

Investor Day 2013



# Reaching our Financial Targets



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CFO

# Clear Goals



- 1. Financial performance target**  
Annual average increase in Earnings Per Share (EPS) of 10%
- 2. Financial stability target**  
Free cash flow in relation to net debt of at least 0.20
- 3. Dividend policy**  
Securitas should be able to sustain a dividend level of approximately 50% of free cash flow
- 4. Strategic development target**  
Triple share of sales of security solutions and technology by end of 2015



# Main Focus on KPIs Related to Sales



## Financial performance target

- Fragile signs of economic recovery – late cyclical
- Strategy to increase security solutions and technology sales
- Strategy is in full execution mode with clear targets
- Will be complemented with selective technological acquisitions

## Focus areas from the CFO organization

- Main focus on KPI's related to sales
  - KPI's related to conversions and new sales
  - KPI's: related to actual sales and margins
- Monthly reporting and benchmarking in place
- Pricing models in place to sustain ROI – further development and refinement
- As sales are increasing, focus shifts towards capital usage

# Improving Return on Capital Employed



## Financial stability target

- Capex is needed to increase security solutions and technology sales
- Main capex relates to customer site equipment
- Will be balanced with reduced acquisition pace
- Will enhance return on capital employed

## Example of a contract conversion

KEUR	Year X	Year X +1
Annual sales	400	386
Direct & indirect cost	-380	-349
Operating income	20	37
<i>Operating margin</i>	5%	10%
Capital employed	116	176
<i>as % of sales</i>	29%	44%
Return on capital employed	17%	21%

- ➔ Reduce on-site guarding
- ➔ Introduce remote monitoring and technology  
60 KEUR capex  
= 15% of sales  
= 12 KEUR depreciation annually

# Continue to Deliver Strong Operational Cash Flow



## Level of capital expenditure versus sales

- Depends on many different factors – difficult to forecast
- Our plan: for every MSEK 100 in annual sales (from new sales or conversions) we expect to have a capital expenditure of 10% to 20% of such annual sales (MSEK 10-20) as rule of thumb
- For the Group target (to triple share of sales of security solutions and technology by end of 2015) this would mean an estimated investment of MSEK 350-400 annually
- Will be depreciated over contract period

# Focus on Responsible Business



## Strong focus on CSR

- CSR is a key focus point in our Enterprise Risk Management
- CSR officer reporting to Audit Committee
- Policies in place
- Securitas Integrity Line implemented in 49 countries
- Extensive training efforts being made throughout the entire organization
- Continuous improvement (policies, implementation and reporting)



# Emerging Markets – Entering New Countries



## New Markets

- Currently in 52 markets
- Goal to have presence in 60-65 countries
- Continue to build on Latin American platform
- Follow our global customers and go where there is business potential



# Strong Financing in Place

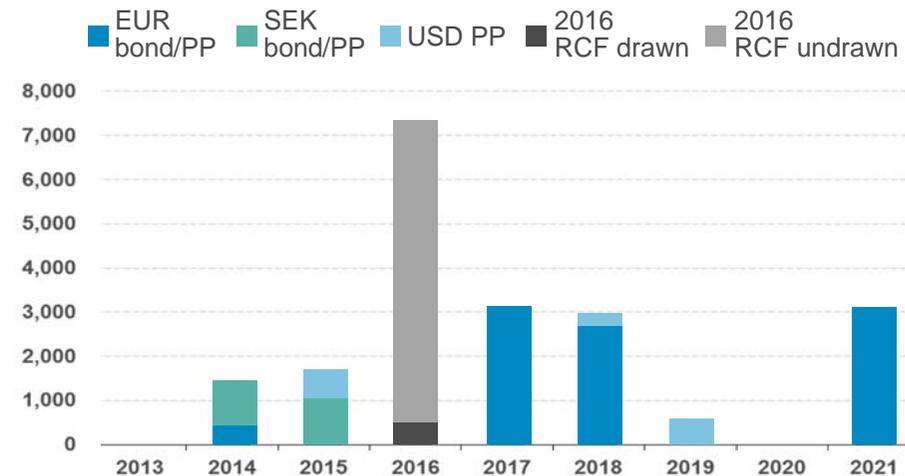


- Recent funding (Oct / Nov 2013)
  - MUSD 85 Private Placement, maturity 6 years
  - MEUR 350 Bond, maturity 7.25 years. Coupon is 2.625%.
- BSEK 9.7 debt maturing 2017 – 2021 (FX EUR/SEK 8.8136 USD/SEK 6.4601)
- Ample headroom in place RCF MEUR 420 and MUSD 550, matures 2016 (committed)
- BSEK 5.0 Swedish Commercial Paper program (uncommitted)
- No financial covenants
- Committed to solid investment grade rating

## Group Net Debt

MSEK	2008	2009	2010	2011	2012	9M 2013
Net Debt	9 413	8 388	8 209	10 349	9 865	10 293

## Group Maturity Profile





Integrity | Vigilance | Helpfulness