

Press Release

December, 8, 2021

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Securitas makes transformative acquisition of the Electronic Security Solutions business from Stanley Black & Decker Inc.

- Securitas enters into an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. ("Stanley Security") for a cash purchase price of MUSD 3 200 on a debt and cash free basis, representing a multiple of approximately 13x Stanley Security's estimated adjusted EBITDA¹ 2021 including cost synergies of approximately MUSD 50, before commercial synergies and strategic benefits
- Stanley Security is a highly reputable provider of electronic security solutions with operations in 12 markets globally, expected to generate sales of nearly MUSD 1 700 in 2021, of which around 40% is recurring revenue
- The future of security is built around the combination of global presence, connected technology and intelligent use of data and, together with Stanley Security, Securitas is perfectly placed to win in this environment with an outstanding offering and client experience
- Significant commercial synergy opportunities with over 500 000 existing as well as new clients, adds significant scale and innovation potential in the attractive BUSD 70 electronic security market, and creates a leading platform to accelerate growth
- Expected to be immediately operating margin accretive to the Group on completion, create compelling cost synergy opportunities, deliver accretion in earnings per share² in the first full year post completion and lead to substantial operating margin improvement over time
- Fully funded through an underwritten bridge facility which is expected to be refinanced by long-term debt financing and an equity rights issue of MUSD 915³, intended to be launched following completion. Current shareholders have in total provided commitments, declarations of intent and guarantees to subscribe for 44.6% of the rights issue
- The acquisition is expected to complete in the first half year of 2022, subject to customary regulatory approvals and closing conditions

¹ Stanley Security applies US GAAP

² Excluding IAC and costs associated with the Stanley Security transaction

³ To be determined in SEK when the rights issue is resolved



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By acquiring Stanley Security, Securitas transforms the dynamics of the security industry by creating a unique combination of presence, connected technology and intelligent use of data. Securitas' strategy is to deliver comprehensive, scalable, and innovative security solutions to meet its clients' increasingly complex security needs. Stanley Security's complementary offering of industry-leading tech-enabled security, together with complementary geographical coverage, is in perfect alignment with this ambition. The acquisition is a significant step towards Securitas achieving its ambition of doubling sales from higher margin security solutions and electronic security by 2023.

Together, Securitas and Stanley Security will benefit from a strong competitive position in commercial electronic security globally, creating more value for clients and unlocking growth as well as commercial opportunities from add-on sales, combined solutions, and outstanding innovation capabilities.

Headquartered in Indianapolis in the U.S., Stanley Security has an inspiring 30-year history of protecting its clients world-wide through an industry-leading portfolio of tech-enabled security services, ranging from alarm monitoring to systems integration, as well as a specialized healthcare offering. The acquisition perimeter includes commercial electronic security and healthcare solutions, where Stanley Security has deep expertise and an extensive innovation pipeline, but excludes door automation. Today, Stanley Security is one of the most recognized electronic security providers worldwide, with approximately 7 800 employees operating through approximately 200 locations and 16 monitoring centers in the U.S., Canada, Mexico, United Kingdom, France, Sweden, Belgium, the Netherlands, Denmark, Finland, Norway and Ireland.

"This means that Securitas becomes an exceptional player in the security industry. Together with Stanley Security, our largest acquisition in history, the profile of Securitas changes from a leading guarding company with electronic security and solutions capabilities, to a leading intelligent security solutions partner", says Magnus Ahlqvist, President and CEO. "The future of security is built around the combination of global presence, connected technology and intelligent use of data and, together with Stanley Security, Securitas is perfectly placed to win in this environment. Together, our offering is cutting edge and we will be in an outstanding position to deliver safety and peace of mind to clients and communities around the world."

Magnus Ahlqvist continues: "With our combined client proposition and our strong sales structure, we expect to deliver higher, more profitable growth than before. Going forward, 50% of our profit contribution will be generated through high-margin electronic security and solutions sales. This is in addition to the strong profitability focus that we are driving through our transformation programs and active portfolio management, which will also lead to a structurally higher margin profile in Securitas."

"We are very excited to bring together these two iconic security companies, each with a rich history, a culture of success and with the client at the heart. We look forward to welcoming our new colleagues. The expanded competencies, expertise and leadership across the entire electronic security value chain globally, will serve our respective clients even better and significantly increase our competitive edge," says Tony Byerly, President Global Electronic Security.

Financial highlights

Stanley Security's sales are estimated to be nearly MUSD 1 700 in 2021, of which more than 40% is recurring revenue, with an attractive near to medium term growth rate that benefits from the structural growth of the electronic security industry and an estimated adjusted EBITDA margin of close to 12% before synergies.

The acquisition has significant commercial synergies and creates compelling cost synergies which are expected to be fully realized within three years from completion.



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The acquisition represents a multiple of approximately 13x Stanley Security's estimated adjusted EBITDA 2021 including cost synergies of approximately MUSD 50, before commercial synergies and strategic benefits. The transaction is expected to be accretive to the earnings per share in the first full year post completion.

Based on Securitas last 12 months and Stanley Security's estimated 2021 sales, annual sales from the combined electronic security and solutions portfolio is estimated to MUSD 4 200, out of which MUSD 3 000 is electronic security.

Acquisition-related costs, a combination of transaction, bridge financing, integration and restructuring costs, will amount to approximately MUSD 135, of which the majority is expected to be recognized in 2022 and 2023.

Financing

The acquisition will be funded through an underwritten bridge facility provided by SEB which will be refinanced after completion by a mix of equity and long-term debt. The equity component of the refinancing will come from the proceeds of a rights issue amounting to MUSD 915, to be determined in SEK when the rights issue is resolved. The Board intends to propose the annual general meeting 2022 (the "AGM") to authorize the Board of Directors to resolve on the rights issue which Securitas intends to pursue as soon as practically possible after completion of the acquisition.

In aggregate, Securitas has received commitments and declarations of intent from current shareholders controlling 45.7% of the votes, to vote in favor of the rights issue resolutions at the AGM. Additionally, the shareholders have in total provided commitments, declarations of intent and guarantees to subscribe for 44.6% of the rights issue based on current shareholding.

Investment AB Latour and subsidiaries, Melker Schörling AB and EQT, together controlling 18.1% of the outstanding share capital and 42.4% of the votes in Securitas, have committed to vote in favor of the rights issue resolutions at the AGM and to subscribe for their pro rata shares in the rights issue.

Didner & Gerge Fonder, Carnegie Fonder and Länsförsäkringar Fondförvaltning, together controlling 4.6% of the outstanding share capital and 3.2% of the votes in Securitas, have declared their intention to vote in favor of the rights issue resolutions at the AGM and subscribe for their pro rata shares in the rights issue.

Investment AB Latour and subsidiaries, Melker Schörling AB and EQT have also entered into guarantee commitments⁴ to subscribe for an additional 21.9% of the rights issue without subscription rights.

A detailed time plan and conditions for the rights issue will be announced at a later stage, at the latest in conjunction with completion of the acquisition. Following the completion of the rights issue, Securitas will commence refinancing of the remaining part of the bridge facility by way of issuance in the bond markets and other sources of debt financing.

Securitas confirms it is committed to and expects to maintain its investment grade rating from Standard & Poor's.

⁴ The agreed fee is 1% of the guaranteed amounts.



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Completion

The acquisition is subject to customary regulatory approvals and closing conditions and is expected to complete during the first half year of 2022.

Advisors

Morgan Stanley & Co. International Plc acted as M&A advisors. SEB provided the underwritten bridge loan facility and acts as financial advisor on the rights issue. K&L Gates and Mannheimer Swartling Advokatbyrå acted as legal advisors.

Conference call

Analysts and media are invited to participate in a telephone conference today December 8, 2021 at 10.30 a.m. (CET) where Securitas President and CEO Magnus Ahlqvist and CFO Andreas Lindback will present the acquisition and answer questions. The telephone conference will also be audio cast live via Securitas' website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

Sweden: + 46 8 566 426 51

United Kingdom: + 44 333 3000 804

Please use the following pin code for the telephone conference: 621 490 78#

Investor day

Due to the announced acquisition, the planned Investor Day on March 21, 2022 will be postponed to a date after the completion of the acquisition of Stanley Security.

This press release is also available at www.securitas.com

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