

Annual General Meeting Speech April 17, 2008
President and CEO Alf Göransson

Dear shareholders,

If you cover one eye, Securitas' 2007 results were just about in line with our own expectations. If you look with both eyes, they were poor.

What I mean is that the Securitas part of the Group, in other words security services, enjoyed the same strong organic sales growth in 2007 as in 2006, i.e. 6%. And the operating margin was 5.6%, which was also similar to 2006. Essentially – the growth was acceptable.

Loomis, on the other hand, had a year full of problems, disappointments and harsh realities.

The cash handling business did not grow and its operating margin was just 2.6%. If we exclude LCM, Loomis Cash Management, in the UK and its operating loss, as well as the cost of investigating sins of the past, the operating margin amounts to 5.7%. If I exclude a number of other minor non-recurring items, I arrive at 6.5%.

However we look at it, we are far from the 8% operating margin that Loomis should at least be able to earn.

Loomis was also burdened in 2007 with two problematic situations involving LCM in the UK. These are reported as items affecting comparability and have not, therefore, been included in the company's operating income.

One relates to the cash processing business, i.e. the actual operations and the LCM company, where a lack of knowledge and control have, over a period of several years, led to significant losses and to a decision by the Board and myself to dispose of this operation and not to continue running the company until 2013 as the contract stipulates.

To make a long and complicated story short, this led to a situation where in November last year we sold the business to Barclays and HSBC on terms that were acceptable to Securitas and Loomis.

With the provisions we have made for the remaining guarantees, we now feel that we can assign Loomis' obligations to LCM to the history books.

The other costly problem in the UK related to the fact that LCM for many years did not declare its currency holdings in compliance with the Bank of England's rules. As a consequence, the Bank of England lost interest income, for which it is claiming compensation from Loomis.

The investigation, for which we were contractually obliged to pay, is basically concluded, although we are still waiting for an agreement with the Bank of England to be finalized. We believe that the provision made in 2007 of MSEK 375 should be sufficient.

Loomis' problems with LCM in the UK cost the Group close to SEK 1.7 billion in 2006 and 2007. To this we need to add the energy and time spent by many of us on disposing of this business. Now I feel we can put this behind us and look to the future.

We are looking to the future with new management and a new CEO. Lars Blecko, *who is sitting here*, took up this position on February 1, 2008. I know Lars; we worked together for a few years 8-10 years ago, and I therefore feel convinced that under his leadership, Loomis will develop well in the future.

It may not be an easy path initially because we need to ensure

- that here in Sweden we put things in good order and achieve better profitability in the wake of the threat of withdrawal of the cash transport permit which we experienced in the second half of last year
- that we conclude the turnaround in Denmark we started in 2007
- that we achieve the price increases and implement the efficiency measures that have been delayed in France
- that we do the same in the USA; we also recently initiated a cost-cutting program to stop the negative earnings trend of the past five years
- that we make the necessary changes in management in the UK, raise the quality of our services, but also ensure we are paid more for what we do
- that we get the effects from the cutbacks we have made at the head office in Solna
- that we stop the negative trend of falling gross margins where pricing and efficiency measures have not kept up with cost increases over a period of several years
- and much more

But the top priority for Lars, the management and Loomis' Board of Directors is ensuring that the company regains its self-confidence.

The company has suffered great setbacks over the past few years, but at its core, Loomis is a very good business which is capable of achieving good profitability.

I am convinced of this having had many opportunities to get to know the company in 2007. My conviction is strengthened by the fact that all the major competitors are demonstrating good profitability and growth.

At the end of 2008 we expect to be able to allocate Loomis' shares to our shareholders in the same way as Securitas Systems' and Securitas Direct's shares were allocated in autumn 2006. It is up to each and every shareholder to believe or not believe in Loomis' ability to generate value. I, at least, will not be selling my Loomis shares at the first try.

Now to Securitas' part of the Group and the security services business.

In Europe there was good organic sales growth in 2007, reaching 8%, which means that Securitas, just like in 2006, continued to increase its market share in Europe.

The margins were in line with the previous year and in real terms the operating profit improved by 9%.

In North America we are growing at a rate of one or two percentage points below the market. On the other hand, our operating margin continues to improve and the US organization is full of confidence, energy and pride over the turnaround that is now bearing fruit after a few difficult years following the major acquisitions at the beginning of the decade.

An important aspect that distinguishes the USA from Europe is that in the USA in 2007 we had higher gross margins from new sales than the portfolio average. In Europe the situation is the reverse.

In the USA the falling gross margin trend which has continued for many years has definitely been halted, while in Europe it is continuing to fall and new sales have not provided any hope of the trend being broken.

For this reason we are focusing now in Europe on being slightly more aggressive with our pricing, even if this may affect growth to some extent – we can live with it. We are combining this with an increase in customer segmenting and many other measures to create added value for our customers.

We believe that an increased focus on our customers will lead to lower costs and increased value for our customers and hopefully, in increments of 0.1%, better margins for Securitas.

We have a number of examples where branch offices that live and die with their own abilities within their segment – commerce, banking, logistics, airlines, hospitals or whatever it may be – have demonstrated good results for both the customers and Securitas.

Now we have started in earnest to take things from the drawing board to the real world on a larger scale. How we do this and to what extent varies from market to market.

In some markets we are a commodity supplier; we simply sell hours and guarding services and we do it effectively and skillfully. We are good and will continue to be good at it for the customers that do not require anything else.

In other markets and with other customers, we are required to

- act as a consultant,
- find solutions that combine manned guarding and beat patrol,
- integrate technology,
- handle most of the security-related peripheral services,
- install monitoring routines and follow-up systems,
- transfer knowledge and propose improvements based on what we have learned within other parts of the Group,
- and so on.

Over the next few years the Group will develop in this direction, but will do so wisely and without any one area being characterized as a winner or a loser; both are of equal importance for Securitas' future.

As we now increase our level of specialization, our ability as a security consultant and our customer focus, it is, of course, important to ensure that everything we know and learn within, for example, hospitals or shopping centers in a particular city or country, is spread in the form

of good ideas and security solutions to other countries and made available to everyone. Here is an example of what I mean from the department store El Corte Inglés in Spain. (movie)

Imagine if Securitas knew everything that Securitas already knows!

Imagine if we only knew where to find the knowledge about things that another Securitas colleague somewhere in the world already knows!

One tool for gathering information and where we can be assured that we know where the best knowledge and security solutions are found, is the website that we will soon be launching. It will have a databank and a search engine where all of our customers can easily find, if not all, then much of the knowledge that Securitas already possesses.

Some claim that “all business is local” in the security sector. I don’t share this opinion. I believe that relationships are local, but knowledge is global and customer expectations of Securitas’ knowledge are global.

And we need to organize our business accordingly.

Another important part of our strategy for the future is increasing growth within the division we call Mobile and Monitoring, which works with monitoring centers, beat patrol and call-out services.

In 2007 this division achieved an operating margin of 12% and this takes into account significant investments in selling resources and establishing new patrolling routes. These investments were made to increase growth in this profitable segment. A first step along the way is that our growth increased from 4% in 2006 to 7% in 2007.

The third focus area is increasing Securitas’ international presence, partly because it is profitable and many of these markets are growing well, and partly because we can offer our global customers our own, quality-assured services in the countries where our customers operate.

In 2007 we made eight acquisitions in South America, India and Eastern Europe. We are continuing along this path this year, among other things, by gradually establishing a presence in the fast-growing Middle East.

Our financial objective for the income statement is to achieve higher earnings per share of an average of 10% a year, starting at SEK 5.36 per share, which has all of last year’s items affecting comparability removed.

Our financial objective for the balance sheet involves working on our debt so that our free cash flow will be at least 20% of net debt. In simple terms this means that we should be able to pay off the Group’s net debt in no more than five years.

Change takes time and over the next few years we need to equip ourselves with a lot of patience because there is no quick fix in a decentralized organization operating in more than 30 countries with more than 250,000 employees. At the same time, we need to be impatient to generate kinetic energy in order to succeed and generate profits.

With conviction, precision, persistence and motivation we will come a long way.

Thank you!