneration to the Board of Directors and President.
2 Whereof for salaries MSEK 1.2 (2.4) refers to temporary remuneration and MSEK 0.4 (0.7) refers to pension cost to the President for additional responsibility as Divisional President for Security Services Europe during 2015 (and 2014 respectively).

NOTE 44 *Other financial income and expenses, net*

MSEK	2015	2014
Impairment losses, shares in subsidiaries[1]	–	-32.8
Liquidation losses, shares in subsidiaries	-10.0	–
Exchange rate differences, net	25.3	-442.7
Bank costs and similar income/expense items	-23.3	-16.8
Revaluation of financial instruments (IAS 39)	0.4	-0.8
Total other financial income and expenses, net	**-7.6**	**-493.1**

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.

NOTE 45 *Taxes*

Statement of income

TAX EXPENSE

MSEK	2015	2014
Tax on income before taxes		
Current taxes	-19.5	-14.3
Deferred taxes	29.5	140.8
Total tax expense	**10.0**	**126.5**

The Swedish corporate tax rate was 22.0 percent in 2015 and 2014.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE PARENT COMPANY

MSEK	2015	2014
Income before taxes according to the statement of income	**1 665**	**472**
Tax based on Swedish tax rate	-366	-104
Tax related to previous years	-1	-2
Tax related to non-taxable income	381	241
Tax related to non-deductible expenses	-4	-8
Actual tax expense	**10**	**127**

Tax related to non-taxable income mainly relates to dividends from subsidiaries. Tax related to non-deductible expenses relates to liquidation of a subsidiary. Previous year tax related to non-deductible expenses was mainly related to write-down of shares in subsidiaries.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2015	2014
Deferred tax on cash flow hedges	-0.2	0.0
Deferred tax on net investment hedges	-29.3	-136.7
Deferred tax on other comprehensive income	**-29.5**	**-136.7**

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, 2015.

NOTE 46 *Intangible assets*[1]

MSEK	2015	2014
Opening balance	213.5	189.1
Capital expenditures	13.1	24.4
Closing accumulated balance	**226.6**	**213.5**
Opening amortization	-96.3	-83.6
Amortization for the year	-17.3	-12.7
Closing accumulated amortization	**-113.6**	**-96.3**
Closing residual value	**113.0**	**117.2**

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	2015	2014
Opening balance	36.4	33.7
Capital expenditures	8.8	2.7
Closing accumulated balance	**45.2**	**36.4**
Opening depreciation	-26.5	-23.8
Depreciation for the year	-3.8	-2.7
Closing accumulated depreciation	**-30.3**	**-26.5**
Closing residual value	**14.9**	**9.9**

NOTE 48 *Shares in subsidiaries*[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares 2015	*% of share capital/ voting rights 2015*	Book value 2015, MSEK	Book value 2014, MSEK
Alert Services Holding NV[2]	0461.466.414	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 080689871	Zagreb	1	*65*	0.8	0.8
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.[10]	KRS 0000289244	Warsaw	–	–	–	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*	259.0	227.0
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*	15.9	14.3
Securitas Canada Ltd	454437-4	Toronto	4 004	*100*	85.6	85.6
Securitas CR sro	43872026	Prague	–	*100*	185.5	185.5
Securitas Eesti AS	10188743	Tallinn	1 371	*100*	32.1	32.1
Securitas Egypt LLC	17556	Cairo	30 000	*100*	10.0	10.0
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	MBS 080132523	Zagreb	1	*100*	121.6	121.9
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*	38.6	37.3
Securitas Security Services Ireland Ltd	275069	Dublin	2 410 002	*100*	28.9	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	131.0
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	92.3
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	272.6
Securitas Treasury Ireland Ltd	152440	Dublin	21 075 470	*100*	9 475.0	9 475.0
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	66.0
Total shares in subsidiaries					**37 282.1**	**37 257.5**

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.
10 Liquidation of Securitas Alert Services Polska Sp.z o.o. was made in 2015.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2015	2014
Opening balance	37 257.5	37 183.0
Acquisitions	–	31.5
Liquidation[1]	-10.0	–
Capital contributions	34.9	75.8
Impairment losses[2]	–	-32.8
Revaluation of deferred considerations	-0.3	–
Closing balance	**37 282.1**	**37 257.5**

1 Related to Securitas Alert Services Polska Sp.z o.o.
2 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.

NOTE 49 *Shares in associated companies*

HOLDINGS 2014–2015

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2015				**112.1**
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2014				**112.1**

NOTE 50 *Prepaid expenses and accrued income*

MSEK	2015	2014
Prepaid software licenses and support costs	9.2	12.3
Prepaid insurance premiums	1.0	1.1
Other prepaid expenses and accrued income	16.4	12.4
Total prepaid expenses and accrued income	**26.6**	**25.8**

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, 2015

			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, 2014. As of December 31, 2015 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 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 5.4 percent of the capital and 11.6 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.50 per share, or a total of MSEK 1 277.7. The dividend to the shareholders for the financial year 2014, which was paid in 2015, 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	2015	2014
Swap agreement[1,2]	-93.2	-65.6
Redemption of previous year's swap agreement[1]	65.6	52.7
Share-based remuneration to employees[3]	6.1	0.3
Settlement of previous year's sharebased remuneration to employees[3]	-0.3	-0.4
Total	**-21.8**	**-13.0**

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 795 158 (932 761) and have been allotted to the participants during the first quarter 2016, 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	2015	2014
Maturity < 5 years	7 542.7	7 383.9
Maturity > 5 years	4 616.3	4 366.3
Total long-term liabilities	**12 159.0**	**11 750.2**

NOTE 54 *Accrued expenses and prepaid income*

MSEK	2015	2014
Employee-related items	57.1	41.0
Accrued interest expenses	137.8	151.6
Other accrued expenses	16.2	17.4
Total accrued expenses and prepaid income	**211.1**	**210.0**

NOTE 55 *Pledged assets*

MSEK	2015	2014
Pension balances, defined contribution plans	110.7	98.7
Total pledged assets	**110.7**	**98.7**

NOTE 56 *Contingent liabilities*

MSEK	2015	2014
Sureties and guarantees	21.1	24.2
Guarantees related to discontinued operations	17.7	18.0
Total contingent liabilities[1]	**38.8**	**42.2**

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 4, 2016.

Stockholm, March 11, 2016

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 11, 2016
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Madeleine Endre
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 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 49–122.

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, 2015 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, 2015 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 2015.

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 11, 2016
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Madeleine Endre
Authorized Public Accountant

Statement of income 2015[1]

MSEK	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Sales	19 423.6	19 803.5	20 390.4	20 972.7
Sales, acquired business	62.6	71.5	77.5	58.3
Total sales	**19 486.2**	**19 875.0**	**20 467.9**	**21 031.0**
Organic sales growth, %	*5*	*4*	*4*	*7*
Production expenses	-16 136.0	-16 475.0	-16 876.5	-17 255.7
Gross income	**3 350.2**	**3 400.0**	**3 591.4**	**3 775.3**
Selling and administrative expenses	-2 448.4	-2 482.3	-2 478.9	-2 653.6
Other operating income	4.5	4.4	4.3	4.5
Share in income of associated companies	2.6	4.1	4.2	6.4
Operating income before amortization	**908.9**	**926.2**	**1 121.0**	**1 132.6**
Operating margin, %	*4.7*	*4.7*	*5.5*	*5.4*
Amortization of acquisition related intangible assets	-68.0	-66.2	-67.3	-73.0
Acquisition related costs	-9.6	-6.9	-4.8	-8.2
Operating income after amortization	**831.3**	**853.1**	**1 048.9**	**1 051.4**
Financial income and expenses	-75.3	-75.9	-78.0	-79.1
Income before taxes	**756.0**	**777.2**	**970.9**	**972.3**
Net margin, %	*3.9*	*3.9*	*4.7*	*4.6*
Current taxes	-189.0	-194.3	-242.8	-366.9
Deferred taxes	-31.8	-32.6	-40.8	65.7
Net income for the period	**535.2**	**550.3**	**687.3**	**671.1**
Whereof attributable to:				
Equity holders of the Parent Company	531.7	549.7	686.5	668.6
Non-controlling interests	3.5	0.6	0.8	2.5
Earnings per share before and after dilution (SEK)	1.46	1.51	1.88	1.83

Statement of cash flow 2015[1]

MSEK	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income before amortization	**908.9**	**926.2**	**1 121.0**	**1 132.6**
Investments in non-current tangible and intangible assets	-316.1	-403.2	-276.8	-332.5
Reversal of depreciation	261.6	263.4	266.9	280.4
Change in accounts receivable	-212.6	-260.7	-186.8	-46.9
Change in other operating capital employed	-207.0	31.1	373.3	76.4
Cash flow from operating activities	**434.8**	**556.8**	**1 297.6**	**1 110.0**
Cash flow from operating activities, %	*48*	*60*	*116*	*98*
Financial income and expenses paid	-203.3	-36.6	-40.3	-41.8
Current taxes paid	-164.5	-261.6	-227.0	-260.9
Free cash flow	**67.0**	**258.6**	**1 030.3**	**807.3**
Free cash flow, %	*10*	*39*	*129*	*117*
Cash flow from investing activities, acquisitions	-90.3	-29.6	-16.5	-11.0
Cash flow from items affecting comparability	-6.1	-3.5	-5.2	-12.1
Cash flow from financing activities	-908.3	-326.6	-753.3	-1 314.3
Cash flow for the period	**-937.7**	**-101.1**	**255.3**	**-530.1**

Capital employed and financing 2015[1]

MSEK	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Operating capital employed	**4 646.8**	**4 919.6**	**4 571.9**	**4 608.4**
Operating capital employed as % of sales	*6*	*6*	*6*	*6*
Return on operating capital employed, %	*86*	*86*	*94*	*96*
Goodwill	17 010.4	16 511.9	16 687.6	16 428.4
Acquisition related intangible assets	1 211.0	1 146.4	1 099.1	987.3
Shares in associated companies	370.8	357.4	363.2	369.0
Capital employed	**23 239.0**	**22 935.3**	**22 721.8**	**22 393.1**
Return on capital employed, %	*16*	*17*	*17*	*18*
Net debt	**-10 971.4**	**-11 557.7**	**-10 717.9**	**-9 862.7**
Shareholders' equity	**12 267.6**	**11 377.6**	**12 003.9**	**12 530.4**
Net debt equity ratio, multiple	*0.89*	*1.02*	*0.89*	*0.79*

1 For definitions and calculation of key ratios refer to note 3.

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.

The Securitas Share

At year-end, the closing price of the Securitas share on Nasdaq Stockholm was SEK 130, corresponding to a market capitalization of MSEK 45 229 (32 861). Earnings per share amounted to SEK 6.67 (5.67), a total change of 18 percent compared with 2014. Adjusted for changes in exchange rates, earnings per share increased 8 percent in 2015. The Board proposes that a dividend of SEK 3.50 (3.00) per share be paid to shareholders.

Performance of the share in 2015

At year-end, the closing price of the Securitas share was SEK 130 (94.45). The share price increased by 38 percent in 2015, compared with the OMX Stockholm Price index, which increased 7 percent. The highest price paid for a Securitas share in 2015 was SEK 135, which was noted on December 3, and the lowest price paid was SEK 90.10, which was noted on January 7.

At the end of 2015, Securitas' weight in the OMX Stockholm Price index was 0.79 percent (0.62) and 1.26 percent (0.90) in the OMX Stockholm 30 index. During the year, the OMX Stockholm Price index increased by 7 percent and the OMX Stockholm 30 index decreased by 1 percent.

Market capitalization for Securitas at year-end was MSEK 45 229 (32 861), which corresponded to 0.8 percent of the total value of Nasdaq Stockholm.

Trading

A total of 322 million (334) Securitas shares were traded on Nasdaq Stockholm, representing a value of MSEK 37 324 (25 696). The turnover velocity in 2015 was 92 percent (94), compared with a turnover rate of 73 percent (67) for the entire Nasdaq Stockholm. The average number of Securitas shares traded each day was 1 283 800.

The trading on Nasdaq Stockholm represented 39 percent of all traded Securitas shares in all categories of venues in 2015 (includes, for example BATS Chi-X Europe, Turquoise as well as dark pools and off-book).

Share capital and shareholder structure

At December 31, 2015, 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, 2015, Securitas had 25 734 shareholders (24 274). In terms of the number of shareholders, private individuals make up the largest shareholder category with 22 557 shareholders, corresponding to 88 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 47 percent of the capital and 63 percent of the votes. Compared with 2014, the proportion of foreign shareholders in the shareholder base has slightly increased. At December 31, 2015, shareholders outside Sweden owned 53 percent (52) of the capital and 37 percent (36) of the votes. The largest shareholdings held by foreign shareholders are in the US and the UK, with 16 percent of the capital and 11 percent of the votes in the US and 15 percent of the capital and 11 percent of the votes in the UK. 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, 2015, the principal shareholders in Securitas were Gustaf Douglas, who through his family and Investment AB Latour Group 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 5.4 percent (5.6) of the capital and 11.6 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

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 3.50 (3.00) per share, corresponding to 52 percent of net income. Based on the share price at the end of 2015, the dividend yield for 2015 amounted to 2.7 percent.

Authorization to repurchase shares in Securitas AB

The 2015 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 2016.

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.

DATA PER SHARE

SEK/share	2015	2014	2013	2012	2011
Earnings per share[4, 5]	6.67	5.67	5.07	4.11[1]	4.67
Dividend	3.50[2]	3.00	3.00	3.00	3.00
Dividend as % of earnings per share	*52*[3]	*53*	*59*	*73*	*64*
Yield, %	*2.7*[3]	*3.2*	*4.4*	*5.3*	*5.1*
Free cash flow per share	5.93	5.08	5.72	5.71	2.38
Share price at end of period	130.00	94.45	68.35	56.70	59.40
Highest share price	135.00	95.80	75.00	67.30	82.00
Lowest share price	90.10	65.20	55.30	47.85	45.75
Average share price	115.80	76.94	64.68	55.80	63.79
P/E ratio	19	17	13	14[1]	13
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.

LARGEST SHAREHOLDERS AT DECEMBER 31, 2015

Shareholder	Series A shares	Series B shares	*% of capital*	*% of votes*
Gustaf Douglas via companies and family[1]	12 642 600	27 190 000	*10.9*	*29.6*
Melker Schörling via company and family[2]	4 500 000	15 241 800	*5.4*	*11.6*
AMF	0	11 558 413	*3.2*	*2.2*
Prudential Assurance Co Ltd	0	10 715 591	*3.0*	*2.1*
SEB Investment Management	0	9 954 421	*2.7*	*1.9*
Swedbank Robur Funds	0	9 566 714	*2.6*	*1.8*
Banque Internationale Luxembourg S.A.	0	8 001 000	*2.2*	*1.5*
Clearstream Banking S.A.	0	7 653 391	*2.1*	*1.5*
CBNY Norges Bank	0	7 090 223	*1.9*	*1.4*
Handelsbanken Funds	0	5 947 910	*1.6*	*1.2*
Total, ten largest shareholders	**17 142 600**	**112 919 463**	*35.6*	*54.8*
Total, rest of owners	**0**	**234 996 834**	*64.4*	*45.2*
Total as of December 31, 2015	**17 142 600**	**347 916 297**	*100.00*	*100.00*

1 Includes the holdings of family members and Investment AB Latour Group.
2 Includes the holdings of family members and Melker Schörling AB.

Source: Euroclear Sweden

SHAREHOLDER SPREAD AT DECEMBER 31, 2015

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	18 687	0	2 875 684	*0.78*	*0.55*
501–1 000	2 956	0	2 475 192	*0.68*	*0.48*
1 001–5 000	2 763	0	6 352 695	*1.74*	*1.22*
5 001–10 000	396	0	2 977 812	*0.82*	*0.57*
10 001–15 000	151	0	1 953 418	*0.54*	*0.38*
15 001–20 000	122	0	2 198 305	*0.60*	*0.42*
20 001–	659	17 142 600	329 083 191	*94.84*	*96.38*
Total	**25 734**	**17 142 600**	**347 916 297**	***100.00***	***100.00***

Source: Euroclear Sweden

Share prices for Securitas, January 1 – December 31, 2011–2015

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 2015, the proposed dividend is used.

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will release financial information for 2016 as follows:

Interim Reports 2016	
January – March	May 4, 2016
January – June	August 4, 2016
January – September	November 8, 2016
January – December	February 7, 2017

Financial information

All financial information is available both in English and in Swedish and may be requested from:

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Investor Relations
P.O. Box 12307
SE-102 28 Stockholm
Sweden

Telephone: +46 10 470 30 00
E-mail: ir@securitas.com
www.securitas.com

Investor Relations activities conducted in 2015

Securitas participated in investor meetings, investor conferences and roadshows in Boston, Copenhagen, Frankfurt, London, New York, Paris, San Francisco, Stockholm and Toronto throughout the year.

Financial analysts who cover Securitas

COMPANY NAME	NAME
AlphaValue	Hélène Coumes
Bank of America Merrill Lynch	Nicholas de la Grense
Barclays	Paul Checketts
Carnegie	Viktor Lindeberg
Citi	Ed Steele
Credit Suisse	Andrew Grobler
Danske Equities	Mikael Holm
Deutsche Bank	Sylvia Foteva
DNB	Karl-Johan Bonnevier
Exane BNP Paribas	George Gregory
Goldman Sachs	Daria Fomina
Handelsbanken	Staffan Åberg
HSBC	Rajesh Kumar
JP Morgan Cazenove	Robert Plant
Morgan Stanley	Allen Wells
Nomura	Andrew Chu
Nordea	Henrik Nilsson
Pareto Securities	Henrik Falk
RBC Capital Markets	Andrew Brooke
SEB Enskilda	Stefan Andersson
UBS	Rory McKenzie

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 4.00 p.m. CET on Wednesday May 4, 2016 at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, Sweden. Registration for the AGM begins at 3.00 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 Thursday, April 28, 2016,
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/agm2016,
by Thursday, April 28, 2016, 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/agm2016 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 Thursday, April 28, 2016 and the banker or broker should therefore be notified in due time before said date.

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