

Together with partners we create the connected smart home



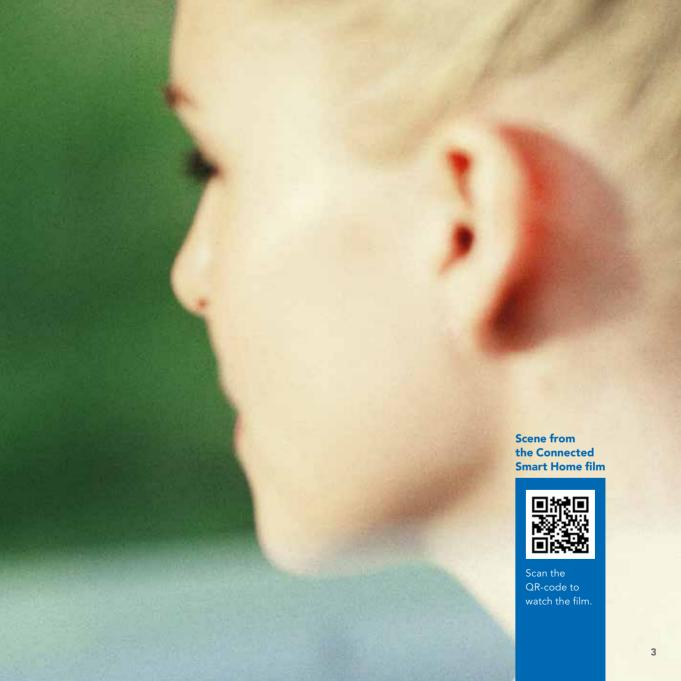


"We are about to change fundamentally the way people live and manage their daily lives."

CEO DICK SEGER

Control the light and your home appliances from wherever you are.





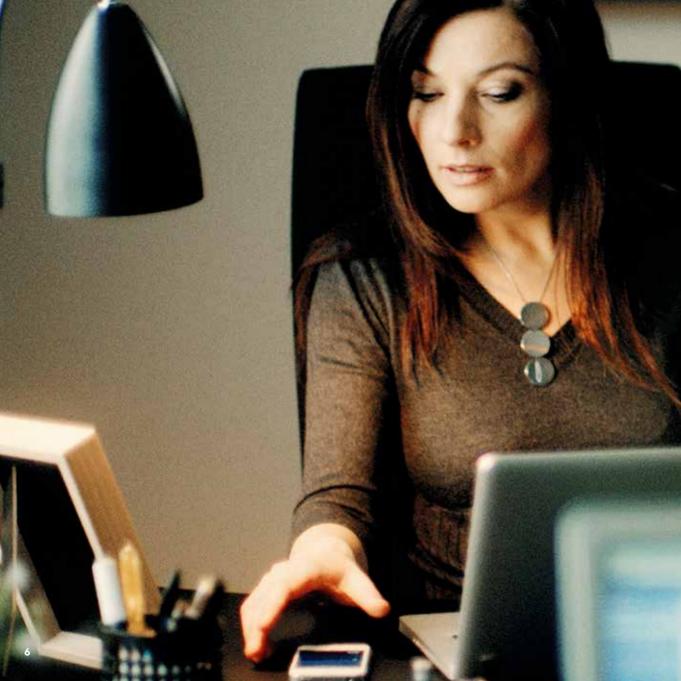
Scan the QR-code to watch the film.

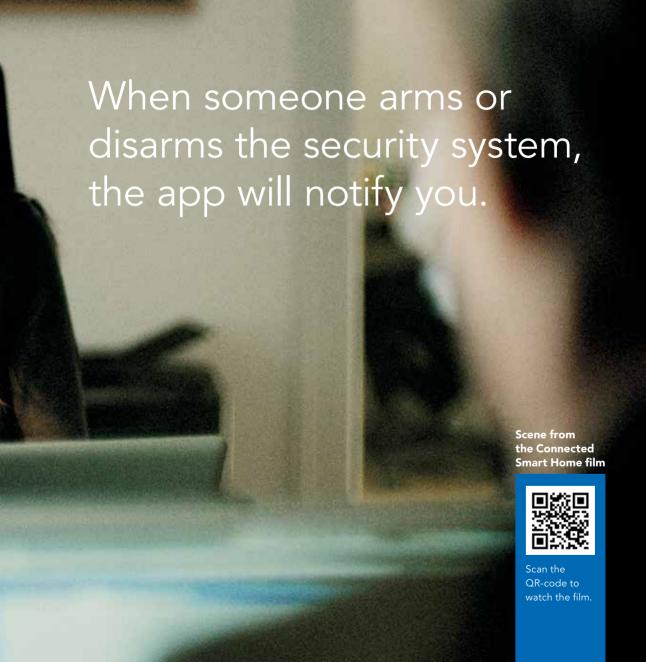


Scene from the Connected Smart Home film

With the Verisure SmartPlug you'll always get a bright welcome.











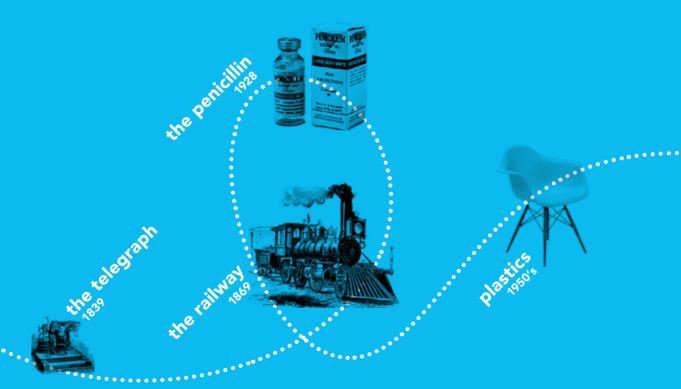




Control your digital doorlock and let people in, even when you're not at home.



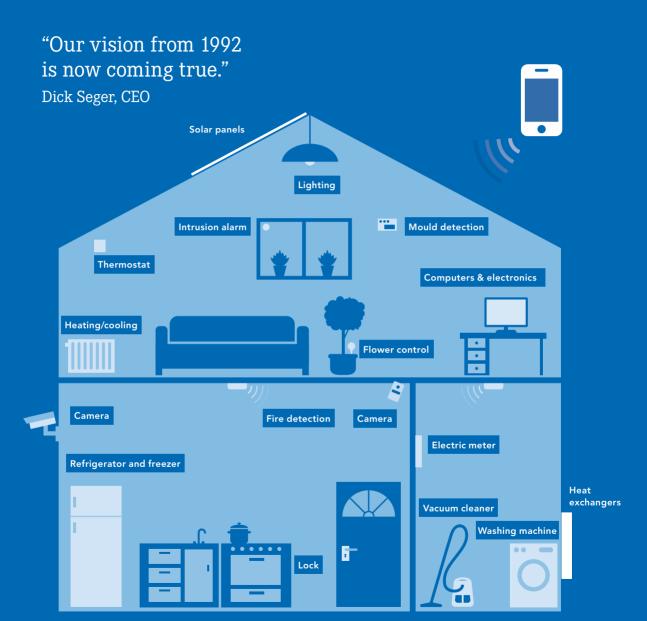
On some occasions in history, development has taken a great leap forward.







Cloud based services are paving the way for the connected smart home.



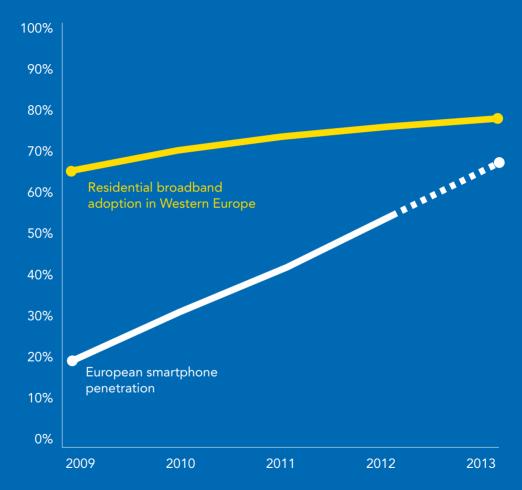


"We and the whole home security industry are entering a new market arena - the connected smart home. The coming years are going to be extremely exciting. I argue that during the next 5 years we will see as much development and change as in the past 50 years."

CEO DICK SEGER

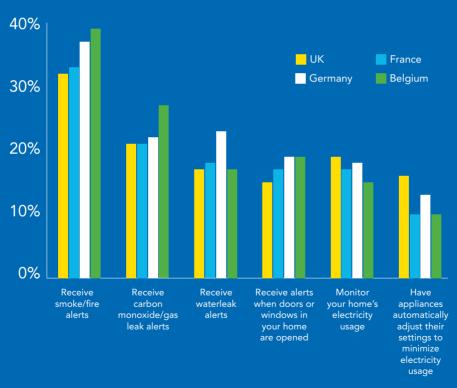
The customers are ready and the infrastructure is in place.

The connected smart home is just a natural evolution



Source: Parks Associates 2013 "Outlook for the Connected Home in Western Europe" and comScore: European Smartphone Penetration

"Which smart home features do you rank the highest?"

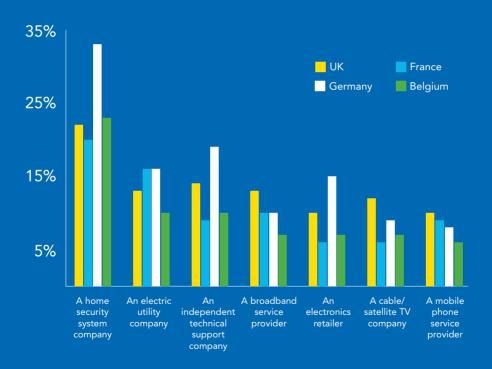


Source: Parks Associates 2013 "Outlook for the Connected Home in Western Europe: Top Ranked Connected Home Features Q4 2012"

Conclusion:

Consumers rank safety and security high among their desired features.

"Who would you trust the most as a supplier of smart home services?"

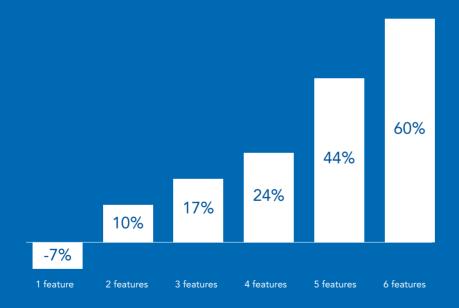


Source: Parks Associates 2013 "Outlook for the Connected Home in Western Europe: Preferred Type of Home Monitoring Service Providers Q4 2012"

Conclusion:

Consumers
prefer vendors
within the Home
Security industry.

"How likely are you to recommend your home control system to your friends, colleagues or family?"



Source: Parks Associates 2013 "Outlook for the Connected Home in Western Europe: NPS for Primary Home Control System by # of Features Adopted Q1 2012."

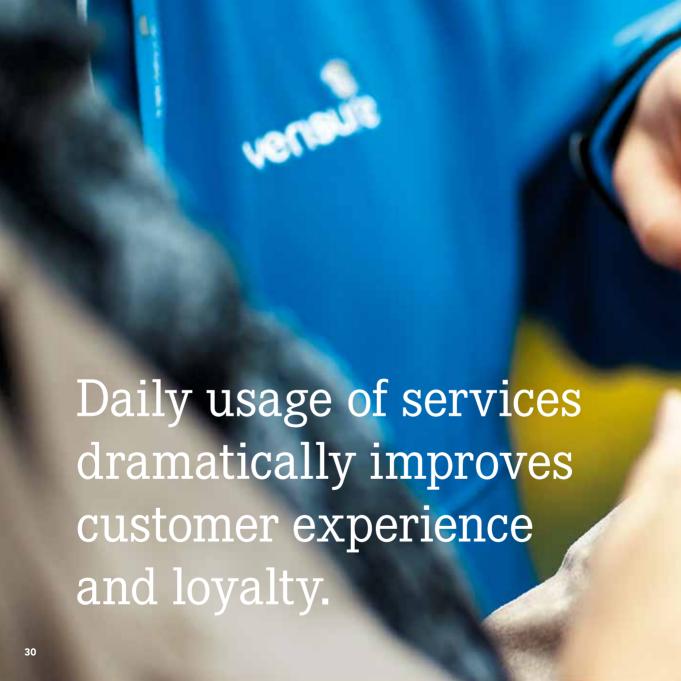
Conclusion:

The more connected features, the more likely the user will recommend the system to others.



This is our arena for the connected smart home.









Intrusion alarms that make a real difference



Reliable alarm verification makes it possible for the operator to take the correct action.







Next generation of fire alarms







Control lights and home electronics



The SmartPlug lets you control lights and electrical devices via the Verisure App.







Monitoring of electricity usage and integration of heating systems saves energy.



Unlock with your mobile







With a SmartLock module for a Yale Doorman digital lock, you can control the lock via the Verisure App.



Check your indoor climate





Climate sensors together with the Anticimex service monitors the humidity and health of your house and alerts as well as offers assistance if needed.





Direct access to SOS professionals





Press the SOS keys on the control panel and get access to professional assistance in case of distress, accident or illness.

Alarm monitoring, customer support, field technicians and intervention.

- 7 days a week
- · 24 hours a day
- · 365 days a year





"It's a human right to feel safe and secure."

CEO DICK SEGER

ob·jec·tive [uhb-jek-tiv]

Something that one's efforts or actions are intended to attain or accomplish; purpose; goal; target

Objectives

Continue to be the leading consumer brand in safety and security.

Be a change agent for setting the new standards for the connected smart home.

strat·e·gy [strat-i-jee]

A plan, method, or series of manoeuvres or stratagems for obtaining a specific goal or result

Strategies



- Maximise market acceleration by establishing partnerships.
- Monetizing the customer portfolio by creating true customer delight and outstanding customer loyalty.







"We have a solid position in security and safety"

Professionally monitored intrusion and fire alarms will continue to be our core business. However, our strong position within these areas enables us to expand into new segments, states Antonio Anguita Ruiz, Managing Director, Spain.

What advantages does our background within intrusion and fire alarm bring?

First of all we have gained the trust of our customers. We comfortably occupy that space in the minds of customers. In addition, we have built unique assets which can serve us well when exploring new adjacent areas and which are hard for potential competitors to replicate, namely: (i) a vast and well trained field force, (ii) a best-in-class 24/7 CRA which can guarantee constant interactivity with, and peace of mind for, our customers and (iii) a technology which can adapt and grow to constantly provide new products and features .

How shall we defend and strengthen our leading market position?

I believe that we need to continue to build on our core and unique assets: strengthening our current sales and installation model, keeping our technological leadership and, importantly, better understanding our customer needs and their overall life cycle with us.

What new services do you see going forward?

We have a solid position in security and safety. That enables us to sensibly move into some adjacent areas like access and video control where the market is beginning to take off and there is an opportunity for trusted and credible providers. Other elements of home automation might be further from our core but can be reached through the intelligent use of partnerships.

How will our sales pitch develop?

Our customers are going more and more digital and are increasingly facilitated with multiple screens and mobility. Spain, for example, has the highest penetration rate of smartphones in our footprint. That gives us a phenomenal opportunity to fully leverage our technological capabilities to improve our customer interaction model. Our product proposition and the way we make it closer, more interactive and more tailored to different customer segments will evolve accordingly.







Expanding our market reach through partnerships

One of the cornerstones of our strategy going forward is to team up with partners, forming strong alliances, thereby generating more leads and strengthening our customer offer. According to Oliver Allender, General Manager France, alliances will represent at least 30 per cent of our total new installations within just a few years.

What can you tell about alliances in France?

Alliances have been part of the French business model for many years. Our main alliance today is with the Covea Group. Covea is a leading mutual insurance group, number 1 in property and liability insurance in France. Through direct marketing actions, we get leads from the Covea Group's prospects that we try to convert through telesales. And so far it has been a very successful cooperation. Even if the price paid by the customer is lower than for our traditional door-to-door model, the limited marketing effort brings a very satisfying return on investment.

And besides the insurance industry?

We have also started partnerships in the "new construction" business and are recently working with a few major players in France. The construction companies buy our product and include the alarm system in the cost of construction. We are then offering 6 months of "free monitoring" to the new home owner. After the 6 months of free service, our challenge is to convert the user to a paying customer.

What makes alliances so exciting?

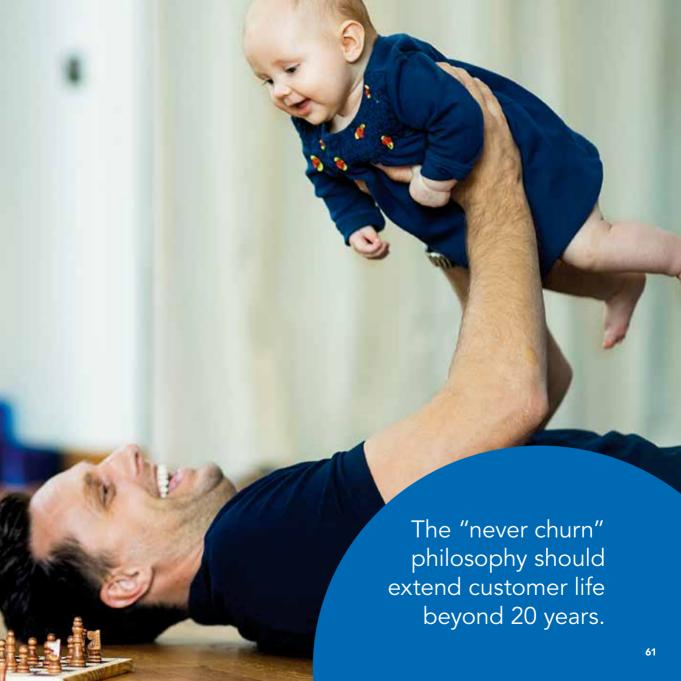
It's a very efficient way to address the residential market. Let's take the Covea alliance as an example: Covea has 11 million customers in France. When Covea is proposing our monitored alarm system, we are not only accessing 11 million customers but we also get the endorsement of the number 1 brand in the industry. This is a unique shortcut to the market. We get a very high volume of leads and at the same time Covea increase their customer loyalty by providing new services with high stickiness. It's a win-win situation.

What's the next step?

We still have a lot of potential in our existing alliances. If I look at all our insurance alliances in France, they are represented by 3.000 agencies. By visiting them and tightening the relationship even more, we could significantly increase our volume. We are also currently working on new ways to approach the insurance market by creating packaged solutions that address specific needs. The first one will be a smoke pack. Here we are using the smoke proposal that has been developed on the Nordic Platform; a perfect match to this market (Do-it-Yourself and Self-monitored). With this type of offering, we should be able to recruit 6-digit volumes of customers that we will be able to convert to monitored security in a 2nd step. In total, I estimate that new installations from alliances should represent at least 30 per cent of total new installations compared to less than 15 per cent today. And this will only be the first step.







"It's about enhancing loyalty, "stickiness" and the daily customer experience"

Our portfolio consists of about 1.5 million customers to which we're adding approximately 100,000 new subscribers every year. The Verisure platform now gives us a great opportunity to deepen and enrich our customer relationships even further. Tore Staveland, General Manager Verisure Norway, knows more.

How would you define portfolio management?

Portfolio management is about upselling and taking active care of our present customers. It's about deepening the relationships with our customers and giving them the very best. It's about increasing loyalty, "stickiness" and the daily customer experience.

What are the general key factors for successful portfolio management?

To us right now, successful portfolio management is very much about changing our internal culture – to get each and every one to understand we do more than alarm handling. That's the basics. Then we need to establish an upselling culture. Until recently, we've had only little contact with our customers. We've responded politely to their questions but haven't really communicated with them in a pro-active way. That's now about to change. But to make it happen, we need to get all customers up on the new platform.

When will all our customers be up on the Verisure platform?

Our objective for the Nordic countries is to reach 80 percent within 2017 – that was set as a goal two years ago. In Norway, already 1/3 of our residential customers are Verisure-customers.

What portfolio campaigns have you done during the last years?

We have done several campaigns and learned a lot. During the past years we have focused on services for second homes, smoke safety and our new Verisure SmartPlug. The latter was extremely successful; our stocks ran out some weeks into the campaign period. Besides that we have done local campaigns targeting our Hafslund customers, communicating the change of concept and also some social media campaigns. Of course, this channel becomes more and more important to us.

What kind of add-on-services can we offer the present customer base?

It differs somewhat between our different markets, but for the Nordic platform we're focusing on SmartPlugs (excellent for second homes), smoke detectors (in France as well) and change of concept for our classic customers. During autumn 2013 we shall launch some exciting new services in the Nordic region together with our alliance partners; connected locks with ASSA ABLOY/Yale Doorman and mould detection services with Anticimex.



Our partnership strategy

Sharing the Connected To realize our vision of the connected To realize our vision our vision of the connected To realize our vision ou

smart home, we are now looking for partners within complementary segments, such as Energy, Care, Telco, Insurance and New Construction – industries addressing the home with professional services.

What we offer is a mature, proven ecosystem containing app-centric concepts together with a pan-European footprint and a simple win-win business model.

Our customers are already using our IQontrol system several times a day to monitor and manage vital functions of their lives and homes provided by us or our partners. We continually develop the customer experience, made possible by our experienced in-house R&D department.

Dick Seger, President

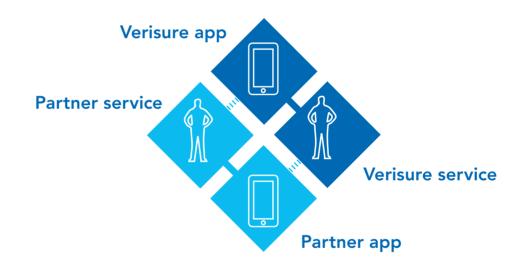
the vision

"Forming an alliance means sharing a vision. Our ambition will always be to create value for all involved: our customers, our partners and ourselves."



Simple business models based on our win-win-philosophy allow us to form long-term partnerships.

Together we create a simple, intuitive and seamless customer experience.



True synergies combined with true partnerships create true customer value.



Integrating services with true synergies creates true customer experience

New construction

By incorporating our solutions within IQontrol, Fire, Intrusion and basic home automation services in new constructions, we do not only create customer value but also increase the attraction and value of the new house or apartment.

Insurance

Our ability to detect smoke, water and/or moisture – and thereby prevent or control damage – is a perfect fit, at the same time as it strengthens the competitive edge of the consumer offer from our insurance partners.

Energy

In the energy segment there are several attractive possibilities for partnerships both within integrating Smart Home features as well as marketing concepts for creating competitive edge.

Telco

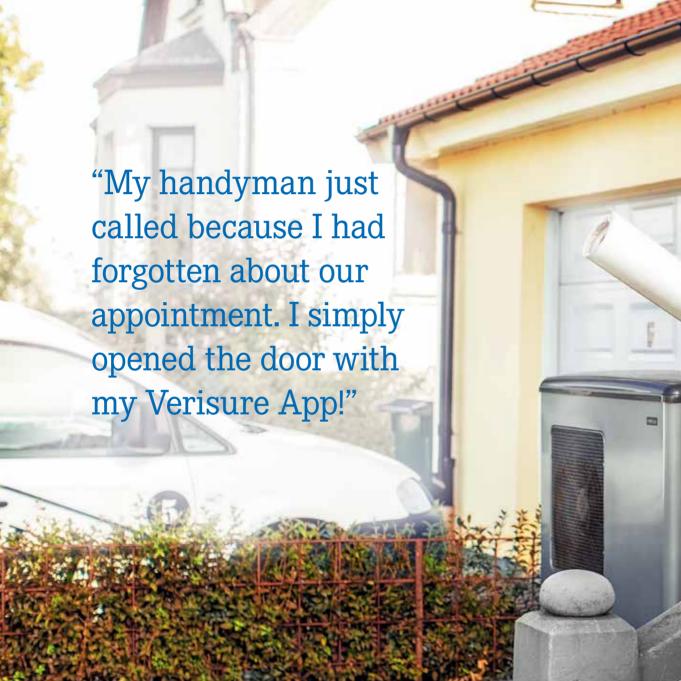
By combining our IQontrol with mobile internet services provided by a Telco, together we make it possible to control functions remotely. Integrating these possibilities with our professional monitoring and intervention services greatly improves the customer experience.

SmartLock

By making the digital lock connected and integrated into the Verisure platform with a seamless interface real customer value is being created.

Care

The partnership where different kinds of care services and the Verisure concept are combined improves substantially life quality for the caretaker as well as his or her relatives and friends.





What we offer our partners:

A mature proven ECO-system Mastering connectivity & customer data integrity

European
market leader
in professional
monitoring services
for residential
houses

Strong R&D and innovation capacity

Growth and leadership based on win-win partnership

National field service organizations in 10 European countries





"Great advantages to be had"

Securitas and Securitas Direct Verisure go way back. The two companies teamed up in 1988 and have worked in close concert ever since. Joachim Källsholm, Managing Director of Securitas Sweden AB presents his view of the alliance.

How would you describe the cooperation between the two companies?

It stretches back a long way, and is based on a mutual relationship in which we as partners can complement each other in our customer offerings. Securitas in Sweden has the world's strongest callout organization, with coverage from around 400 locations in Sweden, 1,100 vehicles and 180 offices. Both Verisure and Securitas take pride in delivering a high level of quality and in being close to our customers.

What's behind this trend of strong brands teaming up and starting to work together?

It's no coincidence that brands are looking to work together even though they sometimes even compete in certain areas. Cooperation between big players makes it possible to reap considerable benefits from the development of different segments. And this means that changes in purchasing behaviours and consumption patterns can be dealt with more quickly. Usually, you work with the same segments and the same markets, and if both the companies and the end customers can benefit from cooperation, there are great advantages to be had.

And how would you describe the benefits from a customer's point of view?

Today, consumers who buy services place greater value on disposable time than was the case ten years ago. They want a simple solution regardless of whether this relates to their personal security or life in general. There are no shortcuts here. It's a case of seeking out leading suppliers with a stable foundation for their operations.

Talking in general terms – what are the biggest challenges when two actors within different areas come together and develop something new together?

Obviously there are many challenges, but I believe that if we put the customer's needs in the centre and act professionally with respect for each other's professionalism, and are honourable in those areas where we compete, then the advantages to be gained from cooperation will far outweigh the challenges we encounter along the way.



"It's a win-win-situation"

Together with ASSA ABLOY we are integrating the Yale Doorman digital door lock which is the leading concept on the residential market.

Apple and Nike, HM and Versace and now Verisure and ASSA ABLOY. What's behind the trend for strong brands to team up and start working together?

In our case, it's a natural fit wherein two very strong market leaders in their specific market segments get their products to work together. In this case, 2 + 2 equals 5. It's a complete win-win situation, strengthening both our companies' customer offerings.

How would you describe the cooperation between you and Verisure?

Excellent. We not only share the same view of quality and security, but also of what make a good partnership. We found it easy to create a business model in which the interests of both parties are acknowledged.

What does it mean for ASSA ABLOY? How does the cooperation strengthen your offering?

The partnership with Verisure has enabled our Yale Doorman lock to be connected. It is now possible to control our lock from anywhere in the world with an App when connected to Verisure. This is very

attractive in the market, something we saw in our sales figures straight after the product launch as a result of our cooperation.

Talking in general terms – what are the biggest challenges when two actors within different areas come together and develop something new together?

Despite the fact that we both work with home security, sometimes it's been challenging when two strong cultures meet and decisions need to be made; but we've had an open dialog and resolved the issues in a positive way, which in the end has led to a better product and higher customer value.



"We are a perfect match"

What happens when two strong brands teams up and creates something new? Together with Anticimex we are now launching a solution that keeps track of moisture and mould. Mats Samuelsson Managing Director for Anticimex Insurances knows more.

What is this project about?

It's about offering our customers a solution that keeps track of moisture and mould. It's about 24/7 monitoring of their homes, preventing things happening to them and what is most precious to them: their families and homes, both irreplaceable and priceless.

How and when was the project initiated?

We have long sought a more interactive and digital dialogue with our customers. However, we are not a technology company – our strength is in the face-to-face meeting with our customers. In this field I'd say we are unbeatable. When we started the dialogue with Verisure we soon realized we were a perfect match.

How would you describe the benefits from a customer's point of view?

We know how to protect houses against moisture and mould. Verisure has the technology that makes it possible to continuously and automatically analyse changes and communicate these to both our customers and us. The customer gets a totally new level of comfort – now we are not checking up every fourth year both four times a day.

What has been done so far – and when will we go live?

The concept and technology is more or less fully developed. We have done some field testing and will continue with this during 2013. We will go live in all of Sweden in the first part of 2014. And after that – our other markets.

Describe the main challenges so far?

Developing and integrating systems is always a little tricky. However, in this case I say keeping the project within limits has been the biggest challenge. We both have very creative teams with a lot of amazing ideas of what we could do together. However, if we're about to launch a quality service we need to stay closely focused within our possibilities. For now

How does it feel to be involved in a project like this?

It's like participating in "Master Chef", your task is to impress the jury and you can choose among the finest ingredients. On the one hand, you struggle to put together the offer since you don't have a recipe – on the other hand you have unlimited opportunities to come up with a fantastic solution. That's the tingling feeling that makes me love this kind of challenge. And in this case our customers are the jury – and now we're waiting for their comments and feedback.



"It works because we make it work."

CEO DICK SEGER



"Improvements in all parts of the value chain"

Securitas Direct Verisure has among the lowest cancellation rates in the industry worldwide. Fighting cancellations has always been one of the top priorities, and especially for Spain during the last years with a challenging macro situation. And it seems as if we're on the right track. Juan Sanchez-Gabriel Autillo. Director of Customer Service tells us more about it.

How is the development for the Spanish churn?

If we compare 2013 and 2012 we see an improvement in the underlying figures, mainly as the result of a strong focus on improvements in all parts of the value chain

What actions have you taken?

Amongst the most important things we've done is to enhance our focus on the customer intake, focusing on quality customers with a potential to stay with us for a long time. This may be the single most important action we've taken. The result of this effort may take some time to materialise, but give us a few years and I'm sure it will be seen in our figures.

What else?

Furthermore we have improved and intensified the communication with our customers. We are now much better at making our customers aware of the big differences there are between different vendors. When it comes to installation and maintenance visits, we now use these contacts, to a greater extent, as opportunities for upsales or add-on sales. We still have a way to go, but we are seeing the first green shoots of improvement.

What have you done to strengthen customer service?

We have restructured our entire customer service department, going from a structure that was determined by the technology that the customer had installed to an organisation specialising in the moments of truth in the customer relationship. Now we have a much more uniform, sustainable and predictable service. Furthermore, we have worked with our product and R&D teams to build customer feedback into our product design and specification processes. We have also set up a small team specialising in satisfaction surveys to help us improve all our service processes.

What trends do we see in the Net Promoter Score-figures?

We measure Net Promoter Score for each generation of customers in their fifth month with us. Each month we check that the latest generation of customers to reach their fifth month are more satisfied than the previous one. The first satisfaction surveys of a representative sample of our entire customer base showed quite low Net Promoter Score figures for both residential and business customers. The most recent surveys of customers who have been with us for 5 months show a substantial improvement for both segments. We are very pleased with this significant improvement. It confirms that we have made the right decisions and encourages us to face the future with confidence.

Innovation & Simplicity



Scene from a film about Verisure and

"It's a feeling of satisfaction"

"Design is the orchestration of many powerful disciplines which create the future. Every point where the customer experiences a brand needs to be designed", says Andrew Hartman, Industrial designer.

How would you define design?

Design is not a thing to be described anymore, it is a verb. Design is the orchestration of many powerful disciplines which create the future. It's the appropriate application of emerging technology to satisfy the emerging needs of people in a meaningful and relevant way. What's important in this context is for the designer to consider the social impact and cultural significance of a new product service.

What is good design?

Good design is a lot of things. It's a positive and beneficial experience. It is a feeling of satisfaction – of surpassed expectations. Good design is a surprising and enjoyable harmony of interaction between people, content, information, and products. Good design is meaningful, elegant, appropriate and effective.

How important is design when selling consumer products?

Companies who use design effectively are more visible, accessible, desirable and authentic, and are usually the category leaders. Design is essential in all four main requirements of doing business (relevance, quality, price, availability). Every point where the customer experiences a brand needs

to be designed. The internet, in-store shopping, commercials, the products themselves, apps, services, customer support all require a seamless and consistent reflection of a brand's character and dedication to customers.

What's the challenge when designing for a security company?

Design for a security company presents a paradox. We are providing an intangible service, enabled by very advanced technology which is delivered through unassuming domestic objects. Our products should radiate quality, reliability and performance right out of the box. But when installed, they should blend into the home and even disappear until an event occurs. The products exist to make our services tangible. We design our products to fit well in people's homes and lives. We shape our technology to facilitate, enhance and empower our customers.

How do we want our design to be perceived?

We would like to hear customers say: That's an amazingly nice system. These products and services are appropriate for me, my family and my home. This system would really be easy, fun and beneficial to have. I really trust Verisure.



Our North Product & Technology Director Dan Hovang flew over the Atlantic to find out what's happening in the safety, security and smart home arena in the U.S. Now he's our judge in a match between Verisure and our North American counterparts.



What can we learn from the more mature North American connected smart home market?



Round one: The offer

"On the one hand, the offer does not differ from Verisure – it's all moving towards application-centric concepts for the connected home rather than just plain home alarm systems. If we compare the offer within security and safety, Verisure has a clear advantage over its US counterparts who remain with the technology of the 1980's. On the other hand, the home automation offer, in particular in terms of energy savings and DIY cameras, is more developed in the U.S. The adoption rate and usage of the home automation features have grown steadily the last couple of years, along with the refinement of the technology and the sales and installation processes." (Winner: Tie)

Round two: The sales pitch

"In the U.S. the sales pitch has gone from fear of intrusion to connect your home to your phone. It's a much more positive story than it used to be in the U.S. Existing legacy customers are an easy target for door knocking sales forces equipped with a modern offering and the pitch "do you have an app for your alarm system?". This creates a situation where change of concept is pushed to market at high speed." (Winner: U.S.)

Round three: The go-to-market model

"Most of the alarms are still sold by traditional telesales and cold calling. The home automation offerings are allowing players in the U.S. to develop alternate go-to-market models where at least one player is enjoying proven success. The Verisure platform is designed from the ground up to put us in a strong position when developing new go-to-market models. The ASSA ABLOY and Anticimex partnerships are examples of such developments. It is going to be very exciting to see how the market models develop in the next few years! I think we will see as big disruptions in the market when the house gets connected as when the music player and TV got connected." (Winner: Tie)

Round four: Customer delight

"The U.S. players claim that home automation services both grow the market and reduce churn. The U.S. still runs at very high churn levels of around 10–15%, and there is no data indicating that home automation moves the needle in any direction. The same goes for market growth. To have a long-term sustainable business model there needs to be a solid basic service that the customer can trust. Customer focus and passion for excellent service is in our DNA and will help us keep our lead in this industry." (Winner: Verisure)

Round five: Quality of basic services

"There are major differences in the safety and security service. Alarm verification, for example by sending images to the alarm center is not established in the U.S. which of course affects the way an alarm can be handled. When an intrusion alarm goes off you can't even be certain that the police or a patrol will show up. The Verisure intrusion and fire safety services clearly have the upper hand over the U.S. offerings. We've got a head start here with the quality of our basic alarm services, and this is the key to true customer satisfaction and loyalty. (Winner: Verisure)





Dan on Verisure vs. the US.





1.6 million customers cannot be wrong.



Number of customers as fall 2013.

Quick facts

6,500

Employees and large partner organisation.

1,6
million customers

Europe's leading provider of full-service safety, security and home control solutions.



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